

Monthly Report On Government Borrowing from Domestic Sources¹

July-January, FY18



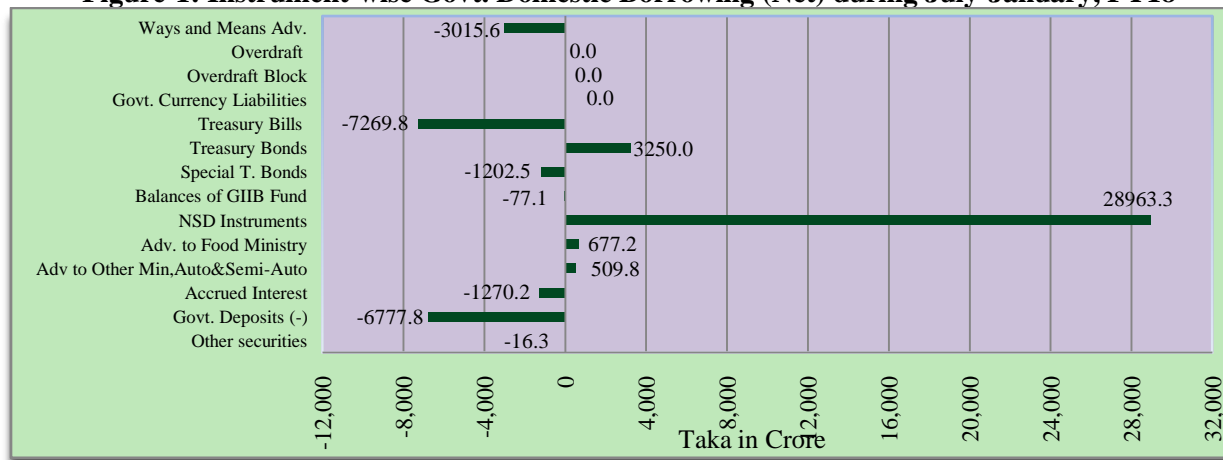
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Government Borrowing from Domestic Sources in July-January, FY18

The government borrows from two domestic sources: banking system through Treasury Bills (T-Bills) & Bonds and the non-banking system mainly through National Savings Directorate (NSD). Instrument-wise govt. domestic borrowing (net) during July-January, FY18 is depicted in Figure-1.

Figure-1: Instrument-wise Govt. Domestic Borrowing (Net) during July-January, FY18



Source: Debt Management Department, Statistics Department, Bangladesh Bank, National Savings Directorate, January 2018

Govt. domestic borrowing (net) stood at Tk. 13771.0 crore during July-January, FY18 after the adjustments with T-Bills and Bonds, NSD, Ways and Means Advances (WMA), advances to Food Ministry and other Ministries, Overdraft (OD) current and block accounts, accrued interest, and advances and deposits of autonomous and semi-autonomous bodies, balances of GIIB (Government Islamic Investment Bond) fund as well as deduction of cash balance in the form of govt. deposits with Bangladesh Bank and scheduled banks (i.e. including banking and nonbanking sources).

It may be noted that the amount was Tk. 14750.8 crore and Tk. 11021.9 crore during July-December of FY18 and July-January of FY17 respectively. The govt. domestic borrowing (net) during July-January, FY18 is 24.9 percent higher than that of the same period of the previous year. It may be mentioned that Govt. borrowed Tk. 28963.3 crore through NSD instruments in July-January, FY18. It is observed that govt. deposits increased by Tk. 6777.8 crore (net) with the banking system during this period. Deposits with Bangladesh Bank (BB) increased by Tk. 3516.1 crore and deposits with scheduled banks (SBs) increased by Tk. 3261.7 crore.

Govt. repaid (net) Tk. 6394.4 crore through T-Bills and Bonds to the banking system during July-January, FY18.

From Figure-2, it is observed that the net borrowing from banking system was negative in July, FY18.

