

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

July-October, FY18



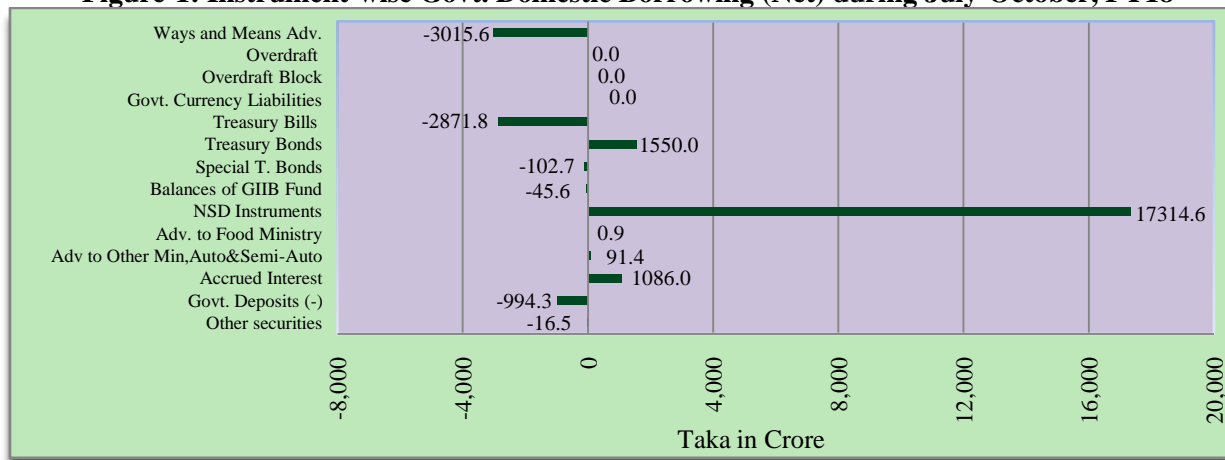
**Research Department
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Government Borrowing from Domestic Sources in July-October, FY18

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-October, FY18 is depicted in Figure-1.

Figure-1: Instrument-wise Govt. Domestic Borrowing (Net) during July-October, FY18



Source: Debt Management Department, Statistics Department, Bangladesh Bank, National Savings Directorate, October 2017

Govt. domestic borrowing (net) stood at Tk. 12996.5 crore during July-October, FY18 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).

It may be noted that the amount was Tk. 10681.6 crore and Tk. 11569.8 crore during July-September of FY18 and July-October of FY17 respectively. The govt. domestic borrowing (net) during July-October, FY18 is 12.3 percent higher than that of the same period of the previous year. It may be mentioned that Govt. borrowed Tk. 17314.6 crore through NSD instruments in July-October, FY18. It is observed that govt. deposits increased by Tk. 994.3 crore (net) with the banking system during this period. Deposits with Bangladesh Bank (BB) increased by Tk. 392.8 crore and deposits with scheduled banks (SBs) increased by Tk. 601.5 crore.

Govt. repaid (net) Tk. 2302.7 crore through T-Bills and Bonds to the banking system during July-October, FY18.

From Figure-2, it is observed that the net borrowing from banking system was negative in July, FY18.

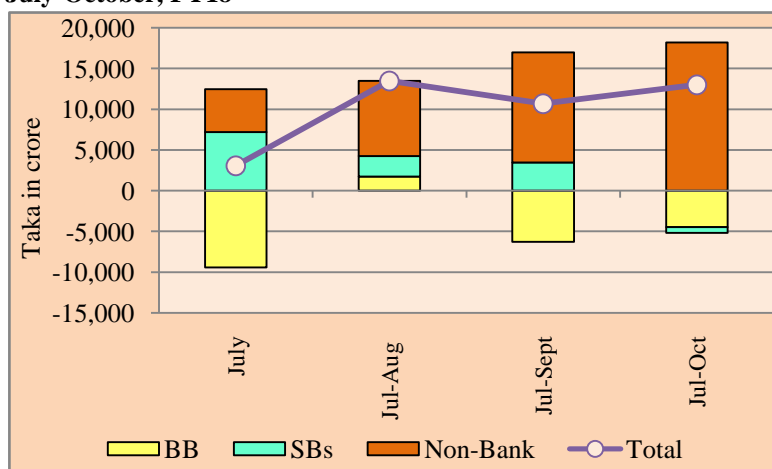
But, Govt. borrowing from banking system was positive during July-August, FY18. The net borrowing through banking system decreased during July-September, FY18.

