

Distribution of the national debt: end-March 1984

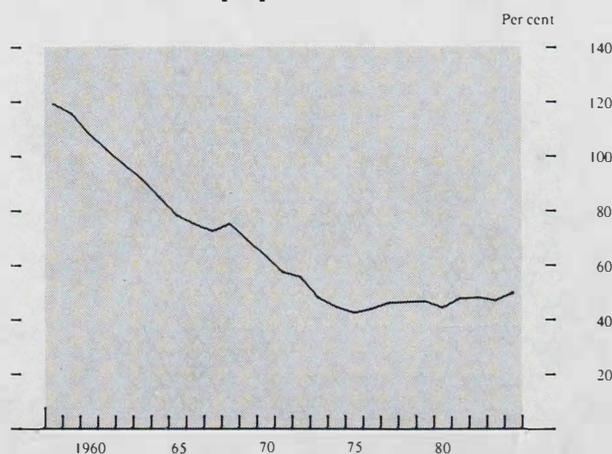
This article, which continues an annual series, analyses the national debt by instrument and by holders.

The change in the debt outstanding (Table A)

During the year ended 31 March 1984 the total nominal value of the national debt⁽¹⁾ rose by nearly £15.0 billion (11.7%). Over the year, debt held by official funds⁽²⁾ fell by £1.9 billion, so that market holdings increased by £16.9 billion (14.8%); in the previous year market holdings had risen by £9.9 billion (9.6%). Although the central government borrowing requirement (CGBR) was similar in the two years, the sharper increase in market holdings of debt mainly reflected the acquisition of short-term financial assets—principally commercial bills by the Bank of England—not contributing to the CGBR. The monetary policy background to these purchases is described in the Governor's Kent lecture, reprinted on page 474, and an historical perspective is provided in the article on page 482. Market holdings of national debt, when expressed as a proportion of gross domestic product, rose therefore by three percentage points from last year, to 50.3% (Chart 1).

As a proportion of sterling debt in market hands index-linked debt had built up rapidly over the previous four years, from less than 2% of the total at 31 March

Chart 1
National debt as a proportion of GDP^(a)



(a) National debt (including foreign currency debt but excluding official holdings) outstanding at end-March, as a percentage of GDP at current prices in the years ending 31 March.

(1) All figures are at nominal value unless otherwise indicated. Provisional figures for the national debt, analysed by instrument, but excluding nationalised industries' stocks guaranteed by the government, were published in the May 1984 issue of *Financial Statistics* (page 139). Further details of individual instruments, and changes in the amount of each outstanding, are shown in the *Consolidated Fund and National Loans Fund Accounts 1983-84 Supplementary Statements*, published by HM Stationery Office. For details of the composition of the sterling national debt, see the appendix to this article. The increase of £15 billion in the sterling debt includes some £300 million representing the attributable capital uplift during the financial year on the index-linked issues of government stock; in 1982/83 the capital uplift was £385 million.

(2) Debt held by the National Debt Commissioners (other than for the national savings stock register), certain other central and Northern Ireland government funds and accounts, and by the Bank of England.

(3) Although this proportion includes the accrued liability from the index-linking of certain government stocks, it excludes accrued liabilities from index-linking on national savings certificates and SAYE contracts which, together with accrued interest, are normally excluded from the definition of national debt: if included, the proportion of index-linked debt would be 9.3%, compared with 9.9% at end-March 1983.

(4) At 31 March 1983 the monetary sector's holdings of gilts had been temporarily reduced by some £0.2 billion in respect of stock held by the Bank of England under purchase and resale agreements (and therefore included in official holdings).

Table A
Market and official holdings of national debt

£ millions, nominal value

Percentage of market holdings in italics

	End-March 1983		End-March 1984	
Market holdings				
Sterling marketable debt:				
Government and government-guaranteed stocks: index-linked	5,679	5.0	7,033	5.4
other	81,996	71.9	93,561	71.5
Treasury bills	1,300	1.1	1,426	1.1
Sterling non-marketable debt:				
National savings: index-linked	4,541	4.0	4,043	3.1
other	13,219	11.6	16,176	12.3
Interest-free notes due to the IMF	1,714	1.5	2,937	2.2
Certificates of tax deposit ^(a)	2,700	2.3	2,465	1.9
Other	302	0.3	706	0.5
Total	111,451	97.7	128,347	98.0
Foreign currency debt^(b)				
North American government loans	2,015		1,959	
New York bond issue	236		243	
Other foreign currency bonds	350		353	
Total	2,601	2.3	2,555	2.0
Total market holdings	114,052	100.0	130,902	100.0
Official holdings	14,099		12,207	
Total	128,151		143,109	
<i>of which,</i>				
nationalised industries' stocks guaranteed by the government	224		224	

(a) Includes a negligible amount of tax reserve certificates.

