

Public Debt Management in Sri Lanka

Performance in 2020 & medium term strategies



Public Debt Department
CENTRAL BANK OF SRI LANKA

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&
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Public Debt Department
Central Bank of Sri Lanka

Central Bank of Sri Lanka
Public Debt Department
P O Box 590
Colombo
Sri Lanka

Tel. : 94 11 2477277

Fax : 94 11 2477718

E-mail : publicdebt@cbsl.lk

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Abbreviations

ABMI	Asian Bond Market Initiatives	LSB	Licensed Specialized Bank
ADB	Asian Development Bank	LTBO	Local Treasury Bills Ordinance
ALMA	Active Liability Management Act	MLA	Monetary Law Act
ATM	Average Time to Maturity	MLDS	Medium and Long-Term Debt Service
ATR	Average Time to Re-fixing	MO	Middle Office
BCP	Business Continuity Plan	MOF	Ministry of Finance
BO	Back Office	Moody's	Moody's Investors Service
BPS	Basis Points	MTDS	Medium Term Debt Management Strategy
CAR	Capital Adequacy Ratio	MTFF	Medium Term Fiscal Framework
CBSL	Central Bank of Sri Lanka	NPV	Net Present Value
CCP	Central Counterparty Settlement System	NSB	National Savings Bank
CCPI	Colombo Consumer Price Index	O/D	Over Draft facility
CDS	Central Depository System	OBU	Offshore Banking Unit
CEO	Chief Executive Officer	OED	Outstanding External Debt
CIPC	Cash in Process of Collection	OMO	Open Market Operations
CPC	Ceylon Petroleum Corporation	OTC	Over the Counter
CSD	Central Securities Depository	PC	Personal Computer
CSE	Colombo Stock Exchange	PDD	Public Debt Department
CWE	Corporative Wholesale Establishment	PD	Primary Dealer
DDMC	Domestic Debt Management Committee	PDU	Primary Dealer Unit
DDP	Dealer Direct Participant	PMWAYR	Primary Market Weighted Average Yield Rates
DOD	Disbursed Outstanding External Debt	Repo	Repurchase
DRS	Disaster Recovery Site	ROA	Return on Assets
DVP	Delivery Versus Payment	ROE	Return on Equity
EPF	Employees' Provident Fund	RSSO	Registered Stocks and Securities Ordinance
ETF	Employees' Trust Fund	RTGS	Real Time Gross Settlement System
E-Trading	Electronic Trading	RWCAR	Risk Weighted Capital Adequacy Ratio
ETP	Electronic Trading Platform	SDR	Special Drawing Right
FCTFF	Foreign Currency Term Financing Facility	SEC	Securities and Exchange Commission of Sri Lanka
FDI	Foreign Direct Investment	SOE	State Owned Enterprise
FinNet	Financial Information Network	S&P	S&P Global Ratings
FIQ	Fixed Income Quote	SDFR	Standing Deposit Facility Rate
Fitch	Fitch Ratings	SIA	Securities Investment Account
FO	Front Office	SLDB	Sri Lanka Development Bond
GDP	Gross Domestic Product	SLNBB	Sri Lanka Nation Building Bond
GNP	Gross National Product	SLFR	Standing Lending Facility Rate
GOSL	Government of Sri Lanka	SMS	Short Message Service
GSP	Generalized System of Preferences	SRR	Statutory Reserve Requirement
IDA	International Development Agency	SSSS	Scripless Securities Settlement System
IDR	Issuer Default Rating	TDS	Total Debt Service
IMF	International Monetary Fund	USA	United States of America
INT	Interest Service	WAYR	Weighted Average Yield Rate
ISIN	International Securities Identification Number	WFH	Work From Home
ISB	International Sovereign Bond	XGS	Receipts in exports of goods and non-factor services including workers' remittances and compensation of employees
KPI	Key Performance Indicator		
LCB	Licensed Commercial Bank		
LIBOR	London Inter-Bank Offered Rate		

KEY GOVERNMENT DEBT INDICATORS

	2014	2015	2016	2017	2018	2019	2020 ^(a)	
Borrowings								
Approved Gross Borrowing Limit (Rs. billion)	1,478.0	1,780.0	1,699.0	1,629.0	1,893.8	2,079.0	2,830.0	
Actual Gross Borrowing (Rs. billion)	1,424.5	1,744.5	1,519.5	1,620.0	1,880.7	2,077.4	2,801.3	
Domestic Sources	1,001.9	1,188.2	945.2	1,018.7	1,109.1	1,142.3	2,410.4	
Foreign Sources	422.5	556.4	574.2	601.3	771.6	935.1	390.9	
Actual Net Borrowing (Rs. billion)	591.2	829.5	640.3	733.5	760.8	1,439.1 (b)	1,667.7	
Domestic Sources	378.7	592.7	248.4	294.3	437.2	896.4 (b)	1,750.9	
Foreign Sources	212.5	236.8	391.9	439.2	323.5	542.6 (b)	-83.2	
Outstanding Debt								
Outstanding Government Debt (Rs. billion)	7,486.9	8,599.2	9,478.9	10,382.8	12,030.5	13,031.5	15,117.2	
Domestic Debt	4,373.7	5,055.2	5,433.1	5,664.2	6,071.0	6,830.3 (b)	9,065.1	
Foreign Debt	3,113.1	3,544.0	4,045.8	4,718.6	5,959.5	6,201.3 (b)	6,052.2	
Outstanding Debt (% of GDP)	72.3	78.5	79.0	77.9	84.2 (b)	86.8	101.0	
By Source ^(b)								
Domestic Debt	42.2	46.2	45.3	42.5	42.5 (b)	45.5 (b)	60.6	
Foreign Debt	30.0	32.4	33.7	35.4	41.7(b)	41.3(b)	40.4	
By Currency ^(b)								
Domestic	42.6	42.6	42.4	39.6	38.5 (b)	39.9	53.0	
Foreign	29.7	35.9	36.7	38.3	45.7 (b)	46.9	48.0	
ATM of Total Debt (Years)	6.6	6.7	6.4	6.2	6.2	6.1	5.4	
ATM of Domestic Debt (Years)	5.8	6.3	6.0	5.8	5.9	5.8	4.7	
Share of Domestic Debt in Total Outstanding Debt (%)	58.4	58.8	57.3	54.6	50.5	52.4 (b)	60.0	
Interest Cost								
Total Interest Cost (Rs. billion)	436.4	509.7	610.9	735.6	852.2	901.4	980.3	
Domestic Debt	327.9	394.3	484.2	570.6	639.5	667.4 (b)	713.6	
Foreign Debt	108.5	115.4	126.7	164.9	212.7	234.0 (b)	266.7	
Interest Cost/GDP ratio (%) ^(b)	4.2	4.7	5.1	5.5	5.9	6.0	6.5	
Interest Cost/Government Revenue ratio (%)	36.5	35.0	36.2	40.2	44.4	47.7	71.7	
Average Yield Rates (Primary Market Weighted Average)								
Treasury bills	91 day	6.58	6.32	8.26	9.01	8.40	8.15	5.93
	182 day	6.57	6.50	9.23	9.81	8.58	8.44	5.72
	364 day	6.73	6.60	10.20	10.07	9.67	9.40	6.37
	Overall Average	6.68	6.46	9.38	9.77	9.35	9.06	6.09
Treasury bonds	2-year	-	7.98	11.45	11.05	-	10.27	5.70
	4-year	-	8.68	11.87	11.54	-	-	7.59
	5-year	8.78	8.63	12.16	11.53	10.33	10.55	7.72
	10-year	10.00	9.78	12.60	11.16	11.06	11.43	9.99
	Overall Average	10.17	9.46	12.27	11.48	10.74	10.74	7.46
Foreign Investment in government securities								
Non-residents' Holdings as a % of Total Outstanding Stock – Treasury bonds	12.0	8.1	6.1	7.0	3.4	1.7	0.1	
Non-residents' Holdings as a % of Total Outstanding Stock – Treasury bills	7.4	0.8	1.6	3.8	1.6	2.6	0.04	

(a) Provisional

(b) Revised

KEY ECONOMIC INDICATORS

	2014	2015	2016	2017	2018	2019	2020 ^(a)
Demography							
Mid-year population ('000 persons)	20,778	20,970	21,203(a)	21,444(a)	21,670(a)	21,803(a)	21,919
Growth of mid-year population (per cent)	0.9	0.9	1.1(a)	1.1(a)	1.1(a)	0.6(a)	0.5
Population density (persons per sq.km.)	331	334	338	342	346	348	350
Labour force ('000 persons)	8,049	8,214	8,311	8,567	8,388	8,592	8,467(b)
Unemployment rate (per cent of labour force)	4.3	4.7	4.4	4.2	4.4	4.8	5.5(b)
Output							
GDP at current market prices (Rs. billion)	10,361	10,951	11,996	13,328	14,291(c)	15,013(a)(c)	14,973
GNI at current market prices (Rs. billion)	10,125	10,676	11,676	12,975	13,901(c)	14,581(a)(c)	14,568
Per capita GDP at market prices (Rs.)	498,660	522,204	565,773	621,531	659,479 (c)	688,573 (a)(c)	683,106
Per capita GDP at market prices (USD)	3,819	3,841	3,886	4,077	4,057 (c)	3,852 (a)(c)	3,682
Real Output (percentage change)							
Gross National Income (GNI)	5.1	4.8	4.3	3.6	3.2(c)	2.1(a)(c)	-5.0
Gross Domestic Product (GDP)	5.0	5.0	4.5	3.6	3.3(c)	2.3(a)(c)	-3.6
Prices and Wages (percentage change)							
CCPI (2006/07 = 100) - annual average ^(d)	3.3	0.9	3.7	-	-	-	-
CCPI (2006/07 = 100) - year-on-year - end period	2.1	2.8	4.1	-	-	-	-
NCPI (2013 = 100) - annual average ^(e)	-	3.8	4.0	7.7	2.1	3.5	6.2
NCPI (2013 = 100) - year-on-year - end period	-	4.2	4.2	7.3	0.4	6.2	4.6
Producer's Price Index (2013 Q4=100) Annual Average	-	3.6	1.7	17.0	6.3	2.9	5.8
GDP deflator	2.9	0.6	4.8	7.3	3.8 (c)	2.7 (a)(c)	3.4
External Trade							
Trade balance (USD million)	-8,287	-8,388	-8,873	-9,619	-10,343	-7,997	-6,008
Exports (USD million)	11,130	10,546	10,310	11,360	11,890	11,940	10,047
Imports (USD million)	19,417	18,935	19,183	20,980	22,233	19,937	16,055
External Finance							
Services and primary income account (net) (USD million)	72	312	678	984	1,381	388(c)	-1,282
Current account balance (USD million)	-1,988	-1,883	-1,742	-2,309	-2,799	-1,843(c)	-1,083
Overall balance (USD million)	1,369	-1,489	-500	2,068	-1,103	377	-2,328
Current account balance (per cent of GDP)	-2.5	-2.3	-2.1	-2.6	-3.2	-2.2	-1.3
Gross official reserves (months of the same year imports)	5.1	4.6	3.8	4.6	3.7	4.6	4.2
Overall debt service ratio							
As a percentage of export of goods and services	21.7	28.2	25.6	23.9	28.9	29.7	33.5
Total external debt and liabilities (per cent of GDP)	54.1	55.7	56.8	59.0	59.5(c)	65.3(c)	60.9
Exchange Rates							
Annual average Rs/USD	130.56	135.94	145.60	152.46	162.54	178.78	185.52
NEER (2017 = 100) (24 - currency basket) ^(f)	105.29	109.46	104.91	100.00	94.05	88.17	85.93
REER (2017 = 100) (24 - currency basket) ^(f)	98.92	103.01	100.55	100.00	95.45	90.42	91.36
Year-end Rs/USD	131.05	144.06	149.80	152.85	182.75	181.63	186.41
Government Finance (per cent of GDP)							
Revenue and Grants	11.6	13.3	14.1	13.8	13.5	12.6	9.2
Expenditure and net lending	17.3	20.9	19.5	19.3	18.8	22.2	20.3
Primary balance	-1.5	-2.9	-0.2	0.02	0.6	-3.6	-4.6
Overall fiscal balance	-5.7	-7.6	-5.3	-5.5	-5.3	-9.6	-11.1
Monetary Aggregates (year-on-year percentage change)							
Reserve money	18.3	16.5	27.1	9.8	2.3	-3.0	3.4
Domestic credit from the banking system to Government (net)	10.3	22.5	12.1	10.0	16.1	11.1(c)	62.7
Interest Rates (per cent per annum at year end)							
Standing Deposit Facility Rate (SDFR)	6.5	6.0	7.0	7.3	8.0	7.0	4.5
Standing Lending Facility Rate (SLFR)	8.0	7.5	8.5	8.8	9.0	8.0	5.5
Commercial banks' average weighted deposit rate	6.2	6.2	8.2	9.1	8.8	8.2	5.8
NSB 12-month fixed deposit rate	6.5	7.3	11.0	11.0	10.5	9.8	5.3
Commercial banks' average weighted lending rate	11.9	11.0	13.2	13.9	14.4	13.6	10.3

(a) Provisional

(b) Average of four quarters of 2020

(c) Revised

(d) CCPI: Colombo Consumer Price Index

(e) NCPI: National Consumer Price Index

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



1. Highlights of 2020

1.1 Borrowing limit and borrowing strategy for 2020

- The gross borrowing made in the financial year 2020 or part thereof since the start of the financial year for and on behalf of the Government of Sri Lanka (GOSL), total shall not exceed Rs. 2,830.0 billion as approved by the Parliament under the Appropriation Act No. 6 of 2020.
- As envisaged in the budget 2020, Rs. 2,505.0 billion was expected to be raised from domestic sources while the balance Rs. 325.0 billion was expected to be raised from foreign sources adhering to the gross borrowing limit.

1.2 Actual borrowing, debt level and servicing of Government debt

- Actual gross borrowing was well maintained within the borrowing limit approved for 2020 and amounted to Rs. 2,801.3 billion, out of which Rs. 2,410.4 billion (86.0 per cent) was sourced from domestic sources and Rs. 390.9 billion (14.0 per cent) was sourced from foreign sources.
- The total outstanding Central Government debt stock stood at Rs. 15,117.2 billion at end 2020, recording an increase of Rs. 2,085.7 billion (16.0 per cent) from the corresponding debt stock of Rs. 13,031.5 billion at end 2019.
- The total outstanding debt stock, as a percentage of Gross Domestic Product (GDP), increased to 101.0 per cent at end 2020 from 86.8 per cent at end 2019. Within the debt stock, domestic debt to GDP ratio increased to 60.6 per cent at end 2020 from 45.5 per cent at end 2019. The foreign debt to GDP ratio decreased to 40.4 per cent from 41.3 per cent, during the period under review due to the combined effect of the rise in domestic debt and the strategic focus on reducing the foreign debt liability in the medium term.
- As envisaged in the Government's debt management strategy to reduce the foreign debt in the overall debt profile, preferably to about one third in the medium term, measures were taken, gradually reducing foreign debt.
- At end 2020, the share of domestic debt (by source) accounted for 60.0 per cent of the total debt stock while foreign debt (by source) accounted for 40.0 per cent of the total debt stock, compared to same metrics of 52.4 per cent and 47.6 per cent, respectively, recorded at end 2019.
- The share of domestic currency debt increased to 52.5 per cent by end 2020 from the 46.0 per cent prevailed at end 2019. Accordingly, a notable decline in the foreign currency debt composition of total debt portfolio was observed during 2020

from 54.0 per cent by end 2019 to 47.5 per cent by end 2020.

- Average Time to Maturity (ATM) of the domestic currency debt portfolio shortened to 4.7 years at end 2020 from 5.8 years at end 2019, mainly due to the shift of investor preference to Treasury bills and shorter tenure Treasury bonds as a result of the uncertainties emanated from COVID-19 pandemic. ATM of the foreign currency debt also declined marginally to 6.2 years at end 2020 compared to 6.4 years at end 2019 due to the increase in outstanding debt to be matured within a shorter period of time at end 2020 compared to end 2019. Accordingly, the ATM of the total debt portfolio declined to 5.4 years at end 2020 compared to 6.1 years at end 2019.
- On debt servicing front, Sri Lanka continued to maintain its unblemished debt servicing record in the midst of lockdowns and travel restrictions, and made payments amounting to Rs. 3.3 trillion (including Treasury bills) to service 1,604 loan payments during the period from 16 March 2020 to 31 December 2020 and altogether Rs. 3.8 trillion was utilised to service 1,894 loan payments in 2020.

1.3 Interest rates, yield rates and its impact on interest cost on Government debt

- The timely and optimal monetary policy stance of the Central Bank has led to the all-time low interest rates in the domestic market in 2020. Together with the strategic issuance arrangements where Treasury bill

and Treasury bond auctions were conducted under pre-announced maximum acceptance yield rates to the market, introduced by the Central Bank in collaboration with the Ministry of Finance, enabled substantial savings in terms of interest cost of new Treasury bill and Treasury bond issuances in 2020.

- Accordingly, by end 2020, the primary market weighted average yield rates of 91-day, 182-day and 364-day Treasury bills issued through auctions decreased by 284, 324 and 342 basis points to 4.67 per cent, 4.78 per cent and 5.03 per cent, respectively, from the yield rates prevailed at end 2019.
- Thus, the primary market weighted average yield rates of Treasury bills issued through auctions declined to 6.09 per cent in 2020 from 9.06 per cent in 2019. In parallel, primary market weighted average yield rates of Treasury bonds issued through auctions also declined to 7.46 per cent in 2020 from 10.74 per cent in 2019. During 2020, Treasury bonds of remaining maturities ranging from 2 years to 10 years were issued in the primary market through auctions and weighted average yield rates of these Treasury bonds varied between 5.70 per cent and 9.99 per cent.
- In 2020, the interest payments for the Government debt portfolio increased significantly as a percentage of revenue of the Government, owing to increased short term borrowings to meet the amplified government financing requirement in 2020 as well as substantially low revenue

mobilisation of the government, resulted in by low economic activities and tax relief measures introduced. The gap between the Government revenue and expenditure has widened as a result of COVID-19 related challenges and this has aggravated the need for further borrowings, thereby increasing the interest payments.

- Accordingly, the total nominal interest payments in 2020 amounted to Rs. 980.3 billion, an increase of 8.8 per cent from the Rs. 901.4 billion reported in 2019. Out of this Rs. 980.3 billion interest cost, interest payments on domestic debt accounted for Rs. 713.6 billion, while Rs. 266.7 billion accounted for foreign debt related interest payments.
- The increased interest payment together with the decline in GDP, resulted in an increase in the total interest cost to 6.5 per cent of GDP in 2020 compared to 6.0 per cent in 2019. Interest cost as a percentage of the government revenue also increased significantly to 71.7 per cent in 2020 from 47.7 per cent in 2019 owing to the substantial decline in revenue mobilisation amidst increased interest payments.

1.4 Broadening the investor base

- Number of investors in the government securities, as recorded in the Central Depository System (CDS) of LankaSecure, increased by 0.4 per cent during 2020 to 94,242.
- As a result of global investor preference switching to safe haven assets due to COVID-19 pandemic, total amount of

investments made by foreign investors and non-resident Sri Lankans in rupee denominated Treasury bills and Treasury bonds declined sharply by 93.4 per cent during 2020, to Rs. 0.7 billion and Rs. 6.2 billion, at end 2020, respectively, compared to Rs. 23.7 billion and Rs. 80.3 billion at end 2019.

- Accordingly, foreign holdings in government securities as a percentage of total outstanding of Treasury bills and Treasury bonds recorded considerably low at 0.09 per cent at end 2020.¹
- A comparison of foreign investments in the government securities and the gross official reserves during the corresponding period highlights meagre contribution by foreign investments in government securities to build the reserve positions in 2020.
- Total value of the issuances of Sri Lanka Development Bonds (SLDBs) in 2020 amounted to US dollars 507.0 million against the maturing amount of US dollars 952.8 million. Among others, such performance was due to the sovereign rating downgrade of Sri Lanka, limitations in foreign counterpart credit limits to domestic banks, low earnings from tourism and low export earnings in 2020.

¹ Considering the developments over time, the threshold of foreign investments in Treasury bills and Treasury bonds out of the total outstanding stock of Treasury bills and Treasury bonds reduced from 12.5 per cent to 10 per cent from 01 January 2016 and further reduced to 5 per cent from 28 January 2019 with the objective to reduce the impacts from foreign currency exposures due to foreign exchange volatilities.

1.5 Infrastructure developments

- In 2020, the Public Debt Department (PDD) reviewed the existing Treasury bond issuance system in line with the modified primary issuance arrangements owing to the COVID-19 pandemic. In addition, PDD is in the process of introducing an electronic bidding facility for SLDBs and new web based issuance system for Treasury bills.
- A comprehensive Business Continuity Plan (BCP) is in place with a fully-fledged Disaster Recovery Site (DRS) to support crucial public debt management activities during emergencies. BCP and Work From Home (WFH) arrangements were in operation to continue critical business activities of LankaSettle System during the COVID-19 pandemic. Accordingly, LankaSecure System and Real Time Gross Settlement (RTGS) System were opened for business to carry out scripless government securities transactions smoothly without any disruption.
- 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 1,278 e-statements during 2020. Also, despite the prevailing situations due to COVID-19 pandemic, all investor requests for special purposes were responded via email or by post.
- SMS / e-mail alert facility was introduced to notify customers in real-time, of any

movement of securities in the accounts of Central Depository System (CDS) in the LankaSecure system, with a view of further improving investor safety and awareness of client's government securities transactions. During the year 2020, LankaSecure sent 129,941 e-mails and 40,063 SMS alerts as real-time notifications.

- In order to enhance transparency in conducting government securities transactions in the secondary market, modifications to capture settlement value, price and interest rate of all trades were introduced in the LankaSecure System, with effect from 01 January 2020.
- The Capital Market Development Project (CMDP) initiated during 2020 to facilitate a state-of-the-art infrastructure comprising of a Clearing House (CH)/ a Central Counterparty Settlement (CCP), an Electronic Trading Platform (ETP), an integrated Central Securities Depository (CSD) and a surveillance system for government securities, and foreign exchange transactions are expected to be implemented through this system by end of 2022. The international consultant selected by the Cabinet Appointed Consultant Procurement Committee was assigned to develop a domestic financial market infrastructure development strategy together with a Target Operating Model and legal reforms as necessary when undergoing an independent evaluation of the existing arrangements.

1.6 Market development activities

- PDD took several measures in 2020 to maintain orderly market conditions amidst

the challenges posed by the COVID-19 pandemic.

- Measures were taken to publish the maximum yield rate for acceptance only for 364 day maturity Treasury bills while accommodating acceptance for 91 day and 182 day Treasury bill maturities within the announced yield rate for 364 day maturity at Treasury bill auctions with effect from 06 April 2020.
- Ensuring the predictability and transparency of the auction calendar, the scope of the auction calendar was extended for a period of four months since September 2020.
- Subsequently, the announcement of maximum yield rate for acceptance was extended to all Treasury bill and Treasury bond auctions with effect from 12 May 2020.
- Activation of Phase III of the Treasury bond Issuance System was temporarily halted commencing from 12 May 2020.²

1.7 Awareness programmes and engagements with rating agencies

- During 2020, PDD continued to facilitate several investor awareness programmes and investor meetings to update the market with the concurrent economic developments and prospects of the Sri Lankan economy and the government securities market. Similarly, PDD participated in on-site as well as online promotional activities during the year to educate the general public on investments in government securities.
- The Government and the Central Bank took number of initiatives to improve the sovereign rating profile of the country which was affected by the COVID-19 pandemic and maintained regular communications with three major sovereign rating agencies during 2020 as well.
- Engaged with bilateral and multilateral agencies to update economic and debt profile as per the periodic schedule and ad-hoc basis where applicable.

² The existing three phased Treasury bond issuance system consists of a competitive multi price auction in Phase I, a voluntary volume-based bidding in Phase II and a mandatory allocation at Phases III. Phases II and III are conducted at the WAYRs determined at Phase I for respective maturities on offer.

2. Public Debt Management in 2020

2.1 Overview

The public debt management function during 2020 focused on successful implementation of prudent debt management strategies, even under the complicated challenges emanated due to the outbreak of the COVID-19 pandemic. However, a set of proactive initiatives, under extraordinary market circumstances were undertaken to accommodate the financing requirement of the Government at the lowest possible cost, within prudent risk levels. The Central Bank demonstrated its commitment in this regard, and was able to successfully manage the challenges, emanated from the interruptive spill over effects of COVID-19 pandemic and the risks developed therein, in domestic and external markets.

During 2020, the Central Bank maintained an accommodative monetary policy stance in line with the expansionary fiscal policy stance of the Government in order to stimulate the recovery of the economy which has been severely and negatively impacted due to the COVID-19 pandemic. Interest rate structure across the government securities witnessed a downward momentum along with the policy rate reductions and strategic issuance arrangements collaboratively undertaken by the Central Bank and the Ministry of Finance. As a result, the cost of new issuances during 2020 pertaining to the Treasury bills and Treasury bonds returned to very low levels, resulting in a significant cost savings compared to 2019.

