

**PARLIAMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF**   
**SRI LANKA**

**PUBLIC DEBT MANAGEMENT**

**ACT, NO. 33 OF 2024**

**[Certified on 18th of June, 2024]**

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*Act, No. 33 of 2024*

[Certified on 18th of June, 2024]

L. D.- O. 66/2023

AN ACTTOPROVIDEFORPUBLICDEBTMANAGEMENTINCLUDINGTHE   
AUTHORISATIONTOBORROW, TOISSUEANDTOSERVICEPUBLIC   
DEBTANDISSUINGGUARANTEES, ON-LENDING, ENTERINTO   
SUPPLIER’SCREDITANDFINANCELEASEAGREEMENTS; FORTHE

ESTABLISHMENTOFTHEPUBLICDEBTMANAGEMENTOFFICEAND   
FORMATTERSCONNECTEDTHEREWITHORINCIDENTALTHERETO.

BE it enacted by the Parliament of the Democratic Socialist   
Republic of Sri Lanka as follows: -

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| **1.** (1) This Act may be cited as the Public Debt Management Act, No. 33 of 2024.  (2) The provisions of this Act other than this section, shall come into operation on such date as the Minister may by Order published in the *Gazette* appoint (in this Act referred to as the “appointed date”). | Short title and  date of  operation |

(3) The provisions of this section shall come into   
operation on the date on which the Bill becomes an Act of   
Parliament.

(4) The appointed date shall be a date not later than a   
period of six months from the date on which the provisions   
of this section come into operation.

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| **2.** This Act shall apply to the following entities: - | | Application of  this Act |
| (*a*) | Ministries, Departments, District Secretariats of |
| the Government, and Special Spending Units; | |
| (*b*) | statutory funds and trusts to which public |
| finance is allocated with the approval of the Parliament; | |
| (*c*) | State-owned enterprises; |
| (*d*) | Provincial Councils, Ministries, Departments, |

other institutions coming under the Provincial

Councils and local authorities; and

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| (*e*) | any other entity. |

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| Public debt  management  objectives | **3.** Public debt management is the process of establishing and executing a medium term to long term strategy for managing public debt with the following objectives:– | |
| (*a*) | to meet financing needs and debt payment |

obligations on a timely basis;

(*b*) to borrow at the lowest costs as possible over the   
medium term to long term, consistent with a prudent   
degree of risk; and

(*c*) to promote the development of the domestic debt   
 securities market.

PART I

ESTABLISHMENTOFTHE PUBLIC DEBT MANAGEMENT OFFICE

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| Establishment of  the Public Debt  Management  Office of  Sri Lanka  Director-General of the Office | **4.** There shall be established an office called the Public Debt Management Office (hereinafter referred to as the“Office”) within the Ministry of Finance which shall be responsible for the – | |
| (*a*) | management of the debt of the Government; |
| (*b*) | issuance and management of loan guarantees; |
| (*c*) | management of on-lending operations; and |
| (*d*) | recording and reporting of public debt. |
| **5.** (1) There shall be a Director-General appointed by the Cabinet of Ministers. | |

(2) The Director-General shall be the head of the Office   
and be responsible for the overall operations of the Office.

(3) The terms and conditions of employment including

remuneration for all employees of the Office shall be

determined by the prevailing Government regulations as   
may be applicable from time to time.

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**6.** The Office shall exercise and perform the following powers and functions subject to the provisions of section 3:-

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| ( *a*) | preparation and publication of – | |
| (i) | the medium-term debt management strategy; |
| (ii) | the annual borrowing plan; and |
| (iii) | auction calendars for the issuance of |

Government securities;

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| (*b*) | negotiation of financial terms and conditions and execution of domestic and external borrowings, other credit arrangements and debt management activities of the Government: |

Provided that, the Government’s external borrowings from bilateral and multilateral agencies shall be executed in coordination with the Department in charge of the subject of External Resources of the Treasury;

(*c*) maintenance of relationships, as necessary for achieving and maintaining access to financial markets;

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| (*d*)  (*e*) | coordination of debt operations in relation to cash flow management with the Department in charge of the subject of Treasury Operations of the Treasury;  preparation and execution of debt related liability |

management operations;

(*f*) assessment of the credit risk and advise on risk mitigation mechanism of loan guarantees and on- lending operations;

(*g*) recording, reporting, dissemination and publication of public debt, loan guarantees, on-lending, suppliers’ credit and finance lease in accordance with this Act;

Powers and   
functions of the   
Office

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(*h*) servicing of the debt of the Government on a timely

basis in accordance with this Act;

(*i*) preparation of debt service forecasts based on both

present and forecasted debt of the Government; and

(*j*) any other function, the Minister may assign in

carrying out the objectives under section 3.