(b) Sterling valuation rates:

End-March 1983

£1 = \$1.4816, Can \$1.8266, DM 3.5944, Yen 353.98, Sw.Fcs. 3.0877.

End-March 1984

£1 = \$1.4430, Can. \$1.8420, DM 3.7425, Yen 324.50, Sw.Fcs. 3.1100.

1979 to 9.2% in 1983, but by end-March 1984 the proportion⁽³⁾ had fallen to 8.6%. The reduction was more than accounted for by the decline in holdings of index-linked national savings instruments: market holdings of index-linked government stocks rose as a proportion of sterling debt in market hands, from 5.1% to 5.5%.

Analysis by holder (Table B)

Holdings of national debt by the monetary sector rose by £1.0 billion in 1983/84, nearly all of which reflected increased holdings of British government stocks,⁽⁴⁾ and

Table B
Distribution of the sterling national debt: summary^(a)
 £ billions

	Amounts outstanding at 31 March		Change in 1983/84
	1983	1984	
Market holdings			
Public corporations and local authorities	0.9	1.4	+ 0.5
Monetary sector	6.6	7.6	+ 1.0
Other financial institutions:			
Insurance companies and pension funds	45.8	51.0	+ 5.2
Other	9.7	11.7	+ 2.0
Overseas residents	10.1	12.7	+ 2.6
Individuals and private trusts	28.7	31.6	+ 2.9
Other (including residual)	9.7	12.4	+ 2.7
Total market holdings	111.5	128.4	+16.9
Official holdings	14.1	12.2	- 1.9
Total sterling debt	125.6	140.6	+15.0

(a) A detailed table showing the distribution of the sterling debt at 31st March is included in the appendix to this article.

other financial institutions increased their holdings of debt by some £7.1 billion. Holdings by individuals and private trusts rose by £2.9 billion, mostly representing increased holdings of national savings; their holdings of gilt-edged stocks are estimated to have risen by £0.5 billion, holdings of index-linked stocks accounting for £0.1 billion of this rise.⁽¹⁾

On 4 August 1983 a change was effected enabling public corporations to hold temporary deposits with the National Loans Fund. At 31 March 1984 these deposits, which stood at £0.4 billion, largely accounted for the rise in public corporations' holdings of central government debt.

Externally-held debt rose by £2.6 billion. The increase in the value of interest-free notes issued to the IMF over this period, which was matched by sterling balances held by the Bank of England on account of the IMF, arose mainly from an increase in the United Kingdom's quota in the IMF paid in December 1983. Over the year there were also net repayments made to the IMF by its members in sterling, and a payment in May 1983 by the United Kingdom which was required in order to maintain the value of the IMF's holdings of sterling in terms of the SDR.⁽²⁾

Despite the upward revaluation of liabilities as sterling depreciated—particularly against the US dollar—repayments of foreign currency loans were sufficient to reduce the amount of national debt denominated in foreign currency.⁽³⁾ By contrast, overseas holdings of

gilt-edged stocks and Treasury bills rose during the year by £1.6 billion.

