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Govt. to increase debt ceiling by Rs. 9000bn

Seeks parliamentary approval for the move that will help cover debt service payments, recurring and welfare expenses through domestically raised funds

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The Government is seeking parliamentary approval to increase the borrowing limit by as much as Rs 9,000 billion to finance public expenses through an amendment to the Appropriation Act.

The latest debt ceiling increase will enable the Government to cover debt service payments, recurring expenses, and welfare expenses through domestic borrowings since it lost access to the international market to raise funds.

A bill was ordered to be published by President Ranil Wickremesinghe on Wednesday in

his capacity as Minister of Finance, Economic Stabilisation and National Policies to increase the debt ceiling from the current Rs 4,979 billion to Rs 13,979 billion.

Since Parliament is vested with powers regarding public finance, its approval is sought to increase service expenditure and capital expenditure of the Treasury operations by amending the Appropriation Act No. 43 of 2022.

The latest move to increase public expenditure came days after the Government had carried out a Domestic Debt Optimisation (DDO) initiative under an International Monetary Fund (IMF) programme to meet debt sustainability targets

agreed upon with the global lender.

Last June, a resolution was passed in the House without a debate to increase the previous debt ceiling of Rs. 3000 billion by another Rs 1,000 billion under the Local Treasury Bills Ordinance. Then Prime Minister Wickremesinghe was given powers as Minister in charge of Finance to raise funds through the issuance of Treasury Bills guaranteed by the Government.

In 2021, the upper limit approved by Parliament for the issuance of Treasury bills was Rs 3,000 billion and the total value of Treasury bills due by the end of April 2022 was in the region of Rs. 2,860 billion.



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