



# Quarterly Debt Bulletin

## Issue 12

### 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-September FY25)

Net government borrowing stood at BDT 6,180 crore which was 3% of the budget target<sup>1</sup>. Net borrowing from external sources was higher compared to domestic sources. Short term borrowing from banking sources is calculated after adjusting the ways and means (WMA) and overdraft(OD) advances from the central bank. Table 1 presents a summary of the borrowing from different sources during this period:

Table 1: Government Net Borrowing (July-September FY25)

Source of Borrowing	Net Borrowing	(Crore BDT)	
		Budget 2024-25	As % of Budget
Domestic Borrowing	2,664	1,60,900	2%
Borrowing from banking sources	4,954	1,37,500	4%
Short-Term (T-Bill, WMA & OD)	-27,356	64,818	-42%
Long-Term (T- Bond, Sukuk, S-bond)	32,310	72,682	44%
Borrowing from non-banking sources	-2,290	23,400	-10%
National Savings Certificate (NSC)	-845	15,400	-5%
Others (GPF)	-1,445	8,000	-18
External Borrowing	3,516	90,700	4%
Total Borrowing	6,180	2,51,600	3%

Source: BB, NSD, ERD.

- Domestic and external borrowing was 2 per cent and 4 per cent of the budget, respectively.

<sup>1</sup> End September 2024 Calculation.

- As borrowings from NSC was net negative, net domestic financing mostly from the banking sector.

### Domestic Borrowing: Government Securities (July-September FY25)

- Instrument-wise

Table 2(a): Instrument-wise Quarterly Borrowing: Treasury Bills (July-Sept. FY25)

Crore BDT				
Instrument	Gross Borrowing	Maturity	Net Borrowing	As % of total T-bill
91-day T-Bill	74,639	62,119	12,520	96%
182-day T-Bill	18,306	7,159	11,147	86%
364-day T-Bill	15,285	25931	-10,646	-82%
14- day T-Bill	0	0	0	0%
<b>Total</b>	<b>108,230</b>	<b>95,209</b>	<b>13,021</b>	<b>--</b>

Source: BB.

Table 2(b): Instrument-wise Quarterly Borrowing: Treasury Bonds (July- Sept. FY25)

Crore BDT				
Instrument	Gross Borrowing	Maturity	Net Borrowing	As % of total T-Bond
2 YR BGTB	8,868	4,000	4,868	15%
5 YR BGTB	10,379	3,000	7,379	23%
10 YR BGTB	8,244	1,600	6,644	21%
15 YR BGTB	2,498	431	2,067	6%
20 YR BGTB	4,373	0	4,373	14%
Special Bond	6,979	0	6,979	22%
<b>Total</b>	<b>41,341</b>	<b>9,031</b>	<b>32,310</b>	<b>--</b>

Source: BB.

- Net financing through T-Bill was BDT 13,021 crore up to the first quarter of FY25;
- Long-term instrument (T-bond) continued to be the preferred instrument. Up to the first quarter of FY25, net borrowing from T-Bond amounted to BDT 32,310 crore.

Table 3: Month wise Quarterly Borrowing through the Government Securities (July- Sept FY25)

Crore BDT							
Month	Treasury Bill			Treasury Bond			Total Net Borrowing
	Gross Issuance	Redemption	Net Borrowing (% of total T-bill)	Gross Issuance	Redemption	Net Borrowing (% of total T-Bond)	
Jul	34,858	29,480	5,378 (41.4%)	7,675	8,750	-1,075 (-3%)	4,303
Aug	30,873	30,796	77 (0.6%)	16,180	150	16,030 (49%)	16,107
Sep	42,499	34,933	7,566 (58%)	17,486	131	17,355 (54%)	24,921
<b>Total</b>	<b>108,230</b>	<b>95,209</b>	<b>13,021</b>	<b>41,341</b>	<b>9,031</b>	<b>32,310</b>	<b>45,331</b>

Source: BB.