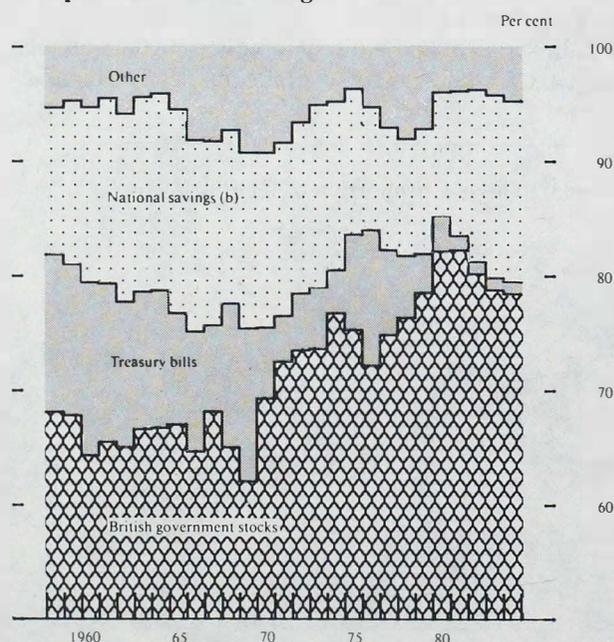
Analysis by instrument

During the year the proportion of market holdings of national debt in the form of non-index-linked government stock fell slightly, from 71.9% to 71.5%. Market holdings of non-indexed national savings instruments rose by 0.8 percentage points to 12.4%. On the other hand, index-linked debt fell (from 9.0% to 8.5%); the drop (from 4.0% to 3.1%) in index-linked national savings instruments was partly offset by the rise in index-linked government stock. At 31 March 1984 index-linked stocks accounted for 7.0% of government stocks in market hands, compared with 6.5% a year earlier.

Gilt-edged stocks

During 1983/84 the authorities issued new stock with a nominal value of £16.5 billion. There were three new issues of index-linked stock totalling £2.1 billion,⁽⁴⁾ five new issues of non-index-linked stock (plus a further tranche of one of them) totalling £6.1 billion⁽⁵⁾ and four new issues of convertible stock totalling £4.2 billion.⁽⁶⁾ Nineteen small additional tranches of existing stock totalling £3.3 billion were issued, fully paid, to the Bank

Chart 2
Composition of the sterling national debt^(a)



(a) Market holding at 31 March of each year.

(b) NSB investment accounts are included within national savings from 1981.

(1) These are broad estimates derived from the stock registers and other information. They do not include stock held through nominee companies as the beneficial ownership of these cannot be derived from the registers. There were 1,881,800 identified accounts on the Bank of England stock register for individuals and private trusts at end-March 1984, a fall of over 45,000 on twelve months before.

(2) The financial structure and operations of the IMF are described in an article on page 546 of the December 1983 *Bulletin*, and some subsequent changes on page 84 of the March 1984 *Bulletin*.

(3) Foreign currency borrowing by HM Government only. The rest of the public sector had outstanding foreign currency denominated debt of £6.1 billion at end-March 1984, £5.3 billion of which was under official exchange cover, but this debt is not included in the analyses in this article.

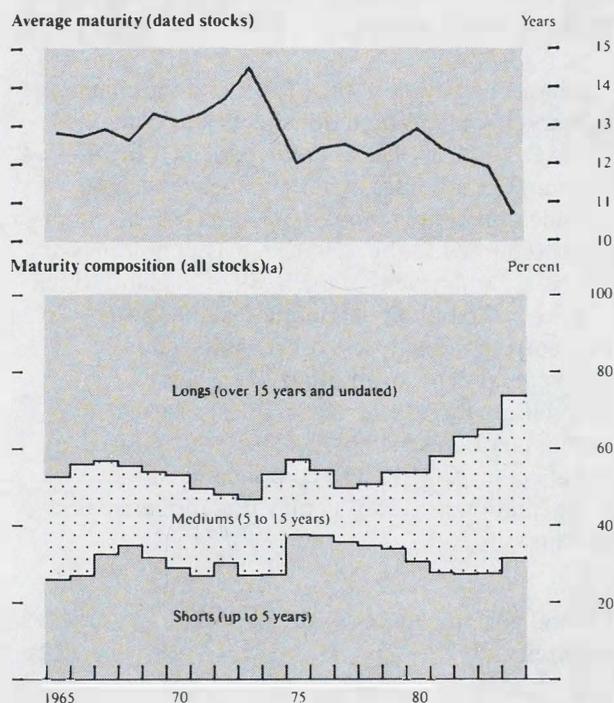
(4) These were 2% Index-Linked Treasury Stock 1990, 24% Index-Linked Convertible Stock 1999 (convertible into 104% Conversion Stock 1999) and 23% Index-Linked Treasury Stock 2020.

(5) These were 24% Exchequer Stock 1986, 10% Treasury Stock 1987, 10% Exchequer Stock 1989, 104% Treasury Stock 1989 and 94% Exchequer Stock 1998. An additional tranche of 10% Exchequer Stock 1989 was offered to the public in March 1984.

