

Monthly Report On Government Borrowing from Domestic Sources



July-June of FY15¹

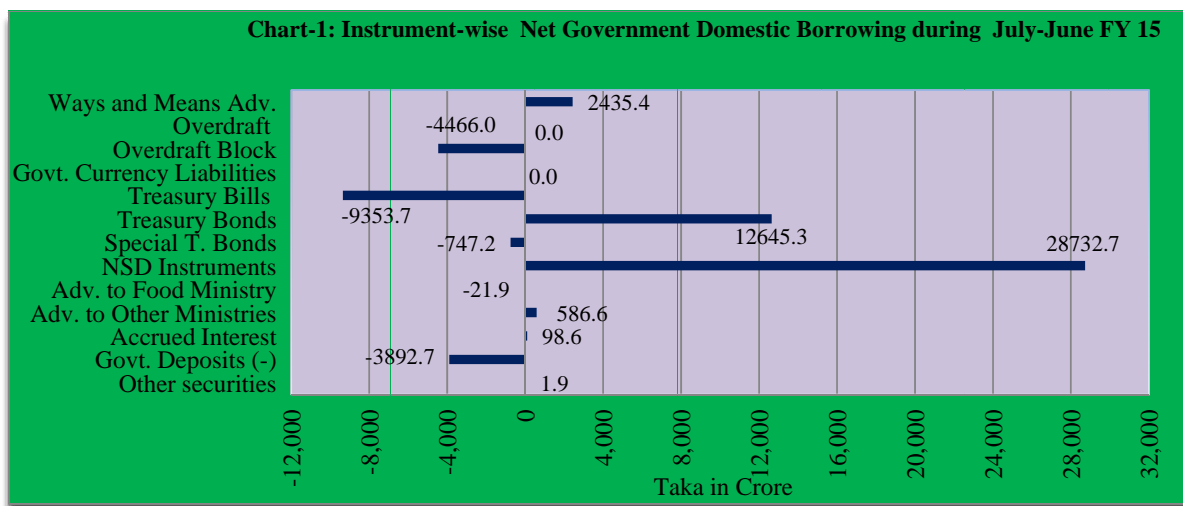


**Research Department
Bangladesh Bank**

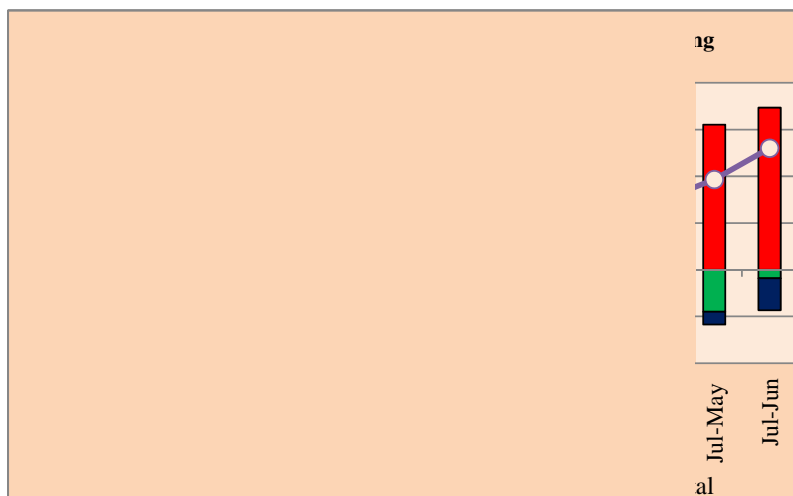
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Government Borrowing from Domestic Sources during July-June of FY15

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.11898.1 crore (net) through Bonds. However, Tk.9353.7 crore has been repaid through Treasury Bills during July-June of FY15. In addition to that, government borrowed Tk.28732.7 crore through NSD instruments during the period. Net government domestic borrowing stood at Tk.26018.9 crore during July-June of FY15 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 period, government deposits increased by Tk.3892.7 crore (net) where as deposits with scheduled banks have been increased by Tk.7898.9 crore. However, deposits with Bangladesh Bank have been decreased by Tk.4006.2 crore. Instrument-wise net government domestic borrowing during July-June of FY15 is depicted in chart-1.



