

Monthly Report On Government Domestic Borrowing¹



June, 2021

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Highlights of Government Domestic Borrowing during July-June, 2021

- **Target of Government Domestic Borrowing for FY21** has been revised to Tk. 1,15,052 crore from Tk. 1,09,983 crore.
of which:
 - **Banking system:** has been re-fixed at Tk. 79,749 crore from Tk. 84,980 crore.
 - **Other than banks (including NSD):** has been re-fixed at Tk. 35,303 crore from Tk. 25,003 crore.
of which:
 - **NSD:** has been re-fixed at Tk. 30,302 crore from Tk. 20,000 crore.
- In FY21, Government net borrowing from the **banking system** increased by Tk. 26,304.1 crore which was Tk. 70,714.8 crore in FY20. Government net borrowing from banking system covered only 33.0 percent of the revised budget target of FY21 due mainly to surplus cash balances of government with central bank and higher net sale of NSD instruments.
- In FY21, Government net borrowed Tk. 44,390.6 crore from **other than banks** which was Tk. 22,902.2 crore in FY20. In FY21, Government net borrowing from other than banks exceeded by 125.7 percent than the revised budget target for FY21.
- Bangladesh Government Investment Sukuk (BGIS) was introduced for the first time on 29th of December 2020 to raise fund for the project ‘Safe Water Supply to the Whole Country’ with the tenor of 05 years and two Tranche issuance.
- The first Tranche of Sukuk was issued in December 2020 worth of Tk. 4,000 crore and later the second Tranche was issued in June 2021 also worth of Tk. 4000 crore.
- The net sale of **NSD Instruments** stood at Tk. 41,959.5 crore in FY21 which was only Tk. 14,428.4 crore in FY20. In FY21, net sale of NSD instruments surpassed by 138.5 percent than the revised budget target of net sale of NSD instrument for FY21.
- **Total net domestic borrowing** of the Government (banking system and other than bank) stood at Tk. 70,694.7 crore in FY21 which was Tk. 93,617.1 crore in FY20. In FY21, the total net domestic borrowing of government was 61.5 percent of the total revised budget target of FY21.

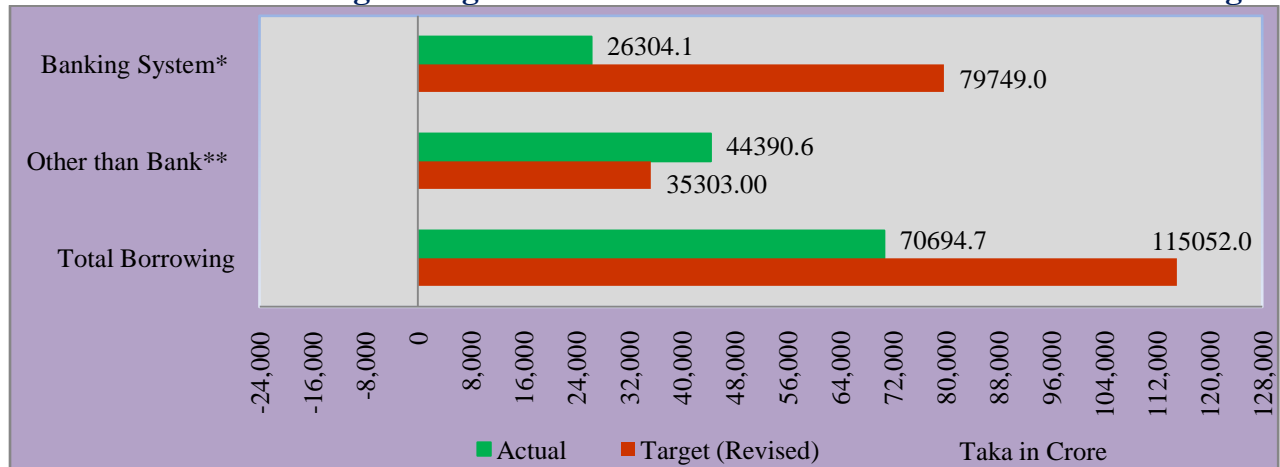
Government Domestic Borrowing during July-June, 2021

Government borrows for financing budget mainly from two domestic sources—banking system and other than banks. Government borrowing from banking system consists of borrowing from central bank and scheduled banks. Government borrows from the banking system mainly through advances, overdraft and issuance of treasury bills and bonds. However, the balances of government deposits and other funds net out government borrowing from the banking system. On the other hand, government borrowing from non-bank sources includes savings instruments introduced by Department of National Savings (NSD) and government t-bills & bonds held by non-bank financial institutions, insurance companies, individual investors, etc.

