

**Monthly Report On**  
**Government Borrowing from Domestic Sources<sup>1</sup>**



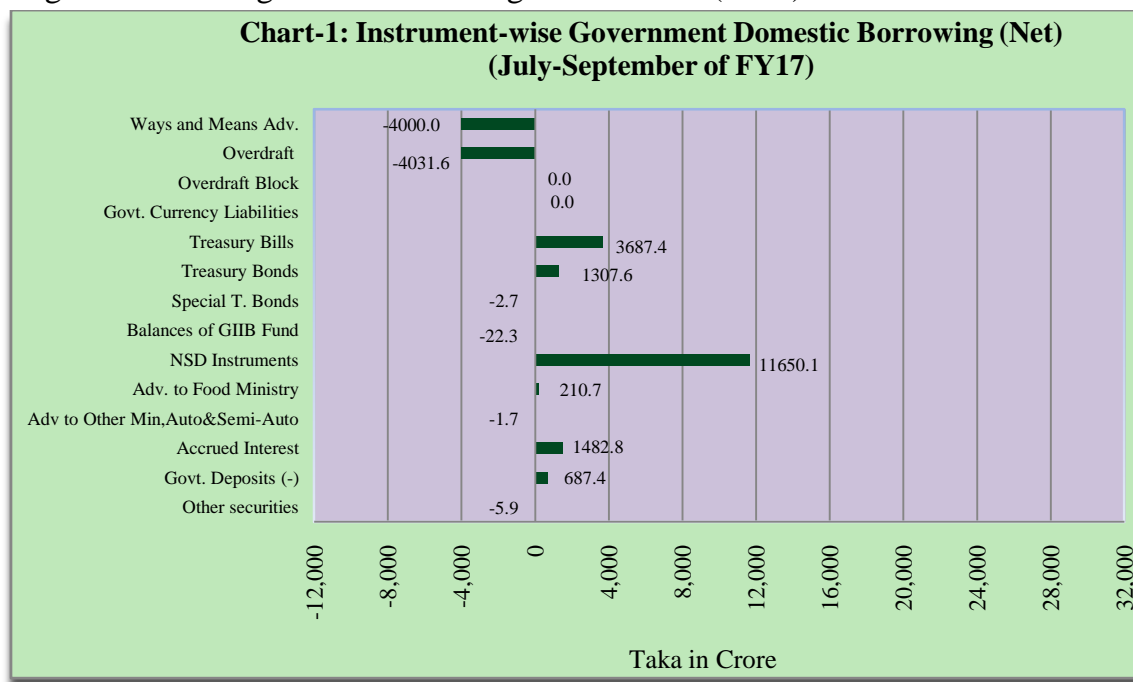
**Research Department**  
**Bangladesh Bank**

---

<sup>1</sup>The report has been prepared by Money and Banking Division, Research Department, Bangladesh Bank (the Central Bank of Bangladesh). Comments are welcome to E-mail: [mohammad.abdul@bb.org.bd](mailto:mohammad.abdul@bb.org.bd).

