

Monthly Report On
Government Borrowing from Domestic Sources¹

July-September, FY19



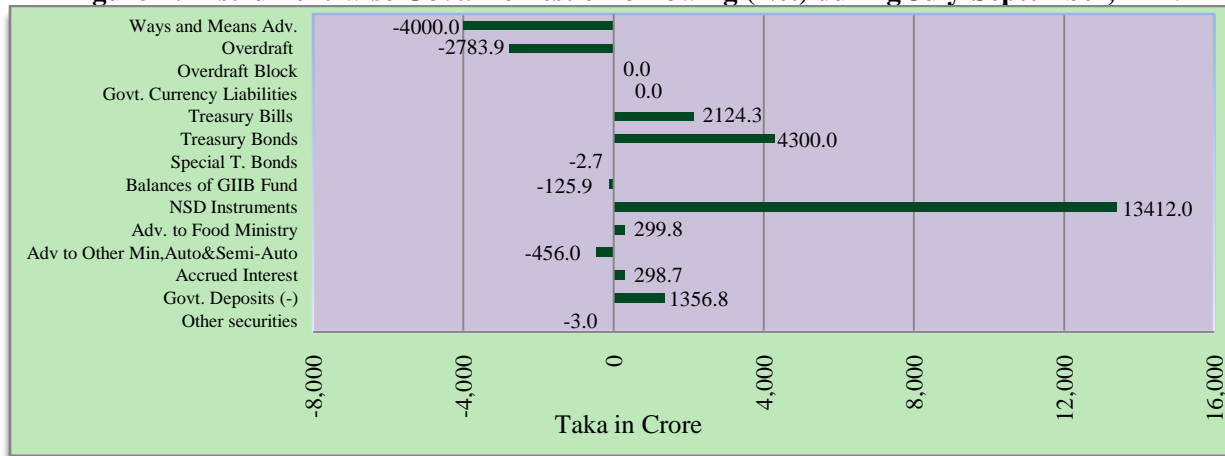
Research Department
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Government Borrowing from Domestic Sources in July-September, FY19

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-September, FY19 is depicted in Figure-1.

Figure-1: Instrument-wise Govt. Domestic Borrowing (Net) during July-September, FY19



Source: Debt Management Department, Statistics Department, Bangladesh Bank, National Savings Directorate, September 2018

Govt. domestic borrowing (net) stood at Tk. 14420.1 crore during July-September, FY19 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. 16202.6 crore and Tk. 10681.6 crore during July-August of FY19 and July-September of FY18 respectively. The govt. domestic borrowing (net) during July-September, FY19 is 35.0 percent higher than that of the same period of the previous year. It may be mentioned that Govt. borrowed Tk. 13412.0 crore through NSD instruments in July-September, FY19. It is observed that govt. deposits decreased by Tk. 1356.8 crore (net) with the banking system during this period. Deposits with Bangladesh Bank (BB) increased by Tk. 2846.7 crore and deposits with scheduled banks (SBs) decreased by Tk. 4203.5 crore.

Govt. borrowed (net) Tk. 6185.2 crore through T-Bills and Bonds to the banking system during July-September, FY19.

From Figure-2, it is observed that the net borrowing from banking system was positive in July, FY19.

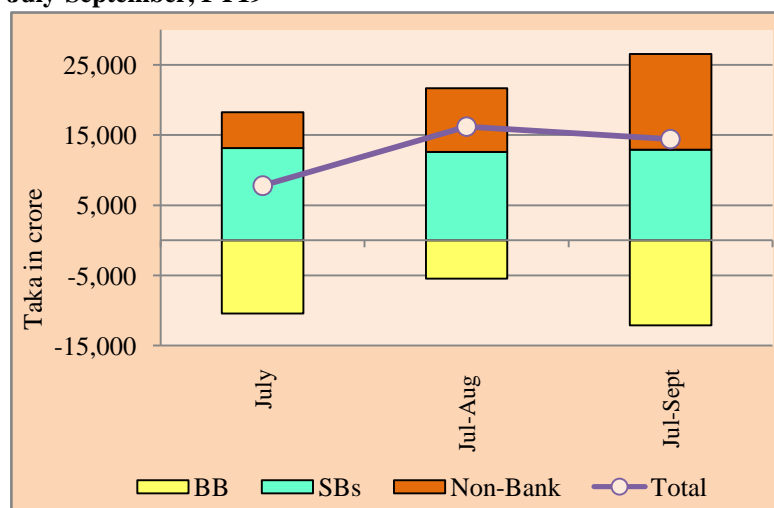
During July-August of FY19, The Govt borrowing increased through banking system as well.

