

**Monthly Report On
Government Domestic Borrowing¹**



March, 2022

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Highlights of Government Domestic Borrowing during July-March of FY22

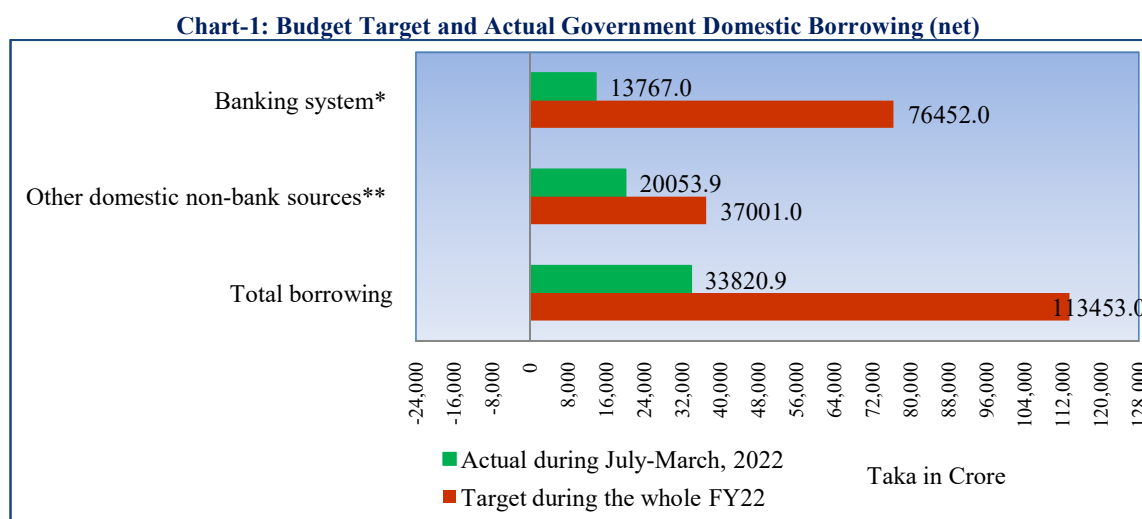
- **Target of Government Domestic Borrowing** for FY22 has been set at Tk. 1,13,453.0 crore in the national budget. Of which:
 - **Target of borrowing from the banking system** has been set at Tk. 76,452.0 crore.
 - **Target of borrowing from other domestic non-banking sources** has been set at Tk. 37,001.0 crore (including Tk. 32,000.0 crore through net sales of national savings instruments).
- During July-March of FY22, government net borrowing from the **banking system** stood at Tk. 13,767.0 crore (18.0 percent of the target set in the national budget). However, government repaid Tk. 9,837.0 crore in the corresponding period of the previous financial year.
- During July-March of FY22, government net borrowing from the **other non-banking domestic sources** stood at Tk. 20,053.9 crore (54.2 percent of the target set in the national budget) which was Tk. 35,174.7 crore (99.6 percent of the target set in the national budget) in the corresponding period of the previous fiscal year.
- Therefore, during July-March of FY22 government **total net domestic borrowing** both from the banking system and from the other non-banking domestic sources stood at Tk. 33,820.9 crore which was 29.8 percent of the target set in the national budget. Government total net domestic borrowing during July-March of FY21 was Tk. 25,337.7 crore which was 22.0 percent of the target set in the national budget.
- Net sales from the national savings schemes was Tk. 16,504.1 crore during July-March of FY22 which was 51.6 percent of the target set in the national budget. During the same period of the last fiscal year, the same was Tk. 33,202.7 crore which was 109.6 percent of the target set in the national budget.
- To expand Shariah based financing in development activities, Bangladesh Government Investment *Sukuk* (BGIS) was introduced on October 08, 2020. In FY21, total amount of Tk. 8,000.0 crore was raised through two tranches issuance of the BGIS against the five year tenor project named ‘Safe Water Supply to the Whole Country’.
- During July-March of FY22, a new auction of BGIS was held and an amount of Tk. 5,000.0 crore was issued against the 05 year tenor project named ‘Need Based Infrastructure Development of Government Primary Schools Project (1st Phase)’ on December 30, 2021.