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| Powers of the  Minister to issue  guidelines and  directions | **7.** The Minister may issue to the Office, such guidelines or directions in writing as are not inconsistent with the provision of this Act, relating to the policy to be followed in the exercise and performance of the powers and functions of |

the Office.

PART II

PUBLICDEBTCOORDINATINGCOMMITTEE

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| Establishment  of the Public  Debt  Coordinating  Committee | **8.** (1) There shall be a Public Debt Coordinating Committee appointed by the Minister (hereinafter referred to as the “Committee”) to coordinate at policy level, consisting of – | |
| (*a*) | the Deputy Secretary to the Treasury who shall act |

as the Chairperson;

(*b*) the Director-General of the department in charge of

the subject of Treasury Operations of the Treasury;

(*c*) the Director-General of the department in charge of

the subject of Fiscal Policy of the Treasury;

(*d*) the Director-General of the department in charge of

the subject of External Resources of the Treasury;

(*e*) the Director-General of the department in charge of

the subject of National Budget of the Treasury;

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(*f*) the Director-General of the department in charge of the subject of Public Enterprises of the Treasury;

(*g*) two officers of the Central Bank not below the rank of Director nominated by the Governor of the Central Bank; and

(*h*) the Director-General of the Office.

(2) The Director-General of the Office shall nominate a senior officer of the Office to be the Secretary and the Convener of the Committee.

(3) The Committee shall meet at least once in every month.

**9.** The powers, duties and functions of the Committee shall be to:–

(*a*) review and opine on the debt management strategy and its updates prepared by the Office, ensuring the consistency of the debt management strategy with macroeconomic policies;

(*b*) review and opine on the annual borrowing plan and its performance;

(*c*) review domestic and international market conditions and provide recommendations on the risk associated with public debt and opportunities in the market and on official development assistance; and

(*d*) perform such other functions as may be assigned to it by the Minister for the purposes of achieving the objectives under section 3.

**10.** (1) The quorum of the Committee shall be five members.

(2) A meeting of the Committee may be held either –

Powers, duties   
and functions of   
the Committee

Quorum and   
Committee

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(*a*) by the number of members who constitute a quorum   
being assembled at the place, date and time   
appointed for the meeting; or

(*b*) by means of audio-visual communication by which   
all members participating and constituting a   
quorum can simultaneously see and hear each   
participating member for the duration of the meeting.

PART III

GOVERNMENT BORROWINGAND DEBT MANAGEMENT

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| Debt  management  strategy | **11.** (1) Subject to the provisions of section 3, a medium term debt management strategy (hereinafter referred to as the “strategy”) for the management of the debt of the |

Government shall be formulated and updated annually on a   
rolling five year horizon by the Office.

(2) Such strategy shall be reviewed by the Minister and   
submitted to the Cabinet of Ministers for its final approval.   
The Central Bank shall be given an opportunity to provide   
written comments on the draft strategy before the approval   
of the Cabinet of Ministers is granted.

(3) The approved strategy shall be aligned with the   
medium term fiscal framework and published in the official   
websites of the Ministry of Finance and of the Office and   
tabled in Parliament not later than the second reading of the   
Appropriation Bill of the year for which the strategy is   
prepared as an accompanying document of the Annual   
Budget Document.

(4) For the purposes of achieving the objectives under   
section 3, the strategy formulated and updated annually on   
a rolling five year horizon under subsection (1), constitutes   
the upcoming financial year and four succeeding financial   
years and shall take into account the following:–

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(*a*) the cost and risk embedded in the current public   
 debt portfolio and outstanding derivative   
 transactions;

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| (*b*)  (c)  (*d*)  (*e*) | future borrowing requirements;  the medium term fiscal framework;  market conditions; and  such other factors as may be relevant for the |

preparation of the strategy.

(5) The approved strategy shall be reviewed and updated   
at least annually by the Office. The updated strategy shall   
be submitted to the Cabinet of Ministers for approval and   
published in the official websites of the Ministry of Finance   
and of the Office thereafter.

(6) All borrowings and other debt management operations   
shall be in line with the strategy.

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| **12.** (1) Subject to the provisions of this Act, the Minister has the sole authority to borrow and issue debt securities | Borrowing  authorization |

within or outside Sri Lanka in local or foreign currencies on   
behalf of the Government of Sri Lanka.

(2) Debt of the Government of Sri Lanka shall be charged   
on the Consolidated Fund.

