

Monthly Report On Government Borrowing from Domestic Sources

July of FY16¹



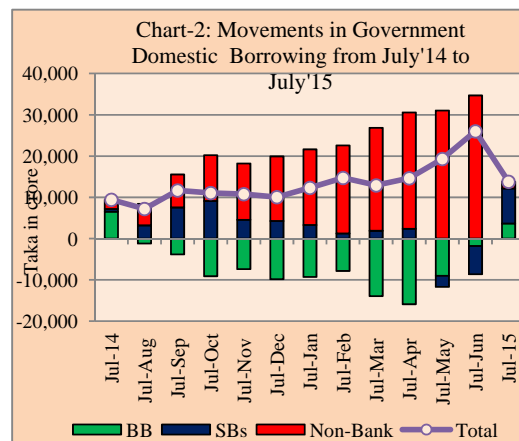
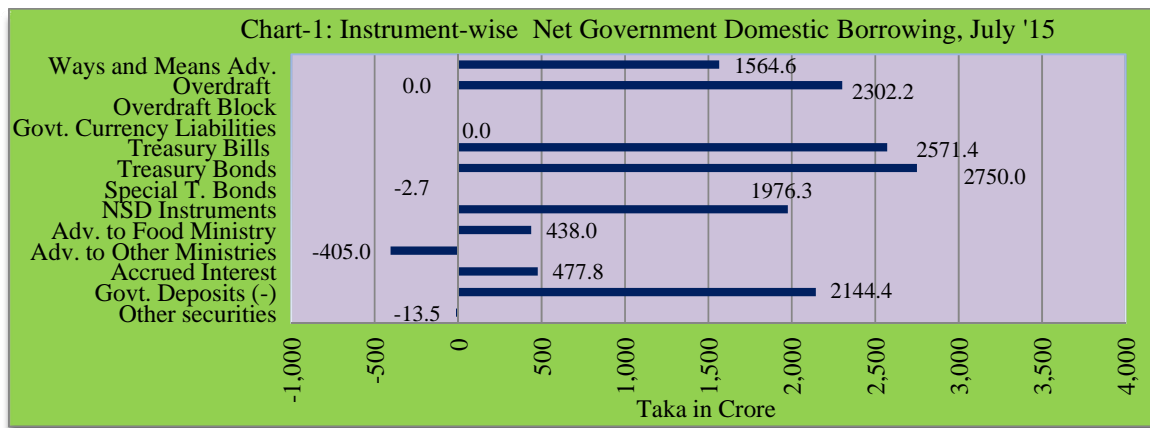
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Government Borrowing from Domestic Sources, July'15

Government borrows from both domestic and external sources to bridge its fiscal deficits. Government domestic borrowing sources are banks (Bangladesh Bank and Scheduled Banks) and other than banks. Government borrows from banking system mainly through Treasury Bills and Bonds and from non-banking sources through National Saving Directorate (NSD) in addition to Treasury Bills and Bonds.

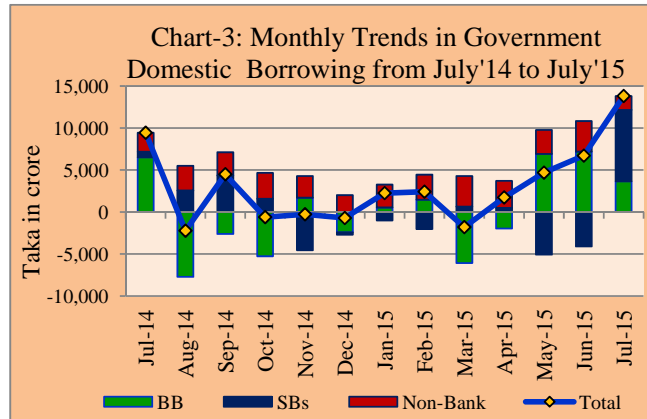
It is observed that the government borrowed Tk.2747.3 crore (net) through Bonds and Tk.2571.4 crore through Treasury Bills during July'15. In addition to that, government borrowed Tk.1976.3 crore through NSD instruments during the month. Net government domestic borrowing stood at Tk.13803.5 crore during July'15 after the adjustments with Treasury Bills and Bonds, NSD, Ways and Means Advances (WMA), advances to Food and other Ministries, Overdraft current and block accounts, accrued interest, and advances and deposits of autonomous and semi-autonomous bodies as well as the deduction of cash balance in the form of government deposits with Bangladesh Bank and scheduled banks (i.e. including banking and nonbanking sources). During the month, government deposits increased by Tk.2144.4 crore (net) whereas deposits with scheduled banks increased by Tk.2354.8 crore. On the other hand, deposits with Bangladesh Bank decreased by Tk.210.40 crore. Instrument-wise net government domestic borrowing during July'15 is depicted in chart-1.