(6) These were 10% Treasury Convertible Stock 1986 (convertible into 10% Conversion Stock 2002), 104% Treasury Convertible Stock 1987 (convertible into 94% Conversion Stock 2001), 94% Treasury Convertible Stock 1988 (convertible into 94% Conversion Stock 2002) and 10% Treasury Convertible Stock 1990 (convertible into 94% Conversion Stock 2004).

Chart 3
Residual maturity of market holdings of stocks

At 31 March of each year

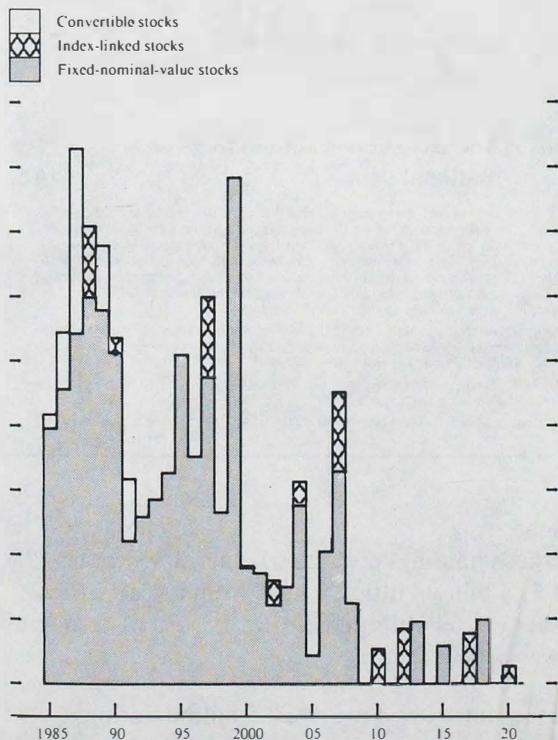


(a) Figures for 1965 and 1966 include official holdings.

Chart 4
Maturities of dated stocks in market hands

Years ending 31 March

£ billions



of England⁽¹⁾ and a large further tranche (£800 million) of 9½% Treasury Stock 1988 was offered to the public in June 1983. Details of individual issues may be found in the series of articles on the operation of monetary policy.⁽²⁾

During 1983/84 the nominal amount of gilt-edged stocks in market hands increased by £12.9 billion. The cash value of net official sales amounted to £11.7 billion:⁽³⁾ gross sales totalled £15.4 billion and a further £0.2 billion was returned to the market under an outstanding purchase and resale agreement, but during the year some £2.1 billion of stock matured while in market hands and the authorities bought in another £1.7 billion from the market prior to redemption. As a proportion of total market holdings of national debt, gilt-edged stocks were unchanged from last year at 76.9%.

The aggregation of indexed and non-index-linked stocks for the purpose of measuring average maturity presents a conceptual difficulty,⁽⁴⁾ but, calculated on the assumptions that stocks will mature on their latest possible redemption date and that holders of convertible stocks will not exercise their options to convert into stocks of a later maturity, and giving index-linked stocks a weight reflecting the capital uplift accrued so far, the average life of dated stocks in market hands fell from just under 11.9 years at end-March 1983 to 10.7 years at end-March 1984.⁽⁵⁾ (When index-linked stocks are excluded, the fall is from 11.4 to just under 10.1 years.) The effects of two further assumptions are illustrated in Table C: these are that stocks with optional maturity dates which stood above par on 31 March will be redeemed at the earliest possible maturity date, and that all convertible stocks will be converted into stocks of a later maturity.

Table C
Average life of dated stock in market hands

Assumptions	Years to maturity at end-March:			
	1981	1982	1983	1984
Latest possible redemption:				
All dated stocks: (a)				
No conversions	12.4	12.1	11.6	10.7
Maximum conversions	12.5	12.2	11.8	11.6
Excluding index-linked stocks:				
No conversions	12.4	11.8	11.0	10.1
Maximum conversions	12.5	11.9	11.2	11.0
Earliest possible redemption date for stocks standing above par on 31 March:				
All dated stocks: (a)				
No conversions	12.2	11.9	11.1	10.3
Maximum conversions	12.3	12.0	11.3	11.2
Excluding index-linked stocks:				
No conversions	12.2	11.6	10.6	9.6
Maximum conversions	12.3	11.7	10.8	10.5

(a) Index-linked stocks are given a weight reflecting the capital uplift accrued to 31 March.

