CENTRAL BANK OF SRI LANKA

ANNUAL REPORT
(Volume I)

OF THE MONETARY BOARD TO THE
HON. MINISTER OF FINANCE

FOR THE YEAR

2021

Price per copy (for both Volumes)

Counter sales	–	Rs. 600 per copy
Despatch by ordinary mail	–	Rs. 850 per copy
Despatch by registered mail	–	Rs. 875 per copy

Despatch abroad

Air mail (1st Class)	–	US $ 40 per copy (Registered post)
Air mail (2nd Class)	–	US $ 35 per copy (Registered post)
Sea mail	–	US $ 25 per copy (Registered post)

ISBN 978-624-5917-07-5

ISSN 1391-359X

Printed at Sharp Graphic House (Pvt.) Ltd., No. 47, Old Kottawa Road, Pannipitiya, and published by the Central Bank of Sri Lanka, No. 30, Janadhipathi Mawatha, Colombo 01.

Dr P Nandalal Weerasinghe
Governor

Central Bank of Sri Lanka
30, Janadhipathi Mawatha
Colombo 01, Sri Lanka.

16 April 2022

Hon. M U M Ali Sabry
Minister of Finance
Ministry of Finance
The Secretariat
Colombo 01.

Dear Sir,

Annual Report of the Monetary Board 2021

In terms of Section 35 of the Monetary Law Act (Chapter 422), within four months after the end of each financial year, the Monetary Board of the Central Bank of Sri Lanka is required to submit an Annual Report to the Honourable Minister of Finance on the condition of the Central Bank and a review of the policies and measures adopted by the Monetary Board during the financial year and an analysis of the economic and financial circumstances which prompted those policies and measures.

The Seventy Second Annual Report of the Monetary Board of the Central Bank, in respect of the year 2021, is submitted herewith in fulfilment of this obligation.

Yours sincerely,

CENTRAL BANK OF SRI LANKA

THE MONETARY BOARD AS AT 16 APRIL 2022

P. NANDALAL WEERASINGHE
Governor

K. M. M. SIRIWARDANA
Secretary to the Ministry of Finance

SANJEEVA JAYAWARDENA
Appointed Member

MRS. RANEE JAYAMAHA
Appointed Member

THE MONETARY BOARD AS AT 31 DECEMBER 2021

AJITH NIVARD CABRAAL
Governor

S. R. ATTYGALLE
Secretary to the Ministry of Finance

SANJEEVA JAYAWARDENA
Appointed Member

MRS. RANEE JAYAMAHA
Appointed Member

SAMANTHA KUMARASINGHE
Appointed Member

PRINCIPAL OFFICERS AS AT 31 DECEMBER 2021

Deputy Governors

K. M. M. SIRIWARDANA

MRS. T. M. J. Y. P. FERNANDO

N. W. G. R. D. NANAYAKKARA

Assistant Governors

R. A. A. JAYALATH

MRS. K. M. A. N. DAULAGALA

J. P. R. KARUNARATNE
(Secretary to the Monetary Board)

A. A. M. THASSIM

C. N. WIJAYASEKERA

A. R. K. WIJESEKERA

K. G. P. SIRIKUMARA

D. KUMARATUNGE

MRS. U. L. MUTHUGALA

C. P. S. BANDARA

DEPARTMENTAL HEADS

Bank Supervision Department		
MRS. V. A. A. N. DE SILVA	-	Director
MRS. R. R. S. DE SILVA JAYATILLAKE	-	Additional Director
H. D. AJITH	-	Additional Director
Centre for Banking Studies		
MRS. D. S. W. SAMARATUNGA	-	Director
Communications Department		
MRS. E. H. MOHOTTY	-	Director
MRS. M. K. JAYAWARDENA	-	Additional Director
Currency Department		
K. M. ABEYKOON	-	Superintendent
P. D. R. DAYANANDA	-	Additional Superintendent
Department of Foreign Exchange		
MRS. A. A. I. N. WICKRAMASINGHE	-	Director
G. C. A. ARIYADASA	-	Additional Director
Department of Supervision of Non-Bank Financial Institutions		
J. P. GAMALATH	-	Director
MRS. R. M. C. H. K. JAYASINGHE	-	Additional Director
MRS. A. P. LIYANAPATABENDI	-	Additional Director
Domestic Operations Department		
R. A. A. PERERA	-	Director
K. S. A. K. SENANAYAKE	-	Additional Director
Economic Research Department		
C. AMARASEKARA	-	Director
P. K. G. HARISCHANDRA	-	Additional Director
MRS. S. JEGAJEEVAN	-	Additional Director
Employees' Provident Fund Department		
A. G. U. THILAKARATHNA	-	Superintendent
MISS. S. C. GUNADHEERA	-	Additional Superintendent
MRS. W. L. S. W. JAYASUNDERA	-	Additional Superintendent
Facilities Management Department		
J. M. AMEER	-	Director
S. K. P. VITHARANA	-	Additional Director
Finance Department		
MRS. D. S. L. SIRIMANNE	-	Chief Accountant

Financial Consumer Relations Department

J. D. S. J. NANAYAKKARA	-	Director

Financial Intelligence Unit

MRS. D. R. KARUNARATNE	-	Director
W. M. PRIYANKARA	-	Additional Director

Foreign Remittance Facilitation Department

B. H. P. K. THILAKAWEERA	-	Director

Governor's Secretariat Department

W. R. M. K. FERNANDO	-	Director/Secretary to the Governor
MRS. Y. M. INDRARATNA	-	Director/Special Projects

Human Resources Department

A. M. GUNATHILAKE	-	Director
W. G. PRABATH	-	Additional Director

Information Technology Department

K. V. K. ALWIS	-	Director
H. M. P. B. HERATH	-	Additional Director

Internal Audit Department

A. M. N. GUNAWARDANA	-	Director

International Operations Department

MISS. D. S. T. WANAGURU	-	Director
MRS. D. K. MAYADUNNA	-	Additional Director

Legal and Compliance Department

K. G. P. SIRIKUMARA	-	Director
MRS. W. G. S. S. J. KEERTHIRATNE	-	Additional Director

Macroprudential Surveillance Department

MRS. W. A. DILRUKSHINI	-	Director

Payments and Settlements Department

M. R. WIJEWARDANE	-	Director

Policy Review and Monitoring Department

MRS. R. D. T. GUNASEKARA	-	Director

Public Debt Department

M. Z. M. AAZIM	-	Superintendent and Registrar
D. L. NIHAL	-	Additional Superintendent
E. W. K. J. B. EHELEPOLA	-	Additional Superintendent

Regional Development Department

M. S. K. DHARMAWARDANE	-	Director
N. D. Y. C. WEERASINGHE	-	Additional Director

Resolution and Enforcement Department

R. M. JAYAWARDENA	-	Director
M. D. S. N. GUNATILLEKA	-	Additional Director

Risk Management Department

MRS. H. K. J. EKANAYAKE	-	Director

Secretariat Department

MRS. K. N. N. M. BANDARA	-	Secretary

Security Services Department

D. M. D. B. DISSANAYAKE	-	Director

Staff Services Management Department

B. L. J. S. BALASOORIYA	-	Director
S. A. L. MUTHUKUMARA	-	Additional Director

Statistics Department

G. D. P. D. JAYATHILAKE	-	Director

AUDITOR

W. P. C. WICKRAMARATNE

Auditor General

CONTENTS

Volume I

PART I

PART I - TABLES

PART I – FIGURES

1. ECONOMIC, PRICE AND FINANCIAL SYSTEM STABILITY, OUTLOOK AND POLICIES

2. NATIONAL OUTPUT, EXPENDITURE, INCOME AND EMPLOYMENT

Page

6. FISCAL POLICY AND GOVERNMENT FINANCE

7. MONETARY POLICY, INTEREST RATES, MONEY AND CREDIT

8. FINANCIAL SECTOR PERFORMANCE AND SYSTEM STABILITY

Page

BOX ARTICLES

STATISTICAL APPENDIX

Table

NATIONAL OUTPUT, EXPENDITURE, INCOME AND EMPLOYMENT

ECONOMIC AND SOCIAL INFRASTRUCTURE

PRICES AND WAGES

EXTERNAL SECTOR DEVELOPMENTS AND POLICIES

FISCAL POLICY AND GOVERNMENT FINANCE

MONETARY POLICY, INTEREST RATES, MONEY AND CREDIT

SPECIAL STATISTICAL APPENDIX

Definitions and Explanatory Notes on Statistical Tables

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

1. In an attempt to bring the material up-to-date, provisional figures are included in some tables.
2. Figures in some tables have been rounded off to the nearest final digit. Hence, there may be a slight discrepancy between the total as shown and the sum of its components.
3. Differences as compared with previously published figures are due to subsequent revisions.
4. Values indicated within parenthesis are negative values.
5. The following symbols have been used throughout:-

...	=	negligible
-	=	nil
n.a.	=	not available
n.e.c.	=	not elsewhere classified
n.e.s.	=	not elsewhere specified
n.i.e.	=	not included elsewhere

Volume II

List of Acronyms

AAC	Advisory Audit Committee
AASL	Airport and Aviation Services (Sri Lanka) Limited
ACI	Airports Council International
ACU	Asian Clearing Union
AD	Authorised Dealer
ADB	Asian Development Bank
AFD	Agency For Development
AFIT	Agency For International Trade
AHEAD	Accelerating Higher Education Expansion and Development
AI	Artificial Intelligence
AIID	Asian Infrastructure Investment Bank
ALMA	Active Liability Management Act
AMC	Authorised Money Changers
AMCCs	Authorised Money Changing Companies
AML	Anti-Money Laundering
AMLO	Anti-Money Laundering Office
AMP	Agriculture Sector Modernisation Project
ANRPC	Association of Natural Rubber Producing Countries
AOD	Academy of Design
APG	Asia Pacific Group on Money Laundering
AP/JG	Asia Pacific Joint Group
API	Agriculture Production Index
APIs	Application Programming Interfaces
APIT	Advanced Personal Income Tax
APPFs	Approved Pension and Provident Funds
APREA	Asia Pacific Real Estate Association
APTA	Asia-Pacific Trade Agreement
ARF	Agency Results Framework
ASEAN	Association of Southeast Asian Nations
ASI	Annual Survey of Industries
ASPI	All Share Price Index
ASYCUDA	Automated System for Customs Data
ATI	Advanced Technological Institutions
ATM	Average Time to Maturity
ATMs	Automated Teller Machines
ATMS	Advanced Traffic Management System
ATPF	Asian Trade Promotion Forum
ATPS	Alternative Tax Payment System
ATS	Automated Trading System
AWCMR	Average Weighted Call Money Rate
AWDR	Average Weighted Deposit Rate
AWFDR	Average Weighted Fixed Deposit Rate
AWLR	Average Weighted Lending Rate
AWNDR	Average Weighted New Deposit Rate
AWNFDR	Average Weighted New Fixed Deposit Rate
AWNLR	Average Weighted New Lending Rate
AWNSR	Average Weighted New SME Lending Rate
AWPR	Average Weighted Prime Lending Rate
AWRR	Average Weighted Repo Rate
AWSR	Average Weighted SME Lending Rate
B2B	Business-to-Business
B2C	Business-to-Consumer
BAQ	Better Air Quality
BBP	Belgium Bridge Project
BBR	Budget Balance Rule
BCBS	Basel Committee on Banking Supervision
BCP	Business Continuity Planning
BDA	Batticaloa Domestic Airport
BFCAs	Business Foreign Currency Accounts
BFTI	Bertelsmann Foundation Transformation Index
BGL	Betting and Gaming Levy
BI	Business Intelligence
BIA	Bandaranaike International Airport
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BIMV	Budget Implementation and Monitoring Unit
BIS	Bank for International Settlements
BLS	Bureau of Labour Statistics
BMARI	Bandaranaike Memorial Ayurveda Research Institute
BMI	Body Mass Index
BOC	Bank of Ceylon
BOE	Bank of England
BOI	Board of Investment
BOOT	Build, Own, Operate and Transfer
BOP	Balance of Payments
BOS	Business Outlook Survey
bpd	barrels per day
BPM	Business Process Management
BPM6	Balance of Payments Manual Sixth Edition
BPO	Business Process Outsourcing
BRIC	Brazil, Russia, India and China
BRIC	Budget Review and Implementation Committee
BROC	Board Risk Oversight Committee
BRT	Bus Rapid Transit
BSI	Business Sentiment Indices
BSRI	Bank Sustainability Rating Indicator
BSTA	Bulk Supply Transaction Account
CAL	Computer Assisted Learning
CAP	Categorisation Approach for Proportionality
CAR	Capital Adequacy Ratio
CAREP	Conflict Affected Region Emergency Project
CAS	Common ATM Switch
CASA	Current Account and Savings Account
CBF	Commonwealth Business Forum
CBGs	Criteria Based Grants
CBS	Centre for Banking Studies
CBSL	Central Bank of Sri Lanka
CC	Cylinder Capacity
CCAPS	Common Card and Payment Switch
CCB	Capital Conservation Buffer
CCB	Coconut Cultivation Board
CCC	Ceylon Chamber of Commerce
CCP	Central Counter Party Clearing House

CCPI	Colombo Consumer Price Index
CCTV	Closed Circuit Television
CDA	Coconut Development Authority
CDB	China Development Bank
CDD	Customer Due Diligence
CDMs	Cash Deposit Machines
CDS	Credit Demand Survey
CDS	Central Depository System
CE	Compensation of Employees
CEA	Central Environmental Authority
CEB	Ceylon Electricity Board
CECB	Central Engineering Consultancy Bureau
CEFTS	Common Electronic Fund Transfer Switch
CEMD	Confidential Enquiries into Maternal Deaths
CEO	Chief Executive Officer
CEP	Central Expressway Project
CEPAs	Comprehensive Economic Partnership Agreements
CERA	Centre of Excellence in Robotics Applications
CESS	Commodity Export Subsidy Scheme
CFC	Ceylon Fisheries Corporation
CFS	Consumer Finances and Socio-Economic Survey
CFL	Compact Florescent Lamp
CFT	Countering the Financing of Terrorism
CGSPA	Credit Guarantee Scheme for Pawning Advances
CGS	Credit Guarantee Scheme
CGT	Capital Gains Tax
CHOGM	Commonwealth Heads of Government Meeting
CICT	Colombo International Container Terminal
CIDA	Construction Industry Development Authority
CIF	Cost, Insurance and Freight
CIFL	Central Investments and Finance PLC
CIMM	Central Integrated Market Monitor
CINEC	Colombo International Nautical and Engineering College
CIT	Corporate Income Tax
CIS	Commonwealth of Independent States
CITS	Cheque Imaging and Truncation Systems
CKAH	Colombo-Kandy Alternate Highway
CKDu	Chronic Kidney Disease of unknown aetiology
CKE	Colombo Katunayake Expressway
CMA	Condominium Management Authority
CMC	Colombo Municipal Council
CMobS	Common Mobile Switch
CMPort	China Merchants Port Holdings Company
CNN	Cable News Network
CNY	Chinese Yuan
COLA	Cost of Living Allowance
COLC	Cost of Living Committee
COP	Conference of the Parties
COSTI	Coordinating Office for Science, Technology and Innovation
COVID-19	Coronavirus disease 2019
CPs	Commercial Papers
CPC	Ceylon Petroleum Corporation
CPCP	Colombo Port City Project
CPI	Consumer Price Index
CPI	Corruption Perceptions Index
CPS	Common Point of Sale Switch
CRF	Consolidated Revolving Fund
CRI	Coconut Research Institute
CRIB	Credit Information Bureau
CRIMS	Credit Information Management System
CRIP	Climate Resilience Improvement Project
CRMs	Cash Recycling Machines
CSD	Central Securities Depository
CSDDLS	Commercial Scale Dairy Development Loan Scheme
CSE	Colombo Stock Exchange
CSF	Complaint Submission Forms
CSFTA	China - Sri Lanka Free Trade Agreement
CSRP	Colombo Suburban Railway Project
CSS	Credit Supply Survey
CTA	Colombo Tea Auction
CTC	Crush, tear, curl
CTRs	Cash Transactions
CTRAs	Capital Transactions Rupee Accounts
CWDCS	Country Wide Data Collection System
DA	Documents Against Acceptance
DAD-PP	Domestic Agriculture Development Project
D-SIBs	Domestic Systemically Important Banks
DAPH	Department of Animal Production and Health
DBUs	Domestic Banking Units
DC	Desiccated Coconut
DCD	Dicyandiamide
DCS	Department of Census and Statistics
DDA	Doha Development Agenda
DDMC	Domestic Debt Management Committee
DEA	Department of Export Agriculture
DFCC	Development Finance Corporation of Ceylon
DHS	Demographic and Health Survey
DI	Department of Irrigation
DIEs	Direct Investment Enterprises
DIMIS	Digital Identity Management Integrated System
DLT	Distributed Ledger Technology
DMC	Disaster Management Centre
DMU	Diesel Multiple Unit
DNCWS	Department of National Community Water Supply
DNFBPs	Designated Non-Financial Business and Professionals
DoA	Department of Agriculture
DOC	Department of Commerce
DOM	Department of Meteorology
DoP	Department of Posts
DPs	Direct Participants
DoI	Department of Irrigation
DPRK	Democratic People's Republic of Korea
DR	Debt Rule
DRL	Debt Repayment Levy
DS	Divisional Secretariat
DSD	Department of Samurdhi Development

DSGE	Dynamic Stochastic General Equilibrium
DST	Deputy Secretary to the Treasury
DTET	Department of Technical Education and Training
DvP	Delivery versus Payment
DZLiSPP	Dry Zone Livelihood Support and Partnership Programme
EC	European Commission
ECA	Exchange Control Act
ECB	European Central Bank
ECT	East Container Terminal
eDAS	Electronic Document Attestation System
EDB	Export Development Board
EDCF	Economic Development Cooperation Fund
EDS	External Debt Statistics
EEZ	Exclusive Economic Zone
EFTs	Electronic Fund Transfers
EFTPOS	Electronic Fund Transfer Facilities at the Point of Sale
EGDI	E-Government Development Index
EIA	Environmental Impact Assessment
EKSP	Education for Knowledge Society Project
EMI	Equal Monthly Installment
ENRtP	Emergency North Recovery Project
EOI	Expressions of Interest
EPA	Environment Protection Area
EPC	Engineer, Procurement and Construction
EPF	Employees' Provident Fund
EPL	Environmental Protection License
EPP	Environmental Pioneer President's
EPZ	Export Processing Zone
ER	Expenditure Rule
ERD	Economic Research Department
ESC	Economic Service Charge
ESC	Education for Social Cohesion Project
ESDFP	Education Sector Development Framework Programme
ESDP	Education Sector Development Programme
ESP	Entrust Securities PLC
ESL	Enterprise Sri Lanka
ESS	External Sector Statistics
EST	Environmentally Sustainable Transport
ETA	Electronic and Travel Authorisation
ETCA	Economic and Technology Cooperation Agreement
ETIFL	ETI Finance Ltd.
ETF	Employees' Trust Fund
ETP	Electronic Trading Platform
ETU	Emergency Treatment Unit
EU	European Union
EV	Electric Vehicles
EXIM Bank	Export-Import Bank
FAC	Fuel Adjustment Charge
FAO	Food and Agriculture Organization
FATF	Financial Action Task Force
FBC	Full Blood Count
FC	The Finance Commission
FC	Financial Corporations
FCAASA	Foreign Currency Account for an Agent of Foreign Shipping Line/Airline
FCBU	Foreign Currency Banking Unit
FCRD	Financial Consumer Relations Department
FCTFF	Foreign Currency Term Financing Facility
FDA	Food and Drug Administration
FDI	Foreign Direct Investment
FEA	Foreign Exchange Act, No. 12 of 2017
FEEA	Foreign Exchange Earners' Accounts
FinTech	Financial Technology
FIPI	Factory Industry Production Index
FIR	Flight Information Region
FIs	Financial Instruments
FIs	Financial Institutions
FIS	Fixed Income Securities
FIT	Flexible Inflation Targeting
FIU	Financial Intelligence Unit
FMRA	Fiscal Management (Responsibility) Act
FOB	Free On Board
FPAS	Forecasting and Policy Analysis System
FPNP	Food Production National Programme
FSRB	FATF Styled Regional Monitoring Bodies
FPSF	Fuel Price Stabilisation Fund
FTA	Free Trade Agreement
FTRA	Financial Transactions Reporting Act, No. 6 of 2006
FTTH	Fibre to the Home
FVTPL	Fair Value Through Profit or Loss
FX	Foreign Exchange
G-SIBs	Global Systemically Important Banks
GAP	Good Agricultural Practices
GB	Gigabyte
GCE	General Certificate of Education
GCE	Government Consumption Expenditure
GCI	Global Competitiveness Index
GCRS	Group-wide Consolidated Risk-Based Supervision
GDDS	General Data Dissemination System
GDE	Gross Domestic Expenditure
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GG	General Government
GI	Geographical Indication
GIB	Green Investment Bank
GIC	Government Information Centre
GICS	Global Industry Classification Standard
GII	Global Innovation Index
GIS	Global Information System
GMP	Good Manufacturing Practices
GNI	Gross National Income
GOR	Gross Official Reserves
GOS	Gross Operating Surplus
GOSL	Government of Sri Lanka
GPL	Galoya Plantation Limited
GPS	Global Positioning System
GSA	General Sales Agent
GSLI	Global Services Location Index
GSP	Generalised System of Preferences
GSP+	Generalised System of Preferences Plus
GST	Goods and Services Tax

GSTP	Global System of Trade Preferences
GUTs	Gilt Unit Trusts
GVA	Gross Value Added
GVCs	Global Value Chains
GWh	Giga Watt hours
GWP	Global Warming Potential
GWP	Gross Written Premium
HACCP	Hazard Analysis Critical Control Point
HLA	Higher Loss Absorbency
HDFC	Housing Development Finance Corporation Bank
HDI	Human Development Index
HEIs	Higher Education Institutions
HH	Households
HIES	Household Income and Expenditure Survey
HIPG	Hambantota International Port Group (Pvt) Ltd
HIPS	Hambantota International Port Services Company (Pvt)Ltd.
HIV	Human Immunodeficiency Virus
HLCs	Healthy Lifestyle Centres
HQLA	High Quality Liquid Assets
HSC	Higher School Certificate
HS Code	Harmonised System Code
HTM	Held-to-Maturity
IACCCC	Inter-Agency Coordination Committee on Climate Change
IAS	International Accounting Standards
IATA	International Air Transport Association
IBSL	Insurance Board of Sri Lanka
IC	Investment Committee
ICs	Insurance Companies
ICAAP	Internal Capital Adequacy Assessment Process
ICASL	Institute of Chartered Accountants of Sri Lanka
ICC	International Coconut Community
ICDL	International Computer Driving Licence
ICL	Import Control License
ICRG	International Cooperation Review Group
ICT	Information and Communication Technology
ICTA	Information and Communication Technology Agency
ICTAD	Institute for Construction Training and Development
ICU	Intensive Care Unit
IDA	International Development Association
IDR	Issuer Default Ratings
IDB	Industrial Development Board
IDD	International Direct Dialling
IDH	Infectious Disease Hospital
IDRC	International Development Research Centre
IE	Industrial Estate
IE	Inflation Expectations
IEP	Individual Education Plan
IEE	Initial Environmental Examination
IFA	Investment Fund Account
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFL	Incandescent Filament Lamp
ILI	Influenza Like Illnesses
IFRS	International Financial Reporting Standard
IIAs	Inward Investment Accounts
IIP	Index of Industrial Production
IIP	International Investment Position
ILCH	Index of Labour Cost per Hour
ILF	Intra-day Liquidity Facility
ILO	International Labour Organization
IMF	International Monetary Fund
IMF - EFF	International Monetary Fund Extended Fund Facility
IOC	Investment Oversight Committee
IOC	Indian Oil Corporation
IORA	Indian Ocean Rim Association
IPHT	Institute of Post Harvest Technology
IPI	Industrial Production Index
IPICT	International Pedagogical ICT Driving License
IPO	Initial Public Offering
IPPs	Independent Power Producers
IPR	Intellectual Property Rights
IPS	Inflation Perception Survey
IQAC	Internal Quality Assurance Unit
IRA	Inland Revenue Act
IRC	International Research Conference
IRCSL	Insurance Regulatory Commission of Sri Lanka
IRD	Inland Revenue Department
IRGS	Innovative Research Grant Scheme
IRU	Investor Relations Unit
ISBs	International Sovereign Bonds
ISB	International Sovereign Bond
ISFTA	Indo - Sri Lanka Free Trade Agreement
ISOC	Information Security Operations Centres
ISP	Image Scanning Project
IT	Information Technology
IT-BPM	Information Technology and Business Process Management
ITC	International Trade Centre
ITES	Information Technology Enabled Services
ITI	Industrial Technology Institute
ITMIS	Integrated Treasury Management Information System
ITRS	International Transactions Reporting System
ITS	Intelligent Transport System
ITTC	Incubator and Transfer Centre
ITU	International Telecommunication Union
IUU	Illegal, Unreported and Unregulated
IWMS	Integrated Welfare Management System
JAAF	Joint Apparel Association Forum
JCT	Jaye Container Terminal
JIA	Jaffna International Airport
JICA	Japan International Cooperation Agency
JTF	Joint Task Force
JWGT	Joint Working Group on Trade
KDU	Kotalawala Defence University
KFAED	Kuwait Fund for Arab Economic Development
KG	Kilogram

KOICA	Korea International Cooperation Agency
KOPIA	Korea Project on International Agriculture
KPO	Knowledge Process Outsourcing
kWh	Kilo Watt hours
KWP	Kerawalapitiya Waste Project
KYC	Know Your Customer
LAs	Local Authorities
LC	Letter of Credit
LCBs	Licensed Commercial Banks
LCI	Labour Cost Index
LCL	Less Container Load
LCLTGEP	Least Cost Long-Term Generation Expansion Plan
LCPL	LankaClear (Pvt.) Limited
LCR	Liquidity Coverage Ratio
LDB	Lankaputhra Development Bank
LDCs	Least Developed Countries
LDSP	Local Development Support Project
LEARN	Lanka Education and Research Network
LECO	Lanka Electricity Company (Pvt.) Limited
LEAs	Law Enforcement Authorities
LFCs	Licensed Finance Companies
LFCS	Liquidity Facility to the Contractors and Suppliers
LFPR	Labour Force Participation Rate
LMS	Learning Management System
LGs	Local Government authorities
LGN	Lanka Government Network
LHS	Left Hand Side
LIBOR	London Interbank Offered Rate
LIOC	Lanka LOC PLC
LKAS	Sri Lanka Accounting Standards
LMFC	Licensed Microfinance Company
LMS	Learning Management System
LNG	Liquefied Natural Gas
LPG	Liquid Petroleum Gas
LPI	Land Price Index
LPOPP	LankaPay Online Payment Platform
LRT	Light Rail Transit
LSBs	Licensed Specialised Banks
LSCs	Lanka Sugar Companies
LSF	Liquidity Support Facility
LTBO	Local Treasury Bills Ordinance No. 8 of 1923
LTE	Long Term Evolution
LTGEP	Long-Term Generation Expansion Plan
LTV	Loan to Value
MAM	Moderate Acute Malnourished
MARP	More-At-Risk-Population
MB	Monetary Board
MBA	Migrant Block Account
MBSL	Merchant Bank of Sri Lanka
MCB	Multi - Currency Board
MCM	Million Cubic Meters
MCPWS	Ministry of City Planning and Water Supply
MCSWMP	Metro Colombo Solid Waste Management Project
MDF	Medium Density Fibre
MDGs	Millennium Development Goals

ME	Mutual Evaluation
MECs	Minor Export Crops
MFARD	Ministry of Fisheries and Aquatic Resources Development
MFD	Modelling and Forecasting Division
MFF	Multi-tranche Financing Facility
MFOs	Multilateral Financial Organizations
MFU	Modelling and Forecasting Unit
MFIs	Microfinance Institutions
MHCCA	Ministry of Housing, Construction and Cultural Affairs
MHEH	Ministry of Higher Education and Highways
MHNIM	Ministry of Health, Nutrition and Indigenous Medicine
MIC	Ministry of Industry and Commerce
MICE	Meetings, Incentives, Conferences and Events
MIEIP	Ministry of Industrial Exports and Investment Promotion
MIS	Management Information System
ML	Money Laundering
MLA	Monetary Law Act
MLL	Mihin Lanka (Pvt) Limited
MMTC	Multi Model Transport Centre
MMWD	Ministry of Megapolis and Western Development
MNGOs	Microfinance Non-governmental Organisations
MNPEA	Ministry of National Policies & Economic Affairs
MoA	Ministry of Agriculture
MOC	Market Operations Committee
MoC	Memorandum of Corporation
MODSIT	Ministry of Development Strategies and International Trade
MoE	Ministry of Education
MoF	Ministry of Finance
MoF	Ministry of Fisheries
MoH	Ministry of Health
MOIC	Ministry of Industry and Commerce
MoU	Memorandum of Understanding
MPC	Monetary Policy Committee
MPCC	Monetary Policy Consultative Committee
MPCLG	Ministry of Provincial Councils and Local Government
MPHCR	Multidimensional Poverty Head Count Ratio
MPI	Milanka Price Index
MPI&EA	Ministry of Plantation Industries and Export Agriculture
MRAs	Mutual Recognition Agreements
MRDS	Minimum Requirement Data Set
MRIA	Mattala Rajapaksa International Airport
MRMRP	Magam Ruhunupura Mahinda Rajapaksa Port
MRO	Maintenance, Repair and Overhaul
MRP	Maximum Retail Price
MSDVT	Ministry of Skills Development and Vocational Training
MSL	Mean Sea Level
MSMEs	Micro, Small and Medium Enterprises
MSMEx	Micro, Small and Medium Entrepreneurs

MSTR	Ministry of Science, Technology and Research
mt	Metric Tonnes
MTDS	Medium Term Debt Management Strategy
MTISED	Ministry of Traditional Industries and Small Enterprise Development
MTMFF	Medium Term Macro Fiscal Framework
MW	Mega Watt
MWSIP	Mahaweli Water Security Investment Program
NADeP	National Agribusiness Development Programme
NAITA	National Apprentice and Industrial Training Authority
NAP	National Action Plan
NaPID	National Policy for Industrial Development
NAPPP	National Agency for Public Private Partnerships
NAV	Net Asset Value
NAQDA	National Aquaculture Development Authority
NBRO	National Building Research Organisation
NASTEC	National Science and Technology Commission
NBT	Nation Building Tax
NCAP	National Civil Aviation Policy
NCCPSL	National Climate Change Policy of Sri Lanka
NCCSL	National Chamber of Commerce of Sri Lanka
NCDs	Non-Communicable Diseases
NCE	Nanotechnology Centre of Excellence
NCE	National Chamber of Exporters of Sri Lanka
NCG	Net Credit to the Government
NCP	Northern Road Connectivity Project
NCPI	National Consumer Price Index
NCRCS	New Comprehensive Rural Credit Scheme
NCRE	Non-Conventional Renewable Energy
NCS	National Card Scheme
NDA	Net Domestic Assets
NEA	National Environmental Act
NEDA	National Enterprise Development Authority
NEER	Nominal Effective Exchange Rate
NEET	Not in Employment, Education or Training
NEP	Northern Expressway
NER	Net Enrolment Ratio
NERDC	National Engineering Research and Development Centre
NES	National Export Strategy
NFA	Net Foreign Assets
NFC	Near Field Communication
NFC	Non-Financial Corporations
NFIS	National Financial Inclusion Strategy
NGJA	National Gem and Jewellery Authority
NGOs	Non-Governmental Organizations
NGRS	National Green Reporting System
NHDA	National Housing Development Authority
NIA	National Innovation Agency
NIC	National Identity Card
NIE	National Institute of Education
NIFS	National Institute of Fundamental Studies
NII	Net Interest Income
NIM	Net Interest Margin
NIP	National Industrial Policy
NIR	Net International Reserves
NLAC	National Labour Advisory Council
NLDB	National Livestock Development Board
NOP	Net Open Position
NORAD	Norwegian Agency for Development Corporation
NOU	National Ozone Unit
NOS	Net Operating Surplus
NPAs	Non-Performing Advances
NPC	National Payments Council
NPISH	Non-Profit Institutions Serving Households
NPLs	Non-Performing Loans
NPNG	National Police on Natural Gas
NPMP	National Port Master Plan
NPS	National Productivity Secretariat
NRA	National Risk Assessment
NRC	National Research Council
NRCP	Northern Road Connectivity Project
NRFC	Non Resident Foreign Currency (Account)
NRI	Networked Readiness Index
NRIFAP	National REDD + Investment Framework and Action Plan
NRNNFA	Non Resident Non National Foreign Currency Account
NRRP	Northern Road Rehabilitation Project
NSB	National Savings Bank
NSBM	National School of Business Management
NSF	National Science Foundation
NSFR	Net Stable Funding Ratio
NSHEIs	Non-State Higher Education Institutes
NSW	National Single Window
NTBS	Non Tariff Barriers
NTC	National Transport Commission
NTF	Near Term Forecasting
NTFC	National Trade Facilitation Committee
NTPC	National Thermal Power Corporation
NTM	Non-tariff Measures
NTP	New Trade Policy
NVQ	National Vocational Qualification
NWS&DB	National Water Supply and Drainage Board
NYSC	National Youth Services Council
NWSL	Natwealth Securities Limited
OAPEC	Organization of Arab Petroleum Exporting Countries
OBUs	Offshore Banking Units
OCH	Outer Circular Highway
ODS	Ozone Depleting Substances
OECD	Organization of Economic Co-operation and Development
OFC	Other Field Crops
OFID	OPEC Fund for International Development
OIAs	Outward Investment Accounts
OMO	Open Market Operations
OPEC	Organization of the Petroleum Exporting Countries
OPEC+	Organization of the Petroleum Exporting Countries Plus
OPL	Official Poverty Line
OPRC	Output and Performance-based Road Contracts

OSU	One Stop Unit
PABC	Pan Asia Banking Corporation PLC
PADSL	Petroleum Development Authority of Sri Lanka
PAEH	Port Access Elevated Highway
PAL	Ports and Airports Development Levy
PAMP	Poverty Alleviation Microfinance Project
PAMPII-RF	Poverty Alleviation Microfinance Project - II - Revolving Fund
PAYE	Pay-As-You-Earn
PB	Petabyte
PBB	Performance Based Budgeting
PBOC	People's Bank of China
PBV	Price to Book Value
PCs	Provincial Councils
PCC	Pure Ceylon Cinnamon
PCE	Private Consumption Expenditure
PCG	Partial Credit Guarantee Scheme
PCR	Polymerase Chain Reaction
PCS	Port Communication System
PD	Primary Dealer
PDs	Primary Dealer Companies
PEARL	Post-disaster Economic Activity Recovery Loan Scheme
PE	Price to Earning
PER	Price-Earnings Ratio
PFCAs	Personal Foreign Currency Accounts
PFIs	Participating Financial Institutions
PFM	Public Financial Management
PGDP	Provincial Gross Domestic Product
PHCR	Poverty Headcount Ratio
PHSRC	Private Health Services Regulatory Council
PIESIP	Productivity Enhancement and Irrigation System Efficiency Improvement Project
PIs	Participating Institutions
PLC	Public Limited Company
PMB	Paddy Marketing Board
PMI	Purchasing Managers' Index
PMI	Private Medical Institutions
PMS	Pension Management System
PMU	Project Management Unit
POC	Proof of Concept
POS	Point of Sale
PPE	Personal Protective Equipment
PPI	Producer's Price Index
PPP	Public Private Partnership
PPP	Purchasing Power Parity
PRDC	Petroleum Resources Development Committee
PRDP	Provincial Road Development Project
PRDS	Petroleum Resources Development Secretariat
PRI	Palmyrah Research Institute
PSDGs	Province Specific Development Grants
PSDPs	Province Specific Development Projects
PSFTA	Pakistan - Sri Lanka Free Trade Agreement
PSPF	Public Service Provident Fund
PTAs	Preferential Trade Agreements
PTL	Perpetual Treasuries Limited
PUCSL	Public Utilities Commission of Sri Lanka
PVC	Poly Vinyl Chloride
QAAA	Quality Assurance and Accreditation Authority
QAC	Quality Assurance Council
QE	Quantitative Easing
QEDS	Quarterly External Debt Statistics
QLFS	Quarterly Labour Force Survey
QoS	Quality of Service
QPC	Quantitative Performance Criteria
QPM	Quarterly Projection Model
QR	Quick Response
R & D	Research and Development
RAs	Regulatory Authorities
RAMIS	Revenue Administration Management Information System
RAMP	Reserve Advisory and Management Programme
RBC	Risk Based Capital
RBI	Reserve Bank of India
RBM	Results Based Monitoring
RCEP	Regional Comprehensive Economic Partnership
RDA	Road Development Authority
RDD	Rubber Development Department
RDD	Regional Development Department
RDs	Restricted Dealers
RDHS	Regional Directorates of Health Services
RDT	Reserve Data Template
REAEP	Resumption of Economic Activities in the Eastern Province
REER	Real Effective Exchange Rate
REIT	Real Estate Investment Trust
repos	repurchase transactions
RFC	Resident Foreign Currency (Accounts)
RFP	Request for Proposal
RGD	Registrar General's Department
RegTech	Technology in Regulation
RHS	Right Hand Side
RIDEP	Rural Infrastructure Development Project in Emerging Regions
RIs	Reporting Institutions
RMPS	Risk Management Policy Statement
RMU	Risk Management Unit
RNNFC	Resident Non National Foreign Currency Deposits
ROA	Return on Assets
ROE	Return on Equity
RPC	Regional Plantation Companies
RR	Revenue Rule
RRDI	Rice Research and Development Institute
RRI	Rubber Research Institute
RSPGLoC	Rooftop Solar Power Generation Line of Credit
RSS	Ribbed Smoked Sheet
RSSO	Registered Stock and Securities Ordinance No. 7 of 1937
RTGS	Real Time Gross Settlement
RWCAR	Risk Weighted Capital Adequacy Ratio

SAARC	South Asian Association for Regional Cooperation
SAFTA	South Asian Free Trade Area
SAGT	South Asia Gateway Terminal
SAITM	South Asian Institute of Technology and Medicine
SAPP	Smallholder Agribusiness Partnership Programme
SAPTA	SAARC Preferential Trading Arrangement
SAS	Shared ATM Switch
SATIS	SAARC Agreement on Trade in Services
S & P	Standard and Poor's
SBA	Stand-By Arrangement
SBN	Sustainable Banking Network
SBs	Stock Brokering Firms
SCAQA	Standing Committee on Accreditation and Quality Assurance
SCIs	Statements of Corporate Intent
SCL	Special Commodity Levy
SCRF	Saubagya Covid-19 Renaissance Facility
SCT	South Container Terminal
SCREL	Supply Chain Re-Energizing Loan Scheme
SDA	Special Deposit Accounts
SDDS	Special Data Dissemination Standard
SDF	Standing Deposit Facility
SDFR	Standing Deposit Facility Rate
SDGs	Sustainable Development Goals
SDR	Special Drawing Rights
SE	Southern Expressway
SEACEN	South East Asian Central Banks
SEC	Securities and Exchange Commission of Sri Lanka
SEPI	Self Employment Promotion Initiative
SEZ	Special Economic Zones
SFIDA	Special Foreign Investment Deposit Account
SFLCP-RF	Small Farmers and Landless Credit Project - Revolving Fund
SFSP	Swarnamahal Financial Services PLC
SGBV	Sexual and Gender Based Violence
SGST	Special Goods and Services
SIA	Securities Investment Account
SIBA	Sri Lanka International Buddhist Academy
SITC	Standard International Trade Classification
SITES	Software and Information Technology Enabled Services
SLA	SriLankan Airlines
SLAR	Statutory Liquid Asset Ratio
SLAS	Sri Lanka Accounting Standards
SLATE	Sri Lanka Institute of Advanced Technological Education
SLBA	Sri Lanka Banks' Association (Guarantee) Ltd
SLBFE	Sri Lanka Bureau of Foreign Employment
SLC	Sri Lanka Customs
SLCERT	Sri Lanka Computer Emergency Readiness Team
SLCs	Specialised Leasing Companies
SLCSMI	Sri Lanka Chamber of Small and Medium Industries
SLDBs	Sri Lanka Development Bonds
SLDF	Sri Lanka Design Festival
SLDILSS	Sri Lanka Deposit Insurance and Liquidity Support Scheme
SLECIC	Sri Lanka Export Credit Insurance Corporation
SLF	Standing Lending Facility
SLFPA	Sri Lanka Food Processors' Association
SLFR	Standing Lending Facility Rate
SLFRS	Sri Lanka Financial Reporting Standards
SLIBOR	Sri Lanka Interbank Offered Rate
SLIN	Sri Lanka Identification Number
SLINTEC	Sri Lanka Institute of Nanotechnology
SLIPS	Sri Lanka Inter-bank Payment System
SLITA	Sri Lanka Institute of Textile and Apparel
SLPA	Sri Lanka Ports Authority
SLITHM	Sri Lanka Institute of Tourism and Hotel Management
SLPI	Sri Lanka Prosperity Index
SLQF	Sri Lanka Qualification Framework
SLR	Sri Lanka Railways
SLREIT	Sri Lanka Real Estate Investment Trust
SLS	Saubhagya Loan Scheme
SLSEA	Sri Lanka Sustainable Energy Authority
SLSFTA	Sri Lanka - Singapore Free Trade Agreement
SLSI	Sri Lanka Standards Institution
SLSPC	Sri Lanka State Plantation Corporation
SLTB	Sri Lanka Tea Board
SLTB	Sri Lanka Transport Board
SLTDA	Sri Lanka Tourism Development Authority
SLTFTA	Sri Lanka - Thailand Free Trade Agreement
SLTPB	Sri Lanka Tourism Promotion Bureau
SLTTS	Super Luxury Tourist Transport Service
SLVTA	Sri Lanka Vocational Training Authority
SMEs	Small and Medium Enterprises
SMELoC	Small and Medium-sized Enterprises Line of Credit Project
SMILE III-RF	Small and Micro Industry Leader and Entrepreneur Promotion Project Phase III - Recovery fund
SMS	Short Message Service
SNBFI	Supervision of Non-Bank Financial Institutions
SOEs	State Owned Enterprises
SOBEs	State Owned Business Enterprises
SOP	Standard Operating Procedure
SOREM	Sapugaskanda Oil Refinery Expansion and Modernisation
SPC	State Pharmaceuticals Corporation
SPDA	Strategic Project Development Act
SPDs	Standalone Primary Dealers
SPEnDP	Small Holder Plantation Entrepreneurship Development Programme
SPS	Sanitary and Phyto Sanitary
SQI	Soil Quality Index
SRC	Standing Rate Corridor
SRCP	Southern Road Connectivity Project
SRF	Standardised Report Forms
SRI	Sugarcane Research Institute
SRIS	Social Registry Information System
SRR	Statutory Reserve Ratio
SSAP	Specific Standard Approach for Proportionality

SSC	Senior School Certificate
SSLFTA	Singapore - Sri Lanka Free Trade Agreement
SSNP	Social Safety Nets Project
SSU	Student Savings Units
STaRR	Smallholder Tea and Rubber Revitalisation
STDs	Sexually Transmitted Diseases
STP	Straight - through Processing
STEM	Science, Technology, Engineering and Mathematics
STEMTA	A Science, Technology, Engineering and Mathematics through Art
STRS	Secured Transaction Registry System
STRs	Suspicious Transaction Reports
SUVs	Sport Utility Vehicles
SVAT	Simplified Value Added Tax
SWIFT	Society for Worldwide Interbank Financial Telecommunications
TAP	Trade Adjustment Programme
TBI	Technology Business Incubator
T-bonds	Treasury bonds
TC	Technical Compliance
TCF	Trillion Cubic Feet
TDC	Tariff Determination Committee
TDF	Technology Development Fund
TDP	Tea Development Programme
telcos	telecommunication companies
TEUs	Twenty-foot Equivalent Units
TF	Terrorist Financing
TFA	Trade Facilitation Agreement
TFC	The Finance Company PLC
TIFA	Trade and Investment Framework Agreement
TIN	Taxpayer Identification Number
TIP	Trade Information Portal
TKSFL	TKS Finance Ltd
TL	Telecommunication Levy
TLP	Tariff Liberalisation Programme
TORs	Terms of References
TOT	Training of Trainers
TPC	Trade and Productivity Commission
TPP	Trans-Pacific Partnership
TPR	Trade Policy Review
TRCSL	Telecommunications Regulatory Commission of Sri Lanka
TRI	Tea Research Institute
TSCFL	The Standard Credit Finance Ltd.
TSEP	Transforming the School Education System as the Foundation of Knowledge Hub Project
TSHDA	Tea Small Holdings Development Authority
TSP	Tourism Strategic Plan
TVEC	Tertiary and Vocational Education Commission
TVET	Technical and Vocational Education and Training
TVRS	Tourist Vat Refund System
UAE	United Arab Emirates
UAT	User Acceptance Testing
UCT	Unity Container Terminal
UDA	Urban Development Authority
UGC	University Grants Commission
UHT	Ultra Heat Treated
UID	Unique Identification
UIG	University, Industry and Government
UIP	Uncovered Interest Rate Parity
UK	United Kingdom
UKGT	United Kingdom's Global Tariffs
UN	United Nations
UNCCD	United Nations Convention to Combat Desertification
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations International Children's Emergency Fund
UN-REDD	United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation
UNWTO	United Nation's World Tourism Organization
USA/US	United States of America
USD	United States Dollar
USDA	Urban Settlement Development Authority
UTs	Unit Trusts
UTCS	Unified Transport Card Solution
UTMC	Unit Trust Management Company
VAT	Value Added Tax
VDRL	Venereal Disease Research Laboratory
VJP	Visiting Journalist Program
VMS	Variable Message Sign
VMS	Vessel Monitoring System
VoA	Vote on Account
VRI	Veterinary Research Institute
VSSO	Voluntary Social Service Organisations
VTA	Vocational Training Authority
WASH	Water, Sanitation and Hygiene
WAYRs	Weighted Average Yield Rates
WBB	Welfare Benefits Board
WBTA	World Bank Technical Assistance
WCL	Working Capital Loans
WCLSTF	Working Capital Loan Scheme for Tea Factories
WCLWD	Weligama Coconut Leaf Wilt Disease
WCO	World Customs Organization
WCT	West Container Terminal
WEDF	World Export Development Forum
WEDP	Women Entrepreneurship Development Programme
WEF	With Effect From
WEF	World Economic Forum
WEO	World Economic Outlook
WEPA	Water Environment Partnership Association
WFP	World Food Programme

WHO	World Health Organization
WHT	Withholding Tax
WIPO	World Intellectual Property Office
WMD	Weapons of Mass Destruction
W & OP	Widows' and Orphans' Pension
WPI	Wholesale Price Index
WR & OP	Widowers' and Orphans' Pension
WRMDP	Western Region Megapolis Development Plan
WRS	Web-based Recruitment System
WTI	West Texas Intermediate
WTO	World Trade Organization
WTTC	World Travel and Tourism Council
WUSL	Wayamba University of Sri Lanka
WWF	Workers' Welfare Fund
YOY	Year On Year
ZBB	Zero Based Budgeting

PART I

KEY ECONOMIC INDICATORS

	2015	2016	2017	2018	2019	2020	2021 (a)
DEMOGRAPHY							
Mid-year population ('000 persons) (b)(c)	20,970	21,209 (d)	21,444 (a)	21,670 (a)	21,803 (a)	21,919 (a)	22,156
Growth of mid- year population (per cent) (b)	0.9	1.1	1.1 (a)	1.1 (a)	0.6 (a)	0.5 (a)	1.1
Population density (persons per sq.km.) (b)	334	338	342 (a)	346 (a)	348 (a)	350 (a)	353
Labour force ('000 persons) (e)(f)	8,214	8,311	8,567	8,388	8,592	8,467	8,553 (g)
Labour force participation rate (per cent) (e)(f)	53.8	53.8	54.1	51.8	52.3	50.6	49.9 (g)
Unemployment rate (per cent of labour force) (e)(f)	4.7	4.4	4.2	4.4	4.8	5.5	5.1 (g)
OUTPUT (h)							
GDP at current market price (Rs. billion)	10,951	11,996	13,328	14,291	14,997 (d)	15,027 (a)(d)	16,809
GNI at current market price (Rs. billion)	10,676	11,676	12,975	13,901	14,556 (d)	14,604 (a)(d)	16,403
GDP at current market price (US$ billion)	80.6	82.4	87.4	87.9	83.9 (d)	81.0 (a)(d)	84.5
GNI at current market price (US$ billion)	78.5	80.2	85.1	85.5	81.4 (d)	78.7 (a)(d)	82.5
Per capita GDP at current market price (Rs.) (i)	522,304	565,613	621,531	659,479	687,848 (d)	685,587 (a)(d)	758,680
Per capita GNI at current market price (Rs.) (i)	509,200	550,541	605,076	641,500	667,604 (d)	666,285 (a)(d)	740,328
Per capita GDP at current market price (US$) (i)	3,842	3,885	4,077	4,057	3,848 (d)	3,695 (a)(d)	3,815
Per capita GNI at current market price (US$) (i)	3,746	3,781	3,969	3,947	3,734 (d)	3,591 (a)(d)	3,722
REAL OUTPUT (percentage change) (h)							
GDP	5.0	4.5	3.6	3.3	2.3 (d)	-3.6 (a)(d)	3.7
Major economic activities of GDP							
Agriculture	4.7	-3.7	-0.4	5.8	1.2 (d)	-2.2 (a)(d)	2.0
Industry	2.2	5.7	4.7	1.3	2.6 (d)	-6.9 (a)(d)	5.3
Services	6.0	4.8	3.6	4.6	2.3 (d)	-1.6 (a)(d)	3.0
GNI	4.8	4.3	3.6	3.2	2.2 (d)	-3.5 (a)(d)	4.0
AGGREGATE DEMAND AND SAVINGS (per cent of GDP) (h)							
Consumption	76.4	79.4	75.6	77.6	79.8 (d)	81.3 (a)(d)	79.9
Private	67.4	71.0	67.1	68.4	70.4 (d)	71.0 (a)(d)	70.3
Government	9.0	8.5	8.5	9.2	9.4 (d)	10.3 (a)(d)	9.6
Investment	31.2	27.9	31.6	29.9	26.3 (d)	25.1 (a)(d)	27.7
Net exports of goods and services	-7.5	-7.3	-7.2	-7.4	-6.1 (d)	-6.4 (a)(d)	-7.6
Exports of goods and services	21.0	21.2	21.8	23.0	23.2 (d)	16.1 (a)(d)	17.7
Imports of goods and services	28.5	28.5	29.1	30.5	29.3 (d)	22.5 (a)(d)	25.3
Domestic savings	23.6	20.6	24.4	22.4	20.2 (d)	18.7 (a)(d)	20.1
Net primary and secondary income from rest of the world	5.2	5.2	4.6	4.3	3.9 (d)	4.8 (a)(d)	3.7
National savings	28.8	25.7	29.0	26.7	24.1 (d)	23.6 (a)(d)	23.8
PRICES AND WAGES (percentage change)							
National Consumer Price Index (2013 = 100) - annual average	3.8	4.0	7.7	2.1	3.5	6.2	7.0
National Consumer Price Index (2013 = 100) - year-on-year (end period)	4.2	4.2	7.3	0.4	6.2	4.6	14.0
Colombo Consumer Price Index (2013 = 100) - annual average	2.2	4.0	6.6	4.3	4.3	4.6	6.0
Colombo Consumer Price Index (2013 = 100) - year-on-year (end period)	4.6	4.5	7.1	2.8	4.8	4.2	12.1
Colombo Consumer Price Index (2006/07 = 100) - annual average (j)	0.9	3.7	-	-	-	-	-
Colombo Consumer Price Index (2006/07 = 100) - year-on-year (end period) (j)	2.8	4.1	-	-	-	-	-
Producer's Price Index (2018 Q4 = 100) - annual average	-	-	-	-	-	5.8	10.9
Producer's Price Index (2013 Q4 = 100) - annual average (k)	3.6	1.7	17.0	6.3	2.9	5.7 (d)	-
GDP deflator (h)	0.6	4.8	7.3	3.8	2.6 (d)	4.0 (a)(d)	7.9
GNI deflator (h)	0.6	4.9	7.3	3.8	2.5 (d)	3.9 (a)(d)	8.0
Nominal wage rate index for workers in all wages boards (1978 Dec = 100) (l)	2.9	0.0	0.0	0.6	2.9	0.2	74.4
Nominal wage rate index for public sector employees (2016 = 100) (l)	-	-	-	0.2	4.7	9.2	0.0
Nominal wage rate index for public sector employees (2012 = 100) (l)(m)	31.7	3.9	0.0	0.1	3.2	-	-
Nominal wage rate index for informal private sector employees (2012 = 100) (l)	7.3	7.9	9.5	13.2	6.2	3.3	9.2
EXTERNAL TRADE							
Trade balance (US$ million)	-8,388	-8,873	-9,619	-10,343	-7,997	-6,008	-8,139
Exports	10,546	10,310	11,360	11,890	11,940	10,047	12,499
Imports	18,935	19,183	20,980	22,233	19,937	16,055	20,637
Terms of trade (percentage change)	2.7	4.0	1.2	0.02	-1.6	2.5	-8.6
Export unit value index (2010 = 100) (percentage change)	-9.4	-1.5	2.4	4.2	-6.3	-6.8	5.4
Import unit value index (2010 = 100) (percentage change)	-11.8	-5.3	1.2	4.1	-4.8	-9.1	15.2
Export volume index (2010 = 100) (percentage change)	4.6	-0.7	7.6	0.5	7.2	-9.7	18.0
Import volume index (2010 = 100) (percentage change)	10.6	7.0	8.1	1.8	-5.8	-11.4	11.5
EXTERNAL FINANCE (US$ million)							
Services and primary income account (net)	312	678	984	1,381	388	-1,386 (d)	-432
Current private transfers (net)	6,167	6,434	6,316	6,155	5,757	6,194	5,221
Current official transfers (net)	27	19	11	8	9	13	6
Current account balance	-1,883	-1,742	-2,309	-2,799	-1,843	-1,187 (d)	-3,343
Overall balance	-1,489	-500	2,068	-1,103	377	-2,328	-3,967

(a) Provisional
(b) As reported by Registrar General's Department
(c) Based on the Census of Population and Housing - 2012
(d) Revised
(e) Household population aged 15 and above is considered for the calculation of labour force.
(f) In July 2016, the Department of Census and Statistics published a re-weighted and revised labour force data series for 2011 onwards.
(g) Average of four quarters of 2021
(h) Rebased GDP estimates (base year 2010) of the Department of Census and Statistics have been used.
(i) Estimates are updated with the latest population figures
(j) Compilation of this index was discontinued since January 2017.
(k) Compilation of this index was discontinued since November 2021.
(l) Annual average percentage change
(m) Compilation of this index was discontinued since April 2020.

KEY ECONOMIC INDICATORS (Contd.)

	2015	2016	2017	2018	2019	2020	2021 (a)
Current account balance (per cent of GDP) (h)(n)	-2.3	-2.1	-2.6	-3.2	-2.2	-1.5 (d)	-4.0
Total foreign assets (months of the same year imports) (o)	5.9	5.3	6.0	5.2	6.3	6.4	3.6
Gross official reserves (months of the same year imports)	4.6	3.8	4.6	3.7	4.6	4.2	1.8
Overall debt service ratio (p)							
As a percentage of export of goods and services	28.2	25.6	23.9	28.9	29.7	35.2 (d)	30.0
As a percentage of current receipts	19.8	18.0	17.3	21.3	21.8	22.6 (d)	21.8
Total external debt (per cent of GDP) (h)(n)	55.7	56.3	59.0	59.5	65.3	60.5 (d)	60.0
EXCHANGE RATES							
Annual average							
Rs/US$	135.94	145.60	152.46	162.54	178.78	185.52	198.88
Rs/SDR (q)	190.16	202.39	211.49	229.90	246.97	258.61	283.18
NEER (2017 = 100) (24 - currency basket) (r)	109.46	104.91	100.00	94.05	88.17	85.93	78.64
REER (2017 = 100) (24 - currency basket) (r)(s)	103.01	100.55	100.00	95.45	90.42	91.52 (d)	86.13
Year end							
Rs/US$	144.06	149.80	152.85	182.75	181.63	186.41	200.43
Rs/SDR (q)	199.63	201.38	217.69	253.51	251.17	268.48	280.53
GOVERNMENT FINANCE (per cent of GDP) (h)(t)(u)							
Revenue and grants	13.3	14.1	13.8	13.5	12.7	9.1	8.7
Revenue	13.3	14.1	13.7	13.4	12.6	9.1	8.7
o/w Tax revenue	12.4	12.2	12.5	12.0	11.6	8.1	7.7
Grants	0.1	0.1	0.1	0.1	0.1	0.04	0.04
Expenditure and net lending	20.9	19.5	19.3	18.8	22.3	20.2	21.0
Recurrent expenditure	15.5	14.7	14.5	14.6	16.2	17.0	16.3
Capital expenditure and net lending	5.4	4.8	4.8	4.2	6.1	3.3	4.6
Current account balance	-2.3	-0.6	-0.7	-1.2	-3.6	-7.9	-7.7
Primary balance	-2.9	-0.2	0.02	0.6	-3.6	-4.6	-6.0
Overall fiscal balance	-7.6	-5.3	-5.5	-5.3	-9.6	-11.1	-12.2
Deficit financing	7.6	5.3	5.5	5.3	9.6	11.1	12.2
Foreign	2.2	3.3	3.3	2.3	3.6	-0.6	-0.1
Domestic	5.4	2.1	2.2	3.1	6.0	11.7	12.3
Central government debt (v)	78.5	79.0	77.9	84.2	86.9	100.6	104.6
Foreign	32.4	33.7	35.4	41.7	41.3	40.3	38.6
Domestic (w)	46.2	45.3	42.5	42.5	45.5	60.3	66.0
MONETARY AGGREGATES (year-on-year percentage change)							
Reserve money	16.5	27.1	9.8	2.3	-3.0	3.4	35.4
Narrow money (M_1)	16.8	8.6	2.1	4.7	4.2	36.0	24.0
Broad money (M_{2b}) (x)	17.8	18.4	16.7	13.0	7.0	23.4	13.2
Net foreign assets of the banking system	-2,071.2	22.4	152.6	-155.1	250.3	-308.0	-368.8
Net domestic assets of the banking system	26.0	15.9	9.8	16.3	4.6	27.8	20.9
Domestic credit from the banking system to							
Government (net)	22.5	12.1	10.0	16.1	11.1	62.7	28.2
Public corporations/SOBEs	17.7	-3.2	4.5	40.7	8.3	22.5	18.6
Private sector	25.0	21.6	14.7	15.9	4.2	6.5	13.1
Money multiplier for M_{2b} (end year)	6.78	6.31	6.71	7.42	8.18	9.75	8.15
Velocity of M_{2b} (average for the year) (h)	2.62	2.43	2.26	2.11	2.04	1.77 (d)	1.65
INTEREST RATES (per cent per annum at year end)							
Standing Deposit Facility Rate (SDFR) (y)	6.00	7.00	7.25	8.00	7.00	4.50	5.00
Standing Lending Facility Rate (SLFR) (y)	7.50	8.50	8.75	9.00	8.00	5.50	6.00
Bank Rate (z)	15.00	15.00	15.00	15.00	15.00	8.50	9.00
Legal Rate of Interest / Market Rate of Interest (aa)	7.76	5.98	7.06	9.08	11.50	11.64	10.12
Money market rates							
Average weighted call money rate (AWCMR)	6.40	8.42	8.15	8.95	7.45	4.55	5.95
Treasury bill yields							
91-day	6.45	8.72	7.69	10.01	7.51	4.69	8.16
364-day	7.30	10.17	8.90	11.20	8.45	5.05	8.24
Deposit rates							
Commercial banks' average weighted deposit rate (AWDR)	6.20	8.17	9.07	8.81	8.20	5.80	4.94
Commercial banks' average weighted fixed deposit rate (AWFDR)	7.57	10.46	11.48	10.85	10.05	7.14	5.94
Commercial banks' average weighted new deposit rate (AWNDR)	6.96	11.17	10.06	10.94	8.89	4.93	6.45
Commercial banks' average weighted new fixed deposit rate (AWNFDR)	7.13	11.44	10.65	11.27	9.17	5.08	6.67
NSB savings rate	5.00	4.25	4.00	4.00	4.00	3.50	3.50
NSB 12 month fixed deposit rate	7.25	11.00	11.00	10.50	9.83	5.25	5.50
Lending rates							
Commercial banks' average weighted prime lending rate (AWPR)-Weekly	7.53	11.52	11.55	12.09	9.74	5.81	8.61
Commercial banks' average weighted lending rate (AWLR)	11.00	13.20	13.88	14.40	13.59	10.29	9.87
Commercial banks' average weighted new lending rate (AWNLR)	10.19	13.94	14.31	14.54	12.80	8.38	9.48
CAPITAL MARKET							
All share price index (ASPI) (1985 = 100)	6,894.5	6,228.3	6,369.3	6,052.4	6,129.2	6,774.2	12,226.0
S&P SL20 index (2004 Dec = 1,000)	3,625.7	3,496.4	3,671.7	3,135.2	2,937.0	2,638.1	4,233.3
Value of shares traded (Rs. million)	253,251	176,935	220,591	200,069	171,408	396,882	1,173,157
Net purchases by non nationals (Rs. million)	-5,372	338	17,655	-23,239	-11,735	-51,356	-52,649
Market capitalisation (Rs. billion)	2,938.0	2,745.4	2,899.3	2,839.5	2,851.3	2,960.7	5,489.2

(n) Based on GDP estimates in US dollars

(o) Excludes foreign assets in the form of direct investments abroad and trade credit and advances received

(p) Overall debt service ratios were reclassified to capture debt servicing in accordance with the External Debt Statistics Manual (2003) of the International Monetary Fund (IMF).

(q) Special Drawing Rights (SDR), the unit of account of the IMF

(r) Exchange rates have been defined in terms of indices so that the appreciation/depreciation of the rupee relative to other currencies is reflected by a rise/fall in the values of the effective exchange rate indices.

(s) CCPI is used for the computation of the Real Effective Exchange Rate (REER). The REER is computed by adjusting the Nominal Effective Exchange Rate (NEER) for inflation differentials with the countries whose currencies are included in the basket.

(t) Based on the revised GDP estimates for 2019 and 2020 released on 29 March 2022 by the Department of Census and Statistics

(u) According to the Ministry of Finance, some fiscal sector statistics of 2019 have been restated as announced in the Budget Speech for 2020

(v) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt from 2019 onwards.

(w) Outstanding balance of Treasury bonds issued to State Owned Business Enterprises (SOBEs) has been included.

(x) Values from 2015 include assets/ liabilities of DFCC Bank PLC, which merged with DFCC Vardhana Bank, with effect from 01 October 2015.

(y) Repurchase rate and Reverse Repurchase rate renamed as Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR), respectively, with effect from 02 January 2014.

(z) The rate at which the Central Bank grants advances to banking institutions as the lender of last resort.

(aa) The Legal Rate is defined under the Civil Procedure Code (Amendment) Act No. 6 of 1990 and is applicable to any legal action for the recovery of a sum of money. The Market Rate is defined under the Debt Recovery (Special Provisions) Act No. 2 of 1990 and is applicable only in relation to legal actions instituted by lending institutions for the recovery of debt exceeding Rs. 150,000 arising out of commercial transactions, where there is no agreed rate of interest. The Monetary Board of the Central Bank determines the Legal Rate and Market Rate for each year and publishes in the Government Gazette in the month of December to be applicable for the forthcoming year. The Legal Rate and the Market Rate for the year 2022 is 7.48 per cent per annum.

KEY SOCIAL INDICATORS

PHYSICAL FEATURES AND CLIMATE

Location
Between 5° 55′ & 9° 50′ North Latitude
Between 79° 31′ & 81° 53′ East Longitude

Distance
433 km (269 miles) North to South
226 km (140 miles) West to East

Elevation
2,525 metres (8,284 ft.) Highest

Area

Total area	:	65,610 sq.km.
Land area	:	62,705 sq.km.
Inland waters	:	2,905 sq.km.

Climate

Low country	:	min. 24.5° C - max. 31.8° C
Hill country	:	min. 18.4° C - max. 27.0° C
Annual rainfall (average) mm	:	2020 : 1,613 2021 : 2,312

POPULATION AND VITAL STATISTICS

Population Statistics (a)

Mid-year population ('000) (2021)	:	22,156
Age distribution ('000) (2021)		
0 - 14 years	:	5,596
15 - 64 years	:	14,823
65 years and over	:	1,737
Population density (2021)	:	353 persons per sq.km.
Crude birth rate (2021)	:	12.9 per 1,000 persons
Crude death rate (2021)	:	7.4 per 1,000 persons
Rate of natural increase (2021)	:	5.5 per 1,000 persons
Infant mortality rate (2015)	:	7.5 per 1,000 live births (revised)
Dependency ratio (2021)	:	49.4%
Average household size (2019) (b)	:	3.7 persons

Employment (2021)

Employed persons ('000) (d)(e)	:	8,114
Agriculture	:	27.3%
Industry	:	26.0%
Services	:	46.7%
Public sector employees ('000) (f)	:	1,493
State sector	:	57.5%
Provincial public sector	:	26.8%
Semi government sector	:	15.7%

Income Distribution (b)

Gini coefficient of household income (2019)	:	0.46
Mean household income (2019)	:	Rs. 76,414 per month
Median household income (2019)	:	Rs. 53,333 per month

Poverty (b)

Average daily kilo calorie intake (2019)	:	2,120
Poverty Head Count Index (c)	:	14.3 (2019)
	:	16.0 (2016)
	:	22.5 (2012/13)

Human Development Index (2019)	:	0.782
Rank among 189 countries	:	72
Sri Lanka Prosperity Index (2020)	:	0.786
Economy and Business Climate Sub-Index	:	0.846
Well-being of the People Sub-Index	:	0.795
Socio-Economic Infrastructure Sub-Index	:	0.718
Expectation of Life at Birth (2017)	:	75.5 years

Literacy Rate (2020) (d)

Average	:	93.0%
Male	:	93.8%
Female	:	92.2%

PHYSICAL, SOCIAL AND FINANCIAL INFRASTRUCTURE FACILITIES

	Unit	2021
Transport		
Length of national roads (A & B)	km	12,225
Length of expressways	km	312.6
Length of operating railway track (2020)	km	1,648
Electricity		
Electrification level (2016)	per cent	99.3
Per capita electricity consumption	kWh	686.7
Communication		
Telephone penetration		
Fixed lines	per 100 persons	12.9
Including cellular phones	per 100 persons	148.1
Internet penetration (g)	per 100 persons	100.4
Average population served by a post office	number	5,283
Financial Infrastructure		
Banks		
Branches of LCBs (h)	number	2,919
Branches of LSBs (h)	number	705
Credit cards in use	per 100,000 persons	9,275
Banking density	branches per 100,000 persons	16
Other financial institutions		
Branches of LFCs	number	1,647
Branches of SLCs	number	60
Branches of LMFCs	number	123
ATMs, CRMs and CDMs	per 100,000 persons	31

	Unit	2021
Water Supply & Sanitation		
Access to safe drinking water	per cent	94.4
Access to pipe borne water	per cent	54.3
General Education		
Area covered by a school (i)	sq. km.	6.5
Student/teacher ratio (i)	number	16.0
Age specific enrolment ratio (grade 1-9) (2019)	per cent	94.8
Primary net enrolment ratio (j)	per cent	94.4
University Education (k)		
Student/teacher ratio	number	19.7
Age specific enrolment ratio (age 19-23 yrs) (l)	per cent	8.7
Progression to university from GCE (A/L)		
Eligible for university admission	per cent	62.4
Admission as a percentage of eligible	per cent	22.5
Government expenditure on education (m)	per cent of GDP	1.8
Public Health		
Hospital beds	per 1,000 persons	3.5
Persons per doctor	number	1,167
Nurses	per 10,000 persons	17.5
Government expenditure on health	per cent of GDP	2.3

Note : Data for 2021 are provisional
(a) Registrar General's Department
(b) Based on Household Income and Expenditure Survey (HIES) (2019), Department of Census and Statistics (DCS)
(c) In the 2019 survey round of HIES of the DCS, the Official Poverty Line (OPL), which was previously based on the 2002 HIES data, has been revised using the 2012/13 HIES data. With the revision in the OPL, Poverty Head Count Index data has also been revised.
(d) Based on Quarterly Labour Force Survey conducted by DCS
(e) Average of four quarters of 2021

Sources: Relevant institutions and United Nations Development Programme Statistics

(f) Based on Annual Public Sector Employment Survey, Central Bank of Sri Lanka
(g) Including mobile internet services
(h) All banking outlets excluding student savings units
(i) Government schools only
(j) Government and private schools only
(k) Details of the universities under University Grants Commission's purview
(l) Only includes internal enrolment of students
(m) Government expenditure on general and higher education

1

ECONOMIC, PRICE AND FINANCIAL SYSTEM STABILITY, OUTLOOK AND POLICIES

1.1 Overview

The Sri Lankan economy recovered in 2021 from the pandemic induced contraction in 2020, albeit with several deeply entrenched structural problems and vulnerabilities inherited over several decades coming to the forefront, thereby resulting in unprecedented socio-political tensions in early 2022. The economy was already in a fragile state lacking the necessary buffers to withstand shocks, when it was hit by the COVID-19 pandemic and other multifaceted headwinds that emanated from the global and domestic fronts. Such vulnerability of the economy can be mainly attributed to the lack of fiscal space, which was further constrained by the changes introduced to the tax structure in late 2019. Sri Lanka was not an exception in the world in deploying countermeasures to face the pandemic and safeguard the economy to forestall a lasting economic fallout and scarring effects on livelihoods. However, given particular vulnerabilities in the economy, the Central Bank had to be heavily involved in shielding the economy through extraordinary responses, in the form of monetary policy easing, ample liquidity provision to the markets and the Government, and adopting several external sector and financial sector policies, in the absence of adequate policy space in the fiscal sector or an adequately prompt response from the fiscal sector. The ultra easy macroeconomic policy package unveiled by the Central Bank and the Government helped the economic recovery in 2021 from the historical contraction recorded in 2020, while also helping cushion the impact of the pandemic on a broader segment of the stakeholders. Both public and private sectors enjoyed the comfort of low cost funds for working capital and investment that helped them stay afloat during this difficult time, and keep industries viable, even witnessing some growth, which in turn ensured uninterrupted provision of public services, utilities and goods and services to the public as well as other essential supply chains. However, unprecedented policy responses taken during the peak of the pandemic together with the inability to withdraw the policy measures due to expected fiscal responses not coming through adequately, caused a limited space for reversal measures and led to some unintended effects on macroeconomic stability in 2021, which were further aggravated in early 2022. Further, the pressures witnessed on the exchange rate amidst dried up liquidity in the domestic foreign exchange market were amplified in 2021 and early 2022, warranting a measured adjustment that was allowed in the exchange rate in early March 2022, compared to the level that prevailed in the market amidst concerns about the adverse impact of any large *depreciation of the exchange rate on the society. However, the outcome of the exchange rate flexibility that was thereafter allowed also in early March 2022, fell short of expectations due to the large overshooting by market forces, reflecting the significant liquidity pressures that prevailed in the domestic foreign exchange market as well as the delay in market correction.*

Price stability, which was the strongest pillar for macroeconomic stability over the last decade or so, was challenged since the second half of 2021 due to the combined impact of global and local supply driven causes as well as the build-up of excessive demand pressures on prices, primarily caused by the lagged impact of extraordinary monetary accommodation, including unprecedented monetary financing that became required due to the lack of fiscal space. Moreover, the external sector remained on the brink of a precarious state since late 2021 due to the mounting Balance of Payments (BOP) pressures reflected in the meagre level of official reserves amidst significant debt servicing obligations along with the dire need to finance essential imports at a time when the domestic foreign exchange market remained largely illiquid. Calamities in the power and energy sector, acute shortages of essentials and raw materials and the spillover effects of these on every nook and cranny of the economy could disrupt economic activity excessively unless resolved urgently. The actions and policy measures taken on a piecemeal basis to fix or postpone these severe conditions have proven to be unsuccessful or created novel issues. Any notable intervention by fiscal authorities to ease these domestic economic conditions to restore normalcy remained a remote possibility due to historically high public debt levels, further weakening of fiscal balances and extremely low sovereign rating. As a result, the Central Bank took swift measures in early April 2022 to preempt further deterioration of macroeconomic stability and to restore price stability through a significant tightening of monetary policy, among others. These policy initiatives would be imperative to commence bold structural reforms to revitalise medium to long term macroeconomic stability, which remains a necessary condition for long term inclusive growth.

In this regard, the implementation of several structural reforms is vital at this juncture by the Government to complement the Central Bank's remedial policies. Implementing strong fiscal adjustments, which have been long delayed and often reversed in the past, will lead to a visible turnaround in the current complex economic turmoil. Sustainable containment of the budget deficit through an upward level shift to government revenue along with the rationalisation and prioritisation of government expenditure would help contain the expansion of government borrowing going forward. Further, a comprehensive and coherent approach to achieving and maintaining public debt sustainability is a must to take any step forward in addressing the current economic problem. These essential fiscal adjustments have to be supported by financially independent and autonomous State Owned Business Enterprises (SOBEs) by introducing, among others, cost reflective pricing structures, institutionalisation of good governance and accountability mechanisms, notable productivity enhancement and service delivery in the overall public sector, and strengthening of well targeted social safety net schemes. While it is necessary to strengthen legal frameworks to ensure public accountability of state institutions, exercising existing legal powers in policy formulation and implementation by relevant authorities would ensure lasting economic welfare in the country. These changes would ensure increased participation of the private sector with ease, while the public sector continues to play a facilitator role in the economy.

The persistent twin deficit dilemma experienced by Sri Lanka highlights the importance of addressing the BOP issues on a sustainable basis. National policies, which are free from changing political regimes, formed with the support of relevant stakeholders aiming at reducing the external current account deficit and budget deficit to a manageable level are imperative in this endeavour. Further, other non debt creating foreign exchange generating sources need to be explored and established to build-up official reserves, while reducing the need for external debt financing of the BOP. A conducive doing business environment and Foreign Direct Investment (FDI) promotions must supplement this external sector stabilisation package.

Recent events experienced in Sri Lanka reveal how macroeconomic stability, social cohesion and political stability are intertwined and how the effect of one aspect could spillover to another. Thus, the overall solution to the prevailing triple plights, i.e., economic turmoil, social unrest, and political instability, should cover all these elements to reboot Sri Lanka to new heights. The ongoing efforts to resolve the economic issues, including the suspension of external debt servicing by the Government for an interim period pending orderly and consensual restructuring of debt obligations, seeking an economic adjustment programme from the International Monetary Fund (IMF), a commitment to rationalising government expenditure and enhancing government revenue, and continuing non aligned political and economic diplomacy, among others, are expected to restore macroeconomic stability in the period ahead. The overall success of these efforts is conditional on reassuring social coherence and restoring political stability and an enduring political will, to take this reform agenda forward.

Table 1.1
Macroeconomic Performance (2017-2021)

Indicator	Unit	2017	2018	2019	2020 (a)	2021 (b)
Real Sector (c)						
Real GDP Growth	%	3.6	3.3	2.3 (a)	-3.6 (b)	3.7
GDP at Current Market Price	Rs. bn	13,328	14,291	14,997 (a)	15,027 (b)	16,809
Per Capita GDP (d)	US$	4,077	4,057	3,848 (a)	3,695 (b)	3,815
External Sector						
Trade Balance (c)	% of GDP	-11.0	-11.8	-9.5	-7.4	-9.6
Current Account Balance (c)	% of GDP	-2.6	-3.2	-2.2	-1.5	-4.0
Overall Balance	US$ mn	2,068	-1,103	377	-2,328	-3,967
External Official Reserves	US$ mn	7,959	6,919	7,642	5,664	3,139
Fiscal Sector (c)(e)						
Current Account Balance	% of GDP	-0.7	-1.2	-3.6 (f)	-7.9	-7.7
Primary Balance	% of GDP	0.02	0.6	-3.6 (f)	-4.6	-6.0
Overall Fiscal Balance	% of GDP	-5.5	-5.3	-9.6 (f)	-11.1	-12.2
Central Government Debt (g)	% of GDP	77.9	84.2	86.9 (f)	100.6	104.6
Monetary Sector and Inflation						
Broad Money Growth (M_{2b}) (h)	%	16.7	13.0	7.0	23.4	13.2
Private Sector Credit Growth (in M_{2b}) (h)	%	14.7	15.9	4.2	6.5	13.1
Annual Average Inflation (i)	%	6.6	4.3	4.3	4.6	6.0

(a) Revised
(b) Provisional
(c) Based on the GDP estimates (base year 2010) of the Department of Census and Statistics.
(d) Estimates updated with latest population figures
(e) Based on the revised GDP estimates for 2019 and 2020 made available on 29 March 2022 by the Department of Census and Statistics.
(f) According to the Ministry of Finance, the fiscal sector statistics of 2019 have been restated as announced in the Budget Speech for 2020.
(g) Includes Treasury bonds of Rs. 13,125 million issued to capitalise SriLankan Airlines in March 2013 (matured on 01 June 2018) and Rs. 78,441 million issued to the Ceylon Petroleum Corporation (CPC) in January 2012 (of which Rs. 21,778 million matured on 01 January 2017 and the current outstanding is Rs. 56,662 million)
(h) Year-on-year growth based on end year values.
(i) Based on CCPI (2013=100)

Sources: Department of Census and Statistics
Ministry of Finance
Central Bank of Sri Lanka

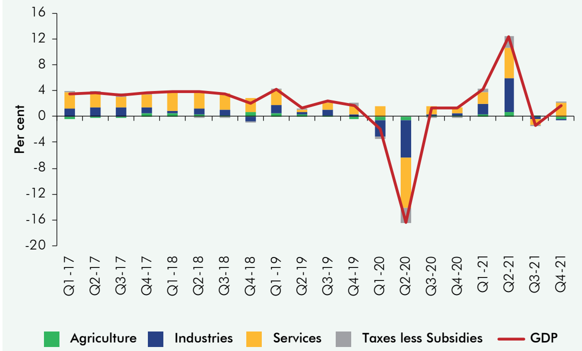
1

1.2 Macroeconomic Developments in 2021

Real Sector Developments and Inflation

The Sri Lankan economy rebounded in 2021, following the COVID-19 induced contraction in 2020. As per the provisional national accounts estimates of the Department of Census and Statistics (DCS), the Sri Lankan economy recorded a growth of 3.7 per cent in 2021, in real terms, compared to the contraction of 3.6 per cent recorded in the preceding year. All sectors of the economy registered growth during the year (agriculture, forestry and fishing by 2.0 per cent; industry by 5.3 per cent; and services by 3.0 per cent). The performance of the agriculture, forestry and fishing sector was buoyed by the notable growth recorded in the subcategories of growing of cereals (except rice), oleaginous fruits, and tea, while the contraction in the growing of rice and other beverage crops weighed negatively on the sectoral performance. The majority of subcategories within the industries sector registered robust growth. A notable exception was manufacturing activities related to coke and refined petroleum products which recorded a contraction of 30.5 per cent due to occasional refinery shutdowns during the year. All subcategories in the services sector registered growth with IT programming, consultancy, and related activities, and the telecommunications sectors recording sizeable growth of 21.7 per cent and 16.2 per cent, respectively, highlighting the

Figure 1.1
Activity-wise Contribution to GDP Growth



Source: Department of Census and Statistics

Table 1.2
Gross National Income by Industrial Origin at Constant (2010) Prices (a)(b)

Economic Activity	Rs. million		As a percentage of GDP (%)		Growth (%)		Contribution to Growth (%)	
	2020 (c)	2021	2020 (c)	2021	2020 (c)	2021	2020 (c)	2021
Agriculture, Forestry & Fishing	**672,930**	**686,478**	**7.1**	**6.9**	**-2.2**	**2.0**	**-0.2**	**0.1**
Agriculture and Forestry	578,407	590,632	6.1	6.0	0.6	2.1	0.0	0.1
Fishing	94,522	95,845	1.0	1.0	-16.6	1.4	-0.2	0.0
Industries	**2,427,872**	**2,556,998**	**25.5**	**25.9**	**-6.9**	**5.3**	**-1.8**	**1.4**
Mining and Quarrying	202,873	208,505	2.1	2.1	-12.5	2.8	-0.3	0.1
Manufacturing	1,481,325	1,587,489	15.5	16.1	-3.9	7.2	-0.6	1.1
Electricity, Gas, Water and Waste Treatment	150,702	156,595	1.6	1.6	-0.8	3.9	0.0	0.1
Construction	592,972	604,410	6.2	6.1	-13.2	1.9	-0.9	0.1
Services	**5,595,176**	**5,760,308**	**58.7**	**58.3**	**-1.6**	**3.0**	**-0.9**	**1.7**
Wholesale and Retail Trade, Transportation and Storage, and Accommodation and Food Service Activities	2,158,494	2,187,426	22.6	22.1	-5.0	1.3	-1.2	0.3
Information and Communication	83,444	97,636	0.9	1.0	13.7	17.0	0.1	0.1
Financial, Insurance and Real Estate Activities including Ownership of Dwellings	1,470,197	1,552,626	15.4	15.7	4.7	5.6	0.7	0.9
Professional Services and Other Personal Service Activities	1,061,663	1,073,914	11.1	10.9	-5.9	1.2	-0.7	0.1
Public Administration, Defence, Education, Human Health and Social Work Activities	821,378	848,706	8.6	8.6	2.0	3.3	0.2	0.3
Gross Value Added at Basic Price	**8,695,978**	**9,003,784**	**91.2**	**91.1**	**-3.2**	**3.5**	**-2.9**	**3.2**
Taxes less Subsidies on products	836,931	877,612	8.8	8.9	-8.1	4.9	-0.7	0.4
Gross Domestic Product at Market Price	**9,532,909**	**9,881,397**	**100.0**	**100.0**	**-3.6**	**3.7**	**-3.6**	**3.7**
Net Primary Income from Rest of the World	-263,075	-238,607			8.3	9.3		
Gross National Income at Market Price	**9,269,834**	**9,642,790**			**-3.5**	**4.0**		

(a) Based on the GDP estimates (base year 2010) of the Department of Census and Statistics
(b) Provisional
(c) Revised

Source: Department of Census and Statistics increased usage of telecommunications services amid the pandemic and growth in the Information Technology/ Business Process Outsourcing (IT/ BPO) sector. The taxes less subsidies component of GDP grew by 4.9 per cent in 2021 driven by improvements in tax revenues, when compared to 2020, in line with the post COVID-19 recovery in economic activity and declines in subsidies.

In nominal terms, the Sri Lankan economy recorded a notable growth of 11.9 per cent in 2021, compared to the tepid expansion of 0.2 per cent observed in 2020. Accordingly, the overall size of the economy expanded to US dollars 84.5 billion in 2021 from US dollars 81.0 billion in the previous year. Per capita GDP grew to US dollars 3,815 in 2021 from US dollars 3,695 in 2020. On the expenditure front, final consumption expenditure recorded a significant growth of 9.9 per cent at current prices in 2021, compared to the relatively modest growth of 2.0 per cent seen in 2020. This growth was largely driven by household consumption expenditure which grew by 10.8 per cent during the year, compared to just 1.0 per cent growth during the previous year. However, government consumption expenditure at current prices grew at a relatively modest pace of 3.7 per cent in 2021, compared to the growth of 9.9 per cent that was observed in 2020. The share of consumption expenditure in GDP at current prices stood at 79.9 per cent in 2021. Meanwhile, gross domestic capital formation registered a growth of 23.2 per cent in 2021, compared to the contractions recorded in both 2020 and 2019. The share of gross capital formation in nominal GDP improved marginally to 27.7 per cent in 2021. Net external demand for goods and services deteriorated sharply, registering a decline of 31.6 per cent in 2021 with the growth in imports outweighing the growth in exports. While a rise in private savings led to a notable growth of 20.3 per cent in domestic savings, the low government revenue led to an increase in government dissavings. Accordingly, domestic savings as a percentage of GDP stood at 20.1 per cent in 2021, compared to 18.7 per cent in 2020.

Table 1.3

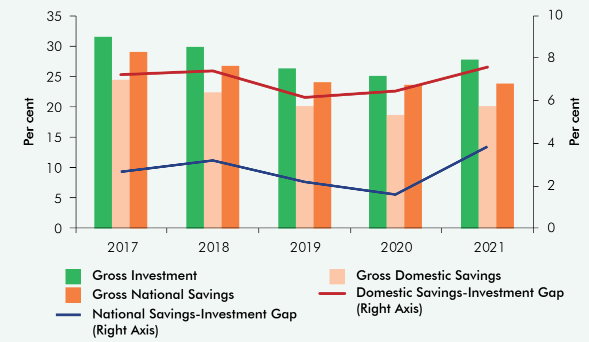
Aggregate Demand and Savings-Investment Gap at Current Market Prices (a)(b)

Item	Rs. billion		Growth (%)		As a percentage of GDP (%)	
	2020 (c)	2021	2020 (c)	2021	2020 (c)	2021
1. Domestic Demand	**15,993.3**	**18,081.0**	**0.5**	**13.1**	**106.4**	**107.6**
1.1 Consumption	12,214.3	13,425.2	2.0	9.9	81.3	79.9
Private	10,662.0	11,814.9	1.0	10.8	71.0	70.3
Public	1,552.3	1,610.3	9.9	3.7	10.3	9.6
1.2 Investment (Gross Capital Formation)	3,779.1	4,655.8	-4.2	23.2	25.1	27.7
2. Net External Demand	**-966.0**	**-1,271.7**	**-5.1**	**-31.6**	**-6.4**	**-7.6**
Exports of Goods and Services	2,418.5	2,981.6	-30.3	23.3	16.1	17.7
Imports of Goods and Services	3,384.5	4,253.3	-22.9	25.7	22.5	25.3
3. Total Demand (GDP) (1+2)	**15,027.4**	**16,809.3**	**0.2**	**11.9**	**100.0**	**100.0**
4. Domestic Savings (3-1.1)	**2,813.1**	**3,384.2**	**-7.0**	**20.3**	**18.7**	**20.1**
Private	3,993.5	4,674.6	12.2	17.1	26.6	27.8
Public	-1,180.4	-1,290.4	-121.2	-9.3	-7.9	-7.7
5. Net Primary Income from Rest of the World	**-423.1**	**-406.6**	**4.2**	**3.9**	**-2.8**	**-2.4**
6. Net Current Transfers from Rest of the World (d)	**1,150.8**	**1,030.3**	**11.7**	**-10.5**	**7.7**	**6.1**
7. National Savings (4+5+6)	**3,540.8**	**4,007.9**	**-2.1**	**13.2**	**23.6**	**23.8**
8. Savings-Investment Gap						
Domestic Savings-Investment (4-1.2)	-966.0	-1,271.7			-6.4	-7.6
National Savings-Investment (7-1.2)	-238.2	-648.0			-1.6	-3.9
9. External Current Account Balance (2+5+6) (d)	**-238.2**	**-648.0**			**-1.6**	**-3.9**

(a) Based on the GDP estimates (base year 2010) of the Department of Census and Statistics
(b) Provisional
(c) Revised
(d) Any difference with the BOP estimates is due to the time lag in compilation.

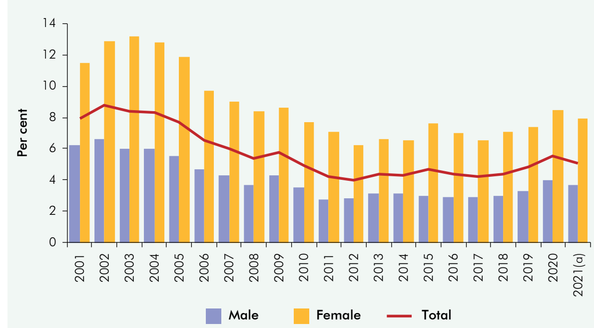
Sources: Department of Census and Statistics
Central Bank of Sri Lanka

Figure 1.2
Savings, Investment and the Savings-Investment Gap (as a percentage of GDP)



Sources: Department of Census and Statistics
Central Bank of Sri Lanka

Figure 1.3
Unemployment Rate



(a) Average of four quarters of 2021

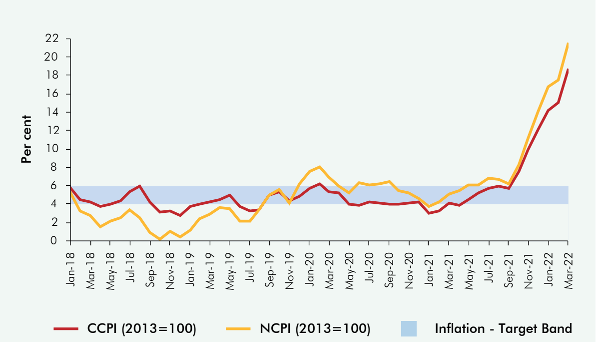
Source: Department of Census and Statistics

The domestic savings-investment gap widened to -7.6 per cent of GDP in 2021, compared to -6.4 per cent of GDP in 2020. The national savings-investment gap widened from -1.6 per cent of GDP in 2020 to -3.9 per cent of GDP in 2021, driven by the growth in investment expenditure.

While the steady recovery of the economy led to the decline in the unemployment rate, the increase in both the labour force and inactive population led to a decline in labour force participation during the year. The unemployment rate declined to 5.1 per cent in 2021 from the 5.5 per cent recorded during the previous year. Unemployment rates amongst males and females also followed suit, declining to 3.7 per cent and 7.9 per cent, respectively, in 2021, from 4.0 per cent and 8.5 per cent, respectively, in 2020. Meanwhile, the economically inactive population increased by 3.7 per cent to 8.6 million in 2021, compared to 2020 with dampened interest in active job search and pandemic induced hardships on usual routines. This development, alongside the marginal increase of 1.0 per cent in the labour force resulted in a decline in the overall labour force participation rate (LFPR) to 49.9 per cent in 2021 compared to 50.6 per cent in 2020. LFPR of both males and females declined from 71.9 per cent and 32.0 per cent, respectively, in 2020, to 71.0 per cent and 31.8 per cent, respectively, in 2021. The agriculture, industry, and services sectors accounted for 27.3 per cent, 26.0 per cent, and 46.7 per cent of the total employment, respectively.

Headline inflation accelerated in 2021 driven mainly by global and domestic supply side disturbances, the surge in global commodity prices and upward revisions to administered prices, while core inflation also accelerated reflecting the lagged effect of significant monetary accommodation. As reflected by the year-on-year change in both the National Consumer Price Index (NCPI, 2013=100) and the Colombo Consumer Price Index (CCPI, 2013=100), the acceleration in headline inflation was attributed to the acceleration in both food and non food inflation, though food inflation accounted for a larger share. Several upward revisions made to energy prices and other administrative prices reflected the rise in prices in the international market as well as volatile food prices stemming from the pandemic related supply side disruptions and the loss of production of certain items, mostly contributed to such acceleration in inflation. Spillover of the aforementioned revisions alongside external shock absorption methods, such as the removal of maximum retail prices also partly contributed to the rise in inflation. Accordingly, year-on-year headline inflation, as measured by the CCPI, which was recorded at 4.2 per cent at end 2020, accelerated to 12.1 per cent by end 2021, breaching

Figure 1.4
Headline Inflation (Year-on-Year)



Sources: Department of Census and Statistics
Central Bank of Sri Lanka

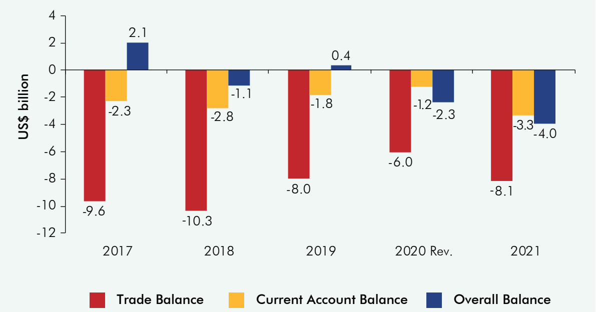
the target level of 4-6 per cent. Following a similar trend, year-on-year headline inflation, based on the NCPI, also accelerated and was recorded at 14.0 per cent by end 2021, compared to 4.6 per cent at end 2020. The upward trend of headline inflation has continued thus far in 2022. Accordingly, year-on-year headline inflation based on the CCPI accelerated to 18.7 per cent in March 2022, while that of NCPI also accelerated to 21.5 per cent in March 2022. Core inflation, which measures underlying demand pressures, also accelerated sharply from mid 2021, reflecting demand driven inflationary pressures triggered by the impact of the lagged effects of pandemic related significant monetary policy accommodation. Accordingly, year-on-year core inflation, based on the CCPI accelerated to 8.3 per cent by end 2021 from 3.5 per cent recorded at end 2020. NCPI based core inflation accelerated to 10.8 per cent, year-on-year, by end 2021 in comparison to 4.7 per cent at end 2020. Further, continuing the same trend, CCPI based year-on-year core inflation rose to 13.0 per cent by March 2022, while NCPI based year-on-year core inflation rose to 17.3 per cent by March 2022. The strong proactive policy measures taken by the Central Bank are expected to arrest further build-up of demand driven inflationary pressures and adverse inflation expectations, supporting to revert inflation rates towards the target range in the period ahead.

External Sector Developments

Sri Lanka's external sector continues to face numerous challenges, including a sharp widening of the current account deficit, limited inflows to the financial account, depletion of gross official reserves (GOR) as a result of large debt servicing requirements and significant depreciation of the Sri Lanka rupee. Regardless of the notable momentum in merchandise exports compared to the previous year, a high increase in merchandise imports, which outpaced the growth in exports, widened the trade deficit in 2021. Increased import expenditure was mainly due to the combined effect of sharp revival in imports, particularly in the latter part of the year, primarily driven by higher commodity prices, including prices of fuel, increased demand for imported items due to normalisation of economic activity, higher importation of medical and pharmaceutical items such as vaccines, and the relaxation of some of the restrictions on importation of non essential goods. The services sector surplus remained subdued, compared to the pre-pandemic level. However, there was a gradual increase in earnings from tourism towards the end of the year whilst a healthy growth was observed in exports of computer services. The deficit in the primary income account recorded a contraction with a reduction in interest and coupon payments as well as dividend payments. Meanwhile, the surplus in the secondary income account reduced as a result of a notable contraction in workers' remittances received by the banking system. With these developments, the deficit in the external current account widened significantly to US dollars 3.3 billion in 2021 (4.0 per cent of GDP), compared to US dollars 1.2 billion in 2020 (1.5 per cent of GDP). The financing of the current account deficit was achieved by drawing down GOR amidst

1

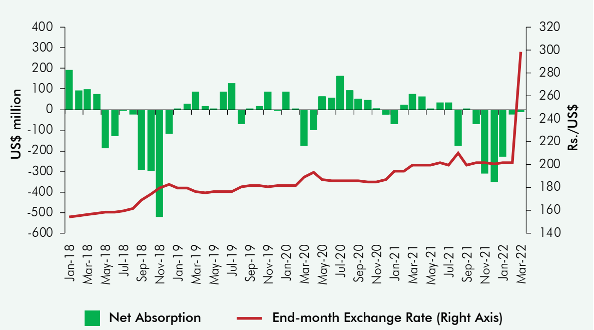
Figure 1.5
Balance of Payments



Source: Central Bank of Sri Lanka

moderate inflows to the financial account and continuous foreign debt service payments. Foreign investment in the form of FDI remained modest while foreign investment to the stock market and the government securities market recorded net outflows during the year. Amidst significant debt servicing obligations falling due during the year, the Government and the Central Bank received some inflows that enabled replenishment of the GOR to a certain extent. These included the Special Drawing Rights (SDR) allocation by the IMF, two foreign currency term financing facilities from the China Development Bank, and international currency swap agreements with the People's Bank of China (PBOC) and the Bangladesh Bank. However, there were substantial outflows from official reserves due to debt service payments as well as the supply of foreign exchange to the domestic foreign exchange market to facilitate the importation of essential goods. As a result, the GOR declined to US dollars 3.1 billion by end 2021, compared to US dollars 5.7 billion recorded as of end 2020. Accordingly, the overall balance of the BOP recorded a significant deficit of around US dollars 4.0 billion in 2021. Meanwhile, the total external debt of the Government, based on market value, declined marginally as a result of the combined effect of the decline in market prices of Sri Lanka's outstanding International Sovereign Bonds (ISBs) and the repayment of an ISB, although the outstanding foreign loans of the Government recorded an increase during the year. Further, the outstanding external liabilities of the Central Bank increased significantly due to the net impact of international currency swap arrangements. Consequently, Sri Lanka's total external debt increased to US dollars 50.7 billion by end 2021 from US dollars 49.0 billion as of end 2020. Sri Lanka settled the ISB of US dollars 1 billion that matured in July 2021 and the ISB of US dollars 500 million that matured in January 2022. The Sri Lanka rupee was maintained broadly at stable levels during 2021 and in early 2022, partially aided by moral suasion to keep the currency stable around Rs. 200 levels. However, considering the severity of the external shocks and further adverse developments in the global and domestic fronts, the Central Bank allowed flexibility in the exchange rate, yet intending to keep the rate of depreciation at a certain level, since early March 2022 as a part of the comprehensive policy package announced to alleviate the difficult situation in the external sector. However, the large pressures witnessed in the domestic foreign exchange market caused a large overshoot in the Sri Lanka rupee. Consequently, the Sri Lanka rupee, which depreciated by 7.0 per cent in 2021,

Figure 1.6
Exchange Rate and Central Bank Intervention in the Domestic Foreign Exchange Market



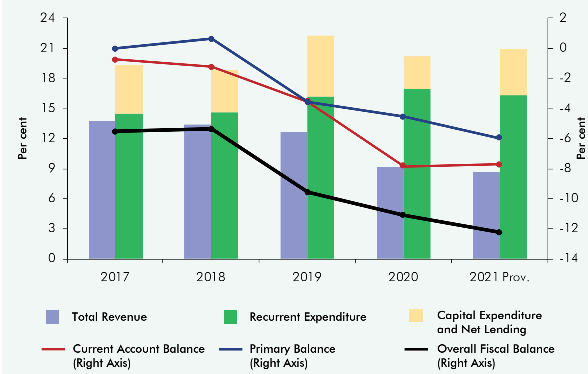
Source: Central Bank of Sri Lanka

depreciated significantly by 33.0 per cent by end March 2022. The Government and the Central Bank have identified the need for implementing urgent measures to address external sector vulnerabilities and for such measures to complement broader economic reforms aimed at resolving persistent and long-standing issues in the economy. While many regional countries and institutions have assisted the country with numerous credit lines, international swap facilities, syndicated loans and substantial current and capital grants, the country is seeking an effective engagement with the IMF and other external stakeholders in order to ensure the sustainability of the country's external debt for restoring macroeconomic stability.

Fiscal Sector Developments

Fiscal sector performance, which suffers from chronically high structural budget deficits caused by government expenditure overruns and government revenue slippages over the years, has deteriorated in 2021, further escalating the government debt stock. The fiscal strategy outlined in the Budget 2021 was aimed at ensuring macroeconomic stability while enhancing economic revival and poverty alleviation, although the envisaged fiscal outcomes were off the mark during 2021 as a result of overly optimistic fiscal targets, prominently in relation to government revenue, which was not adequately supported by felicitous fiscal policies. Government revenue declined to a historic low level of 8.7 per cent of GDP in 2021 as against 9.1 per cent of GDP in 2020. Actual revenue collection significantly deviated from the original budget estimate of 11.1 per cent of GDP, owing to the loss of revenue flows which was a result of the tax relaxations implemented in late 2019 and early 2020, slower than expected economic revival, as well as the

Figure 1.7
Summary of Fiscal Sector Performance
(as a percentage of GDP)



Source: Ministry of Finance

continuation of some import restrictions. However, in nominal terms, government revenue recorded a moderate growth of 6.5 per cent, year-on-year. Income taxes, Value Added Tax (VAT), Ports and Airports Development Levy (PAL) and CESS levy contributed to the nominal growth in government revenue, although the revenue mobilised through import duty, excise duty and Special Commodity Levy (SCL) declined primarily due to import restrictions. The rate of growth in government revenue failed to keep pace with the rate of growth in national income in 2021, as in the past, mainly due to the continuation of a plethora of tax incentives introduced since late 2019 and additional direct and indirect concessionary tax reforms introduced since the onset of the pandemic and under the Budget 2021. On the other hand, government expenditure, in nominal terms, increased by 15.8 per cent, year-on-year, to Rs. 3,521.7 billion in 2021. Accordingly, government expenditure as a percentage of GDP increased to 21.0 per cent in 2021 from 20.2 per cent in 2020. Higher expenditure on salaries and wages and interest expenses, which stood at 11.3 per cent of GDP in 2021 and 130.0 per cent of government revenue, drove the growth in recurrent expenditure. Moreover, capital expenditure and net lending increased by 57.2 per

BOX 1

The Importance of International Monetary Fund Programmes

Background

The International Monetary Fund (IMF) is an organisation established in 1944 to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world. The IMF usually provides loans under its programmes to member countries that experience Balance of Payments (BOP) problems to support rebuilding international reserves, stabilising currencies, ensuring continuity in payments for imports, and restoring economic growth, while correcting underlying problems. All IMF members are eligible to access IMF's resources in the General Resources Account (GRA) on non concessional terms, and the IMF also provides concessional financial support through the Poverty Reduction and Growth Trust (PRGT), which is tailored to the diversity and needs of low-income countries. For emerging and advanced market economies in crises, IMF assistance is provided through Stand-By Arrangements (SBAs) to address short term or potential BOP problems. The Stand-By Credit Facility (SCF) serves a similar purpose for low-income countries. The Extended Fund Facility (EFF) and the corresponding Extended Credit Facility (ECF) for low-income countries are the main facilities aimed at providing medium term support to countries facing protracted BOP problems. To help prevent or mitigate crises and boost market confidence, members with already strong policies can use the Flexible Credit Line (FCL) or the Precautionary and Liquidity Line (PLL). The Rapid Financing Instrument (RFI) and the corresponding Rapid Credit Facility (RCF) for low-income countries provide rapid assistance to countries with urgent BOP needs, including difficulties posed by commodity price shocks, natural disasters, and domestic fragilities. Objectives, policies and conditionality under an IMF funding arrangement depend on a country's specific economic circumstances.

The prime concern often raised with regard to approaching the IMF for a programme is the conditionalities attached to it. Conditionalities in IMF programmes in general cover key macroeconomic and structural policy adjustments. Even though these conditionalities were largely focused on macroeconomic policies until the early 1980s, the complexity and scope of structural conditions increased subsequently, reflecting the IMF's growing involvement in low-income and transitional countries. These conditionalities are intended to help countries resolve BOP problems, while avoiding recurring instances of such problems. Further, the remedial measures are intended to ensure that the country's BOP will be strong enough to meet payments for imports and to service external debt in a sustained manner.

The policy commitments agreed with country authorities generally include:

Prior Actions (PA): These are the steps a country agrees to take before the IMF approves financing under a programme. Such actions are set out to ensure that a country has the required foundation to achieve programme goals successfully. PA may generally include the elimination of price controls (if any), formulation of the government budget in consistence with the medium term fiscal framework, and taking measures to achieve debt sustainability.

Quantitative Performance Criteria (QPC): These are specific, measurable conditions relating to macroeconomic variables under the control of the authorities, such as monetary and credit aggregates, international reserves, fiscal balances, and external borrowing. QPC may generally include a minimum level of government primary balance, a ceiling on government borrowing, and a minimum level of international reserves.

Indicative Targets (IT): IT may be set for quantitative indicators to assess progress in meeting programme objectives. IT are sometimes set instead of QPC because of uncertainty about economic trends. As uncertainty is reduced, these targets may become QPC, with appropriate modifications. IT may generally include a minimum level of the government primary balance, a minimum level of domestic revenue collection, and a minimum level of social assistance spending.

Structural Benchmarks (SB): These are reform measures that often are non quantifiable but are critical for achieving programme goals. SB may generally include improvements in financial sector operations, building up social safety nets, and strengthening public financial management.

The Success of IMF Programmes in Terms of Fulfilling Conditions

The IMF periodically reviews the performance of its programmes. An IMF programme is designed in such a way that disbursements of funds are conditional on meeting QPC, IT, etc. To improve the programme's success and reduce risks, the IMF recommends measures to improve the practicality of projections, sharpen debt sustainability analysis, enhance the quality of fiscal consolidation, and improve the tailoring of structural conditions. For the RCF and the RFI facilities provided by the IMF, there is no ex-post programme based conditionality or reviews except for limited overall conditionality. If a country fails to meet QPC, the IMF Executive Board may approve a waiver if it is satisfied that the programme will still succeed, provided that the deviation is minor/temporary or national authorities are taking corrective actions. Missed structural benchmarks and indicative targets do not require waivers but are assessed in the context of overall programme performance.

History of Sri Lanka's Relationship with the IMF

Sri Lanka has engaged in sixteen IMF programmes since obtaining membership of the IMF in 1950. Sri Lanka's first IMF programme was in 1965 and the last was in 2016. The most successful IMF programme was the SBA which commenced in 2009, in which the IMF disbursed the full allocation of funds to Sri Lanka. The previous IMF programmes concentrated primarily on improving foreign reserves and the conduct of monetary policy. In addition, there was emphasis on undertaking vital structural reforms that included the introduction of a fuel price formula, improving the Central Bank's independence, a flexible exchange rate policy, and revenue based fiscal consolidation. In the Sri Lankan context, for official dealings with the IMF, the Hon. Minister of Finance holds the capacity of the Governor of the IMF, and the Governor of the Central Bank of Sri Lanka (CBSL) holds the capacity of the Alternate Governor of the IMF.

In addition, the IMF has extended many technical assistance opportunities to the CBSL and to the Government, including the Forecasting and Policy Analysis System (FPAS) model that was aimed at improving the technical capacity of the CBSL in its transition to the flexible inflation targeting framework.

The Overall Success of IMF Programmes in Sri Lanka

Despite being part of many programmes since the first in 1965, only a few IMF programmes in Sri Lanka have been successfully implemented by authorities. This has been mainly due to the lack of commitment in meeting the conditionalities attached to such programmes, especially those related to structural reforms, which required painful macroeconomic adjustments and unpopular policies that were aimed at long term productivity improvements in the economy. Notably, the need to seek external assistance is a result of the failure to take initiative as a country to introduce structural reforms, which are often included in IMF programmes as well. Most reforms identified in the previous IMF programmes have not been completed fully or abandoned abruptly after drawing some disbursements under the financing facilities, while meeting only short term objectives. This has led to a cycle of being in and out of IMF programmes frequently as shown in Table B 1.1. In contrast, India, which obtained seven programmes from the IMF during 1951 to 1993, has not approached the IMF since the conclusion of its last programme in 1993. If an IMF programme is completed successfully, the economy would be able to reap the long term benefits, especially through structural adjustments, and the need to approach the IMF on future occasions of short term economic stresses would have been minimal. A summary of the success of the latest IMF programmes extended in 2009 and 2016 to Sri Lanka in terms of fulfilling the conditionalities is as follows.

IMF-SBA Programme in 2009

As per the IMF staff report for the eighth and final review under the SBA, Sri Lanka fulfilled the net international reserve targets, net domestic financing and reserve money indicative targets related to the programme. Sri Lanka also implemented all structural benchmarks, except the proposed reforms to the regulatory framework for private pension funds prior to the expiration of the programme.

IMF-EFF Programme in 2016

As per the IMF staff report for the sixth review under the EFF, Sri Lanka was unable to meet fiscal targets due to the significant revenue shortfalls after

Table B 1.1
History of IMF Programmes Obtained by Sri Lanka

000' SDRs

Facility	Date of Arrangement	Expiration Date	Amount Agreed	Amount Drawn	Amount Outstanding
EFF	Jun 03, 2016	Jun 02, 2020	1,070,780	952,230	892,283
SBA	Jul 24, 2009	Jul 23, 2012	1,653,600	1,653,600	0
ECF	Apr 18, 2003	Apr 17, 2006	269,000	38,390	0
EFF	Apr 18, 2003	Apr 17, 2006	144,400	20,670	0
SBA	Apr 20, 2001	Sep 19, 2002	200,000	200,000	0
ECF	Sep 13, 1991	Jul 31, 1995	336,000	280,000	0
SAFC	Mar 09, 1988	Mar 08, 1991	156,170	156,170	0
SBA	Sep 14, 1983	Jul 31, 1984	100,000	50,000	0
EFF	Jan 01, 1979	Dec 31, 1981	260,300	260,300	0
SBA	Dec 02, 1977	Dec 01, 1978	93,000	93,000	0
SBA	Apr 30, 1974	Apr 29, 1975	24,500	7,000	0
SBA	Mar 18, 1971	Mar 17, 1972	24,500	24,500	0
SBA	Aug 12, 1969	Aug 11, 1970	19,500	19,500	0
SBA	May 06, 1968	May 05, 1969	19,500	19,500	0
SBA	Jun 15, 1966	Jun 14, 1967	25,000	25,000	0
SBA	Jun 15, 1965	Jun 14, 1966	30,000	22,500	0

Source: Sri Lanka Country Page (IMF Website)

EFF – Extended Fund Facility, SBA – Stand-By Arrangement, ECF – Extended Credit Facility, SAFC – Structural Adjustment Facility Commitment

1

the Easter Sunday attacks in April 2019. The net international reserve targets were met, and the CBSL was committed to rebuilding reserves, while allowing greater exchange rate flexibility. Sri Lanka also made significant progress on the structural reforms agenda under the programme by implementing key structural benchmarks, including developing a roadmap for flexible inflation targeting and flexible exchange rate regime, submitting the 2018 budget to the Parliament in line with the programme targets including a tax expenditure statement, a plan to rationalise tax expenditures in 2018, and the estimated fiscal cost of non-commercial obligations (including subsidies) for State Owned Business Enterprises (SOBEs), preparation of an effective strategic plan and operating business model by the Board of SriLankan Airlines, obtaining approval of the Cabinet of Ministers for a strategy to rationalise para-tariffs over the medium term together with new revenue sources to offset revenue losses, and the rolling out of the Integrated Treasury Management Information System (ITMIS), among others.

Programmes of Regional Countries with the IMF

Other countries in the region have also engaged in IMF programmes from time to time based on the economic conditions. The number of countries requesting an IMF programme has increased notably with the economic fallout from the COVID-19 pandemic. A list of the latest IMF programmes obtained by regional countries is given in Table B 1.2.

Table B 1.2
Latest IMF Programmes Obtained by Selected Regional Countries

000' SDRs

Facility	Date of Arrangement	Expiration Date	Amount Agreed	Amount Drawn	Amount Outstanding
Pakistan					
EFF	Jul 03, 2019	Oct 02, 2022	4,268,000	2,144,000	2,144,000
RFI	Apr 16, 2020	Apr 20, 2020	1,015,500	1,015,500	1,015,500
EFF	Sep 04, 2013	Sep 30, 2016	4,393,000	4,393,000	2,244,750
SBA	Nov 24, 2008	Sep 30, 2011	7,235,900	4,936,035	0
ECF	Dec 06, 2001	Dec 05, 2004	1,033,700	861,420	0
India					
SBA	Oct 31, 1991	Jun 30, 1993	1,656,000	1,656,000	0
SBA	Jan 18, 1991	Apr 17, 1991	551,925	551,925	0
EFF	Nov 09, 1981	May 01, 1984	5,000,000	3,900,000	0
SBA	Mar 22, 1965	Mar 21, 1966	200,000	200,000	0
SBA	Jul 09, 1963	Jul 08, 1964	100,000	0	0
Bangladesh					
RCF	May 29, 2020	Jun 02, 2020	177,770	177,770	177,770
RFI	May 29, 2020	Jun 02, 2020	355,530	355,530	355,530
ECF	Apr 11, 2012	Oct 29, 2015	639,960	639,960	283,411
ECF	Jun 20, 2003	Jun 19, 2007	400,330	316,730	0
ECF	Aug 10, 1990	Sep 13, 1993	345,000	330,000	0
Nepal					
ECF	Jan 12, 2022	Mar 11, 2025	282,420	78,500	78,500
RCF	May 06, 2020	May 08, 2020	156,900	156,900	156,900
RCF	Jul 31, 2015	Aug 10, 2015	35,650	35,650	24,955
ECF	Nov 19, 2003	Nov 18, 2007	49,900	49,900	0
ECF	Oct 05, 1992	Oct 04, 1995	33,570	16,785	0
Maldives					
RCF	Apr 22, 2020	Apr 24, 2020	21,200	21,200	21,200
SBA	Dec 04, 2009	Dec 03, 2012	49,200	8,200	0
ESF	Dec 04, 2009	Dec 03, 2011	8,200	2,050	0
Afghanistan					
ECF	Nov 06, 2020	May 05, 2024	259,040	184,566	184,566
RCF	Apr 29, 2020	Jun 23, 2020	161,900	161,900	161,900
ECF	Jul 20, 2016	Dec 31, 2019	32,380	32,380	31,930
ECF	Nov 14, 2011	Nov 13, 2014	85,000	24,000	1,200
ECF	Jun 26, 2006	Sep 25, 2010	81,000	75,350	0

Sources: Pakistan, India, Bangladesh, Nepal, Maldives and Afghanistan Country Pages (IMF Website)

EFF – Extended Fund Facility, RFI – Rapid Financing Instrument, SBA – Stand-By Arrangement, ECF – Extended Credit Facility, RCF – Rapid Credit Facility, ESF – Exogenous Shock Facility

Implications of a Future IMF Programme on Sri Lanka

As previously mentioned, Sri Lanka has entered into IMF programmes from time to time to support the BOP position and the Government's reforms agenda. However, unlike in previous occasions, in the current context, an IMF programme will be an important part of strategies to overcome prevailing challenging economic conditions in the country. Considering the current low level of international reserves, servicing the significantly high debt repayments due in the near term will be extremely challenging. Liquidity in the domestic foreign exchange market has dried up amidst high foreign debt service payments and the reduction in foreign exchange inflows, resulting in significant depletion of gross official reserves and inadequate foreign exchange to meet the forex demands for essential imports, such as fuel, gas, coal, medicine, and essential food items. In this context, there is a need for securing a sizeable amount of foreign financing in the immediate future. Entering into an IMF programme would not only provide access to additional financing but would also enhance the confidence of potential foreign investors, including multilateral and bilateral counterparts. This, coupled with the implementation of a macroeconomic policy package, is expected to stabilise the overall macroeconomy which will further promote non debt creating financial inflows.

Major areas that could be expected to be considered in the discussion of a potential IMF programme could include fiscal consolidation, appropriate monetary policy stance, exchange rate flexibility, phasing out of monetary financing, reforms of SOBEs, the gradual unwinding of capital flow management measures, the introduction of market based pricing formulae for utilities and strengthening social safety nets, among others. Some of the aforementioned measures have been already implemented by the CBSL and the Government. The monetary policy has been significantly tightened, the exchange rate is increasingly being determined by market forces, and adjustments to prices of domestic petroleum and LP gas have been allowed to reflect costs. These macroeconomic stabilisation measures could result in a painful adjustment to the economy in the adjustment stage, but it has become imperative considering the current economic crisis. However, in order to successfully implement an IMF programme, the country should ensure the management of external debt sustainably through appropriate measures. Towards this end, the Government has already announced the suspension of external debt servicing for an interim period pending an orderly and consensual restructuring of debt obligations in a manner consistent with an economic adjustment programme supported by the IMF. Further, political and social stability needs to be achieved through an agreement between all relevant stakeholders to successfully negotiate and implement an IMF programme. The success of this will also rest on the extent to which the long neglected structural reforms are implemented in a way that ensures sustainable macroeconomic stability.

References

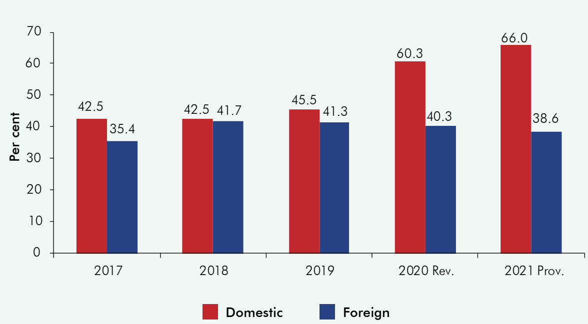
1. International Monetary Fund. (2022). *Sri Lanka: 2021 Article IV Consultation - Press Release, Staff Report, and Statement by the Executive Director for Sri Lanka*. 091. International Monetary Fund, Washington D.C.
2. International Monetary Fund. (2019). *Sri Lanka: Sixth Review Under the Extended Arrangement Under the Extended Fund Facility and Requests for Waiver of Nonobservance and Modification of Performance Criterion - Press Release, Staff Report, and Statement by the Executive Director for Sri Lanka*. 335. International Monetary Fund, Washington D.C.
3. International Monetary Fund. (2012). *Sri Lanka: Eighth and Final Review Under the Stand-By Arrangement - Staff Report, Press Release on the Executive Board Discussion; and Statement by the Executive Director for Sri Lanka, Staff Report, and Statement by the Executive Director for Sri Lanka*. 198. IMF.
4. Factsheet - International Monetary Fund Conditionality [Online]. Available at: https://www.imf.org/en/About/Factsheets/Sheets/2016/08/02/21/28/IMF-Conditionality#:~:text=When%20a%20country%20borrows%20from,able%20to%20repay%20the%20IMF
5. International Monetary Fund's Sri Lanka Country Page [Online]. Available at: https://www.imf.org/en/Countries/LKA

cent, year-on-year, due to the base effect, although public investment declined by 2.7 per cent in 2021. The expenditure rationalisation plan was derailed with rigid recurrent spending and additional expenditure requirements of public health services and direct and indirect financial support provided to pandemic affected households and businesses. The overall fiscal deficit, as a percentage of GDP, worsened to 12.2 per cent (Rs. 2,057.9 billion) in 2021 from 11.1 per cent (Rs. 1,667.7 billion) recorded in the preceding year. Meanwhile, the primary deficit in 2021 increased from Rs. 687.4 billion (4.6 per cent of the GDP) in 2020 to Rs. 1,009.5 billion (6.0 per cent of the GDP) in 2021, highlighting the inadequacy of government revenue to meet at least non interest expenditure of the year. The current account deficit, which reflects the dissavings of the Government, also widened in nominal terms from Rs. 1,180.4 billion in 2020 to Rs. 1,290.4 billion in 2021, while declining marginally to 7.7 per cent in 2021 from 7.9 per cent in the previous year, as a percentage of the GDP. With these developments, the primary deficit, current account deficit, and overall budget deficit, as percentages of GDP, notably deviated from the respective estimates of 4.0 per cent, 2.9 per cent, and 8.9 per cent, set out in the Budget 2021. Amidst limited access to foreign

1

financial markets resulting from the adverse global developments and sovereign rating downgrades, the Government relied heavily on domestic sources, especially the banking sector, to finance the budget deficit. Accordingly, during 2021, net financing through domestic sources amounted to Rs. 2,071.8 billion, whereas a net repayment of Rs. 13.9 billion was registered in relation to foreign sources. The Government relied on financing from the banking sector on a large scale, especially from the Central Bank, to meet the rising expenditure requirements and debt servicing obligations in 2021. As a result, the Central Bank accounted for Rs. 1,225.2 billion of domestic bank borrowings of the Government in 2021. The wider fiscal deficit, increased market interest rates, as well as parity losses caused by the depreciation of the Sri Lanka rupee, resulted in an increase in outstanding central government debt from Rs. 15,117.2 billion recorded at end 2020 to Rs. 17,589.4 billion by end 2021. Accordingly, outstanding central government debt, as a percentage of GDP, increased to 104.6 per cent by end 2021 from 100.6 per cent registered at the end of the preceding year. In nominal terms, domestic debt and foreign debt increased by 22.4 per cent and 7.3 per cent, respectively, by end 2021 over 2020. The increased domestic borrowings from Treasury bills and Treasury bonds resulted in the share of domestic debt in the government debt portfolio to rise from 60.0 per cent in 2020 to 63.1 per cent in 2021. The total debt service payments increased from Rs. 1,941.4 billion in 2020 to Rs. 2,375.6 billion in 2021. Accordingly, debt service payments increased to 14.1 per cent of GDP in 2021 from 12.9 per cent of GDP in the preceding year. In 2021, interest payments and capital payments amounted to 6.2 per cent and 7.9 per cent of GDP, respectively. A series of sovereign rating downgrades for Sri Lanka was exercised by rating agencies during 2021, in consideration of its worsened external liquidity position, weakening fiscal outlook and forthcoming substantial debt service payments. The significantly high debt level of the Government and bunching of foreign debt obligations in the near to medium term raised serious concerns about external debt sustainability of the country. Against this backdrop, the already announced efforts of the Government to restructure the debt portfolio, along with a strong commitment towards fiscal consolidation efforts and prudent liability management strategies are expected to restore public debt sustainability in the period ahead.

Figure 1.8
Outstanding Central Government Debt
(as a percentage of GDP)

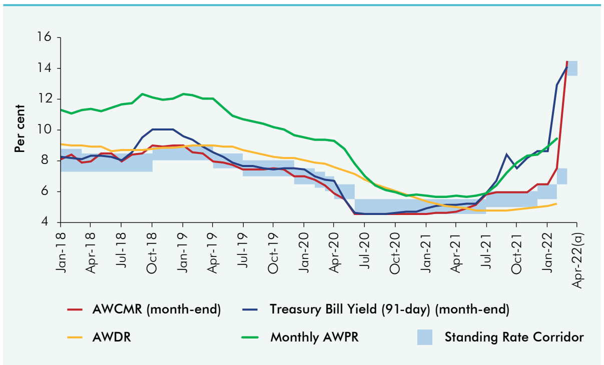


Sources: Ministry of Finance
Central Bank of Sri Lanka

Monetary Sector Developments

Considering the possible build-up of excessive inflationary pressures and the imbalances that emerged in the external sector and financial markets, the Central Bank, which deployed unprecedented monetary stimulus measures since 2020, commenced monetary tightening measures in mid-August 2021. The extremely accommodative monetary policy stance, which was maintained by the Central Bank from the onset of the pandemic in early 2020 through mid-August 2021, helped reduce market interest rates to historically low levels and provide adequate liquidity to the domestic money market, thereby helping individuals and businesses affected by the pandemic, while facilitating economic recovery. The Central Bank continued to provide extraordinary financial support to the Government by way of purchasing Treasury bills from the primary market, as well as direct allocations to the Central Bank to meet the emergency funding needs of the Government amidst disruptions to its cashflows resulting from low revenue mobilisation and high expenditure during the pandemic. However, to preempt the build-up of excessive inflationary pressures over the medium term and to address imbalances in the external sector and financial markets, measures were taken to commence tightening the monetary policy stance from August 2021 onwards. Accordingly, the key policy interest rates, i.e., the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) were raised by 50 basis points to 5.00 per cent and 6.00 per cent, respectively, in mid-August 2021, and the Statutory Reserve Ratio (SRR) applicable on all rupee deposit liabilities of Licensed Commercial Banks (LCBs) was raised by 2 percentage points to 4.00 per cent, effective from September 2021. Several other regulatory measures were also taken by the Central Bank to better reflect market conditions. The Central Bank imposed a ceiling on

Figure 1.9
Standing Rate Corridor and Selected Market Interest Rates



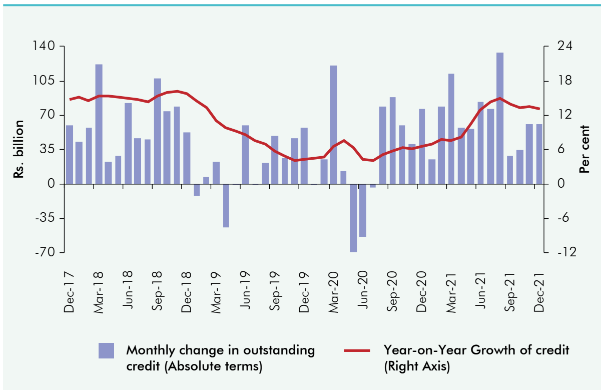
(a) As of 8 April 2022

Source: Central Bank of Sri Lanka

interest rates offered for foreign currency deposit products of LCBs and National Savings Bank (NSB) in August 2021 to address the anomalies between interest rates of rupee and foreign currency deposits in the market. The interest rate applicable on the special mortgage-backed housing loan scheme for salaried employees was revised and linked to a variable interest rate in December 2021. With continued challenges emanating from the external sector and inflation fronts, the Central Bank tightened its monetary policy stance further in January and March 2022 by raising the SDFR and the SLFR by 150 basis points each, in total. In March 2022, the maximum interest rate imposed on foreign currency deposits of LCBs and NSB was also removed, while the maximum interest rates imposed on interest rates of domestic lending products i.e., credit cards, pre-arranged temporary overdrafts and pawning facilities were revised upwards. With the tightening of the monetary policy stance and rupee liquidity concerns encountered by certain banks, liquidity in the domestic money market, which remained at considerable surplus levels during the first half of 2021, declined notably into large deficit levels. Market interest rates, which declined to historic low levels, started to adjust upwards gradually. Yields on government securities were also allowed to increase with the removal of the maximum yield rates for acceptance at primary auctions of government securities. In early April 2022, noting the considerable inflationary pressures driven by substantial exchange rate depreciation, the build-up of aggregate demand pressures, the elevated prices of commodities globally, and domestic supply disruptions, the Central Bank raised policy interest rates significantly by 700 basis points, the highest single day adjustment in recent history, to arrest the build-up of excessive demand driven inflationary pressures and preempt the escalation of adverse inflationary expectations, to provide the required impetus to stabilise the exchange rate and also to correct anomalies observed in the market interest rate structure. Accordingly, the SDFR and SLFR were increased to 13.50 per cent and 14.50 per cent, respectively, effective from the close of business on 08 April 2022. The interest caps imposed on selected domestic lending products were also removed.

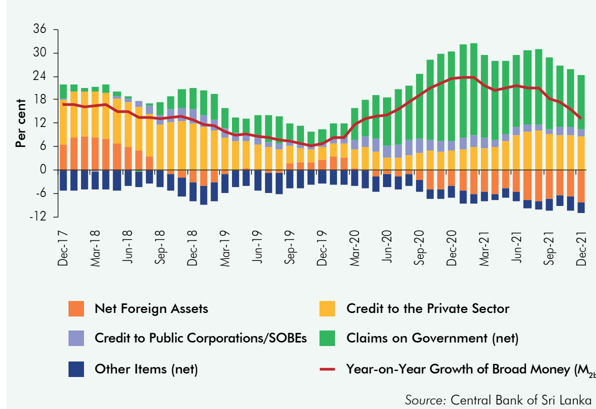
Domestic credit extended by the banking system expanded significantly during the year driven mainly by the notable increase in net credit to the Government (NCG) by the Central Bank, while net foreign assets (NFA) of the banking system contracted resulting in a moderation of broad money supply (M_{2b}). Amidst the decline in government revenue and limited access to foreign financing, the Government's increased funding requirement was met largely through the domestic banking system. Thus, NCG by the banking system increased notably by around Rs. 1,284.4 billion in 2021, of which, about 95 per cent was funded by the Central Bank. Credit obtained by the SOBEs from the banking system also expanded notably by Rs. 185.9 billion in 2021, reflecting their weak financial positions. Supported by the low cost of funds, credit extended to the private sector also expanded notably by Rs. 810.5 billion in 2021. However, with the contraction in NFA of the banking system, particularly NFA of the Central Bank, due to foreign currency debt service payments by the Central Bank on behalf of the Government, the growth of M_{2b} moderated towards the latter part of 2021, recording a year-on-year growth of 13.2 per cent by end 2021, compared to the growth of 23.4 per cent recorded at end 2020.

Figure 1.10
Credit Granted by Commercial Banks to the Private Sector



Source: Central Bank of Sri Lanka

Figure 1.11
Broad Money Growth and Contribution



Source: Central Bank of Sri Lanka

Financial Sector Developments

Despite severe challenges faced by the economy, the stability of Sri Lanka's financial systems was preserved during the year 2021. Financial intermediation by the banking sector was satisfactory, while the profitability of the sector improved considerably during 2021, compared to the previous year, due to notable increases in both net interest income and non-interest income. However, banks faced a severe foreign currency liquidity shortage due to the lack of foreign inflows to the country. Licensed Finance Companies (LFCs) and Specialised Leasing Companies (SLCs) sector also showed a notable overall improvement in terms of credit growth and profitability against the backdrop of the progressing Financial Sector Consolidation Masterplan. The Central Bank continued to assist financial institutions to adapt to the new normal and provided certain regulatory forbearances with a view to supporting the pandemic disrupted economy. The insurance sector also recorded an expansion. Liquidity in the money market turned to deficit levels followed by foreign debt repayments and a reversal of the accommodative monetary policy stance since August 2021. Liquidity in the domestic foreign exchange market was at significantly low levels owing to a delayed recovery in tourism earnings, slow conversion of export proceeds, increase in import expenditure as well as unfavourable market conditions led by several sovereign downgrades during the year. The Colombo Stock Exchange (CSE) recorded an improvement in 2021, despite negligible contribution by foreign investors. The country's payment and settlement system was operated smoothly by the Central Bank during the period under review. Meanwhile, the Central Bank continued to introduce reforms to major legislations to provide a stronger legal foundation for the regulatory and supervisory framework.

Table 1.4
Global Economic Developments and Outlook (a)

Item	2020 (b)	2021 (c)	2022 (Proj)	2023 (Proj)
World Output	**-3.1**	**6.1**	**3.6**	**3.6**
Advanced Economies	-4.5	5.2	3.3	2.4
United States	-3.4	5.7	3.7	2.3
Euro Area	-6.4	5.3	2.8	2.3
United Kingdom	-9.3	7.4	3.7	1.2
Japan	-4.5	1.6	2.4	2.3
Emerging Market and Developing Economies	-2.0	6.8	3.8	4.4
Emerging and Developing Asia	-0.8	7.3	5.4	5.6
China	2.2	8.1	4.4	5.1
India	-6.6	8.9	8.2	6.9
World Trade Volume (Goods and Services)	**-7.9**	**10.1**	**5.0**	**4.4**
Price Movements				
Consumer Prices				
Advanced Economies	0.7	3.1	5.7	2.5
Emerging Market and Developing Economies	5.2	5.9	8.7	6.5
Commodity Prices (US$)				
Oil	-32.7	67.3	54.7	-13.3
Non Fuel	6.8	26.8	11.4	-2.5

(a) Annual percentage change unless otherwise indicated
(b) Revised
(c) Provisional

Source: World Economic Outlook (April 2022), IMF

1.3 Global Economic Environment and Outlook

As the global economy begins to recover from the effects of the COVID-19 pandemic in 2022, the progress is being severely disrupted by the repercussions of the Russia-Ukraine conflict. According to the World Economic Outlook (WEO) of the International Monetary Fund (IMF) released in April 2022, global economic growth is estimated at 6.1 per cent in 2021, compared to a contraction of 3.1 per cent in 2020. During 2021, advanced economies were estimated to have recorded a growth of 5.2 per cent, while the growth estimation for emerging market and developing economies stood at 6.8 per cent. The IMF projects global economic growth to slow down to 3.6 per cent in 2022, largely reflecting the spillover effects of Russia's invasion of Ukraine and associated sanctions imposed on Russia, on the global economy. In addition to the war, the IMF predicts that disruptions to global supply chains due to frequent and large-scale lockdowns in China, persistent inflationary pressures leading to tightening of monetary policies of many countries and withdrawal of fiscal policy support previously provided across the world to cushion the impact of the pandemic could also affect the global growth prospects adversely. Accordingly, economic growth rates of 3.3 per cent and 3.8 per cent are projected in 2022 for advanced economies and emerging market and developing economies, respectively. Further, the global growth projection for 2023 has been revised downwards by the IMF to 3.6 per cent, 0.2 percentage points lower than the January 2022 WEO.

There is consensus that in addition to the loss of lives and human suffering, the ongoing Russia-Ukraine conflict poses significant economic risks beyond these two countries creating an economic toll felt worldwide. The war is resulting in a tragic loss of lives and human suffering and significant damages to the Ukrainian infrastructure and consequently, the Ukrainian economy is set to experience a deep recession in 2022. According to the IMF, the Ukrainian economy is expected to contract by 35 per cent in 2022. The tight trade and financial sanctions being imposed on Russia, including oil and gas embargoes by some large economies, freezing of assets of the Central Bank of Russia by Western countries and suspension from using services of the Bank for International Settlements are expected to result in a sharp contraction of the Russian economy in 2022 with its GDP falling by about 8.5 per cent, while having a substantial impact on the global economy and financial markets. The neighbouring countries of these two nations are particularly affected by interruptions to trade and remittances and by the influx of refugees. According to the IMF, the spillover effects of the war are being transmitted to the rest of the world through five key channels. The first and the most impactful channel is the surge in commodity prices including energy and other commodities such as wheat, corn, metals and inputs for fertilisers. This has added on to the already high inflationary pressures caused by supply chain disruptions and the revival from the COVID-19 pandemic. Accordingly, inflation is projected to remain elevated at 5.7 per cent in advanced economies and 8.7 per cent in emerging market and developing economies for 2022. Secondly, countries with direct and substantial trade and remittances linkages with Russia and Ukraine would also be negatively affected. Moreover, the tourist earnings of the countries which heavily rely on Russian and Ukrainian tourists would be affected by lower tourist arrivals due to economic disruptions and the withdrawal of international payment services from Russia. Thirdly, as the integration of Russia and Ukraine into global value chains extends beyond typical commodity linkages, disruptions to component manufacturing processes stemming from raw material shortages could propagate across the globe through cross border production networks. The fourth channel is business confidence and financial conditions which have already been tightening with the commodity price pressures and sanctions. In the Asian region, higher global food and energy prices, tighter global financial conditions and reduced tourism earnings would hold back growth for some oil importing economies while oil exporters would gain from higher fossil fuel prices. Agriculture industries in some South and Southeast Asian nations that rely on Russia and Ukraine for fertiliser and grain, on the other hand, would also be negatively affected. Capital outflows may be triggered from the Asian region with risk aversion in financial markets. Developments in the Chinese economy are expected to dominate the outlook for Asia, with a projected economic growth of 4.4 per cent in 2022. Overall, the rising global energy and commodity prices, leading to high domestic inflation and widening trade deficits, weakening global demand, volatile capital flows, exchange rate instabilities, rising borrowing costs, and tightening global financial conditions as a result of monetary tightening in advanced economies, could make developing countries more vulnerable, resulting in recession, insolvency, and halting development processes in some cases.

Prices of energy and food commodities were on a rising trend throughout 2021 on the back of global demand recovery with the easing of COVID-19 concerns and are expected to continue to remain elevated with the ongoing geopolitical tensions in Europe. Although crude oil prices fell sharply with the outbreak of COVID-19 in 2020, prices were steadily rising from April 2020 onwards and reached pre-pandemic levels by March 2021 before reaching seven-year highs in October 2021. The recent emergence of geopolitical tensions between Russia and Ukraine led crude oil prices to remain above US dollars 100 per barrel due to concerns of further tightening of global crude oil supplies as buyers remained apprehensive of purchasing from Russia. As per the April 2022 WEO, the average crude oil price for 2022 is forecast at US dollars 106.83 per barrel, thereby signalling the strong likelihood that crude oil prices will remain elevated throughout the year despite some downward pressures stemming from outbreaks of COVID-19 and related mobility restrictions, as those that are being seen in China and the expectation of release of additional supplies of oil from countries' strategic reserves. In relation to food prices, during 2021, the Food and Agriculture Organisation's (FAO) Food Price Index depicted an overall growth of 28.1 per cent above the prices observed in 2020. Global food prices were on an upward trend amid high cost of inputs, unfavourable climate conditions and hesitation to increase production amid COVID-19 related uncertainties. These concerns continued to linger and will continue to be aggravated by the geopolitical tensions between Russia and Ukraine, both of whom are key agricultural exporters. This led to the index continuing to escalate during the first three months of 2022.

Most central banks around the world adopted substantial monetary easing measures during 2020 and in early 2021 leading to policy interest rates of many economies reaching historically low levels. Contributed by multiple policy support, including that of monetary policy, and successful vaccination programmes, the world economy started showing signs of recovery during 2021. In particular, demand conditions in many countries started to normalise faster than supply conditions, thereby creating price pressures across multiple sectors. As a result, several countries, especially developed economies, began to unwind the large monetary policy easing measures undertaken thus far and to tighten monetary conditions in view of rising inflationary pressures and unfavourable inflation expectations. Further, the recent global political uncertainty and supply disruptions, driven by the Russia-Ukraine war, have also created added pressures on price levels in most economies, forcing many governments to undertake policy measures to address inflation rates that are substantially higher than the levels projected and experienced in the recent past. The Federal Reserve of the United States, which had kept the federal funds target rate range at 0.00 per cent to 0.25 per cent for the last two years, increased it by 25 basis points in March 2022, in view of rising inflationary pressures, as US inflation had increased to a 40-year high in early 2022. In addition to this policy rate increase, the Federal Reserve also signalled further tightening of monetary policy with policy rate hikes and shrinking of its balance sheet over the near term. The Bank of England (BoE), which adopted an accommodative policy stance from early 2020 onwards to support the pandemic hit economy, commenced tightening the monetary policy stance from late 2021. By end March 2022, BoE had raised its Bank Rate by 65 basis points in three steps compared to the rate that prevailed during the pandemic. Since the refinance rate of the European Central Bank (ECB) had already reached the zero level, policy accommodation during the pandemic in the euro area was primarily conducted with asset purchase programmes. However, net asset purchases are expected to be gradually reduced, while any adjustments to policy rates are expected to take place sometime after the end of net asset purchases. The ECB has also affirmed the provisioning of forward guidance on the interest rate path. Meanwhile, several Asian economies, including China, continued to adopt accommodative policies to further support economic growth. The People's Bank of China (PBoC) continued to relax monetary policy in early 2022 as well, amidst modest levels of inflation and growth concerns due to issues in the property sector and resurgence of the COVID-19 pandemic in some areas. The Reserve Bank of India (RBI) continued to maintain the relaxed

1

monetary policy stance while focusing on withdrawal of monetary stimuli to ensure that inflation remains within the target in the period ahead. Bank Negara Malaysia (BNM), which brought down its overnight policy rate to 1.75 per cent in several steps in mid-2020, continued the relaxed monetary policy stance by maintaining the policy rate unchanged from 2021 into early 2022. Since demand driven inflationary pressures remained subdued and medium-term inflation projections were expected to return to target levels with the stabilisation of energy and food prices, Bank of Thailand (BoT) continued to maintain the emphasis on supporting the recovery of the economy by maintaining its dovish policy stance. Similarly, Bangko Sentral ng Pilipinas (BSP) also continued to maintain the accommodative policy stance during 2021, and had not deviated from it by March 2022 to support growth momentum, but emphasised its readiness to address inflationary pressures that could de-anchor inflation expectations. The policy behaviour of Indonesia was also similar to the other South East Asian economies discussed above, where Bank Indonesia (BI) maintained its policy rate stable since early 2021 onwards. At the same time, BI continued to normalise liquidity conditions by incrementally raising reserve requirements. In contrast to the almost synchronous policy accommodations by most central banks across the world in response to the COVID-19 pandemic during 2020, the winding up of such accommodative policy measures seem to be divergent across countries, due to varying levels of inflationary pressures, underlying causes of such pressures, and concerns about growth outlook. Some economies seem to have managed inflationary pressures better than others, particularly with supply side adjustments, while most countries have attempted to strike a balance between price stability and post pandemic growth recovery. However, by March 2022, the developments regarding the Russia-Ukraine war had led to substantial uncertainty over global economic outlook. The April 2022 WEO states that the appropriate monetary response across countries may vary considerably as the transmission of the effects of the war could be diverse across various economies, and highlights the importance of clear communication and data driven forward guidance in order to maintain policy credibility over the period ahead.

1.4 Macroeconomic Outlook

Sri Lanka's economy is envisaged to grow modestly in the near term as the economy is to reset with a debt restructuring programme and long overdue structural reforms alongside an economic adjustment programme to be supported by the IMF, which is expected to facilitate the economy to gather momentum over the medium term. The build-up of macroeconomic instability in the economy, stemming from the heightened vulnerabilities on both the external and fiscal fronts, rising social unrest and political instability, effects of the pandemic, the domestic energy crisis, and elevated commodity prices both globally and domestically are expected to significantly dampen the growth prospects in 2022 and have lingering effects in the immediate future leading to a slowdown in growth. Also, economic activity is likely to further slowdown amidst the announcement of a suspension of external debt servicing by the Government for an interim period and commitment to a debt restructuring programme. However, the commissioning of prudent macroeconomic policies aimed at stabilisation of the domestic economy coupled with an IMF engagement, improved monetary and fiscal policy coordination and envisaged SOBE reforms is expected to restore the pace of growth over the medium term. The aggressive tightening of monetary policy is expected to contain excessive inflationary pressures in the economy, thereby anchoring inflation expectations, which is pivotal in establishing a conducive environment for investment. However, in the short run, a notable rise in the interest rates would discourage lending, and in turn hamper economic growth, but would address interest rate anomalies and pressures on the exchange rate to a certain extent, thereby attracting productive investment in the medium to long run. The tightened monetary policy would be instrumental in stabilising the external value of the domestic currency favourably, facilitating the influx of foreign exchange. While the expansion of credit to the private sector as well as broad money supply are expected to remain somewhat subdued in 2023 due to the lagged effects of tight monetary policy, growth of broad money and private sector credit is expected to normalise and improve from 2024 onwards over to the medium term amidst a moderation in the expansion of NCG, as the envisaged fiscal consolidation efforts would materialise. Earnings from exports are expected to moderate during 2022 before strengthening in the period ahead with the envisaged recovery in global demand, favourable exchange rates, and the policies to improve the tradable sector. Demand for imports is expected to dampen due to tight monetary policy and difficulties in financing imports in 2022 and in the period ahead, whilst higher global commodity prices including fuel are likely to keep imports relatively at elevated levels. The envisaged improvement in earnings from exports is expected to result in a contraction of the trade deficit in the medium term. Meanwhile, with the gradual normalisation of the world economy as well as the people mobility across the globe, Sri Lanka is likely to benefit from the tourism industry in the period ahead, once the socioeconomic unrest witnessed at

Table 1.5
Near Term Macroeconomic Projections (a)

Indicator	Unit	2020 (b)	2021 (c)	2022 (Projections)
Real Sector (d)				
Real GDP Growth	%	-3.6 (c)	3.7	1.0
GDP at Current Market Price	Rs. tn	15.0 (c)	16.8	20.7
Per Capita GDP	US$	3,695 (c)(e)	3,815	3,041
Total Investment	% of GDP	25.1 (c)(f)	27.7	28.0
Domestic Savings	% of GDP	18.7 (c)(f)	20.1	19.5
National Savings	% of GDP	23.6 (c)(f)	23.8	25.4
External Sector				
Trade Gap (d)	% of GDP	-7.4	-9.6	-12.4
Exports	US$ bn	10.0	12.5	13.0
Imports	US$ bn	16.1	20.6	21.4
Current Account Balance (d)	% of GDP	-1.5	-4.0	-2.6
External Official Reserves	Months of Imports	4.2	1.8	1.5
Fiscal Sector (d)(g)(h)				
Overall Fiscal Balance	% of GDP	-11.1 (i)	-12.2	-10.2
Central Government Debt	% of GDP	100.6	104.6	108.2
Monetary Sector and Inflation				
Broad Money Growth (M_{2b}) (j)	%	23.4	13.2	12.7
Private Sector Credit Growth (in M_{2b}) (j)	%	6.5	13.1	10.0
Annual Average Inflation (k)	%	4.6	6.0	22.0

(a) Based on information available up to mid April 2022.
(b) Revised
(c) Provisional
(d) Based on the GDP estimates (base year 2010) of the Department of Census and Statistics
(e) Estimates are updated with the latest population figures.
(f) Total investment, domestic savings and national savings as a percentage of GDP in 2020 were revised by the Department of Census and Statistics from 25.2%, 18.9% and 23.9%, respectively.
(g) Fiscal sector estimates are based on CBSL projections.
(h) Based on the revised GDP estimates for 2020 released on 29 March 2022 by the Department of Census and Statistics
(i) According to the Ministry of Finance, fiscal sector statistics of 2020 have been adjusted as announced in the Budget Speech for 2020.
(j) Year-on-year growth based on end year values
(k) Based on CCPI (2013=100)

Sources: Department of Census and Statistics
Ministry of Finance
Central Bank of Sri Lanka

present eases away. This, together with the expected rebound of activities in transport services and high growth in the IT/BPO services subsector is envisaged to strengthen the surplus in the services account over the medium term. The primary income account deficit is expected to moderate in the period ahead with the expected savings on interest payments on account of external debt due to the suspension of external debt servicing for an interim period, and the envisaged commencement of the debt restructuring programme. Further, workers' remittances are expected to improve steadily over the medium term with the gradual improvement in departures for foreign employment,the improvement of global travel,increased demand for migrant labour and expected recovery in the flow of remittances through official channels. Consequently, the external current account deficit is expected to decline gradually to a sustainable level. Moreover, financial flows are expected to strengthen over the medium term with the envisaged non debt creating inflows to the Colombo Port City and the development of industrial zones, such as the Hambantota Industrial Zone. Inflows to the financial account are expected to be supported by the enhanced investor confidence expected from the debt restructuring programme and the envisaged engagement with an economic adjustment programme supported by the IMF. Meanwhile, the Government's commitment towards fiscal consolidation, along with measures to improve revenue mobilisation with an appropriate tax structure as well as efforts to mobilise non debt creating foreign flows are essential to support the growth drive of the economy. Accordingly, the Sri Lankan economy is expected to accelerate gradually from 2023 onwards to reach its growth potential in the medium term, supported by prudent macroeconomic policies aimed at economic stabilisation, thereby expanding the productive potential of the economy while addressing long lasting structural issues.

Projections of the Medium Term Macroeconomic Framework require adequate information on the impact of recently announced policy changes (in early April 2022), including the commencement of negotiations for an IMF programme, forthcoming restructuring of external debt obligations, efforts towards strengthening fiscal consolidation, along with the introduction of various structural reforms. As most of these policy announcements are currently at the initial stage, the Medium Term Macroeconomic Framework published regularly in the Annual Report of the Central Bank is not available; instead, only the projections for major macroeconomic variables for 2022 are provided. Once informed projections for major macroeconomic variables become available the Medium Term Macroeconomic Framework will be made available in forthcoming publications of the Central Bank.

1.5 Issues and Policies

Over several decades, the Sri Lankan economy outpaced its peers as reflected by the economic and social changes that had taken place, particularly in terms of reasonable economic growth and development indicators along with the consistent investment in social infrastructure, although the country's economic prospects have been overshadowed by persistent structural impediments that need to be addressed with a sense of urgency to ensure sustained macroeconomic stability and inclusive growth. At the time of independence, Sri Lanka was well poised for rapid economic growth and development and appeared to be one of Asia's most promising nations. The country's unique strategic geographical location and identity as a leading maritime and commercial hub in the main sea route and being a classical model of the gradual evolution towards independence,[1] coupled with several other positives, including non-aligned diplomacy, well established democracy, continuous investment in human capital and social infrastructure in terms of free education resulting in high levels of literacy and free health yielding increased life expectancy, investments in the capital stock yielding the improvements in physical infrastructure, as well as progressive economic policies towards market orientation and trade openness implemented ahead of many other emerging economies, provided a conducive environment for a smooth transformation of the economy to become a prosperous nation in Asia. In spite of such achievements, the country's long term economic progress has been significantly below its potential, thereby delaying the path towards prosperity. The Sri Lankan economy was able to transition from a low income country to a lower middle income status only during the new millennium, but even such progress was not sustained to reach higher economic status for the benefit of the people. As such, the progress of the economy to become a high income country was nipped by a myriad of challenges. During the last seven decades since the independence, the economic performance was withered by a host of factors such as the internal conflicts, calamitous natural and manmade disasters, diseases, intermittent external shocks, weak institutions, issues in relation to accountability, transparency, and governance, including corruption, waste, nepotism, and certain episodes of political instability, and above all, weaknesses in effective economic management. As a result, the economy is persistently saddled with volatility in growth, high inflationary episodes, fiscal imbalances, particularly in terms of persistently large fiscal deficits and debt burden, and the spillover effects of fiscal imbalances on the external and monetary sector stability. The twin deficit challenge, namely the budget deficit and the external current account deficit, emanating from the imbalances due to excessive spending over and above the country's capacity and reflecting the imbalances in the fiscal and external sectors, remains the major structural impediment and the key source of economic vulnerability in Sri Lanka. The country is one of the classic examples to prove that prolonged fiscal expansions contribute to current account imbalances thus yielding several macroeconomic ailments. In this context, the commitment towards fiscal prudence of successive governments to address such prolonged fiscal imbalances has been short-lived as reflected in the expanding budget deficits, and in turn, the rising public debt and the associated interest costs to disconcerting levels. On the other hand, the external sector has been plagued by meagre export performance amidst high import expenditure, high external debt challenge, and the misaligned exchange rate, posing risks to macroeconomic stability. Inconsistent fiscal policies driven by the socially and politically populist short term motives, instead of adopting consistent national policies with a focus on long term economic progress, have caused a sequence of detrimental consequences towards achieving the country's macroeconomic objectives as well as the overall welfare of the citizens. Against this backdrop, Sri Lanka has often failed to harness the strength of its economic endowment and reach full economic potential by drawing lessons from the success stories of its peers, who have surpassed Sri Lanka in terms of both social and economic development. Moreover, the outbreak of the pandemic and related uncertainties have severely undermined the past achievements of the Sri Lankan economy, while intensifying its macroeconomic fragilities. Amidst the disruptions of the pandemic, several longstanding unresolved

1 Lee Kuan Yew. 2000. From Third World To First: The Singapore Story: 1965–2000, Singapore: Singapore Press Holdings

structural impediments, which have been left unaddressed and postponed repeatedly, have now resurfaced impeding the economic recovery, despite unprecedented monetary and fiscal stimuli offered by the monetary and fiscal authorities, respectively. This underscores the need for having a credible macroeconomic plan and a national policy agenda to address persistent and severe macroeconomic imbalances. Therefore, ambitious and consolidated efforts with appropriate and consistent policy directives are required to be implemented expeditiously by way of charting a strong macroeconomic management framework to address long due structural issues and new challenges surfaced by the pandemic. Such efforts would pave the way for the country to move towards the envisaged higher growth trajectory over the medium term, while ensuring stable economic conditions, which will ultimately yield improved living standards for the people.

In the above context, several structural issues and policies are discussed with the view to highlighting key areas in the economy that needs special and urgent attention.

Achieving a sustainable current account balance by enhancing net inflows from goods and services exports as well as by promoting workers' remittances is imperative to overcome the heightened vulnerabilities stemming from external sector imbalances. The persistent external current account deficit remains one of the key and largely unaddressed vulnerabilities in Sri Lanka's macroeconomic landscape. This is mainly driven by continuously widening deficits in the trade and primary income accounts that are too large to be offset by the surpluses in the services and secondary income accounts. Sri Lanka's exports in the last few decades have seen no major growth drive or boom due to longstanding issues such as limited diversification, low value addition, slower integration to global value chains and the lack of sophistication required to remain competitive, amidst inadequate investments in the tradable sector. In the meantime, expenditure on imports, including non essential and non urgent imports, have increased at a faster pace leading to substantial trade deficits. Sri Lanka was ahead of its regional peers in liberalising the economy in 1977 and the adoption of liberal economic policies, such as private sector driven development, export led growth, and promoting FDI, that led to the immediate realisation of notable improvements in foreign trade. However, during the last few decades, Sri Lanka's international trade performance has been lacklustre and regressing continuously, ultimately contributing to the widening of the external current account deficit, which has been mainly financed through external sector borrowings, amidst limited FDI. These borrowings to bridge the external current account deficit and to finance the budget deficit not only increased the external debt stock of the state, but also increased the quantum of interest payments, thereby contributing to the widening of the deficit in the primary income account. In order to reduce the debt repayment burden, it is important to ensure that foreign borrowings are utilised effectively for income generating and productivity enhancing ventures, especially in the tradable sector that generates foreign exchange earnings. At the same time, any effort in addressing the external current account deficit should be focused on strategies to reduce the trade deficit by increasing the earnings from merchandise exports, while increasing the surplus in the services account. Further, product diversification, vertical and horizontal integration, participation in production sharing networks and linking with the global value chains through component manufacturing as well as reducing the over reliance on certain markets as export destinations by way of exploring new markets could be considered as vital initiatives to maximise the return from integrating with the rest of the world, while minimising the risk of adverse global spillovers. Despite the changes in the political regimes, speedy and uninterrupted implementation of the actions outlined in the National Export Strategy is essential in the national interest to achieve the intended outcomes. Policy measures aiming at promoting domestic industries that supply intermediate goods required for key exports should be implemented promptly to enhance the domestic value addition in the export sector. Further, initiatives on moving towards renewable energy sources would also reduce the country's reliance on fossil fuels thereby helping to minimise the pressure on the current account stemming from fuel imports. Moreover, services exports are vital in cushioning the deficit in the external current account, and hence it is imperative to exploit their full potential. Certain services exports, especially in the IT/BPO sector, have the potential to become the forerunner in bringing foreign exchange inflows to the country. Capitalising on the high potential, the aim should be to transform the IT/BPO sector from the current levels of around US dollars 1 billion per year to a US dollars 5 billion export industry in the medium term with the necessary assistance of the Government. Growth opportunities in the IT/BPO sectors have expanded with the increased digitalisation of economies worldwide which is also supported by the novel working arrangements introduced with the outbreak of the COVID-19 pandemic. Therefore, Sri Lanka should capitalise on the availability of a skilled labour force and the state-of-the-art IT infrastructure to promote Sri Lanka as a digital nation thereby encouraging higher foreign exchange inflows. Also, the IT education policy needs to be aligned to complement the development of human capital required to keep up with the expansion in this sector. Moreover, the tourism sector is showing signs of revival after the pandemic with the gradual relaxation of travel restrictions and the success of the vaccine drive although some new risks have emerged due to global geopolitical tensions. Hence, to reap the maximum benefits of the recovery in the tourism industry, it is imperative to diversify the tourism sector to focus on niche offerings that would attract high spending tourists, thereby enabling access to non traditional markets and tourists that travel for different purposes. Meanwhile, Sri Lanka has been heavily relying on workers' remittances from Middle Eastern economies to cushion the impact of the trade deficit on the external current account. This also increases Sri Lanka's exposure to any geopolitical conflicts and the growth slowdowns in the Middle Eastern region due to oil price volatilities. Therefore, workers' remittances from the Middle East can no longer be considered a sustainable source to finance the current account deficit. Thus, there is a need to find alternative destinations by exploring new labour markets, especially in advanced economies such as South Korea, Singapore, Japan and European countries. In addition, enhancing the skills of migrant employees is beneficial to secure employment opportunities with higher and stable earnings. More importantly, rerouting remittances that are partly channelled through informal means at present to the formal banking channel through targeted policy measures along with the support of all stakeholders is the need of the hour to bridge the trade gap. In addition to the targeted measures to address broader current account deficits, it is also necessary to supplement them by attracting more non debt creating inflows in the form of FDI and also portfolio investments into the financial account of the BOP in order to ensure greater external sector stability and improved macroeconomic stability.

Attracting non debt creating foreign financial inflows to strengthen the external sector resilience has become a pressing need going forward in order to ensure stability in the external sector, amidst higher foreign currency debt servicing requirements and lack of fiscal space for debt repayment. Being a twin deficit country, Sri Lanka has been resorting to foreign and domestic debt to finance deficits in both the external current account and the government budget. As a result, a disproportionate increase in external debt in relation to GDP and surging debt service payments have been largely contributing towards the external sector imbalances over the recent past. Moreover, with limited access to concessional funding in line with the transition towards a middle income country, financing requirements have to be fulfilled through commercial loans and sovereign debt issuances. Such efforts are constrained by heightened uncertainties in the global financial markets and successive sovereign rating downgrades. Accordingly, Sri Lanka could not raise an adequate quantum of funds in the international capital markets during the last two years. Amidst weak FDI inflows, foreign investments in the stock market and the government securities market have been considerably low over the past two years due to weak investor sentiment owing to the pandemic although there have been some temporary pickups in the markets. Therefore, in the absence of significant foreign financial inflows, the liquidity in the domestic foreign exchange market dried up notably and foreign debt service payments have been met at the cost of depleting foreign reserves. Against this backdrop, it is vital to focus on attracting non debt creating foreign financial flows such as FDI, which are long term capital flows and are not susceptible to immediate withdrawals like portfolio investments rather than just resorting to more and repeated foreign borrowings. Beyond supporting the financing of the current account deficit and augmenting domestic investment, FDI fosters economic growth by generating technology spillovers, supporting human capital development, assisting business expansion and enhancing international trade linkages through improved access to foreign markets. Although FDI flows plunged globally in 2020 and 2021 owing to the pandemic, Sri Lanka's FDI remained acutely low compared to its regional peers over the past decades due to several legal, structural and institutional deficiencies such as rigid labour market regulations, difficulties in obtaining utilities, complex and inconsistent tax structures and laborious regulatory structures, particularly related to contract enforcement, export import documentation, business startups, obtaining funds and property acquisition, and the lack of well developed infrastructure facilities. Apart from these factors, policy uncertainty, institutional and governance weaknesses such as corruption and coordination failures continue to pose impediments to creating a conducive investment climate in Sri Lanka. Therefore, in order to foster investor confidence, Sri Lanka needs to establish a transparent and effective policy environment by articulating a comprehensive investment policy and build the required human competencies and institutional capacities to implement policy actions. Harmonisation of investment policy with other government development policies and strategies, such as trade and industrial policies, as well as inter agency coordination in implementing these policies remain equally important. While efforts have already been taken to rectify these concerns by relevant authorities, it is imperative to expedite the implementation process before global FDI flows resume to pre-pandemic levels. Furthermore, creating a conducive regulatory environment through labour and land market reforms as well as tax reforms that would simplify the tax regulations will also complement this endeavour. Establishing and respecting rule of law, strengthening efforts to eradicate corruption, and ensuring transparency, are also crucial to making Sri Lanka an attractive investment destination. A renewed focus on expediting policy reforms aimed at reducing administrative deficiencies and bureaucratic constraints will also be instrumental in attracting and retaining a high level of FDI. Developing the Colombo Port City and promoting the Colombo and Hambantota ports as commodity trading hubs could attract considerable foreign investments to the country in the period ahead. While taking measures to enhance FDI flows, it is essential to gradually reduce the ISB exposure with a view to reducing the external debt burden. Further, monetisation of underutilised non strategic assets would also help bring in much needed foreign exchange to the country. Most importantly, immediate attention should be drawn to restoring investor confidence weakened by unwarranted fears triggered by credit rating actions and numerous media coverage including social media creating negative perceptions about the country. In this regard, engaging in a continued dialogue with existing and potential investors, capitalising on trade and diplomatic relations to entice investment opportunities, liaising with regional counterparts to tap niche markets and exploring investment opportunities to make use of green financing options would be beneficial. A key issue identified by many of the Green and Sustainable Finance initiatives is the need to develop standard definitions, i.e., a taxonomy. The Central Bank is in the process of developing a green finance taxonomy that will provide the framework for investment analysis for the banking sector when funding green projects.

There is a pressing need for all stakeholders of the energy sector to work together to devise a holistic plan for the energy sector that will guarantee energy security of the economy, while also ensuring that energy related SOBEs serve as growth drivers of the economy that create positive externalities. The energy sector of Sri Lanka saw a rapid transformation in the post-conflict era with electrification levels reaching 99 per cent and a significant progress in augmenting the power generation infrastructure base of the country. The Government's recent thrust to expand the renewable energy sector to cater to 70 per cent of the country's energy requirement by 2030 is a welcome initiative as it would help substantially improve the resilience of the energy sector, especially in the wake of weather related volatilities that affect hydro power generation and rising energy commodity prices that could hinder thermal power generation. Over the last many months, economic activity has been significantly hampered by long and continuous power cuts, also leading to extreme social unrest and even political turmoil. Such adverse developments in the form of an energy crisis would be a significant setback to the recovery process of the economy and its sustainability. While several small and medium enterprises are extremely vulnerable to such long episodes of power cuts, several exporters, including those in the apparel and services sector, are also likely to lose their competitiveness, potentially resulting in orders migrating to other competitor countries. Even with the sharp decline in crude oil prices in 2020 followed by favourable weather conditions throughout 2021 that enabled higher hydropower generation, the country was not able to derive the benefits of such price declines. At the same time, the ongoing energy sector crisis is partly a culmination of the persistently weak financial positions of the key SOBEs. Their poor financial situation is further aggravated by the upward price trends of energy commodities and the overall scarcity of foreign currency liquidity amidst a steady increase in demand for energy. These developments reiterate the importance of cost-reflective pricing for both petroleum products and electricity tariffs, in addition to forward looking planning and management of such SOBEs, to create a long term energy plan focused on assessing the growing demand for energy and identifying sustainable means of fulfilling such demand. The implementation of cost reflective pricing mechanisms is essential not only to strengthen and ensure the financial viability of SOBEs, but also to ensure the stability of the banking sector and the macroeconomy. Implementation of such a mechanism can improve efficiency, transparency and predictability, thereby enhancing the general public's acceptance of both upward and downward price revisions. Hence, such a market based mechanism can ensure that the interests of both SOBEs and consumers are

1

BOX 2
Achieving Sri Lanka's External Sector Stability in the Medium to Long Term

Introduction

In an open economy, stability in the external sector is vital as external imbalances could cause widespread spillover effects across all sectors of the economy, thereby threatening the overall macroeconomic stability. The external sector in Sri Lanka has been facing unprecedented challenges in recent years, amidst headwinds caused by the COVID-19 pandemic and adverse developments in the global economy. In this context, long term stability in the external sector, characterised by a sustainable external debt position and a manageable external current account deficit, has been identified as an important near to medium term priority in macroeconomic policymaking. Sri Lanka needs sustainable solutions to ensure long term stability in the external sector vis-a-vis short term measures.

Evolution of External Sector Related Economic Policies in Sri Lanka

At the time of gaining independence from the British, Sri Lanka was an agriculture based open economy characterised by a plantation sector and a subsistence agriculture sector with a fixed exchange rate regime. Exports were based on three main plantation crops; tea, rubber and coconut, which accounted for around 90 per cent of total exports.

External Sector Policies in the Post-Independence Era

Free Trade Policy in Early 1950s

Sri Lanka maintained a free trade policy regime in the early period of independence and the country was one of the most liberalised economies in Asia. Until the late 1950s, Sri Lanka was able to sustain the open trade policy regime with large trade surpluses supported by two commodity booms, which had led to significant build-up of foreign reserves. However, substantial trade deficits were recorded since 1957 owing to the rapid growth of import expenditure and deterioration of terms of trade.

Import Controls from Mid 1950s to Mid 1960s

Large trade deficits exerted pressure on the balance of payments (BOP) resulting in a sharp depletion of gross official reserves after 1956. In response, by establishing a Foreign Exchange Budget Committee, the Government imposed rigorous import control measures including imposition of quotas, licenses and tariffs on imports except food, petroleum and pharmaceutical imports. The development strategy of the Government was based on encouraging import substitution and domestic agricultural expansion to reduce import expenditure and achieve self sufficiency in essential commodities. By the mid 1960s, the economy was heavily regulated with protectionist measures and an overvalued fixed exchange rate was maintained. Meanwhile, export promotion strategies were also adopted to arrest the BOP issues.

Partial Liberalisation of the Economy from Late 1960s to 1970

Partial liberalisation of international trade was allowed since 1966 with partial relaxation of import restrictions accompanied by a devaluation of the currency by 20 per cent in 1967 and the introduction of the dual exchange rate system under the Foreign Exchange Entitlement Certificate mechanism in 1968. Although foreign financing assistance was received from multilateral institutions, such as the International Monetary Fund (IMF) during the period, the external sector performance weakened considerably in 1960s.

Reimposition of Import Controls from 1970 to 1977

Sri Lanka experienced the most stringent trade and exchange restrictions during this period with the socialist oriented policies introduced by the new Government that came to power in 1970. All imports were brought under licensing requirements and incentives were provided to promote non-traditional exports. During this period, the economy faced global headwinds from an oil crisis, the Vietnam War and structural deficiencies in the US economy, which led the Bretton Woods System of exchange rates to collapse. With changing the value of rupee against the US dollar subsequent to the collapse of the Bretton Woods System and BOP pressures, exchange restrictions on both current and capital transactions were tightened and these rigid controls were in place until 1977.

Introduction of Open Economic Policies in 1977

The Sri Lankan economy marked a significant milestone in 1977 with the introduction of liberal economic policies with enhanced private sector participation in production and investment. As an integral part of the liberal policy regime, the dual exchange rate system was abolished by establishing a unified exchange rate. The transition from a fixed exchange rate regime to a managed float exchange rate regime, which determined the exchange rate based on market demand and supply conditions, was a radical shift in Sri Lanka's exchange rate policy. A plethora of exchange control relaxation measures were also implemented. These policy measures included removal of restrictions on current transactions, lifting of quantitative import restrictions, rationalisation and simplification of import tariff structure, and removal of price controls and licensing requirements. Simultaneously, in view of reducing the adverse implications stemming from fiscal sector imbalances, many fiscal reforms, such as restructuring of food subsidies, privatising government enterprises and promoting private sector led growth, were introduced. Incentives were provided to encourage foreign direct investment (FDI) to export industries and export processing zones. Foreign financial flows gradually started to increase after 1977, with the relaxation of exchange restrictions. Subsequently, with the economy changing its course from being primarily an agricultural economy to one driven by the services and industrial sectors, Sri Lanka entered into a number of preferential trade agreements to strengthen trade and investment linkages with its regional peers.

External Sector: Current Position and Issues

Persistently High Current Account Deficits

Sri Lanka has been experiencing persistent external current account deficits mainly driven by large deficits in the merchandise trade account and primary income account over the past few years. Although the trade in services account and secondary income account, which comprise workers' remittances, recorded surpluses, these surpluses were not large enough to cushion the impact of merchandise trade and primary income account deficits on the current account. Lackluster performance in export earnings and increasing import expenditure led to a widening deficit in merchandise trade over the years. Although Sri Lanka was one of the first countries in the region to adopt liberal economic policies in 1977, its trade openness remains low. Trade openness, which is the total value of exports and imports in relation to the country's GDP, was 36.4 per cent in 1977 and it nearly doubled to 72.2 per cent by 1979. However, Sri Lanka's international trade performance has not been impressive in terms of trade openness, declining to levels that were seen during the pre-liberalisation era by 2019, where Sri Lanka's trade openness was 38.0 per cent. Workers' remittances have also shown a declining trend since mid 2021, contributing to widening current account deficits.

Adverse Implications of the Easter Sunday Attacks and the COVID-19 Pandemic on the Current Account

Although the current account deficit narrowed significantly in 2019 and 2020 due to the notable contraction in the trade deficit driven by reduced import expenditure, the surplus in the services account was affected severely in both years by the loss of earnings from tourism due to the Easter Sunday attacks and travel restrictions imposed with the outbreak of the COVID-19 pandemic. Despite a notable recovery since end 2020, the tourism sector has not yet reached pre pandemic levels thus far. Workers' remittances, which declined initially during the pandemic period, started to increase rapidly since mid 2020. However, workers' remittances received through formal channels started to decline since mid 2021, mainly due to the differences in the exchange rate prevailing between the grey market and official channels. The trade deficit that contracted during the last two years widened significantly in 2021, particularly during the second half of the year owing to a sharp increase in import expenditure, even amidst continuing import restrictions on selected imports, negating the impact of notable increase in export earnings. These adverse developments in the post pandemic period, particularly related to trade deficit, inflows to the services account and workers' remittances, have aggravated the vulnerabilities in the already fragile external sector.

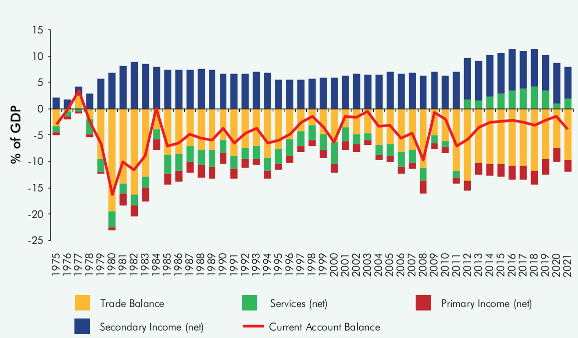
Meagre Performance in the Financial Account

Sri Lanka has not been able to attract non debt creating foreign financial flows, such as FDI up to the expected levels, even during the post war period, due to structural and policy issues related to FDI. Over the past decade, annual FDI inflows remained around US dollars 1.3 billion, on average, and around 1-2 per cent of GDP. The prevailing weak investment climate in Sri Lanka can be attributed to a range of factors including policy uncertainty, restrictive labour regulations, lack of progress in ease of doing business, inconsistencies in protection of property rights, weaknesses in maintenance of law and order, and so forth. In addition, institutional weaknesses, such as corruption, weak regulations, red tape and faltering infrastructure have resulted in Sri Lanka attracting significantly lower inflows of FDI than its peer economies.

Mounting External Debt

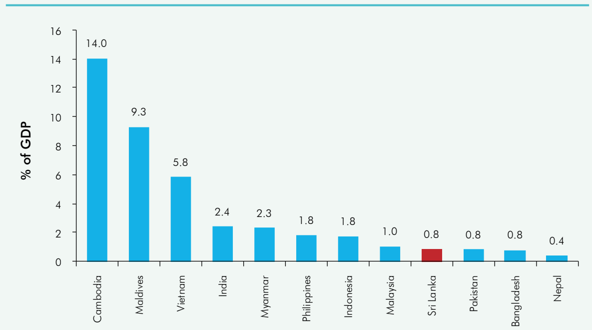
During the last decade, the mounting external debt and growing debt service payments were the major contributors to the external sector imbalances. With Sri Lanka accessing international financial markets to raise funds by issuing International Sovereign Bonds (ISBs) since 2007, the country's external debt has been accumulating at a steady pace. However, this increased the overall cost of funding of the debt portfolio as

Figure B 2.1
Composition of the Current Account: 1975-2021



Source: Central Bank of Sri Lanka

Figure B 2.2
Foreign Direct Investment Inflows: Sri Lanka and Selected Regional Peers - 2020



Sources: World Bank
United Nations Conference on Trade and Development (UNCTAD)
Central Bank of Sri Lanka

1

ISBs were often priced at relatively high interest rates compared to the development assistance finances Sri Lanka used to receive at concessional rates. Moreover, the expansion in government fiscal deficit due to the financing of large infrastructure projects with the post war economic resurgence also contributed towards this increase. Following the trend in debt accumulation, the external debt as a percentage of GDP has also gradually been on the rise over the past decade and remains around 60 per cent of GDP, on average. When comparing the external debt as a percentage of GDP with its regional peers, Sri Lanka has recorded the highest ratio after Bhutan, Maldives and Cambodia. Except for these four countries, the external debt to GDP ratio of other peer Asian countries lies well below 50 per cent of their respective GDP.

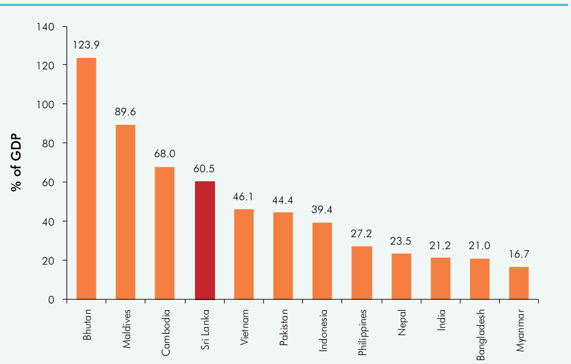
Foreign Debt Service Payments

Increasing external debt stock as well as the compositional change in Sri Lanka's foreign debt profile from concessional borrowings to costlier non-concessional and commercial borrowings have resulted in increased foreign debt service payments. The high cost of external borrowings has expanded the deficit in the primary income account, exerting further pressure on the current account of the BOP. Total external debt service payments as a percentage of export of goods and services has increased from 13.2 per cent in 2011 to 30.0 per cent in 2021 indicating that nearly one third of Sri Lanka's annual export earnings are consumed for debt servicing. Further, government debt servicing accounts for more than 80 per cent of the foreign debt service payments indicating that the external sector financing issues are mainly stemming from fiscal imbalances.

