

Monthly Report On Government Borrowing from Domestic Sources¹



September, 2019

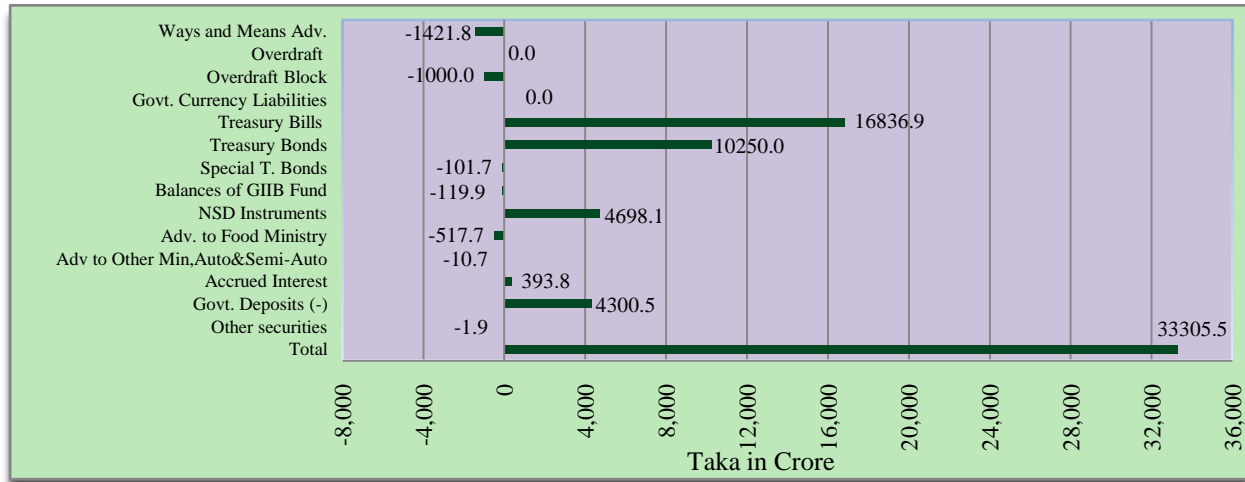
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Government Borrowing from Domestic Sources in July-September, FY20

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, FY20 is depicted in Figure-1.

Figure-1: Instrument-wise Govt. Domestic Borrowing (Net) during July-September, FY20



Source: Debt Management Department, Statistics Department, Bangladesh Bank, National Savings Directorate, September 2019.

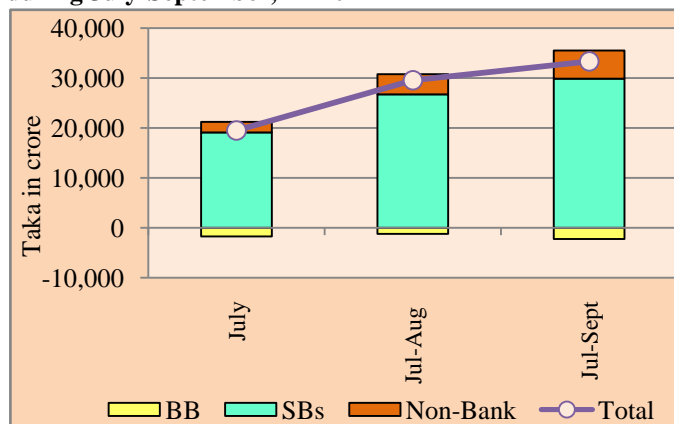
Govt. domestic borrowing (net) stood at Tk. 33305.5 crore during July-September, FY20 after the adjustments with T-Bills & Bonds, NSD, Ways and Means Advances (WMA), advances to Food Ministry and other Ministries, Overdraft (OD) current and block A/C, accrued interest, advances to autonomous and semi-autonomous bodies & deposits of the same, 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). The amount was Tk. 29541.1 crore and 14420.1 crore respectively in July-August, FY20 and July-September, FY19. The govt. domestic borrowing (net) in July-September, FY20 is 12.7 percent higher than that of the same month of the previous year.

It may be mentioned that Govt. borrowed Tk. 4698.1 crore through NSD instruments in July-September, FY20. Through T-Bills and Bonds, Govt. borrowed (net) Tk. 26051.2 crore from the banking system during July-September, FY20. It is observed that govt. deposits decreased by Tk. 4300.5 crore (net) with the banking system during this period. Deposits with Bangladesh Bank (BB) increased by Tk. 1550.0 crore but deposits with scheduled banks (SBs) decreased by Tk. 5850.5 crore.

The govt. net borrowing from banking system was positive in July, FY20 and July-August, FY20. The same has increased by Tk. 27673.5 crore during July-September, FY20.

