

# **Monthly Report On Government Borrowing from Domestic Sources**

**July-June of FY16<sup>1</sup>**



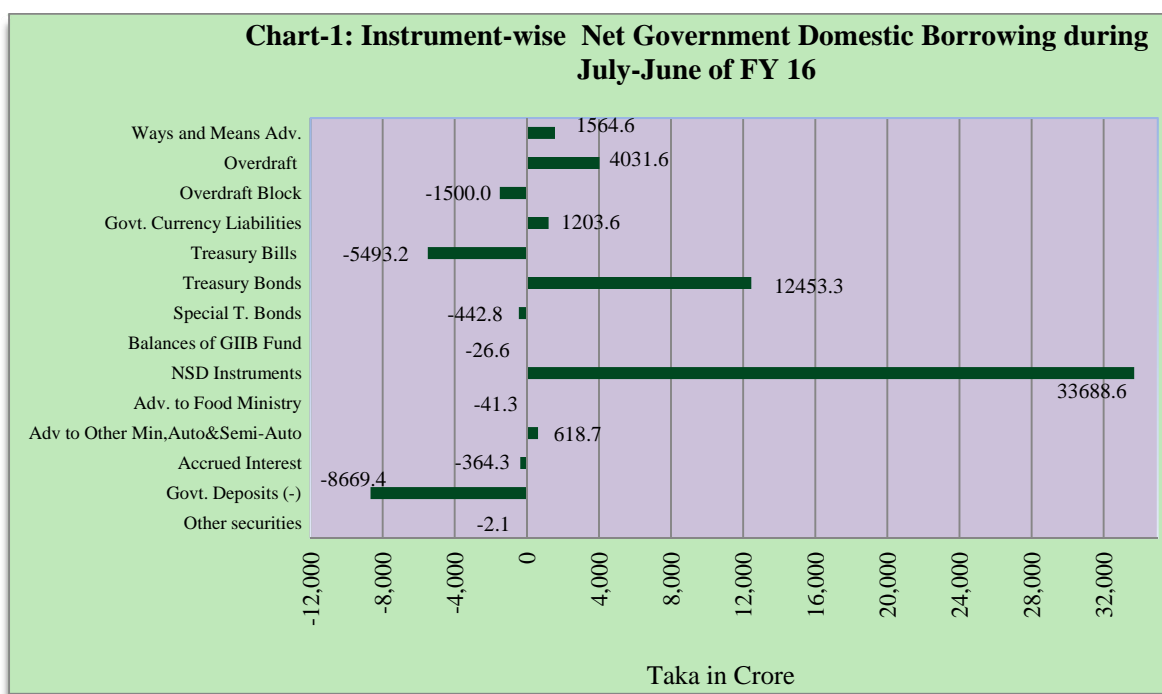
**Research Department  
Bangladesh Bank**

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<sup>1</sup>The report has been prepared by Money and Banking Division, Research Department, Bangladesh Bank (the Central Bank of Bangladesh). Comments are welcome on any aspect of the report and can be sent to Mohammed Abdul Halim, Deputy General Manager, Research Department, Bangladesh Bank. E-mail: [mohammad.abdul@bb.org.bd](mailto:mohammad.abdul@bb.org.bd).

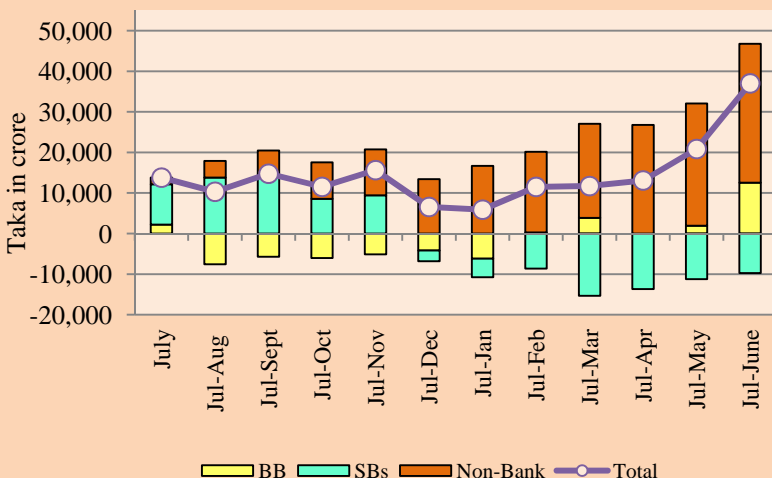
## . Government Borrowing from Domestic Sources during July-June of FY16