Declining Gross Official Reserves

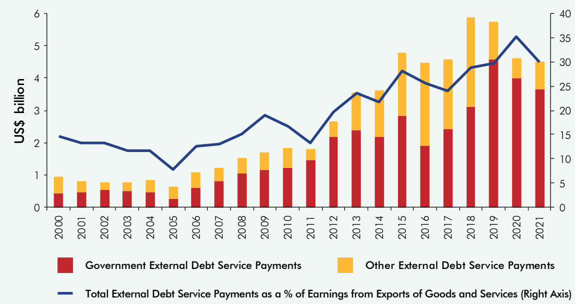
The gross official reserve position of the country deteriorated to critically low levels by end 2021 due to higher foreign currency debt service payments amidst inadequate foreign exchange inflows. The low level of foreign exchange inflows in terms of export earnings repatriation, workers' remittances and foreign capital

Figure B 2.3
Outstanding External Debt: Sri Lanka and Selected Regional Peers - 2020



Sources: World Bank
Central Bank of Sri Lanka

Figure B 2.4
External Debt Service Payments of Sri Lanka: 2000-2021



Source: Central Bank of Sri Lanka

flows resulted in a shortage of liquidity in the domestic foreign exchange market necessitating the Central Bank to supply foreign exchange to finance essential imports, which further depleted the reserve levels.

Significant Pressure on the Exchange Rate

The external sector imbalances are largely reflected by the dried up liquidity conditions in the domestic foreign exchange market, series of sovereign rating downgrades along with the precarious level of international reserves that have exerted significant depreciation pressures on the exchange rate. While the exchange rate was maintained at around Rs. 200 – 203 per US dollar during most of 2021 and until early March 2022, mainly through moral suasion by the Central Bank, a notable development of parallel markets for foreign exchange was observed. However, following the adjustment in the exchange rate in early March 2022 and subsequent market pressure, the Sri Lanka rupee depreciated sharply by 33.0 per cent against the US dollar by end March 2022. However, some stability in the exchange rate is expected with the significant tightening of the monetary policy stance in early April 2022 along with other corrective measures currently being considered to be implemented with immediate effect, which mainly include, initiating discussions with the IMF for an economic adjustment programme, suspension of external debt servicing for an interim period leading to an orderly and consensual debt restructuring process, and fiscal consolidation, along with the negotiations to obtain bridging financing.

Medium to Long Term Policies to Achieve External Sector Stability

The Central Bank took a number of short term measures in the recent past to address the external sector issues. The Central Bank issued new rules pertaining to mandatory repatriation and conversion of proceeds of exports of goods and services to Sri Lanka rupees that helped improve the liquidity conditions in the domestic foreign exchange market. Further, with the aim of building up of gross official reserves through non borrowed sources, the Central Bank instructed the licensed banks to sell to the Central Bank a portion of foreign exchange so converted. Although this measure impacted the liquidity in the domestic forex market to a certain extent, it enabled the Central Bank to supply much needed foreign exchange to the market to partly finance the demand for essential goods imports. Initiatives were taken to encourage transferring of workers' remittances through formal channels including the provision of incentives above the normal exchange rate for the foreign exchange remittances converted at licensed banks, reimbursement of transaction costs incurred on account of workers' remittances, and the launch of a National Remittance Mobile Application branded as "Lanka Remit". Further, rules were issued requiring hotel service providers registered with the Sri Lanka Tourism Development Authority to accept payments in respect of services rendered to non residents only in foreign exchange. Moreover, the Central Bank has also been able to secure foreign financial assistance from regional central banks by way of bilateral currency swaps. Although the short term policy measures have been effective in reviving the external sector to a certain extent, policies spanning over medium to long term are required to enhance the resilience and maintain continuous stability in the external sector. Such policies should be focused on the following key areas:

Medium Term Measures

Initiating Comprehensive Macroeconomic Reforms Consistent with an Economic Adjustment Programme Supported by the IMF

Considering the spiraling economic issues faced by the country, the Government has decided to begin negotiations with the IMF that may lead to a possible IMF funded programme aiming at macroeconomic stability. This IMF funding arrangement could be complemented with a comprehensive reform agenda in major areas, such as fiscal consolidation, strengthening financial performance of State Owned Business Enterprises (SOBEs), phasing out monetary financing, and improving efficiency in social safety net programmes, among others.

The Need for Ensuring External Debt Sustainability

The current focus of the Government and the Central Bank is on ensuring the sustainability of the country's external debt in the long term to build resilience in the economy. In this context, the Government has already published Request for Proposals from interested parties for appointing Financial Advisors and Legal Consultants for managing its external debt in a sustainable manner. Such debt management process may involve a comprehensive debt restructuring plan, which would be conditional upon an agreement to an economic reform programme with the IMF. In parallel, the Government announced on 12 April 2022 that it would temporarily suspend external debt servicing for an interim period pending consensual external debt restructuring. These measures are expected to reduce high exposure to external debt and thus helping to ensure external debt sustainability.

Maintaining Healthy Levels of Gross Official Reserves

In order to maintain external sector stability, it is crucial to maintain a healthy level of gross official reserves, which is an indicator of the country's ability to withstand external shocks as well as its ability to honour external debt service payments. Hence, increasing the country's gross official reserves remain the most important medium term objective of the external sector. The country envisages to enhance gross official reserves to cover a minimum of 4 months of merchandise imports. While these targets remain significantly challenging, the ongoing efforts towards debt restructuring and envisaged foreign currency inflows are expected to increase gradually over the medium to long term, enabling the gradual build-up of gross official reserves. While the medium term objective of the Central Bank is to gradually increase the quantity of reserves, the composition is also expected to be improved by organic build-up of reserves through non-borrowed sources.

Strengthening Regional Cooperation

It is essential to maintain international cooperation with regional stakeholders, including regional central banks, governments, business communities, investors and multilateral agencies to build up stakeholder confidence leading to sustained external sector stability over the medium term. In this regard, the Central Bank continues to hold discussions on future collaborations with counterparts in several regional countries.

Long Term Measures to Strengthen Non-debt Creating Foreign Exchange Inflows

Promoting Merchandise and Services Exports Sectors

The National Export Strategy (NES) is instrumental in supporting both goods and services export industries to achieve higher foreign exchange earnings. The existing NES was designed and implemented with a view to transforming Sri Lanka into an export hub driven by innovation and was expected to be implemented within a 5-year horizon from 2018 - 2022. It will be important to revive the NES with some modifications to suit the more recent developments in international trade and provide much needed policy support to the exports sector and such policies should continue without interruption under any political regime. Implementation of a broad based and consistent NES is expected to create steady and sustainable growth in exports while unlocking potential export sectors to create new job opportunities and facilitating value addition through increased participation in global value chains and product sharing networks. Along with these, measures should be introduced and monitored in attracting investment to the tradable sector, especially for industries producing intermediate goods for the export sector and industries oriented mainly towards global trade.

Equal attention should be given to promoting services sector exports that have high potential and domestic value addition than traditional merchandise exports. Earnings from tourism have been the major contributor to the surplus in the services account in the recent years although being severely affected by the Easter Sunday attacks and the COVID-19 pandemic. Continuous promotion of tourism to reach its potential should be

1

prioritised. Other services sectors, such as IT/ BPO, transportation and port services sectors, also have to be integrated into the national plan to strengthen export earnings from goods and services.

Enhancing Workers' Remittances

With the gradual dissipation of the adverse effects of the COVID-19 pandemic and the implementation of targeted policy measures, workers' remittances have shown signs of improvement. The departures for foreign employment are rising as reflected by the increase in migrant workers registering with the Sri Lanka Bureau of Foreign Employment (SLBFE). Further, narrowing of the gap between the official exchange rate and the grey market rate is also expected to help attract higher foreign remittances formally. Active stakeholder engagement to promote foreign employment, diversifying foreign employment market and upskilling of migrant employees are expected to secure more foreign employment opportunities with higher earnings, thereby increasing the contribution of workers' remittances to cushion the impact of the widening trade deficit.

Attracting FDI

To sustain a healthy momentum of non debt creating foreign financial flows, such as FDI over the medium term, there is a dire need to maintain policy consistency, improve doing business conditions, strengthening institutions, and expediting the approval and the implementation processes to facilitate FDI. Development of the Colombo Port City, promoting the Colombo and Hambantota ports as commodity trading hubs and establishing modern investment zones for local and foreign private investors, are expected to attract considerable foreign investment to the country in the period ahead. A close coordination and monitoring mechanism to facilitate and promote such investment is necessary to build long term macroeconomic resilience.

Conclusion

The corrective measures taken by the Government and the Central Bank, including initiating negotiations with the IMF for an economic adjustment programme, commencement of an external debt restructuring process, commitment towards fiscal consolidation, alongside significant monetary policy tightening and more market based exchange rate determination, are expected to help restore confidence of stakeholders in the economy in the period ahead. It is imperative that the long neglected structural reforms are introduced in the immediate future to reduce the external current account deficit and the fiscal deficit, which remained the root cause of the recurring external sector instability for decades. Managing the twin deficits at sustainable levels is crucial to ensure long term sustainability in country's external debt, while maintaining healthy levels of reserves to withstand economic headwinds, thereby ensuring long term stability of the external sector.

References

1. Central Bank of Sri Lanka. (1998). *Economic Progress of Independent Sri Lanka*. Colombo: Central Bank of Sri Lanka
2. Central Bank of Sri Lanka. (2011). *40th Anniversary Commemorative Volume*. Colombo: Central Bank of Sri Lanka

safeguarded at all times with a quick pass through of the costs of any price rises and the benefits of any associated price declines. In this regard, strong collaborative efforts are also required not only between the Ceylon Petroleum Corporation (CPC) and the Ceylon Electricity Board (CEB) but also with other stakeholders such as the Public Utilities Commission of Sri Lanka, Sustainable Energy Authority, Independent Power Producers and other private and public stakeholders to devise not only a suitable pricing mechanism but also sustainable long term strategies with due consideration to all aspects of the energy sector. Going forward, with the growing demand for energy stemming from the development of the Colombo Port City, industrial zones, and other infrastructure projects, it is essential that appropriate plans are devised to ensure the provision of reliable, adequate, and affordable energy utilities to improve the country's productivity and competitiveness.

Measures need to be taken expeditiously to accelerate the expected FDI inflows into the Colombo Port City in order to optimise its potential benefits to the economy. The Colombo Port City Economic Commission, which was established recently via a Parliamentary Act, enables the facilitation of FDI inflows to the country through the issuance or granting of registrations, licenses, and authorisations to engage in business, facilitating and exercising overall regulatory supervision, and leasing of Government's marketable land situated within the area of the Colombo Port City. Further, it was established as the single window investment facilitator, being the sole point of contact to investors and is empowered to improve the ease of doing business through expeditious approvals, enter into agreements with international financial and business centres and enable expeditious resolution of any commercial dispute. With a massive investment already channelled into the initial stages, the contribution of the Colombo Port City to the domestic economy as the main conduit of integration to the global economy is vital, given the shortfall in major growth drivers at present. Nevertheless, FDI to the Colombo Port City remain modest as the timing of the completion of the initial stages of the project was not perfect due to the prevailing international investor sentiments, driven by the concerns amidst the COVID-19 pandemic and uncertainties caused by the geopolitical tensions along with heightened domestic economic hardship. However, as the Colombo Port City has the proximity advantage to major cities in South Asia and South East Asia, it is expected to facilitate enhancing FDI into the country over the medium term, provided that aggressive investor facilitation and promotions are initiated immediately. Further, easing of the long rooted structural bottlenecks for investments and businesses is also vital to entice investors' preference towards Sri Lanka, though the Colombo Port City is governed by specific legislation and regulatory arrangements. Also, a robust and customised strategy to approach potential investors to promote investments would have to be considered. Moreover, as a Financial City is proposed to be established within the Colombo Port City as the financial services hub, it is important to capture these economic activities into the country's GDP to fully reflect the contribution of the Colombo Port City to the economy. The development of the Colombo Port City as a financial centre is expected to enhance inflows to the services account through exports of financial services, IT/BPO services, etc. Also, as the Colombo Port City is strategically located in a geopolitically important position that draws strategic interest from global investors in a competitive environment, any foreign interest needs to be dealt with in line with Sri Lanka's non aligned foreign policy, with a view to strengthening foreign relationships with regional and global counterparts. Also, as the legislative structure under which the Colombo Port City is governed provides a highly conducive business environment for foreign investors, policies would have to be carefully formulated to ensure that it would not disintegrate from the main economy. Given the massive initial investment made in the Colombo Port City and the considerable tax benefits that were extended to newly established enterprises during the gestation period, the success of the whole project will depend on the amount of revenue collected from the ventures in terms of taxes and other means and using the same for the benefit of the economy. The skill premium required by the more advanced enterprises to be established in the Colombo Port City would be reflected in the wage premium offered by such enterprises, triggering a migration of skilled labour to the Colombo Port City from the rest of Sri Lanka. Two major effects could be expected when a modern sector is carved out within an economy. Firstly, there would be an acceleration of structural transformation, as the wage premium on offer could encourage the acquisition of skills in high demand, leading to an overall improvement in labour productivity. Secondly, it could lead to deviations in income distribution due to the attractive wage premiums on offer in the modern sector. Nevertheless, the wage premium gap would be an incentive for workers to develop specialised skills to match the modern technology and requirements in a dynamic labour market. At the same time, the education system would have to be transformed to cater to the demand for skilled workers in the Colombo Port City and efforts to produce more graduates in STEM (science, technology, engineering and maths) subjects must be reinforced. This project is also expected to boost the tourism industry and it would require exploring ways to attract affluent tourists given the potential to promote the Colombo Port City as a luxury destination. The activities and accommodation available in the Colombo Port City need to target a niche market of tourists and

1

carry a premium price. Further, a resident guest visa programme and the newly proposed Golden Paradise residential visa programme could be promoted overseas targeting to attract residential visa holders for the Colombo Port City. The income from services and inflows of FDI to the Colombo Port City are expected to provide much needed non debt creating financial flows to the BOP over the medium term and thereby bolster the policy efforts aimed at the recovery of Sri Lanka's external sector.

Persistently low revenue mobilisation over the years remains the key underlying reason for the continued vulnerabilities in the fiscal sector and the macroeconomic imbalances, warranting the need for adopting sustainable revenue generation measures. Although government expenditure in Sri Lanka remains at a moderate level compared to the regional peers, government revenue collection has been well below the average revenue collection of peer economies and has been continuously declining over the past two decades. In 2021, government revenue as a percentage of GDP was only 8.7 per cent in Sri Lanka, whereas the same for emerging and middle income countries stood at 26 per cent of GDP. The low tax regime introduced in late 2019 coupled with the economic downturn caused by the COVID-19 pandemic resulted in a sharp reduction in government revenue in the past two years. Moreover, tax elasticity and tax buoyancy of Sri Lanka are estimated to be less than unity indicating that the expansion in tax revenue mobilisation is weaker than the expansion in economic activity.[2] In addition, Sri Lanka's tax system has turned out to be a regressive system with over 75 per cent of tax revenue being collected by means of indirect taxes, posing a disproportionately high tax burden on low income households. The multitude of tax exemptions and tax holidays which have not necessarily translated into higher economic activity, ad hoc tax rate reductions and upward revisions in tax free thresholds and tax brackets, slow expansion in the tax base, lack of progressive taxes, low tax compliance, tax evasion and tax avoidance as well as weak tax administration are the major factors that have led to low tax revenue mobilisation in Sri Lanka. Frequent tax changes have also negatively impacted tax compliance, hindering the consistency of the tax system, while increasing the cost of tax administration. Persistently low revenue mobilisation has posed serious repercussions on the macroeconomy, with elevated budget deficits and higher financing requirements from both foreign and domestic sources, thereby resulting in burgeoning public debt, vulnerabilities in the domestic financial system, inflationary pressures, BOP issues and depreciation pressures on the exchange rate. Low revenue mobilisation also impedes long term economic growth by restricting the Government's capacity to make public investments in both physical and social infrastructure. These deep-rooted issues emphasise the importance of expediting the implementation of consistent and persistent revenue based fiscal consolidation that would eventually render long run macroeconomic stability and sustainable growth. In this regard, raising tax rates for both direct and indirect taxes, broadening the tax base by lowering tax free thresholds, reducing tax exemptions and eliminating long tax holidays could enhance government revenue in the short term. Any tax concessions should be granted by giving due consideration to the effectiveness of such policies in improving fiscal balances in the long term through the achievement of economic growth and overall macroeconomic objectives. Such concessions should be short time bound and linked to measurable performance outcomes in the specific industry with a view to gradually supporting the envisaged development. Further, making realistic revenue forecasting and revenue targets based

2 Tax elasticity indicates the inherent responsiveness of tax revenue to GDP assuming no change in tax structure. Tax buoyancy reflects the total response of tax revenue to changes in GDP, which includes the impact of discretionary policy adjustments such as increase in tax rates and expansion in the tax base.

on past experiences and economic conditions is extremely important to correct recurring deviations in revenue targets and expenditure overruns resulting in continuous expansion in the budget deficit. In addition, maintaining a consistent and simple tax structure is imperative to encourage tax compliance and thereby improve revenue collection. Meanwhile, strengthening tax administration is also critical in enhancing government revenue, as the sustainability of enhanced tax collection usually coincides with reforms in tax administration. Given the interlinked tax administration activities, a holistic approach pursuing multiple reform strategies at numerous tax administrative layers could improve the capacity and efficiency of the tax administration, while reducing tax evasion. Thus, strict enforcement of rules related to registration and filing, strengthening audits and verification measures through better coordination with financial institutions, upgrading information technology systems for greater institutional coordination, and simplifying the procedures for tax filing, tax payments and reporting are vital for improving tax administration. Moreover, attention should also be paid towards improving the management, governance, and human resources of tax administration agencies by enriching the technical skills of the staff, monitoring the performance of such agencies, implementing prudent strategic plans, and empowering revenue collecting entities by strengthening tax legislation. Since large taxpayers make a higher contribution to government tax revenue collection, scaling up of tax administration efforts targeted at large taxpayers is also vital to ensure timely filing and payment of taxes. Moreover, a high level of political will and commitment with a strong and deep social dialogue is also key to enhancing the effectiveness of these reforms. Efficacy and efficiency of government spending and transparency of government finances are also necessary to encourage tax payments, in order to promote a culture of higher tax compliance.

Achievement of medium term fiscal targets of the Government is highly conditional on consistent, well-coordinated and evidence based policymaking. Historical evidence pinpoints to notable deviations in successive governments' fiscal operations in comparison to budgetary estimates and medium term fiscal rules, with revenue mobilisation often falling short of the targets and government expenditure exceeding the estimates in consecutive years. Implementation of ad hoc policy measures that are inconsistent with the overall fiscal and macroeconomic objectives remains one of the key reasons for such undue deviations. Most of these unplanned policies have direct or indirect fiscal implications on revenue and expenditure fronts, and the means of deficit financing. Consequently, ad hoc government policies driven by socially and politically populist short term motives could have intertemporal effects on the budget, creating long term spending commitments for the Government that could be detrimental towards achieving fiscal objectives and the overall welfare of the citizens. For instance, managing and rationalising recurrent expenditure is a challenging task amidst large scale recruitments to the public sector, without considering the cadre requirements and not linking wage increments to productivity improvements, as well as the provision of allowances/ subsidies that are difficult to be withdrawn in future without causing social unrest. Extemporary policymaking also leads to fiscal indiscipline, lack of transparency and accountability, thus resulting in an uncertain business environment. In addition, the imposition of ad hoc retrospective taxes to meet short term revenue shortfalls of the Government could create inconsistency in the tax system, uncertainties for businesses, and erode both local and foreign investor confidence, along with the increased cost of taxation being ultimately passed onto consumers causing hardship for the public. Further, government policies implemented for the betterment of one sector may have spillover effects on the other sectors and in turn, have indirect budgetary implications. Hence, evidence based and well coordinated policymaking with a holistic view is of paramount importance to minimise unforeseen implications on fiscal performance and discipline. Moreover, it is crucial to educate the general public that short term untargeted handouts and fiscal indiscipline often result in long term fiscal imbalances eventually affecting macroeconomic stability and sustainable growth while creating a higher tax burden on future generations. Creating such awareness is vital to transforming the mindset of the general public to assess the performance of the governments based on their effectiveness in achieving long term macroeconomic objectives. Such a transformation in the mindset of the public would encourage the authorities to refocus their priorities towards long run development objectives and welfare maximising policies instead of implementing myopic and populist policies in an ad hoc manner.

The sharp rise in central government debt driven by weakened fiscal sector performance over the past several decades continues to remain a key issue on the fiscal front, raising concerns for investors, creditors, and rating agencies. Persistent structural budget deficits, expenditure overruns, continued government revenue slippages, rising gross financing needs and excessive borrowings by consecutive Governments have culminated in substantially high public debt levels. Moreover, sluggish economic growth recorded in recent years and the unprecedented economic setback during the pandemic have further aggravated the country's debt issue, while deteriorating the key fiscal ratios. Posing many macroeconomic challenges, the debt stock increased by two folds every five to six years in nominal terms in the past, reaching the second historically highest debt to GDP ratio of 104.6 per cent by end 2021. A high level of public debt exacerbates the economy's vulnerability to macroeconomic shocks. Growing public debt also restrains room for adopting countercyclical fiscal policy measures, creates spillover effects on the private sector through increased risk premia and cost of borrowings, which are linked to lower sovereign credit rating. This could severely limit economic recovery and may result in further economic contraction. Thus, aggressive fiscal consolidation is needed to reduce the debt burden and stabilise the debt at manageable levels even amidst periods of subpar economic growth. In addition, the high debt burden could adversely affect the country's long run economic growth, especially by crowding out private investment and reducing the capacity for public investment towards needy sectors, such as health, education, and infrastructure, to enhance productivity over the long term. At the same time, higher debt servicing costs associated with high debt levels often pose challenges to the effectiveness of monetary policy, especially when the fiscal deficit is excessively monetised by the monetary authority. Further, high debt levels increase the possibility of future distortionary taxes and uncertainties and create financial system instabilities. The public debt burden in Sri Lanka has amplified the external sector vulnerabilities, especially due to the higher share of foreign debt and unfavourable maturity structure, with the bunching of maturing foreign debt service obligations. This high public debt trajectory of Sri Lanka was led by the weak adherence to fiscal consolidation targets amidst the formation of over-optimistic revenue targets and poor revenue mobilisation, recurring primary deficits, lower than expected economic growth, non-availability of concessional inflows, and foreign borrowings which have not been matched with productive projects that generate foreign currency earnings. Gradual improvement in government finances is essential to phaseout additional borrowings to meet interest obligations, both in terms of domestic and foreign debt, to ease debt accumulation. Therefore, expeditious actions are crucial to preserve debt sustainability, particularly through committed fiscal discipline and rigorous fiscal consolidation efforts to generate a substantial surplus in the primary balance. Credible commitment to adhere to fiscal rules, i.e., the long lasting constraints imposed on fiscal policy by imposing numerical limits on budgetary aggregates, that are specified in the Fiscal Management (Responsibility) Act No. 3 of 2003 is imperative to ensure sustainable fiscal consolidation, and thereby curbing the pressures for overspending, and ensuring fiscal transparency and accountability. Fiscal discipline can be further strengthened by implementing binding fiscal rules, instead of voluntary and non binding fiscal rules. Also, efforts to replenish reserves and build reserves through foreign currency receipts or outflow management need to be pursued, irrespective of short term difficulties to be faced in relation to real economic activity. The implementation of overdue economic reforms with regard to SOBEs such as the introduction of the cost reflective pricing mechanisms and establishment of an efficient governance structure is also essential as persistent losses of such inefficient institutions are more likely to be eventually converted into the state's contingent liabilities. In addition, the promotion of long term economic growth is also vital to essentially reduce the debt-to-GDP ratio, while structural reforms are crucial to eliminating obstacles to sustainable economic growth. Considering the limited fiscal space, the Government should streamline the foreign funded projects that are in the pipeline taking economic priorities into account, while devoting much attention to high economic rates of return ensuring transparent and efficient use of funds, which reduces the future accumulation of debt stock of the Central Government. Further, seeking concessional financing could also help the Government to meet its debt sustainability targets and strengthen macroeconomic fundamentals. For example, resorting to green/blue financing options for implementing sustainable infrastructure projects could involve more favourable conditions for borrowing, such as relatively low interest rates and longer repayment periods.

As the country grapples with the setbacks caused by the COVID-19 pandemic, the need for improving public sector service delivery, in terms of quality and efficiency, has become more crucial than ever before in the process of economic recovery. The public sector has been an integral part of Sri Lanka's development path by delivering much needed public goods and services, ensuring inclusive and equitable access to infrastructure, and creating a conducive business environment with the aim of fostering private sector investments and growth. The role played by certain subsectors in the public sector in combating the spread of COVID-19 and mitigating socioeconomic hardships has reinstated its eminence, particularly in the recent past. Since the economy is gradually adjusting to a 'new normal' amidst the pandemic and regaining growth momentum, efficient resource allocation in the public sector and minimising bureaucratic red tapes related to public administration and business facilitation are vital to assist pandemic affected individuals as well as the business fraternity, including local and foreign investors. However, growing inefficiencies in the public sector and the resultant fiscal burden remain longstanding concerns in policy circles, since the public sector is utilising a considerable fraction of financial and labour resources, which otherwise could have been available for efficient use by the private sector. Meanwhile, the pandemic has further exposed the existing weaknesses and rigidities in the public sector service delivery, creating new challenges and opportunities to improve government services. Although 'work from home' arrangements were widely adopted during the pandemic, the performance of the public sector under these new arrangements was not comparable with that of the private sector that successfully institutionalised these new norms. Limitations in the physical infrastructure and automated systems as well as limited adaptability of the public sector labour force, weak monitoring mechanism and stringent working arrangements

BOX 3
Fiscal Consolidation: Path to Macro Fiscal Stability

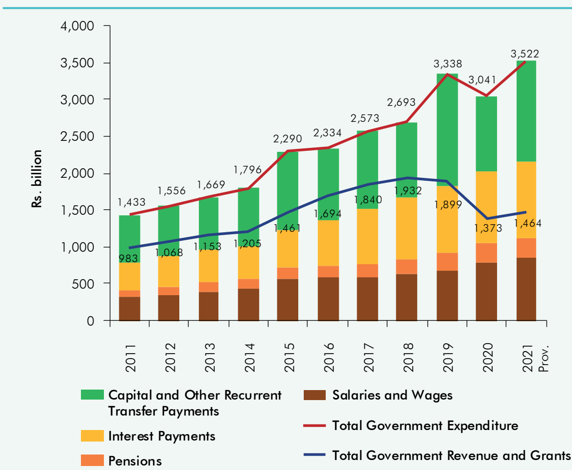
Fiscal Policies during the Pandemic

Fiscal policy responses to the COVID-19 pandemic curbed the scarring effects on economies across the world facilitating post pandemic recovery, albeit with a notable bearing on public finances, and in turn resulting in fiscal stress in these countries. The swift fiscal measures deployed in response to the unanticipated and unprecedented economic headwinds were disparate in scale, type, and coverage and were dependent on the specific structural, inherent and fiscal leeway of each economy. Advance markets and large emerging markets were in relatively better positions with ample fiscal space to accommodate such fiscal stimuli, compared to small emerging markets and developing economies. Direct budgetary measures such as increased spending on health, provision of unemployment benefits and other reliefs, tax concessions and tax deferments, liquidity support, equity injections, and indirect actions including provision of guarantees for deferred debt repayments were among common fiscal policy measures implemented by numerous countries. The steady stream of fiscal stimuli via deficit spending, and lingering effects of the pandemic together with the slowdown in economic growth have put pressure on fiscal operations of most economies, thereby threatening macroeconomic stability in respective countries.

The outbreak of the pandemic and related uncertainties have severely affected Sri Lanka, prominently the fiscal sector, as reported in many other lower middle-income and market access countries. Despite insufficient fiscal space to undertake hefty fiscal intervention, the Sri Lankan Government also committed to providing a number of fiscal stimuli to address pressing priorities since the onset of the pandemic. With increased expenses for healthcare and pandemic control measures as well as financial and in-kind transfers to vulnerable groups, the Government spent at least Rs. 117.5 billion and Rs. 165.6 billion as pandemic related expenses for 2020 and 2021, respectively. The Government instituted a low tax regime to boost the sluggish economic activity since the latter part of 2019 and this low tax environment was upheld during the pandemic period. Several tax reliefs for certain essential imports such as medicines were also granted during this period. Consequently, government revenue dwindled sharply during the pandemic period owing to modest tax rates, and diminished tax base due to the increases in tax free thresholds as well as subpar economic growth. Accordingly, fiscal deficit in 2020 and 2021 increased to 11.1 per cent and 12.2 per cent of the GDP, respectively. Meanwhile, as per the Fiscal Monitor Database of Fiscal Policy Responses to COVID-19 Pandemic – October 2021, the cumulative value of additional spending and foregone revenue by the Sri Lankan Government in relation to the pandemic was around 1.1 per cent of the GDP, which is low in comparison to several regional peers, such as India (4.1 per cent), Pakistan (2.0 per cent), Bangladesh (2.3 per cent), and Maldives (8.0 per cent). In addition, with limited fiscal space to manoeuvre, pandemic affected individuals and businesses in Sri Lanka were mainly supported by accommodative monetary policy. Moreover, reduced foreign inflows amidst the pandemic and substantial debt service payments added further stress on the fiscal and external sectors. With limited avenues for new foreign financing sources, liquidity constraints in the international capital markets as well as sovereign rating downgrades of Sri Lanka, the Government was compelled to resort to higher domestic borrowings, especially through the Central Bank and the banking sector, to meet the government financing gaps. Such fiscal imbalances led to the government debt reaching 100.6 per cent and 104.6 per cent of GDP by end 2020 and end 2021, respectively.

Nevertheless, the current weak fiscal position and the resultant macroeconomic issues in Sri Lanka are not entirely due to the pandemic situation, but rather a reflection of longstanding and unresolved issues in the fiscal sector. For several decades, Sri Lanka has been plagued by persistent fiscal deficits, compelling the Government to continually borrow from both domestic and foreign markets and accumulate public debt. As a result, a large fraction of government revenue and foreign currency inflows to the country are required to be channelled for debt service payments, permitting little leeway for productive investments. Since 1994, revenue and grants have not been sufficient to meet at least recurrent expenditure of the Government, necessitating government borrowings to cover recurrent expenses that generally do not contribute to future growth and

Figure B 3.1
Government Expenditure and Government Revenue



Source: Ministry of Finance

the country's debt repayment potential. Moreover, as depicted in Figure B 3.1, revenue and grants in 2020 and 2021 were well below the rigid expenses that include salaries, pension, and interest payments, amplifying the severity of the issue. The unprecedented large tax reductions announced in end 2019 aggravated the issue of low revenue mobilisation of the Government, compelling monetary financing of the budget deficit during 2020 and 2021.

The Medium Term Macro-Fiscal Framework which is unveiled along with the Budget Speech outlining the Government's targets to reduce the overall budget deficit and debt levels to a sustainable level over the past several years has never materialised, as reflected in the historical trend of actual data. Over ambitious targets for government revenue in the Budget and planning of annual expenditure in line with the overestimated revenue have always resulted in a wider than expected budget deficit. Meanwhile, the Fiscal Management (Responsibility) Act, No. 3 of 2003 (FMRA) was enacted to ensure responsible fiscal management, prudent debt management and public scrutiny over fiscal affairs via

Figure B 3.2
Government Revenue – Budget Estimates vs. Actual

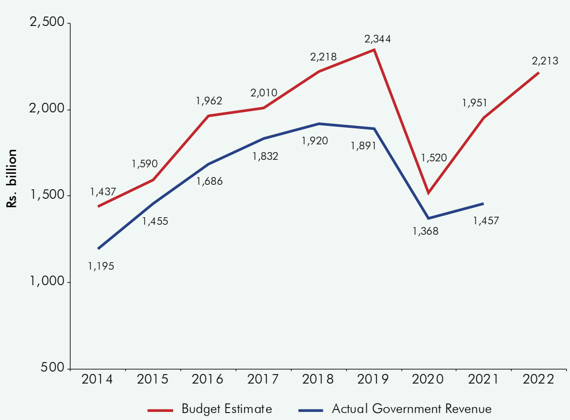


Figure B 3.3
Government Expenditure – Budget Estimates vs. Actual

Source: Ministry of Finance

implementing 'fiscal rules' that are, however, not binding rules. These fiscal rules pertaining to fiscal deficit, public debt and contingent liabilities of the Government as stipulated in the FMRA have been subsequently amended as given in Table B 3.1. Successive Governments constantly have not met the fiscal deficit rule, while fiscal rules in relation to public debt reduction and limiting of contingent liabilities have not been attained at specified milestones. Instead, the FMRA has been amended several times, extending the time targets along with several approvals for supplementary budgets. A strong commitment to ensure prudent fiscal management has not been evident as against the proposed path of fiscal consolidation.

Table B 3.1
Fiscal Rules Framework of Sri Lanka

Fiscal Rule	FMRA 2003	Amendment 2013	Amendment 2016	Amendment 2021
Fiscal deficit	Less than 5 per cent by 2006 and beyond	Unchanged	Unchanged	Unchanged
Public debt (share of GDP)	Less than 85 per cent by 2006 and less than 60 per cent by end 2013	Less than 80 per cent by 2013 and less than 60 per cent by end 2020	Unchanged	Less than 60 per cent by end 2030
Treasury Guarantees (share of GDP)	Less than 4.5 per cent based on 3-year moving average GDP	7.5 per cent of GDP	10 per cent of GDP	15 per cent of GDP

Source: Fiscal Management (Responsibility) Act, No. 3 of 2003 and subsequent amendments

The Impact of Weak Fiscal Performance on Price Stability and Financial System Stability

According to Sargent and Wallace (1981), amidst fiscal dominance, the central banks are compelled to generate seigniorage revenues to ensure the solvency of governments, when fiscal operations are fixed to a given higher fiscal deficit path. Blanchard (2004) also asserts that inflation targeting only through monetary policy may not be successful in a high debt environment. The monetary authority's attempt to raise the real interest rate with the aim of maintaining inflation at a targeted rate may aggravate debt levels through increased borrowing costs, if the fiscal authority is disinclined for fiscal consolidation. Moreover, rising debt levels could intensify sovereign default risk and exert exchange rate depreciation pressure, and thereby result in higher inflation instead of lower inflation. Therefore, Blanchard (2004) emphasises that in a high debt environment, inflation should be managed through fiscal policy by attempting to reduce fiscal deficits, and thereby government debt levels, instead of only using monetary policy to combat inflation. Meanwhile, some academics have argued that inflation and financial repression[1]

1 Financial repression is used to lower the cost of borrowing for the Government by way of explicit or implicit caps on interest rates, direct lending to the Government by captive domestic sources such as pension and provident funds, regulation of cross-border capital movements, and a strong connection between the Government and banks.

1

are possible solutions to cope with a surge in public debt (Reinhart & Sbrancia, 2011). However, long term financial repression could be detrimental to financial system stability as it creates tight liquidity conditions for banks and deteriorates banks' balance sheets, especially when the Government is on a borrowing spree from domestic banks. On the other hand, allowing inflation to rise in the economy to increase nominal GDP and thereby improving the budget balance and debt to GDP ratio could be counterproductive, especially when market participants internalise higher inflation expectations in government securities yield rates, which in turn raise borrowing costs for the Government.

At present, the Central Bank of Sri Lanka conducts monetary policy under the Flexible Inflation Targeting (FIT) framework with the aim of maintaining inflation at low and stable levels in line with the Bank's mandate for economic and price stability. Persistent fiscal deficit, high government debt levels, and the heavy reliance of the Government on the Central Bank for deficit financing in the recent times, however, have undermined the effective conduct of monetary policy while threatening the financial system stability. Although supply-side disruptions have stemmed from the acceleration in inflation during the latter part of 2021, breaching the upper bound of the county's inflation target, demand fuelled mainly by increased credit to the Government by the banking sector has also been seen as a cause for the uptick in inflation. The economic history of Sri Lanka suggests that high inflation episodes in the country coincide with fiscal imbalances. Hence, in order to ensure long term price stability, fiscal consolidation remains to be a key condition.

Fiscal Consolidation Amidst an Economic Downturn

Drawing lessons from the rest of the world, alongside a tightened monetary policy stance, fiscal consolidation should be carefully designed and implemented without depressing the demand too much to circumvent scarring effects on the economy due to its fragile state. The standard Keynesian proposition suggests that fiscal consolidation, also called fiscal austerity, has a contractionary effect on economic activity in the short run. Accordingly, as a result of attempts for fiscal consolidation, a country's fiscal performance may even deteriorate further due to lower revenue collection and lower nominal GDP following the slowdown in economic growth. Hence, as the economic growth of the country has already been affected by the COVID-19 pandemic, fiscal consolidation during the pandemic period itself may be a greater concern for policymakers. However, persistent weak fiscal conditions have instigated a myriad of macroeconomic imbalances in the Sri Lankan economy, such as high inflation, weak currency and tight liquidity conditions of the banking sector, creating greater uncertainties, reducing investor confidence, and aggravating vulnerabilities in the financial system, thereby hindering high and sustained economic growth. Therefore, at this critical juncture, the objective of attaining macroeconomic stability by resolving the macroeconomic imbalances supersedes the objective of achieving near term higher growth. Contrary to the traditional Keynesian view, recent studies have also indicated the possibility of offsetting contractionary effects of fiscal consolidation, when the fiscal consolidation is large and perceived to be credible by the public, especially when public debt levels are high (Giavazzi & Pagano, 1990). On one hand, private consumption could increase if households perceive there is a permanent reduction in the government borrowing requirement when the Government is committed to achieving fiscal consolidation. Such a reduction in government borrowings implies lower taxes in future and thus, a higher lifetime income for the households, encouraging them to increase their consumption from the current period. On the other hand, a reduction in government borrowing requirements will reduce inflation risk premia and default risk premia associated with public debt issuances due to lower inflation expectations and fewer economic uncertainties. This will lead to a fall in real interest rates and promote more productive private investment. As such, given the serious macroeconomic imbalances emanating from weak fiscal conditions, well-planned fiscal consolidation measures are more likely to be beneficial for the Sri Lankan economy, particularly to ensure macroeconomic stability and growth in the medium to long term. However, it is crucial that Sri Lanka implements the optimal combination of consolidation strategies to minimise possible contractionary effects in the short term and thereby avert fiscal austerity being a 'self-defeating' strategy.

At the same time, fiscal consolidation may have disproportionate effects on different economic segments resulting in widening inequalities. Fiscal austerity could worsen the prevailing inequalities that have been aggravated by the COVID-19. Therefore, consolidation strategies should be implemented with due consideration of not only output effects but also of possible consequences of austerity measures on social divide.

Way Forward

Fiscal conditions in Sri Lanka left much to be desired even prior to the onset of the pandemic, and the pandemic has compounded the pre-existing maladies of the fiscal sector. Hence, fiscal consolidation remains the utmost priority to ensure stability and long term sustainable growth. Whilst economic recovery is underway, fiscal consolidation packages should be designed in a 'growth-friendly' manner by using

Table B 3.2
Income Taxes in Sri Lanka vs. Regional Peers

Sri Lanka		India		Pakistan		Singapore		Thailand	
Taxable Income slabs (LKR mn)	Tax Rate (%)	Taxable Income slabs (INR mn)	Tax Rate (%)	Taxable Income slabs (PKR mn)	Tax Rate (%)	Taxable Income slabs (SGD mn)	Tax Rate (%)	Taxable Income slabs (THB mn)	Tax Rate (%)
0-3	0	0-0.25	0	0-0.6	0	0.005-0.02	1	0-0.15	0
3 -6	6	0.25-0.5	5	0.6-1.2	5	0.02-0.035	3	0.15-0.3	5
6-18	12	0.5-0.75	10	1.2-1.8	10	0.035-0.05	8	0.3-0.5	10
18 above	18	0.75-1	15	1.8-2.5	15	0.05-0.07	13	0.5-0.75	15
		1-1.25	20	2.5-3.5	17.5	0.07-0.1	21	0.75-1	20
		1.25-1.5	25	3.5-5	20	0.1-0.25	24	1-2	25
		1.5 above	30	5-8	22.5	0.25-0.4	24.5	2-5	30
				8-12	25	0.4-0.6	25	5 above	35
				12-30	27.5	0.6-1	26		
				30-50	30	1-2	28		
				50-75	32.5	2 above	30		
				75 above	35				

Source: PricewaterhouseCoopers – World Tax Summaries

fiscal instruments that have small fiscal multipliers[2] in order to ensure that the policy package is generating required fiscal effects with the lowest economic costs. To this end, a clear understanding of the fiscal policy transmission mechanism and the size of multipliers of different fiscal instruments, such as the disaggregated level fiscal multipliers related to different revenue and expenditure components, are required to design a consolidation package that has benign effects on output and inequalities.

Empirical evidence related to other countries suggest that expenditure based fiscal consolidation is less likely to be contractionary, as opposed to revenue based consolidation (Alesina, Favero, & Giavazzi, 2019). However, given the low tax revenue to GDP ratio, Sri Lanka still has space for manoeuvring fiscal consolidation through revenue policies with minimal disruptions on output. Successful revenue based fiscal consolidation measures in other countries, such as in Brazil, Canada, Finland, New Zealand, and South Africa, have focused on broadening the tax base and introducing reforms to simplify tax administration (Okwuokei, 2014). Since raising indirect tax rates such as Value Added Tax (VAT) could disproportionately affect consumption of low income households during these hard times, widening the VAT base (increasing the number of VAT paying businesses) would be the appropriate option to augment government revenue while minimising output and distributional effects. In this regard, the VAT free threshold could be revised downwards to the levels that prevailed prior to the last VAT threshold adjustment.[3] Meanwhile, considering the modest impact on economic growth, taxes on capital income could be raised at the personal level.

2 Fiscal multipliers measure the effect of increases in fiscal spending or taxes on GDP.

3 In December 2019, the VAT free threshold was revised upward from Rs.12 million turnover per annum to Rs. 300 million turnover per annum.

Given the relatively sticky wage structures and rigid employment contracts in Sri Lanka, Advance Personal Income Tax (APIT)/ personal income tax rates could be raised to a level comparable to the country's regional peers while adjusting tax free thresholds and tax brackets to the levels that prevailed prior to the last income tax revision, without causing notable impact on firms' costs and labour input. More importantly, a range of administration and enforcement reforms is key to enhancing government revenue in the medium to long term by curbing tax evasion and corruption.

Past experiences of other countries suggest that fiscal austerity through expenditure reduction is more successful since expenditure cuts reflect greater commitment of the Government and efficiency gains (Price, 2010). Although a reduction in wages and transfers are proven to be more effective in fiscal consolidation in other countries, such a move will not be an easy feat in the Sri Lankan context given the associated political cost and stringent labour market conditions. Hence, at least, new government recruitments and major public wage revisions should be considered with caution along with better targeting of subsidies. On the other hand, the reduction in capital expenditure and expenditure on health and education could create more contractionary effects both in the short and long term, especially due to the country's deficiencies in physical and soft infrastructure. Therefore, fiscal consolidation through sizeable capital expenditure cuts should be achieved through 'value for money' strategies, instead of across the board expense cuts. In this regard, the Central Government as well as local government authorities should streamline capital expenditure by selecting infrastructure projects that generate the highest economic value and future growth potential. Moreover, streamlining and digitalising

1

work processes, and trimming unproductive recurrent expenses are essential for efficiency gains and reducing the pressure on government expenditure.

Fiscal consolidation coupled with growth-promoting investments and long overdue structural reforms would be a welcome move in this dire economic situation to address the challenges and capitalise the opportunities presented by the pandemic. Since the debt burden of inefficient, loss-making State Owned Business Enterprises (SOBEs) translates into contingent liabilities of the Government, reforms related to SOBEs should be expeditiously implemented in tandem with fiscal austerity. Cost-reflective pricing mechanisms, institutional restructuring for efficiency gains, and market-oriented product and service delivery are several overdue reforms related to SOBEs. In addition, legislative and administrative reforms are required to monitor the progress of fiscal consolidation, strengthen public scrutiny over the consolidation process, and ensure accountability of the policymakers and government officials for meeting austerity targets. It may be noted that the continuous reliance of major SOBEs on the two state banks, and eventually on central bank financing, has created numerous challenges to price stability. Hence, SOBEs should be held accountable for their operations and such entities should not pass their debt burden on commercial banks and the Central Bank.

The Sri Lankan economy has reached a critical juncture where fiscal consolidation is imperative and any further delay in implementing the same effectively would be economically and politically very costly. However, the Government's strong commitment to adhere to fiscal rules and the fiscal consolidation path is paramount for the actual realisation of desired outcome. Major impediments such as the lack of broad political consensus, lacklustre approach of authorities and resultant 'stop-go', short term and ad hoc policies should be wiped out to contain the derailment of the fiscal consolidation process. At the same time, as success and continuation of fiscal consolidation hinges on the support of the general public, creating awareness among the general public on the repercussions of the 'subsidy mindset' is of high significance to transform the voter-base to be more fiscally prudent, and in turn deter policymakers pursuing fiscal profligacy.

References

1. Alesina, A., Favero, C., & Giavazzi, F. (2019). Effects of Austerity: Expenditure- and Tax-based Approaches. Journal of Economic Perspectives, 33(2), 141-162.
2. Giavazzi, F., & Pagano, M. (1990). Can Severe Fiscal Contractions Be Expansionary? Tales of Two Small European Countries. NBER Macroeconomics Annual, 5, 75-111.
3. Okwuokei, J. (2014). Fiscal Consolidation: Country Experiences and Lessons from the Empirical Literature. In A. Charles, & T. Turner-Jones, Caribbean Renewal: Tackling Fiscal and Debt Challenges (pp. 103-131). International Monetary Fund.
4. Price, R. (2010). The Political Economy of Fiscal Consolidation. OECD Economics Department Working Paper No. 776.
5. Reinhart, C., & Sbrancia, M. (2011). The Liquidation of Government Debt. NBER Working Paper.

and procedures remain hindrances to uninterrupted operations and smooth service delivery since the onset of the pandemic, causing severe hardships to the public. According to the Census of Public and Semi Government Sector Employment - 2016 report of the Department of Census and Statistics, 33.2 per cent of the public sector employees are unable to use a computer, while 30.4 per cent were not using a computer for official purposes, indicating the skill gap of the public sector labour force deterring the shift towards a technology intensive working environment. However, experiences gained during the pandemic also reveal that most government services can be efficiently delivered using a fraction of the existing labour force by reskilling and upskilling them, and by introducing simple and people friendly automated systems and virtual platforms. Going forward, the public sector of Sri Lanka needs to embrace new technologies to cater to the dynamic needs and expectations of the population by building better customer relations, improved institutional coordination and data management, and advanced evidence based policymaking. Legislative and procedural amendments and flexible working arrangements should also be implemented in tandem with digitalisation to ensure uninterrupted service delivery during the pandemic or any other disruptions such as natural disasters. The effectiveness of the service delivery depends not only on technological enhancements, but also on human capital, regulations, and enforcement policies. Sri Lanka, which ranked at the 51st percentile in the Government Effectiveness Index – 2020, could derive policy prescriptions on the public sector effectiveness from countries like Singapore, which was ranked at the top of the same index. The emphasis on meritocracy in recruitments and career advancements, competitive market salaries, and continuous training have equipped the Singapore bureaucracy with highly competent personnel for efficacious policy implementation. In addition, a strong legislative framework against corruption coupled with adequate personnel and funding for the strict enforcement of anti-corruption measures have enabled Singapore to successfully combat corruption and maintain a high level of efficiency in the public sector. Moreover, public sector recruitments that are in line with the administrative and macroeconomic requirements, target oriented approaches in budgeting, resource reallocation from excessive sectors to needy sectors, planned and targeted reskilling and upskilling of labour, and creating administrative flexibility for the workers to move across different sectors within the public sector are essential to ensure productive efficiency in the Sri Lankan public sector.

The overreliance of the public sector on the banking system, including the Central Bank to source financial resources, needs to be scaled down by exploring alternative sources of financing and implementing long due structural reforms enabling improvements to the financial strength of the banking system. Apart from the revenue earned by the public sector, bank financing has been one of the key sources of financing for both the Government and SOBEs. In recent years, particularly since the onset of the pandemic, the public sector, predominantly the Government, has been increasingly relying on the banking system to meet its financing requirements, thereby exerting tremendous pressure on the banking sector, especially the state banks, and domestic price stability. The loss of access to international capital markets amidst the rise in debt and sovereign credit rating downgrades has aggravated the funding constraints of the Government, while SOBEs have been compelled to borrow from the banking sector due to the inadequate adjustment of administratively determined prices and tariffs of their products, forcing them to continuously borrow for working capital purposes. Such excessive reliance of the public sector on bank financing has put pressure on the domestic banking sector and the overall domestic financial market, raising financial system stability concerns as well. Further, continued financing of the public sector without a commensurate improvement in productivity and efficiency, could in turn pose even higher inflationary pressures, while increasingly becoming a burden on the Government and taxpayers. Also, this would lead to the crowding out of productivity bound private sector investment, which could have adverse implications on the long term growth potential of the economy. The Government's cashflows have been severely affected by tax relaxations and exemptions as well as limitations associated with tax collection. Similarly, large overdue payments to some SOBEs, particularly from other government entities and other SOBEs, have also impacted cashflows forcing them to obtain loans and overdrafts at high interest rates, thereby affecting levels of profitability. This highlights the need for the Government to actively explore avenues to raise finance from non bank sources. With regard to SOBEs, measures should be taken to revise retail selling prices to reflect costs, while also enhancing productivity, improving infrastructure, reducing associated wastage to bring down the overall cost of production and upgrade them as autonomous entities, enabling them to operate on their own without assistance from the government budget. Further, immediate attention should be given to improving the financial viability of SOBEs by strengthening tariff collection, thereby enhancing cashflow management, while also exploring alternative low cost and long term financing options. The implementation of the proposed reforms would enhance public sector performance, thereby limiting the need for banks' support to meet the financing needs of the public sector, facilitating near to medium term economic stability and sustainable growth in the long term.

1

The frequent volatility and persistence of general price levels driven by food inflation, which weakens the Central Bank's efforts to maintain inflation within the targeted range and anchor inflation expectations, needs to be controlled by government interventions on a timely and sustainable basis. Since a large portion of the consumer price basket of goods and services consists of food items in Sri Lanka, frequent and sizeable changes to the food prices cause volatility in inflation. High, frequent and persistent deviations of inflation from the inflation target mainly driven by food inflation could derail inflation expectations, thereby undermining the objectives of Flexible Inflation Targeting (FIT). While supply side factors largely trigger food price hikes in a country, demand side factors could also complement such price hikes. In Sri Lanka, supply driven factors, including the pandemic and weather related supply disruptions, as well as external factors such as large swings in global food and commodity prices, were the main causes of recent food inflation. Further, productivity losses during the transition period to organic agriculture practices and the legacy issues, such as post harvest supply chain issues, limited storage, value addition and preservation methodologies can also be attributed to the acceleration in food prices. Food prices driven inflation hikes are more regressive, as they disproportionately affect less affluent sectors of the society and deteriorate the living conditions of the poor. Attempts to contain such supply driven inflation mainly through monetary policy measures could be counterproductive or ineffective. Hence, implementing short to long term, well planned supply side policies by the Government is imperative to ensure the smooth functioning of domestic food supply chains and to minimise the impact of upward global price movements. These policies should comprise improving domestic production, off season cultivation, food storage infrastructure, adopting preservation methodologies, minimising cost of transportation, enhancing the technology used in production and promoting cost effective import substitution industries. Countries like India have been able to soften their high food inflation through implementing short term supply side measures such as imposing stock limits, easing import restrictions, reducing basic import duties, etc., in parallel with successfully implementing the inflation targeting framework. Although Sri Lanka has also taken such short term policies within the limited fiscal space available to address supply concerns, especially related to transitory food price hikes, further measures are required to maintain a robust and resilient food supply chain in the country. During the pandemic period, the Government took several short term measures, such as removing travel restrictions for those who are involved in the food supply chain to continue their services. In the long run, appropriate policies and infrastructure need to be in place to invest in improving productivity in agriculture and focus on food security issues. It will also be important to obtain support from the private sector in implementing these policies. The Government has already initiated implementing infrastructure and livelihood development programmes such as "Vari Saubhagya" to ensure food safety through the improvement of food production, while attempting to promote the production of agricultural and industrial goods that can be identified as import substitutes. Further, it is important to have proper storage systems with controlled environments in place to reduce post harvest losses as well as for off season storage. While the investments from the international and domestic private sector would expand storage and goods transportation facilities within the country, the establishment of food banks will aid to make use of regional food reserves in emergency situations. Among other measures, it would be worthwhile to have a specialised preparedness team consisting of both government and private sectors to detect possible developments leading to supply shortage of essential food items early and make proactive policy recommendations to the Government to help prepare the economy to face likely shocks to food supply. Moreover, it is vital to have a robust regulatory framework on the functioning of food supply chains from the agriculture sector to the retail sector to avoid monopolies, undue dumping of stocks and subsequent price hikes, thereby reducing volatilities in food prices. Less volatility in food inflation in shaping inflation dynamics, by way of anchoring inflation expectations will help achieve and maintain price stability.

Export industries need to build the capacity and resilience to withstand risks posed by the pandemic, and global issues that affect global markets and commodity prices, while forming strategies to grow and diversify. Export industries, which were significantly affected when the pandemic initially broke out in 2020, recovered within a short time span and recorded a notable growth to historically highest ever export earnings in 2021. As the pandemic intensified and continued, the main concerns for the exports were the changes to demand patterns, international maritime disturbances that resulted in a surge in costs along with lack of vessels and containers, mobility restrictions that disrupted production and transport, the difficulty in sourcing certain inputs, and the notable increase in the cost of raw materials. Nevertheless, some export categories performed well starting from the latter part of 2020 (mainly agricultural exports), while other export categories have only partly recovered thus far. However, uncertainties still linger in the international economy arising from the continuation of the pandemic, monetary policy normalisation in major economies, high commodity prices, energy market issues and the recent geopolitical tensions. Notwithstanding these difficulties, Sri Lanka needs to identify that developing the export sector during the 'new normal' as a policy priority to increase non debt inflows and would accelerate growth through the allocation of resources to the productive tradeable sector in the economy. External sector policies should not only focus on the need for diversifying export markets but also on the improved sophistication of export products to more technologically advanced, high quality and high value goods and services. Diversifying into new export sectors with potential for higher domestic value addition such as Information and IT/BPO, electricals and electronics, processed food, beverages, spices and concentrates, boatbuilding and after sales services and pharmaceuticals, need to be explored and supported through policies. The exports sector would have to be supported by conducive macroeconomic policies of the country, particularly through maintaining a flexible exchange rate, consistent tax and investment policies and essential infrastructure facilities.

Adoption of stronger industrial policies and strategies is necessary to ensure the availability of essential goods in the country, develop import substitution industries and to increase export earnings. Even though Sri Lanka has been a trade dependent economy for the past several decades, the pandemic, the consequent global supply chain issues and the current geopolitical tensions have shown that it would be difficult for a country that suffers from macroeconomic vulnerabilities to rely heavily on other countries to secure an uninterrupted supply of food and essential goods through international trade, particularly during times of crisis. The need for import substitution, at least for selected essential goods that could be produced domestically was felt strongly in the midst of difficulties to import and shortages of goods in domestic markets. Such essential goods include food, pharmaceuticals, inputs that are necessary for industries, construction material and machinery. The Government's efforts to develop the agricultural sector by discouraging imports, forming plans to establish a pharmaceuticals manufacturing zone, a textile manufacturing park, etc., are commendable efforts in this regard.

Policies to promote backward integration of value chains of major export sectors also support this. On the other hand, carefully designed and strategised substitution policies could save foreign exchange for the country. Against this background, there is a new wave of import substitution like policies adopted by many other countries, especially after the global pandemic. It was observed that large economies such as China, India, the USA and several African countries attempted to promote domestic production recently by discouraging imports. Further, attracting FDI not only for export oriented manufacturing, but also for identified backward integration sectors may also support higher control over the value chains, while effectively substituting imports. However, pursuing strong and continuous efforts focusing on industrialisation under a comprehensive and long lasting industrial policy, which is also linked to agricultural policies, remains vital and urgent.

The export sectors development should not rely heavily on free/preferential trade agreements. Sri Lanka has preferential export access to several foreign markets through eleven Generalised System of Preferences (GSP) schemes (including the EU GSP+). Meanwhile, Sri Lanka has entered into seven multilateral and bilateral trade agreements, which allow preferential access to foreign markets under concessions. At the same time, efforts are underway to negotiate and enter into free/ preferential trade agreements with some trading partners with high future potential such as China, Japan, Indonesia, Singapore, and Bangladesh. Although trade agreements generally focus on tariffs and quotas, their scope has recently expanded to include services exports, intellectual property rights and patent rules, health and safety regulations, labour and environmental standards, investments, and banking. In the case of GSP schemes, countries implementing them provide non reciprocal preferential market access to selected counterparty countries and Sri Lanka is a beneficiary of such schemes. The beneficiary status of some GSP schemes depends on criteria such as low GDP per capita and conditions stipulated by the granting country such as good governance requirements, labour standards, and environmental factors. As the GDP per capita of Sri Lanka increases, Sri Lanka stands to lose eligibility for some of these schemes. Trade agreements and GSP schemes also encompass rigorous Rules of Origin requirements and hence should have high value addition within Sri Lanka. Therefore, a number of exports that utilise these trade agreements are limited to agricultural exports and industrial goods that depend on local inputs, such as rubber products. It is difficult for exports, which use imported inputs to a great extent, to meet stringent Rules of Origin criteria. Hence, even for apparel, which is Sri Lanka's main export, the utilisation rate of schemes such as the EU GSP+ is not high, compared to goods such as rubber products, toys, and agricultural exports. It is evident that when Sri Lanka lost the EU GSP+ status between August 2010 and May 2017, exports to the EU did not decline considerably. Despite these concerns, some exports enjoy significant benefits through low tariffs under these schemes/agreements. As a result, out of total export earnings in 2021, about 43 per cent were earned through exports under the preferential trade agreements, including GSP schemes. However, the fact that a large share of export earnings to Sri Lanka have been earned under trade agreements does not necessarily mean that such agreements were the single main reason for the reported increase in exports. Such exports may be incentivised by other factors pertaining to the exporting entity, domestic economic factors, and global market factors. Meanwhile, the trade agreements of other countries such as the Regional Comprehensive Economic Partnership ("RCEP" entered into by 30 countries in East Asia, Southeast Asia and Oceania), also raise questions about Sri Lanka's future competitiveness. Although the benefits of trade agreements and GSP schemes on Sri Lanka's exports have been significant, it would be prudent to reduce the dependency on such trade agreements or schemes, while considering successful integration with global value chains and diversification of exported goods, while broadening the export market. However, free/preferential trade agreements must be entered into only if the potential increase in exports or cost saving from imports can be identified and justified. Nevertheless, rather than relying too much on duty concessions, export promotion policies need to focus on exporting improved quality goods with high value addition at lower costs of production, achieved through research and development led innovation, over the medium to long term.

The increased demand for higher education abroad and the significantly high foreign exchange outlay highlight the need for urgently addressing issues pertaining to higher education opportunities available domestically. Despite the commitment of successive governments to the provision of free education and upgrading of infrastructure related to the provision of higher education, a large number of qualified students remain outside the ambit of the public education system at the graduate and postgraduate levels. In 2020, although approximately 63 per cent of those who sat for GCE Advanced Level examination were eligible to enter the public tertiary education system, only 22 per cent of the qualified students were admitted into the system, in spite of the recent increases in intakes. Accordingly, the limited number of opportunities available in the domestic public and private higher education systems has translated into students steadily departing for higher education abroad. A key issue in this regard is the substantial outflow of foreign exchange, which could also add pressure to the prevailing imbalances in the external sector. Moreover, as the economy integrates more into the global economy, it is expected that the domestic labour force would have to transform to cater to the dynamic demands of a modern work environment. Especially, when the IT/BPO sector is expected to expand into a US dollars 5 billion industry and as Sri Lanka continues to strive to attract FDI, the availability of a pool of skilled labour with internationally recognised qualifications will be essential. Similarly, new employment opportunities that will be created in the Colombo Port City and International Financial City would also require such a pool of skilled people. Accordingly, improving the opportunities for domestic education at the international standard will help to improve the required skills of the workforce while enabling to retain the talent within the country to some extent, along with further expansion in the services sector. Therefore, focused policy initiatives to improve the standards of local universities, alongside capacity improvements, are essential not only to retain domestic students but also to attract international students from foreign shores. Further, it is also important for private higher education institutions to focus on building 'university-class' infrastructure comprising accommodation facilities, social activities, specialised research and laboratory facilities, among others. Such initiatives will not only contribute to improving standards of learning delivery, but also to the overall learning experience which is also a key point of attraction for students who are currently emigrating for higher education. The Government may consider facilitating an expansion in the private higher education sector with increased collaborations with the world class universities along with international accreditation. Further, facilitating foreign based universities to establish branch universities in Sri Lanka would be a welcome move to attract international students to its shores as a study abroad destination, while accommodating local students to study from renowned foreign institutions while being on shores. It is also required to attract world class faculty members under a residential visa scheme to enrich the quality of education provision by

1

internationally accredited educational institutions. Such an arrangement would enhance FDI flows and bring in technical and technological know-how. Such initiatives can facilitate the country's ongoing efforts to emerge as a leading provider of IT/BPO solutions as it would enable elevating the quantity and quality of labour produced to cater to this industry and serve to attract international students who can later continue here as 'digital nomads'. This can pave the way for an overall improvement in access to higher education without the Government having to bear the entire burden of such expansion, while also enabling the higher education sector to emerge as a key foreign exchange earning sector in the future.

Despite the transformation of the agriculture sector since independence, Sri Lanka continues to grapple with the creation of a sustainable agriculture sector that is capable of generating healthy income levels while ensuring food security and efficient ecosystem management to enhance the overall productivity of the sector. The agriculture drive in the 1960s to develop the agriculture sector to fulfil the growing demands of the economy entailed the rapid introduction of high yielding crop varieties alongside increased usage of chemical fertilisers as well as other agro-chemical inputs under a fertiliser subsidy scheme. In subsequent periods, Sri Lanka continued to provide fertiliser concessions to farmers by way of cash grants or issuance of fertiliser free of charge or at a rate below market value with the view to ensuring sustained increases in production. In turn, the continuation of such concessions to farmers alongside poor extension services, and lack of farmer awareness have led to excessive use of chemical or inorganic materials in the agriculture production process, thus creating long term negative effects on human wellbeing, health and ecosystems, in addition to the associated expenditure burden on the fiscal front. Also, the abundance of low cost chemical fertiliser at below market prices in the country has prevented farmers from using organic manure as well as other organic and sustainable agriculture practices in cultivation given the labour and time intensity of such practices. The use of organic fertiliser can always generate multiple benefits to growers, consumers as well as the environment. It supports nutrient and water retention, and thereby soil fertility, while maintaining soil biodiversity. However, excessive usage of chemical fertiliser and non-usage of organic fertiliser and soil conservation practices in the agriculture systems in Sri Lanka have resulted in the weakening of the natural environment through soil degradation, pollution of ground and surface water, eutrophication, and disruption of aquatic ecosystems. Meanwhile, the excessive usage of agrochemicals is also expected to cause significant negative impacts on biodiversity, while also creating direct and indirect health hazards. Accordingly, there is an urgent need for devising a long term policy framework targeted at promoting sustainable agriculture, which will ensure economic profitability, social and economic equity as well as environmental health. While recognising the Government's efforts to promote organic fertiliser with a view to limiting the excessive use of synthetic manure in agriculture, it must be noted that only a holistic strategy that encompasses all the elements related to sustainable agriculture could ensure the fulfilment of the needs of the present generation without compromising the needs of future generations. This is also essential considering the fact that almost one-third of Sri Lanka's labour force is engaged in the agriculture sector and many of their livelihoods are consistently vulnerable owing to the sector's lack of resilience to the shocks. In this regard, the Government must facilitate the creation of a sustainable agriculture base that will enable farmers to capitalise on these sustainable and climate smart agricultural practices. Accordingly, urgent measures focusing on establishing a precision agriculture system that would encourage the optimal use of inputs in agriculture are needed. Under such approach, the promotion of organic fertiliser, while encouraging efficient and optimal use of chemical fertiliser remains of utmost importance. Given the frequent drought spells experienced by the country in recent times, efficient management of water should also be promoted through reduced volume irrigation systems such as drip irrigation and the introduction of drought tolerant crop species. Also, major emphasis should be given to soil conservation strategies to ensure long term soil productivity in agricultural lands and to minimise landslide hazards. At the same time, addressing the issues of growing food demand, climate change as well as limited arable land, it is vital to promote innovative ways of farming, including vertical farming and urban farming, while mechanising agriculture activities in the traditional agriculture sector. Meanwhile, the promotion of domestic production of fertiliser, agrochemicals as well as seeds is essential in achieving sustainability in agriculture since the country is highly reliant on imported seeds, fertilisers, and agrochemicals. Towards the endeavour of building a sustainable agriculture sector, creating awareness of sustainable, climate smart and good agriculture practices among all the stakeholders would enable a faster transition. Moreover, a well developed and a coherent mechanism with a suitable transition period is essential to transform the present agriculture system of Sri Lanka into a sustainable system, while ensuring that the full benefits of such a transition are passed on to all those engaged in the agricultural supply chains.

Despite being a key driver of economic growth and having more potential for further growth, Micro, Small and Medium sized Enterprises (MSMEs) in Sri Lanka face numerous hindrances, thus necessitating policy priorities at the national level. More than 99 per cent of establishments in the non agricultural sector in Sri Lanka are found to be MSMEs, contributing to about 75 per cent of employment within the non agriculture sector.[3] Different studies report the contribution of MSMEs to economic activity in Sri Lanka to be more than 50 per cent. However, this appears to be relatively low when compared to developed nations and even some developing economies. These observations suggest that despite the existence of a large number of MSMEs in Sri Lanka, their economic contribution may not have reached its potential yet. Over several decades, MSMEs in Sri Lanka endured difficult circumstances due to various reasons including natural disasters, terrorist activities, health crises, etc. In order to support MSMEs during such periods, for example, during the pandemic, the Government and the Central Bank provided a substantial package of financial and non-financial reliefs similar to many other countries. Nevertheless, a considerable number of businesses and individuals in this sector may not have recovered or even explored the potential of such support schemes. It has been identified that several issues have hindered the progress of the MSME sector, including insufficient access to finance as well as poor financial literacy. Many MSMEs do not possess the required financial literacy to prepare project proposals with sufficient information required by financial institutions, while financial reporting remains relatively weak among these entrepreneurs, thereby forcing financial institutions to rely on collateral based selection, which restricts the ability of MSMEs to obtain loans due to their inherently small asset base, in turn driving them to utilise the services of informal lenders as well. Considering the difficulties encountered by MSMEs when securing finance for their projects amidst a lack of sufficiently acceptable collateral, the Government in consultation with several stakeholders embarked on an initiative to set up a Credit Guarantee Institution (CGI), which was a long overdue requirement. With the implementation of the CGI, the funding concerns

3 As reported in the Economic Census 2013/2014, conducted by the Department of Census and Statistics.

of MSMEs are expected to ease, to some extent, and enhance their prospects as well as their contribution to overall economic activity, going forward. The expeditious operationalisation of the CGI would immensely support the MSME sector to thrive. Meanwhile, the establishment of a well functioning development bank is also a necessity to support small businesses in the country, and this has been highlighted for several years. Further, the possibility of adopting and popularising alternative funding avenues for MSMEs that have been successful in various countries, such as crowdfunding, venture capital investments, pitch competitions, etc. also needs to be explored. At the same time, MSMEs can benefit from improving awareness of equity finance opportunities, such as those facilitated by the CSE via its Empower Board. Other impediments that limit MSMEs from reaching their true potential include, low levels of managerial skills, use of outdated technology and the resulting low quality of output, limited market knowledge, information asymmetry, and certain cultural perceptions that are less conducive to entrepreneurial development. A close look at some of these factors highlights that these are interconnected issues which reinforce each other, requiring collective effort to overcome them successfully. Although the multitude of initiatives undertaken by the Government and other agencies have helped many individuals and businesses to overcome some of these issues, MSMEs operating in Sri Lanka still have substantial space for improvement. It is important to continue the efforts undertaken to strengthen managerial and entrepreneurial skills and to improve financial literacy among Sri Lankan MSMEs. The provision of business consultancy and credit advisory services by both Government and non government agencies need to be enhanced, while such services could be offered and popularised via special units in financial institutions as well, ultimately leading to financial arrangements. Further, developing marketing opportunities, both domestically and internationally, is vital for the success of MSMEs, while enabling supply chain integrations with large businesses will help improve the resilience of the sector. At the same time, a holistic effort is needed from all stakeholders to improve the use of new technology by MSMEs, so that the quality of their output is improved and their access to markets is enhanced. It is also important to improve coordination among various arms of the Government and non government agencies, which provide support to MSMEs to improve their effectiveness. Improving awareness of these various support elements is essential so that businesses and individuals can easily reach them when needed. At the same time, the entire MSME sector would benefit from a well coordinated grievance handling mechanism operating at a district or divisional secretariat level, which would contribute to easing operating difficulties faced by them and could serve as a conduit for the escalation of any major issues to higher levels to be addressed through appropriate policies. Further, efforts to minimise long standing impediments in the doing business environment of the country would undoubtedly help the MSME sector as well, while facilitating improvements across all business activities in the economy.

Despite several policy initiatives, Sri Lanka continues to struggle with waste management issues that have been further amplified by the COVID-19 pandemic. In recent years, Sri Lanka has been in the spotlight regarding its waste management practices, especially with the garbage landslide disaster in Meethotamulla in 2017 and more recent incidents of wildlife being affected by open waste dumps. Despite there being several national and micro level initiatives and goals regarding the improvement of waste management practices, there has been a consistent lag in the effective implementation of such initiatives. Further, the outbreak of the COVID-19 pandemic and the resultant increase in healthcare waste such as masks, Personal Protective Equipment (PPE), gloves, handkerchiefs, tissues, sanitary pads, diapers, and other materials contaminated by body fluids of patients, disposed from healthcare institutions, quarantine centres and households has become a serious concern as such 'single-use' items are unlikely to reduce in the periods ahead. The National Audit Report on Healthcare Waste Management - 2019 highlights that approximately 70 per cent of the audited hospitals were not complying with healthcare waste management standards during the pre-pandemic period. This poses significant contemporary risks as nonadherence to healthcare waste management standards and inappropriate disposal of hazardous and infectious waste create serious threats to the environment, public health, and biodiversity. In addition to the substantial increase in clinical waste from designated COVID-19 hospitals and treatment centres, there has been an increase in the open burning of clinical waste during the pandemic period. Despite the Government's initiatives to address these concerns through the issuance of guidelines for healthcare facilities and increased resources for clinical waste handling, healthcare facilities still face significant resource and technical limitations such as limited waste storage, transportation and incineration facilities. In addition to the expeditious completion of the Metro Colombo Solid Waste Management Project, it will also be essential to focus on establishing waste to energy power plants, one of which was commenced in early 2021 with a generation capacity of 10 MW. The construction of such power plants has been delayed due to high levels of capital outlay associated with such projects. However, the timely establishment of these projects can be a cornerstone solution not only to the country's solid waste management problems but also to the country's electricity needs. Global trends highlight that there is immense potential to attract FDI and even multilateral funding to waste management and recycling projects as investors and donor agencies are looking for opportunities for returns while also contributing to global sustainability initiatives through such greenfield projects. Proper implementation of an efficient waste collection mechanism, upgrading of existing disposal practices as well as the provision of adequate mechanical and biological treatment facilities, are imperative to address the country's growing waste management issue. Accordingly, there is a dire need for continued commitment to multi sectoral initiatives focused not only on recycling and composting waste, but also on reducing waste and encouraging reuse thereby paving the way for the creation of both sustainable development in the short term and transitioning to a circular economy over the long term.

Focusing on 'green' development remains a critical contemporary need to ensure that Sri Lanka's natural resources are better conserved and restored so that the economy can reap the full potential of its ecosystem. There is widespread consensus on the need for striking a balance between economic growth derived through resource consumption and conservation of the environment to preserve the existing natural resources, thereby addressing the issue of climate change. In recent years, there have been significant concerns about the impact of climate change with the frequent occurrences of natural disasters such as flooding and landslides, and drought conditions, among others. A recent study by the World Bank highlights that the temperature rise in Sri Lanka is projected to be only marginally lower than the global average indicating that periods of extreme heat will increase and stay persistent in the future. Such temperature increases can pose a threat to the well-being of the people, especially those in dry areas, and have direct implications on the economy, especially in relation to agricultural productivity, labour productivity and energy security. The study also highlights Sri Lanka's vulnerability to potential increases in the frequency and intensity of extreme precipitation events, such as the torrential rains, which could render significant risks to lives, livelihoods and infrastructure due to the resultant floods and landslides that may occur. The largest impact of such volatilities stemming from the natural environment will be on the poorest and marginalised communities, particularly the large segment of the population engaged in agriculture. Amid such concerns, several other issues continue to affect the quality of natural environments in the country such as the decades long human elephant conflicts, incidents of sand mining, the release of hazardous waste to water bodies by industries, forest destruction and the recent X-Press Pearl Maritime disaster. All these environmental concerns will have lasting, persistent, and potentially recurring negative socioeconomic implications. This emphasises the urgent need for committing to forward-looking and holistic policy initiatives that will pave way for sustainable natural resource management. Continuous monitoring of the status of natural resources is an essential aspect, which needs to be strengthened through a stringent regulatory and legal framework that ensures the prevention of environmental and natural resource crimes such as illegal logging, poaching and even Illegal, Unreported and Unregulated (IUU) fishing, which are rarely prosecuted. The Government and the Central Bank should also work together to promote sustainable finance practices in Sri Lanka that will be instrumental in routing credit towards environmentally friendly businesses.

Despite the country's efforts to achieve its target of alleviating all forms of malnutrition by 2030, as declared under the Sustainable Development Goals (SDGs), developments pertaining to COVID-19 and other supply side shocks observed recently in relation to agricultural commodities may threaten the outcomes achieved thus far, while posing hindrances to long term development. Although Sri Lanka made remarkable progress in achieving many of the national level targets under the Millennium Development Goals (MDGs) to uplift the socioeconomic wellbeing of the community by 2015, performance across the targets set for nutrition continued to remain unachievable reflecting the prevalence of nutrition related anomalies across geographical regions and economic sectors. As per the Demographic and Health Survey – 2016 of the DCS, some malnutrition related indicators such as stunting (height for age), wasting (weight for height), prevalence of obesity (weight for age) as well as low birth weight continued to remain unachieved compared to the national targets set for improving maternal, infant and child nutrition, with the estate sector showing the poorest nutritional outcomes. Such disparities and concerns are likely to have been aggravated by the COVID-19 pandemic. In 2021, Sri Lanka's Child Multidimensional Poverty Indicator (CMPI) indicated that about 42.2 per cent of children aged between 0-4 years old were multidimensionally poor with 33.4 per cent experiencing deprivations in relation to nutrition. Further, the recent supply side shocks observed regarding the availability and affordability of food, stemming from both global and domestic developments, raises concerns about long term impacts on nutritional outcomes of the population, especially children and women. The high levels of food inflation that occur occasionally may have scarring impacts on the future productivity of the population, if allowed to persist. It must be noted that the Government's provision of cash transfers and food distribution programmes targeting households below the poverty line is expected to have cushioned the negative impact on the nutrition status of such households to some extent. This reiterates the importance of the adoption of a holistic policy approach comprising near to long term strategies to ensure food security. Such policy initiatives should not only focus on availability through improved productivity in the agriculture sector but also post harvest marketing and distribution. As part of initiatives that are underway to improve domestic production, there is a need to strengthen databases relating to both national demand and domestic supply, especially for essential food commodities. Realistic and timely forward looking assessments on the part of relevant institutions in the agricultural sector are essential for proactive planning and timely implementation of remedial measures to safeguard the food security status and overall wellbeing of the population. It is to be noted that in the past, Sri Lanka received the assistance of multilateral donor agencies to strengthen the agriculture sector and food security status of the country. Despite Sri Lanka's progression into the middle income status, multilateral assistance in this regard, such as through the UN's World Food Programme, the World Bank and the Asian Development Bank is widely available. Tapping into such sources, both for funding and to improve technical capacity in relation to data collection, analysis, and monitoring, may not only contribute to improving the nutritional status of the population but also improve the resilience of the agriculture sector and augment the food security status of the country in the long term.

The largely stagnant levels of female labour force participation observed in Sri Lanka for the past three decades highlight that a significant portion of the labour force remains outside the ambit of the economy's growth and development processes, warranting urgent attention as the economy attempts to rapidly recover from the effects of the COVID-19 pandemic and progress onto a higher growth trajectory. Sri Lanka took almost four decades to double its female labour force participation rate from about 19 per cent in 1953 to 36 per cent in 1990. Since then, the female labour force participation rate has averaged just 33 per cent and has been on a declining trend in recent years. Although, Sri Lanka is ahead of the South Asian average of 24 per cent, the country's female labour force participation remains much lower than the 'upper middle income' country average of 55 per cent. The continued stagnation of the female labour force participation is a key policy issue to be addressed as the economy struggles with a rapidly ageing population, labour productivity issues and increasing migration, especially of skilled and semi skilled workers. With due consideration for considerable investments that consecutive governments have made in the education and health sector over the last seven decades, it is noted that bringing women into the labour force and thereby creating an expansion of the labour force can have significant positive impacts on the growth process of the country, while also ensuring the efficacy of such investments, amid limited fiscal space. Initiatives in this regard should also focus on ensuring that women avail of 'decent work',[4] as outlined in the SDGs. The need to engage women in 'decent work' is underscored by the developments arising due to the COVID-19 pandemic, which has caused a rise in the socioeconomic vulnerability of women as they tend to be employed in vulnerable jobs in the services or agriculture sectors and are more likely to be underpaid or engaged under less favourable working terms. Since long, there has been a broad consensus that policies focused on alleviating the 'triple burden' of women and thereby enhancing female labour force participation are lacking in Sri Lanka. This is evident from the dearth in the availability of affordable and regulated childcare or elderly care facilities, the absence of flexible working arrangements and the lack of reliable and safe modes of public transportation – international experiences highlight these as essential to improve the female labour force participation. Developing such infrastructure can lead to better absorption of females into the labour force thereby paving way for an increase in overall welfare through the increase in the productive resource base of the economy. Over the medium term, the higher levels of household incomes can translate into improved education and nutritional outcomes for future generations, thereby contributing to consistent improvements in the productivity of the labour force. Accordingly, it is vital to devise a targeted, holistic and multi sectoral policy initiative that supports stronger diversity and inclusion in a gender sensitive manner.

4 The International Labour Organization (ILO) defines decent work as 'productive work for women and men in conditions of freedom, equity, security and human dignity'.

1

Against this backdrop, committed efforts of the Government and all stakeholders in defying the looming dire economic consequences and keeping the economy floating with a sense of urgency, while addressing the structural issues remain the immediate priority to achieve sustainable growth and to preserve macroeconomic stability going forward. While the COVID-19 pandemic has uncovered unprecedented opportunities to implement bold and better coordinated policy reforms, with the support of an external engagement, such as an economic adjustment programme supported by the IMF, exploring undiscovered new challenges, and addressing such challenges without delays through concerted efforts remain extremely vital at this juncture in order to reap tangible and broad-based benefits to the economy for robust macroeconomic stability and growth outlook, which will also ensure fulfilling the expectations of the general public at large.

2

NATIONAL OUTPUT, EXPENDITURE, INCOME AND EMPLOYMENT

2.1 Overview

The Sri Lankan economy rebounded by 3.7 per cent in 2021, recovering from the COVID-19 pandemic induced fall back of 3.6 per cent in 2020, amid fresh threats from new variants of the pandemic. The recovery could be observed across all three major economic activities, namely Agriculture, Industry and Services, propelled by the pent-up demand and the gradual easing of pandemic-related disturbances, and also aided by the favourable base effect that resulted from the significant contraction in the economy in 2020. Nonetheless, the fast spread of the highly infectious Delta variant put the recovery at risk, particularly during the third quarter of the year, adversely affecting Services and Industry activities. While grappling with renewed flare-ups, focused mobility restrictions coupled with policy stimuli and the countrywide vaccination rollout encouraged embracing a normal routing and provided more room for economic activities towards the latter part of the year. Amid the fast adaptation towards the 'new normal', several labour market indicators also improved during 2021 compared to 2020, yet the labour market has not reached the pre-pandemic levels of 2019 due to the ripple effects of the recurrent waves of the COVID-19 pandemic. Accordingly, employed population, especially in the Services and Agriculture sectors and the labour force improved, while the unemployment rate declined during 2021 compared to the previous year. With this backdrop, Services activities entered a growth trajectory fuelled by the expansion in financial services, and wholesale and retail trade activities. Meanwhile, the considerable rebound in manufacturing activities with the pent-up demand, locally and globally, provided the impetus to drive Industry activities. In the meantime, an overall expansion was observed in Agriculture activities. However, certain Agriculture and Industry activities were adversely affected by the supply-side bottlenecks that prevailed, particularly during the second half of the year. The short supply of required nutrients and agrochemicals for farming led to a lower yield in agricultural crops towards the latter part of the year, despite the favourable weather prevailed. Further, business surveys revealed that soaring raw material prices and delays in shipments coupled with foreign exchange shortage gummed up the supply chain, thereby disrupting production plans. Particularly, the full potential of the construction industry was largely hindered by the inadequacy of key materials. Meanwhile, on the expenditure front, both consumption and investment expenditure picked up in 2021, with the gradual normalisation of economic activities in the country. However, net external demand further contracted during the year as the surge in imports outstripped the growth in exports. Meanwhile, the national savings-investment gap as a percentage of GDP widened during the year, largely due to the higher growth in investment expenditure.

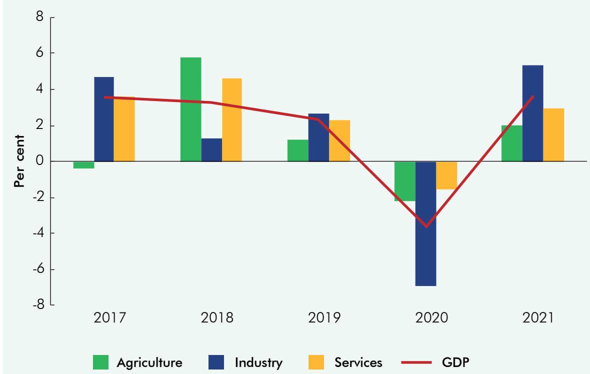
2

2.2 Gross Domestic Product (GDP),[1] Gross National Income (GNI) and GDP Per Capita

The Gross Domestic Product (GDP) at both current market prices (current prices) and constant (2010) market prices (constant prices) grew during 2021, as the economy leaped back from the pandemic driven contraction recorded in 2020. GDP at constant prices grew by 3.7 per cent to Rs. 9,881.4 billion in 2021, compared to 3.6 per cent contraction recorded in 2020. Meanwhile, GDP at current prices was estimated at Rs. 16,809.3 billion (US dollars 84.5 billion in 2021, recording a notable increase of 11.9 per cent compared to 2020, where it stood at Rs. 15,027.4 billion (US dollars 81.0 billion). The higher growth in GDP at current prices mainly reflects the impact of increased price levels during

1 Department of Census and Statistics (DCS) estimates GDP in production, expenditure and income approaches.

Figure 2.1
Annual GDP Growth Rate (a)



(a) Based on the GDP estimates (base year 2010)

Source: Department of Census and Statistics

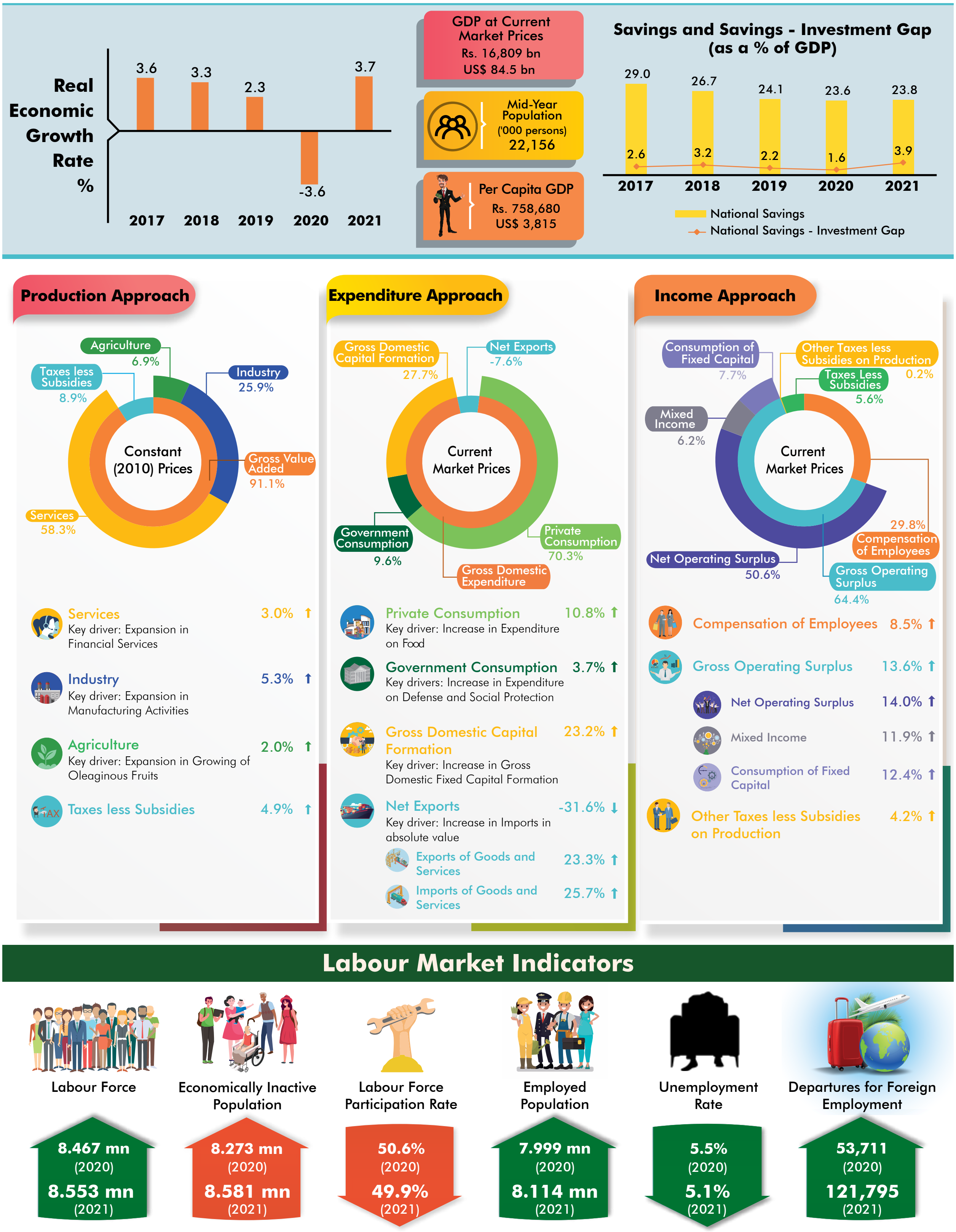
Table 2.1
Gross Domestic Product by Industrial Origin at Constant (2010) Prices (a) (b)

Economic Activity	Growth (%) 2020 (c)	Growth (%) 2021	Contribution to Growth (%) 2020 (c)	Contribution to Growth (%) 2021	As a Percentage of GDP 2020 (c)	As a Percentage of GDP 2021
Agriculture, Forestry and Fishing	**- 2.2**	**2.0**	**- 0.2**	**0.1**	**7.1**	**6.9**
Growing of cereals (except rice)	44.8	9.7	0.05	0.02	0.2	0.2
Growing of rice	7.0	- 6.7	0.05	- 0.06	0.8	0.7
Growing of vegetables	7.6	- 2.5	0.04	- 0.02	0.6	0.6
Growing of sugar cane, tobacco and other non-perennial crops	19.3	- 7.4	0.00	- 0.00	0.0	0.0
Growing of fruits	6.2	- 7.8	0.04	- 0.05	0.7	0.6
Growing of oleaginous fruits (coconut, king coconut, oil palm)	- 10.4	11.2	- 0.07	0.07	0.6	0.7
Growing of tea (green leaves)	- 7.1	7.4	- 0.05	0.05	0.6	0.7
Growing of other beverage crops (coffee, cocoa, etc.)	21.7	- 15.6	0.00	- 0.00	0.0	0.0
Growing of spices, aromatic, drug and pharmaceutical crops	3.3	4.5	0.02	0.03	0.7	0.7
Growing of rubber	4.6	- 1.7	0.01	- 0.00	0.2	0.2
Growing of other perennial crops	1.6	- 4.8	0.00	- 0.01	0.2	0.2
Animal production	- 2.8	9.7	- 0.02	0.06	0.7	0.7
Plant propagation and support activities to agriculture	- 0.4	10.6	- 0.00	0.01	0.1	0.1
Forestry and logging	- 7.9	5.1	- 0.05	0.03	0.6	0.6
Fishing	- 16.6	1.4	- 0.19	0.01	1.0	1.0
Industries	**- 6.9**	**5.3**	**- 1.8**	**1.4**	**25.5**	**25.9**
Mining and quarrying	- 12.5	2.8	- 0.29	0.06	2.1	2.1
Manufacturing	- 3.9	7.2	- 0.60	1.11	15.5	16.1
Electricity, gas, steam and air conditioning supply	- 1.6	6.1	- 0.02	0.07	1.1	1.1
Water collection, treatment and supply	4.8	4.3	0.01	0.01	0.2	0.2
Sewerage, waste treatment and disposal activities	- 1.0	- 3.3	- 0.00	- 0.01	0.3	0.3
Construction	- 13.2	1.9	- 0.91	0.12	6.2	6.1
Services	**- 1.6**	**3.0**	**- 0.9**	**1.7**	**58.7**	**58.3**
Wholesale and retail trade, transportation and storage, and accommodation and food service activities	- 5.0	1.3	- 1.16	0.30	22.6	22.1
Information and communication	13.7	17.0	0.10	0.15	0.9	1.0
Financial, insurance and real estate activities including ownership of dwellings	4.7	5.6	0.67	0.86	15.4	15.7
Professional services and other personal service activities	- 5.9	1.2	- 0.67	0.13	11.1	10.9
Public administration, defence, education, human health and social work activities	2.0	3.3	0.17	0.29	8.6	8.6
Equals Gross Value Added (GVA) at Basic Price	**- 3.2**	**3.5**	**- 2.9**	**3.2**	**91.2**	**91.1**
Taxes less subsidies on products	- 8.1	4.9	- 0.7	0.4	8.8	8.9
Equals Gross Domestic Product (GDP) at Market Price	**- 3.6**	**3.7**	**- 3.6**	**3.7**	**100.0**	**100.0**
Net primary income from rest of the world	8.3	9.3				
Gross National Income at Market Price	**- 3.5**	**4.0**				

(a) Based on the GDP estimates (base year 2010)
(b) Provisional
(c) Revised

Source : Department of Census and Statistics

Figure 2.2
Snapshot of National Output, Expenditure, Income and Employment - 2021



2

the year. Accordingly, the GDP implicit deflator increased to 7.9 per cent in 2021, from 4.0 per cent recorded in 2020.

GNI, which is estimated by adjusting GDP for the net primary income from the rest of the world, recorded a growth of 12.3 per cent at current prices in 2021, compared to the marginal growth of 0.3 per cent recorded in 2020. This growth in GNI was largely due to the decline in negative balance of net primary income on top of the significant increase in GDP at current prices in 2021, compared to last year.

GDP per capita increased to Rs. 758,680 (US dollars 3,815) in 2021, compared to Rs. 685,587 (US dollars 3,695) in 2020. The increase in GDP per capita in rupee terms was mainly on account of the growth in GDP at current prices, while the slower increase in GDP per capita in US dollar terms was due to the weakening of the domestic currency against the US dollar on an annual average basis. Meanwhile, GNI per capita was estimated at Rs. 740,328 (US dollars 3,722) in 2021, compared to Rs. 666,285 (US dollars 3,591) in 2020.

2.3 Contribution from Institutional Sectors

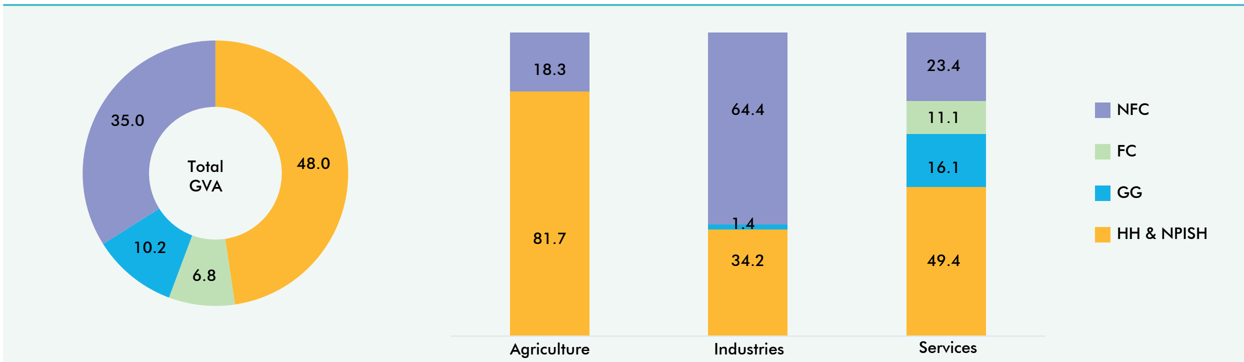
In 2021, the largest contribution to Gross Value Added (GVA) estimated at current market prices continued to be from the Households and Non-Profit Institutions Serving Households (HH and NPISH) sector. The HH and NPISH sector sustained the largest contribution to Agriculture and Services activities, while Industry activities were dominated by the Non-Financial Corporations (NFC) sector. Accordingly, representing 48.0 per cent of the overall GVA of the economy, the HH and NPISH sector grew by 10.2 per cent in 2021 compared to the previous year. Meanwhile, the NFC sector recorded a growth of 15.2 per cent. The General Government (GG) and Financial Corporations (FC) sectors recorded growth rates of 5.4 per cent and 19.0 per cent, respectively, in 2021.

2.4 Output, Policies, Institutional Support and Issues

Agriculture

Agriculture activities recorded an expansion of 2.0 per cent in 2021 in value-added terms, recovering from the contraction of 2.2 per cent recorded in 2020, mainly on account of the expansion in coconut and animal production activities. Further, the growing of tea, spices, forestry and logging, and growing of other cereals also expanded during the year, contributing favourably to the growth in overall agricultural activities. Meanwhile, fishing activities also recorded a moderate growth in 2021, recovering from the

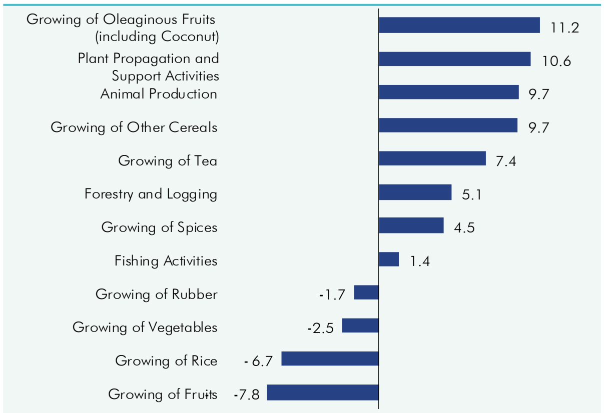
Figure 2.3
Percentage Share of Gross Value Added (GVA) by Institutional Sectors in 2021 (at Current Market Prices) (a)



(a) Based on the GDP estimates (base year 2010)

Source: Department of Census and Statistics

Figure 2.4
Growth Rates of Agriculture Activities - 2021 (a)



(a) Based on the GDP estimates (base year 2010) Source: Department of Census and Statistics

significant contraction recorded in 2020. However, the growing of rice, fruits, vegetables, other perennial crops, rubber and other beverage crops (coffee, cocoa, etc.) contracted during the year. Even though Agriculture activities recorded an expansion during the year, the lack of relevant nutrients and agrochemicals prevented it from reaching its full potential particularly during the second half of the year.

Agriculture Production Index

The Agriculture Production Index (API), which measures the output of the agriculture and fisheries sectors,[2] recorded a moderate increase in 2021. The API increased by 3.0 per cent during the year over a 2.7 per cent increase in 2020 driven by the growth in most of the sub-indices, including paddy, tea, coconut, livestock and fisheries, whereas the rubber sub index witnessed a contraction in comparison to the previous year.

Paddy

The paddy sector recorded a high level of production in 2021, with a bumper harvest during the 2021 Yala season. Conducive weather conditions and an increase in the net extent harvested contributed to the increased production during the year. Accordingly, total paddy production recorded a bumper harvest for the second consecutive year in 2021, with a marginal increase in harvest compared to the previous year. Paddy production during the year grew by 0.6 per cent, on a year-on-year basis, to 5.1 million metric tons. Notably, the decline of 4.2 per cent in production of 2020/2021 Maha season was greatly offset by the growth of 8.5 per cent recorded in the 2021 Yala season. The net extent harvested expanded by 2.8 per cent to 681,521 hectares and 10.3 per cent to 445,084 hectares in the 2020/2021 Maha and 2021 Yala seasons, respectively, resulting in an overall increase of 5.6 per cent in the total net extent harvested over 2020. Despite the overall improvement in production during the year, the paddy yield per hectare during the 2020/2021 Maha season and 2021 Yala season decreased by 6.8 per cent to 4,492 kilogrammes per hectare and 1.6 per cent to 4,692 kilogrammes per hectare, respectively, over the corresponding periods of 2020, raising concerns about the sufficiency of supplies of inputs, including fertiliser and other agrochemicals, and poor soil and crop management practices. The total paddy production from both the Maha and Yala seasons was equivalent to 3.3 million metric tons of rice, which was estimated to be sufficient to meet the domestic demand for rice approximately

Table 2.2
Agriculture Production Index (2007-2010 =100)

Item	2020 (a)	2021 (b)	Growth Rate (%)	
			2019/20 (a)	2020/21 (b)
Agriculture and Fisheries	129.4	133.3	2.7	3.0
1 Agriculture	129.6	133.8	7.3	3.2
1.1 Agriculture Crops	123.7	126.9	9.2	2.5
Paddy	136.9	137.7	11.5	0.6
Tea	89.5	96.1	-7.1	7.4
Rubber	58.3	57.3	4.6	-1.7
Coconut	98.6	110.1	-9.5	11.7
Other Crops	167.1	166.9	22.6	-0.1
o/w Vegetables	142.7	141.4	16.0	-0.9
Fruits	199.6	169.3	33.0	-15.2
OFC	141.1	165.5	18.6	17.3
1.2 Livestock	176.4	188.7	-2.3	7.0
2 Fisheries	128.5	130.7	-15.2	1.7

(a) Revised Source: Central Bank of Sri Lanka
(b) Provisional

2 API does not cover the forestry and logging sector

Table 2.3
Paddy Sector Statistics

Item	Unit	2020 (a) Maha	2020 (a) Yala	2020 (a) Total	2021 (b) Maha	2021 (b) Yala	2021 (b) Total
Gross Extent Sown	hectares '000	752	456	1,208	770	501	1,272
Gross Extent Harvested	hectares '000	740	451	1,191	762	497	1,259
Net Extent Harvested	hectares '000	663	403	1,066	682	445	1,127
Production	mt '000	3,197	1,924	5,121	3,061	2,088	5,150
	bushels '000	153,188	92,206	245,395	146,702	100,067	246,769
Yield per Hectare (c)	kg/ hectare	4,821	4,770	4,802	4,492	4,692	4,571
Credit Granted by the Banking Sector	Rs. mn	5,605	4,096	9,701	8,603	4,449	13,052
Rice Imports (d)	mt '000	n.a.	n.a.	16	n.a.	n.a.	147
Paddy Equivalent of Imported Rice (d)	mt '000	n.a.	n.a.	23	n.a.	n.a.	216

(a) Revised
(b) Provisional
(c) Yield per hectare is calculated by dividing production by the net extent harvested
(d) Annual figure

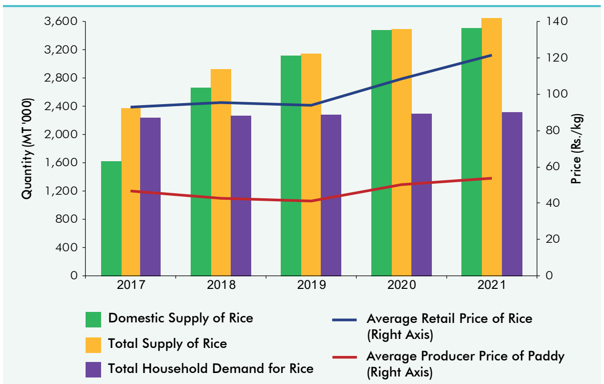
Sources: Department of Census and Statistics
Sri Lanka Customs
Central Bank of Sri Lanka

2

for 17 months.[3] Despite sufficient production, rice imports registered a notable increase from 15,770 metric tons in 2020 to 147,091 metric tons in 2021, of which around 134,716 metric tons of rice were imported during the months of November and December 2021. Rice imports were undertaken with the intention of stabilising the upward volatilities in rice prices observed in the domestic market and also to ensure that a sufficient buffer stock was maintained.

Despite sufficient levels of paddy production and higher rice imports, prices of paddy and rice varieties remained notably high throughout the year. The average price of *Samba* paddy recorded a significant increase of 29.2 per cent reaching Rs. 65.32 per kilogramme during 2021, while the average price of *Nadu* paddy also increased by 20.7 per cent to Rs. 57.61 per kilogramme in 2021, compared to the previous year. The Government continued its paddy purchasing programme, as spearheaded by the Paddy Marketing Board (PMB), in order to ensure fair prices to farmers. Accordingly, with effect from March 2021, the PMB purchased paddy at the price of Rs. 56.50 per kilogramme for all varieties, which was later revised to Rs. 50.00 per kilogramme for *Nadu*, Rs. 52.00 per kilogramme for *Samba*, and Rs. 55.00 per kilogramme for *Keeri Samba* in July 2021. Further, the guaranteed price for *Nadu* was further increased to Rs. 55.00 per kilogramme in September 2021. The PMB purchased around 44,948 metric tons of paddy stock from the 2020/2021 Maha harvest, while around 7,728 metric tons were purchased during the 2021 Yala season. Further, necessary approval was granted in February 2022 to purchase paddy for the 2021/2022 Maha season at Rs. 90.00 per kilogramme for *Nadu*, Rs. 92.00 per kilogramme for *Samba*, and Rs. 95.00 per kilogramme for *Keeri Samba* with the view to providing competitive prices for paddy farmers. The PMB expects to purchase around 300,000 metric tons of paddy during the 2021/2022 Maha season,

Figure 2.5
Rice : Supply and Demand



Sources: Central Bank of Sri Lanka
Department of Census and Statistics
Sri Lanka Customs

3 Household rice demand is computed using the average rice consumption of households based on Household Income and Expenditure Survey – 2016, which provides latest data for the purpose, and mid-year population in 2021.

and as of mid-March 2022, around 70,000 metric tons had been purchased. However, as the efficiency of the paddy purchasing programme of the PMB is constrained due to a host of factors such as the lack of infrastructure and logistics, including warehouse facilities, drying, and transportation facilities, private millers were able to buy significantly higher quantities of paddy at competitive prices in the open market. On average, the retail price of *Samba* was Rs. 136.52 per kilogramme in 2021, which was an increase of 30.8 per cent, compared to the previous year, while the average retail price of *Nadu* stood at Rs. 116.56 per kilogramme in 2021 in comparison to Rs. 100.01 per kilogramme reported in the previous year. Due to high price volatilities and to prevent exploitation of consumers amidst these developments, a Gazette was issued on 02 September 2021 setting a maximum retail price (MRP) for *Samba* rice at Rs. 103.00 per kilogramme and *Nadu* rice at Rs. 98.00 per kilogramme. However, this Gazette was later revoked towards end September 2021 leading to a price escalation thereon. Meanwhile, the Special Commodity Levy on imported *Samba*, *Nadu*, and *Raw* rice was reduced, considerably, from Rs. 65.00 to Rs. 0.25 per kilogramme from October 2021 to June 2022 with the aim of ensuring a sufficient and continuous supply of rice in the market.

Several measures were undertaken across the agriculture sector to uplift productivity in a sustainable manner in line with the National Policy Framework of the Government. With due consideration to the negative consequences of excessive use of agro chemicals, a ban on the importation of chemical fertilisers, pesticides and herbicides was imposed in May 2021. In this regard, several programmes were carried out for the expeditious adoption of sustainable agriculture practices, while encouraging local production of organic fertiliser, which gathered pace gradually. However, this swift policy move resulted in limited availability of inorganic and organic fertilisers, creating concerns of sizeable yield losses in paddy cultivation and causing escalations in the price of paddy. Therefore, measures were taken to import natural organic fertiliser, chelated minerals, and micronutrients for paddy cultivation. The Government also planned to import Muriate of Potash for paddy cultivation during the 2022 Yala season. Another key initiative to encourage organic agricultural practices was the provision of an incentive of Rs.12,500 per hectare, capped at a maximum of one hectare, to farmers who produce organic fertiliser for their own paddy cultivation in the 2021/2022 Maha season. Further, organic and bio fertilisers were provided as subsidies for the 2021/2022 Maha season in order to address soil nutrient deficiencies in the paddy fields, while also assisting farmers to produce their own compost fertiliser for their usage. In this regard, laboratory facilities were made available to ensure the quality of compost fertiliser. Rice variety screening for organic cultivation was also carried out encompassing 10 popular varieties and 4 traditional varieties to select the best performing varieties. Creating new crosses and evaluating breeding lines were also carried out under the *Crop Improvement Programme*, while the *Production and Productivity Enhancement of Paddy Project* was continued with the aim of implementing a suite of agriculture technologies spanning the entire cultivation process starting from land preparation to harvest.

Tea

The production of tea recorded an overall growth of 7.4 per cent in 2021, driven by a significant expansion during the first half of the year, owing mainly to the lower base induced by the onset of the COVID-19 pandemic in the corresponding period of 2020. Following the significant increase of 24.0 per cent recorded in the first half of the year, a sharp contraction of

7.2 per cent was registered in tea production during the latter half of the year, largely driven by unfavourable weather conditions that prevailed during the months of November and December. Production of high, medium, and low grown tea, which contributes to about 22 per cent, 17 per cent and 61 per cent of the total production, respectively, expanded by 5.0 per cent, 9.1 per cent and 7.8 per cent, respectively, in 2021. In the meantime, the average yield in the smallholder sector increased to 1,880 kilogrammes per hectare, compared to 1,766 kilogrammes per hectare reported in 2020 and remained above the average yield of the large plantation sector.

Tea prices at the Colombo Tea Auction (CTA) remained elevated in 2021 compared to pre pandemic levels, but were still lower than those observed in 2020. The average price of tea decreased by 2.3 per cent to Rs. 619.15 per kilogramme during the year from Rs. 633.85 per kilogramme recorded in 2020. Accordingly, average tea prices of medium and low grown tea declined by 1.0 per cent and 3.5 per cent, year-on-year, respectively, while high grown tea reported a marginal increase of 0.6 per cent in 2021. Further, the average price received by smallholders for green leaves declined to Rs. 93.67 per kilogramme during the year from Rs. 94.36 per kilogramme in 2020. Although the average export price (FOB) of tea increased by 6.2 per cent to Rs. 920.76 per kilogramme during the year, the FOB price of tea in US dollar terms declined by 0.9 per cent during 2021. The dampening of average tea prices during the year can be partly attributed to the improvement in tea production as well as the increase in the quantity supplied to the auction during the year. Further, sharp increases in freight costs and other input costs, such as packing materials, adversely impacted prices during the year.

Several measures were undertaken by the Government to strengthen the tea industry in 2021. The Five Year Strategic and Action Plan for the Tea Sector in Sri Lanka (2021-2025) was finalised and actions were executed as planned during the year. The transition to an e-Auction system, which was a major stepping stone for the tea trade when initiated during the COVID-19 pandemic in 2020, continued to operate successfully and was upgraded as '*SmartAuction*' with strengthened trading and data features in 2021. Under the replanting, new planting, and infilling subsidy programme to increase the productivity of tea lands, the Sri Lanka Tea Board (SLTB) disbursed Rs. 79.8 million for 263 hectares across tea growing regions. The SLTB continued the Model Tea Garden project for middle scale tea estates, while providing Rs. 2.3 million for 17 lands and expects to establish 138 tea nurseries, of which 113 nurseries had been established as at the end of the year. The Cabinet of Ministers granted approval to utilise Rs. 1 billion from the Tea Promotion and Marketing Fund of the SLTB to provide a grant for tea exporters who are eligible under the Brand Promotion Scheme for the exporting of *Pure Ceylon Tea*. A tripartite agreement worth euros 1 million was signed by the SLTB to obtain financial and technical assistance in relation to obtaining a Geographical Indication (GI) certification for Ceylon Tea, which is expected to serve to recognise the quality and the unique characteristics of the product, as attributable to Sri Lanka. The Tea Small Holdings Development Authority (TSHDA) continued its efforts in relation to tea replanting and new planting programmes and crop rehabilitation subsidy programmes. In 2021, around 849 hectares of tea lands were replanted and about 678 hectares of new lands were converted into tea lands, while 3.3 million tea plants were used for infilling vacancies in tea lands. After a hiatus of over five years, the tea replanting subsidy for tea smallholders was increased to Rs. 630,000 per hectare from Rs. 500,000 per hectare, while the new planting subsidy was increased to Rs. 500,000 per hectare from Rs. 400,000 per hectare. The Tea Research Institute (TRI) continued to execute research and development activities and service projects in line with its Strategic Plan (2019-2023), which strives to strengthen the sector in line with the Sustainable Development Goals, Five Year Strategic and Action Plan for Tea and the National Policy Framework of the Government.

Rubber

Rubber production continued to decrease in 2021 due to incessant rains in plantation areas, during tapping days along with the prevalence of fungal disease. Accordingly, production declined by 1.7 per cent to 76.9 million kilogrammes in 2021 from 78.2 million kilogrammes produced in 2020. Rubber production showed a rising trend during the first half of 2021, but declined notably thereafter. This was due to higher number of rainy days which dampened production in the last quarter of the year, which is generally considered as the peak yielding period of rubber plantations. The production of sheet rubber, which accounts for about 50 per cent of total rubber production, declined by 1.7 per cent, while crepe rubber production recorded a growth of 7.4 per cent during the period under review. The production of other categories of rubber, which accounts for around 32 per cent of total rubber production, declined by 6.2 per cent in comparison to the production of the previous year. In 2021, domestic consumption of rubber by local industries increased by 19.4 per cent to 133.9 million kilogrammes with the gradual recovery of the industry sector. Meanwhile, exports of raw rubber recorded a marginal decline of 1.7 per cent to 15.5 million kilogrammes in 2021, owing to low production.

Reflecting the escalation of natural rubber prices in global markets, rubber prices in the domestic market also displayed an increasing trend during 2021. At the Colombo Rubber Auction, the average price of Ribbed Smoked Sheet No.1 (RSS1) rubber increased by 31.1 per cent to Rs. 460.78 per kilogramme, while prices of latex crepe witnessed a significant increase of 74.4 per cent to Rs. 626.32 per kilogramme in 2021 over the prices recorded in 2020. Meanwhile, average auction prices of RSS1 and latex crepe rubber stood at Rs. 475.00 per kilogramme and Rs. 696.58 per kilogramme, respectively, as at end December 2021. Average FOB price of rubber also increased from US dollars 1.91 per kilogramme in 2020 to US dollars 2.72 per kilogramme in 2021. The surge in international prices during the latter part of the year was driven by supply shortages in global markets due to unseasonal and heavy rains that disrupted tapping operations in rubber producers amidst growing demand from East Asia.

The strategies that were implemented by the Rubber Development Department (RDD) and the Rubber Research Institute (RRI) for the development of the rubber sector continued in 2021, aiming at improving sectoral productivity as well as raising the value addition in the rubber industry. In line with the National Agricultural Policy, Rs. 60 million was allocated in Budget 2021 to provide subsidies for local small and medium scale entrepreneurs to engage in natural rubber related production and to transform small rubber lands into profitable commercial units by encouraging diversification of income streams. Under the Productivity Improvement Programme initiated by the RDD in 2020, targeting the small holding sector, activities related to new planting, replanting, preparation of abandoned land for tapping and enhancing productivity of lands were underway, while subsidies were provided for

2

Table 2.4
Trends in Principal Agricultural Crops

Category	Unit	2020 (a)	2021 (b)	Change (%) 2019/20 (a)	Change (%) 2020/21 (b)
1. Tea					
1.1 Production (c)	kg mn	278.9	299.5	-7.1	7.4
- Low Grown	kg mn	169.9	183.2	-10.5	7.8
- Medium Grown	kg mn	46.7	51.0	-0.9	9.1
- High Grown	kg mn	62.2	65.3	-1.3	5.0
1.2 Total Extent	hectares '000	266	267	33.0	0.3
1.3 Extent Bearing	hectares '000	266	267	37.7	0.3
1.4 Cost of Production (d)	Rs/kg	492.48	533.13	1.8	8.3
1.5 Average Price					
- Colombo Auction	Rs/kg	633.85	619.15	15.9	-2.3
- Export (F.O.B.)	Rs/kg	866.70	920.76	5.4	6.2
1.6 Replanting	hectares	812	1,123	-22.0	38.3
1.7 New Planting	hectares	424	696	-61.6	64.2
1.8 Value Added (e)	as % of GDP	0.6	0.7		
2. Rubber					
2.1 Production	kg mn	78.2	76.9	4.6	-1.7
- Sheet Rubber	kg mn	39.1	38.4	4.6	-1.7
- Crepe Rubber	kg mn	13.0	13.9	-10.2	7.4
- Other	kg mn	26.1	24.5	14.0	-6.2
2.2 Total Extent	hectares '000	138	139	0.2	0.6
2.3 Area under Tapping (f)	hectares '000	121	113	6.1	-6.0
2.4 Cost of Production	Rs/kg	213.50	221.00	1.7	3.5
2.5 Average Price					
- Colombo Auction (RSS 1)	Rs/kg	351.46	460.78	21.8	31.1
- Export (F.O.B.)	Rs/kg	353.84	540.77	6.5	52.8
2.6 Replanting (f)	hectares	976	1,470	-6.2	50.6
2.7 New Planting (f)	hectares	751	1,185	-31.9	57.8
2.8 Value Added (e)	as % of GDP	0.2	0.2		
3. Coconut					
3.1 Production	nuts mn	2,792	3,120	-9.5	11.7
- Desiccated Coconut	nuts mn	226	298	-41.5	31.8
- Coconut Oil	nuts mn	48	211	-81.0	340.6
- Other	nuts mn	2,516	2,607	2.9	3.6
3.2 Total Extent	hectares '000	505	505	0.2	0.2
3.3 Cost of Production	Rs/nut	21.81	21.25	19.0	-2.6
3.4 Average Price					
- Producer Price	Rs/nut	61.05	71.88	45.7	17.7
- Export (F.O.B.) (g)	Rs/nut	52.61	65.36	40.4	24.2
3.5 Replanting / Under Planting (h)	hectares	5,333	7,647	-10.1	43.4
3.6 New Planting (i)	hectares	8,000	1,387	16.9	-82.7
3.7 Value Added (e)	as % of GDP	0.6	0.7		

(a) Revised
(b) Provisional
(c) Includes green tea
(d) Includes green leaf suppliers' profit margin
(e) In growing and processing only
(f) Extent covered by cultivation assistance schemes of the Rubber Development Department
(g) Three major coconut kernel products only
(h) Extent covered by cultivation assistance schemes of the Coconut Cultivation Board (CCB)
(i) The extent newly planted is calculated based on the amount of coconut seedlings distributed by CCB at a conversion rate of 158 seedlings for one hectare.

Sources: Sri Lanka Tea Board
Tea Small Holdings Development Authority
Ministry of Plantation
Department of Census and Statistics
Rubber Development Department
Coconut Cultivation Board
Coconut Development Authority
Sri Lanka Customs
Central Bank of Sri Lanka

re-cultivation of abandoned lands, and to purchase rain guards and weeding equipment. Further, continued efforts were made in relation to new planting activities in non-traditional rubber cultivation areas, including Moneragala and Ampara districts, under the *Smallholder Tea and Rubber Revitalisation (STaRR) Project*. As a part of its research and development activities, the RRI introduced an environment friendly and economically viable slow release fertiliser technique to improve crop performance across 14 estates under the Pussellawa, Agalawatta, Kelani Valley, and Kegalle plantations and 6 smallholder sites. The RRI also conducted 64 on-farm participatory research trials for compost application, covering a total extent of 131.8 acres in the Kalutara, Kurunegala, Matale, Kegalle, Matara, Galle, Colombo, and Ratnapura districts. Moreover, the Ministry of Plantation established an Inter-institutional Coordinating Committee for Development of Rubber Cultivation and Industries, comprising representatives of relevant ministries and institutions, with the intention of devising holistic policies to develop and strengthen the rubber industry and relevant value chains.

Coconut

Coconut production reached a historically high level with total nut production of 3,120 million nuts in 2021. Accordingly, coconut production recorded a growth of 11.7 per cent in 2021 compared to the contraction of 9.5 per cent recorded in 2020. The increase was largely driven by conducive weather conditions that resulted in well distributed rainfalls from the latter part of 2020 onwards and throughout 2021, in addition to favourable air temperature in key coconut growing areas. As coconut production recovered from its subdued performance in 2020, the output of major kernel products showed improvements during the period under review. Accordingly, the production of desiccated coconut increased by 31.8 per cent to 33,289 metric tons, while coconut oil production improved significantly by 117.8 per cent in 2021, compared to 2020. The increase in coconut oil production was a result of the policy initiatives of the Government to promote local coconut oil production, while discouraging the importation and consumption of palm oil and other edible oil imports. Production of coconut cream, coconut milk, and coconut milk powder also increased in 2021. Despite the increase in production of total nuts, copra and fresh nut exports dropped in 2021, amidst growing industrial demand for processed products. Meanwhile, steps were taken to import frozen coconut kernel for coconut based industries, as local production was insufficient to meet the growing demand of the industry sector.

Prices of coconut and coconut based products remained at an elevated level during 2021 amid the high levels of coconut production reflecting the demand emerging from coconut based industries. Accordingly, the average auction price of coconut at the Colombo Coconut Auction increased to Rs. 56.51 per nut in 2021 from Rs. 48.89 per nut in 2020. The average retail price of coconut increased by 13.7 per cent to Rs. 83.90 per nut over 2020. Although the Government imposed MRPs for coconuts, in September 2020 ranging from Rs. 60 to Rs 70, based on circumference, coconuts were sold above the controlled prices in local markets, resulting in the revocation of price controls in June 2021. With the notable drop in edible oil imports and increase in edible oil prices in the global market, the average domestic price of coconut oil increased by 29.2 per cent to Rs. 443.42 per 750 ml bottle in 2021. The average local market price of desiccated coconut also increased further during the year to Rs. 537.25 per kilogramme compared to Rs. 447.56 per kilogramme recorded in the previous year.

The Government took a series of measures to improve productivity of coconut lands through initiatives focused on the creation of a sustainable coconut cultivation system. Accordingly, the Coconut Cultivation Board (CCB) introduced a special subsidy scheme in 2021 to rehabilitate existing coconut lands using organic manure, soil mulching, and moisture conservation techniques. Also, the scheme for provision of coconut seedlings at a subsidised rate for systematic cultivation continued during the year. Steps were taken to establish efficient irrigation systems in coconut lands through a new subsidy system that supports the construction of micro irrigation systems, hose irrigation systems, and water sources in coconut lands. This is expected to help mitigate the effects of adverse weather on coconut cultivation. During the year, the Coconut Research Institute (CRI) also engaged in several activities relating to the production of genetically superior hybrid coconut seed nuts and the establishment of a new coconut seed garden to produce the high yielding *Kapsuwaya* hybrid coconut cultivar. The CRI also engaged in initiatives pertaining to the estimation of organic fertiliser requirements for coconut cultivation and the standardisation of solid and liquid organic fertiliser. The Coconut Development Authority (CDA) continued to offer support to coconut based industries by facilitating financial support to coconut product manufacturers and entrepreneurs, while ensuring continuous improvement in diversification and manufacture of value added coconut products.

Minor Export Crops

The growth momentum of minor export crops continued in 2021, despite COVID-19 related global supply chain interruptions. According to the provisional estimates of the Department of Export Agriculture (DEA), the production of minor export crops increased by 28.6 per cent in 2021 over 2020. Restrictions imposed by the Government on the importation of spices encouraged farmers to actively engage in cultivation, resulting in improved performance of the sector. The production of cinnamon, pepper, clove, cardamom, coffee, cocoa, and nutmeg registered growths in 2021, while the production of betel declined marginally in 2021. Further, prices for pepper increased significantly following the rise in global demand for the crop, thereby providing financial relief to cultivators who had been suffering from low prices since 2016. With the initiation of the *Accelerated Turmeric Cultivation Development Programme* by the Government, turmeric cultivation expanded significantly during 2021 in line with the Government's goals of achieving self-sufficiency in the crop. Reflecting improved production, the export agriculture crop sector recorded its highest performance in 2021 with total export volume of the sector registering an increase of 20.4 per cent, while export earnings increased by 41.0 per cent, in rupee terms, during the year.

Several measures targeted at generating foreign earnings by enhancing the quality and productivity of export agricultural crops were adopted to uplift the performance of the export agriculture sector. Research and development activities relating to the expansion of cultivation of pepper, arecanut, ginger, turmeric, and betel in non-traditional areas such as Anuradhapura, Polonnaruwa, Ampara, Vavuniya and Jaffna continued in 2021. The DEA continued to implement initiatives to enhance the quality of production, including the introduction and popularisation of organic cultivation, Good Agricultural Practices (GAP), and Good Manufacturing Practices (GMP). Further, a number of development programmes, such as productivity improvement programmes, crop specific development programmes, and organic cultivation promotion programmes, were conducted in 2021 to assist in the establishment of economically productive cultivations. Technology related guidance and support were provided to farmers with the aim of enhancing post harvest practices and to induct them into value adding activities using appropriate technologies. Cultivators were also provided with assistance to obtain quality certifications, and organic certifications through the organic cultivation promotion programme.

Other Field Crops

The production of Other Field Crops (OFCs) increased due to favourable weather conditions and rising demand for domestic produce, amidst bans on imports of these crops. Accordingly, in 2021, the overall production of OFCs increased by 27.3 per cent, year-on-year, to 843,297 metric tons, of which a significant portion was driven by the growth of 41.9 per cent registered during the 2020/2021 Maha season. The 2021 Yala season recorded an increase of 2.0 per cent over the previous Yala season. Domestic production of OFCs such as maize, finger millet (kurakkan), potato, big onion, green gram, black gram, ground nut and gingelly recorded an increase, while the production of red onion, green chillies, cowpea, soya bean and sorghum recorded a decline. Maize production registered a significant increase of 50.7 per cent to 472,444 metric tons during the year compared to 2020, as a result of several strengthening programmes conducted by the Government in order to improve domestic maize production. Also, importation of maize decreased by 47.8 per cent in 2021, due to measures undertaken to curb maize importation. Potato production, which declined by 36.0 per cent in 2020, rebounded with a growth of 16.6 per cent in 2021, while potato imports dropped by 8.0 per cent over 2020. Further, big onion production increased by 53.2 per cent to 65,907 metric tons compared to the previous year and importation of big onions decreased by 3.2 per cent to 257,421 metric tons in 2021. In the meantime, the Government adopted several measures to enhance domestic production of OFCs via specific production improvement initiatives, on top of the continuous support offered through the distribution of seeds and planting materials. Accordingly, during the year, the Ministry of Agriculture (MoA) continued the construction of 102 island wide warehouses for OFCs, of which 76 projects had been completed as at end of 2021, with the aim of providing short-term storage facilities to farmers under the national programme to pave the way for improved food security, while also ensuring a fair price for crops. The Department of Agriculture (DoA) continued its efforts to promote GAPs, expand the extent of cultivation of OFCs, improve pest management techniques, and increase the usage of high yielding seeds, while focusing on improvements to water management. In order to strengthen domestic food security, further efforts are required to improve the supply of all OFCs by way of promoting seed production, optimal usage of agricultural inputs such as fertiliser and pesticides, expanding storage capacity, adopting best practices on climate resilient agriculture, increasing integration into value chains and establishing new marketing platforms.

Vegetables

The supply of vegetables declined in 2021 owing to the combined impact of inclement weather, the fertiliser shortage, and increased machinery and transportation costs. The total production of vegetables decreased by 1.4 per cent to 1,669,515 metric tons in 2021, in comparison to 1,693,095 metric tons recorded in 2020. This decline was mainly due to the lower production of vegetables during the 2020/2021 Maha season during which a contraction of 2.5 per cent to 871,729 metric tons was observed over the previous Maha season. Meanwhile, the 2021 Yala production also marginally declined by 0.2 per cent to 797,786 metric tons, compared to the corresponding season of 2020. The low production and disruptions in the supply chain resulted in the volatility of vegetable prices throughout the year. Accordingly, vegetable prices remained elevated during the year except for slight declines seen in the months of March and September due to the seasonal harvest. Towards the end of the year, vegetable prices increased sharply, surpassing the seasonal price patterns, owing to the crop damages and supply chain disruptions caused by heavy rains, fertiliser shortage, and spread of pests and diseases due to the shortage of agro chemicals. Meanwhile, 21,540 metric tons of vegetables worth US dollars 28.5 million were exported, while 697,144 metric tons of vegetables worth US dollars 384.3 million were imported during 2021. Moreover, several government authorities continued to undertake measures to promote and strengthen domestic vegetable production during the year. The National Institute of Post-Harvest Management functioning under the MoA carried out several research and development projects, training and awareness programmes, and consultancy services to improve the adoption of technology, while assessing the impact of such technology-centric techniques on post-harvest management and their spillover effects on strengthening agribusiness development and improving food security. In early 2022, the Government initiated a national level programme for home gardening with the support of eight government agencies in order to increase vegetable and fruit production, and ensure food security.

Fruits

According to the provisional estimates of the Department of Census and Statistics (DCS), the production of fruits was estimated at 3.3 million metric tons in 2021. During the year under review, 43,426 metric tons of fruits, worth US dollars 38.0 million were exported, while 55,725 metric tons of fruits, valued at US dollars 67.6 million were imported. The top three fruit exports comprised bananas, papaws and pineapples, while the top three fruit imports comprised apples, grapes and oranges. Despite the robust demand for local fruits, local producers possess limited capacity to cater to domestic demand. Accordingly, several measures were implemented by the MoA and DoA to enhance productivity, storage and distribution facilities and optimal usage of agricultural inputs, while ensuring the reduction of post-harvest losses. In June 2021, the MoA implemented a programme for District Secretaries or Government Agents to purchase stocks of vegetables and fruits that could not be conveniently sold, due to the imposition of mobility restrictions. Vegetables and fruits were to be purchased at prices determined by the respective District Price Committee thereby ensuring that farmers receive a fair price for their production. In March 2022, the Government took steps to limit the importation of several fruits, including oranges, mandarins, grapes, and apples as part of its measures to curb high expenditure on non-essential imports.

Sugar

Sugar production continued its upward trend in 2021 supported by favourable rainfall patterns and expanded cultivation extent. The total volume of sugar produced at the *Sevanagala*, *Pelwatte*, and *Gal Oya* sugar factories recorded a further increase of 17.9 per cent to 70,606 metric tons in 2021, over the growth of 14.5 per cent recorded in 2020. Accordingly, during the period under review, the production across the *Sevanagala*, *Pelwatte*, and *Gal Oya* sugar factories grew by 10.4 per cent, 28.8 per cent, and 11.2 per cent, respectively. The total extent under sugarcane cultivation (including ratoons) managed by the factories also increased by 3.5 per cent during the year. Further, the *Ethimale Plantations*, which has commenced production activities is expected to make significant contributions to domestic sugar production in the near future. Meanwhile, re-establishment activities pertaining to the *Kantale* sugar factory and the sugarcane plantation were in progress, albeit at a modest pace due to legal issues. Although total sugar production and average yield increased in 2021, sugar productivity, as measured by the sugar recovery rate,[4] decreased in 2021. These may be attributed to poor irrigation management, particularly during harvesting time, and inefficiencies in the quality based cane pricing system along with improper sampling systems in sugar factories.

Several strategies were implemented in the sugar industry, focused on productivity improvements in existing plantations and expansion of cultivation. Considering the high level of sugar imports over low domestic production, efforts to expand sugarcane plantations through provision of seed cane, establishment of multiplication plots and nurseries in various cane growing areas, and crop improvement and resource management practices continued throughout the year. In compliance with the Government's policy guidelines, several development programmes related to the shift away from inorganic farming practices and towards organic farming practices were in progress during the year. These included the introduction of organic fertiliser and biochemical and bio-control measures, and the formulation of a site-specific fertiliser recommendation model for sugarcane-growing soils. Meanwhile, the Sugarcane Research Institute (SRI) continued to undertake initiatives related to the setting up of new sugarcane factories in Weli Oya, Horowpathana and Bibile, while expanding sugarcane cultivation in the Skandhapuram area in Kilinochchi. The SRI

4 Sugar recovery rate = (Sugar produced/Quantity of cane crushed)*100

actively engaged in the process of updating the *National Sugar Sector Development Policy*, which was approved by the Cabinet of Ministers in 2016, to better reflect the current global and domestic situation. In light of the sharp rise in global sugar prices and the substantial foreign exchange spent on sugar imports, it is vital that the Government collaborates with these institutions to undertake a timely restructuring of the sugar industry, while exploring the potential for expansion of production capacity through the use of improved varieties, better agronomic practices and modern technologies.

Livestock

The performance of the livestock sector showed signs of improvement during 2021. According to the estimates of the DCS, the total national milk production grew by 4.4 per cent to 513 million litres in 2021. The growth in milk production was mainly driven by an increase in the average producer price of cow milk, increased milk collection, and the addition of new dairy farms. The average cost of production of cow milk increased to Rs. 69.30 per litre in 2021 from Rs. 49.28 per litre recorded in the preceding year owing to the increased price of concentrate feed and high labour charges. However, due to the increased demand for liquid milk stemming from shortages of imported and domestic milk powder and the significant increases in milk powder prices, the price received by farmers for locally produced liquid milk was also relatively high during the year. Accordingly, the average farm gate price of a litre of cow milk increased from Rs. 82.00 in 2020 to Rs. 98.00 in 2021. As per the Department of Animal Production and Health (DAPH), the contribution of local milk production to meeting the country's total requirement stood at around 38 per cent in 2021. In the poultry sector, egg production witnessed a growth of 4.5 per cent in 2021 compared to the previous year. However, the lack of feed ingredients and rising feed costs translated into reductions in the size and the number of eggs produced per bird. Further, poultry meat production increased by 9.5 per cent, while the cost of production of chicken increased from Rs. 342.07 per kilogramme to Rs. 434.19 per kilogramme in 2021. The local production of broiler parents broadly remained unchanged, while importation of broiler parents increased, resulting in a higher availability of broiler parent day-old chicks in 2021. During the period under review, the production of beef, pork and mutton increased by 4.4 per cent, 4.9 per cent and 1.0 per cent, respectively.

The Government continued to promote the livestock sector by implementing necessary measures and providing policy support during the year. Under the Livestock Breeding Project of the DAPH, around 196,364 artificial inseminations were carried out on cattle and buffalos during 2021 through divisional veterinary offices. Provision of cattle feed to improve the nutrition of female calves born through artificial insemination and vaccination against various animal diseases were also in progress during the period under review. Further, under the *Comprehensive Mastitis Control*

Table 2.5
Livestock Sector Statistics

Sub-Sector	2020 (a)	2021 (b)	Change (%) 2019/20 (a)	Change (%) 2020/21 (b)
1. National Herd (No.) (million)	1.4	1.5	3.0	2.6
Neat Cattle	1.1	1.1	1.6	2.5
Buffalo	0.3	0.3	8.2	3.2
2. National Milk Production (million litres)	491.5	513.3	9.8	4.4
Cow Milk	413.6	425.4	10.6	2.8
Buffalo Milk	77.9	87.9	5.9	12.9
3. Milk Products (million litres) (c)	n.a.	n.a.	-	-
4. Producer Price - Cow Milk (Rs./litre)	82.00	98.00	17.2	19.5
5. National Egg Production (No.) (million)	1,869.7	1,953.7	-10.3	4.5
6. National Poultry Meat Production (mt '000)	216.2	236.7	-3.5	9.5

(a) Revised
(b) Provisional
(c) Based on data from Department of Animal Production and Health

Sources: Department of Census and Statistics
Department of Animal Production and Health

2

Programme, udder infusions were produced locally and issued to the dairy farmers to control and prevent clinical and subclinical mastitis in the national herd. Despite several initiatives to improve the dairy industry, the local dairy industry largely comprises small scale dairy producers, with average production levels ranging from 2-3 litres per day. Poor feeding practices along with the reduction in locally produced feed ingredients, higher calving intervals and breeding issues, inadequate infrastructure for milk storage, cooling, transportation and processing, and poor health status of cows continued to contribute to low productivity. Considering the country's urgent need for dairy sector development, upgrading the dairy industry to medium and large-scale farms, as well as ensuring the availability of high quality feed at affordable prices, establishing a cost reflective price mechanism for milk and milk products, and increasing the productivity of existing herds could greatly facilitate fulfillment of the domestic demand for milk and milk products. On the other hand, domestic maize production, which is largely used as the primary ingredient in domestic poultry feed production, is still insufficient to fulfill total demand, there by creating difficulties in obtaining required feed and forcing feed producers to turn to high cost substitutes and resulting in feed price fluctuations and a significant drop in feed production. Accordingly, small scale poultry producers have become more vulnerable to market pressures. Therefore, encouraging domestic maize cultivation and introducing technology to increase productivity remain critical in ensuring the long term viability of the poultry sector, while also ensuring that temporary supply shortages are addressed in a timely manner.

Fisheries

The production of the fisheries sector remained subdued in 2021 following the steep contraction observed in 2020. Accordingly, marine fish production, which comprises coastal and off shore sub sectors and accounts for around 76 per cent of the total fish production, increased by 1.5 per cent. Inland fishery production increased by 2.4 per cent mainly driven by the increase in shrimp farm production coupled with improved aquaculture practices. Meanwhile, during the second and third quarters of 2021, fish production was affected by the disruptions to marine fishing activities due to the *Xpress Pearl* vessel incident that caused significant damage to coastal and marine resources. The authorities took immediate measures to impose a temporary fishing ban in the affected areas from Kalutara to Negombo to ensure the safety of the fishing community and the consumers. Subsequently, the Government disbursed an allowance of Rs. 5,000 per affected family, while offering replacements for damaged fishing gear so as to safeguard the livelihoods of fishing communities. However, fish production and consumption witnessed a rebound in the fourth quarter of 2021. The retail price of fish varieties fluctuated throughout the year as a result of disruptions to fishing activities and increased logistics costs. According to the Ministry of Fisheries (MoF), fish exports increased by 25.6 per cent in volume terms and by 58.6 per cent in rupee terms in 2021, reflecting the impact of the measures taken by the authorities to provide necessary guidance and assistance to stakeholders in order to export high quality fish products in accordance with relevant regulations imposed by the importer countries. Fish imports declined notably by 34.5 per cent during the period under review.

The Government continued to undertake its efforts aimed at increasing the contribution of the fisheries sector to the national economy. The MoF undertook several initiatives to enhance fish production, while focusing on the reduction in post harvest losses, which accounts for around 20-30

Table 2.6
Fish Production

mt '000

Sub-Sector	2020	2021 (a)	Change (%) 2019/20	Change (%) 2020/21 (a)
Marine	327	332	-21.3	1.5
Coastal and Lagoon	183	178	-24.7	-2.4
Off-shore	144	153	-16.5	6.3
Inland Fisheries	102	104	12.7	2.4
Capture	84	81	15.1	-4.3
Aquaculture	10	9	-5.3	-10.2
Shrimp Farms	7	14	15.0	95.8
Total	429	436	-15.2	1.7

(a) Provisional

Source: Ministry of Fisheries

per cent of total production. Several initiatives were also underway to prevent illegal, unreported, and unregulated fishing activities. Construction activities of new harbours, upgrading of existing harbours, and construction of anchorages and landing sites were in progress during the year to enable large scale multiday fishing vessels to dock. Initiatives to improve modern cooling, storage and transportation facilities, which are essential logistics for improved fish production were also underway during 2021. The MoF, in collaboration with the National Aquaculture Development Authority (NAQDA), implemented a number of non-traditional farming initiatives to enhance inland fish and aquaculture production, improve exports and strengthen the rural economy. In this regard, the establishment of community based fish breeding units, the improvement of small scale fish seed production units for post larvae rearing, and the rehabilitation and improvement of aquaculture development centers in order to increase fish fingerling production were in progress during the year. Initiatives to intensify shrimp culture were continued through various measures such as the installation of a water recirculation system, the improvement of biosecurity in farming areas, and the dredging of the Dutch Canal in Puttalam to access quality water. In addition to shrimp farming, the NAQDA also engaged in the promotion of commercial aquaculture through the development of sea weed, sea bass, crab, sea cucumber, and milk fish farming. Sea weed farming activities in the Jaffna, Kilinochchi, Mannar, and Puttalam sea areas and the construction of a milk fish hatchery in Puttalam were underway during the year. A sea cucumber hatchery in Mannar commenced operations in March 2021 and a sea cucumber village was established in Kilinochchi, while steps were taken to expand sea cucumber farming in Jaffna with a view to increasing sea cucumber exports. Furthermore, the development of new ornamental fish strains, the advancement of aquaculture technology, and the provision of brood fish and fish disease diagnosis activities were also underway in order to support the development of ornamental fish and aquatic plant culture and export sector.

Table 2.7
Availability of Major Food Commodities

Item	Unit	2010 Production	2010 Imports	2010 Per Capita Availability (kg per Year)	2020 (a) Production	2020 (a) Imports	2020 (a) Per Capita Availability (kg per Year)	2021 (b) Production	2021 (b) Imports	2021 (b) Per Capita Availability (kg per Year)
Rice (c)	mt '000	3,011	126	152	3,482	16	164	3,502	147	165
Maize	mt '000	162	16	9	314	44	16	472	23	22
Wheat	mt '000	-	1,051	51	-	1,404	64	-	1,307	59
Big Onion	mt '000	59	158	10	43	266	14	66	257	15
Sugar	mt '000	31	548	28	60	683	34	71	582	29
Potatoes	mt '000	52	130	9	65	127	9	76	117	9
Fresh Fish	mt '000	385	14	19	429	13	20	436	10	20
Cow Milk	mn litres	192	-	9 (d)	414	-	19 (d)	425	-	19 (d)
Coconut Oil	mt '000	65	3	3	20	79	5	43	99	6

(a) Revised
(b) Provisional
(c) 1 mt of paddy = 0.68 mt of rice
(d) Litres per year

Sources: Department of Census and Statistics
Sri Lanka Customs
Lanka Sugar Company (Pvt) Ltd. - Sevanagala Unit
Lanka Sugar Company (Pvt) Ltd. - Pelwatte Unit
Gal Oya (Hingurana) Sugar Industries Ltd.
Ministry of Fisheries
Coconut Development Authority

2

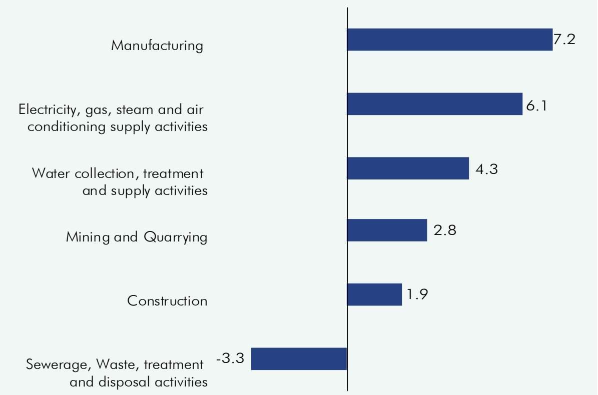
Industry

Benefiting from the pent-up demand and the continuation of the operations under the 'new normal', Industry value-added recovered by 5.3 per cent in 2021, from the contraction of 6.9 per cent registered in 2020, yet the figures masked the lingering damage caused by supply-side impediments. The recovery in manufacturing activities led the Industry growth while construction and, mining and quarrying activities recorded moderate expansions. Meanwhile, electricity, gas, steam, and air conditioning supply activities, and water collection, treatment and supply activities also expanded during the year, positively contributing to overall Industry activities. However, sewerage, waste treatment, and disposal activities contracted in 2021. Reflecting the recovery in Industry activities, the Demand and Production sub-indices related to the Industry activities of the Business Outlook Survey (BOS) conducted by the Central Bank on a quarterly basis, indicated an expansion on average during the year.

Manufacturing

Continuing the operations under new normalcy, the value-added of manufacturing activities turned to a recovery path with a growth of 7.2 per cent in 2021, from the decline of 3.9 per cent recorded in 2020. The successful vaccination rollout in the country, relaxation of the pandemic-related mobility restrictions, allowing of continuous functioning of factory operations and the adjustment of the economic environment to 'new normal' provided an impetus to the recovery in manufacturing activities during the year. Accordingly, all manufacturing activities expanded during the year, except the manufacture of coke and refined petroleum products which was adversely affected by the temporary closure of the Sapugaskanda refinery. Manufacture of textiles, wearing apparel

Figure 2.6
Growth Rates of Industry Activities - 2021 (a)

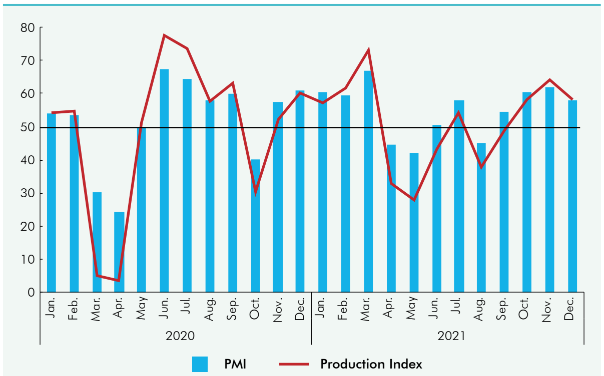


(a) Based on the GDP estimates (base year 2010)

Source: Department of Census and Statistics

and leather-related products was a key contributor to the overall growth of manufacturing activities, largely supported by the healthy external demand. Further, the manufacture of food, beverages, and tobacco products, rubber and plastic products, and other non-metallic mineral products also contributed considerably to the expansion in manufacturing activities. Considering the manufacturing-related indicators, the Index of Industrial Production (IIP) compiled by the DCS recorded an increase in 2021, indicating the recovery in manufacturing activities. Further, the Purchasing Managers' Index (PMI) for manufacturing activities, compiled by the Central Bank on a monthly basis, also indicated an

Figure 2.7
Purchasing Managers' Index - Manufacturing (a)



(a) PMI is based on a perception survey which captures monthly developments compared to the previous month. This is a diffusion index ranging from 0-100 where an index value above the neutral level of 50 denotes an expansion, while a value below 50 denotes a contraction in the respective activity in general.

Source: Central Bank of Sri Lanka

expansion of manufacturing activities on average during the year. However, the delays in the supply chain hindered the sector from reaching its full potential.

Index of Industrial Production

Following a notable setback in 2020, the manufacturing sector showed a rebound in 2021 despite the challenges brought about by the COVID-19 pandemic. As per the Index of Industrial Production (IIP) compiled by the DCS, with increased production across majority of the sub sectors, the manufacturing sector witnessed a significant growth of 7.3 per cent in 2021 compared to the decline of 10.2 per cent observed in 2020. The highest value of the IIP of 119.6 since its inception was reported in March 2021. Imposition of selective and less rigid mobility restrictions during the outbreaks of COVID-19 in 2021 allowed major industrial activities to continue without much disruption. The COVID-19 vaccination drive that picked up pace, especially during the second half of the year also facilitated the continuation of industrial activity. The positive performance of the IIP was primarily driven by the subsectors of manufacturing of wearing apparel, non-metallic mineral products, rubber and plastic products, textiles, basic metals and beverages. However, the overall positive momentum of the IIP was weighed down by the manufacturing of coke and refined petroleum products subsector, on account of occasional closures of the refinery.

Although food manufacturing activities remained subdued during the year, beverage manufacturing activities recorded a sizeable growth. The modest pace of growth observed in the largest sub-sector in the IIP, the manufacture of food products, was largely a result of disruptions to both domestic and global supply chains. Subsequent to a marginal contraction of 0.8 per cent registered during the first half of the year, the sub-sector showed improved performance during the latter half leading to a marginal expansion of 0.2 per cent during the year, with increased production of chicken products, canned fish, jam, sauce and biscuits. Beverage manufacturing activities recorded a significant growth of 9.8 per cent in 2021 compared to the contraction of 6.7 per cent recorded in 2020. Improved demand for beverages was seen in line with the restoration of normalcy in the economy as restrictions on events and social activities were also lifted to a great extent.

The manufacturing of wearing apparel and textiles subsectors made strong headway during 2021 supported by the improvements in global supply chains, the policy decisions of the Government to facilitate the continuation of manufacturing activities amid pandemic related mobility restrictions and the low base reported in 2020. The manufacture of the wearing apparel sub sector, which accounts for around one-fifth of the IIP, registered a significant growth of 17.5 per cent in 2021 in comparison to the sharp contraction of 30.7 per cent in the previous year. The manufacturing of textile products also followed suit, reporting a significant expansion of 25.9 per cent in 2021 followed by a contraction of 5.6 per cent in 2020. The positive performances of these sub-sectors were driven by the overall rebound in the global economy, especially in key export destinations that enabled a steady recovery of export demand. The abating of disruptions to domestic and global supply chains, which had weighed negatively on the availability of raw materials also facilitated the growth momentum of the sector. Meanwhile, the rapid deployment of vaccines to workers engaged in this sector alongside the Government's decision to allow the continuation of manufacturing activities amidst COVID-19 related mobility restrictions helped minimise disruptions, enabling the sectoral performance of manufacture of wearing apparel and textile products to rebound.

Figure 2.8
Index of Industrial Production (IIP)

Source: Department of Census and Statistics

2

The subsectors of manufacture of other nonmetallic mineral products, basic metals, and fabricated metal products registered significant expansions of 23.0, 20.7 and 23.5 per cent respectively, in 2021 subsequent to the COVID-19 induced contractions in 2020. The positive performance of these subsectors was driven by the initiatives of the Government to improve the domestic production capacity, while imposing import restrictions on tiles and ceramic products. The rebound observed in the construction sector during the year also contributed to the improvement in demand for products from these subsectors. Increases in the production of cement, tiles, glass bottles, roofing sheets and porcelain tableware were key contributors to the expansion in production in the manufacture of other nonmetallic mineral products subsector. In particular, the overall expansions in the manufacture of basic metals and the manufacture of fabricated metal products subsectors were primarily driven by the increased production in lead and aluminum, aluminum bars, and steel and aluminum products.

Production of coke and refined petroleum products witnessed a sharp decline during the year, on top of the contraction reported in 2020, owing to the disruptions in the operations of the refinery of the Ceylon Petroleum Corporation (CPC). The manufacture of coke and refined petroleum products subsector witnessed a contraction of 26.8 per cent during 2021 compared to the contraction of 9.0 per cent during the previous year. During the first half of 2021, the refinery was shut down for almost two months for maintenance purposes followed by a temporary closure of almost a month during the fourth quarter of 2021 due to lack of crude oil imports on account of foreign exchange issues and escalating crude oil prices that hampered timely procurement. In turn, a decline in the production of petrol, auto diesel, and furnace oil was observed during the year.

Policy directions to improve the local pharmaceutical manufacturing sector coupled with the essential nature of products

Table 2.8
Index of Industrial Production (IIP)
2015=100

Division	Weight in IIP (%)	2020(a)	2021 (b)	Change (%) 2019/20 (a)	Change (%) 2020/21 (b)
1. Manufacture of Food Products	35.2	109.1	109.3	3.3	0.2
2. Manufacture of Beverages	3.8	96.5	106.0	-6.7	9.8
3. Manufacture of Tobacco Products	1.7	72.1	77.9	-11.0	8.0
4. Manufacture of Textiles	3.3	102.2	128.7	-5.6	25.9
5. Manufacture of Wearing Apparel	19.8	81.2	95.4	-30.7	17.5
6. Manufacture of Leather and Related Products	0.3	77.6	78.6	-33.5	1.3
7. Manufacture of Wood and Products of Wood and Cork, Except Furniture; Manufacture of Articles of Straw and Plaiting Material	0.2	71.8	82.5	-29.5	15.0
8. Manufacture of Paper and Paper Products	1.7	81.8	86.5	-15.4	5.8
9. Printing and Reproduction of Recorded Media	1.4	112.6	117.9	9.4	4.8
10. Manufacture of Coke and Refined Petroleum Products	7.4	97.2	71.1	-9.0	-26.8
11. Manufacture of Chemicals and Chemical Products	4.1	94.2	89.8	-7.8	-4.7
12. Manufacture of Basic Pharmaceutical Products and Pharmaceutical Preparations	0.1	104.7	117.9	6.6	12.6
13. Manufacture of Rubber and Plastic Products	5.7	75.8	102.9	-28.8	35.7
14. Manufacture of Other Non-metallic Mineral Products	7.8	111.7	137.4	-5.2	23.0
15. Manufacture of Basic Metals	2.4	110.7	133.6	-10.9	20.7
16. Manufacture of Fabricated Metal Products (Except Machinery and Equipment)	1.3	100.9	124.6	-8.9	23.5
17. Manufacture of Electrical Equipment	2.0	67.5	81.4	-22.3	20.6
18. Manufacture of Machinery and Equipment n.e.c.	0.7	102.9	122.0	3.6	18.6
19. Manufacture of Furniture	0.8	77.0	77.5	-14.7	0.7
20. Other Manufacturing	0.3	65.7	69.6	-0.5	6.0
Index of Industrial Production		**97.1**	**104.2**	**-10.2**	**7.3**

(a) Revised
(b) Provisional

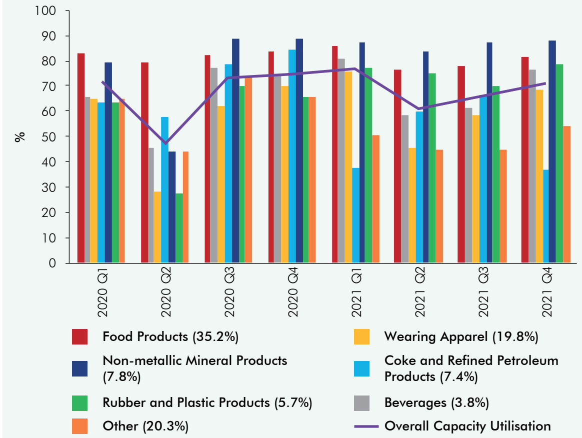
Source: Department of Census and Statistics

during the COVID-19 pandemic led to the manufacturing of basic pharmaceutical products and pharmaceutical preparations subsector to continue its growth momentum in 2021. Accordingly, the subsector registered an expansion of 12.6 per cent during 2021, continuing the expansion of 6.6 per cent registered in 2020. The increase in the demand for Ayurvedic products, predominantly driven by the pandemic, led to the continuation of the upward growth momentum of the subsector.

The manufacturing of rubber and plastic products subsector recorded a significant expansion during 2021. The COVID-19 induced demand for medical rubber gloves alongside significant improvements to the domestic production capacity of tyres resulted in the subsector registering a growth of 35.7 per cent. The growth of the subsector was also driven by the increased production of zippers, plastic bottles, and elastomeric yarn, among others. In 2021, production of tobacco products, which contracted for three consecutive years, registered a growth of 8.0 per cent in comparison to the contraction of 11.0 per cent witnessed in 2020.

The manufacture of leather and related products subsector and the chemicals and chemical products subsector also depicted subdued performance. The manufacture of leather and related products subsector recorded a marginal expansion of 1.3 per cent in 2021, while the manufacture of chemicals and chemical products subsector registered an overall contraction of 4.7 per cent. Key drivers of the decline of the latter were the reduced production of chemical fertilisers. However, both sectors showed signs of improvement towards the end of the year with the improvement in domestic demand conditions.

Figure 2.9
Capacity Utilisation



Note : Weights of categories are in parentheses

Source: Department of Census and Statistics

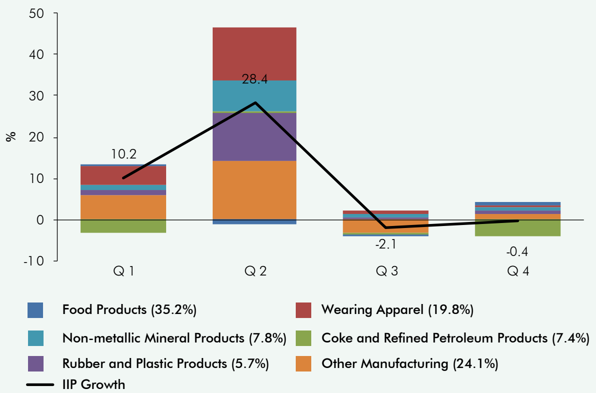
Other sub sectors of IIP, such as the manufacture of wood products (except furniture), electrical equipment, furniture, paper and paper products, machinery and equipment, and printing and reproduction of recorded media registered expansions during 2021. Increased production of corrugated papers, paper bags, and exercise book production contributed to the expansion in paper and paper products subsector, while physical school reopening and the resultant rebound in educational activities resulted in the increased production of printed books, which led to the positive performance of the printing and reproduction of recorded media subsector. The increase in production of several household appliances, in line with growing demand for domestic products, amid import restrictions, led to the expansion of the manufacture of electrical equipment sub sector.

Industrial Policies and Institutional Support

During the year, the Government continued to undertake several initiatives aimed at strengthening the industrial sector to enhance

2

Figure 2.10
Contribution to Year-on-Year Change in IIP in 2021



Note : Weights of categories are in parentheses   *Source:* Department of Census and Statistics

the domestic production base. The completion of the drafting of the *National Policy for Industrial Development* (NaPID) marked a key milestone in 2021. The drafting of the NaPID was preceded by an industry diagnosis report that served to provide a comprehensive and indepth analysis, diagnosing the factors that were hindering the progress of industrial development. The NaPID strives to establish a globally competitive industry for sustainable and inclusive growth, while also focusing on the advancement of green growth and digitalisation. Meanwhile, initiatives were underway to establish an industrial zone in Katunayake Kaludiyawela and to expand the Kalutara industrial estate under the *Regional Industrial Estates Development Programme*. In line with the Government's target to expand the scope of mineral-based industries, preliminary work was underway to commence a *Value Addition Project for Mineral Sands* excavated by Lanka Mineral Sands Limited, as a Public Private Partnership (PPP). Meanwhile, the Standard Operating Procedure (SOP) guidelines for the automobile manufacturing, assembling, and manufacturing of spare parts industry were implemented during the year. At end 2021, 13 manufacturing companies were registered under the SOP, while 2,361 vehicles were assembled. Moreover, the approval of the Cabinet of Ministers was granted to setup 5 techno parks in Galle, Kurunegala, Kandy, Nuwara Eliya, and Habarana areas under the purview of the Ministry of Technology with the aim of attracting foreign investments in the form of new ventures with advanced technology, which may improve the export base of the country as well as create knowledge spillovers. During the year, the MoF also initiated the establishment of a virtual platform for Small and Medium Enterprises (SMEs) with the support of the Asian Development Bank (ADB) targeting the enhancement of technical capacity of women entrepreneurs. With the view of improving and sustaining a national innovation ecosystem, the *National Innovation Agency* (NIA) was established under the State Ministry of Skills Development, Vocational Education, Research and Innovation in November 2021. The NIA is expected to facilitate collaborations between industry, academia, and the Government to harness and enable commercialisation of innovations across all sectors in the economy. The State Ministry of Skills Development, Vocational Education, Research and Innovation undertook various measures to catering the educational needs of the industrial sector. During the year, the *Nipunatha Sisu Saviya* bursary scheme was implemented to provide a monthly stipend of Rs. 4,000 to vocational trainees of low income families. Moreover, several infrastructure development projects were in progress to modernise technical colleges and improve vocational training centers under the *Tech Udana Programme.*

The Board of Investment (BOI) and the Export Development Board (EDB) engaged in various development initiatives to facilitate foreign and local investment for domestic manufacturing industries. During the year, a modern pharmaceutical manufacturing zone was established in Arabokka, Hambantota aimed at strengthening Sri Lanka's pharmaceutical industry to cater to both the domestic and international market. Accordingly, this project is to be developed in 2 phases, each of which will accommodate 20 companies in each stage. A textile manufacturing zone was also established during the year, in Eravur, to reduce material lead time and input costs with the availability of locally sourced fabric. The fabric park has already attracted investments amounting to US dollars 35 million. Moreover, the approval of the Cabinet of Ministers was granted to develop a large scale tyre manufacturing plant at the Hambantota International Port as a strategic development project. The project is expected to entail the use of local rubber resources for tyre manufacturing and subsequent exporting. During the year, the EDB completed the development of the regulatory framework for the conduct of the boat building industry. Further, export advisory committees were appointed under the EDB Act No. 40 of 1979 covering 24 key export sectors for a period of five years. The advisory committees are expected to create collaborations between the public and private sector to identify market challenges and opportunities, while undertaking initiatives to strengthen competitiveness and outline required policies. Moreover, in collaboration with the Tertiary and Vocational Education Commission (TVEC), the EDB prepared a vocational education training plan to identify the skill gaps and training requirements of the Electrical and Electronics industry in Sri Lanka. Further, the EDB coordinated a series of webinars, buyer linkup gatherings, and training programmes to encourage and build the capacity of export oriented SMEs and that of women entrepreneurs. The EDB also continued to extend its support to export businesses affected by the COVID-19 pandemic, through the development of sectoral revival programmes, formalised help desk, exporter forums, and e-marketplace to facilitate potential trade activities.

The National Gem and Jewellery Authority (NGJA) undertook various steps to enable Sri Lanka to position itself as a leading gem center in the region. Accordingly, during the year, discussions were held with Madagascar, Tanzania, and Nepal to import rough gems into Sri Lanka for value addition. The NGJA also successfully implemented a *One-Stop-Shop* to simplify the process of obtaining various licenses and approvals for unutilised underground gem resources. It also undertook measures to ease gem mining restrictions and associated charges to promote the sale of gems and jewellery. Further, a 14 per cent tax imposed on the profits earned by gem and jewellery industrialists were waived off in April 2021 to encourage manufacturing, while increasing the value threshold of gems that could be sold through virtual platforms. Moreover, construction work related to the international gem tower in Ratnapura was underway during the year.

Other government authorities continued to provide institutional support to industrial sector and policy formulation. The National Enterprise Development Authority (NEDA) continued its endeavours to popularise the *Made in Sri Lanka* logo through several trade fairs in 2021. During the year, 37 SMEs were authorised to use the logo in recognition of their products entailing high value additions and with the view to promote and uplift such products to be marketed at a global level. Further, the *Made in Sri Lanka* Business to Business (B2B) online trade portal was launched in December 2021 to expand the marketing opportunities available to SMEs. By the end of the year, 346 sellers had registered with this portal. The *Regional Entrepreneurship Development Programme* and the *Upadidari Vyavasayaka Udanaya Programme* were continued in 2021, promoting entrepreneurships and forming pathways for university graduates to develop as successful entrepreneurs. Accordingly, 5,179 regional level entrepreneurs were trained, and 71 university graduates were provided with grants through these programmes. In the meanwhile, the Industrial Development Board (IDB) established a *Smart One Stop* facilitation center for the Hambantota area to facilitate initiatives in the area, while promoting industrial development in the Southern province. During the year, the IDB also commenced the *Dayata Punarudayak - Karmanthayata Jeewayak Programme* to empower and support small scale entrepreneurs. The National Productivity Secretariat (NPS) continued to conduct district level and institutional level productivity improvement programmes aimed at creating a people-centric economy through the empowerment of SMEs.

Several institutions continued to facilitate technology driven initiatives with the aim of elevating technological innovation which has been identified as essential to a dynamic industrial sector. Accordingly, the National Institute of Fundamental Studies initiated the preparation of a technology transfer policy to facilitate the application of technology and research in the industrial sector. Moreover, during the year, virtual training and education sessions pertaining to patent awareness, technology transfer and commercialisation were organised by the Coordinating Secretariat for Science, Technology and Innovation (COSTI) in collaboration with the World Intellectual Property Organisation. Further, the National Engineering Research and Development Center of Sri Lanka together with the State Ministry of Rattan, Brass, Pottery, Furniture and Rural Industrial Promotion conducted several virtual technology dissemination seminars to facilitate development of SMEs amid the pandemic. Meanwhile, the Sri Lanka Institute of Nanotechnology (SLINTEC) continued its technology transfer and commercialisation initiatives pertaining to emerging fields of studies, including value addition to local graphite, post-harvest technology, nano-fertiliser, and novel healthcare innovations against COVID-19. The National Science Foundation (NSF) facilitated the development of the domestic manufacturing sector through the provision of 11 new research and development grants to multiple sectors including health, agriculture, engineering, and education. During the year, the Industrial Technology Institute (ITI) commenced testing services pertaining to several novel laboratories including pharmaceutical laboratory, lubricant and petroleum oil testing laboratory, and packaging testing laboratory. The ITI also entered into 10 Memorandum of Understandings (MoUs) during the period with various ministries, industries, international universities, and other authorities to establish technological partnerships and facilitate collaborative academic and research activities.

The Industrial Chambers continued to provide training and promotional assistance to enhance the competitiveness of Sri Lankan industries. During the year, the National Chamber of Commerce of Sri Lanka (NCCSL) conducted several training and knowledge sharing programmes aimed at facilitating importers and exporters to overcome contemporary issues and challenges arising from the COVID-19 pandemic, while business development programmes were also conducted at international levels including virtual B2B sessions and business forums to create trading opportunities for Sri Lankan exporters. Further, the NCCSL entered into several MoUs with regional and international institutions during 2021, thereby establishing networks with counterpart organisations. The Ceylon Chamber of Commerce (CCC), in collaboration with an international partner, implemented the *Exporter Barometer Survey* in late 2021. The survey is to be conducted bi-annually to obtain exporter insights. Further, facilitating trade and business promotion, the CCC conducted a series of international webinars, B2B sessions, and meetings with both local and foreign diplomats. Moreover, with a view to enhancing institutional cooperation across industrial sectors, the CCC entered into MoUs with 6 international level chambers during the year. Meanwhile, the Sri Lanka Chamber of Small and Medium Industries conducted capacity building and motivational programmes to support the SME sector.

Several loan schemes were introduced in line with the National Policy Framework to ensure that SMEs were provided with the necessary financial support in 2021. The *Kiri Shakthi* loan scheme was implemented during the year providing loans amounting up to Rs. 1 million each at a concessionary interest rate of 7.5 per cent per annum, with the target of strengthening of small and medium size dairy farmers. Accordingly, 739 loans were granted under this credit scheme, thereby leading to the disbursement of Rs. 400.4 million in 2021. Further, as per the decision of the Cabinet of Ministers to provide financial support to the manufacturers of organic fertiliser, pesticides and herbicides, a special loan scheme was introduced. Meanwhile, guidelines and instructions were issued by the Central Bank to financial institutions on implementing debt moratorium and working capital loan facilities to revive SMEs, self-employed, and individuals affected by the COVID-19 pandemic. During the year, the MOF also expedited the establishment of the National Credit Guarantee Scheme to strengthen the SME sector. Moreover, the *Rooftop Solar Power Generation Line of Credit* and the *Small and Medium Enterprise Line of Credit* schemes were continued with the financial support of a donor agency. By the end of 2021, Rs. 23.4 billion had been granted under these two credit schemes.

Construction, and Mining and Quarrying

Bolstered by the renewed demand for real estate and housing, and the resumption of projects, construction value-added picked up by 1.9 per cent in 2021, recovering from the contraction of 13.2 per cent recorded in 2020, yet the raw material shortage hindered the full recovery. Considering construction-related indicators, total cement availability in the country recorded a marginal decline, while building material imports recorded an increase during 2021. Meanwhile, credit to the private sector granted by Licensed Commercial Banks (LCBs) for construction activities, including personal housing construction activities, also recorded a growth as of end December 2021, denoting an increased availability of funds for construction activities. However, the third wave of the pandemic, which spanned during the second and third quarters of the year and disruptions to global and local supply chains affected adversely to the construction-related activities. The business surveys related to construction activities conducted by the Central Bank indicated that supply-side disturbances, especially the short supply of key raw materials such as cement, steel and tiles, as well as the rapid price increases hindered the full potential of the industry. Meanwhile, mining and quarrying activities which mainly consist of mining activities that provide inputs to the construction activities such as sand mining, recorded a growth of 2.8 per cent in 2021, largely benefitting from the recovery in construction activities, compared to 12.5 per cent contraction recorded in 2020. With regard to the other mining-related indicators, phosphate production recorded an increase in 2021, indicating a favourable performance in mining activities. Considering the gem mining related indicators, gem export volumes recorded an increase in 2021.

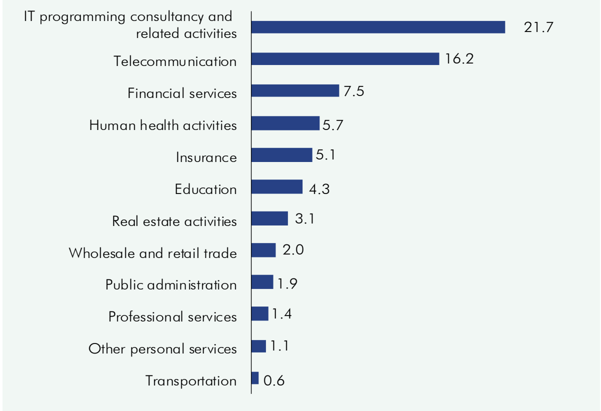
Electricity, Water and Waste Treatment

Mainly driven by electricity and gas supply-related activities, the value-added of electricity, water and waste treatment activities rebounded by 3.9 per cent in 2021, compared to 0.8 per cent contraction recorded in 2020. The largest contributor to the improvement in this category, electricity, gas, steam and air conditioning supply activities grew by 6.1 per cent during the year compared to the contraction of 1.6 per cent recorded in 2020. Considering electricity generation data, the total electricity generation increased significantly in 2021, mainly due to higher demand from the industry sector with the recovery in the economy. Among the other sub-economic activities within the category, water collection, treatment, and supply activities grew by 4.3 per cent during the year compared to 4.8 per cent growth in 2020. However, sewerage, waste treatment, and disposal activities declined by 3.3 per cent in 2021 on top of the 1.0 per cent decline recorded in 2020.

Services

With the rebuilding of economic interaction and pick-up in household consumption, the value-added of Services activities climbed up by 3.0 per cent in 2021, from the 1.6 per cent downturn in 2020. The recovery was upheld by the expansion in financial services while wholesale and retail trade activities and real estate activities also expanded during the year, benefitting from the relaxed pandemic-related restrictions. Further, supplemented by the pandemic-induced demand, IT programming, telecommunication and health activities also expanded during the period. Moreover, the recovery in other personal service activities, professional services, insurance and transportation services, together with the growth in public administration, education services and postal and courier services also contributed positively to the overall growth. Moreover, accommodation, food and beverage service activities rebounded during the year, recording a moderate growth after two consecutive years of contraction. Mirroring the services performance, the PMI for Services activities, compiled monthly by the Central Bank, indicated an overall expansion. Moreover, the Demand and Sales sub-indices of the BOS related to Services activities denoted an increase on average during the year, indicating the pickup in Services activities.

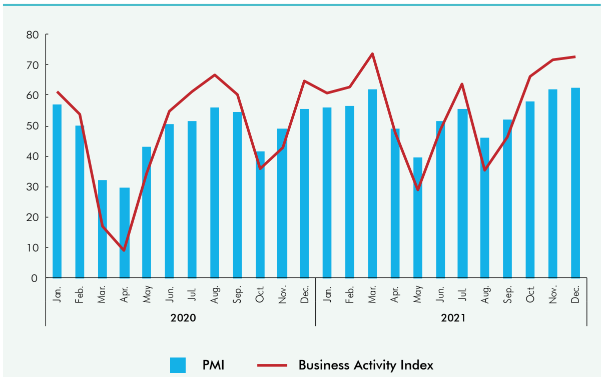
Figure 2.11
Growth Rates of Services Activities - 2021 (a)



(a) Based on the GDP estimates (based year 2010)

Source: Department of Census and Statistics

Figure 2.12
Purchasing Managers' Index - Services (a)



(a) PMI is based on a perception survey which captures monthly developments compared to the previous month. This is a diffusion index ranging from 0-100 where an index value above the neutral level of 50 denotes an expansion, while a value below 50 denotes a contraction in the respective activity in general.

Source: Central Bank of Sri Lanka

Wholesale and Retail Trade

Wholesale and retail trade activities recorded a moderate growth of 2.0 per cent in value-added terms in 2021, compared to 1.4 per cent growth recorded in 2020, induced by the policy stimuli and relaxed mobility restrictions. The trade activities were sustained by the gradual adoption of the country to conduct operations under the 'new normal'. Further, the Government also provided periodic liquidity support by way of financial assistance, buoying the disposable income of consumers. The total imports volume index recorded an increase during the year, mainly due to imports of investment and intermediate goods, while the volume of consumer goods imported recorded only a marginal decline. Moreover, loans and advances to the private sector provided by Licensed Commercial Banks for wholesale and retail trade activities increased substantially at the end of 2021, compared to end 2020.

Transportation and Storage

With the intermittent imposition of mobility restrictions, the value-added of transportation activities recovered marginally by 0.6 per cent, compared to 6.8 per cent decline recorded in 2020. Transportation activities that were adversely affected from the onset of the pandemic indicated an improvement during early 2021, yet was later dampened by the emergence of the third wave of the pandemic. However, the easing of mobility restrictions from the beginning of the fourth quarter benefitted the revival of the transportation activities. Even though passenger conveyance was adversely affected due to the lower usage and the limited availability of public transportation during the pandemic-hit periods, the goods transportation, as an essential service, was broadly uninterrupted during 2021 compared to the previous year. The operations in seaports stepped up during the year despite the abating of global supply chains. Accordingly, an increase in container handling (in terms of Twenty-Foot Equivalent Units) and cargo handling was observed during the year. Further, the freight kilometers flown by Sri Lankan Airlines also increased in 2021. However, the passenger kilometers operated by the Sri Lanka Transport Board, private bus operators and Sri Lankan Airlines continued to contract during 2021.

Accommodation and Food Service Activities

The gradual rebound in tourist arrivals and staycations provided impetus to the value-added of accommodation, food and beverage service activities to recover by 1.9 per cent in 2021, compared to 39.4 per cent contraction recorded in 2020. Tourism-related activities were hit hard by the pandemic due to the imposition of international and domestic travel restrictions. The country gradually lifted inbound travel restrictions by introducing bio-bubbles for international tourists along with attractive tour packages, resulting in a strong month-on-month growth in tourist arrivals towards the latter part of the year. Further, domestic tourism activities rebounded during the year as many hotels offered exclusive discounts for local travellers. Nevertheless, the recovery of accommodation, food, and beverage service activities was largely hindered by the third wave of the COVID-19 pandemic.

Financial, Insurance and Real Estate Activities including Ownership of Dwellings

Continued increase in financial services steered the value-added of financial, insurance, and real estate activities including ownership of dwellings which grew by 5.6 per cent in 2021, compared to 4.7 per cent growth recorded in 2020. Accordingly, financial services activities and

2

auxiliary financial services expanded by 7.5 per cent, compared to 10.9 per cent growth in 2020. Reflecting the continuous expansion in financial services, the loan book of banks and non-bank financial institutions increased substantially during the year while the deposit base also expanded, despite the challenging environment. Further, as pointed out in the Credit Supply Survey conducted by the Central Bank on a quarterly basis, the demand for credit was at elevated levels due to the low-interest rate environment while the willingness to lend was also at healthy levels due to the surplus liquidity that prevailed for most part of the year. Meanwhile, insurance, reinsurance, and pension funding activities recovered by 5.1 per cent in 2021, compared to the contraction of 3.3 per cent recorded in 2020 while the real estate activities, including ownership of dwellings, grew by 3.1 per cent in 2021, recovering from 1.2 per cent contraction experienced in 2020.

