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ANNUAL REPORT

OF THE MONETARY BOARD TO THE
HON. MINISTER OF FINANCE AND PLANNING

වර්ෂය
FOR THE YEAR
1982

CENTRAL BANK OF CEYLON

CENTRAL BANK OF CEYLON

HON. MINISTER OF FINANCE AND PLANNING,
MINISTRY OF FINANCE AND PLANNING,
COLOMBO.

Dear Sir,

In accordance with the provisions of Section 35 (1) of the Monetary Law Act (Cap. 422), I submit herewith the Thirty Third Annual Report of the Monetary Board of the Central Bank of Ceylon.



Since 1975, a more detailed analysis of economic trends and developments in the various sectors of the economy has been published separately under the title "Review of the Economy". This Report will be published at an early date.

I am, dear Sir,

Yours faithfully,

D. L. KUSHANWARA

Deputy Governor.

ANNUAL REPORT

Central Bank of Ceylon,
Colombo,
23rd April, 1983

OF THE MONETARY BOARD TO THE
HON. MINISTER OF FINANCE AND PLANNING

FOR THE YEAR

1982

Printed by C.I. Senanayake at Swadeshi Printers, 341, Olcott Mawatha, Colombo 10 and published by the Central Bank of Ceylon, Janadipati Mawatha, Colombo 1.

CENTRAL BANK OF CEYLON



ANNUAL REPORT

HON. MINISTER OF FINANCE AND PLANNING
OF THE MONETARY BOARD TO THE

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CENTRAL BANK OF CEYLON

THE MONETARY BOARD

(As at December 31, 1982)

W. Rajaguru

HON. MINISTER OF FINANCE AND PLANNING,

MINISTRY OF FINANCE AND PLANNING.

COLOMBO.

Secretary to the Ministry of Finance and Planning

N. G. P. PANDITHARATNE

Appointed Member

Principal Officers as at December 31, 1982

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Yours faithfully,

D. L. KANNANGARA

Senior Deputy Governor.

Central Bank of Ceylon,

Colombo,

29th April, 1983.

M. H. SURIJAH

Office of Banking Development and Training

S. W. P. AMARASURIYA

Promises Department

R. M. TENNEKODI

Public Debt Department

P. AMARASINGHE

Rural Banking and Staff Training College

G. M. ABAYARATNA

Rural Credit Department

G. M. P. D. DE SILVA

Secretariat Department

P. WATTEGAMA

Statistics Department

L. E. N. FERNANDO

Auditor

P. M. W. WIJAYASURIYA

Auditor-General

HON. MINISTER OF FINANCE AND PLANNING,
MINISTRY OF FINANCE AND PLANNING,
COLOMBO.

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Colombo,
29th April, 1983.

CENTRAL BANK OF CEYLON

THE MONETARY BOARD

(As at December 31, 1982)

W. RASAPUTRAM

Governor

W. M. TILAKARATNA

Secretary to the Ministry of Finance and Planning

N. G. P. PANDITHARATNE

Appointed Member

Principal Officers as at December 31, 1982

H. N. S. KARUNATILAKE	..	Senior Deputy Governor	18
D. L. KANNANGARA	..	Deputy Governor	18
T. G. PUNCHIAPPUHAMY	..	Executive Director	18
A. S. JAYAWARDENA	..	Executive Director (on release)	21
K. S. E. JAYATILLEKE	..	Executive Director (on release)	23
V. S. SUBRAMANIAM	..	Executive Director and Secretary to the Monetary Board	25
H. PREMARATNE	..	Executive Director	27
M. E. de ABREW	..	Consultant Engineer	27
<i>Banking Department</i>			
A. T. W. JEHORATNAM	..	Chief Accountant	27
<i>Bank Supervision Department</i>			
S. PONNIAH	..	Director	32
<i>Currency Department</i>			
S. P. WICKREMARATNE	..	Superintendent	34
<i>Data Processing Department</i>			
V. N. D. NANAYAKKARA	..	Manager	37
<i>Development Finance Department</i>			
H. M. R. ELLEPOLA	..	Director	38
<i>Economic Research Department</i>			
S. EASPARATHASAN	..	Director	42
<i>Employees' Provident Fund Department</i>			
D. K. JAYAWARDENA	..	Superintendent	43
C. SELVASIRANJEEVI	..	Acting Additional Superintendent	43
<i>Establishments Department</i>			
B. F. J. SILVA	..	Director	45
<i>Exchange Control Department</i>			
A. T. W. JEHORATNAM	..	Controller	49
D. A. P. WEERAWARDENA	..	Acting Additional Controller	57
<i>Information Department</i>			
MISS A. M. C. SILVA	..	Director	57
<i>Management Audit Department</i>			
M. H. SOURJAH	..	Director	59
<i>Office of Banking Development and Training</i>			
S. W. P. AMARASURIYA	..	Adviser	61
R. M. TENNEKON	..	Adviser	65
<i>Premises Department</i>			
P. M. NAGAHAWATTE	..	Director	67
<i>Public Debt Department</i>			
P. AMARASINGHE	..	Superintendent	69
<i>Rural Banking and Staff Training College</i>			
G. M. ABAYARATNA	..	Director	73
<i>Rural Credit Department</i>			
G. M. P. D. De SILVA	..	Director	75
<i>Secretariat Department</i>			
P. WATTEGAMA	..	Secretary	77
<i>Statistics Department</i>			
L. E. N. FERNANDO	..	Acting Director	82

Auditor

P. M. W. WIJAYASURIYA
Auditor-General

CENTRAL BANK OF CEYLON

THE MONETARY BOARD

(As at December 31, 1982)

W. RASARATNAM

Governor

W. M. THARATNA

Secretary to the Ministry of Finance and Planning

N. G. P. PANDITHARATNE

Appointed Member

Principal Officers as at December 31, 1982

Senior Deputy Governor	..	H. N. S. KARUNATHILAKA
Deputy Governor	..	D. I. KANNANGARA
Executive Director	..	T. G. PUNCHIBURUNMIY
Executive Director (on leave)	..	A. S. JAYAWARDENA
Executive Director (on leave)	..	K. S. E. JAYATHILAKA
Executive Director and Secretary to the Monetary Board	..	V. S. SUBRAMANIAM
Executive Director	..	H. PREMATHARNE
Consultant Engineer	..	M. E. de ABREW
Chief Accountant	..	A. T. W. JEHORATNAM
Director	..	S. PONNIAH
Superintendent	..	S. P. WICKREMATARNE
Manager	..	V. N. D. NANAYAKKARA
Director	..	H. M. R. ELLEOLA
Director	..	S. EASAPARATHASAN
Superintendent	..	D. K. JAYAWARDENA
Acting Additional Superintendent	..	C. SELVASARANNEVI
Director	..	B. F. I. SILVA
Controller	..	A. T. W. JEHORATNAM
Acting Additional Controller	..	D. A. P. WERAWARDENA
Director	..	Miss A. M. C. SILVA
Director	..	M. H. SOURLAH
Adviser	..	S. W. P. AMARASURIYA
Adviser	..	R. M. THIRUKOON
Director	..	P. M. NAGAWATTE
Superintendent	..	P. AMARASINGHE
Director	..	G. M. ABAYARATNA
Director	..	G. M. P. D. De SILVA
Secretary	..	P. WATTEGAMA
Acting Director	..	J. E. N. FERNANDO

Auditor

P. M. W. WIJAYASURIYA

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ECONOMIC PERFORMANCE, PROBLEMS AND POLICIES IN 1982

Conversion Factors

INTRODUCTION

In 1982, Sri Lanka's Gross National Product (GNP) at constant prices is estimated to have increased by 4.9 per cent. This represents a marginal improvement on the rate of growth in real GNP of 4.1 per cent attained in 1981. The real Gross Domestic Product (GDP) on the other hand, is estimated to have increased by 5.1 per cent as against the rate of growth of 4.1 per cent in 1981. This is mainly due to the net inflow of factor incomes in 1982 which was lower than in 1981.

1 long ton mile = 1.832 metric ton-kms
 1 mile = 1.609 kilometres (kms)
 1 hundred weight (cwt) = 50.802 kgs

	1982	1981	1980	1979	1978
G.D.P. at Current Factor Cost Prices	49,782.62	46,246.79	43,337.91	43,023.02	41,515.15
G.D.P. at Constant (1979) Factor Cost Prices	48,501.71	45,751.21	42,751.21	42,751.21	41,515.15
G.N.P. at Current Factor Cost Prices	49,782.62	46,246.79	43,337.91	43,023.02	41,515.15
G.N.P. at Constant (1979) Factor Cost Prices	48,501.71	45,751.21	42,751.21	42,751.21	41,515.15
Mid-year population (Million)	18,430.30	18,055.55	17,225.22	16,225.22	15,225.22
G.N.P. per Capita (Rs)	3,422.77	4,194.58	5,179.51	5,904.51	6,215.51
(A) At Current Prices	3,422.77	4,194.58	5,179.51	5,904.51	6,215.51
(B) At Constant prices (A)	3,422.77	4,194.58	5,179.51	5,904.51	6,215.51

PART I

(a) Provisional
 (b) Revised
 Source: Central Bank of Ceylon.

Gross National Product (GNP) at current prices is estimated at Rs. 89,674 million in 1982 and at Rs. 21,246 million at constant prices. The implicit change in the GNP deflator in 1982 is estimated to be 10.2 per cent and shows a marked decline from the deflator for 1981 which indicated a 19 per cent increase in prices for that year. Sri Lanka's population, according to tentative estimates of the Registrar General's Department, rose by 1.7 per cent. When allowance is made for the increase in population, the real per capita income increased by 3.5 per cent as against the increase of 2.4 per cent in 1981. Per capita GNP at current prices was Rs. 5,904 in 1982 and Rs. 3,284 in 1981.

An analysis of the sectoral performance of the economy as given in Table 1.1.2 shows that the decline in the rate of growth of real GDP in 1982 is mainly due to the lower rate of growth in agriculture, particularly in tea and paddy which recorded

WEIGHTS AND MEASURES

Conversion Factors

British to Metric Units

1 acre	=	0.405 hectares (ha)
1 pound (lb)	=	0.454 kilogrammes (kgs)
1 long ton (2240 lbs)	=	1.016 metric tons (mt. ton)
1 hundred weight (cwt)	=	50.802 kgs.
1 mile	=	1.609 kilometres (kms)
1 long ton mile	=	1.635 mt. ton kms
1 lb/acre	=	1.121 kgs./ha
1 cwt/acre	=	125.536 kgs./ha
1 pint	=	0.57 litres
1 imperial gallon	=	4.55 litres

Metric to British Units

1 hectare	=	2.471 acres
1 kilogramme	=	2.205 lbs
1 mt. ton (1000 kgs.)	=	0.984 long ton
1 metre	=	3.281 feet
1 kilometre	=	0.621 mile
1 mt. ton kilometre	=	0.612 long ton mile
1 litre	=	1.76 pints = 0.219 imp. gallons
1 kg/ha	=	0.892 lb/acre

Paddy/Rice Conversions

1 bushel of paddy (46 lbs)	=	20.87 kgs.
1 mt. ton paddy	=	47.92 bushels paddy
	=	0.7 mt. ton rice
1 mt. ton rice	=	68.46 bushels paddy
	=	1.43 mt. ton paddy
1 bushel paddy/acre	=	51.55 kgs. paddy/ha

ECONOMIC PERFORMANCE, PROBLEMS AND POLICIES IN 1982

INTRODUCTION

In 1982, Sri Lanka's Gross National Product (GNP) at constant factor cost prices is estimated to have increased by 4.9 per cent. This represents a marginal improvement on the rate of growth in real GNP of 4.1 per cent attained in 1981. The real Gross Domestic Product (GDP), on the other hand, is estimated to have increased by 5.1 per cent as against the rate of growth of 5.8 per cent recorded in 1981. This is mainly because of the net outflow abroad of factor incomes in 1982 was lower than in 1981.

TABLE 1.1
National Income Statistics 1979—1982

Item	Amount Rs. Million				Growth Rate (%)			
	1979	1980 (a)	1981(a)	1982(a)	1979	1980	1981	1982
1. G.D.P. at Current Factor Cost Prices	49,782	62,246	79,337	91,643	23.0	25.0	27.5	15.5
2. G.D.P. at Constant (1970) Factor Cost Prices	18,501	19,575	20,706	21,756	6.3	5.8	5.8	5.1
3. G.N.P. at Current Factor Cost Prices	49,542	61,814	77,625	89,674	23.1	24.8	25.6	15.5
4. G.N.P. at Constant (1970) Factor Cost Prices	18,430	19,456	20,257	21,246	6.4	5.6	4.1	4.9
5. Mid-year population (Million)	14.5	14.7	15.0	15.2	2.0	1.8	1.7	1.7
6. G.N.P. per Capita (Rs)								
(I) At Current Prices	3,424	4,194	5,179	5,904	20.7	22.5	23.5	14.0
(II) At Constant prices (b)	1,274	1,320	1,352	1,399	4.3	3.6	2.4	3.5

(a) Provisional

(b) Revised

Source: Central Bank of Ceylon.

Gross National Product in 1982 is estimated at Rs. 89,674 million at current factor cost prices and at Rs. 21,246 million at constant prices. The implicit change in the GNP deflator in 1982 is estimated to be 10.2 per cent and shows a marked decline from the deflator for 1981 which indicated a 19 per cent increase in prices for that year. Sri Lanka's population, according to tentative estimates made by the Registrar General's Department, rose by 1.7 per cent. When allowance is made for the increase in population, the real per capita income increased by 3.5 per cent as against the increase of 2.4 per cent in 1981. The per capita GNP at current prices was Rs. 5,904 or US \$ 284.

An analysis of the sectoral performance of the economy as given in Table 1.2 shows that the decline in the rate of growth of real GDP in 1982 is mainly due to the lower rate of growth in agriculture, particularly in tea and paddy which recorded

negative growth rates. The agricultural sector, as a whole, including forestry and fishing, grew only by 2.6 per cent in the year as against 6.9 per cent growth achieved in the previous year. Value added in the manufacturing sector also declined due to the lower output of tea that was processed. However, factory and other industries including industrial exports have increased by 9.1 per cent in 1982 over the previous year. The construction sector recorded a negative growth rate for the second successive year. The only sector to have registered a higher growth rate in 1982 was the services sector consisting of wholesale and retail trade, transport and other services where activity was largely sustained by the higher level of imports in 1982.

In terms of output, tea production suffered a severe set-back with a 10.6 per cent drop in production. Production of tea during the year amounted to 187.8 million kilograms as compared with 210 million kilograms in 1981. The fall in production appears to have stemmed primarily from the decline in average yield rather than the lower extent in bearing during the year. The decline in yield was closely linked to unfavourable weather conditions that prevailed during the first quarter of the year. Despite a drop in extent under tapping, rubber production improved marginally by 1 million kilograms to 125 million kilograms owing to the increase in average yield over the previous year. The average yield of 726 kilograms per hectare in 1982 was, however, well below the peak yield of 845 kilograms achieved in 1978. The coconut sector, however, continued its impressive record of growth with an 11 per cent increase in production of nuts. Production in 1982 was 2,510 million nuts. The data on export earnings of minor export crops indicate that production in this sector has dropped with the exception of coffee which recorded a 43 per cent increase in export volume.

Paddy production at 2,156,000 metric tons represented a 3.3 per cent decline from the output of 1981. This was, however, a temporary set-back which resulted from the drought conditions that adversely affected Maha production. Production in Yala 1982, however, registered a substantial increase of 12 per cent. On the whole, the minor food crop sector performed better during the year with a dramatic increase in the soya bean crop. Sugar production which showed a marginal improvement in 1981 dropped by 4 per cent to 22,783 metric tons. Meanwhile, the production of eggs and milk is estimated to have decreased by 7 per cent and 1.6 per cent respectively, while fisheries recorded an increase in output of 2.9 per cent.

While the agricultural sector was unable to maintain the impressive growth record achieved in 1981, industrial production overall increased by 9.1 per cent in real terms in 1982. This increase in output is in fact the highest increase recorded since 1978 and was the combined outcome of the expanded output of the public sector industry helped largely by the uninterrupted power supply during 1982, and the improved output of the export oriented private sector industry. Output of the private sector industries increased by 18 per cent while that of the public sector industries increased by 5 per cent. In view of the fact that more than 60 per cent of industrial output is contributed by the public sector, its growth rate though lower than that of the private sector was a major influence on the high overall growth in output of the industrial sector.

TABLE 1.2
Composition and Growth of GNP 1978—1982
(At (1970) Factor Cost Prices)

SECTOR	(Amount Rs. Mn.)					(Growth Rates)			
	1978	1979	1980	1981	1982	1979	1980	1981	1982
			(a)	(a)	(a)				
1. Agriculture, Forestry and Fishing	4,532	4,622	4,766	5,097	5,231	2.0	3.1	6.9	2.6
of which:—	398	412	381	419	374	3.4	7.5	10.0	10.7
1.1 Tea	225	223	194	181	182	0.9	13.0	6.7	0.6
1.2 Rubber	488	519	462	515	573	6.4	11.0	11.5	11.3
1.3 Coconut	1,116	1,132	1,267	1,313	1,269	1.4	11.9	3.6	3.4
1.4 Paddy	2305	2,336	2,462	2,669	2,833	1.3	5.4	8.4	6.1
1.5 Other (include subsidiary food crops, forestry and fishing)	619	652	684	713	742	5.3	4.9	4.2	4.1
2. Mining and Quarrying	2,541	2,659	2,681	2,820	2,955	4.6	0.8	5.2	4.8
3. Manufacturing	840	877	791	851	806	4.4	9.8	7.6	5.3
3.1 Tree Crop Processing	1,701	1,782	1,890	1,969	2,149	4.8	6.1	4.2	9.1
3.2 Other	794	960	1,066	1,034	1,013	20.1	11.0	3.0	2.0
4. Construction	8,915	9,608	10,378	11,042	11,815	7.8	8.0	6.4	7.0
5. Services	17,401	18,501	19,575	20,706	21,756	6.3	5.8	5.8	5.1
6. G.D.P.	72	71	119	449	510	—	—	—	—
7. Net Factor Income from Abroad	17,329	18,430	19,456	20,237	21,246	6.4	5.6	4.1	4.9
8. G.N.P.									

(a) Provisional

Source: Central Bank of Ceylon.

Sector-wise, the significant increases in industrial production were recorded in textile and garments and leather products, wood and wood products, fabricated metal products, chemical and petroleum products and paper and paper products. The increase in public sector production was to a large extent due to the uninterrupted operation of the oil refinery of the Ceylon Petroleum Corporation and the higher capacity utilization by most of the other corporations.

Evidently, the decline in the rate of growth of real GDP for 1982 can be attributed to factors which are of a non-recurring nature. Adverse weather conditions have in large measure contributed to the decline in tea and paddy production, which given its heavy weightage in total domestic production, has depressed the overall growth rate, partly through the adverse impact on the agro-processing industrial sector as well. However, there are clear signs that the economy has to perform better in the basic sectors such as agriculture and industry, if other ancillary activities which contribute in no small measure to national income are to have sustained growth prospects. Particular mention must be made of the need to increase the proportion of the GDP which is exported and its crucial importance in maintaining the country's balance of payments viability. The ratio of exports to GDP has been on a declining trend during the past few years and was 23 per cent in 1982.

During the year under review, the international economic environment continued to be adverse to the interests of primary producing countries, like Sri Lanka. Gloomy world economic outlook continued without any abatement in 1982 and world trade entered into the third year of almost zero growth. The growth rates of major industrial countries were even lower than their rates of growth in 1981. GNP at constant prices of 7 leading industrial countries, i.e., Canada, France, Germany, Italy, Japan, U.K. and U.S.A. recorded only a mere 0.1 per cent increase in 1982. The individualist policies adopted by these countries paid no heed to the fact that the crisis was a global one. Due to tight monetary and demand management policies, they were able to bring down the inflation rates to single digit levels on an average but unemployment rates were pushed up to double digit levels in a number of countries such as U.S.A., U.K. and Canada. Consequently, protectionist measures were strengthened thus causing further problems to developing countries like Sri Lanka. This together with the weak demand for primary goods following a slow down in manufacturing helped to intensify competition among primary producers and depressed primary commodity prices.

The strong impact of recession and unemployment led to a relaxation of monetary control, particularly in U.S.A. during the second half of 1982. The decline in interest rates in U.S.A. also led to a similar decline in international money market rates. While countries like Sri Lanka which had recourse to commercial credits in recent years benefited somewhat both from the lower interest rates and the less restrictive monetary policies, increased protectionism, however, became manifest on the international scene.

These developments in the world economy exerted unfavourable effects both directly and indirectly on production, investment, exports and government revenue in Sri Lanka. Countries, including Sri Lanka, which are heavily dependent on international trade (Sri Lanka's exports and imports are 23 per cent of the GDP and 43 per cent of the GNE respectively), received a set-back by these adverse developments. A striking example of this is that while coconut production increased by an impressive 11 per cent, the consequential gain was almost fully wiped out by the drop in international prices. Export duty revenues were in fact 21 per cent lower than in 1981. The case of rubber provides an even more striking example. While the volume of exports increased by 17 per cent or by 19 million kilograms, export earnings declined by 20 per cent. The drop in export duty revenue was 47 per cent or nearly half the revenue of the previous year.

The effect of the international terms of trade continued for the fourth successive year to be adverse and declined to 38 in 1982 from 46 in 1981. Accordingly, Sri Lanka's loss from trade was 8 per cent of its GNP due to adverse terms of trade in 1982 compared with 7 per cent in 1981. Real national income after adjusting for the terms of trade is estimated to have increased by 3.6 per cent in 1982 as compared with the increase of 3.2 per cent in 1981.

One of the notable features of the economic performance in 1982 has been the significant abatement in the rate of inflation. After three successive years of high increases in the price level, the rate of increase in the general level of prices dipped to single digit figure. The average annual rate of increase in the Colombo Consumers Price Index (CCPI) was 10.8 per cent while the increase registered by the Wholesale Price Index (WPI) turned out to be even smaller at 5.5 per cent. The comparable increase in the previous year were 18 per cent and 17 per cent in CCPI and WPI respectively. This was brought about by many factors. The Government pursued a conscious and consistent policy aimed at controlling inflation by reducing the impact of budget deficits. The Central Bank continued its tight monetary policies thus leading to the success in demand management policies. Stability in prices of some of the imported goods due to lower inflation rates in the world contributed a fair share in support of the stabilisation policies pursued by Sri Lanka. The administered price adjustments associated with the withdrawal of consumer subsidies in the first few years of liberalization had been more or less completed and this was assisted by the stable exchange rate that existed throughout the year. In fact, the prices of wheat flour and sugar were reduced during the course of the year. Despite production shortfalls in the first half of the year, the availability of imports of rice at relatively stable prices helped prevent rice prices from rising significantly. Continuous surveillance of the impact of monetary and fiscal policies on the price level, however, cannot be relaxed on account of this moderation. Efforts to increase production, particularly food, will be called for if the hard won gains on the prices front are to be preserved in the future as well.

Largely as a result of the deceleration in the rate of increases in prices, real wages in both the organized as well as the unorganized sectors of the economy increased during the year. The introduction of a 'consolidated salary' with effect

from 1st January 1982 and the continuation of the cost of living indexed allowances introduced in 1981 ensured that nominal wages of government employees increased at a higher rate in 1982 compared to the previous year. Their real wages, on the other hand, increased significantly by 19 per cent in 1982 as against a decline of 3 per cent in 1981. Although nominal and real wages increased in the organized private sector, where wages are governed by Wages Boards, the rate of increases in the government sector was higher than the rate of increases in the private sector. In the unorganized sector, the all island daily wage rates of male and female workers also increased in respect of all categories, the increases being most pronounced in the case of workers in coconut and paddy cultivation and for masons and carpenters. Real wages in these sectors too increased given the magnitude of the increase in money wages.

Available data on the employment front also indicate that the performance in 1982 was satisfactory. The total number of new employment opportunities created during the year in the organized sector, i.e. government departments, semi-government institutions and private sector enterprises contributing to the Employees' Provident Fund, however, showed a slight decline over 1981 and amounted to 34,000. The corresponding numbers in 1980 and 1981 were 18,035 and 40,622 respectively. The major share of this increase took place in the organized private sector which increased its employment capacity by 25,625. The relative stagnation in public sector and the semi-government sector reflected the restraints exercised with regard to budgetary allocations and limitations on credit expansion in respect of semi-government sector.

While statistics on employment in the unorganized private sector are not available, official statistics of employment do not portray fully the extent of new employment generation that has taken place in recent years. However, there is reason to believe that employment in this sector has also increased in the last few years. This is due to several reasons. Firstly, the Sri Lankan economy by its very nature and state of development has a large unorganized sector. Secondly, quite apart from employment in the primary sector, the new economic opportunities generated by rising incomes which are the outcome of the increased rates of economic growth in the recent past, have resulted in diverse types of employment opportunities. Examples of such opportunities are the private transport sector and trade sector, especially retailing, where the full extent of such employment does not get reflected in the official statistics. Business concerns in these sectors do not, by and large, contribute to the Employees' Provident Fund, employing as they do casual labour and having a high turnover of employees.

Available evidence from the Central Bank's sample surveys on Consumer Finance of Households in 1978/79 and 1981/82 indicates that the rate of unemployment fell from 24.0 per cent of the labour force in 1973 to 14.8 per cent in 1978/79, and further to 13.1 per cent on the basis of very provisional estimates of the data in the 1981/82 survey. The results of this survey also seem to indicate that the unemployment problem has eased somewhat in the case of those with secondary and higher education.

While the deceleration in rate of increases in prices and the increase in both employment and wages in all sectors were noteworthy features, the economy continued to experience large increases in investment well beyond its capacity to generate savings locally. These higher levels of investment have generally been incompatible with the limited availability of real and financial resources. Consequently, foreign savings have had a large role to play in sustaining the high level of investment in 1982 as well. Domestic savings are estimated at Rs. 12.1 billion or 12.1 per cent of GDP in 1982 as against Rs. 9.9 billion in 1981. Investment, on the other hand, is estimated at Rs. 30.5 billion or 30 per cent of GDP. While there has been a marginal increase in the domestic savings ratio, it is still disappointingly low in relation to the investment level which continues to be around 30 per cent of GDP at current market prices. National savings have, however, been sustained by the rapid growth in net private transfers from abroad resulting from the larger flow of foreign remittances of Sri Lankans employed abroad. The ratio of National Savings to GDP has been increasing somewhat steadily and was 15.3 per cent of GDP in 1982.

Obviously the large gap between national savings and investment continues, as in the past, to be financed, as shown in Table 1.3 below, by foreign savings. However, the proportion of the net concessional aid during recent years has been going down and the country has had to resort to more expensive commercial credit as well as run down its reserves to finance the balance. The continuation of this process would depend critically on the continued inflow of foreign aid since the utilization of commercial credit as well as reserves for the purpose has obvious limits. The prospects for concessional aid under the present grim world economic prospects are not very encouraging at present and a sustained effort to increase the domestic savings ratio has to be made if investment is to be sustained at the current level, without undue pressures both on the price level and the balance of payments.

TABLE 1.3
Investments — Savings 1978—1982
(As percentages of GDP at Market Prices)

Category	1978	1979	1980	1981	1982*
Gross Fixed Capital Formation ..	20.0	25.3	31.3	27.4	30.1
Public ¹ ..	7.2	7.3	7.1	4.9	5.0
Private (including Public Corporations) ..	12.8	18.0	24.2	22.5	25.1
Changes in Stocks ..	0.1	0.5	2.4	0.4	0.2
Total Investments = Total Savings (local & foreign)	20.1	25.8	33.7	27.8	30.3
Gross National Savings ..	15.5	14.8	14.0	14.3	15.3
Public ..	-1.4	0.2	-3.8	-1.7	-1.7
Private ..	16.9	14.6	17.8	16.0	17.0
Foreign Savings ² ..	4.5	11.1	19.8	13.5	15.1
Net Concessional Aid ³ ..	9.2	8.5	8.4	9.2	8.3
Use of Reserves ..	-4.4	-1.5	4.5	0.5	1.1
Net Commercial Borrowings ..	-1.0	2.1	4.9	3.5	4.9
Others (Net) ⁴ ..	0.7	2.0	2.0	0.3	0.8

* Provisional.

Source: Central Bank of Ceylon.

1. Net budgetary Capital Expenditure

2. Equals Current Account deficit in the balance of payments adjusted for net official transfers.

3. Includes IMF Trust Fund, Concessional Loans and Grants.

4. Includes direct foreign investment, SDR Allocations and errors and omissions.

The failure of the domestic savings ratio to increase over time has to be also viewed in the context of the low annual growth in per capita gross domestic income which has been largely the result of the deterioration in the terms of trade since 1978. Policies to stimulate the growth of financial savings have been, by and large, successful with the rate of increase in time and savings deposits positively responding to high nominal rates of interest. However, it would appear that, on the whole, policies to encourage total savings through mobilization of financial savings, successful in a narrow sense, have been off-set by declines in savings elsewhere.

It is significant that the contribution of the Government by way of a current account surplus to the domestic savings effort has been negative in recent years. Coming as it does in the wake of a programmed withdrawal of subsidies, it does seem that efforts have not yielded results. It is true that the international economic environment has taken a heavy toll on government revenue, which is heavily dependent on export tax revenues. The need to reduce duties and maintain producer incentives, has had a large impact on the Government's capacity to generate savings. However, Sri Lanka has witnessed very large increases in investment since 1978 and the direct beneficiaries of such investment, associated largely with investment in infrastructure projects, will have to contribute their share to government revenue. This is essential if the public sector were to contribute its due share to the national savings effort. In this context, it is to be noted that revenue as a percentage of GDP at market prices has shown a declining trend even if one were to exclude export duty revenues.

Both Gross Domestic Capital formation (GDC) and Gross Domestic Fixed Capital formation (GDFC) registered increases of 29 per cent and 30 per cent in 1982 respectively. The rate of increase in GDFC of the private sector and the public corporations has been higher than that of the GDFC in the government sector. While the former increased by 32 per cent the latter increased by 21 per cent. There was a significant increase in the imports of capital goods in 1982, of which ships and aircraft were an important component, which increased the import content of GDFC from 32 per cent in 1981 to 37 per cent in 1982.

Total resources available to the country consisting of the GDP and import of goods and non-factor services at 1978 prices increased by 4.1 per cent in 1982 compared with 5.1 per cent in 1981. The availability of resources to the economy as in the previous year was reduced by a decline in the rate of increase in the import of goods and non-factor services and resulted in a marginal increase in the share of resources from domestic production. On the utilization side, consumption increasing at a much lower rate than in 1981 still absorbed 61 per cent while Gross Domestic Fixed Capital formation and exports accounted for 18 and 21 per cent respectively of the total resources available to the economy.

The year under review saw the continuation of the demand management policies that had helped in a large measure to remove in 1981, the disequilibrium that developed in 1980. The significant feature in monetary management in 1982 was the monetary and price stability that was sustained during the year. A slower

growth in domestic credit and a decline in external banking assets (net) resulted in monetary growth in the year under review being broadly on targetted lines. Domestic credit which had expanded by 81 per cent in 1980 and had decelerated to 33 per cent in 1981, further decelerated to 25 per cent by the end of 1982. The main impetus to monetary expansion came from domestic credit, both to the government and to the private sector, although a gradual deceleration was evident in the rate of growth of credit to both sectors.

The expansionary impact of the increase in domestic credit was somewhat off-set by the decline in external banking (net) assets which declined once again by Rs. 568 million compared with declines of Rs. 3,177 million and Rs. 690 million in 1980 and 1981, respectively. Although the fall in external banking assets helped to moderate the adverse monetary repercussions of the increased domestic credit it resulted in increased pressure on the balance of payments. Reflecting these changes, broad money supply (M2) rose by 25 per cent compared to an increase of 23 per cent in 1981. Narrow money supply (M1), however, rose by 17 per cent as against a much lower increase of 6 per cent in the previous year.

The major feature of commercial banking activities was the improved liquidity position of the banks. The significant improvement in the liquidity of banks evident since the latter part of 1981 continued into the year under review. The banking system reacted to the improved liquidity by reducing interest rates on deposits by 2-5 per cent in the middle of the year. However, there were no changes in the interest rates on Central Bank accommodation to banks, the deposit rates offered by the National Savings Bank and the rate of interest on the rupee securities issued by the Government.

The moderate expansion in major monetary variables experienced in 1982 did not call for any significant monetary policy changes during the year. The policy measures that were introduced and intensified during the previous years were continued through the year under review, notwithstanding the deceleration in the rate of price increase. There were no changes in the Bank Rate of 14 per cent or the penal rates ranging from 21 to 30 per cent, which applied to accommodation above that made available at Bank Rate. The statutory reserve requirements of 14 per cent on demand deposits and 6 per cent on time and savings deposits remained unchanged during the year. On the other hand, efforts were directed towards mitigating the adverse effects of the high interest rates on priority sectors in an attempt to use monetary policy to stimulate the supply in the economy.

The need to ensure adequate medium and long-term credit to the export sector and to increase the active participation of commercial banks in project financing was recognized. The quantum of refinance provided from the Medium & Long-term Credit Fund (MLCF) of the Central Bank for export projects was raised from 80 per cent of project cost to cover the entire project cost with effect from January 1982. The refinance as well as the on-lending margins were also reduced slightly. The amount of refinance for pre-shipment credit made available at the concessionary rate of 12 per cent was also increased marginally. The growth of credit to this sector, however, failed to meet the targets envisaged in the National Credit Plan for 1982, towards which the Central Bank continued to work for the second successive year.

TABLE 1.4
Monetary Magnitudes 1977-1982
(Rs. Million)

	1977	1978	1979	1980	1981	1982
Changes in Domestic Credit	1,464	1,662	3,624	11,286	8,330	8,483
Increase in Net Credit to Government	278	1,126	1,057	6,052	3,817	4,361
Increase in Credit to Government Corporations	615	693	984	776	365	190
Increase in Credit to Co-operatives	509	205	439	86	93	54
Increase in Credit to other Private Sector	618	1,390	2,022	4,544	4,055	3,986
Change in Net External Banking Assets	3,597	1,884	1,218	3,177	690	568
Change in Total Assets and Liabilities	5,061	3,546	4,842	8,109	7,640	7,915
Increase in Broad Money Supply (M ₂)	2,396	2,175	4,166	4,803	4,587	6,063
Increase in Other Liabilities (Net)	2,665	1,371	676	3,306	3,053	1,852
Percentage increases in Monetary Magnitudes						
Percentage increase in total Domestic Credit	20.2	19.1	35.0	80.7	33.0	25.3
Percentage increase in total Assets and Liabilities	66.4	28.0	29.9	38.5	26.2	21.5
Government as percentage of total Domestic Credit	19.1	67.8	53.7	53.7	45.9	51.5
Non-Government as percentage of total Domestic Credit	119.1	167.8	70.8	46.3	54.1	48.5
Percentage increase in Broad Money Supply (M ₂)	38.0	25.0	38.3	31.9	23.1	24.8
-Narrow Money Supply (M ₁)	28.8	10.6	29.2	22.9	6.3	17.3

Source: Central Bank of Ceylon.

One of the developments that caused a great deal of concern to the Central Bank was the decline in rural credit. During the year, the total amount of credit extended to the rural sector declined marginally by 2 per cent. Yet, this credit disbursed under the Comprehensive Rural Credit Scheme (CRCS) by People's Bank, the rural banks, the Bank of Ceylon sub-offices and by the Hatton National Bank, as well as other loans to the rural sector extended by these institutions have not shown a growth commensurate with the increased level of activities which the rural sector has experienced in recent years. This trend is suggestive of an increased dependence on other more expensive sources of credit.

The decline in credit is also due to the high rates of default which continue to be an unsatisfactory feature of rural lending. In 1982, only a little over half the amount disbursed during the 1981/82 cultivation year was renewed. Although the drought had a serious impact on the repayment capacity of many farmers, and highlights the need for an efficient crop insurance scheme, the rehabilitation of the defaulters who, through their ineligibility to borrow had contributed to the decline in credit to the rural sector, engaged the attention of both the Central Bank and the Rural Credit Advisory Board (RCAB). The re-scheduling scheme for cultivation loans granted under the CRCS from January 1977 to June 30, 1981 was initiated by the RCAB in the previous year and was implemented by the Bank of Ceylon which commenced the consolidation and re-scheduling of loans under this scheme in 1982. The People's Bank, however, has yet to implement this scheme. Unless the two state banks involved in rural lending make a concerted effort to implement this scheme, a segment of credit-needy farmers who are non-wilful defaulters will not have access to credit in the future.

The year 1982 witnessed a higher level of activity in the Capital Market of Sri Lanka with respect to new share issues. During the year ended 1982, there were 19 new share issues totalling Rs. 371 million as against 13 such issues amounting to Rs. 285 million during the previous year. The highest number of new issues in 1982 was in respect of Hotels & Travels, followed by investments in the Engineering, Motors & Industries categories. There was some evidence that the fiscal incentives provided for broad based ownership of companies and for increased investor participation were beginning to show results. As in 1981, the peak activity in the primary issue market was during the first quarter of the year which coincides with the last quarter of the income tax year. Almost all the shares were issued during this period. Except for three share offerings in December 1982, the lists of the other 16 companies were closed by the end of the year. Most of these issues were fully subscribed or underwritten before the closing of the respective lists. The increasing volume of new share issues as well as the broad basing of existing companies are indicative of the badly needed revitalization of the capital market which had been stagnant for a number of years.

The moderation in the monetary expansion experienced during the year was due both to the continuance of the tight monetary policies and to a reduced expansionary impact of budgetary operations. While recourse to bank borrowing for purposes of financing the budget increased marginally in absolute terms from Rs. 3,917

million in 1981 to Rs. 4,006 million in 1982, there was a decline in the ratio of bank borrowing to GDP from 4.6 per cent in 1981 to 4 per cent in the year under review. The expansionary impact of the budget was, however, less in 1982 largely due to a build-up of cash balances which occurred during the year. The overall budget deficit, however, increased from 17.5 per cent of GDP in 1981 to 20.2 per cent in 1982. This was due to the increase in expenditure during the year of 23 per cent being very much higher than the increase in total revenue of 10 per cent. Revenue as a percentage of GDP declined from 19 per cent in 1981 to 18 per cent in 1982, the lowest ratio during the last decade. Expenditure particularly capital expenditure during the year, however, ran at well below budgetted levels presumably due to the uncertainties that had prevailed on account of both the Presidential Election and the Referendum held during the year.

TABLE 1.5
Fiscal Magnitudes 1977—1982

	Rs. Million					
	1977	1978	1979	1980	1981	1982*
Revenue	6,686	11,688	12,730	14,068	16,228	17,809
Expenditure	9,760	18,853	21,521	30,343	31,094	38,097
Recurrent including						
Advance Accounts	6,578	12,239	12,531	16,489	17,729	19,230
Current Deficit / Surplus +	+ 108	- 551	+ 200	- 2,421	- 1,493	- 1,421
Capital Expenditure	3,182	6,614	8,991	13,854	13,373	18,867
Overall Budget Deficit	3,074	7,165	8,791	16,274	14,861	20,289
Financing -						
Foreign	1,779	4,454	4,237	6,735	8,208	9,270
Domestic Non-Bank	2,009	2,486	3,902	2,484	2,779	7,248
Domestic Bank	- 224	167	680	7,126	3,917	4,006
Use of Cash Balances	492	58	- 28	72	38	235

(As a Percentage of G. D. P. 1977—1982)

	1977	1978	1979	1980	1981	1982
Revenue	18.4	27.4	24.3	21.1	19.1	17.8
Expenditure	26.8	44.2	41.1	45.6	36.6	38.0
Recurrent including						
Advance Accounts	18.1	28.7	23.9	24.8	20.8	19.2
Current Deficit / Surplus +	+ 0.3	1.3	- 0.4	3.6	- 1.8	- 1.4
Capital Expenditure	8.7	15.5	17.2	20.8	15.7	18.8
Overall Budget Deficit	8.4	16.8	16.8	24.5	17.5	20.2
Financing						
Foreign	4.9	10.4	8.1	10.1	9.7	9.2
Domestic Non Bank	5.5	5.8	7.4	3.7	3.3	7.2
Domestic Bank	- 0.6	0.4	1.3	10.7	4.6	4.0
Use of Cash Balances	1.4	0.1	- 0.1	- 0.1	- . . .	- 0.2

* Provisional

Source: Central Bank of Ceylon.

On the whole, government budgetary operations indicated a mild reversal of the improvement witnessed in 1981. This reversal, however, largely attributable to unfavourable developments in the international environment led both to a decline in government revenue and in receipts of foreign aid, below anticipated levels. The actual revenue of Rs. 17,809 million was 8 per cent below targetted levels while of the expected foreign finance of Rs. 14,198 million, only two thirds of this amount or Rs. 9,270 million was received in 1982.

There was, however, a significant increase in the borrowed resources mobilized through the non-bank captive sources, particularly the National Savings Bank, but such increases were not enough to off-set the short-fall in revenue as well as in foreign finance. The advance account operations of the Government, however, showed an inpayment after several years, largely as a result of the reduced level of stocks of the Food Commissioner during the year. Notwithstanding this improvement the current account of the budget registered a deficit. It is significant that in 1981 the current account excluding the large net-outpayment in advance accounts showed a surplus. The adjustments in the aggregate level of expenditure that these developments called for were insufficient and the overall budget deficit increased as a ratio of GDP. In addition, increased recourse to 'captive' sources pre-empted part of the resources that would have been available for private sector investment activities.

TABLE 1-6
Summary of Balance of Payments 1977—1982

Rs. Million (SDR million in brackets)

	1977	1978	1979	1980	1981	1982(a)
Merchandise Exports	6,640 (651)	13,207 (675)	15,282 (759)	17,603 (818)	20,507 (903)	21,434 (934)
Merchandise Imports	6,290 (622)	15,600 (819)	22,570 (1,121)	33,915 (1,576)	36,123 (1,596)	41,902 (1,826)
Non-Factor Services (Net)	+ 457 (+ 44)	+ 356 (+ 18)	+ 979 (+ 48)	+ 1,290 (+ 60)	+ 1,950 (+ 85)	+ 2,094 (+ 91)
Factor Services (Net)	- 153 (- 15)	- 237 (- 12)	- 239 (- 12)	- 432 (- 20)	- 1,712 (- 75)	- 1,968 (- 86)
Private Transfers (Net)	+ 123 (+ 12)	+ 342 (+ 17)	+ 754 (+ 37)	+ 2,250 (+ 105)	+ 3,918 (+ 172)	+ 5,170 (+ 225)
Current Account Balance (b)	+ 1,266 (+ 117)	- 1,032 (- 75)	- 3,556 (- 177)	- 10,912 (- 507)	- 8,342 (- 375)	- 11,793 (- 515)
Non-Monetary Capital (Net)(c)	+ 326 (+ 32)	+ 2,600 (+ 133)	+ 3,306 (+ 164)	+ 6,585 (+ 306)	+ 7,691 (+ 341)	+ 9,885 (+ 431)
Aid disbursements (Net) (b)	+ 1,243 (+ 119)	+ 3,906 (+ 200)	+ 4,451 (+ 221)	+ 6,685 (+ 217)	+ 6,343 (+ 300)	+ 7,278 (+ 317)
Short-term finance (Net)	- 237 (- 22)	- 40 (- 2)	+ 1 (-)	+ 2,604 (+ 121)	+ 386 (+ 17)	+ 63 (- 2)
Other Non-Monetary Capital	- 190 (- 18)	- 366 (- 19)	+ 1,093 (+ 54)	+ 1,577 (+ 74)	+ 4,080 (+ 160)	+ 6,049 (+ 263)
Change in net International Reserve financed by monetary movements	- 3,313 (- 153)	- 1,861 (- 65)	- 793 (- 35)	+ 2,967 (+ 166)	+ 406 (+ 26)	+ 1,149 (+ 24)

Some Key Indicators

Terms of Trade	102	100	72	58	46	38
Net Petroleum Imports	867 (83)	1,459 (75)	2,707 (134)	5,034 (234)	6,592 (291)	8,994 (391)
Current Account deficit as a percentage of GDP	—	3	7	18	11	13
Net Aid disbursements as a percentage of GDP	4	10	9	9	10	9
Gross International Reserves	5,573 (306)	7,477 (371)	9,652 (475)	6,766 (296)	9,222 (387)	10,956 (466)

(a) Provisional Source: Central Bank of Ceylon.

(b) Includes Net Official Transfers.

(c) Excludes Net Official Transfers.

One of the disconcerting developments during the year was on the balance of payments front. While the overall deficit registered of SDR 24 million (Rs. 1,149 million) was marginally lower than that of 1981, the trade and current account deficits expanded sharply in 1982. The deficits in both merchandise and current accounts were the highest on record being SDR 892 million and SDR 515 million respectively. The current account deficit as a percentage of GDP was 13 per cent and represented a deterioration from the previous year's level.

Adverse terms of trade continued to plague the external payments position in 1982 for the fourth year in succession and contributed to an increased imbalance in the merchandise trade account. While the deterioration in the current account was also due to the sluggish world demand for Sri Lanka's traditional export products as manifested in the declining terms of trade, it was due in equal measure to higher import procurement. While a good part of the higher imports was aid financed, imports nevertheless grew by 14 per cent as compared with a one per cent increase in 1981. On the other hand, export performance in 1982 with a rate of growth of only 3.4 per cent in SDR terms has been disappointing. While it is true that the reduced world demand depressed the prices of our exports and the export volumes suffered due to adverse production trends, the deceleration in the rate of growth of exports in the face of the ever increasing demand for imports, calls for urgent action to increase production for exports with an equal emphasis in the still unexploited areas of import substitution.

Despite the large merchandise and current account deficits, the overall deficit in the balance of payments was confined to a small magnitude largely due to increased receipts from private transfers, consisting essentially of remittances of Sri Lankans employed abroad and the larger net inflows of capital in the form of direct investment and long-term foreign loans which were largely concessional. Private transfers in 1982 amounted to Rs. 5,789 million (SDR 252 million) or Rs. 1,359 million (SDR 57 million) more than what was received in 1981. Net inflows of capital were Rs. 9,885 million (SDR 431 million) in 1982 as compared with Rs. 7,691 million (SDR 341 million) in 1981. Nevertheless, the year, witnessed a further decline in the country's net external assets although there was an increase in gross external assets by 20 per cent to Rs. 10,956 million (SDR 466 million). The increase in gross external assets was brought about by the increased accumulation of liabilities by both the Central Bank and the commercial banks. Gross external assets at the end of 1982 were adequate to finance about 3 months imports.

The slow rate of growth in exports as well as the increase in debt service payments (including those on drawings from the IMF and Public Sector Suppliers' Credits), the latter being largely the result of the increase resort to commercial credits in the recent past, resulted in the debt service ratio increasing to 15.2 per cent from 13.3 per cent in 1981. The debt service ratio excluding IMF transactions also increased from 6.8 per cent to 9.5 per cent over the same period.

The most disturbing feature of the balance of payments developments in 1982 has been the singular lack of dynamism displayed by the export sector. The underlying principle behind the economic reforms of 1977 was the pursuit of an outward looking growth strategy which was to be sustained initially by foreign savings and thereafter by the achievement of balance of payments viability in the medium-term through an expansion of the export sector. The fact that the export sector almost stagnated in 1982 and the current account deficit was as high as 13 per cent of GDP while the debt service ratio also increased meant that the time horizon within which balance of payments viability could be achieved has been further extended, while the time available for remedial action has been correspondingly shortened.

In the context of an adverse international climate where an increasing number of countries are facing unmanageable debt servicing problems leading to complex debt rescheduling programmes, the need for reaching balance of payments viability in the shortest possible time period becomes a matter of paramount importance for continued and sustained economic expansion within the framework of a liberalized economy. In this context, while demand management policies can help in providing the necessary favourable climate for savings, investment and exports and in enhancing the effectiveness of the adjustment process, Sri Lanka's balance of payments problem is more fundamental in character to be overcome merely by the pursuit of demand management policies alone. The situation warrants corrective action in the form of strenuous efforts at promoting exports and the pursuit of policies which are conducive to export growth. These matters should receive the most urgent attention of the Government.

The year under review also witnessed a further intensification of Sri Lanka's problems concerning the energy sector. The increased demand for the principal sources of energy stemming from the expanded economic and social activities as well as the increase in oil prices during 1981 have resulted in a rapidly rising import bill for crude oil and petroleum products. The value of petroleum imports in SDR terms increased by 20 per cent in 1982. Oil imports constituted 67 per cent of Sri Lanka's total earnings from non-petroleum exports for 1982 as against 56 per cent in the previous year. While the increase in demand for electricity had to be met through additional thermal generation and hence, higher petroleum imports, the value of petroleum exports which had during the past few years been increasing, also declined by 4 per cent due to increased consumption of exportable oil products, viz., heavy diesel and naphtha. As a proportion of total export earnings, the net oil import bill increased from 32 per cent in 1981 to 41 per cent in the current year. The growing demand coupled with higher prices exerted severe pressure on the balance of payments as well.

The state of the balance of payments of the country and Sri Lanka's experience during the decade of the energy crisis emphasize the need to reduce her dependence on oil imports in the quickest possible time. Short-term policy options are equally important and should be aimed at improving efficiency in the use and conservation of energy. In this context, the establishment of Natural Resources, Energy and Science Authority in June 1982 is an important step in creating the necessary

institutional framework for the formulation and implementation of such policies. The functions of this Authority include among other things advising the Minister regarding the policies concerned with all aspects of energy requirements of Sri Lanka as well as plans for the overall development of energy resources and measures for optimal use and conservation of energy.

The important structural change in Sri Lanka's imports during recent years has been the increasing share of intermediate and investment goods. While increased production of rice and of other subsidiary food crops has contributed to the decline in the share of consumer goods imports, this process should be accelerated. There still exists a great deal of unrealised potential in the agro-based industrial sector both for purposes of import substitution as well as for exports. With the opening up of the lands under the Mahaveli Scheme, there will be ample scope for the growing of crops other than paddy. It is also necessary that the increased production of paddy that could be expected from these developments does not suffer by way of depressed prices due to pronounced increases in supplies. Consideration will have to be given to the export potential in rice, if the encouraging momentum in rice production is to be sustained in the future. The major emphasis, however, has to be on conservation of fuel, if there is to be a sizeable impact on the large and growing import bill. It is also important that the large investments made in the shipping and airline sectors, essentially through foreign commercial financing, be made to pay their way, if they are not to increase the debt service burden as well as cause problems for the government budget.

Even with all these measures on the import front, the imports necessary to sustain the Sri Lankan economy will continue to be high and there is no escape from a policy of accelerating exports. The prospects of an increasing debt service burden, peaking of the inflow of private remittances and the bleak outlook for concessional aid add a sense of urgency to this task. However, the task of accelerating exports is not going to be easy in the present international environment. Sluggish growth coupled with rising rates of unemployment in the industrial countries has meant restrained demand for imports in these countries. In addition, recessionary conditions in the industrial countries have also led to the strengthening of protectionist tendencies. Apart from their impact on exports, the present fiscal and monetary policies in such countries resulting in high nominal and real rates of interest will add to Sri Lanka's debt service burden, even in respect of borrowings made from international lending institutions. Notwithstanding the adverse climate, efforts directed towards increasing the export volumes of the plantation crops, tea, rubber and coconut, perhaps provide the best immediate prospects for augmenting the country's export earnings in the short-term. While the declared policy of the Government to confine tax holidays in the future essentially to export oriented ventures, is a desirable step, the rationalization of Sri Lanka's tariff structure could also provide the necessary climate for new export and import substituting ventures to be set up.

It is now five years since Sri Lanka initiated its program of economic reforms designed to liberalize the economy and put it on the basis of an outward looking strategy. The past five years have seen considerable progress. The most notable success has been in respect to the country's ability in breaking out of the low investment and low growth pattern of the pre-1977 period. As observed in last year's annual report, it is unfortunate that Sri Lanka's export oriented growth strategy has had to be tried and tested in an entirely hostile international economic environment. Yet, the fact that economic growth continued to be sustained in the face of adverse developments is remarkable. The doubling of petroleum prices which led to substantial increases in the import bill, the recession which reduced the demand for exports, government revenue and, to some extent, aid flows, and international inflation which led to the continuous deterioration in the terms of trade and to cost escalations of the public investment program of the country are just three of such developments which had an overwhelming impact on the country's saving and investment record and on its balance of payments and budgetary performance. Nevertheless, Sri Lanka's growth rate of real GDP has averaged 6.2 per cent over the last five years. Both the public sector, through the public investment program, as well as the private sector, which was freed of most controls, have contributed to the growth effort which has also been accompanied by significant gains in employment.

While sector-wise the most impressive real growth was achieved in the agricultural sector, particularly in paddy, and to some extent in the industrial sector too, the lack of progress in the tree crop production and the export sector in general has been disappointing. In addition, the high levels of investment in the face of an inadequate increase in domestic savings, though sustained by concessional aid flows, have also meant increased resort to foreign commercial borrowing, a draw down of reserves and a depreciation in the exchange rate. The impact domestically of increased levels of investment has been the increase in the rate of price increases, escalating costs of investments and, in the face of continued inflationary trends, the lack of any significant increases in savings, implying a shift of resources from investment to consumption. The pursuit of effective demand management policies, however, has helped to restore the equilibrium somewhat in recent years. The adjustment process aimed at ensuring sustainable deficits in the current account of the balance of payments and in the budget necessarily called for policies which continued to demand heavy sacrifices from the people. There are clear signs that this adjustment momentum has to be maintained in the future as well, if the country is to benefit from its present economic strategy. The acceleration of the rate of growth in exports which was one of the major objectives of the economic and exchange rate reforms has not materialized. While this is difficult to achieve in the present international economic environment, it must nevertheless continue to be an important objective particularly in the light of the growth rate in imports as well as the declining trend in the country's terms of trade.

Developments in the various sectors during the year are discussed, in the sections to follow in greater detail.

GROSS NATIONAL PRODUCT, INCOME AND EXPENDITURE

Overall Trends

Sri Lanka's Gross National Product (GNP) at current factor cost prices is provisionally estimated at Rs. 89.7 billion in 1982. This is an increase of 15.5 per cent compared with the previous year. When allowance is made for price increases, the real increase in GNP is 4.9 per cent in 1982 compared with 4.1 per cent in the previous year. The implicit change in the GNP deflator for 1982 on which this observation is made is estimated at 10.2 per cent. This is substantially lower than the comparable rates in the previous two years.

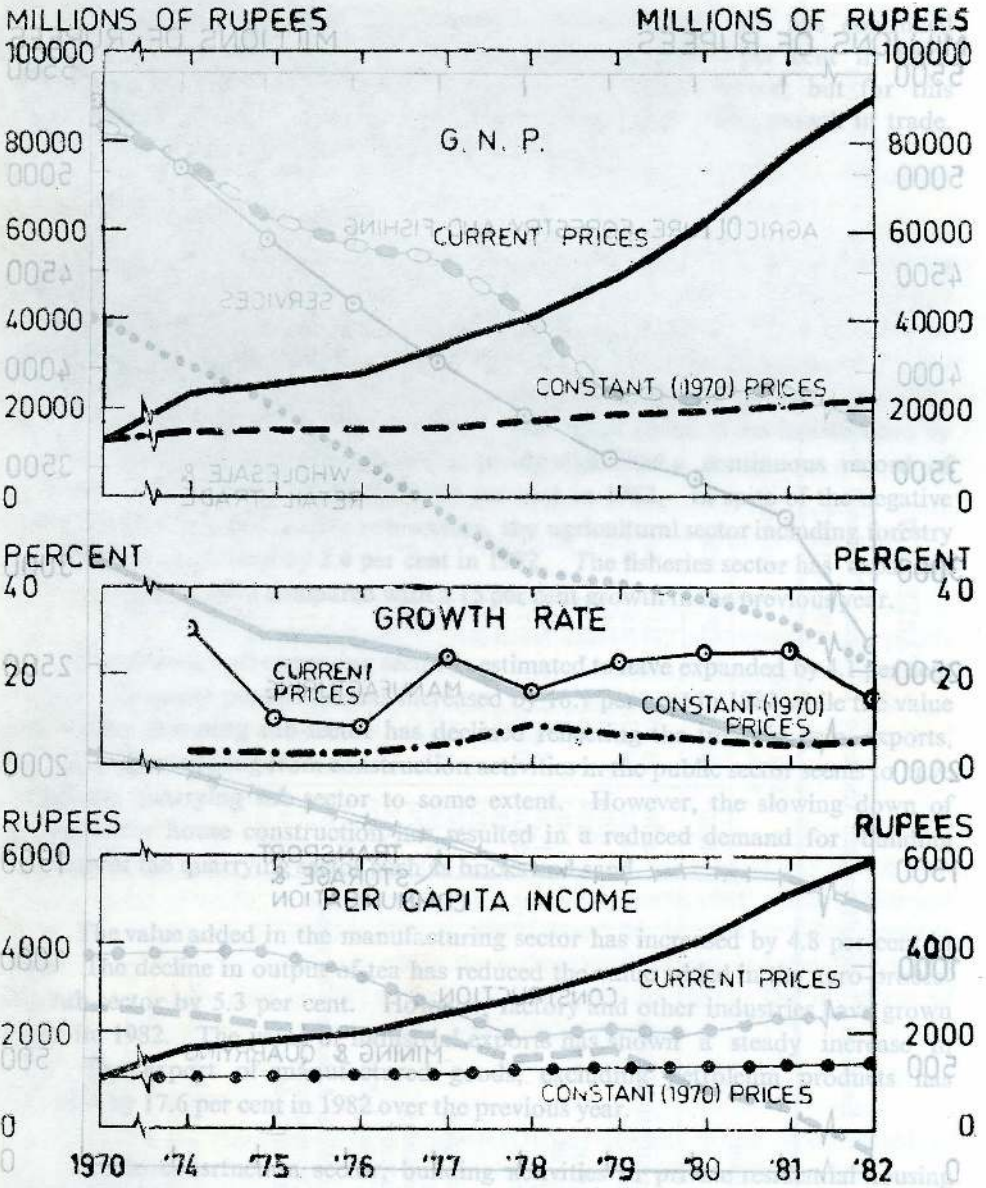
The Gross Domestic Product (GDP) measured at 1970 constant prices on the other hand increased from Rs. 20.7 billion in 1981 to Rs. 21.8 billion in 1982. This represents a growth rate of 5.1 per cent. The net outflow of factor income at constant prices increased at a lower rate (14 per cent) in 1982 compared with a nearly 300 per cent increase in 1981. Hence, the rate of growth of the real GNP at 4.9 per cent is only marginally less than that of the Gross Domestic Product. In the previous year while the GDP grew at 5.8 per cent, the GNP growth was held back on account of a higher rate of increase in net outflow of factor income to 4.1 per cent.

The G.D.P. was estimated at Rs. 91.6 billion at current prices in 1982. This is a 15.5 per cent growth over the previous year. The net outflow of factor income abroad in 1982 has been Rs. 1,969 million at current prices compared with Rs. 1,712 million in the previous year. In real terms however, the net outflow of factor income abroad was Rs. 510 million in 1982, compared with Rs. 449 million in 1981.

According to the data made available by the Registrar General's Department, Sri Lanka's population in 1982 increased by 1.7 per cent. The mid-year population in 1982 was 15.2 million compared with 15.0 million in 1981. Hence the per capita, GNP at current prices in 1982 has been estimated at Rs. 5,904 (US \$ 284) compared with Rs. 5,179 (US \$ 267) in 1981. In real terms this is an increase of 3.5 per cent in the current year compared with the 2.4 per cent increase in per capita income in the previous year.

Since the new economic policies were introduced five years ago, the dynamic sectors in the economy have been trade, services, transport and construction. After very high rates of activity, the construction sector has recorded a decline for the second successive year. However, other sectors have continued to expand, although at a reduced rate. The manufacturing sector has shown moderate growth in 1982. The agriculture, forestry and fishing sectors which had been primarily responsible for the growth in 1981 through their combined high growth rate of 6.9 per cent has expanded by 2.6 per cent in 1982. In the tree crop sub-sector, the output of coconut has increased by about 11 per cent. The rubber sub-sector has recorded a marginal growth while the tea sub-sector has experienced a 10.7 per cent drop in value added. In the food crop sector, the value added in paddy has declined by 3.4 per cent in 1982.

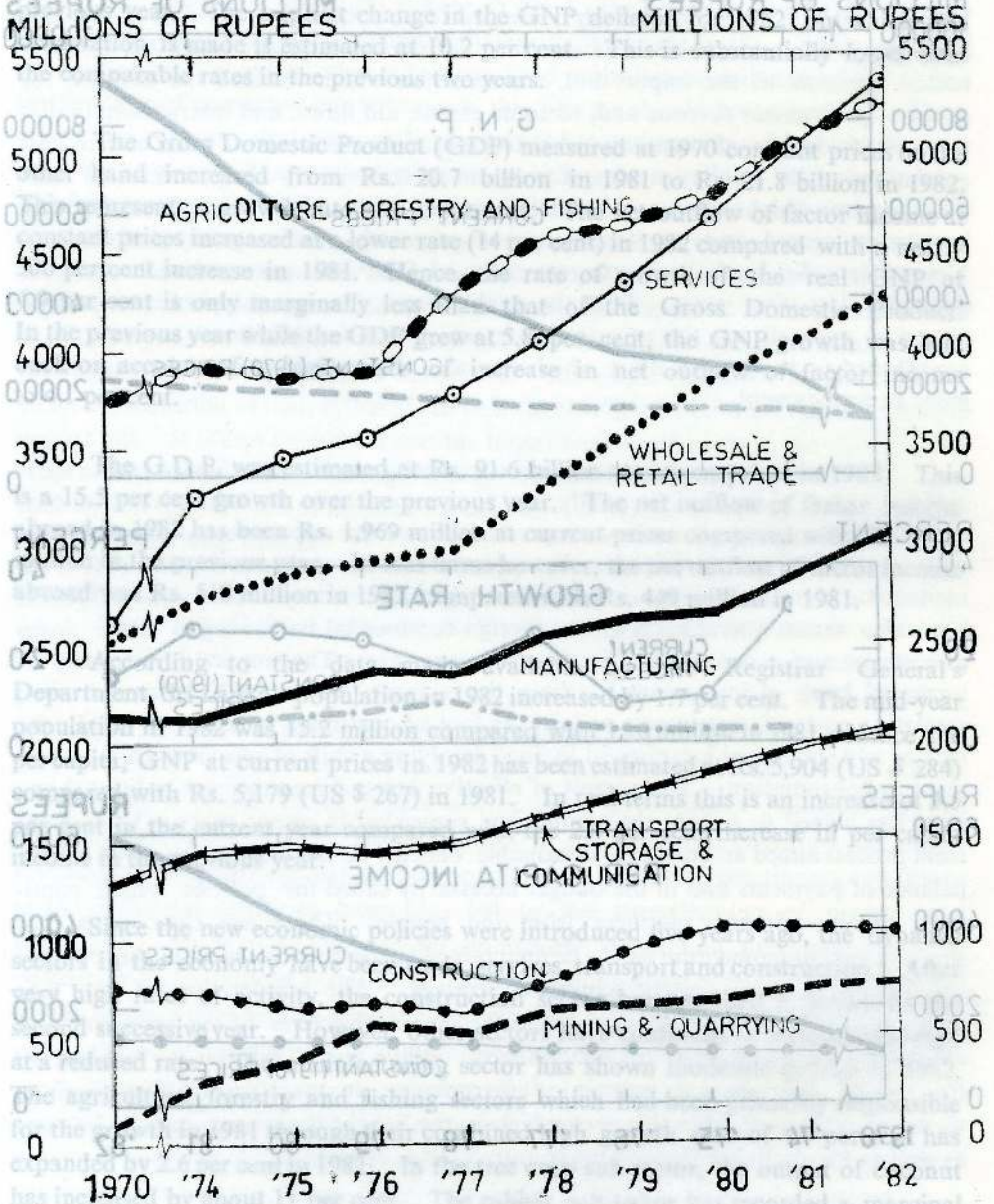
GROSS NATIONAL PRODUCT



GROSS NATIONAL PRODUCT, INCOME AND EXPENDITURE

GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN

AT CONSTANT (1970) FACTOR COST PRICES



Central Bank of Ceylon

The manufacturing, mining and utility services have expanded by 5.0 per cent. The value added in processing of tea has declined while the manufacturing sector industries have recorded a growth in value added. The export of manufactured goods has increased substantially during 1982 while the index of production in major corporations has shown a 5 per cent growth.

The construction sector which started to decline in 1981 but has continued in the same direction by recording a negative growth of about 2 per cent in 1982. There was an increase in construction activities in the public sector; but for this the decline in the construction sector would have been larger. The growth in trade, transport and other services has been about 6.9 per cent.

Sectoral Performance in 1982

The growth trends in various sectors for the period 1978-1982 are given in Table 1.7. The agricultural sector which had been the main growth agent in 1981 has suffered a serious set-back in 1982. The marginal increase in value added in agriculture, forestry and fishing sector in 1982 was only about 40 per cent of what was realized in 1981. In 1981 this sector contributed 29 per cent to GDP growth as against a 13 per cent contribution in 1982. The value added in tea has declined by 10.7 per cent in 1982. The value added in paddy which had a continuous record of expansion since 1978 has declined by 3.4 per cent in 1982. In spite of the negative growth rates in tea and paddy sub-sectors, the agricultural sector including forestry and fishing has increased by 2.6 per cent in 1982. The fisheries sector has expanded by 2.9 per cent in 1982 compared with a 15 per cent growth in the previous year.

The mining and quarrying sector is estimated to have expanded by 4.1 per cent in 1982. Graphite production has increased by 18.1 per cent in 1982 while the value added from gemming sub-sector has declined reflecting the trend in gem exports. The demand emanating from construction activities in the public sector seems to have helped the quarrying sub-sector to some extent. However, the slowing down of private sector house construction has resulted in a reduced demand for building materials of the quarrying sector such as bricks and sand.

The value added in the manufacturing sector has increased by 4.8 per cent in 1982. The decline in output of tea has reduced the value added in the agro-processing sub-sector by 5.3 per cent. However, factory and other industries have grown faster in 1982. The value of industrial exports has shown a steady increase in 1982. The export of manufactured goods, excluding petroleum products has increased by 17.6 per cent in 1982 over the previous year.

In the construction sector, building activities in private residential housing has continued to decline in 1982. However, because of the large volume of construction work undertaken in the public sector, particularly in the Mahaveli Development Programme, the overall decline in the construction sector was limited to about 2 per cent.

TABLE 1.7
Sectoral Composition and Increase in Gross National Product at Constant (1970) Prices
1980—1982

Sector	Value Added (Rs. Mn.)			Percent Share in GNP			Increase over Previous Year (Rs. Mn.)			Percent Share in increase GNP		
	1980*	1981*	1982*	1980	1981	1982	1980	1981	1982	1980	1981	1982
	1. Agriculture, forestry and fishing	4,766	5,097	5,231	24.5	25.2	24.6	144	331	134	14.0	41.3
1.1 Agriculture	4,348	4,636	4,755	22.4	22.9	22.4	109	288	119	10.6	35.9	12.0
1.1.1 Tea	381	374	374	2.0	2.1	1.8	31	38	45	3.0	4.7	4.6
1.1.2 Rubber	194	181	182	1.0	0.9	0.9	29	13	1	2.8	1.6	0.1
1.1.3 Coconut	462	515	573	2.4	2.5	2.7	57	53	58	5.6	6.6	5.9
1.1.4 Paddy	1,267	1,313	1,269	6.5	6.5	6.0	135	46	44	13.1	5.7	4.4
1.1.5 Other	2,044	2,208	2,357	10.5	10.9	11.1	91	164	149	8.9	20.5	15.0
1.2 Forestry	181	188	195	0.9	1.0	0.9	15	7	7	1.5	0.9	0.7
1.3 Fishing	237	273	281	1.2	1.3	1.3	20	36	8	1.9	4.5	0.8
2. Mining & Quarrying	684	713	742	3.5	3.5	3.5	32	29	29	3.1	3.6	2.9
3. Manufacturing	2,681	2,820	2,955	13.8	13.9	13.9	22	139	135	2.1	17.4	13.6
3.1 Export Processing	791	851	896	4.1	4.2	3.8	86	60	45	8.4	7.5	4.6
3.2 Factory Industry	1,488	1,548	1,686	7.6	7.6	7.9	71	60	138	6.9	7.5	14.0
3.3 Small and Other Industry	402	463	463	2.1	2.1	2.2	37	19	42	3.6	2.4	4.2
4. Construction	1,066	1,034	1,013	5.5	5.1	4.8	106	32	21	10.3	4.0	2.1
5. Electricity, Gas, Water & Sanitary Services	209	234	237	1.1	1.1	1.2	19	25	23	1.9	3.1	2.3
6. Transport & Communication	1,838	1,957	2,079	9.4	9.6	9.8	122	119	122	11.9	14.9	12.3
7. Wholesale & Retail Trade	3,849	4,034	4,275	19.8	20.0	20.1	298	185	241	29.1	23.1	24.4
7.1 Imports	985	1,005	1,026	5.1	5.0	4.8	121	20	21	11.8	2.5	2.1
7.2 Exports	709	723	794	3.6	3.6	3.7	14	14	14	1.7	1.7	2.2
7.3 Domestic	2,155	2,306	2,455	11.1	11.4	11.6	177	151	149	17.3	18.9	15.1
8. Banking, Insurance and Real Estate	402	462	517	2.1	2.3	2.4	52	60	55	5.1	7.5	5.6
9. Ownership of Dwellings	549	579	611	2.8	2.9	2.9	30	30	32	3.0	3.7	3.2
10. Public Administration and Defence	959	997	1,102	4.9	4.9	5.2	54	38	105	5.3	4.7	10.6
11. Services not elsewhere stated (n. e. s.)	2,572	2,779	2,974	13.2	13.7	14.0	194	207	195	18.9	25.8	19.7
12. Gross Domestic Product	19,575	20,706	21,756	100.6	102.2	102.4	1,074	1,131	1,050	104.7	141.1	106.2
13. Net Factor Income from Abroad	119	449	510	0.6	2.2	2.4	48	330	61	4.7	41.1	6.2
14. Gross National Product	19,456	20,257	21,246	100.0	100.0	100.0	1,026	801	989	100.0	100.0	100.0

* Provisional.

Source: Central Bank of Ceylon.

A growth rate of about 10 per cent has been recorded in the electricity, gas, water and sanitary services sector. The electricity output has shown an increase of 10.4 per cent in 1982.

The value added contribution in the transport, storage and communication sector increased by 6.2 per cent in 1982, despite a set-back in investment, in the first half of the year. However, after the re-introduction of the tax concession of Lump Sum Depreciation (LSD), transport sector activities expanded and value added increased significantly.

The wholesale and retail trade sector has expanded by 6.0 per cent in 1982, compared with 4.8 per cent in 1981. According to the customs data, merchandise imports have increased by 14.7 per cent in 1982.

The rate of growth in the banking, insurance and real estate sector has slowed down to 12.0 per cent in 1982, compared with 14.9 per cent in the previous two years. The value added in ownership of dwellings was at about the same rate as in 1981, but value added in public administration has increased from 4 per cent to 10.5 per cent.

Other services have grown by about 7 per cent in 1982 compared with an 8 per cent growth in 1981. The tourist sub-sector which is responsible for a large share in the other services sector, has expanded relatively slowly by about 10 per cent.

The growth of the Sri Lanka economy in 1982 has apparently slowed down as a result of poor performance in the agricultural sector. The decline in the paddy sub-sector was largely due to the adverse weather condition during the Maha season. This sub-sector has been growing continuously for the last four years. The tea sub-sector too has performed very poorly in 1982. The reduced tea output has had the effect of reducing the value added in the agro-processing sector too.

The effect of international terms of trade on the Sri Lanka economy continued to be adverse in 1982. In 1982, Sri Lanka lost about 8 per cent of its GNP due to adverse terms of trade, compared with the 7 per cent loss in 1981. The 1978 based terms of trade index declined to 38 in 1982 from 46 in 1981. After making allowances for the terms of trade effect, the real national income is estimated to have increased by 3.6 per cent in 1982 as against 3.2 per cent in 1981. The estimates of real national income are given in the Statistical Appendix.

Expenditure Pattern

The Gross Domestic Expenditure (GDE) at current prices is estimated at Rs. 118.7 billion in 1982, which is 20 per cent higher than in 1981. The total consumption expenditure in 1982 amounted to Rs. 88.2 billion ; of this Rs. 80 billion was spent on private consumption while Rs. 8.2 billion was spent on government consumption. The Gross Domestic Capital Formation (GDCF) which includes stocks, amounted to Rs. 30.5 billion, a 29.0 per cent increase over the previous year.

The Gross Domestic Fixed Capital Formation (GDFC) amounted to Rs. 30.2 billion an increase of 29.9 per cent over the previous year at current market prices. The GDFC in the combined sector of public corporations and private sector recorded an increase of 32.0 per cent in 1982 to reach the level of Rs. 25.2 billion. The GDFC by the government sector increased by about 21.0 per cent to reach the value of Rs. 5.0 billion.

The value of capital goods imports increased by about 48 per cent in 1982 as against a 1.3 per cent decline in 1981. The import value of major capital goods in 1982 has increased by 156 per cent as against a 27 per cent decline in 1981. This increase was largely on account of the imports of ships and aircraft during the year.

TABLE 1.8

Some Selected Items of Imported Investment Goods

(c. i. f. value Rs. '000)

Item	1979	1980	1981	1982
1. Buses and Coaches ..	412,054	421,207	338,430	309,749
2. Lorries and Vans ..	317,824	765,460	771,071	658,875
3. Chassis fitted with Engines ..	282,538	235,296	59,317	222,518
4. Tractors ..	366,214	370,246	116,148	86,092
5. Bulldozers ..	196,168	512,351	350,451	362,904
6. Railway Locomotives and Accessories ..	471,686	300,043	123,124	169,589
7. Air Crafts and Helicopters ..	33,221	3,725	760	2,437,599
8. Marine Propulsion Engines and Outboard Engines ..	78,208	107,334	73,952	47,987
9. Ships, Tankers, Trawlers ..	5,218	6,721	421	999,327
10. Generators ..	15,030	117,457	264,984	145,220
11. Lathes, Milling Machines, Boring Machines etc. ..	39,079	91,659	38,591	35,013

Source: Customs, Sri Lanka.

The value of imported buses and coaches has declined by about 8.5 per cent, while the import of lorries and vans has declined by 15 per cent. The import of electricity generators, which more than doubled in 1981 has declined by about 45 per cent in 1982. On the other hand, the import of chassis fitted with engines has increased from Rs. 59.3 million in 1981 to Rs. 222.5 million in 1982. The import of bulldozers has increased by 3.6 per cent.

Capital formation due to construction has increased by 13.4 per cent in value as against a decline of 2 per cent in real terms. The value of construction work in the Mahaveli Development Programme has amounted to Rs. 6.5 billion.

Capital formation due to replanting and land development increased by 16 per cent in 1982. The replanting scheme in rubber exceeded the annual target to reach about 16,800 acres in 1982. In addition, about 4,100 acres have been newly planted with rubber.

TABLE 1.9
Import Content of Capital Expenditure

Rs. Million.

Item	1979	1980*	1981*	1982*
1. Gross Domestic Fixed Capital Formation ..	13,246	20,845	23,279	30,228
2. Imports of Investment Goods (c.i.f. value) ..	5,091	7,531	7,431	11,034
3. Import Content ..	38.4	36.1	31.9	36.5

* Provisional.

Sources: Central Bank of Ceylon,
Customs, Sri Lanka.

The import content in Gross Domestic Fixed Capital Formation which had been relatively high, in the range of 37 per cent during 1978-1980 had declined substantially in 1981. In 1982, however, it has once again increased to 36.5 per cent.

Availability and Utilization of Resources

The total resource availability in 1982, valued at current prices has been Rs. 147.0 billion, an increase of 18.0 per cent over the previous year. The economy received Rs. 100.3 billion worth of resources from domestic production and Rs. 46.7 billion worth of resources from the external sector. The share of the external sector in resource availability at 31.8 per cent was the same as in 1981. In the utilization of resources, consumption has absorbed 60.0 per cent in 1982 as against 60.2 per cent in 1981. Gross Domestic Fixed Capital Formation has increased by 20.6 per cent in 1982 as against 18.7 per cent in 1981. The share of exports in the total resource use is estimated at 19.3 per cent in 1982.

The total resource availability, valued at constant prices has increased by 4.1 per cent in 1982. Imports have increased by 2.1 per cent in 1982. The resource availability from the domestic economy has increased by 5.1 per cent as against 5.8 per cent in 1981. Consumption expenditure, valued at constant prices has increased by 1.9 per cent in 1982, while capital formation has increased by 5.8 per cent in 1982 as against 2.6 per cent in 1981. The exports of the economy have increased by 9.8 per cent in 1982 over the previous year.

Domestic Savings in 1982, excluding net factor income from abroad and private remittances are estimated at Rs. 12.1 billion. The domestic savings ratio has improved to 12.1 per cent in 1982 from 11.7 per cent in 1981. The total national savings which included net outflow of factor income and private transfers from abroad, have amounted to Rs. 15.3 billion. The national savings ratio in 1982 has been 15.3 per cent compared with the 14.3 per cent in 1981.

TABLE 1. 10
Total Resources and their Uses 1978 — 1982

Item	At Current Market Prices (Rs. Mn.)				At 1978 Prices						Percentage Increase						
	1978		1980*	1981*	1982*	1978		1980		1981		1982		1979	1981	1982	
	Amount	%	Rs. Mn.	Amount	%	Rs. Mn.	Amount	%	Rs. Mn.	Amount	%	Rs. Mn.	Amount	%	Over	Over	Over
1. Total Resources	59,537	102,983	124,563	147,027	147,027	59,537	100	71,600	100	75,233	100	78,328	100	11.0	5.1	4.1	
1.1 GDP at Market Prices	42,665	66,527	85,005	100,314	100,314	42,665	72	47,983	67	50,766	67	53,355	68	6.3	5.8	5.1	
1.2 Imports of Goods & Non Factor Services	16,872	36,456	39,558	46,713	46,713	16,872	28	23,617	33	24,467	33	24,973	32	23.0	3.6	2.1	
2. Utilization	59,537	102,983	124,563	147,027	147,027	59,537	100	71,600	100	75,233	100	78,328	100	11.0	5.1	4.1	
2.1 Consumption	36,148	59,084	75,061	88,212	88,212	36,148	61	43,616	61	46,967	63	47,859	61	11.8	7.7	1.9	
2.2 Gross Domestic Fixed Capital Formation	8,521	20,845	23,279	30,228	30,228	8,521	14	12,719	18	13,045	17	13,796	18	24.0	2.6	5.8	
2.2.1 Government	(3,077)	(4,709)	(4,126)	(4,993)	(4,993)	(3,077)	(5)	(3,804)	(5)	(3,328)	(4)	(3,346)	(4.3)	18.0	-12.5	0.5	
2.2.2 Public Corporations	(2,056)	7,553	19,153	(25,235)	(25,235)	(2,056)	(3)	(4,433)	(6)	(9,717)	(13)	(10,450)	(13.3)	27.4	9.0	7.5	
2.2.3 Private Sector	(3,388)	(8,583)	331	248	248	(3,388)	(6)	(4,482)	(7)	(7)	(7)	73	—	—	—	—	—
2.3 Stocks	33	1,620	331	248	248	33	—	587	—	103	—	—	—	—	—	—	—
2.4 Exports of Goods and Non Factor Services	14,835	21,434	25,892	28,339	28,339	14,835	25	14,678	20	15,118	20	16,600	21	1.0	3.0	9.8	

* Provisional

Source: Central Bank of Ceylon.

TABLE 1.11
National Savings 1978—1982
(At Current Market Prices)

(Rs. Million)

Category	1978	1979	1980*	1981*	1982*
1. G.D.P. at Market Prices ..	42,065	52,387	66,527	85,005	100,314
2. Domestic Savings ..	6,517	7,218	7,443	9,944	12,102
3. Net Factor Income from abroad ..	- 237	- 240	- 432	- 1,712	- 1,969
4. Net Private Transfers from abroad ..	342	754	2,260	3,918	5,170
5. National Savings ..	6,622	7,732	9,271	12,150	15,303
6. Domestic Savings ratio (2 as a % of 1) ..	15.2	13.8	11.2	11.7	12.1
7. National Savings ratio (5 as a % of 1) ..	15.5	14.8	14.0	14.3	15.3

Source: Central Bank of Ceylon.

* Provisional.

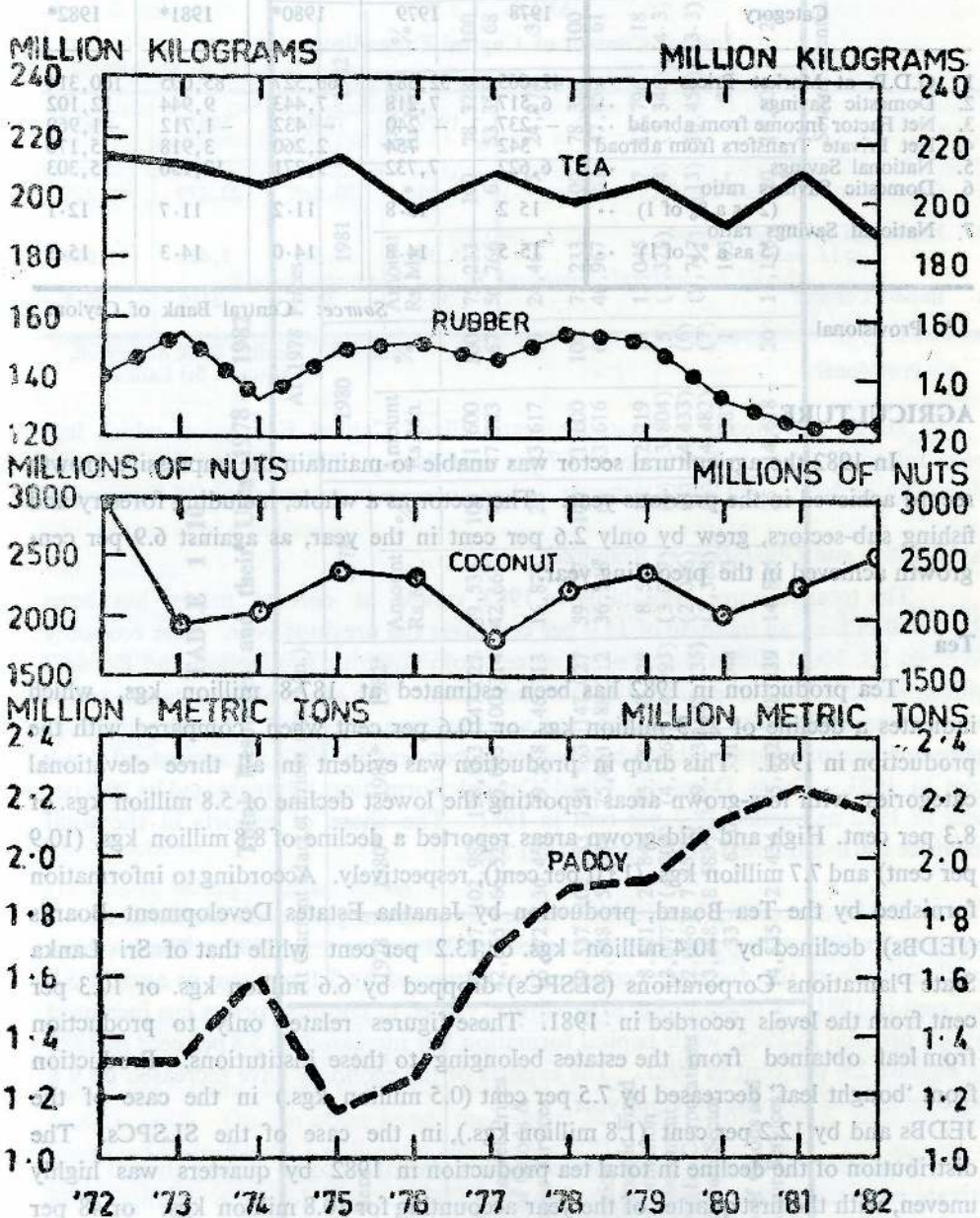
AGRICULTURE

In 1982 the agricultural sector was unable to maintain the impressive growth record achieved in the previous year. The sector as a whole, including forestry and fishing sub-sectors, grew by only 2.6 per cent in the year, as against 6.9 per cent growth achieved in the preceding year.

Tea

Tea production in 1982 has been estimated at 187.8 million kgs. which indicates a decline of 22.3 million kgs. or 10.6 per cent when compared with the production in 1981. This drop in production was evident in all three elevational categories, with low-grown areas reporting the lowest decline of 5.8 million kgs. or 8.3 per cent. High and mid-grown areas reported a decline of 8.8 million kgs. (10.9 per cent) and 7.7 million kgs. (13.0 per cent), respectively. According to information furnished by the Tea Board, production by Janatha Estates Development Boards (JEDBs) declined by 10.4 million kgs. or 13.2 per cent while that of Sri Lanka State Plantations Corporations (SLSPCs) dropped by 6.6 million kgs. or 10.3 per cent from the levels recorded in 1981. These figures relate only to production from leaf obtained from the estates belonging to these institutions. Production from 'bought leaf' decreased by 7.5 per cent (0.5 million kgs.) in the case of the JEDBs and by 12.2 per cent (1.8 million kgs.), in the case of the SLSPCs. The distribution of the decline in total tea production in 1982 by quarters was highly uneven, with the first quarter of the year accounting for 10.8 million kgs. or 48 per cent of the decline. This distributional pattern indicates that the severe drought that prevailed in the first quarter of 1982 adversely affected tea production during the year.

PRODUCTION OF PRINCIPAL AGRICULTURAL CROPS



Central Bank of Ceylon

TABLE 1.12
Tea Statistics 1980—1982

Item	Unit	1980	1981	1982(a)
1. Production	Mn./kgs.	191.4	210.1	187.8
1.1 High grown	"	72.6	80.5	71.7
1.2 Medium grown	"	55.6	59.3	51.6
1.3 Low grown	"	63.2	70.3	64.5
2. Registered extent under tea	'000 ha.	245	245	242
3. Yield	Kg./ha.	922	n.a.(b)	n.a.(b)
4. Fertilizer issues	'000 Mt. tons	109.9	103.3	102.7
5. Replanting (c)	Hectares	2,156	2,677	1,981
6. Prices				
6.1 Colombo net	Rs./kg.	17.73	17.71	22.52
6.2 Export f. o. b.	"	33.41	35.14	35.03
7. Cost of production (c)	"	18.71	18.79	21.97
8. Exports	Mn. kgs.	184.7	183.4	181.0
9. Export earnings	Rs. Mn.	6,170.1	6,444.0	6,342.2
	SDR Mn.	(287)	(284)	(276)
10. Value added as % of GDP (d)		6.1	5.0	4.7

Sources : Sri Lanka Tea Board;
National Fertilizer Secretariat;
Central Bank of Ceylon.

(a) Provisional.

(b) Average yield per hectare cannot be computed since accurate data on actual extent in cultivation are not available.

(c) Revised.

(d) In growing and processing only.

Fertilizer issues to the tea sector declined marginally by 600 metric tons to 102,700 metric tons during 1982 partly as a result of the price increase announced in September, 1981. Also, the drought that prevailed in the first quarter of 1982 led to a significant drop in fertilizer issues in the first quarter of the year. In contrast to the situation reported in the previous year, fertilizer application on tea plantations managed by the JEDBs and SLSPCs decreased considerably in 1982, by 13 per cent and 10 per cent, respectively. On the other hand, the data appear to indicate that fertilizer use on privately owned tea lands had increased unlike in the previous year. The increase in prices paid for green leaf during the latter part of the second half of 1982 and the improvement of tea prices at the Colombo auctions since about July, 1982 may have favourably affected the fertilizer use on privately owned tea lands.

The registered extent under tea cultivation decreased marginally in 1982, primarily as a result of the fall in extent under JEDBs and SLSPCs. However, since the tea land registers maintained by the Tea Commissioner's Division of the Tea Board have not been updated to reflect the changes in actual area cultivated with tea over the past several years, there appears to be a wide gap between the registered extent and the actual extent in cultivation. This is a serious matter for concern owing to the fact that proper development planning and evaluation of the performance of this important sector in the economy requires, among others, at least correct and reliable data on the actual extent under cultivation.

The available raw data indicate that the total extent in bearing dropped marginally by about 1 per cent in 1982. The JEDBs and SLSPCs too reported a marginal fall in extent in bearing on estates managed by them. Thus, the fall in production appears to have stemmed primarily from the decline in the average yield rather than from the lower extent in bearing during the year. More reliable data available in respect of the SLSPCs and JEDBs tend to confirm this hypothesis. The average yield per hectare dropped by 7 per cent and 6 per cent in the case of JEDBs and SLSPCs, respectively, when compared with the previous year. Meanwhile, according to the available raw data, the national average yield is estimated to have declined by about 10 per cent in 1982. This drop in average yield was a result of the drought that prevailed in the first quarter of the year.

The performance in regard to replanting has also been disappointing. The area replanted which showed a dramatic increase of 24 per cent in the preceding year decreased by 696 hectares or 26 per cent in 1982. The fall was primarily confined to estates under the SLSPCs. The extent replanted by the SLSPCs dropped from 1,289 hectares in 1981 to 747 hectares in 1982, a decrease of 42 per cent, while that of the JEDBs declined by 17 per cent from 775 hectares in 1981 to 640 hectares in 1982. Besides the unfavourable weather conditions that prevailed in the first quarter of 1982, liquidity problems experienced by the SLSPCs and JEDBs together with the increased cost of replanting explain the poor performance during the year. It is pertinent to note that the replanting subsidy given to the state sector is less than that given to smallholders and estates in private hands.

While the importance of accelerating replanting is recognized, there is an urgent need to place more emphasis on infilling as well. Infilling, unlike replanting, does not have short-term adverse effects on production. It is important to note that the decrease in bush density on many plantations has been identified as a major reason for the declining trend in production during the recent past. Therefore, it is worth considering an increase in the existing subsidy for infilling from the level of Rs. 2/- per infilled plant.

The average export (f.o.b.) price of tea decreased marginally by less than 1 per cent in 1982. The average net (of Ad valorem tax) Colombo auction price, however, showed a marked improvement of 27 per cent from Rs. 17.71 per kg. in 1981 to Rs. 22.52 per kg. in 1982. The improvement in prices occurred largely in the second half of the year and brought some relief to the tea industry faced with increasing costs of production and more or less stagnant prices.

The average cost of production (COP) per kg. of made tea is estimated to have increased from Rs. 18.79 in 1981 to Rs. 21.97 in 1982 (an increase of 17 per cent). Much of the benefits that would have accrued to the industry as a result of the price developments noted above would have been eroded as a result. The COP increase is attributable to the rise in wages which resulted primarily from the consolidation of allowances paid to the plantation workers in 1982¹. In addition, the full impact

1. Allowances paid to plantation workers, such as the Plantation Workers Additional Special Allowance (PWASA) and the Private Sector Special Allowance (PSSA), were consolidated into one allowance (e.g. Rs. 5.15 for male labour and Rs. 4.95 for female) according to Act No. 72 of 1981, Allowances to Plantation Workers.

of the increase in fertilizer prices in September, 1981 was felt in 1982. Further, the increase in cost of electrical power and the increased interest cost arising from increased dependence on bank borrowings also tended to push up the COP.

As in the previous year, smallholders were also operating in a context of a rising COP in 1982. In order to cushion the adverse impact of the price rise in fertilizer effected in September, 1981 on the smallholder sector, the minimum price payable for green leaf supplied by the smallholders was raised from Rs. 2.53 per kg. to Rs. 2.86 per kg. with effect from 1st January, 1982. This was increased again to Rs. 3.10 per kg. in May, 1982 to improve their margins further. At the same time, since the cost of processing green leaf into made tea rose primarily owing to the higher electricity charges, the amount deductible as manufacturing charges for processing of bought green leaf of private holdings by the factories coming under the 'Price Support Measure Scheme' (PSMS) was increased in May, 1982 from Rs. 6.12 per kg. to Rs. 6.50 per kg.

Despite the increase in minimum prices, the bulk of the smallholders who cultivate holdings below about 2 hectares would obtain prices well below the guaranteed minimum price, owing to the imperfections in the green leaf market dominated largely by various types of middlemen dealers. Evidently, market imperfections are a major factor constraining the development of the tea smallholdings in the country. Also, as noted in the previous year's Annual Report another important constraint is the lack of easy access to institutional credit for these growers. Several micro-level studies have shown that tea smallholders depend almost entirely on non-institutional sources for their credit needs. This heavy dependency appears to have significantly reduced the bargaining power of the smallholders in the green leaf market, thereby resulting in lower bought leaf prices.

The Tea Smallholdings Development Authority (TSHDA) continued to serve the tea smallholders in certain areas, particularly in the Southern Province where a dynamic smallholdings sector is found at present. The TSHDA operated six factories in 1982 primarily to process green leaf produced on smallholdings. One of these, Neluwa-Medagama factory in the Hiniduma electorate where smallholders were faced with a severe problem of lack of processing facilities, was opened in March, 1982. Considerable progress was also made in the construction activities of the other four factories being built in the Hiniduma electorate, one of which is scheduled to be commissioned in early 1983. Also, partially fulfilling a long-felt need, the TSHDA has taken steps to strengthen its limited extension staff for the benefit of the smallholders. Although it is important to build new factories in areas where serious shortages of factory capacity exist, the TSHDA should not try to pursue this policy too far, given the constraints of funds. Perhaps, it may be more beneficial to the smallholders in the country if the TSHDA places greater emphasis on improving extension services and fertilizer distribution together with the marketing facilities available to them. A concerted effort to introduce a comprehensive credit scheme for the smallholders with the co-operation of commercial banks could also prove useful. The Fertilizer Credit Scheme for Tea Smallholders came into operation on a pilot basis in the Matara district in 1982. Although useful, it appears to be

inadequate to meet the credit needs of the smallholders. While it is too premature to make any generalizations as regards the benefits of the scheme, it appears from the data available that the scheme tends in its implementation to benefit the more well-to-do farmers rather than credit needy farmers who cultivate average holdings of about 1-2 hectares in extent.

The JEDBs and SLSPCs continued to face more or less the same set of problems that they were confronted with in the previous year. The rising trend in COP at estate level continued. Tentative data indicate that the estate level COP of these institutions increased in 1982 by about 25 per cent. As explained earlier, the higher fertilizer prices and electricity charges together with higher wages explain the bulk of this upward movement in COP. However, according to provisional data, the SLSPCs appear to have been able to reduce their negative producer margin significantly. It appears that, unless urgent measures are taken to improve productivity and reduce heavy dependence on bank borrowings to meet working capital requirements, the rate of increase in the unit cost of production cannot be slowed down in the near future.

Rubber

Rubber production in 1982 has been provisionally estimated at 125 million kgs. indicating a marginal increase of 1 million kgs. (about 1 per cent) over the production in the previous year. This improvement resulted entirely from the better production levels reported by the private sector including smallholders. The relatively better prices of lower grade rubber evidently induced some smallholders to resort to slaughter tapping. The favourable weather conditions that prevailed during most of the year may also have contributed to the improvement in production.

TABLE 1.13
Rubber Statistics 1980 - 1982

Item	Unit	1980	1981(a)	1982(b)
1. Production	Mn. Kgs.	133	124	125
2. Area				
2.1 Under cultivation	'000 ha.	227.3	205.6	205.7
2.2 Under tapping	"	185.6	176.0	171.5
3. Yield	Kg./ha.	718.0	705.0	726.0
4. Fertilizer issues	'000 Mt.	22.0	16.8	16.5
5. Replanting	Hectares	5,434.0	6,442.0	6,782.0
6. Prices				
6.1 Exports f. o. b.	Rs./Kg.	21.42	21.80	17.68
6.2 Colombo R.S.S.I	"	10.62	10.04	10.18
7. Cost of Production(c)	"	8.20	8.92	9.66
8. Exports	Mn. Kgs.	121.0	132.5	131.3
9. Domestic consumption	"	14.9	16.2	16.4
10. Export earnings	Rs. Mn.	2,590.5	2,889.0	2,322.6
	(SDR Mn.)	(120)	(128)	(101)
11. Value added as % of GDP (d)		2.9	2.3	2.1

Sources: Rubber Control Department;
National Fertilizer Secretariat;
Central Bank of Ceylon.

(a) Revised

(b) Provisional

(c) Weighted average cost of production of public sector estates, private sector estates and smallholdings.

(d) In growing and processing only.

The extent uprooted during the year amounted to 7,083 hectares. This extent exceeded the new areas which came into bearing during the year, thus leading to a fall in extent under tapping by about 3 per cent. This declining trend in area under tapping is likely to continue for several years in the future owing to the poor replanting performance in the past and the planned acceleration of replanting activities in the years to come.

The average yield per hectare in 1982 rose by 21 kgs. or 3 per cent to 726 kgs. when compared with that of the previous year. However, the average yield continues to remain far below the most recent peak yield of 845 kgs. per hectare which was reported in 1978. Since the JEDBs and SLSPCs, which together account for about 32 per cent of the total extent under rubber, reported a fall in average yield on their estates by 1 per cent and 5 per cent, respectively, it appears that yield on the privately owned rubber lands has improved significantly during 1982.

Fertilizer issues to the rubber sector continued to decline for the third consecutive year and amounted to 16,500 metric tons in 1982. There has been a marginal decrease in issues of 300 metric tons or 2 per cent when compared to the amount issued in 1981. However, the JEDBs and SLSPCs each reported a greater decrease of 1,100 metric tons in the amount of fertilizer application. Consequently, it appears that issues to the private sector increased. The available data indicate that although the private sector accounts for nearly 68 per cent of the total extent under rubber, it accounts for only about one third of the total amount of fertilizer used in the rubber sector. Evidently, the bulk of the private owners do not use any fertilizer at all on mature rubber lands. Thus, given the fairly high positive correlation between fertilizer application and average yield, improved fertilizer use in the private sector rubber lands, deserves to be given greater attention.

The area replanted rose by 5 per cent from 6,442 hectares in 1981 to 6,782 hectares in 1982, despite a 40 per cent drop in the extent replanted by the JEDBs and SLSPCs. It appears that the increase in the replanting subsidy in 1981, coupled with the implementation of the rubber rehabilitation programme under World Bank assistance in the Kalutara, Kegalle and Ratnapura districts, have had a significant favourable impact on the replanting performance in the private sector. During 1982, 3,029 hectares were replanted in the three districts referred to above under the rehabilitation programme. Although the replanting achievements in 1982 exceeded the target for the year by 682 hectares, considering the slow pace of replanting in the past, a much higher rate of achievement is essential to clear the backlog.

New planting also showed a significant improvement in 1982. The extent newly planted increased from 1,056 hectares in 1981 to 1,650 in 1982, an increase of 56 per cent. In a context where the subsidy for new planting remained unchanged,

while cost of new planting was increasing, this improvement is remarkable. About 70 per cent of the newly planted extent during 1982 was in the private sector while the state sector accounted for only about 30 per cent.

The cost of production (COP) of rubber increased both in the public sector and the private sector. The public sector estates usually experience a much higher rate of increase in COP than the private sector mainly due to the increase in the cost of labour. The private sector estates and smallholdings were able to contain the increase in COP within reasonable limits mainly by keeping wage rates below those on the public sector estates.

There is scope for improvement in the rubber smallholder sector by the provision of better extension services, processing and marketing facilities. Incorrect tapping methods adopted by many smallholders seem to reduce the long term latex yield and the productive life-span of trees. Also crude methods of processing of latex adopted by many smallholders together with market imperfections appear to lower the quality as well as the price. In this respect, there is an urgent need to revive the scheme of group processing of smallholders' rubber and rehabilitate the already existing group processing centres in various rubber producing areas. It is doubtful whether the smallholder sector can be placed on a sustainable growth path without such group activities involving both the smallholders themselves and the service institutes, such as the Rubber Research Institute. Unlike in the previous year, the local consumption of rubber showed only a marginal increase from 16.2 million kgs. in 1981 to 16.5 million kgs. in 1982. However, there appears to exist ample scope for expansion of rubber based industries in the country to boost export earnings from rubber. The realization of this potential, however, depends to a large extent, upon the incentives that would be provided to such industries.

Coconut

One of the significant achievements in the production of export crops in 1982 was in coconut. Coconut production in 1982 reached a peak which has not been achieved since the early 1970s. Production has been estimated at 2,510 million nuts, representing an 11 per cent increase over 1981. This achievement was primarily due to the fact that the coconut growing areas experienced favourable weather conditions during the latter part of 1981 and the last three quarters of 1982. The liberalization of controls that characterised the coconut export trade also contributed to the positive response exhibited by producers. However, the country was unable to reap the maximum benefits of this growth in production, owing to the unfavourable price developments for coconut products in the world market.

The 40 per cent increase in the export volume of kernel products was even more remarkable. However, despite this remarkable increase in volume the value of exports of coconut kernel products remained approximately the same

as in the previous year, due to the depressed prices in the world market. The impact of the deterioration in international prices was immediately felt by the local producers. With export duties being virtually nil on coconut oil exports the government was compelled, as a form of relief to the industry, to introduce a Price Support Scheme for coconut oil in April, 1982. Later, in September, 1982, a similar scheme was introduced for desiccated coconut (DC) with the primary objective of assisting coconut growers to obtain a more remunerative price for their nuts.

Coconut oil production and desiccated coconut production increased by 35 per cent and 4 per cent, respectively, when compared to the previous year. This somewhat skewed growth in favour of the coconut oil industry was partly due to the timing of the introduction of the price support schemes mentioned earlier. Despite the fact that the rate of decrease in DC prices was much higher than that of coconut oil, which has a substantial local market, it was the price support scheme for the latter which was introduced first and the scheme for the DC sector came much later in the year.

TABLE 1.14
Coconut Statistics 1980—1982

Item	Unit	1980	1981	1982(a)
1. Production(b)	Mn. Nuts	2,026	2,258	2,510
1.1 Desiccated coconut	Mn. Nuts(c)	217	276	286
1.2 Coconut oil	Mn. Nuts(c)	500	605	815
1.3 Copra(d)	Mn. Nuts(c)	1	10	19
1.4 Fresh coconut exports(e)	Mn. Nuts	—	2	9
1.5 Domestic consumption(f)	Mn. Nuts	1,326	1,350	1,371
2. Average price				
2.1 Colombo	Rs./Nut	1.48	1.80	1.64
2.2 Export f. o. b.	Rs./Nut	3.13	2.45	1.76
3. Fertilizer issues	'000 Mt. tons	55.8	37.7	30.2
4. Cost of production	Rs./nut	0.40	0.55	0.57
5. Export earnings	Rs./Mn.	1,234	1,438	1,497
	(SDR·Mn.)	(57)	(64)	(65)
5.1 Kernel products	Rs. Mn.	754	1,011	1,003
	(SDR Mn.)	(35)	(45)	(44)
5.2 Other products	Rs. Mn.	480	427	494
	(SDR·Mn.)	(22)	(19)	(21)
6. Value added as % of GDP(g)		4.1	4.1	4.1

Sources: Coconut Development Authority;
National Fertilizer Secretariat;
Central Bank of Ceylon.

(a) Provisional.

(b) Estimate (breakdown does not sum to total production due to adjustment for changes in copra stocks)

(c) In nut equivalent converted at 1 Mt. ton D. C = 6,800 nuts;

1 Mt. ton oil = 8,000 nuts and

(d) Exports only. 1 Mt. ton copra = 4,925 nuts.

(e) Export of fresh nuts was resumed in May, 1981 after a long period of restrictions.

(f) Estimated on the basis of per capita consumption of 90 nuts/year.

(g) In producing and processing only.

Under the Price Support Scheme for coconut oil, the Coconut Development Authority purchased oil from registered millers at Rs. 9,500 per metric ton. The millers, in turn, were expected to purchase copra at Rs. 1,400 per candy, thereby ensuring a minimum price of Rs. 1,000 per 1,000 nuts to the producer. Having been instituted early in the year this scheme played a useful role in helping to maintain producer prices at remunerative levels. The nut prices rose from around Rs. 650 in April to Rs. 1,000 per 1,000 nuts towards the end of the year.

While domestic prices of DC declined by 23 per cent in 1982, its production maintained an increasing trend during the first five months of the year and, then declined by 22 per cent during the second half of the year when compared to the same period last year. The Price Support Scheme for DC was introduced in September, 1982 at the special request of DC millers shortly after the decline in production commenced. There was, however, insufficient time for the scheme to have any definite impact on production, because it was implemented somewhat late in the year. Under this scheme, desiccated coconut millers were supported by a grant of Rs. 1,000 per metric ton of DC of exportable quality manufactured by them. The millers in turn were required to ensure that the producers from whom they purchase nuts received at least Rs. 1,000 per 1,000 nuts. In November, 1982, this scheme was revised, increasing the grant given to D.C. millers to Rs. 2,000 per metric ton as millers were reportedly unable to ensure the minimum price to producers at the rate specified earlier.

Fertilizer issues for coconut lands in 1982 continued on a declining trend, decreasing further by 20 per cent to 30,200 metric tons. This deterioration was more pronounced in the first and third quarters of the year. As cost of fertilizer application accounts for about 35 per cent of the cost of production of coconut, it appears that growers were applying fertilizer more frugally and at the most productive time to reap maximum benefits.

Despite the crucial need for credit for fertilizer, the number of loans granted and the total amount disbursed under the Coconut Fertilizer Credit Scheme have declined consistently. The number of loans granted by both the People's Bank and the Bank of Ceylon amounted to 1,198 in 1982, a decline of 31 per cent when compared to the 1,748 loans granted by them in 1981. The total amount disbursed consequently declined from Rs. 10.2 million to Rs. 9.1 million or by 11 per cent. Since the inception of the scheme in 1979, 19,288 metric tons of fertilizer have been purchased under the credit scheme. This amounts to only 11 per cent of the total amount of fertilizer issued to the coconut sector during the same period.

Only 198 hectares of coconut land were intercropped in 1982. This represents a 44 per cent decline in the area intercropped. Intercropping has been on a steady decline since 1980. The area intercropped in 1980 and 1981 amounted to 573 hectares and 355 hectares, respectively. This decline was seen in all three categories of crops covered by the intercropping subsidy scheme (i.e. coffee, cocoa and pepper), but, as in the previous year, it was most pronounced in cocoa, which declined by 87 per cent. The area intercropped with coffee and pepper declined by 44 per cent and 33

per cent, respectively. Subsidies for the intercropping of cocoa were granted for only 3 hectares, compared to 24 hectares in 1981. During the past two years, only 17 permits for intercropping of cocoa were issued each year. It appears that the popularity of cocoa as an intercrop is diminishing steadily. However, coffee has emerged as the most popular of the intercrops. Permits issued for intercropping of coffee amounted to 755 (141 hectares), which, despite a substantial drop from the 1,526 permits (251 hectares) issued in 1981 were by far the largest of all three intercrops.

