

Monthly Report On
Government Domestic Borrowing¹



January, 2022

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Highlights of Government Domestic Borrowing during July-January of FY22

- **Target of Government Domestic Borrowing** for FY22 has been set at Tk. 1,13,453.0 crore in the national budget. Of which:
 - **Target of borrowing from the banking system** has been set at Tk. 76,452.0 crore.
 - **Target of borrowing from other domestic non-banking sources** has been set at Tk. 37,001.0 crore (including Tk. 32,000.0 crore through net sales of national savings instruments).
- During July-January of FY22, government net borrowing from the **banking system** stood at Tk. 10,280.9 crore (13.4 percent of the target set in the national budget). In the corresponding period of the previous financial year, government repaid Tk. 4,147.5 crore to the banking system.
- During July-January of FY22, government net borrowing from the **other non-banking domestic sources** stood at Tk. 14,517.1 crore (39.2 percent of the target set in the national budget) which was Tk. 27,895.9 crore (79.0 percent of the target set in the national budget) in the corresponding period of the previous fiscal year.
- Therefore, during July-January of FY22 government **total net domestic borrowing** both from the banking system and from the other non-banking domestic sources stood at Tk. 24,798.0 crore which was 21.9 percent of the target set in the national budget. Government total net domestic borrowing during July-January of FY21 was Tk. 23,748.4 crore which was 20.6 percent of the target set in the national budget.
- Net sales from the national savings schemes was Tk. 12,166.5 crore during July-January of FY22 which was 38.0 percent of the target set in the national budget. During the same period of the last fiscal year, it was Tk. 25,702.2 crore which was 84.8 percent of the target set in the national budget.
- To expand Shariah based financing in development activities, Bangladesh Government Investment *Sukuk* (BGIS) was introduced on October 08, 2020. In FY21, total amount of Tk. 8000.0 crore was raised through two tranches issuance of the BGIS against the five year tenor project named ‘Safe Water Supply to the Whole Country’.
- During July-January of FY22, a new auction of BGIS was held and an amount of Tk. 5000.0 crore was issued against the 5 year tenor project named ‘Need Based Infrastructure Development of Government Primary Schools Project (1st Phase)’ on December 30, 2021.

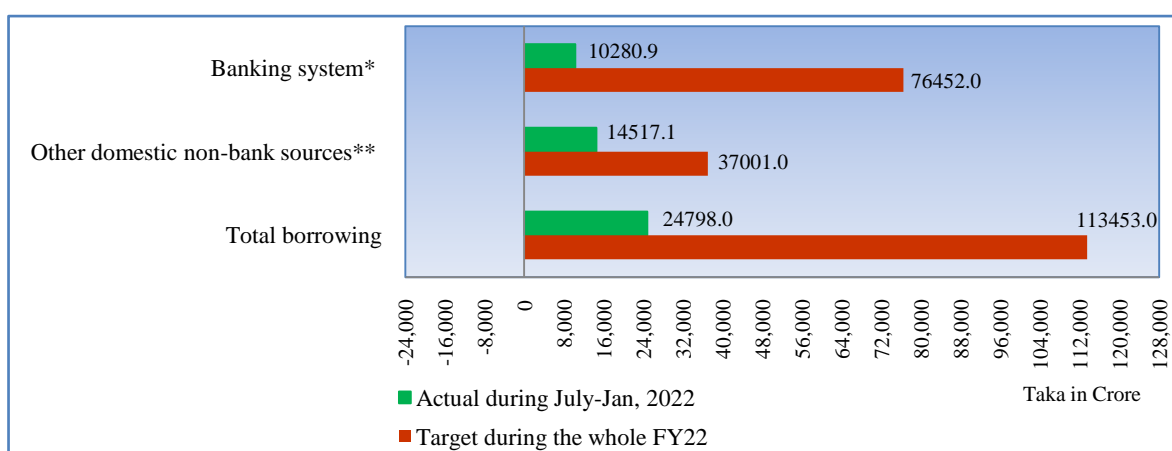
Government Domestic Borrowing during July-January of FY22

