

# Monthly Report On Government Borrowing from Domestic Sources

July-October of FY16<sup>1</sup>



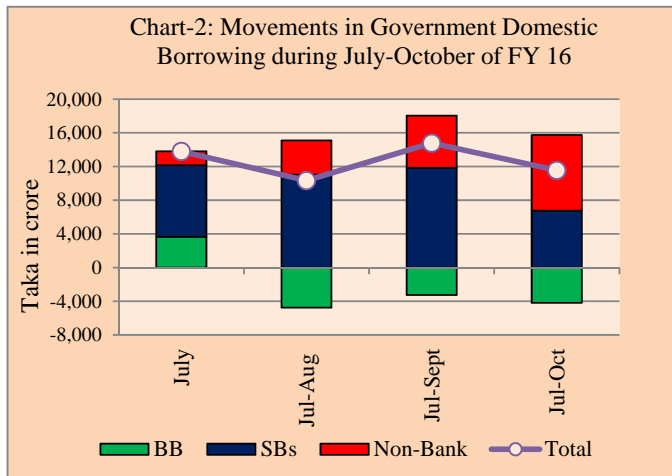
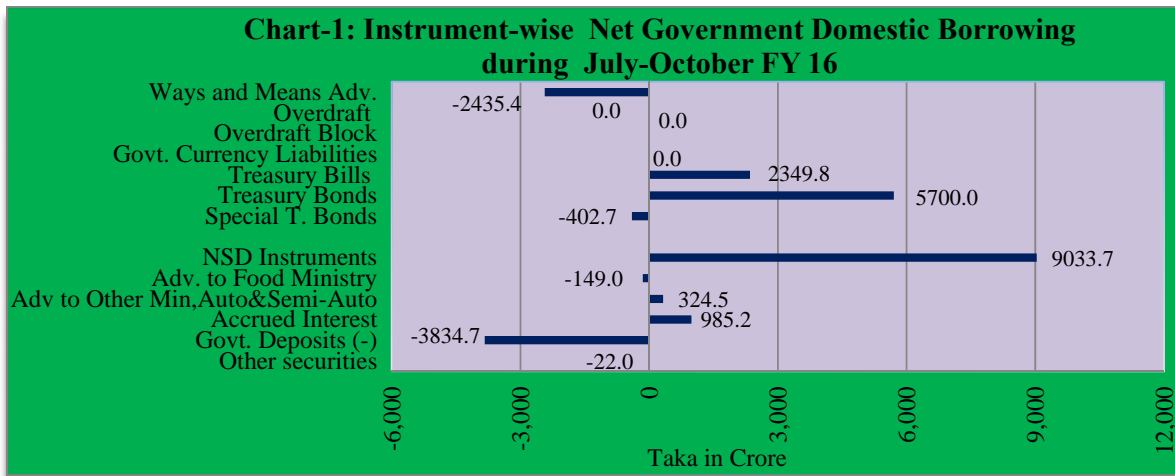
**Research Department  
Bangladesh Bank**

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## Government Borrowing from Domestic Sources during July-October of FY16

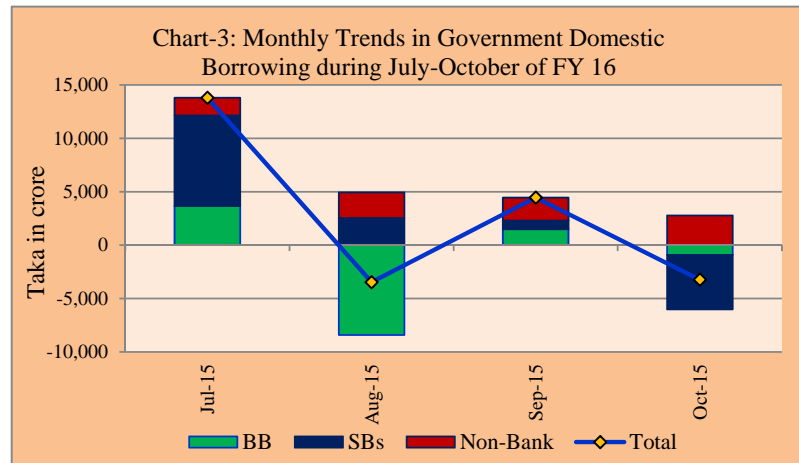
Government (govt.) borrows from both domestic and external sources to bridge its fiscal deficits. Govt. domestic borrowing sources are banks (Bangladesh Bank and Scheduled Banks) and other than banks. Govt. borrows from banking system mainly through Treasury Bills and Bonds and from non-banking sources through National Saving Directorate (NSD) in addition to Treasury Bills and Bonds. It is observed that the govt. borrowed Tk.5297.3 crore (net) through Bonds and Tk.2349.8 crore through Treasury Bills during July-October of FY16. In addition to that, govt. borrowed Tk.9033.7 crore through NSD instruments during the period. Net govt. domestic borrowing stood at Tk.11549.4 crore during July-October of FY16 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 govt. deposits with Bangladesh Bank and scheduled banks (i.e. including banking and nonbanking sources). During the period, govt. deposits increased by Tk.3834.7 crore (net) with the banking system. Deposits with Bangladesh Bank increased by Tk.1757.1 crore whereas deposits with scheduled banks increased by Tk.2077.6 crore. Instrument-wise net govt. domestic borrowing during July-October' 15 is depicted in chart-1.



