



Public Debt Management in Sri Lanka

Performance in 2019
&
Strategies for 2020 and beyond

Public Debt Department
Central Bank of Sri Lanka



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Abbreviations

ADB	Asian Development Bank	IT	Information Technology
ALMA	Active Liability Management Act	LCB	Licensed Commercial Bank
ATM	Average Time to Maturity	LSB	Licensed Specialized Bank
ATR	Average Time to Refixing	LIBOR	London Inter-Bank Offered Rate
BCP	Business Continuity Plan	LTBO	Local Treasury Bills Ordinance
BO	Back Office	MLA	Monetary Law Act
BPS	Basis Points	MLDS	Medium and Long-Term Debt Service
CAR	Capital Adequacy Ratio	MO	Middle Office
CBSL	Central Bank of Sri Lanka	MOF	Ministry of Finance
CCP	Central Counterparty Settlement System	Moody's	Moody's Investors Service
CDS	Central Depository System	MTDS	Medium Term Debt Management Strategy
CPC	Ceylon Petroleum Corporation	MTFF	Medium Term Fiscal Framework
CSD	Central Securities Depository	NPV	Net Present Value
CWE	Corporative Wholesale Establishment	OBU	Off-shore Banking Unit
DCS	Department of Census and Statistics	OED	Outstanding External Debt
DDMC	Domestic Debt Management Committee	OMO	Open Market Operations
DDP	Dealer Direct Participant	OPEC	Organization of the Petroleum Exporting Countries
DOD	Disbursed Outstanding External Debt	PDD	Public Debt Department
DRS	Disaster Recovery Site	PD	Primary Dealer
DVP	Delivery Versus Payment	PMWAYR	Primary Market Weighted Average Yield Rates
EIB	European Investment Bank	Repo	Repurchase
EPF	Employees' Provident Fund	RSSO	Registered Stocks and Securities Ordinance
ETF	Employees' Trust Fund	RTGS	Real Time Gross Settlement System
E-Trading	Electronic Trading	SDR	Special Drawing Right
ETP	Electronic Trading Platform	S&P	Standard and Poor's
FCBU	Foreign Currency Banking Unit	SDFR	Standing Deposit Facility Rate
FCTFF	Foreign Currency Term Financing Facility	SIA	Securities Investment Account
FDI	Foreign Direct Investment	SLDB	Sri Lanka Development Bond
FIQ	Fixed Income Quote	SLFR	Standing Lending Facility Rate
Fitch	Fitch Ratings	SLNBB	Sri Lanka Nation Building Bonds
FO	Front Office	SMS	Short Message Service
GDP	Gross Domestic Product	SRR	Statutory Reserve Ratio
GNP	Gross National Product	SSSS	Scripless Securities Settlement System
GOSL	Government of Sri Lanka	TDS	Total Debt Service
IBRD	International Bank for Reconstruction and Development	T-bills	Treasury bills
IDA	International Development Agency	T-bonds	Treasury bonds
IDR	Issuer Default Rating	UK	United Kingdom
IFAD	International Fund For Agricultural Development	USA	United States of America
ILF	Intraday Liquidity Facility	WATM	Weighted Average Time to Maturity
IMF	International Monetary Fund	WAYR	Weighted Average Yield Rate
INT	Interest Service	XGS	Receipts in exports of goods and non-factor services including workers' remittances and compensation of employees.
ISB	International Sovereign Bond		
ISIN	International Securities Identification Number		

KEY GOVERNMENT DEBT INDICATORS

	2013	2014	2015	2016	2017	2018(a)	2019(b)
Borrowings							
Approved Gross Borrowing Limit (Rs.bn)	1,302.5	1,478.0	1,780.0	1,699.0	1,629.0	1,893.8	2,079.0
Actual Gross Borrowing (Rs.bn)	1,301.2	1,453.3	1,695.3	1,516.3	1,631.5	1,880.7	2,077.4
Domestic Sources	952.5	1,006.3	1,139.0	942.0	1,014.8	1,109.1	1,142.3
Foreign Sources	348.7	447.0	556.3	574.3	616.7	771.6	935.1
Actual Net Borrowing (Rs.bn)	516.1	591.2	829.5	640.3	733.5	760.8	1,016.5
Domestic Sources	392.4	378.7	592.7	248.4	294.3	437.2	702.4
Foreign Sources	123.7	212.5	236.8	391.9	439.2	323.5	314.1
Outstanding Debt							
Outstanding Government Debt (Rs.bn)	6,889.2	7,486.9	8,599.2	9,478.9	10,382.8	12,030.5	13,031.5
Domestic Debt	3,928.8	4,373.7	5,055.2	5,433.1	5,664.2	6,071.0	6,629.1
Foreign Debt	2,960.4	3,113.1	3,544.0	4,045.8	4,718.6	5,959.5	6,402.4
Outstanding Debt (% of GDP)	71.8	72.3	78.5	79.0	77.9	83.7	86.8
By Source (b)							
Domestic Debt	40.0	41.3	45.3	44.5(a)	42.5	42.3	44.1
Foreign Debt	30.9	30.0	32.4	33.7(a)	35.4	41.5	42.6
By Currency (b)							
Domestic	41.9	42.7	42.6	42.4	39.6	38.3	39.9
Foreign	29.9	29.6	35.9	36.7	38.3	45.4	46.9
ATM of Total Debt (Years) *	6.9	6.6	6.7	6.4	6.2	6.2	6.1
ATM of Domestic Debt (Years) *	4.8	5.8	6.3	6.0	5.8	5.9	5.8
Share of Domestic Debt in Total Outstanding Debt (%)	56.4	57.9	58.3	56.9	54.6	50.5	50.9
Interest Cost							
Total Interest Cost (Rs.bn)	444.0(a)	436.4(a)	509.7	610.9	735.5	852.2	901.4
Domestic Debt	343.0(a)	327.9	394.3	484.2	570.6	639.5	652.8
Foreign Debt	101.0(a)	108.5(a)	115.4	126.7	164.9	212.7	248.6
Interest Cost/GDP ratio (%) (b)	4.8	4.2	4.7	5.1	5.5	5.9	6.0
Interest Cost/Government Revenue ratio (%)	40.7	37.1	33.9	40.6	40.2	44.4	47.7
Average Yield Rates (Primary Market Weighted Average)							
T-bills	91 day	8.95	6.58	6.32	8.26	9.01	8.40
	182 day	9.91	6.57	6.50	9.23	9.81	8.58
	364 day	10.65	6.73	6.60	10.20	10.07	9.67
	Overall Average	10.45	6.68	6.46	9.38	9.77	9.35
T-bonds	2-year	-	-	7.98	11.45	11.05	-
	4-year	-	-	8.68	11.87	11.54	-
	5-year	10.95	8.78	8.63	12.16	11.53	10.33
	10-year	11.80	10.00	9.78	12.60	11.16	11.06
	Overall Average	11.72	10.17	9.46	12.27	11.48	10.74
Foreign Investment in Government Securities							
Non-residents' Holdings as a % of Total Outstanding Stock - T-bonds	15.8	13.7	8.8	6.5	7.6	3.5	1.7
Non-residents' Holdings as a % of Total Outstanding Stock - T-bills	10.6	8.0	0.8	1.6	4.0	1.6	2.7

(a) Revised

(b) Provisional

* The ATM calculations between 2013 to 2018 excludes the T-Bonds issued to SOBEs specified in footnote (b) under CBSL annual report Table 113.
n.a - not available

KEY ECONOMIC INDICATORS

	2013	2014	2015	2016	2017	2018	2019(a)
Demography							
Mid-year population ('000 persons)	20,585	20,778	20,970(d)	21,203(a)	21,444(a)	21,670(a)	21,803
Growth of mid-year population (per cent)	0.8	0.9	0.9	1.1(a)	1.1(a)	1.1(a)	0.6
Population density (persons per sq.km.)	328	331	334	338(a)	342(a)	346(a)	348
Labour force ('000 persons)	8,034	8,049	8,214	8,311	8,567	8,388	8,592
Unemployment rate (per cent of labour force)	4.4	4.3	4.7	4.4	4.2	4.4	4.8
Output							
GDP at current market prices (Rs. billion)	9,592	10,361	10,951	11,996	13,328(b)	14,366(a)(b)	15,016
GNI at current market prices (Rs. billion)	9,366	10,125	10,676	11,676(a)	12,975(b)	13,977(a)(b)	14,584
Per capita GDP at market prices (Rs.)	465,976	498,660	522,204	565,773	621,531(b)	662,949(a)(b)	688,719
Per capita GDP at market prices (USD)	3,609	3,819	3,841	3,886	4,077(b)	4,079(a)(b)	3,852
Real Output (percentage change)							
GNI	2.8	5.1	4.8	4.3	3.6(b)	3.2(a)(b)	2.2
GDP	3.4	5.0	5.0	4.5	3.6(b)	3.3(a)(b)	2.3
Prices and Wages (percentage change)							
CCPI (2006/07 = 100) - annual average (c)	6.9	3.3	0.9	3.7	-	-	-
CCPI (2006/07 = 100) - year-on-year - end period	4.7	2.1	2.8	4.1	-	-	-
NCPI (2013 = 100) - annual average (d)	-	-	3.8	4.0	7.7	2.1	3.5
NCPI (2013 = 100) - year-on-year - end period	-	-	4.2	4.2	7.3	0.4	6.2
Producer's Price Index (2013 Q4) Annual Average	-	101.6	105.3	107.1	125.3	133.2	137.1
GDP deflator	6.2	2.9	0.6	4.8	7.3(b)	4.3(a)(b)	2.2
External Trade							
Trade balance (USD million)	-7,609	-8,287	-8,388	-8,873	-9,619	-10,343	-7,997
Exports (USD million)	10,394	11,130	10,546	10,310	11,360	11,980	11,940
Imports (USD million)	18,003	19,417	18,935	19,183	20,980	22,233	19,937
External Finance							
Services and primary income account (net) (USD million)	-572	72	312	678	984	1,381(b)	423
Current account balance (USD million)	-2,541	-1,988	-1,883	-1,742	-2,309	-2,799(b)	-1,808
Overall balance (USD million)	985	1,369	-1,489	-500	2,068	-1,103	377
Current account balance (per cent of GDP)	-3.4	-2.5	-2.3	-2.1	-2.6	-3.2	-2.2
Gross official reserves (months of the same year imports)	5.0	5.1	4.6	3.8	4.6	3.7	4.6
Overall Debt Service Ratio							
As a percentage of export of goods and services	26.8	21.7	28.2	25.6	23.9	28.9	29.7
Total external debt and liabilities (per cent of GDP)	53.7	54.1	55.7	56.8	59.0(b)	59.2(b)	66.6
Exchange Rates							
Annual average Rs/USD	129.11	130.56	135.94	145.60	152.46	162.54	178.78
NEER (2017 = 100) (24 - currency basket) (e)	104.39	105.29	109.40	104.89	100.00	94.05(b)	88.18
REER (2017 = 100) (24 - currency basket) (e)	96.33	98.92	102.84	100.79	100.00	95.45(b)	90.30
Year-end Rs/USD	130.75	131.05	144.06	149.80	152.85	182.75	181.63
Government Finance (per cent of GDP)							
Revenue & Grants	12.0	11.6	13.3	14.1	13.8	13.5	12.6
Expenditure and net lending	17.4	17.3	20.9	19.5	19.3	18.7	19.4
Primary balance	-0.8	-1.5	-2.9	-0.2	0.0	0.6	-0.8
Overall fiscal balance	-5.4	-5.7	-7.6	-5.3	-5.5	-5.3	-6.8

Monetary Aggregates (year-on-year percentage change)							
Reserve money	0.9	18.3	16.5	27.1	9.8	2.3	-3.0
Domestic credit from the banking system to							
Government (net)	24.5	10.3	22.5	12.1	10.0	16.1(b)	9.9
Interest Rates (per cent per annum at year end)							
Standing Deposit Facility Rate (SDFR)	6.5	6.5	6.0	7.0	7.3	8.0	7.0
Standing Lending Facility Rate (SLFR)	8.5	8.0	7.5	8.5	8.8	9.0	8.0
Commercial banks' average weighted deposit rate	9.4	6.2	6.2	8.2	9.1	8.8	8.2
NSB 12-month fixed deposit rate	9.5	6.5	7.3	11.0	11.0	10.5	9.8
Commercial banks' average weighted lending rate	15.2	11.9	11.0	13.2	13.9	14.4	13.6

(a) Provisional

(b) Revised

(c) CCPI: Colombo Consumer Price Index

(d) NCPI: National Consumer Price Index

(e) NEER and REER indices have been rebased to 2017

1. Highlights of 2019

1.1 Borrowing limit and strategy for 2019

- The gross borrowing made in the financial year 2019 for and on behalf of the Government of Sri Lanka (GOSL), provided that the balance outstanding of such borrowing at any given time during or at the end of the financial year 2019 shall not exceed Rs. 2,079 billion as approved by the Parliament under the Appropriation Act No. 6 of 2019.
- During the year 2019, Rs. 1,359 billion was expected to be raised from domestic sources while the balance Rs.720 billion was expected to be raised from foreign sources adhering to the gross borrowing limit.

1.2 Actual borrowing and debt level

- Actual gross borrowing was maintained within the borrowing limit approved for 2019 in the Appropriation Act No. 6 of 2019 and amounted Rs. 2,077.4 billion.
- The share of total domestic borrowing to total gross borrowing declined to 55.0 per cent in 2019 against the planned 65.4 per cent (in face value basis).
- Total outstanding debt stock stood at Rs. 13,031.54 billion at end of 2019, recording an increase of Rs. 1,001.00 billion (8.32 per cent) from the corresponding debt stock of Rs. 12,030.55 billion at end of 2018.

As a percentage of Gross Domestic Product (GDP), total outstanding debt stock increased to 86.8 per cent at end 2019 from 83.7 per cent at end 2018. Within the debt stock, domestic debt to GDP ratio increased to 44.1 per cent at end 2019 from 42.3 per cent at end 2018. The foreign debt to GDP ratio also increased to 42.6 per cent from 41.5 per cent, during the same period under review.

- At the end of 2019, the share of domestic debt accounted for 50.87 per cent of total debt stock while foreign debt accounted for 49.13 per cent, compared to 50.46 per cent and 49.54 per cent, recorded, respectively, at end 2018.
- At the end of 2019, the share of foreign currency debt to total debt stood at 54.01 per cent compared to 54.26 per cent at end of 2018 while at the end of 2019, the share of domestic currency debt to total debt stood at 45.99 per cent compared to 45.74 per cent at end of 2018.
- Average Time to Maturity (ATM) of the domestic currency debt marginally shortened to 5.78 years in 2019 from 5.91 years in 2018, mainly due to increased issuances of medium term Treasury bonds compared to longer tenure Treasury bonds (T-bonds). ATM of the foreign currency debt stood around 6.34 years both in 2018 and 2019.

1.3 Interest cost on public debt

- In absolute terms, interest payments amounted to Rs. 901.35 billion in 2019. This was 5.77 per cent increase from Rs. 852.19 billion reported in 2018. Of the total interest payments, Rs. 652.80 billion accounted for domestic debt, while Rs. 248.56 billion accounted for foreign debt.
- Total interest cost, as a percentage of GDP, increased to 6.0 percent in 2019 from 5.9 per cent in 2018. Interest cost as a percentage of Government revenue also increased to 47.67 per cent in 2019 from 44.39 per cent in 2018.
- Primary market weighted average yield rates of Treasury bills (T-bills) issued through auctions declined to 9.06 per cent in 2019 from 9.35 per cent in 2018. Further, primary market weighted average yield rates of T-bonds issued through auctions remained same at 10.74 per cent recorded at end 2018.

1.4 Interest rates and yield

- At end 2019, the primary market weighted average yield rates of 91-day, 182-day and 364-day Treasury bills decreased by 250, 197 and 275 basis points, respectively, to 7.51 per cent, 8.02 per cent and 8.45 per cent from yield rates prevailed at end 2018.
- During 2019, T-bonds of remaining maturities ranging from 2 years to 20 years were issued in the primary market and weighted average yield rates of these T-bonds varied between 9.65 per cent and 11.43 per cent.

1.5 Broadening the investor base

- Number of investors in Government securities, as recorded in the Central Depository System (CDS) of LankaSecure, decreased by 0.08 per cent during 2019 to 93,910.
- At end 2019, total of investments by foreign investors and non-resident Sri Lankans in rupee denominated T-bills and T-bonds amounted to Rs. 23.72 billion and Rs. 80.29 billion, respectively, compared to Rs. 11.90 billion and Rs. 146.91 billion at end 2018, and Rs. 27.55 billion and Rs. 295.06 billion, respectively, at end 2017.
- Total value of the issuances of Sri Lanka Development Bonds (SLDBs) in 2019 amounted to US dollars 345.22 million against the maturing amount of US dollars 621.83 million.

1.6 Infrastructure developments

- Enhancing the predictability and transparency of the auction calendar, the scope of the auction calendar was further extended by covering a period of six months from 01.07.2019 to 31.12.2019, where it had previously covered only a quarter of a year.
- The PDD published newspaper advertisements in all three languages in both weekday and weekend newspapers highlighting the salient features of the new Treasury bond issuance system and benefits of the new system and made public awareness arrangements.
- PDD continued to send periodic customer statements generated electronically through

e-mails, in place of printed statements for account holders who opted for e-statement facility with a view to enhance the safety of investors in government securities. Accordingly, PDD sent 1,551 e-statements during 2019.

- Procurement process of the proposed state-of-the-art Central Counterparty Settlement System (CCP), Electronic Trading Platform (ETP) and an integrated Central Securities Depository (CSD) for Government securities and domestic foreign exchange transactions is ongoing for implementation. Their implementation, a significant component of the domestic financial market infrastructure development strategy, will be preceded by an independent evaluation of required legal reforms and system specifications by the consultant selected by a Cabinet Appointed Consultant Procurement Committee.
- A SMS and/or email alert facility was introduced to notify customers of each and every movement of securities in the accounts of Central Depository System in the LankaSecure system, with a view of further improving investor safety and awareness of Government securities transactions.
- In order to enhance transparency, PDD is in the process of capturing more attributes of transactions carried out in the Government securities market (secondary market) to the LankaSecure System. Accordingly, information including settlement value, price and interest rate of relevant

transactions will be recorded in the Scripless Securities Settlement System (SSSS).

1.7 Market development activities

- PDD issued a new direction under the subject ‘Directions on Primary Issuance of Treasury Bonds’ with an intention to increase the transparency of the auction process. The following enhancements were made through the direction.
 - i. To issue two or more T-bond series at each monthly auction.
 - ii. Phase III of the new T-bond issuance system will be activated only when a minimum of 70% of the total amount offered is accepted at Phase I.
 - iii. When calculating the successful subscription of a PD, any subscription made by such PD under Phase II up to a limit not exceeding 2 per cent of minimum successful subscription is allowed.

1.8 Awareness programmes

- During 2019, PDD continued to facilitate several investor awareness programmes and investor meetings in Sri Lanka and abroad to update the market/investors regarding the recent economic developments and prospects of the Sri Lankan economy and the Government securities market. Similarly, PDD has participated in on-site promotional activities during the year to educate the general public on investments in Government securities.

2. Public Debt Management in 2019

2.1 Overview

The impetus of public debt management during the year 2019 was focussed on the successful implementation of prudent debt management strategies to achieve the lowest possible cost for Government financing, within a framework of acceptable risk levels. The Central Bank, demonstrated its commitment in this line, successfully accomplishing the broad goals set for 2019, overcoming the challenges emanated by the unfavourable conditions and the risks developed therein, in domestic and external markets.

At two Monetary Policy reviews in May and August 2019, the Central Bank maintained an accommodative monetary policy, and reduced the standing lending facility rate (upper bound of the policy interest rate corridor) by 100 basis points (BPS) in aggregate. Interest rates structure across the Government securities witnessed a downward momentum along with the policy rate reductions. A gradual decrease of benchmark 91-day, 182-day and 364-day Treasury bill yields were witnessed until mid-August 2019 mainly due to prolonged subpar economic activity exacerbated by Easter Sunday attacks followed by conservative market response to the recovery of the economy.

Several measures taken in improving the overall efficiency and transparency of the debt management process amidst the challenging conditions in the domestic and external markets

were continued during the year. Accordingly, primary dealer chief executive officers' meetings were held quarterly and regular pre-bid meetings were held before each Treasury bond auction with the participation of representatives from licensed commercial banks, primary dealers and non-primary dealer auction participants as a measure to streamline the communication with the primary dealer community. In addition, PDD published newspaper advertisements towards latter part of 2019 in all three languages in both weekday and weekend newspapers highlighting the new Treasury bond issuance system and resulting developments. Further, PDD attended a number of public awareness programs to improve awareness on PDD functions among the general public. Moreover, at regular CBSL press conferences various aspects of the new Treasury bond issuance system and related public debt initiatives were elaborated at length. All above measures contributed to enhance the awareness among primary dealers and non-dealer bidders on the issuance process, overall issuance strategy with enhanced transparency and resource availability etc enabling smooth functioning of Treasury bill/bond auctions.

In the external front, GOSL tapped the international capital market with the issuance of new International Sovereign Bonds (ISBs) worth US dollar 4,400 million during 2019 in March and June. The Government issued its 13th ISB in March 2019 and raised US dollars 2.4

billion which was of two tenures (i) US dollars 1.0 billion with a 5-year maturity at a yield of 6.85 per cent and (ii) US dollars 1.4 billion with a 10-year maturity at a yield of 7.85 per cent. In June 2019, US dollars 2.0 billion in total was raised by issuing US dollars 500 million with a 5-year maturity at a yield of 6.35 per cent and US dollars 1.5 billion with a long 10-year maturity at a yield of 7.55 per cent per annum. Issuance of ISBs facilitated the management of the domestic debt issuance programme with a

driven mainly by exchange rate movements, whereas the Government budget deficit as a percentage of GDP increased to 6.8 per cent by end 2019, compared to 5.3 per cent recorded at end 2018. Meanwhile the Weighted Average Time to Maturity (ATM) of domestic public debt portfolio recorded a slight decrease by the end of 2019 to 5.78 years compared to 5.91 years at end 2018, partly owing to unfavourable domestic market developments.

TABLE 1
KEY DEBT INDICATORS – END 2019

Description	2017	2018	2019 (a)
Debt (b)/GDP (c) (%)	77.6	82.9	86.8
Government Budget Deficit/GDP (c) (%)	(5.5)	(5.3)	(6.8)
Interest Cost/GDP (c) (%)	5.5	5.9	6.0
Interest Cost/Government Revenue (%)	40.2	44.4	47.7
Weighted ATM of Domestic Currency Debt (Years)	5.8	5.9	5.8
Weighted ATM of Total Debt (Years)	6.2	6.2	6.1
Share of Foreign Currency Debt to Total Debt (%)	49.19	54.26	54.01

(a) Provisional

(b) Revised

(c) Base year for GDP = 2010

Sources: Ministry of Finance
Central Bank of Sri Lanka

greater flexibility during the year. Additionally, strategically issued SLDBs at times of conducive market conditions positively contributed to achieve both cost and risk objectives of public debt management.

When considering the key sustainability indicators of public debt management, debt to gross domestic product (GDP) ratio increased to 86.8 per cent in 2019 from 82.9 per cent at end 2018, the share of foreign currency debt to total debt observed a slight decrease to 54.01 per cent at end 2019 from 54.26 per cent at end 2018,

2.2 Targets and Strategies for Government Borrowings

Under the Appropriation Act, No. 06 of 2019 Rs. 2,079 billion was approved by the Parliament as the gross borrowing limit of GOSL for 2019 (including the contingency provisions), which is an increase of Rs. 186.0 billion from the limit for 2018. Out of this approved limit for 2019, Rs. 1,359 billion was expected to be raised from domestic sources while the balance Rs. 720.0 billion was expected to be raised from foreign sources.

TABLE 2
GOVERNMENT BORROWINGS IN 2019)

Item	Approved Limit		Usage (a)	
	Rs. billion	%	Rs. billion	%
Net Borrowing				
Domestic	450.0	65.7	702.4	69.1
Foreign	235.0	34.3	314.1	30.9
Total	685.0	100.0	1,016.5	100.0
Gross Borrowing				
Domestic	1,359	65.4	1,142	55.0
Rupee Loans			-	-
Treasury Bonds (b)			768	37.0
Treasury Bills (net) (b)			139	6.7
Sri Lanka Development Bonds			62	3.0
Other			174	8.4
Foreign	720	34.6	935	45.0
International Sovereign Bonds			783	37.7
Other (c)			153	7.3
Gross Borrowing (Including Contingency Provision and Book Value Adjustment)	2,079	100.0	2,077	100.0

(a) Provisional

(b) Includes Treasury bonds and Treasury bills issued to non-residents.

(c) Includes project loans and syndicated loans.

Sources: Ministry of Finance
Central Bank of Sri Lanka

The aggregate actual gross borrowing in 2019 was maintained within the approved borrowing limit (with the contingency provision and book value adjustment). However, the composition of actual borrowings deviated from the initial plan due to both global and local market conditions prevailed in 2019. The actual share of gross borrowing from domestic sources was 55.0 per cent amounting to Rs. 1,142 billion against the planned 65.4 per cent of domestic borrowings while the share of actual gross borrowing from foreign sources accounted for 45.0 per cent amounting to Rs. 935 billion against the

planned 34.6 per cent of foreign borrowings. The increase in the share of foreign financing was mainly due to the issuance of ISBs in 2019. Net borrowing requirement for 2019 was estimated to be Rs. 685.0 billion, of which Rs. 450.0 billion (65.7 per cent) was expected to be borrowed from domestic sources while the remaining Rs. 235.0 billion (34.3 per cent) was expected to be borrowed from foreign sources.

The yield rates on Government securities in the primary market behaved orderly and adjusted upward during the majority of the second

half of 2019, through envisaged debt issuance strategies, regular communication with market participants, availability of foreign finances to the Government and improved market sentiments. Accordingly, primary market weighted average yield rates of 91-day, 182-day and 364-day Treasury bills decreased by 25, 14 and 27 basis points to 8.15 per cent, 8.44 per

cent and 9.40 per cent, respectively, during the year in comparison to yield rates that prevailed in 2018.

Issuance of ISBs in March and June 2019 largely contributed to the decrease in WAYR of T-Bills in the primary market in 2019. However, marginal uptick in WAYRs of T-Bills was observed during the latter part of 2019.

