

**Monthly Report On
Government Borrowing from Domestic Sources¹**

July, FY19



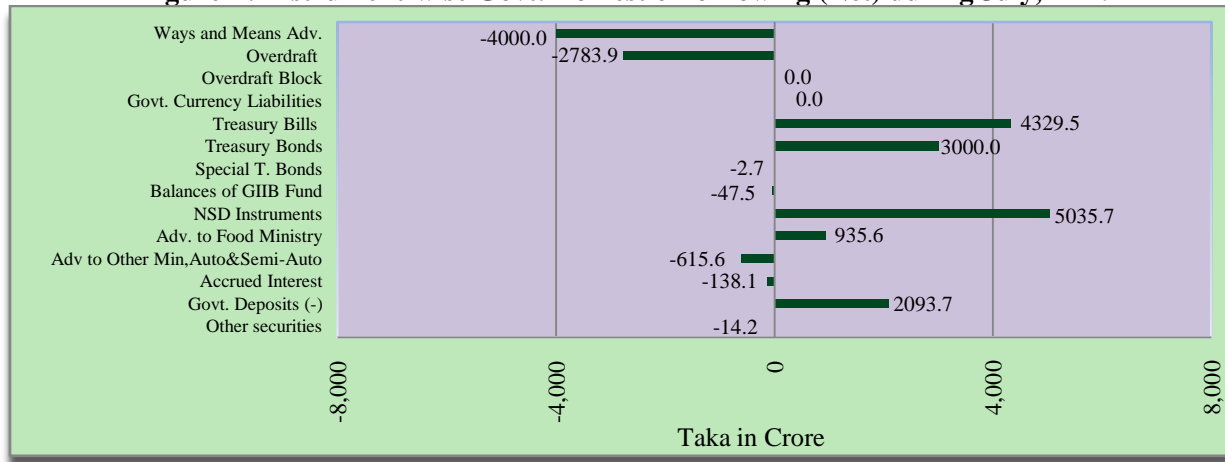
**Research Department
Bangladesh Bank**

¹The report has been prepared by Money and Banking Division, Research Department, Bangladesh Bank (the Central Bank of Bangladesh). Comments are welcome to E-mail: mohammad.abdul@bb.org.bd, arjina.efa@bb.org.bd & sm.sumon@bb.org.bd.

Government Borrowing from Domestic Sources in July, FY19

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, FY19 is depicted in Figure-1.

Figure-1: Instrument-wise Govt. Domestic Borrowing (Net) during July, FY19



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

Govt. domestic borrowing (net) stood at Tk. 7792.4 crore during July, FY19 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. 3057.6 crore during July of FY18. The govt. domestic borrowing (net) during July, FY19 is 154.9 percent higher than that of the same period of the previous year. It may be mentioned that Govt. borrowed Tk. 5035.7 crore through NSD instruments during July, FY19. It is observed that govt. deposits decreased by Tk. 2093.7 crore (net) with the banking system during this period. Deposits with Bangladesh Bank (BB) increased by Tk. 2820.9 crore and deposits with scheduled banks (SBs) decreased by Tk. 4914.6 crore.

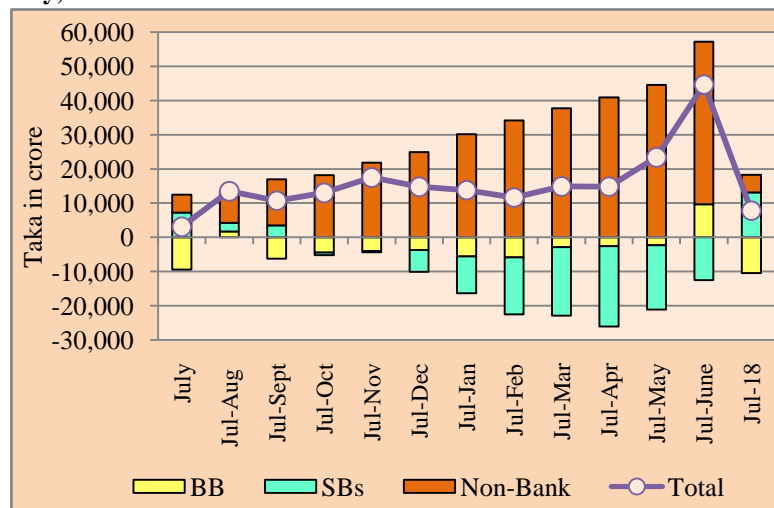
Govt. borrowed (net) Tk. 7259.0 crore through T-Bills and Bonds to the banking system during July, FY19.