Response to the subsidy scheme for intercropping has been slow and interest in the scheme appears to be gradually waning. This is mainly due to the damage caused to intercrops by intermittent droughts. The total extent intercropped under the scheme has been small and, moreover, the area receiving second and third instalments has declined steadily, indicating a high degree of neglect of intercropped land after the first subsidy instalment is obtained. It is essential to move away from the traditional view of coconut lands as strictly monocultural holdings. Intercropping stands out as a means of generating additional income to growers, which in the long run will not only ensure the economic viability of coconut lands, but also may enable coconut growers to undertake more beneficial cultivation practices to improve productivity.

The extent of coconut land rehabilitated during the year amounted to 11,200 hectares, a 27 per cent decline when compared to the area rehabilitated during the previous year. The subsidy payments for rehabilitation declined by 20 per cent to Rs. 5.7 million. The total extent underplanted and replanted at 3,543 hectares, having shown a considerable improvement (a 30 per cent increase) in 1981, remained approximately at the 1980 level during 1982. Subsidy payments for this purpose declined marginally from Rs. 13.7 million in 1981 to Rs. 12.9 million in 1982. Newly planted area, which more than doubled from 1980 to 1981, rose only marginally by less than 1 per cent in 1982, from 5,259 hectares in 1981 to 5,291 hectares. Subsidy payments for new planting rose by 12 per cent to Rs. 15.5 million. It appears that planting and rehabilitation activities during the year have stagnated somewhat in comparison to the increasing trend shown in the previous year. As mentioned in last year's Annual Report too, this is unfortunate in the light of the substantial extent of coconut land that has gone out of production due to senility, accelerated development activities and the cyclone in 1978. Unless a more concerted effort to maintain and accelerate replanting and new planting activities is made, the production base for the future would be severely undermined.

Minor Export Crops

Minor Export Crops refer to a series of perennial crops, the produce of which is mainly exported. However, most of these crops, perhaps with the exception of cinnamon and cardamom, are grown in 'mixed gardens' or 'home gardens' in small holdings. Because of this it is extremely difficult to obtain accurate data either on actual extent in cultivation or on production. This makes any analysis of the development of this sector a difficult task. However, given the fact that the bulk of the production of these crops is exported the export volume may be used as a reasonable proxy for production.

Thus, judging by the 43 per cent increase in export volume, coffee production appears to have increased significantly in 1982. However, export volume data indicate that production of all other important minor export crops has suffered a significant setback during the year.

The Department of Minor Export Crops continued to operate the assistance scheme for promoting the cultivation of these crops during 1982. The total extent planted in 1982 under the Minor Export Crop Assistance Scheme has shown a marginal increase over the previous year. Reflecting the generally favourable export prices that prevailed in the recent past, new planting of pepper, coffee and cloves under the subsidy scheme indicated a considerable improvement during 1982.

Although minor export crops at present contribute only a small proportion (about 4 per cent) of total export earnings, there is a vast potential for expansion of these crops in coconut, rubber and uneconomical tea lands. In fact, there is ample room for expansion of crops such as cocoa, coffee and pepper as intercrops in coconut lands and several other minor export crops as intercrops in rubber lands. Undoubtedly, a system of mixed cropping in these lands, if properly done, could be more economical than a system of monocropping. Such a system could also lead to more employment and better utilization of scarce land resources in the country. In this respect, JEDBs and SLSPCs which together manage about 270,000 hectares of tea, rubber and coconut lands can play a major role.

In the small holding sector, use of better varieties for cultivation, adoption of other improved cultivation practices such as use of fertilizer, pest and disease control measures together with new planting to replace low yielding old plants are required to raise production.

Paddy

The impressive gains achieved in the production of paddy in the past received a temporary setback due to adverse weather conditions, particularly during Maha, 1981/82. The Department of Census and Statistics has estimated paddy production in 1982 at 2.16 million metric tons (103.3 million bushels of paddy or 1.5 million metric tons of rice). This represents a decrease of 3.3 per cent when compared to production in the previous year. Paddy production in Maha, 1981/82 was estimated at 1.4 million metric tons (65 million bushels), a decline of 159,575 metric tons or 11 per cent when compared to the previous Maha season. The Maha, 1981/82 harvest accounted for 63 per cent of the total production in 1982, whereas the corresponding Maha, 1980/81 harvest accounted for 68 per cent of the production in 1981. Production in Yala, 1982, however, recorded a substantial increase of 12 per cent and was estimated at 792,849 metric tons (38 million bushels).

The marginal decline in paddy production in 1982 was due to the shortfall in production which occurred during the Maha season. The significant drop in production during the 1981/82 Maha season can be attributed to the fact that a substantial extent of the area sown was abandoned or damaged as a result of the drought

which prevailed in the first quarter of the year. The decline in fertilizer issues may also have had an adverse effect on Maha production. The production level achieved in Yala, however, was the highest ever recorded during a Yala season, and helped partially compensate the losses sustained during Maha. The increased production in Yala, 1982 was primarily the result of substantial increases in yield in the major producing districts.

TABLE 1.15
Paddy Statistics 1981—1982

Item	Unit	1981			1982 (a)		
		Maha	Yala	Total	Maha	Yala	Total
Gross extent sown	'000 Hectares	597	280	877	568	277	845
Fertilizer issues(b)	'000 Mt. Tons	111	54	165	92	49	141
Credit granted	Rs. Mn.	71	26	97	114	13	127
Extent under improved seeds	'000 Hectares	577	262	839	515	248	763
Gross extent harvested	'000 Hectares	565	272	837	479	268	747
Yield per hectare(c)	Kgs.	3,005	2,933	3,014	3,150	3,332	3,260
Net extent harvested	'000 Hectares	501	239	740	424	237	661
Production	'000 Mt. tons	1,523	707	2,230	1,363	793	2,156
Purchases under GPS	..	98.2	0.6	98.8	71	13	84
Purchases under Tender Scheme (d)	..	28.3	0.5	28.8	—	—	—
Imports (paddy equivalent)	..	170	55	225	70	159	229

Sources : Department of Census and Statistics;
Department of Agriculture;
Ministry of Agricultural Development and Research;
Paddy Marketing Board;
Ceylon Fertilizer Corporation.

(a) Provisional.

(b) The fertilizer issues during cultivation year and calendar year are invariably different. Calendar year counts from January to December. Cultivation year comprises Maha (Sept/Oct. - March/April) and Yala (April/May - August/September).

(c) Yield per hectare for Maha and Yala are calculated using data from the Department of Census and Statistics which are based on crop cutting surveys, while total yield is calculated by dividing total production by the net extent harvested.

(d) The Tender Scheme was started in February, 1981.

While total production in 1982 registered a marginal decrease, the average yield per hectare increased from 3,014 kgs. in 1981 to 3,260 kgs. This increase of 246 kgs. in yield during 1982 is a significant achievement when compared with the improvement of 86 kgs. recorded during the preceding year. The average yield in Maha, 1981/82 rose by 145 kgs. (or 5 per cent) when compared with the preceding Maha season. Although, in this season the average yield in areas under minor irrigation schemes increased by an impressive 12 per cent, the yield in areas under major irrigation schemes rose by only 3 per cent. This is particularly disappointing

given the fact that rainfed areas too reported a 2 per cent improvement in yield per hectare amidst adverse weather conditions. Since new land has been brought under cultivation in major irrigation schemes at a very high capital cost per hectare, the potential for yield improvements that now exists should be exploited as quickly as possible.

According to the provisional data for Yala, 1982, the average yield in this season rose by 399 kgs. per hectare or 14 per cent, largely due to the significant improvement that occurred both in areas under major and minor irrigation schemes. Unlike during Maha, the average yield in areas under both major and minor irrigation schemes improved significantly by 19 per cent and 18 per cent, respectively, while that in the rainfed areas increased by 9 per cent. In Yala, 1982, both major and minor irrigation schemes reported a higher average yield than what was achieved in the Maha season.

Despite an impressive increase in average yield, the extent under new improved varieties decreased by 9 per cent to 763,000 hectares during the 1982 cultivation year. This is a setback when compared to the 23 per cent increase in extent brought under new improved varieties during 1981, at which time 839,000 hectares were planted. This decrease may be partially due to the 11 per cent decrease in extent under improved varieties during Maha, when the drought conditions coupled with higher fertilizer prices may have proved a disincentive to the use of improved varieties.

Due to the persistent shortage of water and the high yield potential of the shortage varieties of rice (3-3½ month gestation) which are presently available, it appears that farmers have begun to shift to the cultivation of shortage varieties in both seasons rather than simply during the Yala season. Due to the shorter growth duration of these varieties, farmers have less time for good crop management. Therefore, the Central Rice Breeding Station at Batalagoda has developed a new variety, BG 380-2, which matures in 4 months and has a high yield potential. The use of this new variety should minimise any production losses and management lapses which may have resulted from the shift toward shortage varieties, as well as provide an incentive for the further use of new improved varieties.

The total sown extent of paddy in 1982 decreased by 32,816 hectares (or 4 per cent) when compared to the previous year. This was primarily due to the 5 per cent decrease in sown extent during Maha, 1981/82. During the previous Maha season, the extent sown in both rainfed areas and the areas under minor irrigation recorded decreases of 3 per cent and 20 per cent, respectively, while the extent sown in areas under major irrigation increased by 4 per cent. The difference between the sown and harvested extent in 1982 was 98,515 hectares, or 12 per cent of the gross sown extent. This is more than double that of the corresponding figure for the previous cultivation year which was 40,121 hectares or 5 per cent of the gross sown extent. For Maha, 1981/82 this difference was 89,096 hectares or 16 per cent of the extent sown during the season. In Yala, 1982 this difference amounted to only 3 per cent of the extent sown. The substantial increase in the incidence of crop failure during 1982 was primarily the result of the severe drought that prevailed during the first quarter, which took its toll of the Maha harvest.

There was a decline in fertilizer issues to the paddy sector. Issues to this sector during the cultivation year 1982, decreased by 29,398 metric tons. This represents a decline of 14 per cent when compared to the amount issued in 1981. Issues during Maha declined by 17 per cent while those during Yala declined by 9 per cent. The average amount of fertilizer issued per sown hectare dropped by 12 per cent, from 186 kgs. in Maha, 1980/81 to 163 kgs. in Maha, 1981/82. The corresponding figure for Yala, 1982 decreased by only 8 per cent from 193 kgs. in 1981 to 177 kgs. in 1982. Adverse weather conditions during the Maha season in conjunction with the higher fertilizer prices announced in September, 1981 explain this drop in fertilizer issues.

Purchases of paddy under the Guaranteed Price Scheme (GPS) by the Paddy Marketing Board (PMB) during 1982 amounted to 84,101 metric tons indicating a decline of 15 per cent when compared to 1981. As in 1981, the increased role of the private sector contributed to the reduced purchases of paddy by the PMB. The decline in production during Maha, when the majority of purchases are made, would also have contributed to the lower level of purchases. As in previous years, the bulk of the purchases (83 per cent) were made in the dry zone surplus districts, particularly in Amparai, Trincomalee and Anuradhapura. While less than 1 per cent of the PMB's purchases during 1981 were made during the second half of the year, the PMB was able to purchase 16 per cent of its total paddy purchases in 1982 during the second half of the year, primarily due to the vast improvement in the Yala harvest.

In 1981, under the Tender Scheme which was introduced to attract paddy from private trading sources, the PMB was able to purchase 28,850 metric tons. However, no purchases were made under this scheme in 1982. It appears that the scheme was subjected to considerable interference from middlemen and hence not operated during the year. In 1981, 56 per cent of the total purchases by the PMB were direct purchases from farmers. During 1982 the PMB made a concerted effort to increase this share of direct purchases from farmers, particularly in deficit districts where private traders play a reduced role. Nevertheless, taking into account total purchases made by the PMB in 1981, inclusive of the Tender Scheme, the PMB procured 34 per cent less paddy in 1982 than in the previous year.

Given the fact that the open market price of paddy remained far above the guaranteed price (on average Rs. 72/-) throughout 1982, the PMBs' reduced purchases are not surprising. However, the PMB appears to have played an important role as a floor price operator, preventing a sharp fall in prices below GPS prices during harvesting seasons, particularly in surplus districts. The PMB commenced large scale milling in July, to enable it to have sufficient stocks to counteract the expected increases in the price of rice during the last quarter of the year. Further, the PMB sold a substantial quantity of rice through mobile units as well as transferred stocks to the Food Commissioner in the last quarter. The prices of all qualities of rice are reported to have increased by only 4 per cent, on average, from the first to the latter half of 1982. In 1981, over the same period, the corresponding increase was 12 per cent. There is some evidence to indicate that the PMB contributed towards arresting the increase in prices which usually occurs over this period.

Sugar

Sugar production (net of production from sweepings purchased from the Food Commissioner) by the Sri Lanka Sugar Corporation in 1982, has been estimated at 22,783 metric tons. This indicates a decrease of 4 per cent when compared with the production for the previous year. The production at Hingurana factory reported a marginal decrease of 1 per cent, while Kantalai factory reported an 8 per cent decrease. The drop in production at both factories was mainly due to the lower supply of cane available for processing.

The extent under cane (extent planted plus ratoonings) managed by the Hingurana factory decreased by 14 per cent, while the area harvested dropped by 4 per cent in 1982. The amount of cane harvested declined by 9 per cent, owing to the 5 per cent decline in yield and the lower extent harvested. However, the supply of cane to the factory by the private sector reported a dramatic increase of 43 per cent, when compared with that of the previous year. This increase in supply of cane by the private sector offset, to a large extent, the adverse impact of the decline in the amount of cane harvested by the factory. The private sector accounted for 22 per cent of the total amount of cane processed at the Hingurana factory in 1982, as against the corresponding share of 15 per cent in 1981.

The extent under sugar cane managed by the Kantalai factory increased by 8 per cent, while the area harvested remained unchanged at the previous year's level. However, since the average yield per hectare dropped by 14 per cent in 1982, the amount of cane harvested declined by 14 per cent in comparison with the previous year. Unlike in the case of Hingurana, supply of cane by the private sector to the Kantalai factory was negligible, as in previous years.

Sugar recovery rates of both factories, estimated to be 7.8 per cent, increased when compared to last year, but were still far below those achieved in other major sugar producing countries. On the whole, the performance of the two factories indicates that there is much room for improvement of efficiency both with respect to cultivation and processing.

Smallholder participation is a major characteristic of cane cultivation in Hingurana. At present, marketing problems prevent cultivators from getting a good return on their crop. The Sugar Corporation should make a concerted effort to provide better marketing facilities to the smallholder growers in Hingurana. Also, a better system of extension to promote fertilizer use and other improved cultivation practices, particularly the use of healthy seed cane of good varieties, is essential to improve the smallholders' sugar cane cultivation in the area.

Since local production of sugar is adequate to meet only about 10 per cent of the total sugar requirements of the country, the government has extended a series of incentives to attract private sector participation in the field of sugar cane cultivation and processing. There were indications in 1982 that the private sector would respond positively to these incentives and mobilize its resources to develop

the sugar industry in the country. In addition, a new state-owned factory at Sevenagala in the Moneragala district is being constructed with financial assistance from the Asian Development Bank.

Minor Food Crops

The increasing trend observed during the past two years in the production of minor food crops continued into 1982. The area under all minor food crops, for which data are available, increased significantly with the exception of sorghum and cowpea. This expansion in area cultivated together with the improved producer prices were the main factors which contributed to the better performance of this sector during 1982. This increase in production was achieved in a context where fertilizer issues to this sector decreased by about 8 per cent when compared with the previous year.

A noteworthy achievement during the year was the considerable increase in soya bean production. In Maha, 1981/82 alone, soya bean production showed a nearly six-fold increase over the production in the previous Maha. The existence of the floor price scheme, the higher demand generated by the food processing industry, together with the increase in farmers' knowledge of cultivating this crop, explain this dramatic improvement in production. Production of Bombay onions also showed a marked improvement over the previous year. No significant improvement was observed in potato production apparently due to the problems associated with availability and distribution of good seed potatoes for cultivation. When compared with 1981, cowpea production appears to have dropped, perhaps owing to the greater availability of imported dhal at attractive prices in the market.

The Mahaveli 'H' area continued its contribution to the improvement in subsidiary food crop production, particularly the production of chillies. The extent under minor food crops in this area rose substantially. The shift by some farmers from paddy to minor food crops because they wished to obtain higher returns and also because they were faced with a shortage of water for paddy cultivation seems to be a major factor responsible for this increase.

There is a vast potential as well as a need for the development of subsidiary food crop cultivation in the country. At a time when the country is moving fast towards achieving self-sufficiency in rice production, concerted efforts to induce farmers to realize this potential can improve their incomes as well as the state of the agricultural economy. For this purpose it is vitally important to intensify the extension network and improve marketing facilities, both of which appear to constrain the accelerated development of this sector at present.

Fertilizer

The total amount of fertilizer issued during 1982 increased by 13,100 metric tons or 4 per cent. Data on crop-wise issues indicate, however, that except the paddy sector all other major crop sectors experienced a decline in issues. The coconut sector reported the largest decline in issues, 7,500 metric tons or 20 per cent,

when compared with the issues made in 1981. The issues to the tea and rubber sectors dropped marginally. The minor food crop and minor export crop sectors too reported a marginal decline in fertilizer issues. Issues to the paddy sector, on a calendar year basis, rose by 11,600 metric tons or 7 per cent over the amount issued in 1981, while issues to unspecified crops which had declined in 1981 showed a substantial increase of 35 per cent.

An analysis of quarterly data on fertilizer issues indicate that the drop in issues to the tea sector occurred almost entirely during the first quarter of the year at which time severe drought conditions prevailed. Although the issues picked up in the third and fourth quarters of the year, the increase achieved in these two quarters was not large enough to offset the impact of the significant drop in the first quarter. The picture regarding issues to the rubber sector was more or less the same. Issues to the paddy sector continued to drop during the first three quarters and increased significantly in the fourth quarter, more than offsetting the drop in the first three quarters. The coconut sector continued to experience a drop in fertilizer issues in all quarters, but the drop in the last quarter of the year was marginal.

TABLE 1.16
Fertilizer Issues by Crops — 1979-1982

Crop	'000 mt, tons			
	1979	1980	1981	1982(a)
1. Paddy	130.4	190.0	155.6	167.2
2. Tea	105.2	109.9	103.3	102.7
3. Rubber	23.2	22.0	16.8	16.5
4. Coconut	49.6	55.8	37.7	30.2
5. Minor food crops	—	—	14.8	13.5
6. Minor export crops	—	—	3.2	2.3
7. Other	64.0(b)	62.0(b)	34.9	47.0
Total	372.4	439.7	366.3	379.4

Sources: Ceylon Fertilizer Corporation;
National Fertilizer Secretariat.

(a) Provisional.

(b) Includes fertilizer issues to the minor food crop and minor export crop sectors.

Thus, the quarterly data seem to indicate that the picture of fertilizer issues to all major crop sectors improved somewhat by the last quarter of the year. However, it is still too premature to state whether this favourable trend would continue into 1983. The lagged effect of the price increase of fertilizer announced in September, 1981 together with the severe drought that prevailed during the first quarter of 1982 explain the drop in fertilizer issues during the first quarter of the year.

In the recent past the share of fertilizer cost in total cost of production has risen markedly in all crop sectors. Also it has become difficult to contain the state subsidy bill on fertilizer within reasonable limits. The provision for the fertilizer subsidy in the 1982 Budget amounted to Rs. 1,000 million. In this context, the

promotion of more efficient use of fertilizer has become much more important than ever before. There are signs that the increase in prices has promoted the efficient use of fertilizer particularly in the paddy sector. It is important to intensify research on fertilizer to determine whether locally available less costly materials can be used as substitutes for costly imported varieties of fertilizer. In this regard, it is encouraging to note that researchers at the Central Agricultural Research Institute have found that paddy straw is an efficient substitute for Muriate of Potash. Policy makers should promptly introduce measures to induce farmers to make use of findings of this nature which not only lower COP but also save a considerable amount of foreign exchange, reducing the country's dependence on imported fertilizer.

The wholesale distribution of fertilizer has improved considerably over the past few years. Further improvements may be expected soon with the opening of more regional warehouses. Several measures were also taken during the year to improve marketing of fertilizer at retail levels since it was necessary, as pointed out in last year's Annual Report, to harness the full benefits of the rationalization of fertilizer distribution at the wholesale level. An attempt was made to improve the margin given to retailers, which deteriorated in 1981, by increasing the commission paid to them by Rs. 30 per metric ton. The financial assistance scheme to promote construction at the retail level by the Multi-Purpose Co-operative Societies and the private sector fertilizer stores was in operation during 1982 as well. In order to realize the full benefits of these important measures, they must be co-ordinated with a programme of strengthening the extension services and improving marketing of farm produce.

The state-owned urea factory at Sapugaskande was in production during the year, except in the second quarter. The total production of Urea at this factory increased significantly to 210,829 metric tons in 1982 as against 83,484 metric tons in the previous year. The marked increase in local production of urea resulted in a considerable drop in imports of Urea during the year. In fact, part of the production was exported. With the higher local production the government continued its efforts to promote substitution of Urea for Sulphate of Ammonia subject to the agronomic requirements of different crops.

Fish and Livestock

The Ministry of Fisheries has provisionally estimated fish production in 1982, at 207,120 metric tons, a marginal increase of 1.7 per cent over the production in the previous year. Production in the coastal sector, and the deep sea and off-shore sector increased by 1 per cent and 4 per cent, respectively. The increase in the production of these sectors was associated with the mechanization of existing traditional crafts and utilization of new and more efficient fishing gear. However, higher fuel cost may be the crucial factor which affected the lower rate of growth of production in these sectors. Production in the inland sector also registered a 4 per cent increase. This reflects the impact of the state sponsored development programme which emphasised the importance of inland fishing. Continued growth in inland fishing is a healthy development owing to its relatively low energy intensity and the low unit cost. Also the rapid development of the inland fisheries sector is likely to reduce fish prices in remote areas and have an impact on the nutritional level of a large segment of the rural population.

The subsidy payment for issue of new boats and for mechanization of traditional crafts amounted to Rs. 39 million in 1982. Of this, Rs. 15 million was made in respect of the inland fisheries projects. In 1981, only Rs. 6.5 million was paid to this sector under the same subsidy scheme. The subsidy for the marine fisheries sector, however, decreased from Rs. 37 million in 1981 to Rs. 24 million in 1982. Perhaps, this may be due to the fact that most of the eligible fishermen would have already benefitted from this subsidy scheme during the previous years.

The Department of Census and Statistics has provisionally estimated milk production (including buffalo milk) in 1982 at 304 million litres, a decrease of 1.6 per cent when compared with the production in 1981. The National Milk Board collected 55.1 million litres of milk in 1982. This is 6 per cent less than the amount collected in the preceding year. The Department also has provisionally estimated the egg production in 1982 at 521 million, a decrease of 7 per cent when compared with that of the previous year.

Rural Credit

The total amount of credit extended to the rural sector during 1982 declined marginally (by 1.8 per cent) from Rs. 156.8 million in 1981 to Rs. 153.9 million. This includes loans extended under the Comprehensive Rural Credit Scheme (CRCS) by People's Bank, the rural banks, by Bank of Ceylon sub-offices at Agrarian Service Centres and Hatton National Bank, as well as, other loans to the rural sector by these institutions. Credit granted to the rural sector by the main branches of the Bank of Ceylon and the credit granted to the rural sector by the People's Bank, outside the CRCS, are not included as complete data were not available. This decline in credit extended to the rural sector was primarily the result of the decline in lending under the CRCS by the People's Bank during the year. However, the Hatton National Bank's increased role in rural lending was able to partially compensate for this decline.

As in previous years, the Bank of Ceylon sub-offices at Agrarian Service Centres (ASCs) and the Co-operative Rural Banks affiliated with the People's Bank continued to function as the main outlets for granting loans to the rural sector. The People's Bank in conjunction with rural banks provided Rs. 81.5 million or 53 per cent of the total loans granted during 1982. However, their share in rural lending during the year declined when compared to 1981 (when it was 58 per cent) due to the fact that the People's Bank disbursed only Rs. 17.5 million during 1982, almost half the amount (Rs. 32.8 million) granted in 1981. Rural banks contributed Rs. 64.0 million (or 42 per cent) as against Rs. 58.1 million (or 37 per cent) in 1981, a 10 per cent increase. The Bank of Ceylon sub-offices, several of which were amalgamated and relocated during 1981 compelling the main branches of the Bank of Ceylon to perform the functions of some ASCs, disbursed Rs. 37.8 million, recording a marginal decline of 2 per cent when compared to the previous year. The Hatton National Bank provided Rs. 34.6 million or 22 per cent of the total loans granted to the rural sector in 1982, as against Rs. 27.4 million or 17 per cent in the previous year. Its lending for cultivation purposes, however, was confined to a few regions like the Debara Ara Wewa and Mahaveli 'H-5' areas, unlike the other institutions which lend island-wide.

TABLE 1.17
Rural Credit (a) 1981 — 1982

Purpose	People's Bank (b)		Rural Banks		Bank of Ceylon sub-offices (c)		Hatton National Bank (c)		Total	
	1981	1982(d)	1981	1982(d)	1981	1982(d)	1981(e)	1982(d)	1981(e)	1982(d)
	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
1. Crop cultivation	32.8	17.5	4.1	3.1	22.6	22.9	25.8	31.7	85.3	75.2
1.1 Paddy	(27.4)	(14.4)	(2.0)	(2.2)	(16.1)	(16.8)	(19.1)	(29.4)	(64.6)	(62.8)
1.2 Minor food crops	(5.4)	(3.1)	(2.1)	(0.9)	(6.5)	(6.1)	(0.9)	(1.0)	(14.8)	(11.1)
1.3 Other crops	(—)	(—)	(—)	(—)	(—)	(—)	(5.8)	(1.2)	(5.8)	(1.3)
2. Animal husbandry	—	—	2.0	2.1	0.2	0.5	0.7	0.9	2.9	3.5
3. Small industry	—	—	2.4	2.8	0.5	0.4	0.4	0.6	3.3	3.8
4. Purchase of machinery	—	—	—	—	3.9	0.7	0.1	0.5	4.0	1.2
5. Debt redemption	—	—	4.7	4.5	—	—	—	—	4.7	4.5
6. Consumption	—	—	2.8	2.7	0.3	0.6	—	—	3.1	3.3
7. Housing, electrification and water supply	—	—	30.4	34.9	1.4	1.6	—	—	31.8	36.5
8. Trade and other	—	—	11.7	13.9	9.7	11.1	0.3	0.9	21.7	25.9
Total	32.8	17.5	58.1	64.0	38.6	37.8	27.4	34.6	156.8	153.9

Sources: People's Bank;
Bank of Ceylon;
Hatton National Bank Ltd.

- (a) Excluding overdrafts and advances under pawn broking.
- (b) Under the CRCS only.
- (c) Includes loans granted under the CRCS.
- (d) Provisional.
- (e) Revised.

Of the total lending to the rural sector during 1982, loans for crop cultivation purposes declined from Rs. 85.3 million (or 54 per cent) in 1981 to Rs. 75.2 million (or 49 per cent) in 1982. Loans to the paddy sector declined by 3 per cent to Rs. 62.8 million, while those to the minor food crop sector declined by 25 per cent to Rs. 11.1 million. No loans were granted during 1982 for the cultivation of sugar cane and cotton, as in the previous year. (Details of cultivation loans granted under the CRCS are given in the Statistical Appendix). Lending for non-cultivation purposes amounted to Rs. 78.7 million, a 10 per cent increase over the amount granted in 1981. Loans for housing, electrification and water supply and those for trade and other purposes accounted for the highest share (79 per cent) of total lending for non-cultivation purposes.

From 1967 to the end of 1982, initially under the New Agricultural Credit Scheme and subsequently under the CRCS, Rs. 1,434 million has been granted for the cultivation of paddy. Of this, only Rs. 747 million has been recovered by the end of 1982. Similarly, of the Rs. 439 million granted for the cultivation of other crops during the same period, only Rs. 218 million has been recovered. Thus, high rates of default continue to be an unsatisfactory feature of rural lending. In 1982, only Rs. 86.2 million of the Rs. 150.4 million disbursed during the 1981/82 cultivation year was recovered, resulting in the deterioration of the recovery rates for both paddy and minor food crops when compared to the previous year. The substantial losses incurred during Maha 1981/82 as a result of the drought may partly account for this deterioration. This experience highlights the need for an efficient crop insurance scheme or a stabilization fund to provide refinancing for bank loans which require rescheduling, in those situations where crop failures due to natural calamities are the primary cause for high rates of default. In fact, the establishment of a National Agricultural Credit Fund was under active consideration by the Rural Credit Advisory Board (RCAB) in 1982.

In 1981, with a view to improving recoveries, the RCAB initiated a rescheduling scheme of cultivation loans granted under the CRCS from January 1st, 1977 to June 30th, 1981. This scheme was inaugurated with the intent of giving farmers an opportunity to rehabilitate themselves and become eligible for new loans, as well as initiate dialogue between commercial banks and delinquent borrowers, breaking the stalemate that existed under an earlier decision by commercial banks to prosecute them for the recovery of loans. Under the scheme, a farmer who has defaulted can become eligible for a new loan by initially paying 10 per cent of the overdue loan (which has been consolidated and frozen as at June 30th, 1981) along with interest at 9 per cent per annum up to June 30th, 1981. Thereafter, at each harvesting season he is expected to repay the balance amount of the loan over a period of 5 years. In addition, in the case of farmers who pay the first seven instalments regularly, the scheme provides for the waiver of the last three instalments. The deadline for submitting applications for rescheduling which was September 30th, 1982 has been extended to April 30th, 1983 with the intention that improved publicity would encourage more farmers to respond to the scheme.

During 1982, the Bank of Ceylon commenced the consolidation and rescheduling of loans under this scheme. As at end 1982, the total amount of consolidated loans stood at Rs. 7.8 million while the amount collected as initial deposits

amounted to Rs. 1.1 million, indicating that many farmers have put down more than the specified 10 per cent down payment. The People's Bank, however, has yet to implement the scheme.

INDUSTRY¹

While the agricultural sector was unable to maintain the impressive growth record achieved in 1981, manufacturing industry, on the other hand, showed an appreciable improvement during the year under review. Following the temporary set back suffered in 1981, industrial production, overall, increased by 9 per cent in real terms in 1982. The comparable record in 1981 was an increase of only 2 per cent.

The major components of the impressive increase in overall industrial production of 9 per cent² include an 18 per cent real growth in the private sector industries and a 5 per cent growth in the public sector. When the sectorwise increases in industrial production are considered, significant increases were recorded in textile, wearing apparel and leather products (25 per cent), food, beverages and tobacco products (14 per cent), wood and wood products (11 per cent), fabricated metal products (10 per cent), chemical and petroleum products (11 per cent) and paper and paper products (9 per cent). There was, however, a decline in the production of basic metal products by 38 per cent, and non-metallic mineral products by 17 per cent. Although the growth in the total public sector industrial production was

TABLE 1.18
Value of Industrial Production 1978—1982

Category	Rs. Million				
	1978	1979	1980	1981	1982(b)
1. Food, beverages and tobacco ..	2,609	2,856	3,899	4,496	5,246
2. Textile, wearing apparel and leather products ..	1,008	1,128	1,923	3,040	3,863
3. Wood and wood products (including furniture) ..	124	166	289	315	361
4. Paper and paper products ..	376	445	476	626	725
5. Chemicals, petroleum, coal, rubber and plastic products ..	3,279	4,508	9,416	12,015	13,099
6. Non-metallic mineral products (except petroleum and coal) ..	592	710	1,156(a)	1,250(a)	1,370
7. Basic metal products ..	219	349	478	428	262
8. Fabricated metal products, machinery and transport equipment ..	590	569	620	782	904
9. Manufactured products not elsewhere specified (n.e.s.) ..	55	50	54	58	74
Total	8,852	10,781	18,311	23,010	25,904

(a) Revised
(b) Provisional

Source: Central Bank of Ceylon

- As in the past, data relating to the performance of the industrial sector for 1982 are based on the returns to a questionnaire addressed by the Central Bank to all known and recorded manufacturing industries—large, medium and small in the public and private sectors. (However, this does not include the export processing activities of the plantation sector, which are classified as manufacturing activity in the National Accounts.) Generally, replies are received from about a third of addressees and these represent almost all of the major industries. In areas where data were not available, estimates based on the information available with various government agencies and institutions have been incorporated.
- On the basis of gross value of production. These figures are consistent with the estimates of industrial production based on turnover tax collected by the Department of Inland Revenue for the relevant year.

less than that of the private sector industries, it was the former's growth rate which was a major influence in the achievement of a high overall growth rate in the industrial sector. This is because of the greater weightage the public sector industrial production has in overall production.

The other indicators of industrial production also appear to point towards a significant increase in industrial activity.

In 1982 the use of electricity and fuel by industry increased by 9 per cent and 25 per cent respectively. The significant increase recorded in the use of fuel is, however, due to its use in the enhanced generation of thermal power by the Ceylon Electricity Board. On the other hand, as a result of this additional generating capacity and the favourable weather conditions which did not inhibit hydro power generation, the continuous supply of power, without any cuts, contributed to the increase in overall production of the industrial sector.

In the year under review, the use of electricity by small industries increased by 22 per cent while medium and large scale industries recorded increases of 9 and 8 per cent respectively when compared with the previous year. However, there appeared to be a gradual deceleration in the rate of increase in respect of consumption of electricity by these sectors in the latter part of 1982. This could probably be the result of efficient use of energy consequent on the upward revision of electricity tariffs in June, 1982.

TABLE 1.19
Power and Fuel Use in Industry 1980—1982

Item	1980	1981	1982 (a)
1. Electricity (b) (Gwh)	625.6	676.7	739.1
1.1 Small industry	20.0	21.3	26.0
1.2 Medium industry	285.7	308.9	338.7
1.3 Large industry	319.9	346.5	374.3
2. Domestic sales of industrial fuel ('000 metric tons)	295.7	350.9	438.7
2.1 Heavy diesel	61.0	106.6	169.3
2.2 Furnace oil	234.7	244.3	269.4

Sources: Ceylon Electricity Board,
Ceylon Petroleum Corporation

(a) Provisional

(b) Includes manufacturing and export processing industries. Small industry is defined as those with having rated capacity below 50 Kva, medium industry as 50 - 500 Kva and large industry as above 500 Kva.

The increase in the public sector production was to a large extent due to the uninterrupted operation of the oil refinery of the Ceylon Petroleum Corporation throughout the year, and the higher capacity utilization by most of the other corporations. The significance of the latter factor was, however, only marginal in view of the fact that excluding petroleum products, the output of the public sector increased by only 1.6 per cent.

In the year under review, the Petroleum (which accounts for half the total industrial production), State Fertilizer Manufacturing, National Salt, National Textile, Ceylon Plywoods and Sri Lanka Tyre Corporations and the National Milk Board experienced higher output levels. Among the corporations which recorded a decline in their output levels were the Steel Corporation and the National

Paper Corporation. They were compelled to curtail their production due to marketing problems. A lower production level was also recorded by the Cement Corporation owing to maintenance work carried out on the kilns.

It is observed that sales of most of the public sector manufacturing corporations increased in 1982. Among the corporations that achieved a marked improvement in their sales were the Ceylon Petroleum, State Fertilizer Manufacturing, Ceylon Oils and Fats, Ceylon Plywoods, Sri Lanka Tyre and Ceylon Mineral Sands Corporations and the Government Owned Business Undertaking (GOBU) of the British Ceylon Corporation. In contrast, the sales of the Steel and Hardware Corporations continued to decline in 1982. The Sri Lanka Cement, State Timber and State Mining and Mineral Development Corporations, too, did not fare well in their sales performance in the year under review.

TABLE 1.20
Public Sector Major Industry Output Index (a)
(1977=100)

Category	1980	1981	1982(b)
1. Food, beverages and tobacco (c)	88.7	80.6	82.2
2. Textile, wearing apparel and leather products	83.8	118.3	135.7
3. Wood and wood products	158.1	136.4	151.8
4. Paper and paper products	130.4	141.1	133.3
5. Chemicals, petroleum, coal, rubber and plastic products	125.0	118.9	133.1
6. Non-metallic mineral products	149.8	161.8	131.5
7. Basic metal products	197.7	169.0	106.3
8. Fabricated metal products	115.4	82.2	96.3
All categories	119.7	118.4	124.6

Source: Central Bank of Ceylon

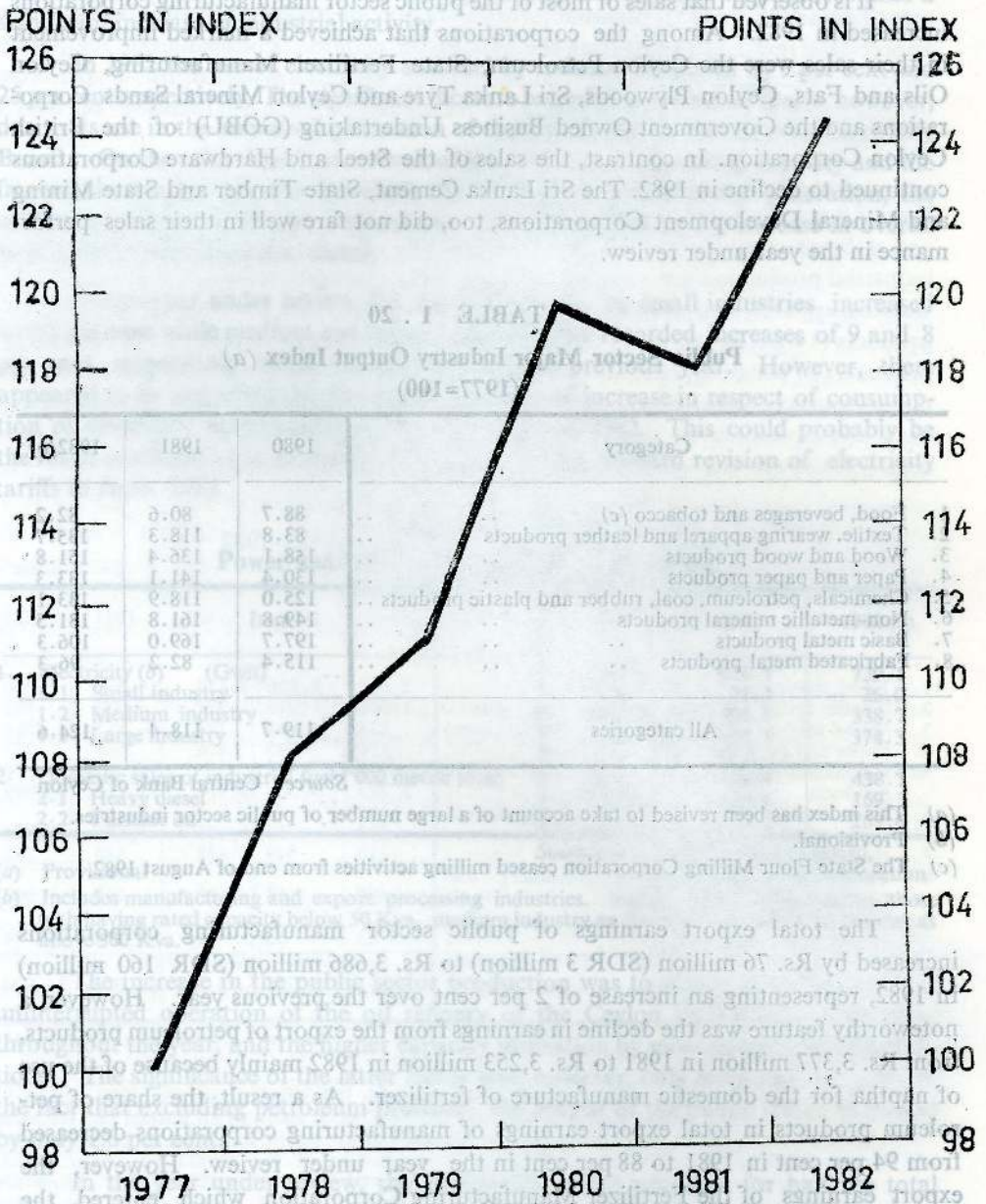
(a) This index has been revised to take account of a large number of public sector industries.

(b) Provisional.

(c) The State Flour Milling Corporation ceased milling activities from end of August 1982.

The total export earnings of public sector manufacturing corporations increased by Rs. 76 million (SDR 3 million) to Rs. 3,686 million (SDR 160 million) in 1982, representing an increase of 2 per cent over the previous year. However, a noteworthy feature was the decline in earnings from the export of petroleum products, from Rs. 3,377 million in 1981 to Rs. 3,253 million in 1982 mainly because of the use of naphtha for the domestic manufacture of fertilizer. As a result, the share of petroleum products in total export earnings of manufacturing corporations decreased from 94 per cent in 1981 to 88 per cent in the year under review. However, the export earnings of the Fertilizer Manufacturing Corporation which entered the export field in 1982 and the improved export earnings of the Ceylon Mineral Sands Corporation and the GOBU of the British Ceylon Corporation helped to more than offset the decline in earnings from the exports of petroleum products which have a high imported input content.

INDEX OF INDUSTRIAL PRODUCTION OF THE PUBLIC SECTOR*



* Represents the output of 26 major enterprises

Central Bank of Ceylon

The creation of an efficient public sector has been one of the main objectives of the new industrial policy since 1977, under which major manufacturing industries in the public sector are required to operate on a commercially viable basis. Most of these enterprises operated at a profit in 1982. On the other hand, the State Fertilizer Manufacturing, Ceylon Steel, State Hardware, National Textile and National Paper Corporations incurred losses.

In 1982, total government transfer payments to public sector industrial enterprises amounted to Rs. 458 million consisting of Rs. 399 million in the form of capital transfers and Rs. 59 million in current transfer payments. The State Fertilizer Manufacturing Corporation was the recipient of the bulk of capital transfers mostly for working capital requirements (Rs. 300 million), while a major portion of current transfers (Rs. 46 million) was afforded to the National Milk Board to meet its commitments arising from the subsidy to consumers.

TABLE 1.21
Transfers of Government Funds to Industrial Enterprises 1980 - 1982

Rs. Million

Corporation/Enterprise	Capital			Current			Total		
	1980	1981	1982*	1980	1981	1982*	1980	1981	1982*
National Milk Board ..	15.5	50.5	20.9	53.0	44.3	45.9	68.5	94.8	66.8
Ceylon Oils & Fats ..	25.1	34.7	5.9	41.9	—	—	67.0	34.7	5.9
Sri Lanka Sugar ..	8.0	46.8	72.4	—	—	—	8.0	46.8	72.4
State Flour Milling ..	—	—	—	21.5	—	—	21.5	—	—
National Textile ..	—	—	—	26.6	—	—	26.6	—	—
State Timber ..	0.1	—	—	—	—	—	0.1	—	—
National Paper ..	40.4	4.8	—	28.7	21.2	10.0	69.1	26.0	10.0
State Rubber Manufacturing ..	—	—	—	—	—	0.7	—	—	0.7
British Ceylon Corporation ..	10.5	—	—	8.2	—	—	18.7	—	—
Sri Lanka Ayurvedic Drugs ..	—	7.5	—	—	—	—	—	7.5	—
Ceylon Petroleum ..	10.7	—	—	—	—	—	10.7	—	—
State Fertilizer Manufacturing ..	397.5	88.5	300.0	—	269.0	—	397.5	357.5	300.0
State Mining and Mineral Development ..	—	—	—	1.9	—	—	1.9	—	—
Ceylon Steel ..	10.7	7.9	—	—	—	—	10.7	7.9	—
State Hardware ..	2.0	—	—	—	—	—	2.0	—	—
National Packaging Materials ..	0.3	—	—	—	6.0	2.5	0.3	6.0	2.5
Ceylon Oxygen Limited ..	24.0	10.0	—	—	—	—	24.0	10.0	—
Total ..	544.8	250.7	399.2	181.8	340.5	59.1	726.6	591.2	458.3

* Provisional

Source: General Treasury

Although detailed data as in the case of public sector industries are not available for the private sector industry, relatively large firms appeared to have performed remarkably well, while some of the inefficient small-scale enterprises were faced with problems. Problems were encountered by such industries, in general, since the liberalization of imports in 1977. Prior to the economic reforms of 1977 import substitution industries were heavily protected by rigid import controls, foreign

exchange restrictions and high tariffs. In many instances, these controls proliferated and sustained many inefficient industrial units. With the removal of barriers to trade and the switch to protective tariffs as the only means of protection, some entrepreneurs, particularly the major ones, took steps to sustain their capacity utilization and to upgrade their products so as to improve their competitive strength against the challenge from imported products. Of late, the problems faced by private sector industries appear to take on a new dimension. Apart from the direct competition from the imported products experienced since the introduction of import liberalization, complaints of financial problems and high energy costs have also been made. Another problem that has developed in the recent past is the dearth of technicians and skilled man-power as a consequence of the outflow of such man-power in search of more remunerative prospects abroad.

With a view to promoting industrial investments and supporting established industries, several fiscal and monetary measures were introduced in 1982. Among these, the import duty revisions and the provision of additional financial facilities are noteworthy. Import duties on paper and paper products were increased during the year. So were duties on selected steel products. Further, coinciding with the withdrawal of the lump sum depreciation facilities, import duties on most raw materials had been reduced back to the nominal levels in the previous year. Additional financial facilities included provision of increased facilities under the Medium and Long-term Credit Fund and assistance to export oriented industries. The details of such measures are presented elsewhere in this report under Trade and Money and Banking developments.

Several developments took place in the industrial sphere in 1982, which comprehend industrial promotion and expansion of production. An agreement was signed between the State Mining and Mineral Development Corporation and the Agrico-Group of Companies of U.S.A. to set up facilities for the manufacture of phosphate fertilizer utilizing the Eppawala rock phosphate deposits. Also an agreement between the Government of Sri Lanka and K.C.P. Ltd. of India was signed in 1982 for the construction of a factory for the Sevenagala Sugar Development Project. The annual capacity of the factory is expected to be around 27,000 tons of sugar. Stage two of the steel works of the Ceylon Steel Corporation's Steel Melting and Continuous Casting Plant was commissioned in 1982. This plant is designed to produce steel billets using locally available scrap iron with an annual output capacity of 60,000 tons. When in full production the factory is expected to provide employment opportunities for 550 persons.

The Nylon-6 Project and the urea plant of the State Fertilizer Manufacturing Corporation were faced with problems in 1982 due to lower sales and high cost of production. Both these plants which were commissioned recently, were originally designed to cater to the country's needs. However, while the Nylon-6 plant was shut down pending an evaluation of its viability, production in the fertilizer manufacturing plant continued with interruptions. In the case of the latter, a good part of its production was exported at prices below cost of production. These developments show that the commercial viability of some of the large scale public enterprises need urgent review.

The Foreign Investment Advisory Committee (FIAC) has approved 102 projects in 1982 which envisaged a total investment of Rs. 3,036 million with the foreign component amounting to Rs. 1,943 million. The total employment potential of the projects approved is 11,702 persons while many of the industries approved would use local raw material as a major input.

A survey carried out by the FIAC revealed that 73 projects were in operation in the manufacturing sector as at end of June, 1982. These projects have committed an actual foreign investment of Rs. 412 million. This compares favourably with the envisaged foreign investment of Rs. 440 million in these projects. The textile and ready made garments sector accounts for the largest number of projects in operation with 35 projects and a foreign investment of Rs. 264 million. The projects in operation have provided direct employment to 14,964 persons.

The Local Investment Advisory Committees (LIACs) approved 297 industrial projects during the year under review. The potential investment of these projects was Rs. 231 million and they are expected to provide job opportunities for approximately 8,429 persons.

Earnings from industrial exports increased from Rs. 7,296 million (SDR 322 million) in 1981 to Rs. 8,271 million (SDR 360 million) in 1982 which showed an increase of 12 per cent. This was a result of increases both in textile and garments (16 per cent) and other exports (63 per cent).

The Investment Promotion Zone (IPZ) continued to play a major role in the export oriented industrialisation strategy. The Greater Colombo Economic Commission (GCEC), the co-ordinating body in charge of IPZ continued to attract private foreign investment in 1982 at a slightly higher rate than in the previous year. Sixteen projects were approved by the GCEC during the year under review, bringing the total number of projects approved to 171 by the end of 1982. Eleven industrial enterprises involving a total amount of Rs. 684 million of investment (of which Rs. 467 million was foreign) have signed agreements with the GCEC. During the year, out of 51 firms (46 of them in Katunayake Investment Promotion Zone) that were in commercial production, 24 were engaged in the production of ready made garments reflecting a concentration of export oriented manufacturing activities in products where the domestic value added is relatively low. However, as reflected by the nature of approvals granted in 1982, the GCEC has taken meaningful steps to overcome this structural imbalance. The type of projects entered into agreement with the GCEC in 1982, showed an encouraging trend towards greater diversification of the activities in the IPZ. Agreements signed with GCEC in 1982 included projects to manufacture electromagnetic heads, electrical and electronic products, terry towels, furniture, coir matting and coir yarn, hot water bottles, brass tubes, ice skating shoes and saw blades.

In 1982, 5,005 employment opportunities were created bringing the total number of employment in GCEC firms to 24,926 by the end of 1982. As in the case of production, employment opportunities too were concentrated in the garment

manufacturing sector accounting for 69 per cent of the total employment opportunities. This is in addition to the indirect employment opportunities created by the IPZ for which estimates are not available. Gross earnings from GCEC exports increased by 42 per cent amounting to Rs. 1,655 million in 1982. The earnings from rubber products the second largest export item, showed an impressive increase of more than 80 per cent during the year. However, 78 per cent of gross GCEC export earnings were accounted for by garment exports.

TABLE 1.22

Investment Promotion Zone - Employment and Export Earnings

Industry	1981(a)		1982(b)	
	Employment (End Dec.) No.	Gross Export Earnings (F.O.B.) Rs. Mn.	Employment (End Dec.) No.	Gross Export Earnings (F.O.B.) Rs. Mn.
1. Garments	16,141	963.1	17,219	1,292.0
2. Rubber products	920	44.7	2,395	80.4
3. Electrical appliances	286	19.5	279	25.2
4. Lapidary and jewellery	309	3.8	587	14.9
5. Fishing gear and accessories	198	8.8	172	13.4
6. Tea packeting	23	9.3	13	10.5
7. Cashew products	265	13.7	391	7.2
8. Other	1,587	100.5	3,870	211.7
Total	19,729	1,163.3	24,926	1,655.3

Source: Greater Colombo Economic Commission.

(a) Revised

(b) Provisional

An encouraging development observed in 1982 was the successful attempt made by the private sector industry to face the challenges posed by sharp competition from imports, although some smaller and inefficient enterprises found it difficult to meet these challenges, as has been their experience in previous years. However, despite the favourable investment climate and the number of projects approved by the Local Investment Advisory Committees (LIACs) actual new investment in such projects appears to have recorded a declining trend over the past several years, inclusive of the year under review. In the year under review, new approvals by the LIACs also declined. This perhaps has something to do with the fact that 1982 was an "election" year. Although a decline was also observed in the number of approvals by the Foreign Investment Advisory Committee (FIAC), the approved projects which have got off ground, however, have been increasing.

Since most FIAC projects contain a higher export potential than the LIAC approved projects, the shift in emphasis from import substitution to export promotion is indeed consistent with the outward looking strategy of the economic policy pursued since late 1977. In a situation where investment in public sector manufacturing capacity has been increasingly subject to more strict evaluation criteria, investment in private sector industry has a crucial role to play in sustaining the increase in overall industrial production.

ECONOMIC AND SOCIAL OVERHEADS

Energy

Problems concerning the energy sector appeared to have further intensified in 1982.

The value of total petroleum products imported during 1982 totalled Rs. 12,152 million accounting for 29 per cent of the total expenditure on imports. Reflecting the increase in volume and changes in exchange rates, the rupee value of petroleum imports in 1982 increased by 22 per cent while in SDR terms it indicated an increase of 20 per cent over the corresponding figure of 1981. A more disconcerting feature is that the petroleum import bill absorbed 67 per cent of the earnings from non-petroleum exports in 1982 as compared with 56 per cent in the previous year. The value of petroleum exports which increased progressively during the past few years declined by 3 per cent and 4 per cent in terms of Rupees and SDRs respectively due to increased domestic consumption of exportable oil products, namely heavy diesel and naphtha. This loss was partly compensated for, by the export of urea by the Fertilizer Manufacturing Corporation which used naphtha as its main input in the manufacture. In addition there were no imports of urea during the year. The net oil import bill rose from 32 per cent of the total export earnings in 1981 to 41 per cent in the current year.

Consumption of petrol rose moderately by 5 per cent in 1982 as compared with 1 per cent in 1981. The increased number of private cars and motor cycles and the stability of petrol prices seem to have contributed to the higher level of consumption in 1982. The declining trend observed in the consumption of kerosene during the past few years appears to have reversed. The consumption of kerosene increased by 3.5 per cent during the current year. The rate of growth of auto diesel consumption which dropped from 14 per cent in 1980 to 6 per cent in 1981 has registered a rate of growth of 5.5 per cent in the current year. Consumption of heavy diesel which rose at an unprecedented rate of 67 per cent in 1981 due to increased thermal power generation by the Ceylon Electricity Board (CEB) continued to increase at the rate of 59 per cent in 1982. Consumption of furnace oil which rose with the expansion of industrial activities during the recent past, has indicated a marginal decrease during the year under review. The drop in furnace oil consumption was caused mainly by the reduced use of this product by the Cement and Steel Corporations in 1982. The former corporation switched to coal as a substitute fuel in the operation of its phase III in 1982.

TABLE 1-23
Salient Features of the Energy Sector 1981 — 1982

Item	1981	% change over 1980	1982	% change over 1981
1. Petroleum Products				
1.1 Exports (Rs. Mn.)	3,374.6	8.5	3,280.0	-2.8
1.2 Imports (Rs. Mn.)	9,967.0	22.2	12,152.4	21.9
1.3 Average price of crude oil (Rs. per barrel)	690	30.2	715	3.6
1.4 Local price as at end of year (Rs. per litre)				
(a) Super petrol	10.00	13.6	10.00	—
(b) Kerosene	3.89	16.5	3.89	—
(c) Auto diesel	5.94	28.6	5.94	—
(d) Heavy diesel	5.68	24.0	5.68	—
(e) Furnace oil — 500 seconds	4.44	—	4.44	—
800 seconds	4.40	—	4.40	—
1000 seconds	4.29	—	4.29	—
(f) Bitumen	6.27	90.0	6.27	—
1.5 Domestic consumption (metric tons)				
(a) Super petrol	109,017	1.2	114,183	4.7
(b) Kerosene	168,248	10.6	174,111	3.5
(c) Auto diesel	421,107	5.9	444,428	5.5
(d) Heavy diesel	106,625	66.7	169,286	58.8
(e) Furnace oil	244,295	26.1	242,928	-0.5
2. Electricity				
2.1 Installed capacity (mW)	501	19.0	561	12.0
(a) Hydro	371	12.1	371	—
(b) Thermal	130	44.4	190	46.1
2.2 Units generated (Mn. kWh)	1,871.6	12.2	2,065.7	10.4
(a) Hydro	1,571.3	6.2	1,608.1	2.3
(b) Thermal	300.3	59.1	457.6	52.4
2.3 Total Sales (Mn kWh)	1,501.1	7.9	1,683.9	12.2
(a) Domestic	216.3	13.4	258.3	19.4
(b) Industrial	676.7	8.2	739.1	9.2
(c) Commercial	219.4	1.7	262.5	19.6
(d) Local Authorities	379.7	13.2	415.0	9.3
(e) Street Lighting	9.0	45.4	9.0	—

Sources:— Ceylon Petroleum Corporation;
Ceylon Electricity Board.

Meeting the rapidly growing demand for electric power in the most efficient manner continued to be the main task of the CEB during the current year. Total number of units generated by the CEB at 2,066 million kWh in 1982 indicated an increase of 10 per cent. However, the demand for electricity grew at a rate of 12 per cent outstripping the increased rate of supply. The installed capacity of the CEB during the year under review increased by 12 per cent mainly due to the commissioning of three gas turbines with a capacity of 20 mW each. This enabled the CEB to supply electricity throughout the year although at higher costs, without resort to power cuts. Nevertheless, if additional electricity demand is to be satisfied through thermal power generation it would no doubt bring about a severe strain on our balance of payments, apart from resulting in increased costs.

Higher costs of production due to the increased use of fuel oil in generating electric power compelled the CEB to revise the fuel adjustment surcharge to recover additional costs. The revised fuel adjustment surcharge introduced in the latter half of 1982 reduced the minimum number of units exempt for the surcharge from 200 units to 150. The surcharge introduced on the consumption of units over 150

was also kept at a fixed rate of 110 per cent during the second half of 1982. However, despite upward revision in electricity tariffs, total sales of the CEB during 1982 have risen by 12 per cent when compared with a growth rate of 8 per cent registered during the previous year. The consumption of electricity by the domestic sector recorded an increase of 19 per cent while consumption by the commercial sector which declined by 2 per cent in 1981 recorded an increase of 20 per cent. The industrial sector and local authorities increased their consumption of electricity at the rate of 9 per cent each.

The pattern of electricity consumption in the year under consideration revealed some changes in the relative share of the different sectors. The domestic sector and commercial sector enhanced their relative shares of consumption in 1982 to 15 per cent and 16 per cent respectively when compared with 14 per cent each in the previous year. However, the industrial sector continued to purchase the highest percentage share of electricity during 1982 as observed in previous years.

Transportation

The increase in demand for both passenger and goods transport services resulting from expanded economic and social activities witnessed since the late seventies, continued during 1982.

The financial losses incurred by public sector transport agencies increased substantially in 1982 over the previous year. However, the nine Regional Transport Boards (RTBs) of the Central Transport Board were able to expand their services with the financial assistance provided by the International Development Association, during the year under review.

The partial re-introduction of the lump sum depreciation (LSD) facility for the private transport sector during the current year provided an incentive for the expansion of private sector participation in providing transport facilities. This relieved the public sector of the burden placed on them in catering to the increased demand. Increased competition from private sector participation in both passenger and goods transport services compelled the public sector to adopt a more positive approach towards the improvement of efficiency of the services provided. Nevertheless, there was a relatively small decline in the operations of public sector agencies in 1982 as compared with the preceding year.

The RTBs, in their attempt to increase efficiency and also expand services, have increased their fleet of buses in operation from 7,192 in 1981 to 7,427 in 1982. The number of buses withdrawn from the fleet amounted to 313 in 1982 while the number of new buses added to the fleet increased remarkably from 17 in 1981 to 533 in 1982. The expansion of the fleet and the services was further assisted by the addition of two new workshops.

As in the previous year, the operated kilometerage and the passenger kilometerage of the nine RTBs continued to decline in the current year. However, it should be pointed out that the operated kilometerage at 482 million kms. in 1982 indicated a decrease of 2 per cent as against a decline of 4 per cent in the previous

year. The passenger kilometrage of the RTBs totalled 13,502 million in 1982. The corresponding passenger kilometrage in 1981 was 13,791 million. On the basis of these figures, the rate of decline of the passenger kilometrage has decelerated from 30 per cent in 1981 to 2 per cent in 1982. This should be treated as a noteworthy achievement of the nine RTBs during the current year.

The financial losses of the RTBs were Rs. 629 million in 1982, and this represented an increase of 46 per cent over 1981. The major factors responsible for enhanced losses were increased cost of motor spares and higher operating and traffic costs. However, fuel cost component of the total cost rose by 45 per cent in 1981 but dropped marginally by 1 per cent in the current year.

The overall performance of the Ceylon Government Railway (CGR) in 1982 was disappointing. The operated kilometrage at 10 million kms. showed a marginal decline as against a marginal increase registered in the previous year. The passenger kilometrage however, increased by 5 per cent during the year under review in contrast to a sharp decline registered during the past two years mainly due to the preference of commuters to travel by bus.

The freight ton kilometers which increased from 206 million ton kms. in 1980 to 219 million ton kms. in 1981 has declined by 1 per cent to a total of 217 million ton kms. during the year under review. The operating losses of the CGR have increased progressively in the past. In 1982, the CGR experienced the highest ever operating loss of Rs. 324 million an increase of 37 per cent over the loss recorded in 1981. The major factor contributing to the higher level of losses in the year under consideration was the enhanced salary bill. This increased from Rs. 195 million in 1981 to Rs. 253 million or by 30 per cent in 1982.

Private sector transport operations witnessed a further expansion during 1982. New registrations of private passenger coaches which declined by 12 per cent in 1981 totalled 2,533 in 1982 an increase of 9 per cent over the corresponding figure of the previous year. The resumption of the LSD facility in the latter part of 1982 for private passenger transport sector encouraged investment in this sector. The total number of passenger vans and buses operated by the private sector is estimated at 7,000 with a capacity of 179,900 seats.

Reflecting the gradual tapering off of demand which rose to a peak level in 1980 new registration of lorries registered a drop of 20 per cent in 1982 as compared with a 16 per cent decline last year. Stiff competition in the goods transport sector coupled with the rising costs of vehicles has largely contributed to this change. As in the previous year, the biggest reduction in the new registration was recorded in respect of motor cycles.

TABLE 1.24
Salient Features of the Transport Sector 1981—1982

Item	1981	% change over 1980	1982	% change over 1981
1. New Registrations of Motor Vehicles (Nos.)				
1.1 S.L.C.T.B. buses	24	- 96.9	555	2,212.5
1.2 Private coaches	2,330	- 12.3	2,533	8.7
1.3 Private and hiring cars	5,760	- 14.4	5,667	- 1.6
1.4 Motor cycles	17,160	- 50.6	10,847	- 36.8
1.5 Lorries & other vehicles for goods transport	8,036	- 16.4	6,459	- 19.6
2. S.L.C.T.B. Operations				
2.1 Operated kilometers (million)	493.5	- 4.4	481.8	- 2.4
2.2 Passenger kilometers (million)	13,791.4	- 30.3	13,501.6	- 2.1
2.3 Total revenue (Rs. million)	1,779.4	14.6	1,772.7	- 0.4
2.4 Total cost (Rs. million)	2,208.5	20.3	2,401.3	8.7
2.5 Profit (+) or Loss(-) (Rs. million)	- 429.1	51.2	- 628.6	46.5
3. C.G.R. Operations				
3.1 Operated kilometers (million)	10.5	0.8	10.5	- 0.3
3.2 Passenger kilometers (million)	2,985.1	21.4	3,121.3	4.6
3.3 Freight ton kilometers (million)	218.8	6.1	216.8	- 0.9
3.4 Total revenue (Rs. million)	408.9	13.9	427.4	4.5
3.5 Total cost (Rs. million)	644.8	20.5	751.6	16.6
3.6 Operating loss (Rs. million)	- 235.9	34.0	- 324.3	37.5

Sources: Department of Motor Traffic;
Sri Lanka Central Transport Board;
Ceylon Government Railway.

Housing and Urban Development

The pace of activity in the housing and urban development sector slowed down considerably in 1982. This slackening in activity started in the previous year and was principally due to resource constraints and the escalation in the cost of construction. The National Housing Development Authority is entrusted with the responsibility for implementing the government's programme for public housing. The public sector housing programme has been pruned down due to severe liquidity problems as a result of budgetary constraints and less than anticipated cost recoveries. Cost over-runs due to the increase in construction costs (raw materials as well as labour) and a shortage in skilled labour and management also hindered progress. The approach adopted in 1982 as in 1981, therefore, was the pursuit of low cost housing projects such as Aided Self Help Programme which is aimed at providing houses for low income groups. This type of project with its reliance on local raw materials, techniques and one's own labour is also likely to reduce the pressure on overall construction costs. Hence, there was a shift from high cost projects to projects that were less expensive in order to keep within the limited resources available. This is evidenced by the fact that no Direct Construction type houses or Public Servants' Quarters were embarked upon in 1982.

The overall cumulative expenditure on the public sector housing programme during the period 1978 - 1982 is estimated at Rs. 4,335 million of which Rs. 922 million was incurred in 1982. During the year under review, work on 1,810 units in respect of Direct Construction type houses was completed while work on 2,713 units was in progress. The most impressive record was achieved by the Rural Housing Programme (consisting of Aided Self Help houses, Model Villages and Fisheries Houses) in terms of physical progress. During 1982, work on 4,492 units was completed while work on 13,844 units was in progress. In view of the changed circumstances, the third component of the housing programme, the Electoral Housing Programme has also been modified. Direct construction methods were replaced by Aided Self Help type houses. During 1982, 1,140 units were completed and a further 3,340 units were under construction. While no new construction of Public Servants' quarters was undertaken during 1982, work on 156 units was completed by the end of the year. The Housing Loan Programme was inactive in 1982.

The rate of construction activity under the UDA slowed down considerably in 1982 when compared with the high rates of activity experienced in the past. No new construction projects were undertaken during the year due to financial constraints. The total value of work done by the UDA amounted to Rs. 833 million in 1982 compared to Rs. 912 million in 1981. The major project undertaken by the UDA was the Sri Jayawardenapura Capital Development Project consisting of the Parliamentary Complex and two Administrative Complexes at Battaramulla and Pelawatta. The Parliamentary Complex was completed and handed over to the government early last year. The total expenditure incurred by the UDA in respect of this project was Rs. 968 million of which Rs. 292 million was spent in 1982. The financing of the Capital Development Project was carried out by several line ministries through their budgets, and with funds provided by the UDA. The Pelawatta and Battaramulla Administrative Complexes which were under construction in 1982 are being financed by UDA debenture loans and the amounts absorbed by each complex during the current year were Rs. 94 million and Rs. 101 million, respectively. The St. John's fish market and the Day and Night Bazaar which were also financed by UDA debentures were completed in 1982. Total expenditure on the former reached Rs. 305 million of which Rs. 100 million was incurred in 1982. Another project under the Central Area Development Programme that was in progress in the year under review was the Echelon Square Project. The Liberty Circus complex on which Rs. 91 million was spent in 1982 was handed over to a private developer.

With a view to re-locating certain industries and warehouses the UDA launched several projects such as the Orugodawatte Food Stores Complex, Peliyagoda Integrated Development Project and the Ratmalana Industrial Site Project. The Orugodawatte Food Stores Complex, was completed at a total cost of Rs. 126 million of which Rs. 27 million was incurred in 1982. The total cost was

met by voted expenditure. Work on the other two projects was almost complete by the end of the year. Planning and construction of a number of town centres were also carried out under the planning of the District Capital Project. The UDA was also involved in the development of several sites for private entrepreneurs to set up facilities such as markets, rest houses and cinema halls in urban areas.

The Slum and Shanty Upgrading Programme which is acknowledged as a much needed project in order to avoid a long-term housing crisis in urban areas and which derives its finances through direct government grants and foreign aid was also in progress in 1982. Work on a number of upgrading programmes in the Colombo District as well as in Galle and Nuwara-Eliya was completed during the period. Total cumulative expenditure on these programmes reached Rs. 27 million by the end of 1982, of which almost Rs. 6 million was incurred in the year under review.

The main sources of finance of the UDA are its capital, appropriations from the government budget, UDA debenture loans and revenue generated by the UDA itself. It is expected to operate on a commercially viable basis. In the past two years due to budgetary constraints the UDA has had to rely heavily on debenture loans as the main means of financing its projects. Debenture loans, however, were restricted to Rs. 367 million in 1982 compared with Rs. 432 million in 1981. Treasury allocations totalled Rs. 295 million in 1982 compared with Rs. 267 million in 1981. Internally generated funds consisting of monies earned from rents and leases amounted to Rs. 47 million compared with Rs. 90 million in 1981.

TABLE 1.25
Public Sector Housing Programme—Progress 1981—1982

Programme	No of Units Target	Total Estimated Cost (Rs. Mn)	No. of Units Completed		No. of Units Under Construction		Total Expenditure (Rs. Mn)	
			1981	1982	1981	1982	1981	1982
1. Direct Construction	36,000	4,608.8	2,364	1,810	4,482	2,713	766.8	706.5
2. Rural Housing	50,000	779.8	5,942	4,492	15,454	13,844	116.9	108.5
2.1 ASH Housing	n.a.	(100.0)	1,142	2,055	10,862	8,833	n.a.	n.a.
2.2 Model Villages	n.a.	n.a.	4,071	1,894	3,702	4,826	n.a.	n.a.
2.3 Fisheries Houses	n.a.	n.a.	729	543	890	185	n.a.	n.a.
3. Electoral Housing	26,040	760.0	491	1,140	4,008	3,340	267.6	80.8
4. Public Servants' Quarters	695	88.0	204	156	288	24	36.6	20.3
5. Slum and Shanty Upgrading	5,839	55.0	n.a.	n.a.	n.a.	n.a.	20.3	6.0
6. National Housing Fund Loan	14,000	—	—	—	—	—	—	—
Total	132,574	6,291.6	9,001	7,598	24,232	19,921	1,208.2	922.1

Sources: National Housing Development Authority,
Urban Development Authority,
Ministry of Local Government, Housing and Construction.

TABLE 1.26
Approval of Building Plans by Colombo Municipality* - 1981—1982

Item	1981	% Change over 1980	1982	% Change over 1981
1. New Residential Buildings (Total)	530	- 5.9	589	11.1
1.1 Houses	288	6.3	364	26.4
1.2 Flats	242	- 17.1	225	- 7.0
2. Commercial Buildings	58	- 13.4	45	- 22.4
3. New Industrial Buildings	4	- 88.9	10	150.0
4. New School Buildings	5	—	3	- 40.0
5. Additions & alterations	528	15.8	538	1.9
6. Other Buildings	15	114.3	60	300.0
Total	1,140	0.5	1,245	9.2

* Excludes Government and Corporation building plans. Source: Colombo Municipality.

Housing and construction activity initiated by the private sector increased moderately during the year under review. High land prices and rising construction costs have probably offset to a great extent the benefits of fiscal incentives offered by the government.

In the absence of islandwide data on private sector housing and construction, two indicators have been used to gauge the progress in this sector such as the number of building approvals by the Colombo Municipal Council (CMC) and commercial bank advances to the private sector for housing purposes. In 1982, there were 1,245 new building approvals by the CMC compared with 1,140 approvals in 1981 indicating a 9 per cent increase in overall terms. New residential building (houses and flats,) approvals totalled 589 in 1982 compared with 530 in 1981 representing a 11 per cent increase in this field. In this category while housing approvals increased by 26 per cent, approvals in respect of flats declined. The other major category, non-residential new building approvals (commercial, industrial, schools etc.) increased by 43 per cent over the previous year. In this category, industrial building approvals increased by 150 per cent whereas commercial building approvals declined. Of the 1,245 building approvals, 43 per cent were for additions and alterations reflecting the tendency to minimise on land costs and modernise and expand existing facilities. It is also likely that the location of construction activity in respect of new residential, commercial and industrial buildings would have shifted to sub-urban areas due to the shortage and high price of buildable land in Colombo.

Commercial bank advances to the private sector for housing purposes increased by 27 per cent in 1982. Outstanding advances which amounted to Rs. 1,181 million in 1981 totalled Rs. 1,500 million in 1982. However, there was a deceleration in the advances to the private sector for housing purposes.

There is no comprehensive system for financing homes in Sri Lanka such as building societies and loan and credit institutions. Private sector lending institutions are not actively involved in home finance. The only financial institution engaged primarily in the provision of home finance continued to be the State Mortgage and Investment Bank.

Accelerated Mahaveli Programme

The Accelerated Mahaveli Programme continued to be one of the lead development projects in the country and considerable progress was made in the implementation of this project during the year, 1982. The total expenditure incurred on the project up to the end of 1982 amounted to Rs. 13,329 million, of which Rs. 5,526 million or 41 per cent was spent during 1982.

The Accelerated Mahaveli Programme consists of three main components: the four main headworks projects of Victoria, Kotmale, Maduru Oya and Randenigala; the downstream engineering works dealing with diversion works and the irrigation; and the development of downstream areas, which includes the system 'B' and 'C', the balance lands in system 'H' and some lands in system 'G' comprising the old Elahera colonization scheme. The preliminary work on the Randenigala project was started during the year under review while the other projects continued to make considerable progress. The total expenditure incurred on the Victoria project up to the end of 1982 amounted to Rs. 2,997 million and of this, 43 per cent was incurred during 1982. It is expected that the whole project would be completed before the end of 1984, at which time it should provide irrigation facilities to 55,000 hectares of undeveloped land in systems 'B' and 'C' of the Mahaveli Scheme.

The Kotmale project comprises a dam across Kotmale Oya (a tributary of Mahaveli Ganga) and a tunnel system leading to an underground power station of two units with an installation capacity of 66 MW each. Under the programme of the reservoir work, first stage excavation in the main dam was completed in 1982, while second stage excavation was nearing completion by the end of the year. Work on the power station was progressing on programme. The total expenditure incurred on this project up to the end of 1982 amounted to Rs. 3,511 million out of which 43 per cent was spent during 1982.

Construction of the main dam of the Maduru Oya project was completed in October, 1982. The expenditure incurred on this project up to the end of 1982 amounted to Rs. 1,984 million of which Rs. 946 million or 48 per cent was spent during the year.

TABLE 1. 27
Accelerated Mahaveli Programme: Cost Estimates

Project	Budget Expenditure for 1982			Actual Expenditure for 1982(a)	Cumulative Expenditure upto end 1982(a)
	Provisions	Supplementaries	Total		
1. Victoria reservoir ..	1,714	—	1,714	1,289	2,997
2. Kotmale reservoir ..	1,600	—	1,600	1,509	3,511
3. Randenigala reservoir ..	1,248	—	1,248	536	640
4. Maduru Oya & Link Tunnel ..	601	—	601	946	1,984
5. Minipe Anicut Trans-basin canal complex ..	325	—	325	321	729
6. Irrigation System 'B' ..	509	—	509	344	537
7. Irrigation System 'C' ..	448	—	448	249	701
8. Stage I & II ..	306	—	306	317	2,084
9. Others ..	86	—	86	15	146
Total ..	6,837	—	6,837	5,526	13,329

(a) Provisional

Source: Mahaveli Authority of Sri Lanka.

The coffer dams, a river diversion tunnel and other connected diversion works of the Randenigala project, which will further regulate the discharges from the Victoria reservoir will commence in early 1983 to be completed by the end of 1983. The total amount spent on this project up to the end of 1982 amounted to Rs. 640 million and 84 per cent of these expenses were incurred during 1982.

Land development work and settlement of families in the 'H' area was almost completed in 1982 and the total number of families settled in the 'H' area, as at the end of 1982, amounted to 22,564 of which 683 families or 3 per cent were settled during the year. The settlement of families in system 'B' was started in 1982 and 1,050 families were settled in this area during the year. Since 1981, 5,456 families have been settled in system 'C' of which 2,400 were settled during 1982. Thus, altogether approximately 29,070 families have been settled under the Accelerated Mahaveli Development Programme by the end of 1982.

TABLE 1. 28
New land cultivated under Mahaveli Programme
 ('H' Area)

Item	Hectares									
	Maha 1979/80	Yala 1980	Total 1980	Maha 1980/81	Yala 1981	Total 1981	Maha 1981/82*	Yala 1982*	Total 1982*	
Area Cultivated ..	8,704	6,285	14,989	20,663	9,444	30,107	22,568	6,875	29,443	
(a) Paddy ..	8,704	4,842	13,546	20,663	6,923	27,586	20,680	2,522	23,202	
(b) Other crops ..	—	1,443	1,443	—	2,521	2,521	1,888	4,353	6,241	

* Provisional.

Source: Mahaveli Authority of Sri Lanka.

An extent of approximately 29,443 hectares were cultivated in the 'H' area in 1982. Of this, approximately 23,202 hectares were cultivated with paddy while 6,241 hectares were cultivated with other crops. There has been a decline in the area cultivated with paddy during the Yala of 1982 perhaps owing to the concerted effort being made by the project management staff to encourage farmers to cultivate other crops with a view to economising on water.

Integrated Rural Development Programme

The Integrated Rural Development Programme (IRDP) is an attempt towards the achievement of a more balanced regional development in Sri Lanka. It is therefore directed towards those districts which are not presently benefitting from large scale, high investment agricultural programmes. The IRDP aims at developing short and medium term programmes to meet the needs and fulfil the deficiencies specific to each such district, as well as to strengthen their existing infrastructure. It is anticipated that these projects will increase income, employment and the general living standards of the rural population as well as broaden the nation's agricultural base.

The first IRD project was implemented in the Kurunegala district under the auspices of the World Bank in 1979 and since then, several other districts have been brought under this programme with funding from various international sources. By the end of 1982, IRDP covered 7 districts in the country. Of these, three are funded by World Bank loans and the remaining four by grants from Norwegian Aid for Development (NORAD), the Swedish International Development Association (SIDA), the International Fund for Agricultural Development (IFAD) and the Netherlands Government. It is expected that two new IRD projects funded by the World Bank will be implemented in the Mannar and Vavuniya districts during 1983.

TABLE 1.29
District-wise Expenditure on the Rural Integrated
Development Programme (1981 and 1982)

Rs. Million

District (a)	Cost			Expenditure to Date (Cumulative)		Expenditure during 1981	Expenditure during 1982
	Foreign	Local	Total	as at end 1981	as at end 1982		
1. Kurunegala (1979)	197.7	267.3	465.0	156.8	227.5	44.3	59.7
2. Matara (1979)	n.a.	n.a.	n.a.	53.2	67.6	20.4	14.4
3. Hambantota (1979)	147.3	—	147.3	39.0	56.7	25.3	17.6(b)
4. Ntwarra Eliya (1980)	n.a.	n.a.	n.a.	26.3	51.7	14.4	25.4
5. Matale (c) (1981)	265.3	514.9	780.2	—	76.4	37.7	38.6
6. Puttalam(c) (1981)				—	n.a.	58.4	33.7
7. Badulla (1982)	112.0	257.5	369.5	—	n.a.	—	n.a.(d)

Source: Ministry of Plan Implementation.

(a) Indicates year of implementation.

(b) As at November 30th.

(c) Local/Foreign cost components for Matale and Puttalam are calculated together as the World Bank combines the two districts as one project.

(d) Implemented in July, 1982.

The Kurunegala District Integrated Rural Development Programme was implemented in 1979, and has served as a model for subsequent projects. It was designed to cover a five-year project period. The total cost of the project has been estimated at Rs. 465 million, of which, approximately 43 per cent was provided by World Bank assistance through International Development Association (IDA) financing. Expenditure on the project as at the end of 1982 amounted to Rs. 227.5 million or 49 per cent of the total estimated cost. During the year 1982, expenditure on the project amounted to Rs. 59.6 million. The lead projects in Kurunegala are associated with the district's two major crops, paddy and coconut. Irrigation and water management to improve paddy production and development of coconut cultivation, respectively, account for 29 per cent and 17 per cent of the expenditure up to the end of 1982.

The implementation of the Matara and Hambantota district IRD projects commenced at the beginning of 1979 for an estimated project duration of 5 years. These projects were funded on a continuous annual programme basis with aid from SIDA and NORAD, respectively. By the end of 1982 expenditure on the implementation of the Matara project amounted to Rs. 53.2 million. The two lead projects in this district are the development of tea smallholdings and road development for which 31 per cent and 12 per cent of the total expenditure up to the end of 1982 has been allocated. Expenditure on this project during the year under review amounted to Rs. 14.4 million. The lead projects in the Hambantota district are the restoration of the Kirama-Oya irrigation scheme and the Bedigama sericulture project. During the year 1982, Rs. 17.6 million was spent on the project with 11 per cent of this expenditure allocated to the lead projects.

The Nuwara Eliya district IRD project was implemented in 1980 on an annual programme basis with financing from the Netherlands Government. As at the end of 1982, Rs. 43.9 million was spent on the project. The primary expenditure components are the development of animal husbandry, rehabilitation of irrigation schemes and the construction of nurseries for reforestation.

The Matale and Puttalam IRD projects commenced in 1981, also with World Bank financing and for a 5 year project period. The total estimated cost of these two projects is Rs. 337.6 million and Rs. 397.7 million, respectively. Expenditure during 1982 for the two projects amounted to Rs. 37.7 million and Rs. 58.4 million, respectively. The Matale project emphasizes, among others, the development of minor export crops in the district. In Puttalam, one of the lead projects is coconut development, under which Rs. 19.5 million is expected to be spent on rehabilitation, underplanting, replanting and intercropping of coconut land during the project's duration. In both districts the agricultural credit component, designed to expand the volume of lending of the state banks in these districts as well as to promote the timely recovery of loans, has also been given substantial emphasis.

The most recent IRD project, in the Badulla district, was implemented in July, 1982 with IFAD and SIDA funding. Total expenditure on this project, which was implemented on an annual programme basis, is estimated at Rs. 369.5 million. Of this, approximately 70 per cent will come from foreign financing. Development of small-holder tea cultivation has been given high priority in this project.

EMPLOYMENT

In 1982, employment in government departments, semi-government institutions (public co-operations and statutory boards) and the organised private sector (private enterprises contributing to the Employees Provident Fund) increased about 34,000 or 2.1 per cent. This increase in employment excludes the unorganised sectors such as traditional agricultural, mining and quarrying, self employed and construction.

The annual survey of employment conducted by the Central Bank, revealed that employment in the government sector rose by 1 per cent or 4,337 as against an increase of 5,389 or 1.1 per cent in 1981. In the semi-government sector, the creation of new job opportunities amounted to 4,035 compared with 9,077 in 1981. This is only a 0.52 per cent increase compared to an 1.2 per cent increase in 1981.

Employment in the organised private sector increased by 25,625 this year when compared to 26,156 in 1981. (provisional Employees Provident Fund data). Enterprises coming under the Greater Colombo Economic Commission increased employment by 5,005 in 1982, bringing the total number presently employed in GCEC organisations to 24,926 persons. The employment level in the organised private sector reveals a significant increase compared to that of government and semi-government employment. Decisions taken to limit government expenditure within the budget allocation and limitations imposed on credit expansion in the semi-government sector may well be some of the reasons limiting increase in employment in these sectors.

The total number of new employment created over the last five years period from 1978 to 1982 outside the unorganised private sector amounted to 352,654 according to the available data.

PRICES

A feature of the price behaviour in 1982 was the significant deceleration in prices. Both the Colombo Consumers' Price Index computed by the Department of Census and Statistics and the Wholesale Price Index computed by the Central Bank, indicated that price increases were significantly less in 1982 than in previous years. The Colombo Consumers' Price Index increased by only 10.8 per cent compared to an 18 per cent increase in the previous year. In fact, the deceleration in 1982 consumer prices is better indicated by the fact that on a point to point basis, the December 1982 index was only 5.4 per cent higher than in December 1981. The Wholesale Price Index increased by only 5.5 per cent compared to a 17 per cent increase in 1981. These increases were the lowest in recent years as shown in Table 1.30.

TABLE 1.30
Annual Percentage Price Increases

Year	Colombo Consumers' Price Index	Wholesale Price Index
1978	12.0	16.0
1979	11.0	9.0
1980	26.0	34.0
1981	18.0	17.0
1982	10.8	5.5

The deceleration in prices has been the result of the lower prices of the major food items—rice and sugar—and a stable price for wheat flour. The continuation of the restrictive monetary policies introduced in 1981 and the small increase in prices of imported goods had a bearing on the moderate price rise.

The stability in major food prices is attributable to several factors. Despite a production short-fall in paddy in the first half of this year, the availability of imports of rice at relatively stable prices helped prevent rice prices from rising significantly. The price of sugar too, declined consequent on declining international prices and the Food Commissioner's release of excess stocks at lower prices. The import price of wheat grain remained relatively stable, thus enabling wheat flour to be marketed without an increase in price for the first ten months of the year. The wheat flour price was in fact reduced in October 1982 from Rs. 6.65 per kg. to Rs. 5.95 per kg. The stability in oil prices also had a role to play. The price of kerosene, which has a direct impact on the cost of living and diesel and petrol prices, which have an impact on the transport costs of domestic commodities, remained unchanged in 1982.

The commodity-wise classification of the Colombo Consumer's Price Index indicated that the increase in prices was essentially in the domestic group and the import group. While 72 per cent of the increase was due to higher prices of the domestic group, 27 per cent was due to increases in the import group.

The slower rate of the annual increase of the Wholesale Price Index at 5.5 per cent was due to a relatively moderate increase in prices in the domestic and export groups. On the other hand, the prices of the import group declined by 2 per cent.

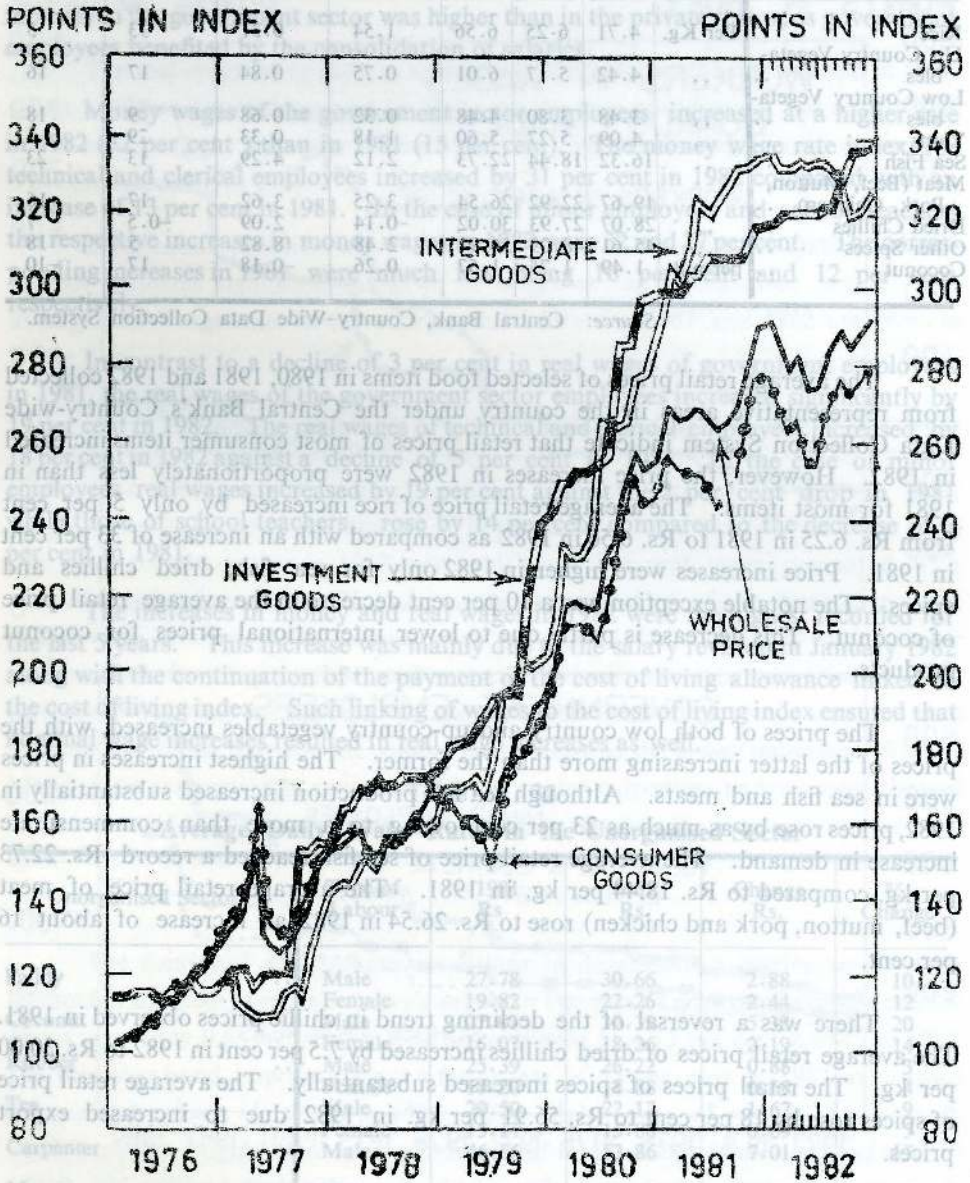
A classification of commodities by end use indicated that consumer goods accounted for the major part of the increase in prices. While consumer goods accounted for 82 per cent of the increase, 13 per cent was accounted for by price increases of intermediate goods and 5 per cent by price increases of investment goods.

WAGES

TABLE 1.31

WHOLESALE PRICE INDEX

1974 = 100
MONTHLY



Central Bank of Ceylon

TABLE 1. 31
Average Retail Prices of Selected Food Items, 1980—1982

Item	Unit	1980 Rs.	1981 Rs.	1982 Rs.	Change in Rs.		% Change	
					1980-1981	1981-1982	1980-1981	1981-1982
Rice	Per Kg.	4.71	6.25	6.56	1.54	0.31	33	5
Up Country Vegetables	..	4.42	5.17	6.01	0.75	0.84	17	16
Low Country Vegetables	..	3.48	3.80	4.48	0.32	0.68	9	18
Yams	..	4.09	5.27	5.60	1.18	0.33	29	6
Sea Fish	..	16.32	18.44	22.73	2.12	4.29	13	23
Meat (Beef, Mutton, Pork, Chicken)	..	19.67	22.92	26.54	3.25	3.62	17	16
Dried Chillies	..	28.07	27.93	30.02	-0.14	2.09	-0.5	7
Other Spices	..	45.61	48.09	56.91	2.48	8.82	5	18
Coconut	per nut	1.49	1.75	1.57	0.26	-0.18	17	-10

Source: Central Bank, Country-Wide Data Collection System.

The average retail prices of selected food items in 1980, 1981 and 1982 collected from representative areas in the country under the Central Bank's Country-wide Data Collection System indicate that retail prices of most consumer items increased in 1982. However, the price increases in 1982 were proportionately less than in 1981 for most items. The average retail price of rice increased by only 5 per cent from Rs. 6.25 in 1981 to Rs. 6.56 in 1982 as compared with an increase of 33 per cent in 1981. Price increases were higher in 1982 only for sea fish, dried chillies and spices. The notable exception was a 10 per cent decrease in the average retail price of coconut. This decrease is partly due to lower international prices for coconut products.

The prices of both low country and up-country vegetables increased, with the prices of the latter increasing more than the former. The highest increases in prices were in sea fish and meats. Although sea fish production increased substantially in 1982, prices rose by as much as 23 per cent owing to a more than commensurate increase in demand. The average retail price of sea fish reached a record Rs. 22.73 per kg. compared to Rs. 18.44 per kg. in 1981. The average retail price of meat (beef, mutton, pork and chicken) rose to Rs. 26.54 in 1982 an increase of about 16 per cent.

There was a reversal of the declining trend in chillie prices observed in 1981. The average retail prices of dried chillies increased by 7.5 per cent in 1982 to Rs. 30.00 per kg. The retail prices of spices increased substantially. The average retail price of spices rose by 18 per cent to Rs. 56.91 per kg. in 1982 due to increased export prices.

Textiles and footwear prices increased by only 5 per cent during 1982. Building material prices, represented mainly by bricks, metal and sand, increased by 16 per cent.

WAGES

In the organised sector of the economy money wages are measured by the minimum wage rate indices for the Central Government employees and for workers covered by the Wages Boards.

The money wages and real wages of both government employees and private sector employees covered by the Wages Boards increased in 1982. However, the increase in the government sector was higher than in the private sector, as government employees benefited by the consolidation of salaries.

Money wages of the government sector employees increased at a higher rate in 1982 (32 per cent) than in 1981 (15 per cent). The money wage rate index for technical and clerical employees increased by 31 per cent in 1982 compared with an increase of 13 per cent in 1981. In the case of minor employees and school teachers the respective increases in money wages in 1982 were 32 and 27 per cent. The corresponding increases in 1981 were much less being 16 per cent and 12 per cent respectively.

In contrast to a decline of 3 per cent in real wages of government employees in 1981, the real wages of the government sector employees increased significantly by 19 per cent in 1982. The real wages of technical and clerical employees increased by 18 per cent in 1982 against a decline of 5 per cent in 1981. In the case of minor employees real wages increased by 19 per cent against the 2 per cent drop in 1981 while those of school teachers, rose by 14 per cent compared to the decrease of 6 per cent in 1981.

The increases in money and real wages in 1982 were the highest recorded for the last 5 years. This increase was mainly due to the salary revision in January 1982 along with the continuation of the payment of the cost of living allowance linked to the cost of living index. Such linking of wages to the cost of living index ensured that nominal wage increases resulted in real wage increases as well.

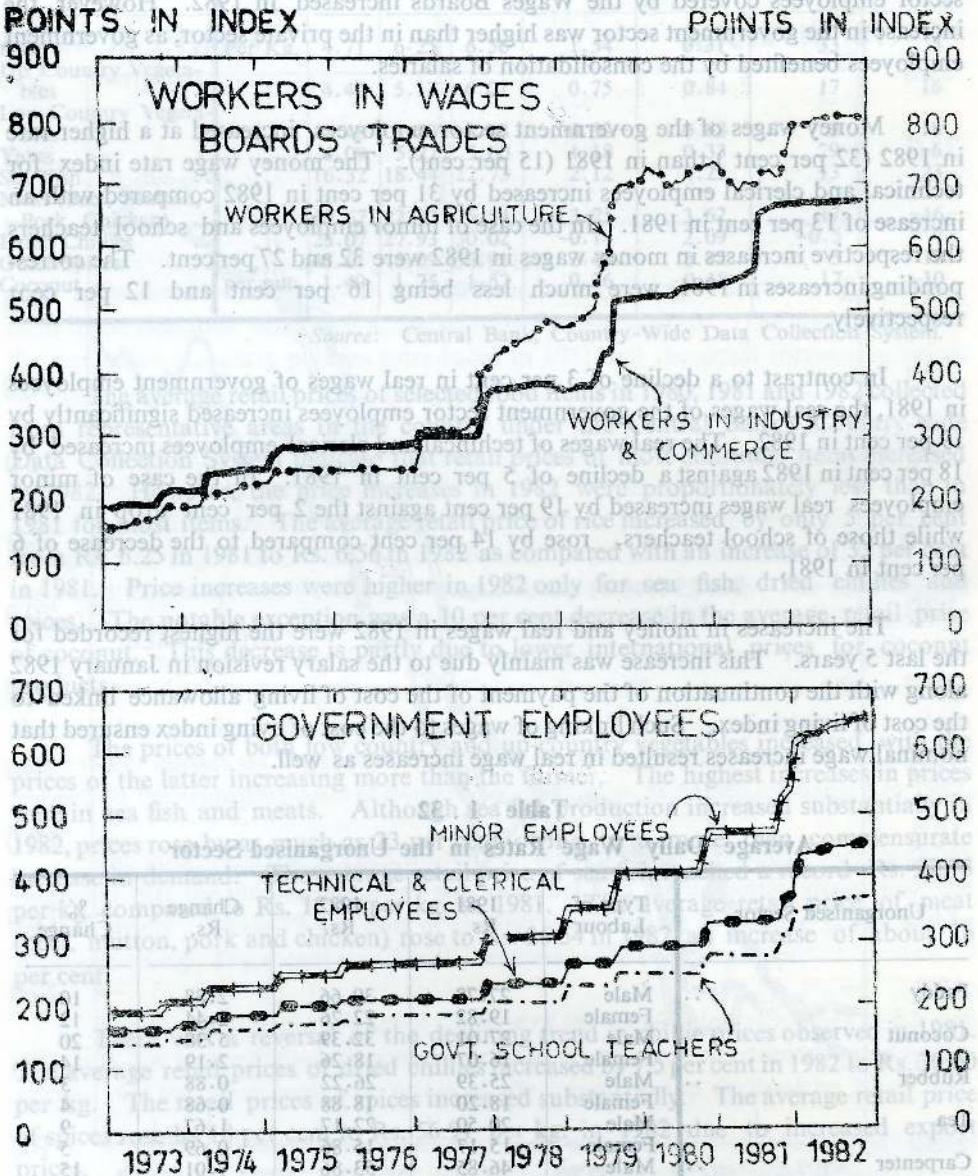
Table 1.32
Average Daily Wage Rates in the Unorganised Sector

Unorganised Sector	Type of Labour	1981 Rs.	1982 Rs.	Change Rs.	% Change
Paddy	Male	27.78	30.66	2.88	10
	Female	19.82	22.26	2.44	12
Coconut	Male	27.01	32.39	5.38	20
	Female	16.07	18.26	2.19	14
Rubber	Male	25.39	26.22	0.88	3
	Female	18.20	18.88	0.68	4
Tea	Male	20.50	22.17	1.67	9
	Female	15.17	15.86	0.69	5
Carpenter	Male	46.85	53.86	7.01	15
Mason	Male	45.90	52.44	6.54	14

Source: Central Bank of Ceylon,
Country-Wide Data Collection System.

WAGE RATE INDEX NUMBERS

1952 = 100
MONTHLY



In the organised private sector, the minimum wages of workers in tea, rubber and coconut sectors, rose by 13 per cent in 1982 compared to a marginal decrease of 0.2 per cent in 1981. The minimum wages of workers in industry and commerce increased by 12 per cent against an increase of 13 per cent in 1981. The combined minimum wage rate index for the organised agricultural, industrial and commercial sectors increased by 13 per cent when compared with a marginal increase of 1 per cent in 1981.

The real wages of workers in agriculture which dropped by 16 per cent in 1981, showed an increase of 2 per cent in 1982. In the case of industrial and commercial sector employees the real wage rate increased by 1.5 per cent as against the decrease of 5 per cent recorded in 1981.

Information collected under the Central Bank's Country-Wide Data Collection System indicates significant increases in wages in the unorganised sector. The average daily wage rates in the unorganised sector for 1981 and 1982 are given in Table 1.32.

In the unorganised sector such as in tea, rubber, coconut and paddy cultivation and in building construction all island daily wage rates of male and female workers increased in 1982 in respect of all categories. In paddy farming the average daily wage rate in 1982 showed an increase of 10 per cent for male workers while the wage rate of a female worker in 1982 increased by 12 per cent when compared with that of the previous year. This represents a continuation of the increasing trend in the wage rates in paddy farming observed since 1979. The daily wage rate for male workers in the tea, rubber and coconut cultivation sectors too increased. The increase in the case of workers in the coconut cultivation sector was the most pronounced while that for the rubber sector showed the lowest increases. The all island daily average wage rates in 1982 for master carpenters and masons showed an increase of 15 per cent and 14 per cent, respectively, when compared with those for the previous year.

TRADE

The continued recessionary conditions in developed countries made their impact felt markedly on the country's exports. The rate of growth of exports in SDR terms was only 0.6 per cent in 1982 as compared to a 13 per cent growth in 1981. On the other hand, imports grew at a faster rate of 13 per cent in 1982 as against a 2 per cent growth registered in 1981. The higher rate of growth of imports in 1982 was very largely due to the purchase of ships (SDR 44 million) and aircraft (SDR 107 million) during the year, which resulted in a bulging of investment goods imports for the year. The higher growth of imports in 1982 has therefore to be viewed in this context.

TABLE 1.33
Balance of Trade 1980 — 1982

Year	Imports (a)		Exports (d)		Balance of Trade	
	Customs	Adjusted	Customs	Adjusted	Customs	Adjusted
1980	33,637 (1,563)	33,942 (1,577)	17,273 (803)	17,595 (818)	- 16,364 (- 761)	- 16,347 (- 760)
1981	35,530 (1,567)	36,582(c) (1,614)	20,199 (891)	21,043 (928)	- 15,331 (- 676)	- 15,539 (- 685)
1982(b)	36,876 (1,605)	41,946(c) (1,826)	21,124 (919)	21,454 (934)	15,751 (- 686)	20,492 (- 892)

(a) Excluding Bullion and Specie.

(b) Provisional.

(c) Include values of ships and aircraft which have not been recorded in the Customs Return.

(d) Includes re-exports.

Sources: Customs, Sri Lanka,
Food Commissioner's Department,
Ceylon Fertilizer Corporation and
other major importers,
Ceylon Petroleum Corporation,
State Gem Corporation,
Air Lanka Limited,
Ceylon Shipping Corporation.

According to provisional Customs data, total imports and exports for the year 1982 at Rs. 36,876 million (SDR 1,605 million) and Rs. 21,124 million (SDR 919 million) respectively, resulted in a trade deficit of Rs. 15,751 million (SDR 686 million). This represents a marginal increase over the previous year's deficit of Rs. 15,331 million (SDR 676 million). When Customs data are adjusted to present a more realistic picture, total expenditure on imports amounted to Rs. 41,946 million (SDR 1,826 million) and total earnings from exports Rs. 21,454 million (SDR 934 million), resulting in an increased trade deficit of Rs. 20,492 million (SDR 892 million) for the year. The adjustments made to the Customs data on imports were largely on account of ships and aircraft that were imported during the year. As a result, the trade deficit for 1982 turned out to be substantially higher than the adjusted trade deficit for the year 1981 which was Rs. 15,539 million (SDR 685 million). According to adjusted data, the rate of growth of exports for the year 1982 was less than 2 per cent in Rupee terms and one-half of 1 per cent in more stable SDR terms. On the other hand, imports grew at a faster rate of 15 per cent in Rupee terms and 13 per cent in SDR terms.

The prices of imports as measured by the import price index, increased by 10 per cent in 1982 compared to a 30 per cent increase recorded in 1981, while the volume of imports as measured by the import volume index showed an increase of 2 per cent. In the case of exports, the volume of exports as measured by

the export volume index rose by 10 per cent, while export prices as measured by the export price index declined by 8 per cent in 1982. The end result of the relative price movements of imports and exports in 1982 was a deterioration of 17 per cent in the country's terms of trade during the year. In the two preceding years viz. 1981 and 1980 the terms of trade deteriorated by 21 per cent and 19 per cent, respectively. Thus, the persistently adverse terms of trade experienced by the country in recent years continued into 1982 as well.

TABLE 1.34
Foreign Trade 1973—1982

Year	Rupees Million			Index Numbers 1978=100				Terms of Trade
	Exports (f. o. b.)	Imports (c. i. f.)	Balance of Trade	Volume		Prices		
				All Exports	All Imports	All Exports	All Imports	
1973	2,617	2,715	- 98	103	60	20	24	82
1974	3,471	4,554	- 1,083	89	42	31	42	72
1975	3,933	5,251	- 1,318	107	52	29	49	58
1976	4,815	4,645	+ 170	102	57	34	44	78
1977	6,638	6,007	+ 631	94	73	55	54	102
1978	13,206	14,687	- 1,481	100	100	100	100	100
1979	15,273	22,560	- 7,287	101	123	109	152	72
1980	17,595	33,942	- 16,347	99	140	126	217	58
1981	21,043	36,582	- 15,539	102	145	129	282	46
1982*	21,454	41,946	- 20,492	112	148	119	309	38

* Provisional.
Adjusted from 1980 onwards.

Sources: Customs, Sri Lanka,
Central Bank of Ceylon.

Exports

The earnings from exports (adjusted data) in 1982 were Rs. 21,454 million (SDR 934 million) compared to earnings of Rs. 21,043 million (SDR 928 million) in 1981, registering an increase of Rs. 411 million (SDR 6 million). The rate of growth of exports has thus been a disappointing 2 per cent in Rupee terms and 0.6 per cent in SDR terms. The earnings from industrial exports recorded a 12 per cent increase while those from agricultural exports declined by 4 per cent in SDR terms. Following the pattern in recent years, the share of agricultural exports in total exports declined to 55 per cent in 1982. The corresponding share in 1981 was 58 per cent. On the other hand, the share of industrial exports increased from 35 per cent in 1981 to 39 per cent in 1982, while that of mineral exports remained unchanged at 4 per cent.

The decline in the share of agricultural exports was the result of total earnings from this source decreasing by 4 per cent in SDR terms. This was largely the result of reductions in earnings from tea and rubber by 3 per cent and 20 per cent, respectively. There was, however, a 16 per cent increase in the earnings from minor agricultural products and a marginal increase in the earnings from the export of coconut products. Along with the reduction in the share of agricultural exports, the relative

significance of the traditional plantation crop sector in total exports also decreased from 51 per cent in 1981 to 47 per cent in 1982. For the first time in recent history this sector accounted for less than one half of total earnings. Thus, while the share of industrial exports increased, the increase was more on account of a drop in earnings from the traditional exports rather than to a faster rate of growth of the industrial exports. In this sense, diversification as indicated by the increasing share of industrial exports in total exports is somewhat less encouraging. A welcome feature however is that the export earnings from minor agricultural products continued to increase and their total exceeded the level of earnings from coconut products in 1982. Tea continued to be the principal item of export, accounting for 30 per cent of total exports.

TABLE 1.35
Composition of Exports 1980 — 1982

Category	Value in Rs. Million			SDR Million			Percentage of Total Exports		
	1980	1981	1982 (e)	1980	1981	1982	1980	1981	1982
1. Agricultural Exports	10,873	12,170	11,806	505	537	514	61.7	57.8	55.0
1.1 Tea	6,170	6,444	6,342	287	284	276	35.1	30.6	29.6
1.2 Rubber	2,590	2,889	2,323	120	127	101	14.7	13.7	10.8
1.3 Coconut	1,234	1,438	1,496	57	64	65	7.0	6.8	7.0
1.3.1 Kernel Products	754	1,011	1,003	35	45	44	4.3	4.8	4.7
1.3.2 Other	480	427	494	22	19	21	2.7	2.0	2.3
1.4 Minor Agricultural Products (a)	879	1,399	1,645	41	62	72	5.0	6.7	7.6
2. Industrial Exports (a) (b)	5,814	7,296	8,271	270	322	360	33.0	34.7	38.5
2.1 Textile and Garments	1,826	3,021	3,502	85	133	152	10.4	14.4	16.3
2.2 Petroleum Products	3,123	3,375	3,280	145	149	143	17.7	16.0	15.3
2.3 Other	865	900	1,489	40	40	65	4.9	4.3	7.0
3. Mineral Exports	805	792	859	37	35	37	4.5	3.8	4.0
3.1 Gems (b)	664	633	685	31	28	30	3.8	3.0	3.2
3.2 Other	141	159	174	6	7	7	0.7	0.8	0.8
4. Unclassified (c)	103	785(d)	518	5	35	23	0.6	3.8	2.5
Total Exports (b)	17,595	21,043	21,454	818	928	934	100.0	100.0	100.0

(a) Selected items revised to provide a greater coverage.

(b) Adjusted.

(c) Include re-exports.