Government Domestic Borrowing during July-March of FY22

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

1. Government Domestic Borrowing Target for FY22

As per national budget document of the Government, the target of total domestic borrowing has been set at Tk. 1,13,453.0 crore, of which Tk. 76,452.0 crore has been estimated to borrow from banking system and Tk. 37,001.0 crore from the other non-banking domestic sources. Accordingly, during July-March of FY22, government has borrowed (net) Tk. 33,820.9 crore from domestic sources which is 29.8 percent of the target (Chart-1).



Note: *=Banking system includes Bangladesh Bank and scheduled banks,

**=Other domestic non-bank sources include national savings schemes and T-bills & bonds held by other than banks.

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

2. Borrowing from Banking System

During July-March of FY22, government borrowed (net) Tk. 19,805.6 crore from the scheduled banks (SBs), but repaid Tk. 6,038.6 crore outstanding debt to Bangladesh Bank (BB). Hence, government borrowing (net) from banking system stood at Tk. 13,767.0 crore during the period under report of FY22, and it was 18.0 percent of the target set in the national budget.

3. Borrowing from Other Domestic Non-banking sources

During July-March of FY22, government borrowed Tk. 16,504.1 crore through net selling of national savings instruments and also borrowed Tk. 3,549.8 crore from the institutions and individuals other than banks through issuance of t-bills and bonds. Therefore, government total borrowing (net) from the non-banking domestic sources stood at Tk. 20,053.9 crore during the period under report which was 54.2 percent of the target set in the national budget.

4. Total Domestic Borrowing

During July-March of FY22, total net domestic borrowings of the government stood at Tk. 33,820.9 crore which was 33.5 percent higher than that of the same period of the previous fiscal year (Table-1). Source and instrument-wise outstanding and flow of net government domestic borrowings are shown in Table-1 and Chart 2.

Table 1: Source-wise Outstanding and Flow of net Government Domestic Borrowings

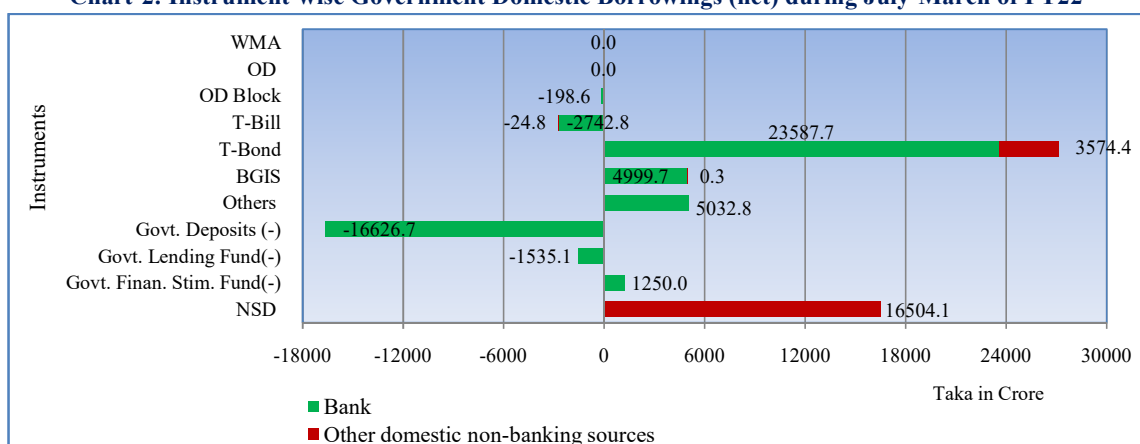
(Taka in Crore)

Sources	July-March FY22		July- March FY21		% Changes (Mar'22 over June'21)	% Changes (Mar'21 over June'20)
	Outstanding at end Mar'22	Flow (July-Mar 2022)	Outstanding at end Mar'21	Flow (July-Mar 2021)		
Banks*	211637.1	13767.0	161350.5	-9837.0	7.0	-5.7
Other domestic non-banking sources**	405339.2	20053.9	376069.3	35174.7	5.2	10.3
Total	616976.3	33820.9	537419.7	25337.7	5.8	4.9

Note: *=Banks includes Bangladesh Bank and scheduled banks, **=Other Domestic Non-banking sources include net selling of savings instruments and T-bills & bonds held by non-bank financial institutions (NBFIs), insurance companies, individuals etc.