Information and Communication

Benefiting from the opportunities opened-up from the pandemic, the value-added of telecommunication, and IT programming and consultancy services continued the momentum in 2021 growing at a healthy rate of 17.5 per cent on top of 14.1 per cent growth achieved in 2020. The telecommunications industry played a key role in maintaining socio-economic interaction during the pandemic. Accordingly, the sector substantially benefitted from the pandemic-induced extra demand for voice and data with the increased reliance on work-from-home arrangements, online education and entertainment. Accordingly, telecommunication activities grew significantly by 16.2 per cent during the year, compared to 15.4 per cent growth in 2020. The industry responded strongly to high demand, by extending the coverage and capacity levels, improving the service quality, and introducing special packages catering to needs such as working-from-home and learning-from-home arrangements. Meanwhile, IT programming consultancy and related activities also grew significantly by 21.7 per cent in 2021, compared to 10.0 per cent growth in 2020, underpinned by the surge in demand for technology-based solutions such as digital media, networking, cyber security, cloud computing services, artificial intelligence and automation.

Other Services Activities

Most of the other service-related economic activities which dulled in 2020 due to the adverse impacts of the first two waves of the COVID-19 pandemic managed to recover in 2021 despite the disturbances from the recurrent waves. Accordingly, other personal services activities consisting of personal services such as arts, entertainment and recreation, laundry services, hairdressing and other beauty treatment, and funeral and related activities, which contracted by 6.5 per cent in 2020, grew by 1.1 per cent in 2021, due to the comparatively favourable environment. Further, professional services activities also grew by 1.4 per cent in 2021, recovering from the 2.7 per cent contraction recorded in 2020. Moreover, public administration and defense activities grew by 1.9 per cent in 2021, compared to the 1.6 per cent growth observed in 2020 while human health activities which remained active during the pandemic grew by 5.7 per cent in 2021 on top of 4.3 per cent growth recorded in 2020. Further, education, postal and courier services, and programming and broadcasting activities also contributed positively to overall economic growth during the year.

2

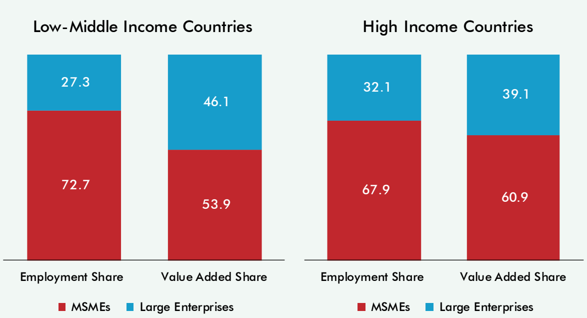
BOX 4

Catalysing Micro, Small and Medium Sized Enterprises (MSMEs) as a Growth Driver and Challenges

Introduction

Micro, Small and Medium Sized Enterprises (MSMEs) remain the core and account for the vast majority of enterprises, while providing a significant source of employment, yielding a greater proportion of output in most countries around the world. They account for about two thirds of employment and contribute to more than 50 per cent of GDP in many countries.[1] Contribution of the MSME sector to the economic output is generally found to be higher in high income countries than in medium and low income countries, highlighting the potential of their contribution to growth, particularly in developing nations (Gonzales, Hommes and Laura, 2014).

Figure B 4.1
Median Shares of MSMEs and Large Enterprises (Per cent)



Source: Adapted from MSME Country Indicators, IFC (Gonzales, Hommes and Laura, 2014), with new data from the 2019 MSME Economic Indicators Database, available at SME Finance Forum (https://www.smefinanceforum.org)[1]

Generally, MSMEs span across all forms of social clusters, including rural and low income areas, with a large share of such firms being informal establishments. It is also reported that there are about 365-445 million MSMEs in emerging economies, while over three-fourths of such establishments are found to be informal enterprises (International Labour Organization, 2016). MSMEs appear to heavily contribute to increasing the income levels of low income families, and thereby contribute to reducing disparities in the income distribution. Further, as a result of their small size and customer centric business models, small businesses are also more flexible and better able to withstand changes in the economic landscape by adapting to the changing environment and new advancements in technology. Therefore, MSMEs can improve the resilience of an economy up to a certain extent and pave the way for growth and development.

1 Based on data from the MSME Economic Indicators Database 2019, available at SME Finance Forum (https://www.smefinanceforum.org), which contains secondary data of registered MSMEs in 176 countries. Information for the latest available year is considered, which may not necessarily be the same for all countries. Due to differences in source institutions and time, data are not standardised, thereby somewhat limiting country comparability. Based on availability, the numbers of data points used to arrive at median values are 80 for employment share and 38 for value added share.

MSMEs as a Growth Driver

A considerable body of literature provides statistical evidence to prove a positive relationship between the existence of MSMEs and the overall economic growth of a country. Successful MSMEs usually evolve into large organisations, and such organisations contribute to economic growth immensely. MSMEs make an important contribution to the economy as a breeding ground for large firms, an employment provider, and a facilitator of innovation, thereby leading to inclusive and balanced growth.

A breeding ground for large organisations: Most successful economies comprise a healthy mix of both large and small firms. Large firms typically are more productive, have the capacity to invest in capital intensive projects, facilitate research and development on a larger scale, and in turn facilitate the creation of new knowledge contributing to yield growth episodes. On the other hand, MSMEs play an important role by acting as a breeding ground for such large organisations, which in turn would promote the businesses of MSMEs by expanding supply chains. Most modern global business giants, such as Samsung, Apple, Microsoft and Facebook initiated their operations as small businesses and developed gradually into their current status, thus highlighting the potential of such small businesses to transform into any scale, and ultimately drive respective national and regional economies. In fact, a healthy MSME sector can contribute to improving entrepreneurship skills among the general population of a country, in turn augmenting human capital, which is a prerequisite for sustainable growth.

MSMEs increase employment and overall output in an economy: MSMEs, being the largest segment involving a significantly large number of enterprises, provide employment opportunities for the majority of the population. This in turn help in increasing the spending power of the general public, which drives up consumption and boosts overall economic growth. As MSMEs span across multiple sectors of the economy, empowering a large number of people in terms of livelihood and contributing to reducing inequality, these establishments play an important role in achieving the Sustainable Development Goals (SDGs), thereby supporting respective economies to record sustainable growth episodes. Further, as achievements of SDGs generally cast a positive image on countries, a healthy MSME sector can play an indirect role to support economies by improving investor sentiments as well.

MSMEs increase competition among firms: MSMEs can increase competition in their respective business environments by identifying niche business propositions. Under an enabling environment, increased levels of competition created by MSMEs can encourage innovative ideas, which is an essential element of sustained growth paths. Recent successes of fresh ideas such as Uber and Lyft for ridesharing and Airbnb for homestay facilities, and the multitude of similar adaptations provide evidence for the innovative capacity of MSMEs and how they can enrich the lives of numerous stakeholders, who are not usually parts of large traditional organisations.

Importance of MSMEs in Developing and Emerging Economies

The contribution of MSMEs to the development process is particularly important for emerging and developing economies as they play an effective role in alleviating poverty by facilitating sustainable development and innovation. As per the estimates of the World Bank, about 600 million jobs will be needed by 2030 in order to accommodate the growing population. Given typically high levels of population growth in developing countries, the role of MSMEs as an employment provider becomes extremely vital. In this regard, MSMEs are more important than large organisations, as MSMEs are generally more labour intensive and have the potential to absorb large labour forces in developing and emerging countries. Further, developing countries can utilise MSMEs to address issues such as improving female labour force participation, effective use of underutilised natural resources, and diversifying economic activities across various sectors. At the same time, the innovative capacity of MSMEs, given enabling conditions, could assist developing and emerging economies to avoid growth stagnation, enabling them to elevate into higher income countries. It is noted that the growth prospects of Asian economies, such as Korea, Malaysia, Indonesia, Thailand, India etc., are driven by small businesses which are innovative, highlighting the importance of policy support to facilitate innovative activities in MSMEs (Asian Productivity Organization, 2015).

Challenges Faced by MSMEs

Although certain characteristics, for example, the small size of MSMEs, can be advantageous in some areas, the nature of MSMEs can sometimes become an issue, leading to substantial challenges, such as those discussed below, ultimately leading to low productivity of MSMEs in comparison to large firms.

Limited access to finance: Difficulties in access to finance is one of the key obstacles faced by MSMEs across many countries. As proved in studies, such limited access to finance remains the main hindrance to the growth of MSMEs. As a result, undertaking capital intensive projects is difficult for most of these establishments. Reasons highlighted in the literature for difficulties of MSMEs in obtaining services of formal financial institutions include, among others, information asymmetry, limited availability and low quality of collateral, low financial literacy of MSMEs, high delinquency rates, and limited expertise of lenders themselves in assessing MSME ventures. As a result of these limitations, attracting financing via banks, especially for project financing, becomes particularly difficult without collateral.

Limited business skills and inability to retain human resources: Lack of expertise in fields such as finance, accounting, taxation, human resource management and marketing which are integral elements for the success of any business endeavour, also remains a key issue observed in MSMEs. Moreover, by nature, MSMEs lack the buffers to absorb large losses, thus they are highly vulnerable to business cycles and shocks emanating from domestic and international fronts. Inability to retain key employees is also perceived as a concern hindering the progress of MSMEs. In many instances, job opportunities provided by MSMEs tend to be temporary, driving employees to constantly search for other opportunities. At the same time, MSMEs often cannot compete on pay and benefits offered by large organisations, especially for skilled workers, thus resulting in higher worker turnover and the inability to retain such skilled workers, who are capable of driving the development of small businesses. As a result, many such businesses tend to be managed and run by the owners themselves, which in turn can result in management, governance, finance and sustainability issues, even for successful ventures.

Regulatory barriers and incoherent policy: MSMEs also face difficulties due to regulatory barriers in many countries, across various aspects such as business registration, quality and environmental standards, reporting requirements, taxation etc. However, depending on the country, these difficulties and their impact can vary significantly. For example, even though regulatory barriers have seen a large reduction in OECD countries over the last decade or so, the complexity of such barriers remains diverse across countries (OECD, 2018). Small businesses typically do not have the capacity to effectively study regulatory complexities due to the low availability of skills and funding. As a result, overall limitations in the doing-business environment could lead to multiple difficulties for MSMEs, which may especially be the case with developing countries, as they operate with relatively weak institutional infrastructure. Further, lack of policy consistency and less transparency also adds to these regulatory barriers faced by MSMEs.

Low market share and limited access to markets: MSMEs also face challenges in maintaining revenue streams and suffer from low sales in general, mainly due to low market share and weak accessibility of markets. This can be contributed by various reasons such as, among others, inability to spend on large advertising budgets, limited networking channels, limited use of social media and limited online presence, and weaknesses in adopting new technology leading to comparatively lower market access.

Lack of information and data on MSMEs: Information on MSMEs is typically difficult to obtain in many countries, particularly in developing economies. Unlike large organisations, which typically have to publish information, particularly in relation to financial data, MSMEs usually do not have such requirements and hence information is usually held private, forcing lenders to incur costs to obtain reliable information, and in turn discouraging them to lend to MSMEs (Yoshino and Taghizadeh-Hesary, 2016). This is a hindrance to the development of MSMEs, as it does not only prevent financial institutions' ability to evaluate these businesses, but also limits availability, quality and timeliness of research on the MSME sector.

Impact of the pandemic and other developments: MSMEs across the world endured difficulties during the COVID-19 pandemic, which created large losses in revenue and increased uncertainty. Although the unprecedented levels of policy support by governments and other authorities may have helped these businesses to weather this difficult period, many of them have not recovered fully. The uncertainty in the global political landscape due to the Russia-Ukraine conflict may also create difficulties for MSMEs, particularly for those who are linked with value chains, exports and services trades such as tourism.

Gender-wise disparities: The participation of women entrepreneurs in MSMEs is found to vary across countries. Studies report about one third of formal small businesses are owned by women, although this share ranges from a high of more than 40 per cent in East Asia and the Pacific to a low of below 10 per cent in South Asia (IFC, 2014). In addition to common challenges faced by small businesses, women owned MSMEs face additional hindrances, depending on cultural biases, and relatively low levels of size and networks. The impact of the COVID-19 pandemic is also found to be disproportionate on women-owned MSMEs, where a larger proportion of women-owned businesses than men-owned businesses are found to be affected by the pandemic and are likely not to survive (United Nations, 2021). However, there exists evidence to suggest that women-owned MSMEs are performing well, although often overlooked by financial institutions (IFC, 2014). Women entrepreneurs are better at achieving development goals, as women are found to reinvest more in families and communities (International Trade Centre, 2014), thus highlighting the importance of continuous commitment to address these gender-wise disparities to achieve inclusive growth.

Successful Strategies to Promote the MSME Sector

A variety of strategies have been used by different countries to address common problems faced by MSMEs.

Addressing financing difficulties: As many MSMEs find it difficult to access finance from formal channels, strategies to minimise this limitation can often contribute to the growth of MSMEs. Moreover, many other challenges faced by small businesses are also linked to low capacity, often as a result of funding difficulties. In this regard, some of the successful strategies undertaken by various countries include introducing credit guarantee schemes that address limitations of collateral based lending by financial institutions (for example, the multitude of credit guarantee corporations in Japan, the Korea Credit Guarantee Fund and the Korea Technology Finance Corporation in Korea, the Credit Guarantee Corporation Malaysia Berhad in Malaysia, etc.), establishing development banks specialising in lending to high risk projects with non- or less-profit oriented motives (for example, China Development Bank in China, Kreditanstalt für Wiederaufbau (KfW Bankengruppe) in Germany, Korea Development Bank in Korea, etc.), implementing policy measures such as imposing lending targets to drive lending by formal financial institutions to small businesses, donor financing via multinational agencies, improving access to alternative channels of financing, such as crowd funding and angel investors, and measures to reduce information asymmetries, such as developing MSME databases with information required by lenders (for example, the Credit Risk Database of Japan, which aims at enhancing the efficiency of credit supply to MSMEs with financial information of a large number of small businesses).

Supporting winners: In addition to addressing concerns regarding financial difficulties of MSMEs, several other programmes are used worldwide to provide overall assistance to establishments in the sector. For example, some countries such as Korea have used a 'picking winners approach', where assistance is targeted to industries and businesses with growth potential and organisational capacity in line with national priorities. However, there are criticisms against such a policy as well, since it could lead to suboptimal resource allocation. Nevertheless, it is a policy that could be used to guide resources to intended sectors, especially during times when market driven allocations do not reach areas of growth potential.

Clustering and improving linkages: Global market liberalisation and globalisation could lead MSMEs to a disadvantageous position due to capacity mismatch against international players. In this regard, creating clusters of businesses and linking MSMEs with the value chains of large organisations, such as the Industrial Linkage Programme of Malaysia, could assist MSMEs to compete in international markets. Moreover, subcontracting linkages between large enterprises and MSMEs can enhance the productivity of the industry, while providing benefits to MSMEs in terms of easier acquisition of new technologies, management methods, marketing and input materials, and production techniques (Wijesinha, 2011).

Targeted support: National prioritisation programmes, such as the SME Promotion Plan in Thailand, whereby the economic contribution of MSMEs is expected to be enhanced (OECD/ERIA, 2018), can also streamline the efforts to support MSMEs in a country. Low use of information technology by MSMEs is often cited as a key area that needs to be improved. As a result of the COVID-19 pandemic, even businesses which did not have any virtual presence started to embrace online tools to reach customers and suppliers. However, MSMEs stand to gain much more by embracing information technology products and services into their businesses. In this regard, governments and support groups can play a vital role by improving the

2

awareness on the advantages of utilising information technology, by way of programmes such as the Digital MSME Scheme in India, which aims to enhance the adoption of information technology by MSMEs.[2] Multilateral donor agencies also support capacity development of MSMEs, thereby contributing to improve business skills of these entrepreneurs. Further, given the commitment of most governments over the world, and the community drive to address climate change, businesses engaged in 'Green Activities' and those who promote sustainable business practices can also obtain financial support from various public, private and multinational agencies, while they can enjoy improved market presence as well.

Overall, measures that facilitate sustainable growth, which allow countries to avoid growth stagnation, pave way for the development of the MSME sector as well. For example, efforts to create a knowledge based economy with an emphasis on developing new knowledge is considered a main success factor of the Korean economy and its MSME sector (Gregory et al., 2002). Similarly, improvements to the education system with a focus on improving skills relevant to businesses via vocational training, which has been reported as a key driver of the success of German MSMEs (Herr and Nettekoven, 2018) can contribute to creating small businesses empowered with skills needed to compete in the modern globalised marketplace.

MSMEs in Sri Lanka[3]

MSMEs play a major role in the development process in Sri Lanka by providing employment to a large proportion of the population. Nevertheless, many of the common hurdles to their development discussed above are faced by Sri Lankan MSMEs as well. Despite their importance to the economic output of the country, which is reported in excess of 50 per cent,[4] most Sri Lankan MSMEs may not have reached their true potential due to capacity limitations (often linked with limited access to finance), low adoption of technology and limited linkages to value chains, both domestic and global. Driven by low financial literacy and difficulties in accessing the formal financial system due to a variety of reasons, many small businesses in Sri Lanka end up utilising the services of unregistered money lenders, who are widely spread across the country, providing financial services at extremely high interest rates. Subsequently, many such entrepreneurs face difficulties in meeting high interest costs, thereby threatening the viability of their business ventures. The informal nature of such lending services makes it hard to track such activities, thereby limiting the ability to take effective regulatory actions as well. Meanwhile, like in other countries, lack of information has also been a serious limitation to making a meaningful assessment of MSMEs in Sri Lanka, while also making it difficult to assess the impact of informal market lenders, in order to properly evaluate whether their role is a facilitative or an exploitative one. There have been efforts to support these businesses by both governmental and non-governmental bodies at different points in time. For example, the National Policy Framework for Small and Medium Enterprises (SMEs) Development of the Ministry of Industry and Commerce (2016) comprise detailed action plans for the development of the MSME sector. However, the implementation and coordination of such policies remain weak, requiring further improvements in the implementation process. The Central Bank also plays an important facilitating role in supporting small businesses under its agency function of regional development. Accordingly, both financial and non-financial support is provided, together with participatory financial institutions and a number of other resource providers. Meanwhile, the large policy support extended to MSMEs during the pandemic could have helped the sector to stay afloat during this difficult period. However, in general, MSMEs in Sri Lanka are yet to exploit new normal opportunities created by the COVID-19 pandemic. Further, the prevailing uncertainty of the global and domestic economic activity can be harmful to MSMEs, which require remedial and preventive policies. Going forward, timely measures are required for the implementation of 'enablers', including the expeditious operationalisation of the proposed credit guarantee institution and the establishment of a dedicated development bank, in order to extend the required sustained support for MSMEs to prevail and prosper through challenging times. Overall, policy initiatives need to be coordinated with a national drive to embrace MSMEs, which are often neglected, in order to bring them into the mainstream business environment.

2 Ministry of Micro, Small and Medium Enterprises, Government of India.

3 A detailed discussion on issues and challenges faced by Sri Lankan MSMEs is provided in the Issues and Policies section in Chapter 1 of this Report.

4 Ministry of Industry and Commerce, Sri Lanka.

References

1. Asian Productivity Organization (2015). Innovation and SME Financing in Selected Asian Economies.
2. Gonzales, E., Hommes, M. and Laura, M.M. (2014). MSME Country Indicators 2014: Analysis Note.
3. Gregory, G., Harvie, C., and Lee, H.H. (2002). 'Korean SMEs in the 21st Century: Strategies, Constraints, and Performance in a Global Economy', SMEs in a Global Economy Conference - Sustaining SME Innovation, Competitiveness and Development in the Global Economy, 272–290.
4. Herr, H. and Nettekoven, Z.M. (2018). The Role of Small and Medium-Sized Enterprises in Development: What Can be Learned from the German Experience?, Global Labour University Working Paper No. 53.
5. IFC (2014). Women-Owned SMEs: A Business Opportunity for Financial Institutions.
6. International Labour Organization (2016). Role of Finance in Driving Formalization of Informal Enterprises.
7. International Trade Centre (2014). SMEs Drive World Trade and Economic Growth.
8. Ministry of Industry and Commerce (2016). National Policy Framework for Small and Medium Enterprises (SMEs) Development: Action Plan.
9. OECD (2018). Improving the Business Environment for SMEs Through Effective Regulation, Policy Note, 2018 SME Ministerial Conference, OECD.
10. OECD/ERIA (2018). SME Policy Index: ASEAN 2018: Boosting Competitiveness and Inclusive Growth. SME Policy Index, OECD Publishing, Paris/ERIA, Jakarta.
11. United Nations (2021). Micro-, Small and Medium-Sized Enterprises Day, 27 June.
12. Wijesinha, A. (2011). SME Development Strategies for Sri Lanka: Learning Lessons from Neighbouring Countries, Talking Economics, Institute of Policy Studies of Sri Lanka.
13. Yoshino, N. and Taghizadeh-Hesary, F. (2016). Major Challenges Facing Small and Medium-Sized Enterprises in Asia and Solutions for Mitigating Them, ADBI Working Paper Series No. 564.

2.5 Expenditure

Gross Domestic Expenditure (GDE), which consists of consumption and investment expenditure of the economy, grew by a higher rate of 13.1 per cent in 2021 at current prices, compared to the marginal growth of 0.5 per cent in 2020, supported by the expansion in both consumption and investment expenditure. The accommodative monetary policy stance, as well as fiscal policy stimuli, bolstered the final consumption expenditure. Accordingly, consumption expenditure increased significantly by 9.9 per cent in 2021, being the major contributor of GDE while investment expenditure also rebounded by recording a significant growth of 23.2 per cent during the year. On the external front, net external demand at current prices contracted significantly by 31.6 per cent in 2021, compared to the contraction of 5.1 per cent recorded in 2020. This was due to the growth of 25.7 per cent in import of goods and services, which outpaced the 23.3 per cent growth recorded in export of goods and services, partly owing to high import prices prevailed during the period. Accordingly, GDP at current prices, which is the aggregate of GDE and the net external demand, recorded a growth of 11.9 per cent in 2021, compared to the marginal growth of 0.2 per cent in 2020. Considering the estimates at constant prices, consumption and investment expenditure grew by 3.5 per cent and 3.0 per cent, respectively, in 2021. Consequently, GDE recorded a moderate growth of 3.4 per cent in 2021, compared to the contraction of 4.6 per cent in 2020. In the meantime, net external demand at constant (2010) prices recorded only a marginal contraction of 0.4 per cent in 2021, benefitting from the higher growth in the volume of exports. Consequently, GDP at constant (2010) prices grew by 3.7 per cent in 2021 compared to the contraction of 3.6 per cent in 2020.

Consumption

Consumption expenditure, which is the largest expenditure category accounting for 74.3 per cent of the aggregate expenditure of the economy at current prices, grew at a favourable rate of 9.9 per cent during the year, compared to the moderate growth of 2.0 per cent recorded in 2020, induced by the rebound in consumption demand with expanded space for consumer spending. The growth in consumption expenditure

Table 2.9
Aggregate Demand (a)

Item	Current Market Prices (Rs.mn)			Constant (2010) Prices (Rs.mn)		
	2019 (b)	2020 (b)(c)	2021 (c)	2019 (b)	2020 (b)(c)	2021 (c)
A. Domestic Demand						
Consumption	11,971,144	12,214,284	13,425,152	7,786,374	7,601,213	7,870,841
(% Change)	8.0	2.0	9.9	4.5	-2.4	3.5
Gross Domestic Capital Formation	3,945,423	3,779,064	4,655,829	3,082,250	2,766,593	2,848,458
(% Change)	-7.5	-4.2	23.2	-11.6	-10.2	3.0
Total Domestic Demand	**15,916,567**	**15,993,349**	**18,080,981**	**10,868,624**	**10,367,806**	**10,719,300**
(% Change)	**3.7**	**0.5**	**13.1**	**-0.7**	**-4.6**	**3.4**
B. External Demand						
Export of Goods and Services	3,472,337	2,418,541	2,981,613	1,845,686	1,666,522	1,952,033
(% Change)	5.5	-30.3	23.3	7.2	-9.7	17.1
Import of Goods and Services	4,391,746	3,384,516	4,253,285	2,823,843	2,501,420	2,789,936
(% Change)	0.9	-22.9	25.7	-5.8	-11.4	11.5
Net External Demand	**-919,410**	**-965,975**	**-1,271,672**	**-978,157**	**-834,898**	**-837,903**
(% Change)	**13.4**	**-5.1**	**-31.6**	**23.3**	**14.6**	**-0.4**
C. Total Demand	**14,997,157**	**15,027,374**	**16,809,309**	**9,890,468**	**9,532,909**	**9,881,397**
(% Change)	**4.9**	**0.2**	**11.9**	**2.3**	**-3.6**	**3.7**

(a) Based on the GDP estimates (base year 2010)
(b) Revised
(c) Provisional

Sources: Department of Census and Statistics
Central Bank of Sri Lanka

2

was mainly attributable to the considerable growth in the main consumption expenditure category, private consumption expenditure (PCE), which accounted for 88.0 per cent of the total consumption expenditure. The higher nominal consumption expenditure reflected the impact of elevated prices of most consumer goods categories, particularly during the latter part of the year. In the meantime, the government consumption expenditure (GCE) grew at a moderate pace in 2021, compared to the previous year.

Private Consumption Expenditure (PCE) at current prices recorded a significant growth of 10.8 per cent in 2021, compared to the marginal growth of 1.0 per cent in 2020, as consumers were keen to spend following the opening up of the economy. The gradual easing of pandemic-related restrictions coupled with fiscal as well as monetary policy stimuli encouraged returning consumers to the markets. This supported the growths in PCE categories such as transport, restaurants and hotels, and clothing and footwear. Further, the PCE categories, which include essential goods and services such as PCE on food and non-alcoholic beverages, housing, water, electricity, gas and other fuels, health and communication also expanded during the year.

GCE at current prices, which comprises the collective final consumption expenditure and individual final consumption expenditure of the government, grew by 3.7 per cent in 2021, compared to the growth of 9.9 per cent in 2020. Individual consumption expenditure of the government, which particularly includes government's spending on health and education, expanded moderately by 1.0 per cent in 2021, on top of the higher growth of 17.8 per cent reported in 2020. Further, collective consumption expenditure such as defence, public services and social protection, which comprises the general government's expenditure on services that benefit the community as a whole, grew by 5.3 per cent in 2021, compared to the growth of 5.8 per cent in

Table 2.10
Composition of Private Consumption Expenditure at Current Market Prices (a)

Category	As a Percentage of Total PCE (%)			Growth (%)	
	2019 (b)	2020 (b)(c)	2021 (c)	20/19 (b)(c)	21/20 (c)
1. Food and Non-alcoholic Beverages	27.9	30.9	31.3	11.6	12.4
2. Alcoholic Beverages, Tobacco and Narcotics	3.4	3.2	3.4	-4.7	15.5
3. Clothing and Footwear	4.5	3.7	3.9	-15.6	15.0
4. Housing, Water, Electricity, Gas and Other Fuels	10.1	10.4	10.0	3.6	6.7
5. Furnishings, Household Equipment and Routine Household Maintenance	1.0	1.0	1.1	-2.1	24.3
6. Health	2.8	2.8	3.4	1.7	33.1
7. Transport	24.1	20.2	19.3	-15.2	5.9
8. Communication	0.7	0.7	0.8	0.1	20.9
9. Recreation and Culture	1.6	1.7	1.7	7.6	8.4
10. Education	1.7	1.7	1.6	0.0	3.0
11. Restaurants and Hotels	3.9	2.6	2.9	-34.2	24.4
12. Miscellaneous Goods and Services	21.5	21.4	21.4	0.7	10.8
13. Direct Purchases Abroad by Residents	2.9	0.9	0.3	-68.7	-68.4
14. Less: Direct Purchases in Domestic Market by Non-residents	6.2	1.2	0.9	-80.1	-17.2
Total Private Consumption Expenditure	**100.0**	**100.0**	**100.0**	**1.0**	**10.8**

(a) Based on the GDP estimates (base year 2010)
(b) Revised
(c) Provisional

Source: Department of Census and Statistics

2020. The government's continued involvement in curtailing the COVID-19 pandemic also contributed to the expansion in GCE.

Investment

Benefitting from the gradual rebound in economic activities and targeted policy stimuli to shore up recovery, the investment expenditure at current market prices grew by 23.2 per cent in 2021, recovering from the contraction of 4.2 per cent recorded in 2020. This recovery was largely driven by the considerable growth in gross fixed capital formation by 14.5 per cent in 2021, compared to the contraction of 6.0 per cent in the previous year. Accordingly, the major asset categories of gross fixed capital formation, such as construction, transport equipment, and machinery and equipment, expanded in 2021, recovering from the setback in 2020. Further, investment expenditure on categories such as Information and Communication Technology (ICT) equipment and intellectual property products, as well as, changes in inventories and acquisitions less disposals of valuables recorded a considerable increase in 2021.

Foreign Direct Investments (FDIs), including loans received by BOI companies during the year, increased by 13.6 per cent to US dollars 780.2 million[5] in 2021, compared to US dollars 687.0 million recorded in 2020. A recovery in FDI inflows were recorded in the major sectors including manufacturing sector, services sector, and infrastructure projects, while FDI inflows to the agriculture sector continued to remain low in 2021. Further, the total value of projects approved during the year by the BOI under Sections 16 and 17 of the BOI Act No. 4 of 1978, is estimated at Rs. 517.4 billion, registering an expansion of 22.1 per cent compared to 2020. The estimated investment value of projects that commenced commercial operations under Sections 16 and 17 of the BOI Act amounted to Rs. 1,672.3 billion and Rs. 36.7 billion, respectively, recording an overall expansion of 8.1 per cent in 2021 compared to the previous year.

5 This includes receipts, including loans, to companies registered with the BOI and differs from the estimates presented in Chapter 5, mainly due to the inclusion of FDIs to non-BOI companies in the latter. Accordingly, total FDIs amounted to US dollars 784 millions in 2021.

Table 2.11

Investments and Employment in Enterprises Registered under Board of Investment of Sri Lanka (BOI) and Ministry of Industries

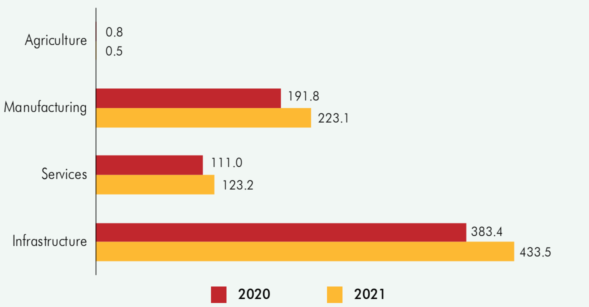
	No. of Projects		Estimated Investment (Rs. million)						Est. Employment (No.)	
	2020 (a)	2021 (b)	2020 (a) Foreign	2020 (a) Local	2020 (a) Total	2021 (b) Foreign	2021 (b) Local	2021 (b) Total	2020 (a)	2021 (b)
BOI (Under Act No. 4 of 1978)										
Projects Approved	162	144	300,608	123,178	423,786	348,926	168,451	517,377	14,376	26,463
Under Section 17 (c)	161	139	299,236	123,178	422,413	347,933	168,002	515,935	14,256	26,290
Under Section 16	1	5	1,373	-	1,373	993	449	1,442	120	173
Projects Contracted Under Section 17 (c)	122	93	131,342	165,858	297,201	42,397	74,144	116,542	15,856	16,477
Realised Investment Under Section 17 (d)(e)	1,943	1,875	2,105,156	1,812,278	3,917,434	2,258,989	2,021,406	4,280,395	n.a	n.a
Projects in Commercial Operations (d)	2,651	2,735	606,527	975,024	1,581,551	651,662	1,057,348	1,709,010	441,936	459,828
Under Section 17 (c)	2,116	2,216	580,734	966,286	1,547,021	626,170	1,046,161	1,672,331	413,280	431,550
Under Section 16	535	519	25,793	8,738	34,530	25,492	11,187	36,679	28,656	28,278
Ministry of Industries										
Companies Registered (d)	3,020	3,259	-	-	208,934	-	-	209,366	-	n.a.

(a) Revised
(b) Provisional
(c) Includes expanded projects
(d) Cumulative as at end of year
(e) Cumulative actual investment values are given

Sources: Board of Investment of Sri Lanka
Ministry of Industries

Note: Projects approved and contracted under Sec.17 of the BOI Act are exempted from customs and exchange control regulations subject to the fulfilment of the investment threshold or any other specified requirements.

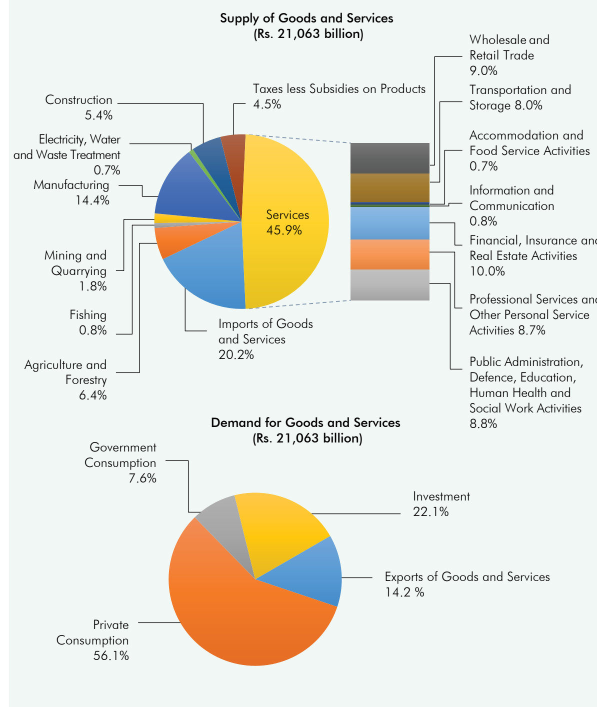
Figure 2.13
Foreign Direct Investment of BOI Enterprises (a) (US$ million)



(a) Including loans

Source: Board of Investment of Sri Lanka

Figure 2.14
The Economy in 2021 (at Current Market Prices) (a)



(a) Based on the GDP estimates (base year 2010)

Sources: Department of Census and Statistics
Central Bank of Sri Lanka

Availability and Utilisation of Resources

The available resources of the economy expanded in 2021 by 14.4 per cent at current market prices in comparison to the contraction of 5.0 per cent recorded in 2020. In this regard, GDP which represents domestic resources, and imports which are external resources expanded in 2021, compared to the previous year, both in current and constant prices. Considering the utilisation of available resources, the majority of resources was utilised for consumption purposes, which accounted for 63.7 per cent of the total resource utilisation in 2021. Meanwhile, at current prices, the share of resources utilised for export and investment purposes increased during the year. At constant prices, the share of resources utilised for export purposes increased while that for investment purposes decreased.

Table 2.12
Total Resources and Their Uses at Current Market Prices (a) (b)

Item	Percentage Share %		Growth %	
	2020 (c)	2021	2020 (c)	2021
A. Resources				
Gross Domestic Product	81.6	79.8	0.2	11.9
Import of Goods and Services	18.4	20.2	-22.9	25.7
Total	**100.0**	**100.0**	**-5.0**	**14.4**
B. Utilisation				
Consumption	66.3	63.7	2.0	9.9
Gross Fixed Capital Formation	20.7	20.8	-6.0	14.5
Changes in Inventories and Acquisition less Disposals of Valuables	-0.2	1.4	67.9	874.2
Export of Goods and Services	13.1	14.2	-30.3	23.3
Total	**100.0**	**100.0**	**-5.0**	**14.4**

(a) Based on the GDP estimates (base year 2010)
(b) Provisional
(c) Revised

Sources: Department of Census and Statistics
Central Bank of Sri Lanka

Savings

Both domestic and national savings of the economy at current prices rebounded in 2021. Accordingly, domestic savings grew by 20.3 per cent in 2021 largely driven by the increase in private savings during the year. Meanwhile, an upsurge was reported in government dis-savings, mainly due to the lower government revenue. Consequently, domestic savings as a percentage of GDP increased to 20.1 per cent in 2021. In the meantime, in rupee terms, net primary income recorded an improvement, while net current transfers from the rest of the world contracted in 2021. As a combined outcome of these developments, national savings grew by 13.2 per cent to 23.8 per cent of GDP in 2021. Further, the national savings-investment gap

Table 2.13
Consumption, Investment and Savings at Current Market Prices (a) (b)

Item	Rs. million		Growth (%)		As a per cent of GDP (%)	
	2020 (c)	2021	2020 (c)	2021	2020 (c)	2021
1. Gross Domestic Product at Market Price	15,027,374	16,809,309	0.2	11.9	100.0	100.0
2. Consumption Expenditure	12,214,284	13,425,152	2.0	9.9	81.3	79.9
Private	10,661,955	11,814,865	1.0	10.8	71.0	70.3
Government	1,552,329	1,610,287	9.9	3.7	10.3	9.6
3. Investment	3,779,064	4,655,829	-4.2	23.2	25.1	27.7
4. Domestic Savings	2,813,090	3,384,158	-7.0	20.3	18.7	20.1
Private	3,993,489	4,674,599	12.2	17.1	26.6	27.8
Government	-1,180,399	-1,290,441	-121.2	-9.3	-7.9	-7.7
5. Domestic Savings - Investment Gap	-965,975	-1,271,672	-5.1	-31.6	-6.4	-7.6
6. Net Primary Income from Rest of the World	-423,063	-406,605	4.2	3.9	-2.8	-2.4
7. Net Current Transfers from Rest of the World (d)	1,150,789	1,030,321	11.7	-10.5	7.7	6.1
8. National Savings	3,540,816	4,007,874	-2.1	13.2	23.6	23.8

(a) Based on the GDP estimates (base year 2010)
(b) Provisional
(c) Revised
(d) The difference with the BOP estimates is due to the time lag in compilation.

Sources: Department of Census and Statistics
Central Bank of Sri Lanka
Ministry of Finance

2

widened to 3.9 per cent of GDP in 2021, from 1.6 per cent of GDP in 2020, due to the significant growth in investment expenditure.

2.6 Income

Gross Operating Surplus (GOS) continued to be the largest income component of the economy in 2021, followed by Compensation of Employees (CE) and taxes less subsidies on production. GOS grew by 13.6 per cent at current prices in 2021, accounting for 64.4 per cent of GDP. This growth was mainly attributable to the expansion in Net Operating Surplus (NOS) during the year. When considering other major sources of income, both CE as well as taxes less subsidies on production expanded during the year. Meanwhile, HH and NPISH sector continued to be the largest contributor to the income within the institutional sector classification, followed by NFC, GG, and FC.

Table 2.14
Income Components by Institutional Sector at Current Market Prices (a) (b)

Item	Percentage Share (%)									
	2020 (c)					2021				
	Non-Financial Corporations (NFC)	Financial Corporations (FC)	General Government (GG)	Households and Non-Profit Institutions Serving Households (HH and NPISH)	Total Economy	Non-Financial Corporations (NFC)	Financial Corporations (FC)	General Government (GG)	Households and Non-Profit Institutions Serving Households (HH and NPISH)	Total Economy
Compensation of Employees	33.1	7.5	30.3	29.1	100.0	34.4	7.5	28.6	29.4	100.0
Gross Operating Surplus	34.3	5.8	1.5	58.4	100.0	35.1	6.4	1.8	56.7	100.0
Net Operating Surplus	36.8	6.5	0.7	56.0	100.0	38.0	7.3	0.6	54.1	100.0
Mixed Income	-	-	-	100.0	100.0	-	-	-	100.0	100.0
Consumption of Fixed Capital	45.9	6.0	8.2	40.0	100.0	44.7	5.7	10.8	38.9	100.0
Other Taxes less Subsidies on Production	85.5	14.2	-	0.3	100.0	84.7	15.1	-	0.2	100.0
Gross Value Added at Basic Price	34.0	6.4	10.9	48.7	100.0	35.0	6.8	10.2	48.0	100.0

(a) Based on the GDP estimates (base year 2010)
(b) Provisional
(c) Revised

Source: Department of Census and Statistics

2

2.7 Population, Labour Force and Employment

Population

The mid-year population in Sri Lanka was estimated at 22.156 million in 2021 as per the mid-year population estimates compiled by the Registrar General's Department. Accordingly, the population growth rate increased considerably to 1.1 per cent in 2021 from 0.5 per cent recorded in 2020. The Western province was the largest contributor towards population growth followed by the Eastern province. Meanwhile, the lowest contributions towards population growth were from the Uva and Northern provinces. The Western province continued to account for the highest share of mid-year population of 28.1 per cent, followed by the Central and Southern provinces accounting for shares of 12.7 per cent and 12.2 per cent of the mid-year population, respectively, in 2021, continuing the same trend observed. Meanwhile, the Northern province continued to account for the lowest share of mid-year population of 5.3 per cent. In line with the population growth, the population density also increased to 353 people per square kilometre in 2021, from 350 people per square kilometre in 2020. As seen in the recent years, the female population continued to remain higher than the male population and the share of elderly population remained at the same significant level during the period under review.

Table 2.15
Province-wise Population and Density (a)(b)

Province	2020		2021	
	Population '000 Persons	Density	Population '000 Persons	Density
Western	6,165	1,716	6,219	1,731
Central	2,781	499	2,811	504
Southern	2,669	496	2,696	501
Northern	1,152	139	1,165	141
Eastern	1,746	187	1,783	190
North Western	2,563	341	2,592	345
North Central	1,386	142	1,402	144
Uva	1,387	166	1,400	168
Sabaragamuwa	2,070	421	2,088	424
Total	**21,919**	**350**	**22,156**	**353**

(a) Provisional
(b) The mid-year population data are based on the Census of Population and Housing - 2012.

Source: Registrar General's Department

Labour Force

The labour force, which is the economically active population,[6] increased to 8.553 million in 2021 from 8.467 million recorded in 2020, recording a growth of 1.0 per cent. This growth was driven by the increases in labour force in all three sectors namely, urban, rural and estate. Meanwhile, the economically inactive population also increased significantly further to 8.581 million in 2021 from 8.273 million in 2020 with the subdued interest in active job search and pandemic induced hardships on usual routines. This increase was largely driven by the increase in the inactivity in the rural sector, particularly related to rural females. Following the

6 This is the current economically active population, i.e. the number of persons (aged 15 years and above), who are employed or unemployed during the reference one-week period.

Table 2.16
Household Population, Labour Force and Labour Force Participation (a)

Item	2020	2021 (b)				
		Q1	Q2	Q3	Q4	Annual (c)
Household Population '000 Persons	**16,739**	**17,025**	**17,092**	**17,158**	**17,260**	**17,134**
Labour Force '000 Persons	**8,467**	**8,673**	**8,515**	**8,487**	**8,538**	**8,553**
Employed	7,999	8,181	8,082	8,044	8,146	8,114
Unemployed	468	492	432	444	392	440
Labour Force Participation Rate (d)	**50.6**	**50.9**	**49.8**	**49.5**	**49.5**	**49.9**
Male	71.9	71.7	71.1	71.0	70.2	71.0
Female	32.0(e)	33.4	30.9	30.9	32.0	31.8

(a) Household population aged 15 years and above
(b) Provisional
(c) Average of four quarters of 2021
(d) Labour force as a percentage of household population
(e) Revised

Source: Department of Census and Statistics

increase in both labour force and inactive population, the labour force participation rate (LFPR), which is the ratio of the labour force to the household population, decreased to 49.9 per cent in 2021 from 50.6 per cent in 2020. Accordingly, the male and female LFPRs also decreased to 71.0 per cent and 31.8 per cent, respectively, in 2021 from 71.9 per cent and 32.0 per cent, respectively, in 2020. On a positive note, the gender gap in LFPR reduced to 39.2 per cent in 2021 from 39.8 per cent in 2020, however yet to return to pre-pandemic levels.

Employment

The employed population[7] increased to 8.114 million in 2021 from 7.999 million in 2020, though not yet recovered up to the pre-pandemic employment levels. The increase in employment was mainly driven by the increase in employment opportunities related to Agriculture and Services activities. Accordingly, employment in Agriculture increased to 2.213 million in 2021 from 2.170 million in 2020, while that of Services increased to 3.791 million in 2021 from 3.677 million in 2020. However, amid the persistent adversities faced, the employment in Industry continued to decline to 2.109 million in 2021 from 2.153 million in 2020. Accordingly, the shares of employment in the Agriculture and Services sectors increased to 27.3 per cent and 46.7 per cent, respectively, in 2021 from 27.1 per cent and 46.0 per cent in 2020, whereas the share of employment in the Industry sector declined to 26.0 per cent in 2021 from 26.9 per cent in 2020.

As per the Public Sector Employment Survey conducted by the Central Bank, total public sector employment increased to 1.493 million at the end of 2021 compared to 1.461 million in 2020. This includes employees in ministries, departments, district secretariats, divisional secretariats, provincial councils and semi government institutions. The increase observed in public sector employment was due to the continued recruitment of unemployed graduates and multi task development officers, and recruitments related to armed and police forces, and health sector. Meanwhile, as per the quarterly labour force survey conducted by the DCS, public sector employees, employers and own account workers increased notably in 2021 compared to 2020, whereas the private sector employment declined marginally in line with the continued terminations amidst the interminable difficulties encountered by the private sector companies due to the pandemic. Nevertheless, the private sector continued to remain the main employment generator in Sri Lanka representing the largest share of 42.0 per cent followed by own account workers, which accounted for 33.4 per cent of the total employment during 2021.

Table 2.17
Public Sector Employment

Sector	2020 (a)	2021 (b)	Percentage Change 2021/ 2020 (b)
Government (c)	1,223,617	1,258,440	2.8
Semi Government (d)	237,454	235,032	-1.0
Public Sector	**1,461,071**	**1,493,472**	**2.2**

(a) Revised
(b) Provisional
(c) Central Government, Local Government and Provincial Councils
(d) State Corporations, Statutory Boards and State Authorities

Source: Central Bank of Sri Lanka

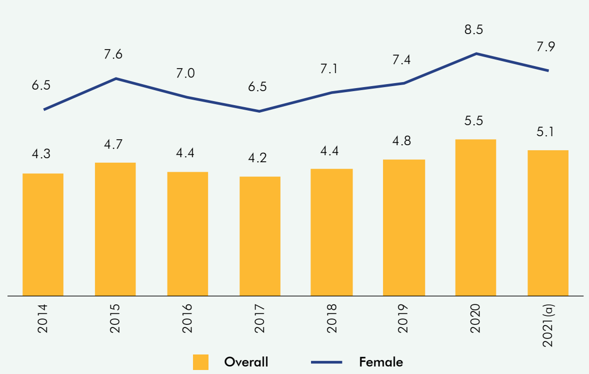
Unemployment

The unemployment rate declined to 5.1 per cent in 2021 from 5.5 per cent recorded in 2020 in line with the creation of new employment opportunities. Accordingly, the unemployed population[8] declined to 0.440 million in 2021 from 0.468 million recorded in 2020. Consequently, the male and female unemployment rates declined to 3.7 per cent and 7.9 per cent, respectively, in 2021

7 Persons who worked at least one hour during the reference period, as paid employees, employers, own account workers or contributing family workers are said to be employed. This also includes persons with a job but not at work during the reference period.

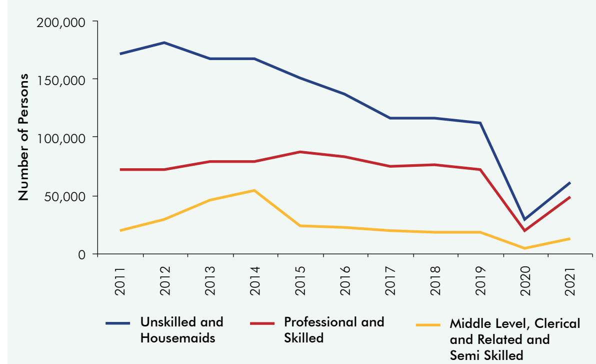
8 Persons available and/or looking for work, and who did not work and took steps to find a job during the last four weeks and are ready to accept a job given a work opportunity within next two weeks are said to be unemployed.

Figure 2.15
Unemployment Rate (Per cent)



(a) Average of four quarters of 2021 *Source:* Department of Census and Statistics

Figure 2.16
Departures for Foreign Employment by Skills



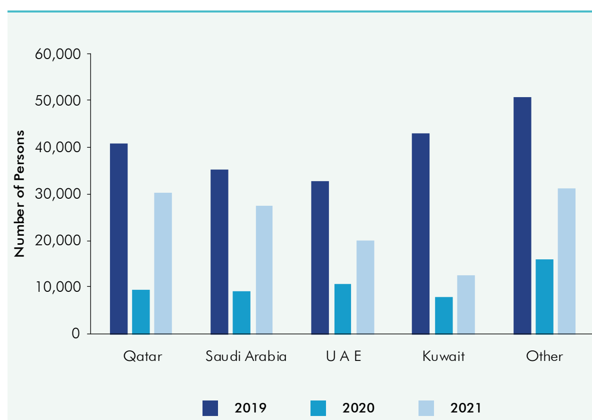
Source: Sri Lanka Bureau of Foreign Employment

from 4.0 per cent and 8.5 per cent, respectively, in 2020. Further, the unemployment rate of the GCE A/L and above category, declined considerably to 9.1 per cent in 2021 from 9.8 per cent recorded in 2020. However, the youth (15-24 years) unemployment rate remained unchanged at 26.5 per cent in 2021 compared to 2020 indicating the continued lack of job opportunities at the entry level. Further, the overall unemployment rate still remains above the pre-pandemic levels as job opportunities created in 2021 were insufficient to reverse the considerable number of terminations that took place in 2020 and continued in 2021.

Foreign Employment

Departures for foreign employment recorded a significant growth of 126.8 per cent to 121,795 in 2021 from 53,711 in 2020 in line with the significant improvement in departures towards the latter part of the year. Accordingly, the departures for foreign employment in the final quarter of 2021 was recorded at 61,447, highest ever reported since the third quarter of 2016. Relaxed travel restrictions and increase in employment opportunities in labour receiving countries, the large number of prospective migrant workers who were waiting to travel overseas for jobs and the fast vaccination of prospective migrant workers drove this significant increase in departures for foreign employment. Accordingly, the share of male and female departures for foreign employment stood at 66.2 per cent and 33.8 per cent, respectively, to the total departures of foreign employment. In line with the increase in total departures for foreign employment, departures for foreign employment under all categories, namely professional, middle level, clerical and related, skilled, semi-skilled, unskilled and housemaid improved, where the major contributions were from the skilled, unskilled and housemaid categories. The Middle East region continued to lead as the key foreign employment destination in 2021 as well, accounting for 84.8 per cent of the total departures for foreign employment, with 87.7 per cent of those being to

Figure 2.17
Departures for Foreign Employment by Major Destinations



Source: Sri Lanka Bureau of Foreign Employment

Table 2.18
Departures for Foreign Employment

Foreign Employment	2019		2020 (a)		2021 (b)	
	Number	Per cent	Number	Per cent	Number	Per cent
Total Placement	**203,087**	**100.0**	**53,711**	**100.0**	**121,795**	**100.0**
By Source						
Licensed Agents	69,278	34.1	18,065	33.6	42,012	34.5
Other	133,809	65.9	35,646	66.4	79,783	65.5
By Gender						
Male	122,257	60.2	32,500	60.5	80,670	66.2
Female	80,830	39.8	21,211	39.5	41,125	33.8
By Manpower Category						
Professional	9,861	4.9	2,957	5.5	8,309	6.8
Middle Level	5,725	2.8	1,496	2.8	4,216	3.5
Clerical & Related	9,163	4.5	2,496	4.6	6,495	5.3
Skilled	62,711	30.9	16,664	31.0	39,971	32.8
Semi Skilled	2,950	1.5	789	1.5	1,908	1.6
Unskilled	51,188	25.2	13,987	26.0	31,497	25.9
Housemaid	61,489	30.3	15,322	28.5	29,399	24.1

(a) Revised
(b) Provisional

Source: Sri Lanka Bureau of Foreign Employment

2

Qatar, Saudi Arabia, United Arab Emirates and Kuwait. Meanwhile, a significant improvement in departures for foreign employment is envisaged for 2022 amid further improvements observed during the first quarter of 2022.

Labour Productivity

Labour productivity, measured in terms of Gross Value Added (GVA) (in 2010 prices) per hour worked, declined by 2.6 per cent to Rs. 562.15 per hour worked in 2021 from Rs. 577.36 per hour worked in 2020.[9] Even though, increases in GVA were observed related to all three activities namely, Agriculture, Industry and Services in 2021 compared to 2020, the overall labour productivity declined slightly solely due to the considerable recovery in hours worked amid lesser mobility restrictions prevailed during the year. Accordingly, labour productivity in Agriculture, Industry and Services activities declined to Rs. 175.64 per hour worked, Rs. 598.78 per hour worked and Rs. 734.94 per hour worked, respectively, in 2021 from Rs. 178.37 per hour worked, Rs. 611.90 per hour worked and Rs. 764.25 per hour worked, respectively, in 2020. In terms of the level of productivity, Services activities continued to exhibit the most efficient use of labour resources, recording the highest labour productivity level, followed by Industry activities, while Agriculture activities recorded the lowest.

9 The significant increase in labour productivity in 2020 was due to the substantial reduction in hours worked amid tighter mobility restrictions that prevailed to contain the spread of the COVID-19 pandemic.

3

ECONOMIC AND SOCIAL INFRASTRUCTURE

3.1 Overview

The economic and social infrastructure base of the country continued to facilitate the continuity of economic activity while ensuring the socioeconomic well-being of the people amidst the prolonging COVID-19 pandemic, with the emergence of new variants. A key challenge during 2021 was the soaring prices of energy commodities in global markets, driven by the recovery in world demand and limited increases in supply; this price trend continues to worsen with the geopolitical tensions in Eastern Europe. Accordingly, although the Ceylon Petroleum Corporation undertook two rounds of price revisions in 2021, these were insufficient in the wake of further increases in global prices as well as the sharp depreciation of the rupee in early 2022. This led to another sharp price adjustment in the early part of 2022. The financial status of key State Owned Business Enterprises (SOBEs) in the energy sector continued to remain disconcerting in the absence of cost-reflective adjustments to prices and tariffs in a timely manner. The long standing financial issues of these SOBEs and the dearth of foreign exchange inflows have culminated in an energy crisis in the country posing a substantial dampening effect on overall activity as the economy strives to reset in the post COVID-19 era. Recognising the importance of investments in the socioeconomic infrastructure base of the economy, the Government continued to undertake initiatives focused at improving rural-urban linkages and the quality of living spaces. Milestones during the year include the enactments of legislation relating to the Colombo Port City project and the exploration of Petroleum resources, the opening of the first waste-to-energy plant in Kerawalapitiya and the opening of the New Kelani Bridge followed by the opening of another section of the Central Expressway in January 2022. Amid these physical infrastructure developments, the Government also remained committed to the provision of healthcare and education services, which are expected to have played a large role in mitigating short-term and long-term impacts of the COVID-19 pandemic on the population. Since the onset of the pandemic, the health sector has been at the helm of containing the spread of COVID-19 through the provision of not only testing, treatment and quarantining facilities but also importantly, the timely deployment of the COVID-19 vaccine and booster doses, amidst the challenges of non-communicable and other communicable diseases, such as Dengue. While the education sector seemed to have adapted to the 'new normal' of online education, facilitated by the telecommunications sector of the country, concerns remain about the quality of learning outcomes *especially among rural and estate households whose ownership of technological devices and related literacy levels are low and also among those located in peripheral areas with poor internet connectivity. For the second consecutive year, amid fiscal constraints, the Government paid allowances and provided relief measures to households and individuals rendered vulnerable by the COVID-19 pandemic. Poverty related statistics highlight that the prolonging of the pandemic and the disruptions that it has entailed are likely to have created a 'new poor' segment of the population who remain at the brink of poverty and are more prone to scarring in the wake of any further disruptions to economic activity stemming from COVID-19 or otherwise. While investments in the economic and social infrastructure base of the country may be challenging within a limited fiscal space, it must be recognised that the investments made by successive governments over several decades have enabled Sri Lanka to safeguard businesses, households and individuals, to a large extent, from any scarring effects stemming from the COVID-19 pandemic. However, in order to ensure the efficacy of such investments, it is necessary for the Government to encourage multi-stakeholder collaborations across the public and private sector to devise forward-looking and holistic policies and streamlined strategies that focus not only on fixing short-term issues but also on building the productive potential of the economy in a sustainable manner over the medium-term. This will be essential to enhance the resilience of the economy to volatilities and shocks, thereby assuring the economy's sustained progress onto a high and inclusive growth trajectory.*

3.2 Economic Infrastructure Policies, Institutional Framework and Performance

Petroleum

Global crude oil prices rose sharply in 2021, supported by the steady recovery in global economic growth as well as tight supply conditions, although some downward pressures were observed due to resurgences of COVID-19. Although the average crude oil price (Brent) stood at US dollars 43.35 per barrel in 2020, due to the contraction in global demand induced by the COVID-19 pandemic, with the turnaround in the global economy and the relaxation of pandemic related mobility restrictions, the average crude oil price in international markets rose by 63.3 per cent to US dollars 70.80 per barrel in 2021. The recovery in global crude oil prices that began in mid-2020 gained pace and reached pre-pandemic levels by March 2021 before reaching seven-year highs in October 2021. The West Texas Intermediate (WTI) price was also on a rising trend and recorded an average of US dollars 67.94 per barrel in 2021 compared to US dollars 39.78 per barrel recorded in 2020. The surge in global crude oil prices was primarily driven by optimism surrounding the global recovery process and the resultant rise in global demand amidst tight global oil supply conditions maintained by the Organisation of the Petroleum Exporting Countries (OPEC) and its allies. Brief episodes of downward pressures were observed due to demand concerns stemming from the resurgence of COVID-19 and the emergence of new variants of the virus, which compelled the imposition of temporary lockdowns and mobility restriction measures. Global crude oil prices escalated further and briefly reached US dollars 140 per barrel in March 2022 for the first time since July 2008 following concerns that geopolitical tensions between Russia and Ukraine could lead to further tightening of supplies. In line with rising trends in global crude oil prices, the average price of crude oil imported by the Ceylon Petroleum Corporation (CPC) increased by 51.1 per cent to

Figure 3.1
Performance of the Economic and Social Infrastructure

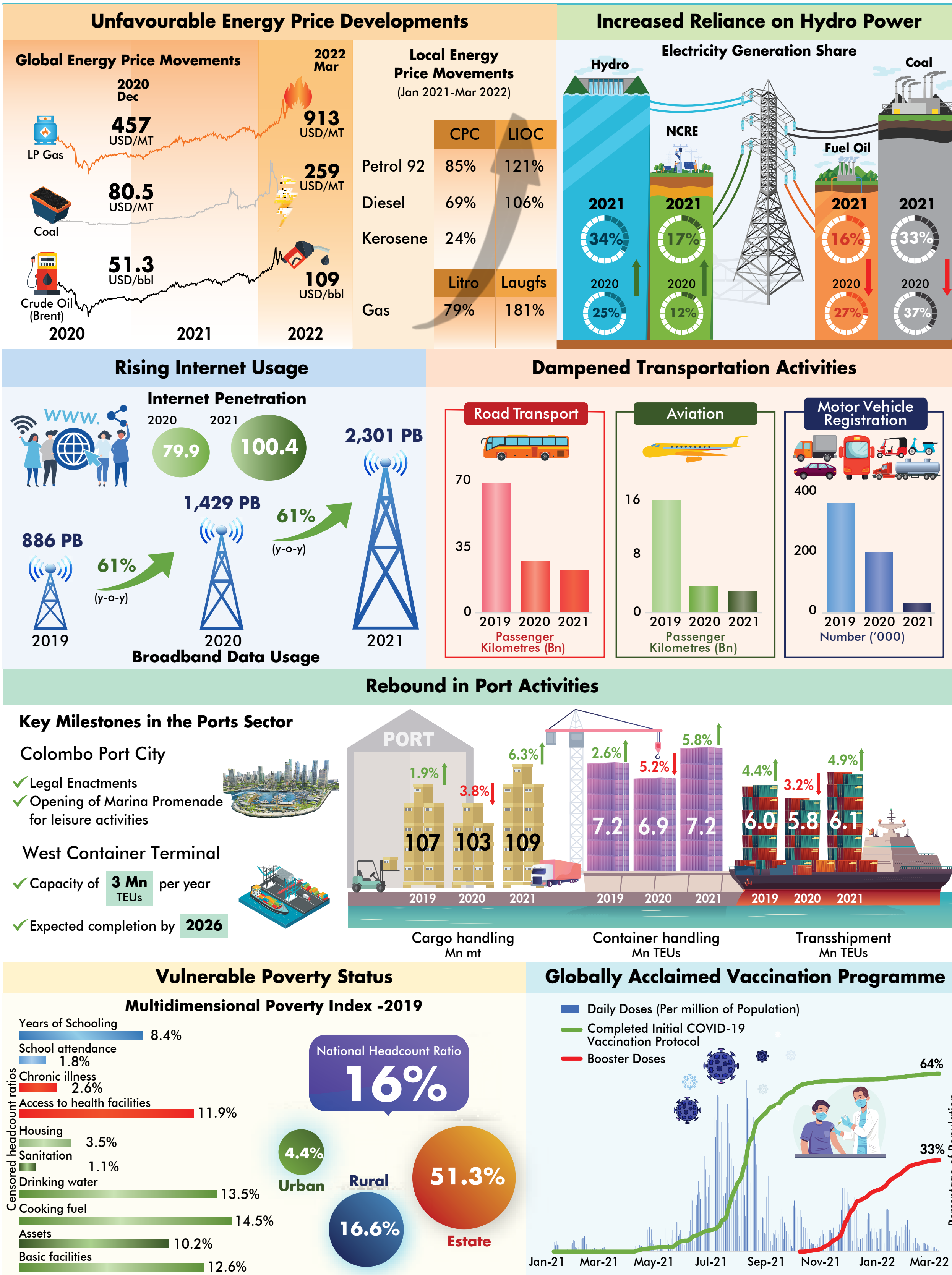
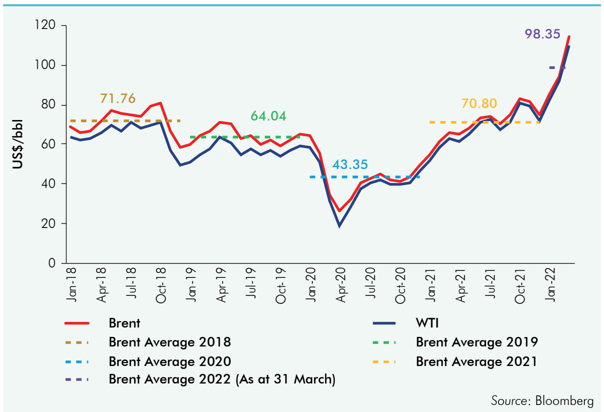


Figure 3.2
Trends in Global Crude Oil Prices



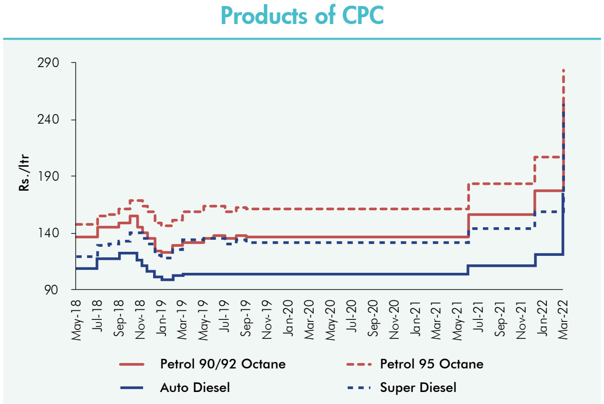
Source: Bloomberg

US dollars 68.86 per barrel in 2021 compared to the average of US dollars 45.57 per barrel recorded during 2020.

The continuous escalation of global crude oil prices warranted the Government to increase the domestic retail prices of key petroleum products in 2021 after a hiatus of over one and half years. Accordingly, domestic prices of the CPC were revised upwards in June and December 2021, followed by a substantial upward revision in March 2022. The Lanka IOC PLC (LIOC) also revised domestic retail prices of petroleum products in three rounds during 2021 followed by two rounds of revisions in February 2022 followed by another two rounds of revisions in March 2022. The revisions undertaken in March 2022 by both entities were historically high and were undertaken to reflect the sharp rise in global crude oil prices and the impact of the depreciation of the rupee in March 2022. This reiterates the need to urgently institutionalise a cost reflective pricing mechanism that improves transparency regarding pricing among all stakeholders, especially consumers, which can contribute to the general acceptance of such revisions. Such a mechanism is also essential to ensure the financial viability of the CPC in the medium-term and thereby the safeguarding of macroeconomic and financial system stability, although such revisions could lead to transitory shocks to general price levels in the country. It must also be reiterated that the current crisis of lack of continuous supply of fuels to the domestic market could also be partly attributed to the absence of forward-looking and dynamic strategic planning with due consideration to the continuously evolving developments in the global and domestic markets. Transparency in relation to both pricing and procurement processes is a dire need for the viability and sustainability of the CPC.

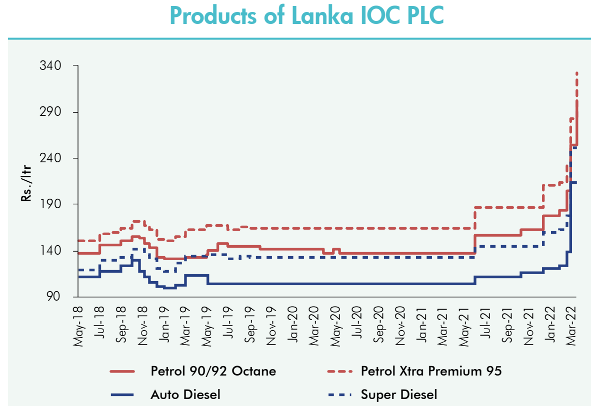
The overall sales volumes of petroleum products in the domestic market declined by 7.7 per cent during the year, driven by contractions in sales to the power sector. Several economic

Figure 3.3
Revisions to Domestic Prices of Petroleum Products of CPC



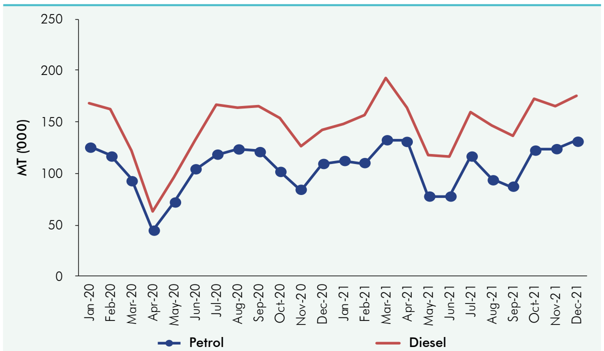
Source: Ceylon Petroleum Corporation

Figure 3.4
Revisions to Domestic Prices of Petroleum Products of Lanka IOC PLC



Source: Lanka IOC PLC

Figure 3.5
Sales of Petrol and Diesel to the Transport Sector



Sources: Ceylon Petroleum Corporation
Lanka IOC PLC

activities were allowed to be pursued throughout the April and August outbreaks of COVID-19 resulting in a rebound in economic activity during 2021. In turn, sales volume of the CPC to the transport, industrial and aviation sectors grew by 10.4 per cent, 39.5 per cent and 18.6 per cent, respectively. Meanwhile, the increased reliance on hydropower generation due to healthy water levels in reservoirs resulted in the sales of diesel and furnace oil for power generation registering notable contractions of 23.2 per cent and 35.9 per cent, respectively, thereby dampening the overall sales performance of the CPC.

Refinery output recorded an overall decline of 24.7 per cent in 2021 due to multiple closures of the Sapugaskanda refinery. Subsequent to a closure from mid February 2021 for the purpose of general maintenance, the refinery was closed again in November 2021 for three weeks due to unavailability of crude oil for refinery operations. Hence, overall crude oil throughput declined by 24.5 per cent, while refinery output of key products such as diesel, petrol, fuel oil and naphtha contracted by 31.1 per cent, 24.5 per cent, 22.9 per cent and 31.9 per cent, respectively, during the period under review. These production gaps were compensated for through the importation of refined products by the CPC which had risen by 15.2 per cent during the year.

Despite notable upward revisions to domestic petroleum prices, the financial performance of the CPC worsened further in 2021. As per unaudited provisional financial statements, the CPC incurred an operational loss of Rs. 41.7 billion in 2021 compared to the operational profit of Rs. 33.9 billion recorded in the previous year, reflecting the impact of delayed and inadequate revision of prices in line with the sharp increase in global crude oil prices. Sales of petroleum products to the major sectors of transport and power generation yielded operational losses, while the aviation and industry sectors generated operational profits in 2021. The depreciation of the rupee against the US dollar resulted in a notable exchange rate variation loss of Rs. 33.2 billion to the CPC during the year, weighing negatively on the overall loss (before taxes), which stood at Rs. 82.2 billion in 2021 in comparison to the profit of Rs. 2.4 billion recorded in the previous year. Meanwhile, borrowings of the CPC from the banking sector increased by Rs. 123.5 billion to Rs. 505.3 billion in 2021, while deposits with domestic licensed commercial banks increased by Rs. 76.2 billion to Rs. 140.1 billion by end 2021. The CPC's total outstanding trade receivables from public corporations increased to Rs. 161.1 billion in 2021 from Rs. 142.7 billion in 2020, mainly due to the growing liabilities owed by the Ceylon Electricity Board (CEB) and SriLankan Airlines. Accordingly, by end 2021, trade receivables from the CEB and SriLankan Airlines accounted for around 90.1 per cent of total trade receivables of the CPC. The worsening financial position of the CPC, alongside the dearth of foreign exchange flows, led to hindrances in timely and cost-efficient fuel procurement. In January 2022, the Central Bank intervened to facilitate the distribution of the financing of essential import bills for fuel purchases among the licensed banks in proportion to their foreign exchange flows with the intention of facilitating the timely procurement of fuel and reducing the reliance of the CPC on the two state-owned banks. The Government also secured a short-term line of credit amounting to US dollars 500 million from the Export-Import Bank of India in early 2022, specifically for the purchase of refined petroleum products from India.

There is an urgent need for the CPC to undertake concerted efforts to ensure the continuity of supply of petroleum products in a financially viable manner. The sensitivity of demand for petroleum products, especially from the transport sector, to price revisions is relatively low in Sri Lanka. This can be observed in the sales volumes of the CPC to the transport sector standing at 3.6 billion litres in 2021, in comparison to the average sales volume of 3.4 billion litres during the period from 2015 till 2019. This is further evidenced by the continued strong demand for petroleum products amid the historically high price revisions undertaken in the early part of 2022. With due consideration to this growing demand for petroleum products, it is essential that specific initiatives are undertaken by the Ministry of Energy in close collaboration with the CPC and other relevant stakeholders in the electricity and transport sector to identify other means of demand management for petroleum products, such as through the expansion of renewable electricity generation capacity and, the undertaking of qualitative improvements in public transportation combined with measures such as congestion charges or tolls to discourage the use of private transportation, among others. The ongoing issues in the energy sector reiterate that there is a strong need for the CPC to engage in forward-looking decision making with due consideration to developments in domestic and global markets. Whilst the supply disruptions seen in the recent months are partly stemming from issues in foreign currency liquidity, the extent of these supply disruptions could have been reduced through timely and prudent decisions, undertaken by the CPC in a concerted manner with the CEB and other related public stakeholders.

Several infrastructure development projects aimed at improving the performance and productivity of the petroleum industry were carried out during the year, albeit at a slower pace. The detailed feasibility study for the establishment of a new refinery in Sapugaskanda as a Public-Private Partnership under a *Built-Operate-Transfer* model with a capacity of 100,000 barrels per day was completed by the CPC in 2021. Meanwhile, in order to improve the storage facilities available for petroleum products, two storage construction projects comprising total capacity of 93,000m^3 in Kolonnawa were also under progress during the year. The CPC also commenced the development and upgrading of the Aviation Refueling Terminal as a part of the Bandaranaike International Airport (BIA) development project. In addition, the CPC continued to work in collaboration with the CEB to construct the pipeline conveying gas to the Kelanitissa power plant under the proposed Liquefied Natural Gas (LNG) power project. Accordingly, land acquisition and evaluation of project proposals commenced in 2021 and the project is expected to be completed by 2023. In early 2022, an agreement was signed for the Trincomalee Oil Tank Farm Development project to be carried out in collaboration with the Indian Oil Corporation (IOC). Accordingly, of the 99 oil tanks in the Trincomalee Oil Storage Complex, 24 are to be allocated to the CPC and another 61 are to be upgraded by a subsidiary that is to be established as a joint venture between the CPC and IOC, while the remaining 14 tanks are to be developed by the IOC.

Table 3.1
Petroleum Sector Performance

Item		2020 (a)	2021 (b)	Growth Rate (%)	
				2020 (a)	2021 (b)
Quantity Imported (mt '000)					
Crude Oil		1,667	1,182	-9.5	-29.1
Refined Products		4,028	4,553	-15.0	13.0
Coal		2,600	2,206	8.8	-15.1
L.P. Gas		437	422	1.7	-3.3
Domestic L.P. Gas Production (mt '000)		25	17	-6.4	-34.1
Value of Imports (CIF)					
Crude Oil	(Rs. million)	107,665	123,865	-38.0	15.0
	(US$ million)	583	625	-39.9	7.2
Refined Products	(Rs. million)	321,818	564,681	-33.4	75.5
	(US$ million)	1,742	2,840	-35.6	63.0
Coal	(Rs. million)	40,194	55,118	3.8	37.1
	(US$ million)	217	278	1.3	27.8
L.P. Gas	(Rs. million)	43,812	64,436	1.5	47.1
	(US$ million)	236	324	-2.2	37.2
Average Price of Crude Oil (CIF)					
	(Rs./bbl)	8,415	13,645	-31.6	62.2
	(US$/bbl)	45.57	68.86	-33.8	51.1
Quantity of Petroleum Exports (mt '000)		798	853	-18.9	7.0
Value of Petroleum Exports	(Rs. million)	68,849	100,975	-26.1	46.7
	(US$ million)	374	506	-28.3	35.6
Local Sales - Refined Products (mt '000)		4,600	4,246	-16.8	-7.7
o/w Petrol (92 Octane) (c)		1,139	1,238	-10.2	8.7
Petrol (95 Octane)		120	116	-23.6	-3.5
Auto Diesel (d)		1,750	1,875	-18.2	7.1
Super Diesel		69	75	-18.8	8.2
Kerosene		176	188	-14.8	7.2
Furnace Oil		971	513	-4.0	-47.2
Avtur		189	224	-60.2	18.6
Naphtha		165	11	1.7	-93.5
Local Sales - L.P. Gas (mt '000)		473	457	1.5	-3.3
Local Price (End Period) (Rs./litre)					
Petrol (92 Octane)		137.00	177.00	-	29.2
Petrol (95 Octane)		161.00	207.00	-	28.6
Auto Diesel		104.00	121.00	-	16.3
Super Diesel		132.00	159.00	-	20.5
Kerosene		70.00	87.00	-	24.3
Furnace Oil					
800 Seconds		70.00	110.00	-27.1	57.14
1,500 Seconds		70.00	110.00	-27.1	57.14
L.P. Gas (Rs./kg)					
Litro Gas		119.44	214.00	-	79.2
Laugfs Gas		119.44	227.20	-	90.2
International Crude Oil Prices (US$/bbl)					
Brent		43.35	70.80	-32.3	63.3
WTI		39.78	67.94	-30.2	70.8
Petroleum and Other Liquids					
World Supply (million barrels per day)		93.9	95.6	-6.4	1.8
World Demand (million barrels per day)		92.0	97.5	-8.6	6.0

(a) Revised
(b) Provisional
(c) Including XtraPremium Euro 3
(d) Including XtraMile Diesel

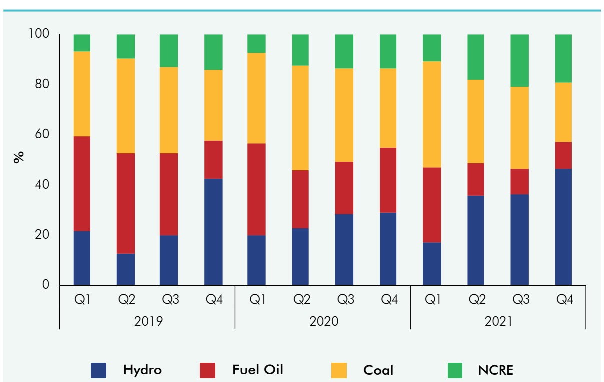
Sources: Ceylon Petroleum Corporation
Lanka IOC PLC
Lanka Marine Services (Pvt) Ltd
Litro Gas Lanka Ltd
Laugfs Gas PLC
Sri Lanka Customs
Bloomberg
U.S. Energy Information Administration

The Government continued to engage in developing a national plan for upstream oil and gas exploration during 2021. The Petroleum Resources Act No. 21 of 2021 was enacted in October 2021 with the primary aim of establishing an independent, efficient and transparent upstream legislative framework, thereby creating a clear national upstream policy and a regulatory and operational framework to oversee and manage petroleum resources and related operations. Following the enactment of the new Petroleum Resources Act, the *Petroleum Development Authority of Sri Lanka* (PDASL) was established in October 2021 as an independent regulator in lieu of the Petroleum Resources Development Secretariat (PRDS). Further, in line with international block demarcation processes and current trends, a new offshore hydrocarbon exploration block map comprising 871 small blocks and three large blocks covering the Mannar, Cauvery and Lanka Basins, was devised and gazetted in July 2021. Further, in line with the *National Policy on Natural Gas*, which was gazetted in 2020, initial work relating to the drafting of the *Gas Utilisation Master Plan* was underway began in 2021 and it is expected to be launched during early 2022 by the PDASL.

Electricity

Electricity demand continued to expand in line with the recovery in economic activity in 2021. During the year, electricity generation grew by 6.4 per cent to 16,716 GWh, compared to the previous year, with increased share of hydropower generation. Water levels in reservoirs remained above 60 per cent throughout the year owing to heavy rainfall in catchment areas, thereby contributing to the increased reliance on low-cost hydropower generation to meet electricity demand. Accordingly, total electricity generation through hydro sources increased by 44.2 per cent to 5,640 GWh, while the share of hydropower in total electricity generation increased to 34 per cent in 2021 from 25 per cent recorded in 2020. This also resulted in reduced reliance on fuel oil based power generation which declined by 37.0 per cent to 2,634 GWh while coal power generation contracted by 4.1 per cent to 5,519 GWh during the period under review. Meanwhile, power generation through Non-Conventional Renewable Energy (NCRE) sources registered a significant growth of 56.6 per cent to 2,922 GWh, largely driven by the addition of new renewable energy plants to the national grid, particularly the 100 MW Mannar wind plant. Accordingly, the shares of fuel oil, coal, and NCRE power generation in the total generation mix stood at 16 per cent, 33 per cent, and 17 per cent, respectively. Further, the share of power generated by the CEB out of total power generation stood at 76.0 per cent in 2021, while the remainder was purchased from Independent Power Producers (IPPs). The overall transmission and distribution loss as a percentage of total power generation was maintained at 9.0 per cent in 2021 despite the expansion of electricity supply to remote and rural areas. From early 2022, there was a turnaround in the reliance on hydropower generation due to the rapid depletion of reservoir water levels amid the onset of dry weather conditions. Due to the resultant increase in reliance on thermal-based power generation, the CEB has been experiencing difficulties in meeting the energy demand of the economy in the early months of 2022. Difficulties in fuel procurement caused by foreign exchange issues within the country amidst soaring global prices of energy commodities led to the implementation of load shedding since February 2022.

Figure 3.6
Electricity Generation Mix



Source: Ceylon Electricity Board

Table 3.2
Electricity Sector Performance

Item	2020 (a)	2021 (b)	Growth Rate (%)	
			2020 (a)	2021 (b)
Installed Capacity (MW)	4,265	4,187	1.2	-1.8
Hydro (c)	1,383	1,383	-1.1	-
Fuel Oil (d)	1,268	1,087	-1.1	-14.3
Coal	900	900	-	-
NCRE (e)	715	817	12.4	14.3
Units Generated (GWh)	15,714	16,716	-1.3	6.4
Hydro (c)	3,911	5,640	3.4	44.2
Fuel Oil (d)	4,182	2,634	-16.6	-37.0
Coal	5,754	5,519	7.3	-4.1
NCRE (e)	1,866	2,922	5.9	56.6
Total Sales by CEB (GWh)	14,286	15,214	-2.2	6.5
Domestic and Religious	5,172	5,320	6.3	2.9
Industrial	4,164	4,822	-5.2	15.8
General Purpose and Hotel (f)	3,238	3,342	-9.1	3.2
Street Lighting	108	97	-0.8	-9.8
Bulk Sales to LECO	1,605	1,633	-4.7	1.7
LECO Sales (GWh)	1,624	1,603	-1.3	-1.3
Domestic and Religious	739	717	6.8	-3.0
Industrial	279	306	-4.7	9.6
General Purpose and Hotel (f)	583	557	-8.9	-4.5
Street Lighting	23	23	7.7	3.4
Overall Transmission and Distribution Loss of CEB (%)	9.1	9.0	10.3	-1.1
Number of Consumers ('000) (g)	7,213	7,401	2.0	2.6
o/w Domestic and Religious	6,273	6,411	1.8	2.2
Industrial	70	73	3.8	4.2
General Purpose and Hotel (f)	867	915	4.3	5.5

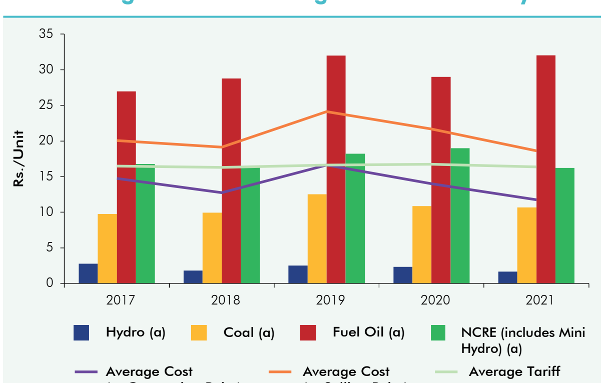
(a) Revised
(b) Provisional
(c) Excluding mini hydro power plants
(d) Inclusive of Independent Power Producers (IPPs)
(e) Refers to Non-Conventional Renewable Energy including mini hydro
(f) Inclusive of sales to government category
(g) Inclusive of LECO consumers

Sources: Ceylon Electricity Board (CEB)
Lanka Electricity Company (Pvt) Ltd (LECO)

Electricity sales increased by 6.5 per cent to 15,214 GWh in 2021, owing primarily to the lower base induced by the reduced demand in 2020. The overall growth in sales was driven by demand from all user categories, except for religious and street lighting purposes. Electricity sales to the hotel sector, which accounts for 1.4 per cent of total sales, increased notably by 13.7 per cent in 2021, compared to the sharp decline of 29.2 per cent observed in 2020, highlighting the recovery in the tourism sector during the year. Meanwhile, the CEB continued to face difficulties in manual meter reading resulting in significant mismatches between electricity sales and electricity generation data. Accordingly, the CEB has taken initiatives to collect accurate and real-time energy data through remote disconnection and automatic reconnection facilities. Two commercial scale smart metering projects were initiated in Dehiwala and Katunayake. Acceleration of such timely initiatives is essential, as rapid implementation of smart metering technologies would ensure smooth billing and collection of dues in a prompt and efficient manner, thereby improving the cash flows of the CEB.

Increased reliance on hydropower generation, combined with a low share of costly fuel oil based electricity generation helped improve the financial performance of the CEB during 2021. However, this was insufficient to offset losses incurred during the year as well as those from the past. As per unaudited provisional financial data, the CEB recorded a loss of Rs. 22.0 billion in 2021, compared to a loss of Rs. 69.2 billion reported in 2020. Short term borrowings of the CEB from banks and other outstanding liabilities to the CPC and IPPs increased to Rs. 237.8 billion by end 2021 from Rs. 208.4 billion recorded by end 2020, while the CEB's long term outstanding liabilities increased to Rs. 502.8 billion by end 2021 from Rs. 483.8 billion recorded at end 2020. The Government's decision to provide a grace period to settle electricity bills and to defer the disconnecting of services to unpaid

Figure 3.7
Average Cost and Average Tariff of Electricity



(a) Average cost at generation point

Source: Ceylon Electricity Board

Table 3.3
Average Costs and Average Tariffs of Electricity

Item	2020 (a)	2021 (b)	Growth Rate (%) 2020 (a)	Growth Rate (%) 2021 (b)
Average Cost of CEB (Rs./kWh)	10.35	8.78	-19.8	-15.2
Hydro	2.33	1.67	-6.6	-28.3
Fuel Oil	29.01	32.03	-9.3	10.4
Coal	10.87	10.68	-13.1	-1.7
Average Cost of Private Sector (Rs./kWh)	22.94	16.94	-13.3	-26.2
Fuel Oil	27.55	30.35	-8.7	10.2
NCRE (c)	18.99	16.22	4.2	-14.6
Overall Average Cost (Rs./kWh)				
Generation Point	13.99	11.74	-15.8	-16.1
Selling Point	21.67	18.63	-10.2	-14.0
Average Tariff (Rs./kWh)	16.72	16.37	0.5	-2.1
Domestic	14.87	14.91	5.2	0.3
General Purpose	23.91	23.42	-0.1	-2.0
Government	18.06	18.25	-0.7	1.1
Industrial	14.84	14.70	0.8	-0.9
Hotel	18.13	17.79	2.4	-1.9

(a) Revised
(b) Provisional
(c) Average cost of hydro is included under NCRE

Source: Ceylon Electricity Board

consumers worsened the cash flow position of the CEB. The CEB's financial performance could deteriorate further in 2022 on account of revisions to domestic fuel prices in early 2022 and on prospects of increases in energy commodity prices during the remainder of 2022. These developments reiterate the urgent need to implement a cost reflective pricing mechanism for electricity tariffs and to undertake regular revisions especially considering that electricity tariffs have not been revised since 2014. Initiatives to increase the power generation capacity through expansion of renewable energy sources are also essential.

The Public Utilities Commission of Sri Lanka (PUCSL), the regulatory authority for the electricity sector, continued to strengthen its monitoring and regulatory activities in order to ensure the provision of continuous power supply. The CEB submitted its *Long-Term Generation Expansion Plan for 2022-2041* (LTGEP) in October 2021 for the approval of the PUCSL. The plan outlines that the renewable energy share will be about 50 per cent of total electricity generation by 2030. However, the PUCSL requested the

CEB to realign the LTGEP in accordance with the Government's target of renewable energy contributing to 70 per cent of electricity generation by 2030. The PUCSL requested that the amended LTGEP be submitted by June 2022. In July 2021, the Cabinet of Ministers decided not to build any new coal power plants in the near future to ensure sustainable energy development and to reiterate its commitment to providing clean energy. The decision was in line with the commitment made under the *United Nations Framework Convention on Climate Change* to achieve carbon neutrality by 2050. Meanwhile, other monitoring and regulatory aspects of electricity, such as the development of a National Electrician Licensing Framework, inspections of renewable power plants, and training for electricians and technicians, were underway during the year.

Activities related to the development of several power plants were in progress during the year with the aim of expanding energy generation to keep pace with the steady growth in electricity demand. Given the expected reliance on LNG as one of the main sources of electricity generation, as per the LTGEP, the Cabinet of Ministers granted approval for the construction of Sri Lanka's first LNG power plant at Kerawalapitiya. Accordingly, construction of the first 300 MW power plant commenced in March 2021 and is expected to be connected to the national grid by early 2024, while the second 300 MW plant was at the initial stages of construction and is expected to be completed by the end of 2024. The CEB initiated a competitive bidding process for the construction of LNG terminal facilities consisting of a Floating Storage Regasification Unit, on a *Build-Own-Operate* basis, and a delivery pipeline, on a *Build-Operate-Transfer* basis. These LNG based power plants are expected to be equipped with dual fuel capability, including fuel supply and storage arrangements, in order to ensure continuity of supply in case of disruptions to LNG supply. Further, several transmission and distribution projects, including the Green Power Development and Energy Efficiency Improvement Project, Greater Colombo Transmission and Loss Reduction Project and Power System Reliability Strengthening Project, were underway to expand and strengthen the power transmission and distribution system in order to reduce system losses and to include more renewable energy while maintaining system reliability.

The Government continued its efforts to ensure the sustainability of the power sector by increasing renewable energy generation. Accordingly, the key hydropower projects, the Uma Oya (120 MW) and Broadlands (35 MW) projects were nearing completion as at end 2021 and both are expected to be commissioned in 2022. Meanwhile, the Moragolla, Gin Ganga, and Thalpitigala hydropower projects were in progress during the year, and these plants are expected to add a total capacity of 65 MW to the national grid. With the successful commissioning of the first large-scale 100 MW Mannar wind power plant (Phase I) at its full capacity in mid-2021, plans have been made to add another 50 MW to the national grid from this plant. Initiatives were also taken to establish two 100 MW wind parks in two phases in Mannar, while development activities relating to wind plants located in the Pooneryn hybrid renewable energy park and Trincomalee are also under progress. In relation to solar energy, at the end of 2021, around 27,068 consumers had joined the *Soorya Bala Sangramaya project* and 416 MW were added to the national grid under this project. Meanwhile, initial activities of the Siyambalanduwa solar power park (100 MW) and Pooneryn hybrid renewable energy park (150 MW) were underway during the year. A loan agreement for US dollars 100 million was signed with India in June 2021 to install rooftop solar plants on government buildings and religious organisations, as well as for floating solar pilot projects. Accordingly, this project is expected to add an additional 120 MW of solar capacity to the grid. Sri Lanka also signed an agreement with the National Thermal Power Corporation (NTPC) of India in March 2022 to set up a solar power plant in Sampur, Trincomalee. As a new initiative in power generation, Sri Lanka's first waste to energy power plant in Kerawalapitiya, with a capacity of 10 MW, commenced its operations in February 2021. Although a number of renewable energy projects are in the pipeline, these proposed and planned projects must be implemented in an expeditious manner to avoid power shortages and to prevent resorting to generation through high cost alternatives, while also ensuring the achievement of the Government's policy target of meeting 70 per cent renewable energy share in the overall generation mix. Furthermore, it is essential to develop a consistent policy framework to formulate an appropriate and sustainable energy mix, taking into account long run economic costs as well as the high capital investment and maintenance cost, and the externalities of energy sources on the environment and society. Accordingly, a Cabinet Subcommittee was appointed in February 2022 to develop strategic plans for renewable energy development and propose measures to mitigate potential lapses in the implementation of proposed renewable energy projects.

The Sri Lanka Sustainable Energy Authority (SLSEA) continued its efforts to encourage sustainable energy development in the country. The SLSEA engaged in energy conservation activities, such as the establishment of Energy Management Systems and the Energy Labelling Programme, to facilitate the energy security of the country. The *Renewable Energy Resource Development Plan for 2021-2026* was also compiled with due consideration to the optimal utilisation of renewable energy resources and identification of land resources and potential transmission systems for the projects. In addition, the SLSEA was involved in the process of issuing energy permits and provisional approvals for renewable energy projects to accelerate the development of indigenous renewable resources into commercial scale projects.

3

Road Development

Initiatives of the Road Development Authority (RDA), focused on improving rural-urban connectivity, were continued with the aim of improving the quality of road transportation to reduce transit time, while also improving the comfortable passage of both people and goods. During the year, the total length of National Highways (A and B class roads) maintained by the RDA was approximately 12,225 km, while the total length of expressways was 312.6 km. Activities pertaining to the enhancement of the road network via maintenance, development of expressways and highways, widening and improvement of roads, constructions of bridges and flyovers, and the rehabilitation of natural disaster-affected roads rehabilitation led the RDA to incur about Rs. 200.8 billion. The expenditure incurred on the development of expressways and highways stood at Rs. 19.0 billion and Rs. 155.9 billion, respectively, while expenditure related to the construction of bridges and flyovers amounted to Rs. 14.7 billion for the year.

Despite challenges relating to the availability of labour and importation of construction materials, caused by the COVID-19 pandemic, the Government steadfastly continued to

strengthen the expressway network of the country to ensure improved urban-rural linkages and thereby reinforce inclusive growth. Accordingly, construction activities pertaining to the Central Expressway that spans from Kadawatha to Dambulla were prioritised during the year enabling the section spanning from Meerigama to Kurunegala was opened to the public since mid January 2022. Moreover, preliminary construction activities pertaining to the first 12 km of the expressway from Pothuhera to Rambukkana also commenced during the year. Construction activities of the section extending from Kadawatha to Meerigama was underway, while the progress of land acquisition and resettlement for section IV of the project from Kurunegala to Dambulla stood at 70.7 per cent as at the end of 2021. Meanwhile, construction activities of the Ruwanpura Expressway from Kahathuduwa to Palmadulla, spanning a length of 76 km, were underway during the year. Accordingly, construction activities of phase I of the expressway spanning from Kahathuduwa to Ingiriya commenced during the year. Further, phase II and III from Ingiriya to Palmadulla will commence after the RDA completes the revisiting of the relevant feasibility study.

Overall vehicular traffic along the expressways grew in 2021. Accordingly, the average number of vehicles that travelled on a daily basis on the Southern Expressway from Kottawa to Godagama and from Palatuwa to Mattala, increased by 2.7 per cent and 30.4 per cent, respectively, in 2020. Meanwhile, the daily numbers of vehicles plying the Colombo Katunayake Expressway and the Outer Circular Highway recorded growths of 6.7 per cent and 38.8 per cent, respectively, compared to the previous year. With these positive developments, the revenue from expressways rose to approximately Rs. 8.8 billion recording a 20.6 per cent growth in annual revenue in 2021. Since the opening of the section of the Central Expressway spanning from Meerigama to Kurunegala in mid-January 2022, toll collection for this section was recorded at Rs. 134.4 million as at end February 2022.

Activities related to the development and rehabilitation of the existing road network and bridges continued during the year. The opening of the New Kelani Bridge at Peliyagoda in late November 2021 was a key milestone in terms of ongoing initiatives to mitigate traffic congestion in the Colombo metropolitan area. This project is located in the midst of a key transportation hub that links the BIA and the Port of Colombo. The newly opened six-lane bridge with its elevated road leading to the city is expected to alleviate the traffic congestion that could be seen in the area over the past several years. Several other road development projects were initiated during the year, such as the construction of flyovers in Slave Island and at the Gatambe and Kohuwala junctions. The Southern Road Connectivity Project (SRCP) which focuses on developing connectivity of the southern roads, particularly with the Southern Expressway, was also underway during the year alongside the Badulla - Chenkaladi Road Improvement Project (A005). Meanwhile, land acquisition and resettlement activities relating to the construction of the elevated highway from the New Kelani Bridge to the Outer Circular Highway were continued while the Environmental Impact Assessment (EIA) for the section spanning from Rajagiriya to Athurugiriya was in progress during the year.

Road Passenger Transportation

The overall performance of road passenger transportation activities continued to remain subdued in 2021, reflecting limited transport

operations by both the public and private sector amidst the intermittent imposition of mobility restrictions to contain the spread of COVID-19 and the increased preference for private transportation. Consequently, operations of the Sri Lanka Transport Board (SLTB) and private bus operators recorded notable declines in 2021. Accordingly, during the year, operated kilometrage and passenger kilometrage of the SLTB declined by 19.7 per cent and 28.4 per cent, respectively, while the average number of buses operated in 2021 increased to 4,449 buses from 4,045 buses recorded in 2020, which was around 85.7 per cent of the fleet that was effectively available for public transportation operations of the SLTB during the period. Meanwhile, the average number of buses operated by the private sector declined by 16.1 per cent to 9,053 buses in 2021 from 10,787 buses recorded in the previous year. During the year, passenger kilometrage and operated kilometrage of private bus operators also contracted by 12.2 per cent and 4.4 per cent, respectively. As at end 2021, the National Transport Commission (NTC) had issued 1,978 inter-provincial permits and 16,914 intra-provincial permits for private bus operations.

The NTC continued to work towards expanding safe public transport facilities during 2021 while adhering to health guidelines issued, especially in relation to restricted seating capacity, in order curb the spread of COVID-19. Accordingly, several special bus services, including *Sisu Seriya, Gemi Seriya* and *Nisi Seriya* were continued in line with COVID-19 related health guidelines. Around 97 new services were added to the *Sisu Seriya* service to facilitate the transportation of school children. As at end 2021, there were 1,563 services in operation under the *Sisu Seriya* programme, 194 services under the *Nisi Seriya* programme and 14 services under the *Gemi Seriya* rural bus service programme. In view of further expanding this project, the NTC granted approval to the SLTB to add 305 new *Nisi Seriya* services during the year. The NTC also commenced 59 new bus services, covering the Southern, Sabaragamuwa, Uva, and North Central provinces.

The two rounds of revisions to domestic prices of fuel in 2021 and the revision undertaken in March 2022 prompted the NTC to revise bus fares upward. Accordingly, fares of normal, luxury and semi-luxury bus services were revised upward by an average of 17.4 per cent in December 2021 resulting in the minimum bus fare increasing from Rs. 14.00 to Rs. 17.00. The revised fares came into effect from 05 January 2022. Another round of revisions took place in March 2022 leading to an average increase of bus fares by 15.0 per cent, with the minimum bus fare being revised upwards to Rs. 20.00.

The financial performance of the SLTB continued to deteriorate in 2021 with the decline in operations during the period under review. As per unaudited financial statements, total revenue of the SLTB declined by 13.7 per cent to Rs. 26.9 billion in 2021, while total expenditure also declined by around 9.1 per cent to Rs. 30.4 billion. The SLTB recorded an operational loss of Rs. 3.4 billion in 2021 compared to an operational loss of Rs. 2.2 billion recorded in the previous year. During the year, the subsidy provided by the Government to undertake operations on uneconomical routes and to facilitate subsidised season tickets amounted to Rs.12.2 billion. Meanwhile, the SLTB continued to carry out several initiatives to enhance its fleet and thereby improve its service provisioning to commuters. Accordingly, around 213 buses were added to the fleet after rehabilitation, while the Cabinet of Ministers granted approval to procure 500 new buses for the SLTB under the Indian line of credit in early 2022.

Table 3.4
New Registration of Motor Vehicles

Item	2020	2021 (a)	Growth Rate (%) 2020	Growth Rate (%) 2021 (a)
New Registration of Motor Vehicles (No.)	202,628	33,850	-44.8	-83.3
Buses	578	281	-64.2	-51.4
Motor Cars	21,021	3,495	-45.0	-83.4
Three Wheelers	7,150	2,093	-53.8	-70.7
Dual Purpose Vehicles	9,532	771	-29.2	-91.9
Motor Cycles	151,634	8,011	-46.7	-94.7
Goods Transport Vehicles	3,941	4,432	-24.5	12.5
Land Vehicles	8,302	14,764	8.3	77.8
Quadricycles and Motor Homes	470	3	-64.4	-99.4

(a) Provisional   *Source:* Department of Motor Traffic

Reflecting the impact of controls imposed on the importation of non-essential imports since the onset of the COVID-19 pandemic, new registrations of motor vehicles continued to contract in 2021. New registration of motor vehicles declined notably by 83.3 per cent, compared to a decline of 44.8 per cent during 2020. The reduction was witnessed across all major categories of motor vehicles during the period under review, with new registrations of single cabs, motor cars, motorcycles and dual purposes vehicles recording declines of over 80 per cent.

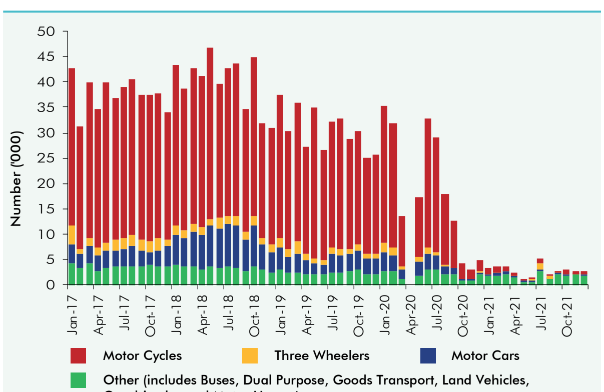
Rail Transportation[1]

The Sri Lanka Railways (SLR) continued to record weak financial performance in 2021. As per the provisional financial statements, the SLR registered an operating loss of Rs. 10.3 billion during the year, compared to a loss of Rs. 10.1 billion in 2020. The total revenue of the SLR stood at Rs. 2.7 billion with a notable decrease of 41.3 per cent in 2021 in comparison to the previous year, mainly due to the contraction in revenue generated from passenger transport by 53.0 percent. This decline in revenue was driven by the April and August outbreaks of COVID-19. During the year, total expenditure of the SLR decreased by 17.1 per cent to Rs. 40.4 billion, as recurrent and capital expenditure decreased by 11.2 per cent and 19.6 per cent, respectively, to Rs. 13.0 billion and Rs. 27.4 billion, respectively. Key reasons for the decline in recurrent expenditure were the reduction of personnel emoluments as well as the decline in fuel expenditure due to the reduction in operations.

The SLR carried out infrastructure development and service improvement activities in 2021, albeit at a slower pace. All enhancements and maintenance activities to track networks, rolling stock and signaling and telecommunication

1 Data relating to operations of Sri Lanka Railways were not made available at the time of publication.

Figure 3.8
New Registration of Motor Vehicles



Source: Department of Motor Traffic

Table 3.5
Salient Features of State Owned Enterprises in the Transportation Sector

Item	2020 (a)	2021 (b)	Growth Rate (%) 2020 (a)	Growth Rate (%) 2021 (b)
1.Sri Lanka Transport Board				
Operated Kilometres (million)	309	248	-28.4	-19.7
Passenger Kilometres (million)	8,623	6,175	-39.9	-28.4
Total Revenue (Rs. million)	31,233	26,948	-28.2	-13.7
Operating Expenditure (Rs. million)	33,437	30,386	-20.3	-9.1
Operating Profit (+) /Loss (-) (Rs. million)	-2,204	-3,438	-241.6	56.0
2.Sri Lanka Railways				
Operated Kilometres ('000)	7,990	n.a.	-28.9	-
Passenger Kilometres (million)	3,906	n.a.	-46.6	-
Freight Ton Kilometres (million)	114	n.a.	-1.1	-
Total Revenue (Rs. million)	4,567	2,679	-42.2	-41.3
Operating Expenditure (Rs. million)	14,618	12,979	-5.5	-11.2
Operating Profit (+) /Loss (-) (Rs. million)	-10,051	-10,300	32.9	2.5
3.SriLankan Airlines				
Hours Flown	41,585	50,287	-61.1	20.9
Passenger Kilometres Flown (million)	3,641	2,868	-76.5	-21.2
Passenger Load Factor (%)	56	36	-32.6	-36.0
Weight Load Factor (%)	62	74	-16.8	19.6
Freight (mt '000)	56	93	-54.3	66.0
Employment (No.)	6,489	5,732	-3.3	-11.7

(a) Revised
(b) Provisional

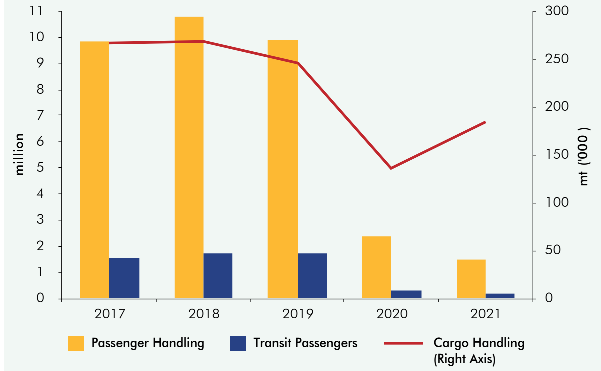
Sources: Sri Lanka Railways
Sri Lanka Transport Board
Civil Aviation Authority of Sri Lanka

progressed, although at a modest pace amid disruptions caused by the COVID-19 pandemic. During the year, double tracking of the railway line from Kurana to Negombo was completed, whilst the double tracking of the 5 km railway line from Kandy to Sarasavi Uyana commenced. The project to rehabilitate 200 passenger coaches that commenced in 2020 was completed and the rehabilitation work of another 100 passenger carriages was commenced as an extension of the project, while releasing 30 passenger carriages back into service in 2021. Under the Indian credit line secured in 2017, two air-conditioned power sets were procured and added to the train fleet, while the procurement of 120 passenger coaches was underway during the year. Maintenance activities of railway bridges located on the main line, coastal line, Puttalam line, Kelani Valley line, Matale line, Northern line and Eastern line were under progress during the year. Several projects pertaining to the provisioning of signaling and telecommunication systems were also carried out during the year.

Civil Aviation

The performance of the civil aviation industry continued to remain modest with the dampened appetite for travel amid the COVID-19 pandemic. Accordingly, passenger arrivals continued to decline by 36.8 per cent in 2021 following the sharp decline of 76.0 per cent observed in 2020. Aircraft movements recorded a marginal decline in 2021 compared to the previous year. The performance of the sector was buoyed by public stakeholders' commitment towards ensuring strict adherence to COVID-19 related guidelines, while ensuring the smooth transit of passengers. In addition to the BIA, the Mattala Rajapaksa International Airport (MRIA) also obtained the Airport Health Accreditation Certificate from the Airports Council International (ACI), for being compliant with international health and safety guidelines. Meanwhile, a Rapid PCR

Figure 3.9
Air Passenger and Air Cargo Handling



Source: Civil Aviation Authority of Sri Lanka

Testing Service facility was also established at the BIA, catering to the special requirements of passengers traveling to certain destinations in the Middle East. Since March 2022, inbound passengers who are fully vaccinated and those below the age of 12 years no longer require COVID-19 PCR tests or Rapid Antigen Tests. Such measures of restoring normalcy to travel alongside the gradual abatement of the pandemic are expected to facilitate the steady recovery of the sector.

Despite some hindrances caused by the COVID-19 pandemic, several aviation development projects were underway albeit at a slower pace. The Airport and Aviation Services (Sri Lanka) Limited (AASL) continued to progress with the construction of the second terminal at the BIA (Package A). In November 2021, the remote apron and taxiways (Package B) were opened for use by airlines. Moreover, as at end 2021, 75 per cent of the construction of the new taxiway with an additional apron area had been completed under the *Colombo International Airport Ratmalana Master Plan – Way to 2030*.

The weak financial performance of SriLankan Airlines (SLA) recorded some improvement amid the reopening of Sri Lankan borders for international travel in early 2021 and the overall improvement in global appetite for travel. SLA's operating loss declined to Rs. 14.3 billion during

Table 3.6
Performance of the Aviation Sector

Item	2020	2021 (a)	Growth Rate (%)	
			2020	2021(a)
1. Passengers (No.) (b)	**2,372,928**	**1,500,078**	**-76.0**	**-36.8**
SriLankan Airlines	1,237,931	857,158	-77.8	-30.8
Foreign Airlines	1,134,997	642,920	-73.7	-43.4
2. Freight Handling (mt)	**136,093**	**184,139**	**-44.8**	**35.3**
SriLankan Airlines	56,151	93,195	-54.3	66.0
Foreign Airlines	79,942	90,944	-35.3	13.8
3. Aircraft Movements (No.) (c)	**25,576**	**25,090**	**-74.0**	**-1.9**
BIA	24,931	24,336	-74.3	-2.4
MRIA	505	722	-60.9	43.0
JIA	140	32	-31.4	-77.1

(a) Provisional
(b) Excludes transit passengers
(c) Includes domestic aircraft movements

Source: Civil Aviation Authority of Sri Lanka

3

the nine months ending December 2021, thereby registering an improvement of 49.3 per cent compared to the corresponding period of 2020. This improvement during the period under review stemmed from the growth in revenue by 152.9 per cent which exceeded the increase in operating expenditure by 54.9 per cent. Notable initiatives that enabled significant improvement in the operations of SLA included the renewed focus on cargo operations not only to continue export operations, but also for the transportation of essential medical supplies and vaccinations. During the year, SLA also increased its cross-border commercial cargo operations and also expanded to several new destinations during the year enabling the continued operation of its fleet. SLA continued to be actively engaged in Sri Lanka's tourism initiatives by being the official airline for a key global adventure sporting event held in Sri Lanka in March 2022.

Port Services

The port activities rebounded sharply in 2021 with operations exceeding pre-pandemic levels. Despite the slowdown observed at the beginning of the year, a turnaround in port activities was observed throughout the year except for the months of August and September, where the rapid spread of the Delta variant of COVID-19 posed some hindrances to port operations. During the year, 7.2 million Twenty-foot Equivalent Units (TEUs) of containers and 109,369 metric tons of cargo were handled, surpassing historical highs. Accordingly, the Port of Colombo registered expansions in container and cargo handling of 5.8 per cent and 6.3 per cent, respectively. Further, the Colombo International Container Terminals (CICT) and Sri Lanka Ports Authority (SLPA) recorded growths in both cargo handling and container handling, while the South Asia Gateway Terminals (SAGT) reported a marginal decline. Notably, CICT handled over 3 million TEUs for the first time since its inception a decade ago. Of the total volume of containers handled at the Port of Colombo, CICT, SLPA and SAGT accounted for 44.3 per cent, 30.3 per cent and 25.4 per cent, respectively. During the year, 390,069 TEUs were handled by the East Container Terminal (ECT) that was opened in October 2020. With the increased arrivals of larger ships, overall ship arrivals recorded a contraction in 2021 despite the expansion in operations. The Colombo Port

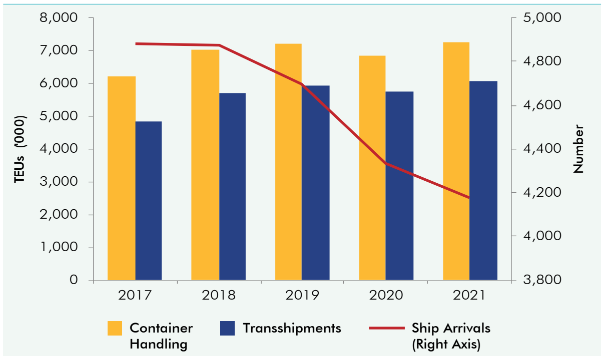
Table 3.7
Performance of Port Services

Item	2020	2021 (a)	Growth Rate (%)	
			2020	2021 (a)
1. Vessels Arrived (No.)	**4,337**	**4,180**	**-7.7**	**-3.6**
Colombo	3,806	3,675	-9.3	-3.4
Galle	22	14	-48.8	-36.4
Trincomalee	135	117	-4.9	-13.3
Hambantota	374	374	19.1	-
2. Total Cargo Handled (mt '000)	**102,908**	**109,369**	**-3.8**	**6.3**
Colombo	97,681	103,824	-4.2	6.3
SAGT	24,878	24,062	-6.2	-3.3
CICT	37,310	42,400	0.6	13.6
SLPA	35,493	37,362	-7.4	5.3
Galle	404	106	-20.8	-73.8
Trincomalee	3,072	3,190	-7.0	3.8
Hambantota	1,750	2,249	41.2	28.5
3. Total Container Traffic (TEUs '000) (b)	**6,855**	**7,249**	**-5.2**	**5.8**
SAGT	1,872	1,839	-8.8	-1.8
CICT	2,885	3,212	-0.3	11.3
SLPA	2,098	2,198	-8.1	4.8
4. Transshipment Containers Handled (TEUs '000) (b) (c)	**5,765**	**6,050**	**-3.2**	**4.9**
SAGT	1,607	1,573	-2.7	-2.1
CICT	2,291	2,600	-0.2	13.4
SLPA	1,867	1,877	-7.0	0.6

(a) Provisional
(b) TEUs = Twenty-foot Equivalent Container Units
(c) Includes re-stowing

Source: Sri Lanka Ports Authority

Figure 3.10
Container Handling, Transshipment Volume and Ship Arrivals

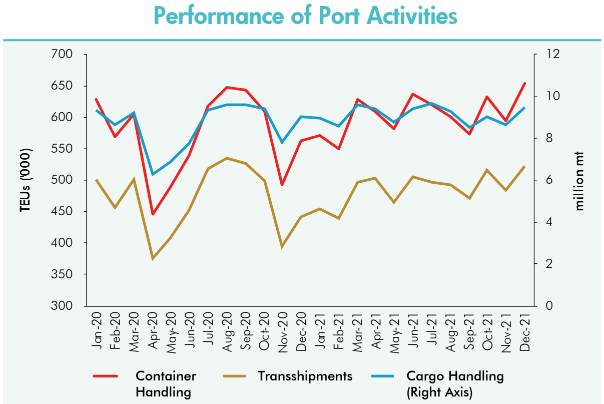


Source: Sri Lanka Ports Authority

continued to be ranked high on international rankings such as the *Container Port Performance Index* (17th position), compiled by the World Bank and IHS Markit and on the *Port Liner Shipping Connectivity Index* (17th position) compiled by the United Nations Conference on Trade and Development (UNCTAD) highlighting the strong potential of the Colombo Port to emerge as a leading maritime hub in the region.

Major infrastructure development initiatives of the Colombo Ports steadily continued during the year despite COVID-19 related disruptions. The construction of the second phase of the ECT commenced in January 2022, while the *Build-Operate-Transfer* agreement for the West Container Terminal (WCT) spanning 35 years was signed between a foreign investor, a local investor and the SLPA. Upon the expected completion of the ECT and

Figure 3.11
Performance of Port Activities



Source: Sri Lanka Ports Authority

WCT by 2025 and 2026, respectively, the capacity of the Port of Colombo is expected to be enhanced by 6 million TEUs. Further, according to the *National Port Master Plan* (NPMP), the preliminary design and feasibility study to implement a new Port Communication System (PCS) commenced during 2021. Activities pertaining to the undertaking of the feasibility study of the Colombo North Port development project and call for Expressions of Interest (EOI) to develop the Port of Galle as a fully-fledged port for tourism were also underway during the year.

Despite the extremely low performance of domestic vehicle handling, total vehicle handling at the Hambantota Port grew by 40.4 per cent during 2021 recording the highest growth since the start of its operations, entirely driven by transshipments. Accordingly, the total number of vehicles handled at the Hambantota Port stood at 493,400, of which 489,942 were vehicle transshipments. While vehicle transshipments registered a growth of 46.3 per cent, domestic vehicle handling recorded a steep decline of 76.9 per cent with the continuation of restrictions on motor vehicle importation.

The financial performance of the SLPA improved in 2021 with the increase in port activities. Accordingly, the SLPA recorded profits before tax of Rs. 25.6 billion in 2021 compared to that of Rs. 20.3 billion recorded in 2020. Total revenue of the SLPA grew by 16.8 per cent to Rs. 45.5 billion, and operating expenditure also increased by 10.7 per cent to Rs. 32.9 billion during the year.

Communication Services

The telecommunications sector continued to expand in 2021, particularly facilitating the contemporary communication needs of the economy, emerging from the challenges of the continuation of the COVID-19 pandemic.

As observed in 2020, the telecommunications sector continued to play a pivotal role in ensuring the continuity of economic activity during the year. The rising adoption of online platforms for a myriad of economic activities paved way for the healthy pace of growth of the sector. Consequently, the total mobile connections, fixed wireline and wireless telephone connections continued to grow alongside the improvements in telephone and mobile penetration.

3

Internet usage also registered a significant growth, largely driven by the adoption of 'work-from-home' arrangements and the continuation of educational activities through virtual learning platforms. Accordingly, total internet connections grew by 26.9 per cent with the rise in both mobile and fixed internet connections. Further, internet density, which measures the number of internet connections per 100 persons, increased to 100.4 in 2021 compared to 79.9 recorded in 2020, reflecting the rapid transition of activities, particularly related to the services sector, to online platforms. In the meantime, total data usage which has been on an upward trend since October 2020 with the outbreak of the second wave of the COVID-19 pandemic registered a gradual moderation in the first quarter of 2021

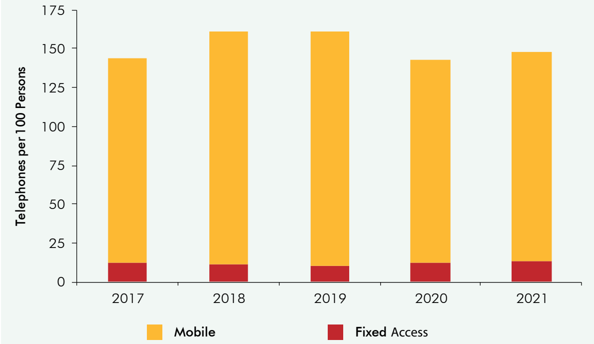
Table 3.8
Telecommunication Sector Performance

Item	2020	2021 (a)	Growth Rate (%) 2020	Growth Rate (%) 2021 (a)
Fixed Access Services (No.) ('000)	2,613	2,852	13.6	9.1
Wireline Telephones in Service	1,246	1,264	0.1	1.5
Wireless Local Loop Telephones	1,367	1,587	29.6	16.1
Mobile Phones (No.) ('000)	28,739	29,959	-12.6	4.2
Internet connections (No.) ('000) (b)	17,524	22,236	30.7	26.9
Public Pay Phones (No.)	461	n.a.	-3.2	-
Penetration (c)				
Fixed Lines	11.9	12.9	13.0	8.0
Mobile Phones	131.1	135.2	-13.1	3.1
Internet (b)	79.9	100.4	30.0	25.5

(a) Provisional
(b) Including mobile internet connections
(c) Defined as connections per 100 persons

Sources: Telecommunications Regulatory Commission of Sri Lanka
Department of Census and Statistics

Figure 3.12
Telephone Penetration

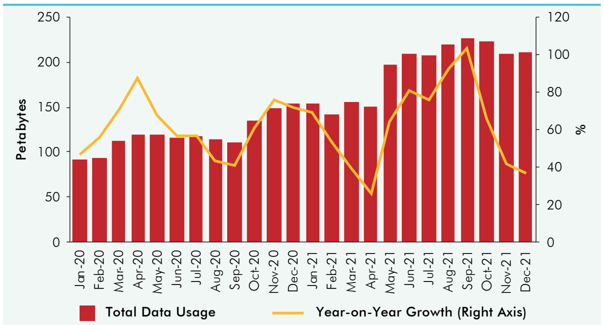


Sources: Telecommunications Regulatory Commission of Sri Lanka
Department of Census and Statistics

alongside the removal of mobility restrictions from early 2021. However, with the onset of the third wave of the pandemic in end April 2021, a rapid growth in internet data usage was witnessed, in line with the imposition of mobility restrictions and the changeover to online working and education arrangements. The pace of growth declined from October 2021 onwards with the removal of mobility restrictions and the restoration of normalcy to the economy.

With due recognition given to the importance of digital transformation in tandem with the post COVID-19 recovery process, the implementation of the *National Digital Transformation Strategy* (2021-2024) was commenced during the year. In this regard, the Cabinet of Ministers granted approval for the Information and Communication

Figure 3.13
Broadband Data Usage



Sources: Dialog Axiata PLC
Sri Lanka Telecom PLC
Mobitel (Pvt) Ltd
Bharti Airtel Lanka (Pvt) Ltd

Note: 1 Petabyte (PB) = 1 million Gigabytes (GB)

Technology Agency (ICTA) to spearhead the implementation of this which comprises the three key programme pillars of Digital Government, Digital Economy and Digital Services. While the Digital Government and Digital Services pillars will focus on the development of digital infrastructure across public institutions, the Digital Economy pillar is expected to focus on the development of local capacity to enable the generation of annual export revenue of US dollars 3 billion from the Information Technology and Business Process Management (IT-BPM) industry of the economy. Further, with the intention of effective implementation of the *National Digital Transformation Strategy*, a robust monitoring and evaluation system encompassing all projects and programmes is being developed to ensure independent and unbiased governance.

Several other measures complementing the *National Digital Transformation Strategy* were also in progress, led by key stakeholder institutions, focused on enhancing the digital infrastructure base of the country. The Telecommunication Regulatory Commission of Sri Lanka (TRCSL) carried out the national project *Gamata Sanniwedanaya* to improve 4G coverage in 14,000 Grama Niladhari Divisions across all districts. The project strives to achieve island wide 4G coverage by end 2024, while as at end 2021, project activities were underway across 251 sites in ten districts. In order to facilitate distance learning during the pandemic and to ensure broader accessibility, the TRCSL 'whitelisted' the *eThaksalawa* and *Lanka Education and Research Network (LEARN)* online education platforms enabling users to access such platforms without any data charges. Other key initiatives undertaken by the TRCSL to facilitate the evolving needs of consumers were the granting of approval for 'unlimited internet plans' and the granting of legal approval for subscribers to avail 'mobile number portability' services, among others. The ICTA continued to spearhead initiatives relating to the digital transformation of the economy, such as the Sri Lanka Unique Digital Identity, eLand Registry, Digital Health Project, Digital Library Project, Lanka Government Network 2.0, and Lanka Government Cloud 2.0. In addition to these, ICTA also developed email, video conferencing and digital form submission facilities to enable the continuity of services provided by government institutions amid the COVID-19 pandemic.

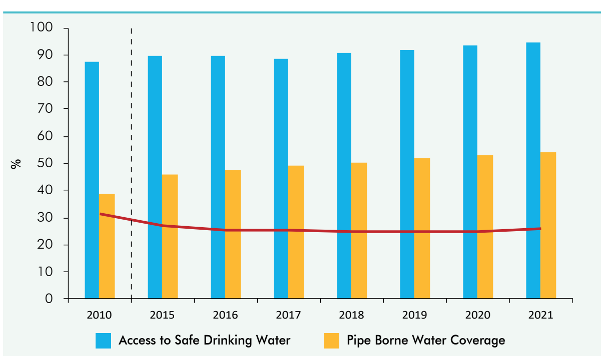
The performance of the Department of Posts (DoP) continued to remain modest amid the disruptions caused by the pandemic. Although postal services were hindered by the third wave of the pandemic and related COVID-19 containment measures, with postal services being declared an 'essential service' by the Government in June 2021, the DOP adopted measures to continue its service delivery through the adoption of novel approaches. The 'Cash on Delivery' services which were re-launched in late 2020 continued successfully during 2021 generating an income of Rs. 34.0 million. Meanwhile, the DOP also continued to facilitate the payment of pensions of government servants and those in the fisheries sector, along with other social services allowances during the year, while facilitating the free distribution of medicine. These key services were provided, without any disruptions, through the network of the DOP comprising 654 main post offices, 3,410 sub post offices and 130 private post offices, covering 8,157 delivery areas island-wide. However, the financial position of the DOP continued to remain weak in 2021 with an operational loss of Rs. 7.2 billion compared to a loss of Rs. 7.7 billion in 2020, highlighting the need for the DOP to devise novel value-added services in line with the ongoing digital transformation and the evolving needs of consumers.

Water Supply and Irrigation

Provisioning of new water supply connections continued during 2021 in line with the Government's National Policy Framework which outlines the provision of clean and safe drinking water for every household by 2025 as a key thrust area. Accordingly, 192,087 new water supply connections were provided by the National Water Supply and Drainage Board (NWS&DB) reaching a total of 2.8 million connections by the end of the year. This resulted in an improvement of households' access to safe drinking water to 94.4 per cent by end 2021 from 93.2 per cent by end 2020. However, non-revenue water usage of the country increased marginally to 25.8 per cent during the year compared to 24.6 per cent in 2020. Meanwhile, the NWS&DB recorded an operating loss of Rs. 3.1 billion during the year, compared to the loss of Rs. 370.5 million recorded in the previous year, owing to increases in operation and maintenance costs during the period under review.

Various development projects were carried out under the purview of the Ministry of Water Supply and NWS&DB in line with the National Policy Framework. During the year, activities related to physical work of 118

Figure 3.14
Status of Water Supply



Source: National Water Supply and Drainage Board

Table 3.9
Water Supply by National Water Supply and Drainage Board

Item	2020	2021 (a)	Growth Rate (%) 2020	Growth Rate (%) 2021 (a)
Total Water Supply Schemes (No.) (b)	331	337	-4.9	1.8
Total New Connections provided during the period (No.)	122,733	192,087	12.8	56.5
Total Connections (No.) (b)	2,560,237	2,752,324	5.0	7.5
Total Water Production (MCM) (c)	782	815	4.8	4.2
Non Revenue Water (per cent)				
Colombo City	39.2	34.8	-3.4	-11.4
Islandwide	24.6	25.8	-1.7	4.8
Access to Safe Drinking Water (per cent) (d)	93.2	94.4	1.4	1.3
Access to Pipe Borne Water (per cent) (e)	53.1	54.3	2.5	2.3

(a) Provisional
(b) As at year end
(c) MCM=Million Cubic Metres
(d) Comparative figure based on the HIES-2019 of the DCS is 88.5 per cent
(e) Includes systems managed by other authorities

Source: National Water Supply and Drainage Board

projects were commenced under the *Water for All* flagship pledge made to the public under the National Policy Framework. Further, with the aim of improving the volumes of safe drinking water throughout the country, 33 major water supply schemes were in progress during 2021. Meanwhile, the *Deduru Oya* water supply project, which commenced in 2016, was completed during the year, thereby providing safe drinking water to 97,700 beneficiaries residing in the Maho and Polpithigama divisional secretariats, while several other projects including the Kirama Katuwana water supply project and Katana water supply project were also completed during 2021. The Jaffna and Kilinochchi water supply and sanitation project which aims at improving the provision of safe drinking water and sanitation facilities in the Jaffna and Kilinochchi districts achieved progress of 61 per cent at end 2021. Under this project, work related to the Thalaiyadi seawater treatment plant, Nainativu seawater treatment plant and the Jaffna - Kilinochchi water distribution network were commenced during the year. Further, the Greater Matale Water Supply Project, which focuses on enhancing clean drinking water coverage in the Matale district achieved progress of 94 per cent by end 2021.

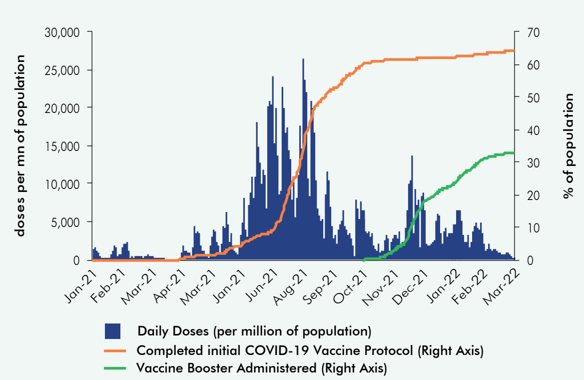
The Department of Irrigation (DoI) continued to develop irrigation schemes across the country to support agriculture sector performance. Accordingly, the Ellewewa reservoir project commenced alongside several other projects such as the rehabilitation of the Kudavilachchiya reservoir and Dematagala tank. Further, the provision of irrigation water for smaller communities continued to be expanded in various parts of the island as a key initiative under the *Gama Samaga Pilisandara programme*. During the year, 26 major irrigation projects were in progress incurring a cost of Rs. 5.6 billion, of which Rs. 2.7 billion and Rs. 556.1 million were spent on the Yan Oya and Deduru Oya reservoir projects, respectively. Meanwhile, the *Wari Saubhagya National Programme* that aims to rehabilitate rural tanks and anicuts across all districts was also commenced under the stewardship of the DoI in 2021. The project aims to cultivate 50,000 acres of barren paddy field through improvements to 2,500 village tanks. The Climate Resilience Improvement Project (CRIP), which commenced in 2014 with a view to enhancing the resilience of hydraulic infrastructure against adverse climate shocks, was completed during 2021. Further, the Cabinet of Ministers granted approval to revise upwards the total cost of the Uma Oya downstream development project to Rs. 17.9 billion from Rs. 9.4 billion. The project achieved 65 per cent physical progress by end 2021. Furthermore, the Productivity Enhancement and Irrigation System Efficiency Improvement Project (PIESIP), which was inaugurated in 2017 with the objective of improving irrigation infrastructure across 72,882 hectares of irrigable lands benefiting 97,832 farmer families, was continued, although at a slower pace owing to disturbances caused by the pandemic.

3.3 Social Infrastructure Policies, Institutional Framework and Performance

Health

Despite the outbreaks of COVID-19 during 2021, particularly due to the spread of the Delta variant, the imposition of appropriate and timely mobility restrictions by the Government alongside the globally acclaimed vaccination drive enabled Sri Lanka to minimise the human toll of the *Omicron* variant in early 2022. Following the two waves of the pandemic in March 2020 and in October 2020, the third wave of the pandemic emerged in April 2021. At the peak of the third wave in August 2021, the daily new confirmed COVID-19 cases (smoothed) per one million increased to 276 as against 11 cases per one million population reported till mid April 2021. This was driven by the highly contagious *Delta* variant of COVID-19. However, in contrast to the nationwide lockdown that was implemented during the first wave of the pandemic in March and April 2020, the Government cautiously adopted mobility restrictions during the third wave to curb the spread of the virus, while facilitating the continuity of economic activity in order to ensure overall socioeconomic wellbeing. During the initial stages of the third wave, all identified patients were hospitalised or quarantined at designated centres, while first contacts of patients were quarantined either at quarantine centres or at their residences. However, as the caseload rapidly increased, in an attempt to prevent overcrowding, the Government decided to hospitalise COVID-19 patients on a priority basis. The marked rise observed in fatality rates in August 2021 led the Government to impose an islandwide curfew from 21 August till end September 2021, during which essential economic activities were allowed to continue. With the vaccination drive that gained pace from end July 2021 onwards, a steady decline in the caseload was observed from mid September 2021 onwards allowing for all mobility restrictions to be lifted with effect from 01 October 2021. Subsequent to the detection of the Omicron variant in early December 2021, there was a steady rise in cases to 66 cases per one million population was observed in mid February 2022. Despite this steady rise, with 65 per cent of the population having completed the initial protocol of 2 vaccine doses and 28 per cent of the population having received the booster dose, the fatality rate declined to a relatively low level of 2 deaths per one million population compared to 10 deaths per one million population observed in August 2021. Considering the rapid progress of the vaccination drive, the Ministry of Health (MoH) issued a circular in late January 2022 allowing COVID-19 positive patients to be released from isolation after 7 days from the date of the Rapid Antigen Test or PCR positivity or from the date of onset of symptoms. Further, fully vaccinated close contacts without symptoms of COVID-19 were not required to be quarantined, while those who were partially vaccinated or unvaccinated could be released from quarantine after the completion of a 7-day quarantine period. In early 2022, the vaccination programme was expanded

Figure 3.15
COVID-19 Vaccination Status



Source: Ministry of Health

to encompass children above the age of 12 years with those in the age group of 12 – 15 years being provided with a single dose of the Pfizer vaccine. In late January 2022, an Extraordinary Gazette was issued preventing people from entering public places without possession of proof of being fully vaccinated against COVID-19 with effect from 30 April 2022. The Government continued to steadfastly allocate significant amounts as pandemic related expenditure. Accordingly, all related expenditure for the year amounted to Rs. 165.6 billion. Of this, health sector related expenditures, such as on vaccines, quarantine facilities, health sector infrastructure and medical supplies, stood at Rs. 130.1 billion.

Amid the challenges of the pandemic, Sri Lanka continued to deal with the outbreaks of other communicable diseases as well. In 2021, a total of 23,853 Dengue cases were reported, of which a significant share was reported in December with the onset of the monsoonal rains. Approximately 70 per cent of cases reported were from the Colombo, Batticaloa, Gampaha, Kalutara and Kurunegala districts. The upward trend continued with over 8,000 Dengue cases being identified during the first three months of 2022, raising concerns about the resurgence of Dengue, especially after relatively fewer cases had been reported in the corresponding period of 2021. The improvement in case trends was driven by the COVID-19 mobility restrictions which enabled households to clean their surrounding vicinity and keep premises free of mosquito breeding grounds. Increased awareness among individuals about personal hygiene, especially the increased use of facemasks, led to the usual seasonal Influenza pattern not being observed during the year. The number of leptospirosis cases identified in 2021 stood at 6,855 cases compared to 8,579 cases reported in 2020.

Despite the pressures exerted by the COVID-19 pandemic on the health sector, the Government remained committed to ensuring continuity of medical care to those struggling with Non-Communicable Diseases (NCDs) and the segments of the population who need targeted health care. Accordingly, the MoH continued to coordinate with district level Medical Officers to ensure the uninterrupted supply of medicines and undertake the follow-up of patients. As in 2020, the MoH delivered medicines through health sector staff, non-health government officers and via post. A web-based mechanism was also established in collaboration with the Pharmacy Owners' Association to facilitate the convenient purchase and delivery of medicines to homes. Further, the MoH continued to engage in creating awareness via mass media and social media regarding the adoption of healthy lifestyle habits, the management of NCDs, identification of early-warning signs and ways and means to obtain medical services in an emergency. The Family Health Bureau also spearheaded a number of initiatives fulfilling the health needs of the vulnerable maternal and child segments during the pandemic via provisioning of reproductive, maternal, newborn, child, adolescent and youth health care, especially to pregnant mothers and children who tested positive for COVID-19. Sri Lanka was the first country in South Asia to vaccinate pregnant mothers in an attempt to minimise the impact of the disease. With due consideration to Sri Lanka's struggle with the triple burden of malnutrition, i.e., under nutrition, overweightness or obesity and micronutrient deficiencies, several district specific targeted interventions were developed to overcome these issues.

During the year, initiatives were underway to improve the infrastructure base of the public healthcare system. Accordingly, nine healthcare institutions were upgraded and recategorised, while the necessary approvals were granted for the establishment of 27 new primary medical care units. The project pertaining to the remodeling and construction of additional buildings at the New District General Hospital – Matara was underway during the year and attained physical progress of 90 per cent. In addition, expansion of the physical infrastructure of the cancer treatment unit at the Teaching Hospital in Karapitiya and the strengthening and streamlining of the Accident and Emergency Care units in 28 line ministry hospitals were also in progress during the year.

Table 3.10
Salient Features of Health Services

Item	2020 (a)	2021 (b)
1. Government (No.)		
Hospitals (Practicing Western Medicine)	609	618
Beds	77,121	78,228
Primary Medical Care Units	514	542
Doctors	18,218	18,992
Assistant Medical Practitioners	690	650
Nurses	37,133	38,743
Attendants	8,177	8,176
2. Ayurvedic (No.)		
Hospitals	118	118
Beds	5,022	5,444
Qualified Ayurvedic Doctors	1,749	1,806
Registered Ayurvedic Doctors (c)	26,061	26,183

(a) Revised
(b) Provisional
(c) Registered with the Ayurvedic Medical Council

Sources: Ministry of Health
Department of Ayurveda

Private sector healthcare services played a pivotal role in alleviating the pressures on the public health sector, especially those stemming from the COVID-19 pandemic. Private hospitals have been at the helm of providing innovative services to meet the growing needs of the population, particularly driven by the pandemic. The wide availability of affordable telemedicine services through private healthcare providers allowed patients to receive evaluations, diagnoses and treatments from medical professionals using telecommunications technology. Private hospitals also played a cornerstone role in curbing COVID-19 outbreaks through the timely provision of Intermediate Care Centres, in addition to COVID-19 related testing services and treatments. The expanded service provisioning by private healthcare providers ensured that needy sectors of the population and those who do not have access to private health care were not crowded out of public sector health care services. As at the end of 2021, the private health care system comprised 233 hospitals with a capacity of 5,444 beds.

3

Education

The Ministry of Education (MoE) was engaged in uplifting the productive potential of the human capital base of the economy, in line with the vision of the Government towards the creation of a productive citizenry and vibrant human resource base. Accordingly, the MoE developed a strategic plan for the period of 2021-2025 in collaboration with the provincial education authorities and national level education institutions, pursuant to the principle of 'learning for all' in primary and secondary stages of education. The medium-term plan for the general education sector was organised under the four key thrust areas of strengthening equity in education, improving quality of education, strengthening stewardship and service delivery of general education as well as enhancing evidence-based education policy making and planning. Other initiatives, such as the New National School Development Programme, were also underway. This programme entails the upgrade of 831 selected schools to the 'national school' category in order to increase the number of national schools islandwide to 1,204 schools. During the year, Rs. 1.9 billion was allocated for this programme and each of the selected schools received Rs. 2.0 million for improvement and development of physical and learning infrastructure. As the first step, 09 schools were declared as national schools in early 2021. With the intention of inducing qualitative improvements to learning outcomes, the National Institute of Education (NIE) developed a new curriculum for Ordinary Level and Advanced Level under the theme of 'inquiry based learning' with increased focus on active learning, while teachers training modules and manuals for teachers were also improved to facilitate the inquiry based learning process. The programme to introduce the 'Technology' stream as the fifth stream at the Advanced Level continued to progress in 2021, with 09 schools being added to this programme resulting in 466 schools providing the Technology stream by end 2021. Meanwhile, the '13-years mandatory education' policy was further augmented during the year with 523 schools island-wide offering the 'Vocational' stream for Advanced Level studies. Notably, of the 9,603 students enrolled under the Vocational stream, approximately 87 per cent were identified as vulnerable to dropping out from the education system, in the absence of this option. During the year, about 11,000 students who had been undertaking studies in this stream were directed to institutional training. Further, 6,390 students who were enrolled under this stream in previous years completed Level 04 of National Vocational Qualifications (NVQ) and were absorbed across several industries such as tourism and hospitality, automobile/electrical services, care giving/sports, IT, construction and agriculture and plantation, among others. Plans are underway to extend this programme to another 78 schools during 2022.

Intermittent closures of physical schools during the year warranted the adoption of various novel methods to conduct general education activities to overcome the challenges of the COVID-19 pandemic. Schools remained closed either partially or fully during the most part of 2021, with the brief exceptions of usual operations during the month of March and the last quarter of 2021. During these brief periods of opening, in collaboration with the MoH, the MoE took several measures to ensure the strict adherence to COVID-19 related health guidelines by children, teaching and non-teaching staff across the school premises. Such measures included the regular disinfection of classrooms, availability of hand washing facilities, physically distanced classroom arrangements and coordination of arrangements for secure transportation of students. Towards the latter part of the year, the MoE closely engaged with health sector stakeholders to expedite the process of vaccinating teachers, while extending vaccine deployment to students above the age of 16 years. During periods of closure, for the second consecutive year, the MoE strived to ensure the continuity of education activities through hybrid mechanisms. Continuation and further expansion of the provision of online programmes that were in place during 2020 was a key aspect of the hybrid mechanisms. Accordingly, the national e-learning management system *e-Thaksalawa* was expanded with additional content spanning all school grades, while the MoE continued to telecast educational programmes in both the Sinhala and Tamil languages under the *Gurugedara* educational programme. During the year, measures were taken to broadcast the audio of these educational programmes through national radio channels to enhance outreach. With due consideration to gaps in technology and internet infrastructure, especially in rural and estate areas, the *Radio e-Thaksalawa* mobile application was developed during the year to provide round-the-clock access to audio contents of the *Gurugedara* programme. Meanwhile, over 2,000 Regional Distance Learning Education Centres were established in remote areas to facilitate students who were having difficulties in accessing existing online learning facilities. During the year, the MoE issued a new assessment tool for evaluating children with special education needs, thereby enabling the creation of Individual Education Plans (IEPs) for such children, especially considering their increased vulnerability to weaker learning outcomes amid the dearth of face-to-face interactions in learning environments. Although, several national examinations were delayed due to unforeseen circumstances caused by the COVID-19 pandemic, they were promptly rescheduled to take place in 2022. Accordingly, the Grade 05 Scholarship examination and the Advanced Level examination which were to take place in August 2021 were postponed and subsequently held in January 2022 and February 2022, respectively, while the Ordinary Level examinations were postponed to May 2022.

Although the commitment of all relevant stakeholders to ensure the continuity of general education activities is highly commendable, especially the rapid transition of such activities to online platforms, it is important to duly recognise that such activities were likely to have exacerbated existing inequalities in learning outcomes, largely driven by disparities in access to technology-related infrastructure facilities and relevant literacy levels. Further, the quality of online learning outcomes needs to be assessed as they are likely to be straddled by issues caused by the lack of physical interactions that are unique to those observed while engaging with teachers and peers in classroom and laboratory environments and in extracurricular activities. These learning gaps are likely to have lingering effects on learning outcomes which can translate into significant gaps in skills, abilities and knowledge in children. Relevant stakeholders should undertake proactive assessments of potential learning losses during the past two years and adopt focused and targeted measures to fill these learning gaps with the recent return of children to regular physical school. It is also vital that the Government continues to maintain the online education infrastructure base that has been developed to address the needs of

Table 3.11
Salient Features of General Education

Item	2020 (a)	2021 (b)
1. Schools (No.)	11,091	11,095
Government Schools	10,155	10,152
Primary	3,884	3,883
Secondary	6,271	6,269
o/w National Schools	373	383
Other Schools	936	943
Pirivena	816	819
Private and Special Schools (c)	120	124
2. Students (No.) (d)	4,272,289	4,238,760
Government Schools	4,063,685	4,032,211
Other Schools	208,604	206,549
Pirivena	69,878	69,500
Private and Special Schools (c)	138,726	137,049
International Schools	n.a.	n.a.
3. Teachers (No.) (d)	265,394	264,215
Government Schools	249,494	248,500
Other Schools	15,900	15,715
Pirivena	7,336	7,400
Private and Special Schools (c)	8,564	8,315
International Schools	n.a.	n.a.
4. New Admissions (No.) (e)	319,405	307,415
5. Student/Teacher Ratio		
Government Schools	16	16
Other Schools	13	13
International Schools	n.a.	n.a.
6. Primary Net Enrolment Ratio (Grade 1-5)	94.04	94.39
7. Secondary Net Enrolment Ratio (Grade 6-11)	91.68	91.46
8. Age Specific Enrolment Ratio (Grade 1-9)	n.a.	n.a.
9. Teacher Training Colleges (No.)	8	8
10. Teachers Trained during the Year (No.)	973	973
11. National Colleges of Education (No.)	19	19
Teacher Trainees (No.)	12,331	12,037
Number Passed Out during the Year	3,864	4,447

(a) Revised
(b) Provisional
(c) Private schools approved by the Government and schools for children with special needs (This figure excludes international schools, which are registered under the Companies Act)
(d) Excluding data from international schools
(e) Government schools only

Source: Ministry of Education

the COVID-19 pandemic as such infrastructure can contribute to the reduction of existing disparities in the country's existing education infrastructure base through unhindered access and free availability of these vital resources.

The Government continued to carry out higher education activities through distance learning platforms during 2021. During the year, higher education activities at state universities were conducted through the *LEARN* online education system which was in place since March 2020. Under the *LEARN* platform, students and academia were provided with free data and lectures were delivered through online platforms. During the year, at times there were as many as 250,000 attendees in a day, of which 100,000 participants have been simultaneous users. Meanwhile, with a view to ensuring the quality of online education services, the University Grants Commission (UGC) continued to review the progress of the *LEARN* platform in collaboration with universities during the period under review.

During the year, several initiatives were in progress to expand the tertiary education infrastructure base of the country. Accordingly, two new universities, the Gampaha Wickramarachchi University of Indigenous Medicine, and the University of Vavuniya were established during the year. The Gampaha Wickramarachchi Ayurveda Institute was upgraded as a fully-fledged university in March 2021, comprising 04 faculties with 13 academic departments offering 08 undergraduate courses and 08 postgraduate level courses. The Vavuniya Campus of the University of Jaffna was upgraded as the University of Vavuniya in August 2021 and is expected to promote higher tertiary level education in the areas of Business Studies, Applied Sciences and Technology Studies. In addition, it has been proposed to establish a National Nursing University and a National University for Teachers Training. During the academic year 2020/21, 16 new courses were introduced by the UGC, across several universities.

The private sector also continued to facilitate the expansion of opportunities in the higher education sector of the country. Accordingly, there were 21 Non-State Higher Education Institutes (NSHEIs) recognised as degree awarding institutes as at end 2021. During the year, the number of accredited programmes offered by NSHEIs increased to 190 from 167 in

Table 3.12
Salient Features of University Education (a)

Item	2020 (b)	2021 (c)
1. Universities (No.)	15	17
2. Other Higher Educational Institutions (No.)	20	19
3. Students (Undergraduates) (No.)(d)		
Universities (e)	106,641	118,711
Institutes	3,844	3,610
Open University	26,255	25,329
4. Total Staff (All Universities) (No.)		
Academic	6,525	6,742
Non-Academic	12,821	12,971
5. Student/Teacher Ratio	18.8	19.7
6. Age Specific Undergraduate Enrolment Ratio (19-23 yrs) (d)	8.2	8.7
7. Progression to University from GCE (A/L)		
Eligible for University Admission (%)	62.42	62.44
Admission as a Percentage of Eligible (%)	22.98	22.49
8. Students Graduated (No.) (f)	32,066	n.a.
Basic Degree	24,565	n.a.
Postgraduate Degree	7,501	n.a.
9. New Admissions for Basic Degrees (No.) (g)	41,669	n.a.
10. Students Eligible to be Admitted to Universities (No.)	181,206	194,297

(a) Universities and higher education institutions that come under the purview of University Grants Commission
(b) Revised
(c) Provisional
(d) Excluding external degree courses
(e) Excluding Open University
(f) Including external degrees and Open University
(g) Excluding external degrees and Open University

Source: University Grants Commission

2020, thereby providing increased opportunities across different streams of study for students to pursue higher education through the private sector. Meanwhile, the MoE continued to work towards developing a five-year re-review guideline, with a view to ensuring the quality standards of these NSHEIs, while initiatives regarding the introduction of minimum standards for the institutional review and programme review of NSHEIs were also underway.

The Technical and Vocational Education and Training (TVET) sector continued to provide education opportunities during 2021 aimed at enhancing skill levels of the workforce in line with the emerging needs of the economy. As at end December 2021, there were 1,071 registered institutions engaged in providing TVET education, comprising the Government, private and non-governmental institutions. Through this extensive network of institutions, over 3,000 accredited courses were conducted, while 45,033 NVQ certificates were issued to qualifying students during the period under review. Meanwhile, the Tertiary and Vocational Education Commission (TVEC) adopted measures to conduct NVQ programmes via online platforms and television lesson series while also developing an online system to collect data on students' training performance as well as to evaluate programme applicants. The TVEC developed new national standards for several NVQ levels, while revising existing guidelines to ensure the continued relevance of NVQ programmes. Meanwhile, the Department of Technical Education and Training (DTET) continued to upgrade vocational training facilities across the island to cater to the industrial demand for skilled labour. Accordingly, several infrastructure enhancement projects were carried out during the year under the *Tech Udana programme*, while a new technical college was established in Puttalam during the year.

Table 3.13
Salient Features of Tertiary and Vocational Education and Training (TVET)

Item	2020	2021 (a)
1. Registered TVET Institutions (No.) (b)	**1,239**	**1,071**
Public	570	478
Private and Non-Governmental Organisations	669	593
2. Total Accredited Courses (No.)	**3,413**	**3,014**
Public	2,900	2,387
Private and Non-Governmental Organisations	513	627
3. Issued NVQ Certificates (No.)	**47,621**	**45,033**
Department of Technical Education and Training (DTET)	8,670	4,633
National Apprenticeship and Industrial Training Authority (NAITA)	8,266	7,441
Vocational Training Authority (VTA)	15,608	17,253
National Youth Services Council (NYSC)	2,118	3,897
Private	12,959	11,809

(a) Provisional
(b) As at year end

Source: Tertiary and Vocational Education Commission

3

Housing and Urban Development

Amid several hindrances caused by the COVID-19 pandemic, the Government continued to initiate and implement several projects aimed at enhancing housing facilities in the country.

Accordingly, a number of housing projects were commenced in line with the Government's National Policy Framework with the objective of ensuring comfortable and affordable housing facilities for all Sri Lankans. In line with the Government's vision, the National Housing Development Authority (NHDA) continued to implement the *Obata Geyak – Ratata Hetak programme* to fulfil the housing needs of low-income families who are unable to build houses despite owning a land plot. Under this programme, the NHDA is expected to build at least one house in each Grama Niladhari division. Accordingly, in 2021, the construction of 12,192 units was initiated, of which 4,075 units were completed during the year. Further, the *Mihindu Niwahana housing programme* for low-income parents of ordained monks and *Siyapatha* and *Sapiri Mahal Niwasa* housing programmes to provide affordable housing for middle income earners, were underway during the period under review. The Urban Development Authority (UDA) also continued its *Middle Income Housing Project* and *Affordable Housing Project* to meet growing housing needs in urban areas and their immediate surroundings, while enabling improvements to the living standards of the middle income population, including government sector employees.

The UDA engaged in several projects during the year with a focus on improving livability of urban environments, while developing citizen-centric townships. During the year, under the Township Development Project of the UDA, around 57 projects including the Boralesgamuwa multipurpose building, Minuwangoda market, and real time flood mitigation programme were carried out. These projects comprise the development of car parks, bus stands, public markets, multipurpose buildings, and urban parks that were implemented across all provinces in accordance with town plans for urban development. The UDA launched the *Siyak Nagara* (Hundred Cities) *Beautification Programme* to redevelop regional town centres into citizen-centric cities with improved livability. Several other key projects, such as public institution development projects, the Beira Lake Rehabilitation and Redevelopment Project, reconstruction of Jaffna Town Hall, and Maritime City Development Project were also underway during 2021, focusing on improving the aesthetics and functionality of urban environments. In addition, continued efforts were made to improve urban transportation facilities to create an inclusive transportation system in the Western region under the Western Region Transport Development Project. Accordingly, construction work on the Metro Rail Transit System and the Multi-Modal Transport Centres such as the Kadawatha and Colombo-Fort transport hubs progressed in 2021. Several investment projects, including the High-rise Mixed Development at Galle Town Centre, Theme Park Project at Gregory Lake, Hambantota Logistics Hub and Multi-storied Car Park at BIA, focused on attracting Foreign Direct Investments (FDIs) are also currently in the pipeline and being expedited under development clusters of the UDA.

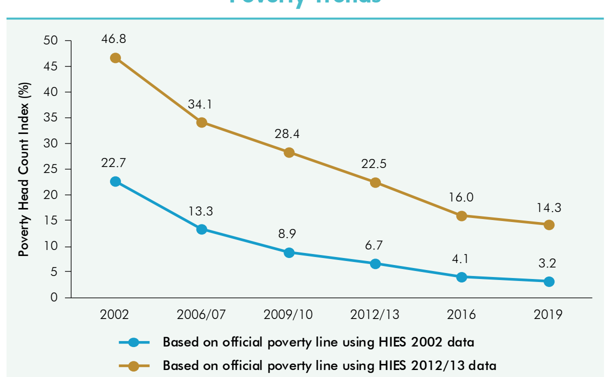
The Government continued its efforts to improve the efficiency of waste disposal systems to build national capacity in relation to integrated solid waste management. The Metro Colombo Solid Waste Management Project was initiated to provide a long-term sustainable solid waste management system for urban areas. The project was underway during the year with an overall progress of 87 per cent by end 2021, and is expected to be completed by mid-2022. Upon completion, around 1,200 metric tons of waste per day will be transported to the Aruwakkalu landfill using existing railway lines. While concerns have been raised by various stakeholders regarding the environmental implications of the project, with the right design and proper management, the sanitary landfill is expected to provide a sustainable solution for the growing waste disposal issue of the country. Meanwhile, the Government took initial steps to establish waste management parks and small scale waste management centres, while developing mechanical composting plants in Homagama, Badulla and Jaffna over the next few years.

Development activities in the Colombo Port City project were continued in 2021 with a view to building a leading financial centre and one of the most modern and attractive cities in South Asia. Following the completion of all reclamation activities, the reclaimed area was designated as a Special Economic Zone by the Colombo Port City Economic Commission Act, No. 11 of 2021, which was passed in May 2021. Activities related to internal infrastructure development were underway in 2021, attaining a cumulative progress of 67 per cent in relation to infrastructure works and 52 per cent in landscaping activities of Phase I, which comprises the development of infrastructure, as well as office and retail space and residential units. Further, by end 2021, construction activities pertaining to sewage and waste water disposal infrastructure for the Colombo Port City were in progress in line with the Metro Colombo Solid Waste Management Project. The water supply line from Maligakanda was completed, and the Elie-house water supply line achieved progress of 55 per cent at end 2021. Construction of main road access connections from the mainland to Colombo Port City is under progress. Of the key access infrastructure, the Port Access Elevated Highway that allows the access to Port City from highway network achieved 35 per cent progress by end 2021, while the Marine Drive Extension Project, which provides access to the Port City from the South of Colombo, was at its initial stages. The Yacht Marina area was opened to the public in January 2022, while Phase I is expected to be completed by early 2023 with the expedited completion of infrastructure developments.

Poverty Alleviation and Safety Nets

Sri Lanka's commendable progress in poverty alleviation is likely to have been affected by the pandemic, along with a widening of already prevalent inequalities. Sri Lanka made significant strides in reducing poverty over the past two and a half decades as a result of the several multi-pronged poverty alleviation efforts of consecutive governments and their efforts to creating inclusive growth. As per the official poverty line that was devised by the Department of Census and Statistics (DCS) based on the Household Income and Expenditure Survey (HIES) 2002, the Poverty Head Count Index (PCHI) had reduced from 28.8 per cent in 1995/1996 to 3.2 per cent in the 2019 survey round. With the recent updating of the official poverty line using HIES 2012/13 data, although the declining trend of poverty is similar, the share of the population living below the poverty line in 2019 stood at 14.3 per cent. Accordingly, as per the updated poverty line, approximately 3.04 million individuals live below the poverty line which is almost 4.4 times more

Figure 3.16
Poverty Trends

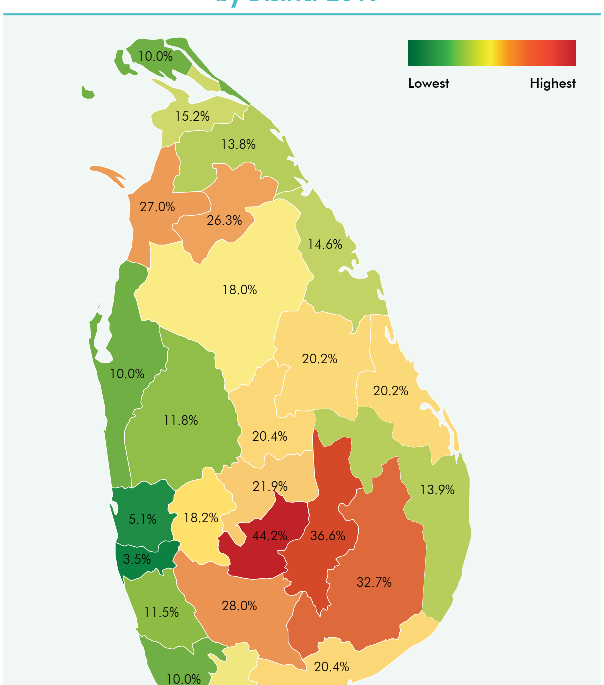


Source: Department of Census and Statistics

3

than the number of people that were previously estimated to be living below the 2002 poverty line. The HIES-2019 also reveals that approximately one in six Sri Lankans are multidimensionally poor and experience deprivations across 42 per cent of the weighted indicators. Accordingly, the national multidimensional poverty head count ratios were relatively high at 16.6 per cent in rural areas and 51.3 per cent in estate areas. The people in the estate sector experienced the highest level of deprivation. Among the districts, the lowest incidences of multidimensional poverty were in Colombo (3.5 per cent) and Gampaha (5.1 per cent), whereas the highest was in Nuwara Eliya (44.2 per cent). Despite the substantial disparity across the districts, the quantum of people who are multidimensionally poor were higher in the Colombo and Gampaha districts due to the higher population density that is typical of urban areas. This highlights the vulnerability of a significant share of the population to poverty even prior to the COVID-19 pandemic. With the prolonging of the pandemic and the disruptions that it has entailed, a 'new poor' segment of the population who remain at the brink of poverty is likely to have emerged in recent years. Duly considering the likelihood of worsening poverty outcomes and disparities, despite the limited fiscal space and challenging economic circumstances, the Government and the Central Bank consistently focused on cushioning the adverse impacts of the pandemic on vulnerable segments of the population via unprecedented fiscal and monetary stimulus packages. While these measures are likely to have dampened the impact of the pandemic on the financial and nutritional status of the population to some extent, other disparities that were prevalent prior to the pandemic, such as those in relation to access to health and education infrastructure and the asset base of households, could impede the contemporary and future productive capacity of households. Going forward, for the Government to undertake efficacious and targeted policy initiatives to prevent any scarring of households through the lingering impacts of COVID-19 or similar unanticipated episodes, it is vital that comprehensive and recent datasets related to poverty are made available by respective institutions in a timely manner.

Figure 3.17
Multidimensional Poverty Headcount Ratio by District-2019



Source: HIES- 2019, Department of Census and Statistics

The Government initiated several social protection measures targeting vulnerable groups of the population with a view to alleviating the financial burden of the loss of livelihoods stemming from the COVID-19 pandemic. For the second consecutive year, the Government continued to expand existing social assistance programmes with due consideration to the disproportionate impact of the COVID-19 pandemic on needy segments of the society. Accordingly, during the third wave of the pandemic, the Government provided an allowance of Rs. 5,000 to vulnerable households in two rounds during the months of April and June 2021. As such, around Rs. 14.1 billion was distributed among 2.8 million eligible households in April 2021 followed by a second round distribution of Rs. 8.2 billion among 1.7 million families in June 2021. Many households, including Samurdhi beneficiaries, low-income and vulnerable families, the elderly, disabled and kidney disease patients benefited from this programme. In addition, in August 2021, the Government also provided an allowance of Rs. 2,000 per family, targeting families who had lost their livelihoods but were not receiving assistance from any of the Government's existing allowance programmes. Accordingly, a total of Rs. 11.8 billion had been distributed under this programme.

The Government also remained committed to the continuation of all existing safety net programmes during the year, in order to preserve the economic wellbeing of vulnerable segments of the population. During the year, the Department of Samurdhi Development (DSD) distributed Rs. 51.6 billion among 1.8 million beneficiary families under the longstanding Samurdhi Subsidy programme. The DSD also carried out numerous programmes targeted at livelihood, social and entrepreneurship development with the intention of creating 'safety ropes' that would enable households to lift themselves out of poverty. The Government also continued to provide the nutrition allowance of Rs. 20,000 for young mothers, while continuing the Morning Meal programme for pre-school children and the provisioning of 'take home' rations in lieu of in-school meals under the National School Meal programme. These programmes were implemented by the State Ministry of Women and Child Development, Pre-School and Primary Education, School Infrastructure and Education Services. These measures are expected to have played a vital role in preserving the nutrition status of young children and new mothers amid the challenges faced by needy households. In view of the disproportionately higher and far more immediate impact of COVID-19 on the poor, the programme was further augmented by the decision to increase the Samurdhi subsidy amount by around 28 per cent per beneficiary family from February 2022 onwards, as proposed in the Budget 2022. Accordingly, the family unit allowances of Rs. 3,500, Rs. 2,500 and Rs. 1,500 per family were increased to Rs. 4,500, Rs. 3,200 and Rs. 1,900 per family, respectively.

While the prevalence of numerous safety nets helped Sri Lanka to make significant progress in poverty alleviation and is expected to have dampened the impact of the COVID-19 pandemic on vulnerable segments of the society, effective targeting of such measures and development of new initiatives that are not reliant on the government budget are essential to ensure efficacious and sustainable outcomes. In recent years, there have been concerns that assistance programmes such as

3

Table 3.14
Main Welfare Programmes - Number of Beneficiary Families and Value of Grants

Year	Divineguma / Samurdhi Subsidy Programme		Nutrition Allowance Programme (a)		Dry Ration Programme
	Families (No.) (b)	Value (Rs. million) (c)	Beneficiaries (No.) (b)	Value (Rs. million)	Value (Rs. million)
2017	1,388,242	39,707	372,407	5,408	84
2018	1,384,021	39,239	329,047	5,490	58
2019	1,800,182	44,660	300,246	5,279	105
2020	1,770,086	52,434	238,034	4,761	n.a.
2021	1,760,485	55,400	250,848	5,248	n.a.

(a) For pregnant and lactating mothers
(b) As at year end
(c) Including the kerosene subsidy

Sources: Department of Samurdhi Development
State Ministry of Women and Child Development, Pre-Schools & Primary Education, School Infrastructure & Education Services
Ministry of Finance

Samurdhi have been less effective in poverty alleviation due to poor targeting. Revisiting the list of social assistance recipients to identify the truly vulnerable, implementation of economic empowerment programmes for the poor, and the creation of an effective exit mechanism from social assistance programmes within a reasonable time span, are crucial for improved targeting of social assistance programmes, while alleviating the associated burden on the Government budget. In this regard, expediting the establishment of a regularly updated social registry is imperative to improving the efficacy of such interventions. Meanwhile, Sri Lanka's rapid demographic transition to an aging society highlights the importance of retirement benefit schemes such as the government pension and provident fund schemes, especially for informal sector workers who are outside the ambit of existing social security programmes. Although only around 30 per cent of the population is being currently covered by a formal pension scheme, the current pension framework of the Government is becoming an ever-growing fiscal burden on the government budget amid the shrinking fiscal space. Therefore, broadening the country's social security framework through the introduction of a nationwide contributory pension scheme is essential to ensuring a secure retirement for all in the coming decades especially considering the growing life expectancy of Sri Lankans and their evolving needs.

Environment

The Ministry of Environment was engaged in several initiatives related to the strengthening of the regulatory and policy framework pertaining to the preservation of the natural resources of the country. Key steps in creating a conducive policy environment to mitigate environmental issues and support sustainable development were the preparation of the *National Environment Policy – 2022* and the *National Environment Action Plan 2021 – 2030*. With the intention of providing focused interventions in relation to environmentally sensitive areas which are hotspots of biodiversity, the draft of the National Policy on Environmental Sensitive Areas in Sri Lanka was submitted to the Cabinet of Ministers in November 2021, seeking their approval. Currently, the National Climate Change Policy of Sri Lanka, which was formulated in 2012, is also being updated to include recent developments in relation to climate change. During the year, several other environmental programmes such as the *Surakimu Ganga programme* to minimise the pollution of river systems through multi-stakeholder collaborations and the *Husma Dena Thuru island-wide national tree planting programme* were also in progress. A key commendable initiative undertaken during the year was the gazetting and enforcement of regulations banning single use plastic products from 31 March 2021 onwards and the introduction of a plastic category coding system. Another key milestone during the year was the launch of Sri Lanka's first waste-to energy power plant in Kerawalapitiya that is expected to generate 10 MW. Construction of another plant in Kotawila was underway to generate electricity from biogas using biodegradable waste. This is expected to add 400 KW to the natural grid. Such initiatives are essential to solve Sri Lanka's growing waste management issues in a sustainable manner

The Disaster Management Centre (DMC) and the National Building Research Organisation (NBRO) continued to engage in several activities to provide early warnings and to improve the country's disaster preparedness and disaster responses. During the year, the DMC had issued 338 special weather warnings to enable the general public, related disaster management authorities and fisheries community to facilitate early preparedness activities and to mitigate risks stemming from natural disasters. In addition to charter activation pertaining to the X-Press Pearl oil spill, the South-

West monsoon floods and Second Inter monsoon floods, the DMC also worked to assess the X-Press Pearl oil spill. The preparation of multi hazard risk profiles for selected cities and work pertaining to an all-island school disaster risk assessment was also underway during the year. In 2021, the NBRO was actively engaged in monitoring, dissemination of early warnings for evacuation and the implementation of corrective and preventive mitigation measures in relation to landslides and slope failures particularly in the Ratnapura, Kegalle, Kalutara, Kandy and Kurunegala districts. During the year, 6,763 Landslide Risk Assessment Reports were issued by the NBRO after conducting necessary investigations and analyses. Further, under the Reduction of Landslide Vulnerability by Mitigation Measures Project, the NBRO commenced mitigation works across 24 sites and another 32 sites were undergoing the procurement process. All mitigation work pertaining to the 147 sites that had been earmarked as vulnerable to landslides is expected to be completed by 2025.

4

PRICES AND WAGES

4.1 Overview

The general price level as measured by the official consumer price indices followed an overall increasing trend during 2021 with a notable rise in the latter part of the year. Global commodity price hikes of both food and non-food items, higher freight charges, domestic supply side bottlenecks, direct and indirect impacts from various price revisions and demand pressure instigated by successful control of the COVID-19 pandemic made a considerable impact on domestic prices. Within the Food category, a major contribution to the increase in the general price level was from the prices of items in the Volatile Food category. Furthermore, prices of items in the Volatile Food category increased noticeably in the latter part of 2021, mainly due to harvest reduction that arose with the shifting to organic farming practices and higher festive demand due to normalisation of economic activities with the control of the pandemic. Further, prices of food items excluding Volatile Food increased continuously during 2021. Prices of items in the Non-Food category increased continuously during the period at a higher pace towards the end of the year, yet generated a lesser impact on the general price level, compared to the Food category. Reflecting these developments, the Colombo Consumer Price Index (CCPI, 2013=100) followed an overall increasing trend from 138.7 index points in January 2021 to 154.7 index points in December 2021, and the National Consumer Price Index (NCPI, 2013=100), which recorded 142.1 index points in January 2021 increased to 161.0 index points by December 2021. In terms of wages, nominal and real wages of both formal and informal private sector increased in 2021 compared to 2020. Formal private sector wages increased with revisions made to the minimum wages while the increase in informal private sector wages was attributed to higher demand for labour with the normalisation of economic activities due to easing of COVID-19 related travel restrictions and rise in cost of living. With regard to the public sector, the nominal wage rate index remained unchanged during 2020 and 2021, while the real wage rate index decreased in 2021 compared to 2020.

4.2 Prices

Movements in the General Price Level

The general price level, as measured by both Consumer Price Indices (CPIs), namely, the CCPI and NCPI,[1] moved in an overall increasing trend during 2021, mostly attributable to the increases in prices of items in the Food category. During the year, prices of items in the Food category demonstrated an overall increasing trend. Meanwhile, prices of the items in the Non-Food category, which generated a lesser impact on the general price level compared to the Food category also exhibited an overall increasing trend. Accordingly, the general price level demonstrated a continuous increase during 2021 except for March, during which the Food category recorded a decline owing to the favourable supply in the Maha season. Moreover, global commodity price hikes, high freight charges, production shortages, and logistical bottlenecks made a considerable impact on the general price level, including the indirect impacts from various upward price revisions in items of both Food and Non-Food categories, forcing the general price level to increase at a considerable pace towards the end of the year. The increased money incomes of the people due to deficit financing by the banking sector have also contributed to raise prices of limited supply of goods and services. Moreover, COVID-19 related subdued demand tapered off by the end of the year and demand pressure impacted on the general price level.

Prices of items in the Volatile Food[2] category increased during 2021 with a significant rise during the last two months of the year. Moreover, issues associated with attempts towards fully shifting to organic farming practices such as limited availability of organic fertiliser, absence of proper guidance and instructions on organic farming, higher prices of existing chemical fertiliser stocks, destruction of cultivation and lower yield made a significant upward pressure on prices of Volatile Food items. In January and February 2021, prices of volatile food items increased mainly due to price increases observed in rice, coconut, green chilli and vegetables. However, prices of items in the Volatile Food category declined in March and April 2021 owing to declines observed in the prices of coconut, vegetables, onions, green chilli, and potatoes. The observed downward trend saw a reversal thereafter, with a noticeable increase in June 2021, contributed by the price rises observed in rice, vegetables and fresh fish, while continuing the same trend in July 2021. The direction of the Volatile Food category changed in August 2021 owing to the price decreases observed in rice, coconut, and onions, while the price declines seen in rice and vegetables mainly contributed to the decline recorded in September 2021. Afterwards, the increase observed in October 2021 was attributable to price increases in rice, fruits, big onion, and chicken. Further, increases recorded in the Volatile Food category intensified in November and December 2021, driven by price increases in rice, vegetables, green chilli, chicken, fish, coconut,

Table 4.1
Maximum Retail Prices (MRPs) of Selected Food Items Imposed during 2021

Item	MRP (Rs. per kg)	MRP Effective Date
Rice		02.09.2021 (a)
Samba	103.00	
Nadu	98.00	
Kekulu White	95.00	
Kekulu Red	95.00	
White Sugar		02.09.2021 (b)
Unpacketed	122.00	
Packeted	125.00	

(a) MRP was removed w.e.f. 29 September 2021
(b) MRP was removed w.e.f. 03 November 2021

Source: Consumer Affairs Authority

1 The Department of Census and Statistics (DCS), compiles official consumer price indices, namely, the National Consumer Price Index (NCPI, 2013=100) and the Colombo Consumer Price Index (CCPI, 2013=100) on a monthly basis. The NCPI demonstrates the price movements of selected consumer items at the national level, while the CCPI reflects the same among urban households in the Colombo district.

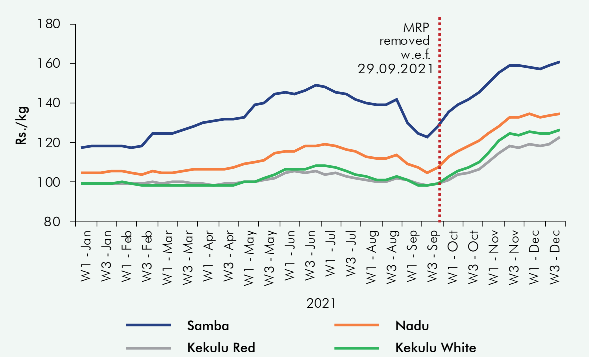
2 Volatile Food includes rice, meat, fresh fish and seafood, coconut, fresh fruits, vegetables, potato, onions and selected condiments.