### Domestic Borrowing: Month wise Quarterly Borrowing from (Non-market) Retail Instruments (July-Sept FY25)

Table 4: Borrowing from NSCs

Crore BDT				
Month	Gross Issuance	Redemption	Net Borrowing	% of total NSC
July-24	4,949	4,567	354	-42%
Aug-24	4,067	5,067	-1006	119%
Sep-24	5,925	6,122	-193	23%
<b>Total</b>	<b>14,941</b>	<b>15,756</b>	<b>-845</b>	<b>--</b>

Source: NSD

- As interest rate of bank deposits increases, sales of NSCs decreases.
- Besides, 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

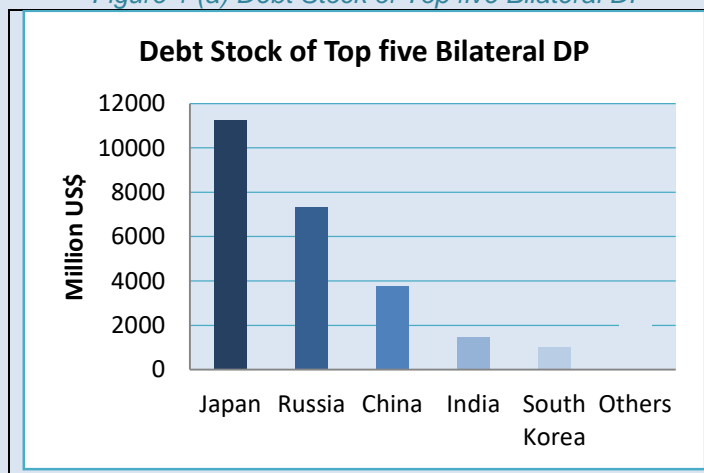
*Table 5: Month wise Quarterly Borrowing from External sources*

Creore BDT

Month	Borrowing	Principal Payment	Net Borrowing	% of total external borrowing
July-24	3,384	3,124	260	7%
Aug-24	1,186	1,724	-538	-15%
Sep-24	5,542	1,748	3,794	108%
<b>Total</b>	<b>10,112</b>	<b>6,596</b>	<b>3,516</b>	<b>--</b>

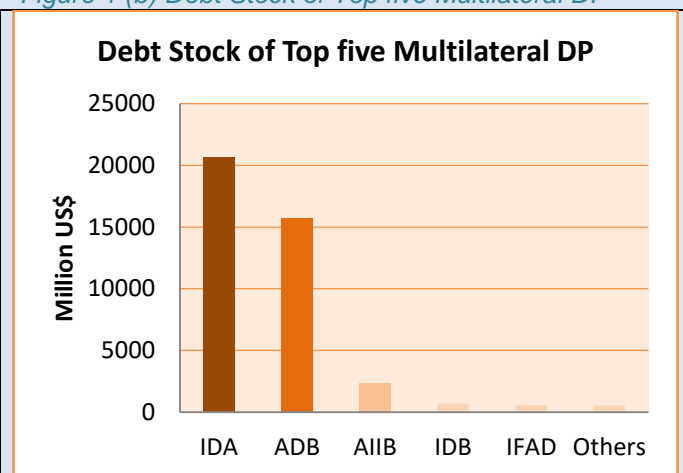
Source: ERD.

*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-September FY25, Bangladesh received BDT 3,516(p) crore from external sources both in concessional and non-concessional terms.

## STRUCTURES AND DYNAMICS OF THE GOVERNMENT DEBT

*Table 6: Government Debt Stock*

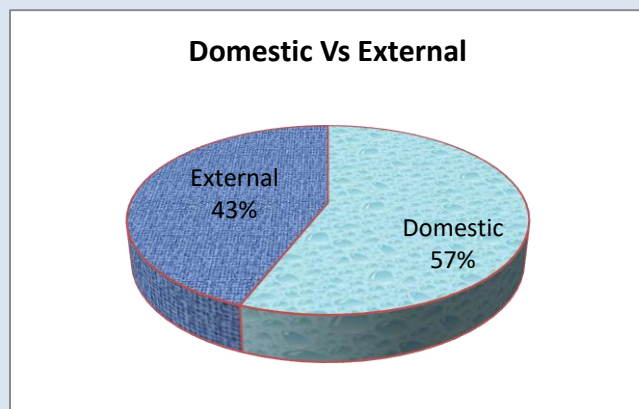
Crore BDT				
Source of Borrowing	As of 30 June 2022 R*	As of 30 June 2023R*	As of 30 June 2024 R*	As of 30 Sep 2024
A. Domestic Debt (1+2)	8,48,650	9,61,850	10,76,700	10,79,359
1. Debt from Banking Sources	4,20,350	5,28,280	6,56,330	6,61,279
1.1. Central Bank Facilities	730	17,800	56,750	16,368
1.2. Treasury Bills	77,020	1,23,680	1,33,450	1,46,471
1.3. Treasury Bonds & SPTB	3,24,600	3,68,800	4,47,130	4,79,440
1.4. Sukuk	18,000	18,000	19,000	19,000
2. Debt from Non-Bank Sources	4,28,300	4,33,570	4,20,370	4,18,080
2.1. Debt from NSCs	3,65,560	3,62,230	3,41,140	3,40,295
2.2. Others (GPF)	62,740	71,340	79,230	77,785
B. External Debt	4,95,793	6,72,978	8,12,077	815,593
C. Total Debt (A+B)	13,44,443	16,34,828	18,88,787	18,94,952