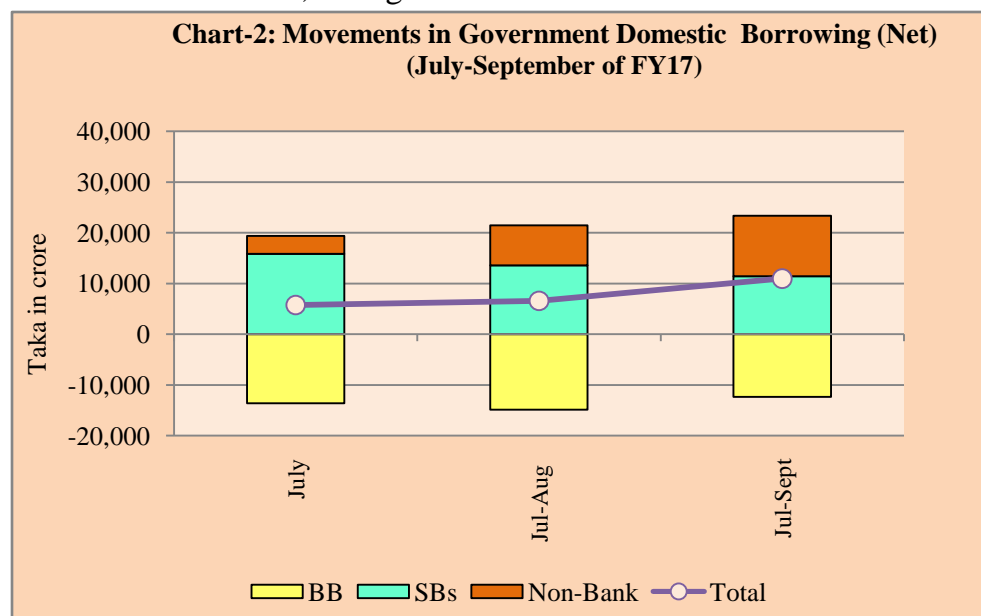
## . Government Borrowing from Domestic Sources during July-September of FY17

Government (Govt.) borrows both from domestic and external sources to meet its fiscal deficits. The sources of Govt. domestic borrowings are banks (Bangladesh Bank and Scheduled Banks) and other than banks. Govt. borrows mainly from banking system through Treasury Bills (T-Bills) and Bonds; in addition to that govt. borrows from non-banking sources through National Savings Directorate (NSD).



Govt. domestic borrowing (net) stood at Tk.10961.7 crore during July-September of FY17 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 is observed that the govt. borrowed Tk.1304.9 crore (net) through Treasury Bonds and Tk.3687.4 crore (net) through T-Bills during July-September of FY17. Govt. borrowed Tk. 11650.1 crore through NSD instruments during the period under report. During the period, govt. deposits decreased by Tk. 687.4 crore (net) with the banking system. Deposits with Bangladesh Bank (BB) increased by Tk. 2430.8 crore whereas deposits with scheduled banks (SBs) decreased by Tk.3118.2 crore. Instrument-wise net govt. domestic borrowing during July-September'16 is depicted in chart-1.

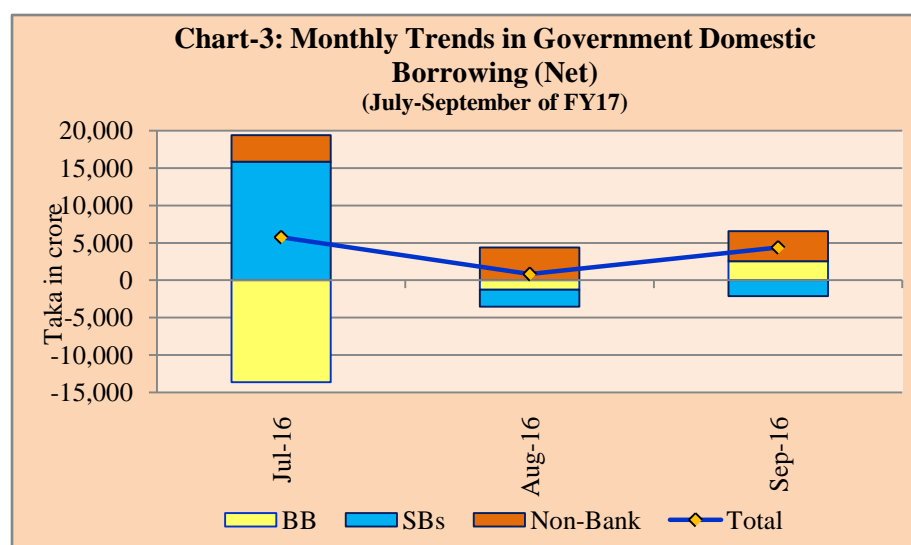
After the adjustments with repayments, deposits and advances of autonomous and semi-autonomous bodies, the govt. has borrowed less than the amount of repayment and



holding cash balances through banking system during July-September of FY17. Govt. borrowing from the banking system decreased by Tk.923.9 crore during July-September of FY17. On the other hand total