TABLE 3
PRIMARY MARKET WEIGHTED AVERAGE YIELD RATES OF TREASURY BILLS AND TREASURY BONDS (a)

Instrument	Per cent						
	2013	2014	2015	2016	2017	2018	2019 (b)
Treasury Bills (Days)							
91	8.95	6.58	6.32	8.26	9.01	8.40	8.15
182	9.91	6.57	6.50	9.23	9.81	8.58	8.44
364	10.65	6.73	6.60	10.20	10.07	9.67	9.40
Overall Average	10.45	6.68	6.46	9.38	9.77	9.35	9.06
Treasury Bonds (Years)							
2	-	-	7.98	11.45	11.05	-	10.27
3	10.95	-	8.32	11.58	-	10.44	10.38
4	-	-	8.68	11.87	11.54	-	-
5	10.95	8.78	8.63	12.16	11.53	10.33	10.55
6	10.97	-	9.19	12.01	11.36	-	-
7	-	-	8.99	12.18	12.94	10.37	-
8	11.51	9.03	9.55	12.28	11.44	11.21	10.81
9	11.77	9.23	-	13.07	12.91	12.16	10.56
10	11.80	10.00	9.78	12.60	11.16	11.06	11.43
12	12.09	-	-	13.72	-	-	11.27
15	12.17	10.34	10.24	-	-	10.49	10.59
20	12.19	11.32	11.20	-	-	-	10.52
30	12.50	11.75	11.73	-	-	-	-
Overall Average	11.72	10.17	9.46	12.27	11.48	10.74	10.74

(a) Net of 10% withholding tax. Effective from May 3, 2002, Government has imposed withholding tax on interest of government securities. However, effective from April 1, 2018, Government has removed the withholding tax of 10%.

(b) Provisional

Source: Central Bank of Sri Lanka

2.3 Sovereign Rating of Sri Lanka

International sovereign rating of Sri Lanka for year 2019 as reviewed by the three leading rating agencies affirmed Sri Lanka's sovereign credit rating, yet with a revised outlook. Both Fitch and S&P maintained Sri Lanka's credit rating at 'B' but changed their rating outlook from 'stable' to 'negative' in December 2019 and January 2020, respectively. These revisions

of the outlook were mainly attributed to risks stemming from deteriorated fiscal position. However, Moody's Investors Service (Moody's) maintained its ratings at "B2" with "Stable" outlook in 2019.

2.4 Debt Level

A nominal increase of Rs. 1,001 billion (8.32 per cent) over the total debt stock was recorded

TABLE 4
INCREASE IN OUTSTANDING GOVERNMENT DEBT

Description	Rs. billion	
	2018	2019 (a)
Net Borrowing	760.8	1,016.5
Effect of Parity Variance	1,063.2	12.4
Discount Effect	-84.8	-25.3
Other	-91.5	-2.6
Total Increase	1,647.7	1,001.0

(a) Provisional

Sources: Ministry of Finance
Central Bank of Sri Lanka

TABLE 5
OUTSTANDING GOVERNMENT DEBT (AS AT END OF YEAR 2019)

	2017	2018	2019 (a)
Outstanding Debt (Rs. billion) - By Source			
Domestic	5,664.2	6,071.0	6,629.1
Foreign (b)	4,718.6	5,959.5	6,402.4
Total	10,382.8	12,030.5	13,031.5
Outstanding Debt (Rs. billion) - By Currency			
Domestic	5,275.5	5,503.1	5,993.6
Foreign (b)	5,107.3	6,527.5	7,037.9
Total	10,382.8	12,030.5	13,031.5
Outstanding Debt (% of GDP) - By Source (c)			
Domestic	42.5	42.3	44.1
Foreign (b)	35.4	41.5	42.6
Total	77.9	83.7	86.8
Outstanding Debt (% of GDP) - By Currency (c)			
Domestic	39.6	38.3	39.9
Foreign (b)	38.3	45.4	46.9
Total	77.9	83.7	86.8

(a) Provisional

(b) Excludes outstanding loans of projects under state-owned business enterprises

Sources: Ministry of Finance
Central Bank of Sri Lanka

compared to end 2018 marking the outstanding Government debt at Rs. 13,031.5 billion at end 2019. Of this increase, Rs. 1,016.5 billion was due to net borrowings and Rs. 12.4 billion was due to unfavourable exchange rate movements. However, the net discount effect of Treasury bills and Treasury bonds have recorded a decrease of Rs. 25.3 billion during 2019.

Domestic debt (by source) increased by Rs. 558.1 billion (9.19 per cent) to Rs. 6,629.1 billion at end 2019 from Rs. 6,071 billion at end 2018 while foreign debt (by source) increased by Rs. 442.9 billion (7.43 per cent) to Rs. 6,402.4 billion at end 2019 from Rs. 5,959.5 billion at

end 2018. Further, rupee denominated domestic debt stock of the Government increased by Rs. 490.6 billion (8.91 per cent) to Rs. 5,993.6 billion at end 2019, compared to Rs. 5,503.1 billion at end 2018. The rupee value of foreign currency denominated Government debt stock increased by Rs. 510.4 billion (7.82 per cent) to Rs. 7,037.9 billion at end 2019 compared to Rs. 6,527.5 billion at end 2018.

The share of domestic debt in total Government debt increased to 50.87 per cent at end 2019 compared to 50.46 per cent recorded at end 2018 while an year on year increase in total domestic debt stock was recorded. Further, total

CHART 1

COMPOSITION OF GOVERNMENT DEBT

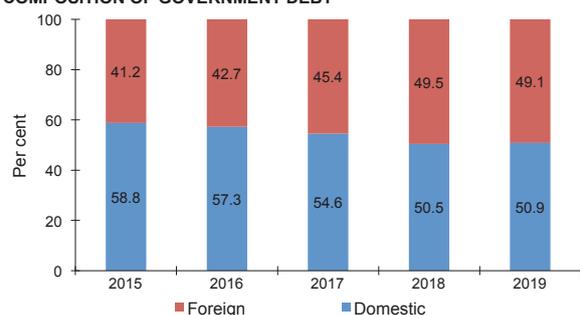


CHART 2

DOMESTIC DEBT (BY SOURCE)

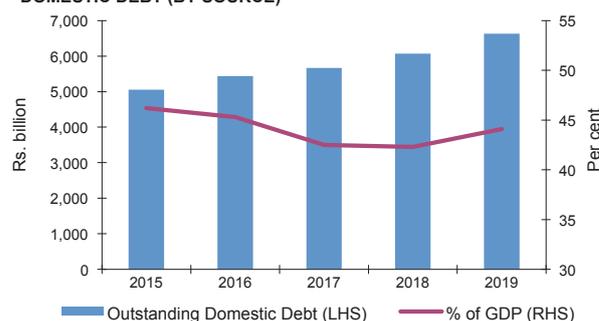


TABLE 6

CHANGE IN OUTSTANDING FOREIGN CURRENCY DENOMINATED DEBT IN RUPEE TERMS - CURRENCY WISE

	Rs. billion		
Currency	2017	2018	2019 (a)
Special Drawing Rights	73.9	125.2	-27.4
Japanese Yen	19.4	106.6	2.1
US Dollar	443.0	1131.2	496.1
Euro	24.5	17.8	2.9
Other	112.0	-139.9	-30.8
Total	672.8	1240.9	442.9
Memo: Year End Exchange Rates (Sri Lankan Rupees per Unit of Foreign Currency)			
Special Drawing Rights	217.69	253.51	251.17
Japanese Yen	1.36	1.65	1.67
US Dollar	152.85	182.75	181.63
Euro	182.49	208.99	203.67

(a) Provisional

Sources: Ministry of Finance
Central Bank of Sri Lanka

domestic debt in terms of source of borrowing as a percentage of GDP increased to 44.1 per cent at end 2019 from 42.3 per cent recorded at end 2018, while the domestic debt in terms of currency as a percentage of GDP increased to 39.9 per cent at end 2019 from 38.3 per cent recorded at end 2018.

Total change in outstanding foreign currency denominated debt in rupee terms was Rs. 442.9 billion at end 2019. This change was mainly attributable to the changes in US Dollar denominated debt covering the majority of foreign debt accounting for Rs. 496.1 billion while SDR and other currencies recorded a negative change. However, year-end exchange rates of US Dollar, Japanese yen, Euro and Special Drawing Rights recorded marginal changes at end 2019.

2.5 The Structure of the Public Debt Portfolio

2.5.1 Domestic Debt

The Central Bank mobilised net funds amounting to Rs. 702.4 billion through domestic financing, specifically through domestic market borrowings and other domestic borrowings in line with the debt strategy for 2019. The stock

of rupee loans remained static at Rs. 24.1 billion at end 2019, since rupee loans were not issued during 2019.

2.5.2 Domestic Debt by Investor Base

Banking sector, which consists of Licensed Commercial Banks (LCBs) and the Central Bank, investments in domestic debt instruments of the Government increased by Rs. 387.7 billion (16.5 per cent) to Rs. 2,739.6 billion at end 2019 compared to Rs. 2,351.9 billion held at end 2018. The amount of domestic debt held by LCBs increased to Rs. 2,428.7 billion at end 2019 from that of Rs. 2,107.8 billion held at end 2018. Out of the domestic debt held by LCBs holding of Treasury bills and Treasury bonds increased by Rs. 195.5 billion to Rs. 684.7 billion and Rs. 141.0 billion to Rs. 839.5 billion, respectively, in 2019.

The major holders in non-bank sector of domestic debt of the Government securities continued to be the Employees' Provident Fund (EPF), savings institutions, insurance companies and other institutional investors with a holding of Rs. 3,889.5 billion (58.67 per cent) of the total domestic debt at end 2019 compared to Rs. 3,719.06 billion (61.26 per cent) at end 2018.

TABLE 7

DURATION AND AVERAGE TIME TO MATURITY (ATM) OF DOMESTIC CURRENCY DEBT (AS AT END OF YEAR)

Instrument	Duration (a) (Years)			Average Time to Maturity (Years)		
	2017	2018	2019 (a) (b)	2017	2018	2019 (a) (b)
Treasury Bills	0.4	0.4	0.4	0.4	0.4	0.4
Treasury Bonds	4.1	4.1	4.4	6.7	6.9	6.8
Rupee Loans	3.8	3.2	2.5	5.1	4.1	3.1
Overall	3.6	3.6	3.8	5.8	5.9	5.8

(a) Weighted average maturity of the cash flows

(b) Provisional

Source: Central Bank of Sri Lanka

2.5.3 Maturity Structure of the Domestic Debt Portfolio

As a percentage of total domestic debt, short-term domestic debt increased to 19.16 per cent at end 2019 compared to 18.69 per cent recorded at end 2018. ATM of Treasury bonds decreased marginally to 6.8 years at end 2019 compared to 6.9 years recorded at end 2018. However, ATM of Treasury bills remained unchanged at 0.4 years during 2019. In general, ATM of domestic currency debt portfolio declined marginally to 5.8 years at end 2019 compared to 5.9 years recorded at end 2018.

2.5.4 Foreign Debt

Foreign debt (by source), in terms of rupee value, increased by Rs. 442.9 billion to Rs. 6,402.4 billion during 2019 from Rs. 5,959.5 billion recorded at end 2018. Accordingly, total

outstanding foreign debt stock (by source) as a percentage of GDP increased to 42.6 per cent by the end of 2019 from 41.5 per cent recorded in 2018. The increase was mainly due to subdued growth of nominal GDP and unfavourable parity adjustment owing to the depreciation of the rupee against major currencies.

2.5.6 Composition of Foreign Debt

Outstanding foreign debt from concessional and commercial sources, in terms of rupee value, stood at Rs. 2,767.5 billion (43.2 per cent) and Rs. 3,635.0 billion (56.8 per cent) respectively, at end 2019. When compared with 2018, corresponding debt from concessional and commercial sources stood at Rs. 2,705.8 billion (45.4 per cent) and Rs. 3,253.7 billion (54.6 per cent), respectively. Thus, the ratio of concessional to commercial foreign debt stock has seen a marginal decrease in 2019.

TABLE 8
COMPOSITION OF FOREIGN DEBT

Category	2018		2019 (a)	
	Total Equivalent Amount in Rs billion	%	Total Equivalent Amount in Rs billion	%
Concessional	2,705.8	45.4	2,767.5	43.2
Bilateral	953.3	16.0	933.2	14.6
Multilateral	1,392.9	23.4	1,356.9	21.2
Other	359.7	6.0	477.4	7.5
Commercial	3,253.7	54.6	3,635.0	56.8
Sovereign Bonds	2,220.4	37.3	2,733.6	42.7
Bilateral	210.0	3.5	198.7	3.1
Multilateral	58.6	1.0	112.9	1.8
Foreign Holdings in Treasury Bills and Treasury Bonds	158.8	2.7	104.0	1.6
Other	605.9	10.2	485.7	7.6
Total	5,959.5	100.0	6,402.4	100.0

(a) Provisional

Sources: Ministry of Finance
Central Bank of Sri Lanka

TABLE 9

MATURITY, GRANT ELEMENT & INTEREST RATES OF EXTERNAL DEBT - 2019

Category	Grace Period (Years)	Repayment Period (Years)	Grant Element (%)	Avg. Interest Rates (a) (% p.a.)
Bilateral	0 - 21	0 - 40	0 - 100	2.43
Multilateral	0 - 18	0 - 41	0 - 100	2.13
Commercial	0 - 14	0 - 30	(13) - 61	5.76
Export Credit	0 - 18	0 - 23	(12) - 100	3.59
Average				3.99

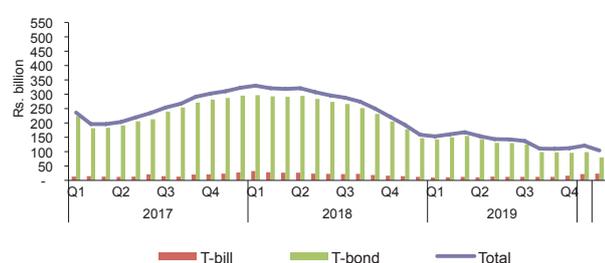
(a) Interest paid in 2019/ Disbursed outstanding debt as at end 2018

Sources: Ministry of Finance
Central Bank of Sri Lanka

In terms of cost of debt, the average interest rate of overall external debt stood at 3.99 per cent as at end 2019 with commercial loans rates averaging to 5.76 per cent while bilateral and multilateral loans rates averaging to 2.43 and 2.13 per cent respectively.

Meanwhile investments in Government securities by foreigners declined considerably in 2019 which was widely seen across many other frontier and emerging market economies. In value terms, investments in Treasury bills and Treasury bonds by foreign investors decreased to Rs. 104.0 billion at end 2019 from Rs. 158.8 billion recorded at end 2018.

CHART 3
FOREIGN OUTSTANDING IN TREASURY BILLS AND TREASURY BONDS - 2016 to 2018



2.5.7 Currency Composition of Foreign Debt

Total foreign debt stock at end 2019 comprised four major currencies viz. US Dollar, Special Drawing Rights (SDR), Japanese Yen and Euro, that accounted for over 94.0 per cent of the total foreign debt stock. In 2019, the share of SDR, Japanese Yen and Euro denominated foreign

TABLE 10

CURRENCY COMPOSITION OF FOREIGN DEBT (AS AT END OF YEAR)

Currency	2017	2018	2019(a)
US Dollar	56.17	63.45	66.81
Special Drawing Rights	17.58	16.02	14.48
Japanese Yen	10.94	10.45	9.76
Sri Lankan Rupee (b)	6.84	2.67	1.62
Euro	4.41	3.79	3.57
Other	4.06	3.62	3.74
Total	100.00	100.00	100.00
Memo: Total External Debt (Rs.billion)	4,718.62	5,959.55	6,402.44

(a) Provisional

Sources: Ministry of Finance

(b) Non-residents' investments in Treasury bills and Treasury bonds

Central Bank of Sri Lanka

debt declined while the share of US Dollar denominated foreign debt increased mainly influenced by the higher volume of issuance of dollar denominated ISBs during the year 2019. Meanwhile the external debt denominated in Sri

Lankan rupee decreased to 1.62 per cent at end 2019 from 2.67 per cent recorded in 2018 due to decrease in foreign holdings of Treasury bills and bonds.

TABLE 11
USE OF EXTERNAL DEBT BY MAJOR SECTORS (a)

Economic Sector (b)	Rs. billion			
	2018	%	2019 (c)	%
1. Economic Services	2,874.39	48.23	2,940.72	45.93
1.1 Agricultural Development	233.03	3.91	229.06	3.58
Agriculture	52.55	0.88	52.87	0.83
Fishing	9.32	0.16	8.50	0.13
Forestry	6.20	0.10	5.58	0.09
Plantation	33.52	0.56	31.66	0.49
Irrigation & Related Activities	108.70	1.82	111.47	1.74
Livestock Development	22.75	0.38	18.97	0.30
1.2 Industrial/Construction	1,727.45	28.99	1,838.77	28.72
Energy	480.75	8.07	459.14	7.17
Water Supply	295.63	4.96	322.64	5.04
Industrial Development	29.03	0.49	26.23	0.41
Roads & Bridges	919.75	15.43	1,028.64	16.07
Other Construction	2.29	0.04	2.12	0.03
1.3 Service Sector	745.21	12.50	715.45	11.17
Telecommunications	23.05	0.39	19.75	0.31
Ports & Shipping	248.47	4.17	239.68	3.74
Ground Transport	360.52	6.05	353.48	5.52
Air Transport	41.71	0.70	37.62	0.59
Finance, Insurance, etc.	71.19	1.19	64.93	1.01
Trade	0.27	0.00	-	-
1.4 Other Economic Services	168.71	2.83	157.44	2.46
Land Development	0.68	0.01	0.70	0.01
Management & Institutional Development	25.15	0.42	23.38	0.37
Information Technology Development	12.02	0.20	11.40	0.18
Private Sector Development	57.26	0.96	52.12	0.81
Rural Development	71.01	1.19	66.77	1.04
Science & Technology	2.59	0.04	3.08	0.05
2. Social Services	502.07	8.42	495.86	7.74
Education & Training	121.38	2.04	124.77	1.95
Health & Social Welfare	81.75	1.37	88.58	1.38
Environment	44.95	0.75	32.85	0.51
Housing & Urban Development	65.14	1.09	68.35	1.07
Labour & Vocational Training	35.76	0.60	35.49	0.55
Media	0.09	0.00	0.08	0.00
Rehabilitation	97.68	1.64	95.56	1.49
Sewerage	3.34	0.06	3.04	0.05
Tsunami Rehabilitation	51.98	0.87	47.14	0.74
3. Commodities & Food	63.27	1.06	52.31	0.82
Commodities	45.16	0.76	36.76	0.57
Food	18.10	0.30	15.55	0.24
4. Other Activities	2,519.82	42.28	2,913.56	45.51
Total Outstanding Debt	5,959.55	100.00	6,402.44	100.00

(a) Based on Outstanding External Debt data recorded in Commonwealth Secretariat Debt Recording & Management System (CS-DRMS) at end December 2019. Sovereign bond issues in 2010, 2011, 2012, 2014, 2015, 2016, 2017, 2018 & 2019 and Treasury Bills and Treasury Bonds held by non-residents are recorded under other activities

(b) Excludes outstanding loans of Projects under state owned business enterprises

(c) Provisional

Sources: Ministry of Finance
Central Bank of Sri Lanka

2.5.8 Usage of Foreign Debt

Debt raised through external sources was mainly used for the development of economic services which accounted for 45.93 per cent of outstanding external debt at end 2019. Two main sectors that were beneficial through such developments were industrial and construction sector (28.72 per cent) and service sector (11.17 per cent). External debt was also deployed to improve

social services and in importing commodities and food, that accounted for 7.74 per cent and 0.82 per cent of the total external debt during the year respectively. Further, a substantial share of foreign debt (16.07 per cent) was utilised for the development of transportation systems including roads and bridges while development in ground transportation accounted for 5.52 per cent of the total external debt.

3. Servicing Public Debt in 2019

3.1. Debt Service Payments

Timely debt servicing extends to all facets of efficient public debt management, especially in continuing the unblemished record for servicing sovereign debt. Necessarily, Central Bank of Sri Lanka, fiscal agent to the Government, strives to maintain the highest standards of debt servicing to benefit both the borrower and the lender.

Total debt service payments effected in 2019 amounted to Rs. 2,022.5 billion, a decrease of 3.16 per cent compared to debt servicing expense of Rs. 2,088.6 billion recorded in 2018.

During 2019, total amortisation payments amounted to Rs. 1,121.2 billion whilst interest payments amounted to Rs. 901.4 billion.

Composition of total debt servicing consisted of 55.43 per cent in amortisation payments and 44.57 per cent in interest payments.

Given the classification of source of funding to be domestic and foreign, domestic debt service payments amounted to Rs. 1,199.1 billion and foreign debt service payments were Rs. 823.4 billion in 2019. Total debt servicing consisted of 59.29 per cent of domestic debt servicing and 40.71 per cent of foreign debt servicing during the year.

Total debt service payments as a percentage of government revenue remained high at 106.96 per cent during 2019, despite a marginal improvement from the previous year. The ratio was 108.78 per cent in 2018. Share of gross

TABLE 12
DEBT SERVICE PAYMENTS

Category	Rs. billion		
	2017	2018	2019 (a)
Domestic	1,213.5	1,561.4	1,199.1
Principal Payments (b)	642.9	921.9	546.3
Interest Payments (c)	570.6	639.5	652.8
Foreign (d)	389.6	527.2	823.4
Principal Payments (e)	224.6	314.5	574.8
Interest Payments (f)	164.9	212.7	248.6
Total Payments	1,603.0	2,088.6	2,022.5

(a) Provisional

(b) Excludes Treasury bond amortisation payments to non-residents

(c) Excludes Treasury bills and Treasury bond interest payments to non-residents

(d) Excludes debt service payments on state-owned enterprises.

(e) Includes Treasury bond amortisation payments to non-residents

(f) Includes Treasury bills and Treasury bond interest payments to non-residents

Sources: Ministry of Finance
Central Bank of Sri Lanka

domestic product (GDP) committed to debt servicing was 13.47 per cent in 2019, a decrease from 14.54 per cent in 2018.

3.2. Amortisation of Debt

Repayments, i.e. amortisation payments, amounted to Rs. 1,121.2 billion in 2019, recording a decrease of 9.32 per cent from Rs. 1,236.4 billion worth amortisation payments made in 2018. A record high growth of amortisation payments (42.52 per cent) was witnessed during 2018 due to increased capital repayments of Treasury bonds and Sri Lanka Development Bonds (SLDBs).

Share of government revenue committed to debt amortisation payments also declined to 59.29 per cent in 2019 when compared to 64.39 per cent recorded in 2018. Further, amortisation payments as a percentage of GDP declined to 7.47 per cent in 2019 compared to 8.61 per cent recorded in the previous year.

Principal repayments on domestic debt amounted to Rs. 546.3 billion and accounted for 48.73 per cent of total amortisation. Foreign debt obligations consumed the remaining Rs. 574.8 billion, accounting for 51.27 per cent of total amortisation.

3.2.1. Amortisation of Domestic Debt

Repayment of principal owed to domestic sources of financing decreased by Rs. 375.6 billion, recording a decrease of 40.74 per cent, during 2019. Total amortisation of domestic debt was Rs. 546.3 billion and Rs. 921.9 billion in 2019 and 2018, respectively.

Provided the classification of domestic debt amortisation, capital repayments on Treasury bonds amounted to Rs. 427.2 billion in 2019, recording a decrease of Rs. 82.8 billion from Rs. 510.0 billion in 2018. Similarly, capital repayments on SLDBs declined by Rs. 251.7 billion to Rs. 111.8 billion during 2019. Loans obtained from foreign currency banking units

TABLE 13
AMORTISATION OF DEBT

	Rs. billion		
Source/ Instrument	2017	2018	2019(a)
Domestic Debt	642.9	921.9	546.3
Treasury Bonds (b)	355.9	510.0	427.2
Rupee Loans	-	-	-
Foreign Currency Banking Unit Loans	1.8	47.8	2.6
Sri Lanka Development Bonds	285.2	363.6	111.8
Other Domestic	-	0.57	4.74
Foreign Debt (c)	224.6	314.5	574.8
Treasury Bonds held by Foreigners	5.1	7.5	2.5
Sovereign Bonds	-	-	269.8
Other	219.5	307.0	302.5
Total Amortisation Payments	867.5	1,236.4	1,121.2

(a) Provisional

(b) Excludes Treasury bond amortisation payments to non-residents

(c) Includes Treasury bond amortisation payments to non-residents and excludes debt service payments on state-owned enterprises

Sources: Ministry of Finance
Central Bank of Sri Lanka

(FCBUs) of domestic banks were also amortised at a reduced amount of Rs. 2.6 billion during the year. Repayment of other outstanding domestic debt increased by Rs. 4.2 billion during the year.

3.2.2. Amortisation of Foreign Debt

Total amortisation payments to foreign sources of funding amounted to Rs. 574.8 billion in rupee terms in 2019. In contrary to domestic debt, foreign debt amortisation increased by Rs. 260.4 billion or 82.79 per cent during the year.

Growth in foreign debt amortisation was mainly due to maturity of International Sovereign Bonds of USD 1,500.0 million during the year. In addition to that, repayments on other project loans and foreign currency term financial facilities amounted to Rs. 302.5 billion recording a marginal decrease of 1.47 per cent worth Rs. 4.5 billion in 2019. Furthermore, capital repayments to non-residents who have invested in Treasury bonds decreased by Rs.

5.0 billion in 2019. Depreciation of the rupee against major foreign currencies used for repayment also contributed to inflate the rupee value of repayments.

3.3. Interest Cost

Total interest cost on government borrowing increased by Rs. 49.2 billion, year-on-year, amounting to Rs. 901.4 billion in 2019. Increased interest payments on both the domestic and foreign debt resulted in the increment of total interest payments.

Total interest cost as a percentage of GDP stood at 6.00 per cent in 2019 whereas the ratio was 5.93 per cent in 2018. Share of government revenue expended on servicing of interest amounted to 47.67 per cent during the year under consideration. In 2018, total interest service costs amounted to 44.39 per cent of government revenue.