1. Target of Government Domestic Borrowing for FY21

The target of total domestic borrowing has been revised to Tk. 1,15,052.0 crore, of which Tk. 79,749.0 crore from banking system and Tk. 35,303.0 crore from other than banks. In FY21, the total net domestic borrowing of government stood at Tk. 70,694.7 crore which was 61.5 percent of the revised budget target of FY21 (Chart-1).

Chart-1: Revised Budget Target and Actual Government net Domestic Borrowing



Note: *=Banking System includes Bangladesh Bank and Scheduled Banks,

**=Other than bank includes NSD instruments and T-bills & bonds held by other than bank.

Source: Debt Management Department and Statistics Department, Bangladesh Bank; Department of National Savings (NSD); Ministry of Finance (MoF).

2. Borrowing from Banking System

Government net borrowed Tk. 53,973.7 crore from scheduled banks (SBs) in FY21. On the other hand, government repaid Tk. 27,669.7 crore outstanding debt to Bangladesh Bank. Thus, government net borrowing from the banking system (BB +SBs) increased by

Tk. 26,304.1 crore in FY21. That covered only 33.0 percent of the revised budget target of FY21.

3. Borrowing from Other than Banks

In FY21, Government net borrowed Tk. 44,390.6 crore from other than banks, of which Tk. 41,959.5 crore from net sale of NSD instruments and Tk. 2,431.1 crore through government t-bills & t-bonds. From other than banks, Government net borrowing exceeded by 125.7 percent than the revised budget target for FY21.

4. Total Domestic Borrowing

In FY21, total net domestic borrowing of government (bank and other than bank) stood at Tk. 70,694.7 crore which was 24.5 percent lower than Tk. 93,617.1 crore during FY20 (Table-1). Instrument wise government net borrowing is shown in Chart 2.

Table 1: Source-wise Government net Domestic Borrowing

(Taka in crore)

Sources	July-June 2021	July-May 2021	July-June 2020	Change (over previous Period)	Change (over corresponding period)
	1	2	3	4=1-2	5=1-3
Bank*	26304.1	5230.5	70714.8	21073.5 (+402.9)	-44410.7 (-62.8)
Other than Bank**	44390.6	39115.5	22902.2	5275.2 (+13.5)	21488.4 (+93.8)
Total	70694.7	44346.0	93617.1	26348.7 (+59.4)	-22922.4 (-24.5)

Note: *=Bank includes Bangladesh Bank and Scheduled Banks. **=Other than bank includes net sale of NSD instruments and T-bills & bonds held by Non-Bank Financial Institutions (NBFIs), insurance companies, individuals etc.

Figures in brackets indicate percentage changes.

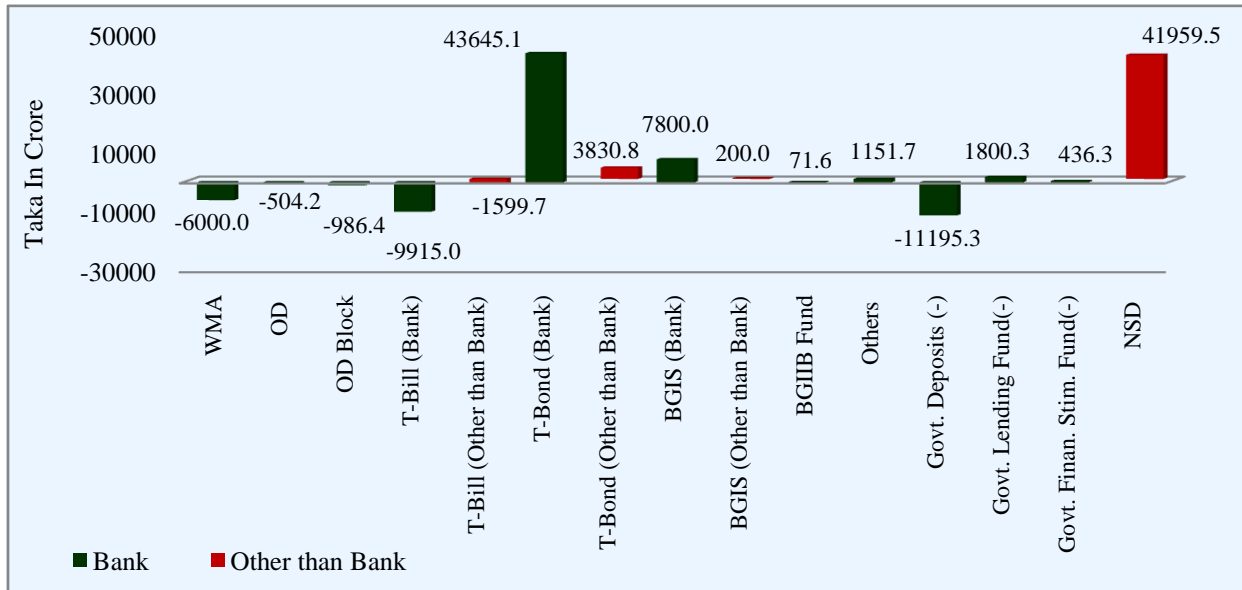
Source: Debt Management Department and Statistics Department, Bangladesh Bank; Department of National Savings (NSD).