The Govt. borrowing increased by Tk. 771.6 crore through banking system during July-September, FY19.

In addition, non-bank govt. borrowing (net) stood at Tk. 13648.5 crore during July-September, FY19.

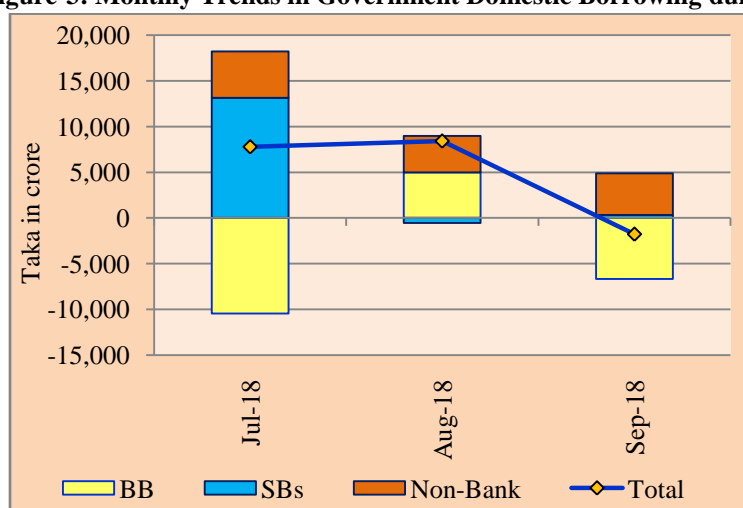
As a result, govt. borrowing (net) from the domestic sources in July-September, FY19 stood at Tk. 14420.1 crore. The movement in net govt. borrowing from different domestic sources during July-September, FY19 is demonstrated in Figure-2.

Figure-2: Movements in Government Domestic Borrowing during July-September, FY19



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, September 2018.

Figure-3: Monthly Trends in Government Domestic Borrowing during July-September of FY19



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, September 2018.

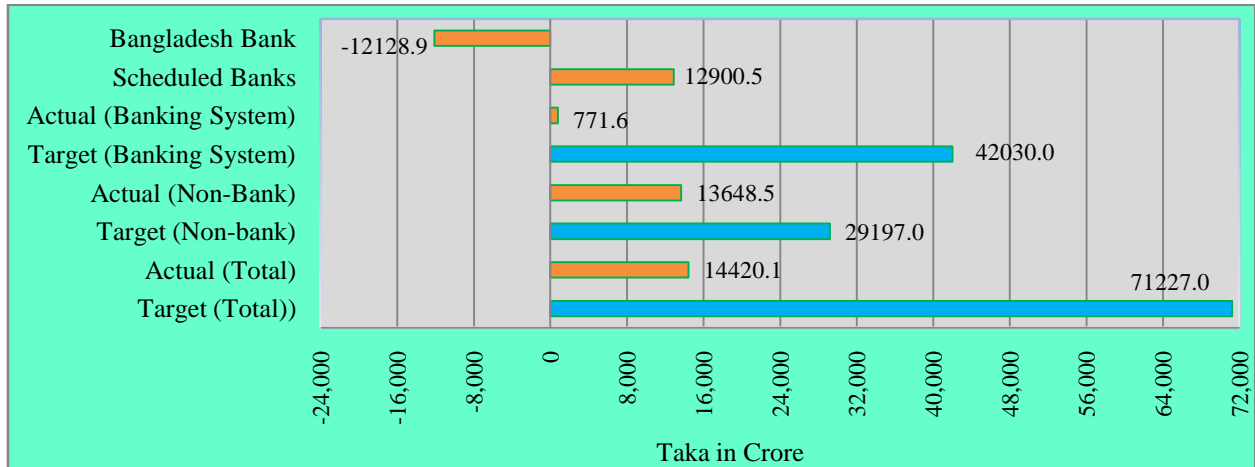
Figure-3 shows the monthly movement of government net domestic borrowing July-September, FY19.

During the month of September, 2018, Govt. domestic borrowing decreased by Tk. 1782.6 crore (borrowed Tk. 331.3 crore from SBs, Tk. 4559.9 crore from non-bank and repaid Tk. 6673.8 crore to BB) which is Tk. 10192.8 crore lower than that of the month of August, 2018.

In the budget of FY19, Tk. 71227.0 crore has been fixed for borrowing from domestic sources by the government of which Tk. 42030.0 crore and Tk. 29197.0 crore have been targeted to borrow from banking and non-banking sources respectively.

