

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



July, 2019

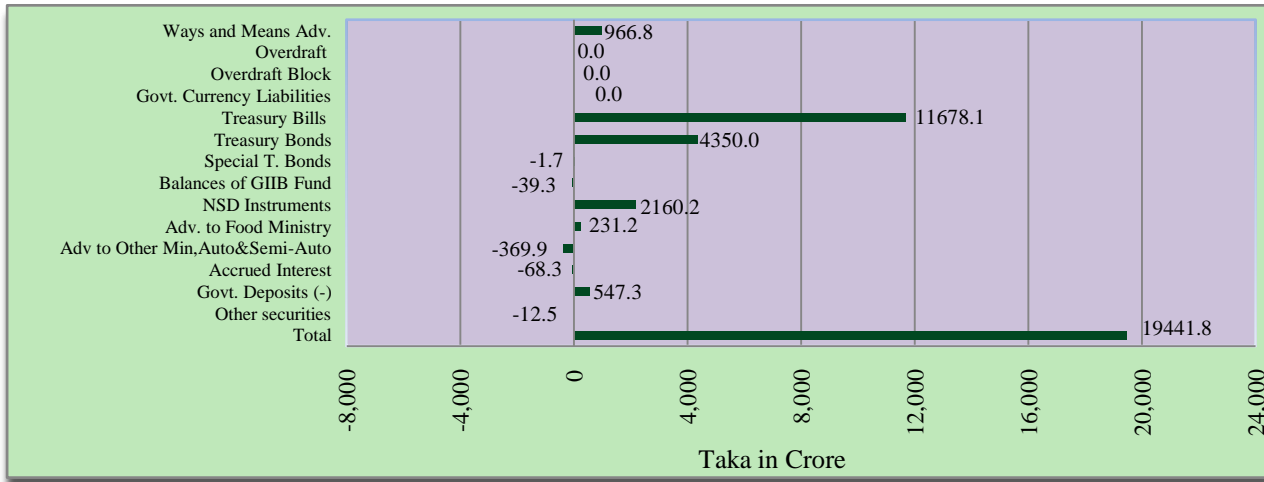
**Research Department
Bangladesh Bank**

¹The report has been prepared by Money and Banking Division, Research Department, Bangladesh Bank (the Central Bank of Bangladesh). Comments on any aspects of the report are highly welcome and can be sent to Farida Parveen, Deputy General Manager, Research Department, Bangladesh Bank. E-mail: farida.parveen@bb.org.bd; Arjina Akhter Efa, Joint Director, Research Department, Bangladesh Bank. E-mail: arjina.efa@bb.org.bd; Shah Md. Sumon, Assistant Director, Research Department, Bangladesh Bank. E-mail: sm.sumon@bb.org.bd.

Government Borrowing from Domestic Sources in July, FY20

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 of FY20 is depicted in Figure-1.

Figure-1: Instrument-wise Govt. Domestic Borrowing (Net) during July, FY20



Source: Debt Management Department, Statistics Department, Bangladesh Bank, National Savings Directorate, July 2019.

Govt. domestic borrowing (net) stood at Tk. 19441.8 crore in July, FY20 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, 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). The amount was Tk. 7792.5 crore in July, FY19. The govt. domestic borrowing (net) in July, FY20 is 149.5 percent higher than that of the same month of the previous year.

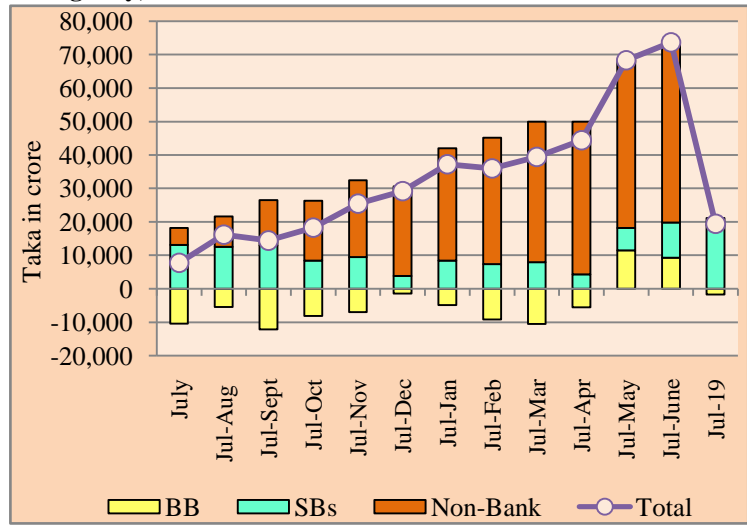
It may be mentioned that Govt. borrowed Tk. 2160.2 crore through NSD instruments in July, FY20. Through T-Bills and Bonds, Govt. borrowed (net) Tk. 16113.8 crore from the banking system in July, FY20. It is observed that govt. deposits decreased by Tk. 547.3 crore (net) with the banking system during this period. Deposits with Bangladesh Bank (BB) increased by Tk. 26.5 crore but deposits with scheduled banks (SBs) decreased by Tk. 573.8 crore.