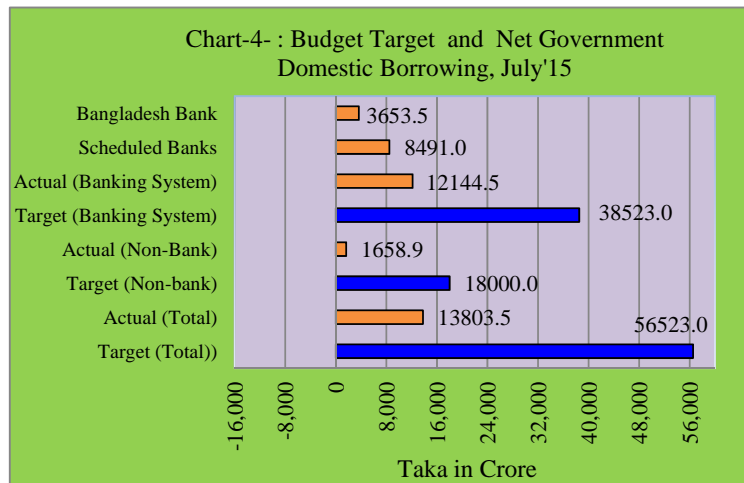
The movements in net government borrowing from different domestic sources during July-June of FY15 as well as including July'15 are demonstrated in chart-2. During July-June of FY15, gov't. repayment was much higher than the borrowing from banking system after the adjustments with repayments, deposits and advances of autonomous and semi-autonomous bodies. In contrast government borrowed Tk.34680.3 crore from other than banking sources (including NSD, Treasury Bills and Treasury Bonds) during July-June of FY15; of which Tk.28732.7 crore net

borrowed through NSD. During the month of July'15, net gov't. borrowing stood at Tk. 13803.5 crore.

Monthly movement of government's net domestic borrowing is represented in chart-3. During FY15, government borrowings from banking system decreased due to huge maturity of Treasury Bills. In June 2015, total govt. borrowing increased due to a huge cash withdrawal from Bangladesh Bank and govt. has taken fund from WMA. As a result, net government borrowing from banking system increased by Tk.3068.15 crore in June 2015. During the month of July'15 govt. borrowed Tk.3653.5 crore from Bangladesh Bank, Tk.8491.0 crore from schedule banks, Tk.1658.9 crore from non-banking sources. As a result, net govt. borrowing stood at Tk. 13803.5 crore during the month of July'15.



In the budget of FY16, Tk.56523.0 crore has been fixed for borrowing from domestic sources by the government of which Tk.38523.0 crore and Tk.18000 crore have been targeted to borrow from banking and non-banking sources respectively. During the month of July'15, the total govt. borrowings from Bangladesh Bank and scheduled banks stood at Tk.3653.5 and Tk.8491.0 crore respectively. As a result, the total govt. borrowings from the banking system during July'15 stood at Tk.12144.5 crore. The government borrowed (net) Tk. 5318.7 crore through T-Bills and T-Bonds which covered 13.81% of the total budget target from domestic



sources. Moreover, government borrowed Tk.1658.9 crore from other than banks (including NSD, T-Bills and Bonds), which covered 9.2 percent of the total budget target from non-banking sources. Government borrowed Tk.1976.3 crore through NSD instruments during the month of July'15 against the target of Tk.15000.0 crore of FY16. The total net government domestic borrowing (banking and non-banking sources) stood at Tk.13803.5 crore after the adjustment with government deposits and other items during July'15. A comparative picture of government total budget target and actual domestic borrowing during July'15 is produced in chart-4.