Government borrows both from domestic and external sources to meet its fiscal deficits. The sources of Govt. domestic borrowings are banks (Bangladesh Bank and Scheduled Banks) and other than banks. Govt. borrows mainly from banking system through Treasury Bills (T-Bills) and Bonds (BGTBs); in addition to that govt. borrows from non-banking sources through National Savings Directorate (NSD). It is observed that the govt. borrowed Tk.12010.6 crore (net) through BGTBs and repaid Tk.5493.2 crore (net) through T-Bills during July-June of FY16. Govt. borrowed Tk. 33688.6 crore through NSD instruments during the period under report.



Net govt. domestic borrowing stood at Tk. 37020.8 crore during July-June of FY16 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). During the period, govt. deposits increased by Tk. 8669.4 crore (net) with the banking system. Deposits with Bangladesh Bank (BB) decreased by Tk. 88.6 crore whereas deposits with scheduled banks (SBs) increased by Tk.8758.0 crore. Instrument-wise net govt. domestic borrowing during July-June' 16 is depicted in chart-1.

**Chart-2: Movements in Government Domestic Borrowing during July-June of FY 16**

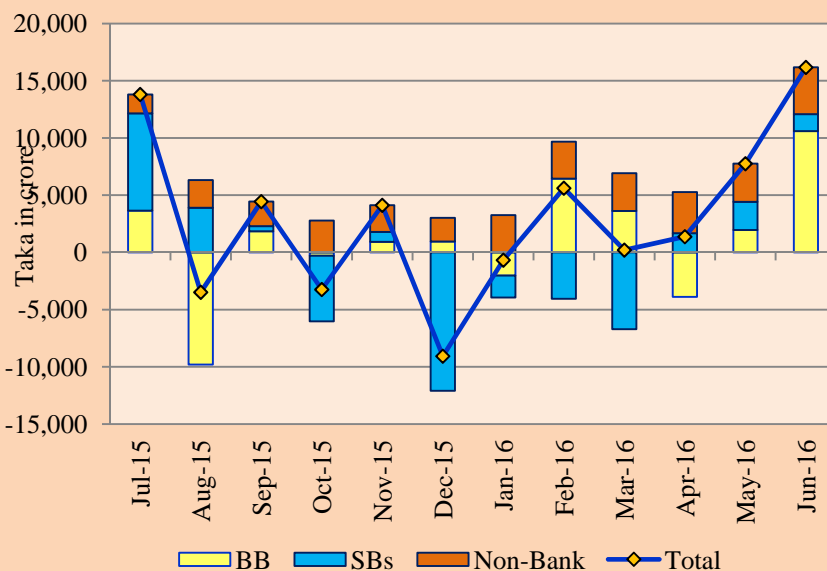


After the adjustments with repayments, deposits and advances of autonomous and semi-autonomous bodies, the govt. has borrowed more than the amount of repayment and holding cash balances through domestic sources during July-June of FY16. Govt. borrowed Tk. 12548.7 crore from BB as well as Tk. 34206.0

crore from other than banking sources (including NSD, Treasury Bills and Treasury Bonds) during the period. The movement in net govt. borrowing from different domestic sources during July-June of FY16 is demonstrated in chart-2.

