



Quarterly Debt Bulletin

Issue 18

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

Abbreviations

ABP-Annual Borrowing Plan

ADB- Asian Development Bank

AIIB- Asian Infrastructure Investment Bank

BB- Bangladesh Bank

BDT- Bangladesh Taka

BGTB- Bangladesh Government Treasury Bond

ERD- Economic Relations Division

FD-Finance Division

GDP-Gross Domestic Product

IMF- International Monetary Fund

NSC- National Savings Certificate

NSD- Department of National Savings

OD-Overdraft

PD- Primary Dealers

SDFP- Sustainable Development Finance Policy

SPTB- Special Purpose Treasury Bond

TA-Technical Assistance

WB- World Bank

WMA-Ways & Means Advance

A. Recent Events

The Primary Dealer Guidelines:

The *Guidelines for the Enlistment and Operations of Primary Dealers in Government Securities, 2025 (Amended)* were officially implemented in February 2026, superseding the 2007 framework. This revision realigns the Primary Dealer (PD) system by shifting administrative oversight and appointment authority to the Finance Division, while Bangladesh Bank maintains its role as the operational authority for auction execution and market surveillance. This institutional restructuring underscores Bangladesh's commitment to aligning its public debt management with international best practices and enhancing the efficiency of the government securities market.

Medium-Term Debt Strategy (MTDS)

To Strengthen public debt management, the government has institutionalized the preparation of MTDS as a key instrument for guiding medium-term borrowing and debt management decisions. The fourth publication of MTDS, covering FY2026-27 to FY2028-29, is currently under preparation.

Annual Borrowing Plan (ABP):

The Finance Division is set to prepare and publish an Annual Borrowing Plan (ABP) for FY2026–27. The introduction of an Annual Borrowing Plan (ABP) will further strengthen the public debt management framework by promoting a more predictable, coherent, and structured approach to government borrowing. A Joint IMF-WB TA mission visited Dhaka from 13-25 May 2026 to support this initiative. As part of the mission, relevant officials were trained, and a TA Report has been prepared outlining best practices. The Finance Division is expected to publish the first Annual Borrowing Plan soon.

B. Government Borrowing Status (July-March FY 26)

During the first nine months of FY2025–26, the government's deficit financing amounted to BDT 115,067 crore, equivalent to 59% of the revised budget target of BDT 195,000 crore. This

represented a 13% increase compared with BDT 102,214 crore mobilized during the corresponding period of FY2024–25.

Domestic borrowing remained the principal source of financing, amounting to BDT 100,523 crore, 73% of the revised target. It was driven primarily by market-based government securities of BDT 106,659 crore. Within this segment, Treasury Bills recorded a marginal net repayment of BDT 46 crore, while Treasury Bonds and Sukuk accounted for BDT 70,951 crore. In contrast, non-market borrowing remained negative at BDT 6,136 crore, largely reflecting net repayments of National Savings Certificates (NSCs) (BDT 2,690 crore) and the General Provident Fund (GPF) (BDT 3,446 crore).

External financing amounted to BDT 14,544 crore, equivalent to 25% of the revised target, marking a 53% decline compared to the corresponding period of the previous fiscal year. This shortfall in external financing increased the government's reliance on domestic sources, particularly through marketable borrowing, to meet its financing requirements.

Overall, the financing mix indicates a gradual shift towards domestic sources amid weaker external financing. At the same time, domestic borrowing strategy reflects a preference for long-term market-based instruments. Net financing through Treasury Bonds and Sukuk (BDT 70,951 crore) substantially exceeded short-term financing, with Treasury Bills recording a small net repayment while NSCs continued to register net redemption amounting to BDT 2690 crore. BDT This pattern is consistent with the government's strategy of deepening the domestic government securities market, lengthening the maturity profile of public debt, and reducing reliance on short-term and relatively high-cost sources of financing.

Despite the increasing reliance on domestic financing through government securities, the evolving financing mix helps reduce exchange rate risk while deepening the domestic debt market and supporting broader financial market development.