Government borrows to finance the budget mainly from two domestic sources: banking system and other non-banking domestic source. Government borrowing from the banking system consists of borrowing from the central bank and scheduled banks. With banking system, government borrows mainly through advances, overdraft, and issuance of treasury bills and bonds. However, balances of government deposits and other funds are net out from the banking system borrowing. On the other hand, government borrowing from non-bank domestic source includes savings instruments introduced by the Department of National Savings (NSD) and government t-bills and bonds held by non-bank financial institutions, insurance companies, individual investors, etc.

1. Government Domestic Borrowing Target for FY22

As per national budget document of the Government, the target of total domestic borrowing has been set at Tk. 1,13,453.0 crore, of which Tk. 76,452.0 crore has been estimated to borrow from banking system and Tk. 37,001.0 crore from the other non-banking domestic sources. Accordingly, during July-January of FY22, government has borrowed (net) Tk. 24,798.0 crore from domestic sources which is 21.9 percent of the target (Chart-1).

Chart-1: Budget Target and Actual Government Domestic Borrowing (net)



Note: *=Banking system includes Bangladesh Bank and scheduled banks,

**=Other domestic non-bank sources include national savings schemes and T-bills & bonds held by other than banks.

Source: Debt Management Department, Statistics Department, Bangladesh Bank; Department of National Savings; and Ministry of Finance (MoF).

2. Borrowing from Banking System

During July-January of FY22, government borrowed (net) Tk. 20,504.8 crore from scheduled banks (SBs), but repaid Tk. 10,223.9 crore outstanding debt to Bangladesh Bank (BB). Hence, government borrowing (net) from banking system stood at Tk. 10,280.9 crore during the period under report of FY22, and it was 13.4 percent of the target set in the national budget.

3. Borrowing from Other Domestic Non-banking sources

During July-January of FY22, government borrowed Tk. 12,166.5 crore through net selling of national savings instruments and also borrowed Tk. 2350.6 crore from the institutions and individuals other than banks through issuance of t-bills and bonds. Therefore, government total borrowing (net) from the non-banking domestic sources stood at Tk. 14,517.1 crore during the period under report which was 39.2 percent of the target set in the national budget.

4. Total Domestic Borrowing

During July-January of FY22, total net domestic borrowings of the government stood at Tk. 24,798.0 crore which was 4.4 percent higher than that of the same period of the previous fiscal year (Table-1). Source and instrument-wise outstanding and flow of net government domestic borrowings are shown in Table-1 and Chart 2.

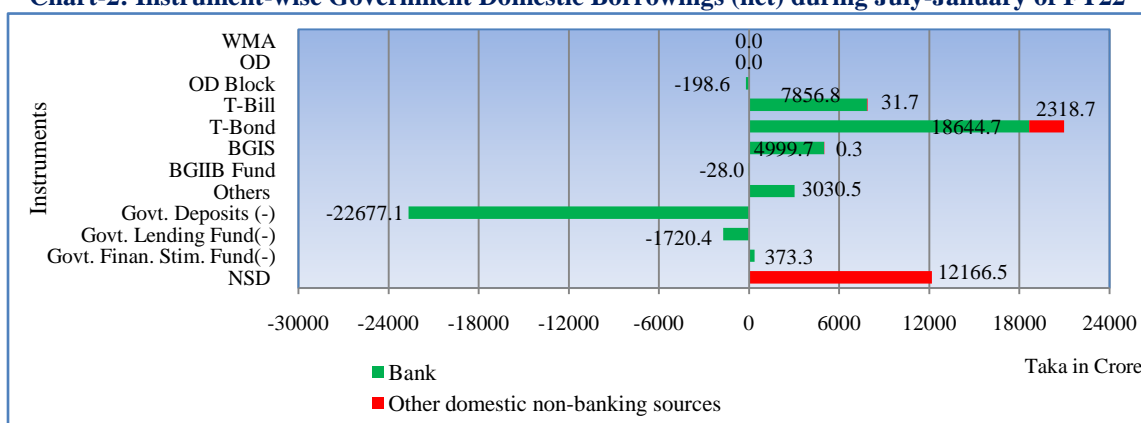
Table 1: Source-wise Outstanding and Flow of net Government Domestic Borrowings

