

Monthly Report On
Government Borrowing from Domestic Sources¹

July, FY18



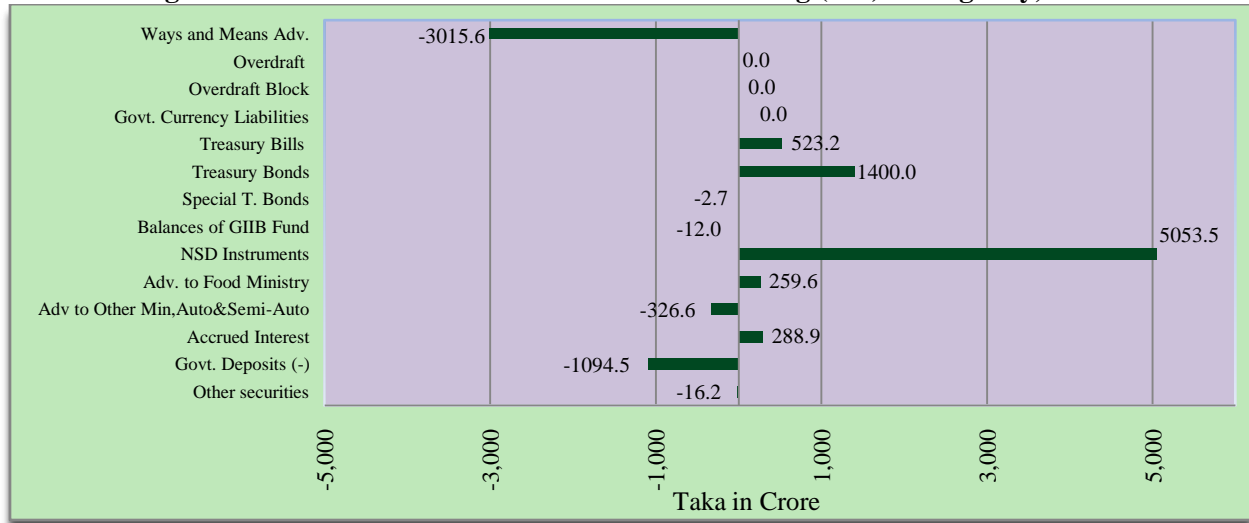
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Government Borrowing from Domestic Sources in July, FY18

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, FY18 is depicted in Figure-1.

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



Source: Debt Management Department, Statistics Department, Bangladesh Bank, National Savings Directorate, July 2017

Govt. domestic borrowing (net) is stood at Tk.3057.6 crore during July, 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. 5751.6 crore during July of FY17. The govt. domestic borrowing (net) during July, FY18 is 46.8 percent lower than that of the same period of the previous year. It may be mentioned that Govt. borrowed Tk. 5053.5 crore through NSD instruments in July, FY18. It is observed that govt. deposits have been increased by Tk. 1094.5 crore (net) with the banking system during this period. Deposits with Bangladesh Bank (BB) have been increased by Tk. 4786.6 crore and deposits with scheduled banks (SBs) have been decreased by Tk. 3692.1 crore.

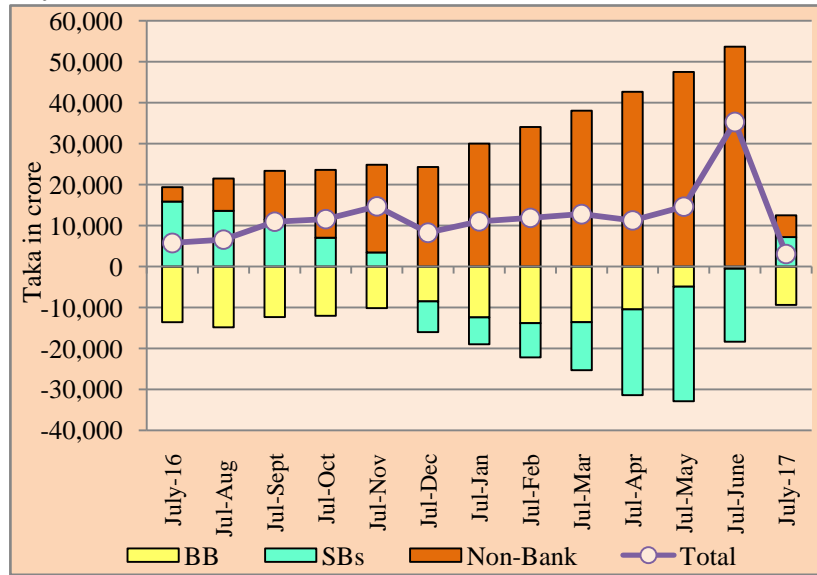
Govt. borrowed (net) Tk. 1678.8 crore through T-Bills and Bonds from the banking system during July, FY18.

