



Quarterly Debt Bulletin

Issue No. 6

Finance Division, Ministry of Finance
Government of the People's Republic of Bangladesh

Abbreviations

<i>AIIB- Asian Infrastructure Investment Bank</i>	<i>GDP- Gross Domestic Product</i>
<i>ADB- Asian Development Bank</i>	<i>IDA- International Development Association</i>
<i>BB- Bangladesh Bank</i>	<i>IRD- Internal Resources Division</i>
<i>BDT- Bangladesh Taka</i>	<i>IMF- International Monetary Fund</i>
<i>BGTB- Bangladesh Government Treasury Bond</i>	<i>NSC- National Savings Certificate</i>
<i>BBS- Bangladesh Bureau of Statistics</i>	<i>NSD- Department of National Savings</i>
<i>CGA- Controller General of Accounts</i>	<i>DMFAS- Debt Management & Financial Analysis System</i>
<i>DSE- Dhaka Stock Exchange</i>	<i>SOE- State-Owned Enterprise</i>
<i>DSA- Debt Sustainability Analysis</i>	<i>SPFMS- Strengthening Public Financial Management Program to Enable Service Delivery</i>
<i>ERD- Economic Relations Division</i>	<i>SPTB- Special Purpose Treasury Bond</i>
<i>FD- Finance Division</i>	<i>WB- World Bank</i>

A. Government borrowing status as on March 2023 for the FY 2022-23

In the first three quarters of FY23, net government borrowing stood at BDT 88,438 crore which was 37% of the budget target. Net borrowing from domestic sources was higher compared to external sources. Borrowing from treasury bills and bonds outweigh borrowing from NSD which showed net negative borrowing. Table 1 presents a summary of the borrowing from different sources during these periods.

Table 1: Government Net Borrowing as on March '23 (at a glance)

In Crore BDT			
Source of Borrowing	Net Borrowing	Budget 2022-23	As % of Budget
Domestic Borrowing	51,031	146,335	35%
Borrowing from banking sources	55,193	106,334	52%
<i>Treasury Bill</i>	19,201	38,142	50%
<i>Treasury Bond</i>	35,992	68,192	53%
Borrowing from non-banking sources	-4,162	40,001	-10%
<i>National Savings Certificate</i>	-4,162	35,000	-12%
<i>*Others (GPF)</i>	-1597	5,001	0%
**External Borrowing	37,407	95,458	39%
Total Borrowing	88,438	241,793	37%

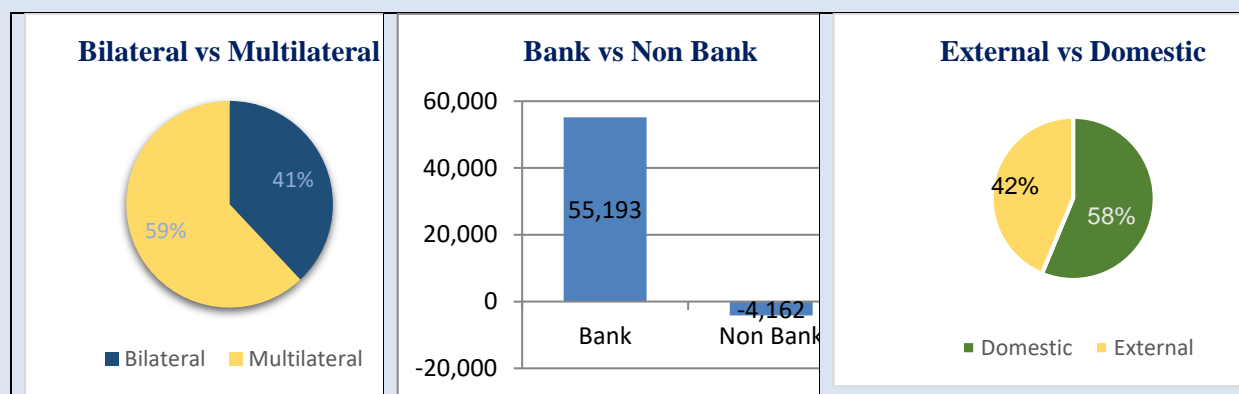
* Net receipt and payment (interest included and opening balance excluded)

** Provisional

- The share of domestic and external borrowing was 57.7 percent and 42.3 percent, respectively.
- Domestic financing has been reliant on T-Bills & Bonds as net borrowing from NSC and GPF were negative.

