

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

July-March, FY19



**Research Department
Bangladesh Bank**

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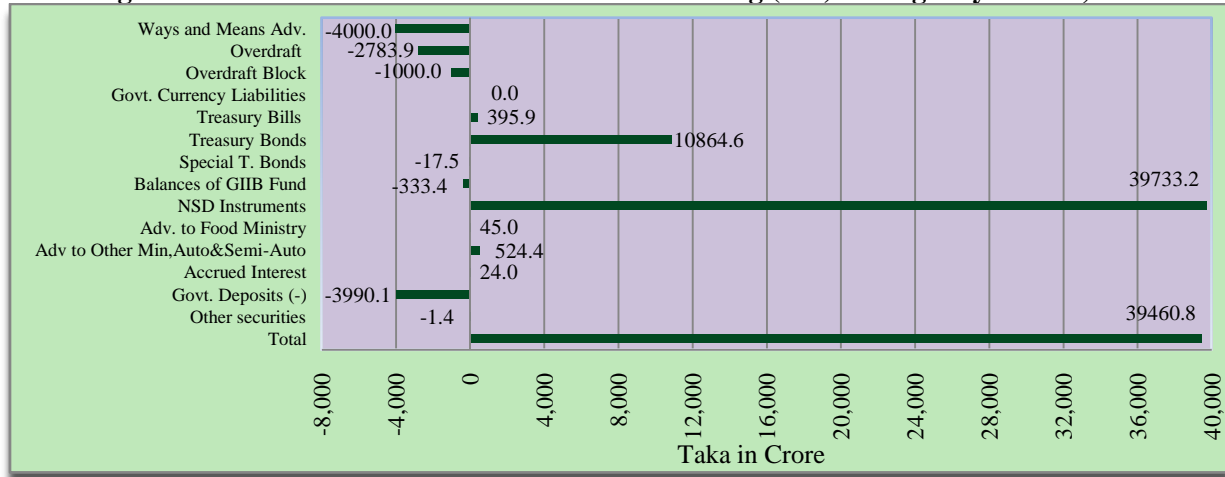
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Government Borrowing from Domestic Sources in July-March, FY19

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-March, FY19 is depicted in Figure-1.

Figure-1: Instrument-wise Govt. Domestic Borrowing (Net) during July-March, FY19



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

Govt. domestic borrowing (net) stood at Tk. 39460.8 crore during July-March, FY19 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). The amount was Tk. 36025.4 crore and Tk. 14846.6 crore during July-February of FY19 and July-March of FY18 respectively. The govt. domestic borrowing (net) during July-March, FY19 is 165.8 percent higher than that of the same period of the previous year.

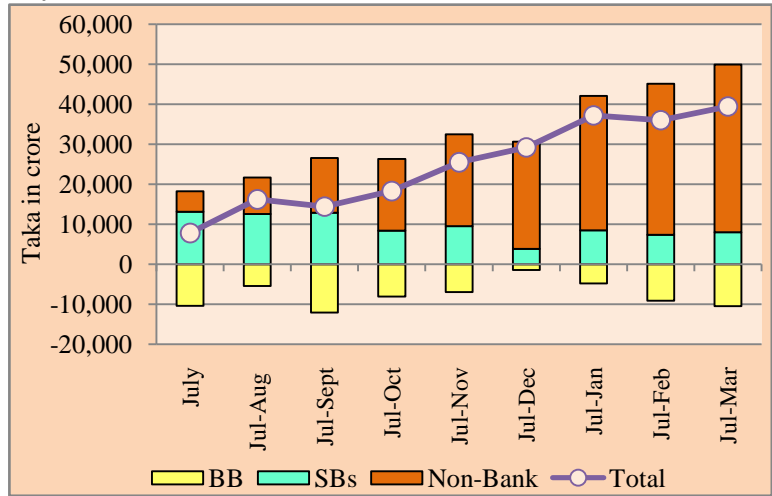
It may be mentioned that Govt. borrowed Tk. 39733.2 crore through NSD instruments in July-March, FY19. On the other hand, Govt. borrowed (net) Tk. 9021.4 crore through T-Bills and Bonds from the banking system at the same period. It is observed that govt. deposits increased by Tk. 3990.1 crore (net) with the banking system during this period. Deposits with Bangladesh Bank (BB) increased by Tk. 5815.9 crore and deposits with scheduled banks (SBs) decreased by Tk. 1825.8 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 in July-February, FY19.