Figure-2 shows movements in govt. domestic borrowing during July-June, FY17 as well as July, FY18.

It is observed that the net borrowing from banking system was positive in July, FY17. After that, the govt. borrowed successively less than the amount of repayment and holding cash balances through banking system up-to July-June, FY17.

However, the net borrowing through banking channel is negative in July, FY18.

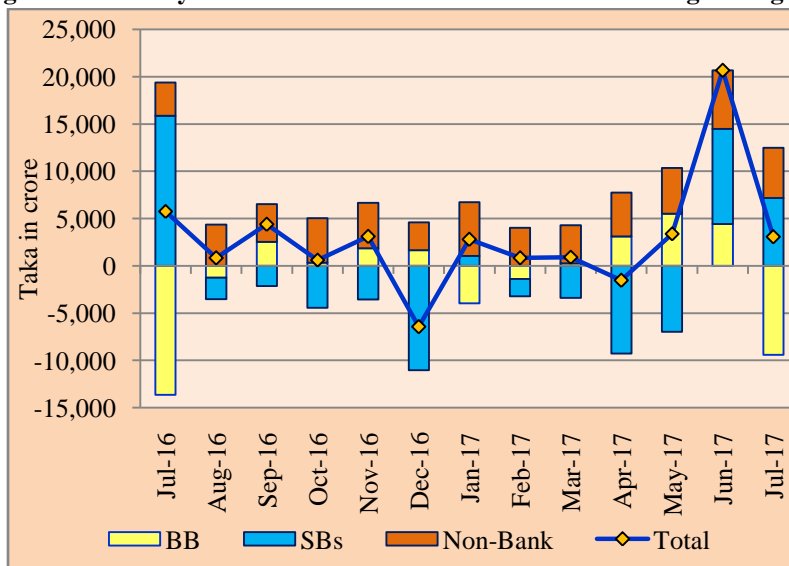
Figure-2: Movements in Government Domestic Borrowing during July, FY18



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, July, 2017.

Govt. borrowing from the banking system decreased by Tk. 2237.6 crore and non-bank govt. borrowing (net) stood at Tk.5295.2 crore during July FY18. As a result, govt. borrowing (net) from the domestic sources during July, FY18 stood at Tk. 3057.6 crore.

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



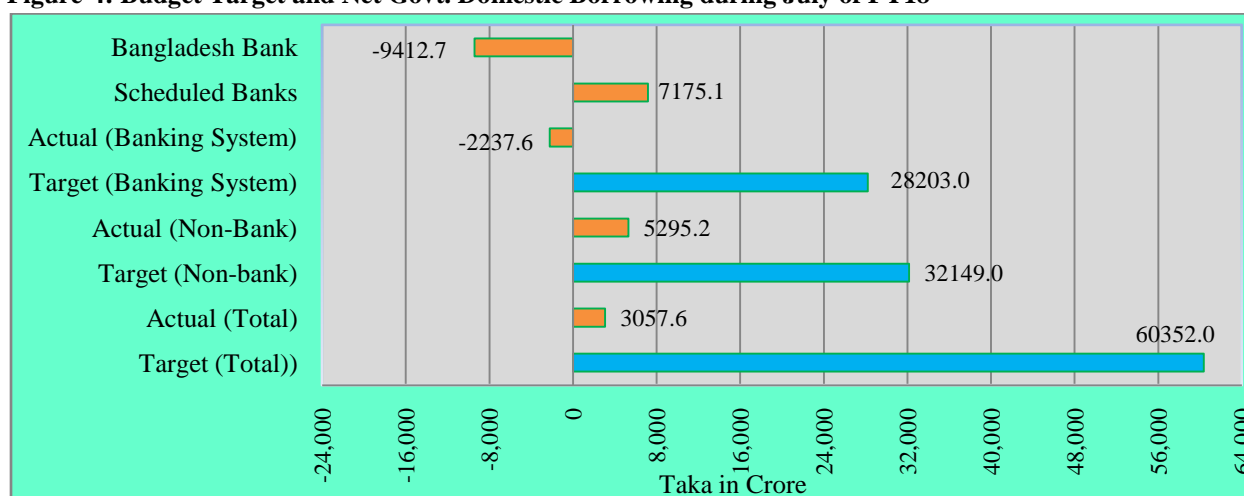
Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, July 2017.