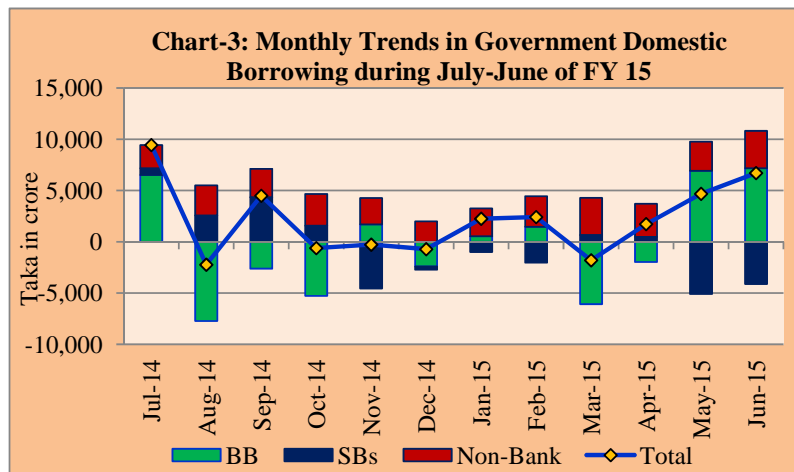
The movements in net government borrowing from different domestic sources during July-June of FY15 are demonstrated in chart-2.



of FY15 are demonstrated in chart-2. During July-June of FY15, govt. 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.

Monthly movement of government's net domestic borrowing is represented in chart-3. During FY15, government borrowings from banking system have been decreased due to huge maturity of Treasury Bills. In June 2015, total govt. borrowing has been 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.



In the revised budget of FY15, Tk.54714.0 crore has been fixed for borrowing from domestic sources by the government of which Tk.31714.0 crore and Tk.23000.0 crore have been targeted to borrow from banking and non-banking sources respectively. During the period, the total repayment and holding of cash balances with Bangladesh Bank and scheduled banks stood at Tk.1821.9 and Tk.6839.4 crore respectively. As a result, repayment or holding cash balance by the government stood at Tk.8661.4 crore instead of borrowings from the banking system during July-June of FY15. The government borrowed (net) Tk. 2544.4 crore through T-Bills and T-Bonds which covered 8.02% of revised target from domestic sources. Moreover, government borrowed Tk.34680.0 crore from other than banks (including NSD, T-Bills and Bonds), which exceeded the total revised budget target from non-banking sources. Government borrowed Tk.28732.7 crore through NSD instruments during the period against the revised target of Tk.21000.0 crore. The total net government domestic borrowing (banking and non-banking sources) stood at Tk.26018.9 crore after the adjustment with government deposits and other items during July-June of FY15. A comparative picture of government total budget target and actual domestic borrowing during July-June of FY15 is produced in chart-4.

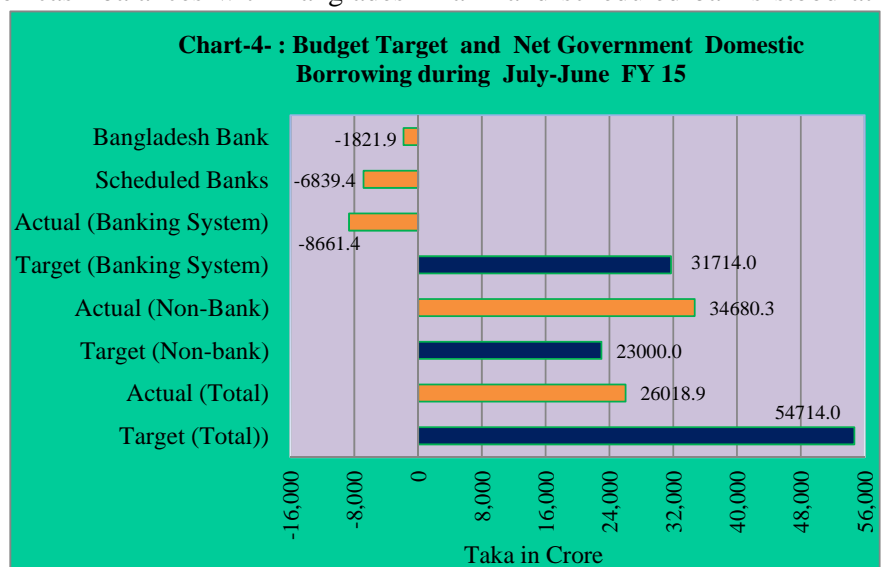


Table I : Government Borrowing Position from the Banking System during July-June of FY15

