



Quarterly Debt Bulletin

Issue 11

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

Abbreviations

AIIB- Asian Infrastructure Investment Bank
ADB- Asian Development Bank
ALS- Assured Liquidity Support
BB- Bangladesh Bank
BDT- Bangladesh Taka
BGTB- Bangladesh Government Treasury Bond
BBS- Bangladesh Bureau of Statistics
CRR- Cash Reserve Ratio
DSE- Dhaka Stock Exchange
ERD- Economic Relations Division
FD- Finance Division
GDP- Gross Domestic Product

IDA- International Development Association
IPP- Independent Power Producer
IMF- International Monetary Fund
IRD- Internal Resources Division
IMF- International Monetary Fund
NSC- National Savings Certificate
NSD- Department of National Savings
SLR- Statutory Liquidity Ratio
SOE- State-Owned Enterprise
SPTB- Special Purpose Treasury Bond
WB- World Bank

GOVERNMENT BORROWING STATUS (JULY-JUNE FY24)

Net government borrowing stood at BDT 1,57,005 crore which was 61% of the budget target¹. Net borrowing from external sources was higher compared to domestic sources. Borrowing from treasury bills and bonds outweighed borrowing from NSD which was net negative. Table 1 presents a summary of the borrowing from different sources during this period:

Table 1: Government Net Borrowing (July-June FY24)

(Crore BDT)			
Source of Borrowing	Net Borrowing	Budget 2023-24	As % of Budget
Domestic Borrowing	73,108	1,55,395	47%
Borrowing from banking sources	89,100	1,32,395	67%
Treasury Bill	9,765	45,815	21%
Treasury Bond	78,335	86,580	90%
Sukuk	1,000	2,000	50%
Borrowing from non-banking sources	-15,992	23,000	-
National Savings Certificate	-21,124	18,000	-
Others (GPF)	5,132	5,000	102%
External Borrowing	83,896	1,02,490	82%
Total Borrowing	1,57,004	2,57,885	61%

Source: BB, NSD, ERD.

- Domestic and external borrowing was 46 per cent and 82 per cent of the budget, respectively.
- As borrowings from NSC was net negative, net domestic financing depended mostly on the banking sector.

¹ End June 2024 Calculation.

Domestic Borrowing: Government Securities (July-June FY24)

Instrument-wise

Table 2(a): Instrument-wise Borrowing: Treasury Bills (July-June FY24)

Crore BDT				
Instrument	Gross Borrowing	Maturity	Net Borrowing	As % of total
91-day T-Bill	182,336	155,837	26,499	271%
182-day T-Bill	40,778	66,785	-26,006	-266%
364-day T-Bill	57,467	48,195	9,272	95%
14-day T-Bill	21,167	21,167	0	0%
Total	3,14,166	2,91,983	9,765	100%

Source: BB.

Table 2(b): Instrument-wise Borrowing: Treasury Bonds (July-June FY24)

Crore BDT				
Instrument	Gross Borrowing	Maturity	Net Borrowing	As % of total
2 YR BGTB	27,595	17,500	10,095	11%
5 YR BGTB	23,178	17,400	5,778	9%
10 YR BGTB	17,950	4,050	13,900	18%
15 YR BGTB	6,371	1,730	4,641	6%
20 YR BGTB	7,335	0	7,335	9%
Special Bond	36,586	0	36,586	47%
Total	1,19,015	40,680	78,335	100%

Source: BB.

- Net financing through T-Bill was BDT 9,765 crore up to the fourth quarter of FY24;
- Long-term instrument (T-bond) continued to be the preferred instrument. Up to the fourth quarter of FY24, net borrowing from T-Bond amounted to BDT 78,335 crore.

