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# ශ්‍රී ලංකා මහ බැංකුව CENTRAL BANK OF CEYLON



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ANNUAL REPORT  
OF THE MONETARY BOARD  
TO THE MINISTER OF FINANCE

වර්ෂය  
FOR THE YEAR  
1975



# CENTRAL BANK OF CEYLON

Gift From

*Mahinda Bandusena*  
Secretary to the Prime Minister

15.03.2006



## ANNUAL REPORT OF THE MONETARY BOARD TO THE MINISTER OF FINANCE

FOR THE YEAR

1975

CENTRAL BANK OF CEYLON

12.03.008  
Secretary to the Prime Minister  
Gift from



ANNUAL REPORT  
OF THE MONETARY BOARD  
TO THE MINISTER OF FINANCE

FOR THE YEAR

1975

CENTRAL BANK OF CEYLON  
THE MONETARY BOARD  
12th October 1975

MR. FELIX R. D. BANDARANAIKE, M.P.,  
MINISTER OF FINANCE,  
COLOMBO.

Dear Sir,

In accordance with the provisions of Section 35 (1) of the Monetary Law Act (Cap. 422), I submit herewith the Twenty Sixth Annual Report of the Monetary Board of the Central Bank of Ceylon covering the Bank's operations during the year 1975.

With the passage of time, the Annual Reports of the Monetary Board have expanded their coverage beyond the requirements of the Law by presenting a detailed review of economic trends and developments in the various sectors of the Sri Lanka economy. These sections will form a separate Report and will be published as an annual "Review of the Economy" in the course of next month.

I am, dear Sir,

Yours faithfully,

H. E. TENNEKOON.  
Governor.

Central Bank of Ceylon,  
Colombo.  
30th April, 1976.

MR. PERIYAR, D. BANDARANAIRAKE, M.P.

MINISTER OF FINANCE,

COLOMBO.

Dear Sir,

In accordance with the provisions of Section 75 (1) of the Monetary Law Act (Cap. 412), I submit herewith the Twenty Sixth Annual Report of the Monetary Board of the Central Bank of Ceylon covering the Bank's operations during the year 1975.

With the passage of time, the Annual Reports of the Monetary Board have expanded their coverage beyond the requirements of the Law by presenting a detailed review of economic trends and developments in the various sectors of the Sri Lanka economy. These sections will form a separate Report and will be published as an annual "Review of the Economy" in the course of next month.

I am, dear Sir,

Yours faithfully,

H. E. TENNENKON,  
Governor.

Central Bank of Ceylon,

Colombo.

30th April, 1976.

# CENTRAL BANK OF CEYLON

## THE MONETARY BOARD

(As at December 31, 1975)

H. E. TENNEKOON

*Governor*

L. R. JAYAWARDENA

*Secretary to the Ministry of Finance.*

H. A. DE S. GUNASEKERA

*Secretary to the Ministry of Planning and Economic affairs.*

M. RAJENDRA

*Appointed Member*

### Principal Officers as at December 31, 1975.

GAMANI COREA.....	(on release) Deputy Governor
W. M. TILAKARATNA .....	(on release) Deputy Governor
W. RASAPUTRAM.....	Deputy Governor
H. L. D. SELVARATNAM .....	Deputy Governor
E. ERAMUDUGOLLA.....	Assistant to the Governor
K. KANAGASABAPATHY.....	Assistant to the Governor
D. R. SIRIWARDENE.....	Assistant to the Governor
J. G. P. JAYASUNDERA.....	Adviser
C. H. FERNANDO.....	Adviser

#### *Banking and Currency Department:*

A. BANDARANAYAKE.....	Chief Accountant
-----------------------	------------------

#### *Bank Supervision Department:*

D. L. KANNANGARA.....	Director
V. S. SUBRAMANIAM.....	Acting Additional Director

#### *Development Finance Department:*

V. K. WICKRAMASINGHE.....	Acting Director
---------------------------	-----------------

#### *Economic Research Department:*

H. N. S. KARUNATILAKE.....	Director
K. S. E. JAYATILLAKE.....	Acting Additional Director

#### *Employees' Provident Fund Department:*

A. G. A. D. PERERA.....	Acting Superintendent
-------------------------	-----------------------

#### *Establishments Department:*

T. G. PUNCHIAPPUHAMY.....	Acting Director
---------------------------	-----------------

#### *Exchange Control Department:*

P. C. MUNASINGHE.....	Acting Controller
-----------------------	-------------------

#### *Internal Audit Department:*

T. CHATCHITHANANTHAM.....	Internal Auditor
---------------------------	------------------

#### *Public Debt Department:*

N. KATHIRGAMATAMBY.....	Acting Superintendent
-------------------------	-----------------------

#### *Secretariat:*

A. S. JAYAWARDENA.....	Acting Secretary
------------------------	------------------

#### **Auditor**

P. M. W. WIJAYASURIYA

*Auditor General to the Republic of Sri Lanka.*

# CENTRAL BANK OF CEYLON

## THE MONETARY BOARD

(As at December 31, 1975)

E. E. TENNENKON  
Governor

J. E. JAYAWARDENA  
Secretary to the Ministry of Finance

H. A. DE S. GUNASEKERA  
Secretary to the Ministry of Planning and Economic Affairs

M. RAJENDRA  
Appointed Member

## Principal Officers as at December 31, 1975

Deputy Governor	GABRIEL CORRA
(on release) Deputy Governor	W. M. THIRAKATANA
(on release) Deputy Governor	W. BASARUTAN
Deputy Governor	W. BASARUTAN
Deputy Governor	W. BASARUTAN
Assistant to the Governor	R. RAJAGOPALA
Assistant to the Governor	K. KANAKARATNAM
Assistant to the Governor	D. R. SIVARATNE
Adviser	J. G. P. JAYASEKERA
Adviser	C. H. FERNANDO
Chief Accountant	Banking and Currency Department: A. HANANAYAKE
Director	Bank Supervision Department: D. J. EKANAYAKE
Acting Additional Director	V. S. SUBRAMANIAM
Acting Director	Development Finance Department: V. K. WICKRAMASEKERA
Director	Economic Research Department: H. N. S. KANAKARATNAM
Acting Additional Director	K. S. N. JAYASEKERA
Acting Superintendent	Employmen, Provident Fund Department: A. G. A. PERERA
Acting Director	Establishments Department: T. G. PERERA
Acting Controller	Exchange Control Department: E. C. MURUGAN
Internal Auditor	Internal Audit Department: T. GUNATHANAYAKA
Acting Superintendent	Public Debt Department: V. KANAKARATNAM
Acting Secretary	Secretary: A. S. JAYAWARDENA

Auditor

P. M. W. WICKRAMASEKERA  
Auditor General to the Republic of Sri Lanka

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# ECONOMIC PERFORMANCE, PROBLEMS AND POLICIES 1975

## (b) ECONOMIC GROWTH

In 1975, the performance of the Sri Lanka economy improved markedly in comparison with the preceding year. The Gross National Product, measured at constant prices, rose by 3.6 per cent in 1975 as against 3.4 per cent in 1974. The rate of economic growth in 1975 is slightly higher than the average of 2.8 per cent for the period 1971-75. Nevertheless, it falls substantially below the average of 5.7 per cent for the period 1966-75. These data show that the Sri Lanka economy has experienced relatively slow and uneven growth over the years.

## PREFACE

THIS, THE TWENTY SIXTH ANNUAL REPORT OF THE MONETARY BOARD OF THE CENTRAL BANK OF CEYLON, IS ISSUED IN ACCORDANCE WITH SECTION 35 OF THE MONETARY LAW ACT (CAP. 422).

THE BANK'S FINANCIAL YEAR IS THE CALENDAR YEAR. THE FOLLOWING REPORT IS CONCERNED PRIMARILY WITH THE YEAR 1975.

A DETAILED ANALYSIS OF THE ECONOMIC TRENDS AND DEVELOPMENTS IN THE SRI LANKA ECONOMY DURING 1975 WILL BE PRESENTED IN A SEPARATE "REVIEW OF THE ECONOMY."

	(Rs. million)	(Percentage)	(Percentage)
1966	1,518.4	2.3	
1967	1,625.4	2.8	
1968	1,725.5	3.1	
1969	1,825.4	3.5	
1970	1,925.4	3.8	
1971	2,025.4	4.1	
1972	2,125.4	4.4	
1973	2,225.4	4.7	
1974	2,325.4	5.0	
1975	2,425.4	5.3	

If the growth rate of 5 per cent indicated in the Five Year Plan is taken as the minimum desirable level for growth, the performance of the economy in the last five year period falls far below this level. The Sri Lanka economy, though, remained resilient despite the contribution of several new types of economic activities such as industry, gas, mining, tourism and other non-traditional exports. The prospects for the future are bright, but the growth rate is still far below the level of the minimum desirable level of 5 per cent. The Government has taken steps to improve the performance of the economy, and it is hoped that the growth rate will be brought up to the minimum desirable level. The level of output in both planning and non-planning periods is fairly high, but it is not as high as it should be. The growth rate in the last 10 years is 4.1 per cent, which is below the minimum desirable level of 5 per cent.

PREFACE

THIS THE TWENTY SIXTH ANNUAL REPORT OF THE MONETARY BOARD OF THE CENTRAL BANK OF CEYLON, IS ISSUED IN ACCORDANCE WITH SECTION 25 OF THE MONETARY LAW ACT (CAP. 117). THE BANK'S FINANCIAL YEAR IS THE CALENDAR YEAR. THE REPORTING PERIOD IS CONFINED PRIMARILY WITH THE YEAR 1975. A DETAILED ANALYSIS OF THE ECONOMIC TRENDS AND DEVELOPMENTS IN THE SRI LANKA ECONOMY DURING 1975 WILL BE PRESENTED IN A SEPARATE REVIEW OF THE ECONOMY.

# I. ECONOMIC PERFORMANCE, PROBLEMS AND POLICIES - 1975

## (a) ECONOMIC GROWTH

In 1975, the performance of the Sri Lanka economy improved marginally in comparison with the preceding year. The Gross National Product measured at constant prices rose by 3.6 per cent in 1975 as against 3.4 per cent in 1974. The rate of economic growth in 1975 is slightly higher than the average of 2.8 per cent for the period 1971-75. Nevertheless, it falls substantially below the average of 5.1 per cent for the preceding five year period 1966 to 1970. These show that the Sri Lanka economy has experienced relatively slow and uneven growth over several years. In 1975, the Gross National Product at current factor cost prices rose by 11.4 per cent as compared with the increase of 30 per cent in 1974 and 19.6 per cent in 1973. The lower rate of growth of the Gross National Product in money terms in 1975 is mainly due to the slowing down of inflationary pressures in the economy.

Annual growth rates and five year averages are given in the table below.

TABLE 1  
Gross National Product at Constant (1959) Factor Prices  
and Growth Rates

Year	Gross National Product (Rs. million)	Growth rate (percentage)	Average Growth rate (percentage)
1966	7,818.3	+ 3.5	5.1
1967	8,210.4	+ 5.0	
1968	8,901.0	+ 8.4	
1969	9,301.1	+ 4.5	
1970	9,686.4	+ 4.1	
1971	9,724.9	+ 0.4	2.8
1972	10,029.7	+ 3.1	
1973	10,382.5	+ 3.5	
1974	10,730.3	+ 3.4	
1975	11,114.8	+ 3.6	

Source: Central Bank of Ceylon.

If the growth rate of 6 per cent indicated in the Five Year Plan is taken as the minimum desirable rate of growth, the performance of the economy in the last five year period falls far below this level. The Sri Lanka economy has remained sluggish despite the contribution of several new areas of economic activity such as industry, gem mining, tourism and other non traditional exports. The economy has been unable to effectively accelerate growth mainly on account of the continuing dominance of traditional sectors, the plantations and domestic agriculture, and their inability to increase and sustain their contribution to the Gross National Product. The level of output in both plantation and domestic agriculture, mainly paddy production, as seen in table 2 has markedly fluctuated in the last 10 years. A sharp fall in paddy production, for instance, seriously

sets back economic growth. Investment in the construction sector was given considerable emphasis in the Five Year Plan but its share in the Gross National Product in 1975 was only 4.5 per cent while mining and quarrying contributed 2.2 per cent. For a higher rate of growth it may be desirable to sustain production in the traditional sectors and to increase the rate of growth in other sectors which now make a relatively small contribution to economic activity.

In 1975 the population of Sri Lanka is estimated at 13.6 million, representing an increase of 1.6 per cent over 1974. This is a creditable development in the trend of population growth. Measured in per capita terms real Gross National Product is estimated at Rs. 817 in 1975, an increase of 2 per cent over 1974. Per capita real national income\* in 1975 is estimated at Rs. 716 which is the same level as in 1974. The stagnation in real national income in 1975 reflects the effects of the adverse movements in the terms of trade on the level of incomes in Sri Lanka. The continuing adverse movement in the terms of trade over the years has to some extent contributed to negate Sri Lanka's achievement in the field of income distribution, because it has tended to depress the real incomes of these in the lowest income brackets thus nullifying their gains in income. In analysing the growth of the real gross national income, the changes in the terms of trade is, therefore, of special significance. In 1975, the import price index increased by 19.9 per cent while the export price index increased by 8 per cent. As a result, the deterioration in the terms of trade amounted to 20.7 per cent in 1975 compared to 10.7 per cent in 1974. Because of this unfavourable movement in the terms of trade, real national income increased by only 1.2 per cent in 1975 compared with the increase of 4.1 per cent in 1974.

In 1975, the Gross National Product at constant prices increased by Rs. 386.3 million. The largest contribution to this increase came from the manufacturing and services sectors while that of agriculture, the leading sector in the economy, was marginal. In relation to 1974 the increased contribution of the agriculture sector as a whole in 1975 was only Rs. 44 million. The performance of agriculture was mainly influenced by the sharp fall in paddy production by 28.6 per cent below the level in the preceding year to a total of 55.3 million bushels. In 1975, production in the Maha season 1974-75 fell by 52.7 per cent, while the Yala crop was lower by 16.3 per cent. The fall in the paddy crop in 1974/75 was mainly due to a severe drought and unfavourable weather conditions in the principal paddy growing regions of the country. The output of subsidiary crops, however, increased by 12 per cent in 1975. The largest increase occurred in kurakkan, gingelly, maize, manioc, sweet potatoes, chillies and red onions. The output of fruits and vegetables also recorded increases.

Plantation agriculture on the other hand, showed the highest gains in production. The output of tea in 1975 was 471 million pounds which is an increase of 4.8 per cent over the level in 1974. A break down of production under each elevational category shows that increases were recorded in mid and low

\* Real National Income is the Gross National Product at constant prices adjusted for changes in the terms of trade.

country teas while up country teas recorded a slight drop from their 1974 level. The tea replanting programme continued to remain at a low ebb. A total of 4,356 acres were replanted, which is an increase of 74 acres over 1974. Rubber production was 328 million pounds in 1975 as compared to 291 million pounds in 1974, which is an increase of 12.7 per cent. This substantial increase in production was mainly due to the use of more fertilizer, and the increased acreage of replanted rubber which came into bearing during the year. In 1975, the area replanted with rubber was 7,980 acres, bringing the total area replanted to 323,558 acres, or 58 per cent of the total acreage under rubber. The production of coconut too increased in 1975 from 2,031 million nuts in 1974 to 2,447 million nuts. However, there was a fall in the quantity of fertilizer issued for coconut under the subsidy scheme from 39,311 tons in 1974 to 24,463 tons in 1975. There has been an appreciable fall in the last three years in the intake of fertilizer for coconut under the subsidy scheme. The increase in output was mainly due to a lagged response to higher prices in 1974. These results belie the fear that land reforms would affect production in the short run.

The output in the mining and quarrying sectors increased by 30 per cent in 1975, compared with a decline of 28.3 per cent in the previous year. This was mainly due to an increase of 59 per cent in the value of gems exported. The expansion in activity in the manufacturing and service sectors generated income which more than offset the relatively lower contribution of agriculture to the Gross National Product. The value added in the manufacturing sector which consists of factory industry, cottage industry and the processing of tea, rubber and coconut, increased by 7.5 per cent as against a decline of 4.1 per cent in 1974. Value added in factory industry, cottage industry and in the processing of tea, rubber and coconut rose significantly. The latter was mainly due to an increase in the output of all three crops. The higher level of output in factory and cottage industry was due to the greater availability of raw materials. According to the Central Bank index of import volumes, raw material imports rose from 46 in 1974 to 56 in 1975, an increase of 22 per cent.

In view of the emphasis given to investment in the construction sector in the Five Year Plan the performance of this sector, not only in 1975, but in the earlier years has been disappointing. The fall in the value added in the construction sector in 1975 by 8.9 per cent has been largely due to a sharp decrease in the construction of private residential and non residential buildings. construction activity by government and public corporations such as irrigation schemes, buildings, roads and bridges, however, showed an increase over the previous year.

The increase in activity in plantation agriculture, manufacturing and government construction contributed to an expansion in services such as trade, transport and banking. Thus significant increases occurred in the road haulage of goods, ton mileage of the railway and cargo handled at the ports. An increased contribution to services has also come from tourism. Last year, there was an appreciable expansion in this sector which was associated with the increased arrivals of tourists.

An analysis of the availability and use of resources in 1975 shows that resources available from domestic production rose by 11.5 per cent while resources from imports rose by 17 per cent. The weight of imports in total resources was 19 per cent in 1975 compared with 18 per cent in 1974. Measured in real terms, however, the weight of imports in total resources is likely to be higher. Thus the volume of imports as measured by the Central Bank index increased by 23.3 per cent in 1975, compared with the decline of 29.1 per cent in 1974. It is, therefore, likely that a substantial part of the increase in real resources in 1975 came from the increase in the volume of imports.

Consumption expenditure constituted 72.2 per cent of total resources in 1975 compared with 74 per cent in 1974, while capital formation was 13.2 per cent of total resources utilised, compared with 12 per cent in 1974. It is noteworthy that consumption expenditure rose by 9.7 per cent in 1975 as against an increase of 36.7 per cent, while capital formation increased by 24.4 per cent in 1975 compared to the increase of 19.4 per cent in 1974. The relatively lower rate of increase in consumption expenditure is evidence of the easing of inflationary pressure in 1975. As in the previous years, resources available through domestic production fell far short of aggregate demand as measured by Gross Domestic Expenditure. In 1975, Gross Domestic Expenditure was 105.6 per cent of the Gross National Product at market prices. The shortfall was met by an increase in international indebtedness of Rs. 771.6 million and an increase in net receipts of gifts and transfers from abroad amounting to Rs. 560.4 million.

### Trends in main Crops

Table 2 gives the production trends in the principal agricultural crops in the last 10 years. The output of tea has tended to fluctuate at a much lower average level since 1965 when production reached 503 million pounds, the highest level on record. In 1974, production dipped to the lowest level in the decade to 450 million pounds. In 1975, production picked up again but it yet remains below the yearly levels of output in the five years preceding 1970. Rubber production had steadily increased upto 1970, rising to a peak of 351 million pounds in 1970. Thereafter in 1971 and 1972 production declined but sharply increased in 1973. Output in 1974 at 291 million pounds was the lowest on record since 1966, but indications are that production is now picking up. A similar trend is evident in the coconut industry where after the peak level of production attained in 1972 production has decreased sharply in 1973 and 1974 only to be arrested by a more favourable output of 2,447 million nuts in 1975 which is comparable to the level of production in 1969. Of the agricultural crops the performance of paddy has been least encouraging in 1975. After steady growth of production upto the year 1970 when output more than doubled in this five year period, reaching 77.4 million bushels, output thereafter has been erratic and increases have not been sustained. After three years of stagnation in 1971, 1972 and 1973, there was a record crop in 1974 of 76.8 million bushels, to be followed by a very poor harvest in 1975. This low level of production has severely affected the growth rate for the year under review because paddy carries a considerable weight in the national accounts.

**TABLE 2**  
**Production Quantities of Principal Agricultural Crops (1965 - 1975)**

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	Growth Rate Percentage									
												1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Tea (Million lbs.)	.. 503	490	487	496	484	468	480	471	466	450	471	- 2.6	- 0.6	+ 1.8	- 2.4	- 3.3	+ 2.6	- 1.9	- 1.1	- 3.4	+ 4.7
Rubber (Million lbs.)	.. 261	289	316	328	333	351	312	309	340	291	328	+10.7	+ 9.3	+ 3.8	+ 1.5	+ 5.4	-11.1	- 1.0	+10.0	-14.4	+12.7
Coconut (Million nuts)	.. 2676	2461	2416	2601	2440	2510	2610	2963	1935	2031	2447	- 8.0	- 1.8	+ 7.7	- 6.2	+ 2.9	+ 4.0	+13.5	-34.7	+ 5.0	+20.5
Paddy (Million Bushels)	.. 36.3	45.7	55.1	64.8	65.9	77.4	66.9	62.9	62.9	76.8	55.3	+25.9	+20.6	+17.6	+ 1.7	+17.5	-13.6	- 6.0	0.0	+22.1	-28.0

Source: Central Bank of Ceylon.

## Changes in the Sectoral Composition of Gross National Product

The table below containing details of the sectoral composition of the gross national product brings to light certain significant changes that have taken place in the relative shares of the principal sectors of economic activity in the Gross National Product.

The contribution of agriculture has gradually declined from 35 per cent of the Gross National Product in 1970 to 32 per cent in 1975. A major change has been the progressive increase in the contribution of the mining sector from 0.7 per cent in 1970 to 2.2 per cent in 1975. This is largely due to the growing importance of the gem industry, and the much greater proportion of the production of gems that now fall within the national income estimates because of the sharp reduction in illegal exports. The share of manufacturing industry has fluctuated slightly over the last five years varying from 12.6 per cent to 14.1 per cent but has not shown a significant increase since 1972. On the other hand, the share of the construction sector in the Gross National Product seems to have declined significantly from 6.2 per cent in 1970 to 4.5 per cent in 1975. This is largely due to the decline in the level of private investment in house construction. Although incentives such as subsidised interest rates and tax concessions on owner occupied houses have been given these appear to be inadequate. Furthermore, restrictions on rent, ceiling on houses and the continuing increase in the price of building materials have been additional factors. The share of transport, storage and communication and the wholesale and retail trade sectors have also been steady over the last 5 years while the share of banking, insurance and real estate has increased from 1.2 per cent in 1970 to 1.7 per cent in 1975. This is mainly due to the rapid expansion of banking facilities especially in the rural areas. The service sector has gradually increased its share from 12.2 per cent to 13.6 per cent in 1975 mainly due to the expansion in the tourist industry.

### (b) PRODUCTION

#### Domestic Agriculture

##### *Paddy Production*

Paddy production fell sharply in 1975 in relation to the level of output in the previous year. The total harvest consisted of only 55.32 million bushels, whereas the output in 1974 was 76.79 million bushels. The shortfall in the crop was 21.47 million bushels or 27.96 per cent of the previous year's level of production. Poor weather conditions were the principal cause for the sharp decline in output and this is seen in the significant difference between the gross area sown and the gross area harvested, which was as much as 243,586 acres or 14 per cent of the total area sown. Furthermore, drought also effectively shrank the total physical extent sown; whereas 2.04 million acres were sown in both seasons in 1973/74, the acreage declined by 15.6 per cent to 1.7 million acres in the two seasons in 1974/75.

**TABLE 3**  
**Sectoral Composition of Gross National Product at Constant (1959)**  
**Factor Cost Prices and Growth Rate**

Sectors	1970		1971		1972		1973		1974		1975	
	Amount (Rs. Mn.)	Percentage	Amount (Rs. Mn.)	Percentage	Amount (Rs. Mn.)	Percentage	Amount (Rs. Mn.)	Percentage	Amount (Rs. Mn.)	Percentage	Amount (Rs. Mn.)	Percentage
1. Agriculture, Forestry, Hunting and Fishing	3,395	35.0	3,375	34.5	3,478	34.7	3,388	32.6	3,558	33.1	3,602	32.4
2. Mining and Quarrying	65	0.7	67	0.7	68	0.7	266	2.6	191	1.8	248	2.2
3. Manufacturing	1,335	13.8	1,379	14.1	1,401	14.0	1,417	13.6	1,359	12.6	1,462	13.2
4. Construction	598	6.2	550	5.6	505	5.0	516	4.9	553	5.1	503	4.5
5. Electricity, Gas, Water and Sanitary Services	21	0.2	29	0.3	24	0.2	31	0.3	32	0.3	33	0.3
6. Transport, Storage and Communication	913	9.4	920	9.4	988	9.9	1,019	9.8	1,054	9.8	1,100	9.9
7. Wholesale and Retail Trade	1,391	14.3	1,316	13.5	1,327	13.2	1,383	13.3	1,450	13.5	1,501	13.5
8. Banking, Insurance and Real Estate	118	1.2	129	1.3	136	1.4	142	1.4	165	1.5	184	1.7
9. Ownership of Dwellings	302	3.1	307	3.1	313	3.1	318	3.1	344	3.2	350	3.1
10. Public Administration and Defence	459	4.7	488	5.0	522	5.2	567	5.5	609	5.7	646	5.8
11. Services	1,184	12.2	1,297	13.3	1,334	13.3	1,379	13.3	1,441	13.4	1,513	13.6
12. Gross Domestic Product	9,781	—	9,856	—	10,095	—	10,426	—	10,755	—	11,142	—
13. Net Factor Income from Abroad	85	-0.8	76	-0.8	72	-0.7	44	-0.4	24.9	-0.2	26.9	-0.2
14. Gross National Product	9,695	100.0	9,779	100.0	10,023	100.0	10,383	100.0	10,731	100.0	11,115	100.0

Source: Central Bank of Ceylon.

The fall in production in the Maha season was more pronounced than in the Yala. In the Maha 1974/75, the paddy crop consisted of 34.46 million bushels as against 52.63 in the preceding Maha. This represents a shortfall in production by 34.53 per cent. Apart from a sharp decrease in the gross extent harvested the average yield per acre harvested also declined from 47.72 bushels in Maha 1973/74 to 46.24 bushels in Maha 1974/75. The gross extent sown in Yala 1975 was 96,720 acres, which fell short of the extent sown in the previous season by 13.4 per cent, while the gross extent harvested declined by 80,636 acres or 11.8 per cent. The yield per acre harvested also declined in the Yala from 41.74 bushels in 1974 to 40.84 bushels in 1975.

With the substantial decline in the area cultivated, there was a corresponding fall in credit disbursements and fertiliser issues for paddy in 1974/75. In the latter year, fertiliser issues were only 37.3 per cent of that in the preceding year. Fertiliser prices were reduced on two occasions in 1975. These measures brought some relief to paddy farmers who may have become increasingly resistant to the use of fertiliser due to higher costs. The first price reduction was effected in May 1975 and in November 1975 the government reintroduced the 50 per cent subsidy on fertiliser. This subsidy thereafter applied to all crops. The policy of having an equal subsidy for all crops not only has an effect of reducing the cost of fertiliser for agriculture, but has prevented the leakage of fertiliser meant for one crop into another. This is likely to promote the rational use of fertiliser.

#### *Credit Defaults*

Table 4 gives details of defaults on credit given for paddy production since the inception of the New Agricultural Credit Scheme in 1967.

**TABLE 4**  
**Defaults on Rural Credit for Paddy Under New Agricultural**  
**Credit Scheme and Comprehensive Credit Scheme.**

Amount in Rs. Million						
Year			Amount Disbursed	Amount Repaid	% Recoveries	% Defaults
1967/68	..	..	72.71	62.55	86.03	13.89
1968/69	..	..	55.67	36.36	65.31	33.16
1969/70	..	..	51.71	29.06	56.20	43.63
Total						
1967/68	..	..	180.09	127.97	71.06	28.39
1969/70	..	..				
1970/71	..	..	29.28	17.58	60.04	39.96
1971/72	..	..	30.63	20.18	65.88	34.02
1972/73	..	..	28.26	17.90	63.34	36.66
1973/74	..	..	109.10	53.58	49.11	50.88
1974/75	..	..	77.25	28.81	37.29	58.11
Total						
1971 - 1975	..	..	274.52	138.05	50.29	48.40

Source : People's Bank.

The total amount of credit utilised under the Comprehensive Credit Scheme in the 1974/75 cultivation year was Rs. 77.25 million. This represents a substantial decrease of Rs. 31.8 million from the total amount of credit disbursed in 1973/74. The bulk of this decline occurred in credit given during the Yala season 1975. With regard to loan repayment, 36.92 per cent of the Maha 1974/75 loans were repaid as compared to 46.95 per cent in Maha 1973/74. This is the lowest recovery rate recorded for any season since the inception of the cultivation loans scheme. However, this was in part due to the low level of paddy output and the high incidence of crop failure during this season. It shows a progressive decline in the rate of recovery over the years. In the first year of its operation, in 1967/1968, as much as 86 per cent of the amount of credit given was recovered and the average default rate upto the end of 1970 was less than 29 per cent. The sharp increase in the level of defaults from 33 per cent in 1968/1969 to 40 per cent in 1970/71 was due mainly to the decision to withdraw the hypothecation of ration books against agricultural loans. Although between 1971 and 1973 credit disbursements were much lower than in the preceding three years the default rate shot up sharply averaging about 36 per cent in the three years.

In the last two years the outturn of credit operations for paddy cultivation has been least favourable. In 1973/74 although credit disbursements more than trebled the default rate moved up very sharply to about 51 per cent from 37 per cent in 1972/73. This further rose to 58 per cent in 1974/75 making the average rate of default in the last 5 years 48 per cent as against 28 per cent in the period 1967/68-1969/70. Of the total amount disbursed, under the scheme for paddy in the period 1970/71 to 1974/75 alone as much as Rs. 136 million have not been recovered by the lending commercial banks. The latter have been able to maintain their loans for paddy cultivation because of the Central Bank guarantee of 75 per cent of the amount in default. The increasing rate of default on loans underscores the need for effective measures designed to ensure a much higher rate of recovery and the collection of past dues.

#### *Paddy Marketing*

The policy on paddy marketing which was operative in the preceding two years was reviewed when on October 8, 1975 restrictions on the transport or removal of paddy and rice were withdrawn. These restrictions were first introduced in July 1973 and operated without a break until their withdrawal. The Emergency Regulations in regard to the transport of paddy and rice were instrumental in giving the Paddy Marketing Board a legal monopoly of paddy purchases. Paddy purchases by the Paddy Marketing Board have declined steadily from the inception. For instance, in 1969/70, out of a total production of 77.4 million bushels, 26.2 million bushels or 33.9 per cent were procured by the Paddy Marketing Board. In 1970/71 the Paddy Marketing Board procured the highest quantity on record when it purchased 32.4 million bushels or 48.4 per cent out of a total production of 66.9 million bushels. The amount of paddy that the Paddy Marketing Board could purchase depends on the quantity of rice issued on the ration among other factors. In 1972/73 just prior to the introduction of the regulations, it was able to procure 36.4 per cent of the total

crop and in 1973/74 procurement figures dipped very sharply to 27.2 per cent out of a total crop of 76.3 million bushels. A further sharp decline was evident in 1974/75 when the Marketing Board was able to purchase only 11.3 million bushels or 20.5 per cent of a total crop of 55.3 million bushels.

These figures show that the Emergency (Paddy Marketing) Regulations did not help the Paddy Marketing Board to maximise the procurement of paddy. Furthermore, during the operative period of these regulations, paddy prices all over the Island rose sharply. Data collected by the Central Bank show that in the beginning of 1975 rice prices between the surplus and deficit areas varied between Rs. 3.51 and Rs. 7.27 per measure. However, with the repeal of these regulations in October 1975, rice was freely available in all areas and there was a sharp decline in prices. Soon after the removal of the restrictions the average rice price for all districts was Rs. 3.20 in October and Rs. 3.40 in November and the all island average for February 1976 was Rs. 3.08 per measure. In anticipation of the Maha harvest 1975/76 the price falls have been more pronounced.

### *Land Reform*

The first phase of the land reform programme was launched with the passage of the Land Reform Law of 1972. In 1975 the second stage was completed with the take over of plantations which were mainly owned by public companies. The Land Reform (Amendment) Law of 1975 was passed in the National State Assembly on October 14, 1975. This Law vested land owned or possessed by public companies in the Land Reform Commission. The law provides for the maintenance of properties vested in the Commission and the preservation of movable and immovable properties. Workers on the estates who were in regular employment were to be continued and those workers resident on estates were to continue in residence.

The total extent of land vested in the commission under the 1975 amendment is 417,957 acres. Of this tea lands constituted 237,592 acres, rubber 94,835 acres, coconut 6,406 acres and 79,124 acres of other crops. Prior to vesting these lands were operated as 395 estates. Twenty two Agency Houses managed 375 of these estates, while the remaining estates were managed by companies owning them. Of the properties registered as companies, 145 were Rupee Companies and 87 were Sterling Companies. The acreage under the Rupee Companies was 222,813, while that under the Sterling Companies was 195,144. The land reform law has brought under the Land Reform Commission 63 per cent of the total extent of tea cultivated, 32 per cent of rubber and 10 per cent of coconut. In the case of tea, and rubber the best managed and the most productive properties have now come under new management agencies as decided by the Land Reform Commission.

In view of the vital importance of the plantation sector in the national economy, it is essential that the efficient running and good management of these estates are ensured on a continuing basis under state ownership. The latter could be achieved by setting up in place of the agency houses an efficient and effective organisation for their management, and by seeing that the estates

are under the supervision of experienced and competent men at all levels. This is all the more significant because up to now the plantation sector has earned the bulk of the country's foreign exchange and produced the major portion of the surpluses to sustain extensive welfare services and meet the overall deficits in other state run enterprises. In 1975 the contribution of the plantation sector to government revenue through export duties and the tea tax alone was Rs. 547.9 million, in 1974 it was even higher at Rs. 762.3 million. This contribution will have to be maintained **and increased in future years.**

### Industrial Production

The data on the performance of manufacturing industries in 1975 was obtained by means of a sample survey. With the use of a sample the procedure adopted for data collection in 1975 differed from that of the previous years, when questionnaires were addressed to all industrial units with a view to securing a maximum coverage of manufacturing firms.

In 1975 too the industrial sector experienced difficulties of procuring adequate supplies of raw materials in time, however industrial production in certain sectors increased substantially. These sectors were not necessarily significant from the point of view of the national economy. Within this context the increase in output of about 15 per cent in real terms is comparable to the rate of growth achieved in 1971.

The value of industrial production at current prices increased by over 46 per cent from Rs. 4,093.9 million in 1974 to Rs. 5,966.6 million in 1975. Notable gains in production were evident in the industrial categories food, beverages and tobacco, paper and paper products and textiles. The expansion in the first group was mainly due to the increase in the value of output of aerated waters, arrack and other spirits and tobacco products. Output in the former categories rose appreciably and tobacco alone by over 300 per cent. There was a substantial increase in food preparations and biscuits and sugar confectionary groups due to the availability of sugar at slightly lower prices in 1975 as compared to 1974. The output of the textile spinning industry also rose sharply because of the improved supply position of raw materials. The manufacture of paper and paper products also rose very sharply. As against this, there were substantially lower levels of production in several industries which are important from the point of view of economic development. For instance the output of cement declined from 466,000 tons in 1974 to 388,000 tons in 1975, the value of output of plywood from Rs. 49 million to Rs. 8.5 million and footwear and leather products from Rs. 71.4 million to Rs. 25 million. It would thus appear that in 1975 industrial production generally increased in areas with a low priority and an interpretation of the published figures should accordingly be made with this reservation.

In 1975, although petroleum output declined by about 4 per cent, the value of petroleum products increased by 14 per cent, mainly due to the upward revision in the prices of products in October. The year saw a noticeable impact on manufacturing activity of the earlier petroleum price increase in 1974. As a

result, in 1975, the increase in the money value of output was more prominent in sectors other than the manufacture of chemicals, petroleum, coal, rubber and plastic products.

The improved raw material supply situation as compared to 1974 enabled some industries to make greater use of capacity in 1975. Even though production in certain key sectors of industry declined, overall under utilisation of capacity dropped from about 60 per cent in 1974 to about 46 per cent in 1975. In 1975, total employment in manufacturing industry increased by nearly 12 per cent reaching a figure of about 108,000. In particular, employment in the textiles and leather group rose from 30,391 employees in 1974 to 37,349 in 1975. However, this increase does not raise employment to the level that prevailed in 1972 when total employment was 123,986. In other words, the recent expansionary trends in industry have only helped to arrest the decline in the level of employment which occurred in both 1973 and 1974.

### Public Enterprises

Considerable difficulty has been experienced in obtaining up-to-date information from the public sector corporations because a large number of them have not been able to finalise their accounts for the year 1975. Thus according to provisional data total investment in public sector corporations rose from Rs. 5,390 million in 1974 to Rs. 6,424 million in 1975 or by 19 per cent. In 1975, of the new investment in this sector nearly 26 per cent was in industry and 11 per cent in service enterprises. Employment in public enterprises as a whole increased from 260,766 in 1974 to 272,900 in 1975. The capital investment per employee was 26,415 in 1975 in the public sector industries while in the services sector it was 24,647. The provisional accounts of these corporations show that 41 corporations including banks and other financial institutions in the public sector have shown profits while 15 enterprises incurred losses. Those which incurred losses include key consumer corporations such as the Milk Board, Oils and Fats, Paddy Marketing and the Ceylon Transport Board.

The value of output of industrial corporations rose from Rs. 2,207 million in 1974 to Rs. 2,889 million in 1975, or by 31 per cent over the level for 1974. This was not due to a rise in physical output but to a rise in import prices. In real terms, therefore, the increase in the value of output of industrial corporations was only 1.04 per cent in 1975 as against 0.98 per cent in the previous year. Noteworthy gains in production were achieved in textiles, paper and milk, while cement, hardware, steel and leather products showed substantial declines. Capacity utilisation was low in a large number of public sector industries. The corporations which operated at less than 50 per cent of capacity included Steel, Fisheries, Oils and Fats and Tyre. This was mainly due to the non-availability of imported raw materials in sufficient quantities, organisational and management problems, the frequent breakdown of machinery and the inability to find export markets for a larger output. The level of output of the industrial corporations in the preceding seven years is given in the index below.

**TABLE 5**  
**Industrial Corporations Output Index 1969/70-1975**

1969/70	..	..	..	100
1970/71	..	..	..	168.44
1971	..	..	..	168.61
1972	..	..	..	208.87
1973	..	..	..	205.12
1974	..	..	..	207.14
1975	..	..	..	209.29

Source: Central Bank of Ceylon.

It will be seen that the expansion of output in industrial corporations has been negligible in the last four years. Public sector manufacturing industries are placed in a far better position than private industry because they are given liberal allocations of foreign exchange. In view of this they should be in a more advantageous position not only to progressively increase output but also to increase capacity utilisation and export more of their output, if domestic market limitations do not provide an opportunity for the full use of manufacturing capacity.

The sales turnover of industrial corporations increased from Rs. 3,097 million in 1974 to Rs. 3,408 million in 1975 or by 10 per cent. Despite the higher turnover, corporations such as Steel, Hardware, Paper and Tyre held very substantial stocks in relation to the level of their sales. The relatively poor export performance of state owned industrial corporations is reflected in the meagre increase in exports from Rs. 408 million in 1974 to Rs. 426 million or by 4 per cent during the year. The bulk of this was accounted for by higher prices than by an increase in physical quantities. Furthermore, earnings from petroleum exports and bunkers alone accounted for 87.8 per cent of the total export receipts of industrial corporations. The total number employed in industrial corporations was 54,386 persons while the total wage bill was Rs. 176.8 million.

The overall performance of the corporation sector is reflected in the return before tax on capital employed in production. In 1975, this figure decreased marginally to 4.1 per cent from 4.5 per cent in the previous year. Public sector corporations have continued to show a very low rate of return on the capital invested. Many private sector industries would not be able to survive with such a low level of profitability. For viability public sector corporations should at least show a rate of return in excess of the current cost of funds to government, which is reflected in the bond rate that now stands at 9 per cent. This becomes even more important today in view of the rapid extension of public sector activities to all areas of business; the public sector must be in a position to generate adequate surpluses to sustain a high level of new investment in this sector.

Such surpluses are also necessary to ensure that public enterprise does not make demands on the national budget to finance its day to day operations or its overall annual losses.

Changes in the performance of specific corporations had an important bearing on the public sector services, the balance of payments and the level of economic activity. For instance, the periodic shortages in the cement supply in 1975 were due to the low capacity utilisation in the Puttalam cement plant which averaged 43 per cent in the year. The main reason for the drop in the output in this plant was the shortage of good quality limestone in the usual area of supply. In the Ceylon Steel Corporation the output of the rolling mill declined by 26.7 per cent in 1975, leading to a fall in capacity utilisation to 30 per cent. Output at the State Hardware Corporation fell substantially because production was largely geared to market demand. The production of the most important of its manufactures mammoties declined by 12 per cent. In 1975, the production of graphite fell sharply by 24 per cent over the level in the previous year. Exports of graphite declined by 39 per cent to 5,886 tons, making this the lowest export figure since the establishment of the State Graphite Corporation.

With the additional investment of Rs. 40 million the vehicle fleet of the Ceylon Transport Board increased from 7,005 in 1974 to 7,164 in 1975. Of this, the available effective fleet consisted of 4,622 buses in 1974 and 4,691 in 1975. There appears to be a significant difference as much as 33 per cent between the number of vehicles utilised and between those operated and owned. This shows that at any given time about one third of the vehicles are off the road. In 1975 the deficit between the average fleet operated and the number of vehicles required to provide a satisfactory service was 327 as compared with 358 in 1974. The State Gem Corporation in the last four years had been faced with a decline in its purchases and sales of gems. The value of purchases of gems dropped very sharply from Rs. 107.5 million in 1973 to Rs. 12.9 million in 1974 and to Rs. 5.1 million in 1975. The main reason for the fall in the value of purchases was the change in the purchasing policy whereby the Corporation attempted to decrease the value of the stocks it held by reducing purchases. The value of sales of gems by the Corporation fell from Rs. 45 million in 1973 to Rs. 25.1 million in 1974 and to Rs. 14.8 million in 1975.

### (c) MONETARY AND FISCAL OPERATIONS

#### Monetary and Banking Trends

##### Money Supply

In 1975, the magnitude of the increase in the money supply was relatively less significant than in the previous year, and this is reflected in the monthly average level of the money supply exceeding the corresponding 1974 level by only 1.9 per cent. In 1975, the money supply increased by Rs. 143 million or 4.8 per cent as against the increase of Rs. 168 million or 6 per cent in 1974. As compared with the previous year, the overall expansionary and contractionary influence behind the movements in the money supply were less forceful. The main factors behind the reduced monetary expansion were primarily the decline in external banking assets and the reduced credit needs of public sector corporations and the

cooperatives. The substantial deficit in external payments helped to contract the money supply by Rs. 214 million, which was higher than the contraction of Rs. 179 million emanating from this sector in 1974. Government corporations reduced their borrowings from commercial banks and this helped to contain the net monetary expansion from credit extended to the private sector to Rs. 131 million. In 1975, the bulk of the monetary expansion arose in the government sector, whereas in 1974 the government sector transactions tended to reduce the money supply by Rs. 261 million. In 1975 the net expansionary impact of the government sector was Rs. 272 million.

The monthly movements in the money supply in 1975 showed greater stability than in 1974 because of the reduced influence of seasonal factors in the flow of bank credit, and to the comparatively stable conditions in overseas commodity markets which helped to sharply reduce fluctuations in non-seasonal credit. In 1975, seasonal peaks in the flow of agricultural credit such as for the financing of paddy under the Guaranteed Price Scheme were less pronounced due to the sharp fall in paddy production. The credit requirements of the government corporations were also more modest due to the greater availability of imported raw materials and less price fluctuations in raw material markets.

Recurring current account deficits, mainly due to unfavourable price trends have been a feature of Sri Lanka's external payments for many years. In 1975, the balance of payments outturn was not an exception to this general trend. The size of the trade deficit was the highest recorded so far, even though the current account deficit was marginally less than the deficit in the previous year owing to an appreciable increase in the flow of outright grants. Despite aid flows, I.M.F. facilities and short-term trade credits, a considerable gap still remained in the balance of payments and this had to be financed mostly by increasing external banking liabilities. The decline in external banking assets by Rs. 214 million helped to bring about a contractionary impact on the money supply.

**TABLE 6**  
**Sources of Government Credit from the Banking System**

Rs. Million

	End of Period			Change 1974/1973	Change 1975/1974
	1973	1974	1975		
<b>Central Bank</b>	<b>2,590.1</b>	<b>2,689.5</b>	<b>2,860.9</b>	<b>+ 99.4</b>	<b>+ 171.4</b>
Special loans to government	95.8	98.5	101.1	+ 2.7	+ 2.6
Provisional advances to government	360.3	399.4	487.5	+ 39.1	+ 88.1
Government and Government Guaranteed Securities	2,134.0	2,191.6	2,272.3	+ 57.6	+ 80.7
<b>Commercial Banks</b>	<b>536.4</b>	<b>423.5</b>	<b>415.4</b>	<b>- 112.9</b>	<b>- 8.1</b>
Cash items in process of collection	37.2	37.3	26.4	+ 0.1	- 10.9
Treasury bills	153.6	59.6	50.4	- 94.0	- 9.2
Government securities	344.3	325.1	325.1	- 19.2	—
Government import bills	1.3	1.5	13.5	+ 0.2	+ 12.0
<b>Total Credit to Government</b>	<b>3,126.5</b>	<b>3,113.0</b>	<b>3,276.3</b>	<b>- 13.5</b>	<b>+ 163.3</b>

Source: Central Bank of Ceylon

The expansionary financial operations of the government sector were sustained by the increased use of Central Bank credit and by a substantial reduction in government deposits with the banking system and its cash balances with the Treasury. Details relating to government borrowing from the Central Bank and the commercial banks are set out in Table 6. Government borrowings from the Central Bank rose by Rs. 171 million and this took the form of an increase in the Bank's holdings of Treasury bills, government and government guaranteed securities and in provisional advances. On the other hand, government reduced its borrowings from the commercial banks. The monetary expansion was accentuated by government reducing its deposits with the banking system and in utilising its balances with the Treasury to meet current expenditure. This was the very opposite of the experience in 1974 when government tended to build up cash balances in the banking system and in the Treasury, which had a negative influence on the money supply.

Credit operations of government corporations with commercial banks, which led to an unprecedented monetary expansion of Rs. 620 million in 1974, resulted in 1975 in a contractionary influence on the money supply of Rs. 79 million. These corporations were able to reduce their borrowings from commercial banks by Rs. 47 million and to increase their time and savings deposits by Rs. 32 million. Public sector corporations as a whole were able to manage with less credit from commercial banks because import prices remained more or less at the same levels and many of them, notably the Ceylon Fertilizer Corporation, the National Textile Corporation and the Weaving Supplies Corporation were able to run down their accumulated stocks. The countervailing factor was the increased credit requirements of the Ceylon Petroleum Corporation. In regard to the cooperative sector there was a significant decline in the demand for bank credit for the purchase of paddy under the Guaranteed Price Scheme because of a sharp fall in domestic paddy production.

### Interest Rates

Several changes were effected in the money market rates in 1975. This was a sequel to the monetary measures taken by the Central Bank in April 1975 which, inter alia, placed certain restrictions on the magnitude of Central Bank accommodation to commercial banks. Following these measures the commercial banks had no alternative but to intensify their efforts to increase deposit mobilisation to support their normal credit operations. As an initial step commercial banks revised their rates on fixed and savings deposits. The minimum and maximum rates on fixed deposits of 3 to 12 months' duration were at  $4\frac{1}{2}$  and  $4\frac{3}{4}$  per cent respectively. The minimum rates were raised to 6 per cent in the case of 3 months deposits, to  $6\frac{1}{2}$  per cent for 6 months, and to 7 per cent for 12 months' deposits. Similarly, the maximum rate on time deposits of 3, 12 and 6 months' duration were raised to  $6\frac{3}{4}$ , 7 and  $7\frac{1}{2}$  per cent respectively. On the other hand, the minimum rates on deposits of 2 years, 3 years and 4 years duration which stood at  $4\frac{3}{4}$  per cent, 5 per cent and  $5\frac{1}{4}$  per cent respectively were raised to an uniform rate of 7 per cent. While respective maximum rates which remained at 5 per cent,  $5\frac{1}{4}$  per cent and  $5\frac{1}{2}$  per cent were unified at  $7\frac{1}{2}$  per cent.

The deposits rates of major savings institutions and Bank Rate, however, remained unchanged during the year. In the case of Bank Rate, this was because the Rate was already at a high level having been raised to  $6\frac{1}{2}$  per cent in 1970. The commercial banks responded to Central Bank measures by pushing up their own lending rates, although the increases were much less marked. The highest increase was in the inter-bank call loan rate where the maximum was raised from 5 to 8 per cent. The steep rise in the call loan rate, reflects in some measure, the degree of pressure brought to bear on the liquidity of the commercial banks following the restrictions applied on the magnitude of Central Bank accommodation. The banks accordingly revised their rates on loans and overdrafts.

In the context of overall interest rate policy, the year 1975 witnessed a substantial change in Sri Lanka's interest rate structure; and this was the first occasion since 1970 when a change of this dimension had occurred. The magnitude and direction of this change can be considered to be beneficial from the view point of mobilisation of savings as well as the efficient allocation of resources. In fact, such a change in interest rates was long overdue in the context of rapid changes in the price level as well as the overall demand for bank credit in a situation of a limited supply of resources which called for quantitative restrictions as a way of rationing credit. However, the fact that interest rate changes have not kept in step with the pace of inflation calls for a further re-examination of the entire structure of interest rates so as to afford the saver a more realistic real rate of interest.

### Bank Branches and Refinance

The branch network of Sri Lanka Banks continued to expand rapidly in 1975 as well. During the year 105 new branches were opened, but the majority of them consisted of branches opened at Agricultural Service Centres by the Bank of Ceylon. In all, 97 Agricultural Service Centre branches were opened in 1975, bringing the total number of such branches to 299. By the end of 1975 the total number of branches falling into the latter category exceeded the total number of branches of all commercial banks taken together. The People's Bank had sharply cut back its bank expansion programme by opening only 5 branches during the year. This must be compared with 11 and 22 branches opened in 1973 and 1974 respectively. The National Savings Bank opened one branch, increasing its total number of branches to 20. Total deposits of commercial banks increased by only Rs. 56 million in 1975 as compared to Rs. 386 million in 1974. Taking into account the changes in the price level in 1975 the quantum of deposits mobilised in real terms must be far less. The bulk of the increase in deposits occurred in Sri Lanka banks where their share of deposits went up by Rs. 40 million in 1975.

