



# Quarterly Debt Bulletin

## Issue 14

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

#### Abbreviations

<i>AiIB- Asian Infrastructure Investment Bank</i>	<i>IDA- International Development Association</i>
<i>ADB- Asian Development Bank</i>	<i>IPP- Independent Power Producer</i>
<i>ALS- Assured Liquidity Support</i>	<i>IMF- International Monetary Fund</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>CRR- Cash Reserve Ratio</i>	<i>SLR- Statutory Liquidity Ratio</i>
<i>DSE- Dhaka Stock Exchange</i>	<i>SOE- State-Owned Enterprise</i>
<i>ERD- Economic Relations Division</i>	<i>SPTB- Special Purpose Treasury Bond</i>
<i>FD- Finance Division</i>	<i>WB- World Bank</i>
<i>GDP- Gross Domestic Product</i>	

#### A. Government Borrowing Status (July- March FY25)

Government's borrowing is currently at manageable levels relative to the size of its economy. However, there are sign of pressure, particularly from rising debt servicing costs and increasing reliance on costlier external financing. Net government borrowing during July-March stood at BDT 1,11,155 crore which was 59% of the revised budget target<sup>1</sup>. Net borrowing from domestic sources was higher compared to external sources. Borrowing from treasury bonds outweighed borrowing from treasury bills and NSD. Table 1 presents a summary of the borrowing from different sources during this period:

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

(Crore BDT)				
Source of Borrowing	Net Borrowing	Budget 2024-25	Revised budget 24-25	As % of revised Budget
Domestic Borrowing	81,240	1,60,900	1,17,400	69%
Borrowing from banking sources	81,343	1,37,500	99,000	82%
Short-Term (T-Bill, WMA & OD)	-16,450	64,818	-15,163	N/A
Long-Term (T- Bond, Sukuk, S-bond)	97,793	72,682	1,14,163	83%
Borrowing from non-banking sources	-103	23,400	18,400	-0.5%
National Savings Certificate (NSC)	2,852	15,400	14,400	20%
Others (GPF)	-2,955	8,000	4,000	-74%
External Borrowing	29,915	90,700	71,720	42%
Total Borrowing	1,11,155	2,51,600	1,89,120	59%

Source: BB, NSD, ERD.

<sup>1</sup> End March 2025 Calculation.

- Domestic and external borrowing was 69 per cent and 42 per cent of the revised budget, respectively;
- Short term borrowing from banking sources is calculated after adjusting the ways and means(WMA) and overdraft(OD) advances from the central bank;
- Net domestic financing collected mostly from government securities market.

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

#### Instrument-wise

Table 2(a): Instrument-wise Borrowing: Treasury Bills (July-March FY25)

Creore BDT

Instrument	Gross Borrowing	Maturity	Net Borrowing	As % of total of T-bill
91-day T-Bill	1,65,019	1,86,624	-21,604	-137%
182-day T-Bill	61,575	32,166	29,408	186%
364-day T-Bill	56,167	48,182	7,985	51%
<b>Total</b>	<b>2,82,761</b>	<b>2,66,972</b>	<b>15,789</b>	<b>--</b>

Source: BB.

Table 2(b): Instrument-wise Borrowing: Treasury Bonds (July- March FY25)

Creore BDT

Instrument	Gross Borrowing	Maturity	Net Borrowing	As % of total of T-Bond
2 YR BGTB	33,960	20,500	13,460	14%
3 YR BGTB	2,618	00	2,618	3%
5 YR BGTB	32,889	11,500	21,389	22%
10 YR BGTB	26,941	3,440	23,500	24%
15 YR BGTB	10,157	1,031	9,126	9%
20 YR BGTB	12,874	00	12,874	13%
Special Bond	12,542	717	11,825	12%
Sukuk	3,000	--	3,000	3%
<b>Total</b>	<b>1,34,981</b>	<b>37,188</b>	<b>97,793</b>	<b>--</b>

Source: BB.

- Net financing through T-Bill was BDT 15,789 crore up to the 3<sup>rd</sup> quarter of FY25;
- Long-term instrument (T-bond) continued to be the preferred instrument. Up to the 3<sup>rd</sup> quarter of FY25, net borrowing from long-term instruments amounted to BDT 97,793 crore.