From Figure-2, it is observed that the govt. net borrowing from banking system was positive in July, FY19.

It has been increased up to July-January of FY19. But, the same has been decreased till July-April, FY19. However, the amount has been increased again in July-May of FY19 and June, FY19.

At the beginning of FY20, the govt. net borrowing from banking system stood at Tk. 17369.1 crore and non-bank govt. borrowing (net) stood at Tk. 2072.7 crore in July, FY20.

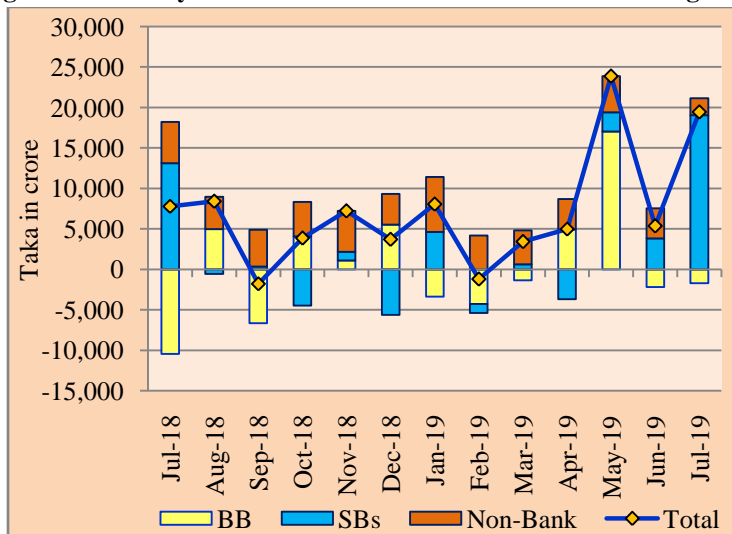
Figure-2: Movements in Government Domestic Borrowing during July, FY20



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, July 2019.

As a result, govt. borrowing (net) from the domestic sources in July, FY20 stood at Tk. 19441.8 crore. The movement in net govt. borrowing from different domestic sources during July, FY20 is demonstrated in Figure-2.

Figure-3: Monthly Trends in Government Domestic Borrowing during July, FY20



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, July 2019.

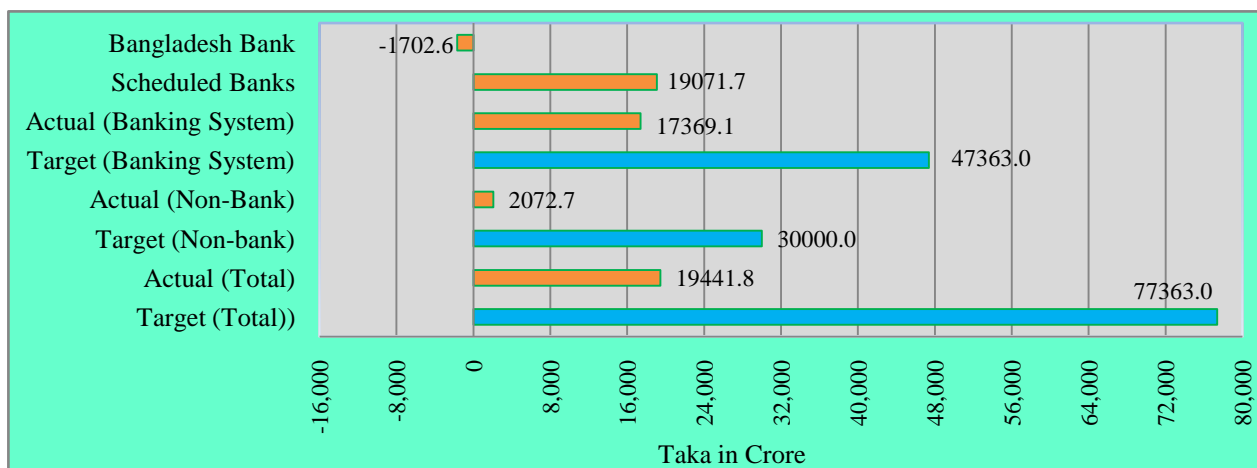
Figure-3 shows the monthly movement of govt. net domestic borrowing of FY19 and July, FY20. Monthly movement of govt. net borrowing shows an increasing trend though it has sharply decreased in September, 2018 and February, 2019.

