



Quarterly Debt Bulletin

Issue No.9

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

Abbreviations

AIB- Asian Infrastructure Investment Bank	GDP- Gross Domestic Product
ADB- Asian Development Bank	IDA- International Development Association
BB- Bangladesh Bank	IRD- Internal Resources Division
BDT- Bangladesh Taka	IMF- International Monetary Fund
BGTB- Bangladesh Government Treasury Bond	NSC- National Savings Certificate
BBS- Bangladesh Bureau of Statistics	NSD- Department of National Savings
DSE- Dhaka Stock Exchange	SOE- State-Owned Enterprise
ERD- Economic Relations Division	SPTB- Special Purpose Treasury Bond
FD- Finance Division	WB- World Bank

A. Government borrowing status as of 31 December 2023 for the FY 2023-24

Net government borrowing stood at BDT 42,021 crore which was 17% 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 as of 31 December 2023

Crore BDT			
Source of Borrowing	Net Borrowing ^P	Budget 2023-24	As % of Budget
Domestic Borrowing	9,478	1,55,395	6%
Borrowing from banking sources	17,683	1,32,395	13%
Treasury Bill	5,060	45,815	11%
Treasury Bond	12,623	86,580	15%
Borrowing from non-banking sources	-8,205	23,000	-35%
National Savings Certificate	-6,063	18,000	-34%
Others (GPF)	-2,142	5,000	-43%
External Borrowing	32,543	1,02,490	32%
Total Borrowing	42,021	2,57,885	17%

^P Provisional

- Domestic and external borrowing was 6 per cent and 32 per cent of the budget, respectively.
- As borrowings from NSC and GPF were net negative, net domestic financing depended entirely on the banking sector.

¹ End December 2023 Calculation.

▪ **Domestic Borrowing: Banking Sources FY2023-24 (As of 31 December 2023)**

Table 2(a): Instrument-wise Borrowing: Treasury Bills (July-December FY 23-24)

Crore BDT				
Instrument	Gross Borrowing	Maturity	Net Borrowing	As % of total
91-day T-Bill	69,530	70,275	-745	-15%
182-day T-Bill	26,917	39,867	-12,950	-255%
364-day T-Bill	33,137	14,382	18,755	370%
14- day T-Bill	21,167	21,167	0	0%
Total	1,50,752	1,45,692	5,060	100%

Source: Bangladesh Bank.

Table 2(b): Instrument-wise Borrowing: Treasury Bonds (July-December FY 23-24)

Crore BDT				
Instrument	Gross Borrowing	Maturity	Net Borrowing	As % of total
2 YR BGTB	12,966	9,000	3,966	31%
5 YR BGTB	12,651	10,400	2,251	18%
10 YR BGTB	7,415	2,600	4,815	38%
15 YR BGTB	1,284	900	384	3%
20 YR BGTB	1,207	0	1,207	10%
Special Bond	0	0	0	0%
Total	35,523	22,900	12,623	100%

Source: Bangladesh Bank.

- Net financing through T-Bill was BDT 5,060 crore in the first half of FY 2023-24;
- Long-term instrument (T-bond) continued to be the preferred instrument. In the first half of FY 2023-24, net borrowing from T-Bond amounted to BDT 12,623 crore.

Table 3: Month-wise Borrowing from Banking Sources (July-December FY 23-24)

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
Total	15,0752	1,45,692	5,060	35,523	22,900	12,623	17,683

Source: Bangladesh Bank.

▪ **Domestic Borrowing: Non-Banking Sources FY2023-24 (As of 31 December 2023)**

Table 4: Month-wise Borrowing from NSC

Crore BDT

Month	Gross Issuance	Redemption	Net Borrowing
July-23	7,860	8,208	-348
Aug-23	7,050	7,819	-769
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
Total	41,290	47,353	-6,063

Source: Department of National Savings

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

External Borrowing

Table 5: Month-wise Borrowing from External Sources

Crore BDT

Month	Gross Issuance	Redemption	Net Borrowing
July-23	4,408	1,593	2,815
Aug-23	3,524	1,178	2,346
Sep-23	5,542	2,616	2,926
Oct-23	3,642	1,570	2,072
Nov-23	7,152	1,506	5,645
Dec-23	18,460	1,721	16,739
Total	42,728	10,184	32,543

Source: Economic Relations Division.