(d) Include Rs. 458 million (SDR 20 million)

worth of exports as revised by Customs in 1982 for which breakdown is not available.

(e) Provisional.

Sources: Customs, Sri Lanka,
State Gem Corporation,
Ceylon Petroleum Corporation.

Conversion: 1980 - 1 SDR = Rs. 21.51

1981 - 1 SDR = Rs. 22.67

1982 - 1 SDR = Rs. 22.98

The increase in the earnings from industrial exports was the result of higher earnings from textile and garments exports and other industrial exports of 14 per cent and 63 per cent, respectively. There was, however, a 4 per cent decline in the earnings from petroleum products, largely a result of the local utilization by the State Fertilizer Manufacturing Corporation of the usual exportable surplus of naphtha. An encouraging sign on the industrial export front is the increase in the share of "other industrial exports" which has recorded an impressive performance in 1982. This category consisting essentially of non-traditional exports such as, animal feed, chemical products, footwear, articles of leather, rubber and wood, wall tiles and mechanical appliances, has increased its share in total export earnings from 4 per cent to 7 per cent or from SDR 40 million to SDR 65 million.

The value of tea exports in 1982 amounted to Rs. 6,342 million (SDR 276 million). It declined both in Rupee terms as well as in SDR terms, the latter decline being 3 per cent below 1981. The total production of tea dropped by over 10.6 per cent to 188 million kgs. Largely, reflecting this drop in production, the volume of teas sold at the Colombo Auctions declined by 9 per cent to 181 million kgs., while Sri Lanka teas sold at the London Auctions also declined from 10 million kgs. in 1981 to 4 million kgs. in 1982. The decline in the total volume of exports, however, was marginal. Total exports in 1982 was 181 million kgs. as compared to 183 million kgs. in 1981. The total volume of tea exports has been declining in recent years. The highest volume of tea exports recorded was in 1975 when it reached 213 million kgs.

Of the total tea exports during the year, 81 per cent was shipped in bulk form. The average f.o.b. price of tea from Sri Lanka in 1982 at Rs. 35.03 per kg. (SDR 1.52) showed a marginal decline compared to the price realized in the preceding year. The average gross price at the Colombo Auctions, however, increased significantly by 30 per cent from Rs. 18.10 per kg. in 1981 to Rs. 23.44 per kg. in 1982. The rise in the Colombo Auction price for the year is largely explained by the reduced export duty on tea applicable during 1982 as compared to the previous year. The price of Sri Lanka tea sold at the London Auctions at 107 pence per kg. also showed an increase of 14 per cent over the price realized in 1981, but was volume-wise too small to make a significant impact on the average f.o.b. price for the year. Export duties on all varieties of tea, in bulk (Rs. 8.00 per kg.), packeted (Rs. 6.50 per kg.), tea bags (Rs. 1.00 per kg.), instant tea (Rs. 13.50 per kg.) and green tea (Rs. 8.00 per kg.) remained unchanged during 1982.

Earnings from the export of rubber during the year under review at Rs. 2,323 million (SDR 101 million), showed a decline of 20 per cent from those of the previous year. Both the volume exported as well as the average export price decreased. Production of rubber in 1982 is estimated at 125 million kgs.; an increase of only 1 million kgs. over the 1981 production. The volume of exports declined from 133 million kgs. in 1981 to 131 million kgs. in 1982, while the average f.o.b. price declined by 19 per cent from Rs. 21.80 per kg. (SDR 0.96) in 1981 to Rs. 17.68 per kg. (SDR 0.77) in 1982. During the year, the stocks of rubber at various points of the trade continued to remain at relatively low levels.

The rubber trade was faced with serious problems during the year owing to the low prices that prevailed in the international markets, the result of a general slack in demand following the recession in industrialised countries. In addition, world rubber stocks remained at a very high level, around 40 per cent of the world's annual production. The International Natural Rubber Organisation (INRO) which came into existence in 1981, intervened in the markets by purchasing upto 260,000 tons of natural rubber during 1982. The buffer stock operations of the INRO helped to some extent in arresting the price declines, but prices failed to improve due to the prevailing gloomy conditions of the world economy. Moreover, the Sri Lanka-China Trade Protocol for 1982 did not provide for any barter transactions and hence the absence of any provisions for the purchase of a specified quantity of rubber by the People's Republic of China. As a result, rubber exports to the People's Republic of China which were 35.2 million kgs. valued at Rs. 809 million in 1981 declined to 8.2 million kgs. valued at Rs. 139 million in 1982. There was no change in the export duty on rubber during the year.

The value of exports of coconut products in 1982 increased marginally to Rs. 1,496 million (SDR 65 million). The increase was wholly due to a rise in the value of coconut by-products, while the value of exports of coconut kernel products declined. The fall in the value of coconut kernel products occurred inspite of the fact that there had been an impressive 42 per cent increase in the export volume, helped by a significant increase in production. In terms of nut equivalent, the volume of exports of desiccated coconut, coconut oil and copra increased substantially from 401 million nuts in 1981 to 569 million nuts in 1982. However, the prices for coconut products in the international markets were not favourable during the year due mainly to the increased availability of cheap edible oils. Earnings from the export of coconut oil and copra recorded increases, while those from desiccated coconut declined. The average export prices of coconut kernel products declined markedly from Rs. 2.52 per nut in 1981 to Rs. 1.76 per nut in 1982. Thus, the significant increase in export volume has helped in a big way to sustain the earnings from the export of coconut products in 1982. The export of coconut products continued to remain liberalised during the year. However, as mentioned elsewhere in this report, towards the latter part of the year, price support schemes had to be introduced for coconut oil and desiccated coconut in order to prevent the collapse of the export market.

While the export performance of the three major crops has been disappointing, the export earnings from minor agricultural crops showed welcome signs of improvement. They amounted to Rs. 1,645 million (SDR 72 million) in 1982, compared to Rs. 1,399 million (SDR 62 million) in 1981, showing an increase of 16 per cent in SDR terms. The export earnings from coffee, arecanut, sesame seeds, betel leaves, papain, fresh vegetables and fruits increased while those from cashewnuts, pepper, cinnamon, cloves, cardamom, tobacco and oil seeds declined. Export prices of these products, however, were relatively favourable.

Earnings from industrial exports increased significantly from Rs. 7,296 million (SDR 322 million) in 1981 to Rs. 8,271 million (SDR 360 million) in 1982 recording an increase of 12 per cent in SDR terms. Despite the quota restrictions

imposed by the developed countries, the value of textile and garments exports continued to increase, rising from Rs. 3,021 million (SDR 133 million) in 1981 to Rs. 3,502 million (SDR 152 million) in 1982. The share of textile and garments exports in total export earnings for 1982 was 16 per cent. Garments exports by the enterprises coming within the purview of the Greater Colombo Economic Commission have been estimated to be around Rs. 1,300 million (SDR 57 million).

In contrast to the trend which prevailed in the recent past, the earnings from the export of petroleum products, mainly marine bunkers, aviation fuel, naphtha and fuel oil declined from Rs. 3,375 million (SDR 149 million) in 1981 to Rs. 3,280 million (SDR 143 million) in 1982, due largely to a lower volume of export of naphtha in 1982. The lower volume of export was the result of a large volume of naphtha being utilized locally by the State Fertilizer Manufacturing Corporation in the production of urea. The net foreign exchange earnings from the export of textile and garments and petroleum products were much lower than the net earnings from other exports (i.e. agricultural and mineral exports) since the import content of textile and garments and petroleum exports was fairly high. Apart from these two items, the value of other industrial exports increased very significantly by 63 per cent from Rs. 900 million (SDR 40 million) in 1981 to Rs. 1,489 million (SDR 65 million) in 1982, expanding its share of the total export earnings from 4 per cent in 1981 to nearly 7 per cent in 1982.

Earnings from mineral exports increased from Rs. 792 million (SDR 35 million) in 1981 to Rs. 859 million (SDR 37 million) in 1982, while earnings from the export of gems at Rs. 685 million (SDR 30 million) showed an increase of Rs. 52 million. However, the latter includes the export of diamonds which were imported for cutting and polishing before re-export.

The overall performance of the export sector in 1982 was somewhat disappointing. The rate of growth was even less than 1 per cent as against expectations of around 11 per cent. In the context of the existence of a large number of incentives, the stagnant position of the export sector was a matter for concern. The export volumes of the two major export commodities declined, while their export prices too were unfavourable. Though significant improvements were evident in the volume of exports of coconut kernel products, the price trends were such that the country was unable to obtain the maximum benefit. The increase in the value of gem exports resulted from the re-export of diamonds. The situation is best illustrated by the fact that had it not been for such re-exports of diamonds and garments, the earnings of which are recorded on a gross basis (inclusive of their high import content) the export sector would have recorded a negative growth in 1982. These trends appear to underline the urgency of some corrective measures to be taken to improve export performance. The improvements shown in the sectors of minor agricultural exports and other industrial exports, which could be considered as possible target areas for more concentrated attention, were encouraging.

Imports

Total expenditure on imports (adjusted data) for the year 1982 amounted to Rs. 41,946 million (SDR 1,826 million) showing an increase of Rs. 5,364 million (SDR 212 million) or 13 per cent in SDR terms. The expenditure on imports in 1981 was Rs. 36,582 million (SDR 1,614 million) and in that year, the rate of growth was only 2 per cent in SDR terms. The higher value of imports in 1982 was accounted for entirely by increased petroleum imports under the intermediate goods category and of ships and aircraft under the investment goods category. The value of imports other than ships and aircraft increased by Rs. 1,908 million (SDR 83 million), indicating a growth of 4 per cent. Earnings from exports accounted for only 51 per cent of the expenditure on imports. The prices of imports as measured by the import price index rose by 10 per cent, while the volume of imports as indicated by the import volume index increased by 2 per cent. In the computation of the import indices, the imports of ships, aircraft and the increased level of petroleum imports have been excluded as these data have not been recorded in the Customs Returns.

The structural changes in the composition of imports observed in the recent past continued in the year under review, with the combined share of investment and intermediate goods recording a further increase. The share of consumer goods in the total imports declined from 25 per cent in 1981 to 21 per cent in the year under review or by 4 percentage points. While the share of intermediate goods imports too declined marginally from 53 per cent to 52 per cent, that of investment goods increased substantially from 22 per cent in 1981 to 28 per cent in the year under review. The substantial increase in the imports of transport equipment (ships and aircraft) expanded the share of the investment goods category, while reducing the shares of the other two categories of imports.

The value of imports of investment goods during the year under review at Rs. 11,591 million (SDR 505 million) showed an increase of 44 per cent over the value of Rs. 7,956 million (SDR 351 million) recorded in the preceding year. The expenditure on imports of transport equipment increased from Rs. 2,229 million (SDR 98 million) in 1981 to Rs. 5,529 million (SDR 241 million) in 1982. Of this sum, Rs. 999 million (SDR 44 million) was for the import of five ships, while Rs. 2,457 million (SDR 107 million) was for the import of two aircraft. Nearly one half of the investment goods imports were transport equipment and its share in the total imports was 13 per cent. The import of machinery and equipment and building materials increased marginally, while their shares in total imports declined. The import of other investment goods, however, showed an increase.

The value of imports of intermediate goods during the year under review at Rs. 21,640 million (SDR 942 million) showed an increase of 11 per cent over the value of Rs. 19,275 million (SDR 850 million) registered in the preceding year. However, the share of intermediate goods in total imports declined from 53 per cent to 52 per cent in the year under review. The expenditure on petroleum increased from Rs. 9,958 million (SDR 439 million) in 1981 to Rs. 12,274 million (SDR 534 million) in 1982 or by 22 per cent, and accounted for 57 per cent of the value of intermediate goods imports and 29 per cent of all imports. It is noteworthy that out of the total export earnings

in 1982, 57 per cent was spent on petroleum imports alone. The expenditures on wheat and chemicals at Rs. 1,787 million (SDR 78 million), and Rs. 729 million (SDR 32 million) respectively, showed marginal increases while that on fertilizer declined to Rs. 560 million (SDR 24 million)—less than half of last year's imports. This decline is attributed in part to the manufacture of urea by the State Fertilizer Manufacturing Corporation.

TABLE 1.36
End - Use Classification of Imports 1980-1982

Category	Value						Percentage of Total Imports		
	Rupees Million			SDR Million			1980	1981	1982
	1980	(a) 1981	(b) 1982	1980	1981	1982			
1. Consumer Goods	10,158	9,219	8,601	472.1	406.7	374.3	29.9	25.2	20.5
1.1 Food and drink	6,408	4,888	3,546	297.8	215.6	154.3	18.9	13.4	8.4
1.1.1 Rice	882	992	925	41.0	43.8	40.3	2.6	2.7	2.2
1.1.2 Flour	1,825	28	62	84.8	1.2	2.7	5.4	0.1	0.1
1.1.3 Sugar	2,026	2,826	955	94.2	124.7	41.6	6.0	7.7	2.3
1.2 Textile and Clothing	1,721	2,334	2,167	80.0	103.0	94.3	5.1	6.4	5.2
1.3 Other	2,029	1,997	2,888	94.3	88.1	125.7	6.0	5.5	6.9
2. Intermediate Goods	15,522	19,275	21,640	721.4	850.3	941.8	45.7	52.7	51.6
2.1 Petroleum	8,090	9,958	12,274	376.0	439.3	534.2	23.8	27.2	29.3
2.2 Fertilizer	1,339	1,202	560	62.3	53.0	24.4	3.9	3.3	1.3
2.3 Chemicals	544	663	729	25.3	29.2	31.7	1.6	1.8	1.7
2.4 Wheat	575	1,697	1,787	26.7	74.9	77.8	1.7	4.6	4.3
3. Investment Goods	8,144	7,956	11,591	378.5	351.0	504.5	24.0	21.7	27.6
3.1 Machinery and Equipment	4,212	3,876	3,964	195.8	171.0	172.5	12.4	10.6	9.5
3.2 Transport Equipment	2,421	2,229	5,529	112.5	98.3	240.6	7.1	6.1	13.2
3.3 Building Materials	610	525	557	28.4	23.2	24.2	1.8	1.4	1.3
4. Unclassified	118	132	114	5.5	5.8	5.0	0.3	0.4	0.3
Total Imports (d)	33,942	36,582	41,946	1,577.5	1,613.8	1,825.6	100.0	100.0	100.0

Sources: Customs, Sri Lanka,

(a) Revised. Food Commissioner's Department,

(b) Provisional. Ceylon Fertilizer Corporation and

(c) Include values of ships and air-craft other major importers,

which have not been recorded in the Customs Return. Ceylon Petroleum Corporation,

(d) Adjusted. Air Lanka Limited,

Ceylon Shipping Corporation.

The value of imports of consumer goods during the year under review at Rs. 8,601 million (SDR 374 million) showed a reduction of 8 per cent from the value of Rs. 9,219 million (SDR 407 million) registered in the preceding year. In 1981 and 1982 consumer goods imports declined in absolute as well as in relative terms. The relative share of this category declined from 25 per cent to 21 per cent in 1982 or by 4 percentage points. The expenditure on food and drink decreased from Rs. 4,888 million (SDR 216 million) to Rs. 3,546 million (SDR 154 million) or by 28 per cent, while the amount spent on rice also declined marginally. The expenditure on sugar according to adjusted data decreased substantially from Rs. 2,826 million in

1981 to Rs. 955 million in 1982. The decline in the value of sugar imports was due both to lower import prices, as well as a reduction in the volume of imports. The value of imports of textile and garments also declined marginally, while that of other consumer goods increased.

TABLE 1.37

Volume of Major Imports in 1982

(Metric tons)

Month	Rice	Wheat	Sugar	Petroleum (Crude Oil)	Fertilizer
January	—	21,000	3,852	240,565	11,089
February	—	32,000	11,080	213,282	...
March	...	66,458	5,143	29,351	16,044
April	—	—	5,225	234,080	20,005
May	19,398	72,387	30,375	29,451	5,081
June	9,301	28,350	9,163	257,776	10,001
July	14,316	115,314	10,900	190,852	19,023
August	18,458	—	6,400	58,879	21,018
September	5,897	—	15,451	244,790	15,699
October	—	—	12,550	60,895	5,449
November	18,407	—	1,000	351,193	...
December	13,558	...	8,965	29,429	17,306
Total(a) (b)	173,254	494,850	133,518	1,940,543	180,035

Sources : Customs, Sri Lanka,

Central Bank of Ceylon.

(a) Adjusted.

(b) Monthly data may not add up to the annual total due to subsequent adjustments.

No separate record of aid imports is available, as imports are not categorised by mode of payment by the Customs at the time of clearance. However, on the basis of available information on foreign aid, aid imports which account for a substantial part of total imports could be estimated. * On this basis, aid imports for the year 1982 were estimated at Rs. 7,194 million (SDR 313 million), in comparison to Rs. 5,940 million (SDR 262 million) in 1981. The share of aid imports as a percentage of total imports has increased from 16 per cent in 1981 to 17 per cent in 1982.

* The value of aid imports has been arrived at by taking 75 per cent of project aid plus the entirety of commodity aid, food aid and I. M. F. Trust Fund loans. The estimate of aid is based on records maintained by the External Resources Division of the Ministry of Finance and Planning.

Foreign Trade Policy

There has been no significant change in the foreign trade policy in 1982 and the country continued to operate the liberalised trade policies introduced in 1977 as an important element of the programme for economic expansion. Assistance was given to both traditional and non-traditional exports and for diversifying export structure. In addition, processing of raw materials with a view to increasing domestic value added in exports, received the attention of the authorities during the year. However, the developments observed in the export and import sectors in 1982 were not very encouraging, in contrast to the experience of the preceding year. The rate of export growth declined considerably, though a higher level of export performance was a prime necessity in sustaining the outward looking growth strategy. At the same time, a faster rate of growth of imports was experienced in 1982, in contrast to the marginal rate of growth recorded in 1981. As in other years, foreign resources were used in filling the gap between imports and exports. The continuing and widening trade gap is a matter for considerable concern.

Credit availability was considered as one of the key determinants of the level of trade activities in the country; hence the Central Bank intervened to influence the quantity and direction of credit granted by credit institutions with a view to channelling the available credit to priority sectors, whilst at the same time maintaining the overall demand at a sustainable level. Commercial banks were requested to continue to exercise restraint in granting credit except for priority sectors, export financing being the first priority. The details of measures adopted regarding the provision of export credit are presented in the section on Money and Banking in this report.

The Sri Lanka Export Development Board (SLEDB) continued its activities as the leading institution in the formulation of export promotion policies. The Board under the guidance of the Export Development Council of Ministers was responsible for the formulation and implementation of policies in respect of exports. The Advisory Committee appointed by the Board for the preparation of a National Export Development Plan completed most of its work during the year. The Board had assisted exporters in obtaining medium and long term capital, while the Board itself participated in 3 manufacturing projects with an equity capital of Rs. 3.4 million. The Customs Duty Rebate Scheme was extended to another 50 products bringing the total number of products to 212. The amount refunded as rebates in 1982 was Rs. 703 million compared to Rs. 500 million in 1981. Of the total amount refunded in 1982, Rs. 610 million were paid to garments exporters. Under the Export Expansion Grant Scheme which is based on increments to export earnings, a total sum of Rs. 114 million has been paid as grants to exporters; of which the biggest share of 39 per cent, was paid to garments exporters. The concept of production for export at village level was continued successfully at two villages with the assistance of private companies.

Five sessions of the exporters' forum were held during the year under review to develop mutual understanding between exporters and officials. This has helped to prevent disincentives and impediments being placed in the way of exporters and

to focus attention on matters relevant to export promotion. The Product Management Division of the Board has planned programmes of product development for selected products such as rubber, tea, coconut, horticultural products, readymade garments, light engineering and assembly industry, gems and jewellery, handlooms and marine products. The buyer/seller meetings and the trade and shipping information service helped to find markets for exportable products.

During the year under review, the Sri Lanka Export Credit Insurance Corporation (SLECIC) continued its activities in the promotion of exports by guaranteeing and insuring export credits. In 1982, 28 new insurance policies were issued while 7 policies lapsed. The total value of the policies at the end of the year was Rs. 356 million as against Rs. 285 million a year ago. This helped the exporters to find new markets and new buyers abroad, due to the competitive terms which they were able to offer under the assistance of SLECIC. At the end of 1982, 417 guarantees valued at Rs. 963 million were in force, as against 357 guarantees valued at Rs. 749 million, a year ago. These include pre and post shipment and export performance guarantees. As in the previous years, the incentives granted to exporters under the Inland Revenue Act continued during the year 1982. The manufacture of goods for export continued to be exempted from turnover tax.

There has been no significant change in the export and import control policies during 1982 other than duty changes on a small number of items ; all the major exports remained free of controls while 19 items were subject to licensing. As far as imports were concerned, the import of newsprint was brought under licensing during the year. This was in addition to the items that were under licence at the beginning of the year. However, certain exports continued to be subjected to pre-export quality inspections. The rubber export trade remained free to the private sector. Export duties on tea and rubber remained unchanged during the year. The sliding scale of duties on the export of all coconut kernel products continued in operation to make duties respond automatically to changes in international market prices. Under the sliding scale of export duties, when the estimated f.o.b. value per metric ton of coconut oil, as computed by the Principal Collector of Customs, was less than Rs. 13,100—which is the minimum price for duty purposes—no duty was payable on exports of coconut oil, while the duties payable on a metric ton of copra and desiccated coconut would be Rs. 7,250 and Rs. 3,500 respectively. The export duty of Rs. 1,000 per 1,000 fresh coconuts was reduced to Rs. 500 per 1,000 fresh nuts during the year. Under the sliding scale of duties introduced in 1982, the minimum duty payable on a metric ton of coconut expeller poonac was Rs. 300, while the duty on untwisted bristle fibre was fixed at 15 per cent of the f.o.b. value. On account of the slump in coconut oil prices in the international markets, a price support scheme for coconut oil was introduced in April, 1982. In addition to the above, under the price support scheme for desiccated coconut (DC) introduced in September, 1982, a subsidy of Rs. 1,000 per ton was paid to millers in respect of DC produced for export. This was revised to Rs. 2,000 per metric ton in November, 1982. There was a 25 per cent export duty on natural graphite and 5-10 per cent duty on cinnamon, despite serious problems faced by the cinnamon trade, during 1982, due

to payment problems in Mexico. Reduced duties and price support schemes were necessary inspite of a large number of general incentives, in order to assist the producer in the context of declining prices and rising production costs. However, it is important that in view of the rising costs of production, productivity in export ventures have to be increased as continued dependence on price support schemes, duty reductions and changes in the rates of exchange are not viable in the long run. Action also needs to be pursued to arrest, sharp declines in prices and to obtain better prices, at least in line with the rate of world inflation for our export commodities, which would involve vigorous international co-operation, especially among the producers.

As in the preceding year, import duties ranging from 5 to 500 per cent were in force during the year under review aimed at achieving two major objectives, namely, an increase in revenue and a measure of protection to local industries. However, a large number of raw materials and machinery were subjected only to a 5 per cent import duty during the year, as against 12½ per cent for most of 1981. On the other hand, import duties on certain selected items such as bicycles, paper products, printing ink, perfumes, soap and roofing tiles were increased. The import duty on sugar was increased from Rs. 4.00 to Rs. 5.50 per kg. in September, 1982 with a view to guaranteeing a fair margin of profit to the local producers of sugar, while at the same time maintaining a reasonable retail price to the consumer and a reasonable profit margin to the importer. The Presidential Tariff Commission continued as an advisory body, making recommendations on appropriate tariff measures.

The importance of evolving a rational tariff structure based on effective protection was stressed in the Annual Report for 1981. In the year under review certain duty changes were effected on an ad-hoc basis. However, a comprehensive review of the entire tariff structure to ascertain the need for and the desired level of tariffs and on the other hand, the consequences of protection and a possible mis-allocation of resources would certainly be in the interests of long-term development objectives.

The Turnover Tax which was extended to imports in 1981 continued to operate during the year under review. An important feature of this tax was that it equalised the rates of manufacturers' Turnover Tax levied on imports. Thus the revenue element in the Custom duties was isolated to enable these duties to represent essentially the protective element. The three basic rates of the turnover tax applicable on imports were 2 per cent, 5 per cent and 10 per cent. Agricultural imports, building materials, food imports, fishing boats, cotton textiles, petroleum products, pharmaceuticals and other manufactured items were taxed at the lowest level rate. The export development cess continued to be levied on certain imports and selected exports.

The import of tea for blending, packeting and making of tea bags exclusively for export remained liberalised during the year, subject to certain administrative regulations of the Sri Lanka Tea Board. During the year, a total of 42,000 kgs. of tea valued at Rs. 1.3 million was imported as against 44,000 kgs. valued at

Rs. 1.3 million in 1981. While the import of rice and sugar remained liberalised, a major part of the country's rice imports was handled by the Food Commissioner's Department (FCD). However, the private sector participated in a big way in the sugar import trade, causing a sharp reduction in the quantity of sugar imported by the FCD from 168,000 metric tons in 1981 to 12,000 metric tons in 1982. The Duty Free Shopping Complex in Colombo which was opened for the benefit of tourists, diplomatic personnel, foreign personnel employed in development projects and incoming residents of Sri Lanka, handled goods valued at Rs. 885 million in 1982.

During the year 1982, 2.4 million tons of import cargoes and 1.5 million tons of export cargoes were handled at the three ports, compared to 2.4 million tons and 1.3 million tons, respectively handled in 1981. Approximately 26 per cent of the total cargo handled was containerised, compared to 18 per cent in 1981. Improved facilities were made available at the Port of Colombo, to handle containerised cargo.

Sri Lanka contributed Rs. 136 million to the buffer stock fund of the International Rubber Agreement in 1982. In terms of the Agreement, the buffer stock manager intervened in the markets and purchased around 260,000 tons upto the end of the year providing some measure of price support. As in the previous year, tea exporting countries including Sri Lanka met several times in 1982 and also consulted the importing countries on the possibility of an International Agreement on Tea. Under the International Coffee Agreement to which Sri Lanka obtained membership in 1981, the country received an increased export quota of 72,000 bags or 4,320 metric tons for the 1982/83 Coffee Year. A new 5 year agreement between Sri Lanka and China was signed in 1982. It is of a general nature, granting most favoured nation treatment and providing payments for transactions in convertible currencies. However, Sri Lanka's exports to China declined from Rs. 860 million in 1981 to Rs. 175 million in 1982, while imports from China increased from Rs. 686 million to Rs. 872 million. The total value of transactions routed through the Asian Clearing Union facility at Rs. 4,176 million revealed a decrease of Rs. 180 million from that of the previous year.

Internal Trade

In keeping with the general policy of liberalisation introduced in 1977, an internal trade policy aimed at achieving a 'free market' economy was continued in 1982, by permitting trade to be guided essentially by market forces. Free competition in the market was expected to safeguard the interests of both the consumer as well as the producer. Therefore, an environment for greater competition in trade between the state sector and the private sector had to be created not only by allowing the private sector to enter the trade in many fields which happened to be the monopolies of state organisations but also by removing rigid controls to permit the free interplay of market forces. Hence, market interference by the authorities was restricted to the barest minimum and was exercised in an acceptable manner without distorting the price mechanism and through free market instruments such as buffer stock operations. It was generally confined to improving consumer awareness and resistance, and the use of moral suasion as in the previous year.

In the interests of the consumer, the state sector continued to retain the authority to import certain essential commodities such as chillies, onions and potatoes. These commodities were permitted to be imported by state organisations only in limited quantities to overcome temporary shortfalls in domestic production specially during off-seasons. However, the volumes of these commodities imported by the Co-operative Wholesale Establishment (CWE) increased substantially in 1982 leading to a greater stability in their prices.

On the other hand, some form of institutional regulatory mechanism was necessary to promote fair competition and to maintain fair trade practices and equitable distribution of goods, specially, at a time when controls have been removed. Thus, a constant and close watch on the open market trade activities was maintained by the Department of Internal Trade and the National Prices Commission, through the administration of the Consumer Protection Act, the Control of Prices Act and the Weights and Measures Ordinance. Under the Consumer Protection Act, eight new directives were issued to traders and forty new items were brought under the provisions of the Act. During the year, 118 new Consumer Societies were established to promote consumer awareness and restrict malpractices in trade. The total number of societies at the end of the year were 1,368. Further, 'District Consumer Society Federations' were established in each of the 24 districts. The Consumer Protection Fund established in 1980 to finance consumer education programmes was credited with Rs. 300,350 during the year, while payments from the Fund amounted to Rs. 269,580. In addition, consumer education stalls at the Mahapola Trade Fairs were organised, as in previous years, to promote consumer education and link trade between rural and urban areas. In 1982, a new legislation termed 'Consumer Credit Act' was enacted with a view to defining and regulating the duties of parties to a hire purchase agreement. The major objective being the protection of the consumer under such an agreement.

During the year under review, the role of the National Prices Commission in monitoring prices appeared to have been even less important than in the previous year. The number of price reviews made by the National Prices Commission decreased to 87 in 1982 from 103 in 1981. However, basic commodities such as wheat flour, bread, masoor dhal, infant cereal foods, Lakspray and Milk Board products continued to be under price control.

Under the liberalized trade policy, the state trading corporations were expected to compete vigorously with the private sector in order to be commercially viable and efficient. As expected, many of these institutions switched over to new fields of business, from their traditional business lines, in order to function as commercially viable units under the new economic environment. Greater emphasis was placed on export oriented activities, and the purchase of locally manufactured products, aimed at helping the local producer and promoting national development. However, in spite of these efforts most of the corporations continued to record a reduced turnover this year too, due mainly to severe competition from the private sector. According to the provisional estimates, the total turnover of the 11 trading corporations in 1982 amounted to Rs. 4,315 million indicating a drop of 7 per cent below the turnover of Rs. 4,640 million recorded in 1981.

The activities performed by the co-operative societies and the Food Commissioner's Department (FCD), in the internal trade of the country underwent drastic changes under the liberalized system of trade. Due to the increased availability of goods at competitive prices (in the open market), the dependence of the consumers on co-operatives for their day to day needs was no longer a necessity. This could be seen from the marked decrease in the turnover of the co-operatives from Rs. 9,870 million in 1981 to Rs. 8,320 million in 1982, a fall of 16 per cent. Yet, a majority of the low income earners preferred to use co-operatives as the major source of supply for their needs, since the co-operatives handled the bulk of the items distributed under the Food Stamp Scheme. In 1982 the co-operative societies continued to handle the Food Stamp Scheme. According to estimates based on a Central Bank Survey, despite a reduction in the turnover, the co-operative sector was able to achieve an increased margin of 6 per cent in 1982 as against 4 per cent in 1981 over the costs of its purchases.

The private sector continued to play a major role in the distribution of essential items such as rice, flour, bread and sugar in 1982. During the year, the private sector was able to handle the bulk of the trade in locally produced rice and sugar. The volume of imports of sugar by the Food Commissioner's Department decreased by more than 94 per cent, while the FCD's purchases of rice from the Paddy Marketing Board (PMB) decreased by 87 per cent in 1982. At the same time, the purchase of paddy by the PMB from producers declined by 34 per cent. This reveals the major role played by the private sector in the rice and sugar trade. However, FCD continued to be the sole importer of wheat grain for milling at the Prima Mills and was the sole distributor of wheat flour.

TOURISM

Despite stagnant economic conditions prevailing in Western countries, the main markets of tourism, adversely affecting the growth in world tourism, Sri Lanka's tourist industry was ranked as the fourth largest contributor of foreign exchange inflows in 1982. The industry also continued to sustain the growth in employment opportunities in the country.

The total number of tourist arrivals in the country during 1982 amounted to 407,230 representing an increase of almost 10 per cent over the preceding year. Following the trend observed during the previous year, the rate of growth of tourist traffic achieved this year indicated a further decline. Arrivals of excursionists (i.e. the temporary visitors staying in the country for less than 24 hours including travellers on cruises but excluding travellers in transit) totalled 6,632 indicating a drop of 14 per cent over the corresponding figure of 1981.

Total nights spent by tourists in the country in 1982 amounted to 4,064,155. This was an increase of 4 per cent above the figure registered during the previous year. The total number of tourist nights, which is a better indicator of the volume of the tourist traffic, has increased at a lower rate than that of the tourist arrivals of the current year. Average duration of stay of a tourist which reached a peak of 11.1 days in 1979 has declined gradually to 10.0 in 1982.

Western Europe, as in the past, maintained its position as the main market during the current year. Arrivals from Western Europe accounted for 57 per cent of total arrivals when compared with 66 per cent in the previous year. In 1982, for the first time in the past decade, Western European arrivals have dropped by 5.5 per cent. The Asian market, the second largest, has enhanced its relative market share from 24 per cent in 1981 to 33 per cent in 1982. This was mainly due to the remarkable increase in the arrivals of Indian nationals in the country. The market share of Australasia has increased from 2.6 per cent in 1981 to 3.1 per cent in 1982 while that of North America remained at 4 per cent as in the previous year.

Gross earnings of the tourist industry in 1982 were estimated at Rs. 3,050 million which indicated an increase of 20 per cent over the earnings of the preceding year. In terms of SDRs, gross earnings amounted to 133 million reflecting an increase of 18 per cent. These figures show that the momentum of growth achieved in the gross earnings from the industry during the past few years could not be sustained in 1982. Tourist shops including the duty free shopping complex accounted for 22 per cent of the gross earnings of the industry during the current year, when compared with 7 per cent registered in previous year. This was mainly due to the sales at the duty free shopping complex which contributed Rs. 496 million or 76 per cent of the sales of tourist shops. Earnings from hotels and travel agencies which were responsible for 22 per cent and 33 per cent of the gross earnings from the industry in 1981 have declined to 17 per cent and 27 per cent respectively during the year under consideration. The importance of tourism earnings can be gauged from the balance of payments data. The share of tourism which was 35 per cent of receipts from services in 1979 has marginally dropped to 34 per cent in 1982. Tourism which was ranked as the fifth largest foreign exchange earner for the country in 1981, improved its position to become the fourth largest foreign exchange earner in 1982 surpassing the position of rubber exports.

TABLE 1-38
Tourism Statistics 1981-1982

Item	1981	% change over 1980	1982	% change over 1981
1. Tourist arrivals	370,742	15.2	407,230	9.8
2. Excursionist arrivals	7,737	-10.4	6,632	-14.3
3. Tourist nights ('000)	3,907	10.1	4,064	4.0
4. Gross tourist receipts				
4.1 Rs. million	2,546.5	39.1	3,050.5*	19.8
4.2 U.S. Dollar million	132.4	19.6	146.6	10.7
4.3 SDR million	112.3	32.0	132.8	18.2
5. Number of arrivals by purpose of visit				
5.1 Pleasure	331,638	13.6	361,188	8.9
5.2 Business	23,540	21.8	27,484	16.7
6. Number of arrivals by region				
6.1 Western Europe	245,785	15.1	232,290	-5.5
6.2 Asia	88,744	18.8	135,088	52.2
6.3 North America	13,947	8.3	15,528	11.3
7. Total employment	55,255	15.3	60,000*	8.6
7.1 Direct	23,023	15.8	25,000*	8.6
7.2 Indirect	32,232	15.0	35,000*	8.6

* Provisional.

Source: Ceylon Tourist Board.

Tourism offers a wide variety of employment opportunities directly in the tourist sector and indirectly in the several servicing sectors. The total number of persons directly employed in the tourist industry in 1982 amounted to 25,000 representing an increase of 8 per cent over 1981. Total number of indirect employment generated by tourism as at end 1982 has been estimated at 35,000. As a result at the end of 1982, total employment in the tourist sector amounted to 60,000 implying that one job was created by every 7 tourist arrival.

The number of units in the graded accommodation sector has expanded from 115 in 1981 to 123 in 1982 resulting in an increase in the total number of rooms from 6,891 to 7,539. Meanwhile, the annual room occupancy rate in the graded accommodation sector which reached a peak of 57 per cent in 1980 has since declined to 47.8 per cent in 1982. Although the number of tourists arriving in the country has been increasing annually, there has been a drop in the occupancy rate in the graded accommodation sector which implies that tourists are increasingly patronising accommodation outside the graded sector. Heavy reliance of the Sri Lankan tourist industry on the Western European market is a basic structural weakness of the industry and a concerted effort is required to diversify the sources of tourist traffic with a view to overcoming the problem of its vulnerability to significant changes in traffic from this region. Another important issue is the diversion of patronage from the graded accommodation to lower cost accommodation presumably due to high prices. This in turn may have something to do with taxes currently imposed on the hotel industry as well as increased costs of electricity & water.

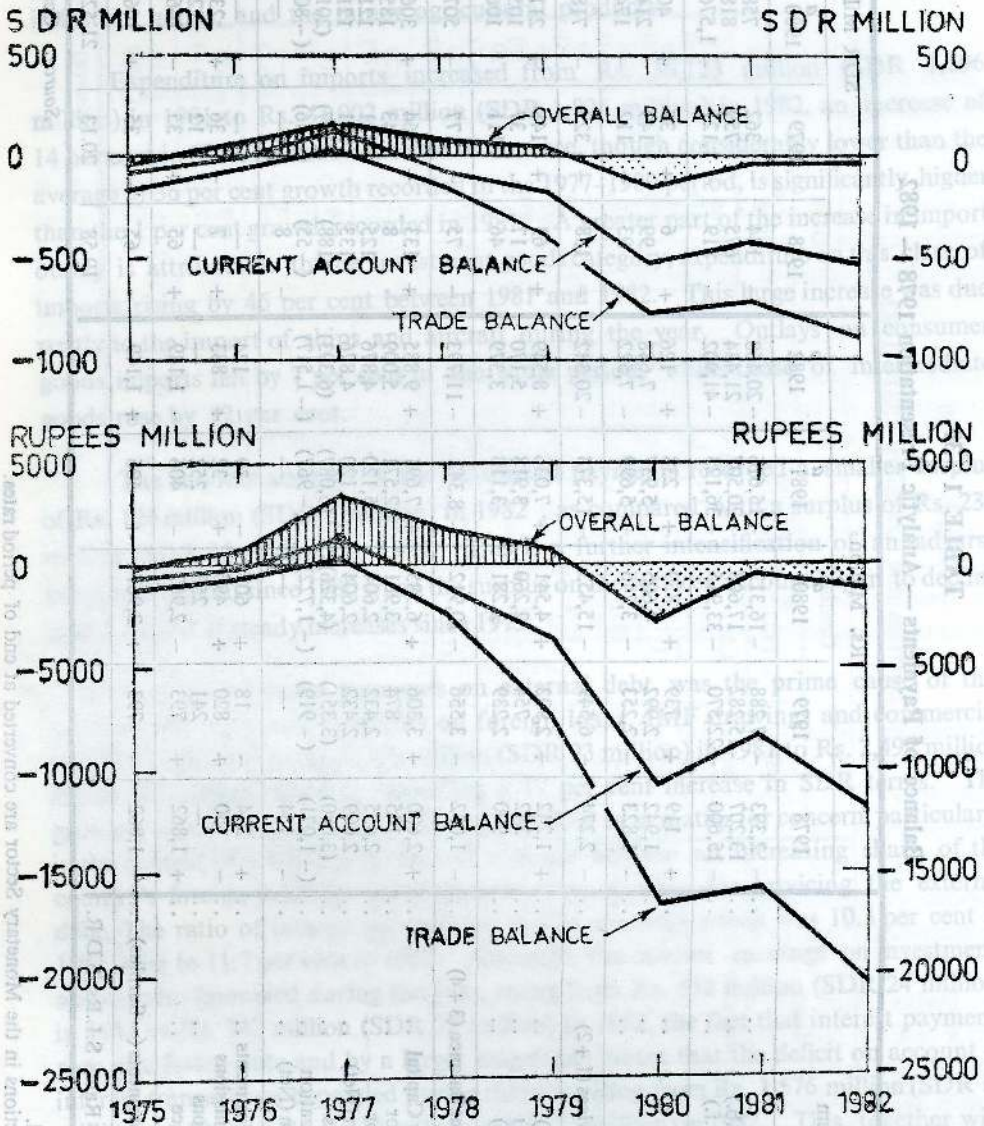
BALANCE OF PAYMENTS

Balance of Payments Outturn

In 1982, the current account deficit of Sri Lanka's balance of payments at Rs. 11,793 million (SDR 515 million) was the highest on record. In comparison, the deficit in 1981 was Rs. 8,342 million (SDR 375 million). The current account deficit as a percentage of GDP increased from 11 per cent in 1981 to 13 per cent in 1982. These movements compare unfavourably with the developments in 1981, when the current account deficit declined by 26 per cent, and its share in GDP by 4 percentage points. The deterioration of the current account balance in the year under review is attributable to the sluggish growth in exports against a faster growth in imports and a considerable reduction in net service receipts, particularly due to high interest payments on foreign borrowings. The net inflow of non-monetary capital in 1982 was Rs. 9,885 million (SDR 431 million), reflecting a 26 per cent increase (in SDR terms) over the corresponding figure for 1981. As a result, despite the record current account deficit, the overall balance was contained below the 1981 level (SDR 24 million in 1982 as against SDR 26 million in the previous year). During the year, the country's net international reserves declined to the extent of the overall deficit. Gross external assets, however, increased by 20 per cent to reach Rs. 10,956 million (SDR 466 million) at the end of the year. The gross external assets at the end of 1982 were adequate to finance 3 months' imports projected for 1983.

BALANCE OF PAYMENTS

ANNUALLY



Central Bank of Ceylon

TABLE 1.39
Balance of Payments — Analytic Presentation 1978 — 1982

Item	Rs. Million					SDR Million				
	1978	1979	1980	1981	1982	1978	1979	1980	1981	1982
1. Merchandise	..	..	..	..	..	..	..	..	..	..
Exports (f.o.b.)	- 2,393	- 7,288	- 16,312	- 15,616	- 20,468	- 144	- 362	- 758	- 693	- 892
Imports (c.i.f.)	- 13,207	- 15,282	- 17,603	- 20,507	- 21,434	675	759	818	903	934
	- 15,600	- 22,570	- 33,915	- 36,123	- 41,902	- 819	- 1,121	- 1,576	- 1,596	- 1,826
2. Services	..	..	..	..	..	..	..	..	..	..
Receipts	+ 119	+ 739	+ 859	+ 238	+ 126	+	+	+	+	+
Payments	- 1,942	- 2,992	- 4,605	- 5,937	- 7,648	99	149	214	261	333
	- 1,823	- 2,253	- 3,746	- 5,699	- 7,522	93	112	174	251	328
3. Goods and Services (1+2)	..	..	..	..	..	..	..	..	..	..
	- 2,274	- 6,549	- 15,453	- 15,378	- 20,342	- 138	- 325	- 718	- 683	- 887
4. Transfers (Net)	..	..	..	..	..	..	..	..	..	..
Private (Net)	+ 1,242	+ 2,993	+ 4,541	+ 7,036	+ 8,549	+	+	+	+	+
Official (Net)	342	754	2,260	3,918	5,170	63	148	211	308	372
	900	2,239	2,281	3,118	3,379	46	111	106	136	147
5. Current Account Balance (3+4)	..	..	..	..	..	..	..	..	..	..
	- 1,032	- 3,556	- 10,912	- 8,342	- 11,793	- 75	- 177	- 507	- 375	- 515
6. Non-Monetary Capital	..	..	..	..	..	..	..	..	..	..
Private Sector	+ 2,600	+ 3,506	+ 6,585	+ 7,691	+ 9,885	+	+	+	+	+
Public Sector	145	874	3,981	2,571	5,009	- 133	164	306	341	431
Long-term (Net)	2,455	2,432	2,604	5,120	4,876	8	43	185	116	218
Receipts	2,609	2,432	2,604	5,120	4,876	125	121	121	225	213
Amortization	(3,680)	(3,351)	(4,326)	(6,087)	(6,393)	133	121	121	225	213
Short-term (Net)	(-1,071)	(-919)	(-1,722)	(-967)	(-1,517)	(188)	(167)	(-80)	(267)	(280)
	154	—	—	—	—	(-55)	(-46)	(-80)	(-42)	(-67)
7. Valuation Adjustments	..	..	..	..	..	..	..	..	..	..
Errors and Omissions	+ 344	- 18	+ 607	- 39	- 124	—	—	—	—	—
8. SDR Allocations	..	..	..	..	..	..	..	..	..	..
	- 50	+ 820	+ 495	+ 32	+ 883	+	+	+	+	+
9. Overall Balance	..	..	..	..	..	..	..	..	..	..
	+ 1,862	+ 793	- 2,967	- 406	- 1,149	65	35	166	26	24
10. Monetary Movements (-Surplus)	..	..	..	..	..	..	..	..	..	..
	- 1,862	- 793	+ 2,967	+ 406	+ 1,149	- 65	- 35	- 166	- 26	- 24
Average Exchange Rate - S.I. Rs./S.D.R.	..	..	..	..	..	19.58	20.13	21.52	22.67	22.98

Source: Central Bank of Ceylon.

a. Revised.
 b. Provisional.
 Note: All transactions in the Monetary Sector are converted at end of period rates.

Earnings from merchandise exports increased from Rs. 20,507 million (SDR 903 million) in 1981 to Rs. 21,434 million (SDR 934 million) in 1982, a 3.4 per cent increase in SDR terms. The combined earnings from the three traditional exports, tea, rubber and coconut registered a 6.9 per cent decline (in SDR terms) during the year. Therefore, the increase in export earnings in 1982 was entirely the outcome of higher earnings from non-traditional exports such as textiles and garments, other industrial goods, and the minor agricultural products.

Expenditure on imports increased from Rs. 36,123 million (SDR 1,596 million) in 1981 to Rs. 41,902 million (SDR 1,826 million) in 1982, an increase of 14 per cent in SDR terms. This rate of increase, though considerably lower than the average of 36 per cent growth recorded in the 1977-1980 period, is significantly higher than the 1 per cent growth recorded in 1981. A greater part of the increase in import outlay is attributable to the investment goods category, expenditure on this class of imports rising by 46 per cent between 1981 and 1982. This large increase was due partly to the import of ships and aircraft during the year. Outlays on consumer goods imports fell by 7 per cent in the same period, while those of intermediate goods rose by 12 per cent.

The services account of the balance of payments recorded a smaller surplus of Rs. 126 million (SDR 5 million) in 1982, as compared with a surplus of Rs. 238 million (SDR 10 million) in 1981. This is a further intensification of an adverse trend experienced since 1980 when the surplus on the services account began to decline after a period of steady increases since 1973.

Increased interest payments on external debt was the prime cause of this development. Interest payments on foreign loans, IMF drawings and commercial credits increased from Rs. 2,128 million (SDR 93 million) in 1981 to Rs. 2,497 million (SDR 109 million) in 1982, recording a 17 per cent increase in SDR terms. The growing interest payments on the external debt is a matter for concern particularly in the context of a sluggish growth in exports, because an increasing share of the country's foreign exchange earnings has to be set aside for servicing the external debt. The ratio of interest payments to export earnings which was 10.3 per cent in 1981 rose to 11.7 per cent in 1982. Although the interest earnings on investments abroad also increased during the year, rising from Rs. 552 million (SDR 24 million) in 1981 to Rs. 742 million (SDR 32 million) in 1982, the fact that interest payments rose at a faster rate and by a larger magnitude meant that the deficit on account of interest transactions expanded during the year, rising from Rs. 1,576 million (SDR 69 million) in 1981 to Rs. 1,755 million (SDR 77 million) in 1982. This, together with increased outlays on account of profits and dividend payments, increased the deficit on the 'Investment Income' category by 15 per cent to Rs. 1,968 million (SDR 86 million) during the year. The increased inflow of foreign aid and investments in the recent past makes it likely that this deficit would continue to increase in the future as well.

TABLE 1.40
Services and Transfers 1981-1982

Item	Rs. Million (SDR Million in brackets)							
	Credit			Debit		Balance		
	1981	1982	Change 1981/82	1981	1982	Change 1981/82	1981	1982
Port, Transportation and Insurance	964 (42)	1,212 (53)	+ 248 (+11)	737 (33)	948 (41)	+ 211 (+8)	+ 227 (+9)	+ 264 (+12)
Travel	2,244 (99)	2,573 (112)	+ 329 (+13)	703 (31)	894 (39)	+ 191 (+8)	+ 1,541 (+68)	+ 1,679 (+73)
Investment Income	552 (24)	744 (32)	+ 192 (+8)	2,264 (99)	2,712 (118)	+ 448 (+19)	- 1,712 (-75)	- 1,968 (-86)
1. Profits and Dividends	—	2	+ 2	136	215	+ 79	- 213	-
2. Interest	552 (24)	742 (32)	+ 190 (+8)	2,128 (93)	2,497 (109)	+ 369 (+16)	- 1,576 (-77)	- 1,755 (-86)
Government Expenditure	201 (9)	234 (10)	+ 33 (+1)	151 (7)	171 (8)	+ 20 (+1)	+ 50	+ 63
Miscellaneous	1,976 (87)	2,885 (126)	+ 909 (+39)	1,844 (81)	2,797 (122)	+ 953 (+41)	+ 132 (+6)	+ 88 (+4)
TOTAL SERVICES	5,937 (261)	7,648 (333)	+ 1,711 (+72)	5,699 (251)	7,522 (328)	+ 1,823 (+77)	+ 238 (+10)	+ 126 (+5)
Private Transfers	4,430 (195)	5,789 (252)	+ 1,359 (+57)	512 (23)	619 (27)	+ 107 (+4)	+ 3,918 (+172)	+ 5,170 (+225)
Official Transfers	3,118 (136)	3,379 (147)	+ 261 (+11)	—	—	—	+ 3,118 (+136)	+ 3,379 (+147)
TOTAL TRANSFERS	7,548 (331)	9,168 (399)	+ 1,620 (+68)	512 (23)	619 (27)	+ 107 (+4)	+ 7,036 (+308)	+ 8,549 (+372)
TOTAL SERVICES AND TRANSFERS	13,485 (592)	16,816 (732)	+ 3,331 (+140)	6,211 (274)	8,141 (355)	+ 1,930 (+81)	+ 7,274 (+318)	+ 8,675 (+377)

a. Provisional

Source: Central Bank of Ceylon.

Note: All transactions in the Monetary Sector are converted at end of period rates.

Tourism, port, transportation and insurance were the major sources of earnings in the services account. Net earnings from port, transportation and insurance increased by 16.3 per cent, from Rs. 227 million (SDR 9 million) in 1981 to Rs. 264 million (SDR 12 million) in 1982. Earnings from tourism increased from Rs. 2,244 million (SDR 99 million) in 1981 to Rs. 2,573 million (SDR 112 million) in 1982, largely due to a 10 per cent rise in tourist arrivals during the year. On the other hand, payments on account of Sri Lankans travelling abroad increased by a larger margin of 27.2 per cent, reducing the net earnings from tourism to Rs. 1,679 million (SDR 73 million) in 1982.

In keeping with the trend observed in recent years, receipts from private transfers consisting largely of remittances made by Sri Lankans employed abroad increased significantly during the year. Such receipts increased by 29.2 per cent to reach Rs. 5,789 million (SDR 252 million) in 1982, from a level of Rs. 4,430 million (SDR 195 million) in 1981. This was the most positive single item in Sri Lanka's balance of payments in recent years. The net surplus on this account which has been rising steadily since 1977, has played a significant role in off-setting to some extent, the poor outturn on the merchandise account.

Official transfers, consisting largely of grants, both project and commodity aid from foreign governments and international agencies, increased by 8 per cent from Rs. 3,118 million (SDR 136 million) in 1981 to Rs. 3,379 million (SDR 147 million) in 1982. The major contributors during the year were Australia, Finland, Japan, Netherlands, the Norwegian Agency for International Development (NORAD), the Swedish International Development Authority (SIDA), the United Kingdom, the United Nations Agencies' and the United States of America. The overall surplus on transfers increased from Rs. 7,036 million (SDR 308 million) in 1981 to Rs. 8,549 million (SDR 372 million) in 1982, reflecting increased inflows on account of both private and official transfers.

The marginal surplus on services account and the considerable increase in receipts on account of transfers helped somewhat to off-set the deficit on merchandise account. Accordingly, the current account deficit for the year was Rs. 11,793 million (SDR 515 million), as compared with a merchandise trade deficit of Rs. 20,468 million (SDR 892 million). The current account deficit in 1981 was Rs. 8,342 million (SDR 375 million). The deficit was largely financed by means of non-monetary capital, consisting of long-term aid loans, commercial borrowings as well as direct investments.

Total net non-monetary sector capital movements or the total extent of financing available from the private and official sources amounted to Rs. 9,885 million (SDR 431 million) in 1982 as compared with Rs. 7,691 million (SDR 341 million) in 1981. This was about 26 per cent higher (in SDR terms) than the extent of such financing available in 1981. With the availability of capital flows of such magnitude, it was possible to mitigate the adverse impact of the large deficit that emerged on current transactions and to contain the overall deficit to Rs. 1,149 million (SDR 24 million) in 1982.

TABLE 1.41
Financing of the External Resource Gap 1980 — 1982

Category	Rupees Million			SDR Million		
	1980(a)	1981(a)	1982(b)	1980(a)	1981(a)	1982(b)
1. Foreign earnings	24,726	30,874	34,871	1,149	1,359	1,519
1.1 Exports	17,603	20,507	21,434	818	903	934
1.2 Services	4,605	5,937	7,648	214	261	333
1.3 Private transfers	2,518	4,430	5,789	117	195	252
2. Foreign payments	43,112	56,101	64,069	2,013	2,478	2,794
2.1 Imports	33,915	36,123	41,902	1,576	1,596	1,826
2.2 Services	3,746	5,699	7,522	174	251	328
2.3 Private transfers	258	512	619	12	23	27
2.4 Capital repayments	5,193	13,767	14,026	251	608	613
3. External resource gap	-13,386	-25,227	-29,198	-864	-1,119	-1,275
4. Financing of the resource gap	+13,386	+25,227	+29,198	+864	+1,119	+1,275
4.1 Financing through transactions that do not affect debt position	3,292	4,373	4,459	153	192	194
4.1.1 Official grants	2,281	3,118	3,379	106	136	147
4.1.2 Direct investments	753	1,003	1,080	35	44	47
4.1.3 SDR allocation	258	252	—	12	12	—
4.2 Borrowings and use of reserves	13,992	20,851	23,930	688	931	1,021
4.2.1 Long-term loans	4,143	5,350	5,663	193	234	248
4.2.2 Short-term credits	4,454	10,518	9,940	207	466	434
4.2.3 Suppliers' credits	441	1,233	1,160	21	55	51
4.2.4 Commercial borrowings (Private sector)	732	1,546	4,916	34	68	214
4.2.5 Bank borrowings	361	—	1,595	16	—	68
4.2.6 Bilateral balances	—	—	—	—	—	—
4.2.7 I.M.P. drawings	828	4,528	1,369	30	194	39
4.2.8 Other	147	142	1,071	8	5	46
4.2.9 Reserves	2,886	-2,456	-1,734	179	91	79
5. Valuation adjustments	+607	-39	-124	—	—	—
6. Errors and Omissions	+495	+32	+883	+23	-4	+60

(a) Revised

(b) Provisional

Source: Central Bank of Ceylon.

The extent to which short-term credits were utilized to finance the balance of payments deficit in 1982 was lower than in 1981. This fall may largely be attributed to a decline in short-term credits obtained mainly by the Petroleum Corporation, which declined from a net increase of Rs. 386 million (SDR 20 million) in 1981 to a net decrease of Rs. 64 million (SDR 2.5 million) in 1982. On the other hand, net inflows of private long-term capital increased substantially from Rs. 2,184 million (SDR 96 million) in 1981 to Rs. 5,072 million (SDR 220 million) in 1982. Of this amount, net investments of GCEC and FIAC enterprises amounted to Rs. 1,030 million (SDR 45 million). The share of GCEC investments in this total was, however,

lower and represented only 43 per cent. The rest of private sector net long-term capital receipts consisting of private sector suppliers' credits and commercial borrowings amounted to Rs. 4,042 million (SDR 175 million) in 1982, as compared with Rs. 1,238 million (SDR 54 million) in 1981.

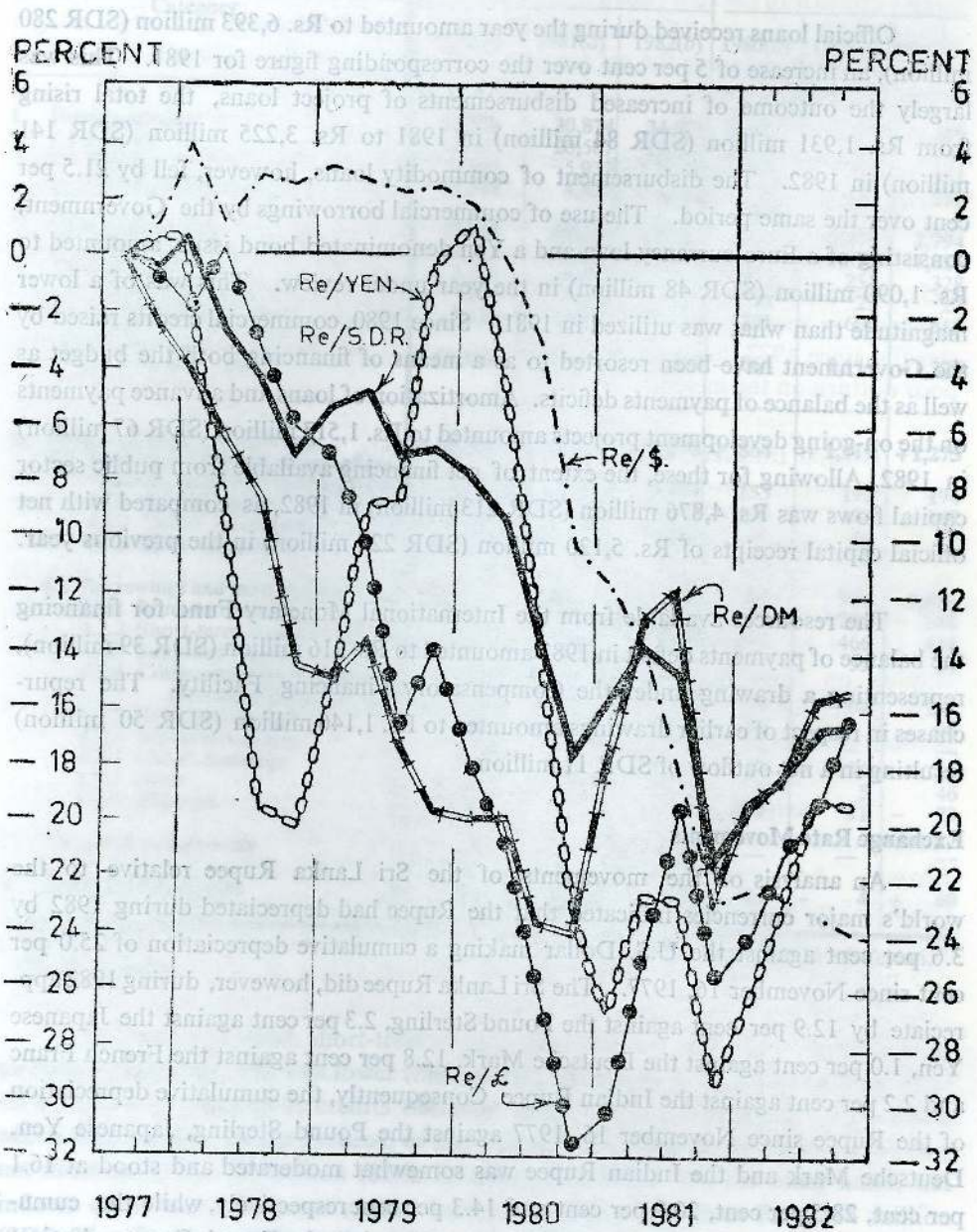
Official loans received during the year amounted to Rs. 6,393 million (SDR 280 million), an increase of 5 per cent over the corresponding figure for 1981. This was largely the outcome of increased disbursements of project loans, the total rising from Rs. 1,931 million (SDR 84 million) in 1981 to Rs. 3,225 million (SDR 141 million) in 1982. The disbursement of commodity loans, however, fell by 21.5 per cent over the same period. The use of commercial borrowings by the Government, consisting of a Euro-currency loan and a Yen denominated bond issue, amounted to Rs. 1,090 million (SDR 48 million) in the year under review. This was of a lower magnitude than what was utilized in 1981. Since 1980, commercial credits raised by the Government have been resorted to as a means of financing both the budget as well as the balance of payments deficits. Amortization of loans and advance payments on the on-going development projects amounted to Rs. 1,517 million (SDR 67 million) in 1982. Allowing for these, the extent of net financing available from public sector capital flows was Rs. 4,876 million (SDR 213 million) in 1982, as compared with net official capital receipts of Rs. 5,120 million (SDR 225 million) in the previous year.

The resources available from the International Monetary Fund for financing the balance of payments deficit in 1982 amounted to Rs. 916 million (SDR 39 million), representing a drawing under the Compensatory Financing Facility. The repurchases in respect of earlier drawings amounted to Rs. 1,146 million (SDR 50 million) resulting in a net outflow of SDR 11 million.

Exchange Rate Movements

— An analysis of the movements of the Sri Lanka Rupee relative to the world's major currencies indicated that the Rupee had depreciated during 1982 by 3.6 per cent against the U.S. Dollar making a cumulative depreciation of 25.0 per cent since November 16, 1977. The Sri Lanka Rupee did, however, during 1982 appreciate by 12.9 per cent against the Pound Sterling, 2.3 per cent against the Japanese Yen, 1.0 per cent against the Deutsche Mark, 12.8 per cent against the French Franc and 2.2 per cent against the Indian Rupee. Consequently, the cumulative depreciation of the Rupee since November 16, 1977 against the Pound Sterling, Japanese Yen, Deutsche Mark and the Indian Rupee was somewhat moderated and stood at 16.1 per cent, 28.5 per cent, 20.9 per cent and 14.3 per cent respectively, while the cumulative appreciation of the Rupee was 3.6 per cent against the French Franc. Against the SDR, the Rupee appreciated by 1.3 per cent during the year, bringing down the overall depreciation since November 16, 1977 to 19.8 per cent.

EXCHANGE RATES
CUMULATIVE PERCENTAGE CHANGES
FROM NOVEMBER 16, 1977



Note: For 1977, the changes in exchange rates for November and December are shown. The change in other years are depicted on a quarterly basis.

Central Bank of Ceylon

TABLE 1.42
Exchange Rate Movements^(a) 1980—1982

Currency	End of Year Exchange Rates (Rs. per unit of)			% change over the previous year, ^(b)	
	1980	1981	1982	1981	1982
Special Drawing Rights ..	22.8977	23.8738	23.5569	4.08	(1.34)
U.S. Dollar ..	18.0000	20.5500	21.3200	12.42	3.61
Pound Sterling ..	42.6955	39.0965	34.6130	(9.21)	(12.94)
Deutsche Mark ..	9.2125	9.0665	8.9806	(1.61)	(0.95)
Japanese Yen ..	0.08755	0.09330	0.09123	6.16	(2.27)
French Franc ..	3.9750	3.5800	3.1726	(11.03)	(12.84)
Indian Rupee ..	2.2875	2.2063	2.1597	(3.68)	(2.16)

Source: Central Bank of Ceylon.

- (a) Figures in paranthesis indicate appreciation of the Sri Lanka Rupee.
 (b) Changes computed on the basis of the foreign currency equivalent of the Sri Lanka Rupee.

External Assets

During the year, Sri Lanka's gross external assets increased by Rs. 1,734 million (SDR 79 million) despite the incurring of an overall deficit in the balance of payments. On the other hand, the net external assets registered a decline of Rs. 1,149 million (SDR 24 million). The latter was largely the consequence of increased accumulation of liabilities on the part of commercial banks and the Central Bank. Borrowings from abroad by the Central Bank increased sharply during the year while deposit liabilities of commercial banks also increased four-fold over the same period. The Central Bank's foreign borrowings were of a short-term nature and were meant for meeting maturing acceptance credits of the Petroleum Corporation, while the increase in commercial banks' liabilities was mainly on account of an increase in deposits in Non-Resident Foreign Currency (NRFC) accounts.

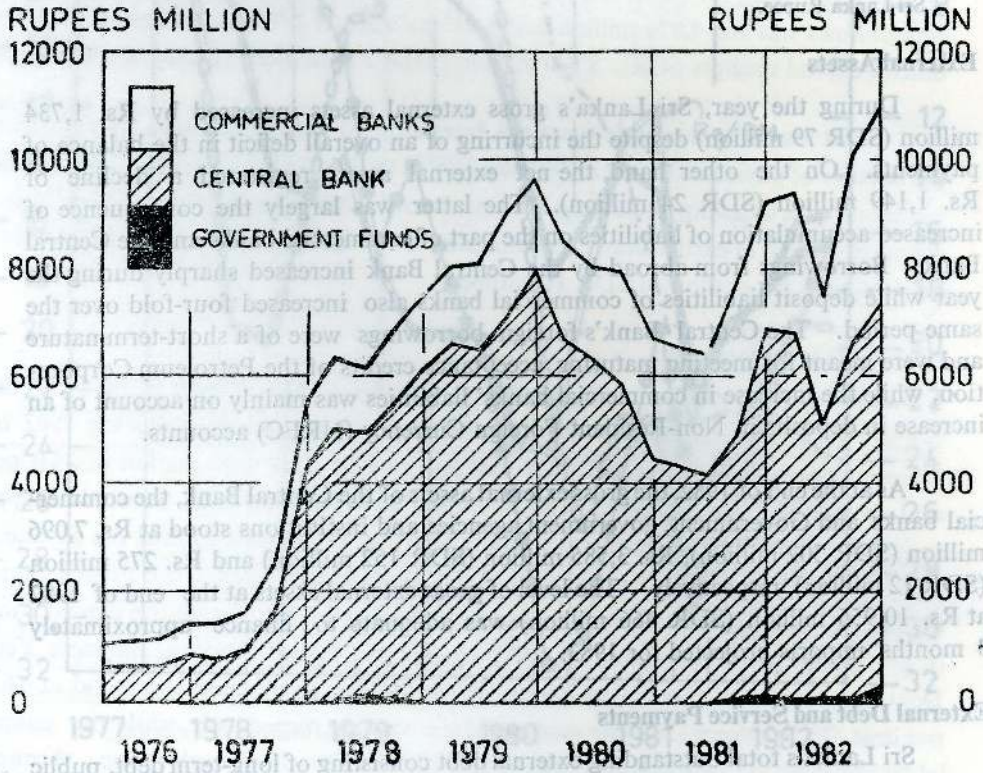
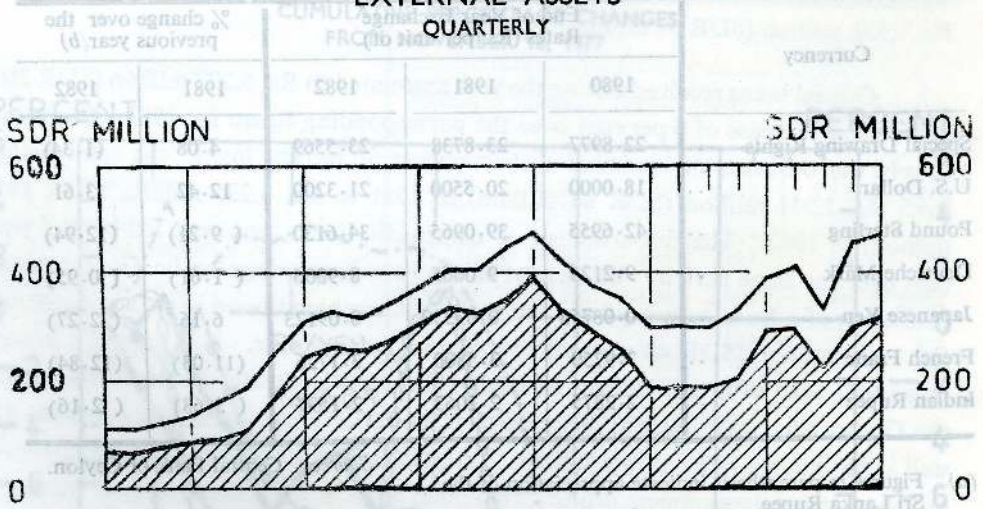
As at the end of 1982, the gross external assets of the Central Bank, the commercial banks and Government, government agencies and institutions stood at Rs. 7,096 million (SDR 302 million), Rs. 3,585 million (SDR 152 million) and Rs. 275 million (SDR 12 million), respectively. The level of gross external assets at the end of 1982 at Rs. 10,956 million (SDR 466 million) was adequate to finance approximately 3 months' imports projected for 1983.

External Debt and Service Payments

Sri Lanka's total outstanding external debt consisting of long-term debt, public sector suppliers' credits (including those of public corporations), IMF drawings and borrowings from abroad stood at Rs. 42,534 million (SDR 1,810 million) as at the end of 1982. This represents a 22.1 per cent increase over the corresponding figure for

TABLE 1.43
Exchange Rate Movements - 1980-1982

EXTERNAL ASSETS
QUARTERLY



Central Bank of Ceylon

1981. During the year, long-term debt outstanding increased by 18.6 per cent due to a 34.8 per cent increase in disbursements under project loans and a 12.1 per cent increase under non-project loans, which together accounted for 92.5 per cent of the long-term debt. Outstanding indebtedness to the IMF also increased by 19.0 per cent while the outstandings on suppliers' credits decreased by 10.2 per cent during the year. The outstanding bank borrowings which stood at Rs. 267 million (SDR 11 million) at the end of 1981 rose to Rs. 1,851 million (SDR 79 million) at the end of 1982.

TABLE 1.43

External Debt(a) Outstanding and Debt Service Payments 1978-1982

Rs. Million (SDR Million in brackets)

Category	1978	1979	1980	1981(b)	1982(c)
1. Long-term Debt	14,582.3	15,840.6	22,276.8	29,172.2	34,597.4
of which	(720.7)	(778.0)	(1,035.2)	(1,224.2)	(1,471.1)
1.1 Project Loans	4,833.1	5,569.5	6,784.3	9,232.8	12,451.8
(238.9)	(273.5)	(315.3)	(387.4)	(529.5)	
1.2 Non-Project Loans	8,969.9	8,900.9	13,305.5	17,433.3	19,545.7
(443.3)	(437.2)	(618.3)	(731.6)	(831.1)	
1.3 I.M.F. Trust Fund Loans	779.3	1,370.2	2,187.0	2,506.1	2,599.9
(38.5)	(67.3)	(101.6)	(105.2)	(110.5)	
2. Suppliers' Credits	991.4	828.6	787.6	1,110.4	996.6
(49.0)	(40.7)	(36.6)	(46.6)	(42.4)	
3. I.M.F. Drawings	1,548.0	2,501.3	2,335.1	4,274.6	5,088.7
(76.5)	(126.3)	(112.6)	(194.3)	(217.8)	
4. Bank Borrowings	155.1	69.1	428.6	266.9	1,851.2
(7.7)	(3.4)	(18.7)	(11.2)	(78.7)	
5. Total Outstanding Debt	17,276.8	19,239.6	25,828.1	34,824.1	42,533.9
(853.9)	(948.4)	(1,203.1)	(1,476.3)	(1,810.0)	
6. Debt Service Payments	2,347.2	2,383.1	2,762.8	3,528.8	4,424.4
(119.8)	(118.0)	(137.0)	(156.7)	(193.1)	
6.1 Amortization	1,862.4	1,627.4	1,781.5	2,121.3	2,571.3
(95.1)	(80.8)	(91.4)	(95.5)	(112.3)	
(i) To I.M.F.	440.4	622.6	748.5	1,289.2	1,146.3
(22.5)	(30.9)	(43.4)	(59.1)	(49.9)	
(ii) To Others	1,422.0	1,004.8	1,033.0	832.1	1,425.0
(72.6)	(49.9)	(48.0)	(36.4)	(62.4)	
6.2 Interest Payments	484.8	755.7	981.3	1,407.5	1,853.1
(24.7)	(37.2)	(45.6)	(61.2)	(80.8)	
(i) To I.M.F.	154.4	170.0	345.6	446.6	518.6
(7.9)	(8.4)	(12.4)	(19.7)	(22.5)	
(ii) To Others	330.4	585.7	635.7	960.9	1,334.5
(16.8)	(28.8)	(33.2)	(41.5)	(58.3)	
7. Earnings from Merchandise Exports and Services	15,148.8	18,274.7	22,208.0	26,443.8	29,082.9
(773.7)	(907.7)	(1,032.0)	(1,164.4)	(1,267.0)	
8. Debt Service Ratio (d) (6 as a percentage of 7)	15.5	13.0	12.4	13.3	15.2
9. Debt Service Ratio (d) excluding I.M.F. transactions.	11.6	8.7	7.5	6.8	9.5

Source: Central Bank of Ceylon.

(a) Excludes Short-term trade credits.

(b) Revised.

(c) Provisional.

(d) Calculated using rupee values. Debt Service Ratio calculated using SDR values may differ from these rates due to variations in exchange rates during the year.

Debt service payments, consisting of amortization and interest payments in respect of long-term debt, suppliers' credits, IMF drawings and borrowings from banks and other institutions abroad increased by 25.4 per cent in rupee terms rising from Rs. 3,529 million (SDR 157 million) in 1981 to Rs. 4,424 million (SDR 193 million) in 1982. The corresponding increase in SDR terms was 22.9 per cent, as compared with 14.4 per cent increase in 1981. Amortization and interest payments to the IMF decreased by 4.1 per cent in 1982 as compared with 1981, while debt service payments in respect of other loans increased by 53.9 per cent over the same period. The net outcome of these developments was that the overall debt service ratio increased from 13.3 per cent in 1981 to 15.2 per cent in 1982. The debt service ratio exclusive of IMF transactions increased from 6.8 per cent to 9.5 per cent over the same period.

GOVERNMENT FISCAL OPERATIONS

The Government fiscal operations showed a slight deterioration from the level of improvement in budgetary operations achieved in 1981. Fiscal disequilibrium which was quite severe in 1980 was partly corrected in 1981, but the performance in 1982 did not match up to the favourable responses emanating from the budget of 1981.

Fiscal Outturn

Total government expenditure for the year 1982 was Rs. 38,097 million and was 23 per cent higher than in 1981. As a percentage of GDP at current prices it increased from 36.6 per cent to 38.0 per cent in 1982. Recurrent expenditure increased by 8.5 per cent over the previous year and amounted to Rs. 19,230 million during the year under review. Total revenue at Rs. 17,809 million showed an increase of 10 per cent. Consequently, the current account of the budget was in deficit by Rs. 1,421 million. This was despite a favourable development in the Advance Account operations where a net in-payment of Rs. 883 million was recorded after 13 successive years of out-payment. The deficit in current account was in contrast to the last few years experience when the current account exclusive of the adverse advance account operations was in surplus. Capital expenditure during the year amounted to Rs. 18,867 million and showed an increase of 41 per cent over 1981. The overall budget deficit registered in 1982 amounted to Rs. 20,289 million and was equivalent to about 20 per cent of the GDP in comparison to 17 per cent in 1981.

The deficit was financed from resources obtained from both domestic and foreign sources. Domestic sources were used to finance 54 per cent while the balance was financed from foreign resources. Total foreign finance amounted to Rs. 9,270 million as against a targetted sum of Rs. 14,198 million. While project, commodity and other loans including cash loans amounted to Rs. 3,256 million, Rs. 1,355 million and Rs. 1,090 million respectively, grants amounted to Rs. 3,569 million.

TABLE 1.44
Government Fiscal Operations 1979-1982

Rs. Million.

Item	1982				
	1979	1980	1981	Approved Estimates	Provisional
1. Revenue (a)	12,730	14,068	16,228	19,311	17,809
2. Recurrent Expenditure	11,502	13,249	16,005	20,664	20,113
3. Advance Accounts Operations (In-payment + / Out-payment -)	-1,028	-3,240	-1,716	+100	+883
4. Current Account (Surplus + / Deficit -)	+200	-2,421	-1,493	-1,253	-1,421
5. Capital Expenditure of which: Sinking Fund and Amortization payments and contributions to International Financial Organisations	8,991	13,854	13,373	19,915	18,867
6. Budget Deficit	(1,182)(b)	(1,502)(b)	(1,608)(b)	(2,806)	(2,612)(b)
7. Financing the Deficit	8,791	16,274	14,866	21,168	20,289
7.1 Domestic Sources	4,582	9,610	6,696	6,970	11,253
(a) Non-bank market borrowing	2,806	2,700	2,379	4,000	5,894
(b) Non-market borrowing	1,096	216	400	—	1,354
(c) Banking system(c)	680(d)	7,126(d)	3,917(d)	2,970	4,006(d)
7.2 Foreign Sources	4,237	6,735	8,208	14,198	9,270
(a) Commodity loans	1,415	1,431	1,722	—	1,355
(b) Project loans	830	1,171	2,064	14,198	3,256
(c) Other loans	602	1,513	1,701	—	1,090
(d) Grants	1,390	2,620	2,721	—	3,569
7.3 Use of cash balances	-28	-72	-38	—	-235
8. Expansionary Impact of Government Fiscal Operations	634	7,029	3,847	2,970	3,755

Sources: General Treasury,
Central Bank of Ceylon.

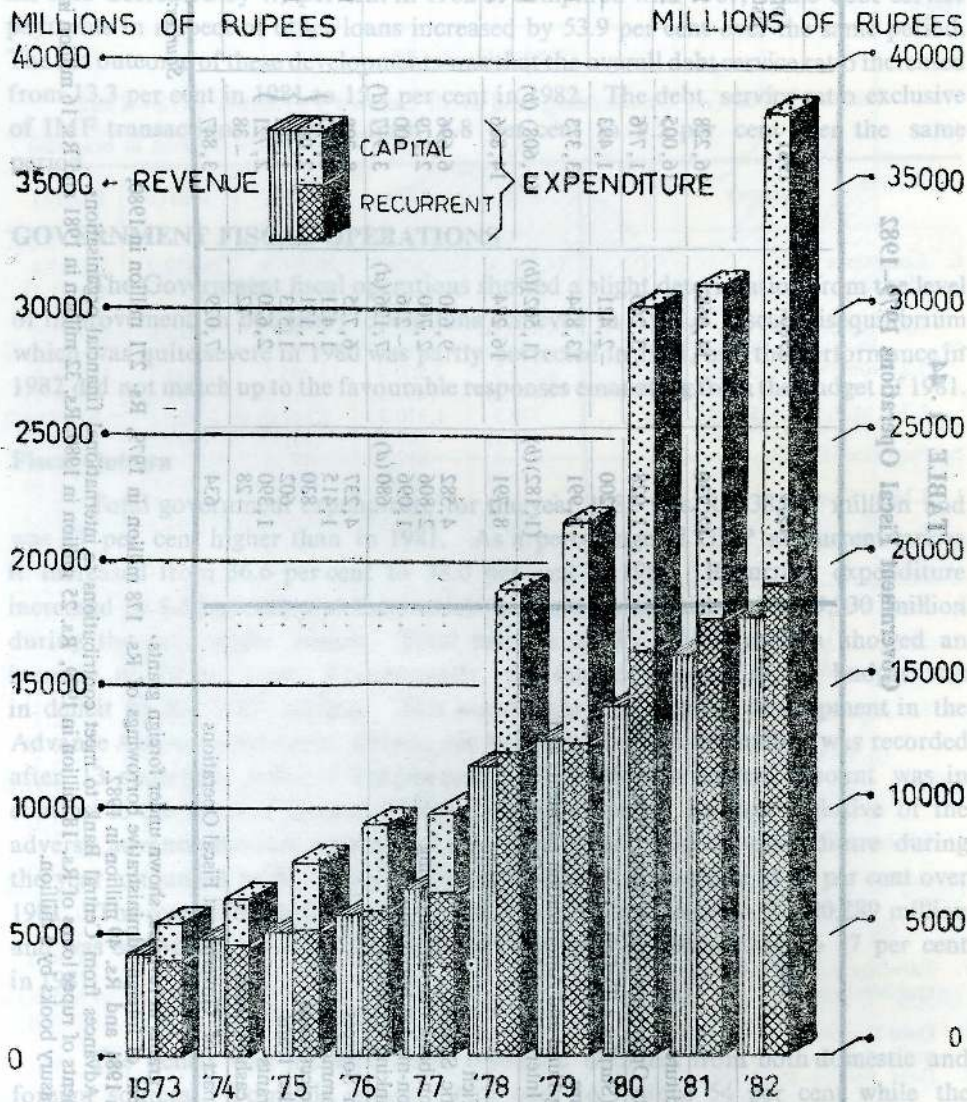
(a) Excludes capital grants in revenue, shown under foreign grants.
(b) Includes repayment of foreign administrative borrowings of Rs. 178 million in 1979, Rs. 271 million in 1980, Rs. 37 million in 1981 and Rs. 49 million in 1982.

(c) Includes Special Advances from Central Bank to meet contributions to international financial organisations.

(d) Includes repayments of rupee loans of Rs. 18 million in 1979, Rs. 25 million in 1980, Rs. 32 million in 1981 and Rs. 16 million in 1982 to the banking system.
* Differs from Treasury books by 3 million.

GOVERNMENT REVENUE & EXPENDITURE

DATA BY FINANCIAL YEARS



Central Bank of Ceylon

Among domestic resources non-bank market borrowings amounted to Rs. 5,894 million as against an original estimate of Rs. 4,000 million. Non-market borrowing contributed Rs. 1,354 million. All these resources were still insufficient to bridge the overall deficit and a sum of Rs. 4,006 million had to be obtained from the banking sector. With a repayment of existing rupee loans amounting to Rs. 16 million and a build-up of cash balances by Rs. 235 million, the expansionary impact of fiscal operations of the year amounted to Rs. 3,755 million.

A summary of fiscal operations for 1982 is given in Table 1.44. The net cash deficit on account of the Government fiscal operations is shown in the Statistical Appendix along with comparable data for the past nine years.

Revenue

Total government revenue in 1982 amounted to Rs. 17,809 million, indicating an increase of 10 per cent over the previous year. Tax revenue which increased by 9 per cent accounted for 87 per cent of total revenue while non-tax revenue which increased by 17 per cent accounted for 13 per cent of total revenue. The increase in the tax revenue was brought about largely by sharp increases in turnover taxes and income taxes, the combined effect of which was partly offset by a substantial decrease in collections from export duties. Non-tax revenue increased due to substantial increases in miscellaneous receipts.

The level of growth of revenue, however, was below that of nominal GDP. Thus, revenue as a percentage of GDP declined from 19 per cent in 1981 to 18 per cent in 1982, the lowest ratio in the last decade, signalling an inherent deficiency in the existing tax system to keep pace with the growth of national income. According to tentative calculations of buoyancy ratios of revenue and taxes,¹ co-efficients of revenue and taxes declined from 0.553 and 0.486 respectively to 0.541 and 0.479 respectively, indicating a worsening of the mobilization of revenue during the year. In sharp contrast to the experience in the last decade when revenue collections always exceeded original targets, realized collections of revenue for the year in relation to the original estimates showed a shortfall of about 8 per cent. The apparently poor fiscal marksmanship in 1982 was partly a result of an over-estimation of international trade oriented taxes which was subject to vicissitudes of trade specially during a year when the world economy was in deep recession.

Even though relative shares of tax revenue and non-tax revenue remained unchanged, substantial changes were visible in the structure of tax revenue. The rate of growth of indirect taxes was only marginal, though it accounted for the major share of tax revenue. This resulted in a decline in its relative share from 75 per cent in 1981 to 70 per cent in 1982. The slow growth in indirect taxes was a result of a

¹ Buoyancy ratios of Government revenue (e_r) and tax revenue (e_t) with respect to GDP are defined as follows:

$$e_r = \frac{\text{Percentage change in revenue}}{\text{Percentage change in GDP at market prices}}$$

$$e_t = \frac{\text{Percentage change in tax revenue}}{\text{Percentage change in GDP at market prices}}$$

sharp decline in collections from export duties. Partly as a result of this and partly due to higher rates of growth, the share of direct taxes in revenue increased from 12 per cent in 1981 to 16 per cent in 1982.

Collection from turnover taxes which accounted for 23 per cent of total revenue amounted to Rs. 4,051 million, indicating a sharp increase of 43 per cent. This increase relates to the extension of the tax base to cover imports, an increase in the rates and removal of certain exemptions as announced in the 1982 Budget. Total turnover taxes on trade and professions amounted to Rs. 1,524 million, manufacturing to Rs. 1,805 million and imports to Rs. 722 million.

Export duties amounted to Rs. 2,484 million in 1982 indicating a sharp decline of 33 per cent as compared with 1981. Thus, the share of export duties in total revenue declined from 23 per cent in 1981 to 14 per cent in 1982. This was partly due to a 26 per cent decrease in collections of export duty on tea resulting from the lowering of the duty to provide for a reasonable producer margin, as announced in the 1982 Budget. In contrast to a marginal increase of 3 per cent in 1981, export duty on rubber decreased by 47 per cent due to lower f.o.b. prices fetched during the year. In coconut too lower f.o.b. prices led to a 21 per cent decrease in spite of an increase in the volume of exports. Export duty on minor agricultural crops indicated a sharp decline of 38 per cent mainly due to the suspension of export duties on mattress fibre in mid 1981, bristle fibre (twisted) in mid 1982 and the decrease in duty collections in respect of cinnamon products resulting from the Mexican crisis.

Although, collections of duties decreased marginally by Rs. 3 million, the share of import duties in total revenue decreased from 20 per cent to 18 per cent in 1982. As in the previous years, the average rate of incidence remained unchanged at 9 per cent. However, excluding rice, wheat grain, flour, petroleum and fertilizer, it declined from 14 per cent to 13 per cent in 1982.

Selective sales taxes amounted to Rs. 2,273 million, indicating an increase of 12 per cent as compared with 8 per cent last year. However, the relative share in total revenue remained unchanged at 13 per cent. Collection of tobacco tax, which as in the previous years formed the major component, increased by 17 per cent as compared with 12 per cent last year, due to a marginal increase in the volume and an increase in the rates of duties. Excise duty on liquor amounted to Rs. 808 million recording an increase of 8 per cent. Tea (ad-valorem) tax collections increased by 73 per cent in 1982 reflecting increases in auction prices during the latter part of the year.

In contrast to a decrease of 2 per cent in the previous year, revenue from direct taxes increased substantially by 43 per cent. Collections of corporate tax increased by 45 per cent largely due to higher accruals of revenue from manufacturing and transport sectors. The withdrawal of the lump sum depreciation in March, 1981 too would have contributed to this increase. Revenue from non-corporate income taxes rose by 41 per cent on account of higher collections of personal income taxes inclusive of arrears from previous years. As in 1981, income taxes accounted for 98 per cent of total direct taxes.

The major item in non-tax revenue was gross receipts from government trading enterprises, which amounted to Rs. 1,247 million showing an increase of 10 per cent. Receipts from other sources increased by 26 per cent mainly due to higher receipts from sales and charges, interest and profits and dividends. Sales and charges increased by 72 per cent reflecting increases in fees and charges announced in late 1981. Receipts of interest increased by 47 per cent and profits and dividends by 76 per cent due to increases in the budgetary contribution of corporations.

Recurrent Expenditure

Total recurrent expenditure net of advance account operations amounted to Rs. 20,113 million, showing an increase of 26 per cent. Thus recurrent expenditure in relation to GDP increased from 19 per cent in 1981 to 20 per cent in 1982. The share of recurrent expenditure in aggregate expenditure, too increased from 51 per cent to 53 per cent.

The bulk of the increase in expenditure was accounted for by interest payments on public debt, personal emoluments and pensions, the combined expenditure on which amounted to Rs. 11,555 million indicating an increase of 31 per cent as compared with 33 per cent in 1981. Thus, the share of these items in total recurrent expenditure increased from 55 per cent in 1981 to 57 per cent. Interest payments increased by 33 per cent to Rs. 5,116 million largely on account of substantial increases in interest on domestic debt. Total interest commitments on domestic debt at Rs. 4,201 million indicated an increase of 34 per cent. While interest on rupee loans increased by 28 per cent to Rs. 2,167 million that on Treasury bills increased by 53 per cent to Rs. 2,001 million reflecting the increased quantum of the outstanding debt. Personal emoluments during the year increased by 18 per cent to Rs. 4,802 million on account of the adjustments of salaries with effect from 1st January, 1982 and the payment of a variable cost of living allowance. Expenditure on pensions increased sharply by 81 per cent to Rs. 1,637 million due to the payment of cost of living allowance and the consolidation of pensions.

Transfer payments on account of the major subsidies during the year amounted to Rs. 3,410 million in comparison to Rs. 3,442 million in 1981. Expenditure on food and kerosene stamps amounted to Rs. 1,475 million and Rs. 171 million respectively. While the subsidy on infant milk food amounted to Rs. 93 million, producer subsidy to the Milk Board was Rs. 46 million. Expenditure on the Price Support Scheme for green tea leaf amounted to Rs. 24 million. The interest subsidy to the NSB was Rs. 401 million as compared to Rs. 388 million in 1981. Fertilizer subsidy to the agriculture sector amounted to Rs. 929 million inclusive of transfer of Rs. 281 million through the Fertilizer Corporation and Rs. 543 million through the State Fertilizer Manufacturing Corporation. Expenditure under the import duty rebate scheme increased from Rs. 500 million in 1981 to Rs. 713 million in 1982. A sum of Rs. 30 million was granted to the Coconut Development Authority to operate a price support scheme on coconut oil and desiccated coconut in the context of lower f.o.b. prices.

Among current transfers, reimbursement of losses of government corporations was substantially less during 1982 and amounted to Rs. 24 million as compared to Rs. 107 million in 1981. The major beneficiaries were the Co-operative Wholesale Establishment (Rs. 12 million) and National Agricultural Diversification & Settlement Authority (Rs. 5 million). Other current transfers to corporations included Rs. 184 million to the Water Supply and Drainage Board, Rs. 137 million to the Ceylon Electricity Board and Rs. 130 million to the Sri Lanka Central Transport Board largely on account of subsidized season tickets to students. Also the State Plantations Corporation and the Janatha Estates Development Board were granted Rs. 50 million each. Transfers to other government institutions included Rs. 271 million to local authorities and Rs. 146 million to the University Grants Commission.

The actual expenditure amounted to Rs. 20,113 million in comparison to the estimated expenditure of Rs. 21,377 million, resulting in an under-utilization of Rs. 1,264 million or 6 per cent. Major items which recorded substantial savings were interest payments (Rs. 496 million), fertilizer subsidy (Rs. 70 million), Interest Subsidy to the National Savings Bank (Rs. 49 million), Price Support Scheme for green tea leaf (Rs. 40 million) and reimbursement of losses to corporations (Rs. 75 million).

Advance Accounts

Advance account operations resulted in a net in-payment of Rs. 883 million in 1982 in sharp contrast to heavy out-payments in the recent past. These operations, which hitherto were a major element of budgetary instability emerged in 1982 as a contributor to budgetary resources rather than as a net user of funds. This change was brought about by a substantial decrease in the net advances to government departments on account of in-payments arising from the draw-down of Food Commissioner's stock by about Rs. 1,000 million. Accordingly, outstanding total advances to the Food Commissioner decreased substantially indicating an in-payment of Rs. 960 million in 1982. The overall out-payments on advances to all other government departments amounted to Rs. 139 million leaving Rs. 821 million as net in-payments arising from advance account operations of government departments. With regard to advances for stores and materials, the overall position indicated a neutral impact. However, there were compensatory out-payments and in-payments within these accounts. Loans from surplus balances and advance accounts indicated an out-payment of Rs. 81 million resulting from advances mainly to the National Water Supply and Drainage Board (Rs. 72 million), National Textile Corporation (Rs. 30 million) and National Housing Development Authority (Rs. 25 million) partly offset by in-payments arising from Paddy Marketing Board (Rs. 29 million), the Director of Textile Industries (Rs. 15 million) and National Textile Institute (Rs. 15 million). Sri Lanka/China Trade Account recorded an in-payment of Rs. 418 million, brought about by the partial settlement of advances subsequent to the cessation of transactions through the account since the end of 1981. The net advances connected with miscellaneous advance accounts amounted to Rs. 279 million.

Capital Expenditure

Capital expenditure inclusive of sinking fund contributions and amortization payments amounted to Rs. 18,867 million in 1982, indicating a substantial increase in nominal terms of 41 per cent over the previous year. In contrast, it decreased by 3 per cent in 1981. Total capital expenditure in relation to GDP thus increased from 16 per cent in 1981 to 19 per cent. Capital expenditure net of sinking fund contributions and amortization payments amounted to Rs. 16,255 million. When adjusted for inflation with the use of the GNP deflator, capital expenditure in 1982 at 1970 prices, amounted to Rs. 3,822 million as compared with Rs. 3,070 million in 1981, indicating an increase of 24 per cent, in spite of an administratively imposed 10 per cent cut in the money provision for capital expenditure financed out of the Consolidated Fund. When the increase in capital expenditure in both nominal and real terms is viewed in the context of resource constraints leading to deliberate attempts by the Government since 1981 to carry out only on-going capital expenditure programmes, it still reflects an expansion of capital expenditure beyond the levels reached in 1981.

Actual capital expenditure net of sinking fund contributions and amortization payments, when viewed in relation to total estimated expenditure showed an under-expenditure of Rs. 2,018 million or 11 per cent. However, total capital expenditure included a sum of Rs. 1,836 million being transfers to Treasury deposits, to be utilized in the forthcoming financial year. When capital expenditure is adjusted for such transfers, under-expenditure amounted to Rs. 3,854 million indicating that the level of under-expenditure was as high as 21 per cent. A ministry-wise classification of capital expenditure is given in the Statistical Appendix.

According to provisional data expenditure on the Accelerated Mahaveli Programme amounted to Rs. 7,140 million as against a budgetary provision of Rs. 7,217 million.¹ However, when the expenditure is adjusted for the transfers to Treasury deposits and for use of funds allocated in 1981 actual expenditure amounted to Rs. 5,526 million. In comparison, capital expenditure in the previous year amounted to Rs. 3,636 million.

The housing programme of the Ministry of Local Government, Housing and Construction amounted to Rs. 703 million or 31 per cent of the Ministry's total capital vote. With the resources generated from other sources, expenditure incurred by the National Housing Development Authority on the project amounted to Rs. 889 million. Expenditure on Urban Housing Programme amounted to Rs. 674 million. The aided self-help housing programme (including model villages and infrastructure facilities) and electoral housing programme had a financial outlay of Rs. 189 million. Expenditure on the construction of public servants' quarters and the programme for the improvement of slums and shanties amounted to Rs. 20 million and Rs. 6 million, respectively. A sum of Rs. 40 million was also spent on acquisition and development of lands.

1. This differs from the budgetted expenditure indicated in the Table 1-27 of the report which is adjusted for the expenditure cut of 10 per cent.

In 1982, a sum of Rs. 371 million was spent by the main line-ministries on the Sri Jayawardenapura Parliamentary and Administrative Complex. The Department of Buildings spent Rs. 240 million on construction activities. A sum of Rs. 45 million was incurred by the Colombo District (Low-Lying Areas) Reclamation and Development Board. The Ceylon Electricity Board and the Department of Telecommunications incurred Rs. 43 million each in connection with the complex.

Total expenditure on the activities of the Greater Colombo Economic Commission (GCEC) amounted to Rs. 93 million in 1982. Of this, Rs. 60 million was released to the GCEC to be spent on investment promotion zones. The Ceylon Electricity Board spent a sum of Rs. 27 million and the Department of Telecommunications Rs. 6 million.

The allocation under the Decentralized Budget for 1982 amounted to Rs. 420 million as in the previous year. Expenditure on the Integrated Rural Development Programme amounted to Rs. 246 million. The main areas of activities under the programme were agriculture and irrigation (Rs. 129 million), communications (Rs. 36 million), health (Rs. 24 million) and education (Rs. 12 million).

Loans for purposes of investment during the year amounted to Rs. 777 million. Of this, the Sri Lanka Central Transport Board received a sum of Rs. 377 million. Other recipients were the Ceylon Electricity Board (Rs. 225 million), the Galadari Hotels Lanka Limited (Rs. 125 million), the National Housing Development Authority (Rs. 41 million) and the Local Loans and Development Fund (Rs. 9 million).

Financing of the Budget Deficit

Fiscal operations in 1982 resulted in a budget deficit of Rs. 20,289 million indicating a sharp increase of 36 per cent over the previous year. In relation to the aggregate government expenditure the budget deficit increased from 48 per cent to 53 per cent. If it were not for the turn around in advance account operations, the budgetary situation would have deteriorated further resulting in resources available for investment being diverted to finance current consumption expenditure.

Foreign resources which amounted to Rs. 9,270 million contributed towards financing of 46 per cent of the deficit as against the original budget estimates in 1982 of about 67 per cent compared with an actual financing of 55 per cent in 1981. As a percentage of GDP, the total foreign finance available for budgetary purposes also indicated a decline from 9.7 per cent in 1981 to 9.2 per cent in 1982. Foreign finance by way of project, commodity and other loans amounted to Rs. 5,701 million while grants amounted to Rs. 3,569 million. The share of grants in total foreign finance increased from 33 per cent in 1981 to 38 per cent in 1982. Project loans amounted to Rs. 3,256 million and commodity and other loans amounted to Rs. 1,355 million and Rs. 1,090 million, respectively. The other loans comprised Rs. 836 million being a partial disbursement of a Euro currency commercial loan and Rs. 254 million utilized from the proceeds of the issue of Japanese Yen bonds.

The share of domestic resources in financing of the deficit increased from 45 per cent in 1981 to 54 per cent in 1982. In this respect, the performance of the non-bank domestic sector was well above expectations. In comparison to the budget estimate of Rs. 4,000 million for 1982 and subscription of Rs. 2,379 million in 1981, the non-bank domestic sector made available about Rs. 5,894 million for financing of the deficit. In relation to the GDP, the total resources made available by the sector stood at 5.9 per cent as compared with 4.1 per cent and 2.8 per cent in 1980 and 1981. The improved performance of the sector was due to the impressive increase in the savings of the National Savings Bank following the reduced rate of interest on fixed deposits with commercial banks and also the enhanced availability of resources from other captive sources. The non-bank sector in all contributed Rs. 5,893 million to rupee securities and accounted for almost the entirety of the financing of the budget deficit by this sector.

Total finance available from non-market sources amounted to Rs. 1,354 million as compared with Rs. 400 million in 1981. Its share in the overall financing of the budget deficit was 7 per cent while its share in the domestic financing of the deficit was as high as 12 per cent. Almost all borrowings consisted of various types of deposits including those arising from transactions relating to transfer of expenditure provisions to deposits partially offset by a decrease in the administrative borrowings. Deposits arising from transactions in transfer of expenditure amounted to Rs. 1,562 million while the decrease in administrative borrowings was Rs. 149 million. All other deposits recorded a net decrease of Rs. 60 million.

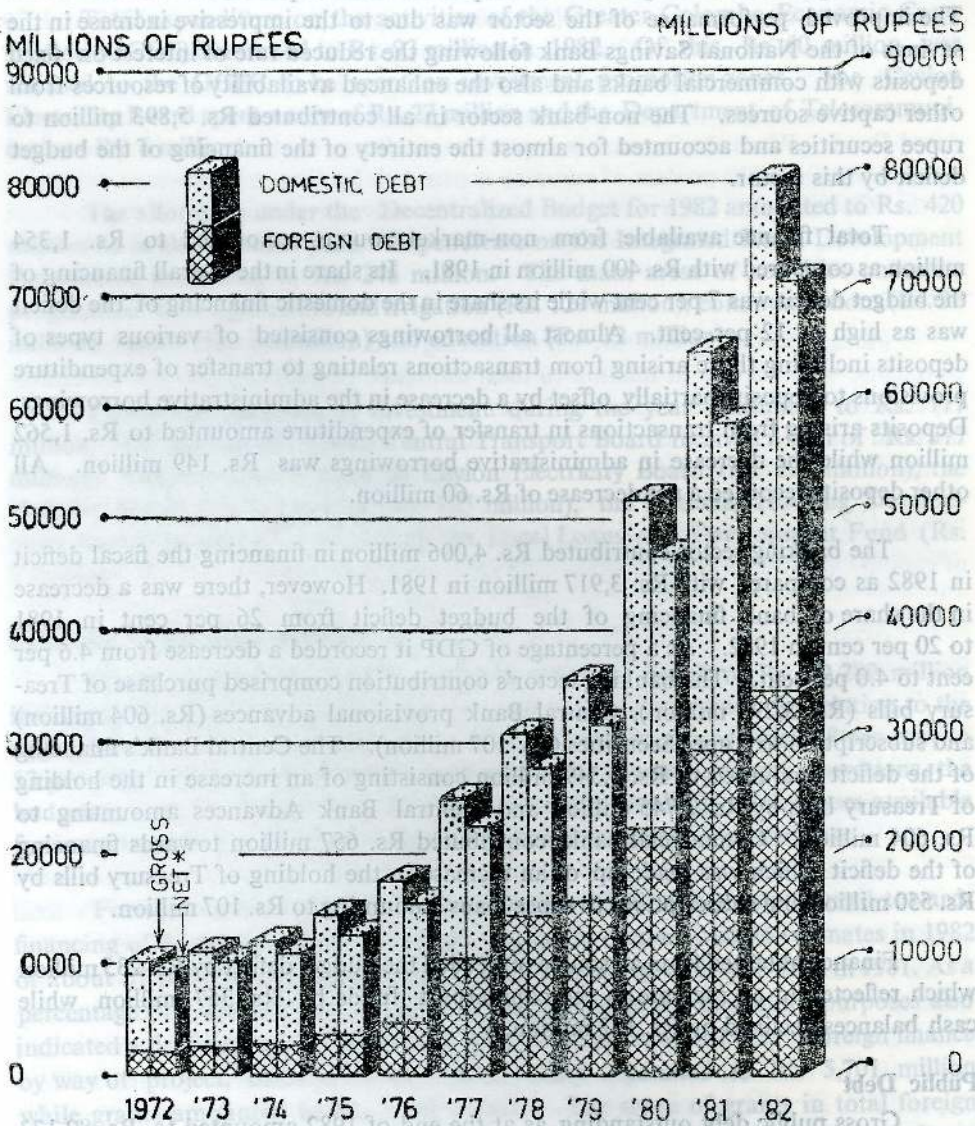
The banking sector contributed Rs. 4,006 million in financing the fiscal deficit in 1982 as compared with Rs. 3,917 million in 1981. However, there was a decrease in the share of bank financing of the budget deficit from 26 per cent in 1981 to 20 per cent in 1982. As a percentage of GDP it recorded a decrease from 4.6 per cent to 4.0 per cent. The banking sector's contribution comprised purchase of Treasury bills (Rs. 3,295 million), Central Bank provisional advances (Rs. 604 million) and subscription to Rupee Securities (Rs. 107 million). The Central Bank's financing of the deficit amounted to Rs. 3,349 million consisting of an increase in the holding of Treasury bills by Rs. 2,745 million and Central Bank Advances amounting to Rs. 604 million. Commercial banks contributed Rs. 657 million towards financing of the deficit which was made up of an increase in the holding of Treasury bills by Rs. 550 million and subscriptions to rupee loans amounting to Rs. 107 million.

Finance obtained from all sources exceeded the budget deficit by Rs. 235 million which reflected in an increase in the counterpart funds by Rs. 357 million while cash balances declined by Rs. 122 million.

Public Debt

Gross public debt outstanding as at the end of 1982 amounted to Rs. 80,173 million as compared to Rs. 64,999 million as at the end of the previous year. The rate of growth of public debt at 23 per cent, however, was lower than that of 1981 at 26 per cent. The gross domestic debt outstanding increased by 27 per cent to Rs. 45,575 million while foreign debt increased by 19 per cent to Rs. 34,597 million. Consequently, the proportion of domestic debt in total public debt increased from 55 per

COMPOSITION OF PUBLIC DEBT



* Gross public debt less sinking funds. 1982 figures are provisional.

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cent in 1981 to 57 per cent in 1982. Public debt net of Sinking Funds (i.e. net public debt) amounted to Rs. 71,250 million in 1982, compared with Rs. 58,659 million in the previous year.

Total interest payments on public debt amounted to Rs. 5,086 million as against Rs. 3,716 million in 1981, recording an increase of 37 per cent. In comparison the rate of increase for 1981 was 69 per cent. Interest payments as a percentage of GDP increased from 4.4 per cent in 1981 to 5 per cent in 1982. The total debt service payments (interest commitments, amortization payments and sinking fund contributions) amounted to Rs. 7,698 million showing an increase of 45 per cent over the previous year.

The share of Long and Medium Term debt and Short Term debt in domestic debt remained virtually unchanged at 57 per cent and 43 per cent respectively, as the rates of increase of Long and Medium Term debt and Short Term debt were more or less the same as shown in Table 1.45.