Table 1 : Government Borrowing Position from the Banking System during July-June of FY 15							(Provisional) (Taka in crore)	
Sl. No	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 14	Outstanding as on 31 May 15	Outstanding as 30 June 15	Change (+) / (-)	
							June 15	Jul-june
1	2	3	4	5	7	7	8=(7-6)	9=(7-5)
A. Bangladesh Bank								
1.	Ways and Means Advances		To increase Government cash balance	0.0	0.0	2435.4	2435.4	2435.4
2.	Overdraft			0.0	0.0	0.0	0.00	0.0
3.	Overdraft Block			13151.0	8685.0	8685.0	0.0	-4466.0
4.	Devolverment			3829.6	306.0	107.3	-198.7	-3722.3
a)	Treasury Bills			357.4	196.4	0.0	-196.4	-357.4
b)	Treasury Bonds			3472.2	109.6	107.3	-2.3	-3364.9
5.	Government Currency Liabilities			822.7	822.7	822.7	0.0	0.0
6.	Advances to Autonomous and Semi-autonomous Bodies			0.0	0.0	0.0	0.0	0.0
7.	Accured Interest ⁸			78.1	3.3	2.9	-0.4	-75.2
8.	Government Deposits ⁴ (-)			-4141.9	-5079.2	-135.7	4943.5	4006.2
A. Total : (1 +...+ 8)				13739.5	4737.8	11917.6	7179.8	-1,821.9
B. Deposit Money Banks (DMBs)								
1.	Government Treasury Bills			40351.9	31287.3	30544.7	-742.6	-9807.2
i)	Treasury Bills (Less than 1 year)		To increase Government cash balance	40351.9	31287.3	30544.7	-742.6	-9807.2
2.	Bangladesh Govt. Treasury Bonds (BGTB)			81601.0	94103.6	92474.5	-1629.1	10873.5
i)	2-years Bangladesh Govt.Treasury Bonds ¹		To increase long-term investment of different banks, non-bank financial institutions and employees GF of different companies	5811.9	9212.4	8740.5	-471.9	2928.6
ii)	5-years Bangladesh Govt.Treasury Bonds			24495.3	26830.1	26550.7	-279.5	2055.4
iii)	10-years Bangladesh Govt.Treasury Bonds			32681.6	35801.8	35227.6	-574.2	2546.0
iv)	15-years Bangladesh Govt.Treasury Bonds			11145.5	13006.9	12860.4	-146.5	1714.9
v)	20-years Bangladesh Govt.Treasury Bonds			7466.7	9252.4	9095.4	-157.0	1628.7
3.	Others Treasury Bonds (a+b)			15077.7	14346.9	14330.5	-16.4	-747.2
a) 1 Year and above but less than 5 years (Specialized Bonds)				404.5	200.0	200.0	0.0	-204.5
i)	3-Years interest free Frozen Food Treasury Bond 2014 ⁵	Issued 5 Oct-2011 and maturity date 5 Oct-2014	To repay the loan of Frozen Food Industries	4.5	0.0	0.0	0.0	-4.5
ii)	3-Years and 4-years (BPC) Treasury Bond bearing 7.0 percent interest ⁶	Issued 5 Oct-2011 and maturity date 5 October 2014 & 2015 respectively	To repay the loan of Bangladesh Petroleum Corporation	400.0	200.0	200.0	0.0	-200.0
b) 5 Years and above (Specialized Bonds)				14673.2	14146.9	14130.5	-16.4	-542.7
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	677.9	0.0	0.0
ii)	25-years (Jute)Treasury Bond-2018 bearing 5.0 percent interest ⁶	Issued 1 Nov-1993 and maturity date 1Nov-2018	To compensate for the liquidation of jute sector credit	100.5	76.8	76.8	0.0	-23.7
iii)	25-years (Jute) Treasury Bond-2019 bearing 5.0 percent interest ⁷	Issued 30 Jun-1994 and maturity date 30 Jun-2019	To compensate for the liquidation of jute sector credit	69.7	69.7	53.3	-16.4	-16.4
iv)	25-years (Jute) Treasury Bond-2020 bearing 5.0 percent interest ⁸	Issued 1 Jul-1995 and maturity date 1Jul-2020	To reimburse one-third of the debt due to jute mills' loan write-off by the private banks.	17.1	14.4	14.4	0.0	-2.7
v)	7-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest ⁹	Issued 25 Sep-2007 and Maturity date from 25 Sep-2014 to 25 Sep-2022	To repay the loan of Bangladesh Petroleum Corporation	3622.5	3122.5	3122.5	0.0	-500.0
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	2100.0	0.0	0.0
vii)	5-years to 13-years BJMC Treasury Bond bearing 5.0 percent interest	Issued 23 Oct-2011 and maturity date 23October 2016, 20, 22 & 24	To repay the loan of BJMC	2150.4	2150.4	2150.4	0.0	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	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		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)				137030.6	139737.8	137349.7	-2388.1	319.1
5.	Prize Bond/Income Tax Bond			31.1	34.5	32.5	-2.0	1.4
6.	Government's other Securities			2.4	3.3	2.9	-0.4	0.5
7.	Advances to Food Ministry			612.6	525.0	590.7	65.7	-21.9
8.	Advances to Other Ministries			1062.4	1222.0	1177.9	-44.1	115.5
9.	Advances to Auto./Semi-Autonomous Bodies			1094.5	1383.9	1565.6	181.7	471.1
10.	Accured Interest			3170.2	3378.9	3344.0	-34.9	173.8
11.	Deposits of Ministries and Departments (-)			-14887.7	-16929.2	-17615.2	-686.0	-2727.5
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-24330.0	-28297.9	-29501.4	-1203.5	-5171.4
B. Total : (4+...+12)				103786.1	101058.3	96946.7	-4111.6	-6839.4
Grand Total : A+B				117525.6	105796.1	108864.2	3068.1	-8,661.4

Notes: @/ Including other deposits.