Govt. borrowing from the banking system decreased by Tk. 5196.3 crore during July-October, FY18.

On the other hand, non-bank govt. borrowing (net) stood at Tk. 18192.8 crore during July-October, FY18.

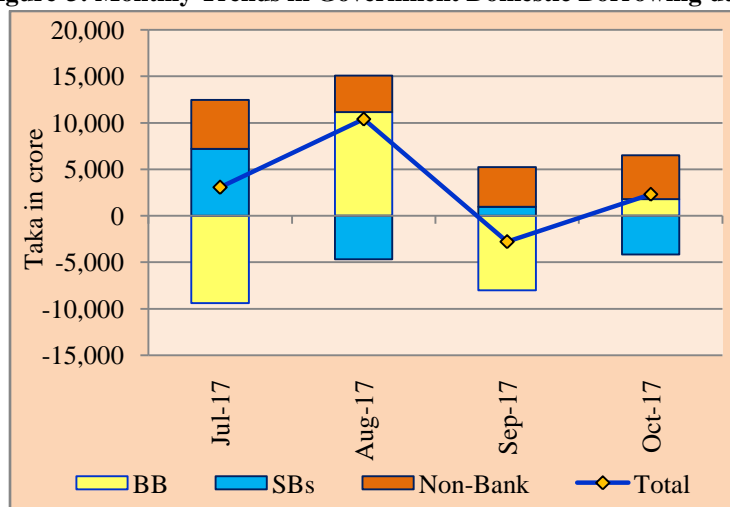
As a result, govt. borrowing (net) from the domestic sources during July-October, FY18 stood at Tk. 12996.5 crore. The movement in net govt. borrowing from different domestic sources during July-October, FY18 is demonstrated in Figure-2.

Figure-2: Movements in Government Domestic Borrowing during July-October, FY18



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, October, 2017.

Figure-3: Monthly Trends in Government Domestic Borrowing during July-October of FY18



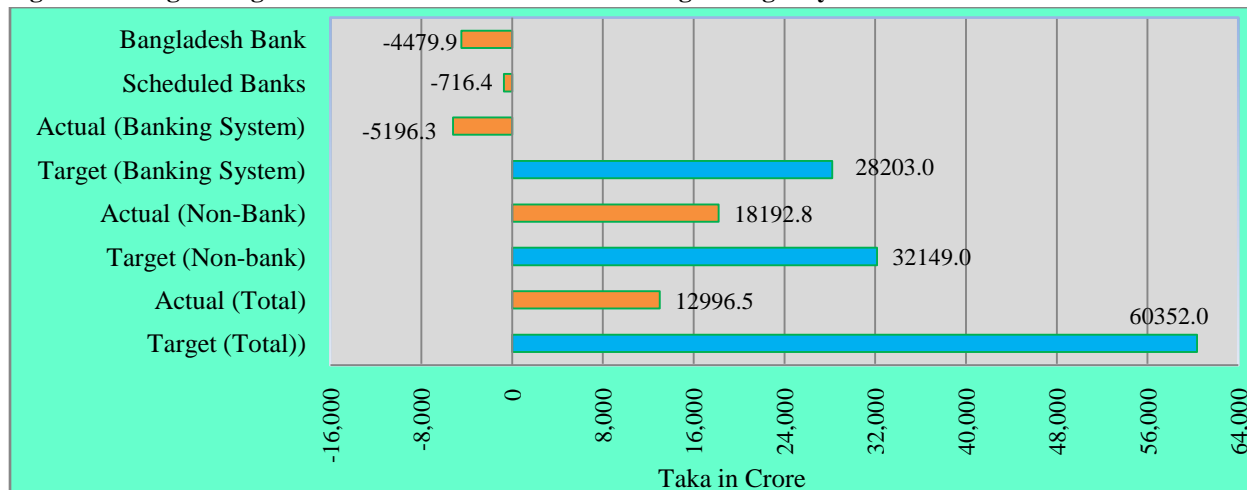
Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, October 2017.

Figure-3 shows the monthly movement of government net domestic borrowing during July-October of FY18.

During the month of October, 2017, Govt. domestic borrowing sharply increased by Tk. 2314.9 crore (repaid Tk. 4181.6 crore to SBs and borrowed Tk. 1802.5 crore from BB, Tk. 4694.0 crore from non-bank) which is Tk. 5091.2 crore higher than that of the month of September, 2017.