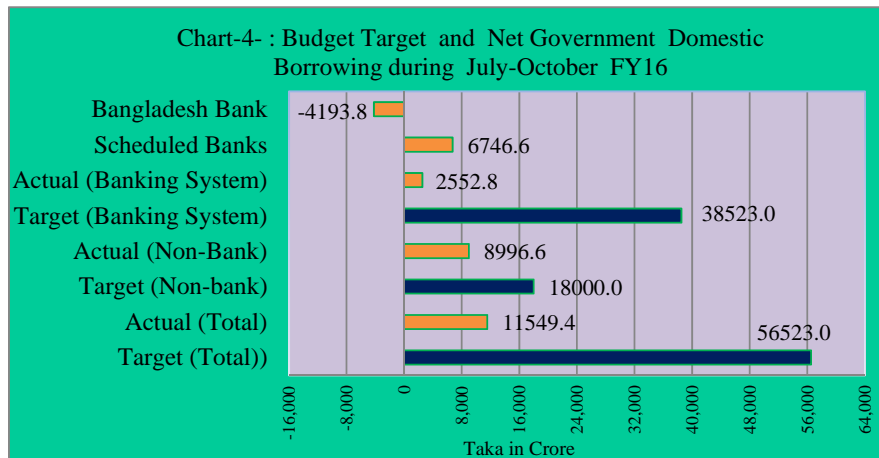
The movement in net govt. borrowing from different domestic sources during July-October of FY16 is demonstrated in chart-2. During July-October of FY16, govt. borrowing from banking system was much higher than the govt. repayment and holding cash balances after the adjustments with repayments, deposits and advances of autonomous and semi-autonomous bodies. In contrast govt. borrowed Tk.8996.6 crore from other than banking sources (including NSD, Treasury Bills and Treasury

Bonds) during the same period. Govt. borrowed Tk.9033.7 crore (net) through NSD during July-October of FY16.

Monthly movement of government's net domestic borrowing is represented in chart-3. Government's holding of cash balances or repayments were higher than the borrowings from banking system in the month of October'15 compare to the previous month. As a result, net Govt. borrowing in October'15 was much lower than the previous month.



In the budget of FY16, Tk.56523.0 crore was fixed for borrowing from domestic sources by the government of which Tk.38523.0 crore and Tk.18000 crore have been targeted to borrow from the banking and non-banking sources respectively. During July- October FY16, the total repayment and holding of cash balances



with Bangladesh Bank stood at Tk.4193.8 crore and the total govt. borrowings from scheduled banks stood at Tk.6746.6 crore. As a result, the total govt. borrowings from the banking system during this period stood at Tk.2552.8 crore (6.6 percent of the budget). The government borrowed (net) Tk. 7647.1 crore through T-Bills and T-Bonds which covered 19.9 percent of the total budget target from the banking system. Moreover, government borrowed Tk.8996.6 crore from other than banks (including NSD, T-Bills and Bonds), which covered 50 percent of the total budget target from non-banking sources. Government borrowed Tk.9033.7 crore through NSD instruments during the period against the target of Tk.15000.0 crore of FY16. The total net government domestic borrowing (banking and non-banking sources) stood at Tk.11549.4 crore after the adjustment with government deposits and other items during July- October of FY16. A comparative picture of government total budget target and actual domestic borrowing during July- October of FY16 is produced in chart-4.