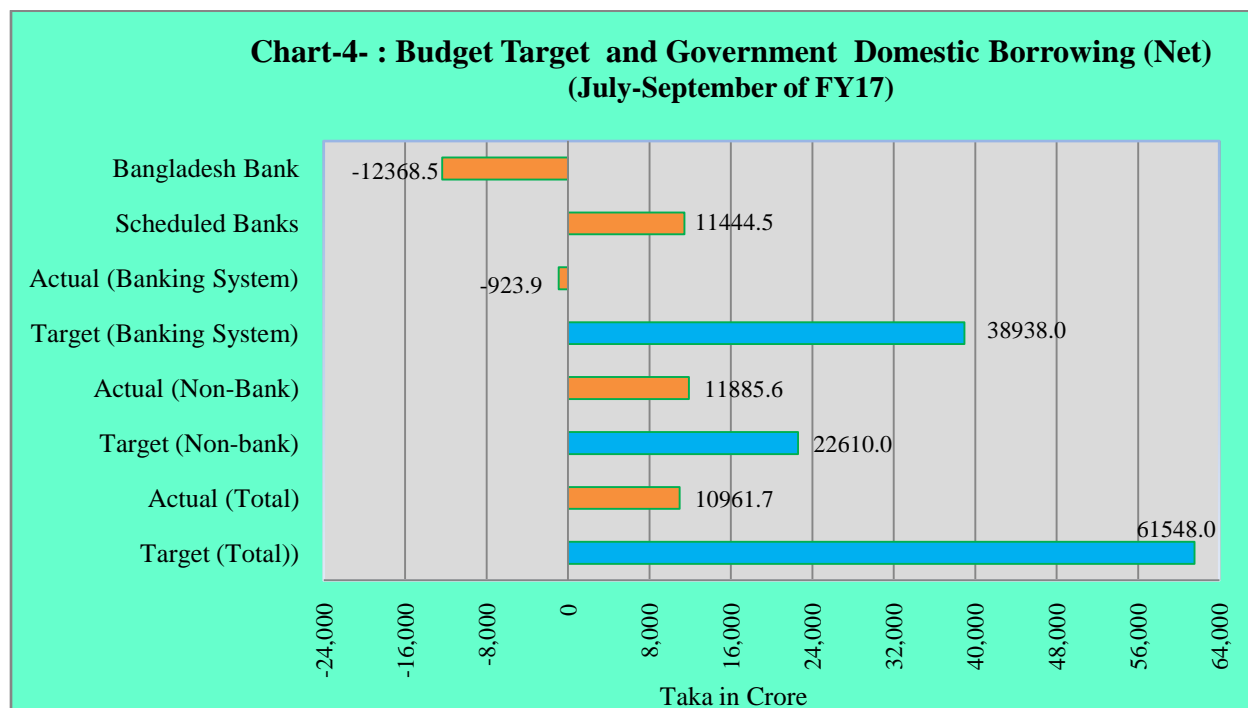
non- bank govt. borrowing (net) stood at Tk.11885.6 crore during the period. As a result, govt. borrowing (net) from the domestic sources during July-September of FY17 stood at Tk.10961.7 crore. The movement in net govt. borrowing from different domestic sources during July-September of FY17 is demonstrated in chart-2.

Monthly movement of government's net domestic borrowing is represented in chart-3. During the month of September 2016, Govt. borrowed Tk.4383.8 crore from domestic sources which was higher than the previous month.