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| **13.** (1) The purposes for which the Government may borrow are – | | Borrowing  purposes |
| (*a*) | to finance any deficit in the annual Government |

budget approved by Parliament;

(*b*) to manage cash flow including to build up and   
 maintain a liquidity buffer at a level or at a range   
 determined by the Minister;

(*c*) to lend funds to Provincial Councils, local   
authorities, State owned enterprises and any other   
entity as may be approved by Parliament;

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(*d*) to honour obligations under called Government   
guarantees;

(*e*) to refinance outstanding debt of the Government,   
 including repayment of a loan or credit prior to its   
 maturity date and repurchase of Government debt   
 securities;

(*f*) to immediately respond to effects of unforeseen   
 circumstances caused by a catastrophic emergency,   
 in cases where the additional expenditure cannot   
 be funded through virement procedures or through   
 an allocation from the annual budget reserve or   
 other similar mechanisms to make in-year   
 adjustments to the annual budget as provided   
 pursuant to relevant legislation for public financial   
 management or through the Contingencies Fund   
 under Article 151 of the Constitution;

(*g*) to finance any expenditure that may arise under   
paragraphs (3) and (4) of Article 150 of the   
Constitution;

(*h*) to support the balance of payments of Sri Lanka by   
replenishing its foreign currency reserves; and

(*i*) for any other purpose as may be approved by   
 Parliament.

(2) Where borrowing is for any of the purposes of   
paragraph (*f*) of subsection (1), the Minister shall as soon as   
practicable but not later than fifteen working days after the   
conclusion of such borrowing, inform Parliament of the terms   
and conditions of the borrowing.

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| Issuance of  Government  debt securities  for the | **14.** (1) At the request of the Central Bank, the Government may issue debt securities for the sole purpose of supporting the implementation of the monetary policy objectives. |

implementation   
of the monetary   
policy objectives

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(2) Where debt securities are issued under subsection (1),   
the proceeds from the issuance of the debt securities shall be   
deposited in a segregated account of the Central Bank and   
shall be used exclusively to redeem those debt securities.

(3) Any Cost to the Government resulting from the   
issuance of such debt securities shall be fully reimbursed by   
the Central Bank.

(4) These issuances shall not be subject to any borrowing   
limits and their outstanding values shall be recorded in   
the debt stock and reported in the annual report as a separate   
item under section 25.

(5) The responsibilities and procedure relating to the   
issuance of debt securities under this section shall be   
stipulated under a memorandum of understanding between   
the Minister on behalf of the Government and the Central   
Bank and comply with the provisions of the Central Bank of   
Sri Lanka Act, No. 16 of 2023.

**15.** (1) The Office shall prepare a borrowing plan for each Annual financial year (in this Act referred to as the “borrowing plan”) borrowing plan

to meet the aggregate borrowing requirement in accordance   
with the Appropriation Act for any given year. Such   
borrowing plan shall be reviewed at least half yearly.

(2) The borrowing plan shall take account of the   
determined strategy, annual gross borrowing ceiling and   
the cash flow forecast for the Government and include –

(*a*) planned borrowings and other debt management   
 operations over the year;

(*b*) tentative instruments to be used and sources of   
 borrowing; and

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| (*c*) | indicative timing of these operations. |

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(3) The borrowing plan and its updates shall be prepared   
in consultation with the relevant Departments of the Treasury   
and the relevant Government agencies as decided by the   
Secretary to the Treasury and shall be submitted for the   
approval of the Cabinet of Ministers.

(4) The Minister shall table the borrowing plan in   
Parliament notlater than the second reading of the   
Appropriation Bill, as an accompanying document of the   
Annual Budget Document, and shall arrange for the separate   
publication of the borrowing plan document by the end of   
the financial year preceding the year for which the borrowing   
plan is prepared. The updated borrowing plan if any, shall   
be ~~s~~ubmitted to the Cabinet of Ministers for its approval and   
published in the official websites of the Ministry of Finance   
and of the Office.

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| Issuance of  Government  debt securities in  the domestic  market | **16.** (1) Issuance of Government debt securities in the domestic market by the Office shall either be by way of auction in accordance with the auction calendar or any other market based mechanism*.* |

(2) The auction calendar shall be published in the websites   
of the Ministry of Finance and of the Office at least two   
weeks prior to the first issuance date planned under the   
auction calendar and shall cover a minimum of three calendar   
months on rolling basis from the date of its publication.

(3) On the recommendation of the Minister and with the   
approval of the Cabinet of Ministers, Government debt   
securities may be issued in the domestic market by way of   
non-market based mechanisms.

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| Borrowing  directly by the  Government | **17.** The Minister on the recommendation of the Office and on such terms and conditions approved by the Cabinet  of Ministers may borrow from banks, other financial |

institutions, sovereign lenders or any other person or

institution through loan agreements or obtaining advances

by overdraft.