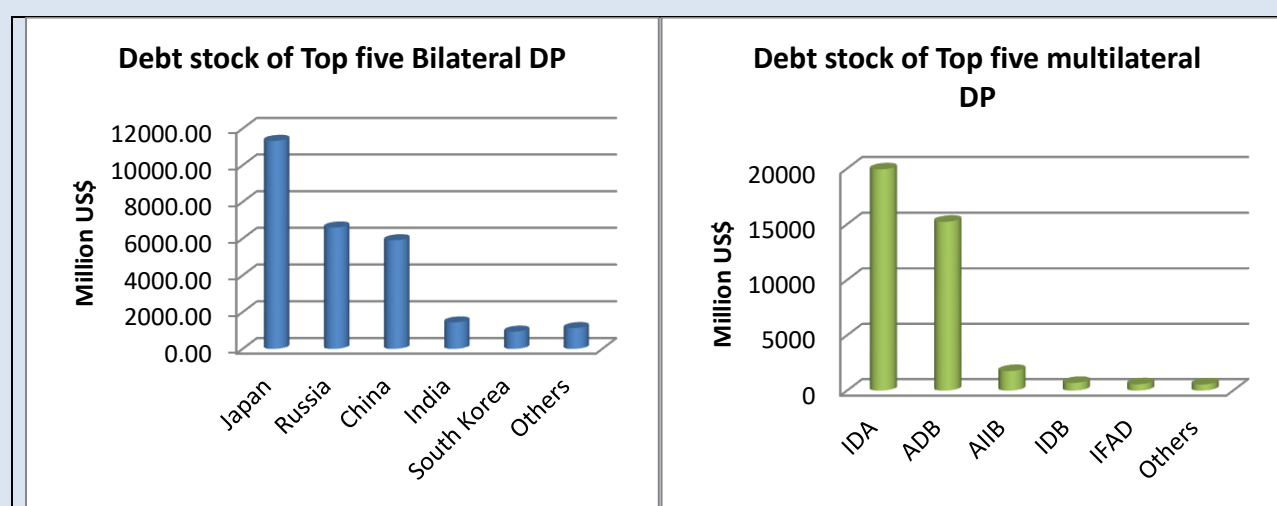


Figure 1: External Borrowing Composition

- Bangladesh has access to concessional external financing from multi-lateral and bilateral partners and prefers this mode of financing. Up to 31 December 2023 (FY2023-24), Bangladesh received BDT 32,543 crore as external financing.

B. Structures and Dynamics of the Government Debt

Table 6: Government Debt Stock

Source of Borrowing	Crore BDT			
	As of 30 June 2021	As of 30 June 2022	As of 30 June 2023	As of 31 Dec 2023 ^P
A. Domestic Debt (1+2)	7,23,939	8,47,930	9,44,335	9,53,814
1. Debt from Banking Sources	3,34,252	4,19,627	5,07,763	5,25,447
1.1. Treasury Bills	51,268	77,024	1,23,681	1,28,741
1.2. Treasury Bonds & SPTB	2,74,983	3,24,603	3,66,083	3,78,706
1.3. Sukuk	8,000	18,000	18,000	18,000
2. Debt from Non-Bank Sources	3,89,686	4,28,303	4,36,572	4,28,367
2.1. Debt from NSCs	3,45,655	3,65,562	3,65,233	3,59,170
2.2. Others (GPF) ¹	44,031	62,741	71,339	69,197
B. External Debt	4,20,357	4,95,793	6,72,978	7,05,520
C. Total Debt (A+B)	11,44,296	13,43,723	16,17,313	16,59,334
GDP	35,30,184	39,76,462	44,49,959	50,24,817
Debt to GDP (%)	32.41%	33.79%	36.34%	33.02%
Domestic Debt to GDP	20.51%	21.32%	21.22%	19.00%
External Debt to GDP	11.91%	12.47%	15.12%	14.04%

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

^P Provisional.