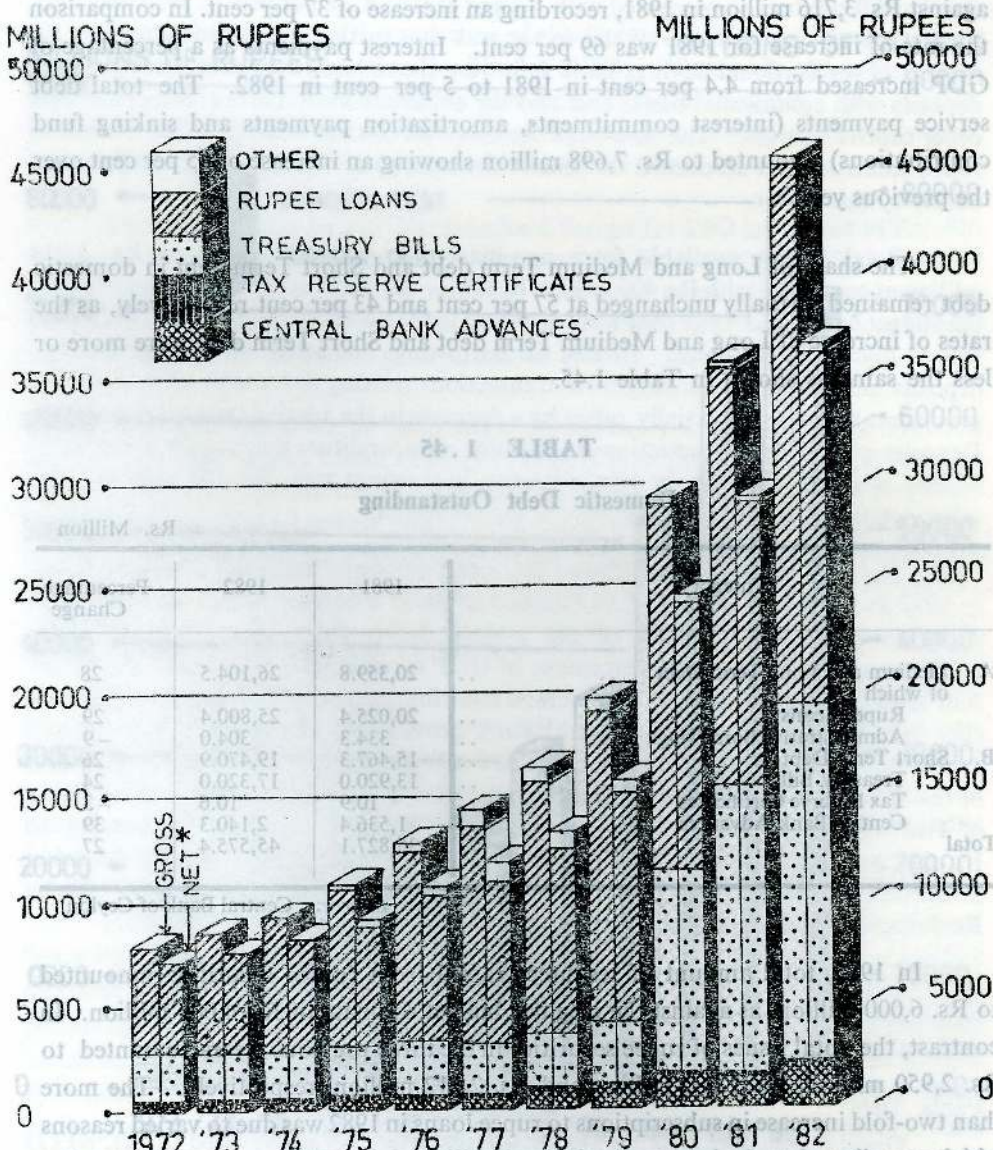
TABLE 1.45
Domestic Debt Outstanding

		Rs. Million		
Category		1981	1982	Percentage Change
A.	Medium and Long Term Debt	20,359.8	26,104.5	28
	of which :			
	Rupee Loans	20,025.4	25,800.4	29
	Administrative Borrowings	334.3	304.0	-9
B.	Short Term Debt	15,467.3	19,470.9	26
	Treasury Bills	13,920.0	17,320.0	24
	Tax Reserve Certificates	10.9	10.6	-3
	Central Bank Advances	1,536.4	2,140.3	39
Total	.. .. .	35,827.1	45,575.4	27

Source: Central Bank of Ceylon.

In 1982, total amount of resources raised from rupee securities amounted to Rs. 6,000 million as against the original budget estimate of Rs. 4,000 million. In contrast, the total issues of rupee securities in the three previous years amounted to Rs. 2,950 million, Rs. 2,802 million and Rs. 2,512 million, respectively. The more than two-fold increase in subscriptions to rupee loans in 1982 was due to varied reasons which contributed to the increase in the availability of investible resources with the major subscribers. As in the past, the major subscribers to rupee loans in 1982 were the National Savings Bank (NSB), the Sinking Funds and the Employees' Provident Fund (EPF) with contributions amounting to Rs. 2,357 million, Rs. 2,064 million and Rs. 1,416 million, respectively.

COMPOSITION OF DOMESTIC DEBT



* Gross public debt less sinking funds, 1982 figures are provisional.

Central Bank of Ceylon

The NSB's subscriptions to rupee loans at Rs. 2,357 million indicated a more than eight-fold increase over the subscriptions in 1981. The higher level of subscriptions by the NSB was mainly due to the increase in the mobilization of savings by the NSB following the downward revision of interest rates on fixed deposits by commercial banks in mid-1982. During the year deposits of NSB increased by about Rs. 2,215 million as compared with Rs. 487 million in the previous year. The NSB also diverted a part of its investment in the short-term instruments to rupee securities.

Despite the pre-emption of a part of its resources for extra budgetary activities, Sinking Funds' subscriptions to rupee loans increased to Rs. 2,064 million, recording a two-fold increase over 1981. The higher level of investment by the Sinking Funds reflected the increase in government contributions to Sinking Funds and the increased accrual of income from its investments. The Government contributed Rs. 1,890 million to the Sinking Funds while income from investment was Rs. 947 million. This compares with Rs. 964 million and Rs. 600 million respectively, in the previous year. The diversion of investible resources of Sinking Funds to extra-budgetary activities consisted of investments amounting to Rs. 367 million in the debentures issued by the Urban Development Authority and an investment of Rs. 50 million in the State Mortgage and Investment Bank debentures.

The EPF subscribed Rs. 1,416 million to rupee loans in 1982 as compared with Rs. 1,022 million in 1981, thus recording an increase of about 38 per cent due to higher receipts from members' contributions and income from investments. The total subscriptions by the other subscribers amounted to only Rs. 163 million. Of this, Rs. 107 million was contributed by commercial banks. With the increased level of subscriptions in 1982, the original loan programme of Rs. 4,000 million was fully subscribed by the 1st September and the balance was floated in the last four months of the year. All securities issued during the year were medium term securities with 3 year maturity period and an interest of 16 per cent per annum. Total repayments of rupee loans in 1982 amounted to Rs. 225 million.

Net borrowings on Treasury bills amounted to Rs. 3,400 million as compared with Rs. 4,120 million in the previous year. Accordingly, the total Treasury bills outstanding amounted to Rs. 17,320 million as at the end of 1982. During the year, the ceiling on Treasury bills was raised from Rs. 18,000 million to Rs. 23,000 million. Holdings of Treasury bills by the banking sector increased from Rs. 13,774 million in 1981 to Rs. 17,173 million in 1982. Of this, the Central Bank's holdings increased by Rs. 2,832 million to Rs. 16,593 million. Commercial Banks' holdings increased from Rs. 13 million to Rs. 580 million. The non-bank sector holdings at Rs. 147 million remained more or less the same as in the previous year. The interest rate on Treasury bills applicable to non-Central Bank subscribers increased to 13.5 per cent per annum by the end of the year while the rate for the Central Bank remained unchanged at 13 per cent.

Provisional advances to government by the Central Bank under the Section 89 of the Monetary Law Act showed an increase of Rs. 604 million in 1982 as against a decrease of Rs. 91 million in the previous year. The total amount outstanding

as at end of 1982, amounted to Rs. 2,140 million including a sum of Rs. 308 million being special loans granted to the Government in 1980, for payment of subscriptions to international organisations. The Tax Reserve Certificates outstanding as at end of the year decreased marginally from Rs. 10.9 million to Rs. 10.7 million during the year. The outstanding foreign administrative borrowings decreased from Rs. 334 million in 1981 to Rs. 304 million in 1982. Gross disbursement of administrative borrowings during the year amounted to Rs. 13 million while repayment amounted to Rs. 49 million.

The total foreign debt outstanding as at the end of 1982 amounted to Rs. 34,597 million, recording an increase of 19 per cent as compared with the preceding year's increase of 31 per cent. The depreciation of the Sri Lanka Rupee in terms of other currencies led to an increase in the amount outstanding by Rs. 440 million in 1982 as compared with an increase of Rs. 2,163 million in 1981. Debts written off by the donors during the year amounted to Rs. 43 million of which Rs. 34 million was on project loans while balance was on commodity loans. This compares with an amount of Rs. 147 million written off in 1981.

As indicated in the Table 1.46 below gross receipts of foreign loans in the form of project, commodity, cash and other loans in 1982 amounted to Rs. 5,701 million as compared with Rs. 5,487 million in the previous year. Project loans amounted to Rs. 3,256 million, while commodity loans and cash loans amounted to Rs. 1,355 million and Rs. 1,090 million respectively. Cash loans consisted of a Euro currency loan amounting to Rs. 836 million and Rs. 254 million obtained from the issue of Japanese Yen bonds. Project loans also included a sum of Rs. 301 million being a cash loan from the Salomon Brothers' Incorporated under a US Government guarantee. When adjusted for repayments, net disbursements under foreign borrowings amounted to Rs. 5,027 million in comparison to Rs. 4,880 million in the previous year.

TABLE 1.46

Major Donors of Foreign Loans—1982

	Rs. Million		
	Project Loans	Commodity Loans	Other Loans
Canada	264.7	—	—
France	—	227.5	—
U.S.A.	549.5	403.2	—
Japan	284.0	503.4	253.8
Euro Currency	—	—	836.4
Salomon Brothers' Incorporated—New York	301.2	—	—
A. D. B.	308.8	—	—
I. D. A.	1,131.8	—	—
Other	416.2	220.7	—
Total Gross Receipts	3,256.2	1,354.8	1,090.2
Repayments	203.9	401.6	68.1
Net Receipts	3,052.3	953.2	1,022.1

Source: Central Bank of Ceylon.

During the year, the Government contracted 20 project loans, 6 commodity loans and 3 cash and other loans. The value of these loans as at 31st December, 1982 amounted to Rs. 12,144 million. In comparison the value of loans contracted in the previous year amounted to Rs. 14,464 million. There has been no improvement during the year in the utilization rate of loans contracted. As at end of 1982, the aggregate utilization rate of the loans contracted since 1970 remained at 50 per cent, as was in 1981. While the level of utilization of project loans was 29 per cent, commodity loans and cash and other loans recorded a very much higher rate of 81 per cent and 84 per cent respectively. It was significant that the more expensive cash loans which were fully utilized in the previous years were not fully utilized in the year under review. Of the Eurocurrency commercial loan of US \$ 100 million contracted in 1982, only \$ 40 million was utilized during the year. Among other loans, contracted in 1981 there were 5 loans amounting to Rs. 1,544 million on which withdrawals did not commence until the end of 1982.

Interest payments on public debt amounted to Rs. 5,086 million during the year. A sum of Rs. 4,171 million was paid on domestic debt, while the balance of Rs. 915 million was on foreign debt. During the year, interest payments on domestic debt increased by 39 per cent and those on foreign debt increased by 28 per cent. Interest on domestic debt was made up of Rs. 2,167 million on rupee loans, Rs. 2,001 million on Treasury bills and Rs. 3 million on administrative borrowings. Interest payments on Treasury bills recorded an increase of 53 per cent while those on rupee loans increased by 28 per cent over that of last year. Interest paid on administrative borrowings remained unchanged.

MONEY AND BANKING

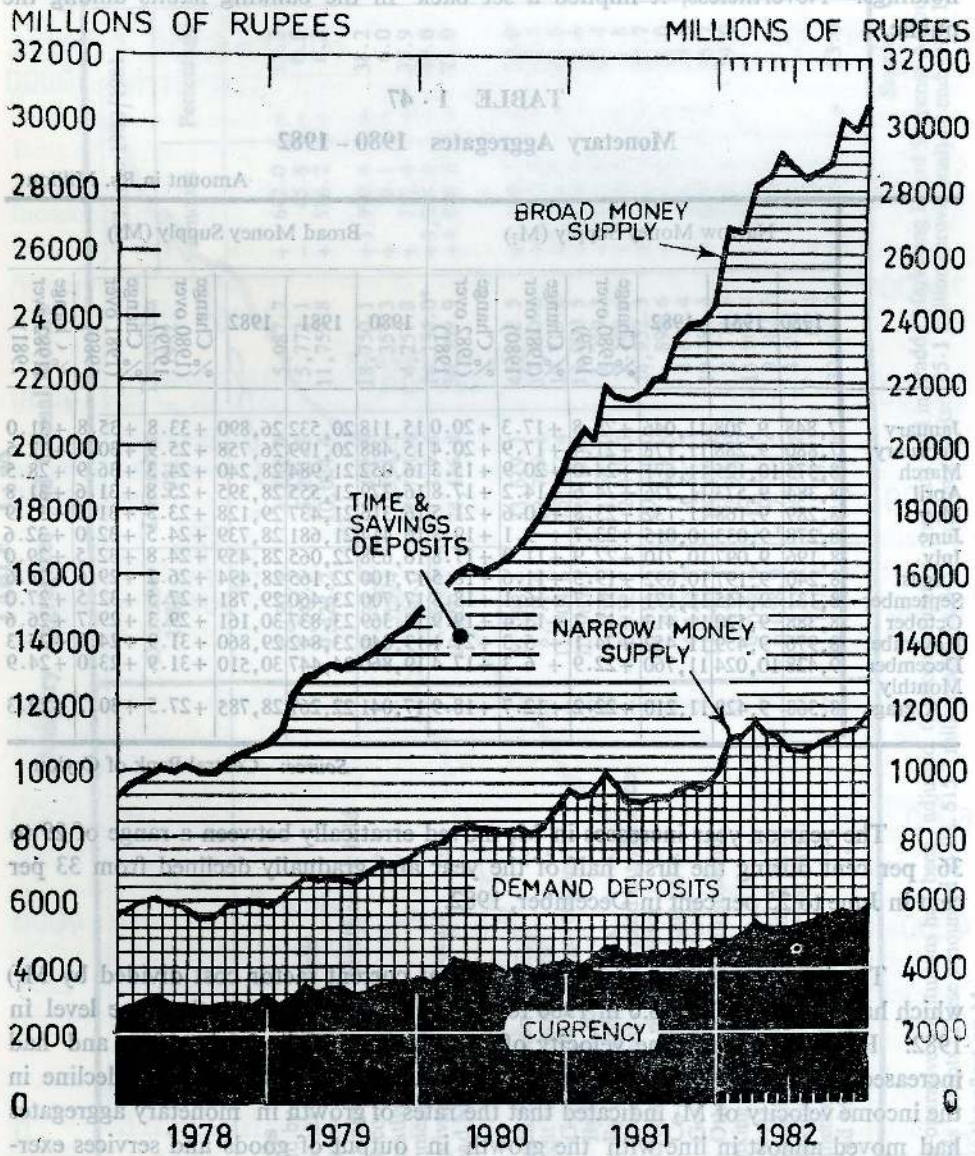
Money Supply

The monetary scenario in 1982 depicted developments in major monetary variables similar to those in the previous year. The broad money supply (M_2) comprising currency in circulation and the total of demand, time and savings deposits held by the public with commercial banks, grew by Rs. 6,063 million or 25 per cent compared to an increase of Rs. 4,587 million or 23 per cent in 1981. However, a deceleration was evident in the rate of growth in time and savings deposits held by the public with commercial banks (quasi-money). The rate of growth of these deposits which dropped from 41 per cent in 1980 to 38 per cent in 1981 declined further to 30 per cent in 1982. This was particularly associated with the downward revision in deposit rates by commercial banks in mid 1982, with the interest rates being offered by the National Savings Bank remaining unchanged. Hence, the slight acceleration in M_2 was largely reflected in the accelerated growth in narrow money supply (M_1) defined as currency and demand deposits held by the public.

During the year under review, M_1 rose by Rs. 1,735 million or 17 per cent when compared to an increase of Rs. 596 million or 6 per cent in the previous year. Of this, the demand deposits held by the public fluctuated specially during the second and third quarters of the year and registered a growth of Rs. 571 million or 11 per cent by the end of the year. Hence, the higher growth rate in M_1 was mainly reflected in the increased preference for currency holdings which registered a growth

of Rs. 105 million or 24 per cent in 1982. The largest monthly increases were in March and December during which periods the monthly growth rates amounted to 6 per cent each, indicating the festive period for currency pending the festive seasons in April and in December. Further, the demand deposit component of M₁ declined from 52 per cent to 49 per cent over the year. It is possible that the uncertainty associated with an election year may have contributed to increased currency holdings. Nevertheless, it implied a set back in the banking habits among the

MONEY SUPPLY MONTHLY



Central Bank of Ceylon

Note: Signs indicate the effect on M₁. Excludes Non Resident Foreign Currency deposits.

of Rs. 1,165 million or 24 per cent in 1982. The largest monthly increases were in March and December during which periods the monthly growth rates amounted to 6 per cent each, indicating the increased preference for currency pending the festive seasons in April and in December. Further, the demand deposit component of M_1 declined from 52 per cent to 49 per cent over the year. It is possible that the uncertainties associated with an election year may have contributed to increased currency holdings. Nevertheless, it implied a set back in the banking habits among the public.

TABLE 1 - 47
Monetary Aggregates 1980 - 1982

Amount in Rs. Million

	Narrow Money Supply (M_1)						Broad Money Supply (M_2)					
	1980	1981	1982	% Change (1980 over 1979)	% Change (1981 over 1980)	% Change (1982 over 1981)	1980	1981	1982	% Change (1980 over 1979)	% Change (1981 over 1980)	% Change (1982 over 1981)
January	7,848	9,208	11,046	+28.8	+17.3	+20.0	15,118	20,532	26,890	+33.8	+35.8	+31.0
February	7,880	9,288	11,178	+21.4	+17.9	+20.4	15,488	20,199	26,758	+25.9	+30.4	+32.5
March	8,375	10,125	11,671	+24.0	+20.9	+15.3	16,052	21,984	28,240	+24.3	+36.9	+28.5
April	8,384	9,573	11,276	+24.6	+14.2	+17.8	16,379	21,555	28,395	+25.8	+31.6	+31.8
May	8,289	9,168	11,132	+23.8	+10.6	+21.5	16,316	21,437	29,128	+23.3	+31.3	+35.9
June	8,278	9,033	10,815	+23.7	+9.1	+19.8	16,414	21,681	28,739	+24.5	+32.0	+32.6
July	8,196	9,097	10,710	+22.9	+11.0	+17.8	16,658	22,065	28,459	+24.8	+32.5	+29.0
August	8,240	9,197	10,892	+19.5	+11.6	+18.5	17,100	22,165	28,494	+26.2	+29.6	+28.6
September	8,131	9,445	11,171	+14.7	+16.1	+18.3	17,700	23,460	29,781	+27.5	+32.5	+27.0
October	8,388	9,520	11,413	+17.2	+13.4	+19.9	18,369	23,837	30,161	+29.3	+29.7	+26.6
November	8,976	9,459	11,452	+24.1	+5.3	+21.1	19,040	23,842	29,860	+31.9	+24.9	+25.3
December	9,428	10,024	11,760	+22.9	+6.3	+17.4	19,860	24,447	30,510	+31.9	+23.0	+24.9
Monthly Average	8,368	9,429	11,210	+22.2	+12.7	+18.9	17,041	22,267	28,785	+27.5	+30.7	+29.3

Source: Central Bank of Ceylon.

The year-on-year increases in M_2 moved erratically between a range of 29 to 36 per cent during the first half of the year and gradually declined from 33 per cent in June to 25 per cent in December, 1982.

The income velocity of M_1 (i.e. GNP at current factor cost divided by M_1) which had increased from 6.6 in 1980 to 7.7 in 1981 remained at the same level in 1982. However, the income velocity of M_2 which stood at 3.1 in 1980 and had increased to 3.2 in 1981, dropped marginally to 3.0 in 1982. This marginal decline in the income velocity of M_2 indicated that the rates of growth in monetary aggregates had moved almost in line with the growth in output of goods and services exerting a reduced pressure on the price level when compared with the previous years. Partly reflecting this development, the Colombo Consumers' Price Index on a point to point basis recorded an increase of only 5 per cent during the 12 months ending December 1982, as against 18 per cent in the previous year.

TABLE 1.48

Monetary Aggregates and Causal factors

Item	(Amount in Rs. Million)						
	December 1980	December 1981	December 1982	Change 1980/1981		Change 1981/1982	
				Amount	Percentage	Amount	Percentage
Monetary Aggregates							
1. Currency held by the public	4,180.8	4,822.9	5,987.7	+ 642.0	+ 15.3	+1,164.8	+ 24.1
2. Demand deposits held by the public	5,247.3	5,201.5	5,772.1	- 45.8	0.8	+ 570.6	+ 10.9
Narrow Money (M ₁)	9,428.2	10,024.4	11,759.8	+ 596.2	+ 6.3	+1,735.4	+ 17.3
3. Time and Savings Deposits of private sector held with commercial banks	10,432.0	14,422.5	18,750.1	+3,990.4	+ 38.2	+4,327.6	+ 30.0
3.1 Co-operative institutions	315.4	334.5	357.3	+ 19.1	+ 6.0	+ 22.8	+ 6.8
3.2 Government corporations	2,036.0	2,768.4	4,257.8	+ 732.4	+ 35.9	+1,489.4	+ 53.8
3.3 Other private sector constituents	8,080.6	11,319.6	14,135.0*	+3,238.9	+ 40.0	+2,815.4	+ 24.8
Broad Money (M ₂)	19,860.2	24,446.8	30,509.9	+4,586.6	+ 23.0	+6,063.0	+ 24.8
Causal Factors							
1. Domestic Credit Expansion (DCE)	25,288.4	33,619.1	42,102.5	+8,330.7	+ 33.0	+8,483.4	+ 25.2
1.1 Net credit to the government	8,971.9	12,789.1	17,150.2	+3,817.2	+ 42.5	+4,361.1	+ 34.1
1.1.1 Gross credit to the government	11,904.6	15,667.4	19,719.8	+3,762.7	+ 31.6	+4,052.3	+ 25.8
By Central Bank	10,965.5	14,104.4	18,000.5	+3,138.9	+ 28.6	+3,896.0	+ 27.6
By Commercial Banks	939.1	1,563.0	1,719.3	+ 623.8	+ 66.4	+ 156.3	+ 9.9
1.1.2 Government deposits and cash balances	2,932.7	2,878.3	2,569.6	- 54.5	- 1.8	+ 308.7	+ 10.7
1.2 Gross credit to the private sector	16,316.5	20,830.0	24,952.3	+4,513.5	+ 27.7	+4,122.3	+ 19.8
1.2.1 Co-operative institutions (a)	853.1	946.5	892.6	+ 93.4	+ 11.0	- 53.9	- 5.7
1.2.2 Government corporations	4,122.7	4,487.7	4,677.4	+ 364.9	+ 8.8	+ 189.7	+ 4.2
1.2.3 Other private sector constituents	11,340.7	15,395.8	19,382.3	+4,055.1	+ 35.7	+3,986.5	+ 25.8
External Banking Assets (net)	3,630.7	2,940.3	2,371.8	- 690.4	- 19.0	- 568.5	- 19.3
Other items (net)	9,058.9	12,112.6	13,964.4	+3,053.7	+ 33.7	-1,851.9	- 15.3
3.1 Other liabilities (net) of the Central Bank	6,058.9	7,615.5	9,382.7	+1,556.6	+ 25.5	-1,767.3	- 24.1
3.2 Other liabilities (net) of commercial banks	2,832.2	4,354.8	4,596.1	+1,522.6	+ 53.7	+ 241.3	+ 5.7
3.3 Adjustments for items in transit	167.8	142.3	14.4	+ 25.5	+ 15.2	+ 156.7	+ 10.2
Broad Money (M ₂)	19,860.2	24,446.8	30,509.9	+4,586.6	+ 23.0	+6,063.0	+ 24.8

Source: Central Bank of Ceylon.

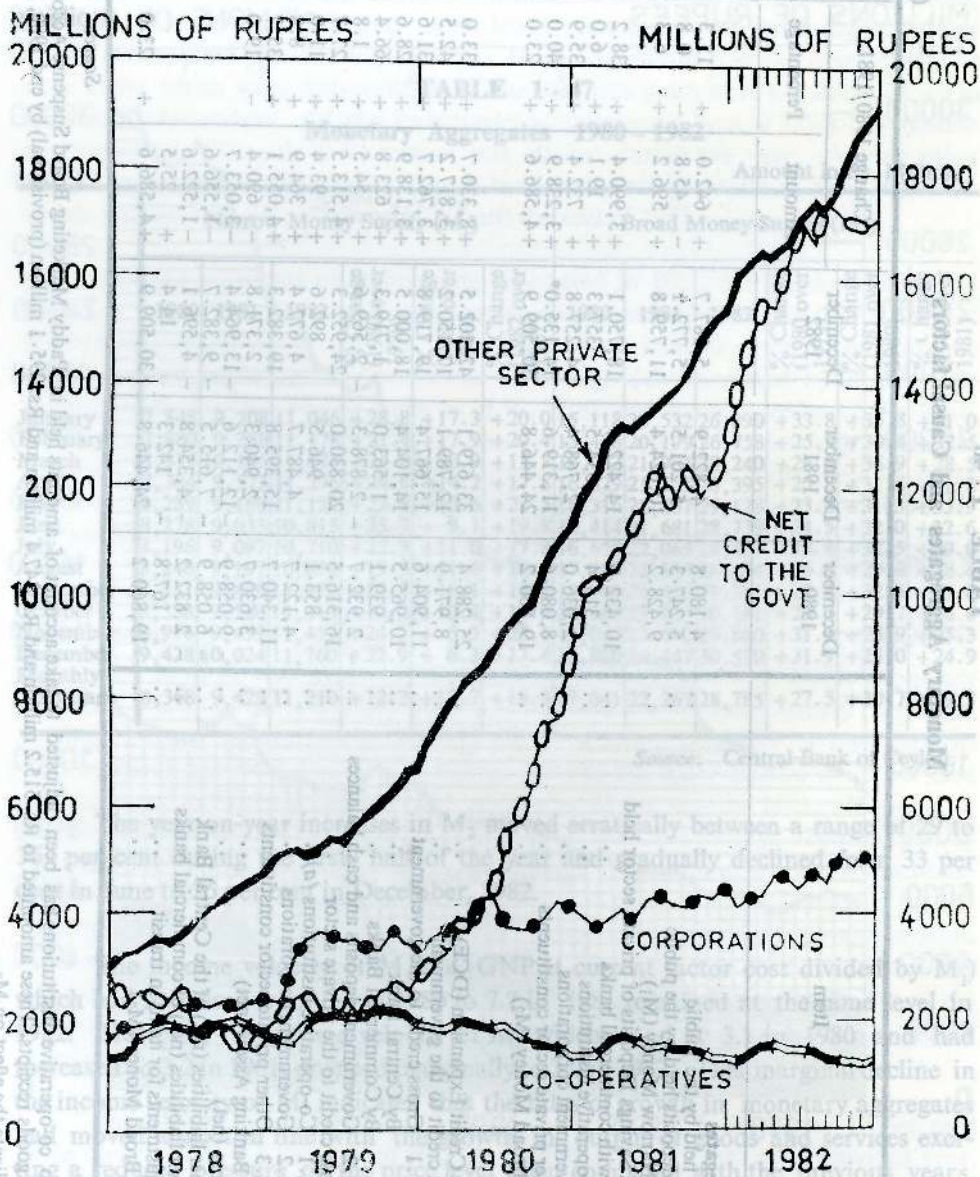
(a) Credit to co-operative institutions has been adjusted to take account of amounts held in Paddy Marketing Board Suspense Account pending liquidation of matured goods receipts. These amounted to Rs. 515.2 million and Rs. 347.4 million and Rs. 295.1 million (provisional) by end 1980, 1981 and 1982 respectively.

Note: Signs indicate the effect on M₂.

* Excludes Non Resident Foreign Currency deposits.

DOMESTIC CREDIT

MONTHLY



Central Bank of Ceylon

Although the rate of growth in quasi-money declined during the past few years, in absolute terms, quasi-money registered increases of Rs. 3,044 million and Rs. 3,990 million in 1980 and 1981, respectively and an expansion of Rs. 4,328 million in the current year. The relatively low rate of growth registered in the current year was due to the downward revision of time deposit rates by commercial banks in mid 1982. Total quasi-money supply at end 1982 amounted to Rs. 18,750 million. However, a major part of this expansion (80 per cent) was recorded during the first half of the year. Reflecting this, the annual rate of growth of time and savings deposits which stood at 38 per cent in December, 1981, accelerated to 47 per cent in May, 1982 and gradually decelerated to 30 per cent by the end of the year. This deceleration was mainly due to the shift in deposits from commercial banks to the National Savings Bank (NSB) following the lower interest rates offered by the former on deposits as from June, 1982. Notwithstanding this, the share of time and savings deposits in M_2 increased from 59 to 61 per cent reflecting public's preference for interest bearing monetary assets. This development, perhaps, was associated with the positive real rate of return on deposits offered by commercial banks with the reduced inflationary pressures in the economy.

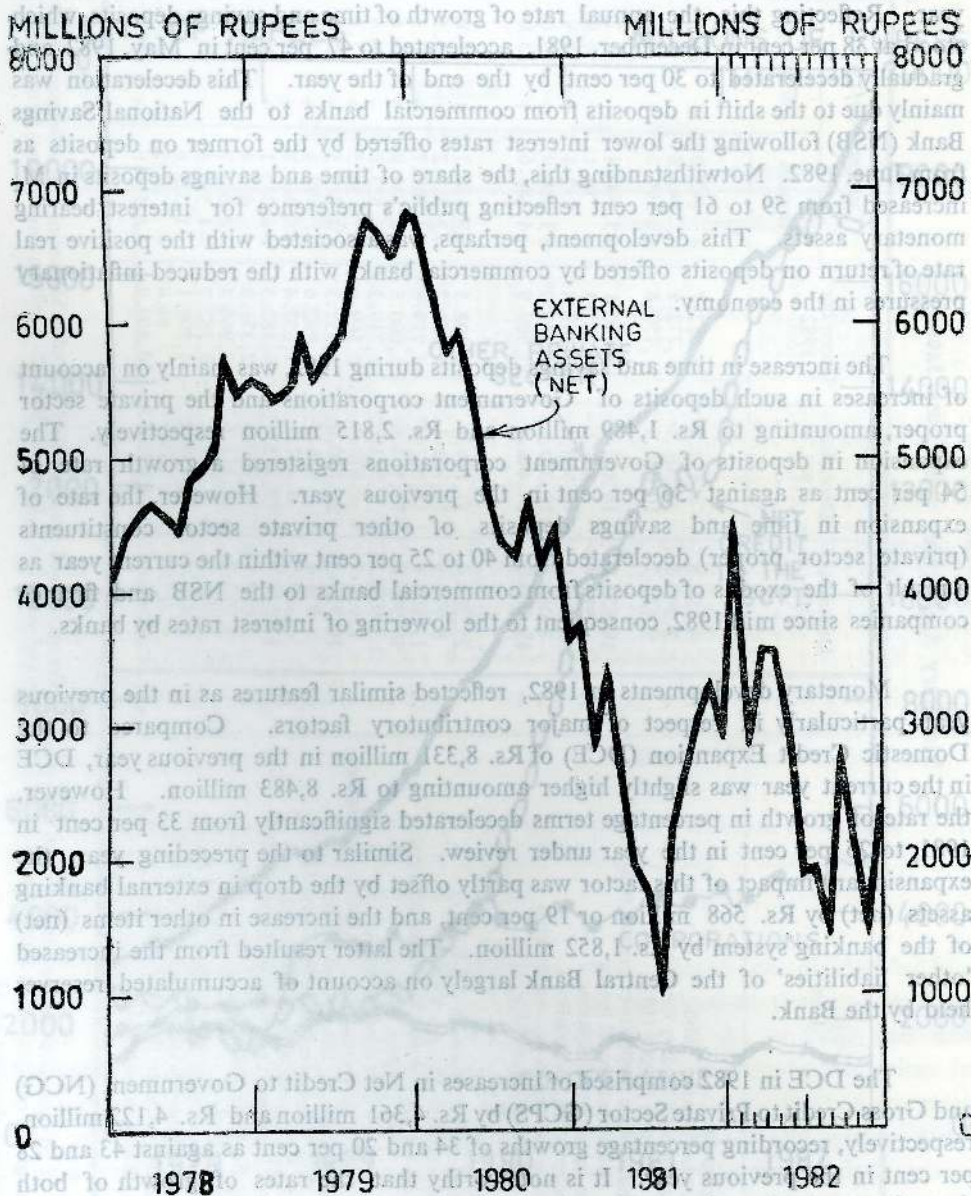
The increase in time and savings deposits during 1982, was mainly on account of increases in such deposits of Government corporations and the private sector proper, amounting to Rs. 1,489 million and Rs. 2,815 million respectively. The expansion in deposits of Government corporations registered a growth rate of 54 per cent as against 36 per cent in the previous year. However, the rate of expansion in time and savings deposits of other private sector constituents (private sector proper) decelerated from 40 to 25 per cent within the current year as a result of the exodus of deposits from commercial banks to the NSB and finance companies since mid 1982, consequent to the lowering of interest rates by banks.

Monetary developments in 1982, reflected similar features as in the previous year—particularly in respect of major contributory factors. Compared to the Domestic Credit Expansion (DCE) of Rs. 8,331 million in the previous year, DCE in the current year was slightly higher amounting to Rs. 8,483 million. However, the rate of growth in percentage terms decelerated significantly from 33 per cent in 1981, to 25 per cent in the year under review. Similar to the preceding year, the expansionary impact of this factor was partly offset by the drop in external banking assets (net) by Rs. 568 million or 19 per cent, and the increase in other items (net) of the banking system by Rs. 1,852 million. The latter resulted from the increased 'other liabilities' of the Central Bank largely on account of accumulated reserves held by the Bank.

The DCE in 1982 comprised of increases in Net Credit to Government (NCG) and Gross Credit to Private Sector (GCPS) by Rs. 4,361 million and Rs. 4,122 million, respectively, recording percentage growths of 34 and 20 per cent as against 43 and 28 per cent in the previous year. It is noteworthy that the rates of growth of both these factors indicated a deceleration during the past two years. Although the absolute growth in NCG was slightly higher than in 1981, the government borrowings from the banking system would have been even higher had it not been for the

EXTERNAL BANKING ASSETS (NET)

MONTHLY



Central Bank of Ceylon

successful Rupee Loan Programme launched during the year. Since the first Rupee Loan Programme amounting to Rs. 4,000 million was fully subscribed by September, 1982, an additional loan of Rs. 2,000 million was floated during the same month. This too was fully subscribed by the end of the year due to the enhanced subscriptions mainly from the NSB. This was made possible by the increased deposit mobilisation of the NSB following the downward revision of deposit rates of commercial banks in June, 1982. Moreover, the government's reliance on the banking system was also lower due to the drawing of US \$ 40 million (Rs. 836 million) from the Euro Currency Loan Arrangement for US \$ 100 million. Furthermore, the high rate of under expenditure relating to capital and recurrent expenditure of the Government experienced during 1982, also resulted in lower cash requirements during the year.

The Government's borrowings from the Central Bank rose by Rs. 3,896 million or 28 per cent as against a similar increase of Rs. 3,139 million or 29 per cent in the preceding year. This was largely attributable to the enhanced Government and government guaranteed securities held by the Bank reflecting largely the Rs. 3,400 million worth of new Treasury Bills issued during the year. On the other hand, borrowings by the government from commercial banks increased by only Rs. 156 million or 10 per cent when compared to a considerable increase of Rs. 624 million or 66 per cent in 1981. While investments of commercial banks in Treasury Bills remained almost at the same level as in December, 1981, their contribution to the Government Rupee Loan Programme increased by Rs. 103 million following the relaxation of regulations permitting commercial banks to participate in this programme since August, 1982.

With the continuation of the restrictive monetary policy measures effected in mid 1981, Gross Credit to Private Sector (GCPS) gradually decelerated from an annual growth rate of 28 per cent at end December, 1981, to 20 per cent at end December, 1982. Of this growth, (Rs. 4,122 million) a major share (97 per cent) was on account of an increase in credit granted to other private sector constituents. Gross credit to this sector increased by Rs. 3,986 million or 26 per cent during the year. Nevertheless, credit to this sector indicated a decelerating trend during the past two years. Several reasons could be attributed to the deceleration in credit to the private sector. First, the deceleration in credit to this sector, particularly during the last quarter of 1982, was due to the uncertainty that prevailed in the business circles arising from the Presidential election and the Referendum. Secondly, the intensification of restrictive monetary policy measures during 1981 resulted in a deceleration in demand for credit from the private sector. Thirdly, the lump sum depreciation facility, which was one of the factors that contributed to the higher demand for credit, had been withdrawn at end March, 1981. Co-operative institutions and the government corporations did not resort to heavy borrowings from the banking system during the year. In fact, credit to co-operative institutions dropped by Rs. 54 million while borrowings of government corporations increased by only Rs. 190 million.

Conforming to the trends observed since 1980, external banking assets (net) declined by Rs. 568 million in 1982, largely on account of a decline in net foreign assets of the Central Bank. The deterioration in external banking assets was the outcome of an increase in liabilities of the Central Bank which was entirely on account of increased borrowings abroad amounting to Rs. 1,584 million.

Commercial Banking

Commercial banking in 1982, was characterised by a significant improvement in liquidity. Continuing the trends observed in the second half of the preceding year, a substantial growth in deposits coupled with a significant deceleration in demand for credit from the private sector enhanced the liquidity base of the commercial banks. This continuous improvement in liquidity, without a corresponding increase in availability of attractive short-term investment outlets, led the commercial banks to effect certain changes in their deposit mobilisation programmes in mid year. First, the interest rates on all classes of time deposits were reduced by the two state banks and this was followed by most other banks. Secondly, many commercial banks discontinued the practice of accepting 24 month deposits. Thirdly, some banks discouraged even the inflow of 12 month deposits by offering higher rates on relatively short-term deposits (6 months and below). The objective of these measures was to reduce the cost of deposit mobilisation, while adjusting the term structure of deposits in favour of shorter term deposits. Meanwhile, the two state banks suspended their special long term saving schemes. These were the Minor's Deposit Scheme of the People's Bank and the National Endowment Scheme of the Bank of Ceylon.

Although the banking system remained highly liquid during most part of the year, some banks continued to be markedly aggressive in mobilising deposits, in particular, savings deposits, by providing numerous incentives such as monthly interest payments computed on daily balances, payment of interest up-front on savings certificates, and extending banking hours to facilitate savings account holders to transact business after normal banking hours. Moreover, special arrangements were made by some banks for the encashment of remittances received from Sri Lankans employed abroad, in an attempt to attract deposits from the beneficiaries of such remittances. Some foreign banks, through their branches in the Middle East, were able to canvass for remittances from Sri Lankans working in that region. Commercial banks also continued to issue Certificates of Deposits (CDs) thereby attracting a good amount of hoarded money into the system. At end 1982, 18 banks had been given formal approval to issue CDs. The outstanding amount of CDs stood at Rs. 323 million as at the same date.

Merchant Banking activities which were already established were further expanded during 1982, by the opening of the 'Merchant Bank of Sri Lanka', a subsidiary of the Bank of Ceylon. Meanwhile, the Foreign Currency Banking Scheme (FCBS) continued to reflect significant progress. At end 1982, there were 24 Foreign Currency Banking Units (FCBUs) in operation in Sri Lanka. Total assets/liabilities of these units rose sharply from Rs. 7,516 million (US \$ 366 million)

at end 1981 to Rs. 13,828 million (US \$ 649 million) during 1982. The operations of the FCBUs included financing projects in the Free Trade Zone, (FTZ), Euro currency lending to approved residents outside the FTZ, and the participation in international Euro-Currency syndicated loans.

Total resources of commercial banks rose by Rs. 7,438 million in 1982, compared with an increase of Rs. 6,184 million in 1981. A substantial part of the resource growth in 1982, amounting to Rs. 5,934 million was contributed by the increase in deposits. During the year under review, time and savings deposits and demand deposits grew by Rs. 5,174 million and Rs. 760 million, respectively, reflecting preference for the former by the interest conscious savers. The resource base was further augmented by an increase of Rs. 334 million in capital, reserves and undistributed profits of commercial banks. Meanwhile, borrowings of commercial banks rose by Rs. 322 million consisting of an increase in domestic inter-bank borrowings of Rs. 363 million (including borrowings from the Central Bank) and a decline in foreign borrowings of Rs. 41 million. In comparison, borrowings of commercial banks rose by Rs. 667 million in 1981. The lower level of borrowings in 1982, mainly reflected the enhanced liquidity of commercial banks. In fact, there were no penal rate borrowings from the Central Bank during the year, while Bank rate borrowings were reduced to minimum levels.

TABLE 1.49
Changes in Commercial Bank Resources and their Utilization

Sector	Rs. Million		
	End 1979/ End 1980	End 1980/ End 1981	End 1981/ End 1982
1. Government	450.5	- 770.0	- 56.4
2. Central Bank	409.2	- 429.7	- 315.0
3. Government Corporations	448.6	198.6	1,379.1
4. Cooperative Institutions(a)	140.3	- 101.1	72.5
5. Other Private	- 1,427.0	- 669.0	- 729.1
6. Inter Bank	563.4	1,633.6	- 1.5
7. Foreign	- 584.9	137.7	- 349.6

Source: Central Bank of Ceylon.

Note: Minus sign indicates net utilization of resources.

(a) Credit to co-operative institutions has been adjusted to take account of amounts held in Paddy Marketing Board Suspense Account pending liquidation of matured Goods Receipts. The Changes for 1980, 1981 and 1982 amounted to Rs. - 454.1 million, Rs. - 167.8 million and Rs. - 52.3 million, respectively.

Table 1.49 presents the changes in commercial banks' resources and their utilization on a net basis. During 1982, the other private sector utilized resources amounting to Rs. 3,986 million against a growth of Rs. 3,257 million in their deposits. Thus, the net utilization of resources by this sector amounted to Rs. 729 million.

During 1982, there was a net accrual of resources from commercial banks to the Central Bank. This, in part reflected the decline in borrowings from the Central Bank (Rs. 23 million) due to the enhanced liquidity of commercial banks. Also the reserves with the Central Bank increased by Rs. 292 million, reflecting the gradual increase in deposits.

In 1982, deposits of and advances to government corporations rose by Rs. 1,569 million and Rs. 190 million, respectively. Accordingly, this sector made a substantial contribution towards the resource build-up of commercial banks. Meanwhile, the foreign sector utilized resources to the tune of Rs. 350 million mainly on account of an increase in foreign balances including export bills.

The Government sector's net utilization of commercial bank resources amounted to Rs. 56 million in 1982. In comparison, a sum of Rs. 770 million was utilized by this sector in the preceding year. The lower level of utilization of resources in 1982, mainly reflected the reduced participation of commercial banks in the Secondary Treasury Bill market during the second half of the year. However, as mentioned earlier commercial banks' investments in government rupee securities rose by Rs. 103 million.

Reflecting the enhanced liquidity position of commercial banks, the ratio of liquid assets to demand deposits rose from 110 per cent at end 1981 to 121 per cent at end 1982. In addition, the credit deposit ratio declined from 99 to 92 over the year under review.

Bank Branch Expansion

The Central Bank of Ceylon opened its second regional branch in Anuradhapura in March, 1982. The first regional branch was opened in Matara in March, 1981.

In 1982, commercial banks opened 39 branches. A salient feature observed during the year was the opening of branches outside Colombo by two foreign banks. In June, 1982, the State Bank of India opened a branch in Anuradhapura being the first foreign bank to open a branch outside Colombo in recent times. The Indian Overseas Bank, also opened a branch in Matara in October, 1982. The opening of these branches reflected the desire to utilise the expertise of these banks in the field of rural credit. Meanwhile, 24 branches were opened by the Bank of Ceylon, 10 by the People's Bank and 2 by the Hatton National Bank. The Bank of Ceylon opened its first representative office in Singapore in January, 1982, with the main objective of canvassing additional business for the Head Office and eventually graduating to an off-shore unit. Conforming to the practice followed in recent years, the Bank of Ceylon relocated 16 of its Agricultural Service Centre (ASC) branches, bringing the total relocations to 303 by the end of the year.

During the year, the Middle East Bank Limited opened a branch in Sri Lanka bringing the total number of commercial banks operating in the country to 25 at the end of 1982. In addition, the Girard Bank of Philadelphia opened a representative

office in Sri Lanka. This was the first such office opened in the recent years. Meanwhile, the National Savings Bank too, opened 2 branches, thus bringing the total number of its branches to 47 at the end of the year.

Interest Rates

In the context of overall interest rate policy, the year 1982 witnessed only marginal changes in Sri Lanka's interest rate structure. The high interest rate policy introduced in 1977 and intensified in 1980 and 1981 was continued during 1982; notwithstanding the reduced rate of inflation during the year.

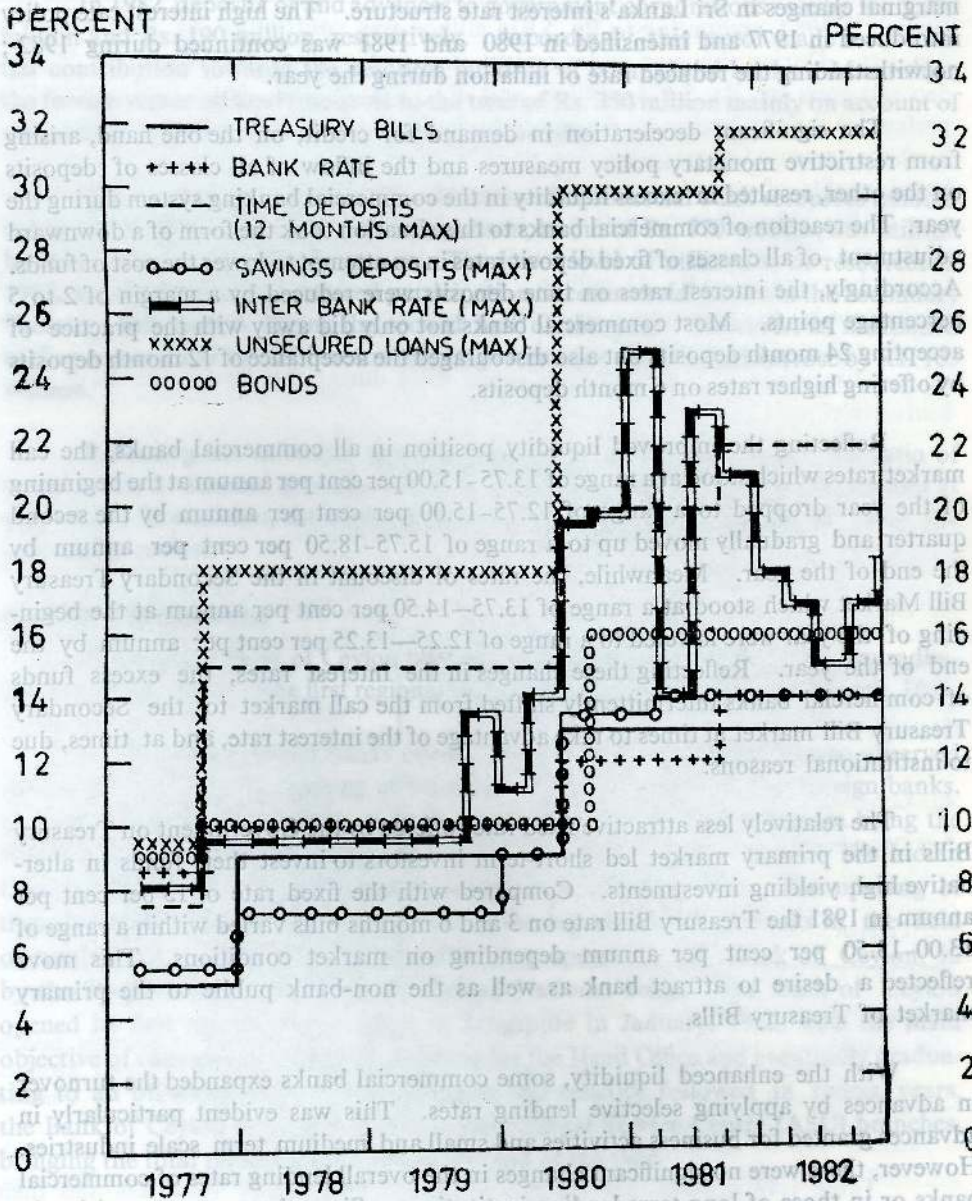
The significant deceleration in demand for credit, on the one hand, arising from restrictive monetary policy measures and the inflow of all classes of deposits on the other, resulted in excess liquidity in the commercial banking system during the year. The reaction of commercial banks to this situation took the form of a downward adjustment of all classes of fixed deposit rates in an attempt to lower the cost of funds. Accordingly, the interest rates on time deposits were reduced by a margin of 2 to 5 percentage points. Most commercial banks not only did away with the practice of accepting 24 month deposits but also discouraged the acceptance of 12 month deposits by offering higher rates on 6 month deposits.

Reflecting the improved liquidity position in all commercial banks, the call market rates which stood at a range of 13.75-15.00 per cent per annum at the beginning of the year dropped to a range of 12.75-15.00 per cent per annum by the second quarter and gradually moved up to a range of 15.75-18.50 per cent per annum by the end of the year. Meanwhile, the rates of discount in the Secondary Treasury Bill Market which stood at a range of 13.75-14.50 per cent per annum at the beginning of the year were lowered to a range of 12.25-13.25 per cent per annum by the end of the year. Reflecting these changes in the interest rates, the excess funds of commercial banks intermittently shifted from the call market to the Secondary Treasury Bill market at times to take advantage of the interest rate, and at times, due to institutional reasons.

The relatively less attractive fixed rates offered by the Government on Treasury Bills in the primary market led short-term investors to invest their funds in alternative high yielding investments. Compared with the fixed rate of 13 per cent per annum in 1981 the Treasury Bill rate on 3 and 6 months bills varied within a range of 13.00-13.50 per cent per annum depending on market conditions. This move reflected a desire to attract bank as well as the non-bank public to the primary market of Treasury Bills.

With the enhanced liquidity, some commercial banks expanded the turnover in advances by applying selective lending rates. This was evident particularly in advances granted for business activities and small and medium term scale industries. However, there were no significant changes in the overall lending rates of commercial banks or in those of long-term lending institutions. Since there was no revision in the interest rates on time deposits of the National Savings Bank (NSB) despite the downward revision by the commercial banks in mid-1982, an interest rate differential of about 2-4 percentage points existed between the NSB and commercial banks.

MONEY RATES END QUARTERLY FIGURES



Central Bank of Ceylon

The on-lending rates on refinance loans from the Medium and Long-term Credit Fund (MLCF) of the Central Bank, under category II for the promotion and development of exports were revised with effect from 22, January, 1982. Accordingly, for those projects where the cost does not exceed Rs. 5 million, the on-lending rate was fixed at 12 per cent per annum whereas the on-lending rate was fixed at 13 per cent per annum for other projects whose cost exceeded Rs. 5 million. However, effective 20 July, 1982, the refinance rate applicable to the latter category was reduced marginally from 11½ to 11 per cent per annum, while the on-lending rate remained unchanged at 13 per cent per annum.

Central Banking

The total assets/liabilities of the Central Bank stood at Rs. 30,166 million at end December, 1982. This reflected an increase of Rs. 2,815 million or 10 per cent during the year. On the assets side, this increase was shared by domestic assets including other assets (Rs. 2,386 million) and foreign assets (Rs. 429 million).

The increase in domestic assets was mainly on account of a rise in holdings of government and government guaranteed securities amounting to Rs. 3,292 million. This indicated primarily the extent of Government's utilisation of Central Bank resources through the issue of Treasury Bills. On the other hand, commercial banks' investments in the Secondary Treasury Bill Market declined markedly during the second half of the year, thereby preventing a further shift in Government's indebtedness from the Central Bank to the commercial banks. Further reflecting the reliance of the Government on Central Bank funds, provisional advances to the former rose by Rs. 604 million in 1982. However, short term advances to commercial banks declined as a result of the general improvement in their liquidity position.

The increase in the International Reserve consisted of increases in cash and balances abroad (Rs. 628 million) and holdings of foreign securities (Rs. 90 million) partly offset by a decline in SDR holdings (Rs. 289 million) on account of the repurchases from the International Monetary Fund. The improvement in the International Reserve was largely on account of the drawings made under the Euro-currency loan arrangement. Increased borrowings from abroad and the depreciation of the Sri Lanka Rupee against the United States Dollar too contributed towards the increase in the Rupee value of the International Reserve.

On the liabilities side, currency issue rose by Rs. 1,213 million in comparison to a much lower increase of Rs. 634 million in 1981. Meanwhile, borrowings abroad rose by Rs. 1,584 million thereby contributing towards the increase in gross foreign assets of the Bank. During the year, the Central Bank transferred Rs. 250 million from its reserves to the Medium and Long-term Credit Fund (MLCF) enhancing the credit facilities available under the Fund. Certain revisions which are discussed else where in this report were also made with a view to improving the facilities granted for export oriented industries.

National Credit Plan-1982

The National Credit Plan formulated by the Central Bank deals with commercial bank lending to private sector including public corporations. The plan estimated the outstanding credit to the private sector to be at Rs. 27,620 million by the end of 1982, a projected increase of Rs. 6,620 million or 32 per cent over the outstanding credit level of end 1981. In addition to ensuring the availability and efficient allocation of credit among various sectors, credit planning attempts to match the financial flows with the desired goals in the real sector of the economy. In order to maintain consistency between financial and real output flows, the desired monetary target for the economy was set, taking into account the projected real growth, the estimated rate of inflation and an allowance for the increased monetisation in the economy. After allowing for the behaviour of the external sector, and the credit requirements of the Government, the monetary target was translated into a permissible credit target for the private sector. The estimated total credit was allocated among commercial banks after several rounds of discussions, where the relevant issues in sectoral distribution of credit were also dealt with in detail.

Since its inception in 1981, credit planning in Sri Lanka has attempted to rationalise the use of the private sector credit among different sectors of the economy, aiming at a proper use of scarce loanable funds. In 1982, the credit plan gave priority to lending for Exports, Industry, Agriculture and Tourism. Of the total credit, 21 per cent was allocated for Industry, while the shares allocated for Exports and Agriculture were 18 per cent and 13 per cent, respectively. The allocation to the Tourism sector amounted to Rs. 598 million which represented an increase of Rs. 178 million over the previous year.

The actual credit utilized by the private sector shows only a negligible deviation from the planned credit targets during the first two quarters of the year. However, during the last two quarters, the actual credit levels fell below the targetted levels registering a shortfall of about Rs. 1,000 million by the end of 1982. This was the combined outcome of a decline in demand for credit caused by high lending rates, the moderation in the rate of inflation and the uncertainty experienced in economic activities during the latter part of the year. In view of the moderation in the rate of inflation, though the realised credit level was below the targetted level in nominal terms, the level of credit recorded the same growth in real terms.

A series of review meetings were held with the commercial banks in June/July 1982, to review the progress and discuss the problems faced by individual commercial banks. At these meetings the banks were requested to provide more credit to the industrial sector, in particular to the export based industries. Consequently, the share of industrial credit rose from the original target of 21 per cent to 25 per cent by the end of the year. There was at the same time a drop in the share of import credit from 19 to 14 per cent by end 1982.

Monetary Policy

The moderate expansion in major monetary variables experienced in 1982 did not call for any major policy changes during the year. However, the policy measures introduced and intensified in the previous years were continued with a view to maintaining a moderate growth in both domestic credit and monetary aggregates. The highlights of these policy measures were, a Bank Rate of 14 per cent, a drastic reduction of Rs. 355 million in Central Bank accommodation to commercial banks, a marginal increase in the minimum penal rates on commercial banks' borrowings above the general accommodation (from a range of 20-30 per cent per annum to 21-30 per cent per annum) and an increase in statutory reserve requirements (12 to 14 per cent on demand deposits and 5 to 6 per cent on time and savings deposits).

During 1982, certain changes of a marginal nature were introduced to the existing policy package in the field of supply promotion activities in an attempt to use monetary policy measures to stimulate supply in the economy. These measures represented a conscious attempt to achieve a mixture of stabilisation and development objectives.

The export sector was recognised as a vital sector in Sri Lanka's economy. The provision of adequate medium and long term credit to the export sector, became a necessity in the light of the higher demand for such credit and of the need to increase the active participation of commercial banks in project financing. With a view to giving special consideration to this sector, the quantum of refinance provided from the Medium and Long term Credit Fund (MLCF) of the Central Bank under category II was raised from 80 to 100 per cent to cover the entire cost of the project with effect from 22 January, 1982. With this revision, the refinance rate and the on-lending margins were also revised depending on the amount of the loan. Accordingly, the projects in which the total cost does not exceed Rs. 5 million, the rate of interest was fixed at 10 per cent per annum subject to an on-lending margin of 2 per cent percentage points whereas the refinance rate was fixed at $11\frac{1}{2}$ per cent per annum subject to an on-lending margin of $1\frac{1}{2}$ percentage points for projects whose cost exceed Rs. 5 million. With effect from 20 July, 1982, the refinance rate applicable to the latter category was revised marginally from $11\frac{1}{2}$ per cent per annum to 11 per cent per annum subject to an on-lending margin of 2 percentage points. With a view to providing further facilities for project lending, the Central Bank enhanced the Medium and Long term Credit Fund from Rs. 525 million to Rs. 775 million in June, 1982.

In addition to the enhancement of funds and the revision made in interest rates on refinance loans from the MLCF, the amount allocated to export credit refinance facility available to commercial banks for pre-shipment credit at a concessionary rate of 12 per cent per annum was enhanced on a case by case basis from Rs. 575 million to Rs. 590 million during the year, in order to provide further relief to commercial banks and to enhance lendings for export purposes.

With effect from 3 February, 1982, commercial banks were allowed to grant loans and advances to non-banking companies and bodies engaged in the business of lending moneys to the public and/or engaged in hire purchase activities in excess of their total loans and advances outstanding on 30 June, 1976. However, this was conditional upon, in the case of each bank, such excess representing finance granted for the purchase of capital equipment and commercial vehicles, including heavy earth-moving equipment and passenger vehicles, irrespective of whether such equipment and vehicles were new or used. Furthermore, the restriction made in 1962 in respect of commercial bank credit to residents or companies registered in Sri Lanka for the purchase of estates and other immovables was withdrawn with effect from 8 June, 1982.

In addition to these policy measures in the field of supply management, the efficient allocation of available resources was continued through the National Credit Plan ensuring adequate credit flows to priority sectors for the second successive year.

Although there were no major changes in the interest rate structure in 1982, the reaction of commercial banks to their excess liquidity position resulted in a downward revision in the interest rates on all time deposits. In addition to these changes, an important change in the interest rate on Treasury Bills was effected towards the latter half of 1982. The introduction of the secondary market for Treasury Bills in 1981 and the flexible interest rates in this market called for flexible rates in the primary market. Accordingly, effective, November, 1982, the Treasury Bills rate on 3 and 6 months was allowed to vary within a small margin.

The significant feature in monetary management in 1982 was the monetary and price stability sustained during the year, as evident from the moderate changes in all available price indices particularly, towards the end of the year. The Colombo Consumers' Price Index (CCPI) recorded an increase of 5 per cent while the wholesale price index rose marginally by 0.6 per cent on a point to point basis during the 12 months ending December, 1982. Accordingly, the inflation rate decelerated significantly in 1982. This achievement was helped in a substantial way by the restrictive monetary policy measures coupled with reduced recourse to bank financing of the budget on the part of the Government.

PART II

ACCOUNTS AND OPERATIONS OF THE CENTRAL BANK

ACCOUNTS AND OPERATIONS OF THE CENTRAL BANK

ACCOUNTS AND BANKING OPERATIONS

The Balance Sheet of the Central Bank, as at 31st December, 1982 and the Profit & Loss Account for the year ended 31st December, 1982 are shown in Table 2.1.

Total assets of the Central Bank, as at 31st December, 1982	Rs. 30,166,745,636 compared with Rs. 27,351,805,694 as at 31st December, 1981.	Page
Accounts and Banking Operations	I
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(i) Discontinuance of the fixing of exchange rates at a meeting with representatives of commercial banks at 2.00 p.m. on each working day.

(ii) Discontinuance of the announcement of the official buying and selling rates of commercial banks for their customers on spot telegraphic transfer. Banks are also now allowed to determine their own buying and selling rates for various foreign currency instruments such as bills, drafts, etc.

PART II

With effect from 3 February, 1982, commercial banks were allowed to provide to borrowers of deposits and to the public and to engage in hire purchase activities in excess of their total loans and advances outstanding on 30 June, 1976. However, this was conditional upon the case of each bank, such excess representing amounts granted for the purchase of capital equipment and commercial vehicles, including heavy earth-moving equipment and passenger vehicles, irrespective of whether such equipment and vehicles were new or used. Furthermore, the restriction made in 1967 in respect of commercial bank credit to the purchase of immovable property was withdrawn with effect from 1982.

Banking Development and Training
 Bank Subdivision

Development Finance
 Rural Credit
 Rural Banking and Staff Training College
 Customer Service

Public Debt
 Exchange Control
 Regional Office - Annamapuram
 Regional Office - Madurai
 Consumers

Employees' Provident Fund
 Personnel

ACCOUNTS AND OPERATIONS OF THE CENTRAL BANK

ACCOUNTS AND BANKING OPERATIONS

The Balance Sheet of the Central Bank, as at 31st December, 1982 and the Profit & Loss Account for the year ended 31st December, 1982 are shown in Table 2.1.

Total assets of the Central Bank, as at 31st December, 1982 stood at Rs. 30,166,745,636 compared with Rs. 27,351,805,694 as at 31st December, 1981. The increase of Rs. 2,814,939,942 is the result of increases in the 'International Reserve' and in all categories of 'Domestic Assets', except short-term loans to commercial banks. There was an increase of Rs. 429,192,340 in the 'International Reserve', from Rs. 6,666,756,907 as at 31st December, 1981 to Rs. 7,095,949,247 as at 31st December, 1982 while 'Domestic Assets' increased by Rs. 3,883,910,743, from Rs. 15,622,733,001 as at 31st December, 1981 to Rs. 19,506,643,744 as at 31st December, 1982. The total of 'Other Assets & Accounts' decreased by Rs. 1,498,163,141 from Rs. 5,062,315,786 as at 31st December, 1981 to Rs. 3,564,152,645 as at 31st December, 1982.

The increase in the Bank's liabilities during the period under review was largely due to the increase of Rs. 1,584,302,470 in 'Borrowings Abroad' from Rs. 266,874,600 to Rs. 1,851,177,070. 'Currency in Circulation' increased by Rs. 1,212,985,106 from Rs. 5,643,497,160 to Rs. 6,856,482,266.

The income of the Bank for the year 1982 was Rs. 2,723,839,303 and showed an increase of Rs. 530,260,010 when compared with the previous year's income of Rs. 2,193,579,293. The expenditure allocations to Reserve Accounts and provisions for depreciation amounted to Rs. 1,221,389,163 thus leaving a net profit of Rs. 1,502,450,140. A sum of Rs. 1,450,140, being the balance lying to the debit of the Monetary Adjustment Account, was liquidated by setting off against the income of the Bank in terms of Section 39(a) of the Monetary Law Act. A sum of Rs. 1,000,000 was carried to the surplus of the Bank in terms of Section 39(b) of the Monetary Law Act. The balance amount of Rs. 1,500,000,000 was paid to the Government in terms of Section 39(c) of the Monetary Law Act, to be applied in part liquidation of outstanding Government obligations to the Central Bank.

Foreign Exchange

With effect from 10th November, 1982 the Central Bank changed the operational procedure with regard to the fixing of exchange rates and dealing in foreign exchange. The most important features are summarized below :—

- (i) Discontinuance of the fixing of exchange rates at a meeting with representatives of commercial banks at 2.00 p.m. on each working day.
- (ii) Discontinuance of the announcement of the official buying and selling rates of commercial banks for their customers on spot telegraphic transfers. Banks are also now allowed to determine their own buying and selling rates for various foreign currency instruments such as bills, drafts, travellers' cheques etc.

W. G. Epa

Acting Auditor-General

**Accounts of the Central Bank of
Balance Sheet as**

31st December 1981		LIABILITIES	31st December 1982	
Rs.	Rs.		Rs.	Rs.
15,000,000		Capital Accounts		
66,000,000	81,000,000	Capital	15,000,000	82,000,000
		Surplus	67,000,000	
		Currency in Circulation		
5,412,425,674		Notes	6,594,611,997	
231,071,486	5,643,497,160	Coins	261,870,269	6,856,482,266
		Deposits		
1,440,737,041		Government	1,025,896,298	
15,540,643		Government Agencies and Institutions	18,804,278	
1,846,342,353		Commercial Banks	2,243,575,525	
		International Organisations, Foreign Government and Foreign Banking Institutions	5,113,496,976	
5,350,691,097		Compulsory Savings Fund excluding Rs. 113,053,560 invested in Treasury Bills	406,865	
306,073	8,970,588,690	Others	561,158,942	8,963,338,884
316,971,483		Borrowings Abroad		1,851,177,070
	266,874,600	Medium and Long Term Credit		775,000,000
	525,000,000	Capital Contribution Account		110,000,000
	110,000,000	Other Liabilities and Accounts		11,528,747,416
	11,754,845,244			30,166,745,636
	27,351,805,694			

Profit and Loss Account

Rs.		Rs.
	To General Charges (including Salaries, Expenditure on Currency Notes and Coins and Depreciation on Land and Buildings and Office Furniture) and Allocations made in terms of Section 38 of the Monetary Law Act.	1,221,389,163
	Net Profit for the year ended 31st December, 1982	
	To Monetary Adjustment Account in liquidation of balance in terms of Section 39(a) of the Monetary Law Act Rs. 1,450,140	
22,795,334	Carried to surplus in terms of Section 39(b) of the Monetary Law Act. Rs. 1,000,000	
1,000,000	To part Liquidate outstanding Government obligations to the Central Bank in terms of Section 39(c) of the Monetary Law Act. Rs. 1,500,000,000	1,502,450,140
		2,723,839,303
2,193,579,293		

The accounts of the Central Bank of Ceylon for the year ended December 31st, 1982 were audited under my direction in pursuance of Section 154(1) of the Constitution of the Democratic Republic of Sri Lanka read in conjunction, with Section 13(1) of the Finance Act No. 38 of 1971 and Section 42(1) of the Monetary Law Act (Cap. 422).

31st December 1981		ASSETS	31st December 1982	
Rs.	Rs.		Rs.	Rs.
5,591,108,534		International Reserve Cash and Balances Abroad	6,219,483,080	
638,648,498		*Foreign Securities	728,436,348	
436,999,875	6,666,756,907	Holdings of Special Drawing Rights	148,029,819	7,095,949,247
		Domestic Assets		
1,536,437,811		Loans and Advances to Government	2,140,337,811	
411,362,446		to Others—Medium and Long Term	603,213,207	
996,921,098		—Short Term	792,953,480	
12,568,011,646		Government and Government Guaranteed Securities	15,860,139,246	
110,000,000	15,622,733,001	Contributions to Financial and Other Institutions	110,000,000	19,506,643,744
	5,062,315,786	Other Assets and Accounts		3,564,152,645
		*Includes securities acquired from Government Institu- tions on 1st February 1964 at a face value of Rs. 5,527,675/- and on 24th May 1965 at a face value of Rs. 57,450/- (the estimated market values of these securities were Rs. 2,933,697/- and Rs. 34,340/- respectively as on these dates)		
	27,351,805,694			30,166,745,636

for the year ended 31st December, 1982

Rs.		Rs.
2,193,579,293	By Interest, etc.	2,723,839,303
2,193,579,293		2,723,839,303

Warnasena Rasaputram
Governor

A. T. W. Jehoratnam
Chief Accountant

My report to the Minister of Finance required in terms of Section 42(2) of the Monetary Law Act (Cap. 422) will be submitted in due course.

Audit Office
Colombo-7
11th April, 1983

W. G. Epa
Acting Auditor-General

(IV)

Under the system which came into effect from 10th November, 1982 the Central Bank announces in the morning of each working day the rates at which the Bank will buy and sell spot U.S. Dollars against Sri Lanka Rupees. Also, the Bank stands ready to buy and sell spot U.S. Dollars until 2.30 p.m. on each normal working day. The Central Bank continued to restrict its forward transactions with local commercial banks to the purchase of U.S. Dollars against rupees upto a maximum period of six months. At the end of 1982, one month forward purchases of U.S. Dollars by the Central Bank was at the spot middle rate and six months dollars were at a discount of -/50 cts for U.S. \$ 100/= against spot middle rate. Transactions in currencies handled under the Asian Clearing Union Agreement remained unchanged during the year. Both sales and purchases, spot and forward upto six months continued. The currencies involved are Bangladesh Takas, Burmese Kyats, Indian Rupees, Iranian Riyals, Nepalese Rupees and Pakistani Rupees.

The Bank continued to deal in foreign currency notes with commercial banks:

Asian Clearing Union

The total value of transactions routed through the Asian Clearing Union facility during the year under review amounted to Rs. 4,176.2 million as compared to the previous year's figure of Rs. 4,356.2 million. The net receipts for the year under review amounted to Rs. 142.5 million as compared to Rs. 740.2 million in 1981.

Subsidy and Ex-gratia Payment to Indian Repatriates

The Bank continued to operate, on behalf of the Government, two schemes to expedite the repatriation of estate workers of Indian origin covered under the Indo-Ceylon Agreement of 1964. These were:—

- (1) a subsidy scheme in terms of which a sum equivalent to 65 per cent of the authorised remittance or part thereof was paid to such repatriates ; and
- (2) an ex-gratia payment of Rs. 500 plus 65 per cent thereof, which was paid as an incentive for these workers to leave the island. The Bank operated these two schemes through the commercial banks.

Loans and Advances

The Central Bank's rate of interest on short term advances to commercial banks, secured by the pledge of Government and Government guaranteed securities, and against the pledge of usance promissory notes relating to commercial and production loans, continued to be at the Bank Rate of 14 per cent per annum, and the rate of interest for short term refinance loans to commercial banks granted for the purpose of assisting banks to finance exports from Sri Lanka remained at 12 per cent per annum.

Central Bank accommodation to commercial banks at Bank Rate continued to be subject to an overall limit. This limit was allocated to each commercial bank on the basis of selected asset items of each bank after an adjustment was made for a

minimum facility of Rs. 1 million to each bank whose allocation, on the basis of its selected asset items, was below Rs. 1 million. Each bank was permitted to borrow upto the stipulated limit provided that the bank's advances for non-essential purposes did not exceed the level of such advances as at 30 th June, 1976 ; otherwise, the stipulated limit was reduced by the amount of such excess. Borrowings by commercial banks for the refinancing of loans granted to customers to finance exports from Sri Lanka were also subject to limits. The Bank also continued to grant advances to commercial banks in excess of the limits for borrowings at Bank Rate on the basis of a graduated scale of penal rates, which varied between 21 per cent per annum to 30 per cent per annum, depending on the level of borrowings of individual banks over and above the stipulated limit.

The rate of interest on Central Bank's advances to commercial banks against the pledge of usance promissory notes of co-operative societies or of individuals relating to the production of paddy, vegetables and other specified crops continued to be 1.5 per cent per annum. The rate of interest on the Bank's advances to commercial banks against the pledge of usance promissory notes in respect of advances granted by commercial banks to co-operative societies, agrarian service centres and to authorised persons to finance the purchase of paddy and for the purchase and storage of certain other specified crops grown locally remained unchanged at 3 per cent per annum.

Government Accounts

As banker to the Government, the Government Accounts Branch of the Central Bank continued to maintain accounts of Government Departments and certain statutory bodies.

The number of operative accounts in the Government Accounts Branch as at the end of December, 1982 was 143 (Government Departments : 128 and Statutory Bodies : 15).

Treasury Bills

The Central Bank of Ceylon continued its transactions in Treasury Bills under Open Market Operations. The Bank sells Treasury Bills from its own portfolio and purchases Treasury Bills of varying maturities. The rate of discount varied on each working day in keeping with the market rates of interest and the liquidity position in the money market. During 1982, a total sum of Rs. 48,701.9 million worth of Treasury Bills were sold under this scheme ; purchases during the same period amounted to Rs. 19,110.2 million. The rates of discount applicable for Open Market Operations in Treasury Bills during the year varied between 12 and 16.25 per cent per annum. From November 1982 commercial banks were given the option of purchasing Treasury Bills directly from the Central Bank and of also having them rediscounted directly, without a broker's intervention.

Compulsory Savings Fund

The Central Bank continued to be the custodian of the moneys collected in terms of the Compulsory Savings Act No. 6 of 1971 and the Ceiling on Income and Compulsory Savings Law No. 15 of 1972 and administered the Compulsory Savings Fund on behalf of the Government. During the year, the Bank paid out to contributors Rs. 23,765,514.56 (inclusive of interest) on 2,701 refund applications received.

Medium and Long-Term Credit Fund

During the year 1982, the Central Bank continued to operate the scheme of refinance under the Medium and Long Term Credit Fund of the Central Bank. The total of refinance loans disbursed during 1982 amounted to Rs. 298.5 million as compared to Rs. 264.0 million granted in 1981.

CURRENCY ISSUE

As at 31st December, 1982 the total currency circulation was Rs. 6,856.5 million representing an increase of Rs. 1,213.0 million over the corresponding figure of Rs. 5,643.5 million for the previous year. Currency note circulation in 1982 increased by Rs. 1,182.2 million and the coin circulation by 35.0 million over the previous year. With the introduction of high value currency notes of the denominations of Rs. 1000 in late December, 1981 and Rs. 500 in early February, 1982 the circulation of currency notes of the denominations of Rs. 20, Rs. 50 and Rs. 100 decreased appreciably. The decrease in circulation of these denominations was offset by a substantial increase in the circulation of currency notes of Rs. 500 and Rs. 1000 denominations. The circulation of currency notes of Rs. 500 and Rs. 1000 denominations at the end of 1982 was Rs. 969.0 million and Rs. 1,115.9 million, respectively.

Consequent on a decision taken by the Government, action was initiated to issue new design currency notes of the Rs. 5, Rs. 10, Rs. 20, Rs. 50 and Rs. 100 denominations depicting the country's ancient history, culture and economic development to replace the current fauna and flora series. These notes will be issued into circulation in the first half of 1983 and will eventually replace the present fauna and flora series.

The approval of the Cabinet has been obtained to replace the Rs. 2 currency note with a coin and also to substitute the beaded security edge on coins of Re. 1 Cts. -/50, and Cts. -/25 denominations with a milled edge. The replacement of Rs. 2 with a coin has minimised the cost of the currency issue. The milled edge of the new coin is for security purposes.

A Currency Museum was set up in the Bank premises in April, 1982.

BANKING DEVELOPMENT AND TRAINING

There was continued interest on the part of foreign banks and other financial institutions in opening of branches in Sri Lanka and frequent inquiries continued to be made in this regard. Interest in establishing banking companies in Sri Lanka

was also evinced by Sri Lankan business circles. At the end of 1982, along with the four Sri Lankan banks there were 25 banks operating in Sri Lanka. In addition, for the first time two Representative Offices of foreign banks were opened by Girard Bank of Philadelphia and the Bankers Trust Company of New York. With a view to expanding rural credit and Banking facilities in the country and to supplement banking facilities provided to the rural sector by Sri Lankan banks, two foreign banks namely, the State Bank of India and the Indian Overseas Bank were permitted to open a branch each in Anuradhapura and Matara respectively. Work in regard to the formulation of a Banking Development Plan to rationalise the opening of branches in the country continued.

Training of Central Bank officers both in the academic and in the practical field continued. Academic courses were confined to post-graduate studies while non-academic training related primarily to the practical and operational aspects of work carried out in the several departments of the Central Bank. Such training was conducted both locally and abroad.

BANK SUPERVISION

During the year 1982, examination of ten commercial banks for the examination period 1982/83 under Section 29(1) of the Monetary Law Act, commenced. Six of these examinations were concluded during the year. The examination of a banking institution, other than a commercial bank, which was commenced in 1981 under Section 29(2) of the Monetary Law Act, was also concluded.

The supervision and examination of finance companies registered with the Monetary Board under the provisions of the Control of Finance Companies Act continued in 1982. The examinations of seven finance companies under Section 15(1) of the Act were commenced during the year and three of these examinations were concluded. The examination of a finance company which was commenced in 1981 was also concluded during the year. Applications for registration under the Act received from finance companies were evaluated and two companies were registered with the Monetary Board during the year. In June, 1982 a set of directions to finance companies was issued by the Monetary Board under Section 12 of the Act. These directions which came into operation with effect from 1st August, 1982 deal with, among other matters, the minimum and maximum periods for which deposits may be accepted, minimum levels of liquid assets to be maintained, maximum amount that may be loaned out on an unsecured basis, maximum amount that may be lent to a single borrower, minimum capital in relation to deposit liabilities, transfers to reserves out of profits, provision for bad and doubtful debts and limits for the purchase of immovable property.

The programme of monitoring the transactions of the Foreign Currency Banking Units established by the commercial banks under the Foreign Currency Banking Scheme, was also continued during the year under review.

DEVELOPMENT FINANCE

In the first quarter of 1982, banking institutions had heavy recourse to refinance facilities offered by the Medium and Long-Term Credit Fund. However, the excess liquidity in the banking system that prevailed in the latter part of the year resulted in a slowing down in the demand for Medium and Long-Term Refinance facilities. The more selective approvals granted to projects in tourism also contributed to this decline.

During the year under review the Bank worked in close collaboration with commercial banks as well as the Export Development Board to increase the effectiveness of the scheme of refinance for investment in export oriented projects. With this objective in mind the Central Bank, in January 1982, increased the extent of refinance to 100 per cent of bank loans granted and allowed an uniform on-lending margin of 2 per cent per annum to the banks commencing July that year.

With the completion of the issue of guarantees, two of the credit guarantee schemes-namely, the Small Scale Industries (SSI), and Small and Medium Scale Industries (SMI-I), guarantee schemes-entered into the post guarantee stage in 1982. The second Small and Medium Scale Industries Loan Scheme-SMI-II, also refinanced by the NDB and guaranteed by the Central Bank, commenced operations in 1982.

Operations of the Medium and Long - Term Credit Fund (MLCF)

In 1982, the Central Bank approved refinance for 17 export oriented projects under category II amounting to Rs. 97.7 million. This compares with refinance facilities of Rs. 32 million for 10 projects extended in 1981. Refinance under categories III and IV was approved with respect to 43 applications and amounted to Rs. 131.9 million. This compares with the approval of Rs. 260.9 million with respect to 152 applications in 1981. Development Finance Department of the Bank continued to be the approving authority for applications of refinance under categories II, III and IV under the Medium and Long-Term Credit Fund (MLCF). A sector-wise classification of refinance facilities approved is shown in the following table:

TABLE 2.2
Medium and Long-Term Credit Fund Approvals of
Refinance under Categories II - IV

Rs. million

Category	1980		1981		1982	
	Loan Amount	Amount Refinanced	Loan Amount	Amount Refinanced	Loan Amount	Amount Refinanced
II Export Sector	—	—	35.4	32.0	97.7	97.7
III and IV						
(a) Agriculture	1.0	0.7	30.8	19.1	1.0	1.0
(b) Industry	62.1	49.0	76.1	68.1	65.0	53.4
(c) Hotel	52.0	36.0	105.0	83.0	75.3	72.5
(d) Other	60.0	36.0	147.8	90.7	8.3	5.0
Total	175.1	121.7	395.1	292.9	247.3	229.6

A summary of the terms and conditions applicable to applications of refinance under the Medium and Long—Term Credit Fund at the end of 1982 is shown below :

TABLE 2.3

Terms relating to the Medium and Long—Term Credit Fund Approvals of Refinance under Categories I-IV

Category	Extent of refinance (per cent) of total loan	Period of loan	Rate of interest of refinance		Margin permitted to the credit institution %	Minimum contribution that an enterprise should make towards total cost of the project %
			(A) Total cost of the project Rs. 5 mn. & below %	(B) Total cost of the project above Rs. 5 mn. %		
I	100	3 - 15 yrs	8½	8½	4	10
II	100	3 - 15 yrs	10	11	2	20
III	60	3 - 15 yrs	11	11	5	
IV	60	3 - 15 yrs	13	13	5	

The Small Scale Industries (SSI)—Credit Guarantee Scheme

The Small Scale Industries Credit Guarantee Scheme commenced its operations in April, 1978. Under this scheme, participating commercial banks granted loans to small industries approved by the Industrial Development Board. The Central Bank issued guarantees on behalf of the Government. The issue of guarantees was completed in 1981. Under this scheme, 767 guarantees to cover loans amounting to Rs. 31.2 million were issued. The extent of the guarantee is 75 per cent of the loans in default.

A summary of the current position of the SSI Credit Guarantee Scheme is given below :

TABLE 2.4
SSI Credit Guarantee Scheme

	No. of Guarantees	Position as at	
		31.12.81 (Rs. Mn.)	31.12.82 (Rs. Mn.)
i. Loans granted	767	31.2	31.2
ii. Loans fully paid	246	n.a.	3.9
iii. Guarantees withdrawn/lapsed	59	n.a.	3.2
iv. Balance outstanding (as reported by banks)	462	17.1	13.22
v. Risk exposure (at 75%)		12.8	9.92
vi. Risk exposure as % of total loans		41	32

In the course of 1982, full repayments of loans by 246 borrowers liquidated a guarantee liability of Rs. 3.9 million. Also, in this period 59 guarantees amounting to Rs. 3.2 million were either withdrawn or considered lapsed, owing to non-compliance with operating instructions issued by the Central Bank. According to the quarterly returns submitted by lending banks, the balance outstanding with respect to the remaining 462 guarantees amounted to Rs. 13.2 million. These however, include 39 claims amounting to Rs. 1.2 million submitted by banks. These applications were under consideration at the end of December, 1982.

Small and Medium Scale Industry (SMI-I)—Credit Guarantee Scheme

The first Small and Medium Scale Industry Credit Guarantee Scheme (SMI-I) commenced operations in October, 1979. Loans granted by participating credit institutions, under this scheme were refinanced by the National Development Bank, with the proceeds of an IDA credit of US \$ 12 million. Each of these loans granted by banks are guaranteed to the extent of 60 per cent of loan value subject to a maximum of Rs. 400,000 by the Central Bank, under Section 108 of the Monetary Law Act. By the end of 1982, Central Bank had issued 1,541 guarantees including the 152 guarantees issued in 1982. Total liability under these guarantees amounted to Rs. 140 million. A summary of the SMI-I credit guarantees issued are given below:

TABLE 2.5

SMI-I Credit Guarantee Scheme

	No. of Guarantees	As at 31.12.82 Rs. Mn.
i. Loans granted	1,541	253.7
ii. Loans fully repaid	37	2.7
iii. Guarantees lapsed/withdrawn	9	1.3
iv. Balance outstanding (as reported by banks)	1,495	195.1
v. Risk exposure (at 60% subject to a maximum of Rs. 400,000)	..	110.3
vi. Risk exposure as % of total loans granted	..	43

An Industry wise classification of the loans guaranteed under the SMI-I scheme is given in Table 2.6.

TABLE 2.6

Industry-wise Classification of Loans Guaranteed under SMI-I Scheme

Industry Code	Industry	1979-1982		1982			
		No of loans	Total loans granted (Rs. '000)	Amount guaranteed (Rs. '000)	No. of loans	Total loans granted (Rs. '000)	Amount guaranteed (Rs. '000)
1	Rice Milling	331	49,548	29,176	40	8,297	4,898
2	Light Engineering	163	22,954	12,772	22	4,413	2,448
3	Bricks & other building materials	252	50,906	28,451	13	4,230	2,361
4	Readymade garments, batiks, handloom, carpets, etc.	132	19,205	10,065	11	3,722	1,813
5	Rubber & rubber-based products	27	7,921	3,873	5	2,603	1,162
6	Footwear & other leather products	18	2,366	1,370	2	448	269
7	Jaggery & Sugarcane products	6	233	140	—	—	—
8	Furniture & other wooden products	79	8,246	4,794	9	1,255	753
9	Fibre & fibre-based products	95	9,191	5,494	5	911	547
10	Stationery & other paper products	23	4,063	2,238	2	1,150	490
11	Food & beverages	76	16,266	8,082	10	5,365	2,419
12	Paints, polish, varnish etc.	9	3,277	1,631	3	1,232	604
13	Spare parts for radios & bicycles	12	1,508	880	3	117	70
14	Soap & other cosmetics	29	1,616	969	—	—	—
15	Handicrafts and toys	21	808	484	—	—	—
16	Cigars, beedi	6	48	28	—	—	—
17	Fishing boats and inland fisheries	7	4,400	1,900	—	—	—
18	Jewellery and gems	11	656	394	1	20	12
19	Sports goods	3	94	56	—	—	—
20	Agricultural implements	10	2,702	1,221	1	85	51
21	Glass and other products	7	1,166	700	1	115	69
22	Brass and Aluminium ware	44	6,428	3,311	—	—	—
23	Timber sawing	46	8,879	5,320	6	840	516
24	Printing	38	10,346	5,561	6	940	540
25	Miscellaneous	96	20,898	11,190	12	4,557	2,158
Total		1,541	253,725	140,100	152	40,300	21,180

Small and Medium Scale Industries (SMI-II) Credit Guarantee Scheme

The second Small and Medium Scale Industries Credit Guarantee Scheme (SMI-II) commenced operations in January, 1982. Under this scheme too, the guarantees issued by the Central Bank, cover loans granted by participating credit institutions and refinanced by the National Development Bank. The proceeds of an IDA loan of US \$ 30 million is used for purposes of refinancing.

Under this scheme, Central Bank guarantees are issued before the disbursement of loans by commercial banks. However, the guarantee cover would become effective only on the date of disbursement of the first instalment of the loan and the guarantee premium due thereon is paid to the Central Bank before the expiry of 60 days from the date of disbursement of the first instalment of the loan. Further,

under this scheme, the maximum loan amount for any project is Rs. 2.0 million. Under the SMI-I scheme the maximum loan amount was Rs. 1.0 million. The rate of interest to be charged from the borrower was originally fixed at 18 per cent per annum but was subsequently raised to 20 per cent per annum. The interest rates are subject to review every six months. Only 164 guarantee applications were received by the Central Bank and 152 applicants were issued with guarantees under the scheme.

An industry-wise classification of loans guaranteed under this scheme is given in the following table :

TABLE 2.7
SMI-II Credit Issued in 1982

Industry	No. of Loans	Rs. '000 Loan amount approved	Guaranteed Amount (Rs. '000)
1. Food Processing	49	6,882	4,129
2. Other Agro Industries	05	649	389
3. Rubber Products	03	600	360
4. Metal Products	33	3,982	2,389
5. Construction Materials	03	255	153
6. Construction Contracting	—	—	—
7. Wood Products	18	4,931	2,959
8. Garments	09	1,061	636
9. Textiles	03	755	453
10. Repair Workshop	01	30	18
11. Miscellaneous	28	5,614	3,369
Total	152	24,759	14,855

RURAL CREDIT

The Central Bank diversified its activities and assumed greater responsibility in the supervision and promotion of rural credit in the country in 1982. The Rural Credit Department of the Bank functioned as the secretariat for the Rural Credit Advisory Board. The Board studied inter alia the desirability and the feasibility of setting up a National Agricultural Credit (Stabilization) Fund. In 1982, a programme of inspection of the agricultural loan portfolio of commercial banks and co-operative rural banks was inaugurated by the Central Bank. Three branches of the People's Bank, two branches of the Bank of Ceylon and two co-operative rural banks were examined during the year.

Implementation of the Sri Lanka Rural Credit Project (Asian Development Bank) progressed satisfactorily during 1982. Tenders were called for the supply of four - wheeled tractors, two - wheeled tractors and water pumps, and contracts are to be signed in January, 1983 by the executing agencies, viz. Bank of Ceylon and the People's Bank. The Draught Animal Scheme under this project too made much headway in 1982. The irrigation component of this project too made satisfactory progress in the year under review and preliminary work was completed.

Several credit schemes for agricultural and related activities, received approval for refinance from the Central Bank in 1982. The total allocation of refinance for these schemes under Category I of the Medium and Long-Term Credit Fund amounted to approximately Rs. 156 million. The total volume of refinance allocated for various schemes currently in operation increased from Rs. 486 million in 1981 to Rs. 642 million in 1982.

The following is a summary of the schemes approved in 1982 while further statistical data on all schemes in operation are given in Table 2.8.

- (1) Sri Lanka Rural Credit Project Loan Scheme : (Refinance allocation approximately Rs. 137 million).
 - (a) Purchase of 4-wheel tractors and implements ;
 - (b) Purchase of 2-wheel tractors and implements ;
 - (c) Purchase of power sprayers ;
 - (d) Construction of open dug wells and purchase of water pumps ; and
 - (e) Purchase of draught animals and agricultural implements.
- (2) Fertilizer Credit Scheme for Tea Small-holders (Refinance allocation—Rs. 7.5 million) ;
- (3) Credit Scheme for financing the purchase of draught animals in districts not covered under the Sri Lanka Rural Credit Project (Refinance allocation—Rs. 5.6 million) ;
- (4) Credit Scheme for financing the projects identified under village adoption and self-employment programme in Anuradhapura District (Refinance allocation—Rs. 6 million).

In addition to the above, the allocation for refinance which had been made under the Fisheries Sector Bank Financing Scheme was enhanced by Rs. 33 million in 1982. The total volume of refinance made available for fisheries, therefore, rose to Rs. 140 million. Furthermore, the Credit Scheme to assist farmers for the purchase of windmills, construction of water storage tanks and channels for lift irrigation purposes which was approved in 1981 with a refinance allocation of Rs. 2.6 million came into operation in 1982.

With regard to dairy development, the scheme introduced by the Bank of Ceylon to assist farmers in Nuwara Eliya district has been expanded to cover such districts as Amparai, Batticaloa and Ratnapura. Also, the Hatton National Bank has been recognised as a participating bank under the scheme and has been allotted the Nawalapitiya Electorate as its area of operation.

TABLE 2.8

Loan Schemes approved for refinancing by the Monetary Board under Category I of the Central Bank Refinance Scheme

Name of Loan Scheme	Refinance allocation (Rs. Mn.)	Amount utilised as at 31. 12. 82 (Rs. Mn.)	Amount unutilised as at 31. 12. 82 (Rs. Mn.)	Date of commencement of project	Period for disbursement of the allocation (years)
A. Credit Schemes at the beginning of the year 1982					
1. Credit Scheme for cultivation of Orchid Plants - Bank of Ceylon/Ceylon Tobacco Co. Ltd.	4.50	3.45	1.05	030.1.79	3
2. Coconut Fertilizer Credit Scheme	50.00	42.48	7.52	26.03.79	3
3. Fisheries Sector Bank Financing Scheme	140.00(a)	111.12	28.88	02.07.79	3
4. Tank Irrigation Modernisation Project	7.69	7.69	—	02.06.79	1
5. Loan Scheme for Dairy Development in Nuwara Eliya District	10.00	5.25	4.75	22.08.79	3
6. Farm Machinery Loan Scheme for Kurunegala Distr. Integrated Rural Development Project	40.00	15.47	24.53	28.10.79	5
7. Loan Scheme for Dairy Development (Pilot) Project in Sam-manthuraj Electorate	.12	—	.12	27.11.79	3
8. Credit Scheme to assist settlers in Mahaweli Project area for the purchase of tractors	55.00	5.20	49.80	19.11.79	3
9. Credit Scheme for Construction of fertiliser stores by M.P.C.S.	14.00(b)	6.47	7.53	13.10.80	1
10. Abu-Dhabi Funded North West Coast Fisheries Development Project	60.00	—	60.00	13.10.80	3
11. Credit Scheme for Cultivation of Orchid Plants People's Bank/Sarvodaya/Lakmaisala	3.00	.20	2.80	10.12.80	5
12. Credit Scheme for Fisheries Co-operatives	42.00(c)	—	42.00	28.04.81	2
13. Matala Puttalam Districts Integrated Rural Development Project	54.23	3.40	50.83	08.05.81	6
14. Credit Scheme for financing of windmills	2.56	—	2.56	11.12.81	1
15. Youth Self Employment Scheme in Matara District	2.70	.12	2.26	10.04.81	—
16. Radampola Uda Aperakka Village Adoption Scheme	—	—	—	16.03.81	—
B. Credit Schemes approved during the year 1982					
1. Sri Lanka Rural Credit project Loan Scheme	137.00	—	137.00	01.07.82	1
2. Fertiliser Credit Scheme for tea smallholders	7.50	—	7.50	11.08.82	1
3. Credit Scheme for financing the purchase of draught animals in districts not covered under Sri Lanka Rural Credit Project	5.60	—	5.60	10.09.82	2
4. Credit Scheme for financing the projects identified under Village Adoption and Self-employment Programme in Anuradhapura District	6.00	—	6.00	14.10.82	2
Total	641.90	201.15	440.75		

Source: Central Bank of Ceylon.

(a) allocation enhanced by Rs. 33 million in 1982

(b) allocation enhanced by Rs. 2.5 million in 1982

(c) allocation enhanced by Rs. 4 million in 1982

The Central Bank also approved the extension of the credit scheme to promote self-employment of youth in the Matara District to the Hambantota and Moneragala Districts during the year under review.

The Central Bank launched a number of surveys in the course of 1982. The following four field surveys were conducted by the Rural Credit Department and the reports on the first two were completed and issued during the year under review.

- (1) Survey on Dairy Development Potential in the Moneragala District ;
- (2) Survey on Development opportunities in four selected villages in the Anuradhapura District ;
- (3) A Survey on the Utilization of loans for Cultivation of Orchids.
- (4) Survey of Fisheries Loans granted in the Kalutara District.

SURVEYS

Field work of the Consumer Finance and Socio Economic Survey for 1981/82 was completed and editing of data is presently in progress. On the basis of information gathered in the first round of this survey, a report on Rural Household Finances was prepared at the request of the Development Secretaries Committee. The Report of the Survey of Planned Investment for 1981 has been completed. During the year, data on retail prices of consumer goods, producer prices of major agricultural products, retail prices of imports for agriculture and wage rates of the rural sector were collected under the Country Wide Data Collection System. The data so collected was presented in the annual publication Price and Wage Statistics. The Bank continued to monitor the import liberalization programme by obtaining monthly data on Letters of Credit opened for imports.

RURAL BANKING AND STAFF TRAINING COLLEGE

The Rural Banking and Staff Training College organised and conducted twenty six training courses, seminars and workshops for management personnel from commercial banks and other financial institutions some of which were co-sponsored by commercial banks and other institutions. Subject area covered included credit management, project identification and evaluation, commercial banking, foreign exchange operations, export credit financing, accountancy for bankers, Company law and management. Rural banking and credit were considered priority areas for training.

The College completed its first year of operations in September, 1982. The first Anniversary Lecture of the College was delivered by the Governor on the topic "The Role of the Banks in Rural Economic Development in Sri Lanka".

CUSTOMER SERVICE

During the year the Central Bank pursued actively with the commercial banks the question of improving customer services. A Committee consisting of representatives of the Central Bank, the Ministry of Finance and Planning, Ministry of Industries and Scientific Affairs, the Expert Development Board, Bank of Ceylon, People's

Bank, and the Commercial Banks Association of Sri Lanka continued to function throughout the year. A survey on the quality of services offered by commercial banks to their customers based on a questionnaire to be sent to customers was in the process of being formulated during the year.

PUBLICATIONS

The Central Bank's Annual Report presented to the Honourable Minister of Finance and Planning in terms of Section 35 of the Monetary Law Act, the Review of the Economy and the monthly Bulletin were published during the year.

The printing of Staff Studies Vol. 11 Nos. 1 & 2 was in progress. In addition, the Socio Economic Data Folder 1982, Economic and Social Indicators of Sri Lanka Vol. 4 No. 1 and Price and Wage Statistics 1981 were also published.

The News Survey of the Bank continued to gain popularity and since there was an apparent demand for a Sinhala publication on the same lines the publication of the Sinhala magazine titled, 'Satahana' was commenced in August 1982. The Bank also published two 'Occasional Papers' during the year. The Credit Information Bulletin No. 2 on Dairy Farming was released in September 1982.

REGIONAL OFFICE—MATARA

During the year under review, the Matara Regional Office of the Bank expanded its rural credit and development activities which were introduced as pilot projects during the inaugural year, 1981. The Matara Regional Office oversees rural banking and regional development finance activities in the administrative districts of Hambantota, Matara and Moneragala. Work on the two refinance credit schemes which have been introduced as a forerunner to a new order of rural development banking continued during the year. They were the Self Employment Refinance Credit Scheme for youths in the Matara District (SES) and the Village Adoption Refinance Credit Scheme (VAS). The SES was formulated to strengthen commercial bank lending to small scale individual projects across the District while VAS was intended to popularise the concept of rural integrated development banking. Both schemes generally emphasized on self employment activities while VAS operations were directed more towards mass work, collective effort and a multi agency approach for overall development of selected villages with bank assistance. As a pilot project, Uda Aparekka and Radampola were chosen under this Scheme.

The Regional Office provides various back-up services to those who wish to raise their incomes through self employment avenues that would harness the development and utilization of local resources. To create awareness of economically viable projects in agriculture, industry and service sectors a training programme was introduced. The prospective participants under the abovementioned credit schemes were given a basic training in selected economic activity to appraise them of the fundamental requirements for success in business if bank assistance for the project is to be availed of. More than 3000 persons have participated in the campaign for the promotion of systematic economic activities with bank assistance.

Similarly, to familiarize bank managers with small scale rural project lending, several seminars and workshops have been conducted during the year. The Regional Office also took an active interest and helped implement various training programmes of agencies such as the Womens' Bureau, Department of Agriculture, Department of Animal Production and Health, Department of Rural Development, Bank of Ceylon and Office of the Government Agent, Matara.

These training activities constitute the preparatory stage for the identification of suitable projects for bank lending.

As at end of 1982 the Regional Office recommended for financing to the Bank of Ceylon, People's Bank and to the newly opened Indian Overseas Bank, 343 projects under the SES and 28 projects under the VAS. The aggregate of the loans recommended under the two schemes amounted to Rs. 1,345,730 and Rs. 90,136 respectively. It may be noted that nearly 80 per cent of the total loans recommended has been for industrial and other non-farm sectors while about 20 per cent was for agriculture.

As at end of 1982 the Bank of Ceylon and the People's Bank approved 191 loans under the SES and 13 under the VAS. The aggregate amount of loans approved under the two schemes amounted to Rs. 764,905 and Rs. 35,026 respectively.

The projects financed by banks under the two schemes had been for varying purposes as shown in Table.

TABLE 2.9

**Economic Aspects of Projects Financed by the Commercial Banks
Under SES and VAS—as at end of 1982**

Sector	No. of Projects	Estimated cost of Projects(a) Rs.	Bank Contribution (Loan Amount) Rs.	Estimated Working Capital Rs.	Estimated Annual Gross Income(b) Rs.	Estimated Profit Gross(c) Rs.	Estimated Employment(d)
1. Agriculture	4	26,230	13,785	14,760	21,850	10,472	7
2. Dairy Farming	8	48,946	37,500	2,356	61,700	49,913	8
3. Poultry Farming	19	147,590	93,700	108,977	281,675	101,070	19
4. Goat Farming	—	—	—	—	—	—	—
5. Fisheries	2	9,900	6,000	9,000	12,000	14,400	2
6. Bakery & Confectionery	12	82,436	47,840	43,119	329,516	52,801	23
7. Other Food Products	—	—	—	—	—	—	—
8. Tobacco Bceedi	3	40,205	16,200	35,120	146,740	62,220	10
9. Handlooms	9	80,217	30,550	33,468	139,079	35,066	22
10. Sewing	27	235,120	109,115	103,665	442,988	97,128	50
11. Other Textile Products	7	60,070	25,970	22,467	146,605	35,857	18
12. Carpentry	7	42,308	26,820	25,165	144,575	27,810	12
13. Paper Products	2	11,040	9,490	7,640	57,000	14,880	4
14. Non-metalic Products	45	300,091	178,825	191,177	671,925	226,371	135
15. Metal Crushing	6	40,174	23,250	16,109	85,300	35,088	16
16. Metal Products	5	56,420	22,200	17,787	127,200	24,351	18
17. Coir Products	22	83,908	51,435	59,437	219,950	71,290	22
18. Repair & Maintenance	11	64,397	44,795	40,815	127,306	43,195	17
19. Other	15	159,607	62,450	67,731	345,580	105,248	25
Total	204	1,488,659	799,925	798,793	3,360,989	1,007,160	408

(a) Estimated by the Bank Officials on the basis of information furnished by applicants.

(b) At 50% capacity utilization.

(c) Estimated Gross Income — (Estimated cost of production interest and loan repayment).

(d) Including part time workers.

Generally, the average cost of the project is predetermined by the fact that the loan scheme is intended for small sector projects each costing about Rs. 6,000 only. The banks have sanctioned Rs. 799,925 for 204 projects and it may be noted that the banks' contribution in these projects was predominantly for financing the working capital requirements. The estimated annual gross income from operations of these projects aggregated to Rs. 3,360,989 indicating that these projects are expected to generate incomes nearly four times the bank loans invested. The gross surplus after deducting the cost of production, interest and loan repayments is about 30 per cent of income.

Out of Rs. 799,925 sanctioned as bank credit, a sum of Rs. 530,064 has been disbursed as at end of 1982. Nearly 150 borrowers have commenced repayment of loans. The actual total repayments as a percentage of total scheduled repayments stood at about 82 per cent.

The Regional Office also assisted in formulating and implementing several regional rural development finance activities which were intended to harness bank resources for the development of income and employment in the region.

A dairy development refinance loan scheme has been approved by the Central Bank of Ceylon for the Moneragala District. In order to streamline marketing arrangements which is a precondition for dairy development, a village level milk collection scheme was introduced in association with the Veterinary Office, Moneragala and the Milk Board.

The Regional Clearing House where two daily clearings take place continued to operate. The commercial banks in the area, namely the People's Bank, Bank of Ceylon, Commercial Bank of Ceylon Ltd. and the Indian Overseas Bank, are participating in the House.

REGIONAL OFFICE—ANURADHAPURA

The second Regional Office of the Bank commenced its operations in Anuradhapura on 20th March, 1982. For the present, the area of operation is the administrative District, Anuradhapura.

One of the main objectives of setting up the Regional Office was to encourage commercial banks to penetrate deep into the rural areas to cater to the banking needs of the rural sector more meaningfully and forcefully on the basis of the concept of development lending. In achieving this goal the Regional Office is expected to create a suitable atmosphere on the one hand by identifying development potential, problems of development lending, finding solutions and provide necessary assistance and guidance to the banking sector, while on the other hand by attempting to change the present faulty attitudes among the rural people towards the banking sector, thereby eliminating the unsatisfactory banking practices and habits through a continuous dialogue with them. It was felt that this exercise would ultimately lead to narrowing the ever widening gap between the rural people and the banker and so building a healthy banking structure for the development of the rural sector.

In achieving this objective a new exercise, as a pilot project of providing financial assistance through the commercial banks on the concept of development lending to selected persons with Self-employment projects in the rural sector was launched. However, the immediate outcome of the scheme as expected was the creation of new employment opportunities and of income avenues and the increase in production in this sector. Initially, this scheme was confined to six AGA Divisions namely, Nuwara gam Palatha East, Central, West, South, Tirappane and Mihintale and some selected villages coming under above AGA Divisions.

The scheme was introduced to the public, the Government agencies, the bankers and others engaged in development activities through a series of seminars and meetings held in the six AGA Divisions.

Through a series of discussions, meetings and field visits carried out till the 3rd quarter of the year, the Regional Office initially identified 293 project proposals for consideration of financing from a very large number of applications received. All identified persons were provided with training facilities with the assistance of Government Departments and Agencies. During the last quarter of the year and after the issue of Operating Instructions No. RCD/8/1982 of 14th October, 1982, 101 projects have been forwarded for financing. Under this scheme the borrower is expected to contribute ten per cent of the total project cost as his contribution and the quantum of loan is decided on the characteristics and the type of project undertaken. In the case of agricultural projects the borrower would enjoy facilities up to a maximum of Rs. 40,500, 15,250 and 12,000 for tube wells, wind mills and open dugwells with pump sets respectively. Finance is available up to a maximum of Rs. 10,000 for livestock development projects, small industries and essential services. In addition to project finance, facilities are also available for cultivation of tobacco and banana.

The Central Bank provides hundred per cent refinance facilities to commercial banks at eight and a half per cent interest per annum on the loans granted under the scheme and the borrower is charged a concessionary rate of interest at twelve and a half per cent per annum. The borrower also enjoys a longer repayment period depending on the type of the project.

As at end December, 1982, 10 projects have been approved by the banks in an amount of Rs. 52,850. It is expected to expand the activities to the other 10 AGA Divisions as well.

During the period under review four surveys were conducted at the model villages namely Mihirigama, Mudithagama, Sucharithagama and Navodagama to absorb some of the unemployed in these villages for Self-employment projects.

The Regional Office established a Clearing House, where two clearings take place to facilitate the speedy clearance of cheques. The participating banks are the People's Bank, Bank of Ceylon, Hatton National Bank and State Bank of India.

EXCHANGE CONTROL

The Bank continued to function as the agent of the Government with regard to implementation of exchange control. The major changes in Exchange Control procedure that came into effect during the year are indicated below :—

1. Export.—(i) The export of coffee to Member Countries of the International Coffee Organisation was banned with effect from 18th February, 1982. However, the ban was lifted with effect from 26th October, 1982 and the export is subject to prior approval of the Controller of Exchange.

(ii) The procedure of obtaining a certificate from Coconut Development Authority for the export of Coconut Products (kernel products) was discontinued with effect from 10th November, 1982.

2. Imports.—(i) The requirement of establishing Letters of Credit for the import of motor cars under the *Exchange Involved* Import Licences was waived where payment for such import was made out of Non-Resident Foreign Currency Accounts.

(ii) An Import Licence issued by the Controller of Imports & Exports was declared necessary for the establishment of Letters of Credit for the import of newsprint effective from 18th March, 1982.

(iii) A permit on Form G.V.S 31 issued by the Director, Department of Animal Production and Health, Peradeniya, was necessary with effect from 13th May, 1982 for the import of poultry into Sri Lanka.

(iv) Importers of Electric Cables were required to comply with the Sri Lanka Standard 40 (1981) of the National Metric Conversion Authority.

(v) The import of gold by established manufactures of jewellery for the manufacture of jewellery for re-export was permitted subject to certain conditions.

3. Inward Remittances.

(i) With effect from 12th April, 1982 the approval of the Controller of Exchange was declared necessary for conversion to Sri Lanka Rupees of all inward remittances of US \$ 50,000 and over received by individuals or companies resident in Sri Lanka.

(ii) With effect from 28th June, 1982 the requirement of obtaining approval of the Controller of Exchange for conversion to Sri Lanka Rupees of inward remittances amounting to US \$ 50,000 or over received by GCEC registered enterprises was waived.

4. Issue of Travellers Cheques.—Authorised Dealers and Travel Agents were required to stamp 'Issued in Sri Lanka' on all Travellers Cheques issued (other than those issued by Authorised Dealers against funds held in foreign currency accounts and foreign exchange encashments).