During the month of July, 2019, govt. domestic borrowing stood at Tk. 19441.8 crore which is Tk. 14071.9 crore higher than that of the month of June, 2019.

In the budget FY20, govt. borrowing from domestic sources has been fixed at Tk. 77363.0 crore of which Tk. 47363.0 crore from banking system and Tk. 30000.0 crore from non-banking sources.

A comparative picture of government total budget target and actual domestic borrowing situation during July, FY20 is shown in Figure-4. In July, FY20, the net repayment and holding of cash balances with Bangladesh Bank stood at Tk. 1702.6 crore. On the other hand, the net borrowing from scheduled banks stood at Tk. 19071.7 crore. As a result, govt. net borrowing from banking system stood at Tk. 17369.1 crore in July, FY20, which was 36.7 percent of banking system budget target.

Figure-4: Budget Target and Govt. Net Domestic Borrowing during July, FY20



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, July 2019.

Government total borrowing from Non-banks (including NSD instruments, T-Bills and Bonds issued by other than banks) stood at Tk. 2072.7 crore of which Tk. 2160.2 crore was borrowed through NSD instruments in July, FY20. The total government net domestic borrowings (banking and non-banking sources) stood at Tk. 19441.8 crore in July, FY20.

Major Findings of the Govt. Borrowings from Domestic Sources:

- From banking system, total outstanding of Govt. domestic borrowings increased by Tk. 173.7 billion in July, FY20 compared to the outstanding of Govt. domestic borrowings of June, FY19.
- Govt. borrowed Tk. 20.7 billion (of which Tk. 21.6 billion through NSD instruments) from other than banks in July, FY20.
- The total Govt. net domestic borrowings (banking and non-banking sources) stood at Tk. 194.4 billion in July, FY20, which is 25.1 percent of the total budget target of Domestic Borrowing.

Table I : Government Borrowing Position from the Banking System during July, FY20

(Provisional)
(Taka in crore)

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 19	Outstanding as on 31 July 19	Change (+) / (-)
						July 19
1	2	3	4	5	6	7=(6-5)
A. Bangladesh Bank						
1.	Ways and Means Advances		To increase Government cash balance	1421.8	2388.6	966.8
2.	Overdraft			0.0	0.0	0.0
3.	Overdraft Block			2685.0	2685.0	0.0
4.	Devolvement			27845.4	26875.1	-970.3
a)	Treasury Bills			14478.4	13508.1	-970.3
b)	Treasury Bonds			13367.0	13367.0	0.0
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			264.7 ^R	208.2	-56.5
8.	Government Deposits ^{W/} (-)			-34.9	-61.4	-26.5
9.	BB's Balances of GIB Fund (-)			-2458.3	-4074.3	-1616.0
A.	Total : (1 +...+ 9)*			31750.0	30047.5	-1702.6
B. Deposit Money Banks (DMBs)						
1. Government Treasury Bills						
	i) Treasury Bills (Less than 1 year)		To increase Government cash balance	28666.1	41298.8	12632.7
2. Bangladesh Govt. Treasury Bonds (BGTB)						
	i) 2-years Bangladesh Govt. Treasury Bonds			112565.7	117018.9	4453.1
	ii) 3-years(FRTB) Bangladesh Govt. Treasury Bonds ^{2/}		To increase long-term investment of different banks, non-bank financial institutions and employees GF of different companies	11331.4	12831.4	1500.0
	iii) 5-years Bangladesh Govt. Treasury Bonds			112.2	112.2	0.0
	iv) 10-years Bangladesh Govt. Treasury Bonds			21914.9	23443.0	1528.1
	v) 15-years Bangladesh Govt. Treasury Bonds			39364.9	39965.9	600.9
	vi) 20-years Bangladesh Govt. Treasury Bonds			20974.1	21391.0	417.0
				18868.3	19275.4	407.1
3. Others Treasury Bonds						
a) 1 Year and above but less than 5 years (Specialized Bonds)						
	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)						
	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-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	0.0	0.0	0.0
	iii) 25-years (Jute) Treasury Bond-2020 bearing 5.0 percent interest ^{4/}	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.	3.4	1.7	-1.7
	iv) 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
	v) 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
	vi) 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
	vii) 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
	viii) 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)						
5.	Prize Bond/Income Tax Bond			152029.5	169113.6	17084.2
6.	Government's other Securities			25.1	12.3	-12.8
7.	Advances to Food Ministry			4.4	4.7	0.3
8.	Advances to Other Ministries			1262.5	1493.7	231.2
9.	Advances to Auto./Semi-Autonomous Bodies			1678.5	1667.3	-11.2
10.	Accrued Interest			1959.8	1601.1	-358.7
11.	Deposits of Ministries and Departments (-)			2077.3	2065.5	-11.8
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-36595.3 ^R	-36143.4	451.9
13.	SB's Balances of GIB Fund (i-ii)			-46184.0 ^R	-46062.1	121.9
	i) Investment to GIB Fund			2058.3	3635.0	1576.7
	ii) Borrowing from GIB Fund (-)			10529.3	11206.0	676.7
B. Total : (4+...+13)						
				78316.1	97387.7	19071.6
Grand Total : (A+B)*						
				110066.1	127435.2	17369.1