(Taka in Crore)

Sources	July-January FY22		July-January FY21		% Changes during July-Jan 2022 over June'21	% Changes during July-Jan 2021 over June'20
	Outstanding at end Jan'22	Flow (July-Jan 2022)	Outstanding at end Jan'21	Flow (July-Jan 2021)		
Banks*	208151.0	10280.9	167039.9	-4147.5	5.2	-2.4
Other domestic non-banking sources**	399802.4	14517.1	368790.5	27895.9	3.8	8.2
Total	607953.4	24798.0	535830.4	23748.4	4.3	4.6

Note: *=Banks includes Bangladesh Bank and scheduled banks, **=Other Domestic Non-banking sources include net selling of savings instruments and T-bills & bonds held by non-bank financial institutions (NBFIs), insurance companies, individuals etc.
Source: Debt Management Department, Statistics Department, Bangladesh Bank; and Department of National Savings.

Chart-2: Instrument-wise Government Domestic Borrowings (net) during July-January of FY22



Note: WMA=Ways and Means Advances, OD=Overdraft, BGIS=Bangladesh Govt. Investment Sukuk (Ijarah Sukuk), NSD=Savings Schemes of the Government, BGIB= Bangladesh Govt. Islamic Investment Bond.

Others include government currency liabilities, advances to food & other ministries, advances to auto & semi autonomous bodies etc.

Source: Debt Management Department, Statistics Department, Bangladesh Bank; and Department of National Savings.

5. Government Islamic Securities

i) Bangladesh Government Islamic Investment Bond (BGIIB)²

Due to interest bearing nature, Islamic banks for a long time were unable to invest their surplus liquidity in the country's existing instruments of the money market. In order for absorbing surplus liquidity from the Islamic banking system, and for creating Islamic Shariah-based monetary policy instrument, government introduced Bangladesh Government Islamic Investment Bond (BGIIB) in 2004 with the minimum tenor of 3 months.

During July-January of FY22, investments to BGIIB fund by Islamic banks decreased by Tk. 2,992.0 crore while borrowing from that fund increased by Tk. 1,650.0 crore due to the issuance of bonds. Therefore, Islamic banks' balances of BGIIB fund decreased by Tk. 4,642.0 crore during July-January of FY22.

ii) Bangladesh Government Investment Sukuk (BGIS)

In order to expand Shariah based financing in development activities, government introduced Bangladesh Government Investment *Sukuk* (BGIS) for the first time on October 8, 2020 by issuing 'Bangladesh Government Investment Sukuk Guidelines, 2020'. In FY21, the *Sukuk* under *Ijarah* mode was issued against the project named 'Safe Water Supply to the Whole Country' with five year tenor and two tranches issuance. The first tranche of the *Sukuk* was issued on December 29, 2020 amounting to Tk. 4000.0 crore and the second tranche was issued on June 10, 2021 amounting to Tk. 4000.0 crore.