Figure-2 shows movements in govt. domestic borrowing during July-June, FY18 as well as July, FY19.

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 up to July-June, FY18.

However, the net borrowing through banking channel is positive in July, FY19.

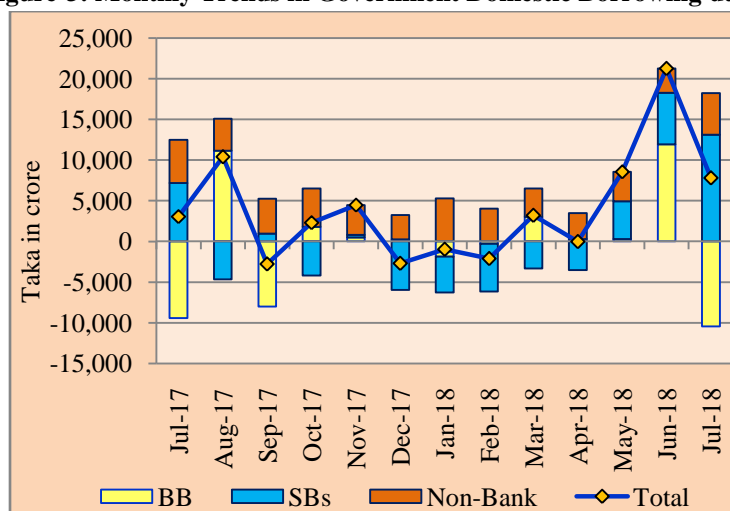
Figure-2: Movements in Government Domestic Borrowing during July, FY19



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

Govt. borrowing from the banking system increased by Tk. 2689.0 crore and non-bank govt. borrowing (net) stood at Tk. 5103.5 crore during July, FY19. As a result, govt. borrowing (net) from the domestic sources in FY19 stood at Tk. 7792.4 crore.

Figure-3: Monthly Trends in Government Domestic Borrowing during July of FY19



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

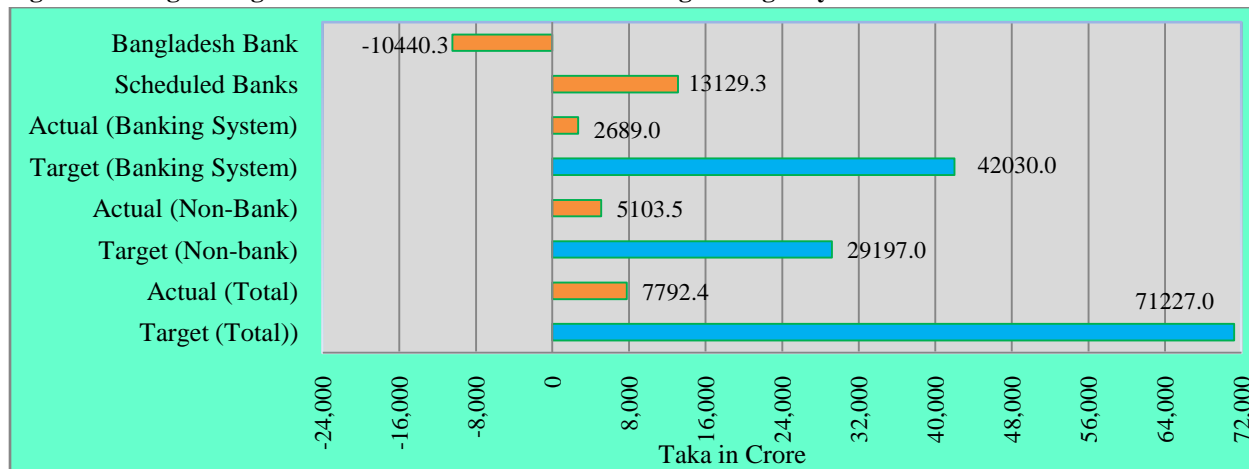
Figure-3 shows the monthly movement of government net domestic borrowing during July-June of FY18 and July, FY19.

With some ups and downs through FY18, the monthly trend of domestic borrowing was increasing consistently from March, 2018 to June, 2018.

