

Monthly Report On
Government Domestic Borrowing¹



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Highlights of Government Domestic Borrowing during July-September of FY22

- **Target of Government Domestic Borrowing** for FY22 has been set at Tk. 1,13,453.0 crore in the national budget. Of which:
 - **Target of borrowing from the banking system** has been set at Tk. 76,452.0 crore.
 - **Target of borrowing from other domestic non-banking sources** has been set at Tk. 37,001.0 crore (including Tk. 32,000.0 crore through net sales of national savings instruments).
- During July-September of FY22, government net borrowing from the **banking system** stood at Tk. 4218.4 crore (5.5 percent of the target set in the national budget). In contrast, government repaid Tk. 49.9 crore to the banking system in the corresponding period of FY21.
- During July-September of FY22, government net borrowing from the **other non-banking domestic sources** stood at Tk. 8728.5 crore (23.6 percent of the target set in the national budget) which was Tk. 13927.0 crore (39.5 percent of the target set in the national budget) in the corresponding period of the previous fiscal year.
- Therefore, during July-September of FY22 government **total net domestic borrowing** both from the banking system and from the other non-banking domestic sources stood at Tk. 12946.9 crore which was 11.4 percent of the target set in the national budget. Government total net domestic borrowing during July-September of FY21 was Tk. 13877.2 crore which was 12.1 percent of the target set in the national budget.
- Net sales from the national savings schemes was Tk. 8558.1 crore during July-September of FY22 which was 26.7 percent of the target set in the national budget. During the same period of the last fiscal year, the same was Tk. 11662.3 crore which was 38.5 percent of the target set in the national budget.
- Bangladesh Government Investment *Sukuk* (BGIS) was introduced on October 08, 2020 to raise fund for the ‘Safe Water Supply to the Whole Country’ project with a tenor of 5 years and total amount of Tk. 8,000.0 crore was raised through two tranches issuance of the BGIS in FY21. No new auction has been held for the issuance of BGIS during the July-September period of FY22.

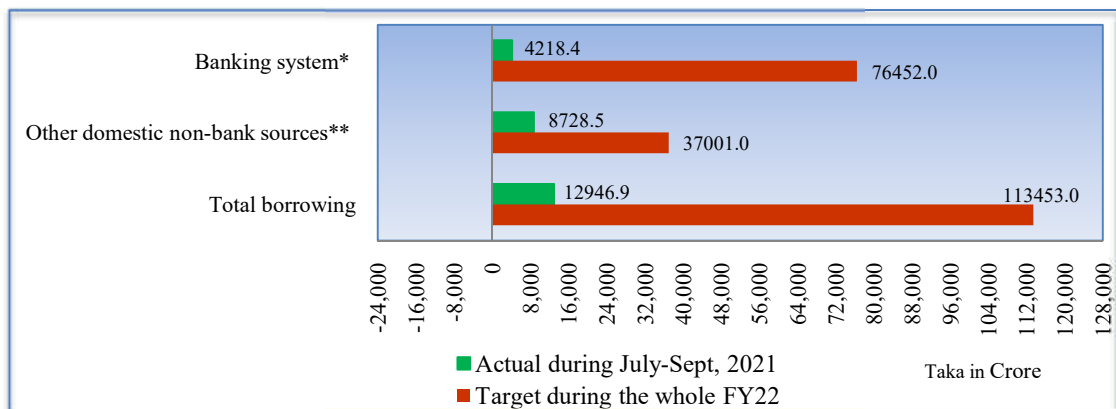
Government Domestic Borrowing during July-September of FY22

Government borrows to finance the budget mainly from two domestic sources: banking system and other non-banking domestic source. Government borrowing from the banking system consists of borrowing from the central bank and scheduled banks. From banking system, government borrows mainly through advances, overdraft, and issuance of treasury bills and bonds. However, balances of government deposits and other funds are net out from the banking system borrowing. On the other hand, government borrowing from non-bank domestic source includes savings instruments introduced by the Department of National Savings (NSD) and government t-bills and bonds held by non-bank financial institutions, insurance companies, individual investors, etc.