In the budget of FY17, Tk.61548.0 crore has been fixed for borrowing from domestic sources by the government of which Tk.38938.0 crore and Tk.22610 crore have been

targeted to borrow from banking and non-banking sources respectively. During July-September of FY17, the net repayment and holding of cash balances with Bangladesh Bank stood at Tk. 12368.5 crore. On the other hand, the net borrowing from scheduled banks stood at Tk. 11444.5 crore during the same period.



During the period, govt. borrowed (net) Tk. 4756.7 crore through T-Bills and BGTBs from the banking system. Moreover, government borrowed Tk. 11885.6 crore from other than banks (including NSD, T-Bills and Bonds). Government borrowed Tk. 11650.1 crore through NSD instruments during the period. The total net government domestic borrowings (banking and non-banking sources) stood at Tk. 10961.7 crore after the adjustment with government deposits and other items during July-September of FY17. A comparative picture of government total budget target and actual domestic borrowing situation during July-September of FY17 is shown in chart-4.

**Major changes/findings of the govt. borrowings from domestic sources:**

- During July-September of FY17 total Govt. domestic borrowings (net) from banking system decreased by Tk.9.2 billion against the quarterly target of Tk.75 billion; i.e., during this period govt. did not borrow rather repaid Tk. 9.2 billion from the previous borrowings.
- It can be concluded that Govt. need not borrow (net) from the banking sector as the huge liquidity occurred by selling NSD certificates and due to seasonal impact on slower rate of ADP implementation in the first quarter of this fiscal year. Govt. borrowings is increasing much through NSD certificate as the interest rate of NSD certificate is significantly higher than any other interest rate prevailing in the market.

## Annex-1

Table I : Government Borrowing Position from the Banking System during July-September of FY17

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 16	Outstanding as on 31 August 16	Outstanding as on 30 September 16	(Provisional) (Taka in crore) Change (+) / (-)	
							September 16	July-September
1	2	3	4	5	6	7	8=(7-6)	9=(7-5)
<b>A.</b>	<b>Bangladesh Bank</b>							
1.	Ways and Means Advances		To increase Government cash balance	4000.0	0.0	0.0	0.0	-4000.0
2.	Overdraft			4031.6	0.0	0.0	0.00	-4031.6
3.	Overdraft Block			7185.0	7185.0	7185.0	0.0	0.0
4.	Devolvement			<b>4678.6</b>	<b>5966.3</b>	<b>5391.8</b>	<b>-574.5</b>	<b>713.3</b>
	a) Treasury Bills			1562.9	2275.7	1701.2	-574.5	138.3
	b) Treasury Bonds			3115.7	3690.6	3690.6	0.0	575.0
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.	Accured Interest			73.9	90.6	97.5	6.9	23.6
8.	Government Deposits <sup>@/</sup> (-)			-47.1	-4735.3	-2477.9	2257.4	-2430.8
9.	BB's Balances of GIIB Fund (-)			-8590.3	-12066.9	-11233.2	833.7	-2642.9
<b>A.</b>	<b>Total : (1 +...+ 8)*</b>			<b>13358.0</b>	<b>-1534.0</b>	<b>989.5</b>	<b>2523.5</b>	<b>-12368.5</b>
<b>B.</b>	<b>Deposit Money Banks (DMBs)</b>							
1.	Government Treasury Bills			<b>24061.1</b>	<b>29433.2</b>	<b>27585.0</b>	<b>-1848.3</b>	<b>3523.9</b>
	i) Treasury Bills (Less than 1 year)		To increase Government cash balance	24061.1	29433.2	27585.0	-1848.3	3523.9
2.	<b>Bangladesh Govt. Treasury Bonds (BGTB)</b>			<b>100829.5</b>	<b>101978.1</b>	<b>101351.8</b>	<b>-626.3</b>	<b>522.3</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	8521.5	8256.6	7926.5	-330.1	-595.0
	ii) 5-years Bangladesh Govt.Treasury Bonds			26336.6	26956.9	26694.1	-262.8	357.5
	iii) 10-years Bangladesh Govt.Treasury Bonds			38596.0	39148.5	39020.4	-128.1	424.4
	iv) 15-years Bangladesh Govt.Treasury Bonds			15365.0	15485.6	15536.3	50.7	171.3
	v) 20-years Bangladesh Govt.Treasury Bonds			12010.5	12130.5	12174.5	44.0	164.0
3.	<b>Others Treasury Bonds (a+b)</b>			<b>13887.7</b>	<b>13885.0</b>	<b>13885.0</b>	<b>0.0</b>	<b>-2.7</b>
	<b>a) 1 Year and above but less than 5 years (Specialized Bonds)</b>							
	i) 3-Years and 4-years (BPC) Treasury Bond bearing 7.0 percent interest <sup>3/</sup>	Issued 5 Oct-2011 and maturity date 5 October 2014 & 2015 respectively	To repay the loan of Bangladesh Petroleum Corporation					
	<b>b) 5 Years and above (Specialized Bonds)</b>			<b>13887.7</b>	<b>13885.0</b>	<b>13885.0</b>	<b>0.0</b>	<b>-2.7</b>