Borrowing Composition FY 2022-23 (as on March '23)

Figure 1: Borrowing Compositions



- Bank borrowing was 93% of the total domestic borrowing which was much higher than the non-bank sources.
- Bilateral sources accounted for around 41 per cent and the rest 59 percent was from multilateral sources.

❖ Domestic Borrowing: Banking Sources FY 2022-23

Table 2: Instrument-wise Borrowing: Treasury Bills (July-March FY23)

(In Crore BDT)

Instrument	Gross Borrowing	Maturity	Net Borrowing	As % of total
91-day T-Bill	94480	96849	-2369	-12%
182-day T-Bill	35466	25088	10378	54%
364-day T-Bill	29715	18523	11192	58%
14- day T-Bill	0	0	0	0%
Total	159661	140461	19201	100%

Source: Bangladesh Bank.

Table 3: Instrument-wise Borrowing: Treasury Bonds (July- March FY23)

(In Crore BDT)

Instrument	Gross Borrowing	Maturity	Net Borrowing	As % of total
2 YR BGTB	20018	17000	3018	8%
5 YR BGTB	16831	0	16831	47%
10 YR BGTB	16292	7250	9042	25%
15 YR BGTB	4189	900	3289	9%
20 YR BGTB	4246	0	4246	12%
Special Bond	4	1520	-1516	-4%
Total	62662	26670	35992	100%

Source: Bangladesh Bank.

- Net financing through T-Bill was BDT 19,201 crore in the first three quarters of FY23;
- Long-term instrument (T-bond) has continued to be the preferred instrument. In the first three quarters of FY23, Net borrowing from T-Bond amounted to BDT 35,992 crore.

Table 4: Month-wise Borrowing from Banking Sources

(In Crore BDT)

Month	Treasury Bill			Treasury Bond			Total Net Borrowing
	Gross Issuance	Redemption	Net Borrowing	Gross Issuance	Redemption	Net Borrowing	
Jul 22	15539	9084	6455	6800	5250	1550	8005
Aug 22	9371	10748	-1377	5463	4750	713	-664
Sep 22	15638	21829	-6191	7800	1673	6127	-64
Oct 22	12928	11881	1047	5000	5397	-397	650
Nov 22	17601	11628	5974	4104	800	3304	9278
Dec 22	27698	24357	3341	5700	800	4900	8241
Jan 23	20272	13376	6896	7950	5300	2650	9546
Feb 23	17959	15473	2486	9845	800	9045	11531
Mar 23	22656	22085	571	10000	1900	8100	8671
Total	159661	140461	19201	62662	26670	35992	55193

Source: Bangladesh Bank.

- Government borrowing picked up in the third quarter following the same trend as in the previous years.

Domestic Borrowing: Non-bank Sources

Table 5: Month-wise Borrowing from NSC (July'22-March'23)

(In Crore BDT)

Month	Gross Issuance	Redemption	Net Borrowing
Jul 22	7018	6625	393
Aug 22	7520	7512	8
Sep 22	6973	7044	-71
Oct 22	6533	7496	-963
Nov 22	6885	7868	-983
Dec 22	5542	7033	-1491
Jan 23	8285	8247	37
Feb 23	7105	7545	-440
Mar 23	6795	7447	-652
Total Borrowing	40472	43579	-4162

Source: Department of national Savings

- Various reform initiatives, such as the online issuance process, logical investment limit, and introduction of multi-tier interest rates along with inflation contributed to the reduction of the net sales of the National Savings instruments.