Table 1: Government Net Borrowing (July-March FY 26)

(Crore BDT)							
Source of Borrowing	2024-25 (July-March)			2025-26 (July-March)			Incr/ Dec
	Budget (Revised)	Actual Borrowing	% of Budget	Budget (Revised)	Actual Borrowing	% of Budget	
Domestic Borrowing (Net)	1,17,000	71,171	61%	1,37,000	1,00,523	73%	41%
Borrowing from banking sources	99,000	81,345	82%	1,18,000	1,06,659	90%	31%
Short-Term (T-Bill)	-15,163	15,790	--	-12,000	-46	38%	--
Short-Term (WMA & OD)	--	-32,238	--	--	35,754	--	--
Long-Term (T- Bond, Sukuk, special bond)	1,14,163	97,793	86%	1,30,000	70,951	55%	-27%
Borrowing from non-banking sources	18,000	-10,174	--	19,000	-6,136	--	--
NSC	14,000	-7,213	--	11,500	-2,690	-23.39%	--
Others (GPF)	4,000	-2,961	--	7,500	-3,446	--	--
External Borrowing (Net)	1,04,600	31,043	30%	58,000	14,544	25%	-53%
Total Borrowing	2,21,600	1,02,214	46%	1,95,000	1,15,067	59%	13%

Source: BB, NSD, ERD.

Domestic Borrowing: Government Securities (July-March FY 26)

Instrument-wise

Table 2(a): Instrument-wise Borrowing: Treasury Bills (July-March FY 26)

Creore BDT

Instrument	Gross Borrowing	Redemption	Net Borrowing	As % of total of T-bill
91-day T-Bill	1,16,079.33	1,21,436.87	(5,357.54)	--
182-day T-Bill	77,832.48	70,815.46	7,017.02	--
364-day T-Bill	54,462.40	56,167.59	(1,705.19)	--
14-day T-Bill	29,880.24	29,880.24	--	--
Total	2,78,254.45	2,78,300.16	(45.71)	--

Source: BB.

Table 2(b): Instrument-wise Borrowing: Treasury Bonds (July-March FY 26)

Creore BDT

Instrument	Gross Borrowing	Redemption	Net Borrowing	As % of total of T-Bond
2 YR BGTB	28,491.38	18,415.09	10,225.41	14.41%
3 YR BGTB	4,531.30	0.00	4,500.00	6.34%
5 YR BGTB	28,943.23	17,000.00	11,500.00	16.21%
10 YR BGTB	20,401.00	5,600.00	14,500.00	20.43%
15 YR BGTB	9,572.84	1,270.00	8,230.00	11.60%
20 YR BGTB	9,796.71	0.00	9,500.00	13.39%
Special Bond	0.00	4.23	-4.23	-0.006%
Sukuk	12,500.00	0.00	12,500.00	17.62%
Total	1,14,236.46	42,289.32	70,951.18	-

Source: BB.

- Net financing through Treasury Bills was marginally negative up to March FY2025–26 which indicates that short-term gross borrowing was almost entirely offset by redemptions (Table 2(a)).

Treasury Bonds continued to be the government's preferred source of domestic financing. Up to March FY2025–26, net borrowing through Treasury Bonds amounted to BDT 70,951 crore. Among the various maturities, the 10-Year Bangladesh Government Treasury Bond (BGTB) accounted for the largest share, contributing to 20.43% of total net Treasury Bond borrowing followed by Sukuk (17.62%). Overall, the borrowing pattern reflects government's strategy of extending debt maturities and mitigating rollover and refinancing risks (Table 2(b)).

Table 3: Month-wise borrowing through the Government Securities (July-March FY 26)