- The total debt-to-GDP ratio was 33.02% based on the GDP projection for FY24 by BBS and is significantly lower than the IMF threshold of 55 per cent.
- The gap between the debt from the banking source and debt from the non-banking source has increased.
- External debt stock was 14.04% of GDP at the current market price.

Total Debt Stock: (Domestic vs. External)

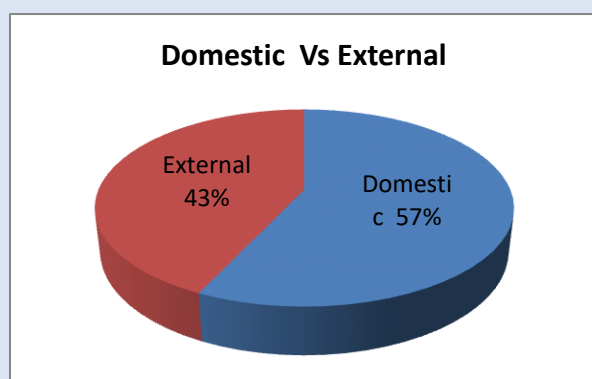


Figure 2: Total Debt Stock (as of 31 Dec 2023)

- Domestic debt constitutes the major share of the total debt stock and financing from the domestic sources is increasing gradually;
- As of 31 December 2023, 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

- Financing from the Banking sector constitutes 55 per cent of the total domestic debt followed by NSCs, 38 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.

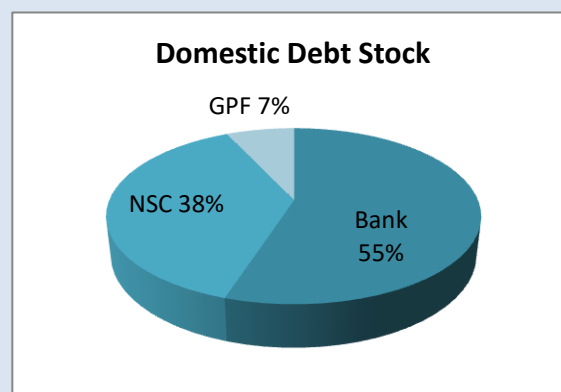


Figure 3: Domestic Debt Stock by sources as on 31 December, 2023

Debt from the Banking Source: Composition

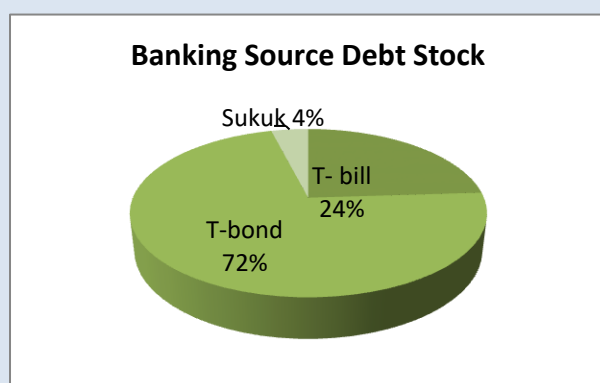


Figure 4: Debt from the banking sources

- 72% of the banking sector financing is sourced from treasury bonds and SPTB reflecting the government's preference for long-term instruments;
- Treasury 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

Source of Borrowing	2022-23 (July-Dec)	2023-24 (July- Dec)	Increase/Decrease	Crore BDT
				Rate of Increase
Interest on Domestic Borrowing	38,147	41,286	3,139	8%
Banking sources	14,657	18,819	4,162	28%
Non-bank sources (NSC)	23,490	22,467	-1,023	-5%
Interest on External Borrowing	2,645	7,056	4,411	167%
Total Interest Expenses	40,792	48,342	7,550	18%

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

** Interest on GPF will be calculated at the end of FY.

- In the 1st half of FY24, interest expense was 18% higher than that of FY23.
- External interest payment increased by 167% in the first half of FY24 compared to the same period in FY23. This is due to the start of interest payments on some major foreign loans.