TABLE 14
INTEREST COST ON GOVERNMENT DEBT

	Rs. billion		
Source/ Instrument	2017	2018	2019 (a)
Domestic Debt	570.6	639.5	652.8
Treasury Bills (b)	81.3	74.5	81.0
Treasury Bonds (c)	438.2	501.5	494.8
Rupee Loans	2.9	2.9	2.9
Loans from Foreign Currency Banking Units	2.4	4.8	10.3
Sri Lanka Development Bonds	33.8	41.0	35.4
Other Domestic (d)	12.1	14.9	28.4
Foreign Debt (e)	164.9	212.7	248.6
Total Interest Cost	735.6	852.2	901.4

(a) Provisional

(b) Excludes Treasury bill interest payments to non-residents

(c) Excludes Treasury bond interest payments to non-residents

(d) Includes interest on overdraft facility taken from commercial banks, administrative borrowings etc

(e) Includes Treasury bill and Treasury bond interest payments to non-residents and excludes debt service payments on state-owned enterprises

Sources: Ministry of Finance

Central Bank of Sri Lanka

TABLE 15

PRIMARY MARKET WEIGHTED AVERAGE INTEREST COST ON DOMESTIC BORROWING (a)

Instrument	Per cent		
	2017 (b)	2018 (b)	2019
Treasury Bills	9.77	9.35	9.06
Treasury Bonds	11.48	10.74	10.74
Rupee Loans (c)	-	-	-

(a) Weighted average interest cost = $\Sigma(\text{amount issued} * \text{yield}) / \text{total amount issued}$

Source: Central Bank of Sri Lanka

(b) Net of 10% withholding tax. Effective from May 3, 2002, Government has imposed withholding tax on interest of government securities. However, effective from April 1, 2018, Government has removed the withholding tax of 10%.

(c) No new rupee loans were issued in 2017,2018,2019

3.3.1. Interest Cost on Domestic Debt

Interest payments on domestic debt increased marginally by 2.08 per cent to Rs. 652.8 billion, year-on-year, during 2019, from Rs. 639.5 billion recorded in the previous year.

Accordingly, interest payments on Treasury bills, loans obtained from FCBUs and other administrative borrowings increased during the period under consideration by Rs. 6.5 billion (8.73 per cent), Rs. 5.5 billion (115.74 per cent) and Rs. 13.6 billion (91.44 per cent), respectively. On the contrary, interest payments on Treasury bonds and SLDBs decreased by Rs. 6.7 billion (1.34 per cent) and Rs. 5.6 billion (13.62 per cent), respectively.

Interest on Treasury bills and Treasury bonds cumulatively accounted for 88.20 per cent of total interest cost of domestic debt during the year. Declining trend of yields observed at primary auctions, as reflected by weighted average yield rates of Treasury bills in the primary market, will be conducive to reducing the burden of interest.

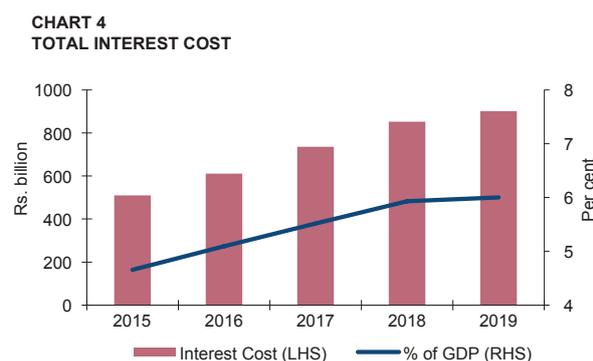
3.3.2. Interest Cost on Foreign Debt

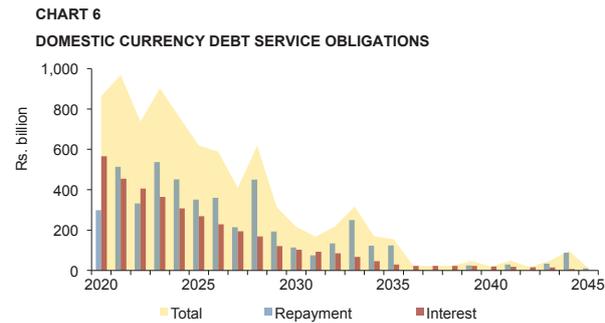
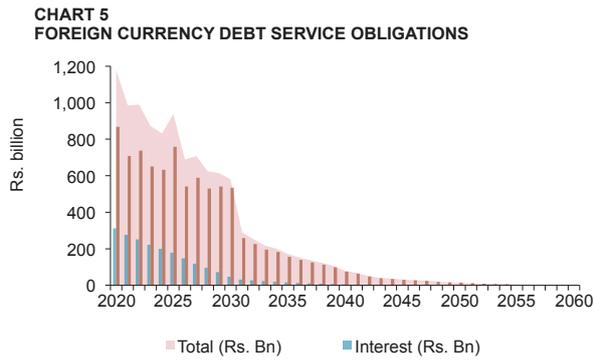
Interest paid on foreign borrowings also increased during the year under consideration.

Thus, interest cost on foreign debt amounted to Rs. 248.6 billion in 2019. The amount is an increase of 16.85 per cent compared to interest service cost of foreign debt amounting to Rs. 212.7 billion recorded in 2018.

Cost of interest paid on foreign borrowings has been increasing as new borrowings are made at non-concessional rates due to Sri Lanka's graduation into a lower middle income country. Outstanding concessional loans increased by 2.28 per cent during 2019 whilst outstanding non-concessional, commercial loans increased by 11.72 per cent.

Equivalent to the impact on amortisation, depreciation of the rupee inflated interest payments in rupee terms. Declining trend of benchmark London Inter-bank Offered Rate (LIBOR) for USD and yields in major economies contributed to ease the pressure on interest cost.





3.4. Future Debt Service Obligations

Future debt service obligations extended till 2060 as at end 2019 as shown in chart 14

and chart 15. With the medium-term debt management strategy (MTDS) in place to curtail high exposure to foreign currency denominated debt and other large value payment obligations, average time-to-maturity of the debt portfolio would be gradually expanded. Provisions in the Active Liability Management Act, No. 8 of 2018

also supports effective implementation of the MTDS.

Therefore, the Public Debt Department is cognisant of the Government's debt liabilities and continuously to endeavours to proactively to manage such liabilities as they fall due. This would eventually bring down cost of funding repayments and harmonise the process of fund raising and debt servicing.

4. Market Operations in 2019

4.1 Overview

Functioning as the government agent responsible for the public debt management in terms of the Section 113 of the Monetary Law Act (MLA), Government's borrowing program for 2019 was implemented by the Central Bank of Sri Lanka (CBSL), ensuring that funds were raised at the lowest possible cost and at a prudent degree of risk, subject to market conditions prevailed during 2019. Under these circumstances, CBSL issued several tradable debt instruments, namely Treasury bills, Treasury bonds and Sri Lanka Development Bonds (SLDBs) in the domestic financial market and International Sovereign Bonds (ISBs) in the international capital market within the overall borrowing limit specified under the Appropriation Act No. 06 of 2019. In parallel, the External Resources Department of the Ministry of Finance raised external loan facilities by way of project loans, commodity loans and syndicated financing facilities during the year.

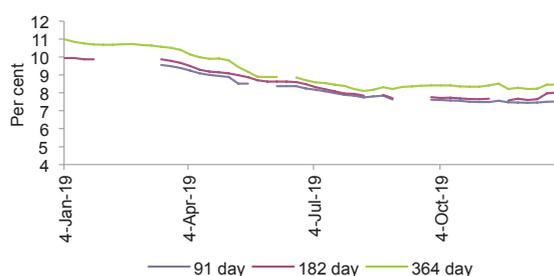
The downward adjustment of the Treasury bill yield rates observed towards the end of the first quarter of 2019 could largely be attributed to the predictable issuance calendar under prudent issuance arrangements, reduction of SRR by 100 basis points to 5.00 per cent in March 2019 resulting in improved money market liquidity and increased investments in Government securities by banks propelled by subdued credit growth. Also, contributory has been the positive market sentiments emanating from the issuance

of ISB in March 2019. Further, the short-term Government securities yield rates declined in second and third quarters of 2019 owing to accommodative monetary policy stance adopted by CBSL by reducing Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) by a total of 100 basis points in May and August 2019 coupled with the second ISB issuance in June 2019. This declining trend was observed in the fourth quarter as well, until the unfavourable revision of the sovereign rating outlook by rating agencies towards end 2019 and the shift in the fiscal policy stance with tax reduction exerting marginal upward pressure on the yield rates of Government securities. Yields on Treasury bonds in the primary market too declined substantially during 2019, although the upward pressure observed on yield rates of Treasury bills during the latter part of 2019 was not observed on the yields of Treasury bonds. However, foreign inflows to the Government Securities market decreased in 2019 when compared to 2018 and the net foreign outflows from the Government securities market were aggravated due to weakened investor confidence inflicted by the Easter Sunday attack in April 2019 and uncertainties in the global financial markets during the latter half of 2019.

4.2 Treasury Bills Primary Market

Treasury bill is the key debt instrument used by the Public Debt Department (PDD) to manage Treasury's short-term cash-flow requirement

CHART 7
T-BILL PRIMARY MARKET WEIGHTED AVERAGE YIELDS



through the issuance of three standard maturities (91-day, 182-day and 364-day) during 2019.

Gross fund mobilization through the issuance of Treasury bills amounted to Rs. 1,719.3 billion on face value basis in 2019 compared to Rs. 1,653.3 billion in 2018. The face value of outstanding Treasury bills as at end 2019 was Rs. 873.9 billion in comparison to Rs. 746.8 billion recorded at end 2018. Further, 52 weekly Treasury bill auctions were conducted by the Central Bank in 2019.

The primary market Treasury bill Weighted Average Yield Rates (WAYRs) decreased during the first two quarters of 2019, demonstrating marginal upward movement during the latter part of the year. Compared to the levels prevailed at end 2018, the yield rates of 91-day, 182-day and 364-day maturity Treasury bills decreased by 250 basis points, 197 basis points and 275 basis points, respectively, on net basis as at end

2019. Accordingly, as at end 2019, the primary market Treasury bill WAYRs of 91-day, 182-day and 364-day maturity Treasury bills were recorded at 7.51 per cent, 8.02 per cent and 8.45 per cent, respectively.

4.3 Treasury bonds Primary Market

During the year, 12 Treasury bond auctions offering multiple maturities in the range of 2-20 years were conducted, where the primary market WAYR for Treasury bonds ranged between 10.27 per cent and 11.43 per cent. Meanwhile, as at end 2019, there were 63 outstanding Treasury bond series.

The Average Time to Maturity (ATM) of Treasury bond portfolio decreased marginally to 6.8 years as at end 2019 from 6.9 years reported at end 2018 largely driven by the issuance of short to medium term maturities of Treasury bonds in 2019. Among the 24 ISINs issued at 12 Treasury bond auctions held in 2019, 8 new ISINs were issued collecting Rs. 360.0 bn while Rs. 438.0 bn was raised by issuing existing Treasury bond series.

The WAYRs of Treasury bonds issued in 2019 remained unchanged compared to the previous year at 10.74 per cent. Mixed movements in the primary WAYRs of Treasury bonds were

TABLE 16
PRIMARY MARKET WEIGHTED AVERAGE YIELD RATES OF TREASURY BILL AUCTIONS (a)

Period	Per cent				
	End December 2018	2019			
		End Quarter 1	End Quarter 2	End Quarter 3	End Quarter 4
91 Days	10.01	9.39	8.24	7.62	7.51
182 Days	9.99	9.67	8.49	7.75	8.02
364 Days	11.20	10.40	8.70	8.41	8.45

a) Weighted Average Yield Rate (WAYR) of each quarter end Treasury bill auction issue for each maturity

Source: Central Bank of Sri Lanka

TABLE 17

PRIMARY MARKET WEIGHTED AVERAGE YIELD RATES OF TREASURY BILLS AND TREASURY BONDS (a)

Instrument	2013	2014	2015	2016	2017	2018	Per cent
							2019 (b)
Treasury Bills (Days)							
91	8.95	6.58	6.32	8.26	9.01	8.40	8.15
182	9.91	6.57	6.50	9.23	9.81	8.58	8.44
364	10.65	6.73	6.60	10.20	10.07	9.67	9.40
Overall Average	10.45	6.68	6.46	9.38	9.77	9.35	9.06
Treasury Bonds (Years)							
2	-	-	7.98	11.45	11.05	-	10.27
3	10.95	-	8.32	11.58	-	10.44	10.38
4	-	-	8.68	11.87	11.54	-	-
5	10.95	8.78	8.63	12.16	11.53	10.33	10.55
6	10.97	-	9.19	12.01	11.36	-	-
7	-	-	8.99	12.18	12.94	10.37	-
8	11.51	9.03	9.55	12.28	11.44	11.21	10.81
9	11.77	9.23	-	13.07	12.91	12.16	10.56
10	11.80	10.00	9.78	12.60	11.16	11.06	11.43
12	12.09	-	-	13.72	-	-	11.27
15	12.17	10.34	10.24	-	-	10.49	10.59
20	12.19	11.32	11.20	-	-	-	10.52
30	12.50	11.75	11.73	-	-	-	-
Overall Average	11.72	10.17	9.46	12.27	11.48	10.74	10.74

(a) Net of 10% withholding tax. Effective from May 3, 2002, Government has imposed withholding tax on interest of government securities. However, effective from April 1, 2018, Government has removed the withholding tax of 10%.

Source: Central Bank of Sri Lanka

(b) Provisional

witnessed in 2019 where a declining trend was observed in the behavior of the WAYRs of medium term Treasury bonds while the long-term Treasury bonds recorded an increase, compared to the previous year.

4.4 Sri Lanka Development Bonds

Funds raised through the issuances of Sri Lanka Development Bonds (SLDBs) in 2019 amounted to US dollars 345.2 million

while enabling CBSL to successfully manage both issuance arrangements and yield rates structure of domestic debt instruments. The US dollar denominated SLDBs were issued with maturities ranging from 1-year 6-months to 4-years 3-months under both floating and fixed rate arrangements during 2019.

The SLDB issuances coupled with the successful issuances of 5-year and 10-year maturity ISBs amounting to US dollars 2,400

million in March 2019 at coupon rates of 6.85 per cent and 7.75 per cent, respectively, and US dollars 2,000 million for the aforesaid maturities at coupon rates of 6.35 per cent and 7.55 per cent, respectively, in June 2019, paved way for effective implementation of strategies formulated for an orderly domestic market resulting in a low and stable domestic interest rate environment.

Meanwhile, the outstanding SLDB stock decreased to US dollar 3,084.4 million at end 2019 compared to US dollar 3,361.0 million recorded at end 2018. Licensed Commercial Banks (LCBs) were the main investors of SLDBs and majority of such investments was held to maturity by LCBs.

4.5 Secondary Market Yield Rates

Secondary market yield rates of Treasury bills reflected downward adjustment following the similar trend noted in the primary market yield rates during 2019. Accordingly, as per indicative quotes reported by Primary Dealers (PDs), compared to end 2018, 91-day, 182-day and 364-day secondary market Treasury bill yields decreased by 215 bps, 208 bps and 253 bps, respectively, by end 2019.

Secondary market yields of medium to longer term Treasury bonds also showed a downward adjustment. Accordingly, as per indicative

quotes reported by PDs, compared to end 2018, the secondary market yields of 2-year, 5-year, 8-year and 10-year maturity Treasury bonds decreased by 254 bps, 186 bps, 176 bps and 180 bps, respectively, by end 2019.

Total net outflow of foreign investments from the Government securities market of US dollars 333.7 million was recorded in 2019, compared to the net outflow of US dollars 50.3 million recorded in 2018. Political uncertainty driven by the Presidential Election towards the latter part of 2019, spillover effects of the Easter Sunday attacks on investor confidence and unfavourable revision of the sovereign rating outlook, could be identified as the main drivers of accelerating outflows of foreign investments in Government securities. Treasury bonds owned by foreign investors recorded a decline to Rs. 80.3 billion by end 2019 compared to Rs. 146.9 billion recorded as at end 2018. However, the outstanding foreign holdings of Treasury bills increased to Rs. 23.7 billion as at end 2019 compared to Rs. 11.9 billion recorded at end 2018 mainly due to shift in investor preference to shorter tenures instigated by weakened investor confidence.

The total transaction volume of Government securities (Treasury bills and Treasury bonds) on an outright basis during 2019 was recorded at Rs. 7,413.8 billion compared to Rs. 6328.6 billion recorded in 2018.

5.

The Medium-Term Debt Management Strategy 2019 - 2023

5.1 Overview

The Medium-Term Debt Management Strategy (MTDS), enunciates the strategies and debt management framework that the Ministry of Finance, Economic and Policy Developments (MOF) and the Central Bank of Sri Lanka (CBSL) plan to execute over the medium term with the aim of implementing a prudent borrowing programme and achieving government's debt management objectives. The MTDS is primarily aims at building an appropriate composition of debt instruments in line with medium-term policy direction announced by the Central Bank as well as the Medium Term Fiscal Framework (MTFF) of the MOF, to ensure financing the government's budgetary needs at the lowest possible cost consistent with prudent level of risk to achieve sustainable level of central government debt portfolio over the medium to long term. Further, this is a rolling plan for the period under consideration.

The MTDS for 2019-2023, articulates the government's debt management direction to achieve the cost and risk objectives over the medium term within the defined risk parameters. Accordingly, considerations such as potential variation in debt servicing costs and its budgetary impact, linkages with other key macroeconomic objectives, improvements in debt sustainability measures and the development of domestic debt market have been factored in formulating the MTDS for 2019-2023.

Accordingly, the Central Bank and the MOF jointly developed the MTDS, with assistance from the International Monetary Fund and the World Bank, and published the same in the Central Bank website in April 2019. The MTDS, which initially covered the period 2019–2023, focuses mainly on containing the foreign currency debt exposure in line with the end-2018 level, improving the Average Time to Maturity (ATM) of the foreign currency debt portfolio and minimising the debt maturing within one year. The strategy has taken into account the developments in local and global economies. However, the underlying debt management targets stipulated in the current MTDS are subject to an ongoing review in line with macroeconomic and external sector developments. With the availability of Annual Budget 2021, medium-term fiscal outlook alongside the macroeconomic outlook and the impact of COVID-19 pandemic, the MTDS targets will be revisited at the latter part of 2020.

5.2 Stated objectives of the MTDS

The primary objective of the MTDS is to ensure that the government's financial needs are met at the lowest possible cost with a prudent degree of risk over the medium term. In addition, the following secondary objectives are also defined in the MTDS to facilitate its primary objectives.

- (a) Evaluating and managing the risks involved in different debt compositions;

- (b) Facilitating coordination with fiscal and monetary management;
- (c) Enhancing the transparency in government debt management;
- (d) Enhancing the efficiency and competition of the primary market for government securities;
- (e) Broadening and deepening of the secondary market for government securities;
- (f) Diversification of investor and instrument base;
- (g) Enhancing the efficiency of the secondary market by developing a dynamic benchmark yield curve across the term structure;
- (h) Enhancing debt dynamics;
- (i) Publishing a Treasury bond and Treasury bill issuance/ settlement calendar on a rolling basis; and
- (j) Upgrading the infrastructure of the domestic debt market supported by an e-trading platform together with a central clearing arrangement.

5.3 Expected benefits of the MTDS

The MTDS takes into consideration of the cost and associated risk of all available government financing strategies in deciding the best combination among alternatives in selecting a suitable financing mode. After a careful evaluation of costs and risks associated with each strategy, the MTDS recommends the most prudent strategy to manage government debt portfolio. Further, the MTDS framework facilitates enhanced coordination and establishes

the link between various stakeholders in line with fiscal policy, monetary policy and other macroeconomic variables. Such improved policy coordination allows different government agencies to focus on their core objectives while maintaining clear segregation of central government debt management decisions. Similarly, a well-established MTDS helps to identify constraints affecting the debt management choices and finds ways to address possible constraints. Moreover, a well-structured MTDS improves the governance of debt management and enhances the consistency of the debt management process.

5.4 MTDS and the macroeconomic framework

The MTDS should be in line with the overall macroeconomic framework to achieve the specified MTDS targets. It is also imperative that the interlinkages and feedback effects are well articulate and that coordination mechanisms are in place. For emerging and developing economies, interlinkages are likely to be more significant, given underdeveloped domestic debt markets, capacity constraints and relatively weak institutional setting. Accordingly, close coordination with overall macroeconomic framework is vital to ensure more stable environments for debt management operations.

The interlinkages between the MTDS and other key policy areas to identify cost risk trade-offs to formulate a prudent MTDS for the country include;

- MTDS and fiscal planning - The required debt financing for a financial year is mainly determined by the fiscal policy of the

country. Therefore, the MTDS should be formulated in line with a fully operational medium-term fiscal framework.

- MTDS and monetary policy – The debt management is not a standalone policy, but has close linkages between monetary policy. The Monetary policy mechanism plays a vital role in determining the MTDS for the country.
- MTDS, exchange rate policy and balance of payments – The exchange rate policy, the balance of payment trends and subsequent developments in the real exchange rate may have consequences for the MTDS. Accordingly, the exchange rate depreciation increases the debt servicing cost in local currency. Overall, foreign currency borrowing requires a careful analysis on balance of payments trends and exchange rate policies.
- MTDS and the development of domestic debt markets – The trade-off between domestic borrowing and the foreign borrowing is always determined by the level of development and the capacity of the domestic debt market and the private sector crowding out considerations. The MTDS helps to identify key challenges in this area and formulate strategies to address those challenges.
- MTDS and annual borrowing plan - An annual borrowing plan for the country is vital for the development of prudent debt management strategy. The MTDS should be developed in line with the annual borrowing plan and taking into account the underlying volatility in the government cash flows.

The MTFE of the government is designed to further strengthen the fiscal consolidation process by reducing the budget deficit and improving the government debt profile in the medium term. The MTFE has been formulated factoring the market disruptions caused by the Easter Sunday attacks and the COVID-19 pandemic. The government's policy framework is geared towards striking balance between mitigating these market disruptions and maintaining fiscal and financial sustainability in the medium term. Accordingly, the government is expected to take measures to reduce the budget deficit in the medium-term, estimating a primary surplus and to reduce budget deficit to 5.1 per cent of the Gross Domestic Product (GDP) and the debt stock to around 81.8 per cent of GDP by 2023.

5.5 Implementation of the MTDS 2019 – 2023

5.5.1 MTDS targets and Performance

The MTDS provides a framework for a prudent borrowing programme, that is intended to be executed over the medium-term with the objective of ensuring that the government's financial needs are met at the lowest possible cost with a prudent level of risk. In formulating the MTDS, factors such as potential variation in debt servicing costs and its budgetary impact and bunching issues of the debt stock are considered.

The key debt portfolio risks for Sri Lanka are foreign exchange and refinancing risks. Accordingly, specific MTDS targets for a set of risk indicators have been established, they help to more clearly to communicate objectives like

“risk” and “cost,” and the trade-offs between them. Also, they have been set to mitigate the above identified risks in the medium term. Foreign currency denominated debt as a per cent of total debt, the Average Time to Maturity (ATM) of the foreign currency debt portfolio and the amount of debt maturing within a year as a percent of total debt were therefore selected as the debt management targets to be achieved by end-2023.

The Central Bank and the government were able to achieve better outcome than envisaged in the debt dynamics referred in the MTDS in 2019 amidst extremely volatile market condition. Accordingly, the ATM of foreign currency debt and debt maturing within 1-year period improved to 7.1 years and 15.3 per cent, compared to end 2018 levels of 6.6 years and 16.4 per cent, respectively. The share of foreign currency debt was maintained at the 2018 levels.

TABLE 18
THE MTDS TARGETS AND 2019 PERFORMANCE

Indicator	2018 (Baseline)	2019 (Provisional)*	Targets as at end 2023
Ratio of Foreign Currency Debt to Total Debt (%)	54.0	54.0	54.0
Average Time to Maturity of Foreign Currency Debt (years)	6.6	7.1	6.6
Debt maturing within a year (percent of total debt)	16.4	15.3	15.7

*Achieved better outcome than envisaged

Sources: Ministry of Finance,
Central Bank of Sri Lanka

The MTDS has been formulated to achieve the said targets within the stipulated time period. The strategy aims to contain the exposure to foreign currency risk over the medium term by keeping the share of foreign currency borrowings at 2018 level or less, increasing the ATM of the foreign currency debt at 2018 level while reducing the share of debt maturing within a year. However, re-aligning the debt portfolio from foreign currency to domestic currency debt needs to be in line with the developments of the domestic currency denominated government securities market as well as dynamic foreign inflows. This limits the ability to implement drastic changes in financing framework in the medium term.

However, due to the economic and market disruption caused by COVID-19, achieving the targets for 2023 now requires revisiting with the Budget 2020/21 and medium-term fiscal outlook of the government.

5.5.2 Strategy implementation

The MTDS is being implemented with the collaboration of the Central Bank, the MOF and other relevant agencies. These institutions will also monitor, evaluate and revise the MTDS periodically. The success of MTDS is determined solely based on the achievement of the set targets. However, the implementation of the proposed strategy will be challenging as it requires a credible commitment from the

government to ensure successful execution of the envisaged fiscal consolidation path. Further, the robust growth in non-debt creating inflows such as exports and foreign direct investments (FDIs) with lower than expected foreign currency earnings from other economic activities may severely affect the macro-economic framework therein, creating significant pressure on the implementation of MTDS.

5.6 Issues and challenges of implementing the MTDS

5.6.1 Unexpected market disruptions

As an emerging economy, the country is vulnerable to internal as well as external market disruptions likely, Eater Sunday attack and COVID-19 pandemic. Eventually, such shocks have dampened the economic activity and would increase the debt burden of the country. Further, limited fiscal space to manage such external and domestic vulnerabilities and lack of adequate buffer funds amplify the debt burden of the country. Unexpected events have also aggravated the liquidity pressures and cost of external debt servicing.

5.6.2 Lack of secondary market participation due to liquidity requirements

Since 2004, the settlement of government securities transactions in the secondary market have been made through Scripless Securities Settlement System (SSSS) and Real Time Gross Settlement System (RTGS). Accordingly, each secondary market transaction in government securities is required to be settled bilaterally and on gross basis, where market participants are expected to maintain substantial amounts of

liquidity in both security and rupee terms to effect the transactions. This liquidity requirements, hinders the growth of transaction volumes of government securities in the secondary market.