1/ 2 year Bangladesh Government Treasury Bond was introduced in May 2013

2/ 3 year (BPC) Treasury Bond matured on 5 October, 2014; an amount of 200 crore

3/ An amount of Tk. 2.7 crore was paid in July 2014 against the outstanding of Tk. 17.1 crore in June 2014

4/ An amount of Tk. 500 crore was paid in September 2014 against the outstanding of Tk. 3622.5 crore in June 2014

5/ 3 year interest free Frozen Food Treasury Bond matured on 5 October, 2014; an amount of 4.5 crore

6/ An amount of Tk. 23.7 crore was paid in November 2014 against the outstanding of Tk. 100.5 crore in June 2014

7/ An amount of Tk. 16.4 crore was paid in June 2015 against the outstanding of Tk. 69.7 crore in June 2014

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-June of FY

(Taka in Crore)

Sl. No.	Particulars	July-June 2014				July-June 2015			
		Sale	Repayment		Net Sale	Sale	Repayment		Net
			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	20.2	17.7	-20.2	0.0	5.4	8.9	-5.4
2.	5-year Bangladesh Savings Certificate	3372.3	2144.9	1061.8	1227.4	6475.1	3426.6	1742.7	3048.5
3.	Bonus Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.4	0.0	-0.4
4.	6-month interest bearing Savings Certificate	0.0	0.1	0.9	-0.1	0.0	5.4	2.7	-5.4
5.	Family Savings Certificate	8336.5	973.4	2458.2	7363.1	15072.4	1019.2	3403.0	14053.2
6.	3-month interest bearing Savings Certificate	5611.6	2953.1	1351.2	2658.5	11323.9	2926.9	1829.9	8397.0
7.	Jamanat Savings Certificate	0.0	0.2	0.0	-0.2	0.0	0.1	0.0	-0.1
8.	Pensioner Savings Certificate	1044.2	1289.1	872.9	-244.9	1957.3	1649.9	816.9	307.3
9.	Post Office Savings Bank	4930.6	4415.8	1128.0	514.8	6534.9	4174.3	1006.2	2360.7
	a) General Account	1144.5	1116.1	38.5	28.4	1324.8	1211.5	46.2	113.3
	b) Fixed Account	3786.1	3299.7	1089.5	486.4	5210.1	2962.8	960.0	2247.4
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10.	Postal Life Insurance	77.9	68.7	12.6	9.2	86.7	92.6	0.0	-5.8
11.	Prize Bond	57.0	40.7	12.9	16.3	68.5	46.8	13.9	21.7
12.	Wage Earners' Development Bond	539.2	409.4	783.4	129.8	823.6	395.3	907.8	428.3
13.	3-year National Investment Bond	0.0	18.1	4.5	-18.1	0.0	1.2	0.3	-1.2
14.	US \$ Premium Bond	73.1	46.1	17.3	27.0	42.8	34.4	17.5	8.4
15.	US \$ Investment Bond	267.3	222.6	72.2	44.7	274.6	148.8	70.0	125.8
16.	Total : (1+...+15)	24309.7	12602.4	7793.6	11707.3	42659.8	13927.1	9819.9	28732.7
		Outstandings as on June 2014			Net Changes	Outstandings as on June 2015			Net Changes
17.	Govt. Treasury Bills/Bonds		17628.4		3638.1		23576.1		5947.7
	i) Government Treasury Bills		73.8		23.9		884.8		810.9
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		<u>17554.6</u>		<u>3614.2</u>		<u>22691.3</u>		<u>5136.7</u>
	a) 2-year Bangladesh Government Treasury Bonds		488.1		409.6		865.6		377.5
	b) 5-year Bangladesh Government Treasury Bonds		5015.0		964.2		5869.4		854.3
	c) 10-year Bangladesh Government Treasury Bonds		6229.3		998.8		8816.0		2586.7
	d) 15-year Bangladesh Government Treasury Bonds		2147.7		419.2		2855.8		708.1
	e) 20-year Bangladesh Government Treasury Bonds		3674.4		822.4		4284.5		610.1
	18. Total Non-bank Government Borrowing (net) : (16+17)				15345.4				34680.3

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