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

Chart-2: Instrument-wise Government Domestic Borrowings (net) during July-March of FY22



Note: WMA=Ways and Means Advances, OD=Overdraft, BGIS=Bangladesh Govt. Investment Sukuk (Ijarah Sukuk), NSD=Savings Schemes of the Government.

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; and Department of National Savings.

5. Government Islamic Securities

i) Bangladesh Government Islamic Investment Bond (BGIIB)²

Due to interest bearing nature, Islamic banks for a long time were unable to invest their surplus liquidity in the country's existing instruments of the money market. In order to absorb surplus liquidity from the Islamic banking system, and to create Islamic Shariah-based monetary policy instrument, government introduced Bangladesh Government Islamic Investment Bond (BGIIB) in 2004 with the minimum tenor of 3 months.

During July-March of FY22, investments to BGIIB fund by Islamic banks³ decreased by Tk. 4,107.8 crore while borrowing from that fund increased by Tk. 775.0 crore due to issuance of bonds. Therefore, Islamic banks' balances of BGIIB fund decreased by Tk. 4,882.8 crore during July-March of FY22.

ii) Bangladesh Government Investment *Sukuk* (BGIS) Bond

In order to expand Shariah based financing in development activities, government introduced Bangladesh Government Investment *Sukuk* (BGIS) Bond for the first time on October 8, 2020 by issuing 'Bangladesh Government Investment Sukuk Guidelines, 2020'. In FY21, the Sukuk under *Ijarah* mode was issued against the project named 'Safe Water Supply to the Whole Country' with five year tenor and two tranches issuance. The first tranche of the *Sukuk* was issued on December 29, 2020 amounting to Tk. 4,000.0 crore and the second tranche was issued on June 10, 2021 amounting to Tk. 4,000.0 crore.

In this continuum, government apprised the offer of *Ijarah Sukuk* on December 21, 2021 against the 05 year tenor project named 'Need Based Infrastructure Development of Government Primary Schools Project (1st Phase)'. As such, a new auction of the *Sukuk* was issued on December 30, 2021 against the said project with an amount of Tk. 5,000.0 crore. Therefore, up to end March, 2022 the outstanding amount of *Sukuk* stood at Tk. 13,000.0 crore.

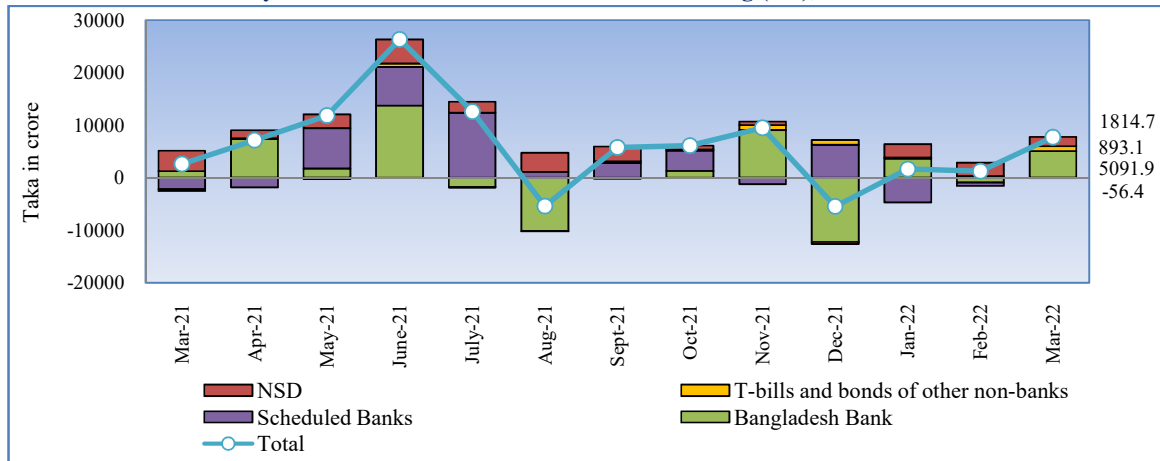
6. Monthly Trends of Domestic Borrowing (March, 2022)

In March 2022, government borrowed Tk. 5,091.9 crore from Bangladesh Bank, Tk. 1,814.7 crore from national savings certificates (NSC) and Tk. 893.1 crore from other non-banking sources through issuance of t-bills and bonds. On the other hand, government repaid Tk. 56.4 crore outstanding debt to scheduled banks in March 2022 (Chart-3).

