

**Monthly Report On
Government Borrowing from Domestic Sources**

July FY17¹



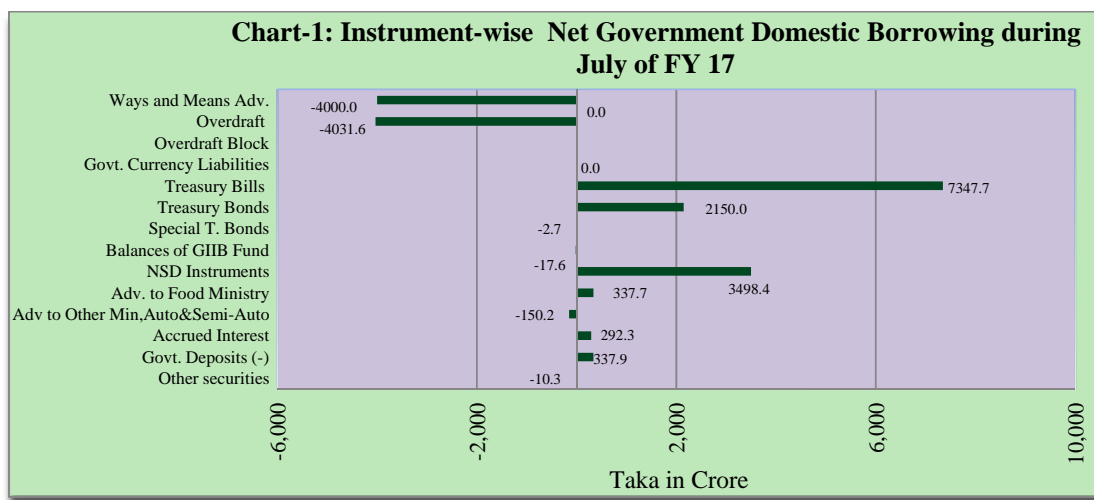
**Research Department
Bangladesh Bank**

¹The report has been prepared by Money and Banking Division, Research Department, Bangladesh Bank (the Central Bank of Bangladesh). Comments are welcome on any aspect of the report and can be sent to Mohammed Abdul Halim, Deputy General Manager, Research Department, Bangladesh Bank. E-mail: mohammad.abdul@bb.org.bd.

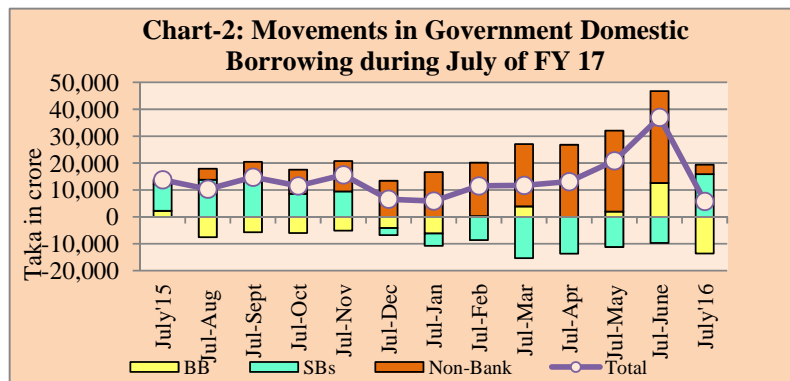
Government Borrowing from Domestic Sources, July'16

Government borrows from both domestic and external sources to bridge its fiscal deficits. Government domestic borrowing sources are banks (Bangladesh Bank and Scheduled Banks) and other than banks. Government borrows from banking system mainly through Treasury Bills and Bonds and from non-banking sources through National Savings Directorate (NSD) in addition to Treasury Bills and Bonds.