5. Bangladesh Government Investment Sukuk (BGIS)

Bangladesh Government Investment Sukuk (BGIS) was introduced for the first time on 29th of December 2020 to raise fund for the project ‘Safe Water Supply to the Whole Country’. The tenor of the Sukuk was set for 05 years and Sukuk was issued in two Tranche. The Sukuk was issued under *Ijarah* mode.

The first Tranche of Sukuk was issued in December 2020 worth of Tk. 4,000 crore and later the second Tranche was issued in June 2021 also worth of Tk. 4000 crore.

Chart-2: Instrument-wise Government net Domestic Borrowing

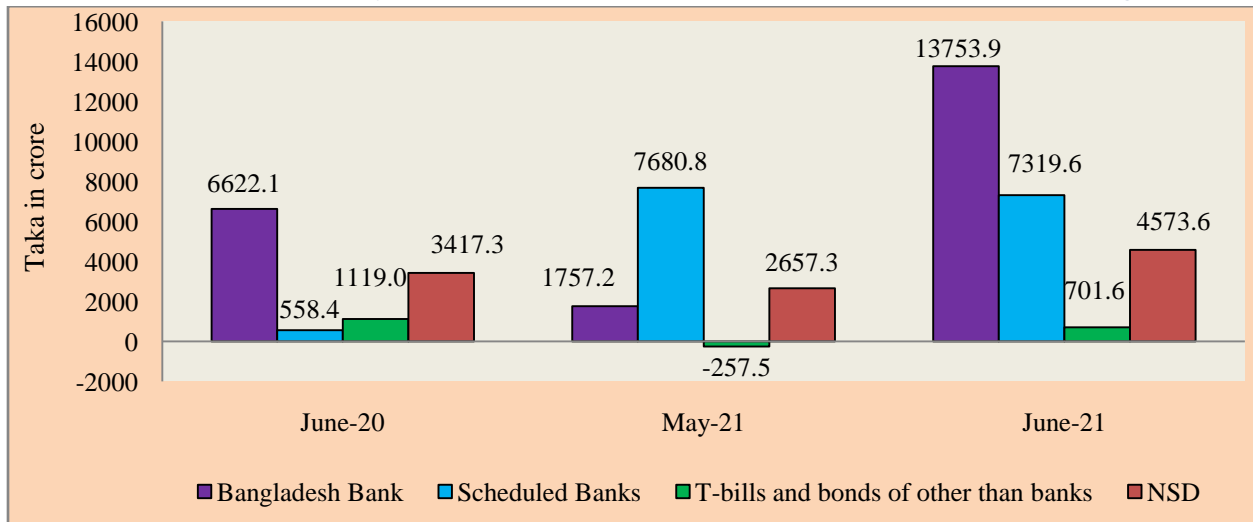


Note: WMA=Ways and Means Advances, OD=Overdraft, BGIS=Bangladesh Govt. Investment Sukuk (Ijarah Sukuk), NSD=Savings Instruments of NSD. Others include government currency liabilities, advances to Food & other ministries, advances to Auto & Semi autonomous bodies etc.
Source: Debt Management Department & Statistics Department, Bangladesh Bank; Department of National Savings (NSD).

6. Monthly Situation of Domestic Borrowing (June, 2021)

In June 2021, government borrowed Tk. 13,753.9 crore from Bangladesh Bank, Tk. 7,319.6 crore from scheduled banks, Tk. 701.6 crore from other than banks' T-bills and bonds and Tk. 4,573.6 crore from net sale of NSD savings instruments (Chart-3).