	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	53.2	53.2	53.2	0.0	0.0
	iii)	25-years (Jute) Treasury Bond-2019 bearing 5.0 percent interest <sup>5/</sup>	Issued 30 Jun-1994 and maturity date 30 Jun-2019	To compensate for the liquidation of jute sector credit	36.9	36.9	36.9	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.	11.6	8.9	8.9	0.0	-2.7
	v)	10-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	2922.5	2922.5	2922.5	0.0	0.0
	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	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.</b>	<b>Sub-Total : (1+2+3)</b>				<b>138778.4</b>	<b>145296.3</b>	<b>142821.8</b>	<b>-2474.5</b>	<b>4043.4</b>
<b>5.</b>	Prize Bond/Income Tax Bond				30.5	27.7	23.4	-4.3	-7.1
<b>6.</b>	Government's other Securities				2.8	3.8	4.0	0.2	1.2
<b>7.</b>	Advances to Food Ministry				549.4	993.7	760.1	-233.6	210.7
<b>8.</b>	Advances to Other Ministries				1453.8	1460.8	1584.9	124.1	131.1
<b>9.</b>	Advances to Auto./Semi-Autonomous Bodies				1908.4	1731.6	1775.6	44.0	-132.8
<b>10.</b>	Accrued Interest				2908.7	3819.4	4367.9	548.5	1459.2
<b>11.</b>	Deposits of Ministries and Departments (-)				-21805.5	-21238.9	-20527.0	711.9	1278.5
<b>12.</b>	Deposits of Auto./Semi-Autonomous Bodies (-)				-34069.1	-32201.0	-32229.4	-28.4	1839.7
<b>13.</b>	<b>SBs's Balances of GIIB Fund (i+ii)</b>				<b>8414.5</b>	<b>11873.0</b>	<b>11035.1</b>	<b>-837.9</b>	<b>2620.6</b>
	i)	Investment to GIIB Fund			12189.1	13777.6	13699.7	-77.9	1510.6

	ii)	Borrowing from GIIB Fund (-)			-3774.6	-1904.6	-2664.6	-760.0	1110.0
<b>B. Total : (4+...+13)</b>					<b>98171.9</b>	<b>111766.4</b>	<b>109616.4</b>	<b>-2150.0</b>	<b>11444.5</b>
<b>Grand Total : (A+B)*</b>					<b>111529.8</b>	<b>110232.4</b>	<b>110605.9</b>	<b>373.5</b>	<b>-923.9</b>

**Notes:** @/ Including other deposits.

- 1/ 2 year Bangladesh Government Treasury Bond was introduced in May 2013
- 2/ An amount of Tk. 2.7 crore was paid in July 2016 against the outstanding of Tk. 11.6 crore in June 2016
- 3/ \*Including GIIB Fund
- 4/ An amount of Tk. 16.4 crore was paid in June 2016 against the outstanding of Tk. 53.3 crore in June 2015

