



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

PUBLIC DEBT MANAGEMENT

**A
BILL**

to provide for Public debt Management including the authorization to borrow, to issue and to service public debt for the Government and issuing guarantees, on-lending, enter into suppliers' credit and financial lease agreements; for the establishment of the Public Debt Management Office and for matters connected therewith of incidental thereto

*Presented by the Minister of Finance, Economic Stabilization and
National Policies on 26th of April, 2024*

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Public Debt Management

L. D.- O. 66/2023

AN ACT TO PROVIDE FOR PUBLIC DEBT MANAGEMENT INCLUDING THE AUTHORISATION TO BORROW, TO ISSUE AND TO SERVICE PUBLIC DEBT FOR THE GOVERNMENT AND ISSUING GUARANTEES, ON-LENDING, ENTER INTO SUPPLIERS' CREDIT AND FINANCIAL LEASE AGREEMENTS; FOR THE ESTABLISHMENT OF THE PUBLIC DEBT MANAGEMENT OFFICE AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

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

1. (1) This Act may be cited as the Public Debt Management Act, No. of 2024. Short title
and date of
operation

5 (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").

10 (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.

15 **2.** This Act shall apply to the following entities: - Application
of this Act

(a) Ministries, Departments, District Secretariats of the Government, Special Spending Units and certain specified institutions identified in the relevant Appropriation Act;

20 (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
- 5 (e) any other entity.

3. Public debt management is the process of establishing and executing a medium to long term strategy for managing public debt with the following objectives:–

Public debt
management
objectives

- 10 (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 to long term, consistent with a prudent degree of risk; and
- 15 (c) to promote the development of the domestic debt securities market.

PART I

ESTABLISHMENT OF THE PUBLIC DEBT MANAGEMENT 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 –

Establishment
of the Public
Debt
Management
Office of
Sri Lanka

- (a) management of the debt of the Government;
- (b) issuance and management of loan guarantees;
- (c) management of on-lending operations; and
- 25 (d) recording and reporting of public debt.

5. (1) There shall be a Director-General appointed by the Cabinet of Ministers. Director-General of the Office

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

5 (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.

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

(a) preparation and publication of –

(i) the medium-term debt management strategy;

(ii) the annual borrowing plan; and

15 (iii) auction calendars for the issuance of Government securities;

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

20 Provided that, all 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;

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

(d) coordination of debt operations in relation to cash flow management with the Department in charge of the subject of Treasury Operations of the Treasury;

- (e) preparation and execution of debt related liability management operations;
- (f) assessment of the credit risk and advice 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;
- (h) undertaking activities related to the timely servicing of the debt of the Government 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.

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.

Powers of the Minister to issue guidelines and directions

PART II

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 –

Establishment of the Public Debt Coordinating Committee

- (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;
- 5 (c) the Director-General of the department in charge of the subject of Fiscal Policy Management of the Treasury;
- (d) the Director-General of the department in charge of the subject of External Resources of the Treasury;
- 10 (e) two officers of the Central Bank not below the rank of Director nominated by the Governor of the Central Bank; and
- (f) the Director-General of the Office.

(2) The Director-General of the Office shall nominate a
15 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:—

Powers,
duties and
functions of
the
Committee

- 20 (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;
- 25 (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 through official development
30 assistance; and

- (d) perform such other functions as may be assigned to it by the Minister in accordance with the provisions of this Act.

5 **10.** (1) The quorum of the Committee shall be five members. Quorum and meetings of the Committee

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

- (a) by the number of members who constitute a quorum being assembled at the place, date and time appointed for the meeting; or
- 10 (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

15 GOVERNMENT BORROWING AND DEBT MANAGEMENT

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. Debt management strategy

(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 preceding 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 for the five year period of the upcoming financial year under subsection (1) and for the four succeeding financial years, shall take into account–

- (a) the cost and risk embedded in the current public debt portfolio and outstanding derivative transactions;
- 10 (b) future borrowing requirements;
- (c) the medium term fiscal framework;
- (d) market conditions; and
- (e) such other factors as may be relevant for the development of the strategy.