The Central Bank took several measures to improve the overall efficiency and the transparency of the debt management process amidst the challenging conditions imposed by the COVID-19 pandemic related developments. In line with the Government's policy decision to maintain a low interest rate environment to spur growth and manage the unprecedented events unfolded by the COVID-19 pandemic, PDD in collaboration with the Ministry of Finance published maximum acceptance yield rates for all Treasury bill and Treasury bond maturities in respective press advertisements to ensure symmetry of information in the market thereby enhancing the effectiveness of primary issuance of government securities. Further, PDD attended a number of public awareness programmes to improve awareness of PDD functions among the general public. On the other hand, with an intention to encourage market subscription at Treasury bill auctions under the given maximum acceptance yield arrangement, PDD temporary halted the activation of Phase III of the web-based issuance system for Treasury bonds until the market returns to normalcy.

Moreover, at the primary dealer Chief Executive Officers' (CEOs') meeting held in September 2020, PDD presented the proposed arrangement of New Treasury bill Issuance System and the proposed Direct Issuance Window for Treasury bonds to all relevant stakeholders for comments and PDD is currently in the process of undertaking necessary actions to implement the above proposals.

Sri Lanka had to face unfavorable sovereign ratings actions, which was common for many emerging and frontier market economies during 2020. Due to such unfavorable external market conditions resulted from the COVID-19 pandemic, the Government and the Central Bank had to refrain from entering the international capital markets during 2020. A part of the foreign currency debt maturities in 2020 was financed through domestic sources.

When considering the key sustainability indicators of public debt management, debt to gross domestic product (GDP) ratio increased to 101.0 per cent at end 2020 from 86.8 per cent at end 2019. The contraction in nominal GDP in 2020 also contributed to the increase of central government debt to GDP ratio at end 2020. Of the nominal increase in outstanding central government debt, the parity variation, which is an outcome of the depreciation of the exchange rate, resulted in an increase of the rupee value of foreign debt by Rs. 355.7 billion at end 2020. Increase in Government debt was also observed among several other developing and frontier economies as a result of widening government budget deficit and narrowing GDP amidst COVID-19 related economic disruptions,

including lockdowns. Meanwhile, disruptions to economic activities reduced government revenue sharply, particularly the tax revenue as a result of tax concessions and reduced taxable income, while the Government's expenditure soared as a result of various fiscal stimulus undertaken to cope with the COVID-19 related disruptions and unplanned health related expenditure. The Government budget deficit as a percentage of GDP increased to 11.1 per cent in 2020, compared to 9.6 per cent recorded in 2019.

The interest cost to GDP ratio increased to 6.5 per cent in 2020 from 6.0 per cent in 2019 and the interest cost to Government revenue increased to 71.7 per cent in 2020 compared to 47.7 per cent in 2019 due to an increase in interest payments in nominal terms and due to a reduction in GDP and Government revenue. Meanwhile, the weighted Average Time to Maturity (ATM) of domestic currency debt portfolio declined in 2020 to 4.7 years compared to 5.8 years in 2019 and the weighted ATM of the total debt portfolio also declined to 5.4 years during 2020 compared to 6.1 years in 2019. This decline in ATM was mainly as a result of shift in investor preference towards short term

TABLE 1
KEY DEBT INDICATORS – END 2020

Description	2018	2019	2020 (a)
Debt (b)/GDP (c) (%)	84.2(b)	86.8(b)	101.0
Government Budget Deficit/GDP (c) (%)	(5.3)	(9.6)	(11.1)
Interest Cost/GDP (c) (%)	5.9	6.0	6.5
Interest Cost/Government Revenue (%)	44.4	47.7	71.7
Weighted ATM of Domestic Currency Debt (Years)	5.9	5.8	4.7
Weighted ATM of Total Debt (Years)	6.2	6.1	5.4
Share of Foreign Currency Debt to Total Debt (%)	54.26	54.01	47.53

(a) Provisional

(b) Based on the revised GDP estimates for 2018 and 2019 released on 16 March 2021 by the DCS

(c) Base year for GDP = 2010

Sources: Ministry of Finance
Central Bank of Sri Lanka

debt instruments resulting from uncertainties emerged due to COVID-19 pandemic. The share of foreign currency debt to total debt observed a significant decline to 47.5 per cent at end 2020 compared to 54.0 per cent at end 2019, driven mainly by Government's strategic funding decisions with respect to foreign currency debt maturities. It was also supported by the Government's focus on reducing the foreign debt exposure of the outstanding debt portfolio to about one-third of the debt portfolio in the medium term while lowering the unmaturing International Sovereign Bond (ISB) debt stock to around 10 per cent of GDP to minimise the risk of foreign currency exposure.

2.2 Targets and Strategies for Government Borrowings

Under the Appropriation Act, No. 6 of 2020, the Parliament approved an amount of Rs. 2,830 billion as the gross borrowing limit of the Government for 2020 (including the contingency provisions), which is an increase of Rs. 751.0 billion over the gross borrowing limit for 2019. Out of this approved limit for 2020, Rs. 2,505.0 billion was expected to be raised from domestic sources while the balance Rs. 325.0 billion was expected to be raised from foreign sources.

The aggregate actual gross borrowing in 2020 was maintained well within the approved gross

TABLE 2
GOVERNMENT BORROWINGS IN 2020 (a)

Item	Approved Limit		Usage (a)	
	Rs. billion	%	Rs. billion	%
Net Borrowing				
Domestic			1,750.9	105.0
Foreign			(83.2)	(5.0)
Total			1,667.7	100.0
Gross Borrowing				
Domestic	2,505	88.5	2,410	86.0
Rupee Loans			-	-
Treasury Bonds (b)			1,332	47.6
Treasury Bills (net) (b)			724	25.8
Sri Lanka Development Bonds			94	3.3
Other			261	9.3
Foreign	325	11.5	391	14.0
International Sovereign Bonds			-	-
Other (c)			391	14.0
Gross Borrowing (Including Contingency Provision and Book Value Adjustment)	2,830	100.0	2,801	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

borrowing limit (with the contingency provision and book value adjustment). However, the composition of actual borrowings deviated marginally from the initial plan due to both global and domestic market conditions prevailed in 2020. The actual share of gross borrowing from domestic sources was 86.0 per cent amounting to Rs. 2,410.4 billion against the planned 88.5 per cent of domestic borrowings while the share of actual gross borrowing from foreign sources accounted for 14.0 per cent amounting to Rs. 390.9 billion against the planned 11.5 per cent of foreign borrowings. The increase in foreign borrowings was a result of the opportunity to obtain higher than envisaged foreign project and syndicated loans under favourable terms and conditions.

The yield rates on government securities in the primary market adjusted downward during 2020 compared to 2019. This was mainly due to the conduct of Treasury bill and Treasury bond auctions under pre-announced maximum yield rates, which triggered the substantial increase in Central Bank subscription to such securities during the year. Accordingly, primary market weighted average auction issuance yield rates of 91 day, 182 day and 364 day Treasury bills decreased by 222, 272 and 303 basis points to 5.93 per cent, 5.72 per cent and 6.37 per cent, respectively, during the year in comparison to yield rates that prevailed in 2019. As a result, the overall primary market weighted average auction issuance yield rate of Treasury bills decreased by 297 basis points to 6.09 per cent

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

	2014	2015	2016	2017	2018	2019	2020 (b)	Per cent
Instrument								
Treasury Bills								
(Days)								
91	6.58	6.32	8.26	9.01	8.40	8.15	5.93	
182	6.57	6.50	9.23	9.81	8.58	8.44	5.72	
364	6.73	6.60	10.20	10.07	9.67	9.40	6.37	
Overall Average	6.68	6.46	9.38	9.77	9.35	9.06	6.09	
Treasury Bonds								
(Years)								
2	-	7.98	11.45	11.05	-	10.27	5.70	
3	-	8.32	11.58	-	10.44	10.38	7.44	
4	-	8.68	11.87	11.54	-	-	7.59	
5	8.78	8.63	12.16	11.53	10.33	10.55	7.72	
6	-	9.19	12.01	11.36	-	-	7.58	
7	-	8.99	12.18	12.94	10.37	-	7.52	
8	9.03	9.55	12.28	11.44	11.21	10.81	8.73	
9	9.23	-	13.07	12.91	12.16	10.56	-	
10	10.00	9.78	12.60	11.16	11.06	11.43	9.99	
12	-	-	13.72	-	-	11.27	-	
15	10.34	10.24	-	-	10.49	10.59	-	
20	11.32	11.20	-	-	-	10.52	-	
30	11.75	11.73	-	-	-	-	-	
Overall Average	10.17	9.46	12.27	11.48	10.74	10.74	7.46	

(a) Net of 10% withholding tax. Effective from 03 May 2002, Government has imposed withholding tax on interest of government securities. However, effective from 01 April 2018, Government has removed the withholding tax of 10%

(b) Provisional

Source: Central Bank of Sri Lanka

in 2020 compared to 2019. The primary market weighted average auction issuance yield rates of benchmark maturities of 2 year, 3 year, 5 year, 7 year, 8 year and 10 year Treasury bonds decreased by 457, 294, 283, 209 and 144 basis points during the year in comparison to yield rates that prevailed in 2019, to 5.70, 7.44, 7.72, 8.73 and 9.99 per cent, respectively. Accordingly, the overall primary market weighted average auction issuance yield rate of Treasury bonds decreased by 328 basis points to 7.46 per cent in 2020 compared to 2019.

2.3 Sovereign Ratings of Sri Lanka

The sovereign ratings of Sri Lanka for the year 2020, as reviewed by the three leading rating agencies, were downgraded. During the early part of the year, all three rating agencies revised downward country's sovereign ratings and further downgraded the ratings during the latter part of the year. Accordingly, S&P Global Ratings (S&P) and Moody's Investors Service (Moody's) assigned Sri Lanka's credit rating at CCC+, and Caa1, respectively with a stable outlook. Similarly, Fitch Ratings (Fitch) also assigned Sri Lanka's ratings at CCC. These revisions of the credit ratings were mainly attributed to risks stemming from a deteriorated fiscal position and the deteriorated external reserve position raising concerns about the

government's ability to meet its future foreign debt payment obligations amidst COVID-19 pandemic. However, the sovereign rating downgrades were common among developing and frontier economies during 2020 due to the impact of the global pandemic. Even though rating agencies concerned on foreign currency debt service payment obligations, the Government was able to maintain its unblemished debt servicing record during 2020, timely settling the obligations falling due, including the US dollars 1.0 billion ISB matured in October 2020.

2.4 Debt Level

A nominal increase of Rs. 2,085.7 billion (16.0 per cent) in the total Central Government debt stock was recorded at end 2020 compared to end 2019, marking the outstanding Government debt stock reaching Rs. 15,117.2 billion at end 2020. The adverse exchange rate variations have increased the total outstanding debt by Rs. 355.7 billion in 2020 compared to Rs. 12.4 billion in 2019. However, the net discount effect of Treasury bills and Treasury bonds has recorded a decrease in the total outstanding debt by Rs. 86.3 billion during 2020 compared to the decline of total outstanding debt due to the same metric by Rs. 25.3 billion in 2019. This favourable outcome was mainly due to

TABLE 4
INCREASE IN OUTSTANDING GOVERNMENT DEBT

Description	Rs. billion	
	2019	2020(a)
Effect of Parity Variance	12.4	355.7
Discount Effect	(25.3)	(86.3)

(a) Provisional

Sources: Central Bank of Sri Lanka

TABLE 5
OUTSTANDING GOVERNMENT DEBT (AS AT END OF YEAR 2020)

	2018	2019	2020 (a)
Outstanding Debt (Rs. billion) - By Source			
Domestic	6,071.0	6,830.3	9,065.1
Foreign (b) (c)	5,959.5	6,201.3	6,052.2
Total	12,030.5	13,031.5	15,117.2
Outstanding Debt (Rs. billion) - By Currency			
Domestic	5,503.1	5,993.6	7,931.6
Foreign (b)	6,527.5	7,037.9	7,185.7
Total	12,030.5	13,031.5	15,117.2
Outstanding Debt (% of GDP) - By Source (c)			
Domestic	42.5(d)	45.5(d)	60.6
Foreign (b)	41.7(d)	41.3(d)	40.4
Total	84.2(d)	86.8(d)	101.0
Outstanding Debt (% of GDP) - By Currency (c)			
Domestic	38.5	39.9	53.0
Foreign (b)	45.7	46.9	48.0
Total	84.2	86.8	101.0

(a) Provisional

Sources: Ministry of Finance

(b) Excludes outstanding loans of projects involving Puttalam Coal Power Project, Mattala Hambantota International Airport Project and Hambantota Port Development Projects

Central Bank of Sri Lanka

(c) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt from 2019 onwards

(d) Based on the revised GDP estimates for 2018 and 2019 released on 16 March 2021 by the DCS

the issuance of Treasury bonds at a premium (the coupon rates of issuances were higher than market interest rates) during 2020.

Domestic debt (by source) increased by Rs. 2,234.8 billion (15.1 per cent of GDP) to Rs. 9,065.1 billion at end 2020 from Rs. 6,830.3 billion at end 2019 while foreign debt (by source) decreased marginally by Rs. 149.1 billion (0.9 per cent of GDP) to Rs. 6,052.2 billion at end 2020 from Rs. 6,201.3 billion at end 2019. Further, rupee denominated debt stock of the Central Government increased by Rs. 1,937.9 billion (13.0 per cent of GDP) to Rs. 7,931.6 billion at end 2020, compared to Rs. 5,993.6 billion at end 2019. The rupee value of foreign currency denominated Government

debt stock increased by Rs. 147.8 billion (1.1 per cent of GDP) to Rs. 7,185.7 billion at end 2020 compared to Rs. 7,037.9 billion at end 2019. Accordingly, the total outstanding debt stock recorded an increase of Rs. 2,085.7 billion to Rs. 15,117.2 billion at end 2020 (14.2 per cent of GDP) compared to end 2019.

The share of domestic debt (by source) in total Government debt increased to 60.0 per cent at end 2020 from 52.4 per cent recorded at end 2019 while the share of foreign debt (by source) in total Government debt decreased to 40.0 per cent at end 2020 from 47.6 per cent at end 2019. The share of domestic currency debt in total Government debt increased to 52.2 per cent at end 2020 from the 46.0 per cent that prevailed

CHART 1

COMPOSITION OF GOVERNMENT DEBT

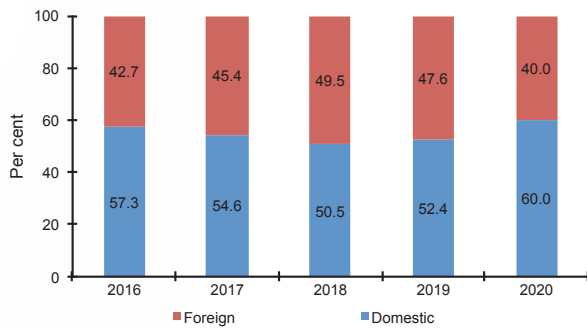


CHART 2

DOMESTIC DEBT (BY SOURCE)

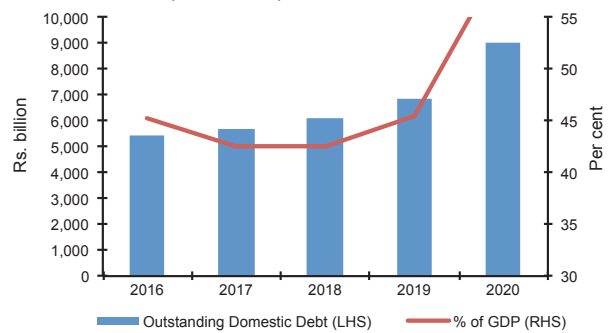


TABLE 6

CHANGE IN OUTSTANDING FOREIGN DEBT (BY SOURCE) IN RUPEE TERMS - CURRENCY WISE

Rs. billion

Currency	2018	2019 (b)	2020 (a) (b)
Special Drawing Rights	125.2	-27.4	43.3
Japanese Yen	106.6	2.1	39.3
US Dollar	1131.2	295.0	-200.6
Euro	17.8	2.9	22.7
Other	-139.9	-30.8	-53.8
Total	1,240.9	241.7	-149.1
Memo: Year End Exchange Rates (Sri Lankan Rupees per Unit of Foreign Currency)			
Special Drawing Rights	253.51	251.17	268.48
Japanese Yen	1.65	1.67	1.81
US Dollar	182.75	181.63	186.41
Euro	208.99	203.67	229.42

(a) Provisional

Sources: Ministry of Finance

(b) As per the guidelines of compiling government debt statistics in the Manual

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of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt

at end 2019 while the share of foreign currency debt in total Government debt decreased to 47.5 per cent at end 2020 compared to 54.0 per cent at end 2019.

On the other hand, total outstanding foreign debt (by source) declined by Rs. 149.1 billion in rupee terms at end 2020 compared to end 2019. This decline was mainly attributable to the decline in US dollar denominated debt by Rs. 200.6 billion. The outstanding foreign debt denominated by Special Drawing Rights (SDR), Japanese Yen, and Euro increased while debt denominated in other currencies recorded a decrease in the value as of end 2020, compared to end 2019. The decline in US dollar denominated debt was mainly attributable to

the settlement of maturing ISB amounted to US dollars 1 billion in 2020 without re-issuing a new ISB, given the unfavourable international capital market conditions.

2.5 The Structure of the Central Government Debt Portfolio

2.5.1 Net Domestic Borrowings

The net domestic debt borrowings during 2020 amounted to Rs. 1,750.9 billion through domestic financing, primarily through domestic market borrowings and other non-market domestic borrowings (such as OBUs, Provisional Advances and Bank overdraft), in line with the debt financing strategy for 2020.

2.5.2 Domestic Debt by Investor Base

Investments by the banking sector (which consists of Licensed Commercial Banks (LCBs) and the Central Bank) in domestic government securities market increased by Rs. 1,847.3 billion (64.0 per cent) to Rs. 4,735.7 billion at end 2020 compared to Rs. 2,888.5 billion at end 2019. The amount of domestic debt held by LCBs increased to Rs. 3,858.9 billion at end 2020 from that of Rs. 2,577.5 billion held at end 2019, signifying an increase of 49.7 per cent. The LCB holding of Treasury bills and Treasury bonds increased by Rs. 128.4 billion to Rs. 813.0 billion and by Rs. 691.4 billion to Rs. 1,513.3 billion, respectively, at end 2020 compared to end 2019. It should also be noted that the amount of ISBs held by the domestic LCBs has increased considerably during 2020. Accordingly, the domestic ISB holding of LCBs increased by Rs. 213.7 billion (around US dollars 1,117.7 million) to Rs. 415.8 billion (around US dollars 2,230.4 million) at end 2020, from Rs. 202.1 billion (around US dollars 1,112.7 million) at end 2019. Similarly, CBSL holding of Treasury bills increased significantly by Rs. 628.7 billion to Rs. 654.6 billion by end 2020 compared to just Rs. 25.9 billion at end 2019. The CBSL holding of Treasury bonds increased by Rs. 21.7 billion to Rs. 70.6 billion by end 2020 compared to end 2019.

The provident and pension funds continued to be the major non-bank investors in domestic government securities. The total investment by these pension funds increased by Rs. 227.2 billion (9.2 per cent) to Rs. 2,687.6 billion at end 2020 from Rs. 2,460.4 billion at end 2019. The other investors in the domestic government securities market include savings institutions,

insurance funds, official funds and other business and individual investors. The total non-bank sector investment in domestic government securities market increased by Rs. 387.5 billion (9.8 per cent) to Rs. 4,329.3 billion of the total domestic debt at end 2020 compared to Rs. 3,941.8 billion at end 2019.

2.5.3 Maturity Structure of the Domestic Debt Portfolio

Short-term domestic debt (Treasury bills, provisional advances from the Central Bank, import bills held by commercial banks, other liabilities to the banking sector net of bank deposits) as a percentage of total domestic debt, increased to 24.2 per cent at end 2020 compared to 18.6 per cent recorded at end 2019. The ATM of Treasury bonds decreased to 5.9 years at end 2020 compared to 6.8 years recorded at end 2019. The Treasury bond ATM dropped by about 0.9 years in 2020 mainly as a result of the shift in investor preference to shorter tenure Treasury bonds, partly caused by lower yield rate structure in the domestic government securities market and partly due to uncertainties emanated as a result of COVID-19 pandemic. However, ATM of Treasury bills increased marginally to 0.5 years at end 2020 compared to 0.4 years recorded at end 2019. Accordingly, ATM of the overall domestic currency debt declined to 4.7 years at end 2020 compared to 5.8 years recorded at end 2019.

The duration is a measure of the sensitivity of the price of a debt instrument to a change in market interest rates. The overall duration of the domestic currency denominated debt portfolio decreased to 3.5 years in 2020 compared to 3.8 years in 2019.

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)		
	2018	2019	2020 (a) (b)	2018	2019	2020 (a) (b)
Treasury Bills	0.4	0.4	0.5	0.4	0.4	0.5
Treasury Bonds	4.1	4.4	4.3	6.9	6.8	5.9
Rupee Loans	3.2	2.5	1.8	4.1	3.1	2.1
Overall	3.6	3.8	3.5	5.9	5.8	4.7

(a) Weighted average maturity of the cash flows

Source: Central Bank of Sri Lanka

(b) Provisional

2.5.4 Net Foreign Borrowing

The net foreign debt borrowing was negative Rs. 83.2 billion in 2020. This is a result of the reduced amount of foreign debt issuances due to skewed market circumstances for foreign debt issuances in 2020 compared to foreign debt maturities during the same year.

2.5.5 Composition of Foreign Debt

The rupee value of the outstanding concessional and commercial foreign debt (by source), stood at Rs. 2,988.1 billion (49.4 per cent of total

foreign debt) and Rs. 3,064.1 billion (50.6 per cent of total foreign debt), respectively at end 2020. In 2019, corresponding values of concessional and commercial sources stood at Rs. 2,767.5 billion (44.6 per cent of total foreign debt) and Rs. 3,433.8 billion (55.4 per cent of total foreign debt), respectively. Thus, the ratio of commercial foreign debt stock declined in 2020 compared to 2019 mainly due to non issuance of ISBs against the repayment of ISB worth US dollars 1.0 billion in October 2020.

TABLE 8
COMPOSITION OF FOREIGN DEBT (BY SOURCE)

Category	2019 (b)		2020 (a) (b)	
	Total Equivalent Amount in Rupees Billion	%	Total Equivalent Amount in Rupees Billion	%
Concessional	2,767.5	44.6	2,988.1	49.4
Bilateral	932.2	15.0	973.9	16.1
Multilateral	1,356.9	21.9	1,445.2	23.9
Other	478.3	7.7	568.9	9.4
Commercial	3,433.8	55.4	3,064.1	50.6
Sovereign Bonds	2,531.5	40.8	2,203.3	36.4
Bilateral	199.7	3.2	189.0	3.1
Multilateral	112.9	1.8	156.3	2.6
Foreign Holdings in Treasury Bills and Treasury Bonds	104.0	1.7	6.9	0.1
Other	485.7	7.8	508.6	8.4
Total (c)	6,201.3	100.0	6,052.2	100.0

(a) Provisional

Sources: Ministry of Finance

(b) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt

Central Bank of Sri Lanka

(c) Excludes outstanding loans of projects involving Puttalam Coal Power Project, Mattala Hambantota International Airport Project and Hambantota Port Development Projects

TABLE 9

MATURITY, GRANT ELEMENT & INTEREST RATES OF FOREIGN DEBT - 2020

Category	Grace Period (Years)	Repayment Period (Years)	Grant Element (%)	Avg. Interest Rates (a) (% p.a.)
Bilateral	0 - 21	0 - 40	0 - 100	1.81
Multilateral	0 - 18	0 - 41	0 - 100	1.59
Commercial	0 - 14	0 - 30	(13) - 61	6.05
Export Credit	0 - 18	0 - 23	(12) - 100	3.97
Average				4.04

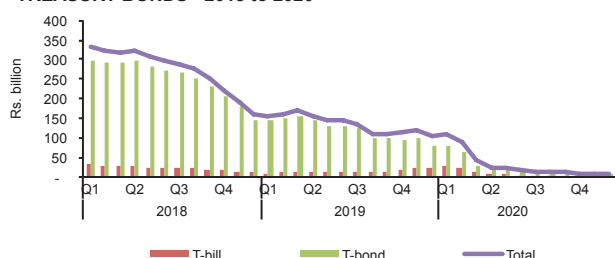
(a) Interest paid in 2020/ Disbursed outstanding debt as at end 2019

Sources: Ministry of Finance

Central Bank of Sri Lanka

CHART 3

FOREIGN OUTSTANDING IN TREASURY BILLS AND TREASURY BONDS - 2018 to 2020



The average interest rate of the overall foreign debt stock stood at 4.04 per cent at end 2020 with commercial loan rates averaging to 6.05 per cent while bilateral and multilateral loan rates averaging to 1.81 per cent and 1.59 per cent, respectively.