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**18.** (1) The Minister or any other person specially authorised in writing by the Minister on behalf of the Government may, in accordance with the provisions of section 3 and the strategy, undertake liability management operations including –

(*a*) interest rate and currency swaps and other derivatives used as hedges against the financial risks embedded in the Government’s debt portfolio, having considered it prudent to do so for the purpose of effective public debt management;

(*b*) buybacks and exchanges of Government debt securities; and

(*c*) offering of early repayment of a loan prior to its date of maturity.

(2) Transactions related to liability management operations shall not be subject to any gross or net issuance limit stipulated in the annual budget and shall comply with the debt reduction objective pursuant to relevant legislation on fiscal responsibility and public financial management.

PART IV

GOVERNMENT LOAN GUARANTEES, GOVERNMENTON-LENDING, SUPPLIERS’ CREDIT AGREEMENTSAND FINANCE LEASE AGREEMENTS

**19.** (1) Subject to the provisions of this Act, the Minister shall have the sole authority for the issuance and management of loan guarantees including the collection of loan guarantee fees on behalf of the Government in respect of obligations of a Provincial Council, local authority, State owned enterprise or any other entity:

Liability   
management   
operations

Government

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Provided that, the Minister shall take into consideration   
the following when issuing such loan guarantees: -

(*a*) the borrower is not in any financial difficulty based   
on a credit risk assessment;

(*b*) the loan guarantee is deemed to promote economic   
development of Sri Lanka; and

(*c*) the loan guarantee shall be subject to the debt   
 reduction objective in relation to the relevant   
 written law on fiscal responsibility and public   
 financial management.

(2) The issuance of loan guarantees in respect of   
obligations of any other entity other than Provincial   
Councils, local authorities or State owned enterprises shall   
be further subject to the approval of Parliament.

(3) Where the borrower is deemed to be in financial   
difficulty based on the credit risk assessment, the guarantee   
shall not be issued.

(4) Prior to submitting the issuance of a loan guarantee to   
the Cabinet of Ministers for approval, the Office shall assess   
and price the credit risk to the Government from such   
guarantee and recommend the risk mitigation mechanism   
including guarantee fees.

(5) The result of the risk assessment, the method used in   
the assessment and the proposed risk mitigation mechanism   
shall be submitted to the Cabinet of Ministers for its   
approval.

(6) Each loan guarantee shall be supported by relevant   
legal documentation executed by the borrower which   
includes provisions that agree to among others to repay any   
amount paid under the guarantee if called with interest as   
may be prescribed and to fully disclose any information   
requested by the Office.

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(7) In the event that the borrower neglects or fails to make   
good on its obligations under the loan guarantee agreement,   
the Minister shall have the right to pursue any action   
necessary to recover from the borrower any money owed to   
the Government under such loan guarantee agreement.

**20.** (1) Subject to the provisions of this Act, the Minister On-lending   
shall have the sole authority to on-lend Government funds   
to a Provincial Council, local authority, State owned   
enterprise or any other entity:

Provided that, the Minister shall take into consideration   
the following when on-lending such Government funds: -

(*a*) the borrower is not in any financial difficulty based   
 on a credit risk assessment; and

(*b*) the on-lending is deemed to promote economic   
 development of Sri Lanka.

(2) The on-lending funds in respect of obligations of any   
other entity other than Provincial Councils, local authorities   
or State owned enterprises shall be further subject to the   
approval of Parliament.

(3) Where the borrower is deemed to be in financial

difficulty, based on the credit risk assessment the on-lending   
transaction shall not take place.

(4) Prior to submitting the on-lending of Government   
funds to the Cabinet of Ministers for its approval, the Office

shall, assess and price the credit risk to the Government in   
providing such loan and recommend the level of interest   
rate to cover the funding cost, any currency risk and the

credit risk to the Government.

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(5) The result of the risk assessment, the method used in   
the assessment and the proposed interest rate shall be   
submitted to the Cabinet of Ministers for its approval.

(6) The borrower shall pay an interest at the rate as   
approved by the Cabinet of Ministers on the   
recommendation of the Office that covers the funding cost,   
currency risk and the credit risk to the Government.

(7) Each on-lending transaction shall be supported by   
relevant legal documentation executed by the borrower and   
shall include an agreement to service its debt obligations on   
due dates and other terms and conditions including a clause   
on penal interest in the event the borrower neglects or fails   
to honour any payment obligations.

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| Supplier’s Credit agreements  entered into by the Government | **21.** (1) Subject to the provisions of this Act, the Minister shall have the sole authority to enter into supplier’s credit agreements for procurement of capital goods or construction |

or maintenance for public investment projects on behalf of   
the Government.

(2) Supplier’s credit agreements that come under the   
purview of the Office shall be as prescribed. Prior to entering   
into such agreements, the Office shall assess the cost incurred   
by the Government in entering into such agreements and   
send the recommendation to the Minister or to the person   
specially authorized by the Minister.