(1) On 13 July 1983 £500 million was issued in two tranches and again on 22 August and 7 December. On 7 September three tranches of £100 million each were issued. On 28 October there were two tranches totalling £250 million and on 29 December £300 million was issued, also in two tranches. On 24 January 1984 three tranches, totalling £500 million were issued, and on 26 March a further £500 million was issued, again in three tranches.

(2) See in particular the June 1983 *Bulletin*, page 179; September 1983, page 342; December 1983, page 483; March 1984, page 28; and June 1984, page 177.

(3) The difference between the increase in the nominal value of market holdings of gilt-edged stock and cash proceeds of official sales in 1983/84 mainly reflects the net discount on the nominal value of new issues and the accrued uplift on index-linked stocks.

(4) See the December 1982 *Bulletin*, page 540.

(5) This is a sharper fall than in 1982/83, but in that year there were much larger conversions from short to medium and long-term maturities.

Table D
Average amount of stock in market hands to be redeemed annually over the following five years

£ billions, at end-March

	1981	1982	1983	1984
With no conversions	4.2	4.5	4.8	6.4
Maximum conversions	4.0	4.3	4.4	5.4

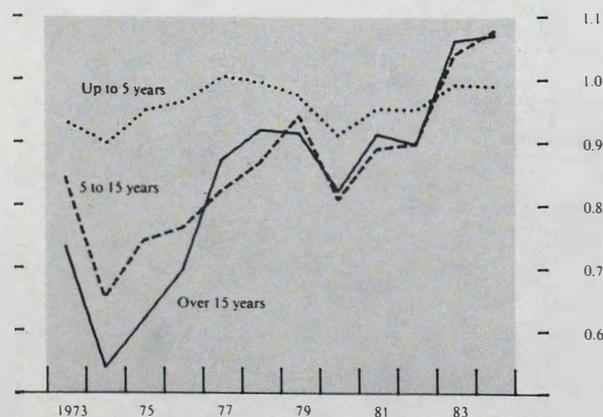
The fall in average maturity is matched by a rise in the average amount of stock in market hands to be redeemed annually over the next five years (Table D). When outstanding options on convertible stocks are excluded the rise is from £4.8 billion at end-March 1983 to £6.4 billion at end-March 1984 (Charts 3 and 4); if the calculation assumes that all options to convert will be exercised, the rise is from £4.4 billion to £5.4 billion.

The market value of gilt-edged stocks in market hands rose by £13.6 billion in the year to 31 March 1984. A large part of this increase represented new holdings, but some £2.6 billion was due to a rise in gilt prices, reflecting a fall in yields over the year; on long-dated stocks yields fell by some 0.6 percentage points and on short-dated stocks by one percentage point. For the second year running the total market value of fully-paid stocks in market hands exceeded their total nominal value. For long-dated stocks the ratio of market to nominal value rose from 1.06 to 1.07, for medium-dated stocks from 1.04 to 1.08 and only for short-dated stocks (and undated, for which it was 0.35) was it below 1, remaining at 0.99 (Chart 5).

Early in the period a new kind of gilt-edged stock was issued—2½% Index-Linked Treasury Convertible Stock 1999. This is an index-linked stock, but with the additional feature that it offered holders the option to convert into a non-index-linked stock—namely into 10¼% Conversion Stock 1999; nearly all the stock was converted in November 1983.

Chart 5
Market value/nominal value ratios of fully-paid dated British government stocks in market hands

At 31 March each year



(1) Excluding accrued interest and index-linked increases (the net increase in these items is, however, included in the figures for the national savings contribution to financing the CGBR. Accrued interest, index-linked increments and bonuses outstanding on national savings certificates. Save as You Earn contracts and interest accrued but not yet credited to the National Savings Bank investment account totalled £3.7 billion at 31 March 1984 compared with £3.0 billion a year earlier.