Creore BDT

Month	Treasury Bill			Treasury Bond and Special Bond (except Sukuk)			Sukuk		
	Gross Issuance	Redemption	Net Borrowing	Gross Issuance	Redemption	Net Borrowing	Gross Issuance	Redemption	Net Borrowing
Jul-25	32,677.99	36,586.63	-3,908.64	13,096.54	10,640.00	2,000.50	-	-	-
Aug-25	30,474.89	31,104.41	-629.52	8,891.95	3,140.00	5,460.00	-	-	-
Sep-25	34,755.41	39,430.42	-4,675.02	9,209.09	5,736.16	3,263.84	-	-	-
Oct-25	28,697.15	30,686.18	-1,989.02	11,340.51	4,150.00	6,850.00	-	-	-
Nov-25	29,866.53	25,909.12	3,957.41	17,046.55	2,917.88	14,082.12	-	-	-
Dec-25	31,499.69	29,173.19	2,326.51	10,834.59	4,150.00	6,850.00	-	-	-
Jan-26	30,373.06	28,420.29	1,952.77	12,814.72	6,655.28	6,344.72	10,000.00	-	10,000.00
Feb-26	28,527.83	27,382.86	1,144.97	9,005.43	200.00	8,800.00	2,500.00	-	2,500.00
Mar-26	31,381.89	29,607.06	1,774.82	9,497.09	4,700.00	4,800.00	-	-	-
Total	2,78,254.45	2,78,300.16	-45.71	1,01,736.47	42,289.32	58,451.18	12,500.00	-	12,500.00

Source: BB.

Domestic Borrowing: Retail Instruments (July-March FY 26)

Table 4: Borrowing from NSCs

Crore BDT

Month	Gross Issuance	Redemption	Net Borrowing
July-25	7,915.50	6,622.02	1,293.48
Aug-25	7,860.58	7,581.77	278.81
Sep-25	8,633.03	8,259.73	373.30
Oct-25	8,178.78	7,754.70	424.08
Nov-25	7,967.63	8,261.04	(293.41)
Dec-25	7,190.15	6,805.39	384.76
Jan-26	7,161.16	9,012.19	(1,851.03)
Feb-26	6,406.58	7,571.34	(1,164.76)
Mar-26	6,533.91	8,668.99	(2,135.08)
Total	67,847.32	70,537.17	(2,689.85)

Source: NSD

- NSCs continue to serve as an important investment instrument for risk-averse retail investors offering guaranteed principal, and relatively attractive returns. However, recent trends indicate a shift in investor behaviour in this particular segment. During July 2025–March 2026, NSCs recorded a net repayment amounting to BDT 2,689.85 crore, indicating that repayments exceeded new issuances. This pattern may suggest that, *inter alia*, persistent inflationary pressure and weak real income growth have constrained household capacity to generate new savings, thereby reducing investment in NSCs since FY2022-23.

External Borrowing

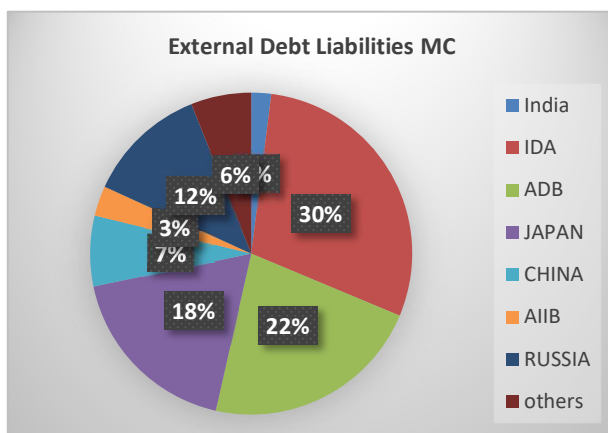
Table 5: Month-wise External Borrowing

Crore BDT

Month	Borrowing	Principal Payment	Net Borrowing	% of total external borrowing
July-25	2,469.081	3,996.973	-1,527.892	-10.51%
Aug-25	6,553.804	1,960.531	4,593.273	31.59%
Sep-25	3,618.597	3,995.574	-376.977	-2.59%
Oct-25	6,284.275	2,527.878	3,756.396	25.82%
Nov-25	3,421.698	2,340.753	1,080.945	7.43%
Dec-25	5,169.955	2,565.704	2,604.251	17.90%
Jan-26	1,212.588	4,407.113	-3,194.525	-21.96%
Feb-26	4,767.299	1,935.146	2,832.153	19.47%
Mar-26	8,854.425	4,077.849	4,776.576	32.85%
Total	42,351.72	27,807.52	14,544.200	--