Table 3: Borrowing through the Government Securities (July-June FY24)

Month	Treasury Bill			Treasury Bond			Total Net Borrowing
	Gross Issuance	Redemption	Net Borrowing	Gross Issuance	Redemption	Net Borrowing	
Jul	33,520	19,389	14,131	8,000	8,750	-750	13,381
Aug	26,379	18,968	7,412	8,500	4,650	3,850	11,262
Sep	18,291	21,306	-3,015	6,831	150	6,681	3,666
Oct	21,088	27,085	-5,997	2,908	150	2,758	-3,239
Nov	26,820	25,429	1,391	3,866	9,050	-5,184	-3,793
Dec	24,653	33,515	-8,862	5,417	150	5,267	-3,595
Jan	19,941	21,140	-1,199	15,863	150	15,713	14,514
Feb	26,648	23,963	2,685	15,386	150	15,236	17,921
Mar	26,304	23,667	2,637	8,952	8,300	652	3,289
April	22,751	25,119	-2,368	14,644	14,354	14,494	12,126
May	24,605	25,696	-1,091	9,007	8,727	8,857	6,409
June	31,891	26,706	4,041	19,641	8,880	10,761	14,902
Total	3,02,891	2,91,983	9,765	1,19,015	63,461	78,335	86,843

Source: BB.

Domestic Borrowing: Retail Instruments (July-June FY24)

Table 4: Borrowing from NSCs

Crore BDT

Month	Gross Issuance	Redemption	Net Borrowing
July-23	7,860	8,208	-348
Aug-23	7,050	7,819	-770
Sep-23	6,746	6,894	-148
Oct-23	7,420	8,460	-1,040
Nov-23	6,794	8,348	-1,554
Dec-23	5,420	7,624	-2,204
Jan-24	7,964	9,251	-1,287
Feb-24	6,692	8,233	-1,541
Mar-24	6,291	9,945	-3,653
Apr-24	5,295	7,398	-2,103
May-24	5,633	8,728	-3,095
June-24	5,682	9,064	-3,381
Total	78,848	99,972	-21,124

Source: NSD

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

External Borrowing

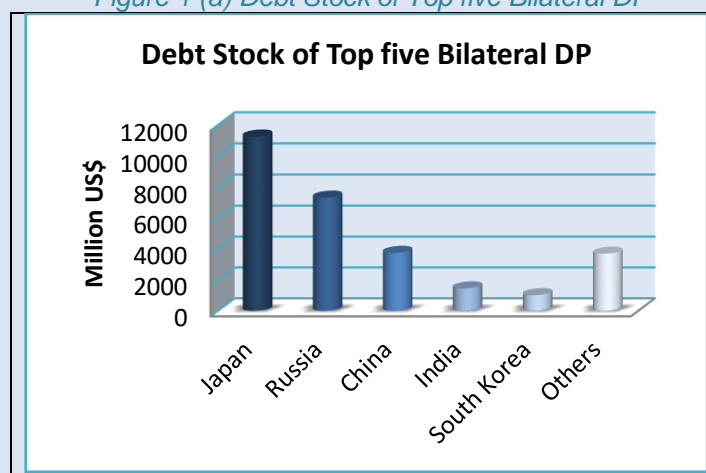
Table 5: External Borrowing: Month-wise

Crore BDT

Month	Borrowing	Principal Payment	Net Borrowing
July-23	8,315	1,843	6,471
Aug-23	3,503	1,289	2,214
Sep-23	5,575	2,623	2,952
Oct-23	4,495	1,473	3,022
Nov-23	6,508	1,819	4,688
Dec-23	21,171	1,409	19,763
Jan-24	3,274	2,234	1,040
Feb-24	4,459	1,259	3,201
Mar-24	9,018	2,644	6,374
April-24	7,428	2,057	5,371
May-24	7,557	1,722	5,835
June-24	25,042	2,077	22,965
Total	1,06,345	22,449	83,896