External Borrowing*

Table 6: Month-wise Borrowing from External Sources

(In Crore BDT)

Month	Gross Borrowing	Redemption	Net Borrowing
Jul 22	4496	1073	3423

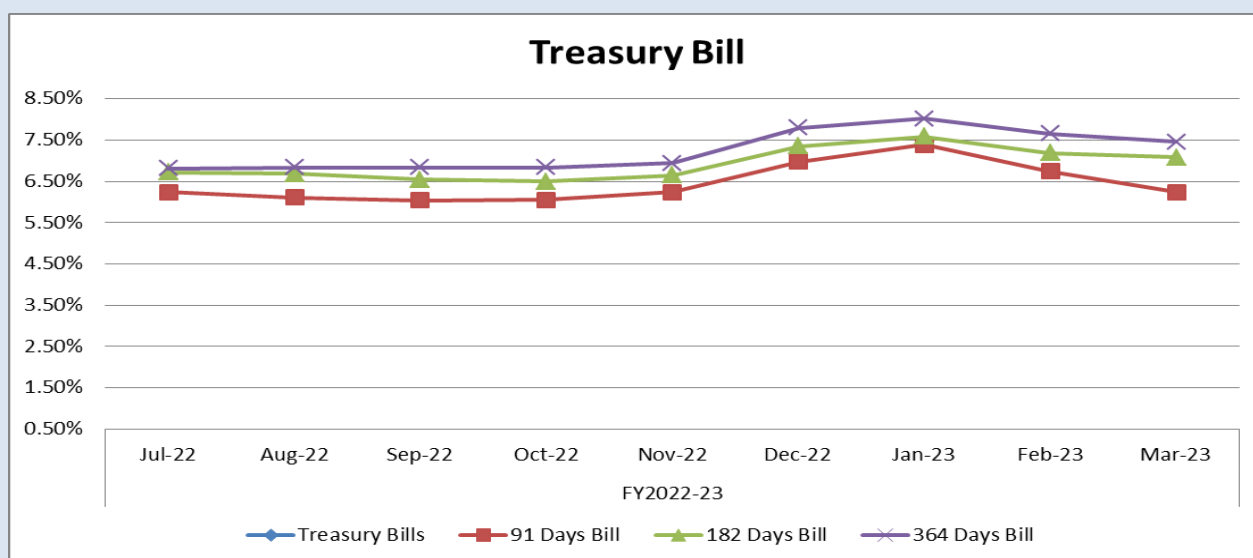
Aug 22	3359	784	2575
Sep 22	4447	1832	2615
Oct 22	6273	1430	4843
Nov 22	4677	1037	3640
Dec 22	11319	1340	9980
Jan 23	4756	1074	3682
Feb 23	5912	1032	4880
Mar 23	4047	2277	1769
Total	49287	11879	37407

Source: Economic Relations Division

- Bangladesh still has access to concessional external financing from multi-lateral and bi-lateral partners and prefers this mode of financing. In the first three quarters, Bangladesh received BDT 37,407 crore from external financing sources.