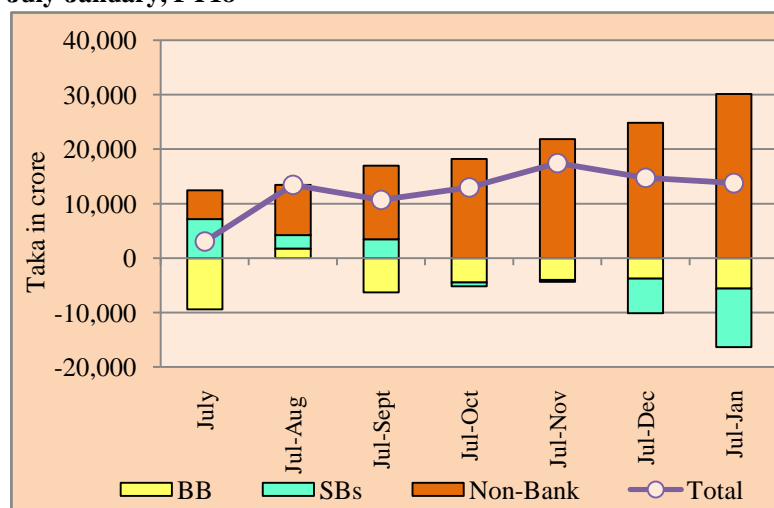
But, Govt. borrowing from banking system was positive during July-August, FY18. After that, the net borrowing through banking system decreased successively.

Govt. borrowing from the banking system decreased by Tk. 16364.4 crore during July-January, FY18.

On the other hand, non-bank govt. borrowing (net) stood at Tk. 30135.4 crore during July-January, FY18.

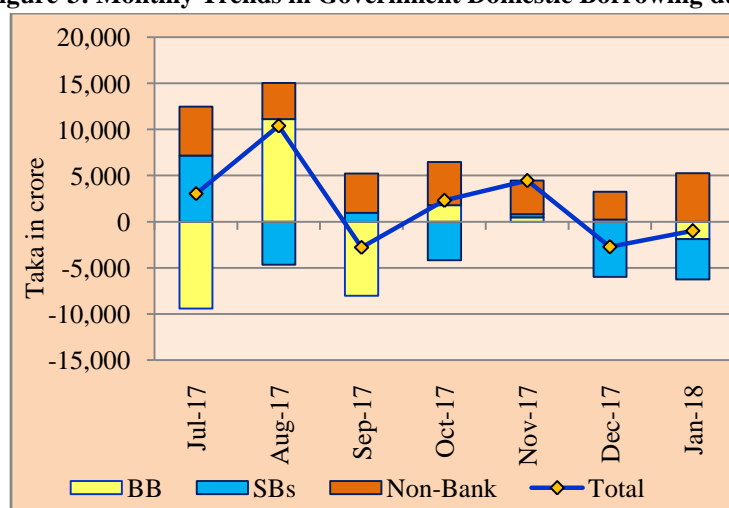
As a result, govt. borrowing (net) from the domestic sources during July-January, FY18 stood at Tk. 13771.0 crore. The movement in net govt. borrowing from different domestic sources during July-January, FY18 is demonstrated in Figure-2.

Figure-2: Movements in Government Domestic Borrowing during July-January, FY18



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, January, 2018.

Figure-3: Monthly Trends in Government Domestic Borrowing during July-January of FY18



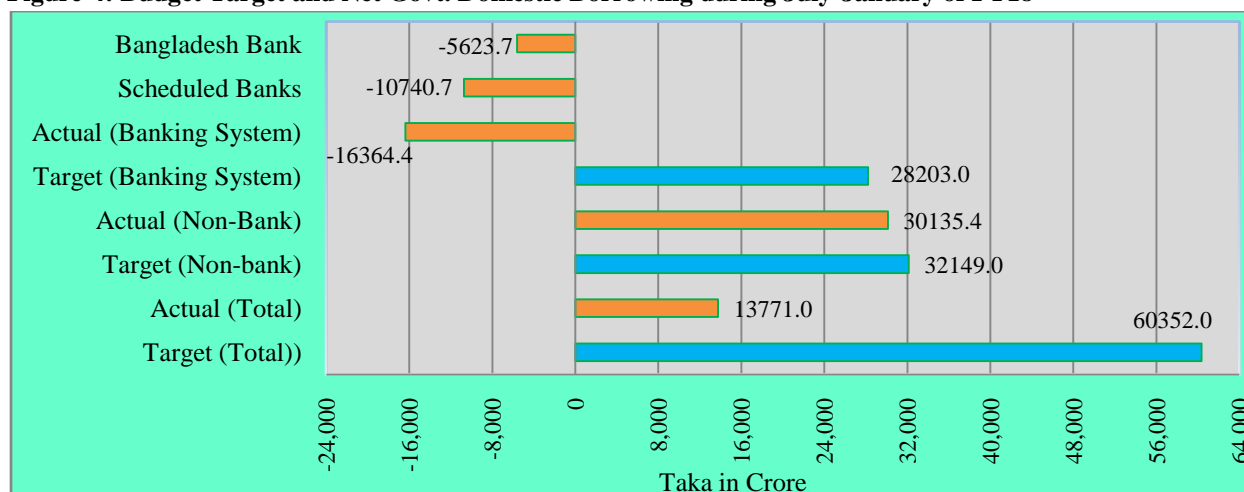
Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, January 2018.