² BGIIB is a pool of funds formed by the Islamic banks and individuals where government provides guarantee against this fund.

³ Including Islamic Windows of Conventional Banks.

Chart-3: Monthly Trends of Government Domestic Borrowing (net), March'21 to March'22



Note: NSD=Savings Schemes of the Government.

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

7. Concluding Remark

During July-March of FY22, domestic borrowing from the banking system has increased compared to the same period of FY21 but remained much below the target set in the national budget due mainly to the strong cash balances of the government.

On the other hand, net non-bank borrowing stood lower during July-March of FY22 than that of the same period of FY21 due mainly to lower net sales of NSC. Considering the macroeconomic perspective of containing inflation within the targeted level set in FY22 monetary policy, the government needs to attach an extra emphasis on tapping required resources from the non-banking sources.

Table I : Government Domestic Borrowing from the Banking System during July-March, FY22

Annex-1
(Provisional)
(Taka in crore)

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 21	Outstanding as on 28 February 22	Outstanding as on 31 March 22	Change (+) / (-)	
							March 22 8=(7-6)	July-Mar 22 9=(7-5)
1	2	3	4	5	6	7		
A. Bangladesh Bank								
1.	Ways and Means Advances		To increase Government cash balance	0.0	0.0	0.0	0.0	0.0
2.	Overdraft			0.0	0.0	0.0	0.0	0.00
3.	Overdraft Block			198.6	0.0	0.0	0.0	-198.6
4.	Devovement			25091.3	22982.8	22645.0	-337.8	-2446.4
a)	Treasury Bills			1440.0	0.0	0.0	0.0	-1440.0
b)	Treasury Bonds			23651.3	22982.8	22645.0	-337.8	-1006.3
5.	Government Currency Liabilities			2025.9	2025.9	2025.9	0.0	0.0
6.	Advances to Govt. against RFI from IMF			4126.8	4126.8	4126.8	0.0	0.0
7.	Advances to Autonomous and Semi-autonomous Bodies			0.0	0.0	0.0	0.0	0.0
8.	Accrued Interest			273.0	459.3	546.6	87.3	273.6
9.	Government Deposits ^{8/} (-)			-2773.7	-15550.0	-9924.3	5625.7	-7150.6
10.	Balances of GILB Fund in BB (-)			-15805.8	-10331.3	-10904.7	-573.4	4901.1
11.	Govt. Lending Fund(-)			-5210.4	-6918.2	-6628.1	290.1	-1417.7
A. Total : (1 +...+ 11)				7925.7	-3204.7	1887.2	5091.9	-6038.6
B. Scheduled Banks (SBs)								
1.	Government Treasury Bills			49370.3	55285.7	48067.6	-7218.1	-1302.8
i)	Treasury Bills (Less than 1 year)		To increase Government cash balance	49370.3	55285.7	48067.6	-7218.1	-1302.8
2.	Bangladesh Govt. Treasury Bonds (BGTB)			203734.3	225690.7	229228.3	3537.5	25494.0
i)	2-years Bangladesh Govt. Treasury Bonds			38939.0	39404.3	40793.1	1388.8	1854.2
ii)	3-years(FRTB) Bangladesh Govt. Treasury Bonds			112.2	112.2	0.0	-112.2	-112.2
iii)	5-years Bangladesh Govt. Treasury Bonds		To increase long-term investment of different Banks, NBFIs and employees GF of different companies	43826.2	50830.1	52390.6	1560.5	8564.3
iv)	10-years Bangladesh Govt. Treasury Bonds			61235.2	68513.8	68708.5	194.7	7473.3