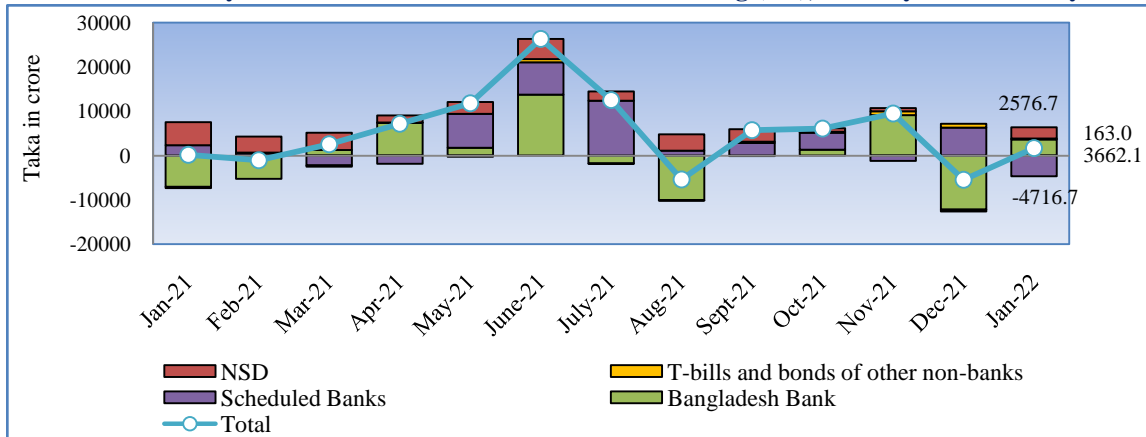
In this continuum, government apprised the offer of *Ijarah Sukuk* on December 21, 2021 against the 05 year tenor project named 'Need Based Infrastructure Development of Government Primary Schools Project (1st Phase)'. As such, a new auction of the *Sukuk* was held during July-January of FY22 and an amount of 5000.0 crore was issued on December 30, 2021 against the said project. Therefore, up to end January, 2022 the outstanding amount of *Sukuk* stood at Tk. 13000.0 crore.

6. Monthly Trends of Domestic Borrowing (January, 2022)

In January 2022, government borrowed Tk. 3,662.1 crore from Bangladesh Bank, Tk. 2,576.7 crore from national savings schemes (NSD) and Tk. 163.0 crore from other non-banking sources through issuance of t-bills and bonds. On the other hand, government repaid Tk. 4,716.7 crore outstanding debt to scheduled banks in January 2022 (Chart-3).

² BGIIB is a pool of funds formed by the Islamic banks and individuals where government provides guarantee against this fund.

Chart-3: Monthly Trends of Government Domestic Borrowing (net), January'21 to January'22



Note: NSD=Savings Schemes of the Government.

Source: Debt Management Department and Statistics Department, Bangladesh Bank; Department of National Savings (NSD).

7. Concluding Remark

During July-January of FY22, domestic borrowing from the banking system has increased compared to the same period of FY21 but remained much below the target set in the national budget due mainly to the strong cash balances of the government.

On the other hand, net non-bank borrowing stood lower during July-January of FY22 than that of the same period of FY21 due mainly to lower net sales of NSD. Considering the macroeconomic perspective of containing inflation within the targeted level set in FY22 monetary policy, the government needs to attach an extra emphasis on tapping required resources from the non-banking sources.

Table I : Government Domestic Borrowing from the Banking System during July-January, FY22

Annex-1
(Provisional)
(Taka in crore)