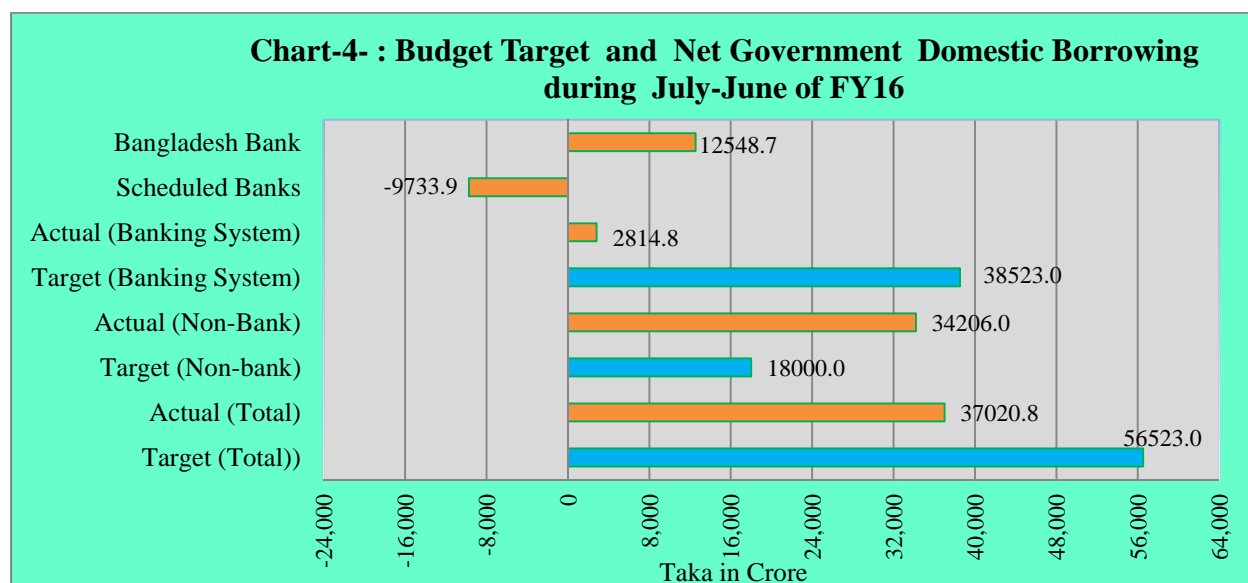
Monthly movement of government's net domestic borrowing is represented in chart-3. During the month of June 2016, Govt. borrowed Tk. 10600.2 crore from Bangladesh Bank, Tk. 1484.6 crore from schedule banks and Tk. 4086.9 crore from non-banking sources. As a result, net govt. borrowings stood at Tk. 16171.7 crore during the month of June 2016 which was higher than the previous month.

**Chart-3: Monthly Trends in Government Domestic Borrowing during July-June of FY 16**



In FY16 budget, Tk.56523.0 crore was targeted for borrowing from domestic sources by the government of which Tk.38523.0 crore from the banking sources and Tk.18000 crore

from non-banking sources (of which Tk.15000 crore from savings instrument). During July-June of FY16, the total govt. borrowings from Bangladesh Bank stood at Tk. 12548.7 crore. On the other hand, the total repayment and holding of cash balances with scheduled banks stood at Tk. 9733.9 crore during the same period.