5. Exchange Control Functions Delegated to Commercial Banks.—

- (i) Payment of an Agency Commission upto 5% on the contracted price by exporters of all coconut products was made effective from 11th February, 1982.
- (ii) Issue of Travellers Cheques to Non-Resident Foreign Currency Account holders against funds held in their accounts for travel abroad or for purchases at the Duty Free Shopping Complex.
- (iii) Issue of Travellers Cheques in U.S. \$ or any other foreign currency, as requested by applicants, against—
- (a) Convertible Foreign Currency notes, travellers cheques, drafts, and cheques and foreign drafts expressed in Sri Lanka rupees, provided, the foreign exchange tendered has been declared to the Customs.
 - (b) Encashments already made by the applicant with an Authorised Dealer in respect of foreign exchange imported into the country, supported by Customs Declaration Card.
 - (c) Inward Remittances received exclusively in the name of the applicant within a period of 6 months of date of application.
 - (iv) Debits to Non-Resident Foreign Currency Accounts in respect of releases of foreign currency notes for travel purposes were permitted upto a maximum of 20% of the amount to be taken out, on production of travel tickets.

PUBLIC DEBT

The Central Bank continued to manage public debt on behalf of the Government in terms of Section 113 of the Monetary Law Act. The main functions included floating of rupee loans, recording of foreign loan disbursements, repayment of local and foreign loans, payment of interest and commitment charges. During the year 1982, rupee loans amounting to Rs. 6,000 million were floated in terms of the Appropriation Act No. 77 of 1981. The issue of Treasury bills during the year increased the amount of bills outstanding by Rs. 3,400 million. During the year the Superintendent of Public Debt also continued to manage Joint Investment Fund, Tax Reserve Certificates, foreign administrative borrowings and foreign debt. The total interest payments in 1982 amounted to Rs. 5,086 million. Total repayment of loans inclusive of contributions to sinking funds to amounted to Rs. 2,611 million.

In addition, the Superintendent of Public Debt floated debentures on behalf of the Urban Development Authority and the State Mortgage & Investment Bank.

EMPLOYEES' PROVIDENT FUND¹

The Monetary Board of the Central Bank of Ceylon, through the Employees' Provident Fund Department, continued to receive all sums paid under the Employees' Provident Fund Act No. 15 of 1958, as contributions, surcharges and income from

1. Based on the provisional data.

the investment of monies of the Fund and to perform its other functions in respect of these monies in terms of Section 5 of the Act. A brief note on its operations during the year 1982, is given below :—

Contributions

The contributions received by the Fund during the year 1982 amounted to Rs. 1,079.58 million as against Rs. 895.68 million in 1981. This represents an increase of Rs. 183.90 million or 20.53 per cent over the level of contributions received during the previous year.

As at end of 1982, 57 industries operating within the Greater Colombo Economic Commission have been registered under the EPF Act and continued to contribute to the Fund on behalf of their employees. The contributions received from this source during the year 1982 exceeded Rs. 25 million.

Members' Balances

Members' balances as at 1982.12.31 before allocation of interest for the year under review, stood at Rs. 6,840.34 million which is an increase of Rs. 1,243.79 million or 22.22 per cent over the level of 1981.

Investments

During the year under review the Fund invested a sum of Rs. 1,477.72 million in Government Securities and Treasury Bills as against a sum of Rs. 1,123.97 million in 1981. This is an increase of Rs. 353.75 million or 31.47 per cent over the level of 1981. The total investments made during the year under review included a sum of Rs. 108.85 million representing maturity proceeds of earlier investments and Treasury Bills. The total amount invested in Government Securities alone amounted to Rs. 1,416.13 million which represents 23.60 per cent of the total securities issued by the Government of Sri Lanka during the year 1982. The total investment held by the Fund as at 1982.12.31 amounted to Rs. 7,244.36 million.

Income received from Investments

In 1982, the income from investments of the Fund amounted to Rs. 658.49 million as against Rs. 486.18 million in 1981. This records an increase of Rs. 172.31 or 35.44, per cent as against an increase of Rs. 134.57 million or 38.27 per cent during the previous year. This increase was mainly due to the investment of the increased volume of contributions received by the Fund and the re-investment of income derived from the past investments during the year under review.

Refunds

The total sum paid out by way of refund of EPF benefits to members during the year 1982 amounted to Rs. 372.64 million as against a sum of Rs. 300.36 million in 1981. This records an increase of Rs. 72.28 million or 24.06 per cent as compared with 1981. The number of applications finalised in 1982 amounted to 69,934 as against 61,969 in 1981. This included 31,718 claims received from the repatriates of Indian origin as against 24,630 in 1981. The number of claims paid out on medical grounds amounted to 22,222.

Interest on members' balances

The Employees' Provident Fund is required to pay interest on members' balances as at end of each year out of the income from investment of monies of the Fund. The rate of interest payable on members' balances as at the end of 1981 was raised to 9.5 per cent per annum as against 8.5 per cent per annum as at the end of 1980. Interest is paid on the balances standing to the credit of members at the end of the year and thereafter interest accumulates on the aggregate sum. Besides, interest is paid for the entire year on the balance standing to the member's credit at the end of the year irrespective of the date when any portion of that balance (which represents the current year's contributions) was received by the Fund to the member's credit, e. g. contributions received in December attracts interest for the full year in the same way as contributions received in January of that year. Therefore, the effective rate of interest is somewhat higher than 9.5 per cent per annum.

Administration of the Department

(a) During the year under review the Department extended to all districts of the Island the issue of 'C' forms with names and membership numbers pre-printed. This scheme will eliminate the errors and omissions that occur on forms filled in by the employers and minimise, if not, totally eliminate the delays in transferring contributions to individual member accounts.

(b) On a recommendation made by the Minister of Labour a scheme was introduced during the year under review, to issue each member of the Fund with an account book. This book will contain the particulars of contributions remitted to the Fund and the interest accrued thereon at the end of each year.

A comparative statement of the operation of the Fund on data presently available is given below :—

TABLE 2.10
E. P. F. Statistics—1981 - 1982

	1981	1982
1- Contributions received (Rs.) ..	895,677,610(a)	1,079,584,814(a)
2. Investments (Rs.) ..	1,123,971,335(b)	1,477,718,111(b)
3. Income received from investments (Rs.) ..	486,182,828	658,488,488
4. Refund Payments (Rs.) ..	300,358,747	372,643,569
5. Number of Refunds ..	61,969	69,934
6. Rate of Interest (%) ..	9.5	—(c)
7. Interest provision on members' balances (Rs.) ..	531,672,296	684,034,468

(a) Excludes contributions credited to Suspense Accounts.

(b) Includes maturity proceeds reinvested in Govt. Securities and the monies invested in Treasury Bills

(c) Yet to be determined.

PERSONNEL

The Governor, Dr. W. Rasaputram attended the following Conferences, Meetings and Seminars during the year 1982 :—

- (a) the 17th Annual Meeting of the South East Asian (SEACEN) Central Bank Governors in Bangkok (February 3—7) and the 10th Annual Meeting of the Board of Governors of the Asian Clearing Union in New Delhi (February 11—14).
- (b) the Meetings of the Interim Committee of the International Monetary Fund, the Development Committee of the International Monetary Fund/World Bank and the Group of 24 in Helsinki (May 6—22).
- (c) the Annual Meeting of the Commonwealth Central Bank Governors in London and the meeting of the Bank for International Settlements in Basle (June 5—14).
- (d) the Annual Meetings of the Boards of Governors of the International Monetary Fund and the World Bank in Toronto (August 27— September 15).
- (e) the 14th SEANZA Governors' Conference in Singapore (November 22—27).

Dr. H. N. S. Karunatilake, Senior Deputy Governor, acted as the Chief Executive Officer of the Bank and Chairman of the Monetary Board during the periods of absence abroad of the Governor.

Mr. C. P. Chanmugam, Deputy Secretary to the Treasury, acted as the Alternate of the Official Member of the Monetary Board during the periods of absence abroad of the Secretary to the Ministry of Finance and Planning.

Mr. D. L. Kannagara, Deputy Governor, was designated Senior Deputy Governor and functioned as the Chief Executive Officer of the Bank from 14th June to 18th June, 1982 during the period of absence abroad of the Governor and Dr. H. N. S. Karunatilake.

Appointments

Mr. V. S. Subramaniam who was on release to the International Monetary Fund for an assignment with the Solomon Islands Monetary Authority resumed duties in the Central Bank on 16th April, 1982. He was appointed Executive Director with effect from 21st April, 1982. He was also appointed Secretary to the Monetary Board with effect from 2nd November, 1982.

Mr. H. Premaratne, Chief Accountant, was appointed Executive Director with effect from 4th November, 1982.

Mr. R. M. Tennekoon, who was on release to Estate Products Limited reverted to the Bank's service with effect from 6th January, 1982 and was appointed Adviser.

Mr. A. T. W. Jehorathnam was appointed Chief Accountant, Banking Department with effect from 4th November, 1982 in addition to his duties as Controller of Exchange.

Dr. L. E. N. Fernando who was on release to the Ministry of Finance and Planning reverted to the Bank's service on 1st January, 1982 and was appointed Acting Director of Statistics.

Mr. C. Selvasiranjeevi was appointed Acting Additional Superintendent, Employees' Provident Fund Department with effect from 16th March, 1982.

Mr. D. A. P. Weerawardena was appointed Acting Additional Controller of Exchange with effect from 16th March, 1982.

Retirements

Mr. K. Kanagasabapathy, Deputy Governor, retired from Bank service with effect from 7th March, 1982.

Officers on Release (as at 31st December, 1982)

The following officers of the Bank were on release to Ministries, Government Departments and State Corporations in Sri Lanka and for assignments with the International Monetary Fund.

Mr. V. K. Wickremasinghe to the National Development Bank of Sri Lanka to function as its General Manager.

Mr. A. S. Jayawardena, Executive Director to the International Monetary Fund as Alternate Executive Director for Bangladesh, Bhutan, India and Sri Lanka.

Dr. K. S. E. Jayatilleke, Executive Director, to the International Monetary Fund for an assignment with the Central Bank of Oman as an Adviser.

Dr. S. T. G. Fernando to the Ministry of Finance & Planning to function as Chairman, People's Bank.

Mr. U. A. de Silva to the International Monetary Fund for an assignment with the Central Bank of The Gambia.

Mr. S. Rajalingam to the Ministry of Finance & Planning to function as Director, Economic Affairs, Division General Treasury.

Mr. N. A. Dharmabandu to the International Monetary Fund for an assignment with the Solomon Islands Monetary Authority.

Mr. E. Balasingam to the International Monetary Fund for an assignment with the Bank of Sierra Leone.

Mr. M. U. A. Tennakoon to the Mahaveli Authority of Sri Lanka to function as Adviser, Evaluation/Impact Studies.

Dr. G. W. P. Wickremasinghe to the Ministry of Trade and Shipping to function as Chairman and Managing Director, Sri Lanka Export Credit Insurance Corporation.

Mr. A. A. D. Justin to the Ministry of Industries and Scientific Affairs to function as Secretary, Ministry of Industries and Scientific Affairs.

Dr. A. C. Randeni, Messrs M. B. Dissanayake and G. A. V. Fonseka and Dr. I. Coomaraswamy to the Ministry of Finance & Planning.

Mr. C. E. Jayasuriya to the Sri Lanka Export Credit Insurance Corporation.

Messrs D. J. M. Meegoda and A. A. R. Dissanayake to the National Development Bank of Sri Lanka.

PART III

**MAJOR ADMINISTRATIVE MEASURES ADOPTED BY
THE MONETARY BOARD IN 1982**

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H. N. S. Karunatilaka
Senior Deputy Governor.

Central Bank of Ceylon
P. O. Box 590,
Colombo 1.
June 8, 1982.

Commercial Bank Credit

Commercial Banks are hereby informed that Circular No. 17 dated December 2, 1962 and Circular No. 27 dated May 30, 1968 are withdrawn with immediate effect. Copies of these two circulars are enclosed for easy reference.

A. T. W.
Acting Chief
Central Bank of Ceylon
W
Central Bank of Ceylon

PART III

MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD IN 1982

	Mr. A. A. D. Justin to the Ministry of Industries and Scientific Affairs to function as Secretary, Ministry of Industries and Scientific Affairs.	
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To: All Commercial Banks.

Banking Department,
Central Bank of Ceylon,
Colombo 1.
February 3, 1982.
Ref. No. BC 6 Vol. IV

Circular No. 738

Commercial Bank Credit

The attention of all commercial banks is invited to paragraph 2(b) of Circular No. 169 dated October 4, 1976, as amended by Circular No. 289 of March 27, 1978, regarding loans and advances to non-banking companies and bodies engaged in the business of lending moneys to the public and/or engaged in hire purchase activities.

2. Commercial banks may now grant loans and advances to non-banking companies and bodies engaged in the business of lending moneys to the public and/or engaged in hire purchase activities, in excess of their total loans and advances granted to such companies and bodies and outstanding on June 30, 1976, provided however that, in the case of each bank, such excess represents finance granted for the purchase of capital equipment and commercial vehicles, including heavy earth-moving equipment and passenger vehicles, irrespective of whether such equipment and vehicles are new or used.

3. Paragraph 4(b) of Circular No. 604 of June 2, 1981, is hereby revoked.

H. Premaratne
Chief Accountant.

H. N. S. Karunatilake
Senior Deputy Governor.

Circular No. 797

Central Bank of Ceylon
P. O. Box 590,
Colombo 1,
June 8, 1982.

Commercial Bank Credit

Commercial Banks are hereby informed that Circular No. 17 dated December 28, 1962 and Circular No. 27 dated May 30, 1968 are withdrawn with immediate effect.

Copies of these two circulars are enclosed for easy reference.

A. T. W. Jehoratnam
Acting Chief Accountant,
Central Bank of Ceylon.

Warnasena Rasaputram
Governor,
Central Bank of Ceylon.

Circular No. 17

Central Bank of Ceylon,
P. O. Box No. 590,
Colombo 1.
December 28, 1962

Commercial Bank Credit

In keeping with its policy of general credit restraint, the Monetary Board of the Central Bank of Ceylon has ordered that with effect from today, commercial bank credit to residents in Ceylon or companies registered in Ceylon for the purchase of estates, whether foreign-owned or not, should not exceed 33 1/3% of the purchase price of the estate. This restriction would also apply to bank credit to residents in Ceylon or companies registered in Ceylon for the purchase of other immovable property (i.e. other than estates) belonging to a person resident outside Ceylon or a company incorporated outside Ceylon.

Circular Letter No. BC/2/57 of August 20, 1957 is hereby withdrawn with immediate effect.

Please acknowledge receipt of this Circular.

S. D. Amarasinghe

*Chief Accountant
Central Bank of Ceylon.*

D. W. Rajapatirana
Governor.

Central Bank of Ceylon.

Circular No. 27

Central Bank of Ceylon,
P. O. Box 590
Colombo 1.
May 30, 1968

Commercial Bank Credit

Circular No. 17 of December 28, 1962, is hereby amended by the addition of the following sentence at the end of the first paragraph thereof.

"The Central Bank would however be willing to consider, at the request of a commercial bank on behalf of a customer, a relaxation of the restriction on bank credit in respect of the purchase of immovable property (other than estates) in instances where it is satisfied that a case exists for the grant of such relaxation."

K. Gunaratnam

*Acting chief Accountant
Central Bank of Ceylon.*

W. Tennekoon

*Governor,
Central Bank of Ceylon.*

Circular No. 865

Banking Department,
Central Bank of Ceylon,
Colombo 1.

To : *All Commercial Banks*

November 8, 1982.

Daily Fixing of Foreign Exchange Rates by the Central Bank of Ceylon.

Commercial banks are hereby informed that, with effect from Wednesday, November 10, 1982, the Central Bank will announce in the morning of every working day the rates at which the Bank will buy and sell spot foreign exchange. In its transactions with commercial banks, the Central Bank will deal exclusively in United States Dollars and the Bank will stand ready to buy and sell United States Dollars until 2.30 p.m. on every normal working day at the rates announced in the morning.

2. The practice of announcing a "dealing rate" at 2.00 p.m. at a meeting held in the Central Bank will be discontinued. The last such meeting will be held on Tuesday, November 9, 1982. Any offer to buy or sell United States Dollars on a spot basis should be made to the Central Bank either in writing or by telephone or telex, addressed to the Chief Accountant or the Central Bank's foreign exchange dealers, by the bank concerned. Any transaction offered to the Central Bank and accepted by it on the telephone or by telex should be confirmed in writing by the bank concerned in the afternoon of the day on which the transaction is entered into. Such letters should be signed in accordance with the signing powers of commercial banks' officials on record in the Central Bank and should be addressed *personally* to the Chief Accountant; they should be received in the Banking Department of the Central Bank of Ceylon by 3.45 p.m. on the date of the transaction.

3. The Central Bank will buy United States Dollars for forward delivery for periods up to six months at rates that will be furnished to such banks as may wish to engage in such transactions as and when offers are made to the Central Bank. The Central Bank will not sell United States Dollars for forward delivery. Any transaction entered into with a commercial bank will be for not less than 10,000 United States Dollars or a greater multiple of 5,000 Dollars.

4. The present arrangements for the Central Bank's transactions in currencies dealt with in terms of the Asian Clearing Union Agreement will remain unchanged.

A. T. W. Jehorathnam
Chief Accountant.

Warnasena Rasaputram
Governor.

**Central Bank's Spot and Forward* Exchange Rates for Telegraphic Transfers, for Bangladesh Taka, Burmese Kyat
Indian Rupee, Iranian Riyal, Nepalese Rupee and Pakistan Rupee for operation through the Asian Clearing Union**

Date	Circular No.	Bangladesh Taka		Burmese Kyat		Indian Rupee		Iranian Riyal		Nepalese Rupee		Pakistan Rupee	
		Buying spot*	Selling spot**	Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot
82.01.01	720	103.44	103.64	277.52	278.08	222.57	223.01	25.58	25.64	154.39	154.69	205.69	206.11
82.01.18	724	102.43	102.63	278.48	279.04	222.93	223.37	25.67	25.73	154.39	154.69	202.36	202.76
82.01.19	726	99.20	99.40	275.23	275.79	223.52	223.96	25.37	25.43	154.40	154.70	199.99	200.39
82.01.22	729	100.89	101.09	279.92	280.48	227.32	227.78	25.80	25.86	157.01	157.33	203.40	203.80
82.01.26	731	100.89	101.09	279.92	280.48	224.68	225.12	25.80	25.86	157.01	157.33	203.40	203.80
82.01.27	734	100.89	101.09	279.92	280.48	224.68	225.12	25.80	25.86	157.01	157.33	200.70	201.10
82.02.01	736	99.85	100.05	276.75	277.31	223.13	223.57	25.51	25.57	155.31	155.63	198.69	199.09
82.02.08	739	99.85	100.05	276.75	277.31	225.58	226.04	25.51	25.57	157.07	157.39	195.37	195.77
82.02.16	742	100.05	100.25	276.10	276.66	225.16	225.62	25.45	25.51	156.68	157.00	195.72	196.12
82.02.18	744	98.77	98.97	272.56	273.10	222.28	222.72	25.12	25.18	154.68	154.98	193.22	193.60
82.02.23	746	98.77	98.97	272.56	273.10	222.28	222.72	25.12	25.18	154.68	154.98	190.17	190.55
82.02.25	749	99.90	100.10	275.68	276.24	224.82	225.28	25.41	25.47	156.45	156.77	192.36	192.74
82.03.01	751	98.12	98.32	274.46	275.00	221.33	221.77	25.30	25.36	156.55	156.87	190.49	190.87
82.03.04	754	98.12	98.32	274.46	275.00	224.10	224.54	25.30	25.36	156.55	156.87	188.35	188.73
82.03.10	756	98.12	98.32	274.46	275.00	224.10	224.54	25.30	25.36	156.55	156.87	188.16	188.54
82.03.16	759	97.79	97.99	274.06	274.60	222.92	223.36	25.26	25.32	156.28	156.60	185.49	185.87
82.03.22	762	97.79	97.99	274.06	274.60	222.92	223.36	25.26	25.32	156.28	156.60	185.49	185.87
82.03.26	765	96.60	96.80	270.74	271.28	220.72	221.16	24.98	25.02	156.28	156.60	183.27	183.63
82.04.01	768	96.55	96.75	270.92	271.46	220.65	221.09	24.98	25.02	156.28	156.60	180.58	180.94
82.04.05	770	96.55	96.75	270.92	271.46	220.65	221.09	24.98	25.02	156.28	156.60	177.38	177.74
82.04.12	773	94.83	95.03	270.92	271.46	220.65	221.09	24.86	24.90	156.28	156.60	176.51	176.87
82.04.16	775	94.45	94.65	269.63	270.17	219.69	220.13	24.86	24.90	156.28	156.60	176.51	176.87
82.05.03	779	94.79	94.97	269.97	270.51	219.31	219.75	24.89	24.93	156.28	156.60	176.31	176.67
82.05.04	781	96.16	96.36	273.90	274.44	222.51	222.95	25.24	25.30	156.28	156.60	178.88	179.24
82.05.11	784	96.16	96.36	273.90	274.44	222.51	222.95	25.24	25.30	156.28	156.60	176.62	176.98
82.05.17	787	97.95	98.15	275.35	275.91	222.67	223.11	25.37	25.43	156.28	156.60	178.03	178.39
82.06.02	792	96.75	96.95	275.23	275.79	221.56	222.00	25.37	25.43	156.28	156.60	178.28	178.64
82.06.04	794	95.49	95.69	271.65	272.19	218.66	219.10	25.04	25.10	156.28	156.60	175.95	176.31
82.06.14	798	95.49	95.69	271.65	272.19	221.24	221.68	25.04	25.10	156.28	156.60	175.95	176.31
82.06.16	801	95.76	95.96	270.75	271.29	220.23	220.67	24.96	25.00	156.28	156.60	175.09	175.45
82.06.17	803	94.63	94.81	267.51	268.05	217.60	218.04	24.67	24.71	156.28	156.60	173.00	173.34

Continued

**Central Bank's Spot and Forward* Exchange Rates for Telegraphic Transfers, for Bangladesh Taka, Burmese Kyat
Indian Rupee, Iranian Riyal, Nepalese Rupee and Pakistan Rupee for operation through the Asian Union**

Date	Circular No.	Bangladesh Taka		Burmese Kyat		Indian Rupee		Iranian Riyal		Nepalese Rupee		Pakistan Rupee	
		Buying spot**	Selling spot**	Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot
82.06.24	806	93.09	93.27	263.18	263.70	214.08	214.50	24.27	24.31	156.28	156.60	170.20	170.54
82.07.01	809	93.07	93.25	263.93	264.45	215.15	215.59	24.33	24.37	156.28	156.60	170.73	171.07
82.07.06	811	93.07	93.25	263.93	264.45	215.15	215.59	24.33	24.37	156.28	156.60	168.42	168.76
82.07.12	814	93.07	93.25	263.93	264.45	215.15	215.59	24.33	24.37	156.28	156.60	170.90	171.24
82.07.13	816	93.07	93.25	263.93	264.45	215.15	215.59	24.33	24.37	156.28	156.60	168.67	169.01
82.07.16	820	92.64	92.82	263.71	264.23	215.24	215.68	24.31	24.35	156.28	156.60	168.52	168.86
82.07.20	822	94.03	94.21	267.66	268.20	218.47	218.91	24.58	24.72	156.28	156.60	171.05	171.39
82.08.02	825	94.25	94.43	267.51	268.05	218.31	218.75	24.67	24.71	156.28	156.60	170.86	171.20
82.08.16	829	93.17	93.35	264.81	265.35	215.81	216.25	24.42	24.46	157.73	158.05	169.59	169.93
82.08.23	833	93.17	93.35	264.81	265.35	215.81	216.25	24.42	24.46	157.73	158.05	167.62	167.96
82.08.24	835	94.26	94.44	267.90	268.44	218.33	218.77	24.70	24.74	159.57	159.89	169.57	169.91
82.09.01	839	94.23	94.41	268.74	269.28	219.88	220.32	24.78	24.82	157.81	158.13	171.00	171.34
82.09.03	841	91.92	92.10	265.22	265.76	217.01	217.45	24.45	24.49	158.17	158.49	168.88	169.22
82.09.16	845	92.34	92.52	266.14	266.68	217.14	217.58	24.54	24.58	158.17	158.49	169.76	170.10
82.10.01	849	91.56	91.74	264.64	265.16	216.27	216.71	24.40	24.44	158.17	158.49	168.67	169.01
82.10.08	852	90.52	90.70	261.65	262.17	213.83	214.25	24.12	24.16	158.17	158.49	166.42	166.76
82.10.15	855	91.67	91.85	264.95	265.49	216.53	216.97	24.43	24.47	158.17	158.49	166.39	166.73
82.10.18	857	91.54	91.72	264.95	265.49	216.89	217.33	24.43	24.47	158.17	158.49	166.39	166.73
82.10.28	860	90.34	90.52	261.50	262.02	214.07	214.49	24.11	24.15	158.17	158.49	164.23	164.55
82.11.02	862	90.57	90.75	261.69	262.21	214.09	214.51	24.13	24.17	158.17	158.49	164.57	164.89
82.11.11	867	89.26	89.44	261.69	262.21	214.09	214.51	24.13	24.17	158.17	158.49	164.57	164.89
82.11.16	869	88.87	89.05	261.01	261.53	214.14	214.56	24.06	24.10	158.17	158.49	164.05	164.37
82.11.18	872	87.38	87.56	261.01	261.53	214.14	214.56	24.06	24.10	158.17	158.49	164.05	164.37
82.11.22	874	85.42	85.60	261.01	261.53	214.09	214.51	24.13	24.17	158.17	158.49	164.05	164.37
82.12.01	877	85.98	86.16	263.80	264.32	210.38	210.80	24.06	24.10	158.17	158.49	164.05	164.37
82.12.02	880	85.98	86.16	263.80	264.32	210.38	210.80	24.06	24.10	158.17	158.49	164.05	164.37
82.12.06	882	87.97	88.15	269.88	270.42	213.07	213.49	24.32	24.36	158.17	158.49	164.05	164.37
82.12.07	884	87.97	88.15	269.88	270.42	213.07	213.49	24.32	24.36	158.17	158.49	164.05	164.37
82.12.10	888	88.18	88.36	270.74	271.28	217.98	218.42	24.88	24.92	161.83	162.15	167.83	168.17
82.12.16	890	88.18	88.36	270.74	271.28	217.98	218.42	24.88	24.92	161.83	162.15	167.83	168.17
82.12.17	892	88.18	88.36	270.74	271.28	218.35	218.79	24.96	25.00	159.84	160.16	165.59	165.93
82.12.21	894	87.05	87.23	270.74	271.28	218.35	218.79	24.96	25.00	159.84	160.16	165.59	165.93
82.12.24	896	87.05	87.23	270.74	271.28	218.35	218.79	24.96	25.00	159.84	160.16	165.59	165.93
82.12.27	896	87.05	87.23	270.74	271.28	215.75	216.19	24.96	25.00	147.24	147.54	163.17	163.49
82.12.27	896	87.05	87.23	270.74	271.28	215.75	216.19	24.96	25.00	147.24	147.54	163.17	163.49

Date	Circular No.	Bangladesh Taka		Burmese Kyat		Indian Rupee		Iranian Riyal		Nepalese Rupee		Pakistan Rupee	
		Buying spot**	Selling spot**	Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot
82.06.24	806	93.09	93.27	263.18	263.70	214.08	214.50	24.27	24.31	156.28	156.60	170.20	170.54
82.07.01	809	93.07	93.25	263.93	264.45	215.15	215.59	24.33	24.37	156.28	156.60	170.73	171.07
82.07.06	811	93.07	93.25	263.93	264.45	215.15	215.59	24.33	24.37	156.28	156.60	168.42	168.76
82.07.12	814	93.07	93.25	263.93	264.45	215.15	215.59	24.33	24.37	156.28	156.60	170.90	171.24
82.07.13	816	93.07	93.25	263.93	264.45	215.15	215.59	24.33	24.37	156.28	156.60	168.67	169.01
82.07.16	820	92.64	92.82	263.71	264.23	215.24	215.68	24.31	24.35	156.28	156.60	168.52	168.86
82.07.20	822	94.03	94.21	267.66	268.20	218.47	218.91	24.58	24.72	156.28	156.60	171.05	171.39
82.08.02	825	94.25	94.43	267.51	268.05	218.31	218.75	24.67	24.71	156.28	156.60	170.86	171.20
82.08.16	829	93.17	93.35	264.81	265.35	215.81	216.25	24.42	24.46	157.73	158.05	169.59	169.93
82.08.23	833	93.17	93.35	264.81	265.35	215.81	216.25	24.42	24.46	157.73	158.05	167.62	167.96
82.08.24	835	94.26	94.44	267.90	268.44	218.33	218.77	24.70	24.74	159.57	159.89	169.57	169.91
82.09.01	839	94.23	94.41	268.74	269.28	219.88	220.32	24.78	24.82	157.81	158.13	171.00	171.34
82.09.03	841	91.92	92.10	265.22	265.76	217.01	217.45	24.45	24.49	158.17	158.49	168.88	169.22
82.09.16	845	92.34	92.52	266.14	266.68	217.14	217.58	24.54	24.58	158.17	158.49	169.76	170.10
82.10.01	849	91.56	91.74	264.64	265.16	216.27	216.71	24.40	24.44	158.17	158.49	168.67	169.01
82.10.08	852	90.52	90.70	261.65	262.17	213.83	214.25	24.12	24.16	158.17	158.49	166.42	166.76
82.10.15	855	91.67	91.85	264.95	265.49	216.53	216.97	24.43	24.47	158.17	158.49	166.39	166.73
82.10.18	857	91.54	91.72	264.95	265.49	216.89	217.33	24.43	24.47	158.17	158.49	166.39	166.73
82.10.28	860	90.34	90.52	261.50	262.02	214.07	214.49	24.11	24.15	158.17	158.49	164.23	164.55
82.11.02	862	90.57	90.75	261.69	262.21	214.09	214.51	24.13	24.17	158.17	158.49	164.57	164.89
82.11.11	867	89.26	89.44	261.69	262.21	214.09	214.51	24.13	24.17	158.17	158.49	164.57	164.89
82.11.16	869	88.87	89.05	261.01	261.53	214.14	214.56	24.06	24.10	158.17	158.49	164.05	164.37
82.11.18	872	87.38	87.56	261.01	261.53	214.14	214.56	24.06	24.10	158.17	158.49	164.05	164.37
82.11.22	874	85.42	85.60	261.01	261.53	214.09	214.51	24.13	24.17	158.17	158.49	164.05	164.37
82.12.01	877	85.98	86.16	263.80	264.32	210.38	210.80	24.06	24.10	158.17	158.49	164.05	164.37
82.12.02	880	85.98	86.16	263.80	264.32	210.38	210.80	24.06	24.10	158.17	158.49	164.05	164.37
82.12.06	882	87.97	88.15	269.88	270.42	213.07	213.49	24.32	24.36	158.17	158.49	164.05	164.37
82.12.07	884	87.97	88.15	269.88	270.42	213.07	213.49	24.32	24.36	158.17	158.49	164.05	164.37
82.12.10	888	88.18	88.36	270.74	271.28	217.98	218.42	24.88	24.92	161.83	162.15	167.83	168.17
82.12.16	890	88.18	88.36	270.74	271.28	217.98	218.42	24.88	24.92	161.83	162.15	167.83	168.17
82.12.17	892	88.18	88.36	270.74	271.28	218.35	218.79	24.96	25.00	159.84	160.16	165.59	165.93
82.12.21	894	87.05	87.23	270.74	271.28	218.35	218.79	24.96	25.00	159.84	160.16	165.59	165.93
82.12.24	896	87.05	87.23	270.74	271.28	218.35	218.79	24.96	25.00	147.24	147.54	163.17	163.49
82.12.27	896	87.05	87.23	270.74	271.28	215.75	216.19	24.96	25.00	147.24	147.54	163.17	163.49

Contracts to be taken up at the option of the Commercial Bank but at the contracted exchange rate, if taken up before expiry of the contract period.

Commercial Banks' Exchange Rates for Operations through the Asian Clearing Union

(Rupees per 100 unit of each currency)

Date	Circular No.	Bangladesh Taka		Burmese Kyat		Indian Rupee		Iranian Riyal		Nepalese Rupee		Pakistani Rupee	
		Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot
82-01-01	721	103.34	103.74	277.22	278.38	222.37	223.21	25.56	25.66	154.24	154.84	205.49	206.31
82-01-18	725	102.33	102.73	278.18	279.34	222.73	223.57	25.65	25.75	154.24	154.84	202.16	202.96
82-01-19	727	99.50	99.50	274.93	276.09	223.32	224.16	25.35	25.45	154.25	154.85	199.79	200.59
82-01-22	730	100.79	101.19	279.62	280.78	227.12	227.98	25.78	25.88	156.86	157.48	203.20	204.00
82-01-26	732	100.79	101.19	279.62	280.78	224.48	225.32	25.78	25.88	156.86	157.48	203.20	204.00
82-01-27	733	100.79	101.19	279.62	280.78	224.48	225.32	25.78	25.88	156.86	157.48	203.20	204.00
82-02-01	737	99.75	100.15	276.45	277.61	222.93	223.77	25.49	25.59	155.16	155.78	198.49	199.29
82-02-08	740	99.75	100.15	276.45	277.61	222.93	223.77	25.49	25.59	155.16	155.78	198.49	199.29
82-02-16	743	99.95	100.35	276.80	277.96	222.96	223.82	25.43	25.53	156.92	157.54	195.97	196.77
82-02-18	745	98.67	99.07	272.26	273.40	222.08	222.92	25.10	25.20	154.53	155.13	189.97	190.77
82-02-23	747	98.67	99.07	272.26	273.40	222.08	222.92	25.10	25.20	154.53	155.13	189.97	190.77
82-02-25	750	99.80	100.20	275.38	276.54	224.62	225.48	25.39	25.49	156.30	156.92	192.16	192.94
82-03-01	752	98.02	98.42	274.16	275.30	221.13	221.97	25.28	25.38	156.40	157.02	190.29	191.07
82-03-04	755	98.02	98.42	274.16	275.30	221.13	221.97	25.28	25.38	156.40	157.02	190.29	191.07
82-03-10	757	98.02	98.42	274.16	275.30	221.13	221.97	25.28	25.38	156.40	157.02	190.29	191.07
82-03-16	760	97.69	98.09	273.76	274.90	222.72	223.56	25.24	25.34	156.13	156.75	185.29	186.07
82-03-22	763	97.69	98.09	273.76	274.90	222.72	223.56	25.24	25.34	156.13	156.75	185.29	186.07
82-03-26	766	96.50	96.90	270.44	271.58	220.02	220.86	24.93	25.03	156.13	156.75	183.06	183.82
82-04-01	769	96.45	96.85	270.62	271.76	220.45	221.29	24.96	25.04	156.13	156.75	183.06	183.82
82-04-05	771	96.45	96.85	270.62	271.76	220.45	221.29	24.96	25.04	156.13	156.75	183.06	183.82
82-04-12	774	94.73	95.13	270.62	271.76	220.45	221.29	24.96	25.04	156.13	156.75	183.06	183.82
82-04-15	776	94.35	94.75	269.33	270.47	219.49	220.33	24.96	25.04	156.13	156.75	183.06	183.82
82-04-16	780	94.69	95.09	269.67	270.81	219.11	219.95	24.87	24.95	156.13	156.75	176.11	176.87
82-05-03	782	96.06	96.46	273.60	274.74	222.31	223.15	25.22	25.32	156.13	156.75	176.11	176.87
82-05-11	785	96.06	96.46	273.60	274.74	222.31	223.15	25.22	25.32	156.13	156.75	176.11	176.87
82-05-17	788	97.85	98.25	275.05	276.19	222.03	222.87	25.36	25.46	156.13	156.75	176.11	176.87
82-06-02	793	96.65	97.05	274.93	276.09	221.36	222.20	25.35	25.45	156.13	156.75	176.11	176.87
82-06-04	795	95.39	95.79	271.35	272.49	218.46	219.30	25.02	25.12	156.13	156.75	176.11	176.87
82-06-10	799	95.39	95.79	271.35	272.49	218.46	219.30	25.02	25.12	156.13	156.75	176.11	176.87
82-06-16	802	95.66	96.06	270.45	271.59	220.03	220.87	24.94	25.02	156.13	156.75	176.11	176.87
82-06-17	804	94.53	94.91	267.21	268.35	217.40	218.24	24.65	24.73	156.13	156.75	176.11	176.87
82-06-24	807	92.99	93.37	262.88	264.00	213.88	214.70	24.25	24.33	156.13	156.75	176.11	176.87

Continue

Commercial Banks' Exchange Rates for Operations through the Asian Clearing Union

(Rupees per 100 unit of each currency) Continued

Date	Circular No.	Bangladesh Taka		Burmese Kyat		Indian Rupee		Iranian Riyal		Nepalese Rupee		Pakistani Rupee	
		Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot	Buying spot	Selling spot
82.07.01	810	92.97	93.35	263.63	264.75	214.95	215.79	24.31	24.39	156.13	156.75	170.53	171.27
82.07.05	812	92.97	93.35	263.63	264.75	214.95	215.79	24.31	24.39	156.13	156.75	168.22	168.96
82.07.12	815	92.97	93.35	263.63	264.75	214.95	215.79	24.31	24.39	156.13	156.75	170.70	171.44
82.07.13	817	92.97	93.35	263.63	264.75	214.95	215.79	24.31	24.39	156.13	156.75	168.47	169.21
82.07.16	819	92.54	92.92	263.41	264.53	215.04	215.88	24.29	24.37	156.13	156.75	168.32	169.06
82.07.27	823	93.93	94.31	267.36	268.50	218.27	219.11	24.66	24.74	156.13	156.75	170.85	171.59
82.08.02	826	94.15	94.53	267.21	268.35	218.11	218.95	24.65	24.73	156.13	156.75	171.40	172.14
82.08.16	830	93.67	93.45	264.51	265.65	215.61	216.45	24.40	24.48	157.38	158.20	168.39	170.13
82.08.23	834	93.07	93.45	264.51	265.65	215.61	216.45	24.40	24.48	157.38	158.20	167.42	168.16
82.08.24	836	94.16	94.54	267.69	268.74	218.13	218.97	24.68	24.76	159.42	160.04	169.37	170.11
82.09.01	840	94.13	94.51	268.44	269.58	219.68	220.52	24.76	24.84	157.65	158.28	170.80	171.54
82.09.03	842	91.82	92.20	264.92	266.06	216.81	217.65	24.43	24.51	158.02	158.64	168.68	169.42
82.09.16	846	92.24	92.62	265.84	266.98	216.94	217.78	24.52	24.60	158.02	158.64	169.56	170.30
82.10.01	850	91.46	91.84	264.34	265.46	216.07	216.91	24.38	24.46	158.02	158.64	168.13	168.87
82.10.08	853	90.42	90.80	261.35	262.47	213.63	214.45	24.10	24.18	158.02	158.64	166.22	166.96
82.10.15	856	91.57	91.95	264.65	265.79	216.33	217.17	24.41	24.49	158.02	158.64	166.19	166.93
82.10.16	858	91.44	91.82	264.65	265.79	216.69	217.53	24.41	24.49	158.02	158.64	166.19	166.93
82.10.28	861	90.24	90.62	261.20	262.32	213.87	214.69	24.09	24.17	158.02	158.64	164.03	164.75
82.11.02	863	90.47	90.85	261.39	262.51	213.89	214.71	24.11	24.19	158.02	158.64	164.37	165.09
82.11.11	868	89.16	89.54	261.39	262.51	213.89	214.71	24.11	24.19	158.02	158.64	164.37	165.09
82.11.16	870	88.77	89.15	260.71	261.83	213.94	214.76	24.04	24.12	158.02	158.64	163.85	164.57
82.11.18	873	87.28	87.66	260.71	261.83	210.18	211.00	24.04	24.12	158.02	158.64	163.85	164.57
82.11.22	875	85.32	85.70	260.71	261.83	210.18	211.00	24.04	24.12	158.02	158.64	163.85	164.57
82.12.01	878	85.88	86.26	263.50	264.62	215.45	216.29	24.30	24.38	158.02	158.64	163.85	164.57
82.12.02	881	85.88	86.26	263.50	264.62	215.45	216.29	24.30	24.38	158.02	158.64	163.85	164.57
82.12.06	883	87.87	88.25	269.38	270.72	217.78	218.62	24.86	24.94	161.68	162.30	167.63	168.37
82.12.07	885	87.87	88.25	269.38	270.72	217.78	218.62	24.86	24.94	161.68	162.30	167.63	168.37
82.12.16	889	88.08	88.46	270.44	271.58	218.29	219.13	24.94	25.02	160.31	160.93	165.57	166.31
82.12.17	891	88.08	88.46	270.44	271.58	218.15	218.99	24.94	25.02	160.31	160.93	162.97	163.69
82.12.21	893	88.08	88.46	270.44	271.58	218.15	218.99	24.94	25.02	160.31	160.93	162.97	163.69
82.12.24	895	86.95	87.33	270.44	271.58	218.15	218.99	24.94	25.02	160.31	160.93	162.97	163.69
82.12.27	897	86.95	87.33	270.44	271.58	215.55	216.39	24.94	25.02	147.09	147.69	162.97	163.69

Central Bank's rates for the purchase of foreign currency notes from Commercial Banks

Effective Date	Circular No.	Australian Dollars per \$ 1/-	Austrian Schilling per Sch. 100/-	Bahraini Dinars per Dinar 1/-	Belgium Francs per Fr. 100/-	Canadian Dollars per \$ 1/-	Danish Kroner per Kr. 10/-	Deutsche Mark (West Germany) per D. M. 10/-	French Francs per F. Fr. 10/-	Hongkong Dollars per \$ 10/-	Italian Lira 1000/- per Yen 1000/-	Japanese Yen per Yen 1000/-	Kuwaiti Dinar per Dinar 1/-	Malaysian Ringgit per R 10/-	Nederland Guld- ders per G 10/-	Norwegian Kroners per Kr 10/-	Omani Riyals per Riyal 1/-	Qatar Riyal 10/-	Saudi Arabian Riyals per Riyal 10/-	Singapore Dollars per \$ 10/-	Swedish Kroner per Kr. 10/-	Swiss Francs per Sw. Fr. 10/-	United Arab Emirates Dirham per Dirham 10/-	U. K. Pounds per £ 1/-	U. S. Dollars per \$ 1/-
82.01.05	722	22.25	126.25	52.30	51.65	16.60	27.05	87.95	34.75	34.80	16.50	90.10	70.15	87.90	80.20	34.15	57.05	54.20	57.85	96.30	35.85	109.95	53.70	38.05	19.70
82.01.12	723	22.05	123.50	52.30	50.50	16.55	26.60	85.95	33.90	34.20	16.10	88.10	70.15	87.80	78.45	33.80	57.05	54.20	57.85	96.20	35.35	106.00	53.70	37.10	19.70
82.01.19	728	22.05	122.70	52.55	50.80	16.55	26.25	86.65	34.10	33.65	16.20	88.15	70.50	87.60	79.10	33.75	57.30	54.45	58.10	96.05	35.05	107.70	53.95	37.40	19.80
82.01.26	733	21.90	120.75	52.55	49.95	16.55	25.90	83.05	33.40	33.70	15.85	86.55	70.50	87.20	77.50	33.30	57.30	54.45	58.10	95.65	34.80	106.35	53.95	36.80	19.80
82.02.10	741	21.55	119.40	52.55	44.15	16.30	25.60	83.95	33.00	33.80	15.75	84.05	70.50	85.50	76.50	33.30	57.30	54.45	58.10	93.75	34.45	104.25	53.95	36.70	19.80
82.02.23	748	21.45	120.55	52.65	46.25	16.30	25.30	84.60	33.15	33.70	15.75	85.60	69.25	86.35	77.10	33.35	57.40	54.50	58.00	94.65	34.60	106.25	54.05	36.50	19.85
82.03.02	753	21.20	118.80	52.65	45.60	16.15	24.80	83.30	32.65	33.65	15.50	83.45	69.75	85.65	75.85	33.10	57.40	54.50	58.00	93.85	34.20	105.15	54.05	36.15	19.85
82.03.10	758	21.05	119.70	52.60	45.30	16.35	25.00	83.75	32.70	33.90	15.50	83.45	69.55	85.45	76.50	33.15	57.35	54.45	57.95	93.65	34.30	106.45	54.00	35.75	19.80
82.03.16	761	21.05	119.20	52.65	45.35	16.30	24.90	84.00	32.70	34.40	15.55	82.55	69.70	85.65	76.70	33.10	57.40	54.50	58.00	93.90	34.10	106.65	54.05	36.05	19.85
82.03.23	764	20.90	118.35	52.65	45.95	16.25	24.45	82.90	31.70	34.00	15.10	80.95	69.75	85.00	75.20	32.90	57.40	54.50	58.00	93.20	33.85	104.15	54.05	35.75	19.85
82.03.30	767	20.90	117.05	52.70	43.55	16.10	24.10	82.40	31.75	33.95	15.05	80.60	69.85	85.05	74.35	32.45	57.45	54.55	58.10	93.20	33.40	103.10	54.10	35.40	19.85
82.04.06	772	20.80	117.35	52.70	43.60	16.15	24.10	82.30	31.65	33.95	15.00	79.90	69.20	84.80	74.35	32.40	57.45	54.55	58.10	93.00	33.40	101.60	54.10	35.00	19.85
82.04.13	777	20.90	118.05	52.70	43.90	16.25	24.40	82.80	31.70	34.20	15.00	81.50	69.20	85.00	74.60	32.70	57.45	54.55	57.90	93.25	33.65	101.70	54.10	35.10	19.85
82.04.27	778	20.90	118.85	52.55	44.20	16.20	24.55	83.40	31.95	34.00	15.10	83.00	69.20	85.15	75.15	32.65	57.30	54.45	57.75	93.45	33.70	101.05	53.95	35.15	19.80
82.05.04	783	21.15	120.70	52.65	44.90	16.15	25.05	84.85	32.55	34.05	15.30	83.65	69.35	85.95	76.50	33.10	57.40	54.50	57.85	94.30	34.15	101.80	54.05	35.85	19.85
82.05.11	786	21.15	122.65	52.65	45.85	16.10	25.65	86.50	33.20	34.30	15.55	84.70	69.70	86.90	77.90	33.55	57.40	54.50	57.85	95.35	34.65	101.80	54.05	36.35	19.85
82.05.18	789	21.00	122.65	52.65	45.30	16.00	25.50	85.50	32.80	34.60	15.40	83.55	69.70	86.15	77.05	33.50	57.40	54.50	57.85	94.55	34.45	100.65	54.05	35.90	19.85
82.05.25	790	20.95	122.40	52.65	45.70	16.05	25.40	86.35	33.30	34.80	15.55	83.05	69.70	87.05	77.60	33.30	57.40	54.50	57.85	95.20	34.30	101.25	54.05	35.80	19.85
82.06.01	791	20.80	120.52	52.65	44.85	15.95	24.95	84.75	32.65	34.15	15.25	81.90	69.70	86.50	76.50	32.95	57.40	54.50	57.85	94.30	33.95	99.75	54.05	35.60	19.85
82.06.08	796	20.75	118.90	52.65	44.20	15.80	24.45	83.55	32.05	34.10	15.10	80.80	69.05	85.85	74.25	32.50	57.40	54.50	57.85	94.05	33.50	98.10	54.05	35.65	19.85
82.06.15	800	20.35	116.25	52.65	44.15	15.55	23.90	81.90	29.50	33.75	14.55	77.95	68.95	85.10	74.25	32.20	57.40	54.50	57.85	93.05	33.15	95.70	54.05	35.15	19.85
82.06.22	805	20.35	114.10	52.50	42.35	15.35	23.35	81.00	29.20	33.40	14.40	77.95	69.05	84.35	73.55	31.80	57.65	54.80	58.05	92.15	32.60	94.45	54.30	34.65	19.90
82.06.29	808	20.35	114.05	53.10	42.35	15.45	23.35	80.75	29.10	33.70	14.30	77.60	69.35	84.40	73.00	31.80	57.85	54.95	58.30	92.50	32.55	94.40	54.45	34.50	20.00

Central Bank's rates for the purchase of foreign currency notes from Commercial Banks

Effective Date	Circular No.	Australian Dollars per \$1/-	Austrian Schilling per Sch. 100/-	Bahram Dinars per Dinar 1/-	Belgium Francs per Fr. 100/-	Canadian Dollars per \$/-	Danish Kroner per Kr. 10/-	Deutsche Mark (West Germany) per D.M. 10/-	French Francs per F. Fr. 10/-	Hongkong Dollars per \$10/-	Italian Lira per Lira 1000/-	Japanese Yen per Yen 1000/-	Kuwaiti Dinar per Dinar 1/-	Malaysian Ringgit per R. 10/-	Nederland Guilder per G 10/-	Norwegian Kroner per Kr 10/-	Omani Riyals per Riyal 1/-	Qatar Riyal per Riyal 10/-	Saudi Arabian Riyals per Riyal 10/-	Singapore Dollars per \$ 10/-	Swedish Kroner per Kr. 10/-	Swiss Francs per Sw. Fr. 10/-	United Arab Emirates Dirhams per Dirhams 10/-	U. K. Pounds per £ 1/-	U. S. Dollars per \$ 1/-
82.07.07	813	20.35	114.70	53.10	41.75	15.45	23.05	79.85	28.80	33.60	14.20	77.35	69.55	84.30	72.30	31.30	57.90	55.00	58.20	92.50	32.30	93.85	54.50	34.25	20.00
82.07.13	818	20.30	114.65	53.10	42.40	15.75	23.35	80.75	29.05	34.00	14.40	78.40	69.70	84.70	73.25	31.45	57.90	55.00	58.20	93.00	32.65	94.85	54.50	34.55	20.00
82.07.20	821	20.25	115.15	53.00	42.40	15.85	23.35	80.85	29.05	33.95	14.45	78.25	69.70	84.90	73.35	31.60	56.60	53.75	58.10	93.30	32.70	95.05	54.40	34.70	20.00
82.07.27	824	20.15	117.95	53.05	43.30	15.80	23.75	82.50	29.65	33.70	14.70	79.25	70.00	85.40	74.65	31.85	56.60	53.75	58.15	93.95	33.15	97.95	54.45	35.10	20.00
82.08.03	827	20.10	117.00	53.20	43.30	16.05	23.80	82.75	29.70	33.70	14.75	78.50	69.80	85.55	74.90	30.75	56.80	53.95	58.30	93.80	33.20	97.30	54.65	35.20	20.05
82.08.10	828	20.45	113.40	53.25	41.85	16.00	22.95	79.85	28.75	32.45	14.25	76.55	69.20	84.65	72.50	29.60	56.85	54.00	58.35	92.40	32.30	93.70	54.65	34.15	20.05
82.08.17	831	20.60	113.45	53.20	41.65	16.05	22.90	79.60	28.60	32.50	14.25	75.75	69.15	84.65	72.30	29.60	56.80	53.95	58.30	91.20	32.35	93.00	54.60	34.15	20.05
82.08.18	832	19.40	113.40	53.10	42.20	16.15	23.15	80.75	29.00	32.60	14.45	76.50	69.00	85.25	73.35	29.75	56.65	53.80	58.15	91.85	32.60	94.10	54.50	34.40	20.00
82.08.24	837	19.55	115.70	53.05	42.60	16.15	23.45	81.85	29.30	33.30	14.50	78.60	68.95	85.70	74.50	30.30	56.65	53.80	58.15	93.20	32.90	96.95	54.45	35.00	20.00
82.08.31	838	19.75	115.65	53.25	41.65	16.15	22.80	79.80	28.45	32.90	14.20	76.75	69.20	85.40	72.80	29.70	56.85	53.95	58.35	92.70	32.50	93.65	54.65	34.25	20.05
82.09.07	843	19.40	114.90	53.25	42.15	16.15	23.00	80.90	28.75	33.20	14.35	77.75	69.20	85.30	73.90	29.20	56.85	53.95	58.35	92.35	32.45	95.05	54.65	34.60	20.05
82.09.14	844	19.20	113.15	53.25	41.65	16.25	22.65	80.00	28.25	32.90	14.20	76.30	69.20	85.10	73.00	28.90	56.85	53.95	58.35	92.60	32.15	93.70	54.65	34.30	20.05
82.09.21	847	19.20	114.65	53.25	41.70	16.30	22.90	80.30	28.35	32.75	14.25	75.80	69.20	84.95	73.30	28.95	56.85	53.95	58.35	92.35	32.20	93.90	54.65	34.30	20.05
82.09.29	848	19.05	112.45	53.25	41.00	16.20	22.80	79.70	28.20	32.35	14.15	74.90	69.20	84.60	72.85	28.90	56.85	53.95	58.35	92.00	32.00	92.95	54.65	34.20	20.05
82.10.05	851	19.00	112.15	53.40	50.16	20.22	45	78.55	27.80	30.15	14.00	73.65	69.30	84.60	72.65	28.65	56.95	54.05	58.45	90.50	31.90	91.30	54.75	33.85	20.10
82.10.12	854	19.05	113.90	53.10	41.35	16.30	22.75	80.30	28.35	30.85	14.10	75.85	69.00	84.80	73.50	27.80	56.70	53.85	58.20	91.80	27.45	94.35	54.50	34.40	20.10
82.10.19	859	18.90	113.40	53.10	40.95	16.30	22.60	79.50	28.10	30.50	13.90	74.60	69.00	84.45	72.95	27.80	56.70	53.85	58.20	91.30	27.25	92.80	54.50	34.15	20.00
82.11.02	864	18.75	111.85	53.20	40.80	16.40	22.45	78.85	27.95	29.70	13.75	72.65	68.35	85.00	72.60	27.75	56.90	53.95	58.30	90.65	27.05	91.85	54.60	33.85	20.05
82.11.09	866	18.75	110.55	53.30	40.05	16.45	22.10	77.60	27.50	29.75	13.50	72.60	68.35	85.00	71.25	27.45	56.90	54.05	58.40	90.65	26.65	90.15	54.70	33.25	20.10
82.11.17	871	19.05	113.50	53.65	40.60	16.50	22.45	78.65	27.80	30.35	13.65	76.75	68.85	85.45	72.30	27.80	57.25	54.40	58.80	91.30	26.80	92.45	55.05	33.65	20.20
82.11.23	876	19.05	113.50	53.70	40.85	16.50	22.70	79.40	28.05	30.35	13.80	79.20	69.20	85.45	72.75	28.05	57.30	54.45	58.85	91.20	26.80	92.20	55.10	32.20	20.25
82.12.01	879	19.40	116.50	53.80	42.10	16.40	23.45	82.60	29.20	30.50	14.25	81.45	69.60	85.95	74.95	28.90	57.45	54.55	58.95	92.40	27.55	95.90	55.25	33.10	20.30
82.12.07	886	19.55	119.00	53.80	43.00	16.35	23.95	84.45	29.80	31.05	14.55	83.55	69.60	86.10	76.55	29.40	57.45	54.55	58.95	94.20	27.80	99.05	55.25	33.05	20.30
82.12.14	887	19.50	117.00	53.90	42.25	16.45	23.50	82.75	29.20	31.15	14.30	82.75	69.90	85.90	75.20	28.55	57.55	54.65	59.10	93.85	27.40	96.95	55.35	32.75	20.30

85-13-14	281	18-20	111-06	33-00	35	16	72	53	20	85	12	50	30	21	12	14	30	25	13	88	30	72	80	15	30	21	22	24	22	28	10	03	22	51	40	26	27	23	22	35	12	50	30		
85-15-01	880	16	22	118	06	23	80	43	10	18	24	53	82	84	42	59	80	31	02	14	22	83	72	69	80	80	10	10	22	28	02	04	30	51	80	26	02	24	32	33	02	30	30		
85-15-01	820	16	20	118	06	23	80	43	10	18	40	57	42	85	00	59	30	30	20	14	23	81	42	69	80	82	02	21	42	24	23	28	02	04	30	51	80	26	02	24	32	33	02	30	30
85-11-33	820	16	30	113	20	23	82	40	82	18	20	33	20	95	00	58	02	30	92	13	80	18	50	69	70	82	42	15	32	28	02	01	30	59	60	85	30	24	10	35	30	30	32		
85-11-11	821	16	30	111	20	23	82	40	80	18	20	33	20	95	00	58	02	30	92	13	80	18	50	69	70	82	42	15	32	28	02	01	30	59	60	85	30	24	10	35	30	30	32		
85-11-05	880	16	32	110	24	23	80	40	02	18	22	10	11	80	11	50	20	30	13	13	20	19	33	08	33	82	00	11	42	26	30	61	30	58	60	80	42	24	22	33	02	30	10		
85-11-05	880	16	32	110	24	23	80	40	02	18	22	10	11	80	11	50	20	30	13	13	20	19	33	08	33	82	00	11	42	26	30	61	30	58	60	80	42	24	22	33	02	30	10		
85-10-15	820	16	30	113	20	23	80	40	82	18	20	33	20	95	00	58	02	30	92	13	80	18	50	69	70	82	42	15	32	28	02	01	30	59	60	85	30	24	10	35	30	30	32		
85-10-15	820	16	30	113	20	23	80	40	82	18	20	33	20	95	00	58	02	30	92	13	80	18	50	69	70	82	42	15	32	28	02	01	30	59	60	85	30	24	10	35	30	30	32		
85-10-15	820	16	30	113	20	23	80	40	82	18	20	33	20	95	00	58	02	30	92	13	80	18	50	69	70	82	42	15	32	28	02	01	30	59	60	85	30	24	10	35	30	30	32		
85-10-02	821	16	30	111	20	23	80	40	02	18	22	10	11	80	11	50	20	30	13	13	20	19	33	08	33	82	00	11	42	26	30	61	30	58	60	80	42	24	22	33	02	30	10		
85-08-30	890	16	02	115	42	23	82	41	00	16	59	35	80	30	30	58	50	35	92	14	12	39	80	69	70	82	40	33	82	28	02	05	00	35	00	65	02	34	02	34	50	30	02		
85-08-31	891	16	30	114	02	23	82	41	00	16	50	35	80	30	30	58	50	35	92	14	12	39	80	69	70	82	40	33	82	28	02	05	00	35	00	65	02	34	02	34	50	30	02		
85-08-14	892	16	40	114	20	23	82	41	02	16	13	33	00	80	80	58	40	33	60	14	30	16	30	69	70	82	40	33	82	28	02	05	00	35	00	65	02	34	02	34	50	30	02		
85-08-04	892	16	32	112	02	23	82	41	02	16	13	33	00	80	80	58	40	33	60	14	30	16	30	69	70	82	40	33	82	28	02	05	00	35	00	65	02	34	02	34	50	30	02		
85-08-34	893	16	32	112	02	23	82	45	00	16	12	33	12	81	82	58	40	33	60	14	30	16	30	69	70	82	40	33	82	28	02	05	00	35	00	65	02	34	02	34	50	30	02		
85-08-18	893	16	40	112	40	23	10	43	50	18	13	33	12	80	32	58	60	35	60	14	32	18	30	69	70	82	40	33	82	28	02	05	00	35	00	65	02	34	02	34	50	30	02		
85-08-14	894	30	00	112	42	23	80	41	02	16	08	35	80	30	30	58	60	35	90	14	32	18	30	69	70	82	40	33	82	28	02	05	00	35	00	65	02	34	02	34	50	30	02		
85-08-03	895	30	10	111	00	23	80	43	90	18	02	33	80	83	92	58	40	33	60	14	32	18	30	69	70	82	40	33	82	28	02	05	00	35	00	65	02	34	02	34	50	30	02		
85-01-33	895	30	10	111	00	23	80	43	90	18	02	33	80	83	92	58	40	33	60	14	32	18	30	69	70	82	40	33	82	28	02	05	00	35	00	65	02	34	02	34	50	30	02		
85-01-30	896	30	52	112	13	23	00	45	46	12	83	33	80	84	50	03	33	62	14	42	18	32	69	70	82	40	33	82	28	02	05	00	35	00	65	02	34	02	34	50	30	02			
85-01-14	898	30	30	114	02	23	10	43	40	12	12	33	32	80	42	58	03	34	00	14	40	18	40	69	70	82	40	33	82	28	02	05	00	35	00	65	02	34	02	34	50	30	02		
85-01-01	899	30	52	114	00	23	10	41	42	12	12	33	02	80	43	58	03	33	60	14	30	11	92	69	70	82	40	33	82	28	02	05	00	35	00	65	02	34	02	34	50	30	02		
85-05-01	788	31	20	120	70	23	65	14	05	10	16	30	10	29	83	94	16	40	11	10	11	10	11	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	

Central Bank's rates for the purchase of foreign currency notes from Commercial Banks

bet 2 1/2 %
bet 3 %
bet 3 1/2 %
bet 4 %
bet 4 1/2 %
bet 5 %
bet 5 1/2 %
bet 6 %
bet 6 1/2 %
bet 7 %
bet 7 1/2 %
bet 8 %
bet 8 1/2 %
bet 9 %
bet 9 1/2 %
bet 10 %
bet 10 1/2 %
bet 11 %
bet 11 1/2 %
bet 12 %

NATIONAL SAVINGS BANK (AMENDMENT) ACT, NO. 8 OF 1982

[Certified on 15th January, 1982]

PART IV

**MAJOR LEGISLATIVE ENACTMENTS OF 1982 RELATING TO THE
FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK
AND BANKING INSTITUTIONS IN SRI LANKA**

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2. Companies Act, No. 17 of 1982	II
3. Surcharge on Wealth Tax Act, No. 25 of 1982	VII
4. Surcharge on Income Tax Act, No. 26 of 1982	VII
5. Inland Revenue (Amendment) Act, No. 27 of 1982	XI
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(b) by the repeal of subsection (3) of that section and the substitution therefor, of the following new subsection :—

“(3) Any moneys transferred to the Unclaimed Deposits Fund or any moneys transferred to a special reserve under paragraph (a) of subsection (1) may be retransferred to the account in which it was originally lying, at the instance of any person who furnishes proof to the satisfaction of the Board that the account was in his name or in the name of the person from whom he derives title”;

(c) by the repeal of subsection (3) of that section and the substitution therefor, of the following new subsection :—

“(3) Any moneys transferred to the Unclaimed Deposits Fund or any moneys transferred to a special reserve under subsection (4) may be retransferred to the account in which it was originally lying at the instance of any person who furnishes proof to the satisfaction of the Board that the account was in his name or in the name of a person from whom he derives title”.

PART IV

MAJOR LEGISLATIVE ENACTMENTS OF 1982 RELATING TO THE
FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK
AND BANKING INSTITUTIONS IN SRI LANKA

Page

I	..	National Savings Bank (Amendment) Act, No. 08 of 1982	1.
II	..	.. .. . Companies Act, No. 17 of 1982	2.
VII	..	.. .. . Surcharge on Wealth Tax Act, No. 25 of 1982	3.
VII	..	.. .. . Surcharge on Income Tax Act, No. 26 of 1982	4.
XI	..	.. .. . Inland Revenue (Amendment) Act, No. 27 of 1982	5.
XXVI	..	.. .. . Loans (Special Provisions) Act, No. 40 of 1982	6.
XXVI	..	.. .. . Development Finance Corporation of Ceylon (Amendment) Act, No. 42 of 1982	7.
XXIX	..	.. .. . Stamp Duty Act, No. 43 of 1982	8.

(7)

NATIONAL SAVINGS BANK (AMENDMENT) ACT, NO. 8 OF 1982

[Certified on 23rd February, 1982]

AN ACT TO AMEND THE NATIONAL SAVINGS BANK ACT, NO. 30 OF 1971.

1. This Act may be cited as the National Savings Bank (Amendment) Act, No. 8 of 1982.

2. Section 47 of the National Savings Bank Act, No. 30 of 1971, is hereby amended as follows :—

(a) by the repeal of subsection (2) of that section and the substitution therefor, of the following new subsection :—

“(2) Before any moneys, which aggregate to ten rupees or more lying in an account are transferred in accordance with the provisions of subsection (1), the Bank shall send a written communication to the last known address of the person whose account has lain dormant, intimating its intention to transfer such moneys to the Unclaimed Deposits Fund, and if no reply is received within three months after the date on which such written communication is sent, publish a notice in the Sinhala, Tamil and English languages in the *Gazette* stating the name of the person in whose favour the account stands, the fact that the account has lain dormant for a period of seven years, and that it is intended on a specified date to transfer the moneys lying in that account to the Unclaimed Deposits Fund under the provisions of subsection (1).”;

(b) by the repeal of subsection (3) of that section and the substitution therefor, of the following new subsection :—

“(3) Any moneys transferred to the Unclaimed Deposits Fund or any moneys transferred to a special reserve under paragraph (a) of subsection (1) may be retransferred to the account in which it was originally lying, at the instance of any person who furnishes proof to the satisfaction of the Board that the account was in his name or in the name of the person from whom he derives title.”; and

(c) by the repeal of subsection (5) of that section and the substitution therefor, of the following new subsection :—

“(5) Any moneys transferred to a special reserve under subsection (4) may be retransferred to the account in which it was originally lying at the instance of any person who furnishes proof to the satisfaction of the Board that the account was in his name or in the name of a person from whom he derives title”.

COMPANIES ACT, No. 17 of 1982

[Certified on 20 May, 1982]

AN ACT TO AMEND AND CONSOLIDATE THE LAW RELATING TO COMPANIES

PART XIV

PROVISIONS RELATING TO BANKS

411. A "banking company" means a company which carries on as its principal business the accepting of deposits of money, subject to withdrawal on demand by cheque, draft, order or otherwise, notwithstanding that it engages in any one or more of the following forms of business, namely :—

- (a) the borrowing, raising or taking up of money; the lending or advancing of money either upon or without security; the drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundees, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scrips and other instruments, and securities whether transferable or negotiable or not; the granting and issuing of letters of credit, traveller's cheques and circular notes; the buying, selling and dealing in bullion and specie; the buying and selling of foreign exchange including foreign bank notes, the acquiring, holding, issuing on commission, under writing and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments all kinds, the purchasing and selling of bonds, scrips or other forms of securities on behalf of constituents or others; the negotiating of loans, and advances; the receiving of all kinds of bonds, scrips or valuables on deposit, or for safe custody or otherwise and the carrying on of the business of safe deposit; the collecting and transmitting of money and securities;
- (b) acting as agents for Governments or local authorities or for any other person or persons; the carrying on of agency business of any description other than the business of a managing agent of any company, which is not a banking company, but including the clearing and forwarding of goods, the power to act as attorneys and to give discharges and receipts;
- (c) contracting for public and private loans and negotiating and issuing the same;
- (d) the promoting, effecting, insuring, guaranteeing, underwriting, participating in managing and carrying out of any issue, public or private, of State, municipal or other loans or of shares, stock, debentures, or debenture stock of any company, corporation or association and the lending of money for the purpose of any such issue;
- (e) carrying on and transacting every kind of guarantee and indemnity business;

- (f) promoting or financing or assisting in promoting or financing any business undertaking or industry, either existing or new, and developing or forming the same either through the instrumentality of syndicates or otherwise;
- (g) acquisition by purchase, lease, exchange, hire or otherwise of any property immovable or movable and any rights or privileges which the company may think necessary or convenient to acquire or the acquisition of which in the opinion of the company is likely to facilitate the realization of any securities held by the company or to prevent or diminish any apprehended loss or liability ;
- (h) managing, selling and realizing all property movable and immovable which may come into the possession of the company in satisfaction or part satisfaction of its claims ;
- (i) acquiring and holding and generally dealing with any property and any right, title or interest in any property movable or immovable which may from the security or part of the security for any loans or advances or which may be connected with any such security ;
- (j) undertaking and executing trusts;
- (k) undertaking the administration of estates as executor, trustee or otherwise;
- (l) taking or otherwise acquiring and holding shares in any other company having objects similar to those of the company;
- (m) establishing and supporting or aiding in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the company or the dependants or connections of such persons; granting pensions and allowances and making payments towards insurance ; subscribing to or guaranteeing moneys for charitable or benevolent objects or for any exhibition or for any public, general or useful object;
- (n) the acquisition, construction, maintenance and alteration of any building or works necessary or convenient for the purposes of the company ;
- (o) selling, improving, managing, developing, exchanging, leasing, mortgaging, disposing of or turning into account or otherwise dealing with all or any part of the property and rights of the company;
- (p) acquiring and undertaking the whole or any part of the business of any person or company when such business is of a nature enumerated or described in this section;
- (q) doing all such other things as are incidental or conducive to the promotion or advancement of the business of the company ;

- (r) engaging in management consultancy services;
- (s) providing for the training in banking, accounting, valuation, project and credit appraisal and allied subjects;
- (t) engaging in the business of hire-purchase services, factoring, leasing and warehousing;
- (u) providing for medium and long term credit for development.

412. (1) No company, association, or partnership shall carry on the business of banking unless it is registered as a public company under this Act.

(2) No company, association or partnership which is formed outside Sri Lanka shall carry on the business of banking in Sri Lanka unless—

- (a) it is formed in pursuance of some written law of the Government of a foreign country, Royal Charter or Letters Patent or is duly incorporated as a banking company outside Sri Lanka, and
- (b) has an established place of business in Sri Lanka and has complied with the provisions of Part XIII of this Act.

(3) Where any company, association or partnership carries on the business of banking in contravention of the provisions of subsection (1) or subsection (2), each of such persons—

- (a) shall be guilty of an offence and shall be liable to a fine not exceeding five hundred rupees or to imprisonment of either description for a term not exceeding three months or to both such fine and imprisonment; and
- (b) shall, without prejudice to the provisions of paragraph (a), be severally liable for the payment of the whole debts of the company, association or partnership of which he is or was a member, and may be sued accordingly without the joinder in the suit of any other member of the company, association or partnership.

413. (1) No company formed after the appointed date for the purpose of carrying in business as a banking company or which uses as part of the name under which it proposes to carry on business the word “bank”, “banker” or “banking” shall be registered under this Act, unless the memorandum limits the objects of the company to the carrying on of the business of accepting deposits of money subject to withdrawal on demand by cheque, draft, order or otherwise along with some or all of the forms of business specified in section 411.

(2) No company other than a banking company shall use as part of its name or its description any of the words “banks”, “banker” or “banking” or any other derivative or their equivalent in another language and no company shall carry on the business of banking in Sri Lanka unless it uses as part of its name at least one of such words :

Provided that a banking company formed outside Sri Lanka and carrying on the business of banking and whose name does not contain the words "bank", "banker" or "banking" in any language may carry on such business in Sri Lanka notwithstanding the omission of these words in its name.

(3) No firm, individual or group of individuals shall, for the purpose of carrying on any business, use as part of its or his name or description any of the words "bank", "banker" or "banking" or any of their derivatives or their equivalent in another language.

(4) No banking company incorporated in Sri Lanka, and no banking company incorporated outside Sri Lanka which has established a place of business within Sri Lanka, shall after the expiry of two years from the appointed date carry on any form of business other than those specified in section 411:

Provided that the Minister may, having regard to the national interest and in the interest of the national economy, by notification published in the *Gazette* specify, in addition to the business specified in section 411, other forms of business which it may be lawful under this Part for a banking company to engage in.

414. No banking company shall, after the expiry of two years from the appointed date, employ or be managed by a managing agent other than a banking company.

415. Notwithstanding anything contained in section 107, no banking company shall commence business unless it satisfies such capital requirements as may be determined from time to time by the Central Bank of Ceylon having regard to the interest of the national economy.

416. No banking company shall create any charge upon any unpaid capital of the company, and any such charge shall be invalid.

417. (1) Every banking company shall, after the appointed date, maintain a reserve fund.

(2) Every banking company shall out of the declared profits of each year and before any dividend is declared transfer to the reserve fund—

(a) a sum equivalent to not less than twenty *per centum* of such profits until the amount of the said reserve fund is equal to fifty *per centum* of the paid-up capital; and

(b) thereafter, in every year in which the liabilities exceed the paid-up capital, a sum equivalent to not less than ten *per centum* of such profits until the amount of the said reserve fund is equal to the paid-up capital.

(3) A banking company shall invest the amount standing to the credit of its reserve fund in securities mentioned in section 20 of the Trusts Ordinance or in any approved security or keep such amount deposited in a special account to be opened by the company for the purpose in any prescribed banking company :

Provided that the provision of this subsection shall not apply to a banking company incorporated before the appointed date till after the expiry of two years from such date.

(4) In this section "approved security" means any security approved by the Minister by notification published in the *Gazette*.

(5) Subject as hereinafter provided, the preceding provisions of this section shall apply to every banking company incorporated in Sri Lanka and to every banking company incorporated outside Sri Lanka which has an established place of business within Sri Lanka :

Provided, however, that such provisions shall not apply to any prescribed banking company.

418. (1) A banking company shall not form any subsidiary company which is not a banking company.

(2) Save as provided in subsection (1), a banking company shall not hold shares in any company whether as pledgee, mortgagee or absolute owner of an amount exceeding forty *per centum* of the issued share capital of that company :

Provided that nothing in this subsection shall apply to shares held by a banking company before the appointed date.

419. Where default is made in complying with any of the requirements of section 413, section 414, section 415, section 416, section 417 or section 418, every director or other officer of the company who is knowingly and wilfully a party to the default shall be guilty of an offence and shall be liable to a fine not exceeding five hundred rupees for every day during which the default continues.

420. (1) The court may, on the application of a banking company which is temporarily unable to meet its obligations, make an order staying the commencement or continuance of all actions and proceedings against the company for a fixed period of time on such terms and condition as it shall think fit and proper and may from time to time extend the period.

(2) No application shall be made under the provisions of subsection (1), unless it is accompanied by a report of the Director of Bank Supervision of the Central Bank of Ceylon :

Provided, however, that the court may, for sufficient reasons grant interim relief, even if such application is not accompanied by such report.

(3) The provisions of this section shall apply to every banking company incorporated in Sri Lanka and every banking company formed outside Sri Lanka which has an established place of business within Sri Lanka.

421. For the purposes of this Part, "the business of banking" means the business of accepting deposits of money, subject to withdrawal on demand by cheque, draft, order or otherwise whether or not such business is carried on along with any one or more of the forms of business specified in section 411.

SURCHARGE ON WEALTH TAX ACT, No. 25 OF 1982

[Certified on 10th August, 1982]

AN ACT TO IMPOSE A SURCHARGE ON EVERY PERSON CHARGEABLE WITH WEALTH TAX FOR THE YEAR OF ASSESSMENT COMMENCING ON APRIL 1, 1981 BY REFERENCE TO THE WEALTH TAX PAYABLE BY SUCH PERSON FOR THAT YEAR OF ASSESSMENT ; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Act may be cited as the Surcharge on Wealth Tax Act, No. 25 of 1982.
2. Every person chargeable with wealth tax for the year of assessment commencing on April 1, 1981, shall, notwithstanding anything contained in any written law or in any convention, grant or agreement, be liable to pay a surcharge equivalent to ten *per centum* of the wealth tax payable by him for that year of assessment.
3. Every person liable to pay a surcharge under section 2 shall, notwithstanding the fact that an assessment has not been issued to him, pay to the Commissioner-General, not less than fifty *per centum* of the amount of the surcharge payable by him on or before July 15, 1982, and the balance on or before November 30, 1982.
4. The provisions of Chapter XIII and Chapters XVII to XXVI of the Inland Revenue Act relating to the furnishing of returns, assessment, appeals against assessment, payment, recovery and refund of wealth tax shall, *mutatis mutandis*, apply to the furnishing of returns, assessment, appeals against assessment, payment, recovery and refund of the surcharge payable under section 2.
5. In this Act, unless the context otherwise requires—
 - "Commissioner-General" has the same meaning as in the Inland Revenue Act;
 - "Inland Revenue Act" means the Inland Revenue Act, No. 28 of 1979;
 - "wealth tax" means the wealth tax charged and levied under the Inland Revenue Act; and
 - "year of assessment" has the same meaning as in the Inland Revenue Act.

SURCHARGE ON INCOME TAX ACT, No. 26 OF 1982

[Certified on 10th August, 1982]

AN ACT TO IMPOSE A SURCHARGE ON EVERY PERSON CHARGEABLE WITH INCOME TAX FOR THE YEAR OF ASSESSMENT COMMENCING ON APRIL 1, 1981 BY REFERENCE TO THE INCOME TAX PAYABLE BY SUCH PERSON FOR THAT YEAR OF ASSESSMENT; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Act may be cited as the Surcharge on Income Tax Act, No. 26 of 1982.

2. Every person who is chargeable with income tax for the year of assessment commencing on April 1, 1981 (in this Act referred to as the "relevant year") shall, notwithstanding anything contained in any other written law or in any convention, grant or agreement, be liable to pay a surcharge on the income tax payable by him for the relevant year, calculated at the rates specified in the First Schedule to this Act.

3. Where the aggregate of—

(a) the income tax payable for the relevant year ; and

(b) the surcharge on income tax payable under this Act,

by any person referred to in Column I of the Second Schedule to this Act, being a person whose taxable income for the relevant year does not exceed the amount specified in the corresponding entry in Column II of that Schedule, exceeds the difference between—

(i) the taxable income of such person for the relevant year , and

(ii) the amount specified in the corresponding entry in Column III of that Schedule,

the amount of such excess shall be deducted from the amount of the surcharge payable by him under this Act.

For the purposes of this section, every reference to the taxable income of a person for the relevant year shall, in the case of a liquidator of a company, be read and construed as a reference to the taxable income for the relevant year, of the company of which he is the liquidator.

4. Every person liable to pay the surcharge under this Act shall, notwithstanding the fact that an assessment has not been issued to him, pay to the Commissioner-General not less than fifty *per centum* of the amount of the surcharge payable by him, on or before July 15, 1982, and the balance on or before November 30, 1982.

5. Every employer who employs any employee from whose remuneration income tax for the relevant year is deductible, in accordance with the provisions of Chapter V of the Inland Revenue Act, (not being an employee who is deemed by subsection (7) of section 67 of that Act to be a non-resident) shall also deduct, as the surcharge on income tax payable under this Act, in six monthly instalments commencing from the month of June, 1982, the following amounts from the remuneration payable to such employee—

(a) where the income tax deductible from the remuneration of such employee for the relevant year, not being income tax payable on any profits from employment referred to in paragraph (c) of section 4 of the Inland Revenue Act, exceeds four thousand and twenty rupees but does not exceed fourteen thousand and two hundred rupees, an amount equal to five *per centum* of such income tax ;

(b) where the income tax deductible from the remuneration of such employee for the relevant year, not being income tax payable on any profits from employment referred to in paragraph (c) of section 4 of the Inland Revenue Act, exceeds fourteen thousand and two hundred rupees but does not exceed ninety-six thousand five hundred and sixty rupees, an amount equal to ten *per centum* of such income tax ;

(c) where the income tax deductible from the remuneration of such employee for the relevant year, not being income tax payable on any profits from employment referred to in paragraph (c) of section 4 of the Inland Revenue Act, exceeds ninety six thousand five hundred and sixty rupees, an amount equal to fifteen *per centum* of such income tax.

6. Where the aggregate of—

(a) the income tax payable for the relevant year ;

(b) the wealth tax payable for the relevant year ;

(c) the surcharge on income tax payable under this Act ; and

(d) the surcharge on wealth tax payable under the Surcharge on Wealth Tax Act, 1982,

by any person, exceeds eighty *per centum* of the aggregate of the assessable income of that person for that year and of any profits and income (other than the net annual value of a residence and any subsidy exempt from income tax under the Inland Revenue Act), being profits and income exempt from income tax under that Act or any other enactment and which but for that exemption would have been taken into account in computing the assessable income of that person for the relevant year, the amount of such excess shall be set off against such surcharge on income tax or such surcharge on wealth tax or the aggregate of such surcharge on income tax and such surcharge on wealth tax.

7. The provisions of Chapter XIII and Chapters XV to XVI of the Inland Revenue Act relating to the furnishing of returns relating to income tax payable under that Act, the deduction of income tax, assessment, appeals against assessments, payment, recovery and refund of such tax shall, *mutatis mutandis*, apply to the furnishing of returns relating to the surcharge payable under this Act, and, the deduction, assessment, appeals against assessment, payment, recovery and refund, of such surcharge.

8. In this Act, unless the context otherwise requires—

“assessable income”, “Charitable Institution”; “Commissioner-General”, “executor”, “people’s company”, “person”, “profits and income”, “quoted public company”, “receiver”, “small company”, “trustee” and “year of assessment” have the respective meanings assigned to them in the Inland Revenue Act ;

“co-operative society” means a co-operative society registered or deemed to be registered under the Co-operative Societies Law, No. 5 of 1972;

“employer”, “employee” and “remuneration” have the respective meanings assigned to them in Chapter XV of the Inland Revenue Act;

“income tax” with reference to any person and the relevant year,—

(a) in section 2 and in the First Schedule to this Act, and—

(i) in relation to a resident company, means the income tax payable under the Inland Revenue Act, by that Company for the relevant year less any income tax payable by that company for that year under paragraph (b) of subsection (1) of section 33 of that Act ;

(ii) in relation to a non-resident company, means the income tax payable, under the Inland Revenue Act, by that company for the relevant year less any income tax payable by that company for that year, under sub-paragraph (i) or sub-paragraph (ii) of paragraph (b) of subsection (i) of section 34 of that Act ;

(iii) in relation to a resident individual whose profits and income for the relevant year include any profits from employment referred to in paragraph (c) of section 4 of the Inland Revenue Act, means such income tax as would have been payable under the Inland Revenue Act, by such individual had such profits from employment not formed part of his profits and income for the relevant year ;

(iv) in relation to an individual who is deemed by subsection (7) of section 67 of the Inland Revenue Act to be a non-resident, means such income tax as would have been payable, under the Inland Revenue Act, by such individual had his profits from employment in Sri-Lanka for the relevant year not formed part of his profits and income for that year ; and

(v) in relation to any other person, means the income tax payable, under the Inland Revenue Act, by that person for the relevant year ; and

(b) in sections 3 and 6, means the income tax payable, under the Inland Revenue Act, by that person for that year ;

“Inland Revenue Act” means the Inland Revenue Act, No. 28 of 1979 ;

“taxable income” with reference to any person and the relevant year, means the taxable income of that person for that year, computed in accordance with the provisions of the Inland Revenue Act ; and—

(a) in the case of a resident individual whose profits and income for the relevant year include any profits from employment referred to in paragraph (c) of section 4 of the Inland Revenue Act, be deemed to mean such amount as would have been the taxable income (computed in accordance with the provisions of the Inland Revenue Act) of such individual for that year had such profits from employment not formed part of the profits and income of such individual for that year ;

(b) in the case of an individual who is deemed by subsection (7) of section 67 of the Inland Revenue Act to be a non-resident, be deemed to mean such amount as would have been the taxable income (computed in accordance with the provisions of the Inland Revenue Act) of such individual for the relevant year had his profits from employment in Sri Lanka for that year not formed part of his profits and income for that year ;

“wealth tax” means the wealth tax charged and levied under the Inland Revenue Act.

INLAND REVENUE (AMENDMENT) ACT, No. 27 OF 1982

[Certified on 11th August, 1982.]

AN ACT TO AMEND THE INLAND REVENUE ACT, No. 28 OF 1979.

1. This Act may be cited as the Inland Revenue (Amendment) Act, No. 27 of 1982.

2. Section 8 of the Inland Revenue Act, No. 28 of 1979 (hereinafter referred to as the “principal enactment”) is hereby amended in paragraph (a) of that section, as follows :—

(1) by the substitution, in sub-paragraph (xxii) of that paragraph, for the words “Development Corporation.”, of the words “Development Finance Corporation” ; and

(2) by the addition, at the end of that paragraph of the following sub-paragraphs :—

“(xxxv) the Sri Lanka Export Credit Insurance Corporation established by the Sri Lanka Export Credit Insurance Corporation Act, No. 15 of 1978 ;

(xxxvi) the Sri Lanka Export Development Board established under the Sri Lanka Export Development Act, No. 40 of 1979 ;

(xxxvii) the Sri Lanka Ex-Servicemen’s Association established by the Sri Lanka Ex-Servicemen’s Association Law, No. 8 of 1976 ;

(xxxviii) a company registered under Part VIII of the Companies Act, No. 17 of 1982, being profits and income arising to such company from a ship which is—

- (i) engaged in international operations ;
- (ii) owned or chartered by such company ; and
- (iii) deemed to be a Ceylon ship by reason of a determination made under paragraph (c) of section 30 of the Merchant Shipping Act, No. 52 of 1971.

(other than profits and income arising to such company from the carriage, by that ship, of passengers, mails, livestock and goods, to or from, a port in Sri Lanka) ;

(xxxix) the Institute of Fundamental Studies, Sri Lanka, established by the Institute of Fundamental Studies, Sri Lanka, Act, No. 55 of 1981 ;

(XL) the International Winged Bean (Dambala) Institute established by the International Winged Bean (Dambala) Institute Act, No. 7 of 1982 ;”

3. Section 9 of the principal enactment is hereby amended in subsection (1) of that section as follows :—

(1) by the insertion, immediately after paragraph (k) of that subsection, of the following paragraph :—

“(kk) the emoluments earned in any year of assessment by any individual employed on a ship which is—

- (i) owned or chartered by a company registered under Part VIII of the Companies Act, No. 17 of 1982 ; and
- (ii) deemed to be a Ceylon ship by reason of a determination made under paragraph (c) of section 30 of the Merchant Shipping Act, No. 52 of 1971 ;” ; and

(2) by the repeal of sub-paragraph (ii) of paragraph (l) of that subsection and the substitution, of the following sub-paragraph therefor :—

“(ii) profits and income not exceeding one thousand two hundred rupees from all sources of profits and income other than employment, and accordingly, when any income tax has been paid, by deduction or otherwise, by such individual in any year of assessment, in respect of any profits and income which are exempt under this paragraph, such tax shall, on an application made in writing by such individual within three years of the end of that year of assessment, be refunded to him ;”

4. Section 10 of the principal enactment is hereby amended by the repeal of paragraph (e) of that section, and the substitution of the following paragraph therefor :—

“(e) the interest accruing to any person during the period in which he is not resident in Sri Lanka and for the three years immediately succeeding the date on which he commences to be resident in Sri Lanka, on moneys lying to his credit in foreign currency in any account opened by him or on his behalf in any commercial bank with the approval of the Central Bank of Ceylon ;”.

5. Section 11 of the principal enactment is hereby amended in paragraph (b) of that section by the substitution for the words “which are exempt from income tax under section 15”, of the words “as are exempt from income tax under section 8(a) (xxxviii), 15”.

6. Section 13 of the principal enactment is hereby amended as follows :—

(a) in paragraph (e) of that section, by the substitution, for the words “other fishing equipment.”, of the words “other fishing equipment ;” ; and

(b) by the addition, at the end of that section, of the following paragraph :—

“(f) out of the Export Development Fund established by the Sri Lanka Export Development Act, No. 40 of 1979.”.

7. Section 15 of the principal enactment is hereby amended by the insertion immediately after paragraph (c) of that section, of the following paragraph :—

“(cc) the profits and income earned in any year of assessment in foreign currency, by a resident company or a partnership which carries on or exercises any trade, business, profession or vocation in respect of services rendered by such company or partnership in that year of assessment outside Sri Lanka in the course of carrying on, exercising or carrying out a profession or vocation or construction project, if such profits and income (less such amount as the Commissioner-General considers to be reasonable expenses) are remitted by such company or partnership to Sri Lanka ;”.

8. Section 16 of the principal enactment is hereby amended in paragraph (a) of that section, by the substitution, for the words “approved by the Minister, by Order published in the *Gazette*”, of the words and figures “approved by the Minister, prior to March 31, 1983, by Order published in the *Gazette*”.

9. Section 16A of the principal enactment is hereby amended in subsection (2) of that section, by the substitution, for the words “approved by the Minister by Order published in the *Gazette*”, of the words and figures “approved by the Minister, prior to March 31, 1983, by Order published in the *Gazette*”.

10. Section 16B of the principal enactment is hereby amended by the substitution for the words "approved by the Minister on the recommendation of the Ceylon Tourist Board", of the words and figures "approved, prior to March 31, 1983, by the Minister, on the recommendation of the Ceylon Tourist Board".

11. Section 17 of the principal enactment is hereby amended in subsection (2) of that section, by the substitution, for the words "approved by the Minister which commenced to carry on, on or after that date", of the words and figures "approved by the Minister, by Order published in the *Gazette*, prior to March 31, 1983, which commenced to carry on, on or after November 15, 1977".

12. Section 18 of the principal enactment is hereby amended in subsection (2) of that section, by the substitution, for the words "approved by the Minister", of the words "approved by the Minister, by Order published in the *Gazette*".

13. Section 19 of the principal enactment is hereby amended by the substitution, for the words "approved by the Minister", of the words "approved by the Minister, by Order published in the *Gazette*".

14. Section 20 of the principal enactment is hereby amended in paragraph (b) of subsection (1) of that section, by the substitution, for the words and figures "approved by the Minister, after November 15, 1978", of the words and figures "approved by the Minister, by Order published in the *Gazette*, after November 15, 1978, but prior to March 31, 1983".

15. Section 21 of the principal enactment is hereby amended as follows :—

(1) in paragraph (a) of that section, by the substitution, for the words "five hundred square feet;", of the words "one thousand square feet;" ;

(2) in paragraph (b) of that section, by the substitution, for the words "five hundred square feet but does not exceed one thousand two hundred and fifty square feet; and", of the words "one thousand square feet but does not exceed one thousand seven hundred and fifty square feet ; and" , and

(3) in paragraph (c) of that section, by the substitution, for the words "one thousand two hundred and fifty square feet but does not exceed two thousand square feet;", of the words "one thousand seven hundred and fifty square feet but does not exceed three thousand square feet,".

16. Section 22 the principal enactment is hereby amended by the substitution, for the words "any contract which he has entered into", of the words and figures "any contract which he has entered into prior to November 12, 1981".

17. Section 22A of the principal enactment is hereby amended in paragraph (b) of that section, by the substitution, for the words "approved by the Minister", of the words and figures "approved by the Minister by Order published in the *Gazette* prior to March 31, 1983,".

18. Section 22B of the principal enactment is hereby amended in paragraph (c) of subsection (2) of that section, by the substitution, for the words "approved by the Minister", of the words and figures "approved by the Minister by Order published in the *Gazette*, prior to March 31, 1983".

19. Section 22C of the principal enactment is hereby amended in paragraph (b) of that section by the substitution, for the words "approved by the Minister", of the words and figures "approved by the Minister, by Order published in the *Gazette*, prior to March 31, 1983,".

20. Section 22D of the principal enactment is hereby amended in sub-paragraph (iii) of paragraph (b) of subsection (2) of that section, by the substitution, for the words "approved by the Minister", of the words and figures "approved by the Minister by Order published in the *Gazette*, prior to March 31, 1983,".

21. The following new section is inserted immediately after section 22D and shall have effect as section 22E of the principal enactment :—

"Power of
Commissioner
General to
recommend
cancellation
of approvals
granted
under
sections 16,
16A, 16B, 20,
22A, 22B, 22C
or 22D.

22E. Where the Commissioner-General is satisfied that—

(a) any company or undertaking approved by the Minister under section 16 or section 16A or section 16B or section 20 or section 22C or section 22D has not taken any steps to commence business ; or

(b) any construction, contract or project approved by the Minister under section 16B or section 22A or section 22B in relation to a company or undertaking, has not been commenced by such company or undertaking,

within a period of one year from the date on which the Minister has approved such company, undertaking, construction, contract or project, as the case may be, he shall recommend to the Minister that such approval be cancelled, and upon such recommendation, the Minister may, having regard to the interests of the economy, by Order published in the *Gazette*, cancel such approval."

22. Section 23 of the principal enactment is hereby amended in subsection (1) of that section as follows :—

(a) by the insertion, immediately after paragraph (e) of that subsection, of the following paragraph—

“(ee) such allowance (calculated at a fixed rate *per centum* per annum on the cost of acquisition) as the Commissioner-General considers reasonable for depreciation by wear and tear of any unit of non-residential accommodation comprised in a registered Condominium Property, within the meaning of the Apartment Ownership Law, No. 11 of 1973, acquired by such person on or after April 1, 1981, and used by him in any trade, business, profession or vocation carried on or exercised by him :

Provided that no deduction under the provisions of this paragraph shall be allowed to a person in respect of such unit if the total of the allowances for depreciation in the preceding years of assessment is equal to the cost of acquisition of such unit;”;

(b) by the repeal of paragraph (k) of that subsection and the substitution of the following paragraph therefor :—

- “(k) any—
- (i) business turnover tax payable under the Finance Act, No. 11 of 1963, or
 - (ii) turnover tax payable under the Turnover Tax Act, No. 69 of 1981, less any deductions allowable under section 47 of that Act,

which such person is liable to pay for the period for which the profits and income are being ascertained in respect of any trade, business, profession or vocation carried on or exercised by him;”;

(c) by the substitution, in subsection (5) of that section, for the words and figures “under subsection (1) (a), (1) (b), (1) (c), (1) (d), (1) (e) or (1) (f)”, of the words and figures “under subsection (1) (a), (1) (b), (1) (c), (1) (d), (1) (e), (1) (ee) or (1) (f)”; and

(d) by the substitution for sub-paragraph (i) of paragraph (a) of subsection (7) of that section of the following sub-paragraph :—

“(i) paragraph (a), or paragraph (b), or paragraph (c), or paragraph (d), or paragraph (e), or paragraph (ee) of subsection (1) of this section or under subsection (1) of section 162;”.

23. Section 31 of the principal enactment is hereby amended in subsection (2) of that section—

(a) by the substitution, in paragraph (b) of that subsection, for the words “to a local authority, to a fund”, of the words and figures “to a local authority, to any Higher Educational Institution established or deemed to be established under the Universities Act, No. 16 of 1978, to a fund”; and

(b) by the addition, at the end of sub-paragraph (v) of paragraph (k) of that subsection of the following sub-paragraphs :—

“(vi) the Institute of Fundamental Studies, Sri Lanka, established by the Institute of Fundamental Studies, Sri Lanka, Act, No. 55 of 1981 ;

(vii) the International Winged Bean (Dambala) Institute, established by the International Winged Bean (Dambala) Institute Act, No. 7 of 1982 ;”;

(c) by the substitution, for paragraph (l) of that subsection of the following new paragraph :—

“(l) any amount spent by a person in constructing any house or flat or the cost of purchase of any unit of residential accommodation constructed with the approval of the Urban Development Authority (established by the Urban Development Authority Law, No. 41 of 1978) and comprised in a registered Condominium Property within the meaning of the Apartment Ownership Law, No. 11 of 1973, if—

(i) such house, flat or unit is for occupation as a dwelling house by any member of the staff employed by such person,

(ii) the floor area of such house, flat or unit does not exceed two thousand square feet, and

(iii) no allowance is deductible under sub-paragraph (i) of paragraph (b) of subsection (1) of section 23 or paragraph (f) of subsection (1) of section 23 in respect of such house, flat or unit ;”;

(d) by the addition, at the end of that subsection, of the following :—
“In paragraphs (e) and (g) of this subsection and in subsection

(3) the expression “purchase” shall be deemed to include a lease of any unit of residential accommodation constructed with the approval of the Urban Development Authority (established by the

Urban Development Authority Law, No. 41 of 1978) and comprised in a registered Condominium property, within the meaning of the Apartment Ownership Law, No. 11 of 1973, if—

- (i) such lease is for a period exceeding fifty years ; and
- (ii) the consideration for such lease was paid in full at the time the agreement for such lease was entered into,

24. The following new sections are hereby inserted immediately after section 32, and shall have effect as sections 32AL, 32BL, and 32C, respectively, of the principal enactment :—

Special provision relating to taxation of interest on compensation payable in respect of property vested in the Government, the Land Reform Commission or a public corporation or a local authority.

32A (1) The provisions of this section shall apply to the interest payable on the compensation payable in respect of any immovable or movable property vested in the Government or in the Land Reform Commission or in a public corporation or in a local authority, such interest being the accumulated interest payable on such compensation for the period commencing on the date on which such compensation accrues due and ending on the date of payment of such compensation (in this section referred to as "the relevant interest").

(2) Notwithstanding anything to the contrary in any law—

(a) the relevant interest received by any person shall be deemed to be income arising to that person in the year of assessment in which he receives such interest and not in the year of assessment to which such interest relates and such interest shall be liable to income tax at the rate of ten *per centum* ;

(b) the Government, the Land Reform Commission, public corporation or the local authority paying the relevant interest to any person shall deduct from such interest an amount equal to ten *per centum* of such interest and shall remit the amount so deducted to the Commissioner-General, with a statement in writing showing the particulars of the gross amount of the relevant interest payable, the tax deducted, the net amount paid, the name and address of the person to whom it is paid and the amount so remitted shall be set off against the tax payable by such person under paragraph (a).

(3) In this section,—

“Land Reform Commission” means the Land Reform Commission established by the Land Reform Law, No 1 of 1972 ; “public corporation” means any corporation board, or other body which was or is established by, or under, any written law, other than the Companies Ordinance, with capital wholly or partly provided by the Government, by way of grant, loan or other form.

32B (1) The provisions of this section shall apply to the accumulated interest (in this section referred to as “the relevant interest”) paid on a sum of money deposited in a banking institution by—

(a) any individual ; or

(b) another person on behalf of any individual,

under a scheme approved by the Commissioner-General which—

(i) is operated by such banking institution ; and

(ii) conforms to such conditions as may be specified, from time to time, by the Commissioner-General.

The Commissioner-General shall, in specifying any matter which is required by this sub-section to be specified by him, have regard to the need to encourage and facilitate savings.

(2) Notwithstanding anything to the contrary in this Act—

(a) The relevant interest paid to any individual shall be deemed to be income arising to him in the year of assessment in which such interest is paid to him and not in the year of assessment to which such interest relates and such interest shall be liable to income tax at the rate of fifteen *per centum* or the maximum rate at which he is liable to pay income tax on his profits and income (exclusive of the relevant interest) for that year of assessment, whichever is the lower rate ;

(b) the banking institution paying the relevant interest to such individual shall, notwithstanding anything in paragraph (a), deduct from such interest an amount equal to fifteen *per centum* of such interest and shall forthwith remit the sum so deducted to the Commissioner-General ;

(c) where a banking institution, deducts income tax in accordance with paragraph (b) from the relevant interest paid to any individual, it shall issue to such individual, a statement in writing setting out the gross amount of the relevant interest payable, the rate and amount of tax deducted and the net amount actually paid;

(d) Where—

(i) any amount is deducted, in accordance with paragraph (b), from the relevant interest paid to any individual, and

(ii) the maximum rate at which such individual is liable to pay income tax for the year of assessment in which such deduction is made, in respect of his profits and income (exclusive of the relevant interest) is less than fifteen *per centum*,

then such individual shall be entitled, on production of the statement referred to in paragraph (c) and subject to the provisions of Chapter XXIII, to a refund of such percentage of the relevant interest as is equal to the difference between fifteen *per centum* and such maximum rate of tax ;

(3) Where a banking institution, which is required by subsection (2) to deduct any income tax from the relevant interest paid by it to any individual, fails to deduct such income tax, then, the director, general manager or other principal officer of such banking institution shall be personally liable for the tax which such institution was required to deduct under this section and such tax may be recovered from such director, manager, or principal officer, by all the means provided in this Act.

(4) Where any money is deposited in a banking institution by an individual under a scheme approved by the Commissioner-General under subsection (1) and such individual withdraws the interest on such money, in contravention of the conditions imposed by the Commissioner-General in relation to such scheme, additional assessments may, notwithstanding anything in this Act, be made in respect of every year of assessment to which the interest so withdrawn relates.

32c. The gross interest (not being interest exempt under any other provision of this Act), payable on a loan granted to any person in Sri Lanka by any company, partnership or other body of persons outside Sri Lanka, being interest which arises or is deemed,

by section 80A, to arise to such company, partnership or other body of persons shall, notwithstanding anything in this Act, be chargeable with income tax at the rate of fifteen *per centum*."

25. Section 33 of the principal enactment is hereby amended as follows:—

(1) by the repeal of subsections (1) and (1A) of that section and the substitution therefor of the following subsections :—

“(1) The income tax to which any company resident in Sri Lanka in any year of assessment shall be liable for that year of assessment shall consist of—

(a) an amount calculated on the taxable income of such company for that year of assessment at the appropriate rate specified in the Second Schedule to this Act as the rate applicable to companies of that class ; and

(b) an amount equal to a percentage of the aggregate amount of the gross dividends distributed by such company in that year of assessment out of the profits on which the taxable income of such company is computed for any year of assessment, such percentage being—

(i) thirty-three and one third, if that year of assessment is the year of assessment commencing on April 1, 1979, and

(ii) twenty, if that year of assessment is any year of assessment commencing on or after April 1, 1980 :

Provided that a quoted public company shall not be liable to pay tax under paragraph (b) for any year of assessment commencing on or after April 1, 1980 :”.

(2) by the substitution in subsection (2) of that section for the words and “For the purpose of subsections (1) and (1A)”, figures of the words and figures “For the purposes of subsection (1)” ;

(3) by the substitution in sub-paragraph (ii) paragraph (6) of subsection (2) of that section for the words “the issued capital of which does not exceed five hundred thousand rupees”, of the words “the issued capital of which does not exceed five hundred thousand rupees either throughout the year of assessment for which the taxable income computed or from the date of incorporation of the company to the end of that year of assessment,” ;

(4) by the repeal of paragraph (c) of subsection (2) of that section and the substitution therefor of the following paragraph :—

(c) "amount of gross dividends" of a company other than a quoted public company means—

- (i) in any case where a deduction under section 38 is made by the company in respect of its dividends, the amount of the dividend before such deduction is made ;
- (ii) in any case where no such deduction is made by the company in respect of its dividends, the amount of the dividend increased by—
 - (a) fifty *per centum* thereof, if the dividend is payable on or before March 31, 1980 ; or
 - (b) twenty-five *per centum* thereof, if the dividends is payable on or after April 1, 1980.

26. Section 34 of the principal enactment is hereby amended in paragraph (a) of subsection (1) of that section by the substitution, for the words and figure "specified in Part V of the Second Schedule" of the words and figures "specified in Part VII of the Second Schedule".

27. Section 37 of the principal enactment is hereby repealed and the following new section substituted therefor :—

37. Every resident company shall deduct from the amount to deduct tax on dividends payable to non-resident company. of any dividend which becomes payable to any non-resident company during any year of assessment (in this section referred to as "the relevant dividend") :—

- (a) if the relevant dividend consists of any part of the amount of a dividend received by such resident company from another resident company, not being part of the amount of a dividend exempt from income tax under this Act, income tax equivalent to five *per centum* of the amount of such relevant dividend increased by fifty *per centum* where the dividend is payable on or before March 31, 1980, and increased by twenty-five *per centum* where the dividend is payable on or after April 1, 1980 ;
- (b) if the relevant dividend is not a dividend exempt from income tax under this Act, and does not consist of any part of the amount of a dividend received by such resident company from another resident company, income tax equivalent to five *per centum* of such relevant dividend ;
- (c) if the relevant dividend is paid out of the amount of a dividend received by such resident company, being a dividend exempt from income tax under this Act, income tax equivalent to five *per centum* of the amount of such relevant dividend ; and

(d) if the relevant dividend is paid out of the amount of a dividend received by such resident company from a quoted public company, income tax equivalent to five *per centum* of the amount of such relevant dividend :

Provided however, that where the Commissioner-General is satisfied that such non-resident company is not liable to pay income tax for the year of assessment in which it receives such relevant dividend or is liable to pay income tax for that year of assessment, of an amount lower than the amount required to be deducted from such relevant dividend under the preceding provisions of this section, he may, having regard to the amount of income tax that such non-resident company is liable to pay for that year of assessment, direct such resident company to deduct from the amount of such relevant dividend, income tax at a rate lower than the rate at which it is required to deduct income tax from such relevant dividend under the preceding provisions of this section,

and the amount of the income tax which a resident company is under this section, required to deduct shall be a debt due from such resident company to the Republic and shall be recoverable forthwith as such or may be assessed and charged upon such company in addition to any income tax otherwise payable by it.

28. Section 42 of the principal enactment is hereby amended by the insertion, immediately after paragraph (f) of that section, of the following paragraphs :—

“(ff) the Institute of Fundamental Studies, Sri Lanka, established by the Institute of Fundamental Studies, Sri Lanka, Act, No. 55 of 1981 ;

(fff) the International Winged Bean (Dambala) Institute established by the International Winged Bean (Dambala) Institute Act, No. 7 of 1982”.

29. Section 48 of the principal enactment is hereby amended in subsection (2) of that section by the addition, at the end of that Section, of the following :—

“For the purpose of this subsection, the profits and income arising to a non-resident company from a unit of accommodation constructed with the approval of the Urban Development Authority (established by the Urban Development Authority Law, No. 41 of 1978) and comprised in a registered Condominium Property, within the meaning of the Apartment Ownership Law, No. 1 of 1973, shall be deemed not to be profits and income derived by that company from immovable property.”.

30. Section 54 of the principal enactment is hereby amended in subsection (1) of that section, by the repeal of paragraphs (d) and (e) of that subsection and the substitution, of the following paragraphs therefor :—

“(d) to a charity which is an approved charity within the meaning of section 31(9) of this Act, or Section 16A of the Inland Revenue Act, No. 4 of 1963 or to any institute, foundation or commission referred to in paragraph (k) of subsection (2) of section 31, each such gift being over one thousand rupees in value, subject to a maximum of five hundred thousand rupees in value for the lifetime of such individual in respect of gifts made on or after July 18, 1958 ;

(e) to the Government or to any local authority or to any Higher Educational Institution, established or deemed to be established under the Universities Act, No. 16 of 1978 ;”.

31. The following section is inserted immediately after section 81, and shall have effect as section 81A, of the principal enactment :—

Deduction of income tax from payments made to foreign entertainers and artistes 81 A (1) Every person who makes a payment to any other person who—

- (a) is not a citizen of Sri Lanka ; and
- (b) carries on or exercises the profession or vocation of entertainer or artiste,

in respect of services rendered by such other person in Sri Lanka in the course of carrying on or exercising such profession or vocation, shall deduct from such payment, income tax equal to thirty-three and one third *per centum* of the amount of such payment.

(2) Every person who deducts income tax, in accordance with subsection (1), from any payment made by him to any other person shall issue a statement to such other person setting out the following particulars :—

- (a) the gross amount of the payment due ;
- (b) the rate and amount of the tax deducted ;
- (c) the net amount actually paid.

(3) Where the assessable income of a person for any year of assessment includes a payment referred to in this section, then,—

- (a) if such person is liable to pay income tax for that year of assessment, he shall be entitled, on production of a statement relating to such payment made in accordance with sub-section (2) to deduct from the income tax payable by him, the amount of tax set out in such statement ;

(b) if such person is not liable to pay income tax for that year of assessment, he shall be entitled, on production of a statement relating to such payment made in accordance with subsection (2) and subject to the provisions of Chapter XXIII, to a refund of the amount of tax set out in such statement.