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| Finance lease  agreements  entered into by  the Government | **22.** (1) Subject to the provisions of this Act, the Minister shall have the sole authority to enter into finance lease agreements on behalf of the Government. |
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(2) Finance lease agreements that come under the purview of the Office and the form, terms and duration of such agreements shall be as prescribed. Prior to entering into such agreements, the Office shall assess their cost to the Government and send the recommendation to the Minister or to the person specially authorised by the Minister.

PART V

RECORDSAND PUBLICATIONOF PUBLIC DEBTAND FINANCE ARRANGEMENTS

**23.** (1)The Office shall maintain records of timely, comprehensive and accurate data and information of –

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| (*a*)  (*b*)  (*c*)  (*d*)  (*e*)  (*f*) | outstanding public debt;  supplier’s credit agreements; finance lease agreements;  derivative transactions;  loan guarantees; and  on-lending operations, |

in an appropriate database.

(2) In carrying out the functions under this section, the Office shall have the power to request from entities under

Records of   
finance   
arrangements

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section 2, data and information concerning outstanding loan

guarantees and on-lending, credit institutions coming under   
on-lending and non guaranteed debt and such other   
information as may be required under this Act.

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| Publication of  Public debt and  finance  arrangements | **24.** The Office shall no later than sixty days from the end of each quarter, prepare and publish a quarterly statistical debt bulletin on public debt that provides accurate and |

timely information on, among others -

(*a*) aggregate debt stock, debt flows, debt service cost,   
and redemption profile and risk measures of the   
debt portfolio and any new borrowing of the   
Government;

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| (*b*)  (*c*)  (*d*) | details of derivatives;  details of loan guarantees;  aggregate of non-guaranteed debt stock of State |

owned enterprises, Provincial Councils and local   
authorities;

(*e*) details of on-lending facilities provided by the   
 Government under section 20;

(*f*) details of supplier’s credit agreements entered into   
 by the Government under subsection (2) of   
 section 21;

(*g*) details of finance lease agreements entered into by   
the Government under subsection (2) of section 22;

and

(*h*) the outstanding values of issuances of debt   
securities for the purpose of supporting the

implementation of monetary policy objectives

under section 14.

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PART VI

ANNUALREPORTINGTO PARLIAMENT

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| **25.** (1) The Office shall for each year prepare an annual report on Government borrowings and other debt management operations, outstanding public debt, guarantees | Annual report of  the Office to  Parliament |

and on-lending activities and other finance arrangements

entered into over the previous financial year.

(2) The annual report shall include –

(*a*) information on the strategy referred to in section   
 11 and its rationale;

(*b*) information on the contribution of the strategy   
and the borrowing plan, their execution in   
achieving the debt management objectives as   
stated in section 3 and the rationale for any   
deviations;

(*c*) debt disbursements and related debt services of   
the Government presented including by type of   
creditor and instrument;

(*d*) a list of the outstanding loan guarantees of the   
Government, issued to Provincial Councils, local   
authorities, State owned enterprises and any other   
entity including the amount;

(*e*) a list of loans on-lent including outstanding   
amounts;

(*f*) outstanding supplier’s credit agreements and   
finance lease agreements which comes under the   
purview of the Office including the financial terms   
of those contracts;

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(*g*) information on any debt service arrears of the   
Government; and

(*h*) any other information related to public debt   
management.

(3) The Minister shall review the draft annual report and   
submit it to the Cabinet of Ministers for its approval and   
table the approved annual report before Parliament not later   
than hundred and eighty days following the end of the   
preceding financial year and publish such approved annual   
report in the official websites of the Ministry of Finance and   
the Office.

PART VII

BORROWINGANDISSUANCEOFGUARANTEESBY STATEOWNED   
ENTERPRISESAND REPORTINGBY PROVINCIAL COUNCILS, LOCAL   
AUTHORITIESANDSTATEOWNED ENTERPRISES

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| Borrowing and  issuance of  guarantees to  and by State  owned  enterprises | **26.** (1) Any public issue of debt securities and any raising of funds denominated in foreign currency by a State owned enterprise shall comply with the debt reduction objective pursuant to any law for the time being in force relating to fiscal responsibility and public financial management and |

shall require prior written approval of the Minister.

(2) The approval of the Minister under subsection (1)   
shall be accompanied by an assessment of the proposed debt   
based on the debt reduction objective, the current and   
projected fiscal, financial and debt environment. The criteria   
for assessment, the procedure and such other matters   
pertinent to the assessment may be as prescribed.

(3) For the purpose of obtaining approval for the public   
issue of debt securities and raising of funds under subsection   
(1), State owned enterprises shall submit to the Office all   
terms and conditions for each of these planned borrowings   
and a copy of the debt contract after the borrowing has taken   
place.