In case of non-bank govt. borrowing, the net amount stood at Tk. 5632.1 crore in July-September, FY20.

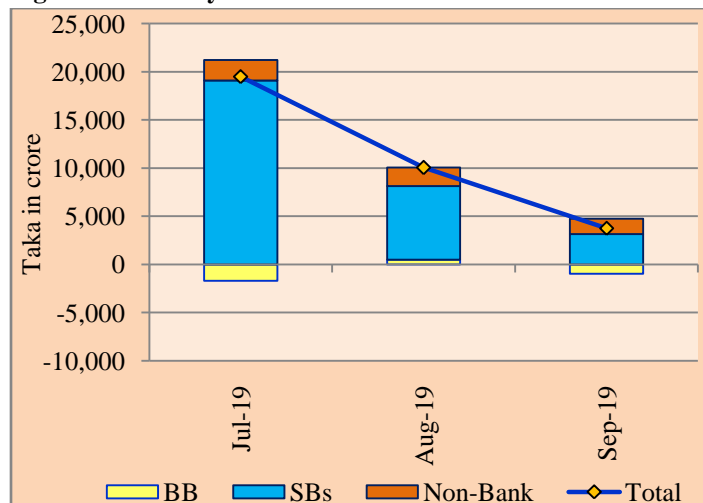
Figure-2: Movements in Government Domestic Borrowing during July-September, FY20



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, September 2019.

As a result, govt. borrowing (net) from the domestic sources in July-September, FY20 stood at Tk. 33305.5 crore. The movement in net govt. borrowing from different domestic sources during July-September, FY20 is demonstrated in Figure-2.

Figure-3: Monthly Trends in Government Domestic Borrowing during July-September, FY20



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, September 2019.

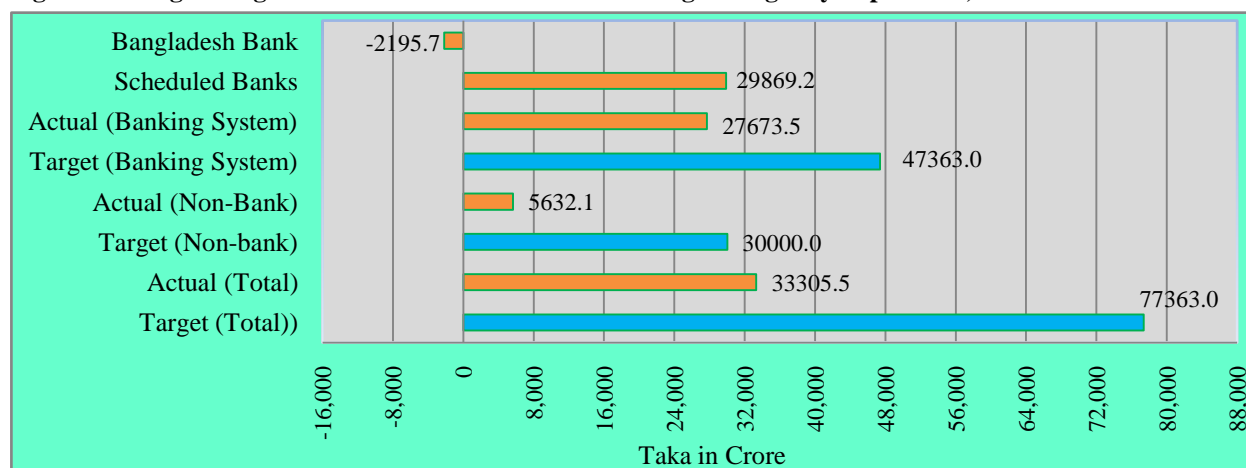
Figure-3 shows the monthly trends in govt. net domestic borrowing during July-September, FY20.

During the month of September, 2019, govt. domestic borrowing stood at Tk. 3764.4 crore (borrowed Tk. 3163.6 crore from SBs and Tk. 1581.8 from non-bank and repaid Tk. 980.9 crore to BB) which is Tk. 6282.7 crore less than that of the month of August, 2019.

In the budget FY20, total net domestic debt has been targeted to Tk. 77363.0 crore of which Tk. 47363.0 crore from banking system net and Tk. 30000.0 crore from non-bank borrowing net sources.

A comparative picture of government total budget target and actual domestic borrowing situation during July-September, FY20 is shown in Figure-4. In July-September, FY20, the net repayment and holding of cash balances with Bangladesh Bank stood at Tk. 2195.7 crore. On the other hand, the net borrowing from scheduled banks stood at Tk. 29869.2 crore. As a result, govt. net borrowing from banking system stood at Tk. 27673.5 crore in July-September, FY20, which was 58.4 percent of banking system budget target.