(4) Where any person who is required by subsection (1) to deduct income tax in accordance with that subsection from any payment made by him fails to deduct such tax, then,—

(a) if such person is an individual, such individual ;

(b) if such person is a company or a body of persons, whether corporate or unincorporate, the secretary, manager or other principal officer of such company or body,—

shall be personally liable to pay the tax he was required to deduct under that subsection, and such tax may be recovered from such individual, secretary, manager or other principal officer, as the case may be, by all the means provided in this Act.

(5) In this section, the expression “profession or vocation of entertainer or artiste” includes the profession or vocation of actor, musician, athlete or acrobat.”

32. Section 113 of the principal enactment is hereby amended by the substitution, for all the words from “5 A non-resident person The agent or attorney of such person in Sri Lanka” to “appointed by the President or by a Minister;”, of the words “5. A non-resident person The agent or attorney of such person in Sri Lanka.”.

33. Section 118 of the principal enactment is hereby amended in subsection (1) of that section by the substitution, for all the words from “The members of the Board ” to the end of that subsection, of the words “Every member of the Board so appointed shall hold office for a term not exceeding three years but shall be eligible for reappointment.”.

34. Section 129 of the principal enactment is hereby amended in paragraph (c) of subsection (2) of that section as follows :—

(a) in sub paragraph (i) of that paragraph, by the substitution for all the words from “such cash” to “in default ;”, of the following :—

“such cash shall be first applied in the payment of the costs and charges of seizing and any balance applied in satisfaction of the tax in default ;” and

(b) in sub paragraph (ii) of that paragraph by the substitution for all the words from "and the proceeds" to "in default;"; of the following—

"and the proceeds therefrom applied in the payment of the costs and charges of seizing and any balance applied in satisfaction of the tax in default ; and".

35. The Second Schedule to the principal enactment is hereby repealed and the following Schedule substituted therefor :—

LOANS (SPECIAL PROVISIONS) ACT, No. 40 OF 1982

[Certified on 3rd November, 1982]

AN ACT TO AUTHORIZE THE RAISING OF LOANS IN, OR OUTSIDE, SRI LANKA FOR THE SERVICE OF THE GOVERNMENT DURING ANY PERIOD IN RESPECT OF WHICH NO APPROPRIATION ACT HAS BEEN PASSED AUTHORIZING EXPENDITURE DURING THAT PERIOD AND TO PROVIDE FOR THE PAYMENT FROM SUCH LOANS OF MONEYS REQUIRED DURING THAT PERIOD FOR EXPENDITURE ON SUCH SERVICE ; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Act may be cited as the Loans (Special Provisions) Act, No. 40 of 1982.

2. Without prejudice to any other law authorizing the raising of loans for and on behalf of the Government, any expenditure of the Government, for which provision has been made by, or under any law or which has been otherwise lawfully authorized, for any period commencing on the first day of any financial year of the Government in respect of which no Appropriation Act has been passed by Parliament and ending on the date of commencement of the Appropriation Act for that financial year (in this Act referred to as the "relevant period"), may be met from the proceeds of loans which are hereby authorized to be raised, whether in or outside Sri Lanka, for or on behalf of the Government, so however, that the aggregate proceeds of the loans raised in any period of three months in the relevant period shall not exceed one-fourth of the total amount of the loans authorized to be raised for the preceding financial year of the Government by the Appropriation Act for that financial year.

DEVELOPMENT FINANCE CORPORATION OF CEYLON (AMENDMENT) ACT, No. 42 OF 1982

[Certified in 3rd December, 1982]

AN ACT TO AMEND THE DEVELOPMENT FINANCE CORPORATION OF CEYLON ACT.

1. This Act may be cited as the Development Finance Corporation of Ceylon (Amendment) Act, No. 42 of 1982.

2. Section 4 of the Development Finance Corporation of Ceylon Act, (herein after referred to as the "principal enactment") as amended by Act No. 8 of 1958, is hereby further amended in subsection (2) of that section by the substitution, for the words "twenty per centum", of the words "forty-nine per centum".

3. Section 5 of the principal enactment replaced by Law, No. 12 of 1974, is hereby amended as follows :—

(1) by the substitution, for paragraph (vii) of that section of the following paragraph :—

“(vii) to provide such services as managerial, technical and administrative advice and merchant banking services and assist in obtaining managerial, technical, administrative and merchant banking services to private industrial, agricultural and commercial enterprises in Sri Lanka ;”

(2) by the renumbering of paragraphs (xv) and (xvi) of that section as paragraphs (xxi) and (xxii) respectively ; and

(3) by the insertion, immediately after paragraph (xiv) of that section of the following new paragraphs :—

“(xv) to issue debentures and to accept fixed deposits from any person in such amounts and for such periods as may be determined by the Board of Directors ;

(xvi) to establish subsidiary companies to assist in it carrying out its purposes and exercising and performing its powers and duties ;

(xvii) to participate in loans, equities, underwriting arrangements and guarantees with approved credit institutions ;

(xviii) to lease, let on hire, sell outright, or sell on a hire-purchase basis warehouses, godowns, stores and buildings, machinery, equipment and other goods ;

(xix) to convert a part or whole of its loans to industrial, agricultural or commercial enterprises and its subscriptions to bonds or debentures issued by any such enterprise into equity capital ;

(xx) to receive, in consideration of the functions the Corporation may be performing, such commission, brokerage, interest, remuneration or fees, as the Board of Directors may, from time to time, determine ;”

4. Section 7 of the principal enactment, as amended by Act No. 1 of 1967, is hereby further amended by the repeal of subsection (1) of that section and the substitution therefor of the following subsection :—

“(1) The authorized share capital of the Corporation shall be three hundred million rupees divided into three million ordinary shares of one hundred rupees each.”

5. Section 10 of the principal enactment replaced by Law No. 12 of 1974, is hereby amended as follows :—

(1) by the repeal of subsection (2) of that section and the substitution therefor of the following subsection :—

(2) The Minister in charge of the subject of Finance shall be entitled from time to time to appoint any person as a director (hereinafter called the "Government director") of the Corporation, to remove such person from office and, on a vacancy being caused in such office whether by resignation, death, removal or otherwise, to appoint a director to fill the vacancy. The Government director shall not be liable to retire by rotation or be removed from office except by such Minister and shall not be bound to hold any qualification shares. Subject as aforesaid the Government director shall be entitled to the same rights and privileges and be subject to the same obligations as any other director of the Corporation.;

(2) by the repeal of subsection (4) of that section and the substitution therefor of the following subsection :—

"(4) The holder for the time being of the office of General Manager of the Corporation shall be an *ex officio* director of the Corporation without the right to vote. The *ex officio* director shall not be required to hold any qualification shares." ; and

(3) by the substitution, in subsection (5) of that section for the words "be citizens of Sri Lanka.", of the words "be citizens of Sri Lanka. No shareholder director shall hold office for a continuous period of more than eight years."

6. Section 13 of the principal enactment is hereby amended by the repeal of subsection (2) of that section and the substitution therefor of the following subsection:—

"(2) So long as there is outstanding any loan made by the Government to the Corporation under subsection (1) the Corporation shall set aside in each year in a special reserve fund a sum equal to not less than twenty *per centum* of the net profits of the Corporation as shown in the Corporation's financial statement for that year, until the amount so set aside equals the amount of the Government loan then outstanding."

7. Section 14 of the principal enactment replaced by Law No. 12 of 1974, is hereby amended in subsection (1) of that section by the substitution, for the words "seventy-two million rupees", of the words "three thousand million rupees".

STAMP DUTY ACT, No. 43 OF 1982

[Certified on 14th December, 1982]

AN ACT TO PROVIDE FOR THE IMPOSITION OF STAMP DUTY ON INSTRUMENTS AND DOCUMENTS AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Act may be cited as the Stamp Duty Act, No. 43 of 1982, and shall come into operation on such date as the Minister may, by Order published in the *Gazette* appoint (in this Act referred to as the "appointed date.")

CHAPTER I

IMPOSITION OF STAMP DUTY

2. There shall be charged on—

(a) every instrument which is executed, drawn or presented in Sri Lanka ;

(b) every document presented or filed, in civil proceedings instituted in the Supreme Court or the Court of Appeal or a District Court or in admiralty proceedings instituted in the High Court ;

(c) every bill of exchange, cheque or promissory note drawn outside Sri Lanka and accepted or paid or presented for acceptance or payment or endorsed, transferred or otherwise negotiated in Sri Lanka ;

(d) every instrument (not being a bill of exchange, cheque or promissory note) executed outside Sri Lanka and received in Sri Lanka, being an instrument which relates to any property situated, or any matter or thing done, or to be done, in Sri Lanka.

a stamp duty at the prescribed rate. Different rates may be prescribed in respect of different classes or categories of instruments.

3. Any instrument comprising or relating to several distinct matters shall be chargeable with the aggregate amount of stamp duty that would have been chargeable had each of such matters been dealt with by a separate instrument.

4. Nothing in this Act shall affect or be deemed to affect any provision of law providing for the stamping of any instrument or the exemption of any instrument from stamp duty.

CHAPTER II

EXEMPTIONS

5. The following instruments and documents shall be exempt from the payment of stamp duty:—

- (1) affidavit or affirmation made on the request of any public officer or in compliance with any requirement imposed by any written law ;
- (2) agreement or covenant secured by a mortgage contained in the same instrument therewith, such instrument being duly stamped as a mortgage ;
- (3) agreement to marry, not containing any settlement or transfer of property ;
- (4) bail bond in criminal proceedings ;
- (5) bond or mortgage made in pursuance of covenants or other agreements in that behalf, contained in some other instrument, and without additional money consideration, if such other instrument has been stamped with an *ad valorem* stamp duty on the amount of the consideration for such bond or mortgage ;
- (6) bond of indemnity given to a public officer in the execution of his duty ;
- (7) bond or mortgage given by any public officer or his sureties for the due execution of his office ;
- (8) cheque drawn by any person in the service of the State in the execution of his duties ;
- (9) conveyance or transfer by the Government or by any person for or on behalf of the Government ;
- (10) debenture issued by a company or other corporate body in terms of a mortgage deed, duly stamped in respect of the full amount of debenture to be issued thereunder, whereby the company or body borrowing makes over, in whole or in part, their property to the trustee for the benefit of the debenture holder :
Provided that the debenture so issued is expressed to be issued in terms of that mortgage deed ;
- (11) deed of partition of any land held in common ;
- (12) instrument executed by, or on behalf of, or in favour of, the Government in cases where, but for this exemption, the Government would be liable to pay the duty chargeable in respect of such instrument ;
- (13) instrument executed by, or on behalf of, or in favour of, the Government of any country, being a country in respect of which an Order under section 67(3) is in force ;

(14) the following documents filed in legal proceedings—

- (a) all documents filed in Magistrate's Courts and Primary Courts and all documents filed for the purposes of criminal proceedings in any other court ;
 - (b) documents filed in any court, by public officers suing, or being sued or intervening, *virtute officii*, in any proceedings in such court ;
 - (c) documents filed in any court, by a person duly admitted to sue, defend or intervene, as a pauper in any proceedings instituted in such court ;
 - (d) documents filed in any court, by a person applying to be declared as insolvent by such court ;
 - (e) all documents filed in any court for the purposes of an application for an order in the nature of a writ of habeas corpus ;
 - (f) motions filed in any court ;
 - (g) warrants issued by any court, whether on application on its own motion ;
- (15) letter of credit, whether in sets or not, sent by any person in Sri Lanka to any person outside Sri Lanka authorizing drafts on Sri Lanka ;
- (16) mortgage of food crops ;
- (17) receipts given for money or securities for money deposited in a bank ;
- (18) receipt or discharge given for any money or other property amounting to less than one hundred rupees ;
- (19) share certificate issued upon a subdivision or consolidation of existing shares in any company ;
- (20) share certificate issued in lieu of share certificate lost or destroyed, or new share certificate for a greater or less number of shares in lieu of existing share certificates but not exceeding the value of the existing share certificates ;
- (21) will, testament or codicil whether notarial or otherwise.

CHAPTER III

TIME AND MODE OF STAMPING

6. (1) The stamp duty with which any instrument is chargeable shall be paid before or at the time of execution of the instrument and such payment shall be indicated on such instrument by means of adhesive stamps or impressed stamps except as otherwise permitted in this Act.

(2) The following instruments shall be deemed to have been stamped before or at the time of execution of the instrument :—

- (a) share transfers executed in Sri Lanka which are stamped within one month of execution ;
- (b) any instrument, not being a bill of exchange, cheque or promissory note, executed out of Sri Lanka which is stamped within one month after it has been first received in Sri Lanka ;
- (c) any bill of exchange, cheque or promissory note drawn or made out of Sri Lanka which is stamped before the holder of such instrument presents it in Sri Lanka for acceptance or payment or otherwise negotiates it.

(3) Where it is not practicable to use adhesive or impressed stamps to indicate the payment of the stamp duty with which such instrument is chargeable, the Commissioner-General may, on payment to him of an amount equal to the stamp duty with which such instrument is chargeable, endorse on the instrument the amount paid and date of payment of such duty. An instrument so endorsed shall be deemed to be duly stamped.

7. (1) Where the payment of stamp duty with which an instrument is chargeable is indicated by means of an adhesive stamp, the person executing such instrument, or in the case of a notarially executed instrument, the notary, shall cancel the stamp by writing his name across it in ink so as not to admit of it being used again.

(2) Where an instrument bears an adhesive stamp of the value of fifty rupees or more, such stamp shall, in addition to the writing referred to in subsection (1), be cancelled by cutting it with a prick, punch, cutter or nipper.

(3) Any instrument bearing an adhesive stamp which has not been cancelled in the manner set out in subsections (1) and (2) shall be deemed to be unstamped to the extent of the value of that stamp.

CHAPTER IV

HOW CERTAIN INSTRUMENTS ARE TO BE STAMPED

8. No second instrument chargeable with stamp duty shall be written upon a piece of stamped paper upon which an instrument chargeable with duty has already been written :

Provided that nothing in this section shall prevent any endorsement which is duly stamped or is not chargeable with stamp duty being made upon any instrument for the purpose of transferring any right created or evidenced thereby or of acknowledging the receipt of any money or goods the payment or delivery of which is secured thereby or for extending the time for payment of a bill of exchange or promissory note.

9. Where there are several instruments of conveyance or transfer for effecting an exchange of property, the instrument first executed shall be stamped with the stamp duty, if any, with which such exchange is chargeable, and all the other instruments shall be stamped with a stamp duty, of five rupees :

Provided, however, that the preceding provisions of this section shall not apply to any such subsequent instrument executed after a period of three months from the date on which the first instrument was executed.

10. Where a contract of agreement of any kind is effected by correspondence consisting of two or more letters, and any one of the letters bears a stamp of the proper value the contract or agreement shall be deemed to be duly stamped.

11. Every document filed in any legal proceedings and chargeable with stamp duty shall be treated as duly stamped if the proper duty payable on every such document is affixed to the list of such documents and cancelled in the manner provided for in this Act.

12. Where any instrument chargeable with stamp duty (not being a draft, order, or promissory note for the payment of money or a receipt or discharge for or upon the payment of money) is executed or acknowledged before a notary public or fiscal in the execution of his office, the stamp duty chargeable on such instrument shall be chargeable on the duplicate or counterpart thereof, instead of on the original instrument and the original instrument shall bear a stamp of one rupee.

CHAPTER V

COMPOSITION OF STAMP DUTY

13. (1) The Commissioner-General may authorize—

- (a) any person issuing insurance policies,
- (b) any company issuing shares, whether such issue is original or increased or creating debenture stock,
- (c) any bank doing business in Sri Lanka,
- (d) any employer making payments to employees who are liable to give stamped receipts in respect of such payments,
- (e) an officer of the Supreme Court, Court of Appeal, the High Court or a District Court,

(f) any other person issuing instruments of a category, having regard to the fact that it is impracticable or inexpedient to stamp instruments of that category at the time, or in the manner, prescribed by this Act, to compound for the payment of the stamp duty payable, as the case may be, on the insurance policies issued by such person or on the shares or debenture stock issued by such company or on cheques drawn and issued on forms supplied by such bank or on the receipts given by employees to such employer or on the documents presented or filed in any civil or admiralty proceedings instituted in any such court or on the instruments issued by such other person, on all or any of the following conditions :—

- (i) that such person, company, bank, employer, officer or other person, as the case may be, enters into a bond with the Commissioner-General substantially in the prescribed form ;
- (ii) that such person, company, bank, employer, officer or other person, as the case may be, maintains a record as the case may be, of the insurance policies issued by such person or the shares or debenture stock issued by such company or the cheques drawn or issued on forms supplied by such bank or the receipts given by such employees or the documents presented or filed in civil or admiralty proceedings instituted in such court or the instruments issued by such other person ;
- (iii) that such person, company, bank, employer, officer or other person, as the case may be, remits to the Commissioner-General, at the end of such periods as may be specified by the Commissioner-General, the aggregate stamp duty payable, as the case may be, on—
 - (a) the insurance policies issued by such person ;
 - (b) the shares or debenture stock issued by such company ;
 - (c) the cheques drawn or issued on the forms supplied by such banks ;
 - (d) the receipts given by such employees ;
 - (e) the documents presented or filed in civil or admiralty proceedings instituted in the court to which such officer is appointed ; or
- (f) instruments issued by such other person, during that period.

(2) Notwithstanding the preceding provisions of this section—

- (i) any person making payments to one hundred employees or more in respect of their employment shall collect stamp duty payable on the receipt for such payment ;

(ii) every bank or approved credit agency shall collect the stamp duty payable in respect of every bill of exchange other than a cheque, promissory note, trust receipt, letter of trust or declaration of trust taken by it, every pledge in respect of corporeal movables made to it and every application made to it for a letter of credit,

and shall, in either case, unless otherwise directed, remit to the Commissioner-General quarterly, within fifteen days of the end of each quarter ending on March 31, June 30, September 30 and December 31 of every year the sums payable as stamp duty during each preceding quarter, together with a certified statement of collections.

(3) Where the payment of the stamp duty with which an instrument or document is chargeable has been compounded in accordance with this section such instrument or document shall be deemed to be duly stamped.

(4) Where the payment of the stamp duty with which every bill of exchange, (other than a cheque) promissory note, trust receipt, letter of trust, declaration of trust, pledge in respect of corporeal movables or application made for letter of credit is chargeable with stamp duty has been compounded in accordance with this section, the company or the bank or approved credit agency, as the case may be, shall certify on such bill of exchange, (other than a cheque) promissory note, trust receipt, letter of trust, declaration of trust, pledge in respect of corporeal movables or application made for a letter of credit that the stamp duty on it has been compounded. Such certificate shall be substantially in the following form :—

“It is hereby certified that the stamp duty payable in respect of this instrument, namely Rs.——— has been compounded in terms of section 13 of the Stamp Duty Act.”

(5) Where the payment of the stamp duty payable on a document presented or filed in civil or admiralty proceedings instituted in the Supreme Court, the Court of Appeal, the High Court or a District Court has been compounded in accordance with this section, the officer of such court authorized under subsection (1) shall endorse on such document the amount of stamp duty payable on such document and that the payment of such stamp duty has been compounded in accordance with this section.

(6) Notwithstanding that the payment of stamp duty with which an instrument or document is chargeable has been compounded as aforesaid, the Commissioner-General may adjudicate on the proper duty payable in respect of such instrument or document.

CHAPTER VI

SPECIAL PROVISIONS RELATING TO DOCUMENTS FILED IN LEGAL PROCEEDINGS

14. (1) For the purposes of determining the stamp duty payable on documents presented or filed in—

(a) any civil proceedings instituted in the Supreme Court or the Court of Appeal or a District Court ;

OR

(b) any admiralty proceedings instituted in the High Court, the value of such proceedings shall, unless otherwise provided in this or any other enactment,—

- (i) be the amount of the debt, demand or damages claimed in the proceedings ;
- (ii) where the proceedings relate to the right, title or interest in land, be the value of such land ;
- (iii) in any other case, be five thousand rupees.

(2) The total stamp duty chargeable in respect of the documents filed in any proceedings in any court shall not exceed the aggregate of the stamp duty chargeable on the first ten documents filed by each party to the proceedings.

CHAPTER VII

VALUATION FOR STAMP DUTY

15. (1) Where any property is conveyed by an instrument, the stamp duty with which such instrument is chargeable shall be calculated on the value of the property conveyed.

(2) Where any property transferred for a consideration is subject to any mortgage, encumbrance or reservation of interest, stamp duty with which the instrument of transfer is chargeable shall be calculated on the value of the property transferred, without any deduction for the mortgage, encumbrance or reservation.

(3) Where any property is gifted subject to any reservation in favour of the donor or any other person, stamp duty with which the instrument of gift is chargeable shall be calculated on the value of the property gifted as if that property had been gifted to the donee without that reservation.

16. A bond or mortgage for the payment or repayment of money to be lent, advanced, or paid shall be charged, where the total amount secured or to be ultimately recoverable is in any way limited, with the same stamp duty as on a bond or mortgage for the amount so limited. Where the total amount recoverable is unlimited, the bond or mortgage shall be available for the recovery of such an amount only as is covered by the stamp duty paid on the instrument.

17. Where interest is expressly made payable by the terms of an instrument, such instrument shall not be chargeable with stamp duty higher than that with which it would have been chargeable had no mention of interest been made therein.

18. (1) A conveyance, the consideration or any part of the consideration for which consists of money payable periodically or any instrument for the creation or sale of any annuity or other right to a periodical payment not before in existence, shall be chargeable with the same stamp duty as on a conveyance of property for the consideration set out in such instrument. Where no consideration is so set out, the consideration shall be deemed to be an amount ascertained in accordance with subsection (2).

(2) Where the periodical payment is—

- (a) for a definite period which can be previously ascertained, the total amount payable in that period ;
- (b) for an indefinite period not terminable with life, the total amount as can be ascertained as payable during the period of twenty years calculated from the date on which the first payment becomes due ;
- (c) for a period terminable with any life or lives, the total amount as can be ascertained as payable during the period of fifteen years calculated from the date on which the first payment becomes due.

19. Where the amount or value of the subject-matter of any instrument chargeable with stamp duty cannot be ascertained, then, subject to the provisions of section 18, nothing shall be claimable under such instrument more than the highest amount or value for which, if stated in an instrument of the same description, the stamp actually used would at the date of such execution, have been sufficient :

Provided that, in the case of the lease of a mine in which royalty or a share of the produce is received as the rent, or part of the rent, such royalty or the value of such share shall, for the purposes of stamp duty, be estimated at two hundred thousand rupees a year or at such lower amount as may be estimated by the Commissioner-General, having regard to the probable extent and value of the produce of such mine.

20. Where any immovable property, or any part thereof, is conveyed or transferred to the same person in lots by several instruments, and it appears to the Assessor that several instruments were executed with the intention of avoiding the stamp duty which would be chargeable had the total area conveyed or transferred by such instruments been conveyed or transferred by a single instrument, he may call upon the parties to such instruments to prove to his satisfaction that such instruments were not executed with such intention and if no such proof is furnished or the proof furnished is inadequate, each such instrument shall be charged with stamp duty in proportion, to the value of the property conveyed by the instrument of such an amount as would make the aggregate stamp duty chargeable on all such instruments equal to one and a half times the stamp duty that would have been chargeable had a single instrument been executed to convey and transfer the total area transferred by such instruments.

21. (1) Any agreement or contract for the conveyance or transfer—

(a) of any business or share in any business ; or

(b) of any other property except—

(i) immovable property ; or

(ii) property situated outside Sri Lanka ; or

(iii) goods, wares or merchandise ; or

(iv) stock, shares, or marketable securities,

shall be charged with the same *ad valorem* stamp duty, to be paid by the grantee or transferee, as if such agreement and contract were an actual conveyance or transfer of the business, or share in the business or such other property, as the case may be.

(2) Where stamp duty has been duly paid in conformity with subsection (1) on an agreement or contract, the conveyance or transfer made in pursuance thereof shall be chargeable with a stamp duty of ten rupees and the Commissioner-General on application made in that behalf shall by endorsement denote the payment of the *ad valorem* duty on the conveyance or transfer upon production of the agreement or contract duly stamped.

CHAPTER VIII

DUTIES OF NOTARIES PUBLIC AND OTHER PERSONS

22.(1) Every person drawing, making, executing or attesting any instrument chargeable with stamp duty shall set out therein, the full names and addresses of the parties to such instrument, the consideration, the date and manner of payment and all other facts and circumstances affecting the chargeability of such instrument with stamp duty and the amount of the stamp duty with which it is chargeable.

(2) Every notary public who attests an instrument of conveyance shall before doing so take all reasonable steps to satisfy himself that the value on which the stamp duty is paid represents the value of the property conveyed.

(3) Every notary public who attests any instrument for which adhesive stamps are used shall affix stamps of the correct description and value to such instrument and cancel them in the manner directed by this Act and stage in his attestation, the number and value of the stamps affixed to such instrument.

23. Any person—

(a) receiving, otherwise than as payment for any goods sold or services provided, immediately upon such sale or such provision, any money amounting to one hundred rupees or over ; or

- (b) receiving any bill of exchange, cheque or promissory note for one hundred rupees or over ; or
- (c) receiving in satisfaction or part satisfaction of a debt, any movable property amounting to one hundred rupees or over in value, shall give a duly stamped receipt for the same.

CHAPTER IX

PERSONS LIABLE TO PAY STAMP DUTY

24. Except where there is an agreement to the contrary, stamp duty shall be payable—

- (a) in the case of a policy of insurance, by the person effecting the insurance ;
- (b) in the case of a conveyance or agreement to convey, by the grantee, or intended grantee ;
- (c) in the case of a lease or agreement to lease, by the lessee or intended lessee ;
- (d) in the case of an instrument of exchange, by the parties in equal shares ;
- (e) in the case of a transfer of shares in an incorporated company or other body corporate, by the transferee ;
- (f) in the case of any other instrument, by the person drawing, making, or executing such instrument.

25. (1) If any instrument chargeable with stamp duty, is executed in Sri Lanka and is not duly stamped, then, every person executing such instrument shall be liable to pay to the Commissioner-General the amount of such duty and any penalty attached to the non-payment of such duty.

(2) If any instrument chargeable with stamp duty is executed out of Sri Lanka, then every person in Sri Lanka who has been a party to the instrument and every person in Sri Lanka using the instrument in any way shall be liable to pay to the Commissioner-General the stamp duty and any penalty attaching to the non-payment of such duty.

(3) When the stamp duty and penalty, if any, payable in respect of any instrument have been recovered by the Commissioner-General under subsection (1) from any person other than the person, who by agreement or otherwise or under section 24 was liable to pay stamp duty on such instrument, such first-mentioned person shall be entitled to recover from such second-mentioned person the amount of the duty and penalty, if any, so recovered.

(4) The provisions of subsections (1) and (2) of this section shall have effect notwithstanding anything to the contrary in section 24.

(5) An executor of the estate of a deceased person shall be liable to do all such acts, matters and things as such deceased person would be liable to do under this Act if he were alive, and shall be chargeable with stamp duty with which such deceased person would have been chargeable, if he were alive, in respect of all instruments to which such deceased person was a party :

Provided that—

- (i) no proceedings shall be instituted against the executor in respect of any act or default of the deceased person,
- (ii) the liability of an executor under this subsection shall be limited to the sum of—
 - (a) the deceased person's estate in his possession or control at the date when notice is given to him that liability to stamp duty will arise under this subsection ; and
 - (b) any part of the estate which may have passed to a beneficiary.

26. (1) Notwithstanding anything in the Companies Act, No. 17 of 1982, where any private company is wound up and any amount, which that company is liable to pay as stamp duty, whether such liability arose before, or in the course of, or after, its liquidation, cannot be recovered, then, every person who was a director of the company at any time during the period in which the liability of the company to pay such duty arose shall be jointly and severally liable for the payment of such amount, unless he proves that the default in payment of the amount cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company.

(2) In this section, the expression "private company" has the same meaning as in the Companies Act, No. 17 of 1982.

CHAPTER X

IMPOUNDING OF INSTRUMENTS

27. (1) Every person having by law or consent of parties authority to receive evidence, and every officer in a public office (other than a police officer) and every officer of a public corporation or bank, or approved credit agency before whom any instrument, chargeable in his opinion with stamp duty, is produced or comes in the performance of his functions, shall, if it appears to him that such instrument is not duly stamped, impound such instrument :

Provided that, nothing in this section shall be deemed to require any Magistrate or Judge of a criminal court to impound or examine, if he does not think fit to do so, an instrument coming before him in the course of any proceedings in that court.

(2) The Commissioner-General may require any officer in a public office or corporation or bank, or approved credit agency before whom any instrument chargeable with duty is produced or comes in the performance of his functions—

- (a) to examine such instrument in order to ascertain whether it is duly stamped;
- (b) to impound such instrument.

(3) Where any person is required under subsection (2) to examine or impound any instrument, it shall be the duty of such person to impound or examine such instrument, as the case may be, and take such further steps as may be required by the Commissioner-General.

(4) The Commissioner-General or any officer authorized in writing by him may, after giving due notice to any person in charge of a public office, corporation, or bank or approved credit agency, examine any instrument in such office, corporation or bank or agency in order to ascertain whether such instrument is duly stamped and shall impound such instrument if it is not so stamped.

28. (1) Where any person who has, by law or consent of parties, authority to receive evidence or the Registrar-General admits in evidence, or acts upon, any instrument in accordance with the provisions of the proviso to section 33, he shall send the Commissioner-General an authenticated copy of such instrument, supplied at the expense of the person tendering it, together with a certificate in writing stating the amount of the stamp duty and penalty levied in respect thereof, and shall send such amount to the Commissioner-General.

(2) In every other case the person so impounding an instrument shall send it in the original to the Commissioner-General.

29. If any instrument chargeable with stamp duty and not duly stamped, not being an instrument chargeable with stamp duty not exceeding fifty cents or a bill of exchange, cheque, or promissory note, is produced by any person of his own motion before an Assessor within one year from the date of its execution and such person brings to the notice of the Assessor the fact that such instrument is not duly stamped and offers to pay to the Assessor the amount of the proper duty or the amount required to make up the same and the Assessor is satisfied that the omission to stamp such instrument has been occasioned by accident, mistake or urgent necessity, he may instead of impounding the instrument receive such amount and shall by endorsement thereon state that the proper amount of stamp duty with which such instrument is chargeable has been paid.

30. (1) Where the Commissioner-General impounds any instrument under section 27 or receives any instrument under section 28 (2) not being an instrument chargeable with a duty of fifty cents or less or a bill of exchange, cheque or promissory note, he shall refer it to an Assessor who shall adopt the following procedure in respect thereof—

(a) if he is of opinion that such instrument is duly stamped or is not chargeable with stamp duty, he shall certify by endorsement thereon that it is duly stamped, or that it is not so chargeable, as the case may be ;

(b) if he is of opinion that such instrument is chargeable with stamp duty and is not duly stamped, he shall, by notice in writing, require the person liable to pay the stamp duty to pay the proper duty or the amount required to make up the same, together with a penalty not exceeding three times the amount of the proper duty.

(2) Where the proper amount of stamp duty has been paid on any such instrument and it has been impounded on account of any irregularity in the mode of execution of such instrument or because it has not been stamped at the time as required by law, the Assessor, if he is satisfied that the irregularity was due to accident, mistake or urgent necessity, may, on payment of a penalty not exceeding five hundred rupees, certify by endorsement thereon that the instrument has been duly stamped, and every instrument so endorsed shall be deemed to have been duly stamped from the date of its execution.

31. (1) Where the stamp duty and penalty, if any, required to be paid in respect of any instrument under section 29 or by a notice under section 30 (1) (b) or under section 33 have been paid or recovered, the Assessor or the person admitting such instrument in evidence or acting upon such instrument shall certify by endorsement thereon—

- (i) that the proper stamp duty and penalty, have been paid in respect the instrument ;
- (ii) the name and address of the person paying them ; and
- (iii) the date of payment.

Such certificate shall be conclusive evidence of the matters stated therein for the purposes of this Act.

(2) Every instrument endorsed in accordance with sub-section (1) shall be deemed to be duly stamped and shall be admissible in evidence, and be registered and acted upon, and authenticated as if it is so stamped, and shall be returned, on his application, to the person from whose possession it came into the hands of the officer impounding it.

32. (1) If any instrument sent to the Commissioner-General under section 28 is lost, destroyed or damaged during transmission the person sending the same shall not be liable for such loss, destruction, or damage.

(2) When any instrument is about to be so sent, the person from whose possession it came into the hands of the person impounding the same may require a copy thereof to be made at the expense of such first-mentioned person and authenticated by the person impounding such instrument.

CHAPTER XI

ADMISSIBILITY OF INSTRUMENTS

33. (1) No instrument chargeable with stamp duty shall be received or admitted in evidence by any person having by law or consent of parties authority to receive evidence or registered or authenticated or acted upon by any person or by any officer in a public office or corporation or bank or approved credit agency unless such instrument is duly stamped :

Provided that any such instrument may—

(a) be admitted in evidence by any person having by law or consent of parties authority to receive evidence ; or

(b) if the stamp duty chargeable on such instrument is one thousand five hundred rupees or less, be acted upon by the Registrar-General,

upon payment of the proper duty with which it is chargeable or the amount required to make up the same and a penalty not exceeding three times the proper duty.

In this proviso "instrument" does not include an instrument chargeable with stamp duty of fifty cents or less, a promissory note, cheque or bill of exchange (other than a bill of exchange referred to in section 34) :

Provided further that where any receipt which is not duly stamped is tendered to, or produced before, any officer in the course of the audit of any public accounts, such officer shall, instead of impounding such receipt under this Act, require a duly-stamped receipt to be substituted therefor.

(2) Where any instrument has been admitted in evidence under the proviso to subsection (1), such admission shall not be called in question at any stage of the same suit or proceeding on the ground that such instrument has not been duly stamped.

34. A bill of exchange which is presented for acceptance, or accepted, or payable, outside Sri Lanka shall not be invalid by reason only that it is not stamped in accordance with the provisions of this Act, and any such bill of exchange which is not duly stamped shall be admitted in evidence on payment of the stamp duty with which that bill of exchange is chargeable or in the case of any such bill of exchange which is insufficiently stamped, of the amount required to make up the proper duty, together with a penalty, not exceeding three times the amount of the proper duty.

35. When a bill of exchange is drawn in a set and one of the set is duly stamped, the other or others of the set shall, unless issued or in some manner negotiated apart from the stamped bill, be exempt from stamp duty ; and upon proof of the loss or destruction of a duly stamped bill forming one of a set, any other bill of the set which has not been issued or in any manner negotiated apart from the lost or destroyed bill shall, notwithstanding anything in section 33, be admitted in evidence to prove the contents of the lost or destroyed bill.

36. Where any person required to give a stamped receipt has given an unstamped receipt and such receipt if stamped would be admissible in evidence against him, then such receipt shall, notwithstanding anything in section 33, be admitted in evidence against him on payment of a penalty of five rupees by the person tendering it.

37. Notwithstanding anything in section 33, where any bill of exchange, cheque or promissory note chargeable with stamp duty of one rupee or less is presented for payment unstamped, the person to whom it is presented may affix thereto the necessary adhesive stamp, and upon cancelling the same in accordance with the provisions of this Act, may pay the sum payable upon such bill, cheque or note and charge the stamp duty against the person who ought to have paid the same or deduct it from the sum payable as aforesaid and there upon, such bill, note or cheque shall be deemed to be duly stamped :

Provided that nothing herein contained shall relieve any person from any penalty or proceeding to which he may be liable in relation to such bill, cheque or note.

CHAPTER XII

ADJUDICATOR OF STAMP DUTY

38. (1) Where any instrument, whether executed or not and whether previously stamped or not, is brought to an Assessor together with a copy thereof, and the person bringing it applies to have the opinion of the Assessor as to the stamp duty, if any, with which it is chargeable, and pays a fee of fifty rupees, the Assessor shall determine the stamp duty, if any with which in his opinion the instrument is chargeable, and shall notify his determination to such person in writing.

(2) For the purpose of giving his opinion the Assessor may require the person bringing the instrument to produce any such document or other evidence as is necessary to prove the facts relating to the chargeability of the instrument with stamp duty or the amount of the stamp duty with which it is chargeable :

Provided that every person by whom any such evidence is furnished shall, on payment of the full stamp duty with which the instrument to which it relates is chargeable, be relieved from any penalty which he may have incurred under this Act otherwise than by reason of his omitting, to state truly in such instrument any of the facts or circumstances aforesaid.

39. (1) The Assessor shall certify by endorsement on any instrument brought to him under section 38 that any stamp duty with which such instrument is chargeable has been paid or that such instrument is not chargeable with stamp duty.

(2) Any instrument upon which an endorsement has been made under this section shall be deemed to be duly stamped or not chargeable with stamp duty, as the case may be, and if chargeable with stamp duty shall be receivable in evidence or otherwise, and may be acted upon and registered as if it had been originally duly stamped :

Provided that nothing in this section shall authorize the Assessor to endorse—

- (a) any instrument executed or first executed in Sri Lanka and brought to him after the expiration of one month from the date of its execution or first execution, as the case may be ; or
- (b) any instrument executed or first executed out of Sri Lanka and brought to him after the expiration of one month after it has been first received in Sri Lanka ; or
- (c) any instrument chargeable with a stamp duty of fifty cents or less or any bill of exchange, cheque or promissory note, when brought to him after the drawing or execution thereof, on paper not duly stamped.

CHAPTER XIII

APPEALS

40. (1) Any person who is aggrieved by an opinion given under section 38 or any requirement imposed by a notice issued under section 30(1) (b) may, within a period of thirty days after the date of the opinion or notice, appeal to the Commissioner-General against such opinion or notice :

Provided that the Commissioner-General, upon being satisfied that owing to absence from Sri Lanka, sickness or other reasonable cause, the appellant was prevented from appealing within such period, shall grant an extension of time for preferring the appeal.

(2) Every appeal shall be preferred by a petition in writing addressed to the Commissioner-General and shall set out the grounds of such appeal.

(3) Every petition of appeal which does not conform to the provisions of subsections (1) and (2) shall not be valid.

(4) On receipt of a valid petition of appeal, the Commissioner-General may cause further inquiry to be made by an Assessor, and if in the course of such inquiry an agreement is reached as to the matters specified in the petition of appeal, the amount specified in the opinion or the notice shall be amended accordingly.

(5) Where no agreement is reached between the appellant and the Assessor in the manner provided in subsection (4), the Commissioner-General shall fix a time and place for the hearing of the appeal.

(6) Every appellant shall attend before the Commissioner-General at the time and place fixed for the hearing of the appeal. The appellant may attend the hearing of the appeal in person or by an authorized representative. The Commissioner-General may, from time to time, adjourn the hearing of an appeal for some time and place as he may fix for the purpose. In any case in which an authorized representative attends on behalf of the appellant, the Commissioner-General may adjourn the

hearing of the appeal, and may if he considers that the personal attendance of the appellant is necessary for the determination of the appeal require that the appellant shall attend in person at the time and place fixed for the adjourned hearing of the appeal. If the appellant or his authorized representative fails to attend at the time and place fixed for the hearing or any adjourned hearing of the appeal, or if the appellant fails to attend in person when required so to attend by the Commissioner-General, the Commissioner-General may dismiss the appeal :

Provided that if the appellant shall within a reasonable time after the dismissal of an appeal, satisfy the Commissioner-General that he or his authorized representative was prevented from the attendance at the hearing or at any adjourned hearing of such appeal by reason of absence from Sri Lanka, sickness, or other unavoidable cause, the Commissioner-General shall vacate the order of dismissal and fix a time and place for the hearing of the appeal.

(7) The Commissioner-General shall have power to summon any person whom he may consider able to give evidence respecting the appeal to attend before him and may examine such person on oath or otherwise. Any person so attending may be allowed by the Commissioner-General any reasonable expenses necessarily incurred by such person in so attending.

(8) Before making his determination on any appeal, the Commissioner-General may, if he considers it necessary so to do, by notice given in writing to any person, require that person to produce for examination, or to transmit to the Commissioner-General within the period specified in such notice, any such deeds, plans, registers, instruments, books, accounts, stock-lists, cheques, auditor's or valuer's reports or other documents in his possession as may be specified in such notice.

(9) Where the Commissioner-General hears the evidence of the appellant or of any other person in respect of the appeal, he shall maintain or cause to be maintained, a record of such evidence.

(10) In determining an appeal under this section the Commissioner-General may confirm or amend the opinion appealed against or confirm, reduce, increase or annul the amount specified in the notice appealed against and shall give notice in writing to the appellant of his determination on the appeal.

APPEAL TO THE BOARD OF REVIEW

41. Any person aggrieved by the determination of the Commissioner-General upon any appeal made to him under section 40 may appeal from that determination to the Board of Review constituted under the Inland Revenue Act, No. 28 of 1979, and the provisions of that Act relating to appeals to such Board of Review from a determination of the Commissioner-General under that Act shall, *mutatis mutandis*, apply to the making, hearing and determination of an appeal under this section.

42. Where no valid appeal has been lodged within the time specified in this Act against an opinion given under section 38 or a notice issued under section 30(1)(b), the amount as specified in such opinion or notice, or where agreement is reached under section 40(4) as to any such amount or where any such amount has been determined on appeal, the amount as required to be paid under such agreement or as reduced or increased or confirmed on appeal, as the case may be, shall be final and conclusive for all purposes of this Act as regards the amount to be paid :

Provided that nothing in this Act shall prevent the Commissioner -General from requiring the payment of any other amount which does not involve re-opening any matter which has been determined on appeal.

APPEALS TO THE COURT OF APPEAL AND TO THE SUPREME COURT

43. (1) The decision of the Board shall be final :

Provided that either the appellant or the Commissioner-General may make an application requiring the Board to state a case on a question of law for the opinion of the Court of Appeal. Such application shall not be entertained unless it is made in writing and delivered to the Clerk to the Board, together with a fee of fifty rupees, within one month of the date on which the decision of the Board was notified in writing, to the Commissioner-General or the applicant, as the case may be.

(2) The case stated by the Board shall set out the facts, the decision of the Board, and the amount of the stamp duty or penalty in dispute where such amount exceeds five thousand rupees, and the party requiring the Board to state such case shall transmit the case, when stated and signed, to the Court of Appeal, within fourteen days after receiving the same.

(3) (a) All proceedings before the Court of Appeal on any case stated under this section or incidental to the hearing, determination or disposal of any such case, shall be deemed to be civil proceedings before the Court of Appeal of the value of five thousand rupees, or of such greater amount as is set out by the Board in the stated case as the amount of the stamp duty and penalty in dispute.

(b) Every such case stated shall, together with all books, documents and papers annexed thereto by the Board, be deemed to be a single exhibit in civil proceedings before the Court of Appeal.

(c) The Commissioner-General, if he is the appellant, shall be deemed to be a Government officer suing, or if he is the respondent to the appeal, a Government officer being sued, in a suit *virtute officii*.

(4) At or before the time when he transmits the stated case to the Court of Appeal the party requiring it shall send to the other party, notice in writing, informing him that a case has been stated on his application and shall supply him with a copy of the stated case.

(5) Any two or more Judges of the Court of Appeal may cause a stated case to be sent back to the Board for amendment, and the Board shall amend the case accordingly.

(6) Any two or more Judges of the Court of Appeal may hear and determine any question of law arising on the stated case and may, in accordance with the decision of the Court upon such question, confirm, reverse, correct or modify the decision of the board or order a new or further hearing on such terms so as the Court thinks fit or remit the case to the Board with the opinion of the Court thereon. When a case is so remitted by the Court, the Board shall revise its decision as the case may require, in accordance with the opinion of the Court.

(7) In any proceedings before the Court of Appeal under this section, the Court may make such order in regard to costs in the Court of Appeal and in regard to the sum paid under subsection (1), as the Court may deem fit.

(8) For the purposes of enabling the Commissioner-General or any other party to appeal to the Supreme Court against any order of the Court of Appeal under subsection (6) and for the purpose of the application of the provisions of any written law relating to appeals to the Supreme Court from the decisions of the Court of Appeal—

(a) an order made by the Court of Appeal under sub-section (6) shall, together with any order of the Court under subsection (7), be deemed to be a final judgment of the Court of Appeal in a civil action between the Commissioner-General and such other party ;

(b) the value of the matter in dispute in such civil action shall be deemed to be five thousand rupees :

Provided that where the Board has, in the stated case set out an amount higher than five thousand rupees as the amount of the stamp duty or penalty in dispute, the value of the matter in dispute in such civil action shall be deemed to be that higher amount ; and

(c) the Commissioner-General shall not be required, in respect of any such appeal, to deposit or pay any fee or furnish any security prescribed by such written law.

CHAPTER XIV

RECOVERY OF DUTY

44. In this Chapter "duty" includes stamp duty and any sum added to any such duty and any fines, penalties, fees or costs, whatsoever, incurred under this Act.

45. (1) The duty required to be paid by any notice issued under section 30 (1) (b) shall be paid on or before the date specified in such notice, and, subject to the provisions of subsection (2), any duty not so paid shall be deemed to be in default and the person by whom such duty is payable shall be deemed to be a defaulter for the purposes of this Act.

(2) Where duty payable every quarter under section 13 is not paid on or before the date specified therein, such duty together with a penalty equal to ten *per centum* of the duty for every month of non-payment shall be deemed to be in default and the person liable to pay the duty shall be deemed to be a defaulter :

Provided that the total amount payable as penalty shall not exceed fifty *per centum* of the duty in default.

(3) Duty shall be paid, notwithstanding any appeal unless the Commissioner-General orders that payment of the duty or any part thereof be held over, pending the determination of such appeal, and upon such order, the amount held over shall be deemed not to be in default.

(4) Where the Commissioner-General is of opinion either that the duty or any part thereof held over under subsection (3) is likely to become irrecoverable, or that the appellant is unreasonably delaying the prosecution of his appeal, he may revoke any order made under that subsection and make such fresh order as the case may appear to him to require and the amount of any duty not paid on or before such date as may be specified in the fresh order shall be deemed to be in default.

(5) Where upon the final determination of an appeal under Chapter XIII or upon any order made by the Commissioner-General, any duty which has been held over under subsection (3) becomes payable or the duty payable under a notice is increased, the Commissioner-General shall give to the appellant a notice in writing fixing a date on or before which any duty or balance duty shall be paid. Any duty not paid before such date shall be deemed to be in default.

46. Any duty in default shall be a first charge upon all the assets of the defaulter :

Provided that—

- (i) such charge shall not extend to, or affect, any assets sold by the defaulter to a bona fide purchaser for value prior to the seizure of the same in accordance with the provisions of section 48 ; and
- (ii) as regards immovable property, the amount in default shall not rank in priority to any lease or encumbrance created bona fide for value and registered prior to the date of such seizure.

47. (1) Where any duty is in default, the Commissioner-General shall, before proceeding to recover such duty in any manner hereinafter provided, issue a notice in writing to the defaulter stating—

- (a) the particulars of such duty ; and
- (b) that action is being contemplated to recover the duty.

(2) If such defaulter has not appealed within the proper time against any notice under section 30 (1) (b) he may, within thirty days of the date of the notice issued under subsection (1) of this section, make any objection to the duty so charged and the Commissioner-General shall, notwithstanding the provisions of section 42, consider such objections and give his decision thereon which shall be final.

(3) Notwithstanding anything in this section, where there is an appeal against a notice under section 30(1) (b) and the payment of any duty specified in such notice is held over on the order of the Commissioner-General and the appellant agrees, during the course of the hearing of that appeal, that a certain sum is due or is likely to be due as duty in respect of that notice, the Commissioner-General may, by notice in writing given to the appellant, direct the appellant to pay such sum on or before such date as is specified in the notice. Any sum not paid before such date shall be deemed to be in default.

(4) Where upon the final determination of an appeal under Chapter XIII any stamp duty in default is reduced, the penalty payable in respect of such stamp duty shall be proportionately reduced.

48. (1) There shall be appointed stamp duty collectors for the purposes of this Act.

(2) (a) Where any duty is in default, the Commissioner-General may issue a certificate to a Government Agent, Assistant Government Agent, Fiscal, Deputy Fiscal or stamp duty collector containing particulars of such duty and the name of the defaulter, and the officer to whom such certificate is issued is hereby empowered and required to cause the duty to be recovered from the defaulter named in the certificate by seizure and sale of his movable property.

(b) A seizure of movable property shall be effected in such manner as such officer shall deem most expedient in that behalf, and as soon as any movable property is seized by such officer a list of such property shall forthwith be made and signed by him and shall be given to the defaulter and a copy thereof furnished to the Commissioner-General.

(c) Where the property so seized is—

- (i) cash in Sri Lanka currency, such cash shall be applied in satisfaction of the duty in default ;
- (ii) cash in foreign currency, such cash shall be deposited in the Central Bank and the proceeds therefrom applied in satisfaction of the duty in default ;
- (iii) property other than cash, such property shall be kept for five days at the costs and charges of the defaulter. If the defaulter does not pay the duty in default together with the costs and charges within the five days, the Government Agent, Assistant Government Agent,

Fiscal, Deputy Fiscal, or stamp duty collector shall cause such property to be sold by public auction or where such property is a negotiable instrument or a share in any corporation or public company, to be sold through a broker at the market rate of the day.

(d) The sum realized by the sale referred to in sub-paragraph (iii) shall be applied—

(i) firstly, in payment of the costs and charges of seizing, keeping and selling the property ; and

(ii) secondly, in satisfaction of the duty in default, and any balance shall be paid to the owner of the property seized.

(3) Where any duty is in default and the Commissioner-General is of opinion that recovery by the means provided in subsection (2) is impracticable or inexpedient, he may issue a certificate to a District Court having jurisdiction in any district where the defaulter resides or in which any property, movable or immovable, owned by the defaulter is situate, containing particulars of such duty and the name or names of the person or persons by whom the duty is payable, and the court shall thereupon direct a writ of execution to issue to the Fiscal authorizing and requiring him to seize and sell all or any of the property, movable or immovable, of the defaulter, or such part thereof as he may deem necessary for recovery of the duty, and the provisions of sections 226 to 297 of the Civil Procedure Code shall, *mutatis mutandis*, apply to such seizure and sale.

(4) Whenever the Commissioner-General issues a certificate under this section, he shall forthwith issue to the defaulter, whether resident or non-resident, a notification thereof by personal service, or registered letter sent through the post, or telegraph ; but the non-receipt of such notification by the defaulter shall not invalidate proceedings under this section.

49. (1) Where the Commissioner-General is of the opinion in any case that recovery of duty in default by seizure and sale is impracticable or inexpedient or where full duty has not been recovered by seizure and sale, he may issue a certificate containing particulars of such duty and the name and last known place of residence of the defaulter to a Magistrate having jurisdiction in the division in which such place is situate.

The Magistrate shall thereupon summon such defaulter before him to show cause why further proceedings for the recovery of duty should not be taken against him, and in default of sufficient cause being shown, the duty in default shall be deemed to be a fine imposed by a sentence of the Magistrate on such defaulter for an offence punishable with a fine only or not punishable with imprisonment, and the provisions of subsection (1) of section 291 (except paragraphs (a), (d) and (i) thereof) of the Code of Criminal Procedure Act, No. 15 of 1979, relating to default of payment of a fine imposed for such offence shall thereupon apply and the Magistrate may make any direction which, by the provisions of that subsection, he could have made at the time of imposing such sentence.

(2) The correctness of any statement in a certificate issued by the Commissioner-General for the purposes of sub-section (1) shall not be called in question or examined by the Magistrate in any proceedings under this section and accordingly, nothing in that subsection shall be read and construed as authorizing the Magistrate to consider, or decide the correctness of any statement in such certificate or to postpone or defer such proceedings for a period exceeding thirty days by reason only of the fact that an appeal is pending against any notice requiring the payment of the duty in default.

(3) Nothing in subsections (2) to (5) of section 291 of the Code of Criminal Procedure Act, No. 15 of 1979, shall apply in any case referred to in subsection (1) of this section.

(4) In any case referred to in subsection (1) in which the defaulter is sentenced to imprisonment in default of payment of the fine deemed by that subsection to have been imposed on him, the Magistrate may allow time for the payment of the amount of that fine or direct payment of that amount to be made in instalments.

(5) The Court may require bail to be given as a condition precedent to allowing time under subsection (1) for showing cause as therein provided or under subsection (4) for the payment of the fine ; and the provisions of Chapter XXXIV of the Code of Criminal Procedure Act, No. 15 of 1979 , shall apply where the defaulter is so required to give bail.

(6) Where a Magistrate directs under subsection (4) that a payment be made in instalments and default is made in the payment of any one instalment, proceedings may be taken as if default had been made in payment of all the instalments then remaining unpaid.

(7) In any proceedings under subsection (1), the certificate of the Commissioner-General shall be sufficient evidence that the duty has been duly required to be paid and is in default, and any plea that the amount is excessive, incorrect, or under appeal shall not be entertained.

50. (1) Where duty payable by any person is in default and it appears to the Commissioner-General to be probable that any person—

- (a) owes or is about to pay money to the defaulter or his agent ; or
- (b) holds money for or on account of the defaulter or his agent ; or
- (c) holds money on account of some other person for payment to the defaulter or his agent ; or
- (d) has authority from some other person to pay money to the defaulter or his agent,

the Commissioner-General may give to such person notice in writing (a copy of which shall be sent by post to the defaulter) requiring him to pay any such moneys not exceeding the amount of the duty in default to the officer named in such notice. The

notice shall apply to all such moneys which are in his hands or due from him at the date of receipt of such notice, or come into his hands or become due from him or are about to be paid by him at any time within a period of three months after the date of such notice.

(2) Any person who has made any payment in pursuance of this section shall be deemed to have acted under the authority of the defaulter and of all other persons concerned, and is hereby indemnified in respect of such payment against all proceedings, civil or criminal, notwithstanding the provisions of any written law, contract, or agreement.

(3) Any person to whom a notice has been given under subsection (1) who is unable to comply therewith owing to the fact that the moneys referred to in that subsection do not come into his hands or that no such moneys become due from him within the period referred to in that subsection shall within fourteen days of the expiration thereof give notice in writing to the Commissioner-General apprising him of the facts.

(4) Where any person to whom a notice has been given under subsection (1) is unable to comply therewith and has failed to give notice to the Commissioner-General as provided in subsection (3), or where such person has paid or could have paid the duty to which the notice relates or any part thereof and has not paid over such duty or part thereof as required by the notice given by the Commissioner-General, within fourteen days after the expiration of the period referred to in subsection (1), such person shall, if he is an individual, or where such person is a company or body of persons, whether corporate or unincorporate, the secretary, manager or other principal officer of such company or body, be personally liable, for the whole of the duty which such person has been required to pay, and such duty may be recovered from such individual, secretary, manager or other principal officer, as the case may be, by all the means provided in this Act.

(5) For the purposes of this section, the expression "defaulter" shall be deemed to include the agent of a person who is in default and the provisions of this section shall apply in any case where the duty which would have been payable by any person if he were alive is in default; and for the purposes of the application of those provisions in any such case, the expression "defaulter" in subsection (1) means—

(a) the executor or administrator of a deceased person; or

(b) any person who takes possession of, or intermeddles with, the property of a deceased person; or

(c) any person who has applied or is entitled to apply to a District Court for the grant or resealing of a probate or letters of administration in respect of the estate of a deceased person.

51. (1) Where the Commissioner-General is of opinion that any person is about to or likely to leave Sri Lanka without paying the amount of duty required to be paid by such person, he may issue a certificate containing particulars of such

amount and the name of such person to a Magistrate, who shall, on receipt thereof, direct the Inspector-General of Police to prevent such person from leaving Sri Lanka without paying the amount or furnishing security to the satisfaction of the Commissioner-General for payment thereof.

(2) At the time of issue of his certificate to the Magistrate the Commissioner-General shall issue to such person a notification thereof by personal service or registered letter sent through the post, or telegraph ; but the non-receipt of any such notification by such person shall not invalidate proceedings under this section.

(3) Production of a certificate signed by the Commissioner-General stating that the amount has been paid or that security has been furnished or that the amount has been paid to a police officer in charge of a police station, shall be sufficient authority for allowing such person to leave Sri Lanka. Any Police officer to whom the amount of any duty has been paid shall forthwith pay such amount to the Commissioner-General.

52. Where the Commissioner-General is of opinion that application of any of the provisions of this Chapter has failed or is likely to fail to secure the payment of the whole or any part of the duty due under this Act from any person, it shall be lawful for him to proceed to recover any sum remaining unpaid by any other means of recovery provided in this Chapter, notwithstanding that an order has been made by a Magistrate under section 49 and carried into effect.

53. The Commissioner-General may, by notice in writing to any person, require that person to furnish, within the period specified in such notice, such information as the Commissioner-General may require for the purposes of recovery of any duty due from such person or any other person.

CHAPTER XV

ALLOWANCES FOR STAMPS AND REFUND OF STAMP DUTY

54. (1) The Commissioner-General may, on a written application made to him within the period specified in subsection(2) and upon being satisfied as to the facts, make an allowance for unused or spoiled stamps in the following instances :-

- (a) where a stamp has been inadvertently or undesignedly spoiled and rendered unfit for the purpose for which it was intended to be used ;
- (b) where a stamp has been affixed to an instrument which is incomplete or which is not executed or is void or has by reason of a mistake been found unfit for the purpose intended ; or
- (c) where a stamp of the wrong description or value has been inadvertently or undesignedly affixed to an instrument subsequently replaced by a duly stamped instrument ; or

(d) where a stamp has been used for a bill of exchange, cheque or promissory note which has not been made use of in any manner whatsoever.

(2) The application for an allowance under subsection (1) shall be made within one year of the date of purchase of the unused or spoiled stamps.

(3) The Commissioner-General may on an application for an allowance under subsection (1) either give to the applicant other stamps of the same description and value or the value of the stamps in money, and where he does the latter, he shall deduct five cents for each rupee or fraction of a rupee.

55. If it is proved to the satisfaction of the Commissioner-General by claim duly made in writing within one year of the date of the payment of any stamp duty or penalty, by composition or otherwise, that any person has paid any stamp duty or penalty in excess of the amount properly payable by him, such person shall be entitled to have refunded the amount so paid in excess :

Provided that nothing in this section shall operate to extend or reduce any time limit for appeal or repayment specified in any other section or to validate any objection or appeal which is otherwise invalid or to authorize the revision of any matter which has become final and conclusive.

CHAPTER XVI

OFFENCES AND PENALTIES

56. Any person—

- (1) who draws, makes, issues, endorses, transfers or signs, otherwise than as a witness, or presents for acceptance or repayment, or accepts, pays, or receives payment of, or in any manner negotiates, any bill of exchange, cheque or promissory note, without the same being duly stamped ; or
- (2) who executes, otherwise than as a witness, any instrument chargeable with duty without the same being duly stamped ; or
- (3) who fails to cancel an adhesive stamp in the manner prescribed by section 7 ; or
- (4) who fails or neglects to give a receipt, in contravention of the provisions of section 23 ; or
- (5) who votes or attempts to vote under any proxy not duly stamped, shall be guilty of an offence under this Act and shall be liable on conviction after summary trial before a Magistrate to a fine not exceeding five hundred rupees.

57. Where a company issues a share certificate or warrant without the same being duly stamped, the company and every person who, at the time when such share certificate or warrant was issued, was the managing director or secretary

or other principal officer of the company, shall be guilty of an offence under this Act and shall be liable on conviction after summary trial before a Magistrate to a fine not exceeding five thousand rupees or with imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.

58. Any notary public who knowingly fails to comply with any requirement imposed on him by section 22 shall be guilty of an offence under this Act and shall be liable on conviction after summary trial before a Magistrate to a fine not exceeding the stamp duty payable on the instrument in respect of which the offence is committed and five thousand rupees, or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.

59. Any person—

- (a) with intent to defraud the State, draws, attests or executes any instrument in which all the facts and circumstances required by section 22 (1) to be set out in such instrument are not fully set out ;
- (b) having received any sum of money for payment of stamp duty on any instrument executed, authenticated or attested by him, does not apply the money to the payment of the stamp duty and improperly withholds or detains the same or any part thereof ; or
- (c) in executing, authenticating or attesting any instrument, affixes or cancels any stamp which is not genuine or has been previously used ;or
- (d) does any other act calculated to deprive the State of any duty or penalty under this Act ; or
- (e) fails to comply with any requirement imposed on him by the Commissioner-General under section 27 (2) ;
- (f) resists or obstructs the Commissioner-General in the exercise by the Commissioner-General, of the powers conferred on him by section 27 (4),

shall be guilty of an offence under this Act and shall be liable on conviction after summary trial before a Magistrate—

- (i) in the case of an offence under subsection (b), to a fine consisting of a sum equal to the amount of the stamp duty withheld or detained by such person and an amount not exceeding five thousand rupees ;
- (ii) in the case of an offence under subsection (c), to a fine consisting of a sum equal to ten times the amount of the stamp affixed or cancelled by such person and an amount not exceeding five thousand rupees ;
- (iii) in the case of an offence under subsection (a) or (d) or (e) or (f), to a fine not exceeding five thousand rupees,

or in every case, to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.

60. The institution of a prosecution against any person in respect of an offence under this Chapter or the imposition of a penalty, fine or term of imprisonment on any person in respect of any such offence shall not relieve such person from any liability to the payment of any stamp duty or penalty which he has incurred or may incur under this Act.

61. No prosecution in respect of any offence under this Act shall be instituted without the sanction of the Commissioner-General.

62. The Commissioner-General may, having regard to the circumstances in which the offence was committed, compound any offence under this Act and may, before judgement, stay or compound any proceedings thereunder.

CHAPTER XVII

ADMINISTRATION

63. (1) The Commissioner-General shall be in charge of the administration of this Act.

(2) The Commissioner-General may authorize an Assessor to exercise, perform or discharge any power, duty or function which is conferred or imposed on, or assigned to, the Commissioner-General by this Act.

(3) An Assessor exercising, performing or discharging any power, duty or function conferred or imposed on, or assigned to, the Commissioner-General by any provision of this Act shall be deemed for all purposes to be authorized to exercise, perform or discharge that power, duty or function, until the contrary is proved.

(4) A Commissioner of Inland Revenue or a Deputy Commissioner of Inland Revenue, may exercise, perform or discharge any power, duty or function conferred or imposed on, or assigned to, an Assessor by this Act.

CHAPTER XVIII

GENERAL

64. (1) Every notice to be given by the Commissioner-General or an Assessor under this Act shall bear the name of the Commissioner-General or Assessor, as the case may be, and every such notice shall be valid if the name of the Commissioner-General or Assessor is duly printed or signed thereon.

(2) Every notice given by virtue of this Act may be served on a person either personally or by being delivered at, or sent by post to, his last known place of abode or any place at which he is or was carrying on business.

(3) Any notice sent by post shall be deemed to have been served on the day succeeding the day on which it would have been received in the ordinary course by post.

(4) In proving service by post, it shall be sufficient to prove that the letter containing the notice was duly addressed and posted.

(5) Every name printed or signed on any notice or signed on any certificate, given or issued for the purposes of this Act, which purports to be the name of the person authorized to give or issue the same, shall be judicially noticed.

(6) No notice, certificate or other proceeding purporting to be in accordance with the provisions of this Act shall be quashed, or deemed to be void, or voidable, for want of form, or be affected by reason of a mistake, defect or omission therein, if the same is in substance and effect in conformity with, or according to, the intent and meaning of this Act, and if the person to whom such notice or certificate is given or intended to be given or affected thereby is designated therein according to common intent and understanding.

(7) Without prejudice to the generality of subsection (6) a notice shall not be impeached or affected by reason of a mistake therein as to the name or surname of the person chargeable with the amount, if the notice is duly served on the person intended to be charged.

65. Where any discretion is conferred on the Commissioner-General or an Assessor as to the amount of any penalty to be imposed on any person under this Act, such discretion shall be exercised by the Commissioner-General or Assessor, as the case may be, after having regard to all the circumstances in which that penalty was incurred.

66. (1) When any stamp duty or penalty has been paid by any person in respect of an instrument and, by agreement or under the provisions of this Act or any other enactment, some other person was liable to pay stamp duty in respect of such instrument, the first-mentioned person shall be entitled to recover from such other person the amount of the duty or penalty so paid.

(2) For the purpose of such recovery, a certificate under the hand of the Commissioner-General, to the effect that stamp duty has been paid in respect of the instrument by the person specified in the certificate shall be conclusive evidence of the matters specified therein.

67. (1) The Minister may, by Order published in the *Gazette*, require that stamps of the description specified in the Order be used for the stamping of the instruments specified in the Order and it shall not be lawful for any person to use stamps other than the stamps of that description for the payment of duty on such instruments.

(2) Every rule made under section 6 of the Stamp Ordinance and in force on the date of commencement of this Act shall be deemed to be an Order made under subsection (1).

(3) The Minister on being satisfied, in respect of any country, that no stamp duty is chargeable in that country in the case of any instrument executed by, or on behalf of, or in favour of, the Government of Sri Lanka may declare, by Order published in the *Gazette* that the exemption granted by paragraph 13 of section 5 shall apply to a similar instrument executed by or on behalf of, or in favour of, the Government of that country.

68. The Stamp Ordinance (Chapter 247) shall not apply to any instruments executed on or after the appointed date.

69. (1) The Minister may make regulations in respect of all or any of the following matters :—

(a) any matter which is required or authorized by this Act to be prescribed;

(b) the instruments in respect of which stamp duty may be payable by means of impressed stamps.

(2) Every regulation made under this section shall come into operation on the date of its publication in the *Gazette* or on such later date as may be specified in the regulation.

(3) Every regulation made under this section shall, as soon as convenient after its publication in the *Gazette*, be brought before Parliament for approval. Any such regulation which is not so approved shall be deemed to be rescinded from the date of disapproval but without prejudice to anything previously done there under. Notification of the date on which a regulation is deemed to be rescinded shall be published in the *Gazette*.

70. (1) Section 39 of the Co-operative Wholesale Establishment Act (Chapter 126) is hereby amended by the repeal of paragraph (a) of that section.

(2) Section 35 of the Co-operative Societies Law, No. 5 of 1972, is hereby amended as follows :—

(a) by the repeal of paragraph (a) of subsection (1) of that section ; and

(b) by the repeal of subsection (2) of that section.

(3) Section 41 of the Peoples' Bank Act, No. 29 of 1961, is hereby repealed.

71. In this Act, unless the context otherwise requires—

“adhesive stamp” means a stamp which can be pasted and in respect of which an order under section 67 (1) is in force ;

“approved credit agency” means an approved credit agency as defined in section 3 of the Mortgage Act ;

“Assessor” means an Assessor of Inland Revenue appointed for the purposes of the Inland Revenue Act, No. 28 of 1979, and includes a Senior Assessor of Inland Revenue appointed for the purposes of that Act ;

“authorized representative” means any individual—

(1) who is authorized in writing by a person to act on his behalf for the purposes of this Act and who is—

(a) in any case—

- (i) a member of the Institute of Chartered Accountants of Sri Lanka ;
- (ii) an Accountant approved by the Commissioner-General ;
- (iii) an Attorney-at-Law ; or
- (iv) an employee regularly employed by that person ; or

(b) in the case of an individual, a relative ;

(c) in the case of a company, a director or the secretary of that company ;

(d) in the case of a partnership, a partner in that partnership ;

(e) in the case of a body of persons, a member of that body ; or

(2) who is authorized in writing from time to time, by a person to act on his behalf for the purposes of this Act in respect of such matters as are specified in the authorization and who, being an individual registered as an auditor under the Companies (Auditors) Regulations, is approved by the Commissioner-General ;

“bank” includes a banking institution ;

“banking institution” has the same meaning as in the Monetary Law Act ;

“bill of exchange” means a bill of exchange as defined by the Bills of Exchange Ordinance, or any other document entitling or purporting to entitle any person, whether named therein or not, to payment by any other person of, or to draw upon any other person for, any sum of money ;

“bill of exchange payable on demand” includes—

(a) an order for the payment of any sum of money by a bill of exchange or promissory note, or for the delivery of any bill of exchange or promissory note in satisfaction of any sum of money, or for the payment of any sum of money out of any particular fund which may or may not be available, or upon any condition or contingency which may or may not be performed or happen ;

(b) an order for the payment of any sum of money weekly, monthly, or at any other stated periods ;

“bill of lading” includes a “through bill of lading” but does not include a mate’s receipt ;

“broker’s note” means the note sent by a broker or agent to his principal (except where such principal is acting as broker or agent for a principal) advising him of the sale or purchase on account of such principal, of any goods, stock, share, debenture or marketable security ;

“chargeable” in relation to an instrument executed or first executed after the date of commencement of this Act, means chargeable with stamp duty under this Act ;

“cheque” means a bill of exchange drawn on a specified bank and not expressed to be payable otherwise than on demand ;

“Commissioner-General” means the Commissioner-General of Inland Revenue appointed for the purposes of the Inland Revenue Act, No. 28 of 1979, and includes a Commissioner of Inland Revenue or a Deputy Commissioner of Inland Revenue appointed for the purposes of that Act, and who is authorized either generally or for some specific purpose, by the Commissioner-General to act on his behalf ;

“company” means any company incorporated or registered under any law in force in Sri Lanka or elsewhere and includes a public corporation ;

“conveyance” includes conveyance on sale and every instrument by which property, whether movable or immovable, or any interest in any property, is transferred ;

“die” includes any plate, type, tool, or implement or a part thereof used under the direction of the Commissioner-General, for expressing or denoting the fact that any stamp duty or penalty has been paid in respect of an instrument, or that an instrument is duly stamped or is not chargeable with any stamp duty ;

“document” in relation to legal proceedings in any court includes an appointment of attorney, plaint, answer, replication or other pleading, petition, application, affidavit, appointment, summons, judgment, decree, order of any description, award, writ, warrant, inventory, account, mandate, bond or recognizance ;

“duly stamped” in relation to an instrument means that the instrument bears an adhesive or impressed stamp of not less than the proper amount, and where such stamp is an adhesive stamp, that such stamp has been affixed and cancelled according to the provisions of this Act ;

“executed” and “execution”, used in relation to an instrument means “signed” and “signature”, respectively ;

“gift” means a transfer by one person to another of any movable or immovable property made voluntarily and without consideration in money or moneys, worth ;

“impressed stamp” means a stamp impressed by means of a die and in relation to any instrument chargeable with a stamp duty not exceeding ten rupees, includes stamps impressed by means of a postal franking machine, which is used under a permit issued by the Postmaster-General ;

“instrument” includes every document by which any right or liability is, or purports to be, created, transferred, limited, extended, extinguished, or recorded ;

“marketable security” means a security which is capable of being sold in any recognized stock market ;

“money” includes all sums, whether expressed in Sri Lanka or foreign currency ;

“policy of insurance” includes—

(a) any instrument by which one person, in consideration of a premium, engages to indemnify another against loss, damage, or liability arising from an unknown or contingent event ;

(b) a life policy, and any policy insuring any person against accident or sickness, and any other personal insurance ; and

(c) any writing evidencing the renewal of, for the purpose of keeping in force, a policy of fire insurance in respect of which, and of the previous renewal thereof, if any, there has not already been paid the stamp duty which would have been chargeable if the policy has originally been granted for a longer term than six months ;

“power of attorney” includes any instrument empowering a specified person to act for, and in the name of, the person executing it ;

“promissory note” means a promissory note as defined by the Bills of Exchange Ordinance ; and includes a note promising the payment of any sum of money out of any particular fund which may or may not be available, or upon any condition or contingency which may or may not be performed or happen ;

“property” means movable as well as immovable property ; and includes a right to or any interest in property ;

“public corporation” means any corporation, board or other body which was or is established by, or under, any written law other than the Companies Ordinance or the Companies Act, No. 17 of 1982, with funds or capital wholly or partly provided by the Government, by way of grant, loan or otherwise ;

“receipt” includes any note, memorandum or writing—

- (a) whereby any money, or any bill of exchange, cheque or promissory note is acknowledged to have been received ; or
- (b) whereby any other movable property is acknowledged to have been received in satisfaction of a debt ; or
- (c) whereby any debt or demand, or any part of a debt or demand is acknowledged to have been satisfied or discharged ; or
- (d) which signifies or imports any such acknowledgement, whether the same is or is not signed with the name of any person ;

“share certificate” means a certificate or other document evidencing the right or title of the holder thereof or any other person either to any shares, scrip, stock, or debenture stock in or of any incorporated company or other body corporate, or to become proprietor of shares, scrip, stock, or debenture stock in, or of, any such company or body ;

“value” with reference—

(a) to any property (other than immovable property which is gifted) and to any date, means the price which in the opinion of the Assessor, that property would have fetched in the open market on that date ;

(b) to any immovable property which is gifted, being immovable property which was acquired by the donor on or before March 31, 1977 means—

(i) the price which in the opinion of the Assessor that property would have fetched if sold in the open market on March 31, 1977 increased by an amount equal to the cost of the improvements, alterations and additions, if any, made to such property after March 31, 1977 and prior to the date of the instrument by which such property is gifted ; or

(ii) the price which, in the opinion of the Assessor, that property would have fetched if sold in the open market on the date of the instrument by which such property is gifted,

whichever price is the lower ;

(c) any immovable property which is gifted, being immovable property which was acquired by the donor after March 31, 1977 means—

(i) the price which, in the opinion of the Assessor, such property would have fetched if sold in the open market on the date on which such property was acquired by the donor, increased by an

amount equal to the cost of the improvements, alterations and additions, if any, made to such property after the date on which the property was acquired by the donor, and prior to the date of the instrument by which such property is gifted ; or

(ii) the price which, in the opinion of the Assessor, that property would have fetched, if sold in the open market on the date of the instrument by which such property was gifted,

whichever price is the lower ;

“write” with its grammatical variations and cognate expressions includes every mode in which words or figures can be expressed upon material.

“share certificate” means a certificate or other document evidencing the right or title of the holder thereof or any other person either to any shares, scrip, stock or debenture stock in or of any incorporated company or other body corporate, or to become proprietor of shares, scrip, stock, or debenture stock in or of any such company or body ;

“value” with reference to any property (other than immovable property) which is gifted or transferred means the price which in the opinion of the Assessor, that property would have fetched in the open market on that date ;

(i) the price which in the opinion of the Assessor that property would have fetched if sold in the open market on March 31, 1977 increased by an amount equal to the cost of the improvements, alterations and additions, if any, made to such property after March 31, 1977 and prior to the date of the instrument by which such property is gifted ; or

(ii) the price which, in the opinion of the Assessor, that property would have fetched if sold in the open market on the date of the instrument by which such property is gifted,

whichever price is the lower ;

“property” means any immovable property which is gifted, being immovable property which was acquired by the donor after March 31, 1977 means—

(i) the price which, in the opinion of the Assessor, such property would have fetched if sold in the open market on the date on which such property was acquired by the donor, increased by an

STATISTICAL APPENDIX

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 a 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. The following symbols have been used throughout:-

n.a. = not available

— = nil

... = negligible

STATISTICAL APPENDIX

(ii) the price which, in the opinion of the Assessor, would have fetched, if sold in the open market on the date of the instrument by which such property was gifted, defined, instrument by which such property was gifted, Definitions and explanatory notes whichever price is the lower :

The following general notes supplement the footnotes given below the individual tables and should be read in connection with every mode in which words or figures are expressed.

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 a 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. The following symbols have been used throughout :-

- n.a. — not available
- — — nil
- ... — negligible

NATIONAL PRODUCT AND EXPENDITURE

TABLE 1

National Product, Expenditure and Population 1970 - 1982

Item	Rs. Million (Rates of growth within brackets)											
	1970	1974	1975	1976	1977	1978	1979	1980*	1981*	1982*		
1. GDP at current factor cost prices	13,187 (-)	23,302 (30.0)	25,691 (10.3)	28,032 (9.1)	34,684 (23.7)	40,479 (16.7)	49,782 (23.0)	62,246 (25.0)	79,337 (27.5)	91,643 (15.5)		
2. GDP at constant (1970) factor cost prices	13,187 (-)	14,585 (3.2)	14,987 (2.8)	15,451 (3.0)	16,078 (4.2)	17,401 (8.2)	18,501 (6.3)	19,575 (5.8)	20,706 (5.8)	21,756 (5.1)		
3. GNP at current factor cost prices	12,967 (-)	23,119 (30.5)	25,478 (10.2)	27,750 (8.9)	34,432 (24.1)	40,242 (16.9)	49,542 (23.1)	61,814 (24.8)	77,625 (25.6)	89,674 (15.5)		
4. GNP at constant (1970) factor cost prices	12,967 (-)	14,449 (3.2)	14,837 (2.7)	15,258 (2.8)	15,934 (4.4)	17,329 (8.8)	18,430 (6.4)	19,456 (5.6)	20,257 (4.1)	21,246 (4.9)		
5. Implicit GNP Deflator	100.0	160.0	171.7	181.9	216.1	232.2	268.8	317.7	383.2	422.1		
6. Mid-year Population (Mn)	12.5 (-)	13.3 (1.5)	13.5 (1.6)	13.7 (1.6)	14.0 (1.6)	14.1 (1.8)	14.5 (2.0)	14.7 (1.8)	15.0 (1.7)	15.2 (1.7)		
7. GNP per capita	1,036 (-)	1,740 (28.4)	1,888 (8.5)	2,023 (7.2)	2,470 (22.1)	2,836 (14.8)	3,424 (20.7)	4,194 (22.5)	5,179 (23.5)	5,904 (14.0)		
(a) Current prices	1,036 (-)	1,088 (1.8)	1,099 (1.0)	1,112 (1.2)	1,143 (2.8)	1,221 (6.8)	1,274 (4.3)	1,320 (3.6)	1,352 (2.4)	1,399 (3.5)		
(b) Constant prices	1,036 (-)	1,088 (1.8)	1,099 (1.0)	1,112 (1.2)	1,143 (2.8)	1,221 (6.8)	1,274 (4.3)	1,320 (3.6)	1,352 (2.4)	1,399 (3.5)		
8. GDE at Market prices	14,094 (-)	25,546 (37.1)	28,562 (11.8)	30,908 (8.2)	35,075 (13.5)	44,702 (27.4)	58,696 (31.3)	81,549 (38.9)	98,671 (21.0)	118,688 (20.3)		
9. GNE at Market prices	13,444 (-)	23,588 (29.4)	26,364 (11.8)	29,923 (13.5)	36,154 (20.8)	42,428 (17.4)	52,147 (22.9)	66,096 (26.7)	83,292 (26.0)	98,346 (18.1)		

* Provisional

Source : Central Bank of Ceylon.

GDP - Gross Domestic Product
 GNP - Gross National Product
 GDE - Gross Domestic Expenditure
 GNE - Gross National Expenditure

NATIONAL PRODUCT AND EXPENDITURE

TABLE 2

Gross National Product at Current Factor Cost Prices 1970 - 1982

Sector	1970	1974	1975	1976	1977	1978	1979	1980*	1981*	1982*
1. Agriculture, Forestry and Fishing	3,732	7,728	7,798	8,133	10,644	12,332	13,412	17,151	21,977	25,157
1.1 Agriculture	3,392	7,188	7,173	7,459	9,588	10,951	11,073	14,210	18,310	20,544
1.1.1 Tea	423	619	660	733	1,260	1,117	1,154	1,635	2,148	2,302
1.1.2 Rubber	283	515	328	515	508	741	812	873	951	1,024
1.1.3 Coconut	535	1,144	973	847	1,411	1,778	1,991	2,368	2,950	3,283
1.1.4 Paddy	951	2,061	1,501	1,420	1,847	2,189	2,654	3,791	5,372	5,482
1.1.5 Other	1,250	3,082	3,711	3,944	4,562	5,126	4,462	5,543	6,889	8,453
1.2 Forestry	180	230	249	269	315	558	960	1,227	1,499	1,710
1.3 Fishing	160	310	376	405	741	823	1,379	1,714	2,168	2,903
2. Mining and Quarrying	95	334	450	639	595	732	947	1,249	1,514	1,734
3. Manufacturing	2,197	4,342	5,158	5,620	8,023	8,094	9,484	11,048	12,883	14,134
3.1 Export Processing	893	1,997	1,848	2,509	4,219	3,675	3,692	3,810	3,977	3,379
3.2 Factory Industry	1,085	1,796	2,647	2,416	3,017	3,551	4,546	5,910	7,269	8,777
3.3 Small Industry	109	265	300	335	396	444	507	507	659	773
3.4 Other	110	284	363	360	391	424	739	821	998	1,205
4. Construction	744	1,011	1,018	1,164	1,133	1,965	3,218	5,552	7,001	7,998
5. Electricity, Gas, Water & Sanitary Services	101	154	164	171	194	239	398	601	808	1,244
6. Transport, Storage and Communication	1,258	1,853	2,079	2,286	2,723	2,994	4,744	5,293	7,307	8,536
7. Wholesale and Retail Trade	2,533	4,442	4,975	5,456	6,239	7,536	9,435	10,898	14,197	16,059
7.1 Imports	540	529	422	604	691	1,280	1,783	3,177	3,727	4,167
7.2 Exports	754	1,304	1,219	848	691	2,775	3,238	2,520	2,827	2,861
7.3 Domestic	1,235	2,609	3,336	4,004	4,937	3,481	4,414	5,201	7,643	9,031
8. Banking, Insurance and Real Estate	152	302	336	419	542	845	1,243	1,785	2,463	3,192
9. Ownership of Dwellings	399	456	639	726	832	969	1,293	1,457	1,768	2,052
10. Public Administration and Defence	517	704	798	948	1,177	1,516	1,664	1,965	2,350	2,878
11. Services (n.e.s)	1,459	1,976	2,276	2,470	2,582	3,257	3,944	5,247	7,069	8,698
12. G. D. P.	13,187	23,302	25,691	28,052	34,684	40,479	49,782	62,246	79,347	91,643
13. Net Factor Income from Abroad	-220	-183	-213	-282	-252	-237	-240	-432	-1,712	-1,969
14. G. N. P.	12,967	23,119	25,478	27,750	34,432	40,242	49,542	61,814	77,625	89,674

* Provisional

Source: Central Bank of Ceylon.

Gross National Product at Constant (1970) Factor Cost Prices 1970—1982

		Rs. Million										
Sector		1970	1974	1975	1976	1977	1978	1979	1980*	1981*	1982*	
1.	Agriculture, Forestry and Fishing	3,752	3,942	3,847	3,894	4,299	4,532	4,622	4,766	5,097	5,231	
1.1	Agriculture	3,392	3,627	3,536	3,571	3,977	4,176	4,239	4,348	4,636	4,755	
1.1.1	Tea	423	407	427	392	416	398	412	381	419	374	
1.1.2	Rubber	233	193	227	232	213	223	223	194	182	182	
1.1.3	Cocconut	535	483	522	455	423	488	519	462	515	573	
1.1.4	Paddy	931	939	658	720	990	1,116	1,132	1,267	1,313	1,269	
1.1.5	Other	1,250	1,605	1,702	1,772	1,935	1,949	1,953	2,044	2,208	2,357	
1.2	Forestry	180	153	145	153	143	155	166	181	188	195	
1.3	Fishing	160	162	166	170	179	201	217	237	273	281	
2.	Mining and Quarrying	95	295	395	571	515	619	652	684	713	742	
3.	Manufacturing	2,197	2,163	2,263	2,371	2,357	2,541	2,659	2,681	2,820	2,955	
3.1	Export Processing	893	821	832	859	823	840	877	791	851	806	
3.2	Factory Industry	1,085	1,073	1,158	1,214	1,227	1,362	1,417	1,488	1,548	1,686	
3.3	Small Industry	109	162	171	185	189	214	235	235	247	272	
3.4	Other	110	107	102	113	118	125	130	139	174	191	
4.	Construction	744	712	649	685	619	794	960	1,066	1,034	1,013	
5.	Electricity, Gas, Water and Sanitary Services	101	108	117	122	131	158	190	209	234	257	
6.	Transport, Storage and Communication	1,258	1,462	1,497	1,425	1,498	1,607	1,716	1,838	1,957	2,079	
7.	Wholesale and Retail Trade	2,533	2,771	2,886	2,928	2,999	3,267	3,551	3,839	4,034	4,275	
7.1	Imports	540	292	362	400	513	702	864	985	1,005	1,026	
7.2	Exports	754	626	754	716	663	701	709	709	723	794	
7.3	Domestic	1,239	1,833	1,770	1,812	1,823	1,864	1,978	2,155	2,306	2,455	
8.	Banking, Insurance and Real Estate	152	213	276	246	295	318	350	402	462	517	
9.	Ownership of Dwellings	399	455	463	467	475	499	518	549	579	611	
10.	Public Administration and Defence	517	688	729	760	791	854	905	959	997	1,102	
11.	Services (n.e.s.)	1,459	1,776	1,865	1,962	2,099	2,212	2,378	2,572	2,779	2,974	
12.	G.D.P.	13,187	14,585	14,987	15,431	16,078	17,401	18,501	19,575	20,706	21,756	
13.	Net Factor Income from Abroad**	-220	136	150	173	144	-72	-71	-119	-449	510	
14.	G.N.P.	12,967	14,449	14,837	15,258	15,934	17,329	18,430	19,456	20,257	21,246	

* Provisional

** Revised

Source: Central Bank of Ceylon.

Item	Real National Income 1970-1982									
	1970	1974	1975	1976	1977	1978	1979	1980*	1981*	1982*
1. Gross National Product at constant (1970) factor cost prices	12,967	14,449	14,837	15,258	15,934	17,329	18,430	19,456	20,257	21,246
2. Terms of Trade effect due to export of										
2.1 Tea		- 427.5	- 513.7	- 319.9	- 54.8	-	- 392.9	- 542.2	- 625.8	- 656.7
2.2 Rubber		- 78.4	- 230.1	- 60.6	- 100.5	- 60.6	- 96.3	- 153.2	- 207.0	- 247.5
2.3 Three major coconut products		- 16.1	- 73.1	- 51.1	- 2.4	- 9.7	- 8.6	- 37.6	- 82.4	- 155.8
2.4 Other products		- 158.7	- 207.9	- 238.1	- 171.0	- 114.4	- 337.3	- 465.5	- 499.5	- 662.7
Total		- 648.5	- 1,024.8	- 669.7	- 219.1	- 184.7	- 835.1	- 1,198.6	- 1,414.7	- 1,722.7
3. Real National Income at constant (1970) factor cost prices (1-2)	12,967	13,801	13,812	14,588	15,715	17,144	17,595	18,257	18,842	19,523
4. percentage change over previous year		3 1.8	—	3 5.6	4 7.7	4 9.1	4 2.6	4 3.8	3 3.2	3 3.6

* Provisional

Source: Central Bank of Ceylon.

NATIONAL PRODUCT AND EXPENDITURE

Gross National Expenditure at Current Market Prices 1970-1982

Item	1970	1974	1975	1976	1977	1978	1979	1980*	1981*	1982*
1. Private Consumption	9,882	19,068	21,942	22,991	26,698	32,405	40,371	53,399	68,751	80,009
1.1 Imports of goods and non-factor services	2,014	3,107	4,263	4,145	4,859	7,597	9,831	13,602	16,907	19,257
1.2 Locally produced goods and services	7,868	15,961	17,679	18,846	21,839	24,808	30,540	39,797	51,844	60,752
2. Public Consumption	1,623	2,743	2,480	3,021	3,118	4,043	4,798	5,685	6,310	8,203
2.1 Current expenditure on goods and services: Central Government	1,498	2,603	2,330	2,869	2,957	3,778	4,478	5,304	5,961	7,762
2.2 Current expenditure on goods and services: Local Government	125	140	150	152	161	265	320	381	349	441
3. Gross Domestic Fixed Capital Formation	2,359	2,972	3,699	4,595	5,035	8,521	13,246	20,845	23,279	30,228
3.1 Government and Public Enterprises	570	811	1,095	1,631	1,542	3,077	3,809	4,709	4,126	4,993
3.2 Public Corporations	451	342	426	588	861	2,056	2,620	7,553	19,153	25,235
3.3 Private Sector	1,338	1,819	2,178	2,376	2,632	3,388	6,817	8,583	19,153	25,235
4. Changes in Stocks	230	763	441	301	224	33	281	1,620	331	248
4.1 Government and Public Enterprises	38	663	408	339	313	354	65	980	120	78
4.2 Public Corporations and Private Sector	192	100	33	38	89	387	346	640	451	170
5. Gross Domestic Expenditure (1+2+3+4)	14,094	25,546	28,562	30,908	35,075	44,702	58,696	81,549	98,671	118,688
6. Net Investment Abroad	- 543	- 1,496	- 1,273	- 82	2,689	- 1,032	- 3,556	- 10,912	- 8,343	- 11,793
7. Less - Net Receipts of International Gifts and Transfers	- 107	- 462	- 925	- 903	- 1,010	- 1,242	- 2,993	- 4,541	- 7,036	- 8,549
8. Gross National Expenditure (5+6+7)	13,444	23,588	26,364	29,923	36,154	42,428	52,147	66,096	83,292	98,346

* Provisional

Source: Central Bank of Ceylon.

Item 4.1 - Changes in stocks in the following items only; imported rice, wheat flour and sugar, G.P.S. paddy and arrack.

Item 6 - Net Investment Abroad = The surplus to the nation on current account.

Item 1 - Net Investment Programme - The entries to the right on current account
 Item 2 - Changes in stocks in the following years only: 1960-61, 1961-62, 1962-63 and 1963-64

Source: Central Bank of Ceylon

NATIONAL PRODUCT AND EXPENDITURE

TABLE 6

Gross Domestic Capital Formation at Current Market Prices 1970 - 1982

Item	1970	1974	1975	1976	1977	1978	1979	1980*	1981*	1982*
Gross Domestic Capital Formation	2,359	2,972	3,699	4,595	5,035	8,521	13,246	20,845	23,279	30,228
1. Private Sector & Public Corporations	1,789	2,161	2,604	2,964	3,493	5,444	9,437	16,136	19,153	25,235
1-1 Planting, Replanting & Land Development	96	98	106	93	95	157	201	264	311	361
1-2 Building & Other Construction	993	1,334	1,304	1,547	1,498	2,213	3,833	6,270	7,906	8,988
1-3 Plant & Machinery	322	200	518	694	893	1,551	2,287	3,831	4,176	7,775
1-4 Transport Equipment	245	279	353	280	511	926	1,970	4,549	4,962	5,307
1-5 Other Capital Goods	133	250	323	350	496	597	1,146	1,222	1,798	2,804
2. Government & Public Enterprises	570	811	1,095	1,631	1,542	3,077	3,809	4,709	4,126	4,993
Changes in Stocks	230	763	441	301	224	33	281	1,620	331	248
1. Private Sector and Public Corporations	192	100	33	-38	-89	387	346	640	451	170
2. Government & Public Enterprises	38	663	408	339	313	-354	-65	980	-120	78
Gross Domestic Capital Formation	2,589	3,735	4,140	4,896	5,259	8,554	13,527	22,465	23,610	30,476
1. Private Sector	1,467	1,877	2,171	2,433	2,632	3,829	6,908	9,095	19,604	25,405
2. Public Corporations	514	384	466	493	772	2,002	2,875	7,681	19,604	25,405
3. Government & Public Enterprises	608	1,474	1,503	1,970	1,855	2,723	3,744	5,689	4,006	5,071

* Provisional

Source: Central Bank of Ceylon.

Source: National Expenditure and Current Market Prices 1970-1983

Национальный продукт и расходы

TABLE 6

Gross Domestic Capital Formation at Current Market Prices 1970 - 1982

Source: Central Bank of Ceylon

Expenditure on Gross National Product at Current Market Prices 1970-1982

Rs. Million

TABLE 7

NATIONAL PRODUCT AND EXPENDITURE

Item	Resources and their Utilization at Current Market Prices 1970 - 1982											Rs. Million	
	1970	1974	1975	1976	1977	1978	1979	1980*	1981*	1982*			
A. Resources													
Gross Domestic Product	13,664	23,771	26,577	30,203	36,407	42,665	52,387	66,527	85,005	100,314			
Imports of Goods and Non-Factor Services	3,908	8,058	9,291	9,478	10,979	16,872	23,969	36,456	39,558	46,713			
Total	17,572	31,829	35,868	39,681	47,386	59,537	76,356	102,983	124,563	147,027			
B. Utilization													
Consumption	11,505	21,811	24,422	26,012	29,816	36,148	45,169	59,084	75,061	88,212			
Gross Domestic Capital Formation	2,589	3,735	4,140	4,896	5,259	8,554	13,527	22,465	23,610	30,476			
Exports of Goods and Non-Factor Services	3,478	6,283	7,306	8,773	12,311	14,835	17,660	21,434	25,892	28,339			
Total	17,572	31,829	35,868	39,681	47,386	59,537	76,356	102,983	124,563	147,027			

Source: Central Bank of Ceylon.

* Provisional

TABLE 8

NATIONAL PRODUCT AND EXPENDITURE

Domestic Savings 1970 — 1982 (a)

Rs. Million

Category	1970	1974	1975	1976	1977	1978	1979	1980*	1981*	1982*
1. Gross Domestic Product at Market Prices	13,664	23,771	26,577	30,203	36,407	42,665	52,387	66,527	85,005	100,314
2. Net imports of goods & Non factor services	13,430	1,775	1,985	30,705	- 1,332	2,037	6,309	15,022	13,666	18,374
3. Investment	2,589	3,735	4,140	4,896	5,259	8,554	13,527	22,465	23,610	30,476
4. Domestic Savings (3-2)	2,159	1,960	2,155	4,191	6,591	6,517	7,218	7,443	9,944	12,102
5. Domestic Savings Ratio (4 as a % of 1)	15.8	8.2	8.1	13.9	18.1	15.3	13.8	11.2	11.7	12.1

(a) Revised Estimates

* Provisional

Source: Central Bank of Ceylon

Category	Unit	1973	1974	1975	1976	1977	1978	1979	1980	1981(a)	1982(b)
1. Tea											
1.1 Production	Mn. kgs.	211	204	214	196	209	199	206	191	210	188
1.2 Registered extent under Tea	Hectares	242,405	242,294	241,980	240,681	242,115	242,898(a)	244,094(a)	244,714	244,918	242,141
1.3 Fertilizer issues	'000 mt. tons	93.4	102.1	106.7	95.3	80.1	115.6	105.4	109.9	103.3	102.7
1.4 Yield per hectare	Kg.	902	988	1,031	940	1,007	958	993	922	n.a.(c)	n.a.(c)
1.5 Cost of production	Rs./kg.	4.47	5.55	6.70	7.42	8.19(a)	11.89(a)	13.43(a)	18.71(a)	18.79	21.97
1.6 Average price	Rs./kg.	4.23	5.88	6.15	7.80	13.15(a)	11.55(a)	11.14(a)	17.73	17.71	22.52
— Colombo net	Rs./kg.	6.12	7.76	9.08	10.49	18.86(a)	33.22	30.51	33.41	35.14	35.03
— Export f.o.b.	Rs./kg.	2,410	1,734	1,764	1,116	1,242	1,709(a)	2,491(a)	2,156(a)	2,677	1,981
1.7 Replanted annual	Hectares	24,006	25,740	27,504	28,619	29,861	31,570(a)	34,051(a)	36,217(a)	38,894	40,875
1.8 Replanted cumulative	Hectares	24,006	25,740	27,504	28,619	29,861	31,570(a)	34,051(a)	36,217(a)	38,894	40,875
2. Rubber											
2.1 Production	Mn. kgs.	155	132	149	152	146	156	153	133	124	125
2.2 Total extent under Rubber	Hectares	228,744	228,100	227,730	227,074	226,660	226,420	226,419	227,335	205,605	205,685
2.3 Fertilizer issues	'000 mt. tons	14.8	12.4	20.3	13.0	12.4	21.0	23.5	22.0	16.9	16.5
2.4 Area under tapping	Hectares	192,522	192,375	193,162	192,156	188,826	184,791	186,557	185,573	175,853	171,477
2.5 Yield per hectare	Kg.	778	710	774	790	773	845	820	718	705	736
2.6 Cost of production	Rs./kg.	1.87	2.46	2.75	3.28	3.74	4.85	6.85(f)	8.20(f)	8.92(f)	9.66(f)
2.7 Average price	Rs./kg.	25.7	2.82	2.49	4.34	4.51	6.92	9.15	10.62	10.04	10.18
— Colombo RSS I	Rs./kg.	36.8	5.75	4.05	6.50	6.85	14.90	19.44	21.42	21.80	17.68
— Export f.o.b.	Rs./kg.	2,946	2,865	3,231	2,550	2,617	3,226	4,168	5,434	6,442	6,782
2.8 Replanted annual	Hectares	125,857	128,721	131,952	134,502	137,119	140,346	144,514	149,948	155,795	162,577
2.9 Replanted cumulative	Hectares	125,857	128,721	131,952	134,502	137,119	140,346	144,514	149,948	155,795	162,577
3. Coconut											
3.1 Production	Mn. nuts	1,935	2,031	2,398	2,330	1,821	2,207	2,393	2,026	2,258	2,510
3.2 Fertilizer issues	'000 mt. tons	39.2	40.1	40.6	30.7	29.1	42.6	49.7	55.8	57.7	30.2
3.3 Cost of production	Rs./nut	0.10	0.10	0.11	0.16	0.21	0.33	0.37	0.40	0.55	0.57
3.4 Average price	Rs./nut	0.25	0.56	0.32	0.45	0.92	0.85	1.00	1.48	1.80	1.64
— Colombo	Rs./nut	0.34	0.86	0.46	0.47	1.47(a)	1.85	2.40	3.13	2.45	1.83
— Export f.o.b.	Rs./nut	18.00	33.00	33.00	33.00	33.00	40.00	40.00	50.00	57.50(g)	57.50
4. Paddy											
4.1 Production	'000 mt. tons	1,312	1,602	1,154	1,253	1,677	1,891	1,917	2,133	2,230	2,156
4.2 Area Sown	'000 Hectares	726	825	696	724	828	876	839	845	877	845
— Harvested	'000 Hectares	672	797	598	636	797	840	816	816	837	747
— Under improved varieties	'000 Hectares	520	667	520	559	692	685(e)	648	683	683	763
4.3 Fertilizer issues	'000 mt. tons	98.4	117.6	43.8	74.2	81.4	113.8	73.7	145.1	165.0	156.6
4.4 Yield per hectare	Kg.	2,298	2,353	2,270	2,315	2,521	2,613	2,750	2,927	3,014	3,260
4.5 Guaranteed price	Rs./70.9kg+(h)	18.00	33.00	33.00	33.00	33.00	40.00	40.00	50.00	57.50(g)	57.50
4.6 Purchases under Guaranteed Price Scheme	'000 mt. tons	478	436	242	269	512	675	541	211	99	84
4.7 Purchases under Tender Scheme (i)	'000 mt. tons	—	—	—	—	—	—	—	—	29	—

Sources: Sri Lanka Tea Board; Rubber Control Department; Coconut Development Authority; Coconut Cultivation Board; Department of Census & Statistics; Ministry of Agricultural Development & Research; Paddy Marketing Board; National Fertilizer Secretariat.

(a) Revised Figures. (b) Provisional. (c) Average yield per hectare cannot be computed since accurate data on actual extent in cultivation are not available. (d) Average price of nut equivalent of exports. (e) Excluding figures for the districts of Batticaloa, Rainapura and Jaffna for Yala 1978. (f) Weighted average Cost of Production of public sector estates, private sector estates and smallholdings. (g) Guaranteed price of paddy revised to Rs. 52.50 per bushel w.e.f. February, 1981 and to Rs. 57.50 per bushel w.e.f. September 1981. (h) 20.9 kgs of Paddy = 1 Bushel of Paddy. (i) The Tender Scheme was started in February 1981.

AGRICULTURE

TABLE 11

Cultivation Loans Granted Under the Comprehensive Rural Credit Scheme (a)
(as at 31st December, 1982)

Period/Cultivation Year	Loans Granted			Recoveries			Percent of Recoveries		
	Paddy	Other Crops		Paddy	Other Crops		Paddy	Other Crops	
		All Crops	All Crops		All Crops	All Crops			
1967/68 - 1969/70	180.1	19.5	199.6	128.7	15.6	144.3	71.5	80.0	72.3
1970/71 - 1972/73	88.2	24.8	113.0	57.6	24.3	81.9	65.3	97.9	72.5
1973/74	111.1	25.5	136.6	59.9	15.5	75.4	53.9	60.8	55.2
1974/75	85.8	27.7	113.5	45.1	16.1	61.2	52.6	58.1	53.9
1975/76	75.5	39.0	114.5	44.7	18.3	63.0	59.2	46.9	55.0
1976/77	102.2	78.5	180.7	48.0	23.0	71.0	47.0	29.3	39.3
1977/78	447.5	132.7	580.2	115.0	42.9	157.9	25.7	32.3	27.2
1978/79	59.7	16.7	76.4	46.6	13.2	59.8	78.1	79.0	78.3
1979/80	60.3	21.4	81.7	49.0	16.1	65.1	81.3	75.2	79.7
1980/81(b)	96.5	30.0	126.5	77.9	21.6	99.5	80.7	72.0	78.7
1981/82(c)	127.7	22.7	150.4	74.9	11.3	86.2	58.6	49.8	57.3
Total	1,434.6	438.5	1,873.1	747.4	217.9	965.3	52.1	49.7	51.5
1982/83(d)	62.4	—	—	—	—	—	—	—	—

Rs. Million

(a) Loans up to 1973 were granted under the New Agricultural Credit Scheme. Since then, loans have been granted under the Comprehensive Rural Credit Scheme which replaced the former Scheme.
 (b) Revised figures.
 (c) Provisional.
 (d) Incomplete data.

Sources: People's Bank; Bank of Ceylon; Hatton National Bank Ltd.

INDUSTRY

Investment Approvals in Industry within Greater Colombo Economic Commission 1981 - 1982

Category	Number of Units				Foreign Investment (Rs. Mn.)				Total Investment (Rs. Mn.)				Employment Potential (Nos.)			
	Approvals		Contracted		Approvals		Contracted		Approvals		Contracted		Approvals		Contracted	
	1981 ^a	1982*	1981 ^a	1982*	1981 ^a	1982*	1981 ^a	1982*	1981 ^a	1982*	1981 ^a	1982*	1981 ^a	1982*	1981 ^a	1982*
	428	303	605	335	1'181	801	324	331	2'840	3'182	10'	10'	330	330	320	32
1. Food, beverages and tobacco	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Textile, wearing apparel and leather products	4	1	2	3	210†	5	111†	106	272†	8	153†	128	5,129†	208	2,914†	2,506
3. Wood and wood products (including furniture)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Paper and paper products	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5. Chemicals, petroleum, coal, rubber and plastic products	5	1	3	2	118	52	34	59	163	70	55	79	686	172	539	339
6. Non-metallic mineral products (except petroleum and coal)	2	1	1	—	26	23	18	—	49	27	35	—	1,007	159	649	—
7. Basic metal products	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8. Fabricated metal products, machinery and transport equipment	4	6	2	3	343†	229	40†	262	527†	304	54†	418	2,502†	1,911	377†	2,175
9. Manufactured products n.c.s.	3	7	1	3	283	715	109	40	652	1,138	196	59	2,084	2,605	334	616
Total	18	16	9	11	980	1,024	312	467	1,663	1,547	493	684	11,408	5,055	4,813	5,636

a Revised.

* Provisional.

† Includes investment approvals for expansion of projects approved earlier

Source: Greater Colombo Economic Commission.

Investment Approvals in Industry Outside Greater Colombo Economic Commission 1981 - 1982

Category	Number of Units				Foreign Investment (Rs. Mn.)				Total Investment (Rs. Mn.)				Employment Potential (Nos.)			
	FIAC		LIAC		FIAC		LIAC		FIAC		LIAC		FIAC		LIAC	
	1981	1982*	1981	1982*	1981	1982*	1981	1982*	1981	1982*	1981	1982*	1981	1982*	1981	1982*
1. Food, beverages and tobacco	13	5	22	13	178	141	229	258	32	15	872	521	1,323	394		
2. Textile, wearing apparel and leather products	8	12	78	43	30	49	55	162	22	60	1,906	3,284	2,546	4,053		
3. Wood and wood products (including furniture)	—	3	55	37	—	5	—	7	18	9	—	1,028	680	446		
4. Paper and paper products	2	—	—	—	3	—	20	—	—	—	84	—	—	—		
5. Chemicals, petroleum, coal, rubber and plastic products	15	10	127	71	100	41	210	151	88	82	937	1,030	2,083	1,402		
6. Non-metallic mineral products (except petroleum and coal)	6	3	43	71	89	27	235	70	22	13	596	567	1,130	1,052		
7. Basic metal products	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
8. Fabricated metal products, machinery and transport equipment	13	5	117	56	232	68	362	136	69	52	1,164	389	2,559	1,007		
9. Manufactured products n. e. s.	6	7	16	6	9	6	50	17	3	...	290	376	320	75		
Total	63	45	458	297	642	337	1,161	801	254	231	5,849	7,195	10,641	8,429		

* Provisional.

Sources: Foreign Investment Advisory Committee (FIAC), Local Investment Advisory Committees (LIACs).