Meanwhile, investments in government securities by foreigners declined considerably

TABLE 10

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

Currency	2018	2019 (b)	2020 (b)	Per cent
US Dollar	63.45	65.74	64.04	
Special Drawing Rights	16.02	14.95	16.04	
Japanese Yen	10.45	10.08	10.98	
Sri Lankan Rupee (c)	2.67	1.68	0.11	
Euro	3.79	3.69	4.15	
Other	3.62	3.86	4.68	
Total (d)	100.00	100.00	100.00	
Memo: Total External Debt (Rs.billion)	5,959.55	6,201.28	6,052.18	

(a) Provisional

Sources: Ministry of Finance

Central Bank of Sri Lanka

(b) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt from 2019 onwards

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

(d) Excludes outstanding loans of projects involving Puttalam Coal Power Project, Mattala Hambantota International Airport Project and Hambantota Port Development Projects

in 2020 and a similar phenomenon was observed in several other emerging and frontier economies, as a result of uncertainties emanated due to COVID-19 pandemic. More specifically, investments in Treasury bills and Treasury bonds by foreigners declined to Rs. 6.9 billion at end 2020 from Rs. 104.0 billion recorded at end 2019.

2.5.6 Currency Composition of Foreign Debt

Total foreign debt stock (by source) at end 2020 was comprised of four major currencies viz US dollars, Japanese Yen, Euro, and Special Drawing Rights (SDR), that accounted for over 95.2 per cent of the total foreign debt stock. In 2020, the share of SDR, Japanese Yen and Euro denominated foreign debt increased while the share of US Dollar denominated foreign debt declined marginally, mainly as a result of the settlement of the ISB amounted to US dollar 1.0 billion, without issuing a new ISB. Meanwhile, the foreign debt denominated in Sri Lankan

rupees decreased to 0.11 per cent at end 2020 from 1.68 per cent recorded at end 2019 due to a decrease in foreign holdings of Treasury bills and bonds.

2.5.7 Usage of Foreign Debt

As depicted in Table 11. Accordingly, about 51.1 per cent of outstanding foreign debt at end 2020 has been utilised for the development of economic services, out of which 32.5 per cent has been spent on industrial and construction sector and 12.03 per cent has been spent on service sector. Moreover, a substantial share of foreign debt (18.5 per cent of the total outstanding foreign debt) has also been utilised for the transportation infrastructure developments including roads and bridges. In addition, foreign debt has also been utilised to improve social services and to import essential commodities and food, which accounted for about 8.93 per cent and 0.71 per cent of the total outstanding foreign debt at end 2020, respectively.

TABLE 11
USE OF EXTERNAL DEBT BY MAJOR SECTORS BASED ON THE OUTSTANDING DEBT STOCK (a)

Economic Sector (b)	Rs. billion			
	2019	%	2020 (c)	%
1. Economic Services	2,940.72	47.42	3,094.02	51.12
1.1 Agricultural Development	229.06	3.69	238.82	3.95
Agriculture	52.87	0.85	57.66	0.95
Fishing	8.50	0.14	8.24	0.14
Forestry	5.58	0.09	5.36	0.09
Plantation	31.66	0.51	31.84	0.53
Irrigation & Related Activities	111.47	1.80	119.82	1.98
Livestock Development	18.97	0.31	15.90	0.26
1.2 Industrial/Construction	1,838.77	29.65	1,967.05	32.50
Energy	459.14	7.40	457.50	7.56
Water Supply	322.64	5.20	362.83	5.99
Industrial Development	26.23	0.42	25.38	0.42
Roads & Bridges	1,028.64	16.59	1,119.23	18.49
Other Construction	2.12	0.03	2.10	0.03
1.3 Service Sector	715.45	11.54	728.36	12.03
Telecommunications	19.75	0.32	17.61	0.29
Ports & Shipping	239.68	3.86	224.99	3.72
Ground Transport	353.48	5.70	385.23	6.37
Air Transport	37.62	0.61	37.27	0.62
Finance, Insurance, etc.	64.93	1.05	63.26	1.05
Trade	-	-	-	-
1.4 Other Economic Services	157.44	2.54	159.78	2.64
Land Development	0.70	0.01	1.13	0.02
Management & Institutional Development	23.38	0.38	23.58	0.39
Information Technology Development	11.40	0.18	11.84	0.20
Private Sector Development	52.12	0.84	51.36	0.85
Rural Development	66.77	1.08	66.98	1.11
Science & Technology	3.08	0.05	4.89	0.08
2. Social Services	495.86	8.00	540.35	8.93
Education & Training	124.77	2.01	138.73	2.29
Health & Social Welfare	88.58	1.43	108.30	1.79
Environment	32.85	0.53	31.06	0.51
Housing & Urban Development	68.35	1.10	78.15	1.29
Labour & Vocational Training	35.49	0.57	36.42	0.60
Media	0.08	0.00	0.08	0.00
Rehabilitation	95.56	1.54	97.93	1.62
Sewerage	3.04	0.05	2.97	0.05
Tsunami Rehabilitation	47.14	0.76	46.72	0.77
3. Commodities & Food	52.31	0.84	43.02	0.71
Commodities	36.76	0.59	29.61	0.49
Food	15.55	0.25	13.41	0.22
4. Other Activities	2,712.40	43.74	2,374.79	39.24
Total Outstanding Debt (d)	6,201.28	100.00	6,052.18	100.00

- (a) Based on Outstanding External Debt data recorded in Commonwealth Secretariat Debt Recording & Management System (CS-DRMS) at end December 2020 Sources: Ministry of Finance Central Bank of Sri Lanka
- (b) Excludes outstanding loans of projects involving Puttalam Coal Power Project, Mattala Hambantota International Airport Project and Hambantota Port Development Projects
- (c) Provisional
- (d) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt from 2019 onwards

3. Servicing Public Debt in 2020

3.1 Debt Service Payments

The Central Bank maintained its unblemished track record of servicing public debt obligations in a timely and accurate manner in 2020 as well, in terms of payment of principal, interest and other contractual obligations, of the Government.

Total debt service payments¹ effected in 2020 decreased by 4.0 per cent to Rs. 1,941.4 billion compared to debt service payments of Rs. 2,022.5 billion recorded in 2019, mainly due to the decrease in Treasury bond maturities and repayments of International Sovereign Bonds (ISBs) in 2020. During the year, total amortisation payments amounted to Rs. 961.1 billion with interest payments amounting to Rs. 980.3 billion recording 49.5 per cent and 50.5 per cent of total debt service payments, respectively.

In terms of payment destination, domestic and foreign debt service payments amounted to Rs. 1,169.5 billion and Rs. 771.9 billion, respectively in 2020. Accordingly, total debt servicing consisted of 60.2 per cent of domestic debt servicing and 39.8 per cent of foreign debt servicing during the year.

Total debt service payments as a percentage of Government revenue recorded a value of 141.92 per cent during 2020, a considerable increase compared with 107.0 per cent in 2019, mainly due to a significant decline in Government revenue in 2020. However, the debt service payments as a percentage of gross domestic product (GDP) was reported 13.0 per cent in 2020, a marginal decrease from 13.5 per cent in 2019.

TABLE 12
DEBT SERVICE PAYMENTS

	Rs. billion		
Category	2018	2019	2020 (a)
Domestic	1,561.4	1,213.7	1,169.5
Principal Payments (b)	921.9	546.3	455.9
Interest Payments (c)	639.5	667.4	713.6
Foreign (d)	527.2	808.8	771.9
Principal Payments (e)	314.5	574.8	505.2
Interest Payments (f)	212.7	234.0	266.7
Total Payments	2,088.6	2,022.5	1,941.4

(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

1 Total debt service payments do not include the amortisation payments of Treasury bills. This was amounted to Rs. 1,777.1 billion in 2020.

3.2 Amortisation of Debt

Amortisation payments amounted to Rs. 961.1 billion in 2020, which was a significant decrease of 14.3 per cent from Rs. 1,121.2 billion reported in 2019, resulting mainly from the decrease of capital repayment of Treasury bonds and ISBs.

As a share of Government revenue, debt amortisation payments increased to 70.3 per cent in 2020 from 59.3 per cent in 2019. Further, amortisation payments as a percentage of GDP declined to 6.4 per cent in 2020 compared to 7.5 per cent in the previous year.

Principal repayments on domestic debt amounted to Rs. 455.9 billion which accounted for 47.4 per cent of total amortisation. Foreign debt obligations consumed the remaining Rs. 505.2 billion, accounting for 52.6 per cent of total amortisation.

3.2.1 Amortisation of Domestic Debt

Repayment of principal owed to domestic sources of financing amounted to Rs. 455.9 billion and Rs. 546.3 billion in 2020 and 2019,

respectively. Total amortisation of domestic debt decreased by Rs. 90.4 billion, recording a decrease of 16.6 per cent, during 2020.

The capital repayments on Treasury bonds amounted to Rs. 271.0 billion in 2020, recording a decrease of Rs. 156.1 billion. The capital repayments on Sri Lanka Development Bonds (SLDBs) increased by Rs. 65.6 billion to Rs. 177.4 billion during 2020 while repayments on loans obtained from Offshore Banking Units (OBUs) of domestic banks increased marginally by Rs. 0.2 billion to Rs. 2.8 billion during the year. Repayment of other outstanding domestic debt decreased by Rs. 0.1 billion during the year.

3.2.2 Amortisation of Foreign Debt

Total amortisation payments to foreign sources of funding amounted to Rs. 505.2 billion in rupee terms in 2020. Similar to domestic debt, foreign debt amortisation decreased by 12.12 per cent, worth of Rs. 69.7 billion, during the year.

Decline in foreign debt amortisation was mainly due to the decrease of maturity payment of

TABLE 13
AMORTISATION OF DEBT

Source/ Instrument	2018	2019	2020 (a)
Domestic Debt	921.9	546.3	455.9
Treasury Bonds (b)	510.0	427.2	271.0
Rupee Loans	-	-	-
Loans from Offshore Banking Units	47.8	2.6	2.8
Sri Lanka Development Bonds	363.6	111.8	177.4
Other Domestic	0.57	4.74	4.65
Foreign Debt (c)	314.5	574.8	505.2
Treasury Bonds held by Foreigners	7.5	2.5	1.0
Sovereign Bonds	-	269.83	185.3
Other	307.0	302.5	318.9
Total Amortisation Payments	1,236.4	1,121.2	961.1

(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

TABLE 14
INTEREST COST ON GOVERNMENT DEBT

	Rs. billion		
Source/ Instrument	2018	2019	2020 (a)
Domestic Debt	639.5	652.8	713.6
Treasury Bills (b)	74.5	81.0	78.0
Treasury Bonds (c)	501.5	494.8	547.4
Rupee Loans	2.9	2.9	2.9
Loans from Offshore Banking Units	4.8	10.3	12.7
Sri Lanka Development Bonds	41.0	35.4	29.1
Other Domestic (d)	14.9	28.4	43.6
Foreign Debt (e)	212.7	248.6	266.7
Total Interest Cost	852.2	901.4	980.3

(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

ISBs by US dollars 0.5 billion to US dollars 1.0 billion during the year, compared to US dollars 1.5 billion matured in 2019. In addition, capital repayments to non-resident investors in Treasury bonds marginally decreased by Rs. 1.5 billion in 2020. However, repayments on other project loans and foreign currency term financial facilities amounted to Rs. 318.9 billion recording an increase of 5.43 per cent, worth of Rs. 16.4 billion, in 2020.

3.3 Interest Cost

Total interest cost on Government borrowings increased by Rs. 79.0 billion, year-on-year, amounting to Rs. 980.3 billion in 2020. Increased interest payments on both domestic and foreign debt contributed to the increment of total interest payments during the year.

Total interest cost as a percentage of GDP stood at 6.6 per cent in 2020 compared to 6.00 per cent in 2019. The share of Government revenue expended on servicing of interest amounted to 71.7 per cent in 2020, compared to that of 47.7 per cent in 2019.

3.3.1 Interest Cost on Domestic Debt

Interest payments on domestic debt showed a significant increase of 9.3 per cent to Rs. 713.6 billion, year-on-year, in 2020, mainly due to the significant increase in outstanding domestic debt, despite the decline in domestic interest rates.

Accordingly, interest payments on Treasury bonds, loans obtained from OBUs, and other administrative borrowings increased during the period under consideration by Rs. 52.6 billion (10.6 per cent), Rs. 2.4 billion (23.4 per cent) and Rs. 15.2 billion (53.4 per cent), respectively. On the contrary, interest payments on Treasury bills and SLDBs decreased by Rs. 3.1 billion (3.8 per cent) and Rs. 6.3 billion (17.8 per cent), respectively.

Interest payments on Treasury bills and Treasury bonds cumulatively accounted for 87.63 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, favourably contributed to the reduction of interest cost during the year.

3.3.2 Interest Cost on Foreign Debt

Interest paid on foreign borrowings also increased during the year under consideration. Accordingly, interest cost on foreign debt amounted to Rs. 266.7 billion in 2020, an increase of 7.3 per cent compared to that of Rs. 248.6 billion in 2019. This was mainly due to increased interest payments on ISBs while the depreciation of the rupee against major foreign currencies used for interest payment also contributed to inflate the rupee value of interest payments. However, declined benchmark London Inter-bank Offered Rate (LIBOR)

for US dollar 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 2059, as at end 2020 are shown in charts above. 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, the size of the debt stock as a percentage of GDP is expected to decline while the average time to maturity (ATM) of the debt portfolio would be expanded, gradually, subject to conducive market conditions. Provisions in the Active Liability Management Act, No. 8 of 2018 (ALMA) are also available for effective implementation of the MTDS in future, although, market conditions remained hostile throughout 2020 to consider implementation of any ALMA initiatives.

The Public Debt Department is cognisant of the Government's debt liabilities and continuously endeavours to proactively manage such liabilities. This would eventually bring down cost of debt repayments and harmonise the process of fund raising and debt servicing with the support of overall fiscal sustainability initiatives.

CHART 4

TOTAL INTEREST COST

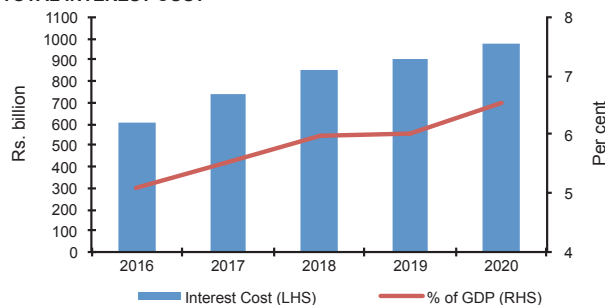


CHART 5

FOREIGN CURRENCY DEBT SERVICE OBLIGATIONS

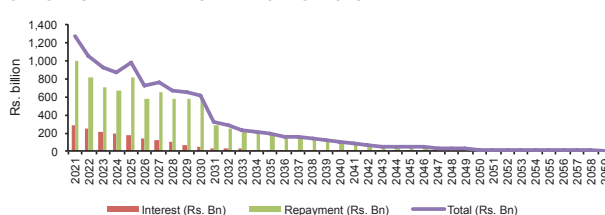
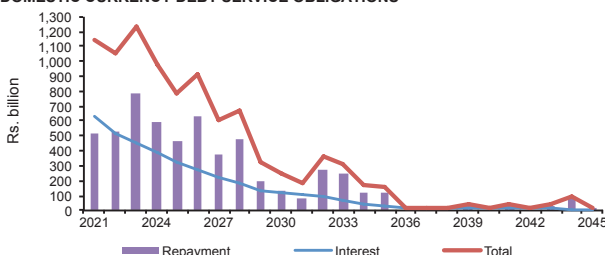


CHART 6

DOMESTIC CURRENCY DEBT SERVICE OBLIGATIONS



4. Market Operations in 2020

4.1 Overview

Government's borrowing programme for 2020 was implemented by the Central Bank, accomplishing the responsibility of managing public debt while ensuring that funds were raised at the lowest possible cost and at a prudent degree of risk, subject to the challenging domestic and global market conditions that prevailed during 2020 mainly due to COVID-19 pandemic. Amidst these circumstances, Central Bank continued to issue several tradable debt instruments, namely Treasury bills, Treasury bonds and Sri Lanka Development Bonds (SLDBs) in the domestic financial market in line with the overall borrowing limit specified under the Appropriation Act No. 6 of 2020. International Sovereign Bond (ISB) maturities in October 2020 were settled sans any new ISB issuance given the challenging international financial market conditions to raise funds at favourable terms, largely driven by the implications of the COVID-19 pandemic and the conscious effort to reduce the share of external liabilities in the total debt portfolio.

Notable downward adjustment of the primary market yield rates of both Treasury bills and Treasury bonds were observed during 2020. The primary market yield rates of government securities during the first quarter of 2020 declined due to the predictable issuance calendar coupled with tactical issuance

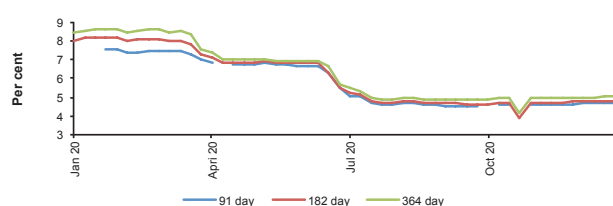
arrangements, adequate resource availability and enhanced money market liquidity. Moreover, the declining trend observed in the primary yields of government securities could be largely attributed to the conducive monetary policy stance maintained, further facilitated by the introduction of the maximum acceptance yield rates for Treasury bill and Treasury bond maturities offered at primary auctions commencing from early April 2020 and mid May 2020, respectively. Nevertheless, amidst the outbreak of the second wave of COVID-19 pandemic, the downward trend of the primary market yield rates reversed towards the latter part of 2020. In the external front, inflows to the government securities market decreased in 2020 when compared to 2019 and the net foreign outflows from the government securities market remained sizable as reflected across many of the developing and frontier market economies.

The gross Treasury bill holding of the Central Bank increased to Rs. 725.2 billion by end 2020 compared to 74.7 billion recorded at end 2019. Accordingly, during 2020, the Central Bank subscribed to Rs. 650.5 billion worth of Treasury bills, on net basis.

4.2 Treasury bills Primary Market

Treasury bills continued to remain one of the key debt instrument deployed by the Public Debt Department (PDD) to manage short-term

CHART 7
TREASURY BILL PRIMARY MARKET WEIGHTED AVERAGE YIELDS



cash-flow requirement of the General Treasury which were issued in three standard maturities of 91 day, 182 day and 364 day, during 2020.

Gross fund mobilisation through the issuance of Treasury bills amounted to Rs. 2,590.5 billion on face value basis in 2020 compared to Rs. 1,719.3 billion in 2019. The face value of outstanding Treasury bills at end 2020 was Rs. 1,620.7 billion in comparison to Rs. 873.9 billion recorded at end 2019. Further, 52 weekly Treasury bill auctions were conducted by the Central Bank in 2020.

The primary market Weighted Average Yield Rates (WAYRs) for Treasury bills demonstrated a notable declining trend during 2020.

TABLE 15
PRIMARY MARKET WEIGHTED AVERAGE YIELD RATES OF TREASURY BILL AUCTIONS (a)

Period	End December 2019	2020				Per cent
		End Quarter 1	End Quarter 2	End Quarter 3	End Quarter 4	
91 Days	7.51	7.00	5.50	4.51	4.67	
182 Days	8.02	7.25	5.53	4.64	4.78	
364 Days	8.45	7.50	5.66	4.88	5.03	

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

Source: Central Bank of Sri Lanka

Compared to the levels prevailed at end 2019, the yield rates of 91 day, 182 day and 364 day maturity Treasury bills decreased sharply by 284, 324 and 342 basis points, respectively, on net basis at end 2020. Accordingly, at end 2020, the primary market Weighted Average Yield Rates (WAYRs) for Treasury bills of 91 day,

182 day and 364 day maturity Treasury bills were recorded at 4.67 per cent, 4.78 per cent and 5.03 per cent, respectively.

4.3 Treasury bonds Primary Market

During 2020, fifteen (15) Treasury bond auctions offering multiple maturities in the range of 2-10 years were conducted. The primary market WAYR for Treasury bonds ranged between 5.47 per cent to 9.99 per cent at auctions. Meanwhile, at end 2020, there were sixty three (63) outstanding Treasury bond series.

The Average Time to Maturity (ATM) of Treasury bond portfolio decreased to 5.9 years at end 2020 from 6.8 years reported at end 2019 largely driven by the issuance of short and medium term maturities of Treasury bonds in 2020, in line with the skewed market preference for short term maturity Treasury bonds given the uncertainties surrounding the COVID-19 pandemic. Among the 36 International Securities Identification Numbers (ISINs) issued at 15 Treasury bond

auctions held in 2020, 4 new ISINs were issued collecting Rs. 132.4 billion while Rs. 723.3 billion was raised by issuing existing Treasury bond series.

The overall WAYRs of Treasury bonds issued in 2020 decreased considerably to 7.46 per cent

TABLE 16
PRIMARY MARKET WEIGHTED AVERAGE YIELD RATES OF TREASURY BILLS AND TREASURY BONDS
ISSUED THROUGH AUCTIONS (a)

	Per cent						
Instrument	2014	2015	2016	2017	2018	2019	2020 (b)
Treasury Bills (Days)							
91	6.58	6.32	8.26	9.01	8.40	8.15	5.93
182	6.57	6.50	9.23	9.81	8.58	8.44	5.72
364	6.73	6.60	10.20	10.07	9.67	9.40	6.37
Overall Average	6.68	6.46	9.38	9.77	9.35	9.06	6.09
Treasury Bonds (Years)							
2	-	7.98	11.45	11.05	-	10.27	5.70
3	-	8.32	11.58	-	10.44	10.38	7.44
4	-	8.68	11.87	11.54	-	-	7.59
5	8.78	8.63	12.16	11.53	10.33	10.55	7.72
6	-	9.19	12.01	11.36	-	-	7.58
7	-	8.99	12.18	12.94	10.37	-	7.52
8	9.03	9.55	12.28	11.44	11.21	10.81	8.73
9	9.23	-	13.07	12.91	12.16	10.56	-
10	10.00	9.78	12.60	11.16	11.06	11.43	9.99
12	-	-	13.72	-	-	11.27	-
15	10.34	10.24	-	-	10.49	10.59	-
20	11.32	11.20	-	-	-	10.52	-
30	11.75	11.73	-	-	-	-	-
Overall Average	10.17	9.46	12.27	11.48	10.74	10.74	7.46

(a) Net of 10% withholding tax. Effective from 03 May 2002, Government has imposed withholding tax on interest of government securities. However, effective from 01 April 2018, Government has removed the withholding tax of 10%

Source: Central Bank of Sri Lanka

(b) Provisional

compared with 10.74 per cent in 2019 with notable declines in WAYRs across the entire spectrum of maturities.

4.4 Sri Lanka Development Bonds

The US dollar denominated SLDBs were issued with maturities ranging from 6 months to 5 years under both floating and fixed rate arrangements during 2020 which amounted to US dollars 507.03 million compared to US dollars 345.22 million in 2019. This was achieved amidst the sovereign rating downgrade of Sri Lanka, limitations in foreign counterpart credit limits to domestic banks, low earnings from tourism and low export earnings in 2020.

Meanwhile, the outstanding SLDB stock decreased to US dollars 2,638.6 million at end 2020 compared to US dollars 3,084.4 million recorded at end 2019. Licensed Commercial Banks (LCBs) continued to be 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 adjusted downward in 2020 following the similar trend noted in the primary market yield rates. Accordingly, as per indicative quotes reported by Primary Dealers (PDs), compared

to end 2019, 91 day, 182 day and 364 day secondary market Treasury bill yields decreased considerably by 293, 319 and 341 basis points respectively, by end 2020.

Secondary market yields of medium to longer term Treasury bonds also followed a downward adjustment in line with the primary yield rates of Treasury bonds. Accordingly, as per indicative quotes reported by PDs, compared to end 2019, the secondary market yields of 3 year, 5 year, 8 year and 10 year maturity Treasury bonds decreased by 317, 307, 297 and 251 basis points, respectively, by end 2020.

Accordingly, net outflow of US dollars 552.7 million foreign investments from the government securities market was recorded in 2020, compared to the net outflow of US dollars 333.7 million recorded in 2019. As experienced by several other developing and

frontier market economies, Sri Lanka too was affected by considerable outflow of investment in government securities by foreigners. Consequently, Treasury bonds owned by foreign investors recorded a sharp decline to Rs. 6.2 billion by end 2020 compared to Rs. 80.3 billion recorded at end 2019. Similarly, outstanding foreign holdings of Treasury bills also decreased to Rs. 0.7 billion at end 2020 compared to Rs. 23.7 billion recorded at end 2019.

The total transaction volume of government securities namely, Treasury bills and Treasury bonds on an outright basis during 2020 was recorded at Rs. 4,428.8 billion compared to Rs. 7,413.8 billion recorded in 2019. Further, the total transaction volume of government securities on repo basis during 2020 recorded at Rs. 31,701.3 billion compared to Rs. 32,128.6 billion recorded in 2019.