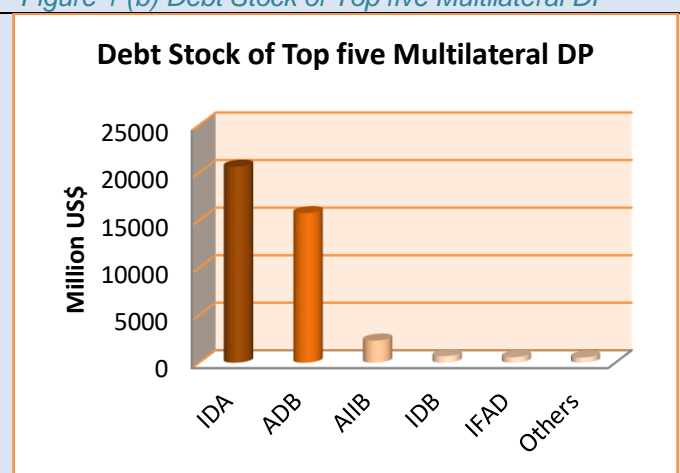
Source: ERD.

Figure 1 (a) Debt Stock of Top five Bilateral DP



Source: ERD.

Figure 1 (b) Debt Stock of Top five Multilateral DP



- Bangladesh still has access to concessional external financing and prefers this mode of financing. During July-June FY24, Bangladesh received BDT 106,345 crore as external financing inclusive of concessional and non-concessional financing.

STRUCTURES AND DYNAMICS OF THE GOVERNMENT DEBT

Table 6: Government Debt Stock

Crore BDT				
Source of Borrowing	As of 30 June 2021	As of 30 June 2022	As of 30 June 2023	As of 30 June 2024
A. Domestic Debt (1+2)	7,23,939	8,47,930	9,44,335	10,20,205
1. Debt from Banking Sources	3,34,252	4,19,627	5,07,763	5,96,863
1.1. Treasury Bills	51,268	77,024	1,23,681	1,33,446
1.2. Treasury Bonds & SPTB	2,74,983	3,24,603	3,66,083	4,44,419
1.3. Sukuk	8,000	18,000	18,000	19,000
2. Debt from Non-Bank Sources	3,89,686	4,28,303	4,36,572	4,23,342
2.1. Debt from NSCs	3,45,655	3,65,562	3,65,233	3,44,109
2.2. Others (GPF)	44,031	62,741	71,339	79,233
B. External Debt	4,20,357	4,95,793	6,72,978	8,12,077
C. Total Debt (A+B)	11,44,296	13,43,723	16,17,313	18,32,282
GDP	35,30,184	39,76,462	44,49,959	50,48,027
Debt to GDP (%)	32.41%	33.79%	36.34%	36.30%
Domestic Debt to GDP	20.51%	21.32%	21.22%	20.21%
External Debt to GDP	11.91%	12.47%	15.12%	16.09%

Source: BB, NSD, ERD.

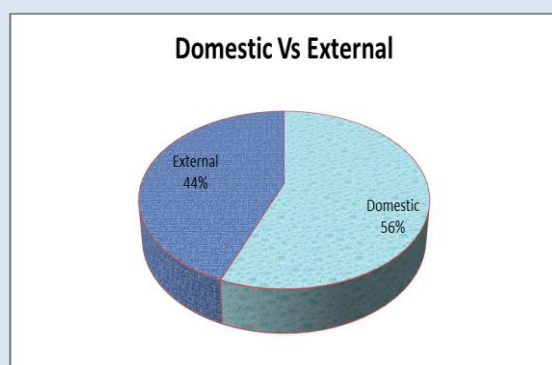
- The total debt-to-GDP ratio was 36.30 per cent based on the GDP projection for FY24 by BBS and is significantly lower than the IMF threshold of 55 per cent.
- Financing from government securities has gradually outweighed financing from retail or non-market sources. As a result, the outstanding stock of debt from

government securities has gradually increased and surpassed the debt stock originating from retail or non-market sources since FY23.

- External debt stock was 16.09 per cent of GDP at the current market price.