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 21	Outstanding as on 31 December 21	Outstanding as on 31 January 22	Change (+ / -)	
							Jan 22	July-Jan 22
1	2	3	4	5	6	7	8=(7-6)	9=(7-5)
A. Bangladesh Bank								
1.	Ways and Means Advances		To increase Government cash balance	0.0	0.0	0.0	0.0	0.0
2.	Overdraft			0.0	0.0	0.0	0.0	0.00
3.	Overdraft Block			198.6	0.0	0.0	0.0	-198.6
4.	Devolvement			25091.3	23096.3	22982.8	-113.5	-2108.6
	a) Treasury Bills			1440.0	0.0	0.0	0.0	-1440.0
	b) Treasury Bonds			23651.3	23096.3	22982.8	-113.5	-668.5
5.	Government Currency Liabilities			2025.9	2025.9	2026.3	0.4	0.4
6.	Advances to Govt. against RFI from IMF			4126.8	4126.8	4126.8	0.0	0.0
7.	Advances to Autonomous and Semi-autonomous Bodies			0.0	0.0	0.0	0.0	0.0
8.	Accrued Interest			273.0	253.8	344.1	90.3	71.1
9.	Government Deposits ^{6/} (-)			-2773.7	-15204.6	-13596.7	1607.9	-10823.0
10.	Balances of GIBB Fund in BB (-)			-15805.8	-13182.1	-11191.8	1990.3	4614.0
11.	Govt. Lending Fund(-)			-5210.4	-7076.3	-6989.6	86.7	-1779.2
A. Total : (1 +...+ 11)				7925.7	-5960.2	-2298.1	3662.1	-10223.9
B. Scheduled Banks (SBs)								
1. Government Treasury Bills				49370.3	60773.7	58667.2	-2106.5	9296.8
	i) Treasury Bills (Less than 1 year)		To increase Government cash balance	49370.3	60773.7	58667.2	-2106.5	9296.8
2. Bangladesh Govt. Treasury Bonds (BGTB)				203734.3	222598.8	223947.5	1348.7	20213.2
	i) 2-years Bangladesh Govt. Treasury Bonds		To increase long-term investment of different Banks, NBFIs and employees GF of different companies	38939.0	38581.9	38404.3	-177.7	-534.7
	ii) 3-years(FRTB) Bangladesh Govt. Treasury Bonds			112.2	112.2	112.2	0.0	0.0
	iii) 5-years Bangladesh Govt. Treasury Bonds			43826.2	50760.3	50474.1	-286.3	6647.8
	iv) 10-years Bangladesh Govt. Treasury Bonds			61235.2	67910.2	68507.9	597.8	7272.7
	v) 15-years Bangladesh Govt. Treasury Bonds			30415.9	33474.2	34196.7	722.5	3780.8
	vi) 20-years Bangladesh Govt. Treasury Bonds			29205.8	31760.0	32252.4	492.3	3046.5
3. Others Treasury Bonds				7064.3	6164.3	6164.3	0.0	-900.0
	a) 1 Year and above but less than 5 years (Specialized Bonds)			0.0	0.0	0.0	0.0	0.0
	i) 3-Years interest free Frozen Food Treasury Bond 2021	Issued 25 June-2018 and maturity date 25 June-2021	To repay the loan of Frozen Food Industries	0.0	0.0	0.0	0.0	0.0
	b) 5 Years and above (Specialized Bonds)			7064.3	6164.3	6164.3	0.0	-900.0