5.6.3 Lack of effective cash flow forecasting and cash balance management of the government

A prudent and timely forecast of government cash flow is essential for the formulation of an efficient government borrowing programme. The perplexity in timely furnishing accurate government cash flows would hinder the implementation of the MTDS and create deviation from the envisaged path.

5.6.4 Risks of future Sovereign Rating Downgrades

Current tightened global financing conditions, macroeconomic instability and fragile fiscal position emanated from COVID-19 outbreak would adversely impact the sovereign ratings of the country thus resulting restricted access to the international capital market, while aggravating debt sustainability concerns of the country.

5.6.5 Increased foreign currency denominated debt maturities

High reliance in short to medium term foreign currency borrowings will intensify foreign currency risk and increase bunching of maturities in short to medium term horizon. Further, continuous borrowings from international capital markets will increase the annual interest payment liability on foreign currency borrowings and resulting in increasing pressure on country's balance of payments and external reserves.

5.7 Measures taken to address the issues and challenges of implementing the MTDS

5.7.1 Standardisation of market regulations and other legislations

The Central Bank has already identified the importance of amending the existing legal framework including the market regulations and directions applicable for prudent central government debt management. Accordingly, regulations and directions issued under the Registered Stocks and Securities Ordinance (RSSO) and Local Treasury Bills Ordinance (LTBO) are being currently reviewed with a view to develop the government securities market to match the latest developments in both domestic and international financial markets. Further, this initiative will facilitate to improve the investor confidence and create opportunities to explore new debt management practices.

5.7.2 Enhancing market transparency through system reforms

In order to enhance the market transparency and create more predictability in the auctioning process, the Central Bank has started conducting pre-bid meetings on forthcoming Treasury bond auctions and publishes an auction calendar in concurrence with the MOF, informing the market on future Treasury bond issuances on quarterly rolling basis. The scope of the quarterly rolling auction calendar was further extended to cover a period of six months during 2019 where an advanced T-bond and T-bill auction calendar covering the period from July to December 2019 was published with the concurrence of the MOF.

5.7.3 Conducting of liability management activities

The Parliament approved the Active Liability Management Act (ALMA) in March 2018. Accordingly, a resolution was passed by the Parliament in July 2019 to raise up to Rs. 480 billion for liability management purposes under the ALMA. The liability management initiatives enable the government to proactively address part of the future refinancing requirements ahead of time by reducing rollover peaks and extending the maturity duration and/or smoothening repayments structure of debt maturities. In this regard, PDD initiated raising funds and building required buffers in the domestic market by executing its first liability management based T-bonds issuance amounting to Rs. 15 billion in October 2019 and another Rs. 15 billion in December 2019. The buffers built in 2019 were utilised for settlement of debt service obligations during early part of 2020. The government also initiated preliminary work with respect to accessing alternative Sovereign bond markets in 2019.

5.7.4 Reducing foreign currency exposure

In order to reduce the foreign currency exposure and curtail the possible impact of increased volatility in global financial market, the threshold of foreign investments in Treasury Bills and Treasury Bonds reduced to 5 per cent from 10 per cent out of the total outstanding stock of Treasury Bills and Treasury Bonds from 27 January 2019.

5.7.5 Strengthen the secondary market for government securities

To enhance the transparency in conducting transactions of government securities in the

secondary market, a Circular was issued to all participants of the LankaSettle system on 01 October 2019 to input key attributes such as settlement value, price and interest rate of each and every transaction with effect from 01 January 2020. Further, real-time notification facility was introduced from 25 March 2019 to deliver Short Message Service (SMS) and/or Email, to the customers registered in the Central Depository System (CDS), for each and every movement of securities in each Securities Account in the LankaSecure System.

5.7.6 Establishing Electronic Trading Platform (ETP) and Central Counterparty Settlement System (CCP)

As a part of its on-going endeavor in upgrading the financial system infrastructure of the country, the Central Bank plans to establish a state-of-the-art Central Counterparty Settlement System (CCP), Electronic Trading Platform (ETP) and an integrated Central Securities Depository (CSD) to facilitate electronic trading

of secondary market government securities and domestic foreign exchange market transactions and straight-through processing of secondary market government securities transactions in the domestic financial market. Setting up of new IT infrastructure, including an ETP and a CCP, facilitating transparent and efficient primary and secondary market operations in transactions of government securities has been one of the major policy measures identified for development of the government securities market and modernisation of the domestic money and capital markets. Moving forward with the implementation, during 2019, the Contract terms with the consultant selected by a Cabinet Appointed Consultant Procurement Committee were finalised. The consultant is required to evaluate required legal reforms and system specifications for the proposed CCP, ETP and an integrated CSD for government securities and domestic foreign exchange transactions.

6. Risk Management and Sustainability of Central Government Debt

6.1 Overview

The management of central government debt has become one of the key policy priorities in recent years due to increasing debt stock and the high debt servicing component in the government expenditure. In order to achieve a prudent debt management framework, the Central Bank of Sri Lanka (CBSL) considers the risk management of the debt portfolio as an important aspect in achieving the strategic targets envisaged in the Medium Term Debt Management Strategy (MTDS) that entails the management of the central government debt portfolio in a prudent manner considering its impact on the annual budget, bunching issues and the requirement to maintain a sustainable debt level.

The government debt portfolio is managed in line with the government medium-term macro fiscal framework. Therefore, a robust mechanism of risk management framework with special attention to possible changes in the macro fiscal environment was formulated by the middle office of the Public Debt Department (PDD) while maintaining acceptable risk tolerance levels consistent with internationally accepted best practices and norms. The flexible risk tolerance levels are important in the current circumstances of substantive overshooting of fiscal targets and lower economic growth environment.

6.2 Risks Pertaining to the Central Government Debt Portfolio

The CBSL has made continuous efforts in managing refinancing (rollover risk) and market risks (exchange rate and interest rate) of the debt portfolio in 2019. Appropriate risk management strategies were employed in order to mitigate the impact emanated through other risks, such as liquidity risk, legal risk, operating risk, and reputational risk in an environment where originally set fiscal targets were challenged by unfavourable market developments.

6.3 Analysis of the Risk Profile of the Central Government Debt Portfolio

6.3.1 Refinancing Risk: Refinancing or rollover risk is the possibility that the existing debt would have to be reissued at an unusually high cost or, in the extreme case, inability to reissue at all. The two most widely used indicators to measure the refinance risk of the central government debt portfolio are the Average Time to Maturity (ATM) and the ratio of short-term debt to total outstanding debt. The overall ATM of the government debt portfolio recorded as 6.10 years at end 2019 compared to 6.16 years at end 2018. The ATM of domestic currency debt decreased to 5.78 years at end 2019 from 5.91 years at end 2018 mainly due to the issuance of Treasury bonds maturing in the medium term. The ATM of foreign currency

debt portfolio remained at the same level at 6.34 years in both 2018 and 2019.

The share of domestic currency debt with remaining maturity less than or equal to one year (short term debt) to the outstanding domestic currency debt increased marginally to 21.63 per cent at end 2019 compared to 21.07 per cent an year ago, mainly due to issuance of Treasury bills to meet the government financing requirements. The share of short-term foreign currency debt with remaining maturity less than or equal to one year (short term debt) to total foreign currency debt increased to 4.72 per cent in end 2019 compared to 3.28 per cent in end 2018 driven mainly by the higher share of short term maturing SLDB issuances in 2019 compared to 2018. Further, the total short-term debt with remaining maturity less than or equal to one year (short term debt) as a percentage of total outstanding debt increased marginally to

13.52 per cent at end 2019 compared to 13.19 per cent at end 2018 due to increase in both short term foreign and domestic currency debt.

6.3.2 Interest Rate Risk: Interest rate risk is defined as the risk associated with cost of servicing debt due to the volatilities in market interest rates. For the purpose of measuring and managing interest rate risk in the government debt portfolio, three indicators are generally used by the Central Bank, namely, the duration of the debt stock, Average-Time to-Refixing (ATR) and the ratio of floating interest rate debt to total debt.

Duration is an indicator, which measures the time taken to payback the initial investment of the debt stock in present value terms. Duration of the overall government debt portfolio increased to 4.27 years in 2019 from 4.01 years in 2018 mainly due to issuance of longer term foreign currency debt maturities including International

TABLE 19
RISK ASSESSMENT INDICATORS (AS AT END OF YEAR)

Indicator	Domestic Currency Debt		Foreign Currency Debt		Aggregate	
	2018	2019 (a)	2018	2019 (a)	2018	2019 (a)
Refinancing Risk						
Average Time to Maturity (ATM) (yrs)	5.91	5.78	6.34	6.34	6.16	6.10
Short-term (remaining maturity less than or equal to one year) / Outstanding Debt (%) (a) (b)	21.07	21.59	3.28	4.72	13.19	13.52
Interest Risk						
Duration (yrs)	3.56	3.76	4.31	4.63	4.01	4.27
Average Time to Re-fixing (ATR) (yrs)	5.91	5.78	5.27	4.94	5.54	5.30
Floating Rate Debt / Outstanding Debt (%)	-	-	25.17	24.30	13.65	13.13
Foreign Exchange Risk						
Share of Foreign Currency Commercial Debt / Official Reserves (%)	-	-	-	-	259.25	267.66
Share of Foreign Currency Debt / Total Debt (%)	-	-	-	-	54.26	54.01

(a) Provisional

(b) Foreign currency short term debt considers SLDBs and FCBU's.

Source: Central Bank of Sri Lanka

Sovereign Bonds (ISBs) which increased the duration of the foreign currency debt to 4.63 years in 2019 from 4.31 years in 2018. Further, duration of domestic currency debt increased to 3.76 years in 2019 from 3.56 years in 2018.

ATR of the debt portfolio measures the average time in which debt coupons are re-fixed. For zero coupon bonds or bonds with fixed coupons, ATR is the residual life of the bond. For floating rate bonds, ATR is the time left until fixing of the next coupon. ATR of the overall debt portfolio decreased to 5.30 years at end 2019 from 5.54 years at end 2018. Accordingly, the ATR for both foreign and domestic currency debt portfolios decreased to 4.94 years in 2019 from 5.27 years in 2018 and to 5.78 years by end 2019 from 5.91 years by end 2018, respectively. The exposure of government debt to interest rate changes has decreased during 2019 as indicated by the decline in outstanding floating interest rate debt to total outstanding debt to 13.13 per cent at end 2019 from 13.65 per cent at end 2018. This was evidenced by decline in floating rate foreign currency debt to total foreign currency debt which decreased to 24.30 per cent at end 2019 from 25.17 at end 2018.

6.3.3 Exchange Rate Risk: Exchange rate risk arises due to adverse fluctuations in the exchange rate, leading to rise of the the rupee value of debt servicing cost and the outstanding value of foreign currency denominated debt. The exchange rate risk is significant to the government debt portfolio as the foreign currency funding requirement remains high. Government revenue is mainly sourced through domestic currency sources which is also used to repay foreign currency debt service payments. This would intensify the gravity of exchange rate risk to the

government debt portfolio. CBSL continued to use the ratio of foreign currency debt to total debt, to assess the degree of susceptibility of the debt portfolio to exchange rate risk. The share of foreign currency denominated debt in the total debt decreased to 54.01 per cent at end 2019 from 54.26 per cent at end 2018. The share of foreign currency commercial debt to official reserves has increased to 267.66 per cent at end 2019 from 259.25 per cent at end 2018. This could be mainly attributed to comparatively higher increase in outstanding foreign currency commercial debt from US dollars 17,937.7 million in 2018 to US dollars 20,454.8 million in 2019 compared to increase in the official reserves from US dollars 6,919 million in 2018 to US dollars 7,642 million in 2019.

6.3.4 Liquidity Risk: In view of enhanced liquidity risk of the government securities market, PDD implemented prudent strategies during 2019. The Treasury bond and Treasury bill primary issuance calendar for a period of six months, i.e. for the second half of 2019, was published. However, publishing the six months calendar could not be accommodated for 2020 due to the constraints of borrowing approvals and the General Treasury's inability to estimate and forecast the future borrowing requirement due to uncertainties arising from COVID-19 pandemic and non availability of a comprehensive government budget for the fiscal year until end third quarter 2020. The auction calendar improves market transparency, predictability, and preparedness of market participants and holds the issuer responsible to follow the announced issuance calendar.

Despite the challenges in raising funds from the international capital markets, the government

was able to issue ISBs twice amounting to US dollars 4.4 billion with a substantial over subscription in 2019 that helped building up of foreign currency reserves towards meeting foreign currency debt service obligations in early 2020.

6.3.5 Operational Risk: Operational risk is institution specific and endogenous to an institution, which cannot be measured in advance similar to other risk categories viz. rollover, interest rate, exchange rate and liquidity risks.

The operational risks of public debt management were addressed fairly in 2019 expecting such actions would improve further mitigation of operational risks. These operational risk management procedures included various stringent internal controls and those in line with the international best practices and risk management principles. The segregation of duties and responsibilities among the divisions of PDD were maintained at highest levels with the Front Office (FO) involving in issuance of debt, the Middle office (MO) in risk management of debt and the Back Office (BO) engaging in settling debt obligations on time.

As per the continuous practice of updating the departmental operational manual of PDD, the latest update was made in 2019 with the approval of the Monetary Board, in line with the latest international best practices of portfolio risk management. The divisions of the PDD are also physically segregated with restricted access and additionally a voice recording system has been installed in the FO of PDD in order to improve the operational risk parameters.

Availability of fully automated Scripless

Securities Settlement System (SSSS) and Real time Gross Settlement System (RTGS) to facilitate Delivery versus Payment (DVP) are in operation to minimise the settlement risk associated with the government debt portfolio, while ensuring safety on transactions. A comprehensive Business Continuity Plan (BCP) is in place with a fully-fledged Disaster Recovery Site (DRS) to support crucial public debt management activities in case of an emergency. The BCP and DRS operations that were made mandatory for all Dealer Direct Participants (DDP) were periodically tested during 2019. A real-time notification system (by way of an SMS and/or email) was introduced in March 2019 to notify investors of every movement of government securities in the LankaSecure System to improve the investor protection and awareness.

Further, the new primary issuance system which was introduced for Treasury bonds with effect from 27th July 2017, was reviewed and the approval of the top management was granted to continue the new system with further market oriented improvements. A second review was conducted on the new issuance system for Treasury bonds introduced in 2017 and improvements were made to the existing system to enhance the market oriented features of the system, with effect from 9th July 2019.

6.4 Sustainability of External Debt

The capability to raise debt efficiently for the purpose of issuance and service its debt liability as they fall due without restructuring, defaulting or compromising its long-term goals and objectives at the lowest possible cost while maintaining a prudent level of risk, is generally

defined as debt sustainability of a borrower. Maintenance of the external debt sustainability is instrumental for a country to safeguard the international investor relationships and to maintain a favourable ratings outlook.

Sustainability of external debt can be determined using various indicators, where there is no unanimity in adopting a sole indicator as each has its own strengths and weaknesses. These indicators can be thought of as measures of a country's "solvency" in that they consider the stock of debt at certain time in relation to the its ability to generate resources to repay the outstanding balance. The sustainability of external debt is measured using five sets of indicators namely; (i) liquidity monitoring indicators, (ii) debt burden indicators, (iii) debt structure indicators, (iv) Net Present Value (NPV), and (v) debt dynamic indicators. The external debt indicators discussed in this review are mainly constructed as a proportion of receipts from exports of goods and non-factor services including workers' remittances and compensation of employees (XGS), which are absorbed for servicing of external debt. Further, XGS indicates a country's capability of acquiring foreign exchange.

6.4.1 Liquidity Monitoring Indicators

Liquidity monitoring indicators illustrate the capacity of a country to settle its external liabilities. These ratios measure the outflow of foreign currency for external debt service payments compared to non-debt creating foreign currency inflows, i.e., XGS excluding foreign direct investments. Four main indicators, namely; (i) interest service ratio, (ii) medium and long-term debt service ratio, (iii) total debt

service ratio, and (iv) short-term debt ratio have been used for the analysis.

The interest ratio (INT/XGS) (%) measures the cost of external debt as a percentage of XGS, where INT represents interest payments relating to the external debt. The value of the ratio increased to 5.32 per cent in 2019 from 4.80 per cent in 2018 due to the increase in external interest payments and decline in XGS during 2019 compared to 2018. The medium and long-term debt service ratio (MLDS/XGS) (%) measures both principal and interest payments for external debt (excluding repayments for non-residents' holdings of Treasury bills) as a percentage of XGS whereas the total debt service to XGS ratio (TDS/XGS) (%) measures both principal and interest payments for external debt (including interest payments for non-resident holdings of Treasury bills) as a percentage of XGS. The medium and long-term debt service ratio increased to 17.59 per cent in 2019 from 11.88 per cent in 2018 and the total debt service ratio (TDS/XGS) (%) also increased to 17.62 per cent in 2019 from 11.90 per cent in 2018. The short-term debt ratio (Short-term Debt/XGS) (%) increased to 0.51 per cent in 2019 from 0.27 per cent in 2018 which measures the outstanding face value of Treasury bills of non-residents compared to XGS.

6.4.2 Debt Burden Indicators

The debt burden and the debt distress imposed on an economy by external debt is measured through debt burden indicators. For this purpose, the first indicator used is a comparison of Disbursed Outstanding External Debt (DOD) with XGS which measures the external debt level as a proportion of exports of goods and

services. The DOD/XGS shows the debt burden level over exports or the capability of acquiring foreign exchange. Further, the ratio of DOD/GNP measures the foreign debt level to the Country's Gross National Product (GNP) while DOD/XGS shows the debt burden level over repayment capacity earned from exports.

The ratio of DOD/GNP increased to 43.90 per cent at end 2019 compared to 42.39 per cent at the end 2018 indicating a higher growth rate of DOD compared to GNP. The ratio of DOD/XGS also increased to 137.01 per cent at end 2019 compared to 134.51 per cent at end 2018 indicating a higher growth rate of DOD relative to XGS.

6.4.3 Debt Structure Indicators

External debt portfolio has a greater impact on the level of risk exposure of a country and this risk exposure is measured by rollover ratio, which indicates the principal payments over disbursements of debt. The rollover ratio reflects the ability of a country to meet its debt service obligations via external disbursements. In 2019, the rollover ratio increased to 53.31 per cent compared to 40.26 per cent in 2018 due to rise in foreign principal payments compared to foreign loan disbursements.

The short-term debt to total DOD ratio is another debt structure indicator which is the ratio of non-resident holdings of Treasury bills and the total external outstanding debt. This indicator, increased from 0.20 per cent at end 2018 to 0.37 per cent at end 2019 due to higher rate of increase of outstanding Treasury bills held by non-residents compared to the rate of increase in total external outstanding debt.

6.4.4 Net Present Value Indicators

Two types of NPV indicators are used to measure sustainability of the external debt. The first is the ratio of NPV of future debt service obligations to GNP which compares future debt service payments in present value terms, given a general level of current economic activities. The other ratio is the ratio of NPV of future debt service to XGS. The objective of using this ratio is to compare future debt service payments to country's capability of acquiring foreign exchange. Both the NPV of debt service to GNP and the NPV of debt service to XGS ratios increased at end 2019 compared to 2018. The NPV of debt service to GNP ratio stood at 0.35 per cent at end 2019 compared to 0.33 at end 2018. The NPV of debt service to XGS ratio recorded at 1.10 per cent at end 2019 in comparison to 1.05 per cent at end 2018.

6.4.5 Debt Dynamic Indicators

Debt dynamic indicators separately compare the growth in cost of borrowings with the growth in export earnings and also with the growth in the overall economy as measured by the GNP. The average interest rate of the external debt portfolio to the rate of XGS growth recorded a negative growth of 0.95 per cent in 2019 compared to the 1.14 positive growth recorded in 2018. This is due to the negative growth rate of XGS in 2019. However, the average interest rate of the external debt portfolio declined to 4.0 per cent in 2019 compared to 4.5 per cent in 2018. The average interest rate of the external debt portfolio to the growth rate of GNP increased to 0.92 per cent in 2019 from 0.59 percent in 2018 due to relatively lower GNP growth rate in 2019 compared to 2018.

6.4.6 Overall Sustainability of Debt

The overall debt sustainability can be evaluated under two indicators, namely; (i) total outstanding debt to GDP ratio, and (ii) foreign debt service payments as a share of official reserves.

The total outstanding debt to GDP ratio measures the ability of a country to pay off its total outstanding debt with the country's total production of goods and services as measured by the GDP. This ratio increased to 86.8 per cent at end 2019 compared to 83.7 per cent at

TABLE 20
EXTERNAL DEBT SUSTAINABILITY INDICATORS (AS AT END OF YEAR) (a)

Description	2016	2017	2018	2019 (b)
Liquidity Monitoring Indicators (c)				
Interest Service Ratio (INT/XGS) (%)	3.52	4.12	4.80	5.32
Medium and Long-term Debt Service Ratio (MLDS/XGS) (%)	8.22	9.70	11.88	17.59
Total Debt Service Ratio (TDS/XGS) (%)	8.23	9.72	11.90	17.62
Short-term Debt Ratio (Short-term Debt/XGS) (%)	0.36	0.69	0.27	0.51
Debt Burden Indicators				
DOD/GNP (%)	35.16	36.48	42.39	43.90
DOD/XGS (%)	112.49	117.75	134.51	137.01
Debt Structure Indicators				
Rollover Ratio (Principal Payments/ Disbursements) (c) (%)	23.71	25.93	40.26	53.31
Short-term Debt / Total DOD (%)	0.32	0.58	0.20	0.37
NPV Indicators (d)				
NPV of Debt Service/GNP	0.24	0.28	0.33	0.35
NPV of Debt Service/XGS	0.79	0.91	1.05	1.10
Dynamic Indicators (c)				
Avg. Rate of Interest/Rate of Growth of Export	0.26	0.54	1.14	(0.95)
Avg. Rate of Interest/Rate of Growth of GNP	0.38	0.30	0.59	0.92

(a) Based on central government debt

Source: Central Bank of Sri Lanka

(b) Provisional

(c) Including Treasury bill and Treasury bond payments to non-residents

Note: Premature unloading of foreign investments in Treasury bonds tearted as repayments to the external sector that resulted to deteriorate several sustainability indicators such as Medium & Long term Debt Service Ratio, Total Debt Service Ratio, Rollover Ratio etc

(d) NPV calculation is based on UN-ESCAP definitions and methodology

Note: DOD: total disbursed external debt outstanding

GNP: gross national product

XGS: exports of goods and non factor services including workers' remittances and compensation of employees

TDS: total external debt service payments

INT: external interest payments

MLDS: external medium and long-term debt service payments

NPV: present value of the stream of future debt payments on foreign debt, discounted at CIRR.

end 2018. The decline in debt to GDP ratio was mainly due to decline in the economic activities in 2019 as a result of the Easter Sunday attack. The debt to GDP ratio is expected to be further deteriorated in 2020 due to the negative impact of COVID-19 pandemic on economic activities. The share of foreign debt service payments compared to official reserves also deteriorated

to 59.32 in 2019 from 41.69 per cent in 2018 which indicates the capability of the country to meet external debt maturities falling due with the official reserves has deteriorated. This was due to the rate of increase in the debt maturities being higher than the increase in official reserves in 2019.