In 1975, Central Bank provisional advances to government increased by Rs. 88 million and special loans by Rs. 3 million, while the Bank's holdings of government and government guaranteed securities rose by Rs. 81 million. Central Bank's accommodation to commercial banks declined by Rs. 80 million in 1975. Total refinance loans granted by the Central Bank under the Medium and Long Term Credit Fund amounted to Rs. 15 million as against repayments received

amounting to Rs. 15 million. More than half of this was refinance in respect of tea factory modernisation projects, while loans for industrial purposes and for hotel projects amounted to Rs. 3 million and Rs. 4 million, respectively. The entire amount granted under the Tea Factory Modernisation Scheme was to commercial banks, while loans granted for industrial purposes and hotel projects were to the Development Finance Corporation. At the end of December 1975, total refinance loans granted from the Medium and Long Term Credit Fund since its inception amounted to Rs. 47 million.

### The April Monetary Measures

With a view to exercising a restraining influence on the expansion of commercial bank credit, certain modifications to the existing instruments of monetary control were introduced in April 1975. Most important were the changes made with respect to Bank rate and reserve requirements, the two major instruments of monetary control. Although Bank rate was allowed to remain unchanged at  $6\frac{1}{2}$  per cent, with effect from April 8, 1975, the magnitude of Central Bank accommodation available at Bank rate was restricted to 8 per cent of selected assets of each commercial bank as on December 31, 1974. These assets included bills purchased and discounted, loans (excluding loans granted under the Agricultural Credit Scheme) and overdrafts. The borrowings from the Central Bank in this context excluded refinance granted under the Agricultural Credit Scheme, the Guaranteed Price Scheme and from the Medium and Long Term Credit Fund.

While commercial banks whose outstanding borrowings from the Central Bank as of 8th April exceeded the stipulated limit, were not required to repay the excess immediately, any fresh accommodation in excess of the stipulated limit was subject to a penal rate of  $2\frac{1}{2}$  per cent above Bank rate. Simultaneously, the special reserve requirement of 38 per cent (28 per cent for the People's Bank) on marginal increases in demand deposits, which had become effective on February 1st, 1961 was withdrawn (for the People's Bank the effective date was June 9th, 1965). However, commercial banks were required to maintain the general reserve requirement of 12 per cent of demand deposits and 5 per cent of time deposits, wholly in the form of deposits with the Central Bank. The implementation of the latter, however, had to be postponed as some banks found it difficult to conform to this requirement. Hence, the practice of allowing upto 75 per cent of the required reserves to be maintained in the form of currency notes and coins continued throughout the year. Simultaneously, the ceiling on commercial bank credit imposed on May 24, 1974 was withdrawn. Commercial banks were required not to increase their loans and advances for non-essential purposes such as consumption, speculation and stock building, etc. over the level of such loans and advances outstanding as at December 1974.

With the introduction of these measures a significant abatement in the expansion of bank credit to the private sector became noticeable. At the same time, a substantial reduction in the level of Central Bank accommodation to

commercial banks was also achieved. Moreover, the commercial banks on their part were compelled to put up their rates on deposits with a view to mobilising more resources as a base for credit expansion.

### The Government Fiscal Operations

According to provisional data the actual budgetary operations for 1975 produced a current account surplus of Rs. 160 million and the overall expansionary impact was Rs. 169 million. A summary of fiscal operations for 1975 with approved estimates for 1976 is given in Table 7. The net cash deficit of the government is presented in table 9 in the appendix.

**TABLE 7**  
**Government Fiscal Operations**

I t e m s	Rs. Million				
	1973	1974	1975 Approved Estimates	1975 Provi- sional	1976 Approved Estimates
Revenue <sup>1</sup>	4,034	4,787	4,881	5,086	5,645
Recurrent Expenditure ..					
Advance Accounts operations	3,857	4,506	4,767	5,153	5,355
(deficit - / Surplus +) ..	— 59	— 39	— 100	227	— 100
Current Account (+ Surplus/deficit -) ..	118	242	14	160	190
Capital Expenditure <sup>2</sup> ..	1,543	1,841	2,074	2,556	2,486
Of which Sinking Fund and Amortization payments and contributions to International Financial Organisations ..	(433)	(564)	(584)	(596)	(649)
Budget deficit <sup>3</sup> ..	1,425	1,599	2,060	2,397	2,296
Financing of the deficit					
1. Domestic Source ..	949	910	965	1,302	1,300
A. Non-bank market borrowing ..	819	976	900	1,075	1,300
B. Non-market borrowing ..	243	— 54	65	71	—
C. Banking System <sup>4</sup> ..	— 113	— 12	—	156	—
2. Foreign Finance ..	413	650	1,095	1,080	1,000
Project loans ..	275	79	n.a.	272	n.a.
Commodity loans ..	91	319	n.a.	383	n.a.
Grants ..	47	252	n.a.	425	n.a.
3. Use of cash balances ..	63	39	—	15	—4
Expansionary impact of Government Fiscal Operations ..	— 53	24	—	169	—

Sources: Central Bank of Ceylon  
and General Treasury.

1. Excludes Capital grants in revenue shown under Foreign Grants.
2. Includes capital expenditure chargeable to National Development Reserve.
3. Please see Table 9 in Appendix for details of Net Cash Deficit.
4. Includes Special Advances from Central Bank to meet the contributions to International Financial Organisations abroad. For 1973 - Rs. 2.6 million, 1974 - Rs. 2.7 million, 1975 - Rs. 2.6 million.

## Government Receipts

The total revenue anticipated in the approved estimates for 1975 was Rs. 4,881 million, but provisional data for 1975 reveals that this estimate was exceeded by Rs. 205 million. Compared with 1974 the increase in revenue is Rs. 299 million or 6 per cent. After making an adjustment for a net receipt of Rs. 227 million from advance account operations, total expenditure in 1975 was Rs. 7,483 million. Actual recurrent expenditure authorised under the appropriation Act increased by 14 per cent over the previous year to reach Rs. 5,153 million. Together with the supplementary estimates for Rs. 326 million authorised in the course of 1975, the total allocation was Rs. 5,188 million, revealing an under expenditure of less than one per cent. In 1975, development expenditure, exclusive of sinking fund contributions and direct repayments of loans, increased markedly by 53 per cent to Rs. 1,960 million. However, the total allocation for 1975, including the supplementary provision of Rs. 434 million was Rs. 2,421 million, and the resulting under expenditure of 19 per cent was below the normally observed range of 25 per cents.

The major sources of increased revenue in 1975 were, income taxes Rs. 171 million, Foreign Exchange Entitlement Certificates Rs. 91 million, selective sales taxes Rs. 82 million, import duties Rs. 59 million, general sales and turnover taxes Rs. 44 million and gross receipts of trading enterprises Rs. 20 million. All these increases in revenue except income taxes and import duties were less than in 1974. The major shortfall appeared under export duties where the decline was Rs. 230 million. The improvement of Rs. 171 million in collections from income tax is attributable to the payments of arrears and back assessments by tax payers. Better performance in the corporate sector also helped to improve collections. Accruals under selective sales taxes were higher as a result of the enhanced tobacco tax introduced in early 1975. Receipts from the sales of FEECs increased by a further 9 per cent over the previous year and remained the single largest item of revenue, accounting for 21 per cent of total revenue.

Compared with the approved estimates of revenue in 1975 the actual collections in the year exceeded estimates by Rs. 205 million. The areas of increase and shortfall corresponded broadly, to those referred to, in the earlier part. The budget deficit for 1975 was Rs. 2,397 million. The bulk of the resources amounting to Rs. 1,317 million to finance the budget deficit was raised from domestic sources while external resources contributed Rs. 1,080 million towards the resource gap. When adjusted for the debt repayments and sinking fund contributions the net cash deficit was Rs. 1,801 million.

Domestic non-bank market borrowings in 1975 reached the hitherto unattained level of Rs. 1,075 million. Resources mobilised through the issue of rupee securities were Rs. 1,039 million, which was Rs. 119 million in excess of the amount raised in 1974, and the entirety of it came from non-bank sources. The much higher level of domestic resources mobilisation from the non-bank sector was made possible by large contributions from the National Savings Bank, the Sinking Funds, the Insurance Corporation and the Employees' Provident Fund. In recent years, these captive sources have contributed more than 90 per cent of the total subscriptions to rupee securities.

The term captive market has been used in the recent past to embrace all public sector institutions engaged in mobilising both contractual and voluntary savings including sinking funds maintained by the public debt authorities. Contractual savings are mobilised by the Employees' Provident Fund and the Insurance Corporation, while the primary source for voluntary savings continued to be the National Savings Bank. The Consolidation of the extended coverage under the Employees' Provident Fund introduced three years ago and the high deposit rates offered by the National Savings Bank broadly explains the higher level of savings coming in from the Captive market. The rate of 9 per cent on investments in government securities has enabled the National Savings Bank to maintain its rates on savings deposits. The widening scope of public sector economic activity has created on the other hand, a need for a progressively increasing transfer of private sector savings into the government sector. But the continuing dependence on private sector savings to finance projects with long gestation periods and low returns may create difficulties of raising resources to service the debt.

The current account surplus of Rs. 160 million for 1975 was Rs. 82 million lower than that for the previous year. After several years of very low surpluses or deficits in the current account, a current account surplus was achieved in 1973 and the surplus in 1975 is a continuation of this trend. The substantial surpluses for 1973 and 1974 coincided with the inflation that prevailed and one cannot with any degree of assurance regard it as an indication of a basic change in the underlying structure of public finance in this country. This would be more so, if the surplus for 1975 shown under advance accounts is properly adjusted to discount the value of food purchases made under deferred payment terms.

### Expenditure

The fiscal year 1975 coincided with the slackening phase of global inflation in the two previous years. High prices in that period affected both revenue and expenditure. The revenue from production and expenditure, which include taxes on international trade recorded heavy increases and the pattern of expenditure followed suit. The relaxation of inflationary pressures by early 1975 had a more pronounced impact on revenue through falling export prices, while the level of expenditure dictated more by the import prices and the prevailing domestic price level remained at relatively high levels. It was in this context that the government had to exercise restraint and contain its fiscal operations within manageable levels. Expenditure levels that tend to remain inflexible and revenue sensitive to export prices had its impact on the current account position of the government budget.

The basic weakness in the public finances in Sri Lanka is the overdependence of government revenue on international trade, the firm commitment to heavy expenditure on social welfare supplemented by a gradually rising debt service charge and a range of other transfers to the household sector. Significantly, 39 per cent of government revenue in 1975 originated from international transactions, while another 13 per cent came from turnover taxes, mainly dependent on the availability of foreign resources. This amply illustrates the

dependence of government revenue on the performance of the external sector of the economy, and it is not surprising that revenue tends to fluctuate with the vagaries of foreign trade. Another area for scrutiny is the performance of the major trading enterprises—the Railway and the Posts & Telcommunications. Their current surplus, the difference between gross receipts and current expenditure, was Rs. 59 million in 1975. Yet this is a sector subject to fluctuations, and policies designed to maintain regular surpluses might help to avert possible fiscal embarrassment to the government.

Given the comparatively high current expenditure / GNP ratio, the problem confronting the government is also one of containing recurrent expenditure entailed by its commitment to social welfare and subsidies at manageable levels. The issue is further compounded by the relatively low real growth rates in the GNP realised in the more recent years.

In 1975, of government current expenditure, social services claimed 19 per cent and the food subsidy accounted for another 23 per cent. Interest on the public debt amounted to 13 per cent and the pensions bill consumed 6 per cent. These identified categories claimed 61 per cent of total current expenditure. The dominance of the food subsidy, is in spite of the economy measures adopted in late 1973. Rising prices have nullified the economies expected from this source. Perhaps a more flexible pricing policy may help to contain the subsidy at reasonable levels. The cost of servicing the public debt has recorded a slow but steady increase over the years, and this is quite understandable in the context of the stepped up borrowing programme followed in the recent past. Proper compensation in this case has to be sought either through direct returns from public investment or through appropriate taxes to cover improvements in utilities and infra-structure development. In the light of the rising pension bill it may be prudent to consider the adoption of a contributory pension scheme.

Given the circumstances, expansionary financing of Rs. 169 million was moderate for 1975. It amounted to 2 per cent of the total expenditure. Yet it was considerably more than the expansion of Rs. 24 million in 1974. For three years in succession commercial banks continued to encash a part of their claims on government and in 1975 they surrendered a further Rs. 17 million to the Central Bank. Consequently the Central Bank purchased Rs. 170 million in government debt including a sum of Rs. 88 million advanced to the government under Section 89 of the Monetary Law Act.

A serious set back encountered in the field of fiscal planning in the recent years is the relatively high level of under expenditure seen under capital votes in the government budget. However, a salutary feature was that under expenditure in 1975 has assumed a lower proportion. In 1975 actual under expenditure was 19 per cent; but the anticipated under expenditure for 1976 is 26 per cent. The magnitude of under expenditure varies from one ministry to another. It may be that a large proportion of these unspent allocations are with respect to projects with a foreign exchange component to be found from free resources or aid. In either case, delays in the release of foreign exchange can upset a development

programme envisaged by government. Apart from that, one cannot overrule the possibility of relaxed attitudes adopted by certain government departments in implementing the programmes scheduled under their management. Perhaps, it may help to carry out a detailed investigation to determine the bottlenecks in this aspect of public finance.

The need for an investigation of this nature is even more necessary in view of the considerable volume of concealed under expenditure reported in government accounts as transfers to Treasury deposits from voted funds. The majority of such transfers to deposits are related to capital grants and contributions to state corporations. The total of such transfers in 1975 was Rs. 190 million. In many other instances, it is due to the failure of state corporations to produce detailed implementation programmes to utilise the funds voted by the National State Assembly. In either instance, it is an unhealthy practice to transfer funds voted by the National State Assembly to Treasury deposits, to be used by leisure by the institutions concerned.

Another aspect of considerable importance is the capital transfers to public corporations. Capital transfers to public corporation have averaged in the recent past to about one third of the government capital expenditure. It is to be expected that the expansion of existing ones and the creation of new corporations will augment such transfers further. Since the resources made available in this form are borrowed funds, it is imperative that adequate returns from such investments are ensured to meet the interest and capital repayments of the loans raised by the government to finance such projects. Mere economic viability of these projects, without adequate returns to government would impair the capacity of the government to carry out further development programmes.

### Public Debt

By the end of fiscal year 1975 total public debt stood at Rs. 14,564 million, indicating an increase of Rs. 2,184 million or 18 per cent over the previous year. This was well above the average of 12 per cent for the previous five fiscal years. The domestic debt (Rs. 10,859 million) accounted for 75 per cent of the total outstanding debt, while the balance Rs. 3,705 million constituted the external debt. Net of sinking Fund contributions the total public debt increased by Rs. 1,933 million to Rs. 12,960 million. The average rate of increase for the domestic and foreign debt for the previous five fiscal years has been in the order of 11 and 15 per cent respectively. A further increase in the external debt in 1975 both in the volume and rate conformed to the rising trend visible in the last several fiscal years.

This apart, one cannot overlook the additional debt liability created by realignment and parity changes of major world currencies. In 1975 the additional liability on this account alone was Rs. 392 million compared to a decrease of Rs. 39 million in the previous year and an increase of Rs. 200 million in 1973. This was a direct consequence of the link of the Sri Lanka rupee to the pound sterling and more generally of the instability in the international monetary

system. The gross domestic debt increased by 15 per cent or by Rs. 1,415 million in 1975, compared to an average annual growth of 11 per cent in the preceding five years. The bulk of this increase of Rs. 970 million continued to come from the funded debt made up of long and medium term government securities.

#### (d) PRICES AND EMPLOYMENT

##### Prices

In the year under review there was a noticeable slackening in the rate of inflation whereas in 1974 inflationary pressures showed no signs of abatement. The easing of inflationary pressures followed the downward trend in the world prices of the country's principal imports. On account of its structural characteristics and its resulting dependence on foreign trade the Sri Lanka economy is very vulnerable to price movements in world markets. Increase in food prices in international commodity markets, higher prices for raw materials, manufactures and capital goods tend to readily bring inflation into the country and reinforce price increases that originate within the country on a more modest scale. Sri Lanka has little or no influence over imported inflation and this has tended to significantly accentuate price increases because imported goods account for nearly 22 per cent of the gross national expenditure. In these circumstances, the management of inflation has become a difficult problem for Sri Lanka. Nevertheless, in 1975 within this framework, monetary and fiscal policy continued to be increasingly directed towards containing inflation. Furthermore, in 1975 government used price controls to keep prices in check, and in addition was able to induce manufacturers and retailers to bring down the selling prices of essential consumer goods.

In 1975, the increase in the Colombo Consumers' Price Index was modest; the Index rose by 6.7 per cent as against 12.3 per cent in the previous year. This was consistent with the considerably reduced rate of monetary expansion evident in the year. The average annual rate of increase in the Index for the years 1965 to 1970 was 4.2 per cent, while the average for the period 1970-75 was much higher at 7.5 per cent. However, as compared to the average for the last five years, the rate of increase in the index in 1975 was slightly lower. The budget proposals for 1976 contributed significantly towards restraining price increases and extended some relief to the consumer. Following upon the budget, the price of rationed rice, sugar and some items of clothing were reduced with effect from November 1975. Since these items carry significant weights in the Consumers' Price Index they had a significant effect in restraining sharp increases in the cost of living.

From the point of view of groups of commodities, that came within the Index relatively to 1974 there were certain significant changes. The sub index for food increased by 7.7 per cent in 1975 as against 15.1 per cent in 1974. This was largely the outcome of the greater availability of food at lower prices mainly rice, subsidiary foodstuffs and sugar in 1975 as compared to 1974. The fall in the world market price of these commodities also enabled government to reduce or to refrain from further increasing prices. In 1975, although the general tendency

was for food prices to rise less sharply there were instances when the price of certain items increased and remained at higher levels than in 1974. Foodstuffs that fell into this category were dry fish, fresh fish, beef, eggs, potatoes, red onions coriander, tea, coffee, jams and biscuits.

The sub-index for clothing remained unchanged in the first ten months of the year and started to decline from November 1975. The post budget price reductions in clothing, the downward revision of the duties on imported synthetic yarn, and the reduction of the Business Turnover Tax on cotton sarees and cotton cloth contributed to this price decline. The sub-index for fuel and light further increased by 7.3 per cent as a result of the increase in the price of crude oil in October 1975 by the petroleum producing countries. The latter necessitated the increase in the price of kerosene by -/48 cents per gallon. The sub-index for miscellaneous goods increased by 7.6 per cent and this was mainly due to the upward revision of excise duties on tobacco and liquor and price increases for newspapers, blades and tyres and tubes.

Price control and rationing continued to occupy a central place in government's attempt to soften the impact of imported inflation on the consumer. In 1975, price controls were extended to several new items including sewing machines, margarine, toothpaste, sheet glass, infant's cereal foods and powdered milk. The price of rice issued on the ration was reduced from Rs. 2.20 to Rs. 2.00 per measure with effect from November 17, 1975. The latter price change was preceded by government's decision in early October to remove the restrictions on the transportation of rice within the Island. The freeing of the market in paddy and rice made a singular contribution towards a substantial decline in the price of rice and paddy in the deficit areas and boosted up prices in the surplus areas; with the result producers were able to get better prices. The increased availability of rice tended to instill greater confidence in the producer and consumer, and it dissuaded people from hoarding or carrying excessive stocks. The data collected by the Central Bank on an island wide basis shows that the average open market price of rice per measure in October, November and December were Rs. 3.19, 3.36 and 3.44 respectively. This must be compared with the price prevailing at the beginning of the year when in January and February the open market price of rice averaged Rs. 4.50, while the price in certain deficit areas reached Rs. 7.50 per measure. After December 1975, a further decline in the open market price of rice has been recorded.

Changes in the sugar rationing scheme were brought into effect from 31st March 1975, while continuing with the monthly ration of 3/4 lb. of sugar per person at 72 cents per pound, sugar was made freely available to consumers at Rs. 7.50 per pound and later with effect from November 6, 1975 the price was further reduced to Rs. 6/- per pound. In 1975, the controlled price of several commodities were revised upwards mainly to accommodate increasing costs of production. The items affected included monitors, exercise books, asbestos sheet plain sheet glass, umbrellas and shirts. In the price determination of manufactured goods a noteworthy feature has been the active intervention of government in fixing prices. The Ministry of Industries and Scientific Affairs persuaded manufacturers and distributors to reduce prices of a wide range of industrial goods.

Where mutual agreement was not found to be forthcoming, government had no option but to introduce price controls by means of gazette notifications. Two items that fell into this category were toothpaste and margarine.

In 1975, a National Prices Commission was set up. Among its objectives was to protect consumer interests, provide incentives to producers, to ensure reasonable rate of return on capital and to improve the efficiency of public corporations through appropriate pricing policies.

### Employment

Unemployment continues to be a major problem in the economy despite adoption of various programmes for employment promotion. Employment effects of land reforms and those through Divisional Development Councils have not been evaluated. In the context of an increase in the work force by over 2 per cent the rate of employment increase has to be at a higher rate in order to prevent employment situation from deteriorating. In the previous Labour Force Participation Rate survey carried out by the Central Bank in 1973 it was recorded that 17.4 per cent of labour force as unemployed. The rate of unemployment among females was not very much different from that of males. Unemployment was heavily concentrated in the rural areas. Nearly 74 per cent of the unemployed males and 79 per cent of the females were in the rural sector, indicating that 77 per cent of the unemployed resided in the rural sector. The percentage unemployed in the urban sector was 17 per cent and in the estate sector 6 per cent.

The total number of unemployed persons who had registered with the employment exchanges in 1975 was 531,284. Of this number, only some 1,221 or 0.2 per cent of the total were provided employment with the assistance of the employment exchanges. For technical and clerical workers and semi skilled workers the numbers placed in employment were respectively 36.4 per cent and 21.7 per cent lower than in the previous years. On the other hand, for skilled and non skilled workers the numbers placed in employment were 9.6 per cent and 15.7 per cent higher than in the previous years.

### (e) TRADE AND BALANCE OF PAYMENTS

#### Balance of Payments

The provisional data on the balance of payments for 1975 show an adverse trade balance of Rs. 1,421 million. The deficit for 1974 was Rs. 1,263 million and the outturn in 1975 indicates a further worsening of the balance of payments on visible trade. The more adverse trade situation emerges primarily out of a further sharp increase in expenditure on imports. Although in 1975 export earnings rose by over Rs. 500 million to reach Rs. 3,913 million over the level in the previous year, the increase in import payments was even more pronounced. Import expenditure rose appreciably by Rs. 671 million from Rs. 4,663 million in 1974 to Rs. 5,334 million in 1975. Higher import outlays were necessitated on account of several factors. A higher level of rice imports had to be maintained to offset the shortfall in domestic production resulting from a poor paddy harvest. Furthermore, an increase in the price of crude oil meant higher payments for oil imports. The progressive depreciation of the rupee vis a vis several non-sterling

currencies on account of its link to sterling also contributed to a rise in the rupee value of the import bill. This trend still persists as sterling continues to plunge in exchange markets. Export earnings from tea increased appreciably throughout 1975 due to both a higher volume of exports and better prices. Poor tea crops mainly in India and Kenya enabled Sri Lanka to increase her exports substantially without depressing prices. Earnings from rubber and coconut were less favourable than in the preceding year. Both commodities showed reduced levels of earnings, despite large increases in export volumes, mainly due to lower world market prices. The reduced level of earnings from rubber and coconut, were to some extent, offset by a substantial increase in non-traditional exports, particularly precious and semi-precious stones.

Once account is taken of other transactions in the balance of payments of an invisible nature, and after netting private transfers and grants in aid from foreign governments and institutions, the current account deficit of Rs. 1,421 million gets reduced to Rs. 772 million. This indeed follows the pattern in the preceding years where earnings on the invisible account have contributed to offset the trade deficit. Earnings from tourism increased further in 1975 and made a significant contribution to reduce the size of the current account deficit. However, the most important single item contributing to reduce the size of the current account deficit was outright grants which helped to finance nearly 2/5ths of the trade deficit.

Grants in the form of commodities, equipment earmarked for projects and cash are provisionally estimated at Rs. 541 million. This is the highest level of grants received by Sri Lanka since the commencement of the aid programmes. Although in this respect traditional aid giving countries like Canada, Australia and China made substantial commitments in 1975, the larger contributors, however, were the European Economic Community, Sweden and the United Nations Organisations. Grants from the European Economic Community took the form of food, mainly wheat flour, while grants from Sweden consisted of cereals and raw materials for industry. United Nations assistance was in the form of food aid tied to cooperative farm projects and rural works programmes. The sharp increase in the price of oil and oil related products was a major contributory factor for the increase in assistance in the form of grants from donor countries. As one of the most seriously affected countries, Sri Lanka qualified for emergency assistance from the United Nations and the European Economic Community, which set up special funds to provide assistance to countries that fell into this category. To some extent the increase in the grant component of aid is also explained by the trend among certain donor countries to give aid increasingly in the form of outright grants.

The size of the deficit that required financing in 1975 at Rs. 772 million was smaller than in the preceding year which was Rs. 907 million. The relative importance of the non monetary sector and the monetary sector in financing the current account deficit remained approximately the same in 1975 as in 1974. Whereas in 1974, finances from the non monetary sector consisted of short term credits and suppliers' credit and long term aid in equal proportions, in 1975 there was no increased indebtedness on account of short term and suppliers' credits.

On the other hand, the amount of credit falling into the latter category was reduced by Rs. 174 million. Thus in 1975, the bulk of the financing from non monetary sources consisted of long term aid which tended to relieve the pressure on the balance of payments through debts of longer maturity.

In 1975 Sri Lanka received more long term commodity aid and project aid than in any preceding year. Gross inflows rose sharply from Rs. 463 million in 1974 to Rs. 886 million in 1975. This was primarily the outcome of much higher aid pledges by the traditional aid giving countries in the West. It was also due to the more rapid disbursement of the spillover from previous aid pledges and the rapidity with which pledges were processed in 1975. After the repayment of principal on account of past borrowings of this type, long term aid provided support to the balance of payments of approximately Rs. 615 million.

The recorded contribution of the monetary sector to financing the current account deficit was Rs. 326 million, or just over 2/5ths of the deficit. In this category the most important source of finance was the assistance from the International Monetary Fund. Under the Oil Facility, set up in 1974, and extended further in 1975, Sri Lanka was able to obtain assistance amounting to Rs. 272 million. Of this, Rs. 76 million represented the spillover from drawings on the 1974 Oil Facility and the rest comprised one half of the maximum access to the 1975 Oil Facility. The terms and conditions governing the 1975 Oil Facility were somewhat different from those for 1974. Funds for the 1974 Facility were made available automatically, subject only to the establishment of a balance of payments need, but the 1975 Oil Facility required countries to adopt medium term solutions to their balance of payments problems and in making disbursements preference was given to countries with a very low level of external reserves.

Further assistance from the International Monetary Fund was available through the more regular facilities provided by the Fund. An amount of Rs. 110 million was available on account of transactions in the Sri Lanka-China trading arrangements while Central Bank borrowings from banks abroad increased marginally by Rs. 36 million between 1974 and 1975. Since adequate financing from both non monetary and monetary sources was available to meet balance of payments needs, Sri Lanka utilised its external assets only to a very limited extent. The decline of Rs. 55 million in gross external assets occurred mainly as a result of the repayment of a sterling loan of Rs. 78 million raised in the London Money Market in 1953, for which government had in anticipation built up sinking funds. Hence external assets, net of sterling loan sinking funds which were Rs. 835.3 million at the end of 1974 showed only a negligible change at the end of the year under review.

Due to the adverse terms of trade and the need for additional resources to finance development, Sri Lanka has had to increasingly depend on foreign aid. The country cannot continue to depend for a much longer time on external sources of finance, in view of the size of its external debt commitments. It is important that structural changes are rapidly effected in the economy so as to increase export earnings and to reduce its dependence on traditional exports.

## External Debt

The chronic payments imbalance has required the country to rely heavily on foreign finance to meet the deficits in the recent past. Consequently, the outstanding external debt has nearly doubled during the past five years and as a result the service payments on the debt have also been rising rapidly. Given the fact that long term credit is the least harmful form of financing the balance of payments, a noteworthy feature in 1975 was that the entire increase in external debt was on account of long term loans or assistance from the IMF. The outstanding long term debt increased sharply from Rs. 2,936 million in 1974 to Rs. 3,705 million which is an increase of 26.2 per cent. This increase was due to larger inflows of commodity aid and project aid; drawings from the IMF rose by approximately Rs. 360 million under the Oil Facility for 1974 and 1975 and on account of more regular access in the first credit tranche.

In 1975, total debt service payments amounted to Rs. 1,024 million as compared to Rs. 684 million in 1974. The former consisted of Rs. 862 million on repayment of principal and Rs. 162 million of interest payments. The debt service ratio, which is the proportion of foreign exchange earnings on current account absorbed by repayment of principal and interest, meanwhile increased to 22.9 per cent in 1975 from 17.8 per cent in 1974. This is to be expected and runs parallel to the increase in the debt outstanding and was notably due to the higher level of repayments in 1975 on account of suppliers' credits obtained earlier.

## Tourism

Despite the continuation of the recession in industrial countries, for the first time in 1975, since the commencement of the tourist promotion drive in the sixties the tourist arrival figure exceeded the 100,000 mark. Tourist arrivals in 1975 exceeded the figure for 1974 by 18,193 or by 21.4 per cent. This outcome has been helped by tourist arrivals in increasing numbers outside the main tourist season. This expansion in tourist traffic was accompanied by a rise in earnings from tourism from Rs. 94.8 million in 1974 to Rs. 124.0 million or by 30.8 per cent. It will be seen that the rise in earnings from tourism was more than in the preceding years and was mainly due to the increase in the volume of traffic. The latter was due mainly to increasing numbers of tourists coming from new regions such as Japan and Australia in addition to those from the traditional centres of Western Europe and North America. To cater to this increase in traffic a total of 768 rooms were added to the existing accommodation facilities. This was the highest expansion of hotel room capacity witnessed in any single year so far. As a result of the expansion of the trade, employment opportunities in tourism rose markedly. The number of employees in providing direct services to tourists rose by 14.9 per cent from 11,484 in 1974 to 13,190 at the end of 1975.

## Trade

### Exports

As in the previous years, in 1975 too, the trade balance continued to deteriorate. In 1975, in comparison with 1974 there was a further increase in the trade deficit by Rs. 235 million reaching Rs. 1,318 million. This took place

despite a substantial increase of Rs. 462 million in export earnings. Export receipts rose from Rs. 3,472 million in 1974 to Rs. 3,933 million in 1975. However, the import bill showed a very pronounced increase rising by Rs. 697 million to Rs. 5,251 million from Rs. 4,554 million. As a percentage of total export earnings the trade deficit in 1975 increased from 31.2 per cent in 1974 to 33.5 per cent in 1975. The higher level of export earnings in 1975 was almost entirely the outcome of a minor boom in tea exports where both quantities and prices improved appreciably above the respective levels in the preceding year.

Tea exports rose by Rs. 572 million or 42 per cent from Rs. 1,360 million in 1974 to Rs. 1,932 million and accordingly the share of tea in total export earnings thus rose significantly. The quantity of tea exported at 469 million lbs. was the highest level recorded since the year 1967. Tea did exceptionally well in 1975 because it was able to reverse the continued fall in production in the preceding years, fetch better prices, increase the quantity exported and as a result sharply increase export earnings. Other traditional commodities did not fair well. In 1975, rubber exports, fell by Rs. 84 million to Rs. 654 million because prices remained depressed although export quantities increased. Earnings from the three main coconut products and fresh nuts were Rs. 397 million and showed a little change over receipts in 1974. For coconut products, the international market prices for coconut oil and desiccated coconut remained at unsatisfactory levels during the year. For instance, the f.o.b. price of coconut oil fell by nearly 50 per cent, while that of desiccated coconut declined by 45 per cent. On the other hand, earnings from one of the major non traditional exports, gems, increased sharply; receipts rose from Rs. 109 million in 1974 to Rs. 180 million in 1975. Since 1967, there has been an increasing trend in the value of other domestic exports but after the substantial increase of Rs. 497 million in 1974 earnings from other domestic exports declined by Rs. 83 million from Rs. 843 million in 1974 to Rs. 760 million in 1975. The composition of Sri Lanka's exports showed a noticeable shift towards the traditional commodities. The share of the three major products in total exports rose from 72 per cent in 1974 to 76 per cent in 1975. The substantial increase in earnings from tea exports in 1975 pushed up its share in total exports from 39 per cent in 1974 to 49 per cent in 1975, significantly reversing the trend in earlier years for the share of tea in total exports to decline.

In 1975, the performance of nearly all the minor agricultural export products was much less favourable. The fall in export volumes were evident in a large number of minor commodities, for instance, pepper exports fell by 67 per cent, cinnamon chips 77 per cent, cinnamon quills 22 per cent, cloves 23 per cent, coconut shell charcoal 34 per cent, coir fibre bristle and mattress fibre by 41 per cent. Along with this decline, there was a corresponding fall in export earnings. Export earnings from precious and semi precious stones, however, reached very satisfactory levels. Gem exports rose by Rs. 70.7 million to Rs. 180.2 million in 1975. The earnings of the State Gem Corporation from exports were only 5.6 per cent of the total value, while the private sector contribution was 94.4 per cent. In 1975, Japan emerged as the leading buyer of Sri Lanka gems surpassing Hong Kong. The former imported gems from Sri Lanka to the value of Rs. 63.4 million.

Earnings from selected industrial exports rose from Rs. 510 million in 1974 to Rs. 534 million in 1975 or by 5 per cent. This is in contrast to the trend in 1974 when these earnings more than doubled. However, this latter increase in 1974 was due mainly to the increase in the value of exports of petroleum products. In 1975 exports of petroleum products, particularly, marine bunkers and aviation fuel rose by 16 per cent and other industrial exports which recorded high rates of increase were oil-cake, table-ware and other articles, metallic ores and manufactured tobacco. All these exports increased by more than 90 per cent. On the other hand, exports of cement showed a marked decline from Rs. 16 million in 1974 to Rs. 4 million in 1975, since the domestic production fell substantially. Exports of essential oils fell from Rs. 18 million in 1974 to Rs. 7 million in 1975.

### Imports

Since 1969, the total volume of imports has been decreasing quite noticeably, but in 1975 the import volume index rose from 56 to 69, an increase of 23 per cent. This coupled with an increase in the import price index raised the value index for imports from 201 to 230. Rice imports increased by 57 per cent in 1975 mainly due to the severe fall in domestic production. However, the price of imported rice fell slightly. The value of flour imports in 1975 rose substantially from Rs. 856 million in 1974 to Rs. 1,002 million in 1975. As a result, the quantity of flour available for domestic consumption rose from 416,000 tons in 1974 to 467,000 tons in 1975. On the average, in 1975, the price of imported flour was higher than in 1974 by 9 per cent. With regard to sugar, a larger quantity had to be imported in 1975, because sugar supplied by the Sri Lanka Sugar Corporation fell by 30 per cent. Stocks with the Food Commissioner increased from 5,000 tons in 1974 to 22,000 tons at the end of 1975 partly as a result of higher imports and the reduction in the ration. The quantity of sugar made available on ration annually was reduced from 57,000 tons in 1974 to 51,000 tons in 1975 and off ration quantities were reduced from 38,000 tons to 8,000 tons. The total import expenditure on sugar fell sharply on account of lower prices in the latter part of 1975.

### Terms of Trade

The fall in the export price index occurred despite an increase in the export price index for tea and no change in the price index for 20 minor products. The indices for rubber and the three major coconut products fell from 269 to 191 (by 29 per cent) and from 435 to 283 (by 34.9 per cent) respectively. The price index for all exports declined from 213 to 199 or by 6.6 per cent and the index for all imports increased by 17.0 per cent. Sri Lanka's terms of trade which had seen continuing deterioration over the years since 1966, fell further from 58 in 1974 to 46 in 1975, a fall of 20.6 per cent. This is the lowest level reached so far and is indicative of the high economic costs involved in meeting the import bill in the face of relatively low prices for exports. The deterioration in the terms of trade in 1975 was due both to a fall in export prices and an increase in import prices. This was in contrast to the situation in 1974 when the rate of increase in the price of imports was sharper than the rate of increase in export prices. While the change in the price of investment goods has been relatively insignificant the indices for consumer and intermediate goods were higher by 36 and 3.6 per cent respectively.

## Bilateral Trade

The clearing accounts of the countries with which Sri Lanka has bilateral and trade agreements show that Sri Lanka was confronted with a higher unfavourable trade balance of Rs. 291.2 million in 1975 as against a figure of Rs. 182.8 million in 1974. For quite a long time, Sri Lanka's balance of trade with these countries had been favourable owing to the non use of balance lying to Sri Lanka's credit to increase imports at a time when the country was desperately short of foreign exchange. Since last year, this position has changed and is indicative of the effort made to use these trade arrangements to the advantage of Sri Lanka. The value of total exports to trade and bilateral account countries rose from Rs. 641.2 million in 1974 to Rs. 713 million in 1975, an increase of 11.2 per cent. The traditional exports, tea, rubber and coconut products still constitute the bulk of the exports to these countries.

## II. ACCOUNTS AND OPERATIONS OF THE CENTRAL BANK

Financial accounts of the Central Bank for the year 1975 are given in Table 7 in Appendix III. The main changes in comparison with 1974 as at the end of December 1975 were :—

			CHANGE (Rs. Million)
Total Demand Liabilities	..	..	+ 103.1
Currency Circulation	..	..	+ 61.4
Demand Deposits	..	..	+ 1.3
Borrowings Abroad	..	..	+ 40.4
International Reserve	..	..	+ 18.0
Domestic Assets	..	..	+ 91.1
			+ Increase

The Central Bank's rates for Sterling, Indian Rupee and U.S. Dollar at the end of the year were as follows :—

Sterling		T. T. Buying	T. T. Selling
(per 100)	Spot	Rs. 1559 7/8	Rs. 1561 3/8
	Forward	21/32 of a	21/32 of a rupee
	(Upto six months)	rupee per	per month
		month discount	premium against
		against spot	spot
Indian Rupees			
(per 100)	Spot	Rs. 86 1/32	Rs. 86 3/32
	Forward	1/32 of a rupee	1/32 of a rupee
	(Upto six months)	per month	per month
		discount	premium against
		against spot	spot
U.S. Dollars			
(per 100)	Spot	Rs. 770.80	Rs. 771.05
	Forward	Rs. 770.80	-/50 cts. per month
	(Upto three months)		premium against
			spot*

\* Over three months and upto six months on specific application to the Central Bank.

Foreign Exchange transactions of the Central Bank are shown in Table (8) in Appendix III.

The Central Bank's rate of interest on advances against Government Securities and against usance promissory notes relating to commercial and production loans remained unchanged at  $6\frac{1}{2}\%$  per annum. The rate of interest on Central Bank advances to commercial banks against the pledge of usance promissory notes in respect of advances granted to Co-operative Societies to finance the purchase of paddy under the Guaranteed Price Scheme and for the purchase, sale or storage of locally grown agricultural products remained unchanged at  $3\%$  per annum. The rate of interest on Central Bank advances to commercial banks secured by the pledge of usance promissory notes of Co-operative Societies relating to the production of paddy, vegetables and other specified crops continued to be at  $1\frac{1}{2}\%$  per annum, provided that commercial

banks which availed themselves of this facility did not charge more than 8% per annum (subject to a rebate of 3% per annum if payment is made on the due date) from the makers of the promissory notes. The Central Bank's discount rate for Treasury Bills continued to be at 1/8% per annum over the last accepted average tender rate.

### Foreign Currency Notes

The Central Bank continued to purchase from and sell to commercial banks operating in Sri Lanka specified foreign currency notes at prescribed rates.

### Credit Guarantee Scheme

In 1975, the Central Bank guaranteed loans totalling Rs. 107,884,000 granted by commercial banks for the purpose of the cultivation of paddy, vegetables and other specified crops and for tea replanting and tea factory development.

### Medium & Long Term Credit

The rates of interest on refinance loans granted by the Central Bank to credit institutions under the Medium & Long Term Credit Scheme remained unchanged as follows:-

- (a) for the promotion or development of agriculture or industry -  $6\frac{1}{2}$  per cent per annum;
- (b) for the modernisation of tea factories and for construction of new factories where the Tea Controller meets a part of the interest payable on such loans:
  - (i) 6 per cent per annum in respect of local costs;
  - (ii) 8 per cent per annum in respect of foreign exchange costs;
- (c) for the promotion or development of trade, commerce or business -  $7\frac{1}{2}$  % per annum.

Refinance loans totalling Rs. 14,789,000 were granted to credit institutions during the year.

### Currency Issue

At the end of 1975 the total currency circulation stood at Rs. 1,890.4 million which indicates an increase of Rs. 61.4 million as compared with the figure as at the end of 1974. There has been an increase of Rs. 57.8 million in the currency notes circulation and an increase of Rs. 3.6 million in the coins circulation.

### Bank Debits Tax

The Central Bank continued to be responsible for the collection of Bank Debits Tax.

## Compulsory Savings

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.

## Asian Clearing Union

The Central Bank is a participant Bank in the Asian Clearing Union. Operations under the Asian Clearing Union facility commenced on 1st November, 1975.

## Foreign Exchange Entitlement Certificate Scheme

The Central Bank continued to administer the Foreign Exchange Entitlement Certificate Scheme on behalf of the Government.

## Income and Expenditure

The income of the Central Bank for the year amounted to Rs. 165,714,000 and expenditure, including allocation to reserves and provisions for depreciation on the value of land and buildings and office furniture, amounted to Rs. 164,714,000. The net profit of Rs. 1,000,000 was carried to Surplus in terms of Section 39(b) of the Monetary Law Act.

## Bank Supervision

In the year 1975, the Department of Bank Supervision examined eight Commercial Banks under Section 29 (1) of the Monetary Law Act thereby completing the examination of every Commercial Bank in Sri Lanka for the examination period 1974/75.

The Department continued to perform functions connected with the administration of the Bank Debts Tax Act No. 27 of 1970 and inspections of Commercial Banks were carried out for the purposes of verifying the information required to be furnished in the certificates of the Authorised Officer, under Section 15 (1) of the Act.

## Development Finance Department

The Development Finance Department's main responsibility is the appraisal of development projects in respect of which refinance is sought by approved credit institutions from the Central Bank's Medium and Long-Term Credit Fund. The following table sets out the refinance approvals from the Medium and Long-Term Credit Fund of the Central Bank classified according to purpose:-

**Medium and Long-Term Credit Fund-  
Refinance Loans approved in 1975**

<i>Purpose</i>	<i>No. of Projects</i>	<i>Amount Rs. Million</i>
1. Tea Factory Modernization	88	10.3
2. Hotel Projects	4 Rs. 9.7 mn.	
3. Industrial Projects	6 Rs. 3.0 mn.	
4. Poultry Farming	2 Rs. 0.3 mn.	13.0
Total		23.3

As in the past, the majority of the applications for refinance were in respect of loans for installing new machinery and equipment under the Asian Development Bank Tea Factory Modernization Loan Scheme. The Asian Development Bank Tea Factory Modernization scheme, which forms an integral part of the Government's development programme for the tea-industry, came into operation in 1968. A loan of U. S. Dollars 2 million was obtained from the Asian Development Bank to meet the foreign exchange costs of the scheme. This was supplemented by a second loan of U. S. Dollars 3.5 million in 1970. The rupee funds required to finance projects under the scheme are made available to commercial banks and other approved credit institutions from the Central Bank's Medium & Long-Term Credit Fund. During 1975, 88 factory modernization projects involving Rs. 10.3 million were approved for refinance by the Committee administering the scheme.

Refinance amounting to Rs. 9.7 million was also approved for four government approved hotel projects. Of these, two hotels are located at Beruwala while the other two are at Habarana and Negombo. Among the industrial projects refinanced, two were for fruit processing and fruit canning, two for assembly of sewing machines and one each for the manufacture of agricultural equipment and synthetic resin.

Appraisal of loans for which cover was sought from the Credit Guarantee Scheme for the Tea Industry, and work connected with the operation of the scheme were also part of the responsibilities of the Department. The Credit Guarantee Scheme which was instituted in late 1974 on the recommendation of the Central Bank is operated by the Central Bank on behalf of the Government and was designed to assist tea producers who were finding it increasingly difficult to obtain loans for factory investment and tea replanting from the banking system. During 1975 guarantees were approved in respect of loans covering Rs. 1.6 million under this scheme.

In addition to servicing the Committees administering the Tea Factory Modernization Project and the Sri Lanka Fisheries Project, the foreign exchange costs of which are financed by the Asian Development Bank, the Department was also engaged in work connected with implementation of these projects, as well as the Sri Lanka Dairy Development Project which is administered by a Committee chaired by the Director of Plan Implementation and includes the Director of Development Finance of the Central Bank.

The implementation of these projects is vitally dependent on the effective use of credit which is made available by special arrangements with the banks which are in turn provided with refinance facilities from the Medium and Long-Term Credit Fund of the Central Bank. The Central Bank has therefore been alive to the need to train bank cadres in the techniques of project evaluation and end-use supervision when credit is given under these schemes. The Development Finance Department accordingly made arrangements for the Director of National Institute of Bank Management (NIBM), Bombay, to visit Sri Lanka in February, 1975, together with two members of the faculty of this Institute. This visit was specifically arranged by the Central Bank for the purpose of promoting discussions with senior management personnel of the commercial banks as well as the Central Bank, with a view to formulating training programmes for bank officers in Sri Lanka. The intention of the Central Bank was to use the Bankers' Training Institute, which is jointly financed and managed by the Central Bank and the commercial banks, to arrange, organise and conduct training programmes, seminars etc. to make the use of credit more effective. On the basis of these discussions, the visitors agreed to sponsor the visit of a team of senior bank management personnel to India to familiarise themselves with the type of training work undertaken by NIBM and the larger commercial banks in India. The intention of the Central Bank in sponsoring this visit of senior bank management personnel is to make available a pool of specialised know-how for the conduct and management of training programmes in Sri Lanka. The visitors from National Institute of Bank Management (NIBM) also agreed to collaborate with the Bankers' Training Institute in the conduct of planned programmes.

The Department also examined a proposal to set up an export credit guarantee corporation at the invitation of the Export Promotion Secretariat. In this connection two officers of the Department, along with an officer each from the Ministry of Foreign & Internal Trade and the Export Promotion Secretariat visited the Export Credit and Guarantee Corporation Limited of India, for the purpose of studying its operations as a basis for making recommendations on the proposal for the establishment of a scheme of export credit guarantee in Sri Lanka. This visit was financed by the International Trade Centre, Geneva, which is extending assistance to the Government in regard to the proposal to establish an export credit guarantee corporation.

### Government Loan Operations

According to the revised Budget Estimates for the financial year 1975, the budget deficit, estimated at Rs. 2,527 million, was expected to be financed from the sources mentioned below to the extent shown against each:-

Appropriation Act Loans .. ..	Rs. 1,100 million
Commodity Aid Counterpart Fund .. ..	Rs. 791 „
Project Loans and Grants .. ..	Rs. 398 „
Administrative Borrowings .. ..	Rs. 250 „

leading to a cash surplus of Rs. 12 million.

### Appropriation Act Loans.

Since the target initially set for borrowing from non-bank domestic sources under the Appropriation Act was Rs. 900 million, nine loans of Rs. 100 million each were raised by way of loan stock issues under the Registered Stocks and Securities Ordinance in the first instance. However, in view of the upward revision of the target to Rs. 1,100 million and the availability of additional funds with semi-government institutions and agencies, a further issue of stock was made under that Ordinance and it was possible to mobilise, in the aggregate, a sum of Rs. 1,039,105,400 from non-bank domestic sources before the close of the financial year. A classification of the subscriptions to these government rupee loans by investor categories is set out in the table below.

#### Subscriptions to the Government Loan Stock Issues of 1975

Subscribers		Amount (In Rs. Million)	As a percentage
1.	Bank sector ..	—	—
1.1	Commercial banks ..	—	—
2.	Non-bank sector		
2.1	Semi-Government Savings Institutions		
	National Savings Bank ..	257.22	24.8
2.2	Trusts, Benevolent, Pension & Provident Funds:		
	(a) Employees' Provident Fund ..	259.23	24.9
	(b) Others ..	55.01	5.3
2.3	Joint Investment Fund ..	329.46	31.7
2.4	National Housing Sinking Fund ..	4.02	0.4
2.5	Insurance Funds:		
	(a) Insurance Corporation ..	114.80	11.0
	(b) Insurance Companies ..	0.38	..
2.6	Departments ..	8.84	0.9
2.7	Companies ..	0.13	..
2.8	Clubs & Institutions ..	9.08	0.9
2.9	Individuals ..	0.94	0.1
Total ..		1,039.11	100.0

The National Savings Bank, the Employees' Provident Fund, the Insurance Corporation and the Joint Investment Fund are found to have between them subscribed to 92.4% of the total loan stock issue. It may be mentioned that commercial banks are precluded from investing in new loan stock issues in view of the desirability of financing the deficit in a non-expansionary manner.

### Issue of Treasury Bills

The limit to borrowing by Government by way of Treasury Bills has been set at Rs. 2,550 million by a resolution of the National State Assembly of 1972. 07. 21. Treasury Bills may, accordingly, be issued for the borrowing of

sums not exceeding in the aggregate the amount specified in that resolution. Treasury Bills may also be issued to raise sums required to pay off at maturity Treasury Bills issued and outstanding.

In 1975, Treasury Bills to the par value of Rs 8,769.9 million were issued whilst Treasury Bills to the value of Rs. 8,669.9 million were redeemed at maturity. The additional net issue of Rs. 100 million during the course of 1975, together with the issue outstanding of Rs. 2,250 million at the beginning of that year, brought the total Treasury Bill issue outstanding at the end of 1975 to Rs. 2,350 million. A classification of subscribers by investor categories in respect of the Rs. 2,350 million Treasury Bills outstanding is set out in the following table:

**Treasury Bills issued and outstanding at  
the end of 1975 by subscriber categories**

Subscribers	Amount (In Rs. Million)	As a percentage
1. BANK SECTOR		
1.1 Central Bank ..	.. 2,149.050	91.4
1.2 Commercial Banks	.. 51.038	2.2
2. NON-BANK SECTOR		
2.1 Compulsory Savings Fund	.. 143.936	6.4
2.2 Employees' Provident Fund	.. 1.000	
2.3 Trusts, Pension Funds etc.	.. 1.550	
2.4 Insurance Companies	.. 3.116	
2.5 Other Companies	.. 0.145	
2.6 Clubs & Institutions	.. 0.055	
2.7 Individuals ..	.. 0.110	
Total ..	<u>2,350.000</u>	<u>100</u>

### Issue of Tax Reserve Certificates

During the course of 1975, Tax Reserve Certificates in a sum of Rs. 47,824,200 were issued whilst Tax Reserve Certificates in a sum of Rs. 45,916,988 were surrendered of which payment of tax accounted for Rs. 39,666,275 and refund by way of cancellation accounted for Rs. 6,250,713. The net increase in the Tax Reserve Certificate issue was thus Rs. 1,907,212 and the proceeds of the net issue were made available to Government.