Figure-3 shows the monthly movement of government net domestic borrowing during July-January of FY18.

During the month of January, 2017, Govt. domestic borrowing decreased by Tk. 979.8 crore (borrowed Tk. 5283.4 crore from non-bank and repaid Tk. 1870.8 crore to BB, 4392.4 crore to SBs) which is Tk. 1732.6 crore higher than that of the month of December, 2017.

In the budget of FY18, Tk. 60352.0 crore has been fixed for borrowing from domestic sources by the government of which Tk. 28203.0 crore and Tk. 32149.0 crore have been targeted to borrow from banking and non-banking sources respectively. During July-January of FY18, the net repayment and holding of cash balances with Bangladesh Bank stood at Tk. 5623.7 crore. In addition, the net repayment and holding of cash balances with scheduled banks stood at Tk. 10740.7 crore during the same period.

Figure-4: Budget Target and Net Govt. Domestic Borrowing during July-January of FY18



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, January 2018.

A comparative picture of government total budget target and actual domestic borrowing situation during July-January of FY18 is shown in Figure-4. Government total borrowing from other than banks (including NSD, T-Bills and Bonds) stood at Tk. 30135.4 crore of which Tk. 28963.3 crore was borrowed through NSD instruments during July-January, FY18. The total net government domestic borrowings (banking and non-banking sources) stood at Tk. 13771.0 crore during July-January of FY18 which is 22.8 percent of total budget target.

Major Findings of the Govt. Borrowings from Domestic Sources:

- From banking system, total outstanding of Govt. domestic borrowings decreased by Tk. 163.6 billion in January, FY18 compared to the outstanding of Govt. domestic borrowings of June, FY17.
- Govt. borrowed Tk. 301.4 billion (of which Tk. 289.6 billion through NSD instruments) from other than banks in July-January, FY18, which is 93.7 percent of the Non-Bank budget target.
- Government borrowings from NSD instrument is increasing significantly due to its relatively higher interest rate than other savings rates.

Table I : Government Borrowing Position from the Banking System during July-January of FY18