Figure 4.1
Movements of Prices and Wages - 2021

(a) Volatile Food includes rice, meat, fresh fish and seafood, coconut, fresh fruits, vegetables, potatoes, onions and selected condiments
(b) Other food includes food items excluding Volatile Food items
(c) Change of nominal and real wages indicated refers to the percentage change between average of 2021 and 2020
(d) Wages of the formal private sector employees, whose wages are governed by the wage boards

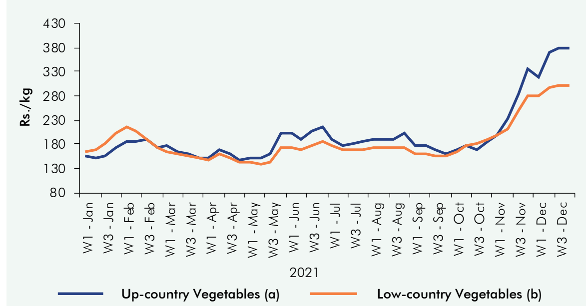
potato, and onions along with higher consumer demand due to the festive season. Rice prices increased continuously during the period up to July 2021, which included the months during which the 2020/2021 Maha harvest reached the market. However, in response to several measures taken by the Government, rice prices declined in August and September 2021. Furthermore, Maximum Retail Prices (MRPs) of Samba, Nadu, Kekulu White, and Kekulu Red, which remained unchanged for more than a year, were revised upwards in September 2021, this gazette notification on MRPs was rescinded in the same month in order to prevent a rice shortage in the market. Meanwhile, the Special Commodity Levy (SCL) on imported rice was revised downwards at the beginning of November 2021 in order to balance supply side issues. It was however observed that prices of all local rice varieties rose at

Figure 4.2
Weekly Ratail Prices - Rice



Source: Central Bank of Sri Lanka

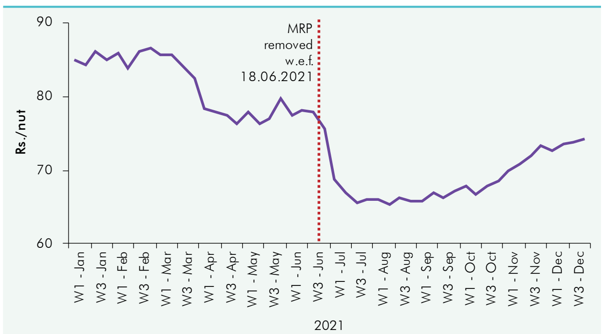
Figure 4.3
Weekly Retail Prices - Vegetables



(a) Average of weekly prices of Beans, Carrot, Cabbage, Beetroot, Leeks, Tomato and Radish
(b) Average of weekly prices of Brinjal, Sweet Pumpkin, Long Beans, Ladies Fingers, Bitter Gourd and Snake Gourd

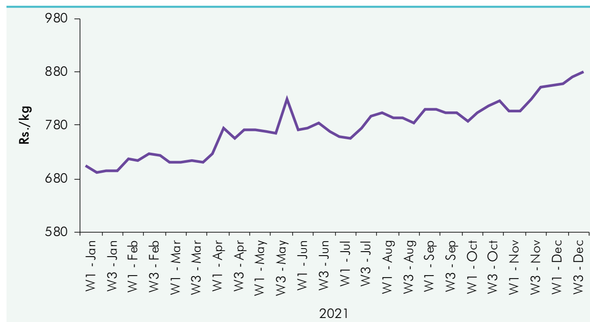
Source: Central Bank of Sri Lanka

Figure 4.4
Weekly Retail Prices - Coconut (Medium)



Source: Central Bank of Sri Lanka

Figure 4.5
Weekly Retail Prices - Fish (a)

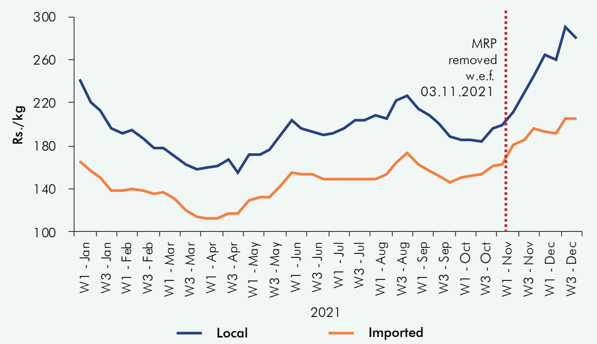


(a) Average of weekly prices of Kelawalla, Thalapath, Paraw, Balaya, Mullet, Seer, Shark, Salaya, Hurulla, Sprats, Kumbalawa and Linna

Source: Central Bank of Sri Lanka

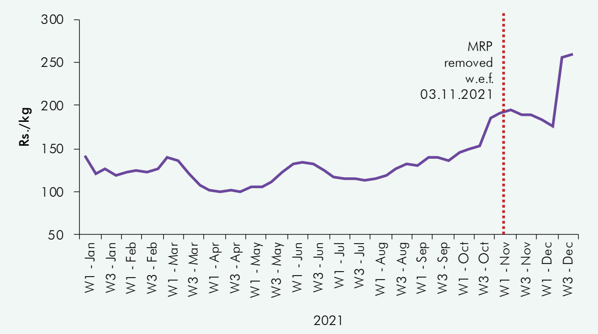
a rapid pace with the removal of respective MRPs in September 2021, further contributed by higher festive demand during November and December 2021, especially due to normalisation of economic activities with the successful control of the spread of COVID-19. Vegetable prices demonstrated mixed movements with the supply disruptions instigated by travel restrictions imposed due to the COVID-19 pandemic, limited trading activities in major economic centers and adverse weather conditions being the major influences, while the prices escalated towards the last two months of the year mainly owing to supply shortages instigated by scarcities in fertilisers and pesticides and the high festive demand. Coconut prices recorded an overall decrease during 2021 allowing the Government to rescind the gazette notification on MRP with effect from 18 June 2021. However, coconut prices exhibited an increasing trend during October to December 2021, due to seasonal factors, higher consumption during festive season and lower coconut availability for domestic consumption due to increased external demand for desiccated coconut. The price of chicken increased considerably during the year mainly due to rising cost of production that resulted from elevated prices of poultry feed, such as maize and antibiotics. Meanwhile, prices of both large and small fish varieties increased during 2021. Further, prices of potatoes, of which the SCL underwent several revisions, remained mostly at stable levels during the first nine months of 2021 with a notable increase afterwards. Prices of red onion demonstrated an overall decline during the period, while prices of big onion mostly steadied during the year owing to timely interventions made by the Government, yet demonstrated a continuous

Figure 4.6
Weekly Retail Prices - Potatoes



Source: Central Bank of Sri Lanka

Figure 4.7
Weekly Retail Prices - Imported Big Onion

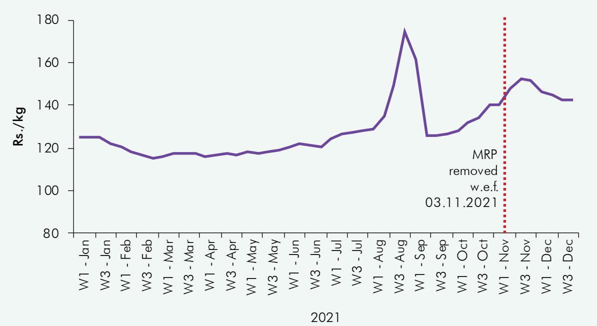


Source: Central Bank of Sri Lanka

increasing trend towards the latter part of the year. Meanwhile, gazette notifications that were issued imposing price controls on imported potato and big onion in the Volatile Food category were rescinded with effect from 03 November 2021 with a view of preventing essential food shortage in the market.

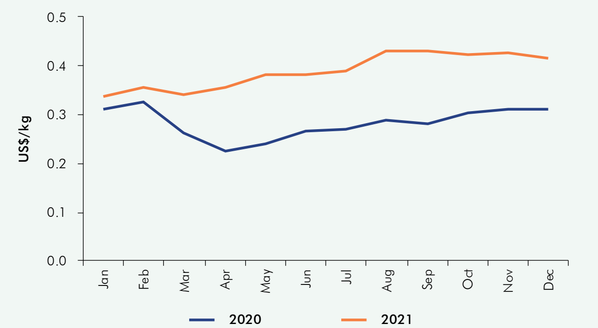
Prices of food items excluding Volatile Food increased continuously during 2021. Accordingly, dhal prices increased continuously during the year remaining above the prices observed in 2020, mainly due to price increases in the global market and higher freight charges. Sugar prices which increased in April 2021 due to festive demand, increased thereafter with a peak in August 2021 as a result of the acquisition of Import Control License (ICL) to import sugar being mandatory. Though the Government's decision was based on the knowledge that sufficient sugar stocks were already available in the country, private traders issued only a limited stocks to the local market causing an upward price pressure. Moreover, global sugar prices remained higher in 2021 compared to 2020 due to drop in sugar production and higher global demand. As a result, MRPs were imposed on white sugar with effect from 02 September 2021, with the view of reducing sugar prices. However, MRPs imposed on sugar were removed with effect from 03 November 2021, as sugar prices followed an increasing trend from mid-September 2021 onwards. Global milk powder prices increased with the limited production caused by unfavorable weather conditions in Australia and New Zealand and increased global demand with the normalisation of economic activities along with

Figure 4.8
Weekly Retail Prices - Sugar



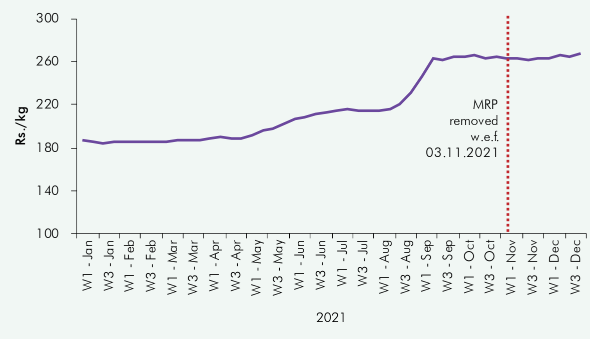
Source: Central Bank of Sri Lanka

Figure 4.9
Global Commodity Prices - Sugar



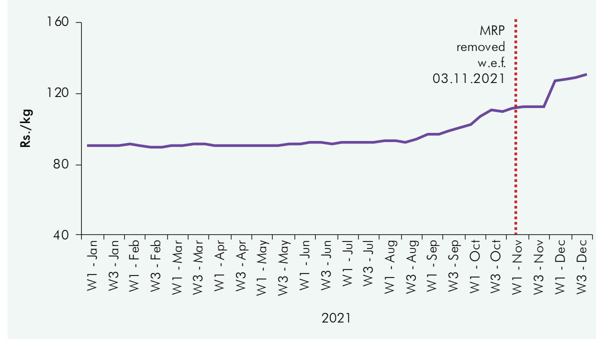
Source: World Bank

Figure 4.10
Weekly Retail Prices - Dhal



Source: Central Bank of Sri Lanka

Figure 4.11
Weekly Retail Prices - Wheat Flour



Source: Central Bank of Sri Lanka

gradual easing of COVID-19 related restrictions. Consequently, the price of imported milk powder, which remained unchanged throughout 2020, experienced an upward price revision in October 2021 due to price increases in the global market, higher freight charges and removal of price controls. A subsequent price increase in local milk powder also occurred with effect from 15 October 2021. Afterwards, imported milk powder underwent another upward price revision towards the end of 2021. Meanwhile, a gazette notification was issued to maintain the SCL of Rs. 100 per kg on dried fish with effect from 12 August 2021 to encourage local dried fish producers. Moreover, wheat flour price also underwent an upward price revision of Rs. 10 per kg with effect from 10 October 2021, resulting in an increase of Rs. 5 per 450g loaf of bread with effect from 11 October 2021, in addition to increases in prices of other bakery products such as buns and cakes. Further, another upward price revision was made on wheat flour causing a consequent upward revision in 450g loaf of bread by Rs. 10 with effect from 29 November 2021. Later, it was announced that the price controls imposed on all bakery products including bread were removed with effect from 21 December 2021 with the intention of allowing their prices to be determined by the respective input cost and other market conditions. It is noteworthy that gazette notifications that were issued imposing price controls on several essential commodity items, namely, white sugar, dhal, chicken, canned fish, wheat flour, green gram, gram, dried fish, maize, and imported milk powder were rescinded with effect from 03 November 2021.

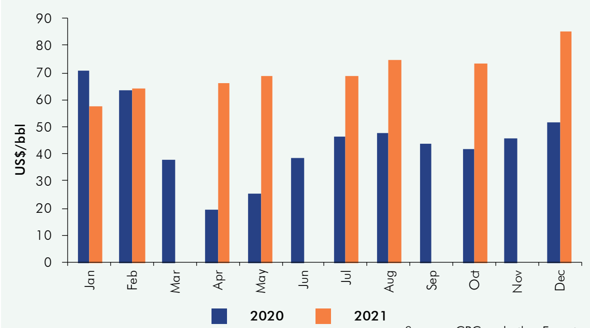
Table 4.2
Special Commodity Levies (SCLs) of Selected Food Items Imposed during 2021

Item	SCL (Rs. per kg)	SCL Effective Date
Imported Rice		
Samba	65.00	11.10.2021
	0.25	02.11.2021
Nadu	65.00	11.10.2021
	0.25	02.11.2021
Kekulu White	65.00	11.10.2021
	0.25	02.11.2021
Kekulu Red	65.00	11.10.2021
	0.25	02.11.2021
Imported Potato	15.00	12.02.2021
	50.00	27.04.2021
	20.00	01.01.2022
Imported Big Onion	0.25	14.01.2021
	40.00	08.09.2021
	10.00	01.01.2022
Dhal		
Whole	0.25	14.01.2021
Split	0.25	14.01.2021
Red Onion	50.00	18.05.2021
Sprats	100.00	12.02.2021
Dried Fish	100.00	12.02.2021

Source: Ministry of Finance

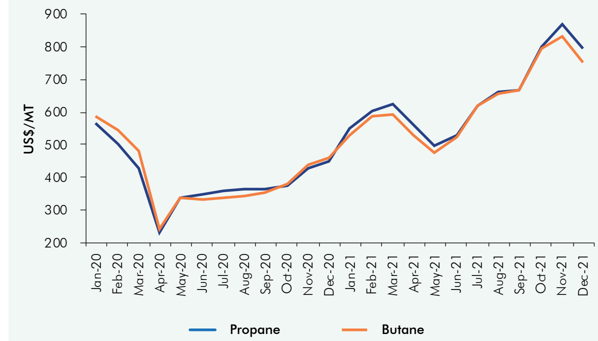
Prices of items in the Non-Food category increased continuously during 2021 at a higher pace towards the end of the year, albeit generating a lesser impact on the general price level compared to the Food category. Global crude oil prices increased in 2021 as demand outpaced supply due to increasing

Figure 4.12
Global Commodity Prices - Crude Oil



Sources: CPC and other Exporters of Petroleum Lanka IOC PLC

Figure 4.13
Global Commodity Prices - LPG



Source: Saudi Aramco LPG Prices

COVID-19 vaccination rates, relaxing pandemic related restrictions and normalisation of economic activities. This was reflected in the import price of crude oil,[3] which increased by 64.6% in December 2021 compared to December 2020. As a result, domestic prices of petrol (92 octane), auto diesel, and kerosene were increased twice in 2021 causing additional indirect price pressure on the general price level. In addition, prices of vehicle spare parts, vehicle servicing costs and taxi fares increased during the year. Further, prices of some prepared food items in the Restaurants and Hotels subcategory recorded increases on several occasions in 2021. This was partially caused by the significant upward price revision in a Liquid Petroleum Gas (LPG) cylinder weighing 12.5kg with effect from 10 October 2021 by both Litro Gas Lanka Ltd and Laugfs Gas PLC due to rising global LPG prices. It is noteworthy that LPG prices,[4] i.e., Propane and Butane, increased by 76.6% and 63.0% in December 2021, respectively, in the global market, compared to December 2020. In addition to revisions to LPG prices, increased food prices also played a major role in upward adjustments in domestic prices of prepared food. The Education subcategory, which remained at constant levels mostly during the year, increased from September 2021 onwards due to increases observed in international school fees and tuition fees for secondary education. Prices of private medical practices, payments to private hospitals/medical laboratories and medical/pharmacy products exhibited intermittent revisions resulting in continuous increases in the Health subcategory from April onwards. However, the increase observed in housing rent in October 2021 was marginal compared to the observed pre-pandemic trends, while the cost of household

3 Ceylon Petroleum Corporation and other exporters of petroleum, Lanka IOC PLC.

4 Saudi Aramco LPG Prices.

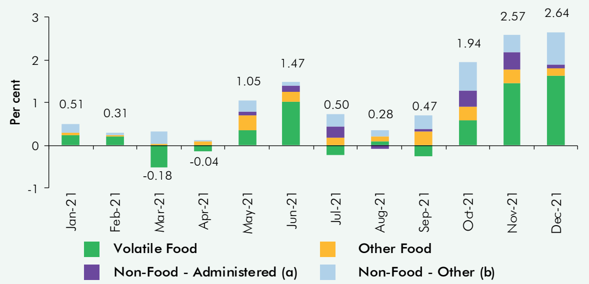
Table 4.3
Administered Price Revisions to Selected Commodities in 2021

Item	Unit	Revised Price (Rs.)	Effective Date
Milk Powder			
Imported	400g	480.00	09.10.2021
	400g	540.00	31.12.2021
Local	400g	470.00	15.10.2021
Wheat Flour			
Prima Ltd.	1kg	97.00	10.10.2021
	1kg	114.50	27.11.2021
Serendib Company	1kg	97.00	10.10.2021
	1kg	114.50	29.11.2021
LPG			
Litro Gas Lanka Ltd.	9.6kg	1,150.00	25.07.2021
	12.5kg	2,675.00	10.10.2021
Laugfs Gas PLC	12.5kg	1,856.00	12.08.2021
	12.5kg	2,840.00	10.10.2021
Fuel			
Petrol (92 Octane)			
CPC and LIOC	1l	157.00	12.06.2021
LIOC	1l	162.00	22.10.2021
CPC and LIOC	1l	177.00	21.12.2021
Auto Diesel			
CPC and LIOC	1l	111.00	12.06.2021
LIOC	1l	116.00	22.10.2021
CPC and LIOC	1l	121.00	21.12.2021
Kerosene			
CPC	1l	77.00	12.06.2021
CPC	1l	87.00	21.12.2021

Sources: Consumer Affairs Authority
Central Bank of Sri Lanka

4

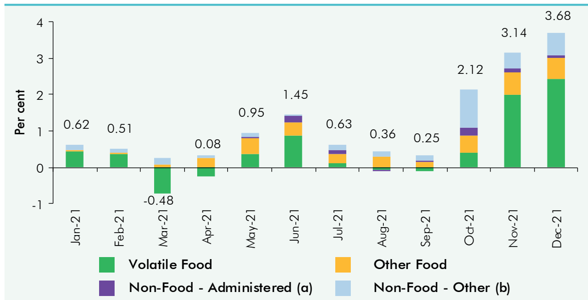
Figure 4.14
Contribution to Month-on-Month Percentage Change in CCPI - 2021



(a) Administered items in the Non-Food category includes electricity, LPG, fuel, bus fare and train fare.
(b) Excluding administered items in the Non-Food category.

Sources: Department of Census and Statistics
Central Bank of Sri Lanka

Figure 4.15
Contribution to Month-on-Month Percentage Change in NCPI - 2021



(a) Administered items in the Non-Food category includes electricity, LPG, fuel, bus fare and train fare.
(b) Excluding administered items in the Non-Food category.

Sources: Department of Census and Statistics
Central Bank of Sri Lanka

maintenance and equipment increased noticeably from September 2021 onwards. Meanwhile, prices of clothing and footwear, which remained mostly at constant levels during 2020 increased continuously in 2021 at a higher rate from October onwards.

4

Consumer Price Indices

Colombo Consumer Price Index

The CCPI accelerated from 138.7 index points in January 2021 to 154.7 index points in December 2021. Monthly increases observed in January and February 2021 were supported by the movement of prices of items in both Food and Non-Food categories. However, monthly declines observed in the CCPI during March and April 2021 were solely driven by the movement of prices of the Food category. Afterwards, the movement of prices of items in both Food and Non-Food categories contributed towards the increases observed in May and June 2021 with a higher contribution from the Food category. The increase in the CCPI observed in July 2021 was entirely caused by the movement of prices of items in the Non-Food category, yet the increases observed in both August and September 2021 were driven by the prices of items in both Food and Non-Food categories. Similarly, prices of items in both Food and Non-Food categories contributed towards the notable monthly increases observed during the period from October to December 2021, with a substantial share originating from the Food category.

National Consumer Price Index

The NCPI, which recorded 142.1 index points in January 2021, increased continuously to 161.0 index points in December 2021, except in March 2021, which recorded a monthly decline. Movements in prices of the Food category mainly contributed towards the increase observed in the NCPI in January and February 2021. This increasing trend reversed in March 2021 solely due to price decreases of items in the Food category. However, from April, when the third wave of the COVID-19 pandemic surfaced, the NCPI increased until December 2021 as a result of the increases observed in prices of items in both Food and Non-Food categories; yet the considerable contributions were from the Food category except for September and October 2021, with the major influencer being the Non-Food category. While supply shortages of food items raised their prices, the increased money incomes of certain sectors of the population also contributed to further increases of those prices.

Producer's Price Index (PPI)

The PPI as measured by the average prices received by domestic producers of goods and services in Agriculture, Manufacturing, and Utilities sectors was rebased to 2018 Q4 from 2013 Q4 in November 2021 by its compiler, the Department of Census and Statistics. Accordingly, the weights and prices in the rebased PPI were updated to reflect the current economic trends. Further, several new items were added, and some items were removed from both Agriculture and Manufacturing sub-sectors, in addition to expanding the geographical coverage of the Manufacturing sub-sector. The PPI (2018 Q4=100) exhibited an overall increasing trend during 2021 from 116.0 index points in January to 133.7 index points in December 2021. The PPI in the Agriculture sub-sector recorded 134.0 index points in January 2021, remained at comparatively stable levels and increased continuously in the last five months of the year, reaching 161.7 index points in December 2021. Meanwhile, the PPI in the Manufacturing sub-sector reported 113.9 index points and 131.4 index points in January and December 2021, respectively, recording monthly increases mostly during the year. The PPI in the Utility (Electricity, Gas, Steam and Air conditioning supply and Water collection, treatment and supply) sub-sector, which recorded 100.1 index points in January 2021, recorded notable fluctuations during the first four months and steadied afterwards throughout the year reaching 102.5 index points in December 2021.

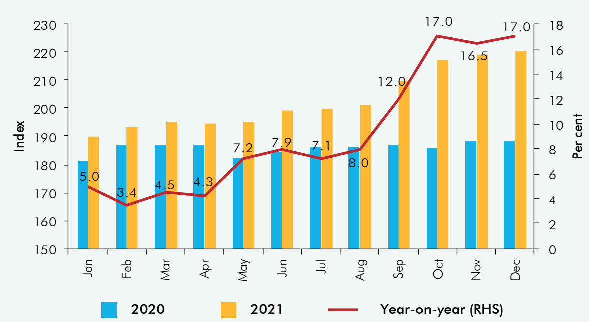
4.3 Wages

Real wages of employees in the formal and informal private sectors showed increases while the real wages of public sector employees showed an erosion in 2021 compared to the previous year. Nominal wages also showed an increase in terms of employees in the private sector while it remained unchanged for the employees in the public sector during 2021 compared to the previous year. The repercussions of the COVID-19 pandemic, such as travel restrictions and contraction in economic activities, negatively impacted the growth of wages in 2021. On the other hand, normalisation of economic activities with the successful roll-out of the COVID-19 vaccination programme and the decision to increase the minimum wages of employees in the formal private sector had a positive impact especially on formal and informal private sector wages.

Private Sector Wages

Nominal wages of informal private sector employees, as measured by the informal private sector wage rate index (2012=100), followed an overall increasing trend during 2021. The nominal wage rate index recorded moderate increases during 2021 except a slight decline in April 2021 and sharp spikes recorded in both September and October 2021. The decline in April was due to the decrease observed in wages of small industry activities whereas, the sharp increases observed in September and October 2021 were driven by all sub-activities: agriculture, industry, and services. With these developments, the nominal wage rate index of the informal private sector increased by 9.2% in 2021 compared to 2020. Meanwhile, nominal wages of agriculture increased by 6.4%, industry increased by 9.7%, and services increased by 10.0% in 2021 compared to 2020. Normalisation of economic activities with the ease of COVID-19 related travel restrictions and the nationwide vaccination programme paved the way for the increase in informal sector wages. Moreover, the increase in labour demand caused by the shift

Figure 4.16
Movement of the Informal Private Sector Wage Rate Index during 2021 (Nominal)



Source: Central Bank of Sri Lanka

of labour between industries as reflected by the employment numbers, also caused some increases in respective wages. Moreover, the rise in cost of living also contributed to the increase in informal sector wages, especially towards the latter part of the year. Meanwhile, the real wage rate index of the informal private sector increased by 2.0% in 2021 compared to 2020.

4

Nominal wages of employees in the formal private sector,[5] as measured by the minimum wage rate index (1978 December=100) of employees, whose wages are governed by wage boards, increased significantly by 74.4% in 2021 compared to 2020. This significant increase was caused by the increase in the daily wage of tea and rubber plantation workers to Rs. 1,000 with effect from 05 March 2021, through respective wage boards for the tea and rubber growing and manufacturing trade. Further, the increase in the minimum monthly salary of the private sector from Rs. 10,000 to Rs. 12,500 and in the minimum daily wage from Rs. 400 to Rs. 500, due to the amendment made to the National Minimum Wage of Workers Act, No. 03 of 2016 with effect from 16 August 2021 also contributed to this increase. Accordingly, the real wage rate index of the formal private sector also increased significantly by 64.3% in 2021 compared to the previous year. Meanwhile, the tripartite agreement on paying 50% of the last paid basic salary or Rs. 14,500 per month, whichever was more favourable to the employee, in situations where employees were required to stay at home due to the COVID-19 pandemic, was extended until December 2021 for the tourism sector.

Public Sector Wages

Nominal wages of public sector employees, as measured by the public sector wage rate index (2016=100), remained unchanged during 2021 compared to the previous year. On the other hand, public sector employees experienced a real wage erosion of 6.4% during 2021 compared to 2020. The upward revisions made to the salary scales of Sri Lanka Principals' Service, Sri Lanka Teacher Advisors' Service and Sri Lanka Teachers' Service to remove the salary anomalies of the Teachers and Principals and the special allowance of Rs. 5,000 as announced by the Ministry of Finance, both effective from January 2022, will have a positive impact in terms of public sector wages.

5 Nominal wages of the formal private sector employees, whose wages are governed by the wage boards are measured by the minimum wage rate index (1978 December=100) compiled by the Department of Labour.

5

EXTERNAL SECTOR DEVELOPMENTS AND POLICIES

5.1 Overview

Sri Lanka's external sector experienced heightened vulnerabilities in 2021 amidst persistently high debt service obligations and a weakened balance of payments (BOP) position along with lacklustre performance in the domestic foreign exchange market with continuous pressure on the external value of the currency. Although a rebound and a steady growth were observed in exports, a much higher import expenditure resulted in the trade deficit widening notably, weighing negatively on the external current account. The expansion in the trade deficit was driven by the significant increase in imports, even in the presence of selected import restrictions, which outpaced the growth of exports. The widening of the trade deficit was more pronounced in the latter part of 2021 and in early 2022 due to the combined effect of a sharp revival in imports due to the normalisation of economic activities as well as higher energy prices. The performance of the services sector remained subdued in both 2020 and 2021 despite the healthy growth in the computer services subsector, while the tourism sector only picked up towards the latter part of 2021. The deficit in the primary income account reduced marginally in 2021 compared to the previous year as interest and dividend payments were low during 2021. A slowdown in workers' remittances was observed during the second half of the year, resulting in a notable decline in the surplus of the secondary income account. Consequently, the current account deficit widened significantly to 4.0 per cent of the Gross Domestic Product (GDP) in 2021, compared to 1.5 per cent of GDP registered in 2020. The financial account also recorded a subdued performance as foreign investments in the form of foreign direct investment (FDI) remained subdued, while portfolio investments in the stock exchange and the government securities market also continued to witness net outflows. Adding pressure on external accounts, foreign inflows to the Government were limited to foreign project loans and grants as well as two foreign currency term financing facilities. The Central Bank received foreign exchange flows on account of the new Special Drawing Rights (SDR) allocation from the International Monetary Fund (IMF) and international swap arrangements with the

5

Bangladesh Bank and the People's Bank of China (PBOC) in 2021 and Reserve Bank of India (RBI) in early 2022. In view of mounting imbalances in the external sector due to lack of foreign exchange inflows, several measures were taken to improve foreign currency liquidity in the domestic foreign exchange market and to replenish international reserves. The Central Bank imposed mandatory conversion requirements on export proceeds and directed banks to sell a part of the converted export proceeds and workers' remittances to the Central Bank. The Central Bank and the Government also implemented several measures to induce workers' remittances during the year. At the same time, taking into consideration the dearth of foreign exchange liquidity in the market, the Central Bank provided financing support for the importation of essential goods, mainly fuel, LP gas and coal, as a national priority in 2021 and 2022. Although the exchange rate was broadly maintained at a stable level during 2021 and in early 2022 to support the recovery process of the economy, considering the emerging difficulties in the external front, the Central Bank allowed a measured adjustment in the exchange rate since early March 2022. However, the notable pressures witnessed in the domestic foreign exchange market caused a large overshooting. Consequently, the Sri Lanka rupee which depreciated by 7.0 per cent in 2021, depreciated significantly by 33.0 per cent by end March 2022. Having identified the need for implementing urgent measures to address the current external sector crisis, and to complement them with broader economic reforms aimed at resolving persistent and long standing issues in the economy, the Government and the Central Bank initiated further measures in early 2022, including the initiation of engagements with the IMF and to manage the country's external debt in a sustainable manner.

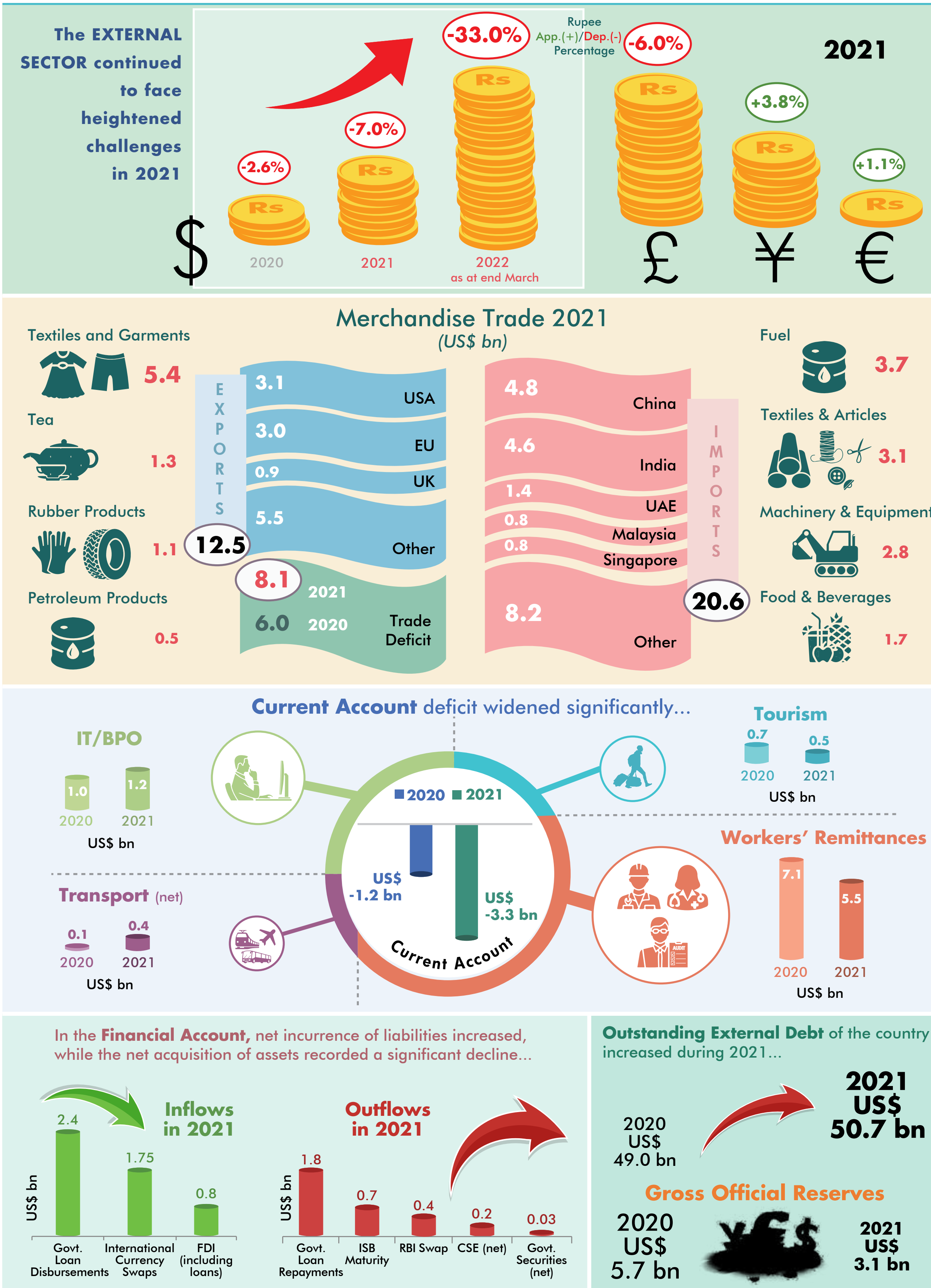
Table 5.1
Balance of Payments Analytical Presentation

Item	US$ million		Rs. million	
	2020 (a)	2021 (b)	2020 (a)	2021 (b)
Current Account (net)	-1,187	-3,343	-238,248	-672,960
Trade Balance	-6,008	-8,139	-1,115,988	-1,617,274
Exports	10,047	12,499	1,858,927	2,486,943
Imports	16,055	20,637	2,974,915	4,104,218
Services (net)	819	1,586	150,014	316,225
Receipts	3,035	2,475	559,615	493,320
Payments	2,216	889	409,601	177,095
Primary Income (net)	-2,205	-2,018	-423,063	-406,605
Receipts	198	116	36,766	22,769
Payments	2,404	2,134	459,829	429,374
Secondary Income (net)	6,207	5,228	1,150,789	1,034,694
Secondary Income: Credit	7,117	5,498	1,319,377	1,088,388
Workers' Remittances	7,104	5,491	1,317,007	1,087,188
Government Transfers	13	6	2,371	1,200
Secondary Income: Debit	910	270	168,589	53,694
Capital Account (net)	28	25	5,193	5,009
Capital Account: Credit	51	50	9,472	9,850
Capital Account: Debit	23	24	4,279	4,841
Current and Capital Account (net)	-1,159	-3,318	-233,056	-667,951
Financial Account (net)	-394	-4,029	-77,578	-962,044
Direct Investment: Assets	15	17	2,699	3,468
Direct Investment: Liabilities	434	598	80,592	118,973
Portfolio Investment: Assets	-	-	-	-
Portfolio Investment: Liabilities	-2,383	-906	-441,922	-181,568
Equity	-217	-236	-40,223	-46,914
Debt Securities	-2,166	-670	-401,700	-134,654
Financial Derivatives	-	-	-	-
Other Investment: Assets	-136	387	-27,446	77,454
Currency and Deposits	64	306	11,666	62,761
Trade Credit and Advances	-224	257	-41,647	51,199
Other Accounts Receivable	24	-176	2,535	-36,506
Other Investment: Liabilities	231	2,216	38,567	605,734
Currency and Deposits	-15	4,016	-3,519	810,195
Loans	174	-1,552	29,568	-309,188
Central Bank	-14	-57	-2,689	-11,377
Deposit-taking Corporations	75	-2,152	10,390	-429,506
General Government	169	664	31,961	132,662
Other Sectors	-56	-7	-10,093	-968
Trade Credit and Advances	185	-428	32,565	-87,756
Other Accounts Payable	-114	180	-20,046	34,713
Special Drawing Rights (SDRs)	-	787	-	157,771
Reserve Assets	-1,992	-2,526	-375,594	-499,826
Monetary Gold	-667	-212	-123,485	-42,734
Special Drawing Rights	-5	123	-825	24,635
Reserve Position in the IMF	-	-	-	-
Other Reserve Assets	-1,319	-2,437	-251,284	-481,726
Currency and Deposits	-177	1,536	-37,326	300,122
Securities	-1,143	-3,976	-214,172	-782,339
Net Errors and Omissions	765	-711	155,478	-294,093
Overall Balance (c)	-2,328	-3,967	-405,854	-745,312
As a Percentage of GDP				
Trade Balance	-7.4	-9.6		
Goods and Services	-6.4	-7.8		
Current Account	-1.5	-4.0		
Current and Capital Account	-1.4	-3.9		

(a) Revised
(b) Provisional
(c) Refer Table 5.12 for the derivation of overall balance

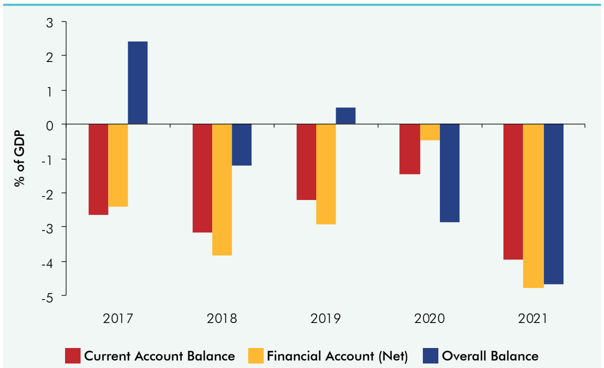
Source: Central Bank of Sri Lanka

Figure 5.1
Performance of the External Sector



5

Figure 5.2
Balance of Payments



Source: Central Bank of Sri Lanka

5.2 Current Account Balance

Despite the increase in the services account balance and the decline in the primary income account deficit, the external current account deficit widened significantly in 2021 as a result of the widened trade deficit and the decline in the surplus in the secondary income account. Higher import expenditure compared to export earnings resulted in a widened trade deficit of around US dollars 8.1 billion in 2021 as opposed to the relatively lower trade deficit of US dollars 6.0 billion recorded in 2020. The surplus in the services account increased due to higher inflows observed on account of information technology led business process outsourcing (IT/BPO) related services and improvements in the transport sector. The tourism sector also showed signs of revival during the latter part of the year. The deficit in the primary income account contracted with the decline in dividend payments of Direct Investment Enterprises (DIEs) and coupon payments on account of government securities held by foreign investors despite the increase recorded in reinvested earnings of DIEs. In comparison to 2020, workers' remittances contracted notably during 2021, particularly during the latter half of the year, possibly due to a notable difference in exchange rate in the grey market compared to the official rate that prevailed at that time. As a result, the current account deficit widened to US dollars 3.3 billion in 2021, compared to US dollars 1.2 billion recorded in 2020. Reflecting the expansion in the current account deficit and a moderate expansion in the output, the current account deficit as a percentage of GDP stood at 4.0 per cent in 2021, compared to 1.5 per cent in 2020.

Table 5.2
Current and Capital Account

US$ million

Item	2020 (a)			2021 (b)		
	Credit	Debit	Net	Credit	Debit	Net
Goods and Services	13,083	18,271	-5,189	14,974	21,526	-6,552
Goods	10,047	16,055	-6,008	12,499	20,637	-8,139
General Merchandise	10,047	16,047	-5,999	12,499	20,636	-8,138
Non-monetary Gold	-	9	-9	-	1	-1
Services	3,035	2,216	819	2,475	889	1,586
Transport	1,174	1,059	114	608	256	352
Sea Transport	702	635	67	450	150	300
Freight	702	635	67	450	150	300
Air Transport	472	424	48	158	106	52
Passenger	394	354	40	108	89	19
Freight	78	71	7	50	17	33
Travel (c)	682	449	234	507	239	268
Construction	7	10	-3	10	11	-1
Insurance and Pension Services	39	82	-42	20	37	-17
Financial Services	96	220	-125	95	102	-7
Telecommunications and Computer Services	995	288	706	1,201	171	1,030
Telecommunications	24	32	-8	32	31	2
Computer Services	971	257	714	1,168	140	1,028
Other Business Services	16	37	-21	16	17	-1
Government Goods and Services n.i.e.	26	70	-44	19	57	-38
Primary Income	198	2,404	-2,205	116	2,134	-2,018
Compensation of Employees	36	132	-96	30	74	-43
Investment Income	162	2,271	-2,110	86	2,060	-1,975
Direct Investment	17	636	-619	16	647	-631
Dividends	14	445	-431	12	357	-345
Reinvested Earnings	3	191	-188	4	290	-286
Portfolio Investment	-	943	-943	-	818	-818
Equity	-	35	-35	-	26	-26
Interest	-	908	-908	-	793	-793
Short Term	-	2	-2	-	...	...
Long Term	-	905	-905	-	793	-793
Other Investment	56	693	-637	43	595	-552
Reserve Assets	89	-	89	27	-	27
Secondary Income	7,117	910	6,207	5,498	270	5,228
General Government	13	-	13	6	-	6
Workers' Remittances	7,104	910	6,194	5,491	270	5,221
Current Account	20,398	21,585	-1,187	20,587	23,930	-3,343
Capital Account	51	23	28	50	24	25
Capital Transfers	51	23	28	50	24	25
General Government	24	-	24	11	-	11
Corporations and Households	27	23	4	38	24	14
Current and Capital Account	20,449	21,608	-1,159	20,637	23,955	-3,318

(a) Revised
(b) Provisional
(c) Passenger services provided to non-residents are included in transport services.

Source: Central Bank of Sri Lanka

5.2.1 Merchandise Trade Account

Trade Balance

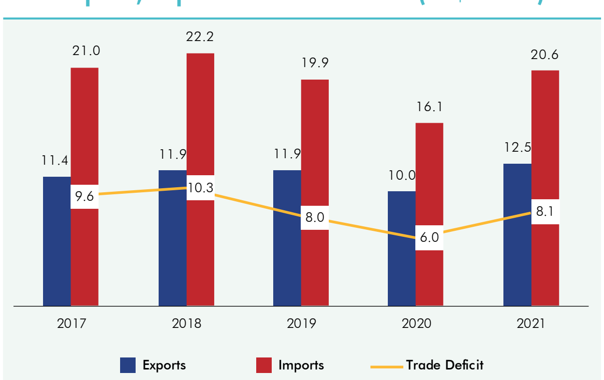
The deficit in the trade account that contracted during the last two years, widened notably in 2021 as the steady increase in exports was outpaced by the sharp increase in imports. The deficit in the trade account widened to US dollars 8,139 million in 2021 from US dollars 6,008 million in 2020. Contributing to the expansion in the trade deficit, imports increased notably, primarily driven by higher commodity prices, including prices of fuel, increased demand for imported items due to normalisation of economic activity, higher import expenditure on account of medical and pharmaceutical items such as vaccines, and the relaxation of some of the restrictions on importation of non-essential goods. As a percentage of GDP, the trade deficit widened to 9.6 per cent in 2021, compared to 7.4 per cent in 2020.

Export and Import Performance, Terms of Trade and Direction of Trade

Export Performance

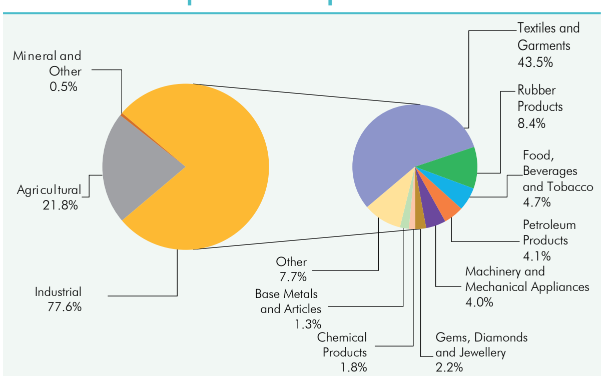
Earnings from merchandise exports reached US dollars 12,499 million in 2021, recording the highest level of export earnings for a year, exceeding the previously highest export earnings of US dollars 11,940 million that was recorded in 2019. Accordingly, export earnings grew by 24.4 per cent compared to US dollars 10,047 million recorded during 2020. Indicating the strong export performance, earnings from exports continued to exceed US dollars 1.0 billion consecutively every month from June 2021. Further, the highest ever monthly export value of US dollars 1,211 million was recorded in November 2021. The increase in export earnings during 2021 resulted from the broad-based increase in earnings from most export categories. Special policy attention received from the Government, the Central Bank, and other relevant authorities, particularly through the setting up of new follow up mechanisms and granting incentives towards export-oriented industries and industries affected by the pandemic, recovery of domestic production due to the rapid vaccination rollout, and the gradual revival of both demand and supply market chains with the normalisation of global markets were the main drivers of higher export earnings. As evident from the movements in the export volume and unit value indices, the increase in export volumes significantly contributed to the increase in export earnings. As a percentage of GDP, export earnings increased to 14.8 per cent in 2021 from 12.4 per cent recorded in 2020.

Figure 5.3
Exports, Imports and Trade Deficit (US$ billion)



Sources: Sri Lanka Customs
Central Bank of Sri Lanka

Figure 5.4
Composition of Exports - 2021



Sources: Sri Lanka Customs
Central Bank of Sri Lanka

5

Table 5.3
Composition of Exports

Category	2020 Value US$ million	2020 Share %	2021 (a) Value US$ million	2021 (a) Share %	Change in Value US$ million	Y-o-Y Change %	Contribution to Change %
Agricultural Exports	**2,336.2**	**23.3**	**2,729.5**	**21.8**	**393.3**	**16.8**	**16.0**
Tea	1,240.9	12.4	1,324.4	10.6	83.4	6.7	3.4
Spices	333.5	3.3	454.8	3.6	121.3	36.4	4.9
Coconut	345.2	3.4	425.2	3.4	80.1	23.2	3.3
Seafood	189.8	1.9	274.1	2.2	84.3	44.4	3.4
Minor Agricultural Products	134.7	1.3	148.8	1.2	14.1	10.5	0.6
Rubber	30.1	0.3	42.2	0.3	12.1	40.1	0.5
Unmanufactured Tobacco	25.5	0.3	31.6	0.3	6.1	23.9	0.2
Vegetables	36.6	0.4	28.5	0.2	-8.0	-22.0	-0.3
Industrial Exports	**7,672.0**	**76.4**	**9,702.0**	**77.6**	**2,030.0**	**26.5**	**82.8**
Textiles and Garments	4,423.1	44.0	5,435.1	43.5	1,012.1	22.9	41.3
Rubber Products	786.1	7.8	1,050.4	8.4	264.4	33.6	10.8
Food, Beverages and Tobacco	464.0	4.6	586.9	4.7	122.8	26.5	5.0
Petroleum Products	373.6	3.7	506.4	4.1	132.8	35.6	5.4
Machinery and Mechanical Appliances	337.5	3.4	500.9	4.0	163.4	48.4	6.7
Gems, Diamonds and Jewellery	181.5	1.8	276.7	2.2	95.2	52.5	3.9
Chemical Products	172.7	1.7	223.2	1.8	50.5	29.2	2.1
Base Metals and Articles	110.9	1.1	156.4	1.3	45.5	41.1	1.9
Animal Fodder	102.9	1.0	149.4	1.2	46.5	45.2	1.9
Transport Equipment	71.4	0.7	148.2	1.2	76.8	107.5	3.1
Other Industrial Exports	648.4	6.5	668.5	5.3	20.1	3.1	0.8
Mineral Exports	**25.1**	**0.2**	**44.5**	**0.4**	**19.4**	**77.3**	**0.8**
Unclassified Exports	**14.1**	**0.1**	**22.6**	**0.2**	**8.5**	**60.1**	**0.3**
Total Exports (b) (c)	**10,047.4**	**100.0**	**12,498.6**	**100.0**	**2,451.2**	**24.4**	**100.0**
Annual Average Exchange Rate (d)	**185.52**		**198.88**				

(a) Provisional
(b) Excludes re-exports
(c) Adjusted for lags and other factors of recording
(d) Rupee/US dollar exchange rate

Sources: Ceylon Petroleum Corporation and Other Exporters of Petroleum
National Gem and Jewellery Authority
Sri Lanka Customs
Central Bank of Sri Lanka

5

Earnings from industrial exports increased by 26.5 per cent to US dollars 9,702 million in 2021 compared to 2020, accounting approximately 78 per cent of the total exports. While the growth within the industrial exports category was broad-based, earnings from textiles and garments exports recorded a growth of 22.9 per cent reaching US dollars 5,435 million during 2021 and contributing more than 40 per cent of the increase in the total exports. Increases in earnings from all major export destinations of garments led to this increase. Exports of rubber products, led by solid tyres and household rubber gloves, supported the rubber product sector to record an improved performance while becoming the third most prominent export sector of Sri Lanka, which exceeded US dollars 1 billion after garments and tea. Earnings from petroleum exports increased, led by bunkering and aviation fuel exports, due to the increase in average export prices despite the low volume of supply. The increase in the food, beverages and tobacco category was mainly driven by value added coconut products, animal or vegetable fats and oils, and crustaceans preparations (mainly crabs). However, reflecting the weakened demand for Personal Protective Equipment (PPE) exported by Sri Lanka, earnings from made up textile articles (mainly facemasks) and plastic clothing articles categorised under plastics and articles thereof declined considerably during 2021.

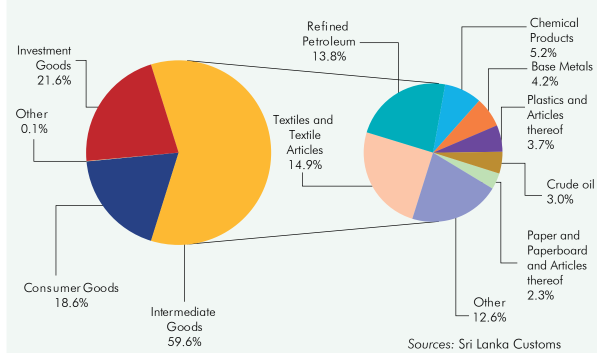
With the improved performance of most of the subcategories, agricultural exports recorded a growth of 16.8 per cent in 2021 compared to 2020. Higher earnings from spices, tea, seafood and coconut products mainly contributed to this increase, while export earnings from vegetables declined. Offsetting the decline in average export prices, the increase in export volume of 7.7 per cent led to the increase in earnings from tea exports in 2021. The higher earnings recorded by natural rubber, spices (mainly cinnamon and nutmeg) and unmanufactured tobacco products were driven by higher export prices, whereas both higher prices and volumes led to the increase in earnings from seafood, pepper and coconut (both kernel and non-kernel products). Earnings from minor agricultural products increased due to higher export volumes of fruits, cereals and essential oil exports. However, the lower export volumes led to the weak performance of vegetable exports, despite higher prices.

Earnings from mineral exports, which account for less than 1 per cent of total exports, improved by 77.3 per cent in 2021 compared to the previous year. Titanium ores categorised under ores, slag and ash primarily contributed to this increase, while increases in natural graphite and quartz led to the increase in earnings from earths and stones and precious metals.

Import Performance

Amidst the continuation of certain import restrictions, mainly on personal vehicle imports, expenditure on imports increased considerably by 28.5 per cent to US dollars 20,637 million in 2021 compared to 2020. The increasing demand for inputs with the resumption of domestic economic activities, elevated price levels in global commodity markets, including fuel prices, higher reliance on refined petroleum due to intermittent

Figure 5.5
Composition of Imports - 2021



Sources: Sri Lanka Customs
Central Bank of Sri Lanka

closures of the refinery, higher expenditure on account of medical and pharmaceutical items such as vaccines, and the relaxation of some import restrictions mainly accounted for the increase in imports despite extremely low imports of personal motor vehicles. Import growth was broad-based as observed in the increases in almost all major categories of imports. As observed by movements in import volume and unit value indices, in general, import expenditure was influenced by both volume and price increases, despite the effect of volume and price changes varying across major categories of imports. As a per cent of GDP, import expenditure increased to 24.4 per cent in 2021, compared to 19.8 per cent in 2020.

Accounting for more than half of total import expenditure, expenditure on intermediate goods contributed largely to the increase in imports during 2021. Expenditure on intermediate goods imports increased by 35.6 per cent to US dollars 12,309 million during the year. During 2021, as the largest expenditure item of the country's import bill, fuel imports, on account of crude oil, refined petroleum (including LP gas), and coal, increased to US dollars 3,743 million compared to US dollars 2,543 million in 2020. Notable increases in average prices of all three subcategories, as well as the increased import volumes of refined petroleum, caused the fuel bill to rise, offsetting the effect of low volumes of crude oil and coal imports. Import expenditure on textiles and textile articles, the second largest import item, surpassed the US dollars 3 billion mark for the first time. This was led by the increase in expenditure on fabrics and yarn, which were utilised to meet the higher demand for Sri Lankan garments from major export destinations such as countries in the EU, the UK and the USA. Imports of chemical products (mainly carbon) surpassed US dollars 1 billion for the first time, while other import categories including base metals (mainly iron and steel), plastics and articles in primary form, and natural and synthetic rubber recorded high growth rates during the year. However, the ban that prevailed during most parts of 2021 on importing chemical fertiliser led to lower expenditure on fertiliser (mainly urea), while unmanufactured tobacco and mineral products such as cement clinkers recorded lower expenditure values in 2021 compared to 2020.

Expenditure on investment goods, which accounted for around 22 per cent of total import expenditure, increased by 25.2 per cent to US dollars 4,463 million in 2021. Expenditure on all import items categorised under machinery and equipment increased in 2021 compared to 2020, except for the machinery and equipment parts, while office machines (mainly computers),

Table 5.4
Composition of Imports

Category	2020 Value US$ million	2020 Share %	2021 (a) Value US$ million	2021 (a) Share %	Change in Value US$ million	Y-o-Y Change %	Contribution to Change %
Consumer Goods	**3,401.7**	**21.2**	**3,848.7**	**18.6**	**447.0**	**13.1**	**9.8**
Food and Beverages	1,554.4	9.7	1,666.5	8.1	112.1	7.2	2.4
Rice	10.5	0.1	73.0	0.4	62.5	595.3	1.4
Sugar and Confectionery	277.1	1.7	288.8	1.4	11.7	4.2	0.3
Dairy products	333.8	2.1	317.7	1.5	-16.1	-4.8	-0.4
Lentils	96.9	0.6	143.0	0.7	46.1	47.5	1.0
Other	836.0	5.2	843.9	4.1	7.9	0.9	0.2
Non-Food Consumer Goods	1,847.3	11.5	2,182.2	10.6	334.9	18.1	7.3
Medical and Pharmaceuticals	595.5	3.7	882.5	4.3	287.0	48.2	6.3
Telecommunication Devices	268.4	1.7	382.9	1.9	114.5	42.6	2.5
Home Appliances	174.2	1.1	257.1	1.2	82.9	47.6	1.8
Clothing and Accessories	200.7	1.2	221.3	1.1	20.7	10.3	0.5
Other	608.5	3.8	438.4	2.1	-170.0	-27.9	-3.7
Intermediate Goods	**9,076.5**	**56.5**	**12,308.9**	**59.6**	**3,232.4**	**35.6**	**70.5**
Fuel	2,542.6	15.8	3,742.9	18.1	1,200.3	47.2	26.2
Textiles and Textile Articles	2,335.1	14.5	3,066.9	14.9	731.9	31.3	16.0
Chemical Products	831.5	5.2	1,074.4	5.2	242.9	29.2	5.3
Base metals	460.3	2.9	866.4	4.2	406.1	88.2	8.9
Plastics and articles thereof	540.2	3.4	765.7	3.7	225.6	41.8	4.9
Paper and paperboard and articles thereof	383.1	2.4	468.9	2.3	85.8	22.4	1.9
Wheat and maize	384.4	2.4	418.3	2.0	33.8	8.8	0.7
Other Intermediate Goods	1,599.4	10.0	1,905.4	9.2	306.0	19.1	6.7
Investment Goods	**3,563.2**	**22.2**	**4,462.7**	**21.6**	**899.5**	**25.2**	**19.6**
Machinery and Equipment	2,176.1	13.6	2,809.5	13.6	633.4	29.1	13.8
Building Materials	1,035.6	6.5	1,248.9	6.1	213.2	20.6	4.7
Transport Equipment	348.3	2.2	398.5	1.9	50.2	14.4	1.1
Other Investment Goods	3.2	0.02	5.8	0.03	2.6	81.4	0.1
Unclassified Imports	**14.0**	**0.1**	**17.1**	**0.1**	**3.1**	**22.2**	**0.1**
Total Imports (b)(c)	**16,055.4**	**100.0**	**20,637.4**	**100.0**	**4,582.0**	**28.5**	**100.0**
Annual Average Exchange Rate (d)	**185.52**		**198.88**				

(a) Provisional
(b) Excludes re-imports
(c) Adjusted for lags and other factors of recording
(d) Rupee/US dollar exchange rate

Sources: Ceylon Petroleum Corporation
Lanka IOC PLC
Sri Lanka Customs
Central Bank of Sri Lanka

5

Table 5.5
Volume of Major Imports

MT '000

Item	2017	2018	2019	2020	2021 (a)
Refined Petroleum (b)	4,895	4,959	4,740	4,028	4,553
1st Quarter	1,275	1,382	1,199	1,249	1,378
2nd Quarter	1,123	1,207	1,206	678	1,008
3rd Quarter	1,336	1,317	1,211	1,123	865
4th Quarter	1,161	1,054	1,124	978	1,302
Wheat	1,250	1,297	1,159	1,404	1,307
1st Quarter	291	412	164	272	323
2nd Quarter	334	329	318	285	288
3rd Quarter	359	285	292	498	335
4th Quarter	265	271	385	348	360
Crude Oil (b)	1,591	1,674	1,842	1,667	1,182
1st Quarter	282	283	461	464	274
2nd Quarter	376	459	460	265	368
3rd Quarter	464	461	461	568	362
4th Quarter	469	471	460	370	178
Sugar	498	645	556	683	582
1st Quarter	108	205	140	193	293
2nd Quarter	158	166	153	108	140
3rd Quarter	101	119	100	209	14
4th Quarter	132	154	164	172	136
Fertiliser	399	861	707	952	412
1st Quarter	78	256	148	88	114
2nd Quarter	73	154	142	294	182
3rd Quarter	129	225	238	126	17
4th Quarter	119	226	179	444	98
Rice	748	249	24	16	147
1st Quarter	259	203	8	8	3
2nd Quarter	79	37	3	2	4
3rd Quarter	160	2	5	2	3
4th Quarter	250	7	8	4	137

(a) Provisional
(b) Adjusted

Sources: Ceylon Petroleum Corporation
Lanka IOC PLC
Sri Lanka Customs
Central Bank of Sri Lanka

telecommunication devices (mainly transmission apparatus) and medical and laboratory equipment contributed the most to this increase. Imports of building material and transport equipment (including commercial use vehicles) also increased despite the continuation of some import restriction measures throughout 2021. The increase in the building material category was driven by iron and steel imports amidst the lower expenditure on cement, while expenditure on agricultural tractors, lorries and railway equipment led to the increase in transport equipment imports.

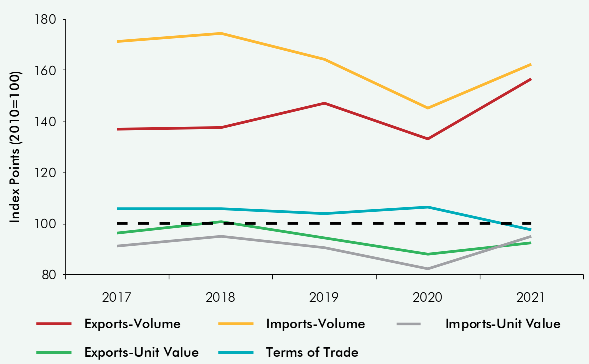
Expenditure on non-food consumer goods increased by 18.1 per cent to US dollars 2,182 million in 2021 compared to US dollars 1,847 million in 2020. The largest contribution to this increase was from medical and pharmaceuticals, particularly the vaccines imported under the COVID-19 vaccination programme. Mobile telephones, rubber tyres and televisions were among the other categories that contributed to the notable increase in the imports of non-food consumer goods. However, with the continuation of restrictions imposed by the Government and the Central Bank since March 2020, the importation of vehicles for personal use was at a very low level during 2021 compared to 2019 and 2020.

Expenditure on food and beverages imports increased by 7.2 per cent in 2021 compared to 2020. Higher imports of coconut oil led the oils and fats category to record the largest increase in the food and beverages category, while the importation of rice, mainly towards the end of the year (about US dollars 63 million during the last two months of 2021), caused the cereals and milling industry products category to record a considerable increase during 2021 compared to 2020. Dhal, sugar and fresh fruits were the other major food items that recorded an increased import expenditure in 2021. However, expenditure related to seafood, beverages and dairy products declined during 2021 driven by low import expenditure on canned fish and sprats, alcoholic beverages and milk powder, respectively. The rise in unit values largely contributed to the significant increase in import expenditure.

Terms of Trade

The terms of trade, which is the ratio of export prices to import prices, deteriorated for Sri Lanka in 2021. The export price index increased by 5.4 per cent to 92.4 index points, while the import price index increased by a higher rate of 15.2 per cent to 94.9 index points. The increases in the price indices of all major categories of exports contributed to the increase in export prices while higher prices of the

Figure 5.6
Terms of Trade and Trade Indices



Source: Central Bank of Sri Lanka

importation of intermediate goods and consumer goods mainly accounted for the increase in the overall import price index. As such, the terms of trade deteriorated by 8.6 per cent to 97.4 index points in 2021 indicating that the amount of imports can be purchased from a unit of exports has declined, as the import price index increased at a higher pace than the export price index.

The expansion in trade volumes contributed significantly to the increase in both export earnings and import expenditure during 2021. The export volume indices for all three main categories of exports improved, while the import volume indices for intermediate and investment goods increased during the year. However, the import volume index for consumer goods marginally decreased in 2021.

Table 5.6
Trade Indices (a)

2010 = 100

Category	Value Index			Volume Index			Unit Value Index		
	2020	2021 (b)	Y-o-Y Change %	2020	2021 (b)	Y-o-Y Change %	2020	2021 (b)	Y-o-Y Change %
EXPORTS									
Agricultural Exports	101.3	118.4	16.8	90.5	101.1	11.7	112.0	117.1	4.6
Tea	86.2	92.0	6.7	80.7	87.2	8.0	106.8	105.5	-1.2
Rubber	17.4	24.3	40.1	29.4	29.3	-0.5	59.1	83.2	40.8
Coconut	208.4	256.7	23.2	168.0	188.1	11.9	124.0	136.5	10.1
Spices	161.0	219.5	36.4	114.5	146.9	28.3	140.6	149.4	6.3
Minor Agricultural Products	188.6	208.3	10.5	173.1	188.4	8.8	108.9	110.6	1.5
Industrial Exports	125.9	159.3	26.5	153.5	183.2	19.3	82.1	86.9	6.0
Textiles and Garments	131.9	162.1	22.9	111.5	140.6	26.1	118.3	115.3	-2.5
Petroleum Products	141.9	192.4	35.6	238.5	282.8	18.6	59.5	68.0	14.3
Rubber Products	141.2	188.7	33.6	100.0	112.6	12.7	141.3	167.6	18.6
Mineral Exports	103.6	183.7	77.3	68.6	111.4	62.6	151.2	164.8	9.1
Total Exports	116.5	145.0	24.4	132.9	156.9	18.0	87.7	92.4	5.4
IMPORTS									
Consumer Goods	137.5	155.5	13.1	128.0	127.8	-0.2	107.4	121.7	13.3
Food and Beverages	117.5	126.0	7.2	127.4	125.5	-1.5	92.2	100.4	8.8
Non-Food Consumer Goods	160.4	189.5	18.1	128.7	130.4	1.3	124.7	145.3	16.6
Intermediate Goods	112.8	152.9	35.6	140.2	152.0	8.5	80.5	100.6	25.0
Fuel	83.6	123.1	47.2	133.1	134.2	0.8	62.8	91.7	46.1
Fertiliser	107.8	65.9	-38.9	160.2	74.5	-53.5	67.3	88.4	31.4
Chemical Products	159.9	206.6	29.2	157.9	177.3	12.2	101.3	116.6	15.1
Wheat and Maize	144.8	157.6	8.8	138.9	134.2	-3.3	104.3	117.4	12.6
Textiles and Textile Articles	129.1	169.5	31.3	126.8	153.9	21.4	101.8	110.2	8.2
Plastics and Articles thereof	127.7	181.0	41.8	148.9	169.5	13.8	85.8	106.8	24.6
Diamonds, Precious Stones and Metals	31.0	38.0	22.5	36.5	41.9	14.7	85.1	90.9	6.8
Investment Goods	129.3	162.0	25.2	183.4	230.6	25.7	70.5	70.3	-0.4
Building Materials	126.0	152.0	20.6	147.7	154.5	4.7	85.4	98.3	15.2
Transport Equipment	58.8	67.3	14.4	50.4	46.7	-7.5	116.6	144.1	23.6
Machinery and Equipment	162.7	210.1	29.1	264.5	359.0	35.7	61.5	58.5	-4.9
Other Investment Goods	96.2	174.5	81.4	112.9	142.6	26.4	85.2	122.3	43.5
Total Imports	119.7	153.9	28.5	145.5	162.2	11.5	82.3	94.9	15.2
Terms of Trade							106.5	97.4	-8.6

(a) In terms of US dollars
(b) Provisional

Source: Central Bank of Sri Lanka

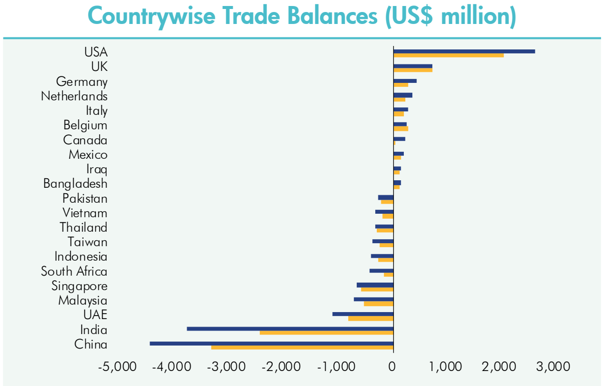
5

Direction of Trade

Sri Lanka continued to have similar major trading partners in 2021 compared to the previous year. In value terms, India regained its position as the main trading partner of Sri Lanka in 2021, followed by China and the USA, all of which together contributed to around 42 per cent of total trade (both exports and imports) of Sri Lanka. Total trade with India and China exceeded US dollars 5 billion each, while trade with the USA exceeded US dollars 3.5 billion. The UAE, the UK and Germany were the other major trading partners, accounting for more than US dollars 1 billion each in 2021. As per the country wise trade balances in 2021, notable trade surpluses were recorded with Western countries such as the USA, the UK, Germany, Netherlands, Italy and Belgium, while significant trade deficits were recorded with Asian countries such as China, India, the UAE, Malaysia, and Singapore.

The USA and European countries remained the major destinations for Sri Lankan exports in 2021. The USA continued to be the single largest buyer of Sri Lankan exports with more than US dollars 3 billion worth of exports, which accounted for 24.9 per cent of total exports, followed by the UK (7.5 per cent), India (6.6 per cent), Germany (6.1 per cent) and Italy (4.6 per cent). In line with increased exports, earnings from most destinations, including the top ten export destinations of Sri Lanka, increased during 2021. Garments, rubber products, machinery and mechanical appliances, and food, beverages and tobacco were major products exported to the USA. The USA continued to be the single largest garment export destination for Sri Lanka with a share of 42 per cent of total garment exports in 2021. Exports to the UK were denominated by garments, rubber products, made up textile articles, food, beverages and tobacco, machinery and mechanical appliance and seafood. Exports to India included spices, animal fodder, textiles, food, beverages and tobacco, wood and paper products and minor agricultural products. The EU as a region accounted for about 24 per cent of total exports in 2021, including about 30 per cent of total garment exports. Rubber products, food, beverages and tobacco, tea, seafood, machinery and mechanical appliances and coconut kernel products were among the other major items exported to the EU. In 2021, the Middle East and the Commonwealth of Independent States (CIS) led by Russia were the main export destinations for tea, jointly contributing to about 58 per cent of tea exports by Sri Lanka.

Figure 5.7
Countrywise Trade Balances (US$ million)



Source: Central Bank of Sri Lanka

Asian countries continued to be the major source of Sri Lankan imports in 2021. China continued to be the largest source of imports for the third consecutive year, recording more than US dollars 4.7 billion of imports in 2021, with a share of about 23 per cent of total imports. Import expenditure from China increased by 33 per cent, mainly due to higher imports of machinery and equipment, textiles and textile articles, building material, and medical and pharmaceuticals. India and the UAE followed suit as the second and the third largest import sourcing countries in 2021, accounting for shares of about 22.4 per cent and

Figure 5.8
Exports by Destination

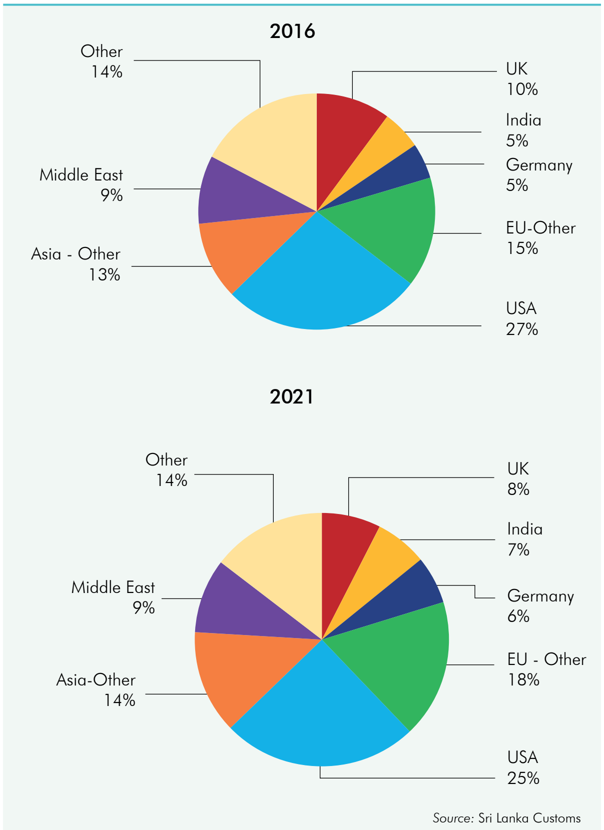
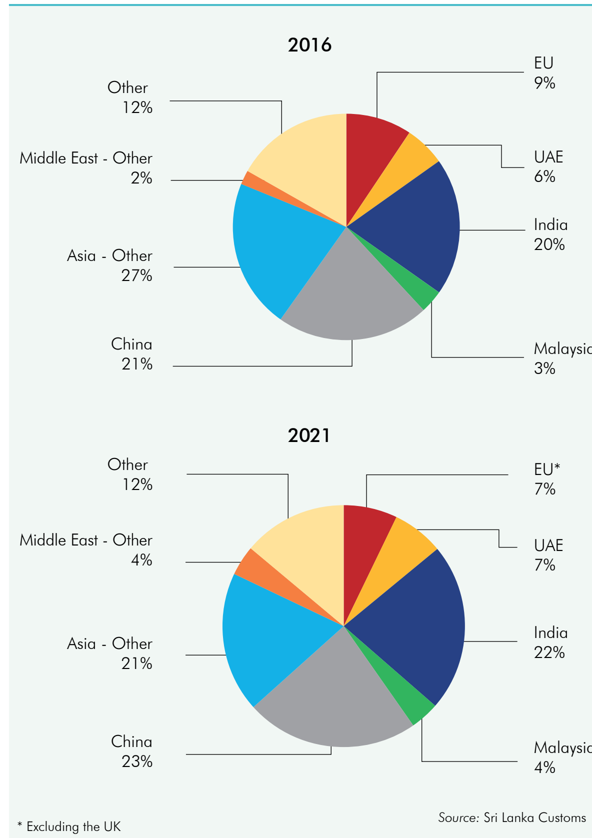


Figure 5.9
Imports by Origin



6.8 per cent, respectively. Expenditure on import items from India increased by 50 per cent, due to petroleum products, textiles and textile articles, base metals, and wheat. Major imports from the UAE were petroleum products, base metals and building materials, which contributed to around 86 per cent of total imports from the UAE. As an import source, Malaysia gained the fourth position in 2021 due to increases in major import items such as petroleum products, food preparations, machinery and equipment, chemical products, and oils and fats. The major imports from Singapore in 2021 consisted of petroleum products, chemical products and machinery and equipment. As an import source, Japan was positioned at the tenth position in 2021 compared to the sixth position in 2020, mainly due to restrictions on vehicle imports during the year.

External Trade Policies, Developments and Institutional Support

The revival of the merchandise trade sector in 2021 was supported by the policy support and the efforts of all the stakeholders of the sector amidst the devastating impact of the pandemic. The policy stimuli from the Government and the Central Bank, together with improving global economic conditions helped the export sector rebound beyond pre-pandemic levels. The Government's efforts to support domestic producers by developing import substitutes to several agricultural and industrial products while conducting aggressive export promotion and maintaining low taxes continued throughout the year. At the beginning of 2021, the Presidential Task Force on Economic Revival and Poverty

Alleviation focused its attention on encouraging export earnings and other non-debt inflows of foreign exchange through combined efforts with relevant stakeholders to align their activities in a streamlined and targeted manner. Accordingly, several subcommittees coordinated by the Central Bank were initiated for each major sector such as merchandise trade (textiles and garments, gem and jewellery, rubber products, tea, coconut products, fisheries, spices and minor agricultural export crops), tourism earnings, workers' remittances and foreign investments. These subcommittees attempted to achieve assigned targets while engaging with relevant stakeholders to overcome immediate issues and bottlenecks that hinder the progress of each sector. At the same time, the Ministry of Trade initiated formulating a National Trade Policy to strengthen policy guidance on trade. Meanwhile, the World Trade Organization (WTO) estimates that the growth of world merchandise trade volume rebounded by 9.8 per cent in 2021 (from a contraction of 5.0 per cent in 2020) moderating to 3.0 per cent in 2022 while authorities would need to focus on securing the export share in international markets through appropriate policies and support.

Several import restrictive measures were relaxed during 2021. Import controls adopted by the Government during the first half of 2020 due to external sector pressures were gradually lifted during 2021. A series of Extraordinary Gazettes were issued in this regard by the Department of Imports and Exports Control setting out directions on import controls during 2020 and 2021, under the guidance of the Tariff Determination Committee appointed by His Excellency the President. These restrictions were imposed temporarily, in order to preserve foreign exchange, primarily on selected non-essential and non-urgent import items with a minimum expected impact on domestic industries and consumers. However, since June 2021, these import restrictions were significantly reduced, although the Central Bank imposed a 100 per cent cash margin deposit requirement against the importation of selected non-essential/non-urgent goods made under letters of credit and documents against acceptance terms with Licensed Commercial Banks and National Savings Bank for a brief period during September 2021. In addition, the importation of inorganic fertiliser was restricted in May 2021 in line with the Government's policy move to transit to organic agriculture. However, these measures were also relaxed by November 2021. Considering the continuous pressure on the external sector, the Government imposed several restrictions on selected non-urgent and non-essential consumer items during March 2022 such as import licenses requirements, while increasing import duties.

Several measures were undertaken to improve the institutional support to the external sector during 2021 aiming to support the recovery of the sector from the impact of the pandemic. The Export Development Board (EDB) continued with the implementation of the National Export Strategy (NES) 2018-2022, while recommencing the promotional activities. The NES Action Plan was continuously implemented in the areas of market development, product and supply chain development and capacity building. While continuing web based promotional activities, the EDB recommenced participation in physical trade fairs, business-to-business promotion programmes, and brand promotion campaigns, which were mostly limited to the virtual mode during 2020. Trade chambers also contributed towards export promotion, helping to link-up the public and private sector stakeholders in policymaking and grievance handling. The Sri Lanka Standards Institution (SLSI) continued the process of formulation and upgrading of national standards, which helped local manufacturers compete with foreign products. Accordingly, to improve national standards to be in line with international standards, the SLSI revised 128 standards out of 327 published standards by end 2021. Amidst the challenging market environment, the Sri Lanka Export Credit Insurance Corporation (SLECIC) reported about Rs.48.7 billion worth of insured businesses recording an increase of Rs.11.6 billion over the previous year. The modernisation programme for Sri Lanka Customs (SLC) continued under ten subcommittees that analysed operational and management processes and provided recommendations on required reforms. Meanwhile, a Presidential Commission of Inquiry was appointed in February 2021 to investigate and report on matters related to the SLC with a view to improving processes and preventing revenue leakages. The SLC streamlined its activities further, in relation to the implementation of the Trade Facilitation Agreement (TFA) of the WTO.

Sri Lanka's exports under trade agreements improved in 2021 in line with the increase in overall earnings from exports. During the period under review, trade with the main trading partners, namely, the EU and the USA under Generalized System of Preferences (GSP) schemes, paved the way for increased market opportunities. Sri Lanka is expected to benefit from the current EU GSP+ scheme until its validity period ends in 2023 as established following Sri Lanka's reclassification as a lower middle income country in July 2020.

Table 5.7
Exports under Preferential Trade Agreements of Sri Lanka

Preferential Agreement	2020 Value (US$ million)	2021 (a) Value (US$ million)	2021 (a) Growth (%)	2021 (a) Share (%)	Major Export Products (Ordered by size of export)
Generalised System of Preferences (GSP)	3,671.8	4,312.7	17.5	80.8	Garments, Rubber products, Tea, Food beverages & tobacco, Seafood, Machinery and mechanical appliances
o/w EU (including GSP+) (b)	1,907.0	2,402.1	26.0	45.0	Garments, Rubber products, Tea, Food beverages & tobacco, Seafood, Machinery and mechanical appliances
UK	690.9	680.7	-1.5	12.8	Garments, Rubber products, Machinery and mechanical appliances, Food beverages & tobacco, Seafood, Transport equipment
USA (c)	585.7	677.8	15.7	12.7	Garments, Rubber products, Food beverages & tobacco, Chemical products, Spices
Russian Federation (d)	142.2	132.9	-6.5	2.5	Tea, Rubber products, Coconut non-kernel products, Garments, Chemical products
Australia	79.2	103.5	30.7	1.9	Garments, Rubber products, Food beverages & tobacco, Tea, Coconut kernel products
Canada	61.0	87.9	44.0	1.6	Rubber products, Garments, Coconut kernel products, Food beverages & tobacco, Seafood
Japan	71.0	87.6	23.4	1.6	Tea, Chemical products, Coconut non-kernel products, Food beverages & tobacco, Seafood
Turkey	80.3	74.1	-7.7	1.4	Tea, Rubber products, Chemical products, Garments, Coconut non-kernel products
Other GSP	54.6	66.1	21.1	1.2	
Indo-Sri Lanka Free Trade Agreement (ISFTA) Implemented in 2000	358.4	525.8	46.7	9.9	Animal fodder, Food beverages & tobacco, Spices, Minor agricultural exports, Wood and paper products
Asia-Pacific Trade Agreement (APTA) Implemented in 1975 (e)	204.7	238.6	16.6	4.5	Garments, Tea, Coconut non-kernel products, Chemical products, Rubber products
Global System of Trade Preferences (GSTP) Implemented in 1989	89.5	91.8	2.5	1.7	Spices, Base metals and articles, Coconut kernel / non-kernel products, Animal fodder, Rubber products
Pakistan-Sri Lanka Free Trade Agreement (PSFTA) Implemented in 2005	53.0	62.3	17.6	1.2	Minor agricultural exports, Coconut kernel / non-kernel products, Natural rubber, Machinery and mechanical appliances
South Asian Free Trade Area (SAFTA) Implemented in 2006	42.2	101.6	140.6	1.9	Spices, Coconut kernel / non-kernel products, Base metals and articles, Textiles, Tea
SAARC Preferential Trading Arrangement (SAPTA) Implemented in 1995	0.8	1.4	83.6	0.03	Rubber products, Chemical products, Tea, Food beverages & tobacco, Textiles
Total Exports under Preferential Agreements	**4,420.4**	**5,334.3**	**20.7**	**100.0**	
As a Share of Sri Lanka's Total Exports	**44.0**	**42.7**			

(a) Provisional
(b) The EU-GSP provides preferential access for 66 per cent of the tariff lines on imported goods to the EU, while the EU-GSP+ provides zero duty access to the same tariff lines on imported goods to the EU. Excludes the UK.
(c) Shows GSP eligible exports since the US-GSP expired on 31.12.2020 and it is expected to re-authorised with retroactive basis.
(d) Includes Russia, Belarus and Kazakhstan
(e) Earlier known as the Bangkok Agreement (1975)

Sources: Department of Commerce
Sri Lanka Customs

The US GSP scheme expired on 31 December 2020 and is expected to be reauthorised on a retroactive basis as per the general practice of the US Government. The UK's Global Tariffs (UKGT), which is a different tariff system from that of the EU, came into effect on 01 January 2021 and Sri Lanka as an EU GSP+ beneficiary, continued to enjoy the same duty free access to the UK. However, the UK is expected to implement a new GSP scheme from 2022 onwards and the Department of Commerce of Sri Lanka has provided the required inputs to the relevant authorities in the UK. The GSP scheme offered by Japan, which expired on 31 March 2021, was extended for a period of 10 years until 2031. In addition, Sri Lanka continued to benefit from GSP schemes offered by several other countries, such as the Russian Federation, Turkey, Australia, Canada, Switzerland, Norway and New Zealand, although their contribution to exports remained relatively low. Under bilateral Free Trade Agreements (FTAs), the Indo-Sri Lanka Free Trade Agreement (ISFTA) and the Pakistan Sri Lanka Free Trade Agreement (PSFTA) continued to benefit Sri Lanka, contributing to an increase in exports under FTAs in 2021. Exports through FTAs with India and Pakistan remained high around 65 per cent of total exports to these countries in 2021. Meanwhile, the share of imports under the ISFTA and the PSFTA was below 5 per cent (US dollars 209 million) and 3 per cent (US dollars 12 million), respectively, of total imports from India and Pakistan. Under regional trade agreements, exports under the Asia Pacific Trade Agreement (APTA) (due to higher exports to China, South Korea and Bangladesh) and Global System of Trade Preferences (GSTP) (due to higher cinnamon exports to Mexico) improved during 2021. Mongolia joined as the seventh member of the APTA in September 2020, and other Participating States, including Sri Lanka, exchanged tariff concessions reciprocally with Mongolia with effect from 01 January 2021. Exports under the SAARC Preferential Trading Arrangement (SAPTA) continued to remain at low levels while exports under the South Asian Free Trade Area (SAFTA) improved during 2021. Sri Lanka's multilateral trade engagement with the WTO continued in 2021. Work is underway to negotiate and enter into preferential trade agreements with trade partners with future potential, such as China, Japan, Indonesia and Bangladesh, and the review process of the Singapore-Sri Lanka FTA continued during 2021. Meanwhile, Sri Lanka could also seek the possibility of joining other regional trade agreements such as the Regional Comprehensive Economic Partnership (RCEP) to expand and diversify the export market.

5.2.2 Services Account

The surplus in the services account recorded a notable increase in 2021 compared to the previous year, but remained lower than the pre-pandemic and pre-Easter Sunday attacks levels. This was mainly due to the healthy growth in earnings from computer services, gradual improvement in earnings from tourism and improvements in freight related to sea and air transport services. As a result, the surplus in the services account amounted to US dollars 1.6 billion in 2021 compared to US dollars 0.8 billion in 2020.

Travel and Tourism

The tourism industry, which was severely affected by the COVID-19 pandemic, witnessed a steady recovery in the latter part of 2021 aided by effective measures taken by relevant authorities along with the improved global perception of Sri Lanka as a safe travel destination. Since the reopening to foreign travellers in January 2021, Sri Lanka saw a steady increase in international travellers, despite intermittent lockdowns. This enabled the tourism sector to implement and improve its health and safety protocols, which have proven to be effective. Following the temporary restrictions in April 2021, due to the emergence of the third wave of the pandemic, Sri Lanka was reopened in June 2021 for fully vaccinated travellers with quarantine free entry. As a result of these measures along with the successful domestic vaccination rollout, international tourist arrivals started to pick up steadily from September 2021 to peak in December 2021 with 89,506 arrivals. In support of the recovery of the tourism sector, authorities implemented several measures such as revising codes of conduct, which specified health and safety regulations for all tourist enterprises and tourist services and upgrading the health and safety guidelines. The tourism sector was also provided with extended moratorium on its debt payable to the financial sector until such time they are able to recover from the set-backs they experienced since 2019. Tourist arrivals declined by 61.7 per cent to 194,495 in 2021 compared to 507,704 in 2020, of which 507,311 arrivals were recorded during the first three months of 2020. The steady increase in tourist arrivals continued

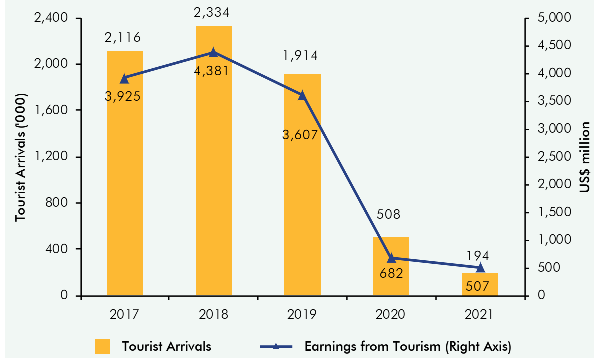
Table 5.8
Performance of Tourism Sector

	2017	2018	2019	2020	2021(a)	Y-o-Y (%) 2021
Tourist Arrivals (No.)	2,116,407	2,333,796	1,913,702	507,704	194,495	-61.7
Arrivals by Purpose of Visit						
Pleasure	1,744,149	1,979,819	1,592,212	444,328	157,766	-64.5
Business	70,683	71,255	70,068	13,946	3,956	-71.6
Other	301,575	282,722	251,422	49,430	32,773	-33.7
Tourist Guest Nights ('000)	23,068	25,205	19,902	4,315	2,937	-31.9
Room Occupancy Rate (%)	73.3	72.8	57.1	15.0	18.6	24.3
Gross Tourist Receipts (Rs. million)	598,143	711,961	646,362	124,189	101,903	-17.9
Per Capita Tourist Receipts (Rs.)	282,622	305,066	337,755	244,609	523,936	114.2
Total Employment (No.) (b)	359,215	388,487	402,607	347,751	357,927	2.9
Direct Employment	156,369	169,003	173,592	175,990	177,476	0.8
Indirect Employment	202,846	219,484	229,015	171,761	180,451	5.1

(a) Provisional
(b) Estimates

Sources: Sri Lanka Tourism Development Authority
Central Bank of Sri Lanka

Figure 5.10
Tourist Arrivals and Earnings from Tourism



Source: Sri Lanka Tourism Development Authority

during early 2022 despite the disruptions to global tourism caused by geo-political tensions.

Europe was the dominant region for tourist arrivals, while India continued to be the dominant single country for tourist arrivals. About 93,496 arrivals were recorded from Europe, accounting for 48 per cent of total tourist arrivals. The Asia Pacific region recorded the second highest arrivals in 2021 with 83,926 tourists, accounting for 43.2 per cent of total tourist arrivals, despite the very low number of travellers from China. In terms of tourist arrivals by individual countries, India maintained its lead with 56,268 arrivals during 2021 followed by Russia, the UK, Germany, and Pakistan. In late August 2021, Sri Lanka resumed its tourism campaign in India, opening its borders to fully vaccinated travellers. Russia surpassed the UK as the second largest tourist destination in 2021 due to tourism promotion programmes carried out targeting charter flights from Russia, suggesting that enhanced connectivity through regular routes and seasonal charter flight operations could be promoted as a means to attract tourists from both traditional and non-traditional markets. In 2021, the top five tourist source destinations accounted for 56.4 per cent of total tourist arrivals in Sri Lanka.

While there was an increase in both average spending per tourist and the duration of stay, earnings from tourism was moderate in 2021 compared to the previous year as a result of reduced tourist arrivals. As per the revised estimates on tourist spending and duration of stay for 2021 by the Sri Lanka Tourism Development Authority (SLTDA), the average spending per tourist in 2021 rose to US dollars 172.6 per day from US dollars 158.1 per day in 2020. Further, the average duration of stay by a tourist was estimated to be at 15.1 days in 2021, in comparison to 8.5 days in 2020, reflecting the impact of quarantine due to COVID-19 restrictions. Earnings from tourism decreased by 25.7 per cent to US dollars 507 million in 2021, in comparison to US dollars 682 million in 2020. Meanwhile, limited outflows related to travel were also recorded in 2021 compared to 2020.

Investment in the tourism sector expanded further in 2021, indicating the continuous confidence of investors in Sri Lanka's tourism potential. The Investor Relations Unit (IRU) of the SLTDA received 45 new investment projects related to the tourism sector amounting to US dollars 134 million in 2021, with a collective capacity of 1,328 rooms. Meanwhile, IRU granted approvals for 30 tourism related projects during 2021 amounting to US dollars 104 million, with a collective capacity of 922 rooms. In addition, 87 hotel projects with 6,265 rooms are currently under construction at various levels. Accordingly, graded establishments amounting to 480 with a total capacity of 25,958 rooms and supplementary establishments, including boutique villas, bungalows, guest houses, heritage bungalows, heritage homes, home stay units, rented apartments and rented homes amounting to 3,177 with a total capacity of 21,379 rooms were in operation in 2021.

The Government and the private sector jointly implemented several policy initiatives and various promotional programmes to attract tourists in 2021. The debt moratoria in relation to the tourism sector granted by Licensed Banks, Licensed Finance Companies and Specialised Leasing Companies at the request of the Central Bank in response to the COVID-19 pandemic, was in place until 31 March 2021, and further extended until 01 October 2021. However, in view of the lasting adverse effects of the pandemic on the industry, the Central Bank extended the debt moratoria again for another nine months ending in July 2022. In line with this extension, moratoria on lease rentals of business and private sector vehicles providing passenger transport services to the tourism sector were also extended. Furthermore, the Saubagya COVID-19 Renaissance Facility implemented by the Central Bank to provide loans at concessionary interest rates to individuals and businesses in the tourism sector, was extended several times, until 30 June 2022 on a case by case basis. In addition, several measures were taken by the tourism authorities to reduce the burden faced by stakeholders of the industry, such as extending the validity period of licenses of all tourism establishments registered with the SLTDA and extending the validity of tourist guide licenses until 31 December 2021. The SLTDA, in collaboration with the Sri Lanka Institute of Tourism and Hotel Management (SLITHM) introduced an e-learning platform for continuous professional development to all registered guides to improve their knowledge and skills. Further, the SLTDA launched a membership drive to encourage informal sector tourism operators to register with the SLTDA. All informal tourism businesses, including tourist hotels, guest houses, homestays, bungalows, travel agencies, tourist-friendly eating places, restaurants, and spa and wellness centres are allowed to register through a provisional registration

BOX 5

The Role of Tourism during Post-Pandemic Recovery in Sri Lanka

Introduction

Tourism is defined as "a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes" by the United Nations World Tourism Organisation (UNWTO). International Tourism (hereinafter referred to as "Tourism") is basically exportation of services. Tourism earnings and expenditure are recorded as "Travel" under "Services" in the Goods and Services Account of the Balance of Payment (Balance of Payment and International Investment Position Manual - BPM 6 of the International Monetary Fund). Tourism remains an important source of net foreign currency earnings for a country, as the foreign currency outflows on account of inputs are minimal. In addition to earning foreign currency, the tourism industry also contributes to economic growth, employment, and reduction in regional income disparity. Sri Lanka's strategic location, attractive natural endowments, cultural diversity, and rich history, together with the peaceful, clean, safe and foreigner-friendly environment, provide the basis for this industry to flourish. Therefore, development of the tourism industry will be a key economic priority, particularly in the post-pandemic economic recovery period, to mitigate external sector imbalances in the country.

Significance of Earnings from Tourism for the Economy at Present

Tourism remained the third largest source of foreign currency earnings between 2014 and 2019 and contributed to about 14 per cent of total foreign currency earnings during this period. Although export earnings, which is the largest source of foreign currency earnings, grew from US dollars 8,626 million in 2010 to US dollars 12,499 million in 2021, generation of earnings through such exports needed a considerable amount of import expenditure on account of inputs. However, tourism as a single industry has been able to generate substantial earnings with a relatively low reliance on imports of inputs. For instance, in the peak year of tourism in Sri Lanka, i.e., 2018, earnings from tourism, estimated at US dollars 4,381 million, outnumbered net export earnings of the apparel industry, that is, export earnings net of import expenditure on textiles (US dollars 2,459 million), and export earnings by other key industries such as tea (US dollars 1,428 million) and rubber products (US dollars 875 million). Meanwhile, workers' remittances, which have been the second largest source of foreign currency earnings, brought an average of US dollars 7,023 million per annum between 2014 and 2019 despite falling to US dollars 5,491 million in 2021. Therefore, tourism is an important source of foreign currency earnings to Sri Lanka and has a key role to play in maintaining the country's resilience to external sector pressures.

Potential of the Tourism Industry

The global tourism industry recorded a steady growth in the recent decades despite setbacks suffered from time to time due to occurrences such as the global financial crisis and outbreaks of epidemics. Tourist arrivals reached 1,468 million by 2019 according to UNWTO. Sri Lanka too saw a continuous increase in tourism arrivals in the past until 2018, with a substantial increase from 2010 when the civil war ended. In fact, in 2018, Sri Lanka was named the top destination for the year 2019 by the acclaimed tourism information provider "Lonely Planet." However, unfortunately, tourism arrivals in 2019 saw a set back because of the terrorist attacks on Easter Sunday in April 2019, though global tourist arrivals reached the record highest in that year. Despite this setback, tourist arrivals and earnings showed a recovery by end of 2019 and early 2020, before starting to decline again because of the COVID-19 pandemic. Meanwhile the global tourism industry is expected to record a slow recovery in the forthcoming years. According to a survey conducted by UNWTO in January 2022 among its panel of tourism experts, 63 per cent of respondents expected that international tourist arrivals in their countries will not recover to the 2019 level until 2024, while 79 per cent of the respondents believed that arrivals in the Asia Pacific region will not recover to 2019 levels until 2024. However, UNWTO, World Travel and Tourism Council (WTTC) and market analysts have shown that there is substantial pent-up savings and a yearning to travel among potential travellers, while tourism characteristics have fundamentally changed because of the pandemic. Therefore, there is a potential for Sri Lanka to attract a substantial number of tourists and/or generate substantial foreign currency earnings from tourism even in 2022 and 2023, if appropriate strategies are implemented efficiently and effectively.

Pandemic and Tourism Response in the Era of "New Normal"

Recognising the importance of supporting the tourism industry, the Government and the Central Bank provided a multitude of relief measures during the COVID-19 pandemic, such as debt moratoria, concessionary loan schemes, waivers on fees, relief on electricity bills, one-off grants and tax relief measures. Meanwhile, rules were issued by the Monetary Board of the Central Bank of Sri Lanka in January 2022 requiring hotel service providers to accept payments from non-residents only in foreign currency, which will ensure the inflow of foreign currency to the country on account of tourism. This also allows the tourism sector to strengthen its earnings in foreign currency without major capital investments, as the sector has made heavy investments in local and foreign currency. Meanwhile, some small-scale hotels kept afloat by renting hotels as quarantine centres when the industry as a whole suffered a significant setback due to the COVID-19 pandemic.

WTTC has highlighted several new features of the "new normal" or the current trends in global tourism, which should be adapted to (Trending in Travel – Emerging Consumer Trends in Travel & Tourism in 2021 and beyond, November 2021). For example, travellers are skeptic of booking well in advance owing to the sudden changes in restrictions imposed by countries and risks from testing positive for COVID-19. Further, travellers prefer accommodation and transport options that allow sudden cancellations without a penalty. Secondly, due to the normalisation of remote working through the pandemic, concepts such as "digital nomads" and "staycations" have become popular, and travellers seek long duration visa, long duration discounts at places of accommodation, fast internet, and other work-related facilities. International tourism organisations further note that the length of stay and spending on a trip increased in 2021. Thirdly, the profile of travellers has changed with more younger travellers (in their 20s to 40s) opting to travel, rather than older persons or families with small children due to health concerns. Therefore, the tourism industry and the country as a whole should be able to accommodate the needs and preferences of such tourists. This age group values adventure and individualism and they use mobile phones and digital services to plan and book their trips and rely on social media, blogs and online reviews of other travellers. Fourthly, appreciation of the value of mental health and personal wellness has increased notably in the recent past and consumer interest in achieving these needs through travelling has also increased. There is also an interest for "philantourism" where tourists can get involved in philanthropical activities and "ecotourism" to gain knowledge about ecological centres around the world. Fifth, the tendency to go on secondary trips, exploring lesser-known attractions near places of main tourism interests and rural tourism has also increased.

Sri Lankan Tourism: The Way Forward

The Ministry of Tourism and institutions under its purview together with the private sector keep strategising and implementing a plethora of measures to develop tourism infrastructure in the country and promote Sri Lanka in target markets. The tourism strategic action plan 2022-2025 developed by the Sri Lanka Tourism Development Authority (SLTDA) provides effective guidance for implementation of actions to upgrade the sector and resolve issues. A comprehensive tourism policy has also been drafted by the Ministry of Tourism and the Cabinet approval is awaited. However, there are certain aspects that require emphasis in policy development and implementation of strategies:

(i) Exploring new drivers of tourism

Sri Lanka has the potential to expand and enhance services in new areas of tourism such as wellness tourism, educational tourism and philanthropical tourism. In the sphere of wellness tourism, opportunities targeted at providing facilities to improve physical and mental well-being, such as peaceful and relaxing stays, retreats, meditation, yoga and Ayurvedic treatments could be expanded. Under educational tourism, short-term or long-term educational programmes in the areas such as English and South Asian culture and civilisation can be offered at existing or new educational institutions. It is common for East Asians to undertake English Language programmes abroad after graduating from school and such programmes can be offered in Sri Lanka. Exchange programmes and home-stay programmes for foreign students can be encouraged as well. Philanthropical tourism can provide opportunities for foreigners to engage in philanthropical activities such as charity work and agricultural work in the country.

(ii) Greater importance of preserving and protecting the natural environment and pollution reduction.

There is a strong and growing interest towards conservation of nature and eco-friendliness among world travellers as given in various UNWTO and WTTC publications as well as communications from the Sri Lankan hotel sector. Sri Lankan authorities have a greater role in ensuring that construction of places of tourist accommodation does not destroy nature or scenic views for others (such as hotels at the edge of beaches) and does not result in encroachment of forests and other protected areas hidden from the public eye. Further, noise pollution near attractions and places of accommodation should be managed. Supervising practices that tourism service providers are engaged in are environmentally friendly (for example, whale watching tours disturbing whales) is also important. Also, the recently enacted Animal Welfare Act should be made of use to reduce the negative publicity that was created due to the treatment of elephants and wild animals, leopards in particular.

(iii) Focus on the individual tourist's journey

SLTDA conducts a survey among departing tourists mostly on a yearly basis. In the 2018-2019 survey report, it is stated that only 17 per cent of tourists used package-tours showing that tourists plan their own trips to a great extent. Further, 60 per cent of surveyed tourists had obtained travel information from friends and relatives and 30 per cent from online sources, highlighting the importance of personal recommendations and personal online reviews. These findings underscore the importance of satisfying each individual tourist and the impact individuals can make on publicity. Further, the general satisfaction level is moderate, since only 60 per cent of the tourists stated that their stay was "excellent" and only 36 per cent of the tourists stated that they want to visit Sri Lanka again. Even the seemingly minute inconveniences to tourists can destroy their entire experience and ignite negative publicity affecting the whole tourism industry.

(iv) Greater use of digital technology

There is scope to enhance the use of digital technologies to improve tourist experience and transition from high-density to socially-distanced tourism. Although some steps have been taken in this direction such as the SLTDA website and the tourism mobile app (being developed), enhanced measures to use digital technology are necessary, expeditiously. UNWTO and the Asian Development Bank (ADB) in "COVID-19 and the future of tourism in the Asia and Pacific" (March 2022) also point out the expanding role of digital technology in tourism.

In Sri Lanka, tourism is concentrated in the Western, Southern, and Central Provinces and the Sigiriya region. Crowding in National Parks have gathered considerable negative publicity lately. Meanwhile, even the ancient cities of Anuradhapura and Polonnaruwa do not attract a significant number of tourists (Table 86 of the Statistical Appendix). Other areas of the country provide ideal locations to conduct wellness, rural, philanthropical, adventure tourism etc. and tourists should be directed to attractions in these areas. Meanwhile, tourists are compelled to go through inconveniences such as buying tickets at individual tourism sites and not having updated information online about events (such as "Peraharas" and festivals, even the small-scale ones), public transport, security services, dress code at religious sites, prohibited items in national parks, etc. Therefore, incorporation of such information and the facility to purchase customised ticket bundles as per individual preference to the mobile app being developed or to a website dedicated to tourists will be highly beneficial. Digital technologies can also be used to provide touchless service delivery methods, QR Code based contactless payment options and to store and share health and safety information.

(v) Improving information to exploit the potential of tourism for better policy making

Appropriate policy decision making rests on a sound information network. Given the intense competition among countries to attract tourists and the evolving nature of tourist characteristics, use of a strong information network for policy decisions is pivotal. The "Tourism Satellite Accounting" initiative that the Department of Census and Statistics is implementing with the support of UNWTO will enable better estimation of the economic contribution of tourism to National Accounts. Hence, its implementation needs to be fast tracked. In addition, high frequency data on a multitude of other aspects is necessary, such as characteristics of persons arriving under tourist visas, how much they are spending and for what and where, satisfaction level, employment in tourism, number and types of direct and indirect tourism service providers and various spatial information. The need for national tourism authorities to enhance their market research capabilities to improve the customer journey, trigger innovation and offer insights to the private sector has been highlighted in multi-country studies conducted during the pandemic by the International Monetary Fund as well. (Tourism in the Post-Pandemic World: Economic Challenges and Opportunities for Asia-Pacific and the Western Hemisphere, International Monetary Fund, 2021).

(vi) Improving risk management capabilities of the tourism sector

Since tourism is inherently an industry that is highly susceptible to geo-political events and is seasonal, the sector should enhance its own risk management capabilities rather than relying solely on concessions such as debt moratoria and fiscal handouts. Debt moratoria reduce incomes of banks, affect their liquidity, and increase risks. An adverse outcome on the banking sector can have ripple effects on the entire economy.

(vii) Reducing informal sub-sector within the sector

The tourism sector in Sri Lanka is characterised by a large number of Micro, Small and Medium scale enterprises (MSMEs), carrying out their businesses informally. However, encouraging such enterprises to register with authorities will help to ensure that strategies the Government is implementing are streamlined and relief measures, if needed, are provided equitably to all participants. Also, high informality in an industry constrains information collection for policy decision-making purposes, delivery of Government services and regulation for quality standards. Registration of businesses will improve access to finance and tax collection as well.

(viii) Encourage diversity among tourists

Facilities should be aimed at satisfying diverse types of travellers in terms of their interest, country of origin and spending capacity, rather than targeting high net worth individuals only. This will help to reduce reliance on travellers with specific characteristics or from a single country/region. In fact, all types of travellers contribute towards positive marketing of Sri Lanka. Catering to tourists of different spending capacities will enable local entities with different investment capabilities to function in the industry as well.

(ix) Reducing over-reliance on tourism

The International Monetary Fund (IMF), in "Tourism in the Post-Pandemic World - Economic Challenges and Opportunities for Asia-Pacific and the Western Hemisphere" (2021), notes that countries that are dependent on tourism are in fact small in size, have inadequate foreign exchange revenue and buffers, limited fiscal space and other macroeconomic vulnerabilities. Incidentally, over-reliance on tourism is a feature of countries that have been less successful in other exports and are suffering from such features. Such tourism-dependent countries have a relatively low level of export complexity that affects their options for new product development. Development of new products requires the expansion of the productive knowledge and capacities. Tourism is not an industry that enhances the technological capacity of a country and is highly vulnerable to external shocks. In the aforementioned publication, the IMF shows the prudence of tourism-dependent countries (which includes Sri Lanka) to nurture other goods and services export sectors using new digital economy tools or focus on overall export development. As suggested in this report, in the medium-term, Sri Lanka should re-think its tourism model and undertake necessary structural reforms.

Conclusion

It is expected that the tourism sector will provide an impetus for post-pandemic recovery of the Sri Lankan economy despite the impact of geo-political tensions and the challenging domestic socio-political environment. Concerted efforts by the Government and the private sector to create, and not just adapt to, a new normal would be necessary. In this endeavour, travel advisories issued by some governments based on the recent economic situation of Sri Lanka have to be countered by Sri Lankan authorities through better engagement. The recovery in the industry will depend on how well it will cater to the needs of the modern traveller, preparedness to possible supply and energy shortages, and sound management of finances in post-moratorium stages. From a marketing perspective, there is further potential for attracting tourists for diversified interests such as meditation and younger groups for medical and historical research. Both SLTDA and private tour operators need to encourage these specific groups of tourists to visit Sri Lanka offering attractive packages compared to peers in the region. With the waning of the pandemic, it is expected that the tourism sector could play a significant role in the economic revival of Sri Lanka.

References

1. Asian Development Bank and United Nations World Tourism Organisation. (2022). *COVID-19 and the future of tourism in the Asia and Pacific*. Manila, Philippines and Madrid, Spain: Author.
2. Goretti, M. M., Leigh, M. L. Y., Babii, A., Cevik, M. S., Kaendera, S., Muir, M. D. V., ... & Salinas, M. G. (2021). *Tourism in the post-pandemic world: economic challenges and opportunities for Asia-pacific and the western hemisphere*. International Monetary Fund.
3. International Monetary Fund. (2009). *Balance of Payments and International Investment Position Manual - BPM 6 (6th Edition)*. Washington D. C., USA: International Monetary Fund.
4. Sri Lanka Tourism Development Authority. (…..). *Survey of Departing Tourists from Sri Lanka 2018-2019*. Colombo, Sri Lanka: Sri Lanka Tourism Development Authority.
5. United Nations World Tourism Organisation. (2022). *World Tourism Barometer January 2022*. Madrid, Spain: United Nations World Tourism Organisation.
6. World Travel and Tourism Organisation. (2021). *Trending in Travel – Emerging Consumer Trends in Travel & Tourism in 2021 and Beyond*. London, United Kingdom: World Travel and Tourism Organisation.

process. Meanwhile, several strategic efforts were taken to promote the country to attract a worldwide audience, focusing on novel areas. In this regard, the Sri Lanka Tourism Promotion Bureau (SLTPB) launched a five-year global communication campaign in March 2021 and initiated the promotion of film tourism for Indian cinema in October 2021. Moreover, the World Expo 2020, which was held from 1 October 2021 until 31 March 2022 in Dubai, provided an opportunity for Sri Lanka to promote trade, investment, and tourism. In 2021, several new themes were added to Sri Lanka tourism for the first time, such as the digital nomads initiative and the digital program 'Go on a Couch Safari' that livestreamed wildlife in Sri Lanka to enhance online engagement. Aggressive tourism promotions led Sri Lanka to achieve several accolades from world renowned tourism organisations as one of the best destinations to travel during 2021 by Condé Nast, Travel and Leisure magazine, CNN travel, etc. and it ranked as a top destination for wellness tourism and ranked second in Women Solo Travel Index.

Transport, Telecommunications, Computer and Information Services and Other Services

The IT/BPO sector performed well during 2021 surpassing the US dollar 1 billion mark. Freight transport services recorded a positive growth in 2021 after significant disruptions to sea freight transport services in 2020 due to the pandemic. Although ship traffic to the country's ports declined marginally in 2021, there was a notable increase in total container handling including domestic container handling, transshipments and restowing operations. Total cargo handled in terms of cargo loaded and cargo discharged also increased during the year. This was coupled with higher global cargo handling rates, resulting in higher freight related charges for both imports and exports of the country. Meanwhile, there was a notable reduction in earnings from air passenger services due to the decline in tourist arrivals with the pandemic. Passenger services outflows also reduced as a result of constrained travel opportunities for Sri Lankans to travel in non-resident airlines owing to the pandemic. Other services subsectors, including financial services, construction services, government services and other business services recorded modest net outflows in 2021. Accordingly, the surplus in the services account increased to US dollars 1.6 billion in 2021, compared to US dollars 0.8 billion in 2020. However, the surplus levels in the services account in 2020 and 2021 were significantly low compared to pre-Easter Sunday attacks level, mainly due to lower earnings from tourism.

5.2.3 Primary Income

The primary income account deficit recorded a contraction in 2021, as a result of the reduced interest payments on foreign loans, coupon payments on account of investments in government securities and dividend payments of DIEs, despite an increase in reinvested earnings of DIEs. Interest payments on foreign loans of the Government, private sector and the state owned business enterprises (SOBEs) declined during the year, while interest payments by deposit taking corporations to non-residents recorded a modest increase during the year. A decline in interest payments of foreign loans of the Government was observed, with the Government gradually moving to low cost concessional funding, while some short term commercial loans were gradually being paid off. Further, there was a significant decline in coupon payments of international sovereign bonds (ISBs) to non-residents due to the change in a part of the ownership of ISBs from non-residents to residents as well as due to the maturity of ISBs in 2020 and 2021, with no new issuances. However, an increase in reinvested earnings was observed in 2021 compared to 2020. Meanwhile, inflows to the primary income account declined, primarily due to the decrease in investment income on account of international reserves in 2021. With these developments, the deficit in the primary income account is estimated to be US dollars 2.0 billion in 2021, compared to US dollars 2.2 billion in 2020.

5

5.2.4 Secondary Income

The secondary income account weakened as a result of the moderation in workers' remittances in 2021. Workers' remittances, which recorded a healthy growth in the first five months of 2021 recorded a gradual decline from June 2021 onwards. This resulted in a decline of workers' remittances of 22.7 per cent in 2021 compared to a growth of 5.8 per cent recorded in 2020. The decline could primarily be attributed to the reduction in remittances received through official channels due to the notable difference in the exchange rate which prevailed in the grey market compared to the official rate. With these developments, net inflows to the secondary income account decreased to US dollars 5.2 billion in 2021 compared to US dollars 6.2 billion in 2020. A notable recovery in remittances is expected in 2022 with the sharp depreciation in the exchange rate since March 2022, together with the increasing number of migrant workers leaving for foreign employment. In order to facilitate workers' remittances through the banking sector, the Central Bank established a new department named the 'Foreign Remittances Facilitation Department' while also introducing a number of incentive schemes for workers remitting money through the banking sector. Further, a mobile application to facilitate the convenient transfer of remittances named 'Lanka Remit' was launched by LankaClear with the participation of most Licensed Commercial Banks (LCBs). A temporary monetary incentive above the official exchange rate was provided for remittances converted into rupees while several other incentive schemes are in the pipeline to be introduced to promote workers' remittances focusing on improved welfare of migrant workers and their families.

5.3 Capital Account Balance

Net inflows to the capital account remained broadly unchanged in 2021. Capital transfers to the Government reduced, while those to the private sector recorded an increase in 2021, compared to the previous year. Consequently, the capital account recorded a surplus of US dollars 25 million in 2021 compared to a surplus of US dollars 28 million recorded in 2020.

BOX 6

The Impact of Informal Money Transfers on Financial Markets and the Economy

Introduction

Efficient and safe movement of funds within a country and across the borders is an important component of the financial system of a country. This is more important for cross border transfers where foreign exchange is involved. Usually, a vast majority of these transactions occur through formal channels. However, in any economy, in varying sizes, there exist informal money transfer channels mainly for cross border transactions. The extent of informal channels and the use of formal channels by money remitters depends on the characteristics of a particular economy and financial market and the legitimacy of such transactions. Formal channels consist of the services provided by licensed and regulated entities such as financial institutions. Informal channels consist of participants of the unregulated markets such as Hawala, Hundi or Undiyal (in South Asia), Fei Qian or Chit (in South East Asia) and Black-market Peso (in European countries) service providers who have not been licensed to perform money remittance services in several countries. However, at present, certain countries with informal money transfer channels such as Germany, United Kingdom and United States of America pursue regulatory approaches in registration and licensing such service providers along with imposing anti-money laundering requirements. Hawala channels have been continuously used in moving the value of money from one place to another, without the physical movement of funds, since ancient times, when there were no formal banking channels. However, such informal channels still exist today, even though banking transactions have been made ultra-easy, as convenient as effecting by using a mobile app. These informal remitting services are used for legitimate as well as illegitimate purposes by various individuals, groups and entities. Such services are heavily exploited for criminal activities, even including laundering of money and financing of terrorism. For instance, Hawala channels were used to finance the activities that led to the deadly terrorist attack on the US World Trade Centre in 2001. Some favourable characteristics such as low cost of transactions, easy access, less paperwork, and quick transfers make these channels popular among remitters. However, being an informal business with the involvement of possible criminal activities, the possibility of losing money makes them a risky channel. Most importantly, these channels are highly vulnerable to misuse by money launderers and terrorist financiers. These types of informal and illegitimate payment channels could be detrimental to the smooth functioning of financial systems and economic activity of a country, as they move economic resources from the formal sector to the informal sector of an economy. This article intends to shed light on the adverse impacts of informal money remittance channels on financial systems and the economy of a country. Since all these informal remittance channels have more or less the same characteristics, the article will focus on the mainly used channel in Sri Lanka, namely Hawala, and refer to it as Hawala channels or informal channels alternatively.

Introduction to Hawala Transactions

These remitting channels work as network arrangements and can be sometimes found within a particular community in the society. In these arrangements, the value transfers are facilitated by agents belonging to these networks who are located all over the world. In the Hawala channels, the Hawala agents or dealers (also known as Hawala Dars) live in different countries and settlements of transactions occur completely based on trust. An agent in one country collects money from people who need to send money to another country and the agent in that particular country settles those amounts to the intended recipients in the currency they desire. Accordingly, there is no physical cash movement across the borders, no financial institutions are involved in cross border transactions, and no transactions are properly recorded under these channels. However, financial institutions may be involved in the event domestic fund transfers are required.

Users of Hawala Channels

Hawala is used for both legitimate as well as illegitimate purposes by different economic agents. These include, a) foreign workers remitting money for families in their native countries, b) traders paying funds for goods imported and receiving funds for goods exported, c) parents transferring funds for their children's foreign education, d) people who live in areas with less developed banking channels that provide remittance services, e) migrants without proper visa remitting funds and, f) illegitimate users such as money launderers and terrorist financiers.

Main Features of Hawala Channels

Hawala and informal channels have special features, which make these remitting channels attractive for users. Some of those features are as follows. ***Accessibility***: informal channels have subtly penetrated every corner of the world and made their way into most economic activities including remote areas where formal banking facilities are limited or not available. ***Affordability***: charges associated with fund remittances through formal banking channels are expensive when compared to the commissions involved in Hawala. Also, usually, the exchange rate offered by Hawala agents is more attractive than that of authorised dealers in foreign exchange. ***Speed:*** there are no cross border movements of currency in these informal channels and the amount equivalent to the foreign currency value is locally settled either by depositing funds to an account of the recipient or by settling in cash. In some instances, the recipients receive the money within a couple of hours and some have the option to receive money to their doorstep upon revealing the password to the respective Hawala agent. **Convenience:** these informal arrangements are convenient from the remitter's perspective as in countries where there are many expatriate Sri Lankan workers, such as Kuwait, South Korea and the Maldives, these agents possess mechanisms to collect salaries from the workers at the work premises itself, for the purpose of sending it to their families. ***Possible anonymity:*** this is the most appealing feature of Hawala. No paper or documentary proof is required for these arrangements. Hence, it is an indirect invitation for people who need to maintain secrecy in their transactions. Further, the legitimacy of the source of funds is not questioned by service providers since these agents are not subject to any regulatory supervision. In general, the more exchange and monetary restrictions and controls, the higher would be Hawala and Undial activities as customers in the formal sector also tend to patronize these services.

Money Laundering and Terrorist Financing Through Hawala Channels

Informal money remitting channels provide a convenient platform for illegal money transfers through money laundering and terrorist financing activities. *Money laundering* is simply the conversion of money generated from illicit crimes into legally accepted money. The process of money laundering involves the following three steps. The first step is the *placement* where proceeds of the illicit crime are placed in the financial channel, i.e., in bank accounts. The second step is *layering*, which involves a series of transactions involved to conceal the origin of the proceeds of the illicit crime. The final step is *integration* where proceeds of the illicit crime are absorbed into the economy. *Terrorist financing* is the act of funding terrorist activities and/or organisations. The source of financing terrorism can be legal or illegal. Continuous inflows to backup terrorist activities are a must to continue the agendas of terrorist groups. Hence, different avenues are misused by terrorists for their funding needs.

There are several ways in which Hawala channels support money laundering and terrorist financing. The absence of a regulatory framework to control and identify any drawbacks and negative consequences of these channels is one of the key factors making them vulnerable to money laundering and terrorist financing. The absence of proper record retention procedures by these agents is another supportive factor. Compared to the banking sector, the lack of attention to the source and use of funds during these transactions also encourage money launderers and terrorist financiers. The difficulty to initiate legal proceedings is another notable feature.

Risks of Using Informal Channels

Many innocent people get caught in law enforcement investigations as a result of their choice to use Hawala channels to transfer funds arising from otherwise lawful and legitimate transactions. Hawala does not often utilise any sort of negotiable instrument or wire transfer. Instead, transfers of money take place based on communications between members of Hawala dealers. Hence, there is no way to prove the transaction and there is a high possibility of losing all the hard earned money that needs to be transferred. Sometimes Hawala dealers are directly or indirectly involved in criminal activities such as fraud and drug trafficking to balance books. Hence, there is a high possibility of law enforcement agencies investigating Hawala dealers. In such an instance, people who innocently or unknowingly use Hawala channels may also be inquired by authorities.

Impact of Hawala on Financial Markets, the Economy and the Country

Informal cross border transactions could have negative impacts on financial markets, the economy and the national security of a country. Following are some of the main areas that could have an impact by having sizeable informal cross border channels:

Lower Tax Income

Hawala channels allow individuals or entities to transfer money through informal channels, thus facilitating tax evasion. The government incurs losses from direct taxes in the form of income, taxes as well as indirect taxes related to such transactions. Since the transactions carried out through Hawala channels are not being recorded, and due to the unavailability of such information to the local tax authorities, the income of the parties involved in the transactions along with the income of Hawala agents are excluded from the tax income of a country. Further, indirect taxes relating to transactions carried out through formal systems, such as registration fees and other service taxes are avoided, thereby negatively affecting government income. Hawala transactions are also used by importers and exporters of a country for the purpose of avoiding taxation on goods. For example, an importer could request the overseas exporter to underquote the invoices thereby reducing the tax to be paid to the government by the importer. The difference between the actual cost and the invoiced cost could then be settled through Hawala channels, which would be unnoticed by the tax authorities.

Impact on Balance of Payments (BOP) and Foreign Reserves of a Country

Workers' remittances have become a significant component in foreign inflows and the balance of payments in emerging economies like Sri Lanka. When workers remit foreign earnings through informal channels such as Hawala, such earnings are not reflected in the calculation of BOP. This is relevant to several other components reported in BOP, such as merchandise trade. Accordingly, BOP statistics will not reflect the true position of the external sector of a country. Further, since foreign reserves of a country are accumulated through the transfer of funds via formal channels, Hawala transfers will not help in building up foreign reserves of a country, in fact, it could deplete reserves due to the possible switch between formal and informal channels.

Impact on Money Supply

The direct effect on broad money of an economy is almost zero for Hawala transactions as there is no physical movement of cash. However, the composition of broad money of the recipient country can be affected by Hawala transactions due to the cash centric nature

5

of the transactions as there could be a decline in bank deposit accounts (savings and time deposits) in favor of cash transactions. The negative impact of Hawala channels on the banking sector and the development of a cash economy which could create instability of demand for money would limit financial intermediation and affect monetary transmission mechanisms causing inefficiency in monetary policy.

Impact on Financial Intermediation

The leakage of money from the banking system could constrain the availability of banking resources. It could also cause an increase in market interest rates when banks attempt to attract deposits by offering higher interest rates. Further, the essential functions of financial intermediation are threatened by alternative informal money transfer channels. Banks may also lose their market share due to an increase in the Hawala network.

Impact on National Security

The existence of informal channels is a challenge for national security agencies since several large terrorist attacks in the world have been partially funded by such channels. Hawala is a form of underground banking method, which is considered a threat to the effectiveness of the fight against terrorist financing since certain sources of terrorist financing are channeled through informal mechanisms. Accordingly, every effort should be made to stop expanding these channels and to stop terrorists using Hawala channels.

Sri Lanka and Hawala Channels

The Growth of Informal Money Transfer Channels

It has been observed that workers' remittances in Sri Lanka fell notably in 2021 mainly due to fewer worker departures for foreign countries during the pandemic and the expansion of Hawala channels due to large exchange rate differentials between the formal market and the grey market. Migrant workers have been incentivised to switch to Hawala channels by the premium paid on the foreign exchange conversion rate by Hawala agents. The drastic drop in workers' remittances in 2021 negatively affected the BOP position in Sri Lanka. It has been reported that Sri Lankan importers too use Hawala channels to pay their import bills because of the shortage of foreign currency supply in formal channels arising from exchange rate differentials even though the use of Hawala channels to obtain foreign currency is expensive. Overall, the popularity of Hawala channels in recent times has deprived the country from receiving crucial flows of foreign currency through formal channels, thus dampening the supply of foreign exchange, and shrinking foreign currency reserves creating BOP concerns. Thus, the expansion of Hawala channels poses a significant threat to the BOP position in Sri Lanka. However, if formal channels can continuously maintain a competitive exchange rate based on market demand and supply, the demand for informal remittance channels is expected to be contained, as the exchange rate differential is expected to reduce substantially.

Recent Actions Taken against the Hawala Channels

Efforts to contain the expansion of Hawala channels in the island were strengthened in 2021, in view of the severe threats they pose to the economy, as discussed earlier. Public awareness sessions, including newspaper advertisements and articles, to increase the level of understanding of the public on the risk of Hawala type transactions, were conducted. Funds of accounts involved in such transactions were seized until investigations into their possible connections with unlawful activities are concluded. Further, financial incentives such as offering extra rupees to encourage foreign workers to remit their earnings through formal channels such as banks and other financial institutions were introduced. Moreover, other incentives such as retirement benefits and loan facilities for foreign remitters were also proposed with a view to promoting formal remittance channels and discouraging the use of informal channels.

Way Forward

The existence of Hawala channels poses a great risk to the global economy and the threat of vast expansion of these channels has been addressed by different countries by employing varied tactics. In India, Hawala transactions are restricted by prohibiting the making of any payment to any person outside India without conditional approval from the Reserve Bank of India (RBI). In addition, the RBI has implemented actions to enhance the quality of formal financial services such as establishing branches of commercial banks in rural areas to access the formal financial sector and permitted the non-bank financial sector to access Money Transfer Service Schemes to contain the impact of Hawala channels. Subsequently, the Indian Government enacted The *Financial Exchange Management Act* in the 1970s. Pakistan took steps towards the transformation of money changers to foreign exchange companies in which they were given a two year period to register and comply. The publication made by the Financial Action Task Force titled *The Role of Hawala and other Similar Service Providers in ML/TF* in 2013, clearly explains strategies to identify unregulated Hawala and other similar service providers and possible avenues to create incentives to formalise their business. At present, authorities plan to pursue steps to implement an appropriate legal framework to monitor and legalise Hawala channels in Sri Lanka.

References

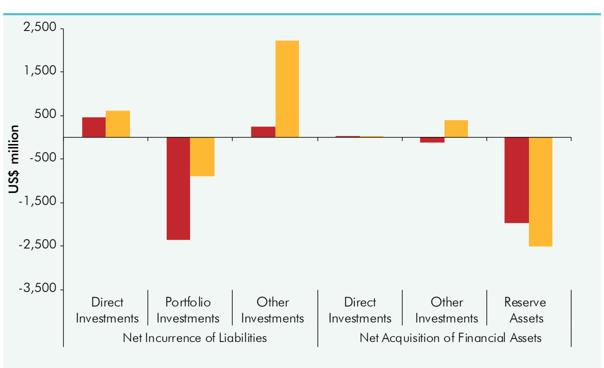
1. Chene, M., 2008. Hawala Remittance System and Money Laundering, U4 Help Desk, Transparency International. [online] U4.no. Available at: <https://www.u4.no/ publications/hawala-remittance-system-and-money-laundering.pdf> [Accessed 18 March 2022].
2. Qorchi, M., Maimbo, S. and Wilson, J., 2003. Informal Funds Transfer Systems An Analysis of the Informal Hawala System. [online] Available at: <https://www.imf.org/external/pubs/nft/op/222/index.htm> [Accessed 18 March 2022].
3. Mumin, D., 2014. The Implications of Hawala Remittance System to The Somali Businesses: A Case Study of Eastleigh, Nairobi. [online] Erepo.usiu.ac.ke. Available at: <http://erepo.usiu.ac.ke/bitstream/handle/11732/48/Deeqo.pdf?isAllowed=y&sequence=1> [Accessed 18 March 2022].
4. Passas, N., 2003. Informal Value Transfer Systems, Terrorism and Money Laundering A Report To The National Institute Of Justice. [online] Ojp.gov. Available at: <https://www.ojp.gov/pdffiles1/nij/grants/208301.pdf> [Accessed 18 March 2022].
5. El Qorchi, M., Maimbo, S. and Wilson, J., 2003. Informal Funds Transfer Systems: An Analysis of the Informal Hawala System. Occasional Papers, [online] Available at: <https://doi.org/10.5089/9781589062269.084> [Accessed 7 April 2022].

5

5.4 Financial Account

In the financial account of the BOP, the net incurrence of liabilities increased while the net acquisition of assets recorded a significant reduction during 2021. The net incurrence of liabilities recorded an increase of US dollars 1.9 billion in 2021 compared to a reduction of US dollars 1.7 billion in 2020. Reflecting the continued uncertainty driven by the COVID-19 pandemic as well as domestic circumstances, FDIs including foreign loans to DIEs remained modest in 2021, similar to the previous year. As a result, FDIs, including foreign loans to DIEs, amounted to US dollars 784 million in 2021, in comparison to US dollars 670 million in 2020. Further, FDIs, excluding foreign loans to DIEs, amounted to US dollars 598 million in 2021, in comparison to US dollars 434 million recorded in 2020. On a sector wise basis, major FDIs were received by projects related to telecommunications, property development, textiles and hotels sectors, while such FDIs were primarily received by already established DIEs. Despite the moderation in FDIs in 2021, going forward, FDIs are anticipated to materialise particularly to the Colombo Port City and the Hambantota port project. Further, efforts are also underway to monetise underutilised assets under the Urban Development Authority, which will also contribute to the FDI flows to the country.

Figure 5.11
Financial Account



Source: Central Bank of Sri Lanka

The main financial inflows to the Government during 2021 included the receipt of two foreign currency term financing facilities from the China Development Bank (CDB) in April and September 2021 totalling around US dollars 810 million. In addition, investments in the form of debt securities,

Table 5.9.A
Financial Account

US$ million

Item	2020 (a)		2021 (b)	
	Net Acquisition of Financial Assets	Net Incurrence of Liabilities	Net Acquisition of Financial Assets	Net Incurrence of Liabilities
Financial Account	-2,113	-1,718	-2,122	1,907
Direct Investment	15	434	17	598
Equity and Investment Fund Shares	10	211	13	317
Equity other than Reinvestment of Earnings	7	20	9	27
Direct Investor in Direct Investment Enterprise	7	20	9	27
Reinvestment of Earnings	3	191	4	290
Debt Instruments	4	223	5	281
Direct Investor in Direct Investment Enterprise	4	223	5	281
Portfolio Investment	-	-2,383	-	-906
Equity and Investment Fund Shares	-	-217	-	-236
Debt Securities	-	-2,166	-	-670
General Government	-	-2,166	-	-670
Short Term (Treasury Bills)	-	-122	-	-2
Long Term	-	-2,044	-	-668
Treasury Bonds	-	-431	-	-25
Sri Lanka Development Bonds	-	22	-	-2
Sovereign Bonds	-	-1,635	-	-640
Issuances	-	-	-	-
Maturities	-	-859	-	-700
Secondary Market Transactions	-	-776	-	60
Financial Derivatives	-	-	-	-
Other Investment	-136	231	387	2,216
Currency and Deposits	64	-15	306	4,016
Central Bank	-	400	-	1,375
Short Term	-	...	-	1
Long Term	-	400	-	1,374
Deposit-taking Corporations	64	-415	306	2,641
Short Term	259	-415	256	2,641
Long Term	-194	-	50	-

Continued on page - 167

Memorandum Items				
Foreign Direct Investment (FDI)				
Equity		20		27
Reinvestment of Earnings		191		290
Intercompany Loans		223		281
Total FDI (1)		434		598
Loans to BOI Companies (2)		236		187
Total FDI, Including Loans to BOI Companies (1 + 2)(c)		670		784
Total Net Inflows to the CSE		-225		-238
Direct Investment		-8		-2
Portfolio Investment		-217		-236
Net Foreign Investments in Rupee Denominated Government Securities (Treasury Bills and Bonds)		-553		-27
Foreign Purchases		120		17
Foreign Sales		673		44

(a) Revised
(b) Provisional
(c) Any difference with the estimates of BOI is due to differences in coverage and compilation methodologies.

Source: Central Bank of Sri Lanka

5

which mainly consist of foreign investments in ISBs and rupee denominated government securities, recorded a net outflow of US dollars 670 million in 2021. This was due to the net impact of the maturity of an ISB of US dollars 1.0 billion in July 2021, of which, US dollars 700 million was owed to non-residents, net sales of foreign investment in the rupee denominated government securities market and net purchases related to Sri Lanka's ISBs made by non-residents from the secondary market during the year. The Central Bank received a quantum of inflows, including the receipt of the SDR allocation from the IMF in August 2021 (around US dollars 787 million), and the proceeds from the bilateral currency swap facility with the Bangladesh Bank in August and September 2021 (US dollars 200 million). Further, the Central Bank entered into a bilateral swap facility equivalent to approximately US dollars 1.5 billion with the PBOC in March 2021, which was activated in December 2021. Further, during the year, the Central Bank settled a swap facility with the RBI amounting to US dollars 400 million that was obtained in 2020. Meanwhile, financial inflows to the private sector remained modest in 2021. As such, portfolio investments in the form of equity, which consist of foreign residents' investments in the Colombo Stock Exchange (CSE), other than direct investment transactions, recorded a net outflow of US dollars 236 million in 2021, compared to a net outflow of US dollars 217 million in 2020. Further, foreign loan inflows to the private sector and SOBEs also recorded a modest net outflow in 2021. Meanwhile, in terms of foreign inflows to the banking sector, currency and deposits recorded a significant net increase, while there was notable net settlements of short term foreign loan liabilities of the banking sector. The net incurrence of liabilities of trade credit and advances declined, primarily due to net settlements of oil bills by the Ceylon Petroleum Corporation as a result of lower demand for fuel during the pandemic periods. Further, other accounts payable, mainly consisting of Asian Clearing Union (ACU) liabilities managed by the Central Bank, recorded a net increase in 2021.

Table 5.9.B
Financial Account

US$ million

Item	2020 (a)		2021 (b)	
	Net Acquisition of Financial Assets	Net Incurrence of Liabilities	Net Acquisition of Financial Assets	Net Incurrence of Liabilities
Other Investment (Continued from page - 166)				
Loans	-	174	-	-1,552
Central Bank	-	-14	-	-57
Credit and Loans with the IMF	-	-14	-	-57
Extended Fund Facility	-	-14	-	-57
Deposit-taking Corporations	-	75	-	-2,152
Short Term	-	403	-	-2,169
Long Term	-	-328	-	17
General Government	-	169	-	664
Long Term	-	169	-	664
Other Sectors (c)	-	-56	-	-7
Long Term	-	-56	-	-7
Trade Credit and Advances	-224	185	257	-428
Deposit-taking Corporations	9	-	-3	-
Short Term	9	-	-3	-
Other Sectors (d)	-233	185	260	-428
Short Term	-233	185	260	-428
Other Accounts Receivable/Payable	24	-114	-176	180
Central Bank	-	-114	-	180
Short Term (e)	-	-114	-	180
Deposit-taking Corporations	24	-	-176	-
Short Term	24	-	-176	-
Special Drawing Rights	-	-	-	787
Reserve Assets	**-1,992**		**-2,526**	
Monetary Gold	-667		-212	
Special Drawing Rights	-5		123	
Reserve Position in the IMF	-		-	
Other Reserve Assets	-1,319		-2,437	
Currency and Deposits	-177		1,536	
Claims on Monetary Authorities	-1,092		1,055	
Claims on Other Entities	914		481	
Securities	-1,143		-3,976	
Debt Securities	-1,143		-3,976	
Long Term	-1,143		-3,976	
Other Claims	1		3	
Financial Account (net)	**-394**		**-4,029**	
Memorandum Items				
Long Term Loans to the Government (net)	169		664	
Inflows (Disbursements)	1,882		2,418	
Project Loans	1,382		1,608	
Foreign Currency Term Financing Facilities	500		810	
Repayments	1,713		1,754	

(a) Revised
(b) Provisional
(c) Includes State Owned Business Enterprises (SOBEs) and private sector companies
(d) Includes trade credits received by the Ceylon Petroleum Corporation (CPC) and other private companies
(e) Net transactions of Asian Clearing Union (ACU) liabilities

Source: Central Bank of Sri Lanka

Net acquisition of financial assets recorded a significant reduction, reflecting the decline in gross official reserves in 2021. Net acquisition of financial assets declined by US dollars 2.1 billion in

2021, mainly due to the reduction in foreign assets of the Central Bank. Gross official reserves declined by US dollars 2.5 billion during the year due to sizeable foreign debt service payments of the Government, honouring of maturing liabilities of the Central Bank as well as the significant supply of foreign exchange by the Central Bank to facilitate imports of essential items including fuel, LP gas, coal, medicine and essential food items, particularly during the latter part of 2021. However, net acquisition of assets in the form of currency and deposits of deposit taking corporations and the net acquisition of assets on trade credit and advances, which represents trade credit and advances given by Sri Lankan exporters to their overseas trading partners, increased during the year while other accounts receivable of LCBs recorded a net decrease during the year.

Table 5.10
Major Projects Financed with Foreign Borrowings during 2021

Lender and Project	Amount Disbursed US$ million
Government Projects - Total	1,608
of which;	
Asian Development Bank	613
of which;	
Integrated Road Investment Programme	221
Secondary Education Sector Improvement Programme	52
Mahaweli Water Security Investment Programme	42
International Development Association	294
of which;	
Climate Resilience Improvement Management	36
Strategic Cities Development Project	28
Government of Japan	135
of which;	
New Bridge Construction Project over the Kelani River	51
National Transmission and Distribution Network Development and Efficiency Improvement Project	34
International Bank for Reconstruction & Development	131
of which;	
COVID-19 Emergency Response & Health Systems Preparedness Project	54
Primary Health Care System Strengthening Project	42
Export-Import Bank of China	126
of which;	
Kandy North Pathadumbara Integrated Water Supply Project	54
Construction of Extension of Southern Expressway	36
Widening and Improvement of Roads and Reconstruction of Bridges in Central and Uva Provinces	34
Export Import Bank of India	81
of which;	
Dollar Credit Line for the Development of Railway Sector	80
Agence Francaise De Development	27
of which;	
Implementation of Ambatale Water Supply Project	10
Asian Infrastructure Investment Bank	22
of which;	
Support to Colombo Urban Regeneration Projects	19
Co-op Centrale Raiffeisen-Boerenleenbank	22
of which;	
Development of General Hospital Kaluthara	13

Source: Ministry of Finance

5

5.5 Overall Balance

The overall balance of the BOP, which represents the change in net international reserves, continued to record a significant deficit in 2021. Gross official reserves declined notably in 2021, due to the continued moderation of inflows to the financial account, substantial external debt service payments and net sales to the domestic foreign exchange market by the Central Bank during the year. Consequently, net international reserves recorded a deficit by end 2021, resulting in the overall balance also recording a deficit of around US dollars 4.0 billion in 2021, compared to a deficit of US dollars 2.3 billion in 2020.

5.6 International Investment Position

In terms of the International Investment Position (IIP), Sri Lanka's external liability position increased, while the external asset position declined by end 2021 from end 2020. Accordingly, the country's external liability position increased to US dollars 64.5 billion at end 2021 from US dollars 58.6 billion at end 2020, while the country's external asset position declined to US dollars 8.8 billion at end 2021 from US dollars 10.9 billion reported at end 2020. Consequently, the net liability position of the IIP increased to US dollars 55.7 billion at end 2021 from US dollars 47.7 billion at end 2020.

Sri Lanka's external asset position with non-residents recorded a significant decline during 2021. The stock position of external assets decreased primarily due to the decline in gross official reserves from US dollars 5.7 billion as at end 2020 to US dollars 3.1 billion at end 2021.[1] Meanwhile, the direct investment asset position that represents direct investments abroad by Sri Lankan residents increased marginally during the year. The asset position of deposit taking corporations in the form of currency and deposits increased, while other accounts receivable recorded a decrease. Meanwhile, the outstanding asset position of trade credit and advances given to non-residents by the private sector increased by end 2021 from the position observed at end 2020.

Sri Lanka's total liability position to non-residents, as reflected in the IIP, also increased significantly by end 2021. This is mainly due to the increase in direct investment liabilities, increase in currency and deposit liabilities of the Central Bank and deposit taking corporations as well as the increase in liabilities resulting from the SDR allocation. The liability position of outstanding direct investments in the form of equity increased by about US dollars 4.0 billion due to substantial valuation gains in a few major equity positions of non-resident companies listed in the CSE. These equity gains were prominent in some companies in particular, as the equity position increased substantially from the beginning of the year, resulting in significant valuation gains for these non-resident investors by the end of 2021. Further, the Central Bank's currency and deposits liability position increased by end 2021, as a combined effect of entering into new bilateral currency swap arrangements with PBOC amounting to CNY 10 billion (equivalent to around US dollars 1.5 billion) and the Bangladesh Bank (US dollars 200 million) and the settlement of the SAARCFINANCE swap facility with the RBI (US dollars 400 million) during the year. Meanwhile, the currency and deposits liability position of the deposit taking corporations also increased by end 2021. Further, the SDR liability position also increased

[1] Section 5.6.1 provides a detailed analysis on the reserve asset position.

Table 5.11
International Investment Position

US$ million
(End period position)

Item	2020 (a)		2021 (b)	
	Assets	Liabilities	Assets	Liabilities
Direct Investment (c)	1,509	13,655	1,522	17,891
Equity and Investment Fund Shares	1,473	8,665	1,482	12,626
Debt Instruments	36	4,990	40	5,264
Portfolio Investment	...	8,579	...	7,508
Equity and Investment Fund Shares		867		1,148
Other Sectors		867		1,148
Debt Securities (d)	...	7,712	...	6,360
Deposit-taking Corporations	...		...	
Short Term	...		...	
General Government		7,616		6,266
Short Term		4		1
Long Term		7,613		6,265
Other Sectors		96		94
Long Term		96		94
Financial Derivatives	-	-	-	-
Other Investment	3,710	36,340	4,096	39,100
Currency and Deposits	835	1,734	1,142	5,749
Central Bank		400		1,775
Short Term		...		1
Long Term		400		1,774
Deposit-taking Corporations	835	1,333	1,142	3,974
Short Term	622	1,333	878	3,974
Long Term	214		264	
Loans		31,353		29,585
Central Bank		1,378		1,265
Credit and Loans with the IMF		1,378		1,265
Deposit-taking Corporations		5,324		3,172
Short Term		4,174		2,005
Long Term		1,150		1,167
General Government		20,570		21,077
Long Term		20,570		21,077
Other Sectors (e)		4,081		4,071
Long Term		4,081		4,071
Trade Credit and Advances	954	2,341	1,211	1,913
Deposit-taking Corporations	101		98	
Short Term	101		98	
Other Sectors (f)	853	2,341	1,113	1,913
Short Term	853	2,341	1,113	1,913
Other Accounts Receivable/Payable	1,920	343	1,744	523
Central Bank (g)		343		523
Short Term		343		523
Deposit-taking Corporations	1,920		1,744	
Short Term	1,920		1,744	
Special Drawing Rights (SDRs)		570		1,330
Reserve Assets	5,664		3,139	
Monetary Gold	409		175	
Special Drawing Rights	3		124	
Reserve Position in the IMF	69		67	
Other Reserve Assets	5,184		2,773	
Currency and Deposits	2,210		2,729	
Claims on Monetary Authorities	861		899	
Claims on Other Entities	1,350		1,830	
Securities	2,974		44	
Debt Securities	2,974		44	
Total Assets / Liabilities	10,883	58,574	8,758	64,498
Net International Investment Position		-47,691		-55,740
Memorandum Items				
IIP- Maturity-wise Breakdown	10,883	58,574	8,758	64,498
Short Term	6,184	9,062	6,804	9,564
Long Term	4,699	49,512	1,954	54,934

(a) Revised
(b) Provisional
(c) Includes direct investment position of BOI, CSE and other private companies
(d) Foreign currency debt issuances are based on market value while domestic currency issuances are based on book value.
(e) Includes loans outstanding position of project loans obtained by SOBEs.
(f) Includes outstanding trade credit position of Ceylon Petroleum Corporation and private sector companies.
(g) Outstanding position of ACU liabilities managed by the Central Bank

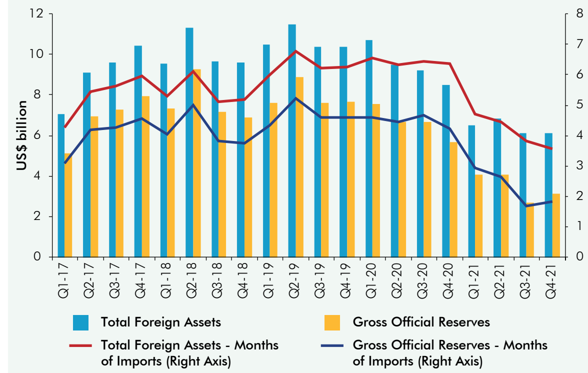
Source: Central Bank of Sri Lanka

by end 2021 with the new allocation of SDR by the IMF of around US dollars 787 million during the year. However, the portfolio investment liability position declined by end 2021 compared to that of end 2020, mainly with the repayment of the maturing ISB during the year and the decline in market prices of outstanding Government ISBs. The foreign loan liability position of the IIP also declined by end 2021, mainly contributed by the reduction in foreign loan liabilities of the Central Bank and deposit taking corporations. Nevertheless, the foreign loan liability position of the Government recorded an increase mainly in view of the two foreign currency term financing facilities obtained during the year. Further, outstanding trade credits received by Sri Lankan importers decreased, while the outstanding position of other accounts payable increased, with an increase in ACU related liabilities of the Central Bank during 2021.

5.6.1 Reserve Asset Position

Gross official reserves (GOR) declined to US dollars 3.1 billion by end 2021 compared to US dollars 5.7 billion recorded at end 2020. The decline in GOR was a combined result of significant foreign currency debt service payments and the Central Bank intervention in the domestic foreign exchange market, in view of moderate foreign exchange inflows during the year. Major inflows that helped replenish GOR during the year included two foreign currency term financing facilities of around US dollars 810 million from the CDB, SDR allocation of approximately US dollars 787 million by the IMF and bilateral currency swap facilities with the PBOC of around US dollars 1.5 billion (CNY 10 billion) and with the Bangladesh Bank of US dollars 200 million. However, the substantial foreign currency debt service payments, including the repayment of maturing ISB (US dollars 1.0 billion), principal and interest payments related to foreign project

Figure 5.12
Quarterly Gross Official Reserves and Total Foreign Assets



Source: Central Bank of Sri Lanka

loans and foreign currency term financing facilities (US dollars 2.2 billion), capital and interest payments for Sri Lanka Development Bonds (SLDBs) and the loans from Offshore Banking Units (OBUs) (US dollars 2.3 billion), and the Central Bank's intervention in the domestic foreign exchange market by way of supplying foreign exchange to finance essential import bills, mainly contributed to the decline in the GOR level during the year. The end year GOR level was equivalent

Table 5.12
Gross Official Reserves, Total Foreign Assets and Overall Balance

US$ million
(End period position)

Item	2017	2018	2019	2020	2021 (a)
1. Government Foreign Assets	488	817	386	155	177
2. Central Bank Foreign Assets	7,470	6,102	7,256	5,510	2,962
3. Gross Official Reserves (1+2)	**7,959**	**6,919**	**7,642**	**5,664**	**3,139**
4. Foreign Assets of Deposit-taking Corporations	2,478	2,664	2,760	2,856	2,983
5. Total Foreign Assets (3+4) (b)	**10,436**	**9,583**	**10,402**	**8,521**	**6,122**
6. Reserve Related Liabilities (c)	1,361	1,425	1,771	2,121	3,562
7. Net International Reserves (NIR) (3-6)	**6,597**	**5,495**	**5,871**	**3,543**	**-423**
8. Overall Balance (d)	**2,068**	**-1,103**	**377**	**-2,328**	**-3,967**
9. Gross Official Reserves in Months of:					
9.1 Import of Goods	4.6	3.7	4.6	4.2	1.8
9.2 Import of Goods and Services	3.8	3.1	3.7	3.7	1.8
10. Total Foreign Assets in Months of:					
10.1 Import of Goods	6.0	5.2	6.3	6.4	3.6
10.2 Import of Goods and Services	4.9	4.3	5.1	5.6	3.4

(a) Provisional
(b) Excludes foreign assets in the form of 'Direct investment abroad' and 'Trade credit and advances granted'
(c) The total outstanding debt of the Central Bank, excluding outstanding Special Drawing Rights (SDRs)
(d) Change in NIR position during the period

Source: Central Bank of Sri Lanka

to 1.8 months of imports (4.2 months of imports in 2020) and 23 per cent of the country's short term debt and liabilities on remaining maturity basis (43 per cent in 2020). Meanwhile, total international reserves, which comprise both GOR and foreign assets of the banking sector, also declined towards end 2021 mainly due to the decline in official reserves, although holdings of foreign assets of deposit taking corporations recorded a moderate increase. Total foreign assets of the country were equivalent to 3.6 months of imports by end 2021 compared to 6.4 months of imports in 2020.

5.7 External Debt and Debt Servicing

5.7.1 External Debt

Sri Lanka's total external debt position increased in 2021, mainly with the increase in the external debt of the Central Bank and deposit taking corporations. The total external debt of the country increased to US dollars 50.7 billion at end 2021 from US dollars 49.0 billion by end 2020. Although the total outstanding foreign loans of the Government recorded an increase during the year, mainly with the receipt of two foreign currency term financing facilities obtained from the CDB, the external debt stock of the Government, valued at the market price, declined from US dollars 28.2 billion at end 2020 to US dollars 27.3 billion at end 2021. This was a result of the combined effect of the decline in market prices of Sri Lanka's outstanding ISBs and the repayment of an ISB that matured in July 2021. A key reason for the reduction of the outstanding government external debt in 2021 was due to lack of new borrowings from international markets, while repayment of some external debt obligations of the Government had to be met by utilising Central Bank's reserves. Meanwhile, the outstanding external debt of the Central Bank increased significantly by end 2021 in comparison

Table 5.13
Outstanding External Debt Position

US$ million
(End period position)

Item	2020(a)	2021(b)
General Government	**28,187**	**27,344**
Short Term	**4**	**1**
Debt Securities	4	1
Treasury Bills (c)	4	1
Long Term	**28,183**	**27,343**
Debt Securities	7,613	6,265
Treasury Bonds (c)	31	8
Sri Lanka Development Bonds (d)	27	24
International Sovereign Bonds (e)	7,555	6,233
Loans	20,570	21,077
Central Bank	**2,690**	**4,892**
Short Term	**343**	**524**
Currency and Deposits	...	1
Other Accounts Payable	343	523
Asian Clearing Union Liabilities	343	523
Long Term	**2,348**	**4,368**
Special Drawing Rights (SDRs) Allocation	570	1,330
Currency and Deposits	400	1,774
Loans	1,378	1,265
Credit and Loans with the IMF	1,378	1,265
Extended Fund Facility	1,378	1,265
Deposit-taking Corporations	**6,657**	**7,146**
Short Term	**5,507**	**5,979**
Currency and Deposits (f)	1,333	3,974
Commercial Banks	1,333	3,974
Loans	4,174	2,005
Commercial Banks	4,174	2,005
Long Term	**1,150**	**1,167**
Loans	1,150	1,167
Commercial Banks	1,109	1,084
Other Deposit-taking Corporations	41	83
Other Sectors (g)	**6,517**	**6,078**
Short Term	**2,341**	**1,913**
Trade Credit and Advances (h)	2,341	1,913
Long Term	**4,176**	**4,165**
Debt Securities (e)	96	94
Loans	4,081	4,071
Private Sector Corporations	2,315	2,425
State Owned Business Enterprises and Public Corporations	1,766	1,646
Direct Investment: Intercompany Lending (i)	**4,990**	**5,264**
Gross External Debt Position	**49,041**	**50,724**
As a Percentage of GDP		
Gross External Debt	60.5	60.0
Short Term Debt	10.1	10.0
Long Term Debt	50.4	50.0
As a Percentage of Gross External Debt		
Short Term Debt	16.7	16.6
Long Term Debt	83.3	83.4
Memorandum Items		
Non-Resident Holdings of Debt Securities - Sectorwise Breakdown at Face Value	**12,058**	**11,400**
General Government	11,883	11,225
Treasury Bills	4	1
Treasury Bonds	33	9
Sri Lanka Development Bonds	27	24
International Sovereign Bonds	11,820	11,191
Other Sectors	175	175
Face Value of Total Outstanding ISBs	**14,050**	**13,050**
Outstanding ISBs Held by Non Residents	11,820	11,191
Outstanding ISBs Held by Residents (excluded from External Debt Statistics from December 2019 onwards)	2,230	1,859

(a) Revised
(b) Provisional
(c) Based on book value
(d) Based on face value
(e) Based on market prices
(f) Includes deposits of non-resident foreign currency holders
(g) Includes private sector and State Owned Business Enterprises
(h) Includes trade credits outstanding of the Ceylon Petroleum Corporation and private sector companies
(i) Includes inter-company borrowings and shareholder advances of BOI registered companies

Source: Central Bank of Sri Lanka

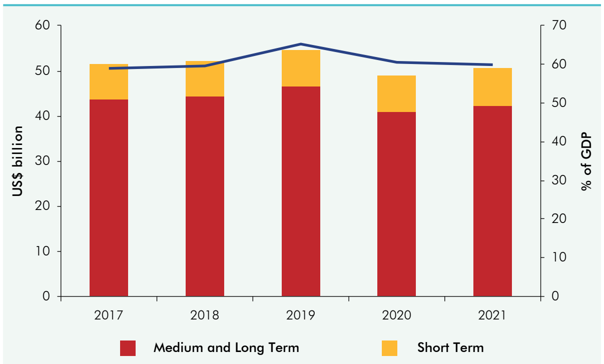
5

to that of end 2020 due to the new bilateral currency swap arrangements with the Bangladesh Bank and the PBOC, although the international swap facility with the RBI obtained in 2020 was repaid during the year. The outstanding external debt of deposit taking corporations also increased owing to the significant increase in currency and deposits although the short term loans position declined markedly. Meanwhile, the outstanding external debt of the private sector corporations and SOBEs declined in 2021 with the reduction in outstanding trade credit received by the private sector and with the repayment of foreign loans of SOBEs, despite the increase in foreign loans obtained by the private sector corporations. Further, intercompany borrowing of DIEs recorded an increase during 2021, as a number of DIEs received intercompany loans and shareholder advances during the year.

The total outstanding external debt of the country as a percentage of GDP recorded a marginal decline during the year. The total outstanding external debt as a percentage of GDP stood at 60.0 per cent at end 2021, compared to 60.5 per cent reported at end 2020, reflecting the increase in nominal GDP during 2021 compared to 2020. The outstanding external debt position of the Government out of the total external debt position, declined to 53.9 per cent by end 2021 from 57.5

5

Figure 5.13
External Debt



Source: Central Bank of Sri Lanka

per cent recorded at end 2020. In terms of the debt maturity profile, debt with long term maturity declined marginally to 50.0 per cent of GDP by end 2021 compared to 50.4 per cent of GDP by end 2020.

5.7.2 Foreign Debt Service Payments

Despite the marginal increase in capital repayments, Sri Lanka's external debt service payments declined in 2021, compared to the previous year due to the reduction in interest payments. Capital repayments on external debt increased to US dollars 3.1 billion in 2021, compared to US dollars 3.0 billion recorded in 2020. Capital repayments in 2021 included the bilateral currency swap facility obtained from the RBI. Further, out of the US dollars 1 billion worth of ISBs that matured during 2021, US dollars 700 million were paid to non-residents upon maturity, while the remaining settlement was received by the residents. Capital repayments of foreign loans of the Government increased marginally during the year. Meanwhile, capital repayments of foreign loans by the private sector, SOBEs and deposit taking corporations declined considerably during the year, compared to the previous year. During the year, the Central Bank continued to repay the loan instalments related to the Extended Fund Facility obtained in 2016 from the IMF as a means of BOP support. Interest payments on external debt declined during the year to US dollars 1.4 billion, compared to US dollars 1.6 billion in 2020. This was mainly due to a decline in coupon payments of ISBs issued to non-residents, interest payments on foreign investments in the rupee denominated government securities market and interest payments on foreign loans of the Government during the year. Due to the combined effect of the increase in earnings from merchandise exports and services and the decline in external debt service payments in 2021

Table 5.14
External Debt Service Payments

US$ million

Item	2020 (a)	2021 (b)
1. Debt Service Payments	4,604	4,498
1.1 Amortisation	3,004	3,111
General Government	2,577	2,460
Project Loans	1,713	1,754
Debt Securities	864	706
Central Bank	14	457
IMF	14	57
International Swaps	-	400
Private Sector and Deposit-taking Corporations	412	193
Foreign Loans	412	193
1.2 Interest Payments	1,601	1,388
General Government	1,405	1,187
Project Loans	497	394
Debt Securities	908	793
Central Bank	19	15
IMF	18	15
International Swaps	2	1
Private Sector and Deposit-taking Corporations	167	175
Foreign Loans	167	175
Intercompany Debt of Direct Investment Enterprises	10	11
2. Earnings from Export of Goods and Services	13,083	14,974
3. Receipts from Export of Goods, Services, Income and Current Transfers	20,398	20,587
4. Debt Service Ratio		
4.1 As a Percentage of 2 above		
Overall Ratio	35.2	30.0
Excluding IMF Transactions	35.0	29.6
4.2 As a Percentage of 3 Above		
Overall Ratio	22.6	21.8
Excluding IMF Transactions	22.4	21.5
5. Government Debt Service Payments		
5.1 Government Debt Service Payments (c)	3,982	3,648
5.2 As a Percentage of 1 Above	86.5	81.1

(a) Revised
(b) Provisional
(c) Excludes transactions with the IMF

Source : Central Bank of Sri Lanka

compared to the previous year, total external debt service payments as a percentage of export of goods and services decreased to 30.0 per cent in 2021 from 35.2 per cent in 2020. The share of the Government's external debt service payments also declined to 81.1 per cent of the total external debt servicing in 2021 from 86.5 per cent in 2020.

5.8 Exchange Rate Movements

The Sri Lanka rupee was maintained broadly at stable levels during 2021 and in early 2022, before being allowed an adjustment in the exchange rate in early March 2022. The rupee exhibited some volatility exerting pressure to depreciate, particularly during the first four months of 2021 due to limited foreign currency liquidity in the domestic foreign exchange market. This was largely due to dried up foreign exchange inflows in the form of both debt and non debt flows amidst continued outflows to meet import bills and the debt servicing requirements of the Government. The Central Bank's intervention in the domestic foreign exchange market and the continued use of moral suasion helped stabilise the external value of the Sri Lanka rupee during the remainder of the year, and the first few months of 2022. Accordingly, with the engagement of the Central Bank, supported by the LCBs, the weighted average spot exchange rate in the interbank market remained broadly stable during the latter part of 2021 at around Rs. 200 - 203 per US dollar. As such, the annual depreciation of the rupee was limited to 7.0 per cent against the US dollar at end 2021, which helped mitigate the adverse consequences of excessive depreciation of the currency at the time the economy was on the verge of recovering from the devastating shock from the pandemic. The pressures observed in the domestic foreign exchange market could also be partly attributable to the inadequate conversion of foreign exchange earnings by foreign exchange earners. With the imposition of regulations on mandatory conversion requirements of export proceeds, the foreign exchange liquidity condition in the domestic market improved to a certain extent. Meanwhile, reflecting cross currency exchange rate movements, the Sri Lanka rupee appreciated against the Japanese yen (3.8 per cent) and the euro (1.1 per cent), and depreciated against the pound sterling (6.0 per cent) and the Indian rupee (5.5 per cent) during 2021. Furthermore, in the first two months of 2022, the Sri Lanka rupee remained broadly stable due to continued moral suasion. However, the pressures witnessed on the exchange rate amidst dried up

Table 5.15
Exchange Rate Movements

Currency	In Rupees per unit of Foreign Currency						Percentage Change over Previous Year (a)			
	End Year Rate			Annual Average Rate			End Year		Annual Average	
	2019	2020	2021	2019	2020	2021	2020	2021	2020	2021
Euro	203.67	229.42	226.86	200.14	212.07	235.10	-11.23	1.13	-5.62	-9.80
Indian Rupee	2.55	2.55	2.69	2.54	2.50	2.69	0.00	-5.45	1.46	-6.95
Japanese Yen	1.67	1.81	1.74	1.64	1.74	1.81	-7.54	3.82	-5.65	-3.96
Pound Sterling	238.46	254.35	270.60	228.20	238.22	273.51	-6.25	-6.00	-4.21	-12.90
US Dollar	181.63	186.41	200.43	178.78	185.52	198.88	-2.56	-7.00	-3.64	-6.72
Special Drawing Rights (SDR)	251.17	268.48	280.53	246.97	258.61	283.18	-6.45	-4.29	-4.50	-8.68
Effective Exchange Rate Indices (b) (c) (2017=100)	End Year Index			Annual Average Index			Percentage Change over Previous Year			
							End Year Index		Annual Average Index	
	2019	2020	2021	2019	2020	2021	2020	2021	2020	2021
NEER 24-currencies	86.74	83.12	79.65	88.17	85.93	78.64	-4.17	-4.18	-2.54	-8.48
REER 24-currencies	90.74	88.37	86.06	90.42	91.52	86.13	-2.61	-2.61	1.22	-5.90

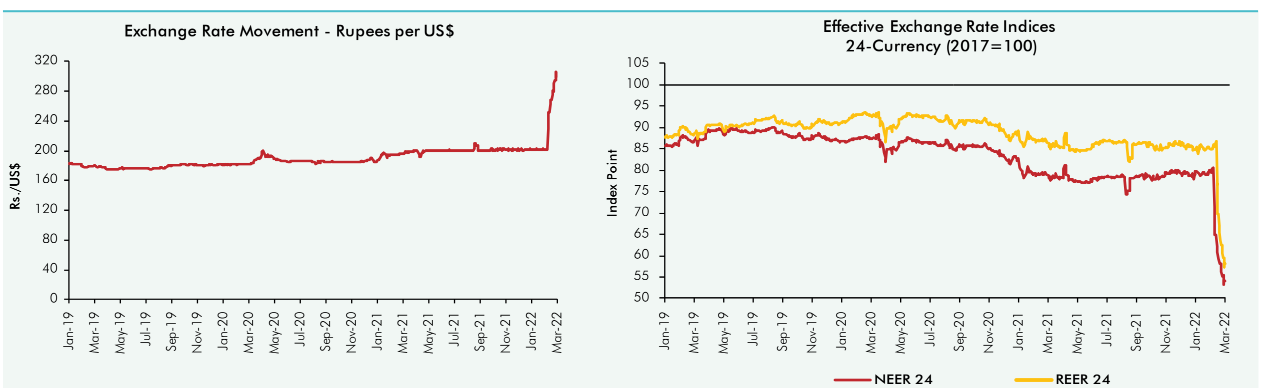
(a) Changes computed on the basis of foreign currency equivalent of Sri Lanka rupees. The sign (-) indicates depreciation of Sri Lanka rupee against each currency.
(b) The Nominal Effective Exchange Rate (NEER) is a weighted average of nominal exchange rates of 24 trading partner and competitor countries. Weights are based on the trade shares reflecting the relative importance of each currency in each of the currency baskets. The Real Effective Exchange Rate (REER) is computed by adjusting the NEER for inflation differentials with respect to each currency in the basket. A minus sign indicates depreciation. CCPI was used for REER computation.
(c) The exchange rate has been defined in terms of indices so that the appreciation/depreciation of the rupee relative to other currencies is directly reflected by a rise/fall in the values of the effective exchange rate indices, respectively.

Source: Central Bank of Sri Lanka

liquidity in the domestic foreign exchange market were amplified in 2021 and early 2022, warranting a measured adjustment that was allowed in the exchange rate in early March 2022. However, the outcome of the exchange rate flexibility that was thereafter allowed also in early March 2022, fell short of expectation due to large overshooting by market forces. Accordingly, the Sri Lanka rupee depreciated by 33.0 per cent against the US dollar by end March 2022. Such developments, along with the removal of other related regulatory restrictions and newly imposed import restrictions were expected to encourage more inflows of foreign exchange to the domestic foreign exchange market, particularly due to the net gain for exporters and remitters while discouraging non urgent imports and other outflows. Reflecting cross currency exchange rate movements, the Sri Lanka rupee depreciated against the euro (32.1 per cent), the Indian rupee (31.7 per cent), the pound sterling (31.1 per cent), and the Japanese yen (28.9 per cent) by end March 2022.

Other major currencies depreciated against the US dollar in 2021 in line with the broad-based strengthening of the US dollar due to multiple

Figure 5.14
Exchange Rate Movements



Source: Central Bank of Sri Lanka

factors including elevated upside volatility in energy prices, equity underperformance, policy rate hikes by the US Federal Reserve and liquidity concerns continuing to push investors seeking US dollar as a safe haven currency. Accordingly, by end 2021, the Japanese yen (10.4 per cent), the euro (8.0 per cent), the Indian rupee (1.6 per cent), and the pound sterling (1.1 per cent) depreciated against the US dollar. With the combined effect of the depreciation of the rupee against most major currencies, the Sri Lanka rupee depreciated against the SDR by 4.3 per cent and 32.1 per cent during 2021 and during 2022 until end March, respectively.

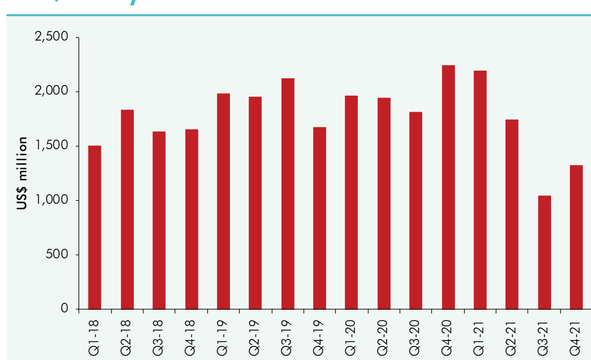
5.8.1 Nominal and Real Effective Exchange Rates

The 5-currency and the 24-currency Nominal Effective Exchange Rate (NEER) indices, which measure the movements of the Sri Lanka rupee against the basket of currencies, declined during the year. NEER indices declined, reflecting the nominal depreciation of the Sri Lanka rupee against selected major currencies together with the movements in cross currency exchange rates. Accordingly, the 5-currency and 24-currency NEER indices declined by 3.6 per cent and 4.2 per cent, respectively in 2021. The Real Effective Exchange Rate (REER) indices, which consider the variation in nominal exchange rates in the baskets of currencies, as well as the inflation differentials among countries, showed mixed performances. Accordingly, the 5-currency REER index increased by 6.9 per cent, while the 24-currency REER index declined by 2.6 per cent in 2021. However, the REER indices remained predominantly below the base year level (2017=100) in 2021, indicating the continued competitiveness of the Sri Lanka rupee. With the sharp depreciation of the exchange rate in March 2022, both NEER and REER indices declined substantially, reflecting the nominal depreciation of the Sri Lanka rupee against the US dollar and other major currencies considered in the basket. Accordingly, 5-currency NEER and REER indices declined by 31.9 per cent and 31.1 per cent, respectively, and 24-currency NEER and REER indices declined by 32.1 per cent and 35.1 per cent, respectively, by end March 2022.

5.8.2 Developments in the Domestic Foreign Exchange Market

The transaction volumes in the domestic foreign exchange market further declined in 2021. Accordingly, the volume of interbank foreign exchange transactions declined to US dollars 12,160 million in 2021, in comparison to US dollars 18,408 million in 2020. The total volume of spot exchange transactions declined significantly to US dollars 5,852 million (48.1 per cent of total transactions) in 2021, in comparison to US dollars 10,445 million in 2020. The total volume of forward transactions also decreased to US dollars 6,308 million in 2021 from US dollars 7,964 million in 2020. Meanwhile, the Central Bank intervened in the domestic foreign exchange market by way of supplying US dollars 747 million on a net basis in 2021. The net figure was the result of the supply of US dollars 1,253 million and the purchase of US dollars 506 million

Figure 5.15
Quarterly Inter-bank Forward Transaction Volumes



Source: Central Bank of Sri Lanka

5

during the year. Moreover, the Central Bank continued to intervene in the domestic foreign exchange market during the first quarter of 2022 by supplying US dollars 265 million, on a net basis. The intervention of the Central Bank helped avoid large volatility in the exchange rate and supported the need for financing essential imports to ensure the avoidance of disruptions to the economy and people. However, the fixed exchange rate that prevailed during the latter part of 2021, is likely to have helped importers to frontload imports at cheaper costs, while exporters were reluctant to convert their export proceeds, impacting the domestic foreign exchange market negatively.

6

FISCAL POLICY AND GOVERNMENT FINANCE

6.1 Overview

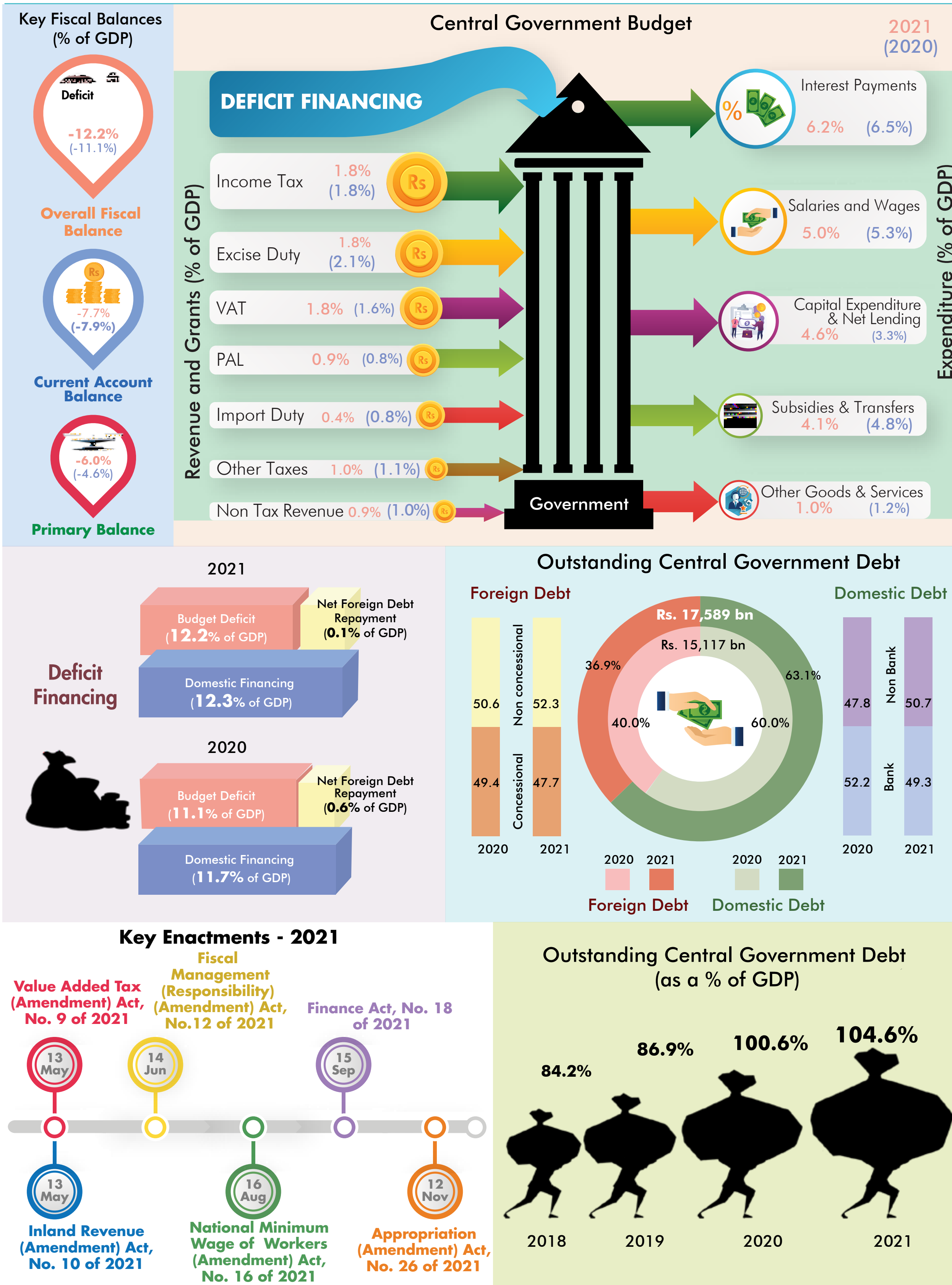
While the country battled against the COVID-19 pandemic and multifaceted external sector challenges, budgetary operations of the Central Government weakened in 2021 reflecting the impact of deep rooted fiscal imbalances and unintended consequences of certain fiscal policy measures. Mobilisation of government revenue as a percentage of GDP, which declined sharply in 2020, further weakened to historic lows in 2021 with the revenue losses resulting from the pandemic induced subpar economic performance and the continuation of the low tax regime instituted since late 2019. Meanwhile, government expenditure remained unabated during the period under review, owing to higher expenditure on account of salaries and wages and interest expenses along with the pandemic related outlays. Although capital expenditure and net lending recorded a notable increase, public investments declined marginally in 2021. Overall fiscal deficit further widened in 2021 while significantly deviating from the budgeted level and reaching the highest level since 1988. With foreign financing avenues being limited with adverse global market developments as well as sovereign credit rating downgrades, the Government was compelled to rely mostly on the domestic banking sector, especially the Central Bank, to finance the budget deficit. The Central Bank provided a substantial amount of funds to the Government to smoothen the functioning of fiscal operations amidst the socio-economic challenges caused by the pandemic while maintaining an accommodative monetary policy stance until August 2021 to maintain the borrowing cost at a lower level. However, as excessive deficit financing through the banking sector is inflationary, a gradual phase out of central bank financing and resorting to long term foreign financing options for deficit financing in an active manner should be pursued to preserve monetary stability. Meanwhile, outstanding central government debt grew to a disconcerting level by end 2021, both in nominal terms and as a percentage of GDP, and this growth was a combined outcome of the widened fiscal deficit, increased market interest rates as well as the parity variation, which was an outcome of exchange rate depreciation. A series of sovereign rating downgrades by rating agencies occurred during 2021, in view of the deteriorating external liquidity position accentuated by the reduction in foreign exchange reserves against high forthcoming debt repayments and inadequate financing inflows. The fiscal sector outlook remains constrained with the lack of sufficient inflow of revenue, sustainability concerns related to government debt, and deficit financing through domestic banking sources amidst steady accumulation of debt, accelerated inflation, and vulnerabilities in the domestic financial *system stability and the external sector. Against this backdrop, strong fiscal consolidation measures remain more vital than ever, particularly via revenue focused measures, in terms of introducing appropriate taxes and broadening of tax base supplemented with strengthening the tax administration, in order to reverse the dismal revenue mobilisation path, on a sustainable basis, while reducing government financing requirements. Meanwhile, a tight rein on government expenses by refraining from ad hoc expenditure policies is essential to ensure not derailing the fiscal consolidation path going forward. Accordingly, reducing the deficit in the current account by streamlining recurrent expenditure while strengthening revenue mobilisation, and thereby making concerted efforts with a credible plan to reach a surplus in the primary balance in the medium term remains critical at this juncture to ensure sustainability of government debt. Implementing liability management exercises in line with the Medium Term Debt Management Strategy (MTDS), with necessary revisions, and ongoing efforts on debt restructuring are also indispensable in smoothing debt repayments, as well as lowering the near term risks to the fiscal sector.*

6.2 Fiscal Policy Measures[1]

The fiscal strategy of the Government as envisaged in the Budget 2021 focused on ensuring macroeconomic stability with the view to fostering economic growth and development of the country, though the anticipated fiscal outcomes were not fully realised during 2021 primarily due to challenging macroeconomic conditions and optimistic fiscal targets which were not sufficiently buttressed by sufficient and consistent policies. In line with the Government's fiscal strategy, the revenue collection was expected to increase to 10.7 per cent of GDP in 2021, thereby maintaining budget deficit and outstanding central government debt at 8.8 per cent of GDP and 96.3 per cent of GDP, respectively, during 2021. The medium term macro fiscal programme of the Government was aimed at poverty alleviation and economic revival, as envisaged within the 'Vistas of Prosperity and Splendour', the policy framework of the Government. With higher investments in economic and social infrastructure of the Government, disparities are expected to be minimised among the regions while safeguarding the people from unforeseen catastrophes such as the COVID-19 pandemic. Accordingly, the Medium Term Macro Fiscal Framework for 2021-2025 was aimed at increasing public investment to 5.4 per cent of GDP in 2021 while maintaining public investments of over 5-6 per cent of GDP, on average, in the medium term to facilitate high and sustained economic growth. With the continuation of the expenditure rationalisation measures, recurrent expenditure was expected to remain at around 14.2 per cent of GDP in 2021 and further reduce to 12.3 per cent of GDP by 2025. With these expected improvements, along with a higher revenue collection of 14.2 per cent of GDP, the budget deficit is expected to reduce to 4.0 per cent of GDP in 2025. Meanwhile, it was expected that the outstanding debt stock would be brought down to 96.3 per cent of GDP in 2021 and further down to 75.5 per cent of GDP in the medium term. Reforming State Owned Enterprises (SOEs) was also identified as an integral part in reducing the pressure on fiscal operations. Key fiscal targets announced for 2021 were, however, not materialised, since these targets were driven by overoptimistic assumptions in the context of a challenging economic environment and policy inconsistencies that led to lower revenue collection and rigid government expenses.