In July-March, FY19, the govt. net borrowing has been decreased by Tk. 2494.1 crore.

In addition, non-bank govt. borrowing (net) stood at Tk. 41954.9 crore during July-March, FY19.

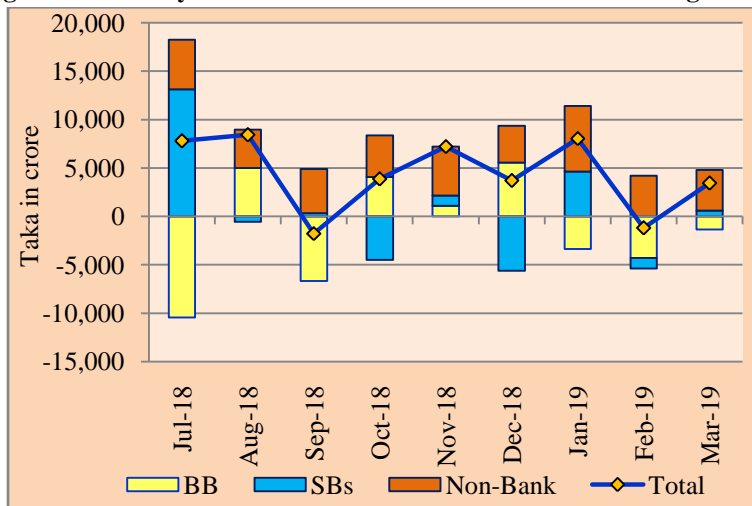
Figure-2: Movements in Government Domestic Borrowing during July-March, FY19



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

As a result, govt. borrowing (net) from the domestic sources in July-March, FY19 stood at Tk. 39460.8 crore. The movement in net govt. borrowing from different domestic sources during July-March, FY19 is demonstrated in Figure-2.

Figure-3: Monthly Trends in Government Domestic Borrowing during July-March of FY19



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

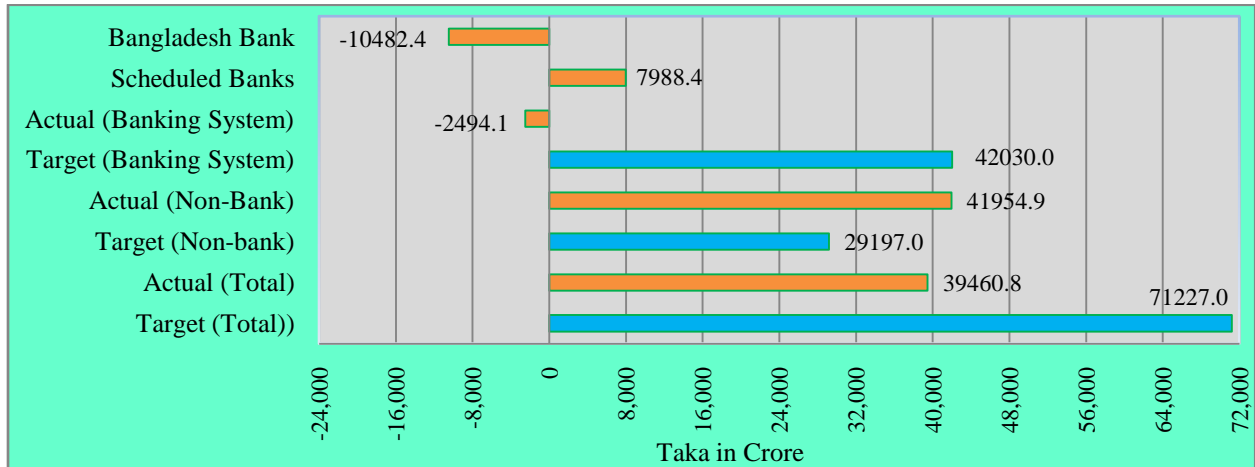
Figure-3 shows the monthly movement of government net domestic borrowing of July-March, FY19.

During the month of March, 2019, Govt. domestic borrowing has been increased sharply by Tk. 3435.3 crore (borrowed Tk. 605.7 crore from SBs and Tk. 4195.1 crore from non-bank and repaid Tk. 1365.5 crore to BB) which is Tk. 4644.4 crore higher than that of the month of February, 2019.