Figure-3 shows the monthly movement of government net domestic borrowing during July-June of FY17 and July, FY18.

With some ups and downs through FY17, the monthly trend of domestic borrowing was increasing from April, 2017 to June, 2017. However, Govt. borrowing stood at TK 3057.6 crore in July, 2017 which is 17593.9 crore lower than the previous month.

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 of FY18, the net repayment and holding of cash balances with Bangladesh Bank stood at Tk. 9412.7 crore. On the other hand, the net borrowing with scheduled banks stood at Tk. 7175.1 crore during the same period.

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



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, July 2017.

A comparative picture of government total budget target and actual domestic borrowing situation during July of FY18 is shown in Figure-4. Government total borrowing from other than banks (including NSD, T-Bills and Bonds) is stood at Tk. 5295.2 crore where Tk. 5053.5 crore is borrowed through NSD instruments during July, FY18. The total net government domestic borrowings (banking and non-banking sources) stood at Tk. 3057.6 crore during July of FY18 which is 5.1 percent of total budget target.

Major Findings of the Govt. Borrowings from Domestic Sources:

- Total Govt. domestic borrowings (net) from banking system have been decreased by Tk. 22.4 billion during July, FY18.
- Govt. borrowed Tk. 53.0 billion (of which Tk. 50.5 billion through NSD instruments) from other than banks in July, FY18, which is 16.5 percent of the total budget target from non-banking sources.
- As the interest rate of NSD certificate is significantly higher than any other interest rate prevailing in the domestic market, Govt. borrowing is increasing much through NSD certificate.

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

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 17	Outstanding as on 31 July 17	(Provisional) (Taka in crore)	
						Change (+) / (-) July-17 7=(6-5)	
1	2	3	4	5	6	7=(6-5)	
A. Bangladesh Bank							
1.	Ways and Means Advances		To increase Government cash balance	3015.6	0.0		-3015.6
2.	Overdraft			0.0	0.0		0.0
3.	Overdraft Block			5685.0	5685.0		0.0
4.	Devolvement			5031.1	4940.4		-90.8
a)	Treasury Bills			811.6	607.3		-204.3
b)	Treasury Bonds			4219.5	4333.1		113.6
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			108.4	53.1		-55.3
8.	Government Deposits ^{@/} (-)			-29.2	-4815.8		-4786.6
9.	BB's Balances of GIB Fund (-)			-2999.5	-4464.0		-1464.5
A.	Total : (1 +...+ 9)*			12,837.7	3,425.0		-9,412.7
B. Deposit Money Banks (DMBs)							
1. Government Treasury Bills							
	i) Treasury Bills (Less than 1 year)		To increase Government cash balance	23518.5	24321.3		802.8
2. Bangladesh Govt. Treasury Bonds (BGTB)							
	i) 2-years Bangladesh Govt. Treasury Bonds			99758.5	100728.0		969.5
	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	7108.8	7576.5		467.7
	iii) 10-years Bangladesh Govt. Treasury Bonds			24503.6	24507.9		4.3
	iv) 15-years Bangladesh Govt. Treasury Bonds			38775.5	39294.0		518.5
	v) 20-years Bangladesh Govt. Treasury Bonds			16284.7	16279.5		-5.2
3. Others Treasury Bonds							
a) 5 Years and above (Specialized Bonds)							
	i) 7 & 10-years (BJMC&BTMC) interest free Treasury Bond- 2017 & 2020	Issued 16 Jan-2011 and maturity date 16 January 2018 & 2021 respectively	To repay the loan of BJMC & BTMC	339.0	339.0		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	29.6	29.6		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	20.5	20.5		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		-2.7
	v) 10-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	2922.5	2922.5		0.0
	vi) 6-years (BPC) Treasury Bond bearing 7.0 percent interest	Issued 26 Dec 2011 and Maturity date 26 Dec-2017	To repay the loan of Bangladesh Petroleum Corporation	950.0	950.0		0.0
	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		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		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		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)			135274.6	137044.1		1769.5
5.	Prize Bond/Income Tax Bond			26.4	10.0		-16.4
6.	Government's other Securities			3.5	3.7		0.2
7.	Advances to Food Ministry			291.1	550.7		259.6
8.	Advances to Other Ministries			1657.5	1634.9		-22.6
9.	Advances to Auto./Semi-Autonomous Bodies			1415.8	1111.8		-304.0
10.	Accrued Interest			3453.0	3797.2		344.2
11.	Deposits of Ministries and Departments (-)			-26630.1	-24610.0		2020.1
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-38021.2	-36349.2		1672.0
13.	SIBs's Balances of GIB Fund (i+ii)			2816.5	4269.0		1452.5
i)	Investment to GIB Fund			8276.1	8178.6		-97.5
ii)	Borrowing from GIB Fund (-)			-5459.6	-3909.6		1550.0
B.	Total : (4+...+13)			80287.1	87462.2		7175.1
Grand Total : (A+B)*				93,124.8	90,887.2		-2,237.6