Reconciliation of the CGBR and change in debt outstanding for 1983/84

A full reconciliation of the CGBR and the change in market holdings of national debt was contained in the December 1982 *Bulletin*, page 541. In 1983/84 the market's holdings of national debt rose by considerably more than the CGBR. This was more than accounted for by a change in asset holdings of the Issue Department of the Bank of England which acquired £3.6 billion of commercial bills and held correspondingly less other assets, mainly government debt. In addition, there was a £1.2 billion increase in non-interest-bearing promissory notes held by the IMF which do not affect the CGBR. The components of the reconciliation for 1983/84 may be summarised as follows:

	£ billions
Central government borrowing requirement	+12.3
<i>Add</i> the net acquisition of certain financial assets which are not netted off from the national debt ^(a)	+ 2.9
<i>Add</i> the increase in the value of certain liabilities, which are excluded from the definition of the CGBR ^(b)	+ 1.6
<i>Subtract</i> the increase in certain liabilities excluded from the definition of market holdings of national debt ^(c)	- 0.8
Other items ^(d)	+ 0.9
Equals Increase in market holdings of national debt	+16.9

(a) The acquisition of such assets does not add to the CGBR; therefore, in the calculation of the financing of the CGBR, their acquisition is deducted from the increase in the proceeds of borrowing. They consist principally of Issue Department's holdings of commercial bills, but also include its holdings of local authority debt and export credit refinance, the Exchange Equalisation Account's holdings of gold and foreign exchange reserves, and the National Debt Commissioners' holdings of other public sector debt.

(b) Principally interest-free notes due to the IMF, including £1.0 billion arising from the increase in the UK quota, and the increase in valuation of certain liabilities, mainly the capital uplift on index-linked stocks.

(c) Principally accrued interest and index-linking on national savings instruments, and notes and coin in circulation.

(d) Principally the net discount on new issues of stock.

Other debt

The market's holdings of Treasury bills at 31 March 1984 were, at £1.4 billion, little changed from a year earlier. The amount of bills allotted during the year at each weekly tender was £100 million.

National savings raised nearly £2.5 billion during 1983/84, though as a proportion of debt outstanding⁽¹⁾ they were little changed. None of the net increase in national savings was attributable to index-linked instruments, which continued to experience net encashment as

investors adjusted to lower rates of inflation. The return on index-linked instruments was raised by a second annual supplement of 2.4% (to 1 November 1984) which helped to reduce encashments.

Fixed-interest national savings certificates raised nearly £1 billion (there was also a rise of some £600 million in accrued interest outstanding). On 15 August 1983 the 26th issue was introduced; it carried a tax-free yield of 8.26% if held for five years and replaced the 25th issue which offered 7.51%. It was withdrawn on 19 March 1984.⁽¹⁾

On 17 October 1983 the range of national savings instruments was augmented by the introduction of the deposit bond. This offers a better rate of interest than the investment account of the National Savings Bank but on

shorter withdrawal terms than the income bond. The minimum subscription was £500⁽²⁾ and the maximum holding £50,000. The rate of interest (paid annually) was set initially at 11.5%, in line with the income bond. The income bond, on which interest is payable monthly, contributed just over £1 billion to the net increase in national savings. The minimum holding was reduced from £5,000 to £2,000 on 3 May 1983.

The amount deposited with the investment account of the National Savings Bank rose by £0.8 billion. From 1 January 1984 interest was calculated for each day instead of for each complete calendar month.

Holdings of certificates of tax deposit fell by £0.2 billion to £2.5 billion during 1983/84.

(1) The 27th issue, which replaced it, went on sale from 5 April 1984 offering 7.25%. The 27th issue was withdrawn on 7 August 1984.

(2) This was reduced to £250 from 3 September 1984.

Appendix

Estimated distribution of the sterling national debt: 31 March 1984

£ millions

Nominal values(a)

Market values in *italics*(b)