Chart-3: Monthly Situation in Government net Domestic Borrowing



Note: NSD=Savings Instruments of NSD.

Source: Debt Management Department and Statistics Department, Bangladesh Bank; Department of National Savings (NSD).

Table I : Government Domestic Borrowing from the Banking System during July-June, FY21

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 20	Outstanding as on 31 May 21	Outstanding as on 30 June 21	Change (+ / -)	
							June 21	July-June 21
1	2	3	4	5	6	7	8=(7-6)	9=(7-5)
A. Bangladesh Bank								
1.	Ways and Means Advances		To increase Govt. cash balance	6000.0	0.0	0.0	0.0	-6000.0
2.	Overdraft			504.2	0.0	0.0	0.0	-504.2
3.	Overdraft Block			1185.0	198.6	198.6	0.0	-986.4
4.	Devolvement			34671.6	25091.3	25091.3	0.0	-9580.2
	a) Treasury Bills			8394.2	1440.0	1440.0	0.0	-6954.2
	b) Treasury Bonds			26277.3	23651.3	23651.3	0.0	-2626.0
5.	Government Currency Liabilities			2025.9	2025.9	2025.9	0.0	0.0
6.	Advances to Autonomous and Semi-autonomous Bodies			0.0	0.0	0.0	0.0	0.0
7.	Accrued Interest			582.1	497.5	272.0	-225.5	-310.1
8.	Government Deposits ^{@/} (-)			-33.2	-15818.1	-2773.7	13044.4	-2740.5
9.	BB's Balances of GIIB Fund (-)			-6593.5	-15934.2	-15805.8	128.4	-9212.3
10.	Govt. Lending Fund(-)			-6874.5	-6017.0	-5210.4	806.6	1664.1
A.	Total : (1+...+10)			31467.6	-9956.0	3797.9	13753.9	-27669.7
B. Scheduled Banks								
1.	Government Treasury Bills		To increase Govt. cash balance	52331.1	47778.7	49370.3	1591.7	-2960.8
	i) Treasury Bills (Less than 1 year)			52331.1	47778.7	49370.3	1591.7	-2960.8
2.	Bangladesh Govt. Treasury Bonds (BGTB)		To increase long-term investment of different Banks, NBFIs and employees GF of different companies	153839.1	197187.5	203734.3	6546.8	49895.3
	i) 2-years Bangladesh Govt. Treasury Bonds			23638.5	36920.0	38939.0	2019.0	15300.4
	ii) 3-years (FRTB) Bangladesh Govt. Treasury Bonds			112.2	112.2	112.2	0.0	0.0
	iii) 5-years Bangladesh Govt. Treasury Bonds			31528.6	42022.0	43826.2	1804.2	12297.7
	iv) 10-years Bangladesh Govt. Treasury Bonds			49749.4	59802.6	61235.2	1432.6	11485.8
	v) 15-years Bangladesh Govt. Treasury Bonds			24985.8	29622.9	30415.9	793.0	5430.1
	vi) 20-years Bangladesh Govt. Treasury Bonds			23824.6	28707.8	29205.8	498.0	5381.2
3.	Others Treasury Bonds			10688.5	9104.9	7064.3	-2040.5	-3624.1
	a) 1 Year and above but less than 5 years (Specialized Bonds)			40.5	40.5	0.0	-40.5	-40.5
	i) 3-Years interest free Frozen Food Treasury Bond 2021 ^{6/}	Issued 25 June-2018 and maturity date 25 June-2021	To repay the loan of Frozen Food Industries	40.5	40.5	0.0	-40.5	-40.5
	b) 5 Years and above (Specialized Bonds)			10647.9	9064.3	7064.3	-2000.0	-3583.6