1. Government Domestic Borrowing Target for FY22

As per national budget document of the Government, the target of total domestic borrowing has been set at Tk. 1,13,453.0 crore, of which Tk. 76,452.0 crore has been estimated to borrow from banking system and Tk. 37,001.0 crore from the other non-banking domestic sources. Accordingly, during July-September of FY22, government has borrowed (net) Tk. 12946.9 crore from domestic sources which is 11.4 percent of the target (Chart-1).

Chart-1: Budget Target and Actual Government Domestic Borrowing (net)



Note: *=Banking system includes Bangladesh Bank and scheduled banks,

**=Other domestic non-bank sources include national savings schemes and T-bills & bonds held by other than banks..

Source: Debt Management Department, Statistics Department, Bangladesh Bank; Department of National Savings; and Ministry of Finance (MoF).

2. Borrowing from Banking System

During July-September of FY22, government borrowed (net) Tk. 16300.0 crore from the scheduled banks (SBs), but repaid Tk. 12081.6 crore outstanding debt to Bangladesh Bank (BB). Hence, government borrowing (net) from banking system stood at Tk. 4218.4 crore during the period under report of FY22, and it was 5.5 percent of the target set in the national budget.

3. Borrowing from Other Domestic Non-banking sources

During July-September of FY22, government borrowed Tk. 8558.1 crore through selling of national savings instruments and also took Tk. 170.4 crore from the institutions and individuals other than banks through issuance of t-bills and bonds. Therefore, government borrowing (net) from the non-banking domestic sources stood at Tk. 8728.5 crore during the period under report which was 23.6 percent of the target set in the national budget.

4. Total Domestic Borrowing

During July-September of FY22, total net domestic borrowings of the government stood at Tk. 12946.9 crore which was 6.7 percent lower than that of the same period of the previous fiscal year (Table-1). Source and instrument-wise outstanding and flow of net government domestic borrowings are shown in Table-1 and Chart 2.

Table 1: Source-wise Outstanding and Flow of net Government Domestic Borrowings

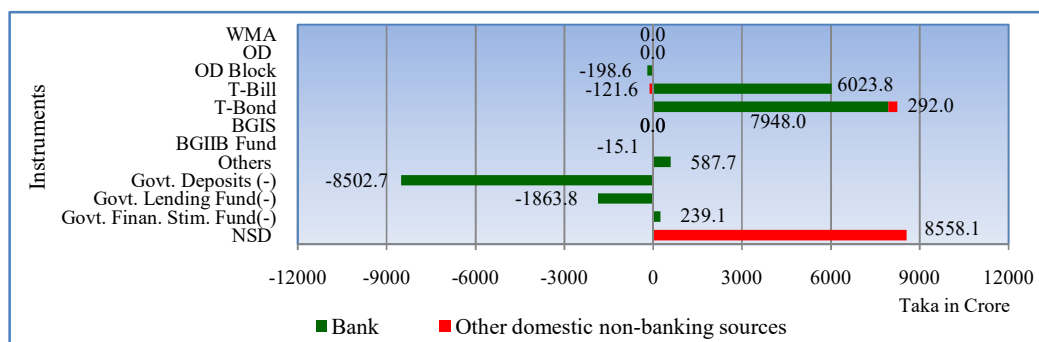
(Taka in Crore)

Sources	July-September FY22		July-September FY21		% Changes during July-Sept 2021 over June 2021	% Changes during July-Sept 2020 over June 2020
	Outstanding at end Sept 2021	Flow (July-Sept 2021)	Outstanding at end Sept 2020	Flow (July-Sept 2020)		
Banks*	202088.5	4218.4	167010.7	-49.9	2.13	-0.03
Other domestic non-banking sources**	394013.73	8728.5	354767.17	13927.0	2.27	4.07
Total	596102.23	12946.9	521777.87	13877.2	2.22	2.73

Note: *=Banks includes Bangladesh Bank and scheduled banks. **=Other Domestic Non-banking sources include net selling of savings instruments and T-bills & bonds held by non-bank financial institutions (NBFIs), insurance companies, individuals etc. Figures in brackets indicate percentage changes.