	i) 12-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest ^{2/}	Issued 25 Sep-2007 and Maturity date from 25 Sep-2015 to 25 Sep-2022	To repay the loan of Bangladesh Petroleum Corporation	1822.5	922.5	922.5	0.0	-900.0
	ii) 11-years to 13-years BJMC Treasury Bond bearing 5.0 percent interest	Issued 23 Oct-2011 and maturity date 23 October 2020, 22 & 2024	To repay the loan of BJMC	1314.1	1314.1	1314.1	0.0	0.0
	iii) 8-years SPTB-2021 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-2021	To increase Government cash balance	0.0	0.0	0.0	0.0	0.0
	iv) 10-years SPTB-2023 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-2023		1935.1	1935.1	1935.1	0.0	0.0
	v) 07-years Hanif Flyover SPTB-2026 bearing 5.0 percent interest	Issued 30 Sep-2019 and maturity date 30 Sep-2026		1438.5	1438.5	1438.5	0.0	0.0
	vi) 07-years interest free Hanif Flyover SPTB-2026	Issued 30 Sep-2019 and maturity date 30 Sep-2026	To repay the loan of Hanif Flyover	554.0	554.0	554.0	0.0	0.0
4. Bangladesh Govt. Investment Sukuk (BGIS) ^{3/}				7800.0	12799.7	12799.7	0.0	4999.7
	05 Years Bangladesh Govt. Investment Sukuk (Ijarah Sukuk) ^{4/}	Issued 29 Dec-2020, 06 June-2021 and maturity date 29 Dec-2025	To raise fund for the project 'Safe Water Supply to the Whole Country'	7800.0	12799.7	12799.7	0.0	4999.7
		Issued 30 Dec-2021 and maturity date 30 Dec-2026	To purchase definite assets of 'Need Based Infrastructure Development of Government Primary Schools Project(1 st Phase)'					
5. Sub-Total : (1+2+3+4)				267969.0	302336.6	301578.7	-757.9	33609.8
6.	Prize Bond			28.4	27.9	14.9	-13.0	-13.5
7.	Other Securities of Govt.			5.2	5.2	5.3	0.1	0.1
8.	Advances to Food Ministry			1002.0	839.1	1123.3	284.2	121.3
9.	Advances to Other Ministries			1499.5	1358.5	1360.5	2.0	-139.0
10.	Advances to Auto./Semi-Autonomous Bodies			3279.1	6315.6	6526.7	211.1	3247.6
11.	Accrued Interest			3123.9	3173.0	2866.4	-306.6	-257.5
12.	Deposits of Ministries and Departments (-)			-34984.3	-37111.0	-36587.8	523.2	-1603.5
13.	Deposits of Auto./Semi-Autonomous Bodies (-)			-61192.3	-68586.2	-71442.9	-2856.7	-10250.6
14.	SBs's Balances of GIBB Fund (i+ii)			15487.2	12836.2	10845.2	-1991.0	-4642.0
	i) Investment to GIBB Fund			16753.0	15752.0	13761.0	-1991.0	-2992.0
	ii) Borrowing from GIBB Fund (-)			-1265.8	-2915.8	-2915.8	0.0	-1650.0
15.	Borrowing from Govt. on Lending(-)			-1863.9	-1810.4	-1805.1	5.3	58.8
16.	Borrowing from Govt. Financial Stimulus Fund(-)			-4409.4	-4218.7	-4036.1	182.6	373.3
B. Total : (5+...+16)				189944.4	215165.8	210449.1	-4716.7	20504.8
Grand Total : (A+B)^{5/}				197870.1	209205.6	208151.0	-1054.6	10280.9