	i) 10-years (BJMC&BTMC) interest free Treasury Bond-2020 ^{5/}	Issued 16 Jan-2011 and maturity date 16 January 2021	To repay the loan of BJMC & BTMC	204.0	0.0	0.0	0.0	-204.0
	ii) 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.	1.7	0.0	0.0	0.0	-1.7
	iii) 12-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest ^{2/}	Issued 25 Sep-2007 and Maturity date from 25 Sep-2015 to 25 Sep-2022	To repay the loan of Bangladesh Petroleum Corporation	2722.5	1822.5	1822.5	0.0	-900.0
	iv) 9-years to 13-years BJMC Treasury Bond bearing 5.0 percent interest ^{3/}	Issued 23 Oct-2011 and maturity date 23 October 2020, 22 & 24 respectively	To repay the loan of BJMC	1792.0	1314.1	1314.1	0.0	-477.9
	v) 8-years SPTB-2021 bearing 7.0 percent interest ^{7/}	Issued 29 June-2013 and maturity date 29 June-2021	To increase Government cash balance	2000.0	2000.0	0.0	-2000.0	-2000.0
	vi) 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
	vii) 07-years Hanif Flyover SPTB-2026 bearing 5.0 percent interest	Issued 30 Sep-2019 and maturity date 30 Sep-2026	To repay the loan of Hanif Flyover	1438.5	1438.5	1438.5	0.0	0.0
	vii) 07-years interest free Hanif Flyover SPTB-2026	Issued 30 Sep-2019 and maturity date 30 Sep-2026		554.0	554.0	554.0	0.0	0.0
4.	Bangladesh Govt. Investment Sukuk (BGIS) [#]			0.0	3999.97	7799.97	3800.00	7799.97
	i) 05 Years Bangladesh Govt. Investment Sukuk (Ijarah Sukuk) ^{4/}	Issued 29 Dec-2020 and maturity date 29 Dec-2025	To raise fund for the project 'Safe Water Supply to the Whole Country'	0.0	3999.97	7799.97	3800.00	7799.97
5.	Sub-Total : (1+2+3+4)			216858.6	258071.0	267969.0	9897.9	51110.3
6.	Prize Bond/Income Tax Bond			31.4	31.5	28.4	-3.1	-3.0
7.	Government's other Securities			4.9	5.2	5.2	0.0	0.3
8.	Advances to Food Ministry			573.1	1131.4	1002.0	-129.4	428.9
9.	Advances to Other Ministries			1701.8	1507.3	1499.5	-7.8	-202.3
10.	Advances to Auto./Semi-Autonomous Bodies			2435.4	4062.5	3279.1	-783.4	843.7
11.	Accrued Interest			2729.7	3387.3	3123.9	-263.4	394.2
12.	Deposits of Ministries and Departments (-)			-34849.6	-35303.2	-35149.3	153.9	-299.7
13.	Deposits of Auto./Semi-Autonomous Bodies (-)			-53249.8	-60009.5	-61404.9	-1395.4	-8155.1
14.	SBS's Balances of GIIB Fund (i+ii)			6203.3	15620.9	15487.2	-133.7	9283.9
	i) Investment to GIIB Fund			12972.2	16886.7	16753.0	-133.7	3780.8
	ii) Borrowing from GIIB Fund (-)			-6768.9	-1265.8	-1265.8	0.0	5503.1
15.	Borrowing from Govt. on Lending(-)			-2000.1	-1828.3	-1863.9	-35.6	136.2
16.	Borrowing from Govt. Financial Stimulus Fund(-)			-4845.7	-4429.0	-4409.4	19.6	436.3
B.	Total : (5+...+16)			135593.0	182247.1	189566.8	7319.6	53973.7
Grand Total : (A+B)*				167060.6	172291.2	193364.7	21073.5	26304.1