In the budget of FY19, it has been fixed for govt. borrowing from domestic sources at Tk. 71227.0 crore of which Tk. 42030.0 crore from banking system and Tk. 29197.0 crore from non-banking sources.

During July-March of FY19, the net repayment and holding of cash balances with Bangladesh Bank stood at Tk. 10482.4 crore. On the other hand, the net borrowing from scheduled banks stood at Tk. 7988.4 crore during the same period.

Figure-4: Budget Target and Govt. Net Domestic Borrowing during July-March of FY19



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

A comparative picture of government total budget target and actual domestic borrowing situation during July-March of FY19 is shown in Figure-4. Government total borrowing from Non-banks (including NSD instruments, T-Bills and Bonds issued by other than banks) stood at Tk. 41954.9 crore of which Tk. 39733.2 crore was borrowed through NSD instruments during July-March of FY19. The total government net domestic borrowings (banking and non-banking sources) stood at Tk. 39460.8 crore during July-March of FY19 which is 55.4 percent of total budget target.

Major Findings of the Govt. Borrowings from Domestic Sources:

- From banking system, total outstanding of Govt. domestic borrowings decreased by Tk. 24.9 billion during July-March of FY19 compared to the outstanding of Govt. domestic borrowings of June, FY18.
- Govt. borrowed Tk. 419.5 billion (of which Tk. 397.3 billion through NSD instruments) from other than banks during July-March of FY19, which has already exceeded the Non-Bank budget target.
- After the adjustments with repayments, deposits and advances of autonomous and semi-autonomous bodies, the govt. has borrowed less than the amount of repayment and holding cash balances through banking system during July-March of FY19.
- Government borrowings from NSD instrument is significantly increasing due to its relatively higher interest rate than other savings rates.

Table I : Government Borrowing Position from the Banking System during July-March of FY19

(Provisional)
(Taka in crore)