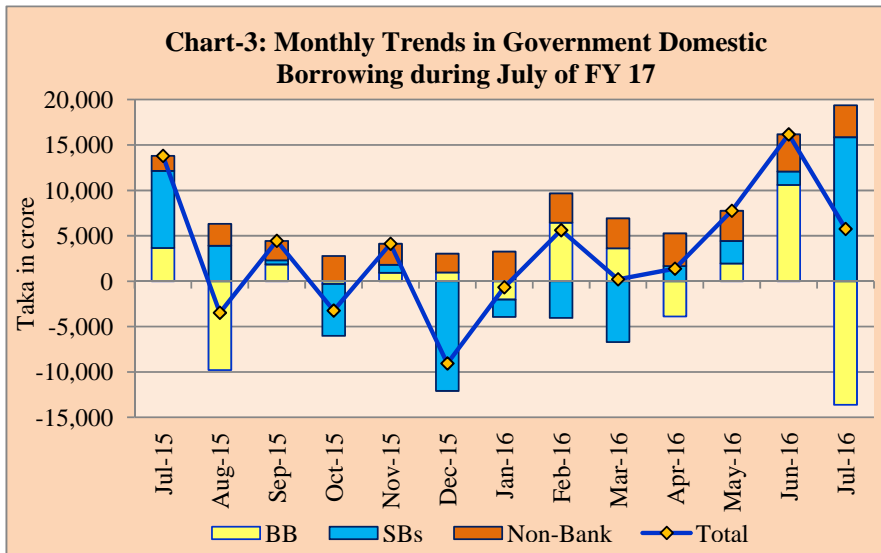
It is observed that the government borrowed Tk.2147.3 crore (net) through Bonds and Tk.7347.7 crore through Treasury Bills during July'16. In addition to that, government borrowed Tk.3498.4 crore through NSD instruments during the month. Net government domestic borrowing stood at Tk.5751.6 crore during July'16 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 government deposits with Bangladesh Bank and scheduled banks (i.e. including banking and nonbanking sources). During the month, government deposits decreased by Tk.337.9 crore (net) where deposits with scheduled banks decreased by Tk.5033.7 crore and deposits with Bangladesh Bank increased by Tk.4695.8 crore. Instrument-wise net government domestic borrowing during July'16 is depicted in chart-1.



The movements in net government borrowing from different domestic sources during July-June



of FY16 as well as July'16 are demonstrated in chart-2. In July, 2015 government borrowed Tk.9914.2 crore from Bangladesh Bank. On the other hand, government borrowing from Bangladesh Bank decreased by Tk.13627.0 crore in July, 2016 from the net outstanding domestic borrowing as on June, 2016.



Monthly movement of government's net domestic borrowing is represented in chart-3. From the chart it is seen that from April, 2016 to June, 2016 monthly trend of government (net) domestic borrowing is increasing. However, during the month of July, 2016 government domestic borrowing stood at Tk.5751.6 crore (net) which is Tk.10420.12 crore lower 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 the month of July' 16, the total govt. borrowings from the banking system stood at Tk.2231.1 crore. The government borrowed (net) Tk. 9495.0 crore through T-Bills and T-Bonds which covered 15.4 percent of the total budget target from domestic sources. Government borrowed Tk.3520.5 crore from other than banks (including NSD, T-Bills and Bonds), which covered 15.6 percent of the total budget target from non-banking sources. Government borrowed Tk.3498.4 crore through NSD instruments during the month of July' 16 against the target of Tk.19610.0 crore of FY17. The total net government domestic borrowing (banking and non-banking sources) stood at Tk.5751.6 crore after the adjustment with government deposits and other items during July' 16. A comparative picture of government total budget target and actual domestic borrowing during July' 16 is produced in chart-4.