Source: BB, NSD, ERD. R\*=Revised

- 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.

### Total Debt Stock: Domestic vs. External (July-September FY25)

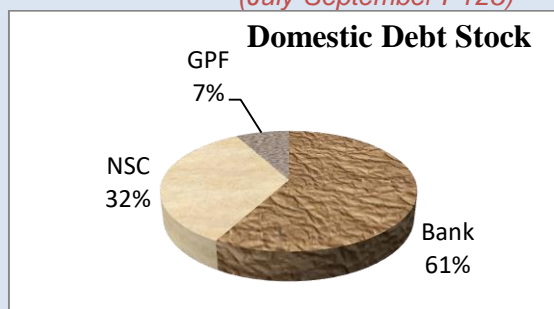
*Figure 2 Debt Stock: Domestic vs External*



- Domestic debt constitutes the major share of the total debt stock and financing from domestic sources is increasing gradually;
- As of September 30, 2024, domestic and external debt was 57 per cent and 43 per cent of the total debt stock, respectively.

## Total Domestic Debt Stock: Contribution from different sources

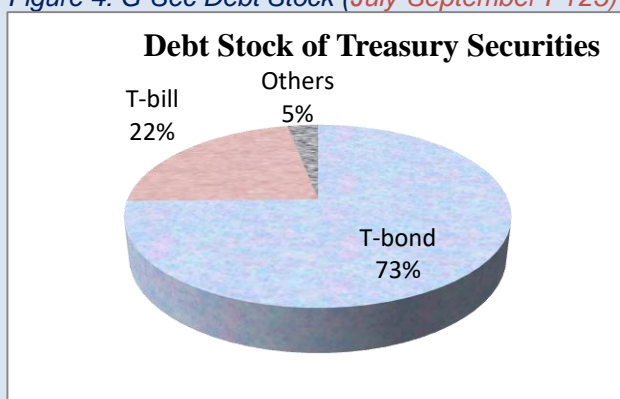
Figure 3: Domestic Debt Stock by Sources  
(July-September FY25)



- Financing from the Banking sector constitutes 61 per cent of the total domestic debt followed by NSCs, 32 per cent, and the rest were financed from the GPF.
- It is expected that the reforms in the NSC will help to reduce uncontrolled borrowing gradually and make the government debt management efficient.

## Composition of Banking Sector Debt Stock: Government Securities

Figure 4: G-Sec Debt Stock (July-September FY25)



- 73% 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

Source of Borrowing	Crore BDT			
	2023-24 (July-September)	2024-25 (July-September)	Increase/Decrease	Rate of Increase /Decrease
Interest on Domestic Borrowing	18,871	20,907	2,036	10%
Treasury Securities	8,056	12,525	4,469	55%
National Savings Certificates	10,815	8,382	-2,433	-22%
Interest on External Borrowing	4,147	2,789	-1,358	-33%
Total Interest Expenses	41,889	44,603	2,714	6%