	Total debt	Percentage of market holdings	Treasury bills	Stocks				Non-marketable debt
				Total	Up to 5 years to maturity	Over 5 years and up to 15 years	Over 15 years and undated	
Market holdings								
Other public sector:								
Public corporations	1,254		82	59		29	30	1,113
Local authorities	132		1	80		20	20	51
Total	1,386	1.1	83	139	144	49	50	1,164
Monetary sector:(c)								
Discount market	715		117	598		587	11	—
Other	6,868		278	6,485		5,114	1,334	105
Total	7,583	5.9	395	7,083	7,442	5,701	1,345	105
Other financial institutions:								
Insurance companies	29,389		14	29,375	<i>31,230</i>	3,719	13,191	12,465
Building societies	11,018		23	10,822	<i>10,840</i>	9,037	1,766	19
Local authority pension funds	2,990		—	2,990	<i>3,205</i>	129	1,046	1,815
Other public sector pension funds	5,739		—	5,739	<i>5,858</i>	460	2,556	2,723
Private sector pension funds	12,835		49	12,786	<i>13,407</i>	723	5,977	6,086
Investment trusts	277		—	277	<i>290</i>	65	125	87
Unit trusts	401		—	401	<i>425</i>	51	289	61
Other	50		—	50	<i>54</i>	1	34	15
Total	62,699	48.8	86	62,440	65,309	14,185	24,984	23,271
Overseas holders:								
International organisations	3,546		7	602	<i>624</i>	542	60	—
Central monetary institutions	3,025		426	2,599	<i>2,635</i>	1,475	1,011	113
Other	6,142		167	5,974	<i>6,234</i>	464	5,132	378
Total	12,713	9.9	600	9,175	9,493	2,481	6,203	491
Other holders:								
Public Trustee and various non-corporate bodies	544		100	443	<i>445</i>	73	281	89
Individuals and private trusts(d)	31,539		—	13,216	<i>13,002</i>	4,610	6,327	2,279
Industrial and commercial companies	3,282		162(e)	1,520	<i>6,116</i>	4,665	3,378	56
Other (residual)	8,601		—	6,579				
Total	43,966	34.3	262	21,758	19,563	9,348	9,986	2,424
Total market holdings	128,347	100.0	1,426	100,595	101,951	31,764	42,568	26,263
Official holdings	12,207		715	7,994	7,901	2,749	4,324	921
Total sterling debt	140,554		2,141	108,589	109,852	34,513	46,892	27,184(f)

of which,

nationalised industries' stocks guaranteed by the government

224

224

133

224

—

— nil or less than £1 million.

(a) With some exceptions; explained in the accompanying notes.

(b) Some of these estimates are based on reported market values at end-December 1983 and cash transactions in the first quarter of 1984; certain others rely on broad nominal/market value ratios.

(c) Excludes the Bank of England, Banking Department (which is included among official holders). Holdings of stocks are at book value or cost.

(d) Direct holdings only; explained in the accompanying notes.

(e) The residual after holders of Treasury bills have been identified; the total may thus include unidentified holdings, and differences in valuation, in other sectors.

(f) Of which, undated £3,250 million.

The data used to estimate the distribution of holdings of the sterling-denominated debt are gathered from various sources, principally the major investing institutions. The quality of individual estimates varies because they are based on statistics supplied primarily for other purposes. Figures shown for individual types of holder, therefore, indicate only broad orders of magnitude and should be used with caution. Some £8.6 billion (6.1%) of debt outstanding cannot be allocated in the breakdown shown here: the residual category includes holdings by unincorporated businesses, charities, individuals and companies not elsewhere identified, and any net inconsistencies of valuation or definition elsewhere in the table.

National debt

Comprises the total liabilities of the National Loans Fund, together with nationalised industries' stocks guaranteed by the government (as contingent liabilities of the government, these are not strictly part of the national debt; but the markets, and the sources used for the estimates, do not generally distinguish them from government stocks, while the authorities carry out transactions in them in the same way as in government stocks). The total excludes accrued interest (including index-linked increases) on national savings. Consolidated Fund liabilities (including contingent liabilities, eg coin), liabilities of other central

government funds (notably the Issue Department's note liabilities, Northern Ireland government debt and stocks issued by certain government funds), and sundry other contingent liabilities and guaranteed debt. Provisional figures for the national debt as at 31 March 1984 (excluding nationalised industries' stocks) were given in the May issue of *Financial Statistics*. Firmer figures appear in the *Annual Abstract of Statistics* and full details are given in the *Consolidated Fund and National Loans Fund Accounts 1983-84 Supplementary Statements*.

Statistics covering the nominal amount of debt outstanding of central government as defined in the national accounts, local authorities and public corporations (ie the public sector as a whole), are published annually as a supplementary table in *Financial Statistics*. The table will next appear in the February 1985 issue, to include figures up to 31 March 1984.

Stocks

Classified by final redemption date, eg 5% Treasury Stock 1986/89, whose latest redemption date is 15 October 1989, is classified in the over 5 years and up to 15 years band.

The nominal value of index-linked gilt-edged stocks has been raised by the amount of index-related capital uplift accrued to 31 March 1984.

Non-marketable debt

Comprises national savings (see below), certificates of tax deposit, tax reserve certificates, the International Monetary Fund's holdings of interest-free notes drawn on the National Loans Fund, deposits with the National Loans Fund, life annuities, ways and means advances (through which government departments etc lend overnight to the National Loans Fund), debt to the Bank of England (see page 56 of the Bank's 1971 *Report and accounts*), non-marketable stocks issued to the National Debt Commissioners, and a sterling debt to an overseas government.