Total Debt Stock: Domestic vs. External (July-June FY24)

Figure 2 Debt Stock: Domestic vs External

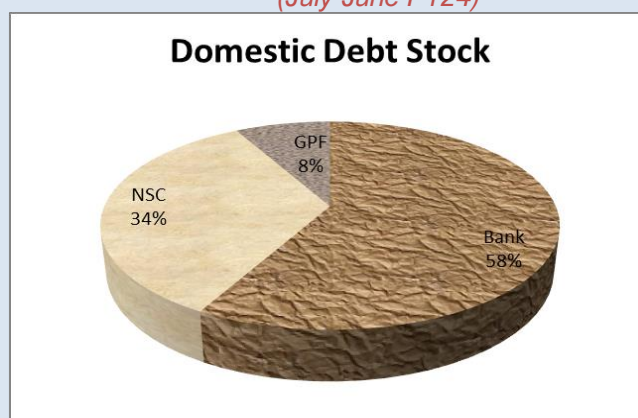


- Domestic debt constitutes the major share of the total debt stock and financing from domestic sources is increasing gradually;
- As of June 30, 2024, domestic and external debt was 56 per cent and 44 per cent of the total debt stock, respectively.

Total Domestic Debt Stock: Contribution from different sources

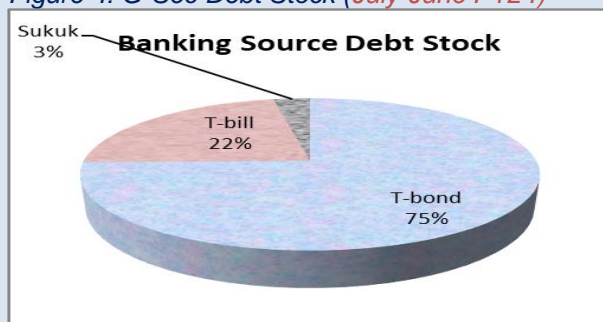
Figure 3: Domestic Debt Stock by Sources (July-June FY24)

- Financing from the Banking sector constitutes 58 per cent of the total domestic debt followed by NSCs, 34 per cent, and the rest were financed from the GPF.
- It is expected that the reforms in the NSC will gradually reduce its contribution to deficit financing.



Composition of Banking Sector Debt Stock: Government Securities

Figure 4: G-Sec Debt Stock (July-June FY24)



- 75% of the financing through G-Sec originates from T-Bonds and SPTBs reflecting the government's preference for long-term instruments;
- T-Bills are issued mostly for cash management purposes and to create a balance between short and long-term financing.

INTEREST EXPENDITURE

Table 7: Interest Expenditure

Crore BDT

Source of Borrowing	2022-23 (July-June)	2023-24 (July-June)	Increase/Decrease	Rate of Increase
Interest on Domestic Borrowing	83,086	96,840	13,754	17%
Banking sources	30,290	41,717	11,417	38%
Non-bank sources (NSC)	44,800	46,259	1,459	3%
GPF**	7,996	8,864	868	11%
Interest on External Borrowing	9,393	14,984	5,591	60%
Total Interest Expenses	92,479	1,11,824	19,345	21%

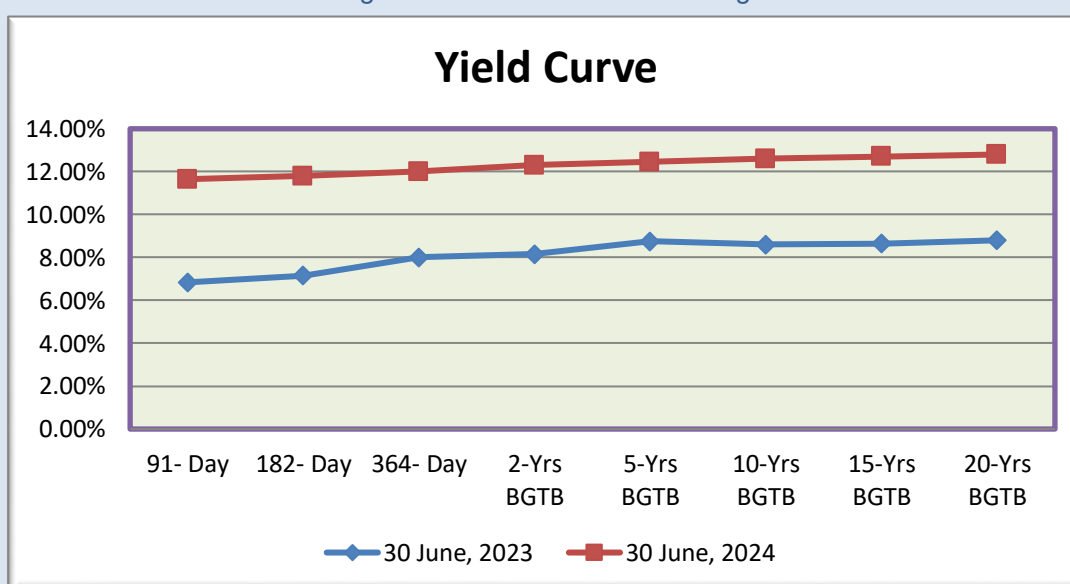
*Source: FD's Calculation.