Source: Debt Management Department, Statistics Department, Bangaldesh 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 FY17**

(Taka in Crore)

Sl. No.	Particulars	July-September 2015				July-September 2016			
		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><u>NSD Instruments</u></b>								
1.	Defence Savings Certificate	0.0	2.9	2.0	-2.9	0.0	0.7	0.9	-0.7
2.	5-year Bangladesh Savings Certificate	1477.8	765.4	327.7	712.3	1392.4	388.2	141.1	1004.2
3.	3-year Savings Certificate	0.0	1.5	0.0	-1.5	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	3632.4	734.3	1091.5	2898.1	6256.7	1439.1	1470.2	4817.5
7.	3-month interest bearing Savings Certificate	2943.3	1344.1	555.0	1599.3	4123.2	1402.6	703.0	2720.6
8.	Jamanat Savings Certificate	0.0	1.4	0.0	-1.4	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	721.2	431.2	182.6	290.1	1182.9	402.2	210.8	780.7
10.	Post Office Savings Bank	<b>1960.6</b>	<b>1103.6</b>	<b>306.1</b>	<b>857.0</b>	<b>3241.1</b>	<b>1247.5</b>	<b>301.7</b>	<b>1993.6</b>
	a) General Account	397.0	300.2	10.0	96.8	553.2	375.8	12.7	177.4
	b) Fixed Account	1563.6	803.4	296.1	760.2	2687.9	871.7	289.1	1816.2
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	18.4	25.5	0.1	-7.1	20.1	20.7	6.0	-0.7
12.	Prize Bond	17.1	12.6	2.8	4.5	21.0	11.8	2.5	9.2
13.	Wage Earners' Development Bond	260.8	48.0	140.5	212.8	311.9	32.5	83.4	279.4
14.	3-year National Investment Bond	0.0	0.3	0.1	-0.3	0.0	0.3	0.0	-0.3
15.	US \$ Premium Bond	9.7	6.9	4.5	2.8	8.4	6.9	4.0	1.6
16.	US \$ Investment Bond	155.6	38.3	15.9	117.3	92.6	47.8	10.5	44.8
17.	<b>Total : (1+...+15)</b>	<b><u>11196.9</u></b>	<b><u>4515.9</u></b>	<b><u>2628.8</u></b>	<b><u>6681.0</u></b>	<b><u>16650.2</u></b>	<b><u>5000.1</u></b>	<b><u>2934.1</u></b>	<b><u>11650.1</u></b>
		<b>Outstandings as on September 2015</b>			<b>Net Changes</b>	<b>Outstandings as on September 2016</b>			<b>Net Changes</b>
18.	<b>Govt. Treasury Bills/Bonds</b>		<b><u>23112.2</u></b>		<b><u>-463.8</u></b>		<b><u>24329.1</u></b>		<b><u>235.6</u></b>
	i) Government Treasury Bills		824.8		-60.0		337.5		25.2
	<b>ii) Bangladesh Govt. Treasury Bonds (BGTBs)</b>		<b><u>22287.5</u></b>		<b><u>-403.8</u></b>		<b><u>23991.6</u></b>		<b><u>210.4</u></b>
	a) 2-year Bangladesh Government Treasury Bonds		498.3		-367.3		523.7		55.0

	b) 5-year Bangladesh Government Treasury Bonds		5996.0		126.6		5918.9		-170.7
	c) 10-year Bangladesh Government Treasury Bonds		8757.5		-58.5		9975.8		153.6
	d) 15-year Bangladesh Government Treasury Bonds		2875.6		19.8		3144.9		82.4
	e) 20-year Bangladesh Government Treasury Bonds		4160.2		-124.4		4428.2		90.1
<b>19.</b>	<b>Total Non-bank Government Borrowing (net) : (17+18)</b>				<b><u>6217.2</u></b>				<b><u>11885.6</u></b>

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