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(4) Any issuance of guarantees to and by a State owned   
enterprise shall require the prior written approval of the   
Minister.

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| **27.** A State owned enterprise shall submit to the Office a record of its outstanding debt not later than forty five days after the end of each quarter and shall upon a request made under section 23, submit to the Office such information and | Reporting  requirements of  State owned  enterprises |

data on its total outstanding debt including the non   
guaranteed debt as it may specify.

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| **28.** Each Provincial Council and local authority shall submit to the Office a record of its outstanding debt, including the outstanding non guaranteed debt, not later than forty five days after the end of each quarter. | Reporting  requirements of  Provincial  Councils and  local authorities |

PART VIII

OFFENCESANDPENALTIES

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| **29.** (1) Every entity referred to in section 2 shall furnish information required by this Act to the Office within the period and in the form specified by the Office. | Obligation to  provide  information |

(2) Any public officer or a governing body of an entity   
referred to in section 2, to whom the exercise of the powers,   
discharge of the duties and the performance of the functions   
of the entity are assigned is required to furnish information   
under subsection (1) -

(*a*) makes any false or misleading statement or   
declaration or gives any misleading information   
for any statement, declaration or information   
required to be made or given under this Act or   
regulation made thereunder;

(*b*) resists or obstructs the duties and functions of the   
 Office; or

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(*c*) fails or refuses to furnish any information,   
document, report or material within the specified   
period unless prohibited by any other law for the   
time being in force,

commits an offence and upon conviction by a competent   
court be liable to a fine not exceeding twenty five thousand   
rupees or to a term of imprisonment not exceeding three   
months.

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| Protection of  market-sensitive information | **30.** (1) When the disclosure of information contained in administrative acts, contracts, agreements or documentation related to the issuance, placement or repurchase of |

Government debt securities, could generate losses or   
conditions unfavourable to the interests of the Government,   
the respective administrative acts, contracts, agreements or   
documentation may be declared secret and reserved by the   
Office, until the information prior to the auction or respective   
transaction is provided in the market in the case of placement   
and repurchase. Immediately thereafter, all information shall   
be published.

(2) Any person who is involved in the implementation of   
the provisions of this Act and thereby becomes aware of, or   
has access to, information about intended activities or public   
debt operations, of which information the person knows are   
of confidential nature or should reasonably suspect, is   
obliged to maintain the confidentiality of such information,   
except to the extent that a legal obligation shall require the   
communication of such information prior to the intended   
activities or public debt operations.

(3) Any person who contravenes the provisions of   
subsection (1) or subsection (2) commits an offence and   
shall on conviction by a competent court, be liable to a fine   
not exceeding twenty five thousand rupees or to a term of   
imprisonment not exceeding three months or to both such   
fine and imprisonment.

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PART IX

GENERAL

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| **31.** (1) The Minister may, where he considers it expedient to do so, appoint issuing agents, process agents, and other agents and the office shall have the authority to regulate, | Power to  appoint agents  and hire experts |

supervise and monitor such agents as may be prescribed.

For the avoidance of doubt, the power specified in this   
subsection includes the appointment of process agents, in   
the event where any legal disputes may be tried and settled   
in any other country.

(2) The Minister shall appoint primary dealers with the   
recommendation of the Central Bank to facilitate primary   
and secondary market transactions in Government debt   
securities.

(3) The appointment of primary dealers shall be subject   
to such terms and conditions as the Office may deem   
appropriate, and shall include the following:-

(*a*) the financial standing of the entity;

(*b*) the entity’s experiences and the ability to perform   
 the duties that will be imposed on it by or under   
 this Act;

(*c*) the entity’s compliance with legal and regulatory   
 requirements; and

(*d*) public interest.

(4) The primary dealers appointed under the Local   
Treasury Bills Ordinance (Chapter 417) and Registered Stock   
and Securities Ordinance (Chapter 420) shall continue to be   
primary dealers under this Act and be subject to the   
Regulations made by the Minister under this Act.

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(5) (*a*) The power to regulate, supervise and monitor the   
primary dealers appointed under subsection (2), and under   
the Local Treasury Bills Ordinance (Chapter 417) and the   
Registered Stock and Securities Ordinance (Chapter 420)   
shall be vested with the Central Bank;

(*b*) The offences committed or that may be committed   
by a primary dealer under the Local Treasury Bills Ordinance   
(Chapter 417) and the Registered Stock and Securities   
Ordinance (Chapter 420) shall be tried and proceeded with   
and be subject to the same punishment specified under the   
respective Ordinances and any investigation, examination   
that is or will be carried out or any suit, action or litigation   
instituted or to be instituted for such offences shall be carried   
out, heard or concluded as the case may be, under the   
provisons of the respective Ordinances.