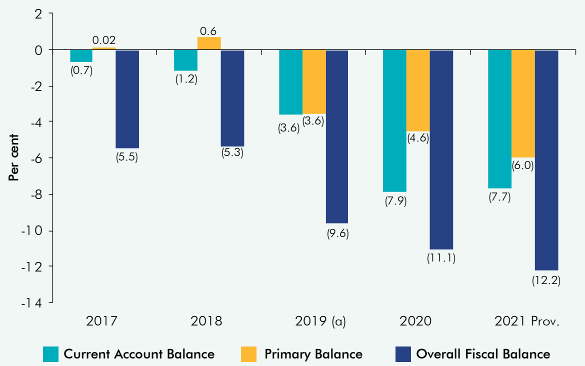
1 The key fiscal policy measures discussed in this section are detailed in Box 12, 'Major Economic Policy Measures', which includes major fiscal policy measures implemented since 01 January 2021 up to 15 March 2022.

Figure 6.1
Performance of the Fiscal Sector



6

Figure 6.2
Key Fiscal Balances
(as a percentage of GDP)



(a) According to the Ministry of Finance, the fiscal sector statistics of 2019 have been restated as announced in the Budget Speech for 2020.

Source: Ministry of Finance

During the year 2021, the commitment of the Government to maintain a low tax regime to promote swift economic recovery and growth resulted in lacklustre performance in government revenue. To this end, the tax adjustments that have been instituted since late 2019 in relation to corporate income taxes, income taxes at individual levels and Value Added Tax (VAT) were maintained in 2021. Accordingly, the Inland Revenue Act, No. 24 of 2017 was amended in May 2021, incorporating revisions to taxes which were announced in November 2019 and other announcements made in January 2020 and April 2021. In addition, several tax holidays were granted on the gains and profits received by specific start-ups after the completion of a two year period from the implementation date. Accordingly, any enterprise which sells recycled construction materials in Sri Lanka, any business commenced by an individual after the successful completion of vocational education from any standardised and acceptable institution for vocational education, any enterprise set up by a resident person in manufacturing of boats or ships in Sri Lanka, any ‘renewable energy project’ established with a capacity to produce not less than one hundred Mega Watts solar or wind power and supplied such power to the national grid, and any enterprise initiated by a resident person who constructs and installs communication towers and related appliances using local labour and local raw materials in Sri Lanka or provide required technical services for such construction or installation are allowed to enjoy these tax holidays. Moreover, foreign currency earnings of businesses that engage in exporting gold, gems or jewellery, interest income of multi-national companies, which are deposited in foreign currency in any domestic bank, and gains made by a person from the realisation of lands or buildings, which were sold, exchanged or transferred to a Sri Lanka Real Estate Investment Trust (SLREIT) are exempted from income taxes with effect from 01 April 2021, subject to the provisions of the Inland Revenue (Amendment) Act, No. 10 of 2021. Further, in March 2022, Cabinet approval was granted to amend several provisions in the Inland Revenue Act, No. 24 of 2017 in order to remove the complexity of such provisions and accommodate requests of various parties to increase tax compliance, while providing reliefs for emerging sectors of the economy. Meanwhile, the Value Added Tax Act, No. 14 of 2002 was amended in 2021, incorporating tax revisions implemented since late 2019. During the year, several specific enterprises/projects were exempted from the Commodity Export Subsidy Scheme (CESS) levy and Ports and Airports Development Levy (PAL) to encourage exports and foreign direct investments within the country. Accordingly, any enterprise engaged in exporting scrap/waste processed through manufacture of exported goods, and the importation of goods by any enterprise or a strategic development project, with an investment of US dollars 50 million or above in each stage during the project implementation or construction period, were exempted from CESS and PAL. Further, importation of medical equipment was also exempted from PAL in order to support the COVID-19 prevention programme.

Meanwhile, the Special Commodity Levy (SCL) on the importation of several food items, such as rice, potatoes, maize, dried fish, dairy products, big onions and sprats was revised during the year to provide necessary protection for farmers and as supply side management measures to curtail the increase in prices in the domestic market. Although the aim of the aforementioned policies was to revive economic activities faster, and in turn, boost the revenue flows, the slow paced recovery in economic activities adversely affected higher government revenue in 2021.

During the year 2021 and early 2022, the Government attempted to introduce several measures aiming at reducing tax evasion and minimising complexities in the tax administration. Accordingly, measures were taken to enact the legislation for tax amnesty under the provisions of the Finance Act, No. 18 of 2021, which inter alia provides for persons to voluntarily report their undisclosed taxable supplies, income, and assets for any taxable period ended on or prior to 31 March 2020, or in a return of income for any year of assessment ended on or prior to 31 March 2020. However, in the absence of strong enforcement measures, revenue generated from tax amnesty was limited to Rs. 174.6 million in 2021. Although tax amnesties are implemented to meet short term revenue shortfalls, such policies generally do not create desirable outcomes as reflected in realised data, and these policies may disincentivise law abiding taxpayers and encourage corruption and even, money laundering. Meanwhile, a bill was presented to the Parliament in January 2022 to impose a Special Goods and Services Tax (SGST) as a composite tax in lieu of existing taxes on liquor, cigarettes, vehicles (inclusive of parts for assembling of vehicles), telecommunications, and betting and gaming. The aim of the imposition of SGST was to ensure the efficiency in tax administration through the avoidance of complexities associated with the application and administration of multiple tax regimes on specified goods and services. Nevertheless, considering the petitions submitted against the SGST bill, the Supreme Court determined that it needs to be passed with a two-thirds majority in the Parliament and a referendum due to the inconsistency of several of its clauses with the Constitution. In addition, several improvements were made to tax administration, such as the mandatory use of a Taxpayer Identification Number (TIN) in all tax related source documents and making e-filing compulsory for all limited liability companies. Revisiting and simplifying the tax structure and strengthening the tax administration remain imperative at present to address the notable decline in government revenue and improve government finances on a long term basis.

The Government continued to channel resources to offset the effects of the pandemic, while supporting economically vulnerable groups. Accordingly, the Government took decisive measures to contain the spread of the pandemic and to ensure the safety of the citizens, while supporting livelihoods through the existing social safety networks and accelerating the island wide vaccination drive. In view of the increased pressures of the pandemic on fiscal operations, the Parliament approved a supplementary budget of Rs. 200 billion in June 2021 to meet contingent expenditure on account of the containment of the COVID-19 pandemic within the already approved borrowing limit of Rs. 2,997 billion for 2021. Meanwhile, in January 2022, the Government introduced a relief package of Rs. 229 billion with the objective of minimising economic hardships faced by the people due to the increase in prices of goods and services. Under this relief package, a monthly allowance of Rs. 5,000, which was not taken into account for the calculation of pension was granted to public officers and pensioners with effect from January 2022, while a monthly allowance was granted to Samurdhi beneficiaries on a pro rata basis with a maximum limit of Rs. 1,000 per month. In addition, several relief measures are yet to be implemented, including paying an additional Rs. 25 per kg of paddy to farmers with the aim of increasing farmer income to Rs. 75 per kg of paddy to compensate the income losses associated with the expected production losses in Maha season, providing each estate sector family with 15 kg of flour at a subsidised rate of Rs. 80 per kg, paying Rs. 5,000 to those who cultivate homesteads encompassing less than 20 perches and Rs. 10,000 to those who cultivate more than 20 perches and removing all taxes on essential food items and medicinal products. Although such extrabudgetary relief measures are intended to provide assistance to the public, the granting of reliefs in the absence of either non-debt creating financing options or significant downward adjustment in other expenditure, particularly at the time of low government revenue mobilisation, may possibly exacerbate the debt sustainability concerns while instigating inflationary and external sector pressures, which may eventually aggravate, instead of ease, the burden on the public. Therefore, such relief measures should be implemented with due consideration of the impact of such policies on the fiscal sector.

Given the continued increases in government expenditure, shortfall in actual revenue mobilisation and increased domestic financing requirements, the borrowing limits as well as milestones and fiscal rules related limits were amended in 2021. Accordingly, a resolution was approved by the Parliament to increase the limit on Treasury bills to Rs. 3,000 billion from the previous limit of Rs. 2,000 billion. In addition, the Appropriation Act, No. 7 of 2020 was amended to raise the gross borrowing limit by Rs. 400 billion for 2021 to Rs. 3,397 billion in November 2021. Meanwhile, the Fiscal Management (Responsibility) Act, No. 3 of 2003 was also amended to shift the timeline for achieving the debt to GDP target of 60 per cent to 2030 from 2020, and to increase the limit on guarantees issued by the Government to 15 per cent of GDP from 10 per cent of GDP.

The Government continued to facilitate State Owned Enterprises (SOEs), despite the considerable burden on the central government budget, and in many instances passing on the burden to the state owned banks. Guidelines were issued on corporate governance with the aim of establishing a strategic framework for SOEs to ensure transparency, fairness, accountability and responsibility in line with international best practices. These guidelines included provisions pertaining to the duties of the Chairman and Boards of Directors of SOEs and formation of their relationships with stakeholders to safeguard public interest. Further, an operational manual was issued to SOEs, providing directions regarding their conduct of business to accomplish their respective objectives and improve their performance. Meanwhile, a Management Committee on Investment was appointed by the Cabinet of Ministers to facilitate investments related to SOEs. Considering the deteriorated financial performance of SriLankan Airlines (SLA) amidst the pandemic, the Government decided to infuse capital to SLA, while issuing guarantees and a letter of comfort to SLA in order to improve its financial viability. As a result, two tranches totalling Rs. 27.7 billion were issued to SLA in November 2020, and a further Rs. 18.0 billion was issued in April 2021. This was a part of the US dollar 500 million capitalisation programme approved by the Cabinet of Ministers on 26 October 2020.

Moreover, the Government approved the reissuance of all expired letters of comfort in favour of two state banks, equivalent to US dollar 205.4 million and Rs. 27.6 billion, through the General Treasury, in order to continue the provision of short term credit facilities. In addition, two state banks disbursed new working capital facilities totalling US dollar 75 million in 2021 to SLA to provide Treasury guarantees, based on the approval of the Cabinet of Ministers. Considering the mounting financial losses of the Ceylon Petroleum Corporation (CPC) and the resultant burden on the banking sector, the Government allowed revision of CPC's domestic petroleum prices in 2021 and early 2022. However, implementing cost reflective pricing mechanisms for key SOEs and restructuring SOEs in a transparent manner to enhance their efficiency remain a priority consideration for the Government in order to minimise the fiscal burden of such entities.

Recognising subpar performance in revenue mobilisation, the Government introduced short term revenue enhancement measures through the Budget 2022. Accordingly, a bill amending the Value Added Tax Act, No. 14 of 2002 to increase the VAT rate from 15 per cent to 18 per cent on the supply of financial services on financial institutions with effect from 01 January 2022 was passed by the Parliament in March 2022. Meanwhile, as proposed in the Budget 2022, excise duty on liquor and cigarettes was revised upwards in November 2021. Surcharge Tax Act, No. 14 of 2022 was enacted with the aim of imposing a retrospective one time surcharge tax of 25 per cent on individuals, partnerships, and companies, whose taxable income is calculated in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017, where their taxable income exceeds Rs. 2 billion for the tax assessment year, commencing 01 April 2020. Although the proposed one off retrospective taxes would help raising government revenue for a given year, such tax policies may not generate government revenue on a sustained basis. In addition, uncertainties created by such retrospective taxes may hamper investor confidence and appetite.

In 2022, the Government introduced several measures with the aim of managing public expenditure, amidst the limited fiscal space and the foreign exchange liquidity shortage in the country. During the year, the Government attempted to rationalise expenditure by curtailing the expenses on purchasing of vehicles, buildings, and other assets, suspending new constructions of buildings for state institutions, while prioritising public investments based on the economic benefits of such investments. In line with the Budget 2022, the Government announced various measures in November 2021 to curtail expenses by reducing the provisions for electricity of government institutions by 10 per cent, reducing the telephone expenses of government institutions by 25 per cent, reducing fuel allowance provided to government ministers and government officials by 5 litres per month, and suspending the construction of new office premises for a period of two years. However, such measures may not be adequate to sizeably reduce mounting government expenditure and thereby improve government finances. Amidst the prevailing foreign exchange liquidity shortages of the country, several guidelines were issued by the Government in March 2022 to limit the consumption of electricity and fuel by the public sector by minimising the usage of vehicles, elevators, air conditioners, and other electrical appliances. Further, considering increased life expectancy and the resultant capacity to remain active in the public service, the compulsory retirement age of the public officers was extended up to 65 years with effect from 01 January 2022 with the view to strengthening the labour

Table 6.1
Summary of Government Fiscal Operations

Item	2020 (a)	2021 (b)
Rs. million		
Total Revenue and Grants	**1,373,308**	**1,463,810**
Total Revenue	1,367,960	1,457,071
Tax Revenue	1,216,542	1,298,019
Non Tax Revenue	151,417	159,052
Grants	5,348	6,740
Expenditure and Net Lending	**3,040,996**	**3,521,735**
Recurrent	2,548,359	2,747,512
Adjustment for Arrears as per the Ministry of Finance	-123,428	-
Capital and Net Lending	492,638	774,223
o/w Public Investment	811,773	789,636
Adjustment for Arrears as per the Ministry of Finance	-299,178	-
Current Account Balance	**-1,180,399**	**-1,290,441**
Primary Balance	**-687,386**	**-1,009,542**
Overall Fiscal Balance	**-1,667,688**	**-2,057,925**
Total Financing	**1,667,688**	**2,057,925**
Foreign Financing	-83,199	-13,901
Domestic Financing	1,750,887	2,071,826
As a Percentage of GDP (c)		
Total Revenue and Grants	**9.1**	**8.7**
Total Revenue	9.1	8.7
Tax Revenue	8.1	7.7
Non Tax Revenue	1.0	0.9
Grants	0.04	0.04
Expenditure and Net Lending	**20.2**	**21.0**
Recurrent	17.0	16.3
Adjustment for Arrears as per the Ministry of Finance	-0.8	-
Capital and Net Lending	3.3	4.6
o/w Public Investment	5.4	4.7
Adjustment for Arrears as per the Ministry of Finance	-2.0	-
Current Account Balance	**-7.9**	**-7.7**
Primary Balance	**-4.6**	**-6.0**
Overall Fiscal Balance	**-11.1**	**-12.2**
Total Financing	**11.1**	**12.2**
Foreign Financing	-0.6	-0.1
Domestic Financing	11.7	12.3

(a) According to the Ministry of Finance, fiscal sector statistics of 2020 have been adjusted as announced in the Budget Speech for 2020.
(b) Provisional
(c) For 2020, revised GDP estimates were used, as released by the Department of Census and Statistics on 29 March 2022.

Source: Ministry of Finance

6

force of the country and reducing the expenditure related to retirement benefits. Meanwhile, the age of compulsory retirement of employees of SOEs was also extended up to 62 years with effect from 01 January 2022.

International sovereign credit rating agencies downgraded the sovereign credit ratings of Sri Lanka during 2021, in view of declining foreign exchange reserves amidst high external debt repayments and inadequate financing inflows. Standard and Poor's Global Ratings (S&P) downgraded Sri Lanka's sovereign credit rating to 'CCC+ (Negative)' from 'CCC+ (Stable)' on 27 August 2021, and further to 'CCC (Negative)' on 12 January 2022. Although Fitch Ratings maintained its rating at 'CCC' status for more than a year since 27 November 2020, they too downgraded Sri Lanka's sovereign credit rating to 'CC' on 17 December 2021. Similarly, Moody's Investor Service also downgraded Sri Lanka's sovereign credit rating to 'Caa2 (Stable)' from 'Caa1 (Stable)' on 28 October 2021. Such rating decisions were primarily driven by the assessments on fiscal imbalances, challenges faced by the country in meeting external financing requirements, uncertain policy outlook, and the risk of a slowdown in fiscal consolidation. Nevertheless, the Government repaid all its debt servicing obligations in 2021, including the International Sovereign Bond (ISB) of US dollars 1,000 million, which matured on 27 July 2021, and the ISB of US dollars 500 million, which matured on 18 January 2022.

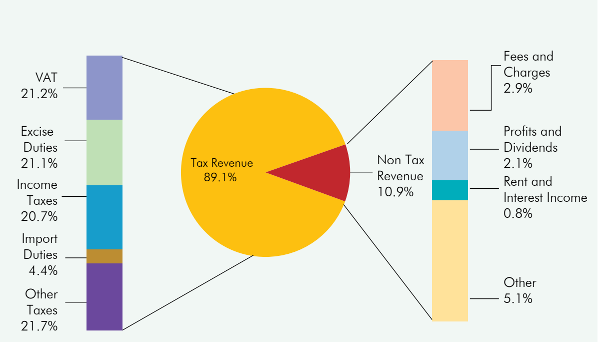
6.3 Government Budgetary Operations

Revenue and Grants

Revenue

Government revenue recorded a sluggish growth in 2021 yielding the historically lowest tax to GDP ratio amidst the low tax regime instituted since late 2019. In 2021, in nominal terms, government revenue grew by 6.5 per cent, year-on-year, to Rs. 1,457.1 billion, benefiting mainly from the higher tax revenue collection from VAT, income taxes, PAL, and CESS. Tax revenue increased by 6.7 per cent to Rs. 1,298.0 billion in 2021 from Rs. 1,216.5 billion in the preceding year. Meanwhile, in 2021, non tax revenue increased to Rs. 159.1 billion in 2021 from Rs. 151.4 billion in 2020 due to the rise in revenue collection from profit and dividend transfers from SOEs and social

Figure 6.3
Composition of Government Revenue - 2021



Source: Ministry of Finance

security contributions, despite the reduction in fees and charges, rent income, interest income and distributable profits transferred from the Central Bank. However, government revenue as a percentage of GDP declined to 8.7 per cent in 2021 from 9.1 per cent in the previous year. Tax revenue as a percentage of GDP, which stood at a low level of 8.1 per cent of GDP in 2020, further declined to 7.7 per cent during 2021. Both government revenue and tax revenue as a percentage of GDP declined to a record low since independence, owing to the impact of the continuation of the low tax regime, import restrictions imposed to ease external sector pressure, and the modest pickup of the economy. Meanwhile, non tax revenue as a percentage of GDP declined to 0.9 per cent in 2021 compared to 1.0 per cent recorded in 2020, whereas grants received by the Government recorded a marginal improvement to Rs. 6.7 billion in 2021 in comparison to Rs. 5.3 billion registered in 2020.

Revenue from income taxes increased by 12.6 per cent, in nominal terms, to Rs. 302.1 billion in 2021 from Rs. 268.2 billion in 2020. This reflects of increased revenue mobilisation from all income tax categories, except for the Economic Service Charge (ESC) which was abolished in early 2020. With the increased revenue from income taxes, the share of direct tax revenue in the total tax revenue collection improved to 23.3 per cent in 2021 over 22.1 per cent recorded in 2020. Revenue from corporate and non corporate income taxes increased notably to Rs. 273.6 billion in 2021 compared to Rs. 228.3 billion recorded in the previous year, indicating the recovery of economic activities in 2021 compared to the preceding year and improved performance mainly in corporates. Revenue collection from Advance Personal Income Tax (APIT) and Withholding Tax (WHT) increased slightly during the period under review to Rs. 15.4 billion and Rs. 12.4 billion, respectively, compared to Rs. 15.0 billion and Rs. 10.0 billion, respectively, in 2020. Meanwhile, the arrears collected on ESC amounted to Rs. 0.7 billion in 2021, following the removal of ESC in January 2020. As a percentage of GDP, revenue generated from income taxes remained at 1.8 per cent in 2021, broadly unchanged from 2020.

Revenue collection from VAT increased supported by the revival in economic activity during the year. Accordingly, revenue collection from VAT increased to Rs. 308.2 billion in 2021 compared to Rs. 233.8 billion in 2020. As a percentage of GDP, VAT revenue increased to 1.8 of per cent in 2021 from 1.6 per cent in 2020. VAT revenue generated on account of domestic economic activities increased to Rs. 185.5 billion in 2021 from Rs. 148.1 billion in 2020, while revenue from VAT on imports related activities increased to Rs. 122.8 billion in 2021 from Rs. 85.7 billion in 2020. During the year, the share of revenue from VAT on total revenue and total tax revenue increased to 21.2 per cent and 23.7 per cent, respectively, compared to 17.1 per cent and 19.2 per cent, respectively, recorded in 2020. Meanwhile, the arrears collected on Nation Building Tax (NBT) amounted to Rs. 0.4 billion in 2021, following the abolition of NBT in December 2019.

Table 6.2
Summary of Government Revenue

Item	2020 (a)	2021 (b)
Rs. million		
Tax Revenue	**1,216,542**	**1,298,019**
Income Taxes	268,249	302,115
VAT	233,786	308,213
Excise Taxes	321,932	306,861
Import Duties	114,183	64,339
Other Taxes	278,392	316,490
Non Tax Revenue	**151,417**	**159,052**
Total Revenue	**1,367,960**	**1,457,071**
As a Percentage of GDP (c)		
Tax Revenue	**8.1**	**7.7**
Income Taxes	1.8	1.8
VAT	1.6	1.8
Excise Taxes	2.1	1.8
Import Duties	0.8	0.4
Other Taxes	1.9	1.9
Non Tax Revenue	**1.0**	**0.9**
Total Revenue	**9.1**	**8.7**

(a) According to the Ministry of Finance, the fiscal sector statistics of 2020 have been adjusted as announced in the Budget Speech for 2020.
(b) Provisional
(c) For 2020, revised GDP estimates were used, as released by the Department of Census and Statistics on 29 March 2022.

Source: Ministry of Finance

Revenue collection based on excise duties declined in 2021, reflecting the weakening of excise revenue sources with the continuation of restrictions on motor vehicle imports that were imposed in view of foreign exchange liquidity issues in the country. Accordingly, in nominal terms, revenue from excise duties declined to Rs. 306.9 billion in 2021 from Rs. 322.0 billion in 2020, while as a percentage of GDP, excise duties mobilisation declined to 1.8 per cent in 2021 compared to 2.1 per cent in the preceding year. Revenue collection from excise duty on motor vehicles declined to Rs. 18.1 billion in 2021 from Rs. 48.8 billion in 2020 and Rs. 130.4 billion in 2019. Meanwhile, revenue from excise duty on cigarettes and tobacco also declined to Rs. 88.5 billion in 2021 from Rs. 94.3 billion in 2020. Revenue from excise duty on petroleum products increased to Rs. 55.3 billion in 2021 from Rs. 53.1 billion in 2020 due to increased refined petroleum imports during the period under review. In addition, revenue from excise duty on liquor also increased by 14.6 per cent to Rs. 138.6 billion in 2021 due to increased liquor production, reflecting the recovery in hotel/ restaurant/tourism related services amidst the pandemic related disturbances.

6

Revenue from international trade related taxes showed a mixed performance in 2021, amidst the restrictions on the importation of several nonessential items. Revenue collection from Customs duties declined to Rs. 64.3 billion in 2021, from Rs. 114.2 billion recorded in 2020. Apart from the import restrictions, reduction of the Customs duty rate from 30 per cent to 15 per cent on selected items that was implemented in November 2020 in line with the simplification of the Customs duty structure, also contributed to the decline in revenue generated from international trade activities. Meanwhile, revenue collection from SCL also declined by 32.5 per cent to Rs. 55.8 billion in 2021 compared to Rs. 82.7 billion in 2020. Import restrictions on several non-essential items, tax rate reductions on dried fish, big onions and potatoes, and the imposition of duty waivers on salt, rice, desiccated coconut and maize caused the decline in revenue mobilisation from SCL. On the other hand, revenue from PAL and CESS levy increased during the year, despite the import restrictions on various non-essential items and exemptions granted on medical equipment, projects related goods, and selected items. Accordingly, revenue from PAL increased to Rs. 154.1 billion in 2021 from Rs. 115.4 billion in 2020, while revenue from CESS levy increased by 53.2 per cent to Rs. 75.5 billion in 2021 over 2020. Increase in rates on CESS levy for selected items in line with the simplification of the Customs duty structure in November 2020, contributed to the rise in revenue collection from CESS levy.

During the year, non tax revenue increased, in nominal terms, reflecting the rise in revenue collection from profit and dividend transfers

of SOEs and social security contributions. Accordingly, non tax revenue increased to Rs. 159.1 billion in 2021 from Rs. 151.4 billion in 2020. Profit and dividend transfers of SOEs increased by 73.6 per cent to Rs. 30.6 billion in 2021 compared to 2020, reflecting the impact of the recovery of economic activities. Revenue from social security contributions increased by 6.8 per cent, year-on-year, to Rs. 34.6 billion during the period under review. However, revenue from interest and rent income declined to Rs. 11.6 billion in 2021 in comparison to Rs. 19.4 billion in 2020, while revenue from fees and charges declined by 10.0 per cent to Rs. 42.6 billion in 2021. The distributable profits of the Central Bank that were transferred to the Government in 2021 amounted to Rs. 15.0 billion compared to Rs. 24.0 billion in 2020.

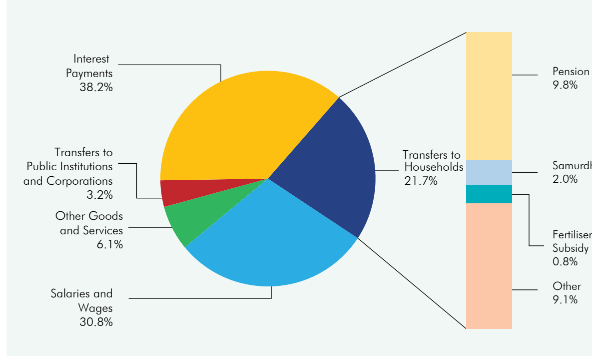
Grants

Foreign grants received from bilateral and multilateral sources increased to Rs. 6.7 billion in 2021 from Rs. 5.3 billion in 2020. Foreign grants from bilateral sources increased to Rs. 3.2 billion in 2021 from Rs. 2.8 billion in 2020, while foreign grants from multilateral sources increased to Rs. 3.5 billion in 2021 from Rs. 2.5 billion in 2020. The Government of Japan, the Asian Development Bank (ADB), and the Department of Agriculture of the United States were among the major development partners who provided grants during 2021.

Expenditure and Net Lending

During the year, total expenditure and net lending increased owing to the increases in both the recurrent expenditure, and capital expenditure and net lending. Accordingly, total expenditure and net lending increased significantly by Rs. 480.7 billion to Rs. 3,521.7 billion (21.0 per

Figure 6.4
Composition of Government Recurrent Expenditure - 2021



Source: Ministry of Finance

cent of GDP) in 2021 compared to Rs. 3,041.0 billion (20.2 per cent of GDP) recorded in 2020. In 2021, total expenditure and net lending accounted for 99.9 per cent of the annual estimate for 2021 and 105.9 per cent of the revised annual estimate for 2021. Recurrent expenditure increased to Rs. 2,747.5 billion in 2021 compared to Rs. 2,548.4 billion recorded in 2020, reflecting higher expenses on account of salaries and wages, and interest payments. During the period under review, capital expenditure and net lending also increased notably to Rs. 774.2 billion from Rs. 492.6 billion in 2020.

In 2021, higher expenditure incurred on account of salaries and wages and interest payments contributed to the rise in recurrent expenditure. Expenditure on salaries and wages increased by Rs. 51.5 billion to Rs. 845.7 billion in 2021, compared to Rs. 794.2 billion in 2020, partially due to the recruitment of low skilled individuals from low income families and unemployed graduates and the diploma holders in September 2020, on top of the impact of the annual increments in salaries and wages. Expenditure on salaries and wages for 2021 accounted for 58.0 per cent of the government revenue, and 30.8 per cent of the total recurrent expenditure. Interest payments also rose by 6.9 per cent to Rs. 1,048.4 billion in 2021 from

Rs. 980.3 billion in 2020 reflecting the impact of the rise in domestic interest payments, following the increased interest payments on Treasury bonds. Interest paid on Treasury bonds amounted to Rs. 593.4 billion in 2021 compared to Rs. 550.5 billion in 2020 due to the increase in borrowings through Treasury bond issuances by Rs. 1,248.4 billion to Rs. 6,968.0 billion in 2021. Interest payments accounted for 72.0 per cent of government revenue in 2021 compared to 71.7 per cent in 2020, underlining the pressing concern of lack of adequate revenue mobilisation at least to cover the rigid recurrent expenditure of the Government. Meanwhile, expenditure on subsidies and transfers declined to Rs. 684.5 billion in 2021 from Rs. 717.1 billion in 2020 due to the reduction in subsidies to the household sector because of the removal of the fertiliser subsidy granted for chemical fertiliser since the Yala season of 2021 and the reduction in expenditure on subsidy programmes such as subsidy for school and higher education season tickets, financial support for elderly over 70 years of age, etc. However, pension payments increased by 4.7 per cent to Rs. 269.8 billion in 2021, while expenditure in relation to Samurdhi payments increased by 5.7 per cent to Rs. 55.4 billion in 2021 compared to 2020. Recurrent expenditure, as a percentage of GDP, declined to 16.3 per cent in 2021 compared to 17.0 per cent in 2020.

Table 6.3
Economic Classification of Expenditure and Lending Minus Repayments

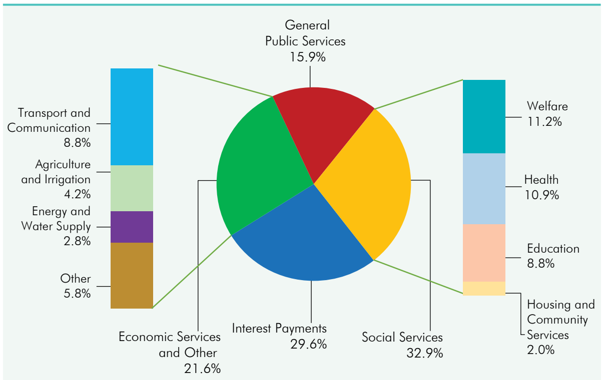
Item	2020 (a)	2021 (b)
Rs. million		
Recurrent Expenditure	**2,548,359**	**2,747,512**
Expenditure on Goods and Services	974,351	1,014,612
o/w Salaries and Wages	794,158	845,680
Interest Payments	980,302	1,048,382
Foreign	266,679	253,750
Domestic	713,623	794,633
Current Transfers and Subsidies	717,133	684,518
o/w: Households and Other Sectors	610,486	595,696
Samurdhi Recipients	52,434	55,400
Pensions	257,833	269,827
Fertiliser Subsidy	36,687	21,235
Other	263,532	249,233
Adjustment for Arrears as per the Ministry of Finance	-123,428	-
Capital Expenditure	**795,368**	**767,606**
Acquisition of Real Assets	483,543	438,753
Capital Transfers	307,917	326,578
Other	3,907	2,275
Net Lending	**-3,552**	**6,617**
Adjustment for Arrears as per the Ministry of Finance	-299,178	-
Capital Expenditure and Net Lending	**492,638**	**774,223**
Total Expenditure and Net Lending	**3,040,996**	**3,521,735**
As a Percentage of GDP (c)		
Recurrent Expenditure	**17.0**	**16.3**
Expenditure on Goods and Services	6.5	6.0
o/w Salaries and Wages	5.3	5.0
Interest Payments	6.5	6.2
Foreign	1.8	1.5
Domestic	4.7	4.7
Current Transfers and Subsidies	4.8	4.1
o/w: Households and Other Sectors	4.1	3.5
Samurdhi Recipients	0.3	0.3
Pensions	1.7	1.6
Fertiliser Subsidy	0.2	0.1
Other	1.8	1.5
Adjustment for Arrears as per the Ministry of Finance	-0.8	-
Capital Expenditure	**5.3**	**4.6**
Acquisition of Real Assets	3.2	2.6
Capital Transfers	2.0	1.9
Other	0.03	0.01
Net Lending	**-0.02**	**0.04**
Adjustment for Arrears as per the Ministry of Finance	-2.0	-
Capital Expenditure and Net Lending	**3.3**	**4.6**
Total Expenditure and Net Lending	**20.2**	**21.0**

(a) According to the Ministry of Finance, the fiscal sector statistics of 2020 have been adjusted as announced in the Budget Speech for 2020.
(b) Provisional
(c) For 2020, revised GDP estimates were used, as released by the Department of Census and Statistics on 29 March 2022.

Source: Ministry of Finance

During 2021, capital expenditure and net lending increased both in nominal terms and as a share of GDP. Accordingly, capital expenditure and net lending increased by 57.2 per cent to Rs. 774.2 billion in 2021 over 2020, while capital expenditure and net lending as a percentage of GDP increased to 4.6 per cent in 2021 over

Figure 6.5
Total Expenditure and Lending by Function - 2021



Source: Ministry of Finance

Table 6.4
Functional Classification of Expenditure

Item	2021 (a)
Rs. million	
Recurrent Expenditure	**2,747,512**
General Public Services	499,629
Civil Administration	134,930
Defence	257,918
Public Order and Safety	106,782
Social Services	974,821
Education	261,716
Health	275,165
Welfare	397,343
Community Services	40,597
Economic Services	164,590
Agriculture and Irrigation	68,206
Energy and Water Supply	1,385
Transport and Communication	47,255
Other	47,744
Other	1,108,472
o/w Interest Payment	1,048,382
Capital Expenditure and Lending	**789,636**
General Public Services	61,675
Civil Administration	54,624
Public Order and Safety	7,051
Social Services	189,733
Education	48,897
Health	111,956
Housing	18,333
Community Services	10,547
Economic Services	537,370
Agriculture and Irrigation	79,463
Energy and Water Supply	96,520
Transport and Communication	263,042
Other	98,346
Other	858
Total Expenditure and Lending	**3,537,148**
As a Percentage of GDP	
General Public Services	3.3
Social Services	6.9
Economic Services	4.2
Other	6.6
o/w Interest Payment	6.2
Total Expenditure and Lending	**21.0**

(a) Provisional

Source: Ministry of Finance

3.3 per cent registered in 2020. However, capital expenditure declined to Rs. 767.6 billion in 2021 from Rs. 795.4 billion in 2020, in the absence of the adjustment of arrears payments of capital expenditure in 2020.

Key Fiscal Balances and Financing the Budget Deficit

The key fiscal balances remained weak in 2021 owing to lower government revenue collection and the unabated government expenditure. According to the fiscal sector statistics of the Ministry of Finance, the overall budget deficit as a percentage of GDP further weakened to 12.2 per cent (Rs. 2,057.9 billon) in 2021 from 11.1 per cent (Rs. 1,667.7 billion) reported in 2020. The current account deficit that reflects the dissavings of the Government also remained high at 7.7 per cent of GDP (Rs. 1,290.4 billion) in 2021, broadly unchanged from 7.9 per cent of GDP (Rs. 1,180.4 billion) reported in 2020. Meanwhile, the primary deficit, which reflects the effects of discretionary fiscal policy of the current year and computed by excluding interest payments from the overall budget deficit, also weakened to 6.0 per cent of GDP (Rs. 1,009.5 billion) in 2021, compared to 4.6 per cent of GDP (Rs. 687.4 billion) registered in 2020.

The Government mainly relied on domestic sources to finance the overall budget deficit in 2021, reflecting its preference of the Government to reduce the exposure to foreign financing alternatives, amidst the limited access to foreign sources. As per the Ministry of Finance, net financing through domestic sources, which includes all net borrowing through Treasury bills and Treasury bonds, Offshore Banking Units (OBUs) and Sri Lanka Development Bonds (SLDBs), amounted to Rs. 2,071.8 billion and accounted for 12.3 per cent of GDP in 2021 compared to 11.7 per cent of GDP in 2020. Meantime, the net foreign repayment that includes net repayment of ISBs stood at Rs. 13.9 billion.

During 2021, the deficit financing from domestic sources, especially through the banking sector, resulted in an upward pressure on the yields on government securities and short term money market rates. Government borrowings from the banking sector accounted for 63.0 per cent (Rs. 1,304.3 billion) of total net domestic financing. Out of this quantum, the net central bank financing stood at Rs. 1,225.2 billion.

Net financing from commercial banks amounted to Rs. 79.1 billion in 2021. Meanwhile, financing from the non-bank sector, which are considered noninflationary sources, amounted to Rs. 767.5 billion with a share of 37.0 per cent of total net domestic financing in 2021. In terms of instruments, 62.8 per cent (Rs. 1,301.5 billion) of the domestic financing was sourced from Treasury bonds followed by 30.7 per cent (Rs. 635.1 billion) and 16.6 per cent (Rs. 343.0 billion) from Treasury bills and overdraft facilities, respectively. However, borrowings from OBUs and SLDBs recorded net repayments during 2021.

Total foreign financing recorded a repayment of Rs. 13.9 billion, on net basis, during 2021 along with the repayment of Rs. 199.9 billion (US dollar 1 billion) for ISBs. The net financing through the Foreign Currency Term Financing Facility (FCTFF) were recorded at Rs. 146.7 billion (US dollar 0.7 billion) during 2021, as a result of new borrowings of Rs. 164.9 billion (US dollar 0.8 billion) and repayment of Rs. 18.2 billion (US dollar 0.1 billion) during 2021.

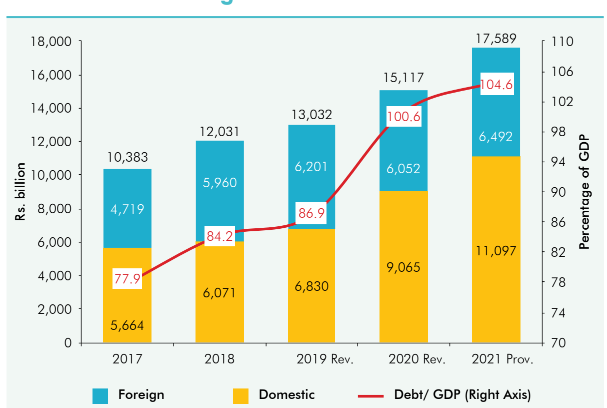
6.4 Government Debt and Debt Service Payments

6

Central Government Debt

Continued high budget deficit resulting from persistently weak fiscal performance, which exacerbated during the pandemic times, led to a substantial increase in outstanding central government debt by end 2021. In nominal terms, the total outstanding central government debt stock increased to Rs. 17,589.4 billion at end 2021 from Rs. 15,117.2 billion recorded by end 2020. With the increased financing requirements amidst limited global market access due to unfavourable international market conditions, global appetite for safe haven assets and unappealing sovereign credit ratings of Sri Lanka, and the reliance on domestic sources for financing the budget deficit triggered a notable change in the composition of outstanding stock of central government debt. Consequently, the share of domestic debt increased to 63.1 per cent of the total outstanding debt of the Central Government by end 2021 compared to 60.0 per cent recorded in the previous year. Meanwhile, the quantum of foreign debt as a share of total outstanding central government debt declined to 36.9 per cent by end 2021 compared to 40.0 per cent recorded at end 2020. Reflecting the subpar performance in the key fiscal variables, the central government debt to GDP ratio increased to 104.6 per cent by end 2021 from 100.6 per cent at end 2020. The share of domestic debt as a percentage of GDP increased notably to 66.0 per cent by end 2021 from 60.3 per cent at end 2020, while the share of foreign debt as a percentage of GDP decreased to 38.6 per cent at end 2021 from 40.3 per cent reported at end 2020. Moreover, the level of foreign currency denominated debt as a share of total outstanding central government debt declined to 42.4 per cent by end 2021 from 47.5 per cent that prevailed at end 2020, reflecting a higher concentration towards financing budget deficit through domestic sources as well as settlement of foreign debt obligations including the ISB which matured in 2021. However, the Average Time to

Figure 6.6
Outstanding Central Government Debt



Sources: Ministry of Finance
Central Bank of Sri Lanka

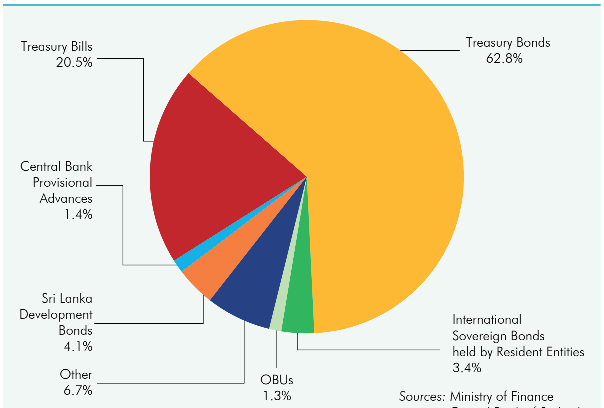
Maturity (ATM) of the outstanding total debt stock declined to 5.2 years at end 2021 compared to 5.7 years at end 2020 due to increased borrowings raised through short term debt instruments.

The total domestic debt of the Central Government witnessed an increase of Rs. 2,032.2 billion from end 2020, reaching Rs. 11,097.2 billion by end 2021.[2] With increased reliance on short term financing amidst less market appetite for longer tenure maturities of government securities, particularly at the preannounced maximum yield rates as well as the market expectations for interest rate hikes, short term domestic debt stock increased by 42.9 per cent to Rs. 3,139.8 billion by end 2021 from Rs. 2,197.6 billion reported at end 2020. Accordingly, the share of short term debt in total domestic debt stock also increased to 28.3 per cent towards end 2021 from 24.2 per cent at end 2020. In nominal terms, the increase in the short term debt stock was largely driven by the increase in the outstanding stock of Treasury bills, with a growth of 40.1 per cent, to Rs. 2,270.5 billion at end 2021, compared to Rs. 1,620.7 billion recorded at end 2020. Consequently, the share of Treasury bills in total domestic debt stock as at end 2021 increased to 20.5 per cent from 17.9 per cent at end 2020. However, the outstanding debt stock on account of provisional advances to the Government by the Central Bank witnessed a marginal reduction to reach Rs. 150.1 billion by end 2021 from Rs. 153.1 billion at end 2020. As the Government was compelled to depend more on short term instruments for deficit financing during 2021, the share of medium and long term debt in the total domestic debt stock declined to 71.7 per cent from 75.8 per cent recorded at end 2020. However, in nominal terms, the medium and long term domestic debt stock also increased by 15.9 per cent to Rs. 7,957.4 billion by end 2021 from Rs. 6,867.5 billion recorded at end 2020. Treasury bonds, which continued to dominate the outstanding domestic debt portfolio, accounted for about 62.8 per cent of the total outstanding domestic debt stock during the year in comparison to 63.0 per cent recorded at end 2020. In nominal terms, Treasury bonds in the domestic debt increased by 21.9 per cent to Rs. 6,966.2 billion compared to Rs. 5,713.3 billion recorded at end 2020. Meanwhile, SLDBs holdings of the residents declined to Rs. 455.2 billion (US dollars 2,271.1 million) from Rs. 486.9 billion (US dollars 2,611.9 million) reported at end 2020. In addition, the ISBs owned by the domestic residents also declined from Rs. 415.8 billion (US dollars 2,230.4 million) at end 2020 to Rs. 372.6 billion (US dollars 1,859.0 million) by the end of 2021. This was mainly due to the maturing of the ISB amounting to US dollars 1 billion, of which US dollars 371.3 million was repaid to domestic bond holders. Moreover, outstanding debt from OBUs recorded a decline of Rs. 88.1 billion from end 2020 to Rs. 139.3 billion (US dollars 695.0 million) by the end of the year 2021. The outstanding foreign currency denominated domestic debt at end 2021 decreased by Rs. 162.9 billion to Rs. 967.1 billion (US dollars 4,825.1 million) from Rs. 1,130.0 billion (US dollars 6,062.2 million) at end 2020.[3] Meanwhile, debt obligation of the Central Government to the domestic banking sector

2 As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, resident holdings of central government debt are classified under domestic debt.

3 Outstanding foreign currency denominated domestic debt includes SLDBs holding and ISBs holding of residents and the outstanding government debt held by the OBUs.

Figure 6.7
Composition of Outstanding Central Government Domestic Debt - as at end 2021



Sources: Ministry of Finance
Central Bank of Sri Lanka

6

increased notably to Rs. 5,467.1 billion at end 2021 due to the increase in outstanding government debt owed to commercial banks and the Central Bank reaching Rs. 3,901.6 billion and Rs. 1,565.5 billion, respectively. The significant increase in the central government debt held by the Central Bank was due to the increased Treasury bills holding amounting to Rs. 1,391.3 billion during 2021 in comparison to Rs. 654.6 billion in 2020. This was a result of the subscription of Treasury bills by the Central Bank at primary auctions amidst subdued market subscription and administrative special allocations of Treasury bills to the Central Bank. Meanwhile, the outstanding debt owned by commercial banks increased to Rs. 3,901.6 billion at end 2021 mainly due to higher investments in Treasury bonds by commercial banks in 2021. The stock of Treasury bonds held by commercial banks increased to Rs. 1,646.8 billion at end 2021 from Rs. 1,513.3 billion reported at end 2020. However, the share of the banking sector debt in total domestic debt declined to 49.3 per cent by end 2021 from 52.2 per cent at end 2020. Meanwhile, the outstanding government debt stock held by the nonbank sector amounted to Rs. 5,630.1 billion at end 2021 as against Rs. 4,333.4 billion at end 2020.

The total foreign debt liability of the Central Government, in nominal terms, increased from Rs. 6,052.2 billion at end 2020 to

Table 6.5
Outstanding Central Government Debt (end period)

Rs. million

Item	2018	2019 (a)(b)	2020 (a)(b)	2021 (a)(c)
Outstanding Central Government Debt	12,030,548	13,031,543	15,117,247	17,589,373
Domestic Debt (d)	6,071,001	6,830,260	9,065,068	11,097,223
By Maturity Period				
Short Term	1,134,553	1,270,374	2,197,594	3,139,794
Medium and Long Term	4,936,447	5,559,887	6,867,473	7,957,430
By Institution (e)				
Bank	2,321,802	2,887,739	4,731,652	5,467,126
Non Bank	3,749,199	3,942,521	4,333,416	5,630,097
Foreign Debt	5,959,547	6,201,283	6,052,179	6,492,150
By Type				
Concessional Loans	2,705,836	2,767,459	2,988,113	3,097,585
Non Concessional Loans	3,253,711	3,433,824	3,064,066	3,394,565
Multilateral	58,586	112,943	156,252	324,112
Bilateral	209,970	198,733	184,051	171,327
Commercial	2,985,156	3,122,148	2,723,763	2,899,126
International Sovereign Bonds	2,220,411	2,531,493	2,203,279	2,243,049
Foreign Currency Term Financing Facilities	330,174	242,191	279,612	445,521
Non Resident Investment in Treasury Bills	11,909	23,727	670	204
Non Resident Investment in Treasury Bonds	146,914	80,294	6,204	1,710
Other	275,747	244,444	233,997	208,643
By Currency				
SDR	954,761	927,372	970,714	986,072
US Dollars	3,781,626	4,076,588	3,875,950	4,275,471
Japanese Yen	622,852	624,956	664,291	623,206
Euro	225,831	228,713	251,406	240,521
Other	374,477	343,653	289,818	366,880
Outstanding Central Government Debt/GDP (f)	84.2	86.9	100.6	104.6
Memorandum Items				
Total Exchange Rate Variation	1,063,218	12,401	355,663	500,206
On Foreign Debt	963,181	16,857	329,895	474,322
On Foreign Currency Denominated Domestic Debt	100,037	-4,456	25,767	25,884

(a) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt.
(b) Revised
(c) Provisional
(d) Includes Government Treasury bonds of Rs. 78,441 million issued for CPC in January 2012 of which Rs. 21,778 million matured on 01 January 2017 and the current outstanding is Rs. 56,662 million
(e) The composition of domestic debt held by the banking and non banking sectors was revised from 2017 due to the adjustment for holdings of SLDBs by businesses and individuals
(f) For 2019 and 2020, revised GDP estimates were used, as released by the Department of Census and Statistics on 29 March 2022.

Sources: Ministry of Finance
Central Bank of Sri Lanka

6

Rs. 6,492.2 billion by end 2021.[4] However, due to the limited access to foreign sources, the explicit financing strategy of the Government to rely primarily on domestic sources, and net repayment of ISBs, the share of foreign debt in the total outstanding debt stock declined to 36.9 per cent at end 2021 from 40.0 per cent witnessed at end 2020. Within the total foreign debt portfolio, the share of non-concessional debt increased to 52.3 per cent by end 2021 from 50.6 per cent at end 2020 on account of increased receipt of multilateral loans and foreign currency term financing facility as well as the impact of the depreciation of the rupee. In nominal terms, the outstanding balance of the non-concessional debt stock increased by 10.8 per cent to Rs. 3,394.6 billion at end 2021 from Rs. 3,064.1 billion recorded at end 2020. Despite the repayment of US dollars 1.0 billion worth of ISB to both resident (US dollars 371.3 million) and nonresident investors (US dollars 628.7 million), the rupee value of the ISBs holding held by nonresidents increased by Rs. 39.8 billion due to the depreciation of the Sri Lankan rupee against the US dollar. Meanwhile, outstanding concessional debt increased by Rs. 109.5 billion during 2021 to Rs. 3,097.6 billion by the end of the year though the share of concessional debt of the total foreign debt stock declined marginally to 47.7 per cent by end 2021 compared to 49.4 per cent reported by end 2020.

4 As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of central government debt are classified as foreign debt.

Figure 6.8
Composition of Outstanding Central Government Foreign Debt - as at end 2021

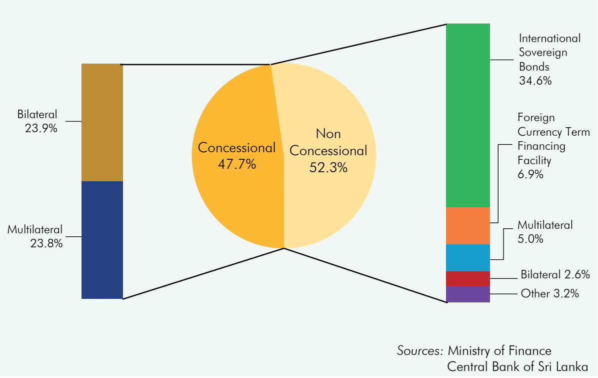
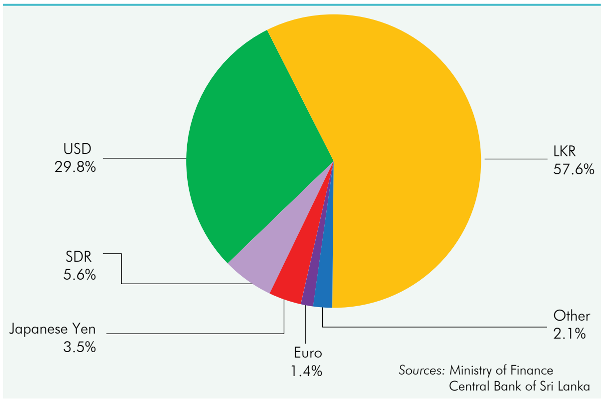


Figure 6.9
Currency Composition of Total Outstanding Central Government Debt - as at end 2021



Foreign currency denominated outstanding debt, which stood at US dollars 38,492.7 million at end 2020 declined to US dollars 37,206.1 million by end 2021. Due to the parity variation caused by the depreciation of the Sri Lankan rupee against debt denominated foreign currencies, the rupee value of foreign currency debt increased by around Rs. 500.2 billion at end 2021. The parity variation on the outstanding foreign project loans, FCTFF and ISBs amounted to Rs. 474.3 billion, while the same on the outstanding SLDBs and OBUs stood at Rs. 25.9 billion. If the debt denominated in foreign currency is serviced using foreign currency inflows to the Government, the impact of the nominal increase in the outstanding debt stock in rupee terms due to parity change would be less material. However, utilisation of a substantial amount of rupee funds to meet foreign currency debt servicing payments by the Government and financing the resultant increase in government borrowing requirements heavily through the banking sector, amidst the decline in foreign exchange inflows to the Government, remain concerns.

Central government debt of Sri Lanka elevated to disconcerting levels during the past two years, reflecting the impact of

6

persistent fiscal deficits, restricted access to concessional financing and adverse implications driven by interest rate and exchange rate movements. Although foreign debt as a percentage of GDP marginally declined to 38.6 per cent in 2021 from 40.3 per cent in 2020, risks related to foreign debt servicing in the near term heightened due to the depletion of gross official reserves to low levels in the backdrop of the challenging domestic macroeconomic developments, uncertainties in the international capital markets triggered by the COVID-19 pandemic as well as unfavourable sovereign credit rating downgrades. Unless augmented by foreign currency inflows under a creditable anchor, foreign currency debt service payments, which are falling due over US dollars 5 billion annually, on average, from 2022 onwards would be an extremely challenging task for Sri Lanka. Prudent fiscal policy measures and resource augmentation are required immediately, along with a reprofiling of debt portfolio. Meanwhile, the medium term policy priority should be to use debt financing mainly for the repayment of both domestic and foreign currency debt, without capitalising interest payments to avoid further accumulation of debt. Although foreign currency debt could be raised to meet near term foreign currency debt servicing obligations, further borrowings should be gradually reduced over the medium term, once non-debt creating inflows are in place, while aligning new financing requirements arising from overall fiscal deficit in line with resource availability. Given the heightened debt related vulnerabilities, the country needs sound liability management practices in line with the Medium Term Debt Management Strategy (MTDS), with necessary revisions, to guide effective debt management operations towards debt stabilisation. Current efforts on debt restructuring are also critical to reduce the debt burden in the near term by smoothing the debt service payments over a longer period. In the meantime, reducing the deficit in the current account by streamlining recurrent expenditure while strengthening revenue mobilisation with a credible and consistent commitment is of utmost importance in order to record a surplus in the primary balance in the medium term, thereby ensuring sustainability of government debt.

Central Government Debt Service Payments

Total debt service payments increased by 22.4 per cent in nominal terms to Rs. 2,375.6 billion in 2021 with the rise in both debt amortisation and interest payments. Domestic debt repayments, i.e., domestic amortisation payments, increased by 74.5 per cent to Rs. 795.5 billion in 2021, mainly due to the increase in maturing of Treasury bonds and SLDBs. Foreign debt repayments increased by 5.3 per cent to Rs. 531.7 billion in 2021, primarily reflecting the settlement of Rs. 199.9 billion (US dollars 1 billion) worth of ISB maturities in July 2021 and the repayments in FCTFF amounting to Rs. 330.6 billion during the year. Consequently, total amortisation payments, which accounted for 55.9 per cent of total debt service payments, increased by 38.1 per cent to Rs. 1,327.2 billion in 2021 from Rs. 961.1 billion in the preceding

Table 6.6
Central Government Debt Service Payments

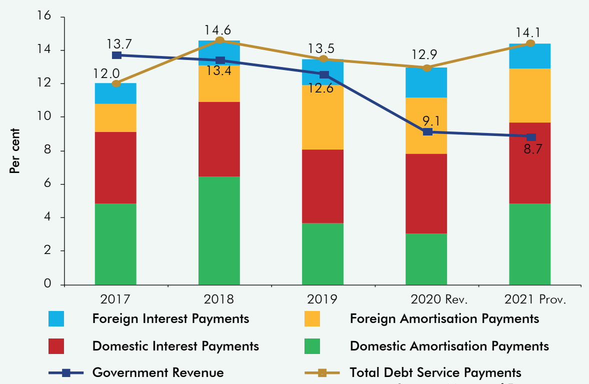
Rs. million

Item	2018	2019	2020	2021 (a)
Debt Service Payments	**2,088,551**	**2,022,507**	**1,941,373**	**2,375,599**
Domestic	1,561,363	1,213,698	1,169,522	1,590,131
Foreign	527,188	808,809	771,851	785,468
Amortisation Payments	**1,236,361**	**1,121,155**	**961,071**	**1,327,216**
Domestic	921,881	546,315	455,899	795,498
Foreign	314,480	574,839	505,172	531,718
Interest Payments	**852,190**	**901,353**	**980,302**	**1,048,383**
Domestic	639,482	667,383	713,623	794,633
Short Term	74,525	81,029	77,965	98,694
Medium and Long Term	564,957	586,354	635,658	695,939
Foreign	212,708	233,970	266,679	253,750

(a) Provisional

Sources: Ministry of Finance
Central Bank of Sri Lanka

Figure 6.10
Central Government Debt Service Payments (as a percentage of GDP)



Sources: Ministry of Finance
Central Bank of Sri Lanka

year. Meanwhile, interest payments on central government debt increased by 6.9 per cent to Rs. 1,048.4 billion in 2021 on account of increased interest payments on domestic outstanding debt.

Interest payments on central government domestic debt increased by 11.4 per cent to Rs. 794.6 billion in 2021, due to the notable increase in domestic borrowings during the year compared to the previous year amidst limited access to foreign financing and rise in domestic interest rates, particularly towards the latter half of 2021. With the reduction in interest payments on ISBs, FCTFF and project loans, interest payments on foreign debt decreased to Rs. 253.8 billion in 2021 in comparison to Rs. 266.7 billion recorded in 2020. Overall, domestic debt service payments increased by 36.0 per cent to Rs. 1,590.1 billion, while foreign debt service payments marginally increased by 1.8 per cent to Rs. 785.5 billion during 2021.

With the mounting debt stock and the resultant high interest payments, the main indicators related to debt service payments elevated in 2021. Total debt service payments increased to 14.1 per cent of GDP in 2021 from 12.9 per cent of GDP in the previous year. Amortisation payments on domestic debt as a

Table 6.7
Central Government Debt Indicators

Per cent

Indicator	2018	2019 (a)	2020(a)	2021 (b)
Central Government Debt/GDP	84.2	86.9	100.6	104.6
Domestic Debt/GDP (c)	42.5	45.5	60.3	66.0
Foreign Debt/GDP	41.7	41.3	40.3	38.6
Domestic Debt/Central Government Debt	50.5	52.4	60.0	63.1
Foreign Debt/Central Government Debt	49.5	47.6	40.0	36.9
Foreign Debt/Exports (d)	181.0	178.6	250.2	217.8
Debt Service/GDP	14.6	13.5	12.9	14.1
Debt Service/Government Revenue	108.8	107.0	141.9	163.0
o/w Domestic Debt Service/ Government Revenue	81.3	64.2	85.5	109.1
Debt Service/Government Expenditure (e)	53.1	45.4	48.5	49.0
o/w Domestic Debt Service/ Government Expenditure (e)	39.7	27.2	29.2	32.8
Foreign Debt Service/Exports (d)	16.0	23.3	31.9	26.4
Interest Payments/GDP	6.0	6.0	6.5	6.2
Interest Payments/Government Expenditure (e)	21.7	20.2	24.5	21.6
Domestic Interest Payments/GDP	4.5	4.5	4.7	4.7
Foreign Interest Payments/GDP	1.5	1.6	1.8	1.5
Interest Payments/Government Recurrent Expenditure	40.8	37.2	38.5	38.2
Foreign Interest Payments/Exports (d)	6.5	6.7	11.0	8.5

(a) For 2019 and 2020, revised GDP estimates were used, as released by the Department of Census and Statistics on 29 March 2022.
(b) Provisional
(c) Includes Government Treasury bonds of Rs. 78,441 million issued for CPC in January 2012 of which Rs. 21,778 million matured on 01 January 2017 and the current outstanding is Rs. 56,662 million
(d) Export of goods and services
(e) Government expenditure includes amortisation payments.

Sources: Ministry of Finance
Department of Census and Statistics
Central Bank of Sri Lanka

percentage of GDP increased to 4.7 per cent in 2021 from 3.0 per cent in 2020, while amortisation payments for foreign debt as a percentage of GDP declined marginally to 3.2 per cent in 2021 from 3.4 per cent in 2020. However, total interest payments as a percentage of GDP decreased to 6.2 per cent in 2021 from 6.5 per cent in 2020. Interest payments on domestic debt as a percentage of GDP remained broadly unchanged at 4.7 per cent in 2021, while interest payments on foreign debt decreased to 1.5 per cent of GDP in 2021 from 1.8 per cent of GDP in the previous year. Meanwhile, the ratio of central government debt service payments to government revenue deteriorated to 163.0 per cent in 2021 from 141.9 per cent in 2020, underscoring the gravity of the government debt burden, as the total debt service payment of the Government significantly exceeded government revenue. Moreover, the ratio of foreign debt service payments to exports of goods and services declined to 26.4 per cent in 2021 from 31.9 per cent in 2020, on account of steady growth in exports of goods and services in comparison to the growth in debt service payments in 2021.

Outstanding Public Debt

The outstanding public debt stock, which includes outstanding central government debt stock, foreign project loans received by State-Owned Business Enterprises (SOBEs), and public guaranteed debt, increased notably during 2021 largely due to the rise in central government debt stock. As a percentage of GDP, the outstanding public debt stock increased to 115.5 per cent of GDP by end 2021 from 109.4 per cent of GDP recorded at end 2020. In absolute terms, the outstanding public debt witnessed a substantial increase of 18.1 per cent to Rs. 19,407.3 billion by end 2021 from Rs. 16,427.1 billion reported at end 2020. The total outstanding central government debt stock accounted for 90.6 per cent of the outstanding total public debt. Meanwhile, in absolute terms, public guaranteed debt witnessed an increase of 52.8 per cent reaching Rs. 1,506.7 billion at end 2021 compared to Rs.986.4 billion at end 2020 accounting for 7.8 per cent of total outstanding public debt. Of the total outstanding public guaranteed debt, 62.1 per cent was denominated in foreign currency. Moreover, the outstanding debt relating to foreign project loans received by the SOBEs declined to Rs. 311.2 billion at end 2021 from Rs. 323.5 billion at end 2020 due to the repayment of outstanding loans by the Sri Lanka Ports Authority and the

Table 6.8
Outstanding Public Debt (as at end year)

	2018	2019	2020	2021 (a)
Rs. million				
Total Outstanding Central Government Debt (b)	**12,030,548**	**13,031,543**	**15,117,247**	**17,589,373**
Outstanding Balance of Foreign Project Loans Received by SOBEs without Public Guarantee	**366,130**	**345,453**	**323,510**	**311,191**
Airport & Aviation Services (Sri Lanka) Ltd.	24,964	22,317	22,189	21,833
Ceylon Electricity Board	168,649	150,418	136,720	128,026
Sri Lanka Ports Authority	172,517	172,717	164,602	161,332
Public Guaranteed Debt (c) (d)	**781,741**	**778,305**	**986,391**	**1,506,743**
Airport & Aviation Services (Sri Lanka) Ltd.	10,829	16,532	34,801	115,332
Bank of Ceylon & People's Bank	n.a.	n.a.	n.a.	36,540
Ceylon Electricity Board	21,376	25,212	70,559	89,311
Ceylon Petroleum Corporation	333,869	297,220	345,500	561,267
Ceylon Shipping Corporation Ltd.	13,098	12,613	12,505	12,263
General Sir John Kotelawala Defence University	36,843	35,311	35,562	35,738
Lanka Coal Company (Pvt.) Ltd.	11,000	5,398	9,692	13,899
National Water Supply & Drainage Board	85,541	102,339	138,180	200,851
Paddy Marketing Board	11,436	11,420	2,023	1,313
Road Development Authority	189,022	206,563	262,015	349,895
SriLankan Airlines Ltd.	31,981	32,083	43,530	60,336
Other Corporations	36,746	33,615	32,023	29,998
Public Debt	**13,178,418**	**14,155,301**	**16,427,148**	**19,407,307**
As a Percentage of GDP (e)				
Total Outstanding Central Government Debt (b)	84.2	86.9	100.6	104.6
Outstanding Balance of Foreign Project Loans Received by SOBEs without Public Guarantee	2.6	2.3	2.2	1.9
Public Guaranteed Debt (c) (d)	5.5	5.2	6.6	9.0
Public Debt	**92.2**	**94.4**	**109.4**	**115.5**

(a) Provisional
(b) Includes Government Treasury bonds of Rs. 78,441 million issued for CPC in January 2012 of which Rs. 21,778 million matured on 01 January 2017 and the current outstanding is Rs. 56,662 million
(c) Includes only non financial public corporations
(d) Includes an international bond amounting to US dollars 175 million issued by the SriLankan Airlines in June 2014. This was matured in June 2019 and reissued for a period of 05 years
(e) For 2019 and 2020, revised GDP estimates were used, as released by the Department of Census and Statistics on 29 March 2022.

Sources: Ministry of Finance
Central Bank of Sri Lanka

6

BOX 7

Restrategising State Owned Enterprises as Growth Facilitators

Since long, State Owned Enterprises (SOEs)[1] have played a key role in the socioeconomic development of countries. Healthy SOEs have made significant contributions to employment creation, poverty alleviation, fiscal stability, development of a sector or geographical area, environmental protection and even sector regulation as witnessed in several countries, including Asian peers such as Singapore, Japan, China and Korea.

Although during recent decades there has been a growing consensus in favour of privatisation and deregulation, the role of SOEs has not diminished, especially in developing countries. This is primarily because SOEs continue to be the providers of essential infrastructure and public services which have the highest impact on economic growth, development and overall wellbeing of the population. However, SOEs in the developing world generally tend to be straddled by low productivity, while distorting competition and being afflicted by corruption. This has resulted in them being a significant burden on the budget and the government, and in some cases leading to fiscal and economic crises. It is essential that Sri Lanka remains wary of the performance of its own SOEs in this context.

Evolution of SOEs in Sri Lanka

The development of public sector enterprises in Sri Lanka dates back to the Second World War period of 1939 – 1945, when several SOEs were set up to provide essential goods whose supply had been curtailed during the war. In the mid 1950s, the interest in socialism piqued with the successes in the Soviet Union and the adoption of a socialist ideology of development in India during the same time. Accordingly, the Government of the time considered central planning as essential for the development of the country.

During this period, two key enactments catalysed the development process of SOEs, i.e. the Government Sponsored Corporations Act No. 19 of 1955 and the State Industrial Corporations Act No. 49 of 1957, respectively. The former sought to incorporate existing industrial undertakings, while the latter empowered the Government to set up and carry out any industrial activity. By 1957, several important SOEs had commenced operations, including those related to cement, paper, ceramics, leather and footwear. Another key development during this period was the nationalisation of bus companies leading to the formation of the *Ceylon Transport Board* in 1958.

1 There is no commonly accepted definition for an SOE (European Commission, 2013; IMF 2014; OECD 2015). However, some characteristics of SOEs are as follows: (1) the entity has its own, separate legal personality; (2) the entity is at least partially controlled by a government unit; and (3) the entity engages predominantly in commercial or economic activities (IMF, 2020). The *Government Financial Statistics Manual 2014* (IMF, 2014) states that assessing government control of any entity involves judgment. Accordingly, a government may exercise significant influence over corporate decisions even when it owns a small number of shares.

In 1959, a *Ten Year Plan* which emphasised import substituting industrialisation was introduced – although the plan was not entirely operational, it closely guided the economic policies of the following years. Accordingly, 'basic industries' such as cement, steel, paper, tyres, mineral sands, salt, flour milling, plywood, petroleum refining and fertiliser, were to be undertaken by the Government. However, some areas which were of interest to the Government were also open for private enterprise participation, such as footwear, ceramics, textiles and leather products. This inward oriented development strategy was warranted by the persistent deficits in the balance of payments and the resultant introduction of a series of stringent import controls from 1960 onwards.

The 1970s saw a fresh slew of measures towards autarky, including the setting up of several monopolies in the public sector through both establishment of new enterprises and a series of nationalisations and acquisition of private ventures. The creation of SOEs was expected to be beneficial as it was premised that, as natural monopolies, they would supply services or products at costs which were below than what potential private players could offer and that they would also be able to meet the demand of the entire market, perhaps also with export potential. Accordingly, in subsequent years, there was nationalisation of privately owned business undertakings such as those engaged in port services, passenger transport and plantations, among others. By the mid 1970s, major economic and social activities such as banking, plantations, large scale industries, transport, insurance, telecommunications, postal services, ports, electricity, import and distribution of petroleum, roads, health and education were either public sector monopolies or were largely undertaken by public enterprises. The numbers of SOEs rose rapidly from 14 in 1962 to over 280 public enterprises by the mid 1980s.

By the mid 1980s, it was noted that public enterprises were facing a multitude of issues. These included operational inefficiencies translating into poor financial performance, subpar quality of products and services and supply shortages, recruitments driven by political considerations rather than the needs of the SOEs, inability to mobilise resources to meet large investment requirements, and, excessive dependence on the government budget. The growing burden of SOEs on the budget alongside multilateral donor agencies highlighting the urgent need for macroeconomic stabilisation led to the Government announcing privatisation as a state policy in 1988. The divestiture programme commenced in 1989 and, over the period till 1993, partial or full divestitures of about 43 commercial enterprises were undertaken. However, this divestiture programme came under much criticism in the period thereafter. Many of Sri Lanka's experiences with privatisation highlight that the weaker the economy and governing institutions, the more arduous it is to reap the benefits of privatisation.

Current Status of SOEs in Sri Lanka

Over the last three decades, successive governments have alternated between attempts at privatisation and nationalisation. Currently, there are over 400 SOEs operating in several key sectors including power, energy, finance and insurance, water, aviation, health and education, among others. While a large majority of SOEs are regulated by the 'Administer Part II' of the Finance Act No. 38 of 1971, of recent times, several have been established under the Companies Act No. 07 of 2007. Of these, 52 SOEs have been identified as State Owned Business Enterprises (SOBEs) as they are regarded to be strategically important to the functioning and transformation of the economy. SOBEs in Sri Lanka include the Bank of Ceylon, People's Bank, Sri Lanka Insurance Corporation Ltd, Ceylon Electricity Board (CEB), Ceylon Petroleum Corporation (CPC), Sri Lanka Ports Authority, SriLankan Airlines, Sri Lanka Transport Board and State Pharmaceuticals Corporation, among others.

Despite their pivotal role in the economy across strategic sectors, the poor financial performance of SOEs has become a heavy fiscal burden with significant macroeconomic implications. The excessive reliance of SOEs on the banking system to fund their losses has not only crowded out productive investments but has also rendered the financial system vulnerable to their weak financial performance. Macroeconomic stability is also threatened as their burgeoning financial losses weigh down on their ability to smoothly fulfill domestic demand for essential goods and services. Recognising the issue, in recent years, the Government undertook several initiatives to reform SOEs. Key reforms in this regard are the introduction of a Statement of Corporate Intent (SCI) as a tripartite Memorandum of Understanding signed by the respective enterprise, line Ministry and Ministry of Finance and the introduction of a regulatory framework for SOEs that provides commercial freedom, while increasing their level of accountability. Policy reforms have also been identified to amalgamate or consolidate SOEs with similar objectives and those at similar stages of the value chain thereby creating 'economies of scale' for these enterprises. Further, the Government also recently formed *Selendiva Investments Ltd,* a fully state owned company, to manage and consolidate several high end real estate assets in a bid to capitalise on the success of 'holding company' models, as seen in Singapore and Malaysia.

In the post COVID-19 recovery process of the economy, where an urgent correction of the course of the economy has become necessary, there is a dire need to expedite such reforms and further focus on the rigorous and rapid transformation of SOEs as growth facilitators. This is essential to improve their efficiency, productivity and profitability and thereby empower them to contribute to the economy's recovery process in an effective and sustainable manner, without being a persistent economic issue. A few such key reforms that may be considered are discussed.

Proposed Major SOE Reforms

a. Introduction of Cost Reflective Pricing Policies

Often SOEs have to strike a fine balance between helping the Government achieve its socioeconomic objectives while ensuring the enterprise's financial viability. This challenge stems from the engagement of SOEs in the provisioning of essential products and services, which are sometimes not commercially viable; for instance, the provision of public transport to rural communities or electricity in geographically challenging areas such as in mountainous regions. Despite this element of 'essentiality' associated with the portfolio of goods and services provided by Sri Lanka's SOEs, establishing a cost reflective pricing mechanism is a key priority to ensure sustainable and uninterrupted provisioning of these goods and services.

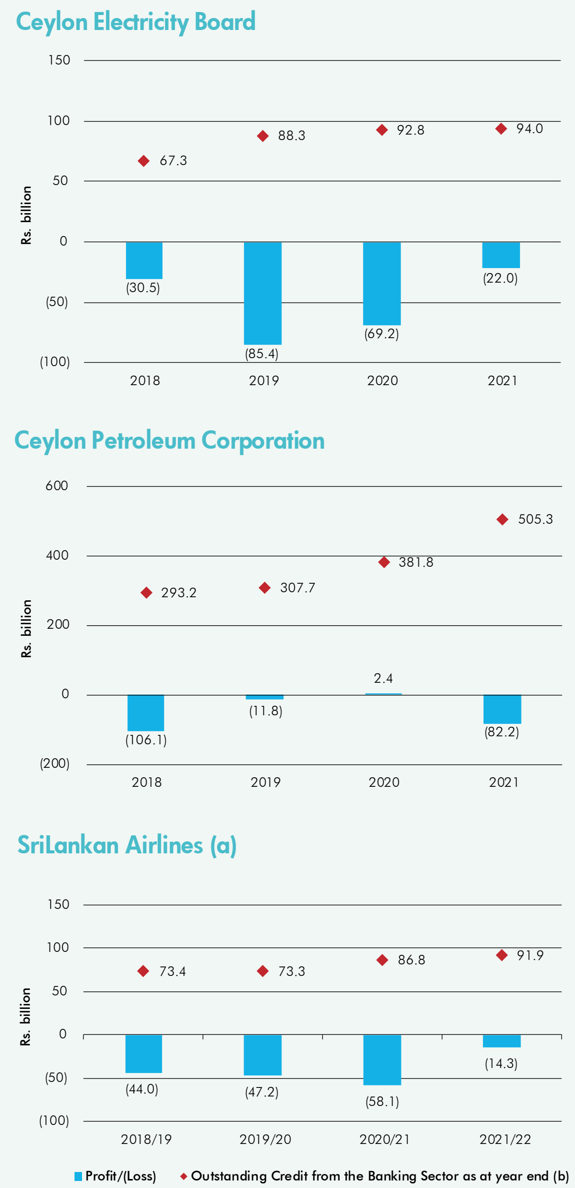
In the recent past, Sri Lanka has struggled with the implementation of cost reflective pricing policies, especially in relation to the pricing of fuel products and utilities such as water and electricity. Despite a brief episode of frequent price adjustments of fuel products in line with global developments, no price revisions were undertaken between September 2019 and June 2021, after which three rounds of upward price revisions were undertaken to compensate for both the rising global prices of crude oil and the financial losses incurred by the CPC over several years. Tariffs for water and electricity continue to remain unrevised since 2012 and 2014, respectively. It must be reiterated that, in the case of enterprises such as the CPC and the CEB that rely on imported intermediate goods, their exposure to changes in global commodity prices as well as exchange rate fluctuations warrants regular price revisions. Hence, long periods of unchanged prices or tariffs are unacceptable as evidently losses on account of these external shocks cannot be absorbed by the relevant enterprises.

Accordingly, the implementation of transparent and depoliticised pricing rules are an urgent need. While subsidised prices may provide some financial benefits and leeway to consumers in the short term, it should be recognised that the related expenditure burden of below cost provisioning is borne by the Government. Subsidised prices cause price distortions and misallocation of resources that entail significant macroeconomic costs which could translate into insurmountable disruptions in the economy, as depicted by the power and energy crisis that emerged in early 2022. A cost reflective pricing mechanism will also ensure that SOEs pass on benefits of lower costs to consumers in a transparent and timely manner without negative implications on bottom line profits. Such a mechanism can greatly boost transparency and accountability of SOEs with positive spillover effects across the economy.

b. Improvement of Strategic Direction

The primary task of SOEs is not just to generate financial returns to the Government in the short term but also to deliver strategic value to all stakeholders of the economy by facilitating and uplifting their productive potential and overall wellbeing. Accordingly, it is imperative for

Figure B 7.1
Comparison of Profits/Losses and Credit Obtained from the Banking Sector for Selected SOBEs



(a) Financial performance of Sri Lankan Airlines is for the financial year ending 31st of March. Data for 2021 is for the nine months ending 31st March 2022.
(b) As per the Monetary Statistics compiled by the Central Bank of Sri Lanka

Sources: Ceylon Petroleum Corporation
Ceylon Electricity Board
SriLankan Airlines
Ministry of Finance
Central Bank of Sri Lanka

these entities to have a transparent and unambiguous strategy that is well connected to the overall vision of the Government. This will ensure a clear purpose and mission for SOEs.

As seen in the recent past, SOEs have been unable to leverage their resources to create value for stakeholders and catalyse growth. This has been evidenced by the lack of strategic planning causing bottlenecks in the economy wherein SOEs have often failed to proactively identify and address opportunities and challenges emanating, not only from domestic developments but also global developments. The poor strategic planning of SOEs is evident from the supply side shocks that the economy is experiencing in the wake of adverse developments in global energy and food commodity prices and the lack of any robust buffers to tide over such volatilities.

Therefore, to improve strategic direction, it is important for SOEs to minutely assess their operations. Breaking down the entire value chain of a product or service can enable enterprises to assess the areas in which they have natural advantages. Private sector participation can, therefore, be facilitated through such unbundling of activities. Accordingly, operational inefficiencies are borne neither by the Government nor consumers nor other relevant stakeholders.

c. Enhancement of Financial Transparency and Accountability

SOEs are often under pressure to be competitive and commercially viable, while trying to fulfil non-commercial objectives, the latter of which may necessitate compromising financial performance. In order to keep track of whether SOEs are effectively balancing their social obligations with their commercial obligations, it is important to establish a sound performance monitoring framework that incorporates principles of accountability, transparency and governance.

In this regard, one of the key aspects that is urgently needed is the identification and development of Key Performance Indicators (KPIs) to measure and evaluate results of SOEs. While such KPIs should assess financial results, it is also important to consider the impact on social, human and environmental capitals as SOEs have a wider purpose than simply being profit generators for the Government.

Another aspect that needs to be addressed is the improvement of disclosure and transparency of SOEs. Accordingly, SOEs must observe high standards and be subject to the same high quality accounting, disclosure, compliance, and auditing standards as listed companies. Time and again, concerns have been raised that numerous SOEs do not prepare year-end financial statements or annual progress reports in a timely manner; some entail delays of several years. A stringent mechanism is essential to ensure timely periodic reporting with disclosures of financial and nonfinancial information to assess the status of SOEs and whether they are performing in a financially viable and economically sustainable manner.

d. Strengthening Corporate Governance

The success of SOEs hinges on efficient and professional management by a competent Board. The Board needs to take full responsibility for stewardship and performance of the enterprise and should be competent enough to steer it in a strategic manner that is conducive to the vision of the Government and thereby, the progress of the economy. Inefficiencies on the part of the Board can result in a lack of strategic direction leading to the colossal mismanagement of state resources, as has been seen in the case of certain SOEs in Sri Lanka.

The composition of Boards plays a crucial role in the quality of corporate governance. It is vital that the Government promotes the appointment of competent, experienced and professional individuals to Boards to ensure strong accountability. Appointments should be on the basis of fixed term contracts that are independent of election cycles. This can ensure efficacious strategic planning suited for transformation over the medium term rather than the implementation of transient fixes.

It is also essential that Boards and the senior management of SOEs act diligently and with extreme care considering that the resources entrusted to them are ultimately the resources of the general public. The recent issuance of *Guidelines on Corporate Governance* and an *Operational Manual for State Owned Enterprises* in late 2021 by the Ministry of Finance is a timely initiative in this regard. Rigorous monitoring on the part of the Ministry of Finance to ensure that all SOEs are operating in line with these guidelines can catalyse the transformation process of these entities. Regular reviews of the guidelines are also necessary to continuously align SOE corporate governance standards in line with best international practices.

Good corporate governance helps to operate SOEs more efficiently, improve access to capital, and mitigate risk while safeguarding against mismanagement. Research findings reveal several direct advantages for SOEs that have undergone governance reforms. Such benefits include improved operational performance, increased access to alternative sources of financing through domestic and international capital markets, financing for infrastructure development, reduced fiscal burden of SOEs and increased net contribution to the budget through higher dividend payments, and reduced corruption and improved transparency.

Reforms in SOEs: International Experiences

Countries across the world have made attempts across several decades to turnaround the performance of their SOEs. Selected SOE reform experiences, as could be pertinent to Sri Lanka, are described below.

6

Singapore

In the case of Singapore, the investment holding company *Temasek* has seen much success. It was established in 1974 to own and commercially manage investments and assets previously held by the Government of Singapore. Following independence in 1965, the lack of raw natural resources drove Singapore to commence an aggressive industrialisation and economic development programme. As the Government established startups in several strategic sectors, *Temasek* was established to relieve relevant ministries from the commercial management of these enterprises in which the Government had a controlling stake. With time, the fund encouraged portfolio companies to expand into other markets as well as to pursue mergers and acquisitions to become more internationally competitive. Revisions to the charter over several rounds led *Temasek* to evolve into a global investment company with the mission of generating sustainable returns beyond the present generation. The portfolio value of *Temasek* stood at US dollars 283 billion as at end March 2021, having generated a group net profit of US dollars 42 billion during the same year. Notably, there are no government representatives on the Boards of portfolio companies under *Temasek*. Further, the Government of Singapore does not have any influence over the appointment of key personnel and operations of *Temasek* or other SOEs.

China

China's SOEs have seen a series of reforms since the 1970s, driven by market oriented economic reforms aimed at opening up the economy to foreign trade. In 2003, *the State-owned Assets Supervision and Administration Commission* (SASAC) was established to fund and regulate SOEs. From 2013 onwards, China focused on the merging of large SOEs and expanded mixed ownership programmes. Currently, China's SOE reform agenda is focused on making SOEs 'stronger, better and bigger'. Accordingly, SASAC's *zhuada fangxiao* (grasp the big, release the small) approach seeks to reduce the number of small SOEs through privatisation and asset sales, while strengthening SOEs that are deemed to be strategically important for the state economy. It is opined that the companies held by SASAC have superior governance even in comparison to their private sector counterparts. Chief Executive Officers and Directors are appointed under performance based contracts with detailed dividend targets. Boards also comprise professional independent Directors to improve accountability.

Brazil

Despite grappling with underperforming SOEs, Brazil has created extremely successful SOEs such as *Petrobras* which is featured on the *Fortune Global 500 list*. In *2010, Petrobras* was transformed from a purely state owned company into a mixed company. To date, the share democratisation that ensued this transformation is one of the largest capital-increase transactions in the history of capital markets. This created an increase in the market value of the company, while creating opportunities for the company to mobilise investments to support its growth. Listing of the company on the stock exchange also paved way for significantly improved corporate governance as the state's participation as a sole proprietor was significantly curbed, thereby preventing the risk of political influence and lack of commitment by the board and management.

India

India has followed a strategy of disinvestment in recent years to address the issue of inefficient SOEs. This has entailed the sale of a substantial portion of the government shareholding of enterprises, including transfer of management control. Today, India has the second largest number of SOEs, after China, in the *Fortune Global 500* list of companies. A recent move in its reform agenda has been the privatisation of *Air India* with the government of India receiving about US dollars 360 million in equity and a private conglomerate taking over US dollars 2 billion of debt. India is also to establish a company, *National Land Monetisation Corporation,* to hold, manage and monetise surplus land and buildings of government agencies and public sector undertakings. This is to be set up as an entirely government owned company under the Ministry of Finance.

Successful SOE Turnaround in Sri Lanka: *Case of Sri Lanka Telecom PLC*

The telecommunications sector is one of the most successful service sectors in Sri Lanka, in terms of quality, reliability and pricing of services. Today, Sri Lanka boasts mobile penetration of over 135 per cent and has one of the lowest mobile and internet charges in the region. A key player in this industry is Sri Lanka Telecom PLC which has emerged as a successful SOE over the last two decades.

Following economic liberalisation, in the early 1980s Sri Lanka took a significant step in restructuring the telecommunications sector by instituting the Department of Telecommunications, which later handed over the operational functions to a public corporation, namely *Sri Lanka Telecom*. In 1996, *Sri Lanka Telecom* was reconstituted as a government owned Limited Liability Company. A turning point for the SOE was the sale of 25 per cent of the share capital to *Nippon Telegraph & Telephone Corporation* for US dollars 225 million in the following year. This was followed by the successful listing of *Sri Lanka Telecom PLC* on the Colombo Stock Exchange in 2003. As at end 2020, the two major shareholders of *Sri Lanka Telecom PLC* were the Government, holding a 49.50 per cent stake through the Secretary to the Treasury and, *Global Telecommunications Holdings N.V.* with a 44.98 per cent stake and the remainder being held by other shareholders and publicly traded on the Colombo Stock Exchange. Accordingly, dividends from *Sri Lanka Telecom* stood at approximately Rs. 947 million in 2020 and dividends amounting to Rs. 1.4 billion are expected in 2022 and beyond.

The case of *Sri Lanka Telecom* highlights the innate potential that exists in SOEs and how the undertaking of timely reforms, such as through divestiture can help the economy harness this potential. It is also important to note that in this case, the setting up of the *Telecommunications Regulatory Commission of Sri Lanka* as an independent regulator facilitated the progress of Sri Lanka Telecom as it ensured the overall dynamic development of the sector through the creation of a regulatory environment that is committed towards ensuring competition and contestability.

Considering the success seen with *Sri Lanka Telecom,* going forward, the Government may consider the sale and/or divestiture of SOEs. In this regard, it is vital for successive governments to maintain a consistent policy stance in relation to the sale of government assets, while also addressing the concerns of stakeholders in a timely and proactive manner during such processes.

Way Forward

Going forward, as Sri Lanka progresses on its post COVID-19 recovery journey and transitions to the upper middle income status, it is crucial that the Government expeditiously implements the reforms that are underway, especially in relation to mergers and consolidation and the strengthening of corporate governance, which have also been proposed above. Reforms relating to the implementation of a transparent pricing mechanism, improvement of strategic direction and enhancement of financial accountability are also imperative to improve the performance of SOEs in the short term. These not only ensure improved government revenue but also reduces the need for loss financing through budget transfers or as borrowings from the banking system. This can help release substantial volumes of resources to be channeled to more productive income generation or asset creation by households and enterprises. Accordingly, there will be a multiplier effect on government revenue in the short run and on growth in the medium to long run.

With due consideration to the key role that SOEs play in the economic development process, especially with their wide presence in strategic sectors, it is crucial that these enterprises perform effectively and deliver favourable socioeconomic outcomes without financially burdening the state. In this regard, the Government must conduct individual feasibility studies of SOEs and initiate timely action regarding the sale of some of their assets to domestic or foreign entities. Subsequently, the Government may also consider restrategizing these SOEs without politicizing them to ensure sustainable and viable operations. The Government must also recognise that although such reforms may require some unpopular policy initiatives at the outset, these can pave way for the creation of SOEs that are financially viable and economically beneficial over the medium to long run. The transformation of existing SOEs from 'fiscal burdens' and into 'value creators,' through such reforms, is vital for them to emerge as facilitators of Sri Lanka's progress onto a high growth trajectory, rather than serve as stumbling blocks.

Bibliography

1. Central Bank of Sri Lanka. A Review of the Economy of Sri Lanka, 1950 – 1975
2. Central Bank of Sri Lanka. 1998. Economic Progress of Independent Sri Lanka.
3. Central Bank of Sri Lanka. Annual Reports, Various Issues.
4. European Commission. 2013. European System of Accounts 2010 (ESA10), Section 2.51, Luxembourg.
5. IMF. 2014. Government Finance Statistics Manual 2014. Washington, DC: International Monetary Fund.
6. IMF. 2020. 'State-Owned Enterprises: The Other Government.' IMF Fiscal Monitor, April 2020.
7. Guluzade, A., 2020, May. How reform has made China's state-owned enterprises stronger. In World Economic Forum, May (Vol. 21).
8. Kim, K. and Panchanatham, N., 2021. Reform and privatization of state-owned enterprises in India. In Reforming State-Owned Enterprises in Asia (pp. 157-168). Springer, Singapore.
9. Knight, M., Guruge, A. and Cham, M.R., 2017. State-owned enterprise reforms in Sri Lanka: the way forward. Manila: Asian Development Bank Institute.
10. Lakshman, W.D. ed., 1997. Dilemmas of development: fifty years of economic change in Sri Lanka. Sri Lanka Association of Economists.
11. Ministry of Finance. Annual Report, Various Issues.
12. Mukherjee, A., Sarma, A.P., Barah, A. and Mohan, A., 2020. Public Sector Enterprises in India: Enhancing Geo-Strategic Reach and Exports.
13. OECD. 2015. OECD Guidelines on Corporate Governance of State-Owned Enterprises, 2015 Edition. Paris: OECD Publishing.
14. PwC. State-Owned Enterprises: Catalysts for public value creation?
15. World Bank Group. 2014. Corporate Governance of State-Owned Enterprises: A tool kit.

Ceylon Electricity Board, recording a year-on-year decline of 2.0 per cent and 6.4 per cent, respectively. By end 2021, the outstanding public guaranteed debt of the CPC and the National Water Supply and Drainage Board witnessed a substantial increase of 62.5 per cent and 45.4 per cent, respectively, reaching Rs. 561.3 billion and Rs. 200.9 billion, respectively, compared to 2020. Meanwhile, at end 2021, the CPC and the Road Development Authority accounted for a major portion of the public guaranteed debt stock of SOBEs, with shares of 37.3 per cent and 23.2 per cent, respectively.

6.5 Budgetary Operations in Sub National Governments

Policy Directions and Measures taken by Sub National Governments

During 2021, several projects were implemented at the sub national government level with the aim of regional infrastructure development and public sector service delivery enhancement, thereby upgrading living standards of the people.[5] Accordingly, several infrastructure related projects were implemented during the year, including the Local Government Enhancement Sector Project, Construction of Rural Bridges Project, Rural Infrastructure Development Project in Emerging Regions (RIDEP Project), Provincial Road Development Project (PRDP), Greater Colombo Waste Water Management Project, and Local Development Support Project (LDSP). Meanwhile, the Primary Health Care System Strengthening Project and the General Education Modernisation Programme were also in progress in 2021 with the objective of raising the quality of health and education service delivery at the sub national government level.

With the view to achieving a balanced regional development and shared prosperity in the country, the Finance Commission (FC) recommended several measures to be implemented in 2021, with funds allocated from the National Budget, in the areas of balanced regional development, inter-agency coordination, devolved revenue generation, and private sector participation. The FC recommended allocating sufficient funds to Provincial Councils (PCs) to accomplish their expenditure needs including delivery of services in terms of education and health at the sub national level. Further, recommendations were made to ensure the effective utilisation of resources and to reduce regional disparities by disbursing funds directly to PCs, preparing a consolidated annual implementation plan for development activities, and maintaining a balanced resource allocation among PCs. As most of the disaster response and mitigation activities and community based interventions are channeled through PCs and Local Authorities (LAs), the Commission recommended allocating a special grant to PCs under the National Budget for delivery of services for LAs and for environment protection activities. In line with this recommendation, the FC highlighted the need to discontinue the allocations for other ministries and departments on such activities. Moreover, the FC recommended empowering PCs and LAs with higher revenue generation in order to reduce the dependency of PCs and LAs on the central government budget. The FC recommended establishing a common framework for planning, budgeting, and reporting of public investments in the national and sub national governments to strengthen the intergovernmental financial coordination. The recommendations were also

5 The sub national governments comprised of nine Provincial Councils (PCs) and 341 Local Governments (LGs) that include 24 Municipal Councils, 41 Urban Councils and 276 Pradeshiya Sabhas.

6

made to encourage private investments in the relevant sectors and regions to enhance the quality of delivery of services, while maintaining balanced development in the country, while posing less of a burden on the government budget.

Budgetary Operations in Provincial Councils

Revenue collection of PCs improved in 2021, reflecting the increased economic activities during the year compared to 2020. Total revenue of PCs increased to Rs. 58.1 billion in 2021 from Rs. 52.2 billion in 2020 due to the increase in tax revenue collection. Tax revenue increased to Rs. 51.1 billion in 2021 from Rs. 43.1 billion in 2020 due to higher revenue collection from stamp duty, which continued to be the key source of revenue of PCs and increased to Rs. 38.8 billion in 2021 compared to Rs. 27.4 billion in 2020. However, revenue earned from license fees declined to Rs. 10.8 billion in 2021 in comparison to Rs.11.2 billion recorded in 2020, mainly due to the reduction in motor vehicle registrations amidst the prevailing import restrictions. With the removal of NBT in December 2019, NBT revenue transferred from the Central Government declined significantly to Rs. 0.3 billion in 2021 compared to Rs. 2.7 billion recorded in 2020. Accordingly, the share of revenue from stamp duty on tax revenue of PCs increased to 76.0 per cent in 2021 from 63.5 per cent in 2020, while the share of revenue from NBT on tax revenue of PCs declined to 0.5 per cent in 2021 from 6.3 per cent in 2020. Meanwhile, non tax revenue declined to Rs. 7.1 billion in 2021 from Rs. 9.1 billion in 2020. Revenue in all other provinces declined during 2021 in comparison to the previous year, except the Western Province. Accordingly, the share of revenue of the Western Provincial Council out of the total revenue collection by all PCs increased to 53.6 per cent in 2021 from 46.8 per cent in 2020 due to increased revenue collection from stamp duty and interest income. Among other PCs, the North Western and Southern Provinces accounted for 10.3 per cent and 10.0 per cent of the total revenue, respectively.

The total expenditure of PCs increased mainly due to the rise in recurrent expenditure in 2021 compared to the preceding year. In nominal terms, total expenditure increased to Rs. 376.4 billion in 2021 from Rs. 337.0 billion in 2020, while as a percentage of GDP, it broadly remained unchanged at 2.2 per cent in 2021. Recurrent expenditure increased to Rs. 317.0 billion in 2021 from Rs. 289.7 billion in 2020, mainly due to the rise in expenditure on personal emoluments, which increased to Rs. 251.5 billion in 2021 from Rs. 228.6 billion in 2020. Personal emoluments remained the largest component of recurrent expenditure accounted for about 79.4 per cent in the total recurrent expenditure of PCs. Meanwhile, about 90 per cent of personal emoluments of PCs were spent on the education and health sectors. The Western, Central and Southern PCs remained the highest spending authorities accounting for 20.6 per cent, 12.8 per cent, and 12.5 per cent of total recurrent expenditure of PCs. Meanwhile, capital expenditure of PCs increased to

Table 6.9
Budget Outturn of Provincial Councils

Rs. million

Item	2018	2019	2020 (a)	2021 (b)
Total Revenue	**88,689**	**91,344**	**52,245**	**58,141**
Tax Revenue	82,228	81,499	43,096	51,067
Non Tax Revenue	6,461	9,845	9,149	7,075
Total Expenditure	**292,265**	**310,124**	**337,006**	**376,447**
Recurrent Expenditure	251,552	286,884	289,667	316,969
o/w Personal Emoluments	198,129	219,698	228,561	251,525
Capital Expenditure	40,713	23,240	47,339	59,478
Central Government Transfers	**203,576**	**218,780**	**284,761**	**318,306**
Block Grants	180,095	199,968	265,593	284,602
Criteria Based Grants	2,462	2,205	1,752	2,559
Province Specific Development Grants	13,536	11,376	11,004	12,632
Foreign Grants for Special Projects	7,483	5,230	6,412	18,513

(a) Revised
(b) Provisional

Sources: Ministry of Finance
State Ministry of Provincial Councils and Local Government

Rs. 59.5 billion in 2021 from Rs. 47.3 billion in 2020, mainly due to the rise in expenditure in relation to special projects.

Despite the higher revenue collection of PCs, transfers from the Central Government to PCs increased significantly to meet higher expenditure incurred by the PCs during the year. Accordingly, transfers from the Central Government to PCs increased by 11.8 per cent to Rs. 318.3 billion in 2021, mainly due to the increase in block grants and grants for special projects. Transfers from the Central Government remained at 1.9 per cent of GDP in 2021, unchanged from 2020. Block grants to PCs amounted to Rs. 284.6 billion during 2021, representing 89.4 per cent of the total transfers. In addition, grants for special projects increased to Rs. 18.5 billion in 2021 from Rs. 6.4 billion in 2020. During 2021, the transfers under the Province Specific Development Grants and Criteria Based Grants amounted to Rs. 12.6 billion and Rs. 2.6 billion, respectively. At the same time, during the period under review, about 84.6 per cent of expenditure of PCs was financed through central government transfers reflecting the necessity of building regional level strategies that encourage revenue mobilisation within PCs to reduce the pressure on the budget of the Central Government. It may also be noted that the continuation of an enlarged local and provincial government system has been a significant financial burden on the central government budget. It is suggested that a strict governance code to be implemented within the provincial and local government system, ensuring accountability and public scrutiny over their finances.

7

MONETARY POLICY, INTEREST RATES, MONEY AND CREDIT

7.1 Overview

The Central Bank reversed its accommodative monetary policy stance in 2021 to contain the build-up of inflationary pressures and address the imbalances on the external front. The monetary policy support extended by the Central Bank during the pandemic, continued into most of 2021 causing market interest rates to decline to historically low levels, while facilitating the funding needs of the Government and the private sector to support the economy in its phase of recovery. Accordingly, credit to both the public and private sectors expanded considerably underpinned by the abundance of low cost funds, thereby causing the expansion of broad money supply. With the aim of preempting any build-up of excessive inflationary pressures over the medium term and addressing imbalances in the external sector and financial markets, the Central Bank decided to increase policy interest rates and the Statutory Reserve Ratio (SRR) applicable on all rupee deposit liabilities of Licensed Commercial Banks (LCBs) in August 2021. Along with monetary tightening, foreign loan repayments of the Government using gross official reserves, and increased currency in circulation caused a reduction in liquidity in the domestic money market. Triggered by such tight policy measures, short term market interest rates adjusted upwards followed by a gradual increase in other market interest rates, including yields on government securities that were also allowed to increase supported by the removal of maximum yield rates for acceptance on government securities auctions in the primary market. With challenges emanating from the external sector and inflation fronts, particularly considering the breach of the achievement of 12 consecutive years of single digit inflation, measures were taken to further tighten the monetary policy stance during the first quarter of 2022 to contain underlying demand pressures in the economy and anchor inflation expectations. The restrictive policy measures included the raising of policy interest rates, easing of caps on domestic lending rates, removal of caps on foreign currency deposit rates and raising of rates relevant to concessional mortgage-backed housing loans. Following the sharp depreciation of the rupee and the sustained rise in global commodity prices, sharp upward adjustments to domestic prices were observed posing substantial upside risks to inflation. In response, the Central Bank significantly tightened its stance on monetary policy in April 2022 by raising its policy interest rates by 700 basis points, the highest single-day adjustment in recent history, while removing almost all caps imposed on lending products. Such policy response, along with the expected suppression of import demand following the rupee depreciation and the anticipated improvements in supply conditions of key commodities globally, is expected to arrest the build-up of underlying demand pressures in the economy, thereby restoring price and economic stability over the medium term.

7.2 Monetary Policy Stance

The Central Bank, which continued to provide unprecedented monetary stimulus since the onset of the pandemic to support economic activity and the government cashflow, commenced tightening its monetary policy stance since August 2021 with the aim of preempting the build-up of excessive inflationary pressures beyond desired levels in the economy and addressing imbalances in the external sector and financial markets. The continuation of the extraordinary monetary policy accommodation during the first half of 2021 was required to contain the impact of the multiple waves of the COVID-19 pandemic since early 2020, which severely disrupted economic activity. The ultra accommodative monetary policy stance of the Central Bank and the large infusion of liquidity to the domestic money market brought most market interest rates to their historic lows during 2021, thereby reducing the cost of funds for both private and public sectors. Accordingly, credit to the private sector remained robust supporting the recovery of economic activity. Credit to the public sector, particularly net credit to the Government from the banking system, including the monetary financing from the Central Bank, expanded substantially during the year. The Central Bank provided financial support to the Government by way of purchasing a significant amount of Treasury bills from the primary market, as well as direct allocations of Treasury bills to the Central Bank to meet the emergency funding needs of the Government amidst disruptions to its cashflows due to lower than expected revenue mobilisation and high expenditure. The resultant expansion in domestic credit caused broad money aggregates to remain elevated, although its expansion was moderated by the notable decline in net foreign assets (NFA) of the banking

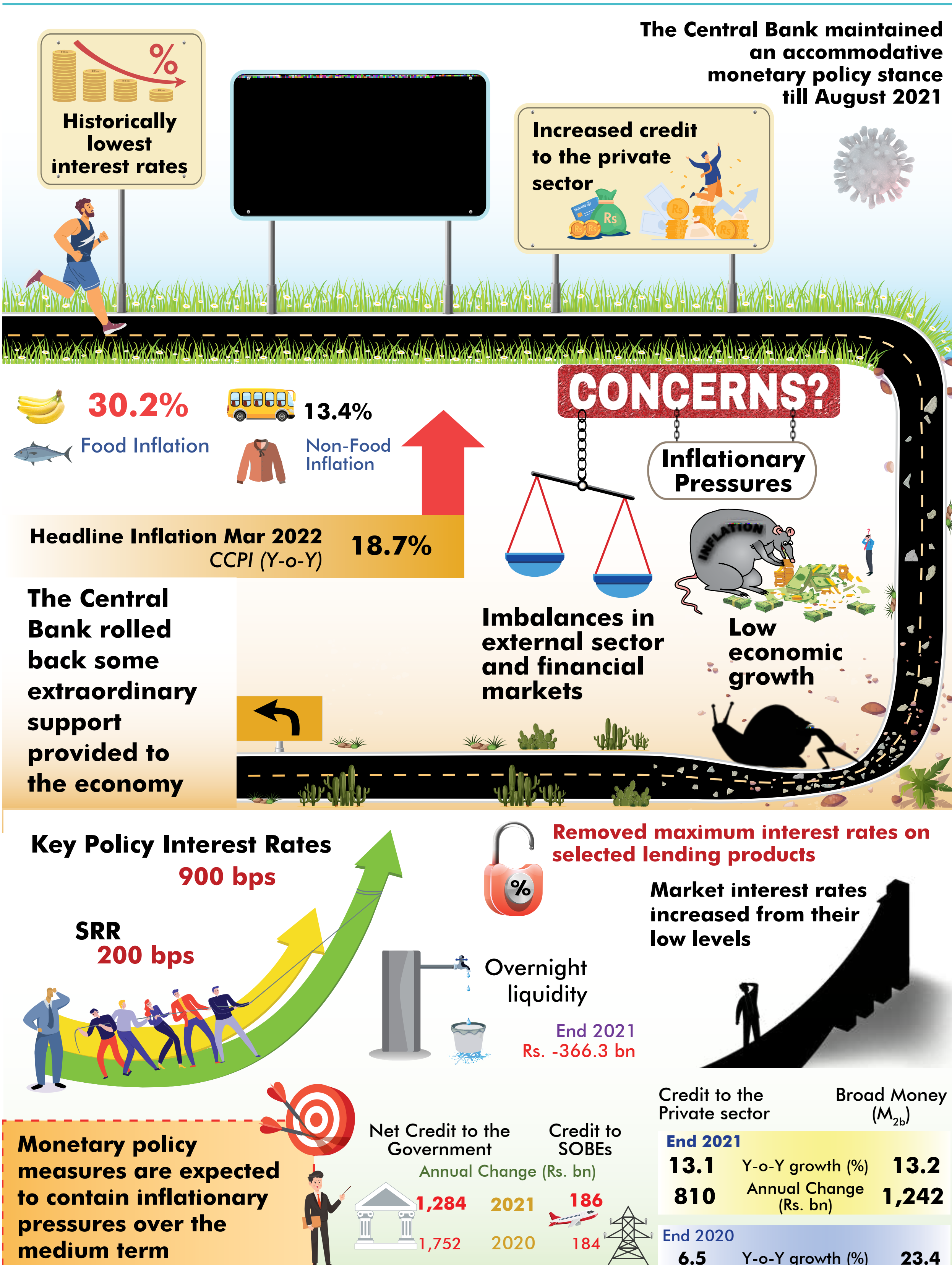
Table 7.1
Recent Monetary Policy Measures

Date	Measure
22 Feb 2019	SRR reduced by 1.00 percentage point to 5.00% to be effective from the reserve period commencing 01 Mar 2019
31 May 2019	SDFR and SLFR reduced by 50 basis points to 7.50% and 8.50%, respectively
23 Aug 2019	SDFR and SLFR reduced by 50 basis points to 7.00% and 8.00%, respectively
30 Jan 2020	SDFR and SLFR reduced by 50 basis points to 6.50% and 7.50%, respectively
17 Mar 2020	SDFR and SLFR reduced by 25 basis points to 6.25% and 7.25%, respectively
17 Mar 2020	SRR reduced by 1.00 percentage point to 4.00% to be effective from the reserve period commencing 16 Mar 2020
27 Mar 2020	Introduced a concessional loan scheme, the Saubagya COVID-19 Renaissance Facility (Phase I - Refinance Scheme), up to a cumulative value of Rs. 50 billion at an interest rate of 4.00%
03 Apr 2020	SDFR and SLFR reduced by 25 basis points to 6.00% and 7.00%, respectively, to be effective from the close of business on 03 Apr 2020
16 Apr 2020	Bank Rate reduced by 500 basis points to 10.00% and allowed to automatically adjust in line with the SLFR, with a margin of +300 basis points
06 May 2020	SDFR and SLFR reduced by 50 basis points to 5.50% and 6.50%, respectively, to be effective from the close of business on 06 May 2020 and Bank Rate automatically adjusted to 9.50%
16 Jun 2020	SRR reduced by 2.00 percentage points to 2.00% to be effective from the reserve period commencing 16 Jun 2020
16 Jun 2020	Extended the Saubagya COVID-19 Renaissance Facility (Phase II) up to Rs. 150 billion at an interest rate of 4.00%
09 Jul 2020	SDFR and SLFR reduced by 100 basis points to 4.50% and 5.50%, respectively, and Bank Rate automatically adjusted to 8.50%
19 Aug 2021	SDFR and SLFR increased by 50 basis points to 5.00% and 6.00%, respectively, and Bank Rate automatically adjusted to 9.00%
19 Aug 2021	SRR increased by 2.00 percentage points to 4.00% to be effective from the reserve period commencing 01 Sep 2021
20 Jan 2022	SDFR and SLFR increased by 50 basis points to 5.50% and 6.50%, respectively, and Bank Rate automatically adjusted to 9.50%
04 Mar 2022	SDFR and SLFR increased by 100 basis points to 6.50% and 7.50%, respectively, and Bank Rate automatically adjusted to 10.50%
07 Mar 2022	Allowed an adjustment in the exchange rate
08 Apr 2022	SDFR and SLFR increased by 700 basis points to 13.50% and 14.50%, respectively, to be effective from the close of business on 08 Apr 2022 and Bank Rate automatically adjusted to 17.50%

Source: Central Bank of Sri Lanka

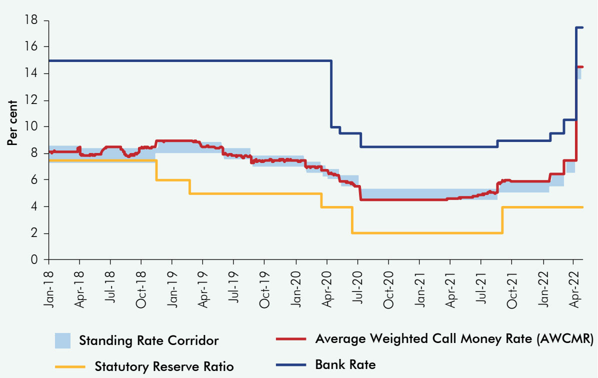
Note: The Central Bank imposed/revised caps on interest rates as follows:
- 26.04.2019: Imposed caps on interest rates of deposit products of licensed banks and non-bank financial institutions
- 24.09.2019: Imposed caps on lending rates while withdrawing caps on deposit rates of licensed banks
- 27.04.2020: Imposed caps on interest rates of pawning advances of licensed banks
- 24.08.2020: Revised caps on interest rates (tightened) of selected lending products of licensed banks
- 26.11.2020: Imposed caps on interest rates of mortgage-backed housing loans of licensed banks
- 24.08.2021: Imposed caps on interest rates to be paid in respect of foreign currency deposit products of LCBs and NSB
- 30.12.2021: Revised caps on interest rates (linked to 364-day Treasury bill yield) to be paid in respect of foreign currency deposit products of LCBs and NSB
- 31.12.2021: Revised caps on interest rates (linked to AWPR) of mortgage-backed housing loans of licensed banks
- 04.03.2022: Revised caps on interest rates (relaxed) of selected lending products of licensed banks
- 11.03.2022: Removed caps on interest rates to be paid in respect of foreign currency deposit products of LCBs and NSB
- 08.04.2022: Decided to remove caps on interest rates of selected lending products of licensed banks

Figure 7.1
Monetary Sector Developments



7

Figure 7.2
Movements in Key Policy Instruments and the Operating Target



Source: Central Bank of Sri Lanka

system during 2021. As some signs of imbalances in the economy were witnessed, particularly the build-up of demand pressures and pressures in the external sector and financial markets, the Central Bank was compelled to commence tightening monetary and liquidity conditions during the second half of 2021 with a view to stabilising the overall macroeconomy. Accordingly, the policy interest rates of the Central Bank, i.e., the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) were raised by 50 basis points each in mid-August 2021 to 5.00 per cent and 6.00 per cent, respectively. The Statutory Reserve Ratio (SRR) was also increased by 2 percentage points to 4.0 per cent effective September 2021 causing an absorption of Rs. 170 billion from the banking system, alongside several other measures. In addition, due to tight liquidity in the domestic foreign exchange market, interest rates offered by some banks for foreign currency deposits increased notably, requiring the Central Bank to impose a ceiling on interest rates offered for foreign currency deposit products of Licensed Commercial Banks (LCBs) and National Savings Bank (NSB) in August 2021 to address the anomalies between interest rates of rupee and foreign currency deposits. Following the tightening of the monetary policy stance, overall liquidity in the domestic money market turned into large deficit levels, resulting in a gradual upward adjustment in the market interest rates structure.

However, with inflation continuing to accelerate beyond desired levels amidst sustained pressures in the external sector along with the accommodative fiscal policy stance, the monetary policy measures adopted in August 2021 turned more hawkish in 2022. Accordingly, policy interest rates were increased by 150 basis points, in aggregate, during the period from January to March 2022, thereby containing the expansion of money and credit, which also fuel demand for imports, while also preventing the possible build-up of adverse inflationary expectations amidst the continued rise in prices generated by unfavourable supply side developments. Reflecting the impact of tightened monetary policy and the revisions to the other regulatory measures, market interest rates commenced adjusting upwards gradually. The maximum interest rate imposed on foreign currency deposits of LCBs and NSB was eased in December 2021 allowing to reflect prevailing market conditions and subsequently removed in March 2022. Further, the interest rate applicable on the special mortgage-backed housing loan scheme for salaried employees introduced in December 2020 was also revised. In addition, caps imposed in August 2020 on interest rates of domestic lending products were revised upwards in March 2022. Although monetary policy was systematically tightened to contain inflationary pressures in the economy, the significant depreciation of the rupee, which along with the sustained rise in global commodity prices, particularly international crude oil prices, led to immediate sharp upward adjustments in domestic prices, thereby posing substantial upside risks to inflation. Having identified the need to counter the effects of such inflationary pressures and pre-empt the escalation of adverse inflationary expectations among other concerns, the Central Bank decided

7

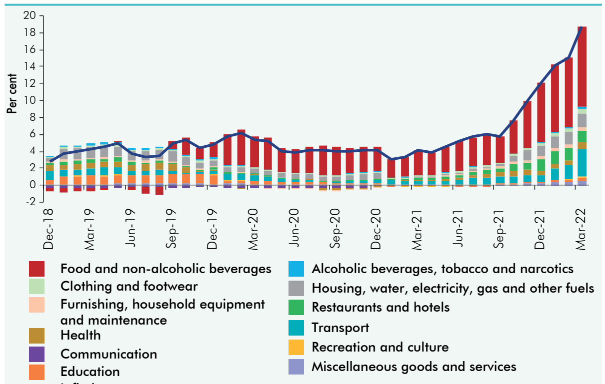
to further tighten its stance on monetary policy in April 2022 by significantly raising its policy interest rates by 700 basis points, the highest single-day adjustment in recent history, along with the decision to remove almost all caps imposed on lending products. Supported by these measures, market interest rates are expected to increase notably thus discouraging excessive consumption and encouraging savings. This would enable the easing of underlying demand pressures in the economy as well as expectations, thereby aiding to retrace inflation back to the desired single digit levels over the medium term, thus ensuring overall macroeconomic stability.

The Central Bank conducted its communication policy in 2021 principally to publicise accurate information on Central Bank actions to shape expectations and the behaviour of economic agents, with a view to supporting economic stability in the near term amidst multiple external challenges to the economy. In this regard, the Central Bank used conventional communication channels as well as social media and digital platforms to disseminate information in an opportune manner. The year began with the unveiling of the *'Road Map: Monetary and Financial Sector Policies for 2021 and Beyond'* in early 2021 that enunciated monetary policy and financial sector policies for the medium term. With the intensification of challenges and mounting uncertainties, the Central Bank presented *'The Six-Month Road Map for Ensuring Macroeconomic and Financial System Stability'* in October 2021 with a view to strengthening the economy and delivering macroeconomic stability by providing an assurance to the market based on a three-pronged framework. The Central Bank continued to communicate the monetary policy stance during the year focusing on guiding the market, which was accompanied with medium term projections as relevant, to anchor stakeholder expectations. Amidst intermittent restrictions on social distancing, the Central Bank continued to conduct online sessions of monetary policy press conferences, while also having regular in-person sessions whenever possible. In addition to live streaming of such occasions via social media, the Central Bank took necessary measures to issue press releases, conduct webinars, seminars and interviews on a frequent basis in three languages emphasising its policies for stability and enhancing awareness of stakeholders. Further, even amidst the challenges posed by the pandemic situation, the regular trilingual publications of the Central Bank, including the Annual Report and the Recent Economic Developments, were released. The Central Bank also kept up with the publication of key macroeconomic statistics on its official website in daily, weekly, monthly and quarterly frequencies.

7.3 Developments in Inflation

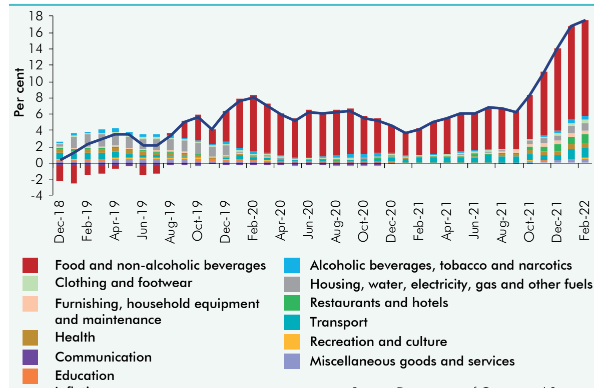
Headline inflation accelerated in 2021 driven mainly by global and domestic supply side disturbances, the surge in global commodity prices, upward revisions to administered prices, while also reflecting gradually firmed up demand pressures amidst increased disposable incomes. Headline inflation, as measured by the year-on-year change in the Colombo Consumer Price Index (CCPI, 2013=100) and the National Consumer Price Index (NCPI, 2013=100), which remained at relatively low levels at the beginning of the year, accelerated thereafter driven by the acceleration of food inflation as well as non-food inflation. The elevated food inflation was mostly due to supply side disruptions owing to pandemic related restrictions and the drop in production of certain food items (rice, vegetables, etc.). Further, extensive rise in global prices of oil, gas and certain other commodities led to several upward revisions in domestic prices of goods and services. With the effects of sudden price adjustments spilling over to

Figure 7.3
Contribution to Year-on-Year Headline Inflation (CCPI)



Source: Department of Census and Statistics

Figure 7.4
Contribution to Year-on-Year Headline Inflation (NCPI)



Source: Department of Census and Statistics

other sectors along with the removal of Maximum Retail Prices as a method of absorbing external price shocks, both food inflation and non-food inflation accelerated notably during the latter part of 2021. Moreover, the rise in non-food inflation was fuelled by the increase in expenditure of categories such as health due to pandemic related high-cost driven factors. Accordingly, following an era of 12 consecutive years of single digit inflation, year-on-year headline inflation based on the CCPI accelerated to 12.1 per cent by end 2021 from 4.2 per cent at end 2020. Annual average inflation also rose to 6.0 per cent in 2021 from 4.6 per cent recorded in 2020. Following a similar trend, year-on-year headline inflation based on the NCPI also accelerated to 14.0 per cent by end 2021 from 4.6 per cent at end 2020. Annual average inflation based on the NCPI was recorded at 7.0 per cent in 2021 compared to 6.2 per cent recorded in the previous year. The acceleration of inflation continued in early 2022 as well with year-on-year headline inflation based on the CCPI recording 18.7 per cent in March 2022, while that of NCPI accelerating to 17.5 per cent in February 2022.

Reflecting the lagged effect of significant monetary accommodation, core inflation, which measures the underlying demand driven component of inflation, also followed an upward trend in the second half of 2021. The year-on-year core inflation which remained at moderate levels at the beginning of 2021 accelerated thereafter. Although volatile food, energy and transport categories are excluded when measuring core inflation, several upward price revisions made to certain other food items such as milk powder, bread

7

Table 7.2
Movements of Year-on-Year Inflation

Per cent

		Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Mar-22
Headline Inflation	CCPI (2013=100)	4.5	7.1	2.8	4.8	4.2	12.1	18.7
	Food Inflation	4.1	14.4	-1.5	6.3	9.2	22.1	30.2
	Non Food Inflation	4.5	4.2	4.8	4.3	2.0	7.5	13.4
	NCPI (2013=100)	4.2	7.3	0.4	6.2	4.6	14.0	17.5 (a)
	Food Inflation	2.3	12.8	-4.5	8.6	7.5	21.5	24.7 (a)
	Non Food Inflation	5.8	2.9	4.7	4.2	2.2	7.6	11.0 (a)
Core Inflation	CCPI (2013=100)	5.8	4.3	3.1	4.8	3.5	8.3	13.0
	NCPI (2013=100)	6.7	2.7	3.1	5.2	4.7	10.8	14.1 (a)

(a) As at end February 2022

Source: Department of Census and Statistics

BOX 8
A Review of Recent Global Inflation Episodes

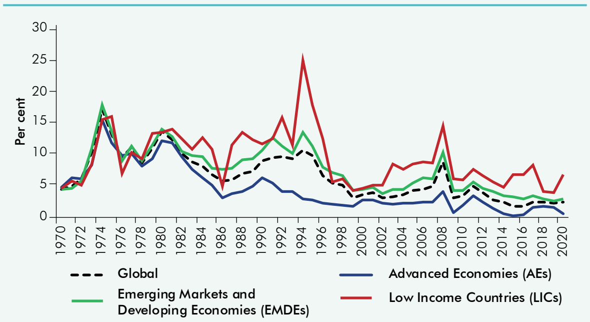
Introduction

Central banks are concerned about maintaining low and stable inflation, i.e., price stability, which is their prime objective. By design, monetary policy is biased towards acting to arrest excessive inflation and hence protecting the purchasing power of the public, particularly the poor, as inflation disproportionately harms low income and fixed income earners. With concerted policy efforts and continuous improvements to monetary policymaking, including the adoption of an inflation targeting framework, global inflation witnessed a clear downward trend in the last several decades. However, frequent high inflation episodes were witnessed globally as well as domestically due to several reasons. Having a comprehensive analysis of such recent events is vital for appropriate policy responses, which would be beneficial in encountering such episodes in the future and mitigating adverse implications.

High Inflation Episodes in History

Even though global inflation was on a downward trend in the aftermath of World War II, there have been occasional high inflation episodes in some countries due to the elimination of price controls, supply shortages, pent-up demand, and policy mistakes in some circumstances. Literature provides for different trends and characteristics of the movements in global inflation over time, based on different classes of economies (Figure B 8.1).

Figure B 8.1
Global Inflation (1970 - 2020)



Source: Ha, J. M. et al. (2021)

Note: Global inflation is the median headline consumer inflation of 193 countries; advanced economies cover inflation in 36 countries; emerging markets and developing economies covers inflation in 157 countries of which 27 countries are classified as low income.

Aggravated pressures on the US dollar due to large monetary expansion in the late 1960s as led by gold convertibility began to cause inflationary pressures on the economy and this spread to the rest of the world via the balance of payments deficit of the country. This is referred to as the beginning of "The Great Inflation" and resulted in the collapse of the Bretton Woods Agreement[1] by the early 1970s, along with the suspension of dollar convertibility to gold by the authorities of the United States. However, extended by the oil price surge in 1973 with the formation of an embargo by the Organisation of Arab Petroleum Exporting Countries (OAPEC), global median consumer price inflation peaked in 1974. Advanced economies responded to the price shock by monetary policy tightening and as a result, inflation tended to decline only in mid-1980s as policy transmission was disturbed by another surge in oil prices in the early 1980s, which was caused by the Iranian Revolution and subsequent Iran-Iraq War. Accordingly, median consumer price inflation in advanced economies, which was at double digit levels in 1974 declined to lower single digits by 1986 and assured the central bank credibility even amidst threats of deep recessions. This was reflected in the quadrupled interest rates in the United States within the five years from 1976 to 1981, which in turn resulted in a sharp contraction of the output between early 1981 and 1982. Some advanced economies in Europe also responded to this peak in inflation in a more stringent manner. The success of this containment of inflation during the period known as "The Great Moderation" is greatly attributed to the stabilisation of the macroeconomy through policy measures. It was characteristic for most of the countries who witnessed high inflation to adopt inflation targeting as their policy framework, resulting in global disinflation with lesser volatility. However, emerging markets and developing economies, and low income countries experienced a delayed correction of the high inflation rates which in general started in the mid-1990s. This was mostly due to structural issues in their economies such as the populist political culture, persistent and substantial fiscal and current account deficits, which sometimes existed in parallel to fixed exchange rate regimes, deteriorating terms of trade for commodity exporters, and supply side issues compared to industrial economies. Efforts to contain inflation in these economies also resulted in serious output losses during the period from 1989 to 1994, amidst civil wars, in some cases.

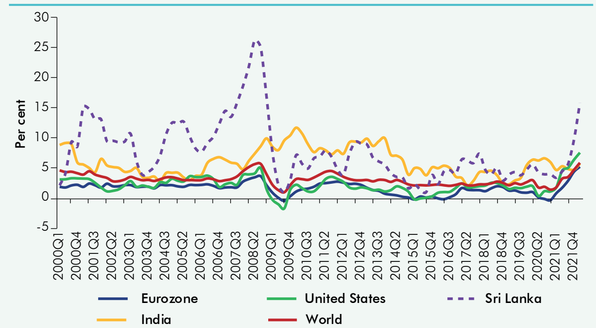
1 In July 1944, delegates from 44 countries met in Bretton Woods, New Hampshire, United States to agree on the Bretton Woods System, where gold was determined as the basis for the United States dollar and other currencies were pegged to the United States dollar value.

Period	Reasons for High Inflation
1973 - 1982	Two oil price surges; first due to an embargo by the Organisation of Arab Petroleum Exporting Countries (OAPEC), and second due to the decline in oil production caused by the Iranian Revolution and Iran-Iraq War.
2008	Global demand driven factors, including increased food prices and tripled oil prices during the period from 2004 to 2008 which was also contributed by the spillover effects of extra loose monetary policy conditions in the United States.
Current episode (since 2021)	COVID-19 pandemic related disruptions to supply chains, increased energy and commodity prices, increased fertiliser prices, disturbances due to elevated geopolitical tensions and reviving demand conditions due to normalising activity.

The downward trend in global inflation discontinued for a while in the early 2000s until economies were heading towards the Global Financial Crisis, when global energy prices and food prices were soaring. This was particularly due to rapid growth in emerging and developing economies that relied mostly on commodity-intensive economic growth. Strong demand persistently pushed energy prices and food prices upward until they collapsed with the financial crisis. The energy price surge was mostly driven by sluggish supply performances where the production and distribution capacity were slow to build-up as a response to rapidly increasing demand. Food prices also contributed to the prevailing high inflation, alongside demand from emerging and developing economies, and a number of other factors, including unfavourable weather conditions and growing use of export restrictions by food exporters, such as export restraints implemented by major grain exporting countries, including China, Ukraine, and Argentina.

However, in aftermath of the crisis, inflation reached low levels, where the global annual average median inflation reached 2.6 per cent by 2017. Particularly, about half of the advanced economies reported negative inflation rates in 2015, and every three out of four advanced economies reported low single digit inflation (Jongrim Ha et al., 2019). In emerging markets and developing economies, including those that were practicing inflation targeting, disinflation was prominent, and every three out of five economies recorded inflation rates below the target level.

Figure B 8.2
Global Inflation Dynamics since 2000
(Y-o-Y Quarterly Consumer Price Inflation)



Source: Global Projection Model Network
Department of Census and Statistics of Sri Lanka

High Inflation Episode since 2021

The current high inflation episode appears to be far wider and more persistent than previous episodes as it was triggered by several cost driven, and demand driven factors in combination. Supply side disruptions to major commodities, including energy related and agricultural commodities, due to the COVID-19 pandemic, supply chain issues, shortage of labour and increased demand for goods and services arising from normalisation of activity from the pandemic are the key contributors to this episode. Geopolitical tensions over the Russia-Ukraine war since late February 2022 pushed inflation trajectories further up on multiple fronts stemming from uncertainty, and commodity price hikes also contributed to inflation.

Along with these supply related causes of inflation, ample policy stimuli provided by monetary and fiscal authorities across the globe as well as additional policy support from the multilateral organisations to support the economies during the pandemic appears to have fueled inflation further, causing inflation originated from supply factors to persist for longer than initially anticipated. The combined effects of these forces lead to inflation recording several folds higher than the inflation targets and historical averages in many economies, regardless of economic status. Accordingly, in 2021, global inflation reached a near 14-year high. The United States experienced the highest inflation in 40 years with a year-on-year increase in the Consumer Price Index recording 7.9 per cent in February 2022. By February 2022, recording 6.2 per cent and 5.9 per cent increases over the last 12 months, the United Kingdom and New Zealand economies also experienced the highest level of inflation recorded in last three decades. The trend is set to continue as the leading economies, as well as the emerging market economies are expected to experience inflationary pressures in 2022 as well. Inflation in the Eurozone too mounted to a record high of about 5.0 per cent in 2021.

At the outset of the current high inflation episode, it was a widespread belief that these inflationary pressures are temporary, hence the need to respond through monetary policy would not arise as it could hamper growth recovery in the post-pandemic period. However, inflation worldwide is expected to persist for a longer period at a greater magnitude, than previously envisioned by global think tanks, due to ongoing supply chain disruptions and high energy prices. This made policymakers rethink prioritising stability over economic growth, and most central banks from advanced, emerging and developing economies commenced unwinding policy stimuli and started adopting a hawkish stance by tightening policy interest rates sharply and communicating their commitment for further tightening through forward guidance to fight inflation. The resultant tight global financial conditions are anticipated to contain global inflation back to the desired level with a policy lag. In addition to demand side measures, some countries are seeking possibilities of implementing certain supply side measures, such as change in conventional agricultural practices expecting to maintain realistic buffer stocks and revising import policies to avoid price rises of essential commodities.

Policy Responses in General and in Developing Countries

In general, monetary measures have been taken by central banks to address high inflation episodes

Figure B 8.3
Inflation by Country Characteristics

Source: Ha, J. M. et al. (2019)

supported by appropriate fiscal policies by governments. Central banks increase policy interest rates to increase the cost of borrowings and thereby discourage aggregate consumer spending. On the fiscal front, governments reduce inflationary pressures by increasing taxes and reducing government spending to address the demand-pull inflation. Also, price controls and subsidies play a major role in minimising the cost of production in controlling cost push inflation.

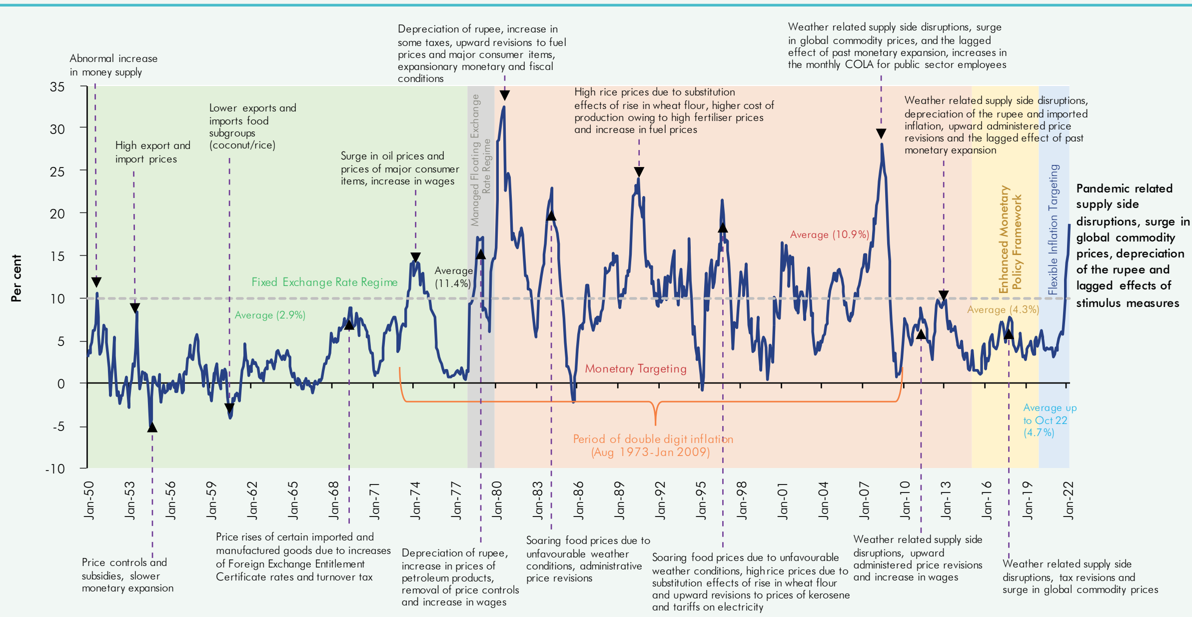
More importantly, transparent and independent central banks have been able to reduce inflation at a faster rate by anchoring inflation expectations through established credibility among economic stakeholders. Numerous assessments on the impact of central bank independence on macroeconomic stability support the assertion of a negative relationship between the central bank independence and inflation (Brumm 2002, 2011; Garriga and Rodriquez 2020; Berger, de Haan, and Eijffinger 2001). Empirically, central bank transparency has also been found to help anchor inflation expectations in advanced economies, thereby stabilising inflation and reducing uncertainty in inflation. (Weber 2016). Overall, appropriate stabilisation policies such as strengthening institutions, greater autonomy in central banking, and establishing an appropriate fiscal environment help decelerate structurally persistent inflation. Moreover, such policy commitments have been instrumental in successfully handling intermittent supply driven inflationary pressures as these pressures are perceived to be transitory by economic agents with well anchored expectations.

When investigating historical inflationary trends, it can be observed that compared to developed and emerging economies, many developing or low income countries have experienced high unvarying inflation over time. Therefore, it is a significant challenge for central banks in these countries to achieve low and stable inflation and to anchor inflation expectations. Although inflation in developing countries is more susceptible to external shocks such as energy prices and food prices, some of the reasons adduced for the sustained and persistent inflation rates in many developing countries are structural, including high budget deficits and financing such deficits by the central bank, high government expenditure, high military expenditure, low productivity, frequent weather shocks, high persistent inflation expectations by the economic agents, excess money supply and unstable exchange rates.

Figure B 8.3 shows the impact of global factors in driving inflation in domestic core inflation, which measures the underlying demand driven component of inflation, across countries.

Tight monetary and fiscal policies and control prices have helped control inflation; the impact of inflationary pressures was reduced via safety net interventions such

Figure B 8.4
Inflation based on the Colombo Consumer Price Index (CCPI) (Y-o-Y Changes)



Sources: Department of Census and Statistics, CBSL Annual Reports as cash transfers and food subsidies, at times to some extent. In many developing economies, active use of countercyclical policies including fiscal rules have aided insulation of economies from the impact of global shocks.

High Inflation Episodes in Sri Lanka

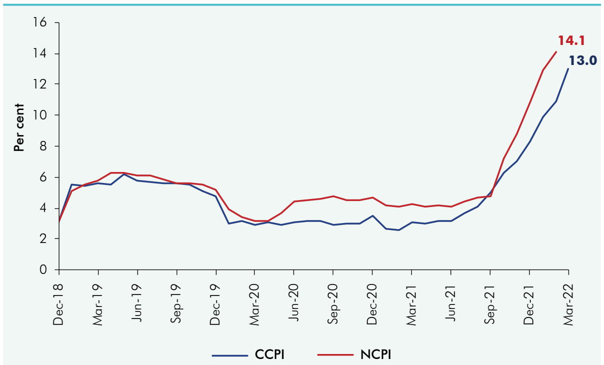
The Sri Lankan economy also has not been an exception to global inflation dynamics, cost push factors and structural limitations in demand management. Sri Lanka, too experienced, high inflation episodes during several periods due to transitory supply side disruptions, especially weather related, and surge in international commodity prices together with the lagged effect of monetary expansion largely to support deficit financing. Nevertheless, Sri Lanka maintained low and stable levels of inflation for over a decade, abetted by continuous improvements to policy formulation and policy communication, while addressing supply concerns temporarily through government intervention by reducing certain taxes on essential commodities, importation of certain commodities, imposing maximum retail prices for certain commodities, even within the limited fiscal space. The Central Bank has deployed monetary policy measures to contain demand driven inflationary pressures. Adopting a flexible inflation targeting (FIT) monetary policy framework aids the Central Bank to conduct monetary policy in an increasingly forward looking manner with the aim of maintaining inflation at low and stable levels in the medium term, thereby supporting to attain sustainable economic growth while ensuring Central Bank transparency and accountability. Since FIT involves the aim of achieving the envisaged inflation targets, which can be closely monitored through inflation forecasts, the monetary policy decision making process is facilitated by a forward looking model based comprehensive analysis on the deviations of the inflation forecasts from the desired targets. Therefore, shocks to such deviations can be addressed through proactive policy measures in a timely manner to bring inflation back to the desired target levels, while properly anchoring inflation expectations.

Similar to many countries across the globe, Sri Lanka is currently experiencing high levels of inflation. In addition to COVID-19 provoked circumstances, the recent acceleration in inflation was driven by supply side factors stemming from international commodity prices, which include fuel and some essential imported commodities. The removal of price controls and their spillover effects and the buildup of demand driven inflationary pressures stemming from pandemic related policy stimulus measures also contributed to inflation. Reflecting growing pressures from underlying demand conditions, core inflation, which does not capture volatile food prices, energy and transport costs, witnessed an increasing trend similar to other countries. Such demand driven pressures are taken care of through proactive policy measures taken by the Central Bank and the policy communication to reiterate commitment to revert inflation to the targeted range at the earliest. As such, the Central Bank increased policy rates in an aggressive manner, while devising preemptive policies to ensure that inflation returns to the targeted level at the fastest possible pace with minimal disruptions to economic recovery. Nonetheless, the government's intervention also remains vital to overwhelm the supply side concerns, while enabling monetary policy driven measures to arrest excessive inflationary pressure in the economy, and hence robust and coordinated policies are required to be adopted in a timely manner. The intervention of the Central Bank is vital to contain inflationary pressures building up from speculation by economic agents, and hence inflation expectations. It is important to have a mechanism established by the government, to detect early and take proactive policy decisions to contain any adverse inflationary developments arising from supply side disturbances. Such a policy mix is crucial for any country that wishes to quickly move back to targets to enjoy the luxury of stable and healthy levels of inflation, thereby ensuring sustainable economic growth which ensures high living standards of the public.

References

1. Berger, H., Haan, J. De and Eijffinger, S. C. W. (2001) 'Central bank independence: an update of theory and evidence', *Journal of Economic Surveys*, 3-40.
2. Brumm, H. J. (2011) 'Inflation and central bank independence: Two-way causality?', *Economics Letters*, 220-222.
3. Garriga, A. and Rodriguez, C. (2020) 'More effective than we thought: Central bank independence and inflation in developing countries', *Economic Modelling*, 87-105.
4. Ha, J. M., Kose, A. and Ohnsorge, F. (2019) Inflation in Emerging and Developing Economies and Developing Economies. World Bank Group.
5. Ha, J. M., Kose, A. and Ohnsorge, F. (2021) 'One-Stop Source, A Global Database of Inflation', *Policy Research Working Paper*, (9737). World Bank Group.
6. Kwon, G., L. McFarlane, and W. Robinson, (2009) 'Public Debt, Money Supply, and Inflation: A Cross-Country Study', *IMF Staff Papers*, (56(3)), 476-515.
7. Rouse, C. C., Zhang J., and Tedeschi, E. (2021) 'Historical Parallel's to Today's Inflationary Episode'.
8. Weber, C. S. (2016) 'Central Bank Transparency and Inflation (Volatility)—New Evidence', *International Economics and Economic Policy,* (15), 21-67.

Figure 7.5
Movements in Year-on-Year Core Inflation



Source: Department of Census and Statistics

and bakery products, along with increases in the prices of non-food items such as health, restaurants and hotels, etc. contributed to the acceleration of core inflation in the latter part of 2021. The movements in core inflation were reflecting the gradual build-up of demand pressures underpinned by the significant fiscal and monetary policy stimuli provided during the pandemic. Year-on-year core inflation based on the CCPI accelerated from 3.5 per cent at end 2020 to 8.3 per cent by end 2021 and accelerated further to 13.0 per cent in March 2022, while annual average core inflation was at 4.4 per cent in 2021 compared to 3.1 per cent recorded in 2020. Core inflation based on the NCPI also accelerated from 4.7 per cent at end 2020 to 10.8 per cent, year-on-year, by end 2021 and further to 14.1 per cent in February 2022. The annual average core inflation at 5.5 per cent in 2021 compared to 4.1 per cent recorded in 2020. The actual and anticipated movements in core inflation prompted the Central Bank to take preemptive monetary policy measures to tighten monetary conditions with the view of arresting demand driven inflationary pressures and anchoring inflation expectations.

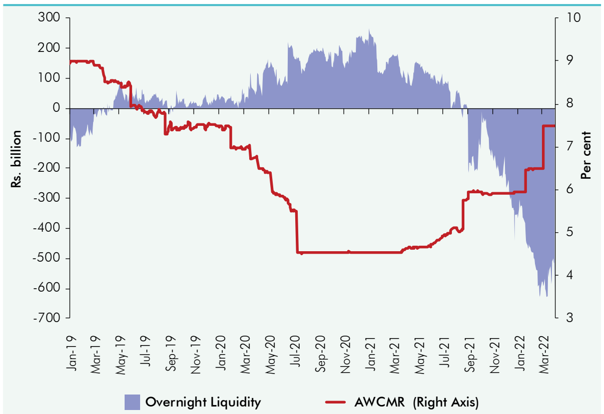
Inflation expectations of both the corporate and household sectors as gauged by the Inflation Expectations Survey of the Central Bank, remained elevated during 2021 induced by the movements in actual inflation. As per the survey findings, both the corporate and household sectors expect inflation to trend upwards in the near term owing to supply side disturbances. Changing global and domestic supply and demand conditions and the pandemic related mobility restrictions, increase in money supply, possible depreciation of the rupee, restrictions on imports, high demand during festive seasons, expansionary fiscal policy stance, possible increase of fuel and gas prices, increase in global commodity prices and imported items, drop in domestic supply especially due to fertiliser restrictions, and the expected recovery in the domestic economy were the most cited reasons by survey respondents for the increase in inflation expectations. In view of the monetary policy actions of the Central Bank and the resultant increase in interest rates, during the latter part of the year, inflation expectations of the corporate sector for the forthcoming period followed a decreasing trend, which also reflects improvements in supply conditions and relaxation of import restrictions as cited by the survey respondents.

7.4 Movements of Interest Rates

Market Liquidity and Short-Term Interest Rates

Rupee liquidity in the domestic money market, which recorded a substantial surplus until mid-2021, decreased significantly reaching a large deficit level by end 2021. Although the purchasing of government securities by the Central Bank at primary market auctions and the direct allocation of Treasury bills to the Central Bank injected a sizeable quantum of rupee liquidity into the domestic money market, several other factors caused a decline in liquidity during 2021. Foreign loan repayments of the Government using gross official reserves, currency withdrawals by

Figure 7.6
Rupee Liquidity in the Domestic Money Market and AWCMR



Source: Central Bank of Sri Lanka

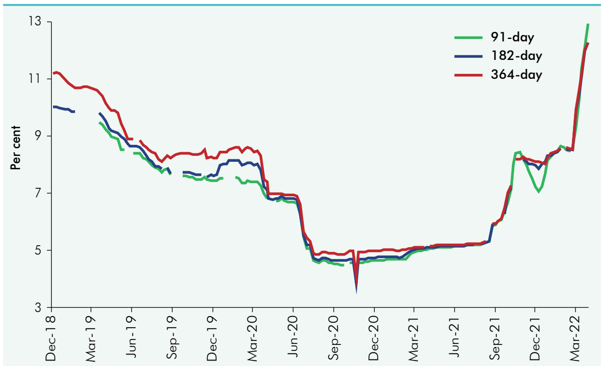
the public from the banking system, and maturities of foreign currency buy-sell swaps with domestic banks led to a continued reduction in liquidity in the domestic money market, causing a marginal deficit level by mid-August 2021. Liquidity in the domestic money market further decreased with the permanent liquidity absorption due to the increase in SRR applicable on all rupee deposit liabilities of LCBs by 2 percentage points to 4.0 per cent in September 2021. At the same time, following the tightening of the monetary policy stance by mid-August 2021, the Central Bank commenced open market operations to absorb excess liquidity from the market, with the view to steering the short term market interest rates. Meanwhile, the Central Bank conducted long-term reverse repo auctions, as needed, to inject liquidity on a longer term basis to ease the liquidity stress in some banks. Intervention in the domestic foreign exchange market by the Central Bank to provide foreign exchange to facilitate uninterrupted import of essentials also caused a reduction in market liquidity. Given these developments, daily average liquidity in the domestic money market, that recorded a surplus of around Rs. 137 billion during the first half of 2021, declined to a deficit of around Rs. 205 billion during the fourth quarter of 2021. By end-March 2022, the deficit in overnight liquidity in the domestic money market further increased and reached high levels exceeding Rs. 600 billion.

Reflecting the impact of the change in the monetary policy stance in mid-August 2021 and large deficit liquidity levels, the Average Weighted Call Money Rate (AWCMR), which is the operating target of the monetary policy framework, reached the upper bound of the Standing Rate Corridor. The AWCMR, which remained closer to the lower bound of the Standing Rate Corridor at the beginning of 2021, increased gradually towards the middle of the Standing Rate Corridor with the gradual reduction in liquidity in the domestic money market from the second quarter of 2021. Further, with the tightening of the monetary policy stance commencing August 2021, the AWCMR was allowed to adjust towards the upper bound of the Standing Rate Corridor. Accordingly, the AWCMR increased by around 240 basis points since August 2021 and reached 7.49 per cent by end-March 2022, in comparison to the cumulative policy rate adjustment of 200 basis points since August 2021. Meanwhile, weighted average rates on transactions in the repo market also closely followed the movements of the AWCMR, recording 7.50 per cent by end-March 2022.

Yields on Government Securities

Yields on government securities, which declined notably during 2020, recorded a significant increase during 2021 in view of the increased borrowing requirement of the Government, amidst the change in the monetary policy stance and the removal of maximum yield rates for acceptance at primary auctions of government securities. Limited foreign currency inflows to the Government to meet financing requirements and resultant

Figure 7.7
Primary Market Treasury Bill Yields (a)

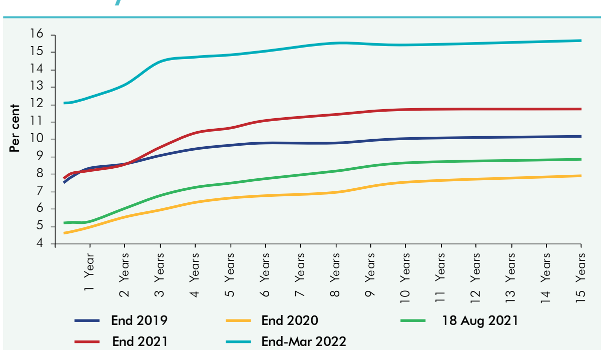


(a) Yields for some weeks are not available due to non-acceptance of bids or not offering relevant tenures

Source: Central Bank of Sri Lanka

higher reliance of the Government to borrow from domestic sources caused upward pressures on the yields on government securities throughout 2021. However, the prevalence of maximum yield rates for acceptance at primary auctions of government securities helped contain the increase in yields on government securities. Nevertheless, subsequent to the increase in policy rates in mid-August 2021, and the removal of maximum yield rates for acceptance at primary auctions of government securities in mid-September 2021, a notable increase in the yields on government securities was observed. A further notable increase in yields was observed in early 2022, reflecting the deteriorating investor sentiment on account of fiscal sector difficulties amidst the large borrowing requirement of the Government and its impact on overall economic activity, and policy rate increases undertaken in the first quarter of 2022.

Figure 7.8
Secondary Market Yield Curve for Government Securities



Source: Central Bank of Sri Lanka

Accordingly, the primary market yields on Treasury bills increased by a range of 723-823 basis points across all tenures during the period from end 2020 till end-March 2022. With the removal of maximum yield rates for acceptance at primary auctions of government securities, market appetite increased, and larger shares of Treasury bill issuances were subscribed by market participants. However, the majority of the Treasury bills that were subscribed by the market during 2021, especially during the latter part of the year, were from the maturity bucket of 91 days, highlighting the preference of investors towards short term investments amidst perceived uncertainty. Primary market yields on Treasury bonds issued from the beginning of 2021 till end-March 2022 also increased by a range of 223-876 basis points across all tenures. Secondary market yields on government securities also recorded substantial increases across all maturities during the same period. Accordingly, during the period from end 2020 to end March 2022, secondary market yields on Treasury bills increased by a range of 740-746 basis points across all tenures, while the increase in the secondary market yields on Treasury bonds was in the range of 758-855 basis points. Meanwhile, the Government raised funds through US dollar denominated Sri Lanka Development Bonds (SLDBs) at various fixed rates in the range of 5.00-10.00 per cent during 2021 and 2022 till end-March 2022.

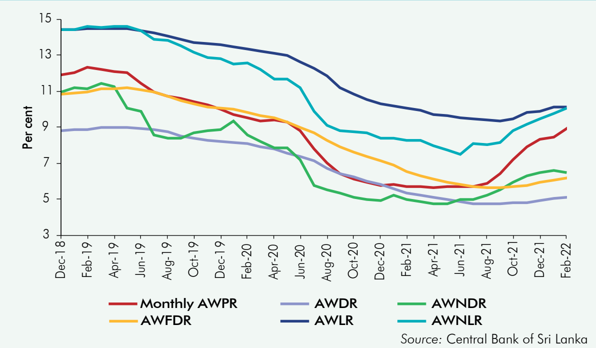
Deposit and Lending Interest Rates

Deposit interest rates of LCBs, which declined notably until August 2021 in response to policy and regulatory measures taken by the Central Bank to ease monetary conditions, increased at a relatively slow pace following the tightening of monetary policy in August 2021. The Average Weighted Deposit Rate (AWDR)[1] and the

1 AWDR reflects the movements in interest rates pertaining to all outstanding interest bearing rupee deposits held with LCBs.

7

Figure 7.9
Movement of Selected Market Interest Rates



Source: Central Bank of Sri Lanka

Average Weighted Fixed Deposit Rate (AWFDR)[2] recorded their historically lowest levels of 4.75 per cent and 5.62 per cent, respectively, by end August 2021. Further, the Average Weighted New Deposit Rate (AWNDR)[3] and the Average Weighted New Fixed Deposit Rate (AWNFDR)[4] also recorded their lowest levels of 4.77 per cent in April 2021 and 4.90 per cent in May 2021, respectively. Accordingly, the average deposit interest rates had decreased by 345-443 basis points from 2019 onwards to reach these lowest rates. However, following the tightening of monetary conditions, all deposit rates commenced increasing with AWDR increasing by 32 basis points from August 2021 through end February 2022, while AWNDR also increased by 131 basis points during this period. It was observed that the pace of increase in deposit interest rates was slow compared to the increase in market lending rates. Furthermore, some deposit products of the banking sector recorded negative real interest rates during the latter part of 2021 as the upward adjustment in market deposit rates was overshadowed by the increase in the rate of inflation.

Market lending interest rates, which were on a downward trend due to accommodative monetary conditions, increased rapidly towards the latter part of the year following the tightening of monetary policy. Most market lending rates reached their historically lowest levels in 2021, where the monthly Average Weighted Prime Lending Rate (AWPR),[5] the Average Weighted Lending Rate (AWLR)[6] and the Average Weighted New Lending Rate (AWNLR)[7] recorded historic lowest values of 5.65 per cent in April 2021, 9.37 per cent in September 2021 and 7.47 per cent in June 2021, respectively, recording a reduction by a range of 422-533 basis points compared to end 2019. Subsequently, with the tightening of monetary conditions in August 2021, AWPR, AWLR and AWNLR increased by 310, 75 and 203 basis points, respectively, by end February 2022. According to type of securities, as recorded in AWLR by end February 2022, lending rates against documentary bills (excluding export bills purchased) indicated the highest interest rate compared to other categories, while lending rates against fixed, savings and other deposits and certificates of deposits recorded the lowest rate. By end

Figure 7.10
Average Weighted Lending Rates by Type of Securities (%)

Source: Central Bank of Sri Lanka

7

2 AWFDR is based on interest rates pertaining to all outstanding interest bearing rupee time deposits held with LCBs.

3 AWNDR is based on interest rates pertaining to all new interest bearing rupee deposits mobilised by LCBs during a particular month.

4 AWNFDR is based on interest rates pertaining to all new interest bearing rupee time deposits mobilised by LCBs during a particular month.

5 AWPR is based on interest rates applicable to short term rupee loans and advances granted by LCBs to their prime customers during a particular week.

6 AWLR is based on interest rates of all outstanding rupee loans and advances extended by LCBs.

7 AWNLR captures interest rates of all new rupee loans and advances extended by LCBs during a particular month.

Table 7.3
Movements of Interest Rates

Per cent per annum

Interest Rate	End 2020	End 2021	Change in bps
Key Policy Interest Rates			
Standing Deposit Facility Rate (SDFR)	4.50	5.00	50
Standing Lending Facility Rate (SLFR)	5.50	6.00	50
Average Weighted Call Money Rate (AWCMR)	4.55	5.95	140
Yield Rates on Government Securities			
Primary Market (a)			
Treasury bills			
91-day	4.69	8.16	347
182-day	4.80	8.33	353
364-day	5.05	8.24	319
Treasury bonds			
2-year	5.65 (b)	9.16 (c)	351
3-year	5.99 (b)	9.70 (c)	371
4-year	6.32 (b)	8.55 (c)	223
5-year	6.79 (b)	11.14 (c)	435
10-year	9.99 (b)	8.86 (c)	-113
Secondary Market			
Treasury bills			
91-day	4.63	7.77	314
182-day	4.73	8.07	334
364-day	4.98	8.22	324
Treasury bonds			
2-year	5.56	8.58	302
3-year	5.96	9.55	359
4-year	6.40	10.38	398
5-year	6.65	10.66	401
10-year	7.55	11.71	416
Licensed Commercial Banks (d)			
Interest Rates on Deposits			
Savings deposits	0.10-7.00	0.05-6.35	-
1 Year Fixed Deposits (e)	0.25-15.00	0.15-15.00	-
AWDR (f)	5.80	4.94	-86
AWFDR (f)	7.14	5.94	-120
AWNDR (f)	4.93	6.45	152
AWNFDR (f)	5.08	6.67	159
Interest Rates on Lending			
AWPR (Monthly)	5.74	8.33	259
AWLR	10.29	9.87	-42
AWNLR	8.38	9.48	110
Other Financial Institutions (g)			
Interest Rates on Deposits			
National Savings Bank			
Savings Deposits	3.50	3.50	0
1 Year Fixed Deposits	5.25	5.50	25
Licensed Finance Companies (h)			
Savings Deposits	3.40-4.74	3.46-4.75	-
1 Year Fixed Deposits	6.56-7.21	9.02-10.13	-
Interest Rates on Lending			
National Savings Bank	7.00-10.00	7.50-11.50	-
State Mortgage and Investment Bank (i)	8.73-12.50	7.50-12.50	-
Licensed Finance Companies (h)			
Finance Leasing	14.31-28.97	12.77-28.33	-
Hire Purchase	13.71-20.05	11.08-27.00	-
Loans against Real Estate (j)	19.95-22.30	-	-
Loans against Immovable Properties (j)	-	15.77-16.77	-
Corporate Debt Market			
Debentures	9.00-13.25	8.00-12.00	-
Commercial Paper	6.50-15.50	6.00-12.00	-

(a) Weighted average yield rates at the latest available auction.
(b) Last Primary Auction during 2020: 2 yr-28 Sep; 3 yr-11 Dec; 4 yr-12 Nov; 5 yr-11 Dec; 10 yr-13 Jan
(c) Last Primary Auction during 2021: 2 yr-11 Nov; 3 yr-13 Dec; 4 yr- 30 Aug; 5 yr-12 Oct; 10 yr- 29 Jul
(d) Based on the rates quoted by LCBs
(e) Maximum rate is a special rate offered by certain LCBs.
(f) Since July 2018, AWDR and AWFDR were calculated by replacing senior citizens' special deposit rate of 15 per cent with relevant market interest rates to exclude the impact of special rates. Same method was applied to calculate AWNDR and AWNFDR since June 2018.
(g) Based on the rates quoted by other selected Financial Institutions
(h) Interest rate ranges are based on the average maximum and average minimum rates quoted by LFCs which are applicable for deposits mobilised and loans granted during the respective months. Data for 2021 are provisional.
(i) Lending for housing purposes only
(j) "Loans against Real Estate" indicator changed to "Loans against Immovable Properties" from July 2021 onwards

Sources: Respective Financial Institutions
Colombo Stock Exchange
Central Bank of Sri Lanka

February 2022, AWLR across a number of security types remained lower than the rates observed by end 2020 despite the tightening of monetary policy commencing August 2021, highlighting the impact of the outstanding stock of loans and the space available for further upward adjustment of market lending rates, in the period ahead. When loans to small and medium sized enterprises (SMEs) as measured in the monthly SME Credit Survey[8] are considered, average interest rates on loans to the SME sector by licensed banks indicated the trend of overall average lending rates of LCBs, but remained higher. Accordingly, the Average Weighted SME Lending Rate (AWSR)[9] and the Average Weighted New SME Lending Rate (AWNSR)[10] reached 10.49 per cent and 10.04 per cent, respectively, by end 2021. In view of tightened monetary conditions, several maximum interest rates applicable on lending products were also revised upwards. Accordingly, the interest rate applicable on the special mortgage-backed housing loan scheme for salaried employees introduced in December 2020 was changed from the fixed rate of 7 per cent per annum for the first five years of the loan to a variable rate linked to monthly AWPR. Further, given tightened monetary conditions, caps imposed in August 2020 on interest rates of domestic lending products were revised upwards in March 2022, where the maximum interest rate applicable to credit cards was increased to 20 per cent per annum; on pre-arranged temporary overdrafts increased to 18 per cent per annum; and on pawning facilities increased to 12 per cent per annum, which were subsequently removed entirely in April 2022.

8 For the purpose of the monthly SME Credit Survey, banks are requested to consider lending to enterprises with an annual turnover not exceeding Rs. 1 billion and employ less than 300 employees.

9 AWSR is based on interest rates of all outstanding rupee loans and advances extended by licensed banks to the SME sector, excluding refinance schemes of the Government and the Central Bank.

10 AWNSR captures interest rates of all new rupee loans and advances extended by licensed banks during a particular month to the SME sector, excluding refinance schemes of the Government and the Central Bank.

The Legal Rate and the Market Rate of Interest,[11] as determined by the Monetary Board and published in the Government Gazette at the end of each year, were at 7.48 per cent per annum for 2022, compared to 10.12 per cent per annum for 2021. The Legal Rate and the Market Rate for 2022 were computed based on simple averages of monthly AWDR and AWLR of LCBs, which prevailed during the preceding twelve months from November 2020 to October 2021.

Interest Rates on Foreign Currency Deposits

Reflecting the increased competition among banks to mobilise foreign currency deposits amidst constrained liquidity in the domestic foreign exchange market, interest rates on foreign currency deposits recorded a sharp upward trend, which also required imposing certain measures to correct anomalies between foreign exchange and rupee interest rates. With the recovery of the global economy along with the support of vaccination programmes, monetary policy in many countries commenced tightening, mainly as a result of rising inflationary pressures. In view of tightening global interest rates, along with the liquidity conditions prevailing in the domestic foreign exchange market, certain interest rates on domestic foreign currency deposits offered by licensed banks were notably high, thereby creating interest rate anomalies between domestic and foreign currency deposit products. Hence, a maximum interest rate was imposed by the Central Bank on foreign currency deposits interest rates of LCBs and NSB in late August 2021 in order to iron out such interest rate anomalies, and as a result, foreign currency deposit interest rates, eased somewhat. However, with the gradual increase in interest rates on rupee denominated deposit products following the tightening of the monetary policy stance in August 2021, the cap for foreign currency deposit interest rates was also revised to better reflect market conditions and subsequently removed in March 2022. Accordingly, interest rates on US dollar denominated savings deposits were in the range of 0.03-4.60 per cent by end 2021, compared to the range of 0.03-4.00 per cent at end 2020. Interest rates pertaining to savings deposits denominated in pound sterling remained unchanged in the range of 0.03-3.00 per cent by end 2021, compared to end 2020. Meanwhile, interest rates on time deposits denominated in US dollars were in the range of 0.02-7.00 per cent by end 2021, in comparison to the range of 0.10-6.00 per cent recorded at end 2020. Further, interest rates applicable on pound sterling denominated time deposits were in the range of 0.02-5.75 per cent by end 2021, compared to the range of 0.05-4.25 per cent at end 2020.

11 The Legal Rate is defined under the Civil Procedure Code (Amendment) Act No. 6 of 1990, and is applicable to any action for the recovery of a sum of money. The Market Rate is defined under the Debt Recovery (Special Provisions) Act No. 2 of 1990, and applies only in relation to actions instituted by lending institutions for the recovery of debt exceeding Rs. 150,000 arising out of commercial transactions, where there is no agreed rate of interest.

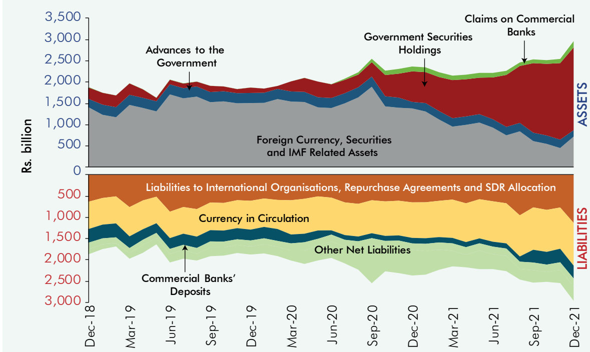
7.5 Movements in Money and Credit Aggregates

Reserve Money

Reserve money, which reflects the monetary base of the economy, recorded a notable growth during 2021 reflecting the increase in currency in circulation and the impact of the increase in the SRR. Reserve money grew by 35.4 per cent, year-on-year, by end 2021, compared to the expansion of 3.4 per cent recorded at end 2020. In absolute terms, reserve money increased by Rs. 341.4 billion during 2021 to Rs. 1,305.8 billion by end 2021, compared to the increase of Rs. 31.8 billion during 2020. Accordingly, currency in circulation remained at elevated levels during the year with high precautionary demand for currency by the public amidst the pandemic and associated lockdowns and also partly reflecting the economic activity returning to normalcy and relatively low interest rates offered for deposits. Accordingly, currency in circulation increased by Rs. 170.3 billion during the year to Rs. 1,005.1 billion by end 2021, over the Rs. 156.8 billion increase during 2020. The large increase in money released to the economy indicates the extra accommodative monetary policy conducted in the eight months ending August 2021. Meanwhile, following the upward adjustment to the SRR by 2 percentage points in September 2021, the deposits of LCBs maintained at the Central Bank also increased notably. Accordingly, by end 2021, deposits of LCBs with the Central Bank recorded a notable expansion of Rs. 171.1 billion to Rs. 300.7 billion.

Based on the assets side of the Central Bank balance sheet, the expansion in reserve money was entirely due to the increase in net domestic assets (NDA) of the Central Bank, while net foreign assets (NFA) of the Central Bank declined notably during 2021. The expansion in NDA of the Central Bank was mainly on account of the increase in the net credit to the government (NCG), which increased by Rs. 1,225.2 billion in 2021 compared to the increase of Rs. 505.9 billion during 2020. This reflects a substantial increase in the Central Bank's holdings of government securities (net of repurchase transactions) due to purchasing of Treasury bills at primary market

Figure 7.11
Composition of the Central Bank Balance Sheet



Source: Central Bank of Sri Lanka

Table 7.4
Developments in Monetary Aggregates

Rs. billion

Item	End 2020	End 2021 (a)	Change 2020 Amount	Change 2020 %	Change 2021 Amount	Change 2021 %
1. Currency Outstanding	834.8	1,005.1	156.8	23.1	170.3	20.4
1.1 Currency held by the Public	641.0	784.4	146.8	29.7	143.4	22.4
1.2 Currency with Commercial Banks	193.8	220.6	10.0	5.5	26.9	13.9
2. Commercial Banks' Deposits with the Central Bank (b)	129.6	300.7	-125.0	-49.1	171.1	132.0
3. Government Agencies' Deposits with the Central Bank (c)	0.03	0.01				
4. Reserve Money (1+2+3)	**964.4**	**1,305.8**	**31.8**	**3.4**	**341.4**	**35.4**
5. Demand Deposits held by the Public with Commercial Banks	536.1	675.4	164.9	44.4	139.3	26.0
6. Narrow Money Supply, M_1 (1.1+5)	**1,177.2**	**1,459.9**	**311.7**	**36.0**	**282.7**	**24.0**
7. Time and Savings Deposits held by the Public with Commercial Banks	7,318.6	8,179.0	1,271.4	21.0	860.4	11.8
8. Broad Money Supply, M_2 (6+7)	**8,495.8**	**9,638.9**	**1,583.1**	**22.9**	**1,143.1**	**13.5**
9. Adjusted Foreign Currency Deposits (d)	909.9	1,008.4	198.5	27.9	98.5	10.8
10. Consolidated Broad Money Supply, M_{2b} (8+9)	**9,405.7**	**10,647.3**	**1,781.6**	**23.4**	**1,241.6**	**13.2**
Money Multiplier, M_{2b}	**9.75**	**8.15**				
Velocity, M_{2b} (e)	**1.77 (f)**	**1.65**				

(a) Provisional
(b) Includes both Commercial Banks' Deposits with the Central Bank and balances of Primary Dealers with the Central Bank
(c) Government Agencies' Deposits with the Central Bank amounted to Rs. 30.4 million at end 2020 and Rs. 5.5 million at end 2021
(d) Includes deposits of Resident Category of Offshore Banking Units (OBUs) and a share of foreign currency deposits with Domestic Banking Units (DBUs)
(e) Average for the year
(f) Revised

Source: Central Bank of Sri Lanka

auctions, and the direct allocation of Treasury bills to the Central Bank. Accordingly, the holdings of government securities by the Central Bank rose substantially by Rs. 1,228.1 billion to Rs. 1,945.4 billion during 2021. Meanwhile, amidst the gradual recovery of economic activity, the Central Bank's claims on LCBs declined with the repayment of concessionary loans that were extended by the Central Bank through LCBs to support pandemic hit businesses and individuals. As a combined result, NDA of the Central Bank increased by Rs. 1,255.4 billion during 2021 compared to the increase of Rs. 401.1 billion in the previous year. Meanwhile, NFA of the Central Bank contracted notably by Rs. 914.0 billion to negative levels during 2021. Foreign currency assets of the Central Bank declined during the year mainly due to the foreign currency debt service payments by the Central Bank on behalf of the Government, including the repayment of the maturing repurchase agreement of US dollars 1.0 billion with the Federal Reserve Bank of New York in two legs in February and March 2021, and the settlement of the International Sovereign Bonds (ISBs) of US dollars 1.0 billion that matured in July 2021, while foreign currency liabilities of the Central Bank increased during this period. In addition, the Central Bank continued to supply foreign currency to the domestic foreign exchange market from its international reserves portfolio in order to facilitate the payments of essential imports.

The money multiplier, which is the ratio between broad money supply (M_{2b}) and reserve money, declined in 2021 as a result of the significant expansion in reserve money, which outweighed the impact of the expansion of broad money supply (M_{2b}). Accordingly, the money multiplier based on broad money (M_{2b}) decreased to 8.15 by end 2021 from 9.75 recorded at end 2020. Meanwhile, the currency to deposits ratio increased to 8.0 per cent by end 2021 from 7.3 per cent recorded at end 2020, while time and savings deposits held by the public increased comparatively at a slower pace over the preceding year.

Broad Money (M_{2b}) and Domestic Credit

In spite of the continued expansion of domestic credit, the growth of broad money supply (M_{2b}) moderated towards the latter part of 2021 due to the contraction in NFA of the banking system. Accordingly, the year-on-year growth of M_{2b} decelerated to 13.2 per cent by end 2021, compared to the growth of 23.4 per cent recorded at end 2020. The overall stock of M_{2b} increased by Rs. 1,241.6 billion to Rs. 10,647.3 billion by end 2021, from Rs. 9,405.7 billion level at end 2020. As the key source of M_{2b}, NDA of the banking system increased by Rs. 2,014.1 billion during 2021 mainly driven by the increase in domestic credit, while NFA of the banking system contracted by Rs. 772.5 billion during the year.

In terms of the liabilities side of M_{2b}, the increase in time and savings deposits held by the public with LCBs largely contributed to the monetary expansion during 2021, although a moderation was observed compared to the previous year. Accounting for about 77 per cent of the expansion of M_{2b} during the year, time and savings deposits of LCBs increased by Rs. 958.8 billion in 2021, compared to the significant increase of Rs. 1,469.9 billion recorded in 2020. The moderation in funds placed in time and savings deposits in 2021 was due to the notable decline in market deposit rates, thereby slowing the year-on-year growth of time and savings deposits of LCBs to 11.7 per cent by end 2021, compared to 21.7 per cent at end 2020. Meanwhile, with the

Table 7.5
Assets Side of Reserve Money and Broad Money (M_{2b})

Rs. billion

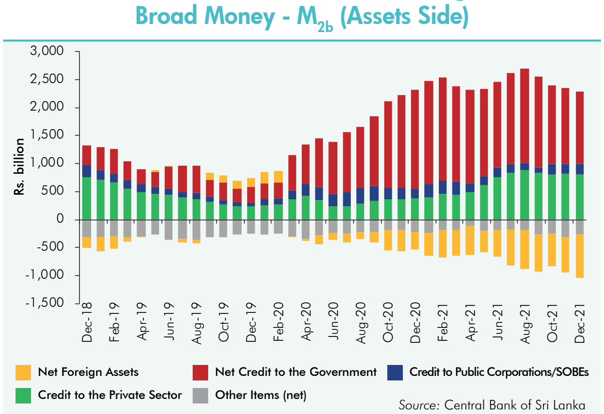
Item	End 2020	End 2021 (a)	Change 2020 Amount	Change 2020 %	Change 2021 Amount	Change 2021 %
Reserve Money	**964.4**	**1,305.8**	**31.8**	**3.4**	**341.4**	**35.4**
Net Foreign Assets of the Central Bank	526.8	-387.3	-369.2	-41.2	-914.0	-173.5
Net Domestic Assets of the Central Bank	437.7	1,693.1	401.1	1,095.6	1,255.4	286.8
Net Credit to the Government	868.9	2,094.1	505.9	139.3	1,225.2	141.0
Claims on Commercial Banks	114.5	143.2	112.7	6,181.0	28.7	25.1
Other Items (net) (b)	-545.7	-544.2	-217.5	-66.2	1.5	0.3
Broad Money (M_{2b})	**9,405.7**	**10,647.3**	**1,781.6**	**23.4**	**1,241.6**	**13.2**
Net Foreign Assets	-209.5	-982.0	-310.2	-308.0	-772.5	-368.8
Monetary Authorities (c)	526.8	-387.3	-369.2	-41.2	-914.0	-173.5
Commercial Banks	-736.2	-594.7	59.0	7.4	141.5	19.2
Net Domestic Assets	9,615.2	11,629.3	2,091.8	27.8	2,014.1	20.9
Domestic Credit	11,721.2	14,002.0	2,310.4	24.6	2,280.8	19.5
Net Credit to the Government	4,548.1	5,832.4	1,752.1	62.7	1,284.4	28.2
Central Bank	868.9	2,094.1	505.9	139.3	1,225.2	141.0
Commercial Banks	3,679.2	3,738.3	1,246.3	51.2	59.2	1.6
Credit to Public Corporations/SOBEs	1,002.2	1,188.1	184.2	22.5	185.9	18.6
Credit to the Private Sector	6,170.9	6,981.4	374.1	6.5	810.5	13.1
Other Items (net) (b)	-2,106.0	-2,372.7	-218.7	-11.6	-266.7	-12.7

(a) Provisional
(b) Computed as the difference between other assets and other liabilities
(c) This includes NFA of the Central Bank as well as the Government's Crown Agent's balance reported by the Department of State Accounts

Source: Central Bank of Sri Lanka

resurgence of pandemic-related uncertainties in 2021, demand deposits and currency held by the public (which reflects narrow money, M_1) expanded by Rs. 282.7 billion during the year, compared to the increase of Rs. 311.7 billion in 2020. Accordingly, the year-on-year growth of M_1 moderated to 24.0 per cent by end 2021, compared to the notable growth of 36.0 per cent at end 2020.

Figure 7.12
Contribution to Year-on-Year Change in Broad Money - M_{2b} (Assets Side)

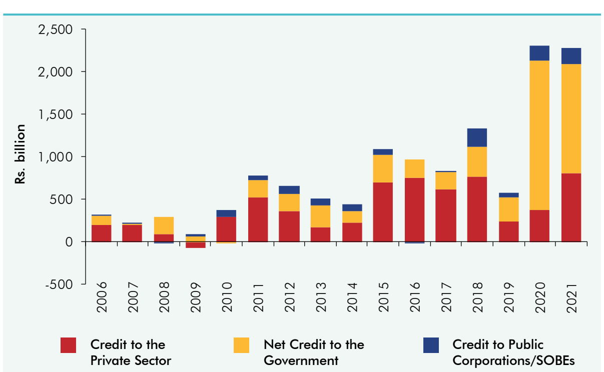


Source: Central Bank of Sri Lanka

Viewed from the assets side of M_{2b}, continuing the trend observed during 2020, NFA of the banking system contracted during 2021 due to the notable decline in NFA of the Central Bank, despite the improvement observed in NFA of LCBs. NFA of LCBs increased by Rs. 141.5 billion during 2021 over the increase of Rs. 59.0 billion recorded in 2020 with the expansion in NFA of both domestic banking units (DBUs) and offshore banking units (OBUs). NFA of DBUs increased by Rs. 45.6 billion, mainly on account of the considerable increase in foreign currency placements with banks abroad despite the increase in foreign currency liabilities in terms of deposit liabilities of non-residents. However, reduced conversion of funds received in the form of workers' remittances to the banking system could have stifled the possible improvement in NFA of DBUs during 2021. In the meantime, NFA of OBUs also increased by Rs. 95.9 billion in 2021 due to increased lending to non-residents, along with the notable decline in foreign borrowings.

NDA of the banking system continued to expand notably during 2021, driven by the increase in credit to both the public and the private sectors. Amidst limited access to foreign financing and the decline in government revenue, the Government's increased funding requirement was met largely through the domestic banking system, mainly the Central Bank. Continuing the trend observed in 2020, NCG by the banking system increased notably by Rs. 1,284.4 billion in 2021, of which around 95 per cent was funded by the Central Bank. Accordingly, NCG from the Central Bank increased by Rs. 1,225.2 billion during 2021. Meanwhile, provisional advances provided to the Government by the Central Bank declined to Rs. 150.1 billion in December 2021 from Rs. 198.2 billion recorded in early 2021 with the repayment of the advances by the Government following the revised budget estimates for 2021. Meanwhile, NCG by LCBs increased by Rs. 59.2 billion in 2021 compared to the notable

Figure 7.13
Annual Increase in Domestic Credit



Source: Central Bank of Sri Lanka

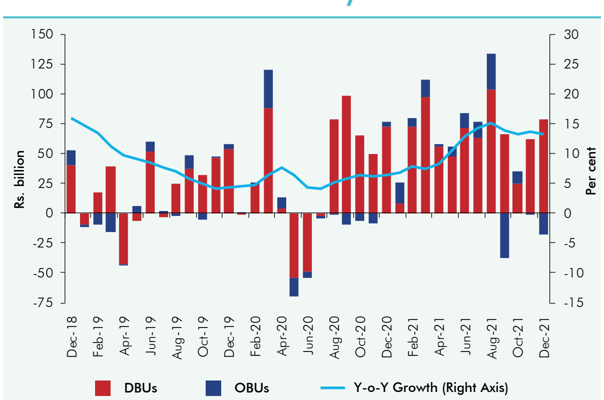
increase of Rs. 1,246.3 billion in 2020, entirely due to the increase in NCG by DBUs, while NCG by OBUs recorded a contraction during the year. Accordingly, NCG by DBUs increased by Rs. 157.6 billion mainly due to investments in long term government securities as well as the increase in government overdraft balances provided by state banks. NCG by OBUs declined by Rs. 98.5 billion, compared to the increase of Rs. 22.3 billion recorded in the previous year, on account of the decline in direct foreign currency loans to the Government, maturing of ISBs held by LCBs, and reduced appetite towards reinvesting in SLDBs following maturity amidst the limited availability of foreign exchange within the banking system.