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

| Sl. No   | Particulars  | Issue and Maturity date  | Objectives   | Outstanding as on 30 June 15 | Outstanding as on 30 September 15 | Outstanding as on 31 October 15 | (Provisional)<br>(Taka in crore) |                |
|--|--|--|--|------------------------------|-----------------------------------|---------------------------------|----------------------------------|----------------|
|  |  |  |  |                              |                                   |                                 | Change (+) / (-)                 |                |
|  |  |  |  |                              |                                   |                                 | October 15                       | Jul-Oct        |
| 1  | 2  | 3  | 4  | 5                            | 6                                 | 7                               | 8=(7-6)                          | 9=(7-5)        |
| <b>A. Bangladesh Bank</b>  |  |  |  |                              |                                   |                                 |                                  |                |
| 1.   | Ways and Means Advances  |  | To increase Government cash balance  | 2435.4                       | 0.0                               | 0.0                             | 0.0                              | -2435.4        |
| 2.   | Overdraft  |  |  | 0.0                          | 0.0                               | 0.0                             | 0.00                             | 0.0            |
| 3.   | Overdraft Block  |  |  | 8685.0                       | 8685.0                            | 8685.0                          | 0.0                              | 0.0            |
| 4.   | Devolvement  |  |  | 107.3                        | 107.3                             | 107.3                           | 0.0                              | 0.0            |
| a)   | Treasury Bills   |  |  | 0.0                          | 0.0                               | 0.0                             | 0.0                              | 0.0            |
| b)   | Treasury Bonds   |  |  | 107.3                        | 107.3                             | 107.3                           | 0.0                              | 0.0            |
| 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   |  |  | 2.9                          | 0.8                               | 1.6                             | 0.8                              | -1.3           |
| 8.   | Government Deposits (-)  |  |  | -135.7                       | -965.3                            | -1892.8                         | -927.5                           | -1757.1        |
| <b>A. Total : (1+...+8)</b>  |  |  |  | <b>11917.6</b>               | <b>8650.5</b>                     | <b>7723.8</b>                   | <b>-926.7</b>                    | <b>-4193.8</b> |
| <b>B. Deposit Money Banks (DMBs)</b>                                 |  |  |  |                              |                                   |                                 |                                  |                |
| <b>1. Government Treasury Bills</b>                                  |  |  |  |                              |                                   |                                 |                                  |                |
| i)   | Treasury Bills (Less than 1 year)  |  | To increase Government cash balance  | 30544.7                      | 35405.9                           | 32918.1                         | -2487.9                          | 2373.4         |
| <b>2. Bangladesh Govt. Treasury Bonds (BGTB)</b>                     |  |  |  |                              |                                   |                                 |                                  |                |
| 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 | 8740.5                       | 9457.75                           | 9437.30                         | -20.5                            | 696.8          |
| ii)  | 5-years Bangladesh Govt. Treasury Bonds  |  |  | 26550.7                      | 27024.03                          | 26979.59                        | -44.4                            | 428.9          |
| iii)   | 10-years Bangladesh Govt. Treasury Bonds   |  |  | 35227.6                      | 37386.12                          | 37396.56                        | 10.4                             | 2169.0         |
| iv)  | 15-years Bangladesh Govt. Treasury Bonds   |  |  | 12860.4                      | 13940.67                          | 14157.68                        | 217.0                            | 1297.3         |