However, Govt. borrowing stood at Tk. 7792.5 crore in July, 2018 which is Tk. 13458.1 crore lower than that of the previous month.

In the budget of FY19, Tk. 71227.0 crore has been fixed for borrowing from domestic sources by the government of which Tk. 42030.0 crore and Tk. 29197.0 crore have been targeted to borrow from banking and non-banking sources respectively. During July of FY19, the net repayment and holding of cash balances with Bangladesh Bank stood at Tk. 10440.3 crore. On the other hand, the net borrowing from scheduled banks stood at Tk. 13129.3 crore during the same period.

Figure-4: Budget Target and Net Govt. Domestic Borrowing during July of FY19



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

A comparative picture of government total budget target and actual domestic borrowing situation during July of FY19 is shown in Figure-4. Government total borrowing from other than banks (including NSD, T-Bills and Bonds) stood at Tk. 5103.5 crore of which Tk. 5035.7 crore was borrowed through NSD instruments during July of FY19. The total net government domestic borrowings (banking and non-banking sources) stood at Tk. 7792.4 crore during July of FY19 which is 10.9 percent of total budget target.

Major Findings of the Govt. Borrowings from Domestic Sources:

- From banking system, total outstanding of Govt. domestic borrowings increased by Tk. 26.9 billion during July of FY19 compared to the outstanding of Govt. domestic borrowings of July-June, FY18.
- Govt. borrowed Tk. 51.0 billion (of which Tk. 50.4 billion through NSD instruments) from other than banks during July of FY19, which is 17.5 percent of the Non-Bank budget target.
- Government borrowings from NSD instrument is significantly increasing due to its relatively higher interest rate than other savings rates.

Table I : Government Borrowing Position from the Banking System during July of FY19

(Provisional)
(Taka in crore)

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 18	Outstanding as on 31 July 18	Change (+) / (-)
						July 18 7=(6-5)
A.	Bangladesh Bank					
1.	Ways and Means Advances		To increase Government cash balance	4000.0	0.0	-4000.0
2.	Overdraft			2783.9	0.0	-2783.9
3.	Overdraft Block			4185.0	4185.0	0.0
4.	Devolvement			10682.9	10442.9	-240.0
	a) Treasury Bills			4881.7	4881.7	0.0
	b) Treasury Bonds			5801.3	5561.3	-240.0
5.	Government Currency Liabilities			2026.3	2026.3	0.0
6.	Advances to Autonomous and Semi-autonomous Bodies			0.0	0.0	0.0
7.	Accrued Interest			111.9	103.0	-8.9
8.	Government Deposits ^{@@} (-)			-32.5	-2853.4	-2820.9
9.	BB's Balances of GIB Fund (-)			-1300.5	-1887.1	-586.6
	A. Total : (1+...+ 9)*			22457.0	12016.7	-10440.3
B.	Deposit Money Banks (DMBs)					
1.	Government Treasury Bills			21232.3	25497.6	4265.3
	i) Treasury Bills (Less than 1 year)		To increase Government cash balance	21232.3	25497.6	4265.3
2.	Bangladesh Govt. Treasury Bonds (BGTB)			103526.7	106763.1	3236.4
	i) 2-years Bangladesh Govt. Treasury Bonds			8018.5	8452.7	434.2
	ii) 5-years Bangladesh Govt. Treasury Bonds		To increase long-term investment of different banks, non-bank financial institutions and employees GF of different companies	21369.1	22782.6	1413.5
	iii) 10-years Bangladesh Govt. Treasury Bonds			39736.2	40249.8	513.6
	iv) 15-years Bangladesh Govt. Treasury Bonds			18710.4	19066.1	355.7
	v) 20-years Bangladesh Govt. Treasury Bonds			15692.6	16211.9	519.4
3.	Others Treasury Bonds			10825.4	10822.6	-2.7
	a) 1 Year and above but less than 5 years (Specialized Bonds)			40.5	40.5	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	40.5	40.5	0.0
	b) 5 Years and above (Specialized Bonds)			10784.9	10782.1	-2.7
	i) 10-years (BJMC&BTMC) interest free Treasury Bond-2020	Issued 16 Jan-2011 and maturity date 16 January 2021	To repay the loan of BJMC & BTMC	204.0	204.0	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	14.8	14.8	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	10.3	10.3	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.	6.2	3.4	-2.7
	v) 12-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest	Issued 25 Sep-2007 and Maturity date from 25 Sep-2015 to 25 Sep-2022	To repay the loan of Bangladesh Petroleum Corporation	2822.5	2822.5	0.0
	vi) 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	0.0
	vii) 7-years SPTB-2020 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-2020		2000.0	2000.0	0.0
	viii) 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	0.0
	ix) 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)			135584.3	143083.3	7499.0
5.	Prize Bond/Income Tax Bond			25.3	10.8	-14.5
6.	Government's other Securities			4.7	5.0	0.3
7.	Advances to Food Ministry ^R			859.5	1795.1	935.6
8.	Advances to Other Ministries			1583.1	1681.5	98.4
9.	Advances to Auto./Semi-Autonomous Bodies			2375.4	1661.4	-714.0
10.	Accrued Interest			2121.0	1991.8	-129.2
11.	Deposits of Ministries and Departments (-)			-31161.7	-29840.1	1321.6
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-44628.6	-41035.6	3593.0
13.	SBS's Balances of GIB Fund (i+ii)			1053.5	1592.6	539.1
	i) Investment to GIB Fund			9154.4	9273.5	119.1
	ii) Borrowing from GIB Fund (-)			-8100.9	-7680.9	420.0
	B. Total : (4+...+13)			67816.5	80945.8	13129.3
	Grand Total : (A+B)*			90273.6	92962.5	2689.0