### External Finance

Receipts of foreign loans utilised to meet the budget deficit amounted to Rs. 648,409,288 during 1975 of which Rs. 270,250,936 were by way of project loans and Rs. 378,158,352 were by way of commodity loans.

### Administrative Borrowings

The Sri Lanka State Trading (Consolidated Exports) Corporation received an advance payment of U. S. \$. 32 million from the Bank of Melli, Iran, against future tea exports to Iran. The Rupee proceeds of the advance amounting to Rs. 245,023,727 were made available to Government by the Corporation. This sum has been regarded as an administrative borrowing repayable to the Corporation by Government.

### Budgetary Financing

The revised net cash deficit is now provisionally estimated at Rs. 1,800.9 million. This deficit is met as follows:

	Rupees Million
Domestic non-bank loans .. .. .	1,039.1
Domestic short-term borrowing (Treasury Bills and Tax Reserve Certificates) ..	101.1
Administrative Borrowing (Consolexpo Loan) ..	245.0
Foreign Finance (Project and Commodity Loans) ..	648.4
	<hr/> 2,033.6
Add: Grants received .. .. .	425.2
	<hr/> 2,458.8
Less: Capital Repayments .. .. .	767.9
	<hr/> 1,690.9
Add: Central Bank Advance .. .. .	88.1
	<hr/> 1,779.0
Add: Reduction in Cash Balances .. .. .	15.5
	<hr/> 1,794.5
Add: Miscellaneous Loan Items .. .. .	6.4
	<hr/> <u>1,800.9</u>

### REDEMPTION OF PUBLIC DEBT

#### Government Loan Stock Issues

Two loans floated under the Registered Stock and Securities Ordinance for Rs. 9,561,200 and Rs. 60,000,000 were redeemed in 1975. Whilst in the case of the Rs. 9,561,200 loan, a deficit of Rs. 5,668,526.56 in the Sinking Fund was met by the Consolidated Fund, in the case of the Rs. 60,000,000 loan a surplus of Rs. 13,493,617.30 in the Sinking Fund was credited back to government.

#### Government Sterling Loan

A payment of Rs. 37,377,138.34 was made from the Consolidated Fund to meet the deficiency of £ 1,450,824.51 in the Sinking Fund of the £ 5 million, 4% 1973-75 loan which fell due for repayment on 1975.03.17. However, since the Supplementary Sinking Fund and the Rupee Loan Sinking Funds held stock to the value of £ 420,056.88 and £ 850,282.46 respectively in the maturing loan, the short fall, exchange wise, was in a reduced amount of £. 180,485.17.

## Foreign Loans

Capital repayments\* effected during the year 1975 in respect of project and commodity loans were Rs. 81,933,115 and Rs. 111,661,599 respectively aggregating Rs. 193,594,714.

## PAYMENT OF INTEREST ON PUBLIC DEBT

Interest payments\* in 1975 on Public Debt serviced by the Central Bank amounted to Rs. 642,195,363, details of which, according to the kind of debt, are set out below:-

### A. Interest on Domestic Debt.

(1) Rupee Loans	..	Rs. 469,291,609
(2) Administrative Borrowings	..	Rs. 13,907,934
(3) Treasury Bills	..	Rs. 73,483,915
(4) Tax Reserve Certificates	..	Rs. 1,093,205
Sub-total	..	Rs. 557,776,663

### B. Interest on External Debt.

(1) Foreign Loans	..	Rs. 84,418,700
Total	..	Rs. <u>642,195,363</u>

## PUBLIC DEBT OUTSTANDING

The gross Public Debt as at the end of 1975 stood at Rs. 14,564,278,431 of which Rs. 10,859,362,490 was in respect of domestic debt and the balance Rs. 3,704,915,941 was in respect of foreign debt. The net increase in gross Public Debt during 1975 was Rs. 2,184,207,593 and consisted of increases of Rs. 969,544,200 in Rupee Loans outstanding, Rs. 253,007,222 in administrative borrowings, Rs. 192,646,024 in short-term borrowings, Rs. 769,010,649 in foreign loans outstanding and a decrease of Rs. 502 in National Development Bonds outstanding.

\* These do not include the payments for the purchase of FEECs.

### III. PERSONNEL

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1. The Governor, Mr. H. E. Tennekoon, left for Singapore on January 26, 1975 to attend the 10th SEACEN Governors' Conference and returned on February 2, 1975.

2. On February 13, 1975 the Governor left for Nepal, on an invitation extended by the Governor of Nepal Rastra Bank. Also he had official discussions with the Reserve Bank of India and arrived in Sri Lanka on March 3, 1975.

3. On May 15, 1975 the Governor left for South Korea to attend the Seventeenth Session of the Governing Body of the Asian Productivity Organisation. While abroad, he had official discussions with Honkong and Shanghai Banking Corporation in Honkong and returned to the Island on May 24, 1975.

4. On May 29, 1975 the Governor left for London to attend the Commonwealth Central Bank Governors' Conference and thereafter proceeded to Basle to attend the Annual General Meeting of the Bank for International Settlements. The Governor, who is the Chairman of the Asian Clearing Union attended the Directors' meeting of the Asian Clearing Union in Tehran before his return to Sri Lanka on June 19, 1975.

5. The Governor, in his capacity as the Alternate Governor for Sri Lanka of the I. M. F. attended the Annual General Meeting of the International Monetary Fund and the International Bank for Reconstruction and Development. He left Sri Lanka on August 23, 1975 and returned on September 18, 1975.

6. On November 8, 1975 the Governor left for Tehran to attend the 11th SEANZA Council of Governors' Conference and returned to Sri Lanka on November 17, 1975.

7. Mr. C. A. Coorey, Secretary to the Ministry of Finance, ceased to be a member of the Monetary Board with effect from July 1, 1975

8. Dr. L. R. Jayawardena was appointed Secretary to the Ministry of Finance, in place of Mr. C. A. Coorey, with effect from July 16, 1975, and became an ex-officio member of the Monetary Board.

9. Mr. L. B. Abeyaratne, Acting Secretary to the Ministry of Finance, functioned as the official member of the Monetary Board, during the absence of Mr. C. A. Coorey and Dr. L. R. Jayawardena.

10. Dr. S. A. Meegama, Additional Secretary to the Ministry of Planning and Economic Affairs attended the meetings of the Monetary Board during the absence of Dr. H. A. de S. Gunasekera.

11. Dr. Gamani Corea, Deputy Governor, continued to be on service with the UNCTAD as Secretary General.

12. Dr. W. M. Tilakaratna, Deputy Governor, continued to be on service with the International Monetary Fund as Alternate Executive Director.

13. Mr. P. V. M. Fernando, Deputy Governor, was designated Senior Deputy Governor and functioned as Chief Executive Officer of the Bank in terms of Section 24 of the Monetary Law Act during the periods of absence abroad of the Governor, until his retirement from Bank service.

14. Dr. W. Rasaputram, Assistant to the Governor, was appointed Deputy Governor with effect from April 16, 1975. Dr. Rasaputram was designated Senior Deputy Governor and functioned as Chief Executive Officer of the Bank in terms of Section 24 of the Monetary Law Act during the periods of absence abroad of the Governor.

15. Mr. H. L. D. Selvaratnam, Assistant to the Governor, was appointed Deputy Governor with effect from August 20, 1975.

16. Mr. E. Eramudugolla, Director of Establishments, Mr. K. Kanagasabapathy, Controller of Exchange and Mr. D. R. Siriwardene, Superintendent of Public Debt, were appointed Assistants to the Governor with effect from August 25, 1975.

17. Mr. J. G. P. Jayasundera, Director of Development Finance and Mr. C. H. Fernando, Superintendent of Employees' Provident Fund, were appointed Advisers with effect from August 25, 1975.

18. During the year under review, the following officers retired from Bank service.

- |                          |  |
|--------------------------|--|
| Mr. P. V. M. Fernando    | - Deputy Governor-October 9, 1975.                 |
| Mr. A. C. P. Gunasekera  | - Assistant to the Governor-October 9, 1975.       |
| Mr. L. W. A. Weerasekera | - Secretary-November 22, 1975.                     |
| Mr. A. D. Mortimer       | - Additional Controller of Exchange-June 21, 1975. |

19. Mr. N. Kathirgamatamby, Deputy Superintendent of Employees' Provident Fund, was appointed Acting Superintendent of Public Debt with effect from August 25, 1975.

20. Mr. V. K. Wickramasinghe, Deputy Director of Development Finance, was appointed Acting Director of Development Finance with effect from August 25, 1975.

21. Mr. T. G. Punchiappuhamy, Additional Deputy Director of Establishments was appointed Acting Director of Establishments with effect from September 2, 1975, on his reverting to the Bank service from service in the Gem Corporation. He, however, continued to be on part-time release to the State Gem Corporation.

22. Dr. A. G. A. D. Perera, Manager Data Processing Division, was appointed Acting Superintendent of Employees' Provident Fund, with effect from September 2, 1975.

23. Mr. V. S. Subramaniam, Deputy Chief Accountant, was appointed Acting Additional Director of Bank Supervision with effect from September 2, 1975.

24. Mr. A. S. Jayawardena, Deputy Director of Economic Research, was appointed Acting Secretary with effect from September 2, 1975.

25. Dr. K. S. E. Jayatillake, Deputy Director of Economic Research, was appointed Acting Additional Director of Economic Research with effect from September 2, 1975. In addition, he was appointed to be in charge of the Data Processing Division with effect from September 22, 1975.

26. Mr. P. C. Munasinghe, Deputy Controller of Exchange, was appointed Acting Additional Controller of Exchange with effect from September 2, 1975, and thereafter as Acting Controller of Exchange, with effect from November 1, 1975.

27. Mr. H. M. R. Ellepola, who was released to the Treasury reverted to Bank service with effect from November 11, 1975.

28. Dr. T. W. Y. Ranaweera was released to the Treasury with effect from November 15, 1975.

29. Mr. D. M. Muthubanda was released to the Ministry of Finance with effect from October 6, 1975.

30. Messrs. S. Rajalingam, S. Easparathan and Dr. L. E. N. Fernando were released on a part-time basis to the Treasury as from October 1975.

31. Mr. V. K. Wickramasinghe, Acting Director, Development Finance, was released for service with the ESCAP for a period of 3 months with effect from October 19, 1975.

32. During the year under review, the following officers of the Central Bank continued to be under release full-time to the Government.

Mr. P. B. Karandawela ... Ministry of Shipping & Tourism

Mr. P. M. Hassan ... Ministry of Foreign & Internal Trade

## APPENDIX I

EXTRACT OF LAWS AND BY-LAWS OF THE NATIONAL STATE  
OF MALAYA WHICH RELATE TO THE MONETARY AND  
FINANCIAL OF THE CENTRAL BANK AND BANKING INSTITUTIONS

	Page
1- Extract from the Declaration of Assets and Liabilities Law, No. 1 of 1975	(i)
2- National Provident Fund (Central Provident Fund) Law, No. 6 of 1975	(ii)
3- Foreign Companies (Special Provisions) Law, No. 3 of 1975	(iii)
4- State Mortgage and Investment Bank Law, No. 13 of 1975	(iv)
5- Extract from the Island Revenue (Amendment) Law, No. 13 of 1975	(v)
6- Extract from the Companies (Amendment) Law, No. 11 of 1975	(vi)
7- Ceiling on Assets and Liabilities (Amendment) Law, No. 22 of 1975	(vii)
8- Stamp (Amendment) Law, No. 23 of 1975	(viii)
9- Bank Debt Tax (Amendment) Law, No. 24 of 1975	(ix)
10- Land Revenue (Amendment) Law, No. 25 of 1975	(x)
11- Capital Free and Unpaid Public Corporation Law, No. 26 of 1975	(xi)
12- Securities (Control of Prices) (Amendment) Law, No. 27 of 1975	(xii)
13- Corporation Law, No. 28 of 1975	(xiii)

## APPENDICES

1. Mr. J. B. ...  
2. Mr. ...  
3. Mr. ...  
4. Mr. ...  
5. Mr. ...  
6. Mr. ...  
7. Mr. ...  
8. Mr. ...  
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## APPENDIX I

EXTRACT OF MAJOR LEGAL ENACTMENTS OF THE NATIONAL STATE  
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# APPENDIX I

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## EXTRACTS FROM THE DECLARATION OF ASSETS AND LIABILITIES LAW, No. 1 of 1975

5. (2) The Attorney-General, the Director of Public Prosecutions, the Bribery Commissioner, the Commissioner of Inland Revenue and the Head of the Department of Exchange Control shall have the right to call for and refer to any declaration of assets and liabilities.

7. (1) Any person may, by a communication in writing signed by him and addressed to an appropriate authority, draw the attention of such authority to any recent acquisitions of wealth or property or to any recent financial or business dealings or to any recent expenditures by any person to whom this Law applies, which to the knowledge of the person making such communication is not commensurate with the known sources of wealth and income of such person to whom this Law applies.

(2) Upon receipt of a written communication under subsection (1), the appropriate authority, if he is satisfied that such communication is genuine and that the communication discloses material upon which an investigation ought to be made, shall make such investigation as may be necessary for the purpose of deciding upon all or any of the following matters:-

- (a) prosecution or other suitable action under the provisions of the Bribery Act or the law relating to Exchange Control or Inland Revenue; or
- (b) prosecution under this or any other law, and where such appropriate authority finds that a written communication received by him should be dealt with by any other appropriate authority, he may forward such communication to such other authority.

(3) Any appropriate authority, upon deciding to investigate the material in any communication received under this section, may call for and examine the declaration of assets and liabilities made under this Law, and may summon and question or cause to be summoned and questioned the person making the communication and shall cause investigations to be made and concluded as expeditiously as possible and in any case before the lapse of a period of six months from the date of the receipt of such written communication.

(6) In this section, "appropriate authority" shall mean the Attorney-General, the Director of Public Prosecutions, the Bribery Commissioner, the Commissioner of Inland Revenue, the Head of the Department of Exchange Control and the Principal Collector of Customs.

8. (1) Except in the performance of his duties under this Law, a person shall preserve and aid in preserving secrecy with regard to all matters relating to the affairs of any person to whom this Law applies, which may come to his

knowledge in the performance of his duties under this Law, and shall not communicate any such matter to any person other than the person to whom such matter relates, or suffer any unauthorized person to have access to any papers or records which come into his possession in the performance of his duties under this Law.

(2) Every person who is required to preserve and aid in preserving secrecy under the provisions of subsection (1) shall take and subscribe before a Justice of the Peace an oath of secrecy in such form as may be prescribed.

(3) Any person required to preserve and aid in preserving secrecy under the provisions of subsection (1) shall not be required to produce in any court any declaration of assets and liabilities or any other document relating thereto, or to divulge or communicate to any court any matter or thing coming to his notice in the performance of his duties under this Law, except as may be necessary for proceedings instituted or to be instituted under, or for the purpose of carrying into effect the provisions of, this Law or the Bribery Act, the Exchange Control Act, into the Inland Revenue Act, No. 4 of 1963, or the Customs Ordinance.

(4) Any person who contravenes the provisions of this section shall be guilty of an offence and shall, upon conviction after trial before a Magistrate, be liable to a fine not exceeding two thousand rupees or to a term of imprisonment of either description not exceeding two years or to both such fine and imprisonment.

## EMPLOYEES' PROVIDENT FUND (SPECIAL PROVISIONS) LAW, No. 6 of 1975

A LAW TO PROVIDE FOR A UNIFORM SCHEME OF SUPERANNUATION BENEFITS FOR ALL EMPLOYEES IN THE PRIVATE SECTOR, AND FOR MATTERS INCIDENTAL THERETO OR CONNECTED THEREWITH.

1. This Law may be cited as the Employees' Provident Fund (Special Provisions) Law, No. 6 of 1975, and shall come into operation on such date as the Minister may appoint by Order published in the *Gazette* (hereinafter referred to as the "appointed date").

2. (1) No person who, on or after the appointed date, becomes an employee in any covered employment shall, for the purpose of securing any superannuation benefits, be a member of, or pay a contribution to, any provident fund, pension fund or any other superannuation fund or scheme, other than the Employees' Provident Fund established under the Employees' Provident Fund Act, No. 15 of 1958.

(2) No person who, on or after the appointed date, employs any other person in any covered employment shall for the purpose of providing superannuation benefits to such employee, pay a contribution, in respect of such employee,

to any provident fund, pension fund or any other superannuation fund or scheme other than the Employees' Provident Fund established under the Employees' Provident Fund Act, No. 15 of 1958.

3. No person who on or after the appointed date employs any other person in any covered employment shall establish any provident fund, pension fund or any other superannuation fund or scheme for the purpose of providing superannuation benefits to his employees.

4. (1) The Minister may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Law.

(2) Every regulation made by the Minister shall be published in the Gazette and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.

(3) Every regulation made by the Minister shall, as soon as convenient after its publication in the Gazette, be brought before the National State Assembly for approval. Any regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval, but without prejudice to anything previously done thereunder.

(4) Notification of the date on which any regulation made by the Minister is so deemed to be rescinded shall be published in the Gazette.

(5) Any regulation made by the Minister shall when approved by the National State Assembly be as valid and effectual as if it were herein enacted. Notification of such approval shall be published in the Gazette.

5. (1) Every person who contravenes or fails to comply with any provision of this Law or any regulation made thereunder or any order or direction lawfully given under this Law shall be guilty of an offence under this Law.

(2) Every person who commits an offence under this Law shall on conviction after trial before a Magistrate be liable to imprisonment of either description for a period not exceeding six months or to a fine not exceeding one thousand rupees or to both such imprisonment and fine.

(3) Where an offence under this Law is committed by a body of persons, whether corporate or unincorporate, every person who at the time of the commission of the offence was a director, general manager, secretary or other similar officer of such body of persons, and where such body of persons is a firm every partner of that firm shall be deemed to be guilty of that offence unless he proves that the offence was committed without his consent or connivance and that he exercised all such diligence to prevent the commission of that offence as he ought to have exercised having regard to the nature of his functions and in all the circumstances.

6. The provisions of this Law shall have effect notwithstanding anything contained in any other written law, award, collective agreement or other arrangement, and accordingly in the event of any conflict or inconsistency between the

provisions of this Law and such other law, award, collective agreement or other arrangement, the provisions of this Law shall prevail over such other law, award, collective agreement or other arrangement.

7. In this Law, unless the context otherwise requires, "covered employment" and "employee" shall have the same meanings respectively as in the Employees' Provident Fund Act. No. 15 of 1958.

## FOREIGN COMPANIES (SPECIAL PROVISIONS)

### LAW, No. 9 of 1975

A LAW TO MAKE SPECIAL PROVISIONS RELATING TO TAXES AND OTHER LEVIES IN CASES WHERE ASSETS AND LIABILITIES OF COMPANIES INCORPORATED OUTSIDE SRI LANKA ARE, IN CONSEQUENCE OF THE OPERATION OF THE COMPANIES (SPECIAL PROVISIONS) LAW, NO. 19 OF 1974, TRANSFERRED TO COMPANIES INCORPORATED IN SRI LANKA AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Law may be cited as the Foreign Companies (Special Provisions) Law, No. 9 of 1975.

2. (1) Where in consequence of the operation of the Companies (Special Provisions) Law, No. 19 of 1974, any undertaking carried on in Sri Lanka by any company registered or incorporated outside Sri Lanka (hereinafter in this Law referred to as the "foreign company") and the assets and liabilities in Sri Lanka of the foreign company in respect of that undertaking are transferred at the book value on or before the relevant date to any Sri Lanka company, and where the aggregate of—

(a) the nominal value of the shares in the Sri Lanka company allotted, in consequence of the transfer, to the foreign company or to the foreign company and to not more than nine nominees of the foreign company each such nominee being a person holding not more than one share in trust for the foreign company; and

(b) any capital reserve created in the Sri Lanka company in consequence of the transfer,

is not less than the excess of the book value of such assets over the book value of such liabilities, the provisions of this Law shall apply in respect of—

- (i) the foreign company and the Sri Lanka company.
- (ii) the shares allotted at the first allotment of shares made, by the Sri Lanka company to the foreign company and to the aforesaid nominees of the foreign company, in consideration of the transfer to the Sri Lanka company of the assets and liabilities of the foreign company, and
- (iii) the assets and liabilities transferred to the Sri Lanka company.

(2) For the purposes of subsection (1)— “book value” —

(a) with reference to any assets of a foreign company consisting of any one or more of the following, namely, goodwill, land, buildings, plant, machinery, fixtures, equipment, shares, debentures and securities and transferred to a Sri Lanka company—

(i) where the value of such assets is, in the opinion of the Commissioner-General of Inland Revenue, ascertainable from the balance sheet of the company for the last day of the accounting year of the company ending on any date in the calendar year 1973, means the value of those assets as ascertained from that balance sheet—

(a) after making any adjustments in respect of actual additions to or sales of, or in respect of allowances for the depreciation or loss of, such assets occurring after the date of such balance sheet and before the transfer of those assets to the Sri Lanka company, and

(b) after excluding such part of the value of those assets as are attributable to their revaluation unless the Commissioner-General of Inland Revenue has approved the inclusion of such part,

(ii) where the value of such assets is, in the opinion of the Commissioner-General of Inland Revenue, not ascertainable from such balance sheet, means an amount determined in the manner specified by such Commissioner-General;

(b) when used in relation to any such assets of the foreign company as are not specified in paragraph (a), means the value shown in the books of account of the foreign company as the value of such assets on the date of transfer of those assets to the Sri Lanka company; and

(c) when used in relation to any liabilities of the foreign company, means the amounts shown in the books of account of the foreign company as the amounts of such liabilities on the date of transfer of such liabilities to the Sri Lanka company;

“relevant date”—

(a) in the case of any foreign company which is not an “exempted company” within the meaning of the Companies (Special Provisions) Law, No. 19 of 1974, means the “appointed date” within the meaning of that Law, and

(b) in the case of a foreign company which is an “exempted company” within the meaning of the Companies (Special Provisions) Law, No. 19 of 1974, means the date on or before which the direction of exemption under that Law in respect of that company ceases to be in force.

3. Notwithstanding anything to the contrary in any other written law—

(a) the foreign company shall be exempt from the payment of stamp duty—

(i) on any instrument which is executed by, or on behalf of or in favour of, the foreign company in connection with the transfer of its business, assets and liabilities to the Sri Lanka company and on which but for the exemption granted by this provision, the foreign company would be liable to pay the stamp duty, and

(ii) on the transfer by the foreign company to any of its shareholders of any shares held in the Sri Lanka company by the foreign company if such transfer is made within twelve months after the allotment of the shares to the foreign company by the Sri Lanka company and if the shares are transferred to such shareholders in the same proportion in which such shareholders held shares in the foreign company immediately prior to such transfer; and

(b) the Sri Lanka company shall be exempt from the payment of stamp duty—

(i) on any instrument which is executed by, or on behalf of, or in favour of, the Sri Lanka company in connection with the transfer to the Sri Lanka company of the business, assets and liabilities of the foreign company and on which but for the exemption granted by this provision, the Sri Lanka company would be liable to pay the stamp duty, and

(ii) on the share certificates relating to the shares in the Sri Lanka company allotted to the foreign company and to not more than nine nominees of the foreign company each nominee holding not more than one share in trust for the foreign company.

4. The provisions of section 58 of the Finance Act, No. 11 of 1963, shall not apply to—

(a) the transfer by the foreign company of shares in the Sri Lanka company to persons who are shareholders in the foreign company if such transfer is made within twelve months after the allotment of the shares to the foreign company by the Sri Lanka company and if the shares are transferred to such shareholders in the same proportion in which such shareholders held shares in the foreign company immediately prior to such transfer, and

(b) the transfer of any share in the Sri Lanka company held in trust for the foreign company by a nominee of the foreign company to any other nominee of that foreign company to be held in trust for the foreign company.

5. The Inland Revenue Act, No. 4 of 1963, in its application to the foreign company, and to the Sri Lanka company in connection with or in relation to but only in connection with or in relation to, any matter arising out of the transfer

by the foreign company of its business, assets and liabilities in Sri Lanka to the Sri Lanka company shall have effect subject to the modifications set out hereunder, that is to say—

(A) in respect of the foreign company—

- (1) no deduction under section 10 of that Act shall be allowed in respect of any sum given by the foreign company to the Sri Lanka company for the payment of any gratuity, pension or other benefit by the Sri Lanka company to any employee for services rendered by him to the foreign company;
- (2) no account shall be taken of any capital gains or capital losses of the foreign company arising from—
  - (a) the transfer of its business and property to the Sri Lanka company, or
  - (b) the transfer by the foreign company to any of its shareholders of any shares in the Sri Lanka company if the transfer of such shares is made within twelve months after the allotment of shares to the foreign company by the Sri Lanka company and if such shares are transferred to the shareholders in the same proportion in which such shareholders held shares in the foreign company immediately prior to such transfer;
- (3) in relation to the transfer of any plant, machinery, fixtures or building to the Sri Lanka company by the foreign company such of the provisions of section 10 of that Act as ordinarily are applicable upon such transfer shall have no application to the foreign company;
- (4) the provisions of section 15 (3) of that Act shall have no application; and

(B) in respect of the Sri Lanka company—

- (1) that company shall, for the purpose of ascertaining its profits and income, be entitled to deduct—
  - (a) the preliminary expenses including conveyance expenses incurred in connection with the formation of the company;
  - (b) any sum paid to an employee as pension, gratuity or other benefit for services rendered by him to the foreign company; and
  - (c) where more than fifty per centum of the shares in that company are held by the foreign company or by such shareholders in the foreign company as are not citizens of Sri Lanka or by both, the expenses incurred by the Sri Lanka Company in respect of the visit to Sri Lanka once in

every year by one director of the Sri Lanka company who is not resident in Sri Lanka in connection with the production of the profits or income from the trade or business carried on by the Sri Lanka company;

(2) for the purpose of computing the capital gain or the capital loss of the Sri Lanka company arising from the change of ownership of any property previously transferred to that company by the foreign company—

(a) the value of such property at the time of its acquisition by the Sri Lanka company shall—

(i) where such property is property in respect of which a deduction for depreciation has been allowed under section 10 of that Act to the foreign company, be the amount which under sub-paragraph (xi) of paragraph (j) of subsection (4) of section 3 of that Act would have been the value of such property at the time of its acquisition by the foreign company, had the foreign company been the owner of such property immediately before the occurrence of the change of ownership, and

(ii) where such property is not any property referred to in sub-paragraph (i), be the amount which under such of the other provisions of paragraph (j) of subsection (4) of section 3 of that Act as are relevant to the case would have been the value of such property at the time of its acquisition by the foreign company, had the foreign company been the owner of such property immediately before the occurrence of the change of ownership; and

(b) any expenditure which was previously incurred by the foreign company in respect of such property and which the foreign company would have been entitled to deduct had the foreign company been the owner of such property immediately before the occurrence of the change of ownership shall be an expenditure which the Sri Lanka company shall be entitled to deduct;

(3) for the purpose of the application of the provisions of section 10 of that Act to the Sri Lanka company in relation to any such plant, machinery, fixtures or building transferred to that company by the foreign company, the Sri Lanka company and the foreign company shall be treated as one and the same company and accordingly—

- (a) no deduction under paragraph (h) of subsection (1) of section 10 of that Act for depreciation by wear and tear of any such plant, machinery or fixtures (transferred to the Sri Lanka company by the foreign company) shall be allowed to the Sri Lanka company;
  - (b) any deduction previously made under the provisions of that section by the foreign company in respect of any such plant, machinery or fixtures shall be treated as a deduction made by the Sri Lanka company;
  - (c) where the Sri Lanka company sells, discards, or otherwise disposes of, or otherwise ceases to be the owner of, such plant, machinery, fixtures or building the provisions of that section shall apply to the Sri Lanka company in respect of such plant, machinery, fixtures or building in the same manner and to the same extent as those provisions would have applied to the foreign company if the foreign company had been the owner of such plant, machinery, fixtures or building immediately before the occurrence of the sale, discard or other disposal or cessation of ownership;
  - (d) in the event of the repair or renewal by the Sri Lanka company of any such plant, machinery, fixtures or building that company shall be entitled to make in respect of the repair or renewal the same deduction the foreign company would have been entitled to make if the repair or renewal had been effected by the foreign company; and
  - (e) for the purpose of calculating the written-down value of any such plant, machinery or fixtures the cost to the Sri Lanka company of such plant, machinery or fixtures shall be the written-down value of such plant, machinery or fixtures at the time of the transfer of such plant, machinery or fixtures to the Sri Lanka company;
- (4) any loss (including any capital loss) which was incurred by the foreign company in respect of which a deduction could have been made by that company if it had not transferred its business to the Sri Lanka company shall be treated as a loss incurred by the Sri Lanka company and accordingly the Sri Lanka company shall be entitled to make in respect of that loss any deduction which the foreign company could have made under that Act had it not transferred its business:
- (5) any amount in respect of which a deduction could have been made by the foreign company under section 15 (4) of that Act if it had not transferred its business to the Sri Lanka company shall be treated as an amount in respect of which the Sri Lanka company shall be entitled to make a deduction.

6. (1) The Sri Lanka company shall be liable to do all such acts, matters and things as the foreign company would have been liable to do under any written law administered by the Commissioner-General of Inland Revenue.

(2) The Sri Lanka company shall be chargeable with, and shall be liable to pay, any tax or other dues which the foreign company is chargeable with or liable to pay under any written law administered by the Commissioner-General of Inland Revenue in respect of any period prior to the transfer of its business.

7. (1) The provisions of the Tea and Rubber Estates (Control of Fragmentation) Act, No. 2 of 1958, and of the Estates (Control of Transfer and Acquisition) Act, No. 2 of 1972, shall not apply to the transfer of ownership, made by a foreign company to a Sri Lanka company, of a tea or rubber estate within the meaning of the Tea and Rubber Estates (Control of Fragmentation) Act, No. 2 of 1958, or as the case may be, of an estate within the meaning of the Estates (Control of Transfer and Acquisition) Act, No. 2 of 1972.

(2) In this section "transfer of ownership"—

- (a) in relation to a tea or rubber estate within the meaning of the Tea and Rubber Estates (Control of Fragmentation) Act, No. 2 of 1958, has the same meaning as in that Act; and
- (b) in relation to an estate within the meaning of the Estates (Control of Transfer and Acquisition) Act, No. 2 of 1972, has the same meaning as in that Act.

8. For the purposes of this Law, unless the context otherwise requires,—

"Commissioner-General of Inland Revenue" means the Commissioner-General of Inland Revenue appointed for the purposes of the Inland Revenue Act, No. 4 of 1963, and includes any such Commissioner of Inland Revenue or Deputy Commissioner of Inland Revenue as is specially authorized by the Commissioner-General of Inland Revenue either generally or for some specific purpose to act on his behalf;

"Sri Lanka company" means—

- (a) any company (other than a private company within the meaning of the Companies Ordinance) which is incorporated in Sri Lanka on or after June 19, 1974, or
- (b) any company—
  - (i) which is incorporated in Sri Lanka prior to that date,
  - (ii) which, in the case of the transfer to it of the undertaking carried on by one foreign company, has on that date a share capital held entirely by that foreign company or by any nominee or nominees of that foreign company, and in the case of the transfer to it of undertakings carried on by two or more foreign companies, has

on that date a share capital held entirely by such foreign companies or by their nominees where the entirety of the share capital of which foreign companies is held by a company incorporated outside Sri Lanka,

- (iii) which is, on the date of transfer to it of the undertaking, not a private company within the meaning of the Companies Ordinance.

## STATE MORTGAGE AND INVESTMENT BANK LAW

No. 13 of 1975

A LAW TO PROVIDE FOR THE ESTABLISHMENT OF THE STATE MORTGAGE AND INVESTMENT BANK WITH THE OBJECT OF CARRYING ON, AMONGST OTHER ACTIVITIES, THE BUSINESS PRESENTLY CARRIED ON UNDER THE CEYLON STATE MORTGAGE BANK ORDINANCE AND THE AGRICULTURAL AND INDUSTRIAL CREDIT CORPORATION ORDINANCE, FOR THE REPEAL OF THOSE ORDINANCES AND TO MAKE PROVISION FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

1. This Law may be cited as the State Mortgage and Investment Bank Law, No. 13 of 1975, and shall come into operation on such date as may be appointed by the Minister by Order published in the *Gazette* (in this Law referred to as the "appointed date").

### PART I

#### ESTABLISHMENT

2. (1) There shall be established a bank which shall be called the State Mortgage and Investment Bank (hereinafter referred to as the "Bank"), and which shall consist of the persons who are for the time being members of the Bank under section 3.

(2) The purpose of the Bank shall be to assist in the development of agriculture, industry and housing, by providing financial and other assistance in accordance with the provisions of this Law.

(3) The Bank shall be a body corporate having perpetual succession and a common seal and shall under the above-mentioned name be capable of suing and being sued; and shall subject to the provisions of this Law be capable of acquiring, holding, and alienating property movable and immovable and of doing all such acts and things as bodies incorporate may do and perform.

3. The members of the Board of Directors shall be the members of the Bank.

4. The head office of the Bank shall be in Colombo. Such branch offices of the Bank as the Board considers necessary may be established by the Board.

5. The Bank shall be conducted and managed in accordance with the provisions of this Law to the exclusion of the provisions of the Companies Ordinance and any other law specially governing banks.

6. Subject to the provisions of this Law, the Bank is authorized to carry on and transact the several kinds of business specified in section 31.

## PART II

### MANAGEMENT

#### BOARD OF DIRECTORS

7. The general supervision, control and administration of the affairs and business of the Bank shall be entrusted to a Board of Directors (hereinafter referred to as the "Board"), consisting of five fit and proper persons appointed by the Minister. One of the persons so appointed shall be a representative of the Ministry in charge of the subject of Agriculture and Lands.

8. The Board may exercise all such powers and do all such acts and things as may be necessary for carrying on the business of the Bank.

9. No act or proceeding of the Board shall be invalid by reason only of the existing of any vacancy among the directors, or any defect in the appointment of a director.

10. Every director shall ordinarily be appointed for a term of three years and he shall hold office for that period unless he dies, retires, or is removed or disqualified earlier.

11. A director may be remunerated out of the funds of the Bank in such manner and at such rates as the Minister may determine.

12. (1) The Minister may, without assigning any reason, remove a director from office.

(2) No person shall be appointed to the office of director who—

(a) has been adjudicated an insolvent; or

(b) is of unsound mind or has been convicted of an offence and sentenced to imprisonment without the option of a fine.

(3) A person appointed to the office of director shall become disqualified to retain his office and shall *ipso facto* cease to be a director if—

(a) he is adjudicated an insolvent, or assigns his estate for the benefit of his creditors, or enters into a deed of arrangement with his creditors or makes an assignment of his remuneration for their benefit; or

(b) he is of unsound mind or is convicted of an offence and sentenced to imprisonment without the option of a fine; or

(c) he is absent without leave from the Minister from all the meetings of the Board during any three consecutive months:

Provided that a director becoming disqualified to retain his office and *ipso facto* ceasing to be a director under paragraph (c) shall not thereby be deemed ineligible for reappointment.

(4) No member of the National State Assembly shall be appointed to or retain the office of director.

13. (1) When a director ceases to hold office by reason of the expiry of the period for which he was appointed, the Minister shall make a new appointment. The retiring director shall be eligible for reappointment if not otherwise disqualified.

(2) If a director ceases to hold office before the expiry of the period for which he was appointed, the Minister shall make a new appointment for the remainder of the period for which such director would have held office.

(3) Where a director is granted leave of absence the Minister may make a new appointment for the period for which such director is granted leave.

14. (1) The Minister shall appoint from among the directors the Chairman of the Board. The Chairman shall preside at every meeting of the Board at which he is present and shall have a second or casting vote in all cases of an equality of votes. In the absence of the Chairman, the directors present at a meeting shall choose one of their number to preside who shall for that meeting have all the powers of the Chairman including the right to a casting vote.

(2) Where a director who has been appointed the Chairman of the Board, is granted leave of absence for any period, the Minister shall make a new appointment, from among the directors, of a Chairman for that period.

15. (1) A meeting of the Board shall be held at least once a month or oftener if the Chairman deems it necessary.

(2) The Chairman shall upon a written requisition of two directors call a special meeting. No such special meeting shall be held unless four days' notice specifying the time of such meeting and the purpose for which it is to be held has been given by written or printed notice to every director.

(3) If it appears to the Minister that any director is temporarily unable to discharge the duties of his office on account of ill health, absence from Sri Lanka or for any other cause or reason whatsoever, the Minister may appoint any other person to act in place of such director.

(4) Subject to the provisions of this Law, the procedure to be followed at meetings of the Board shall be as determined by rules made under this Law or, in the absence of such rules, as may be determined by the Board.

16. Three members shall constitute a quorum at any meeting of the Board and all acts authorized or required to be done by the Board shall be decided by a majority of directors present and voting at a meeting at which a quorum is present:

Provided that when only three members are present no loan exceeding twenty-five thousand rupees shall be sanctioned except by a unanimous resolution.

17. A director who, or whose spouse or dependent child, is directly or indirectly interested in any business transacted or proposed to be transacted by the Board shall disclose the nature of such interest at the meeting of the Board where such business is discussed. The disclosure shall be recorded in the minutes of the Board, and such director shall not take part in any deliberation or decision of the Board with respect to that business, and shall withdraw from such meeting while such deliberation is in progress or decision is being made.

18. Minutes of the proceedings of every meeting of the Board shall be regularly drawn up and fairly entered in books to be kept for the purpose, and the books shall be so kept as to show properly tabulated details of the business transacted at such meeting. The minutes of the proceedings of each meeting shall be submitted at the next ensuing meeting, and if they are then passed as correct they shall be confirmed by the signature of the person presiding thereat, and shall thereafter be *prima facie* evidence of the proceedings of which they are a record.

19. The minister may, after consultation with the Board, give to the Board general or special directions in writing as to the transaction of the business of the Bank and the Board shall give effect to such directions.

#### OFFICERS OF THE BANK

20. (1) The Board shall appoint a General Manager to the staff of the Bank on such salary and with such allowances as may be fixed by the Board.

(2) The General Manager shall be the chief executive officer of the Bank, and all acts which are directed by this Law to be done by the Bank or the Board may unless the contrary intention appears from the context, be done by the General Manager if he is specially or generally authorized in writing thereto by the Board.

(3) The General Manager shall function as the Secretary to the Board and shall attend and take part in every meeting of the Board unless the Board otherwise directs, but he shall have no right to vote.

21. For the purpose of carrying out the provisions of this Law, the Board may appoint such employees as the Board considers necessary. The Board may also, from time to time, fix and alter the salaries and allowances of such employees.

22. The Board may, from time to time, appoint any duly qualified person firm or incorporate or unincorporate body to act as legal, economic, financial or technical advisers and a panel of valuers to the Bank, and such persons shall be remunerated in accordance with such scale of fees as may be prescribed.

23. The Board may appoint any bank or any person as its agent in Sri Lanka or elsewhere to do any act on its behalf which it is authorized to delegate to another and it may enter into an agreement with such agent as to the duties to be performed and the remuneration therefor.

## GENERAL

24. Every employee of the Bank other than a member of any class of employees exempted by the Board, shall furnish security to the satisfaction of the Board for the due and faithful performance of his duties.

25. No director and no employee of the Bank shall be liable, either civilly or criminally, in respect of anything which he may have done or may have omitted to do when acting in good faith in pursuance or in supposed pursuance of his powers under this Law.

26. Every director, General Manager, auditor, secretary, adviser or other employee of the Bank shall be indemnified by the Bank from all losses and expenses incurred by him in or about the discharge of his duties, other than such and losses expenses as the Board may deem to have been occasioned by his misconduct or wilful default.

27. No director or employee of the Bank shall guarantee the repayment of any loan granted by the Bank to any other person.

28. No loan shall be granted by the Bank to any director or employee of the Bank or to the spouse or a dependent child of a director or employee or to any company or firm in which a director or employee has a substantial interest:

Provided however that the Bank may grant to its employees loans for the purchase of any land for the construction of a dwelling house or for the purchase, construction, repair, renovation or any extension to a dwelling house.

For the purposes of this section "substantial interest"—

(a) when used in relation to a company, means the holding of a beneficial interest by an individual or his spouse or dependent child whether singly or taken together, in the shares thereof, the amount paid up on which exceeds five lakhs of rupees or five *per centum* of the paid-up capital of the company, whichever is less; and

(b) when used in relation to a firm, means the beneficial interest held therein by an individual or his spouse or his dependent child, whether singly or taken together, which represents more than five *per centum* of the total capital subscribed by all partners of the firm.

29. Every director, General Manager, auditor, secretary, adviser, employee, member of agency, accountant or other person employed in the business of the Bank shall, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Bank, its customers, and the state of accounts with any person and all matters relating thereto and shall by such declaration pledge himself not to reveal any matters which may come to his knowledge in the discharge of his duties except—

- (a) when required so to do,—
  - (i) by the Board, or
  - (ii) by a court of law, or
  - (iii) by the person to whom such matters relate;
- (b) in the performance of his duties; and
- (c) in order to comply with any of the provisions of this Law or any other law.

30. Every director, General Manager, auditor, secretary, adviser, and other employee of the Bank shall decline to answer any questions concerning the business of the Bank which may be put to him on any occasion whatsoever, if he considers that the answer to such question would disclose or tend to disclose the secrets of the Bank or the business or affairs of any customer of the Bank, except in circumstances specified in the preceding section.

### PART III

#### BUSINESS

31. (1) Subject to the provisions of this Law, the Bank is authorized to carry on and transact the several kinds of business hereinafter specified, namely—

- (a) to grant loans, subject to interest, to any person for the purpose of—
  - (i) the purchase or lease, or the cultivation, development or improvement of any land used, or to be used, for any agricultural or industrial purpose;
  - (ii) the purchase or lease, or the construction, repair or renewal, of any building, factory, mill, mine, machinery or equipment used, or to be used, in connection with any agricultural or industrial purpose;
  - (iii) the purchase or lease of any land for the construction of a dwelling house;
  - (iv) the construction, repair, renovation or extension of a dwelling house;
  - (v) the purchase or lease of a dwelling house;
  - (vi) the manufacture or preparation of any agricultural or industrial product or commodity for sale in the market;
  - (vii) any purpose incidental, accessory or ancillary to any purpose mentioned in any of the foregoing sub-paragraphs;
  - (viii) the liquidation of any debt already incurred for any purpose mentioned in any of the foregoing sub-paragraphs;

- (b) to grant loans of money, subject to interest, to any person for the purpose of conducting any agricultural or industrial business or for the settlement of debts incurred under any mortgage provided such mortgage has been to secure a loan raised for a purpose falling within the purview of the Bank;
- (c) to grant loans of money to any person for the purpose of carrying out any scheme approved by the Minister for the development of agriculture or industry;
- (d) to carry on the business of hire-purchase in machinery, and equipment used in agriculture or industry;
- (e) to manage, supervise or control, with or without remuneration, or to participate in the management, supervision or control, with or without remuneration, of any agricultural or industrial undertaking of any client of the Bank where such management, supervision or control, or such participation therein, appears to the Board to be necessary in order to protect the interests of the Bank in any loan granted by the Bank;
- (f) to act, with or without remuneration, as the technical adviser of any client of the Bank, on any matter relating to any agricultural or industrial undertaking of such client;
- (g) for the purpose of employing any surplus funds of the Bank, to buy, sell, invest or deal in stocks, shares, debentures, mortgages, bonds, or securities issued or guaranteed by the Government or the Central Bank;
- (h) to make arrangements for the insurance of any property mortgaged to the Bank by any client of the Bank;
- (i) to purchase, take on lease or in exchange, hire or otherwise acquire any movable or immovable property, and any rights or privileges which the Bank may think necessary or convenient with reference to any business which the Bank is authorized to carry on, or the acquisition of which the Bank may, deem to be necessary or advisable in order to facilitate the realization of any securities held by the Bank, or to prevent or diminish any apprehended loss or liability;
- (j) to establish and support, or aid in the establishment and support of, associations, institutions, trusts or schemes for the providing of pensions and of gratuities and other funds and conveniences calculated to benefit employees of the Bank or the dependants of such employees;
- (k) to improve, manage, develop, exchange, lease, mortgage, dispose of, sell, turn to account or otherwise deal with, all or any part of the property, and rights of the Bank, including any property, movable or immovable, on the security of which the Bank may have given any loan, or over which the Bank may have any power of disposal;

- (l) to give any guarantee or indemnity and to enter into any agreements with any foreign organization, the Government or any local authority or with any body corporate or other person, in order to obtain any rights, concessions and privileges that may seem to the Bank to be conducive to the purpose of the Bank;
- (m) to borrow or accept deposits from the Government or such institutions as are approved for the purpose by the Monetary Board of the Central Bank, on such terms and conditions as may be mutually agreed upon by them so however that the aggregate amount so borrowed and accepted as deposits at any time does not exceed the maximum limit imposed by the Minister;
- (n) to accept contributions from the Government towards the reserve fund of the Bank, subject to such terms and conditions as may be mutually agreed upon by them;
- (o) to accept term deposits from any person of such sizable minimum amount and for such periods as may be determined by the Board with the concurrence of the Minister;
- (p) to invest the funds of the Bank in the shares, debentures or other appropriate securities of public or private companies engaged in agriculture or industry;
- (q) to underwrite such shares, debentures, or other appropriate securities;
- (r) to sell in the market from the Bank's portfolio of investments;
- (s) to finance projects in association or in partnership with other banks and such other institutions as may be approved by the Minister from time to time;
- (t) to act as the agent of any client of the Bank, or any other person, for the purpose of the purchase of any machinery or equipment or of any material of any description, required for the purpose of any agricultural or other prescribed undertaking of such client, or other person, as the case may be;
- (u) to acquire and undertake the whole or any part of any business carried on in Sri Lanka by any person, being a business which the Bank is authorized to carry on;
- (v) to establish and maintain any institute, or to participate in any scheme for the provision of technical, financial and management services;
- (w) to conduct economic surveys, studies and seminars;
- (x) to train selected personnel of the Bank and other persons in accountancy, banking and valuation, project and credit appraisal, and engineering and scientific skills;

(y) generally to take, or concur in taking, all such steps and proceeding as the Bank may deem to be best calculated to uphold and support the credit of the Bank, and to do all things incidental or conducive to the attainment of the objects, or the exercise of the powers, set out in the preceding paragraphs; and

(2) to set up the necessary organization for selling or marketing any product of any agricultural or other prescribed undertaking.

(2) Any object or purpose mentioned in any paragraph of subsection (1) of this section shall not, except where the context expressly so requires or where any limitation or restriction has been prescribed, be in any way limited or restricted by reference to, or inference from, the terms of any other paragraph of that subsection, or the objects therein specified, or otherwise.

(3) In this section, the expression "client of the Bank" means a person who is in receipt of assistance from the Bank under this Law.

32. (1) No loan shall be granted except by a resolution of the Board and except on such terms and conditions as may be determined by the Board:

Provided, however, that the Board may, under section 20 (2), empower the General Manager to grant loans upto any such sum as may be determined by the Board.

(2) All loans granted by the General Manager under the provisions of this section shall be reported to the Board at its next meeting.

33. At any time after the approval of a loan and before the actual payment of the money, the Board may, at its discretion and without assigning any reason therefore, cancel or modify such approval and withhold payment of the whole or a portion of the money.

34. (1) The Board may call upon any person to whom a loan has been granted to satisfy the Board that the loan has been or is being applied for the purpose for which it was granted, and the person so called upon may adduce evidence before any director or any other person appointed in writing for the purpose, to prove that the loan has been or is being applied for such purpose.

(2) If the Board is not satisfied that the loan has been or is being applied for the purpose for which it was granted it may by an order direct that within the time named therein either the loan be repaid in full with interest or a sum equal to the loan be applied for the said purpose.

(3) Where an order made by the Board under subsection (2) is not complied with, default shall be deemed to be made in respect of the whole of the unpaid portion of the loan and the interest due thereon up to date, and the provisions of Part V of this Law shall apply accordingly.

35. (1) If at any time after the granting of a loan the Board to satisfied—

- (a) that, where the loan has been granted on the mortgage of property—
  - (i) the property has depreciated in value to such an extent as to endanger the safety of the loan, or
  - (ii) the title of the borrower is such that it ought not to have been accepted as adequate; or
- (b) that due to material mis-statements by the borrower or misapprehension of the actual facts by the Board the loan was granted in circumstances in which it would not have been granted if the true facts had been known; or
- (c) in any case where the loan has been secured by a mortgage of the interest of the borrower under a lease from the State, that the State intends to cancel or otherwise determine the lease; or
- (d) that the borrower has failed to comply with, or has contravened, the terms of any loan agreements;

the Board may issue an order, for compliance on or before a date to be specified in the order, requiring either additional security which is adequate in the opinion of the Board to be furnished in respect of that loan or the loan to be repaid either in full or in part.

(2) Where an order issued under subsection (1) is not complied with, default shall be deemed to be made in respect of the whole of the unpaid portion of the loan and the interest due thereon up to date, and the provisions of Part V of this Law shall apply accordingly.

36. The Board may accept new security in lieu of the whole or part of any security it has already accepted for a loan, if the security tendered in substitution is such that the Board would be entitled to accept it alone or together with the portion of the old security which is to remain, as the case may be, as security for a new loan equal to the total principal and interest still outstanding on account of the old loan.

## PART IV

### FINANCE

37. (1) The authorized capital of the Bank shall be two hundred million rupees.

(2) (a) The amounts outstanding on the appointed date of the sums advanced to the Agricultural and Industrial Credit Corporation in terms of section 22 (1) of the Agricultural and Industrial Credit Corporation Ordinance together with the amount of the reserves of the Agricultural and Industrial Credit Corporation and the amount standing to the credit of the Reserve Fund of the

Ceylon State Mortgage Bank on the appointed date shall form part of the capital of the Bank and all such amounts shall be deemed to be contributions to the capital of the Bank by the Government.

(b) The Government shall, as soon as may be after the appointed date, make a contribution to the capital of the Bank so that the amount of such contribution together with the amounts referred to in paragraph (a) of this subsection shall be fifty million rupees. Such contribution by the Government shall be a charge on the Consolidated Fund.

