

Monthly Report On Government Borrowing from Domestic Sources

July-September of FY16¹



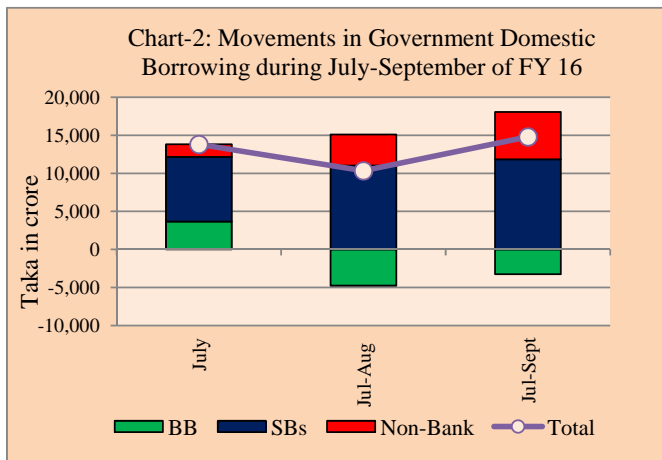
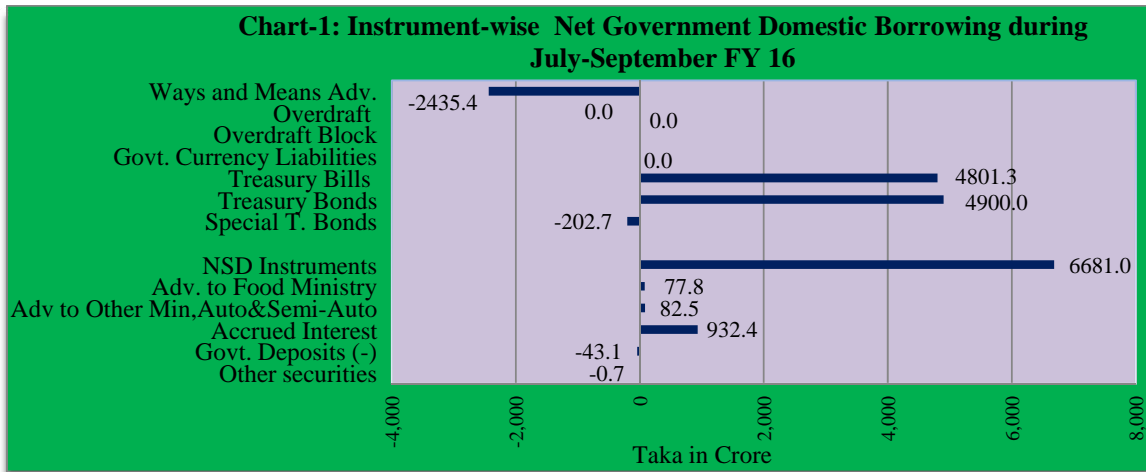
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Government Borrowing from Domestic Sources during July-September of FY16

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.

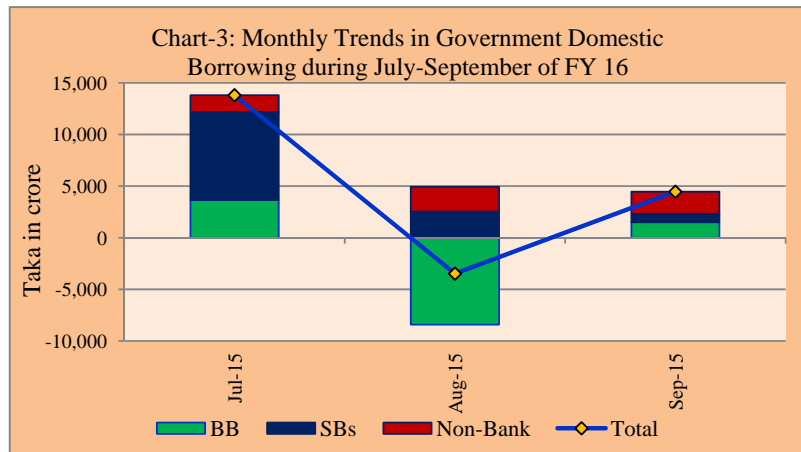
It is observed that the govt. borrowed Tk.4697.3 crore (net) through Bonds and Tk.4801.3 crore through Treasury Bills during July-September of FY16. In addition to that, govt. borrowed Tk.6681.0 crore through NSD instruments during the period. Net govt. domestic borrowing stood at Tk.14793.0 crore during July-September 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.43.1 crore (net) with the banking system. Deposits with Bangladesh Bank increased by Tk.829.6 crore whereas deposits with scheduled banks decreased by Tk.786.5 crore. Instrument-wise net govt. domestic borrowing during July-September' 15 is depicted in chart-1.