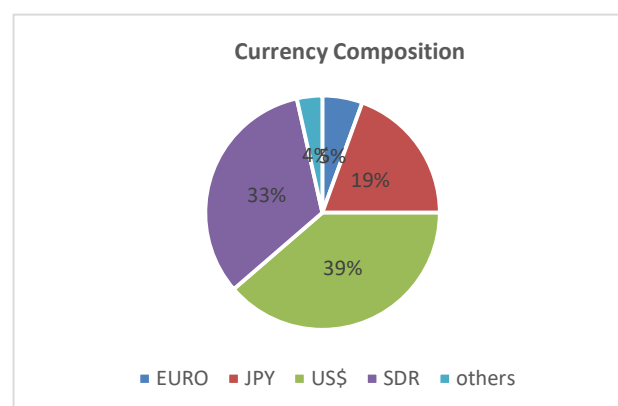
Source: ERD.

Figure 1 (a) External Debt Liabilities to Major Creditors (MC)



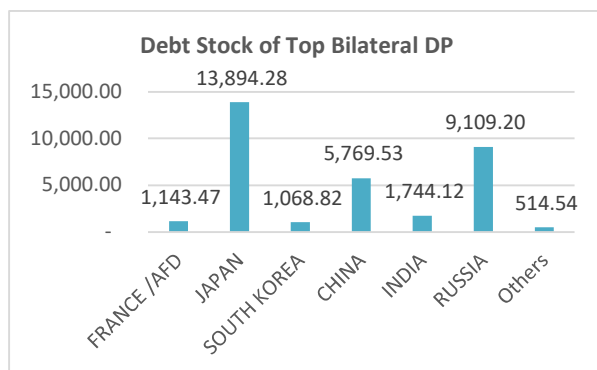
Source: ERD.

Figure 1 (b) Currency Composition of external Debt



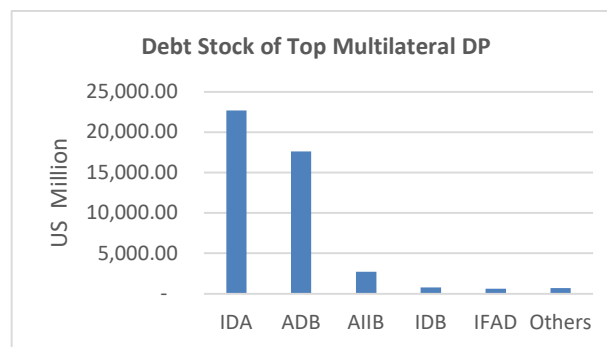
Source: ERD.

Figure 1 (c) Debt Stock of Top Bilateral Creditors (BC)



Source: ERD.

Figure 1 (d) Debt Stock of Top Multilateral Creditors (MC)



Source: ERD.

- During the third quarter of FY2025–26, Bangladesh provisionally secured BDT 14,544 crore in net external financing. The World Bank (IDA) remained Bangladesh's largest external creditor, followed by the Asian Development Bank (ADB), Japan, and Russia. Other major creditors included the Asian Infrastructure Investment Bank (AIIB), Islamic Development Bank (IDB), International Fund for Agricultural Development (IFAD), Agence Française de Développement (AFD), France, South Korea, China, and India.
- The currency composition of the total external debt stock, presented in Figure 1(b), reflects a well-diversified portfolio that helps mitigate foreign exchange risk. The US dollar (USD) accounted for the largest share at 38.70%, followed by the Special Drawing Right (SDR) at 32.78%. The Japanese yen (JPY) represented 19.49%, while the euro (EUR) accounted for 5.51%. Other currencies collectively comprised the remaining 3.52%. This diversified currency composition helps reduce exchange rate risk, enhance the resilience of the external debt portfolio to currency fluctuations and external shocks, and support prudent public debt management.