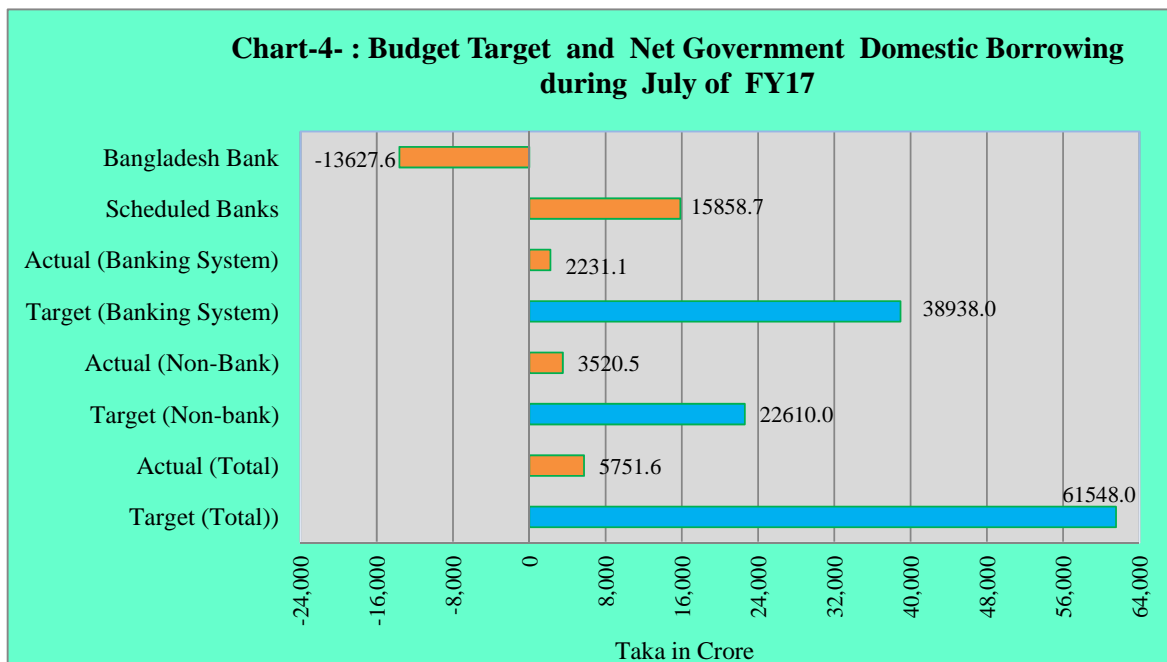


Table I : Government Borrowing Position from the Banking System, July FY17

(Provisional)
(Taka in crore)

Sl. No.	Particulars	Issue and Maturity date	Objectives	Outstanding as on 30 June 16	Outstanding as on 31 July 16	Change (+) / (-)	
						July 16 7=(6-5)	
1	2	3	4	5	6		
A. Bangladesh Bank							
1.	Ways and Means Advances		To increase Government cash balance	4000.0	0.0		-4000.0
2.	Overdraft			4031.6	0.0		-4031.6
3.	Overdraft Block			7185.0	7185.0		0.0
4.	Devolvement			4678.6	5966.3		1287.7
	a) Treasury Bills			1562.9	2275.7		712.8
	b) Treasury Bonds			3115.7	3690.6		575.0
5.	Government Currency Liabilities			2026.3	2026.3		0.0
6.	Advances to Autonomous and Semi-autonomous Bodies			0.0	0.0		0.0
7.	Accrued Interest			73.9	67.8		-6.1
8.	Government Deposits ¹⁾ (-)			-47.1	-4742.9		-4695.8
9.	BB's Balances of GIB Fund (-)			-8590.3	-10772.1		-2181.8
A.	Total : (1 +...+ 9)*			13358.0	-269.6		-13627.6
B. Deposit Money Banks (DMBs)							
1. Government Treasury Bills							
	i) Treasury Bills (Less than 1 year)		To increase Government cash balance	24061.1	30711.0		6649.9
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	8521.5	8571.6		50.1
	ii) 5-years Bangladesh Govt. Treasury Bonds			26336.6	26902.8		566.2
	iii) 10-years Bangladesh Govt. Treasury Bonds			38596.0	39418.5		822.5
	iv) 15-years Bangladesh Govt. Treasury Bonds			15365.0	15408.5		43.5
	v) 20-years Bangladesh Govt. Treasury Bonds			12010.5	12066.2		55.7
3. Others Treasury Bonds							
	a) 5 Years and above (Specialized Bonds)			13887.7	13885.0		-2.7
	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		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		0.0
	iii) 25-years (Jute) Treasury Bond-2019 bearing 5.0 percent interest ²⁾	Issued 30 Jun-1994 and maturity date 30 Jun-2019	To compensate for the liquidation of jute sector credit	36.9	36.9		0.0
	iv) 25-years (Jute) Treasury Bond-2020 bearing 5.0 percent interest ²⁾	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		-2.7
	v) 10-years to 15-years (BPC) Treasury Bond bearing 5.0 percent interest	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		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 Dec-2017	To repay the loan of Bangladesh Petroleum Corporation	2100.0	2100.0		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		0.0
	viii) 7-years SPTB-2020 bearing 7.0 percent interest	Issued 29 June-2013 and maturity date 29 June-2020		2000.0	2000.0		0.0
	ix) 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		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		0.0
4.	Sub-Total : (1+2+3)			138778.4	146963.5		8185.2
5.	Prize Bond/Income Tax Bond			30.5	9.8		-20.7
6.	Government's other Securities			2.8	13.2		10.4
7.	Advances to Food Ministry			549.4	887.1		337.7
8.	Advances to Other Ministries			1453.8	1421.1		-32.7
9.	Advances to Auto./Semi-Autonomous Bodies			1908.4	1790.9		-117.5
10.	Accrued Interest			2908.7	3207.1		298.4
11.	Deposits of Ministries and Departments (-)			-21805.5	-18977.1		2828.4
12.	Deposits of Auto./Semi-Autonomous Bodies (-)			-34069.1	-31863.8		2205.3
13. SBs's Balances of GIB Fund (+ii)							
	i) Investment to GIB Fund			8414.5	10578.7		2164.2
	ii) Borrowing from GIB Fund (-)			12189.1	12878.3		689.2
				-3774.6	-2299.6		1475.0
B.	Total : (4+...+13)			98171.9	114030.5		15858.7
Grand Total : (A+B)*				111529.8	113760.9		2231.1