5. The Medium Term Debt Management Strategy

5.1 Overview

The MTDS articulates the strategies and debt management framework proposed to be implemented with the objective of achieving the Government's debt management objectives. The primary objective of MTDS is to choose the optimal composition of debt instruments to ensure Government's financing requirements are met at the lowest possible cost with a prudent degree of risk, in line with medium term policy direction announced by the Central Bank and the Medium Term Fiscal Framework (MTFF)¹ of the Ministry of Finance. MTDS which is a rolling plan for the period under consideration, also helps achieve sustainability in the Central Government debt portfolio over the medium to long term.

The MTDS enunciates the Government's debt management direction to achieve the cost and risk objectives over the medium term within the well defined risk parameters. Therefore, 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.

Accordingly, in Sri Lanka, the Central Bank and the Ministry of Finance jointly developed

¹ MTFF incorporates a country's policy choices and priorities, given their economic growth and equity objectives, available resources, and debt sustainability considerations.

the MTDS, with technical assistance from the International Monetary Fund (IMF) and the World Bank (WB) and published the same in the Central Bank website initially in April 2019. The MTDS, originally covered the period 2019–2023 and the same metrics were used as the baseline for 2020 as well. The MTDS focuses primarily on minimising the foreign currency debt exposure to a prudent level, improving the Average Time to Maturity (ATM)² of the foreign currency debt portfolio and minimising the debt maturing within one year.

5.2 Stated Objectives of the MTDS

The primary objective of the MTDS is to ensure that the Government's financial requirements 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, based on different debt related variables
- (b) Facilitation and coordination with fiscal and monetary management
- (c) Enhancing transparency in Government debt management
- (d) Enhancing efficiency and competition of the primary market for government securities

² ATM used to assess refinancing risk based on the current average time to maturity of debt outstanding.

- (e) Broadening and deepening of the secondary market for government securities
- (f) Diversification of investor base 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 determining the best combination among alternative options in selecting an appropriate financing approach. After a cautious evaluation of costs and risks associated with each strategy, the MTDS recommends the most prudent strategy to manage the 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 enhanced policy coordination allows different Government agencies to focus on their main objectives whilst providing clear segregation of Central Government debt management decisions. Similarly, a well established MTDS would facilitate ascertaining constraints affecting the debt management alternatives and approaches to addressing

potential constraints. Furthermore, a well structured MTDS enhances the governance of debt management and improves the effectiveness of the overall debt management process.

5.4 MTDS and the Macroeconomic Framework

The MTDS should be in line with the overall macroeconomic policy framework to achieve the stipulated MTDS targets. It is also important that the interlinkages and feedback effects are well articulated and that coordination mechanisms are in place. For emerging and developing economies, interlinkages are likely to be more significant, given developing domestic debt markets, capacity constraints and availability of space for institutional improvements. Accordingly, close coordination with an overall macroeconomic framework is essential to ensure a further stable environment for debt management operations.

The MTDS also interlinks with other key policy areas to efficiently achieve the cost risk tradeoffs.

- MTDS and fiscal planning – The required debt financing for a financial year is mainly determined by the fiscal policy of the Government. Moreover, the level of public debt is determined through the fiscal policy outcomes and it plays an important role in future debt dynamics. Therefore, the MTDS needs to be formulated in line with an operational medium term fiscal framework to achieve success.
- MTDS and monetary policy – Debt management is not a standalone process but also has close linkages to the monetary

policy. As such, the monetary policy mechanism also plays an important role in determining the success of the MTDS.

- MTDS, exchange rate policy and balance of payments – The exchange rate policy, the balance of payment (BOP) trends and successive developments in the real exchange rate also have consequences on the MTDS. For instance, the exchange rate depreciation increases the debt servicing cost and the value of the outstanding debt stock in local currency terms. This would lead to an adverse effect on the debt maturing within a year (percent of total debt) and the share of foreign currency debt metrics of MTDS. Accordingly, foreign currency borrowing requires a careful analysis of trends in balance of payments and exchange rate policies.
- MTDS and the development of domestic debt markets – The trade-off between domestic borrowing and foreign borrowing is always determined by the level of development and the capacity of the domestic debt market and the crowding out effect for the private sector from excessive Government borrowing.³ The MTDS helps to identify key challenges in this area and articulate strategies to address these challenges.
- MTDS and annual borrowing plan – An annual borrowing plan for the country is important for the development of

prudent debt management strategy. The annual borrowing programme should be formulated within the overall direction set out by MTDS and taking into account the underlying volatility in the Government cash flow.

The achievement of MTDS targets largely depends on the MTFE of the Government which aims at further strengthening the fiscal consolidation process by lowering the budget deficit and improving the Government debt profile in the medium term. The MTFE of the Government has been severely constrained by the spill over effects of COVID-19 pandemic in 2020 and 2021. Therefore, the Government's policy framework is geared towards striking a balance between mitigating challenges emanated due to COVID-19 and maintaining fiscal and financial system sustainability in the medium term. Accordingly, the commitment of the fiscal authority is required to lower the budget deficit in the medium term, and thereby to bring the Central Government debt as a percentage of gross domestic product (GDP) to a sustainable level. However, high budget deficits emanated from pandemic driven uncertainties added to the already large Government debt, thereby challenging the fiscal targets in the near term. The pandemic has significantly constrained economic growth and revenue mobilisation, while number of stimulus measures undertaken to cope with the pressing economic and health related issues have significantly increased the Government expenditure further escalating the Government debt profile in 2020.

³ To finance spending, the Government may borrow money through the sale of government securities. If the borrowing comes from the domestic market, this will increase the demand for loanable funds, which will increase the real rate of interest while limiting the credit available for the private sector.

5.5 Progress of the MTDS during 2020

5.5.1 MTDS Targets and Performance

The MTDS provides a framework for a prudent borrowing programme having considered factors such as potential variation in debt servicing costs, budgetary impact and bunching issues of the debt portfolio.

The key debt portfolio risks for the Government of Sri Lanka include (but not limited to) foreign exchange risk and the refinancing risk. Accordingly, specific MTDS targets for a set of risk indicators have been established and they facilitate clear communication of debt management objectives such as “risk” and “cost,” and the trade-offs between them. Also, they have been set to mitigate the identified risks in the medium term. Foreign currency denominated debt as a percentage of total debt, the ATM of the foreign currency debt portfolio and the amount of debt maturing within a year as a percentage of total debt were chosen as the key MTDS targets.

The MTDS envisages reducing the foreign currency debt exposure in the medium term by gradually bringing down the foreign currency debt share. Further, it envisages to lengthen the ATM of the foreign currency debt while reducing the share of debt maturing within a year. As observed from Table 17, the foreign

currency debt share is already on the envisaged trajectory towards the end of 2020. However, re-aligning the debt portfolio from foreign currency to domestic currency debt needs to be performed carefully to avoid bunching issues in domestic currency debt and in line with the developments in the domestic securities market as well as the developments in the international capital markets.

The debt management strategies applied in 2020 resulted in some improvements in MTDS targets amidst extremely volatile market conditions emanated as a result of COVID-19 pandemic. Accordingly, the share of foreign currency debt in total debt reduced by a significant margin to 47.5 per cent at end 2020 compared to 54.0 per cent prevailed at end 2019. Part of the improvements in foreign currency to domestic currency share has also attributed to difficulties in accessing international capital markets and downgrading in rating profile. Despite the heightened difficulties of sourcing long term foreign currency financing in the international capital markets due to dried down liquidity for developing and frontier economies as a result of COVID-19 pandemic, the ATM of foreign currency debt was maintained at a reasonable level of 6.2 years. However, the debt maturing within one year increased to 21.1 per cent mainly due to the shift in investor preference towards shorter tenure securities as a result of

TABLE 17
THE MEDIUM TERM DEBT MANAGEMENT STRATEGY

Indicator	2018 (Baseline)	2019	2020 (a)
Ratio of Foreign Currency Debt to Total Debt (Per cent)	54.0	54.0	47.5
Average Time to Maturity of Foreign Currency Debt (years)	6.6	6.4	6.2
Debt maturing within a year (Per cent of total debt)	16.4	16.6	21.1

(a) Provisional

Source: Ministry of Finance
Central Bank of Sri Lanka

the uncertainties emanated due to COVID-19 pandemic and Government resorting to higher Treasury bill finances. At the same time, the fiscal deficit increased significantly due to continuous underperformance of Government revenue and the increased Government expenditure. This invites policy priority on the part of the Government to achieve sustainable fiscal positions over the short and long term to avoid escalating vulnerabilities posed by large budget deficits and financing requirements. Financing the Government funding requirement through short term debt was also necessitated in order to maintain the functions of the Government uninterrupted during the pandemic period given the exceptional market conditions. However, strategies now warrant to gradually phase off the accumulated short term debt and thereby to decrease the share of debt maturing within one year.

5.5.2 Strategy Implementation

The MTDS is being executed with the collaboration of the Central Bank, the Ministry of Finance and other relevant agencies. These institutions monitor, evaluate and revise the MTDS on a periodic basis. The success of MTDS is determined solely based on the accomplishment of these targets. However, the execution of the planned MTDS requires a credible commitment from the Government to follow the envisaged fiscal path. Nevertheless, this has been extremely difficult during 2020 owing to the increased uncertainties in market conditions emanated as a result of COVID-19 pandemic. Further, the plunge in non-debt creating foreign currency inflows such as tourism earnings, export revenue and foreign direct investments (FDIs) together with

moderate growth in worker remittances have exerted significant pressure on macroeconomic management in the country and thereby generated considerable challenges on the smooth execution of MTDS in 2020.

5.6. Issues and Challenges of Implementing the MTDS

5.6.1 Market Disruptions

The year 2020 remained extremely challenging due to the spread of the COVID-19 pandemic, particularly for developing and frontier market economies. The rapid spread of the pandemic slowed down economic activities and thereby constrained revenue mobilisation efforts while expenditure escalated due to provisioning of essential services and increased healthcare cost. Meanwhile, deficit financing became difficult against the backdrop of restricted market conditions. Accordingly, some deviation was tolerated on fiscal sustainability at least in the near term. Continuing difficulties in returning to normal economic activities and sustained fiscal vulnerabilities are regarded some of the major risks facing developing and frontier market economies today. The Sri Lankan economy was also severely affected, and the economic activities contracted substantially resulting in an increase in debt to GDP ratio of over 100 per cent in 2020. Overall budget deficit increased to 11.1 per cent of GDP in 2020 compared to 9.6 per cent of GDP in 2019 while revenue mobilisation decreased to 9.1 per cent of GDP in 2020 compared to 12.6 per cent in 2019.

5.6.2 Primary and Secondary Market Participation

Since 2004, the secondary market settlement of government securities has been made through

Scriptless 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 a gross basis, where market participants have to maintain a considerable level of liquidity in both security and rupee accounts to settle the transactions. These liquidity requirements impede the growth of transaction volumes of government securities in the secondary market. Information asymmetry due to lack of full scale real time price discovery mechanism in the current infrastructure further hampers the development of the secondary market. Accordingly, introduction of market surveillance and further information for improved market regulation are timely needs. Limited tradability of Sri Lanka Development Bonds (SLDBs) due to immobilise characteristics i.e., script, absence of price discovery and cost of foreign exchange transfers is another major impediment in the government securities market.

Apart from above structural constraints, now in the process of adding a heightened uncertainty inflicted by the COVID-19 pandemic since mid March 2020, subdued performance by auction participants at primary auctions, particularly at Treasury bill auctions, was observed to date, at the maximum acceptance yield rates announced. The pre-announcement of maximum acceptance yields for all Treasury bill and Treasury bond maturities were implemented effective from 12 May 2020 to facilitate a low interest rate environment in line with the policy stance of the Government to spur growth while combatting the COVID-19 pandemic. During the year 2020, Rs. 2,698.4 billion worth of Treasury bills and Treasury bonds were issued at primary auctions while the acceptance at said primary auctions was amounted to Rs. 2,216.5 billion.

5.6.3 Cash Flow Forecasting and Management

A timely and accurate forecast of government cash flow is an integral part of the formulation and implementation of the MTDS effectively and efficiently. Significant deviations in forecasted cashflows and rigidity in expenditure management would impede the successful implementation of the MTDS and may deviate frequently from the envisioned path. In 2020, with the significant uncertainties emanated due to the COVID-19 pandemic, substantial deviations in the cash flow forecasts were observed imposing challenges in achieving the set MTDS targets, often tilting in favour of exploring short term financing options.

Given the tight financing requirement of the Government stemming from reduced revenue and unexpected increase in expenditure largely on the back of the implications of the COVID-19 pandemic, the Central Bank subscribed for Treasury bills to the tune of Rs. 833.6 billion during the year 2020 to facilitate smooth cash flow management of the General Treasury.

5.6.4 Impact of Sovereign Rating Downgrades

The sovereign rating downgrades as mentioned above in section 2.3, unfavourable global and domestic macroeconomic conditions and weakened fiscal outturn have created a spiral effect on Government borrowing and weakened the Central Government debt metrics in 2020.

5.6.5 Foreign Currency Denominated Debt Maturities and Interest Payments

Foreign currency debt service payment requirement (foreign currency principal and interest payments) over the short to medium

term have increased in the recent period as a result of having to rely, at times, on short term financing options in 2020 in an environment of uncertainties emanated from the COVID-19 pandemic. The investor preference has tilted in favour of short to medium term foreign currency denominated debt instruments, creating concerns over bunching of foreign currency debt maturities in the short to medium term. Further, already built debt service obligations also remained sizable requiring the strategy to gradually phase-off foreign currency debt within a mix of domestic currency options, non debt creating inflows and sourcing of long term credit to lengthen the ATM continually.

5.7 Measures Taken and Methods to Address the Issues and Challenges of Implementing the MTDS

5.7.1 Enhancing Market Transparency through System Reforms

With the view of enhancing the market transparency and enhance the predictability in the issuance process, an auction calendar has been published, informing the market on future Treasury bill and Treasury bond issuances even during the period of pandemic. Amidst the prevalence of high uncertainty, the auction calendar was made available to the market to support maintaining an orderly market conditions during the unprecedented times due to the pandemic.

In line with the intention of further enhancing the effectiveness and efficiency of primary issuance of government securities, PDD is in the process of introducing a new issuance system for Treasury bills and has also introduced a

Direct Issuance Window for Treasury bonds. These envisaged system reforms/improvements are expected to further facilitate orderly market conditions while ensuring smooth cash flow management by the General Treasury.

5.7.2 Strengthen the Secondary Market for Government Securities

To improve 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. This would ensure further transparency and information symmetry in the government securities market.

5.7.3 Establishing Electronic Trading Platform (ETP), Central Counterparty Settlement System (CCP) and Central Securities Depository (CSD)

As part of ongoing endeavour in upgrading the financial system infrastructure of the country, the Central Bank plans to launch 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 such transactions. Setting up of this sophisticated infrastructure following international best practices, which facilitates transparent and efficient primary and secondary market trading and settlement of government securities have been one of the key policy measures identified for the development

of the government securities market and modernisation of the domestic money and capital markets. Moving forward with the implementation, the consultant selected by a Cabinet Appointed Consultant Procurement Committee has initiated the business model, required legal reforms and system specifications for the proposed CCP, ETP and an integrated CSD for government securities and domestic foreign exchange transactions in collaboration with Central Bank. Due to the global COVID-19 pandemic situation consultation has begun completely on an online basis, however achieved planned timelines without any hindrance to the project developments.

5.7.4 Conducting of Liability Management Activities

The Parliament approved the Active Liability Management Act No.08 of 2018 (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 easing rollover peaks and extending the maturity duration and/or smoothing repayment structure of debt maturities. In this regard, PDD initiated raising funds and building required buffers in the domestic debt market by executing its first liability management based Treasury 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 the settlement of debt service obligations during the early part of 2020.

However, liability management initiatives were not effective in 2020 due to continued pandemic driven uncertainties and high financing requirement of the Government. Even on the external financing point of view, possible liability management options remained restrained.

6.

Risk Management of Central Government Debt and Sustainability of External Debt

6.1 Overview

Managing the Central Government debt portfolio has become a crucial policy priority in recent years. The debt stock, debt service payments and interest payments as a share of Government revenue remained significantly higher in Sri Lanka than most of developing and frontier market economies.

The management of the Government debt portfolio is undertaken in line with the Government's medium term macro fiscal framework (MTMFF), MTDS and the targets stipulated in the Fiscal Management (Responsibility) Act (FMRA). Thus, the middle office of the Public Debt Department (PDD) followed a well defined and dynamic risk management framework that takes into account the developments in the macro fiscal environment while maintaining appropriate risk tolerance levels in accordance with internationally accepted best practices and norms. The flexible risk tolerance levels are required given the existing circumstances of substantive volatility in fiscal targets and lower than envisaged economic growth environment emanated as a result of COVID-19 pandemic. This flexibility should be crafted such that it accommodates temporary deviations from the targets during extraordinary times, however, with clear plans to converge back to the envisaged trajectory within a short period of time. The repetitive slippages of envisaged targets and adverse

market conditions continuously dampened the best efforts of risk management practices in recent years.

6.2 Risks Pertaining to the Central Government Debt Portfolio

Despite the unfavourable macroeconomic and financial conditions that prevailed in 2020, the Central Bank made continuous efforts to mitigate the refinancing (rollover) risk and market risks (the exchange rate and interest rate risks) of the Central Government debt portfolio while also adopting suitable strategies to mitigate other risks such as liquidity risk, legal risk, operational risk, and reputational risk that were aggravated as a result of the developments in the economy due to COVID-19 related uncertainties.

These proactive measures enabled the Central Bank to maintain its unblemished debt service payment records by continuing all the debt management activities, particularly the servicing of Central Government debt uninterruptedly in a timely and accurate manner even during the height of the COVID-19 pandemic. Moreover, the Central Bank was able to meet all and increased financing needs of the Government on time at a reasonable cost, enabling the smooth functioning of the Government during the critical times. Some of the measures adopted in financing arrangements, given extremely hostile market conditions created debts in duration targets and increased the short term debt portfolio in 2020.

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

6.3.1 Refinancing Risk

Refinancing or rollover risk is the probability of having to replace the maturing debt through new debt at a very high cost or, in the extreme case, not being able to issue new debt at all to replace the maturing debt due to various market conditions at the time of maturing such debt, such as dried out liquidity, and significant change in investor preferences to other alternative assets.

The two most commonly used indicators to assess the refinancing risk of the central government debt portfolio is the Average Time to Maturity (ATM) and the ratio of short term debt to total outstanding debt. Although there is no widely accepted optimal number for these two indicators, a higher ATM and a lower short term debt to total outstanding debt ratio is generally preferred. At end 2020, the overall ATM of the outstanding central government debt portfolio was 5.4 years compared to 6.1 years at end 2019. The ATM of outstanding domestic currency debt decreased to 4.7 years at end 2020 from 5.8 years at end 2019 mainly due to the substantial issuance of Treasury bills in order to finance the cash flow requirement of the Government during the pandemic period. The ATM of foreign currency debt portfolio also decreased marginally to 6.2 years at end 2020 compared to 6.4 years at end 2019 mainly as a result of not being able to re-issue the maturing ISB in 2020 and also due to the investor preference shifting towards much shorter tenure securities due to the increased uncertainty emanated from the COVID-19 pandemic.

The share of outstanding domestic currency debt with remaining maturity less than or equal to one year (short term debt) as a ratio of the outstanding domestic currency debt increased to 27.7 per cent at end 2020 compared to 21.6 per cent a year ago, mainly driven by the increased issuance of Treasury bills in 2020. The share of short term foreign currency debt to total foreign currency debt increased to 13.9 per cent at end 2020 compared to 12.3 per cent at end 2019 driven mainly by increase in foreign project loans, syndicated loans and ISBs with remaining maturity lesser than or equal to one year. Accordingly, the total short term debt as a percentage of total outstanding debt also increased to 21.1 per cent at end 2020 compared to 16.6 per cent that prevailed at end 2019 due to an increase in both short term domestic and foreign currency debt.

6.3.2 Interest Rate Risk

The interest rate risk faced by the Government is different from the interest rate risk faced by an investor. While the interest rate risk in general refers to the possible loss of value in bonds due to its price volatility determined by the variation in secondary market yield rate, the interest rate risk faced by a government arises when it tries to issue a new bond or bill in the primary market. However, the prevailing secondary market yield rates certainly affect the financing cost of the government when securities are issued at the primary market. Therefore, higher the frequency of government raising funds from the primary market, the higher will be the government's exposure to the interest rate risk.

In measuring and managing interest rate risk of the government debt portfolio, three indicators are generally used by the Central Bank, namely,

TABLE 18
RISK ASSESSMENT INDICATORS (AS AT END OF YEAR)

Indicator	Domestic Currency Debt		Foreign Currency Debt		Aggregate	
	2019	2020 (a)	2019	2020 (a)	2019	2020 (a)
Refinancing Risk						
Average Time to Maturity (ATM) (yrs)	5.78	4.71	6.38	6.15	6.12	5.44
Short-term (remaining maturity less than or equal to one year) / Outstanding Debt (%) (a) (b)	21.59	27.72	12.33	13.86	16.59	21.13
Interest Risk						
Duration (yrs)	3.76	3.52	4.63	4.39	4.27	3.96
Average Time to Re-fixing (ATR) (yrs)	5.78	4.71	4.94	5.04	5.30	4.88
Floating Interest Rate Debt / Outstanding Debt (%)	-	-	17.71	18.89	12.84	10.85
Foreign Exchange Risk						
Share of Foreign Currency Commercial Debt / Official Reserves (%)	-	-	-	-	267.66	343.64
Share of Foreign Currency Debt / Total Debt (%)	-	-	-	-	54.01	47.53

(a) Provisional

Source: Central Bank of Sri Lanka

(b) Foreign currency short term debt considers SLDBs and loans from OBU's

the duration of the debt stock, Average Time to Refixing (ATR) and the ratio of floating interest rate debt to total debt.

The duration is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates. It measures how long it takes for a bond to be repaid by its internal cash flows. More specifically, duration is the weighted average time until all the bond's cash flows are paid. The duration of the overall government debt portfolio decreased to 4.0 years in 2020 from 4.3 years in 2019 mainly due to issuance of Treasury bills which matures in the shorter term. The duration of the domestic currency debt portfolio declined to 3.5 years in 2020 from 3.8 years in 2019 while that of the foreign currency debt portfolio declined to 4.4 years in 2020 from 4.6 years in 2019.

ATR of the debt portfolio refers to the average time in which debt coupons are re-fixed.

Generally, the average time to refixing is a measure of weighted average time until all the principal payments in the debt portfolio become subject to a new interest rate. Accordingly, ATR measures the average time it will take for changes in market interest rates to have an effect on the debt stock, i.e., how often the interest rates on the portfolio are re fixed. ATR is typically measured in years, and a high value of ATR indicates low risk. In the case of 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. The ATR for domestic currency debt portfolio decreased to 4.7 years at end 2020 from 5.8 years at end 2019 and the ATR of foreign currency debt portfolio increased to 5.0 years by end 2020 from 4.9 years at end 2019. Accordingly, the overall ATR of the Central Government debt portfolio decreased to 4.9 years at end 2020 from 5.3 years at end 2019.

The floating interest rate foreign currency debt to total foreign currency debt ratio increased marginally to 18.9 per cent as of end 2020 from 17.7 per cent as of end 2019, mainly due to the issuance of Sri Lanka Development Bonds (SLDBs) with floating interest rate. However, the exposure of the overall government debt portfolio to interest rate risks have decreased during 2020 as indicated by the decline in the share of outstanding floating interest rate debt within the total outstanding debt to 10.9 per cent at end 2020, from 12.8 per cent at end 2019. This decline is due to a higher volume of issuance of non floating domestic currency debt during 2021.

6.3.3 Exchange Rate Risk

Exchange rate risk emanates as a result of unfavourable fluctuations in the exchange rate, leading to an increase in the debt servicing cost in terms of rupees, and the increase in value of the outstanding debt in rupee terms as a result of the increase in the rupee value of the foreign currency denominated debt. Accordingly, the 2.6 per cent depreciation of the Sri Lankan rupee against the US dollar in 2020 resulted in an increase of Rs. 355.7 billion in the outstanding debt stock by end 2020 and exchange rate risk continued to be a major concern in the management of the Government debt portfolio. As such, mitigating the exchange rate risk remains a key priority, particularly in times of limited foreign currency inflows to the country where the foreign currency debt service payments are required to be financed through converting domestic currency to foreign currency. The Central Bank continued to apply the ratio of foreign currency debt to total debt, to evaluate the extent of exposure of the debt portfolio to

exchange rate risk. The foreign currency debt to total debt ratio declined significantly to 47.53 per cent at end 2020 from 54.01 per cent that prevailed at end 2019 clearly being on the path towards the target as envisaged in the MTDS of Sri Lanka. The medium term debt strategy envisages to reducing the foreign currency debt to total debt portfolio to around one third and thereby to mitigate the vulnerabilities arising from external shocks. The share of foreign currency commercial debt to official reserves has increased to 343.6 per cent at end 2020 from 267.7 per cent at end 2019. This could be mainly attributed to the relatively large decline in official reserves (by 34.9 per cent) to US dollars 5,664 million as of end 2020 from US dollars 7,642 million as of end 2019 although outstanding foreign currency commercial debt declined to US dollars 19,464.0 million at end 2020 from US dollars 20,454.8 million at end 2019.