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 17	Outstanding as on 31 December 17	Outstanding as on 31 January 18	(Provisional) (Taka in crore) Change (+) / (-)	
							January 18	July-January 18
							8=(7-6)	9=(7-5)
1	2	3	4	5	6	7		
A. Bangladesh Bank								
1.	Ways and Means Advances		To increase Government cash balance	3015.6	0.0	0.0	0.0	-3015.6
2.	Overdraft			0.0	0.0	0.0	0.00	0.0
3.	Overdraft Block			5685.0	5685.0	5685.0	0.0	0.0
4.	Devolvement			5031.1	5377.9	5232.0	-145.9	200.9
	a) Treasury Bills			811.6	226.0	226.0	0.0	-585.7
	b) Treasury Bonds			4219.5	5152.0	5006.1	-145.9	786.6
5.	Government Currency Liabilities			2026.3	2026.3	2026.3	0.0	0.0
6.	Advances to Autonomous and Semi-autonomous Bodies			0.0	0.0	0.0	0.0	0.0
7.	Accrued Interest			108.4	109.2	74.3	-34.9	-34.1
8.	Government Deposits [@] (-)			-29.2	-1284.2	-3545.3	-2261.1	-3516.1
9.	BB's Balances of GIIB Fund (-)			-2999.5	-2829.4	-2258.3	571.1	741.2
A. Total : (1 +...+ 9)*				12,837.7	9,084.8	7,214.0	-1,870.8	-5,623.7
B. Deposit Money Banks (DMBs)								
1.	Government Treasury Bills			23518.5	19330.8	16783.5	-2547.3	-6735.0
	i) Treasury Bills (Less than 1 year)		To increase Government cash balance	23518.5	19330.8	16783.5	-2547.3	-6735.0
2.	Bangladesh Govt. Treasury Bonds (BGTB)			99758.5	100872.5	101100.7	228.2	1342.2
	i) 2-years Bangladesh Govt. Treasury Bonds		To increase long-term investment of different banks, non-bank	7108.8	6882.5	6957.5	74.9	-151.3
	ii) 5-years Bangladesh Govt. Treasury Bonds			24503.6	23204.0	23023.5	-180.5	-1480.1
	iii) 10-years Bangladesh Govt. Treasury Bonds			38775.5	39719.6	39728.2	8.6	952.7
	iv) 15-years Bangladesh Govt. Treasury Bonds		financial institutions and employees GF of different companies	16284.7	17130.2	17262.2	132.0	977.4
	v) 20-years Bangladesh Govt. Treasury Bonds			13085.9	13936.3	14129.4	193.2	1043.5
3.	Others Treasury Bonds			11997.6	10930.1	10795.1	-135.0	-1202.5
	a) 5 Years and above (Specialized Bonds)			11997.6	10930.1	10795.1	-135.0	-1202.5
	i) 7 & 10-years (BJMC&BTMC) interest free Treasury Bond- 2017 & 2020 ^{1/}	Issued 16 Jan-2011 and maturity date 16 January 2018 & 2021 respectively	To repay the loan of BJMC & BTMC	339.0	339.0	204.0	-135.0	-135.0
	ii) 25-years (Jute) Treasury Bond-2018 bearing 5.0 percent interest ^{3/}	Issued 1 Nov-1993 and maturity date 1 Nov-2018	To compensate for the liquidation of jute sector credit	29.6	14.8	14.8	0.0	-14.8
	iii) 25-years (Jute) Treasury Bond-2019 bearing 5.0 percent interest	Issued 30 Jun-1994 and maturity date 30 Jun-2019	To compensate for the liquidation of jute sector credit	20.5	20.5	20.5	0.0	0.0
	iv) 25-years (Jute) Treasury Bond-2020 bearing 5.0 percent interest ^{1/}	Issued 1 Jul-1995 and maturity date 1 Jul-2020	To reimburse one-third of the debt due to jute mills' loan write-off by the private banks.	8.9	6.2	6.2	0.0	-2.7
	v) 10-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	2922.5	2822.5	2822.5	0.0	-100.0
	vi) 6-years (BPC) Treasury Bond bearing 7.0 percent interest ^{4/}	Issued 26 Dec 2011 and Maturity date 26 Dec-2017	To repay the loan of Bangladesh Petroleum Corporation	950.0	0.0	0.0	0.0	-950.0
	vii) 9-years to 13-years BJMC Treasury Bond bearing 5.0 percent interest	Issued 23 Oct-2011 and maturity date 23 October 2020, 22 & 24 respectively	To repay the loan of BJMC	1792.0	1792.0	1792.0	0.0	0.0
	viii) 7-years SPTB-2020 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-2020		2000.0	2000.0	2000.0	0.0	0.0
	ix) 8-years SPTB-2021 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-2021	To increase Government cash balance	2000.0	2000.0	2000.0	0.0	0.0
	x) 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
4.	Sub-Total : (1+2+3)			135274.6	131133.4	128679.3	-2454.1	-6595.3
5.	Prize Bond/Income Tax Bond			26.4	19.6	8.9	-10.7	-17.5
6.	Government's other Securities			3.5	3.9	4.7	0.8	1.2
7.	Advances to Food Ministry			291.1	635.2	968.3	333.1	677.2
8.	Advances to Other Ministries			1657.5	1452.0	1462.5	10.5	-195.0
9.	Advances to Auto./Semi-Autonomous Bodies			1415.8	2009.5	2120.6	111.1	704.8
10.	Accrued Interest ^R			3453.0	2088.5	2216.9	128.4	-1236.1
11.	Deposits of Ministries and Departments (-)			-26630.1	-26355.6	-27878.8	-1523.2	-1248.7
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-38021.2	-39611.0	-40034.2	-423.2	-2013.0
13.	SBs's Balances of GIIB Fund (+ii)			2816.5	2573.5	1998.2	-575.3	-818.3
	i) Investment to GIIB Fund			8276.1	9243.1	8969.1	-274.0	693.0
	ii) Borrowing from GIIB Fund (-)			-5459.6	-6669.6	-6970.9	-301.3	-1511.3
B. Total : (4+...+13)				80287.1	73949.0	69546.4	-4402.6	-10740.7
Grand Total : (A+B)*				93,124.8	83,033.8	76,760.4	-6273.4	-16,364.4

Notes: @/ Including other deposits.