C. Structures and Dynamics of the Government Debt

Table 6: Government Debt Stock

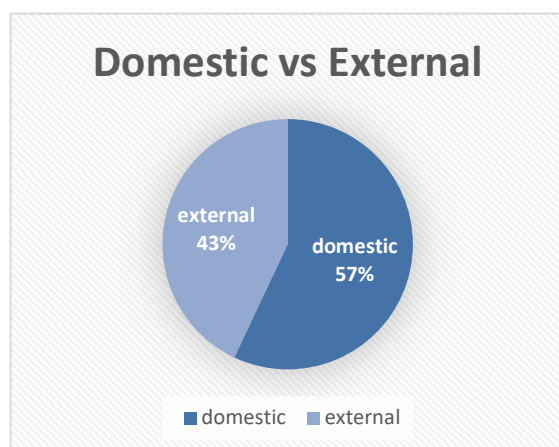
Source of Borrowing	Crore BDT				
	As of 30 June 2022	As of 30 June 2023	As of 30 June 2024	As of 30 June 2025	As of 31 Mar 2026
A. Domestic Debt (1+2)	8,48,650	9,61,850	10,76,700	11,94,853	12,95,376
1. Debt from Banking Sources	4,20,350	5,28,280	6,56,330	7,74,909	8,81,568
1.1. Central Bank Facilities	730	17,800	56,750	6,057	41,811
1.2. Treasury Bills	77,020	1,23,680	1,33,450	1,75,135	1,75,089
1.3. Treasury Bonds & SPTB	3,24,600	3,68,800	4,47,130	5,69,717	6,28,168
1.4. Sukuk	18,000	18,000	19,000	24,000	36,500
2. Debt from non-bank sources	4,28,300	4,33,570	4,20,370	4,19,944	4,13,808
2.1. Debt from NSCs	3,65,560	3,62,230	3,41,140	3,35,077	3,32,387
2.2. Others (GPF)	62,740	71,340	79,230	84,867	81,421
B. External Debt*	4,95,793	6,72,978	8,12,077	9,49,181	9,63,725
C. Total Debt (A+B)	13,44,443	16,34,828	18,88,787	21,44,034	22,59,101
Debt to GDP (%) *	33.79	36.34	36.30	38.61	--
Domestic Debt to GDP (%)	21.32	21.22	20.21	21.51	--
External Debt to GDP (%)	12.47	15.12	16.09	17.10	--

Source: BB, NSD, ERD. (* The debt-to-GDP ratio has not been published as GDP figures for FY26 are yet to be finalized.)

- The historical distribution of domestic and external debt, as presented in Table 6, highlights the government's sustained reliance on domestic borrowing. The domestic debt stock increased steadily from BDT 8,48,650 crore in June 2022 to BDT 12,95,376 crore by March 2026. This steady growth reflects the government's strategic objective of deepening the domestic debt market while reducing exposure to foreign exchange risk. Although the external debt stock also increased significantly—from BDT 4,95,793 crore in June 2022 to BDT 9,63,725 crore by March 2026, due to a large extent because of a substantial devaluation of the Taka, domestic debt consistently remained higher than external debt, underscoring the government's continued reliance on domestic borrowing as the primary source of financing.

Debt Composition: Domestic vs External (as of March FY2025–26)

Figure 2: Debt Stock: Domestic vs External

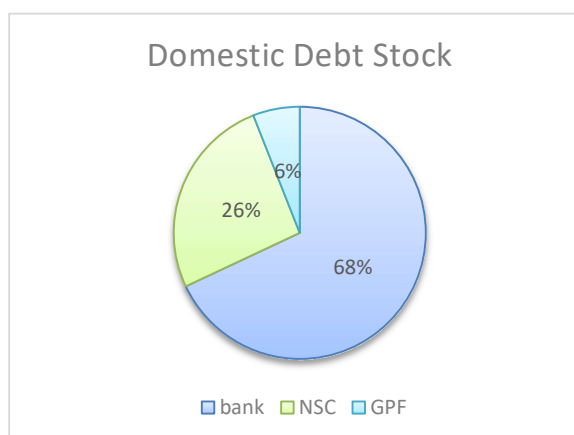


- Domestic debt remained the dominant component of the Government's debt portfolio.
- As of 31 March 2026, domestic debt accounted for 57% of the total Government debt stock, compared with 43% for external debt. This composition highlights the Government's continued reliance on domestic financing, reflecting its strategy to deepen the domestic debt market, reduce exposure to foreign exchange risk, and enhance the resilience and sustainability of the public debt portfolio.