** Interest on GPF is calculated at the end of FY.

- Up-to 4th quarter of FY24, interest expense was 21% higher compared to the same time of FY23.
- External interest payment increased by 60% during July-June FY24 relative to the same period in FY23. This is due to the start of interest payments on some major foreign loans.

MARKET COST OF BORROWING FROM GOVERNMENT SECURITIES

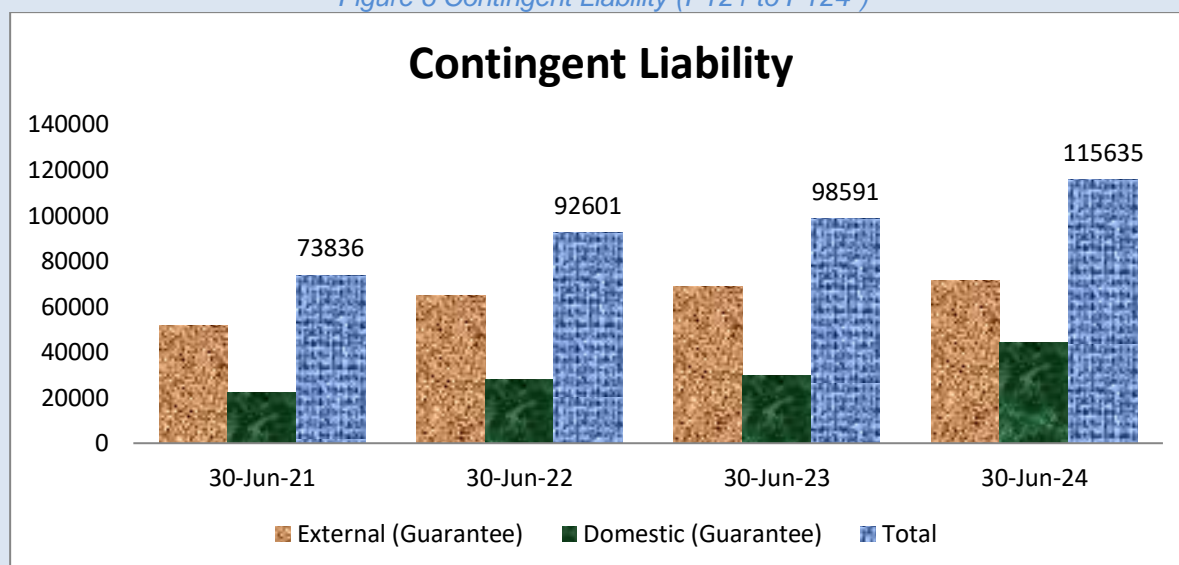
Figure 5: Market Cost of Borrowing



- Yield curves reflect the rising cost of borrowing through government securities up to 4th quarter of FY24 vis-à-vis the same period in FY23.

CONTINGENT LIABILITY

Figure 6 Contingent Liability (FY21 to FY24*)



Source: FD.

* July-June FY24

- As of 30th June 2024, the outstanding stock of government guarantee was BDT 1,15,635 crore. Among this contingent liability, BDT 71,585 crore originated from external sources while BDT 44,050 crore came from domestic sources.

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