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 GIB 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, Bangladesh Bank (Figures of Treasury Bills and Bonds (Including Special Bonds) are collected from DMD).

Table-II: Government Borrowing (Net) from Other than Banks, July FY17

(Taka in Crore)

Sl. No.	Particulars	July 2015				July 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)
	NSD Instruments								
1.	Defence Savings Certificate	0.0	0.6	0.8	-0.6	0.0	0.1	0.1	-0.1
2.	5-year Bangladesh Savings Certificate	395.2	240.5	125.9	154.7	485.4	121.6	46.2	363.9
3.	3-year Savings Certificate				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	1047.5	158.4	321.7	889.1	1734.6	444.9	423.1	1289.8
7.	3-month interest bearing Savings Certificate	849.2	398.1	159.4	451.1	1306.6	405.9	209.3	900.7
8.	Jamanat Savings Certificate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.	Pensioner Savings Certificate	256.3	123.8	54.4	132.5	400.9	101.5	68.8	299.4
10.	Post Office Savings Bank	600.8	317.9	90.6	283.0	832.6	327.0	85.9	505.6
	a) General Account	127.1	85.1	3.0	42.0	158.3	97.9	2.1	60.4
	b) Fixed Account	473.7	232.8	87.6	241.0	674.4	229.2	83.7	445.2
	c) Bonus Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.	Postal Life Insurance	6.0	7.9	0.0	-1.9	5.8	5.7	1.4	0.1
12.	Prize Bond	1.8	0.0	0.7	1.8	3.9	0.1	1.4	3.8
13.	Wage Earners' Development Bond	48.5	7.3	22.5	41.2	123.2	2.4	17.2	120.8
14.	3-year National Investment Bond	0.0	0.1	0.0	-0.1	0.0	0.2	0.0	-0.2
15.	US \$ Premium Bond	1.3	0.0	1.7	1.3	4.1	0.0	0.2	4.1
16.	US \$ Investment Bond	29.9	5.6	0.6	24.3	34.8	24.4	7.2	10.5
17.	Total : (1+...+15)	3236.4	1260.1	778.2	1976.3	4932.1	1433.7	860.6	3498.4
					Net Changes				Net Changes
					Outstandings as on July 2015				Outstandings as on July 2016
18.	Govt. Treasury Bills/Bonds		<u>23258.7</u>		-317.3		<u>24115.6</u>		22.1
	i) Government Treasury Bills		849.2		-35.6		297.4		-14.9
	ii) Bangladesh Govt. Treasury Bonds (BGTBs)		<u>22409.6</u>		-281.7		<u>23818.2</u>		37.0
	a) 2-year Bangladesh Government Treasury Bonds		636.3		-229.3		478.6		9.9
	b) 5-year Bangladesh Government Treasury Bonds		5908.1		38.7		5988.9		-100.7
	c) 10-year Bangladesh Government Treasury Bonds		8487.0		-329.0		9896.2		74.0
	d) 15-year Bangladesh Government Treasury Bonds		2935.4		79.6		3092.1		29.5
	e) 20-year Bangladesh Government Treasury Bonds		4442.8		158.3		4362.4		24.3
19.	Total Non-bank Government Borrowing (net) : (17+18)				1658.9				3520.5

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