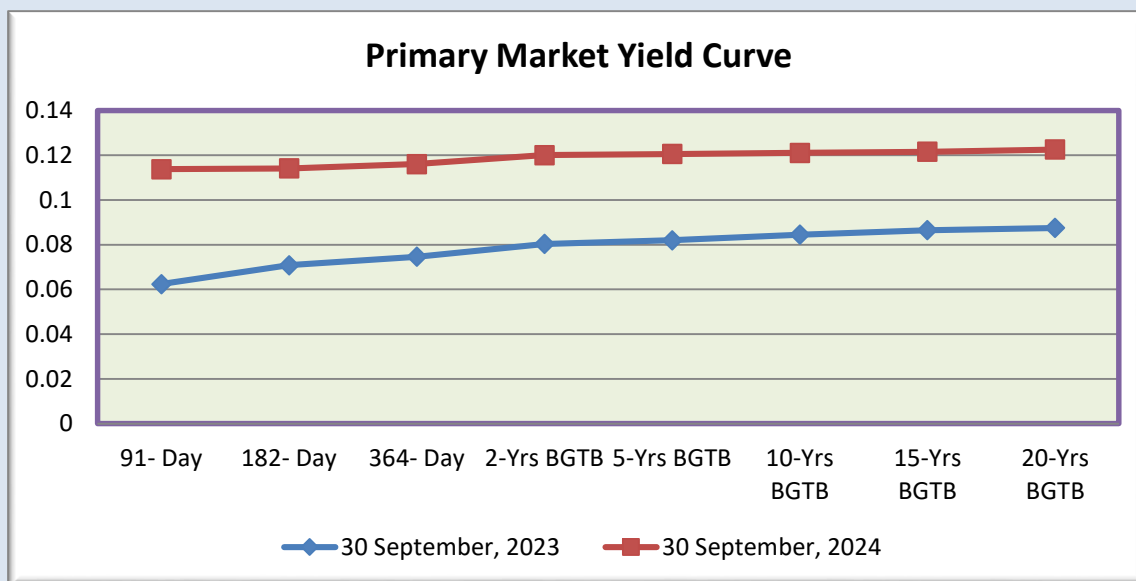
\*Source: FD's Calculation.

- Up-to 1<sup>st</sup> quarter of FY25, interest expense was 6% higher compared to the same time of FY24.

- External interest payment decreased by 33% during July-September FY25 relative to the same period in FY24.

## MARKET COST OF BORROWING FROM GOVERNMENT SECURITIES

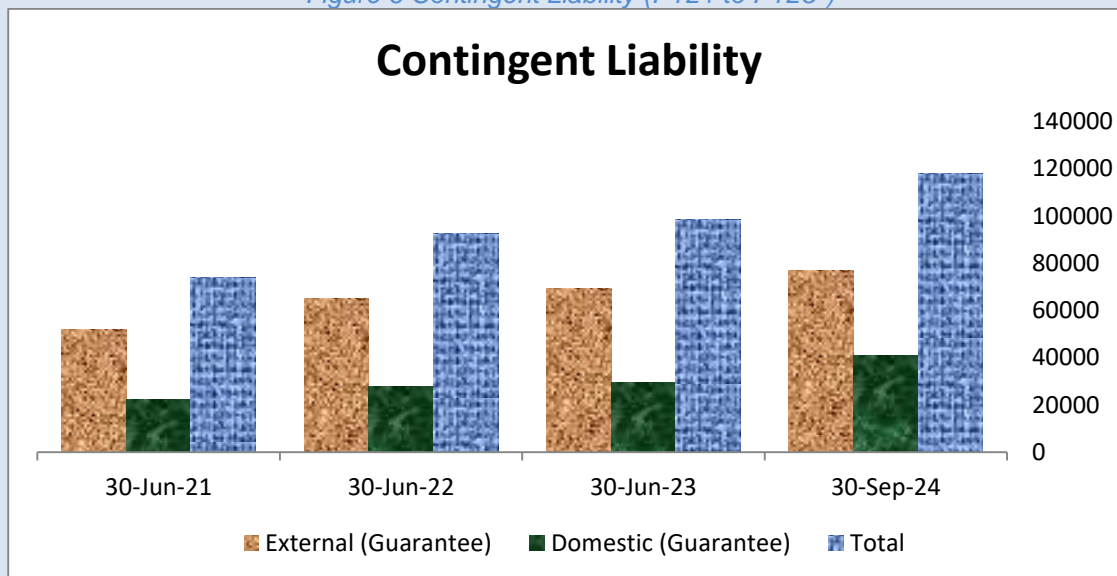
Figure 5: Market Cost of Borrowing



- Yield curves reflect the rising cost of borrowing through government securities up to 1<sup>st</sup> quarter of FY25 vis-à-vis the same period in FY24.

## CONTINGENT LIABILITY

Figure 6 Contingent Liability (FY21 to FY25\*)



Source: FD.

\* July-Sep FY25

- As of 30<sup>th</sup> September 2024, the outstanding stock of government guarantee was BDT 1,17,919 crore. Among this contingent liability, BDT 76,993 crore originated from external sources while BDT 40,996 crore came from domestic sources.

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