Source: Debt Management Department, Statistics Department, Bangladesh Bank; and Department of National Savings.

Chart-2: Instrument-wise Government Domestic Borrowings (net) during July-September of FY22



Note: WMA=Ways and Means Advances, OD=Overdraft, BGIS=Bangladesh Govt. Investment Sukuk (Ijarah Sukuk), NSD=Savings Schemes of the Government, BGIIB= Bangladesh Govt. Islamic Investment Bond.

Others include government currency liabilities, advances to food & other ministries, advances to auto & semi autonomous bodies etc.

Source: Debt Management Department, Statistics Department, Bangladesh Bank; and Department of National Savings.

5. Government Islamic Securities

i) Bangladesh Government Islamic Investment Bond (BGIIB)²

Due to interest bearing nature, Islamic banks for a long time were unable to invest their surplus liquidity in the country's existing instruments of the money market. In order for absorbing surplus liquidity from the Islamic banking system, and for creating Islamic Shariah-based monetary policy instrument, government introduced Bangladesh Government Islamic Investment Bond (BGIIB) in 2004 with the minimum tenor of 3 months.

During July-September of FY22, investments to BGIIB fund by Islamic banks increased by Tk. 441.0 crore while borrowing from that fund decreased by Tk. 250.0 crore due to maturity of previously held bonds. Therefore, Islamic banks' balances of BGIIB fund increased by Tk. 691.0 crore during July-September of FY22.

ii) Bangladesh Government Investment *Sukuk* (BGIS)

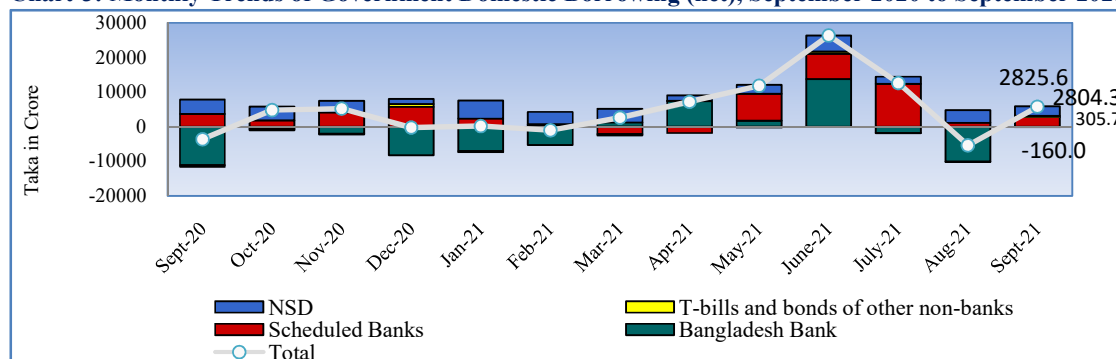
Bangladesh Government Investment *Sukuk* (BGIS) was introduced for the first time on October 08, 2020 to raise fund for the project titled 'Safe Water Supply to the Whole Country' with a tenor of 5 years and two tranches issuance. The *Sukuk* was issued under *Ijarah* mode.

The first tranche of the *Sukuk* was issued on December 29, 2020 amounting to Tk. 4000 crore and the second tranche was issued on June 10, 2021 amounting to Tk. 4000 crore. No new auction of BGIS was held during July-September of FY22.

6. Monthly Trends of Domestic Borrowing (September, 2021)

In September 2021, government repaid Tk. 160.0 crore outstanding debt to Bangladesh Bank. On the other hand, government borrowed Tk. 2804.3 crore from scheduled banks, Tk. 2825.6 crore from the national savings schemes (NSD) and Tk. 305.7 crore from other non-banking sources through issuance of t-bills and bonds (Chart-3).