Table I : Government Borrowing Position from the Banking System, July-FY16

Sl. No	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 15	Outstanding as on		Change (+) / (-) Jul-15 7=(6-5)
					31 July 15	6	
1	2	3	4	5	6	7	7=(6-5)
A. Bangladesh Bank							
1.	Ways and Means Advances		To increase Government cash balance	2435.4	4000.0	1564.6	
2.	Overdraft			0.0	2302.2	2302.2	
3.	Overdraft Block			8685.0	8685.0	0.0	
4.	Devolvement			107.3	107.3	0.0	
a)	Treasury Bills			0.0	0.0	0.0	
b)	Treasury Bonds			107.3	107.3	0.0	
5.	Government Currency Liabilities			822.7	822.7	0.0	
6.	Advances to Autonomous and Semi-autonomous Bodies			0.0	0.0	0.0	
7.	Accrued Interest			2.9	0.0	-2.9	
8.	Government Deposits (-)			-135.7	-346.1	-210.4	
A. Total : (1 +...+8)				11917.6	15571.1	3,653.5	
B. Deposit Money Banks (DMBs)							
1. Government Treasury Bills							
i)	Treasury Bills (Less than 1 year)		To increase Government cash balance	30544.7	33151.7	2607.0	
2. Bangladesh Govt. Treasury Bonds (BGTB)							
i)	2-years Bangladesh Govt. Treasury Bonds		To increase long-term investment of different banks, non-bank financial institutions and employees GF of different companies	8740.5	9019.7	279.3	
ii)	5-years Bangladesh Govt. Treasury Bonds			26550.7	26761.9	211.3	
iii)	10-years Bangladesh Govt. Treasury Bonds			35227.6	36756.6	1529.0	
iv)	15-years Bangladesh Govt. Treasury Bonds			12860.4	13580.9	720.4	
v)	20-years Bangladesh Govt. Treasury Bonds			9095.4	9387.1	291.7	
3. Others Treasury Bonds (a+b)				14330.5	14327.7	-2.7	
a) 1 Year and above but less than 5 years (Specialized Bonds)							
i) 3-Years interest free Frozen Food Treasury Bond 2014							
i)	3-Years interest free Frozen Food Treasury Bond 2014	Issued 5 Oct-2011 and maturity date 5 Oct-2014	To repay the loan of Frozen Food Industries	0.0	0.0	0.0	
ii)	3-Years and 4-years (BPC) Treasury Bond bearing 7.0 percent interest	Issued 5 Oct-2011 and maturity date 5 October 2014 & 2015 respectively	To repay the loan of Bangladesh Petroleum Corporation	200.0	200.0	0.0	
b) 5 Years and above (Specialized Bonds)				14130.5	14127.7	-2.7	
i)	6, 7 & 10-years (BJMC&BTMC) interest free Treasury Bond-2016, 2017 & 2020	Issued 16 Jan-2011 and maturity date 16 January 2017, 18 & 21 respectively	To repay the loan of BJMC & BTMC	677.9	677.9	0.0	
ii)	25-years (Jute) Treasury Bond-2018 bearing 5.0 percent interest	Issued 1 Nov-1993 and maturity date 1 Nov-2018	To compensate for the liquidation of jute sector credit	76.8	76.8	0.0	
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	53.3	53.3	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.	14.4	11.6	-2.7	
v)	7-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest	Issued 25 Sep-2007 and Maturity date from 25 Sep-2014 to 25 Sep-2022	To repay the loan of Bangladesh Petroleum Corporation	3122.5	3122.5	0.0	
vi)	5-years and 6-years (BPC) Treasury Bond bearing 7.0 percent interest	Issued 5 Oct 2011 and 26 Dec 2011 and Maturity date 5 Oct-2016 and 26 Dec-2017	To repay the loan of Bangladesh Petroleum Corporation	2100.0	2100.0	0.0	
vii)	5-years to 13-years BJMC Treasury Bond bearing 5.0 percent interest	Issued 23 Oct-2011 and maturity date 23 October 2016, 20, 22 & 24	To repay the loan of BJMC	2150.4	2150.4	0.0	
viii)	7-years SPTB-2020 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-2020	To increase Government cash balance	2000.0	2000.0	0.0	
ix)	8-years SPTB-2021 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-2021		2000.0	2000.0	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	0.0	
4. Sub-Total : (1+2+3)				137349.7	142985.7	5636.0	
5.	Prize Bond/Income Tax Bond			32.5	19.1	-13.4	
6.	Government's other Securities:			2.9	2.8	-0.1	
7.	Advances to Food Ministry			590.7	1028.7	438.0	
8.	Advances to Other Ministries			1177.9	1299.4	121.5	
9.	Advances to Auto./Semi-Autonomous Bodies			1565.6	1039.1	-526.5	
10.	Accrued Interest			3344.0	3824.7	480.7	
11.	Deposits of Ministries and Departments (-)			-17615.2	-17767.3	-152.1	
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-29501.4	-26994.5	2506.9	
B. Total : (4+...+12)				96946.7	105437.7	8491.0	
Grand Total : A+B				108864.2	121008.8	12,144.5	