| Sl. No. | Particulars | Issue and Maturity date | Objectives | Outstanding as on 30 June 18 | Outstanding as on 28 February 19 | Outstanding as on 31 March 19 | Change (+) / (-) | |
|--|---|--|--|------------------------------|----------------------------------|-------------------------------|---------------------|--------------------------|
| | | | | | | | March 19 8=(7-6) | July-March 19 9=(7-5) |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | | |
| A. Bangladesh Bank | | | | | | | | |
| 1. | Ways and Means Advances | | To increase Government cash balance | 4000.0 | 0.0 | 0.0 | 0.0 | -4000.0 |
| 2. | Overdraft | | | 2783.9 | 0.0 | 0.0 | 0.0 | -2783.9 |
| 3. | Overdraft Block | | | 4185.0 | 4185.0 | 3185.0 | -1000.0 | -1000.0 |
| 4. | Devolvement | | | 10682.9 | 15966.9 | 15464.7 | -502.2 | 4781.8 |
| a) | Treasury Bills | | | 4881.7 | 6942.6 | 5858.5 | -1084.1 | 976.8 |
| b) | Treasury Bonds | | | 5801.3 | 9024.3 | 9606.2 | 581.9 | 3804.9 |
| 5. | Government Currency Liabilities | | | 2026.3 | 2026.3 | 2026.3 | 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 | | | 111.9 | 232.2 | 189.3 | -42.9 | 77.4 |
| 8. | Government Deposits ^{1/} (-) | | | -32.5 | -5179.6 | -5848.4 | -668.8 | -5815.9 |
| 9. | BB's Balances of GIIB Fund (-) | | | -1300.5 | -3890.7 | -3042.3 | 848.4 | -1741.8 |
| A. Total : (1 +...+ 9)* | | | | 22457.0 | 13340.1 | 11974.6 | -1365.5 | -10482.4 |
| B. Deposit Money Banks (DMBs) | | | | | | | | |
| 1. Government Treasury Bills | | | | | | | | |
| i) | Treasury Bills (Less than 1 year) | | To increase Government cash balance | 21232.3 | 21472.4 | 20192.7 | -1279.6 | -1039.5 |
| | | | | 21232.3 | 21472.4 | 20192.7 | -1279.6 | -1039.5 |
| 2. Bangladesh Govt. Treasury Bonds (BGTB) | | | | | | | | |
| i) | 2-years Bangladesh Govt. Treasury Bonds | | To increase long-term investment of different banks, non-bank financial institutions and employees GF of different companies | 103526.7 | 108100.4 | 108823.3 | 722.9 | 5296.6 |
| ii) | 3-years(FRTB) Bangladesh Govt. Treasury Bonds ^{3/} | | | 8018.5 | 9317.3 | 9751.4 | 434.1 | 1732.9 |
| iii) | 5-years Bangladesh Govt. Treasury Bonds | | | 0.0 | 0.0 | 112.2 | 112.2 | 112.2 |
| iv) | 10-years Bangladesh Govt. Treasury Bonds | | | 21369.1 | 22368.2 | 22107.1 | -261.1 | 738.0 |
| v) | 15-years Bangladesh Govt. Treasury Bonds | | | 39736.2 | 39279.4 | 39291.2 | 11.8 | -444.9 |
| vi) | 20-years Bangladesh Govt. Treasury Bonds | | | 18710.4 | 19792.3 | 20008.0 | 215.6 | 1297.6 |
| 3. Others Treasury Bonds | | | | 10825.4 | 10807.9 | 10807.9 | 0.0 | -17.5 |
| 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 | 40.5 | 0.0 | 0.0 |
| b) 5 Years and above (Specialized Bonds) | | | | 10784.9 | 10767.3 | 10767.3 | 0.0 | -17.5 |
| 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 | 204.0 | 0.0 | 0.0 |
| ii) | 25-years (Jute) Treasury Bond-2018 bearing 5.0 percent interest ^{2/} | Issued 1 Nov-1993 and maturity date 1 Nov-2018 | To compensate for the liquidation of jute sector credit | 14.8 | 0.0 | 0.0 | 0.0 | -14.8 |
| 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 | 10.3 | 10.3 | 10.3 | 0.0 | 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. | 6.2 | 3.4 | 3.4 | 0.0 | -2.7 |
| v) | 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 | 2822.5 | 0.0 | 0.0 |
| vi) | 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 | 1792.0 | 0.0 | 0.0 |
| vii) | 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 |
| viii) | 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 |
| ix) | 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) | | | | 135584.3 | 140380.6 | 139823.9 | -556.7 | 4239.6 |
| 5. | Prize Bond/Income Tax Bond | | | 25.3 | 25.6 | 23.9 | -1.7 | -1.4 |
| 6. | Government's other Securities | | | 4.7 | 4.7 | 4.7 | 0.0 | 0.0 |
| 7. | Advances to Food Ministry | | | 859.5 | 901.6 | 904.5 | 2.9 | 45.0 |
| 8. | Advances to Other Ministries | | | 1583.1 | 1624.9 | 1645.0 | 20.1 | 61.9 |
| 9. | Advances to Auto./Semi-Autonomous Bodies | | | 2375.4 | 2557.3 | 2837.9 | 280.6 | 462.5 |
| 10. | Accrued Interest | | | 2121.0 | 2033.6 | 2067.6 | 34.0 | -53.4 |
| 11. | Deposits of Ministries and Departments (-) | | | -31161.7 | -32321.0 | -31980.6 | 340.4 | -818.9 |
| 12. | Deposits of Auto./Semi-Autonomous Bodies (-) | | | -44628.6 | -43335.1 | -41983.9 | 1351.2 | 2644.7 |
| 13. SB's Balances of GIIB Fund (i+ii) | | | | 1053.5 | 3327.0 | 2461.9 | -865.1 | 1408.4 |
| i) | Investment to GIIB Fund | | | 9154.4 | 10098.0 | 10132.9 | 34.9 | 978.5 |
| ii) | Borrowing from GIIB Fund (-) | | | -8100.9 | -6771.0 | -7671.0 | -900.0 | 429.9 |
| B. Total : (4+...+13) | | | | 67816.5 | 75199.2 | 75804.9 | 605.7 | 7988.4 |
| Grand Total : (A+B)* | | | | 90273.6 | 88539.3 | 87779.5 | -759.8 | -2,494.1 |

Notes: @/ Including other deposits.