TABLE 21
OVERALL DEBT SUSTAINABILITY

Indicator	2017	2018	Per cent 2019 (a)
Overall Debt Sustainability			
Debt/GDP	77.9	83.7	86.8
Share of Foreign Debt Service Payments /Official Reserves (b)	32.02	41.69	59.32

(a) Provisional

Source: Central Bank of Sri Lanka

(b) Official reserves at end of the previous year

Special Appendix

Major Developments in the Government Securities Market in Sri Lanka

- 1923 - Enactment of the Local Treasury Bills Ordinance (LTBO) enabling the Government to borrow through the issue of Treasury bills
- 1937 - Enactment of the Registered Stock and Securities Ordinance (RSSO) enabling the Government to borrow through the issue of medium and long-term government securities
- 1941 - Commencement of Treasury bill issues under parliamentary approval
- 1949 - Enactment of the Monetary Law Act (MLA) entrusting the Central Bank of Ceylon to act as the agent of the government in managing public debt
- 1957 - Enactment of the Foreign Loans Act
 - Enactment of the Tax Reserve Certificates Act
- 1981 - Commencement of the issuance of six months (182 days) Treasury bills. Prior to 1981, only three months (91 days) Treasury bills were issued.
 - Introduction of secondary market operations for Treasury bills
- 1982 - Enactment of the Loans (Special Provisions) Act
- 1986 - Commencement of weekly issues of Treasury bills. Fortnightly issues of Treasury bills on the 1st and the 15th of each month had taken place before 1986.
 - Introduction of Tap system through the regional offices of the Central Bank of Sri Lanka (CBSL).
- 1989 - Issuance of Treasury bills with multiple maturities of 91-days, 182-days and 364-days
 - Introduction of the Treasury Certificates of Deposit Act
 - Tap system extended through authorized agents
- 1992 - Introduction of accredited Primary Dealer (PD) system. Eleven PDs consisting of eight Licensed Commercial Banks (LCBs) and three non-bank dealers were appointed.
- 1993 - Introduction of repurchase agreements on Treasury bills
- 1994 - Reforming the PD system. Eighteen PDs consisting of thirteen LCBs and five non-bank dealers were appointed.
- 1995 - Phasing out of non- competitive bidding by public sector institutional investors
 - Introduction of reverse repurchase transactions on Treasury bills
 - Fixing and prior announcement of Treasury bills to be issued under each maturity
 - Amendment of LTBO and RSSO to facilitate the issue of scripless Treasury bills and Treasury bonds and maintenance of the Central Depository System (CDS)
- 1997 - Commencement of the issuance of Treasury bonds
 - Formation of the Association of Primary Dealers in June 1997

- 1998 - Introduction of an electronic bidding facility
- 2000 - Introduction of the dedicated PD system, where only the dedicated companies were appointed as PDs
- 2001 - Issuance of Sri Lanka Development Bonds (SLDBs)
- 2002 - Expansion of PD system to LCBs
- 2003 - Enactment of the Fiscal Management (Responsibility) Act
 - Introduction of a Code of Conduct for PDs
 - CBSL moved from a system of ‘passive’ Open Market Operations (OMO) to an ‘active’ OMO system in order to enhance the effectiveness and market orientation of monetary policy operations.
 - Introduction of a screen based trading platform for government bonds
- 2004 - Conversion of Treasury bills and Treasury bonds issued in scrip form into scripless form pursuant to the Regulations issued under LTBO and RSSO in 2004
 - Introduction of Scripless Securities Settlement System (SSSS) (on Delivery Versus Payment (DVP) basis) and the CDS for government securities
 - Issue of government securities in scripless form
- 2005 - Issuance of first index-linked Treasury bonds
 - Issue of the first Sovereign credit rating of Sri Lanka by Standard and Poor’s (S&P) and Fitch Ratings (Fitch).
- 2006 - Introduction of the Risk Weighted Capital Adequacy framework for PDs
 - Opening up the Treasury bond market to foreign investors with an aggregate ceiling of 5 per cent of the outstanding bonds
 - Issue of Sri Lanka Nation Building Bonds (SLNBB)
 - Suspension of the participation of PDs in the CBSL’s OMOs
- 2007 - Opening of retail outlets to sell government securities
 - Lifting the suspension of PDs’ participation in the CBSL’s OMOs
 - Enhancement of the aggregate ceiling of 5 per cent to 10 per cent in respect of investment in Treasury bonds by foreign investors
 - Issuance of the first International Sovereign Bond (ISB) of US dollars 500 million in the international capital market
- 2008 - Authorizing LCBs to invest in the ISB issued by the Government of Sri Lanka (GOSL), in the secondary market
 - Opening up of the Treasury bill market to foreign investors with the aggregate ceiling of 10 per cent of the outstanding bills
 - Introduction of the PC based payment and securities settlement system as part of the Business Continuity Plan (BCP) of the LankaSettle System
- 2009 - Issuance of the second ISB of US dollars 500 million
 - Opening up of the Treasury bill and Treasury bond market to the Sri Lankan Diaspora and Migrant workforce

- Providing concessions in obtaining Dual Citizenship status by ex-Sri Lankans (holding foreign citizenship) who invest in Sri Lanka Government Treasury bonds subject to certain conditions
 - Extending the yield curve on Government securities up to 10 years
 - Increasing the maximum number of days accepted by the LankaSecure system for future value dated transactions from 31 calendar days to 364 calendar days
 - Upgrading of the Sovereign credit rating outlook by S&P and Fitch
 - Setting up of the Domestic Debt Management Committee (DDMC) by the Monetary Board on 05 November 2009
- 2010
- Introduction of participant managed Intraday Liquidity Facility to the LankaSettle and LankaSecure Systems
 - Introduction of an Analytical Tool to develop a Medium-term Public Debt Management Strategy
 - Conducting a workshop for the dealers and treasury officials of PDs on the development of domestic and international economy
 - Issuance of the third ISB of US dollars 1,000 million with 10 year maturity
 - Issue of first Sovereign credit rating of Sri Lanka by Moody's Investors Service (Moody's) and upgrading of the Sovereign credit rating of Sri Lanka by Fitch and S&P
- 2011
- Issuance of the fourth ISB of US dollars 1,000 million with 10 year maturity
 - Upgrading the Sovereign credit ratings of Sri Lanka by Fitch, S&P and Moody's
 - Appointment of three new participants to LankaSecure including one PD and two LCBs namely, WealthTrust Securities Limited, Amana Bank Limited and Axis Bank Limited
 - Limiting on foreign investments in Government securities was increased from 10 per cent to 12.5 per cent of the total outstanding stock of Treasury bills and Treasury bonds
- 2012
- Issuance of the fifth ISB of US dollars 1,000 million with 10 year maturity
 - Upgrading of LankaSettle and LankaSecure (new version 3.6) with many new features to make the day-to-day business operations more efficient and effective
 - Standardization of investor information registration in the CDS in LankaSecure
 - Implementation of an Electronic Trading (E-Treading) platform to promote the secondary market for Government securities
 - Issuance of 20 year Treasury bonds
 - Fitch affirmed Sri Lanka's Foreign- and Local-Currency Issuer Default Rating (IDRs) at BB- with a "Stable" outlook in May 2012.
 - Moody's affirmed Sri Lanka's rating of B1 with a "Positive" outlook in November 2012.
 - S&P's affirmed Sri Lanka's rating of B+ with "Stable" outlook in December 2012.
- 2013
- Issuance of 30 years Treasury bonds
 - Half-yearly T- bond Primary Auction Calendar was published.
 - Conducted investor awareness programmes and investor meetings in Europe, East Asia including mainland China, and Middle East and in the USA.
 - Streamlined investor records in CDS by having unique identification numbers for each participant

- Commenced a Survey to identify investors who wish to receive the periodic statements in the electronic form instead of printed statements sent through mail
 - Measures have been initiated to put in place an E-Trading Platform and a Central Counterparty arrangement by end 2015 for trading and settlement of domestic financial market transactions including the transactions in Government securities.
 - Introduction of a new computer information system for foreign debt service payments to increase the efficiency of the foreign debt service payment process
 - Simplification of Guidelines relating to investments in Government Securities by Foreign Investors, Sri Lankan Diaspora and Migrant Workforce under Securities Investment Account (SIA) in April 2013
 - Issued the Direction on Assessment of Fitness and Propriety of Directors and Officers Performing Executive Functions of Primary Dealer Companies in May 2013
 - PDs were permitted to act as market makers in corporate bonds or debentures and permitted to invest up to a limit of 5 per cent of total investments in quoted shares, quoted debentures or bonds and quoted commercial papers in July 2013.
 - Pan Asia Banking Corporation PLC was appointed as a PD in terms of the RSSO and the LTBO in August 2013.
 - Issued the Direction on Funds remaining unclaimed in the Customer Accounts maintained by the Dealer Direct Participants in September 2013.
 - The Hong Kong & Shanghai Banking Corporation Ltd. and Perpetual Treasuries Ltd. were appointed as PDs in terms of the RSSO and the LTBO in September 2013.
 - Customer Charter for PDs in Government securities was introduced in November 2013.
 - PDs were permitted to engage in covered Short Selling of Treasury bills and Treasury bonds up to the amount of successful bids accepted and confirmed at primary auctions in December 2013.
- 2014
- Issued US dollars 1,000 million 5 year ISB at a yield rate of 6.00 per cent.
 - The SLDB issuance was authorized up to a limit of US dollars 750 million for 2014.
 - Issued US dollars 500 million 5-year ISB at a yield rate of 5.125 per cent.
 - Union Bank of Colombo PLC was appointed as a Primary Dealer in terms of the RSSO and LTBO.
- 2015
- The SLDB issuance was authorized up to a limit of US dollars 1,500 million for 2015.
 - In addition to issuance of SLDBs at floating rate, issuance of SLDBs at fixed rates in different maturities was approved.
 - A ten year ISB was issued for US dollars 650 million at 6.125 per cent per annum.
 - SLDBs issuance limit was increased from US dollars 1,500 million to US dollars 2,500 million.
 - Multi-currency functionality in Lankasettle system was enabled to facilitate the Scripless trading and recording of legal ownership of SLDBs, denominated in US dollar, with the objective to promote the secondary market for SLDBs.
 - Under the provision of the LTBO, the Parliament granted approval for an increase in authorized limit of Treasury bills from Rs. 850 billion to Rs.1, 250 billion.

- The Direction on minimum core capital requirement was revised, increasing the minimum unimpaired core capital to be maintained by the primary dealer companies from Rs. 300 million to Rs. 1,000 million.
 - The direction on Capital Adequacy Ratio was revised, increasing the minimum Risk Weighted Capital Adequacy Ratio to be maintained by the primary dealer companies from 8 per cent to 10 per cent.
 - A 10-year ISB was issued for US dollars 1,500 million at 6.850 per cent per annum.
 - The threshold of investment in Treasury bills and Treasury bonds by foreigners reduced from 12.5 per cent to 10 per cent of the total outstanding stock of Treasury bills and Treasury bonds.
- 2016
- The SLDB issuance was authorized up to a limit of US dollars 2,500 million for 2016.
 - Change the minimum investment amount in SLDBs from US dollars 100,000 to US dollars 10,000.
 - Five year and ten-year ISB were issued for US dollars 500 million and US dollars 1,000 million at 5.75 per cent and 6.825 per cent per annum, respectively.
 - A Circular was issued on “Recording of Ownership of Government Securities in the LankaSecure Central Depository System” to all Participants of LankaSettle System to ensure compliance with LankaSettle System Rules (Version 2.1)
 - The regulatory and supervisory functions of the Central Bank in relation to primary dealers and other participants have been assigned to the Director, Department of Supervision of Non-Bank Financial Institutions.
 - All primary dealers were directed to use the Bloomberg trading platform (FIQ) designed for Sri Lanka to conduct all inter-primary dealer outright trades and report yield rates and volumes of all outright trades carried out over-the-counter in excess of Rs. 50 million with non-primary dealer investors within 30 minutes of each trade.
 - The above Circular was extended to all Licensed Commercial Banks and Licensed Specialized Banks to conduct all outright trades with other banks and primary dealers and report yield rates and volumes of all outright trades carried out over-the-counter in excess of Rs.50 million, within 30 minutes of each such trade
- 2017
- The SLDB issuance was authorized up to a limit of US dollars 1,500 million for 2017.
 - A Circular was issued to all Licensed Commercial Banks, Licensed Specialized Banks and Primary Dealers to use the Bloomberg trading platform (Fixed Income Quote - FIQ) to:
 - Quote repurchase rates, tenures and volumes
 - Report rates, tenures and volumes of all repurchase transactions carried out over-the-counter within 30 minutes of each such trade of Rs. 100 million or above and
 - Report all inter participant transactions.
 - The SLDB issuance limit was re-authorized up to a limit of US dollars 3,000 million for 2017.
 - A ten year ISB was issued for US dollars 1,500 million with a coupon of 6.20 per cent per annum.
 - Introduction of a New Primary Issuance System for Treasury bonds.
- 2018
- The SLDB issuance was authorized up to a limit of US dollars 3,000 million for 2018.

- Issuance of ISBs was upsized up to a limit of US dollars 2,500 million for 2018.
 - The Active Liability Management Act (ALMA), No. 8 of 2018 was passed by the Parliament.
- 2019
- The SLDB issuance was authorized up to a limit of US dollars 1,500 million for 2019.
Threshold of foreign investments in Treasury bills and Treasury bonds reduced from 10 per cent to 5 per cent out of the total outstanding stock of Treasury bills and Treasury bonds.
 - Real-time notification facility for the customers of LankaSecure was launched to send SMS or/ and e-mail notification for each and every debit and credit record of scripless securities carried out in each Securities Account in the LankaSecure System.
 - The Medium-Term Debt Management Strategy (MTDS) for the period 2019 - 2023 was formulated and published in the Central Bank website.
 - Resolution to raise up to Rs. 480 billion as per the Active Liability Management Act (ALMA), No. 8 of 2018 was approved by the Parliament.
 - Review of the new Treasury bond Issuance System to enhance the minimum acceptance level to initiate phase III of the issuance system and to recognize the phase II subscription in computing of the minimum successful participation by Primary Dealers.
 - Settlement value, price and interest rate of each and every Securities transaction will be captured in the LankaSecure System, with effect from 01 January 2020. Participants of the LankaSettle system were informed of the development and requested to comply, through the Circular issued on 01 October 2019.
 - Five year ISBs for US dollars 1,500 million, a ten year ISB for US dollars 1,400 million and a long-ten year ISB of US dollars 1,500 million were issued in 2019.

Glossary

Average Time to Maturity - Weighted average time to maturity of all the debt securities/loans in the debt portfolio.

Benchmark Bond - A bond that provides a standard against which the performance of other bonds can be measured. Government bonds are often used as benchmark bonds. This is also referred to as “benchmark issue”.

Bunching of Debt Stock - An excessive amount of debt maturing on a given date or within a given period of time.

Central Counterparty (CCP) - A central counterparty interposes itself between counterparties to contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer and thereby ensuring the performance of open contracts. A CCP becomes counterparty to trades with market participants through novation, an open-offer system, or through an analogous legally binding arrangement. CCPs have the potential to reduce significantly risks to participants through the multilateral netting of trades and by imposing more-effective risk controls on all participants and, as a result, they can reduce systemic risk in the markets they serve.

Central Depository - A computerized central system which records primary issuance of scripless securities and their trades taking place in the secondary market.

Coupon - The interest payment made to bond holders during the lifetime of the bond. Coupon payments are usually paid semi-annually. The annual amount of interest is equal to the principal value times the coupon rate.

Debt Sustainability - The level of debt which allows a debtor country to meet its current and future debt service obligations in full, without recourse to further debt relief or rescheduling, avoiding accumulation of arrears, while allowing an acceptable level of economic growth.

Duration - The weighted average maturity of the cash flows of a debt security/portfolio.

DVP/III - Simultaneous Net Settlement of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds on a net basis, with final transfer of both occurring at the end of the processing cycle. Settlement may occur once a day or several times a day.

E-Trading - It is an Information Technology enabled trading mechanisms which enables traders to connect, place orders and conduct trading activities for a pre-determined tangible/intangible types of items.

Floating Rate Bond - A bond that has a variable coupon equal to a money market reference rate, like LIBOR plus a spread. The spread is a value that remains constant.

FinNet - Financial Information Network (FinNet) is a common interface to submit financial information by banks, finance companies, leasing companies and primary dealers.

Grace Period - Period of time provided for in a loan agreement for commencement of repayment of the loan.

Grant Element - A measure of concessionality of a loan, calculated as the difference between the face value of the loan and the sum of discounted future debt service payments to be made by the borrower expressed as a percentage of the face value of the loan.

Index Linked Bond - A bond, which pays a coupon that, varies according to some underlying Index usually the Consumer Price Index.

Intra-day liquidity - Funds, which can be accessed during a business day and settled on the same day, usually to enable financial institutions to make payments on real time.

LIBOR - The London Inter Bank Offered Rate. This rate is used as a reference rate by the international banking markets and is commonly the basis on which lending/borrowing margins are fixed.

Maturity - Refers to the date on which the issuer has promised to redeem the issue by paying the principal value. The number of days or years until the date of redemption is called the maturity period.

Novation - Replacement of a contract between the original counterparties with two new contracts; one between the buyer's clearing agent and the CCP, and another between the CCP and the seller's clearing agent.

Open Market Operations - The process of which the Central Bank buys or sells securities in the open market to control the volume of money (liquidity) or price of money (interest rates).

Outright Transactions - Transactions by which ownership (title) of the securities are transferred permanently to the buyer.

Parity Variance - Effect of the appreciation/ depreciation of foreign currencies against the local currency on the existing foreign currency debt portfolio stated in the local currency

Primary Dealer - An intermediary appointed by the CBSL to deal in government securities.

Primary Market - Market where securities are first issued to buyers.

Repayment Period - The period during which the debt obligation is to be repaid.

Repurchase Transaction - A transaction involving a sale of securities with an agreement to reverse the transaction on a future date.

Risk Weighted Capital Adequacy Ratio - The ratio computed by dividing available capital by the risk weighted assets.

Running Cost Ratio - The interest paid as a proportion of the outstanding debt stock at the beginning of the year.

Rupee Loan - A medium to long-term debt instrument issued with maturities more than two years on tap basis or as private placements by the CBSL on behalf of the government under the Registered Stock and Securities Ordinance. Interest rates of this instrument are determined administratively.

Scriptless Securities - Treasury bills and Treasury bonds issued in book entry form or as paperless securities.

Secondary Market - The market where securities are traded and exchanged among buyers and sellers after the securities are issued at the primary market.

Short Selling - The sale of an asset (a security/ stock, commodity futures contract, corporate or sovereign bond) that is not owned by the seller at the time of sale. Short selling are of two kinds, namely “Naked Short Selling and “Covered Short Selling” and “Naked Short Selling”.

Special Drawing Rights - The unit of account of the IMF of which the value is based on a basket of key international currencies.

Sovereign Bond - A debt security issued by a sovereign government denominated in domestic or a foreign currency. The foreign currency most likely is a hard currency.

Sovereign Credit Rating - Sovereign Credit Rating is an assessment of the credit worthiness of a country or sovereign entity. At the request of the country, a credit rating agency will evaluate the country’s economic and political environment to determine representative credit ratings.

Statutory Reserve Ratio - Percentage of deposits, which the commercial banks should keep with the central bank, through which the central bank can influence their credit creating ability.

Treasury Bill - A short-term debt instrument issued usually on a discount basis and for maturities of 91, 182, and 364 days by the CBSL on behalf of the government under the Local Treasury Bills Ordinance.

Treasury Bond - A medium to long-term debt instrument issued by the CBSL on behalf of the government under the Registered Stock and Securities Ordinance.

Yield - The coupon or discount when expressed as a percentage of the price.

Yield Curve - A graphical depiction of the relationship between the yield on the securities and different maturities.

Zero Coupon Bond - A bond that does not pay interest during the life of the bond. Instead, investors buy a zero coupon bond at a deep discount on the face value. The face value of the bond is paid at the maturity.

Statistical Appendix

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Definitions and Explanatory Notes

The following general notes supplement the footnotes given below the individual tables:

1. In an attempt to bring the material up-to-date provisional figures are included in some tables.
2. Figures in some tables have been rounded off to the nearest final digit. Hence there may be slight discrepancy between the total as shown and the sum of its components.
3. Differences as compared with previously published figures are due to subsequent revisions.
4. Values indicated within parenthesis are negative values.
5. The following symbols have been used throughout:-

n.a. = not available

- = nil

... = negligible

6. PD industry financial indicators for 2012 have been adjusted to represent the audited figures.
7. PD industry figures have been adjusted to accommodate the change for exempting LCBs from the requirements on RWCAF with effect from 14.02.2013. Therefore, adjusted figures for the capital requirement represent only the 'Standalone PDs'. This change has been applied for all past years as well.



CENTRAL GOVERNMENT OUTSTANDING DEBT
TABLE 1
CENTRAL GOVERNMENT OUTSTANDING DEBT

Year (a)	Rs. million									
	Domestic debt					Foreign Debt (b,c)	Total Debt	As a % of GDP (d,e)		
	Treasury Bills (b)	Rupee Loans	Treasury Bonds (c,d)	Other	Total (d)			Domestic	Foreign	Total
1954	105	782	-	66	953	211	1,164	20.1	4.4	24.5
1955	60	829	-	-	889	232	1,121	17.0	4.4	21.4
1956	68	882	-	-	950	258	1,208	18.6	5.1	23.7
1957	65	962	-	105	1,132	278	1,410	21.8	5.3	27.1
1958	140	1,007	-	91	1,238	293	1,531	22.5	5.3	27.9
1959	320	1,102	-	138	1,560	307	1,867	24.3	4.8	29.1
1960	550	1,217	-	170	1,937	345	2,282	28.9	5.1	34.0
1961	750	1,397	-	198	2,345	407	2,752	34.1	5.9	40.0
1962	1,000	1,515	-	179	2,694	412	3,106	38.7	5.9	44.6
1963	1,125	1,684	-	222	3,031	489	3,520	41.1	6.6	47.7
1964	1,250	1,909	-	216	3,375	549	3,924	43.3	7.0	50.3
1965	1,300	2,150	-	246	3,696	739	4,435	45.7	9.1	54.9
1966	1,425	2,475	-	295	4,195	1,074	5,269	50.3	12.9	63.2
1967	1,500	2,785	-	298	4,583	1,376	5,959	50.7	15.2	65.9
1968	1,750	3,118	-	329	5,197	1,578	6,775	48.5	14.7	63.2
1969	1,750	3,409	-	354	5,513	1,800	7,313	47.1	15.4	62.5
1970	1,950	3,925	-	420	6,295	2,394	8,689	46.1	17.5	63.6
1971	2,025	4,512	-	446	6,983	2,795	9,778	49.7	19.9	69.6
1972	2,325	5,103	-	498	7,926	2,936	10,862	52.0	19.3	71.2
1973	2,250	5,812	-	522	8,584	3,705	12,289	46.6	20.1	66.8
1974	2,250	6,591	-	604	9,445	2,859	12,304	39.7	12.0	51.8
1975	2,350	7,560	-	949	10,859	3,705	14,564	40.9	13.9	54.8
1976	2,700	9,001	-	990	12,691	4,968	17,659	42.0	16.4	58.5
1977	2,500	10,391	-	1,501	14,392	10,593	24,985	39.5	29.1	68.6
1978	2,635	12,049	-	1,684	16,368	14,583	30,951	38.4	34.2	72.5
1979	3,000	14,929	-	1,705	19,634	15,840	35,474	37.5	30.2	67.7
1980	9,800	17,611	-	1,659	29,070	22,276	51,346	43.7	33.5	77.2
1981	13,920	20,025	-	1,573	35,518	29,172	64,690	41.8	34.3	76.1
1982	17,320	25,800	-	2,147	45,267	35,267	80,534	45.6	35.5	81.1
1983	17,400	31,953	-	2,416	51,769	46,688	98,457	42.6	38.4	81.0
1984	14,860	33,228	-	3,564	51,652	53,681	105,333	33.6	34.9	68.5
1985	22,280	36,570	-	3,761	62,611	67,673	130,284	38.6	41.7	80.3
1986	26,173	39,130	-	4,196	69,499	86,208	155,707	38.7	48.0	86.8
1987	29,850	44,957	-	4,190	78,997	111,812	190,809	40.2	56.8	97.0
1988	43,700	49,797	-	5,099	98,596	125,657	224,253	44.4	56.6	101.0
1989	57,246	54,217	-	6,099	117,562	156,298	273,860	46.7	62.0	108.7
1990	67,968	54,677	-	11,251	133,896	176,883	310,779	41.6	55.0	96.6
1991	72,968	66,823	-	12,328	152,119	214,579	366,698	40.9	57.6	98.5
1992	87,096	69,180	-	13,744	170,020	235,539	405,559	40.0	55.4	95.4
1993	97,196	105,707	-	10,782	213,685	270,224	483,909	42.8	54.1	96.9
1994	98,896	137,554	-	12,669	249,119	301,812	550,931	43.0	52.1	95.1
1995	113,771	157,928	-	17,711	289,410	346,286	635,696	43.3	51.9	95.2
1996	124,996	205,975	-	25,731	356,702	359,685	716,387	46.4	46.8	93.3
1997	114,996	239,475	10,000	23,269	387,740	376,331	764,071	43.6	42.3	85.8
1998	119,996	250,570	48,915	43,945	463,426	461,273	924,699	45.5	45.3	90.8
1999	124,996	262,056	104,867	51,546	543,465	507,866	1,051,331	49.1	45.9	95.1
2000	134,996	263,888	204,124	73,652	676,660	542,040	1,218,700	53.8	43.1	96.9
2001	170,995	292,813	229,174	122,983	815,965	636,741	1,452,706	58.0	45.3	103.3
2002	210,995	287,701	347,128	102,562	948,386	721,957	1,670,343	60.0	45.6	105.6
2003	219,295	248,414	487,504	69,153	1,024,366	843,882	1,868,248	56.2	46.3	102.5
2004	243,886	164,758	647,746	91,396	1,147,786	996,138	2,143,924	54.9	47.6	102.5
2005	234,174	140,563	755,966	139,416	1,270,119	956,620	2,226,739	51.8	39.0	90.8
2006	257,732	116,713	890,369	218,813	1,483,627	1,103,418	2,587,045	50.5	37.5	88.0
2007	307,012	131,509	1,023,249	257,825	1,719,595	1,326,487	3,046,082	48.1	37.1	85.1
2008	402,600	130,009	1,286,375	325,641	2,144,625	1,448,734	3,593,359	48.6	32.8	81.5
2009	441,032	112,292	1,517,909	334,119	2,405,352	1,760,467	4,165,819	49.7	36.4	86.2
2010	514,442	87,709	1,648,284	319,624	2,570,059	2,024,583	4,594,642	40.1	31.6	71.6
2011	590,885	61,961	1,823,648	331,988	2,808,482	2,329,280	5,137,762	38.9	32.3	71.2
2012	629,070	58,386	2,177,892	450,303	3,315,651	2,767,299	6,082,950	38.0	31.7	69.7
2013	700,137	55,518	2,548,323	624,810	3,928,788	2,960,424	6,889,212	41.0	30.9	71.8
2014	694,767	55,518	2,940,017	683,444	4,373,746	3,113,116	7,486,862	42.2	30.0	72.3
2015	658,240	24,088	3,401,211	971,620	5,055,159	3,544,031	8,599,190	46.2	32.4	78.5
2016	779,581	24,088	3,806,353	823,051	5,433,073	4,045,796	9,478,869	45.3	33.7	79.0
2017 (f)	697,154	24,088	3,892,408	1,050,565	5,664,215	4,718,618	10,382,832	42.5	35.4	77.9
2018 (f)	746,887	24,088	4,197,323	1,102,702	6,071,001	5,959,547	12,030,548	42.3	41.5	83.7
2019 (g)	873,943	24,088	4,606,232	1,124,841	6,629,104	6,402,439	13,031,543	44.1	42.6	86.8

(a) From 1954 to 1973, outstanding position as at end September and since then as at end December

Sources: Ministry of Finance

(b) Rupee denominated Treasury bills issued to foreign investors from 2008 and to the Sri Lankan diaspora and migrant workers from 2009 are excluded from domestic debt and included in foreign debt

Central Bank of Sri Lanka

(c) Rupee denominated Treasury bonds issued to foreign investors from 2007 and to the Sri Lankan diaspora and migrant workers from 2009 are excluded from domestic debt and included in foreign debt

(d) Includes Treasury bonds of Rs. 4,397 million issued to the Co-operative Wholesale Establishment (CWE) in November 2003 (matured on 14 November 2016), Rs. 13,125 million issued to capitalise SriLankan Airlines in March 2013 (matured on 01 June 2018) and Rs. 78,441 million issued to the Ceylon Petroleum Corporation (CPC) in January 2012 (of which Rs. 21,778 million matured on 01 January 2017 and the current outstanding is Rs. 56,662 million)

(e) From 2003 to 2009, based on GDP estimates by the Department of Census and Statistics (DCS) and from 2010 onwards, the data are based on rebased GDP estimates (base year 2010) of the Department of Census and Statistics (DCS)

(f) Domestic debt, Foreign debt and Total debt as a % of GDP for 2017 and 2018 based on the revised GDP estimates for 2017 and 2018 released on 31 March 2020 by the DCS