v)	15-years Bangladesh Govt. Treasury Bonds			30415.9	34379.0	34710.5	331.4	4294.6
vi)	20-years Bangladesh Govt. Treasury Bonds			29205.8	32451.4	32625.7	174.3	3419.9
3.	Others Treasury Bonds			7064.3	6164.3	6164.3	0.0	-900.0
a)	1 Year and above but less than 5 years (Specialized Bonds)			0.0	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0	0.0	0.0
b)	5 Years and above (Specialized Bonds)			7064.3	6164.3	6164.3	0.0	-900.0
i)	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	1822.5	922.5	922.5	0.0	-900.0
ii)	11-years to 13-years BJMC Treasury Bond bearing 5.0 percent interest	Issued 23 Oct-2011 and maturity date 23 October 2020, 22 & 2024	To repay the loan of BJMC	1314.1	1314.1	1314.1	0.0	0.0
iii)	8-years SPTB-2021 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-2021		0.0	0.0	0.0	0.0	0.0
iv)	10-years SPTB-2023 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-2023	To increase Government cash balance	1935.1	1935.1	1935.1	0.0	0.0
v)	07-years Hanif Flyover SPTB-2026 bearing 5.0 percent interest	Issued 30 Sep-2019 and maturity date 30 Sep-2026		1438.5	1438.5	1438.5	0.0	0.0
vi)	07-years interest free Hanif Flyover SPTB-2026	Issued 30 Sep-2019 and maturity date 30 Sep-2026	To repay the loan of Hanif Flyover	554.0	554.0	554.0	0.0	0.0
4.	Bangladesh Govt. Investment Sukuk (BGIS) ^{4/}			7800.0	12799.7	12799.7	0.0	4999.7
	05 Years Bangladesh Govt. Investment Sukuk (Ijarah Sukuk) ^{1/}	Issued 29 Dec-2020, 06 June-2021 and maturity date 29 Dec-2025	To raise fund for the project 'Safe Water Supply to the Whole Country'					
		Issued 30 Dec-2021 and maturity date 30 Dec-2026	To purchase definite assets of 'Need Based Infrastructure Development of Government Primary Schools Project(1 st Phase)'	7800.0	12799.7	12799.7	0.0	4999.7
5. Sub-Total : (1+2+3+4)				267969.0	299940.5	296259.9	-3680.6	28291.0
6.	Prize Bond			28.4	31.7	26.9	-4.8	-1.5
7.	Other Securities of Govt.			5.2	5.6	5.6	0.0	0.4
8.	Advances to Food Ministry			1002.0	1060.3	677.5	-382.8	-324.5
9.	Advances to Other Ministries			1499.5	1353.1	1350.7	-2.4	-148.8
10.	Advances to Auto./Semi-Autonomous Bodies			3279.1	6541.5	8024.5	1483.0	4745.4
11.	Accrued Interest			3123.9	3308.7	3593.8	285.1	469.9
12.	Deposits of Ministries and Departments (-)			-34984.3	-34895.4	-35330.6	-435.2	-346.3
13.	Deposits of Auto./Semi-Autonomous Bodies (-)			-61192.3	-72275.2	-70322.1	1953.1	-9129.8
14.	SBs's Balances of GILB Fund (i+ii)			15487.2	9981.1	10604.4	623.3	-4882.8
i)	Investment to GILB Fund			16753.0	12771.9	12645.2	-126.7	-4107.8
ii)	Borrowing from GILB Fund (-)			-1265.8	-2790.8	-2040.8	750.0	-775.0
15.	Borrowing from Govt. on Lending(-)			-1863.9	-1823.5	-1981.3	-157.8	-117.4
16.	Borrowing from Govt. Financial Stimulus Fund(-)			-4409.4	-3422.1	-3159.4	262.7	1250.0
B. Total : (5+...+16)				189944.4	209806.3	209749.9	-56.4	19805.6
Grand Total : (A+B)[*]				197870.1	206601.6	211637.1	5035.5	13767.0