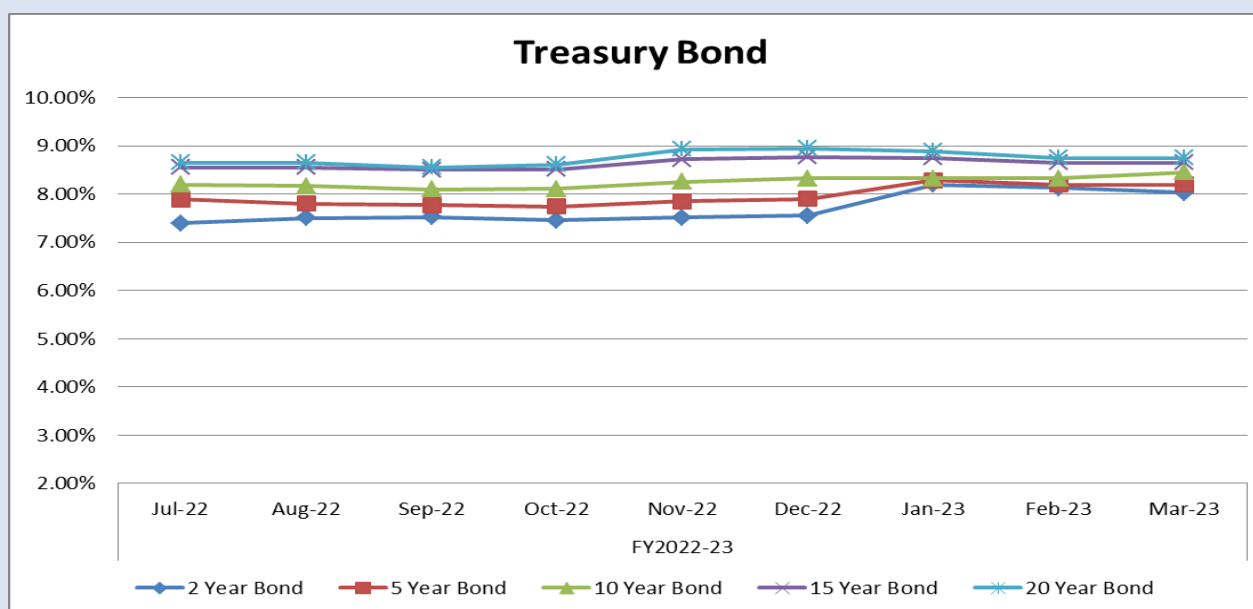
Cost of Borrowing from Banking Sources

Figure 2: Average Yield of the Treasury Bills (up to March '23)



Source: Bangladesh Bank.

Figure 3: Average Yield of the Treasury Bonds (up to March '23)



Source: Bangladesh Bank.

- Yield curves of the government securities remained stable in the first three quarters of the current fiscal year.

- The yield of different instruments is relatively higher compared to the last Fiscal Year indicating the liquidity crunch. Intervention of the Bangladesh Bank in the foreign currency market is the major contributing factor to the drying up of liquidity in the financial system.

B. Interest Expenditure of Government borrowing

Table 7: Interest Expenses (up to March '23)

(In Crore BDT)				
Source of Borrowing	Interest Payment	Budget	As % of Budget	As% of Total
Interest on Domestic Borrowing	55969	73675	76%	93%
Banking sources	20955	25000	84%	35%
Non-bank sources (NSC)	35014	42675	82%	58%
GPF	0	6000	0%	0%
Interest on External Borrowing	4435	7200	62%	7%
Total Interest Expenses	60404	80875	75%	100%

Source: FD, BB, BBS, NSD, CGA, and ERD

- For domestic borrowing, interest expenses were 93% of total expenses due to the higher interest rates for the government securities.
- External interest payment was only 7% of the total government interest expenses.

C. Structures and Dynamics of the Government Debt

Table 8: Government Debt Stock

(In Crore BDT)		
Source of Borrowing	As on 31 December 2022	As on 31 March 2023
A. Domestic Debt (1+2)	864,105	915,135
1. Debt from Banking Sources	438,908	494,101
1.1. Treasury Bills	86,272	105,473
1.2. Treasury Bonds & SPTB	334,636	370,628
1.3. Sukuk	18,000	18,000
2. Debt from Non-Bank Sources	425,196	421,034
2.1. Debt from NSCs	362,456	358,294
2.2. Others (GPF) ¹	62,740	62,740
B. External Debt²	495,794	533,198
C. Total Debt (A+B)	1,359,898	1,448,333
GDP³	4,449,959	4,449,959
Debt to GDP (%)	30.56%	32.55%
Domestic Debt to GDP	19.42%	20.57%
External Debt to GDP	11.14%	12.01%