Table 3: Borrowing through the Government Securities (July- March FY25)

Creore BDT

Month	Treasury Bill			Treasury Bond		
	Gross Issuance	Redempti on	Net Borrowing (% of total T-bill)	Gross Issuance	Redempti on	Net Borrowing (% of total T-bond)
Jul-24	34,858	29,480	5,377 (34%)	7,674	8,750	-1,075 (-1%)
Aug-24	30,873	30,796	77 (0.5%)	16,180	150	16,030 (17%)
Sep-24	42,499	34,933	7,566 (48%)	17,486	131	17,355 (18%)
Oct-24	30,509	31,291	-782 (-4.5%)	20,503	5,367	15,136 (16%)
Nov-24	27,468	26,510	958 (6%)	11,449	1,840	9,609 (10%)
Dec-24	36,269	30,745	5,524(35%)	11,800	4,650	7,150 (8%)
Jan-25	28,346	26,313	2,034(13%)	15,388	10,100	5,288(6%)
Feb-25	26,303	24,380	1,922(12%)	15,500	100	15,400(16%)
Mar-25	25,637	32,524	-6,887(-44%)	16,000	6,100	9,900 (10%)
<b>Total</b>	<b>2,82,761</b>	<b>2,66,972</b>	<b>15,789</b>	<b>1,31,981</b>	<b>37,188</b>	<b>94,793</b>

Source: BB.

## Domestic Borrowing: Retail Instruments (July- March FY25)

Table 4: Borrowing from NSCs

Crore BDT

Month	Gross Issuance	Redemption	Net Borrowing	% of total NSC
July-24	4,921	4,567	354	12%
Aug-24	4,068	5,067	-998	-35%
Sep-24	5,929	6,122	-193	-7%
Oct-24	5,843	5,364	479	16.9%
Nov-24	4,632	4,831	-199	-7%
Dec-24	4,621	4,617	4	0.1%
Jan-25	6,956	7,104	-149	-5%
Feb-25	8,040	5,997	2,043	72%
Mar-25	6,715	5,204	1,511	53%
Total	51,725	48,873	2,852	--

Source: NSD

- The NSC is transitioning from a regulated interest bearing instrument to a more market based interest bearing tool. Net borrowing through NSCs is now increasing. It remains the most attractive safe investment option for the public, offering returns that can beat inflation and bank deposit by a wide margin

## External Borrowing

Table 5: Month-wise External Borrowing

Crore BDT

Month	Borrowing	Principal Payment	Net Borrowing	% of total external borrowing
July-24	3,384	3,124	260	1%
Aug-24	1,186	1,724	-538	-2%
Sep-24	3,320	1,748	1,572	5%
Oct-24	4,173	3,828	344	1%
Nov-24	4,045	1,924	2,122	7%
Dec-24	22,960	2,139	20,821	70%
Jan-25	4,903	3,788	1,115	4%
Feb-25	2,350	1,799	551	2%
Mar-25	7,555	3,888	3,667	12%
Total	53,878	23,963	29,915	--

Source: ERD.