Notes:

^{8/} Including other deposits.^{4/} BGIS was introduced for the first time on October 08, 2020. In FY21, *Ijarah Sukuk* was issued against the project 'Safe Water Supply to the Whole Country', whereas 1st & 2nd Tranche Issuance were held on 29 December 2020 and 10 June 2021.In FY22, *Ijarah Sukuk* was issued against 'Need Based Infrastructure Development of Government Primary Schools Project(1st Phase)', whereas the Issuance was done on 30 December 2021.^{1/} In FY21, BGIS for Tk. 3999.97 crore (1st Tranche) and Tk. 3800.00 crore (2nd Tranche) were issued in December 2020 and June 2021 from Islamic Banks, Islamic Windows and Conventional Banks.

In FY22, BGIS for Tk. 4999.7 crore was issued on 30 December 2021 from Islamic Banks, Islamic Windows and Conventional Banks.

^{2/} An amount of Tk. 900.0 crore was paid in September 2021 against the outstanding of Tk. 1822.5 crore in June 2021.^{*} Including GILB Fund, Govt. Lending Fund and Govt. Financial Stimulus Fund.

Table-II: Government Domestic Borrowing from Other than Bank during July-March, FY22

Annex-2
(Taka in Crore)

Sl. No.	Particulars	July-March, 2021				July-March, 2022			
		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	0.6	0.8	-0.6	0.0	2.0	2.4	-2.0
2.	5-year Bangladesh Savings Certificate	7257.9	4797.3	2115.0	2460.6	6439.5	4249.2	2034.8	2190.3
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	32563.8	14834.6	11066.8	17729.2	40642.5	21467.7	13070.9	19174.8
7.	3-month interest bearing Savings Certificate	23733.9	18800.2	5844.7	4933.8	25104.7	21365.1	6493.0	3739.6
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	5685.4	2609.5	2233.5	3075.9	5984.5	4168.5	2575.7	1816.0
10.	Post Office Savings Bank	15116.0	11147.7	2990.4	3968.3	2254.4	11870.5	4043.8	-9616.1
	a) General Account	1611.3	1856.6	74.0	-245.3	360.3	1087.9	209.8	-727.6
	b) Fixed Account	13494.4	9278.8	2912.7	4215.6	1894.1	10782.6	3834.0	-8888.5
	c) Bonus Account	10.3	12.3	3.7	-2.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	86.1	98.8	29.1	-12.6	97.9	104.4	30.9	-6.5
12.	Prize Bond	71.3	32.4	33.4	38.8	66.3	33.5	29.5	32.8
13.	Wage Earners' Development Bond	1279.5	321.7	981.0	957.8	693.8	818.8	900.7	-125.0
14.	3-year National Investment Bond	0.0	0.2	0.0	-0.2	0.0	0.2	0.0	-0.2
15.	US \$ Premium Bond	21.8	18.7	12.4	3.1	6.2	66.9	17.9	-60.6
16.	US \$ Investment Bond	174.4	125.9	73.0	48.5	37.0	675.9	135.1	-639.0
17.	Total : (1+...+16)	85990.2	52787.5	25379.9	33202.7	81326.7	64822.6	29334.5	16504.1
		Outstandings as on March 2021			Net Changes July-Mar, 2021	Outstandings as on March 2022			Net Changes July-Mar, 2022
18.	Govt. Treasury Bills/Bonds/BGIS		40732.3		1972.0		44741.1		3549.8
	i) Government Treasury Bills		1103.4		-954.7		433.6		-24.8
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		39628.8		2926.7		44107.2		3574.4
	a) 2-year Bangladesh Government Treasury Bonds		1736.1		561.0		1574.0		-243.7
	b) 3-year(FRTB) Bangladesh Government Treasury Bonds		0.0		0.0		0.0		0.0
	c) 5-year Bangladesh Government Treasury Bonds		8145.9		214.4		8262.7		306.4
	d) 10-year Bangladesh Government Treasury Bonds		16306.8		1291.9		18305.8		1426.7
	e) 15-year Bangladesh Government Treasury Bonds		6797.3		479.7		7568.8		754.8
	f) 20-year Bangladesh Government Treasury Bonds		6642.7		379.8		8395.9		1330.1
	iii) Bangladesh Government Investment Sukuk (BGIS)*		0.03		0.03		200.3		0.3
	a) 05 Years Bangladesh Govt. Investment Sukuk (Ijarah Sukuk) ^{1/}		0.03		0.03		200.3		0.3
19.	Total Non-bank Government Borrowing (net) : (17+18)				35174.7				20053.9

Notes:

[#] BGIS was introduced for the first time on October 08, 2020. In FY21, *Ijarah Sukuk* was issued against the project 'Safe Water Supply to the Whole Country', whereas 1st & 2nd Tranche Issuance were held on 29 December 2020 and 10 June 2021.

In FY22, *Ijarah Sukuk* was issued against 'Need Based Infrastructure Development of Government Primary Schools Project (1st Phase)', whereas the Issuance was done on 30 December 2021.

^{1/} In FY21, BGIS for Tk. 0.03 crore (1st Tranche) and Tk. 200.0 crore (2nd Tranche) were issued in December 2020 and June 2021 from Non-bank (Individual Investor and Others).

In FY22, BGIS for Tk. 0.3 crore was issued on 30 December 2021 from Non-bank (Individual Investor and Others).

Sources : National Savings Directorate; Debt Management Department, Bangladesh Bank.