Figure-4: Budget Target and Govt. Net Domestic Borrowing during July-September, FY20



Source: Debt Management Department and Statistics Department of Bangladesh Bank, National Savings Directorate, September 2019.

Government total borrowing from Non-banks (including NSD instruments, T-Bills & Bonds issued by other than banks) stood at Tk. 5632.1 crore of which Tk. 4698.1 crore was borrowed through NSD instruments in July-September, FY20. The total government net domestic borrowings (banking and non-banking sources) stood at Tk. 33305.5 crore in July-September, FY20.

Major Findings of the Govt. Borrowings from Domestic Sources:

- From banking system, total outstanding of Govt. domestic borrowings increased by Tk. 276.7 billion in July-September, FY20 compared to the outstanding of Govt. domestic borrowings of June, FY19.
- Govt. borrowed Tk. 56.3 billion (of which Tk. 47.0 billion through NSD instruments) from other than banks in July-September, FY20.
- The total Govt. net domestic borrowings (banking and non-banking sources) stood at Tk. 333.1 billion during July-September, FY20, which is 43.1 percent of the total budget target of Net Domestic Borrowing.

Table I : Government Borrowing Position from the Banking System during July-September, FY20

(Provisional)
(Taka in crore)

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 19	Outstanding as on 31 August 19	Outstanding as on 30 September 19	Change (+) / (-)	
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	1421.8	0.0	0.0	0.0	-1421.8
2.	Overdraft			0.0	0.0	0.0	0.0	0.0
3.	Overdraft Block			2685.0	2685.0	1685.0	-1000.0	-1000.0
4.	Devolverment			27845.4	34232.9	32384.8	-1848.1	4539.4
a)	Treasury Bills			14478.4	18883.3	16103.3	-2779.9	1624.9
b)	Treasury Bonds			13367.0	15349.7	16281.5	931.8	2914.5
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			264.7	326.5	524.3	197.8	259.6
8.	Government Deposits ^{1/} (-)			-34.9	-3299.9	-1584.9	1715.0	-1550.0
9.	BB's Balances of GIB Fund (-)			-2458.3	-5435.6	-5481.2	-45.6	-3022.9
A.	Total : (1 +...+ 9)*			31750.0	30535.2	29554.3	-980.9	-2195.7
B. Deposit Money Banks (DMBs)								
1.	Government Treasury Bills			28666.1	43488.8	44067.9	579.1	15401.8
i)	Treasury Bills (Less than 1 year)		To increase Government cash balance	28666.1	43488.8	44067.9	579.1	15401.8
2.	Bangladesh Govt. Treasury Bonds (BGTB)			112565.7	117443.8	118777.5	1333.7	6211.7
i)	2-years Bangladesh Govt. Treasury Bonds			11331.4	13212.9	14190.9	978.0	2859.5
ii)	3-years(FRTB) Bangladesh Govt. Treasury Bonds ^{2/}			112.2	112.2	112.2	0.0	0.0
iii)	5-years Bangladesh Govt. Treasury Bonds		To increase long-term investment of different banks, non-bank financial institutions and employees GF of different companies	21914.9	23149.6	22993.7	-155.9	1078.8
iv)	10-years Bangladesh Govt. Treasury Bonds			39364.9	39800.9	39613.0	-187.8	248.1
v)	15-years Bangladesh Govt. Treasury Bonds			20974.1	21680.5	22030.5	350.1	1056.5
vi)	20-years Bangladesh Govt. Treasury Bonds			18868.3	19487.8	19837.2	349.4	968.9
3.	Others Treasury Bonds			10797.6	10795.9	10695.9	-100.0	-101.7
a)	1 Year and above but less than 5 years (Specialized Bonds)			40.5	40.5	40.5	0.0	0.0
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)			10757.1	10755.4	10655.4	-100.0	-101.7
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-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	0.0	0.0	0.0	0.0	0.0
iii)	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.	3.4	1.7	1.7	0.0	-1.7
iv)	12-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest ^{3/}	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	2722.5	-100.0	-100.0
v)	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
vi)	7-years SPTB-2020 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-		2000.0	2000.0	2000.0	0.0	0.0
vii)	8-years SPTB-2021 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-	To increase Government cash balance	2000.0	2000.0	2000.0	0.0	0.0
viii)	10-years SPTB-2023 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-		1935.1	1935.1	1935.1	0.0	0.0
4.	Sub-Total : (1+2+3)			152029.5	171728.5	173541.3	1812.8	21511.8
5.	Prize Bond/Income Tax Bond			25.1	26.1	23.0	-3.1	-2.1
6.	Government's other Securities			4.4	4.7	4.6	-0.1	0.2
7.	Advances to Food Ministry			1262.5	1219.2	744.8	-474.4	-517.7
8.	Advances to Other Ministries			1678.5	1831.9	1808.6	-23.3	130.1
9.	Advances to Auto./Semi-Autonomous Bodies			1959.8	1717.1	1819.0	101.9	-140.8
10.	Accrued Interest			2077.3	2355.9	2211.5	-144.4	134.2
11.	Deposits of Ministries and Departments (-)			-36595.3	-33861.5	-31881.2	1980.3	4714.1
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-46184.0	-44942.9	-45047.6	-104.7	1136.4
13.	SBs's Balances of GIB Fund (i+ii)			2058.3	4942.7	4961.3	18.6	2903.0
i)	Investment to GIB Fund			10529.3	11463.7	11412.3	-51.4	883.0
ii)	Borrowing from GIB Fund (-)			-8471.0	-6521.0	-6451.0	70.0	2020.0
B.	Total : (4+...+13)			78316.1	105021.7	108185.3	3163.6	29869.2
Grand Total : (A+B)*				110066.1	135556.9	137739.6	2,182.7	27,673.5