During July-September of FY19, the net repayment and holding of cash balances with Bangladesh Bank stood at Tk. 12128.9 crore. On the other hand, the net borrowing from scheduled banks stood at Tk. 12900.5 crore during the same period.

Figure-4: Budget Target and Net Govt. Domestic Borrowing during July-September of FY19



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, September 2018.

A comparative picture of government total budget target and actual domestic borrowing situation during July-September of FY19 is shown in Figure-4. Government total borrowing from other than banks (including NSD, T-Bills and Bonds) stood at Tk. 13648.5 crore of which Tk. 13412.0 crore was borrowed through NSD instruments during July-September of FY19. The total net government domestic borrowings (banking and non-banking sources) stood at Tk. 14420.1 crore during July-September of FY19 which is 20.2 percent of total budget target.

Major Findings of the Govt. Borrowings from Domestic Sources:

- From banking system, total outstanding of Govt. domestic borrowings increased by Tk. 7.7 billion during July-September of FY19 compared to the outstanding of Govt. domestic borrowings of June, FY18.
- Govt. borrowed Tk. 136.5 billion (of which Tk. 134.1 billion through NSD instruments) from other than banks during July-September of FY19, which is 46.7 percent of the Non-Bank budget target.
- Government borrowings from NSD instrument is significantly increasing due to its relatively higher interest rate than other savings rates.

Table I : Government Borrowing Position from the Banking System during July-September of FY19

(Provisional)

(Taka in crore)

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 18	Outstanding as on 31 August 18	Outstanding as on 30 September 18	Change (+) / (-)	
							8=(7-6)	9=(7-5)
A. Bangladesh Bank								
1.	Ways and Means Advances		To increase Government cash balance	4000.0	3988.8	0.0	-3988.8	-4000.0
2.	Overdraft			2783.9	0.0	0.0	0.0	-2783.9
3.	Overdraft Block			4185.0	4185.0	4185.0	0.0	0.0
4.	Devolvement			10682.9	10442.9	9940.6	-502.3	-742.3
	a) Treasury Bills			4881.7	4881.7	4017.4	-864.3	-864.3
	b) Treasury Bonds			5801.3	5561.3	5923.3	362.0	122.0
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.	Accrued Interest			111.9	145.4	131.0	-14.4	19.1
8.	Government Deposits ^{6/} (-)			-32.5	-319.5	-2879.2	-2559.7	-2846.7
9.	BB's Balances of GIB Fund (-)			-1300.5	-3467.0	-3075.6	391.4	-1775.1
A. Total : (1 +...+ 9)*				22457.0	17001.9	10328.1	-6673.8	-12128.9
B. Deposit Money Banks (DMBs)								
1. Government Treasury Bills								
	i) Treasury Bills (Less than 1 year)		To increase Government cash balance	21232.3	23915.0	24224.9	310.0	2992.7
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	103526.7	106435.1	107464.2	1029.1	3937.5
	ii) 5-years Bangladesh Govt. Treasury Bonds			8018.5	8732.1	9360.1	628.0	1341.6
	iii) 10-years Bangladesh Govt. Treasury Bonds			21369.1	22497.6	22767.9	270.3	1398.8
	iv) 15-years Bangladesh Govt. Treasury Bonds			39736.2	39896.2	39747.9	-148.3	11.7
	v) 20-years Bangladesh Govt. Treasury Bonds			18710.4	19036.9	19178.5	141.6	468.1
				15692.6	16272.4	16409.9	137.5	717.3
3. Others Treasury Bonds								
a) 1 Year and above but less than 5 years (Specialized Bonds)								
	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	40.5	40.5	40.5	0.0	0.0
b) 5 Years and above (Specialized Bonds)								
	i) 10-years (BJMC&BTMC) interest free Treasury Bond-2020	Issued 16 Jan-2011 and maturity date 16 January 2021	To repay the loan of BJMC & BTMC	204.0	204.0	204.0	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	14.8	14.8	14.8	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	10.3	10.3	10.3	0.0	0.0
	iv) 25-years (Jute) Treasury Bond-2020 bearing 5.0 percent interest	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.	6.2	3.4	3.4	0.0	-2.7
	v) 12-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest	Issued 25 Sep-2007 and Maturity date from 25 Sep-2015 to 25 Sep-2022	To repay the loan of Bangladesh Petroleum Corporation	2822.5	2822.5	2822.5	0.0	0.0
	vi) 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
	vii) 7-years SPTB-2020 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-2020		2000.0	2000.0	2000.0	0.0	0.0
	viii) 8-years SPTB-2021 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-2021	To increase Government cash balance	2000.0	2000.0	2000.0	0.0	0.0
	ix) 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)				135584.3	141172.7	142511.8	1339.0	6927.4
5.	Prize Bond/Income Tax Bond			25.3	25.8	21.9	-3.9	-3.4
6.	Government's other Securities			4.7	5.0	5.1	0.1	0.4
7.	Advances to Food Ministry			859.5	1542.1	1159.3	-382.8	299.8
8.	Advances to Other Ministries			1583.1	1902.9	1780.0	-122.9	196.9
9.	Advances to Auto./Semi-Autonomous Bodies			2375.4	1611.2	1722.5	111.3	-652.9
10.	Accrued Interest			2121.0	2675.5	2400.6	-274.9	279.6
11.	Deposits of Ministries and Departments (-)			-31161.7	-30335.2	-29787.9	547.3	1373.8
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-44628.6	-41272.8	-41798.9	-526.1	2829.7
13. SB's Balances of GIB Fund (i+ii)								
	i) Investment to GIB Fund			1053.5	3058.5	2702.7	-355.8	1649.2
	ii) Borrowing from GIB Fund (-)			9154.4	9339.4	9331.5	-7.9	177.1
B. Total : (4+...+13)				67816.5	80385.7	80717.1	331.3	12900.5
Grand Total : (A+B)*				90273.6	97387.6	91045.2	-6,342.4	771.6