(3) The bank may, from time to time, raise such sums of money as further contributions to the capital of the Bank in such manner as the Bank deems fit from the Government or any other source whatsoever in or outside the Republic of Sri Lanka and where such sums of money are raised from the Government, they shall be a charge on the Consolidated Fund.

(4) The Bank may from time to time borrow from the Government, from the Central Bank, from any banking institution, from any foreign Government or from any other source whatsoever outside the Republic of Sri Lanka any sum of money on such terms and conditions as may be mutually determined.

(5) No contributions or borrowings from any foreign government or any other source outside the Republic of Sri Lanka under subsections (3) and (4) may be raised or made without the approval of the Minister.

38. (1) The Board may create and issue debentures, stocks, shares and securities for the purpose of carrying on the business of the Bank.

(2) Such debentures, stocks, shares and securities shall be issued, transferred, dealt with, redeemed and cancelled in accordance with such terms and conditions as may be determined by the Board with the approval of the Minister.

39. No stamp duty shall be payable in respect of any debentures, stocks, shares and securities issued under this Law or in respect of any instrument of transfer of any such debentures, stocks, shares and securities.

40. Should the funds of the Bank be insufficient to pay the interest and principal on debentures, stocks, shares and securities, such interest and principal shall be paid from the Consolidated Fund upon which they are hereby constituted a charge.

41. (1) The Government may guarantee the repayment of the principal and the payment of interest on any loan raised by the Bank from any foreign Government or any other source under this Part of this Law.

(2) Immediately after the guarantee is given under subsection (1) the Minister shall lay a statement of such guarantee before the National State Assembly.

(3) Where any sum is paid out of the Consolidated Fund in terms of the preceding section, the Minister shall forthwith lay before the National State Assembly a statement that such sum has been so paid.

42. Where a loan is granted by the Bank, on the mortgage of property, such property shall, from and after that date of the mortgage, be charged with the payment of the loan with interest in priority to every other debt, mortgage or charge affecting it, except any earlier duly registered mortgage debt due to the creditor who, in good faith, advanced the money before the loan was granted by the Bank.

43. In the case of any borrowing by the Bank from the foreign Governments or other sources outside the Republic of Sri Lanka, the Bank shall bear any loss or be entitled to any profit arising from any revaluation of the Sri Lanka rupee:

Provided that where such borrowing are guaranteed by the Government Government shall bear any loss or be entitled to any profit.

44. The Bank may accept payment in respect of a loan before the date on which such payment is due, on such terms and conditions as the Bank may agree.

45. (1) All sums of money received by the Bank or the Board—

- (a) as contribution towards the capital of the Bank;
- (b) in carrying out the purposes of the Bank;
- (c) in exercising and performing the powers and duties of the Bank or such Board;
- (d) in conducting the business and administration of the Bank;

shall be credited to the funds of the Bank.

(2) All financial commitments or liabilities of the Bank or the Board arising from or incurred in connection with—

- (a) carrying out the purposes of the Bank;
- (b) the exercise and performance of the powers and duties of the Bank or such Board; and
- (c) the conduct of the business and administration of the Bank,

shall be charged on the funds of the Bank.

46. The profits of the Bank shall be utilized for all or any of the purposes specified in section 10 of the Finance Act, No. 38 of 1971.

## PART V

## RECOVERY

47. Whenever default is made in the payment of any sum due on any loan, whether on account of principal or of interest or of both, default shall be deemed to have been made in respect of the whole of the unpaid portion of the loan and the interest due thereon up to date; and the Board may, in its discretion, take action as specified either in section 48 or in section 50:

Provided, however, that where the Board has in any case taken action, or commenced to take action, in accordance with section 48, nothing shall be deemed to prevent the Board at any time from subsequently taking action in the case by resolution under section 50 if the Board deems it advisable or necessary to do so.

48. (1) Subject to the provisions of section 51, the Board may by resolution to be recorded in writing authorize any person specified in the resolution to enter upon any immovable property mortgaged to the Bank as security for any loan in respect of which default has been made or where the terms of any loan agreements are contravened in respect of such property, to take possession of and to manage and maintain such property, and to exercise the same powers in the control and management of such property as might have been exercised by the mortgagor if he had not made default, or contravened the terms of such agreement.

(2) Whenever any sum of money due on any loan granted for any agricultural or industrial undertaking on the security of any plant, machinery or other movable property to the Bank is in default, or where the terms of any loan agreements are contravened in respect of such property, the Board may authorize any person specified in writing to enter and take possession of such agricultural or industrial undertaking in which such plant, machinery or other movable property is situate, and exercise the same power in the control and management of such undertaking as might have been exercised if such immovable property had been pledged or mortgaged.

49. (1) Any person authorized by resolution of the Board under section 48 in respect of any property shall be entitled generally to take action in terms of the resolution and in particular—

- (a) to sell the produce of such property;
- (b) to sell the goods manufactured wholly or partly from any plant or machinery, on the security of which any loan was granted, if default has been made in respect of such loan;
- (c) to receive the rents, profits or other income from such property;
- (d) to pay the expenses incurred in the control and management of such property out of the income from such property;

- (e) to appropriate to himself out of such income such sum (if any) as the Board may deem fit to fix as remuneration for his services;
- (f) to remain in possession of such property until all moneys due to the Bank under the mortgage on such property have been fully paid or until he is directed by the Board to yield possession of such property under such section (2).

(2) Every person authorized by resolution of the Board under section 48 in respect of any property shall—

- (a) pay monthly, out of the income of such property such sum (if any) as the Board may in its discretion fix, to the mortgagor for his maintenance;
- (b) pay quarterly or as otherwise directed by the Board to such person or persons and in such manner as the Board may direct the balance of the income for such property remaining after the payments herein before authorized have been made;
- (c) keep and render to the Board at such intervals as the Board may determine, clear and accurate records of all sums received or paid out by him in respect of such property;
- (d) yield possession of such property to the mortgagor or some other person as directed by the Board and pay to the Board any balance of the income from such property remaining in his hands after the payments herein before authorized have been made.

(3) The Board shall when all sums due to the Bank under the mortgage have been fully paid surrender possession of the mortgaged property to the mortgagor and return to him any balance remaining of the income from such property.

50. Subject to the provisions of section 51, the Board may by resolution to be recorded in writing authorize any person specified in the resolution to sell by public auction any immovable or movable property mortgaged to the Bank as security for any loan in respect of which default has been made in order to recover the whole of the unpaid portion of such loan, and the interest due thereon up to the date of the sale, together with the moneys and costs recoverable under section 57, and thereafter it shall not be competent for the borrower or any person claiming through or under any disposition whatsoever of the right, title or interest of the borrower to and in the property made or registered subsequent to the date of the mortgage to the Bank, in any court to move to invalidate the said resolution for any cause whatsoever, and no court shall entertain any such application.

51. (1) Save as otherwise provided in subsection (2), the provisions of sections 48 and 50 shall apply in the case of any default notwithstanding that the borrower may have died or that any right, title or interest whatsoever in the property mortgaged to the Bank as security for the loan may have passed by the voluntary conveyance or operation of law to any other person.

(2) Where a borrower is dead and probate of his will or letters of administration to his estate have not been issued to any person, the District Court of Colombo or the District Court of the district in which the property, mortgaged to the Bank by the borrower, is situate, may, upon application made in that behalf by the Board and after service of notice of the application on such persons, if any, as the court may order, and if satisfied that the grant of probate or the issue of letters of administration is likely to be unduly delayed, appoint a person to represent the estate of the borrower for the purposes of this section; and the provisions of sections 48 and 50 shall not apply in the case of any default made by such borrower unless and until a person is appointed under this subsection to represent the estate of such borrower.

52. Notice of every resolution under section 50 authorizing the sale of any property shall be published in the *Gazette* and in a daily newspaper, and copies of such notice shall be despatched to the borrower, if he is alive, and to every person who has, in respect of that property, registered his address under section 84 (1), and, if that property consists of the interest of a lessee under a lease from the State, to the Land Commissioner.

53. Notice of the date, time and place of every sale shall, not less than fourteen days before the date fixed for the sale, be published in the *Gazette* and copies of such notice shall be—

- (a) despatched to the borrower, if he is alive, and to every person to whom notice of any resolution is required to be despatched under section 52;
- (b) posted on or near the property which is to be sold; and
- (c) affixed to the walls of the Kachcheri and the several District Courts and Magistrates' Courts within the jurisdiction of which the property is situate.

54. (1) If the amount of the whole of the unpaid portion of the loan, together with interest including any penal or other interest payable under the proviso to section 76 due thereon, and of the moneys and costs, if any, recoverable by the Board under section 57 is tendered to the Board at any time before the date fixed for the sale, the property shall not be sold, and no further steps shall be taken in pursuance of the resolution under section 50 for the sale of that property.

(2) If the amount of the instalment or equated payment or other payment in respect of which default has been made, together with any penal or other interest payable under the the proviso to section 76 due thereon, and of the moneys and costs, if any, recoverable by the Board under the section 57 is tendered to the Board at any time before the date fixed for the sale, the Bank may in its discretion direct that the property shall not be sold and that no further steps shall be taken in pursuance of the resolution under section 50 for the sale of that property.

55. The Board may fix an upset price below which the property shall not be sold to any person other than the Bank.

56. (1) In any case where two or more loans have been granted by the Bank on the security of the same property and default is made in the payment of any sum due upon any one or more of such loans, the foregoing provisions of this Law shall apply notwithstanding that default may not have been made in respect of the other loan or any of the other loans, and the Board may, in any such case, by resolution under section 50 authorize the sale of the property for the recovery of the total amount due to the Bank in respect of both or all of the loans, as the case may be, and the provisions of this Part of this Law shall apply accordingly.

(2) Nothing in sections 47 to 62 (both sections inclusive) shall preclude the Board from recovering the amount due on a mortgage bond in accordance with the provisions of any other written law.

57. Besides the amount due on any loan, the Board may recover from the debtor, or any person acting on his behalf—

- (a) all moneys expended by the Bank, in accordance with the covenants contained in the mortgage bond executed by the person to whom the loan was granted, in the payment of premiums and other charges in respect of any policy of insurance effected on the property mortgaged to the Bank, and in the payment of all other costs and charges authorized to be incurred by the Bank, under the covenants contained in such mortgage bond and executed by the debtor;
- (b) the costs of advertising the sale and of selling the mortgaged property; and
- (c) in any case where the property mortgaged as security for the loan consists of the interest of the debtor under a lease from the State, and such property has been surrendered to the State in accordance with the provisions of section 63, all moneys paid to the State by the Board on such surrender as moneys due to the State by the debtor under the said lease:

Provide that the costs incurred under paragraph (b) shall not exceed such percentage of the loan as may, from time to time, be fixed by resolution of the Board.

58. If the mortgaged property is sold, the Bank shall, after deducting from the proceeds of the sale the amount due on the mortgage and the moneys and costs recoverable under section 57, pay the balance remaining, if any, either to the debtor or any person legally entitled to accept the payments due to the debtor, or where the Board is in doubt as to whom the money should be paid, in to the District Court of the district in which the mortgaged property is situate.

59. (1) If the mortgaged property is sold, the Board shall sign a certificate of sale and thereupon all the right, title, and interest of the debtor to and in the property shall vest in the purchaser; and thereafter it shall not be competent for any person claiming through or under any disposition, whatsoever, of the right, title or interest of the debtor to and in the property, made or

registered subsequent to the date of the mortgage of the property to the Bank, in any court to move to invalidate the sale for any cause whatsoever, or to maintain any right, title or interest to or in the property as against the purchaser.

(2) A certificate signed by the Board under subsection (1) shall be conclusive proof, with respect to the sale of any property, that all the provisions of this Law relating to the sale of that property have been complied with.

(3) If the purchaser is some person other than the Bank, the certificate shall be substantially in the prescribed form and, if the purchaser is the Bank, the certificate shall be substantially in such other form as may be prescribed.

(4) Every certificate of sale shall be liable to stamp duty and charges as if it were a conveyance of immovable property and to any registration and other charges authorized by law, all of which shall be payable by the purchaser.

(5) Where the property sold consists of the interest of a lessee under a lease from the State, then, if the purchaser of the property is some person other than the Bank, the certificate of sale shall not be signed by the Board unless the Land Commissioner, in the exercise of his discretion, has approved the purchaser.

6. Whenever the Land Commissioner refuses, under subsection (5), to approve any purchaser of the interest of a lessee under a lease from the State—

- (a) all sums paid to the Bank by the purchaser in respect of the sale shall be repaid to him by the Board;
- (b) the costs of advertising and holding such sale shall be deemed to be costs recoverable by the Board under section 57; and
- (c) the property shall be resold in accordance with the provisions of this Law.

60. (1) The purchaser of any immovable property sold in pursuance of the preceding provisions of this Law shall, upon application made to the District Court of Colombo or the District Court having jurisdiction over the place where that property is situate, and upon production of the certificate of sale issued in respect of that property under section 59, be entitled to obtain an order for delivery of possession of that property.

(2) Every application under subsection (1) shall be made, and shall be disposed of, by way of summary procedure in accordance with the provisions of Chapter XXIV of the Civil Procedure Code; and on all documents filed for the purpose of each such application and on all proceedings held thereupon, stamp duties and other charges shall be payable at the respective rates payable under any written law for the time being in force, on application for, and proceedings connected with or incidental to, the execution of a decree of a District Court for the delivery of possession of any immovable property of the same value as the property to which such application relates.

(3) Where any immovable property sold in pursuance of the preceding provisions of this Law is in the occupancy of the debtor or some person on his behalf or of some person claiming under a title created by the debtor subsequently to the mortgage of the property to the Bank, the District Court shall order delivery to be made by putting the purchaser, or any person whom he may appoint to receive possession on his behalf, in possession of the property.

(4) Where any immovable property sold in pursuance of the preceding provisions of this Law is in the occupancy of tenant or other person entitled to occupy the same, the District Court shall order delivery to be made by affixing a notice that the sale has taken place, in the Sinhala and Tamil and English languages, in some conspicuous place on the property, and proclaiming to the occupant in the customary mode or in such manner as the court may direct, at some convenient place, that the interest of the debtor has been transferred to the purchaser. The cost of such proclamation shall be fixed by the court and shall in every case be prepaid by the purchaser.

(5) Every order under subsection (3) or subsection (4) shall be deemed, as the case may be, to be an order for delivery of possession made under section 287 or 288 of the Civil Procedure Code, and may be enforced in like manner as an order so made, the debtor and the purchaser being deemed, for the purpose of the application of any provision of that Code, to be the judgment-debtor and judgment-creditor, respectively.

61. Where the property sold has been purchased on behalf of the Bank, the Board may at any time before it resells that property, cancel the sale by an endorsement to that effect on a certified copy of the certificate of sale, upon the debtor or any person on his behalf paying the amount due in respect of the loan for which the property was sold (including the costs of seizure and sale) and interest on the aggregate sum at a rate not exceeding the prescribed rate per annum. Such an endorsement shall, upon registration in the office of the Registrar of Lands, revest the said property in the debtor as though the sale under this Law had never been made.

62. If the property so sold has been purchased on behalf of the Bank, and the sale is not cancelled under section 61, the Board may, at any time, resell the property and transfer to the purchaser by endorsement on a certified copy of the certificate referred to in subsection (3) of section 59, all the right, title and interest which would have been acquired by the purchaser at the original sale. The endorsement shall be liable to the same stamp duty and charges as a certificate to a purchaser at the original sale, and shall, when it is registered in the office of the Registrar of Lands, vest such right, title and interest as aforesaid in the purchaser.

63. If at any sale in pursuance of the preceding provisions of this Law, the Bank has purchased any property sold for default in the repayment of a loan, the Bank shall not hold such property for a longer period than it is necessary to enable the Bank to resell the property for such a sum as will cover the total amount due to the Bank on account of loan, interest, expenses and costs:

Provided that where such property consists of the interest of a lessee under a lease from the State, the Board may, instead of reselling such property, surrender the lease to the State on such terms and conditions as may be agreed upon between the Board, the Minister and the Minister in charge of the subject of State lands.

64. In this Part, unless the context otherwise requires, "property" in any case where a loan is secured by a mortgage of the interest of a lessee under a lease from the State, means the right, title and interest of the lessee under the lease.

## PART VI

### ACCOUNTS AND AUDIT

65. (1) The financial year of the Bank shall be the calendar year.

(2) The provisions of Part II of the Finance Act, No. 38 of 1971, shall, *mutatis mutandis*, apply to the financial control and accounts of the Bank.

## PART VII

### GENERAL

66. (1) The common seal of the Bank shall be in the custody of the General Manager and shall not be affixed to any instrument or document except in the presence of the General Manager and two directors, all of whom shall sign the instrument or document in token of their presence.

(2) The common seal of the Bank may be altered in such manner as may be determined by the Bank.

67. The provisions of the Debt Conciliation Ordinance (Chapter 81), the Conciliation Boards Act, No. 10 of 1958, and Money Lending Ordinance (Chapter 80) shall not apply to, and in relation to, the Bank; and accordingly such provisions shall be read and construed subject to the preceding provisions of this Law.

68. The Bank shall be deemed to be a banking institution within the meaning and for the purposes of the Monetary Law Act and the provisions of that Act shall be read and construed accordingly.

69. A receipt signed by two directors or by any person expressly authorized by the Board to give receipts, shall be an effectual discharge for moneys paid to the Bank.

70. (1) Contracts on behalf of the Bank may be made as follows:—

(a) a contract which if made between private persons would be by law required to be in writing, may be made on behalf of the Bank in writing under the common seal of the Bank;

(b) a contract which if made between private persons is by law required to be in writing signed by the parties to be charged therewith, may be made on behalf of the Bank in writing signed by any person or persons duly authorized thereto as hereinafter provided; and

(c) a contract which if made between private persons would by law be valid although made by parol, may be made on behalf of the Bank by any person or persons duly authorized thereto as hereinafter provided.

(2) A contract made according to this section shall be effectual in law and shall bind the Bank and all other parties thereto and their legal representatives.

(3) A contract made according to this section may be varied or discharged in the same manner in which it is authorized by this section to be made.

71. A bill of exchange or promissory note shall be deemed to have been made, executed, or endorsed on behalf of the Bank, if made, executed or endorsed in the name of, or by or on behalf of, or on account of, the Bank by any person or persons duly authorized thereto as hereinafter provided.

72. No person, other than the persons thereto expressly authorized by the Board and acting within the limits of the authority so conferred on them, shall have any authority to make, draw, accept or endorse any promissory note, bill of exchange, cheque or order for the payment of money in the name or on behalf of the Bank or to enter into any contract so as to impose thereby any liability on the Bank otherwise to pledge the credit of the Bank.

73. (1) The Board may, by writing under its common seal, empower any person generally or in respect of any specific matter, as its attorney, to execute deeds on its behalf in any place outside the Republic of Sri Lanka.

(2) A deed signed by such attorney on behalf of the Bank and under his signature or seal shall bind the Bank and have the same effect as if it were under its common seal.

74. (1) The Board may make rules for or in respect of all or any of the following matters:-

(a) all matters stated or required by this Law to be prescribed or for which rules are authorized to be made by this Law;

(b) the appointment, promotion, remuneration, disciplinary control and conduct of the employees of the Bank and the grant of leave, relief and other matters connected therewith;

(c) the payment from the funds of the Bank of remuneration, (including allowances for travelling and subsistence) to its employees or other persons performing services for the Bank;

(d) the issue, registration, transfer, redemption and cancellation of debentures and all matters incidental to or consequential upon such issue, registration, transfer, redemption or cancellation;

- (e) the forms to be used for any of the purposes of this Law;
- (f) the maximum limit of loans granted by the Bank on the mortgage of movable and immovable property;
- (g) the circumstances in which such loans may be granted or refused;
- (h) the amount, the manner of payment of interest and repayment of capital, in respect of such loans;
- (i) the minimum rate of the interest to be charged on loans;
- (j) the rates of penal interest, the circumstances in which the same shall be charged and other matters connected therewith;
- (k) all other matters not herein before mentioned concerning the business of the Bank;
- (l) all matters connected with the establishment of the Bank and the transfer to the Bank of the undertakings carried on by the Board of Directors of the Ceylon State Mortgage Bank or the Board of Directors of the Agricultural and Industrial Credit Corporation;
- (m) all matters connected with or incidental to the matters aforesaid.

(2) No rule made by the Board shall have effect until it has been approved by the Minister and published in the *Gazette*.

75. (1) The Minister may make regulations to give effect to the principles and provisions of this Law.

(2) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on such date as may be specified in the regulation or if no such date is so specified on the date of such publication.

(3) Every regulation made by the Minister shall be brought before the National State Assembly as soon as may be, after the publication thereof by a motion, that such regulation be approved.

(4) Any regulation which the National State Assembly refuses to approve shall be deemed to be rescinded, but without prejudice to the validity of anything previously done thereunder. The date on which the regulation shall be deemed to be rescinded shall be the date on which the National State Assembly refuses to approve the regulation.

(5) Notification of the date on which any regulation made by the Minister is deemed to be rescinded shall be published in the *Gazette*.

76. Any instrument to secure a loan by the Bank may provide that if the borrower fails or neglects to pay, on the due date, the instalment and interest or to make the equated or other payment, as the case may be, then due in respect of the loan, then interest shall be payable on the loan at such rate in excess of that at which the loan as been granted as may be prescribed by the rules under section 74:

Provided, however, that the Board may, in its absolute discretion, waive the payment of interest at the prescribed rate referred to in the preceding provisions of this section, and may, in lieu thereof, determine that interest up to double the agreed rate shall be payable on the instalment in default, for the period commencing on the date on which the instalment was due and ending on the date on which the instalment was paid.

77. Whenever the Bank grants a loan, on the security of movable or immovable property and the mortgagor executes any instrument of sale or any other disposition affecting the said property, the Bank shall have the power to recall the loan granted, or charge such new owner, the current rate of interest, and for this purpose require the new owner to enter into any agreement as may be deemed necessary.

78. For the purpose of deciding whether any immovable property tendered as security for a loan should or should not be accepted, the Bank shall have access, without fee or charge, to the valuation roll of any local rating authority, and the officers of every such authority shall, upon application, submit to the Bank full particulars as to any valuation of rateable property in respect of which such local authority has power to levy rate.

79. Every director, and every employee of the Bank, including an agent, valuator and inspector shall, when acting in any such capacity, be deemed to be state officers within the meaning of the Penal Code.

80. Sections 58 and 59 of the Monetary Law Act shall apply to debentures issued by the Bank as if therewere substituted in those section —

- (a) the word "debenture" for the words "currency note"; and
- (b) the word "directors" for the words "Governor of the Central Bank".

81. (1) Whoever, during any examination authorized by this Law, makes upon oath a statement which is false, and which he either knows or believes to be false, or does not believe to be true, shall be deemed to have intentionally give false evidence in a stage of a judicial proceeding and shall be punished therefor in accordance with the Penal Code.

(2) Whoever makes a declaration required by this Law or rules thereunder knowing it to be untrue in any particular shall be guilty of giving false evidence and shall be punished therefor in accordance with the Penal Code.

82. (1) A director who participates in the discussion of, or votes upon, any resolution for the granting of a loan,—

- (a) to a person who is a debtor or a creditor of his or is in partnership with him or in his employ; or
- (b) on the security of any property in which he has a pecuniary interest, shall be liable, on conviction, to a fine not exceeding five thousand rupees, or in default of payment, to imprisonment of either description for a period not exceeding three months.

(2) A person who acts as valuer in respect of an application for a loan-

(a) by a person to whom he stands in any of the relationships set out in subsection (1); or

(b) on the security in which he has a pecuniary interest,

shall be liable to a fine of five hundred rupees.

83. (1) Any person who contravenes or fails to comply with any provision of this Law or of any regulation or rule made thereunder, shall be guilty of an offence and shall, on conviction after trial before a Magistrate, be liable to a fine not exceeding five thousand rupees or to imprisonment of either description for a term not exceeding one year, or to both such fine and imprisonment.

(2) Where an offence under this Law is committed by a body of persons, then —

(a) if that body of persons is a body corporate, every director and officer of that body corporate; or

(b) if that body of person is a firm, every partner of that firm, shall be deemed to be guilty of that offence:

Provided, however, that a director or officer of such body corporate, or a partner of such firm, shall not be deemed to be guilty of such offence, if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

84. (1) Every debenture holder and every person —

(a) to whom a loan is granted by the Bank; or

(b) who has obtained probate of the will, or letters of administration to the estate of a person to whom a loan has been granted by the Bank, or who has, under the provisions of section 51 (2), been appointed to represent the estate of a deceased debtor; or

(c) to whom any right, title or interest whatsoever in any property, or in any part of any property, mortgaged to the Bank as security for any loan, has passed, whether by voluntary conveyance or by operation of law,

shall register with the Bank an address to which all notices to him may be addressed.

(2) In any case where any debenture holder or other person fails to register his address under subsection (1), the Bank shall be absolved from all responsibility in respect of the service of any notice required under this Law to be served upon such debenture holder or person ;

Provided, however, that in the case of any such failure on the part of any person who is a debenture holder or person to whom a loan has been granted by the Bank, the Bank shall publish a notice addressed to him in the *Gazette* and in a daily newspaper, and such notice shall be deemed to be duly given to that debenture holder or person on the day on which such notice is published.

(3) A notice shall be deemed to have been duly served on any person for the purposes of this Law if the notice is sent by post in a registered letter to the address registered by that person under this section, and the service shall be deemed to have been effected at the time at which the letter would be delivered in the ordinary course of post.

85. (1) The Ceylon State Mortgage Bank Ordinance and the Agricultural and Industrial Credit Corporation Ordinance are hereby repealed with effect from such date after the date of the commencement of business by the Bank as may be fixed for the purpose of this Law by the Minister by Order published in the *Gazette*.

(2) With effect from the date of the repeal of the Ordinances specified in subsection (1) —

- (a) the rights, obligations, assets and liabilities of the Ceylon State Mortgage Bank and the Agricultural and Industrial Credit Corporation on the date immediately preceding that date shall be the rights, obligations, assets and liabilities of the Bank;
- (b) every investment made in the name of the Board of Directors of the Ceylon State Mortgage Bank or in the name of the Board of Directors of the Agricultural and Industrial Credit Corporation shall be deemed to be investments made by the Bank under this Law;
- (c) all premises vested in the Ceylon State Mortgage Bank under the provisions of Chapter VA of the Ceylon State Mortgage Bank Ordinance, as amended by Act No. 33 of 1968, and let out under the provisions of section 70Y thereof shall be and remain the property of the Bank subject to the terms and conditions contained in the Rent Purchase Agreement executed thereunder;
- (d) the officers and servants of the Ceylon State Mortgage Bank and the Agricultural and Industrial Credit Corporation shall be deemed to be employees of the Bank on such terms and conditions as may be determined by the Bank:

Provided that where the Bank is unable to offer suitable employment to any such officer or servant, or where such officer or servant is unwilling to accept an appointment on terms and conditions determined by the Board, the Bank shall pay compensation at such rate as may be prescribed;

- (e) all contracts, deeds, bonds, agreements and other instrumnets which subsist or have effect immediately prior to that date and to which the Board of Directors of the Ceylon State Mortgage Bank or the Board of Directors of the Agricultural and Industrial Credit Corporation have subscribed shall have effect against, or in favour of, the Bank, as the case may be, as fully and effectively as if, instead of such Board of Directors, the Bank had been a party thereto;
- (f) all suits, appeals or other legal proceedings instituted by, or against, the Board of Directors of the Ceylon State Mortgage Bank or the Board of Directors of the Agricultural and Industrial Credit Corporation and pending immediately prior to that date shall not abate or be discontinued or in any way prejudicially affected by reason of such repeal, and accordingly may be continued and enforced by, or against, the Bank.

86. In this Law, unless the context otherwise requires —

“agriculture” includes the raising of crops, medicinal plants and herbs, horticulture, sericulture, bee-keeping, forestry, animal husbandry, poultry farming, dairy farming (including livestock rearing and breeding and growing pasture and fodder and marketing of produce);

“Central Bank” means the Central Bank of Ceylon established under the Monetary Law Act;

“director” and “General Manager” means the persons appointed to such offices under this Law;

“enterprise” means any body of persons whether corporate or unincorporate, by whatsoever name or designation called, and includes a corporation sole or a sole proprietorship;

“industry” includes fishing, gemming, tourism, transport and the manufacture or preparation of any produce or commodity for sale in the market;

“loan” means a loan of money and includes any overdraft or any other monetary accommodation by whatsoever name or designation called, but does not include any salary advance to the staff of the bank;

“prescribed” means prescribed by rules made under this Law.

EXTRACTS FROM THE INLAND REVENUE  
(AMENDMENT) LAW, No. 18 of 1975

2. Section 3 of the Inland Revenue Act, No. 4 of 1963, (hereafter in this Law referred to as the "principal enactment") as last amended by Law No. 1 of 1974, is hereby further amended in sub-section (1) of that section by the Addition, at the end of subparagraph (i) of paragraph (h), of the following new item :—

"(e) a change of ownership of any residential premises occurring on or after November 1, 1973, on the death of the owner thereof, where the property of which the deceased was at the time of his death competent to dispose within the meaning of the Estate Duty Ordinance does not include any other residential premises and the total estate within the meaning of that Ordinance of the deceased does not exceed one hundred and fifty thousand rupees in value,".

3. (1) Section 5 of the principal enactment, as last amended by Law No. 1 of 1974, is hereby further amended in subsection (1) of that section as follows:—

(a) by the substitution, for paragraph (ad) of that subsection, of the following new paragraph:—

"(ad) for any year of assessment commencing on or after April 1, 1973, the profits and income derived by the owner or cultivator of any paddy land from the sale of paddy cultivated on such land—

(i) to the Paddy Marketing Board established under the Paddy Marketing Board Act, No. 14 of 1971, or to any authorized purchaser within the meaning of that Act; or

(ii) to the Director of Agriculture or to any officer of the Department of Agriculture authorized by such Director;";  
and

(b) by the insertion, immediately after paragraph (cc) of that subsection (inserted therein by Act No. 33 of 1971) of the following new paragraph:—

"(ccc) the profits and income of the Coconut Development Authority, the Coconut Research Board, and the Coconut Cultivation Board, established by or under the Coconut Development Act. No. 46 of 1971;".

(2) The amendment made in section 5 of the principal enactment by paragraph (a) of subsection (1) of this section shall be deemed to have come into operation on January 10, 1974, being the date on which Law No. 1 of 1974, came into force.

4. (1) Section 7A of the principal enactment (inserted therein by Law No. 17 of 1972) is hereby amended in subsection (9) of that section as follows:—

(a) by the substitution, for the definition of “ export profits and income,” of the following new definition:—

“ export profits and income ”, when used in relation to a company or an undertaking, means the sum which bears to the profits and income (within the meaning of paragraph (a) of sub-section (1) of section 3 after excluding any profits and income which are exempt from income tax under section 5A of this Act ) of the company or undertaking, computed in accordance with the provision of this Act, the same proportion as the export turnover of that company or undertaking bears to the total turnover of that company or undertaking;’;

(b) by the substitution, for the definition of “ export turnover ”, of the following new definition:—

“ export turnover ” when used in relation to a company or undertaking means the total amount received or receivable by that company or undertaking from the export of goods or commodities, or from the provision of services for payment in foreign currency, excluding—

(a) any amount received or receivable by the sale of capital assets ;

(b) any amount received or receivable from the sale of gems where the profits and income arising from such sale are exempt from income tax under section 5A of this Act ;

(c) any amount received or receivable from the export of black tea in bulk, crepe rubber, sheet rubber, coconut oil, dessicated coconut, copra, fresh coconuts, coconut fibre or any ther commodity specified for the purposes of this section by the Minister by Notification published in the Gazette; and

(d) any profits and income not being profits and income within the meaning of paragraph (a) of subsection (1) of section 3 ;’; and

(c) by the substitution, for the definition of “ total turnover ”, of the following new definition:—

“ total turnover ” when used in relation to a company or undertaking means the total amount received or receivable by that company or undertaking from any trade or business carried on or exercised by that company or undertaking, excluding—

- (a) any amount received or receivable by the sale of capital assets ;
- (b) any amount received or receivable from the sale of gems where the profits and income arising from such sale are exempt from income tax under section 5A of this Act ;
- (c) any profits and income other than profits and income within the meaning of paragraph (a) of subsection (1) of section 3.'

(2) The amendments made in section 7A of the principal enactment by subsection (1) of this section shall be deemed for all purposes, to have come into operation on the date on which the provision of the aforesaid section 7A are deemed to have come into operation.

5. Section 21 of the principal enactment, as amended by Act No. 6 of 1969, is hereby further amended by the repeal of subsection (6A) of that section, and the substitution therefor of the following new subsection :—

'(6A) Subsection (6) of this section shall have effect in its application—

- (a) in respect of each year of assessment commencing on or after April 1, 1969, but not later than April 1, 1973, as though for the words "five hundred rupees", there were substituted the words "nine hundred rupees"; and
- (b) in respect of each year of assessment commencing on or after April 1, 1974, as though for the words "five hundred rupees", there were substituted the words "one thousand two hundred rupees" '.

6. Section 42 of the principal enactment is hereby amended as follows:—

- (1) by the repeal of subsection (2) of that section and the substitution therefor of the following new subsection:—

'(2) For every year of assessment (hereafter in this subsection referred to as the "relevant year of assessment"), commencing on or after April 1, 1963, but not later than April 1, 1973, the value of the taxable gifts made in the year preceding the relevant year of assessment by any person liable to the gifts tax shall be added to the value of the taxable gifts made by him on or after July 18, 1953, and before such preceding year. Then, assuming that the sum resulting from such addition is the value of the taxable gifts in respect of which gifts tax is chargeable, the amount of such tax shall be computed by the application of the appropriate rates of gifts tax. From the amount so computed there shall be deducted all sums paid by him previously, whether by way of contributions in respect of taxable gifts to the Personal Tax levied under the Personal Tax Act, No. 14 of the 1959, or as gifts tax under this Act. The amount left after such deduction shall be the amount of the gifts tax in respect of his taxable gifts for the relevant year of assessment.'; and

- (2) by the insertion, immediately after subsection (2) of that section, of the following new subsection :—

“(2A) For every year of assessment commencing on or after April 1, 1974, the gifts tax payable by any person in respect of his taxable gifts shall be the difference between—

- (a) the amount computed at such rates of gifts tax specified in the Sixth Schedule to this Act as are applicable to the taxable gifts made in the year preceding that year of assessment (hereafter in this subsection referred to as “the preceding year”) on the aggregate of the values of all taxable gifts within the meaning of this Act or of the Personal Tax Act, No. 14 of 1959, made by such person on or after 18th July, 1958, and before the end of the preceding year; and
- (b) the amount computed at such rates of gifts tax specified in the Sixth Schedule to this Act as are applicable to the taxable gifts made in the preceding year on the aggregate of the value of the taxable gifts, within the meaning of this Act or of the Personal Tax Act, No. 14 of 1959, made by such person on or after 18th July, 1958, and before the commencement of the preceding year.”.

7. The following new section is hereby inserted immediately after section 69B, and shall have effect as section 69C, of the principal enactment:—

69C. Where, for any year of assessment commencing on or after April 1, 1972, the profits and income of any person includes —

- (a) the profits and income from any profession or vocation which he has ceased to carry on or exercise in the year preceding that year of assessment and profits from any employment which he commenced to carry on or exercise either in the year preceding that year of assessment or in that year of assessment, or
- (b) profits and income from any profession or vocation which he ceased to carry on or exercise in that year of assessment and profits from employment which he commenced to carry on or exercise in that year of assessment,

the Commissioner may, upon a written application made by such person on or before December 31, 1975, grant him such relief as the circumstances of the case may require. Where such relief is granted, then, notwithstanding anything contained in sections 103 and 117, the assessment made in respect of that person shall be amended and any sum paid in excess of the tax charged by the amended assessment shall be refunded to such person.”

8. Section 73 of the principal enactment is hereby amended by the addition at the end of that section of the following new subsection:

“(9) Notwithstanding the provisions of subsections (2), (3), (4), (6A) and 8, in respect of each year of assessment commencing on or after April 1, 1973 —

- (a) in the case of any person holding for the time being the office of Prime Minister, Minister, (other than the Prime Minister), Speaker, Deputy Speaker or Deputy Chairman of Committees of National State Assembly or Deputy Minister, a sum of seven hundred rupees out of the monthly remuneration paid to such person by the Government of Sri Lanka, in lieu of the sum of three hundred rupees referred to in subsections (2), (3), (4) and (6A), shall not be taken into consideration in ascertaining the profits and income arising to such person from that office; and
- (b) in the case of any person who is a member of Parliament (other than any person referred to in paragraph (a)), a sum of seven hundred rupees out of the monthly remuneration paid to such person by the Government of Sri Lanka, in lieu of one-half of the amount of the other allowances referred to in sub-section (8) shall not be taken into consideration in ascertaining the profits and income of such person in his capacity as such member”.

11. The Sixth Schedule to the principal enactment is hereby amended by the substitution, for the expression “in Part II of the Fifth Schedule”, of the following:—

“in Part II of the Fifth Schedule subject however to the variation that for gifts made during the year preceding any year of assessment commencing on or after April 1, 1974, the rate on the first Rs. 50,000 of the value of all taxable gifts shall, in lieu of the 5 per centum specified in that Part of that Schedule, be 3 per centum.”.

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**Extract from the Control of Prices (Amendment) Law,  
No. 21 of 1975**

2. Section 4 of the Control of Prices Act, as amended by Act No. 23 of 1962, is hereby further amended in subsection (1) of that section as follows:—

- (1) by the substitution, for paragraph (a) of that subsection, of the following paragraph:—
  - “(a) fix the maximum price (ex-factory, wholesale and retail) above which that article shall not be sold;”;
- (2) by the relettering of paragraph (b) of that subsection as paragraph (c) thereof; and

(3) by the insertion, immediately after paragraph (a) of that subsection, of the following new paragraph:-

- “(b) (i) set out the price structure according to which the maximum price (ex-factory, wholesale and retail) of that article shall be fixed by the manufacturer or importer;
- (ii) set out the manner in which such manufacture or importer shall make known to the public the maximum price so fixed; and
- (iii) specify that the price so fixed shall be the maximum price above which that article shall not be sold; and”

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**Ceiling on Income and Compulsory Savings (Amendment) Law,  
No. 22 of 1975**

**A LAW TO AMEND THE CEILING ON INCOME AND  
COMPULSORY SAVINGS LAW, NO. 15 OF 1972.**

1. This Law may be cited as the Ceiling on Income and Compulsory Savings (Amendment) Law, No. 22 of 1975.

2. Section 10 of the Ceiling on Income and Compulsory Savings Law, No. 15 of 1972, hereafter in this Law referred to as the “principal enactment”, is hereby repealed and the following new section substituted therefor:-

10. An individual who is the head of family or who is not included in a family shall not be required to pay contributions under this Law—

(a) for any year of assessment commencing on or before April 1, 1973-

(i) if the income tax which he would be liable to pay under the principal Act for that year of assessment on a taxable income equal to his contributable income does not exceed eight hundred and forty rupees; or

(ii) if his total income for that year of assessment does not exceed twelve thousand rupees; and

(b) for any year of assessment commencing on or after April 1, 1974, if his total income for that year of assessment does not exceed eighteen thousand rupees.”.

3. Section 12 of the principal enactment is hereby amended as follows:-

(a) by the renumbering of that section as subsection (1) of section 12;

(b) in the renumbered subsection (1), by the substitution, for the words “for any year of assessment”, of the following:-

“for any year of assessment commencing on or before April 1, 1973,”;  
and

- (c) by the addition, immediately after subsection (1), of the following new subsection:-

“(2) The normal contribution payable under this Law for any year of assessment commencing on or after April 1, 1974, by an individual who is the head of a family or who is not included in a family shall not be more than eighty *per centum* of the amount by which his total income for that year of assessment exceeds eighteen thousand rupees.”.

### Stamp (Amendment) Law, No. 28 of 1975

#### A LAW TO AMEND THE STAMP ORDINANCE

1. This Law may be cited as the Stamp (Amendment) Law, No. 28 of 1975.

2. The following new section is hereby inserted immediately after section 87 of the Stamp Ordinance (hereinafter referred to as the “principal enactment”) and shall have effect as section 87a of that enactment:-

87A. (1) Where any person making payments to employees in respect of their employment satisfies the Commissioner that it is impracticable or inexpedient for such employees to give duly stamped receipts under section 34 in respect of such payments, the Commissioner may, by notice in writing, direct such person-

- (a) to deduct from the amount of any such payment as is specified in the notice, the stamp duty payable on the receipt relating to such payment,
- (b) to remit at such intervals as are specified in the notice the sums deducted under paragraph (a), and
- (c) to deliver to the Commissioner, accounts relating to the sums deducted under the paragraph (a) at such intervals, in such form and containing such particulars as are specified by the Commissioner in the notice.

- (2) Notwithstanding anything in section 34, it shall not be necessary for any person receiving any payment referred to in a notice under subsection (1) to give in respect of that payment a duly stamped receipt.

- (3) Any person who fails to comply with any direction given in a notice issued to him under subsection (1), shall be liable to pay as penalty a sum equal to ten rupees *per centum* upon the amount of duty payable, and a like penalty for every month after the first month during which the failure continues.

- (4) The duty and penalty required to be paid under this section may be recovered as if they were required to be paid under Chapter IV.”.

3. Part I of Schedule A to the principal enactment, as last amended by Law No. 21 of 1973, is hereby further amended as follows:-

(1) by the substitution in item 23 thereof, for paragraphs (1) and (2) of that item, of the following new paragraphs:-

“(1)(a) Writing or Bill of Sale by way of conveyance or transfer requiring registration under the Registration of Documents ordinance;

(b) conveyance or transfer of any immovable property for any consideration-

where the purchase or consideration money therein or there upon expressed, or if the consideration be other than a pecuniary one, or partly pecuniary and partly other than pecuniary, the value of the property shall be-

			Rs.	c.
Over Rs.	0 and not over Rs.	50	1	0
Over Rs.	50 and not over Rs.	100	2	0
Over Rs.	100 and not over Rs.	200	4	0
Over Rs.	200 and not over Rs.	300	6	0
Over Rs.	300 and not over Rs.	400	8	0
Over Rs.	400 and not over Rs.	500	10	0
Over Rs.	500 and not over Rs.	1,000	15	0
Over Rs.	1000 and not over Rs.	50,000 for every Rs. 100 or part thereof	3	0
Over Rs.	50,000 and not over Rs.	75,000 for every Rs. 100 or part thereof	4	0
Over Rs.	75,000 and not over Rs.	100,000 for every Rs. 100 or part thereof	5	0
Over Rs.	100,000, for every Rs.	100 or part thereof	6	0

Provided that where a conveyance or transfer of any immovable property is deemed by the Commissioner to be partly a conveyance or transfer and partly a gift, then, if the value of such property exceeds Rs. 1,000, the duty chargeable in respect of such part of the transaction as is deemed to be a conveyance or transfer shall be at the appropriate rate as set out above notwithstanding that the consideration set forth in the instrument of such conveyance or transfer is less than Rs. 1,000.

## (2) Conveyance or transfer of any movable property for any consideration—

where the purchase or consideration money therein or there upon expressed, or if the consideration be other than a pecuniary one, or partly pecuniary and partly other than pecuniary, the value of the property shall be—

			Rs.	c.
Over Rs.	0 and not over Rs.	50	0	50
Over Rs.	50 and not over Rs.	100	1	0
Over Rs.	100 and not over Rs.	200	2	0
Over Rs.	200 and not over Rs.	300	3	0
Over Rs.	300 and not over Rs.	400	4	0
Over Rs.	400 and not over Rs.	500	5	0
Over Rs.	500 and not over Rs.	1,000	10	0
Over Rs.	1,000 and not over Rs. 50,000, for every Rs. 100 or part there of	..	3	0

Over Rs. 50,000 – Rs. 1,500 and an additional sum computed at the rate of Rs. 5, for every Rs. 500, or any outstanding fraction thereof, in excess of Rs. 50,000.

Provided that in the case of a conveyance or transfer of shares, scrip, stock debentures or debenture stock the duty shall be as follows:—

			Rs.	c.
Where the value is over Rs.	0 and not over Rs.	50	1	0
Where the value is over Rs.	50 and not over Rs.	100	2	0
Where the value is over Rs.	100 and not over Rs.	200	4	0
Where the value is over Rs.	200 and not over Rs.	300	6	0
Where the value is over Rs.	300 and not over Rs.	400	8	0
Where the value is over Rs.	400 and not over Rs.	500	10	0
Where the value is over Rs.	500 and not over Rs.	1,000	20	0
Where the value is over Rs.	1,000 and not over Rs. 50,000, for every Rs. 100 or part thereof	..	3	0

Over Rs. 50,000 – Rs. 1,500 and an additional sum computed at the rate of Rs. 10 for every Rs. 500, or any out standing fraction thereof, in excess of Rs. 50,000"; and

(2) by the substitution, for item 32 thereof, of the following new item:-

'32. (1) Gift or deed of gift of any property-

(a) where the value of the property-

	Rs.	c.
(i) does not exceed Rs. 50 ..	1	0
(ii) exceeds Rs. 50 but does not exceed Rs. 100 ..	2	0
(iii) exceeds Rs. 100 but does not exceed Rs. 200 ..	4	0
(iv) exceeds Rs. 200 but does not exceed Rs. 300 ..	6	0
(v) exceeds Rs. 300 but does not exceed Rs. 400 ..	8	0
(vi) exceeds Rs. 400 but does not exceed Rs. 500 ..	10	0
(vii) exceeds Rs. 500 but does not exceed Rs. 1000 ..	15	0
(viii) exceeds Rs. 1000 but does not exceed Rs. 50,000, for every Rs. 100 or part thereof ..	3	0

(b) where the property exceeds Rs. 50,000 in value, Rs. 1,500 and an additional sum computed at the rate of Rs. 8 for every Rs. 500, or any outstanding fraction thereof, in excess of Rs. 50,000.

(2) Except in any case where different allotments are treated and described as one property, and from their situation as respects each other other can be included in one survey, a gift or deed of gift affecting more than one land shall be liable to further duty as follows:-

For each additional land:-

	Rs.	c.
(i) Where the aggregate value of all the lands does not exceed Rs. 100 ..	0	25
(ii) Where the aggregate value of all the lands exceeds Rs. 100 but does not exceed Rs. 300 ..	0	50
(iii) Where the aggregate value of all the lands exceeds Rs. 300 ..	1	0".

**Bank Debits Tax (Amendment) Law, No. 32 of 1975**

A LAW TO AMEND THE BANK DEBITS TAX ACT, NO. 27 OF 1970.

1. This Law may be cited as the Bank Debits Tax (Amendment) Law, No. 32 of 1975, and shall come into operation on such date as may be appointed by the Minister by Order published in the *Gazette*.

2. Section 3 of the Bank Debits Tax Act, No. 27 of 1970 (hereinafter referred to as the "principal enactment") is hereby amended by the omission of paragraphs (b), (c) and (d) of that section.

3. Section 5 of the principal enactment is hereby amended by the repeal of subsection (1) of that section, and the substitution therefor of the following new subsection:-

"(1) Within sixty days after the end of each calendar month every commercial bank shall, according to the funds in each current account maintained in that bank, withdraw from that account a sum equal to the tax or part of the tax on the debits made against that account during that month, and shall, after deducting from the total of the sums withdrawn in pursuance of this subsection the amount of the fee referred to in section 6, remit the balance of such total, with a statement relating thereto in the prescribed form, to the Chief Accountant of the Central Bank of Ceylon to be credited to the Consolidated Fund of Sri Lanka."

4. Section 15 of the principal enactment is hereby repealed and the following new section substituted therefor:

15. After the end of every three calendar months an officer of the Central Bank of Ceylon authorized in that behalf by the Governor of such Bank shall, in respect of each commercial bank, in writing certify to such Governor the total amount of such debits made during those months against the current accounts in that commercial bank as are subject to the tax, the total amount of the tax payable on those debits, the amount remitted by that commercial bank in payment of the tax, the amount retained by that commercial bank as its fee for collecting and remitting the tax and the amount of the tax, if any, that has not been collected. Such certificate shall be transmitted by a Deputy Governor of the Central Bank of Ceylon to the Deputy Secretary to the Treasury within seventy-four days after the end of the three calendar months to which such certificate relates."

5. Section 17 of the principal enactment is hereby amended by the substitution, for the definition of "commercial bank", of the following new definition:-

" "commercial bank" means any commercial bank within the meaning of the Monetary Law Act;".

**Land Reform (Amendment) Law, No. 39 of 1975**

**A LAW TO AMEND THE LAND REFORM LAW NO. 1 OF 1972.**

1. This Law may be cited as the Land Reform (Amendment) Law, No. 39 of 1975.

2. The The following new Part is hereby inserted immediately after Part III, and shall have effect as Part IIIA, of the Land Reform Law, No. 1 of 1972:-

**PART III A**

**SPECIAL PROVISIONS RELATING TO ESTATE LANDS  
OWNED BY PUBLIC COMPANIES**

42A. (1) Every estate land owned or possessed by a public company on the date on which this Part of this Law comes into operation shall, with effect from such date-

- (a) be deemed to vest in and be possessed by the Commission; and
- (b) be deemed to be managed under a statutory trust for and on behalf of the Commission by the agency house or organization which, or the person who, on the day immediately prior to the date of such vesting, was responsible for, and in charge of, the management of such estate land, for and on behalf of such company, and such agency house, organization or person shall, subject to the provisions of this Part of this Law, be deemed to be the statutory trustee of such estate land.

(2) The vesting of an estate land under subsection (1) shall have the effect of giving the Commission absolute title to such estate land as from the date of vesting and, subject as hereinafter provided, free from all encumbrances.

(3) The terms and conditions of the statutory trust, including the remuneration or agency fees of statutory trustees shall, subject as hereafter in this Part of this Law provided, be as prescribed by regulations made under this Law.

42B. (1) Where any estate land is vested in the Commission under section 42A, the statutory trustee of such estate land, shall, during the continuance of such statutory trust be responsible for the good and proper management of such estate land, subject to such general or special directions as may from time to time be issued by the Commission.

(2) No such statutory trustee shall by any act or omission cause the condition of such estate land to deteriorate or the assets, movable or immovable, of such estate land to be destroyed, lost, damaged or depreciated in value.

(3) It shall be the duty of such statutory trustee to allow the workers who were lawfully resident on the estate land on the day immediately prior to the date of such vesting to continue so to reside on such estate land, and to continue the employment of the workers who were in regular employment on such estate land on such day.