Credit obtained by the State Owned Business Enterprises (SOBEs) from the banking system continued to expand in 2021, reflecting their weak financial positions and legacy issues. Accordingly, credit obtained by SOBEs from the banking system increased by Rs. 185.9 billion during 2021 following an increase of Rs. 184.2 billion in 2020. Contributing largely to the expansion of credit obtained by the SOBEs, in cumulative terms, bank borrowing by the Ceylon Petroleum Corporation (CPC) increased by Rs. 123.5 billion in 2021. Meanwhile, bank borrowing by the Road Development Authority (RDA) increased by Rs. 24.5 billion during 2021, while borrowing by the State Pharmaceuticals Corporation (SPC) increased by Rs. 14.6 billion, reflecting the increased financial need to facilitate pandemic related medical expenses. In addition, credit obtained by Ceylon Fertiliser Corporation (CFC), Cooperative Wholesale Establishment (CWE), SriLankan Airlines, National Water Supply & Drainage Board (NWS&DB), and Ceylon Electricity Board (CEB) also increased notably during 2021. Meanwhile, Sri Lanka Ports Authority

(SLPA), Paddy Marketing Board (PMB) and Urban Development Authority (UDA) made repayments to LCBs on a net basis during the year.

Credit extended to the private sector expanded notably during 2021, reflecting improved economic activity, buttressed by the low interest rate environment. Accordingly, credit extended to the private sector by LCBs increased by Rs. 810.5 billion during 2021, compared to the increase of Rs. 374.1 billion during 2020. Supported by accommodative monetary conditions, the growth of credit extended to the private sector by LCBs expanded gradually until August 2021 recording an expansion of about Rs. 624.6 billion during this period. Some moderation in the growth of credit to the private sector has been observed thereafter reflecting the impact of tight monetary and liquidity conditions in the market during the latter part of 2021. Possible loan capitalisation with the extended debt moratoria for COVID-19 affected businesses and individuals as well as priority sector lending targets to licensed banks, which were imposed in April 2021 to enhance credit flows to the SME sector, may have also contributed to the credit expansion during the year. Year-on-year growth of credit extended to the private sector, which grew by 6.5 per cent by end 2020, accelerated to 15.1 per cent by August 2021, before moderating to 13.1 per cent by end 2021.

Figure 7.14
Credit to the Private Sector by Commercial Banks



Source: Central Bank of Sri Lanka

Table 7.6
Sectoral Distribution of Loans and Advances Granted by Commercial Banks (a)(b)

Rs. billion

Sector	End 2020	End 2021 (c)	% Share 2021	% Change 2021
Agriculture and Fishing	489.7	543.6	7.6	11.0
of which, Tea	102.0	101.2	1.4	-0.8
Rubber	30.8	41.4	0.6	34.4
Coconut	27.8	33.7	0.5	21.2
Paddy	38.6	44.4	0.6	15.3
Vegetable and Fruit Cultivation and Minor Food Crops	29.2	30.9	0.4	5.8
Fisheries	20.5	24.0	0.3	17.0
Industry	2,540.1	2,880.5	40.2	13.4
of which, Construction	1,348.6	1,544.7	21.6	14.5
Food and Beverages	148.3	174.7	2.4	17.8
Textiles and Apparel	235.1	273.1	3.8	16.1
Fabricated Metal Products, Machinery and Transport Equipment	132.9	152.8	2.1	14.9
Services	1,716.7	1,976.0	27.6	15.1
of which, Wholesale and Retail Trade	501.8	549.8	7.7	9.6
Tourism	261.7	288.2	4.0	10.1
Financial and Business Services	350.1	437.2	6.1	24.9
Shipping, Aviation and Freight Forwarding	21.6	30.3	0.4	40.1
Personal Loans and Advances (d)	1,632.1	1,762.2	24.6	8.0
of which, Consumer Durables	330.8	375.0	5.2	13.3
Pawning	248.7	294.9	4.1	18.6
Credit Cards	127.8	143.1	2.0	12.0
Total (e)	6,378.6	7,162.3	100.0	12.3

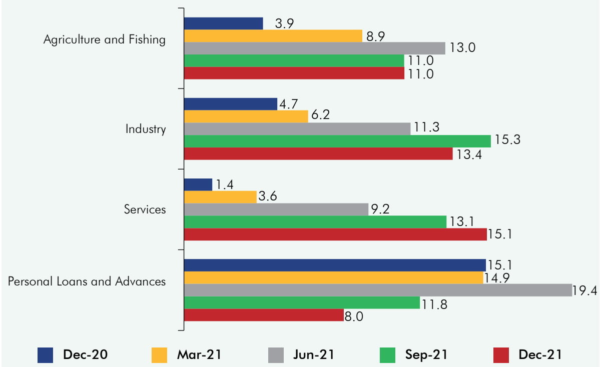
(a) Based on the Quarterly Survey of Commercial Banks' Loans and Advances to the Private Sector

Source: Central Bank of Sri Lanka

(b) Includes loans, overdrafts and bills discounted and excludes cash items in the process of collection
(c) Provisional
(d) Excludes personal housing loans, which have been included under 'Construction' classified under 'Industry' and includes Safety Net Scheme related loans
(e) Total credit to the private sector as per the Quarterly Survey differ from that in the Monetary Survey due to differences in the compilation methodologies.

As per the Quarterly Survey of Commercial Banks' Loans and Advances to the Private Sector, growth of credit to major economic sectors gathered pace during 2021 reflecting improved economic activity, although some moderation was observed in the growth of personal loans and advances towards end 2021. Overall, the increase in credit to Industry (by Rs. 340.4 billion) and Services (by Rs. 259.3 billion) sectors contributed around 43 per cent and 33 per cent, respectively, to the overall expansion of credit extended to the private sector by LCBs during 2021, while the increase in credit to Agriculture and Fishing (by Rs. 53.9 billion) and Personal Loans and

Figure 7.15
Year-on-Year Growth of Private Sector Credit to Key Sectors (%)



Source: Central Bank of Sri Lanka

Advances (by Rs. 130.1 billion) contributed around 7 per cent and 17 per cent, respectively. In terms of sectoral performance, credit to the Agriculture and Fishing sector recorded a growth of 11.0 per cent, year-on-year, by end 2021, compared to the moderate growth of 3.9 per cent by end 2020. Within this sector, credit flows to the Paddy, Rubber, Coconut, Vegetable and Fruit Cultivation and Minor Food Crops, and Fisheries subsectors recorded expansions during the year, while credit granted to the Tea subsector contracted marginally during 2021. Meanwhile, witnessing the recovery in most economic activities, the Industry and Services sector activities improved during 2021, recording healthy credit flows to most subsectors. Accordingly, growth of credit to the Industry sector accelerated to 13.4 per cent, year-on-year, by end 2021 from 4.7 per cent at end 2020. Within the Industry sector, credit to the Construction subsector, which accounted for around 54 per cent of the total credit flows to the Industry sector, recorded a notable growth of 14.5 per cent, year-on-year, by end 2021. Credit to other subsectors, namely Textiles and Apparel, and Food and Beverages also grew notably by end 2021. The growth of credit extended to the Services sector accelerated to 15.1 per cent, year-on-year, by end 2021, compared to the growth of 1.4 per cent at end 2020. Within the Services sector, reflecting improved trade related activities, credit to the Wholesale and Retail Trade subsector grew by 9.6 per cent, year-on-year, by end 2021, compared to the marginal contraction reported at end 2020. Reflecting increased credit flows to the tourism sector given the extended debt moratorium facilities and other measures to boost the industry during the pandemic along with its recovery, credit to the Tourism subsector expanded

Table 7.7
Maturity Analysis of Outstanding Credit to the Private Sector by Commercial Banks (a)(b)

Sector	Maturity	December 2020		December 2021 (c)	
		% Share	% Growth	% Share	% Growth
Agriculture and Fishing	Short Term	4.5	-1.7	4.6	14.6
	Medium Term	1.7	-5.3	1.6	9.2
	Long Term	1.5	44.0	1.4	2.4
Industry	Short Term	11.5	-9.2	12.3	19.7
	Medium Term	8.5	0.1	8.4	10.8
	Long Term	19.8	17.4	19.5	10.8
Services	Short Term	8.6	-12.6	9.2	19.9
	Medium Term	9.1	4.3	8.7	8.1
	Long Term	9.2	15.6	9.6	17.5
Personal Loans and Advances	Short Term	9.2	-3.6	9.7	17.3
	Medium Term	5.5	10.4	5.0	1.6
	Long Term	10.8	41.5	10.0	3.2
Total	Short Term	33.9	-7.7	35.7	18.4
	Medium Term	24.8	3.4(d)	23.8	6.0
	Long Term	41.3	23.3	40.5	10.0

(a) Based on the Quarterly Survey of Commercial Banks' Loans and Advances to the Private Sector
(b) Classification of credit is based on original maturity and is as follows: up to one year - short term; between one to five years - medium term; over five years - long term
(c) Provisional
(d) Revised

Source: Central Bank of Sri Lanka

considerably and recorded a year-on-year growth of 10.1 per cent by end 2021. Further, expansion in the Services sector credit was also supported by lending to Financial and Business Services and Transport subsectors. Growth of credit in the form of Personal Loans and Advances grew moderately by 8.0 per cent, year-on-year, by end 2021, compared to the growth of 15.1 per cent at end 2020. Contributing to the moderate expansion, growth of credit granted under Consumer Durables decelerated to 13.3 per cent, year-on-year, by end 2021 compared to the notable growth of 38.4 per cent at end 2020. Pawning related advances recorded a notable growth of 18.6 per cent, year-on-year, by end 2021 reflecting the increased appetite for such credit amidst increased gold prices and disruptions to cashflows. Credit card advances also improved by 12.0 per cent, year-on-year, by end 2021, in comparison to the contraction of 2.5 per cent at end 2020. Further, in terms of the maturity of outstanding credit to the private sector by LCBs, an increase was observed in short and medium term credit, while a slowdown was observed in long term credit facilities, possibly reflecting tight monetary conditions in the economy towards the end of the year.

Broad Money (M_4)

Following the similar trend in M_{2b}, the growth of broad money supply (M_4), as measured by the Financial Survey,[12] decelerated by end 2021. The year-on-year growth of M_4, gradually decelerated to 13.3 per cent by end 2021 from a growth of 21.4 per cent recorded at end 2020. Viewed from the assets side, the expansion of M_4 was driven entirely by the expansion in NDA, within which domestic credit by Licensed Specialised Banks (LSBs) increased by Rs. 259.6 billion, while that of Licensed Finance Companies (LFCs) rose by Rs. 103.6 billion during 2021. The expansion of total NCG based on M_4 amounted to Rs. 1,403.6 billion during the year, of which

12 The Financial Survey provides a broader measure of liquidity, covering all deposit taking institutions, including LSBs and LFCs, in addition to LCBs and the Central Bank.

Table 7.8
Assets Side of Broad Money (M_4)
(Computed as per the Financial Survey)

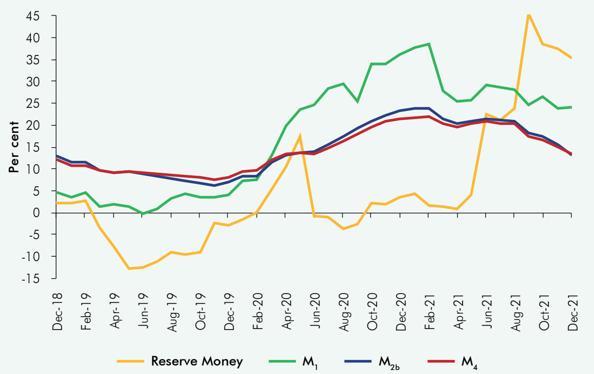
Rs. billion

Item	End 2020	End 2021 (a)	Change 2020 Amount	Change 2020 %	Change 2021 Amount	Change 2021 %
Financial Survey (M_4)	11,461.9	12,985.4	2,017.4	21.4	1,523.5	13.3
Underlying Factors						
Net Foreign Assets	-217.1	-998.6	-305.9	-344.6	-781.5	-360.0
Monetary Authorities (b)	526.8	-387.3	-369.2	-41.2	-914.0	-173.5
LCBs	-736.2	-594.7	59.0	7.4	141.5	19.2
LSBs	-7.6	-16.6	4.3	36.0	-9.0	-117.9
Net Domestic Assets	11,679.0	13,984.0	2,323.2	24.8	2,305.0	19.7
Domestic Credit	14,652.4	17,296.4	2,558.3	21.2	2,643.9	18.0
Net Credit to the Government	5,365.7	6,769.3	1,882.8	54.1	1,403.6	26.2
Central Bank	868.9	2,094.1	505.9	139.3	1,225.2	141.0
LCBs	3,679.2	3,738.3	1,246.3	51.2	59.2	1.6
LSBs	742.2	844.5	128.4	20.9	102.3	13.8
LFCs	75.5	92.4	2.3	3.1	16.9	22.4
Credit to Public Corporations/SOBEs (LCBs)	1,002.2	1,188.1	184.2	22.5	185.9	18.6
Credit to the Private Sector	8,284.5	9,338.9	491.3	6.3	1,054.4	12.7
LCBs	6,170.9	6,981.4	374.1	6.5	810.5	13.1
LSBs	936.5	1,093.7	122.3	15.0	157.3	16.8
LFCs	1,177.1	1,263.8	-5.1	-0.4	86.7	7.4
Other Items (net) (c)	-2,973.4	-3,312.4	-235.1	-8.6	-339.0	-11.4

(a) Provisional
(b) This includes NFA of the Central Bank as well as the Government's Crown Agent's balance reported by the Department of State Accounts
(c) Computed as the difference between other assets and other liabilities

Source: Central Bank of Sri Lanka

Figure 7.16
Year-on-Year Growth of Monetary Aggregates



Source: Central Bank of Sri Lanka

Rs. 102.3 billion was through LSBs and Rs. 16.9 billion was through LFCs. Further, underpinned by the low interest rate environment, credit extended to the private sector by licensed banks and LFCs grew by 12.7 per cent, year-on-year in 2021, from the growth of 6.3 per cent recorded in 2020. Credit extended by LSBs to the private sector increased by Rs. 157.3 billion in 2021, recording an annual growth of 16.8 per cent, year-on-year. Meanwhile, credit extended by LFCs to the private sector rose by Rs. 86.7 billion in 2021, marking an annual growth of 7.4 per cent, year-on-year. However, overall NFA of M_4 contracted by Rs. 781.5 billion during 2021, with NFA of LSBs declining by Rs. 9.0 billion during the year due to the increase in foreign liabilities.

On the liabilities side of M_4, the growth of time and savings deposits held by the public with licensed banks and LFCs moderated by end 2021. Accordingly, the growth of time and savings deposits as per M_4 moderated to 11.6 per cent, year-on-year, by end 2021, compared to the growth of 20.0 per cent at end 2020. Time and savings deposits held with LSBs grew by 13.5 per cent, year-on-year, by end 2021, compared to the growth of 21.6 per cent recorded in 2020. However, time and savings deposits held with LFCs grew by only 5.5 per cent, year-on-year, by end 2021, compared to the marginal contraction of 0.7 per cent recorded during 2020. While the overall growth of time and savings deposits as per M_4 moderated due to the slowdown in the mobilisation of interest bearing deposits by the banking sector, some improvement was observed in the time and savings deposits mobilised by LFCs during 2021.

7

8

FINANCIAL SECTOR PERFORMANCE AND SYSTEM STABILITY

8.1 Overview

Amidst strong macroeconomic headwinds, the stability of the financial system was preserved during 2021. Financial intermediation by the banking sector was satisfactory, while adequate capital and liquidity buffers were maintained. In addition, the profitability of the sector improved considerably during 2021 compared to the previous year due to notable increases in both net interest income and non-interest income. However, banks faced a foreign currency liquidity shortage due to several sovereign rating downgrades and the lack of foreign inflows experienced by the country. The performance of the Licensed Finance Companies (LFCs) and Specialised Leasing Companies (SLCs) sector recorded a considerable improvement in terms of credit growth and profitability on an overall basis. In order to build strong and stable LFCs in the medium term and safeguard depositors of the sector, the implementation of the Financial Sector Consolidation Masterplan progressed during 2021. Furthermore, to ensure the flexibility in adapting to the new normal and to provide continuous support to the COVID-19 affected economy, the Central Bank relaxed some of the regulations pertaining to financial institutions under its purview during the period under review. The insurance sector also recorded an expansion in terms of assets and gross written premium while marking a marginal contraction in profits. Meanwhile, the performance of financial markets was mixed during 2021. Money market liquidity, which remained at a surplus level during the first seven months of 2021, turned to a deficit as a result of foreign debt repayments and reversal of the accommodative monetary policy stance. The domestic foreign exchange (FX) market liquidity was severely affected due to slow recovery of tourism and earnings from subdued remittances, slow conversion of export proceeds, increased import expenditure, and sovereign rating downgrades. Investor preference towards short term Treasury bills was experienced at the primary auctions of the government securities market during the latter part of 2021, and the secondary market yield curve shifted upward during the second half of 2021 with the removal of the maximum yield rate and the reversal of the accommodative monetary policy stance. With the shift of domestic investor preference to the equity market in a low interest rate environment, the Colombo Stock Exchange reported an exponential growth during 2021. Meanwhile, the country's systemically important payment and settlement system was operated smoothly by the Central Bank, with a high degree of resilience through close regulation and monitoring. Further, the Central Bank continued to introduce law reforms to major legislation with the

Table 8.1
Total Assets of the Financial System

Category	2020 (a) Rs. bn	2020 (a) Share (%)	2021 (b) Rs. bn	2021 (b) Share (%)
Banking Sector	**17,087.9**	**72.9**	**19,969.9**	**74.7**
Central Bank	2,421.6	10.3	3,046.3	11.4
Licensed Commercial Banks (LCBs)	12,828.8	54.7	14,820.5	55.4
Licensed Specialised Banks (LSBs)	1,837.5	7.8	2,103.0	7.9
Other Deposit Taking Financial Institutions	**1,536.5**	**6.6**	**1,636.7**	**6.1**
Licensed Finance Companies (LFCs)	1,367.9	5.8	1,452.0	5.4
Co-operative Rural Banks (c)	167.8	0.7	183.9	0.7
Thrift and Credit Co-operative Societies	0.8	0.0	0.8	0.0
Specialised Financial Institutions	**386.5**	**1.6**	**387.7**	**1.4**
Specialised Leasing Companies (SLCs)	33.7	0.1	35.7	0.1
Licensed Microfinance Companies	6.6	0.0	8.4	0.0
Primary Dealers	87.2	0.4	78.7	0.3
Stock brokers	19.9	0.1	36.5	0.1
Unit Trusts / Unit Trust Management Companies	204.0	0.9	198.5	0.7
Market Intermediaries (d)	18.0	0.1	11.8	0.0
Venture Capital Companies	17.1	0.1	18.2	0.1
Contractual Savings Institutions	**4,425.6**	**18.9**	**4,756.1**	**17.8**
Insurance Companies	789.7	3.4	879.8	3.3
Employees' Provident Fund	2,824.3	12.1	3,166.1	11.8
Employees' Trust Fund	376.6	1.6	419.1	1.6
Approved Pension and Provident Funds	364.9	1.6	207.6	0.8
Public Service Provident Fund	70.1	0.3	83.5	0.3
Total	**23,436.5**	**100.0**	**26,750.4**	**100.0**

(a) Revised
(b) Provisional
(c) Due to unavailabily of data, the asset base of Corporative Rural Banks as at end 2021 was taken to be same as the asset base as at end 2021 Q2.
(d) Excluding Licensed Banks, Licensed Finance Companies and Specialised Leasing Companies which are registered as Market Intermediaries.

Source: Central Bank of Sri Lanka
Department of Labour
Department of Pensions
Employees' Trust Fund Board
SANASA Federation
Unit Trust Association of Sri Lanka
Venture Capital Companies
Department of Co-operative Development
Insurance Regulatory Commission of Sri Lanka
Securities and Exchange Commission of Sri Lanka

view of providing a stronger legal foundation for the regulatory and supervisory framework. The Central Bank concluded the second round of discussions pertaining to a new Banking Act in 2021 and prepared amendments to the Finance Business Act No. 42 of 2011 to enhance regulatory and supervisory powers of the Central Bank.

8.2 Performance of the Banking Sector

8

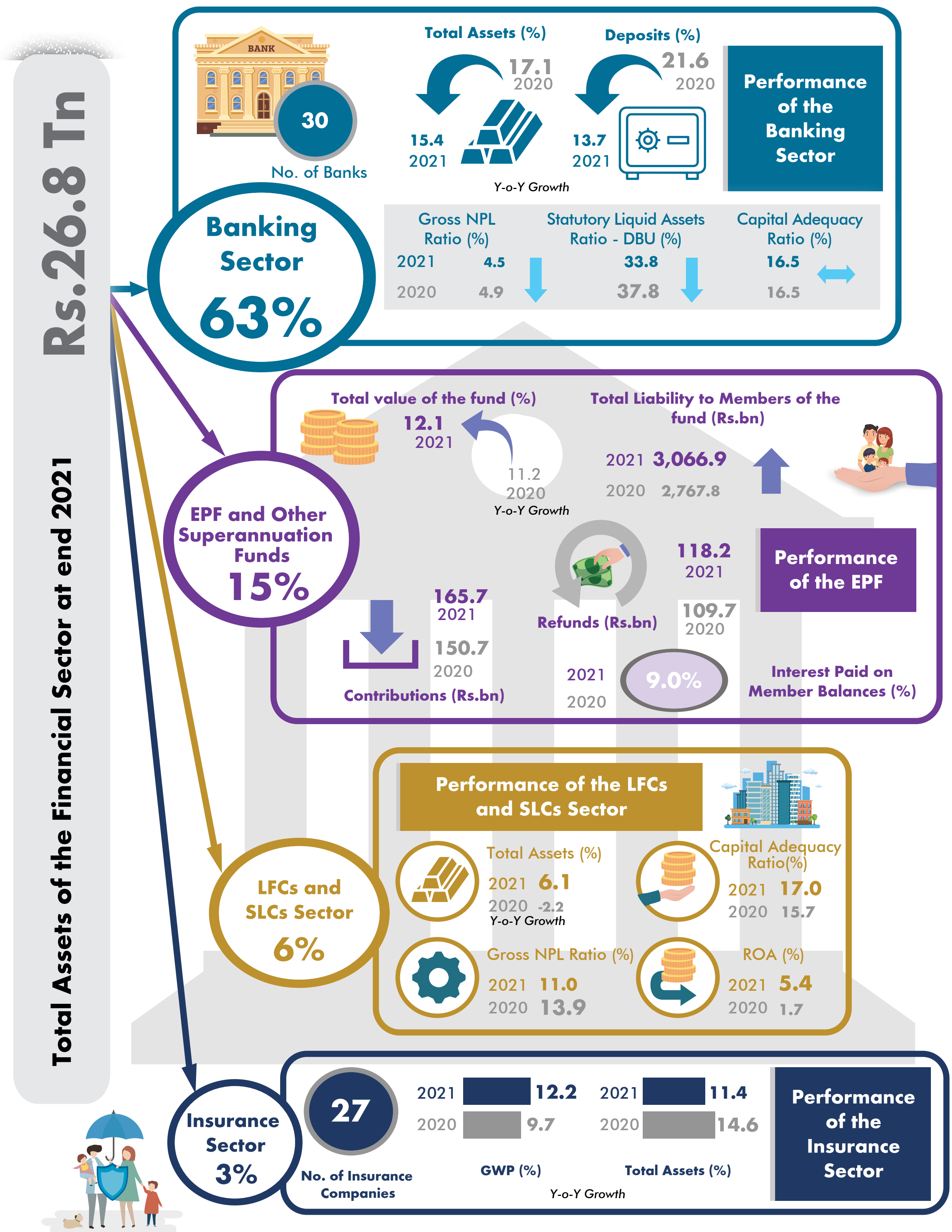
The banking sector expanded at a moderate pace during 2021 compared to the last year and remained resilient with adequate capital and liquidity buffers, amidst strong challenges stemming from the COVID-19 pandemic and related macroeconomic issues. Despite the continuation of debt moratoria for certain sectors and gradual lapses of the concessions introduced by the Central Bank, the banking sector was able to meet the minimum prudential requirements in terms of capital and liquidity.

The banking sector continued to dominate the financial sector accounting for 63.3 per cent of total assets as at end 2021. Despite the challenging economic environment driven by the ongoing pandemic and macroeconomy related concerns, the banking sector maintained reasonable credit growth during 2021. Deposits remained the dominant source of funding, while a notable incline in rupee borrowings was observed during 2021. However, sourcing foreign borrowings from external sources was affected by sovereign rating downgrades. During 2021, the banking sector profitability improved considerably compared to the previous year due to notable increases in net interest income and non-interest income.

Business Expansion: By end 2021, the banking sector comprised 30 banks, i.e., 24 Licensed Commercial Banks (LCBs), including 11 branches of foreign banks, and 6 Licensed Specialised Banks (LSBs). The banking sector continued with its intermediation role and expanded the banking network to facilitate financial inclusion. In 2021, with the restrictions on physically accessing banks due to the pandemic, most banks introduced technology based online products/services to customers to facilitate their banking needs.

Assets: The banking sector asset base increased by Rs. 2.3 trillion during the year and surpassed Rs. 16.9 trillion by end 2021, recording a year-on-year growth of 15.4 per cent compared to 17.1 per cent growth reported as at end 2020. Such asset growth

Figure 8.1
Performance of the Financial Sector



8

Table 8.2
Distribution of Banks, Bank Branches and Other Banking Outlets

Category	End 2020 (a)	End 2021 (b)
Licensed Commercial Banks (LCBs)		
I. Total No. of LCBs	24	24
Domestic banks	13	13
Foreign banks	11	11
II.Total No. of LCB Banking Outlets	6,702	6,614
Branches (c)	2,915	2,919
Domestic Banks	2,869	2,874
Foreign Banks	46	45
Student Savings Units	3,787	3,695
III.Automated Teller Machines	5,744	5,891
Licensed Specialised Banks (LSBs)		
I. Total No. of LSBs	6	6
National Level Savings Banks	1	1
Housing Finance Institutions	2	2
Other LSBs	3	3
II. Total No. of LSB Banking Outlets	704	705
Branches (c)	704	705
National Level Savings Banks	266	263
Housing Finance Institutions	64	64
Other LSBs	374	378
III. Automated Teller Machines	432	451
Total No. of Bank Branches and Other Outlets	7,406	7,319
Total No. of Automated Teller Machines	6,176	6,342

(a) Revised
(b) Provisional
(c) All Banking Outlets excluding Student Savings Units.

Source: Central Bank of Sri Lanka

was mainly driven by loans and advances and investments. The growth in loans and advances increased from 11.9 per cent in 2020 to 15.3 per cent in 2021. Approximately, 92.2 per cent of the increase in the loan portfolio during 2021 was attributed to the increase in rupee loans. The increase in credit was diversified across the major sectors of the economy. In terms of products, overdrafts (40.7 per cent), pawning advances (21.5 per cent) and credit cards (12.6 per cent) reported high growth during 2021. Meanwhile, the year-on-year growth in investments decelerated from 40 per cent as at end 2020 to 16.4 per cent as at end 2021. The Held to Maturity (HTM) portfolio grew by 24.8 per cent during 2021 due to increased investments in Treasury bonds by Rs. 903.7 billion and decreased investments in Treasury bills and Sri Lanka Development Bonds (SLDBs) by Rs. 99.8 billion and Rs. 55 billion, respectively. The trading portfolio contracted by 21.2 per cent, with

Table 8.3
Composition of Assets and Liabilities of the Banking Sector

Item	2020 (a)		2021 (b)		Change (%)	
	Rs. bn	Share (%)	Rs. bn	Share (%)	2020 (a)	2021 (b)
Assets						
Loans and Advances	9,091.7	62.0	10,479.7	61.9	11.9	15.3
Investments	4,195.8	28.6	4,885.6	28.9	40.0	16.4
Other (c)	1,378.8	9.4	1,558.3	9.2	-1.8	13.0
Liabilities						
Deposits	11,140.9	76.0	12,671.3	74.9	21.6	13.7
Borrowings	1,692.2	11.5	2,181.2	12.9	0.8	28.9
Capital Funds	1,254.2	8.6	1,464.4	8.7	11.0	16.8
Other	578.9	3.9	606.6	3.6	5.0	4.8
Total Assets/ Liabilities	14,666.3	100.0	16,923.6	100.0	17.1	15.4

(a) Revised
(b) Provisional
(c) Includes cash and bank balances, placements, reverse repurchase agreements and fixed assets.

Source: Central Bank of Sri Lanka

declines in investments in Treasury bills, Treasury bonds and SLDBs by Rs. 50 billion, Rs. 47.6 billion and Rs. 63.8 billion, respectively, in nominal terms.

Liabilities: Deposits continued to be the main source of funding followed by borrowings. Term deposits accounted for 42.7 per cent of the increase in deposits during 2021 despite a decrease in its share in total deposits from 63 per cent as at end 2020 to 60.6 per cent as at end 2021. Meanwhile, savings and current deposits accounted for 29.5 per cent and 7 per cent, respectively, of total deposits as at end 2021. Accordingly, the Current and Savings Account (CASA) ratio increased from 34.5 per cent in 2020 to 36.6 per cent in 2021. Given the reduced rate of growth in total deposits during 2021, banks were compelled to increase their borrowings. Total borrowings of the banking sector increased by

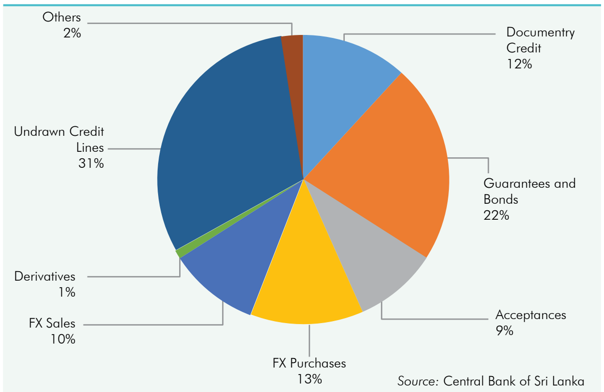
Table 8.4
Composition of Deposits of the Banking Sector

Item	2020(a)		2021(b)		Change (%)	
	Rs.bn	Share (%)	Rs.bn	Share (%)	2020 (a)	2021 (b)
Demand Deposits	696.9	6.3	889.2	7.0	31.8	27.6
Savings Deposits	3,149.9	28.3	3,742.7	29.5	34.4	18.8
Time Deposits	7,022.3	63.0	7,676.3	60.6	15.3	9.3
Other Deposits	271.9	2.4	363.1	2.9	38.1	33.6
Total Deposits	11,140.9	100.0	12,671.3	100.0	21.6	13.7

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

Figure 8.2
Off-Balance Sheet Exposure of the Banking Sector as at end 2021



Rs. 489 billion (28.9 per cent) in 2021 compared to the increase of Rs. 12.8 billion (0.8 per cent) in 2020. This increase was mainly attributed to rupee borrowings which reported a growth of 86.6 per cent (Rs. 688 billion), while foreign currency borrowings decreased by 27.6 per cent (USD 1.3 billion) during 2021 reflecting the negative impact of the sovereign rating downgrades.

Off-balance sheet exposures: Due to the challenging business environment, off-balance sheet exposures reported a negative growth of 3.2 per cent (decrease of Rs. 160.6 billion) during 2021 compared to a growth of 16.1 per cent (Rs. 675.2 billion) recorded during 2020. Significant decreases were observed in FX exposures (Rs. 410.9 billion) and undrawn credit lines (Rs. 81.5 billion), while guarantees & bonds (Rs. 139 billion) and trade related exposures (documentary credit (Rs. 138.9 billion) and acceptances (Rs. 92 billion) reported increases during 2021.

Risks in the Banking Sector

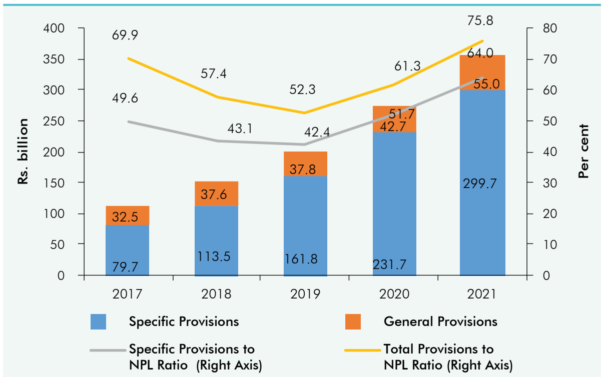
Credit Risk

As the pandemic continued during 2021 in different scales, several extensions until 2022 were granted for the debt moratoria offered for pandemic affected individuals and businesses in certain sectors. Classification of loans and advances to non-performing categories was frozen during the period under moratoria, and normal classification rules will be applied upon cessation of the moratoria. However, banks have commenced identifying risk elevated sectors due to COVID-19 for estimating expected credit losses. Despite the freezing of classification of credit facilities under moratoria, Non-Performing Loans (NPLs) increased by Rs. 20.1 billion during 2021 compared to an increase of Rs. 66.4 billion during 2020. However, due to the comparatively higher increase in loans and advances during 2021, the gross NPL ratio decreased from 4.9 per cent as at end 2020 to 4.5 per cent by end 2021. With the downward migration of NPLs to categories requiring higher provisions, the net NPL ratio also reduced during 2021. The total loan loss provisions increased by Rs. 80.2 billion, of which specific provisions accounted for 84.7 per cent. Despite the increase in NPLs, the higher increase in provisions resulted in increases in specific and total provision coverage ratios to 64 per cent and 75.8 per cent, respectively, in 2021. As a result, the credit risk is at a manageable level as the banking sector operated with sufficient provisions and capital buffers to absorb the adverse impact arising from credit shocks.

Figure 8.3
Non-Performing Loans of the Banking Sector

8

Figure 8.4
Provisioning of the Banking Sector



Source: Central Bank of Sri Lanka

Out of the total loan portfolio, 63.8 per cent of loans were mainly concentrated in 5 sectors comprising of consumption, construction & infrastructure, trade, manufacturing, and agriculture. Manufacturing, wholesale & retail trade, agriculture, construction, forestry & fishing, and tourism sectors reported NPL ratios higher than the total banking sector average of 4.5 per cent as at end 2021.

In addition, according to the Sri Lanka Financial Reporting Standards 9 (SLFRS 9) after the implementation of the expected loss model, the ratio of stage 3 loans to total loans in the banking sector indicated 7.64 per cent and the ratio of stage 3 loans (net of stage 3 impairment) to total loans (net of stage 3 impairment) indicated 4.26 per cent as at end 2021.

Market Risk

Interest Rate: The interest rate sensitivity ratio (interest bearing assets as a share of interest-bearing liabilities with maturities of less than 12 months) increased to 79.6 per cent as at end 2021 from 74.9 per cent as at end 2020, indicating a reduction in the exposure to interest rate risk by end 2021 compared to end 2020. Capital gains on Treasury bonds during 2021 stood at Rs. 4.1 billion and was lower than Rs. 12.2 billion recorded during 2020. This was mainly due to the low interest rates that prevailed in 2020 that led to higher gains while the upward adjustment of interest rates was observed during the latter half of 2021 with the tightening of the monetary policy.

Equity Prices: The equity risk of the banking sector was minimal throughout 2021. The exposure of banks' trading portfolio to the equity market was Rs. 12.5 billion, which was only 0.1 per cent and 2.1 per cent of the total assets and investments held for trading, respectively, as at end 2021.

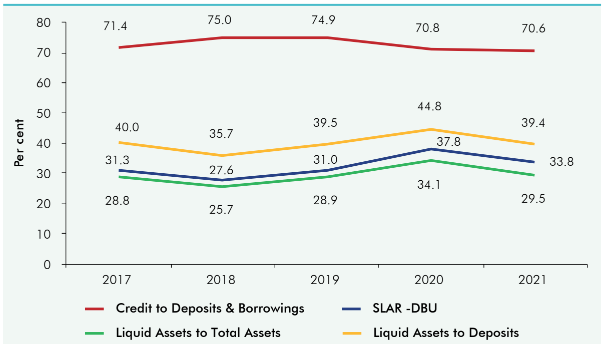
Exchange Rates: The net foreign currency exposure of the banking sector increased to a long position of US dollars 133.2 million as at end 2021 compared to a short position of US dollars 30 million as at end 2020, with a higher decrease in foreign currency liabilities compared to the decrease in foreign currency assets. The net foreign currency exposure as a

Table 8.5
Sectorwise Composition of Loans and Advances of the Banking Industry (as at end 2021)

Sectors	Amount Rs. bn (a)	Share of Total Loans %	NPL Ratio %
Consumption	1,785.1	17.0	3.1
Construction	1,608.4	15.3	6.2
Wholesale & retail trade	1,373.2	13.1	6.5
Manufacturing	992.9	9.5	8.1
Infrastructure development	930.7	8.9	1.8
Lending to Ministry of Finance	857.5	8.2	-
Agriculture, forestry & fishing	813.5	7.8	6.3
Financial services	460.7	4.4	1.6
Lending to overseas entities	419.2	4.0	3.2
Health care, social services & support services	391.9	3.7	2.7
Tourism	358.2	3.4	5.6
Transportation & storage	206.0	2.0	6.1
Professional, scientific & technical activities	142.9	1.4	3.0
Information technology and communication services	73.2	0.7	5.9
Education	54.6	0.5	2.9
Arts, entertainment & recreation	11.8	0.1	4.5
Total Loans	**10,479.7**	**100.0**	**4.5**

(a) Provisional
Source: Central Bank of Sri Lanka

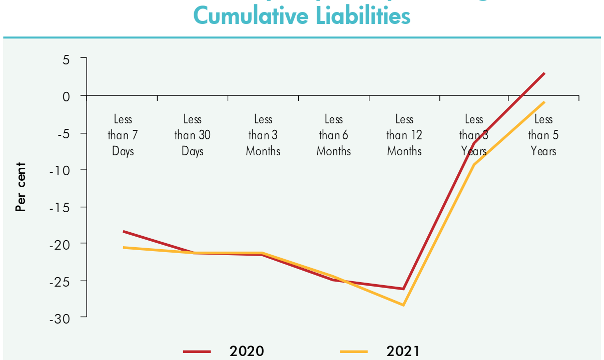
Figure 8.5
Liquidity Ratios of the Banking Sector



Source: Central Bank of Sri Lanka

percentage of banks' on-balance sheet foreign currency assets stood at 1.3 per cent as at end 2021, increasing from 0.3 per cent at end 2020. During 2021, on-balance sheet foreign currency assets increased mainly due to the increase in loans, placements with banks and investments, and the increase was lower than the decrease in off-balance sheet assets resulting from decreases in forward purchases and other derivative products. Meanwhile the increase in on-balance sheet foreign currency liabilities was attributed to the increase in customer deposits and the decrease in off-balance sheet liabilities was mainly from forward sales. The banking sector reported a net foreign currency revaluation gain of Rs. 28.7 billion during 2021 compared to Rs. 16.5 billion during 2020.

Figure 8.6
Cumulative Maturity Gap as a percentage of Cumulative Liabilities



Source: Central Bank of Sri Lanka

Liquidity Risk: On an overall basis, the banking sector was in compliance with the minimum Statutory Liquid Assets Ratio (SLAR) of 20 per cent. The Domestic Banking Units (DBUs) of LCBs and LSBs are required to maintain a minimum SLAR of 20 per cent. SLAR of DBUs declined from 37.8 per cent as at end 2020 to 33.8 per cent as at end 2021, while the SLAR of Off-shore Banking Units (OBUs) decreased from 43.2 per cent to 34 per cent during the corresponding period. Despite the higher increase in credit during 2021, the credit to deposits and borrowings ratio decreased marginally while the liquid assets to total assets and liquid assets to deposits ratios decreased.

The rupee and all currency Liquidity Coverage Ratios (LCRs), which is the stock of unencumbered high-quality liquid assets that can be converted easily and immediately into cash in the secondary market to meet liquidity needs for a period of 30 days under a liquidity stress scenario of the banking industry stood at 217.8 per cent and 171.8 per cent, respectively, by end 2021, well above the regulatory minimum of 100 per cent. In addition, the Net Stable Funding Ratio (NSFR), i.e., the amount of available stable funding relative to the amount of required stable funding, stood at 135.1 per cent by end 2021, well above the regulatory requirement of 100 per cent. Total liquid assets amounted to Rs. 5 trillion as at end 2021, of which investments in government securities represented 75.2 per cent. The cumulative maturity gap as a percentage of cumulative liabilities of the banking sector for maturity buckets less than 30 days and beyond 12 months widened as at end 2021 compared to end 2020, indicating better management of assets and liabilities in the short term, considering the declining trend in interest rates where more liabilities get repriced at lower

Table 8.6
Composition of Liquid Assets of the Banking Sector

Item	2020 (a)		2021 (b)		Change (Rs.bn)	
	Rs.bn	Share (%)	Rs.bn	Share (%)	2020 (a)	2021 (b)
Treasury bills	1,149.9	23.0	1,040.6	20.8	278.7	-109.3
Treasury bonds	1,685.3	33.7	2,142.3	42.9	481.8	457.1
Sri Lanka Development Bonds	655.8	13.1	577.0	11.5	86.1	-78.8
Cash	203.1	4.1	231.8	4.6	6.2	28.7
Money at Call	337.7	6.8	177.2	3.5	168.9	-160.5
Balance with Banks Abroad	469.9	9.4	538.9	10.8	42.4	69.0
Other	493.6	9.9	290.3	5.8	309.8	-203.3
Total Liquid Assets	**4,995.1**	**100.0**	**4,998.0**	**100.0**	**1,373.9**	**2.9**

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

interest rates compared to assets. Despite the banks being able to meet the minimum liquidity requirements, excessive widening of the maturity gap may lead to an increase in liquidity risk.

Performance of the Banking Sector

Profitability: Interest income of the banking sector increased by 3.2 per cent compared to a decrease of interest expenses by 11.5 per cent during 2021, resulting in an increase in net interest income by 28.5 per cent. As a result, the net interest margin increased from 3.1 per cent as at end 2020 to 3.4 per cent as at end 2021. Net interest income increased by Rs. 121.8 billion during 2021 compared to the previous year, while non-interest income increased by Rs. 24.6 billion, mainly due to higher foreign currency revaluation gains during 2021. Non-interest expenses increased by Rs. 47.4 billion, largely due to the increase in staff cost by Rs. 20.5 billion, while loan loss provisions increased by Rs. 7.7 billion during 2021 compared to 2020. As a result, profit before corporate tax was Rs. 258.7 billion in 2021 as per the regulatory reporting, which was Rs. 69 billion more than the previous year.

Table 8.7
Profit of the Banking Sector

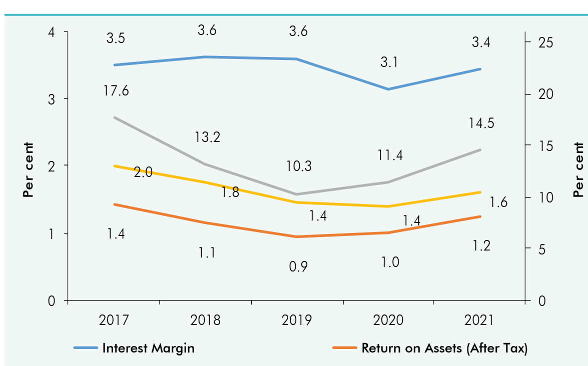
Item	2020 (a)		2021 (b)	
	Amount (Rs.bn)	As a % of Avg. Assets	Amount (Rs.bn)	As a % of Avg. Assets
Net Interest Income	**427.1**	**3.1**	**548.9**	**3.4**
Interest Income	1,161.1	8.5	1,198.3	7.5
Interest Expenses	734.0	5.4	649.3	4.1
Non-Interest Income	**141.9**	**1.0**	**166.6**	**1.0**
Foreign Exchange Income	31.5	0.2	46.4	0.3
Non-Interest Expenses	**252.4**	**1.9**	**299.8**	**1.9**
Staff Cost	128.0	0.9	148.4	0.9
Loan Loss Provisions	**83.5**	**0.6**	**91.3**	**0.6**
Profit Before Tax (after VAT)	**189.7**	**1.4**	**258.7**	**1.6**
Profit After Tax	**135.8**	**1.0**	**198.4**	**1.2**

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

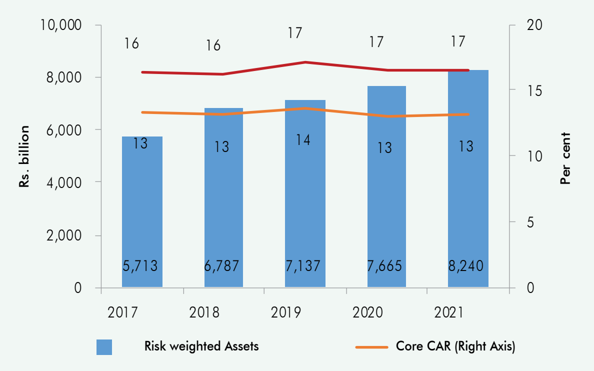
Profit after tax of the banking industry was Rs. 198.4 billion by end 2021 which recorded an increase of 46 per cent compared to the previous year. The increase in profits was reflected in Return on Assets (ROA) – before tax, which improved from 1.4 per cent as at end 2020 to 1.6 per cent as at end 2021, while Return on Equity (ROE) – after tax improved from 11.4 per cent in 2020 to 14.5 per cent in 2021. Further,

Figure 8.7
Profitability Ratios of the Banking Sector



Source: Central Bank of Sri Lanka

Figure 8.8
Capital Adequacy of the Banking Sector



Source: Central Bank of Sri Lanka

the efficiency ratio improved from 51.8 per cent in 2020 to 48.1 per cent in 2021 as a result of the decrease in operating costs.

Capital: The banking sector was in compliance with the capital requirements during 2021. None of the banks drew down the capital conservation buffer during the period concerned.

Considering the challenges in raising fresh capital, the deadline to meet the enhanced minimum capital requirement for banks was extended till December 2022. Banks were encouraged to raise high quality capital after recognising the first day impact from implementation of SLFRS 9. As a result, banks raised Tier I capital

Table 8.8
Composition of Regulatory Capital of the Banking Sector

Item	Amount (Rs. bn)		Composition (%)	
	2020 (a)	2021 (b)	2020 (a)	2021 (b)
Tier I: Capital	**1,041.4**	**1,083.8**	**100.0**	**100.0**
Share Capital	335.3	352.1	32.2	32.5
Statutory Reserve Funds	65.9	66.7	6.3	6.2
Retained Profits	410.6	480.5	39.4	44.3
General and Other Reserves	257.9	250.5	24.8	23.1
Others	32.9	21.6	3.2	2.0
Regulatory Adjustments	-61.1	-87.5	-5.9	-8.0
Tier II: Capital	**266.2**	**279.8**	**100.0**	**100.0**
Revaluation Reserves	27.2	35.3	10.2	12.6
Subordinated Term Debt	166.5	160.2	62.6	57.2
General Provisions and Other	73.7	84.7	27.7	30.3
Regulatory Adjustments	-1.3	-0.4	-0.5	-0.1
Total Regulatory Capital Base	**1,307.6**	**1,363.6**		

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

through retention of profits (Rs. 70 billion) and issuance of new shares (Rs. 16.8 billion) during 2021. The regulatory capital of the banking sector reported a growth of 4.3 per cent during the year, of which Tier 1 capital contributed to 75.7 per cent of the increase.

Supervisory and Regulatory Developments during 2021

During 2021, the Central Bank continued to introduce prudential policy measures and regulations to strengthen the financial and operational resilience of licensed banks to ensure the safety and soundness of the banking sector. In the meantime, the Central Bank cautiously relaxed some of the regulations to facilitate the banking sector to adjust to the new normal and to continue providing concessions to economic sectors affected by the COVID-19 outbreak.

The Central Bank introduced a priority sector lending target on credit granted by licensed banks to individuals and businesses in the Micro, Small and Medium Enterprises (MSME) sector, with a view to promoting economic sectors with high growth potential in terms of domestic economic growth and exports earnings leading to a broad based revival of the economy. Accordingly, licensed banks were required to increase their credit to individuals and businesses in the MSME sector by not less than 20 per cent per annum on year-on-year basis, over the outstanding stock of lending to MSMEs at the end of the previous year. Further, licensed banks were also required to suspend recovery actions against paddy millers in the Small and Medium Enterprises (SME) sector for a period of six months, starting from 1 January 2021, considering the Government's initiatives to support SME paddy millers affected by the COVID-19 pandemic, for the upcoming harvesting season.

The Central Bank continued its efforts to support businesses and individuals affected by the COVID-19 pandemic, while ensuring the safety and soundness of the financial system, despite the impact of the prolonged debt moratoria. Policy measures adopted include providing concessions for lease facilities obtained by the affected businesses and individuals engaged in passenger transportation services for six months commencing from April 2021, extending the debt moratoria granted to COVID-19 affected businesses and individuals in the tourism sector for another six months commencing from April 2021, and extending the relief measures and concessions provided to businesses and individuals who were adversely affected by the third wave of COVID-19 outbreak. These concessions were subsequently extended in September 2021 until end 2021, and in the case of the tourism sector, up to end June 2022, considering the subsequent upsurge of the pandemic. As at end 2021 approximately 6 per cent of the loans of the banking sector were under moratoria. However, the potential impact of these loans will be net of the underlying security values and impairment already made on these loans.

As an alternative to moratoria, banks were requested to consider providing the borrowers with an option to restructure their existing facilities over a longer tenure at the prevailing low interest rates in the market, considering the future cash flows and subject to the submission of a viable revival plan. Further, the suspension of all types of recovery actions such as 'parate' execution and forced repossession of leased assets against affected borrowers was extended until end March 2022 and until end June 2022 for the tourism industry.

Table 8.9
Status of Moratorium Granted to COVID-19 Affected Performing Borrowers since March 2020 by Licensed Banks as at 31 December2021

Phase of Moratoria	Licensed Banks	
	No. of Approved Requests	Total Capital Outstanding (Rs. Bn)
Phase 1	1,266,620	2,185.0
Phase 2	127,289	939.0
Phase 3	176,188	917.0
Phase 4	145,687	642.4
Total	**1,715,784**	**n.a.***

* The same borrowers may have obtained moratoria under several schemes

Source : Licensed Banks
Central Bank of Sri Lanka

The restrictions imposed on discretionary payments of licensed banks were temporarily relaxed in January 2021 and reimposed in July 2021. Accordingly, licensed banks were permitted to pay cash dividends and repatriate profits only after the completion of the audit of the financial statements for the year 2020, while refraining from engaging in share buy-backs and increasing non-essential expenditure and exercising extreme due diligence and prudence when incurring capital expenditure until end June 2021. The restrictions were reviewed and reimposed in July 2021, in light of the possible adverse impact on liquidity and other key performance indicators of licensed banks due to the subsequent upsurge of the COVID-19 pandemic.

During 2021, the Central Bank continued to take proactive regulatory measures to curtail the possible/potential outflow of foreign exchange from licensed banks to avoid excess volatility in the foreign exchange market, to ease the pressure on the exchange rate, and minimise the impact on banks' risk management. These measures included temporary restrictions on entering forward contracts of foreign exchange by licensed banks, margin requirements against imports and the temporary suspension of the purchase of Sri Lanka International Sovereign Bonds (ISBs) by LCBs and National Savings Bank (NSB). Further, the Central Bank introduced amendments to the Banking Act Directions on foreign currency borrowings by licensed banks to stimulate capital formation in the real economy and to support the foreign currency needs of the country.

The credit risk management and governance framework in relation to financial instruments of licensed banks were strengthened and aligned with the classification, recognition and measurement criteria for credit facilities and other financial assets under the Sri Lanka Accounting Standard 'SLFRS 9: Financial Instruments' to establish consistent and prudent practices in the banking industry. It is expected that the implementation of these new Directions will facilitate a more accurate assessment of the current as well as potential future risks of credit facilities and other financial assets of licensed banks.

Improving the operational resilience of the licensed banks was one of the key focus areas of the Central Bank during 2021. Accordingly, in June 2021, licensed banks were informed to maintain recovery plans to deal with shocks to capital, liquidity and all other aspects that may arise from institution-specific stresses, market-wide stresses, or a combination of both.

A regulatory framework for technology risk management and resilience of licensed banks was introduced to prompt banks to upgrade and strengthen their information systems and technology platforms in line with international standards and best practices. This framework sets minimum regulatory requirements on technology risk management and resilience for licensed banks in general as well as based on the sensitivity of data, the criticality of information systems, and the type of information system infrastructure used. These requirements are also aimed at improving the governance framework for technology risk management.

Maximum interest rates on foreign currency deposits of LCBs and NSB were imposed considering the prevailing interest rates of foreign currency denominated deposits, and maximum interest rates on mortgage-backed housing loans were also imposed considering the current and expected macroeconomic developments.

Several other policy measures were also introduced in 2021 as per regulatory requirements. These include amending capital requirements under Basel III for licensed banks on the risk weights applicable for foreign claims on the central Government, determination of Thai Baht as a designated foreign currency, recognition of Lanka Rating Agency Ltd. as an acceptable credit rating agency, provision of banking services during the lockdown periods, and introduction of a new structure for the annual license fee of licensed banks for the year 2022. The list of all policy changes and measures introduced during 2021 is available in the Major Economic Policy Measures 2021 section of this report.

The Central Bank upgraded its Statutory Examinations of banks to a more robust risk based examination mechanism and a comprehensive supervisory guidance framework based on the internal rating model named Bank Sustainability Rating Indicator (BSRI). Accordingly, internal ratings were assigned to all 30 licensed banks and statutory examinations of all banks were conducted in line with the BSRI framework and BSRI is being improved to facilitate risk based supervision. Ways and means to improve internal ratings assigned to banks will be focused during future statutory examinations by allocating more resources to examine high risk areas and weak/inefficient operations of banks. Further, Consolidated Risk Based Supervision of selected banking groups was conducted, extending the scope of statutory examinations of the Central Bank to the risks stemming from group entities.

BOX 9

COVID-19 Concessions and Moratoria: Challenges and Way Forward

The biggest economic challenge faced by humankind in the past century

COVID-19 is arguably the biggest health and economic challenge faced by humankind in this century. In 2020, over 90 per cent of the countries worldwide recorded contractions in their economic activities. The interconnectedness and interdependence of the global economy made the impact of the pandemic unprecedented, surpassing the effects of the two world wars, the great depression, and the global financial crisis (The World Bank, 2022).

How did Central banks react to COVID-19?

Central banks and monetary authorities worldwide introduced both conventional and unconventional policy responses to address the multifaceted challenges of the pandemic. These measures include monetary policy relaxations, asset repurchasing/quantitative easing programmes, and regulatory forbearances, as well as government-led fiscal measures such as tax reductions/deferments, direct cash payments, insolvency support and payment freezes/moratoria (International Monetary Fund, 2022).

In the wake of the pandemic, the Central Bank of Sri Lanka (CBSL) also introduced a series of extraordinary policy measures to provide liquidity to the economy and regulatory forbearances to provide operational flexibility to licensed banks and non-banking financial institutions (NBFIs), (hereinafter referred to as financial institutions, FIs) to assist their customers.

Accordingly, CBSL requested FIs to provide a six-month moratorium on capital and interest payments on loans obtained by borrowers affected by the pandemic and to waive off any accrued and unpaid penal interest charged on such loans. Considering the subsequent waves of the pandemic, this was extended for more than 18 months for customers who were severely affected.

Additionally, CBSL also introduced a Rs. 50 billion refinancing and credit guarantee scheme to provide low-cost funding for Small and Medium Enterprise (SME) customers, reduced interest rates on targeted lending products, provided liquidity facility to the construction sector and other government suppliers, suspended recovery actions against non-performing loans, and reduced fees and charges on several banking services to provide relief to retail customers.

New Challenges and Opportunities created by the Pandemic

COVID-19 affected businesses disproportionately. Some businesses and economic sectors came to a complete standstill while some found new opportunities and avenues to grow their businesses amidst the pandemic.

As the pandemic unfolds, many businesses worldwide adopted remote working and flexible working arrangements, which have now become a norm due to its' versatility and cost savings. Similarly, many businesses have already replaced expensive business travels and meetings with online conferences and virtual meetings. These shifts in preferences have forced businesses to rewire their infrastructure to be predominantly hybrid (Sadun, Simcoe, & Conti, 2021; Nugent, 2021). Further, the increased consumer preferences towards digital services and online shopping have pushed many businesses in the service sector such as supermarkets, retail, fashion, and entertainment to bring their businesses mobile-first. This phenomenon was also apparent in the local context such as increasing demand for online retail shopping, video consultations for doctors, online learning and tuition service providers and reduced demand for cinemas, large wedding receptions, concerts, exhibitions, and events. While these changes affected some businesses and their value chains adversely, many firms have embraced the change to spur innovation turning the changes into opportunities.

Similarly, FIs as well as the financial sector witnessed their fair share of pains and gains during the pandemic. Liquidity and credit risks were the most significant challenges faced by FIs worldwide during the pandemic. Closure of businesses, loss of jobs and income due to the pandemic and induced economic disruptions made it increasingly difficult for borrowers to honour their debt repayment obligations. Even for those who were repaying promptly, the probability of default in the future increased significantly, due to the increasing uncertainty in the global economy. This significantly impacted the asset quality of FIs. Liquidity positions of FIs also tightened as borrowers delayed their repayments and depositors withdrew their monies more often. This impaired FIs' ability to lend, curtailing credit flows to revive economic activities.

Raising new funds and rolling over the existing funding lines was another challenge faced by FIs as lenders, depositors, and investors of FIs were reluctant to commit more funds due to the increased uncertainty. This increased the cost of funding and refinancing risk of FIs.

The pandemic also increased other risks such as operational risk, health & safety risk, and business continuity risk. The increased reliance on digital delivery channels elevated the cybersecurity risk and technology risk, compelling FIs to commit more resources to mitigate these emerging risks and threats. Ultimately, the foregoing translated into increased strategic risk. FIs were required to reassess their risks, rearrange their priorities, and refocus their business directions as strategies planned before the pandemic became no longer valid in the "new normal".

However, certain business segments such as online banking, cashless payments and digital wallets witnessed exponential growth during the pandemic. FIs benefited from the reduced interest rates generally observed globally and in the local context, and from the exchange rate movements, due to mark-to-market gains on foreign currency assets. CBSL monitored these developments and introduced timely regulatory measures, where necessary, to prudently manage the increased risks in the financial sector.

Balancing Basics: Concessions and Stability

CBSL, as the apex financial authority in the country, took timely measures to provide concessions and revive the affected economic sectors while avoiding excessive risk buildup which can impact the core objectives of CBSL: to maintain economic and price stability and the financial system stability.

CBSL introduced the debt moratorium as a short-term remedy for borrowers who faced cashflow difficulties amidst the pandemic and to prevent loans of such borrowers from getting into non-performing category and its ensuing consequences. However, as the tenure of the moratoria and the value of loans grew bigger, FIs had to find alternative funding to pay their depositors and to meet other operating costs during the moratorium period. Considering the above, CBSL permitted FIs to charge a nominal interest on the moratoria, sufficient to cover the costs of funds. Subsequently, CBSL initiated preparatory works to introduce a mechanism to provide a least-cost solution to both borrowers and FIs, having considered the difficulties faced by borrowers due to charging additional interest.

Despite sparking much debate among the public, this additional interest allowed FIs to permit their borrowers to defer loan repayments for more than 18 months, without creating undue stress on depositors' funds and maintaining the stability of the individual FIs and the financial system.

Unwinding Moratoria: The Importance of Timing

As economic activities are returning to normalcy and countries opening their borders for trade, Central banks worldwide gradually phased out the extraordinary policy measures placed in response to COVID-19. However, experts warn that a premature upliftment of support measures that maintained liquidity and solvency of the economy may cause widespread credit constraints, debt foreclosures, insolvencies, and increased unemployment. This can be detrimental to post-pandemic economic revival and the self-reinforcing nature of these effects can have both short and long term consequences due to the feedback effect (Financial Stability Board, 2021).

On the other hand, maintaining support measures for too long can result in increased indebtedness, excessive risk-taking by firms and households, increased credit risk and creating moral hazard. The cost of running concessions for too long can be prohibitively expensive for countries with tight fiscal positions. Further, it can also slow down the necessary economic adjustments such as culling weak and unviable business/business models to reallocate economic resources to more efficient sectors, and technological transformation (Financial Stability Board, 2021).

What's beyond moratoria?

Unwinding moratoria and other relief measures can be challenging for both borrowers and FIs. As discussed above, the pandemic made permanent changes in several industries making some business models no longer profitable as they used to be (Jacobides & Reeves, 2020).

From a business continuity point of view, the pandemic was an acid test for firms that lack capital, contingency planning and agile decision making. For some firms, the main factor that kept such businesses afloat during the pandemic was the concessionary measures. Therefore, any efforts to revive businesses by FIs should focus on firms that are financially viable but suffering from liquidity and solvency problems caused directly by the pandemic. Also, such interventions should be transparent and should not distort the market competition (OECD, 2021).

Considering the above, CBSL issued guidelines to licensed banks to establish post-pandemic economic revival units in licensed banks to revive viable businesses. Accordingly, licensed banks will formulate revival plans and identify under-performing and non-performing borrowers with viable businesses who require rehabilitation assistance, including those who require liquidity support to unwind moratoria.

A mix of financial and non-financial assistance will be available to such borrowers to restructure/reschedule their existing credit facilities and will also grant additional credit facilities and/or any other appropriate support measures on a need basis to revive their businesses.

However, these will not be available to borrowers that have been identified as willful defaulters, defaulters who have diverted the borrowed funds for other purposes and those with unviable businesses or business projects and those who have defaulted due to mismanagement and/or fraud in their businesses.

The Way Forward: A Sustainable, Inclusive Economic Recovery

The end goal of all the above interventions is to minimise disruptions to the economy and restore normalcy in the livelihood of the people. In this regard, all stakeholders of the economy should collectively reflect on the lessons learnt from the pandemic and make conscious efforts to secure a sustainable and inclusive post-pandemic economic recovery.

Going forward, both FIs and firms should rethink their business models, explore new business opportunities created by the pandemic and redesign their processes and procedures to improve efficiency and competitiveness. Investing in technology and upgrading IT infrastructure while prudently managing increased risks will be another priority going forward. In doing so, they may also have to be mindful of their debt levels and seek to consolidate, restructure, or reschedule their debt to match their new cashflows and repayment capacities or find alternative avenues for low-cost funding or internal capital formation to maintain solvency and support such growth.

In this regard CBSL has initiated several policy measures to promote internal capital formation, recovery planning, technology risk management, provide long-term low-cost funding and orderly disposal of non-performing assets of FIs.

References

1. Financial Stability Board. (2021). COVID-19 support measures, Extending, amending and ending. Basel: Financial Stability Board.
2. International Monetary Fund. (2022, February 26). Policy Responses to COVID-19. Retrieved from International Monetary Fund: https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19
3. Jacobides, M. G., & Reeves, M. (2020, October 30). Adapt Your Business to the New Reality. Retrieved from Havard Business Review: https://hbr.org/2020/09/adapt-your-business-to-the-new-reality
4. Morgan, B. (2020, May 01). 10 Examples of How COVID-19 Forced Business Transformation. Retrieved from Forbes: https://www.forbes.com/sites/blakemorgan/2020/05/01/10-examples-of-how-covid-19-forced-business-transformation/?sh=29ac793a1be3
5. Nugent, T. (2021, October 14). 5 Ways COVID Has Changed Global Business. Retrieved from Business Because: https://www.businessbecause.com/news/insights/7763/how-covid-has-changed-global-business?sponsored
6. OECD. (2021). COVID-19 emergency government support and ensuring a level playing field on the road to recovery. Paris: Organisation for Economic Co-operation and Development.
7. Sadun, R., Simcoe, T., & Conti, A. (2021, September 30). Has COVID-19 Permanently Changed Business Strategy? What Experts Say. Retrieved from MIT Sloan Management Review: https://sloanreview.mit.edu/strategy-forum/has-covid-19-permanently-changed-business-strategy-what-experts-say
8. The World Bank. (2022). Finance for an Equitable Recovery. Washington, DC: International Bank for Reconstruction and Development / The World Bank.

8.3. Performance of Non-Bank Financial Institutions

Licensed Finance Companies (LFCs) and Specialised Leasing Companies (SLCs) Sector

Performance of the LFCs and SLCs sector improved considerably during 2021, especially in terms of credit growth and profitability. Total assets of the sector amounted to Rs. 1,487.7 billion as of end 2021, representing 5.6 per cent of the assets of Sri Lanka's financial system. Despite certain institutions encountering difficulties to meet the regulatory requirements at an individual level, the sector remained stable with capital and liquidity maintained at healthy levels above the minimum regulatory requirements. The Central Bank continued to monitor the key prudential indicators placing consideration on reviving the LFCs/SLCs with weak financial positions. The implementation of the Financial Sector Consolidation Masterplan (Masterplan) is underway to build strong and stable LFCs in the medium term, with the objective of safeguarding depositors of the non-bank financial institutions sector. Further, a number of measures were introduced to provide LFCs and SLCs with flexibility to support the businesses and individuals affected by the outbreak of the COVID-19 pandemic.

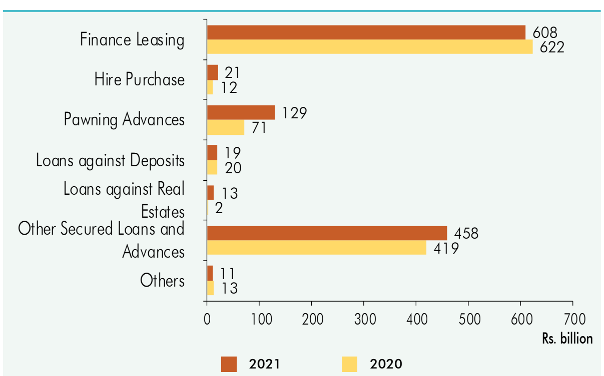
Table 8.10
Distribution of Branches of LFCs and SLCs Sector by Province

Province	End 2020 (a)	End 2021 (b)	Movement during the year
Central	166	184	18
Eastern	119	142	23
North Central	107	111	4
North Western	165	180	15
Northern	96	119	23
Sabaragamuwa	116	122	6
Southern	162	178	16
Uva	70	82	12
Western	516	589	73
Total	**1,517**	**1,707**	**190**

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

Figure 8.9
Total Loans and Advances (Gross) by Productwise for 2020 and 2021



Source: Central Bank of Sri Lanka

8

Business Expansion

Outreach: By end 2021, the sector comprised 39 LFCs[1] and 3 SLCs. There were 1,707 branches and 309 other outlets, of which 1,359 branches and outlets (67.4 per cent) were located outside the Western Province.

Assets: The asset base of the sector increased by 6.1 per cent (by Rs. 86 billion) to Rs. 1,487.7 billion in 2021, compared to the 2.2 per cent contraction observed in 2020. The sector expansion was mainly driven by the growth in the loans and advances portfolio. Loans and advances accounted for 76.8 per cent of the total assets of the sector. The loans and advances portfolio of the sector was highly concentrated on finance leases which accounted for 48.3 per cent of total loans and advances as at end 2021. The growth of the leasing portfolio declined mainly due to the restrictions imposed by the Government on the importation of motor vehicles as a measure to restrict FX outflows. However, the loans and advances portfolio of the sector recorded a growth during the year due to the increase in other secured loans and advances and pawing advances. Accordingly, the loans and advances provided by the LFCs and SLCs sector increased by 9.9 per cent (Rs. 102.7 billion) to Rs. 1,142.5 billion in 2021 compared to the contraction of 5.7 per cent in 2020.

[1] Including two companies whose business operations were suspended on 13 July 2020 by the Monetary Board.

Table 8.11
Composition of Assets and Liabilities of the LFCs and SLCs Sector

Item	2020 (a)		2021 (b)		Change (%)	
	Rs. bn	Share (%)	Rs. bn	Share (%)	2020 (a)	2021 (b)
Assets						
Loans and Advances (net)	1,039.8	74.2	1,142.5	76.8	-5.7	9.9
Investments	158.9	11.3	167.4	11.3	20.2	5.4
Other	203.0	14.5	177.9	12.0	2.6	-12.4
Liabilities						
Total Deposits	748.6	53.4	783.3	52.7	-1.1	4.6
Total Borrowings	328.0	23.4	325.9	21.9	-19.1	-0.6
Capital Elements	248.1	17.7	304.0	20.4	22.1	22.6
Others	77.0	5.5	74.5	5.0	14.6	-3.3
Total Assets/Liabilities	**1,401.7**	**100.0**	**1,487.7**	**100.0**	**-2.2**	**6.1**

(a) Revised
(b) Provisional
Source: Central Bank of Sri Lanka

Table 8.12
Composition of Deposits of the LFCs Sector

Item	Amount (Rs. bn)		Composition (%)	
	2020 (a)	2021 (b)	2020 (a)	2021 (b)
Time Deposits	710.5	744.3	94.9	95.0
Savings Deposits	37.3	38.4	5.0	4.9
Certificate of Deposits	0.8	0.6	0.1	0.1
Total Deposits	**748.6**	**783.3**	**100.0**	**100.0**

(a) Revised
(b) Provisional
Source: Central Bank of Sri Lanka

The investment portfolio of the LFCs and SLCs sector comprises investments in equities, corporate debt instruments, government securities and investment properties. The investment portfolio recorded only a marginal growth of 5.4 per cent reaching Rs. 167.4 billion in 2021 compared to the significant growth of 20.2 per cent in 2020, mainly due to the increased investments in government securities maturing in less than 12 months. Other assets that mainly include cash and cash balances with banks and financial institutions declined by 12.4 per cent in 2021.

Liabilities: Customer deposits continued to dominate the liabilities of the LFCs and SLCs sector accounting for a share of 52.7 per cent. The deposits increased by 4.6 per cent (Rs. 34.7 billion) to Rs. 783.3 billion, while borrowings declined by 0.6 per cent (Rs. 2.1 billion) to Rs. 325.9 billion during the year.

Profitability: The net interest income of the sector significantly increased by 18.2 per cent (Rs. 20.2 billion) in 2021 reaching Rs. 131.4 billion. This was due to the significant decline

Table 8.13
Composition of Income and Expenses of the LFCs and SLCs Sector

Item	2020 (a)		2021 (b)	
	Amount (Rs. bn)	As a % of Avg. Assets	Amount (Rs. bn)	As a % of Avg. Assets
Interest Income	228.5	15.0	217.0	14.2
Interest Expenses	117.4	7.7	85.6	5.6
Net Interest Income	**111.2**	**7.3**	**131.4**	**8.6**
Non-Interest Income	32.0	2.1	49.5	3.2
Non-Interest Expenses	78.4	5.2	87.1	5.7
Loan Loss Provisions (Net)	38.2	2.5	11.1	0.7
Profit Before Tax	**26.6**	**1.7**	**82.7**	**5.4**
Profit After Tax	**13.7**	**0.9**	**55.6**	**3.6**

(a) Revised
(b) Provisional
Source: Central Bank of Sri Lanka

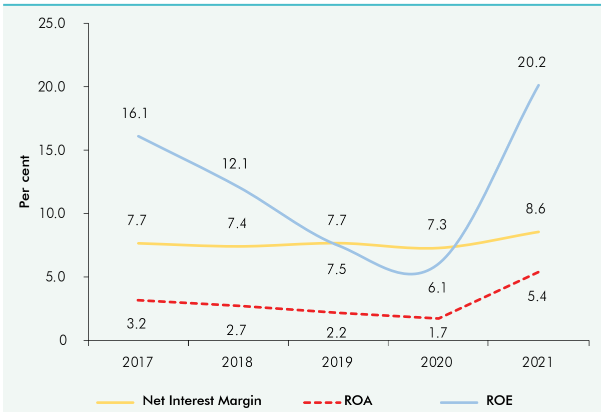
in interest expenses by 27.1 per cent (Rs. 31.8 billion) despite the decline in interest income by 5 per cent (Rs. 11.5 billion). The net interest margin of the sector (net interest income as a percentage of average assets) increased to 8.6 per cent in 2021 from the 7.3 per cent in 2020, due to a greater increase in the net interest income compared to the marginal increase in (gross) average assets.

The non-interest income increased by 54.5 per cent (Rs. 17.5 billion) and non-interest expenses increased by 11.1 per cent (Rs. 8.7 billion) during 2021 which significantly contributed to the profitability of the sector. Non-interest expenses increased mainly due to the increases in salaries, wages, and other benefits to the staff (Rs. 4.7 billion), administrative expenses (Rs. 2.8 billion), and other expenses (Rs. 3 billion). The loan loss provisions made against NPLs declined by Rs. 27.1 billion, largely due to increased collection during the period. The sector's profit after tax significantly grew by 307.1 per cent from Rs. 13.7 billion in 2020 to Rs. 55.6 billion in 2021, mainly due to the substantial increase in non-interest income by Rs. 17.5 billion including gains from trading or investment securities by Rs. 1.2 billion, service charges by Rs. 1.8 billion and default charges by Rs. 6.8 billion. The increase in profitability was reflected in the sharp increase in the Return on Equity (ROE) to 20.2 per cent and Return on Assets (ROA) before tax to 5.4 per cent in 2021, relative to 6.1 per cent and 1.7 per cent recorded respectively, in 2020. High ROA and ROE figures would be beneficial for the sector's capital generation enabling the attraction of new investors to the sector. The cost to income ratio also improved to 69 per cent in 2021, from 89.7 per cent in 2020, largely due to the reduction in total expenses and increased income during the period, while the efficiency ratio improved to 51.3 per cent during 2021.

Capital: The sector continued to remain resilient with capital maintained above the minimum regulatory requirement during the year. The capital base improved to Rs. 251.6 billion by end 2021 compared to Rs. 218.9 billion recorded by end 2020, with the infusion of new capital by several LFCs to meet regulatory requirements of Rs. 2 billion by 01 January 2021 and Rs. 2.5 billion by 01 January 2022. The sector's core capital and total capital ratios increased to 15.5 per cent and 17 per cent, respectively, by end 2021 from the reported levels of 14.5 per cent and 15.7 per cent at end 2020.

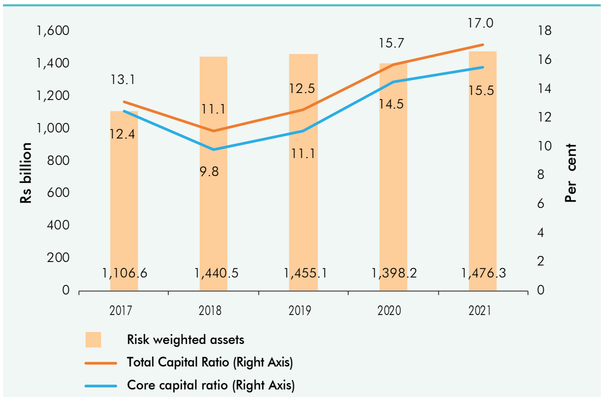
In 2021, the Masterplan was introduced to build a strong and stable 25 Non-Bank Financial Institutions complying with prudential requirements with diversified business models.

Figure 8.10
Profitability Indicators of the LFCs and SLCs sector



Source: Central Bank of Sri Lanka

Figure 8.11
Risk Weighted Assets and CAR of the LFCs and SLCs Sector



Source: Central Bank of Sri Lanka

8

6 preliminary approvals have already been granted to 12 LFCs/SLCs for acquisitions and amalgamations under the Masterplan. In addition to the introduction of the Masterplan, several regulatory actions were also initiated by the Central Bank with a view to avoiding further deterioration of the financial positions, maintaining the stability of such institutions, and safeguarding the interests of depositors.

Risks in the LFCs and SLCs Sector

Credit Risk: Total gross NPLs reduced by 13.9 per cent (Rs. 22. billion) by end December 2021 on a year-on-year basis, compared to an increase of 26.2 per cent (Rs. 33.4 billion) recorded at end December 2020. Although the gross NPL ratio declined to 11 per cent by end 2021 from 13.9 per cent reported as at end 2020, still the NPL ratio of the sector remains high. The net NPL ratio reduced to 2.7 per cent by end 2021 from 4.2 per cent reported by end 2020, due to higher provision coverage for NPLs. The provision coverage ratio increased to 66.8 per cent in December 2021, compared to 58.9 per cent reported in December 2020. Though the underlying credit risk of the sector still remains manageable, the impact of the freezing of classification of loans under the moratoria needs to be factored in when assessing the credit risk of the sector. Similarly, following the COVID-19 pandemic, there was an increasing trend in pawning advances and gold loans in 2021 (by Rs. 58 billion). Hence, any potential price drop in the gold market would adversely affect the performance of the sector and its NPLs.

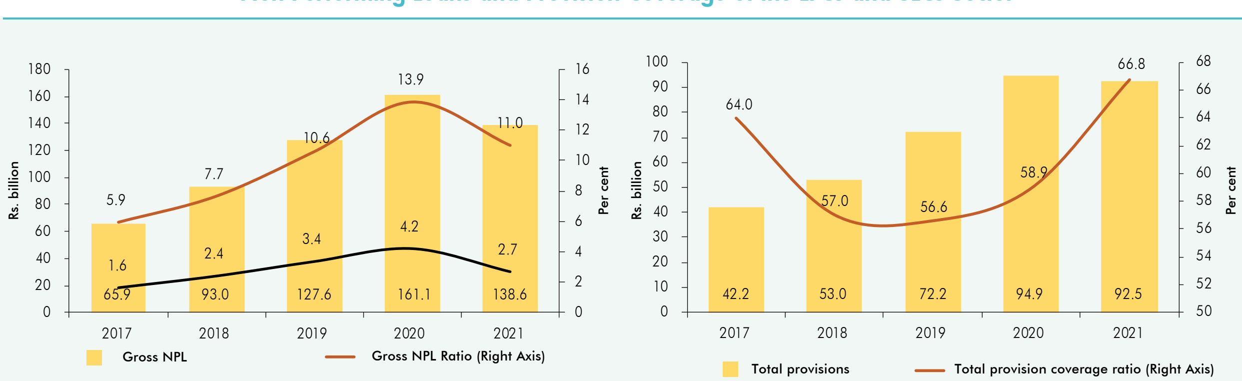
Market Risk: The sector continued to experience a low market risk which comprises interest rate risk and equity risk.

Interest Rate Risk: With the recent persistent upward revisions of Treasury bill interest rates, reference rates for deposits were revised upward from 01 November 2021. Accordingly, interest rate risk may increase due the negative mismatch in the maturity profile of the interest-bearing assets and liabilities.

Equity Risk: Equity risk of the sector remained low during the period under review as the exposure to equity market in the form of investments in listed shares declined to 0.8 per cent in 2021 from 1 per cent of total assets in 2020.

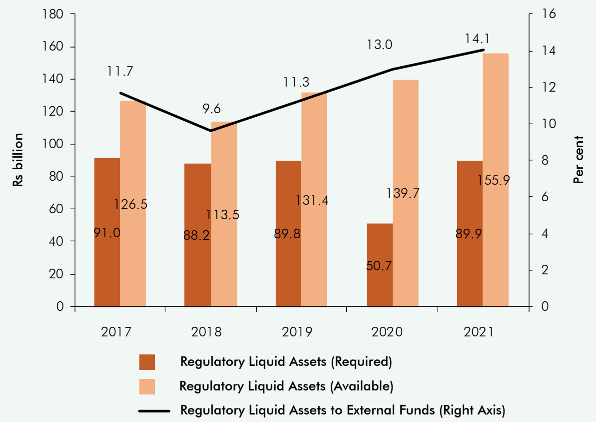
Liquidity Risk: The sector maintained liquidity well above the minimum required level during 2021. The overall regulatory liquid assets available in the sector was Rs. 155.9 billion by end December 2021, against the stipulated minimum requirement of Rs. 89.9 billion. However, the liquidity surplus by end 2021 declined by 25.9 per cent (Rs. 23

Figure 8.12
Non Performing Loans and Provision Coverage of the LFCs and SLCs Sector



Source: Central Bank of Sri Lanka

Figure 8.13
Regulatory Liquidity Indicators of the LFCs and SLCs Sector



Source: Central Bank of Sri Lanka

billion) compared to the liquidity surplus of Rs. 89 billion recorded in December 2020, mainly due to the increase in minimum liquidity requirements consequent to the discontinuation of regulatory relaxations imposed on liquid asset requirements in response to the COVID-19 pandemic. The liquidity ratio (liquid assets against deposits and borrowing) increased to 14.1 per cent by end December 2021, compared to 13 per cent recorded by end 2020.

Primary Dealer Companies in Government Securities

As at end 2021, there were 6 LCBs and 7 Primary Dealer Companies (PDCs) appointed as Primary Dealers (PDs) in the government securities market. Pan Asia Banking Corporation PLC (PABC) and Perpetual Treasuries Limited (PTL) were suspended from carrying on business and activities of a PD on 15 August 2017 and 06 July 2017, respectively. The participation in primary auctions was prohibited for Entrust Securities PLC (ESP) w.e.f. 24 July 2017. Accordingly, only 5 LCBs and 5 PDCs were active in the government securities market as PDs as at end of 2021.

Assets and Liabilities: Total assets of PDCs decreased by 9.8 per cent to Rs. 78.7 billion in 2021. The total investment portfolio of government securities, consisting of trading, available for sale and HTM portfolios amounted to Rs. 70.5 billion as at end 2021, which recorded a decline of 12 per cent during the year. The trading portfolio decreased to Rs. 54.9 billion by end 2021 from Rs. 62.6 billion recorded as at end 2020, while the HTM portfolio declined to Rs. 12 billion as at end 2021 from Rs. 14.7 billion as at end 2020. The available for sale portfolio increased to Rs. 3.6 billion by end of 2021 compared to Rs. 2.8 billion as at end 2020.

Profitability: PDCs reported a loss after tax of Rs. 0.4 billion during 2021 compared to the profit after tax of Rs. 4.9 billion reported during 2020, indicating a significant decline in profitability consequent to the increase in yield rates. The significant drop in capital gains along with the considerable increase in mark-to-market losses recorded by PDCs in 2021 compared to 2020, largely contributed to the after-tax loss reported in 2021. Furthermore, ROA and ROE of PDCs contracted to negative 0.7 per cent and negative 3.2 per cent, respectively, by end of 2021 from 7.6 per cent and 30.5 per cent, respectively, as recorded in 2020.

Capital: Equity of PDCs contracted by 6.7 per cent mainly due to losses incurred during the year. The Risk Weighted Capital Adequacy Ratio (RWCAR) of the PDCs was well above the minimum required amount of 10 per cent and increased to 42.8 per cent as at end 2021 from 27 per cent reported as at end 2020.

Risks in the PDCs Sector

Market Risk: The proportion of the trading portfolio in the total investment portfolio of PDCs decreased marginally and was recorded at 77.9 per cent as at end 2021 compared to 78.2 per cent as at end 2020, reflecting a marginal decrease in the relative market risk exposure of the industry.

Liquidity Risk: The overall liquidity risk exposure of PDCs increased due to the increase in overnight negative mismatch in the maturity profile of assets and liabilities of PDCs by end 2021. The overnight negative mismatch increased to Rs. 20.3 billion as at end 2021 from Rs. 13 billion (79.5 per cent) as at end 2020. This is an increase in overnight liabilities by 82.8 per cent as at end 2021. In view of holding a large volume of government securities, which is free of credit risk, by PDCs and the ability to use such government securities as collateral for obtaining funds to bridge any unforeseen liquidity gaps, the liquidity risk profile of PDCs remained low throughout the year except ESP which was facing liquidity issues. Most of the PDCs had standby contingency funding arrangements to bridge any liquidity gaps.

Market Conduct

Primary Market Activities: The participation in primary auctions in respect of Treasury bills and Treasury bonds by PDCs showed a mixed performance during 2021. Of the total bids accepted at 52 Treasury bills auctions conducted in 2021, the effective participation of LCBs appointed as PDCs, PDCs and Employees' Provident Fund (EPF) accounted to 43.1 per cent, 56.3 per cent and 0.6 per cent, respectively. At 22 Treasury bond auctions conducted during 2021, effective participation of LCBs appointed as PDCs, PDCs and EPF accounted to 36 per cent, 27.5 per cent and 36.5 per cent, respectively.

Secondary Market Activities of PDCs: Secondary market transactions in government securities (in terms of value) by PDCs decreased by 33.1 per cent to Rs. 5,068.3 billion in 2021, out of which repo transactions accounted to 63.5 per cent. During 2021, outright purchases decreased by 56 per cent and outright sales by PDCs increased by 11.4 per cent, compared to 2020.

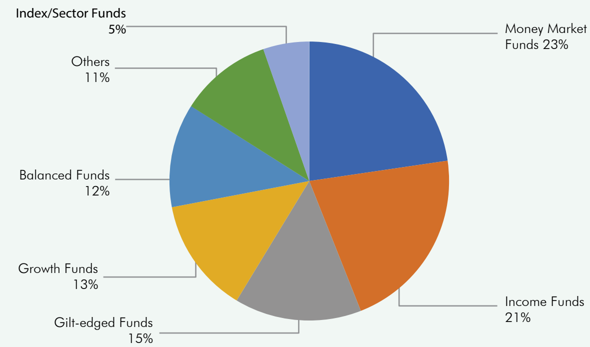
Licensed Microfinance Companies

The Licensed Microfinance Companies (LMFC) sector consisted of 4 companies and reported a 27.2 per cent growth of its assets base reaching Rs. 8.4 billion as at end 2021. Microfinance loans and advances accounted for the largest share of total assets with 74.6 per cent. Microfinance Loans and Advances amounted to Rs. 6.3 billion as at end 2021 in comparison to the Rs. 5.3 billion as at end 2020, reporting a growth of 14.8 per cent. NPLs of LMFCs stood at 16.8 per cent as at end 2021. The total deposit base of the sector grew by 11 per cent in 2021 from Rs. 488 million in 2020 to Rs. 544 million in 2021. Despite the increase in total liabilities of the sector by 29 per cent from Rs. 4.4 billion in 2020 to Rs. 5.5 billion in 2021, the debt-to-equity ratio increased to 2.0 per cent by end 2021 with the increase of equity from 1.9 per cent recorded at end 2020. In order to utilise the available liquid assets to meet operational costs during the COVID-19 pandemic, the Monetary Board continued its decision to withdraw the requirement for LMFCs to maintain liquid assets as per the Microfinance Act No. 6 of 2016. The core capital level of the sector remained at Rs. 2.7 billion and all LMFCs were in compliance with the minimum prudential regulations on core capital.

Unit Trusts

The number of Unit Trusts (UTs) remained unchanged at 75 at end 2021 similar to end 2020, while the number of UT management companies decreased to 16 at end 2021, from 18 reported at end 2020. The UTs funds were mainly dominated by money market funds and followed by Income Funds with the representation of 23 per cent and 21 per cent of the UT industry, respectively. In addition, Gilt Edged Funds, Growth Funds and Balanced Funds accounted for 15 per cent, 13 per cent and 12 per cent of the UT industry, respectively.

Figure 8.14
Categorisation of the UT Sector in terms of the Number of Funds



*Other: Shariah funds 4, IPO fund 1 and Dollar fund 1

Source: Unit Trust Association of Sri Lanka

Business Growth: A contraction was observed in the total asset base of the UT sector during year 2021. The total assets of the sector decreased by 3 per cent to Rs. 195 billion at end 2021. It is observed that the number of units issued also decreased to 7,835 million at end 2021 from 8,014 million reported at end 2020. However, the total number of unit holders increased to 59,426 at end 2021 from 52,402 reported at end 2020.

Investments: The share of investments on government securities by UTs as a percentage of net assets decreased to 12.1 per cent at end 2021 from 12.6 per cent reported at end 2020. However, investment in equities as a percentage of net assets increased to 9.1 per cent at end 2021 compared to 7 per cent at end 2020.

Table 8.14
Performance of UT Sector

Item	2020 (a)	2021 (b)
No. of Unit Trusts	75	75
Total No. of Unit Holders	52,402	59,426
No. of Units in Issue (mn)	8,014	7,835
Total Assets (Rs. bn)	201.0	195.0
Net Asset Value-NAV (Rs. bn)	201.5	191.3
Investments in Equities (Rs. bn)	14.1	17.6
Share of Total Net Assets (%)	7.0	9.1
Investments in Government Securities (Rs. bn)	25.3	23.4
Share of Total Assets (%)	12.6	12.1

(a) Revised
(b) Provisional

Source : Unit Trust Association of Sri Lanka
Securities and Exchange Commission of Sri Lanka

Insurance Sector

By end 2021, there were 27 insurance companies operating in the country comprising 13 long term insurance companies, 12 general insurance companies and 2 companies involved in both long term and general insurance business.

The insurance sector reported a modest growth in its asset base in 2021. The total assets of the insurance sector grew by 11.4 per cent by end 2021 on a year-on-year basis and reached Rs. 879.8 billion. The asset base of the long term insurance subsector grew by 12.3 per cent to Rs. 633 billion by end 2021 compared to a growth of 16.1 per cent recorded at end 2020, whereas the asset base of the general insurance subsector increased by 9.2 per cent and reached Rs. 246.8 billion at end 2021. The share of the asset base of the long term insurance subsector over the total insurance sector asset base remained high at 71.9 per cent by end 2021 which was a marginal increase from 71.4 per cent recorded by end 2020. Corresponding to this increase, the share of general insurance subsector assets over total assets declined to 28.1 per cent by end 2021 from 28.6 per cent recorded at end 2020.

Gross written premium of the insurance sector grew by 12.2 per cent to Rs. 233.8 billion at end 2021 from Rs. 208.2 billion at end 2020. Gross written premium of the long term insurance subsector and general insurance subsector increased by 21.1 per cent and 3.6 per cent respectively, during the period under consideration. Accordingly, the long term insurance subsector became the main contributor to the gross written premium of the sector which recorded a share of 53.3 per cent at end 2021. The general insurance subsector mainly focused

8

on motor insurance and represented 55.9 per cent share of general insurance at end 2021. The gross written premium of the motor insurance subsector decreased marginally by 0.3 per cent at end 2021.

Profitability of the insurance sector decreased during 2021, reporting a decrease of 4.9 per cent in profits before tax. Profits before tax of the long term insurance subsector reported an increase of 16.1 per cent and the general insurance subsector profits before tax reported a decrease of 20.7 per cent during 2021 due to increased claims in 2021. Meanwhile, the underwriting profits of the sector also decreased by 22.1 per cent at end 2021.

Claims from the insurance sector increased by 17.8 per cent and recorded Rs. 94.7 billion at end 2021. Claims of both long term and general insurance subsectors increased by 22.3 per cent and 13.8 per cent, respectively, at end 2021.

ROA and ROE of the long term insurance subsector increased, while ROA and ROE of the general insurance subsector declined during the year under review compared to 2020. ROA of the long term insurance subsector increased to 3.4 per cent, while the ROA of the general insurance subsector decreased to 7.8 per cent by end 2021. The ROE of the long term insurance subsector increased to 15.7 per cent by end 2021 from 14.5 per cent recorded at end 2020, whereas the ROE of the general insurance subsector declined to 15.5 per cent by end 2021 from 22.7 per cent recorded at end 2020.

Capital to total assets of the long term insurance subsector declined to 20.9 per cent by end 2021 from 22.1 per cent by end 2020, whereas the capital to total assets of the general insurance subsector increased to 50.4 per cent by end 2021 from 48.3 per cent reported at end 2020.

Table 8.15
Performance of the Insurance Sector*

Rs. billion

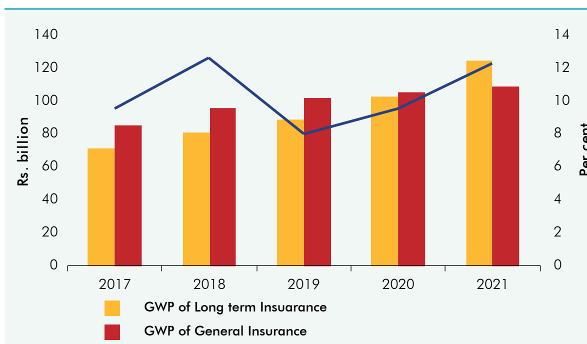
Item	2020 (a)	2021 (b)
Total Assets	789.7	879.8
Government Securities	309.3	337.1
Equities	44.8	53.8
Cash & Deposits	117.3	132.5
Gross Premium	208.2	233.8
Total Income	264.3	298.6
Premium Income	208.2	233.8
Investment Income	56.1	64.9
Profit Before Tax	40.4	38.4
Capital Adequacy Ratio (%) - Long-term Insurance	352.0	384.0
- General Insurance	272.0	224.0
Retention Ratio (%) - Long-term Insurance	95.4	96.0
- General Insurance	82.4	76.2
Claims Ratio (%) - Long-term Insurance	38.6	38.7
- General Insurance	49.2	55.8
Combined Operating Ratio (%) - Long-term Insurance	82.7	81.2
- General Insurance	88.6	94.9
Return on Assets (ROA) (%) - Long term Insurance	3.3	3.4
- General Insurance	10.7	7.8
Return on Equity (ROE) (%) - Long term Insurance	14.5	15.7
- General Insurance	22.7	15.5
Underwriting Ratio (%) - General Insurance	32.6	25.3

(a) Revised
(b) Provisional
* Information excluding the National Insuarance Trust Fund

Source: Insurance Regulatory Commission of Sri Lanka

The investments made by the insurance sector continued to be highly concentrated on government securities. The share of long term insurance subsector assets on government securities decreased to 46.1 per cent at end 2021 compared to 46.8 per cent at end 2020 while the share of general insurance subsector assets on government securities increased to 45.7 per cent at end 2021 compared to 40.7 per cent at end 2020. However, the share of investments on equity of the long term insurance subsector and general

Figure 8.15
Gross Written Premium of the Insurance Sector



Source: Insurance Regulatory Commission of Sri Lanka insurance subsector increased to 7.2 per cent and 8 per cent, respectively, at end 2021 from 6.3 per cent and 7.6 per cent at end 2020.

Superannuation Funds

The total assets of the superannuation funds were reported at Rs. 3,876.3 billion by end 2021 contributing to 14.5 per cent of the financial sector assets. The sector is dominated by the EPF, which accounts for 81.7 per cent of the total assets of the superannuation sector. In addition to the EPF, there are two other publicly managed funds, namely, the Employees' Trust Fund (ETF) and the state sector Public Service Provident Fund (PSPF).

Employees' Provident Fund

As per the Employees' Provident Fund Act No. 15 of 1958 (EPF Act), the Monetary Board of the Central Bank is entrusted with the custodianship of the Employees' Provident Fund (EPF/Fund), while the Commissioner of Labour is entrusted with the general administration of the Fund. The EPF Department of the Central Bank facilitates the Monetary Board to perform its duties and functions as per the provisions of the EPF Act.

The total value of the Fund increased by Rs. 341.8 billion to Rs. 3,166.1 billion as at end 2021 from Rs. 2,824.3 billion reported by end 2020, recording a 12.1 per cent growth. This growth was an outcome of a combined effect of the net contributions of the members (amount of contributions received less refunds paid) and the income generated through investments of the Fund. Total liability to the members stood at Rs. 3,066.9 billion as at end 2021 recording a 10.8 per cent increase from Rs. 2,767.8 billion as at end 2020. The total contribution for the year 2021 increased by 9.9 per cent to Rs. 165.7 billion, while the total amount of refunds to the members and their legal heirs was Rs. 118.2 billion in 2021, which was an increase of 7.7 per cent over 2020. Accordingly, the net contribution to the Fund was Rs. 47.5 billion compared to Rs. 41.0 billion recorded in the previous year. The annual profit of the Fund increased by 22.1 per cent to Rs. 299.1 billion in 2021 from Rs. 244.9 billion recorded in the previous year. This was mainly due to the increase in the net gain on financial instruments at fair value through profit or loss (listed equities) by Rs. 36.8 billion.

The total investment portfolio (book value) of the Fund grew by 12.2 per cent to Rs. 3,173.3 billion as at end of 2021 from Rs. 2,829.5 billion as at end of 2020. The investment policy of the Fund is focused on providing long term positive real returns to the members, while ensuring the safety of the Fund and the availability of adequate level of liquidity to meet refund payments and other expenses of the Fund. Accordingly, as at end of 2021, the investment portfolio consisted of 93.2 per cent in government securities, 3.8 per cent in equity, 0.8 per cent in corporate debentures, 1.8 per cent in fixed deposits, and the remaining 0.4 per cent in Reverse Repurchase agreements.

Investment Income: The total investment income of the Fund was Rs. 342.2 billion in 2021 and recorded an increase of 19.9 per cent compared to previous year. Interest income continued to be the major source of income to the Fund which grew by 5.9 per cent to Rs. 293.7 billion in 2021 from Rs. 277.4 billion in 2020. Dividend income increased by 124.0 per cent to Rs. 6.7 billion in 2021 compared to Rs. 3.0 billion in 2020. Net Gain/Loss on financial instruments at fair value through profit or loss recorded a net gain of Rs. 41.8 billion in 2021 compared to net gain of Rs. 5.0 billion in 2020.

Table 8.16
Five year Performance Summary of the EPF

Item	2017	2018	2019	2020(a)	2021(b)
Total Value of the Fund (Rs. bn)	2,066.3	2,289.4	2,540.4	2,824.3	3,166.1
Total Liability to the Members (Rs. bn)	2,020.8	2,254.2	2,497.6	2,767.8	3,066.9
Total Contribution (Rs. bn)	133.3	145.0	157.2	150.7	165.7
Total Refunds (Rs. bn)	117.5	108.0	126.3	109.7	118.2
Net Contribution (Rs. bn)	15.8	37.0	30.9	41.0	47.5
Interest rate (%)	10.50	9.50	9.25	9.00	9.00
Total Number of Member Accounts (mn)	18.1	18.7	19.4	19.8	19.8
Active Number of Member Accounts (mn)	2.8	2.9	2.9	2.6	2.3

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

Overall Return of the Fund: The Fund earned a total gross income of Rs. 342.4 billion in 2021, recording an increase of 19.9 per cent compared to the previous year. After adjusting for operating expenditure and tax expenditure, the net profit for the year 2021 was Rs. 299.1 billion which is an increase of 22.1 per cent compared to that of 2020. Accordingly, the Return on Average Investment of the EPF in 2021 was 11.40 per cent. Further, the Fund was able to maintain operating expenses to gross income ratio at 0.48 per cent in 2021. However, the tax expenditure of the Fund increased by Rs. 2.6 billion compared to 2020 following the increase of profit in 2021. Nevertheless, the adoption of SLFRS 9, the Accounting Standard applicable for classification and measurement of Financial Instruments, where listed equity instruments are measured at fair value and also due to the favourable performance observed in the listed equity market, a net gain of Rs. 41.8 billion was recorded as an income for the year 2021. Accordingly, the EPF declared an interest rate of around 9.00 per cent on member balances in 2021.

Activities of the EPF Department were conducted while adhering to the risk management and internal control requirements in place, even while experiencing certain disruptions during the year to its regular operating mechanisms due to the COVID-19 pandemic. Accordingly, all investment activities were conducted in line with the requirements specified in the Monetary Board approved Investment Policy Statement, Strategic Asset Allocation and Investment Guidelines, while ensuring the safety and optimal return to the Fund. The investment climate prevailed in the country during the year was quite challenging due to significant changes in the market interest rates, fluctuations in the equity market and other economic conditions. Accordingly, robust investment decisions were taken while addressing any risks of the changing economic environment. Further, actions were taken to revisit and revise the prevailing investment guidelines in order to facilitate investment decisions considering the market conditions, international standards and best practices with the collaboration of Risk Management Department of the Central Bank.

Employees' Trust Fund

The ETF, which contributed to 10.8 per cent of the asset base of the superannuation sector, recorded an improvement in its asset base, total contributions, and investments while the number of member accounts registered a decline. Out of 14.7 million member accounts of the ETF, only 2.1 million accounts were active as at end 2021. The number of employers contributing to the fund declined to 44,501 at end 2021 from 75,756 at end 2020. The total member balance of the ETF increased by 8.3 per cent year-on-year to reach Rs. 406.3 billion at end 2021. The total contributions received to the ETF increased by 11 per cent year-on-year and reached Rs. 29.7 billion, while total benefits paid to members increased by 6.6 per cent year-on-year and reached Rs. 20.2 billion at end 2021.

Meanwhile, the total assets of the ETF increased by 11.3 per cent year-on-year and reached Rs. 419.1 billion at end 2021.

Table 8.17
Performance of the ETF

Item	2020 (a)	2021 (b)
Total Assets (Rs. bn)	376.6	419.1
Total Member Balance (Rs. bn)	375.2	406.3
Number of Member Accounts (mn)	15.9	14.7
Number of Active Member Accounts (mn)	2.5	2.1
Number of Employers Contributing	75,756	44,501
Total Contributions (Rs. bn)	26.8	29.7
Total Refunds (Rs. bn)	18.6	19.8
Total Investments Portfolio (Rs. bn)	371.3	410.1
o/w : Government Securities (%)	80.0	86.0
Gross Income (Rs. bn)	34.7	35.5
Profit Available for Distribution (Rs. bn)	31.5	32.7
Return on Investments (%)	9.1	8.6
Interest Rate Paid on Member Balances (%)	8.0	7.3

(a) Revised
(b) Provisional

Source : Employee's Trust Fund Board

Investments made by the ETF increased to Rs. 410.1 billion at end 2021, which is an increase of 10.5 per cent compared to end 2020. Out of these investments, 86 per cent was invested in government securities at end 2021, compared to 80 per cent at end of the previous year. The share of investments in fixed deposits considerably decreased to 6.9 per cent at end 2021 compared to 14.3 per cent at end 2020. The ETF managed to pay a return of 7.3 per cent on its member balances for 2021, a decline from the 8 per cent of return paid during the previous year.

Other Superannuation Funds

The PSPF, which accounted for 2.2 per cent of the superannuation sector, increased in terms of assets, investments, and net contribution during 2021. The fund grew by 19.1 per cent and reached Rs. 83.5 billion in terms of assets at end 2021. The number of active members of the fund was 241,384 at end 2021 when compared to 235,884 active members at end 2020. Meanwhile, the investments of the fund also grew by 16.4 per cent reaching Rs. 81 billion at end 2021. The PSPF has invested 57.4 per cent of its total investments in government securities while other investments accounted for 42.6 per cent of the total investments as at end 2021. The net contribution was Rs. 835 million during 2021 compared to the net contribution of Rs. 507 million reported during the previous year. The rate of return on member balances was 8 per cent in 2021 compared to 9.75 per cent in 2020.

Approved Pension and Provident Funds (APPFs) accounted for 5.4 per cent of the superannuation sector by end 2021. The number of members covered by APPFs was estimated to be 76,692 and total assets of the funds were estimated to be Rs. 207.6 billion at end 2021.

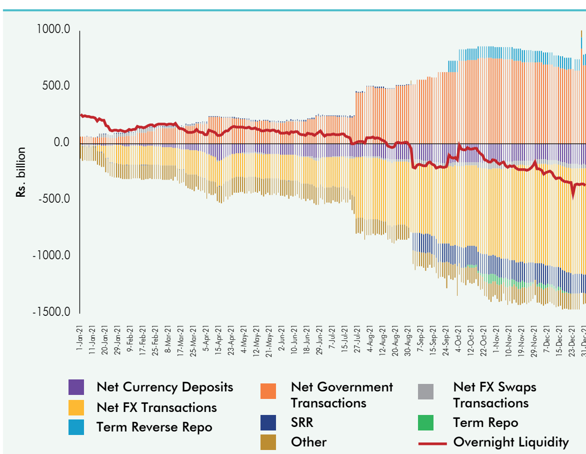
8.4 Performance of Financial Markets

Domestic Money Market

Market Liquidity

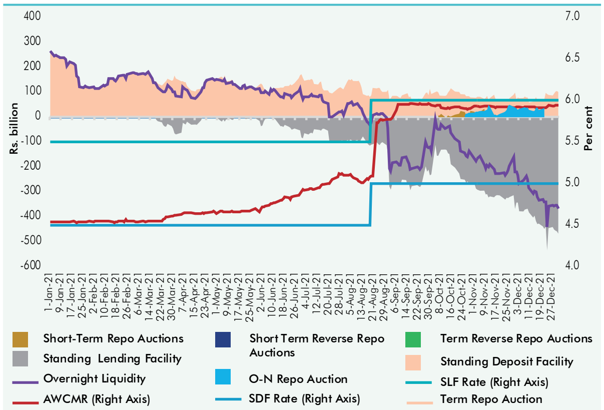
Liquidity in the domestic money market, which persistently remained at a surplus level during 2020 and the first half of 2021, declined considerably from mid-July 2021 and turned negative from end August 2021. The substantial surplus liquidity during the first half of 2021 was mainly due to purchases of Treasury bills at the primary market and foreign exchange related

Figure 8.16
Factors that Affected Daily changes in Money Market Liquidity



Source: Central Bank of Sri Lanka

Figure 8.17
Open Market Opearation Auctions, Standing Facility, Standing Rate Corridor and Average Weighted Call Money Market Rate (01 Jan 2021-End Dec 2021)



Source: Central Bank of Sri Lanka

transactions by the Central Bank. However, surplus liquidity in the domestic money market declined thereafter, mainly due to foreign loan repayments by the Government, currency withdrawals by LCBs, maturities of Treasury bills held by the Central Bank, and maturing of foreign currency buy-sell swap transactions of the Central Bank with LCBs. With the reversal of the accommodative monetary policy stance in mid-August 2021 and the increase of the Statutory Reserve Ratio (SRR) by 2.00 percentage points to 4.00 per cent with effect from the reserve maintenance period commencing 01 September 2021, liquidity of the domestic money market declined significantly. Accordingly, market liquidity, which remained at a surplus of Rs. 206.8 billion by end 2020, recorded a deficit of Rs. 119.6 billion by end September 2021. As guided by the monetary policy stance, a deficit was maintained in the overnight money market liquidity through open market operations by conducting repo auctions since late August 2021. Moreover, the Central Bank conducted auctions of outright sales of Treasury bills in November and December 2021, in order to mop up excess liquidity on a permanent basis, resulting mainly from primary purchases of Treasury bills by the Central Bank and special allocations of Treasury bills to the Central Bank, thereby curbing any downward pressure on the Average Weighted Call Money Rate (AWCMR). Meanwhile, the Central Bank conducted term reverse repo auctions, on two occasions, to ease liquidity pressures experienced by certain banks, towards the second half of 2021. However, by end 2021, domestic money market liquidity recorded a deficit of Rs. 366.2 billion.

Money Market Interest Rates

AWCMR, which is the operating target of the monetary policy framework, moved gradually towards the upper bound of the Standing Rate Corridor (SRC) with the tightening of money market liquidity conditions since 2021, alongside the upward adjustment of policy interest rates in August 2021. Since mid-July 2021, AWCMR remained above the middle of the SRC in line with the declining money market liquidity. Accordingly, other short term money market rates also showed an upward adjustment from July 2021 onwards. Increased borrowings by certain banks, liquidity concentration among a

Table 8.18
Summary of Money Market Transactions and OMOs

Transactions	Volume (Rs.bn)		Weighted Average Interest Rate (Min-Max) at end Year (%)	
	2020	2021	2020	2021
Market				
Call Money (Overnight)	3,234	7,935	4.52 - 7.50	4.53-5.97
Repo (Overnight)	3,151	3,533	4.53 - 7.53	4.55-6.00
Open Market Operations				
Overnight Basis				
Repo	320	1,183	6.73 - 7.51	5.71-5.99
Reverse Repo	175	-	5.88 - 7.54	-
Liquidity Support Facility	18	-	6.23 - 7.12	-
Short Term Basis				
Repo	31	423	7.01 - 7.16	5.96-5.99
Reverse Repo	66	-	4.53 - 6.85	-
Liquidity Support Facility	48	-	6.30 - 6.93	-
Long Term Basis			-	
Repo	3	60	7.10 - 7.15	6.04-6.05
Reverse Repo	299	204	4.53 - 7.53	6.13-7.20
Liquidity Support Facility	86	-	4.88 - 7.16	-
Outright Basis				
Purchase of T-bills	-	-	-	-
Purchase of T-bonds	22	-	8.42-9.68	-
Sale of T-bills	-	14	-	7.00-7.23
Sale of T-bonds	-	-	-	-
Standing Facility (at Policy Interest Rates)				
Standing Deposit Facility	32,809	29,450	4.50	5.00
Standing Lending Facility	715	30,095	5.50	6.00

Source: Central Bank of Sri Lanka

8

few foreign banks as well as the exposure limits applicable for money market transactions among market participants contributed to the increase in domestic money market interest rates. Further, with the upward adjustment in policy interest rates by 50 basis points on 19 August 2021, AWCMR increased further and remained at 5.94 per cent at end September 2021. However, by end 2021, AWCMR broadly stabilised closer to the upper bound of the SRC. The Average Weighted Repo Rate (AWRR) also moved in line with AWCMR during this period. As at end 2021, AWCMR and AWRR stood at 5.95 per cent and 5.98 per cent, respectively.

Domestic Foreign Exchange Market

During 2021, the Sri Lanka rupee depreciated against the US dollar by 7 per cent from Rs. 186.41 as at end 2020 to Rs. 200.43 as at end 2021. The exchange rate, which levelled off around Rs. 186 at the beginning of the year, came under pressure during the first quarter of the year with the elevated demand in the foreign exchange market mainly due to high import volumes and continuous external debt service payment requirements despite the limited supply caused by the effects of the COVID-19 pandemic such as the delay in the revival of tourism industry, comparatively low remittances and restricted access to international capital markets amidst consecutive sovereign rating downgrades. The persistent liquidity shortage in the domestic forex market was further aggravated by lower exporter conversions and divergence of workers' remittances into informal channels with the emergence of shadow foreign exchange markets. Since the end of April 2021, banks mutually agreed to execute FX transactions within the USD/LKR exchange rate band of Rs. 200 - Rs. 203, in order to curb the depreciation pressure and market speculation on the exchange rate to a certain extent. The depreciation pressure was largely abated by the significant supply of foreign exchange liquidity, through substantial outright interventions along with a series of bilateral sell-buy foreign exchange swap transactions, to facilitate essential import bills by the Central Bank. Since early September 2021, following the Central Bank's instructions to all banks to execute FX transactions within the USD/LKR exchange rate between Rs. 200 - Rs. 203, the average spot exchange rate in the domestic interbank FX market hovered within the specified range. Meanwhile, a number of incentive schemes were introduced in line with the policy directions taken by the Government and the Central Bank to foster foreign exchange conversions while attracting more foreign exchange inflows to the country. In line with the overall depreciation of Sri Lankan rupee against the US dollar, the average US dollar buying and selling exchange rates of commercial banks for telegraphic transfers as of end 2021 were at Rs. 198.50 and Rs. 203.00, whilst comparative figures in end 2020 were at Rs. 184.12 and Rs. 189.18, respectively. Meanwhile, during the year 2021, the Sri Lankan rupee depreciated against the sterling pound, the Indian rupee and the Australian dollar.

The Central Bank was a net seller in the domestic forex market in 2021. Despite the modest purchases of foreign exchange from banks, mainly under the requirement imposed on banks to sell a certain percentage of foreign exchange to the Central Bank of converted workers' remittances and to mandatorily convert export proceeds to build up the gross official reserve position, the Central Bank significantly supplied foreign exchange to the market to facilitate essential imports. This supply of foreign exchange by the Central Bank helped address the foreign exchange liquidity shortage in the domestic foreign exchange market to a limited extent. Accordingly, the Central Bank absorbed US dollars 506 million and supplied US dollars 1,253 million, resulting in a net sale of US dollars 747 million in 2021.

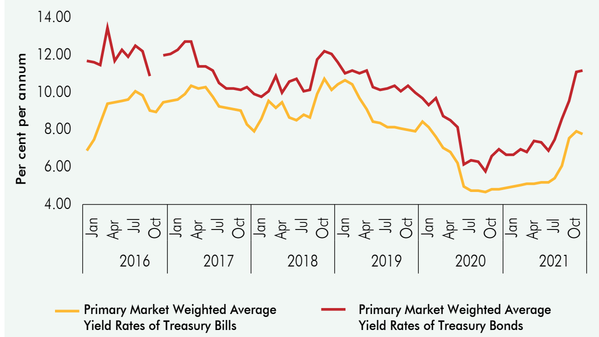
Moreover, with the objective of attracting more FX inflows to the country and thereby to improve the liquidity in the domestic FX market, the Government together with the Central Bank, offered several incentives for workers' remittances channelled through the formal banking sector. The public were also incentivised with a number of temporary measures, including an additional Rs. 10 per US dollar, when converting their foreign currency notes into Sri Lanka rupees.

In 2021, the total volume of inter-bank foreign exchange transactions amounted to US dollars 12.2 billion, compared to US dollars 18.4 billion in 2020. Accordingly, trading volumes in the domestic foreign exchange inter-bank market declined by 33.9 per cent compared to that of 2020. In line with this development, the average daily volumes in the inter-bank foreign exchange market declined to US dollars 50 million in 2021 from US dollars 77 million in 2020.

Government Securities Market

The yield curve of government securities increased and settled at higher levels towards the latter part of 2021. The yield rates of government securities adjusted upward in response to the monetary policy actions in August 2021 with a 50 basis point increase in the policy rates and a 200 basis point increase in the SRR. Another round of upward adjustments in yield rates was observed with the removal of the announcement of maximum acceptance yield rates in September 2021, coupled with negative sovereign rating actions and increased government borrowings amid allocations of unsubscribed Treasury bills to the Central Bank.

Figure 8.18
Primary Market Weighted Average Yield Rates of Treasury Bills and Treasury Bonds (per cent per annum)



Source: Central Bank of Sri Lanka

At the primary auctions of Treasury bills, the market preference was towards 91-day maturity, particularly towards the latter part of the year. On the contrary, the longer tenure Treasury bonds were preferred by investors in general at the primary auctions. The short term 91-day Treasury bill yield rates remained broadly stable towards the end of 2021 at 8.16 per cent while benchmark 182-day and 364-day remained at 8.33 per cent and 8.24 per cent, respectively. However, 91-day, 182-day and 364-day Treasury bill yield rates increased by 314, 334 and 324 basis points respectively as at end 2021 from end 2020. The yield rates of Treasury bonds also increased noticeably during

Table 8.19
Yield Rates of Government Securities

Per cent per annum

Item	Primary Market		Secondary Market	
	2020	2021	2020	2021
Treasury bills				
91-Days	4.51 - 7.55	4.69 - 8.43	4.50 - 7.54	4.63 - 8.00
182-Days	3.87 - 8.15	4.75 - 8.33	4.61 - 8.12	4.71 - 8.07
364-Days	4.13 - 8.61	4.98 - 8.26	4.80 - 8.57	4.94 - 8.33
Treasury bonds				
2 Years	5.47 - 5.86	6.19 - 9.36	5.16 - 8.94	5.25 - 8.96
3 Years	5.72 - 9.33	6.25 - 9.94	5.59 - 9.38	5.68 - 9.81
4 Years	6.32 - 9.39	6.34 - 8.55	6.02 - 9.59	6.21 - 10.40
5 Years	6.50 - 9.81	6.72 - 11.14	6.30 - 9.81	6.43 - 11.03
6 Years	6.57 - 8.59	7.44 - 10.90	6.37 - 9.89	6.61 - 11.26
8 Years	6.97 - 9.99	7.16 - 11.63	6.63 - 9.99	6.98 - 11.55
10 Years	9.99	8.86 - 11.91	6.84 - 10.05	7.44 - 11.80
15 Years	7.84	8.44 - 12.06	7.13 - 10.18	7.76 - 11.85
20 Years	-	-	7.15 - 10.25	7.89 - 11.83
30 Years	-	-	7.61 - 10.52	8.04 - 11.81

Source: Central Bank of Sri Lanka

8

Table 8.20
Primary Market Weighted Average Yield Rates of Treasury Bills

Per cent per annum

Year	Maturity			Annualised Overall Average
	91-days	182-days	364-days	
2017	9.01	9.80	10.07	9.77
2018	8.40	8.58	9.68	9.36
2019	8.15	8.44	9.40	9.06
2020	5.93	5.72	6.37	6.09
2021	6.35	6.13	5.33	6.24

Note: 10% Witholding tax on interest on Government Securities was removed effective from 01st April, 2018

Source: Central Bank of Sri Lanka

2021. In aggregate, Treasury bonds amounting to Rs. 1,762 billion with a Weighted Average Yield Rate (WAYR) of 8.70 per cent were issued in 2021 compared to Rs. 1,332.1 billion with a WAYR of 7.39 per cent in 2020. Moreover, Treasury bills amounting to Rs 3,821.4 billion were issued in 2021 with an overall WAYR of 6.09 per cent compared to Rs. 2,590.5 billion issued with an overall WAYR of 5.82 per cent in 2020.[2]

Access to international capital markets remained restrictive compounded by multiple negative sovereign ratings, prohibitive secondary market yield levels for Sri Lanka's ISBs, and continued uncertainties emanating from the COVID-19 pandemic. The ISB which matured in July 2021 was settled without resorting to new ISB issuance in line with the intention of gradually reducing of external liabilities, especially high cost commercial borrowings. In the domestic foreign currency financing front, SLDBs amounting to US dollars 1,041.3 million were raised in 2021, which is marginally lower than the SLDBs matured during the year.

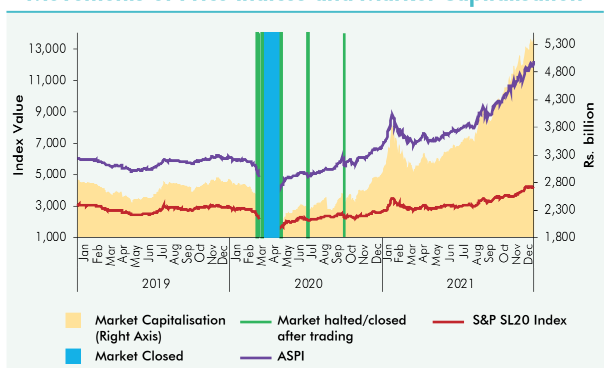
The total net outflow of foreign investments in Treasury bonds and Treasury bills amounted to US dollars 27.3 million during the year compared to the outflow of US dollars 552.7 million in 2020. In rupee terms, foreign holdings in government securities were recorded at Rs. 1.8 billion at end 2021 compared to Rs. 6.7 billion at end 2020, opening up substantive space for new investments.

Equity Market

The Colombo stock market recorded an exponential growth during the year 2021, driven by local investors. The All Share Price Index (ASPI) and Standard & Poor's Sri Lanka 20 (S&P SL 20) index recorded growth of 80.5 per cent and 60.5 per cent, respectively, during the year 2021. The market capitalisation stood at Rs. 5,489.2 billion as at end 2021 recording a growth of 85.4 per cent. Further, market capitalisation as a percentage of GDP reached a 10-year high of 36.7 per cent at end 2021 compared to 19.7 per cent at end 2020.

Domestic investors' presence in the equity market was prominent with their preference shifting towards equity investments due to the prevailed low interest rate regime in 2021. Quantities of securities held by local individual investors increased to Rs. 30.5 billion as at end 2021 recording a year-on-year growth of 53.3 per cent. Meanwhile, quantities of securities held by local institutional investors recorded a

Figure 8.19
Movements of Price Indices and Market Capitalisation

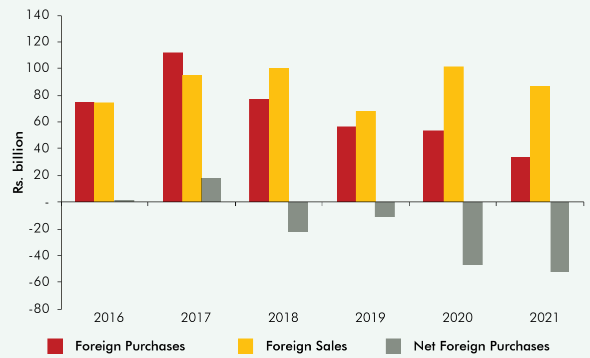


Source: Colombo Stock Exchange

2 The overall WAYR includes the total average borrowing cost, including the cost of administratively instructed issuances.

8

Figure 8.20
Foreign Participation at the CSE



Source: Colombo Stock Exchange

17.8 per cent year-on-year growth. However, the quantities of securities held by individuals and institutional foreign investors recorded a marginal a year-on-year growth of 0.3 per cent and 2.6 per cent, respectively.

With active domestic investor participation and some timely initiatives carried out by both the Colombo Stock Exchange (CSE) and Securities and Exchange Commission (SEC) such as digitisation, the daily turnover and capital raising improved during 2021. During 2021, there were 13 new equity Initial Public Offerings (IPOs) which raised Rs. 12.7 billion. The Price to Earnings Ratio (PER) and Price to Book Value (PBV) stood at 13.6 and 1.7, respectively, at end 2021 compared to PER of 11.2 and PBV of 1.1 remained by end 2020. The secondary market recorded an extraordinary average daily turnover of Rs. 4,888.2 million during the year 2021 compared to an average daily turnover of Rs. 1,899 million recorded during the year 2020.

Foreign participation at the market remained negligible during the period under review. Only 2.9 per cent of total turnover in 2021 originated through foreign purchases compared to the 13.4 per cent contribution recorded in 2020, while foreign outflows from the market continued. The market recorded Rs. 52.6 billion foreign outflows during the year 2021 compared to an outflow of Rs. 51.1 billion recorded during the previous year. Accordingly, the foreign holding as a percentage of the total value of equity reduced to 24.6 per cent as at end 2021, compared to 25.4 per cent recorded at end 2020.

Corporate Debt Securities Market

The Commercial Paper (CP) market was relatively active in 2021 compared to 2020. During 2021, Rs. 5.8 billion was raised through the CPs issued with the support of licensed banks compared to Rs. 4.5 billion raised through issues in 2020. Interest rates of CPs varied between the range of 6.00 to 12.00 per cent during the year 2021 compared to the range of 6.50 to 15.50 per cent reported in the previous year.

Level of activity in the corporate debenture market improved significantly during 2021 compared to 2020. During 2021, there were 27 IPOs of corporate debentures issued by 14 companies in the CSE which raised Rs. 84.4 billion compared to Rs. 21.9 billion raised in 2020. Debentures with both fixed and floating interest rates were issued during 2021 while the fixed interest rates were in the range of 8.00 to 12.00 per cent compared to the range of 9.00 to 13.25 in the previous year.

8.5 Development Finance and Access to Finance

The Central Bank through various credit schemes contributed to overcome the challenges faced by MSMEs including self-employed individuals of all economic sectors during the COVID-19 pandemic. The Central Bank continued to coordinate, facilitate, and implement various refinance, interest subsidy and credit guarantee schemes, while providing a range of credit supplementary services during 2021. Total loans released during 2021 was Rs. 27,268 million among 80,899 beneficiaries through Participating Financial Institutions (PFIs) under 14 refinance loan schemes and 6 interest subsidy and credit guarantee schemes of which 58 per cent accounted for refinance schemes and 42 per cent accounted for interest subsidy and credit guarantee schemes.

Extraordinary measures were taken by the Central Bank to cope with the COVID-19 Pandemic. The Central Bank continued to implement several extraordinary policy measures throughout the year providing concessions to businesses and individuals affected by the pandemic. Accordingly, moratoria were offered for the concessionary credit schemes implemented by the Central Bank viz extending the repayment period up to 36 months from 24 months and grace period until 30 September 2021 and subsequently extended until 31 December 2021. Further, the tourism sector was facilitated with extraordinary measures by extending the grace period for loans until 30 June 2022. The Central Bank continued to support MSMEs by providing moratoria and implemented several credit schemes. With the intention of establishing market driven value chain financing in the country, the Central Bank implemented a Domestic Agriculture Development programme (DAD-PP) as a pilot project to identify gaps and opportunities to develop a comprehensive value chain programme for the agriculture sector in Sri Lanka. Further, Operating Instructions were issued to introduce and implement a credit guarantee and interest subsidy scheme for MSME rice mill owners and intensification of shrimp farms in Sri Lanka. A credit guarantee and interest subsidy scheme to enhance the dairy farming and developing MSMEs were initiated in 2021.

Developing and implementing a National Financial Inclusion Strategy (NFIS) for Sri Lanka was identified during the recent past as a key focus area of the country in order to achieve the Sustainable Development Goals. The Central Bank successfully launched the NFIS of Sri Lanka in March 2021 and several actions were taken to operationalise the implementation of the NFIS to identify and promote financial inclusion across the country. In recognition of the need for improving financial education as a priority action across all policy pillars of the NFIS, an island wide financial literacy survey was successfully completed in 2021, and the modules and educational materials are being developed by the Ministry of Education in collaboration with the Central Bank and other relevant stakeholders to incorporate financial education into the school curriculum as a compulsory subject starting from Grade 6 to 11.

Financial literacy is one of the main pillars identified under the NFIS and a main role has to be played by the Regional Development Department (RDD) of the Central Bank in order to enhance financial literacy of the country's people. With the objective of enhancing financial literacy throughout the country, RDD initiated several programmes during the year with the support of 6 Regional Offices of the Central Bank. Accordingly, 08 Training of Trainers (TOT) discussions, 17 Radio and TV programmes, 07 knowledge sharing programmes and more than 330 financial literacy, entrepreneurship and skill development programmes were conducted in 2021. Amidst the constraints associated with widespread uncertainties of the COVID-19 pandemic, several programmes were carried out as online programmes utilising the newly developed online oriented training and awareness materials.

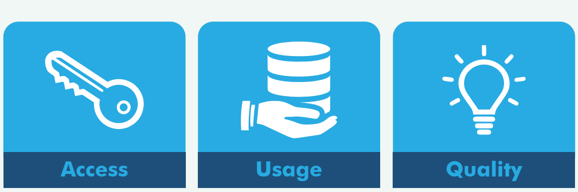
BOX 10
National Financial Inclusion Strategy of Sri Lanka: "Better Quality Inclusion for Better Lives"

Introduction

Financial inclusion can be broadly defined as the state, where individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.[1] Financial inclusion is also identified as inclusive finance, since it strives to remove barriers for individuals and businesses to participate in the formal financial sector and to use financial services to improve their sources of income and standards of living.

The concept of financial inclusion has become a central part of global policy agenda since early 2000. Many countries use financial inclusion as an effort to promote a level playing field for individuals and businesses to work towards elevating themselves out of poverty and contribute to sustainable economic growth. Increasing access to financial services and products for those who are excluded from the financial sector enables them to plan and better manage their finances, while opening up opportunities for better standards of living. Access to finance for Micro, Small and Medium Enterprises (MSMEs) encourages them to invest in new and more productive business activities, contributing to economic growth while generating employment opportunities. Although, financial inclusion alone cannot elevate people out of poverty, it helps to promote building better lives. Further, the importance of financial inclusion is now widely recognized in building a strong foundation of a country's financial stability, which in turn will facilitate inclusive economic development. In this regard, upgrading financial inclusion concepts and efforts to the policy platforms requires assessment and quantification of level of financial inclusion and careful scrutinisation of the actual requirements of the economy and the individuals.

In this backdrop, assessment of the level of financial inclusion in Sri Lanka has been carried out by the Sri Lankan policy makers with the intention to set targets at national level and to monitor the progress of the financial inclusion initiatives under three dimensions:



1 World Bank

"Access" dimension reflects the depth of outreach of financial services, i.e. penetration of bank branches, ATMs or Point of Sale (POS) devices, or demand-side barriers faced by customers to access financial institutions, such as cost or information. "Usage" dimension reflects how customers use financial services, such as the frequency and duration of the financial product/service over time. "Quality" of the products and the service delivery describe the availability of choices to meet the needs of the customer, as well as aspects of financial consumer protection and the degree of the awareness and understanding of financial products and services.[2]

Where does Sri Lanka Stand on Financial Inclusion?

Sri Lanka's long-standing efforts to increase financial inclusion date back to the early 20th century. As a result of these efforts, Sri Lanka has made significant advancements in financial inclusion. According to the National Financial Inclusion Survey conducted by CBSL, supported by International Finance Corporation (IFC), World Bank Group, in 2018, account ownership in Sri Lanka stands at 88 per cent, which is higher than the South Asia average.[3] Noticeably, it has been reported of having no gender disparity or any significant difference in account ownership among less advantaged segments of the population, including rural residents, or low-income people. Sri Lanka also enjoys high level of bank branch penetration, with bank branch density of 16.4 branches per 100,000 adults as of December 2021.[4] However, in contrast to the high literacy level (92.9%[5]) among the Sri Lankans, the low level of financial literacy (35%[6]) has been recognized among certain pockets as an impediment to the universal achievements.

More broadly, despite high levels of access, usage of accounts and uptake of other financial products and services such as mobile money, insurance, retirement schemes and bond and equity instruments are modest. More importantly, access to appropriate credit products from formal providers remains a significant barrier for both individuals and MSMEs.[7] Although, urban and industry MSMEs get better access to formal financial sources, small scale village based MSMEs are often denied of access to financial facilities in Sri Lanka. As a result, vulnerable groups have been forced to resort

2 World Bank, 2015

3 Global Findex, 2017: 73.65 per cent of adults in Sri Lanka have accounts at a financial institution and the regional average in South Asia is 70 per cent (36 per cent excluding India).

4 CBSL

5 Economics and Social Statistics Report, 2021, CBSL

6 The Standard and Poor's Global Financial Literacy Survey, 2014-2015

7 National Financial Inclusion Strategy of Sri Lanka

to the informal sector, thereby exposing them to higher risks, difficulties due to financial malpractices and make them more vulnerable to poverty. The potential for further growth in usage of digital payments and other Digital Financial Services has been highlighted by the National Financial Inclusion Survey 2018. However, the nation has failed in reaping maximum possible benefits to a sustainable extent, due to lack of financial skills and capability to make use of available financial products and services. Lack of an effective regulatory authority and legal protection for affected groups have been the major factors that have contributed to the financial exclusion practices observed in Sri Lanka.

In this context, the formulation of the National Financial Inclusion Strategy (NFIS) of Sri Lanka is considered as a timely initiative, bringing together all key stakeholders for the first time to carry out a long-term, comprehensive and coordinated strategy for achieving financial inclusion in Sri Lanka. The development of the NFIS has been led by the CBSL with the collaboration of all stakeholders, including government institutions, formal financial service providers and other relevant professional bodies. The NFIS was approved by the Cabinet of Ministers in March 2020 and launched in March 2021 by the CBSL and currently in operation in collaboration with more than 20 implementing entities.

NFIS Policy Framework and Implementation

The aim of the NFIS is to provide a long-term, comprehensive, standardised and well-coordinated approach for all stakeholders to move towards improving the financial inclusiveness of the country.

The vision of the NFIS of Sri Lanka provides the strategic direction for the priorities of the Strategy, that reflects the aspirational, long-term goal that stakeholders of the NFIS seek to collaboratively achieve.

"Better quality inclusion for better lives"

All individuals and enterprises in Sri Lanka have well-informed, fair and equitable access to a range of high-quality, appropriate, secure and affordable financial products and services that they can use to contribute to economic growth and improve their standard of living.

The vision incorporates important concepts beyond simple "access" to financial services, where prevalence of enabling environment for well-informed consumers to select and use financial products and services appropriately. The NFIS focuses on ensuring expanded access to high-quality financial products that are appropriately designed, affordable and delivered through formal financial sector.

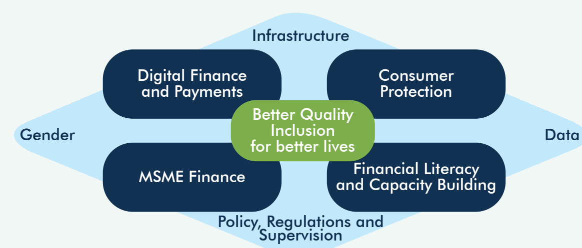
Sri Lanka's country definition of financial inclusion is aligned with the vision of the NFIS, which recognised financial inclusion is not as a stand-alone goal, yet lead to positive economic and social impact to the community.

Financial inclusion *is a state where all individuals and enterprises in Sri Lanka can access high-quality, appropriate, secure, and affordable financial services based on their needs and an informed choice and use these services efficiently and effectively to support their economic activities and improve the quality of their lives.*

The NFIS clearly defines a set of specific policy objectives that are centered around four key policy pillars.

I. Digital Finance and Payments,
II. Micro, Small and Medium Enterprises (MSME) Finance,
III. Consumer Protection and
IV. Financial Literacy and Capacity Building.

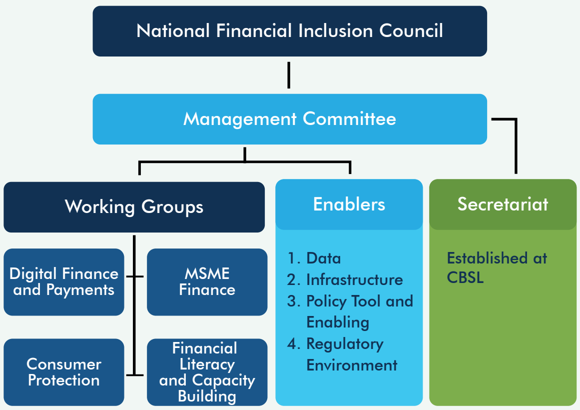
A set of core enablers has also been identified to support achieving progress in these focus areas, namely; Data, Infrastructure and Policy Tools and Enabling Regulatory Environment.



The Framework of the NFIS

By assessing the current state of financial inclusion and identifying obstacles and opportunities relevant to each pillar, necessary policy initiatives have been identified and the Action Plan of the NFIS has been formulated accordingly to achieve higher level of financial inclusion. The Action plan comprises a set of sequenced and time-bound actions with clear indication of institutional level responsibilities.

In operationalising the NFIS of Sri Lanka, a governance structure comprising 04 levels of entities has been established. The National Council at the top level is to provide overall policy guidance relevant to implementation of the NFIS with the Management Committee entrusted to oversee the day-to-day implementation of the NFIS and to provide regular updates to the National Council. Meanwhile, Working Groups under each policy pillar are to serve as consultation forums with the NFIS Secretariat established at the CBSL to ensure coordination and monitoring across different implementing entities to secure achieving NFIS targets within the intended time frame.



NFIS Governance Structure

The National Results Framework of NFIS under the Monitoring and Evaluation (M&E) system explicitly articulates the expected outcomes throughout the process with the key objectives of financial inclusion translated into measurable indicators. Encompassing all policy areas, the need of improving financial education has been highlighted as a priority action in the overall process. Prioritising the actions introduced under the policy areas of financial literacy and capacity building, respective stakeholders are actively collaborated in implementing the actions. As a timely and an effective policy tool to ensure financial inclusion among future generations, the Ministry of Education has undertaken several measures along with relevant stakeholders in order to incorporate the financial education into school curriculum as a compulsory element from grade 6 to 11.

In order to standardise the adult's financial education programmes, education modules on financial literacy and digital literacy were developed and Training of Trainers (TOT) programs are being rolled out. Further, an island wide financial literacy survey was conducted in 2021 to assess the level of financial literacy of the country. The data collected through the survey will be used to assess the level of financial literacy among Sri Lankans. The survey has been designed according to standard financial literacy score system recognized internationally under three key elements of financial knowledge, financial behavior and financial attitudes. Considering the importance of moving towards a single direction, a coordination mechanism is being developed to improve synergies across all the stakeholder entities conducting financial literacy programmes and MSME support programmes. Going beyond, the proposed Financial Literacy and Capacity Building Road Map will set out the strategic direction and principles for development and implementation of financial education and MSME support programmes.

How NFIS will support achieving the financial inclusion goals in Sri Lanka ?

The strategy is not limited to improving the overall national financial inclusion level, but also is aimed at reducing disparities in levels of financial inclusion combined with social and demographic attributes such as income, geographical location, age, gender etc., by the conclusion of the NFIS.

It is expected to increase access to financial products and services that help unserved and underserved segments to improve their financial resilience. Further, with the increased access to finance, MSMEs will grow and become more productive towards generating income and creating more formal employment opportunities.

In parallel, with well-designed, coordinated and comprehensive financial literacy initiatives will broader the right financial knowledge, skills and behavior of financial consumers and will ensure the ability of future Sri Lankans to meet their basic financial needs. More financially capable and empowered consumers will eventually promote good market conduct and improve financial services, resulting in a virtuous cycle for financial inclusion. Through the NFIS, consumer protection will also be reinforced by having appropriate regulatory environment to strengthen the market conduct of all types of financial service providers. The best practices to be established for well-being of customers, while increasing trust of consumers facilitating the broader objective of financial system stability.

The significant improvements in the digital finance ecosystem on the other hand, will be a boon for financial inclusion, as they facilitate significant cost efficiencies and viable delivery of financial services to the low-income individuals and small enterprises of the society complemented by a more conducive regulatory environment and necessary digital infrastructure, enabling market players to deliver more innovative financial services.

References

1. World Bank, Financial Inclusion, Overview: https://www.worldbank.org/en/topic/financialinclusion/overview#1
2. How to Measure Financial Inclusion, World Bank (2015): https://www.worldbank.org/en/topic/financialinclusion/brief/how-to-measure-financialinclusion
3. The Global Findex Database, World Bank Group (2017): https://openknowledge.worldbank.org/handle/10986/29510
4. Central Bank of Sri Lanka (2021)
5. Economics and Statistics Report, Central Bank of Sri Lanka (2021): https://www.cbsl.gov.lk/en/publications/other-publications/statistical-publications/economic-and-social-statistics-of-sri-lanka/ess-2021
6. The Standard and Poor's Global Financial Inclusion Survey (2014 – 2015): https://gflec.org/wp-content/uploads/2016/02/Gallup-country-list-with-score.pdf
7 National Financial Inclusion Strategy for Sri Lanka (2021-2024): https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/NFIS %20 Summary %2 English_2.pdf

8.6 Financial Infrastructure

Payment and Settlement Systems

Amidst several waves of the COVID-19 pandemic during 2021, the Central Bank continued to facilitate economic activities by ensuring uninterrupted payment and settlement services in the country. The Central Bank continued to regulate and supervise the payment and settlement systems in the country to facilitate an efficient and secure national payment infrastructure.

The LankaSettle System, which consists of the Real Time Gross Settlement (RTGS) System, and the LankaSecure System operated smoothly to accommodate the increasing transaction volumes during the period under review. The value of RTGS transactions recorded a significant increase of 96.3 percent during 2021. In value terms, the share of RTGS transactions in total non-cash payments accounted for 94 per cent during the period under review. The Central Bank continued to provide the interest free Intra-day Liquidity Facility (ILF) against the collateral of government securities to the Participating Institutions (PI) of the RTGS System to avoid any disruptions that could arise due to any liquidity issues of PIs. During 2021, the Central Bank released a daily average value of Rs. 208.5 billion per business day to PIs who requested the ILF.

The aggregate of Scripless Securities held in LankaSecure as at end 2021 was Rs. 9,238.6 billion (Face Value) which comprised of Treasury bills and Treasury bonds worth Rs. 2,270.7 billion and Rs. 6,967.9 billion, respectively. LankaSecure facilitated transactions[3] amounting to Rs. 262.8 trillion during 2021.

3 The LankaSecure system settles all government securities related transactions including transactions of primary issuances, secondary market trades (outright, repurchase transactions, pledge transactions), Open Market Operations, and Intra-Day Liquidity Facility.

During 2021, the Cheque Clearing System of the country operated by LankaClear (Pvt.) Ltd (LCPL) cleared a total volume of 33 million cheques amounting to Rs. 8,311.5 billion. Even though the volume of cheques cleared by LCPL demonstrates a marginal decrease of 1.8 per cent, the value of the cheques recorded a 11 per cent growth compared to the previous year.

The Sri Lanka Interbank Payment System (SLIPS), which is operated by LCPL, mainly facilitates low value retail bulk payments, and recorded a growth in terms of both the volume and value of payments by 13.7 per cent and 26.8 per cent to 41.9 million and Rs. 2,862.2 billion, respectively, during 2021.

Common ATM Switch (CAS), the first phase of Common Card and Payment Switch (CCAPS), enables cash withdrawals and balance inquiries from any Automated Teller Machine (ATM) connected to the CAS network. The transaction volume of CAS increased by 18.8 per cent to 58.2 million, while the value of CAS transactions increased by 32.4 per cent to Rs. 671 billion, respectively, during the period under review. As at end 2021, 29 financial institutions were integrated to the CAS network. Shared ATM Switch, which was launched in 2015 to provide services to financial institutions, which do not have the capacity to operate their own card management system, had two members and continued its operations smoothly during the review period.

Common Electronic Fund Transfer Switch (CEFTS), which was launched in 2015, facilitates retail fund transfers among member institutions on a real time basis. The volume of CEFTS transactions demonstrated a significant growth of 97.8 per cent from 27.6 million to 54.7 million, while the CEFTS transaction value increased by 104 per cent to Rs. 4,926.6 billion from Rs. 2,415.3 billion during 2021. This was mainly due to the promotional

Table 8.21
Transactions Through Payment Systems

Payment system	2020(a)		2021(b)	
	Volume ('000)	Value (Rs. bn)	Volume ('000)	Value (Rs. bn)
Large Value Payment Systems				
RTGS System	397	150,051	450	294,602
Retail Value Payment Systems				
Main Cheque Clearing System	33,631	7,491	33,021	8,311
Sri Lanka Interbank Payment System (SLIPS)	36,830	2,257	41,868	2,862
Credit Cards	44,692	222	50,689	283
Debit Cards	75,094	210	108,040	316
Internet Banking	57,861	4,442	135,387	6,470
Phone Banking	26,701	485	27,897	538
Postal Instruments	646	5	596	5
Total	275,852	165,163	397,948	313,387
US Dollar Cheque Clearing System	32	48	28	51

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

campaigns conducted continuously by the Central Bank and financial institutions to promote digital payment methods and consumers switching to digital payment methods since the Government reimposed travel restrictions due to the COVID-19 pandemic.

EPF, Import and Export Control Department, Sri Lanka Standard Institution and the Department of Inland Revenue also joined the LankaPay Online Payment Platform (LPOPP), which was launched in order to facilitate online payments to government institutions via CEFTS during the period under review. The LPOPP transaction volume significantly increased by 433.9 per cent, from 96,258 transactions to 513,961 transactions, while the LPOPP transaction value grew from Rs. 75.3 billion to Rs. 198.2 billion by 163.1 per cent during the period under review. The increase in the volume and value of LPOPP transactions was largely due to the increase in transactions related to the Sri Lanka Customs and the Department of Inland Revenue joining LPOPP during the review period.

During 2021, a substantial growth was observed in LANKAQR based transactions with total volume and value which increased by 625.4 per cent to 1,154,984 and 361.3 per cent to Rs. 2,487 million, respectively, with 126,670 joining as new LANKAQR merchants. With the aim of popularising LANKAQR payments among small and medium merchants as well as consumers, the "LANKAQR Nationwide Rollout Campaign" was launched in October 2021. Further, the maximum Merchant Discount Rate of 0.5 per cent for LANKAQR initiated transactions was extended until further notice to encourage merchants to accept LANKAQR as a payment mode.

The Central Bank continued its regulatory and supervisory activities with regard to payment cards and mobile payment systems, in terms of the provisions of the Payment Cards and Mobile Payment Systems Regulations No. 1 of 2013. Accordingly, two financial institutions were licensed to function as issuers of debit cards as per the Regulations. Due to the resurgence of the COVID-19 pandemic and the Government imposing travel restrictions, virtual onsite supervision was carried out with respect to a service provider of mobile payment systems while off-site supervision was strengthened to continue to monitor compliance with the regulations imposed on service providers of payment cards and mobile payment systems to ensure smooth functioning of licensed service providers.

The Central Bank successfully concluded the deployment and testing of the Proof of Concept (POC) for the Blockchain Technology based shared Know Your Customer (KYC) facility. This indicated the potential of Blockchain Technology to enable innovations in the financial sector in Sri Lanka.

The National Payments Council (NPC), the industry consultative and monitoring committee on payment and settlement systems continued to monitor the Payment System Road Map for

BOX 11
The FinTech Invasion: Way forward for Banking Supervisors

Introduction

Banking has had a close relationship with technology for decades, from computerised banking systems to automated teller machines (ATM) to internet banking systems. Adoption of technology has enabled banks to continuously increase efficiencies, lower intermediation cost, and increase profitability. The intensive use of technology by banks to increase profitability has attracted the attention of the technology investors and has created new business avenues, giving rise to the modern day's FinTech industry.

FinTech or Financial technology as it is more formally known, has grown rapidly during the last decade and is now posing challenges to both traditional banking business models as well as traditional banking supervisory methodologies.

In addition to increased efficiencies, products and services enabled by FinTech also offer opportunities for unbanked and underbanked population, who may have limited or no access to banks, to receive traditional financial services through non-traditional channels. This is mainly due to the use of smart mobile phones as a primary channel to deliver FinTech based banking services and relatively high mobile phone penetration even among the underprivileged segments of population. Accordingly, it is evident that FinTech provides opportunities for more competition, increased efficiency, and reduced intermediation cost in banking business. However, complacency on the part of traditional banks will see them rapidly losing business to emerging FinTech driven companies as a result of flight to efficiency by banking customers.

The rapid emergence of FinTech has given rise to potential new risks relating to technology, data governance, and market conduct. This poses the need for a supervisory approach that supports fintech adoption by the banking industry. Such an approach needs to address relevant risks to protect consumers while fostering innovation and competition.

Fintech innovations that will impact traditional banking

Even though there are many FinTech innovations, some will significantly impact the traditional banking channel. Virtual banking, open banking, peer-to-peer lending, and digital currencies are four such FinTech innovations that have the potential to materially change the way traditional banking is conducted. These are explained in detail below:

Virtual banking

A bank that offers its services entirely through electronic channels without requiring physical interaction with customers is considered a virtual bank. This will provide significant cost savings due to reduced need for physical locations and staff. Both existing and newer banks are pursuing virtual banking due to the cost attractiveness. Customers of a virtual bank will be able to perform all banking activities from account opening to making deposits to borrowing funds via mobile application or through internet banking instead of visiting a bank branch. Virtual banking will also be one of the most convenient ways for traditional banks to successfully counter challenges emerging from FinTech driven banks and services offered by other FinTech businesses, due to the decision making and processing functions being similar for banking products offered through both traditional and virtual banking.

Open banking

Open banking allows consented third parties to access customer data in a bank using application programming interfaces (API). This enables third-party FinTech providers to present variety of solutions to consumers such as mobile applications that allow accessing banking data from different financial institutions and easily perform transactions using multiple banks. A bank that has enabled open banking will become significantly different from a traditional institution. Open banking puts customers in control of their data, which gives consumers the opportunity to take advantage of customized and precision designed financial services that their original bank could not offer initially. Accordingly, both individual customers and businesses will be able to manage their finances more efficiently with open banking. Even more importantly, open banking facilitate innovation in the FinTech industry, allowing new technologies to emerge and reengineer how financial services are offered by banks.

Peer-to-peer lending platforms

Peer-to-peer lending is probably the most direct challenge posed to the traditional banking model by emerging FinTech businesses. Peer-to-peer lending platforms intend to directly connect lenders and borrowers, thereby drastically reducing the cost of financial intermediation. The peer-to-peer lending platforms initially emerged as an alternative funding source for unbanked and underbanked customers who do not have access to bank lending. However, due to its cost efficiency peer-to-peer lending is now attracting usual customers of traditional banks as well. Even a medium scale migration of banking customers to peer-to-peer lending platforms will become a financial stability concern for banking supervisors, given that there are no prudential measures such as capital adequacy or liquidity requirements as well as safety net measures like deposit insurance for peer-to-peer lending activities.

Digital currencies

The emergence of digital currencies is probably the biggest FinTech driven challenge faced by traditional monetary and banking systems. Two types of digital currencies, cryptocurrencies and central bank digital currencies (CBDCs), are likely to become significant as banking and financial transactions conducted by general public becomes more digital. Cryptocurrency is a digital asset that is secured by cryptography and operates using blockchain technology, which is a distributed ledger that utilizes a large decentralized network of computers. Cryptocurrencies are not issued by any central authority such as a Central Bank. This also make cryptocurrencies less affected by government interventions and thereby possibly impacting the effectiveness of central bank monetary policy. On the other hand, CBDCs that will be issued by a country's monetary authority will act as a digital token of the country's official currency. As CBDCs are issued by a country's monetary authority they are fully backed by the issuing government and will be under the full policy control of the issuing monetary authority.

What should be the regulatory and supervisory approach towards FinTech

The need to adopt an open yet cautious regulatory approach when facilitating banks' adoption of FinTech

The rapid rise of FinTech raises questions to banking supervisors, such as the need to expand the supervisory limits to include new risks; whether existing regulations are adequate for newer types of digital financial services; and how to identify, monitor and mitigate the risks faced by banks due to FinTech innovations and exposures to FinTech businesses.

Further, FinTech driven products and services are heavily reliant on range of information systems and data connected to the internet. Therefore, technology, cybersecurity and data protection related risks associated with FinTech needs to be well understood and prudently managed.

However, it should be noted that excessive regulation and supervision may deter innovation and could place banks at a competitive disadvantage while also discouraging consumers. Therefore, banking supervisors need to carefully assess risks and benefits and avoid hindering required innovation.

There are two extremes in the supervisory approaches that could be taken by banking supervisors when it comes to the supervision of FinTech products and services. The first is the "laissez faire" approach, where innovation is permitted without any supervisory intervention up to the point where serious risks to the banking system emerge. The other extreme approach is to limit innovation only to products and services desired by the supervisors by enforcing regulations that limit innovation.

The need for supervisors to move on with Supervisory Technology (SupTech)

It is the responsibility of the banking supervisors to keep the banking system stable while utilizing the benefits of FinTech for the betterment of both the consumers and the banks. The current supervisory policies, techniques, and resources, that are designed to address risks posed by traditional banking channels, could be inadequate to address the risks introduced by FinTech. Further, the amount of resources of a banking supervisor is limited. Therefore, the adoption of supervisory practices that enable effective supervision, with the use of limited resources and a focus on risk and stability of financial institutions has become imperative.

These factors have required bank supervisors developing and implementing new technology based supervisory approaches, broadly referred to as Supervisory Technology or SupTech. The adoption of SupTech by banking supervisors will have a deep impact on how banks are supervised.

Essential SupTech capabilities for banking supervisors

Sophisticated supervisory information systems, advanced data analytic capabilities, and use of artificial intelligence to extract knowledge from relevant unstructured data sources are some of the key SupTech capabilities required for any modern banking supervisor. These are detailed below:

Supervisory information systems

A supervisory information system is an information system that facilitate collection, validation, and analytics of information reported by banks and other financial institutions. The features of such includes functionality for banks to submit data or for the supervisor to retrieve data; a data warehouse with facilities to store, manage, and secure documents and data; smaller databases or datamarts to enable data querying and analysis by different teams within the banking supervisor; and data analytics and business intelligence tools that enable generation of supervisory insights.

Advanced data analytics capabilities to generate accurate and timely early warning signals

Banking supervisors will benefit immensely by implementing advanced data analytics capabilities together with a supervisory information system. This will include capabilities for querying, analysis, and visualization of data. An analytics platform will facilitate end-to-end computation of both standardized and ad hoc data analysis requirements of bank supervisors.

A comprehensive data analytics platform will enable generation of early warnings for different risk categories, banks, and clusters of banks through predictive analytic models using structured data submitted by banks, data insights from credit bureau and other external data repositories, and macroeconomic forecasts. Such a platform will also enable the banking supervisors to conduct periodic forward looking stress tests based on macroeconomic forecasts and institutional trends.

Use of artificial intelligence (AI) to generate supervisory insights from public and non-public unstructured data

Fully developed data analytics capabilities should enable banking supervisors to conduct analysis and interpretation of both structured and unstructured data using conventional statistical tools as well as emerging artificial intelligence-based technologies. Accordingly, use of artificial intelligence based technologies by banking supervisors to generate supervisory insights from public and non-public unstructured data will focus on extracting knowledge from various unstructured (text based) data sources to augment structured data based analytics and computations already conducted on the data analytics platform including bank ratings and early warning computations.

Initiatives already taken by CBSL

CBSL has taken multiple steps to facilitate FinTech as well as to address the key risks. Some of these initiatives are detailed below:

Regulatory framework on technology risk management and resilience

The CBSL in 2021 introduced regulatory framework on technology risk management and resilience as a set of minimum regulatory requirements for licensed banks. The key characteristics of the framework are the introduction of enhanced information security, system availability, and resilience requirements for critical information systems, enhanced information security requirements for sensitive data, and higher risk management measures for domestic systemically important banks.

The components of the regulatory framework include requirements relating to governance framework for technology risk management, information security, information system availability and disaster recovery, staff competencies, compliance with international standards, and use of third-party infrastructure including cloud computing.

Proof-of-concept (POC) on KYC data sharing

In 2021, CBSL also completed the process of developing and testing a Blockchain technology based shared Know-Your-Customer (KYC) Proof-of-Concept (POC) solution. The purpose of developing a Blockchain Technology based POC of an industry-wide Shared KYC process was to assess the potential to improve customer experience, lower operational costs and reduce the operational risk of banks and other financial institutions.

It is expected that digitalization of the KYC process, especially with user friendly and secure designs, would encourage customers to use digital financial services and increase their access to financial services.

The findings demonstrated several salient features of Blockchain Technology that enabled secure and efficient sharing of customer KYC information between banks. This was a pioneering national project initiated by the CBSL that drew the voluntary participation of the Banking Industry and the Information Technology Industry to collaboratively explore the potential of Blockchain Technology to enable innovations in many financial services.

Regulatory sandbox

In 2020, CBSL commenced operations of a FinTech Regulatory sandbox with the objective of encouraging and enabling FinTech initiatives that promote greater efficiency and increased access to financial products and services. The sandbox is intended to provide a safe space for selected innovators to test their products and services, without the risk of infringing on regulatory requirements.

Way Forward

In order to obtain the maximum economic benefits from FinTech while ensuring that it does not impact the financial system stability adversly, the financial sector regulators will need to adopt a two-fold approach. The financial regulators shall make necessary changes to the regulatory framework to ensure that the regulatory environment facilitates FinTech innovations appropriately, while risks posed by such innovations are adequately monitored and mitigated. Further, such FinTech enabling regulatory framework shall need to be continuously evolving to reflect the changes introduced by rapidly developing FinTech industry. On the other hand, the supervisory capacity of banking supervisors needs to be significantly enhanced by moving to more technology based and automated supervisory methodologies. These will include implementing modern supervisory information systems, developing advanced data analytics capabilities, and introducing artificial intelligence assisted supervisory technology (SupTech) tools. Such a supervisory environment will enable the banking supervisors to effectively supervise the banking system in a FinTech driven era.

References

1. The Next Wave of Suptech Innovation - Suptech Solutions for Market Conduct Supervision, World Bank Group, March 2021
2. FinTech, RegTech and SupTech: What They Mean for Financial Supervision, Toronto Centre, August 2017
3. Supervisory Implications of FinTech in SEACEN Jurisdictions, Herbert Poenisch & Michael Zamorski, SEACEN Financial Stability Journal - Volume 7/2016
4. CBSL Successfully Completes the Process of Developing and Testing a Blockchain Technology based Shared Know-Your-Customer (KYC) Proof-of-Concept (POC), Central Bank of Sri Lanka, Press Release – October 2021

2020-2022 and discussed the draft Road Map for 2022-2024 to increase efficiencies in the financial sector while monitoring the risks in order to effectively facilitate economic activities of the country. The report of the NPC appointed working committee to study and suggest new remittance channels for Sri Lanka was submitted to the NPC during 2021. Further, reports of several committees on innovative payment products/platforms such as Open Banking, Virtual Currencies, Central Bank Digital Currencies, and Artificial Intelligence were submitted to the NPC during the year under review.

Anti-Money Laundering and Countering the Financing of Terrorism

The Financial Intelligence Unit (FIU) of the Central Bank performed its key role of receiving, analysing, and disseminating information on suspicious financial transactions relating to Money Laundering/Terrorist Financing (ML/TF) or any other unlawful activity. During the year 2021, FIU received 4,696 Suspicious Transaction Reports (STRs) and Information Requests from Reporting Institutions (RIs), Law Enforcement Agencies (LEAs), Regulatory Authorities (RAs) and the general public. After conducting operational and strategic analyses of the STRs received, 1,830 STRs were referred where necessary to relevant LEAs and RAs for further investigation or regulatory actions. In the period under review, 2,220 STRs were kept under surveillance and 641 STRs were kept for initial analysis and further studies, while the remaining STRs were categorised as no further action required. Further, in terms of Section 6 of the Financial Transactions Reporting Act (FTRA) No. 6 of 2006, FIU received 5.7 million (provisional) Cash Transactions Reports (CTRs) and 9.2 million (provisional) Electronic Fund Transfers (EFTs-inwards and outwards) exceeding the reporting threshold of Rs. 1 million or its equivalent in any foreign currency from RIs, during the year 2021.

FIU continued conducting risk based Anti-Money Laundering/Terrorist Financing (AML/CFT) supervision during the year in order to ensure institutional compliance with the AML/CFT legal framework of the country. Risk based examinations were conducted in Financial Institutions (FIs) as well as Designated Non-Finance Businesses and Professions (DNFBPs) in Sri Lanka. Despite certain difficulties faced in conducting the planned onsite examinations due to the pandemic situation, FIU successfully conducted 2 risk based onsite examinations, 7 joint risk based onsite examinations and 7 spot examinations. Further, 4 offsite follow-up examinations were initiated to assess AML/CFT compliance of FIs. Moreover, 5 thematic reviews were conducted on FIs, and 2 thematic reviews were conducted on DNFBPs to assess the sector wide AML/CFT compliance. Based on the examinations conducted in 2021, administrative penalties amounting to Rs. 10.5 million were imposed on 4 LCBs and 5 LFCs on violations of Customer Due Diligence (CDD) Rules in relation to the United Nations sanctions screening, customer identification and verification, Suspicious Transactions Reporting and implementation of proper risk controls and mitigation measures. In addition, 9 show cause letters and 5 warning letters were issued during the year to FIs on non-compliance with the provisions of the FTRA and CDD Rules, regulations and guidelines issued thereunder. The AML/CFT supervision of DNFBPs was further strengthened by implementing continuous measures to enhance the number of DNFBP institutions for AML/CFT compliance.

Several initiatives were taken to introduce legislative amendments to the legal framework on AML/CFT with the objective of improving

the effectiveness of the AML/CFT regime of the country during the year 2021. Furthermore, FIU initiated updating the National Risk Assessment (NRA) on ML/TF with technical assistance from the World Bank, in compliance with Recommendation 1 of the Financial Action Task Force Recommendations. The NRA working groups consist of 66 public and private stakeholder agencies with more than 123 officials.

FIU initiated various steps to enhance awareness among all stakeholders involved. In order to strengthen the AML/ CFT supervision process and institutional compliance, FIU issued several guidelines and circulars and provided resource assistance to 50 awareness/training programmes during the year.

Legal Reforms Related to the Financial Sector

The Central Bank continued introducing law reforms to major pieces of legislation administered with the view of providing a stronger legal foundation for the regulatory and supervisory framework of the Central Bank. As such, the Central Bank concluded the second round of discussions pertaining to a new Banking Act in 2021 with the expectation of further strengthening and streamlining the provisions of the Banking Act on par with international standards. In addition, to enhance regulatory and supervisory powers of the Central Bank over the non-bank financial institutions including the resolution authority of the Central Bank, necessary amendments to the Finance Business Act, No. 42 of 2011 were prepared by the Central Bank.

The Central Bank also engaged in developing new pieces of legislation, namely, the Trading, Clearing and Netting Act, Financial Assets Management Act and Microfinance and Credit Regulatory Authority Act. The objective of introducing a new Trading, Clearing and Netting Act for Sri Lanka is to provide for enhanced regulations on trading, clearing, netting, settlement, and custody related to the transactions of government securities and foreign exchange. This Act primarily focuses on introducing a comprehensive legal and technological infrastructure that may transform the markets for government securities and foreign exchange into safer, modern, competitive, and fair marketplaces supported by modern post-trade clearing, central counterparty systems, multi-currency RTGS System, etc. The Financial Assets Management Act was developed with the aim of introducing a concept based legal framework to establish financial asset management companies in Sri Lanka with a view of easing the burden of the balance sheets of regulated financial institutions caused by underperforming assets. The new Microfinance and Credit Regulatory Authority Act was drafted in order to establish a separate regulatory authority for the regulation and supervision of business of money lending and business of microfinance to ensure consumer protection.

In addition, amendments were proposed by the Central Bank to the Registered Stock and Securities Ordinance, No. 07 of 1937 and subsidiary pieces of legislation issued thereunder to strengthen the issuance procedure of Treasury bonds and to improve investor confidence in the government securities market in Sri Lanka. Moreover, amendments to the Foreign Exchange Act, No. 12 of 2017 were proposed with a view of facilitating the smooth functioning of the foreign exchange market and strengthening the regulatory powers.

The Central Bank contributed to review legislation that is relevant to the Central Bank and the financial sector drafted by several other stakeholders, such as the Colombo Port City Economic Commission Bill, Coronavirus

Disease 2019 (COVID-19) (Temporary Provisions) Bill, Finance Bill, Data Protection Bill, National Savings Bank Act, and the Bank of Ceylon Ordinance. During such reviews, the Central Bank assessed the impact of said enactments/amendments to the existing regulatory and supervisory framework of the Central Bank given the national importance embedded therein. In order to maintain the resilience of public confidence towards the financial system, the Central Bank continued litigation related to unauthorised finance companies, prohibited schemes and other issues in the financial sector, with the assistance of the Attorney General's Department and other Law Enforcement Agencies (LEAs) under the provisions of the Finance Business Act, No.42 of 2011 and the Banking Act, No. 30 of 1988.

Financial Consumer Protection

The financial consumer protection framework aims to protect the interests of financial consumers and promote fairness and transparency for consumers of financial products and services. New initiatives were taken by the Central Bank in streamlining the processing of complaints and requests, introducing suitable legal provisions to facilitate financial consumer protection framework either through new legislations or by making amendments to existing legislations and conducting examinations/investigations on specific complaints. These measures will empower authorities to take prompt actions on financial consumer protection related issues. The Financial Consumer Relations Department (FCRD) of the Central Bank received 6,186 complaints and requests during 2021, with an average of around 500 complaints per month. Out of the complaints that require action, more than 91 per cent were attended and approximately 45.7 per cent of the total complaints were settled succeesfully. It is observed that most of the complaints were from COVID-19 affected small and medium scale businesses and individuals with respect to moratoria, rescheduling of loans, high interest rates, unacceptable/unethical practices, and early settlement of credit facilities. In 2021, the FCRD of the Central Bank introduced a simplified Complaint Submission Form (CSF), improving the efficiency of the complaint handling process.

Resolution and Enforcement Action on Weak Financial Institutions

The Central Bank continued to manage Sri Lanka Deposit Insurance and Liquidity Support Scheme (SLDILSS). In addition to the regulations issued to increase the maximum compensation payable amount from Rs. 600,000 to Rs. 1,100,000, a new regulation, viz Sri Lanka Deposit Insurance Liquidity Support Scheme Regulations No. 02 of 2021, was issued repealing and replacing previous regulations of SLDILSS to improve operations and management of SLDILSS in line with international best practices. Amidst the COVID-19 pandemic, the Central Bank ensured the smooth functioning of compensation payments to insured depositors of the license cancelled/suspended finance companies, namely, Central Investments and Finance PLC (CIFL), The Standard Credit Finance Ltd. (TSCFL), TKS Finance Ltd. (TKSFL), The Finance Company PLC (TFC), ETI Finance Ltd (ETIFL) and Swarnamahal Financial Services PLC (SFSP) during the corresponding period. The Central Bank paid compensation through SLDILSS to 70,832 depositors amounting to Rs. 29,251.46 million in relation to the above six (06) companies, as at 31 December 2021 by following an internally developed payment mechanism and under the Agency Banking Agreement with the People's Bank. The loan outstanding (capital) of one member institution, given under the liquidity support facility as at 31 December 2021 was Rs. 1.4 billion.

Table 8.22
Summary of Transactions on Foreign Currency Accounts

USD million

Category of Account	Inward Remittances		Outward Remittances		Closing Balance as of 31 December	
	2020	2021	2020	2021	2020	2021
Personal Foreign Currency Accounts	766.7	663.2	205.6	234.1	2,666.2	2,715.4
Business Foreign Currency Accounts	6,796.7	7,647.9	2,805.7	3,756.9	1,951.0	3,071.7
Inward Investment Accounts	1,382.9	854.7	1,901.1	1,221.9	1,861.1	1,969.2
Special Deposit Accounts (SDAs)	214.9[1]	207.1[1]	3.2[2]	83.0	290.0	585.2[3]
Outward Investment Accounts	138.2	11.2	8.4	6.9	n.a.	n.a.

1 Except for funds transferred from Inward Investment Accounts, Offshore Banking Unit Accounts and Foreign Currency Deposits.
2 Outward remittances were occurred from 07 October 2020 upon maturity of deposits under SDAs.
3. Including funds transferred from Inward Investment Accounts. Offshore Banking unit Accounts and Foreign Currency Deposits.

Source: Central Bank of Sri Lanka

The Central Bank conducted several investigations on prohibited schemes under the relevant provisions of the Banking Act No. 30 of 1988 upon receiving complaints from the general public. Further, several awareness programmes were conducted island wide with a view of improving the financial literacy of different segments of the general public to educate them on the ill effects of joining prohibited schemes. The Central Bank is in the process of formulating a resolution framework for licenced banks and licenced finance companies within the existing regulator framework.

Regulation and Supervision of Foreign Exchange

The Central Bank continued to regulate and supervise foreign exchange transactions during the year, amidst the challenges faced due to the pandemic. Several policy measures were introduced under the provisions of the Foreign Exchange Act No. 12 of 2017 (FEA) with a view to preserving foreign currency reserves and improving liquidity in the domestic foreign exchange market.

Table 8.23
Export Proceeds Repatriation into Sri Lanka and Sri Lanka Rupee (LKR) Conversions

USD million

	Q1*	Q2	Q3	Q4	Total
Total amount of exports proceeds repatriated during the year 2021	477.32	1,072.04	1,458.12	3,169.36	6,176.84
Total amount of export proceeds converted into LKR during the year 2021	111.08	215.02	367.49	878.19	1,571.78

* Rules under the MLA were issued w.e.f. 28.02.2021 and accordingly data were available from March 2021.

Source: Central Bank of Sri Lanka

A revised set of Regulations, Orders and Directions were issued under the FEA with effect from 22 March 2021 replacing the previously issued Regulations, Orders and Directions in order to address practical issues and concerns of Authorised Dealers (ADs) and other stakeholders, with the purpose of achieving greater efficiency in the domestic foreign exchange market. Further, considering liquidity issues in the domestic foreign exchange market, certain outward remittances in respect of capital transactions were limited by an Order issued by the Minister of Finance under Section 22 of the FEA. Opening of Special Deposit Accounts (SDAs), which was introduced in the year 2020, was extended for another one year period from 08 April 2021 considering its positive impact on the country in terms of the increase in inward remittances. Moreover, Directions were issued facilitating resident companies to receive proceeds for equity in foreign currency from non-resident investors, while also enabling them to utilise such proceeds for

Table 8.24
Remittances on Capital Transaction Rupee Accounts (CTRAs) and Foreign Exchange Sales and Purchases against/into Sri Lanka Rupees

	2020	2021
Migrant Fund Transfers		
No. of CTRAs registered with the Central Bank for remitting migration allowances	742	787
Outward remittances through CTRAs (in USD mn)	12.7	4.5
Foreign Exchange Sales and Purchases (in USD mn)		
Foreign Exchange Sales (Form 1)	11,484.3	12,019.6[1]
Foreign Exchange Purchases (Form 2)	20,246.3	12,153.5[1]

1. Provisional

Source: Central Bank of Sri Lanka

8

Table 8.25
Performance of Restricted Dealers

	2020	2021	% Change
Amount deposited into the banking system (in USD Mn)	132.71	22.78	-82.8
Amount sold to persons resident in Sri Lanka (in USD Mn)	3.64	3.72	2.2

Source: Central Bank of Sri Lanka

current transactions, without converting them into Sri Lanka rupees. Further, in order to attract more inward remittances, companies incorporated in Sri Lanka were permitted to purchase ISBs issued by the Government of Sri Lanka from the secondary market, out of the externally borrowed funds.

In an effort to attract foreign currency in the hands of residents into the formal channels, an Order under Section 4 of the FEA was issued by the Minister of Finance permitting hotels registered with the Sri Lanka Tourism Development Authority to accept foreign currency from persons resident in Sri Lanka who have foreign currency in their possession. Additionally, to improve the liquidity of the domestic foreign exchange market, Rules were issued under the Monetary Law Act No. 58 of 1949 (MLA) requiring exporters to repatriate export proceeds into the country within 180 days and to convert the same into Sri Lanka rupees. These rules were amended from time to time as necessary, adjusting the percentage of export proceeds required to be converted into Sri Lanka rupees. Accordingly, the amount of export proceeds repatriated to Sri Lanka and converted into Sri Lanka Rupees as required by the Rules showed a gradual improvement throughout the year, supporting the domestic foreign exchange market to a certain extent.

Activities of Restricted Dealers (RDs) who are authorised to engage in money changing business were continuously monitored to ensure their compliance with the Rules and Regulations. The overall performance of RDs deteriorated during the year given the subdued economic activities amidst the pandemic. Additionally, data on export proceeds collected from ADs on a monthly basis were continuously monitored to ensure compliance by exporters and ADs with the Rules issued under the MLA. Actions were also taken during 2021 to implement a comprehensive cross border foreign currency transactions monitoring system to collect data from ADs in terms of the Regulations and Directions issued under the FEA, including inflows/ outflows of the domestic foreign exchange market, whilst supporting macroeconomic decision making on foreign exchange operations.

Credit Information

Despite the challenging environment posed by COVID-19 pandemic, the Credit Information Bureau (CRIB) continued its operations by providing 8.37 million credit reports to member lending institutions during 2021. However, reports issued recorded a slight decrease of 3.2 percent compared to the previous year. Demand for the self-inquiry credit reports (iReports) recorded a 0.6 per cent decline in 2021, compared to the year 2020. During the year 2021, 8,114 customers visited the Bureau to obtain their iReports and 1,438 customers applied for their iReports through banks. CRIB issued 2,988 self-inquiry credit reports online in 2021. Also, the demand for the CRIB Score (Credit Score) Reports increased by 183 per cent in year 2021.

CRIB also supported financial institutions to roll out debt moratoria. In line with the directions issued by the Monetary Board of the Central Bank, CRIB issued reporting guidelines to lenders, which ensured that credit data of borrowers who availed debt moratoria were reported in a manner which had no negative impacts to the credit reports and credit scores of those borrowers, during the period under moratoria.

In addition, CRIB accelerated its digital growth plans to equip its system and processes to operate more efficiently in the new normal. Accordingly, CRIB took measures to invest in upgrading its current system to accommodate the evolving needs of the users and stakeholders of CRIB, while enhancing its service standards and turnaround times. Development of the Host-to-Host Application Programming Interface (API), the automation of the personal iReport issuance and integration of same with Mobile Banking Applications of member institutions, were some of the important aspects, to give speed and ease of access to CRIB users.

Implementation of the Road Map for Sustainable Finance in Sri Lanka

The Central Bank joined the Sustainable Finance Network supported by the International Finance Corporation (IFC) in 2016, with a view to promoting sustainable finance practices in Sri Lanka. Subsequently, with the technical assistance of the IFC and the financial assistance of the United Nations Development Programme (UNDP), the Central Bank launched a 'Road Map for Sustainable Finance in Sri Lanka' in April 2019. This Road Map provides a broad direction to financial regulators, financial institutions, and the markets to effectively manage environmental, social and governance (ESG) risks associated with projects they finance and promotes assistance to businesses that are greener, climate-friendly, and socially inclusive.