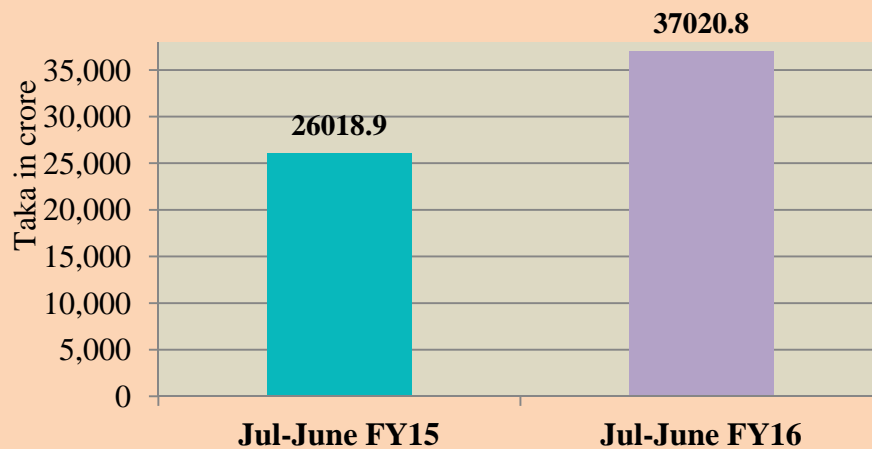


As a result, govt. (net) borrowing with the banking system during this financial year stood at Tk. 2814.8 crore. During the period, govt. borrowed (net) Tk. 6000.0 crore through T-Bills and BGTBs from the banking system. Moreover, government borrowed Tk. 34206.0 crore from other than banks (including NSD, T-Bills and Bonds). Government borrowed Tk. 33688.6 crore through NSD instruments during the period. The total net government domestic borrowings (banking and non-banking sources) stood at Tk. 37020.8 crore after the adjustment with government deposits and other items during July-June of FY16. A comparative picture of government total budget target and actual domestic borrowing situation during July-June of FY16 is shown in chart-4.

#### **Major changes/findings of the govt. borrowings from domestic sources:**

- The total net govt. domestic borrowings (banking and non-banking sources) stood at Tk. 37020.8 crore after the adjustment with government deposits, balances of GIIB (Government Islamic Investment Bond) fund and other items during July-June of FY16. During FY15, the total net govt. domestic borrowing was Tk. 26018.9 crore (excluding GIIB fund).

**Chart-5: Govt. net domestic borrowings from banking and non-banking sources during July-June of FY15 and FY16**



- Govt. borrowed Tk. 34206.0 crore from other than banks (including NSD, T-Bills and Bonds) during July-June of FY16, which exceeds the total budget target from non-banking sources. During the preceding fiscal year, govt. borrowed Tk. 34680.3 crore from other than banks.
- Government borrowed Tk. 33688.6 crore through NSD instruments during FY16, which was also more than the target fixed in this fiscal year. This is because of higher interest rates of interest of NSD Certificates than any other market rates prevailing in Bangladesh. During July-June of FY15, the borrowed amount through NSD instruments was TK. 28732.7 crore.

Table I : Government Borrowing Position from the Banking System during July-June of FY16