6.3.4 Liquidity Risk

In view of enhanced liquidity risk of the government securities market, PDD implemented prudent strategies during 2020. Publishing the six months auction calendar could not be accommodated for 2020 due to the constraints of borrowing approvals and the difficulty faced by the General Treasury to estimate and forecast the future borrowing requirement due to uncertainties arising from the COVID-19 pandemic and non availability of a comprehensive government budget for the fiscal year until end of the third quarter of 2020. However, PDD published advance Treasury bill and Treasury bond auction calendar in 2020 from time to time for shorter durations in line with the available approvals for borrowing. The auction calendar improves market transparency,

predictability, and preparedness of market participants and holds the issuer accountable to adhere to the announced issuance calendar.

Implementation of Active Liability Management¹ exercises which is considered the most effective tool available for the management of liquidity risk was limited or was made impossible due to the undesirable developments in both global and domestic markets hindering fundraising activities at favourable terms and constraints exposed by rating actions.

6.3.5 Operational Risk

Operational risk is institution specific and endogenous to an institution. Unlike other risk categories *viz.* rollover, interest rate, exchange rate, settlement risk and liquidity risks; operational risk is hard to measure in advance.

Operational risk management practices involved numerous and rigorous internal controls and were consistent 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) engaging in issuance of debt, the Middle office (MO) was responsible for managing the risk of the public debt portfolio, the Back Office (BO) was responsible for settling all debt obligations 100 per cent accurately and on time while Lanka Secure Division (LSD) was responsible for maintaining the Scripless government

securities Depository and facilitating Scripless government securities Settlements with 100 per cent system availability. The LSD is also responsible for ensuring investor safety through several measures including improvement of investor information and awareness.

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, whilst ensuring safety of transactions and in turn the safety of investments in government securities. A comprehensive Business Continuity Plan (BCP) is in place with a fully-fledged Disaster Recovery Site (DRS) to support all critical operational activities of Central Bank including public debt management operations in case of an emergency. BCP and DRS operations are a mandatory requirement for all Dealer Direct Participants (DDP). In 2020 and 2021 BCP was activated together with Work From Home arrangements continuing uninterrupted business operations during the COVID-19 pandemic. From April 2021 all secondary market trades of government securities (except Open Market Operations) are required report on the trade date with a view to enhancing and strengthening the secondary market trading practices, improving the reliability of trading, and increasing investor safety and confidence.

Further, the primary issuance system which was launched for Treasury bonds in July 2017, was reviewed in the year 2020 to acknowledge the challenging conditions brought in by the COVID-19 pandemic and updates/changes were introduced to the system and are envisaged to

¹ The objective of the Active Liability Management Act is to manage public debt to ensure the financing needs and payment obligations of the Government are met at the lowest possible cost over the medium to long term consistent with a prudent degree of risk. This exercise enables the Government to manage the public debt more proactively by addressing part of the refinancing requirements ahead of time (reducing rollover peaks) and extending the maturity duration and smoothening the repayment structure of ISBs and other debt securities.

be in force until the market returns to normalcy. Further PDD is in the process of introducing an electronic bidding platform for SLDBs to reduce the operational risk of PDD thereby enhancing the efficiency and effectiveness of the issuance process. Shortening the number of days allocated for an SLDB issuance and elimination of manual intervention are some of the benefits envisaged with the introduction of the electronic bidding platform for SLDBs. The said electronic bidding platform for SLDBs is expected to be introduced during the year 2022.

Finally, in accordance with the continuous practice of maintaining an up-to-date operational manual of the PDD in line with the modern international best practices of portfolio risk management, the relevant updates were incorporated into the operational manual in 2020. The divisions of the PDD are also physically separated with access controls and CCTV monitoring. In addition to that a voice recording system has been installed in the FO of PDD in order to enhance the transparency of the FO operations.

6.4 External Debt Sustainability

The ability to raise debt efficiently for the purpose of issuance and service of its debt obligations as they fall due without restructuring, defaulting, or compromising its long-term goals and objectives at the lowest possible cost whilst continuing to maintain a prudent degree of risk, is generally defined as debt sustainability of a borrower. Similarly, as per International Monetary Fund (IMF), a country's public debt is considered sustainable if the government is able to meet all its current

and future payment obligations without exceptional financial assistance or going into default. Debt sustainability is an essential ingredient in achieving economic stability. The World Bank and IMF debt sustainability analysis mainly considers, the capacity of a country to meet its debt obligations under different circumstances including various shock scenarios. Within the debt sustainability, the external debt sustainability is instrumental for a country to uphold the international investor relationships and to maintain a favourable rating outlook.

While a range of indicators are available to assess the sustainability of external debt, there is no consensus among academics or policymakers about which indicator(s) are the best since each indicator has its own strengths and weaknesses. These indicators measure the country's "solvency" in that they reflect the stock of debt at a particular time in relation to its ability to generate resources to pay off the outstanding debt 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.

All these external debt indicators are measured as a percentage of XGS. The measure, XGS is defined as the receipts from exports of goods and non-factor services including workers' remittances and compensation of employees, which are absorbed for servicing of external debt. Further, XGS shows a country's potential for securing foreign exchange.

6.4.1 Liquidity Monitoring Indicators

Liquidity monitoring indicators illustrate the ability of a country to settle its external debt obligations when they fall due. These ratios measure the outflow of foreign currency for external debt service payments compared to non debt creating foreign currency inflows, that is XGS excluding foreign direct investments. There are four main indicators under this category, namely, (i) interest service ratio, (ii) medium and long term debt service ratio, (iii) total debt service ratio, and (iv) short term debt ratio.

The interest service ratio (INT/XGS) (%) analyses the cost of external debt as a percentage of XGS, where INT represents interest payments relating to the external debt. The interest service ratio increased to 7.1 per cent in 2020 from 5.0 per cent in 2019 due to the increase in external interest payments and decline in XGS during 2020 compared to 2019. The medium and long-term debt service ratio (MLDS/XGS) (%) measures both principals and interest payments of external debt (excluding repayments for foreign holdings of Treasury bills) as a percentage of XGS. Similarly, the total external debt service to XGS ratio (TDS/XGS) (%) measures both principal and interest payments for external debt (including interest payments for foreign holdings of Treasury bills) as a percentage of XGS. The MLDS/XGS ratio increased to 20.7 per cent in 2020 from 17.3 per cent in 2019 and the TDS/XGS ratio also increased to 20.7 per cent in 2020 from 17.3 per cent in 2019. A slight deterioration of these ratios was observed in 2020 compared to 2019, primarily driven by the increase in foreign interest payments and decrease in exports and

remittances from foreign employment as a result of COVID-19 related disruptions.

The outstanding value of Treasury bills held by non residents declined sharply during 2020 to US dollars 3.6 million at end 2020 from US dollars 130.7 million at end 2019. As a result, the short-term debt ratio (Short-term Debt/XGS) (%) dropped substantially to 0.02 per cent at end 2020 from 0.5 per cent that prevailed at end 2019. The short term Debt/XGS ratio measures the outstanding face value of Treasury bills held by non-residents as a percentage of XGS.

6.4.2 Debt Burden Indicators

Debt burden indicators measure the debt burden and the debt distress imposed by external debt on an economy. Among these indicators, disbursed outstanding external debt (DOD) to XGS (DOD/XGS) ratio measures the level of external debt burden as a percentage of exports or in other words, the external debt burden of the government over repayment capability of the country earned from exports. This is also an indication of the ability of the country to obtain foreign exchange to cover the external debt burden. Similarly, the ratio of DOD/GNP measures the disbursed outstanding external debt as a percentage of the country's Gross National Product (GNP).

The ratio of DOD/ XGS increased to 162.02 per cent at end 2020 compared to 132.70 per cent at end 2019 indicating a higher rate of decline in XGS relative to the decline in DOD. On the other hand, DOD/GNP ratio decreased marginally to 41.5 per cent at end 2020 compared to 42.5 per cent at end 2019 indicating the decline of DOD in 2020 relative to GNP.

6.4.3 Debt Structure Indicators

External debt portfolio has a significant impact on the level of risk exposure of a country and this risk exposure is measured by the rollover ratio. The rollover ratio is the ratio of principal payments over disbursements of debt. The rollover ratio reflects the ability of a country to meet its debt service obligations via external debt disbursements. In 2020, the rollover ratio significantly deteriorated to 144.6 per cent compared to 53.3 per cent in 2019 due to a considerable reduction in the foreign loan disbursements, especially due to the absence of new ISB issuances compared to relatively smaller reduction in foreign principal payments.

The short term debt to total DOD ratio is another debt structure indicator that computes the non resident holdings of Treasury bills as a percentage of the total external outstanding debt. This ratio decreased from already low 0.4 per cent that prevailed at end 2019 to 0.01 per cent by end 2020 due to the continuous withdrawals by the non-residents from the Treasury bill market compared to the rate of decline in total external outstanding debt.

6.4.4 The Present Value (PV) Indicators

The Present Value (PV) indicators are used to measure the country's ability to obtain foreign exchange to meet its future debt service payment obligations in PV terms. Two types of PV indicators are used to measure the sustainability of the external debt. The first ratio measures the present value of all future debt service payment obligations as a percentage of GNP (PV/GNP). The second ratio measures the present value of all future debt service payment obligations to XGS (PV/XGS).

The PV/GNP ratio declined marginally to 0.5 at end 2020 compared to 0.5 at end 2019 while NPV/XGS ratio increased marginally to 1.6 at end 2020 compared to 1.6 at end 2019.

6.4.5 Debt Dynamic Indicators

Debt dynamic indicators measure the average cost of borrowings with respect to (i) the growth in export earnings (XGS growth), and (ii) with respect to the growth rate of the overall economy as determined by GNP. The ratio of average interest rate of the external debt portfolio to the rate of XGS growth was negative 0.2 in 2020 compared to the negative 0.95 recorded in 2019. This is due to the negative growth rate of XGS in both 2019 and 2020. The ratio of average interest rate of the external debt portfolio to the GNP growth rate, also recorded a negative value of 45.7 in 2020 compared to 0.8 prevailed in 2019. This is due to the 0.1 per cent contraction experienced by GNP in 2020 due to the COVID-19 related economic downturn, compared to the 4.9 per cent positive growth observed in 2019.

6.4.6 Overall Debt Sustainability

The overall debt sustainability can be evaluated using two key indicators, namely; (i) total outstanding debt to GDP, 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 repay its total outstanding debt obligations using the country's total income as measured by the GDP. This ratio increased to 101.0 per cent by end 2020 compared to 86.8 per cent at end 2019. The significant increase in debt stock during 2020 and the contraction of economic activities in the country owing to the COVID-19

TABLE 19
EXTERNAL DEBT SUSTAINABILITY INDICATORS (AS AT END OF YEAR) (a)

Description	2017	2018	2019	2020 (b)
Liquidity Monitoring Indicators (c)				
Interest Service Ratio (INT/XGS) (%)	4.12	4.80	5.01	7.14
Medium and Long-term Debt Service Ratio (MLDS/XGS) (%)	9.71	11.88	17.28	20.65
Total Debt Service Ratio (TDS/XGS) (%)	9.73	11.90	17.31	20.66
Short-term Debt Ratio (Short-term Debt/XGS) (%)	0.69	0.27	0.51	0.02
Debt Burden Indicators				
DOD/GNP (%)	36.37	42.87	42.53	41.54
DOD/XGS (%)	117.92	134.51	132.70	162.02
Debt Structure Indicators				
Rollover Ratio (Principal Payments/ Disbursements) (c) (%)	25.93	40.26	53.31	144.60
Short-term Debt / Total DOD (%)	0.58	0.20	0.38	0.01
PV Indicators (d)				
PV of Debt Service/GNP	0.28	0.33	0.50	0.47
PV of Debt Service/XGS	0.91	1.05	1.57	1.59
Dynamic Indicators (c)				
Avg. Rate of Interest/Rate of Growth of Export	0.55	1.14	(0.95)	(0.18)
Avg. Rate of Interest/Rate of Growth of GNP	0.31	0.62	0.82	(45.68)

(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

(d) PV 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

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

pandemic together resulted in deteriorating the debt to GDP ratio to over 100 per cent of the GDP in 2020. The debt stock increased due to the escalated need of financing the cash flow requirement of the government as a result of contracted fiscal revenue and relaxed fiscal policy. Parity variation, which is an outcome of the depreciation/appreciation of the exchange rate, also results in increase/decrease of the rupee value of foreign currency debt. Accordingly, the total parity variance in 2020 was recorded as an increase of Rs. 355.7 billion by end 2020

compared to the total parity in 2019 which was recorded as an increase of Rs. 12.4 billion by end 2019. The depreciation of the Sri Lankan rupee against the US dollar by 2.6 per cent mainly contributed to the parity impact by end 2020.

The share of foreign debt service payments compared to official reserves also deteriorated to 73.10 per cent in 2020 from 58.27 per cent in 2019 indicating the limitation of country's ability to meet its external debt maturities using official reserves.

TABLE 20
OVERALL DEBT SUSTAINABILITY

Indicator	2018	2019	Per cent
			2020 (a)
Overall Debt Sustainability			
Debt/GDP	84.2(b)	86.8(b)	101.0
Share of Foreign Debt Service Payments / Official Reserves (b)	41.69	58.27	73.10

(a) Provisional

Source: Central Bank of Sri Lanka

(b) Based on the revised GDP estimates for 2018 and 2019 released on 16 March 2021 by the DCS

(c) 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
 - Extension of the Tap system 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 - Reformation of 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 (APD) 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
 - Transition of Central Bank 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
 - Issuance of government securities in scripless form
- 2005 - Issuance of first index linked Treasury bonds
 - Issuance 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
 - Introduction of the Treasury bond market to foreign investors with an aggregate ceiling of 5 per cent of the outstanding bonds
 - Introduction of Sri Lanka Nation Building Bonds (SLNBB)
 - Suspension of the participation of PDs in the Central Bank’s OMOs
- 2007 - Commencement of retail outlets to sell government securities
 - Removal of the suspension of PDs’ participation in the Central Bank’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 - Authorisation of LCBs to invest in the ISB issued by the Government of Sri Lanka (GOSL), in the secondary market
 - Introduction 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
 - Introduction 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
 - Extension of the yield curve on government securities up to 10 years
 - Increasing of 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 (ILF) 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
 - Issuance 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
 - Enhancement of 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
 - Increasing the limit of foreign investments in government securities 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 the 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-Trading) platform to promote the secondary market for government securities
 - Issuance of 20 year Treasury bonds
 - Affirmation of Sri Lanka's Foreign and Local Currency Issuer Default Rating (IDRs) at BB- with a "Stable" outlook by Fitch in May 2012
 - Affirmation of Sri Lanka's rating of B1 with a "Positive" outlook by Moody's in November 2012
 - Affirmation of Sri Lanka's rating of B+ with "Stable" outlook by S&P in December 2012
- 2013
- Issuance of 30 years Treasury bonds
 - Publication of half yearly Treasury bond primary auction calendar
 - Conducted investor awareness programmes and investor meetings in Europe, East Asia including mainland China, and Middle East and in the USA
 - Streamlining of investor records in CDS by having unique identification numbers for each participant

- Commencement of a survey to identify investors who wish to receive the periodic statements in the electronic form instead of printed statements sent through mail
 - Initiation of measures to put in place an Electronic Trading Platform (ETP) 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
 - Issuance of the direction on assessment of fitness and propriety of directors and officers performing executive functions of PD companies in May 2013
 - Granting the permission for PDs to act as market makers in corporate bonds or debentures and 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
 - Appointment of Pan Asia Banking Corporation PLC as a PD in terms of the RSSO and the LTBO in August 2013
 - Issuance of the direction on funds remaining unclaimed in the customer accounts maintained by the Dealer Direct Participants in September 2013
 - Appointment of the Hong Kong & Shanghai Banking Corporation Ltd. and Perpetual Treasuries Ltd. as PDs in terms of the RSSO and the LTBO in September 2013
 - Introduction of the Customer Charter for PDs in government securities in November 2013
 - Granting the permission for PDs 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
- Issuance of US dollars 1,000 million 5 year ISB at a yield rate of 6.00 per cent
 - Authorization of the SLDB issuance up to a limit of US dollars 750 million for 2014
 - Issuance of US dollars 500 million 5-year ISB at a yield rate of 5.125 per cent
 - Appointment of Union Bank of Colombo PLC as a PD in terms of the RSSO and LTBO
- 2015
- Authorization of the SLDB issuance up to a limit of US dollars 1,500 million for 2015
 - Approval of issuance of SLDBs at fixed rates in different maturities in addition to issuance of SLDBs at floating rate
 - Issuance of a 10 year ISB for US dollars 650 million at 6.125 per cent per annum
 - Increase of SLDBs issuance limit from US dollars 1,500 million to US dollars 2,500 million
 - Enabling of multi-currency functionality in Lankasettle system 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
 - Authorization of parliamentary approval to increase the authorized limit of Treasury bills from Rs. 850 billion to Rs. 1,250 billion under the provision of the LTBO
 - Revision of the Direction on minimum core capital requirement to be maintained by the PD companies, (increased from Rs. 300 million to Rs. 1,000 million)

- Revision of the direction on Capital Adequacy Ratio, increasing the minimum Risk Weighted Capital Adequacy Ratio to be maintained by the PD companies from 8 per cent to 10 per cent
 - Issuance of a 10 year ISB for US dollars 1,500 million at 6.850 per cent per annum
 - Reduction of the threshold of investment in Treasury bills and Treasury bonds by foreigners from 12.5 per cent to 10 per cent of the total outstanding stock of Treasury bills and Treasury bonds
- 2016
- Authorization of the SLDB issuance up to a limit of US dollars 2,500 million for 2016
 - Revision of the minimum investment amount in SLDBs from US dollars 100,000 to US dollars 10,000
 - Issuance of five year and ten year ISBs for US dollars 500 million and US dollars 1,000 million at 5.75 per cent and 6.825 per cent per annum, respectively
 - Issuance of a circular 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)
 - Assignment of the regulatory and supervisory functions of the Central Bank in relation to PDs and other participants to the Director, Department of Supervision of Non Bank Financial Institutions
 - Introduction of the direction to all PDs 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
 - Extension of the above Circular to all LCBs and Licensed Specialized Banks (LSBs) to conduct all outright trades with other banks and PDs 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
- Authorization of the SLDB issuance up to a limit of US dollars 1,500 million for 2017
 - Issuance of a Circular to all LCBs, LSBs and PDs 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
 - Re-authorization of the SLDB issuance limit up to a limit of US dollars 3,000 million for 2017
 - Issuance of a ten year ISB 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
- Authorization of the SLDB issuance 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
 - Receival of the approval for the Active Liability Management Act (ALMA), No. 8 of 2018 by the Parliament
- 2019
- Authorization of the SLDB issuance up to a limit of US dollars 1,500 million for 2019
 - Reduction of the threshold of foreign investments in Treasury bills and Treasury bonds from 10 per cent to 5 per cent out of the total outstanding stock of Treasury bills and Treasury bonds

- Introduction of the real time notification facility for the customers of LankaSecure 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
 - Formulation of the Medium Term Debt Management Strategy (MTDS) for the period 2019 - 2023 and published in the Central Bank website
 - Approval of the resolution to raise up to Rs. 480 billion as per the Active Liability Management Act (ALMA), No. 8 of 2018 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 PDs
 - Capturing of the settlement value, price and interest rate of each and every Securities transaction 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
 - Issuance of 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 in 2019
- 2020
- Commencement of the Central Bank's facilitation to subscribe Treasury bills to cover any shortfall arising at weekly Treasury bill auctions with effect from 29 March 2020
 - Publication of the maximum yield rate for acceptance only for 364 day maturity and accommodating acceptance for 91 day and 182 day maturities within the announced yield rate for 364 day maturity at Treasury bill auctions with effect from 06 April 2020
 - Publication of the maximum yield rate for acceptance for all maturities offered at all Treasury bill and Treasury auctions with effect from 12 May 2020
 - Activation of Phase III of the Treasury bond auction system was temporary halted
 - Enactment of actions to record relevant information (including settlement value, price and interest rate) of the transactions in the Scripless Securities Settlement System (SSSS) to capture more attributes of transactions carried out in the government securities market (secondary market)

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 computerised 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 mechanism 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.

Scripless 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”.

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 (a)

Rs. million

Year (b)	Domestic debt					Foreign Debt (c) (d) (j)	Total Debt (e) (j)	As a % of GDP (f) (i)		
	Treasury Bills (c)	Rupee Loans	Treasury Bonds (d) (e)	Other	Total (e)			Domestic	Foreign	Total
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	50.4
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	81.2
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	80.2
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	59.6	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	356,703	359,685	716,388	46.4	46.8	93.3
1997	114,996	239,475	10,000	23,269	387,740	376,331	764,071	43.6	42.7	86.3
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	46.2	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	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	746,887	24,088	4,197,323	1,102,703	6,071,001	5,959,547	12,030,548	42.5(g)	41.7(g)	84.2(g)
2019	873,943	24,088	4,606,232	1,325,997	6,830,260	6,201,283	13,031,543	45.5(g)	41.3(g)	86.8(g)
2020 (h)(i)	1,620,705	24,088	5,713,300	1,706,975	9,065,068	6,052,179	15,117,247	60.6	40.4	101.0

(a) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt from 2019 onwards

Sources: Ministry of Finance
Central Bank of Sri Lanka

(b) From 1955 to 1973, the outstanding balance is reported as at end September and thereafter as at end December

(c) Rupee denominated Treasury bills issued to foreign investors from 2008 onwards are excluded from domestic debt and included in foreign debt

(d) Rupee denominated Treasury bonds issued to foreign investors from 2007 onwards are excluded from domestic debt and included in foreign debt

(e) 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 Sri Lankan 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 outstanding as at end December 2020 is Rs. 56,662 million. Further, Out of Rs 56,662 million, Rs 25,217 million is to be matured on 01 January 2022 and Rs. 31,446 million is to be matured on 01 January 2032)

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

(g) Based on the revised GDP estimates for 2018 and 2019 released on 16 March 2021 by the DCS

(h) Provisional

(i) The central government debt statistics at end 2019 could increase should the adjustment for payment arrears in government expenditure as per the Ministry of Finance be incorporated into the net financing of the budget deficit in 2019. However, such an adjustment would have no impact on the outstanding central government debt at end 2020

(j) Excludes outstanding loans of projects involving Puttalam Coal Power Project, Mattala Hambantota International Airport Project and Hambantota Port Development Projects.