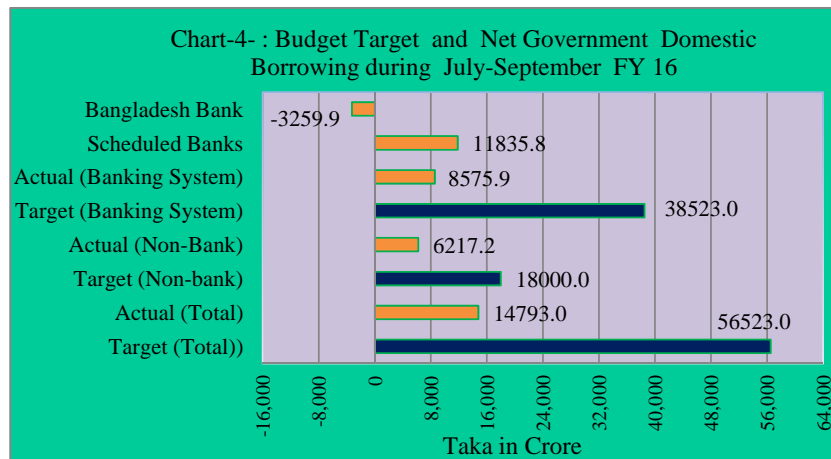
The movement in net govt. borrowing from different domestic sources during July-September of FY16 is demonstrated in chart-2. During July-September of FY16, govt. borrowing from banking system was much higher than the govt. repayment and holding cash balances after the adjustments with repayments, deposits and advances of autonomous and semi-autonomous bodies. In contrast govt. borrowed Tk.6217.2 crore from other than banking sources (including NSD, Treasury Bills and Treasury Bonds) of

which Tk.6681.0 crore (net) borrowed through NSD during July- September of FY16.

Monthly movement of government's net domestic borrowing is represented in chart-3. During the month of September'15 govt. borrowed Tk.1497.3 crore from Bangladesh Bank, Tk.812.7 crore from schedule banks, Tk.2148.2 crore from non-banking sources. As a result, net govt. borrowing stood at Tk. 4458.1 crore during the month of September' 15.



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-September FY16, the total repayment and holding of cash balances



with Bangladesh Bank stood at Tk.3259.9 crore and the total govt. borrowings from scheduled banks stood at Tk.11835.8 crore. As a result, the total govt. borrowings from the banking system during this period stood at Tk.8575.9 crore (22.26 percent of the budget). The government borrowed (net) Tk. 9498.5 crore through T-Bills and T-Bonds which covered 24.66 percent of the total budget target from the banking system. Moreover, government borrowed Tk.6217.2 crore from other than banks (including NSD, T-Bills and Bonds), which covered 34.5 percent of the total budget target from non-banking sources. Government borrowed Tk.6681.0 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.14793.0 crore after the adjustment with government deposits and other items during July-September of FY16. A comparative picture of government total budget target and actual domestic borrowing during July- September of FY16 is produced in chart-4.