15 (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.

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

12. (1) Subject to the provisions of this Act, the Minister has the sole authority to borrow and issue debt securities within or outside Sri Lanka in local or foreign currencies on behalf of the Government of Sri Lanka. Borrowing authorization

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

13. (1) The purposes for which the Government may borrow are – Borrowing purposes

- (a) to finance any deficit occurred in the annual Government budget approved by Parliament;
- 5 (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;
- 10 (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;
- 15 (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
20 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;
- 25 (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 the Government by replenishing its foreign currency
30 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.

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

Issuance of Government debt securities for the implementation of the monetary policy objectives

(2) Where debt securities are issued under subsection (1) to market participants, 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 as directed by the Minister.

(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 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 financial year (in this Act referred to as the “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.

Annual borrowing plan

(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 –

- 5 (a) planned borrowings and other debt management operations over the year;
- (b) tentative instruments to be used and sources of borrowing; and
- (c) indicative timing of these operations.

10 (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.

15 (4) The Minister shall table the borrowing plan in Parliament not later 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
20 plan is prepared. The updated borrowing plan if any, shall be submitted to the Cabinet of Ministers for its approval and published in the official websites of the Ministry of Finance and of the Office.

25 **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.

Issuance of Government debt securities in the domestic market

30 (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.

5 **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
10 by overdraft.

Borrowing
directly by
the
Government

15 **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 –

Liability
management
operations

20 (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.

25 (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, GOVERNMENT ON-LENDING,
SUPPLIERS' CREDIT AGREEMENTS AND FINANCE LEASE AGREEMENTS

- 5 **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: Government
loan
guarantees
- 10 Provided that, the Minister shall take into consideration the following when issuing such loan guarantees: -
- 15 (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.
- 20 (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.
- 25 (3) Where the borrower is deemed to be in financial difficulty based on the credit risk assessment, the guarantee shall not be issued.
- 30 (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.

5 (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
10 requested by the Office.

(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
15 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:

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

- (a) that the borrower is not in any financial difficulty based on a credit risk assessment; and
- (b) the on-lending is deemed to promote economic
25 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.

(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.

21. (1) Subject to the provisions of this Act, the Minister or any person specially authorised by the Minister shall have the sole authority to enter into suppliers' credit agreements for procurement of capital goods or construction or maintenance for public investment projects on behalf of the Government.

Supplier's
Credit
agreements
entered into
by the
Government

(2) Suppliers' 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
5 send the recommendation to the Minister or to the person specially authorized by the Minister.

22. (1) Subject to the provisions of this Act, the Minister or any person specially authorised by the Minister shall have the sole authority to enter into finance lease agreements
10 on behalf of the Government. Finance lease agreements entered into by the Government

(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
15 Government and send the recommendation to the Minister or to the person specially authorised by the Minister.

PART V

RECORDS AND PUBLICATION OF PUBLIC DEBT AND FINANCE ARRANGEMENTS

20 **23.** (1) The Office shall maintain records of timely, comprehensive and accurate data and information of – Records of Public debt and finance arrangements

(a) outstanding public debt;

(b) suppliers' credit agreements;

(c) finance lease agreements;

25 (d) derivative transactions;

- (e) loan guarantees; and
- (f) on-lending operations,

in an appropriate database.

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

- 10 **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 -
- Publication
of Public
debt and
finance
arrangements

- 15 (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;
- (b) details of derivatives;
- (c) details of loan guarantees;
- 20 (d) 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;
- 25 (f) details of suppliers' credit agreements entered into by the Government under section 21; and
- (g) details of finance lease agreements entered into by the Government under section 22.