| v)   | 20-years Bangladesh Govt. Treasury Bonds   |  |  | 9095.4                       | 9969.76                           | 10216.96                        | 247.2                            | 1121.6         |
| <b>3. Others Treasury Bonds (a+b)</b>                                |  |  |  | <b>14330.5</b>               | <b>14127.7</b>                    | <b>13927.7</b>                  | <b>-200.0</b>                    | <b>-402.7</b>  |
| <b>a) 1 Year and above but less than 5 years (Specialized Bonds)</b> |  |  |  |                              |                                   |                                 |                                  |                |
| i)   | 3-Years interest free Frozen Food Treasury Bond 2014                                   | Issued 5 Oct-2011 and maturity date 5 Oct-2014                                 | To repay the loan of Frozen Food Industries  | 0.0                          | 0.0                               | 0.0                             | 0.0                              | 0.0            |
| ii)  | 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                        | 200.0                             | 0.0                             | -200.0                           | -200.0         |
| <b>b) 5 Years and above (Specialized Bonds)</b>                      |  |  |  | <b>14130.5</b>               | <b>13927.7</b>                    | <b>13927.7</b>                  | <b>0.0</b>                       | <b>-202.7</b>  |
| i)   | 6, 7 & 10-years (BJMC&BTMC) interest free Treasury Bond-2016, 2017 & 2020 respectively | 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 1 Nov-2018                                 | To compensate for the liquidation of jute sector credit  | 76.8                         | 76.8                              | 76.8                            | 0.0                              | 0.0            |
| 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  | 53.3                         | 53.3                              | 53.3                            | 0.0                              | 0.0            |
| iv)  | 25-years (Jute) Treasury Bond-2020 bearing 5.0 percent interest <sup>1/</sup>          | 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.                                   | 14.4                         | 11.6                              | 11.6                            | 0.0                              | -2.7           |
| v)   | 7-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest <sup>2/</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 23 October 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            |
| <b>4. Sub-Total : (1+2+3)</b>  |  |  |  | <b>137349.7</b>              | <b>147312.0</b>                   | <b>145033.9</b>                 | <b>-2278.1</b>                   | <b>7684.2</b>  |
| 5.   | Prize Bond/Income Tax Bond   |  |  | 32.5                         | 32.5                              | 11.1                            | -21.4                            | -21.4          |
| 6.   | Government's other Securities:   |  |  | 2.9                          | 2.2                               | 2.3                             | 0.1                              | -0.6           |
| 7.   | Advances to Food Ministry  |  |  | 590.7                        | 668.5                             | 441.7                           | -226.8                           | -149.0         |
| 8.   | Advances to Other Ministries   |  |  | 1177.9                       | 1372.9                            | 1305.4                          | -67.5                            | 127.5          |
| 9.   | Advances to Auto./Semi-Autonomous Bodies   |  |  | 1565.6                       | 1453.1                            | 1762.6                          | 309.5                            | 197.0          |
| 10.  | Accrued Interest   |  |  | 3344.0                       | 4271.3                            | 4330.5                          | 59.2                             | 986.5          |
| 11.  | Deposits of Ministries and Departments (-)   |  |  | -17615.2                     | -18055.6                          | -19315.2                        | -1259.6                          | -1700.0        |
| 12.  | Deposits of Auto./Semi-Autonomous Bodies (-)   |  |  | -29501.4                     | -28274.5                          | -29879.0                        | -1604.5                          | -377.6         |
| <b>B. Total : (4+...+12)</b>   |  |  |  | <b>96946.7</b>               | <b>108782.4</b>                   | <b>103693.3</b>                 | <b>-5089.1</b>                   | <b>6746.6</b>  |
| <b>Grand Total : A+B</b>   |  |  |  | <b>108864.2</b>              | <b>117432.9</b>                   | <b>111417.1</b>                 | <b>-6015.8</b>                   | <b>2,552.8</b> |