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 15	Outstanding as on 31 May 16	Outstanding as on 30 June 16	(Provisional) (Taka in crore)	
							Change (+) / (-)	
							Jun 16 8=(7-6)	Jul-Jun 9=(7-5)
1	2	3	4	5	6	7		
<b>A. Bangladesh Bank</b>								
1.	Ways and Means Advances		To increase Government cash balance	2435.4	0.0	4000.0	4000.0	1564.6
2.	Overdraft			0.0	0.0	4031.6	4031.60	4031.6
3.	Overdraft Block			8685.0	8685.0	7185.0	-1500.0	-1500.0
4.	Devolvement			107.3	2880.4	4678.6	1798.1	4571.3
a)	Treasury Bills			0.0	615.3	1562.9	947.6	1562.9
b)	Treasury Bonds			107.3	2265.2	3115.7	850.5	3008.4
5.	Government Currency Liability:			822.7	822.7	2026.3	1203.6	1203.6
6.	Advances to Autonomous and Semi-autonomous Bodies			0.0	0.0	0.0	0.0	0.0
7.	Accrued Interest			2.9	54.5	73.9	19.4	71.0
8.	Government Deposits <sup>6/</sup> (-)			-135.7	-1790.6	-47.1	1743.5	88.6
9.	BB's Balances of GIB Fund (-)			-11108.3	-7894.3	-8590.3	-696.0	2518.0
<b>A. Total : (1+...+ 8)*</b>				<b>809.3</b>	<b>2757.7</b>	<b>13358.0</b>	<b>10600.2</b>	<b>12548.7</b>
<b>B. Deposit Money Banks (DMBs)</b>								
1.	Government Treasury Bills			30544.7	21325.1	24061.1	2736.0	-6483.6
i)	Treasury Bills (Less than 1 year)		To increase Government cash balance	30544.7	21325.1	24061.1	2736.0	-6483.6
2.	Bangladesh Govt. Treasury Bonds (BGTB)			92474.5	99906.0	100829.5	923.6	8355.0
i)	2-years Bangladesh Govt.Treasury Bonds		To increase long-term investment of different	8740.5	8505.8	8521.5	15.8	-219.0
ii)	5-years Bangladesh Govt.Treasury Bonds		banks, non-bank financial institutions and employees GF of different	26550.7	26345.3	26336.6	-8.8	-214.1
iii)	10-years Bangladesh Govt.Treasury Bonds			35227.6	38372.7	38596.0	223.3	3368.4
iv)	15-years Bangladesh Govt.Treasury Bonds			12860.4	15108.4	15365.0	256.6	2504.6
v)	20-years Bangladesh Govt.Treasury Bonds			9095.4	11573.8	12010.5	436.7	2915.1
3.	Others Treasury Bonds (a+b)			14330.5	13904.1	13887.7	-16.4	-442.8
a)	1 Year and above but less than 5 years (Specialized Bonds)			200.0	0.0		0.0	-200.0
i)	3-Years and 4-years (BPC) Treasury Bond bearing 7.0 percent interest <sup>1/</sup>	Issued 5 Oct-2011 and maturity date 5 October 2014 & 2015 respectively	To repay the loan of Bangladesh Petroleum Corporation	200.0	0.0		0.0	-200.0
b)	5 Years and above (Specialized Bonds)			14130.5	13904.1	13887.7	-16.4	-242.8
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	Issued 1 Nov-1993 and maturity date 1Nov-2018	To compensate for the liquidation of jute sector credit	76.8	53.2	53.2	0.0	-23.6
iii)	25-years (Jute) Treasury Bond-2019 bearing 5.0 percent interest <sup>2/</sup>	Issued 30 Jun-1994 and maturity date 30 Jun-2019	To compensate for the liquidation of jute sector credit	53.3	53.3	36.9	-16.4	-16.4
iv)	25-years (Jute) Treasury Bond-2020 bearing 5.0 percent interest <sup>3/</sup>	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.	14.4	11.6	11.6	0.0	-2.7
v)	10-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest <sup>4/</sup>	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	2922.5	2922.5	0.0	-200.0
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 respectively	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)			137349.7	135135.1	138778.4	3643.3	1428.7
5.	Prize Bond/Income Tax Bond			32.5	31.4	30.5	-0.9	-2.0
6.	Government's other Securities			2.9	2.8	2.8	0.0	-0.1
7.	Advances to Food Ministry			590.7	418.2	549.4	131.2	-41.3
8.	Advances to Other Ministries			1177.9	1290.6	1453.8	163.2	275.9
9.	Advances to Auto./Semi-Autonomous Bodies			1565.6	2168.1	1908.4	-259.7	342.8
10.	Accrued Interest			3344.0	3169.4	2908.7	-260.7	-435.3
11.	Deposits of Ministries and Departments (-)			-17615.2	-19845.7	-21805.5	-1959.8	-4190.3
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-29501.4	-33327.5	-34069.1	-741.6	-4567.7
13.	SBs's Balances of GIB Fund (i+ii)			10959.1	7644.9	8414.5	769.6	-2544.6
i)	Investment to GIB Fund			13498.7	11419.5	12189.1	769.6	-1309.6
ii)	Borrowing from GIB Fund (-)			-2539.6	-3774.6	-3774.6	0.0	-1235.0
<b>B. Total : (4+...+13)</b>				<b>107905.8</b>	<b>96687.3</b>	<b>98171.9</b>	<b>1484.6</b>	<b>-9733.9</b>
<b>Grand Total : (A+B)*</b>				<b>108715.0</b>	<b>99445.0</b>	<b>111529.8</b>	<b>12084.8</b>	<b>2814.8</b>

Notes: @/ Including other deposits.