(4) No credit or other financial arrangement which relates to the management, supervision or development of any such estate land or to the marketing of the produce of such land, and which is in force on the date on which this Part of this Law comes into operation shall be modified or altered except with the written consent of the Commission, and for the purpose of securing compliance with the preceding provisions of this subsection, the Commission may from time to time issue such directions as it may deem necessary or expedient to any statutory trustee, commercial bank, public company, agency house, broker or any other party to such arrangement, and it shall be the duty of every person to whom any such direction is issued to comply therewith.

(5) (a) Subject to the provisions of paragraph (b), where any estate land is vested in the Commission, the rights and liabilities of the former owner of such estate land under any contract or agreement, express or implied, which relates to the purposes of such estate land and which subsists on the day immediately prior to the date of such vesting, and the other rights and liabilities of such owner which relate to the running of such estate land and which subsist on such day, shall become the rights and liabilities of the Commission; and the amounts required to discharge all such liabilities shall be deducted from the amounts of compensation payable in respect of such estate land.

(b) The Minister may at any time repudiate any liabilities referred to in paragraph (a), if he is of opinion that such liabilities were incurred *mala fide*, dishonestly or fraudulently. Notice of the repudiation shall be given by the Minister to the parties affected by such repudiation.

(c) Where the Minister under paragraph (b) repudiates any liabilities, such liabilities shall be deemed never to have become the liabilities of the Commission.

42C. (1) Where any estate land is vested in the Commission under this Part of this Law, it shall be the duty of the statutory trustee of such estate land, within one month of the date of such vesting, to furnish in writing to the Commission a declaration containing the following particulars:-

- (a) the name and postal address of the estate land;
- (b) the name and address of the former owner of the estate land;
- (c) the situation and extent of the estate land, the plantations thereon, the area covered by each such plantation and the yield of such plantation in each of the five calendar years immediately preceding the date of vesting;
- (d) a description of the buildings, factories, machinery, implements, vehicles and other things, movable and immovable, belonging to the estate land;
- (e) the balance sheet and profit and loss account of the estate land for each of the five accounting years immediately preceding the date of vesting;

- ( f ) copies of declarations submitted to the Commissioner-General of Inland Revenue in respect of any tax payable in respect of such estate land in each of the three accounting years immediately preceding the date of vesting;
- ( g ) a statement of interim and final dividends declared by the former owner for each of the five accounting years immediately preceding the date of vesting;
- ( h ) particulars of sales of other estate lands, if any, in the administrative district, of which the statutory trustee has knowledge and which have taken place during the period of three years immediately preceding the date of vesting; and
- ( i ) such other particulars as may be prescribed; and

(2) A copy of the declaration furnished to the Commission under subsection (1) shall be sent by the statutory trustee to the former owner of such estate land who shall have the right within ninety days of the receipt by him of such copy, to address any observations on the information therein contained, to the Commission.

(3) It shall also be the duty of the statutory trustee of such estate land, to furnish to the Commission in respect of such estate land within four months of the date of vesting:-

- (a) a profit and loss account in respect of the period commencing on the day following the last day of the previous accounting year and ending on the day immediately preceding the date of vesting;
- (b) the balance sheet as at the day immediately preceding the date of vesting; and
- (c) such other information as may be prescribed.

42D. (1) Where any person who was not lawfully resident on any estate land vested in the Commission attempts to take up, or takes up, residence on such estate land, it shall be the duty of the statutory trustee and of the superintendent of such estate land immediately to report the fact in writing to the Commission and to the police officer in charge of the nearest police station.

(2) Upon receipt by the Commission of a report under subsection (1), an authorized officer or agent of the Commission may give directions to any police officer in connection with the ejectment of such persons from such estate land and such police officer shall take such steps and may use such force as may be necessary for securing compliance with such directions.

(3) Where the authorized officer or agent of the Commission is unable or apprehends that he will be unable to eject such persons from such estate land, he shall, on making an application in that behalf to the Magistrate's Court having jurisdiction over the area in which the estate land is situated, be entitled to an *ex parte* order of the court directing the Fiscal to eject such persons from such estate land.

(4) Where an order under subsection (3) is issued to the Fiscal by the Magistrate's Court, he shall forthwith execute the order and shall in writing report to the court the manner in which that order was executed.

(5) For the purpose of executing the order issued by the Magistrate's Court under subsection (3), the Fiscal or any person acting under his direction may seek the assistance of any police officer and may use such force as may be necessary to enter the estate land and to eject such persons and their dependants, if any, therefrom.

42E. No servitude over any estate land shall in any manner be affected by the vesting of such estate land in the Commission under the provisions of this Part of this Law, unless and until such servitude has been determined by the Commission. Where such servitude is so determined, the owner of the servitude shall be entitled to compensation.

42F. Where any estate land subject to a mortgage, lease, usufruct or life interest is vested in the Commission under the provisions of this Part of this Law, the mortgagee, lessee, usufructuary or the holder of the life interest, as the case may be, shall have alien to the extent of his interest in such estate land on the compensation payable in respect of such estate land.

42G. Any statutory trust under section 42A, may be terminated at any time at the option of the Commission, and the Commission may at any time take possession of any estate land vested in the Commission. Unless terminated earlier, such trust shall continue for one year from the date of vesting, and if the Commission so decides, be continued for a further period of one year. No statutory trust may be continued for any further period by the Commission, except with the express approval of the Minister.

42H. (1) Any estate land vested in the Commission under this Part of this Law may be used for any of the following purposes:—

- (a) alienation by way of sale, exchange, rent purchase or lease to persons for agricultural development or animal husbandry, or for a co-operative or collective farm or enterprise;
- (b) alienation by way of sale in individual allotments to persons for the construction of residential houses;
- (c) alienation to any corporation established or to be established under the State Agricultural Corporations Act, No. 11 of 1972, or to the Ceylon State Plantations Corporation established under the Ceylon State Plantations Corporation Act, No. 4 of 1958;
- (d) for a farm or plantation managed by the Commission directly or by its agents;
- (e) for village expansion or any other public purpose.

(2) In determining the purposes for which estate lands vested in the Commission may be used, the Commission shall be subject to such directions as may from time to time be issued in that behalf by the Minister.

42j. (1) Compensation shall be payable in respect of every estate land vested in the Commission under this Part of this Law.

(2) The amount of compensation to be paid in respect of any estate land vested in the Commission shall be such sum as in the opinion of the Chief Valuer constitutes a reasonable value of such estate land as on the date of vesting. In determining the amount of compensation, the Chief Valuer shall take into consideration, *inter alia*, the condition of the estate land as on the date of vesting, the dividends and profits declared by the owner thereof in each of the five accounting years immediately preceding the date of vesting and the prices at which estate land in the area in which such estate land is situated were sold during the period of three years immediately preceding the date of vesting.

(3) The manner and mode of payment of compensation shall be determined by the Minister in consultation with the Minister in charge of the subject of Finance and the Minister in charge of the subject of Planning and Economic Affairs.

(4) The compensation payable, less any deductions that may be made from such compensation under this Part of this Law, shall carry interest, as from the date on which it accrues due until payment, at such rate as may be determined by the Minister With the concurrence of the Minister in charge of the subject of Finance and the Minister in charge of the subject of Planning and Economic Affairs.

(5) The Provisions of sections 29 to 40 (both inclusive) shall, *mutatis mutandis*, apply in respect of estate lands vested in the Commission under this Part of this Law.

(6) Where a person is entitled to compensation in respect of any estate land vested in the Commission, the Commission shall, after reasonable notice to such person, pay from the amount of such compensation—

(a) to the Commissioner-General of Inland Revenue, any sum certified under the hand of the Commissioner-General of Inland Revenue to the Commission to be due from such person under Inland Revenue Act, No. 4 of 1963; and

(b) to the Commissioner of Labour, any sum certified, within a period of one year from the date of vesting of such estate land, under the hand of the Commissioner of Labour to the Commission to be due from such person as arrears of salary, provident fund contributions, gratuity or other monetary benefit to any person employed in such estate land.

For the purposes of this subsection, the expression "compensation" includes any interest which has accrued due on such compensation.

(7) Notwithstanding the provisions of subsections (1) to (5) (both inclusive) of this section, the Commission may pay to any person entitled to compensation in respect of any estate land vested in the Commission under this Part of this Law, such amount and in such manner or mode as the Minister may, in consultation with the Minister in charge of the subject of Finance and the Minister in charge of the subject of Planning and Economic Affairs, direct the Commission to pay, pursuant to any agreement or negotiated settlement reached between the Minister and such person in respect of the amount of compensation for such estate land and the manner and mode of payment thereof.

(8) Where compensation has been paid in respect of any estate land in accordance with the provisions of this section, no further claim against the Commission either by the person to whom such compensation was paid or by any other person shall be allowed and no action shall be instituted against the Commission in any court in respect of such further claim.

42K. Where the Minister in consultation with the Minister in charge of the subject of Trade, the Minister in charge of the subject of Planning and Economic Affairs and the Minister in charge of the subject of Finance, is of the opinion that it is necessary, for the purpose of giving effect to this Part of this Law, to vest in the Government, the business undertaking of any agency house or organization which, under this Part of this Law, is the statutory trustee of any estate land vested in the Commission, the Minister May request the Minister of Finance to vest such business undertaking in the Government under the provisions of the Business Undertakings (Acquisition) Act, No. 35 of 1971, and accordingly, the Minister of Finance may by Order made under section 2 of that Act, vest such business undertaking in the Government.

42L. (1) Where the Minister is of the opinion that, for the good and proper management of any estate land vested in the Commission, it is necessary so to do, the Minister may by Order published in the *Gazette* appoint any person as a director or other executive officer or remove from office any director or other executive officer of the agency house or organization which under this Part of this Law is the statutory trustee of such estate land.

(2) An Order made under subsection (1)-

- (a) shall have effect from the date of publication of such Order in the *Gazette*;
- (b) shall be valid and effectual notwithstanding anything in any other Law;
- (c) shall not be questioned in any court or tribunal on any ground what so ever;

and the person in respect of whom such Order is made shall be deemed to have been appointed to or to have vacated his office, as the case may be, on the date of publication of such Order in the *Gazette*.

42M. In this Part of this Law, unless the context otherwise requires, "estate land" means any land of which an extent exceeding fifty acres, is under cultivation in tea, rubber, coconut or any other agricultural crop, or is used for any purpose of husbandry, and includes unsold produce of that land and all buildings, fixtures, machinery, implements, vehicles and things, movable and immovable, and all other assets belonging to the owner of such land and used for the purposes of such land."

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Extracts from the National Prices Commission Law, No. 42 of 1975

PART I.

ESTABLISHMENT OF THE NATIONAL PRICES COMMISSION

2. There shall be established, on the appointed date, a Commission which shall be called the National Prices Commission (hereafter in this Law referred to as the "Commission"), and which shall consist of the persons who are for the time being members of the Commission under section 4.

PART II.

FUNCTIONS AND POWERS OF THE COMMISSION

13. The functions of the Commission shall be—

- (a) to examine any request made to it under section 17 or under section 18, and in appropriate cases, to fix the maximum factory, wholesale or retail prices above which any article referred to in such request shall not be sold or to set out the price structure according to which such Prices shall be fixed;
  - (b) to examine any matter specified in a reference made to it under section 23 and to tender advice in respect of such matter, in the form of a report to the relevant agency making such reference;
  - (c) to examine any matter specified in a reference made to it under section 24 and to tender advice in respect of such matter, in the form of a report to the Minister making such reference.
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Extracts from the Control of Prices (Amendment) Law, No. 43 of 1975

A LAW TO AMEND THE CONTROL OF PRICES ACT.

2. (1) Section 4 of the Control of Prices Act, hereinafter referred to as the "principal enactment", is hereby repealed.

(2) Notwithstanding the repeal of section 4 of the principal enactment, every Order made under section 4 of that enactment in respect of any article, and in force on the day immediately preceding the coming into force of this Law, shall, in so far as that Order is not inconsistent with the provisions of the National Prices Commission Law, be deemed to be an Order made under section 20 of that Law.

3. Section 6 of the principal enactment is hereby amended in subsection (2) of that section as follows:-

- (i) by the omission of paragraph (b) of that subsection;
- (ii) by the substitution, for paragraph (d) of that subsection, of the following paragraph:-

“(d) the prohibition, regulation or control of the storage, removal or or disposal of any articles, and the prevention of the hoarding of any articles, during the operation of any Order made or deemed to be made under the National Prices Commission Law fixing the prices of such articles;”;

- (iii) by the substitution, for paragraph (e) of that subsection, of the following paragraph:-

“(e) the seizure of articles in respect of which or in relation to which contraventions of any Order made or deemed to be made under the National Prices Commission Law fixing the prices of such articles, or of any regulation made under this Act have been or are suspected to have been committed, and the custody, sale and disposal of articles so seized or ordered by any court to be forfeited;”;

- (iv) by the repeal of paragraph (f) of that subsection; and

- (v) by the substitution, for paragraph (g) of that subsection, of the following paragraph:-

“(g) any other matter incidental or consequential to any of the matters herein before mentioned, or which may be necessary for the purpose of securing compliance with any Order made or deemed to be made under the National Prices Commission Law fixing the prices of any articles.”.

4. Section 8 of the principal enactment is hereby amended as follows:-

- (1) by the substitution, for subsection (1) of that section, of the following subsection:-

“(1) Every person who acts in contravention of any Order or regulation made or deemed to be made under this Act or of any general or special direction given under section 5 of this Act, or contravenes any Order made or deemed to be made under the National Prices Commission Law fixing the price of an article, or contravenes or fails to comply with any direction given or requirement imposed under section 5A of this Act or resists or obstructs any other person in the exercise of his powers under that section, shall be guilty of an offence.”;

(2) in subsection (2) of that section—

(a) by the substitution, for paragraph (a) of that subsection, of the following paragraph—

“(a) any person, carrying on business at any premises situated in any place or area in which an Order made or deemed to be made under the National Prices Commission Law fixing the price of an article is in operation, has in his possession for purposes of trade a stock of such article; and”;

(b) by the substitution, for sub-paragraph (ii) of paragraph (b) of that subsection, of the following sub-paragraph:—

“(ii) offers to sell the article subject to a condition requiring the buying of any other article (whether or not an Order made or deemed to be made under section 20 of the National Prices Commission Law is in force in respect of such other article), or the making of any payment in respect of any service or subject to any other condition, except a condition that the buyer shall pay the price forthwith,”;

(3) in subsection (6) of that section, by the substitution for sub-paragraph (i) of paragraph (a), of the following sub-paragraph:—

“(i) if it is the contravention of an Order made or deemed to be made under section 20 of the National Prices Commission Law by selling an article above the maximum price fixed for that article by that Order, or of a regulation for the prevention of the hoarding of an article for which the maximum price is fixed by such an Order, be punished with rigorous imprisonment for a term not less than four weeks and not exceeding six months and, in addition, with a fine not exceeding seven thousand five hundred rupees, and”;

(4) by the substitution, for subsection (8) of that section, of the following subsection:—

‘(8) Where any person who is employed by any other person (such other person being hereinafter referred to as the “employer”) to sell articles in the course of any business carried on by the employer at any premises, is, by reason of anything done or omitted to be done at those premises, convicted of the offence of contravening any provision of any Order made or deemed to be made under the National Prices Commission Law fixing the prices of the articles, or of a regulation made or deemed to be made under this Act, then the employer, or where the employer is out of Sri Lanka, the person for the time being acting as manager or having control of the business, shall also be guilty of that offence unless he proves to the satisfaction of the court that the offence was committed without his knowledge and that he exercised all due diligence to prevent the commission of the offence.’.

5. Section 10 of the principal enactment is hereby repealed, and the following section is substituted therefor:-

10. The provisions of this Act or of any Order made or deemed to be made under the National Prices Commission Law fixing the price of any article shall have no application to any article imported, purchased or stored by or on behalf of the naval, military, air force or civil authorities for the use of the Armed Services of Sri Lanka or the Government, or to the price at which any article specified by the Minister by Notification published in the Gazette is sold to any officer authorized by the Minister to purchase such article for the use of the Government; but nothing in this section shall be deemed or construed to permit any person to sell, or authorize any person to refuse to sell, any article to the naval, military or air force authorities, or to any other person on behalf of any of the last-mentioned authorities, in contravention of the aforesaid provisions.”.

6. Section 11 of the principal enactment is hereby amended as follows:-

- (i) by the omission of the definition of “Minister”;
- (ii) by the substitution, for the definition of “price controlled article”, of the following definition:-

““price-controlled article” means any article in respect of which an Order made or deemed to be made under the National Prices Commission Law fixing the price of such article, is in operation;; and

- (iii) by the insertion, immediately after the definition of “requisition”, of the following new definition:-

““Order made or deemed to be made under the National Prices Commission Law” includes a variation under section 22 of the National Prices Commission Law of an Order made or deemed to be made under section 20 of that Law;”.

### Appropriation Law, No. 50 of 1975

A LAW TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR, 1976 TO AUTHORIZE THE RAISING OF LOANS IN OR OUTSIDE SRI LANKA FOR THE PURPOSE OF SUCH SERVICE, TO MAKE FINANCIAL PROVISION IN RESPECT OF CERTAIN ACTIVITIES OF THE GOVERNMENT DURING THAT FINANCIAL YEAR, TO ENABLE THE PAYMENT, BY WAY OF ADVANCES OUT OF THE CONSOLIDATED FUND OR ANY OTHER FUND OR MONEYS OF, OR AT THE DISPOSAL OF THE GOVERNMENT, OF MONEYS REQUIRED DURING THAT FINANCIAL YEAR FOR EXPENDITURE ON SUCH ACTIVITIES, TO PROVIDE FOR THE REFUND OF SUCH MONEYS TO THE CONSOLIDATED FUND, AND TO MAKE PROVISION FOR MATTERS CONNECTED WITH OR INCIDENTAL TO THE AFORESAID MATTERS.

- 1. This Law may be cited as the Appropriation Law, No. 50 of 1975.

2. (1) Without prejudice to any other law authorizing any expenditure, the expenditure of the Government, which it is estimated will be rupees six thousand nine hundred and Seventy-three million one hundred and Seventy-two thousand Seven hundred and fifty-five for the service of the period beginning on January 1, 1976, and ending on December 31, 1976, in this Law referred to as the "financial year 1976", shall be met-

- (a) from payments which are hereby authorized to be made out of the Consolidated Fund or any other fund or moneys of, or at the disposal of, the Government; and
- (b) from the proceeds of loans which are hereby authorized to be raised, whether in or outside Sri Lanka, for and on behalf of the Government, so however, that the aggregate of such proceeds does not exceed rupees two thousand nine hundred and four million.

The sum of rupees six thousand nine hundred and Seventy-three million one hundred and Seventy-two thousand Seven hundred and fifty-five herein before referred to may be expended as specified in the First Schedule to this Law.

(2) The provisions of subsection (1) of this section shall have effect without prejudice to the provisions of any other written law authorizing the raising of loans for and on behalf of the Government.

3. (1) The receipts of the Government, during the financial year referred to in section 2, from each activity specified in column I of the Second Schedule to this Law shall be credited to the account of such activity, but the aggregate of the receipts so credited shall not exceed the maximum limit specified in the corresponding entry in Column III of that Schedule. Any receipts from such activity in excess of such maximum limit shall be credited to the Consolidated Fund.

(2) The expenditure incurred by the Government, during the financial year referred to in section 2, on each activity specified in column I of the Second Schedule to this Law shall be paid out of the receipts of the Government from such activity during that financial year, but such expenditure shall not exceed the maximum limit specified in the corresponding entry in column II of that Schedule.

(3) The debit balance, outstanding at the end of the financial year referred to in section 2, of any activity specified in column I of the Second Schedule to this Law shall not exceed the maximum limit specified in the corresponding entry in column IV of that Schedule, and the total liabilities of that activity at the end of that financial year shall not exceed the maximum limit specified in the corresponding entry in column V of that Schedule.

4. Whenever, at any time during the financial year referred to in section 2, the receipts of the Government from any activity specified in column I of the Second schedule to this Law are insufficient to meet the expenditure incurred by the Government on such activity, the Minister may, from time to time, by Order direct that such sums as he may deem necessary to meet such expenditure shall

be payable, by way of advances, out of the Consolidated Fund or any other fund or moneys of, or at the disposal of, the Government, so however, that the aggregate of the sums so advanced does not exceed the maximum limit of expenditure specified in the corresponding entry in column II of that Schedule. Any sums so advanced in respect of such activity shall be refunded to the Consolidated Fund in such manner as the Minister may by Order direct.

5. (1) Any moneys which, by virtue of the provisions of the First Schedule to this Law, have been allocated to Recurrent Expenditure under any Programme appearing under any Head specified in that Schedule, but have not been expended or not likely to be expended, may be transferred to the allocation of Capital Expenditure within that Programme, or to the allocation of Recurrent Expenditure or Capital Expenditure under any other Programme within that Head by order of the Secretary to the Treasury or any other officer authorized by him.

(2) No moneys allocated to Capital Expenditure under any Programme appearing under any Head specified in the First Schedule to this Law shall be transferred out of that allocation.

6. Where the Minister is satisfied

- (1) that receipts from taxes and other sources will be less than the amounts anticipated to finance authorized expenditures; or
- (2) that amounts originally appropriated for a particular purpose or purposes are no longer required,

he may, with the approval of the Government, withdraw in whole or in part any amounts previously released, for expenditure under the authority of a warrant issued by him, from the Consolidated Fund or from any other fund or moneys of, or at the disposal of, the Government."

7. The Minister with the approval of the Government, may, on or before July 31, 1977 by Order vary or alter any of the maximum limits specified in column II, column III, column IV or column V, of the Second Schedule to this Law. Any such Order shall, if so expressed therein, be deemed to have had effect from such date prior to the date of making of such Order as may be specified therein.

8. The National State Assembly may, by resolution, amend the Second Schedule to this Law, by adding to the appropriate columns of that Schedule, any activity and all or any of the maximum limits relating to such activity.

## APPENDIX II

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### MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD IN 1975.

		Page
1.	Reserve Requirements-Regulations 'D', 'G' and 'H' Circular No. 92                    ..                    ..                    ..	(i)
2.	Commercial Bank Credit Circular No. 93                    ..                    ..                    ..	(ii)
3.	Reserve Requirements - Regulation 'D' Circular No. 95                    ..                    ..                    ..	(iii)
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5.	Reserve Requirements - Regulation 'D' Circular No. 100                    ..                    ..                    ..	(v)
6.	Central Bank's Exchange Rates for U. S. Dollars                    ..	(vi)
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MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD

1. Reserve Requirements - Regulation D, Circular No. 92 and 93
2. Central Bank's Exchange Rates for U. S. Dollars
3. Central Bank's Exchange Rates for the Asian Monetary Unit, Indian Rupee, Japanese Yen, and the Indian Rupee
4. Reserve Requirements - Regulation D, Circular No. 95A
5. Reserve Requirements - Regulation D, Circular No. 100
6. Central Bank's Exchange Rates for U. S. Dollars
7. Central Bank's Exchange Rates for the Asian Monetary Unit, Indian Rupee, Japanese Yen, and the Indian Rupee
8. Central Bank's Exchange Rates for the Asian Monetary Unit, Indian Rupee, Japanese Yen, and the Indian Rupee
9. Central Bank's Exchange Rates for the Asian Monetary Unit, Indian Rupee, Japanese Yen, and the Indian Rupee
10. Central Bank's Exchange Rates for the Asian Monetary Unit, Indian Rupee, Japanese Yen, and the Indian Rupee

Circular No: 92

Central Bank of Ceylon,  
P. O. Box 590,  
Colombo 1.  
April 8, 1975.

**Reserve Requirements - Regulations 'D', 'G' and 'H'**

Your attention is invited to the notifications appearing in Gazette Extraordinary No. 158/2 of April 7, 1975, which withdraw:

- (i) Regulation 'G' published in Gazette Extraordinary No. 12,280 of February 1, 1961 as amended from time to time; and
- (ii) Regulation 'H' published in Gazette Extraordinary No. 14,420 of June 9, 1965;

and amend Regulation 'D' published in Gazette Extraordinary No. 10,143 of August 28, 1950. Consequently, Circular letters No. 14 of July 24, 1961 and No. 16 of September 25, 1961 are hereby withdrawn.

Commercial Banks are thus no longer required to maintain special reserves hitherto required under Regulation 'G' and 'H' but reserves required to be maintained under Regulation 'D' shall, with effect from April 23, 1975, be held only in the form of rupee deposits with the Central Bank.

A. BANDARANAYAKE  
Chief Accountant

H. E. TENNEKOON  
Governor

Circular No: 93

Central Bank of Ceylon,  
P. O. Box 590,  
Colombo 1,  
April 8, 1975.

### Commercial Bank Credit

Commercial Banks are hereby informed that with effect from today, the outstanding level of a bank's borrowings from the Central bank shall not exceed 8% of the total of the following asset items of that bank on December 31, 1974.

- (1) Bills discounted and financed;
- (2) Loans (excluding loans granted under Government agricultural credit schemes); and
- (3) Overdrafts;

subject to the provision that in the case of a bank whose outstanding borrowings from the Central bank as of today exceeds the stipulated limit that bank is not required to repay the excess immediately, but will not be granted any new advances until the outstanding level of its borrowings is brought within the limit. 'Borrowings from the Central Bank' in this context excludes refinance granted under Government agricultural credit schemes, the Guaranteed Price Scheme and from the Medium & Long Term Credit Fund.

The Central Bank, however, is prepared to consider applications from commercial banks for accommodation in excess of the stipulated limit, to enable banks to tide over temporary cash shortages. Such accommodation will be granted for very short periods and at a rate of interest of  $2\frac{1}{2}\%$  above Bank rate.

Central Bank's Circular No. 82 dated May 27, 1974, is hereby withdrawn. However, banks are required not to increase their loans and advances for non-essential purposes such as consumption, speculative stock building, etc., over the level of such loans and advances outstanding as on December 31, 1974.

A. BANDARANAYAKE  
Chief Accountant

H. E. TENNEKOON  
Governor

Circular No. 95

Central Bank of Ceylon,  
P. O. Box 590,  
Colombo 1.  
April 23, 1975.

**Reserve Requirements - Regulation 'D'**

Your attention is invited to the notification appearing in Gazette Extraordinary No. 160/62 of April 22, 1975, which alters the effective date of the amendment to Regulation 'D' published in Gazette Extraordinary No. 158/2 of April 7, 1975, to July 21, 1975.

Your bank may continue to maintain not more than 75% of the required reserves in the form of currency notes and coins, as defined in our Circular letter No. 14 of July 24, 1961, upto May 20, 1975. The proportion of required reserves held in the form of currency notes and coins shall not exceed 50% from May 21, 1975 to June 20, 1975 and 25% from June 21, 1975 to July 20, 1975. From July 21, 1975 the required reserves shall be maintained by your bank wholly in the form of deposits with the Central Bank.

A. BANDARANAYAKE  
Chief Accountant

H. E. TENNEKOON  
Governor

Circular No. 95A

Central Bank of Ceylon,  
P. O. Box 590,  
Colombo 1.  
April 23, 1975.

**Reserve Requirements - Regulation 'D'**

Your attention is invited to the notification appearing in Gazette Extraordinary No. 160/62 of April 22, 1975, which alters the effective date of the amendment to Regulation 'D' published in Gazette Extraordinary No. 158/2 of April 7, 1975 to July 21, 1975.

Your bank may continue to maintain not more than 75% of the required reserves in the form of currency notes and coins upto May 20, 1975. The proportion of required reserves held in the form of currency notes and coins shall not exceed 50% from May 21, 1975 to June 20, 1975 and 25% from June 21, 1975 to July 20, 1975. From July 21, 1975, the required reserves shall be maintained by your bank wholly in the form of deposits with the Central Bank.

A. BANDARANAYAKE  
Chief Accountant

H. E. TENNEKOON  
Governor

Circular No. 100

Central Bank of Ceylon,  
P. O. Box 590,  
Colombo 1.  
July 25, 1975.

**Reserve Requirements - Regulation 'D'**

Your attention is invited to the notification appearing in Gazette Extraordinary No. 173/3 of July 21, 1975, which alters the effective date of the amendment to Regulation 'D' published in Gazette Extraordinary No. 158/2 of April 7, 1975, to December 31, 1975.

Your bank may continue to maintain upto December 31, 1975, not more than 75% of the required reserves in the form of currency notes and coins.

A. BANDARANAYAKE  
Chief Accountant

H. E. TENNEKOON  
Governor

### Central Bank's Exchange Rates for U. S. Dollars

Circular Number and effective date	Central Bank Spot Buying Rate for Telegraphic Transfers	Central Bank Spot Selling Rate for Telegraphic Transfers
	Rupees per 100 Dollars	
1/239 October 02, 1974	668.70	668.95
1/240 January 09, 1975	662.45	662.70
1/241 January 29, 1975	649.75	650.00
1/242 March 05, 1975	640.60	640.85
1/243 April 09, 1975	655.20	655.45
1/244 May 14, 1975	678.75	679.00
1/245 June 19, 1975	686.65	686.90
1/246 July 01, 1975	710.75	711.00
1/247 August 05, 1975	728.15	728.40
1/248 August 15, 1975	739.40	739.65
1/249 September 24, 1975	753.05	753.30
1/250 November 27, 1975	765.55	765.80
1/251 December 10, 1975	770.80	771.05

Forward buying rate up to three months - no charge from spot buying rate.

Forward selling rate up to three months - - /50 cts. per month premium against spot selling rate.\*

Forward rates over three months and upto six months - on specific application to the Central Bank.

- 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.

# CENTRAL BANK'S EXCHANGE RATES FOR THE ASIAN MONETARY UNIT, BANGLADESH TAKA, INDIAN RUPEE, IRANIAN RIAL, NEPALESE RUPEE AND PAKISTAN RUPEE.

Applicable only to operations through Asian Clearing Union.

Circular Number and Effective Date	CENTRAL BANK RATES FOR TELEGRAPHIC TRANSFERS					
	Circular No. 105 of November 03, 1975	Buying	Selling	Circular No. 108 of November 17, 1975	Buying	Selling
Asian Monetary Unit (rupees per AMUs 100)	Spot*	894.90	895.15	893.05	893.30	898.55
Bangladesh Taka (rupees per Takas 100)	Spot**	51.97	52.03	51.96	52.02	51.96
Indian Rupee (rupees per Indian Rupees 100)	Spot**	85.20	85.26	85.20	85.26	85.20
Iranian Rial (rupees per Rials 100)	Spot**	10.93	10.95	10.88	10.90	11.00
Nepalese Rupee (rupees per Nepalese Rupees 100)	Spot**	60.58	60.64	60.32	60.38	61.00
Pakistan Rupee (rupees per Pakistan Rupees 100)	Spot**	76.43	76.50	76.10	76.16	76.97

Forward upto six months \* Buying -25 cts per month discount against spot.

\* Selling -25 cts per month premium against spot.

\*\* Buying -03 cts per month discount against spot.

\*\* Selling -02 cts per month premium against spot.

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 the Asian Monetary Unit, Bangladesh Taka,  
Indian Rupee, Iranian Rial, Nepalese Rupee and Pakistan Rupee

Commercial Banks' Rates for Clean Telegraphic Transfers  
Applicable only to operations through Asian Clearing Union

Circular No. 106 of November 03, 1975      Circular No. 107 of November 17, 1975      Circular No. 111 of December 01, 1975      Circular No. 114, of December 17, 1975

	Minimum Buying	Maximum Selling	Minimum Buying	Maximum Selling	Minimum Buying	Maximum Selling	Minimum Buying	Maximum Selling
Asian Monetary Unit (rupees per AMUs 100)	*	**	*	**	*	**	*	**
Bangladesh Taka (rupees per Takas 100)	51.94	52.05	51.93	52.04	51.93	52.04	51.95	52.06
Indian Rupee (rupees per Ind. Rs. 100)	85.17	85.28	85.17	85.28	85.17	85.28	85.56	85.67
Iranian Rial (rupees per Rials 100)	10.90	10.97	10.85	10.92	10.97	11.04	11.10	11.17
Nepalese Rupee (rupees per Nep. Rs. 100)	60.55	60.66	60.29	60.40	60.97	61.08	61.67	61.78
Pakistan Rupee (rupees per Pak. Rs. 100)	76.40	76.52	76.07	76.18	76.94	77.05	77.82	77.93

\* Not more than .75 cts. below the Central Bank's buying rate.

\*\* Not more than Rs. 1/50 over the Central Bank's selling rate.

# Central Bank's Exchange Rates for the Pound Sterling and the Indian Rupee

Circular Number and  
effective date

Circular No. 1

Revised - November 27, 1975

Circular No. 1

Revised - December 10, 1975

Central Bank Spot Buying Rates for Telegraphic Transfers	Central Bank Spot Selling Rates for Telegraphic Transfers	Central Bank Spot Buying Rates for Telegraphic Transfers	Central Bank Spot Selling Rates for Telegraphic Transfers
--	---	--	---

Sterling  
(Rupees per £ 100)

1559 7/8\*

1561 3/8\*\*

1559 7/8\*

1561 3/8\*\*

Indian Rupees

(Rupees Per 100 Indian Rupees)

84 31/32†

85 1/32††

86 1/32†

86 3/32††

Forward upto six months -

\* 21/32 of a rupee per month discount against spot.

\*\* 21/32 of a rupee per month premium against spot.

† 1/32 of a rupee per month discount against spot.

†† 1/32 of a rupee per month premium against spot.

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

Circular Number and  
Effective Date

Circular No. 2

Revised - November 27, 1975

Circular No. 2

Revised - December 10, 1975

Minimum Buying Rates Clean Telegraphic Transfers	Maximum Selling Rates Clean Telegraphic Transfers	Minimum Buying Rates Clean Telegraphic Transfers	Maximum Selling Rates Clean Telegraphic Transfers
--	---	--	---

## Sterling

(a) for amounts of £ 100 or below	Not more than 5 cts per £ 1 below the Central Bank's buying rate	Not more than 2 cts per £ 1 above the Central Bank's selling rate	Not more than 5 cts per £ 1 below the Central Bank's buying rate	Not more than 2 cts per £ 1 above the Central Bank's selling rate
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(b) for amount over 100	Not more than 3 cts per £ 1 below the Central Bank's buying rate	Not more than 1.5 cts per £ 1 above the Central Bank's selling rate	Not more than 3 cts per £ 1 below the Central Bank's buying rate	Not more than 1.5 cts per £ 1 above the Central Bank's selling rate
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## United States Dollars (per 100 dollars)

Not more than -/75 cts below the Central Bank's buying rate	Not more than Rs. 1/50 over the Central Bank's selling rate	Not more than -/75 cts below the Central Bank's buying rate	Not more than Rs. 1/50 over the Central Bank's selling rate
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## Indian Rupee

Rupees per 100 Indian Rupees)	84 15/16	85 1/16	86	86 1/8
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## APPENDIX III

# STATISTICAL TABLES

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### Definitions and explanatory notes

The following general notes supplement the footnotes given below the individual tables:—

1. In an attempt to bring the material up-to-date provisional figures are included in some tables.
2. Figures in some tables have been rounded off 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

# APPENDIX III STATISTICAL TABLES

## 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 revision.
4. The following symbols have been used throughout:—

na. = not available

— = nil

... = negligible

TABLE I

## NATIONAL PRODUCT AND EXPENDITURE

## Gross National Product at Current Factor Cost Prices

		Rupees Million										
		1959	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
1. Agriculture, Forestry, Hunting and Fishing	..	2,302.4	2,613.6	2,939.9	3,691.1	3,732.1	3,950.6	3,857.2	4,119.0	5,025.6	8,356.4	8,643.4
2. Mining and Quarrying	..	31.3	38.4	39.9	46.8	69.0	84.1	91.0	95.1	323.6	246.9	315.6
3. Manufacturing	..	682.1	866.2	883.6	1,120.7	1,312.0	1,424.6	1,480.1	1,727.8	2,017.0	2,474.8	3,216.7
4. Construction	..	282.9	317.2	380.2	522.3	627.0	744.0	751.1	711.1	802.1	1,011.3	1,018.0
5. Electricity, Gas, Water and Sanitary Services	..	9.5	14.3	15.1	16.4	18.4	26.3	38.5	36.2	39.5	34.3	43.7
6. Transport, Storage and Communications	..	540.9	829.2	831.0	939.2	1,060.2	1,151.9	1,203.8	1,333.4	1,525.0	1,683.4	1,888.7
7. Wholesale and Retail Trade	..	800.8	1,237.8	1,293.7	1,420.5	1,691.9	1,795.9	1,814.4	1,985.5	2,455.1	2,560.2	3,076.3
8. Banking, Insurance and Real Estate	..	50.9	85.8	107.4	138.6	142.7	152.2	165.8	191.0	219.9	301.9	335.9
9. Ownership of Dwellings	..	200.6	314.0	332.5	332.9	388.6	398.9	406.7	413.6	420.9	455.7	463.0
0. Public Administration and Defence	..	301.0	396.5	402.9	474.3	469.2	516.5	549.6	575.0	654.4	704.2	797.8
11. Services	..	727.6	1,028.3	1,091.8	1,227.4	1,322.6	1,458.5	1,548.6	1,619.4	1,752.0	1,976.4	2,275.8
12. Gross Domestic Product	..	5,930.0	7,741.3	8,318.0	9,930.2	10,833.7	11,703.5	11,906.8	12,807.1	15,265.1	19,805.5	22,074.9
13. Net Factor Income from Abroad	..	- 36.7	- 36.8	- 53.5	- 54.2	- 109.0	- 141.8	- 121.0	- 136.6	- 110.6	- 111.1	- 140.3
14. Gross National Product	..	5,893.3	7,704.5	8,264.5	9,876.0	10,724.7	11,561.7	11,785.8	12,670.5	15,154.5	19,694.4	21,934.6

Source: Central Bank of Ceylon.

Estimates for 1972 to 1975 are provisional



# NATIONAL PRODUCT AND EXPENDITURE

TABLE 2

Gross National Product at Constant (1959) Factor Cost Prices

Rupees Million											
	1959	* 1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
1. Agriculture, Forestry, Hunting and Fishing	2,302.4	2,821.2	3,060.6	3,239.7	3,280.5	3,406.6	3,311.2	3,478.4	3,387.6	3,558.3	3,601.8
2. Mining and Quarrying	31.3	37.1	37.0	37.3	55.0	65.2	66.6	67.5	266.2	190.9	248.2
3. Manufacturing	682.1	1,008.1	1,052.1	1,154.0	1,260.5	1,331.8	1,378.9	1,400.5	1,417.2	1,359.4	1,461.5
4. Construction	282.9	293.2	350.8	457.8	504.4	577.2	549.5	505.0	516.2	552.8	503.4
5. Electricity, Gas, Water and Sanitary Services	9.5	14.3	14.7	15.0	17.6	21.3	28.6	31.0	31.3	31.5	33.3
6. Transport, Storage and Communications	540.9	791.8	772.9	848.5	900.6	913.2	920.3	987.6	1,018.7	1,053.7	1,100.1
7. Wholesale and Retail Trade	800.8	1,144.1	1,193.8	1,245.0	1,361.1	1,393.2	1,315.7	1,327.2	1,383.2	1,449.8	1,501.4
8. Banking, Insurance and Real Estate	50.9	83.0	99.6	110.4	113.7	118.0	128.5	135.6	141.9	164.9	183.6
9. Ownership of Dwellings	200.6	272.8	263.1	291.8	290.9	301.5	307.4	312.6	318.1	344.4	350.0
10. Public Administration and Defence	301.0	396.5	388.9	432.4	445.4	458.8	488.1	522.2	566.6	609.1	645.6
11. Services	727.6	992.3	1,012.4	1,104.8	1,138.9	1,183.7	1,297.0	1,334.0	1,379.4	1,440.6	1,512.8
12. Gross Domestic Product	5,930.0	7,854.4	8,254.9	8,936.7	9,368.6	9,770.5	9,791.8	10,101.6	10,426.4	10,755.4	11,141.7
13. Net Factor Income from Abroad	- 36.7	- 36.1	- 44.5	- 35.7	- 67.5	- 84.1	- 66.9	- 71.9	- 43.9	- 24.9	- 26.9
14. Gross National Product	5,893.3	7,818.3	8,210.4	8,901.0	9,301.1	9,686.4	9,724.9	10,029.7	10,382.5	10,730.5	11,114.8

Estimates for 1972 to 1975 are provisional

Source: Central Bank of Ceylon.

End of Period			CURRENCY			
			(i)	(ii)	(iii)	(iv)
			Total	Held by Govt.	Held by Banks	Held by Public (i) - (ii) - (iii)
1945	..	..	449.5	5.6	113.5	330.4
1946	..	..	392.9	5.3	112.9	274.7
1947	..	..	411.8	4.2	169.5	238.1
1948	..	..	426.4	4.2	181.1	241.1
1949	..	..	476.1	4.2	228.0	243.9
1950	..	..	367.4	6.0	36.0	325.4
1951	..	..	417.0	5.9	33.8	377.4
1952	..	..	388.8	4.8	27.4	356.6
1953	..	..	367.1	6.3	25.5	335.3
1954	..	..	376.2	7.5	26.9	341.8
1955	..	..	425.0	9.0	31.5	384.5
1956	..	..	443.4	8.4	33.9	401.1
1957	..	..	475.1	9.8	30.4	434.9
1958	..	..	578.3	17.7	30.8	529.8
1959	..	..	621.3	12.7	43.5	565.0
1960	..	..	644.6	10.0	39.3	595.3
1961	..	..	763.8	14.2	57.4	692.2
1962	..	..	789.4	10.0	66.8	712.6
1963	..	..	900.9	8.8	63.7	828.4
1964	..	..	932.1	8.2	70.9	853.0
1965	..	..	1,002.8	6.6	94.7	901.4
1966	..	..	993.7	6.7	104.5	882.5
1967	..	..	1,072.8	8.0	84.8	979.9
1968	..	..	1,181.9	9.1	106.6	1,066.2
1969	..	..	1,212.7	7.2	121.5	1,083.9
1970	..	..	1,090.4	9.6	145.7	935.1
1971	..	..	1,285.1	1.6	168.1	1,115.3
1972*	..	..	1,444.8	2.9	239.5	1,202.3
1973	March	..	1,467.9	3.8	190.3	1,273.9
	June	..	1,537.5	2.2	200.2	1,335.1
	September	..	1,563.8	2.9	200.7	1,360.1
	December	..	1,653.0	0.9	215.4	1,436.7
1974	January	..	1,604.6	1.0	247.3	1,356.3
	February	..	1,617.7	2.5	248.2	1,367.0
	March	..	1,723.8	0.8	226.5	1,496.4
	April	..	1,818.6	2.8	296.9	1,519.0
	May	..	1,832.2	1.3	298.1	1,532.8
	June	..	1,826.1	1.8	270.8	1,553.5
	July	..	1,794.8	3.2	271.3	1,520.3
	August	..	1,813.4	9.4	291.2	1,512.8
	September	..	1,830.0	11.0	246.4	1,572.6
	October	..	1,854.7	3.5	320.3	1,530.9
	November	..	1,801.3	1.9	294.8	1,506.7
	December	..	1,829.0	1.2	288.5	1,539.3
1975	January	..	1,800.4	1.4	326.6	1,472.4
	February	..	1,761.6	3.1	280.2	1,478.3
	March	..	1,826.5	1.6	268.9	1,556.0
	April	..	1,851.0	3.2	280.6	1,567.2
	May	..	1,868.5	2.7	302.0	1,563.8
	June	..	1,828.6	1.0	234.8	1,592.8
	July	..	1,778.0	1.5	258.9	1,517.6
	August	..	1,799.8	3.1	262.8	1,533.9
	September	..	1,822.7	1.4	276.7	1,544.6
	October	..	1,815.7	3.1	254.7	1,557.9
	November	..	1,831.4	1.5	246.3	1,586.7
	December	..	1,890.4	0.3	280.3	1,609.8

- (i) Total amount of currency, including subsidiary notes and coins, issued by the Currency Board up to July 1950, and thereafter by the Central Bank.
- (ii) Currency held by the Treasury and the Kachcheries. Figures prior to 1951 do not include subsidiary notes and coins.
- (v) Total demand deposits held by the Central Bank and the commercial banks; figures prior to 1950, however, relate only to commercial banks. Figures from 1945 to 1948 exclude inter-bank deposits.
- (vi) Government demand deposits with the commercial banks and the Central Bank including, in 1950, balances belonging to the Board of Commissioners of Currency; figures prior to 1950, however, relate only to deposits with the commercial banks. The figures from 1945

## SUPPLY

Rupees Million

DEMAND DEPOSITS				(ix)	(x)
(v)	(vi)	(vii)	(viii)	Money Supply (iv)+(viii)	(viii) as percentage of (ix)
Total	Held by Govt.	Held by Banks	Held by Public (v)-(vi)-(vii)		
460.8	61.8	n.a.	399.0	729.4	54.7
480.4	88.3	n.a.	392.1	666.8	58.8
468.0	143.6	n.a.	324.4	562.5	57.7
528.9	163.2	n.a.	365.7	606.8	60.3
740.5	153.2	181.8	405.5	649.4	62.4
925.3	147.6	192.3	585.4	910.7	64.3
977.9	119.2	229.9	628.8	1,006.2	62.5
761.8	52.3	170.3	539.2	895.8	60.2
614.9	43.7	79.7	491.5	826.8	59.4
778.2	51.0	111.9	615.3	957.1	64.3
930.6	93.5	148.7	688.4	1,072.9	64.2
1,011.1	127.8	157.6	725.7	1,126.8	64.4
804.1	87.2	111.6	605.2	1,040.1	58.2
812.0	122.6	142.5	546.9	1,076.8	50.8
853.4	67.7	173.0	612.7	1,177.7	52.0
892.7	73.4	205.7	613.6	1,208.9	50.8
873.6	58.9	218.3	596.4	1,288.6	46.2
1,053.9	126.8	297.0	630.0	1,342.7	46.9
1,124.2	126.9	319.7	677.7	1,506.0	45.0
1,265.4	131.0	365.5	768.8	1,621.8	47.4
1,355.7	133.9	407.6	814.3	1,715.7	47.5
1,429.6	218.2	435.0	776.4	1,658.9	46.8
1,643.8	164.7	651.4	827.7	1,807.6	45.8
1,878.2	232.2	799.0	847.0	1,913.2	44.3
1,734.5	160.9	774.4	799.2	1,883.1	42.4
2,063.5	278.6	753.3	1,031.5	1,966.6	52.4
1,925.5	208.1	683.6	1,033.8	2,149.1	48.1
2,581.8	499.9	803.1	1,278.8	2,481.1	51.5
2,179.6	335.9	707.8	1,135.9	2,409.7	47.1
2,207.5	276.4	767.2	1,163.9	2,499.0	46.6
2,280.2	258.0	782.3	1,240.0	2,600.1	47.7
2,768.4	430.2	997.1	1,341.0	2,777.7	48.3
2,482.9	296.0	772.7	1,414.2	2,770.4	51.0
2,649.1	374.8	836.4	1,437.9	2,804.9	51.3
2,693.6	258.9	906.3	1,533.4	3,029.8	50.6
2,488.9	325.5	789.6	1,373.7	2,802.7	47.5
2,386.4	291.3	827.1	1,268.1	2,800.9	45.3
2,482.4	274.6	836.4	1,371.5	2,924.9	46.9
2,585.5	274.1	858.6	1,453.8	2,974.1	48.9
2,697.6	366.0	847.2	1,484.3	2,997.1	49.5
2,779.2	290.2	935.3	1,553.7	3,126.3	49.7
2,809.7	340.3	885.9	1,583.5	3,114.3	50.8
2,921.5	411.3	1,008.8	1,501.4	3,008.1	49.9
3,064.3	547.1	1,111.0	1,406.3	2,945.6	47.7
3,040.2	495.6	1,078.7	1,465.8	2,938.2	49.9
3,001.7	513.2	1,036.9	1,451.6	2,929.9	49.5
3,041.2	444.1	1,109.6	1,487.5	3,043.5	48.9
2,753.8	438.5	836.3	1,479.1	3,046.3	48.5
2,768.5	540.6	819.8	1,408.1	2,972.0	47.4
2,709.3	473.3	803.2	1,432.7	3,025.5	47.4
2,784.4	534.5	786.0	1,463.9	2,981.5	49.1
2,727.2	536.3	792.5	1,398.4	2,932.3	47.7
2,729.8	486.3	770.6	1,472.8	3,017.5	48.8
2,598.2	357.5	752.1	1,488.6	3,046.5	48.9
2,615.6	398.2	756.6	1,460.7	3,047.4	48.0
3,024.2	426.8	1,119.0	1,478.4	3,088.1	47.9

Source: Central Bank of Ceylon.

to 1948 include semi-government deposits; thereafter the figures relate to government deposits only.

(vii) Inter-bank deposits both local and foreign, including from 1950 deposits of international organisations and commercial banks with the Central Bank.

- 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.

End of Period			Money Supply		External Assets (net) of Central Bank and commercial banks (including outward bills)		Domestic Assets (net) of Central Bank (a)	
			Amount	Cumula- tive change	Amount	Cumula- tive change	Amount	Cumula- tive change
1953	..	..	826.8	— 69.0	306.5	—132.5	202.0	58.3
1954	..	..	957.1	130.3	649.1	342.6	— 19.0	—221.0
1955	..	..	1,072.9	115.8	868.0	218.9	— 45.0	— 26.0
1956	..	..	1,126.8	53.9	888.4	20.4	— 75.2	— 30.2
1957	..	..	1,040.1	— 86.7	679.2	—209.2	— 10.7	64.5
1958	..	..	1,076.8	36.6	596.9	— 82.2	189.4	200.1
1959	..	..	1,177.7	101.0	402.0	—195.0	414.2	224.8
1960	..	..	1,208.9	31.1	231.8	—170.2	641.1	226.9
1961	..	..	1,288.6	79.8	153.1	— 78.6	774.8	133.7
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	..	..	1,913.2	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	March	..	2,409.7	— 71.4	—293.6	24.6	2,081.8	—134.9
	June	..	2,499.0	17.9	—222.9	95.3	1,945.5	—271.2
	September	..	2,600.1	119.0	— 1.5	316.7	1,894.5	—222.1
	December	..	2,777.7	296.6	32.1	350.3	2,190.6	— 26.0
1974	January	..	2,770.4	— 7.3	46.0	14.0	1,996.4	—194.2
	February	..	2,804.9	27.1	49.9	17.8	2,025.7	—164.9
	March	..	3,029.8	252.1	— 59.0	— 91.1	2,158.2	— 32.4
	April	..	2,892.7	115.0	—200.2	—232.3	2,203.7	13.1
	May	..	2,800.9	23.2	—293.8	—325.9	1,935.1	—255.5
	June	..	2,924.9	147.2	—229.4	—261.4	2,135.5	— 55.1
	July	..	2,974.1	196.4	— 76.6	—108.7	2,049.4	—141.2
	August	..	2,997.1	219.4	— 42.4	— 74.4	2,103.2	— 87.5
	September	..	3,126.3	348.6	79.5	47.4	2,080.6	—110.0
	October	..	3,114.3	336.6	60.4	28.3	2,016.0	—174.6
	November	..	3,008.1	230.4	— 89.6	—121.7	2,028.7	—161.9
	December	..	2,945.6	167.8	—147.1	—179.2	2,162.0	— 28.6
1975	January	..	2,938.2	— 7.4	—185.9	— 38.8	2,065.4	— 96.6
	February	..	2,929.9	— 15.7	—112.5	34.6	1,950.0	—212.0
	March	..	3,043.5	97.9	—262.9	—115.8	2,049.7	—112.3
	April	..	3,046.3	100.7	—308.9	—161.8	2,049.4	—112.6
	May	..	2,972.0	26.4	—147.4	— 0.2	1,866.2	—295.8
	June	..	3,025.5	79.9	—232.5	— 85.3	1,971.0	—191.0
	July	..	2,981.5	35.9	—233.4	—136.2	2,055.8	—106.2
	August	..	2,932.3	— 13.2	—289.4	—142.3	2,104.7	— 57.3
	September	..	3,017.5	71.9	—313.4	—166.3	2,227.7	65.7
	October	..	3,046.5	101.0	—294.4	—147.3	2,080.1	— 81.8
	November	..	3,047.4	101.9	—305.6	—158.5	2,058.6	—103.4
	December	..	3,088.1	142.6	—361.6	—214.5	2,322.3	160.3

Note: Cumulative changes refer to changes from the beginning of each calendar year. Signs in columns showing cumulative changes indicate effect on money supply.