In the budget of FY18, Tk. 60352.0 crore has been fixed for borrowing from domestic sources by the government of which Tk. 28203.0 crore and Tk. 32149.0 crore have been targeted to borrow from banking and non-banking sources respectively. During July-October of FY18, the net repayment and holding of cash balances with Bangladesh Bank stood at Tk. 4479.9 crore. In addition, the net repayment and holding of cash balances with scheduled banks stood at Tk. 716.4 crore during the same period.

Figure-4: Budget Target and Net Govt. Domestic Borrowing during July-October of FY18



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, October 2017.

A comparative picture of government total budget target and actual domestic borrowing situation during July-October of FY18 is shown in Figure-4. Government total borrowing from other than banks (including NSD, T-Bills and Bonds) stood at Tk. 18192.8 crore of which Tk. 17314.6 crore was borrowed through NSD instruments during July-October, FY18. The total net government domestic borrowings (banking and non-banking sources) stood at Tk. 12996.5 crore during July-October of FY18 which is 21.5 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. 52.0 billion in October, FY18 compared to the outstanding of Govt. domestic borrowings of June, FY17.
- Govt. borrowed Tk. 181.9 billion (of which Tk. 173.1 billion through NSD instruments) from other than banks in July-October, FY18, which is 56.6 percent of the total budget target.
- Government borrowings from NSD instrument is increasing significantly due to its relatively higher interest rate on NSD than other savings rates.

Annex-1

Table I : Government Borrowing Position from the Banking System during July-October of FY18

(Provisional)
(Taka in crore)

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 17	Outstanding as on 30 September 17	Outstanding as on 31 October 17	Change (+) / (-)	
							October 17	July-October 17
1	2	3	4	5	6	7	8=(7-6)	9=(7-5)
A. Bangladesh Bank								
1.	Ways and Means Advances		To increase Government cash balance	3015.6	0.0	0.0	0.0	-3015.6
2.	Overdraft			0.0	0.0	0.0	0.00	0.0
3.	Overdraft Block			5685.0	5685.0	5685.0	0.0	0.0
4.	Devolvement			5031.1	4940.4	4811.7	-128.7	-219.5
	a) Treasury Bills			811.6	607.3	478.6	-128.7	-333.0
	b) Treasury Bonds			4219.5	4333.1	4333.1	0.0	113.6
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			108.4	83.7	83.6	-0.1	-24.8
8.	Government Deposits ^{@/} (-)			-29.2	-2238.9	-422.0	1816.9	-392.8
9.	BB's Balances of GIIB Fund (-)			-2999.5	-3941.2	-3826.8	114.4	-827.3
A. Total : (1 +...+ 9)*				12,837.7	6,555.3	8,357.8	1,802.5	-4,479.9
B. Deposit Money Banks (DMBs)								
1.	Government Treasury Bills			23518.5	23514.7	20990.5	-2524.2	-2528.0
	i) Treasury Bills (Less than 1 year)		To increase Government cash balance	23518.5	23514.7	20990.5	-2524.2	-2528.0
2.	Bangladesh Govt. Treasury Bonds (BGTB)			99758.5	100498.1	100306.0	-192.2	547.5
	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	7108.8	6999.1	6614.5	-384.6	-494.3
	ii) 5-years Bangladesh Govt. Treasury Bonds			24503.6	24107.9	24019.7	-88.2	-483.9
	iii) 10-years Bangladesh Govt. Treasury Bonds			38775.5	39289.6	39557.4	267.8	781.9
	iv) 15-years Bangladesh Govt. Treasury Bonds			16284.7	16674.1	16664.6	-9.5	379.9
	v) 20-years Bangladesh Govt. Treasury Bonds			13085.9	13427.5	13449.8	22.4	363.9
3.	Others Treasury Bonds			11997.6	11894.9	11894.9	0.0	-102.7
	a) 5 Years and above (Specialized Bonds)			11997.6	11894.9	11894.9	0.0	-102.7
	i) 7 & 10-years (BJMC&BTMC) interest free Treasury Bond- 2017 & 2020	Issued 16 Jan-2011 and maturity date 16 January 2018 & 2021 respectively	To repay the loan of BJMC & BTMC	339.0	339.0	339.0	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	29.6	29.6	29.6	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	20.5	20.5	20.5	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.	8.9	6.2	6.2	0.0	-2.7
v)	10-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	2922.5	2822.5	2822.5	0.0	-100.0
vi)	6-years (BPC) Treasury Bond bearing 7.0 percent interest	Issued 26 Dec 2011 and Maturity date 26 Dec-2017	To repay the loan of Bangladesh Petroleum Corporation	950.0	950.0	950.0	0.0	0.0
vii)	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
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)			135274.6	135907.7	133191.4	-2716.3	-2083.2
5.	Prize Bond/Income Tax Bond			26.4	22.8	9.5	-13.3	-16.9
6.	Government's other Securities			3.5	3.8	3.9	0.1	0.4
7.	Advances to Food Ministry			291.1	288.2	292.0	3.8	0.9
8.	Advances to Other Ministries			1657.5	1824.3	1697.2	-127.1	39.7
9.	Advances to Auto./Semi-Autonomous Bodies			1415.8	1167.4	1467.5	300.1	51.7
10.	Accrued Interest			3453.0	4355.6	4563.8	208.2	1110.8
11.	Deposits of Ministries and Departments (-)			-26630.1	-25396.1	-25255.9	140.2	1374.2
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-38021.2	-38148.0	-39996.9	-1848.9	-1975.7
13.	SBs's Balances of GIIB Fund (i+ii)			2816.5	3726.6	3598.2	-128.4	781.7
i)	Investment to GIIB Fund			8276.1	8186.2	7957.8	-228.4	-318.3
ii)	Borrowing from GIIB Fund (-)			-5459.6	-4459.6	-4359.6	100.0	1100.0
	B. Total : (4+...+13)			80287.1	83752.3	79570.7	-4181.6	-716.4
	Grand Total : (A+B)*			93,124.8	90,307.6	87,928.5	-2379.1	-5,196.3