Cost of Living Index Numbers - Colombo Town

Period	Nov: 38- Apr: 39	1952 = 100 (a)								
	100(b)	Commodity - wise					Sector - wise			
	All Items (1)	All Items (2)	Food (3)	Cloth- ing (4)	Fuel and Light (5)	Rent (6)	Mis- cella- neous (7)	Domestic Group (8)(c)	Import Group (9)(d)	Export Group (10)(e)
1963	305.7	108.8	103.0	118.2	103.0	101.5	126.6	113.4	102.5	117.7
1964	315.3	112.2	106.4	127.2	103.2	101.5	129.3	116.7	106.6	115.3
1965	316.1	112.5	107.3	126.8	100.7	101.5	128.3	116.4	106.4	127.2
1966	315.6	112.3	109.1	117.0	95.9	101.5	127.3	116.8	105.4	127.6
1967	322.6	114.8	112.7	116.7	96.5	101.5	128.9	117.1	111.2	123.9
1968	341.3	121.5	121.2	120.1	103.2	101.5	133.6	123.2	117.3	142.4
1969	366.8	130.5	127.9	130.9	124.9	108.4	147.1	134.3	123.5	148.2
1970	388.3	138.2	136.6	137.3	136.1	109.8	153.2	142.9	129.3	157.3
1971	398.7	141.9	139.1	145.0	140.8	109.8	159.5	148.9	129.7	157.9
1972	423.7	150.8	147.5	163.4	145.9	109.8	169.4	161.6	136.1	140.6
1973	464.8	165.4	164.8	186.1	164.4	109.8	170.0	167.8	162.5	171.9
1974	522.0	185.8	189.7	204.6	221.0	109.8	178.3	176.1	195.7	251.4
1975	557.3	198.3	204.3	208.2	237.1	109.8	191.9	189.5	213.5	214.5
1976	563.9	200.7	202.1	211.7	265.2	109.8	203.8	195.5	209.2	219.8
1977	570.9	203.2	203.3	223.8	257.5	109.8	208.4	200.6	195.6	317.5
1978	640.2	227.8	237.5	226.2	262.1	109.8	224.8	228.8	243.8	358.2
1979	708.9	252.3	263.3	231.2	328.5	109.8	252.4	249.3	283.7	385.2
1980	894.2	318.2	339.7	239.9	563.9	109.8	293.8	288.9	417.7	438.1
1981	1,054.9	375.4	399.6	257.8	767.9	109.8	345.7	341.4	493.1	522.2
1982	1,169.1	416.1	450.4	273.8	816.4	109.8	377.1	383.9	532.9	536.5
1981 January	971.4	345.7	359.9	250.5	692.3	109.8	339.2	315.9	445.5	479.7
February	996.2	354.5	370.5	252.0	730.6	109.8	341.6	320.5	465.1	489.9
March	1,016.7	361.8	380.5	254.5	748.6	109.8	342.3	324.3	479.5	501.3
April	1,028.7	366.1	387.1	255.4	748.6	109.8	343.1	330.0	483.9	501.3
May	1,041.4	370.6	392.9	256.2	766.4	109.8	343.1	336.2	488.3	510.7
June	1,053.8	375.0	398.5	257.7	784.4	109.8	343.1	343.4	491.9	510.7
July	1,058.0	376.5	401.0	258.0	784.4	109.8	343.1	345.9	492.0	510.7
August	1,061.6	377.8	401.5	259.5	791.8	109.8	345.9	346.9	494.2	510.7
September	1,078.8	383.9	411.1	260.4	791.8	109.8	345.9	347.6	505.2	546.7
October	1,098.4	390.9	422.1	262.5	791.8	109.8	345.9	350.8	522.7	546.7
November	1,117.3	397.6	430.3	263.2	791.8	109.8	354.7	361.9	524.0	571.0
December	1,136.9	404.6	439.8	263.3	791.8	109.8	360.6	373.0	525.0	586.8
1982 January	1,141.4	406.2	440.7	265.2	791.8	109.8	365.0	375.7	524.8	586.8
February	1,144.8	407.4	440.7	266.3	809.7	109.8	366.8	366.0	530.7	600.5
March	1,145.1	407.5	440.6	269.6	809.7	109.8	368.9	368.6	532.0	552.2
April	1,159.4	412.6	447.4	271.6	809.7	109.8	370.5	375.7	536.0	521.9
May	1,165.0	414.6	447.8	271.7	812.9	109.8	380.4	381.2	535.3	494.2
June	1,169.8	416.3	449.9	272.0	812.9	109.8	382.8	386.0	534.9	492.6
July	1,174.9	418.1	452.5	272.5	814.8	109.8	382.4	390.7	530.7	489.0
August	1,178.0	419.2	453.4	277.9	814.8	109.8	382.5	388.6	533.8	510.1
September	1,179.4	419.7	454.3	277.9	816.9	109.8	381.9	387.9	536.1	511.6
October	1,184.7	421.6	456.9	278.2	816.9	109.8	383.0	389.7	537.2	527.8
November	1,188.9	423.1	458.3	280.3	834.5	109.8	380.8	396.5	531.6	566.8
December	1,198.2	426.4	462.2	281.8	852.0	109.8	379.8	400.5	532.0	584.8

Sources: Department of Census and Statistics and Central Bank of Ceylon.

Note: Annual figures shown are average of monthly figures.

(a) Colombo Consumers' Price Index—from January 1956, onwards: Index numbers on base 1952 = 100 with the following percentage weights for the groups based on an average total expenditure of Rs. 202.24 in 1949-1950. Food 61.9; clothing 9.4; fuel and light 4.3; rent 5.7; miscellaneous 18.7.

(b) The all Items Index with base November, 1938 - April 1939 = 100 was as follows: August - December 1939 = 108; 1948 = 260; 1950 = 272; 1951 = 283; 1952 = 281.

(c) Comprises items of domestic origin. Weight 60 per cent from January 1968. Previous weight 51 per cent.

(d) Comprises imported goods. Weight 35 per cent from January 1968. Previous weight 44 per cent.

(e) Comprises domestic goods mainly exported. Weight 5 per cent.

PRICES AND WAGES

Wholesale

COMMODITY - WISE

Period	All Items	Food	Alco- holic Drinks	Textile & Foot wear	Paper Products	Chemicals & Chemical Products	Petro- leum Products	Non- Metallic Products	Metal Products
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
WEIGHTS	100.00	67.80	2.86	4.02	1.37	5.16	6.42	1.78	0.93
1977 Index	135.3	140.8	125.0	168.6	117.6	62.7	109.4	172.7	95.1
1978 "	156.7	155.5	136.2	238.4	152.8	80.5	109.4	254.1	116.9
1979 "	171.6	161.3	156.4	245.6	194.1	91.5	183.1	282.2	151.5
1980 "	229.5	214.2	202.1	249.5	279.0	108.5	355.6	407.4	174.0
1981 "	268.5	249.5	252.9	279.3	288.3	173.2	467.3	412.6	206.0
1982 "	283.3	263.7	267.6	308.9	289.1	183.2	473.3	444.6	229.9
1980 1st Quarter	213.1	201.3	176.4	245.7	237.2	102.9	300.9	401.7	163.3
2nd "	216.8	201.1	204.0	249.4	291.3	105.9	328.6	405.8	171.8
3rd "	234.6	216.3	204.0	250.5	291.3	112.0	396.4	409.8	178.8
4th "	253.5	237.9	223.9	252.4	296.3	113.0	396.4	412.2	181.4
1981 1st Quarter	263.7	246.4	247.2	252.1	286.2	154.5	451.0	412.2	182.6
2nd "	267.3	249.4	252.9	277.6	289.1	175.1	471.9	412.2	207.8
3rd "	263.8	241.5	252.9	288.7	289.1	181.1	473.3	411.6	214.2
4th "	278.9	260.9	259.2	299.0	289.1	182.1	473.3	413.5	219.4
1982 1st Quarter	284.2	266.0	267.9	319.7	289.1	182.9	473.3	427.1	230.0
2nd "	276.1	253.3	267.9	325.1	289.1	183.6	473.3	433.2	230.0
3rd "	285.5	265.3	267.6	299.9	289.1	183.1	473.3	441.7	229.9
4th "	287.4	270.2	266.8	291.0	289.1	183.0	473.3	476.2	229.8
1981 January	256.7	238.9	241.4	252.1	286.2	120.4	423.9	412.2	182.6
February	269.0	252.5	247.2	252.1	286.2	171.5	464.6	412.2	182.6
March	265.4	247.8	252.9	252.1	286.2	171.5	464.6	412.2	182.6
April	266.2	249.5	252.9	255.5	289.1	172.9	469.1	412.2	204.6
May	268.8	249.6	252.9	288.6	289.1	172.9	473.3	412.2	204.6
June	267.9	248.5	252.9	288.6	289.1	179.6	473.3	412.2	214.2
July	264.1	243.2	252.9	288.6	289.1	179.6	473.3	412.1	214.2
August	262.5	239.6	252.9	288.7	289.1	181.5	473.3	411.4	214.2
September	264.7	241.6	252.9	288.8	289.1	182.3	473.3	411.4	214.2
October	268.4	247.7	252.9	288.8	289.1	182.3	473.3	411.4	214.2
November	278.5	260.9	256.0	288.8	289.1	182.2	473.3	411.4	214.2
December	289.7	274.1	267.9	319.5	289.1	181.7	473.3	419.8	230.0
1982 January	289.8	273.9	267.9	319.5	289.1	182.0	473.3	422.0	230.0
February	283.8	265.9	267.9	319.8	289.1	183.2	473.3	429.6	230.0
March	278.7	258.2	267.9	319.8	289.1	183.6	473.3	429.6	230.0
April	281.9	261.9	267.9	325.1	289.1	183.6	473.3	429.6	230.0
May	273.5	249.4	267.9	325.1	289.1	183.6	473.3	435.0	230.0
June	273.0	248.7	267.9	325.1	289.1	183.5	473.3	435.0	230.0
July	282.4	259.7	267.9	325.1	289.1	183.6	473.3	435.0	230.0
August	284.4	264.1	267.9	287.1	289.1	182.9	473.3	435.0	230.0
September	289.7	272.2	267.1	287.5	289.1	182.9	473.3	455.1	229.8
October	283.5	265.3	266.8	287.1	289.1	182.9	473.3	475.7	229.8
November	287.1	269.8	266.8	293.0	289.1	182.7	473.3	476.4	229.8
December	291.5	275.4	265.8	293.0	289.1	183.5	473.3	476.6	229.8

(a) Composite domestic goods mainly exported. Weight 2 per cent. (b) Composite imported goods. Weight 35 per cent from January 1982. Previous weight 44 per cent. (c) Composite of domestic origin. Weight 60 per cent from January 1982. Previous weight 51 per cent. (d) The all figure index with base - November 1972 = 100. April 1979 = 282.1972 = 281. (e) The following percentage weights for the groups based on a previous total composite of 100. 1982: Food 61.2, Textiles 13.2, Chemicals 10.5, Petroleum 10.5, Non-metallic 18.7, Metal 18.7. 1981: Food 61.2, Textiles 13.2, Chemicals 10.5, Petroleum 10.5, Non-metallic 18.7, Metal 18.7. 1980: Food 61.2, Textiles 13.2, Chemicals 10.5, Petroleum 10.5, Non-metallic 18.7, Metal 18.7. 1979: Food 61.2, Textiles 13.2, Chemicals 10.5, Petroleum 10.5, Non-metallic 18.7, Metal 18.7. 1978: Food 61.2, Textiles 13.2, Chemicals 10.5, Petroleum 10.5, Non-metallic 18.7, Metal 18.7. 1977: Food 61.2, Textiles 13.2, Chemicals 10.5, Petroleum 10.5, Non-metallic 18.7, Metal 18.7.

TABLE 16

PRICES AND WAGES

Price Index

1974 = 100

					SECTOR - WISE					
					No. I			No. II		
Transport Equip- ment	Electrical Appliances & Supplies	Mechi- nery	Fuel & Light	Miscel- laneous	Dome- stic	Imports	Exports	Consu- mer	Interme- diate	Invest- ment
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
0.80	0.96	1.33	1.79	4.78	50.31	27.17	22.52	75.30	20.52	4.18
127.4	117.3	102.6	179.5	150.8	115.4	93.0	229.9	140.7	116.7	130.6
141.6	123.6	109.2	253.8	222.9	133.9	138.8	229.1	157.2	152.4	169.2
148.1	138.3	124.2	319.5	260.8	144.5	164.9	241.3	167.0	184.1	195.2
171.0	154.4	139.2	388.9	328.7	177.0	237.6	337.0	222.1	249.3	264.7
193.9	185.3	161.7	402.5	337.9	217.0	301.4	343.7	252.8	318.2	305.1
200.6	232.4	167.6	409.2	359.5	239.6	295.2	365.8	268.3	329.8	325.1
149.6	147.9	127.2	368.1	296.5	165.0	210.9	322.9	207.6	225.4	247.3
150.0	149.0	134.0	335.4	291.1	168.2	227.0	313.1	209.8	235.2	252.9
191.4	154.9	141.1	401.1	328.6	181.2	249.5	335.6	224.7	264.1	265.4
192.9	165.9	154.3	401.1	398.7	193.7	263.1	376.2	246.2	272.6	293.2
193.9	172.9	156.8	402.1	357.1	198.2	287.6	382.0	252.2	298.8	298.2
193.9	179.7	159.5	402.6	317.6	213.9	302.9	344.8	251.7	318.5	304.4
193.9	190.8	165.0	402.6	324.1	218.0	305.6	315.7	244.8	323.3	307.4
193.9	197.6	165.6	402.6	352.5	238.3	309.7	332.4	262.7	332.0	310.2
196.5	218.5	166.9	407.6	346.2	238.3	310.0	354.8	269.0	332.6	319.0
201.9	233.6	167.2	407.6	347.6	235.4	298.1	340.8	258.3	332.7	320.2
202.0	236.7	168.2	407.6	390.8	242.7	286.9	382.4	270.7	331.4	323.3
202.0	240.8	168.2	414.0	353.4	241.7	285.7	385.0	275.0	322.3	337.7
193.9	172.2	156.8	401.1	393.8	196.9	272.9	370.6	245.4	289.7	298.2
193.9	172.2	156.8	402.6	345.5	201.0	295.2	389.3	257.6	305.0	298.2
193.9	174.3	156.8	402.6	332.1	195.6	294.8	386.2	253.7	301.7	298.2
193.9	176.6	156.8	402.6	309.3	206.2	297.6	362.4	252.1	310.4	303.1
193.9	181.3	156.8	402.6	327.6	213.7	306.9	346.2	251.9	324.0	303.1
193.9	181.3	165.0	402.6	315.9	221.9	304.6	326.0	251.1	321.2	307.7
193.9	190.8	165.0	402.6	311.9	220.3	303.4	314.6	246.6	319.5	307.7
193.9	190.8	165.0	402.6	321.0	216.3	305.5	313.7	242.8	323.0	307.3
193.9	190.8	165.0	402.6	339.5	217.3	307.8	319.0	245.1	327.3	307.3
193.9	190.8	165.0	402.6	349.6	223.1	309.8	319.9	249.1	331.4	307.3
193.9	190.8	163.0	402.6	351.7	238.2	309.8	330.5	262.4	331.5	307.3
193.9	211.3	166.9	402.6	356.3	253.5	309.6	346.7	276.5	333.2	316.0
193.9	211.3	166.9	407.6	357.6	245.1	311.2	364.0	275.8	335.6	316.9
193.9	211.3	166.9	407.6	342.0	234.0	310.0	363.4	268.9	331.0	320.1
201.8	232.9	166.9	407.6	338.9	235.9	309.7	337.1	262.2	331.2	320.1
201.8	232.9	166.9	407.6	347.0	238.1	309.7	346.2	265.8	333.0	320.1
201.8	234.0	166.9	407.6	347.9	233.3	291.0	342.1	254.9	332.1	320.1
202.0	234.0	167.8	407.6	347.9	234.7	293.5	334.1	254.1	333.1	320.4
202.0	234.0	168.2	407.6	386.5	247.6	291.3	358.4	265.8	333.5	320.7
202.0	238.0	168.2	407.6	398.4	241.7	284.0	380.3	269.7	330.8	320.7
202.0	238.0	168.2	407.6	387.5	238.9	285.5	408.5	276.7	329.8	328.5
202.0	238.0	168.2	407.6	347.7	236.6	284.8	386.8	270.8	319.2	337.3
202.0	238.0	168.2	407.6	355.7	240.5	284.4	394.8	275.1	321.0	337.6
202.0	246.3	168.2	426.9	356.8	247.9	287.8	393.5	279.3	326.7	338.1

Source: Central Bank of Ceylon.

- (a) Includes coconut manufacturing, engineering, printing, match manufacturing, motor transport, tea export, building, dock, harbor and port transport, rubber export and cinema trades only.
- (b) Combined index for workers in agriculture and workers in industry and commerce.
- (c) Combined index for clerical and technical employees and minor employees.

Minimum Wage Rate Index Numbers - 1952 = 100

No. II Period (10)	Workers in Wages Boards Trades			Government Employees			
	Workers in Agriculture (1) (a)	Workers in Industry & Commerce (2) (b)	Workers in Wages Boards Trades, c) (3)	Technical & Clerical Employees (4)	Minor Employees (5)	All Central Government Employees (6) (d)	Government School Teachers (7)
	1962	111.9	129.5	113.6	122.3	130.4	126.7	117.4
1963	113.3	130.9	115.2	122.3	130.4	126.7	117.4
1964	116.0	132.8	117.8	122.3	130.4	126.7	117.4
1965	116.3	132.8	118.2	122.3	130.4	126.7	117.4
1966	116.3	133.2	118.1	122.3	130.4	126.7	117.4
1967	120.4	138.9	122.2	125.4	136.2	131.3	119.4
1968	138.8	161.6	141.2	140.1	163.0	152.6	129.6
1969	138.8	161.7	141.2	144.4	168.0	157.3	132.5
1970	140.2	166.1	142.9	157.2	182.9	171.3	141.1
1971	141.6	176.1	145.3	157.2	182.9	171.3	141.1
1972	148.5	181.4	156.9	157.4	183.4	171.7	141.2
1973	168.1	199.8	169.9	163.0	194.2	180.1	144.3
1974	210.0	235.8	212.5	181.4	220.5	202.8	159.1
1975	241.2	275.2	244.5	197.4	246.3	224.2	171.8
1976	246.4	282.3	250.0	206.9	262.2	237.2	181.6
1977	310.2	304.0	308.8	209.2	266.1	240.4	184.7
1978	451.0	370.9	441.1	234.5	308.7	275.2	203.9
1979	572.2	433.1	554.6	272.5	372.4	327.2	234.2
1980	713.6	527.0	690.2	299.2	417.5	363.9	254.5
1981	711.9	593.9	695.4	337.7	482.2	416.9	283.8
1982	805.3	666.6	785.8	441.3	636.5	548.3	360.2
1981 1st Quarter	725.7	540.1	702.5	331.4	471.6	408.2	279.0
2nd "	700.3	547.4	680.4	331.4	471.6	408.2	279.0
3rd "	705.9	625.7	692.9	331.4	471.6	408.2	279.0
4th "	715.8	662.3	705.6	356.7	514.1	442.9	298.2
1982 1st Quarter	796.9	663.4	777.9	432.4	621.5	536.0	353.4
2nd "	802.8	664.7	783.5	438.6	632.1	544.6	358.1
3rd "	809.8	668.5	790.1	445.3	643.3	553.7	363.2
4th "	811.6	669.5	792.0	449.0	649.5	558.8	366.0
1982 January	795.8	663.2	776.5	431.3	619.7	534.5	352.5
February	798.7	663.5	779.7	432.4	621.5	536.0	353.4
March	796.4	663.6	777.4	433.5	623.4	537.5	354.2
April	800.0	663.6	780.6	433.5	623.4	537.5	354.2
May	803.6	665.1	784.4	440.1	634.6	546.6	359.3
June	804.8	665.6	785.4	442.3	638.3	549.7	360.9
July	807.9	668.2	788.4	443.4	640.1	551.2	361.8
August	810.2	668.6	790.7	445.6	643.9	554.2	363.5
September	811.2	668.8	791.2	446.7	645.7	555.7	364.3
October	812.2	669.2	792.7	446.7	645.7	555.7	364.3
November	810.7	669.5	791.1	449.0	649.5	558.8	366.0
December	811.7	669.9	792.2	451.2	653.2	561.8	367.7

Sources: Department of Labour and Central Bank.

Note: (a) Minimum Wage Rate Index refers to wage rates of tea growing and manufacturing; rubber and rubber manufacturing and coconut growing trades.

(b) Includes coconut manufacturing, engineering, printing, match manufacturing, motor transport, tea exports, building, dock, harbour and port transport, rubber export and cinema trades only.

(c) Combined index for workers in agriculture and workers in industry and commerce.

(d) Combined index for clerical and technical employees and minor employees.

Central Bank Trade Indices(a)(1978=100) - Exports

Period	Export Volume						Export Price						All Imports price Index	Terms of Trade, b)
	Tea	Rubber including liquid latex	3 Major coconut products	Precious & Semi Precious stones	33 Minor Products	All Exports	Tea	Rubber including liquid latex	3 Major coconut products	Precious & Semi Precious Stones	33 Minor Products	All Exports		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1938	56	38	188	—	59	60	5	6	2	—	2	4	3	153
1948	70	68	148	—	43	72	13	11	11	—	10	12	7	187
1949	71	65	145	—	50	72	14	10	12	—	10	13	8	162
1950	71	88	167	—	55	79	17	23	15	—	13	17	8	208
1951	72	76	202	—	59	80	17	38	16	—	18	21	11	197
1952	74	70	233	—	50	81	15	27	10	—	14	16	11	153
1953	79	72	206	—	54	83	16	23	12	—	12	16	11	155
1954	85	70	192	—	60	86	20	21	11	—	14	18	10	187
1955	85	74	245	—	60	91	22	24	9	—	14	19	9	203
1956	82	64	230	—	56	85	20	23	9	—	15	18	9	189
1957	88	69	161	—	54	83	18	22	10	—	16	17	10	171
1958	97	68	150	—	51	88	18	19	11	—	15	17	9	183
1959	90	68	192	—	53	86	18	22	13	—	14	17	9	185
1960	97	78	164	—	57	92	18	25	12	—	16	17	9	185
1961	101	65	231	—	55	95	17	20	9	—	14	16	9	172
1962	107	74	259	—	55	102	17	20	9	—	15	16	9	178
1963	108	69	205	—	54	98	16	18	10	—	16	16	10	161
1964	107	84	273	—	51	107	17	17	11	—	17	16	12	133
1965	117	88	214	—	52	111	16	17	14	—	18	16	11	142
1966	103	99	169	—	50	101	15	17	12	—	17	15	11	137
1967	112	96	156	—	52	105	15	14	11	—	17	14	12	120
1968	108	109	184	—	61	108	17	15	19	—	18	17	14	117
1969	104	104	152	—	62	103	16	20	16	—	19	17	15	110
1970	108	117	147	—	64	107	16	19	17	—	19	17	16	106
1971	108	94	170	—	65	104	17	16	17	—	24	17	17	98
1972	98	94	211	—	67	102	18	14	13	—	20	17	18	94
1973	107	117	70	—	82	103	18	25	17	—	25	20	24	82
1974	91	93	78	—	79	89	23	39	50	—	35	31	42	72
1975	110	116	141	—	55	107	27	28	33	—	35	29	49	58
1976	103	100	131	—	77	102	31	44	34	—	36	34	44	78
1977	95	98	48	—	104	94	57	47	56	—	49	55	54	102
1978	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1979	97	93	98	69	136	101	92	132	152	128	116	109	152	72
1980	97	88	44	33	158	99	99	143	163	269	138	126	217	58
1981	97	97	69	33	162	102	104	148	149	174	169	129	282	46
1982	96	95	94	113	189	112	103	120	109	114	172	119	309	38

Source: Central Bank of Ceylon.

(a) Indices from 1978 are based on the experience of 1978. The figures prior to 1978 have been spliced to the new index (1978=100).

(b) $\frac{\text{Export price index}}{\text{Import price index}} \times 100$

(a) Indices from 1978 are based on the experience of 1978. The figures prior to 1978 have been spliced to the new index (1978=100).

Central Bank Trade Indices (a) (1978=100) — Imports

Period	Import Volume							Import Price						
	Consumer Goods				Intermediate Goods	Investment Goods	All Imports	Consumer Goods				Intermediate Goods	Investment Goods	All Imports
	Food & Drink	Textiles	Other Consumer Goods	Combined				Food & Drink	Textiles	Other Consumer Goods	Combined			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
1938	74	186	43	77	65	27	44	3	2	2	3	3	3	3
1948	91	217	74	96	66	31	52	14	11	6	8	7	6	6
1949	92	278	84	104	80	35	58	13	9	5	10	6	6	8
1950	103	303	82	111	81	40	62	14	9	5	11	7	7	8
1951	104	291	134	122	97	49	70	15	10	7	14	8	9	11
1952	104	334	124	122	93	51	70	18	9	7	13	9	10	11
1953	108	339	124	126	91	48	71	18	8	8	13	8	10	11
1954	104	317	93	116	95	41	66	16	8	8	12	8	10	10
1955	104	347	136	125	100	60	74	15	7	8	12	8	10	9
1956	117	403	156	142	96	74	83	15	7	8	12	8	10	9
1957	118	331	167	141	138	73	88	15	8	8	12	9	10	10
1958	126	434	186	157	105	72	89	14	7	8	11	8	10	9
1959	140	386	240	175	128	95	103	14	7	8	11	8	11	9
1960	131	375	275	174	128	85	101	14	8	8	11	8	12	9
1961	121	325	91	130	124	74	81	14	8	8	11	7	11	9
1962	113	322	84	122	138	84	82	14	7	8	11	7	9	9
1963	108	183	46	101	131	67	70	15	7	11	12	7	10	10
1964	148	344	97	156	130	49	86	18	7	9	14	7	19	12
1965	97	212	61	101	124	42	65	16	8	12	13	7	19	11
1966	158	281	84	157	141	53	89	15	7	12	13	7	19	11
1967	130	169	65	123	135	47	76	15	7	11	13	7	21	11
1968	127	134	63	119	151	46	77	20	10	16	17	8	24	14
1969	121	129	70	115	141	81	82	20	14	16	18	9	26	15
1970	139	139	78	131	116	54	77	20	14	17	18	10	31	16
1971	108	110	58	101	130	50	68	22	14	17	19	11	30	17
1972	153	39	79	135	103	41	67	26	14	14	22	11	25	18
1973	125	86	77	114	64	39	60	35	10	20	28	16	29	24
1974	75	29	97	77	62	23	42	68	21	17	52	27	43	42
1975	87	8	87	83	76	45	52	85	31	20	66	28	43	49
1976	77	22	173	85	92	53	57	58	28	32	48	34	52	44
1977	135	49	85	123	86	62	73	63	42	48	56	48	53	54
1978	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1979	102	323	250	139	95	144	123	110	167	96	114	196	145	152
1980	86	128	355	116	145	172	140	170	210	199	177	296	160	217
1981	47	110	100	59	143	293	145	247	401	171	255	394	149	282
1982	36	187	220	69	229	150	148	208	418	163	227	448	228	309

Source: Central Bank of Ceylon.

(a) Indices from 1978 are based on the experience of 1978. The figures prior to 1978 have been spliced to the new index. (1978=100)

(b) Includes coconut manufactures, handloom weaving, match manufacturing, motor transport, tea exports, building and post transport, rubber export and cinema trades only.

(c) Combined index for workers in industry and commerce.

(d) Combined index for clerical and minor employees.

Central Bank Trade Indices^(a) (1978 = 100) - Value

Period	Import Values							Export Values					
	Consumer Goods				Intermediate Goods	Investment Goods	All Imports	Tea	Rubber Including Liquid Latex	3 Major Coconut Products	Precious & Semi precious stones	33 Minor Products	All Exports
	Food & Drink	Textiles	Other Consumer Goods	Combined									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
1938	2	4	5	2	4	2	2	3	2	3	—	3	3
1948	13	26	22	14	12	6	10	9	7	16	—	8	9
1949	13	27	23	14	12	8	10	10	6	17	—	9	10
1950	15	31	25	16	13	9	12	12	20	26	—	13	15
1951	18	40	54	20	19	14	15	13	29	33	—	19	18
1952	21	39	52	22	20	17	16	11	19	24	—	13	19
1953	20	30	47	21	19	14	15	13	17	25	—	12	15
1954	17	24	34	17	18	12	13	17	14	22	—	15	17
1955	15	29	49	17	20	15	13	19	17	23	—	14	19
1956	18	35	58	19	19	21	15	16	15	22	—	14	16
1957	19	32	65	20	31	21	17	16	15	16	—	15	16
1958	18	36	75	20	21	20	16	18	13	17	—	14	16
1959	21	33	94	22	25	26	18	16	15	25	—	14	17
1960	19	33	105	22	25	24	17	17	19	19	—	16	18
1961	17	30	34	18	23	20	14	17	13	21	—	14	16
1962	16	28	28	17	24	20	14	18	15	23	—	14	18
1963	16	16	14	15	23	17	13	18	13	20	—	15	17
1964	24	27	16	23	21	11	16	18	14	28	—	19	18
1965	15	16	12	14	22	10	12	19	15	28	—	18	19
1966	24	21	18	22	25	13	16	16	17	20	—	16	17
1967	20	12	15	18	23	12	14	17	14	17	—	17	16
1968	25	12	14	22	31	15	18	18	16	34	—	21	20
1969	24	18	17	22	28	27	19	17	21	23	—	22	19
1970	27	20	21	25	22	19	18	18	22	24	—	22	19
1971	23	16	13	21	27	13	16	18	15	28	—	23	19
1972	23	5	19	20	27	15	16	18	13	27	—	24	18
1973	32	8	12	27	20	13	18	20	29	14	—	42	24
1974	52	5	16	42	38	13	28	21	36	41	—	45	25
1975	66	2	22	53	40	18	34	30	32	40	—	33	32
1976	42	6	29	35	27	22	24	33	44	39	—	44	36
1977	57	17	16	47	32	24	31	55	46	36	—	55	51
1978	100	100	100	100	100	100	100	100	100	100	100	100	100
1979	109	264	129	127	157	137	140	89	123	134	88	154	109
1980	138	235	239	158	272	181	205	96	128	78	87	215	119
1981	107	392	149	139	311	161	208	101	143	104	57	258	132
1982	63	363	233	109	344	200	218	99	114	103	129	266	131

Source: Central Bank of Ceylon.

(a) Indices from 1978 onwards are obtained as a per cent of the annual values for 1978 which is taken as the base year. Figures prior to 1978 have been spliced to the new index and are not strictly comparable.

EXTERNAL TRADE

EXTERNAL TRADE

Central Bank Trade Indices (1978=100)

Expenditure

Period	Animal Products	Vegetable Products				Prepared Foodstuffs			Mineral Products		
		Total	of which			Total	of which		Total	of which	
			I Rice	II Flour	III Wheat & Meslin		I Sugar	II Meat & Fish Preparations		I Crude Oil	II Other Petro- leum Pro- ducts
1972	147	568	161	193	44	272	248	3	52	—	38
1973	122	863	270	453	61	342	321	9	310	266	30
1974	121	1,766	720	856	117	225	190	...	926	172	734
1975	130	2,244	1,062	1,002	136	313	248	...	894	851	21
1976	107	1,494	602	671	145	104	64	4	1,196	1,090	74
1977	108	2,006	917	871	144	255	197	10	1,489	1531	135
1978	420	3,183	689	2,192	136	786	620	13	2,499	2,222	195
1979	548	3,394	884	1,691	296	1,358	929	130	4,143	3,137	809
1980(a)	681	3,818	756	1,788	554	2,441	1,915	157	8,681	7,309	832
1st Quarter	154	1,276	209	721	46	539	431	46	1,692	1,387	172
2nd Quarter	129	1,027	235	530	76	542	327	19	2,310	1,916	172
3rd Quarter	205	968	204	497	159	714	566	44	2,327	2,039	202
4th Quarter	192	556	103	48	293	625	550	59	2,347	1,966	299
1981(a)	488	3,187	859	24	1,871	3,096	2,662	53	9,850	8,643	816
1st Quarter	111	618	284	22	243	623	553	17	1,846	1,693	35
2nd Quarter	146	754	197	...	432	1,275	1,179	3	2,359	2,228	44
3rd Quarter	115	964	298	...	595	591	443	17	2,978	2,465	405
4th Quarter	116	829	79	...	602	605	485	15	2,674	2,256	302
1982(a)	696	2,553	488	59	1,318	1,565	887	157	12,082	10,175	1,319
1st Quarter	58	724	...	13	559	280	151	41	1,772	1,433	191
2nd Quarter	157	658	147	12	356	560	355	75	3,075	2,667	304
3rd Quarter	156	881	195	18	402	432	231	23	3,386	2,600	651
4th Quarter	324	446	146	14	...	292	148	15	2,717	2,342	173
1982	17	192	...	5	103	56	34	5	229	184	5
January	19	270	—	8	231	120	75	10	1,184	1,076	52
February	22	262	...	...	225	104	42	26	359	173	134
March	36	59	—	2	...	138	53	14	1,355	1,228	112
April	32	387	98	10	252	286	232	32	245	169	12
May	89	212	49	...	104	136	70	29	1,475	1,270	180
June	33	522	74	...	402	195	86	9	1,194	971	167
July	90	170	93	18	—	87	40	7	678	343	280
August	33	189	28	...	—	150	105	7	1,514	1,286	204
September	104	24	—	...	...	124	78	2	404	320	8
October	174	172	77	1	—	62	6	7	1,925	1,846	9
November	46	250	69	13	...	106	64	6	388	176	156
December											

(a) Monthly and quarterly data as well as chapter totals may not add up to the annual total due to subsequent adjustments by the Customs.

(b) Excluding Bullion and Specie.

(c) Unadjusted data.

on Imports(c)

Rs. Million.

Total	Chemicals		Paper Products	Cotton Yarn & Textiles	Base Metal	Machinery & Equipment	Vehicles & Transport Equipment	Other	Total (b)
	Fertilizer	of which I Pharmaceutical Products							
211	63	41	54	192	172	180	115	102	2 064
278	111	36	57	175	146	226	91	106	2 715
531	221	44	85	282	210	177	94	137	4 554
454	208	69	106	196	252	322	125	215	5 251
313	99	59	99	289	272	423	183	216	4 645
340	51	81	93	459	265	419	287	289	6 007
1,065	252	157	296	1 217	92	1 800	1 682	809	14 687
1,639	673	232	508	2 323	1 698	2 993	2 586	1 370	22 560
2,467	1 333	234	526	2 308	2 293	4 941	3 445	2 036	33 637
430	199	50	128	530	512	1 234	884	1 092	7 837
640	314	70	136	482	454	888	803	351	7 762
645	318	66	129	596	654	1 473	911	501	9 123
807	503	48	163	699	698	1 345	841	640	8 913
2,418	1 191	171	815	3 159	2 317	5 106	2 684	2 410	35 530
713	457	38	167	580	578	1 339	951	648	8 174
518	229	29	242	739	608	1 248	698	622	9 208
608	281	39	201	906	632	1 253	514	510	9 269
578	222	67	207	933	512	1 264	519	646	8 878
2 120	560	334	782	3 311	2 358	5 605	2 977	2 827	36 876
453	114	72	204	762	554	1 646	586	541	8 713
546	125	86	153	779	580	1 215	631	644	8 998
650	247	93	195	788	580	1 384	916	650	10 023
472	72	83	228	983	647	1 381	844	808	9 142
165	52	23	54	177	169	517	193	157	3 059
116	—	25	51	299	197	592	187	198	3 233
172	62	24	99	286	188	537	206	186	2 421
191	71	27	58	231	233	395	156	289	3 141
176	23	33	52	344	188	460	205	155	2 530
179	31	26	43	204	159	360	270	200	3 327
197	83	23	62	318	201	361	311	198	3 592
264	109	34	47	280	191	559	333	227	2 926
189	55	36	86	190	188	464	272	225	3 505
166	24	32	46	289	188	381	312	215	2 253
143	2	28	93	384	247	462	280	262	4 204
163	46	23	89	310	212	538	252	331	2 685

Source: Customs, Sri Lanka.

Exports

Period	Tea		Rubber		Coconut Products			Minor Agricultural crops (a) Value	Industrial Exports Value (a)	Gems Value	Other Value	Total Exports (a) Value
	Quantity (Mn. Kgs.)	Value	Quantity (Mn. Kgs.)	Value	Kernel Products	Other Products	Value					
1972	190.2	1,162.1	129.6	265.1	1,247.9	263.3	70.8	57.7	57.0	12.3	120.2	2,008.5
1973	205.7	1,260.7	131.0	591.5	141.6	87.6	100.2	216.4	216.4	140.8	78.3	2,617.1
1974	175.4	1,359.7	128.1	738.5	460.1	146.6	146.6	152.5	480.9	98.1	101.6	3,471.9
1975	212.7	1,931.6	140.8	653.7	845.3	387.4	107.3	114.5	519.4	180.2	39.3	3,933.4
1976	200.0	2,099.7	137.0	889.6	803.3	374.6	119.8	204.2	757.8	261.4	127.8	4,814.9
1977	185.8	3,502.5	135.8	930.6	280.6	334.7	160.8	334.8	941.3	297.9	135.2	6,637.8
1978	192.7	6,400.9	138.0	2,020.6	594.6	971.6	299.4	722.9	1,944.1	531.0	315.8	13,206.3
1979	187.5	5,722.2	128.2	2,491.4	537.0	1,297.6	401.1	824.8	3,737.3	490.1	300.9	15,272.6
1980 (b)	184.7	6,170.1	121.0	2,590.4	239.4	753.8	480.5	878.8	5,955.2	663.7	102.5	17,595.0
1st quarter	49.9	1,492.7	25.1	541.5	58.9	177.1	127.8	181.1	1,252.1	199.7	65.5	4,036.5
2nd quarter	43.4	1,474.6	25.1	570.3	41.8	140.6	121.6	192.1	1,303.8	148.6	93.9	4,045.5
3rd quarter	41.9	1,407.6	32.3	681.7	61.0	187.9	93.0	230.5	1,503.5	145.7	261.2	4,511.1
4th quarter	49.4	1,795.1	37.2	796.4	77.7	246.7	137.7	275.1	1,738.3	169.8	77.9	5,236.9
1981 (b)	183.4	6,444.0	132.5	2,889.0	400.8	1,010.7	426.9	1,399.6	7,455.7	632.5	784.7	21,043.1
1st quarter	38.9	1,409.6	39.4	901.0	34.4	113.4	90.7	327.4	1,268.8	234.0	249.7	4,594.6
2nd quarter	40.2	1,475.4	26.5	602.3	54.8	179.1	90.5	468.6	1,571.8	141.2	36.8	4,565.7
3rd quarter	57.4	1,954.3	25.3	513.5	149.8	375.6	115.0	202.3	2,241.0	113.0	671.3	5,886.0
4th quarter	46.2	1,590.4	41.4	869.4	161.8	342.6	123.8	401.3	2,375.0	144.2	130.1	5,976.8
1982 (b)	181.0	6,342.2	131.3	2,322.6	569.4	1,002.6	493.8	1,645.2	8,444.9	684.9	517.5	21,453.7
1st quarter	50.2	1,614.1	42.5	798.0	103.7	219.3	115.7	429.3	1,981.4	142.9	476.2	5,776.9
2nd quarter	41.9	1,427.4	36.1	613.4	103.4	201.9	115.8	250.5	1,927.2	87.8	67.3	4,691.3
3rd quarter	50.0	1,748.1	24.2	349.5	226.0	623.1	116.3	2,279.3	2,279.3	110.6	57.9	5,704.4
4th quarter	38.8	1,552.7	28.5	491.6	136.3	232.0	118.1	342.3	2,257.1	343.6	79.0	5,416.4
1982 January	10.4	318.0	6.4	111.3	49.0	90.4	31.2	115.2	670.0	35.5	248.0	1,619.6
February	15.8	493.7	16.6	301.1	24.4	57.0	34.3	173.9	588.5	52.5	53.9	1,754.9
March	24.0	802.4	19.4	385.7	30.3	71.8	50.2	140.5	732.8	25.9	164.1	2,402.4
April	17.2	587.8	13.9	233.8	23.2	52.5	29.1	89.1	621.9	54.9	33.4	1,673.2
May	14.1	482.8	12.5	208.7	24.5	52.8	36.7	79.1	588.5	43.2	61.6	1,553.4
June	10.7	356.8	9.7	171.0	55.7	96.5	50.0	671.4	617.4	19.0	17.7	1,464.7
July	12.8	443.7	7.2	123.9	48.6	84.5	29.2	365.2	816.9	19.8	50.4	1,933.6
August	21.4	719.9	7.3	125.3	61.2	104.1	45.7	156.2	768.2	45.1	12.2	1,976.7
September	15.8	584.5	9.6	170.3	116.1	160.8	41.4	87.1	694.2	45.7	10.1	1,794.1
October	14.2	544.9	9.4	159.2	67.7	106.9	40.1	101.6	708.2	47.0	20.9	1,728.8
November	14.7	596.8	11.7	204.0	30.6	57.9	42.8	110.9	647.4	42.3	22.7	1,724.8
December	9.9	411.0	7.4	128.4	38.0	67.2	35.2	129.8	906.0	254.4(c)	30.0	1,952.8

(a) Adjusted. (1980 onwards)

(b) Monthly and quarterly data may not add up to the annual total due to

(c) subsequent adjustments made by Customs

Includes Diamonds.

Sources :

Customs, Sri Lanka,

State Gem Corporation,

Ceylon Petroleum Corporation.

Exchange Rates Since 16th November 1977(a)

(Rupees per 100 Units of Foreign Currency)

Date	U.S. Dollar		U.K. Pound Sterling		German Deutsche Mark		French Franc		Japanese Yen		Indian Rupee	
	Buying Rate	Selling Rate	Buying Rate	Selling Rate	Buying Rate	Selling Rate	Buying Rate	Selling Rate	Buying Rate	Selling Rate	Buying Rate	Selling Rate
1977 November 16	1597.00	1603.00	2900.00	2911.00	709.60	712.00	328.00	329.50	6.5070	6.5370	184.70	185.50
1977 December 31	1553.00	1559.00	2979.75	2990.75	741.00	744.00	331.45	332.95	6.4730	6.5030	184.60	185.40
1978 December 31	1549.00	1552.00	3164.05	3170.05	854.55	856.15	374.25	374.95	8.0290	8.0440	190.85	190.85
1979 December 31	1543.00	1546.00	3453.50	3459.50	899.20	900.80	383.65	386.35	6.4465	6.4615	193.80	194.20
1980 December 31	1798.50	1801.50	4266.55	4272.55	920.45	922.05	397.15	397.85	8.7475	8.7625	228.55	228.95
1981 January 31	1807.50	1810.50	4324.50	4330.50	859.95	861.55	373.30	374.00	8.8340	8.8490	222.80	223.20
February 28	1813.50	1816.50	4042.00	4048.00	855.20	856.80	363.90	364.60	8.6910	8.7060	218.30	218.70
March 31	1802.50	1805.50	4057.00	4063.00	860.20	861.80	364.40	365.10	8.5300	8.5450	219.80	220.20
April 30	1833.50	1836.50	3926.60	3932.60	830.05	831.65	350.90	351.60	8.5310	8.5460	219.80	220.20
May 31	1862.50	1865.50	3857.25	3863.25	801.95	803.55	337.65	338.35	8.3195	8.3345	219.55	219.95
June 30	1874.50	1877.50	3655.50	3661.50	788.20	789.80	329.40	330.10	8.3430	8.3580	214.45	214.85
July 31	1912.60	1915.00	3556.50	3562.50	776.60	778.20	327.70	328.40	7.9950	8.0100	213.65	214.05
August 31	1995.50	1998.50	3717.00	3723.00	821.70	823.30	343.00	343.70	8.7280	8.7430	220.51	220.91
September 30	2077.00	2080.00	3726.60	3732.60	896.05	897.65	374.10	374.80	8.9600	8.9750	219.89	220.33
October 31	2115.00	2118.00	3907.25	3913.25	937.95	939.55	373.75	374.45	9.0760	9.0910	224.42	224.86
November 30	2056.50	2059.50	4038.65	4044.65	930.30	931.90	368.90	369.60	9.6100	9.6250	230.12	230.58
December 31	2033.50	2056.50	3906.90	3912.90	906.05	907.65	357.75	358.45	9.3235	9.3385	220.41	220.85
1982 January 31	2063.50	2066.50	3887.20	3893.20	890.75	892.35	350.15	350.85	9.0345	9.0495	224.68	225.12
February 28	2056.50	2059.50	3769.80	3775.80	869.10	870.70	341.80	342.50	8.7560	8.7710	224.82	225.26
March 31	2058.50	2071.50	3675.95	3681.95	853.20	854.80	330.40	331.10	8.3245	8.3395	220.22	220.66
April 30	2066.50	2069.50	3707.75	3713.75	885.50	887.10	339.60	340.30	8.7730	8.7880	219.69	220.13
May 31	2056.50	2069.50	3700.25	3706.25	851.05	852.65	338.35	339.05	8.4810	8.4960	222.67	223.11
June 30	2083.50	2086.50	3596.00	3602.00	841.20	842.80	303.05	303.75	8.1220	8.1370	214.08	214.52
July 31	2088.50	2091.50	3626.25	3632.25	850.30	851.90	305.50	306.20	8.1495	8.1645	218.47	218.91
August 31	2089.50	2092.50	3577.85	3583.85	833.85	835.45	297.30	298.00	8.0370	8.0520	218.33	218.77
September 30	2033.50	2096.50	3546.15	3552.15	827.05	828.65	292.65	293.35	7.7815	7.7965	217.14	217.58
October 31	2088.50	2091.50	3504.65	3510.65	817.15	818.75	289.25	289.95	7.5290	7.5440	214.07	214.51
November 30(b)	2108.25	2109.75	—	—	—	—	—	—	—	—	—	—
December 31	2131.25	2132.75	—	—	—	—	—	—	—	—	—	—

(a) From the Mid-night of 15th November 1977, the Sri Lanka Rupee was allowed to float and daily buying and selling rates of major currencies for telegraphic transfers by Commercial Banks were announced by the Central Bank.

(b) From 10th November 1982 the Central Bank foreign exchange transactions with Commercial Banks were carried out exclusively in U.S. Dollars and the spot buying and selling rate for the U.S. Dollar for transactions with Commercial Banks were announced by the Central Bank (in the morning of every working day).

EXTERNAL FINANCE

Balance of Payments—Analytic

Item	Rs. Million							
	1973	1974	1975	1976	1977	1978	1979	1980(a)
1. Merchandise ..	- 299	-1,263	-1,421	- 710	+ 350	- 2,393	- 7,288	- 16,312
Exports (f.o.b.)	2,345	3,400	3,913	4,707	6,640	13,207	15,282	17,603
Imports (c.i.f.) ..	-2,644	-4,663	-5,334	- 5,417	- 6,290	-15,600	-22,570	-33,915
2. Services ..	+ 53	+ 76	+ 89	+ 112	+ 304	+ 119	+ 739	+ 859
Receipts	388	444	565	643	923	1,942	2,992	4,605
Payments	- 335	- 368	- 476	- 531	- 619	- 1,823	- 2,253	- 3,746
3. Goods and service (1+2)	- 246	-1,187	-1,332	- 598	+ 654	- 2,274	- 6,549	-15,453
4. Transfers (Net) ..	+ 85	+ 280	+ 560	+ 548	+ 612	+ 1,242	+ 2,993	+ 4,541
Private (Net) ..	2	- 2	19	56	122	342	754	2,260
Official (Net) ..	83	282	541	492	490	900	2,239	2,281
5. Current Account Balance (3+4)	- 161	- 907	- 772	- 50	+ 1,266	- 1,032	- 3,556	-10,912
6. Non-Monetary Capital	+ 432	+ 553	+ 404	+ 591	+ 326	+ 2,600	+ 3,306	+ 6,585
Private Sector	- 10	- 7	- 32	- 109	- 127	145	874	3,981
Public Sector	442	560	436	700	453	2,455	2,432	2,604
Long-term (Net)	333	505	560	659	602	2,609	2,432	2,604
Receipts (574)	(892)	(1,254)	(1,244)	(1,319)	(3,680)	(3,351)	(4,326)	
Amortization (-241)	(-387)	(-694)	(-585)	(- 717)	(-1,071)	(-919)	(-1,722)	
Short-term (Net)	109	55	- 124	41	- 149	- 154	-	-
7. Valuation Adjustments	—	—	—	—	+ 1,680	+ 344	- 18	+ 607
8. Errors and Omissions	+ 17	- 8	- 32	- 10	+ 41	- 50	+ 820	+ 495
9. SDR Allocations ..	—	—	—	—	—	—	241	258
10. Overall Balance ..	+ 288	- 362	- 400	+ 531	+ 3,313	+ 1,862	+ 793	- 2,967
11. Monetary Movements (—Surplus) ..	- 288	+ 362	+ 400	- 531	- 3,313	- 1,862	- 793	+ 2,967
Average Exchange Rate SLRs./SDR								

(a) Revised.

(b) Provisional.

Note: All transactions in the Monetary sector are converted at end of period rates

Presentation 1973—1982

		SDR Million									
1981(a)	1982(b)	1973	1974	1975	1976	1977	1978	1979	1980(a)	1981(a)	1982(b)
-15,616	-20,468	- 39	-158	- 168	- 73	+ 29	- 144	- 362	- 758	- 693	- 892
20,507	21,434	309	425	464	484	651	675	759	818	903	934
-36,123	-41,902	- 348	-583	- 632	- 557	- 622	- 819	-1,121	-1,576	-1,596	-1,826
+ ,238	+ 126	+ 7	+ 10	+ 11	+ 12	+ 29	+ 6	+ 37	+ 40	+ 10	+ 5
5,937	7,648	51	56	67	66	89	99	149	214	261	333
-5,699	-7,522	- 44	- 46	- 56	- 54	- 60	- 93	- 112	- 174	- 251	- 328
-15,378	-20,342	- 32	- 148	- 157	- 61	+ 58	- 138	- 325	- 718	- 683	+ 887
+ 7,036	+ 8,549	+ 11	+ 35	+ 66	+ 56	+ 59	+ 63	+ 148	+ 211	+ 308	+ 372
3,918	5,170	—	—	2	6	12	17	37	105	172	225
3,118	3,379	11	35	64	50	47	46	111	106	136	147
- 8,342	-11,793	- 21	- 113	- 91	- 5	+ 117	- 75	- 177	- 507	- 375	- 515
+ 7,691	+ 9,885	+ 57	+ 69	+ 48	+ 61	+ 32	+ 133	+ 164	+ 306	+ 341	+ 431
2,571	5,009	- 1	- 1	- 4	- 11	- 12	8	43	185	116	218
5,120	4,876	58	70	52	72	44	125	121	121	225	213
5,120	4,876	44	63	67	68	58	133	121	121	225	213
(6,087)	(-6,393)	(76)	(111)	(149)	(128)	(127)	(188)	(167)	(201)	(267)	(280)
(-967)	(-1,517)	(-32)	(-48)	(-82)	(-60)	(-69)	(-55)	(-46)	(-80)	(-42)	(-67)
—	—	14	7	-15	4	- 14	8	—	—	—	—
- 39	- 124	—	—	—	—	—	—	—	—	—	—
+ 32	+ 883	- 1	- 2	- 8	- 7	+ 4	+ 7	+ 36	+ 23	- 4	+ 60
252	—	—	—	—	—	—	—	12	12	12	—
- 406	-1,149	+ 35	- 46	- 51	+ 49	+ 153	+ 65	+ 35	- 166	- 26	- 24
+ 406	+1,149	- 35	+ 46	+ 51	- 49	- 153	- 65	- 35	+ 166	+ 26	+ 24
		7.60	8.00	8.44	9.73	10.42	19.58	20.13	21.52	22.67	22.98

Source: Central Bank of Ceylon.

The balance of payments data are largely based on exchange control records. The show presentation conform as far as possible to international practice as followed by the International Monetary Fund in their Balance of Payments Yearbooks and International Financial Statistics. Exports are recorded on a f.o.b. basis and imports on a c.i.f. basis. The debit entries in respect of such imports are in the merchandise account and are recorded on an arrivals basis. Debit entries refer to a decline in liabilities and are recorded at the time of settlement of payment for such imports.

EXTERNAL FINANCE

Balance of Payments

Item	1980 (a)		Net
	Credit	Debit	
Goods and Services			
1. Merchandise	17,603.0	33,915.0	- 16,312.0
2. Non-Monetary gold	—	—	—
3. Freight and Merchandise Insurance	56.3	77.1	- 20.8
4. Other transportation	668.8	483.2	+ 185.6
4.1 Passenger fares	34.4	195.8	- 161.4
4.2 Port expenditures	559.9	169.7	+ 390.2
4.3 Other	74.5	117.7	- 43.2
5. Travel	1,637.0	555.7	+ 1,081.3
6. Investment Income	773.7	1,205.5	- 431.8
6.1 Direct Investment	—	237.1	- 237.1
6.2 Other	773.7	968.4	- 194.7
7. Government Expenditure n. i. c.	128.0	122.7	+ 5.3
8. Other Services	1,341.0	1,302.0	+ 39.0
8.1 Non-merchandise Insurance	30.9	40.5	- 9.6
8.2 Other	1,310.1	1,261.5	+ 48.6
Total Goods and Services	22,297.8	37,661.2	- 15,453.4
Transfer Payments			
9. Private	2,518.0	258.0	+ 2,260.0
10. Official	2,281.0	—	+ 2,281.0
Total Current Account	27,006.8	37,919.2	- 10,912.4
Capital & Monetary Gold			
Non-Monetary Sector			
11. Direct Investment	10,523.6	3,938.1	+ 6,585.5
12. Other Private Long-term	753.0	43.0	+ 710.0
13. Other Private Short-term	990.0	322.8	+ 667.2
14. Central Government	4,454.6	1,850.7	+ 2,603.9
14.1 Long-term loans	4,326.0	1,721.6	+ 2,604.4
14.2 Other long-term	4,143.1	841.5	+ 3,301.6
14.3 Other short-term	182.9	880.1	- 697.2
Monetary Sector			
15. Government-Assets	4,860.0	1,893.3	+ 2,966.7
16. Government-Liabilities	—	4.1	- 4.1
17. Commercial Banks-Assets	—	127.3	- 127.3
18. Commercial Banks-Liabilities	135.0	665.7	- 530.7
19. Central Bank-Assets	3,555.9	—	+ 3,555.9
20. Central Bank-Liabilities	341.3	—	+ 341.3
21. Transactions with I. M. F.	827.8	1,096.2	- 268.4
22. Allocation of SDRs	258.2	—	+ 258.2
23. Monetary Gold	—	—	—
24. Valuation Adjustments	607.0	—	+ 607.0
25. Errors and Omissions	495.0	—	+ 495.0

(a) Revised

(b) Provisional

The balance of payments data are largely based on exchange control records. The above presentation conforms as far as possible to international practice as followed by the International Monetary Fund in their Balance of Payments Yearbooks and International Financial Statistics.

Item 1. Exports are recorded on f.o.b. valuation; imports on c.i.f. value.

Item 5. Includes educational remittances and official travel. Passage collections by foreign shipping and airlines are included in Item 4-1-Passenger fares.

Item 10. Indicates outright grants received in the form of food aid, commodity aid and project aid.

Items 14.2 Credit entries refer mainly to an increase in liabilities resulting from imports under & Trade Credits. The debit entries in respect of such imports are in the merchandise

14.3 account and are recorded on an arrivals basis. Debit entries refer to a decline in liabilities and are recorded at the time of settlement of payment for such imports.

for 1980 — 1982

Rs. Million

1981 (a)			1982 (b)		
Credit	Debit	Net	Credit	Debit	Net
20,507.1	36,120.7	- 15,613.6	21,434.3	41,821.3	- 20,387.0
—	2.6	- 2.6	—	81.0	- 81.0
61.8	78.3	- 16.5	80.5	84.6	- 4.1
901.8	658.7	+ 243.1	1,131.6	863.7	+ 267.9
59.2	277.0	- 217.8	96.2	361.7	- 265.5
729.7	209.2	+ 520.5	912.4	285.9	+ 626.5
112.9	172.5	- 59.6	123.0	216.1	- 93.1
2,244.3	703.4	+ 1,540.9	2,573.6	894.3	+ 1,679.3
551.9	2,264.3	- 1,712.4	743.6	2,712.1	- 1,968.5
—	136.6	- 136.6	2.0	214.8	- 212.8
551.9	2,127.7	- 1,575.8	741.6	2,497.3	- 1,755.7
200.7	151.2	+ 49.5	233.7	170.7	+ 63.0
1,976.2	1,843.5	+ 132.7	2,885.6	2,797.3	+ 88.3
45.5	55.4	- 9.9	48.9	78.9	- 30.0
1,930.7	1,788.1	+ 142.6	2,836.7	2,718.4	+ 118.3
26,443.8	41,822.7	- 15,378.9	29,032.9	49,425.0	- 20,342.1
4,429.8	511.6	+ 3,918.2	5,789.1	619.4	+ 5,169.7
3,118.2	—	+ 3,118.2	3,379.1	—	+ 3,379.1
33,991.8	42,334.3	- 8,342.5	38,251.1	50,044.4	- 11,793.3
19,650.5	11,959.6	+ 7,690.9	22,757.9	12,873.1	+ 9,884.8
1,003.0	56.5	+ 946.5	1,080.0	50.0	+ 1,030.0
2,042.3	804.5	+ 1,237.8	5,345.0	1,302.8	+ 4,042.2
10,518.3	10,132.0	+ 386.3	9,939.6	10,003.3	- 63.7
6,086.9	966.6	+ 5,120.3	6,393.3	1,517.0	+ 4,876.3
5,349.8	606.7	+ 4,743.1	5,662.6	673.4	+ 4,989.2
737.1	359.9	+ 377.2	730.7	843.6	- 112.9
4,672.6	4,266.9	+ 405.7	4,029.2	2,880.2	+ 1,149.0
—	120.7	- 120.7	—	139.4	- 139.4
—	285.6	- 285.6	—	—	—
3.6	—	+ 3.6	—	1,241.8	- 1,241.8
140.6	—	+ 140.6	993.1	—	+ 993.1
—	2,338.9	- 2,338.9	—	352.7	- 352.7
—	232.5	- 232.5	1,667.4	—	+ 1,667.4
4,528.4	1,289.2	+ 3,239.2	1,368.7	1,146.3	+ 222.4
251.7	—	+ 251.7	—	—	—
—	38.6	- 38.6	—	124.2	- 124.2
—	—	—	—	—	—
32.8	—	+ 32.8	883.7	—	+ 883.7

Source: Central Bank of Ceylon.

Items 15-20 The change in capital of the monetary sector is based on local records.

Item 21 The figures shown in the credit column relate to drawings from the International Monetary Fund and the increase in liabilities to the I. M. F., in Sri Lanka Rupees arising from changes in the representative rate of the SDR. Figures in the debit column are in respect of repurchases or repayments, made in instalments to the I. M. F., in respect of earlier drawings. Subscriptions to the I. M. F. consequent to successive increases in Sri Lanka's quota, are also shown in the debit column.

EXTERNAL FINANCE

External Assets

End of Period	Government (a)	Government agencies and Institutions (b)	Currency Board/Central Bank (c)
1940 ..	29.3	67.2	80.2
1945 ..	420.6	142.3	460.5
1950 ..	76.8	265.7	565.1
1955 ..	111.7	237.2	655.2
1960 ..	20.0	219.4	190.2
1961 ..	18.9	223.2	184.7
1962 ..	22.7	227.6	152.1
1963 ..	15.7	227.1	114.2
1964 ..	0.8	107.0	135.9
1965 ..	11.3	54.6	282.2
1966 ..	4.8	57.3	143.0
1967 ..	3.7	64.9	260.4
1968 ..	1.8	68.4	235.5
1969 ..	1.2	72.3	165.2
1970 ..	0.4	57.6	194.0
1971 ..	12.4	62.3	238.2
1972 ..	53.7	67.3	285.4
1973 ..	3.3	70.7	480.5
1974 ..	0.5	74.3	420.1
1975 ..	0.7	0.2	438.0
1976 ..	6.6	0.2	822.8
1977 ..	3.5	0.4	4,326.5
1978 ..	27.9	0.5	6,132.4
1979 ..	10.4	0.5	7,960.2
1980 1st Quarter ..	6.3	0.5	6,694.5
2nd Quarter ..	9.8	0.6	6,310.1
3rd Quarter ..	11.7	0.6	5,827.0
4th Quarter ..	14.4	0.6	4,404.3
1981 1st Quarter ..	15.8	0.6	4,295.6
2nd Quarter ..	22.8	0.5	4,110.6
3rd Quarter ..	103.6	0.6	4,816.1
4th Quarter ..	135.1	0.6	6,743.2
1982 January ..	152.5	0.6	7,788.3
February ..	88.4	0.6	6,496.3
March ..	87.1	0.5	6,742.4
April ..	96.5	0.5	6,867.1
May ..	99.5	0.5	6,122.0
June ..	93.3	0.5	5,015.4
July ..	86.7	0.5	6,002.2
August ..	92.0	0.5	6,177.1
September ..	90.2	0.5	6,565.5
October ..	86.6	0.5	6,217.0
November ..	333.5	0.5	5,899.4
December ..	274.6	0.5	7,095.9

Note.— The figures in the above table differ from statistics on external assets published in the Annual Reports and Bulletins upto December 1961. The difference where they occur are explained more fully in the footnotes that follow.

(a) Figures up to 1959 include War Loan re-lent to U.K. Government, less the part held by the Currency Board/Central Bank. Figures upto/1952 agree with previously published statistics. Any difference thereafter is due to the inclusion of balances due to Sri Lanka under payments agreement with the People's Republic of China. Except for these balances which are recorded according to local records, the basis of valuation throughout is at face value according to records abroad.

(b) As previously published—i.e. at face value according to records abroad. Includes foreign assets held by the Sterling Loans Sinking Fund.

of Sri Lanka

Rs. Million

Commercial Banks (d)		Total External Assets	Change in Total External Assets between Periods	Total External Assets net of Sterling Loans Sinking Funds
1976	1977	1977		
147.7		324.4	+ 49.3	309.3
236.5		1,259.9	+ 935.5	1,229.0
225.3		1,132.9	- 127.0	1,083.0
224.7		1,228.8	+ 95.9	1,154.5
111.7		541.3	- 687.5	457.7
104.9		531.7	- 9.6	440.9
101.5		503.9	- 27.8	406.7
105.3		462.3	- 41.6	358.3
107.3		351.0	- 111.3	304.7
91.8		439.9	+ 88.9	407.6
112.5		317.6	- 122.3	281.9
119.9		448.9	+ 131.3	407.0
157.3		463.0	+ 14.1	417.4
138.4		377.1	- 85.9	327.5
150.6		402.6	+ 25.5	366.6
185.2		498.1	+ 95.5	456.0
320.3		726.7	+ 228.6	680.1
296.7		851.2	+ 124.5	801.2
393.9		888.8	+ 37.6	835.3
395.0		833.9	- 54.9	833.9
572.6		1,402.2	+ 568.3	1,402.2
1,242.9		5,573.3	+ 4,171.1	5,573.3
1,316.2		7,477.0	+ 1,903.7	7,477.0
1,681.2		9,652.3	+ 2,175.3	9,652.3
1,854.2		8,555.5	- 1,096.8	8,555.5
1,693.1		8,013.6	- 541.9	8,013.6
2,155.5		7,994.8	- 18.8	7,994.8
2,346.9		6,766.2	- 1,228.6	6,766.2
2,270.5		6,582.5	- 183.7	6,582.5
2,289.2		6,423.1	- 159.4	6,423.1
2,877.9		7,798.2	+ 1,375.1	7,798.2
2,343.3		9,222.2	+ 1,424.0	9,222.2
2,836.6		10,778.0	+ 1,555.8	10,778.0
2,591.9		9,177.2	- 1,600.8	9,177.2
2,575.2		9,405.2	+ 228.0	9,405.2
2,478.6		9,442.7	+ 37.5	9,442.7
2,326.4		8,548.4	- 894.3	8,548.4
2,385.4		7,494.6	- 1,053.8	7,494.6
2,826.8		8,916.2	+ 1,421.6	8,916.2
2,788.9		9,058.5	+ 142.3	9,058.5
3,428.8		10,085.0	+ 1,026.5	10,085.0
3,075.9		9,380.0	- 705.0	9,380.0
3,423.0		9,656.4	+ 276.4	9,656.4
3,585.1		10,956.1	+ 1,299.7	10,956.1

Source: Central Bank of Ceylon.

(c) The assets of the Currency Board were transferred to the Central Bank on August 28, 1950. Figures up to 1949 are as previously published. Thereafter the figures are as published under international Reserve in the balance sheet of the Central Bank. The International Reserve also includes balances due to Sri Lanka on bilateral clearing accounts other than with the People's Republic of China.

(d) All figures are according to local records, and upto 1947 are as previously published. From 1949 they agree with foreign balances of commercial banks. These balances, are the sum of foreign currency on hand and balances due from banks abroad and export bills purchased and discounted.

PUBLIC FINANCE

Summary of Government

Item	1973	1974	1975	1976
1. Revenue ..	4,034	4,787	5,084	5,739
2. Expenditure ..	5,459	6,386	7,783	9,314
2.1 Recurrent expenditure ..	3,857	4,506	5,153	5,554
2.2 Capital expenditure ..	1,543	1,841	2,556	3,448
2.3 Advance accounts ..	59	39	73	312
3. Budget deficit ..	1,425	1,599	2,699	3,576
4. Debt repayments(c) ..	433	564	596	662
5. Net cash deficit ..	992	1,035	2,103	2,914
6. Financing of budget deficit ..				
6.1 Domestic non-market borrowing ..	243	- 54	379	485
6.2 Domestic market borrowing ..	706	964	1,231	1,799
6.3 Foreign finance ..	413	650	1,059	1,326
6.4 Use of cash balances ..	63	39	31	- 33
7. Financing of net cash deficit ..				
7.1 Domestic non-market borrowing ..	243	- 54	379	485
7.2 Domestic market borrowing ..	508	671	980	1,505
7.3 Foreign finance ..	179	378	714	957
7.4 Use of cash balances ..	63	39	31	- 33
8. Expansionary impact of fiscal operations ..	- 53	24	184	605
9. Public debt outstanding (net) ..	10,281	11,027	12,960	15,621

(a) These figures will differ from those in Government Accounts for reasons given in footnotes at the end of Appendix.

(b) Adjusted for anticipated under expenditure of Rs. 1,352 million, consisting of Rs. 450 million in recurrent expenditure and Rs. 902 million in capital expenditure for 1982 and Rs. 2,526 million, consisting of Rs. 560 million in recurrent expenditure and Rs. 1,966 million in capital expenditure for 1983.

TABLE 27

Fiscal Operations 1973 to 1983(a)

Rs. Million

1977	1978	1979	1980	1981	1982		1983
					Approved Estimates	Provisional	Approved Estimates
6,686	11,688	12,730	14,068	16,228	19,311	17,809	25,734
9,760	18,853	21,521	30,343	31,094	40,479(b)	38,097	49,119(b)
6,148	10,408	11,502	13,249	16,005	20,664(b)	20,113	25,463(b)
3,182	6,614	8,991	13,854	13,373	19,915(b)	18,867	23,131(b)
430	1,831	1,028	3,240	1,716	100	883	525
3,074	7,165	8,791	16,274	14,866	21,168	20,289	23,385
947	1,165	1,182	1,502	1,608	2,806	2,612	5,183
2,127	6,000	7,609	14,772	13,258	18,362	17,676	18,202
505	453	1,096	216	400	—	1,354	—
1,281	2,200	3,486	9,826	6,296	6,970	9,899	9,361
1,779	4,454	4,237	6,735	8,208	14,198	9,270	14,024
492	58	28	72	38	—	235	—
505	280	918	487	363	—	1,305	—
858	1,710	2,982	9,195	5,331	4,947	8,010	5,596
1,255	3,953	3,738	6,136	7,602	13,415	8,597	12,606
492	58	28	72	38	—	235	—
715	173	634	7,029	3,847	2,970	3,755	1,361
22,434	27,746	31,512	46,779	58,659	—	71,250	—

Sources: General Treasury,
Central Bank of Ceylon.

(c) Includes sinking fund contributions, direct repayments of public debt and contributions to international financial organisations. In 1978, 1979, 1980, 1981 and 1982 (provisional) Rs. 174 million, Rs. 178 million, Rs. 272 million, Rs. 37 million and Rs. 49 million respectively, being repayments of foreign administrative borrowings are also included.

PUBLIC FINANCE

Government Net Cash

Item	1973	1974	1975
1. NET CASH SURPLUS/DEFICIT (—)	- 991.7	- 1,034.8	- 2,103.1
1.1 Revenue (a)	4,034.0	4,786.9	5,083.5
1.2 Expenditure (b)	5,025.7	5,821.7	7,186.6
1.2.1 Recurrent Expenditure	3,856.6	4,505.7	5,153.1
1.2.2 Capital Expenditure	1,110.1(c)	1,277.0(c)	1,960.4(c)
1.2.3 Unissued stores and materials	- 24.7	- 10.7	- 59.4
1.2.4 Advances to government departments, corporations and public officers	- 133.8	- 150.7	- 1.2
1.2.5 Ceylon-China trade account	99.4	124.7	- 12.3
1.2.6 Miscellaneous	—	- 2.3	- 0.2
2. FINANCING OF THE DEFICIT			
2.1 Net Cash Receipts or Payments (—) resulting from loan operations and grants	929.3	996.2	2,072.6
2.1.1 Domestic non-market borrowing and repayments (including sundry loans)	243.3	- 53.6	378.7
2.1.1.1 Administrative borrowing	29.3	14.6	201.0
Less: Repayment of foreign administrative borrowing	—	—	—
	29.3	14.6	201.0
2.1.1.2 Deposits	202.6	- 69.9	202.7
2.1.1.3 Miscellaneous funds	8.4	- 1.3	- 27.9
2.1.1.4 Loans to public institutions	3.0	3.0	3.0
2.1.2 Domestic market borrowing and repayments	507.5	671.4	980.4
2.1.2.1 Rupee loans	760.0	920.0	1,039.1
Less: contributions to sinking funds and direct repayments	196.2	289.8	247.8
	563.8	630.2	791.3
2.1.2.2 Treasury bills	- 78.4	0.3	99.0
2.1.2.3 Central Bank Advances	33.9(c)	39.1(c)	88.1(c)
2.1.2.4 Tax Reserve Certificates	- 11.9	1.8	2.0
2.1.3 Foreign finance	178.5	378.3	713.5
2.1.3.1 Project loans	270.7	79.0	275.2
Less: contributions to sinking funds and direct repayments of public debt from revenue	94.1	104.2	114.5
	176.6	- 25.2	160.7
2.1.3.2 Non-project (commodity) loans	90.8	318.6	379.6
Less: Repayments	136.9	152.6	216.6
	- 46.1	166.0	163.1
2.1.3.3 Other loans (d)	4.4	—	0.1
Less: Repayments	3.0	14.9	14.5
	1.4	- 14.9	- 14.4
2.1.3.4 Grants	46.6	252.4	404.2
2.2 Use of cash balances	62.9	38.6	30.6
2.2.1 Cash balances (including readily realisable assets)	45.1	10.0	- 32.2
2.2.2 Foreign aid counterpart funds	17.8	28.6	62.8

(a) The figures of revenue given in this Table differ from those published in the Government Accounts. For explanations see footnotes at the end of Appendix.

(b) Consists of government expenditure excluding contributions to sinking funds, direct repayments of public debt from revenue, and special payments (e.g. subscriptions) to international financial organizations. Also excludes book adjustments arising from losses on "advance accounts" operations incurred and financed in previous financial years. Hence, these figures may not tally with the figures published in the Accounts of the Government of Sri Lanka.

TABLE 28

Surplus/Deficit (-)

Rs. Million

1976	1977	1978	1979	1980	1981	1982 Provisional
-2,914.4	-2,126.8	-5,999.9	-7,609.2	-14,772.1	-13,257.7	-17,676.4
5,738.9	6,686.0	11,687.8	12,730.1	14,068.4	16,227.8	17,808.6
-8,653.3	-8,812.8	-17,687.8	-20,339.3	-28,840.5	-29,485.6	-35,485.0
-5,554.5	-6,147.7	-10,407.6	-11,502.1	-13,249.2	-16,004.8	-20,112.8
-2,786.5	-2,235.0(c)	-5,449.3(c)	-7,808.9	-12,351.4	-11,764.6	-16,255.2
-18.5	-22.6	-116.7	-52.3	-93.8	-166.0	...
-241.2	-369.4	-1,532.5	-1,264.9	-2,894.3	-1,199.9	461.1
-49.0	-43.1	-199.6	298.9	260.3	-348.8	418.2
-3.6	5.1	17.9	-10.0	8.6	-1.5	3.6
2,947.5	2,618.4	5,942.3	7,637.1	14,843.7	13,295.8	17,911.2
484.6	505.3	279.5	917.7	-487.1	362.9	1,304.9
79.9	453.0	-50.4	16.8	-337.9	178.5	-148.8
-	-	173.6	178.0	271.5	37.4	49.0
79.9	453.0	-224.0	-161.2	-609.4	141.1	-197.8
331.1	35.7	488.4	1,073.1	87.6	235.0	1,480.4
70.6	13.7	12.1	2.9	31.7	-16.1	19.3
3.0	3.0	3.0	3.0	3.0	3.0	3.0
1,505.4	858.2	1,710.2	2,981.6	9,195.2	5,331.4	8,009.8
1,457.2	1,500.0	1,750.0	2,950.0	2,801.5	2,512.3	6,000.0
293.2	422.6	489.9	504.8	631.1	964.3	1,889.6
1,164.0	1,077.4	1,260.1	2,445.2	2,170.4	1,548.0	4,110.4
347.1	-225.1	123.8	356.8	6,549.0	3,876.3	3,295.7
11.5	17.3(c)	338.1(c)	181.0	491.2	-91.2	603.9
-17.2	-11.4	-11.8	-1.4	-15.5	-1.6	-0.3
957.5	1,254.9	3,952.6	3,737.8	6,135.6	7,601.5	8,596.5
326.4	393.5	1,644.8	830.3	1,171.4	2,063.9	3,256.2
124.4	131.0	136.4	157.1	154.8	169.0	203.9
202.0	262.5	1,508.4	673.2	1,016.6	1,895.0	3,052.3
616.0	820.3	1,359.3	1,414.6	1,431.5	1,722.2	1,354.8
230.1	354.1	327.0	309.1	351.8	383.9	401.6
385.9	466.2	1,032.3	1,105.5	1,079.7	1,338.3	953.3
16.9	65.1	789.2	601.6	1,513.1	1,700.6	1,090.2
13.8	39.5	38.2	33.0	93.2	53.7	68.1
3.1	25.6	751.0	568.6	1,419.9	1,646.9	1,022.1
366.5	500.5	660.7	1,390.4	2,619.5	2,721.3	3,568.8
-33.2	-491.8	-57.7	-27.9	-71.6	-38.1	-234.8
-22.1	-135.8	-77.9	-182.2	-101.1	-16.3	-122.4
-11.1	-355.9	-20.1	-210.1	29.5	-21.8	-357.2

Sources:— Central Bank of Ceylon, General Treasury.

(c) Excludes payments to international financial organisations amounting to Rs. 2.6 million in 1973, Rs. 2.7 million in 1974 and Rs. 2.6 million in 1975 financed through special loans from the Central Bank. In 1977 and 1978 includes net repayments of Rs. 27.6 million and Rs. 73.5 million respectively, from these sources to the Central Bank.

(d) Includes cash loans received from the IMF, Iraq, U.A.E. China, OPEC, Japan and military equipment loans from U.K., India, U.S.S.R. and Euro currency commercial loans.

PUBLIC FINANCE

TABLE 29

Revenue and Expenditure of the Government of Sri Lanka (a)

Rs. Million

Period	Revenue (b)			Expenditure (e)			Capital expenditure (f) (g)	Expenditure chargeable to National Development Reserve	Net receipts(-) or payment on advance account activities (f)
	Total	Government enterprises (d)	Other	Total	Recurrent expenditure (f)				
					Government enterprises (d)	Other				Total
1961-62(h)	1,620.6	203.7	1,416.9	2,076.6	240.2	1,340.5	1,580.7	0.7	14.6
1962-63	1,593.4	209.5	1,383.9	1,985.3	249.0	1,347.4	1,596.4	0.3	-13.7
1963-64	1,759.0	226.6	1,532.4	2,220.7	261.1	1,573.0	1,834.1	0.2	-16.1
1964-65	1,816.4	228.5	1,587.9	2,246.8	271.8	1,531.6	1,803.4	0.1	-27.9
1965-66	1,833.3	247.4	1,585.9	2,399.3	285.4	1,575.1	1,860.5	...	10.4
1966-67	1,954.8	250.3	1,704.5	2,561.6	290.8	1,604.5	1,895.3	...	41.6
1967-68	2,156.4	273.5	1,882.9	2,872.1	304.8	1,831.4	2,186.2	...	-28.5
1968-69	2,497.3	294.3	2,203.0	3,284.9	331.3	2,052.9	2,384.2	...	48.7
1969-70	2,736.4	238.7	2,497.7	3,672.0	270.4	2,388.5	2,658.9	...	201.1
1970-71	2,815.3	252.9	2,562.4	3,898.6	289.2	2,691.3	2,980.5	...	108.4
1971-72(i)	4,102.0	378.9	3,723.1	5,396.8	375.1	3,857.7	4,232.8	...	67.6
1973	4,034.0	314.1	3,719.9	5,025.7	330.1	3,526.6	3,856.7	...	59.1
1974	4,787.0	392.4	4,394.6	5,821.7	393.5	4,112.2	4,503.7	...	39.0
1975	5,083.9	416.4	4,667.1	7,186.6	435.5	4,717.6	5,153.1	...	73.1
1976	5,738.9	437.5	5,301.4	8,653.0	462.5	5,092.0	5,554.5	...	312.3
1977	6,686.0	473.9	6,212.1	8,812.8	505.5	5,642.2	6,147.7	...	430.1
1978	11,687.9	579.0	11,108.9	17,687.6	558.3	9,849.1	10,407.5	...	1,830.9
1979	12,730.1	711.2	12,018.9	20,339.3	706.5	10,795.6	11,502.1	...	1,028.3
1980	14,068.4	756.9	13,311.5	28,332.0	811.1	12,437.4	13,248.5	...	3,239.8
1981	16,227.8	1,043.7	15,184.1	29,485.6	975.3	15,029.5	16,004.8	...	1,716.2
1982(j)	17,808.6	1,145.2	16,663.4	35,488.0	1,106.5	19,006.3	20,112.8	...	-882.9
1983(k)	25,733.3	1,190.0	24,543.3	46,461.7	1,433.8	24,589.4	26,023.2	...	525.0

(a) - (k) footnotes are available at the end of Appendix.

Sources:

General Treasury,
Central Bank of Ceylon,

Revenue of the Government of Sri Lanka (a)

Rs. Million.

Heads of Revenue	1982										1983	
	1973	1974	1975	1976	1977	1978	1979	1980	1981	Approved Estimates	Provisional	Approved Estimates
I. Taxes on production and expenditure												
1.1 General sales and turnover taxes	2,564.3	3,366.4	3,422.7	3,730.8	4,503.7	9,217.2	9,745.0	10,372.0	12,105.5	14,267.4	12,432.6	18,187.0
1.1.1 B.T.T. (non-manufacturing)	564.8	635.2	679.9	749.4	711.1	1,143.4	1,214.9	1,660.1	2,828.6	4,875.0	4,051.4	7,497.0
1.1.2 B.T.T. (manufacturing)	79.0	109.0	114.9	142.5	211.4	240.9	529.6	588.5	1,101.0	1,825.0	1,523.7	2,906.0
1.1.3 T.T. (imports)	456.7	495.0	530.7	568.9	450.7	833.9	665.4	1,051.6	1,727.6	1,782.0	1,805.6	2,931.0
1.1.4 Banks' debits tax	29.0	31.2	34.0	38.0	49.0	68.6	19.9	—	—	1,268.0	722.1	1,660.0
1.2 Selective sales taxes	407.7	749.6	831.2	918.4	1,407.1	1,884.1	1,907.0	1,877.6	2,027.5	2,575.3	2,273.1	2,770.0
1.2.1 Excise on liquor	27.0	215.9	206.1	190.3	241.0	554.6	498.1	683.2	748.9	970.0	807.7	950.0
1.2.2 Excise on tobacco	341.5	372.9	459.3	451.7	591.0	758.6	800.7	999.7	1,122.9	1,350.0	1,315.6	1,490.0
1.2.3 Tea tax (ad-valorem)	39.0	160.7	165.6	276.3	575.0	510.4	223.4	101.7	86.4	135.0	149.7	330.0
1.2.4 Administrative levy on coconut kernel products	—	—	—	—	—	60.3	384.8	92.8	69.0	—	—	—
1.2.5 Other	0.2	0.1	0.2	0.1	0.1	0.1	—	0.2	0.3	70.3(b)	0.1	—
1.3 Import levies	222.0	277.3	335.9	475.9	517.8	1,469.3	2,271.0	2,924.5	3,225.5	3,600.0	3,222.4	4,896.0
1.3.1 Customs	221.3	276.3	334.4	470.9	511.8	1,454.0	2,262.3	2,924.0	3,225.1	3,599.0	3,222.1	n.a.
1.3.2 Other licence fees on aid and gift imports	0.7	1.0	1.5	5.0	6.0	15.3	8.7	0.5	0.4	1.0	0.3	n.a.
1.4 Export levies	386.4	660.1	429.9	420.8	620.1	4,236.1	4,168.0	3,638.2	3,685.0	2,907.0	2,483.5	2,604.0
1.4.1 Tea	171.3	155.5	177.6	166.8	280.2	2,781.0	2,495.2	1,920.3	1,878.5	1,490.0	1,443.9	1,460.0
1.4.2 Rubber	141.5	284.3	139.6	197.4	260.6	1,001.0	1,239.0	1,386.5	1,432.5	1,095.0	753.4	768.0
1.4.3 Coconut	32.6	161.8	65.1	5.2	14.1	344.9	335.0	218.2	240.8	197.0	191.1	209.0
1.4.4 Other	41.0	58.5	47.6	51.4	65.2	109.2	98.5	113.2	133.2	125.0	95.1	167.0
1.5 Receipts from FEECs (net)	673.7	964.1	1,054.7	1,054.7	1,156.7	328.8	6.6	0.1	22.5	—	—	—
1.5.1 Government departments (net)	672.1	924.5	1,001.6	973.5	1,104.4	328.8	6.6	0.1	22.5	—	—	—
1.5.2 Non government sector (net)	0.3	0.2	—	0.5	—	—	—	—	—	—	—	—
1.5.3 Miscellaneous	1.2	39.4	53.2	99.5	52.3	—	—	—	—	—	—	—
1.6 Licence taxes	57.5	58.7	63.8	64.1	53.6	74.3	86.7	82.1	95.3	136.0	145.2	180.0
1.7 Property transfer taxes	22.3	21.4	27.4	28.7	37.4	81.1	90.8	209.3	221.1	224.1	257.0	240.0
1.8 Surplus of government monopolies	230.0	—	—	—	—	—	—	—	—	—	—	—
2-3 Taxes on corporate and non-corporate income	699.9	598.6	770.1	935.5	936.5	1,102.5	1,357.4	2,086.0	2,028.9	2,953.0	2,922.8	3,624.0
4. Gross receipts from government trading enterprises	351.2	434.0	454.0	482.8	513.7	678.5	812.2	835.8	1,131.0	1,156.1	1,247.0	1,319.2
5. Interest, profits and dividends received	119.5	117.7	148.2	225.7	370.7	152.1	229.2	230.5	239.9	336.0	378.0	309.5
6. Sales and charges	103.9	83.7	94.2	109.8	124.9	189.3	158.5	208.6	268.3	266.2	458.0	262.9
7. Social security contributions	19.8	19.7	24.0	29.5	37.4	49.8	51.7	51.1	60.1	52.4	70.9	65.7
8. Other current transfers and receipts	58.2	54.9	56.0	81.3	56.4	82.7	110.8	107.7	147.2	123.9	117.3	1,655.2
9-11 Capital transfers and sales of existing capital goods	54.9	49.9	67.9	87.4	91.7	121.9	195.5	56.1	74.7	56.0	84.4	85.0
12. Repayments of loans and advances	62.2	62.0	46.4	56.1	51.0	93.9	69.7	100.6	172.2	100.0	96.6	224.8
Total	4,034.0	4,787.0	5,083.5	5,738.9	6,686.0	11,687.9	12,730.1	14,068.4	16,227.8	19,311.0	17,808.6	25,733.3

Sources: General Treasury.

Central Bank of Ceylon.

(a) Figures of revenue for 1973 to 1981 and 1982 (provisional) differ from the published figures in the Government Accounts due to the reasons given in footnote (b) of Table 29.

(b) Includes Rs. 70.0 million being excise on beedies.

PUBLIC FINANCE

Voted Expenditure of

Ministry	Recurrent			
	Actual 1981	Approved Estimates 1982	Supplementary Provision 1982	Total Provision 1982
1. His Excellency the President, Prime Minister, Supreme Court Judges etc.	81.1	71.9	32.2	104.1
2. Defence	786.2	847.8	—	847.8
3. Foreign Affairs	164.8	193.3	—	193.3
4. Plan Implementation (b)	77.5	120.3	—	120.3
5. Lands and Land Development	244.4	262.1	—	262.1
6. Trade and Shipping	108.3	138.2	—	138.2
7. Education	1,621.0	2,107.7	—	2,107.7
8. Higher Education	136.9	172.0	—	172.0
9. Power and Energy	31.5	34.9	20.9	55.8
10. Labour	34.6	48.4	—	48.4
11. Public Administration	915.6	1,116.8	25.9	1,142.7
12. Rural Development	9.0	10.4	—	10.4
13. Local Govt., Housing & Construction	237.9	399.7	1.6	401.3
14. Industries and Scientific Affairs	38.8	50.4	—	50.4
15. Finance & Planning	6,687.9	10,089.9	—	10,089.9
16. Transport	610.4	724.2	1.2	725.4
17. Transport Boards	0.3	0.7	—	0.7
18. Private Omnibus Transport	0.1	0.7	—	0.7
19. Plantation Industry	1.4	1.8	—	1.8
20. Justice	148.1	167.9	—	167.9
21. Agricultural Development & Research	367.8	233.5	—	233.5
22. Fisheries	19.3	27.1	—	27.1
23. Mahaveli Development	1.1	192.3	—	192.3
24. Youth Affairs & Employment	91.5	109.1	—	109.1
25. Rural Industrial Development	33.4	37.2	—	37.2
26. Posts and Telecommunications	373.5	435.4	—	435.4
27. Health	853.3	751.2	—	751.2
28. Colombo Hospitals & Family Health	—	226.4	—	226.4
29. Indigenous Medicine	—	29.8	—	29.8
30. State	166.2	194.7	—	194.7
31. Social Services	121.4	141.6	177.0	318.6
32. Cultural Affairs	15.7	24.8	—	24.8
33. Parliamentary Affairs and Sports	9.7	12.9	—	12.9
34. Food & Co-operatives	1,716.4	1,725.3	—	1,725.3
35. Textile Industries	18.1	89.3	—	89.3
36. Coconut Industry	1.1	16.4	—	16.4
37. Regional Development	4.0	4.6	4.3	8.9
38. Highways	135.1	155.0	—	155.0
39. Janatha Estates Development	0.3	0.4	—	0.4
40. State Plantations	0.2	0.3	—	0.3
41. Home Affairs	140.9	147.7	—	147.7
Total	16,004.8	21,114.3	263.1	21,377.4

(a) Excludes the net receipt or payment on advance account activities for which a ministry-wise classification is not available. These figures also exclude contributions to sinking funds and direct repayments of public debt from revenue, special payments to international financial organisations and all book debits arising from the transfer of advances for loan works and losses on advance account activities incurred and financed in previous financial years. These figures may, therefore, differ from figures published in government accounts.

(b) Includes District Ministries.

TABLE 31

the Government of Sri Lanka (a)

Rs. Million

Expenditure		Capital Expenditure					
Provisional 1982	Approved Estimates 1983	Actual 1981	Approved Estimates 1982	Supple- mentary Provision 1982	Total Provision 1982	Provisional 1982	Approved Estimates 1983
81.1	181.9	58.9	81.3	5.4	86.7	83.9	134.5
804.2	1,184.6	264.7	379.3	—	379.3	312.8	586.9
189.9	228.4	2.7	10.3	—	10.3	7.0	3.0
88.0	105.6	650.5	751.1	—	751.1	760.1	897.4
263.1	330.5	631.1	744.8	1.3	746.1	752.9	853.9
127.1	143.6	46.1	208.8	—	208.8	201.2	269.6
2,035.1	2,360.9	168.3	156.0	—	156.0	152.6	162.6
172.0	280.8	148.5	247.2	—	247.2	223.2	260.5
55.2	41.3	872.2	790.5	—	790.5	468.0	788.8
43.2	55.1	17.7	14.2	18.7	32.9	24.8	10.9
1,183.3	1,722.1	0.3	6.7	6.0	12.7	0.6	0.5
9.1	15.9	3.7	5.4	—	5.4	4.5	15.0
398.8	621.9	1,999.6	2,274.8	43.0	2,317.8	1,535.1	2,400.9
47.0	46.8	165.5	53.9	122.7	176.6	104.4	25.6
9,115.2	12,265.2	444.7	1,511.5	—	1,511.5	1,663.4	2,439.6
690.8	857.6	460.4	396.6	14.8	411.4	377.6	481.0
0.6	1.0	172.2	529.4	—	529.4	379.3	456.2
0.4	0.9	0.1	0.1	—	0.1	0.2	—
1.8	2.4	44.5	109.1	—	109.1	69.1	160.0
163.4	212.8	8.5	6.6	—	6.6	7.5	3.4
230.4	348.3	561.9	643.6	—	643.6	428.5	628.4
46.6	31.4	152.0	174.1	2.8	176.9	140.2	132.1
192.2	302.6	3,851.2	7,252.0	—	7,252.0	7,313.2	6,773.0
106.2	108.8	6.7	48.2	—	48.2	13.1	35.6
39.1	50.9	112.4	111.0	42.0	153.0	52.3	88.2
426.5	589.6	399.0	503.5	—	503.5	403.8	574.5
755.1	1,005.8	100.4	224.7	—	224.7	171.4	821.3
218.1	280.0	—	11.6	—	11.6	8.4	6.2
26.0	31.4	—	3.6	—	3.6	2.9	3.0
180.5	217.4	19.4	68.3	—	68.3	28.3	12.3
302.5	186.4	3.5	37.9	—	37.9	18.1	1.6
19.5	29.6	28.8	28.5	4.6	33.1	27.1	31.5
12.7	17.1	2.3	3.0	—	3.0	2.6	3.1
1,683.4	1,742.2	1.3	0.2	—	0.2	0.1	0.1
88.9	29.6	16.5	23.5	—	23.5	10.8	24.8
1.4	1.6	62.9	77.2	—	77.2	50.4	166.7
9.0	5.8	10.8	15.1	0.1	15.2	11.0	13.5
154.6	173.6	215.4	255.5	0.3	255.8	278.9	225.7
0.3	0.8	4.5	54.1	—	54.1	48.0	344.8
0.2	0.4	55.4	194.0	—	194.0	117.3	86.0
150.3	210.7	0.5	3.7	—	3.7	3.5	0.7
20,112.8	26,023.2	11,764.6	18,011.0	261.7	18,272.7	16,258.1	19,913.5

Sources: General Treasury,
Central Bank of Ceylon.

PUBLIC FINANCE

Acquisition of Financial

	Capital Expenditure				Expenditure			
	Approved Estimates 1983	Provisional 1982	Total Provision 1982	Supplementary Provision 1982	Approved Estimates 1982	1973	1974	1975
1. Sri Lanka Electricity Board	10.0	—	45.1
2. Local Loans and Development Fund	25.0	—	14.0
3. State Engineering Corporation	—	—	—
4. National Housing Development Authority	—	—	—
5. Galadari Hotels Lanka Limited	—	—	—
6. National Housing Fund	25.0	37.8	25.0
7. Paddy Marketing Board	—	—	—
8. Air Ceylon	—	—	5.9
9. Ceylon Petroleum Corporation	—	—	—
10. Credit Councils	—	—	10.0
11. Water Supply Schemes	—	—	—
12. Student Loans	0.1	0.3	1.6
13. Compensation for shareholders for shares purchased from Bank of Ceylon	—	0.1	0.1
14. People's Bank and State Mortgage Bank for Land Redemption Scheme	0.8	0.8	1.0
15. National Lotteries Board	1.5	3.8	1.0
16. Sri Lanka Central Transport Board	40.0	64.1	—
17. Tea Research Institute	—	1.1	—
18. Advance for the initial maintenance expenditure of BMICH	—	0.9	—
19. Hotels Services Ltd.	1.0	3.6	4.0
20. Asian Hotels Limited	1.2	—	0.4
21. Sri Lanka Dairy Development	—	—	—
22. Rubber Authority	—	—	—
23. Other	—	—	—
Total						104.6	112.5	108.0

PUBLIC FINANCE

Current Transfers to Public

	1973	1974	1975
1. Agrarian Research & Training Institute	—	—	—
2. Agricultural Development Authority	—	—	—
3. Agro Insurance Board	—	—	—
4. Agro Services Centre	—	—	—
5. Airports Development Authority	—	—	—
6. Atomic Energy Authority	—	—	—
7. British Ceylon Corporation	—	—	—
8. Building Materials Corporation	—	—	—
9. Bureau of Ceylon Standards	2.0	0.9	—
10. Ceylon Coconut Development Authority	19.6	2.2	—
11. Ceylon Fertilizer Corporation	—	56.5	—
12. Ceylon Fisheries Corporation	9.5	8.2	9.6
13. Ceylon Institute of Scientific & Industrial Research	3.4	1.5	—
14. Ceylon Oils and Fats Corporation	—	—	9.0
15. Ceylon Petroleum Corporation	—	—	—
16. Ceylon Tourist Board	6.0	—	9.6
17. Coconut Cultivation Board	—	—	—
18. Coconut Processing Board	—	—	—
19. Coconut Research Board	—	—	—
20. Co-operative Management Services Centre	—	—	—
21. Co-operative Wholesale Establishment	—	—	—
22. Export Development Board	—	—	—
23. Greater Colombo Economic Commission	—	—	—
24. Industrial Development Board	2.8	11.4	—
25. Janawasama (J. E. D. B.)	—	—	—
26. National Apprenticeship Board	—	—	—
27. National Development Services	—	—	—
28. National Institute of Management	—	—	—
29. National Institute of Plantation Management	—	—	—
30. National Milk Board	54.4	66.0	86.0
31. National Packaging Materials Corporation	—	—	—
32. National Paper Corporation	—	—	—
33. National Prices Commission	—	—	—
34. National Textile Corporation	—	—	—
35. National Water Supply and Drainage Board	—	—	—
36. National Youth Services Council	—	—	—
37. Paddy Marketing Board	—	—	—
38. Palmirah Development Board	—	—	—
39. Port Cargo Corporation	7.0	0.5	—
40. River Valleys Development Board	9.2	—	—
41. Silk and Allied Products Development Authority	—	—	—
42. Sri Lanka Cashew Corporation	—	—	1.0
43. Sri Lanka Central Transport Board	27.9	8.5	—
44. Sri Lanka Export Credit Insurance Corporation	—	—	—
45. Sri Lanka Electricity Board	—	—	—
46. Sri Lanka Fruit Board	—	—	—
47. Sri Lanka Flour Milling Corporation	—	—	—
48. State Engineering Corporation	16.2	4.8	4.7
49. State Fertilizer Manufacturing Corporation	—	—	—
50. State Hardware Corporation	6.8	7.7	5.7
51. State Mining and Mineral Development Corporation	—	—	—
52. State Pharmaceuticals Corporation	—	—	—
53. State Plantation Corporation	—	—	—
54. State Rubber Manufacturing Corporation	—	0.1	—
55. Water Resources Board	0.4	0.4	0.4
56. Other	0.9	4.8	9.0
Total	166.1	163.5	134.3

* Includes Rs. 42.8 million in 1978 and Rs. 100.0 million each for 1982 and 1983 being unallocated.

Corporations 1973—1983

Rs. Million

1976	1977	1978	1979	1980	1981	1982		1983 Approved Estimates
						Approved Estimates	Provisional	
—	1.9	1.4	2.0	2.0	1.9	2.2	2.2	3.2
—	—	—	2.7	3.0	9.7	13.0	13.0	20.0
—	2.4	2.8	6.1	7.5	4.1	4.5	9.5	5.3
—	—	—	1.0	1.1	0.4	1.9	1.7	—
—	—	—	21.0	—	—	—	—	1.8
—	—	—	—	8.2	—	—	—	—
—	—	—	—	15.0	—	—	2.0	—
1.5	2.5	1.9	2.5	4.7	3.5	4.7	4.7	4.5
6.8	7.0	2.8	—	0.3	2.1	2.5	31.9	5.5
—	—	—	395.0	550.8	637.0	1,000.0	281.4	1,000.0
6.5	4.7	20.3	21.0	58.0	3.5	—	—	—
3.8	3.9	4.4	5.3	6.0	6.9	7.1	7.1	6.5
2.0	—	16.4	27.0	41.9	—	—	—	—
11.0	16.7	528.0	87.0	—	—	—	—	—
—	—	19.4	26.0	41.8	51.8	55.0	55.0	65.0
—	—	—	—	4.4	3.6	5.5	9.1	—
—	—	—	—	1.2	—	—	—	—
—	—	—	—	6.3	6.3	7.0	6.2	7.5
—	—	—	—	1.0	1.2	1.4	1.4	6.8
—	—	—	49.6	2.3	75.5	—	12.2	—
—	—	—	4.9	—	—	—	—	—
—	—	12.1	—	—	1.5	—	—	—
—	—	—	5.0	8.5	—	8.0	7.9	8.0
—	—	—	5.2	106.4	91.5	—	76.7	—
—	—	19.0	30.0	41.0	48.5	50.0	50.0	50.0
—	—	—	3.0	15.4	13.0	18.0	17.2	18.0
2.0	—	2.0	2.1	1.2	—	—	—	—
—	—	—	—	0.5	0.5	0.7	0.7	0.8
86.0	79.2	82.7	54.0	53.0	44.3	50.0	45.9	25.0
—	—	—	—	—	6.0	—	2.5	—
—	—	10.5	—	28.7	21.2	10.0	10.0	—
—	—	0.7	1.3	—	1.3	1.3	1.3	1.3
—	—	—	13.4	26.6	—	—	—	—
—	—	1.4	0.7	1.5	—	1.5	183.9	102.3
—	—	3.4	20.0	30.0	25.5	32.0	32.0	32.0
—	6.0	1.4	—	—	—	—	—	37.7
—	—	—	0.2	0.6	0.6	0.8	0.8	—
2.0	5.0	—	—	—	—	—	—	—
—	—	—	—	21.6	—	—	—	—
—	0.5	2.3	4.0	5.6	6.5	7.4	3.8	3.4
0.3	0.4	0.4	2.0	2.2	3.5	4.7	4.2	7.9
—	—	304.0	85.0	457.0	—	—	130.0	—
—	—	—	0.5	—	—	—	—	—
—	—	—	—	—	—	—	137.1	—
—	—	—	0.1	—	—	—	—	—
2.1	—	—	—	21.5	—	—	—	—
—	—	—	—	—	269.0	—	543.0	—
—	6.2	—	28.6	—	—	—	—	—
—	—	—	—	1.9	—	—	—	—
—	—	—	10.0	—	—	—	—	—
—	—	—	—	—	—	—	50.0	—
0.6	0.6	0.6	0.2	—	—	—	0.7	—
0.4	0.5	0.5	4.0	4.0	7.8	5.0	5.0	2.0
4.1	8.8	—	—	—	2.2	—	9.9	—
129.1	146.3	1,081.3*	920.4	1,582.7	1,350.4	1,394.2*	1,750.0	1,514.5*

Source: General Treasury.

PUBLIC FINANCE

Corporations 1973-1983
Capital Transfers to Public

Rs. Million

	1983		1981	1980	1979	1973	1974	1975
	Approved	Provisional							Estimates
1. Agrarian Research & Training Institute ..	0.0	0.0	0.0	0.0	0.0	2.3	3.0	—
2. Agricultural Development Authority ..	0.0	0.0	0.0	0.0	0.0	—	—	—
3. Agro Insurance Board ..	0.0	0.0	0.0	0.0	0.0	—	0.5	—
4. Air Ceylon ..	0.0	0.0	0.0	0.0	0.0	—	—	—
5. Air Lanka ..	0.0	0.0	0.0	0.0	0.0	—	—	—
6. Air Ports Development Authority ..	0.0	0.0	0.0	0.0	0.0	—	—	—
7. Asian Hotels Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
8. Atomic Energy Authority ..	0.0	0.0	0.0	0.0	0.0	—	—	—
9. Ayurvedic Drugs Corporation ..	0.0	0.0	0.0	0.0	0.0	—	0.2	—
10. British Ceylon Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
11. Building Material Manufacturing Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
12. Bureau of Ceylon Standards ..	0.0	0.0	0.0	0.0	0.0	2.5	—	2.9
13. Ceylon Cement Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	5.3
14. Ceylon Ceramics Corporation ..	0.0	0.0	0.0	0.0	0.0	21.9	2.5	15.3
15. Ceylon Coconut Development Authority ..	0.0	0.0	0.0	0.0	0.0	—	—	29.7
16. Ceylon Fisheries Corporation ..	0.0	0.0	0.0	0.0	0.0	1.9	2.5	14.5
17. Ceylon Fishery Harbours Corporation ..	0.0	0.0	0.0	0.0	0.0	5.9	6.5	14.0
18. Ceylon Fertilizer Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
19. Ceylon Hotels Corporation ..	0.0	0.0	0.0	0.0	0.0	—	0.5	33.3
20. Ceylon Institute of Scientific & Industrial Research ..	0.0	0.0	0.0	0.0	0.0	0.1	—	5.6
21. Ceylon Mineral Sands Corporation ..	0.0	0.0	0.0	0.0	0.0	3.3	0.3	14.6
22. Ceylon Oils & Fats Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	1.0
23. Ceylon Oxygen Ltd. ..	0.0	0.0	0.0	0.0	0.0	—	—	—
24. Ceylon Petroleum Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
25. Ceylon Plywoods Corporation ..	0.0	0.0	0.0	0.0	0.0	20.1	5.2	2.6
26. Ceylon Shipping Corporation ..	0.0	0.0	0.0	0.0	0.0	12.1	15.5	—
27. Ceylon Steel Corporation ..	0.0	0.0	0.0	0.0	0.0	5.5	4.3	7.7
28. Ceylon Tourist Board ..	0.0	0.0	0.0	0.0	0.0	—	—	2.8
29. Coconut Cultivation Board ..	0.0	0.0	0.0	0.0	0.0	—	—	—
30. Coconut Processing Board ..	0.0	0.0	0.0	0.0	0.0	—	—	1.2
31. Coconut Research Board ..	0.0	0.0	0.0	0.0	0.0	—	—	4.6
32. Colombo District Reclamation & Development Board ..	0.0	0.0	0.0	0.0	0.0	—	—	—
33. Common Amenities Board ..	0.0	0.0	0.0	0.0	0.0	—	—	—
34. Co-operative Management Services Centre ..	0.0	0.0	0.0	0.0	0.0	—	0.5	0.6
35. Divisional Development Councils ..	0.0	0.0	0.0	0.0	0.0	—	—	—
36. Export Development Board ..	0.0	0.0	0.0	0.0	0.0	—	—	—
37. Greater Colombo Economic Commission ..	0.0	0.0	0.0	0.0	0.0	—	—	—
38. Government Owned Business Undertakings ..	0.0	0.0	0.0	0.0	0.0	—	—	—
39. Industrial Development Board ..	0.0	0.0	0.0	0.0	0.0	12.5	—	—
40. Janawasama (J. E. D. B.) ..	0.0	0.0	0.0	0.0	0.0	—	—	—
41. Land Reform Commission ..	0.0	0.0	0.0	0.0	0.0	—	2.5	—
42. Mahaveli Development Authority ..	0.0	0.0	0.0	0.0	0.0	59.9	113.9	161.1
43. National Agricultural Diversification & Settlement Authority ..	0.0	0.0	0.0	0.0	0.0	—	—	—
44. Sri Lanka Fruit Board ..	0.0	0.0	0.0	0.0	0.0	—	—	—
45. Sri Lanka Flour Milling Corporation ..	0.0	0.0	0.0	0.0	0.0	1.0	—	—
46. State Engineering Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
47. State Paper Manufacturing Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
48. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
49. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
50. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
51. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
52. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
53. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
54. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
55. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
56. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
57. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
58. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
59. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
60. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
61. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
62. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
63. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
64. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
65. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
66. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
67. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
68. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
69. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
70. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
71. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
72. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
73. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
74. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
75. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
76. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
77. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
78. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
79. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
80. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
81. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
82. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
83. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
84. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
85. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
86. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
87. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
88. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
89. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
90. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
91. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
92. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
93. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
94. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
95. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
96. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
97. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
98. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
99. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
100. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
101. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
102. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
103. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
104. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
105. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
106. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
107. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
108. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
109. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
110. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
111. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
112. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
113. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
114. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
115. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
116. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
117. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
118. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
119. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
120. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
121. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
122. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
123. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
124. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
125. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
126. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
127. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
128. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
129. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
130. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
131. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
132. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
133. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
134. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
135. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
136. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
137. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
138. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
139. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
140. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
141. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
142. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
143. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
144. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
145. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
146. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
147. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
148. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
149. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
150. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
151. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
152. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
153. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
154. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
155. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—
156. State Paper Mills Corporation ..	0.0	0.0	0.0	0.0	0.0	—	—	—

Corporations 1973—1983

Rs. Million

1976	1977	1978	1979	1980	1981	1982		1983
						Approved Estimates	Provisional	Approved Estimates
0.5	0.2	2.3	—	3.6	3.0	4.0	2.5	2.4
—	—	3.0	—	4.0	5.3	4.7	4.3	3.3
1.8	1.3	—	1.8	1.8	0.6	0.2	0.2	—
—	7.4	—	—	—	—	—	—	—
—	—	—	300.0	—	0.5	300.0	300.0	700.0
—	—	—	—	16.6	31.9	76.0	68.4	—
—	—	—	—	—	49.1	—	—	—
—	—	—	—	—	—	—	—	1.3
—	—	0.5	10.6	—	7.5	—	—	—
—	—	—	7.5	10.5	—	—	—	—
0.7	5.8	0.5	—	0.8	4.2	2.0	1.8	1.5
23.9	19.0	28.1	—	—	—	—	—	—
49.0	19.0	—	—	—	—	—	—	—
21.2	—	—	0.4	—	6.5	40.1	23.6	112.6
0.5	3.9	20.0	30.2	28.7	17.6	3.0	2.7	3.0
17.4	13.0	15.4	15.7	65.9	11.2	15.0	10.0	8.0
—	—	—	25.0	9.3	33.1	86.0	63.9	6.3
9.9	—	—	—	2.2	2.9	—	—	—
1.8	3.9	4.1	4.6	5.8	6.1	7.0	5.5	6.8
24.8	28.9	23.7	—	—	—	—	—	—
4.1	—	—	—	25.1	34.7	38.0	5.9	25.3
—	—	—	—	24.0	10.0	—	—	—
60.0	—	8.2	—	10.7	—	—	—	—
6.1	8.7	0.3	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
58.3	42.2	67.5	—	10.7	7.9	—	—	4.0
0.9	1.8	0.8	1.0	1.0	3.0	4.7	4.2	2.5
—	—	—	12.3	27.7	33.9	7.3	8.4	5.6
0.9	1.9	4.1	2.2	2.7	—	—	—	—
1.3	4.8	9.4	11.7	12.9	10.4	14.7	11.2	9.7
—	—	—	88.9	105.0	36.3	54.8	48.8	37.5
2.7	1.0	1.1	0.9	—	—	—	—	2.5
43.7	40.4	—	—	—	—	—	—	—
—	—	—	—	—	—	1.6	—	252.4
—	—	2.1	122.8	10.0	55.8	60.0	60.0	60.0
—	—	—	—	—	—	300.0	238.1	150.0
—	—	—	—	21.2	10.0	18.0	140.7	4.4
2.5	8.0	2.0	—	178.7	29.6	54.2	47.5	102.6
52.0	57.5	47.5	—	125.0	225.0	186.8	168.1	150.0
131.0	101.8	415.9	1,437.1	3,380.9	3,816.1	7,217.0	7,140.6	6,773.0
—	—	—	—	36.5	18.9	17.5	15.8	15.0

(Contd.)