Notes:

^{6/} Including other deposits.

^{3/} BGIS was introduced for the first time on October 08, 2020. In FY21, Ijarah Sukuk was issued against the project 'Safe Water Supply to the Whole Country', whereas 1st & 2nd Tranche Issuance were held on 29 December 2020 and 10 June 2021.

In FY22, Ijarah Sukuk was issued against 'Need Based Infrastructure Development of Government Primary Schools Project(1st Phase)', whereas the Issuance was done on 30 December 2021.

^{4/} In FY21, BGIS for Tk. 3999.97 crore (1st Tranche) and Tk. 3800.00 crore (2nd Tranche) were issued in December 2020 and June 2021 from Islamic Banks, Islamic Windows and Conventional Banks.

In FY22, BGIS for Tk. 4999.7 crore was issued on 30 December 2021 from Islamic Banks, Islamic Windows and Conventional Banks.

^{2/} An amount of Tk. 900.0 crore was paid in September 2021 against the outstanding of Tk. 1822.5 crore in June 2021.

^{5/} Including GIBB Fund, Govt. Lending Fund and Govt. Financial Stimulus Fund.

Table-II: Government Domestic Borrowing from Other than Bank during July-January, FY22

Annex-2
(Taka in Crore)

Sl. No.	Particulars	July-January, 2021			Net Sale	July-January, 2022			
		Sale	Repayment			Sale	Repayment		Net Sale
			Principal	Interest			Principal	Interest	
1	2	3	4	5	6 = (3-4)	7	8	9	10 = (7-8)
	NSD Instruments								
1.	Defence Savings Certificate	0.0	0.6	0.8	-0.6	0.0	0.8	1.1	-0.8
2.	5-year Bangladesh Savings Certificate	5835.6	3393.8	1560.7	2441.9	5059.5	3389.8	1615.0	1669.7
3.	3-year Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.	Bonus Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5.	6-month interest bearing Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6.	Family Savings Certificate	24310.1	11248.8	8185.0	13061.4	30637.6	16185.1	10076.6	14452.5
7.	3-month interest bearing Savings Certificate	18040.3	14452.5	4274.6	3587.8	19211.0	16692.9	4979.0	2518.1
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	4256.4	1982.1	1665.3	2274.3	4419.6	3111.3	1971.1	1308.3
10.	Post Office Savings Bank	11797.9	8386.2	2255.2	3411.7	1555.4	8768.1	2932.0	-7212.7
	a) General Account	1403.5	1417.5	57.6	-14.1	271.7	863.0	153.7	-591.2
	b) Fixed Account	10384.1	6956.4	2193.8	3427.7	1283.7	7905.1	2778.3	-6621.5
	c) Bonus Account	10.3	12.3	3.7	-2.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	67.4	76.8	23.0	-9.4	75.6	81.1	24.6	-5.6
12.	Prize Bond	53.9	19.3	25.6	34.7	48.5	20.8	22.1	27.8
13.	Wage Earners' Development Bond	1068.7	258.0	862.2	810.7	558.5	525.1	605.7	33.5
14.	3-year National Investment Bond	0.0	0.1	0.0	-0.1	0.0	0.1	0.0	-0.1
15.	US \$ Premium Bond	21.6	10.1	8.4	11.5	4.0	52.8	10.4	-48.8
16.	US \$ Investment Bond	169.0	90.7	47.6	78.3	28.4	603.8	120.1	-575.4
17.	Total : (1+...+16)	65621.1	39918.9	18908.2	25702.2	61598.1	49431.6	22357.5	12166.5
			Outstandings as on January 2021		Net Changes July-Jan, 2021		Outstandings as on January, 2022		Net Changes July-Jan, 2022
18.	Govt. Treasury Bills/Bonds/BGIS		40954.0		2193.7		43542.0		2350.6
	i) Government Treasury Bills		1193.2		-864.9		490.2		31.7
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		39760.7		3058.6		42851.5		2318.7
	a) 2-year Bangladesh Government Treasury Bonds		1735.6		560.5		1462.8		-354.8
	b) 3-year(FRTB) Bangladesh Government Treasury Bonds		0.0		0.0		0.0		0.0
	c) 5-year Bangladesh Government Treasury Bonds		8319.4		387.9		7979.8		23.5
	d) 10-year Bangladesh Government Treasury Bonds		16322.1		1307.1		18156.3		1277.3
	e) 15-year Bangladesh Government Treasury Bonds		6740.7		423.1		7533.3		719.3
	f) 20-year Bangladesh Government Treasury Bonds		6642.9		379.9		7719.3		653.5
	iii) Bangladesh Government Investment <i>Sukuk</i> (BGIS) [#]		0.03		0.03		200.3		0.3
	a) 05 Years Bangladesh Govt. Investment <i>Sukuk</i> (<i>Ijarah Sukuk</i>) ^{1/}		0.03		0.03		200.3		0.3
19.	Total Non-bank Government Borrowing (net) : (17+18)				27895.9				14517.1

Notes:

[#] BGIS was introduced for the first time on October 08, 2020. In FY21, *Ijarah Sukuk* was issued against the project 'Safe Water Supply to the Whole Country', whereas 1st & 2nd Tranche Issuance were held on 29 December 2020 and 10 June 2021.

In FY22, *Ijarah Sukuk* was issued against 'Need Based Infrastructure Development of Government Primary Schools Project(1st Phase)', whereas the Issuance was done on 30 December 2021.

^{1/} In FY21, BGIS for Tk. 0.03 crore (1st Tranche) and Tk. 200.0 crore (2nd Tranche) were issued in December 2020 and June 2021 from Non-bank (Individual Investor and Others).

In FY22, BGIS for Tk. 0.3 crore was issued on 30 December 2021 from Non-bank (Individual Investor and Others).