Notes: @/ Including other deposits.

1/ An amount of Tk. 2.7 crore was paid in July 2015 against the outstanding of Tk. 14.4 crore in June 2015

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, July of FY16

(Taka in Crore)

Sl. No.	Particulars	July 2014				July 2015			
		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)
	<u>NSD Instruments</u>								
1.	Defence Savings Certificate	0.0	0.3	0.4	-0.3	0.0	0.6	0.8	-0.6
2.	5-year Bangladesh Savings Certificate	614.1	286.8	155.4	327.3	395.2	240.5	125.9	154.7
3.	Bonus Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.	6-month interest bearing Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5.	Family Savings Certificate	893.0	58.0	209.0	835.0	1047.5	158.4	321.7	889.1
6.	3-month interest bearing Savings Certificate	657.6	138.2	108.7	519.4	849.2	398.1	159.4	451.1
7.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8.	Pensioner Savings Certificate	91.3	78.7	58.7	12.6	256.3	123.8	54.4	132.5
9.	Post Office Savings Bank	421.4	264.7	71.4	156.7	600.8	317.9	90.6	283.0
	a) General Account	98.6	73.3	6.7	25.3	127.1	85.1	3.0	42.0
	b) Fixed Account	322.8	191.4	64.7	131.4	473.7	232.8	87.6	241.0
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10.	Postal Life Insurance	6.3	7.0	0.0	-0.7	6.0	7.9	0.0	-1.9
11.	Prize Bond	1.2	0.0	0.9	1.2	1.8	0.0	0.7	1.8
12.	Wage Earners' Development Bond	24.2	31.6	36.5	-7.4	48.5	7.3	22.5	41.2
13.	3-year National Investment Bond	0.0	0.2	0.0	-0.2	0.0	0.1	0.0	-0.1
14.	US \$ Premium Bond	0.4	0.3	0.7	0.1	1.3	0.0	1.7	1.3
15.	US \$ Investment Bond	17.9	3.9	3.0	14.0	29.9	5.6	0.6	24.3
16.	Total : (1+...+15)	2727.4	869.7	644.7	1857.7	3236.4	1260.1	778.2	1976.3
		Outstandings as on July 2014			Net Changes	Outstandings as on July 2015			Net Changes
17.	Govt. Treasury Bills/Bonds		<u>18019.2</u>		<u>390.8</u>		<u>23258.7</u>		<u>-317.3</u>
	i) Government Treasury Bills		65.7		-8.2		849.2		-35.6
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		<u>17953.6</u>		<u>399.0</u>		<u>22409.6</u>		<u>-281.7</u>
	a) 2-year Bangladesh Government Treasury Bonds		488.1		0.0		636.3		-229.3
	b) 5-year Bangladesh Government Treasury Bonds		5070.4		55.4		5908.1		38.7
	c) 10-year Bangladesh Government Treasury Bonds		6429.8		200.5		8487.0		-329.0
	d) 15-year Bangladesh Government Treasury Bonds		2270.6		122.9		2935.4		79.6
	e) 20-year Bangladesh Government Treasury Bonds		3694.6		20.2		4442.8		158.3
18.	Total Non-bank Government Borrowing (net) : (16+17)				<u>2248.5</u>				<u>1658.9</u>

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