Chart-3: Monthly Trends of Government Domestic Borrowing (net), September 2020 to September 2021



Note: NSD=Savings Schemes of the Government.

Source: Debt Management Department and Statistics Department, Bangladesh Bank; Department of National Savings (NSD).

² BGIIB is a pool of funds formed by the Islamic banks and individuals where government provides guarantee against this fund.

7. Concluding Remark

Domestic borrowing from the banking system during the first quarter of FY22 stayed much below the target set in the national budget due mainly to strong cash balances of the government. Relatively better revenue generation along with higher growth in borrowing from external sources helped to maintain blooming cash balances of the government.

Contrary, government borrowing from other domestic non-banking sources during the first quarter of FY22 remained almost on the target path set in the national budget. Upsurge in borrowing from non-banking sources compared to banking system seemed to be costlier, as the rate of return of national savings schemes is much higher than any other securities prevailing in the market.

Table I : Government Domestic Borrowing from the Banking System during July-September, FY22

Annex-1
(Provisional)
(Taka in crore)

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on	Outstanding as on	Outstanding as on	Change (+) / (-)	
				30 June 21	31 August 21	30 September 21	September 21 8=(7-6)	July-Sep 21 9=(7-5)
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	0.0	0.0	0.0	0.0	0.0
2.	Overdraft			0.0	0.0	0.0	0.0	0.0
3.	Overdraft Block			198.6	0.0	0.0	0.0	-198.6
4.	Devovement			25091.3	23493.9	23096.3	-397.5	-1995.0
	a) Treasury Bills			1440.0	397.5	0.0	-397.5	-1440.0
	b) Treasury Bonds			23651.3	23096.3	23096.3	0.0	-555.0
5.	Government Currency Liabilities			2025.9	2025.9	2025.9	0.0	0.0
6.	Advances to Govt. against RFI from IMF			4126.8	4126.8	4126.8	0.0	0.0
7.	Advances to Autonomous and Semi-autonomous Bodies			0.0	0.0	0.0	0.0	0.0
8.	Accrued Interest			273.0	468.3	548.9	80.6	275.9
9.	Government Deposits [@] (-)			-2773.7	-9430.8	-10360.0	-929.2	-7586.3
10.	Balances of GIIB Fund in BB (-)			-15805.8	-15252.5	-16511.9	-1259.4	-706.1
11.	Govt. Lending Fund(-)			-5210.4	-9427.4	-7081.9	2345.5	-1871.5
A. Total : (1 +...+ 11)				7925.7	-3995.8	-4155.9	-160.0	-12081.6
B. Scheduled Banks (SBs)								
1.	Government Treasury Bills			49370.3	54325.9	56834.2	2508.2	7463.8
	i) Treasury Bills (Less than 1 year)		To increase Government cash	49370.3	54325.9	56834.2	2508.2	7463.8
2.	Bangladesh Govt. Treasury Bonds (BGTB)			203734.3	213815.2	213137.3	-677.9	9403.0
	i) 2-years Bangladesh Govt. Treasury Bonds			38939.0	42795.6	38279.1	-4516.5	-659.8
	ii) 3-years(FRTB) Bangladesh Govt. Treasury Bonds		To increase long-term investment of different Banks, NBFIs and employees GF of different companies	112.2	112.2	112.2	0.0	0.0
	iii) 5-years Bangladesh Govt. Treasury Bonds			43826.2	45264.3	47194.8	1930.5	3368.6
	iv) 10-years Bangladesh Govt. Treasury Bonds			61235.2	64509.7	65629.8	1120.1	4394.6
	v) 15-years Bangladesh Govt. Treasury Bonds			30415.9	31255.9	31731.6	475.6	1315.7
