Communique
Public Sector Debt

Between end June 2019 and end December 2019, public sector debt went up by around Rs 6 billion.

2. While Government debt increased by some Rs 7.4 billion, public enterprise debt declined by about Rs 1.6 billion.

3. The increase in Government debt was due to higher Government borrowing requirements between July and December 2019, mainly as a result of:
   
   i) expenditure associated with payment of basic pensions in December 2019 which was Rs 5.2 billion;
   
   ii) lower than expected collection on VAT and other ad-valorem taxes on account of a much lower inflation rate of 0.5 percent as compared to our original forecast rate of 2 percent; and
   
   iii) lower than expected real GDP growth following the global economic and trade slow-down, especially in the wake of the US – China trade war.

4. A sum of Rs 18 billion was transferred by the Central Bank to the Consolidated Fund on 11 December 2019, as per Section 103 of the Constitution.

5. As regards the early loan repayment, prior notice of at least 45 days has to be given to the lenders. This was, in fact, communicated to them on 4th December 2019.

6. On 31st January 2020, a first early loan repayment equivalent to Rs 7.1 billion was made to the African Development Bank.

7. The other loans equivalent to Rs 10.9 billion will be repaid during this year with the last repayment to be effected by the end of December 2020.

Ministry of Finance, Economic Planning and Development
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