CENTRAL GOVERNMENT OUTSTANDING DEBT

TABLE 2

OUTSTANDING CENTRAL GOVERNMENT DEBT AS AT END YEAR

Rs million

Source	2016	2017	2018	2019 (a)	2020 (a) (b)
Total Domestic Debt	5,433,073	5,664,215	6,071,001	6,830,260	9,065,068
Short-Term	968,396	1,031,181	1,134,553	1,270,374	2,197,594
Treasury Bills (c)	779,581	697,154	746,887	873,943	1,620,705
Provisional Advances from the Central Bank	83,307	199,801	198,633	236,609	153,079
Import Bills held by Commercial Banks	-	-	-	131	155
Other Liabilities to the Banking Sector Net of Bank Deposits	105,508	134,227	189,034	159,691	423,656
Medium and Long-term	4,464,677	4,633,033	4,936,447	5,559,887	6,867,473
Rupee Loans	24,088	24,088	24,088	24,088	24,088
Treasury Bonds (d)	3,806,353	3,892,408	4,197,323	4,606,232	5,713,300
Sri Lanka Development Bonds	572,199	637,886	614,219	559,284	486,870
International Sovereign Bonds	n.a.	n.a.	n.a.	202,099	415,756
Other	62,038	78,652	100,817	168,184	227,459
By Debt Instrument	5,433,073	5,664,215	6,071,001	6,830,260	9,065,068
Rupee Loans	24,088	24,088	24,088	24,088	24,088
Treasury Bills (c)	779,581	697,154	746,887	873,943	1,620,705
Treasury Bonds (d)	3,806,353	3,892,408	4,197,323	4,606,232	5,713,300
Sri Lanka Development Bonds	572,199	637,886	614,219	559,284	486,870
International Sovereign Bonds	n.a.	n.a.	n.a.	202,099	415,756
Provisional Advances from the Central Bank	83,307	199,801	198,633	236,609	153,079
Other	167,546	212,879	289,851	328,006	651,269
By Institution (e)	5,433,073	5,664,215	6,071,001	6,830,260	9,065,068
Banks	2,181,014	2,361,254	2,321,802	2,888,451	4,735,738
Central Bank					
By Debt Instrument	414,950	209,412	244,128	310,910	876,817
Treasury Bills	331,389	9,908	45,797	25,873	654,611
Treasury Bonds (f)	-	-	-	48,872	70,574
Other	83,560	199,504	198,331	236,165	151,632
Commercial Banks					
By Debt Instrument	1,766,064	2,151,843	2,077,674	2,577,541	3,858,921
Rupee Loans	15,870	15,870	15,870	15,870	15,870
Treasury Bills	244,139	463,198	489,199	684,680	813,040
Treasury Bonds	815,950	858,574	698,378	821,908	1,513,286
Sri Lanka Development Bonds	554,303	615,477	584,081	524,543	448,260
International Sovereign Bonds	n.a.	n.a.	n.a.	202,099	415,756
Other	135,802	198,723	290,145	328,442	652,710
By Institution	1,766,064	2,151,843	2,077,674	2,577,541	3,858,921
State Banks	506,647	744,055	835,052	1,078,970	1,535,216
Other	1,259,417	1,407,788	1,242,622	1,498,571	2,323,705
Non Bank Sector					
By Debt Instrument	3,252,059	3,302,961	3,749,198	3,941,809	4,329,330
Rupee Loans	8,218	8,218	8,218	8,218	8,218
Treasury Bills	204,052	224,048	211,891	163,390	153,053
Treasury Bonds	2,990,403	3,033,833	3,498,945	3,735,452	4,129,440
Sri Lanka Development Bonds	17,895	22,409	30,137	34,741	38,611
Other (g)	31,491	14,453	7	7	7
By Institution	3,252,059	3,302,961	3,749,198	3,941,809	4,329,330
National Savings Bank	426,771	447,792	494,976	593,965	710,999
Savings Institutions & Individuals	600,984	486,181	600,755	405,690	401,922
Employees' Provident Fund	1,778,276	1,930,141	2,147,176	2,390,177	2,612,216
Insurance Institutions	57,944	72,305	67,506	55,309	53,930
Finance Companies	68,097	64,791	64,756	73,169	75,471
Other	319,986	301,752	374,029	423,498	474,791
Total Foreign Debt (h) (k)	4,045,796	4,718,618	5,959,547	6,201,283	6,052,179
By Type	4,045,796	4,718,618	5,959,547	6,201,283	6,052,179
Project Loans	2,361,118	2,610,547	3,149,905	3,231,464	3,458,461
Non-Project Loans	1,684,678	2,108,070	2,809,642	2,969,819	2,593,718
Commodity	69,101	62,727	63,267	52,312	43,023
Other	1,615,577	2,045,344	2,746,375	2,917,507	2,550,695
By Institution	4,045,796	4,718,618	5,959,547	6,201,283	6,052,179
Concessional Loans	1,897,680	2,130,482	2,705,836	2,767,459	2,988,113
Multi-lateral	855,998	954,662	1,392,857	1,356,925	1,445,230
Bi-lateral	1,041,682	1,175,820	1,312,979	1,410,534	1,542,883
Non-Concessional Loans	538,859	560,207	268,556	311,676	340,303
Multi-lateral	220,551	243,581	58,586	112,943	156,252
Bi-lateral	318,308	316,626	209,970	198,733	184,051
Commercial Loans	1,609,257	2,027,928	2,985,156	3,122,148	2,723,763
International Sovereign Bonds	1,220,870	1,475,049	2,220,411	2,531,493	2,203,279
Sri Lanka Development Bonds	n.a.	n.a.	n.a.	943	4,986
Foreign Currency Term Financing Facilities	104,860	217,054	330,174	242,191	279,612
Non-resident investments in Treasury bills	12,816	27,552	11,909	23,727	670
Non-resident investments in Treasury bonds	247,222	295,059	146,914	80,294	6,204
Other (i)	23,490	13,215	275,747	243,501	229,011
Total Outstanding Central Government Debt	9,478,869	10,382,832	12,030,548	13,031,543	15,117,247
Memorandum item: Public Guaranteed Debt (j)	497,059	563,742	749,760	778,305	986,391

(a) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government by have been classified under domestic debt
Sources: Ministry of Finance
Central Bank of Sri Lanka

(b) Provisional

(c) Excludes Treasury bills held by non resident investors

(d) Excludes Treasury bonds held by non resident investors and 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 Sri Lankan 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 outstanding as at end December 2020 is Rs. 56,662 million. Further, Out of Rs 56,662 million, Rs 25,217 million is to be matured on 01 January 2022 and Rs. 31,446 million is to be matured on 01 January 2032)

(e) The composition of domestic debt held by the banking and non banking sectors was revised from 2016 due to the adjustment for holdings of SLDBs by businesses and individuals

(f) The CBSL introduced outright purchase of Treasury bonds auctions under Open Market Operations w.e.f. 06 September 2019

(g) Includes sinking fund

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

(i) Includes outstanding defence loans.

(j) Outstanding amount of loans obtained by public corporations under Treasury guarantee

(k) Excludes outstanding loans of projects involving Puttalam Coal Power Project, Mattala Hambantota International Airport Project and Hambantota Port Development Projects

CENTRAL GOVERNMENT OUTSTANDING DEBT

TABLE 3

COMPOSITION OF OUTSTANDING CENTRAL GOVERNMENT DEBT AS AT END YEAR

	Rs.million									
Source	2011	2012	2013	2014	2015	2016	2017	2018	2019 (a)	2020 (a)(b)
1. Foreign Debt (g)	2,329,280	2,767,299	2,960,424	3,113,116	3,544,031	4,045,796	4,718,618	5,959,547	6,201,283	6,052,179
1.1 Project Loans (c)	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	3,458,461
1.2 Non-Project Loans	689,163	920,527	1,021,515	1,208,516	1,363,642	1,684,678	2,108,070	2,809,642	2,969,819	2,593,718
1.3 Commodity	53,460	56,599	61,597	69,993	71,470	69,101	62,727	63,267	52,312	43,023
1.4 International Sovereign Bonds	341,704	445,063	457,636	655,243	958,014	1,220,870	1,475,049	2,220,411	2,343,777	1,796,579
1.5 Sri Lanka Development Bonds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	943	4,986
1.6 Foreign Currency Term Financing Facilities	-	-	-	-	-	104,860	217,054	330,174	242,191	279,612
1.7 Non resident Investment in Treasury Bills	70,123	80,184	73,916	55,500	5,045	12,816	27,552	11,909	23,727	670
1.8 Non resident Investment in Treasury Bonds	199,531	317,604	403,486	401,710	298,734	247,222	295,059	146,914	80,294	6,204
1.9 Other	24,345	21,077	24,881	26,070	30,379	29,809	30,630	36,966	226,576	462,644
2. Domestic Debt	2,808,482	3,315,651	3,928,788	4,373,746	5,055,159	5,433,073	5,664,215	6,071,001	6,830,260	9,065,068
2.1 Rupee Loans	61,961	58,386	55,518	55,518	24,088	24,088	24,088	24,088	24,088	24,088
2.2 Treasury Bills (d)	590,885	629,070	700,137	694,767	658,240	779,581	697,154	746,887	873,943	1,620,705
2.3 Treasury Bonds (e)	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	5,713,300
2.4 Sri Lanka Development Bonds	183,845	222,994	369,215	391,083	668,458	572,199	637,886	614,219	559,284	486,870
2.5 International Sovereign Bonds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	202,099	415,756
2.6 Central Bank Advances	94,743	111,292	109,167	143,898	151,132	83,307	199,801	198,633	236,609	153,079
2.7 Other (f)	53,400	116,017	146,428	148,463	152,030	167,546	212,878	289,851	328,006	651,269
Total	5,137,762	6,082,949	6,889,212	7,486,862	8,599,190	9,478,869	10,382,832	12,030,548	13,031,543	15,117,247

(a) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt from 2019 onwards

Sources: Ministry of Finance
Central Bank of Sri Lanka

(b) Provisional

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

(d) Excludes outstanding Treasury bills held by non resident investors

(e) Excludes Treasury bonds held by non resident investors and 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 Sri Lankan 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 outstanding as at end December 2020 is Rs. 56,662 million. Further, Out of Rs 56,662 million, Rs 25,217 million is to be matured on 01 January 2022 and Rs. 31,446 million is to be matured on 01 January 2032)

(f) Include administrative borrowings arising from foreign loans channelled through Government or Semi-Government agencies and outstanding borrowings from OBLs

(g) Excludes outstanding loans of projects involving Puttalam Coal Power Project, Mattala Hambantota International Airport Project and Hambantota Port Development Projects

CENTRAL GOVERNMENT OUTSTANDING DEBT

TABLE 4

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

	Rs.million									
Owner	2011	2012	2013	2014	2015	2016	2017	2018	2019 (a)	2020 (a)(b)
1. Domestic Debt (c) (d) (e)	2,808,482	3,315,651	3,928,788	4,373,746	5,055,159	5,433,073	5,664,215	6,071,001	6,830,260	9,065,068
1.1 Banking Sector	908,572	1,148,937	1,524,832	1,756,380	2,007,961	2,181,014	2,361,254	2,321,802	2,888,451	4,735,738
Central Bank	263,329	265,198	112,396	267,677	256,050	414,950	209,412	244,128	310,910	876,817
Commercial Banks	645,243	883,739	1,412,436	1,488,703	1,751,911	1,766,064	2,151,843	2,077,674	2,577,541	3,858,921
1.2 Non Bank Sector	1,899,910	2,166,714	2,403,956	2,617,366	3,047,198	3,252,059	3,302,960	3,749,198	3,941,809	4,329,330
Market Borrowings	1,898,977	2,165,780	2,390,023	2,616,796	3,046,628	3,252,059	3,302,960	3,749,198	3,941,809	4,329,330
Savings Institutions	314,319	330,150	358,243	379,877	428,236	426,771	447,792	494,976	593,965	710,999
Insurance Funds	34,356	33,768	30,849	30,536	50,597	57,944	72,305	67,506	55,309	53,930
Provident and Pension Funds (f)	959,303	1,204,729	1,428,534	1,474,560	1,655,336	1,826,633	1,942,739	2,203,365	2,460,440	2,687,627
Official Funds (g)	161,568	178,900	202,118	221,584	252,615	271,630	289,154	317,840	363,119	405,795
Business and Individuals (h)	429,431	418,234	370,279	510,238	659,845	669,081	550,971	665,511	468,976	470,978
Non Market Borrowings	933	933	13,933	570	570	-	-	-	-	-
2. Foreign Debt (i) (j)	2,329,280	2,767,299	2,960,424	3,113,116	3,544,031	4,045,796	4,718,618	5,959,547	6,201,283	6,052,179
Total	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	15,117,247

(a) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt from 2019 onwards

Sources: Ministry of Finance
Central Bank of Sri Lanka

(b) Provisional

(c) Excludes Treasury bills held by non resident investors

(d) Excludes Treasury bonds held by non resident investors and 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 Sri Lankan 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 outstanding as at end December 2020 is Rs. 56,662 million. Further, Out of Rs 56,662 million, Rs 25,217 million is to be matured on 01 January 2022 and Rs. 31,446 million is to be matured on 01 January 2032)

(e) The composition of domestic debt held by the banking and non banking sectors was revised from 2016 due to the adjustment for holdings of SLDBs by businesses and individuals

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

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

(h) 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

(i) Includes Treasury bills and Treasury bonds held by non resident investors

(j) Excludes outstanding loans of projects involving Puttalam Coal Power Project, Mattala Hambantota International Airport Project and Hambantota Port Development Projects

DOMESTIC DEBT

TABLE 5

DETAILS OF OUTSTANDING TREASURY BONDS AS AT END 2020 (a)

Rs.million

Maturity Date	Issue Date	Series	ISIN	Face Value
1-Mar-21	1-Mar-16	10.75%2021A	LKB00521C016	109,124.0
1-May-21	1-May-12	09.00%2021A	LKB00921E014	75,778.1
1-Aug-21	1-Aug-13	11.00%2021A	LKB00821H019	125,414.1
15-Oct-21	15-Oct-14	09.45%2021A	LKB00721J157	85,456.0
15-Dec-21	15-Dec-16	11.50%2021A	LKB00521L157	117,783.0
1-Jan-22	1-Jan-12	08.00%2022A	LKB01022A018	97,934.2
15-Mar-22	15-Mar-19	10.70%2022A	LKB00322C159	15,000.0
1-Jul-22	1-Jul-13	11.20%2022A	LKB00922G017	114,772.1
1-Oct-22	1-Oct-13	10.00%2022A	LKB00922J011	121,708.4
15-Nov-22	15-Nov-19	05.75%2022A	LKB00322K152	65,648.0
15-Dec-22	15-Dec-19	07.90%2022A	LKB00322L150	120,000.0
15-Jan-23	15-Jan-20	08.65%2023A	LKB00323A151	65,000.0
15-Mar-23	15-Mar-18	10.00%2023A	LKB00523C152	107,000.0
15-May-23	15-May-17	11.50%2023A	LKB00623E156	103,565.0
15-Jul-23	15-Jul-18	10.20%2023A	LKB00523G153	65,000.0
1-Sep-23	1-Sep-12	09.00%2023A	LKB01123I017	44,648.0
1-Sep-23	1-Sep-13	11.20%2023A	LKB01023I019	99,881.3
1-Oct-23	1-Oct-03	07.00%2023A	LKB02023J016	223,221.6
15-Dec-23	15-Dec-18	11.60%2023A	LKB00523L153	48,000.0
1-Jan-24	1-Jan-14	11.40%2024A	LKB01024A014	102,434.8
15-Mar-24	15-Mar-19	10.90%2024A	LKB00524C150	75,000.0
15-Jun-24	15-Jun-19	10.25%2024A	LKB00524F153	75,000.0
1-Aug-24	1-Aug-16	11.00%2024A	LKB00824H013	107,327.0
15-Sep-24	15-Sep-19	09.85%2024A	LKB00524I157	177,746.5
1-Dec-24	1-Dec-14	06.00%2024A	LKB01024L011	55,238.2
15-Mar-25	15-Mar-15	10.25%2025A	LKB01025C157	106,672.0
1-May-25	1-May-13	09.00%2025A	LKB01225E019	126,265.6
1-Aug-25	1-Aug-15	11.00%2025A	LKB01025H016	132,027.0
15-Oct-25	15-Oct-17	10.35%2025A	LKB00825J156	95,000.0
1-Feb-26	1-Feb-13	09.00%2026A	LKB01326B011	148,617.1
1-Mar-26	1-Mar-11	05.35%2026A	LKB01526C014	240,730.3
1-Jun-26	1-Jun-14	11.00%2026A	LKB01226F014	112,998.2
1-Aug-26	1-Aug-16	11.50%2026A	LKB01026H014	126,237.0
20-Dec-26	20-Dec-16	05.00%2026A	LKB01026L206	9,142.2
15-Jan-27	15-Jan-19	11.40%2027A	LKB00827A151	50,000.0
15-Jun-27	15-Jun-17	11.75%2027A	LKB01027F156	112,000.0
21-Jul-27	21-Jul-17	11.00%2027A	LKB01027G212	5,000.0
15-Aug-27	15-Aug-19	07.80%2027A	LKB00827H156	82,406.6
15-Oct-27	15-Oct-19	10.30%2027A	LKB00827J152	124,768.0
15-Dec-27	15-Dec-17	11.25%2027A	LKB01027L154	7,500.0
15-Mar-28	15-Mar-18	10.75%2028A	LKB01028C151	133,000.0
1-May-28	1-May-13	09.00%2028B	LKB01528E016	97,783.7
1-Jul-28	1-Jul-12	09.00%2028A	LKB01628G019	126,741.2
1-Sep-28	1-Sep-13	11.50%2028A	LKB01528I017	125,084.0
1-Jan-29	1-Jan-14	13.00%2029A	LKB01529A012	83,087.5
1-May-29	1-May-14	13.00%2029B	LKB01529E014	109,785.3
15-May-30	15-May-15	11.00%2030A	LKB01530E152	129,102.0
15-Mar-31	15-Mar-19	11.25%2031A	LKB01231C151	75,000.0
1-Jan-32	1-Jan-12	08.00%2032A	LKB02032A016	242,596.7
1-Oct-32	1-Oct-12	09.00%2032A	LKB02032J017	35,294.9
15-Jan-33	15-Jan-18	11.20%2033A	LKB01533A154	105,000.0
1-Jun-33	1-Jun-13	09.00%2033A	LKB02033F013	101,455.9
1-Jul-33	1-Jul-13	13.25%2033A	LKB02033G011	23,511.8
1-Nov-33	1-Nov-13	09.00%2033B	LKB02033K013	20,008.8
1-Jan-34	1-Jan-14	13.25%2034A	LKB02034A012	77,859.0
15-Sep-34	15-Sep-19	10.25%2034A	LKB01534I155	45,000.0
15-Mar-35	15-Mar-15	11.50%2035A	LKB02035C155	124,565.0
15-Aug-39	15-Aug-19	10.50%2039A	LKB02039H156	25,000.0
1-Jan-41	1-Jan-16	12.00%2041A	LKB02541A016	29,885.0
1-Jun-43	1-Jun-13	09.00%2043A	LKB03043F011	33,809.3
1-Jan-44	1-Jan-14	13.50%2044A	LKB03044A010	10,969.9
1-Jun-44	1-Jun-14	13.50%2044B	LKB03044F019	77,861.8
1-Mar-45	1-Mar-15	12.50%2045A	LKB03045C013	10,058.0
Treasury bond outstanding as end Dec 2020				5,719,504.0

(a) Includes Government Treasury bonds of Rs. 56,662 million issued to Ceylon Petroleum Corporation (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 01 January 2017, the outstanding as at end December 2020 is Rs. 56,662 million. Further, Out of Rs 56,662 million, Rs 25,217 million is to be matured on 01 January 2022 and Rs. 31,446 million is to be matured on 01 January 2032)

Source: Central Bank of Sri Lanka

DOMESTIC DEBT

TABLE 6

DETAILS OF OUTSTANDING SRI LANKA DEVELOPMENT BONDS AS AT END 2020

USD million

Maturity Date	Issue Date	Series	ISIN	Face Value
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
22-Jan-21	29-Jun-20	SLDB2021B	LKH00321A225	50.0
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
30-Jul-21	1-Apr-20	SLDB2021D	LKH00321G305	9.8
30-Jul-21	4-May-20	SLDB2021D	LKH00321G305	15.0
15-Aug-21	22-Jan-20	SLDB2021E	LKG00221H157	5.7
15-Aug-21	22-Jan-20	SLDB2021E	LKH00221H156	23.0
15-Aug-21	17-Mar-20	SLDB2021E	LKH00221H156	15.5
15-Aug-21	29-Jun-20	SLDB2021E	LKH00221H156	32.7
15-Aug-21	30-Jul-20	SLDB2021E	LKG00221H157	1.0
15-Aug-21	30-Jul-20	SLDB2021E	LKH00221H156	73.3
22-Jan-22	22-Jan-18	SLDB2022B	LKG00422A222	113.7
22-Jan-22	22-Jan-20	SLDB2022B	LKG00422A222	8.9
22-Jan-22	22-Jan-20	SLDB2022B	LKH00422A221	13.2
22-Jan-22	18-Nov-20	SLDB2022B	LKH00422A221	62.2
16-Mar-22	16-Mar-18	SLDB2022C	LKG00422C160	27.0
16-Mar-22	29-Jun-20	SLDB2022C	LKH00422C169	8.4
16-Mar-22	30-Jul-20	SLDB2022C	LKH00422C169	19.0
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
1-May-22	17-Mar-20	SLDB2022D	LKH00422E017	59.8
1-May-22	18-Nov-20	SLDB2022D	LKH00422E017	19.2
22-Jan-23	22-Jan-18	SLDB2023A	LKG00523A227	149.2
22-Jan-23	22-Jan-20	SLDB2023A	LKG00523A227	21.9
22-Jan-23	22-Jan-20	SLDB2023A	LKH00523A226	21.3
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
16-Mar-23	17-Mar-20	SLDB2023B	LKH00523C164	14.2
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
1-May-23	4-May-20	SLDB2023C	LKH00523E012	1.2
1-May-23	30-Jul-20	SLDB2023C	LKH00523E012	6.1
1-May-23	18-Nov-20	SLDB2023C	LKH00523E012	5.2
22-Jan-25	22-Jan-20	SLDB2025B	LKG00525A222	6.2
22-Jan-25	22-Jan-20	SLDB2025B	LKH00525A221	0.0
22-Jan-25	17-Mar-20	SLDB2025B	LKH00525A221	0.8
22-Jan-25	1-Apr-20	SLDB2025B	LKH00525A221	2.1
22-Jan-25	4-May-20	SLDB2025B	LKH00525A221	1.3
22-Jan-25	29-Jun-20	SLDB2025B	LKH00525A221	8.9
22-Jan-25	30-Jul-20	SLDB2025B	LKH00525A221	0.6
22-Jan-25	18-Nov-20	SLDB2025B	LKH00525A221	0.3
Total				2,638.6

Source: Central Bank of Sri Lanka

DOMESTIC DEBT

TABLE 7

DETAILS OF OUTSTANDING RUPEE LOANS AS AT END 2020

Rs.million

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

Source: Central Bank of Sri Lanka

DOMESTIC DEBT

TABLE 8

CHANGES IN RELATIVE COMPOSITION OF GOVERNMENT SECURITIES (a)

	2016	2017	2018	2019	2020
1. Maturity (%)					
Short Term	17	15	15	16	22
Medium and Long Term	83	85	85	84	78
2. Marketability (%)					
Marketable	99	99	100	100	100
Non-marketable	1	1	0	0	0
3. Investor base (%)					
Central Bank	7	0	1	1	10
Commercial Banks	23	29	24	28	32
Captive Sources	52	54	59	60	51
Others	18	17	16	11	8
4. Maximum maturity of Treasury Bond issued during the year (yrs)	29	10	15	20	11

(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 2020 (a)

Rs. million

Maturity Year	Instrument					Total
	Treasury Bills (b)	Treasury Bonds (b)(c)	Rupee Loans	Sri Lanka Development Bonds (b) (d)	Loans from Offshore Banking Units (d)	
2021	1,621,375.3	513,555.2	-	246,901.4	218,097.6	2,599,929.4
2022	-	535,062.7	-	158,756.4	-	693,819.2
2023	-	756,315.9	24,088.0	82,448.3	-	862,852.2
2024	-	592,746.5	-	-	-	592,746.5
2025	-	459,964.6	-	3,750.5	-	463,715.2
2026	-	637,724.9	-	-	-	637,724.9
2027	-	381,674.6	-	-	9,320.4	390,995.0
2028	-	482,608.9	-	-	-	482,608.9
2029	-	192,872.9	-	-	-	192,872.9
2030	-	129,102.0	-	-	-	129,102.0
2031	-	75,000.0	-	-	-	75,000.0
2032	-	277,891.5	-	-	-	277,891.5
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	1,621,375.3	5,719,504.0	24,088.0	491,856.7	227,418.0	8,084,242.0

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

Sources : Central Bank of Sri Lanka

(b) Includes Treasury bills, Treasury bonds and Sri Lanka Development Bonds issued to non-residents

(c) Includes payments for Government Treasury bonds of Rs. 56,662 million issued to Ceylon Petroleum Corporation (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 01 January 2017, the outstanding as at end December 2020 is Rs. 56,662 million. Further, Out of Rs 56,662 million, Rs 25,217 million is to be matured on 01 January 2022 and Rs. 31,446 million is to be matured on 01 January 2032)

(d) Exchange rate used for conversion is 1 USD = Rs. 186.4082 as at end 2020

DOMESTIC DEBT

TABLE 10

FUTURE DOMESTIC CURRENCY DEBT OBLIGATIONS AS AT END 2020 (a) (b) (c)

Rs. million

Year	Capital	Interest	Grand Total
2021	513,555	634,722	1,148,277
2022	535,063	513,915	1,048,978
2023	780,404	455,353	1,235,757
2024	592,747	382,993	975,740
2025	459,965	326,393	786,358
2026	637,725	271,547	909,272
2027	381,675	226,853	608,527
2028	482,609	186,103	668,711
2029	192,873	135,324	328,197
2030	129,102	115,687	244,789
2031	75,000	104,367	179,367
2032	277,892	90,445	368,336
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	5,743,592	3,754,010	9,497,602

(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 2020

Sources: Central Bank of Sri Lanka

(b) Treasury bill principle is considered rollover

(c) Includes payments for Treasury bonds held by non resident investors and the outstanding Treasury bonds issued to Ceylon Petroleum Corporation (CPC) (Outstanding Treasury bonds issued to CPC as at end December 2020 is Rs. 56,662 million. Out of Rs 56,662 million, Rs 25,217 million is to be matured on 01 January 2022 and Rs. 31,446 million is to be matured on 01 January 2032)

DOMESTIC DEBT

TABLE 11

OWNERSHIP OF TREASURY BILLS (AS AT END YEAR)