Notes: @/ Including other deposits.

1/ An amount of Tk. 2.7 crore was paid in July 2018 against the outstanding of Tk. 6.2 crore in June 2018

R=Revised.

*Including GIB Fund

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 of FY19

(Taka in Crore)

Sl. No.	Particulars	July 2017				July 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	0.1	0.1	-0.1	0.0	0.0	0.0	0.0
2.	5-year Bangladesh Savings Certificate	683.9	204.0	109.9	479.9	1526.2	618.6	123.8	907.6
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	2373.2	658.7	721.0	1714.4	2199.4	721.4	918.6	1478.0
7.	3-month interest bearing Savings Certificate	2129.1	808.9	451.9	1320.2	2323.0	880.5	539.1	1442.5
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	764.1	115.5	97.4	648.5	482.4	193.7	165.9	288.7
10.	Post Office Savings Bank	1207.4	483.7	104.9	723.8	1468.2	742.8	47.6	725.4
	a) General Account	243.6	159.1	3.7	84.5	281.8	238.2	5.5	43.5
	b) Fixed Account	963.9	324.6	101.2	639.3	1186.5	504.6	42.0	681.9
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	7.2	6.8	2.5	0.4	9.6	7.3	2.4	2.3
12.	Prize Bond	4.0	0.2	1.9	3.8	5.0	0.1	1.1	4.8
13.	Wage Earners' Development Bond	139.7	14.4	41.1	125.3	139.0	22.5	71.9	116.4
14.	3-year National Investment Bond	0.0	0.0	0.0	0.0	0.0	0.4	0.0	-0.4
15.	US \$ Premium Bond	2.8	0.0	0.2	2.8	3.7	0.2	3.1	3.5
16.	US \$ Investment Bond	40.7	6.3	13.8	34.4	73.2	6.2	16.9	67.0
17.	Total : (1+...+16)	7352.1	2298.6	1544.8	5053.5	8229.6	3193.9	1890.3	5035.7
			Outstandings as on		Net Changes		Outstandings as on		Net Changes
			July 2017		July, 2017		July 2018		July 2018
18.	Govt. Treasury Bills/Bonds		25606.9		241.7		26393.4		67.7
	i) Government Treasury Bills		145.36		-75.3		295.09		64.1
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		25461.6		316.9		26098.32		3.6
	a) 2-year Bangladesh Government Treasury Bonds		354.01		-17.7		148.16		-44.2
	b) 5-year Bangladesh Government Treasury Bonds		6010.25		232.1		6106.94		36.5
	c) 10-year Bangladesh Government Treasury Bonds		10372.92		81.5		11004.10		86.4
	d) 15-year Bangladesh Government Treasury Bonds		3793.34		5.2		4129.22		44.3
	e) 20-year Bangladesh Government Treasury Bonds		4931.06		15.8		4709.90		-119.4
19.	Total Non-bank Government Borrowing (net) : (17+18)				5295.2				5103.5

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