Notes: @/ Including other deposits.

1/ An amount of Tk. 1.7 crore was paid in July 2019 against the outstanding of Tk. 3.4 crore in June 2019.

2/ 3-Year (FRTB) Bangladesh Govt. Treasury Bond has been issued on 27th March, 2019.

3/ An amount of Tk. 100 crore was paid in September 2019 against the outstanding of Tk. 2822.5 crore in June 2019.

*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, FY20

(Taka in Crore)

(Taka in Crore)									
Sl. No.	Particulars	July-September, 2018				July-September, 2019			
		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	0.2	0.3	-0.2	0.0	0.1	0.1	-0.1
2.	5-year Bangladesh Savings Certificate	2836.4	1454.6	234.8	1381.9	2144.4	877.7	272.7	1266.8
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	5864.7	2011.1	2618.8	3853.6	3646.5	4795.7	4177.7	-1149.2
7.	3-month interest bearing Savings Certificate	7161.7	2576.8	1504.3	4585.0	3021.6	3816.5	1760.4	-794.9
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	1367.8	456.9	456.1	910.8	1100.4	521.7	504.2	578.7
10.	Post Office Savings Bank	4464.6	2164.5	371.1	2300.1	6939.1	2562.5	581.6	4376.5
	a) General Account	817.5	656.5	14.0	160.9	902.9	640.7	18.6	262.1
	b) Fixed Account	3647.1	1507.9	357.1	2139.2	6036.2	1921.8	562.9	4114.4
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	22.4	21.4	6.9	1.0	25.8	27.4	9.1	-1.6
12.	Prize Bond	19.2	10.0	6.6	9.2	23.4	10.7	4.3	12.7
13.	Wage Earners' Development Bond	371.8	38.2	190.1	333.5	412.8	40.9	211.7	371.9
14.	3-year National Investment Bond	0.0	0.5	0.0	-0.5	0.0	0.1	0.0	-0.1
15.	US \$ Premium Bond	8.0	3.2	5.5	4.8	23.8	24.9	8.8	-1.0
16.	US \$ Investment Bond	139.5	106.8	42.5	32.7	84.0	45.7	35.4	38.3
17.	Total : (1+...+16)	22256.1	8844.1	5436.8	13412.0	17421.8	12723.8	7566.1	4698.1
		Outstandings as on September 2018			Net Changes July-Sept, 2018	Outstandings as on September 2019			Net Changes July-Sept, 2019
18.	Govt. Treasury Bills/Bonds		26562.1		236.4		31220.4		934.0
	i) Government Treasury Bills		226.95		-4.0		742.09		-189.8
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		26335.2		240.5		30478.3		1123.8
	a) 2-year Bangladesh Government Treasury Bonds		178.76		-13.6		157.23		30.0
	b) 3-year(FRTB) Bangladesh Government Treasury Bonds		0.00		0.0		0.00		0.0
	c) 5-year Bangladesh Government Treasury Bonds		6221.67		151.2		6021.27		-162.0
	d) 10-year Bangladesh Government Treasury Bonds		11006.02		88.3		12955.46		456.3
	e) 15-year Bangladesh Government Treasury Bonds		4216.79		131.9		5534.63		402.3
	f) 20-year Bangladesh Government Treasury Bonds		4711.93		-117.3		5809.68		397.1
19.	Total Non-bank Government Borrowing (net) : (17+18)				13648.5				5632.1

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