(6) The Central Bank shall inform the Minister on non-  
compliance of the primary dealers with legal and regulatory   
requirements, which may constitute a ground for cancelation   
or suspention of its appointment as a primary dealer   
irrespective of it’s performance of duties as a primary dealer.

(7) The Minister may make regulations for the purpose   
of appointment of primary dealers and the conditions to be   
observed by, the privileges of and the duties to be performed   
by the primary dealers appointed under this Act.

(8) All rules, regulations, directions, determinations,   
Orders, approvals or refusals, notices, circulars, operating   
instructions, code of conduct or any other written   
communication made or issued by the Minister or the Central   
Bank or any officer of the Central Bank in respect of the

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Primary dealers appointed under the Local Treasury Bills   
Ordinance (Chapter 417) and the Registered Stock and   
Securities Ordinance (Chapter 420) and subsisting or having   
effect on the day immediately preceding the appointed day   
shall continue to be in operation and be applicable to primary   
dealers appointed under this Act.

(9) The Minister may hire or retain the services of such   
professionals, consultants and experts, as may be necessary   
on such terms and conditions to be agreed upon, for the   
proper and effective performance of his functions under this   
Act:

Provided that, the cost of those appointments, if any,   
and the cost to hire professionals’ consultants and experts   
shall be within the provisions of the relevant Appropriation   
Act.

(10) The Minister shall by Order published in the *Gazette*   
designate a securities depository system to electronically   
issue scripless securities, store holdings of and to record   
ownership and interests in such securities and to settle   
transactions in such securities in accordance with the relevant   
written law:

Provided that, until such designation is made, the Registry   
that is established and maintained by the Central Bank under   
the relevant laws for the securities issued by the Government   
shall continue to be in operation.

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| **32.** The Minister may, by Order published in the *Gazette* delegate to the Secretary to the Treasury, Deputy Secretary | Power to  delegate |

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to the Treasury, or the Director-General of the Office as the   
case may be, any power conferred on the Minister by this   
Act subject to such conditions, reservations and restrictions   
as may be specified in such Order other than his power to   
make regulations in accordance with the provisions of   
section 35.

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| Consequences of unauthorised  transactions and how to exclude  them | **33.** The Government shall not be bound by the terms of any loan agreement, finance lease agreement, supplier’s credit agreement, derivative or any guarantee issued, or purported to be contracted or issued for or on its behalf by any other, other than the Minister or public officer authorised |

in writing in that behalf by the Minister.

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| Protection from action | **34.** No civil or criminal proceedings shall be instituted against the Secretary to the Treasury, Deputy Secretary to the Treasury, Director-General or any employee of the Office |

or any member of the Committee as the case may be, for any   
act which in good faith is done or purported to be done or   
omitted to be done by him under this Act pursuant to and in   
the course of the exercise, performance and discharge of the   
powers, duties and functions on behalf of the Office, if he   
proves that he acted in good faith and exercised all due   
diligence, reasonable care and skill.

Regulations **35.** (1) The Minister may on the recommendation of the Committee make regulations in respect of matters required by this Act to be prescribed or in respect of which regulations are necessary to be made in order to give effect to the objectives and the provisions of this Act.

(2) Every regulation made by the Minister shall be   
published in the *Gazette* and shall be brought before   
Parliament for its approval within three months of its   
publication in the *Gazette*. Such regulations shall come into   
force upon its approval by Parliament or any subsequent   
date as may be specified by Parliament. Any regulation which   
is not so approved shall be deemed to be rescinded from the   
date of such disapproval.

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(3) Notification of the date on which any regulation is so   
disapproved shall be published in the *Gazette*.

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| **36.** (1)The provisions of this Act shall have effect notwithstanding anything to the contrary in any other written law and accordingly, in the event of any inconsistency or conflict between the provisions of this Act and such other written law, the provisions of this Act shall prevail. | Provisions of  this Act to  prevail over  other written law |

(2) Without limiting the generality of subsection (1), the   
provisions of this Act shall prevail in relation to the authority   
of the Minister to borrow, issue Government debt securities,   
loan guarantees, supplier’s credit agreements and finance   
lease agreements and the appointment of primary dealers to   
facilitate primary and secondary market transactions in   
Government debt securities.

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| **37.** The applicability of section 132 of the Central Bank of Sri Lanka Act, No. 16 of 2023, shall come into operation on such date as the Minister may by Order published in the *Gazette* appoint within a period of eighteen months from the appointed date: | Interim  arrangement to  operationlise the  Office |

Provided that, notwithstanding the provisions of this   
section, the Office may perform its powers and functions   
under this Act.