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

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

3/ An amount of Tk. 200 crore was paid in September 2015 against the outstanding of Tk. 3122.54 crore in June 2015

4/ An amount of Tk. 200 crore was paid in October 2015 against the outstanding of Tk. 200 crore in June 2015

5/ \*Including GIB Fund

6/ An amount of Tk. 16.4 crore was paid in June 2016 against the outstanding of Tk. 53.3 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 during July-June of FY16**

(Taka in Crore)

Sl. No.	Particulars	July-June 2015				July-June 2016			
		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)
	<b><u>NSD Instruments</u></b>								
1.	Defence Savings Certificate	0.0	5.4	8.9	-5.4	0.0	5.0	4.8	-5.0
2.	5-year Bangladesh Savings Certificate	6475.1	3426.6	1742.7	3048.5	6199.2	2411.0	981.9	3788.2
3.	3-year Savings Certificate	0.0	0.0	0.0	0.0	0.0	11.4	0.0	-11.4
4.	Bonus Savings Certificate	0.0	0.4	0.0	-0.4	0.0	0.0	0.0	0.0
5.	6-month interest bearing Savings Certificate	0.0	5.4	2.7	-5.4	0.0	1.3	0.0	-1.3
6.	Family Savings Certificate	15072.4	1019.2	3403.0	14053.2	19150.4	4437.8	4898.9	14712.6
7.	3-month interest bearing Savings Certificate	11323.9	2926.9	1829.9	8397.0	14274.4	5843.6	2486.8	8430.8
8.	Jamanat Savings Certificate	0.0	0.1	0.0	-0.1	0.0	5.3	0.4	-5.3
9.	Pensioner Savings Certificate	1957.3	1649.9	816.9	307.3	3465.2	1699.2	773.1	1765.9
10.	Post Office Savings Bank	<b>6534.9</b>	<b>4174.3</b>	<b>1006.2</b>	<b>2360.7</b>	<b>8805.7</b>	<b>5003.7</b>	<b>1307.1</b>	<b>3802.0</b>
	a) General Account	1324.8	1211.5	46.2	113.3	1746.2	1444.4	41.9	301.7
	b) Fixed Account	5210.1	2962.8	960.0	2247.4	7059.5	3559.3	1265.2	3500.3
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	86.7	92.6	0.0	-5.8	69.5	94.9	0.5	-25.4
12.	Prize Bond	68.5	46.8	13.9	21.7	68.5	47.8	13.7	20.7
13.	Wage Earners' Development Bond	823.6	395.3	907.8	428.3	1228.5	202.5	551.6	1026.0
14.	3-year National Investment Bond	0.0	1.2	0.3	-1.2	0.0	1.0	0.2	-1.0
15.	US \$ Premium Bond	42.8	34.4	17.5	8.4	46.2	41.3	24.7	4.9
16.	US \$ Investment Bond	274.6	148.8	70.0	125.8	404.9	218.1	106.8	186.8
17.	<b>Total : (1+...+15)</b>	<b>42659.8</b>	<b>13927.1</b>	<b>9819.9</b>	<b>28732.7</b>	<b>53712.5</b>	<b>20023.8</b>	<b>11150.5</b>	<b>33688.6</b>
		<b>Outstandings as on June 2015</b>			<b>Net Changes</b>	<b>Outstandings as on June 2016</b>			<b>Net Changes</b>
18.	<b>Govt. Treasury Bills/Bonds</b>		<b>23576.1</b>		<b>#REF!</b>		<b>24093.5</b>		<b>#REF!</b>
	i) Government Treasury Bills		884.8		#REF!		312.3		#REF!
	<b>ii) Bangladesh Govt. Treasury Bonds (BGTBs)</b>		<b>22691.3</b>		<b>#REF!</b>		<b>23781.2</b>		<b>#REF!</b>
	a) 2-year Bangladesh Government Treasury Bonds		865.6		#REF!		468.7		#REF!
	b) 5-year Bangladesh Government Treasury Bonds		5869.4		#REF!		6089.6		#REF!
	c) 10-year Bangladesh Government Treasury Bonds		8816.0		#REF!		9822.2		#REF!
	d) 15-year Bangladesh Government Treasury Bonds		2855.8		#REF!		3062.6		#REF!
	e) 20-year Bangladesh Government Treasury Bonds		4284.5		#REF!		4338.1		#REF!
19.	<b>Total Non-bank Government Borrowing (net) : (17+18)</b>				<b>#REF!</b>				<b>#REF!</b>

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