National savings comprise national savings certificates (excluding accrued interest and index-linked increases), income bonds, deposit bonds, premium savings bonds, gift tokens, the contractual savings scheme (Save as You Earn) of the Department for National Savings (excluding accrued interest and index-linked increases), and deposits with the National Savings Bank investment account (excluding interest not yet credited to accounts); the definition also includes outstanding holdings of British savings bonds and national savings stamps (these instruments are no longer issued). Ordinary deposits with the National Savings Bank and the trustee savings banks' claim on the Fund for Banks for Savings are only included in this analysis indirectly, to the extent that the funds are reinvested in government debt (see below under official holdings).

Official holdings

The holdings of the Issue and Banking Departments of the Bank of England, government departments (including the Paymaster General), the Northern Ireland government, and the National Debt Commissioners.

In accordance with national accounting practice, the ordinary department of the National Savings Bank is included in the central government, and its holdings of government debt (invested through the National Debt Commissioners) are included in official holdings. Holdings of the trustee savings banks are regarded as 'market' holdings, as are those of local authorities and public corporations.

Market holdings

Public corporations

As defined for national income statistics, but excluding the Bank of England.

Local authorities

As defined for national income statistics.

Monetary sector

Comprises the UK offices of institutions either recognised as banks or licensed to take deposits under the Banking Act 1979, together with the National Girobank, the trustee savings banks and those institutions (including branches of mainland banks) in the Channel Islands and the Isle of Man which opted to participate in the monetary control arrangements introduced in August 1981, but excludes the Bank of England, Banking Department (which, in this article, is included among official holders). Market values are based on information reported by the banks at end-1983, using cash transactions in the quarter to end-March 1984. The maturity analysis of stock holdings is partly estimated from the principal government stock register, which is maintained by the Bank.

Other financial institutions

Estimates are based largely on figures reported by the institutions and published in *Financial Statistics*. Most stock holdings are estimates from market value holdings at end-1983 and using cash transactions in the quarter to end-March 1984. 'Non-marketable debt' now includes deposits with the National Savings Bank investment account, which are estimated from records of the Department for National Savings.

Overseas holders

The figures for Treasury bills held by overseas residents relate solely to holdings identified in returns provided by the UK banking system, but the coverage is thought to be reasonably complete. Any underrecording will be reflected in an overestimate for holdings by the residual category, industrial and commercial companies (see below). Holdings and maturities of stocks are each partly estimated from information extracted from the registers of government stocks and from returns from banks and the Crown Agents; in the case of stocks, the residual category is 'other (residual)' and any underrecording of overseas holdings will appear there (see below).

Non-marketable debt comprises interest-free notes held by the International Monetary Fund, and a sterling debt to an overseas government. Details are given in the table of National Loans Fund liabilities in the *Consolidated Fund and National Loans Fund Accounts 1983-84 Supplementary Statements*.

Other holders

Public Trustee and various non-corporate bodies comprises a few identified holders, in particular the Public Trustee, the Church Commissioners, and the Official Custodian for Charities.

Individuals and private trusts are derived chiefly from an analysis of the principal government stock register, which is maintained by the Bank. The accuracy of the analysis is impaired by the large number of nominee accounts, which conceal the identity of the beneficial owners. The figures shown in the table also include an estimate of private holdings on the national savings stock register. The bulk of national savings securities has been allotted to 'individuals and private trusts'. The remainder (about £2,020 million) is no more than a broad estimate covering other holders not identified elsewhere (for example, charities, friendly societies, registered companies and other corporate bodies trading for profit are allowed to place deposits with the National Savings Bank investment account; national savings certificates may also be held by charities, trustees and friendly societies).

Industrial and commercial companies holdings of gilt-edged stocks are based on quarterly returns to the Department of Industry by about 250 large companies, grossed up roughly to give a broad estimate for all industrial and commercial companies. The holdings are at book values (generally purchase values) and no attempt has been made to convert them to nominal or market values. An estimate of holdings of certificates of tax deposit is shown under 'non-marketable debt'. Figures for Treasury bills held by all companies are obtained by residual, after other holders of market Treasury bills have been identified; these figures thus include unidentified holdings by other sectors.