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

Figure 1 (b) Currency Composition of external Debt

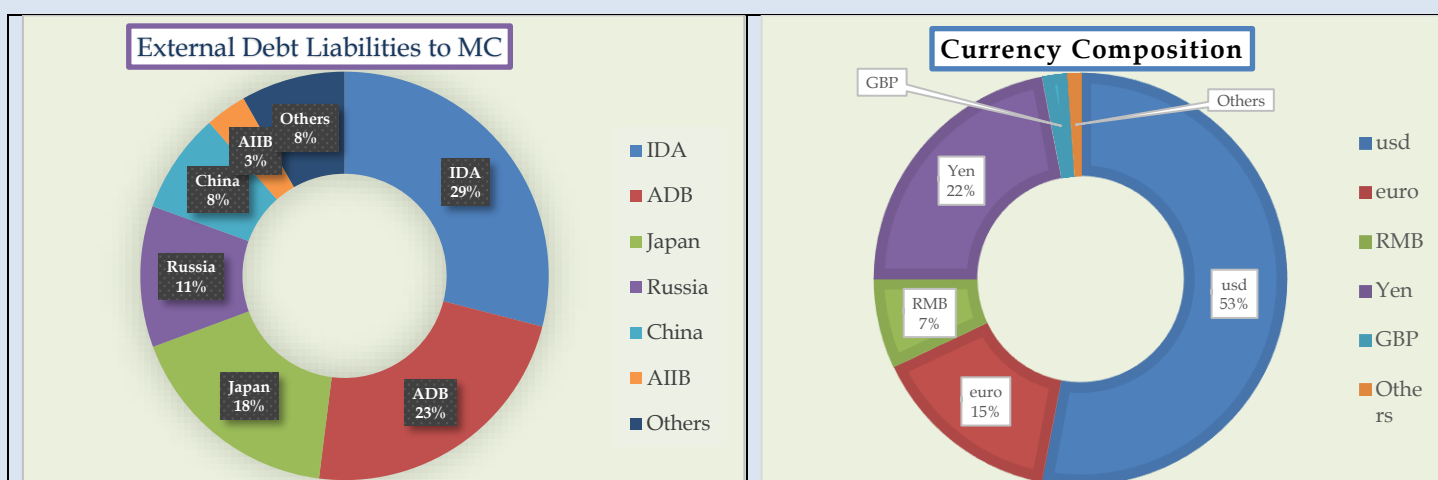
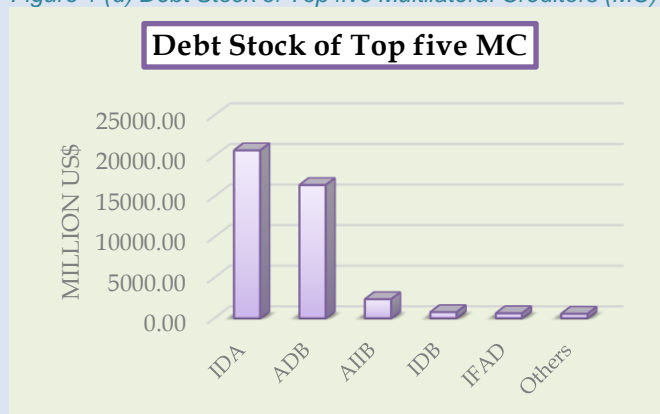


Figure 1 (c) Debt Stock of Top five Bilateral Creditors (BC)



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



Source: ERD.

- During July-March FY25, Bangladesh received BDT 29,915(p) crore as external financing inclusive of concessional and non-concessional financing;
- Top external creditor of Bangladesh is World Bank (IDA) followed by ADB, Japan and Russia. The majority of the external debt is denominated in US dollars, which accounts for around 53 percent of the total external debt stock followed by Japanese yen, euro and RMB. This composition underscores the strategic choices in currency allocation, aiming to balance between major world currencies to manage exchange rate risks effectively;
- While Bangladesh's external debt-to-GDP ratio is still considered moderate compared to some other developing countries and within the IMF's "safe zone," the rapid pace of debt accumulation, the shift towards less concessional loans and the existing macroeconomic challenges are raising red flags. Prudent debt management, careful selection of new projects, improved project execution and robust domestic resource mobilization are crucial to ensure long-term debt sustainability.