(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 cash items purchased on government account from March 1969.

(c) Includes banks' investments in private securities.

Rupees Million

Commercial Banks' non-cash domestic assets				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)		Private loans, overdrafts, bills (local and import bills) and cash items in process of collection (c)							
Amount	Cumulative change	Amount	Cumulative change	Amount	Cumulative change	Amount	Cumulative change	Amount	Cumulative change
283.6	— 18.8	221.1	18.0	133.9	— 5.3	...	4.4	52.5	7.0
309.8	26.2	257.1	36.0	170.1	— 36.2	0.4	— 0.4	69.3	— 16.8
283.5	— 26.3	270.0	12.9	186.0	— 15.9	1.8	— 1.4	115.8	— 46.5
346.2	62.7	363.2	93.2	217.4	— 31.4	1.7	0.1	176.8	— 61.0
338.8	— 7.4	418.5	55.3	255.8	— 38.4	2.4	— 0.7	127.5	49.3
299.2	— 39.6	471.9	53.4	323.9	— 68.1	— 7.1	9.6	163.9	— 36.4
329.4	30.2	481.7	9.7	347.1	— 23.2	2.5	— 9.6	99.9	64.0
335.4	6.0	513.2	31.5	419.6	— 72.5	1.1	1.4	91.9	8.0
356.8	21.4	525.7	12.5	439.2	— 19.6	0.1	1.0	82.5	9.4
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
491.8	— 335.5	2,044.9	— 141.4	1,528.0	353.3	13.7	1.2	373.4	161.4
504.5	— 322.8	2,133.1	— 53.3	1,551.3	329.9	— 6.1	21.0	315.8	219.0
513.5	— 313.8	2,117.5	— 68.9	1,628.6	252.6	— 3.8	18.7	299.0	235.8
536.3	— 291.0	2,163.7	— 22.6	1,669.7	211.5	8.4	6.5	466.8	68.0
552.3	16.0	2,195.9	32.2	1,671.6	— 1.8	— 15.8	— 7.4	332.8	134.0
523.8	— 12.5	2,303.3	139.6	1,698.9	— 29.2	— 15.5	23.9	414.3	52.5
460.8	— 75.5	2,537.5	373.8	1,775.0	— 105.2	— 4.4	12.8	297.1	169.7
374.5	— 161.8	2,715.0	551.3	1,825.5	— 155.8	9.3	— 0.9	365.5	101.3
377.9	— 158.4	2,951.9	788.2	1,884.7	— 215.0	— 44.3	52.7	329.7	137.1
355.8	— 180.5	2,944.7	731.0	1,956.0	— 286.3	12.4	— 4.0	313.2	153.6
352.3	— 184.0	2,908.5	744.8	1,932.4	— 262.6	12.9	— 4.5	314.2	152.6
369.0	— 167.3	2,920.3	756.6	1,938.6	— 268.8	2.2	6.2	412.2	54.6
374.9	— 161.4	2,933.6	769.9	1,966.8	— 297.1	37.0	— 28.6	338.5	128.3
409.2	— 127.1	3,022.8	859.1	1,988.4	— 318.7	25.4	— 17.0	380.2	86.6
415.6	— 120.7	3,181.3	1,017.6	2,087.8	— 418.1	— 11.1	19.5	451.1	15.7
423.4	— 112.9	3,235.4	1,071.7	2,208.2	— 538.5	— 66.7	75.1	586.6	— 119.8
402.3	— 21.1	3,357.0	121.7	2,140.7	67.6	24.6	— 91.3	535.5	51.1
409.2	— 14.3	3,314.8	79.5	2,092.5	115.7	— 16.1	— 50.6	555.2	31.4
413.9	— 9.5	3,372.6	137.3	2,084.7	123.5	— 40.5	— 26.2	485.6	101.0
378.8	— 44.6	3,397.5	162.1	2,021.1	187.1	— 32.7	— 34.1	482.1	104.5
411.4	— 12.1	3,457.6	222.2	2,069.1	139.1	— 37.2	— 29.6	583.8	2.8
405.1	— 18.3	3,416.2	180.3	2,062.1	146.1	— 41.1	— 25.6	513.3	73.3
418.6	— 4.8	3,429.7	194.3	2,123.9	84.3	— 58.9	— 7.8	574.3	12.3
400.8	— 22.6	3,378.7	143.3	2,117.7	90.6	— 33.0	— 33.7	578.0	8.7
407.2	— 16.2	3,366.2	130.8	2,167.6	40.6	— 25.1	— 41.6	527.7	58.9
391.5	— 31.9	3,389.8	154.4	2,146.4	61.8	— 26.8	— 39.9	400.9	185.7
407.9	— 15.6	3,479.3	243.9	2,205.0	3.2	— 52.2	— 14.5	439.9	146.7
415.3	— 8.1	3,402.7	167.3	2,244.4	— 36.1	— 20.2	— 46.5	466.3	120.3

Source: Central Bank of Ceylon.

(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						
		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	
							Sri Lanka Govt. obligations	
							Treasury bills	Govt securities (a)
1952 .. ..	27.4	128.0	1.4	8.1	50.3	61.9	240.5	
1953 .. ..	25.5	65.6	3.1	13.9	50.8	53.4	230.2	
1954 .. ..	26.9	104.9	2.7	11.4	73.0	88.0	221.8	
1955 .. ..	31.5	138.5	12.8	18.1	156.1	34.6	248.9	
1956 .. ..	33.9	149.9	18.4	22.2	97.6	52.5	293.8	
1957 .. ..	30.4	90.3	23.7	19.6	55.8	39.4	299.4	
1958 .. ..	30.8	95.5	29.5	35.6	48.8	14.0	285.2	
1959 .. ..	43.5	92.3	35.5	23.5	50.9	45.9	283.5	
1960 .. ..	39.3	136.8	7.7	24.7	56.3	47.9	287.5	
1961 .. ..	57.3	83.4	29.1	24.8	46.3	63.6	293.2	
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	267.6	
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	368.1	
1972* .. ..	239.5	248.4	118.3	306.5	127.6	370.4	365.3	
1973 March ..	190.3	249.2	79.0	207.1	76.2	91.7	364.6	
June ..	200.2	248.2	89.0	324.1	54.3	123.6	347.9	
September ..	200.7	277.3	139.1	225.1	52.0	143.1	341.7	
December ..	215.4	488.1	98.1	149.9	94.7	153.6	344.3	
1974 January ..	247.3	274.5	117.8	107.6	131.2	165.5	346.5	
February ..	248.2	330.7	87.2	88.9	91.3	149.4	345.1	
March ..	226.5	385.9	50.5	123.8	99.2	110.8	328.0	
April ..	296.9	263.1	41.6	263.9	88.0	23.8	325.1	
May ..	298.1	307.9	42.3	380.5	71.8	13.9	324.8	
June ..	270.8	273.2	68.3	395.8	84.5	7.0	325.4	
July ..	271.3	284.9	30.2	335.9	74.1	14.6	328.1	
August ..	291.2	295.3	100.2	326.5	79.3	14.6	328.4	
September ..	246.4	304.3	29.3	287.9	126.4	22.9	320.3	
October ..	320.3	276.3	46.7	303.9	90.0	53.2	327.8	
November ..	294.8	312.6	8.2	309.3	89.6	55.6	326.6	
December ..	288.5	486.1	14.1	280.8	90.1	59.6	325.1	
1975 January ..	326.6	378.2	15.6	198.7	113.7	55.4	325.5	
February ..	280.2	362.0	19.9	194.0	93.2	48.9	326.3	
March ..	268.9	395.1	27.0	160.9	77.2	49.9	326.3	
April ..	280.6	134.1	60.8	203.1	92.6	44.0	325.6	
May ..	302.0	133.9	56.6	298.4	98.0	49.9	326.4	
June ..	234.8	135.6	43.5	317.7	109.2	46.0	326.3	
July ..	258.9	154.3	68.5	337.1	88.3	40.5	328.2	
August ..	262.8	152.3	77.8	300.3	84.4	41.5	327.8	
September ..	276.7	132.7	84.8	301.0	79.4	43.5	327.5	
October ..	254.7	132.7	79.9	280.0	66.0	42.5	326.6	
November ..	246.3	158.7	54.8	275.3	88.1	45.5	324.1	
December ..	280.3	220.2	61.2	224.4	78.3	50.4	325.1	

Note: The number of reporting banks is 15 in 1956 and 1957, 14 from 1958 to 1960, 13 in 1961 12 from 1962 to 31st March 1974 and 11 thereafter..

(a) Includes government guaranteed securities and Central Bank issues.

(b) Fixed and other assets consist of banks' property, furniture, fittings and sundries 2 (commission, interest, etc., and adjustments).

TABLE 5

## of Commercial Banks

Rupees Million

SETS								
ments								
Other invest- ments	Loans and advances						Fixed and other assets (b)	Total assets or liabilities
	Bills purchased and discounted			Overdrafts	Loans	Total		
	Local	Import	Export					
—	1.1	17.3	45.9	137.1	39.5	240.9	16.0	774.5
—	0.8	13.5	45.9	154.6	38.3	253.1	15.7	711.3
—	1.1	22.0	59.5	184.5	39.7	306.8	30.6	866.0
—	0.6	21.5	68.6	184.3	49.1	324.1	35.4	999.8
0.2	0.3	39.1	63.4	247.6	56.7	407.1	48.2	1,123.9
0.2	0.9	37.7	53.6	285.4	75.1	452.7	48.5	1,060.1
0.2	0.7	70.6	65.7	286.8	78.3	502.1	47.2	1,088.9
0.2	1.0	59.9	50.7	311.1	85.9	508.7	49.5	1,133.5
0.2	2.4	53.3	55.4	294.7	138.1	543.9	52.1	1,196.5
0.2	0.4	67.3	58.6	300.4	136.1	562.8	101.3	1,262.1
0.2	0.6	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
7.0	0.4	43.5	162.8	747.2	1,075.4	2,029.4	393.3	3,687.8
7.0	1.1	47.6	163.4	746.4	1,040.6	1,999.1	333.2	3,726.6
7.0	1.4	38.1	208.3	858.5	1,016.9	2,123.3	361.4	3,870.8
3.3	—	51.6	202.0	870.8	1,127.6	2,252.1	486.0	4,285.5
4.4	—	86.9	238.1	879.4	1,159.0	2,363.5	492.4	4,250.8
6.6	—	96.3	275.4	881.8	1,259.1	2,512.6	473.0	4,333.0
4.7	—	162.1	285.5	870.5	1,398.7	2,716.8	487.5	4,533.9
4.7	—	184.4	292.0	847.1	1,441.6	2,765.1	668.1	4,740.3
5.0	—	147.4	293.4	859.1	1,600.3	2,900.2	533.0	4,877.7
5.0	—	82.4	295.4	859.6	1,627.8	2,865.2	449.8	4,745.4
5.0	—	92.1	278.4	903.9	1,586.7	2,861.1	504.2	4,709.4
5.0	—	60.6	298.7	983.8	1,578.6	2,921.7	489.2	4,851.4
5.0	—	91.0	308.8	964.0	1,614.9	2,978.7	526.1	4,857.3
5.0	—	142.6	310.3	1,001.0	1,604.9	3,058.8	470.6	4,952.4
3.7	0.4	118.4	269.2	1,011.6	1,772.8	3,172.4	514.1	5,087.0
4.0	—	125.6	303.8	1,023.3	1,844.0	3,296.7	515.1	5,360.1
5.0	—	181.4	293.7	1,075.8	1,918.2	3,469.1	414.4	5,302.3
4.9	—	128.2	302.6	1,033.3	1,989.7	3,453.8	388.0	5,171.3
5.0	—	166.9	317.6	1,018.2	2,060.6	3,563.2	382.6	5,256.0
5.0	—	157.5	309.5	990.2	2,052.1	3,509.3	429.4	5,084.7
5.0	—	165.3	307.5	1,023.0	2,002.1	3,497.9	433.6	5,201.6
5.0	—	207.1	324.1	1,020.3	1,899.3	3,450.8	433.4	5,102.3
5.0	—	254.2	309.7	1,009.9	1,874.2	3,447.9	468.5	5,197.3
5.0	—	186.7	307.8	1,056.1	1,862.8	3,413.4	476.1	5,141.4
5.0	—	248.7	307.7	1,037.4	1,810.8	3,404.6	482.2	5,137.4
5.0	2.1	296.6	294.0	1,024.7	1,805.3	3,422.8	505.1	5,115.3
4.5	—	284.6	295.9	1,093.6	1,861.9	3,536.0	545.3	5,278.5
3.5	—	282.3	316.7	1,060.2	1,873.8	3,533.0	519.8	5,296.1

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

End of Period		LIABILITIES						
		Paid up capital, reserve funds and undistributed profits (c)	Demand deposits					
			Inter-bank		Sri Lanka Government	Resident constituents	Non-resident constituents	
			Domestic	Foreign				
1952	..	24.8	1.9	35.6	46.8	524.8	12.7	
1953	..	24.8	1.4	11.7	43.4	481.7	9.3	
1954	..	23.1	1.3	4.3	42.2	591.2	9.9	
1955	..	23.3	4.6	4.9	60.4	664.3	11.2	
1956	..	25.5	2.5	3.3	68.3	709.7	8.9	
1957	..	27.0	6.1	3.5	85.0	593.1	8.3	
1958	..	28.5	0.9	2.5	112.7	536.3	9.9	
1959	..	29.5	0.4	2.8	61.8	599.8	8.9	
1960	..	32.7	0.9	5.1	71.5	595.6	11.8	
1961	..	41.5	0.4	2.8	58.6	582.1	13.3	
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	756.7	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	March	..	190.4	1.9	4.8	286.0	1,104.0	16.5
	June	..	185.4	2.6	1.4	218.1	1,129.5	21.8
	September	..	182.5	7.6	1.5	222.8	1,215.5	19.7
	December	..	170.6	12.1	1.8	410.0	1,311.9	20.9
1974	January	..	202.9	11.1	1.3	273.5	1,386.0	21.0
	February	..	220.7	11.2	1.8	280.5	1,405.9	20.2
	March	..	225.8	12.6	2.5	218.1	1,508.9	20.2
	April	..	230.0	11.0	1.9	257.8	1,346.5	21.7
	May	..	225.4	10.0	3.2	256.8	1,241.1	22.3
	June	..	227.3	10.0	3.8	225.2	1,343.8	20.6
	July	..	229.8	0.3	2.1	219.2	1,428.5	20.0
	August	..	219.7	0.9	2.1	293.6	1,454.6	22.4
	September	..	221.2	0.2	1.8	254.9	1,523.8	22.8
	October	..	218.7	0.1	1.7	279.8	1,554.9	23.0
	November	..	215.8	0.2	3.2	297.0	1,474.0	22.5
	December	..	214.0	...	2.3	492.1	1,377.2	22.8
1975	January	..	294.1	...	3.0	364.0	1,428.5	23.9
	February	..	283.9	0.1	2.4	378.5	1,422.8	25.1
	March	..	278.5	1.6	2.9	314.1	1,456.7	25.0
	April	..	279.7	0.4	2.7	304.1	1,446.0	25.2
	May	..	272.4	0.7	2.7	412.9	1,377.9	24.5
	June	..	271.2	...	3.0	322.3	1,401.3	24.3
	July	..	273.0	0.8	3.0	374.1	1,433.3	25.1
	August	..	260.0	...	2.1	388.3	1,367.5	26.3
	September	..	262.3	...	2.4	350.3	1,434.9	26.0
	October	..	264.0	1.1	1.6	335.9	1,453.2	24.0
	November	..	240.9	0.2	2.0	358.7	1,429.0	23.6
	December	..	238.9	...	2.5	412.6	1,442.5	24.7

(c) Paid-up capital applies only to local banks

(d) Includes Central Bank

TABLE 5 (Contd.)

## of Commercial Banks

Rupees Million

## T I E S

Time and savings deposits			Total—all deposits			Borrowings			Other liabilities
Sri Lanka Government	Resident constituents	Non-re-sident constituents	Demand	Time and savings	Total	Domestic		Foreign	
						Inter-bank (d)	Other		
2.3	100.0	1.1	621.9	103.4	725.3	—	2.0	5.7	16.7
2.5	98.7	1.2	547.5	102.3	649.8	4.8	6.0	7.0	19.0
10.7	133.6	2.3	649.0	146.6	795.6	1.2	5.0	4.4	36.7
13.3	150.2	1.8	745.4	165.4	910.8	10.0	3.0	9.8	43.0
40.6	185.7	1.7	792.6	228.1	1,020.7	17.4	2.0	7.5	50.7
30.5	213.9	1.7	696.0	246.1	942.1	23.5	2.0	5.8	59.6
23.6	253.3	7.7	662.2	284.6	946.8	25.7	2.0	6.2	79.6
19.6	293.5	6.3	673.7	319.4	993.1	34.6	2.0	9.0	65.3
8.6	357.0	6.6	684.9	372.2	1,057.1	25.4	2.0	5.9	73.4
9.4	346.9	7.5	657.3	363.8	1,021.0	49.7	—	5.3	144.6
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	1071.0
33.7	1,212.0	36.7	1,413.3	1,282.4	2,695.6	310.1	—	9.5	482.2
37.2	1,239.1	37.7	1,373.4	1,314.0	2,687.4	421.3	—	10.2	422.3
38.1	1,288.8	36.4	1,467.1	1,363.3	2,830.4	358.6	—	16.9	482.4
35.6	1,336.6	39.6	1,756.7	1,411.8	3,168.6	324.6	—	12.7	609.0
35.8	1,334.5	36.5	1,692.9	1,406.9	3,099.8	342.7	—	15.3	590.1
37.0	1,348.6	36.6	1,719.5	1,422.3	3,141.8	389.5	—	15.0	566.0
37.4	1,363.9	36.8	1,762.3	1,438.2	3,200.4	459.9	—	11.8	635.9
37.2	1,392.4	37.2	1,638.9	1,466.8	3,105.7	552.1	—	18.5	834.0
37.1	1,401.3	37.8	1,533.4	1,476.2	3,009.6	869.7	—	19.8	753.2
36.8	1,428.9	36.9	1,603.4	1,502.6	3,106.0	663.3	—	36.0	712.6
36.9	1,440.0	37.9	1,670.1	1,514.8	3,184.9	548.9	—	17.0	728.7
36.7	1,457.9	38.1	1,773.6	1,532.9	3,306.9	590.4	—	22.8	712.0
37.3	1,483.2	38.4	1,803.4	1,564.0	3,367.4	497.5	—	26.2	745.0
36.4	1,519.8	38.3	1,859.5	1,594.5	3,454.0	571.8	—	25.6	682.0
38.0	1,585.7	38.6	1,796.8	1,662.2	3,459.0	634.1	—	16.2	761.9
38.3	1,582.4	40.2	1,894.5	1,660.8	3,555.3	694.3	—	9.7	886.9
38.4	1,594.5	39.6	1,819.4	1,672.5	3,491.9	876.4	—	12.9	626.8
38.9	1,551.0	39.5	1,828.9	1,629.5	3,458.4	801.0	—	22.0	606.1
39.9	1,544.4	39.6	1,800.4	1,623.8	3,424.2	923.6	—	24.8	604.9
40.4	1,536.6	39.5	1,778.5	1,616.6	3,995.1	800.7	—	14.5	594.8
40.4	1,563.9	39.1	1,818.8	1,643.6	3,462.4	819.2	—	20.4	627.2
39.0	1,568.8	39.1	1,750.9	1,646.9	3,397.8	790.0	—	27.1	616.3
38.4	1,580.2	37.9	1,836.3	1,656.5	3,492.8	705.5	—	24.6	701.4
38.6	1,575.7	43.5	1,784.2	1,657.8	3,442.0	705.6	—	19.3	714.5
40.0	1,591.0	42.3	1,813.7	1,673.3	3,487.0	605.0	—	28.9	754.3
40.3	1,643.3	38.7	1,815.6	1,722.4	3,538.0	580.9	—	26.9	705.5
40.2	1,642.7	39.3	1,813.6	1,722.2	3,535.8	643.5	—	30.9	827.4
39.2	1,647.8	41.1	1,882.4	1,728.2	3,610.5	592.2	—	18.1	836.3

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

			A S S				
			International reserve				
End of Period			Cash and balances abroad including Treasury bills	Foreign bills discounted	Foreign Government securities (a)	Sri Lanka Government War Loan (payment guaranteed by the U. K. Government)	Special Drawing Rights
1953	..	..	102.4	8.0	118.9	15.8	—
1954	..	..	370.6	2.4	151.5	—	—
1955	..	..	495.7	8.2	151.2	—	—
1956	..	..	544.3	—	192.8	—	—
1957	..	..	334.4	18.3	238.1	—	—
1958	..	..	312.7	11.1	214.9	—	—
1959	..	..	198.9	6.7	181.0	—	—
1960	..	..	90.0	4.9	95.4	—	—
1961	..	..	92.2	—	92.5	—	—
1962	..	..	86.1	—	66.0	—	—
1963	..	..	48.2	—	66.0	—	—
1964	..	..	67.6	—	68.3	—	—
1965	..	..	180.5	—	101.6	—	—
1966	..	..	42.7	—	100.3	—	—
1967	..	..	154.6	—	105.8	—	—
1968	..	..	133.4	—	102.1	—	—
1969	..	..	63.9	—	101.3	—	—
1970	..	..	91.1	—	102.7	—	0.2
1971	..	..	129.0	—	109.0	—	0.2
1972	..	..	97.3	—	112.1	—	76.0
1973	March	..	101.9	—	115.5	—	81.5
	June	..	143.4	—	114.1	—	79.0
	September	..	208.1	—	113.5	—	79.7
	December	..	287.1	—	113.5	—	79.9
1974	January	..	298.5	—	113.5	—	79.9
	February	..	375.6	—	113.5	—	76.1
	March	..	448.6	—	113.5	—	80.3
	April	..	240.1	—	113.5	—	80.3
	May	..	166.4	—	113.5	—	77.3
	June	..	208.7	—	113.5	—	75.2
	July	..	159.0	—	113.5	—	79.0
	August	..	224.6	—	113.4	—	78.8
	September	..	384.6	—	131.7	—	81.6
	October	..	343.8	—	113.4	—	81.4
	November	..	341.1	—	113.4	—	76.5
	December	..	220.7	—	113.4	—	86.0
1975	January	..	205.3	—	113.4	—	117.7
	February	..	366.2	—	113.4	—	117.5
	March	..	419.6	—	114.3	—	109.4
	April	..	295.5	—	114.1	—	110.8
	May	..	264.0	—	113.8	—	100.2
	June	..	259.3	—	114.4	—	92.7
	July	..	344.6	—	114.4	—	104.4
	August	..	412.8	—	114.4	—	97.5
	September	..	305.8	—	114.4	—	104.9
	October	..	297.7	—	114.4	—	106.9
	November	..	322.4	—	114.4	—	110.1
	December	..	230.3	—	114.4	—	93.4

(a) Includes from February, 1964, securities acquired from government institutions.

(b) According to local books at cost or face value, whichever is less.

TABLE 6

of the Central Bank

Rupees Million

E T S						Total assets or liabilities	International reserve as a percentage of currency and demand liabilities
Total (b)	Domestic assets						
	Loans and advances			Government and Government guaranteed securities	Other assets and accounts		
	To Government		To others (d)				
Special loans (c)	Provi- sional advan- ces						
245.1	—	72.1	3.2	151.3	4.5	476.3	56.4
524.5	—	—	—	27.0	4.4	555.9	103.6
655.2	—	—	—	18.3	15.3	688.8	104.5
737.0	—	—	—	10.6	7.0	754.7	111.2
590.8	—	32.6	3.0	52.8	7.6	686.8	101.0
538.7	—	107.6	—	153.4	66.1	865.8	73.8
386.7	37.0	132.4	—	344.4	60.5	960.9	48.2
190.2	37.0	154.3	21.0	568.7	14.2	985.5	22.2
184.7	39.3	153.9	20.6	709.5	19.2	1,127.2	18.8
152.1	39.5	156.7	—	885.4	18.6	1,252.3	13.9
114.2	39.7	163.5	37.9	1,024.9	28.2	1,408.4	9.3
135.9	39.9	170.1	19.1	1,148.1	72.0	1,585.1	10.4
282.2	61.2	176.7	6.3	1,109.4	90.2	1,726.0	19.8
143.0	82.4	182.0	42.7	1,265.3	176.6	1,892.0	9.3
260.4	84.4	192.7	102.0	1,375.2	508.9	2,523.6	14.6
235.5	86.9	227.7	89.2	1,644.6	680.8	2,964.8	11.3
165.2	89.5	217.6	150.1	1,756.6	805.3	3,184.3	8.1
194.0	93.2	243.4	148.8	1,882.8	770.4	3,332.6	10.0
238.2	93.2	304.4	168.5	1,863.1	778.0	3,455.4	11.7
285.4	93.2	326.4	92.5	2,052.4	1,074.5	3,924.4	12.4
298.8	93.2	359.9	198.7	1,993.2	1,180.1	4,124.0	13.3
536.5	95.8	356.6	302.5	1,903.8	1,218.9	4,214.2	14.1
401.3	95.8	321.8	194.9	1,837.2	1,386.5	4,287.5	16.7
480.5	95.8	360.3	208.0	2,134.0	1,397.6	4,676.2	17.9
492.0	95.8	209.2	201.2	2,105.0	1,325.3	4,428.4	20.4
565.3	95.8	260.7	285.3	2,097.5	1,302.2	4,606.7	22.0
642.5	95.8	365.3	394.9	2,102.7	1,374.9	4,976.2	24.0
433.9	98.5	331.2	497.9	2,190.6	1,346.9	4,899.1	16.2
357.2	98.5	107.6	815.3	2,191.8	1,349.7	4,920.1	13.2
397.4	98.5	401.7	582.6	2,089.8	1,359.4	4,929.5	14.6
351.5	98.5	282.8	493.9	2,151.8	1,304.3	4,682.8	12.9
416.8	98.5	304.6	462.7	2,150.7	1,395.2	4,828.5	15.1
597.9	98.5	312.8	439.5	2,139.7	1,389.4	4,977.8	21.2
538.6	98.5	291.1	500.3	2,108.4	1,424.6	4,961.6	19.1
531.0	98.5	349.8	603.1	2,100.9	1,453.4	5,136.8	18.0
420.1	98.5	399.4	654.5	2,191.6	1,322.2	5,086.3	13.9
436.4	98.5	298.4	835.3	2,196.0	1,570.0	5,434.6	14.3
597.1	98.5	333.8	811.0	2,102.3	1,594.7	5,537.3	20.2
643.3	98.5	463.7	926.7	2,031.3	1,624.5	5,788.0	20.8
520.4	101.1	424.2	769.8	2,136.0	1,601.2	5,552.7	18.2
477.9	101.1	311.0	794.7	2,031.5	1,586.6	5,302.8	16.8
466.4	101.1	444.1	776.7	2,020.5	1,591.8	5,400.7	16.6
563.4	101.1	452.2	668.8	2,090.2	1,627.1	5,502.7	20.5
624.6	101.1	374.1	658.2	2,188.2	1,636.7	5,583.0	22.5
525.1	101.1	477.0	547.4	2,177.1	1,633.7	5,461.5	18.9
519.0	101.1	371.5	532.0	2,148.5	1,546.8	5,218.9	19.7
546.8	101.1	346.0	624.1	2,177.9	1,574.2	5,370.1	20.5
478.0	101.1	487.5	574.2	2,272.3	1,491.3	5,264.5	14.2

Source. Central Bank of Ceylon

(c) Represents membership subscriptions to international financial organisations.

(d) From February 1975 Loans and advances to others include amounts granted under Medium and Long Term Credit Fund.

# MONEY AND BANKING

## Assets and Liabilities of

End of Period				LIABILI						
				Capital accounts			Currency issue			Securities outstanding (d)
				Capital	Surplus	Total	Notes in circulation	Coins in circulation	Total	
1953	..	..	..	15.0	10.0	25.0	346.6	20.5	367.1	—
1954	..	..	..	15.0	12.0	27.0	355.8	20.4	376.2	—
1955	..	..	..	15.0	12.0	27.0	402.9	22.1	425.0	—
1956	..	..	..	15.0	12.0	27.0	419.2	24.1	443.4	10.0
1957	..	..	..	15.0	12.0	27.0	448.1	27.0	475.1	8.9
1958	..	..	..	15.0	12.0	27.0	550.1	28.2	578.3	—
1959	..	..	..	15.0	18.0	33.0	589.9	31.4	621.3	—
1960	..	..	..	15.0	23.0	38.0	610.7	33.8	644.6	—
1961	..	..	..	15.0	25.0	40.0	727.6	36.2	763.8	—
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	53.4
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	28.4
1967	..	..	..	15.0	53.0	68.0	1,010.8	62.0	1,072.8	—
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	March	..	..	15.0	59.0	74.0	1,382.5	85.4	1,467.9	—
	June	..	..	15.0	59.0	74.0	1,451.4	86.1	1,537.5	—
	September	..	..	15.0	59.0	74.0	1,476.2	87.6	1,563.8	—
	December	..	..	15.0	59.0	74.0	1,562.4	90.6	1,653.0	—
1974	January	..	..	15.0	60.0	75.0	1,513.8	90.8	1,604.6	—
	February	..	..	15.0	60.0	75.0	1,526.4	91.3	1,617.7	—
	March	..	..	15.0	60.0	75.0	1,631.8	92.0	1,723.8	—
	April	..	..	15.0	60.0	75.0	1,725.5	93.2	1,818.6	—
	May	..	..	15.0	60.0	75.0	1,739.0	93.2	1,832.2	—
	June	..	..	15.0	60.0	75.0	1,732.7	93.4	1,826.1	—
	July	..	..	15.0	60.0	75.0	1,700.7	94.1	1,794.8	—
	August	..	..	15.0	60.0	75.0	1,718.6	94.8	1,813.4	—
	September	..	..	15.0	60.0	75.0	1,734.2	95.8	1,830.0	—
	October	..	..	15.0	60.0	75.0	1,757.7	97.0	1,854.7	—
	November	..	..	15.0	60.0	75.0	1,705.8	97.6	1,803.3	—
	December	..	..	15.0	60.0	75.0	1,730.3	98.7	1,829.0	—
1975	January	..	..	15.0	61.0	76.0	1,701.1	99.3	1,800.4	—
	February	..	..	15.0	61.0	76.0	1,662.1	99.6	1,761.6	—
	March	..	..	15.0	61.0	76.0	1,726.4	100.1	1,826.5	—
	April	..	..	15.0	61.0	76.0	1,750.4	100.6	1,851.0	—
	May	..	..	15.0	61.0	76.0	1,767.3	101.2	1,868.5	—
	June	..	..	15.0	61.0	76.0	1,727.4	101.2	1,828.6	—
	July	..	..	15.0	61.0	76.0	1,676.7	101.3	1,778.0	—
	August	..	..	15.0	61.0	76.0	1,608.4	101.5	1,799.8	—
	September	..	..	15.0	61.0	76.0	1,721.2	101.5	1,822.7	—
	October	..	..	15.0	61.0	76.0	1,714.0	101.7	1,815.7	—
	November	..	..	15.0	61.0	76.0	1,732.4	102.0	1,834.4	—
	December	..	..	15.0	61.0	76.0	1,788.1	102.3	1,890.4	—

(d) Central Bank's own securities issued under section 91 (1) (b) of the Monetary Law Act

TABLE 6 (Contd.)

the Central Bank

Rupees Million

## TIES

Borrowings abroad	Deposits						Other liabilities and accounts
	Government	Government agencies and institutions	Commercial banks	International organisations, foreign government and foreign banking institutions	Others	Total	
—	0.3	0.5	65.8	0.9	0.4	67.8	16.5
—	8.8	14.2	105.4	0.8	0.6	129.8	22.8
—	33.0	12.9	138.5	0.8	16.8	202.0	34.8
—	59.5	7.1	150.1	1.8	1.0	219.5	54.8
—	2.2	3.8	89.9	12.3	1.7	109.8	66.1
—	9.9	0.7	91.5	47.6	1.4	151.2	109.3
—	5.8	4.0	95.4	74.5	1.8	181.5	125.2
—	1.9	6.2	140.3	59.4	2.5	210.3	92.6
—	0.3	1.0	86.6	128.4	3.1	219.4	104.0
—	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
387.0	49.9	15.4	263.5	437.6	17.7	784.1	1,418.1
248.0	52.3	12.6	244.8	518.4	22.6	856.7	1,497.9
146.6	35.2	4.8	274.0	499.1	19.0	832.1	1,671.0
245.2	20.2	8.2	496.6	486.6	23.4	1,035.1	1,668.8
325.1	22.5	7.2	285.6	474.7	21.1	811.2	1,612.6
358.9	94.3	11.9	317.0	506.5	20.8	950.5	1,604.6
564.6	40.8	4.3	383.6	507.6	18.2	954.5	1,658.3
495.9	67.7	5.5	277.6	499.1	15.6	865.5	1,644.1
450.5	34.5	4.7	270.0	543.9	15.2	868.3	1,694.1
437.5	49.4	6.9	292.0	530.6	14.6	893.6	1,697.3
210.4	54.9	5.4	303.7	552.4	15.6	932.0	1,670.6
271.2	72.4	7.4	301.4	542.7	16.2	940.1	1,728.8
337.4	35.3	7.0	344.1	589.3	16.8	992.6	1,742.8
274.8	60.4	5.6	304.5	579.6	16.5	966.6	1,790.5
259.6	114.3	5.0	303.8	701.6	16.6	1,141.3	1,857.4
261.9	54.9	6.3	420.3	638.4	28.7	1,198.5	1,721.8
339.7	131.7	13.4	400.4	675.2	28.8	1,249.5	1,969.1
423.6	134.7	5.7	376.0	658.4	27.8	1,200.6	2,075.5
552.3	130.0	5.7	383.2	722.0	27.6	1,268.5	2,064.7
513.2	134.4	7.9	171.6	701.5	28.3	1,003.6	2,108.8
320.5	127.7	5.7	127.9	688.4	27.3	977.1	2,060.7
427.1	151.0	7.1	124.9	675.3	28.0	985.4	2,052.5
561.9	160.3	5.5	126.5	655.7	27.7	975.7	2,111.0
644.8	148.0	4.6	149.7	640.7	28.5	971.5	2,090.9
561.4	136.1	11.9	134.7	633.4	33.2	949.3	2,052.0
532.8	21.6	11.4	135.7	613.8	32.7	815.2	1,979.1
593.0	39.5	8.0	141.4	613.1	32.7	834.7	2,032.0
302.3	14.1	11.1	242.9	873.6	58.1	1,199.9	1,895.9

Source: Central Bank of Ceylon

# MONEY AND BANKING

## Accounts of the Central Bank of

### Balance Sheet as

31st December 1974		LIABILITIES	31st December 1975	
Rs.	Rs.		Rs.	Rs.
15,000,000		<b>Capital Accounts</b>		
60,000,000	75,000,000	Capital ..	15,000,000	
		Surplus ..	61,000,000	76,000,000
		<b>Liabilities</b>		
1,730,277,442		Notes in Circulation ..	1,788,033, '98	
98,710,013	1,828,987,455	Coins in Circulation ..	102,299,338	1,890,382,536
		<b>Deposits</b>		
54,949,959		Government ..	14,127,048	
6,212,795		Government Agencies and ..		
420,233,573		Institutions ..	11,127,737	
		Commercial Banks ..	242,908,167	
		International Organisations, Foreign ..		
688,361,743		Government and Foreign ..		
		Banking Institutions ..	873,560,630	
		Compulsory Savings Fund ..		
50,875		excluding Rs. 142,136,800 invested ..		
28,692,538	1,198,551,483	in Treasury Bills ..	75,313	
		Others ..	58,063,156	1,199,862,051
	261,945,389	<b>Borrowings Abroad</b> ..		302,322,360
		<b>Medium and Long Term Credit ..</b>		
		Fund ..		75,128,288
	1,721,815,413	<b>Other Liabilities and Accounts</b> ..		1,820,781,204
	5,036,299,740			5,364,476,439

### Profit and Loss Account

Rs.		Rs.
130,966,702	To General Charges (including salaries, expenditure on currency notes and coins and depreciation on Land & Buildings and office furniture) and allocations since made in terms of Section 38 of the Monetary Law Act	164,714,324
1,000,000	Balance, being net profit of the year ended 31st December, 1975. The net profit has since been carried to surplus in terms of Section 39 (b) of the Monetary Law Act.	1,000,000
131,966,702		165,714,324

The accounts of the Central Bank of Ceylon for the year ended December, 31, 1975 were audited under my direction in pursuance of Section 90 (I) of the Constitution of Sri Lanka read in conjunction with Section 13 (I) of the Finance Act No. 38 of 1971 and Section 42 (I) of the Monetary Law Act (Cap. 422)

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,  
31st March 1976

TABLE 7

Ceylon as of 31st December, 1975

of 31st December, 1975

31st December 1974		ASSETS	31st December 1975	
Rs.	Rs.		Rs.	Rs.
220,657,483	420,068,739	<b>International Reserve</b>		
113,378,143		Cash and Balances Abroad ..	230,262,120	438,027,944
86,033,113		*Foreign Government Securities ..	114,379,323	
		Holdings of Special Drawing Rights	93,386,501	
		<b>Domestic Assets</b>		
497,888,585	3,344,009,069	Loans and Advances--		
654,500,000		**to Government ..	588,627,397	
		to Others - Medium & Long Term	47,260,772	
		Short Term	526,950,000	
2,191,620,484	1,322,221,932	Government and Government Guaranteed Securities ..	2,272,301,247	3,435,139,416
		Other Assets and Accounts ..		1,491,309,079
		*Includes securities acquired from Government Institutions on 1st February, 1964, at a face value of Rs. 7,072,753 and on 24th May, 1965, at a value of Rs. 585,830. (The estimated market values of these securities were Rs. 4,031,751 and Rs. 444,859 respectively as on these dates).		
		**Includes special loans amounting to Rs. 101,127,397 towards payment of Sri Lanka's membership subscriptions to international financial organisations.		
	5,086,299,740			5,364,476,439

for the year ended 31st December 1975

	Rs.		Rs.
	131,966,702	By Interest, etc. ..	165,714,324
	131,966,702		165,714,324

H. E. TENNEKOON  
Governor.

A. BANDARANAYAKE  
Chief Accountant.

P. M. W. WIJAYASURIYA  
Auditor General.



## Purchases and Sales of Foreign Exchange by the Central Bank

Rupees Million

Period		Purchases			Sales			Net Purchases (+) Sales (-)
		Spot	Forward	Total	Spot	Forward	Total	
1975	January ..	323.6	174.8	498.4	297.9	61.9	359.8	+138.6
	February ..	259.7	183.6	443.3	196.8	111.7	308.5	+134.8
	March ..	281.6	196.9	478.5	220.0	116.1	336.1	+142.4
	April ..	283.3	172.4	455.7	381.9	110.2	490.1	- 36.4
	May ..	380.5	160.3	540.8	447.5	108.6	556.1	- 15.3
	June ..	258.7	215.7	474.4	236.5	120.7	357.2	+117.2
	July ..	231.3	166.7	398.0	240.5	106.1	346.6	+ 51.3
	August ..	310.2	150.0	460.1	317.2	142.9	460.1	—
	September ..	279.4	150.9	430.3	441.2	134.9	576.1	-145.8
	October ..	353.3	161.5	514.8	404.7	103.4	513.1	+ 1.7
	November ..	289.7	119.7	409.4	249.1	98.6	347.7	+ 61.7
	December ..	556.0	142.1	698.2	709.9	79.4	789.3	- 91.1

Source: Central Bank of Ceylon

## PUBLIC FINANCE

## Government Net Cash

Items	1963/64	1964/65	1965/66	1966/67	1967/68
<b>I. NET CASH SURPLUS/DEFICIT (-)</b>	<b>-461.7</b>	<b>-430.4</b>	<b>-566.0</b>	<b>-606.8</b>	<b>-715.7</b>
1.1 Revenue	1,759.0(g)	1,816.4(g)	1,833.3(g)	1,954.8(g)	2,156.4(g)
1.2 Expenditure (a)	-2,220.7	-2,246.8	-2,399.3	-2,561.6	-2,872.1
1.2.1 Recurrent expenditure	-1,834.1(f)	-1,803.4(f)	-1,860.5(f)	-1,895.3(f)	-2,186.2(f)
1.2.2 Capital expenditure	-402.5	-471.2	-528.4	-624.7	-714.4
1.2.3 Expenditure chargeable to National Development Reserve	-0.2	-0.1	...	...	...
1.2.4 Unissued stores and materials (b)	-5.2	2.7	-15.5	-2.5	3.6
1.2.5 Advances to government departments, corporations and public officers. (b)	-45.9	97.9	11.3	-55.9	-70.9
1.2.6 Ceylon-China trade account (b)	61.0	-70.4	-6.6	15.1	95.2
1.2.7 Miscellaneous (b)	6.2	-2.3	0.4	1.7	0.6
<b>2. FINANCING OF THE DEFICIT</b>					
2.1 Net Cash Receipts or Payments (-) resulting from loan operations and grants	416.3	410.9	648.4	629.2	751.8
2.1.1 Domestic non-market borrowing and repayments (including sundry loans)	-1.9	50.3	112.2	72.3	9.8
2.1.1.1 Administrative borrowing	-17.2	-8.6	41.7	40.6	1.4
2.1.1.2 Deposits (c)	17.4	68.2	76.6	43.5	-9.0
2.1.1.3 Miscellaneous funds (d)	2.5	-3.1	0.2	-1.4	-2.6
2.1.1.4 Loans to public institutions (e)	-4.6	-6.2	-6.3	-10.4	20.0
2.1.2 Domestic market borrowing and repayments	322.8	260.9	418.2	348.3	551.8
2.1.2.1 Rupee loans	245.0	253.1	325.0	340.0	350.0
Less contributions to sinking funds	44.6	51.2	58.9	67.5	75.7
	200.4	201.9	266.1	272.5	274.3
2.1.2.2 Treasury bills	128.4	50.5	124.3	75.3	248.8
2.1.2.3 Central Bank advances	-19.4(f)	8.3(f)	28.3(f)	7.0(f)	30.4(f)
2.1.2.4 Tax reserve certificates	13.4	0.2	-0.5	-5.5	-1.7
2.1.3 Foreign Finance	95.4	99.7	118.0	208.6	190.2
2.1.3.1 Project loans	75.7	92.8	77.2	42.4	38.8
Less contributions to sinking funds and direct repayments of public debt from revenue	12.2	17.2	35.9	44.9	47.8
	63.5	75.6	41.3	-2.5	-9.0
2.1.3.2 Non-project (commodity) loans	—	—	35.2	193.9	178.9
Less repayments	—	—	—	2.1	8.7
	—	—	35.2	191.8	170.2
2.1.3.3 Grants	31.9	24.1	41.5	19.3	29.0
2.2 Changes in cash balances	-45.4	-19.5	82.4	22.4	36.1
2.2.1 Cash balances (including readily realisable assets)	-45.4	-19.5	47.2	-21.5	48.4
2.2.2 Foreign aid counterpart funds	—	—	35.2	43.9	-12.3

(a) 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 account 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.

(b) Indicates net change at the end of financial year.

(c) From suitors, contractors, etc.

(d) From Widows' and Orphans' Pension Fund, Public Service Provident Fund etc.

(e) These loans are to the Agricultural and Industrial Credit Corporation, and the Local Loans and Development Fund.

(f) Excludes payments to international financial organisations amounting to Rs. 0.2 million in 1963/64, Rs. 21.5 million in 1964/65, Rs. 21.1 million in 1965/66, Rs. 2.0 million in 1966/67 and Rs. 2.5 million each year in 1967/68, 1968/69 and 1969/70, Rs. 1.2 million in 1970/71, 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.

Surplus/Deficit (-)

TABLE 9

Rupees Million

1968/69	1969/70	1970/71	1971/72	1973	1974	1975 (Provisional)
-787.6	-935.6	-1,083.3	-1294.7	- 991.7	-1,034.8	-1,800.9
2497.3 (g)	2,736.4 (g)	2,815.3 (g)	4102.0 (g)	4,034.0 (g)	4,786.9 (g)	5,085.7 (g)
-3284.9	-3,672.0	-3,898.6	-5396.7	-5,025.7	-5,821.7	-6,886.6
-2384.2	-2,658.9 (h)	-2,980.5 (j)	-4232.8	-3,856.6	-4,505.7	-5,153.1
- 852.0 (f)	-812.0 (f)	-809.7 (f)(j)	-1096.4	-1,110.1 (f)	-1,277.0 (f)	-1,960.4 (f)
...	...	—	—	—	—	—
1.1	-21.9	-8.7	-22.1	- 24.7	-10.7	-59.4
-60.8	-124.9	-25.5	-22.3	- 133.8	-150.7	298.8
12.1	-55.8	-72.7	-35.2	99.4	124.7	-12.3
- 1.1	1.5	-1.5	12.0	—	-2.3	- 0.2
676.4	961.2	960.2	1438.7	929.3	996.2	1,785.4
52.2	15.5	140.5	248.6	243.3	-53.6	70.5
-23.2	1.8	-29.2	-6.8	29.3	14.6	201.0
69.4	7.3	153.1	253.6	202.6	-69.9	-105.6
2.2	3.4	13.6	-1.4	8.4	-1.3	-27.9
3.8	3.0	3.0	3.2	3.0	3.0	3.0
270.6	719.5	585.3	834.8	507.5	671.4	980.4
340.0	552.6	595.0	650.0	760.0	920.0	1,039.1
85.3	93.2	107.4	169.3	196.2	289.8	247.8
254.7	459.4	487.6	480.7	563.8	630.2	791.3
-6.8	196.6	73.2	302.0	- 78.4	0.3	99.0
22.2 (f)	42.6 (f)	3.9 (f)	40.1	33.9 (f)	39.1 (f)	88.1 (f)
0.5	20.9	20.6	12.0	- 11.9	1.8	2.0
353.6	226.2	234.4	355.3	178.5	378.3	734.5
93.9	53.3	141.1 (i)	116.6 (i)	275.1	79.0	271.6
47.0	72.5	82.8	119.8	97.1	119.1	129.0
46.9	-19.2	58.3	-3.2	178.0	-40.1	142.5
312.2	229.1	169.0	406.6	90.8	318.6	383.3
25.0	46.5	52.8	122.7	136.9	152.6	216.6
287.2	182.6	116.2	283.9	- 46.1	166.0	166.8
19.5	62.8	59.9	74.6	46.6	252.4	425.2
-111.2	25.6	-123.1	144.0	- 62.9	-38.6	-15.5
-62.9	30.6	3.3	109.8	- 45.1	-10.0	32.2
-48.3	-5.0	-126.4	34.2	- 17.8	-28.6	-47.7

Source: Central Bank of Ceylon

- (g) The figures of revenue given in this Table differ from those published in the government accounts. For explanations see foot note (b) to Table 10.
- (h) Excludes a sum of Rs. 39.2 million being FEECs payable on repayments of foreign loans, which has been shown under recurrent votes in the government accounts and a further sum of Rs. 3.5 million being loss on food purchases and distribution account in respect of the financial year 1969/70. This sum of Rs. 3.5 million is included in the figure for "Advances to government departments, corporations and public officers."
- (i) Includes cash loan amounting to Rs. 100.0 million in 1970/71 and Rs. 50 million in 1971/72 from Peoples' Republic of China.
- (j) The recurrent expenditure for 1970/71 excludes a sum of Rs. 30.9 million being refund of FEECs payment to certain corporations. This amount is included under capital expenditure.