In operationalising the actions of the Road Map, the Central Bank initiated a process of devising an applicable Green Finance Taxonomy in 2021, which is a key requirement in facilitating the financial sector towards sustainable finance. The said taxonomy will establish a classification and measurement system for green activities and provide a common consensus to financial institutions in determining green/sustainable projects. The Central Bank is working closely with the IFC, which provides technical and financial support in developing the Green Finance Taxonomy, and expects to launch it in the first half of 2022.

BOX 12
Major Economic Policy Measures[1]

Monetary Policy[2]

19 August 2021	-	Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) were increased by 50 basis points to 5.00 per cent and 6.00 per cent, respectively. Bank Rate was automatically increased to 9.00 per cent from 8.50 per cent.
	-	Statutory Reserve Ratio (SRR) applicable on all rupee deposit liabilities of Licensed Commercial Banks (LCBs) was increased by 2.00 percentage points to 4.00 per cent from 2.00 per cent with effect from the reserve maintenance period commencing 01 September 2021.
20 January 2022	-	SDFR and SLFR were increased by 50 basis points to 5.50 per cent and 6.50 per cent, respectively. Bank Rate was automatically increased to 9.50 per cent from 9.00 per cent.
04 March 2022	-	SDFR and SLFR were increased by 100 basis points to 6.50 per cent and 7.50 per cent, respectively. Bank Rate was automatically increased to 10.50 per cent from 9.50 per cent.
07 March 2022	-	Allowed an adjustment in the exchange rate.

Special Credit Schemes

24 March 2021	-	Operating Instructions of the Saubagya COVID-19 Renaissance Facility (SCRF) were amended to extend the grace period until 30 September 2021 and the repayment period up to 36 months for those who had obtained credit facilities relating to the tourism sector.
05 April 2021	-	Operating Instructions of the New Comprehensive Rural Credit Scheme (NCRCS) were amended and re-issued to smoothly continue the activities of the scheme.
20 April 2021	-	Operating Instructions of the NCRCS were amended to include Turmeric as an eligible crop under the Scheme.
04 May 2021	-	Operating Instructions were issued to introduce and implement the new refinance scheme, namely the Domestic Agriculture Development Pilot Project (DAD-PP) enabling Participating Financial Institutions (PFIs) to accommodate financial requirements of the players in selected Agriculture Value Chains (AVCs).
09 June 2021	-	Operating Instructions of the SCRF were amended to extend the grace period until 30 September 2021 and the repayment period up to 36 months for the working capital loans granted to all sectors.
01 September 2021	-	Operating Instructions were issued to implement a Credit Guarantee Scheme for the loans to be granted by PFIs to Micro, Small and Medium Scale Rice Mill Owners in Sri Lanka.
10 September 2021	-	Debt moratorium granted under the SCRF Phase I, II and III schemes was extended until 31 December 2021.
	-	A debt moratorium was granted under the Saubagya (Prosperity) Loan Scheme for the period from 01 September 2021 to 31 December 2021.

1 Include major economic policy measures implemented since 01 January 2021 until 15 March 2022.
2 The monetary policy stance was further tightened on 08 April 2022, details of which could be found in chapter 7 of this Report.

21 September 2021	-	A debt moratorium was granted for the borrowers under the Smallholder Tea and Rubber Revitalisation Project (STaRR) and Smallholder Agribusiness Partnerships Programme (SAPP) during the period from 01 September 2021 to 31 December 2021.
23 September 2021	-	A debt moratorium was granted up to 30 June 2022 for borrowers in the Tourism sector under the SCRF Phase I, II and III and Saubagya (Prosperity) Scheme.
27 September 2021	-	A debt moratorium was granted under the Supply Chain Re – Energising Loan Scheme (SCREL) for the period from 01 September 2021 to 31 December 2021.
26 October 2021	-	Operating Instructions were issued to introduce and implement SCRF- Phase IV as a refinance scheme under concessionary terms to provide working capital loan for re-energising State Owned Enterprises.
29 October 2021	-	A debt moratorium was granted under the "Swashakthi – Towards One Million Jobs" loan scheme for the period from 01 September 2021 to 31 December 2021.
02 November 2021	-	The deadline for accepting moratorium requests submitted under the SCREL, SAPP, STaRR, Saubagya (Prosperity) and SCRF Phase I, II and III was extended until 15 November 2021.
21 December 2021	-	A loan scheme with an interest subsidy component was introduced under concessionary terms for the Intensification of Shrimp Farms in Sri Lanka.

Financial Sector

Licensed Banks

13 January 2021	-	A Circular was issued instructing licensed banks to suspend recovery actions against small and medium scale paddy millers for six months, considering the Government initiatives to support small and medium scale paddy millers amidst the pandemic.
19 January 2021	-	Banking Act Directions were issued relaxing the restrictions on discretionary payments of licensed banks; licensed banks were permitted to pay cash dividends and repatriate profits after completion of the audit of the financial statements for the year 2020; licensed banks were required to refrain from engaging in share buy-backs and increasing non-essential expenditure; licensed banks were also required to exercise extreme due diligence and prudence when incurring capital expenditure until 30 June 2021.
25 January 2021	-	A Circular was issued introducing amendments to Guidelines on Adoption of Sri Lanka Accounting Standard–SLFRS 9: Financial Instruments reducing the applicable Loss Given Default (LGD) with respect to exposures denominated in foreign currency (FCY) were issued by the Government of Sri Lanka to 10 per cent, when computing expected losses for the year 2021.
	-	Banking Act Directions were issued reducing the risk weight applicable on foreign claims on the Central Government for the year 2021 from 20 per cent to 10 per cent and reducing the risk weight applicable for mortgage backed residential housing loans from 50 per cent to 35 per cent.
	-	Banking Act Directions were issued informing LCBs to refrain from entering into forward contracts of foreign exchange for a period of three months with immediate effect with a view to avoiding excess volatility in the foreign exchange market and the impact on banks' risk management.
10 March 2021	-	A Circular was issued instructing licensed banks to provide concessions for leasing facilities obtained by COVID-19 affected businesses and individuals engaged in passenger transportation services for six months, commencing 01 April 2021.

18 March 2021	-	Banking Act Directions were issued to LCBs and National Savings Bank (NSB) suspending the purchase of Sri Lanka International Sovereign Bonds (ISBs) with effect from 23 March 2021 until 09 April 2021, considering the possible large outflows of foreign exchange from banks and their impact on banks' risk management and the exchange rate.
19 March 2021	-	A Circular was issued to licensed banks extending the debt moratorium granted to COVID-19 affected businesses and individuals in the tourism sector for a further six month period commencing 01 April 2021.
01 April 2021	-	Regulation No. 01 of 2021 was issued to increase the maximum compensation payment under the Sri Lanka Deposit Insurance and Liquidity Support Scheme (SLDILSS) to Rs. 1,100,000 from Rs. 600,000 with effect from 01 April 2021 and the increase of the coverage was effected for LFCs whose licences were cancelled/suspended prior to 01 April 2021.
09 April 2021	-	Banking Act Directions were issued to LCBs and NSB extending the suspension of the purchase of Sri Lanka ISBs until 23 April 2021, considering the possible/potential outflow of a substantial amount of foreign exchange by banks, its impact on banks' risk management and to ease the pressure on the exchange rate.
21 April 2021	-	An order under the Monetary Law Act (MLA), No. 58 of 1949 was issued introducing a priority sector lending target on credit granted by licensed banks to individuals and businesses in the MSMEs sector: licensed banks shall increase credit to individuals and businesses in MSMEs sector of not less than 20 per cent per annum on y-o-y basis, over the outstanding stock of lending to MSMEs at the end of the previous year.
23 April 2021	-	Banking Act Directions were issued to LCBs and NSB suspending the purchase of Sri Lanka ISBs until further notice considering the possible/potential outflow of foreign exchange by banks, its impact on banks' risk management and to ease the pressure on the exchange rate.
25 April 2021	-	Banking Act Directions were issued requesting LCBs to refrain from entering into forward contracts of foreign exchange with a value date beyond spot date subject to conditions, until further notice with a view to avoiding excess volatility in the foreign exchange market and the impact on banks' risk management.
25 May 2021	-	An amendment was issued with respect to the Banking Act Directions on foreign currency borrowings by licensed banks revoking the limits on short term borrowings for a period of one year, while maintaining the total foreign currency borrowing limit up to 10 per cent in order to stimulate the capital formation within the real economy and to supplement the foreign currency needs of the country.
	-	A Circular was issued to licensed banks informing measures and concessions which are extended to provide relief for businesses and individuals who were adversely affected by the third wave of the COVID-19 outbreak. The Circular was issued to give effect to the Scheme in a consistent manner across all licensed banks, with a view to easing the burden on the borrowers of banks that were adversely affected by the outbreak.
07 June 2021	-	A Circular was issued to licensed banks informing them to carry out essential banking services by strictly adhering to all relevant safety measures and guidelines issued in providing banking services under the travel restrictions which were imposed to control the spread of COVID-19.
16 June 2021	-	Banking Act Directions were issued to licensed banks informing them to maintain recovery plans to deal with shocks to capital, liquidity and all other aspects that may arise from institution specific stresses, market wide stresses, or a combination of both.

	-	Banking Act Directions were issued permitting LCBs and NSB to purchase ISBs in the secondary market inter alia subject to investing funds sourced through fresh borrowings from overseas in Sri Lanka Development Bonds (SLDBs) and ISBs in the proportion of 50 per cent each.
18 June 2021	-	A Banking Act Order was issued informing the determination of Thai Baht as a designated foreign currency under the Banking (Off-Shore Banking Business Scheme) Order, replacing the schedule in the Banking (Off-Shore Banking Business Scheme) Order No. 01 of 2011.
13 July 2021	-	Banking Act Directions were issued restricting discretionary payments of licensed banks; Licensed banks were requested to defer payment of cash dividends and repatriate profits until completion of the audit of the financial statements for the year 2021; to refrain from engaging in share buy-backs and increasing non-essential expenditure, and to exercise extreme due diligence and prudence when incurring capital expenditure until 31 December 2021.
06 August 2021	-	New regulations applicable to SLDILSS, the SLDILSS Regulations No. 02 of 2021 were issued with effect from 06 August 2021, repealing the SLDILSS Regulations No. 01 of 2010, as amended.
21 August 2021	-	A Circular was issued to licensed banks informing to carry out essential banking services uninterruptedly while strictly adhering to all relevant safety measures and guidelines issued by the Director General of Health Services outlining the functions that are permitted during the quarantine curfew period effective from 20 August 2021 to 30 August 2021.
24 August 2021	-	Considering the anomalies in the interest rates offered and paid by licensed banks on the rupee and foreign currency deposits, an order under the MLA was issued to all LCBs and NSB instructing the maximum annual effective interest rate of up to 5.00 per cent that can be offered or paid on all foreign currency deposits of LCBs and NSB. The additional interest rate that can be offered or paid shall be over and above the interest rate specified above in relation to Special Deposit Accounts (SDAs) in foreign currency.
01 September 2021	-	A Circular was issued to licensed banks extending the concessions granted previously (until 31 August 2021) to the borrowers affected by the COVID-19 pandemic, until 31 December 2021, considering the surge in the pandemic and the resultant difficulties to such businesses and individuals.
08 September 2021	-	Banking Act Directions were issued imposing a requirement of a non-interest-bearing cash margin deposit of 100 per cent against the importation of selected non-essential and non-urgent goods made under Letters of Credit and Documents against Acceptance terms with LCBs and NSB, with immediate effect, aiming to preserve the stability of the exchange rate and liquidity in the domestic foreign exchange market.
	-	An Order under the MLA was issued on maintaining a 100 per cent non-interest-bearing cash margin deposit against Letters of Credit (LCs) on importation of certain non-essential and non-urgent goods by LCBs.
	-	A Circular was issued recognising Lanka Rating Agency Limited as an acceptable External Credit Assessment Institution for the purpose of Banking Act Direction No. 01 of 2016 on capital requirements under Basel III for LCBs and LSBs and other related regulatory requirements pertaining to LCBs and LSBs.

13 September 2021	-	A Circular was issued to licensed banks extending the debt moratorium granted to COVID-19 affected businesses and individuals in the tourism sector for another nine months period commencing 01 October 2021.
14 September 2021	-	Banking Act Directions were issued with a view to further strengthening and harmonising the regulatory framework on classification, recognition and measurement of credit facilities and financial assets other than credit facilities in licensed banks with the Sri Lanka Accounting Standard, 'SLFRS 9: Financial Instruments' and establishing consistent and prudent practices in the banking industry.
30 September 2021	-	A Supplementary Circular was issued to the Banking Act Directions No. 13 of 2021 and No. 14 of 2021 informing licensed banks that the new Directions will not have any adverse impact on the various concessionary schemes provided to borrowers affected by the COVID-19 pandemic.
01 October 2021	-	The MLA Order issued on maintaining a 100 per cent non-interest-bearing cash margin deposit against LCs on importation of certain non-essential and non-urgent goods by LCBs was withdrawn.
	-	Banking Act Directions were issued revoking the Banking Act Directions No. 12 of 2021 on margin requirements against imports.
05 October 2021	-	A Circular was issued to licensed banks extending the concessions granted to COVID-19 affected businesses and individuals engaged in passenger transportation services, including the tourism sector. Licensed banks were requested to accommodate the requests for lease facilities obtained by COVID-19 affected businesses and individuals providing public and private passenger transportation services under Circular No. 08 of 2021 and requests of such businesses and individuals in the tourism sector under Circular No. 10 of 2021.
09 December 2021	-	Banking Act Directions on the Regulatory Framework for technology risk management and resilience of licensed banks were issued to licensed banks to strengthen their information systems and technology platforms in line with international standards and best practices.
22 December 2021	-	A Circular was issued requesting licensed banks to suspend all types of recovery actions, including "parate" execution and forced repossession of leased assets up to 31 March 2022, considering the on going challenges faced by businesses and individuals due to the COVID-19 pandemic, while the requirement to suspend all recovery actions with respect to COVID-19 affected businesses and individuals in the tourism sector up to 30 June 2022, remains unchanged.
27 December 2021	-	A Banking Act Determination an annual license fee was issued to licensed banks informing the new license fee structure applicable for the year 2022, introducing a new fee category for licensed banks with assets above Rs. 2 trillion.
30 December 2021	-	An order under the MLA was issued informing the maximum interest rates on foreign currency deposits of LCBs and NSB, considering the current and expected macroeconomic developments and the prevailing interest rates on foreign currency deposits of licensed banks.
31 December 2021	-	An amendment to the MLA Order No. 03 of 2020 was issued informing the new maximum interest rates on mortgage-backed housing loans considering the current and expected macroeconomic developments and the prevailing market interest rates of rupee denominated loans and advances.
11 March 2022	-	An amendment to the MLA Order No. 02 of 2021 was issued informing the revised maximum interest rates on credit card advances, pre-arranged temporary overdrafts

and pawning advances considering the monetary policy tightening measures, the expected macroeconomic developments, and the prevailing market interest rates of rupee denominated loans and advances.

- An amendment to the MLA Order No. 03 of 2021 was issued removing the maximum interest rates imposed on foreign currency deposits of LCBs and NSB, considering the recent Monetary Policy tightening measures, expected macroeconomic developments, and the prevailing interest rates on foreign currency deposits of licensed banks.

Licensed Finance Companies (LFCs), Specialised Leasing Companies (SLCs), Licensed Microfinance Companies (LMFCs) and Primary Dealer Companies (PDCs)

01 January 2021 - An amendment was issued to the Directions on Valuation of Immovable Properties of LFCs and SLCs, amending the eligibility criteria for valuers.

17 February 2021 - An amendment was issued to the Directions on Loan to Value (LTV) ratios of LFCs and SLCs for credit facilities granted in respect of motor vehicles, with a revised rate of 80 per cent in respect of registered vehicles used in Sri Lanka for more than one year after first registration.

12 March 2021 - A Circular was issued to LFCs and SLCs requesting to provide concessions for COVID-19 affected businesses and individuals engaged in passenger transportation services for a period of six months commencing 01 April 2021.

19 March 2021 - A Circular was issued to LFCs and SLCs requesting them to extend the debt moratorium granted to tourism sector under Circular No. 09 of 2020 issued on 30 September 2020 for a further period of six months commencing 01 April 2021.

31 March 2021 - LFCs and SLCs were informed of the deferment of the implementation of Direction No. 01 of 2020 on Classification and Measurement of Credit facilities, for a period of three months.

- Extended the amendment to the Direction on Liquid Assets dated 30 September 2020 for a period of three months until 30 June 2021, in order to facilitate LFCs and SLCs to overcome the liquidity pressure considering the challenging operating environment caused by the prolonged impact of the COVID-19 pandemic.

01 April 2021 - Regulation No. 01 of 2021 was issued to increase the maximum compensation payment under the Sri Lanka Deposit Insurance and Liquidity Support Scheme (SLDILSS) to Rs. 1,100,000 from Rs. 600,000 with effect from 01 April 2021 and the increase of the coverage was effected for LFCs whose licences were cancelled/suspended prior to 01 April 2021.

09 April 2021 - A Direction was issued on foreign currency borrowings with the objective of stabilising any financial volatilities created by the foreign funding exposures of LFCs, providing risk management of foreign currency borrowings and establishing a regulatory framework for the foreign currency borrowings of LFCs.

04 June 2021 - Further to the Directions on foreign currency borrowings by LFCs issued earlier, LFCs were informed that foreign currency borrowings by financial and non-financial institutions would be facilitated for a period of one year.

09 June 2021 - A Circular was issued on concessions for COVID-19 affected businesses and individuals and LFCs and SLCs were requested to extend further concessions for affected parties.

05 July 2021 - LFCs and SLCs were requested to freeze seizure and repossession orders of vehicles on credit facilities of customers affected by the pandemic with arrears for at least the

		next three months (until 30 September 2021), after considering the financial difficulties of borrowers.
07 July 2021	-	The effective date of the Finance Business Act (Classification and Measurement of Credit Facilities) Direction No. 01 of 2020 was deferred.
	-	It was informed that LFCs shall adopt 120 and 90 past due days with effect from 01 April 2022 and 01 April 2023, respectively, when classifying the special mention category and stage 3 classification under impairment for credit facilities repayable on a monthly basis or more.
09 July 2021	-	A Direction was issued to PDCs on the Minimum Capital Requirement prescribing every PDC to maintain core capital at a level not less than Rs. 1 billion until 31 December 2021, and thereafter to increase up to Rs. 2 billion with effect from 01 January 2022 and up to Rs. 2.5 billion with effect from 01 January 2023.
	-	The Direction also describes the special risk reserve and capital assessment and planning process.
06 August 2021	-	New regulations applicable to SLDILSS, the SLDILSS Regulations No. 02 of 2021 were issued with effect from 06 August 2021, repealing the SLDILSS Regulations No. 01 of 2010, as amended.
10 September 2021	-	An amendment to the Circular No 06 of 2021 dated 09 June 2021 was issued requesting LFCs and SLCs to further extend the concessions for COVID-19 affected businesses and individuals until 30 September 2021.
24 September 2021	-	A Circular was issued to LFCs and SLCs informing that Lanka Rating Agency Ltd. has been recognised by the Central Bank as an acceptable credit rating agency for specified purposes.
06 October 2021	-	A Circular was issued to LFCs and SLCs requesting to extend concessions and suspend recovery actions for COVID-19 affected businesses and individuals until 31 March 2022, considering several requests from concerned parties and government authorities.
18 October 2021	-	LFCs were requested to pay additional incentives on inward worker remittances with the objective of encouraging more workers' remittances to the country when sending through formal fund transferring channels.
01 November 2021	-	Prevailing interest margins of 2, 3 and 5 year term deposits were revised in line with the increasing Treasury bill rates.
24 December 2021	-	Investment in government securities under reverse repo transactions was included in liquid assets of LFCs under Section 74 of the Finance Business Act, No. 42 of 2011.
31 December 2021	-	A Direction was issued on Assessment of Fitness and Propriety of Key Responsible Persons with the objective of ensuring that the key responsible persons of LFC are able to exercise their responsibilities effectively in order to ensure safety and soundness of LFCs.
	-	A Direction was issued on Corporate Governance with a view to promoting good governance practices on the conduct of business of LFCs and safeguarding the stability of the financial system.
	-	Prevailing interest margins of 5 year term deposits and 5 year debt instruments were revised with the intention of providing increased returns on investments for senior citizens.
31 January 2022	-	A Direction was issued on Technology Risk Management and Resilience with the objective of setting minimum regulatory requirements on technology risk management and resilience for LFCs.

08 February 2022	-	LFCs were requested to grant an incentive for Sri Lankans working abroad by reimbursing the transaction cost incurred on account of inward workers' remittances.

Insurance

10 March 2021	-	Direction No. 01 of 2021 was issued in terms of Section 96 of the Regulation of Insurance Industry Act (RII Act), No. 43 of 2000 to insurance companies in respect of dividend distribution and declaration, subject to the insurers complying with terms and conditions stated in the Direction.
23 March 2021	-	Circular No. 01 of 2021 was issued to inform Insurance Companies that they could launch products/policy forms only after the confirmation of the Insurance Regulatory Commission of Sri Lanka (IRCSL) that products are fair and equitable in the opinion of the IRCSL.
	-	All General Insurance Companies were required to submit policy documents at least 30 days prior to the proposed date of launch and long term insurance companies were required to submit the policy documents 45 days prior to the proposed date of launch.
24 March 2021	-	Direction No. 02 of 2021 was issued in terms of Section 96A of the RII Act to Insurance Companies and Insurance Brokering companies in respect of restrictions on providing codes and restrictions on changing codes.
08 April 2021	-	Circular No. 02 of 2021 on Prohibition of Promotion/ Advertisement of Third Party Motor Insurance was issued to all General Insurance Companies.
29 July 2021	-	Direction No. 03 of 2021 was issued to all insurers, brokers, and loss adjusters in terms of section 96A of the RII Act directing them to refrain from employing persons whose services have been terminated on the grounds of financial misappropriation or fraud. However, in the event that the termination of a person is carried out by an insurer, broker, loss adjuster or by an institutional insurance agent, such legal persons are required to follow due process, especially the principles of Natural Justice prior to such decision to terminate is taken.
30 August 2021	-	Direction No. 01 of 2021 was amended to address the contingent liabilities and complying with the relevant accounting standards in the event of dividend declaration and distribution of insurers.
06 September 2021	-	Direction No. 04 of 2021 was issued in terms of Section 96A of the RII Act regarding termination of using telecommunication service providers' platform (Mobile Insurance) and matters connected therein.
06 December 2021	-	The existing Determination 10 was replaced with the new Determination 10 made under Section 88 of the RII Act on 'Maximum Commission payable for Long Term Insurance Business and General Insurance Business' and was issued to the insurance companies and insurance brokers.
16 December 2021	-	The existing Direction 09 issued on 13 May 2016 was replaced with Direction 05 of 2021 on principal officers of insurers and insurance brokers and issued to the insurance companies and insurance brokers.

Capital Market

January 2021	-	A comprehensive set of guidelines for stockbroking firms in consultation with the Colombo Stock Exchange (CSE) was developed.

March 2021	-	Digital platforms were facilitated to broad base and widen the investor base of the stock market.
	-	Approval in principle was granted for the introduction of Paper Gold (PG) through the Over the Counter (OTC) platform at the CSE.
April 2021	-	Approval in principle was granted for the proposal to facilitate listing of Special Purpose Acquisition Companies (SPACs).
June 2021	-	The Central Depository System (CDS) rules were amended to facilitate repurchase agreement (REPO) transactions on Corporate Debt securities on the OTC Platform of the CSE.
	-	The implementation of the enhanced margining system and Delivery vs Payment (DvP) mechanism at the CSE was facilitated by issuing rules and revising marginal model.
	-	Approval in principle was granted for the introduction of Islamic Capital Market Products.
	-	Approval in principle was granted for the introduction of Structured Warrants.
	-	Approval in principle was granted for the introduction of Green Bonds.
	-	Approval in principle was granted to facilitate fund raising through online platforms, such as crowdfunding.
	-	Gazette notification on the enactment of new bill of the Securities and Exchange Commission (SEC) was published.
July 2021	-	Phase 2 of the digitisation of stock market operations was launched.
	-	Approval in principle was granted for introduction of regulated short selling through securities borrowing and lending.
November 2021	-	Approval was obtained to facilitate the listing of foreign currency denominated shares issued by local companies on the CSE.

Payments and Settlements

09 June 2021	-	The period of maintaining the maximum Merchant Discount Rate (MDR) of 0.5 per cent for LANKAQR transactions was extended for a further six months period, ending on 31 December 2021, considering the need of encouraging more merchants to join the LANKAQR initiative.
27 December 2021	-	The period of maintaining the MDR of 0.5 per cent for LANKAQR transactions was extended until further notice.

Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT)

27 April 2021	-	Circular No. 01 of 2021 was issued on the implementation of AML/CFT measures on parties involved with online payment platforms.
28 April 2021	-	Considering the increasing trend of suspicious transactions related to foreign currency outflows via Automated Teller Machines (ATMs) in cash withdrawals overseas, Circular No. 02 of 2021 was issued, advising to perform Customer Due Diligence measures as required by the Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016 at the time of onboarding the customer and when conducting transactions.

04 May 2021	-	Circular No. 03 of 2021 was issued on additional measures to mitigate emerging Money Laundering/ Terrorist Financing risks during the third wave of the COVID-19 pandemic.
20 July 2021	-	Guideline No. 2 of 2021 was issued for Financial Institutions on CCTV operations for AML/CFT purposes.
04 October 2021	-	Circular No. 04 of 2021 was issued to licensed banks on deposits made under the Finance Act, No. 18 of 2021.
10 January 2022	-	Circular No. 01 of 2022 was issued to amend the Circular No. 02 of 2021 on Guidelines for Financial Institutions on CCTV operations for AML/CFT purposes.

Foreign Exchange Management and International Operations

01 January 2021	-	Operating instructions issued to licensed banks on "Incentive Scheme on Inward Worker Remittances" were amended: licensed banks were instructed to expand the scope of eligibility under the Incentive Scheme to the foreign currency income earned through employment by a Sri Lankan national who resides in Sri Lanka and earns foreign currency income rendering service in nature of employment abroad, and to apply the Incentive Scheme to all foreign currency income conversions made on or after 28 December 2020.
15 January 2021	-	Directions No. 01 of 2021 were issued to Authorised Dealers (ADs) permitting to open and maintain Temporary Special Foreign Currency Accounts for LFCs to hedge the foreign exchange risk pertaining to the repayment of foreign currency loans subject to conditions.
27 January 2021	-	Operating instructions were issued regarding the introduction of a scheme for licensed banks to sell 10 per cent of converted inward workers' remittances to the Central Bank on a mandatory basis, in order to build up foreign exchange reserves.
03 February 2021	-	Following Regulations and Orders were issued with effect from 22 March 2021 by rescinding the existing relevant Regulations and Orders addressing the practical issues and concerns of the ADs and other stakeholders in order to achieve greater efficiency in the domestic foreign exchange market: • Foreign Exchange Regulations No. 01 of 2021 (Extraordinary Gazette Notification No. 2213/34) were issued on regulations applicable for classes of capital transactions undertaken outside Sri Lanka by persons resident in Sri Lanka. • Foreign Exchange Regulations No. 02 of 2021 (Extraordinary Gazette Notification No. 2213/35) were issued on regulations applicable for classes of capital transactions undertaken in Sri Lanka by persons resident outside Sri Lanka. • Foreign Exchange Regulations No. 03 of 2021 (Extraordinary Gazette Notification No. 2213/36) were issued on regulations applicable for remittance of funds by emigrants. • Foreign Exchange Regulations No. 04 of 2021 (Extraordinary Gazette Notification No. 2213/37) were issued on regulations applicable for classes of miscellaneous capital transactions. • Foreign Exchange Regulations No. 05 of 2021 (Extraordinary Gazette Notification No. 2213/38) were issued on regulations applicable for opening and maintenance of accounts for the purpose of engaging in foreign exchange transactions. • Order under Section 8 (Extraordinary Gazette Notification No. 2213/39) of the Foreign Exchange Act (FEA), No. 12 of 2020 was issued on export or import of foreign currency or Sri Lanka currency by a person in, or resident in Sri Lanka.

		• Order under Section 31 (Extraordinary Gazette Notification No. 2213/40) of the FEA was issued on determination of 'persons resident in Sri Lanka'.
18 February 2021	-	Extraordinary Gazette Notification No. 2215/39 was issued under the MLA as Repatriation of Export Proceeds into Sri Lanka Rules No. 1 of 2021, in respect of repatriation of export proceeds into Sri Lanka within 180 days from the date of shipment and convert twenty-five per centum from and out of the total of the said export proceeds received in Sri Lanka into Sri Lanka Rupees, through a Licensed bank.
	-	Operating instructions were issued regarding the introduction of a scheme for licensed banks to sell 50 per cent of the 25 per cent of converted export proceeds to the Central Bank in order to build up foreign exchange reserves, and the conversion was made mandatory under the Gazette and Rules issued on 18 February 2021 under the MLA.
09 March 2021	-	Extraordinary Gazette Notification No. 2218/38 was issued under the MLA, as Repatriation of Export Proceeds into Sri Lanka Rules No. 2 of 2021, extending the time period applicable for conversion up to 14 days.
17 March 2021	-	Operating instructions issued to licensed banks on "Incentive Scheme on Inward Remittances" were amended to temporarily suspend the requirement to sell 10 per cent of the converted workers' remittances to the Central Bank, considering the market conditions that prevailed during that period.
	-	Operating instructions issued to licensed banks on "Repatriation of Export Proceeds into Sri Lanka" were amended to temporarily suspend the requirement to sell 50 per cent of the 25 per cent of mandatory converted export proceeds to the Central Bank, considering the market conditions that prevailed during that period.
18 March 2021	-	Following Directions were issued to ADs (effective from 22 March 2021) in line with the Regulations and Orders issued on 03 February 2021:
		• Directions No. 02 of 2021 were issued regarding Current Transactions to carry out current transactions by ADs on behalf of persons in or resident in Sri Lanka under Section 6 of the FEA.
		• Directions No. 03 of 2021 were issued on Electronic Fund Transfer Cards (EFTCs) for the use of EFTCs by persons in, or resident in Sri Lanka for making payments in foreign exchange to persons resident outside Sri Lanka.
		• Directions No. 04 of 2021 were issued on Personal Foreign Currency Accounts (PFCAs) for opening and maintaining foreign currency accounts by eligible resident/ non-resident individuals.
		• Directions No. 05 of 2021 were issued on Business Foreign Currency Accounts (BFCAs) for opening and maintaining foreign currency accounts by resident foreign exchange earners.
		• Directions No. 06 of 2021 were issued on Diplomatic Foreign Currency Accounts (DFCAs) and Diplomatic Rupee Accounts (DRAs) for opening and maintaining foreign currency and Sri Lankan rupee accounts by diplomatic missions/personnel.
		• Directions No. 07 of 2021 were issued on Senior Foreign Nationals' (Special Accounts) for opening and maintaining accounts by senior foreign nationals, who are over 55 years of age and intend a prolonged stay in Sri Lanka on resident visas under the "Sri Lanka – My Dream Home programme".
		• Directions No. 08 of 2021 were issued on the Resident Guest Scheme (Special Accounts) regarding opening and maintaining accounts by prospective investors and professionals, who come to Sri Lanka under the 'Resident Guest Scheme' implemented by the Department of Immigration and Emigration.

- Directions No. 09 of 2021 were issued on accommodations to BFCAs holders, to grant accommodations in foreign currency by ADs to foreign exchange earners, who hold BFCAs.
- Directions No. 10 of 2021 were issued on Loans and Advances to Sri Lankans Employed Abroad (other than emigrants), to grant loans/advances denominated in foreign currency and Sri Lankan rupees by ADs to Sri Lankan citizens working abroad.
- Directions No. 11 of 2021 were issued to ADs on loans to Sri Lankans, Resident Outside Sri Lanka on Permanent Resident Visa (PR) in another country and Dual Citizens to grant loans denominated in foreign currency and Sri Lankan rupees by ADs to PR holders and dual citizens.
- Directions No. 12 of 2021 were issued on SLDBs, to grant permission for ADs and PDs, who have been appointed by the Superintendent of Public Debt of the Central Bank as Designated Agents, for purchasing and marketing SLDBs issued by the Government of Sri Lanka.
- Directions No. 13 of 2021 were issued on Sale of Foreign Exchange (Form 1) and Purchase of Foreign Exchange (Form 2) on reporting requirements by ADs.
- Directions No. 14 of 2021 were issued on Outward Investment Accounts for opening and maintaining accounts by resident persons for making remittances in respect of capital transactions outside Sri Lanka.
- Directions No. 15 of 2021 were issued on Inward Investment Accounts for opening and maintaining accounts by non-resident investors for routing inward remittances in respect of capital transactions in Sri Lanka.
- Directions No. 16 of 2021 were issued on Capital Transactions Rupee Accounts for opening and maintaining accounts by emigrants for channeling the migration allowance.
- Directions No. 17 of 2021 were issued on Emigrants' Remittable Income Accounts for opening and maintaining accounts by emigrants for repatriating current income derived in Sri Lanka subject to regulatory requirements.
- Directions No. 18 of 2021 were issued on Non-Resident Rupee Accounts for opening and maintaining Sri Lankan rupee accounts by emigrant's resident in or outside Sri Lanka and firms/companies established/incorporated outside Sri Lanka.
- Directions No. 19 of 2021 were issued on External Commercial Borrowing Accounts for opening and maintaining accounts by companies incorporated in Sri Lanka for crediting loan proceeds obtained from foreign lenders.
- Directions No. 20 of 2021 were issued on guarantees, specifically directions applicable for issuance and renewal of guarantees in respect of current and capital transactions.

26 March 2021 - Extraordinary Gazette Notification No. 2220/69 was issued as an Order under Section 4 of the FEA, permitting hotels registered with the Sri Lanka Tourism Development Authority (SLTDA) to accept foreign currency from persons resident in Sri Lanka who have foreign currency in their possession, as a measure for attracting foreign currency in the hands of residents into formal channels, giving an opportunity to pay their local hotel bills in foreign currency.

29 March 2021	-	Operating instructions were issued to licensed banks on "Participation at the Buy-Sell USD/LKR FX SWAPs Auctions Conducted by the Central Bank of Sri Lanka" requesting all licensed banks to adhere to a new set of requirements including eligibility, applicable rates, duration and mechanism, when participating in Buy-Sell USD/LKR foreign exchange swaps auctions conducted by the Central Bank.
07 April 2021	-	Extraordinary Gazette Notification No. 2222/37 was issued as regulation, further extending the period of opening of SDAs by eligible persons by 24 months from 08 April 2020.
	-	Directions No. 21 of 2021 were issued to ADs specifying criteria for opening and maintaining SDAs, permitted debits, credits and other requirements.
09 April 2021	-	Extraordinary Gazette Notification No. 2222/60 was issued as Repatriation of Export Proceeds into Sri Lanka Rules No. 3 of 2021, by further amending the Repatriation of Export Proceeds into Sri Lanka Rules issued under the MLA, extending the time period applicable for conversion up to 30 days and reducing the conversion requirement up to 10 per cent.
04 May 2021	-	Directions No. 22 of 2021 were issued to hotels registered with the SLTDA, permitting to accept foreign currency from a person resident in Sri Lanka in respect of services rendered.
25 May 2021	-	Extraordinary Gazette Notification No. 2229/5 was issued as an Order under Section 4 of the FEA, permitting companies incorporated in Sri Lanka under the Companies Act, No. 7 of 2007, to lend in any designated foreign currency to their subsidiaries incorporated in Sri Lanka, who are foreign exchange earners, with prior permission of the Monetary Board of the Central Bank of Sri Lanka.
28 May 2021	-	Extraordinary Gazette Notification No. 2229/9 was issued as Repatriation of Export Proceeds into Sri Lanka Rules No. 4 of 2021, enhancing the conversion requirement up to 25 per cent with a provision for partial exemptions to be granted by the Monetary Board of the Central Bank of Sri Lanka at its discretion up to a percentage not less than 10 per cent.
	-	Operating instructions issued to licensed banks regarding "Incentive Scheme on Inward Remittances" on 27 January 2021 were reinstated.
	-	Operating instructions issued to licensed banks regarding "Repatriation of Export Proceeds into Sri Lanka" on 18 February 2021 were reinstated.
11 June 2021	-	Directions No. 23 of 2021 were issued on DFCAs and DRAs, including withdrawals in foreign currency for local expenses of the accountholder as permitted debits.
17 June 2021	-	Directions No. 24 of 2021 were issued on BFCAs, amending Annex I of the Directions No. 05 of 2021.
30 June 2021	-	Extraordinary Gazette Notification No. 2234/19 was issued as regulations, permitting to rollover SDAs opened under the Regulations, with six months and twelve months tenures, provided that the accumulated period of said SDAs would not exceed the maximum of 24 months from the initial date of placing such deposits.
	-	Extraordinary Gazette Notification No. 2234/20 was issued as regulations, permitting companies incorporated in Sri Lanka under the Companies Act, No. 7 of 2007 in Sri Lanka who have borrowed foreign currency from a person resident outside Sri Lanka in terms of the FEA, to purchase ISBs issued by the Government of Sri Lanka from the secondary market, utilising 50 per cent of the said borrowing subject to terms and conditions.

02 July 2021 - Extraordinary Gazette Notification No. 2234/49 was issued as an Order under Section 22 of the FEA imposing the following measures on outward remittances for a period of six months:

- Suspending the repatriation of funds under the migration allowance out of funds received as monetary gifts by an emigrant from an immediate family member (i.e., parents, grandparents, siblings, and spouse of the emigrant).

- Limiting the repatriation of funds under the migration allowance through Capital Transactions Rupee Accounts by emigrants who have already claimed migration allowance under the general permission, up to a maximum of US dollars 10,000 or equivalent in any other designated foreign currency.

- Limiting the eligible migration allowance for emigrants who are claiming the migration allowance for the first time under the general permission, up to a maximum of US dollars 30,000 or equivalent in any other designated foreign currency.

- Limiting the repatriation of any current income or accumulated current income (including Employees Provident Fund (EPF), Employees Trust Fund (ETF), gratuity and pensions or any other retirement benefits) by emigrants through the Capital Transaction Rupee Accounts or Emigrants' Remittable Income Accounts, under the general permission, up to a maximum of US dollars 30,000 or equivalent in any other designated foreign currency.

- Limiting the outward remittances by or issuance of foreign exchange for any Sri Lankan individual who resides in or outside Sri Lanka and has obtained Temporary Residence Visa of another country which falls into a category of visa that entitles the individual to obtain permanent residency status or citizenship in that country at a future date, up to a maximum of US dollars 20,000 or equivalent in any other designated foreign currency.

- Limiting the issuance of foreign exchange for any person resident in Sri Lanka who intends to leave Sri Lanka under the Temporary Residence Visa of another country up to a maximum of US dollars 10,000 or equivalent in any other designated foreign currency.

- Suspending the general permission granted to make outward remittances through the Outward Investment Accounts for the purpose of investing overseas by persons resident in Sri Lanka excluding the following:

  - investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka under the provisions of the FEA, or

  - an additional investment to be made to fulfil the regulatory requirements in the investee's country applicable on the investment already made in compliance with the provisions of the Act or the repealed Exchange Control Act, in a company or a branch office in that country, or

  - an additional investment/infusion of funds (as applicable) to be made by eligible resident companies in already established subsidiaries or branch offices in overseas incorporated/established subject to the provisions of the Act or the repealed Exchange Control Act, up to a maximum of US dollars 15,000 or equivalent in any other designated foreign currency, for the purpose of working capital requirements of the investee, or,

- the remittances for the purpose of maintenance of liaison, marketing, agency, project, representative or any other similar offices already established in overseas subject to the provisions of the Act or the repealed Exchange Control Act, by eligible resident companies, up to a maximum of US dollars 30,000 or equivalent in any other designated foreign currency.

• Limiting the outward remittances on capital transactions through BFCAs or/and PFCAs held by a person resident in Sri Lanka, up to a maximum of US dollars 20,000 or equivalent in any other designated foreign currency, during the effective period of this Order.

• Authorising the Monetary Board to grant permission in terms of Section 7(10) of the FEA for investments, on a case-by-case basis, which exceed the limits specified in the general permission granted in the Regulations No. 1 of 2021 provided that:

- the proposed investment is to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka under the provisions of the FEA, or,

- the proposed investment is to be made to fulfil the regulatory requirement in the investee's country applicable on the investment already made in a company or branch office in that country in compliance with the provisions of the Act or repealed Exchange Control Act.

06 July 2021 - Extraordinary Gazette Notification No. 2235/22 was issued as an Order under Section 29 read with Section 7 of the FEA, amending the Foreign Exchange (Classes of Capital Transactions Undertaken in Sri Lanka by persons Resident Outside Sri Lanka) Regulations No. 02 of 2021 (Extraordinary Gazette Notification No. 2213/35), inserting and replacing the provisions in respect of the investments in debt securities in Sri Lanka Rupees and in any designated foreign currency listed in the CSE.

08 July 2021 - Directions No. 25 of 2021 were issued to ADs specifying criteria for opening and maintaining SDAs, permitted debits, credits and other requirements and rescinding Directions No. 21 of 2021.

30 July 2021 - Directions No. 26 of 2021 were issued to ADs specifying criteria for opening and maintaining Special Foreign Currency Accounts to facilitate foreign currency denominated investments in the CSE, permitted debits, credits and other requirements.

- Directions No. 27 of 2021 were issued to ADs including transfer of earnings in foreign exchange to the Special Foreign Currency Accounts opened under the Directions No. 26 of 2021 by the account holder, for making payments of any income or maturity proceeds attributed to investments made in respect of listed shares or debt securities denominated in designated foreign currency in the CSE as a permitted debit to the BFCAs, in addition to the debits specified in the Directions No. 05 of 2021 dated 18 March 2021 on BFCAs.

06 August 2021 - Operating instructions were issued to licensed banks on "Crediting Exports Proceeds to the Relevant Foreign Currency Accounts of Exporters": All licensed banks were instructed to credit the export proceeds to the respective exporter's foreign currency account(s) maintained at the bank immediately, subject to conditions on withdrawal and/or conversion until documentation is completed.

28 October 2021 - Extraordinary Gazette Notification No. 2251/42 was issued under the MLA as Repatriation of Export Proceeds into Sri Lanka Rules No. 5 of 2021, imposing the requirements of mandatory conversion of residual of the export proceeds received in

		Sri Lanka into Sri Lanka Rupees upon utilising such proceeds for authorised payments, on or before the seventh day of the following month.
01 November 2021	-	Operating instructions were issued to licensed banks on "Repatriation of Export Proceeds into Sri Lanka", by amending the basis of sale of foreign exchange to the Central Bank with the amendment of the relevant Gazette and Rules issued on 28 October 2021 under the MLA on "Repatriation of Export Proceeds into Sri Lanka", requiring all licensed banks to sell 10 per cent of residual of the export proceeds, which are mandatory to convert into Sri Lankan rupees, to the Central Bank.
01 December 2021	-	Operating instructions were issued to licensed banks on the "Additional Incentive Scheme on Inward Workers' Remittances" to provide an additional incentive of Rs. 8 per US dollar to the Sri Lankan workers, who earn foreign currency income, during the month of December 2021.
13 December 2021	-	Operating instructions were issued to licensed banks on "Incentives for General Public for Depositing, Converting and Investing in Foreign Currency held in Hand" to promote all foreign currency to be channeled through the formal banking sector, and a number of incentives were offered to the general public, while requesting licensed banks to sell 20 per cent of such foreign currencies converted into Sri Lankan rupees to the Central Bank during the month of December 2021.
15 December 2021	-	Extraordinary Gazette Notification No. 2258/23 was issued under the FEA extending the period of validity of the Order issued under Section 22 of the FEA published in the Extraordinary Gazette Notification No. 2234/49 dated 02 July 2021, for further six months from 02 January 2022.
	-	Operating instructions issued to licensed banks dated 13 December 2021 on "Incentives for General Public for Depositing, Converting and Investing in Foreign Currency held in Hand" were amended to include a new requirement to submit by the general public on declaration of foreign currency held in hand.
27 December 2021	-	Directions No. 28 of 2021 were issued to ADs specifying criteria of opening and maintaining Special Foreign Currency Accounts for investee to facilitate current transactions (SFCA-investee) out of the proceeds received being an investment into the share capital of the company, so received from a person resident outside Sri Lanka.
	-	Directions No. 29 of 2021 were issued to ADs amending the Direction No. 09 of 2021 dated 18 March 2021 on Accommodations to BFCA holders, permitting repayment of accommodations obtained under these directions out of the proceeds of share capital received in terms of the Directions No. 28 of 2021.
	-	Operating instructions issued to licensed banks dated 28 May 2021, 01 November 2021 and 13 December 2021 on the "Incentive Scheme on Inward Workers' Remittances", "Repatriation of Export Proceeds into Sri Lanka" and "Incentives for General Public for Depositing, Converting and Investing in Foreign Currency held in Hand" were amended to requiring licensed banks to sell 25 per cent of converted workers' remittances (until further notice), 25 per cent of residual export proceeds (until further notice), and 25 per cent of converted foreign currency held in hand (during December 2021) to the Central Bank.
	-	Incentives offered under the Operating Instructions issued on "Incentives for General Public for Depositing, Converting and Investing in Foreign Currency held in Hand" dated 13 December 2021 and as amended on 15 December 2021, were extended until 31 January 2022.

21 January 2022 - Extraordinary Gazette Notification No. 2263/41 was issued under the MLA as an acceptance of foreign exchange within Sri Lanka by Hotel Service Providers Rules, No. 01 of 2022, mandating hotel service providers registered with and licensed by the SLTDA to accept payments in respect of services rendered to persons resident outside Sri Lanka only in foreign exchange.

31 January 2022 - Operating instructions issued to licensed banks dated 01 December 2021 and 27 December 2021 on "Additional Incentive Scheme on Inward Workers' Remittances" and "Incentives for General Public for Depositing, Converting and Investing of Foreign Currency Held in Hand", respectively, were amended to extent the effective periods of the incentives offered under these Operating Instructions and to request licensed banks to sell 25 per cent of converted foreign currency held in hand, to the Central Bank, until further notice.

24 February 2022 - Directions No. 01 of 2022 were issued to ADs as an amendment to the Direction No. 4 of 2021 dated 18 March 2021 on PFCAs, permitting the payment of course or tuition fees in respect of immediate family members who are enrolled as students of Educational Institutions from the PFCA of a Sri Lankan employed abroad (other than an emigrant) to the credit of the BFCA of the Local Educational Institution.

- Directions No. 02 of 2022 were issued to ADs as an amendment to the Direction No. 5 of 2021 dated 18 March 2021 on BFCAs, permitting the receipt of course or tuition fees in respect of immediate family members enrolled as students, to the BFCA of a Local Educational Institution from the PFCA of Sri Lankans employed abroad (other than emigrants).

11 March 2022 - Extraordinary Gazette Notification No. 2270/66 was issued under the MLA, as Repatriation of Export Proceeds into Sri Lanka Rules No. 1 of 2022, repealing the Extraordinary Gazette Notification No. 2251/42 issued under MLA as Repatriation of Export Proceeds into Sri Lanka Rules No. 5 of 2021, amending the requirements of mandatory conversion of residual of the export proceeds received in Sri Lanka into Sri Lanka Rupees upon utilising such proceeds for given authorised payments, on or before the seventh day of the following month.

- Directions No. 03 of 2022 were issued to ADs, designating "Thai Baht" as a designated foreign currency for the purposes of the Regulations and Directions issued under FEA.

Regulations on Import and Export Controls

05 January 2021 - Imports and Exports (Control) Regulations No. 01 of 2021 (published in the Gazette Extraordinary No. 2209/18) were issued amending the lists of goods related to tyre imports that are under import restrictions as specified by Imports and Exports (Control) Regulations No. 04 of 2020.

11 February 2021 - Imports and Exports (Control) Regulations No. 03 of 2021 (published in the Gazette Extraordinary No. 2214/56) were issued amending the lists of goods related to ceramic products and sarees that are under restrictions as specified by Imports and Exports (Control) Regulations No. 04 of 2020.

06 April 2021 - Imports and Exports (Control) Regulations No. 04 of 2021 (published in the Gazette Extraordinary No. 2222/31) were issued amending the lists of goods related to palm oil that are under restrictions as specified by Imports and Exports (Control) Regulations No. 04 of 2020.

23 April 2021 - Imports and Exports (Control) Regulations No. 05 of 2021 (published in the Gazette Extraordinary No. 2224/43) were issued amending the lists of goods related to mobile

		workshops that are under restrictions as specified by Imports and Exports (Control) Regulations No. 05 of 2020.
	-	Imports and Exports (Control) Regulations No. 06 of 2021 (published in the Gazette Extraordinary No. 2224/44) were issued amending the lists of goods related to mobile workshops that are under restrictions as specified by Imports and Exports (Control) Regulations No. 04 of 2020.
06 May 2021	-	Imports and Exports (Control) Regulations No. 07 of 2021 (published in the Gazette Extraordinary No. 2226/48) were issued on mineral or chemical fertiliser banning the importation of some items and imposing import control license for other.
11 June 2021	-	Imports and Exports (Control) Regulations No. 08 of 2021 (published in the Gazette Extraordinary No. 2231/16) were issued imposing import control license on gold and face masks.
	-	Imports and Exports (Control) Regulations No. 09 of 2021 (published in the Gazette Extraordinary No. 2231/17) were issued imposing restrictions on exportation of oxygen and respiration apparatus.
	-	Imports and Exports (Control) Regulations No. 10 of 2021 (published in the Gazette Extraordinary No. 2231/18) were issued amending the lists of goods that are under restrictions as specified in Imports and Exports (Control) Regulations No. 04 of 2020.
31 July 2021	-	Imports and Exports (Control) Regulations No. 11 of 2021 (published in the Gazette Extraordinary No. 2238/45) were issued bringing related mineral or chemical fertilisers under the "import control license" category from the "banned" category.
30 September 2021	-	Imports and Exports (Control) Regulations No. 12 of 2021 (published in the Gazette Extraordinary No. 2247/12) were issued removing import control license on white crystalline sugar.
03 November 2021	-	Imports and Exports (Control) Regulations No. 14 of 2021 (published in the Gazette Extraordinary No. 2252/30) were issued removing temporary suspension on rice imports.
30 November 2021	-	Imports and Exports (Control) Regulations No. 15 of 2021 (published in the Gazette Extraordinary No. 2256/23) were issued, • removing restrictions on importation of chemical fertiliser, pesticides and herbicides • imposing import control license on radio navigational aid apparatus • banning importation of Glyphosate
12 January 2022	-	Imports and Exports (Control) Regulations No. 03 of 2022 (published in the Gazette Extraordinary No. 2262/18) were issued, • removing temporary suspension on long grain rice • continuing restrictions on fish fillet as per new Hs codes
09 March 2022	-	Imports and Exports (Control) Regulations No. 05 of 2022 (published in the Gazette Extraordinary No. 2270/18) were issued with a list of goods, the importation of which requires an import control license.

Price Revisions

The Maximum Retail Prices (MRPs) of several items imposed by the Consumer Affairs Authority and the Ministry of Health were revised as follows:

Date	Item	Revision
08.02.2021	White Sugar, Dried Chilies (neither crushed nor ground), Potatoes (imported), Keeri Samba	MRPs were removed.
18.06.2021	Coconut (circumference over 13 inches, circumference between 12-13 inches, circumference below 12 inches)	MRPs were removed.
25.07.2021	Liquefied Petroleum (LP) Gas Cylinder of 18 litres (9.6 kg)	Imposed district based MRPs.
12.08.2021	Polymerase Chain Reaction (PCR)	Imposed a MRP of Rs. 6,500 per test and report.
	Rapid Antigen Test (RAT)	Imposed a MRP of Rs. 2,000 per test and report.
19.08.2021	Selected medicines and medical devices	MRPs were increased.
02.09.2021	White Sugar	Imposed an importer's maximum wholesale Price of Rs. 116 per kg.
	White Sugar (unpacketed)	Imposed a MRP of Rs. 122 per kg.
	White Sugar (packeted)	Imposed a MRP of Rs. 125 per kg.
	Brown or Red Sugar (unpacketed)	Imposed a MRP of Rs. 125 per kg.
	Brown or Red Sugar (packeted)	Imposed a MRP of Rs. 128 per kg.
	Keeri Samba	MRP increased to Rs. 125 per kg from Rs. 120 per kg.
	White/Red Samba - Steamed/Boiled (excluding Suduru Samba)	MRP increased to Rs. 103 per kg from Rs. 98 per kg.
	White/Red Nadu-Steamed/Boiled (excluding Mottaikarupan and Attakari)	MRP increased to Rs. 98 per kg from Rs. 96 per kg.
	White/Red Raw Rice	MRP increased to Rs. 95 per kg from Rs. 93 per kg.
04.09.2021	Fingertip Pulse Oximeter	Imposed a MRP of Rs. 3,000 per unit.
29.09.2021	Keeri Samba, White/Red Samba - Steamed/Boiled (excluding Suduru Samba), White/Red Nadu - Steamed/Boiled (excluding Mottaikarupan and Attakari), White/Red Raw Rice and White/Red Raw Samba	MRPs were removed.
08.10.2021	Milk Powder (Full Cream Milk Powder, Non-Fat Milk Powder and Infant Milk Powder), Cement, LP Gas and Wheat Flour	MRPs were removed.
03.11.2021	Mysore Dhal, Dried Sprats (imported from Thailand and Dubai), Gram, Green Moong, Canned Fish (imported), White Sugar, Wheat Flour, Full Cream Milk Powder (imported and local - 400g and 1kg), Frozen or Chilled Broiler Chicken Meat (whole chicken - with or without skin), Potatoes (imported), B' Onions (imported), Dried Chilies (neither crushed nor ground), Dried Fish (Katta and Salaya), Sustagen (400g), Maldive Fish, Coconut, Broiler Chicken Meat (whole chicken - with or without skin), Maize (used for any purpose), Canned Fish, Brown or Red Sugar	MRPs were removed.

Date	Item	Revision
28.01.2022	Locally packaged/bottled drinking water	MRPs were removed.
28.02.2022	Paracetamol Tablets/Capsules (500mg)	MRP was increased to Rs. 2.30 per tablet/capsule from Rs. 1.71 per tablet/capsule.
15.03.2022	Selected medicines including Paracetamol Tablets/Capsules (500mg)	MRPs were increased.

Tax Revisions

Income Taxes

13 May 2021 - Inland Revenue Act, No. 24 of 2017 was amended by the Inland Revenue (Amendment) Act, No. 10 of 2021, mainly bringing the budget proposals into law, which were announced in November 2020 and other announcements made in January 2020 and April 2021.

29 June 2021 - Extraordinary Gazette Notification No. 2234/6 was issued to prescribe the information technology and enabled services which are exempted from income taxes under the Inland Revenue (Amendment) Act, No. 10 of 2021, with effect from 01 January 2020.

Tax Holidays

01 April 2021 - Tax holidays were granted for the gains and profits (excluding capital gains) received or derived from the following new businesses subject to the implementation period of two years:

- A ten year tax exemption period was granted for an undertaking which sale of construction materials recycled in a selected separate site established in Sri Lanka to recycle the materials which were already used in the construction industry.
- A five year tax exemption period was granted for any business commenced on or after 01 April 2021 by an individual after successful completion of vocational education from any institution which is standardised under the Technical and Vocational Education and Training (TVET) concept and regulated by the Tertiary and Vocational Education Commission.
- A seven year tax exemption period was granted for an undertaking commenced by a resident person in manufacturing of boats or ships in Sri Lanka and received or derived any gains and profits from the supply of such boats or ships.
- A seven year tax exemption period was granted for any 'renewable energy project' established with a capacity to produce not less than 100 MW solar or wind power and supplied such power to the national grid.
- A five year tax exemption period was granted for any undertaking commenced on or after 01 January 2021 by any resident person who constructs and installs the communication towers and related appliances using local labour and local raw materials in Sri Lanka or provides required technical services for such construction or installation.

Income Tax Exemptions

01 April 2021 - Income tax exemptions were granted for the following with effect from 01 April 2021:

- Gains made by a person from the realisation of lands or buildings which were sold, exchanged or transferred to a Sri Lanka Real Estate Investment Trust (SLREIT) listed in the CSE and licensed by the SEC.

- Dividends and gains on the realisation of units or amounts derived as gains from the realisation of capital asset of a business or investment by a unitholder from any SLREIT.
- Interest accruing to or derived by any welfare society (including a benevolent fund which promotes the savings of members).
- Interest accruing to or derived by any multinational company on any deposit opened and maintained such deposit in foreign currency in any domestic bank, if such deposit is maintained to cover its import expenditure for that year of assessment.
- Interest or discount accrued or derived by any Samurdhi community based banks established under the Department of Samurdhi Development from government securities.
- Gains from the realisation of Sri Lanka ISBs, issued by or on behalf of the Government of Sri Lanka and received or derived by a commercial bank or authorised dealer who made an aggregate investment not less than US dollars 100 million in such bonds on or after 01 April 2021.
- Gains and profits earned or derived from any business of export of gold, gems or jewellery or from the business of cutting and polishing gems which are brought to Sri Lanka and exported after such cutting and polishing, where such gains and profits earned in foreign currency are remitted through a bank to Sri Lanka.
- Gains and profits earned or derived by any Vocational Education Institution from any vocational educational programme which is standardised under the TVET concept and regulated by the Tertiary and Vocational Education Commission, if such institution has doubled their student intake of such programmes for such year of assessment compared to the student intake of the previous year. The exemption is available for a period of five years.
- Remittance tax (at the rate of 14 per cent on remitted profit) was exempted for a non-resident company carrying a business in Sri Lanka through a Sri Lankan permanent establishment which earned profits and income and retained such total profit for a period of minimum of three years by investing in Sri Lanka to expand its business or to acquire shares or any securities from the CSE or to acquire any Treasury bill, Treasury bond or Sri Lanka ISBs. The exemption is available for a period of three years.

Value Added Tax (VAT)

01 February 2021 - Piece based VAT rate applicable on local supply of certain garments (classified under the HS Chapters 61, 62 and 63) by export oriented Board of Investment (BOI) enterprises, was reduced to Rs. 25 from Rs. 100 with effect from 01 January 2021 (Inland Revenue Department (IRD) public notice – PN/VAT/2021-01).

13 May 2021 - Value Added Tax Act, No. 14 of 2002 was amended by the Value Added Tax (Amendment) Act, No. 9 of 2021 mainly bringing into law the reduction of VAT rate effective from December 2019 and the increase in VAT registration threshold effective from January 2020.

29 June 2021 - Extraordinary Gazette Notification No. 2234/7 was issued to prescribe information technology and enabled services which are exempted from VAT under the Value Added Tax (Amendment) Act, No. 9 of 2021, with effect from 01 April 2021.

31 March 2022 - Value Added Tax Act, No. 14 of 2002 was amended by the Value Added Tax (Amendment) Act, No. 13 of 2022 to increase the VAT rate from 15 per cent to 18 per cent on the supply of financial services on financial institutions with effect from 01 January 2022 and to exempt certain goods and services from VAT.

Excise Duty

01 January 2021 - Annual liquor license fees were waived off for hotel license (FL/7) Tourist Board approved and hotels non-Tourist Board approved rooms 5 or over, hotel bar license (FL/8), restaurant license (for restaurants, which are approved/not approved by the Tourist Board) (FL/11), rest house license (FL/12) and consume at the premises (FL/22B) (for premises, which are approved/not approved by the Tourist Board) (Extraordinary Gazette Notification No. 2208/35).

07 January 2021 - Excise duty on bottled toddy manufactured in and issued from any licensed manufactory established in Sri Lanka was reduced to Rs. 25 per liter from Rs. 50 per liter (Extraordinary Gazette Notification No. 2209/42).

11 January 2021 - Some hotels, such as 3 Stars and 4 Stars classes hotels; 5 Stars hotel and above Stars classes/boutique hotels were exempted from the payment of the authorisation fee applicable for the usage of liquor for the year 2021 (Extraordinary Gazette Notification No. 2210/2).

12 November 2021 - Excise duty on locally manufactured liquor was increased as follows (Extraordinary Gazette Notification No. 2253/41):

Type	Prevailed Tax w.e.f. 03.12.2019 (Rs. per litre of alcohol)	Tax Revision w.e.f. 13.11.2021 (Rs. per litre of alcohol)
Special Arrack	3,800	4,180
Molasses/ Palmyra/ Coconut Arrack	4,050	4,460
Country made Foreign Liquor	4,150	4,570
Beer (alcohol percentage less than 5 per cent)	3,200	3,300
Beer (alcohol percentage more than or equal to 5 per cent)	3,200	3,450
Wine	3,200	3,300

01 January 2022 - Some hotels, such as 3 Stars and 4 Stars classes hotels; 5 Stars hotels and above Stars classes/ boutique hotels were exempted from payment of the authorisation fee applicable for the usage of liquor until 31 March 2022 (Extraordinary Gazette Notification No. 2260/78).

- Annual liquor license fees were exempted until 31 March 2022, for hotel license (FL/7) Tourist Board approved and hotels non-Tourist Board approved rooms 5 or over, hotel bar license (FL/8), restaurant license (for restaurants, which are approved/not approved by the Tourist Board) (FL/11), rest house license (FL/12) and consume at the premises (FL/22B) (for premises, which are approved/not approved by the Tourist Board) (Extraordinary Gazette Notification No. 2260/79).

Excise Duty (Special Provisions)

05 April 2021 - Purchase of 2,000 three-wheelers to the Sri Lanka Police, on the recommendation of the Secretary of the line Ministry in charge of Sri Lanka Police subject to the approval of the Secretary to the Treasury, was exempted from excise duty (Extraordinary Gazette Notification No. 2222/2).

- A new duty structure was introduced on locally assembled/ manufactured motor vehicles and motor bicycles in line with the implementation of Standard Operating Procedures (SOPs) for the automobile manufacturing/assembling industry and automobile component manufacturing industry (Extraordinary Gazette Notification No. 2222/3).

22 April 2021 - Excise duty rates were revised on mobile workshop vehicles (Extraordinary Gazette Notification No. 2224/24).

03 August 2021 - Importation of 52 water bowsers and 62 double cabs for essential field activities, on the recommendation of the Director General of Department of National Budget subject to the approval of the Secretary to the Treasury, was exempted from excise duty (Extraordinary Gazette Notification No. 2239/16).

12 November 2021 - Excise duty on cigarettes was revised as follows (Extraordinary Gazette Notification No. 2253/42):

Type	Prevailed Tax w.e.f. 01.12.2019 (Rs. per 1,000 sticks)	Tax Revision w.e.f. 13.11.2021 (Rs. per 1,000 sticks)
< 60 mm	13,360	6,750
60 mm – 67 mm	22,300	28,850
67 mm – 72 mm	37,650	41,100
72 mm– 84 mm	43,100	46,600
> 84 mm	48,350	51,800

Customs Duty

Customs duty on the importation of Petrol and Diesel was revised as follows:

Item	Date	Customs Import Duty (Rs. per litre)	Customs Duty Waiver (Rs. per litre)	Applicable Duty (Rs. per litre)
Petrol (92 Octane)	31.12.2020	50.00	18.00	32.00
	02.02.2021	50.00	29.00	21.00
	25.03.2021	50.00	45.00	5.00
Petrol (95 Octane)	31.12.2020	50.00	16.00	34.00
	02.02.2021	50.00	8.00	42.00
	25.03.2021	50.00	24.00	26.00
Auto Diesel	31.12.2020	25.00	20.00	5.00
	02.02.2021	25.00	14.00	11.00
	25.03.2021	25.00	25.00	0.00
Super Diesel	31.12.2020	25.00	15.00	10.00
	02.02.2021	25.00	-	25.00
	25.03.2021	25.00	10.00	15.00

Note: The surcharge imposed for a period of three months effective from 24 November 2020 was rescinded on 02 February 2021.

11 August 2021 - Customs duty waiver on the importation of milk powder was reduced to Rs. 15 per kg from Rs. 210 per kg (Customs Tariff and Tax Changes of the Sri Lanka Customs Website – TIP/TP/01/47 (Vol. 2)).

Commodity Export Subsidy Scheme (CESS)

12 January 2021 - CESS was exempted for the export of scrap/waste by an enterprise, generated through the process of manufacture of goods to be exported, out of raw material imported and generated through the process of repair/maintenance works done by that enterprise, which has entered into an agreement with the BOI and registered under the Customs Manufacture-in-Bond Scheme or under the Temporary Importation for Export Processing (TIEP) Scheme (Extraordinary Gazette Notification No. 2210/09).

15 March 2021 - CESS on the importation of tiles and sanitary ware was revised (Extraordinary Gazette Notification No. 2219/15).

17 March 2021 - CESS was exempted for any goods imported by any enterprise and for a Strategic Development Project, which invests US dollars 50 million or above in each stage on a project on or after 06 March 2019, during the project implementation or construction period of the said project but prior to commencement of commercial operations (Extraordinary Gazette Notification No. 2219/36).

11 January 2022 - Existing CESS duty rates were extended according to the new HS Codes created for rice, fisheries products and accessories related to liquefied petroleum gas (Extraordinary Gazette Notification No. 2262/20).

Special Commodity Levy (SCL)

SCL on the importation of several items was revised as follows:

Date	Item	Revision
13.01.2021	B'onions, Red and Yellow Lentils (whole and split) and Sugar	Imposition of SCL was extended for a period of three months (Extraordinary Gazette Notification No. 2210/16).
18.01.2021	Grated or Powdered Cheese, Seeds of Coriander, Turmeric (neither crushed nor ground and other)and Black Gram Flour	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2211/8).
11.02.2021	Sprats	SCL was increased to Rs. 100 per kg from Rs. 1 per kg for a period of six months (Extraordinary Gazette Notification No. 2214/58).
	Dried Fish and Potatoes	SCL was decreased for a period of six months (Extraordinary Gazette Notification No. 2214/58).
03.03.2021	Mackerel, Jack and Horse mackerel, Black Gram, Cowpeas, Millet and Kurakkan	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2217/23).
13.04.2021	B'onions, Red and Yellow Lentils (whole and split) and Sugar	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2223/2).
26.04.2021	Fish (fresh, chilled or frozen), Maldive Fish, Green Gram (Moong), Mangoesteens (fresh and dried) and Kiwifruit	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2225/1).

Date	Item	Revision
27.04.2021	Desiccated Coconuts	SCL of Rs. 300 per kg was imposed for a period of three months (Extraordinary Gazette Notification No. 2225/8).
		The balance amount after collecting Rs. 1 per kg from the applicable SCL of Rs. 300 per kg on importation of Desiccated Coconuts by the Government owned B.C.C. Lanka Limited up to a total of 13,000 MTs per month on the recommendation of the Secretary of the Ministry of Industries was waived off for a period of three months (Extraordinary Gazette Notification No. 2225/8).
	Potatoes	SCL was increased to Rs. 50 per kg from Rs. 15 per kg for a period of six months (Extraordinary Gazette Notification No. 2225/13).
17.05.2021	Yoghurt, Red Onions, Garlic, Peas (whole and split), Chickpeas (whole and split), Dates (fresh and dried), Oranges (fresh and dried), Lemons (fresh and dried), Grapes (fresh and dried), Apples, Quinces, Chillies (dried, neither crushed), Chillies (crushed or ground), Seeds of Cumin, Seeds of Fennel, Maize, Ground Nuts (shelled), Margarine, Canned Fish and Face Masks	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2228/3).
14.06.2021	Clementines (fresh and dried), Grapefruit, including pomelos (fresh and dried), Pears, Apricots, Sour Cherries (prunus cerasus), Cherries (other), Peaches (including nectarines), Plums and Sloes, Vegetable Fats and Oils and their Fractions and Margarine (other)	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2232/3).
18.07.2021	Grated or Powdered Cheese, Seeds of Coriander, Turmeric (neither crushed nor ground and other) and Black Gram Flour	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2236/66).
11.08.2021	Sprats, Dried Fish, Butter, Dairy Spreads, Mathe Seed, Kurakkan Flour, Mustard Seeds and Salt	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2240/20).
	Salt	The balance amount after collecting Rs. 10 per kg from the applicable SCL of Rs. 40 per kg on importation of Salt by any pharmaceuticals manufacturing enterprises, registered with the National Medicines Regulatory Authority (NMRA) for the purpose of manufacturing pharmaceuticals, not for commercial purpose, on the recommendation of the Secretary of the State Ministry in charge of subject of Production, Supply and Regulation of Pharmaceuticals was waived off for a period of one year (Extraordinary Gazette Notification No. 2240/20).

Date	Item	Revision
07.09.2021	B'onions	SCL was increased to Rs. 40 per kg from 25 Cents per kg for a period of six months (Extraordinary Gazette Notification No. 2244/8).
11.10.2021	Rice	SCL of Rs. 65 per kg was imposed for a period of four months (Extraordinary Gazette Notification No. 2249/3).
		The balance amount after collecting 25 cents per kg from the applicable SCL of Rs. 65 per kg on importation of Rice by Sri Lanka State Trading (General) Corporation, on the recommendation of the Secretary of the Ministry of Trade, was waived off for a period of four months (Extraordinary Gazette Notification No. 2249/3).
13.10.2021	Potatoes, Red and Yellow Lentils (whole and split) and Sugar	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2249/16).
02.11.2021	Rice	The balance amount after collecting 25 cents per kg from the applicable SCL of Rs. 65 per kg was waived off for a period of six months (Extraordinary Gazette Notification No. 2252/25).
	Maize	The balance amount after collecting Rs. 1 per kg from the applicable SCL of Rs. 25 per kg on importation of maize for production of 'Thriposha', by the Government owned Sri Lanka Thriposha Limited, up to a total of 2,000 MTs, was waived off for a period of one month (Extraordinary Gazette Notification No. 2252/9).
23.11.2021	Desiccated Coconuts	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2255/8).
		The balance amount after collecting Rs. 1 per kg from the applicable SCL of Rs. 300 per Kg on importation of Desiccated Coconuts by B.C.C. Lanka Ltd was waived off, on the recommendation of the Secretary of the Ministry of Industries, for a period of six months (Extraordinary Gazette Notification No. 2255/8).
21.12.2021	Maize	The balance amount after collecting Rs. 10 per kg from the applicable SCL of Rs. 25 per kg on importation of Maize for production of "animal feeds" by the Manufactures, who have obtained approval/recommendation of the Department of Animal Production and Health up to a total of 40,000 MTs, was waived off for a period of six months (Extraordinary Gazette Notification No. 2259/9).

Date	Item	Revision
31.12.2021	Potatoes and B'onions	SCL on the importation of potatoes was decreased to Rs. 20 per kg from Rs. 50 per kg, while SCL on the importation of b'onions was decreased to Rs. 10 per kg from Rs. 40 per kg for a period of six months (Extraordinary Gazette Notification No. 2260/72).
11.01.2022	Rice and Sugar	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2262/15).
03.03.2022	Maize	SCL was decreased to Rs. 10 per kg from Rs. 25 per kg for a period of six months (Extraordinary Gazette Notification No. 2269/48).
		The balance amount after collecting Rs. 1 per kg from the applicable SCL of Rs. 10 per kg on the importation of maize for production of 'Thriposha', by Sri Lanka Thriposha Limited was waived off for a period of six months (Extraordinary Gazette Notification No. 2269/48).
	Grain Sorghum (other)	SCL of Rs. 10 per kg was imposed for a period of six months (Extraordinary Gazette Notification No. 2269/48).
	Mackerel, Black Gram, Cowpeas and Kurakkan	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2269/56).
09.03.2022	Yoghurt, Butter, Dairy Spreads, Grated or Powdered Cheese, Dates (fresh and dried), Oranges (fresh), Grapes (fresh and dried) and Apples	SCL was increased for a period of six months (Extraordinary Gazette Notification No. 2270/19).

Ports and Airports Development Levy (PAL)

22 February 2021 - PAL on milk and cream, concentrated or containing added sugar or other sweetening matter (the products under HS codes 0402.10.00, 0402.21.00, 0402.29.00) was reduced to 2.5 per cent from 10 per cent (Extraordinary Gazette Notification No. 2216/3).

09 March 2021 - Importation of project related capital goods by any enterprise, which has entered into an agreement with the BOI, for the use in any project of such enterprise having a stage wise capital investment of not less than US dollars 50 million during the project implementation or construction period and prior to the commencement of commercial operations except any project approved under the Commercial Hub Regulations and Strategic Development Project (SDP) Act, No. 14 of 2008, was exempted from PAL (Extraordinary Gazette Notification No. 2218/51).

19 March 2021 - Importation of furnace oil by the Ceylon Petroleum Corporation, specifically for the production of bitumen on the recommendation of the Secretary to the Ministry in charge of the subject of Petroleum, subject to the approval of the Director General of Customs, was exempted from PAL (Extraordinary Gazette Notification No. 2219/68).

19 April 2021	-	PAL rate of 7.5 per cent on LP gas was revised as 7.5 per cent on LP gas or Rs. 2,000 per Metric Ton (MT) whichever is lower, until international LP gas prices reach US dollars 325 per MT (Extraordinary Gazette Notification No. 2224/8).
11 June 2021	-	PAL on cocoa beans, whole or broken, raw or roasted was reduced to 5 per cent from 10 per cent (Extraordinary Gazette Notification No. 2231/19).
11 August 2021	-	Milk and cream, concentrated or containing added sugar or other sweetening matter (the products under HS codes 0402.10.00, 0402.21.00 and 0402.29.00) were exempted from PAL (Extraordinary Gazette Notification No. 2240/21).
06 January 2022	-	Medical equipment, machinery, apparatus, accessories and parts thereof, hospital furniture, drugs, or chemicals donated to a government hospital or the Ministry of Health for the provision of health services to address any pandemic or public health emergency, approved by the Minister assigned the subject of Finance, on the recommendation of the secretary to the Ministry of the Minister assigned the subject of Health, were exempted from PAL (Extraordinary Gazette Notification No. 2261/58).
11 January 2022	-	Exemptions and concessionary rates were granted for several items under the newly created national HS subdivisions (Extraordinary Gazette Notification No. 2262/19).

Other Taxes and Levies[3]

05 January 2021	-	A motor vehicle imported by a Member of Parliament of the 8th Parliament under a permit issued by the Secretary of line Ministry of the subject of Parliament Affairs was exempted from Luxury Tax (Extraordinary Gazette Notification No. 2209/23).
09 February 2021	-	Levy on Teledramas, Films and Commercials on the telecast of foreign teledramas and films was re-imposed (Extraordinary Gazette Notification No. 2214/25).
10 May 2021	-	A provision was introduced to obtain a certificate of clearance for telecasting foreign commercials for one month (Extraordinary Gazette Notification No. 2227/2):

Duration	Prevailed Tax w.e.f. 08.11.2017 (Rs.)	Revised Tax w.e.f. 11.05.2021 (Rs.)
For any number of telecasts by any licensed institution made during,		
• a period of 30 days from the date of Certificate of Clearance	-	100,000
• a period of 183 days from the date of Certificate of Clearance	500,000	500,000
• a period of 365 days from the date of Certificate of Clearance	1,000,000	1,000,000

15 September 2021	-	The Finance Act, No. 18 of 2021 was enacted allowing for persons to voluntarily disclose their undisclosed taxable supplies, income and assets which are required to be disclosed under certain laws and to impose a tax on voluntary disclosure of such taxable supplies, income and assets.
20 January 2022	-	A bill was presented to the Parliament to impose a Special Goods and Services Tax (SGST) as a composite tax in lieu of exiting taxes (tax, duty, levy, CESS or any other

3 Include major policy measures implemented since 01 January 2021 until 08 April 2022.

charge imposed) on liquor, cigarettes, vehicles (inclusive of parts for assembling of vehicles), telecommunications, and betting and gaming.

08 April 2022	-	Surcharge Tax Act, No.14 of 2022 was enacted to impose a retrospective one-time surcharge tax of 25 per cent on individuals, partnerships, and companies, whose taxable income is calculated in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017, and their taxable income exceeding Rs. 2 billion for the tax assessment year, commencing from 01 April 2020.

Other

05 January 2021	-	A dedicated pharmaceutical manufacturing zone in Arabokka, Hambantota was set up (Extraordinary Gazette Notification No. 2209/22).
04 March 2021	-	The National Financial Inclusion Strategy (NFIS) of Sri Lanka was launched with an aspiring vision of "Better Quality Inclusion for Better Lives".
05 March 2021	-	Relevant information of the establishment of "Ceylon Tyre Manufacturing Company (Pvt) Ltd" was published (Extraordinary Gazette Notification No. 2217/40).
23 March 2021	-	Relevant information of the Colombo International Financial Centre (CIFC) Mixed Development Project was published (Extraordinary Gazette Notification No. 2220/30).
19 April 2021	-	Infrastructure requirement and granting incentives for each enterprise of the dedicated pharmaceutical manufacturing zone was declared (Extraordinary Gazette Notification No. 2224/2).
20 April 2021	-	Infrastructure requirement and granting incentives for each enterprise of the dedicated textile manufacturing zone was declared (Extraordinary Gazette Notification No. 2224/9).
21 May 2021	-	Circular No. 01 of 2021 on "Consolidated Operating Instructions (COI) on Market Operations" was issued to Participatory Institutions on matters relating to Open Market Operations (OMO) and Standing Facilities.
24 May 2021	-	Time granted to implement the "Welcomhotels Lanka (Pvt) Ltd" project was extended for a further period of 18 months from 01 January 2022 (Extraordinary Gazette Notification No. 2229/2).
	-	Time granted to implement the "AVIC International Hotels Lanka Ltd" project was extended for a further period of 19 months from 25 March 2020 (Extraordinary Gazette Notification No. 2229/3).
27 May 2021	-	Colombo Port City Economic Commission Act, No. 11 of 2021 was approved by the Parliament to establish the Colombo Port City Special Economic Zone and the Colombo Port City Economic Commission.
30 July 2021	-	Project information including exemptions and conditions to adhere with regarding the Strategic Development Project of the Development and Operation of West Container Terminal-1 (WCT-1) project under the Colombo Port Expansion Project was published (Extraordinary Gazette Notification No. 2238/39).
	-	Tax exemptions/concessions granted for each enterprise of the dedicated textile manufacturing zone were declared (Extraordinary Gazette Notification No. 2238/40).

01 February 2022	-	Operating Instructions No. 01 of 2022 were issued to all Dealer Direct Participants on the provision of the Intra-Day Liquidity Facility (ILF) against Scripless Government Securities on the LankaSettle System.

Government Expenditure

23 June 2021	-	A supplementary allocation of Rs. 200 billion was approved by Parliament (No. 80 Order Paper of Parliament).
05 August 2021	-	A supplementary allocation of Rs. 11.8 billion was approved by Parliament (No. 89 Order Paper of Parliament).
13 August 2021	-	A special law warrant of Rs. 19 billion was approved by the Minister of Finance.
16 August 2021	-	National Minimum Wage of Workers Act, No. 3 of 2016 was amended by the National Minimum Wage of Workers (Amendment) Act, No. 16 of 2021, to increase the national minimum monthly wage for all workers in any industry or service to Rs. 12,500 from Rs. 10,000 and to increase the national minimum daily wage of a worker to Rs. 500 from Rs. 400.
12 November 2021	-	The Appropriation Act, No. 7 of 2020 was amended by the Appropriation (Amendment) Act, No. 26 of 2021 to increase the borrowing limit by Rs. 400 billion to Rs. 3,397 billion from Rs. 2,997 billion.
10 December 2021	-	The Appropriation Act, No. 30 of 2021 was approved by the Parliament.
06 January 2022	-	The age of compulsory retirement of the public officers was extended up to 65 years (Public Administration Circular No. 02/2022).
13 January 2022	-	A monthly allowance of Rs. 5,000, which is not taken into account for the calculation of pension, was granted to public officers and pensioners with effect from 01 January 2022 (Public Administration Circular No. 03/2022).
08 March 2022	-	Guidelines were issued to public sector to minimise the usage of electricity and fuel (Public Administration Circular No. 04/2022).

Debt Management

26 January 2021	-	Measures were taken to facilitate direct placements of SLDBs for banks through collateralised funding arrangements and/or sourcing of foreign currency positions to facilitate the foreign currency funding requirements of the General Treasury until the market conditions return to normalcy and are conducive for the Government to raise funds in the international capital markets.
03 February 2021	-	Measures were taken to publish the maximum yield rate for acceptance only for 364 day maturity and accommodate acceptance for 91 day and 182 day maturities within the announced yield rate for 364 day maturity at the Treasury bill auctions, while continuing to publish the maximum yield rate for acceptance for all Treasury bond maturities.
26 March 2021	-	Measures were taken to record all secondary market trades of government securities on the trade date with a view to enhancing and strengthening the secondary market trading practices, improving the reliability of trading, and increasing investor safety and confidence. Accordingly, all participants to the LankaSettle System were required to report all trades to the Central Bank effective from 01 April 2021.

07 June 2021	-	Measures were taken to encourage the private sector to pursue avenues to raise offshore funding leveraging on its strengths and facilitate such funds in SLDBs, to hedge the foreign exchange risk of offshore borrowing.
09 June 2021	-	Measures were taken to facilitate LCBs and NSB to invest funds sourced externally in US dollar denominated ISBs and SLDBs, equally splitting such investments into both ISBs and SLDBs, to encourage investment opportunities in the country and to further enhance foreign currency inflows.
14 June 2021	-	Fiscal Management (Responsibility) Act, No. 3 of 2003 was amended by the Fiscal Management (Responsibility) (Amendment) Act, No. 12 of 2021 to increase the maximum level of guaranteed debt to 15 per cent of GDP from 10 per cent of GDP, and to shift the targeted period of maintaining total liabilities of the Government (including external debt at the prevailing exchange rate) below 60 per cent of GDP to end 2030 from end 2020.
23 June 2021	-	A resolution to increase the limit on Treasury bills to Rs. 3,000 billion from the previous limit of Rs. 2,000 billion was approved by the Parliament (No. 80 Order Paper of Parliament).
08 July 2021	-	Measures were taken to permit companies incorporated in Sri Lanka to invest in ISBs utilising 50 per cent of the foreign currency borrowed from a person resident outside Sri Lanka while the balance 50 per cent of such borrowed funds is to be invested in SLDBs.
20 July 2021	-	The Treasury bond primary issuance system was extended by a way of a Direct Issuance Window (DIW) with following features: • International Securities Identification Numbers (ISINs) that were fully accepted at Phase I at an auction will be opened for subscription under the DIW until the day prior to the auction settlement date at the Weighted Average Yield Rate determined for the said ISINs at the auction, up to 20 per cent of the amount offered from the respective ISINs. • In the event of oversubscription at the DIW, allocation will be made based on successful participation at the auction by participants for the respective ISINs at Phase I.
22 September 2021	-	Measures were taken to halt the publication of maximum acceptance yield rate for 364-day maturity at Treasury bill auctions with effect from 22 September 2021.
23 September 2021	-	Minimum acceptance at Phase I to execute Phase III of the web based Treasury bond issuance system was increased up to 80 per cent of the offered amount from respective ISINs at Phase I. Further, execution of Phase III of the Treasury bond issuance process was limited to Treasury bonds with remaining maturity of 5 years or below.
24 December 2021	-	A Direct Window for SLDBs was introduced in order to facilitate an investment opportunity in SLDBs for recipients of goods and services export proceeds and other foreign currency holders including Sri Lankans working abroad, in line with the Extraordinary Gazette No. 2251/42 dated 28 October 2021.
01 February 2022	-	An incentive scheme was introduced for Arrangers including Designated Agents (DAs) who bring in investments for SLDBs via the Direct Window. The incentive is equivalent to a US dollar investment amount in SLDBs brought in multiplied by 50 basis points (0.5 per cent), converted to Sri Lankan rupees (LKR) as per the indicative exchange rate applicable on the settlement date of the transaction. Incentives will be disbursed through DAs to the designated LKR account.

STATISTICAL APPENDIX

WEIGHTS AND MEASURES
Conversion Factors

British to Metric Units

1 acre	=	0.405 hectares (ha)
1 pound (lb)	=	0.454 kilogrammes (kg)
1 long ton (2,240 lbs)	=	1.016 metric tons (mt)
1 hundred weight (cwt)	=	50.802 kg
1 mile	=	1.609 kilometres (km)
1 long ton mile	=	1.635 mt km
1 lb/acre	=	1.121 kg/ha
1 cwt/acre	=	125.535 kg/ha
1 imperial pint	=	0.568 litres
1 imperial gallon	=	4.55 litres

Metric to British Units

1 hectare	=	2.471 acres
1 kilogram	=	2.205 lbs
1 mt ton (1,000 kg)	=	0.984 long ton
1 metre	=	3.281 feet
1 kilometre	=	0.621 mile
1 mt kilometre	=	0.612 long ton mile
1 litre	=	1.76 imp. pints = 0.220 imp. gallons
1 kg/ha	=	0.892 lb/acre

Paddy/Rice Conversions

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

Coconut and Coconut Product Conversions

1 mt of desiccated coconuts	=	8,960 nuts
1 mt of coconut oil	=	9,250 nuts
1 mt ton of copra	=	5,500 nuts
1 mt of coconut milk	=	4,000 nuts

Gross National Income by Industrial Origin at Current Market Prices (a)

Rs. million

Economic Activity	2017	2018	2019 (b)	2020 (b)(c)	2021 (c)
Agriculture, Forestry and Fishing	**1,043,994**	**1,146,672**	**1,136,615**	**1,290,885**	**1,514,559**
1. Growing of Cereals (Except Rice)	18,242	19,551	19,620	39,240	55,694
2. Growing of Rice	88,565	140,057	136,071	186,852	235,063
3. Growing of Vegetables	100,037	103,590	102,278	134,731	157,654
4. Growing of Sugar Cane, Tobacco and Other Non-perennial Crops	3,519	3,378	3,473	4,501	4,265
5. Growing of Fruits	84,328	98,811	109,541	116,135	109,972
6. Growing of Oleaginous Fruits (Coconut, King Coconut, Oil Palm)	103,773	110,736	81,481	123,650	167,037
7. Growing of Tea (Green Leaves)	116,548	109,175	99,341	108,333	113,427
8. Growing of Other Beverage Crops (Coffee, Cocoa etc.)	2,044	3,285	2,121	3,864	4,542
9. Growing of Spices, Aromatic, Drug and Pharmaceutical Crops	87,678	87,443	84,718	94,892	127,435
10. Growing of Rubber	18,962	23,134	15,500	19,013	37,857
11. Growing of Other Perennial Crops	24,165	24,323	27,556	32,556	32,079
12. Animal Production	103,728	123,174	134,295	142,433	175,173
13. Plant Propagation and Support Activities to Agriculture	14,066	13,963	13,356	12,814	14,273
14. Forestry and Logging	100,597	106,736	110,276	105,760	105,502
15. Marine Fishing and Marine Aquaculture	159,141	152,549	169,976	135,409	142,629
16. Fresh Water Fishing and Fresh Water Aquaculture	18,603	26,766	27,013	30,702	31,957
Industries	**3,568,560**	**3,752,368**	**4,084,836**	**3,935,697**	**4,680,060**
17. Mining and Quarrying	351,428	350,649	374,931	329,334	371,018
18. Manufacture of Food, Beverages and Tobacco Products	842,027	898,826	863,114	945,670	1,091,461
19. Manufacture of Textiles, Wearing Apparel and Leather Related Products	603,272	656,612	740,954	686,366	942,731
20. Manufacture of Wood and of Products of Wood and Cork, except Furniture	23,743	28,381	27,754	25,794	26,280
21. Manufacture of Paper Products, Printing and Reproduction of Media Products	50,404	53,117	61,197	58,876	65,715
22. Manufacture of Coke and Refined Petroleum Products	30,496	45,277	83,917	63,060	70,022
23. Manufacture of Chemical Products and Basic Pharmaceutical Products	80,885	74,163	114,068	114,430	147,521
24. Manufacture of Rubber and Plastic Products	86,306	91,498	105,034	95,989	133,031
25. Manufacture of Other Non-metallic Mineral Products	120,605	128,271	149,858	155,581	197,766
26. Manufacture of Basic Metals and Fabricated Metal Products	47,452	58,770	67,293	66,775	89,483
27. Manufacture of Machinery and Equipment	57,387	61,387	78,012	78,934	99,499
28. Manufacture of Furniture	54,751	52,007	70,576	64,850	70,381
29. Other Manufacturing, and Repair and Installation of Machinery and Equipment	51,372	56,969	67,486	70,080	89,309
30. Electricity, Gas, Steam and Air Conditioning Supply	90,954	106,774	116,962	123,666	100,083
31. Water Collection, Treatment and Supply	17,383	19,078	19,675	19,288	19,034
32. Sewerage, Waste Treatment and Disposal Activities	19,114	20,163	22,346	21,219	19,240
33. Construction	1,040,978	1,050,428	1,121,659	1,015,786	1,147,487
Services	**7,477,148**	**8,191,090**	**8,732,156**	**8,943,498**	**9,668,927**
34. Wholesale and Retail Trade	1,404,772	1,533,760	1,647,971	1,747,678	1,888,012
35. Transportation of Goods and Passengers including Warehousing	1,516,369	1,632,761	1,715,466	1,626,659	1,675,683
36. Postal and Courier Activities	5,036	5,162	5,589	5,761	6,229
37. Accommodation, Food and Beverage Service Activities	207,055	228,259	227,231	143,839	155,325
38. Programming and Broadcasting Activities and Audio Video Productions	3,948	4,062	4,099	4,036	4,274
39. Telecommunication	67,357	76,271	89,158	98,885	115,202
40. IT Programming Consultancy and Related Activities	19,180	22,216	26,215	30,147	38,890
41. Financial Service Activities and Auxiliary Financial Services	531,241	575,756	622,398	721,998	876,948
42. Insurance, Reinsurance and Pension Funding	146,575	141,637	175,233	206,058	227,063
43. Real Estate Activities, including Ownership of Dwelling	770,252	834,398	891,455	920,883	1,006,056
44. Professional Services	224,431	244,015	260,735	265,223	285,140
45. Public Administration and Defence, Compulsory Social Security	746,439	920,922	897,143	945,576	1,004,373
46. Education	266,324	281,628	336,126	371,356	373,941
47. Human Health Activities, Residential Care and Social Work Activities	276,142	306,853	358,947	413,482	466,974
48. Other Personal Service Activities	1,292,025	1,383,391	1,474,390	1,441,918	1,544,818
Equals Gross Value Added (GVA) at Basic Price	**12,089,702**	**13,090,131**	**13,953,606**	**14,170,080**	**15,863,546**
Taxes less Subsidies on Products	1,238,401	1,200,776	1,043,551	857,294	945,764
Equals Gross Domestic Product (GDP) at Market Price	**13,328,103**	**14,290,907**	**14,997,157**	**15,027,374**	**16,809,309**
Net Primary Income from Rest of the World	-352,856	-389,601	-441,394	-423,063	-406,605
Gross National Income at Market Price	**12,975,247**	**13,901,306**	**14,555,763**	**14,604,311**	**16,402,705**

(a) Based on the GDP estimates (base year 2010)
(b) Revised
(c) Provisional

Source: Department of Census and Statistics

Gross National Income by Industrial Origin at Constant (2010) Prices (a)

Rs. million

Economic Activity	2017	2018	2019 (b)	2020 (b)(c)	2021 (c)
Agriculture, Forestry and Fishing	**642,159**	**679,702**	**688,076**	**672,930**	**686,478**
1. Growing of Cereals (Except Rice)	11,503	11,829	10,474	15,170	16,638
2. Growing of Rice	48,648	70,380	74,169	79,388	74,047
3. Growing of Vegetables	55,240	55,230	54,539	58,669	57,201
4. Growing of Sugar Cane, Tobacco and Other Non-perennial Crops	2,044	1,820	2,000	2,386	2,209
5. Growing of Fruits	49,961	55,654	60,399	64,156	59,165
6. Growing of Oleaginous Fruits (Coconut, King Coconut, Oil Palm)	53,773	57,577	67,742	60,705	67,481
7. Growing of Tea (Green Leaves)	66,879	67,170	66,329	61,621	66,178
8. Growing of Other Beverage Crops (Coffee, Cocoa etc.)	1,268	1,592	1,181	1,437	1,213
9. Growing of Spices, Aromatic, Drug and Pharmaceutical Crops	63,200	66,914	66,223	68,437	71,514
10. Growing of Rubber	24,165	25,158	22,779	23,831	23,428
11. Growing of Other Perennial Crops	16,717	16,303	16,380	16,647	15,851
12. Animal Production	58,729	63,418	64,744	62,941	69,035
13. Plant Propagation and Support Activities to Agriculture	9,238	9,258	8,404	8,366	9,252
14. Forestry and Logging	62,545	58,920	59,328	54,652	57,420
15. Marine Fishing and Marine Aquaculture	103,043	102,175	96,589	75,593	76,465
16. Fresh Water Fishing and Fresh Water Aquaculture	15,208	16,304	16,797	18,930	19,381
Industries	**2,509,421**	**2,541,186**	**2,608,189**	**2,427,872**	**2,556,998**
17. Mining and Quarrying	237,827	225,505	231,893	202,873	208,505
18. Manufacture of Food, Beverages and Tobacco Products	534,924	559,356	578,117	599,909	618,361
19. Manufacture of Textiles, Wearing Apparel and Leather Related Products	304,090	324,565	333,530	287,856	327,616
20. Manufacture of Wood and of Products of Wood and Cork, except Furniture	32,909	34,233	31,408	28,725	31,129
21. Manufacture of Paper Products, Printing and Reproduction of Media Products	31,885	32,884	31,445	30,094	32,942
22. Manufacture of Coke and Refined Petroleum Products	29,743	27,312	33,694	30,026	20,869
23. Manufacture of Chemical Products and Basic Pharmaceutical Products	93,552	97,851	101,949	101,312	105,348
24. Manufacture of Rubber and Plastic Products	86,202	85,933	81,070	68,334	82,013
25. Manufacture of Other Non-metallic Mineral Products	77,821	81,764	81,399	81,844	95,617
26. Manufacture of Basic Metals and Fabricated Metal Products	43,862	48,491	47,120	45,017	46,767
27. Manufacture of Machinery and Equipment	50,967	51,697	53,038	51,285	57,801
28. Manufacture of Furniture	97,920	92,997	96,829	87,299	88,415
29. Other Manufacturing, and Repair and Installation of Machinery and Equipment	76,943	76,589	71,348	69,623	80,610
30. Electricity, Gas, Steam and Air Conditioning Supply	94,803	100,382	104,437	102,758	109,049
31. Water Collection, Treatment and Supply	13,562	14,351	15,139	15,866	16,540
32. Sewerage, Waste Treatment and Disposal Activities	28,316	30,207	32,403	32,078	31,006
33. Construction	674,097	657,070	683,371	592,972	604,410
Services	**5,313,435**	**5,555,325**	**5,683,960**	**5,595,176**	**5,760,308**
34. Wholesale and Retail Trade	993,667	1,040,360	1,071,847	1,086,962	1,108,274
35. Transportation of Goods and Passengers including Warehousing	1,013,857	1,034,755	1,048,825	977,105	982,745
36. Postal and Courier Activities	4,425	4,485	4,752	4,975	5,251
37. Accommodation, Food and Beverage Service Activities	146,432	154,794	147,671	89,452	91,156
38. Programming and Broadcasting Activities and Audio Video Productions	2,804	2,519	2,639	2,702	2,803
39. Telecommunication	41,503	45,830	53,695	61,990	72,006
40. IT Programming Consultancy and Related Activities	13,564	15,072	17,044	18,752	22,827
41. Financial Service Activities and Auxiliary Financial Services	606,512	687,918	701,891	778,544	837,181
42. Insurance, Reinsurance and Pension Funding	95,925	112,515	122,921	118,854	124,911
43. Real Estate Activities, including Ownership of Dwelling	544,733	566,078	579,601	572,799	590,534
44. Professional Services	158,755	165,550	169,523	164,947	167,333
45. Public Administration and Defence, Compulsory Social Security	430,672	428,022	437,065	443,960	452,340
46. Education	172,701	179,524	185,116	186,712	194,745
47. Human Health Activities, Residential Care and Social Work Activities	174,155	179,356	182,777	190,706	201,621
48. Other Personal Service Activities	913,729	938,547	958,592	896,716	906,581
Equals Gross Value Added (GVA) at Basic Price	**8,465,015**	**8,776,212**	**8,980,225**	**8,695,978**	**9,003,784**
Taxes less Subsidies on Products	894,132	889,166	910,242	836,931	877,612
Equals Gross Domestic Product (GDP) at Market Price	**9,359,147**	**9,665,379**	**9,890,468**	**9,532,909**	**9,881,397**
Net Primary Income from Rest of the World	-249,616	-264,507	-287,029	-263,075	-238,607
Gross National Income at Market Price	**9,109,531**	**9,400,872**	**9,603,439**	**9,269,834**	**9,642,790**

(a) Based on the GDP estimates (base year 2010)
(b) Revised
(c) Provisional

Source: Department of Census and Statistics

Gross National Income by Industrial Origin (a)

Rs. million

Period			Agriculture	Industry	Services	Taxes less Subsidies on Products	GDP	GNI
Current Market Prices								
2017			1,043,994	3,568,560	7,477,148	1,238,401	13,328,103	12,975,247
2018			1,146,672	3,752,368	8,191,090	1,200,776	14,290,907	13,901,306
2019 (b)			1,136,615	4,084,836	8,732,156	1,043,551	14,997,157	14,555,763
2020 (b)(c)			1,290,885	3,935,697	8,943,498	857,294	15,027,374	14,604,311
2021 (c)			1,514,559	4,680,060	9,668,927	945,764	16,809,309	16,402,705
2019 (b)	1st	Quarter	256,280	1,158,086	2,056,201	283,710	3,754,277	3,661,172
	2nd	Quarter	266,302	920,384	2,133,994	266,826	3,587,505	3,481,354
	3rd	Quarter	275,929	1,060,901	2,238,408	250,363	3,825,601	3,723,906
	4th	Quarter	338,104	945,464	2,303,554	242,652	3,829,774	3,689,331
2020 (b)(c)	1st	Quarter	285,303	1,084,487	2,252,319	229,323	3,851,431	3,732,514
	2nd	Quarter	285,966	737,329	1,866,506	129,745	3,019,546	2,921,056
	3rd	Quarter	332,959	1,122,057	2,348,949	301,575	4,105,539	3,992,015
	4th	Quarter	386,657	991,824	2,475,725	196,652	4,050,859	3,958,726
2021 (c)	1st	Quarter (b)	329,123	1,247,567	2,402,200	227,927	4,206,818	4,102,515
	2nd	Quarter (b)	370,275	991,324	2,124,142	308,094	3,793,835	3,705,916
	3rd	Quarter (b)	369,530	1,266,617	2,406,756	191,723	4,234,627	4,124,387
	4th	Quarter	445,631	1,174,551	2,735,829	218,019	4,574,030	4,469,887
Constant (2010) Market Prices								
2017			642,159	2,509,421	5,313,435	894,132	9,359,147	9,109,531
2018			679,702	2,541,186	5,555,325	889,166	9,665,379	9,400,872
2019 (b)			688,076	2,608,189	5,683,960	910,242	9,890,468	9,603,439
2020 (b)(c)			672,930	2,427,872	5,595,176	836,931	9,532,909	9,269,834
2021 (c)			686,478	2,556,998	5,760,308	877,612	9,881,397	9,642,790
2019 (b)	1st	Quarter	165,857	738,024	1,332,473	103,342	2,339,696	2,277,561
	2nd	Quarter	166,481	581,294	1,394,573	171,231	2,313,579	2,244,244
	3rd	Quarter	170,480	667,958	1,451,962	215,103	2,505,503	2,439,865
	4th	Quarter	185,258	620,913	1,504,952	420,566	2,731,689	2,641,769
2020 (b)(c)	1st	Quarter	154,137	678,957	1,370,663	92,224	2,295,981	2,221,127
	2nd	Quarter	153,421	447,455	1,213,313	119,196	1,933,385	1,871,935
	3rd	Quarter	176,394	671,510	1,480,342	208,877	2,537,122	2,466,885
	4th	Quarter	188,977	629,950	1,530,859	416,634	2,766,420	2,709,887
2021 (c)	1st	Quarter (b)	160,530	718,920	1,410,873	102,480	2,392,802	2,329,336
	2nd	Quarter (b)	168,402	548,920	1,302,247	154,349	2,173,919	2,121,418
	3rd	Quarter (b)	177,889	660,683	1,457,507	203,718	2,499,797	2,435,319
	4th	Quarter	179,656	628,475	1,589,682	417,065	2,814,879	2,756,717

(a) Based on the GDP estimates (base year 2010)
(b) Revised
(c) Provisional

Source: Department of Census and Statistics

Provincial Gross Domestic Product by Industrial Origin (Current Market Prices) (2016-2020)(a)

Year / Province	Western	Central	Southern	Northern	Eastern	North Western	North Central	Uva	Sabaragamuwa	Sri Lanka
GDP (Rs. mn)										
2016	4,643,441	1,448,917	1,203,323	496,451	635,325	1,297,334	696,804	617,033	957,433	11,996,083
2017	5,061,327	1,613,128	1,332,555	549,750	747,652	1,455,091	748,798	772,204	1,047,598	13,328,103
2018 (b)	5,588,493	1,676,159	1,448,051	598,909	797,215	1,531,723	817,238	777,269	1,049,496	14,284,553
2019 (b)	5,857,828	1,694,636	1,491,357	717,620	854,069	1,639,571	823,309	803,468	1,131,095	15,012,953
2020 (c)	5,694,306	1,692,106	1,518,001	689,397	849,434	1,653,135	876,320	812,141	1,188,154	14,972,995
GDP Shares (Percentage)										
2016	38.7	12.1	10.0	4.1	5.3	10.8	5.8	5.1	8.0	100
2017	38.0	12.1	10.0	4.1	5.6	10.9	5.6	5.8	7.9	100
2018 (b)	39.1	11.7	10.1	4.2	5.6	10.7	5.7	5.4	7.3	100
2019 (b)	39.0	11.3	9.9	4.8	5.7	10.9	5.5	5.4	7.5	100
2020 (c)	38.0	11.3	10.1	4.6	5.7	11.0	5.9	5.4	7.9	100
GDP By Sector (Rs. mn)										
2016										
Agriculture	95,415	128,376	162,235	62,610	83,623	129,257	73,605	87,390	68,414	890,925
Industry	1,544,808	434,168	208,247	118,943	124,025	342,161	135,023	137,961	292,091	3,337,428
Services	2,617,496	766,013	732,883	273,659	374,902	718,149	430,293	340,425	517,416	6,771,236
GDP (d)	**4,643,441**	**1,448,917**	**1,203,323**	**496,451**	**635,325**	**1,297,334**	**696,804**	**617,033**	**957,455**	**11,996,083**
2017										
Agriculture	101,464	148,838	185,018	77,185	107,167	144,208	83,700	102,682	93,733	1,043,994
Industry	1,653,090	457,551	212,134	122,546	137,517	377,654	117,034	214,658	276,374	3,568,560
Services	2,836,492	856,853	811,586	298,938	433,498	798,027	478,489	383,114	580,151	7,477,148
GDP (d)	**5,061,327**	**1,613,128**	**1,332,555**	**549,750**	**747,652**	**1,455,091**	**748,798**	**772,204**	**1,047,598**	**13,328,103**
2018 (b)										
Agriculture	107,257	144,971	187,689	90,923	133,470	191,511	108,798	89,987	92,066	1,146,672
Industry	1,838,385	448,019	255,884	141,073	133,884	353,808	129,375	205,984	245,956	3,752,368
Services	3,173,075	942,269	882,754	316,568	462,846	857,646	510,367	415,959	623,252	8,184,737
GDP (d)	**5,588,493**	**1,676,159**	**1,448,051**	**598,909**	**797,215**	**1,531,723**	**817,238**	**777,269**	**1,049,496**	**14,284,553**
2019 (b)										
Agriculture	108,294	122,256	180,046	111,251	118,626	194,468	102,273	107,908	86,941	1,132,065
Industry	1,876,430	466,356	283,808	215,353	194,200	406,386	142,377	214,736	314,456	4,114,102
Services	3,465,926	988,229	923,838	341,134	481,876	924,751	521,431	424,975	651,076	8,723,236
GDP (d)	**5,450,650**	**1,576,841**	**1,387,693**	**667,738**	**794,703**	**1,525,605**	**766,081**	**747,619**	**1,052,473**	**13,969,403**
2020 (c)										
Agriculture	114,100	148,248	179,497	113,378	134,563	221,873	157,388	124,030	97,807	1,290,885
Industry	1,681,904	455,969	274,550	222,107	199,400	406,752	140,074	224,041	330,900	3,935,697
Services	3,488,658	1,001,357	944,182	352,955	506,675	938,832	555,899	455,116	690,026	8,933,701
GDP (d)	**5,604,607**	**1,702,780**	**1,482,881**	**730,120**	**891,532**	**1,662,354**	**905,025**	**851,814**	**1,186,463**	**15,017,577**

(a) Based on the GDP estimates (base year 2010) of the Department of Census and Statistics.

Source: Central Bank of Sri Lanka

(b) Revised

(c) Provisional

(d) Since the tax and subsidies on product adjustment is not included, the addition of Agriculture, Industry and Services sectors will not be equal to GDP.

TABLE 5

Resources and their Utilisation (a)

Rs. million

Item	At Current Market Prices					At Constant (2010) Prices				
	2017	2018	2019 (b)	2020 (b)(c)	2021 (c)	2017	2018	2019 (b)	2020 (b)(c)	2021 (c)
A. **Resources**										
Gross Domestic Product	13,328,103	14,290,907	14,997,157	15,027,374	16,809,309	9,359,147	9,665,379	9,890,468	9,532,909	9,881,397
Import of Goods and Services	3,872,521	4,354,292	4,391,746	3,384,516	4,253,285	2,945,752	2,997,547	2,823,843	2,501,420	2,789,936
TOTAL	**17,200,624**	**18,645,199**	**19,388,904**	**18,411,890**	**21,062,594**	**12,304,900**	**12,662,925**	**12,714,311**	**12,034,328**	**12,671,333**
B. **Utilisation**										
Consumption	10,079,907	11,086,732	11,971,144	12,214,284	13,425,152	7,224,405	7,453,373	7,786,374	7,601,213	7,870,841
Gross Domestic Fixed Capital Formation	3,516,741	3,763,859	4,060,342	3,815,911	4,370,577	2,452,812	2,519,707	2,589,219	2,354,761	2,420,340
Change in Inventories and Acquisition less Disposals of Valuables	694,256	502,194	-114,919	-36,847	285,252	913,536	967,572	493,031	411,833	428,119
Export of Goods and Services	2,909,720	3,292,414	3,472,337	2,418,541	2,981,613	1,714,147	1,722,275	1,845,686	1,666,522	1,952,033
TOTAL	**17,200,624**	**18,645,199**	**19,388,904**	**18,411,890**	**21,062,594**	**12,304,900**	**12,662,925**	**12,714,311**	**12,034,328**	**12,671,333**

(a) Based on the GDP estimates (base year 2010)
(b) Revised
(c) Provisional

Sources: Department of Census and Statistics
Central Bank of Sri Lanka

TABLE 6

Reconciliation of Key Aggregates at Current Market Prices (a)

Rs. million

Item	2017	2018	2019 (b)	2020 (b)(c)	2021 (c)
1. **Gross Domestic Product**	**13,328,103**	**14,290,907**	**14,997,157**	**15,027,374**	**16,809,309**
Plus: Primary Income from Rest of the World	26,394	40,204	44,989	36,766	22,769
Less: Primary Income to Rest of the World	379,250	429,805	486,383	459,829	429,374
2. **Gross National Income**	**12,975,247**	**13,901,306**	**14,555,763**	**14,604,311**	**16,402,705**
Plus: Current Transfers from Rest of the World	1,093,607	1,139,324	1,202,334	1,319,377	1,088,388
Less: Current Transfers to Rest of the World	129,291	139,821	171,644	168,589	58,066 (d)
3. **Gross National Disposable Income**	**13,939,563**	**14,900,809**	**15,586,453**	**15,755,100**	**17,433,026**
Less: Final Consumption	10,079,907	11,086,732	11,971,144	12,214,284	13,425,152
4. **National Savings**	**3,859,656**	**3,814,078**	**3,615,310**	**3,540,816**	**4,007,874**
Plus: Deficit to Nation on Current Account	351,341	451,975	330,114	238,249	647,955
5. **Gross Domestic Capital Formation**	**4,210,997**	**4,266,053**	**3,945,423**	**3,779,064**	**4,655,829**

(a) Based on the GDP estimates (base year 2010)
(b) Revised
(c) Provisional
(d) The difference with the BOP estimates is due to the time lag in compilation.

Sources: Department of Census and Statistics
Central Bank of Sri Lanka

TABLE 7

Gross Domestic Capital Formation at Current Market Prices (a)

Rs. million

Item	2017	2018	2019 (b)	2020 (b)(c)	2021 (c)
GROSS DOMESTIC CAPITAL FORMATION					
1. Gross Domestic Fixed Capital Formation by Asset	3,516,741	3,763,859	4,060,342	3,815,911	4,370,577
1.1 Construction	1,547,232	1,672,160	1,798,990	1,628,809	1,850,297
1.2 Machinery and Equipment and Weapons Systems	1,381,680	1,453,528	1,582,891	1,524,324	1,812,422
1.3 Transport Equipment	489,272	526,946	553,820	525,021	540,772
1.4 Information and Communication Technology (ICT) Equipment	52,005	60,222	71,062	81,721	105,420
1.5 Cultivated Biological Resources	9,600	10,541	10,446	11,866	13,919
1.6 Intellectual Property Products	36,952	40,463	43,133	44,169	47,746
2. Change in Inventories and Acquisition less Disposals of Valuables	694,256	502,194	-114,919	-36,847	285,252
2.1 Change in Inventories	559,619	392,576	-165,301	-69,735	229,520
2.2 Acquisitions less Disposals of Valuables	134,638	109,618	50,382	32,888	55,732
TOTAL	**4,210,997**	**4,266,053**	**3,945,423**	**3,779,064**	**4,655,829**

(a) Based on the GDP estimates (base year 2010)
(b) Revised
(c) Provisional

Source: Department of Census and Statistics

TABLE 8

Composition of Private Consumption Expenditure at Current Market Prices (a)

Rs. million

Item	2017	2018	2019 (b)	2020 (b)(c)	2021 (c)
1. Food and Non-alcoholic Beverages	2,638,074	2,859,216	2,950,061	3,291,542	3,701,176
2. Alcoholic Beverages, Tobacco and Narcotics	303,621	342,001	360,820	343,686	397,105
3. Clothing and Footwear	366,878	399,932	473,305	399,671	459,611
4. Housing, Water, Electricity, Gas and Other Fuels	932,854	1,003,611	1,068,015	1,106,594	1,180,279
5. Furnishings, Household Equipment and Routine Household Maintenance	94,648	104,595	104,952	102,765	127,755
6. Health	236,033	261,770	294,471	299,516	398,527
7. Transport	2,070,724	2,323,639	2,540,730	2,155,148	2,282,323
8. Communication	92,151	88,250	74,744	74,837	90,487
9. Recreation and Culture	152,376	168,492	171,918	184,907	200,406
10. Education	108,320	118,939	181,299	181,319	186,742
11. Restaurants and Hotels	377,306	415,038	415,641	273,495	340,104
12. Miscellaneous Goods and Services	1,918,612	2,126,826	2,265,778	2,281,673	2,527,023
13. Direct Purchases Abroad by Residents	254,216	281,361	306,640	95,877	30,251
14. Less: Direct Purchases in Domestic Market by Non-residents	603,311	717,593	650,161	129,076	106,926
Total Private Consumption Expenditure	**8,942,501**	**9,776,077**	**10,558,212**	**10,661,955**	**11,814,865**

(a) Based on the GDP estimates (base year 2010)
(b) Revised
(c) Provisional

Source: Department of Census and Statistics

TABLE 9

Expenditure on Gross National Income at Current Market Prices (a)

Rs. million

Item	2017	2018	2019 (b)	2020 (b)(c)	2021 (c)
1. Consumption Expenditure	10,079,907	11,086,732	11,971,144	12,214,284	13,425,152
1.1 Private	8,942,501	9,776,077	10,558,212	10,661,955	11,814,865
1.2 Government	1,137,406	1,310,655	1,412,932	1,552,329	1,610,287
2. Gross Domestic Capital Formation	4,210,997	4,266,053	3,945,423	3,779,064	4,655,829
3. Gross Domestic Expenditure (1+2)	14,290,904	15,352,785	15,916,567	15,993,349	18,080,981
4. Export of Goods and Services	2,909,720	3,292,414	3,472,337	2,418,541	2,981,613
5. Import of Goods and Services	3,872,521	4,354,292	4,391,746	3,384,516	4,253,285
6. Gross Domestic Product (3+4-5)	13,328,103	14,290,907	14,997,157	15,027,374	16,809,309
7. Net Primary Income from Rest of the World	-352,856	-389,601	-441,394	-423,063	-406,605
8. Gross National Income (6+7)	12,975,247	13,901,306	14,555,763	14,604,312	16,402,705

(a) Based on the GDP estimates (base year 2010)
(b) Revised
(c) Provisional

Sources: Department of Census and Statistics
Central Bank of Sri Lanka

TABLE 10

Gross Domestic Expenditure and Availability of Resources (a)

Item	2017		2018		2019 (b)		2020 (b)(c)		2021 (c)	
	Rs. mn	% of GNI	Rs. mn	% of GNI	Rs. mn	% of GNI	Rs. mn	% of GNI	Rs. mn	% of GNI
1. Consumption Expenditure Private	8,942,501	68.9	9,776,077	70.3	10,558,212	72.5	10,661,955	73.0	11,814,865	72.0
2. Consumption Expenditure Government	1,137,406	8.8	1,310,655	9.4	1,412,932	9.7	1,552,329	10.6	1,610,287	9.8
3. Gross Domestic Capital Formation	4,210,997	32.5	4,266,053	30.7	3,945,423	27.1	3,779,064	25.9	4,655,829	28.4
4. Gross Domestic Expenditure	14,290,904	110.1	15,352,785	110.4	15,916,567	109.3	15,993,349	109.5	18,080,981	110.2
5. Gross National Income	12,975,247	100.0	13,901,306	100.0	14,555,763	100.0	14,604,311	100.0	16,402,705	100.0
6. Excess, of (4) over (5) met by	1,315,657	10.1	1,451,479	10.4	1,360,804	9.3	1,389,037	9.5	1,678,276	10.2
(i) Net Disinvestment Abroad	351,341	2.7	451,975	3.3	330,114	2.3	238,249	1.6	647,955	4.0
(ii) Net Current Transfers from Rest of the World	964,316	7.4	999,504	7.2	1,030,690	7.1	1,150,789	7.9	1,030,321(d)	6.3

(a) Based on the GDP estimates (base year 2010)
(b) Revised
(c) Provisional
(d) The difference with the BOP estimates is due to the time lag in compilation.

Sources: Department of Census and Statistics
Central Bank of Sri Lanka

TABLE 11

Investment and Savings at Current Market Prices (a)

Rs. million

Item	2017	2018	2019 (b)	2020 (b)(c)	2021 (c)
1. Gross Domestic Product	13,328,103	14,290,907	14,997,157	15,027,374	16,809,309
2. Investment	4,210,997	4,266,053	3,945,423	3,779,064	4,655,829
3. Private Savings	3,344,359	3,373,915	3,559,697	3,993,489	4,674,599
4. Government Savings	-96,162	-169,740	-533,683	-1,180,399	-1,290,441
5. Domestic Savings (3+4)	3,248,197	3,204,175	3,026,014	2,813,090	3,384,158
6. Net Primary Income from Rest of the World	-352,856	-389,601	-441,394	-423,063	-406,605
7. Net Current Transfers from Rest of the World	964,316	999,504	1,030,690	1,150,789	1,030,321(d)
8. National Savings (5+6+7)	3,859,656	3,814,078	3,615,310	3,540,816	4,007,874
9. Investment Ratio (2 as a % of 1)	31.6	29.9	26.3	25.1	27.7
10. Domestic Savings Ratio (5 as a % of 1)	24.4	22.4	20.2	18.7	20.1
11. National Savings Ratio (8 as a % of 1)	29.0	26.7	24.1	23.6	23.8

(a) Based on the GDP estimates (base year 2010)
(b) Revised
(c) Provisional
(d) The difference with the BOP estimates is due to the time lag in compilation.

Sources: Department of Census and Statistics
Central Bank of Sri Lanka
Ministry of Finance

TABLE 12

Real National Income (a)

Rs. million

Item	2017	2018	2019 (b)	2020 (b)(c)	2021 (c)
1. Gross National Income at Constant (2010) Prices	9,109,531	9,400,872	9,603,439	9,269,834	9,642,790
2. Terms of Trade Effect (d) due to Export of:					
2.1 Tea	47,186	30,623	23,404	39,248	15,889
2.2 Rubber	-1,343	-1,493	-1,677	-1,623	-707
2.3 Three Major Coconut Products	14,133	12,105	7,827	15,950	15,525
2.4 Other Products	14,076	36,627	26,752	28,892	-69,556
Total	74,052	77,862	56,306	82,467	-38,849
3. Real National Income at Constant (2010) Prices (1+2)	9,183,583	9,478,734	9,659,745	9,352,301	9,603,941
4. Percentage Change over Previous Year	3.8	3.2	1.9	-3.2	2.7

(a) Based on the GDP estimates (base year 2010)
(b) Revised
(c) Provisional
(d) Based on Latest Export and Import Price Indices (2010=100)

Sources: Department of Census and Statistics
Central Bank of Sri Lanka

Income Components of Gross Domestic Product (a)

Rs. million

Item	At Current Market Prices					At Constant (2010) Prices				
	2017	2018	2019 (b)	2020 (b)(c)	2021 (c)	2017	2018	2019 (b)	2020 (b)(c)	2021 (c)
1. Compensation of Employees	3,717,734	4,113,006	4,474,639	4,610,410	5,002,440	2,528,769	2,675,995	2,810,791	2,672,304	2,773,255
2. Gross Operating Surplus	8,330,583	8,935,460	9,419,239	9,533,268	10,833,585	5,895,910	6,059,636	6,127,771	5,984,245	6,190,157
2.1 Net Operating Surplus	6,545,819	7,012,163	7,428,817	7,457,523	8,504,883	4,691,563	4,852,665	4,855,621	4,779,534	4,894,449
2.2 Mixed Income	812,537	900,649	904,469	929,790	1,040,334	542,257	539,487	588,264	506,585	552,047
2.3 Consumption of Fixed Capital	972,227	1,022,648	1,085,954	1,145,956	1,288,368	662,089	667,484	683,886	698,126	743,661
3. Other Taxes less Subsidies on Production	41,385	41,665	59,728	26,401	27,521	40,337	40,582	41,664	39,429	40,372
4. Equals Gross Value Added (GVA) at Basic Price	12,089,702	13,090,131	13,953,606	14,170,080	15,863,546	8,465,015	8,776,212	8,980,225	8,695,978	9,003,784
Taxes less Subsidies on Products	1,238,401	1,200,776	1,043,551	857,294	945,764	894,132	889,166	910,242	836,931	877,612
5. Equals Gross Domestic Product (GDP) at Market Price	13,328,103	14,290,907	14,997,157	15,027,374	16,809,309	9,359,147	9,665,379	9,890,468	9,532,909	9,881,397

(a) Based on the GDP estimates (base year 2010)
(b) Revised
(c) Provisional

Source: Department of Census and Statistics

Trends in Principal Agricultural Crops

Category	Unit	2012	2013	2014	2015	2016	2017	2018	2019	2020 (a)	2021 (b)
1 Tea											
1.1 Production (c)	kg mn	328.4	340.0	338.0	328.8	292.6	307.1	303.8	300.1	278.9	299.5
1.2 Total Extent	hectares '000	222	222	203	203	202	201	200	200	266	267
1.3 Extent Bearing	hectares '000	185	184	195	195	193	193	193	193	266	267
1.4 Cost of Production (d)	Rs./kg	390.89	422.70	475.11	458.84	469.24	466.98	475.29	483.79	492.48	533.13
1.5 Average Price											
Colombo Auction	Rs./kg	392.40	445.83	459.01	401.46	473.15	620.44	581.58	546.67	633.85	619.15
Export (F.O.B.)	Rs./kg	563.94	623.91	649.44	593.08	639.88	807.44	820.75	822.25	866.70	920.76
1.6 Replanting	hectares	1,832	1,748	1,293	1,226	1,060	944	1,027	638	812	1,123
1.7 New Planting	hectares	255	267	500	495	115	225	435	296	424	696
2 Rubber											
2.1 Production	kg mn	152.0	130.4	98.6	88.6	79.1	83.1	82.6	74.8	78.2	76.9
2.2 Total Extent	hectares '000	131	134	134	137	133	137	137	138	138	139
2.3 Area under Tapping	hectares '000	104	105	111	108	99	103	107	114	121	113
2.4 Average Yield	kg/hectare	1,459	1,247	889	819	800	809	774	658	649	679
2.5 Cost of Production	Rs./kg	136.00	150.00	160.00	170.00	180.00	195.00	205.00	210.00	213.50	221.00
2.6 Average Price											
Colombo Auction (RSS 1)	Rs./kg	416.47	376.90	286.05	248.17	239.28	336.72	281.36	288.51	351.46	460.78
Export (F.O.B.)	Rs./kg	420.74	389.81	362.83	342.03	294.33	343.56	363.93	332.29	353.84	540.77
2.7 Replanting (e)	hectares	2,161	2,024	2,096	1,917	1,467	1,338	842	1,040	976	1,470
2.8 New Planting (e)	hectares	2,476	2,979	1,428	769	615	677	973	1,103	751	1,185
3 Coconut											
3.1 Production	nuts mn	2,940	2,513	2,870	3,056	3,011	2,450	2,623	3,086	2,792	3,120
3.2 Total Extent	hectares '000	395	392	441	455	440	452	499	503	505	505
3.3 Cost of Production	Rs./nut	11.63	13.58	13.67	16.39	16.70	16.69	18.84	18.33	21.81	21.25
3.4 Average Export Price											
(F.O.B.) (f)	Rs./nut	28.80	29.36	39.08	54.54	41.16	62.03	68.29	37.47(a)	52.61	65.36
3.5 Replanting / Under Planting (g)	hectares	4,299	4,541	5,796	4,919	5,362	8,824	7,548	5,931	5,333	7,647
3.6 New Planting (h)	hectares	4,814	23,668	30,771	14,408	9,240	15,121	10,183	6,842	8,000	1,387
4 Paddy											
4.1 Production (i)	mt '000	3,846	4,621	3,381	4,819	4,420	2,383	3,930	4,592	5,121	5,150
4.2 Area Sown (i)	hectares '000	1,067	1,227	964	1,254	1,114	792	1,041	1,117	1,208	1,272
4.3 Area Harvested (i)	hectares '000	883	1,067	793	1,088	1,011	555	885	958	1,066	1,127
4.4 Yield Per Hectare (i) (j)	kg/hectare	4,353	4,329	4,264	4,429	4,372	4,297	4,443	4,795	4,802	4,571
4.5 Rice Imported	mt '000	36	23	600	286	30	748	249	24	16	147
4.6 Credit Granted	Rs. mn	5,527	5,427	4,761	5,582	6,384	6,039(a)	6,510(a)	9,760(a)	9,701	13,052
4.7 Fertiliser Issued (k) (l)	mt '000	412	363	272	341	202	-	111	299	402	165

(a) Revised
(b) Provisional
(c) Including green tea
(d) The weighted average cost of production of public sector estates and private plantation companies, including green leaf suppliers' profit margin
(e) Extents covered by cultivation assistance schemes of the Rubber Development Department
(f) Three major coconut kernel products only
(g) Extents covered by cultivation assistance schemes of the Coconut Cultivation Board (CCB)
(h) Data on extent covered by cultivation assistance schemes of the CCB for the period 2010-2012 and data on newly planted extents of the period 2013-2015 are calculated based on the amount of coconut seedlings distributed by the CCB at a conversion rate of 158 seedlings for one hectare.
(i) On a cultivation year basis
(j) Yield per hectare is calculated by dividing total production by the net extent harvested
(k) Data on inorganic fertiliser issued is from the National Fertiliser Secretariat
(l) From the 2016 Yala season, a direct cash grant was provided, replacing the fertiliser subsidy scheme. Accordingly, Rs. 6,469 million was disbursed for the 2016 Yala season and the figure for 2016 is only for the 2015/16 Maha season, while Rs. 10,304 million was disbursed for 2017. Further, Rs. 8,002 million was disbursed for the 2017/18 Maha season. Cash grant system was eliminated w.e.f. the 2018 Yala season. Hence the figure for 2018 is only for the 2018 Yala season.

Sources: Sri Lanka Tea Board
Tea Small Holdings Development Authority
Ministry of Plantation
Department of Census and Statistics
Rubber Development Department
Coconut Cultivation Board
Coconut Development Authority
National Fertiliser Secretariat
Sri Lanka Customs
Central Bank of Sri Lanka

Production of Tea, Rubber, Coconut and Other Export Agriculture Crops

Crop	Unit	2012	2013	2014	2015	2016	2017	2018	2019	2020 (a)	2021 (b)
1. Tea (c)											
Low Grown	kg mn	202.1	208.2	210.0	202.4	183.6	197.4	191.8	189.9	169.9	183.2
Medium Grown	"	52.6	52.6	49.2	51.0	44.5	45.7	47.1	47.2	46.7	51.0
High Grown	"	73.6	79.2	78.9	75.4	64.4	64.0	65.0	63.1	62.2	65.3
Total	"	**328.4**	**340.0**	**338.0**	**328.8**	**292.6**	**307.1**	**303.9**	**300.1**	**278.9**	**299.5**
2. Rubber											
Sheet Rubber	kg mn	59.2	62.8	48.5	44.4	39.8	41.5	41.3	37.4	39.1	38.4
Crepe Rubber	"	39.7	20.2	15.3	11.1	15.0	11.5	14.5	14.4	13.0	13.9
Other	"	53.1	47.4	34.8	33.1	24.3	30.1	26.8	22.9	26.1	24.5
Total	"	**152.0**	**130.4**	**98.6**	**88.6**	**79.1**	**83.1**	**82.6**	**74.7**	**78.2**	**76.9**
3. Coconut											
Desiccated Coconut (d)	nuts mn	325	228	393	326	399	266	222	387	226	298
Coconut Oil (d)	"	649	349	318	396	348	67	63	252	48	211
Copra (d)	"	3	0.4	25	3	6	3	3	22	6	5
Fresh Nut	"	19	21	33	13	30	10	1	21	16	15
Coconut Cream, Milk Powder and Milk (d)	"	112	121	248	270	246	274	366	420	462	544
Domestic Nut Consumption	"	1,873	1,826	1,830	1,874	1,787	1,656	1,794	1,807	1,826	1,833
Total (e)	"	**2,940**	**2,513**	**2,870**	**3,056**	**3,011**	**2,450**	**2,623**	**3,086**	**2,792**	**3,120**
4. Other Export Crops											
Coffee	mt	3,000	3,000	2,674	2,639	2,824	2,496	2,294	2,287	2,345	2,439
Cocoa	"	513	515	500	457	650	471	413	548	612	658
Cinnamon	"	17,165	17,500	17,600	17,707	18,945	22,341	20,398	20,352	20,866	22,872
Pepper	"	18,604	28,000	18,660	28,177	18,476	29,546	22,551	22,156	23,970	25,047
Clove	"	4,009	6,190	3,225	5,253	1,823	6,413	3,360	4,786	3,512	3,837
Cardamom	"	80	50	87	91	120	113	86	69	86	104
Nutmeg and Mace	"	2,002	2,545	2,960	2,750	2,723	3,545	4,180	5,119	2,751	2,818
Cashew Kernel	"	2,000	2,072	2,400	1,600	1,800	1,600	1,602	2,400	2,450	1,225

(a) Revised
(b) Provisional
(c) Elevational categories: Low grown - 0 to 610 metres above Mean Sea Level (MSL)
Medium grown - 610 to 1,220 metres above MSL
High grown - over 1,220 metres above MSL
(d) In nut equivalent, converted at
1 mt Desiccated coconut 8,960 nuts
1 mt Coconut oil 9,250 nuts
1 mt Copra 5,500 nuts
1 mt Coconut milk powder 16,000 nuts
1 mt Coconut cream 8,960 nuts
1 mt Coconut milk 4,000 nuts
(e) Estimate (breakdown does not add up to total production due to adjustment for changes in stocks)

Sources: Sri Lanka Tea Board
Rubber Development Department
Coconut Development Authority
Department of Export Agriculture
Sri Lanka Cashew Corporation

TABLE 16

Annual Rainfall and Rainy Days

Meteorological Stations	1961-1990 Annual Average		1991-2010 Annual Average		2011-2019 Annual Average		2020		2021	
	Rainfall (mm)	No. of Rainy Days	Rainfall (mm)	No. of Rainy Days	Rainfall (mm)	No. of Rainy Days	Rainfall (mm)	No. of Rainy Days	Rainfall (mm)	No. of Rainy Days
Anuradhapura	1,285	89	1,269	97	1,670	105	1,262	101	1,533	111
Bandarawela	1,572	129	1,571	149	1,748	150	1,298	137	1,786	167
Colombo	2,424	146	2,389	162	2,431	173	2,084	149	2,856	196
Hambantota	1,050	87	1,020	101	1,119	108	718	96	1,207	122
Katugastota	1,840	148	1,842	170	1,850	169	1,496	158	2,423	178
Nuwara Eliya	1,905	163	1,855	193	1,831	188	1,566	178	1,936	203
Ratnapura	3,749	205	3,688	223	3,638	226	3,447	215	4,410	198
Trincomalee	1,580	86	1,476	87	1,636	100	1,497	89	1,691	113

Note : mm = millimetres

Source: Department of Meteorology

District-wise Performance of the Paddy Sector (a)

Zone and District	Gross Extent Sown (hectares)		Gross Extent Harvested (hectares)		Production (mt)			Yield per Hectare (kg)(b)	
	Maha 2020/2021	Yala 2021	Maha 2020/2021	Yala 2021	Maha 2020/2021	Yala 2021	Total 2021	Maha 2020/2021	Yala 2021
Wet Zone									
Colombo	3,857	2,521	3,855	2,348	12,198	4,899	17,097	3,723	2,454
Gampaha	12,450	9,954	12,356	8,492	39,390	21,588	60,978	3,751	2,991
Kalutara	13,019	9,766	12,910	9,429	39,990	26,515	66,505	3,358	3,048
Galle	13,511	8,548	13,346	8,326	35,538	18,873	54,411	3,403	2,897
Matara	14,114	14,082	13,929	13,862	39,430	40,787	80,217	3,586	3,727
Kegalle	6,751	5,477	6,749	5,460	26,317	15,297	41,614	4,163	2,991
Ratnapura	13,358	10,773	13,351	10,743	50,666	37,617	88,283	4,465	4,120
Kandy	12,186	9,278	12,184	9,256	45,478	21,559	67,037	4,720	2,945
Nuwara Eliya	4,877	2,573	4,877	2,573	13,798	5,680	19,478	5,021	3,917
Badulla	23,568	12,098	23,568	12,098	97,344	52,327	149,671	4,859	5,088
Dry Zone (c)									
Kurunegala	76,057	68,573	75,634	67,988	285,481	273,572	559,053	3,775	4,024
Puttalam	19,654	18,602	19,234	17,491	61,240	58,728	119,968	3,746	3,950
Matale	18,908	12,343	18,882	12,325	96,263	51,415	147,678	5,669	4,639
Moneragala	34,900	15,852	34,214	15,759	154,218	77,752	231,970	4,599	5,034
Jaffna (d)	11,228	-	8,635	-	19,530	-	19,530	2,549	-
Kilinochchi	27,358	10,071	27,358	10,071	84,963	41,288	126,251	3,500	4,620
Mannar	20,242	2,740	20,144	2,732	100,561	12,860	113,421	5,228	4,931
Mullaitivu	22,781	7,383	22,744	7,383	91,546	36,832	128,378	4,266	5,287
Vavuniya	19,376	5,012	19,262	5,002	77,297	26,606	103,903	4,253	5,638
Anuradhapura	112,549	62,104	112,366	62,017	460,585	233,948	694,533	5,098	4,691
Polonnaruwa	66,523	62,626	66,523	62,399	307,190	300,317	607,507	5,220	5,441
Ampara	81,149	62,860	79,932	62,776	365,123	313,708	678,831	4,780	5,229
Batticaloa	67,074	28,502	65,630	28,502	220,640	117,353	337,993	3,809	4,665
Trincomalee	39,838	25,239	39,838	25,239	157,272	123,491	280,763	4,250	5,267
Hambantota	34,912	34,490	34,890	34,490	179,336	175,190	354,526	5,883	5,814
Sri Lanka	**770,240**	**501,467**	**762,411**	**496,761**	**3,061,394**	**2,088,202**	**5,149,596**	**4,492**	**4,692**

(a) The cultivation year comprises the Maha season (September/October - March/April) and the Yala season (April/May - August/September)
(b) Yield per hectare is calculated by dividing production by the net extent harvested
(c) Mahaweli H and Udawalawe areas are included to respective districts
(d) No cultivation during the Yala season

Source: Department of Census and Statistics

TABLE 18

Paddy Production

Year	Maha				Yala				Total			
	Gross Extent Sown (ha '000)	Net Extent Harvested (ha '000)	Production (mt '000)	Yield per Hectare (kg)(a)	Gross Extent Sown (ha '000)	Net Extent Harvested (ha '000)	Production (mt '000)	Yield per Hectare (kg)(a)	Gross Extent Sown (ha '000)	Net Extent Harvested (ha '000)	Production (mt '000)	Yield per Hectare (kg)(a)
2012	702	611	2,717	4,444	365	272	1,129	4,145	1,067	883	3,846	4,353
2013	780	665	2,846	4,281	448	403	1,774	4,408	1,228	1,067	4,621	4,329
2014	651	521	2,236	4,222	313	272	1,145	4,204	964	793	3,381	4,264
2015	773	659	2,877	4,364	481	429	1,942	4,527	1,254	1,088	4,819	4,429
2016	756	667	2,903	4,349	358	344	1,517	4,417	1,114	1,011	4,420	4,372
2017	543	343	1,474	4,301	249	212	909	4,291	792	555	2,383	4,297
2018	667	557	2,397	4,302	374	327	1,533	4,683	1,041	885	3,930	4,443
2019	748	647	3,073	4,747	369	310	1,519	4,896	1,117	958	4,592	4,795
2020	752	663	3,197	4,821	456	403	1,924	4,770	1,208	1,066	5,121	4,802
2021 (b)	770	682	3,061	4,492	501	445	2,088	4,692	1,272	1,127	5,150	4,571

(a) Yield per hectare is calculated by dividing production by the net extent harvested
(b) Provisional

Source: Department of Census and Statistics

TABLE 19

Performance of Other Field Crops

Crop	Extent Cultivated (hectares)					Production (mt '000)					Estimated Average Yield (mt/hectare)				
	2017	2018	2019	2020 (a)	2021 (b)	2017	2018	2019	2020 (a)	2021 (b)	2017	2018	2019	2020 (a)	2021(b)
Big Onions	3,026	1,448	924	2,305	3,929	53.6	28.0	18.6	43.0	65.9	17.7	19.4	20.1	18.7	16.8
Black Gram	8,089	12,976	5,302	8,812	13,675	7.3	11.9	4.9	9.6	14.4	0.9	0.9	0.9	1.1	1.1
Dried Chillies (c)	10,937	13,553	10,981	13,580	12,301	13.0	19.8	15.1	19.8	17.1	1.2	1.5	1.4	1.5	1.4
Cowpea	6,807	9,499	7,196	11,518	10,431	8.6	11.2	8.1	13.2	11.9	1.3	1.2	1.1	1.1	1.1
Gingelly (Sesame)	9,065	11,873	6,035	11,654	17,228	7.8	8.6	6.1	8.2	12.0	0.9	0.7	1.0	0.7	0.7
Green Gram	7,371	8,615	6,156	10,889	17,841	9.4	9.9	7.4	13.5	18.9	1.3	1.1	1.2	1.2	1.1
Ground Nuts	12,639	15,752	14,527	19,508	18,537	22.5	27.6	26.9	38.5	36.9	1.8	1.8	1.9	2.0	2.0
Finger Millet (Kurakkan)	4,205	6,770	4,192	4,570	6,138	5.6	8.1	5.5	6.2	8.1	1.3	1.2	1.3	1.4	1.3
Maize	52,544	70,895	63,450	78,249	106,757	195.7	270.0	245.6	313.5	472.4	3.7	3.8	3.9	4.0	4.4
Potatoes	4,457	5,174	5,610	3,565	4,623	73.4	88.9	101.6	65.1	75.9	16.5	17.2	18.1	18.3	16.4
Red Onions	4,167	4,044	5,333	4,623	4,051	57.7	61.1	58.2	65.9	53.8	13.9	15.1	10.9	14.2	13.3
Soya Beans	8,316	1,511	914	3,538	1,915	14.4	2.5	2.2	7.9	3.8	1.7	1.7	2.4	2.2	2.0

(a) Revised
(b) Provisional
(c) Dried Chillies = 1/4 of Green Chillies, by weight

Source: Department of Census and Statistics

Land Cultivated under the Mahaweli Development Programme

hectares

Item	Maha 2018/2019	Yala 2019	Total 2019	Maha 2019/2020 (a)	Yala 2020 (a)	Total 2020 (a)	Maha 2020/2021 (b)	Yala 2021 (b)	Total 2021 (b)
System 'B'	20,409	19,820	40,228	21,063	20,773	41,836	23,532	21,543	45,075
Paddy	19,982	19,660	39,642	20,585	19,931	40,516	21,317	20,529	41,846
Other Field Crops	426	160	586	478	842	1,320	2,215	1,014	3,229
System 'C'	24,661	22,033	46,694	24,912	23,181	48,093	24,558	23,839	48,397
Paddy	22,888	21,848	44,736	22,598	22,043	44,641	21,710	22,090	43,800
Other Field Crops	1,773	185	1,958	2,314	1,138	3,452	2,849	1,749	4,597
System 'D'	1,513	898	2,411	1,725	993	2,718	1,825	1,283	3,108
Paddy	1,423	718	2,141	1,520	742	2,262	1,438	1,058	2,496
Other Field Crops	90	180	270	205	251	456	387	225	612
System 'G'	5,336	5,074	10,411	4,761	5,578	10,339	6,203	6,558	12,761
Paddy	5,179	4,707	9,886	4,537	4,634	9,171	5,847	5,470	11,318
Other Field Crops	158	367	525	224	945	1,169	356	1,088	1,444
System 'H'	23,906	4,209	28,115	23,226	17,399	40,625	24,055	23,351	47,406
Paddy	21,808	2,587	24,395	22,382	10,616	32,998	21,777	16,918	38,695
Other Field Crops	2,098	1,622	3,720	844	6,783	7,628	2,278	6,433	8,711
Huruluwewa	9,701	4,019	13,720	8,478	8,064	16,542	9,740	9,520	19,260
Paddy	8,670	2,253	10,923	8,269	4,667	12,936	8,600	7,538	16,138
Other Field Crops	1,031	1,766	2,797	209	3,397	3,606	1,140	1,982	3,122
System 'L'	2,391	812	3,203	3,362	713	4,075	3,904	1,758	5,662
Paddy	1,961	740	2,701	2,885	225	3,110	2,966	980	3,946
Other Field Crops	430	72	502	477	488	965	938	778	1,716
Udawalawe	12,342	12,063	24,405	12,857	13,383	26,240	13,296	13,934	27,230
Paddy	10,596	10,154	20,750	10,943	10,756	21,699	11,396	11,509	22,904
Other Field Crops	1,746	1,909	3,655	1,914	2,628	4,541	1,901	2,425	4,326
Rambakan Oya	929	722	1,651	1,187	1,064	2,251	1,968	1,388	3,355
Paddy	831	691	1,522	1,059	750	1,809	976	887	1,863
Other Field Crops	98	31	129	128	314	442	992	501	1,492
Total	**101,187**	**69,650**	**170,838**	**101,571**	**91,149**	**192,720**	**109,080**	**103,174**	**212,254**
Paddy	**93,337**	**63,359**	**156,696**	**94,778**	**74,363**	**169,141**	**96,027**	**86,979**	**183,006**
Other Field Crops	**7,851**	**6,292**	**14,142**	**6,793**	**16,786**	**23,579**	**13,054**	**16,195**	**29,248**

(a) Revised
(b) Provisional

Source: Mahaweli Authority of Sri Lanka

TABLE 21

Sugar Sector Statistics

Item	Unit	2012	2013	2014	2015	2016	2017	2018	2019	2020 (a)	2021 (b)
1. Total Area under Cane (with Ratoons) (c)	hectares	9,208	11,801	12,608	12,135	11,784	11,156	11,228	12,270	13,564	14,045
2. Area Harvested (with Ratoons) (c)	hectares	7,034	9,329	11,045	9,005	11,676	9,943	9,238	10,550	12,449	12,312
3. Cane Harvested (with Ratoons) (c)	mt '000	348	534	576	572	653	591	567	600	699	898
4. Private Cane Purchased	mt '000	112	144	204	190	315	301	182	67	120	100
5. Quantity of Cane Crushed	mt '000	432	644	657	750	798	747	720	729	884	1,139
6. Average Yield (c)	mt/hectare	54	67	75	89	58	56	55	62	59	75
7. Sugar Production (without Sweepings)	mt '000	36	53	52	56	61	56	51	52	60	71
8. Sugar Recovery Rate (d)	percentage	8.2	8.2	8.0	7.5	7.7	7.4	7.1	7.2	6.8	6.2

(a) Revised
(b) Provisional
(c) Includes Nucleus Estates and Allottees
(d) Sugar Recovery Rate $= \dfrac{\text{Sugar Produced}}{\text{Quantity of Cane Crushed}} \times 100$

Sources: Lanka Sugar Company (Pvt) Ltd. - Sevanagala Unit
Lanka Sugar Company (Pvt) Ltd. - Pelwatte Unit
Gal Oya (Hingurana) Sugar Industries Ltd.

TABLE 22

Forestry Sector Statistics

Item	Unit	2012	2013	2014	2015	2016	2017	2018	2019	2020 (a)	2021 (b)
1. Total Forest Cover (c)	hectares '000	1,951	1,951	1,951	1,951	1,951	1,951	1,951	1,951	1,866	1,866
o/w Closed Canopy Forest	hectares '000	1,438	1,438	1,438	1,438	1,438	1,438	1,438	1,438	1,436	1,436
Sparse Forest	hectares '000	429	429	429	429	429	429	429	429	410	410
Mangroves	hectares '000	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	19.8	19.8
2. Extent Deforested (d)	hectares	816	1,513	1,611	423	1,240	851	956	849	825	807
3. Extent Reforested (e)	hectares	907	1,319	904	450	905	956	977	890	802	1,724
4. Forest Offences Recorded	No.	3,009	3,023	2,533	2,545	3,618	3,887	3,757	3,937	5,632	n.a.
Volume of Timber Detected	cubic metres	1,708	2,302	10,598	2,512	2,579	2,738	3,652	3,569	3,079	2,419
Value of Timber Detected	Rs. mn	77.1	51.4	70.1	68.7	69.9	114.2	106.1	188.6	114.5	187.2

(a) Revised

(b) Provisional

(c) Total forest cover from 2011-2019 is based on satellite imagery and aerial photographs taken in 2010. Total forest cover for 2020 is based on the forest cover estimation survey conducted in 2015.

(d) Due to plantation, felling and encroachment

(e) Excluding extent under the Participatory Forestry Project

Source: Forest Department

TABLE 23

Investment Approvals in Industry by the Board of Investment (BOI) of Sri Lanka

Category	Number of Projects				Foreign Investment Potential (Rs. million)				Total Investment Potential (Rs. million)				Employment Potential (No.)			
	Approvals		Contracted		Approvals		Contracted		Approvals		Contracted		Approvals		Contracted	
	2020 (a)	2021 (b)	2020 (a)	2021 (b)	2020 (a)	2021 (b)	2020 (a)	2021 (b)	2020 (a)	2021 (b)	2020 (a)	2021 (b)	2020 (a)	2021 (b)	2020 (a)	2021 (b)
Food, Beverages and Tobacco Products	3	3	2	2	-	586	-	-	764	1,605	460	884	216	280	86	300
Textile, Wearing Apparel and Leather Products	3	5	6	2	-	10,282	1,836	151	1,248	14,159	3,304	706	1,788	1,605	3,843	1,442
Wood and Wood Products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paper Products, Publishing and Printing	-	1	-	-	-	-	-	-	-	282	-	-	-	54	-	-
Chemical, Petroleum, Coal, Rubber and Plastic Products	4	2	1	3	54,967	2,357	54,900	2,424	55,362	4,897	54,900	4,099	2,096	779	2,000	671
Non-metallic Mineral Products	-	2	-	-	-	106	-	-	-	3,413	-	-	-	583	-	-
Fabricated Metal Products, Machinery and Transport Equipment	-	4	1	1	-	935	100	127	-	41,736	100	260	-	576	55	28
Manufactured Products (n.e.s.)	2	3	1	2	6,509	23,134	-	12,026	6,509	23,134	1,783	12,040	158	564	180	461
Services	19	17	18	11	202,848	281,796	57,272	4,811	212,503	313,955	117,844	20,438	2,983	4,760	5,021	628
Expanded Projects	130	102	93	72	34,911	28,737	17,234	22,858	146,027	112,755	118,809	78,114	7,015	17,089	4,671	12,947
Total	161	139	122	93	299,235	347,933	131,342	42,397	422,413	515,935	297,201	116,542	14,256	26,290	15,856	16,477

(a) Revised

(b) Provisional

Source: Board of Investment of Sri Lanka

TABLE 24

Realised Investments in the BOI Enterprises (a)

Category	Number of Projects					Foreign Investment (Rs. million)					Total Investment (Rs. million)				
	2017	2018	2019	2020 (b)	2021 (c)	2017	2018	2019	2020 (b)	2021 (c)	2017	2018	2019	2020 (b)	2021 (c)
Food, Beverages and Tobacco Products	125	130	125	132	119	62,260	65,217	65,582	70,994	72,436	113,210	133,081	141,002	161,698	168,064
Textile, Wearing Apparel and Leather Products	280	272	363	338	330	92,894	125,172	144,889	156,300	176,713	175,981	237,608	305,536	328,636	356,986
Wood and Wood Products	23	20	19	18	18	10,370	14,656	16,710	18,920	20,835	12,300	19,777	18,842	22,069	23,989
Paper Products, Publishing and Printing	27	24	24	23	22	11,311	14,025	11,385	12,818	13,040	15,174	17,771	15,233	16,640	17,101
Chemical, Petroleum, Coal, Rubber and Plastic Products	127	117	113	113	109	105,132	124,436	147,948	170,683	182,725	134,671	185,444	215,322	249,723	280,036
Non-metallic Mineral Products	63	61	60	59	59	28,036	30,336	29,849	31,600	32,521	75,756	104,136	124,937	167,430	234,331
Fabricated Metal Products, Machinery and Transport Equipment	79	77	78	77	77	30,037	31,275	33,409	34,148	35,460	48,842	54,115	68,916	71,062	73,373
Manufactured Products (n.e.s.)	155	160	160	157	153	38,056	44,754	49,019	44,897	49,465	55,693	65,562	70,595	66,398	75,158
Services	1,029	1,093	1,062	1,026	988	1,223,708	1,623,498	1,724,682	1,564,795	1,675,796	1,939,786	2,553,573	2,871,529	2,833,778	3,051,357
Total	**1,908**	**1,954**	**2,004**	**1,943**	**1,875**	**1,601,805**	**2,073,370**	**2,223,472**	**2,105,156**	**2,258,989**	**2,571,413**	**3,371,066**	**3,831,912**	**3,917,434**	**4,280,395**

(a) Cumulative figures as at end of the year
(b) Revised
(c) Provisional

Source: Board of Investment of Sri Lanka

TABLE 25

Foreign Direct Investment of BOI Enterprises by Sector (a)

US$ million

Sector	2017	2018	2019	2020	2021 (b)
Manufacturing	**347.6**	**291.5**	**319.5**	**191.8**	**223.1**
Food, Beverages and Tobacco Products	62.6	22.3	26.1	6.6	8.7
Textile, Wearing Apparel and Leather Products	78.2	90.6	104.9	78.1	101.6
Wood and Wood Products	2.3	4.9	7.2	9.0	9.5
Paper, Paper Products, Printing and Publishing	7.9	9.0	1.3	1.2	1.1
Chemicals, Petroleum, Coal and Rubber Products	105.0	97.3	108.4	61.2	68.4
Non-metallic Mineral Products	28.1	21.0	7.5	2.6	4.6
Fabricated Metal, Machinery and Transport Equipment	9.0	7.8	9.5	3.4	6.5
Manufactured Products (n.e.s.)	54.5	38.6	54.6	29.7	22.7
Agriculture	**1.4**	**0.5**	**1.3**	**0.8**	**0.5**
Services	**317.8**	**301.3**	**224.2**	**111.0**	**123.2**
Hotels and Restaurants	252.6	223.4	153.9	66.0	69.8
IT and BPO	25.0	58.7	40.0	26.4	43.9
Other Services	40.1	19.2	30.3	18.6	9.4
Infrastructure	**1,043.5**	**1,773.7**	**643.7**	**383.4**	**433.5**
Housing, Property Development and Shop Office	540.6	397.8	455.3	256.1	201.5
Telephone and Telecommunication Network	209.0	522.2	138.1	117.6	223.2
Power Generation, Fuel, Gas, Petroleum and Other	1.1	3.7	3.1	1.5	1.4
Port Container Terminals	292.8	850.0	47.2	8.2	7.4
Total	**1,710.3**	**2,366.9**	**1,188.7**	**687.0**	**780.2**

(a) Includes loans but excludes inflows to non-BOI companies and direct investment in listed companies in the CSE not registered with the BOI.
(b) Provisional

Source: Board of Investment of Sri Lanka

TABLE 26

Capacity Utilisation in Factory Industry

Per cent

Category	2017	2018	2019	2020	2021 (a)
1. Manufacture of Food Products	78	83	83	82	81
2. Manufacture of Beverages	81	80	72	66	69
3. Manufacture of Tobacco Products	76	72	77	69	74
4. Manufacture of Textiles	88	87	87	74	83
5. Manufacture of Wearing Apparel	83	84	83	56	63
6. Manufacture of Leather and Related Products	85	84	87	66	57
7. Manufacture of Wood and Products of Wood and Cork, except Furniture; Articles of Straw and Plaiting Materials	88	84	73	52	63
8. Manufacture of Paper and Paper Products	72	60	70	63	50
9. Printing and Reproduction of Recorded Media	98	96	92	74	47
10. Manufacture of Coke and Refined Petroleum Products	73	61	77	71	52
11. Manufacture of Chemicals and Chemical Products	59	65	66	50	43
12. Manufacture of Basic Pharmaceutical Products and Pharmaceutical Preparations	88	83	79	83	88
13. Manufacture of Rubber and Plastic Products	84	86	77	57	76
14. Manufacture of Other Non-metallic Mineral Products	84	82	80	75	87
15. Manufacture of Basic Metals	77	76	74	45	39
16. Manufacture of Fabricated Metal Products (except Machinery Equipment)	68	70	64	54	63
17. Manufacture of Electrical Equipment	81	75	81	71	76
18. Manufacture of Machinery and Equipment (n.e.c.)	82	71	72	69	76
19. Manufacture of Furniture	86	83	79	69	66
20. Other Manufacturing	94	78	63	64	49
Industry Average	**81**	**81**	**81**	**67**	**69**

(b) Provisional

Source: Department of Census and Statistics

TABLE 27

Employment in Selected State Owned Industrial Enterprises

Number of Employees

Corporation / Enterprise	2017	2018	2019	2020 (a)	2021 (b)
1. Lanka Salt Ltd	1,769	1,590	1,542	1,563	1,403
2. State Timber Corporation	2,083	2,001	1,939	1,839	1,734
3. National Paper Company Ltd (c)	32	28	30	20	23
4. State Printing Corporation	715	648	599	584	551
5. Sri Lanka Ayurvedic Drugs Corporation	317	322	340	316	332
6. Ceylon Petroleum Corporation (d)	5,621	5,389	5,258	5,094	5,017
7. Lanka Mineral Sands Ltd	695	656	645	662	607
8. Lanka Phosphate Ltd	331	337	336	325	325
9. Kahatagaha Graphite Lanka Ltd	125	137	135	124	129
10. State Pharmaceuticals Manufacturing Corporation of Sri Lanka	274	214	282	283	314
Total	**11,962**	**11,322**	**11,106**	**10,810**	**10,435**

Sources: Respective Institutions

(a) Revised
(b) Provisional
(c) Production at National Paper Company Ltd. It was discontinued w.e.f. January 2015 and later recommenced in August 2020.
(d) Includes employees of the Ceylon Petroleum Storage Terminals Ltd.

Performance of Selected State Owned Industrial Enterprises

Corporation/Enterprise and Products	Unit	2017			2018			2019			2020 (a)			2021 (b)		
		Capacity	Production	Sales	Capacity	Production	Sales	Capacity	Production	Sales	Capacity	Production	Sales	Capacity	Production	Sales
1. Lanka Salt Ltd																
Common Salt	mt	80,000	74,108	49,051	80,000	68,834	47,317	70,000	57,290	62,275	70,000	60,076	56,988	70,000	63,254	78,725
2. State Timber Corporation (c)																
Sawn Timber	m^3 '000	5	5	241	5	4	250	4	5	295	7	3	222	8	4	309
Logs	"	147	146	3,654	127	130	3,249	109	123	3,445	101	107	3,299	104	128	4,929
Sleepers	Nos. '000	62	7	153	42	44	499	49	37	530	50	38	389	40	29	287
3. National Paper Co. Ltd (c)(d)																
Paper & Paper Products	mt	12,000	-	1,027	12,000	-	774	-	-	-	750	81	8.2	6,000	1,154	125
4. State Printing Corporation (c)																
80 pgs Exercise Books	mn	12	11	220	12	7	222	10	6	166	11	5	122	10	5	138
Text Books	"	13	8	677	13	3	289	13	10	979	20	14	1,096	20	15	1,030
Lottery Tickets	"	420	377	319	420	427	360	525	503	427	756	537	332	756	495	270
Commercial Printing Jobs	Nos.	800	410		800	448		1,200	448		1,200	306		1,200	306	
5. Sri Lanka Ayurvedic Drugs Corporation																
Syrup and Oil	mt	609	408	233	724	419	262	640	507	405	692	425	326	755	545	344
Other Ayurvedic Drugs	mt '000	86	71	42	90	69	39	146	102	61	123	86	63	107	170	63
6. Ceylon Petroleum Corporation (e)																
Super Petrol / Gasoline	mt	182,962	164,564	1,057,079	162,400	165,428	1,172,540	180,500	185,915	1,148,482	187,790	164,416	1,025,126	168,889	124,092	1,102,373
Kerosene	"	50,000	59,782	155,624	56,760	35,195	203,604	62,610	38,345	202,841	69,300	109,165	175,568	60,102	98,284	188,234
Naphtha	"	141,378	141,688	139,287	118,500	140,661	137,123	130,600	162,019	161,960	157,720	156,953	164,649	143,485	106,956	10,624
Diesel	"	595,181	506,046	1,919,788	500,300	567,577	1,793,763	570,900	624,462	1,998,724	629,953	537,645	1,574,490	568,544	370,594	1,706,155
Avtur	"	251,715	236,360	456,293	227,040	237,270	498,841	250,430	258,986	473,780	277,200	157,279	188,731	240,408	130,572	223,854
Fuel oil	"	553,340	430,808	780,548	478,800	424,392	668,829	553,390	483,241	757,297	516,594	465,419	822,319	436,590	359,021	373,121
7. Lanka Mineral Sands Ltd																
Ilmenite & H.T. Ilmenite	mt	44,975	51,940	41,789	75,140	60,847	33,000	65,000	43,789	34,349	65,000	18,016	13,489	65,000	49,068	79,947
Rutile	"	2,100	2,174	1,979	2,280	2,174	2,780	3,500	1,959	3,173	3,500	1,311	1,000	3,500	1,881	750
Crude Zircon / Zircon	"	520	8,569	945	915	785	650	1,500	971	1,278	1,500	419	466	1,500	400	432
8. Lanka Phosphate Ltd																
Phosphate	mt	76,000	42,435	44,621	67,320	46,530	47,343	61,200	47,438	47,084	84,000	52,103	53,013	84,000	68,217	68,022
9. Kahatagaha Graphite Lanka Ltd																
Graphite	mt	840	811	530	780	722	494	780	710	411	780	579	340	780	422	364
10. State Pharmaceuticals Manufacturing Corporation of Sri Lanka																
Pharmaceuticals (Tablets & Capsules)	mn	2,000	1,523	3,175	1,800	1,897	4,621	2,100	2,400	5,646	3,000	3,015	7,647	2,800	3,044	8,539

(a) Revised

(b) Provisional

(c) For sales value of each item under the State Timber Corporation, the State Printing Corporation and the National Paper Co. Ltd, the realised Rupee value (in millions) of total sales is given.

(d) Production at National Paper Company Ltd. It was discontinued w.e.f. January 2015 and later recommenced in August 2020.

(e) Capacity information of the Ceylon Petroleum Corporation is based on budgeted crude oil inputs that are used in the refinery processes.

Sources: Respective Institutions

Regional Distribution of Industrial Enterprises (a)

Numbers

District	Industries Registered under Ministry of Industries					Industries Under BOI: Under Section 17 of the BOI Act (b)					Industries Under BOI: 200 Garment Factory Programme					Industries Under BOI: Under Section 16 of the BOI Act					Total (b)				
	2017	2018	2019	2020	2021 (c)	2017	2018	2019	2020	2021 (c)	2017	2018	2019	2020 (d)	2021 (c)	2017	2018	2019	2020	2021 (c)	2017	2018	2019	2020 (d)	2021 (c)
1. Colombo	1,429	1,494	1,553	1,599	1,664	663	635	628	626	646	18	20	20	23	30	402	343	318	311	298	2,512	2,492	2,519	2,559	2,638
2. Gampaha	467	516	565	622	692	533	530	549	609	646	10	10	10	10	10	108	92	87	84	83	1,118	1,148	1,211	1,325	1,431
3. Kalutara	143	165	180	196	223	148	149	148	147	159	5	5	5	7	9	25	22	20	19	19	321	341	353	369	410
4. Galle	47	50	57	58	61	80	79	78	86	88	4	4	4	7	11	59	56	52	53	51	190	189	191	204	211
5. Puttalam	62	64	69	75	88	83	79	87	88	93	3	3	4	4	4	12	12	7	7	7	160	158	167	174	192
6. Kandy	95	100	103	105	108	72	73	75	77	77	4	4	4	4	4	28	24	24	21	20	199	201	206	207	209
7. Kurunegala	72	77	80	83	110	74	70	77	83	91	5	5	6	6	7	9	6	6	6	7	160	158	169	178	215
8. Matara	46	49	49	50	54	23	25	29	29	33	1	1	1	1	1	7	6	6	6	6	77	81	85	86	94
9. Hambantota	16	16	16	16	20	35	34	33	32	37	3	3	4	5	4	8	8	9	9	9	62	61	62	62	70
10. Nuwara Eliya	6	6	6	6	7	65	67	67	67	67	6	6	5	5	4	2	2	2	2	2	79	81	80	80	80
11. Ratnapura	21	22	49	49	54	52	52	52	48	50	7	6	6	6	7	9	5	5	4	4	89	85	112	107	115
12. Anuradhapura	15	15	17	17	17	21	21	21	19	20	3	3	3	4	4	1	1	-	-	-	40	40	41	40	41
13. Badulla	8	8	8	9	9	32	35	35	35	36	1	2	1	1	1	2	2	2	2	2	43	47	46	47	48
14. Kegalle	21	21	34	35	39	39	39	40	41	48	5	5	6	6	6	3	3	3	3	3	68	68	83	85	96
15. Matale	21	21	24	29	32	41	40	42	42	42	1	1	1	1	1	4	5	4	4	4	67	67	71	76	79
16. Moneragala	3	3	3	3	3	9	8	10	9	11	1	1	1	1	-	-	-	-	-	-	13	12	14	13	14
17. Polonnaruwa	8	9	10	10	16	10	7	8	6	6	2	2	2	2	2	-	-	-	-	-	20	18	20	18	24
18. Ampara	10	10	16	17	18	10	10	9	8	8	4	4	4	4	7	3	3	3	3	3	27	27	32	32	36
19. Trincomalee	6	6	9	11	11	23	23	25	24	25	1	1	1	1	1	1	-	-	-	-	31	30	35	36	37
20. Batticaloa	7	11	15	16	16	14	14	13	14	17	1	1	1	2	2	-	-	-	-	-	22	26	29	32	35
21. Vavuniya	2	2	3	3	4	6	6	7	8	10	-	-	-	-	-	2	-	-	-	-	10	8	10	11	14
22. Jaffna	5	5	6	7	9	6	6	7	10	10	-	-	-	-	1	-	-	-	-	-	11	11	13	17	20
23. Mannar	2	2	2	2	2	2	1	2	1	2	1	1	1	-	-	1	1	1	1	1	6	5	6	4	5
24. Kilinochchi	1	1	1	1	1	4	4	5	5	6	-	-	-	-	-	-	-	-	-	-	5	5	6	6	7
25. Mullaitivu	1	1	1	1	1	1	1	1	1	2	-	-	-	-	-	-	-	-	-	-	2	2	2	2	3
Total	**2,514**	**2,674**	**2,876**	**3,020**	**3,259**	**2,046**	**2,048**	**1,974**	**2,115**	**2,230**	**86**	**88**	**90**	**100**	**116**	**686**	**591**	**549**	**535**	**519**	**5,332**	**5,361**	**5,563**	**5,770**	**6,124**

(a) As at year end
(b) Includes expanded projects
(c) Provisional
(d) Revised

Sources: Ministry of Industries
Board of Investment of Sri Lanka

Major Divisions of Index of Industrial Production (IIP) (a)

2015 = 100

Period	IIP	Manufacture of Food Products	Manufacture of Beverages	Manufacture of Tobacco Products	Manufacture of Textiles	Manufacture of Wearing Apparel	Manufacture of Paper and Paper Products	Manufacture of Coke and Refined Petroleum Products	Manufacture of Chemicals and Chemical Products	Manufacture of Rubber and Plastic Products	Manufacture of Other Non-metallic Mineral Products	Manufacture of Basic Metals	Manufacture of Electrical Equipment
2017	105.8	105.0	91.5	106.3	106.4	110.7	108.4	94.3	96.6	108.0	111.5	120.8	99.9
2018	106.7	106.1	99.8	92.7	110.2	115.1	86.8	97.5	92.7	112.0	108.9	128.3	81.8
2019	108.1	105.6	103.4	81.0	108.3	117.2	96.7	106.8	102.2	106.4	117.8	124.2	86.9
2020 (b)	97.1	109.1	96.5	72.1	102.2	81.2	81.8	97.2	94.2	75.8	111.7	110.7	67.5
2021 (c)	104.2	109.3	106.0	77.9	128.7	95.4	86.5	71.1	89.8	102.9	137.4	133.6	81.4
2020 (b) 1st Quarter	98.8	107.7	97.8	63.3	78.7	91.7	78.8	87.4	83.3	86.9	118.6	129.8	77.6
2nd Quarter	73.9	105.9	64.0	65.1	76.1	43.8	53.7	77.5	74.3	33.1	66.6	58.9	43.3
3rd Quarter	107.5	110.5	116.3	92.4	133.6	88.1	98.1	109.2	120.5	93.4	130.2	135.0	72.5
4th Quarter	108.3	112.4	108.0	67.7	120.5	101.0	96.4	114.7	98.7	89.9	131.5	119.2	76.8
2021 (c) 1st Quarter	108.9	109.1	121.7	80.5	130.7	114.1	111.7	51.3	91.5	104.1	134.9	144.4	98.8
2nd Quarter	94.9	102.8	90.0	60.2	126.1	72.4	70.5	81.8	86.5	99.7	129.1	123.6	68.6
3rd Quarter	105.2	110.0	94.2	90.5	135.1	91.8	74.8	100.9	82.6	100.6	146.6	128.9	72.9
4th Quarter	107.9	115.3	118.0	80.4	122.9	103.1	88.9	50.5	98.6	107.1	139.1	137.5	85.5
2020 (b) January	108.1	112.8	108.4	69.1	108.1	103.4	94.4	93.5	84.6	107.5	129.3	148.4	78.3
February	104.2	105.4	106.2	66.8	82.0	101.2	89.0	106.7	85.9	98.7	130.2	134.5	84.6
March	84.1	105.0	78.8	54.1	46.1	70.6	52.9	62.0	79.3	54.4	96.3	106.4	70.0
April	50.0	97.1	26.3	26.2	13.1	11.4	28.5	63.0	35.4	12.6	27.9	13.8	32.6
May	79.2	114.4	53.6	77.5	85.6	48.4	51.5	91.7	73.8	31.6	69.3	77.4	35.1
June	92.5	106.2	112.0	91.5	129.5	71.5	81.1	77.9	113.8	55.3	102.5	85.4	62.2
July	111.3	117.8	123.9	88.8	134.1	93.8	106.2	97.7	120.1	98.5	131.9	120.8	71.2
August	102.3	107.0	109.9	87.7	127.0	78.2	80.0	112.2	117.5	94.2	126.9	132.4	70.6
September	108.8	106.6	115.2	100.6	139.6	92.1	108.1	117.6	123.8	87.4	132.0	151.7	75.6
October	107.8	114.6	94.4	60.1	121.0	99.1	93.5	119.2	126.8	86.9	129.5	66.7	74.2
November	106.9	109.5	108.7	76.2	128.2	103.5	87.3	109.2	82.4	89.4	125.8	133.1	67.5
December	110.3	113.0	120.9	66.9	112.4	100.6	108.5	115.8	87.1	93.5	139.1	157.7	88.6
2021 (c) January	108.1	100.5	104.1	76.9	142.3	108.9	133.1	106.5	82.3	105.0	132.3	132.7	92.5
February	99.2	100.4	115.3	69.9	114.3	102.1	109.1	45.8	72.8	83.5	127.4	152.1	96.6
March	119.6	126.3	145.6	94.7	135.5	131.2	92.8	1.5	119.5	124.0	145.1	148.4	107.3
April	94.1	103.3	126.1	66.1	97.8	73.4	82.7	68.0	88.7	85.5	125.2	104.5	81.6
May	93.2	92.8	91.8	61.7	136.2	68.2	42.7	102.5	101.4	108.5	130.3	137.4	58.8
June	97.4	112.3	52.1	52.9	144.3	75.6	85.9	74.9	69.5	105.3	132.0	128.8	65.4
July	109.9	116.2	119.3	92.4	140.4	87.7	86.3	98.7	84.0	107.0	150.8	137.9	73.4
August	105.7	106.5	95.2	85.0	137.7	95.4	68.6	114.8	92.2	92.9	148.3	140.7	67.7
September	100.2	107.3	68.2	94.0	127.3	92.4	69.5	89.2	71.6	101.9	140.6	108.0	77.5
October	109.5	120.1	110.9	81.6	132.6	100.7	72.9	72.6	92.8	112.3	136.7	114.2	76.9
November	106.8	110.9	125.8	78.7	132.1	106.0	105.5	29.9	102.7	102.6	137.9	148.5	92.2
December	107.4	114.7	117.1	76.4	104.1	102.6	88.3	48.9	100.4	106.3	142.7	149.9	87.3

(a) Indices are classified according to the International Standard Industrial Classification (ISIC) Revision 4.
(b) Revised
(c) Provisional

Source: Department of Census and Statistics

Index of Industrial Production (IIP) (a)

2015 = 100

Category	2017	2018	2019	2020 (b)	2021 (c)
1. Manufacture of Food Products	105.0	106.1	105.6	109.1	109.3
2. Manufacture of Beverages	91.5	99.8	103.4	96.5	106.0
3. Manufacture of Tobacco Products	106.3	92.7	81.0	72.1	77.9
4. Manufacture of Textiles	106.4	110.2	108.3	102.2	128.7
5. Manufacture of Wearing Apparel	110.7	115.1	117.2	81.2	95.4
6. Manufacture of Leather and Related Products	111.9	117.0	116.7	77.6	78.6
7. Manufacture of Wood and Products of Wood and Cork, except Furniture; Articles of Straw and Plaiting Materials	93.7	98.6	101.9	71.8	82.5
8. Manufacture of Paper and Paper Products	108.4	86.8	96.7	81.8	86.5
9. Printing and Reproduction of Recorded Media	106.9	106.5	102.9	112.6	117.9
10. Manufacture of Coke and Refined Petroleum Products	94.3	97.5	106.8	97.2	71.1
11. Manufacture of Chemicals and Chemical Products	96.6	92.7	102.2	94.2	89.8
12. Manufacture of Basic Pharmaceutical Products and Pharmaceutical Preparations	111.1	100.1	98.2	104.7	117.9
13. Manufacture of Rubber and Plastic Products	108.0	112.0	106.4	75.8	102.9
14. Manufacture of Other Non-metallic Mineral Products	111.5	108.9	117.8	111.7	137.4
15. Manufacture of Basic Metals	120.8	128.3	124.2	110.7	133.6
16. Manufacture of Fabricated Metal Products (except Machinery Equipment)	115.8	125.4	110.7	100.9	124.6
17. Manufacture of Electrical Equipment	99.9	81.8	86.9	67.5	81.4
18. Manufacture of Machinery and Equipment (n.e.c.)	112.4	102.0	99.3	102.9	122.0
19. Manufacture of Furniture	105.2	90.6	90.3	77.0	77.5
20. Other Manufacturing	98.4	95.1	66.0	65.7	69.6
Index of Industrial Production	**105.8**	**106.7**	**108.1**	**97.1**	**104.2**

(a) Indices are classified according to the International Standard Industrial Classification (ISIC) Revision 4.
(b) Revised
(c) Provisional

Source: Department of Census and Statistics

TABLE 32

Demography

Item	2001	2011	2012	2013	2014	2015	2016 (a)	2017 (b)	2018 (b)	2019 (b)	2020 (b)	2021 (b)
Mid-Year Population, '000 (c)	18,797	20,892	20,425	20,585	20,778	20,970	21,209	21,444	21,670	21,803	21,919	22,156
0 - 14 Years	4,942	5,491	5,148	5,188	5,239	5,289	5,349	5,411	5,470	5,504	5,534	5,596
15 - 54 Years	11,374	12,643	11,680	11,773	11,881	11,992	12,128	12,263	12,392	12,469	12,535	12,671
55 Years and Over	2,481	2,758	3,597	3,624	3,658	3,689	3,732	3,770	3,808	3,830	3,850	3,889
Growth of Mid-Year Population (%)	1.2	1.1	1.0	0.8	0.9	0.9	1.1	1.1	1.1	0.6	0.5	1.1
Crude Birth Rate, per 1,000	19.1	17.3	17.6	17.8	16.8	16.0	15.5	15.2	15.1	14.6	13.8	12.9
Crude Death Rate, per 1,000	6.0	5.9	6.0	6.2	6.2	6.3	6.2	6.5	6.4	6.7	6.0	7.4
Rate of Natural Increase, per 1,000	13.1	11.4	11.6	11.6	10.7	9.7	9.3	8.6	8.7	8.6	7.3	5.5
Net Migration Rate, per 1,000	-0.9	-2.2	-2.5	-2.3	-2.0	0.7	2.1	2.3	0.7	-2.3	-4.3	4.0
Infant Mortality Rate, per 1,000 Live Births	12.6	9.1	8.3	8.3	7.6	8.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Density of Population, Persons per Sq.Km.	300	333	326	328	331	334	338	342	346	348	350	353

(a) Revised
(b) Provisional
(c) Until 2011, mid-year population estimates were prepared based on the Census of Population and Housing - 2001. Mid-year population estimates from 2012 onwards were based on the Census of Population and Housing - 2012.