Notes: @/ Including other deposits

1/ An amount of Tk. 2.7 crore was paid in July 2018 against the outstanding of Tk. 6.2 crore in June 2018

*Including GIB 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-September of FY1

(Taka in Crore)

Sl. No.	Particulars	July-September 2017			July-September 2018			Net Sale	
		Sale	Repayment		Net Sale	Sale	Repayment		
			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	0.2	0.2	-0.2	0.0	0.2	0.3	-0.2
2.	5-year Bangladesh Savings Certificate	1541.3	566.1	261.3	975.2	2836.4	1454.6	234.8	1381.9
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	6024.3	1875.9	2653.6	4148.5	5864.7	2011.1	2618.8	3853.6
7.	3-month interest bearing Savings Certificate	5753.4	2370.1	1317.4	3383.3	7161.7	2576.8	1504.3	4585.0
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	1863.8	399.1	276.6	1464.7	1367.8	456.9	456.1	910.8
10.	Post Office Savings Bank	3713.2	1541.4	343.3	2171.8	4464.6	2164.5	371.1	2300.1
	a) General Account	708.5	490.6	10.6	217.9	817.5	656.5	14.0	160.9
	b) Fixed Account	3004.7	1050.8	332.7	1953.9	3647.1	1507.9	357.1	2139.2
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	20.8	20.0	6.6	0.8	22.4	21.4	6.9	1.0
12.	Prize Bond	18.5	7.5	5.4	11.0	19.2	10.0	6.6	9.2
13.	Wage Earners' Development Bond	569.0	37.3	125.8	531.7	371.8	38.2	190.1	333.5
14.	3-year National Investment Bond	0.0	0.2	0.0	-0.2	0.0	0.5	0.0	-0.5
15.	US \$ Premium Bond	5.9	0.2	0.7	5.7	8.0	3.2	5.5	4.8
16.	US \$ Investment Bond	74.7	72.6	33.4	2.1	139.5	106.8	42.5	32.7
17.	Total : (1+...+16)	19584.9	6890.5	5024.3	12694.3	22256.1	8844.1	5436.8	13412.0
			Outstandings as on September 2017	Net Changes July-Sept, 2017	Outstandings as on September 2018	Net Changes July-Sept, 2018			
18.	Govt. Treasury Bills/Bonds		26169.7		804.5		26562.1		236.4
	i) Government Treasury Bills		178.30		-42.3		226.95		-4.0
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		25991.4		846.8		26335.17		240.5
	a) 2-year Bangladesh Government Treasury Bonds		331.41		-40.3		178.76		-13.6
	b) 5-year Bangladesh Government Treasury Bonds		6110.25		332.1		6221.67		151.2
	c) 10-year Bangladesh Government Treasury Bonds		10577.35		285.9		11006.02		88.3
	d) 15-year Bangladesh Government Treasury Bonds		3898.75		110.6		4216.79		131.9
	e) 20-year Bangladesh Government Treasury Bonds		5073.67		158.5		4711.93		-117.3
19.	Total Non-bank Government Borrowing (net) : (17+18)				13498.8				13648.5

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