Notes: @/ Including other deposits.

1/ An amount of Tk. 2.7 crore was paid in July 2017 against the outstanding of Tk. 8.9 crore in June 2017

2/ An amount of Tk. 100 crore was paid in September 2017 against the outstanding of Tk. 2922.5 crore in June 2017

*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-October of FY18

(Taka in Crore)

Sl. No.	Particulars	July-October 2016				July-October 2017			
		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	0.7	0.9	-0.7	0.0	0.3	0.3	-0.3
2.	5-year Bangladesh Savings Certificate	1972.1	506.9	165.2	1465.2	1917.5	818.8	390.6	1098.6
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	8547.2	1931.9	1984.9	6615.3	8908.3	2591.7	3421.9	6316.6
7.	3-month interest bearing Savings Certificate	5749.7	1960.7	955.1	3789.0	7837.7	3294.6	1809.6	4543.1
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	1605.7	507.1	300.2	1098.7	2368.6	599.4	399.2	1769.3
10.	Post Office Savings Bank	4281.9	1746.4	443.1	2535.5	5075.0	2172.4	475.8	2902.6
	a) General Account	753.7	525.1	38.2	228.5	956.2	698.3	14.5	257.9
	b) Fixed Account	3528.2	1221.3	405.0	2306.9	4118.8	1474.1	461.3	2644.7
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	29.7	27.7	8.2	2.0	27.5	29.1	9.3	-1.5
12.	Prize Bond	25.6	11.8	4.9	13.8	21.5	7.6	6.4	13.9
13.	Wage Earners' Development Bond	418.8	51.4	132.5	367.4	681.2	47.2	180.7	634.0
14.	3-year National Investment Bond	0.0	0.4	0.1	-0.4	0.0	0.2	0.0	-0.2
15.	US \$ Premium Bond	9.4	9.3	7.2	0.1	7.2	0.2	0.7	7.0
16.	US \$ Investment Bond	114.9	84.1	14.8	30.9	118.4	86.9	37.9	31.5
17.	Total : (1+...+15)	22755.1	6838.4	4017.1	15916.7	26962.9	9648.2	6732.2	17314.6
			Outstandings as on	Net Changes	Outstandings as on	Net Changes			
			October 2016	June-Oct 2016	October 2017	June-Oct 2017			
18.	Govt. Treasury Bills/Bonds		24755.0		661.5		26243.4		878.2
	i) Government Treasury Bills		286.13		-26.2		209.82		-10.8
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		24468.8		687.6		26033.58		888.9
	a) 2-year Bangladesh Government Treasury Bonds		515.49		46.8		315.96		-55.8
	b) 5-year Bangladesh Government Treasury Bonds		6056.96		-32.7		6048.44		270.3
	c) 10-year Bangladesh Government Treasury Bonds		10118.37		296.2		10709.57		418.1
	d) 15-year Bangladesh Government Treasury Bonds		3253.43		190.9		3908.30		120.2
	e) 20-year Bangladesh Government Treasury Bonds		4524.57		186.5		5051.31		136.1
19.	Total Non-bank Government Borrowing (net) : (17+18)				16578.1				18192.8

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