1/ An amount of Tk. 2.7 crore was paid in July 2018 against the outstanding of Tk. 6.2 crore in June 2018

2/ An amount of Tk. 14.8 crore was paid in November 2018 against the outstanding of Tk. 14.8 crore in June 2018

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

*Including GIIB 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-March of FY19

(Taka in Crore)

| Sl. No. | Particulars | July-March 2018 | | | | July-March 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 | 1.0 | 0.6 | -1.0 | 0.0 | 0.8 | 1.0 | -0.8 |
| 2. | 5-year Bangladesh Savings Certificate | 4577.7 | 1801.2 | 825.9 | 2776.6 | 7678.9 | 3049.7 | 688.4 | 4629.2 |
| 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 | 19655.3 | 6534.5 | 6932.1 | 13120.7 | 20699.9 | 8379.1 | 8869.3 | 12320.8 |
| 7. | 3-month interest bearing Savings Certificate | 17693.6 | 7619.6 | 4060.3 | 10074.0 | 21494.9 | 8561.7 | 4569.3 | 12933.2 |
| 8. | Jamanat Savings Certificate | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 9. | Pensioner Savings Certificate | 4657.1 | 1548.7 | 1167.0 | 3108.4 | 3914.7 | 1349.2 | 1651.9 | 2565.5 |
| 10. | Post Office Savings Bank | 11663.2 | 5596.1 | 1140.7 | 6067.1 | 13647.7 | 7292.5 | 1453.6 | 6355.2 |
| | a) General Account | 1913.9 | 1586.5 | 34.5 | 327.4 | 2411.0 | 2158.8 | 50.0 | 252.2 |
| | b) Fixed Account | 9501.0 | 3775.9 | 1100.9 | 5725.1 | 11236.6 | 5133.7 | 1403.7 | 6102.9 |
| | c) Bonus Account | 248.3 | 233.6 | 5.3 | 14.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| 11. | Postal Life Insurance | 62.0 | 63.8 | 19.4 | -1.8 | 70.9 | 64.5 | 21.2 | 6.4 |
| 12. | Prize Bond | 55.4 | 25.3 | 19.2 | 30.1 | 60.7 | 30.8 | 22.5 | 29.9 |
| 13. | Wage Earners' Development Bond | 1510.7 | 112.2 | 496.3 | 1398.5 | 1036.0 | 185.0 | 700.3 | 851.0 |
| 14. | 3-year National Investment Bond | 0.0 | 0.2 | 0.0 | -0.2 | 0.0 | 0.7 | 0.0 | -0.7 |
| 15. | US \$ Premium Bond | 18.7 | 13.3 | 18.2 | 5.4 | 25.9 | 24.7 | 21.6 | 1.2 |
| 16. | US \$ Investment Bond | 231.3 | 100.2 | 53.5 | 131.1 | 343.3 | 300.9 | 155.6 | 42.4 |
| 17. | Total : (1+...+16) | 60124.9 | 23415.9 | 14733.2 | 36709.0 | 68972.7 | 29239.5 | 18154.5 | 39733.2 |
| | | | Outstandings as on | Net Changes | Outstandings as on | Net Changes | | | |
| | | | March 2018 | July-Mar, 2018 | March 2019 | July-Mar, 2019 | | | |
| 18. | Govt. Treasury Bills/Bonds | | 26356.3 | 991.0 | 28547.3 | 2221.6 | | | |
| | i) Government Treasury Bills | | 334.25 | 113.6 | 689.57 | 458.6 | | | |
| | ii) Bangladesh Govt. Treasury Bonds (BGTBs) | | 26022.0 | 877.4 | 27857.8 | 1763.1 | | | |
| | a) 2-year Bangladesh Government Treasury Bonds | | 235.06 | -136.7 | 120.25 | -72.1 | | | |
| | b) 3-year(FRTB) Bangladesh Government Treasury Bonds ^{1/} | | 0.00 | 0.0 | 0.00 | 0.0 | | | |
| | c) 5-year Bangladesh Government Treasury Bonds | | 6041.38 | 263.3 | 6204.84 | 134.4 | | | |
| | d) 10-year Bangladesh Government Treasury Bonds | | 10756.12 | 464.7 | 11598.62 | 680.9 | | | |
| | e) 15-year Bangladesh Government Treasury Bonds | | 4048.45 | 260.3 | 4796.62 | 711.7 | | | |
| | f) 20-year Bangladesh Government Treasury Bonds | | 4941.00 | 25.8 | 5137.42 | 308.2 | | | |
| 19. | Total Non-bank Government Borrowing (net) : (17+18) | | | 37700.0 | | 41954.9 | | | |

1/ 3-Year (FRTB) Bangladesh Govt. Treasury Bond has been issued on 27th March, 2019.

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