Cost of Borrowing from Banking Sources

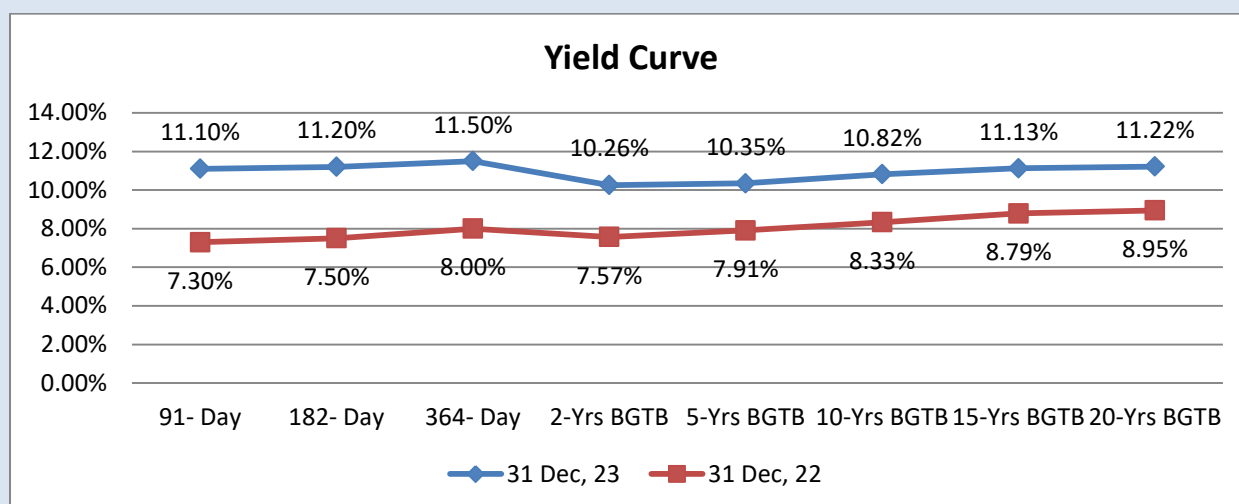


Figure 5: Cost of Borrowing from Banking Source

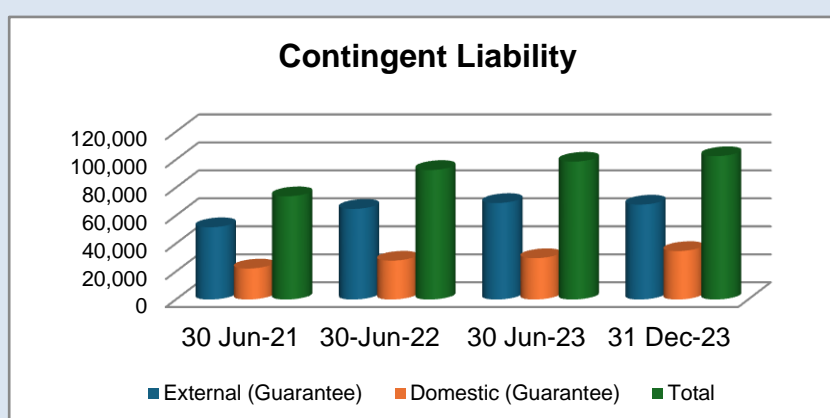
- Yield curves reflect the rising cost of borrowing through government securities for the first half of FY24 vis-à-vis the same period in FY23.

D. Contingent Liability

Table 8: Contingent Liability

Contingent liability	Crore BDT			
	30 June-21	30 June-22	30 June-23	31 Dec-23 ^P
External (Guarantee)	51,685	64,821	69,014	67,879
Domestic (Guarantee)	22,151	27,780	29,577	34,645
Total	73,836	92,601	98,591	1,02,524

Provisional



- As of 31 December 2023, the outstanding stock of government guarantee was BDT 1,02,524. Among this contingent liability, BDT 67,879 crore originated from external sources while BDT 34,645 crore came from domestic sources.

E. Upcoming events

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

Quarterly Debt Bulletin

9th issue

May, 2024

The contents of the bulletin may be quoted or reproduced without further permission. Due acknowledgement is requested.

Published by

**Treasury and Debt Management Wing
Finance Division, Ministry of Finance
Bangladesh.**

www.mof.gov.bd