(g) Provisional

CENTRAL GOVERNMENT OUTSTANDING DEBT

TABLE 2
OUTSTANDING CENTRAL GOVERNMENT DEBT AS AT END YEAR

Item	2015	2016	2017	2018	Rs million
					2019
Total Domestic Debt	5,055,159	5,433,073	5,664,215	6,071,001	6,629,104
By Maturity					Provisional
Short-Term	913,291	968,396	1,031,181	1,134,553	1,270,374
Treasury Bills (a) (b)	658,240	779,581	697,154	746,887	873,943
Provisional Advances from the Central Bank	151,132	83,307	199,801	198,633	236,609
Import Bills held by Commercial Banks	4	-	-	-	131.00
Other Liabilities to the Banking Sector net of Bank Deposits	103,345	105,508	134,227	189,034	159,691
Other (Administrative Borrowing)	570	-	-	-	-
Medium and Long-term	4,141,868	4,464,677	4,633,033	4,936,447	5,358,731
Rupee Loans	24,088	24,088	24,088	24,088	24,088
Treasury Bonds (b) (c)	3,401,211	3,806,353	3,892,408	4,197,323	4,606,232
Sri Lanka Development Bonds	668,458	572,199	637,886	614,219	560,226
Other	48,111	62,037	78,652	100,817	168,184
By Debt Instrument	5,055,159	5,433,073	5,664,215	6,071,001	6,629,104
Rupee Loans	24,088	24,088	24,088	24,088	24,088
Treasury Bills (a) (b)	658,240	779,581	697,154	746,887	873,943
Treasury Bonds (b) (c)	3,401,211	3,806,353	3,892,408	4,197,323	4,606,232
Sri Lanka Development Bonds	668,458	572,199	637,886	614,219	560,226
Provisional Advances	151,132	83,307	199,801	198,633	236,609
Other	152,031	167,545	212,879	289,851	328,006
By Institution	5,055,159	5,433,073	5,664,215	6,071,001	6,629,104
Banks	2,007,961	2,198,909	2,383,663	2,351,940	2,739,583
Central Bank					
By Debt Instrument	256,050	414,950	209,412	244,128	310,909
Treasury Bills (a) (b)	104,754	331,389	9,908	45,797	74,744
Treasury Bonds (b) (c)	-	-	-	-	-
Other (d)	151,296	83,560	199,504	198,331	236,165
Commercial Banks					
By Debt Instrument	1,751,911	1,783,959	2,174,251	2,107,811	2,428,674
Rupee Loans	15,870	15,870	15,870	15,870	15,870
Treasury Bills (a) (b)	340,664	244,139	463,198	489,199	684,680
Treasury Bonds (b) (c)	601,538	815,950	858,574	698,378	839,456
Sri Lanka Development Bonds	668,458	572,199	637,886	614,219	560,226
Other	125,382	135,802	198,723	290,145	328,442
Non bank sector					
By Debt Instrument	3,047,199	3,234,164	3,280,552	3,719,061	3,889,521
Rupee Loans	8,218	8,218	8,218	8,218	8,218
Treasury Bills (a) (b)	212,822	204,052	224,048	211,891	114,519
Treasury Bonds (b) (c)	2,799,673	2,990,403	3,033,833	3,498,945	3,766,777
Other (g)	26,485	31,490	14,453	7	7
By Institution	3,047,199	3,234,164	3,280,552	3,719,061	3,889,521
National Savings Bank	428,236	426,771	447,792	494,976	593,965
Employees' Provident Fund	1,612,461	1,778,276	1,930,141	2,147,176	2,147,176
Other	1,006,502	1,029,117	902,619	1,076,909	1,148,380
Total Foreign Debt (e)	3,544,031	4,045,796	4,718,618	5,959,547	6,402,439
By Type	3,544,031	4,045,796	4,718,618	5,959,547	6,402,439
Project Loans	2,180,388	2,361,118	2,610,547	3,149,905	3,231,464
Non-Project Loans	1,363,642	1,684,678	2,108,070	2,809,642	3,170,975
Commodity	71,470	69,101	62,727	63,267	52,312
Other	1,292,173	1,615,577	2,045,344	2,746,375	3,118,663
By Institution	3,544,031	4,045,796	4,718,618	5,959,547	6,402,439
Concessional Loans	1,729,895	1,897,680	2,130,482	2,705,836	2,767,459
Multi-lateral	794,485	855,998	954,662	1,392,857	1,356,925
Bi-lateral	935,410	1,041,682	1,175,820	1,312,979	1,410,534
Non-Concessional Loans	507,046	538,859	560,207	268,556	311,676
Multi-lateral	199,945	220,551	243,581	58,586	112,943
Bi-lateral	307,101	318,308	316,626	209,970	198,733
Commercial Loans	1,307,090	1,609,257	2,027,928	2,985,156	3,323,304
International Sovereign Bonds	958,014	1,220,870	1,475,049	2,220,411	2,733,592
Non-resident investments in Treasury bills	5,045	12,816	27,552	11,909	23,727
Non-resident investments in Treasury bonds	298,734	247,222	295,059	146,914	80,294
Other (f)	45,296	128,350	230,268	605,921	485,692
Total Outstanding Government Debt	8,599,190	9,478,869	10,382,832	12,030,548	13,031,543

(a) Outstanding Treasury bills and Treasury bonds have been adjusted for secondary market transactions

Sources: Ministry of Finance

(b) Excludes rupee denominated Treasury bills and bonds held by foreign investors

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(c) Includes Treasury bonds of Rs. 4,397 million issued to CWE in November 2003 (matured on 14 November 2016), Rs. 13,125 million issued to capitalise SriLankan Airlines in March 2013 (matured on 01 June 2018) and Rs. 78,441 million issued to CPC in January 2012 (of which Rs. 21,778 million matured on 01 January 2017 and the outstanding as at end 2019 is Rs. 56,662 million)

(d) Includes provisional advances

(e) Excludes outstanding loans of projects under state owned business enterprises

(f) Includes outstanding defence loans

(g) Includes sinking fund

CENTRAL GOVERNMENT OUTSTANDING DEBT

TABLE 3

COMPOSITION OF OUTSTANDING CENTRAL GOVERNMENT DEBT AS AT END YEAR

Source	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (a)
1. Foreign Debt	2,024,583	2,329,280	2,767,299	2,960,424	3,113,116	3,544,031	4,045,796	4,718,618	5,959,547	6,402,439
1.1 Project Loans (b)	1,461,729	1,640,117	1,846,772	1,938,909	1,904,599	2,180,388	2,361,118	2,610,547	3,149,905	3,231,464
1.2 Non -Project Loans	562,854	689,163	920,527	1,021,515	1,208,516	1,363,642	1,684,678	2,108,070	2,809,642	3,170,975
Commodity	54,653	53,460	56,599	61,597	69,993	71,470	69,101	62,727	63,267	52,312
Other (c)	508,201	635,703	863,928	959,918	1,138,523	1,292,173	1,615,577	2,045,344	2,746,375	3,118,663
2. Domestic Debt	2,570,059	2,808,482	3,315,651	3,928,788	4,373,746	5,055,159	5,433,073	5,664,215	6,071,001	6,629,104
2.1 Rupee Loans	87,709	61,961	58,386	55,518	55,518	24,088	24,088	24,088	24,088	24,088
2.2 Treasury Bills (d)	514,442	590,885	629,070	700,137	694,767	658,240	779,581	697,154	746,887	873,943
2.3 Treasury Bonds (e)	1,648,284	1,823,648	2,177,892	2,548,323	2,940,017	3,401,211	3,806,353	3,892,408	4,197,323	4,606,232
2.4 Sri Lanka Development Bonds	173,877	183,845	222,994	369,215	391,083	668,458	572,199	637,886	614,219	560,226
2.5 Central Bank Advances	77,879	94,743	111,292	109,167	143,898	151,132	83,307	199,801	198,633	236,609
2.6 Other (f)	67,869	53,400	116,017	146,429	148,463	152,030	167,546	212,878	289,851	328,005
Total	4,594,642	5,137,762	6,082,950	6,889,212	7,486,862	8,599,190	9,478,869	10,382,832	12,030,548	13,031,543

(a) Provisional

(b) Includes outstanding balance of loans contracted with multilateral and bilateral lending partners

(c) Includes rupee denominated Treasury bonds and rupee denominated Treasury bills held by foreign investors, the international sovereign bonds, outstanding defence loans and foreign currency term financing facility

(d) Excludes rupee denominated Treasury bills held by foreign investors

(e) Excludes rupee denominated Treasury bonds held by foreign investors and includes Treasury bonds of Rs. 4,397 million issued to CWE in November 2003 (matured on 14 November 2016), Rs. 13,125 million issued to capitalise SriLankan Airlines in March 2013 (matured on 01 June 2018) and Rs. 78,441 million issued to CPC in January 2012 (of which Rs. 21,778 million matured on 01 January 2017 and the outstanding as at end 2019 is Rs. 56,662 million)

(f) Includes administrative borrowings arising from foreign loans channeled through government or semi - government agencies and outstanding balance of borrowing from Offshore Banking Units (OBUs)

Sources: Ministry of Finance

Central Bank of Sri Lanka

CENTRAL GOVERNMENT OUTSTANDING DEBT

TABLE 4

OWNERSHIP OF OUTSTANDING CENTRAL GOVERNMENT DEBT AS AT END YEAR (a)

Owner	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (b)
1. Domestic Debt (c) (d)	2,570,059	2,808,482	3,315,651	3,928,788	4,373,746	5,055,159	5,433,073	5,664,215	6,071,001	6,629,104
1.1 Banking Sector	714,280	908,572	1,148,937	1,524,832	1,756,380	2,007,961	2,198,909	2,383,663	2,351,940	2,739,583
Central Bank	78,376	263,329	265,198	112,396	267,676	256,050	414,950	209,412	244,128	310,909
Commercial Banks	635,904	645,243	883,739	1,412,436	1,488,703	1,751,911	1,783,959	2,174,251	2,107,811	2,428,674
1.2 Non Bank Sector	1,855,779	1,899,910	2,166,714	2,403,956	2,617,366	3,047,198	3,234,164	3,280,552	3,719,061	3,889,521
Market Borrowings	1,848,101	1,898,977	2,165,780	2,390,023	2,616,796	3,046,628	3,234,164	3,280,552	3,719,061	3,889,521
Savings Institutions	286,514	314,319	330,150	358,243	379,877	428,236	426,771	447,792	494,976	593,965
Insurance Funds	32,839	34,356	33,768	30,849	30,536	50,597	57,944	72,305	67,506	55,589
Provident and Pension Funds (e)	884,279	959,303	1,204,729	1,428,534	1,474,560	1,655,336	1,826,633	1,942,739	2,243,834	2,460,663
Official Fund (f)	167,374	161,568	178,900	202,118	221,584	252,615	271,630	289,154	317,840	324,837
Private Business and Individuals (g)	477,094	429,431	418,234	370,279	510,328	659,845	651,186	528,563	594,905	454,465
Non Market Borrowings	7,678	933	933	13,933	570	570	-	-	-	-
2. Foreign Debt (h)	2,024,583	2,329,280	2,767,299	2,960,424	3,113,116	3,544,031	4,045,796	4,718,618	5,959,547	6,402,439
Total	4,594,642	5,137,762	6,082,950	6,889,212	7,486,862	8,599,190	9,478,869	10,382,832	12,030,548	13,031,543

(a) Outstanding Treasury bills and Treasury bonds have been adjusted for secondary market transactions

(b) Provisional

(c) Excludes rupee denominated Treasury bills held by foreign investors

(d) Excludes rupee denominated Treasury bonds held by foreign investors and includes Treasury bonds of Rs. 4,397 million issued to CWE in November 2003 (matured on 14 November 2016), Rs. 13,125 million issued to capitalise SriLankan Airlines in March 2013 (matured on 01 June 2018) and Rs. 78,441 million issued to CPC in January 2012 (of which Rs. 21,778 million matured on 01 January 2017 and the outstanding as at end 2019 is Rs. 56,662 million)

(e) Trusts, Benevolent, Pension and Provident Funds and the Employees' Provident Fund

(f) The Central Government, Local Authorities, State Corporations, Departmental and other official funds

(g) Includes the value of Treasury Certificates of Deposits, Public Debt Sinking Funds (the Investment Fund w.e.f. September, 1971) and the National Housing Sinking Fund

(h) Includes rupee denominated Treasury bills and Treasury bonds held by foreign investors

Sources: Ministry of Finance

Central Bank of Sri Lanka

DOMESTIC DEBT

TABLE 5

DETAILS OF OUTSTANDING TREASURY BONDS AS AT END 2019 (a)

Rs.million

Maturity Date	Issue Date	Series	ISIN	Face Value
1-May-20	1-May-15	LKB00520E014	09.25%2020A	110,089.0
1-Jun-20	1-Jun-12	LKB00820F015	08.00%2020A	33,896.1
1-Aug-20	1-Aug-10	LKB01020H017	06.20%2020A	71,515.9
15-Dec-20	15-Dec-15	LKB00520L159	09.50%2020A	83,590.0
1-Mar-21	1-Mar-16	LKB00521C016	10.75%2021A	109,124.0
1-May-21	1-May-12	LKB00921E014	09.00%2021A	75,778.1
1-Aug-21	1-Aug-13	LKB00821H019	11.00%2021A	125,414.1
15-Oct-21	15-Oct-14	LKB00721J157	09.45%2021A	85,456.0
15-Dec-21	15-Dec-16	LKB00521L157	11.50%2021A	117,783.0
1-Jan-22	1-Jan-12	LKB01022A018	08.00%2022A	97,934.2
15-Mar-22	15-Mar-19	LKB00322C159	10.70%2022A	15,000.0
1-Jul-22	1-Jul-13	LKB00922G017	11.20%2022A	114,772.1
1-Oct-22	1-Oct-13	LKB00922J011	10.00%2022A	104,208.4
15-Mar-23	15-Mar-18	LKB00523C152	10.00%2023A	107,000.0
15-May-23	15-May-17	LKB00623E156	11.50%2023A	103,565.0
15-Jul-23	15-Jul-18	LKB00523G153	10.20%2023A	65,000.0
1-Sep-23	1-Sep-13	LKB01023I019	11.20%2023A	99,881.3
1-Sep-23	1-Sep-12	LKB01123I017	09.00%2023A	22,428.0
1-Oct-23	1-Oct-03	LKB02023J016	07.00%2023A	67,366.0
15-Dec-23	15-Dec-18	LKB00523L153	11.60%2023A	48,000.0
1-Jan-24	1-Jan-14	LKB01024A014	11.40%2024A	102,434.8
15-Mar-24	15-Mar-19	LKB00524C150	10.90%2024A	75,000.0
15-Jun-24	15-Jun-19	LKB00524F153	10.25%2024A	75,000.0
1-Aug-24	1-Aug-16	LKB00824H013	11.00%2024A	107,327.0
15-Sep-24	15-Sep-19	LKB00524I157	9.85%2024A	85,000.0
1-Dec-24	1-Dec-14	LKB01024L011	06.00%2024A	7,000.0
15-Mar-25	15-Mar-15	LKB01025C157	10.25%2025A	106,672.0
1-May-25	1-May-13	LKB01225E019	09.00%2025A	16,986.9
1-Aug-25	1-Aug-15	LKB01025H016	11.00%2025A	132,027.0
15-Oct-25	15-Oct-17	LKB00825J156	10.35%2025A	95,000.0
1-Feb-26	1-Feb-13	LKB01326B011	09.00%2026A	21,050.0
1-Mar-26	1-Mar-11	LKB01526C014	05.35%2026A	90,586.0
1-Jun-26	1-Jun-14	LKB01226F014	11.00%2026A	112,998.2
1-Aug-26	1-Aug-16	LKB01026H014	11.50%2026A	126,237.0
20-Dec-26	20-Dec-16	LKB01026L206	05.00%2026A	9,142.2
15-Jan-27	15-Jan-19	LKB00827A151	11.40%2027A	50,000.0
15-Jun-27	15-Jun-17	LKB01027F156	11.75%2027A	112,000.0
21-Jul-27	21-Jul-17	LKB01027G212	11.00%2027A	5,000.0
15-Oct-27	15-Oct-19	LKB00827J152	10.30%2027A	40,000.0
15-Dec-27	15-Dec-17	LKB01027L154	11.25%2027A	7,500.0
15-Mar-28	15-Mar-18	LKB01028C151	10.75%2028A	133,000.0
1-May-28	1-May-13	LKB01528E016	09.00%2028B	97,783.7
1-Jul-28	1-Jul-12	LKB01628G019	09.00%2028A	94,571.2
1-Sep-28	1-Sep-13	LKB01528I017	11.50%2028A	125,084.0
1-Jan-29	1-Jan-14	LKB01529A012	13.00%2029A	83,087.5
1-May-29	1-May-14	LKB01529E014	13.00%2029B	109,785.3
15-May-30	15-May-15	LKB01530E152	11.00%2030A	114,102.0
15-Mar-31	15-Mar-19	LKB01231C151	11.25%2031A	75,000.0
1-Jan-32	1-Jan-12	LKB02032A016	08.00%2032A	99,070.5
1-Oct-32	1-Oct-12	LKB02032J017	09.00%2032A	35,294.9
15-Jan-33	15-Jan-18	LKB01533A154	11.20%2033A	105,000.0
1-Jun-33	1-Jun-13	LKB02033F013	09.00%2033A	101,455.9
1-Jul-33	1-Jul-13	LKB02033G011	13.25%2033A	23,511.8
1-Nov-33	1-Nov-13	LKB02033K013	09.00%2033B	20,008.8
1-Jan-34	1-Jan-14	LKB02034A012	13.25%2034A	77,859.0
15-Sep-34	15-Sep-19	LKB01534I155	10.25%2034A	45,000.0
15-Mar-35	15-Mar-15	LKB02035C155	11.50%2035A	124,565.0
15-Aug-39	15-Aug-19	LKB02039H156	10.50%2039A	25,000.0
1-Jan-41	1-Jan-16	LKB02541A016	12.00%2041A	29,885.0
1-Jun-43	1-Jun-13	LKB03043F011	09.00%2043A	33,809.3
1-Jan-44	1-Jan-14	LKB03044A010	13.50%2044A	10,969.9
1-Jun-44	1-Jun-14	LKB03044F019	13.50%2044B	77,861.8
1-Mar-45	1-Mar-15	LKB03045C013	12.50%2045A	10,058.0
Treasury bond outstanding as end Dec 2019				4,686,525.8

Source: Central Bank of Sri Lanka

a) Includes Government Treasury bonds of Rs. 56,662 million issued to CPC in January 2012 (The amount of Treasury bonds issued to CPC was Rs. 78,441 million in January 2012. But due to maturity of Treasury bonds amounting to Rs. 21,779 million in 01st January 2017, the current outstanding is Rs. 56,662 million)

DOMESTIC DEBT

TABLE 6

DETAILS OF OUTSTANDING SRI LANKA DEVELOPMENT BONDS AS AT END 2019

USD million

Maturity Date	Issue Date	Series	ISIN	Face Value
22-Jan-20	22-Jan-18	SLDB2020D	LKG00220A220	93.2
17-Mar-20	17-Mar-17	SLDB2020C	LKG00320C174	208.8
17-Mar-20	17-Mar-17	SLDB2020C	LKH00320C173	4.0
17-Mar-20	9-May-17	SLDB2020C	LKG00320C174	44.3
1-Apr-20	1-Apr-15	SLDB2020A	LKG00520D011	100.0
1-Apr-20	23-Jan-17	SLDB2020A	LKG00520D011	118.0
1-May-20	1-May-18	SLDB2020E	LKH00220E015	7.5
1-May-20	17-Sep-18	SLDB2020E	LKH00220E015	54.4
29-Jun-20	29-Jun-15	SLDB2020B	LKG00520F297	37.0
29-Jun-20	19-Oct-15	SLDB2020B	LKG00520F297	50.0
29-Jun-20	30-Jun-17	SLDB2020B	LKG00520F297	107.7
30-Jul-20	30-Jan-19	SLDB2020F	LKG00220G300	103.5
30-Jul-20	30-Jan-19	SLDB2020F	LKH00220G309	24.1
22-Jan-21	22-Jan-18	SLDB2021B	LKG00321A226	114.6
22-Jan-21	24-May-19	SLDB2021B	LKG00321A226	12.0
22-Jan-21	24-May-19	SLDB2021B	LKH00321A225	17.7
1-May-21	2-Jul-18	SLDB2021C	LKH00321E011	693.9
30-Jun-21	30-Jun-17	SLDB2021A	LKG00421F306	158.1
30-Jun-21	28-Mar-18	SLDB2021A	LKG00421F306	20.5
30-Jul-21	30-Jan-19	SLDB2021D	LKG00321G306	16.5
30-Jul-21	30-Jan-19	SLDB2021D	LKH00321G305	0.6
30-Jul-21	24-May-19	SLDB2021D	LKG00321G306	36.3
30-Jul-21	24-May-19	SLDB2021D	LKH00321G305	28.3
22-Jan-22	22-Jan-18	SLDB2022B	LKG00422A222	113.7
16-Mar-22	16-Mar-18	SLDB2022C	LKG00422C160	27.0
17-Mar-22	17-Mar-17	SLDB2022A	LKG00522C175	154.2
17-Mar-22	9-May-17	SLDB2022A	LKG00522C175	89.8
17-Mar-22	30-Jun-17	SLDB2022A	LKG00522C175	175.3
1-May-22	1-May-18	SLDB2022D	LKH00422E017	20.0
1-May-22	2-Jul-18	SLDB2022D	LKH00422E017	6.1
1-May-22	17-Sep-18	SLDB2022D	LKH00422E017	25.5
1-May-22	30-Jan-19	SLDB2022D	LKG00422E018	13.0
1-May-22	30-Jan-19	SLDB2022D	LKH00422E017	0.4
1-May-22	24-May-19	SLDB2022D	LKG00422E018	36.2
22-Jan-23	22-Jan-18	SLDB2023A	LKG00523A227	149.2
16-Mar-23	16-Mar-18	SLDB2023B	LKG00523C165	42.1
16-Mar-23	16-Mar-18	SLDB2023B	LKH00523C164	0.0
16-Mar-23	28-Mar-18	SLDB2023B	LKG00523C165	104.5
1-May-23	1-May-18	SLDB2023C	LKH00523E012	20.0
1-May-23	30-Jan-19	SLDB2023C	LKG00523E013	21.7
1-May-23	24-May-19	SLDB2023C	LKG00523E013	35.0
Total				3,084.4

Source: Central Bank of Sri Lanka

DOMESTIC DEBT

TABLE 7

DETAILS OF OUTSTANDING RUPEE LOANS AS AT END 2019

Rs.million

Maturity Date	Issue Date	Series	Interest Rate	Face Value
2/1/23	2/1/93	12%2023	12.00	24,088.0
Total		1		24,088.0

Source: Central Bank of Sri Lanka

DOMESTIC DEBT
TABLE 8
CHANGES IN RELATIVE COMPOSITION OF GOVERNMENT SECURITIES (a)

	2015	2016	2017	2018	2019
1. Maturity (%)					
Short Term	16	17	15	15	16
Medium and Long Term	84	83	85	85	84
2. Marketability (%)					
Marketable	99	99	99	100	100
Non-marketable	1	1	1	0	0
3. Investor base (%)					
Central Bank	3	7	0	1	1
Commercial Banks	23	23	29	24	28
Captive Sources	50	53	52	54	59
Others	24	16	19	21	12
4. Maximum maturity of Treasury Bond issued during the year (yrs)	30	29	10	15	20

(a) Treasury bills, Treasury bonds and Rupee loans only. Excludes Treasury bills and Treasury bonds held by non-residents

Sources: Ministry of Finance
Central Bank of Sri Lanka

DOMESTIC DEBT
TABLE 9
MATURITY PROFILE OF DOMESTIC DEBT AS AT END 2019 (a)

Rs. million

Maturity Year	Instrument					Total
	Treasury Bill (b)	Treasury Bond (b)(c)	Rupee Loan	Sri Lanka Development Bonds (d)	Loans from Foreign Currency Banking Units (d)	
2020	814,714.4	299,091.0	-	172,970.1	158,929.8	1,445,705.1
2021	-	513,555.2	-	199,519.5	-	713,074.6
2022	-	331,914.7	-	120,083.7	-	451,998.4
2023	-	513,240.3	24,088.0	67,653.2	-	604,981.5
2024	-	451,761.8	-	-	-	451,761.8
2025	-	350,685.9	-	-	-	350,685.9
2026	-	360,013.5	-	-	-	360,013.5
2027	-	214,500.0	-	-	9,081.7	223,581.7
2028	-	450,438.9	-	-	-	450,438.9
2029	-	192,872.9	-	-	-	192,872.9
2030	-	114,102.0	-	-	-	114,102.0
2031	-	75,000.0	-	-	-	75,000.0
2032	-	134,365.4	-	-	-	134,365.4
2033	-	249,976.5	-	-	-	249,976.5
2034	-	122,859.0	-	-	-	122,859.0
2035	-	124,565.0	-	-	-	124,565.0
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	25,000.0	-	-	-	25,000.0
2040	-	-	-	-	-	-
2041	-	29,885.0	-	-	-	29,885.0
2042	-	-	-	-	-	-
2043	-	33,809.3	-	-	-	33,809.3
2044	-	88,831.6	-	-	-	88,831.6
2045	-	10,058.0	-	-	-	10,058.0
Total	814,714.4	4,686,525.8	24,088.0	560,226.5	168,011.5	6,253,566.1

(a) Other liabilities to the banking sector are not included

Source : Central Bank of Sri Lanka

(b) Includes Treasury bonds and Treasury bills issued to non-residents

(c) Includes Government Treasury bonds of Rs. 56,662 million issued to CPC in January 2012 (The amount of Treasury bonds issued to CPC was Rs. 78,441 million in January 2012. But due to maturity of Treasury bonds amounting to Rs. 21,779 million in 01st January 2017, the current outstanding is Rs. 56,662 million)

(d) Exchange rate used for conversion is 1 USD = Rs. 181.6340 as at end 2019

DOMESTIC DEBT

TABLE 10

FUTURE DOMESTIC CURRENCY DEBT OBLIGATIONS AS AT END 2019 (a) (b)