## B. Structures and Dynamics of the Government Debt

Table 6: Government Debt Stock

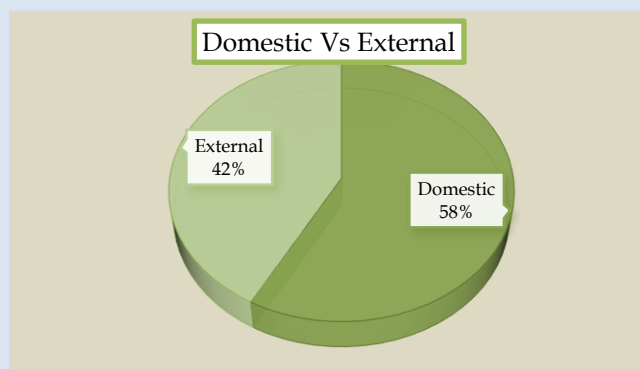
Source of Borrowing	Crore BDT			
	As of 30 June 2022 R*	As of 30 June 2023R*	As of 30 June 2024 R*	As of 31 March 2025
A. Domestic Debt (1+2)	8,48,650	9,61,850	10,76,700	11,57,936
1. Debt from Banking Sources	4,20,350	5,28,280	6,56,330	7,37,669
1.1. Central Bank Facilities	730	17,800	56,750	24,507
1.2. Treasury Bills	77,020	1,23,680	1,33,450	1,49,239
1.3. Treasury Bonds & SPTB	3,24,600	3,68,800	4,47,130	5,41,923
1.4. Sukuk	18,000	18,000	19,000	22,000
2. Debt from Non-Bank sources	4,28,300	4,33,570	4,20,370	4,20,267
2.1. Debt from NSCs	3,65,560	3,62,230	3,41,140	3,43,992
2.2. Others (GPF)	62,740	71,340	79,230	76,275
B. External Debt	4,95,793	6,72,978	8,12,077	8,41,992
C. Total Debt (A+B)	13,44,443	16,34,828	18,88,787	19,99,928

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

The distribution of domestic and external debt over the years suggests a preference for domestic borrowing. The government plans to focus on deepening the domestic debt market to reduce foreign currency exposure risk.

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

Figure 2: Debt Stock: Domestic vs External

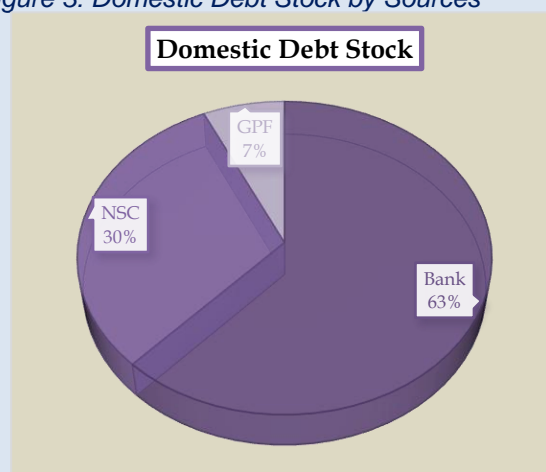


- Domestic debt constitutes the major share of the total debt stock and financing from domestic sources is increasing gradually;
- As of March 31, 2025, domestic and external debt was 58 per cent and 42 per cent of the total debt stock, respectively.

### Total Domestic Debt Stock: Contribution from different sources

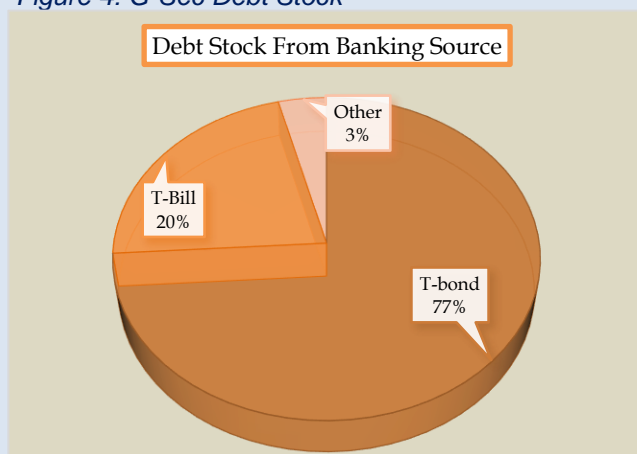
Figure 3: Domestic Debt Stock by Sources

- Financing from the Banking sector constitutes 63 per cent of the total domestic debt followed by NSCs, 30 per cent, and the rest were financed from the GPF.
- The reforms in the NSC will gradually reduce fiscal pressure & promote a balanced debt portfolio.



### Composition of Banking Sector Debt Stock: Government Securities

Figure 4: G-Sec Debt Stock



- 77% 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.