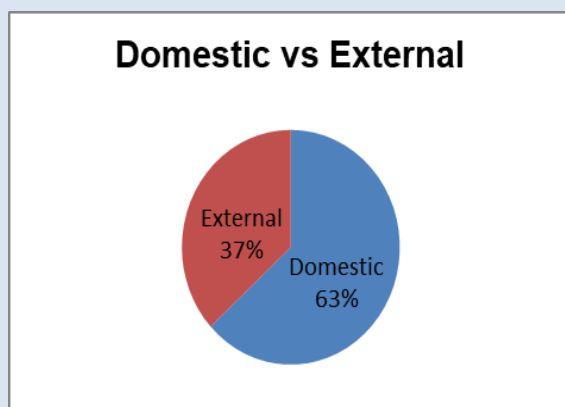
Source: FD, BB, BBS, NSD, CGA, and ERD;

- The total debt-to-GDP ratio was at around 32.55% based on GDP projection for FY23 by BBS and is significantly lower than the IMF threshold of 55 percent.
- The gap between the debt from the banking source and debt from the non-banking source has decreased.
- External debt stock is around 12.01 percent of GDP at the current market price.

¹ GPF figure is as on 31 March, 2023, ² Provisional; ³ BBS estimates.

Total Debt Stock: (Domestic vs External)

Figure 4: Total Debt Stock as on 31 March 2023



- Domestic debt constitutes the major share of the total debt stock and financing from the domestic sources is increasing gradually;
- As on 31 March 2023, domestic and external debt was 63 per cent and 37 percent of the total debt stock, respectively.

Total Domestic Debt Stock: Contribution from different sources

- Financing from the Banking sector constitutes 54 percent of the total domestic debt followed by NSCs, 39 per cent, and the rest was financed from the provident fund.
- It is expected that the ongoing NSC reforms will help reduce the need to finance from the NSCs.

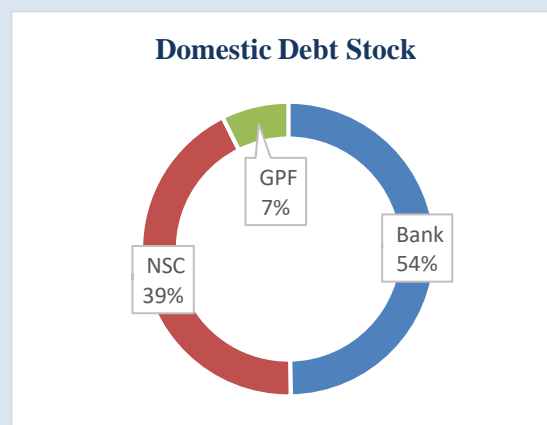
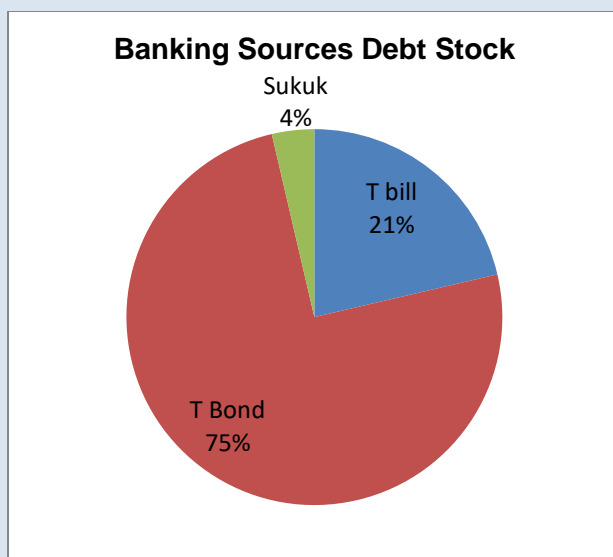


Figure 5: Domestic Debt Stock by sources as on 31 March 2023

Debt from the Bank Source: Contribution from different Government Securities

- 75 percent of the banking sector financing is sourced from the treasury bonds and SPTB that reflects the government's preference for long-term instruments. ;
- Treasury bills are issued mostly for cash management purposes, and to create a balance between short-



D. Upcoming events

- Debt Sustainability Analysis Report
- Installation of a customized Debt Database in the Middle Office (FD)

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