## PUBLIC FINANCE

TABLE 10

## Revenue and Expenditure of the Government of Sri Lanka (a)

Period	Revenue (b)			Expenditure (c) (e)				Expenditure Chargeable to National Development Reserve	Net Receipts (-) or Payments on advance account activities(f)	
	Total	Government Enterprises (d)	Other	Total	Recurrent Expenditure (f)		Capital Expenditure (f) (g)			
					Government Enterprises (d)	Other				Total
1957-58	1,280.0	162.1	1,117.9	1,502.3	205.7	1,074.4	282.6	3.0	- 63.4	
1958-59	1,330.4	178.7	1,151.7	1,743.8	217.7	1,214.5	303.4	2.4	5.8	
1959-60	1,403.8	190.8	1,213.0	1,821.3	226.1	1,285.8	306.6	1.5	1.3	
1960-61(h)	1,513.9	191.4	1,322.5	1,976.4	225.7	1,315.1	419.9	1.5	14.2	
1961-62	1,620.6	203.7	1,416.9	2,076.6	240.2	1,340.5	480.6	0.7	14.6	
1962-63	1,593.4	209.5	1,383.9	1,985.3	249.0	1,347.4	402.3	0.3	- 13.7	
1963-64	1,759.0	226.6	1,532.4	2,220.7	261.1	1,573.0	402.5	0.2	- 16.1	
1964-65	1,816.4	228.5	1,587.9	2,246.8	271.8	1,531.6	471.2	0.1	- 27.9	
1965-66	1,833.3	247.4	1,585.9	2,399.3	285.4	1,575.1	528.4	...	10.4	
1966-67	1,954.8	250.3	1,704.5	2,561.6	290.8	1,604.5	624.7	...	41.6	
1967-68	2,156.4	273.5	1,882.9	2,872.1	304.8	1,881.4	714.4	...	- 28.5	
1968-69	2,497.3	294.3	2,203.0	3,284.9	331.3	2,052.9	852.0	...	48.7	
1969-70	2,736.4	238.7	2,497.7	3,672.0	270.4	2,388.5	812.0	...	201.1	
1970-71	2,815.3	252.9	2,562.4	3,898.6	289.2	2,691.3	809.7	—	108.4	
1971-72 (i)†	4,102.0	378.9	3,723.1	5,396.8	375.1	3,857.7	1,096.4	—	67.6	
1973	4,034.0	314.1	3,719.9	5,025.7	330.1	3,526.6	1,110.1	—	59.1	
1974	4,787.0	392.4	4,394.6	5,821.7	393.5	4,112.2	1,277.0	—	39.0	
1975 (j)	5,085.7	416.4	4,669.3	6,886.6	431.1	4,722.0	1,960.5	—	-227.0	
1976 (k)	5,644.5	410.9	5,233.6	8,000.1	434.1	5,024.7	2,441.3	—	100.0	

See foot-notes at the end of Appendix III.

Source: Central Bank of Ceylon.

## Revenue of the Government of Sri Lanka

Heads of Revenue	1973	1974	1975		1976
	Amount Rs. Million	Amount Rs. Million	Approved Estimates Rs. Million	Amount (Provi- sional) Rs. Million	Approved Estimates Rs. Million
1. Taxes on Production and Expenditure ..	2,564.3	3,366.4	3,448.5	3,422.7	4,222.2
1.1 General Sales and Turnover Taxes ..	564.8	635.2(b)	634.0	679.6	667.0
1.1.1 B.T.T. (Non-manufacturing) ..	79.0	109.0	96.5	114.9	126.0
1.1.2 B.T.T. (Manufacturing) ..	456.7	495.0	508.5	530.7	509.0
1.1.3 Bank Debit Tax ..	29.0	31.2	29.0	34.0	32.0
1.2 Selective Sales Taxes ..	407.7	749.6	776.0	831.2	990.1
1.2.1 Excise on Liquor ..	27.0	215.9	207.9	206.1	259.0
1.2.2 Excise on Tobacco ..	341.5	372.9	380.0	459.3	563.0
1.2.3 Tea Tax (ad-valorem) ..	39.0	160.7	188.0	165.6	168.0
1.2.4 Other ..	0.2	0.3	0.1	0.2	0.1
1.3 Import Levies ..	222.0	277.3	252.3	335.9	458.0
1.3.1 Customs ..	221.3	276.3	252.0	334.4	456.8
1.3.2 Other Licence fees on aid and gifts ..	0.7	0.1	0.3	1.5	1.2
1.4 Export Levies ..	386.4	660.1	742.3	429.9	313.2
1.4.1 Tea ..	171.3	155.5	165.1	177.6	170.0
1.4.2 Rubber ..	141.5	284.3	218.0	139.6	96.0
1.4.3 Coconut ..	32.6	11.8	308.7	65.1	—
1.4.4 Other ..	41.0	658.5	50.5	47.6	47.2
1.5 Receipts from FEECs ..	673.7	964.1	948.0	1,054.8	1,600.0
1.5.1 Government Departments (Net) ..	672.1	924.5	440.0	1,001.6	500.0
1.5.2 Non-Government Sector (Net) ..	0.3	0.2	508.0	—	1,100.0
1.5.3 Miscellaneous ..	1.2	39.4	—	53.2	—
1.6 Licence Taxes ..	57.5	58.7	50.6	63.8	60.6
1.7 Property Transfer Taxes ..	22.3	21.4	27.5	27.4	27.5
1.8 Surplus of Government Monopolies ..	230.0	...	17.7	...	105.8
1.8.1 Profits from Sale of Arrack ..	220.0	...	—	—	—
1.8.2 Profits from food Sales ..	10.0	—	17.7	...	105.8
2-3. Taxes on Corporate and Non-Corporate Income ..	699.9	598.6(b)	595.0	770.0	595.0
4. Gross Receipts from Govt. Trading Enterprises ..	351.2	434.1	428.6	454.0	461.8
5. Interest, Profits and dividends received ..	119.5	117.7	165.2	148.2	100.1
6. Sales and Charges ..	103.9	83.7	79.3	97.0	84.9
7. Social Security Contributions ..	19.8	19.7	19.6	24.0	19.5
8. Other current transfers and receipts ..	58.2	54.9	52.6	58.0	47.8
9-11. Capital Transfers and Sales of Existing Capital goods ..	54.9	49.9	47.1	65.3	44.0
12. Payments of Loans and Advances ..	62.2	62.0	45.2	46.4	69.2
<b>TOTAL</b> ..	<b>4,034.0(a)</b>	<b>4,787.0(a)</b>	<b>4,881.1</b>	<b>5,085.7 (a)</b>	<b>5,644.5</b>

(a) Figures of revenue for 1973, 1974 and 1975 differ from the published figures in the government accounts due to the reasons given in footnote (b) of table 10.

(b) Due to an error in classification in the accounts of the Treasury, income tax and general sales and turnover tax collections are recorded as Rs. 506.7 million and Rs. 703.7 million respectively.

## Voted Expenditure of

Ministry	Recurrent			
	Actual 1974	Approved Estimates 1975	Supple- mentary Provision 1975	Total Provision 1975
1. His excellency the President, Prime Minister, Supreme Court judges etc. not falling under ministries .. .. .	18.4	21.0	0.1	21.1
2. Defence and Foreign Affairs .. .. .	292.3	304.0	32.4	336.4
3. Planning and Econ. Affairs .. .. .	18.0	20.6	1.1	21.7
4. Plan Implementation .. .. .	0.5	0.9	—	0.9
5. Irrigation, Power and Highways .. .. .	133.4	138.9	2.2	141.1
6. Trade .. .. .	12.8	19.1	—	19.1
7. Education .. .. .	606.0	682.7	0.1	682.8
8. Shipping, Aviation and Tourism .. .. .	51.3	59.4	0.2	59.6
9. Labour .. .. .	11.7	13.8	0.8	14.6
10. Public Administration and Home Affairs .. .. .	346.2	373.9	13.5	387.4
11. Local Government .. .. .	73.7	84.2	1.4	85.6
12. Industries and Scientific Affairs .. .. .	6.3	7.6	—	7.6
13. Finance .. .. .	884.2	925.6	170.0	995.6
14. Transport .. .. .	230.5	222.2	28.6	250.8
15. Plantation Industry .. .. .	1.4	2.3	—	2.3
16. Justice .. .. .	56.5	56.5	5.4	61.9
17. Agriculture and Lands .. .. .	262.0	300.2	2.9	303.1
18. Fisheries .. .. .	5.3	8.1	0.1	8.2
19. Housing and Construction .. .. .	22.0	24.7	—	24.7
20. Posts and Telecommunication .. .. .	134.1	153.7	2.1	155.8
21. Health .. .. .	297.3	325.6	12.8	338.4
22. Information and Broadcasting .. .. .	36.0	39.9	0.2	40.1
23. Social Services .. .. .	41.3	39.6	51.6	91.2
24. Cultural Affairs .. .. .	5.5	6.3	—	6.3
25. Parliamentary Affairs and Sports .. .. .	3.6	4.3	—	4.3
26. Food, Co-operative and Small Industries .. .. .	955.1	1126.8	0.2	1127.0
27. Constitutional Affairs .. .. .	0.3	0.2	—	0.2
<b>Total .. .. .</b>	<b>4,505.7</b>	<b>4,862.1</b>	<b>325.9</b>	<b>5,187.9</b>

(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.

TABLE 12

## the Government of Sri Lanka (a)

Rupees Million

Expenditure		Capital Expenditure					
Actual (pro- visional) 1975	Approved Estimates 1976	Actual 1974	Approved Estimates 1975	Supple- mentary Provision 1975	Total Provision 1975	Actual (pro- visional) 1975	Approved Estimates 1976
20.3	22.6	...	0.1	—	0.1	0.1	0.4
328.7	371.6	34.4	10.1	71.3	81.4	80.8	33.9
20.4	23.2	177.2	133.8	0.1	133.9	126.4	395.4
0.6	0.8	—	...	—	0.1	0.1	...
134.6	137.9	310.4	543.6	34.2	577.8	464.5	448.3
15.5	18.1	5.6	17.0	2.1	19.1	7.7	13.3
681.8	760.6	20.8	47.0	—	47.0	34.0	53.6
57.3	62.1	36.8	25.9	26.7	52.6	34.1	35.7
14.0	15.2	0.5	0.6	...	0.6	0.6	2.9
408.3	393.3	7.5	27.9	—	27.9	27.5	18.1
77.8	91.8	5.9	6.0	45.6	51.6	43.8	69.9
7.2	8.3	70.8	332.0	—	332.0	272.2	407.8
1004.0	1151.7	131.4	34.7	52.2	86.9	76.0	99.7
248.0	233.2	49.7	210.4	24.1	234.5	199.8	160.9
1.4	3.6	171.3	176.0	22.2	198.2	182.5	171.4
64.3	66.0	0.7	1.9	0.1	2.1	2.1	2.2
297.3	364.9	100.6	192.8	2.0	194.8	145.4	225.2
6.8	10.5	20.6	67.9	13.7	81.6	57.9	59.9
24.5	28.7	90.4	78.6	39.6	118.2	110.4	149.2
151.3	166.9	29.8	51.0	4.4	55.4	43.9	48.5
338.1	385.5	5.5	16.9	3.0	19.9	13.5	23.8
39.7	47.6	2.0	3.2	21.9	25.1	24.9	3.1
75.3	40.6	0.1	...	69.1	69.2	4.5	1.1
6.3	8.6	1.2	3.0	0.5	3.5	3.2	5.1
4.2	4.8	0.7	0.6	0.5	1.1	1.1	1.9
1125.0	1040.7	2.9	6.6	0.5	7.1	3.5	10.0
0.1	—	—	—	—	—	—	—
5,153.1	5,458.8	1,277.0	1,987.5	433.9	2,421.4	1,960.3	2,441.3

Source: Central Bank of Ceylon

## PUBLIC FINANCE

## Composition of

End of period		EXTERNAL DEBT							
		Sterling Loans			Project Loans		Com- modity Loans (d)	Total	
		Gross	Sinking Funds (b)	Net	I.B.R.D. Loans	Other (c)		Gross	Net
September	1948	125.4	43.1	82.3	—	—	—	125.4	82.3
	1949	125.4	45.3	80.1	—	—	—	125.4	80.1
	1950	125.4	49.7	75.7	—	—	—	125.4	75.7
	1951	125.4	52.2	73.3	—	—	—	125.4	73.3
	1952	125.4	52.9	72.5	—	—	—	125.4	72.5
	1953	125.4	59.8	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	38.1	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	32.6	38.9	163.8	446.1	1,118.8	1,800.1	1,767.6	
December	1972	78.0	40.0	38.0	131.0	574.5	1,609.0	2,392.5	2,352.5
	1973	78.0	44.8	33.2	125.7	730.3	1,861.3	2,795.3	2,750.5
	1974	78.0	52.2	25.8	119.5	729.1	2,009.3	2,935.9	2,883.7
	1975	—	—	—	153.7	997.0	2,554.2	3,704.9	3,704.9

Note: Data for all years except 1972 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. 560.9 million, Rs. 38.9 million, Rs. 17.6 million and Rs. 24.4 million respectively at the end of December, 1975. National Housing Debentures Rs. 81,000,000 less sinking funds Rs. 31,039,002 = Rs. 49,960,998, State Mortgage Bank Debentures Rs. 32,250,000 and suppliers' credit negotiated by government departments are also excluded. The liability in respect of these suppliers' credits amounted to Rs. 583.3 million as at the end of December, 1975.
- (b) Represents the market value of investments held by the Joint Investment Fund on behalf of the sinking funds.
- (c) Represents the amount withdrawn and outstanding on the loans contracted with the U.S.A., U.S.S.R., Canada, Denmark, Peoples' Republic of China, Federal Peoples' Republic of Yugoslavia, U.K., Federal Republic of Germany, Polish Peoples' Republic, German Democratic Republic, India, I.D.A. and A.D.B.
- (d) Represents the amount withdrawn and outstanding on the loans contracted with the U.S.A., Canada, Federal Republic of Germany, U.K., Japan, France, India, Peoples' Republic of China, U.S.S.R. and Italy.

TABLE 13

## Public Debt (a)

Rupees Million

DOMESTIC DEBT							TOTAL			
Rupee Loans			Treasury Bills	Tax Reserve Certificates	Central Bank Advances (f)	Other (g)	Total		Gross	Net
Gross	Sinking Funds (b) (e)	Net					Gross	Net		
367.5	47.3	320.2	24.0	—	—	—	391.5	344.2	516.9	426.5
423.7	59.9	363.8	16.2	—	—	—	439.9	380.0	565.3	460.1
436.0	70.0	366.0	78.6	—	14.3	—	528.9	458.9	654.3	534.6
582.0	110.3	471.7	30.0	—	14.2	—	626.2	515.9	751.6	789.2
684.3	123.4	560.9	92.5	—	72.0	2.7	851.5	728.1	976.9	800.6
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

Source: Central Bank of Ceylon

(e) Includes supplementary sinking funds.

(f) 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 were resumed in October, 1959. At the end of December, 1975 such special loans amounted to Rs. 101.1 million.

(g) Includes loans from semi-government agencies or foreign loans channelled through government or semi-government agencies and outstanding National Development Bonds.

# EXTERNAL FINANCE

## Balance of Payments

Item	1973		
	Credit	Debit	Net
<i>Goods and Services</i>			
1. Merchandise .. ..	2,345.7	2,644.4	-298.7
2. Non-monetary gold .. ..	—	—	—
3. Freight and Merchandise insurance .. ..	11.2	17.5	- 6.3
4. Other transportation .. ..	165.7	44.4	+121.3
4.1 Passenger fares .. ..	29.9	26.5	+ 3.4
4.2 Port Expenditures .. ..	127.8	13.6	+114.2
4.3 Other .. ..	8.0	4.3	+ 3.7
5. Travel .. ..	58.6	10.1	+ 48.5
6. Investment income .. ..	17.0	127.6	-110.6
6.1 Direct investment .. ..	1.3	19.2	- 17.9
6.2 Other .. ..	15.7	108.4	- 92.7
7. Government expenditure n.i.e. .. ..	32.6	20.3	+ 12.3
8. Other services .. ..	102.5	114.7	- 12.2
8.1 Non merchandise insurance .. ..	3.9	7.5	- 3.6
8.2 Other .. ..	98.6	107.2	- 8.6
Total goods and services .. ..	2,733.3	2,979.0	-245.7
<i>Transfer Payments</i>			
9. Private .. ..	47.7	46.2	+ 1.5
10. Official .. ..	82.9	—	+ 82.9
Total Current Account .. ..	2,863.9	3,025.2	-161.3
<i>Capital &amp; Monetary Gold</i>			
<i>Non-monetary sector</i>			
11. Direct Investment .. ..	1,408.2	929.5	+478.7
12. Other private long-term .. ..	5.7	2.6	+ 3.1
13. Other private short-term .. ..	0.6	2.1	- 1.5
14. Central Government .. ..	—	11.4	- 11.4
14.1 Loans received .. ..	1,401.9	913.4	+488.5
14.2 Short term liabilities .. ..	334.1	145.6	+188.5
14.3 Assets .. ..	1,020.8	767.8	+253.0
14.3 Assets .. ..	47.0	—	+ 47.0
<i>Monetary Sector</i>			
15. Commercial Banks - Liabilities .. ..	172.5	507.0	-334.5
16. Commercial Banks - Assets .. ..	—	70.4	- 70.4
17. Central Bank - Liabilities .. ..	23.6	—	+ 23.6
18. Central Bank - Assets .. ..	—	72.3	- 72.3
19. Net I. M. F. Position .. ..	—	195.1	-195.1
20. Oil Facility Drawings .. ..	148.9	169.2	- 20.3
21. Special Drawing Rights .. ..	—	—	—
22. Monetary Gold .. ..	—	—	—
23. Errors and Omissions .. ..	17.1	—	+ 17.1

### (a) Provisional

Statistics are 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 f. o. b.; imports c. i. f.

Item 5. Includes educational remittances and official travel. Passage collections by foreign shipping and airlines are included in Item 4.1 - Passenger fares.

Item 14-2 Credit entries refer mainly to an increase in liabilities resulting from imports under Suppliers' Credits and other short-term trade credits. The debit entry in respect of such imports is in the merchandise account and is recorded on an arrivals basis. Debit entries refer to a decline in liabilities and are recorded at the time of settlement or payment for such imports.

TABLE 14

for 1973 - 75

Rupees Million

1974			1975(a)		
Credit	Debit	Net	Credit	Debit	Net
3,399.7	4,663.1	— 1,263.4	3,913.0	5,334.2	—1,421.2
—	—	—	—	6.7	— 6.7
13.1	20.2	— 7.1	16.2	23.1	— 6.9
159.8	46.1	+ 113.7	186.4	60.5	+ 125.9
25.5	23.1	+ 2.4	29.5	23.3	+ 6.2
125.6	15.9	+ 109.7	148.1	29.9	+ 118.2
8.7	7.1	+ 1.6	8.8	7.3	+ 1.5
94.8	9.2	+ 85.6	124.0	12.8	+ 111.2
36.8	147.9	— 111.1	50.0	178.9	— 128.9
0.1	13.5	— 13.4	0.3	16.9	— 16.6
36.7	134.4	— 97.7	49.7	162.0	— 112.3
33.0	24.6	+ 8.4	44.8	25.7	+ 19.1
107.1	120.2	— 13.1	143.2	167.8	— 24.6
4.0	5.4	— 1.4	6.3	10.9	— 4.6
103.1	114.8	— 11.7	136.9	156.9	— 20.0
3,844.3	5,031.3	— 1,187.0	4,477.6	5,809.7	—1,332.1
54.3	56.0	— 1.7	60.0	40.8	+ 19.2
282.0	—	+ 282.0	541.2	—	+ 541.2
4,180.6	5,087.3	— 906.7	5,078.8	5,850.5	— 771.7
1,750.7	1,198.6	+ 552.1	2,056.7	1,578.4	+ 478.3
10.8	1.8	+ 9.0	4.3	5.6	— 1.3
1.2	2.5	— 1.3	1.6	2.0	— 0.4
—	15.0	— 15.0	—	30.0	— 30.0
1,738.7	1,179.3	+ 559.4	2,050.8	1,540.8	+ 510.0
463.0	173.2	+ 289.8	886.1	271.6	+ 614.5
1,275.7	1,002.6	+ 273.1	1,090.8	1,266.5	— 175.7
—	3.5	— 3.5	73.9	2.7	+ 71.2
621.8	259.4	+ 362.4	513.5	187.6	+ 325.9
—	—	—	11.2	—	+ 11.2
—	97.2	— 97.2	—	1.1	— 1.1
178.6	—	+ 178.6	128.5	—	+ 128.5
60.4	—	+ 60.4	—	17.9	— 17.9
111.4	162.2	+ 50.8	102.1	168.6	— 66.5
271.4	—	+ 271.4	271.7	—	+ 271.7
—	—	—	—	—	—
—	—	—	—	—	—
—	7.8	— 7.8	—	32.5	— 32.5

Source: Central Bank of Ceylon.

Item 14-3 Includes changes in balances due to Sri Lanka under payments agreement account with the People's Republic of China.

Items 15-21 The change in capital of the monetary sector is based on local records.

Items 17-18 Central Bank liabilities and assets—Includes changes in balances due from Sri Lanka (liabilities) under payments agreement account with the People's Republic of China.

Item 19 The figures shown in the credit column relate to drawings from and service charges paid in Sri Lanka Rupees, to the International Monetary Fund. 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. Gold contributions 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
1941	..	..	99.9	95.6	105.9
1942	..	..	51.6	66.4	192.0
1943	..	..	135.8	81.5	229.7
1944	..	..	259.8	103.7	313.9
1945	..	..	420.6	142.3	460.5
1946	..	..	393.5	184.4	415.2
1947	..	..	178.9	206.9	440.5
1948	..	..	157.4	222.3	459.9
1949	..	..	86.8	235.8	514.9
1950	..	..	76.8	265.7	565.1
1951	..	..	76.1	291.3	668.4
1952	..	..	65.9	310.6	401.1
1953	..	..	70.2	228.4	245.1
1954	..	..	61.5	225.8	524.5
1955	..	..	111.7	237.2	655.2
1956	..	..	134.6	243.1	737.0
1957	..	..	112.3	249.4	590.8
1958	..	..	24.5	255.5	538.7
1959	..	..	16.0	229.7	386.7
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
1974	January	..	4.9	70.7	492.0
	February	..	6.2	70.9	565.3
	March	..	6.6	72.5	642.5
	April	..	4.8	72.5	434.0
	May	..	3.5	72.5	357.2
	June	..	2.1	72.5	397.4
	July	..	0.8	72.5	351.5
	August	..	0.6	72.7	416.8
	September	..	0.6	74.2	597.9
	October	..	0.5	74.2	538.6
	November	..	0.5	74.2	531.1
	December	..	0.5	74.3	420.1
1975	January	..	0.7	74.3	436.4
	February	..	0.7	74.5	597.1
	March	..	0.5	0.9	643.3
	April	..	0.6	0.9	520.4
	May	..	0.6	0.9	477.9
	June	..	0.6	0.9	466.4
	July	..	0.6	0.9	563.4
	August	..	0.7	0.3	624.6
	September	..	0.7	0.2	525.1
	October	..	0.6	0.2	519.0
	November	..	0.6	0.2	546.8
	December	..	0.7	0.2	438.0

Note:—The figures in the above table differ from statistics on external assets published in the Annual Reports and Bulletins up to December 1961. The differences where they occur are explained more fully in the footnotes that follow.

(a) Figures up to 1955 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.

TABLE 15

of Sri Lanka

Rupees Million

Commercial Banks(d)	Total External Assets	Changes in total external assets between periods	Total external assets net of Sterling Loan Sinking Funds
147.7	324.4	+ 49.3	309.3
133.3	434.7	+110.3	416.2
211.4	521.4	+ 86.7	500.4
224.6	671.6	+150.2	648.2
282.6	960.0	+288.4	932.5
236.5	1,259.9	+299.9	1,229.0
217.2	1,210.3	- 49.6	1,175.5
121.0	947.3	-263.0	906.0
158.3	997.9	+ 50.6	952.1
126.2	963.7	- 34.2	917.8
225.3	1,132.9	+169.2	1,083.0
181.0	1,216.8	+ 83.9	1,162.8
96.2	873.8	-343.0	815.2
96.7	640.4	-233.4	577.2
132.5	944.3	+303.9	876.5
224.7	1,228.8	+284.5	1,154.5
161.0	1,275.7	+ 46.9	1,194.4
109.4	1,061.9	-213.8	973.3
114.5	933.2	-128.7	837.9
101.6	734.0	-199.2	655.4
111.7	541.3	-192.7	457.7
104.9	531.7	- 9.6	440.9
101.5	503.9	- 27.8	406.7
105.3	462.3	- 41.6	358.8
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
369.3	936.9	+ 85.7	886.9
366.7	1,009.1	+ 72.2	958.9
384.7	1,106.3	+ 97.2	1,054.5
380.0	891.3	-215.0	839.5
365.2	798.4	- 92.9	746.6
380.0	852.0	+ 53.6	800.2
352.5	777.3	- 74.7	725.5
378.0	868.1	+ 90.8	816.1
435.2	1,107.9	+239.8	1,054.4
400.3	1,013.6	- 94.3	960.1
358.9	964.7	- 48.9	911.2
393.9	888.8	- 75.9	835.3
407.3	918.7	+ 29.9	865.2
395.8	1,068.1	+149.4	1,014.3
394.7	1,039.4	- 28.7	1,039.4
402.1	924.0	-115.4	924.0
405.5	884.9	- 39.1	884.9
433.3	901.2	+ 16.3	901.2
393.0	962.9	+ 61.7	962.9
392.2	1,017.8	+ 54.9	1,017.8
387.0	913.0	-104.8	913.0
360.0	879.8	- 33.2	879.8
384.0	931.6	+ 51.8	931.6
395.0	833.9	- 97.7	833.9

Source: Central Bank of Ceylon

- (c) The assets of the Currency Board were transferred to the Central Bank on August 28, 1950. Figures upto 1949 are as previously published. Thereafter the figures are as published under International Reserve in the balance sheet of the Central Bank (see Table 6). 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 as shown in Table 5. These balances are the sum of foreign currency on hand and balances due from banks abroad, and export bills purchased and discounted.

Central Bank Trade Indices (1967=100) - Exports

Period			Export Volume					Export Prices					All Imports Price Index	Terms of Trade (a)
			*Tea	Rubber including liquid latex	3 Major coconut products	20 Minor products	All Exports	*Tea	Rubber including liquid latex	3 Major coconut products	20 Minor products	All Exports		
1938	..	..	50	39	120	113	57	33	40	13	15	28	23	125
1948	..	..	62	71	95	83	68	89	73	96	58	85	57	149
1949	..	..	63	68	93	96	68	99	66	103	61	89	69	129
1950	..	..	63	91	107	105	75	114	160	128	78	121	73	165
1951	..	..	64	79	129	112	76	119	264	141	105	146	93	157
1952	..	..	66	73	149	96	77	104	184	87	82	113	93	122
1953	..	..	70	75	132	103	79	111	161	107	72	115	93	125
1954	..	..	76	73	123	114	82	140	142	99	82	128	86	149
1955	..	..	76	77	157	114	86	148	164	80	83	134	83	162
1956	..	..	73	67	147	107	81	135	157	82	89	125	83	151
1957	..	..	78	72	103	103	79	125	149	83	95	120	88	136
1958	..	..	86	71	96	97	84	123	130	99	92	118	81	145
1959	..	..	80	71	123	101	82	122	151	116	85	122	83	148
1960	..	..	86	81	105	108	87	120	169	102	94	122	83	148
1961	..	..	90	68	148	105	90	117	136	79	85	112	82	136
1962	..	..	95	77	166	106	97	114	135	81	87	109	77	142
1963	..	..	96	72	131	103	93	112	127	89	97	109	85	129
1964	..	..	95	87	175	97	102	113	119	94	100	111	105	105
1965	..	..	104	92	137	100	105	110	118	120	107	113	100	112
1966	..	..	92	103	108	95	96	105	116	108	102	107	98	109
1967	..	..	100	100	100	100	100	100	100	100	100	100	100	100
1968	..	..	96	113	118	116	103	114	104	163	108	117	126	93
1969	..	..	93	108	97	118	98	108	141	137	113	117	134	88
1970	..	..	96	122	94	122	102	110	128	150	111	118	140	84
1971	..	..	96	98	109	125	99	113	111	151	114	117	150	78
1972	..	..	87	98	135	128	97	125	96	117	118	118	158	75
1973	..	..	95	122	45	157	98	124	172	145	149	137	209	65
1974	..	..	81	97	50	151	85	158	269	435	207	213	370	58
1975	..	..	98	121	90	106	102	185	191	283	207	199	433	46

1. Indices from 1964 onwards are based on the experience of the 3 years 1965-67 and are not strictly comparable with the figures prior to 1964. Figures prior to 1964 which had been calculated on the experience of the 5 years 1954-58 (base year 1958) have been spliced to the new index (base 1967=100)

$$(a) \frac{\text{Export price index}}{\text{Import price index}} \times 100$$

\* Instant tea, not included.

Central Bank Trade Indices (1967=100) - Imports

Period	Import Volume							Import Price						
	Consumer Goods				Intermediate goods	Investment goods	All Imports	Consumer Goods				Intermediate goods	Investment goods	All Imports
	Food and Drink	Textiles	Other consumer goods	Combined				Food and Drink	Textiles	Other consumer goods	Combined			
1938	57	110	66	62	48	58	58	23	30	19	23	41	16	23
1948	70	128	114	78	49	65	69	89	148	49	60	99	31	57
1949	71	164	129	84	59	74	76	88	118	44	81	87	31	69
1950	79	179	126	90	60	85	82	91	125	48	84	95	35	73
1951	80	172	206	99	72	105	93	102	145	64	109	115	43	93
1952	80	197	191	99	69	108	93	117	118	66	104	126	47	93
1953	83	200	191	102	67	103	94	119	114	70	105	117	50	93
1954	80	187	143	94	70	88	87	106	105	69	96	110	48	86
1955	80	205	209	101	74	128	98	96	100	74	91	115	48	83
1956	90	238	240	115	71	158	109	97	101	74	91	114	47	83
1957	91	195	257	114	102	155	116	102	110	71	96	127	50	88
1958	97	256	286	127	78	154	118	91	99	74	88	116	49	81
1959	108	228	369	142	95	202	136	93	102	73	89	110	54	83
1960	101	221	423	141	95	180	133	92	107	73	89	109	59	83
1961	93	192	140	105	92	157	107	90	110	71	88	103	55	82
1962	87	190	129	99	102	178	108	89	103	68	86	99	45	77
1963	83	108	71	82	97	143	93	97	103	93	97	100	48	85
1964	114	203	149	126	96	104	114	117	97	83	112	99	94	105
1965	75	125	94	82	92	90	86	104	108	91	103	100	92	100
1966	122	166	129	127	104	113	118	99	103	91	99	100	90	98
1967	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1968	98	79	97	96	112	97	101	132	127	139	133	120	115	126
1969	93	76	108	93	104	172	108	134	193	142	140	125	127	134
1970	107	82	120	106	86	116	102	130	198	152	139	136	148	140
1971	83	65	90	82	96	106	90	143	199	153	149	152	147	150
1972	118	23	121	109	76	88	88	173	199	127	171	152	120	158
1973	96	51	119	92	47	84	79	233	132	177	218	230	140	209
1974	58	17	149	62	46	50	56	451	294	152	408	386	208	370
1975	67	5	134	67	56	96	69	563	427	178	514	400	207	433

1. Indices from 1964 onwards are based on the experience of the 3 years 1965-67 and are not strictly comparable with the figures prior to 1964. Figures prior to 1964 which had been calculated on the experience of the 5 years 1954-58 (base year 1958) have been spliced to the new index (base 1967=100).

Central Bank Trade Indices (1967=100) — Value

Period	IMPORT VALUES							EXPORT VALUES				
	CONSUMER GOODS				Intermediate Goods	Investment Goods	All Imports	Tea	Rubber including Liquid latex	3 major Coconut Products	20 minor products	All Exports
	Food & Drink	Textiles	Other Consumer Goods	Combined								
1938	12	29	35	14	18	15	15	16	17	17	16	16
1948	67	215	145	79	53	52	71	55	51	91	46	58
1949	68	226	155	80	53	62	72	61	44	101	56	62
1950	78	256	165	92	59	74	83	70	144	149	78	93
1951	90	332	360	113	85	116	106	76	206	192	112	113
1952	105	321	345	124	90	139	117	68	133	139	75	88
1953	103	244	315	117	82	113	109	78	120	146	73	93
1954	86	194	225	98	79	98	92	105	102	127	87	107
1955	78	235	330	95	86	126	94	113	125	135	85	116
1956	89	285	390	109	84	169	107	98	104	127	85	102
1957	94	262	435	114	134	170	121	96	106	93	90	98
1958	92	294	500	115	94	164	112	106	92	98	81	102
1959	104	268	630	126	110	210	127	98	106	146	85	104
1960	96	274	700	122	108	197	122	103	135	110	98	109
1961	86	244	225	100	103	167	104	104	93	122	84	104
1962	80	229	185	93	106	164	99	107	106	136	85	109
1963	82	135	95	85	99	141	91	107	92	119	92	105
1964	123	223	105	129	91	92	113	108	103	164	111	113
1965	74	132	81	78	96	81	83	114	108	165	105	118
1966	119	170	119	123	109	109	117	97	119	117	96	103
1967	100	100	100	100	100	100	100	100	100	100	100	100
1968	128	99	96	124	134	120	126	109	117	198	125	121
1969	122	151	114	124	124	222	140	100	153	133	131	115
1970	137	168	138	139	97	155	131	106	156	142	131	120
1971	118	133	88	117	117	105	115	108	109	165	134	116
1972	117	42	128	113	118	120	115	109	93	157	140	113
1973	164	67	83	151	86	108	128	118	210	83	251	151
1974	264	43	106	237	168	107	201	128	261	236	265	171
1975	334	20	146	298	175	150	246	181	231	232	106	196

1. Indices from 1964 onwards are obtained by expressing total values of a particular period as a per cent of the annual values for 1967 which is taken as the base year. Figures prior to 1964 which had been calculated using 1958 as the base year have been spliced to the new index and are not strictly comparable.

\* Instant tea is not included.

## Cost of Living Index Numbers—Colombo Town

Period		All Items	November, 1938—April, 1939=100									
			Commodity-wise					Sector-wise				
			Food	Clothing	Fuel and Light	Rent	Miscellaneous	Domestic Group (a)	Import Group (b)	Export Group (c)		
1939 (d)	..	108 (e)	112	112	102	97	104	n.a.	n.a.	n.a.		
1948	..	260	286	423	219	133	257	n.a.	n.a.	n.a.		
1950	..	272	319	347	221	116	253	246	258	522		
1951	..	283	321	442	243	116	263	265	263	522		
1952	..	281	315	429	226	118	276	274	266	418		
		Nov. 38 -Apr. 39 =100	1952 = 100 (f)									
1957	..	288.9	102.8	104.9	84.4	97.3	101.5	106.9	104.9	98.1	126.8	
1958	..	295.1	105.0	105.8	87.5	101.0	101.5	113.1	109.2	97.0	135.0	
1959	..	295.6	105.2	104.7	92.1	102.4	101.5	115.3	108.0	97.1	153.1	
1960	..	290.8	103.5	100.8	95.1	102.7	101.5	117.5	108.9	93.7	138.4	
1961	..	294.5	104.8	99.8	103.9	104.4	101.5	122.8	112.3	94.6	119.1	
1962	..	298.7	106.3	100.9	108.2	105.6	101.5	124.9	113.9	96.7	113.8	
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	231.1	109.8	191.9	189.5	213.5	214.5	
1974	January	..	496.8	176.8	180.9	192.3	207.2	109.8	169.0	170.5	183.7	220.9
	February	..	501.9	178.6	181.0	192.3	221.0	109.8	175.2	170.8	185.4	244.0
	March	..	504.4	179.5	181.5	192.3	221.0	109.8	178.4	172.4	185.2	244.5
	April	..	510.9	181.8	182.7	208.7	221.0	104.8	178.4	174.8	187.7	244.5
	May	..	513.4	182.7	184.1	208.7	221.0	109.8	178.4	176.3	187.7	244.6
	June	..	516.2	183.7	185.8	208.7	221.0	109.8	178.4	176.8	187.7	259.8
	July	..	518.7	184.6	186.7	208.7	221.0	109.8	180.0	177.3	189.6	259.8
	August	..	533.6	189.9	195.2	208.7	221.0	109.8	180.0	176.3	205.9	259.8
	September	..	537.8	191.4	197.6	208.7	221.0	109.8	180.0	177.2	208.6	259.8
	October	..	540.6	192.4	199.0	208.7	225.4	109.8	180.0	178.8	208.7	259.8
	November	..	543.2	193.3	200.4	208.7	225.4	109.8	180.0	180.3	208.7	259.8
	December	..	546.3	194.4	201.8	208.7	225.4	109.8	181.4	182.0	209.0	259.8
1975	January	..	548.8	195.3	203.3	208.7	225.4	109.8	181.4	183.5	209.1	259.8
	February	..	552.2	196.5	203.3	208.7	225.4	109.8	187.8	183.9	211.4	264.0
	March	..	554.7	197.4	203.9	208.7	225.4	109.8	190.8	188.3	211.4	249.3
	April	..	555.5	197.7	204.3	208.7	225.4	109.8	190.8	186.9	211.7	246.4
	May	..	556.4	198.0	204.8	208.7	225.4	109.8	190.8	189.4	211.8	219.4
	June	..	558.1	198.6	205.7	208.7	225.4	109.8	191.1	190.6	212.9	208.7
	July	..	558.9	198.9	205.5	208.7	225.4	109.8	193.2	190.4	215.9	193.9
	August	..	559.8	199.2	205.2	208.7	236.2	109.8	193.2	191.8	216.0	181.3
	September	..	560.6	199.5	204.9	208.7	248.7	109.8	193.2	192.7	215.9	183.8
	October	..	561.7	199.9	204.3	208.7	260.7	109.8	194.9	192.0	217.4	183.8
	November	..	559.8	199.2	202.9	206.1	260.7	109.8	196.8	191.9	214.6	191.3
	December	..	560.9	199.6	203.3	204.9	260.7	109.8	198.4	192.7	214.4	192.2

Source: The Department of Census and Statistics, and Central Bank of Ceylon.

Note: Annual figures shown are averages of monthly figures.

(a) Comprises items of domestic origin. Weight 60 per cent from 1968. Previous weight 51 per cent.

(b) Comprises imported goods. Weight 35 per cent from 1968. Previous weight 44 per cent.

(c) Comprises domestic goods mainly exported. Weight 5 per cent.

(d) August–December.

(e) January–December average–104.

(f) Colombo Consumers' Price Index—from January 1957, 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.

**Minimum Wage Rate Index Numbers of Workers in  
Wages Boards Trades**

Period	Workers in Agriculture (a)		Workers in Industry and Commerce (c)		Workers in Wages Boards Trades (d)	
	Minimum Wage Rate Index	Real Wage Rates Index (b)	Minimum Wage Rate Index	Real Wage Rates Index	Minimum Wage Rate Index	Real Wage Rates Index
1939 = 100						
1939 ..	100	100				
1948 ..	315	122				
1950 ..	373	136	n. a.	n. a.	n. a.	n. a.
1951 ..	463	161				
1952 ..	468	163				
1952 = 100						
1953 ..	101.5	99.9	101.0	99.4	101.5	99.9
1954 ..	103.1	102.0	100.7	99.6	102.5	101.4
1955 ..	106.6	106.1	101.4	101.0	105.9	105.4
1956 ..	107.1	106.9	102.9	102.7	106.4	106.2
1957 ..	108.7	105.6	104.5	101.5	107.8	104.7
1958 ..	110.2	105.2	116.1	110.9	110.8	105.6
1959 ..	110.2	104.8	128.8	122.4	112.3	106.7
1960 ..	110.2	106.5	128.1	123.8	111.8	108.0
1961 ..	110.7	105.6	128.4	122.5	112.3	107.2
1962 ..	111.9	105.2	129.5	121.8	113.6	106.9
1963 ..	113.3	104.2	130.9	120.3	115.2	105.9
1964 ..	116.0	103.5	132.8	118.4	117.8	105.0
1965 ..	116.3	103.4	132.8	118.0	118.2	105.0
1966 ..	116.3	103.5	133.2	118.6	118.1	105.1
1967 ..	120.4	104.9	138.9	121.0	122.2	106.4
1968 ..	138.8	114.3	161.6	133.1	141.2	116.3
1969 ..	138.8	106.3	161.7	123.9	141.2	108.2
1970 ..	140.2	101.5	166.1	120.2	142.9	103.4
1971 ..	141.6	99.8	176.1	124.2	145.3	102.3
1972 ..	148.5	98.4	181.4	120.3	156.9	100.7
1973 ..	168.1	101.5	199.7	120.7	169.9	102.7
1974 ..	210.0	113.0	235.8	126.9	212.5	114.3
1975 ..	241.2	121.6	275.2	138.7	244.5	123.3
1974 January ..	189.8	107.4	217.8	123.2	192.7	109.0
February ..	191.3	107.1	218.5	122.3	194.1	108.7
March ..	192.4	107.2	218.8	121.9	195.1	108.7
April ..	210.2	115.6	239.7	131.8	213.2	117.3
May ..	211.7	115.9	240.1	131.4	214.2	117.3
June ..	213.3	116.1	240.1	130.7	215.7	117.4
July ..	213.3	115.5	240.8	130.4	215.7	117.0
August ..	214.8	113.1	240.8	126.8	217.2	114.4
September ..	219.4	114.6	242.5	126.7	221.6	115.8
October ..	220.9	114.8	243.2	126.4	223.0	115.9
November ..	220.9	114.3	243.8	126.1	233.0	115.4
December ..	222.5	114.5	243.8	125.4	224.5	115.5
1975 January ..	222.5	113.9	244.2	125.0	224.5	115.0
February ..	224.0	114.0	244.2	124.3	226.0	115.0
March ..	243.9	123.6	277.7	140.7	247.1	125.2
April ..	243.9	123.3	281.5	142.4	247.6	125.2
May ..	243.9	123.2	281.5	142.2	247.6	125.1
June ..	243.9	122.8	281.5	141.7	247.6	124.7
July ..	245.4	123.4	281.5	141.5	249.0	125.2
August ..	245.4	123.2	281.5	141.3	249.0	125.0
September ..	245.4	123.0	282.2	141.5	249.0	124.8
October ..	245.4	122.8	282.2	141.2	249.0	124.6
November ..	245.4	123.2	282.2	141.7	249.0	125.0
December ..	245.4	123.0	282.2	141.4	249.0	124.8

Source. Department of Labour and Central Bank of Ceylon.

**Note:** From January, 1953, indices of real wage rates are calculated by using the Colombo Consumers' Price Index.

- (a) Prior to 1953, minimum wage rate index refers to wage rates of tea growing and manufacturing, rubber growing and manufacturing trades only; from 1953 it includes the coconut growing trade also.
- (b) Prior to 1953, index of real wage rates was calculated by using the cost of living index for estate labour.
- (c) Includes coconut manufacturing, engineering, printing, match manufacturing, motor transport, tea, export, building, dock, harbour and port transport, rubber export and cinema trades only.
- (d) Combined Index for workers in agriculture and workers in industry and commerce.

Wage Rate Index Numbers of Government Employees  
(1952=100)

Period	Technical and Clerical Employees		Minor Employees		All Central Government Employees (a)		Government School Teachers	
	Minimum Wage Rate Index	Real Wage Rate Index	Minimum Wage Rate Index	Real Wage Rate Index	Minimum Wage Rate Index	Real Wage Rate Index	Minimum Wage Rate Index	Real Wage Rate Index
1955 .. ..	106.9	106.4	110.4	109.9	108.7	108.2	110.2	109.7
1956 .. ..	108.7	108.5	113.0	112.8	111.0	110.8	113.2	113.0
1957 .. ..	111.2	108.2	116.0	112.8	113.8	110.7	113.9	110.8
1958 .. ..	122.3	116.5	130.4	124.2	126.7	120.7	117.4	111.8
1959 .. ..	122.3	116.3	130.4	124.0	126.7	120.4	117.4	111.6
1960 .. ..	122.3	118.2	130.4	126.0	126.7	122.4	117.4	113.4
1961 .. ..	122.3	116.7	130.4	124.4	126.7	120.9	117.4	112.0
1962 .. ..	122.3	115.0	130.4	122.6	126.7	119.2	117.4	110.4
1963 .. ..	122.3	112.4	130.4	119.9	126.7	116.5	117.4	107.9
1964 .. ..	122.3	109.0	130.4	116.2	126.7	112.9	117.4	104.6
1965 .. ..	122.3	108.7	130.4	115.9	126.7	112.6	117.4	104.4
1966 .. ..	122.3	108.9	130.4	116.1	126.7	112.8	117.4	104.6
1967 .. ..	125.4	109.2	136.2	118.6	131.3	114.5	119.4	104.0
1968 .. ..	140.1	115.4	163.0	134.3	152.6	125.7	129.6	106.7
1969 .. ..	144.4	110.6	168.0	128.6	157.3	120.4	132.5	101.5
1970 .. ..	157.2	113.8	182.9	132.4	171.3	124.0	141.1	102.1
1971 .. ..	157.2	110.9	182.9	129.0	171.3	120.8	141.1	99.5
1972 .. ..	157.4	104.4	183.4	121.6	171.7	113.8	141.2	93.6
1973 .. ..	163.0	98.6	194.2	117.5	180.1	108.8	144.3	87.3
1974 .. ..	181.4	97.7	220.5	118.7	202.8	109.2	159.1	85.7
1975 .. ..	197.5	99.5	246.3	124.2	224.2	113.0	171.8	86.6
1974 January ..	171.3	96.9	207.2	117.2	190.9	108.0	149.8	84.7
February ..	171.3	95.9	207.2	116.0	190.9	106.9	149.8	83.9
March ..	171.3	95.4	207.2	115.4	190.9	106.4	149.8	83.5
April ..	184.8	101.6	224.9	123.7	206.8	113.8	162.2	89.2
May ..	184.8	101.1	224.9	123.1	206.8	113.2	162.2	88.8
June ..	184.8	100.6	224.9	122.5	206.8	112.6	162.2	88.3
July ..	184.8	100.1	224.9	121.9	206.8	112.0	162.2	87.9
August ..	184.8	97.3	224.9	118.5	206.8	108.9	162.2	85.4
September ..	184.8	96.5	224.9	117.5	206.8	108.0	162.2	84.7
October ..	184.8	96.0	224.9	116.9	206.8	107.5	162.2	84.3
November ..	184.8	95.6	224.9	116.4	206.8	107.0	162.2	83.9
December ..	184.8	95.1	224.9	115.7	206.8	106.4	162.2	83.4
1975 January ..	184.8	94.6	224.9	115.2	206.8	105.9	162.2	83.1
February ..	198.6	101.1	248.2	126.3	225.8	114.9	172.7	87.9
March ..	198.6	100.6	248.2	125.7	225.8	114.4	172.7	87.5
April ..	198.6	100.3	248.2	125.5	225.8	114.2	172.7	87.4
May ..	198.6	100.3	248.2	125.4	225.8	114.0	172.7	87.2
June ..	198.6	100.0	248.2	125.0	225.8	113.7	172.7	87.0
July ..	198.6	99.9	248.2	124.8	225.8	113.5	172.7	86.8
August ..	198.6	99.7	248.2	124.6	225.8	113.3	172.7	86.7
September ..	198.6	99.6	248.2	124.4	225.8	113.2	172.7	86.6
October ..	198.6	99.4	248.2	124.2	225.8	112.9	172.7	86.4
November ..	198.6	99.7	248.2	124.6	225.8	112.3	172.7	86.7
December ..	198.6	99.5	248.2	124.4	225.8	113.1	172.7	86.5

Notes: The index Numbers are calculated on fixed weights, based on the numbers employed as at 30 September, 1959. The wage rates used in the calculation of the Index Numbers are the initial salaries and wages in each representative scale.

(a) Combined index for clerical and technical employees and minor employees

## FOOTNOTES TO TABLE 10

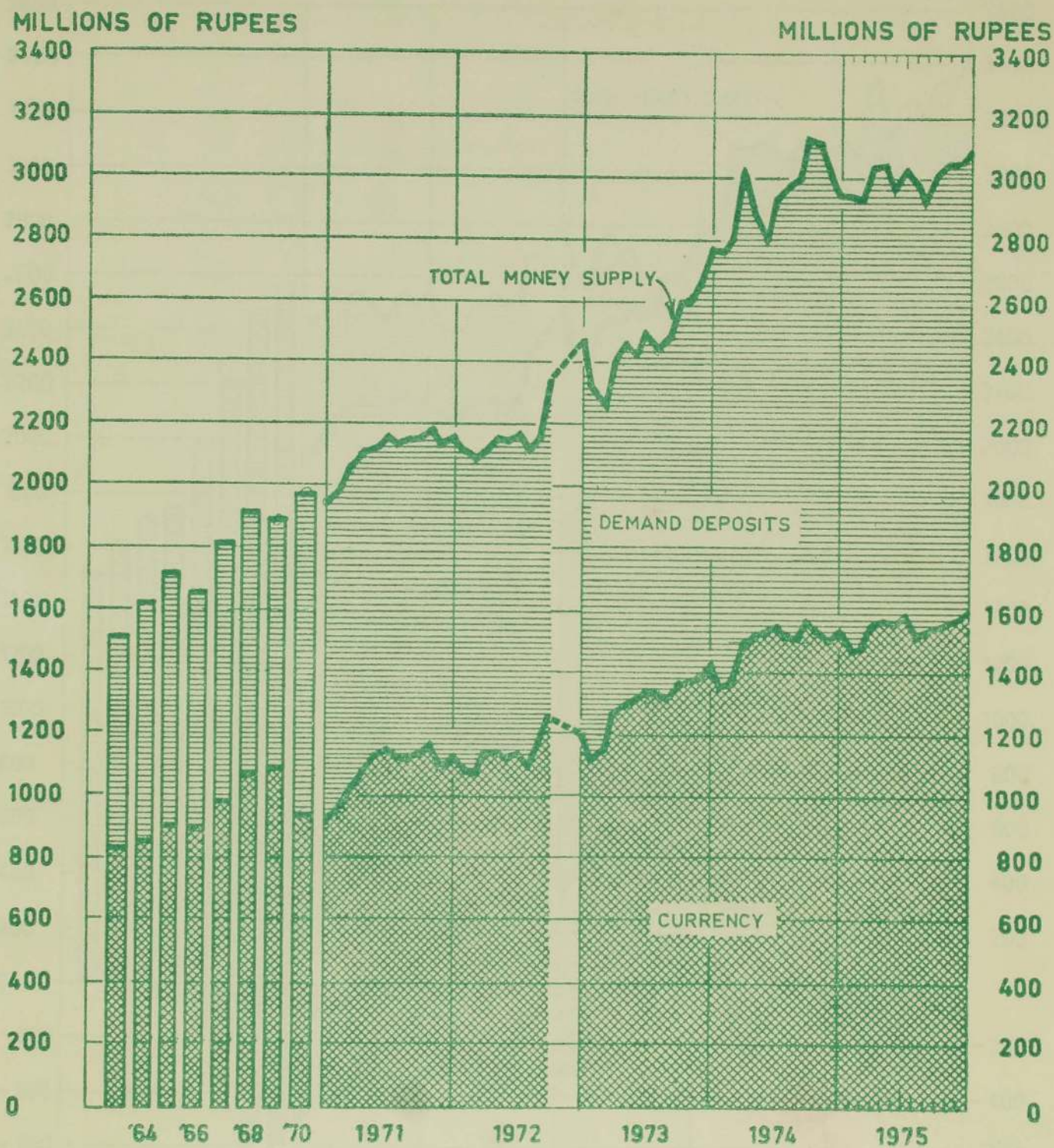
- (a) This Table covers all the items of revenue and expenditure that enter into the computation of the net cash surplus/deficit.
- (b) The actual figures of revenue from 1961/62 onwards differ from the published figures in the government accounts due to the following adjustments
- (1) Inclusion of receipts 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 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 Account" 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 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, and Rs. 6.9 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 and 1975 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 account 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), Department of Posts and Telecommunications, Department of Information and Broadcasting (until January 5, 1967 when the Broadcasting department was converted into a corporation) and the Colombo Port Commission.
- (e) Excludes contributions from revenue to public debt sinking funds and direct repayments of public debt from revenue 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 Account" 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" has been discontinued. Instead, the government's total expenditure is divided into three major categories, viz, General Administrative Services, Social Services, and Economic Services and Development. It is further classified into seven votes. Where it is difficult to identify the staff who are wholly engaged in the activities falling within the above categories, their emoluments are shown under General Administrative Services, vote 1. Rest of the expenditure under each of the categories is divided into recurrent expenditure and capital expenditure, to from six votes. Thus, recurrent expenditure consists of votes 1,2,4, and 6 and capital expenditure consists of votes 3,5, and 7. 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.