Note: @/ Including other deposits.

1/ An amount of Tk. 1.7 crore was paid in July 2020 against the outstanding of Tk. 1.7 crore in June 2020.

2/ An amount of Tk. 900.0 crore was paid in September 2020 against the outstanding of Tk. 2722.5 crore in June 2020.

3/ An amount of Tk. 477.9 crore was paid in October 2020 against the outstanding of Tk. 1792.0 crore in June 2020.

4/ An amount of Tk. 3999.97 crore (1st Tranche) and Tk. 3800.00 crore (2nd Tranche) were issued in December 2020 and June 2021 respectively through Ijarah Sukuk from Islamic Banks, Islamic Windows and Conventional Banks.

5/ An amount of Tk. 204.0 crore was paid in January 2021 against the outstanding of Tk. 204.0 crore in June 2020.

6/ An amount of Tk. 40.5 crore was paid in June 2021 against the outstanding of Tk. 40.5 crore in June 2020.

7/ An amount of Tk.2000.0 crore was paid in June 2021 against the outstanding of Tk. 2000.0 crore in June 2020.

*Including GIIB Fund, Govt. Lending Fund and Govt. Financial Stimulus Fund.

BGIS(1st Tranche) issued on 29 December 2020 and BGIS (2nd Tranche) issued on 10 June 2021 to raise fund for the project 'Safe Water Supply to the Whole Country'.

Source: Debt Management Department, Statistics Department, Bangladesh Bank (Figures of Treasury Bills and Bonds (Including Special Bonds) are collected from DMD).

Table-II: Government Domestic Borrowing from Other than Bank during July-June, FY21

(Taka in Crore)

Sl. No.	Particulars	July-June, 2020				July-June, 2021			
		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	0.4	0.6	-0.4	0.0	0.7	0.9	-0.7
2.	5-year Bangladesh Savings Certificate	8491.1	4199.8	1089.9	4291.2	9550.2	6443.1	2877.6	3107.1
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	16756.5	18528.1	14835.1	-1771.6	42794.8	20333.3	14660.3	22461.5
7.	3-month interest bearing Savings Certificate	13843.5	17019.9	6670.5	-3176.3	31518.4	24139.6	7805.5	7378.8
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	4590.8	2108.6	1919.1	2482.1	7403.0	3841.0	3015.4	3562.1
10.	Post Office Savings Bank	21647.4	10344.7	2401.0	11302.7	18954.9	14470.3	3937.2	4484.6
	a) General Account	4463.2	3165.8	351.6	1297.5	1963.5	2377.6	102.6	-414.1
	b) Fixed Account	17184.1	7179.0	2049.4	10005.2	16981.1	12080.4	3830.9	4900.7
	c) Bonus Account	0.0	0.0	0.0	0.0	10.3	12.3	3.7	-2.0
11.	Postal Life Insurance	99.3	84.7	27.9	14.6	114.8	122.6	36.8	-7.8
12.	Prize Bond	79.1	37.4	27.2	41.7	82.9	41.1	40.4	-41.8
13.	Wage Earners' Development Bond	1341.3	188.5	992.8	1152.8	1566.0	550.5	1282.3	1015.5
14.	3-year National Investment Bond	0.0	2.0	24.8	-2.0	0.0	0.2	0.0	-0.2
15.	US \$ Premium Bond	29.6	41.0	21.6	-11.4	22.8	21.3	15.4	1.5
16.	US \$ Investment Bond	249.2	144.2	94.6	105.0	180.3	265.1	125.7	-84.8
17.	Total : (1+...+16)	67127.8	52699.4	28105.1	14428.4	112188.2	70228.7	33797.5	41959.5
			Outstandings as on June 2020		Net Changes July-June, 2020	Outstandings as on June 2021		Net Changes July-June, 2021	
18.	Govt. Treasury Bills/Bonds/BGIS		38760.3		8473.9		41191.4		2431.1
	i) Government Treasury Bills		2058.2		1126.3		458.5		-1599.7
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		36702.1		7347.6		40532.9		3830.8
	a) 2-year Bangladesh Government Treasury Bonds		1175.1		1047.9		1817.6		642.6
	b) 3-year(FRTB) Bangladesh Government Treasury Bonds		0.0		0.0		0.0		0.0
	c) 5-year Bangladesh Government Treasury Bonds		7931.6		1748.3		7956.3		24.7
	d) 10-year Bangladesh Government Treasury Bonds		15014.9		2515.8		16879.1		1864.2
	e) 15-year Bangladesh Government Treasury Bonds		6317.6		1185.3		6814.0		496.4
	f) 20-year Bangladesh Government Treasury Bonds		6262.9		850.3		7065.8		802.9
	iii) Bangladesh Government Investment Sukuk(BGIS)[#]		0.0		0.0		200.03		200.03
	a) 05 Years Bangladesh Govt. Investment Sukuk (Ijarah Sukuk) ^{1/}		0.0		0.0		200.03		200.03
19.	Total Non-bank Government Borrowing (net) : (17+18)				22902.2				44390.6

[#] BGIS(1st Tranche) issued on 29 December 2020 and BGIS (2nd Tranche) issued on 10 June 2021 to raise fund for the project 'Safe Water Supply to the Whole Country'.

^{1/} An amount of Tk. 0.03 crore (1st Tranche) and Tk. 200.0 crore (2nd Tranche) were issued in December 2020 and June 2021 respectively through Ijarah Sukuk from Non-bank (Individual Investor and Others).
Sources : Department of National Savings(NSD); Debt Management Department, Bangladesh Bank.