## C. Interest Expenditure

Table 7: Interest Expenditure

Crore BDT

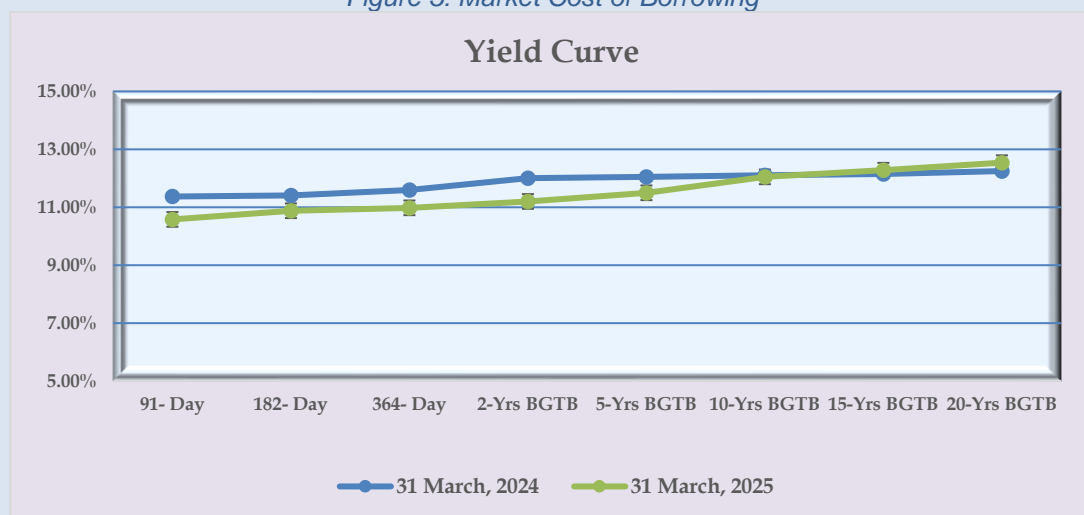
Source of Borrowing	2023-24 (July-March)	2024-25 (July-March)	Increase/Decrease	Rate of Increase
Interest on Domestic Borrowing	63,566	68,167	4,601	7%
Treasury Securities	29,352	42,498	13,146	45%
National Savings Certificates	34,214	25,669	-8,545	-25%
Interest on External Borrowing	11,636	14,309	2,673	23%
Total Interest Expenses	75,202	82,476	7,274	10%

\*Source: FD's Calculation.

- Up-to 3rd quarter of FY25, interest expense was 10% higher compared to the same time of FY24. Interest expenses of treasury securities was increased by 45% compared to the same time of FY24;
- External interest payment increased by 23% during July-March FY25 relative to the same period in FY24. So effective management of interest expenses on government borrowing is not just a matter of sound financial management for Bangladesh; it is fundamental to ensuring macroeconomic stability, protecting its foreign exchange reserves, fostering sustainable economic growth, maintaining international creditworthiness and securing its future development prospects.

### 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 3<sup>rd</sup> quarter of FY25 vis-à-vis the same period in FY24.

## D. Contingent Liability

Table 8: Contingent Liability

Contingent liability	Crore BDT				
	30 June-21	30 June-22	30 June-23	30 June-24	31 Mar, 25 <sub>P</sub>
a) External (Guarantee)	51,685	64,821	69,014	71,586	66,180
% of GDP (Ex. Guarantee)	1.46%	1.63%	1.55%	1.42%	1.17%
b) Domestic (Guarantee)	22,151	27,780	29,577	44,050	52,902
% of GDP( Dom. Guarantee)	0.63%	0.70%	0.66%	0.87%	0.94%
Total (a+b)	73,836	92,601	98,591	1,15,636	1,19,082
% of GDP(Total)	2.09%	2.33%	2.22%	2.29%	2.10%

Source: FD.

Figure 6 Contingent Liability (FY21 to FY25\*)



Source: FD. \*July-March FY25

- As of 31 March 2025, the outstanding stock of government guarantee was BDT 1,19,082 crore. Among this contingent liability, BDT 66,180 crore originated from external sources while BDT 52,902 crore came from domestic sources;
- These guarantees were primarily issued to entities involved in power and mineral production & supply, fertilizer production, organization such as Bangladesh Biman TCB etc.

## E. Upcoming events

- Debt Sustainability Analysis (DSA) Report.
- Medium Term Debt Management Strategy (MTDS).
- Liability Management Operation (LMO)

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