PUBLIC FINANCE

Capital Transfers to Public

		1973	1974	1975
44.	National Apprenticeship Board ..	—	—	3.3
45.	National Development Services ..	—	—	—
46.	National Housing Development Authority ..	—	—	—
47.	National Institute of Management ..	—	—	2.5
48.	National Institute of Plantation Management ..	—	—	—
49.	National Livestock Development Board ..	0.5	1.0	24.2
50.	National Lotteries Board ..	—	—	—
51.	National Milk Board ..	14.6	1.9	1.9
52.	National Packaging Materials Corporation ..	—	—	—
53.	National Paper Corporation ..	29.2	37.3	174.4
54.	National Textile Corporation ..	9.0	3.9	30.1
55.	National Water Supply & Drainage Board ..	—	—	—
56.	National Youth Services Councils ..	—	—	—
57.	Paddy Marketing Board ..	13.0	8.5	22.2
58.	Palmyrah Development Board ..	—	—	—
59.	Paranthan Chemicals Corporation ..	1.0	—	2.5
60.	Prima (Ceylon) Flour Milling Complex ..	—	—	—
61.	Research and Scientific Institute ..	27.8	14.9	—
62.	River Valleys Development Board ..	79.7	72.0	64.8
63.	Road Development Authority ..	—	—	—
64.	Rubber Research Institute ..	—	—	1.4
65.	Silk and Allied Products Development Authority of Sri Lanka ..	—	—	—
66.	Sri Lanka Broadcasting Corporation ..	3.3	1.0	24.4
67.	Sri Lanka Cashew Corporation ..	—	—	1.4
68.	Sri Lanka Central Transport Board ..	—	—	42.0
69.	Sri Lanka Electricity Board ..	25.6	10.0	10.0
70.	Sri Lanka Ports Authority ..	—	—	—
71.	Sri Lanka Sugar Corporation ..	—	7.1	31.3
72.	State Development & Construction Corporation ..	—	—	0.6
73.	State Engineering Corporation ..	0.5	40.0	—
74.	State Fertilizer Manufacturing Corporation ..	—	—	2.7
75.	State Graphite Corporation ..	—	0.1	1.7
76.	State Hardware Corporation ..	—	—	—
77.	State Pharmaceuticals Corporation ..	0.8	0.9	—
78.	State Plantations Corporation ..	4.7	9.9	2.3
79.	State Printing Corporation ..	0.4	0.4	—
80.	State Rubber Manufacturing Corporation ..	—	3.2	5.4
81.	State Television Corporation ..	—	—	—
82.	State Timber Corporation ..	12.2	2.8	1.7
83.	Tea Small Holdings Development Authority ..	—	—	—
84.	Urban Development Authority ..	—	—	—
85.	Water Resources Board ..	0.1	—	—
86.	Other ..	14.0	5.5	2.2
Total ..		384.4	378.3	769.8

* Detailed breakdown not available.

TABLE 34 (Contd.)

Corporations 1973—1983

Rs. Million

1976	1977	1978	1979	1980	1981	1982		1983
						Approved Estimates	Provi-sional	Approved Estimates
11.0	—	—	—	—	3.6	41.5	10.0	29.2
—	—	—	—	—	2.0	1.5	1.4	2.0
0.6	—	0.4	0.1	0.2	976.0	703.0	702.8	571.0
—	—	—	1.0	—	—	2.7	—	—
36.3	14.5	—	8.0	15.8	20.6	—	—	7.4
—	—	—	—	12.3	—	—	—	9.0
2.0	3.7	—	12.8	15.5	50.5	21.0	20.9	9.0
78.9	47.7	33.7	—	0.3	—	—	—	—
51.8	32.3	4.2	10.3	40.4	4.8	—	—	—
—	—	—	—	—	342.5	9.4	—	6.0
2.0	3.7	18.1	—	123.6	1.0	979.3	296.8	1,379.9
—	—	—	—	1.0	97.6	—	1.6	4.3
2.7	3.3	0.7	1.0	1.0	0.9	33.0	16.5	2.7
—	—	—	—	—	—	1.2	1.2	2.0
0.1	—	—	2.0	—	—	0.1	—	0.1
54.8	47.5	45.6	60.0	35.1	35.0	35.0	31.5	—
—	—	—	—	—	—	—	—	—
1.7	2.4	1.7	1.7	1.7	1.5	1.7	1.5	0.8
—	—	—	—	—	—	—	—	2.1
3.2	2.8	2.0	1.7	0.8	1.0	3.6	1.9	5.5
2.8	2.0	1.0	6.0	—	—	—	—	3.5
3.0	11.1	8.6	6.5	4.8	5.5	3.8	3.5	2.3
1.0	75.0	172.8	—	6.2	1.3	—	—	—
15.0	6.5	42.3	32.4	116.7	672.5	305.4	247.3	81.0
10.0	—	—	4.5	8.0	—	202.7	16.7	263.1
45.5	—	6.0	—	—	46.8	162.9	72.4	270.0
—	—	—	—	—	—	—	—	—
112.8	236.8	1,061.4	—	397.5	88.5	300.0	300.0	—
1.8	0.6	0.3	—	—	—	—	—	—
—	—	—	—	2.0	—	—	—	—
0.7	0.2	—	—	1.5	1.0	—	—	—
3.0	—	—	6.2	118.1	80.4	194.0	117.3	328.3
—	—	—	—	—	—	51.6	—	—
5.4	4.5	4.6	—	—	—	—	—	—
—	0.4	—	—	—	—	2.0	1.8	—
—	—	—	0.5	0.1	—	—	—	—
—	—	—	24.2	2.5	11.9	37.6	27.0	45.9
—	—	—	10.6	80.0	200.0	—	—	29.5
3.4	2.7	2.8	—	4.8	4.4	5.0	5.0	2.5
—	—	7.3	—	—	9.7	—	1.8	—
964.5	868.2	2,070.0	3,111.8*	6,086.2	7,174.1	11,632.6	10,254.5	11,496.8

Source: General Treasury.

(a) Represents the market value of investments held by the Joint Investment Fund on behalf of the U.S.A., Canada, Denmark, Federal Republic of Germany, France, India, People's Republic of China, U.S.S.R., U.S.S.R., Italy, Netherlands, Denmark, O.P.E.C. and Switzerland.

(b) Represents the amounts withdrawn and outstanding on the loans contracted with the U.S.A., Canada, Federal Republic of Germany, Japan, People's Republic of China, Hungary, U.S.S.R., Italy, Netherlands, Denmark, O.P.E.C. and Switzerland.

(c) Represents the amounts withdrawn and outstanding on the loans contracted with the U.S.A., Canada, Denmark, People's Republic of China, Federal Republic of Germany, U.K., U.S.S.R., U.S.S.R., Italy, Netherlands, Denmark, O.P.E.C., Japan, German Democratic Republic, India, I.D.A., A.D.B., Netherlands, Kuwait, O.P.E.C., Japan, U.A.E., I.F.A.D., Scandinavian Bankers, Swedish, Salaman Brothers, incorporated New York and Saudi Arabian Fund.

End of Period		EXTERNAL DEBT							Total			
		Sterling loans			Project loans		Non-project loans				Gross	Net
		Gross	Sinking funds (b)	Net	I.B.R.D. loans	Other loans (c)	Commodity loans(d)	Other loans (e) (f)				
September	1953	125.4	59.7	65.7	—	—	—	—	125.4	65.7		
	1954	192.1	66.0	126.1	—	—	—	—	192.1	126.1		
	1955	192.1	64.3	127.8	12.9	—	—	—	205.0	140.7		
	1956	192.1	67.4	124.7	19.3	—	—	—	211.4	144.0		
	1957	192.1	72.8	119.3	39.6	—	—	—	231.7	158.9		
	1958	192.1	82.7	109.4	57.4	8.3	—	—	257.8	175.1		
	1959	178.6	77.8	100.8	60.9	32.5	5.5	—	277.5	199.7		
	1960	167.9	70.9	97.0	67.2	42.5	16.1	—	293.7	222.8		
	1961	167.9	76.4	91.5	76.4	42.9	19.8	—	307.0	230.6		
	1962	167.9	86.1	81.8	102.1	55.4	19.8	—	345.2	259.1		
	1963	167.9	95.6	72.3	123.3	96.1	19.8	—	407.1	311.5		
	1964	107.9	38.6	69.3	134.7	147.2	22.3	—	412.1	373.5		
	1965	107.9	42.7	65.2	139.7	218.3	23.4	—	489.3	446.6		
	1966	83.3	27.7	55.6	138.4	251.9	75.2	—	548.8	521.1		
	1967	83.3	31.3	52.0	138.1	242.7	275.2	—	739.3	708.0		
	1968	89.3	35.9	53.3	164.3	289.1	531.6	—	1,074.3	1,038.3		
	1969	89.3	38.2	51.1	156.0	345.7	784.7	—	1,375.7	1,337.5		
	1970	71.4	27.5	43.9	146.7	374.8	985.5	—	1,578.4	1,550.9		
	1971	71.4	32.5	38.9	163.8	281.3	1,113.8	169.8	1,800.1	1,767.6		
December	1972	78.0	40.0	38.0	131.0	410.9	1,598.5	174.1	2,392.5	2,352.5		
	1973	78.0	44.8	33.2	125.7	563.4	1,845.1	183.1	2,795.3	2,750.5		
	1974	78.0	52.2	25.8	119.5	576.8	1,989.0	172.6	2,935.9	2,883.7		
	1975	—	—	—	153.7	859.3	2,521.6	170.3	3,704.9	3,704.9		
	1976	—	—	—	175.4	1,249.4	3,252.1	291.1	4,968.0	4,968.0		
	1977	—	—	—	289.9	2,782.2	6,979.1	542.3	10,593.5	10,593.5		
	1978	—	—	—	277.2	4,455.8	8,561.51	287.8	14,582.3	14,582.3		
	1979	—	—	—	274.4	4,788.2	8,979.31	798.7	15,840.6	15,840.6		
	1980	—	—	—	306.0	6,478.3	11,791.13	3,701.4	22,276.8	22,276.8		
	1981	—	—	—	326.4	8,906.3	14,054.85	5,884.6	29,172.1	29,172.1		
	1982*	—	—	—	316.2	12,135.7	14,987.3	7,158.2	34,597.4	34,597.4		

Note: Data for all years up to 1971 relate to financial years ending on 30th of September. Data for 1972 relate to the financial year 1971/72 covering a period of 15 months from October, 1971 to December, 1972. The fiscal year coincides with calendar year with effect from 1973.

- (a) The figures are the amounts outstanding at the given dates. They exclude Ceylon Government War Loan re-lent to the U.K. government which was fully repaid to the subscribers, by the end of June, 1959 and promissory notes issued in favour of the I.M.F., the I.B.R.D., the I.D.A. and the A.D.B. which stood at Rs. 6,902.6 million, Rs. 100.4 million, Rs. 18.8 million and Rs. 30.5 million respectively, at the end of December, 1982. National Housing Debentures Rs. 66,000,000 less sinking funds Rs. 39,121,667=Rs. 26,878,333, State Mortgage Bank Debentures Rs. 167,250,000, Urban Development Authority Debentures Rs. 899,657,700 and supplier's credits negotiated by government departments are also excluded. The liability in respect of these supplier's credits amounted to Rs. 778.8 million as at the end of December, 1982.
- (b) Represents the market value of investments held by the Joint Investment Fund on behalf of the sinking funds.
- (c) Represents the amounts withdrawn and outstanding on the loans contracted with the U.S.A., U.S.S.R., Canada, Denmark, People's Republic of China, Federal Republic of Germany, U.K., German Democratic Republic, India, I.D.A., A.D.B., Netherlands, Kuwait, O.P.E.C., Japan U.A.E., I.F.A.D., Skandinaviska Enskilda Bankens - Sweden, Salaman Brother's incorporated New York and Saudi Arabian Fund.
- (d) Represents the amounts withdrawn and outstanding on the loans contracted with the U.S.A., Canada, Federal Republic of Germany, Japan, France, India, People's Republic of China, Hungary, U.S.S.R., Italy, Netherlands, Denmark, O.P.E.C. and Switzerland.

Rs. Million.

DOMESTIC DEBT							TOTAL			
Rupee loans			Treasury bills	Tax Reserve Certificates	Central Bank Advances (h)	Other (i)	Total		Gross	Net
Gross	Sinking funds (b) (g)	Net					Gross	Net		
730.5	117.5	612.9	184.0	—	70.5	58.6	1,043.6	926.0	1,169.0	991.7
782.1	127.1	655.0	105.0	—	65.8	—	952.9	825.8	1,145.0	951.9
829.3	135.9	693.4	60.0	—	—	—	889.3	753.4	1,094.3	894.1
881.9	151.3	730.7	68.0	—	—	—	949.9	798.7	1,161.3	942.7
961.8	167.8	794.0	65.0	9.1	96.3	—	1,132.2	964.4	1,363.9	1,123.3
1,006.8	200.6	806.2	140.0	8.3	82.5	—	1,237.6	1,037.0	1,495.4	1,212.1
1,101.8	234.6	867.3	320.0	14.1	123.6	—	1,559.5	1,325.0	1,837.0	1,524.7
1,216.8	246.6	970.1	550.0	6.2	163.7	—	1,936.7	1,690.0	2,230.4	1,912.8
1,396.6	241.9	1,154.7	750.0	10.9	186.5	—	2,234.7	2,102.1	2,651.0	2,332.7
1,515.3	263.9	1,251.4	1,000.0	12.8	165.6	—	2,693.7	2,429.8	3,038.9	2,688.9
1,683.6	276.3	1,407.3	1,125.0	19.1	202.5	...	3,030.2	2,753.9	3,437.3	3,065.4
1,909.4	312.8	1,596.6	1,250.0	32.5	183.3	0.1	3,375.3	3,062.5	3,787.4	3,436.0
2,149.6	370.2	1,779.4	1,300.0	32.7	213.1	0.1	3,695.5	3,325.3	4,184.8	3,771.6
2,474.6	448.0	2,026.6	1,425.0	32.2	262.6	0.1	4,194.5	3,746.5	4,743.3	4,267.6
2,784.8	507.8	2,276.9	1,500.0	25.7	271.6	0.1	4,582.2	4,074.3	5,321.5	4,782.3
3,117.9	545.5	2,572.4	1,750.0	24.0	304.5	0.1	5,196.5	4,651.0	6,270.8	5,689.3
3,409.1	611.4	2,797.7	1,750.0	24.5	329.3	0.1	5,513.0	4,901.6	6,888.7	6,239.1
3,924.9	608.9	3,316.0	1,950.0	45.4	374.4	0.1	6,294.8	5,685.9	7,873.2	7,236.8
4,511.9	642.2	3,869.6	2,025.0	66.0	379.5	0.2	6,982.6	6,340.4	8,782.8	8,108.0
5,103.4	830.4	4,273.0	2,325.0	78.0	419.6	0.2	7,926.2	7,095.8	10,318.7	9,448.3
5,812.2	1,054.3	4,757.9	2,250.0	66.1	456.1	0.2	8,584.6	7,530.3	11,379.9	10,280.8
6,590.5	1,301.0	5,289.5	2,250.0	67.9	497.9	37.9	9,444.2	8,143.2	12,380.1	11,026.9
7,560.1	1,604.6	5,955.5	2,350.0	69.8	588.6	290.9	10,859.4	9,254.8	14,564.3	12,959.7
9,001.2	2,038.7	6,962.5	2,700.0	51.0	600.1	339.0	12,691.4	10,652.7	17,659.4	15,620.7
10,391.6	2,551.8	7,839.8	2,500.0	40.6	617.4	842.8	14,392.4	11,840.6	24,985.9	22,434.1
12,049.1	3,204.1	8,845.0	2,635.0	29.5	955.5	698.5	16,367.5	13,163.4	30,949.8	27,745.7
14,929.1	3,962.9	10,966.2	3,000.0	28.0	1,136.5	540.6	19,634.1	15,671.2	35,474.7	31,511.8
17,611.0	4,876.6	12,734.4	9,800.0	12.5	1,627.6	327.7	29,378.8	24,502.2	51,655.6	46,779.0
20,025.5	6,340.2	13,685.3	13,920.0	10.9	1,536.4	334.4	35,827.2	29,487.0	64,999.3	58,659.1
25,800.4	8,922.7	16,877.7	17,320.0	10.7	2,140.3	304.0	45,575.4	36,652.7	80,172.8	71,250.2

Source: Central Bank of Ceylon.

(e) Includes cash loan received from the IMF, Iraq, U.A.E., China, O.P.E.C. and Japan and military equipment loans from India and EURO currency commercial loans.

(f) Includes IMF Trust Fund Loan amounting to Rs. 2,600.0 million at the end of December, 1982

(g) Includes supplementary sinking funds.

(h) Includes special loans granted by the Central Bank to the Government in terms of the Bretton Woods Agreement Act No. 20 of 1950 as amended by Section 4 of the Bretton Woods Agreement (Amendment) Act No. 19 of 1959, the International Development Association Agreement Act No. 7 of 1961 and the Asian Development Bank Agreement (Ratification) Act No. 21 of 1966. The first special loan which amounted to Rs. 14.3 million was granted by the Central Bank to the Government in August, 1950 to meet its obligations to the I.B.R.D.. The Government repaid the loan in full in May, 1952 and converted Rs. 12.7 million of its paid up subscriptions to the I.B.R.D. into a promissory note. The special loans which were resumed in October, 1959 had been repaid in full by the end of August, 1978. In December, 1980 another special loan was raised amounting to Rs. 308.4 million.

(i) Includes loans from semi-government agencies of foreign loans channelled through government or semi-government agencies and outstanding National Development Bonds.

* Provisional

MONEY AND BANKING

Monetary

End of Period		CURRENCY				(v) Total
		(i) Total	(ii) Held by Govt.	(iii) Held by Banks	(iv) Held by Public (i)-(ii)-(iii)	
1962	..	789.4	10.0	66.8	712.6	1,053.9
1963	..	900.9	8.8	63.7	828.4	1,124.2
1964	..	932.1	8.2	70.9	853.0	1,265.4
1965	..	1,002.8	6.6	94.7	901.4	1,355.7
1966	..	993.7	6.7	104.5	882.5	1,429.6
1967	..	1,072.8	8.0	84.8	979.9	1,643.8
1968	..	1,181.9	9.1	106.6	1,066.2	1,878.2
1969	..	1,212.7	7.2	121.5	1,083.9	1,734.5
1970	..	1,090.4	9.6	145.7	935.1	2,063.5
1971	..	1,285.1	1.6	168.1	1,115.3	1,925.5
1972*	..	1,444.8	2.9	239.5	1,202.3	2,581.8
1973	..	1,653.0	0.9	215.4	1,436.7	2,768.4
1974	..	1,829.0	1.2	288.5	1,539.3	3,064.3
1975	..	1,890.4	0.3	280.3	1,609.8	3,024.2
1976	..	2,407.2	0.6	326.2	2,080.5	4,015.1
1977	..	3,219.1	1.3	426.2	2,791.7	5,320.4
1978	..	3,508.6	0.9	492.1	3,015.5	7,177.4
1979	..	4,321.1	0.8	546.2	3,774.2	9,069.8
1980	March	4,727.4	5.2	449.7	4,272.5	8,743.0
	June	4,678.7	2.8	534.7	4,141.2	9,290.4
	September	4,795.8	6.7	794.5	3,994.6	9,230.5
	December	5,009.5	4.2	824.4	4,180.8	11,684.5
1981	January	5,005.0	0.3	848.1	4,156.6	10,357.6
	February	4,993.8	3.3	691.8	4,298.6	10,205.4
	March	5,486.2	3.1	822.7	4,660.3	10,835.3
	April	5,684.0	4.1	1,069.0	4,610.9	9,932.9
	May	5,412.7	5.3	949.1	4,458.3	9,440.3
	June	5,185.7	2.8	749.3	4,433.6	10,740.1
	July	5,227.1	4.0	732.5	4,490.5	11,477.3
	August	5,256.7	4.8	759.2	4,492.7	11,452.8
	September	5,328.4	1.3	751.8	4,575.2	11,609.9
	October	5,469.5	2.5	871.9	4,595.0	11,842.6
	November	5,387.5	3.9	809.4	4,574.2	13,069.8
	December	5,643.5	1.1	819.5	4,822.9	15,165.1
1982	January	5,766.3	1.9	881.3	4,883.1	15,363.6
	February	5,825.0	3.9	665.2	5,155.9	15,099.6
	March	6,377.7	5.0	884.9	5,487.8	14,617.2
	April	6,466.8	6.7	1,165.2	5,294.9	14,709.9
	May	6,086.1	1.9	885.2	5,199.0	14,352.9
	June	6,041.8	3.3	786.7	5,251.7	13,843.2
	July	6,205.6	5.4	851.9	5,348.2	13,584.8
	August	6,414.0	5.4	943.8	5,464.7	14,696.1
	September	6,613.4	2.7	1,001.9	5,608.8	14,599.0
	October	6,727.6	5.9	1,031.7	5,690.0	15,087.2
	November	6,548.2	2.0	877.4	5,668.8	15,026.7
	December	6,856.5	2.2	866.5	5,987.7	15,673.3

(i) Total amount of currency, including subsidiary notes and coins issued by the Central Bank.

(ii) Currency held by the Treasury and the Kachcheries.

(v) Total demand deposits held by the Central Bank and the commercial banks.

(vi) Government demand deposits with the commercial banks and the Central Bank.

TABLE 36

Aggregates

Rs. Million

DEMAND DEPOSITS			(ix)	(x)	(xi)	(xii)
(vi) Held by Govt.	(vii) Held by Banks	(viii) Held by Public (v)-(vi)-(vii)	Narrow Money Supply M ₁ (iv) + (viii)	Time and Savings Deposits held by public	Broad Money Supply M ₂ (ix) + (x)	(viii) asa percentage of (ix)
126.8	297.0	630.0	1,342.7	404.6	1,747.3	46.9
126.9	319.7	677.7	1,506.0	468.0	1,974.0	45.0
131.0	365.5	768.8	1,621.8	520.2	2,142.0	47.4
133.9	407.6	814.3	1,715.7	567.1	2,282.8	47.5
218.2	435.0	776.4	1,658.9	584.5	2,243.4	46.8
164.7	651.4	827.7	1,807.6	686.6	2,494.2	45.8
232.2	799.0	847.0	1,913.2	811.2	2,724.4	44.3
160.9	774.4	799.2	1,883.1	969.3	2,852.4	42.4
278.6	753.3	1,031.5	1,966.6	1,148.2	3,114.8	52.4
208.1	683.6	1,033.8	2,149.1	1,285.8	3,434.9	48.1
499.9	803.1	1,278.8	2,481.1	1,493.1	3,974.2	51.5
430.2	997.1	1,341.0	2,777.7	1,376.2	4,153.9	48.3
547.1	1,111.0	1,406.3	2,945.6	1,622.5	4,568.1	47.7
426.8	1,119.0	1,478.4	3,088.1	1,668.9	4,757.0	47.9
702.4	1,227.6	2,085.1	4,165.6	2,155.3	6,320.9	50.1
870.4	1,875.8	2,574.2	5,365.8	3,351.0	8,716.8	48.0
1,942.0	2,314.5	2,920.8	5,936.4	4,955.7	10,892.1	49.2
1,664.4	3,510.3	3,895.1	7,669.3	7,388.3	15,057.6	50.8
1,151.3	3,489.1	4,102.6	8,375.1	7,676.7	16,051.8	49.0
1,219.7	3,934.1	4,136.6	8,277.8	8,136.3	16,414.1	50.0
1,380.5	3,713.2	4,136.8	8,131.4	9,568.3	17,699.7	50.8
2,757.0	3,680.1	5,247.3	9,428.2	10,432.0	19,860.2	55.6
1,568.7	3,737.6	5,051.3	9,207.9	11,323.7	20,531.6	54.8
1,531.7	3,684.4	4,989.2	9,287.8	10,911.2	20,199.0	53.7
1,676.3	3,694.6	5,464.3	10,124.7	11,859.4	21,984.1	54.0
1,304.0	3,666.6	4,962.3	9,573.2	11,981.6	21,554.8	51.8
1,274.4	3,456.0	4,709.9	9,168.2	12,269.3	21,437.5	51.3
1,262.3	4,878.6	4,599.3	9,032.9	12,648.5	21,681.4	50.9
1,308.9	5,561.8	4,606.6	9,097.1	12,967.8	22,064.8	50.6
1,178.3	5,570.2	4,704.3	9,197.0	12,968.1	22,165.1	51.1
1,214.1	5,526.3	4,869.4	9,444.7	14,015.5	23,460.2	51.5
1,257.1	5,660.4	4,925.1	9,520.1	14,317.0	23,837.1	51.7
1,577.1	6,608.3	4,884.4	9,458.6	14,383.8	23,842.4	51.6
2,675.3	7,288.2	5,201.5	10,024.4	14,422.4	24,446.8	51.8
1,727.7	7,473.4	6,162.5	11,045.6	15,844.5	26,890.1	55.7
1,579.6	7,498.4	6,021.7	11,177.6	15,580.3	26,757.9	53.8
1,283.9	7,150.5	6,182.9	11,670.7	16,569.5	28,240.2	53.0
1,453.3	7,275.3	5,981.3	11,276.2	17,118.5	28,394.7	53.0
1,173.2	7,246.5	5,933.2	11,132.2	17,996.2	29,128.4	53.3
1,225.9	7,054.0	5,563.3	10,815.0	17,924.2	28,739.3	51.4
1,284.6	6,937.9	5,362.2	10,710.4	17,749.1	28,459.5	50.0
1,394.3	7,874.0	5,427.8	10,892.5	17,601.9	28,494.4	49.8
1,283.2	7,753.5	5,562.3	11,171.1	18,610.2	29,781.3	49.8
1,665.4	7,699.0	5,722.8	11,412.8	18,748.1	30,160.9	50.1
1,620.1	7,623.1	5,783.5	11,452.3	18,407.7	29,860.0	50.5
2,457.1	7,444.1	5,772.1	11,759.8	18,750.1	30,509.9	49.0

Source: Central Bank of Ceylon.

(vii) Inter bank deposits both local and foreign including deposits of international organisations and commercial banks with the Central Bank.

(xi) M₂ is defined as M₁ Plus time and savings deposits of the private sector held with commercial banks.

* These figures are distorted as a result of the strike by employees of commercial banks which began on 1st September 1972 and ended on 17th December 1972.

MONEY AND BANKING

Analysis of Changes in Narrow

End of Period	Narrow Money Supply (M ₁)		External Assets (net) of Central Bank and Commercial Banks (including outward bills)		Domestic Assets (net) of Central Bank (a)	
	Amount	Cumulative change	Amount	Cumulative change	Amount	Cumulative change
1962	1,342.7	54.0	62.0	- 91.1	935.1	160.3
1963	1,506.0	163.3	8.7	- 53.2	1,070.9	135.7
1964	1,621.8	115.8	25.7	16.9	1,146.1	75.3
1965	1,715.7	93.8	105.5	79.8	1,130.9	15.2
1966	1,658.9	- 56.8	- 90.8	- 196.3	1,338.5	207.5
1967	1,807.6	148.7	- 182.3	- 91.5	1,475.0	136.5
1968	1,913.7	105.6	- 298.1	- 115.7	1,781.7	306.7
1969	1,883.1	- 30.1	- 597.6	- 299.6	1,932.3	150.6
1970	1,966.6	83.5	- 599.2	- 1.5	1,967.6	35.3
1971	2,149.1	182.5	- 398.7	200.5	1,904.3	63.3
1972*	2,481.1	332.0	- 318.2	80.5	2,216.7	312.4
1973	2,777.7	296.6	32.1	350.3	2,190.6	26.0
1974	2,945.6	167.8	- 147.1	- 179.2	2,162.0	- 28.6
1975	3,088.1	142.6	- 361.6	- 214.5	2,322.3	160.3
1976	4,165.6	1,077.4	108.5	470.1	2,768.6	446.3
1977	5,365.8	1,200.2	3,705.8	3,597.3	529.1	- 2,239.5
1978	5,936.4	570.6	5,589.9	1,884.1	188.0	- 717.1
1979	7,669.3	1,733.0	6,807.6	1,217.7	17.5	205.5
1980 March	8,375.1	705.8	5,783.8	- 1,023.8	121.0	103.5
June	8,277.8	608.5	4,768.4	- 2,039.2	783.3	765.8
September	8,131.4	462.0	4,650.2	- 2,157.4	2,195.9	2,178.4
December	9,428.2	1,758.9	3,630.7	- 3,176.9	4,906.6	4,889.1
1981 January	9,207.9	- 220.3	3,741.8	111.1	4,104.0	- 802.6
February	9,287.8	- 140.4	2,843.0	- 787.7	4,729.2	- 177.4
March	10,124.7	696.5	3,365.5	- 265.2	4,736.6	170.0
April	9,573.2	145.0	2,644.9	- 985.8	4,747.9	158.7
May	9,168.2	- 260.0	1,979.6	- 1,651.1	4,998.1	91.5
June	9,032.9	- 395.3	1,732.8	- 1,897.9	5,073.3	166.7
July	9,097.1	- 331.1	1,013.2	- 2,617.5	5,984.9	1,078.3
August	9,197.0	- 231.2	2,198.6	- 1,432.1	5,341.3	434.7
September	9,444.7	16.5	2,621.8	- 1,008.9	5,786.1	879.5
October	9,520.1	91.9	3,039.4	- 591.3	5,182.8	276.2
November	9,458.6	30.4	3,287.5	- 343.2	5,341.1	434.5
December	10,024.4	596.2	2,940.3	- 690.4	6,488.9	1,582.3
1982 January	11,045.6	1,021.2	4,476.9	1,536.6	5,018.6	- 1,470.3
February	11,177.6	1,153.2	2,880.9	- 59.4	6,539.6	50.7
March	11,670.7	1,646.3	3,550.7	610.4	5,993.6	- 495.3
April	11,276.2	1,251.8	3,535.5	595.2	6,225.4	- 263.5
May	11,132.2	1,107.8	2,939.3	- 1.0	6,303.4	185.5
June	10,815.0	790.6	1,895.2	- 1,045.1	7,403.4	914.5
July	10,710.4	686.0	1,918.9	- 1,021.4	6,997.8	508.9
August	10,892.5	868.1	1,423.0	- 1,517.3	7,825.4	1,336.5
September	11,171.1	1,146.7	2,797.9	- 142.4	7,310.1	821.2
October	11,412.8	1,388.4	2,037.9	- 902.4	8,077.9	1,589.0
November	11,452.3	1,427.9	1,458.4	- 1,481.9	8,589.1	2,100.2
December	11,759.8	1,735.4	2,371.8	- 568.5	8,617.7	2,128.8

Note: Cumulative changes refer to changes from the beginning of each calendar year. Signs in columns showing cumulative changes indicate effect on money supply (M₁)

(a) Domestic assets of the Central Bank exclude the item 'loans and advances to others' but include the Central Bank's holdings of the Sri Lanka Government War Loan re-lent to U. K.

(b) Includes government guaranteed securities, Central Bank issues and from March 1969 cash items purchased on government account.

Money Supply (M₁)

Rs. Million

Commercial Banks' non - cash domestic assets		Private loans, overdrafts, bills (local and import bills) and cash items in process of collection (c)		Fixed and savings deposits and other liabilities (net) of commercial banks		Adjustments for items in transit		Government rupee cash (d)	
Government securities, Treasury bills and Government import bills (b)									
Amount	Cumulative change	Amount	Cumulative change	Amount	Cumulative change	Amount	Cumulative change	Amount	Cumulative change
428.1	71.3	567.9	42.2	490.1	50.9	1.8	1.7	158.6	76.1
447.9	19.8	692.9	125.0	545.4	55.4	2.0	0.2	166.9	8.3
451.5	3.6	775.5	82.6	602.6	57.2	4.3	2.3	170.1	3.2
543.8	92.3	786.3	10.8	669.7	67.1	1.1	3.2	180.1	10.0
481.2	-62.6	873.3	87.0	699.1	29.4	1.2	0.1	242.9	62.9
556.3	75.1	978.9	105.6	832.0	132.9	1.3	0.1	186.9	56.0
441.4	-114.9	1,243.1	264.1	997.4	165.5	1.1	0.2	256.3	69.4
454.4	13.0	1,469.2	226.1	1,191.3	193.8	0.6	1.7	184.5	71.9
648.5	194.1	1,616.6	147.4	1,357.8	166.5	0.5	1.1	308.6	124.2
697.8	49.3	1,759.6	143.0	1,576.9	219.1	4.2	4.7	241.2	67.4
827.3	129.5	2,186.3	426.7	1,881.3	304.3	14.9	19.2	534.8	293.6
536.3	-291.0	2,163.7	22.6	1,669.7	211.5	8.4	6.5	466.8	68.0
423.4	112.9	3,235.4	1,071.7	2,208.2	538.5	66.7	75.1	586.6	119.8
415.3	-8.1	3,402.7	167.3	2,244.4	36.1	20.2	46.5	466.3	120.3
782.1	366.8	3,984.8	582.1	2,756.5	512.2	17.1	3.1	739.0	272.6
914.1	132.0	5,785.5	1,800.7	4,627.6	1,871.1	21.3	4.2	962.2	223.2
800.6	-113.5	8,812.0	3,026.5	6,965.6	2,338.0	99.7	121.0	2,012.8	1,050.6
863.5	62.9	12,051.5	3,239.5	10,427.1	3,461.5	142.0	241.7	1,785.8	227.0
1,034.9	171.4	13,588.2	1,536.7	11,167.8	740.7	310.9	168.9	1,296.0	489.8
889.8	26.3	14,966.1	2,914.6	11,868.4	1,441.3	98.7	43.3	1,360.1	425.7
940.7	77.2	15,074.8	3,023.3	13,152.2	2,725.1	69.8	211.8	1,508.2	277.6
939.2	75.7	16,831.7	4,780.2	13,779.4	3,352.3	167.8	309.8	2,932.7	1,146.9
1,220.5	281.3	17,277.6	445.9	15,417.1	1,637.7	7.9	175.7	1,726.8	1,205.9
901.2	-38.0	17,312.0	480.3	14,773.4	994.0	3.2	171.0	1,727.3	1,205.4
1,259.8	320.6	18,377.0	1,545.3	15,871.0	2,091.6	112.7	280.5	1,856.0	1,076.7
1,137.9	198.7	18,971.1	2,139.4	16,382.3	2,602.9	84.2	83.6	1,462.1	1,470.6
1,462.9	523.7	18,720.6	1,888.9	16,520.3	2,740.9	38.4	129.4	1,434.3	1,498.4
1,876.8	937.6	19,196.2	2,364.5	17,153.7	3,374.3	272.4	104.6	1,420.1	1,512.6
1,462.5	523.3	19,631.4	2,799.7	17,263.2	3,483.8	267.9	100.1	1,463.9	1,468.8
1,001.7	62.5	19,673.4	2,841.7	17,605.7	3,826.3	81.4	86.4	1,330.9	1,601.8
1,101.3	162.1	19,888.3	3,056.6	18,605.2	4,825.8	32.3	200.1	1,380.0	1,552.7
1,017.7	78.5	20,633.3	3,801.6	18,960.7	5,181.3	41.6	209.4	1,434.1	1,498.6
1,176.5	237.3	20,914.8	4,083.1	19,424.8	5,645.4	52.5	115.3	1,783.9	1,148.8
1,563.0	623.8	21,177.4	4,345.7	19,124.7	5,345.3	142.3	25.5	2,878.3	54.4
2,866.6	1,303.3	21,408.7	231.3	20,688.7	1,564.0	93.4	48.9	1,943.0	935.3
2,147.6	584.3	21,985.4	808.0	21,100.7	1,976.0	485.4	627.7	1,760.7	1,117.6
3,120.8	1,557.5	22,426.4	1,249.0	21,782.6	2,657.9	144.0	1.7	1,494.2	1,384.1
2,633.3	1,070.0	22,821.9	1,644.5	22,242.4	3,117.7	34.2	108.1	1,663.4	1,214.9
3,268.3	1,705.0	23,027.8	1,850.4	23,286.8	4,162.1	225.5	367.8	1,345.3	1,533.0
2,799.1	1,235.8	23,099.1	1,921.7	23,015.5	3,890.8	39.4	181.7	1,405.6	1,472.7
2,475.7	912.4	23,753.6	2,576.2	22,773.6	3,648.9	197.8	55.5	1,464.0	1,414.3
2,743.1	1,179.8	23,232.8	2,055.4	22,576.5	3,451.8	187.5	45.2	1,567.7	1,310.6
2,676.2	1,112.9	24,216.9	3,039.5	24,274.7	5,150.0	97.9	44.5	1,457.3	1,421.0
2,044.9	481.6	24,826.3	3,648.9	23,731.7	4,607.0	15.1	127.2	1,827.4	1,050.9
1,275.3	-288.0	25,339.8	4,162.4	23,465.3	4,340.6	15.7	158.0	1,760.7	1,117.6
1,719.3	156.0	25,247.4	4,070.0	23,641.3	4,516.6	14.4	156.7	2,569.6	308.7

Source: Central Bank of Ceylon

(c) Includes banks' investments in private securities.

(d) Consists of Government deposits with the Central Bank and commercial banks (according to banks' books) and currency held by Government.

* These figures are distorted as a result of the strike by employees of commercial banks which began on 1st September, 1972 and ended on 17th December, 1972.

MONEY AND BANKING

Assets and Liabilities

End of Period	A S S						
	Cash on hand	Due from Central Bank	Due from domestic banks	Cash items in process of collection	Foreign currency on hand and balances due from banks abroad	Invest	
						Treasury bills (a)	Govt. securities (b)
1962	66.8	104.5	44.4	64.4	40.7	111.4	316.8
1963	63.7	106.5	33.1	82.1	32.5	104.3	317.7
1964	70.9	143.0	38.3	74.5	53.7	93.8	328.6
1965	94.7	137.9	44.6	71.1	44.7	127.2	328.0
1966	104.5	88.0	49.5	107.1	60.1	115.9	324.6
1967	84.8	143.9	43.7	56.9	66.5	108.6	267.5
1968	106.6	141.6	39.6	52.5	77.1	110.8	275.5
1969	121.5	136.6	30.8	42.0	52.5	44.9	258.3
1970	145.7	224.9	34.9	180.3	44.1	281.4	356.8
1971	168.1	209.6	25.8	113.6	69.7	320.8	368.2
1972*	239.5	248.4	118.3	306.5	127.6	370.4	365.3
1973	215.4	488.1	98.1	149.9	94.7	153.6	344.3
1974	288.5	486.1	14.1	280.8	90.1	59.6	325.1
1975	280.3	220.2	61.2	224.4	78.3	50.4	325.1
1976	326.2	251.1	74.7	343.2	92.8	65.3	369.5
1977	426.2	579.3	138.9	713.9	298.5	12.4	556.4
1978	492.1	615.1	234.8	1,179.6	267.1	100.4	547.7
1979	546.2	1,062.8	132.7	1,522.1	475.5	34.4	595.3
1980 March	449.7	1,286.8	246.3	1,517.0	709.8	48.9	595.4
June	534.7	1,263.3	447.6	1,524.9	675.1	48.9	587.7
September	794.5	1,111.1	389.7	1,373.0	972.8	—	594.8
December	824.4	1,224.3	468.8	1,348.0	845.1	7.9	557.2
1981 January	848.1	1,467.7	306.7	1,231.8	1,198.9	87.0	557.2
February	691.8	1,433.8	439.5	1,272.2	1,099.0	4.5	552.6
March	822.7	1,498.4	444.4	1,470.5	788.7	163.2	552.6
April	1,069.0	1,490.3	593.8	1,410.3	783.6	152.5	650.3
May	949.1	1,547.3	620.9	1,287.7	846.5	50.8	640.6
June	749.3	1,380.5	1,011.2	1,433.2	969.1	6.3	640.0
July	732.5	1,490.6	443.9	1,280.6	643.9	249.2	640.0
August	759.2	1,668.7	587.0	1,254.0	937.8	5.0	640.0
September	751.8	1,743.0	711.7	1,174.1	1,002.3	300.6	640.0
October	871.9	1,702.6	725.5	1,335.8	1,048.6	89.8	640.0
November	809.4	1,764.4	716.8	1,199.1	1,148.4	275.5	640.0
December	819.5	1,910.1	691.1	1,389.8	752.2	677.9	617.8
1982 January	881.2	1,965.9	713.1	1,188.8	991.1	2,015.1	617.5
February	665.2	2,616.7	826.1	1,186.6	775.6	1,357.0	617.5
March	884.9	1,809.2	667.7	1,022.9	855.4	2,345.7	645.1
April	1,165.2	2,138.9	593.7	1,133.9	884.0	1,851.2	617.2
May	885.2	2,424.3	444.6	1,174.1	866.8	2,338.0	617.2
June	786.7	2,302.2	772.3	1,133.0	1,090.4	1,874.0	616.3
July	851.9	2,020.8	786.9	1,223.3	1,374.5	1,683.6	616.3
August	943.8	1,937.3	946.6	1,016.9	1,366.7	1,805.9	715.7
September	1,001.9	2,237.4	887.2	1,132.0	2,015.0	1,780.7	713.7
October	1,031.7	2,265.8	1,062.6	1,029.8	1,697.8	1,144.6	720.8
November	877.4	2,267.8	1,189.8	1,042.9	2,066.2	332.6	720.8
December	866.5	2,202.2	1,327.7	1,208.2	2,031.8	674.5	720.5

Note.—The number of reporting banks is 12 from 1962 to 1974, 11 up to March, 1979, 12 in April, 1979, 13 in May, 1979, 14 in December, 1979, 15 in March 1980, 16 in April 1980, 17 in May 1980, 18 in July 1980, 19 in September 1980, 21 in November 1980, 22 in March 1981, 23 in June 1981, 24 in December 1981 and 25 in June 1982.

(a) Also includes Treasury bills Purchased in the secondary market.

(b) Includes government guaranteed securities and Central Bank issues.

of Commercial Banks

Rs. Million

ETS		Loans and advances					Fixed and other assets (c)	Total assets or liabilities
Other investments	Bills purchased and discounted			Overdrafts	Loans	Total		
	Local	Import	Export					
0.2	0.4	55.7	60.8	279.7	167.7	564.4	66.2	1,379.6
0.9	...	91.6	72.8	331.9	213.0	709.4	78.2	1,528.4
0.9	—	77.8	53.6	372.3	279.4	783.1	71.5	1,658.4
0.9	...	138.4	47.1	383.0	281.7	850.2	115.2	1,814.4
0.9	—	75.9	52.4	391.9	338.1	858.3	137.3	1,846.4
2.7	—	235.7	53.4	418.9	444.8	1,152.8	195.2	2,122.7
2.7	0.1	144.5	80.2	497.8	600.7	1,323.2	212.8	2,342.5
5.1	—	210.8	85.9	626.0	737.0	1,659.7	212.7	2,564.3
5.4	—	38.0	106.5	589.1	814.2	1,547.7	300.8	3,122.0
5.2	—	36.8	115.5	721.7	891.4	1,765.5	429.0	3,475.1
5.0	1.0	171.0	192.7	832.1	962.6	2,159.4	844.8	4,785.3
3.3	—	51.6	202.0	870.8	1,127.6	2,252.1	486.0	4,285.5
4.0	—	125.6	303.8	1,023.3	1,844.0	3,296.7	515.1	5,360.1
3.5	—	282.3	316.7	1,060.2	1,873.8	3,533.0	519.8	5,296.1
18.3	—	227.4	479.8	1,130.5	2,413.1	4,250.8	595.0	6,586.8
15.6	0.1	703.1	944.4	1,359.6	3,338.5	6,345.7	1,164.6	10,251.5
6.3	...	717.7	1,049.1	1,985.5	5,075.6	8,827.9	1,565.7	13,836.6
21.6	0.1	929.0	1,205.7	2,912.6	6,900.4	11,947.8	2,314.6	18,653.2
33.8	3.7	1,491.0	1,144.4	3,247.4	7,685.9	13,572.4	1,755.8	20,215.9
31.8	—	1,953.8	1,017.9	3,642.3	8,066.8	14,680.8	2,735.4	22,530.4
22.0	—	1,499.4	1,182.7	3,932.3	8,594.5	15,208.9	3,428.0	23,894.8
362.2	0.6	1,713.2	1,501.9	3,888.8	9,895.7	17,000.2	3,963.0	26,601.1
362.2	0.6	1,922.9	1,318.4	4,210.1	10,128.1	17,580.1	2,922.4	26,562.1
362.2	0.6	1,487.6	1,392.6	4,281.7	10,253.3	17,415.8	3,251.7	26,523.3
423.6	0.4	1,842.3	1,423.1	4,533.9	10,709.6	18,509.3	3,492.2	28,165.4
401.1	0.6	1,682.0	1,372.0	4,900.6	10,913.0	18,868.2	3,236.0	28,654.8
424.1	—	1,986.3	1,355.0	4,858.7	10,937.4	19,137.9	3,340.1	28,845.1
518.2	—	2,534.4	1,320.1	4,935.4	11,007.3	19,797.2	4,032.2	30,537.0
518.3	—	1,996.9	1,496.2	5,262.7	11,148.6	19,904.4	4,089.6	29,993.3
518.3	—	1,701.8	1,632.5	5,362.0	11,195.5	19,891.8	4,591.6	30,853.6
518.3	—	1,731.2	1,873.9	5,223.3	11,403.5	20,231.9	4,988.7	32,062.9
495.7	—	1,898.6	1,845.1	5,360.5	11,833.9	20,938.2	5,455.5	33,303.7
495.7	—	1,714.6	1,725.6	5,685.2	12,083.0	21,208.4	5,790.5	34,048.1
493.6	—	1,455.6	1,589.6	5,640.5	12,466.8	21,152.5	4,250.9	32,755.4
497.6	—	1,513.0	1,844.3	5,764.9	12,679.3	21,801.5	4,107.8	34,780.0
497.7	—	1,629.3	1,816.0	5,961.6	12,884.2	22,291.1	3,812.8	34,646.6
518.1	—	1,659.4	1,718.3	6,086.1	13,271.4	22,735.2	3,598.1	35,082.4
521.1	—	1,693.6	1,593.4	6,469.5	13,169.5	22,926.0	3,676.4	35,508.0
521.1	—	1,623.1	1,457.3	6,564.9	13,459.9	23,105.2	3,979.0	36,355.9
521.1	2.0	1,685.2	1,292.6	6,501.3	13,567.6	23,048.7	5,957.9	38,102.8
531.4	5.4	1,694.7	1,445.9	6,732.4	13,750.0	23,628.4	5,936.3	38,653.7
536.4	...	1,554.0	1,418.8	6,598.9	13,751.1	23,322.8	6,009.2	38,601.9
538.4	...	2,027.6	1,412.4	6,655.5	14,046.5	24,142.0	6,184.0	40,632.5
536.4	0.2	1,903.2	1,373.6	6,910.7	14,629.8	24,817.5	7,598.8	41,905.9
536.4	—	1,905.9	1,354.7	7,091.1	14,990.0	25,341.7	6,640.9	41,016.4
555.6	—	1,349.1	1,549.8	7,335.6	15,126.7	25,361.3	5,245.1	40,193.5

(contd.)

(c) Fixed and other assets consist of banks property, furniture, fittings and sundries (commission, interest etc. and adjustments).

* These figures are distorted as a result of the strike by employees of commercial banks which began on 1st September, 1972 and ended on 17th December, 1972.

MONEY AND BANKING

Rs. Million

of Commercial Banks

Assets and Liabilities

End of Period	Paid up capital, reserve funds and undistributed profits	LIABILITY				
		Demand Deposits				Non Resident constituents
		Inter — bank		Sri Lanka Government	Resident constituents	
		Domestic	Foreign			
1962	49.0	0.4	2.1	126.1	618.2	9.4
1963	54.4	0.7	1.4	125.9	662.3	11.8
1964	58.8	0.3	1.3	129.4	754.0	11.4
1965	67.9	0.4	2.6	132.5	791.1	12.4
1966	83.9	1.2	1.0	126.0	756.0	14.2
1967	91.2	0.5	2.0	111.6	804.7	17.5
1968	97.3	2.8	2.2	136.7	823.0	17.5
1969	111.8	3.3	1.2	131.1	780.5	15.4
1970	129.6	0.2	1.9	200.7	1,005.3	17.3
1971	154.2	0.2	1.5	167.3	1,008.9	21.0
1972*	161.9	2.7	5.4	482.4	1,241.4	19.9
1973	170.6	12.1	1.8	410.0	1,311.9	20.9
1974	214.0	...	2.3	492.1	1,377.2	22.8
1975	238.9	...	2.5	412.6	1,442.5	24.7
1976	281.4	...	3.4	677.5	2,037.8	32.4
1977	374.0	...	11.9	780.5	2,525.5	33.7
1978	520.3	...	7.5	908.5	2,863.2	41.5
1979	905.8	...	15.3	936.0	3,856.5	26.3
1980 March	1,320.3	...	21.7	827.8	4,056.3	35.1
June	1,249.9	...	22.1	849.3	4,099.8	23.7
September	1,256.8	1.8	15.2	1,055.0	4,077.9	34.5
December	1,272.3	2.0	40.8	1,411.2	5,138.5	95.5
1981 January	1,341.1	0.2	31.4	1,264.9	4,964.8	76.9
February	1,865.6	1.1	25.1	1,195.2	4,925.8	46.3
March	2,102.7	6.2	26.7	1,071.4	5,410.9	43.8
April	2,221.2	2.0	71.0	953.9	4,913.1	39.9
May	2,177.6	1.4	40.6	843.4	4,653.1	40.9
June	2,226.6	2.8	33.9	902.7	4,543.4	47.1
July	2,239.6	...	39.0	834.5	4,524.9	72.7
August	2,199.8	...	87.7	786.1	4,640.8	53.0
September	2,216.6	...	51.0	810.8	4,781.1	58.8
October	2,235.7	...	50.1	899.6	4,831.0	83.9
November	2,250.4	0.6	87.2	1,002.8	4,798.6	68.7
December	2,268.4	...	91.2	1,234.6	5,111.0	74.6
1982 January	2,328.3	...	58.3	1,088.8	6,079.5	72.2
February	2,588.8	...	46.8	925.2	5,913.0	96.2
March	2,706.4	...	85.5	821.7	6,089.8	84.3
April	2,706.4	...	96.1	943.4	5,876.4	94.2
May	2,616.3	...	70.0	814.2	5,838.3	81.8
June	2,682.4	...	65.1	835.6	5,481.9	69.6
July	2,694.9	...	79.7	919.5	5,298.7	54.5
August	2,692.3	...	82.0	882.3	5,362.6	57.5
September	2,655.6	...	66.2	841.7	5,482.6	65.7
October	2,645.7	...	72.7	954.0	5,649.8	64.9
November	2,656.0	...	84.3	1,123.8	5,715.1	59.1
December	2,602.0	...	87.0	1,431.2	5,665.4	87.4

(c) Includes Central Bank.

(a) Fixed and other assets consist of bank's property, furniture, fittings and sundries (commissioner's office and other buildings) and other assets (including land) held by the bank. These figures are reported as a result of the strike by employees of commercial banks which began on 1st September, 1972 and ended on 1st December, 1972.

(b) Also includes Treasury bills purchased in the secondary market.

(c) Includes government guaranteed deposits and Central Bank deposits.

TABLE 38 (Contd.)

of Commercial Banks

Rs. Million.

TIES									
Time and Savings deposits			Total — all deposits			Borrowings			Other liabilities
Government of Sri Lanka	Resident constituents	Non Resident constituents	Demand	Time and Savings	Total	Domestic			
						Inter bank (c)	Other	Foreign	
21.9	396.4	8.2	756.1	426.4	1,182.5	43.5	5.0	1.8	97.7
31.2	457.6	10.4	802.1	499.2	1,301.3	70.2	5.0	1.2	96.2
30.9	508.6	11.6	896.4	551.1	1,447.5	56.6	—	0.4	95.1
39.6	548.6	18.5	939.1	606.7	1,545.8	49.3	—	1.6	149.8
18.0	557.2	27.3	899.1	602.6	1,501.7	90.5	—	2.3	168.0
14.2	655.5	31.1	936.3	700.8	1,637.1	143.6	—	1.4	249.3
15.0	766.8	44.4	982.2	826.2	1,808.5	126.4	—	8.5	301.7
16.3	933.7	35.6	931.5	985.6	1,917.1	201.0	—	11.5	322.9
20.4	1,111.5	36.7	1,225.5	1,168.6	2,394.0	213.9	—	3.6	380.8
31.4	1,250.7	35.2	1,199.0	1,317.3	2,516.2	228.2	—	10.6	565.8
31.9	1,455.7	37.4	1,751.8	1,525.0	3,276.8	192.8	—	82.7	1,071.0
35.6	1,336.6	39.6	1,756.7	1,411.8	3,168.6	324.6	—	12.7	609.0
38.3	1,582.4	40.2	1,894.5	1,660.8	3,555.3	694.3	—	9.7	886.9
39.2	1,647.8	41.1	1,882.4	1,728.2	3,610.5	592.2	—	18.1	836.3
36.1	2,116.7	38.6	2,751.1	2,191.4	4,942.6	419.5	—	28.5	914.7
90.5	3,303.3	47.6	3,351.7	3,441.5	6,793.2	975.0	—	42.0	2,067.3
69.8	4,907.9	47.7	3,820.7	5,025.5	8,846.3	1,287.7	—	127.0	3,055.3
120.7	7,313.7	74.6	4,834.1	7,509.0	12,343.1	736.0	—	220.8	4,447.5
139.5	7,625.8	50.8	4,941.1	7,815.1	12,757.2	1,972.5	—	239.3	3,926.6
137.6	8,089.7	46.8	4,994.9	8,274.0	13,268.9	2,498.5	—	295.5	5,217.6
121.0	9,520.3	47.9	5,184.3	9,689.3	14,873.6	1,749.5	—	259.8	5,755.2
171.4	10,376.4	55.6	6,687.8	10,603.5	17,291.3	1,719.1	—	280.3	6,038.0
157.7	11,269.8	54.0	6,338.3	11,481.5	17,819.8	1,430.2	—	296.4	5,674.6
192.3	10,852.1	59.1	6,193.6	11,103.6	17,297.1	1,720.0	—	392.1	5,248.3
176.5	11,796.6	62.7	6,559.1	12,035.9	18,595.0	1,521.4	—	545.2	5,401.1
154.1	11,905.7	75.9	5,979.9	12,135.7	18,115.6	2,441.7	—	460.7	5,415.5
154.5	12,177.6	91.6	5,579.5	12,423.8	18,003.3	2,764.1	—	486.5	5,413.6
155.0	12,555.1	93.3	5,530.0	12,803.5	18,333.5	3,129.8	—	536.3	6,310.8
150.9	12,893.6	73.9	5,471.1	13,118.8	18,589.9	2,625.6	—	392.9	6,145.3
147.7	12,891.5	76.5	5,567.6	13,116.2	18,683.5	2,641.7	—	299.0	7,029.4
164.6	13,923.7	91.8	5,701.9	14,180.1	19,882.0	2,293.2	—	309.3	7,361.8
174.5	14,224.9	92.1	5,864.7	14,491.6	20,356.2	2,300.6	—	547.7	7,863.6
202.7	14,309.0	74.4	5,957.9	14,586.6	20,544.5	2,293.6	—	378.4	8,581.1
201.8	14,336.6	85.7	6,511.4	14,624.4	21,135.9	2,305.4	—	361.0	6,684.7
213.5	15,543.9	300.6	7,298.8	16,058.0	23,356.8	1,919.6	—	551.3	6,623.7
177.2	15,330.6	249.5	6,981.3	15,757.5	22,738.9	2,059.4	—	515.3	6,744.3
205.3	16,282.5	287.0	7,081.3	16,774.8	23,856.2	1,886.3	—	528.7	6,104.8
203.4	16,796.0	322.4	7,010.0	17,321.9	24,331.9	1,812.7	—	563.0	6,093.4
170.1	17,670.7	325.4	6,804.5	18,166.4	24,970.9	1,742.6	—	372.5	6,653.5
176.3	17,558.6	365.3	6,452.4	18,100.5	24,553.0	2,176.8	—	323.7	8,366.8
174.0	17,705.0	769.5	6,352.4	18,648.4	25,000.8	2,270.3	—	421.7	8,265.9
168.0	17,544.7	858.7	6,384.3	18,571.4	24,955.8	2,214.8	—	447.4	8,291.6
171.3	18,544.2	887.3	6,456.1	19,602.8	26,058.9	2,262.9	—	462.1	9,193.0
156.1	18,651.2	910.9	6,741.4	19,718.1	26,459.5	2,483.0	—	381.0	9,936.7
138.6	18,262.5	1,002.6	6,982.5	19,403.8	26,386.3	2,679.3	—	252.4	9,042.4
110.2	18,576.4	1,111.3	7,271.1	19,798.0	27,069.1	2,668.2	—	319.9	7,534.4

Source: Central Bank of Ceylon.

* These figures are distorted as a result of the strike by employees of commercial banks which began on 1st September, 1972 and ended on 17th December, 1972.

MONEY AND BANKING

Assets and Liabilities

Rs. Million				A S S			
End of Period				International reserve			
	Foreign	Domestic	Borrowings	Cash and balances abroad including Treasury bills	Foreign Government and non-governmental securities (a)	Special Drawing Rights	Total (b)
1962	1.8	2.0	43.2	86.1	66.0	—	152.1
1963	1.4	2.0	48.2	48.2	66.0	—	114.2
1964	2.8	2.0	67.3	67.3	68.3	—	135.9
1965	1.1	2.0	180.5	180.5	101.6	—	282.2
1966	3.6	2.0	42.7	42.7	100.3	—	143.0
1967	10.6	2.0	154.6	154.6	105.8	—	260.4
1968	32.7	2.0	133.4	133.4	102.1	—	235.5
1969	12.7	2.0	63.9	63.9	101.3	—	165.2
1970	9.7	2.0	91.1	91.1	102.7	0.2	194.0
1971	18.1	2.0	129.0	129.0	109.0	0.2	238.2
1972	28.2	2.0	97.3	97.3	112.1	76.0	285.4
1973	43.0	2.0	287.1	287.1	113.5	79.9	480.5
1974	32.0	2.0	220.7	220.7	113.4	86.0	420.1
1975	320.8	2.0	230.3	230.3	114.4	93.4	438.0
1976	..	2.0	561.3	561.3	140.6	121.0	822.9
1977	330.3	2.0	3,883.6	3,883.6	275.1	167.9	4,326.5
1978	392.2	2.0	5,274.6	5,274.6	345.5	512.4	6,132.4
1979	382.8	2.0	7,238.0	7,238.0	281.5	440.7	7,960.2
1980							
March	..	2.0	5,784.2	5,784.2	286.9	623.4	6,694.5
June	..	2.0	5,365.5	5,365.5	375.0	569.6	6,310.1
September	..	2.0	5,194.1	5,194.1	431.3	201.5	5,826.9
December	..	2.0	3,937.4	3,937.4	466.9	—	4,404.3
1981							
January	..	2.0	3,950.7	3,950.7	471.8	243.9	4,666.4
February	..	2.0	3,271.2	3,271.2	452.0	181.5	3,904.6
March	..	2.0	3,459.8	3,459.8	600.3	181.5	4,241.6
April	..	2.0	3,747.7	3,747.7	445.4	181.5	4,374.6
May	..	2.0	3,379.7	3,379.7	454.4	29.2	3,863.3
June	..	2.0	3,424.3	3,424.3	465.7	135.1	4,025.2
July	..	2.0	3,023.3	3,023.3	460.9	133.9	3,618.1
August	..	2.0	3,882.7	3,882.7	481.5	52.0	4,416.2
September	..	2.0	4,075.6	4,075.6	485.5	52.0	4,613.1
October	..	2.0	4,304.9	4,304.9	524.8	104.8	4,934.5
November	..	2.0	5,226.6	5,226.6	801.4	200.7	6,228.8
December	..	2.0	5,591.1	5,591.1	638.6	437.0	6,666.7
1982							
January	..	2.0	6,703.3	6,703.3	648.0	437.0	7,788.3
February	..	2.0	5,728.0	5,728.0	644.6	7.1	6,379.7
March	..	2.0	6,013.6	6,013.6	653.9	7.1	6,674.6
April	..	2.0	5,781.5	5,781.5	693.7	308.0	6,783.2
May	..	2.0	5,400.2	5,400.2	712.4	9.3	6,122.0
June	..	2.0	4,293.2	4,293.2	713.1	9.1	5,015.4
July	..	2.0	5,141.2	5,141.2	734.7	126.2	6,002.2
August	..	2.0	5,465.7	5,465.7	574.9	136.5	6,177.1
September	..	2.0	5,872.9	5,872.9	551.4	136.5	6,560.8
October	..	2.0	5,432.1	5,432.1	608.4	136.5	6,177.0
November	..	2.0	5,225.3	5,225.3	668.6	5.5	5,899.4
December	..	2.0	6,219.5	6,219.5	728.4	148.0	7,095.9

(a) Includes securities acquired from government institutions from 1964.

(b) According to local books at cost or face value, whichever is less.

of the Central Bank

Rs. Million

E T S					Total assets or liabilities	International reserve as a percentage of currency and demand liabilities
Domestic assets						
Loans and advances to			Government and Government guaranteed securities	Other assets and accounts		
Government		others (d)				
Special loans (c)	Provisional advances					
39.5	156.7	—	885.4	18.6	1,252.3	13.9
39.7	163.5	37.9	1,024.9	28.2	1,408.4	9.3
39.9	170.1	19.1	1,148.1	72.0	1,585.1	10.4
61.2	176.7	6.3	1,109.4	90.2	1,726.0	19.8
82.4	182.0	42.7	1,265.3	176.6	1,892.0	9.3
84.4	192.7	102.0	1,375.2	508.9	2,523.6	14.6
86.9	227.7	89.2	1,644.6	680.8	2,964.8	11.3
89.5	217.6	150.1	1,756.6	805.3	3,184.3	8.1
93.2	243.4	148.8	1,882.8	770.4	3,332.6	10.0
93.2	304.4	168.5	1,863.1	788.0	3,455.4	11.7
93.2	326.4	92.5	2,052.4	1,074.5	3,924.4	12.4
95.8	360.3	208.0	2,134.0	1,397.6	4,676.2	17.9
98.5	399.4	654.5	2,191.6	1,322.2	5,086.3	13.9
101.1	487.5	574.2	2,272.6	1,491.3	5,364.5	14.2
101.1	499.0	388.5	2,624.0	2,130.4	6,565.9	22.0
73.5	543.9	884.6	2,420.1	3,280.5	11,529.1	80.5
—	955.5	1,075.9	2,119.7	3,956.4	14,239.9	85.9
—	1,136.5	648.1	2,706.2	4,384.8	16,835.9	90.5
—	1,334.2	1,780.7	3,069.5	6,453.6	19,132.4	76.3
—	1,067.2	1,948.2	3,743.8	7,216.2	20,285.5	68.0
—	1,140.7	1,260.7	5,671.2	6,981.6	20,881.1	63.7
—	1,627.6	1,123.9	9,337.9	6,337.9	22,831.6	42.5
—	1,386.7	995.4	9,263.9	6,247.3	22,559.8	49.8
—	1,705.7	1,164.6	9,348.3	5,192.1	21,315.4	42.3
—	1,664.8	1,069.1	9,376.4	4,527.9	20,879.9	42.9
—	1,837.0	1,677.6	9,375.2	4,147.5	21,412.0	44.9
—	1,800.2	1,965.0	9,559.3	4,737.4	21,925.3	41.2
—	1,808.8	1,978.0	9,550.7	5,160.2	22,523.0	38.3
—	1,747.5	2,070.5	10,737.6	4,233.6	22,407.3	31.6
—	1,264.0	1,943.2	10,734.2	4,744.9	23,102.6	38.9
—	1,609.8	1,565.7	11,125.5	4,800.0	23,714.2	40.0
—	1,083.4	1,584.0	11,282.1	5,125.0	24,009.0	42.2
—	1,630.4	1,547.4	11,168.9	5,813.7	26,389.4	48.9
—	1,536.4	1,408.3	12,568.0	5,172.3	27,351.8	45.6
—	1,601.9	1,212.4	11,388.6	4,499.0	26,490.3	55.0
—	1,833.6	1,202.3	12,458.6	4,354.0	26,228.3	44.5
—	2,122.9	1,296.9	11,860.1	4,187.3	26,141.9	46.5
—	1,838.6	1,208.6	12,605.4	4,176.3	26,612.2	46.4
—	2,003.2	1,260.1	12,464.4	4,671.9	26,521.5	43.6
—	1,835.5	1,303.4	13,789.5	4,017.6	25,961.6	36.0
—	1,387.4	1,318.3	14,267.2	3,704.8	26,679.9	43.0
—	1,904.2	1,289.2	14,336.6	3,966.9	27,674.2	40.6
—	1,724.4	1,274.3	14,313.5	3,822.8	27,695.8	42.9
—	1,766.0	1,368.0	15,202.1	3,772.5	28,285.6	39.5
—	1,724.6	1,449.3	15,826.7	3,916.1	28,816.2	39.1
—	2,140.3	1,396.1	15,860.1	3,674.1	30,166.7	44.9

(Contd.)

- (c) Represents membership subscriptions to International Financial Organisations.
- (d) From 1975, loans and advances to others include amounts granted under Medium and Long Term Credit Fund.

MONEY AND BANKING

Rs. Million

Assets and Liabilities of

End of Period	LIABILITIES						
	Capital accounts			Currency issue			
	Capital	Surplus	Total	Notes in circulation	Coins in circulation	Total	
1962	15.0	30.0	45.0	750.8	38.6	789.4	
1963	15.0	40.0	55.0	858.8	42.0	900.9	
1964	15.0	52.0	67.0	880.2	51.9	932.1	
1965	15.0	53.0	68.0	944.4	58.4	1,002.8	53.4
1966	15.0	53.0	68.0	934.1	59.6	993.7	53.4
1967	15.0	53.0	68.0	1,010.8	62.0	1,072.8	28.4
1968	15.0	54.0	69.0	1,115.4	66.5	1,181.9	
1969	15.0	55.0	70.0	1,142.2	70.6	1,212.7	
1970	15.0	56.0	71.0	1,014.2	76.2	1,090.4	
1971	15.0	57.0	72.0	1,202.1	83.0	1,285.1	
1972	15.0	58.0	73.0	1,359.1	85.6	1,444.8	
1973	15.0	59.0	74.0	1,562.4	90.6	1,653.0	
1974	15.0	60.0	75.0	1,730.3	98.7	1,829.0	
1975	15.0	61.0	76.0	1,788.1	102.3	1,890.4	
1976	15.0	62.0	77.0	2,290.8	116.3	2,407.2	
1977	15.0	62.0	77.0	3,088.4	130.7	3,219.1	
1978	15.0	63.0	78.0	3,356.5	152.1	3,508.6	
1979	15.0	64.0	79.0	4,139.9	181.2	4,321.1	
1980 March	15.0	65.0	80.0	4,538.3	189.1	4,727.4	
June	15.0	65.0	80.0	4,483.8	194.8	4,678.7	
September	15.0	65.0	80.0	4,597.7	198.1	4,795.8	
December	15.0	65.0	80.0	4,807.6	201.9	5,009.5	
1981 January	15.0	65.0	80.0	4,801.2	203.8	5,005.0	
February	15.0	66.0	81.0	4,788.7	205.1	4,993.8	
March	15.0	66.0	81.0	5,278.1	208.1	5,486.2	
April	15.0	66.0	81.0	5,472.9	211.1	5,684.0	
May	15.0	66.0	81.0	5,200.1	212.5	5,412.7	
June	15.0	66.0	81.0	4,972.2	213.5	5,185.7	
July	15.0	66.0	81.0	5,009.5	217.6	5,227.1	
August	15.0	66.0	81.0	5,038.0	218.6	5,256.7	
September	15.0	66.0	81.0	5,108.5	219.9	5,328.4	
October	15.0	66.0	81.0	5,246.2	223.3	5,469.5	
November	15.0	66.0	81.0	5,160.6	226.9	5,387.5	
December	15.0	66.0	81.0	5,412.4	231.1	5,643.5	
1982 January	15.0	66.0	81.0	5,531.4	234.9	5,766.3	
February	15.0	67.0	82.0	5,586.4	238.6	5,825.0	
March	15.0	67.0	82.0	6,134.8	242.9	6,377.7	
April	15.0	67.0	82.0	6,220.9	245.9	6,466.8	
May	15.0	67.0	82.0	5,836.7	249.4	6,086.1	
June	15.0	67.0	82.0	5,790.4	251.4	6,041.8	
July	15.0	67.0	82.0	5,951.7	253.9	6,205.6	
August	15.0	67.0	82.0	6,158.7	255.3	6,414.0	
September	15.0	67.0	82.0	6,356.6	256.8	6,613.4	
October	15.0	67.0	82.0	6,469.3	258.3	6,727.6	
November	15.0	67.0	82.0	6,288.4	259.8	6,548.2	
December	15.0	67.0	82.0	6,594.6	261.9	6,856.5	

(e) Central Bank's own securities issued under section 91 (1) (b) of the Monetary Law Act.

TABLE 39 (Contd.)

the Central Bank

Rs. Million

TIES

Borrowings abroad	Deposits					Total	Other liabilities and accounts
	Government	Government agencies and institutions	Commer- cial Banks	International organisations, foreign government and foreign banking institutions	Others		
—	0.8	2.4	106.7	187.9	3.5	301.3	116.6
—	1.0	3.5	108.5	209.0	3.5	325.6	127.0
—	1.6	3.3	147.9	216.1	3.8	372.7	159.8
—	1.3	10.7	140.1	264.5	4.5	421.1	180.8
—	92.2	5.5	89.6	343.1	5.4	535.9	266.0
57.1	53.1	5.4	146.8	502.1	6.7	714.1	611.5
28.6	95.5	6.5	142.3	651.6	10.8	906.8	778.5
255.9	29.9	3.2	137.2	632.7	12.5	815.6	830.1
411.5	77.9	8.9	224.6	526.6	9.5	847.6	912.1
338.8	40.8	3.9	205.6	476.2	19.5	746.0	1,018.4
352.2	17.5	17.5	311.1	483.9	17.7	847.8	1,206.6
245.2	20.2	8.2	496.6	486.6	23.4	1,035.1	1,668.8
261.9	54.9	6.3	420.3	688.4	28.7	1,198.5	1,721.8
302.3	14.1	11.1	242.9	873.6	58.1	1,199.9	1,895.9
308.9	24.9	15.0	277.7	946.5	69.2	1,333.2	2,439.6
552.3	89.9	14.8	606.5	1,257.3	188.0	2,156.6	5,524.1
155.1	1,033.6	15.8	737.7	1,569.3	273.3	3,629.6	6,868.6
69.1	728.4	12.0	966.0	2,528.9	239.4	4,474.7	7,891.9
66.9	323.5	10.9	1,030.3	2,437.0	244.8	4,046.4	10,211.8
67.4	370.4	12.7	1,061.9	2,850.1	311.5	4,606.6	10,852.8
441.5	325.6	24.4	1,080.0	2,616.2	305.4	4,351.7	11,212.2
428.6	1,345.8	13.2	1,263.7	2,373.9	345.9	5,342.5	11,971.0
741.4	303.9	9.1	1,332.1	2,373.9	348.4	4,367.3	12,366.0
793.0	336.4	17.0	1,313.7	2,344.5	228.9	4,240.5	11,207.1
284.9	605.0	9.2	1,372.0	2,289.6	130.0	4,405.8	10,621.9
1,163.1	350.1	9.1	1,402.7	2,190.9	100.0	4,053.0	10,430.8
1,553.0	431.0	15.6	1,406.0	2,007.9	99.4	3,959.9	10,918.7
680.6	359.4	8.6	1,510.1	3,331.9	100.6	5,310.7	11,265.0
440.3	474.4	8.7	1,647.4	3,875.4	181.7	6,187.5	10,471.4
558.9	392.2	10.3	1,639.0	3,843.4	185.3	6,070.3	11,135.7
728.6	403.3	29.0	1,694.9	3,780.4	272.4	6,180.1	11,396.1
254.0	357.5	10.0	1,671.2	3,939.1	231.3	6,209.1	11,995.4
617.9	574.3	16.8	1,787.3	4,733.1	229.0	7,340.6	12,962.3
266.9	1,440.7	15.5	1,846.3	5,350.7	317.3	8,970.6	12,389.8
188.4	638.9	10.5	2,065.0	5,350.0	328.4	8,392.9	12,061.7
178.3	654.3	12.4	2,101.1	5,350.4	416.9	8,535.2	11,607.8
51.5	462.2	8.4	2,031.5	5,033.4	436.7	7,972.2	11,658.4
50.6	509.9	10.8	2,162.8	5,016.4	437.4	8,137.3	11,875.5
50.6	359.0	12.5	2,160.9	5,015.6	437.5	7,985.6	12,316.9
289.8	390.3	11.5	2,161.8	4,827.0	469.0	7,859.6	11,688.3
880.3	365.1	8.8	2,055.1	4,803.0	490.4	7,722.4	11,789.5
566.0	512.0	7.5	2,145.9	5,646.1	485.4	8,796.9	11,815.2
388.9	441.6	13.8	2,234.0	5,453.2	544.5	8,687.2	11,924.3
549.5	711.4	8.0	2,229.3	5,396.9	537.4	8,883.1	12,043.4
1,345.4	496.3	8.7	2,214.5	5,324.3	525.8	8,569.4	12,271.1
1,851.2	1,025.9	18.8	2,243.6	5,113.5	561.6	8,963.3	12,413.7

Source: Central Bank of Ceylon

TABLE 40

MONEY AND BANKING

Monetary Survey

End of Period	Rs. Million									
	Monetary Aggregates (e)									
	Domestic Credit					Monetary Liabilities				
	External Banking Assets (Net) (a)	Government (Net) (b)	Government Corporations	Co-operative	Private Sector	Other	Narrow Money Supply M ₁ (c)	Quasi Money (d)	Broad Money Supply M ₂ (7+8)	Other Liabilities (Net) (10)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1968	298.1	2,144.3	183.8	129.0	930.3	-1.1	1,913.2	811.2	2,724.4	363.7
1969	-597.6	2,333.6	253.7	148.9	1,066.5	0.6	1,883.1	969.3	2,852.4	353.3
1970	-599.2	2,559.2	297.0	295.2	1,024.4	-0.5	1,966.6	1,148.2	3,114.8	461.4
1971	-398.7	2,717.2	359.3	291.2	1,108.6	4.2	2,149.1	1,285.8	3,434.9	647.5
1972	-318.2	2,764.4	562.8	382.5	1,241.0	-14.9	2,481.1	1,493.1	3,974.2	643.4
1973	32.1	2,659.6	418.7	372.5	1,372.5	-8.4	2,777.7	1,376.2	4,153.9	693.0
1974	-147.1	2,526.3	1,060.1	561.6	1,613.7	66.7	2,945.6	1,622.5	4,568.1	1,113.3
1975	-361.6	2,809.9	1,012.9	550.2	1,839.6	20.2	3,088.1	1,668.9	4,757.0	1,094.1
1976	108.5	3,267.2	1,055.5	663.0	2,266.3	17.1	4,165.6	2,155.4	6,320.9	1,056.6
1977	3,705.8	2,989.3	1,669.9	1,231.4	2,884.2	21.3	5,365.8	3,351.0	8,716.8	3,785.0
1978	5,589.9	1,863.0	2,363.1	1,674.6	4,774.2	-99.7	5,936.4	4,955.7	10,892.1	5,273.1
1979	6,807.6	2,920.4	3,346.9	1,907.9	6,796.6	142.0	7,669.3	7,388.3	15,057.6	6,863.9
1980	3,630.7	8,972.0	4,122.8	1,368.2	11,340.7	-167.8	9,428.2	10,432.0	19,860.2	9,406.3
1981	2,940.3	12,789.1	4,487.7	1,293.9	15,395.8	-142.3	10,024.4	14,422.5	24,446.8	12,317.7
1982	4,476.9	13,914.2	4,103.4	1,262.3	16,042.9	-93.4	11,045.6	15,844.5	26,890.1	12,816.2
January	2,880.9	14,679.2	4,298.6	1,306.0	16,380.9	485.4	11,177.6	15,580.3	26,757.9	13,273.0
February	3,530.7	15,609.6	4,342.0	1,504.0	16,580.4	-144.0	11,670.7	16,569.5	28,240.2	13,202.5
March	3,535.5	15,414.0	4,760.2	1,518.8	16,542.9	-34.2	11,276.2	17,118.5	28,394.7	13,342.5
April	2,939.3	16,390.6	4,779.0	1,475.3	16,773.5	225.5	11,132.2	17,996.2	29,128.4	13,454.8
May	1,895.2	17,018.6	4,526.6	1,441.3	17,131.2	39.4	10,815.0	17,924.2	28,739.3	13,312.9
June	1,918.9	16,666.3	4,815.2	1,401.7	17,536.6	-197.8	10,710.4	17,749.1	28,459.5	13,390.1
July	1,423.0	17,416.3	4,590.0	1,259.1	17,383.7	-187.5	10,892.5	17,601.9	28,494.4	13,390.1
August	2,797.9	17,256.9	5,179.3	1,243.3	17,794.2	-97.9	11,171.1	18,610.2	29,781.3	14,392.4
September	2,037.9	17,185.6	4,965.9	1,219.3	18,641.1	-15.1	11,412.8	18,748.1	30,160.9	13,873.8
October	1,458.4	17,065.9	5,132.6	1,208.1	18,999.0	-15.7	11,452.3	18,407.7	29,860.0	14,019.7
November	2,371.8	17,150.2	4,677.4	1,187.7	19,382.3	14.4	11,759.8	18,750.1	30,509.9	14,273.9
December										

Source: Central Bank of Ceylon.

(a) External assets (net) of Central Bank and Commercial banks (including outward bills).

(b) Credit extended by the banking system to Government net of Government deposits with banks and Government cash balances.

(c) Currency and demand deposits of the public.

(d) Time and savings deposits of private sector held with commercial banks.

(e) Monetary liabilities of the banking system.

End of Period	(1) Demand deposits ^(a)	(2) Reserves required against demand deposits	(3) Time and savings deposits	(4) Reserves required against time and savings deposits
1965	899.4	140.5	612.4	30.6
1966	855.3	133.5	606.9	30.9
1967	910.0	152.0	737.0	37.8
1968	951.4	167.0	861.2	43.9
1969	879.7	140.1	1,008.4	51.3
1970	1,173.3	259.2	1,191.7	59.6
1971	1,186.5	271.9	1,346.4	67.4
1972*	—	—	—	—
1973	1,493.5	393.3	1,498.8	74.9
1974	1,733.2	487.0	1,745.9	87.3
1975	1,763.3	211.6	1,748.1	87.4
1976	2,539.6	304.7	2,230.4	111.5
1977	3,179.0	381.5	3,559.1	178.0
1978	3,643.4	437.2	4,897.2	244.9
1979	4,636.3	556.3	7,394.5	369.7
1980	5,740.3	688.8	10,651.1	532.5
1981	5,571.7	780.0	15,245.6	914.7
1982 January	6,516.1	912.3	15,811.8	948.7
February	7,031.0	984.3	16,038.5	962.2
March	6,401.1	896.1	16,536.2	992.2
April	6,707.1	938.9	17,230.8	1,033.8
May	6,500.7	910.0	17,929.0	1,075.7
June	6,302.0	882.3	18,803.6	1,128.3
July	5,978.4	837.0	18,024.5	1,081.5
August	6,203.5	868.5	18,568.3	1,114.1
September	6,377.4	893.0	19,011.0	1,140.7
October	6,350.4	889.0	19,629.0	1,177.7
November	6,328.5	886.0	19,322.1	1,159.4
December	6,530.1	914.2	19,217.4	1,153.0

Source: Central Bank of Ceylon.

Note: The required reserves are computed weekly every Friday on the basis of deposit liabilities as on the previous Wednesday. Figures so computed are applicable until next Thursday.

(a) Includes inter-bank deposits.

(b) Pursuant to regulations under section 10c, 93, 94, 96 & 97 of the Monetary Law Act (Chapter 422) commercial banks are required to maintain with the Central Bank cash reserves amounting to 14 per cent of their demand deposits and 6 per cent of their time and savings deposits. Banks are also required to maintain reserves amounting to 10 per cent of their special deposits accepted in terms of section 69 (A) (2) (b) of the Inland Revenue Act No. 4 of 1963, as amended by Act No. 18 of 1965. With effect from 10th February, 1961 commercial banks (except People's Bank) were required to maintain special reserves of 38 per cent against any increase in their demand deposits over the level of such deposits as at the close of business on 1st, February 1961. With effect from 18th June, 1965, People's Bank was required to maintain special reserves of 28 per cent against any increase in demand deposits, above the level as at close of business on 9th June, 1965. With effect from 7th, April 1975, commercial banks were no longer required to maintain special reserves. Between 11th, September 1953 and 26th, August, 1960, the statutory reserves were 10 per cent of demand deposits and 5 per cent of time and savings deposits. Between 26th, August 1960 and 19th June 1981, the 'Statutory reserves' were 12 per cent of demand deposits and 5 per cent of time and savings deposits.

of Commercial Banks

Rs. million

(5)	Actual reserves (d)			(9)	(10)
	(6)	(7)	(8)		
Total required reserves (2) + (4)(b)	Deposits with Central Bank	Till cash set apart as reserves (c)	Total	Excess reserves (8)-(5)	Balance till cash (e)
171.1	140.1	33.8	173.9	2.8	60.9
164.4	80.6	42.2	131.8	—	62.3
189.8	146.8	51.3	198.1	8.3	33.5
210.9	142.3	70.8	213.1	2.2	35.8
191.4	137.2	55.4	192.6	1.2	66.1
318.8	224.6	109.6	334.2	15.4	36.1
339.3	205.6	135.1	340.7	1.4	33.0
—	—	—	—	—	—
468.2	496.6	83.7	580.3	112.1	131.7
574.3	420.3	156.3	576.6	2.3	132.1
299.0	242.9	79.0	321.9	22.9	201.3
416.2	277.7	144.1	421.8	5.6	182.1
559.5	606.5	—	606.5	47.0	426.2
682.1	737.8	—	737.8	55.7	492.1
926.0	966.0	—	966.0	40.0	546.2
1,221.3	1,263.7	—	1,263.7	42.4	824.4
1,694.7	1,756.3	—	1,756.3	61.6	819.5
—	—	—	—	—	—
1,861.0	1,975.0	—	1,975.0	114.0	881.2
1,946.5	2,011.1	—	2,011.1	64.6	665.2
1,888.3	1,941.4	—	1,941.4	53.1	884.8
1,972.7	2,078.7	—	2,078.7	106.0	1,165.1
1,985.7	2,070.8	—	2,070.8	85.1	885.2
2,010.6	2,042.0	—	2,042.0	31.4	786.7
1,918.5	1,935.1	—	1,935.1	16.6	851.9
1,982.6	2,025.8	—	2,025.8	43.2	943.8
2,033.7	2,114.0	—	2,114.0	80.3	1,001.9
2,066.7	2,109.3	—	2,109.3	42.6	1,031.7
2,045.4	2,094.4	—	2,094.4	49.0	877.4
2,067.2	2,123.6	—	2,123.6	56.4	866.5

(c) From July, 1961, commercial banks were permitted to maintain required reserves partly in the form of till cash and partly in the form of rupee deposits in the Central Bank. From 2nd, December 1977, commercial banks are required to maintain their required reserves wholly in the form of rupee deposits with the Central Bank.

(d) According to Central Bank books.

(e) Total till cash less amount set apart as reserves

* The banks were not able to make declaration under the reserve requirement regulation as at December 1972, due to the strike by bank employees.

(b) Figures of commercial banks include deposits of Government. From June 1981 fixed deposits include amounts in National Endowment Scheme and National Pension Scheme.
 (c) The premium Savings Bond Scheme was started by the National Savings Bank on 8th February, 1979.

MONEY AND BANKING

Savings and Fixed Deposits

End of Period	Savings Deposits			Fixed
	National Savings Bank (a)	Commercial Banks (b)	Total	National Savings Bank (a)
1972	913.0	610.6	1,523.6	53.2
1973	1,043.2	749.6	1,792.8	100.3
1974	1,244.1	857.4	2,101.5	167.6
1975	1,413.7	947.4	2,361.1	243.1
1976	1,678.9	1,216.1	2,895.0	307.6
1977	1,727.3	1,645.1	3,572.4	771.5
1978	1,825.0	1,846.0	3,671.0	1,265.4
1979	2,029.5	2,308.6	4,338.1	2,193.8
1980 March	2,037.4	2,277.7	4,315.1	2,395.6
June	2,022.8	2,298.0	4,320.8	2,563.1
September	1,983.4	2,322.5	4,305.9	2,688.7
December	2,146.0	2,509.6	4,655.6	2,758.8
1981 January	2,136.8	2,530.4	4,667.2	2,797.1
February	2,126.6	2,558.3	4,684.9	2,837.4
March	2,114.4	2,595.8	4,710.2	2,858.5
April	2,107.8	2,663.6	4,771.4	2,887.5
May	2,099.5	2,693.8	4,793.3	2,912.5
June	2,088.7	2,752.6	4,841.3	2,958.9
July	2,075.6	2,751.3	4,826.9	3,013.4
August	2,060.1	2,846.9	4,907.0	3,064.9
September	2,052.4	2,943.4	4,995.8	3,068.4
October	2,041.5	3,058.8	5,100.3	3,075.5
November	2,029.5	3,142.3	5,171.8	3,105.6
December	2,250.9	3,202.8	5,453.7	3,146.3
1982 January	2,242.4	3,496.5	5,738.9	3,203.2
February	2,236.7	3,414.2	5,650.9	3,242.4
March	2,236.0	3,514.6	5,750.6	3,292.9
April	2,232.9	3,555.2	5,788.1	3,335.3
May	2,228.3	3,626.5	5,854.8	3,432.9
June	2,229.7	3,722.0	5,951.7	3,529.7
July	2,229.8	4,261.2	6,491.0	3,755.4
August	2,230.2	4,381.2	6,611.4	4,007.5
September	2,236.0	4,520.2	6,756.2	4,310.5
October	2,253.5	4,749.2	7,002.7	4,543.5
November	2,254.9	4,937.9	7,192.8	4,873.0
December	2,524.9*	5,087.7	7,612.6*	5,087.5*

* Provisional

- (a) The National Savings Bank took over the assets and liabilities of the Post Office Savings Bank, Ceylon Savings Bank and the Savings Certificates Fund with effect from 1st April, 1972.
- (b) Figures of commercial banks include deposits of Government. From June, 1981 fixed deposits include amounts in National Endowment Scheme and National Pension Scheme.
- (c) The premium Savings Bond Scheme was started by the National Savings Bank on 8th February, 1979.

of National Savings Bank and Commercial Banks

Rs. Million

Deposits		Savings Certificates (a)	Premium Savings Bonds (c)	N.-S.-B. Pension Scheme	Grand Total
Commercial Banks (b)	Total				
914.4	967.6	66.6	—	—	2,557.8
662.2	762.5	97.9	—	—	2,653.2
803.4	971.0	106.9	—	—	3,179.4
780.8	1,023.9	112.9	—	—	3,497.9
975.3	1,282.9	114.9	—	—	4,292.8
1,796.4	2,567.9	96.7	—	—	6,037.0
3,179.5	4,444.9	75.5	—	—	8,191.4
5,200.4	7,394.2	57.8	4.8	0.7	11,795.6
5,538.4	7,934.0	56.7	5.4	1.3	12,312.5
5,976.0	8,539.1	49.0	6.0	1.9	12,916.8
7,366.8	10,055.5	43.9	6.4	2.4	14,414.1
8,093.9	10,852.7	38.6	6.5	3.2	15,556.6
8,951.1	11,748.2	37.6	6.5	3.4	16,462.9
8,545.2	11,382.6	37.1	6.6	3.7	16,114.9
9,440.1	12,298.6	35.6	6.6	4.0	17,055.0
9,472.1	12,359.6	34.2	6.6	4.3	17,176.1
9,730.0	12,642.5	33.5	6.6	4.6	17,480.5
10,063.1	13,022.0	32.9	6.6	4.9	17,907.7
10,500.5	13,513.9	32.2	6.7	5.3	18,385.0
10,431.7	13,496.6	31.7	6.7	5.6	18,447.6
11,428.9	14,497.3	31.1	6.6	6.0	19,536.8
11,652.7	14,728.2	30.7	6.7	6.4	19,872.3
11,676.2	14,781.3	29.9	6.7	6.8	19,997.0
11,689.6	14,835.9	27.6	6.9	7.6	20,331.7
12,855.3	16,058.5	27.2	6.9	8.1	21,839.6
12,661.2	15,903.6	27.0	6.9	8.4	21,596.8
13,597.9	16,890.8	26.7	7.0	8.8	22,683.9
14,124.8	17,460.1	26.5	7.0	9.1	23,290.8
14,921.7	18,354.6	26.2	7.0	9.7	24,252.3
14,776.1	18,305.8	26.0	7.0	9.9	24,300.4
14,806.7	18,562.1	24.7	7.0	10.1	25,094.9
14,621.9	18,629.4	24.6	7.0	10.4	25,282.8
15,525.6	19,836.1	23.9	7.0	10.9	26,634.1
15,425.1	19,968.6	23.6	7.0	11.3	27,013.2
14,933.7	19,806.7	23.4	7.0	11.6	27,041.6
15,195.7	20,283.2*	22.6*	7.0*	12.1*	27,937.5*

Sources: Central Bank of Ceylon and National Savings Bank.

Note: Figures of fixed deposits and Savings Certificates prior to end of 1977 include accumulated interest.

(a) This is the rate at which the Central Bank grants advances to commercial banks for their temporary liquidity purposes. However, since August 1977 each bank, depending on selected asset items, was allocated a certain quota of such borrowings at the Bank Rate. Borrowings in excess of this quota were subjected to a penal rate of 12 per cent per annum. In September 1979, a graduated scale of penal rates ranging between 12 to 25 per cent was introduced. It was further revised upward to a range between 20 to 30 per cent effective from April 1980. From August 1980, the penal rates ranged between 25 to 30 per cent.

MONEY AND BANKING

Money

End of Period	Government Treasury bills				Central Bank Rate on Advances (Bank Rate) (a)	Commercial Banks' Deposit Rates					
	Primary Market		Secondary Market			Fixed Deposits					
	Central Bank	Other	Discount	Rediscount		3 Months	6 Months	12 Months	24 Months	36 Months	48 Months
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
1972	3.24	5.00	—	—	6½	4½-4¾	4½-4¾	4½-4¾	4½-5	5½-5¾	5½-5¾
1973	3.24	5.00	—	—	6½	4½-4¾	4½-4¾	4½-4¾	4½-5	5½-5¾	5½-5¾
1974	3.24	5.00	—	—	6½	4½-4¾	4½-4¾	4½-4¾	4½-5	5½-5¾	5½-5¾
1975	3.24	5.00	—	—	6½	6-6½	6-7	7-7½	7-7½	7-7½	7-7½
1976	3.24	5.00	—	—	6½	6-6½	6½-7	7-7½	7-7½	7-7½	7-7½
1977	9.00	9.00	—	—	10	8½	11-12	14-15	—	—	—
1978	9.00	9.00	—	—	10	8½	11-12	14-15	—	—	—
1979	9.00	9.00	—	—	10	8½	11-12	14-15	—	—	—
1980 March	9.00	9.00	—	—	10	8½	11-12	14-15	—	—	—
June	13.00	13.00	—	—	12	12-14	15	20	22	—	—
September	13.00	13.00	—	—	12	12-14	15	20	22	—	—
December	13.00	13.00	—	—	12	12-16	15-18	20	22	—	—
1981 January	13.00	13.00	—	—	12	12-16	15-18	20	22	—	—
February	13.00	13.00	—	—	12	12-16	15-18	20	22	—	—
March	13.00	13.00	—	—	12	12-16	15-18	20	22	—	—
April	13.00	13.00	15.50	16.50	12	12-16	15-18	20	22	—	—
May	13.00	13.00	15.50	16.00	12	12-16	15-18	20	22	—	—
June	13.00	13.00	16.00	16.50	12	12-16	15-18	20	22	—	—
July	13.00	13.00	16.00	16.50	12	12-16	15-18	20	22	—	—
August	13.00	13.00	16.00	16.50	14	12-16	15-18	20	22	—	—
September	13.00	13.00	16.00	16.50	14	12-19½	15-20½	20-22	22-23	—	—
October	13.00	13.00	14.00	15.00	14	12-19½	15-20½	20-22	22-23	—	—
November	13.00	13.00	15.00	15.50	14	12-19½	15-20½	20-22	22-23	—	—
December	13.00	13.00	15.00	15.25	14	12-20	15-21½	20-22	22-23	—	—
1982 January	13.00	13.00	13.75	14.50	14	12-20	15-21½	20-22	22-23	—	—
February	13.00	13.00	13.25	13.50	14	12-20	15-21½	20-22	22-23	—	—
March	13.00	13.00	12.00	14.00	14	12-20	15-21½	20-22	22-23	—	—
April	13.00	13.00	12.00	14.00	14	12-20	15-21½	20-22	22-23	—	—
May	13.00	13.00	12.00	14.00	14	12-20	15-21½	20-22	22-23	—	—
June	13.00	13.00	12.00	14.00	14	10-16½	12½-19	14½-22	20-22	—	—
July	13.00	13.00	12.00	14.00	14	10-16½	12½-19	14½-22	20-22	—	—
August	13.00	13.00	12.00	14.00	14	10-16½	12½-19	14½-22	20-22	—	—
September	13.00	13.00	12.00	13.50	14	10-16½	12½-19	14½-22	20-22	—	—
October	13.00	13.00	12.00	14.00	14	10-16½	12½-19	14½-22	20-22	—	—
November	13.00	13.00	12.00	14.00	14	10-17	12½-19	15-22	20-22	—	—
December	3.00	13.50	12.25	13.25	14	10-17	13-18½	15-22	20-23	—	—

(a) This is the rate at which the Central Bank grants advances to commercial banks for their temporary liquidity purposes. However, since August, 1977 each bank, depending on selected asset items, was allocated a certain quota of such borrowings at the Bank Rate. Borrowings in excess of this quota were subjected to a penal rate of 15 per cent per annum. In September, 1979, a graduated scale of penal rates ranging between 15 to 25 per cent was introduced. It was further revised upward to a range between 20 to 30 per cent effective from April, 1980. From August 17th, the penal rates ranged between 21 to 30 per cent.

(Per centum per annum)

Commercial Banks' Advances Rates

Savings Deposits	Inter Bank Call Loans	Bills purchased and Dis-counted	Loans and Overdrafts					Un-secured
			Secured by					
			Government Securities	Shares of Joint Stock Companies	Stock in Trade	Immo-vable Property	Others	
(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
4½	5	6½ - 10	6½ - 9½	9 - 11	8½ - 12	8 - 11	6½ - 12	8½ - 12
4½	5	6½ - 10	6½ - 9½	9 - 11	8½ - 12	8 - 11	6½ - 12	8½ - 12
4½	5	6½ - 10	7 - 10	9 - 12	8½ - 12½	8 - 12	6½ - 12½	8½ - 13½
5½	5 - 8	8½ - 12	7½ - 11	9 - 12	8½ - 13	8½ - 12	6½ - 13	9½ - 14
5½	5 - 8	8½ - 13	7½ - 14	9 - 13	8½ - 14	8½ - 14	6½ - 14	9½ - 14
7 1/5	7 - 9½	11 - 21	12½ - 18	13½ - 19	13 - 19	13 - 19	10 - 20	18 - 20
7 1/5	7 - 9½	11 - 21	12½ - 18	13½ - 19	13 - 19	13 - 19	10 - 20	18 - 20
5 - 9	9 - 11	13 - 21	12½ - 18	14 - 19	13 - 20	13 - 19	10 - 20	18 - 21
5 - 9	10 - 14	13 - 21	12½ - 18	14 - 19	13 - 20	13 - 19	10 - 20	18 - 21
10 - 14	15½ - 19½	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 24	22 - 30
10 - 14	15½ - 19½	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 24	22 - 30
10 - 14	21½ - 25	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 28	19 - 30
10 - 14	11½ - 13	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 28	19 - 30
10 - 14	12 - 14	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 28	19 - 30
10 - 14	11 - 14	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 28	19 - 30
10 - 14	15 - 16½	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 28	19 - 30
10 - 14	16 - 21	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 28	19 - 30
10 - 14	19½ - 23	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 28	19 - 30
10 - 14	18 - 21	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 28	19 - 30
10 - 14	17½ - 20	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 30	19 - 32
10 - 14	18 - 21	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 30	19 - 32
10 - 14	16½ - 20	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 30	19 - 32
10 - 14	15 - 22	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 30	19 - 32
10 - 14	15 - 18	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 30	19 - 32
10 - 14	13½ - 15	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 30	19 - 32
10 - 14	12½ - 15	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 30	19 - 32
10 - 14	15½ - 17	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 30	19 - 32
10 - 14	14 - 18	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 30	19 - 32
10 - 14	10½ - 16	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 30	19 - 32
10 - 14	12½ - 15	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 30	19 - 32
10 - 14	12½ - 16½	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 30	19 - 32
10 - 14	13½ - 17	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 30	19 - 32
10 - 14	10 - 17	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 30	19 - 32
10 - 14½	10 - 17	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 30	19 - 32
10 - 14½	10 - 17	15 - 25	15 - 28	15 - 28	15 - 28	13 - 28	11 - 30	19 - 32
10 - 14½	15½ - 18½	14 - 28	16 - 30	16 - 30	16 - 30	16 - 30	11 - 30	14 - 30

Source: Central Bank of Ceylon.

(a) Rate on ten year certificates.
 (b) The State Mortgage Bank and Agricultural & Industrial Credit Corporation were amalgamated from January 1st 1978 to form State Mortgage and Investment Bank.
 The interest rates for 1982 are as follows:
 1. Construction of houses and agricultural development 12% - 16%
 2. Purchase of property 18% - 22%
 3. Other loans 24%
 (c) In 1982 the rates on loans re-financed by the Central Bank were 12%, 17% Other loans 12% - 17% and foreign currency loans 12% - 17%.

End of Period		Deposit Rates of the National Savings Bank		
		Savings Deposits	Fixed Deposits (a)	Savings Certificates (b)
1972		7.2	7.5	11.0
1973		7.2	7.5	11.0
1974		7.2	7.5	11.0
1975		7.2	7.5	11.0
1976		7.2	7.5	11.0
1977		8.4	12-18	11.0
1978		8.4	12-18	11.0
1979		8.4	12-18	11.0
1980	March	8.4	12-18	11.0
	June	12.0	15-20	11.0
	September	12.0	15-20	11.0
	December	12.0	15-20	11.0
1981	January	12.0	15-20	11.0
	February	12.0	15-20	11.0
	March	12.0	15-20	11.0
	April	12.0	15-22	11.0
	May	12.0	15-22	11.0
	June	12.0	15-22	11.0
	July	12.0	15-22	11.0
	August	12.0	15-22	11.0
	September	12.0	15-22	11.0
	October	12.0	15-22	11.0
	November	12.0	15-22	11.0
	December	12.0	15-22	11.0
1982	January	12.0	15-22	11.0
	February	12.0	15-22	11.0
	March	12.0	15-22	11.0
	April	12.0	15-22	11.0
	May	12.0	15-22	11.0
	June	12.0	15-22	11.0
	July	12.0	15-22	11.0
	August	12.0	15-22	11.0
	September	12.0	15-22	11.0
	October	12.0	15-22	11.0
	November	12.0	15-22	11.0
	December	12.0	15-22	11.0

- (a) The rate on Fixed Deposits of Rs. 100,000 and over is 8% with effect from 27th May, 1975. From 7th September 1977, National Savings Bank accepts deposits for periods of 6, 12 and 18 months at interest rates of 12, 15 and 18 per cent per annum, respectively. The respective rates on deposits of 6 and 12 months were revised as 15 and 20 per cent per annum with effect from 21, April 1980. From 22nd April 1981 the Bank accepts deposits for a period of 24 months at an interest rate of 22 per cent per annum. Commencing from 1st February 1982, "Interest Paid Monthly" scheme was started for deposits of 12 months and 24 months with interest rates of 18.6 per cent and 19.2 per cent, per annum respectively.
- (b) Rate on ten year certificates.
- (c) The State Mortgage Bank and Agricultural & Industrial Credit Corporation were amalgamated from January 1st 1979 to form State Mortgage and Investment Bank. The interest rates for 1982 are as follows:-
1. Construction of houses and agricultural development 12% - 18%.
 2. Purchase of property 18% - 22%.
 3. Other loans 24%.
- (d) In 1982 the rates on loans re-financed by the Central Bank were 13%, 17% Other loans 15% - 17% and Foreign currency loans 15% - 17%.

FOOTNOTES TO TABLE 29

- (a) This Table covers all the items of revenue and expenditure that enter into the computation of the net cash surplus/deficit.
- (b) The actual figures of revenue from 1961/62 onwards differ from the published figures in the Government accounts due to following adjustments:
- (1) Inclusion of receipts from the national developments tax viz. Rs. 18.6 million, Rs. 17.5 million, Rs. 2.9 million, Rs. 1.1 million, Rs. 0.5 million, Rs. 0.2 million, Rs. 0.1 million and Rs. 0.2 million in 1961/62, 1962/63, 1963/64, 1964/65, 1965/66, 1966/67, 1967/68 and 1970/71, and Rs. 225.1 million reflected in Treasury records as a credit balance in favour of Department of Inland Revenue in 1979 and a sum of Rs. 55.2 million and Rs. 138.1 million being proceeds of Gold received from the I.M.F. in 1978 and 1979, respectively;
 - (2) Exclusion of transfers to revenue of Rs. 20.6 million from the National Flood Relief Fund in 1961/62, a book credit of Rs. 26.8 million from the Food Commissioner in 1965/66, a book transfer of Rs. 44.2 million of profit from "Advance Accounts" activities in 1967/68 and a book credit of Rs. 38.7 million from the Food Commissioner in 1968/69 and transfer of revenue of Rs. 9.5 million from Contingencies Fund and Rs. 13.1 million being surplus from "Advance Accounts" activities of the Civil Medical Stores over the previous years in 1971/72, Rs. 64.8 million being deposits of Public Corporations written off by crediting revenue account Rs. 7.8 million being advances to government departments and transfer to revenue of Rs. 1.1 million from the National Development Fund in 1974 and
 - (3) Exclusion of the value of equipment and other aid gifted by foreign governments and agencies viz. Rs. 4.7 million, Rs. 2.8 million, Rs. 1.6 million, Rs. 1.5 million, Rs. 18.1 million, Rs. 0.1 million, Rs. 1.6 million, Rs. 0.1 million, Rs. 0.1 million, Rs. 2.6 million, Rs. 1.0 million, Rs. 2.6 million, Rs. 3.0 million, Rs. 9.1 million, Rs. 11.0 million, Rs. 5.1 million, Rs. 13.9 million, Rs. 19.2 million, Rs. 163.2 million, Rs. 337.4 million, Rs. 8.0 million, Rs. 2,225.1 million and Rs. 8.0 million in 1961/62, 1962/63, 1963/64, 1964/65, 1965/66, 1966/67, 1967/68, 1968/69, 1969/70, 1970/71, 1971/72, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982 (Approved estimates), 1982 (provisional) and 1983 (Approved estimates), respectively.
- (c) For purposes of computing the net cash surplus/deficit, expenditure, is defined to include recurrent expenditure, capital expenditure, expenditure chargeable to the National Development Reserve and the net receipt or payment on "Advance Accounts" activities. The difference between revenue and the total expenditure thus defined gives the value of the net cash surplus/deficit.
- (d) Comprises the Railway Department, Electrical Department (until November, 1969 when it was converted into a corporation), Departments of Posts and Telecommunications, Department of Information and Broadcasting (until 5th January, 1967 when the Broadcasting Department was converted into a corporation) and the Colombo Port Commission (until 7th July, 1979 when it was converted in to a statutory body).
- (e) Excludes contributions to public debt sinking funds, direct repayments of public debt and special payments to international financial organisations.
- (f) Excludes book adjustments (debits and credits) arising from transfer to recurrent expenditure and capital expenditure of advances for loan works and losses on "Advance Accounts" activities incurred and financed in previous financial years. Hence the figures will not tally with the figures published in the State Accounts of the Republic of Sri Lanka.
- (g) Includes expenditure chargeable to foreign loans, advances for loan works, foreign loan expenditure awaiting charge to votes and also expenditure met from foreign grants from 1960/61 onwards.
- (h) From 1960/61 onwards the practice of classifying expenditure into "Expenditure chargeable to Revenue" and "Expenditure chargeable to Loan Funds" was discontinued. Instead, the Government's total expenditure was divided into three major categories viz. General Administrative Services, Social Services and Economic Services. The expenditure under each of the categories was divided into recurrent and capital expenditure. The recurrent expenditure consisted the votes 1, 2, 4 and 6 and the capital expenditure 3, 5 and 7 onwards.
- In 1971/72 the Programme Budget Format was presented for 3 ministries and in 1973 for 16 ministries. Since 1974 the "Votes System" was discontinued and the expenditure is presented in Programme Budget Format in respect of all Heads of expenditure under the Government Budget. Under this system, the recurrent expenditure consists of the sum of projects one onwards of two digits and capital expenditure of projects 101 onwards.
- Since a similar classification is not available for the years prior to 1960/61 expenditure chargeable to revenue and expenditure chargeable to loan funds are assumed to be comparable to recurrent expenditure and capital expenditure, respectively.
- (i) For a period of 15 months.
 - (j) Provisional.
 - (k) Approved estimates.

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Despatch abroad:

i. First class parcel — US \$ 15/-

ii. Second class parcel — US \$ 10/-