

Cabinet Decisions taken at the Cabinet Meeting conducted on 25-11-2024

01. Submission of an interim Budget to the Parliament for the continuation of government functions and debt servicing from January to April 2025.

Even though the new parliament has been convened on 21-11-2024, there was not sufficient time to follow the steps required by the constitution regarding the passing of the Appropriation Bill for the year 2025. Therefore, as stipulated in sub-section 23(1) of the Public Finance Management Act No 44 of 2024, an interim Budget should be submitted to Parliament to allocate provisions for the continuation of currently implemented projects and public services for the first 4 months of 2025. Accordingly, the Cabinet of Ministers has approved the proposal presented by His Excellency, the President, in his capacity as Minister of Finance, Planning, and Economic Development, to formulate an interim budget for the first 4 months of 2025, including relevant expenses for government recurrent and capital expenses, public debt servicing, and loan restructuring.

02. Submission of Supplementary estimate to the Parliament.

The required provisions for incurring essential expenses and accounting for the remaining period of the year 2024 have to be obtained from the Supplementary estimate. Accordingly, there is a possibility to obtain certain identified expenses through the adjustment made to the provisions within the limitations of the approved expenditure estimate for the year 2024 and the relevant adjustments could be made in such a manner not to exceed the approved overall expenditure limits and not affected to the maximum government debt obtaining limit. Accordingly, the Cabinet of Ministers has approved the proposal presented by His Excellency, the President, in his capacity as Minister of Finance, Planning, and Economic Development, to submit a supplementary estimate of Rs. 219,373 million to the parliament through a resolution for the following functions.

- i. To provide Rs. 130,000 million to the Department of Public Enterprise to pay the interest subsidy to be given to the banks as to the debt restructuring of the Ceylon Petroleum Corporation transferred to the balance sheet of the Government of Sri Lanka.
- ii. To provide Rs. 18,000 million to the Department of Treasury Operations to account for the exchange loss arising on the outstanding balance of the dollar accounts held by the Deputy Secretary of the Treasury due to the strengthening of the rupee against the dollar.
- iii. To provide Rs. 32,641 million to the Department of Development Finance to reimburse the payment of additional interest incurred by the banks in granting special interest rates for senior citizens.
- iv. To provide Rs. 9,829 million to the Department of Education to account for the value of the school uniform fabric given as a grant from the Government of China.
- v. To provide Rs. 8,331 million to the Sri Lankan Air Force to account for the value of 02 airplanes received by the Sri Lankan Air Force from the United States of America as a grant and to pay the taxes.

- vi. To provide Rs. 1,400 million to the Department of Pensions to pay the increased pensionary allowances.
- vii. To provide Rs. 3,213 million to the Ministry of Finance to reimburse the payments made by the Central Bank of Sri Lanka to the financial/legal consultants with relevant to the debt restructuring process.
- viii. To provide Rs. 1,533 million to the Department of National Budget to give additional provisions to the Ministry of Fisheries to account for the urgent aid received as a grant from the Government of China for providing assistance to the small scale fishing community in the northern and eastern provinces.
- ix. To provide Rs. 10,826 million to the Department of National Budget to account for the value of stock of fuel received as a grant from the Government of Japan for the requirement of health sector and to provide an additional allocation to the Ministry of Health for the payment of customs duty of Rs. 5,225.5 million.
- x. To provide Rs. 1,800 million to the Department of National Budget to provide additional provision to the Ministry of Education to increase the daily per pupil allowance from Rs.85 to Rs. 110 for school nourishment program.
- xi. To provide Rs. 400 million to the Department of National Budget to provide additional provision to the Ministry of Defense for compensation for restoration of properties damaged due to natural disasters.
- xii. To provide Rs. 1,400 million to the Department of National Budget to provide additional provision to the Department of Prison as to increase in the number of inmates in the prison and the increase in food prices.

03. Importation of rice to control the shortage of Nadu rice in the local market and the price of rice.

A request has been made from the Minister of Trade, Commercial, Food Security, and Cooperative Development at the previous Cabinet Meeting to submit the recommendations to the Cabinet in cooperation with the Minister of Agriculture, Livestock, Land, and Irrigation and the Minister of Labor to inquire from other relevant parties as to the reasons for rising prices of rice and the scarcity of Nadu rice, taking into consideration the prevailing condition, and the measures that could be taken in this respect. Accordingly, taking into account the recommendations submitted, the Cabinet of Ministers has approved the import of 70,000 metric tons of rice (Golden), which is similar to the type of steamed Nadu rice, as an immediate measure.