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

Sl. No	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 15	Outstanding as on 31 August 15	Outstanding as on 30 September 15	Change (+) / (-)	
							September 15	Jul-Sept
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	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.	Accrued Interest			2.9	4.5	8.0	3.5	5.1
8.	Government Deposits (-)			-135.7	-2459.1	-965.3	1493.8	-829.6
A. Total : (1 +...+ 8)				11917.6	7160.4	8657.7	1497.3	-3,259.9
B. Deposit Money Banks (DMBs)								
1. Government Treasury Bills								
i)	Treasury Bills (Less than 1 year)		To increase Government cash balance	30544.7	36187.4	35405.9	-781.5	4861.3
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	8740.5	9667.75	9457.75	-210.0	717.3
ii)	5-years Bangladesh Govt. Treasury Bonds			26550.7	26926.06	27024.03	98.0	473.4
iii)	10-years Bangladesh Govt. Treasury Bonds			35227.6	37145.40	37386.12	240.7	2158.5
iv)	15-years Bangladesh Govt. Treasury Bonds			12860.4	13848.82	13940.67	91.9	1080.3
v)	20-years Bangladesh Govt. Treasury Bonds			9095.4	9781.18	9969.76	188.6	874.4
3. Others Treasury Bonds (a+b)				14330.5	14327.7	14127.7	-200.0	-202.7
a) 1 Year and above but less than 5 years (Specialized Bonds)								
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	Issued 5 Oct-2011 and maturity date 5 October 2014 & 2015 respectively	To repay the loan of Bangladesh Petroleum Corporation	200.0	200.0	200.0	0.0	0.0
b) 5 Years and above (Specialized Bonds)				14130.5	14127.7	13927.7	-200.0	-202.7
i)	6, 7 & 10-years (BJMC & BTMC) interest free Treasury Bond-2016, 2017 & 2020	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 ^{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.	14.4	11.6	11.6	0.0	-2.7
v)	7-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest ^{2/}	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	3122.5	2922.5	-200.0	-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	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
4. Sub-Total : (1+2+3)				137349.7	147884.4	147312.0	-572.3	9962.4
5.	Prize Bond/Income Tax Bond			32.5	34.3	32.5	-1.8	0.0
6.	Government's other Securities:			2.9	2.5	2.2	-0.3	-0.7
7.	Advances to Food Ministry			590.7	727.4	668.5	-58.9	77.8
8.	Advances to Other Ministries			1177.9	1244.9	1372.9	128.0	195.0
9.	Advances to Auto./Semi-Autonomous Bodies			1565.6	1045.2	1453.1	407.9	-112.5
10.	Accrued Interest			3344.0	4101.3	4271.3	170.0	927.3
11.	Deposits of Ministries and Departments (-)			-17615.2	-18477.4	-18055.6	421.8	-440.4
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-29501.4	-28592.8	-28274.5	318.3	1226.9
B. Total : (4+...+12)				96946.7	107969.8	108782.4	812.7	11835.8
Grand Total : A+B				108864.2	115130.1	117440.1	2310.0	8,575.9

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

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-September of FY1

(Taka in Crore)

Sl. No.	Particulars	July-September 2014				July-September 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)
	<u>NSD Instruments</u>								
1.	Defence Savings Certificate	0.0	1.1	2.9	-1.1	0.0	2.9	2.0	-2.9
2.	5-year Bangladesh Savings Certificate	1777.6	902.7	420.2	874.9	1477.8	765.4	327.7	712.3
3.	3-year Savings Certificate	0.0	0.0	0.0	0.0	0.0	1.5	0.0	-1.5
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	3384.2	192.4	718.6	3191.8	3632.4	734.3	1091.5	2898.1
7.	3-month interest bearing Savings Certificate	2518.5	491.2	366.0	2027.3	2943.3	1344.1	555.0	1599.3
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	1.4	0.0	-1.4
9.	Pensioner Savings Certificate	366.3	327.4	199.9	38.9	721.2	431.2	182.6	290.1
10.	Post Office Savings Bank	1495.6	958.9	231.4	536.7	1960.6	1103.6	306.1	857.0
	a) General Account	324.6	270.5	14.0	54.1	397.0	300.2	10.0	96.8
	b) Fixed Account	1171.0	688.4	217.4	482.6	1563.6	803.4	296.1	760.2
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	26.6	22.7	0.0	3.9	18.4	25.5	0.1	-7.1
12.	Prize Bond	15.1	9.1	3.9	6.0	17.1	12.6	2.8	4.5
13.	Wage Earners' Development Bond	211.7	84.7	195.2	127.0	260.8	48.0	140.5	212.8
14.	3-year National Investment Bond	0.0	0.5	0.1	-0.5	0.0	0.3	0.1	-0.3
15.	US \$ Premium Bond	10.9	16.6	3.5	-5.7	9.7	6.9	4.5	2.8
16.	US \$ Investment Bond	49.0	26.9	15.9	22.1	155.6	38.3	15.9	117.3
17.	Total : (1+...+15)	9855.5	3034.5	2157.6	6821.0	11196.9	4515.9	2628.8	6681.0
			Outstandings as on September 2014		Net Changes	Outstandings as on September 2015		Net Changes	
18.	Govt. Treasury Bills/Bonds		18778.1		1149.7		23112.2		-463.8
	i) Government Treasury Bills		150.7		76.8		824.80		-60.0
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		<u>18627.4</u>		<u>1072.9</u>		<u>22287.5</u>		<u>-403.8</u>
	a) 2-year Bangladesh Government Treasury Bonds		498.1		10.0		498.25		-367.3
	b) 5-year Bangladesh Government Treasury Bonds		5151.5		136.5		5995.97		126.6
	c) 10-year Bangladesh Government Treasury Bonds		6868.4		639.1		8757.49		-58.5
	d) 15-year Bangladesh Government Treasury Bonds		2414.7		267.0		2875.58		19.8
	e) 20-year Bangladesh Government Treasury Bonds		3694.8		20.4		4160.16		-124.4
19.	Total Non-bank Government Borrowing (net) : (16+17)				7970.7				6217.2

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