APPENDIX IV.  
CHARTS.



# MONEY SUPPLY

1963-70 END YEAR FIGURES; 1971 ONWARDS END MONTH FIGURES



Dept. of Economic Research

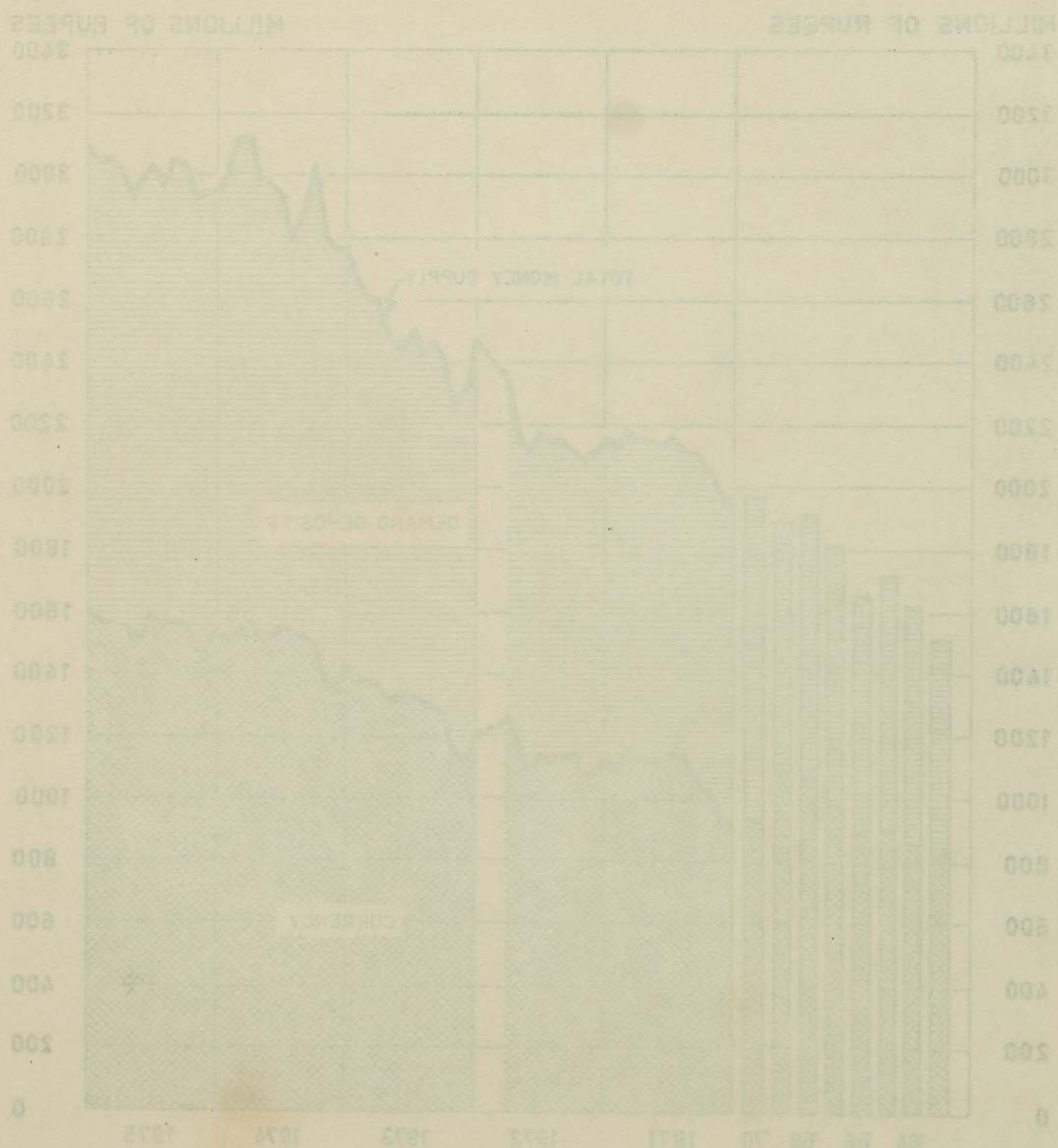
Source: Central Bank of Ceylon

Money Supply is defined as "all currency and demand deposits owned by persons other than commercial banks and the Government".

The Figures as at end of October and November 1972 are not available because of the strike by employees of commercial banks.

# MONEY SUPPLY

1963 TO END YEAR FIGURES, 1971 ONWARDS END MONTH FIGURES



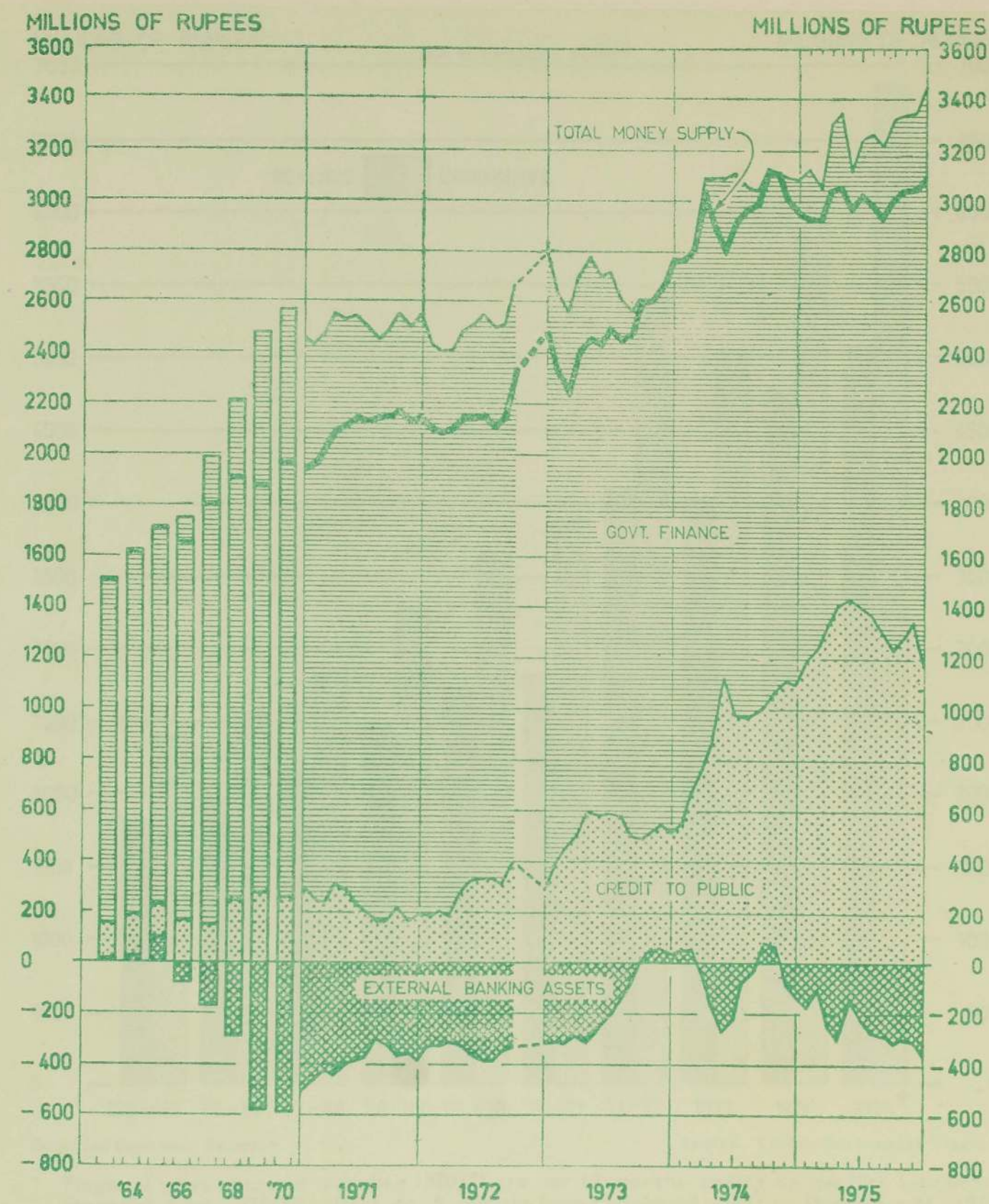
Money supply is defined as "all currency and demand deposits owned by persons other than commercial banks and the Government".

The figures as at end of October and November 1975 are not available because of the strike by employees of commercial banks.

Source: Central Bank of Ceylon

# SOURCES OF MONEY SUPPLY

1963-70 END YEAR FIGURES; 1971 ONWARDS END MONTH FIGURES



Dept. of Economic Research

Source: Central Bank of Ceylon

This chart indicates the origin of Money Supply in Sri Lanka.

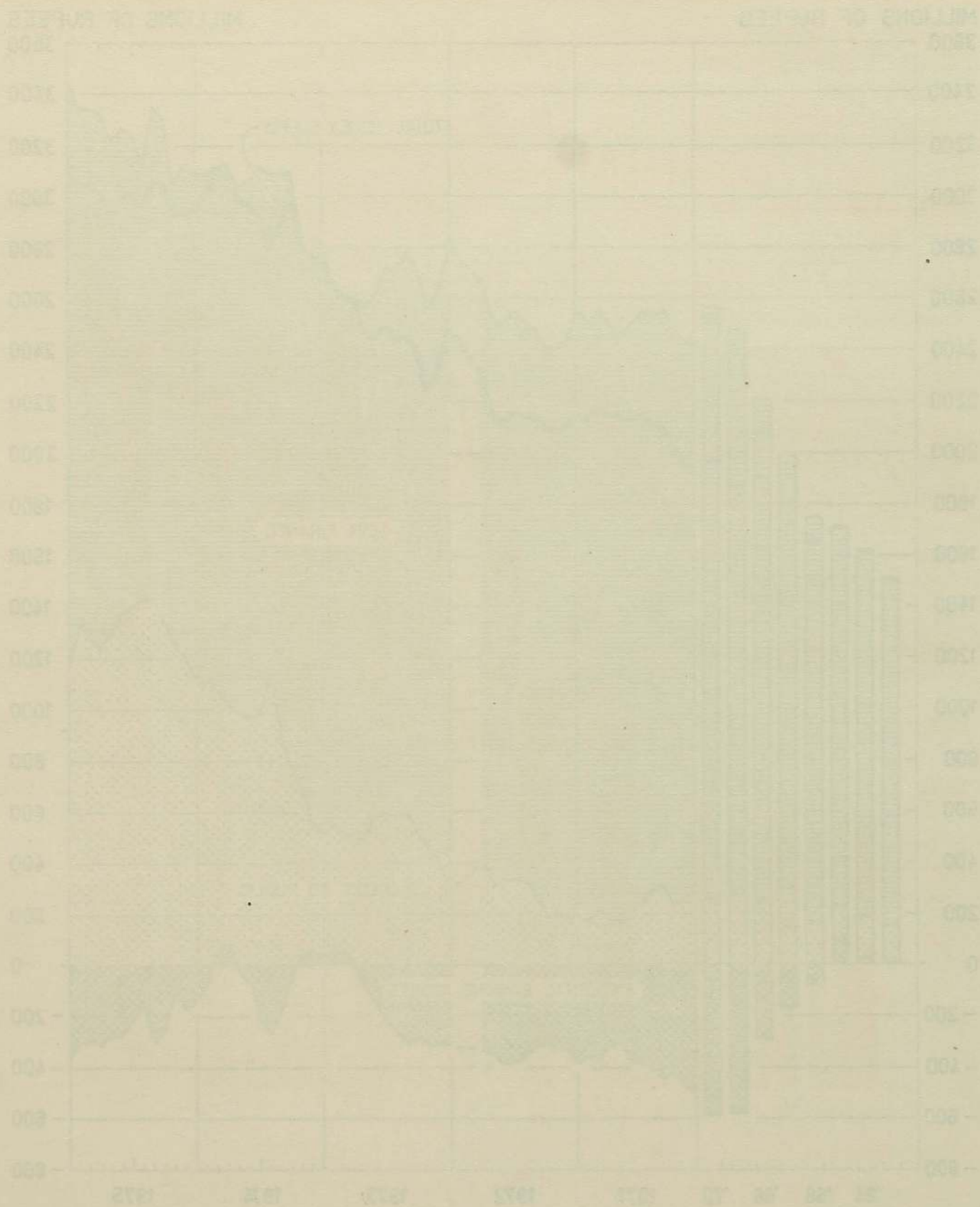
- (a) "Government Finance" shows the claims of the banking system on the Government net of rupee cash holdings of the Government.
- (b) "Credit to Public" shows the claims of the Banking system on the private sector net of time and savings deposits.

Whenever net external banking assets were negative the total money supply line is below the line limiting Government Finance.

The figures as at end of October and November 1972 are not available because of the strike by employees of commercial banks.

# SOURCES OF MONEY SUPPLY

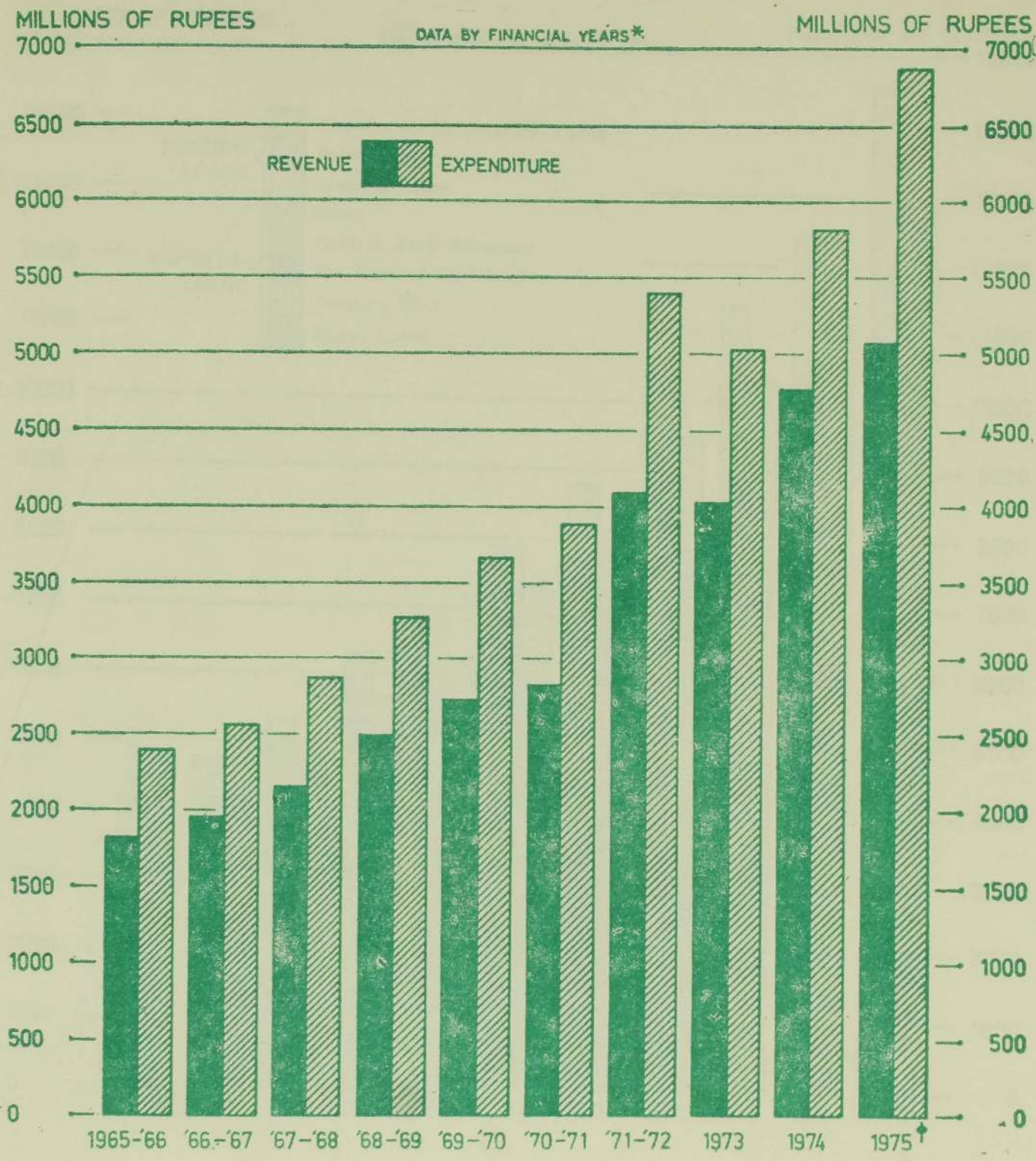
1952 TO END YEAR FIGURES, 1951 ONWARDS END MONTH FIGURES



Source: Ministry of Finance, Government of India, New Delhi, 1976.

This chart indicates the origin of money supply in 54 Lakhs. (a) 'Government Finance' shows the claims of the banking system on the Government. (b) 'Credit to Private' shows the claims of the banking system on the private sector net of time and savings deposits. Whenever net external banking assets were negative the total money supply line is below the line limiting Government Finance. The figures as at end of October and November 1975 are because of the strike by employees of commercial banks.

# GOVERNMENT REVENUE & EXPENDITURE



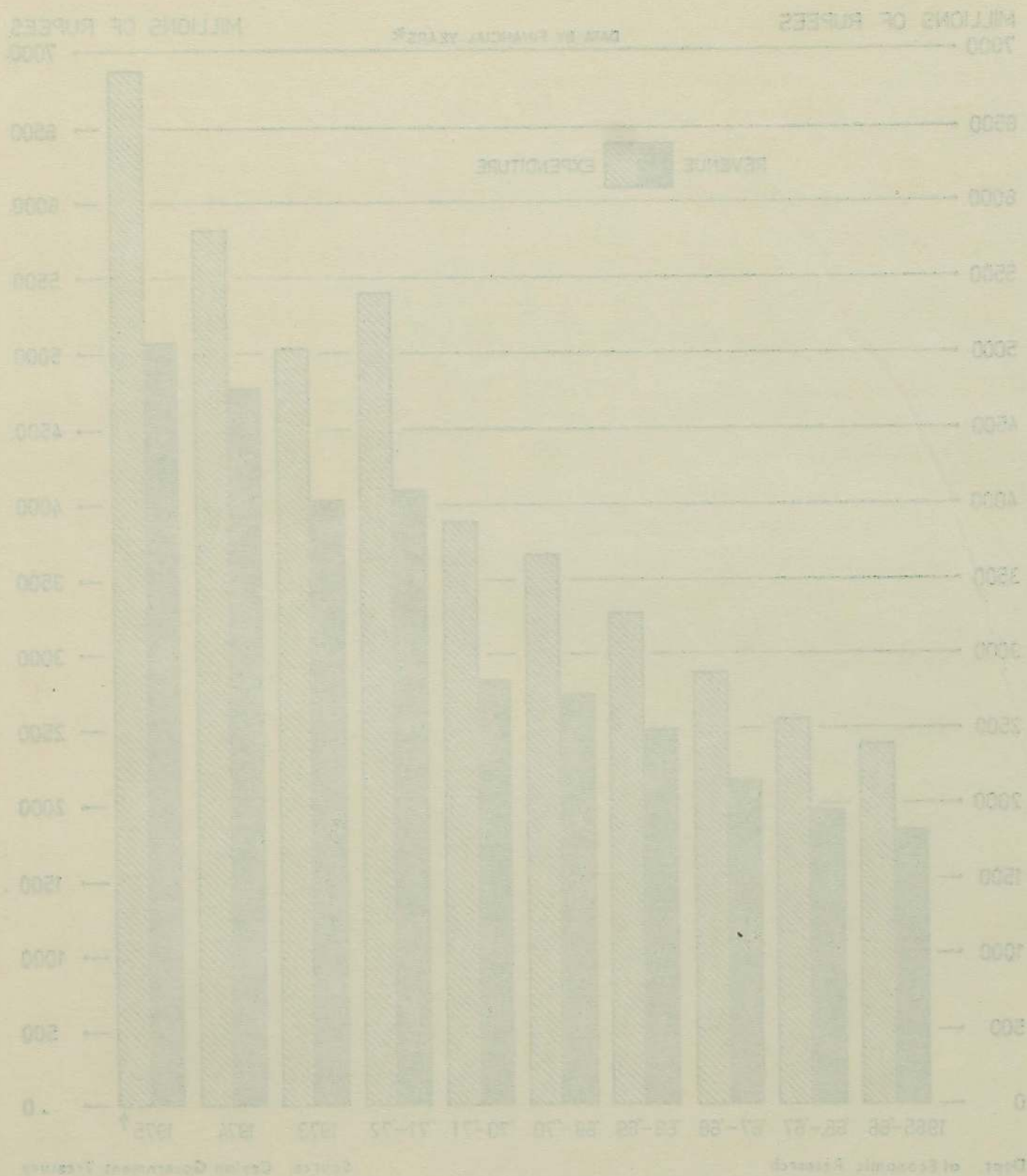
Dept. of Economic Research Source: Ceylon Government Treasury

\* Financial years upto and including 1970/71 are for 12 months ending on the 30th September  
 Financial year 1971/72 relates to 15 months from October 1, 1971 to December 31, 1972.  
 Financial years from 1973 relate to the year ending 31st December.

Data on expenditure refer to total voted expenditure (excluding sinking fund contributions, direct repayments of public debt from revenue and special payments to international financial organisations) together with expenditure financed from the National Development Reserve and net payments on advance account operations. See also Table 10 Appendix III.

† Provisional

# GOVERNMENT REVENUE & EXPENDITURE

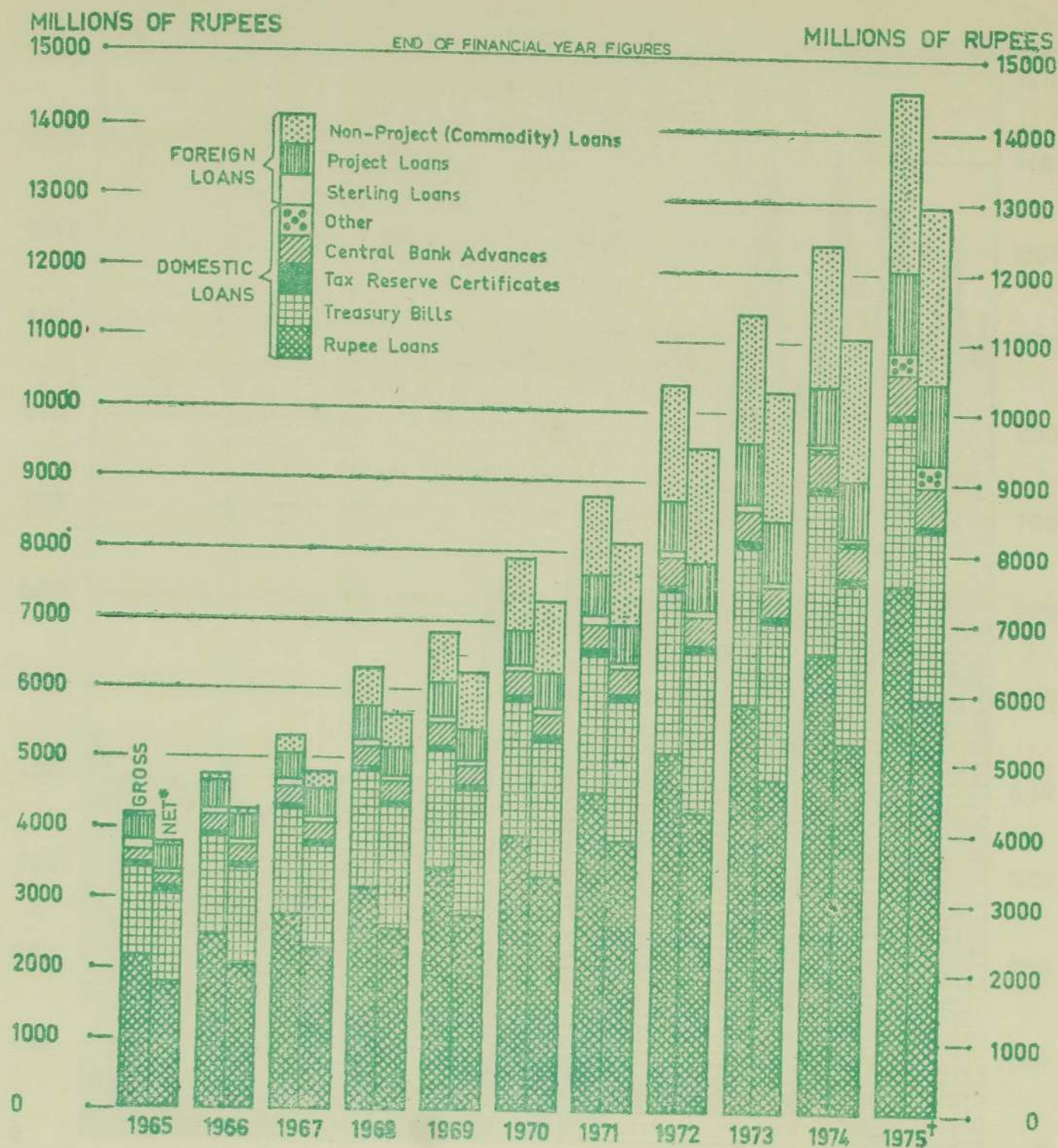


\* Financial years upto and including 1970/71 are for 12 months ending on the 31st September. Financial year 1971/72 relate to 12 months from October 1, 1971 to December 31, 1972. Financial years from 1973 relate to the year ending 31st December.

Data on expenditure refer to total voted expenditure (excluding sinking fund contributions, direct repayments of public debt from revenue and special payments to international financial organisations) together with expenditure financed from the National Development Reserve and net payments on advance account operations. See also Table 10 Appendix III.

# COMPOSITION OF PUBLIC DEBT

(SHOWING GROSS & NET\* PUBLIC DEBT)



\* Gross Public Debt Less Sinking Funds

† Provisional

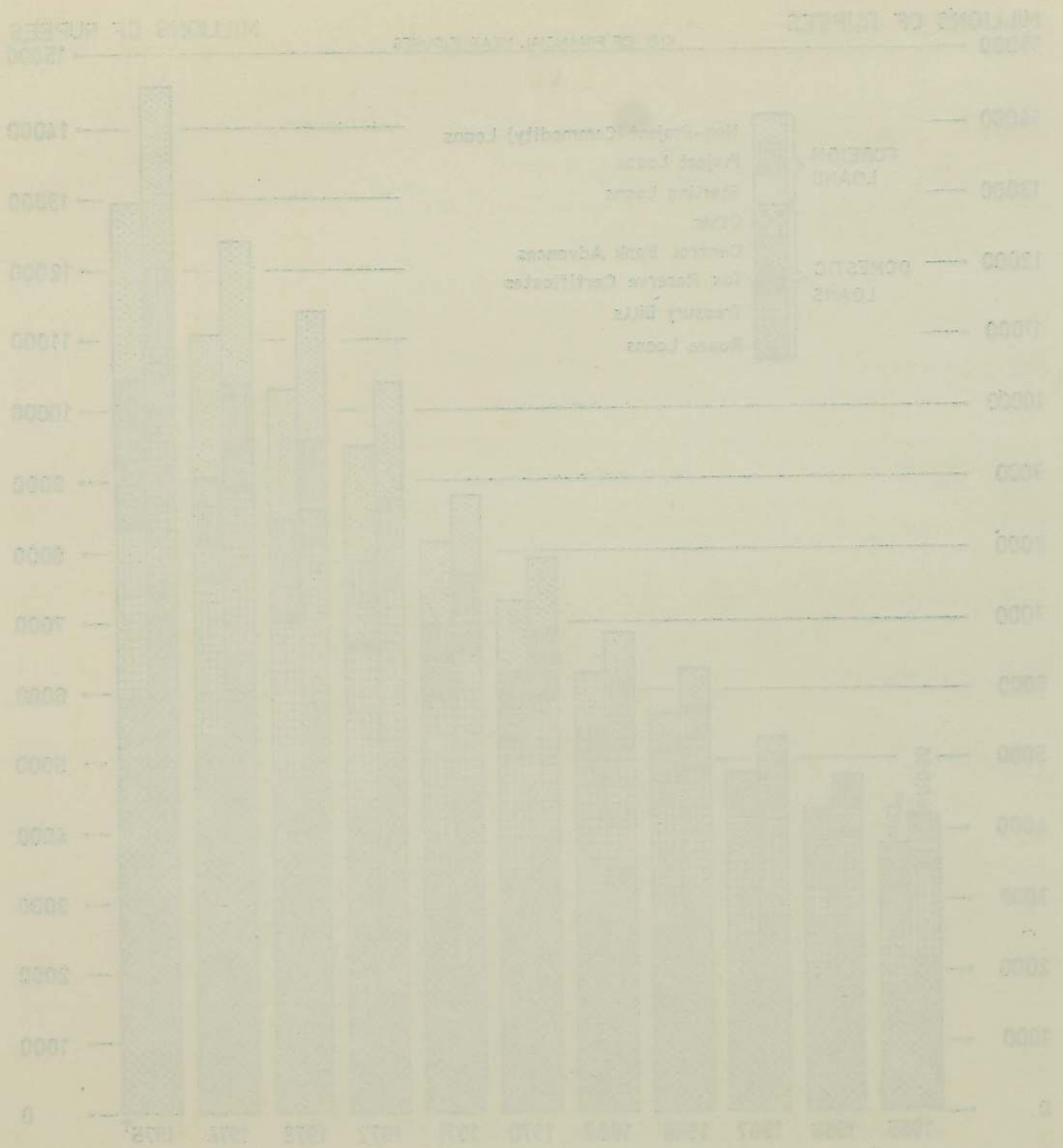
Dept. of Economic Research

Source: Central Bank of Ceylon

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. Data from 1973 relate to financial years ending on 31st December.

# COMPOSITION OF PUBLIC DEBT

SHOWING GROSS & NET PUBLIC DEBT



\* Gross Public Debt including Bonds

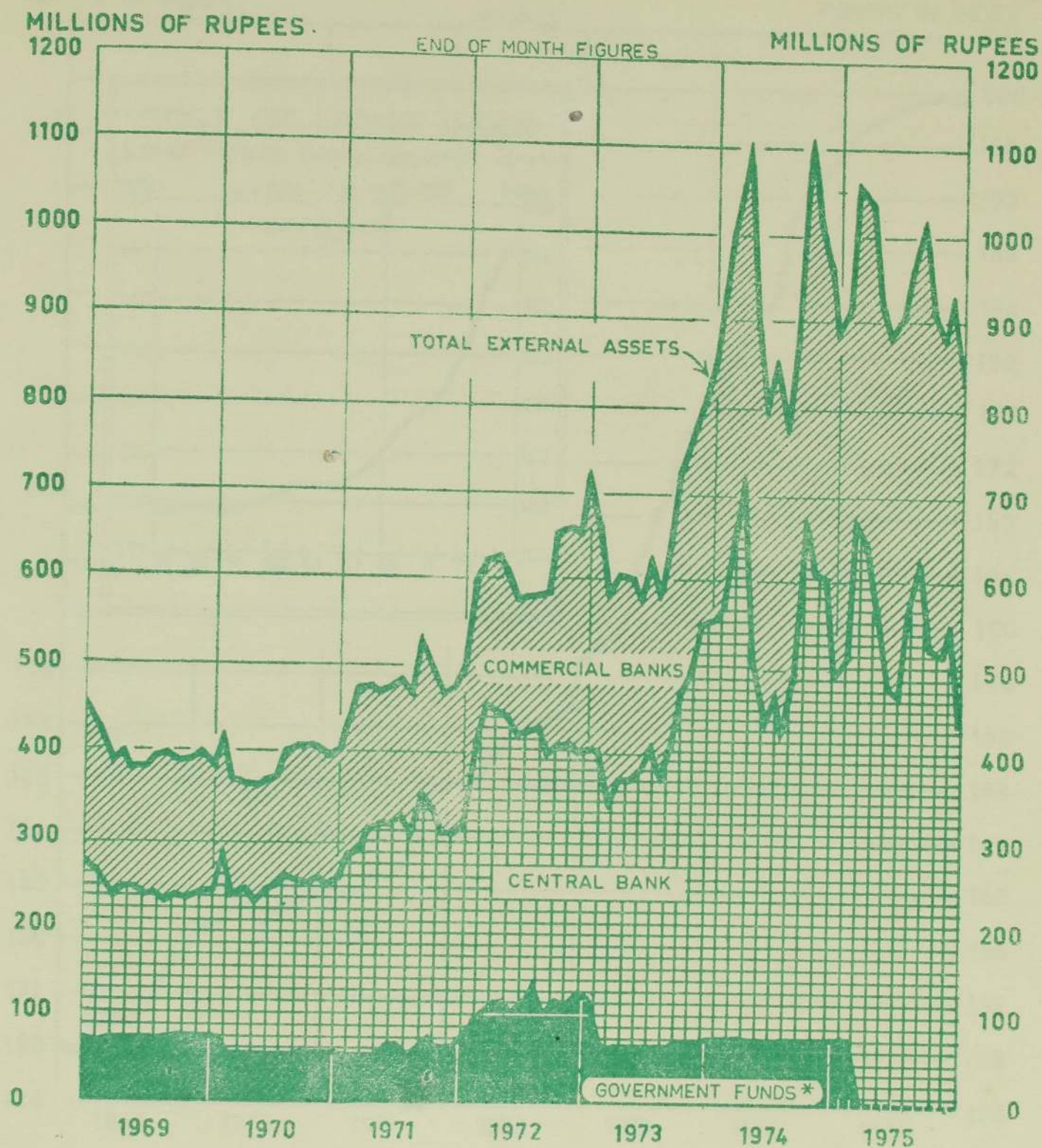
† Provisional

Source: Central Statistical Office

Dept. of Economic Affairs

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 12 months from October 1971 to December 1972. Data from 1973 relate to financial years ending on 31st December.

## EXTERNAL ASSETS OF SRI LANKA

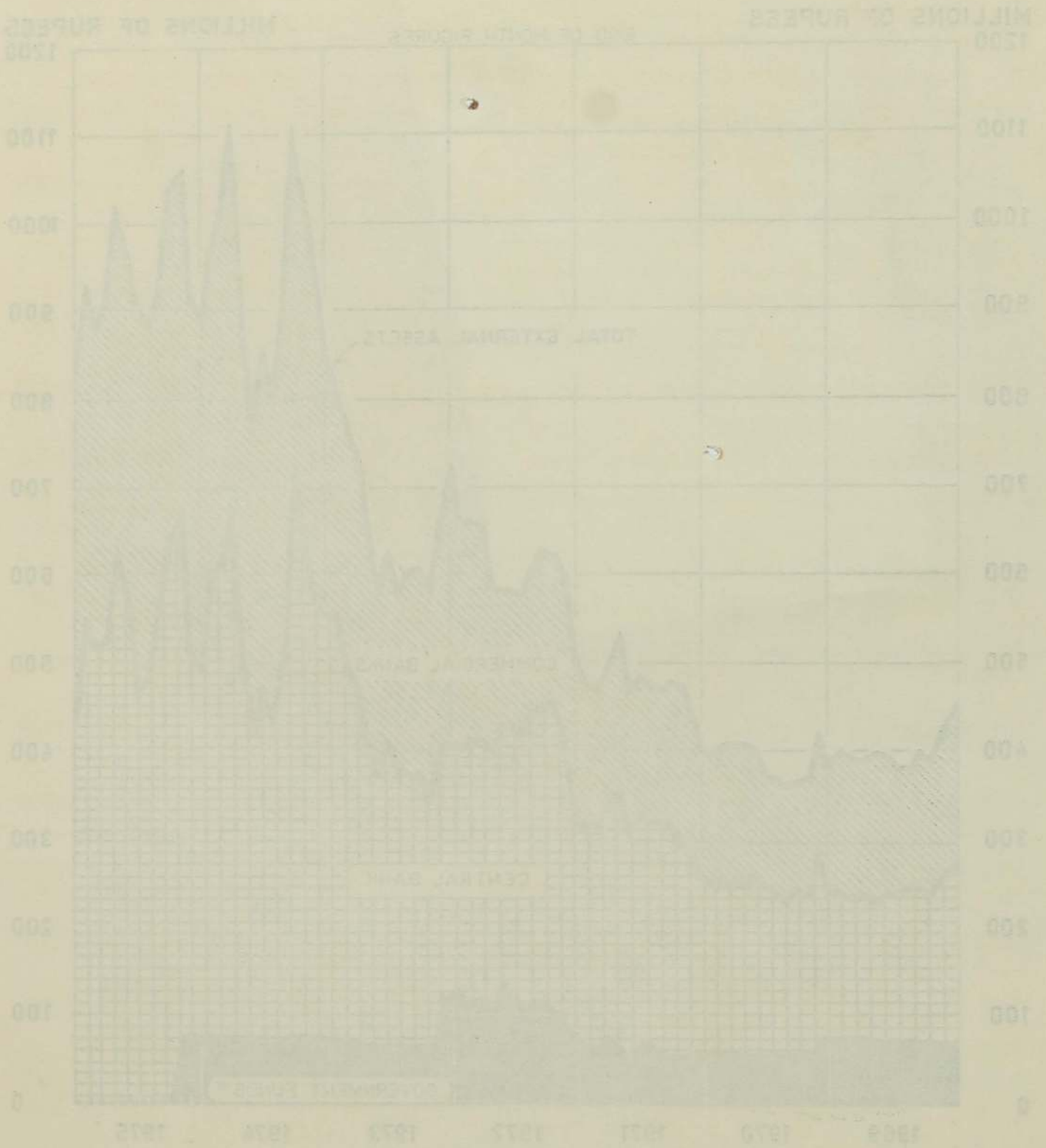


\* Includes Sterling loan sinking funds and rupee loan sinking funds and special loans.

Dept. of Economic Research

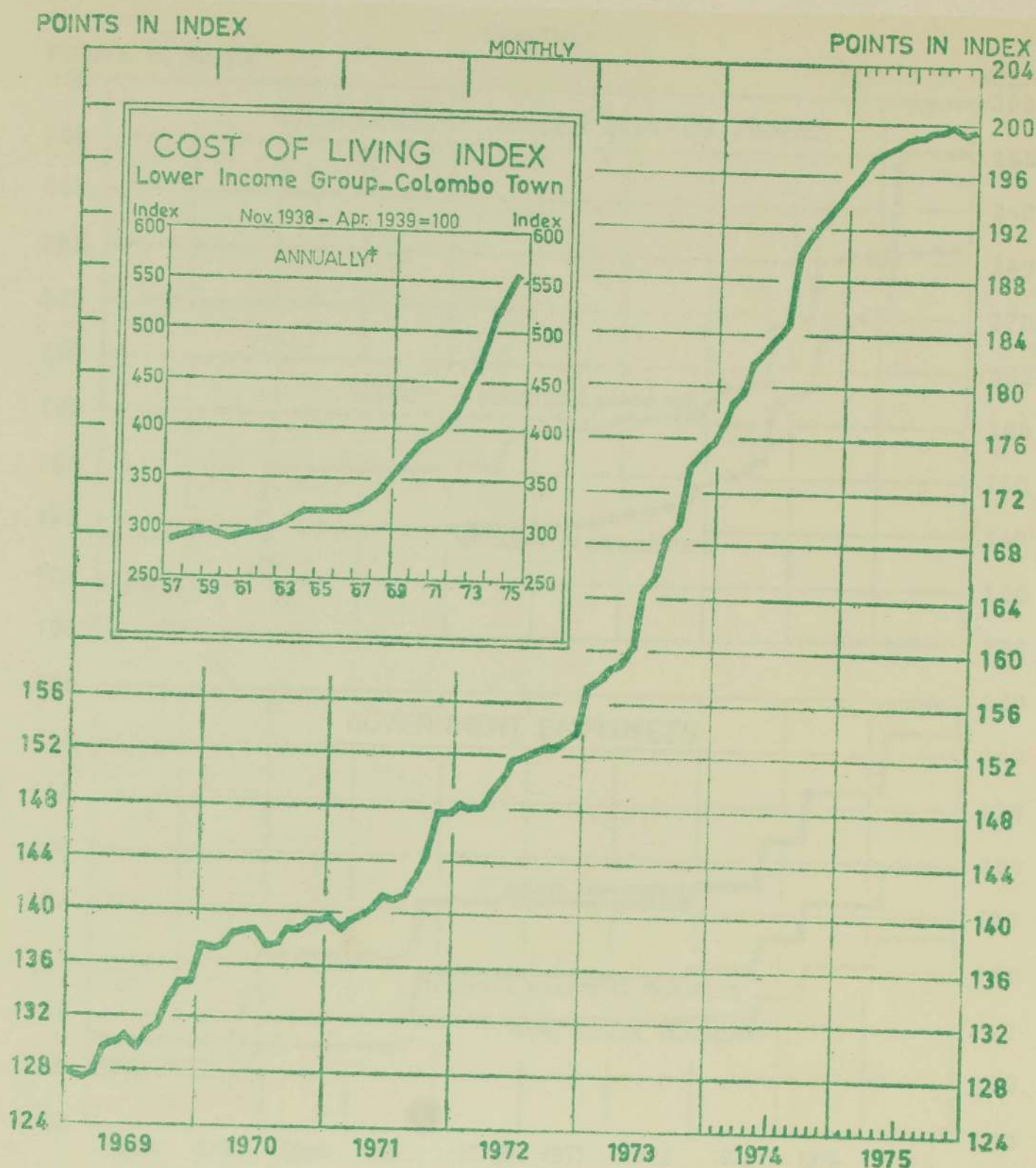
Source: Central Bank of Ceylon

# EXTERNAL ASSETS OF SRI LANKA



# COLOMBO CONSUMERS' PRICE INDEX

1952 = 100

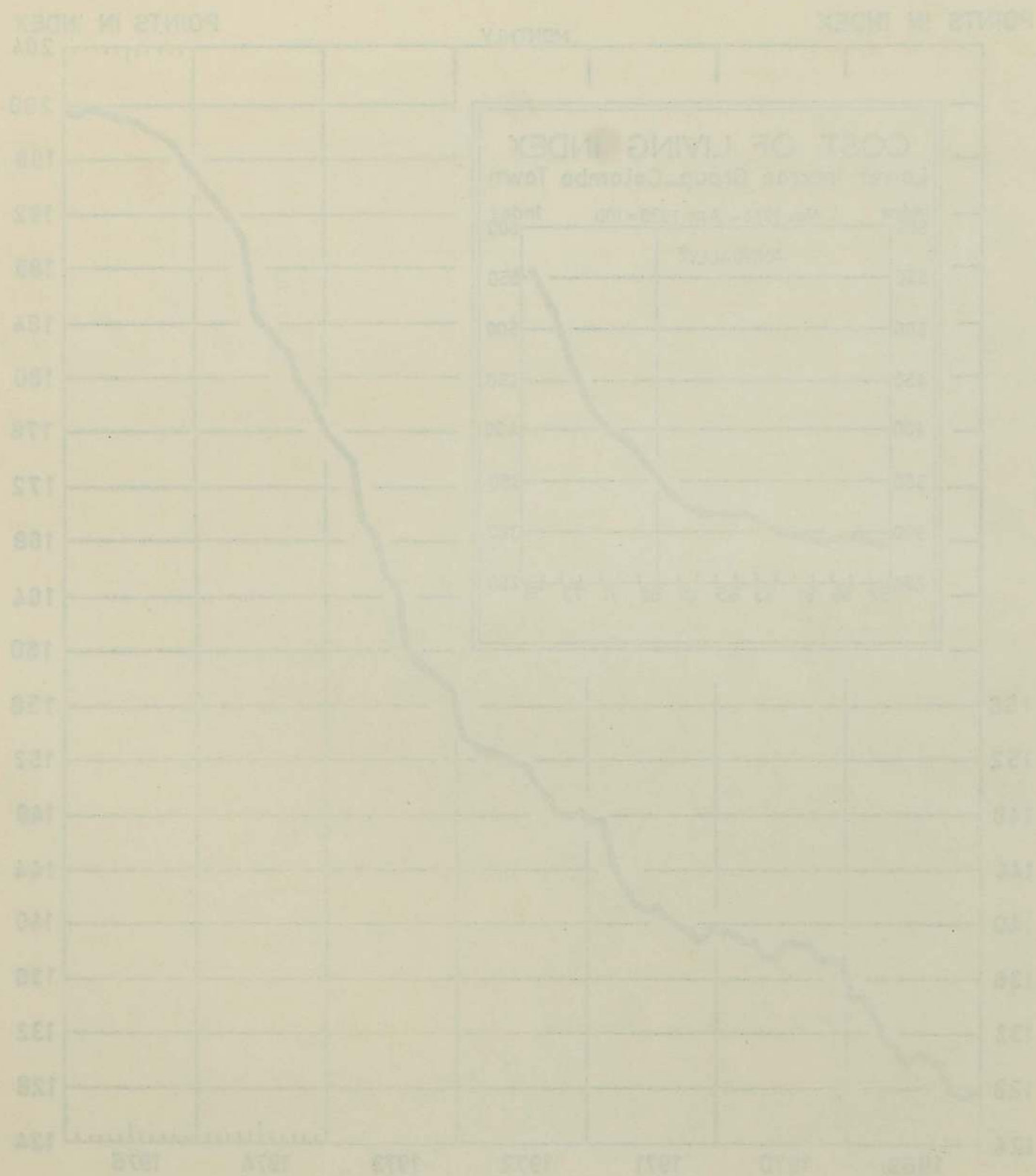


Dept. of Economic Research

Source: Dept. of Census & Statistics

# COLOMBO CONSUMERS' PRICE INDEX

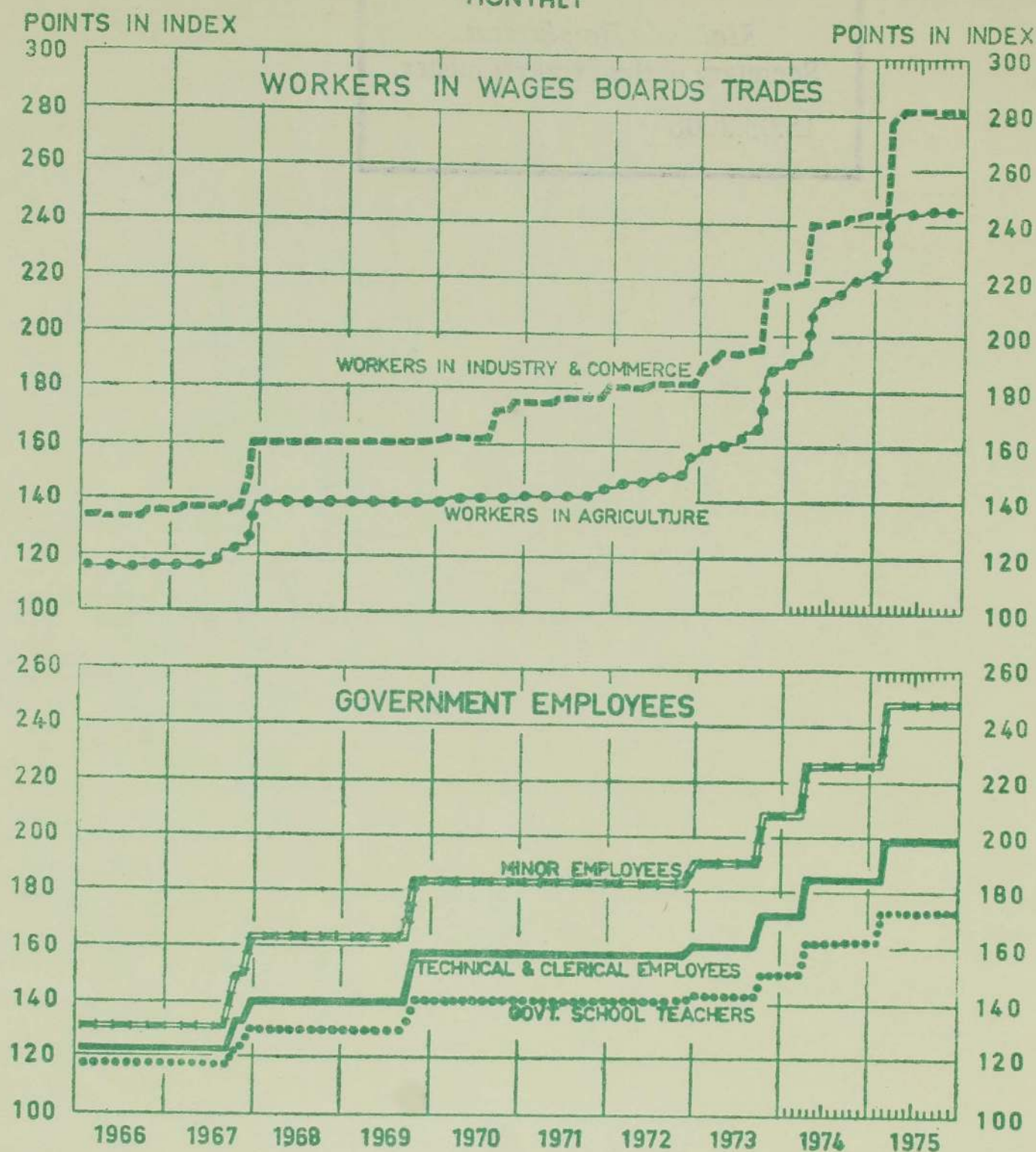
1952 = 100



# WAGE RATE INDEX NUMBERS

1952 = 100

MONTHLY



Dept. of Economic Research

Source: Dept. of Labour and  
Central Bank of Ceylon

Gift From

*Mahinda Bandula*  
Secretary to the Prime Minister  
15.03.2006