Domestic Debt Stock by Source (as of March FY2025–26)

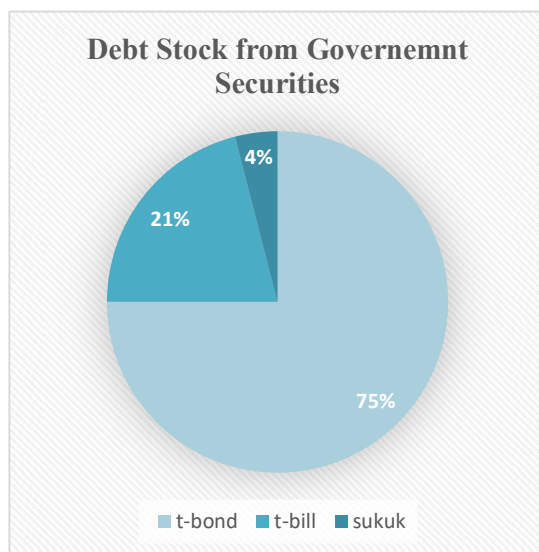
- The government securities remained the largest source of domestic government debt, accounting for 68% of the total domestic debt stock, followed by National Savings Certificates (NSCs) (26%) and the General Provident Fund (GPF) (6%). This composition highlights the central role of the government securities in supporting the Government's domestic borrowing requirements, with NSCs and GPF providing additional sources of domestic financing.

Figure 3: Domestic Debt Stock by Sources



Composition of Debt through Government Securities (as of March FY2025–26)

Figure 4: G-Sec Debt Stock



- The Government Securities (G-Secs) are predominantly concentrated in long-term instruments, with Treasury Bonds and Special Purpose Treasury Bonds (SPTBs) accounting for 75% of the total. This reflects the Government's strategic preference for longer-term financing to secure stable fiscal funding and reduce refinancing risk.
- Treasury Bills account for 21% of the banking sector's Government Securities holdings and are used primarily to meet short-term financing, cash management, and liquidity management requirements.
- The remaining 4% comprises Sukuk, reflecting the Government's efforts to diversify domestic financing instruments and broaden the investor base within the domestic debt market.

D. Interest Expenditure

Table 7: Interest Expenditure (July-March FY 26)

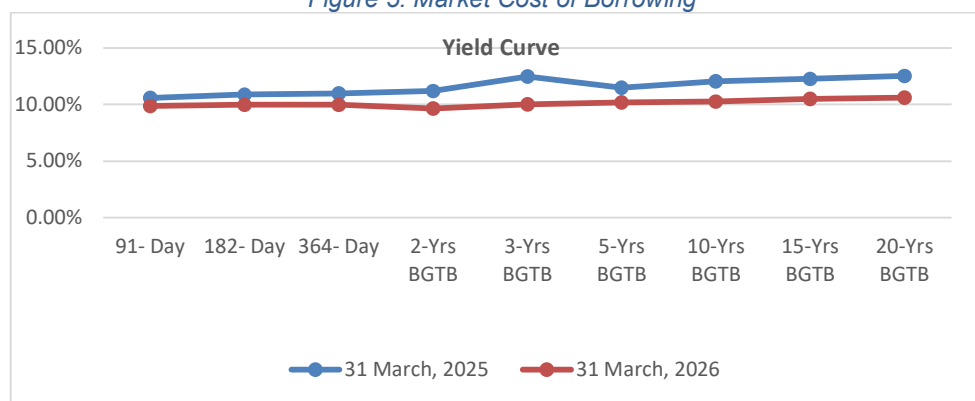
Source of Borrowing	Budget (24-25) (Revised)	2024-25 (July-March) Actual	Crore BDT	
			Budget (25-26) (Revised)	2025-26 (July-March) Actual
Interest on Domestic Borrowing	99,500	69,223	1,05,000	92,840
Treasury Securities	47,500	43,554	56,000	56,715
NSC	43,000	25,669	44,000	36,125
Interest on External Borrowing	22,000	14,675	22,000	15,254
Total Interest Expenses	1,21,500	83,898	1,27,000	108,094

Source: ERD, NSD, BB, FD (*The budget allocation for interest on GPF is BDT 5,000 crore for FY26, compared with BDT 9,000 crore for FY25. However, the final interest expenditure is subject to year-end calculation.)