	vi) 20-years Bangladesh Govt. Treasury Bonds			29205.8	29877.4	30189.7	312.3	983.9
3.	Others Treasury Bonds			7064.3	7064.3	6164.3	-900.0	-900.0
	a) 1 Year and above but less than 5 years (Specialized Bonds)			0.0	0.0	0.0	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	0.0	0.0	0.0	0.0	0.0
	b) 5 Years and above (Specialized Bonds)			7064.3	7064.3	6164.3	-900.0	-900.0
	i) 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	1822.5	1822.5	922.5	-900.0	-900.0
	ii) 11-years to 13-years BJMC Treasury Bond bearing 5.0 percent interest	Issued 23 Oct-2011 and maturity date 23 October 2020, 22 & 2024	To repay the loan of BJMC	1314.1	1314.1	1314.1	0.0	0.0
	iii) 8-years SPTB-2021 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-2021	To increase Government cash balance	0.0	0.0	0.0	0.0	0.0
	iv) 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
	v) 07-years Hanif Flyover SPTB-2026 bearing 5.0 percent interest	Issued 30 Sep-2019 and maturity date 30 Sep-2026	To repay the loan of Hanif Flyover	1438.5	1438.5	1438.5	0.0	0.0
	vi) 07-years interest free Hanif Flyover SPTB-2026	Issued 30 Sep-2019 and maturity date 30 Sep-2026		554.0	554.0	554.0	0.0	0.0
4.	Bangladesh Govt. Investment Sukuk (BGIS) [†]			7799.97	7799.97	7799.97	0.0	0.00
	i) 05 Years Bangladesh Govt. Investment Sukuk (Ijarah Sukuk) [†]	Issued 29 Dec-2020, Reissued 10 June-2021 and maturity date 29 Dec-2025	To raise fund for project 'Safe Water Supply to the Whole Country'	7799.97	7799.97	7799.97	0.0	0.00
5. Sub-Total : (1+2+3+4)				267969.0	283005.4	283935.7	930.3	15966.8
6.	Prize Bond			28.4	30.4	26.2	-4.2	-2.2
7.	Other Securities of Govt.			5.2	5.1	5.3	0.2	0.1
8.	Advances to Food Ministry			1002.0	1324.4	529.3	-795.1	-472.7
9.	Advances to Other Ministries			1499.5	1428.5	1393.3	-35.2	-106.2
10.	Advances to Auto./Semi-Autonomous Bodies			3279.1	3103.2	3904.5	801.3	625.4
11.	Accrued Interest			3123.9	3189.7	3391.3	201.6	267.4
12.	Deposits of Ministries and Departments (-)			-34984.3	-35527.1	-36194.5	-667.4	-1210.2
13.	Deposits of Auto./Semi-Autonomous Bodies (-)			-61192.3	-61856.2	-60898.5	957.7	293.8
14.	SBs's Balances of GIIB Fund (i+ii)			15487.2	14930.7	16178.2	1247.5	691.0
	i) Investment to GIIB Fund			16753.0	15896.5	17194.0	1297.5	441.0
	ii) Borrowing from GIIB Fund (-)			-1265.8	-965.8	-1015.8	-50.0	250.0
15.	Borrowing from Govt. on Lending(-)			-1863.9	-1881.4	-1856.2	25.2	7.7
16.	Borrowing from Govt. Financial Stimulus Fund(-)			-4409.4	-4312.7	-4170.3	142.4	239.1
B. Total : (5+...+16)				189944.4	203440.0	206244.3	2804.3	16300.0
Grand Total : (A+B)				197870.1	199444.2	202088.5	2644.3	4218.4

Notes:

[@] Including other deposits.[†] BGIS(1st Tranche) issued on 29 December 2020 and BGIS (2nd Tranche) issued on 10 June 2021 to raise fund for the project 'Safe Water Supply to the Whole Country'.[†] An amount of Tk. 3999.97 crore (1st Tranche) and Tk. 3800.00 crore (2nd Tranche) were issued in December 2020 and June 2021 respectively through Ijarah Sukuk from Islamic Banks, Islamic Windows and Conventional Banks.^{*} Including GIIB Fund, Govt. Lending Fund and Govt. Financial Stimulus Fund.