Rs. million

Year	Capital	Interest	Grand Total
2020	299,091	565,700	864,791
2021	513,555	454,647	968,202
2022	331,915	405,235	737,150
2023	537,328	364,490	901,818
2024	451,762	307,851	759,613
2025	350,686	268,729	619,414
2026	360,013	228,556	588,570
2027	214,500	194,567	409,067
2028	450,439	168,074	618,513
2029	192,873	121,092	313,965
2030	114,102	102,830	216,932
2031	75,000	92,885	167,885
2032	134,365	84,704	219,069
2033	249,977	67,119	317,095
2034	122,859	46,599	169,458
2035	124,565	29,666	154,231
2036	-	22,504	22,504
2037	-	22,504	22,504
2038	-	22,504	22,504
2039	25,000	22,504	47,504
2040	-	19,879	19,879
2041	29,885	18,085	47,970
2042	-	16,292	16,292
2043	33,809	14,771	48,580
2044	88,832	7,253	96,085
2045	10,058	629	10,687
Total	4,710,614	3,669,668	8,380,282

(a) Represents capital payments (Face values of Treasury bonds and Rupee loans) and interest payments (coupon payments of Treasury bonds, interest payments for Treasury bills and Rupee loans) as at end 2019

Source: Central Bank of Sri Lanka

(b) Treasury bill principle is considered rollover

DOMESTIC DEBT

TABLE 11

OWNERSHIP OF TREASURY BILLS (a)

Rs million

Ownership	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (b)
1. Bank Sector	223,351	355,552	373,753	447,004	401,792	445,418	575,528	473,106	534,996	759,424
1.1 Central Bank	2,993	169,797	154,005	3,053	123,496	104,754	331,389	9,908	45,797	74,744
1.2 Commercial Banks	220,358	185,756	219,748	443,951	278,296	340,664	244,139	463,198	489,199	684,680
2. Non Bank Sector	291,091	235,333	255,317	253,133	292,975	212,822	204,052	224,048	211,891	114,519
2.1 Employees' Provident Fund	5,969	-	33,410	13,969	1,000	-	41,057	74,475	36,321	7,941
2.2 Other Provident Funds	15	1,279	122	45	-	162	77	49	1,091	-
2.3 Savings Institutions	52,541	58,733	61,972	68,328	47,945	67,766	18,049	38,378	21,881	21,939
2.4 Insurance and Finance Companies	12,072	11,010	19,097	28,629	47,461	47,388	57,918	58,093	64,628	71,637
2.5 Departmental and Other Official Funds	20,636	5,968	2,566	8,114	10,986	7,570	7,616	760	3,036	3,449
2.6 Private and Other	199,858	158,344	138,149	134,048	185,582	89,937	79,336	52,293	84,933	9,554
3 Foreign Investors (c)	57,317	70,123	80,184	73,916	55,500	5,045	12,816	27,552	11,909	23,727
Total	571,759	661,008	709,254	774,053	750,267	663,285	792,396	724,706	758,796	897,670

(a) Adjusted for secondary market transactions

Sources: Ministry of Finance

(b) Provisional

Central Bank of Sri Lanka

(c) Includes rupee denominated Treasury bills held by foreign investors. Hence, figures differ from those appearing in Appendix Table 3 of this report

DOMESTIC DEBT

TABLE 12

OWNERSHIP OF TRASURY BONDS (a) (b)

Rs million

Ownership	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (c)
1. Bank Sector	184,779	228,898	333,389	477,457	681,565	601,538	815,950	858,574	698,378	839,456
1.1 Commercial Banks	184,779	228,898	333,389	477,457	681,565	601,538	815,950	858,574	698,378	839,456
2. Non Bank Sector	1,463,505	1,594,750	1,844,502	2,070,866	2,258,452	2,799,673	2,990,403	3,033,833	3,498,945	3,766,776
2.1 Employee's Provident Fund	814,451	927,374	1,117,360	1,356,389	1,450,144	1,612,461	1,737,219	1,855,665	2,110,855	2,382,460
2.2 Other Provident Funds	19,872	7,550	30,639	35,031	315	42,713	48,060	-	42,549	25,637
2.3 Savings Institutions	221,805	246,418	261,309	285,915	327,932	358,470	406,722	407,415	471,095	570,026
2.4 Insurance and Finance Companies	33,624	34,410	31,711	26,636	42,742	58,808	68,124	68,305	56,937	57,122
2.5 Departmental and Other Official Funds	36,963	37,006	37,596	187,904	210,598	245,045	264,014	285,278	311,688	321,389
2.6 Private and Other	336,790	341,992	365,887	178,991	226,720	482,176	466,264	417,170	505,821	410,143
3 Foreign Investors (d)	183,538	199,531	317,604	403,486	401,710	298,734	247,222	295,059	146,914	80,294
Total	1,831,822	2,023,179	2,495,495	2,951,809	3,341,727	3,699,945	4,053,575	4,187,467	4,344,238	4,686,526

(a) Adjusted for secondary market transactions

Sources: Ministry of Finance

(b) Includes Treasury bonds of Rs. 4,397 million issued to CWE in November 2003 (matured on 14 November 2016), Rs. 13,125 million issued to capitalise SriLankan Airlines in March 2013 (matured on 01 June 2018) and Rs. 78,441 million issued to CPC in January 2012 (of which Rs. 21,778 million matured on 01 January 2017 and the outstanding as at end 2019 is Rs. 56,662 million)

Central Bank of Sri Lanka

(c) Provisional

(d) Includes rupee denominated Treasury bonds held by foreign investors. Hence, figures differ from those appearing in Appendix Table 3 of this report.

DOMESTIC DEBT
TABLE 13
OWNERSHIP OF RUPEE LOANS

Rs. million

Ownership	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (a)
1. Bank Sector - Commercial Banks	17,615	16,234	15,870							
2. Non Bank Sector	70,094	45,727	42,516	39,648	39,648	8,218	8,218	8,218	8,218	8,218
2.1 Savings Institutions	12,168	9,168	6,868	4,000	4,000	2,000	2,000	2,000	2,000	2,000
2.2 Departmental and Other Official Funds (b)	6,103	6,101	5,190	6,101	6,101	-	-	-	-	-
2.3 Employees' Provident Fund	40,921	23,100	23,100	23,100	23,100	-	-	-	-	-
2.4 Other Provident Funds	10,369	7,358	7,358	6,447	6,447	6,218	6,218	6,218	6,218	6,218
2.5 Other (c)	532	-	-	-	-	-	-	-	-	-
Total	87,709	61,961	58,386	55,518	55,518	24,088	24,088	24,088	24,088	24,088

(a) Provisional

(b) Including Employees' Trust Fund

(c) Comprises co-operative banks, other companies, institutions and individuals

Sources: Ministry of Finance
Central Bank of Sri Lanka

FOREIGN DEBT
TABLE 14
COMPOSITION OF OUTSTANDING FOREIGN DEBT AS AT END 2019 (a)

Rs. million

Creditor Category/ Use of Funds	Bi-lateral	Multi-lateral	Commercial	Export Credit	Total Debt	% of Total
Cash (b)	397	70	2,176,593	0	2,177,060	34.00
Commodity	5,896	-	-	160	6,056	0.09
Food	15,554	-	(0.00)	0	15,554	0.24
Goods & Services	11,875	-	-	18,827	30,702	0.48
Programme	20,812	124,407	-	0	145,219	2.27
Project	1,077,377	1,329,902	1,986	676,980	3,086,245	48.20
Other (c)	0	15,488	903,210	22,904	941,602	14.71
Total Debt	1,131,911	1,469,867	3,081,789	718,871	6,402,439	100.00
%	17.68	22.96	48.13	11.23	100.00	

(a) Provisional

(b) Includes sovereign bond issued in 2009, 2010, 2011, 2012, 2014, 2015, 2016, 2017, 2018 and 2019

(c) Includes Treasury bonds and Treasury bills held by non-residents

Sources: Ministry of Finance
Central Bank of Sri Lanka

FOREIGN DEBT

TABLE 15

OWNERSHIP OF OUTSTANDING FOREIGN DEBT

Rs. million

Source	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 Provisional
1. Multi-lateral	674,936	721,916	844,292	903,540	887,960	994,430	1,076,549	1,198,243	1,451,443	1,469,867
ADB	358,872	383,461	448,421	478,796	471,762	533,806	569,686	632,237	785,509	802,047
EIB	18,792	18,054	23,438	23,248	21,133	29,728	27,518	29,193	31,255	27,509
IBRD	-	-	322	4,530	6,987	10,382	27,760	28,462	37,008	45,769
IDA	281,217	302,244	349,997	373,085	363,052	391,149	417,636	467,832	548,283	541,074
IFAD	11,032	13,007	16,013	17,419	17,098	18,631	21,520	24,405	28,251	29,417
OPEC	1,913	2,052	2,699	2,998	4,783	7,547	9,309	12,743	17,398	20,443
Nordic Development Fund	3,110	3,099	3,403	3,464	3,145	3,187	3,119	3,370	3,741	3,480
Asian Infrastructure Investment Bank	-	-	-	-	-	-	-	-	-	127
2. Bi-lateral	739,213	842,804	1,035,907	823,180	793,196	888,971	945,754	992,157	1,163,265	1,131,911
Canada	8,134	7,701	8,269	7,409	6,339	5,373	5,275	5,254	5,230	4,854
France (a)	18,427	19,503	24,273	26,861	24,698	25,406	24,448	27,977	32,264	34,202
Germany	50,263	47,547	51,164	52,112	43,342	40,726	39,145	43,506	46,937	43,113
India	17,292	41,927	78,322	102,843	119,982	137,413	142,277	145,071	166,915	153,075
Japan	478,931	529,013	547,515	468,366	416,408	457,483	486,199	506,829	613,656	617,973
Kuwait	5,237	5,799	6,194	5,749	5,357	6,765	7,774	8,768	12,124	13,146
Netherlands	87	-	-	-	-	-	-	-	-	-
People's Republic of China	56,459	59,497	67,434	67,154	87,743	117,284	131,604	135,728	150,939	138,720
Saudi Arabian Fund	2,338	2,544	2,648	3,868	4,982	10,724	13,255	16,722	21,752	23,725
USA	42,414	40,318	41,386	38,854	35,246	34,594	31,798	28,925	28,910	24,381
Other	59,633	88,957	208,702	49,963	49,100	53,205	63,978	74,007	84,537	78,724
3. Financial Markets	610,433	764,560	887,100	1,233,704	1,431,959	1,660,630	2,023,493	2,528,218	3,344,839	3,800,660
Riggs National Bank	3,140	2,984	3,064	2,922	2,651	2,607	2,336	2,110	2,262	1,986
Bankers Trust Co.	466	399	356	275	184	101	-	-	-	-
Solomon Bros. Inc. - New York	157	54	-	-	-	-	-	-	-	-
Citi Bank/NEXI	-	-	-	-	-	201.40	-	-	-	-
Export-Import Bank of China (b)	-	-	-	-	146,262.00	192,889.00	242,416.00	299,405	392,041	476,565
Other	606,670	761,124	883,680	1,230,507	1,282,863	1,464,832	1,778,741	2,226,703	2,950,536	3,322,109
International Sovereign bonds	221,906	341,704	445,063	457,636	655,243	958,014	1,220,870	1,475,049	2,220,411	2,733,592
Non-resident investments in Treasury bills	57,317.00	70,123	80,184	73,916	55,500	5,045	12,816	27,552	11,909	23,727
Non-resident investments in Treasury bonds	183,538	199,531	317,604	403,486	401,710	298,734	247,222	295,059	146,914	80,294
Other (c)	143,909	149,766	40,829	295,470	170,410	203,039	297,833	429,043	571,301	484,497
Total	2,024,583	2,329,280	2,767,299	2,960,424	3,113,116	3,544,031	4,045,796	4,718,618	5,959,547	6,402,439

(a) Includes loans from Financial Institutions.

Sources: Ministry of Finance

(b) Excludes outstanding loans of Projects under State Owned Business Enterprises

Central Bank of Sri Lanka

(c) Includes outstanding defence loans (up to 2016) and proceeds from foreign currency term financing facility

FOREIGN DEBT
TABLE 16
FOREIGN LOANS - 2019

Rs million

Type and Source	Gross Receipts	Repayments	Net Change in the Liability	Liability as at end December 2019
I. Project Loans	281,445	199,269	81,559	3,231,464
ADB	49,995	36,827	17,875	800,118
Australia	-	2,256	(2,375)	9,142
Austria	3,844	2,859	1,169	19,941
Canada	-	373	(238)	3,605
China (a)	107,596	36,301	67,552	596,873
Denmark	-	2,958	(3,139)	2,054
EIB	-	3,074	(3,746)	27,509
Finland	-	459	(495)	697
France	13,032	4,677	8,020	62,823
Germany	620	2,797	(3,291)	38,069
Hong Kong	3,008	-	3,029	5,602
India	6,922	14,056	(8,059)	144,202
IDA	20,350	23,393	(7,146)	527,445
Japan	31,832	34,704	4,123	618,171
Korea	2,147	2,374	(3,215)	61,922
Kuwait	1,574	790	1,021	13,146
Netherlands	12,600	5,528	8,383	46,891
Opec Fund for International Development	3,279	1,414	3,045	20,443
Saudi Arabian Fund	2,914	1,729	1,973	23,725
Spain	166	1,208	(1,335)	20,149
Sweden	-	3,485	(3,673)	12,878
UK	8,086	9,279	(1,450)	51,265
USA	-	3,160	(3,360)	20,171
Other	13,479	5,569	6,890	104,623
2. Non-Project Loans	894,409	512,300	361,333	3,170,975
2.1 Commodity Loans	115	3,877	(3,985)	19,605
Canada	-	186	(139)	1,249
France	-	-	-	-
India	-	2,654	(2,780)	11,875
Pakistan	115	677	(571)	1,833
Germany	-	359	(495)	4,647
Netherlands	-	-	-	-
USA	-	-	-	-
Japan	-	-	-	-
2.2 Other Loans	894,294	508,424	365,318	3,151,370
ADB	-	1,290	(1,336)	1,929
China	5,650	504	3,764	200,173
USA	-	2,415	(2,549)	15,554
Germany	-	25	(37)	397
Japan	-	-	-	-
Other (b)	888,644	504,190	365,475	2,933,318
Memo: Liability due to variations in exchange rates (c)			16,857	
Grand Total	1,175,854	711,569	442,892	6,402,439

(a) Excludes outstanding loans of projects under state owned business enterprises

Sources: Ministry of Finance

(b) Includes rupee denominated Treasury bonds and Treasury bills held by foreign investors, proceeds from the international sovereign bond issuances and foreign currency term financing facility

Central Bank of Sri Lanka

(c) This includes the impact of exchange rate variation

FOREIGN DEBT

TABLE 17

FOREIGN LOAN DISBURSEMENTS BY SOURCE

Rs million

Category	Disbursements									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (a)
1. Lender	327,878	322,771	482,259	392,351	451,430	509,201	713,181	866,224	781,104	1,078,276
Bi-lateral	59,272	78,739	109,165	83,109	73,690	66,955	56,884	59,375	51,029	54,835
Multi-lateral	52,685	54,459	65,782	63,335	61,156	71,924	104,900	93,912	91,669	87,195
Commercial(b) (c)	163,892	144,963	250,505	158,918	281,350	311,659	481,295	616,814	561,750	782,519
Export Credits	52,028	44,611	56,807	86,989	35,234	58,664	70,102	96,123	76,656	153,728
2. Use of Funds	327,878	322,771	482,259	447,465	451,430	509,201	713,181	866,224	781,104	1,078,276
Cash (c)	111,926	109,488	130,695	139,483	195,989	87,035	319,689	228,473	170,923	-
Commodity	-	-	-	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-	-	-	-
Goods and Services	126	3,254	2,316	8,195	626	1,064	344	1,330	-	115
Programme	4,788	194	-	21	-	-	27,517	456	20,796	3,532
Project	158,770	174,097	227,041	272,433	164,352	190,923	201,752	246,944	193,931	285,711
Technical Assistance	302	232	210	39	241	35	-	290	374	360
Other (c)	51,967	35,507	121,997	27,294	90,221	230,145	163,880	388,732	395,081	788,558

(a) Provisional

Sources: Ministry of Finance

(b) Includes Sovereign bonds issued in 2010, 2011, 2012, 2014, 2015, 2016, 2017, 2018 and 2019

Central Bank of Sri Lanka

(c) Includes Treasury bonds and Treasury bills (net) issued to non-residents

DEBT SERVICE PAYMENTS

TABLE 18

GOVERNMENT DEBT REPAYMENTS AND INTEREST PAYMENTS

Rs.million

Year	Principal Repayments			Interest Payments		
	Domestic (a)	Foreign (b)	Total	Domestic (c)	Foreign (d)	Total
1981	1,001	607	1,608	3,025	713	3,738
1982	1,938	674	2,612	4,189	915	5,104
1983	3,860	1,165	5,025	5,336	1,270	6,606
1984	764	1,465	2,229	5,115	1,623	6,738
1985	5,108	1,789	6,897	5,458	1,970	7,428
1986	4,505	3,020	7,525	6,553	2,209	8,762
1987	902	4,690	5,592	7,593	2,564	10,157
1988	4,471	5,209	9,680	9,694	2,896	12,590
1989	3,796	5,742	9,538	11,015	3,337	14,352
1990	7,304	4,906	12,210	16,990	3,678	20,668
1991	12,901	4,881	17,782	17,960	4,113	22,073
1992	18,123	7,955	26,078	21,201	4,739	25,940
1993	20,327	6,963	27,290	25,101	5,102	30,203
1994	15,065	7,606	22,671	32,520	5,511	38,031
1995	28,069	8,477	36,546	32,064	6,162	38,226
1996	22,749	10,491	33,240	42,184	6,739	48,923
1997	15,232	13,251	28,483	48,554	6,692	55,246
1998	41,617	18,351	59,968	47,598	7,300	54,898
1999	20,322	21,440	41,762	53,371	8,752	62,123
2000	81,244	23,282	104,526	62,185	9,015	71,200
2001	56,844	27,921	84,765	84,560	9,747	94,307
2002	130,786	37,057	167,843	105,897	10,617	116,514
2003	185,083	34,425	219,508	113,540	11,586	125,126
2004	147,740	33,041	180,781	105,878	13,904	119,782
2005	203,347	21,360	224,707	113,164	6,995	120,159
2006	247,536	45,989	293,525	133,787	16,990	150,777
2007	251,900	65,934	317,834	158,701	23,980	182,681
2008	258,720	121,609	380,330	182,198	30,277	212,475
2009	403,723	114,716	518,439	273,977	35,698	309,675
2010	389,672	78,184	467,856	297,127	55,464	352,592
2011	439,894	98,789	538,683	288,134	68,565	356,699
2012	415,441	193,529	608,970	317,659	90,839	408,498
2013	496,042	203,993	700,035	354,706	108,160	462,865
2014	449,554	183,109	632,662	327,934	115,660	443,595
2015	523,824	284,293	808,117	394,289	115,386	509,674
2016	572,442	169,107	741,549	484,182	126,713	610,895
2017	642,875	224,609	867,484	570,623	164,942	735,566
2018	921,881	314,480	1,236,361	639,482	212,708	852,190
2019 (e)	546,315	574,839	1,121,155	652,795	248,557	901,352

(a) Excludes Treasury bond payments to non-residents

Sources: Ministry of Finance

(b) Includes Treasury bond payments to non-residents

Central Bank of Sri Lanka

(c) Excludes Treasury bill and Treasury bond interest payments to non-residents

(d) Includes Treasury bill and Treasury bond interest payments to non-residents

(e) Provisional

GOVERNMENT BORROWINGS

TABLE 19

ISSUES AND MATURITIES OF DOMESTIC DEBT IN 2017,2018 AND 2019

Rs. million

Item	Maturity (M)	2017			2018			2019 (a)		
		Issues	Repayments	Net Issues	Issues	Repayments	Net Issues	Issues	Repayments	Net Issues
Treasury Bills	≤ 91 days	597,024	696,540	(99,516)	753,525	783,020	(29,495)	623,167	606,601	16,566
	≤ 182 days	613,672	532,270	81,401	205,632	432,123	(226,491)	243,966	188,335	55,631
	≤ 364 days	413,571	463,147	(49,576)	694,102	404,026	290,076	852,194	785,518	66,676
Total		1,624,266	1,691,957	(67,691)	1,653,259	1,619,169	34,091	1,719,327	1,580,453	138,874
Treasury Bonds										
	1 year	-	-	-	-	-	-	-	-	-
	2 year	68,479	39,759	28,720	-	59,012	(59,012)	55,000	58,479	(3,479)
	3 year	-	148,894	(148,894)	90,020	72,878	17,142	22,000	26,800	(4,800)
	4 year	42,183	29,910	12,273	-	-	-	-	74,221	(74,221)
	5 year	102,185	157,382	(55,197)	205,000	258,970	(53,970)	283,000	170,996	112,004
	6 year	55,565	38,979	16,587	-	117,652	(117,652)	-	11,911	(11,911)
	7 year	26,605	-	26,605	95,000	48,119	46,881	-	39,707	(39,707)
	8 year	122,576	-	122,576	47,000	11,280	35,720	90,000	68,440	21,560
	9 year	20,346	-	20,346	50,000	500	49,500	45,000	68	44,932
	10 year	110,876	-	110,876	171,000	18,261	152,739	100,000	5,089	94,911
	11 year	-	-	-	-	14,677	(14,677)	8,000	-	8,000
	12 year	-	-	-	-	-	-	75,000	-	75,000
	13 year	-	-	-	-	-	-	-	-	-
	14 year	-	-	-	20,000	-	20,000	-	-	-
	15 year	-	-	-	85,000	4,900	80,100	45,000	-	45,000
	16 year	-	-	-	-	-	-	50,000	-	50,000
	19 year	-	-	-	-	-	-	-	-	-
	20 year	-	-	-	-	-	-	25,000	-	25,000
	25 year	-	-	-	-	-	-	-	-	-
	30 year	-	-	-	-	-	-	-	-	-
Total		548,815	414,923	133,892	763,020	606,249	156,771	798,000	455,712	342,288
Rupee Loans										
	4/7 year	-	-	-	-	-	-	-	-	-
	4/8 year	-	-	-	-	-	-	-	-	-
	3/10 year	-	-	-	-	-	-	-	-	-
Total		-	-	-	-	-	-	-	-	-
Sri Lanka Development Bonds										
	≤ 1 year	90,882	152,031	(61,149)	-	93,533	(93,533)	23,154	-	23,154
	2 year	86,271	63,606	22,665	24,395	34,271	(9,876)	19,769	102,299	(82,530)
	3 year	73,181	69,598	3,583	130,722	43,900	86,822	8,828	454	8,374
	4 year	24,270	-	24,270	29,979	2,380	27,599	10,114	6,357	3,757
	5 year	63,920	-	63,920	48,996	189,470	(140,473)	-	2,729	(2,729)
Total		338,524	285,235	53,289	234,093	363,553	(129,461)	61,865	111,839	(49,974)
Loans from OBUs										
	≤ 1 year	33,282	-	33,282	62,377	-	62,377	58,900	-	58,900
	2 years	-	-	-	-	-	-	-	-	-
	3 years	-	-	-	-	-	-	-	-	-
	8 years	-	-	-	-	-	-	9,036	-	9,036
Total		33,282	-	33,282	62,377	-	62,377	67,937	-	67,937
Grand Total		2,544,887	2,392,115	152,772	2,712,749	2,588,971	123,778	2,581,061	2,186,720	394,341

(a) Provisional

Source: Central Bank of Sri Lanka

GOVERNMENT BORROWINGS

TABLE 20

AUCTION AND PRIMARY ISSUE DETAILS IN 2017, 2018 AND 2019 (a)

Rs. million

Item	2017			2018			2019 (b)		
	Treasury Bills	Treasury Bonds	Rupee Loans	Treasury Bills	Treasury Bonds	Rupee Loans	Treasury Bills	Treasury Bonds	Rupee Loans
Bonds Auctions									
Number of Auctions	52	16	-	51	11	-	52	12	-
Amount Offered	1,293,500	598,000	-	1,012,500	741,000	-	1,103,000	798,000	-
Bids Received	3,549,127	1,783,714	-	2,912,519	1,736,753	-	3,096,791	1,930,995	-
Amount Accepted	1,111,174	536,315	-	928,326	763,020	-	1,087,674	798,000	-
CBSL Purchases	513,092	-	-	724,934	-	-	631,653	-	-
Placements	-	12,500	-	-	-	-	-	-	-
Total Issues	1,624,266	548,815	-	1,653,259	763,020	-	1,719,327	798,000	-

(a) Face Value

Source: Central Bank of Sri Lanka

(b) Provisional

GOVERNMENT BORROWINGS

TABLE 21

GOVERNMENT BORROWING LIMITS AND USAGE IN 2018 AND 2019 - FACE VALUE

Rs. billion

	2018		2019	
	Approved Limit	Usage	Approved Limit	Usage
1. Gross Borrowing (Including Contingency Provision and Book Value Adjustment)	1,894	1,881	2,079	2,077
1.1. Domestic	1,314	1,109	1,359	1,142
1.2. Foreign	580	772	720	935
2. Sources of Financing				
2.1. Domestic Financing	1,314	1,109	1,359	1,142
2.1.1 Rupee Loans		-		-
2.1.2. Treasury Bonds (a)		763		768
2.1.3. Treasury Bills (net) (a)		34		139
2.1.4. Sri Lanka Development Bonds		234		62
2.1.5. Other		78		174
2.2 Foreign Financing	580	772	720	935
2.2.1. International Sovereign Bonds		391		783
2.2.2. Other (b)		381		153