Rs million

Ownership	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (a)
1. Bank Sector	355,552	373,753	447,004	401,792	445,418	575,528	473,106	534,996	710,553	1,467,651
1.1 Central Bank	169,797	154,005	3,053	123,496	104,754	331,389	9,908	45,797	25,873	654,611
1.2 Commercial Banks	185,756	219,748	443,951	278,296	340,664	244,139	463,198	489,199	684,680	813,040
2. Non Bank Sector	235,333	255,317	253,133	292,975	212,822	204,052	224,048	211,891	163,390	153,053
2.1 Employees' Provident Fund	-	33,410	13,969	1,000	-	41,057	74,475	36,321	8,250	3,100
2.2 Other Provident Funds	1,279	122	45	-	162	77	49	1,091	-	26
2.3 Savings Institutions	58,733	61,972	68,328	47,945	67,766	18,049	38,378	21,881	21,939	36,078
2.4 Insurance and Finance Companies	11,010	19,097	28,629	47,461	47,388	57,918	58,093	64,628	71,637	61,276
2.5 Departmental and Other Official Funds	5,968	2,566	8,114	10,986	7,570	7,616	760	3,036	6,075	12,648
2.6 Private and Other	158,344	138,149	134,048	185,582	89,937	79,336	52,293	84,933	55,489	39,925
3. Foreign Investors (b)	70,123	80,184	73,916	55,500	5,045	12,816	27,552	11,909	23,727	670
Total	661,008	709,254	774,053	750,267	663,285	792,396	724,706	758,796	897,670	1,621,375

(a) Provisional

Sources: Ministry of Finance

(b) Includes Treasury bills held by non resident investors. Hence, the figures differ from those appearing in Appendix

Central Bank of Sri Lanka

Table 3 of this Report

DOMESTIC DEBT

TABLE 12

OWNERSHIP OF TREASURY BONDS (AS AT END YEAR) (a)

Rs million

Ownership	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (b)
1. Bank Sector	228,898	333,389	477,457	681,565	601,538	815,950	858,574	698,378	870,780	1,583,860
1.1 Central Bank (c)	-	-	-	-	-	-	-	-	48,872	70,574
1.2 Commercial Banks	228,898	333,389	477,457	681,565	601,538	815,950	858,574	698,378	821,908	1,513,286
2. Non Bank Sector	1,594,750	1,844,502	2,070,866	2,258,452	2,799,673	2,990,403	3,033,833	3,498,945	3,735,452	4,129,440
2.1 Employees' Provident Fund	927,374	1,117,360	1,356,389	1,450,144	1,612,461	1,737,219	1,855,665	2,110,855	2,381,927	2,609,116
2.2 Other Provident Funds	7,550	30,639	35,031	315	42,713	48,060	-	42,549	25,637	-
2.3 Savings Institutions	246,418	261,309	285,915	327,932	358,470	406,722	407,415	471,095	570,026	672,922
2.4 Insurance and Finance Companies	34,410	31,711	26,636	42,742	58,808	68,124	68,305	56,937	56,842	68,125
2.5 Departmental and Other Official Funds	37,006	37,596	187,904	210,598	245,045	264,014	285,278	311,688	357,044	393,146
2.6 Private and Other	341,992	365,887	178,991	226,720	482,176	466,264	417,170	505,821	343,976	355,771
3. Foreign Investors (d)	199,531	317,604	403,486	401,710	298,734	247,222	295,059	146,914	80,294	6,204
Total	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	5,719,504

(a) 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 Sri Lankan 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 outstanding as at end December 2020 is Rs. 56,662 million. Further, Out of Rs 56,662 million, Rs 25,217 million is to be matured on 01 January 2022 and Rs. 31,446 million is to be matured on 01 January 2032)

Sources: Ministry of Finance
Central Bank of Sri Lanka

(b) Provisional

(c) Central Bank introduced outright purchase of Treasury bonds auctions under Open Market Operations w.e.f. 06 September 2019

(d) Includes Treasury bonds held by non resident investors. Hence, the figures differ from those appearing in Appendix Table 3 of this Report

DOMESTIC DEBT

TABLE 13

OWNERSHIP OF RUPEE LOANS (AS AT END YEAR)

Rs.million

Ownership	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (a)
1. Bank Sector - Commercial Banks	16,234	15,870	15,870	15,870	15,870	15,870	15,870	15,870	15,870	15,870
2. Non Bank Sector	45,727	42,516	39,648	39,648	8,218	8,218	8,218	8,218	8,218	8,218
2.1 Savings Institutions	9,168	6,868	4,000	4,000	2,000	2,000	2,000	2,000	2,000	2,000
2.2 Departmental and Other Official Funds (b)	6,101	5,190	6,101	6,101	-	-	-	-	-	-
2.3 Employees' Provident Fund	23,100	23,100	23,100	23,100	-	-	-	-	-	-
2.4 Other Provident Funds	7,358	7,358	6,447	6,447	6,218	6,218	6,218	6,218	6,218	6,218
2.5 Other (c)	-	-	-	-	-	-	-	-	-	-
Total	61,961	58,386	55,518	55,518	24,088	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 2020 (a)

Rs. million

Creditor Category/ Use of Funds	Bi-lateral	Multi-lateral	Commercial	Export Credit	Total Debt	% of Total
Cash (b)	418	68	1,574,478	-	1,574,964	26.02
Commodity	5,941	-	-	119	6,060	0.10
Food	13,409	-	(0.00)	-	13,409	0.22
Goods & Services	9,356	-	-	14,197	23,553	0.39
Programme	22,018	138,253	-	-	160,271	2.65
Project	1,111,830	1,437,724	1,767	746,869	3,298,189	54.50
Other (c)	0	25,436	920,274	30,021	975,731	16.12
Total Debt (d)	1,162,973	1,601,482	2,496,519	791,206	6,052,179	100.00
%	19.22	26.46	41.25	13.07	100.00	

(a) Provisional

Sources: Ministry of Finance

(b) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt

Central Bank of Sri Lanka

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

(d) Excludes outstanding loans of projects involving Puttalam Coal Power Project, Mattala Hambantota International Airport Project and Hambantota Port Development Projects

FOREIGN DEBT

TABLE 15

OWNERSHIP OF OUTSTANDING FOREIGN DEBT

Rs. million

Source	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (a)
1. Multi-lateral	721,916	844,292	903,540	887,960	994,430	1,076,549	1,198,243	1,451,443	1,469,867	1,601,482
ADB	383,461	448,421	478,796	471,762	533,806	569,686	632,237	785,509	802,047	865,457
EIB	18,054	23,438	23,248	21,133	29,728	27,518	29,193	31,255	27,509	26,810
IBRD	-	322	4,530	6,987	10,382	27,760	28,462	37,008	45,769	56,757
IDA	302,244	349,997	373,085	363,052	391,149	417,636	467,832	548,283	541,074	593,238
IFAD	13,007	16,013	17,419	17,098	18,631	21,520	24,405	28,251	29,417	32,153
OPEC Fund for International Development	2,052	2,699	2,998	4,783	7,547	9,309	12,743	17,398	20,443	21,686
Nordic Development Fund	3,099	3,403	3,464	3,145	3,187	3,119	3,370	3,741	3,480	3,722
Asian Infrastructure Investment Bank	-	-	-	-	-	-	-	-	127	1,659
2. Bi-lateral	842,804	1,035,907	823,180	793,196	888,971	945,754	992,157	1,163,265	1,131,911	1,162,973
Canada	7,701	8,269	7,409	6,339	5,373	5,275	5,254	5,230	4,854	4,502
France (b)	19,503	24,273	26,861	24,698	25,406	24,448	27,977	32,264	34,202	38,584
Germany	47,547	51,164	52,112	43,342	40,726	39,145	43,506	46,937	43,113	45,091
India	41,927	78,322	102,843	119,982	137,413	142,277	145,071	166,915	153,075	146,530
Japan	529,013	547,515	468,366	416,408	457,483	486,199	506,829	613,656	617,973	659,260
Kuwait	5,799	6,194	5,749	5,357	6,765	7,774	8,768	12,124	13,146	14,866
People's Republic of China	59,497	67,434	67,154	87,743	117,284	131,604	135,728	150,939	138,720	124,665
Saudi Arabian Fund	2,544	2,648	3,868	4,982	10,724	13,255	16,722	21,752	23,725	24,085
USA	40,318	41,386	38,854	35,246	34,594	31,798	28,925	28,910	24,381	20,632
Other	88,957	208,702	49,963	49,100	53,205	63,978	74,007	84,537	78,724	84,758
3. Financial Markets	764,560	887,100	1,233,704	1,431,959	1,660,630	2,023,493	2,528,218	3,344,839	3,599,504	3,287,725
Riggs National Bank	2,984	3,064	2,922	2,651	2,607	2,336	2,110	2,262	1,986	1,767
Bankers Trust Co.	399	356	275	184	101	-	-	-	-	-
Solomon Bros. Inc. - New York	54	-	-	-	-	-	-	-	-	-
Citi Bank/NEXI	-	-	-	-	201	-	-	-	-	-
Export-Import Bank of China (c)	-	-	-	146,262	192,889	242,416	299,405	392,041	476,565	528,403
Other (d)	761,124	883,680	1,230,507	1,282,863	1,464,832	1,778,741	2,226,703	2,950,536	3,120,953	2,757,555
International Sovereign bonds	341,704	445,063	457,636	655,243	958,014	1,220,870	1,475,049	2,220,411	2,531,493	2,203,279
Foreign Currency Term Financing Facilities	-	-	-	-	-	104,860	217,054	330,174	242,191	279,612
Non-resident investments in Treasury bills	70,123	80,184	73,916	55,500	5,045	12,816	27,552	11,909	23,727	670
Non-resident investments in Treasury bonds	199,531	317,604	403,486	401,710	298,734	247,222	295,059	146,914	80,294	6,204
Other	149,766	40,829	295,470	170,410	203,039	192,973	211,989	241,127	243,248	267,790
Total (d)	2,329,280	2,767,299	2,960,424	3,113,116	3,544,031	4,045,796	4,718,618	5,959,547	6,201,283	6,052,179

(a) Provisional

Sources: Ministry of Finance

(b) Includes loans from financial institutions

Central Bank of Sri Lanka

(c) Excludes outstanding loans of projects involving Puttalam Coal Power Project, Mattala Hambantota International Airport Project and Hambantota Port Development Projects

(d) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt from 2019 onwards

FOREIGN DEBT

TABLE 16

FOREIGN LOANS - 2020

Rs million

Type and Source	Gross Receipts	Repayments	Net Change in the Liability	Liability as at end December 2020 (a)
1. Project Loans	241,452	228,722	226,997	3,458,461
ADB	56,525	40,412	64,289	864,407
Australia	-	2,359	(2,125)	7,017
Austria	1,533	2,348	1,619	21,560
Canada	-	378	(219)	3,385
China (b)	46,375	43,129	31,931	628,805
Denmark	-	2,143	(2,054)	-
EIB	-	3,139	(700)	26,810
Finland	-	504	(436)	262
France	15,083	7,898	17,196	80,020
Germany	88	3,048	1,780	39,848
Hong Kong	16,542	-	16,852	22,454
India	10,218	14,900	954	145,156
IDA	37,736	30,645	41,339	568,784
Japan	29,865	39,781	41,089	659,260
Korea	1,240	2,792	6,850	68,771
Kuwait	2,277	910	1,720	14,866
Netherlands	3,477	6,510	1,287	48,178
Opec Fund for International Development	2,220	1,966	1,243	21,686
Saudi Arabian Fund	896	1,783	359	24,085
Spain	272	1,427	1,298	21,448
Sweden	-	3,342	(3,421)	9,457
UK	2,889	9,530	(4,989)	46,276
USA	-	3,190	(2,645)	17,525
Other	14,217	6,590	13,778	118,402
2. Non-Project Loans	129,861	442,047	(166,487)	2,593,718
2.1 Commodity Loans	79	4,081	(3,195)	16,410
Canada	-	184	(133)	1,117
France	-	-	-	-
India	79	2,762	(2,519)	9,356
Pakistan	-	741	(720)	1,113
Germany	-	395	177	4,825
Netherlands	-	-	-	-
USA	-	-	-	-
Japan	-	-	-	-
2.2 Other Loans	129,782	437,966	(163,292)	2,577,309
ADB	-	970	(880)	1,049
China	98,347	408	105,363	305,535
USA	-	2,468	(2,145)	13,409
Germany	-	28	21	418
Japan	-	-	-	-
Other (c) (d) (e)	31,434	434,094	(265,652)	2,256,896
Memo: Liability due to variations in exchange rates (f)			329,895	
Grand Total	371,312	670,769	60,510	6,052,179

(a) These figures may differ from those appearing in Appendix Table 02 of this Report due to the difference in classification

Sources: Ministry of Finance
Central Bank of Sri Lanka

(b) Excludes outstanding loans of projects involving Puttalam Coal Power Project, Mattala Hambantota International Airport Project and Hambantota Port Development Projects

(c) Includes Treasury bonds and Treasury bills held by non resident investors and Treasury bonds and Treasury bills issued to Sri Lankan diaspora and migrant workers

(d) Gross Receipts, Repayments and Net Change in the Liability do not include SLDBs held by non resident investors and includes ISBs held by both resident and non resident investors

(e) Liability as at end 2020 includes SLDBs and ISBs held by non resident investors

(f) This includes the impact of exchange rate variation

FOREIGN DEBT

TABLE 17

FOREIGN LOAN DISBURSEMENTS BY SOURCE

Rs million

Category	Disbursements									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (a)
1. Lender	322,771	482,259	392,351	451,430	509,201	713,181	866,224	781,104	1,078,276	349,349
Bi-lateral	78,739	109,165	83,109	73,690	66,955	56,884	59,375	51,029	54,835	43,090
Multi-lateral	54,459	65,782	63,335	61,156	71,924	104,900	93,912	91,669	87,195	121,574
Commercial (b)	144,963	250,505	158,918	281,350	311,659	481,295	616,814	561,750	782,519	93,500
Export Credits	44,611	56,807	86,989	35,234	58,664	70,102	96,123	76,656	153,728	91,185
2. Use of Funds	322,771	482,259	447,465	451,430	509,201	713,181	866,224	781,104	1,078,276	349,349
Cash	109,488	130,695	139,483	195,989	87,035	319,689	228,473	170,923	-	-
Commodity	-	-	-	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-	-	-	-
Goods and Services	3,254	2,316	8,195	626	1,064	344	1,330	-	115	79
Programme	194	-	21	-	-	27,517	456	20,796	3,532	16,006
Project	174,097	227,041	272,433	164,352	190,923	201,752	246,944	193,931	285,711	225,015
Technical Assistance	232	210	39	241	35	-	290	374	360	431
Other	35,507	121,997	27,294	90,221	230,145	163,880	388,732	395,081	788,558	107,817

(a) Provisional

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

Sources: Ministry of Finance

Central Bank of Sri Lanka

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
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	667,383	233,970	901,353
2020 (f)	455,899	505,172	961,071	713,623	266,679	980,302

(a) Excludes Treasury bond payments to non-residents

(b) Includes Treasury bond payments to non-residents

(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) Interest payments for 2019 are revised

(f) Provisional

Sources: Ministry of Finance
Central Bank of Sri Lanka

GOVERNMENT BORROWINGS

TABLE 19

ISSUES AND MATURITIES OF DOMESTIC DEBT IN 2018, 2019 AND 2020

Rs. million

	Maturity (M)	2018			2019			2020 (a)		
		Issues	Repayments	Net Issues	Issues	Repayments	Net Issues	Issues	Repayments	Net Issues
Treasury Bills	≤ 91 days	753,525	783,020	(29,495)	623,167	606,601	16,566	722,753	677,036	45,717
	≤ 182 days	205,632	432,123	(226,491)	243,966	188,335	55,631	549,769	328,149	221,620
	≤ 364 days	694,102	404,026	290,076	852,194	785,518	66,676	1,318,017	861,648	456,368
Total		1,653,259	1,619,169	34,091	1,719,327	1,580,453	138,874	2,590,539	1,866,833	723,706
Treasury Bonds										
	1 year	-	-	-	-	-	-	-	-	-
	2 year	-	59,012	(59,012)	55,000	58,479	(3,479)	125,648	10,000	115,648
	3 year	90,020	72,878	17,142	22,000	26,800	(4,800)	305,576	18,000	287,576
	4 year	-	-	-	-	74,221	(74,221)	120,985	56,961	64,024
	5 year	205,000	258,970	(53,970)	283,000	170,996	112,004	391,990	131,827	260,164
	6 year	-	117,652	(117,652)	-	11,911	(11,911)	30,000	-	30,000
	7 year	95,000	48,119	46,881	-	39,707	(39,707)	109,675	1,474	108,201
	8 year	47,000	11,280	35,720	90,000	68,440	21,560	89,670	22,085	67,585
	9 year	50,000	500	49,500	45,000	68	44,932	-	32,869	(32,869)
	10 year	171,000	18,261	152,739	100,000	5,089	94,911	15,000	25,876	(10,876)
	11 year	-	14,677	(14,677)	8,000	-	8,000	143,526	-	143,526
	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		763,020	606,249	156,771	798,000	455,712	342,288	1,332,069	299,091	1,032,978
Rupee Loans										
Total		-	-	-	-	-	-	-	-	-
Sri Lanka Development Bonds										
	≤ 1 year	-	93,533	(93,533)	23,154	-	23,154	51,932	23,785	28,148
	2 year	24,395	34,271	(9,876)	19,769	102,299	(82,530)	26,227	28,821	(2,594)
	3 year	130,722	43,900	86,822	8,828	454	8,374	11,791	89,560	(77,769)
	4 year	29,979	2,380	27,599	10,114	6,357	3,757	156	-	156
	5 year	48,996	189,470	(140,473)	-	2,729	(2,729)	3,573	35,284	(31,711)
Total		234,093	363,553	(129,461)	61,865	111,839	(49,974)	93,679	177,449	(83,771)
Loans from OBUs										
	≤ 1 year	62,377	-	62,377	58,900	-	58,900	131,601	81,588	50,014
	2 years	-	-	-	-	-	-	-	-	-
	3 years	-	-	-	-	-	-	-	-	-
	8 years	-	-	-	9,036	-	9,036	-	-	-
Total		62,377	-	62,377	67,937	-	67,937	131,601	81,588	50,014
Grand Total		2,712,749	2,588,971	123,778	2,647,128	2,148,004	499,124	4,147,888	2,424,961	1,722,927

(a) Provisional

Sources: Central Bank of Sri Lanka

GOVERNMENT BORROWINGS

TABLE 20

AUCTION AND PRIMARY ISSUE DETAILS IN 2018, 2019 AND 2020 (a)

Rs. million

	2018			2019			2020 (b)		
	Treasury Bills	Treasury Bonds	Rupee Loans	Treasury Bills	Treasury Bonds	Rupee Loans	Treasury Bills	Treasury Bonds	Rupee Loans
Auctions									
Number of Auctions	51	11	-	52	12	-	52	15	-
Amount Offered	1,012,500	741,000	-	1,103,000	798,000	-	1,715,900	982,500	-
Bids Received	2,912,519	1,736,753	-	3,096,791	1,930,995	-	3,498,509	1,951,622	-
Amount Accepted	928,326	763,020	-	1,087,674	798,000	-	1,360,752	855,752	-
CBSL Purchases	724,934	-	-	631,653	-	-	1,229,787	-	-
Placements	-	-	-	-	-	-	-	476,317	-
Total Issues	1,653,259	763,020	-	1,719,327	798,000	-	2,590,539	1,332,069	-

(a) Face Value

Source: Central Bank of Sri Lanka

(b) Provisional

GOVERNMENT BORROWINGS

TABLE 21

GOVERNMENT BORROWING LIMITS AND USAGE IN 2019 AND 2020 - FACE VALUE

Rs. billion

	2019		2020	
	Approved Limit	Usage	Approved Limit	Usage
1. Gross Borrowing (Including Contingency Provision and Book Value Adjustment)	2,079	2,077	2,830	2,801
1.1. Domestic	1,359	1,142	2,505	2,410
1.2. Foreign	720	935	325	391
2. Sources of Financing				
2.1. Domestic Financing	1,359	1,142	2,505	2,410
2.1.1. Rupee Loans		-		-
2.1.2. Treasury Bonds (a)		768		1,332
2.1.3. Treasury Bills (net) (a)		139		724
2.1.4. Sri Lanka Development Bonds		62		94
2.1.5. Other		174		261
2.2 Foreign Financing	720	935	325	391
2.2.1. International Sovereign Bonds		783		-
2.2.2. Other (b)		153		391

(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

COST OF BORROWING

TABLE 22

TREASURY BILLS PRIMARY AUCTION YIELD RATES AND COMPOSITE RATE - 2020

Year	Month	Weighted Average Yield Rates of T-Bills (Net of Tax)			
		91 Days	182 Days	364 Days	Composite Rate
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
		Annual Weighted Average	8.15	8.44	9.40
2020	January	7.53	8.12	8.55	8.47
	February	7.40	8.03	8.53	8.18
	March	7.29	7.74	8.26	7.85
	April	6.77	6.92	7.13	6.94
	May	6.75	6.83	6.94	6.84
	June	6.29	6.53	6.32	6.36
	July	4.72	4.92	5.13	5.01
	August	4.63	4.72	4.91	4.76
	September	4.51	4.65	4.88	4.71
	October	4.58	4.39	4.73	4.62
	November	4.62	4.73	4.98	4.85
	December	4.66	4.77	5.01	4.86
		Annual Weighted Average	5.93	5.72	6.37

Source: Central Bank of Sri Lanka

COST OF BORROWING

TABLE 23

TREASURY BOND AUCTIONS IN 2020

Series	Settlement Date	Maturity Date	Remaining Maturity Period (Years)	Amount Offered (Rs. million)	Bids Received (Rs. million)	Amount Accepted (Rs. million)	Coupon Rate (%)	Weighed Average Yield Rate (%)
09.00%2023A	16-Jan-20	1-Sep-23	4	15,000.00	57,394.00	15,000.00	9.00	9.39
11.00%2030A	16-Jan-20	15-May-30	10	15,000.00	58,295.00	15,000.00	11.00	9.99
09.85%2024A	3-Feb-20	15-Sep-24	5	15,000.00	54,556.00	15,000.00	9.85	9.27
10.30%2027A	3-Feb-20	15-Oct-27	8	17,500.00	68,472.00	17,500.00	10.30	9.40
09.85%2024A	16-Mar-20	15-Sep-24	5	20,000.00	50,350.00	20,000.00	9.85	9.81
10.00%2022A	16-Mar-20	1-Oct-22	3	17,500.00	42,531.00	17,500.00	10.00	9.33
10.30%2027A	16-Mar-20	15-Oct-27	8	22,500.00	65,510.00	22,500.00	10.30	9.99
09.00%2023A	15-Apr-20	1-Sep-23	3	12,500.00	32,040.00	7,220.00	9.00	8.50
09.85%2024A	15-Apr-20	15-Sep-24	4	10,000.00	37,430.00	10,000.00	9.85	8.70
10.30%2027A	15-Apr-20	15-Oct-27	8	17,500.00	64,423.00	17,500.00	10.30	8.90
08.65%2023A	4-May-20	15-Jan-23	3	35,000.00	66,650.00	35,000.00	8.65	8.14
09.00%2025A	4-May-20	1-May-25	5	35,000.00	55,528.00	35,000.00	9.00	8.75
10.30%2027A	4-May-20	15-Oct-27	7	40,000.00	63,618.00	27,268.00	10.30	8.88
08.65%2023A	15-May-20	15-Jan-23	3	30,000.00	63,810.00	30,000.00	8.65	8.05
09.00%2028A	15-May-20	1-Jul-28	8	20,000.00	21,645.00	5,605.00	9.00	8.85
07.90%2022A	8-Jun-20	15-Dec-22	3	40,000.00	83,350.00	40,000.00	7.90	7.90
09.00%2025A	8-Jun-20	1-May-25	5	25,000.00	52,000.00	25,000.00	9.00	8.59
07.90%2022A	15-Jun-20	15-Dec-22	3	20,000.00	72,601.00	20,000.00	7.90	7.75
09.00%2026A	15-Jun-20	1-Feb-26	6	15,000.00	20,050.00	15,000.00	9.00	8.59
07.80%2027A	1-Jul-20	15-Aug-27	7	25,000.00	54,671.00	25,000.00	7.80	6.97
07.90%2022A	1-Jul-20	15-Dec-22	2	35,000.00	83,600.00	35,000.00	7.90	5.86
07.90%2022A	15-Jul-20	15-Dec-22	2	25,000.00	87,341.00	25,000.00	7.90	5.47
09.00%2026A	15-Jul-20	1-Feb-26	6	15,000.00	24,762.00	15,000.00	9.00	6.57
05.75%2022A	4-Aug-20	15-Nov-22	2	45,000.00	63,460.00	38,210.00	5.75	5.73
07.80%2027A	4-Aug-20	15-Aug-27	7	30,000.00	53,200.00	30,000.00	7.80	7.05
09.00%2026A	4-Aug-20	1-Feb-26	5	35,000.00	65,250.00	35,000.00	9.00	6.50
07.00%2023A	15-Sep-20	1-Oct-23	3	30,000.00	48,331.00	30,000.00	7.00	5.72
09.00%2026A	15-Sep-20	1-Feb-26	5	40,000.00	62,700.00	40,000.00	9.00	6.57
09.00%2028A	15-Sep-20	1-Jul-28	8	30,000.00	42,915.00	26,565.00	9.00	7.07
05.35%2026A	2-Oct-20	1-Mar-26	5	30,000.00	34,350.00	5,250.00	5.35	6.59
05.75%2022A	2-Oct-20	15-Nov-22	2	45,000.00	59,338.00	27,438.00	5.75	5.65
06.00%2024A	16-Nov-20	1-Dec-24	4	40,000.00	54,555.00	30,050.00	6.00	6.32
07.80%2027A	16-Nov-20	15-Aug-27	7	35,000.00	43,950.00	18,700.00	7.80	7.01
05.35%2026A	15-Dec-20	1-Mar-26	5	40,000.00	60,800.00	29,800.00	5.35	6.79
07.00%2023A	15-Dec-20	1-Oct-23	3	40,000.00	48,346.00	39,346.00	7.00	5.99
08.00%2032A	15-Dec-20	1-Jan-32	11	20,000.00	33,800.00	15,300.00	8.00	7.84