PART VI

ANNUAL REPORTING TO PARLIAMENT

25. (1) The Office shall for each year prepare an annual report on Government borrowings and other debt management operations, outstanding public debt, guarantees and on-lending activities and other finance arrangements entered into over the previous financial year.

Annual report
of the Office
to Parliament

(2) The annual report shall include –

- 10 (a) information on the strategy referred to in section 11 and its rationale;
- 15 (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;
- 20 (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;
- 25 (f) outstanding suppliers' credit agreements and finance lease agreements which comes under the purview of the Office including the financial terms of those contracts;

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

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

- 5 (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
10 report in the official websites of the Ministry of Finance and the Office.

PART VII

BORROWING AND ISSUANCE OF GUARANTEES BY STATE OWNED ENTERPRISES AND REPORTING BY PROVINCIAL COUNCILS, LOCAL 15 AUTHORITIES AND STATE OWNED ENTERPRISES

- 20 **26.** (1) Any public issue of debt securities and any raising of funds from a source outside Sri Lanka 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.

Borrowing and issuance of guarantees to and by State owned enterprises

- 25 (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.

- 30 (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.

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

27. A State owned enterprise shall submit to the Office a
5 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
data on its total outstanding debt including the non
guaranteed debt as it may specify.

Reporting requirements of State owned enterprises

10 **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

15 OFFENCES AND PENALTIES

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) -

25 (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;

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

(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,

5 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.

10 **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
 15 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.

Protection of
market-sensitive
information

20 (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
 25 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
 30 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.

PART IX

GENERAL

5 **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, supervise and monitor such agents as may be prescribed.

Power to
appoint
agents and
hire experts

10 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 may appoint primary dealers to facilitate primary and secondary market transactions in Government debt securities.

15 (3) The Minister may make regulations for the purpose of registration of primary dealers and the conditions to be observed by, the privileges of and the duties to be performed by the primary dealers registered under this Act.

20 (4) 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:

25 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.

(5) The Minister shall appoint a Registrar for the issuance of Government debt securities who shall maintain a registry in accordance with the relevant written laws.

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

Power to
delegate

to the Treasury, or the Director-General of the Office as the case may be, any power conferred on the Minister by this Act, other than –

- 5 (a) his power to make regulations in accordance with the provisions of section 35; and
- (b) his powers under sections 12, 19, 21 and 22,

subject to such conditions, reservations and restrictions as may be specified in such Order.

- 10 **33.** The Government shall not be bound by the terms of any loan agreement, finance lease agreement, suppliers' 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 or pursuant to the Foreign Loans Act, No. 29 of 1957.

Consequences of unauthorised transactions and how to exclude them

- 20 **34.** No civil or criminal proceedings shall be instituted against the 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.

Protection from action

- 30 **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.

Regulations

(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
 5 is not so approved shall be deemed to be rescinded from the date of such disapproval.

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

10 **36.** 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

15 **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 operationise the office

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

25 **38.** Any loan agreement, finance lease agreement, suppliers' credit agreement, derivative or any guarantee entered into or issued, before the appointed date shall be deemed with effect from the appointed date to be entered into under this Act. Savings

39. In this Act, unless the context otherwise requires – Interpretation

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

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

(b) the Appropriation Bill that includes, among others, the estimates of revenue, estimates of expenditure and borrowing ceilings;

5 “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;

10 “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;

15 “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;

20 (ii) entering into suppliers’ credit agreements and financial lease agreements;

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

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

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

- 5 “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;
- 10 “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;
- 15 “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
- 20 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;
- 25 “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;
- 30 “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;

5 “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;

10 “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;

15 “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;

20 “State owned enterprises” means –

- (i) a Public Corporation within the meaning of the Constitution;
 - (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
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5 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,

10 with the exception of the Central Bank and
financial institutions including insurance and
leasing companies part or all of whose business is
to lend or borrow;

“statutory funds” means any fund, other than the
Consolidated Fund, created or established by or
under any written law for a specific purpose.

15 **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