1/ An amount of Tk. 2.7 crore was paid in July 2017 against the outstanding of Tk. 8.9 crore in June 2017

2/ An amount of Tk. 100 crore was paid in September 2017 against the outstanding of Tk. 2922.5 crore in June 2017

3/ An amount of Tk. 14.8 crore was paid in November 2017 against the outstanding of Tk. 29.6 crore in June 2017

4/ An amount of Tk. 950 crore was paid in December 2017 against the outstanding of Tk. 950 crore in June 2017

5/ An amount of Tk. 135 crore was paid in January 2018 against the outstanding of Tk. 339 crore in June 2017

*Including GIIB Fund R-Revised

Source: Debt Management Department, Statistics Department, Bangladesh Bank (Figures of Treasury Bills and Bonds (Including Special Bonds) are collected from DMD).

Table-II: Government Borrowing (Net) from Other than Banks during July-January of FY18

(Taka in Crore)

Sl. No.	Particulars	July-January 2017				July-January 2018			
		Sale	Repayment		Net Sale	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	1.4	2.0	-1.4	0.0	0.9	0.5	-0.9
2.	5-year Bangladesh Savings Certificate	3637.0	896.0	284.2	2741.0	3592.4	1516.2	762.4	2076.2
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	15284.6	3440.1	4281.3	11844.6	15437.7	4992.1	5518.2	10445.6
7.	3-month interest bearing Savings Certificate	10969.6	3428.1	2043.9	7541.5	13807.0	5995.4	3240.5	7811.6
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	2867.6	786.6	615.8	2081.0	3745.4	1305.2	806.6	2440.2
10.	Post Office Savings Bank	7429.3	3371.7	916.1	4057.6	9056.8	4190.8	866.8	4866.0
	a) General Account	1338.6	1052.5	91.4	286.1	1680.2	1365.5	30.0	314.7
	b) Fixed Account	6090.7	2319.3	824.7	3771.5	7376.7	2825.3	836.8	4551.3
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	52.4	51.7	14.6	0.7	48.3	51.1	15.7	-2.9
12.	Prize Bond	48.7	20.1	8.6	28.6	40.2	16.6	13.5	23.6
13.	Wage Earners' Development Bond	635.7	103.4	269.4	532.3	1267.0	85.0	364.2	1182.0
14.	3-year National Investment Bond	0.0	0.7	0.1	-0.7	0.0	0.2	0.0	-0.2
15.	US \$ Premium Bond	11.3	15.3	13.8	-4.0	16.1	13.3	10.9	2.8
16.	US \$ Investment Bond	164.4	91.2	35.8	73.1	218.4	99.1	45.8	119.3
17.	Total : (1+...+15)	41100.6	12206.4	8485.4	28894.1	47229.2	18266.0	11645.1	28963.3
		Outstandings as on January 2017			Net Changes July-Jan 2017	Outstandings as on January 2018			Net Changes July-Jan 2018
18.	Govt. Treasury Bills/Bonds		25180.7		1087.2		26537.4		1172.1
	i) Government Treasury Bills		225.29		-87.0		271.51		50.9
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		24955.4		1174.3		26265.85		1121.2
	a) 2-year Bangladesh Government Treasury Bonds		480.90		12.2		285.51		-86.2
	b) 5-year Bangladesh Government Treasury Bonds		6087.22		-2.4		6116.08		338.0
	c) 10-year Bangladesh Government Treasury Bonds		10318.76		496.5		10838.78		547.4
	d) 15-year Bangladesh Government Treasury Bonds		3376.45		313.9		4033.10		245.0
	e) 20-year Bangladesh Government Treasury Bonds		4692.11		354.0		4992.38		77.2
19.	Total Non-bank Government Borrowing (net) : (17+18)				29981.4				30135.4

Sources : National Savings Directorate, Debt Management Department, BB.