Source: Debt Management Department, Statistics Department, Bangladesh Bank.

Table-II: Government Domestic Borrowing from Other Non-Banking sources during July-September, FY22

Annex-2
(Taka in Crore)

Sl. No.	Particulars	July-September, 2020			Net Sale	July-September, 2021			Net Sale
		Sale	Repayment			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	0.3	0.4	-0.3	0.0	0.4	0.5	-0.4
2.	5-year Bangladesh Savings Certificate	2371.5	1345.4	508.2	1026.1	2277.3	1426.8	682.2	850.5
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	10026.4	4854.2	3543.7	5172.2	13016.9	5894.2	3947.9	7122.7
7.	3-month interest bearing Savings Certificate	7795.6	5853.2	1774.8	1942.5	8618.3	6062.7	1976.9	2555.6
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	1928.3	788.9	673.2	1139.5	1932.0	1172.8	776.8	759.2
10.	Post Office Savings Bank	5180.8	3248.0	833.4	1932.7	441.5	3003.7	916.8	-2562.3
	a) General Account	598.4	586.2	24.5	12.2	97.2	368.2	53.8	-271.0
	b) Fixed Account	4582.4	2661.9	808.9	1920.5	344.3	2635.6	863.1	-2291.3
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	29.8	33.1	10.7	-3.3	32.8	35.3	10.7	-2.5
12.	Prize Bond	22.7	7.2	14.1	15.5	17.9	8.6	10.9	9.2
13.	Wage Earners' Development Bond	476.8	93.1	320.5	383.7	259.1	192.1	221.4	67.0
14.	3-year National Investment Bond	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15.	US \$ Premium Bond	15.7	5.1	4.3	10.6	0.8	10.5	2.4	-9.7
16.	US \$ Investment Bond	98.0	54.9	21.5	43.1	9.2	240.3	55.8	-231.2
17.	Total : (1+...+16)	27945.5	16283.2	7704.8	11662.3	26605.7	18047.5	8602.5	8558.1
			Outstandings as on September 2020		Net Changes July-Sep, 2020		Outstandings as on September, 2021		Net Changes July-Sep, 2021
18.	Govt. Treasury Bills/Bonds/BGIS		41025.0		2264.7		41361.7		170.4
	i) Government Treasury Bills		2132.3		74.2		336.8		-121.6
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		38892.6		2190.5		40824.9		292.0
	a) 2-year Bangladesh Government Treasury Bonds		1859.70		684.6		1788.0		-29.7
	b) 3-year(FRTB) Bangladesh Government Treasury Bonds		0.00		0.0		0.0		0.0
	c) 5-year Bangladesh Government Treasury Bonds		8216.76		285.2		7882.2		-74.2
	d) 10-year Bangladesh Government Treasury Bonds		15834.21		819.3		17084.5		205.4
	e) 15-year Bangladesh Government Treasury Bonds		6524.83		207.2		6848.4		34.4
	f) 20-year Bangladesh Government Treasury Bonds		6457.14		194.2		7221.9		156.1
	iii) Bangladesh Government Investment Sukuk(BGIS) [#]		0.00		0.00		200.03		0.00
	a) 05 Years Bangladesh Govt. Investment Sukuk (Ijarah Sukuk) ^{1/}		0.00		0.00		200.03		0.0
19.	Total Non-bank Government Borrowing (net) : (17+18)				13927.0				8728.5

Notes:

[#] BGIS (1st Tranche) issued on 29 December 2020 and BGIS (2nd Tranche) issued on 10 June 2021 to raise fund for the project 'Safe Water Supply to the Whole Country'.

^{1/} An amount of Tk. 0.03 crore (1st Tranche) and Tk. 200.0 crore (2nd Tranche) were issued in December 2020 and June 2021 respectively through Ijarah Sukuk from Non-bank (Individual Investor and Others).

Sources : National Savings Directorate; Debt Management Department, Bangladesh Bank.