- Up to the third quarter of FY2025–26, total interest expenditure increased by 29% year-on-year. This increase was driven primarily by a 34% rise in interest payments on domestic debt, reflecting the higher volume and cost of domestic borrowing.
- In contrast, interest payments on external debt recorded a relatively modest increase of 4% during July–March FY2025–26 compared with the corresponding period of the previous fiscal year.

Market cost of borrowing from government securities

Figure 5: Market Cost of Borrowing



The yield curves, presented in Figure 5, indicate a decline in the Government's market borrowing costs through Government Securities during the third quarter of FY2025–26 compared with the corresponding period of FY2024–25, as reflected in lower yields across all maturities. For example, the yield on the 91-day Treasury Bill declined from 10.58% in March 2025 to 9.86% in March 2026, while the yield on the 20-year Bangladesh Government Treasury Bond (BGTB) fell from 12.54% to 10.61% over the same period. This broad-based decline in yields suggests an easing of financing conditions, resulting in lower borrowing costs for the Government across both short- and long-term maturities.

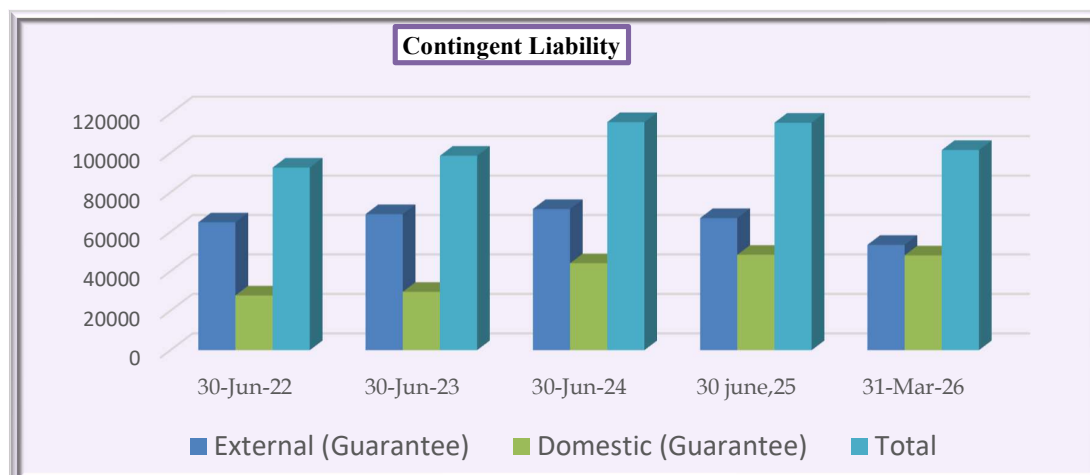
E. Contingent Liability

Table 8: Contingent Liability

Contingent liability	30 June-22	30 June-23	30 June-24	30 June-25	31 Mar-26
a) External (Guarantee)	64,821	69,014	71,586	67,006	53,417
% of GDP	1.63%	1.55%	1.42%	1.19%	-
b) Domestic (Guarantee)	27,780	29,577	44,050	48,364	48,079
% of GDP	0.70%	0.66%	0.87%	0.86%	-
Total (a+b)	92,601	98,591	1,15,636	1,15,370	1,01,495
% of GDP(Total)	2.33%	2.22%	2.29%	2.06%	-

Source: FD. (* The contingent liability-to-GDP ratio has not been published as GDP figures for FY26 are yet to be finalized.)

Figure 6 Contingent Liability (FY22 to FY26*)



Source: FD. *July-Mar FY26

- As of 31 March 2026, the outstanding stock of government guarantees stood at BDT 1,01,495 crore, comprising BDT 53,417 crore in external guarantees and BDT 48,079 crore in domestic guarantees.
- These sovereign guarantees were extended primarily to entities operating in strategic and infrastructure-related sectors, including power generation, mineral production and supply, fertilizer manufacturing, and state-owned enterprises (SOEs) such as Biman Bangladesh Airlines and the Trading Corporation of Bangladesh (TCB).

Upcoming events

- Medium Term Debt Management Strategy (FY27-FY29);
- Annual Borrowing Plan Report, FY27.

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Joint Secretary

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