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

*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 FY18

(Taka in Crore)

Sl. No.	Particulars	July 2016				July 2017			
		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	0.1	0.1	-0.1
2.	5-year Bangladesh Savings Certificate	485.4	121.6	46.2	363.9	683.9	204.0	109.9	479.9
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	1734.6	444.9	423.1	1289.8	2373.2	658.7	721.0	1714.4
7.	3-month interest bearing Savings Certificate	1306.6	405.9	209.3	900.7	2129.1	808.9	451.9	1320.2
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	400.9	101.5	68.8	299.4	764.1	115.5	97.4	648.5
10.	Post Office Savings Bank	832.6	327.0	85.9	505.6	1207.4	483.7	104.9	723.8
	a) General Account	158.3	97.9	2.1	60.4	243.6	159.1	3.7	84.5
	b) Fixed Account	674.4	229.2	83.7	445.2	963.9	324.6	101.2	639.3
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	5.8	5.7	1.4	0.1	7.2	6.8	2.5	0.4
12.	Prize Bond	3.9	0.1	1.4	3.8	4.0	0.2	1.9	3.8
13.	Wage Earners' Development Bond	123.2	2.4	17.2	120.8	139.7	14.4	41.1	125.3
14.	3-year National Investment Bond	0.0	0.2	0.0	-0.2	0.0	0.0	0.0	0.0
15.	US \$ Premium Bond	4.1	0.0	0.2	4.1	2.8	0.0	0.2	2.8
16.	US \$ Investment Bond	34.8	24.4	7.2	10.5	40.7	6.3	13.8	34.4
17.	Total : (1+...+15)	4932.1	1433.7	860.6	3498.4	7352.1	2298.6	1544.8	5053.5
			Outstandings as on July 2016		Net Changes	Outstandings as on July 2017		Net Changes	
18.	Govt. Treasury Bills/Bonds		24115.6		22.1		25606.9		241.7
	i) Government Treasury Bills		297.39		-14.9		145.36		-75.3
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		<u>23818.2</u>		37.0		25461.58		316.9
	a) 2-year Bangladesh Government Treasury Bonds		478.58		9.9		354.01		-17.7
	b) 5-year Bangladesh Government Treasury Bonds		5988.92		-100.7		6010.25		232.1
	c) 10-year Bangladesh Government Treasury Bonds		9896.21		74.0		10372.92		81.5
	d) 15-year Bangladesh Government Treasury Bonds		3092.07		29.5		3793.34		5.2
	e) 20-year Bangladesh Government Treasury Bonds		4362.42		24.3		4931.06		15.8
19.	Total Non-bank Government Borrowing (net) : (17+18)				3520.5				5295.2

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