Source: Central Bank of Sri Lanka

COST OF BORROWING

TABLE 24

TREASURY BILL AUCTIONS IN 2020

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
3-Jan-20	2,000.0	9,000.0	14,000.0	5,301.0	17,783.0	38,530.0	-	3,145.0	21,855.0	-	8.02	8.45
10-Jan-20	2,000.0	7,000.0	16,000.0	2,667.0	10,090.0	35,075.0	100.0	4,085.0	20,815.0	7.5	8.13	8.52
17-Jan-20	4,000.0	5,000.0	16,000.0	5,102.0	11,988.0	38,666.0	-	3,355.0	21,645.0	-	8.13	8.58
24-Jan-20	1,500.0	7,500.0	16,500.0	5,092.0	22,836.0	34,615.0	1,050.0	7,950.0	16,500.0	7.5	8.15	8.61
31-Jan-20	1,000.0	8,000.0	17,500.0	4,494.0	23,415.0	57,493.0	1,000.0	1,199.0	24,301.0	7.5	8.15	8.59
7-Feb-20	4,000.0	8,000.0	18,000.0	11,234.0	35,850.0	44,524.0	4,000.0	8,060.0	17,940.0	7.38	7.99	8.42
14-Feb-20	7,500.0	7,000.0	15,000.0	23,281.0	15,926.0	36,854.0	7,500.0	7,000.0	15,000.0	7.36	8.04	8.55
21-Feb-20	8,000.0	5,000.0	12,000.0	14,077.0	12,868.0	37,409.0	6,650.0	4,100.0	14,250.0	7.44	8.06	8.60
28-Feb-20	7,000.0	7,500.0	12,500.0	18,350.0	16,236.0	65,567.0	7,300.0	3,000.0	16,700.0	7.42	8.06	8.58
6-Mar-20	9,000.0	5,000.0	15,000.0	16,615.0	18,740.0	60,178.0	7,815.0	5,500.0	15,685.0	7.41	7.99	8.46
13-Mar-20	9,000.0	7,000.0	16,000.0	20,375.0	20,042.0	44,277.0	8,009.0	7,991.0	16,000.0	7.41	8.01	8.48
20-Mar-20	10,000.0	7,000.0	12,000.0	24,350.0	22,950.0	39,875.0	10,000.0	7,000.0	12,000.0	7.27	7.82	8.32
27-Mar-20	8,000.0	8,000.0	14,000.0	15,576.0	17,100.0	37,310.0	6,500.0	8,500.0	10,000.0	7.00	7.25	7.50
3-Apr-20	6,000.0	10,000.0	14,000.0	12,628.0	21,000.0	21,300.0	6,000.0	12,000.0	7,000.0	6.80	7.10	7.40
10-Apr-20	7,000.0	9,000.0	14,000.0	19,238.0	16,000.0	18,450.0	-	7,000.0	6,900.0	-	6.80	7.00
17-Apr-20	7,000.0	10,000.0	13,000.0	9,500.0	12,865.0	16,950.0	2,480.0	3,625.0	3,800.0	6.75	6.79	7.00
24-Apr-20	6,000.0	6,000.0	18,000.0	14,915.0	14,109.0	23,057.0	9,665.0	7,809.0	4,657.0	6.75	6.80	7.00
1-May-20	7,500.0	7,500.0	15,000.0	21,915.0	13,863.0	20,750.0	17,000.0	3,850.0	2,500.0	6.75	6.80	7.00
8-May-20	8,000.0	6,000.0	16,000.0	16,525.0	10,300.0	17,910.0	10,275.0	4,130.0	4,860.0	6.84	6.90	7.00
15-May-20	7,000.0	9,000.0	14,000.0	20,540.0	12,250.0	20,620.0	13,830.0	5,700.0	10,470.0	6.74	6.83	6.94
22-May-20	8,000.0	6,000.0	16,000.0	21,298.0	15,950.0	30,107.0	1,493.0	10,750.0	17,757.0	6.71	6.83	6.93
29-May-20	8,000.0	6,000.0	16,000.0	24,300.0	19,700.0	22,682.0	8,000.0	11,068.0	10,932.0	6.69	6.82	6.93
5-Jun-20	5,000.0	2,500.0	14,000.0	12,790.0	8,023.0	15,700.0	9,840.0	6,223.0	4,400.0	6.68	6.80	6.93
12-Jun-20	7,000.0	4,000.0	12,000.0	9,300.0	13,150.0	16,300.0	5,300.0	10,200.0	5,700.0	6.67	6.78	6.92
19-Jun-20	8,000.0	3,000.0	12,000.0	34,505.0	34,620.0	64,678.0	5,000.0	3,000.0	15,000.0	6.30	6.30	6.62
26-Jun-20	7,500.0	3,500.0	16,000.0	29,900.0	20,250.0	78,031.0	7,500.0	3,500.0	16,000.0	5.50	5.53	5.66
3-Jul-20	2,000.0	9,000.0	18,000.0	21,378.0	32,597.0	41,443.0	1,345.0	7,097.0	20,558.0	5.08	5.22	5.45
10-Jul-20	4,000.0	6,000.0	18,500.0	6,225.0	15,550.0	39,250.0	3,450.0	6,550.0	18,500.0	5.08	5.18	5.32
17-Jul-20	5,000.0	5,000.0	19,500.0	19,950.0	28,921.0	69,160.0	4,000.0	4,000.0	21,500.0	4.65	4.75	4.91
24-Jul-20	4,600.0	6,000.0	24,500.0	13,623.0	18,124.0	32,514.0	6,401.0	11,385.0	17,314.0	4.60	4.69	4.86
31-Jul-20	9,000.0	6,000.0	24,500.0	12,275.0	6,679.0	28,009.0	5,875.0	2,179.0	3,909.0	4.59	4.68	4.86
7-Aug-20	6,000.0	11,500.0	18,000.0	19,100.0	17,410.0	23,000.0	9,150.0	8,160.0	7,400.0	4.67	4.76	4.94
14-Aug-20	8,000.0	12,500.0	16,000.0	17,473.0	27,504.0	20,505.0	11,191.0	19,204.0	6,105.0	4.65	4.76	4.93
21-Aug-20	5,000.0	15,000.0	20,000.0	14,425.0	61,502.0	41,350.0	2,600.0	15,400.0	22,000.0	4.59	4.71	4.90
28-Aug-20	5,000.0	15,000.0	20,000.0	12,629.0	39,976.0	24,000.0	8,105.0	20,895.0	11,000.0	4.56	4.68	4.89
4-Sep-20	6,000.0	14,000.0	20,000.0	8,302.0	25,409.0	31,000.0	3,552.0	18,709.0	17,500.0	4.52	4.67	4.89
11-Sep-20	10,000.0	12,000.0	18,000.0	15,552.0	25,829.0	25,700.0	9,322.0	12,778.0	17,900.0	4.52	4.65	4.88
18-Sep-20	8,000.0	14,000.0	18,000.0	15,400.0	24,407.0	18,820.0	8,900.0	14,707.0	4,870.0	4.51	4.64	4.88
25-Sep-20	9,000.0	15,000.0	16,000.0	12,100.0	21,000.0	19,312.0	4,050.0	9,250.0	5,862.0	4.51	4.64	4.88
2-Oct-20	8,000.0	16,000.0	16,000.0	8,000.0	16,307.0	16,488.0	-	407.0	488.0	-	4.64	4.89
9-Oct-20	7,500.0	15,000.0	17,500.0	7,500.0	16,500.0	21,522.0	330.0	3,300.0	11,292.0	4.57	4.70	4.99
16-Oct-20	9,000.0	15,000.0	16,000.0	9,000.0	24,815.0	45,429.0	1,600.0	12,665.0	25,735.0	4.59	4.71	4.99
23-Oct-20	4,000.0	18,000.0	18,000.0	4,500.0	23,763.0	54,626.0	-	14,663.0	25,337.0	-	3.87	4.13
30-Oct-20	7,500.0	15,000.0	17,500.0	8,000.0	18,852.0	34,185.0	1,205.0	7,852.0	23,435.0	4.57	4.69	4.96
6-Nov-20	6,000.0	16,000.0	18,000.0	6,705.0	18,534.0	27,077.0	400.0	5,184.0	13,427.0	4.57	4.69	4.96
13-Nov-20	5,000.0	11,000.0	24,000.0	8,440.0	11,905.0	24,325.0	4,060.0	2,205.0	2,925.0	4.60	4.70	4.97
20-Nov-20	8,000.0	13,000.0	19,000.0	8,330.0	14,400.0	20,075.0	1,125.0	3,150.0	3,375.0	4.61	4.73	4.98
27-Nov-20	2,500.0	13,300.0	23,500.0	6,680.0	24,100.0	34,689.0	5,025.0	12,050.0	20,361.0	4.64	4.76	5.00
4-Dec-20	5,500.0	12,500.0	22,000.0	11,400.0	22,373.0	28,494.0	7,775.0	13,248.0	13,294.0	4.65	4.76	5.00
11-Dec-20	8,500.0	12,500.0	19,000.0	11,980.0	13,365.0	28,697.0	6,475.0	2,165.0	17,252.0	4.67	4.77	5.00
18-Dec-20	12,000.0	9,000.0	19,000.0	15,442.0	10,565.0	29,190.0	7,137.0	2,565.0	17,140.0	4.67	4.78	5.01
25-Dec-20	9,000.0	12,000.0	19,000.0	10,289.0	22,600.0	23,284.0	2,184.0	13,000.0	5,534.0	4.67	4.78	5.03

Source: Central Bank of Sri Lanka

COST OF BORROWING

TABLE 25

SRI LANKA DEVELOPMENT BONDS AUCTIONS IN 2020

Date of Issue	Amount Accepted (USD million)	Maturity Period (Years)	Spread	Date of Issue	Amount Accepted (USD million)	Maturity Period (Years)	Spread
22-Jan-20	0.05	2	5.60	17-Mar-20	4.00	2	5.75
22-Jan-20	0.05	2	5.62	17-Mar-20	0.50	2	5.80
22-Jan-20	0.05	2	5.64	17-Mar-20	0.50	2	5.84
22-Jan-20	0.05	2	5.66	17-Mar-20	0.50	2	5.88
22-Jan-20	0.05	2	5.68	17-Mar-20	0.01	2	5.99
22-Jan-20	5.00	2	5.85	17-Mar-20	27.25	2	6.00
22-Jan-20	5.70	2	5.90	17-Mar-20	5.00	2	6.10
22-Jan-20	0.50	2	5.93	17-Mar-20	1.00	2	7.15
22-Jan-20	5.00	2	5.95	17-Mar-20	1.00	2	7.20
22-Jan-20	0.50	2	5.96	17-Mar-20	5.00	2	7.60
22-Jan-20	5.50	2	6.00	17-Mar-20	5.00	2	7.65
22-Jan-20	0.50	2	6.04	17-Mar-20	5.00	2	7.70
22-Jan-20	1.00	2	3.60	17-Mar-20	5.00	2	7.85
22-Jan-20	1.00	2	3.75	17-Mar-20	0.50	3	5.90
22-Jan-20	0.60	2	3.90	17-Mar-20	0.50	3	5.94
22-Jan-20	1.10	2	4.00	17-Mar-20	0.20	3	6.00
22-Jan-20	2.00	2	4.25	17-Mar-20	5.00	3	6.45
22-Jan-20	3.00	2	5.40	17-Mar-20	5.00	3	6.50
22-Jan-20	2.50	2	5.60	17-Mar-20	1.00	3	7.35
22-Jan-20	2.50	2	5.75	17-Mar-20	1.00	3	7.40
22-Jan-20	0.20	2	5.95	17-Mar-20	1.00	3	7.45
22-Jan-20	2.50	2	6.00	17-Mar-20	0.50	5	6.00
22-Jan-20	2.50	2	6.25	17-Mar-20	0.30	5	6.04
22-Jan-20	4.00	2	3.75	1-Apr-20	2.50	1	6.15
22-Jan-20	0.05	2	3.80	1-Apr-20	2.50	1	6.25
22-Jan-20	0.05	2	3.82	1-Apr-20	2.33	1	6.30
22-Jan-20	0.05	2	3.84	1-Apr-20	2.50	1	6.45
22-Jan-20	0.05	2	3.86	1-Apr-20	2.10	5	6.50
22-Jan-20	0.05	2	3.88	4-May-20	0.10	0	5.75
22-Jan-20	4.60	2	4.00	4-May-20	0.10	0	5.77
22-Jan-20	0.05	3	5.75	4-May-20	0.10	0	5.79
22-Jan-20	10.00	3	5.90	4-May-20	0.10	0	5.81
22-Jan-20	5.00	3	5.95	4-May-20	0.10	0	5.83
22-Jan-20	5.00	3	5.99	4-May-20	0.50	1	6.25
22-Jan-20	0.20	3	6.00	4-May-20	0.20	1	6.30
22-Jan-20	1.00	3	6.10	4-May-20	0.20	1	6.32
22-Jan-20	0.05	3	3.90	4-May-20	0.20	1	6.34
22-Jan-20	0.05	3	3.92	4-May-20	0.20	1	6.36
22-Jan-20	0.05	3	3.94	4-May-20	0.20	1	6.38
22-Jan-20	0.05	3	3.96	4-May-20	0.50	1	6.50
22-Jan-20	0.05	3	3.98	4-May-20	0.50	1	6.75
22-Jan-20	2.00	3	4.00	4-May-20	3.50	1	6.80
22-Jan-20	1.60	3	4.10	4-May-20	0.50	1	6.85
22-Jan-20	4.00	3	4.20	4-May-20	3.50	1	6.90
22-Jan-20	5.00	3	4.25	4-May-20	0.50	1	6.95
22-Jan-20	3.00	3	4.30	4-May-20	4.50	1	7.00
22-Jan-20	3.00	3	4.33	4-May-20	0.10	3	6.60
22-Jan-20	3.00	3	4.38	4-May-20	0.10	3	6.62
22-Jan-20	0.01	5	5.70	4-May-20	0.10	3	6.64
22-Jan-20	0.01	5	6.25	4-May-20	0.10	3	6.66
22-Jan-20	0.05	5	4.10	4-May-20	0.10	3	6.68
22-Jan-20	0.05	5	4.12	4-May-20	0.70	3	6.75
22-Jan-20	0.05	5	4.14	4-May-20	1.30	5	6.75
22-Jan-20	0.05	5	4.16	29-Jun-20	50.00	1	5.70
22-Jan-20	0.05	5	4.18	29-Jun-20	2.27	1	6.40
22-Jan-20	1.42	5	4.30	29-Jun-20	2.27	1	6.45
22-Jan-20	2.00	5	4.65	29-Jun-20	3.04	1	6.50
22-Jan-20	2.00	5	4.70	29-Jun-20	2.37	1	6.55
22-Jan-20	0.51	5	4.75	29-Jun-20	5.89	1	6.60
17-Mar-20	0.50	1	5.70	29-Jun-20	0.10	1	6.66
17-Mar-20	0.50	1	5.74	29-Jun-20	3.75	1	6.70
17-Mar-20	4.00	1	5.75	29-Jun-20	0.20	1	6.73
17-Mar-20	0.50	1	5.78	29-Jun-20	0.20	1	6.75
17-Mar-20	1.00	1	5.80	29-Jun-20	7.07	1	6.80
17-Mar-20	0.05	1	5.93	29-Jun-20	0.01	1	6.89
17-Mar-20	0.01	1	5.94	29-Jun-20	5.55	1	6.90
17-Mar-20	0.15	1	5.95	29-Jun-20	0.05	2	6.30
17-Mar-20	0.81	1	6.00	29-Jun-20	2.50	2	6.50
17-Mar-20	2.00	1	6.15	29-Jun-20	3.00	2	6.75
17-Mar-20	1.00	1	6.38	29-Jun-20	0.20	2	6.80
17-Mar-20	1.00	1	6.41	29-Jun-20	0.20	2	6.82
17-Mar-20	1.00	1	6.50	29-Jun-20	0.20	2	6.83
17-Mar-20	1.00	1	6.53	29-Jun-20	0.20	2	6.84
17-Mar-20	1.00	1	6.56	29-Jun-20	0.20	2	6.85
17-Mar-20	1.00	1	6.62	29-Jun-20	1.85	2	7.00

Date of Issue	Amount Accepted (USD million)	Maturity Period (Years)	Spread
29-Jun-20	0.29	5	6.50
29-Jun-20	0.04	5	6.60
29-Jun-20	0.02	5	6.70
29-Jun-20	2.54	5	6.75
29-Jun-20	0.02	5	6.79
29-Jun-20	0.02	5	6.84
29-Jun-20	3.45	5	6.90
29-Jun-20	2.50	5	7.00
30-Jul-20	10.10	1	6.25
30-Jul-20	10.00	1	6.30
30-Jul-20	0.10	1	6.32
30-Jul-20	0.20	1	6.38
30-Jul-20	0.20	1	6.40
30-Jul-20	0.30	1	6.42
30-Jul-20	7.62	1	6.50
30-Jul-20	3.00	1	6.55
30-Jul-20	1.32	1	6.60
30-Jul-20	1.00	1	6.63
30-Jul-20	7.73	1	6.65
30-Jul-20	1.00	1	6.66
30-Jul-20	0.01	1	6.67
30-Jul-20	1.00	1	6.69
30-Jul-20	2.74	1	6.70
30-Jul-20	1.00	1	6.72
30-Jul-20	9.00	1	6.75
30-Jul-20	1.00	1	6.78
30-Jul-20	4.00	1	6.80
30-Jul-20	1.00	1	6.81
30-Jul-20	1.00	1	6.85
30-Jul-20	5.51	1	6.90
30-Jul-20	4.50	1	6.95
30-Jul-20	0.20	1	5.95
30-Jul-20	0.20	1	6.05
30-Jul-20	0.20	1	6.10
30-Jul-20	0.20	1	6.15
30-Jul-20	0.20	1	6.20
30-Jul-20	4.00	2	6.45
30-Jul-20	0.20	2	6.51
30-Jul-20	0.30	2	6.56
30-Jul-20	2.00	2	6.60
30-Jul-20	0.50	2	6.61
30-Jul-20	4.00	2	6.64
30-Jul-20	4.00	2	6.69
30-Jul-20	0.50	2	6.70
30-Jul-20	0.30	2	6.71
30-Jul-20	3.20	2	6.75
30-Jul-20	2.00	3	6.50
30-Jul-20	0.07	3	6.60

Date of Issue	Amount Accepted (USD million)	Maturity Period (Years)	Spread
30-Jul-20	2.00	3	6.70
30-Jul-20	0.15	3	6.75
30-Jul-20	0.20	3	6.76
30-Jul-20	0.20	3	6.80
30-Jul-20	0.20	3	6.83
30-Jul-20	0.20	3	6.85
30-Jul-20	1.10	3	6.90
30-Jul-20	0.01	4	6.75
30-Jul-20	0.50	4	6.79
30-Jul-20	0.01	4	6.85
30-Jul-20	0.02	4	6.90
30-Jul-20	0.01	4	6.99
18-Nov-20	0.15	1	6.25
18-Nov-20	1.62	1	6.50
18-Nov-20	0.50	1	6.53
18-Nov-20	0.50	1	6.55
18-Nov-20	0.50	1	6.58
18-Nov-20	0.52	1	6.60
18-Nov-20	0.50	1	6.62
18-Nov-20	0.17	1	6.65
18-Nov-20	55.00	1	6.69
18-Nov-20	0.12	1	6.70
18-Nov-20	0.08	1	6.75
18-Nov-20	0.05	1	6.85
18-Nov-20	0.66	1	6.90
18-Nov-20	0.70	1	6.95
18-Nov-20	1.10	1	7.00
18-Nov-20	0.02	1	6.50
18-Nov-20	1.00	1	6.60
18-Nov-20	0.50	1	6.63
18-Nov-20	0.50	1	6.65
18-Nov-20	0.50	1	6.68
18-Nov-20	0.56	1	6.70
18-Nov-20	3.05	1	6.75
18-Nov-20	7.00	1	6.81
18-Nov-20	3.00	1	6.85
18-Nov-20	0.02	1	6.95
18-Nov-20	3.00	1	7.00
18-Nov-20	2.00	2	6.67
18-Nov-20	2.00	2	6.70
18-Nov-20	0.20	2	6.75
18-Nov-20	0.20	2	6.76
18-Nov-20	0.20	2	6.77
18-Nov-20	0.20	2	6.78
18-Nov-20	0.41	2	6.80
18-Nov-20	0.26	4	6.80
18-Nov-20	0.03	4	7.00

Source: Central Bank of Sri Lanka

SECONDARY MARKET OPERATIONS								
TABLE 26								
SECONDARY MARKET TRANSACTIONS AS REPORTED BY PRIMARY DEALERS (a) (b)								
	Rs.million							
	2013	2014	2015	2016	2017	2018	2019	2020 (c)
1. Outright Transactions	2,070,161	3,839,729	3,600,294	2,872,317	2,024,446	1,994,100	2,690,895	3,987,784
1.1. Treasury Bills								
Purchased	345,516	322,216	228,769	299,261	362,496	319,689	596,981	1,187,715
Sold	683,458	710,446	689,602	554,792	546,045	534,508	523,950	953,199
Total	1,028,973	1,032,662	918,371	854,053	908,541	854,197	1,120,931	2,140,914
1.2. Treasury Bonds								
Purchased	509,585	1,370,621	1,181,621	885,600	468,991	511,038	758,764	963,857
Sold	531,603	1,436,446	1,500,302	1,132,664	646,914	628,865	811,200	883,013
Total	1,041,187	2,807,067	2,681,923	2,018,264	1,115,905	1,139,903	1,569,964	1,846,870
2. Repurchase Transactions	10,235,395	8,223,558	11,763,524	18,095,909	13,611,491	12,138,303	10,206,918	7,276,219
2.1. Treasury Bills								
Repo	2,078,440	1,319,875	2,294,059	2,983,674	2,101,970	1,843,858	1,256,292	1,463,083
Reverse Repo	650,290	436,778	794,382	474,593	140,844	69,669	47,200	36,921
Total	2,728,731	1,756,653	3,088,441	3,458,267	2,242,814	1,913,527	1,303,492	1,500,004
2.2 Treasury bonds								
Repo	6,761,249	5,409,509	6,720,895	9,321,832	7,428,325	8,089,681	7,548,481	4,495,818
Reverse Repo	745,416	1,057,396	1,954,188	5,315,810	3,940,352	2,135,095	1,354,945	1,280,397
Total	7,506,664	6,466,905	8,675,083	14,637,642	11,368,677	10,224,776	8,903,426	5,776,215
3. Total Transactions	12,305,556	12,063,287	15,363,818	20,968,226	15,635,937	14,132,403	12,897,813	11,264,003

(a) Secondary market information is based on data provided by primary dealers in government securities

Source: Central Bank of Sri Lanka

(b) Trading volumes reported are cumulative for the period

(c) Provisional

SECONDARY MARKET OPERATIONS

TABLE 27

SECONDARY MARKET TRANSACTIONS RECORDED IN THE LANKASECURE (a)

	Rs. million				
	2016	2017	2018	2019	2020
1 Treasury bills					
1.1 Outright Purchases / Sales	1,397,399	1,030,508	1,050,040	895,740	1,383,460
1.2 Repo / Rev. Repo	8,682,167	10,370,688	7,493,916	8,824,859	13,367,479
Total	10,079,566	11,401,196	8,543,956	9,720,598	14,750,939
2 Treasury bonds					
2.1 Outright Purchases / Sales	4,402,623	3,603,279	5,278,590	6,518,022	3,045,360
2.2 Repo / Rev. Repo	42,288,083	33,571,531	31,184,585	23,303,763	18,333,787
Total	46,690,706	37,174,809	36,463,175	29,821,784	21,379,147
Total Transactions	56,770,272	48,576,005	45,007,131	39,542,382	36,130,085

(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