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| **38.** Government debt Securities, loan agreements, finance lease agreements, supplier’s credit agreements, derivatives or any guarantees issued or entered into, before the appointed date shall be deemed with effect from the appointed date to be entered into under this Act.  **39.** In this Act, unless the context otherwise requires – | Arrangements  for the  applicability of  existing  borrowing  instruments  Interpretation |

"Annual Budget Document” means the document   
prepared pursuant to relevant legislations for   
public financial management which consists   
of –

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(*a*) the estimates of revenue and   
 expenditure in the forms as may be   
 prescribed; and

(*b*) the Appropriation Bill that includes,   
 *inter alia* estimates of expenditure and   
 borrowing ceilings;

“any other entity” means any entity established under   
the Companies Act, No. 07 of 2007 or any other   
written law and which is approved by Parliament   
to receive Government loan guarantees or   
on-lending funds;

“borrowing” means the procedures for raising funds by   
concluding loan agreements, obtaining   
advances from commercial banks and by issuing   
debt securities and “borrow” shall be construed   
accordingly;

“Central Bank” means Central Bank of Sri Lanka   
established by the Central Bank of Sri Lanka   
Act, No. 16 of 2023;

“debt” includes all financial liabilities created by –

(i) borrowing;

(ii) entering into supplier’s credit agreements   
 and financial lease agreements;

(iii) issuances of debt securities for any other   
purpose than borrowing; and

(iv) assumptions of payment obligations under   
 guaranteed loans that have been called;

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“debt of the Government” means liabilities created by   
debt and debt raised by the entities specified   
under paragraphs (*a*) and (*b*) of section 2;

“debt securities” means securities issued in electronic   
(dematerialized) form or in paper form, to named   
persons or as bearer instruments and may be   
negotiable or non-negotiable which includes   
Treasury bills and bonds, promissory notes,   
certificates, notes, commercial papers or any   
other similar instruments by which money is   
raised from the public;

“derivatives” means instruments used for hedge against   
the financial risk embedded in the Government   
debt portfolio and may include interest and   
currency swaps or such similar instruments;

“finance lease agreements” means a long-term financial   
arrangement, whereby the user of the asset (the   
lessee) pays a series of rentals or instalments to   
the purchaser or the owner of that asset (the   
lessor) covering the full cost (including the   
financing costs and a profit margin of the lessor)   
of the leased asset and at the end of the lease has   
the option to acquire the asset at a fixed price;

“financial year” means the calendar year;

“Government” means the Government of the Democratic   
 Socialist Republic of Sri Lanka;

“guarantee” means an explicit undertaking by the   
Government as the guarantor to guarantee the   
fulfillment of contracted obligations of another   
legal person or entity under certain specified   
conditions;

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“loan guarantee” means a guarantee where the   
Government as the guarantor undertakes to   
honour the payment obligations of the borrower   
under the terms of a specific loan;

“local authorities” means all municipal councils, urban   
 councils and pradeshiya sabhas;

“Minister” means the Minister assigned the subject of   
Finance under Article 44 or 45 of the   
Constitution;

“prescribed” means prescribed by regulations;

“public debt” means liabilities created by debt and debt   
of entities referred to in paragraphs (*a*), (*b*), (*c*)   
and (*d*) of section 2;

“Sovereign lenders” means Governments of foreign   
countries with whom Sri Lanka has diplomatic   
and trade relations or bilateral agreements and   
which are members of the United Nations   
Organization;

“special spending unit” means an entity, other than a   
Ministry, Department, District Secretariat or a   
Provincial Council that has been given an   
Expenditure Head in the relevant Appropriation   
Act;

“State owned enterprises” means with the exception of   
the Central Bank of Sri Lanka and financial   
institutions including insurance and leasing   
companies which part or all of whose business is   
to lend or borrow, an entity that is –

(i) a Public Corporation within the meaning   
 of the Constitution;

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(ii) entities established and operated under the   
 Companies Act, No. 07 of 2007 in which   
 the State has direct controlling interest by   
 virtue of its shareholding; or

(iii) State-owned corporations, converted in   
 terms of the Conversion of Public   
 Corporations or Government Owned   
 Business Undertakings into Public   
 Companies under the Conversion of   
 Public Corporations or Government   
 Owned Business undertakings into Public   
 Companies Act, No. 23 of 1987 or such   
 other Acts in terms of which any business   
 entity has been vested with the   
 Government.

“statutory funds” means any fund, other than the   
Consolidated Fund, created or established by or   
under any written law for a specific purpose to   
which public finances are allocated excluding   
approved termination funds which includes thrift,   
savings or building society or welfare fund to   
which contributions are made by employees or,   
any gratuity fund maintained for the purpose of   
payment of gratuities to employees on the   
termination of their services under the relevant   
written law.

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| **40.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. | Sinhala text to  prevail in case  of inconsistency |

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