Notes: @/ Including other deposits.

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

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

3/ An amount of Tk. 200 crore was paid in October 2015 against the outstanding of Tk. 200 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-October of FY16**

(Taka in Crore)

| Sl. No. | Particulars  | July-October 2014 |  |               | July-October 2015  |  |                |                    |               |
|---------|--|-------------------|--|---------------|--------------------|--|----------------|--------------------|---------------|
|         |  | 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>NSD Instruments</b>                                     |                   |  |               |                    |  |                |                    |               |
| 1.      | Defence Savings Certificate                                | 0.0               | 1.4                                    | 3.4           | -1.4               | 0.0                                    | 3.0            | 2.1                | -3.0          |
| 2.      | 5-year Bangladesh Savings Certificate                      | 2400.0            | 1218.9                                 | 604.7         | 1181.2             | 2023.4                                 | 1012.5         | 415.5              | 1010.9        |
| 3.      | 3-year Savings Certificate                                 | 0.0               | 0.0                                    | 0.0           | 0.0                | 0.0                                    | 6.9            | 0.0                | -6.9          |
| 4.      | Bonus Savings Certificate                                  | 0.0               | 0.2                                    | 0.0           | -0.2               | 0.0                                    | 0.0            | 0.0                | 0.0           |
| 5.      | 6-month interest bearing Savings Certificate               | 0.0               | 0.1                                    | 0.0           | -0.1               | 0.0                                    | 0.0            | 0.0                | 0.0           |
| 6.      | Family Savings Certificate                                 | 4547.8            | 283.4                                  | 966.5         | 4264.5             | 5036.5                                 | 1089.3         | 1476.0             | 3947.2        |
| 7.      | 3-month interest bearing Savings Certificate               | 3342.6            | 700.7                                  | 502.4         | 2641.9             | 3989.1                                 | 1843.9         | 777.7              | 2145.2        |
| 8.      | Jamanat Savings Certificate                                | 0.0               | 0.0                                    | 0.0           | 0.0                | 0.0                                    | 1.4            | 0.0                | -1.4          |
| 9.      | Pensioner Savings Certificate                              | 495.0             | 428.0                                  | 265.2         | 67.0               | 931.0                                  | 595.3          | 255.4              | 335.7         |
| 10.     | Post Office Savings Bank                                   | <b>2034.9</b>     | <b>1269.5</b>                          | <b>308.9</b>  | <b>765.5</b>       | <b>2670.5</b>                          | <b>1493.1</b>  | <b>414.2</b>       | <b>1177.5</b> |
|         | a) General Account   | 439.0             | 359.7                                  | 18.4          | 79.3               | 537.9                                  | 409.3          | 12.9               | 128.7         |
|         | b) Fixed Account   | 1596.0            | 909.8                                  | 290.5         | 686.1              | 2132.6                                 | 1083.8         | 401.3              | 1048.8        |
|         | c) Bonus Account   | 0.0               | 0.0                                    | 0.0           | 0.0                | 0.0                                    | 0.0            | 0.0                | 0.0           |
| 11.     | Postal Life Insurance                                      | 32.9              | 30.0                                   | 0.0           | 3.0                | 24.3                                   | 32.8           | 0.2                | -8.5          |
| 12.     | Prize Bond   | 18.2              | 9.1                                    | 4.9           | 9.1                | 19.8                                   | 12.6           | 4.4                | 7.2           |
| 13.     | Wage Earners' Development Bond                             | 240.7             | 106.2                                  | 251.8         | 134.5              | 349.6                                  | 71.2           | 199.4              | 278.5         |
| 14.     | 3-year National Investment Bond                            | 0.0               | 0.6                                    | 0.1           | -0.6               | 0.0                                    | 0.5            | 0.1                | -0.5          |
| 15.     | US \$ Premium Bond   | 14.6              | 18.3                                   | 5.5           | -3.7               | 12.3                                   | 10.2           | 4.5                | 2.1           |
| 16.     | US \$ Investment Bond                                      | 60.1              | 43.0                                   | 19.8          | 17.2               | 201.9                                  | 52.2           | 31.4               | 149.6         |
| 17.     | <b>Total : (1+...+15)</b>                                  | <b>13186.9</b>    | <b>4109.3</b>                          | <b>2933.2</b> | <b>9077.7</b>      | <b>15258.3</b>                         | <b>6224.6</b>  | <b>3580.8</b>      | <b>9033.7</b> |
|         |  |                   | <b>Outstandings as on October 2014</b> |               | <b>Net Changes</b> | <b>Outstandings as on October 2015</b> |                | <b>Net Changes</b> |               |
| 18.     | <b>Govt. Treasury Bills/Bonds</b>                          |                   | <u>19619.6</u>                         |               | <u>1991.2</u>      |  | <u>23538.9</u> |                    | <u>-37.1</u>  |
|         | i) Government Treasury Bills                               |                   | 178.5                                  |               | 104.7              |  | 861.24         |                    | -23.5         |
|         | <b>ii) Bangladesh Govt. Treasury Bonds (BGTBs)</b>         |                   | <u>19441.1</u>                         |               | <u>1886.5</u>      |  | <u>22677.7</u> |                    | <u>-13.6</u>  |
|         | a) 2-year Bangladesh Government Treasury Bonds             |                   | 582.4                                  |               | 94.3               |  | 418.70         |                    | -446.9        |
|         | b) 5-year Bangladesh Government Treasury Bonds             |                   | 5373.0                                 |               | 357.9              |  | 6040.41        |                    | 171.1         |
|         | c) 10-year Bangladesh Government Treasury Bonds            |                   | 7222.1                                 |               | 992.8              |  | 9147.05        |                    | 331.0         |
|         | d) 15-year Bangladesh Government Treasury Bonds            |                   | 2491.9                                 |               | 344.2              |  | 2908.57        |                    | 52.7          |
|         | e) 20-year Bangladesh Government Treasury Bonds            |                   | 3771.7                                 |               | 97.3               |  | 4162.96        |                    | -121.6        |
| 19.     | <b>Total Non-bank Government Borrowing (net) : (16+17)</b> |                   |  |               | <b>11068.8</b>     |  |                |                    | <b>8996.6</b> |

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