04. Awarding the contract for purchasing 4 shipments of Diesel (0.05%, M.S)

Bids have been called from the registered suppliers of the Ceylon Petroleum Corporation to purchase 4 shipments of Diesel (0.05%, M.S) during the period from 15-12-2024 to 14-06-2025. Accordingly, six (6) bidders have submitted the bids. Accordingly, the Cabinet of Ministers has approved the proposal presented by the Minister of Power and Energy to award the relevant procurement to BB Energy (Asia) (Pvt) Ltd after evaluation of said bids and under the recommendations of a Special Standing Procurement Committee appointed by the Cabinet of Ministers.

05. Preparation of the Budget for the year 2025

The new government is expecting to prepare the budget for the year 2025 as a budget which will take the initial step of the desired development and thereby, while conforming the public trust in the government, the expectations of the public will also be fulfilled. Thereby, it is expected to

obtain the proposals from all the ministries enabling to provide the necessary provisions to implement the projects and the programs identified by each ministry under the scope of each subject in terms of the policy declarations of the government subject to the expenditure limitations stipulated in the Public Finance Management Act No 44 of 2024. Accordingly, the Cabinet of Ministers has approved the proposal presented by His Excellency, the President, in his capacity as a Minister of Finance, Planning and Economic Development to prepare the budget for the year 2025 and to present to the parliament the Appropriation Bill on 09-01-2025 enabling the second reading (Budget Speech) to be made on 17-02-2025 and the third reading and budget debate to be held from 27-02-2025 to 21-03-2025.

06. Report on pre-election budget status – 2024 and report on mid-year finance status 2024

As per the section 52 of the Public Finance Management Act No. 44 of 2024, a report on pre-election budget status is issued and the said report on pre-election budget status should be issued by the Secretary to the treasury to the public indicating the information on the financial status of the country within three (3) weeks of publication of a declaration or a decree ordering to hold a general election for selection of members for Parliament. The said report has been published on the Website of the Ministry of Finance, Planning and Economic Development on 14-10-2024. As per the section 50 of the Public Finance Management Act No. 44 of 2024, a report on mid-year finance status should be issued by the Minister of Finance, Planning and Economic Development indicating the information used as a basis for evaluating the mid-year financial performance of the government, comparing the financial strategy set out in the financial strategy of the government as at the end date of October of the relevant year or subsequent to 10 months after passing the Appropriation Act in the relevant year. The said report has been published on the Website of the Ministry of Finance, Planning and Economic Development on 31-10-2024. Accordingly, the Cabinet of Ministers has approved the proposal presented by His Excellency, the President, in his capacity as a Minister of Finance, Planning and Economic Development, to table the report on pre-election budget status – 2024 and the report on mid-year finance status 2024 in the parliament.

7. The statement on Financial Performance of the government submitted as per the provisions of the Public Finance Management Act No. 44 of 2024 – 3rd quarter 2024

As per Section 53(1) of the Public Finance Management Act No. 44 of 2024, the Minister in charge of the subject finance should submit a statement on financial performance, including the revenue and expenditure of the government, to the Cabinet of Ministers during the period not less than 45 days after lapsing the quarter and publish it on the website of the Ministry in charge of the subject finance after making aware the Cabinet of Ministers. Accordingly, the Cabinet of Ministers has given the concurrence to the proposal presented by His Excellency, the President, in his capacity as a Minister of Finance, Planning, and Economic Development to publish the report on financial performance, including the accumulated revenue and expenditure reported by all expenditure units, ministries, departments, and district secretariats for the 3rd quarter ending at 30-09- 2024 in the web site of the Ministry of Finance, Planning, and Economic Development.

08. Implementation of international sovereign bond restructuring to restore sovereign debt sustainability.

The Government of Sri Lanka has reached a final consensus on restructuring debt by the members of the Official Credit Committee (OCC) of major bilateral creditors on June, 2024. In September 2024, an initial agreement has been reached with the international bondholders on restructuring

of sovereign debt of 14.2 billion American dollars, after a compromise discussion with the Adhoc bondholders, a group of representatives of international investors, and the Local Consortium of Sri Lanka. Accordingly, the Cabinet of Ministers has approved the proposal presented by His Excellency, the President, in his capacity as a Minister of Finance, Planning, and Economic Development, for restructuring of international sovereign bond through the exchanging new bonds for presently existing bonds , after an analysis by the Sri Lankan government's financial advisors on the impact on the Sri Lankan economy and the composition of the Sri Lanka's international sovereign debt, investors and settlements and as per the provisions under the International Monetary Fund's Comprehensive Credit facility and according to the parameters shown by the debt sustainability analysis carried out by the Fund.

In the event of any inconsistency between the Tamil and English translations of this document, the Sinhala text shall prevail.