Notes: @/ Including other deposits.

1/ An amount of Tk. 1.7 crore was paid in July 2019 against the outstanding of Tk. 3.4 crore in June 2019

2/ 3-Year (FRTB) Bangladesh Govt. Treasury Bond has been issued on 27th March, 2019.

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, FY20

(Taka in Crore)

Sl. No.	Particulars	July 2018			July 2019				
		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	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.	5-year Bangladesh Savings Certificate	1526.2	618.6	123.8	907.6	833.0	271.9	119.2	561.1
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	2199.4	721.4	918.6	1478.0	1244.2	1424.3	1371.1	-180.1
7.	3-month interest bearing Savings Certificate	2323.0	880.5	539.1	1442.5	1107.6	1147.7	639.8	-40.2
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	482.4	193.7	165.9	288.7	395.3	140.6	188.8	254.7
10.	Post Office Savings Bank	1468.2	742.8	47.6	725.4	2321.6	872.2	193.7	1449.4
	a) General Account	281.8	238.2	5.5	43.5	349.6	223.3	7.5	126.4
	b) Fixed Account	1186.5	504.6	42.0	681.9	1971.9	649.0	186.2	1323.0
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	9.6	7.3	2.4	2.3	8.1	10.5	3.4	-2.4
12.	Prize Bond	5.0	0.1	1.1	4.8	6.0	0.1	1.5	5.9
13.	Wage Earners' Development Bond	139.0	22.5	71.9	116.4	122.5	63.9	44.9	58.6
14.	3-year National Investment Bond	0.0	0.4	0.0	-0.4	0.0	0.0	0.0	0.0
15.	US \$ Premium Bond	3.7	0.2	3.1	3.5	10.1	0.0	3.2	10.1
16.	US \$ Investment Bond	73.2	6.2	16.9	67.0	43.2	0.0	9.5	43.2
17.	Total : (1+...+16)	8229.6	3193.9	1890.3	5035.7	6091.3	3931.2	2575.1	2160.2
			Outstandings as on		Net Changes		Outstandings as on		Net Changes
			July 2018		July, 2018		July 2019		July, 2019
18.	Govt. Treasury Bills/Bonds		26393.4		67.7		30198.9		-87.5
	i) Government Treasury Bills		295.09		64.1		947.56		15.7
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		26098.3		3.6		29251.33		-103.1
	a) 2-year Bangladesh Government Treasury Bonds		148.16		-44.2		127.23		0.0
	b) 3-year(FRTB) Bangladesh Government Treasury Bonds		0.00		0.0		0.00		0.0
	c) 5-year Bangladesh Government Treasury Bonds		6106.94		36.5		5955.15		-228.1
	d) 10-year Bangladesh Government Treasury Bonds		11004.10		86.4		12448.17		-50.9
	e) 15-year Bangladesh Government Treasury Bonds		4129.22		44.3		5215.31		83.0
	f) 20-year Bangladesh Government Treasury Bonds		4709.90		-119.4		5505.47		92.9
19.	Total Non-bank Government Borrowing (net) : (17+18)				5103.5				2072.7

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