(a) Includes Treasury bonds and Treasury bills issued to non-residents

Sources: Ministry of Finance

(b) Includes project loans and syndicated loans

Central Bank of Sri Lanka

GOVERNMENT BORROWINGS

TABLE 22

FINANCING OF THE GOVERNMENT NET CASH DEFICIT

Item	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (a)
1. NET CASH SURPLUS (+) / DEFICIT (-)	(486,626)	(451,924)	(455,207)	(551,142)	(612,599)	(801,408)	(980,776)	(640,325)	(688,818)	(760,769)	(1,016,483)
1.1 Revenue and Grants	746,359	858,372	973,476	1,030,128	1,098,355	1,169,543	1,413,318	1,725,278	1,914,288	1,973,505	1,939,362
1.2 Expenditure (b)	(1,232,984)	(1,310,295)	(1,428,683)	(1,581,271)	(1,710,955)	(1,970,952)	(2,394,094)	(2,365,603)	(2,603,105)	(2,734,275)	(2,955,845)
2. FINANCING OF THE DEFICIT	486,626	451,924	455,207	551,142	612,599	801,408	980,776	640,325	688,818	760,769	1,016,483
2.1 Domestic Financing	245,556	202,229	231,224	257,847	487,542	525,843	743,973	248,411	249,574	437,234	702,407
2.1.1 Domestic Market Borrowings	234,276	191,999	236,021	252,409	474,542	539,206	743,973	248,411	249,574	329,351	642,713
Rupee Loans	1,904	-	-	-	-	-	-	-	-	-	-
Less: Direct Repayments	19,621	24,583	25,748	3,576	2,868	-	31,430	-	-	-	-
Net	(17,717)	(24,583)	(25,748)	(3,576)	-	-	(31,430)	-	-	-	-
Treasury Bills	49,008	82,796	79,616	16,782	53,510	26,077	(26,375)	98,482	(81,666)	52,885	123,824
Treasury Bonds	201,935	140,440	168,401	154,548	252,125	369,135	442,582	349,814	109,146	374,542	428,990
Sri Lanka Development Bonds (SLDBs)	7,564	11,073	5,268	18,359	140,277	20,968	222,967	(120,516)	53,289	(129,461)	(49,974)
Central Bank Advances	(2,428)	3,998	16,864	16,549	(2,125)	34,731	7,234	(67,825)	116,494	(1,168)	37,976
Other Borrowings from Banks (c)	(2,918)	(7,291)	13,730	45,139	31,725	101,967	133,400	(19,926)	71,186	78,496	96,753
Use of Cash Balances	(1,169)	(14,434)	(22,109)	4,609	1,898	(13,672)	(4,405)	8,383	(18,874)	(45,943)	5,144
2.1.2 Domestic Other Borrowings (d)	11,280	10,230	(4,798)	5,438	13,000	(13,363)	-	-	-	107,883	59,694
2.2 Foreign Financing	241,070	249,694	223,983	293,295	125,057	275,565	236,803	391,914	439,243	323,535	314,076
2.2.1 Project Loans	146,717	163,860	174,523	228,808	164,191	188,025	201,655	254,559	220,129	219,354	287,599
Less: Repayments	66,059	55,360	63,632	80,958	98,231	96,634	117,031	145,266	170,617	196,239	224,901
Net	80,658	108,500	110,892	147,850	65,960	91,391	84,623	109,293	49,512	23,115	62,698
2.2.2 Non-project Loans	160,412	141,194	113,092	145,445	59,098	184,174	35,148	282,620	389,731	300,420	251,378
Commodity Loans	314	126	3,254	2,316	8,195	626	1,064	344	1,330	-	115
Less: Repayments	5,871	6,100	5,793	5,634	5,226	4,814	5,443	5,306	9,441	10,091	10,520
Net	(5,557)	(5,974)	(2,539)	(3,319)	2,969	(4,188)	(4,379)	(4,963)	(8,112)	(10,091)	(10,405)
Other loans (e)	208,755	163,893	144,995	255,700	156,664	270,023	34,084	306,117	442,394	418,982	601,201
Less: Repayments	42,786	16,724	29,364	106,937	100,535	81,661	1,618,119	18,534	44,550	108,471	339,418
Net	165,969	147,169	115,631	148,764	56,128	188,362	(127,734)	287,583	397,843	310,511	261,783

(a) Provisional

(b) Excludes government debt repayments

(c) Includes cash items in process of collection in the Central Bank and commercial banks, government import bills, overdraft and borrowings from offshore banking units of commercial banks (OBU's)

(d) Includes non market borrowings and proceeds from the long lease of Hambantota Port in 2017 and 2018

(e) Includes proceeds from the international sovereign bond issuances and foreign currency term financing facility

Sources : Ministry of Finance

Central Bank of Sri Lanka

COST OF BORROWING

TABLE 23

TREASURY BILLS PRIMARY AUCTION YIELD RATES AND COMPOSITE RATE - 2019

Year	Month	Weighted Average Yield Rates of T-Bills (Net of Tax)			
		91 Days	182 Days	364 Days	Composite Rate
2018	January	-	8.04	8.86	8.41
	February	8.07	8.15	9.12	8.63
	March	8.22	-	9.66	9.59
	April	8.13	-	9.72	9.62
	May	8.31	8.93	9.67	9.47
	June	8.34	8.87	9.46	9.24
	July	8.33	8.75	9.34	9.13
	August	8.11	8.64	9.10	8.81
	September	8.13	-	9.09	8.80
	October	9.37	9.75	10.32	10.02
	November	9.90	9.99	11.15	10.92
	December	-	10.01	11.22	10.76
		Total	8.40	8.58	9.67
2019	January	-	9.90	10.80	10.59
	February	9.55	9.87	10.71	10.65
	March	9.46	9.74	10.57	10.48
	April	9.07	9.27	10.00	9.71
	May	8.62	8.86	9.27	9.11
	June	8.35	8.61	8.81	8.61
	July	8.07	8.14	8.48	8.35
	August	7.81	7.86	8.20	8.12
	September	7.62	7.75	8.37	8.13
	October	7.58	7.70	8.37	8.09
	November	7.51	7.66	8.33	8.03
	December	7.47	7.79	8.31	8.02
		Total	8.15	8.44	9.40

(a) Net of 10% withholding tax. Effective from May 3, 2002, Government has imposed withholding tax on interest of government securities. However, effective from April 2018, Government has removed the withholding tax of 10%

Source: Central Bank of Sri Lanka

COST OF BORROWING

TABLE 24

TREASURY BOND AUCTIONS IN 2019

Series	Settlement Date	Maturity Date	Maturity Period (Years)	Amount Offered (Rs. million)	Bids Received (Rs. million)	Amount Accepted (Rs. million)	Coupon Rate (%)	Weighed Average Yield Rate (%)
11.60%2023A	16-Jan-19	15-Dec-23	5	48,000.00	110,113.00	48,000.00	11.60	11.58
11.50%2028A	16-Jan-19	1-Sep-28	10	50,000.00	129,500.00	50,000.00	11.50	11.73
11.00%2021A	5-Feb-19	1-Aug-21	2	25,000.00	67,982.00	25,000.00	11.00	10.85
11.40%2027A	5-Feb-19	15-Jan-27	8	25,000.00	102,291.00	25,000.00	11.40	11.30
10.90%2024A	15-Mar-19	15-Mar-24	5	30,000.00	57,114.00	30,000.00	10.90	11.04
13.00%2029B	15-Mar-19	1-May-29	10	40,000.00	79,867.00	40,000.00	13.00	11.35
10.70%2022A	4-Apr-19	15-Mar-22	3	15,000.00	43,135.00	15,000.00	10.70	10.72
11.40%2027A	4-Apr-19	15-Jan-27	8	25,000.00	65,826.00	25,000.00	11.40	11.24
10.90%2024A	2-May-19	15-Mar-24	5	45,000.00	108,862.00	45,000.00	10.90	10.98
11.25%2031A	2-May-19	15-Mar-31	12	75,000.00	162,560.00	75,000.00	11.25	11.27
09.45%2021A	17-Jun-19	15-Oct-21	2	30,000.00	89,327.00	30,000.00	09.45	9.79
10.75%2028A	17-Jun-19	15-Mar-28	9	40,000.00	104,755.00	40,000.00	10.75	10.63
10.25%2024A	1-Jul-19	15-Jun-24	5	75,000.00	132,237.00	75,000.00	10.25	9.83
11.50%2035A	1-Jul-19	15-Mar-35	16	50,000.00	110,195.00	50,000.00	11.50	10.59
09.00%2028B	15-Aug-19	1-May-28	9	5,000.00	22,495.00	5,000.00	09.00	10.00
10.50%2039A	15-Aug-19	15-Aug-39	20	10,000.00	37,236.00	10,000.00	10.50	10.29
09.85%2024A	16-Sep-19	15-Sep-24	5	70,000.00	117,101.00	70,000.00	09.85	10.27
10.25%2034A	16-Sep-19	15-Sep-34	15	45,000.00	67,765.00	45,000.00	10.25	10.59
10.00%2023A	15-Oct-19	15-Mar-23	3	7,000.00	48,606.00	7,000.00	10.00	9.65
11.00%2030A	15-Oct-19	15-May-30	11	8,000.00	43,641.00	8,000.00	11.00	10.46
10.30%2027A	1-Nov-19	15-Oct-27	8	40,000.00	85,804.00	40,000.00	10.30	10.24
10.50%2039A	1-Nov-19	15-Aug-39	20	15,000.00	48,805.00	15,000.00	10.50	10.68
09.85%2024A	16-Dec-19	15-Sep-24	5	15,000.00	53,753.00	15,000.00	09.85	9.87
11.00%2030A	16-Dec-19	15-May-30	10	10,000.00	42,025.00	10,000.00	11.00	10.23

Source: Central Bank of Sri Lanka

COST OF BORROWING

TABLE 25

TREASURY BILL AUCTIONS IN 2019

Issue Date	Amount Offered (Rs. million)			Amount Bids Received (Rs. million)			Amount Bids Accepted (Rs. million)			Weighted Average Yield Rate (%)		
	91 Days	182 Days	364 Days	91 Days	182 Days	364 Days	91 Days	182 Days	364 Days	91 Days	182 Days	364 Days
4-Jan-19	-	7,000.0	8,500.0	-	14,500.0	51,000.0	-	4,705.0	8,795.0	-	9.95	10.99
11-Jan-19	-	8,000.0	12,000.0	-	13,950.0	41,888.0	-	2,450.0	17,550.0	-	9.94	10.85
18-Jan-19	-	10,000.0	16,000.0	-	19,212.0	50,539.0	-	10,000.0	16,000.0	-	9.87	10.75
25-Jan-19	-	5,000.0	18,500.0	-	7,562.0	50,680.0	-	2,550.0	20,950.0	-	9.87	10.70
1-Feb-19	-	5,000.0	16,000.0	-	6,750.0	52,435.0	-	-	21,000.0	-	-	10.69
8-Feb-19	2,000.0	6,000.0	16,000.0	3,276.0	7,941.0	46,452.0	1,851.0	1,422.0	20,727.0	9.55	9.87	10.69
15-Feb-19	3,500.0	3,500.0	14,000.0	4,850.0	4,750.0	43,677.0	-	-	21,000.0	-	-	10.72
22-Feb-19	6,000.0	6,000.0	10,500.0	7,600.0	8,100.0	44,501.0	-	2,091.0	20,409.0	-	9.87	10.73
1-Mar-19	3,000.0	6,000.0	15,000.0	3,765.0	9,270.0	50,346.0	-	-	24,000.0	-	-	10.67
8-Mar-19	4,000.0	6,000.0	14,000.0	4,800.0	9,300.0	60,258.0	-	-	24,000.0	-	-	10.64
15-Mar-19	3,000.0	5,000.0	16,000.0	4,000.0	6,700.0	51,332.0	1,520.0	485.0	21,995.0	9.55	9.87	10.58
22-Mar-19	2,000.0	2,000.0	20,000.0	4,900.0	5,000.0	56,837.0	2,000.0	2,000.0	20,000.0	9.49	9.79	10.52
29-Mar-19	2,500.0	2,500.0	20,000.0	5,700.0	5,700.0	74,687.0	2,500.0	2,500.0	20,000.0	9.39	9.67	10.40
5-Apr-19	4,000.0	4,000.0	20,000.0	9,400.0	9,852.0	87,055.0	4,000.0	4,000.0	20,000.0	9.24	9.50	10.15
12-Apr-19	5,000.0	5,000.0	15,000.0	11,550.0	13,105.0	53,772.0	5,000.0	5,000.0	15,000.0	9.09	9.29	9.99
19-Apr-19	4,000.0	5,000.0	15,000.0	9,400.0	11,604.0	54,953.0	4,000.0	5,000.0	15,000.0	9.00	9.19	9.91
26-Apr-19	4,000.0	5,000.0	16,000.0	8,400.0	10,500.0	45,282.0	4,000.0	5,000.0	16,000.0	8.94	9.14	9.91
3-May-19	3,000.0	6,000.0	18,000.0	6,650.0	12,793.0	67,931.0	3,000.0	6,000.0	18,000.0	8.89	9.09	9.81
10-May-19	4,000.0	4,000.0	14,000.0	9,822.0	13,558.0	85,713.0	4,000.0	4,000.0	14,000.0	8.51	9.00	9.44
17-May-19	4,000.0	4,000.0	13,000.0	8,400.0	14,815.0	58,310.0	4,000.0	4,000.0	13,000.0	8.52	8.88	9.18
24-May-19	2,500.0	4,500.0	13,000.0	5,352.0	15,583.0	60,152.0	-	4,500.0	15,500.0	-	8.71	8.90
31-May-19	2,000.0	4,000.0	14,000.0	4,352.0	15,823.0	28,954.0	-	6,000.0	14,000.0	-	8.63	8.88
7-Jun-19	2,000.0	4,000.0	14,000.0	4,300.0	13,950.0	30,777.0	2,333.0	10,440.0	7,227.0	8.38	8.63	8.88
14-Jun-19	3,000.0	5,000.0	11,000.0	9,550.0	20,266.0	22,900.0	6,800.0	10,934.0	-	8.38	8.63	-
21-Jun-19	6,000.0	4,000.0	9,000.0	16,850.0	18,755.0	25,665.0	6,000.0	4,000.0	9,000.0	8.38	8.60	8.86
28-Jun-19	3,000.0	5,000.0	8,500.0	12,500.0	20,820.0	47,205.0	3,000.0	5,000.0	8,500.0	8.24	8.49	8.70
5-Jul-19	7,500.0	3,500.0	12,000.0	18,687.0	13,050.0	30,820.0	7,500.0	3,500.0	12,000.0	8.17	8.32	8.59
12-Jul-19	3,000.0	5,000.0	14,500.0	17,850.0	20,975.0	44,050.0	3,000.0	5,000.0	14,500.0	8.09	8.21	8.54
19-Jul-19	3,000.0	4,000.0	16,500.0	13,820.0	17,475.0	40,900.0	3,000.0	4,000.0	16,500.0	7.99	8.09	8.46
26-Jul-19	3,000.0	4,000.0	18,000.0	13,805.0	16,952.0	47,378.0	3,000.0	4,000.0	18,000.0	7.89	7.96	8.38
2-Aug-19	6,500.0	2,500.0	13,000.0	12,896.0	4,616.0	42,716.0	6,500.0	1,166.0	14,334.0	7.85	7.94	8.21
9-Aug-19	2,500.0	1,500.0	14,500.0	6,700.0	4,087.0	29,310.0	2,500.0	1,500.0	14,500.0	7.75	7.85	8.11
16-Aug-19	4,000.0	2,000.0	16,000.0	6,600.0	2,620.0	23,115.0	2,687.0	-	16,000.0	7.80	-	8.17
23-Aug-19	1,500.0	1,500.0	15,000.0	3,103.0	2,700.0	28,350.0	1,610.0	1,542.0	14,848.0	7.84	7.89	8.31
30-Aug-19	1,000.0	1,000.0	10,500.0	5,802.0	4,086.0	27,100.0	1,000.0	1,000.0	10,500.0	7.63	7.70	8.22
6-Sep-19	1,000.0	1,000.0	13,000.0	3,204.0	2,204.0	26,700.0	-	-	15,000.0	-	-	8.33
13-Sep-19	1,000.0	2,000.0	19,000.0	6,505.0	9,304.0	33,250.0	2,592.0	7,300.0	12,108.0	7.61	7.75	8.36
20-Sep-19	2,000.0	1,000.0	5,500.0	6,100.0	5,104.0	17,458.0	-	-	8,500.0	-	-	8.41
27-Sep-19	5,000.0	3,000.0	12,000.0	14,247.0	9,200.0	26,202.0	7,848.0	5,144.0	7,008.0	7.62	7.75	8.41
4-Oct-19	2,500.0	1,000.0	8,500.0	9,500.0	5,104.0	24,314.0	4,000.0	2,483.0	5,517.0	7.60	7.73	8.41
11-Oct-19	1,500.0	8,000.0	12,000.0	5,500.0	16,052.0	28,415.0	1,500.0	8,000.0	12,000.0	7.58	7.73	8.41
18-Oct-19	3,000.0	6,500.0	12,500.0	5,500.0	15,058.0	36,352.0	2,250.0	3,825.0	15,925.0	7.56	7.69	8.35
25-Oct-19	1,000.0	6,000.0	15,000.0	6,301.0	15,311.0	27,200.0	1,000.0	7,200.0	13,800.0	7.50	7.66	8.34
1-Nov-19	1,500.0	3,000.0	11,500.0	5,912.0	10,533.0	17,590.0	4,407.0	6,807.0	4,786.0	7.49	7.65	8.35
8-Nov-19	2,000.0	8,000.0	10,000.0	7,414.0	15,208.0	14,500.0	5,773.0	7,438.0	6,789.0	7.49	7.67	8.41
15-Nov-19	4,000.0	8,000.0	8,000.0	9,204.0	8,904.0	13,940.0	6,454.0	-	11,790.0	7.56	-	8.51
22-Nov-19	4,000.0	5,000.0	10,000.0	8,702.0	8,878.0	60,555.0	1,195.0	1,500.0	16,305.0	7.47	7.58	8.22
29-Nov-19	1,000.0	9,000.0	18,000.0	5,777.0	14,853.0	41,137.0	2,846.0	4,436.0	20,718.0	7.45	7.67	8.29
6-Dec-19	1,000.0	7,500.0	15,000.0	3,621.0	14,424.0	37,065.0	1,250.0	6,250.0	16,000.0	7.45	7.60	8.22
13-Dec-19	1,000.0	12,000.0	14,000.0	4,198.0	23,338.0	24,460.0	3,387.0	13,992.0	9,621.0	7.45	7.65	8.23
20-Dec-19	2,500.0	10,000.0	12,500.0	3,311.0	14,126.0	23,390.0	511.0	3,884.0	13,614.0	7.51	7.97	8.45
27-Dec-19	1,000.0	5,000.0	7,500.0	7,072.0	19,762.0	16,392.0	1,315.0	10,985.0	1,200.0	7.51	8.02	8.45

Source: Central Bank of Sri Lanka

COST OF BORROWING

TABLE 26

SRI LANKA DEVELOPMENT BONDS AUCTIONS IN 2019

Date of Issue	Amount Accepted (USD million)	Maturity Period (Years)	Spread
30-Jan-19	1.00	1	2.35
30-Jan-19	1.00	1	2.45
30-Jan-19	2.00	1	2.50
30-Jan-19	3.00	1	2.55
30-Jan-19	4.00	1	2.60
30-Jan-19	9.00	1	2.65
30-Jan-19	14.00	1	2.70
30-Jan-19	8.00	1	2.90
30-Jan-19	3.00	1	3.10
30-Jan-19	1.00	1	3.15
30-Jan-19	1.00	1	3.30
30-Jan-19	10.00	1	3.40
30-Jan-19	5.00	1	3.65
30-Jan-19	1.00	1	3.75
30-Jan-19	5.00	1	3.90
30-Jan-19	0.50	1	4.00
30-Jan-19	15.00	1	4.10
30-Jan-19	5.00	1	4.15
30-Jan-19	5.00	1	4.30
30-Jan-19	10.00	1	4.40
30-Jan-19	5.00	1	5.65
30-Jan-19	5.30	1	5.75
30-Jan-19	5.35	1	5.80
30-Jan-19	0.35	1	5.85
30-Jan-19	0.35	1	5.90
30-Jan-19	0.35	1	5.95
30-Jan-19	7.35	1	6.00
30-Jan-19	1.00	2	2.55
30-Jan-19	0.50	2	3.00
30-Jan-19	5.01	2	3.25
30-Jan-19	2.00	2	3.35
30-Jan-19	5.02	2	3.40
30-Jan-19	2.00	2	3.50
30-Jan-19	1.00	2	3.90
30-Jan-19	0.60	2	5.75
30-Jan-19	1.00	3	2.90
30-Jan-19	2.00	3	3.35
30-Jan-19	2.00	3	3.45
30-Jan-19	2.00	3	3.50
30-Jan-19	2.00	3	3.55
30-Jan-19	1.00	3	3.60
30-Jan-19	1.00	3	3.65
30-Jan-19	1.00	3	3.75
30-Jan-19	1.00	3	4.00
30-Jan-19	0.10	3	6.25
30-Jan-19	0.20	3	6.30
30-Jan-19	0.10	3	6.35
30-Jan-19	0.65	4	3.15
30-Jan-19	2.00	4	3.60
30-Jan-19	2.00	4	3.70
30-Jan-19	2.00	4	3.75
30-Jan-19	2.00	4	3.80
30-Jan-19	2.00	4	3.85
30-Jan-19	1.00	4	3.85
30-Jan-19	6.00	4	3.95
30-Jan-19	2.00	4	4.00
30-Jan-19	2.00	4	4.20
30-Jan-19	2.00	4	4.25

Date of Issue	Amount Accepted (USD million)	Maturity Period (Years)	Spread
24-May-19	0.30	2	5.65
24-May-19	0.30	2	5.70
24-May-19	0.07	2	5.80
24-May-19	5.00	2	5.88
24-May-19	0.25	2	5.90
24-May-19	5.00	2	5.92
24-May-19	2.25	2	5.95
24-May-19	2.27	2	6.00
24-May-19	2.25	2	6.05
24-May-19	0.20	2	3.40
24-May-19	0.20	2	3.45
24-May-19	7.20	2	3.50
24-May-19	2.20	2	3.55
24-May-19	0.20	2	3.60
24-May-19	2.00	2	3.65
24-May-19	2.00	2	5.50
24-May-19	2.00	2	5.60
24-May-19	2.00	2	5.65
24-May-19	2.00	2	5.70
24-May-19	5.30	2	5.95
24-May-19	5.00	2	5.97
24-May-19	10.00	2	5.99
24-May-19	2.50	2	2.95
24-May-19	7.50	2	3.00
24-May-19	2.50	2	3.05
24-May-19	7.50	2	3.10
24-May-19	2.50	2	3.15
24-May-19	2.50	2	3.20
24-May-19	5.00	2	3.25
24-May-19	1.00	2	3.50
24-May-19	0.10	2	3.65
24-May-19	0.10	2	3.70
24-May-19	5.10	2	3.75
24-May-19	2.50	3	3.10
24-May-19	2.50	3	3.15
24-May-19	2.50	3	3.20
24-May-19	2.50	3	3.25
24-May-19	2.50	3	3.35
24-May-19	2.50	3	3.40
24-May-19	2.50	3	3.45
24-May-19	2.50	3	3.50
24-May-19	2.50	3	3.55
24-May-19	2.50	3	3.60
24-May-19	6.00	3	3.65
24-May-19	0.10	3	3.80
24-May-19	5.10	3	3.90
24-May-19	5.00	4	3.60
24-May-19	2.50	4	3.70
24-May-19	2.50	4	3.75
24-May-19	2.50	4	3.80
24-May-19	2.50	4	3.90
24-May-19	2.50	4	3.95
24-May-19	2.50	4	4.00
24-May-19	2.50	4	4.05
24-May-19	7.50	4	4.10
24-May-19	2.50	4	4.15
24-May-19	2.50	4	4.20

Source: Central Bank of Sri Lanka

SECONDARY MARKET OPERATIONS

TABLE 27

SECONDARY MARKET TRANSACTIONS AS REPORTED BY PRIMARY DEALERS

Rs.million

	2012	2013	2014	2015	2016	2017	2018	2019 (a)
1. Outright Transactions	1,584,095	2,070,161	3,839,729	3,600,294	2,872,317	2,024,446	1,994,100	2,690,895
1.1. Treasury Bills								
Purchased	374,597	345,516	322,216	228,769	299,261	362,496	319,689	596,981
Sold	672,438	683,458	710,446	689,602	554,792	546,045	534,508	523,950
Total	1,047,035	1,028,973	1,032,662	918,371	854,053	908,541	854,197	1,120,931
1.2. Treasury Bonds								
Purchased	259,999	509,585	1,370,621	1,181,621	885,600	468,991	511,038	758,764
Sold	277,061	531,603	1,436,446	1,500,302	1,132,664	646,914	628,865	811,200
Total	537,060	1,041,187	2,807,067	2,681,923	2,018,264	1,115,905	1,139,903	1,569,964
2. Repurchase Transactions	6,246,422	10,235,395	8,223,558	11,763,524	18,095,909	13,611,491	12,138,303	10,206,918
2.1. Treasury Bills								
Repo	1,510,151	2,078,440	1,319,875	2,294,059	2,983,674	2,101,970	1,843,858	1,256,292
Reverse Repo	219,855	650,290	436,778	794,382	474,593	140,844	69,669	47,200
Total	1,730,006	2,728,731	1,756,653	3,088,441	3,458,267	2,242,814	1,913,527	1,303,492
2.2 Treasury bonds								
Repo	3,989,074	6,761,249	5,409,509	6,720,895	9,321,832	7,428,325	8,089,681	7,548,481
Reverse Repo	527,341	745,416	1,057,396	1,954,188	5,315,810	3,940,352	2,135,095	1,354,945
Total	4,516,416	7,506,664	6,466,905	8,675,083	14,637,642	11,368,677	10,224,776	8,903,426
3. Total Transactions	7,830,517	12,305,556	12,063,287	15,363,818	20,968,226	15,635,937	14,132,403	12,897,813

(a) Provisional

Source: Central Bank of Sri Lanka

SECONDARY MARKET OPERATIONS

TABLE 28

SECONDARY MARKET TRANSACTIONS RECORDED IN THE LANKASECURE (a)

Rs. million

	2015	2016	2017	2018	2019
1 Treasury bills					
1.1 Outright Purchases / Sales	1,357,827	1,397,399	1,030,508	1,050,040	895,740
1.2 Repo / Rev. Repo	8,731,226	8,682,167	10,370,688	7,493,916	8,824,859
Total	10,089,053	10,079,566	11,401,196	8,543,956	9,720,598
2 Treasury bonds					
2.1 Outright Purchases / Sales	4,020,581	4,402,623	3,603,279	5,278,590	6,518,022
2.2 Repo / Rev. Repo	34,385,232	42,288,083	33,571,531	31,184,585	23,303,763
Total	38,405,813	46,690,706	37,174,809	36,463,175	29,821,784
Total Transactions	48,494,866	56,770,272	48,576,005	45,007,131	39,542,382

(a) Note:

Source: Central Bank of Sri Lanka

- All transactions have been recorded in the LankaSecure System in Face Value basis
- Accuracy of the information is subject to the accuracy of the data recorded by the system participants in the LankaSecure System