Sources: Registrar General's Department
Department of Census and Statistics

TABLE 33

Population By District

'000 Persons

District	1981 (a)	2001 (b)	2011 (b)	2012 (c)	2013 (c)	2014 (c)	2015 (c)	2016 (c)(d)	2017 (c)(e)	2018 (c)(e)	2019 (c)(e)	2020 (c)(e)	2021 (c)(e)
Colombo	1,699	2,251	2,606	2,330	2,339	2,353	2,367	2,387	2,419	2,439	2,448	2,455	2,480
Gampaha	1,391	2,064	2,189	2,310	2,324	2,339	2,355	2,373	2,391	2,409	2,417	2,423	2,443
Kalutara	830	1,066	1,151	1,225	1,233	1,242	1,252	1,263	1,271	1,281	1,284	1,287	1,296
Galle	815	991	1,094	1,066	1,074	1,083	1,092	1,104	1,113	1,124	1,130	1,135	1,147
Matara	644	761	847	817	824	832	840	848	851	858	863	866	873
Hambantota	424	526	577	602	610	618	625	634	647	655	661	668	676
Badulla	641	780	902	818	826	836	846	857	864	873	880	886	895
Moneragala	274	398	447	453	460	467	475	483	485	491	496	501	505
Kandy	1,048	1,279	1,455	1,381	1,391	1,404	1,417	1,434	1,452	1,468	1,476	1,483	1,501
Matale	357	441	503	486	491	496	501	508	514	519	522	525	530
Nuwara Eliya	604	704	769	715	724	733	741	749	756	763	768	773	780
Kegalle	685	786	828	843	849	856	863	871	877	884	887	891	898
Ratnapura	797	1,016	1,149	1,092	1,102	1,114	1,125	1,138	1,151	1,163	1,171	1,179	1,190
Kurunegala	1,212	1,460	1,583	1,624	1,634	1,647	1,661	1,680	1,694	1,711	1,719	1,726	1,743
Puttalam	493	710	794	765	771	778	786	797	814	825	832	837	849
Anuradhapura	588	745	839	864	874	886	896	909	918	930	937	943	954
Polonnnaruwa	262	359	415	408	411	416	422	428	431	436	440	443	448
Ampara	389	593	654	652	658	666	674	686	705	719	728	736	752
Batticaloa	330	486	549	528	531	535	541	551	560	570	575	579	590
Trincomalee	256	340	381	381	385	391	396	404	412	421	426	431	441
Jaffna (f)	739	491	542	585	589	593	596	600	608	613	617	621	626
Kilinochchi (f)	92	127	154	114	116	118	119	120	124	126	129	130	133
Mannar	106	152	163	100	101	102	103	105	107	109	111	112	114
Mullaitivu	77	121	125	93	93	95	96	97	96	96	97	98	98
Vavuniya	95	150	176	173	175	178	181	183	184	187	189	191	194
Total	**14,847**	**18,797**	**20,892**	**20,425**	**20,585**	**20,778**	**20,970**	**21,209**	**21,444**	**21,670**	**21,803**	**21,919**	**22,156**

(a) Census of Population and Housing - 1981
(b) Based on the Census of Population and Housing - 2001
(c) Based on the Census of Population and Housing - 2012
(d) Revised
(e) Provisional
(f) Although in the 1981 Census, Jaffna and Killinochchi were considered as one district, the disaggregated population data for the two districts have been provided for 1981 as well, to be consistent within the present district structure.

Source: Registrar General's Department

TABLE 34

Labour Force Participation Rate (a)

Per cent

Category	2011 (b)(c)	2011 (d)(e)	2012 (b)(c)	2012 (b)(d)	2012 (d)(e)	2013 (d)(e)	2014 (d)(e)	2015 (d)(e)	2016 (d)(e)	2017 (d)(e)	2018 (d)(e)	2019 (d)(e)	2020 (d)(e)	2021 (d)(e)(f)(g)
By Age Group														
10 - 14 Years	...	...	...	...	...	...	...	...	...	...	...	...	...	...
15 - 19 Years	16.5	16.2	15.1	14.8	14.7	16.2	15.2	15.0	13.8	13.3	11.7	12.0	11.2	8.8
20 - 24 Years	54.8	54.4	55.0	54.7	54.5	55.0	52.7	55.5	55.6	57.4	53.2	54.9	51.5	47.6
25 - 29 Years	66.4	66.1	64.8	64.6	64.4	64.7	63.8	65.4	65.8	67.6	66.3	68.1	66.4	66.8
30 - 39 Years	67.9	67.4	65.9	65.8	65.7	67.9	68.0	67.4	67.6	68.1	66.0	67.6	66.8	67.3
40 Years & above	53.6	53.1	53.2	52.7	52.7	54.1	53.4	54.0	54.4	54.6	52.8	52.6	51.0	50.8
By Gender														
Male	66.5	74.0	67.0	66.8	74.9	74.9	74.6	74.7	75.1	74.5	73.0	73.0	71.9	71.0
Female	31.8	34.3	30.3	29.9	32.9	35.4	34.6	35.9	35.9	36.6	33.6	34.5	32.0(h)	31.8
By Sector														
Urban	44.0	47.8	44.0	43.7	48.3	47.7	48.7	48.6	49.8	50.5	49.7	50.2	47.0	46.9
Rural	48.8	53.8	48.5	48.0	53.4	54.9	54.1	54.8	54.6	54.8	52.3	52.7	51.3	50.5
All	**48.2**	**52.9**	**47.6**	**47.2**	**52.5**	**53.7**	**53.2**	**53.8**	**53.8**	**54.1**	**51.8**	**52.3**	**50.6**	**49.9**
Labour Force, '000	**8,236**	**7,926**	**8,120**	**8,465**	**7,798**	**8,034**	**8,049**	**8,214**	**8,311**	**8,567**	**8,388**	**8,592**	**8,467**	**8,553**

Source: Department of Census and Statistics

(a) In July 2016, the Department of Census and Statistics published a re-weighted and revised labour force data series for 2011 onwards. Data cover the entire island and household population aged 15 years and above.
(b) Labour force as a percentage of household population aged 10 years and above
(c) Data exclude the Northern province.
(d) Data cover the entire island.
(e) Labour force as a percentage of household population aged 15 years and above
(f) Provisional
(g) Average of four quarters of 2021
(h) Revised

TABLE 35

Status of Employment (a)

Per cent

Period	Public Sector Employees	Private Sector Employees	Employers	Own Account Workers	Unpaid Family Workers	Total
2011 (b)(c)	14.3	40.4	2.9	31.4	11.0	100.0
2011 (d)(e)	14.6	40.5	2.9	31.5	10.6	100.0
2012 (b)(c)	15.0	41.4	2.8	31.8	9.0	100.0
2012 (b)(d)	15.1	41.3	2.8	31.9	8.9	100.0
2012 (d)(e)	15.3	41.2	2.8	31.9	8.7	100.0
2013 (d)(e)	15.2	40.5	3.0	32.2	9.1	100.0
2014 (d)(e)	15.5	40.9	2.7	32.0	8.9	100.0
2015 (d)(e)	15.1	41.0	3.1	32.3	8.4	100.0
2016 (d)(e)	14.6	43.3	2.7	31.6	7.8	100.0
2017 (d)(e)	14.4	43.3	3.0	31.3	8.0	100.0
2018 (d)(e)	14.5	43.4	2.8	32.3	7.2	100.0
2019 (d)(e)	14.9	43.0	2.6	32.5	7.0	100.0
2020 (d)(e)	**14.8**	**42.7**	**2.5**	**33.2**	**6.8**	**100.0**
1st Quarter	14.9	42.7	2.5	33.2	6.6	100.0
2nd Quarter	14.8	43.2	2.3	32.8	7.0	100.0
3rd Quarter	14.5	43.5	3.0	32.7	6.3	100.0
4th Quarter	15.0	41.3	2.3	34.2	7.2	100.0
2021 (d)(e)(f)(g)	**15.2**	**42.0**	**2.7**	**33.4**	**6.6**	**100.0**
1st Quarter	15.7	42.3	2.7	33.2	6.1	100.0
2nd Quarter	15.6	41.4	2.7	33.1	7.3	100.0
3rd Quarter	14.9	42.2	2.7	33.2	7.0	100.0
4th Quarter	14.8	42.3	2.9	33.9	6.2	100.0

Source: Department of Census and Statistics

(a) In July 2016, the Department of Census and Statistics published a re-weighted and revised labour force data series for 2011 onwards. Data cover the entire island and household population aged 15 years and above.
(b) Household population aged 10 years and above
(c) Data exclude the Northern province.
(d) Data cover the entire island.
(e) Household population aged 15 years and above
(f) Provisional
(g) Average of four quarters of 2021

TABLE 36

Employment by Economic Activity (a)(b)

'000 Persons

Sector	2018	2019	2020	2021 (c)				
				1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual (d)
Agriculture	**2,044**	**2,072**	**2,170**	**2,083**	**2,250**	**2,391**	**2,128**	**2,213**
Industry	**2,239**	**2,258**	**2,153**	**2,228**	**2,042**	**1,969**	**2,199**	**2,109**
Mining and Quarrying	62	61	57	59	56	49	54	55
Manufacturing	1,464	1,504	1,398	1,454	1,316	1,257	1,423	1,362
Construction, Electricity, Gas, Steam and Air Conditioning Supply, Water Supply, Sewerage, Waste Management and Remediation Activities	713	693	698	715	670	664	722	693
Services	**3,732**	**3,850**	**3,677**	**3,870**	**3,790**	**3,684**	**3,820**	**3,791**
Wholesale and Retail Trade, Repair of Motor Vehicles and Motor Cycles	1,141	1,134	1,095	1,175	1,098	1,161	1,180	1,154
Transport and Storage	502	514	524	511	504	455	457	482
Accomodation and Food Services Activities	238	232	217	214	222	224	197	214
Information and Communication	55	64	58	67	71	83	70	73
Financial and Insurance Activities	173	188	183	162	218	183	167	182
Professional, Scientific and Technical Activities	86	90	86	90	92	62	79	81
Administrative and Support Service Activities	167	205	165	123	122	114	186	136
Public Administration and Defence; Compulsory Social Security	434	436	447	511	499	480	470	490
Education	425	426	403	467	400	392	434	423
Human Health and Social Work Activities	143	169	156	152	200	181	165	175
Other (e)	366	390	342	398	364	348	415	381
Total Employment	**8,015**	**8,181**	**7,999**	**8,181**	**8,082**	**8,044**	**8,146**	**8,114**
Percentage of Labour Force	**95.6**	**95.2**	**94.5**	**94.3**	**94.9**	**94.8**	**95.4**	**94.9**

(a) Household population aged 15 years and above
(b) Based on the International Standard Industrial Classification (ISIC) - Revision 4
(c) Provisional
(d) Average of four quarters of 2021
(e) Includes activities of households as employers; Real estate; Arts, entertainment and recreation; and Extra territorial organizations and bodies

Source: Department of Census and Statistics

Labour Force Trends (a)

Item	2018	2019	2020	2021 (b)				
				1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual (c)
Household Population, '000	16,196	16,424	16,739	17,025	17,092	17,158	17,260	17,134
Labour Force, '000	8,388	8,592	8,467	8,673	8,515	8,487	8,538	8,553
Employed	8,015	8,181	7,999	8,181	8,082	8,044	8,146	8,114
Unemployed	373	411	468	492	432	444	392	440
Labour Force Participation Rate								
(% of Household Population)	51.8	52.3	50.6	50.9	49.8	49.5	49.5	49.9
Male	73.0	73.0	71.9	71.7	71.1	71.0	70.2	71.0
Female	33.6	34.5	32.0(d)	33.4	30.9	30.9	32.0	31.8
Employment Status (%)								
Public Sector Employees	14.5	14.9	14.8	15.7	15.6	14.9	14.8	15.2
Private Sector Employees	43.4	43.0	42.7	42.3	41.4	42.2	42.3	42.0
Employers	2.8	2.6	2.5	2.7	2.7	2.7	2.9	2.7
Own Account Workers	32.3	32.5	33.2	33.2	33.1	33.2	33.9	33.4
Unpaid Family Workers	7.2	7.0	6.8	6.1	7.3	7.0	6.2	6.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Unemployment, % of Labour Force								
By Gender								
Male	3.0	3.3	4.0	3.9	3.8	3.7	3.3	3.7
Female	7.1	7.4	8.5(d)	8.9	7.7	8.2	7.0	7.9
By Level of Education								
Grade 5 and below	...	...	...	...	...	...	...	...
Grade 6-10	2.9	3.3	4.0	3.8	3.2	3.3	3.4	3.4
GCE(O/L)	5.2	6.5	7.2	7.4	7.2	7.6	6.3	7.1
GCE(A/L) and above	9.1	8.5	9.8	10.1	9.1	9.6	7.6	9.1
By Age Group								
15 - 19 years	26.5	26.0	31.7(d)	25.0	29.0	22.3	24.4	25.2
20 - 29 years	15.0	15.3	18.1	20.3	18.2	18.3	16.3	18.3
30 - 39 years	3.0	3.1	3.5	4.5	3.7	3.8	3.1	3.8
40 years and above	0.7	1.2	1.1(d)	0.8	0.9	1.2	1.0	1.0
Youth Unemployment (age 15-24 years)	**21.4**	**21.5**	**26.5**	**28.1**	**30.0**	**24.2**	**23.8**	**26.5**
Overall Unemployment Rate	**4.4**	**4.8**	**5.5**	**5.7**	**5.1**	**5.2**	**4.6**	**5.1**

(a) Household population aged 15 years and above
(b) Provisional
(c) Average of four quarters of 2021
(d) Revised

Source: Department of Census and Statistics

Public Sector Employment (a)

Category	2017			2018			2019 (b)			2020 (b)(c)			2021 (c)		
	Regular	Other (d)	Total	Regular	Other (d)	Total	Regular	Other (d)	Total	Regular	Other (d)	Total	Regular	Other (d)	Total
Government Institutions															
Senior Level (e)	47,863	3,400	51,263	49,899	3,212	53,111	50,601	2,998	53,599	50,348	2,716	53,064	51,472	2,810	54,282
Tertiary Level (f)	76,166	13,259	89,425	76,127	13,049	89,176	73,602	12,497	86,099	75,090	12,606	87,696	41,528	2,528	44,056
Secondary Level (g)	705,033	60,074	765,107	723,157	62,748	785,905	728,151	58,018	786,169	755,953	56,747	812,700	819,242	70,342	889,584
Primary Level (h)	233,408	13,008	246,416	235,016	16,441	251,457	231,825	14,379	246,204	259,075	11,082	270,157	260,556	9,962	270,518
Total	**1,062,470**	**89,741**	**1,152,211**	**1,084,199**	**95,450**	**1,179,649**	**1,084,179**	**87,892**	**1,172,071**	**1,140,466**	**83,151**	**1,223,617**	**1,172,798**	**85,642**	**1,258,440**
Semi-Government Institutions															
Senior Level (e)	18,078	2,408	20,486	18,240	1,771	20,011	18,071	1,602	19,673	19,648	1,814	21,462	19,921	1,963	21,884
Tertiary Level (f)	29,747	2,444	32,191	30,796	2,692	33,488	28,508	2,597	31,105	27,966	2,161	30,127	27,335	2,352	29,687
Secondary Level (g)	75,389	5,845	81,234	70,669	5,816	76,485	71,541	4,984	76,525	68,743	4,239	72,982	67,576	4,211	71,787
Primary Level (h)	92,191	18,412	110,603	93,183	21,330	114,513	95,222	22,748	117,970	95,501	17,382	112,883	99,327	12,347	111,674
Total	**215,405**	**29,109**	**244,514**	**212,888**	**31,609**	**244,497**	**213,342**	**31,931**	**245,273**	**211,858**	**25,596**	**237,454**	**214,159**	**20,873**	**235,032**
Public Sector (Total)															
Senior Level (e)	65,941	5,808	71,749	68,139	4,983	73,122	68,672	4,600	73,272	69,996	4,530	74,526	71,393	4,773	76,166
Tertiary Level (f)	105,913	15,703	121,616	106,923	15,741	122,664	102,110	15,094	117,204	103,056	14,767	117,823	68,863	4,880	73,743
Secondary Level (g)	780,422	65,919	846,341	793,826	68,564	862,390	799,692	63,002	862,694	824,696	60,986	885,682	886,818	74,553	961,371
Primary Level (h)	325,599	31,420	357,019	328,199	37,771	365,970	327,047	37,127	364,174	354,576	28,464	383,040	359,883	22,309	382,192
Total	**1,277,875**	**118,850**	**1,396,725**	**1,297,087**	**127,059**	**1,424,146**	**1,297,521**	**119,823**	**1,417,344**	**1,352,324**	**108,747**	**1,461,071**	**1,386,957**	**106,515**	**1,493,472**
							Percentage								
Government Institutions															
Senior Level (e)	4.5	3.8	4.4	4.6	3.4	4.5	4.7	3.4	4.6	4.4	3.3	4.3	4.4	3.3	4.3
Tertiary Level (f)	7.2	14.8	7.8	7.0	13.7	7.6	6.8	14.2	7.3	6.6	15.2	7.2	3.5	3.0	3.5
Secondary Level (g)	66.4	66.9	66.4	66.7	65.7	66.6	67.2	66.0	67.1	66.3	68.2	66.4	69.9	82.1	70.7
Primary Level (h)	22.0	14.5	21.4	21.7	17.2	21.3	21.4	16.4	21.0	22.7	13.3	22.1	22.2	11.6	21.5
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Semi-Government Institutions															
Senior Level (e)	8.4	8.3	8.4	8.6	5.6	8.2	8.5	5.0	8.0	9.3	7.1	9.0	9.3	9.4	9.3
Tertiary Level (f)	13.8	8.4	13.2	14.5	8.5	13.7	13.4	8.1	12.7	13.2	8.4	12.7	12.8	11.3	12.6
Secondary Level (g)	35.0	20.1	33.2	33.2	18.4	31.3	33.5	15.6	31.2	32.4	16.6	30.7	31.6	20.2	30.5
Primary Level (h)	42.8	63.3	45.2	43.8	67.5	46.8	44.6	71.2	48.1	45.1	67.9	47.5	46.4	59.2	47.5
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Public Sector (Total)															
Senior Level (e)	5.2	4.9	5.1	5.3	3.9	5.1	5.3	3.8	5.2	5.2	4.2	5.1	5.1	4.5	5.1
Tertiary Level (f)	8.3	13.2	8.7	8.2	12.4	8.6	7.9	12.6	8.3	7.6	13.6	8.1	5.0	4.6	4.9
Secondary Level (g)	61.1	55.5	60.6	61.2	54.0	60.6	61.6	52.6	60.9	61.0	56.1	60.6	63.9	70.0	64.4
Primary Level (h)	25.5	26.4	25.6	25.3	29.7	25.7	25.2	31.0	25.7	26.2	26.2	26.2	25.9	20.9	25.6
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Central Bank of Sri Lanka

(a) Re-categorised in accordance with the definitions given in the Public Administration Circular No.06/2006 issued on 25th April 2006
(b) Revised
(c) Provisional
(d) Employees on contract and casual basis
(e) Represents Executives/Senior Executives; Judicial/Law Officers and Medical Officers
(f) Represents Field/Office based Officers; Supra/Special Class Management Assistants; Sri Lanka Principals' Service; Police Inspectors/Chief Inspectors and similar posts in other Regulatory Services; Special Grades of Nurses/ Professions Supplementary to Medical Services and Para-Medical Services; and Medical Practitioners
(g) Represents Management Assistants (Technical and Non-Technical); Associate Officers; Sri Lanka Teachers' Service; Police Constables/ Sergeants/ Sergeant Major/Sub-Inspectors and similar posts in other Regulatory Services; Supervisory Management Assistants; and Nurses/ PSM Services and Para-Medical Services except the Special Grades of these services
(h) Represents primary level un-skilled, semi-skilled and skilled employees

Foreign Employment

Item	2012	2013	2014	2015	2016	2017	2018	2019	2020 (a)	2021 (b)
Total Placements	**282,447**	**293,218**	**300,703**	**263,443**	**242,816**	**211,992**	**211,211**	**203,087**	**53,711**	**121,795**
By Source										
Licensed Agents	175,169	180,463	176,829	116,749	87,982	68,319	66,703	69,278	18,065	42,012
(%)	62	62	59	44	36	32	32	34	34	34
Other	107,278	112,755	123,874	146,694	154,834	143,673	144,508	133,809	35,646	79,783
(%)	38	38	41	56	64	68	68	66	66	66
By Gender										
Males	144,135	175,185	190,217	172,788	160,306	139,268	129,712	122,257	32,500	80,670
(%)	51	60	63	66	66	66	61	60	61	66
Females	138,312	118,033	110,486	90,655	82,510	72,724	81,499	80,830	21,211	41,125
(%)	49	40	37	34	34	34	39	40	39	34
By Manpower Category										
Housemaids	119,011	96,900	88,628	73,226	65,015	55,884	64,757	61,489	15,322	29,399
(%)	42	33	29	28	27	26	31	30	29	24
Skilled Labour	67,150	73,707	73,162	81,682	76,545	68,980	67,013	62,711	16,664	39,971
(%)	24	25	24	31	32	33	32	31	31	33
Unskilled Labour	62,907	70,977	79,519	77,985	71,656	61,054	51,703	51,188	13,987	31,497
(%)	22	24	26	30	30	29	24	25	26	26
Other	33,379	51,634	59,394	30,550	29,600	26,074	27,738	27,699	7,738	20,928
(%)	12	18	20	12	12	12	13	14	14	17
Licensed Employment Agencies (Year End)	963	835	1034	1034	1,135	763	763	881	778	1,011
Number of Training Centres										
By SLBFE	24	23	25	25	22	19	19	18	17	18
By Private Agents	5	13	13	13	0	3	3	3	1	2

(a) Revised
(b) Provisional

Source: Sri Lanka Bureau of Foreign Employment

Employees' Provident Fund

Year	Total Member Accounts (a) ('000)	Active Accounts (b) ('000)	Employers (Number)	Contributions (Rs. million)	Refunds (Rs. million)	Total Member Balances (Rs. million)
2012	14,559	2,338	68,140	70,171	48,712	1,124,508
2013	15,203	2,404	69,148	80,176	50,243	1,281,855
2014	15,831	2,448	69,683	90,049	65,118	1,445,462
2015	16,860	2,569	72,578	102,453	77,769	1,625,493
2016	17,139	2,411	73,973	118,327	108,393	1,810,595
2017	18,032	2,765	76,782	133,353	117,477	2,020,782
2018	18,705	2,850	78,651	144,996	106,831	2,254,194
2019 (c)	19,385	2,914	94,171	157,247	126,330	2,497,610
2020 (c)	19,759	2,611	89,853	150,735	109,725	2,767,832
2021 (d)	19,759	2,316	70,258	165,723	118,192	3,066,871

(a) Data have not been adjusted to take into account persons registered more than once.
(b) Accounts in respect of which contributions were received for the current year.
(c) Revised
(d) Provisional

Source: Central Bank of Sri Lanka

TABLE 41

Employees' Trust Fund

Year	Member Accounts (million)(a)	Active Accounts (million)(a)	Contributing Employers (number)	Contributions Received (Rs. million)	Refunds Paid (Rs. million)	Other Benefits Paid (Rs. million)	Total Member Balances (Rs. million)	Investments of the Fund (Rs. million)
2012	9.8	2.2	70,194	12,745	8,566	232	153,631	157,951
2013	10.0	2.2	72,234	14,404	9,574	248	174,252	178,099
2014	12.0	2.4	74,362	15,852	13,859	374	193,869	198,653
2015	12.4	2.4	76,674	18,087	11,493	374	218,502	221,941
2016	12.5	2.5	77,842	20,318	13,478	393	245,608	248,870
2017	12.6	2.6	81,515	22,764	16,839	398	274,160	279,006
2018	13.9	2.6	82,416	25,282	18,292	425	306,455	310,771
2019	15.3	2.6	82,375	27,476	19,808	455	338,631	343,325
2020 (b)	15.9	2.5	75,756	26,751	18,570	405	375,215	376,579
2021 (c)	14.7	2.1	44,501	29,687	19,789	441	406,289	409,286

(a) Estimated
(b) Revised
(c) Provisional

Source: Employees' Trust Fund Board

TABLE 42

Strikes in Private Sector Industries

Year	Plantation			Other (a)			Total		
	No. of Strikes	Workers Involved	Man Days Lost	No. of Strikes	Workers Involved	Man Days Lost	No. of Strikes	Workers Involved	Man Days Lost
2011	19	7,232	23,513	8	3,807	15,673	27	11,039	39,186
2012	14	4,278	25,043	20	5,626	10,774	34	9,904	35,817
2013	21	5,031	41,669	21	6,088	38,754	42	11,119	80,423
2014	31	4,833	29,165	7	1,618	8,158	38	6,451	37,323
2015	31	10,427	70,697	20	4,488	11,597	51	14,915	82,294
2016	26	11,185	85,637	15	10,167	18,690	41	21,352	104,327
2017	12	1,885	5,643	21	9,027	54,436	33	10,912	60,079
2018	29	6,545	33,212	22	5,610	16,406	51	12,155	49,618
2019	9	1,981	28,363	16	5,630	27,689	25	7,611	56,052
2020	13	1,936	9,375	15	4,189	13,215	28	6,125	22,590
2021 (b)	8	1,182	7,303	13	8,072	109,467	21	9,254	116,770

(a) Includes semi government institutions and other private institutions
(b) Provisional

Source: Department of Labour

Performance of Telecommunications and Postal Services

Item	2012	2013	2014	2015	2016	2017	2018	2019	2020 (a)	2021 (b)
Telecommunications Services										
1. Fixed Access Services (No.)	3,449,391	2,706,787	2,709,848	2,601,196	2,550,432	2,603,178	2,484,616	2,299,767	2,613,140	2,851,589
Wireline Telephones in Service	999,354	1,062,065	1,123,126	1,128,291	1,166,348	1,198,483	1,215,967	1,244,549	1,246,045	1,264,196
Wireless Local Loop Telephones	2,450,037	1,644,722 (c)	1,586,722	1,472,905	1,384,084	1,404,695	1,268,649	1,055,218	1,367,095	1,587,393
2. Mobile Phones (No.)	20,324,070	20,315,150 (c)	22,123,000	24,384,544	26,227,631	28,199,083	32,528,104	32,884,099	28,739,277	29,958,852
3. Internet Connections (No.) (d)	1,365,655	2,009,456	3,396,295	4,090,920	4,920,554	6,747,154	10,562,675	13,408,403	17,524,048	22,235,833
4. Public Pay Phones (No.)	6,983	6,773	6,642	5,809	5,301	5,137	2,135	476	461	n.a.
5. Penetration (e)										
Fixed Lines	16.89	13.15	13.05	12.41	12.03	12.14	11.47	10.55	11.92	12.87
Mobile Phones	99.51	98.72	106.51	116.31	123.70	131.50	150.11	150.82	131.12	135.22
Internet (d)	6.69	9.76	16.35	19.51	23.21	31.46	48.74	61.50	79.95	100.36
Postal Services										
1. Delivery Areas (No.)	6,729	6,729	6,729	6,729	6,729	6,729	6,729	6,729	6,729	8,157
2. Post Offices (No.)	4,738	4,628	4,692	4,692	4,691	4,690	4,475	4,474	4,196	4,194
Public	4,062	4,026	4,063	4,063	4,062	4,062	4,063	4,062	4,062	4,064
Main Post Offices	651	651	653	653	652	653	653	653	653	654
Sub Post Offices	3,411	3,375	3,410	3,410	3,410	3,409	3,410	3,409	3,409	3,410
Private	676	602	629	629	629	628	412	412	134	130
Agency Post Offices	516	497	524	524	524	523	307	307	n.a.	n.a.
Rural Agency Post Offices	156	101	101	101	101	101	101	101	n.a.	n.a.
Estate Agency Post Offices	4	4	4	4	4	4	4	4	n.a.	n.a.
3. Area Served by a Post Office (sq. km)	13	14	13	13	14	14	15	15	16	16
4. Population Served by a Post Office (No.)	4,311	4,447	4,427	4,468	4,520	4,572	4,791	4,872	5,223	5,283
5. Letters per Inhabitant (No.)	15	13	18	18	18	18	18	18	15	15

(a) Revised
(b) Provisional
(c) Wireless Local Loop telephones and mobile phones declined in 2013 due to a revision in the classification of active subscribers in January 2013.
(d) Includes mobile internet connections
(e) Measured as connections per 100 persons

Sources: Telecommunications Regulatory Commission of Sri Lanka
Department of Posts
Department of Census and Statistics

Performance of the Energy Sector

Item	Unit	2012	2013	2014	2015	2016	2017	2018	2019	2020 (a)	2021 (b)
1. Electricity											
Installed Capacity	MW	3,312	3,362	3,932	3,847	4,018	4,138	4,046	4,217	4,265	4,187
CEB - Hydro	,,	1,357	1,361	1,377	1,377	1,384	1,384	1,399	1,399	1,383	1,383
Fuel Oil	,,	554	564	544	604	604	604	604	654	654	654
Coal	,,	300	300	900	900	900	900	900	900	900	900
Other	,,	3	3	3	3	3	3	-	-	31	104
Private - Hydro	,,	227	267	288	307	342	353	394	410	410	416
Fuel Oil (c)	,,	784	771	671	511	611	689	533	628	614	433
Other	,,	87	96	150	145	174	206	217	226	274	297
Units Generated	GWh	11,801	11,898	12,357	13,090	14,149	14,671	15,374(a)	15,922	15,714	16,716
CEB - Hydro	,,	2,727	5,990	3,632	4,904	3,481	3,059	5,149	3,783	3,911	5,640
Fuel Oil	,,	2,029	1,283	1,696	1,050	2,297	2,529	1,889	2,141	1,465	1,234
Coal	,,	1,404	1,469	3,202	4,443	5,047	5,103	4,764	5,361	5,754	5,519
Other	,,	2	2	2	1	2	2	1	-	8	318
Private - Hydro	,,	565	916	902	1,065	739	945	1,232	1,011	1,047	1,568
Fuel Oil (c)	,,	4,906	1,977	2,610	1,225	2,164	2,516	1,740	2,875	2,717	1,400
Other (d)	,,	168	260	313	401	419	517	598(a)	750	811	1,036
Total Sales by CEB	,,	10,475	10,621	11,063	11,786	12,785	13,430	14,091	14,611	14,286	15,214
Domestic and Religious	,,	3,577	3,546	3,585	3,943	4,272	4,463	4,641	4,863	5,172	5,320
Industrial	,,	3,285	3,344	3,498	3,608	3,864	4,041	4,290	4,392	4,164	4,822
General Purpose and Hotel (e)	,,	2,202	2,316	2,520	2,681	2,987	3,222	3,412	3,563	3,238	3,342
Bulk Sales to LECO	,,	1,302	1,308	1,352	1,446	1,553	1,595	1,640	1,684	1,605	1,633
Street Lighting	,,	109	108	108	108	109	108	108	109	108	97
2. Energy Related Products											
Quantity Imported											
Crude Oil	mt '000	1,486	1,743	1,824	1,763	1,685	1,591	1,674	1,842	1,667	1,182
Refined Products	,,	3,961	2,907	3,385	3,321	3,885	4,895	4,959	4,740	4,028	4,553
Coal	,,	930	1,469	1,608	1,883	2,407	2,530	2,167	2,390	2,600	2,206
L.P. Gas	,,	199	197	198	277	345	387	413	430	437	422
Value of Imports (C.I.F)											
Crude Oil	Rs. million	157,758	182,064	187,760	100,578	86,969	107,397	160,024	173,547	107,665	123,865
	US$ million	1,248	1,413	1,438	739	596	704	978	971	583	625
Refined Products	Rs. million	467,058	352,984	391,651	244,148	246,233	375,374	475,521	483,462	321,818	564,681
	US$ million	3,674	2,734	3,000	1,802	1,688	2,462	2,937	2,706	1,742	2,840
Coal	Rs. million	15,381	20,882	20,739	21,613	28,692	39,699	38,750	38,719	40,194	55,118
	US$ million	123	161	159	159	197	261	237	215	217	278
L.P. Gas	Rs. million	27,939	26,915	25,876	22,326	24,208	35,505	43,162	43,156	43,812	64,436
	US$ million	219	208	198	164	166	233	266	241	236	324
Average Price of	Rs./barrel	14,416	14,151	13,646	7,459	6,757	8,817	12,475	12,302	8,415	13,645
Crude Oil (C.I.F)	US$/barrel	114.00	109.84	104.53	54.80	46.30	57.79	76.25	68.80	45.57	68.86
Quantity of Petroleum Exports	mt '000	504	511	398	908	807	972	1,093	984	798	853
Value of Petroleum Exports	Rs. million	58,902	55,128	44,132	50,461	41,794	66,280	101,467	93,194	68,849	100,975
	US$ million	463	428	338	374	287	434	622	521	374	506
Local Sales - Refined Products	mt '000	4,811	3,982	4,404	4,124	4,937	5,379	5,273	5,528	4,600	4,246
o/w Petrol (92 Octane) (f) (g)	,,	726	733	767	911	1,036	1,109	1,179	1,269	1,139	1,238
Petrol (95 Octane)	,,	40	55	69	100	137	168	189	158	120	116
Auto Diesel (h)	,,	2,070	1,726	1,972	1,798	2,143	2,194	1,987	2,139	1,750	1,875
Super Diesel	,,	25	29	36	54	75	92	101	85	69	75
Kerosene	,,	143	126	122	130	137	161	210	206	176	188
Furnace Oil	,,	1,322	827	915	630	817	1,040	949	1,011	971	513
Avtur	,,	327	360	391	382	425	456	499	474	189	224
Naphtha	,,	62	72	94	99	120	139	137	162	165	11
Local Sales - L.P. Gas	,,	211	218	232	293	356	412	435	466	473	457
Local Price (End Period)											
Petrol (92 Octane) (f)	Rs./ltr	159.00	162.00	150.00	117.00	117.00	117.00	125.00	137.00	137.00	177.00
Petrol (95 Octane)	,,	167.00	170.00	158.00	128.00	128.00	128.00	149.00	161.00	161.00	207.00
Auto Diesel	,,	115.00	121.00	111.00	95.00	95.00	95.00	101.00	104.00	104.00	121.00
Super Diesel	,,	142.00	145.00	133.00	110.00	110.00	110.00	121.00	132.00	132.00	159.00
Kerosene	,,	106.00	106.00	81.00	49.00	49.00	44.00	70.00	70.00	70.00	87.00
Furnace Oil											
500 Seconds	,,	-	-	-	-	-	-	-	-	-	-
800 Seconds	,,	92.20	92.20	92.20	82.20	82.20	82.20	92.00	96.00	70.00	110.00
1,000 Seconds	,,	-	-	-	-	-	-	-	-	-	-
1,500 Seconds	,,	90.00	90.00	90.00	80.00	80.00	80.00	96.00	96.00	70.00	110.00
3,500 Seconds	,,	90.00	90.00	90.00	80.00	80.00	80.00	n.a.	n.a.	n.a.	n.a.
L.P. Gas											
Litro Gas	Rs./kg	179.68	191.68	151.68	107.68	105.68	114.48	138.64	119.44	119.44	214.00
Laugfs Gas	,,	179.68	191.68	151.68	107.68	105.68	114.48	138.64	119.44	119.44	227.20

(a) Revised
(b) Provisional
(c) Includes Independent Power Producers (IPP)
(d) Data from 2018 include rooftop solar power
(e) Data from 2013 include sales to government category
(f) Data up to 2014 refer to Petrol (90 Octane)
(g) Includes XtraPremium Euro 3
(h) Includes XtraMile Diesel

Sources: Ceylon Electricity Board
Ceylon Petroleum Corporation
Lanka Marine Services (Pvt) Ltd.
Lanka IOC PLC
Litro Gas Lanka Ltd.
Laugfs Gas PLC
Sri Lanka Customs
Central Bank of Sri Lanka

TABLE 45

Salient Features of the Transport Sector

Item	Unit	2012	2013	2014	2015	2016	2017	2018	2019	2020 (a)	2021 (b)
1. New Registrations of Motor Vehicles	No.	397,295	326,651	429,556	668,907	493,328	451,653	480,799	367,303	202,628	33,850
1.1 Buses	,,	3,095	1,805	3,851	4,140	2,685	3,331	2,957	1,613	578	281
1.2 Motor Cars	,,	31,546	28,380	38,780	105,628	45,172	39,182	80,776	38,232	21,021	3,495
1.3 Three Wheelers	,,	98,815	83,673	79,038	129,547	56,945	23,537	20,063	15,490	7,150	2,093
1.4 Dual Purpose Vehicles	,,	37,397	24,603	20,799	39,456	26,887	16,742	16,931	13,459	9,532	771
1.5 Motor Cycles	,,	192,284	169,280	272,885	370,889	340,129	344,380	339,763	284,301	151,634	8,011
1.6 Goods Transport Vehicles	,,	12,266	5,872	5,121	7,142	7,563	11,432	9,371	5,223	3,941	4,432
1.7 Land Vehicles	,,	21,892	13,038	9,082	12,105	13,947	13,049	10,282	7,666	8,302	14,764
1.8 Quadricycles and Motor Homes	,,	-	-	-	-	-	-	656	1,319	470	3
2. Sri Lanka Railways											
2.1 Operated Kilometres	'000	10,367	10,924	11,075	11,797	11,921	11,679	11,640	11,230	7,990	n.a.
2.2 Passenger Kilometres	million	5,039	6,257	6,842	7,407	7,413	7,495	7,710	7,310	3,906	n.a.
2.3 Freight Ton Kilometres	,,	142	133	130	130	140	145	120	116	114	n.a.
2.4 Total Revenue	Rs. million	4,852	5,423	5,909	6,335	6,623	6,477	7,413	7,901	4,567	2,679
2.5 Operating Expenditure	,,	8,648	10,586	16,943	14,049	13,396	14,081	14,381	15,464	14,618	12,979
2.6 Operating Profit (+) / Loss (-)	,,	-3,796	-5,163	-11,034	-7,714	-6,773	-7,604	-6,968	-7,562	-10,051	-10,300
3. Sri Lanka Transport Board											
3.1 Operated Kilometres	million	338	344	371	440	452	448	446	431	309	248
3.2 Passenger Kilometres	,,	11,909	12,201	12,717	15,210	16,101	15,810	15,541	14,346	8,623	6,175
3.3 Total Revenue	Rs. million	26,313	30,189	33,665	35,825	40,928	42,163	44,103	43,490	31,233	26,948
3.4 Operating Expenditure	,,	30,122	33,684	35,527	40,555	42,004	40,081	41,935	41,933	33,437	30,386
3.5 Operating Profit (+) / Loss (-)	,,	-3,809	-3,496	-1,862	-4,730	-1,076	2,081	2,168	1,557	-2,204	-3,438
4. SriLankan Airlines											
4.1 Hours Flown	hours	93,922	95,238	97,319	96,494	96,225	97,213	110,058	106,950	41,585	50,287
4.2 Passenger Kilometres Flown	million	12,790	12,988	12,719	12,747	12,855	14,169	16,180	15,509	3,641	2,868
4.3 Passenger Load Factor	%	81	82	80	80	81	82	83	83	56	36
4.4 Weight Load Factor	%	53	52	51	50	56	74	75	74	62	74
4.5 Freight	mt '000	98	100	96	103	113	124	136	123	56	93

(a) Revised
(b) Provisional

Sources: Department of Motor Traffic
Sri Lanka Railways
Sri Lanka Transport Board
Civil Aviation Authority of Sri Lanka

Performance of the Port Services

Item	2012	2013	2014	2015	2016	2017	2018	2019	2020 (a)	2021 (b)
1. Vessels Arrived (No.)	4,134	3,976	4,264	4,728	4,998	4,879	4,874	4,697	4,337	4,180
Colombo	3,870	3,667	3,742	4,197	4,405	4,329	4,331	4,198	3,806	3,675
Galle	69	36	60	72	96	87	84	43	22	14
Trincomalee	161	134	127	164	216	233	189	142	135	117
Hambantota	34	139	335	295	281	230	270	314	374	374
2. Total Cargo Handled (mt '000)	64,970	66,243	74,410	77,579	86,519	93,857	104,934	106,979	102,908	109,369
Colombo	61,669	63,482	70,794	73,718	81,879	89,035	100,151	101,926	97,681	103,824
Galle	422	207	394	542	771	712	729	510	404	106
Trincomalee	2,859	2,435	2,748	3,027	3,514	3,897	3,560	3,304	3,072	3,190
Hambantota	20	119	474	293	355	213	494	1,239	1,750	2,249
3. Total Container Traffic (TEUs '000) (c)	4,187	4,306	4,908	5,185	5,735	6,209	7,047	7,228	6,855	7,249
4. Transshipment Containers (TEUs '000) (c)	3,167	3,274	3,781	3,967	4,435	4,826	5,704	5,955	5,765	6,050
5. Total Revenue (SLPA) (Rs. million)	37,120	35,200	36,776	40,164	42,994	42,514	50,124	40,770	38,931	45,455
6. Operating Expenditure (SLPA) (Rs. million)	31,153	30,665	24,930	30,985	28,660	27,919	29,980	37,410	29,716	32,899
7. Employment (No.) (d)	10,200	9,886	9,598	9,550	9,651	9,377	9,710	9,937	9,484	9,203
Colombo	9,325	9,014	8,747	8,725	8,856	8,588	8,910	8,975	8,567	8,285
Galle	391	378	373	355	348	351	362	384	339	331
Trincomalee	436	426	419	417	402	401	400	400	387	381
Hambantota	48	68	59	53	45	37	38	178	191	206

(a) Revised
(b) Provisional
(c) TEUs = Twenty - foot Equivalent Container Units
(d) From 2019 onwards, employment data relevant to the ports of Colombo, Galle, Trincomalee were obtained from the SLPA, while that of the Hambantota Port were obtained from the Hambantota International Port Group (Pvt) Ltd.

Sources: Sri Lanka Ports Authority
Hambantota International Port Group (Pvt) Ltd

Salient Features of Government Health Services

Item	2012	2013	2014	2015	2016	2017	2018	2019	2020 (a)	2021 (b)
1. Hospitals (Practicing Western Medicine) (No.)	593	603	601	610	610	612	612	603	609	618
2. Beds (No.)	73,437	74,636	76,918	76,781	76,829	76,569	76,824	77,964	77,121	78,228
3. Primary Medical Care Units (No.)	480	481	484	475	475	506	506	499	514	542
4. Doctors (No.)	17,129	17,553	17,903	19,429 (c)	20,458	20,349	19,692	18,130	18,218	18,992
5. Assistant Medical Practitioners (No.)	1,061	1,057	1,055	1,017	1,011	910	895	756	690	650
6. Nurses (No.)	30,136	30,928	31,964	32,272	32,499	34,221	34,714	38,276	37,133	38,743
7. Attendants (No.)	8,403	8,091	8,215	8,689	8,268	9,218	8,614	8,531	8,177	8,176
8. In-Patients (No. '000)	5,840	5,926	6,120	6,322	6,493	6,910	7,116	7,478	7,478	n.a.
9. Out-Patients (No. '000)	50,631	53,861	55,105	54,652	53,044	55,520	57,410	58,920	58,920	n.a.
10. Ayurvedic Physicians (No.) (d)	20,712	21,060	22,422	22,672	23,082	23,206	25,431	25,783	26,061	26,183
11. Total Health Expenditure (Rs. million)	99,101	119,530	138,403	177,789	186,149	196,820	218,462	244,307	n.a.	387,121
Recurrent Expenditure	81,946	99,609	116,151	140,560	155,402	161,312	180,568	211,555	n.a.	275,165
Capital Expenditure	17,155	19,920	22,252	37,230	30,747	35,509	37,893	32,752	n.a.	111,956
12. Total Health Expenditure as a % of GDP (e)	1.13	1.25	1.34	1.62	1.55	1.47	1.51	1.63	n.a.	2.30

(a) Revised
(b) Provisional
(c) Includes intern medical officers
(d) Registered with the Ayurvedic Medical Council
(e) Data are based on the GDP estimates (base year 2010) of the Department of Census and Statistics.

Sources: Ministry of Health
Department of Ayurveda
Ministry of Finance
Department of Census and Statistics

TABLE 48

Salient Features of General and University Education

Item	2012	2013	2014	2015	2016	2017	2018	2019	2020 (a)	2021 (b)
A. General Education										
1. Schools (No.)	10,737	10,849	10,971	10,997	11,021	11,053	11,044	11,084	11,091	11,095
1.1 Government Schools	9,905	10,012	10,121	10,144	10,162	10,194	10,175	10,165	10,155	10,152
o/w National Schools	342	350	352	352	353	353	353	373	373	383
1.2 Other Schools	832	837	850	853	859	859	869	919	936	943
Private (c)	98	103	103	104	105	106	106	118	120	124
Pirivenas	734	734	747	749	754	753	763	801	816	819
2. Students (No.)	4,264,567	4,307,625	4,354,011	4,418,173	4,345,517 (d)	4,446,401	4,538,148	4,408,262	4,272,289 (d)	4,238,760 (d)
2.1 Government Schools	4,004,059	4,037,095	4,078,798	4,129,534	4,143,107	4,165,964	4,214,772	4,061,653	4,063,685	4,032,211
2.2 Other Schools	190,277	196,460	194,294	201,034	202,410	199,334	202,907	206,386	208,604	206,549
Private (c)	125,669	130,344	131,397	136,228	136,407	136,462	142,032	138,067	138,726	137,049
Pirivenas	64,608	66,116	62,897	64,806	66,003	62,872	60,875	68,319	69,878	69,500
2.3 International Schools (e)	70,231	74,070	80,919	87,605	n.a.	81,103	120,469	140,223	n.a.	n.a.
3. New Admissions (No.) (f)	339,143	342,451	348,288	323,337	326,966	322,135	328,632	328,632	319,405	307,415
4. Teachers (No.)	242,689	243,332	253,649	259,967	249,374 (d)	263,934	272,998	275,371	265,394 (d)	264,215 (d)
4.1 Government Schools	223,724	223,752	232,990	236,999	235,999	241,591	247,334	246,592	249,494	248,500
4.2 Other Schools	12,200	12,379	12,932	13,851	13,375	12,969	14,151	15,211	15,900	15,715
4.3 International Schools (e)	6,765	7,201	7,727	9,117	n.a.	9,374	11,513	13,568	n.a.	n.a.
5. Student/Teacher Ratio										
5.1 Government Schools	18	18	18	17	18	17	17	16	16	16
5.2 Other Schools	16	16	15	15	15	15	14	14	13	13
5.3 International Schools (e)	10	10	10	10	n.a.	9	10	10	n.a.	n.a.
B. University Education (Government) (g)										
1. Universities (No.)	15	15	15	15	15	15	15	15	15	17
2. Students (No.) (h)	70,222 (i)	77,126	80,222	83,778	84,451	88,527	93,787	100,944	106,641	118,711
3. Lecturers (No.)	5,176	5,439	5,610	5,199	5,440	5,669	6,003	6,321	6,525	6,742
4. Number Graduating (j)	11,614 (k)	20,839	28,231	29,545	28,808	26,015	26,024	24,890	24,565	n.a.
4.1 Arts and Oriental Studies	5,330	9,156	14,662	16,387	14,082	10,305	12,664	9,565	11,795	n.a.
4.2 Commerce and Management Studies	1,992	4,159	5,726	5,152	5,630	5,648	5,849	5,445	3,842	n.a.
4.3 Law	445	454	239	337	414	627	728	767	814	n.a.
4.4 Science	1,443	3,180	2,295	2,711	3,027	3,142	2,916	3,393	1,849	n.a.
4.5 Engineering	167	1,507	1,438	1,344	1,617	1,713	1,053	1,026	1,516	n.a.
4.6 Medicine	800	547	1,144	1,145	1,135	1,176	182	1,188	969	n.a.
4.7 Dental Surgery	20	73	68	79	91	148	78	87	87	n.a.
4.8 Agriculture	515	727	867	710	799	742	428	920	1,142	n.a.
4.9 Veterinary Science	54	59	57	69	73	79	77	54	10	n.a.
4.10 Architecture and Quantity Surveying	150	201	214	77	224	355	294	242	115	n.a.
4.11 Computer Science and related Courses	561	644	947	1,043	946	1,153	1,030	1,210	1,175	n.a.
4.12 Other (l)	137	132	574	491	770	927	725	993	1,251	n.a.
5. New Admissions for Bachelor's Degrees (No.)	28,908 (m)(n)	24,198 (n)	25,200	25,676	29,083	30,668	31,451	31,902	41,669	n.a.
C. Government Expenditure										
1. Expenditure on Education (Rs. million) (o)	136,202	151,801	190,150	225,047	238,290	257,446	266,916	290,237	n.a.	310,613
1.1 Recurrent Expenditure	107,271	119,819	139,787	169,600	179,319	187,628	195,168	234,392	n.a.	261,716
1.2 Capital Expenditure	28,930	31,982	50,363	55,447	58,971	69,819	71,748	55,845	n.a.	48,897
2. Education Expenditure as a % of GDP (p)	1.56	1.58	1.84	2.06	1.99	1.93	1.86	1.93	n.a.	1.85

(a) Revised
(b) Provisional
(c) Private schools approved by the government and schools for children with special needs (This figure excludes international schools which are registered under the Companies Act)
(d) Excluding data from international schools
(e) Data from 2012 to 2014 are based on a survey carried out by the Central Bank of Sri Lanka in 2014 covering 120 international schools. Data reported in the table relate only to schools that responded. The response rate was 63 per cent. From 2015 onwards, data are based on surveys carried out by the Ministry of Education.
(f) Government schools only
(g) Universities which are under the purview of the University Grants Commission
(h) Excludes Open University of Sri Lanka and external degree courses
(i) In 2012, student enrollment was low as the 2011 GCE (A/L) intake was not admitted due to court cases relating to discrepancies in the Z-score. However, the decline was not significant as the final exams and academic terms of some universities were not completed by the end of the year due to Academic and Non-Academic staff strikes.
(j) Includes Open University of Sri Lanka and external degree courses
(k) The number of graduates decreased in 2012 as final exams were not held in several faculties due to Academic and Non-Academic staff strikes.
(l) Includes other courses offered by universities
(m) Includes 5,182 students who have been admitted in addition to the normal intake due to court cases filed before the Supreme Court challenging the methodology used to calculate the Z-score
(n) Admissions in 2012 include the intake from the 2011 GCE (A/L) who were admitted only in 2013, while the admissions in 2013 comprise the undergraduates admitted in the first quarter of 2014.
(o) Government expenditure on General and Higher Education
(p) Data are based on the GDP estimates (base year 2010) of the Department of Census and Statistics.

Sources: Ministry of Education
University Grants Commission
Ministry of Finance
Department of Census and Statistics
Central Bank of Sri Lanka

Movement of the National Consumer Price Index (2013=100)

Index	Base Weights	Average Index					Year-on-Year Percentage Change				Annual Average Percentage Change				Contribution to Annual Average Increase (%)			
		2017	2018	2019	2020	2021	Dec-18	Dec-19	Dec-20	Dec-21	2018	2019	2020	2021	2018	2019	2020	2021
All Items	**100.0**	**122.6**	**125.2**	**129.6**	**137.6**	**147.2**	**0.4**	**6.2**	**4.6**	**14.0**	**2.1**	**3.5**	**6.2**	**7.0**	**100.0**	**100.0**	**100.0**	**100.0**
Commodity-wise																		
Food and Non Alcoholic Beverages	44.0	127.0	126.8	127.6	143.1	159.2	-4.5	8.6	7.5	21.5	-0.2	0.7	12.2	11.2	-4.7	8.2	85.8	73.2
Alcoholic Beverages and Tobacco	2.3	175.6	183.4	200.6	214.4	220.4	6.3	9.3	6.1	10.5	4.5	9.3	6.9	2.8	6.8	8.8	3.9	1.4
Clothing and Footwear	3.4	118.2	122.8	128.6	132.2	137.7	4.3	4.6	2.1	8.6	4.0	4.7	2.8	4.1	6.2	4.5	1.6	1.9
Housing, Water, Electricity, Gas and Other Fuels	18.0	115.8	117.3	126.7	127.7	129.1	1.7	7.1	0.9	3.9	1.3	8.0	0.8	1.1	10.3	38.4	2.4	2.6
Furnishing, Household Equipment and Routine Household Maintenance	3.3	119.0	124.0	129.3	130.6	138.7	4.2	2.9	0.5	14.5	4.2	4.2	1.1	6.2	6.4	3.9	0.6	2.8
Health	4.1	140.7	151.3	162.3	162.2	169.3	8.9	2.1	-1.0	10.0	7.6	7.3	0.0	4.3	16.6	10.1	0.0	3.0
Transport	9.8	103.3	112.0	116.4	119.3	127.9	10.0	2.1	5.4	6.5	8.4	4.0	2.4	7.3	32.3	9.9	3.5	8.7
Communication	2.3	121.2	119.7	110.3	98.9	98.9	-8.0	-11.1	0.0	0.0	-1.3	-7.9	-10.3	0.0	-1.4	-4.9	-3.3	0.0
Recreation and Culture	1.6	111.3	115.7	123.3	124.9	126.4	5.9	4.4	0.5	3.4	4.0	6.6	1.3	1.2	2.7	2.7	0.3	0.3
Education	2.8	119.8	127.0	137.1	143.7	144.6	6.1	8.6	3.1	1.7	6.0	8.0	4.8	0.6	7.8	6.4	2.3	0.3
Restaurants and Hotels	3.9	110.7	114.6	119.1	122.0	131.9	5.5	1.5	3.5	26.2	3.5	3.9	2.4	8.1	5.9	4.0	1.4	4.0
Miscellaneous Goods and Services	4.5	127.4	133.8	141.5	144.2	148.3	5.6	3.4	2.4	6.4	5.0	5.7	1.9	2.8	11.2	7.9	1.6	1.9

Sources: Department of Census and Statistics
Central Bank of Sri Lanka

Movement of the Colombo Consumer Price Index (2013=100)

Index	Base Weights	Average Index					Year-on-Year Percentage Change				Annual Average Percentage Change				Contribution to Annual Average Increase (%)			
		2017	2018	2019	2020	2021	Dec-18	Dec-19	Dec-20	Dec-21	2018	2019	2020	2021	2018	2019	2020	2021
All items	**100.0**	**119.0**	**124.1**	**129.5**	**135.4**	**143.4**	**2.8**	**4.8**	**4.2**	**12.1**	**4.3**	**4.3**	**4.6**	**6.0**	**100.0**	**100.0**	**100.0**	**100.0**
Commodity-wise																		
Food and Non Alcoholic Beverages	28.2	127.5	131.8	132.8	147.9	165.2	-1.5	6.3	9.2	22.1	3.3	0.8	11.4	11.7	23.8	5.3	72.2	60.7
Alcoholic Beverages and Tobacco	1.0	186.0	193.5	215.9	223.5	231.2	7.0	9.7	4.3	7.9	4.0	11.6	3.5	3.4	1.5	4.3	1.3	1.0
Clothing and Footwear	2.3	126.3	134.9	145.5	153.2	163.4	7.7	8.0	5.0	10.9	6.8	7.9	5.3	6.6	3.9	4.5	3.0	2.9
Housing, Water, Electricity, Gas and Other Fuels	32.0	110.2	111.4	115.5	117.8	119.3	1.4	2.5	2.4	4.4	1.0	3.7	1.9	1.3	7.2	24.9	12.0	6.2
Furnishing, Household Equipment and Routine Household Maintenance	2.5	118.0	127.2	135.2	134.3	142.4	3.9	5.4	-1.2	14.2	7.8	6.3	-0.7	6.0	4.6	3.8	-0.4	2.6
Health	4.4	144.2	158.2	175.9	173.9	183.5	12.2	3.7	-2.9	11.1	9.7	11.2	-1.1	5.5	12.1	14.6	-1.5	5.2
Transport	10.6	96.9	105.8	112.4	117.2	125.1	12.2	4.4	4.8	7.5	9.2	6.2	4.3	6.8	18.6	13.0	8.6	10.5
Communication	3.3	119.8	118.0	108.9	97.3	97.3	-8.0	-8.5	-3.1	0.0	-1.5	-7.7	-10.7	0.0	-1.2	-5.6	-6.5	0.0
Recreation and Culture	1.3	109.9	112.9	117.0	117.5	118.2	2.0	3.3	0.0	2.9	2.7	3.7	0.4	0.7	0.8	1.0	0.1	0.1
Education	5.9	129.0	140.6	162.6	168.9	169.8	8.9	16.1	1.9	1.8	9.0	15.6	3.9	0.5	13.4	24.1	6.3	0.6
Restaurants and Hotels	5.1	116.4	127.8	135.0	138.5	151.4	7.2	2.9	2.4	26.8	9.8	5.6	2.6	9.3	11.6	6.9	3.0	8.2
Miscellaneous Goods and Services	3.3	134.0	139.4	144.6	148.0	153.0	1.2	4.2	2.3	7.1	4.1	3.7	2.4	3.3	3.6	3.2	1.9	2.0

Sources: Department of Census and Statistics
Central Bank of Sri Lanka

National Consumer Price Index (2013=100) (a)

Period (b)		All Items	Food and Non Alcoholic Beverages	Alcoholic Beverages and Tobacco	Clothing and Footwear	Housing, Water, Electricity, Gas and Other Fuels	Furnishing, Household Equipment and Routine Household Maintenance	Health	Transport	Communication	Recreation and Culture	Education	Restaurants and Hotels	Miscellaneous Goods and Services
Base Weights		**100.0**	**44.0**	**2.3**	**3.4**	**18.0**	**3.3**	**4.1**	**9.8**	**2.3**	**1.6**	**2.8**	**3.9**	**4.5**
2018		125.2	126.8	183.4	122.8	117.3	124.0	151.3	112.0	119.7	115.7	127.0	114.6	133.8
2019		129.6	127.6	200.6	128.6	126.7	129.3	162.3	116.4	110.3	123.3	137.1	119.1	141.5
2020		137.6	143.1	214.4	132.2	127.7	130.6	162.2	119.3	98.9	124.9	143.7	122.0	144.2
2021		147.2	159.2	220.4	137.7	129.1	138.7	169.3	127.9	98.9	126.4	144.6	131.9	148.3
2019	1st Quarter	126.8	123.4	192.9	126.4	126.5	127.8	160.6	113.7	111.3	120.6	134.3	118.2	138.5
	2nd Quarter	128.4	124.6	204.1	128.3	126.6	129.1	162.6	116.7	111.3	122.4	137.0	118.9	142.0
	3rd Quarter	129.9	127.4	202.3	129.3	126.9	129.8	163.4	117.8	111.3	125.0	137.8	119.7	142.5
	4th Quarter	133.3	135.1	202.9	130.4	126.7	130.3	162.6	117.6	107.2	125.1	139.3	119.7	142.9
2020	1st Quarter	136.4	141.5	208.5	131.2	127.8	130.3	162.9	117.8	98.9	125.1	143.7	120.2	142.9
	2nd Quarter	135.8	139.9	206.8	131.6	127.7	130.4	163.6	118.3	98.9	124.7	143.7	120.4	143.9
	3rd Quarter	138.0	143.8	219.6	132.8	127.6	130.7	162.0	119.0	98.9	124.7	143.7	123.4	144.4
	4th Quarter	140.0	147.4	222.8	133.4	127.7	131.0	160.4	122.1	98.9	125.1	143.6	123.9	145.6
2021	1st Quarter	142.3	151.6	215.0	134.6	127.9	133.8	163.6	124.8	98.9	125.1	143.9	124.8	145.9
	2nd Quarter	143.8	153.8	215.8	136.3	128.1	135.7	166.6	126.3	98.9	125.1	143.9	126.5	146.5
	3rd Quarter	147.1	159.2	220.0	137.5	128.3	138.3	170.2	129.6	98.9	126.6	144.3	128.6	147.3
	4th Quarter	155.6	172.1	230.8	142.3	132.3	146.9	176.7	131.1	98.9	129.0	146.1	147.7	153.5
2020	January	137.0	143.0	206.3	130.9	127.8	130.2	162.6	117.7	98.9	125.0	143.7	120.2	142.8
	February	137.0	142.9	208.0	131.2	127.8	130.3	162.6	117.8	98.9	125.1	143.7	120.2	142.9
	March	135.2	138.5	211.1	131.4	127.8	130.3	163.5	117.9	98.9	125.1	143.7	120.2	142.9
	April	134.8	137.5	211.1	131.4	127.8	130.3	163.5	117.9	98.9	125.1	143.7	120.2	142.9
	May	135.4	139.0	204.9	131.4	127.8	130.4	163.5	118.3	98.9	124.6	143.7	120.2	144.5
	June	137.3	143.2	204.3	132.0	127.6	130.6	163.9	118.7	98.9	124.3	143.7	120.9	144.4
	July	137.3	142.8	207.1	132.3	127.6	130.5	165.4	118.7	98.9	124.3	143.7	122.9	143.9
	August	137.8	143.5	221.4	133.0	127.6	130.8	160.3	118.7	98.9	124.8	143.7	123.7	144.4
	September	138.9	145.1	230.4	133.1	127.6	130.9	160.3	119.6	98.9	125.1	143.6	123.7	144.9
	October	139.1	145.6	228.1	133.2	127.7	131.3	160.3	119.6	98.9	125.1	143.6	123.9	145.6
	November	139.8	146.7	223.4	133.4	127.7	130.9	160.3	122.6	98.9	125.1	143.6	123.9	145.6
	December	141.2	149.9	216.9	133.5	127.7	130.8	160.7	124.0	98.9	125.1	143.6	123.9	145.6
2021	January	142.1	151.4	214.5	133.9	127.9	132.8	163.6	124.3	98.9	125.1	143.9	123.9	145.8
	February	142.8	152.8	214.6	134.4	127.9	134.1	163.6	124.9	98.9	125.1	143.9	123.9	145.9
	March	142.1	150.7	216.0	135.4	127.9	134.5	163.6	125.2	98.9	125.1	143.9	126.5	146.0
	April	142.2	150.8	216.0	136.2	127.9	135.0	163.6	125.5	98.9	125.1	143.9	126.5	146.5
	May	143.6	153.3	215.8	136.4	128.2	136.0	167.2	125.5	98.9	125.1	143.9	126.5	146.5
	June	145.7	157.3	215.7	136.4	128.3	136.0	169.1	127.9	98.9	125.1	143.9	126.5	146.5
	July	146.6	158.5	217.5	137.2	128.3	137.0	169.2	129.6	98.9	126.6	143.9	127.9	147.2
	August	147.1	159.4	220.3	137.7	128.2	137.7	170.1	129.6	98.9	126.6	143.9	128.7	147.3
	September	147.5	159.6	222.3	137.7	128.3	140.3	171.3	129.6	98.9	126.6	145.2	129.1	147.4
	October	150.6	162.6	223.1	140.3	131.7	144.4	176.7	130.1	98.9	128.8	146.1	139.6	152.5
	November	155.3	171.5	229.8	141.5	132.4	146.6	176.7	131.0	98.9	128.8	146.1	147.2	153.2
	December	161.0	182.1	239.6	145.0	132.7	149.8	176.7	132.1	98.9	129.3	146.1	156.3	154.9

Source: Department of Census and Statistics

(a) The Index was based on the Household Income and Expenditure Survey conducted in 2012/13. The weights are based on the consumption pattern of the entire island. The total basket value (at 2013 prices) was Rs. 32,142.69.

(b) Annual and quarterly figures are averages of monthly figures.

Colombo Consumer Price Index (2013=100) (a)

Period (b)		All Items	Food and Non Alcoholic Beverages	Alcoholic Beverages and Tobacco	Clothing and Footwear	Housing, Water, Electricity, Gas and Other Fuels	Furnishing, Household Equipment and Routine Household Maintenance	Health	Transport	Communication	Recreation and Culture	Education	Restaurants and Hotels	Miscellaneous Goods and Services
Base Weights		**100.0**	**28.2**	**1.0**	**2.3**	**32.0**	**2.5**	**4.4**	**10.6**	**3.3**	**1.3**	**5.9**	**5.1**	**3.3**
2018		124.1	131.8	193.5	134.9	111.4	127.2	158.2	105.8	118.0	112.9	140.6	127.8	139.4
2019		129.5	132.8	215.9	145.5	115.5	135.2	175.9	112.4	108.9	117.0	162.6	135.0	144.6
2020		135.4	147.9	223.5	153.2	117.8	134.3	173.9	117.2	97.3	117.5	168.9	138.5	148.0
2021		143.4	165.2	231.2	163.4	119.3	142.4	183.5	125.1	97.3	118.2	169.8	151.4	153.0
2019	1st Quarter	126.9	127.8	206.5	142.3	115.7	134.3	173.2	107.5	109.7	115.3	161.1	132.5	140.4
	2nd Quarter	128.7	130.4	219.6	143.9	115.7	135.4	176.1	112.0	109.7	116.5	161.1	134.9	144.8
	3rd Quarter	130.4	133.6	218.7	147.0	115.7	135.5	177.9	115.3	109.7	118.0	162.6	136.3	146.4
	4th Quarter	131.8	139.4	218.9	148.7	115.1	135.5	176.4	114.7	106.6	118.3	165.6	136.3	146.7
2020	1st Quarter	134.2	144.8	220.8	150.5	117.8	135.3	174.1	115.7	97.3	118.0	169.0	137.5	146.8
	2nd Quarter	134.4	144.7	221.2	151.6	117.8	134.7	175.2	116.5	97.3	117.8	169.0	137.8	147.5
	3rd Quarter	135.7	149.1	223.0	154.6	117.7	133.4	174.1	117.2	97.3	116.5	168.9	139.0	148.3
	4th Quarter	137.2	153.1	229.0	156.3	117.7	133.8	172.1	119.2	97.3	117.5	168.8	139.6	149.4
2021	1st Quarter	138.9	156.5	228.7	158.2	118.0	137.6	175.8	121.6	97.3	117.5	168.8	141.5	150.4
	2nd Quarter	140.5	159.3	229.3	160.9	118.5	139.3	180.4	122.5	97.3	117.5	168.8	145.4	151.0
	3rd Quarter	143.6	165.2	229.5	164.5	118.6	142.9	186.5	127.4	97.3	118.2	169.8	150.8	152.3
	4th Quarter	150.8	179.9	237.1	170.0	122.1	149.8	191.2	128.9	97.3	119.6	171.8	167.7	158.2
2020	January	134.6	146.5	219.9	149.6	117.8	135.7	173.7	115.3	97.3	117.0	169.0	137.5	146.8
	February	134.6	146.2	220.2	150.8	117.8	135.2	173.7	115.7	97.3	118.5	169.0	137.5	146.8
	March	133.4	141.6	222.2	151.1	117.8	135.1	175.0	116.2	97.3	118.5	169.0	137.5	146.8
	April	133.6	142.2	222.2	151.1	117.8	135.1	175.0	116.2	97.3	118.5	169.0	137.5	146.8
	May	134.2	144.1	221.5	151.1	117.8	135.2	175.0	116.5	97.3	118.8	169.0	137.5	148.0
	June	135.3	147.9	219.9	152.5	117.8	133.7	175.7	116.7	97.3	116.0	169.0	138.3	147.8
	July	135.4	148.0	219.2	153.7	117.7	133.2	178.1	117.0	97.3	115.6	169.0	138.3	148.0
	August	135.4	148.4	221.6	154.3	117.7	133.5	172.4	117.0	97.3	116.5	169.0	139.1	148.1
	September	136.3	150.8	228.1	155.8	117.7	133.5	171.7	117.6	97.3	117.5	168.8	139.6	148.9
	October	136.5	151.2	229.6	156.2	117.7	133.7	171.7	117.6	97.3	117.5	168.8	139.6	149.4
	November	137.1	153.0	228.7	156.2	117.7	133.7	171.7	119.0	97.3	117.5	168.8	139.6	149.4
	December	138.0	155.1	228.6	156.4	117.7	134.0	173.0	121.1	97.3	117.5	168.8	139.6	149.4
2021	January	138.7	156.5	228.4	157.0	117.9	136.8	175.8	121.3	97.3	117.5	168.8	139.6	150.2
	February	139.1	157.7	228.6	157.8	118.0	137.3	175.8	121.7	97.3	117.5	168.8	139.6	150.2
	March	138.9	155.2	229.1	159.8	118.1	138.7	175.9	121.9	97.3	117.5	168.8	145.4	150.7
	April	138.8	155.0	229.6	159.8	118.1	138.9	175.9	122.0	97.3	117.5	168.8	145.4	150.7
	May	140.3	158.4	229.0	161.4	118.7	139.5	181.7	122.0	97.3	117.5	168.8	145.4	150.7
	June	142.4	164.6	229.3	161.4	118.7	139.6	183.7	123.6	97.3	117.5	168.8	145.4	151.5
	July	143.1	164.3	228.8	163.3	118.7	140.9	183.7	127.4	97.3	118.1	168.8	150.8	151.9
	August	143.5	165.4	230.0	165.1	118.4	143.2	185.3	127.4	97.3	118.3	168.8	150.8	152.0
	September	144.1	165.9	229.8	165.1	118.6	144.5	190.4	127.4	97.3	118.3	171.8	150.8	153.1
	October	146.9	170.6	229.8	167.3	120.8	147.1	190.6	127.6	97.3	119.0	171.8	162.2	154.7
	November	150.7	179.7	234.8	169.2	122.7	149.4	190.9	128.9	97.3	119.0	171.8	163.9	159.8
	December	154.7	189.4	246.7	173.4	122.9	153.0	192.2	130.2	97.3	120.9	171.8	177.0	160.0

(a) The Index was based on the Household Income and Expenditure Survey conducted in 2012/13. The weights are based on the consumption pattern of the urban households within the Colombo district. The total basket value (at 2013 prices) was Rs. 60,364.74.

(b) Annual and quarterly figures are averages of monthly figures.

Source: Department of Census and Statistics

Producer's Price Index (2018 Q4 =100)

Period (a)		All Activities	Agriculture	Manufacturing	Utility (b)
2018		102.5	116.5	98.4	99.2
2019		105.5	108.7	104.9	101.5
2020		111.6	126.8	109.0	104.1
2021 (c)		123.7	133.8	123.0	101.8
2019	1st Quarter	105.5	111.5	103.8	101.9
	2nd Quarter	105.8	110.4	104.7	102.9
	3rd Quarter	103.5	102.4	104.7	101.7
	4th Quarter	107.1	110.7	106.6	99.6
2020	1st Quarter	110.5	121.8	106.7	102.8
	2nd Quarter	111.5	126.5	109.0	104.6
	3rd Quarter	111.4	128.3	109.5	104.4
	4th Quarter	112.9	130.5	110.9	104.6
2021 (c)	1st Quarter	118.5	132.6	116.8	99.5
	2nd Quarter	123.7	131.0	122.4	102.9
	3rd Quarter	122.5	125.7	123.0	102.6
	4th Quarter	130.4	145.7	129.7	102.3
2020	January	111.0	123.7	106.8	101.2
	February	110.2	122.6	105.9	101.8
	March	110.2	119.0	107.4	105.6
	April	110.4	116.8	108.6	105.1
	May	111.8	128.1	110.2	102.6
	June	112.3	134.6	108.1	106.3
	July	111.4	129.2	109.2	108.0
	August	111.1	126.4	110.1	103.0
	September	111.5	129.3	109.3	102.1
	October	112.1	128.1	110.6	102.7
	November	111.9	128.4	110.3	103.5
	December	114.8	134.9	111.8	107.7
2021 (c)	January	116.0	134.0	113.9	100.1
	February	118.0	133.0	117.3	97.7
	March	121.3	130.8	119.2	100.6
	April	124.0	131.6	122.6	103.1
	May	123.1	130.0	122.1	103.3
	June	123.9	131.4	122.6	102.2
	July	121.7	125.2	122.1	102.8
	August	122.3	125.4	122.8	102.6
	September	123.4	126.5	124.0	102.6
	October	126.8	131.0	127.4	102.5
	November	130.7	144.4	130.2	101.8
	December	133.7	161.7	131.4	102.5

(a) Annual and quarterly figures are averages of monthly figures.

Source: Department of Census and Statistics

(b) Electricity, Gas, Steam and Air conditioning supply and Water collection, treatment and supply

(c) Provisional

Producer's Price Index (2013 Q4 =100) (a)

Period (b)		All Activities	Agriculture	Manufacturing	Electricity and Water Supply
2017		125.3	162.7	109.2	84.9
2018		133.2	159.9	121.8	85.0
2019		137.1	149.2	131.3	87.0
2020		145.0	174.0	136.5	89.2
2018	3rd Quarter	132.2	154.7	122.3	84.5
	4th Quarter	134.8	153.0	126.7	84.8
2019	1st Quarter	137.1	153.1	129.9	87.3
	2nd Quarter	137.6	151.5	131.0	88.1
	3rd Quarter	134.6	140.5	131.0	87.3
	4th Quarter	139.2	151.9	133.4	85.4
2020	1st Quarter	143.6	167.1	133.6	88.1
	2nd Quarter	144.9	173.6	136.4	89.6
	3rd Quarter	144.7	176.0	137.1	89.4
	4th Quarter	146.8	179.0	138.8	89.6
2021 (c)	1st Quarter	154.0	182.0	146.2	85.2
	2nd Quarter	160.7	179.8	153.3	88.1
2020	January	144.3	169.8	133.7	86.7
	February	143.2	168.3	132.6	87.2
	March	143.3	163.3	134.4	90.5
	April	143.5	160.3	136.0	90.0
	May	145.3	175.8	137.9	87.9
	June	145.9	184.7	135.3	91.0
	July	144.8	177.3	136.8	92.5
	August	144.4	173.4	137.8	88.3
	September	145.0	177.4	136.8	87.5
	October	145.8	175.8	138.5	88.0
	November	145.5	176.2	138.0	88.6
	December	149.2	185.1	139.9	92.3
2021 (c)	January	150.8	183.9	142.6	85.7
	February	153.4	182.5	146.8	83.7
	March	157.7	179.6	149.1	86.2
	April	161.1	180.6	153.5	88.3
	May	160.0	178.4	152.8	88.5
	June	161.0	180.3	153.5	87.6
	July	157.5	171.9	151.8	88.1
	August	158.0	172.0	152.3	89.9

(a) Compilation of this index was discontinued since November 2021

Source: Department of Census and Statistics

(b) Annual and quarterly figures are averages of monthly figures.

(c) Provisional

Average Retail Prices of Selected Food Items by Province 2020 - 2021 (a)

Rs. per kg

Consumer Items	Western Province				Central Province				North Central Province				North Western Province				Sabaragamuwa Province			
	2020		2021 (b)		2020		2021 (b)		2020		2021 (b)		2020		2021 (b)		2020		2021 (b)	
	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half
Samba Rice (Highest)	102.42	109.99	138.28	149.57	105.86	113.91	139.54	158.96	99.70	108.34	135.05	155.34	99.97	110.06	142.77	156.04	112.19	114.38	143.13	163.67
Kekulu Red (Highest)	99.91	99.10	105.01	113.67	98.29	98.40	106.38	118.92	94.18	95.73	104.56	124.65	98.23	99.28	108.59	122.27	96.80	97.53	102.19	117.71
Dried Chilli (Ord.)	549.24	516.30	564.02	610.30	560.25	546.85	594.24	625.88	514.63	520.96	575.34	637.20	528.39	505.65	568.31	606.15	551.98	519.26	591.09	621.02
Red Onion (Local)	424.38	317.15	399.29	335.31	355.37	260.85	334.30	336.64	425.58	277.19	404.39	289.49	395.81	276.00	348.13	316.68	377.19	281.75	335.00	292.29
Big Onion (Imported)	138.19	151.31	118.37	172.07	131.48	154.93	116.91	181.58	122.32	164.94	107.91	179.19	131.15	149.70	110.65	178.65	136.72	160.15	116.88	180.03
Potato (Local)	196.53	220.86	181.77	250.87	182.29	199.66	164.82	218.53	202.24	217.91	190.32	228.06	174.67	213.80	176.40	231.97	169.58	208.43	173.05	238.76
Beans	239.93	223.82	219.07	337.62	237.75	203.53	201.78	285.66	264.41	270.71	249.41	342.88	242.79	237.20	221.30	355.21	211.54	200.84	192.50	325.48
Pumpkin	131.28	128.94	140.30	129.62	107.73	103.04	113.80	108.86	116.74	127.41	142.80	100.46	111.03	108.59	129.84	113.34	92.54	93.99	107.04	99.16
Brinjal	173.88	145.91	184.11	286.48	153.80	124.49	155.41	236.34	151.88	140.92	169.41	281.21	139.85	122.80	160.35	272.06	122.15	101.38	143.20	235.10
Coconut (Large) - each	71.20	84.33	100.02	89.69	68.83	78.92	93.38	83.72	68.99	78.12	88.14	71.41	60.25	78.23	83.69	73.49	68.95	83.60	95.75	77.89
Fish - Balaya	700.09	715.25	754.37	813.32	569.24	526.13	564.18	617.69	643.26	601.63	624.80	784.95	513.97	471.79	496.52	562.52	698.40	644.83	705.56	656.00
Fish - Kelawalla (Tuna)	993.36	1,018.78	1,075.13	1,248.69	969.39	941.04	1,008.31	1,204.22	1,068.51	1,010.76	1,148.13	1,375.02	826.52	774.42	791.30	1,004.44	878.30	866.67	1,022.64	1,249.83
Fish - Hurulla (Triencheal)	551.17	526.43	561.94	547.30	519.42	494.22	523.16	560.48	519.71	466.67	499.30	577.66	500.00	442.50	481.07	486.94	611.67	578.64	640.38	646.25
Dried Fish - Sprats	719.17	668.51	688.93	740.49	758.10	751.91	743.93	778.93	673.77	625.06	649.30	774.65	682.21	626.24	654.73	709.74	666.15	612.12	679.57	758.88
Dried Fish - Katta	1,329.23	1,345.33	1,441.81	1,499.84	1,324.83	1,403.60	1,407.38	1,498.15	1,273.81	1,312.57	1,353.80	1,471.12	1,190.74	1,313.44	1,300.44	1,367.21	1,310.32	1,400.34	1,468.57	1,529.18
Chicken (Broiler - Frozen)	471.12	496.57	522.55	632.38	444.95	489.34	511.45	616.57	444.49	469.17	516.50	615.40	439.24	457.42	490.96	609.95	440.60	482.19	514.96	609.90
Eggs (White) - each	18.53	18.61	16.06	21.37	17.99	19.09	16.01	21.68	17.77	18.29	16.13	21.46	17.87	18.19	16.39	21.69	17.74	18.59	16.16	21.61
Milk Powder 400 g	380.11	380.00	378.83	438.39	382.18	380.00	384.65	436.70	382.68	380.00	379.55	433.57	382.34	380.00	380.00	430.00	381.51	380.00	380.00	436.25

Consumer Items	Uva Province				Southern Province				Northern Province				Eastern Province				All Island			
	2020		2021 (b)		2020		2021 (b)		2020		2021 (b)		2020		2021 (b)		2020		2021 (b)	
	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half
Samba Rice (Highest)	106.43	113.60	148.27	156.79	112.45	117.18	142.97	157.86	112.51	110.15	134.19	151.94	107.90	106.27	122.09	148.28	106.60	111.54	138.48	155.38
Kekulu Red (Highest)	91.68	93.04	99.03	110.01	93.86	94.90	98.37	106.48	100.57	103.24	105.41	116.20	92.48	93.86	100.64	117.55	96.22	97.23	103.35	116.38
Dried Chilli (Ord.)	561.85	507.49	573.53	625.14	557.22	532.30	602.15	642.55	509.29	499.93	572.78	621.55	512.73	507.42	556.18	602.00	538.40	517.35	577.52	621.31
Red Onion (Local)	407.85	296.77	376.86	345.25	386.99	308.20	374.62	337.53	319.06	226.88	290.71	255.53	358.95	228.15	323.53	266.93	383.46	274.77	354.09	308.40
Big Onion (Imported)	136.33	153.46	120.30	186.95	133.05	163.60	112.49	176.24	129.97	150.23	120.85	173.58	127.96	156.43	121.34	181.17	131.91	156.09	116.19	178.83
Potato (Local)	189.57	212.13	185.84	254.35	197.21	217.82	184.90	250.29	164.20	169.87	187.41	228.84	173.37	200.45	176.45	241.62	183.30	206.77	180.11	238.14
Beans	216.16	223.83	208.72	336.99	234.26	233.86	229.98	353.32	219.69	221.01	224.34	337.34	228.42	189.61	219.21	347.42	232.77	222.71	218.48	335.77
Pumpkin	120.26	127.13	129.04	154.78	116.44	125.31	138.86	127.37	91.32	94.21	105.18	116.44	112.55	101.63	120.92	127.18	111.10	112.25	125.31	119.69
Brinjal	147.36	128.62	155.39	258.09	145.54	131.21	163.07	264.69	118.93	146.12	162.40	283.13	155.84	136.93	184.88	236.34	145.47	130.93	164.25	261.49
Coconut (Large) - each	71.99	85.89	97.73	83.83	73.09	90.04	103.94	88.19	61.76	73.75	75.54	70.10	74.14	79.22	91.11	86.49	68.80	81.34	92.14	80.54
Fish - Balaya	569.44	548.02	605.70	755.71	674.34	630.09	773.77	792.02	603.17	543.49	564.29	642.17	685.15	711.01	775.14	798.45	628.56	599.14	651.59	713.65
Fish - Kelawalla (Tuna)	1,042.39	1,012.39	1,111.01	1,231.40	1,018.25	936.61	1,072.49	1,185.91	740.00	811.49	762.87	812.12	905.26	947.04	1,049.29	1,088.48	938.00	924.35	1,004.57	1,155.57
Fish - Hurulla (Triencheal)	458.37	442.78	536.32	549.00	492.25	474.92	544.66	548.94	477.58	439.01	446.64	501.09	435.24	439.87	473.66	488.89	507.27	478.34	523.01	545.17
Dried Fish - Sprats	642.08	618.51	681.11	797.48	736.29	692.37	692.08	736.17	695.79	650.90	640.06	751.47	703.40	653.98	630.48	750.76	697.44	655.51	673.35	755.40
Dried Fish - Katta	1,175.61	1,118.09	1,296.18	1,489.34	1,375.63	1,411.68	1,427.74	1,491.92	1,151.24	1,149.77	1,206.04	1,303.34	1,132.98	1,179.82	1,242.99	1,371.03	1,251.60	1,292.74	1,349.44	1,446.79
Chicken (Broiler - Frozen)	454.44	481.45	518.89	633.53	440.74	474.43	512.12	621.88	416.38	446.90	490.26	584.62	431.04	442.99	488.58	587.46	442.56	471.16	507.36	612.41
Eggs (White) - each	18.78	19.80	17.38	21.99	18.34	19.01	16.38	21.31	18.20	19.47	17.64	21.73	18.13	18.57	16.72	21.62	18.15	18.85	16.54	21.61
Milk Powder 400 g	380.99	380.00	380.00	430.00	380.71	380.00	380.00	439.82	378.32	380.00	379.78	435.44	379.18	380.00	379.18	439.64	380.89	380.00	380.22	435.53

(a) Based on Country Wide Data Collection System (CWDCS)
(b) Provisional

Source: Central Bank of Sri Lanka

Producer Prices of Selected Food Commodities

Rupees

Item	Unit	Average Producer Price 2018	2019	2020	2021 (a)
1. Paddy					
White	1kg	39.23	40.43	48.23	57.35
Red	1kg	36.56	38.37	49.53	55.80
Samba	1kg	48.11	42.38	50.43	64.04
2. Rice (Raw)					
White	1kg	73.02	74.49	87.06	99.97
Red	1kg	65.63	68.93	85.76	94.57
Samba	1kg	89.73	84.40	93.96	116.51
3. Rice (Parboiled)					
White	1kg	80.00	80.59	90.81	106.22
Red	1kg	78.17	81.33	92.86	103.96
Samba	1kg	94.88	89.77	96.60	123.08
4. Cereals					
Cowpea (White)	1kg	176.07	184.70	220.66	371.39
Cowpea (Red)	1kg	172.57	188.10	223.37	350.66
Green Gram	1kg	169.62	194.24	231.96	473.56
5. Vegetables					
5.1 Upcountry Vegetables					
Carrot	1kg	127.02	94.13	124.72	133.86
Green Beans	1kg	124.46	115.83	132.05	174.94
Cabbage	1kg	58.57	52.57	69.12	99.21
Tomato	1kg	70.93	62.87	87.66	122.96
5.2 Low Country Vegetables					
Brinjal	1kg	66.72	68.83	76.24	117.94
Pumpkin	1kg	40.24	43.79	59.11	66.29
Ash Plantain	1kg	52.14	53.97	59.97	59.46
Snake Gourd	1kg	64.24	63.73	72.96	101.40
Green Chilli	1kg	169.76	240.86	187.41	261.64
Lime	1kg	104.12	139.14	124.49	134.35
6. Coconut (Medium)	100	4,843.90	3,240.08	4,620.69	5,996.80
7. Starchy Food					
Potato	1kg	98.86	131.83	139.61	139.32
Manioc	1kg	41.62	48.60	65.03	50.74
Sweet Potato	1kg	49.74	51.84	53.13	59.04
8. Fresh Fruits					
Sour Plantain	1kg	46.49	46.63	50.36	48.18
Papaw	1kg	43.36	54.89	47.87	51.97
Pineapple	1kg	76.13	85.69	89.91	96.79
9. Fish					
9.1 Large Fish					
Thalapath	1kg	633.52	705.13	692.01	770.21
Paraw	1kg	512.32	558.55	574.66	634.48
Balaya	1kg	365.86	393.30	387.65	459.40
Kelawalla	1kg	566.08	578.38	609.02	626.35
9.2 Small Fish					
Salaya	1kg	127.21	138.12	154.49	157.51
Hurulla	1kg	253.66	288.80	322.34	357.94
Sprats	1kg	363.21	325.80	348.54	407.24
10. Dried Fish					
Katta	1kg	821.69	845.17	935.27	1021.04
Sprats	1kg	537.12	662.56	618.25	625.38
Balaya	1kg	513.47	516.20	576.62	637.48
Maldive Fish	1kg	1138.18	1231.88	1356.48	1255.26
11. Meat					
Mutton	1kg	1374.54	1566.61	1568.54	1644.69
Beef	1kg	690.09	746.17	753.91	787.93
Pork	1kg	454.20	499.05	570.83	621.17
Chicken	1kg	414.46	429.52	449.06	522.09
12. Eggs - Hen (Broiler)					
Brown	each	14.54	17.59	17.06	17.10
White	each	13.84	16.87	16.32	16.40
13. Onion					
Red Onion	1kg	108.36	120.74	177.77	194.25
Big Onion	1kg	73.18	132.44	127.90	140.67
14. Condiments (Raw)					
Pepper	1kg	607.61	540.89	541.12	723.27
Turmeric	1kg	239.20	233.80	2126.42	3311.70
Ginger	1kg	346.76	221.92	217.02	208.68

(a) Provisional

Source : Department of Census and Statistics

Wage Rate Indices (Public Sector Employees) (2016=100) (a)

Period		Senior Level		Tertiary Level		Secondary Level		Primary Level		Public Sector	
		NWRI	RWRI (b)	NWRI	RWRI (b)	NWRI	RWRI (b)	NWRI	RWRI (b)	NWRI	RWRI (b)
2019		117.4	103.1	108.0	94.8	104.0	91.3	103.9	91.2	104.9	92.1
2020		131.4	108.7	121.0	100.1	115.1	95.2	108.3	89.6	114.6	94.8
2021 (c)		131.4	101.7	121.0	93.6	115.1	89.1	108.3	83.9	114.6	88.7
2019	1st Quarter	114.9	103.1	104.8	94.1	100.5	90.2	100.0	89.7	101.4	91.0
	2nd Quarter	114.9	101.8	104.8	92.9	100.5	89.1	100.0	88.6	101.4	89.9
	3rd Quarter	119.9	105.1	111.2	97.4	107.5	94.2	107.8	94.4	108.4	95.0
	4th Quarter	119.9	102.4	111.2	94.9	107.5	91.8	107.8	92.0	108.4	92.6
2020	1st Quarter	131.4	109.6	121.0	100.9	115.1	96.0	108.3	90.4	114.6	95.6
	2nd Quarter	131.4	110.1	121.0	101.4	115.1	96.5	108.3	90.8	114.6	96.0
	3rd Quarter	131.4	108.3	121.0	99.8	115.1	94.9	108.3	89.3	114.6	94.5
	4th Quarter	131.4	106.8	121.0	98.3	115.1	93.6	108.3	88.0	114.6	93.1
2021(c)	1st Quarter	131.4	105.0	121.0	96.7	115.1	92.0	108.3	86.6	114.6	91.6
	2nd Quarter	131.4	103.9	121.0	95.7	115.1	91.1	108.3	85.7	114.6	90.7
	3rd Quarter	131.4	101.7	121.0	93.6	115.1	89.1	108.3	83.8	114.6	88.7
	4th Quarter	131.4	96.2	121.0	88.5	115.1	84.3	108.3	79.3	114.6	83.9
2020	January	131.4	109.1	121.0	100.5	115.1	95.6	108.3	90.0	114.6	95.2
	February	131.4	109.1	121.0	100.5	115.1	95.6	108.3	90.0	114.6	95.2
	March	131.4	110.6	121.0	101.8	115.1	96.9	108.3	91.2	114.6	96.5
	April	131.4	110.9	121.0	102.1	115.1	97.2	108.3	91.4	114.6	96.8
	May	131.4	110.4	121.0	101.7	115.1	96.8	108.3	91.0	114.6	96.3
	June	131.4	108.9	121.0	100.3	115.1	95.4	108.3	89.8	114.6	95.0
	July	131.4	108.9	121.0	100.3	115.1	95.4	108.3	89.8	114.6	95.0
	August	131.4	108.5	121.0	99.9	115.1	95.1	108.3	89.5	114.6	94.6
	September	131.4	107.6	121.0	99.1	115.1	94.3	108.3	88.8	114.6	93.9
	October	131.4	107.5	121.0	99.0	115.1	94.2	108.3	88.6	114.6	93.8
	November	131.4	106.9	121.0	98.5	115.1	93.7	108.3	88.2	114.6	93.3
	December	131.4	105.9	121.0	97.5	115.1	92.8	108.3	87.3	114.6	92.4
2021 (c)	January	131.4	105.2	121.0	96.9	115.1	92.2	108.3	86.8	114.6	91.8
	February	131.4	104.7	121.0	96.4	115.1	91.7	108.3	86.3	114.6	91.3
	March	131.4	105.2	121.0	96.9	115.1	92.2	108.3	86.8	114.6	91.8
	April	131.4	105.1	121.0	96.8	115.1	92.1	108.3	86.7	114.6	91.7
	May	131.4	104.1	121.0	95.9	115.1	91.2	108.3	85.8	114.6	90.8
	June	131.4	102.6	121.0	94.5	115.1	89.9	108.3	84.6	114.6	89.5
	July	131.4	102.0	121.0	93.9	115.1	89.4	108.3	84.1	114.6	89.0
	August	131.4	101.6	121.0	93.6	115.1	89.1	108.3	83.8	114.6	88.7
	September	131.4	101.4	121.0	93.3	115.1	88.8	108.3	83.6	114.6	88.4
	October	131.4	99.3	121.0	91.4	115.1	87.0	108.3	81.9	114.6	86.6
	November	131.4	96.3	121.0	88.6	115.1	84.4	108.3	79.4	114.6	84.0
	December	131.4	92.9	121.0	85.5	115.1	81.4	108.3	76.6	114.6	81.0

(a) Public sector wage rate index was rebased to 2016 (from 2012) in order to capture the changes introduced to public sector salary structure by the Public Administration Circular No. 03/2016 issued by the Ministry of Public Administration and Management on 25 February 2016. The data relating to the base period employment structure was obtained from the Census of Public and Semi Government Sector Employment conducted by the Department of Census and Statistics in November 2016.

(b) Based on National Consumer Price Index (2013=100)

(c) Provisional

Source: Central Bank of Sri Lanka

Note : NWRI = Nominal Wage Rate Index RWRI = Real Wage Rate Index

Wage Rate Indices (Formal Private Sector Employees) (December 1978=100) (a)

Period		Agriculture (b)		Industry & Commerce (c)		Services (d)		Overall Wages Boards (e)	
		NWRI	RWRI (f)	NWRI	RWRI (f)	NWRI	RWRI (f)	NWRI	RWRI (f)
2018		4,748.8	107.5	3,545.3	80.2	2,331.2	52.7	4,155.2	94.0
2019		4,784.5	103.8	3,796.6	82.4	2,659.3	57.7	4,275.5	92.8
2020		4,785.6	99.3	3,806.2	79.0	2,684.2	55.7	4,282.0	88.8
2021 (g)		9,492.0	185.5	4,061.1	79.5	2,845.1	55.7	7,469.5	146.0
2019	1st Quarter	4,784.2	105.8	3,767.8	83.4	2,584.5	57.2	4,258.6	94.2
	2nd Quarter	4,784.1	104.4	3,806.2	83.0	2,684.2	58.6	4,281.0	93.4
	3rd Quarter	4,784.4	103.0	3,806.2	82.0	2,684.2	57.8	4,281.1	92.2
	4th Quarter	4,785.1	101.9	3,806.2	81.1	2,684.2	57.2	4,281.4	91.2
2020	1st Quarter	4,785.4	100.1	3,806.2	79.6	2,684.2	56.2	4,281.9	89.6
	2nd Quarter	4,785.4	100.0	3,806.2	79.5	2,684.2	56.1	4,281.9	89.5
	3rd Quarter	4,785.7	99.0	3,806.2	78.8	2,684.2	55.5	4,282.0	88.6
	4th Quarter	4,785.9	98.0	3,806.2	77.9	2,684.2	54.9	4,282.2	87.6
2021(g)	1st Quarter	6,668.5	134.8	3,806.2	77.0	2,684.2	54.3	5,528.5	111.8
	2nd Quarter	10,432.9	208.5	3,806.2	76.1	2,684.2	53.6	8,020.7	160.3
	3rd Quarter	10,432.8	204.1	4,214.0	82.4	2,941.6	57.5	8,135.3	159.1
	4th Quarter	10,434.0	194.4	4,417.9	82.3	3,070.3	57.2	8,193.4	152.7
2020	January	4,785.3	99.8	3806.2	79.4	2,684.2	56.0	4,281.8	89.3
	February	4,785.6	99.8	3806.2	79.4	2,684.2	56.0	4,281.9	89.3
	March	4,785.3	100.7	3806.2	80.1	2,684.2	56.5	4,281.9	90.1
	April	4,785.3	100.6	3806.2	80.0	2,684.2	56.4	4,281.9	90.0
	May	4,785.4	100.1	3806.2	79.6	2,684.2	56.2	4,281.9	89.6
	June	4,785.6	99.3	3806.2	79.0	2,684.2	55.7	4,282.0	88.9
	July	4,785.6	99.3	3806.2	78.9	2,684.2	55.7	4,282.0	88.8
	August	4,785.6	99.3	3806.2	78.9	2,684.2	55.7	4,282.0	88.8
	September	4,785.7	98.6	3806.2	78.4	2,684.2	55.3	4,282.0	88.2
	October	4,785.9	98.5	3806.2	78.3	2,684.2	55.2	4,282.1	88.1
	November	4,785.9	98.0	3806.2	78.0	2,684.2	55.0	4,282.2	87.7
	December	4,786.0	97.4	3806.2	77.5	2,684.2	54.6	4,282.2	87.1
2021 (g)	January	4,786.2	96.9	3806.2	77.1	2,684.2	54.3	4,282.4	86.7
	February	4,786.4	96.6	3806.2	76.8	2,684.2	54.2	4,282.4	86.5
	March	10,432.9	210.9	3806.2	77.0	2,684.2	54.3	8,020.7	162.2
	April	10,432.8	211.1	3806.2	77.0	2,684.2	54.3	8,020.6	162.3
	May	10,432.9	208.8	3806.2	76.2	2,684.2	53.7	8,020.7	160.5
	June	10,433.1	205.7	3806.2	75.1	2,684.2	52.9	8,020.8	158.2
	July	10,433.3	204.7	3806.2	74.7	2,684.2	52.7	8,021.0	157.4
	August	10,432.5	204.2	4417.9	86.5	3,070.3	60.1	8,192.5	160.3
	September	10,432.5	203.3	4417.9	86.1	3,070.3	59.8	8,192.5	159.7
	October	10,433.5	199.5	4417.9	84.5	3,070.3	58.7	8,193.1	156.6
	November	10,433.9	194.4	4417.9	82.3	3,070.3	57.2	8,193.4	152.7
	December	10,434.5	189.4	4417.9	80.2	3,070.3	55.7	8,193.8	148.7

(a) The Index numbers are calculated on fixed weights based on the numbers employed as at 31 December 1978. The wage rates used in the calculation of Index Numbers are minimum wages for different trades fixed by the Wages Boards.
(b) The Index refers to wage rates of tea growing and manufacturing, rubber growing and manufacturing, coconut, cocoa, cardamoms and pepper growing trades only.
(c) Including baking, brick and roof tile manufacturing, coconut manufacturing, printing, textile, tyre and tube manufacturing, coir mattresses and bristle export, hosiery manufacturing, engineering, garment manufacturing, match manufacturing, biscuit and confectionary, tea export and rubber export trades only.
(d) This includes cinema, motor transport and nursing home trades only.
(e) Combined index for workers in agriculture, industry and commerce and services
(f) Based on Colombo Consumer Price Index (2006/07=100)
(g) Provisional

Sources: Department of Labour
Central Bank of Sri Lanka

Note : NWRI = Nominal Wage Rate Index   RWRI = Real Wage Rate Index

Wage Rate Indices (Informal Private Sector Employees) (2012=100)

Period	Agriculture						Industry						Services							Informal Private Sector
	Paddy	Coconut	Rubber	Tea	Other	Agriculture	Construction				Small Industries	Industry	Wholesale and Retail Trade	Repair of Motor Vehicle and Motor Cycles	Hotels and Restaurants	Transport	Communi-cation	Other	Services	
							Carpentry	Masonry	Other	Construction										
Nominal Wage Rate Index																				
2018	173.5	159.3	165.7	179.3	169.5	172.6	159.8	163.0	168.1	163.1	177.2	173.0	162.5	164.0	170.7	159.4	158.4	166.6	164.8	169.5
2019	192.7	169.0	187.1	188.0	191.7	188.1	168.1	170.7	178.1	171.6	187.0	182.3	174.2	172.5	186.2	167.8	169.7	175.4	174.2	180.0
2020	199.4	172.9	193.6	194.6	200.4	195.1	182.3	186.2	191.3	186.0	186.7	187.3	180.2	182.3	196.1	176.9	174.9	180.5	180.5	185.9
2021 (a)	211.8	186.6	204.9	205.4	215.2	207.7	203.2	208.9	209.1	206.8	203.5	205.4	194.5	204.4	221.1	188.8	186.6	200.5	198.5	202.9
2019 1st Quarter	188.3	164.7	183.7	189.3	186.1	185.6	163.7	164.7	174.3	166.7	184.3	178.8	173.4	169.6	184.3	163.7	167.2	172.8	172.5	177.0
2nd Quarter	193.0	170.6	187.8	184.4	190.9	186.7	164.3	168.3	176.0	168.7	186.8	181.4	171.8	170.7	183.2	165.4	167.4	175.6	171.6	179.0
3rd Quarter	194.4	169.3	189.9	188.8	194.8	189.9	170.8	172.7	177.7	173.2	186.9	182.6	174.5	173.4	187.4	170.0	172.6	174.5	175.1	180.4
4th Quarter	195.1	171.4	186.9	189.5	194.8	190.1	173.5	177.2	184.5	177.7	189.8	186.4	177.3	176.4	190.2	172.1	171.6	178.6	174.9	183.4
2020 1st Quarter	197.2	169.2	192.7	192.7	198.7	193.2	179.6	181.7	188.4	182.6	186.5	185.8	179.4	180.5	194.5	175.7	172.3	180.5	180.1	184.7
2nd Quarter	199.5	175.3	192.3	195.6	199.2	195.2	180.4	183.4	189.0	183.6	185.8	185.8	180.3	179.8	195.9	174.2	174.4	178.6	178.9	184.6
3rd Quarter	200.7	172.3	194.4	195.7	200.2	195.7	182.4	188.0	191.8	186.8	186.4	187.5	181.7	184.0	195.6	178.9	177.4	181.6	181.9	186.6
4th Quarter	200.1	174.8	195.1	194.3	203.3	196.3	186.9	191.6	195.9	190.9	188.1	189.9	179.3	185.0	198.4	178.7	175.4	181.2	181.4	187.5
2021(a) 1st Quarter	201.4	175.1	198.0	195.0	206.5	198.0	192.8	195.9	198.8	195.4	193.0	194.4	187.8	194.2	205.4	181.2	180.7	189.6	188.7	192.7
2nd Quarter	205.2	182.3	201.0	200.4	207.8	201.9	198.5	203.4	204.5	201.8	195.9	198.7	189.9	200.8	217.4	184.8	183.9	192.2	192.0	196.5
3rd Quarter	210.7	187.1	202.7	207.9	214.8	208.2	204.3	210.2	209.3	207.7	205.6	207.0	194.7	204.9	221.0	188.8	183.3	199.7	198.1	203.5
4th Quarter	229.9	201.8	218.0	218.2	231.9	222.6	217.0	226.0	223.9	222.1	219.5	221.3	205.6	217.7	240.4	200.3	198.5	220.3	215.4	219.1
2020 January	197.7	167.4	189.9	189.9	198.0	191.5	178.4	180.2	188.5	181.6	180.6	181.7	175.5	177.2	191.3	174.1	168.6	174.5	175.4	180.8
February	197.0	170.2	194.1	194.1	199.0	194.0	180.2	182.5	188.3	183.1	189.4	187.8	181.3	182.1	196.1	176.5	174.1	183.6	182.4	186.7
March	197.0	170.2	194.1	194.1	199.0	194.0	180.2	182.5	188.3	183.1	189.4	187.8	181.3	182.1	196.1	176.5	174.1	183.6	182.4	186.7
April	197.0	170.2	194.1	194.1	199.0	194.0	180.2	182.5	188.3	183.1	189.4	187.8	181.3	182.1	196.1	176.5	174.1	183.6	182.4	186.7
May	203.4	177.1	192.1	198.2	200.5	197.2	179.2	181.7	187.9	182.3	184.6	184.5	175.3	176.3	192.0	169.5	168.2	173.7	174.1	182.4
June	198.0	178.5	190.8	194.6	198.2	194.5	181.7	185.8	190.7	185.5	183.4	185.0	184.2	181.1	199.6	176.7	181.0	178.5	180.1	184.6
July	199.4	171.0	192.2	197.3	199.2	195.5	181.7	189.3	190.6	186.7	183.3	185.5	181.8	187.5	194.1	179.9	174.7	183.4	183.1	186.3
August	201.4	175.0	197.5	193.1	201.9	195.8	180.5	185.5	192.0	185.2	189.5	189.1	180.4	179.8	195.3	177.7	177.2	178.5	179.5	186.3
September	201.3	170.9	193.6	196.7	199.5	195.7	184.9	189.2	193.0	188.5	186.5	188.0	182.9	184.6	197.3	179.2	180.4	183.1	183.1	187.3
October	200.3	172.5	190.7	192.2	202.9	194.8	184.0	189.3	193.6	188.4	185.8	187.6	176.5	183.8	192.5	176.3	170.1	180.1	179.5	185.5
November	199.9	177.2	197.3	197.4	205.2	198.5	186.1	190.0	199.1	190.8	191.0	192.0	179.8	184.5	199.4	179.9	174.8	179.5	180.6	188.4
December	200.1	174.8	197.3	193.4	201.9	195.7	190.7	195.6	195.0	193.6	187.5	190.2	181.5	186.6	203.1	179.8	181.3	184.0	183.9	188.6
2021(a) January	199.8	173.7	197.9	193.6	206.9	197.3	191.7	195.8	200.2	195.4	187.4	191.0	182.7	188.8	199.8	179.0	176.8	187.1	185.6	189.9
February	199.4	172.5	196.6	196.2	206.9	198.1	192.7	195.9	198.4	195.3	192.7	194.1	188.9	194.8	206.4	183.0	182.6	190.5	189.8	193.0
March	204.9	179.3	199.6	195.1	205.5	198.7	194.1	195.9	197.8	195.7	198.9	198.1	191.9	199.1	210.1	181.6	182.8	191.3	190.7	195.1
April	204.8	179.6	199.9	197.1	207.4	200.1	195.9	200.4	203.2	199.4	193.3	196.2	189.4	202.6	211.9	184.5	180.6	190.9	190.9	194.7
May	206.5	184.1	203.0	201.2	207.7	202.6	198.8	204.4	203.7	202.1	193.8	197.3	189.7	198.6	217.8	182.1	183.9	190.9	190.7	195.5
June	204.4	183.3	200.1	202.8	208.4	202.9	200.8	205.6	206.6	204.0	200.8	202.6	190.7	201.2	222.5	187.8	187.0	195.0	194.5	199.3
July	206.7	182.8	200.1	203.5	208.7	203.5	199.6	205.4	207.1	203.7	201.5	203.0	192.3	199.7	217.7	185.8	185.0	195.7	194.6	199.6
August	209.3	183.8	199.9	205.0	212.5	205.6	199.1	206.3	204.9	203.2	204.5	204.8	192.3	204.1	216.9	186.7	180.3	197.2	195.6	201.1
September	216.2	194.6	208.1	215.3	223.1	215.5	214.2	219.0	215.9	216.4	210.8	213.1	199.5	210.8	228.5	194.1	184.7	206.2	204.1	209.8
October	226.3	199.5	215.5	214.2	226.6	218.5	214.2	223.6	217.4	218.5	217.9	218.8	204.8	216.5	237.5	198.7	196.7	220.4	214.8	217.1
November	229.7	202.1	222.7	218.6	230.8	222.8	216.8	226.1	226.5	222.7	219.0	221.4	207.0	218.4	242.9	201.4	198.1	220.5	216.0	219.4
December	233.7	203.8	215.9	221.8	238.4	226.4	220.0	228.2	227.9	225.0	221.6	223.8	205.1	218.4	240.9	200.8	200.5	220.0	215.3	220.7

(a) Provisional

(Contd.)

Wage Rate Indices (Informal Private Sector Employees) (2012=100)

Period	Agriculture						Industry						Services							Informal Private Sector
	Paddy	Coconut	Rubber	Tea	Other	Agriculture	Construction				Small Industries	Industry	Wholesale and Retail Trade	Repair of Motor Vehicle and Motor Cycles	Hotels and Restaurants	Transport	Communi-cation	Other	Services	
							Carpentry	Masonry	Other	Construction										
Real Wage Rate Index (b)																				
2018	138.2	126.9	131.9	142.8	134.9	137.4	127.3	129.9	133.9	129.9	141.1	137.8	129.4	130.6	135.9	126.9	126.1	132.7	131.2	135.0
2019	148.3	130.0	144.0	144.7	147.5	144.7	129.3	131.3	137.0	132.0	143.9	140.3	134.1	132.7	143.3	129.1	130.6	135.0	134.1	138.5
2020	144.5	125.3	140.3	141.1	145.2	141.4	132.1	134.9	138.6	134.8	135.3	135.7	130.6	132.1	142.1	128.2	126.7	130.8	130.9	134.7
2021 (a)	143.4	126.3	138.8	139.1	145.7	140.6	137.6	141.4	141.6	140.0	137.8	139.0	131.8	138.4	149.6	127.9	126.4	135.7	134.4	137.4
2019 1st Quarter	148.0	129.5	144.5	148.8	146.3	145.9	128.7	129.5	137.0	131.1	144.9	140.6	136.3	133.3	144.9	128.7	131.5	135.9	135.0	139.2
2nd Quarter	149.9	132.5	145.8	143.2	148.2	145.0	127.5	130.7	136.7	131.0	145.1	140.9	133.4	132.5	142.2	128.4	129.9	136.3	134.6	139.0
3rd Quarter	149.2	130.0	145.8	144.9	149.5	145.7	131.1	132.5	136.4	133.0	143.5	140.2	133.9	133.1	143.8	130.5	132.5	134.0	133.8	138.5
4th Quarter	146.0	128.2	139.8	141.8	145.8	142.2	129.8	132.6	138.1	132.9	142.0	139.5	132.7	132.0	142.3	128.7	128.4	133.6	132.9	137.2
2020 1st Quarter	144.2	123.7	140.8	140.9	145.2	141.2	131.3	132.8	137.7	133.5	136.3	135.8	131.1	131.9	142.2	128.4	125.9	132.0	131.6	135.0
2nd Quarter	146.4	128.6	141.2	143.6	146.2	143.3	132.4	134.6	138.7	134.8	136.4	136.4	132.3	132.0	143.8	127.9	128.0	131.1	131.3	135.5
3rd Quarter	145.0	124.5	140.5	141.4	144.7	141.4	131.8	135.8	138.6	135.0	134.7	135.5	131.3	132.9	141.3	129.3	128.2	131.2	131.4	134.8
4th Quarter	142.5	124.5	138.9	138.4	144.8	139.8	133.1	136.4	139.5	135.9	133.9	135.2	127.6	131.7	141.2	127.2	124.9	129.0	129.1	133.5
2021(a) 1st Quarter	141.0	122.7	138.7	136.6	144.6	138.7	135.1	137.2	139.2	136.9	135.2	136.2	131.5	136.0	143.9	126.9	126.6	132.8	132.2	135.0
2nd Quarter	142.3	126.4	139.3	138.9	144.1	140.0	137.6	141.0	141.8	139.9	135.8	137.7	131.7	139.2	150.7	128.1	127.4	133.3	133.1	136.2
3rd Quarter	142.9	126.8	137.4	141.0	145.6	141.1	138.5	142.5	141.9	140.8	139.4	140.3	132.0	138.9	149.8	128.0	124.3	135.4	134.3	137.9
4th Quarter	147.3	129.4	139.8	139.8	148.6	142.6	139.1	144.8	143.5	142.3	140.7	141.9	131.8	139.6	154.1	128.4	127.2	141.3	138.1	140.4
2020 January	143.9	121.8	138.2	138.2	144.1	139.4	129.8	131.1	137.2	132.1	131.4	132.2	127.7	129.0	139.2	126.7	122.7	127.0	127.6	131.6
February	143.4	123.8	141.2	141.3	144.8	141.2	131.2	132.8	137.0	133.3	137.8	136.7	132.0	132.5	142.7	128.4	126.7	133.6	132.8	135.9
March	145.3	125.5	143.1	143.1	146.7	143.1	132.9	134.6	138.9	135.0	139.7	138.5	133.7	134.3	144.6	130.1	128.4	135.4	134.5	137.7
April	145.7	125.8	143.5	143.6	147.2	143.5	133.3	135.0	139.3	135.4	140.1	138.9	134.1	134.7	145.1	130.5	128.8	135.8	134.9	138.1
May	149.8	130.4	141.4	145.9	147.7	145.2	131.9	133.8	138.3	134.2	135.9	135.9	129.1	129.8	141.4	124.8	123.8	127.9	128.2	134.3
June	143.8	129.6	138.6	141.3	143.9	141.2	131.9	135.0	138.5	134.7	133.2	134.3	133.7	131.5	144.9	128.3	131.4	129.6	130.8	134.1
July	144.8	124.1	139.5	143.3	144.6	142.0	131.9	137.5	138.4	135.6	133.1	134.7	132.0	136.2	141.0	130.6	126.8	133.1	132.9	135.3
August	145.7	126.6	142.9	139.7	146.1	141.7	130.6	134.2	138.9	134.0	137.1	136.8	130.5	130.1	141.3	128.6	128.2	129.2	129.8	134.8
September	144.5	122.7	138.9	141.2	143.2	140.5	132.7	135.8	138.5	135.3	133.9	134.9	131.3	132.5	141.6	128.6	129.5	131.4	131.4	134.4
October	143.5	123.6	136.7	137.8	145.4	139.6	131.9	135.6	138.8	135.0	133.2	134.5	126.5	131.7	138.0	126.3	122.0	129.1	128.7	133.0
November	142.6	126.4	140.7	140.8	146.4	141.6	132.7	135.5	142.0	136.1	136.2	136.9	128.2	131.6	142.2	128.3	124.6	128.0	128.8	134.4
December	141.3	123.4	139.3	136.5	142.6	138.2	134.7	138.1	137.7	136.7	132.4	134.3	128.2	131.7	143.4	127.0	128.0	129.9	129.8	133.1
2021(a) January	140.2	121.9	138.9	135.8	145.2	138.5	134.5	137.4	140.5	137.1	131.5	134.0	128.2	132.4	140.2	125.6	124.0	131.3	130.2	133.2
February	139.2	120.4	137.3	137.0	144.5	138.3	134.5	136.8	138.5	136.4	134.5	135.6	131.9	136.0	144.1	127.8	127.5	133.0	132.5	134.8
March	143.7	125.8	140.0	136.9	144.2	139.4	136.2	137.5	138.8	137.3	139.6	139.0	134.6	139.7	147.4	127.4	128.2	134.2	133.8	136.9
April	143.6	125.9	140.1	138.2	145.4	140.3	137.3	140.5	142.5	139.8	135.5	137.6	132.8	142.1	148.5	129.3	126.6	133.8	133.8	136.5
May	143.3	127.8	140.9	139.7	144.2	140.7	138.1	141.9	141.4	140.3	134.5	137.0	131.7	137.9	151.2	126.4	127.7	132.5	132.4	135.7
June	139.9	125.4	136.9	138.8	142.6	138.9	137.4	140.7	141.4	139.6	137.4	138.6	130.5	137.7	152.3	128.5	128.0	133.4	133.1	136.4
July	140.6	124.3	136.1	138.4	141.9	138.4	135.8	139.7	140.8	138.5	137.0	138.1	130.7	135.8	148.1	126.3	125.8	133.1	132.3	135.7
August	141.9	124.5	135.5	138.9	144.0	139.4	135.0	139.8	138.8	137.7	138.6	138.8	130.3	138.4	147.0	126.5	122.2	133.6	132.6	136.3
September	146.2	131.6	140.7	145.6	150.8	145.7	144.8	148.0	145.9	146.2	142.5	144.1	134.9	142.5	154.4	131.2	124.8	139.4	137.9	141.8
October	149.8	132.1	142.7	141.8	150.0	144.6	141.8	148.0	143.9	144.6	144.3	144.9	135.6	143.3	157.3	131.6	130.2	145.9	142.2	143.7
November	147.5	129.7	143.0	140.4	148.1	143.1	139.2	145.2	145.4	142.9	140.6	142.2	132.9	140.2	155.9	129.3	127.2	141.6	138.7	140.9
December	144.7	126.2	133.7	137.4	147.6	140.2	136.3	141.3	141.1	139.4	137.2	138.6	127.0	135.2	149.2	124.3	124.2	136.3	133.3	136.7

(a) Provisional
(b) Based on National Consumer Price Index (2013=100)

Source: Central Bank of Sri Lanka

Average Daily Wages in the Informal Private Sector (a)

Rupees

Period		Tea		Rubber		Coconut (b)	Paddy		Carpentry (b)		Masonary (b)	
		Male	Female	Male	Female	Male	Male	Female	Master	Skilled and Unskilled	Master	Skilled and Unskilled
2018		1,242	895	1,216	955	1,374	1,383	994	1,990	1,335	1,994	1,350
2019		1,277	915	1,296	989	1,456	1,493	1,076	2,107	1,410	2,109	1,409
2020		1,307	959	1,333	1,026	1,509	1,539	1,137	2,309	1,515	2,310	1,516
2021 (c)		1,401	1,004	1,270	1,172	1,633	1,640	1,208	2,525	1,631	2,537	1,654
2019	1st Quarter	1,263	952	1,284	1,012	1,430	1,454	1,052	2,045	1,387	2,027	1,365
	2nd Quarter	1,265	882	1,304	954	1,471	1,491	1,086	2,054	1,387	2,064	1,399
	3rd Quarter	1,289	909	1,309	993	1,458	1,509	1,090	2,144	1,417	2,144	1,414
	4th Quarter	1,291	916	1,288	996	1,467	1,517	1,075	2,187	1,451	2,199	1,458
2020	1st Quarter	1,295	945	1,325	1,011	1,473	1,521	1,123	2,265	1,500	2,235	1,494
	2nd Quarter	1,312	969	1,326	1,020	1,518	1,532	1,165	2,283	1,501	2,267	1,497
	3rd Quarter	1,310	972	1,337	1,037	1,518	1,552	1,133	2,316	1,511	2,354	1,519
	4th Quarter	1,312	952	1,344	1,038	1,529	1,549	1,126	2,373	1,548	2,385	1,556
2021 (c)	1st Quarter	1,336	950	1,213	1,143	1,520	1,565	1,119	2,401	1,546	2,393	1,553
	2nd Quarter	1,362	990	1,239	1,110	1,585	1,594	1,140	2,472	1,594	2,467	1,604
	3rd Quarter	1,415	1,007	1,244	1,187	1,631	1,616	1,239	2,522	1,630	2,534	1,666
	4th Quarter	1,492	1,070	1,386	1,247	1,796	1,783	1,332	2,704	1,753	2,753	1,794
2020	January	1,288	912	1,313	978	1,472	1,535	1,103	2,253	1,477	2,214	1,504
	February	1,299	962	1,331	1,028	1,473	1,514	1,133	2,271	1,511	2,246	1,488
	March	1,299	962	1,331	1,028	1,473	1,514	1,133	2,271	1,511	2,246	1,488
	April	1,299	962	1,331	1,028	1,473	1,514	1,133	2,271	1,511	2,246	1,488
	May	1,331	984	1,331	997	1,535	1,568	1,181	2,267	1,489	2,246	1,490
	June	1,306	960	1,315	1,034	1,545	1,514	1,180	2,312	1,503	2,310	1,512
	July	1,331	963	1,323	1,015	1,504	1,543	1,121	2,309	1,501	2,352	1,531
	August	1,288	969	1,352	1,083	1,531	1,555	1,158	2,296	1,504	2,338	1,499
	September	1,311	983	1,335	1,013	1,518	1,559	1,121	2,342	1,529	2,371	1,528
	October	1,309	920	1,324	965	1,533	1,544	1,148	2,319	1,535	2,337	1,547
	November	1,325	974	1,354	1,071	1,531	1,549	1,120	2,361	1,551	2,361	1,568
	December	1,302	962	1,354	1,077	1,524	1,555	1,109	2,439	1,558	2,457	1,553
2021 (c)	January	1,340	912	1,214	1,128	1,515	1,556	1,112	2,369	1,555	2,383	1,576
	February	1,352	989	1,195	1,136	1,498	1,559	1,122	2,399	1,559	2,363	1,556
	March	1,315	949	1,230	1,165	1,547	1,582	1,125	2,434	1,524	2,434	1,526
	April	1,344	976	1,245	1,087	1,563	1,599	1,108	2,439	1,572	2,449	1,584
	May	1,366	987	1,251	1,060	1,609	1,610	1,127	2,464	1,596	2,471	1,609
	June	1,376	1,006	1,221	1,183	1,583	1,571	1,186	2,512	1,616	2,481	1,619
	July	1,373	1,003	1,226	1,170	1,578	1,591	1,206	2,467	1,581	2,456	1,616
	August	1,394	992	1,224	1,155	1,603	1,600	1,241	2,472	1,578	2,490	1,626
	September	1,479	1,024	1,280	1,236	1,713	1,657	1,269	2,628	1,729	2,657	1,754
	October	1,463	1,034	1,305	1,283	1,756	1,765	1,302	2,662	1,708	2,714	1,759
	November	1,504	1,070	1,438	1,290	1,807	1,779	1,301	2,692	1,752	2,755	1,792
	December	1,508	1,107	1,414	1,167	1,826	1,805	1,394	2,759	1,800	2,789	1,832

(a) Daily wages are without provision of food.
(b) Female participation is minimal in these sectors.
(c) Provisional

Source: Central Bank of Sri Lanka

Average Daily Wages of Informal Private Sector by Province 2020-2021 (a)

Rupees

Sector	Western Province		Central Province		North Central Province		North Western Province		Sabaragamuwa Province	
	2020	2021 (b)	2020	2021 (b)	2020	2021 (b)	2020	2021 (b)	2020	2021 (b)
1. Agriculture Sector										
Tea										
Male	1,491	1,597	1,177	1,273	-	-	-	-	1,253	1,276
Female	1,190	1,214	825	866	-	-	-	-	985	1,004
Rubber										
Male	1,211	1,329	1,145	1,315	-	-	-	-	1,185	1,172
Female	1,245	1,329	809	959	-	-	-	-	1,122	1,076
Coconut (c)										
Male	1,469	1,624	1,450	1,636	1,537	1,718	1,614	1,705	1,402	1,625
Paddy										
Male	1,619	1,739	1,480	1,550	1,667	1,792	1,422	1,453	1,318	1,375
Female	1,331	1,452	898	938	1,225	1,287	1,208	1,083	1,067	1,052
2. Construction Sector (c)										
Carpentry										
Master Carpenter - Male	2,474	2,802	2,143	2,500	2,292	2,550	2,253	2,519	2,143	2,326
Skilled and Unskilled Helper - Male	1,604	1,881	1,465	1,563	1,476	1,555	1,406	1,641	1,302	1,468
Masonry										
Master Mason - Male	2,493	2,839	2,161	2,501	2,333	2,523	2,241	2,540	2,134	2,308
Skilled and Unskilled Helper - Male	1,631	1,883	1,450	1,574	1,478	1,651	1,431	1,658	1,410	1,508

Sector	Uva Province		Southern Province		Northern Province		Eastern Province		All Island (d)	
	2020	2021 (b)	2020	2021 (b)	2020	2021 (b)	2020	2021 (b)	2020	2021 (b)
1. Agriculture Sector										
Tea										
Male	1,433	1,496	1,416	1,547	-	-	-	-	1,354	1,438
Female	1,007	1,112	988	1,092	-	-	-	-	999	1,055
Rubber										
Male	1,208	1,451	-	-	-	-	-	-	1,336	1,481
Female	1,075	1,388	-	-	-	-	-	-	1,074	1,189
Coconut (c)										
Male	1,378	1,649	1,704	1,781	1,533	1,653	1,344	1,442	1,498	1,648
Paddy										
Male	1,398	1,597	1,720	1,753	1,567	1,687	1,685	1,757	1,542	1,636
Female	1,101	1,248	1,336	985	1,088	1,130	1,421	1,521	1,273	1,287
2. Construction Sector (c)										
Carpentry										
Master Carpenter - Male	2,377	2,746	2,467	2,622	2,054	2,251	2,328	2,533	2,281	2,539
Skilled and Unskilled Helper - Male	1,440	1,641	1,695	1,609	1,444	1,554	1,572	1,659	1,489	1,619
Masonry										
Master Mason - Male	2,336	2,704	2,401	2,664	2,086	2,257	2,319	2,575	2,279	2,546
Skilled and Unskilled Helper - Male	1,437	1,603	1,651	1,680	1,449	1,606	1,567	1,666	1,500	1,648

(a) Daily wages are without provision of food.
(b) Provisional
(c) Female participation is minimal in these sectors.
(d) All Island average may not be the average of provincial data due to round-off effect.

Source: Central Bank of Sri Lanka

TABLE 62

Central Bank Trade Indices - Value (a)

2010 =100

Period		Exports										Total Exports
		Industrial Exports				Agricultural Exports					Mineral Exports	
		Textiles and Garments	Petroleum Products	Rubber Products	Total	Tea	Rubber	Coconut Products	Minor Agri. Products	Total		
2017		202.3	222.7	202.5	189.1	143.3	30.2	283.2	261.9	161.9	192.2	177.7
2018		228.4	340.9	226.1	218.7	142.4	26.0	269.5	237.0	160.7	203.4	198.3
2019		263.9	313.1	246.0	244.7	147.8	22.1	314.2	266.2	168.9	221.4	219.0
2020		215.6	231.3	231.2	206.0	141.4	28.5	341.6	308.6	166.2	170.0	190.7
2021 (b)		285.1	339.3	332.0	280.3	161.8	42.8	452.1	367.1	208.4	322.8	255.1
2019	1st Quarter	279.5	299.5	266.2	260.4	153.3	30.7	337.0	242.0	178.6	237.5	232.8
	2nd Quarter	239.0	278.8	234.1	228.4	146.0	23.7	320.9	218.5	161.4	197.2	205.4
	3rd Quarter	267.9	301.6	249.2	243.1	149.1	18.6	324.4	245.2	170.6	206.8	218.3
	4th Quarter	269.2	372.8	234.7	246.9	142.8	15.2	274.6	359.1	164.8	244.1	219.6
2020	1st Quarter	241.4	435.1	227.5	226.0	121.0	26.8	274.5	357.6	141.7	130.2	198.3
	2nd Quarter	136.1	106.2	166.6	133.2	139.7	24.1	306.6	289.5	153.8	133.0	135.8
	3rd Quarter	262.5	192.5	272.2	249.9	158.4	24.5	437.3	370.5	198.9	167.9	230.5
	4th Quarter	222.5	191.6	258.4	214.7	146.5	38.6	347.9	216.9	170.2	249.0	198.1
2021 (b)	1st Quarter	272.8	223.4	316.1	259.4	161.2	48.4	399.9	307.1	197.8	334.2	237.4
	2nd Quarter	242.2	296.4	308.0	243.3	152.9	32.8	425.0	280.8	181.8	380.2	221.9
	3rd Quarter	297.8	410.2	348.3	291.0	165.8	50.0	499.5	438.3	224.2	261.5	266.9
	4th Quarter	327.6	427.2	355.8	327.4	167.2	39.9	484.2	442.4	229.7	315.4	294.3
2020	January	272.1	605.6	242.7	256.8	133.4	30.1	285.4	386.7	157.6	161.4	224.4
	February	269.0	423.4	247.6	249.9	144.3	34.8	304.4	396.1	163.1	146.1	220.9
	March	183.1	276.2	192.1	171.3	85.3	15.4	233.7	289.9	104.5	83.1	149.5
	April	39.9	113.1	89.1	54.1	111.5	18.6	176.7	141.7	107.0	81.8	67.1
	May	130.9	80.3	176.9	131.2	150.0	20.8	335.3	283.9	158.3	184.8	135.7
	June	237.6	125.2	233.9	214.3	157.5	32.9	407.9	442.9	196.2	132.5	204.7
	July	275.9	199.9	291.2	265.3	179.4	33.0	485.8	483.0	223.5	237.0	248.2
	August	257.5	163.7	250.3	234.8	140.3	17.0	401.9	331.6	183.8	131.2	215.6
	September	254.0	213.7	275.1	249.7	155.5	23.4	424.1	296.9	189.5	135.5	227.8
	October	209.1	181.1	274.0	205.4	152.6	27.0	384.1	239.0	179.5	176.9	194.0
	November	190.8	158.5	233.8	192.3	131.0	36.1	338.6	207.7	155.8	189.4	178.3
	December	267.6	235.3	267.4	246.4	155.9	52.8	321.1	204.0	175.2	380.6	222.2
2021 (b)	January	255.0	264.2	291.4	243.0	141.8	45.9	294.8	228.4	175.4	289.8	219.6
	February	272.3	177.4	299.6	250.3	161.0	32.4	384.3	266.3	184.5	309.8	227.4
	March	291.3	228.5	357.4	284.8	180.9	66.9	520.4	426.6	233.3	403.0	265.2
	April	228.7	288.8	231.7	222.6	115.3	38.6	345.7	285.1	150.6	362.1	198.8
	May	235.2	267.7	338.4	238.9	160.7	27.5	435.4	293.5	183.1	390.7	219.1
	June	262.7	332.8	353.7	268.5	182.5	32.4	493.8	263.8	211.8	387.7	247.7
	July	287.4	418.9	356.1	288.9	169.7	39.8	520.4	448.9	245.9	237.5	271.8
	August	313.0	374.0	338.7	299.5	172.6	45.9	514.8	467.1	221.0	275.1	271.7
	September	293.1	437.6	350.1	284.6	155.0	64.2	463.2	398.9	205.7	272.0	257.2
	October	324.9	386.9	340.1	331.7	162.4	39.3	519.8	447.9	223.7	192.2	295.1
	November	318.2	480.7	380.6	329.0	175.1	40.6	527.7	508.1	249.9	308.3	301.0
	December	339.8	413.9	346.7	321.7	164.2	39.7	405.0	371.2	215.4	445.6	286.7

(a) The value index is computed as a simple index of the ratio of rupee values between the current period and the base period.
(b) Provisional

(Contd.)

Central Bank Trade Indices - Value (a)

2010=100

Period	Imports													Total Imports
	Consumer Goods			Intermediate Goods						Investment Goods				
	Food and Beverages	Non-Food Consumer Goods	Total	Fuel	Textiles and Textile Articles	Fertiliser	Chemical Products	Wheat and Maize	Total	Machinery and Equipment	Transport Equipment	Building Materials	Total	
2017	187.6	311.7	245.4	152.0	203.1	57.8	216.4	181.3	191.6	264.1	153.6	261.2	239.5	211.0
2018	173.6	420.1	288.3	196.1	227.5	157.2	249.9	202.1	222.8	267.3	161.3	266.6	244.3	237.9
2019	170.6	347.5	252.9	202.4	254.4	145.7	252.8	206.2	223.4	294.5	159.0	290.3	264.2	235.2
2020	192.9	263.1	225.6	136.6	211.4	177.6	262.4	237.8	184.7	266.5	96.8	206.5	211.9	196.2
2021 (b)	221.1	333.6	273.4	216.3	298.3	115.7	363.2	277.7	269.0	369.5	118.5	267.5	285.0	270.7
2019 1st Quarter	161.0	318.8	234.4	213.0	242.3	127.3	253.8	127.5	219.2	304.0	120.4	290.9	260.7	228.5
2nd Quarter	167.0	293.9	226.1	201.1	243.0	116.4	244.4	211.4	214.4	276.1	170.1	265.0	250.0	221.9
3rd Quarter	152.1	373.1	254.9	192.9	255.3	195.2	254.4	214.8	222.1	275.6	169.1	320.6	266.2	235.2
4th Quarter	202.2	404.3	296.3	202.4	276.9	144.0	258.8	271.2	237.9	322.3	176.4	284.8	280.0	255.1
2020 1st Quarter	208.3	302.3	252.0	201.2	221.7	69.5	236.5	196.1	204.2	276.0	126.5	231.2	230.3	216.8
2nd Quarter	182.7	264.5	220.8	65.0	163.8	226.1	242.3	191.9	134.7	208.4	128.1	163.2	177.5	158.1
3rd Quarter	179.2	240.9	207.9	142.6	217.3	87.4	276.2	329.5	196.1	289.9	55.4	215.0	217.0	200.8
4th Quarter	201.3	244.8	221.6	137.6	242.9	327.4	294.6	233.7	203.9	291.7	77.1	216.5	222.9	209.2
2021 (b) 1st Quarter	262.0	293.6	276.7	220.5	269.3	100.5	362.5	242.7	255.1	351.7	93.8	237.0	261.7	258.1
2nd Quarter	218.0	308.7	260.2	187.1	288.3	182.2	396.6	241.7	258.7	358.6	115.0	272.4	280.4	261.0
3rd Quarter	186.2	389.2	280.7	189.1	296.4	20.4	333.0	285.8	250.7	362.7	140.3	258.4	284.0	260.8
4th Quarter	218.1	342.9	276.2	268.6	339.2	159.6	360.8	340.5	311.5	405.1	125.0	302.2	314.1	303.0
2020 January	214.7	374.9	289.3	184.8	320.1	47.9	274.4	64.5	223.5	372.3	162.1	279.5	299.3	249.2
February	197.8	320.4	254.9	265.3	193.9	106.2	238.6	61.2	218.2	264.3	105.9	240.3	223.0	224.6
March	212.4	211.6	212.0	153.5	151.2	54.4	196.5	462.6	170.7	191.3	111.6	173.7	168.8	176.5
April	211.9	294.8	250.5	82.1	166.4	248.8	255.9	69.5	145.1	173.3	246.7	162.1	185.7	171.6
May	184.1	246.3	213.1	41.2	133.4	247.1	232.1	299.3	120.5	235.7	83.6	140.3	174.3	147.5
June	152.1	252.2	198.7	71.7	191.7	182.3	238.9	206.9	138.5	216.1	54.1	187.2	172.6	155.4
July	194.2	273.0	230.9	129.9	215.0	74.5	281.1	198.9	180.0	231.5	58.9	226.1	192.7	190.3
August	157.5	208.7	181.3	159.7	210.9	67.3	246.5	340.4	192.9	260.6	30.2	195.9	191.6	188.6
September	185.9	241.0	211.5	138.2	226.2	120.4	301.2	449.3	215.5	377.6	77.0	223.2	266.7	223.3
October	181.8	218.9	199.0	143.8	236.0	183.1	270.2	177.6	198.8	267.8	75.2	208.5	208.5	199.0
November	184.7	223.0	202.5	115.4	234.8	547.2	300.0	210.0	199.4	293.5	100.4	187.8	220.3	202.4
December	237.4	292.7	263.1	153.6	257.9	251.7	313.7	313.6	213.5	313.7	55.7	253.2	240.0	226.2
2021 (b) January	280.9	284.0	282.4	206.0	264.3	39.8	342.6	52.3	229.8	327.5	87.2	215.8	242.2	240.0
February	205.2	252.1	227.0	216.9	253.6	120.0	306.5	430.9	242.1	298.5	71.5	223.5	227.0	234.0
March	299.8	344.8	320.7	238.7	290.0	141.6	438.5	244.9	293.5	429.2	122.7	271.6	315.9	300.3
April	195.7	282.2	235.9	284.7	264.6	412.2	362.9	211.1	279.9	357.1	94.9	250.2	268.5	266.8
May	193.8	243.9	217.1	230.3	276.0	114.7	411.2	165.9	275.1	290.2	83.3	260.7	236.9	253.9
June	264.6	400.0	327.6	46.2	324.4	19.6	415.6	348.2	221.1	428.6	166.9	306.3	335.8	262.4
July	189.2	414.3	294.0	178.7	294.8	49.2	347.3	210.4	259.0	368.1	160.7	270.7	295.2	270.7
August	191.7	379.0	278.9	246.8	283.9	8.3	327.7	440.8	267.0	356.4	106.4	252.5	271.6	267.7
September	177.9	374.1	269.2	141.7	310.7	3.8	324.1	206.1	226.0	363.6	153.8	251.9	285.2	244.0
October	157.6	252.0	201.5	270.2	313.6	138.3	320.2	563.1	300.3	327.9	63.9	269.3	253.5	269.7
November	220.1	316.1	264.8	224.4	352.1	12.3	351.6	214.9	270.8	395.5	236.2	314.6	337.3	282.0
December	276.7	460.5	362.2	311.0	352.0	328.3	410.6	243.5	363.4	491.8	75.0	322.7	351.4	357.3

(a) The value index is computed as a simple index of the ratio of rupee values between the current period and the base period.
(b) Provisional

Source: Central Bank of Sri Lanka

Central Bank Trade Indices - Volume (a)

2010 =100

Period	Exports										Total Exports
	Industrial Exports				Agricultural Exports					Mineral Exports	
	Textiles and Garments	Petroleum Products	Rubber Products	Total	Tea	Rubber	Coconut Products	Minor Agri. Products	Total		
2017	129.8	228.5	109.4	156.3	87.4	31.4	154.5	169.8	96.5	105.6	136.7
2018	132.4	251.1	111.4	158.7	85.5	26.7	132.8	162.0	92.6	99.3	137.3
2019	143.2	246.7	109.4	170.8	88.8	24.0	177.6	163.0	97.7	98.2	147.2
2020	111.5	238.5	100.0	153.5	80.7	29.4	168.0	173.1	90.5	68.6	132.9
2021 (b)	140.6	282.8	112.6	183.2	87.2	29.3	188.1	188.4	101.1	111.4	156.9
2019 1st Quarter	156.3	215.3	118.7	182.6	89.8	34.8	165.8	146.8	100.1	100.0	156.2
2nd Quarter	135.3	197.2	105.7	161.2	86.7	27.9	177.9	139.5	93.8	90.0	139.3
3rd Quarter	139.4	242.0	107.1	156.8	92.2	18.3	202.3	139.7	100.6	105.6	138.1
4th Quarter	141.7	332.2	106.3	182.5	86.7	14.9	164.6	226.0	96.2	97.4	155.1
2020 1st Quarter	131.0	284.9	98.9	153.3	72.6	27.0	137.1	182.4	80.1	59.7	130.0
2nd Quarter	69.4	168.7	75.5	103.7	77.8	24.5	149.6	143.5	83.1	51.9	95.7
3rd Quarter	133.7	277.9	123.6	186.7	90.4	28.8	214.9	187.2	106.4	66.9	160.6
4th Quarter	111.9	222.5	101.7	170.2	82.0	37.2	170.6	179.3	92.3	95.8	145.3
2021 (b) 1st Quarter	142.2	149.6	113.1	169.1	85.6	37.1	168.7	165.5	97.7	125.3	146.1
2nd Quarter	132.6	294.8	99.8	179.6	81.6	22.2	177.3	140.6	90.3	139.3	151.6
3rd Quarter	144.3	415.2	117.9	190.7	90.5	33.2	210.7	222.1	108.0	87.2	164.0
4th Quarter	143.4	271.6	119.6	193.2	91.0	24.5	195.5	225.4	108.3	93.9	165.9
2020 January	147.6	399.7	108.0	177.8	80.6	29.7	145.2	225.2	90.3	73.8	150.1
February	142.5	245.2	107.8	152.3	86.2	36.1	152.0	188.7	92.0	70.0	132.5
March	102.8	209.8	81.0	129.7	51.0	15.2	114.2	133.2	58.0	35.2	107.4
April	21.1	146.4	41.5	54.6	65.0	15.5	75.5	80.5	58.9	30.9	54.4
May	69.0	85.9	80.3	93.0	81.8	22.2	166.4	147.0	85.5	70.1	88.8
June	118.3	273.9	104.8	163.5	86.7	35.9	206.8	202.9	104.9	54.6	143.8
July	146.3	383.2	139.0	194.1	102.6	43.5	247.2	225.3	122.6	85.3	170.2
August	125.5	149.5	111.0	174.8	80.5	19.4	199.1	165.8	98.1	54.5	149.9
September	129.4	301.0	120.8	191.2	88.1	23.5	198.4	170.5	98.4	60.8	161.6
October	112.3	172.4	112.1	163.6	84.4	30.4	190.0	173.7	95.7	69.6	141.5
November	96.2	186.9	87.1	146.4	74.1	37.5	169.6	188.3	87.3	67.5	127.1
December	127.2	308.3	106.0	200.8	87.5	43.8	152.2	176.0	93.9	150.2	167.5
2021 (b) January	129.1	192.8	106.7	163.8	76.2	37.7	135.8	159.5	87.7	110.6	139.6
February	143.8	118.0	109.2	149.7	84.9	25.2	172.0	137.4	91.8	116.4	130.7
March	153.7	137.9	123.4	193.8	95.8	48.5	198.1	199.6	113.7	149.0	167.9
April	115.1	173.8	76.9	188.8	59.5	26.9	126.2	128.5	70.6	123.9	152.7
May	145.9	170.7	110.9	169.0	86.8	18.1	187.0	156.7	93.7	148.2	145.0
June	136.7	539.9	111.7	181.2	98.6	21.5	218.9	136.5	106.6	145.8	157.0
July	150.4	532.1	110.3	184.8	93.3	25.7	223.2	260.3	119.5	77.8	163.0
August	155.9	454.8	122.7	201.8	93.5	32.5	211.1	206.0	106.4	87.9	171.3
September	126.6	258.6	120.8	185.4	84.8	41.4	197.8	200.0	98.1	95.8	157.5
October	141.3	195.2	113.3	179.1	88.9	26.3	212.7	250.7	106.3	63.0	155.2
November	139.0	329.7	125.1	200.2	94.8	24.6	205.1	234.4	117.4	117.1	173.4
December	149.7	289.8	120.4	200.4	89.3	22.6	168.7	191.2	101.2	101.8	169.0

(Contd.)

(a) Volume index is computed as a Laspeyres index.
(b) Provisional

TABLE 63 (Contd.)

Central Bank Trade Indices - Volume (a)

2010=100

Period	Imports													Total Imports
	Consumer Goods			Intermediate Goods						Investment Goods				
	Food and Beverages	Non-Food Consumer Goods	Total	Fuel	Textiles and Textile Articles	Fertiliser	Chemical Products	Wheat and Maize	Total	Machinery and Equipment	Transport Equipment	Building Materials	Total	
2017	146.7	191.0	167.4	150.7	137.6	53.7	161.6	134.0	158.6	244.2	112.8	220.1	208.7	171.3
2018	129.5	245.3	183.4	152.5	144.3	136.0	165.2	134.2	162.2	249.6	109.3	212.1	208.2	174.3
2019	120.5	174.0	145.4	151.8	153.9	119.5	155.7	127.5	156.0	261.5	93.7	215.1	211.5	164.2
2020	127.4	128.7	128.0	133.1	126.8	160.2	157.9	138.9	140.2	264.5	50.4	147.7	183.4	145.5
2021 (b)	125.5	130.4	127.8	134.2	153.9	74.5	177.3	134.2	152.0	359.0	46.7	154.5	230.6	162.2
2019 1st Quarter	114.9	161.2	136.4	161.4	148.1	89.4	148.6	75.2	152.2	247.3	80.5	221.5	203.7	158.4
2nd Quarter	122.4	154.7	137.4	145.4	148.3	88.3	150.9	120.9	147.1	226.9	114.4	197.2	193.8	153.5
3rd Quarter	103.4	185.0	141.4	149.8	153.5	162.2	162.3	132.0	157.5	254.3	83.8	234.3	211.6	164.1
4th Quarter	141.3	194.9	166.2	150.4	165.6	138.2	161.0	182.1	167.2	317.5	96.1	207.6	237.1	180.8
2020 1st Quarter	141.4	147.4	144.2	164.8	132.3	58.7	154.8	117.0	149.7	273.9	71.0	157.2	195.3	156.6
2nd Quarter	114.7	133.5	123.5	85.6	92.8	178.6	141.1	107.3	103.5	198.2	60.0	117.0	144.2	114.5
3rd Quarter	121.2	114.2	118.0	150.0	133.1	76.1	166.9	194.9	154.8	273.3	28.6	161.9	187.2	153.2
4th Quarter	132.2	119.6	126.3	132.1	148.9	327.6	169.0	136.3	152.7	312.6	42.2	154.5	207.1	157.5
2021 (b) 1st Quarter	162.2	124.7	144.7	161.6	154.2	78.5	195.3	124.3	163.7	348.6	44.1	150.9	223.8	171.1
2nd Quarter	123.3	131.6	127.2	124.2	156.8	127.6	189.0	122.5	150.3	312.2	50.7	161.6	210.9	157.0
3rd Quarter	89.9	145.8	115.9	110.6	143.7	10.7	153.5	142.5	134.4	346.8	49.0	148.2	223.3	147.9
4th Quarter	126.8	119.5	123.4	140.2	160.9	81.3	171.3	147.6	159.7	428.3	42.8	157.5	264.3	173.0
2020 January	153.6	182.0	166.8	128.3	190.9	39.5	177.0	47.5	152.7	343.8	89.6	197.7	245.4	173.1
February	126.1	160.6	142.2	203.6	119.3	87.3	161.2	39.2	159.6	231.6	55.9	160.3	172.4	157.5
March	144.5	99.6	123.6	162.6	86.8	49.4	126.2	264.3	136.7	246.2	67.3	113.7	168.0	139.4
April	128.3	149.7	138.3	115.3	97.6	184.7	155.2	37.7	120.0	168.1	108.5	124.8	142.2	126.8
May	114.2	134.8	123.8	62.9	76.4	178.0	132.8	168.0	90.2	162.9	42.4	95.4	116.7	101.0
June	101.6	116.0	108.3	78.4	104.4	173.1	135.1	116.2	100.2	263.8	29.0	130.9	173.5	115.8
July	126.1	127.7	126.8	134.6	125.6	58.2	170.9	113.8	138.6	205.3	31.5	165.5	155.9	138.7
August	105.1	97.2	101.4	169.3	123.6	59.4	149.8	203.4	154.0	267.3	17.6	149.8	178.4	147.8
September	132.4	117.8	125.6	146.1	150.1	110.5	180.1	267.6	171.8	347.2	36.6	170.2	227.3	173.0
October	123.2	114.5	119.1	149.3	143.9	183.5	157.7	123.4	156.7	398.8	37.5	170.9	252.8	168.0
November	121.4	113.7	117.8	114.7	148.3	510.5	170.3	112.9	149.8	260.3	56.0	122.4	175.0	147.6
December	152.0	130.7	142.1	132.4	154.4	288.7	178.9	172.6	151.5	278.8	33.1	170.3	193.4	156.9
2021 (b) January	183.8	126.8	157.3	168.9	153.7	28.5	192.2	31.1	158.9	302.9	49.1	142.8	200.3	165.8
February	120.7	112.0	116.6	158.8	148.3	89.3	162.7	224.8	155.6	259.0	36.1	146.7	177.3	151.4
March	182.1	135.2	160.3	157.2	160.7	117.7	230.9	117.0	176.7	484.0	47.2	163.2	293.8	196.0
April	118.2	117.9	118.0	193.6	144.7	298.6	178.7	102.2	169.5	421.5	45.0	156.5	261.1	177.2
May	106.9	111.9	109.2	150.1	149.2	69.9	189.2	80.0	160.3	198.9	34.0	152.9	149.7	147.1
June	144.8	165.1	154.2	28.9	176.5	14.5	199.0	185.5	121.0	316.2	73.1	175.4	221.8	146.7
July	86.4	161.6	121.4	107.4	146.9	25.7	163.6	117.9	139.3	354.4	53.3	145.0	227.1	152.7
August	97.0	140.9	117.5	147.2	140.1	4.8	148.4	193.7	148.0	314.6	45.7	150.3	207.5	153.1
September	86.2	134.9	108.9	77.2	144.1	1.5	148.5	116.0	115.8	371.4	48.1	149.3	235.3	138.0
October	76.7	97.5	86.4	133.4	143.9	72.9	160.6	232.1	146.4	518.1	31.2	137.0	299.2	165.3
November	127.4	113.5	120.9	126.6	166.9	5.8	161.4	85.8	139.7	336.9	56.3	162.1	224.4	152.3
December	176.2	147.4	162.8	160.7	171.8	165.2	192.0	124.9	193.1	429.9	40.9	173.4	269.3	201.3

(a) Volume index is computed as a Laspeyres index.
(b) Provisional

Source: Central Bank of Sri Lanka

TABLE 64

Central Bank Trade Indices - Unit Value (a)

2010=100

Period	Exports										Total Exports
	Industrial Exports				Agricultural Exports					Mineral Exports	
	Textiles and Garments	Petroleum Products	Rubber Products	Total	Tea	Rubber	Coconut Products	Minor Agri. Products	Total		
2017	155.9	97.4	185.0	121.0	164.0	96.3	183.3	154.2	167.7	182.0	130.0
2018	172.5	135.8	202.9	137.8	166.5	97.4	202.9	146.3	173.5	204.7	144.4
2019	184.3	127.0	224.8	143.3	166.4	92.0	176.9	163.3	172.8	225.4	148.8
2020	193.4	97.0	231.3	134.2	175.2	96.9	203.3	178.3	183.7	248.0	143.5
2021 (b)	202.8	120.0	294.8	153.0	185.5	146.3	240.4	194.9	206.2	289.7	162.6
2019 1st Quarter	178.8	139.1	224.3	142.6	170.8	88.3	203.2	164.9	178.4	237.6	149.0
2nd Quarter	176.7	141.4	221.4	141.7	168.4	85.1	180.4	156.6	172.0	219.1	147.4
3rd Quarter	192.2	124.6	232.6	155.0	161.7	102.0	160.4	175.5	169.6	195.9	158.1
4th Quarter	189.9	112.2	220.9	135.3	164.8	101.8	166.8	158.9	171.2	250.7	141.6
2020 1st Quarter	184.3	152.7	230.0	147.5	166.6	99.0	200.1	196.1	177.0	218.1	152.5
2nd Quarter	196.0	62.9	220.6	128.4	179.5	98.3	205.0	201.8	185.1	256.5	141.9
3rd Quarter	196.3	69.3	220.2	133.9	175.3	84.9	203.5	197.9	187.0	251.0	143.6
4th Quarter	198.8	86.1	254.0	126.1	178.7	103.7	204.0	121.0	184.4	259.9	136.3
2021 (b) 1st Quarter	191.9	149.3	279.4	153.4	188.3	130.4	237.1	185.5	202.4	266.6	162.5
2nd Quarter	182.7	100.5	308.5	135.4	187.3	148.2	239.6	199.8	201.3	272.9	146.4
3rd Quarter	206.4	98.8	295.3	152.6	183.2	150.4	237.0	197.4	207.6	300.0	162.8
4th Quarter	228.6	157.3	297.6	169.4	183.8	162.9	247.7	196.3	212.1	335.7	177.4
2020 January	184.4	151.5	224.8	144.5	165.5	101.1	196.5	171.7	174.6	218.7	149.5
February	188.8	172.7	229.8	164.1	167.4	96.4	200.2	210.0	177.3	208.6	166.7
March	178.1	131.7	237.2	132.1	167.2	101.2	204.6	217.6	180.2	235.9	139.2
April	189.1	77.2	214.9	99.0	171.7	119.7	234.2	175.9	181.7	264.8	123.3
May	189.7	93.5	220.2	141.1	183.3	93.9	201.5	193.1	185.1	263.8	152.7
June	200.8	45.7	223.1	131.0	181.7	91.7	197.3	218.3	187.0	242.5	142.3
July	188.6	52.2	209.5	136.7	174.9	75.8	196.5	214.4	182.3	277.8	145.8
August	205.2	109.6	225.5	134.4	174.4	87.5	201.8	200.0	187.3	240.6	143.8
September	196.3	71.0	227.7	130.6	176.5	99.6	213.8	174.1	192.7	222.9	141.0
October	186.2	105.1	244.4	125.6	180.7	88.9	202.2	137.6	187.5	254.2	137.1
November	198.3	84.8	268.5	131.4	176.9	96.2	199.7	110.3	178.5	280.6	140.3
December	210.4	76.3	252.2	122.7	178.1	120.4	211.0	115.9	186.6	253.3	132.7
2021 (b) January	197.5	137.0	273.1	148.3	186.1	121.9	217.0	143.2	199.9	262.0	157.3
February	189.4	150.3	274.3	167.2	189.7	128.8	223.4	193.9	201.1	266.2	173.9
March	189.5	165.6	289.5	147.0	188.9	137.9	262.7	213.7	205.3	270.4	158.0
April	198.6	166.2	301.2	117.9	193.9	143.5	274.0	221.9	213.1	292.3	130.2
May	161.2	156.8	305.3	141.3	185.1	152.2	232.9	187.3	195.4	263.6	151.1
June	192.3	61.6	316.7	148.2	185.2	150.7	225.6	193.2	198.7	266.0	157.8
July	191.1	78.7	322.9	156.3	182.0	154.8	233.1	172.5	205.8	305.2	166.7
August	200.8	82.2	275.9	148.4	184.6	141.1	243.9	226.8	207.7	312.8	158.6
September	231.4	169.2	289.8	153.5	182.9	154.9	234.2	199.5	209.8	284.0	163.3
October	229.9	198.3	300.3	185.2	182.7	149.4	244.4	178.7	210.5	305.1	190.1
November	228.9	145.8	304.3	164.3	184.7	165.3	257.3	216.8	212.8	263.3	173.6
December	227.0	142.8	288.0	160.5	183.9	175.9	240.1	194.2	212.9	437.9	169.6

(a) Paasche unit value index is derived by using the rupee value index and the volume index.
(b) Provisional

(Contd.)

Central Bank Trade Indices - Unit Value (a)

2010=100

Period	Imports													Total Imports	Terms of Trade
	Consumer Goods			Intermediate Goods						Investment Goods					
	Food and Beverages	Non-Food Consumer Goods	Total	Fuel	Textiles and Textile Articles	Fertiliser	Chemical Products	Wheat and Maize	Total	Machinery and Equipment	Transport Equipment	Building Materials	Total		
2017	127.9	163.2	146.6	100.8	147.6	107.7	133.9	135.3	120.8	108.2	136.2	118.6	114.8	123.2	105.6
2018	134.1	171.3	157.2	128.6	157.6	115.5	151.3	150.5	137.3	107.1	147.5	125.7	117.4	136.5	105.8
2019	141.6	199.8	174.0	133.3	165.3	121.9	162.4	161.7	143.2	112.6	169.7	134.9	124.9	143.2	103.9
2020	151.4	204.5	176.2	102.6	166.8	110.8	166.2	171.2	131.8	100.7	192.0	139.8	115.6	134.9	106.4
2021 (b)	176.1	255.8	214.0	161.2	193.8	155.2	204.9	206.8	176.9	102.9	254.0	173.1	123.6	166.9	97.5
2019 1st Quarter	140.1	197.8	171.9	131.9	163.5	142.4	170.9	169.6	144.0	122.9	149.6	131.3	128.0	144.2	103.3
2nd Quarter	136.5	190.0	164.5	138.3	163.9	131.8	161.9	174.9	145.7	121.6	148.6	134.4	129.0	144.5	102.0
3rd Quarter	147.1	201.6	180.3	128.8	166.4	120.3	156.7	162.7	141.0	108.4	201.8	136.9	125.8	143.3	110.3
4th Quarter	143.1	207.5	178.2	134.6	167.2	104.1	160.8	149.0	142.2	101.5	183.6	137.1	118.1	141.1	100.3
2020 1st Quarter	147.3	205.0	174.8	122.1	167.6	118.3	152.8	167.6	136.4	100.8	178.3	147.0	118.0	138.4	110.2(c)
2nd Quarter	159.3	198.1	178.8	76.0	176.5	126.6	171.8	178.9	130.2	105.1	213.6	139.4	123.1	138.1	102.7
3rd Quarter	147.8	210.9	176.3	95.1	163.3	114.9	165.5	169.0	126.7	106.1	193.9	132.9	115.9	131.1	109.5(c)
4th Quarter	152.3	204.7	175.4	104.1	163.2	99.9	174.4	171.5	133.6	93.3	182.8	140.1	107.7	132.8	102.7(c)
2021 (b) 1st Quarter	161.5	235.6	191.2	136.4	174.6	128.0	185.7	195.2	155.8	100.9	212.5	157.0	116.9	150.9	107.7
2nd Quarter	176.8	234.5	204.6	150.6	183.9	142.7	209.8	197.3	172.2	114.9	226.8	168.6	133.0	166.3	88.0
3rd Quarter	207.2	266.9	242.2	171.0	206.3	191.8	216.9	200.5	186.6	104.6	286.2	174.4	127.2	176.3	92.3
4th Quarter	172.1	287.0	223.9	191.5	210.9	196.4	210.6	230.7	195.0	94.6	292.2	191.9	118.8	175.2	101.3
2020 January	139.8	205.9	173.4	144.0	167.7	121.1	155.1	135.9	146.4	108.3	181.0	141.4	122.0	144.0	103.9
February	156.9	199.4	179.3	130.4	162.6	121.7	148.0	156.3	136.7	114.1	189.3	149.9	129.3	142.7	116.9
March	147.0	212.5	171.5	94.4	174.2	110.2	155.8	175.0	124.9	77.7	165.7	152.7	100.5	126.7	109.9
April	165.2	197.0	181.2	71.2	170.5	134.7	164.9	184.3	121.0	103.1	227.3	129.9	130.5	135.4	91.1
May	161.1	182.7	172.1	65.6	174.6	138.8	174.7	178.2	133.5	144.7	196.9	147.0	149.3	146.0	104.4(c)
June	149.7	217.5	183.5	91.4	183.6	105.4	176.8	178.1	138.2	81.9	186.4	143.0	99.5	134.1	106.1
July	153.9	213.9	182.0	96.5	171.1	127.9	164.5	174.8	129.8	112.8	187.1	136.6	123.6	137.3	106.2
August	149.9	214.8	178.8	94.4	170.6	113.2	164.6	167.3	125.3	97.5	172.1	130.7	107.4	127.6	112.7
September	140.4	204.5	168.4	94.6	150.7	109.0	167.3	167.9	125.5	108.7	210.2	131.1	117.3	129.1	109.2
October	147.6	191.1	167.1	96.3	164.0	99.8	171.4	143.9	126.9	67.2	200.7	122.0	82.5	118.4	115.8
November	152.1	196.2	171.9	100.6	158.4	107.2	176.1	186.1	133.1	112.8	179.3	153.4	125.8	137.1	102.3
December	156.2	224.0	185.2	116.0	167.0	87.2	175.3	181.7	140.9	112.5	168.4	148.7	124.1	144.2	92.0
2021 (b) January	152.8	224.0	179.5	121.9	172.0	139.7	178.2	168.2	144.6	108.1	177.6	151.1	120.9	144.7	108.7
February	170.1	225.1	194.7	136.6	171.0	134.5	188.4	191.7	155.5	115.2	198.0	152.3	128.0	154.6	112.5
March	164.6	255.1	200.1	151.9	180.5	120.3	189.9	209.2	166.1	88.7	260.0	166.5	107.5	153.2	103.1
April	165.6	239.3	199.9	147.1	182.9	138.1	203.1	206.6	165.1	84.7	210.7	159.9	102.8	150.6	86.5
May	181.3	217.9	198.8	153.4	184.9	164.1	217.3	207.4	171.7	145.9	245.0	170.6	158.3	172.6	87.5
June	182.8	242.3	212.4	160.1	183.8	135.3	208.8	187.8	182.7	135.5	228.3	174.6	151.4	178.9	88.2
July	219.0	256.4	242.2	166.3	200.6	191.6	212.3	178.4	186.0	103.9	301.3	186.7	130.0	177.3	94.0
August	197.6	268.9	237.4	167.7	202.6	172.4	220.8	227.6	180.5	113.3	233.0	168.1	130.9	174.8	90.7
September	206.3	277.4	247.3	183.6	215.5	259.2	218.3	177.7	195.1	97.9	320.1	168.7	121.2	176.8	92.3
October	205.5	258.4	233.3	202.6	217.9	189.7	199.4	242.6	205.2	63.3	204.5	196.6	84.7	163.1	116.6
November	172.8	278.5	218.9	177.3	211.0	212.6	217.9	250.5	193.8	117.4	419.8	194.1	150.3	185.2	93.8
December	157.0	312.5	222.5	193.5	204.9	198.8	213.9	194.9	188.2	114.4	183.7	186.2	130.5	177.5	95.5

(a) Paasche unit value index is derived by using the rupee value index and the volume index.
(b) Provisional
(c) Revised data

Source: Central Bank of Sri Lanka

Foreign Trade

Period		Rs. million			US$ million		
		Exports	Imports	Balance of Trade	Exports	Imports	Balance of Trade
2017		1,732,440	3,198,572	-1,466,133	11,360	20,980	-9,619
2018		1,933,533	3,606,644	-1,673,111	11,890	22,233	-10,343
2019		2,134,796	3,565,028	-1,430,232	11,940	19,937	-7,997
2020		1,858,927	2,974,915	-1,115,988	10,047	16,055	-6,008
2021 (a)		2,486,943	4,104,218	-1,617,274	12,499	20,637	-8,139
2019	1st Quarter	567,284	866,034	-298,750	3,156	4,817	-1,661
	2nd Quarter	500,491	840,828	-340,337	2,843	4,779	-1,936
	3rd Quarter	531,903	891,263	-359,360	2,985	5,000	-2,015
	4th Quarter	535,119	966,902	-431,784	2,956	5,341	-2,385
2020	1st Quarter	483,205	821,457	-338,252	2,650	4,503	-1,853
	2nd Quarter	330,996	599,729	-268,733	1,763	3,172	-1,409
	3rd Quarter	561,826	760,928	-199,102	3,032	4,108	-1,075
	4th Quarter	482,899	792,801	-309,902	2,602	4,273	-1,671
2021 (a)	1st Quarter	578,579	978,240	-399,662	2,982	5,041	-2,059
	2nd Quarter	540,716	989,351	-448,634	2,717	4,974	-2,257
	3rd Quarter	650,462	988,389	-337,927	3,239	4,923	-1,683
	4th Quarter	717,186	1,148,238	-431,051	3,560	5,700	-2,140
2020	January	182,290	314,795	-132,505	1,005	1,735	-730
	February	179,478	283,660	-104,182	989	1,562	-574
	March	121,438	223,002	-101,565	656	1,205	-549
	April	54,510	216,759	-162,249	282	1,123	-840
	May	110,218	186,705	-76,487	587	994	-407
	June	166,268	196,266	-29,997	894	1,055	-161
	July	201,650	240,431	-38,782	1,085	1,294	-209
	August	175,137	238,345	-63,208	947	1,289	-342
	September	185,039	282,152	-97,113	1,000	1,525	-525
	October	157,561	251,348	-93,788	854	1,363	-509
	November	144,810	255,692	-110,881	784	1,384	-600
	December	180,528	285,761	-105,233	964	1,527	-562
2021 (a)	January	178,426	303,185	-124,758	937	1,592	-655
	February	184,698	295,680	-110,983	952	1,524	-572
	March	215,454	379,375	-163,921	1,094	1,926	-832
	April	161,528	336,996	-175,467	818	1,707	-889
	May	177,970	320,819	-142,849	892	1,607	-716
	June	201,218	331,536	-130,318	1,007	1,659	-652
	July	220,762	341,981	-121,219	1,104	1,710	-606
	August	220,754	338,171	-117,417	1,101	1,687	-586
	September	208,946	308,237	-99,291	1,034	1,526	-492
	October	239,767	340,702	-100,935	1,192	1,694	-502
	November	244,545	356,205	-111,660	1,211	1,765	-553
	December	232,875	451,331	-218,456	1,156	2,241	-1,085

(a) Provisional

Sources: Sri Lanka Customs
Central Bank of Sri Lanka

Composition of Exports

Period	Rs. million														US$ million
	Industrial Exports					Agricultural Exports						Mineral Exports	Unclassified Exports	Total Exports	Total Exports
	Textiles and Garments	Rubber Products	Gems, Diamonds and Jewellery	Petroleum Products	Other	Tea	Rubber	Coconut Products	Spices	Minor Agricultural Products	Other				
2017	767,254	127,426	39,258	66,280	302,357	233,338	5,920	53,037	61,994	21,147	46,594	5,263	2,570	1,732,440	11,360
2018	865,975	142,298	44,963	101,467	351,498	231,750	5,088	50,465	58,701	19,137	53,724	5,570	2,898	1,933,533	11,890
2019	1,000,713	154,854	54,677	93,194	382,004	240,637	4,321	58,852	55,931	21,494	58,845	6,063	3,212	2,134,796	11,940
2020	817,593	145,501	33,483	68,849	353,168	230,170	5,579	63,974	61,823	24,920	46,604	4,657	2,607	1,858,927	10,047
2021 (a)	1,081,158	208,975	55,003	100,975	484,403	263,353	8,377	84,674	90,454	29,646	66,579	8,841	4,504	2,486,943	12,499
2019 1st Quarter	264,948	41,887	14,968	22,281	104,269	62,402	1,504	15,776	14,494	4,886	17,338	1,626	905	567,284	3,156
2nd Quarter	226,596	36,832	11,899	20,740	97,268	59,440	1,162	15,026	11,088	4,411	14,019	1,350	660	500,491	2,843
3rd Quarter	254,001	39,207	13,113	22,437	89,855	60,670	913	15,191	16,267	4,949	13,193	1,416	692	531,903	2,985
4th Quarter	255,167	36,928	14,697	27,736	90,613	58,125	742	12,859	14,081	7,248	14,295	1,671	955	535,119	2,956
2020 1st Quarter	228,856	35,793	9,936	32,372	82,235	49,236	1,310	12,852	9,310	7,219	12,436	891	761	483,205	2,650
2nd Quarter	129,012	26,218	3,391	7,901	62,822	56,849	1,181	14,357	11,801	5,844	10,187	911	522	330,996	1,763
3rd Quarter	248,804	42,834	9,296	14,319	115,125	64,465	1,197	20,474	22,092	7,479	13,906	1,150	685	561,826	3,032
4th Quarter	210,921	40,656	10,860	14,257	92,986	59,620	1,891	16,291	18,620	4,378	10,075	1,705	639	482,899	2,602
2021 (a) 1st Quarter	258,643	49,737	13,731	16,618	107,883	65,622	2,370	18,721	22,044	6,199	13,895	2,288	828	578,579	2,982
2nd Quarter	229,603	48,455	12,203	22,054	106,665	62,208	1,607	19,898	16,536	5,668	12,566	2,603	649	540,716	2,717
3rd Quarter	282,321	54,802	13,529	30,519	119,917	67,469	2,446	23,385	24,652	8,848	19,296	1,791	1,487	650,462	3,239
4th Quarter	310,592	55,981	15,539	31,784	149,938	68,055	1,953	22,670	27,223	8,931	20,822	2,159	1,539	717,186	3,560
2020 January	85,992	12,731	4,484	15,020	29,174	18,092	491	4,454	3,534	2,602	5,067	368	281	182,290	1,005
February	84,996	12,986	3,891	10,501	31,082	19,573	568	4,751	3,387	2,666	4,477	333	267	179,478	989
March	57,868	10,076	1,561	6,851	21,979	11,570	251	3,647	2,389	1,951	2,892	190	213	121,438	656
April	12,593	4,672	26	2,804	10,947	15,133	304	2,758	2,325	953	1,760	187	49	54,510	282
May	41,355	9,277	1,287	1,992	21,417	20,344	340	5,233	3,620	1,911	2,934	422	86	110,218	587
June	75,064	12,269	2,079	3,105	30,458	21,372	537	6,366	5,856	2,981	5,493	302	387	166,268	894
July	87,192	15,274	3,284	4,959	41,567	24,333	538	7,583	7,608	3,250	5,223	541	299	201,650	1,085
August	81,361	13,130	2,260	4,061	33,975	19,039	277	6,273	7,345	2,231	4,744	299	141	175,137	947
September	80,252	14,430	3,753	5,299	39,584	21,092	382	6,619	7,139	1,998	3,938	309	245	185,039	1,000
October	66,069	14,369	2,995	4,492	29,953	20,697	441	5,995	6,192	1,608	4,056	404	289	157,561	854
November	60,285	12,265	4,363	3,930	29,545	17,777	589	5,285	6,239	1,398	2,542	432	162	144,810	784
December	84,568	14,022	3,501	5,835	33,488	21,146	861	5,011	6,189	1,372	3,477	869	189	180,528	964
2021 (a) January	80,576	15,283	4,456	6,553	32,626	19,237	749	4,602	8,009	1,537	3,955	661	183	178,426	937
February	86,035	15,711	3,816	4,400	33,707	21,839	529	5,998	6,428	1,792	3,495	707	243	184,698	952
March	92,032	18,743	5,459	5,666	41,550	24,545	1,092	8,122	7,607	2,871	6,445	920	402	215,454	1,094
April	72,251	12,152	4,777	7,163	31,399	15,647	629	5,395	4,417	1,918	4,695	827	258	161,528	818
May	74,330	17,750	3,192	6,638	35,196	21,801	450	6,796	5,020	1,975	3,729	892	204	177,970	892
June	83,022	18,553	4,235	8,253	40,071	24,760	528	7,707	7,099	1,775	4,142	885	188	201,218	1,007
July	90,813	18,675	4,913	10,389	41,016	23,022	650	8,121	9,169	3,021	9,426	542	1,004	220,762	1,104
August	98,900	17,764	4,478	9,276	41,494	23,416	749	8,034	7,954	3,143	4,709	628	208	220,754	1,101
September	92,608	18,362	4,138	10,853	37,408	21,031	1,047	7,229	7,529	2,684	5,161	621	275	208,946	1,034
October	102,670	17,835	5,253	9,595	55,036	22,026	642	8,113	9,019	3,014	5,769	439	356	239,767	1,192
November	100,541	19,964	5,607	11,923	50,786	23,748	663	8,236	9,411	3,419	8,810	704	734	244,545	1,211
December	107,381	18,182	4,680	10,266	44,116	22,281	648	6,321	8,793	2,498	6,243	1,017	449	232,875	1,156

(a) Provisional

Sources: Ceylon Petroleum Corporation and Other Exporters of Petroleum
National Gem and Jewellery Authority
Sri Lanka Customs
Central Bank of Sri Lanka

TABLE 67

Export Performance based on Standard International Trade Classification (SITC) (a)

Period		Exports (US$ million)											Total Exports (Rs. million)
		Food and Live Animals	Beverages and Tobacco	Crude Materials, Inedible, except Fuels	Mineral Fuels, Lubricants and Related Materials	Animal and Vegetable Oils, Fats and Waxes	Chemicals and Related Products, n.e.s.	Manufactured Goods Classified Chiefly by Material	Machinery and Transport Equipment	Miscellaneous Manufactured Articles	Commodities and Transactions Not Classified Elsewhere in the SITC	Total Exports	
2017		2,730	141	347	434	95	197	1,418	522	5,476	1	11,360	1,732,440
2018		2,633	165	348	622	89	215	1,599	541	5,677	...	11,890	1,933,533
2019		2,542	162	343	521	74	223	1,628	532	5,914	...	11,940	2,134,796
2020		2,409	117	369	374	97	224	1,344	396	4,719	...	10,047	1,858,927
2021 (b)		2,846	145	433	506	129	292	1,701	632	5,813	2	12,499	2,486,943
2019	1st Quarter	683	45	95	124	21	56	440	130	1,563	-	3,156	567,284
	2nd Quarter	606	39	84	118	17	56	385	176	1,362	...	2,843	500,491
	3rd Quarter	630	39	84	126	17	58	409	118	1,503	-	2,985	531,903
	4th Quarter	623	40	79	153	19	53	395	108	1,487	...	2,956	535,119
2020	1st Quarter	536	27	82	178	16	47	334	101	1,327	-	2,650	483,205
	2nd Quarter	542	20	72	42	18	49	261	71	688	-	1,763	330,996
	3rd Quarter	732	39	111	77	33	63	401	118	1,457	...	3,032	561,826
	4th Quarter	599	30	103	77	29	64	347	107	1,247	...	2,602	482,899
2021 (b)	1st Quarter	676	34	111	86	30	67	407	148	1,424	...	2,982	578,579
	2nd Quarter	603	31	99	111	27	72	386	141	1,247	...	2,717	540,716
	3rd Quarter	741	34	113	152	36	73	437	147	1,507	...	3,239	650,462
	4th Quarter	826	46	111	158	36	80	471	195	1,636	1	3,560	717,186
2020	January	195	11	31	83	6	18	129	37	495	-	1,005	182,290
	February	204	10	31	58	6	16	128	40	496	-	989	179,478
	March	137	7	20	37	4	14	77	24	336	-	656	121,438
	April	121	4	12	15	3	11	31	10	75	-	282	54,510
	May	185	6	26	11	6	17	82	24	230	-	587	110,218
	June	235	11	34	17	9	21	148	37	383	-	894	166,268
	July	290	12	43	27	11	22	151	39	490	...	1,085	201,650
	August	214	15	33	22	11	21	122	36	474	-	947	175,137
	September	228	12	36	29	11	20	128	43	493	...	1,000	185,039
	October	207	10	35	24	11	23	105	24	414	-	854	157,561
	November	186	7	35	21	9	20	119	37	349	-	784	144,810
	December	206	13	32	31	9	22	123	45	483	...	964	180,528
2021 (b)	January	209	10	31	34	7	22	132	47	444	...	937	178,426
	February	210	9	33	23	10	21	123	47	475	-	952	184,698
	March	257	14	47	29	13	25	152	54	504	-	1,094	215,454
	April	172	9	30	36	8	18	105	37	404	-	818	161,528
	May	204	9	33	33	8	27	131	47	398	...	892	177,970
	June	227	14	36	41	10	27	149	57	445	-	1,007	201,218
	July	275	10	38	52	13	25	146	55	490	-	1,104	220,762
	August	241	15	38	46	14	24	157	49	518	-	1,101	220,754
	September	224	9	38	54	10	24	133	44	499	...	1,034	208,946
	October	278	13	36	48	13	24	155	87	539	...	1,192	239,767
	November	303	15	39	59	12	26	161	57	540	1	1,211	244,545
	December	246	18	36	51	12	30	155	52	557	...	1,156	232,875

(a) Data is compiled based on the latest version of SITC - Revision 4 published in 2006.
(b) Provisional

Sources: Ceylon Petroleum Corporation and Other Exporters of Petroleum
National Gem and Jewellery Authority
Sri Lanka Customs
Central Bank of Sri Lanka

Composition of Exports according to the SITC (a)

Category	Rs. million				US$ million			
	2018	2019	2020	2021 (b)	2018	2019	2020	2021 (b)
0. Food and Live Animals	**427,723**	**454,526**	**446,590**	**566,380**	**2,633**	**2,542**	**2,409**	**2,846**
00 Live Animals other than Animals of Division 03	73	137	54	107	...	1	...	1
01 Meat and Meat Preparations	760	1,012	668	771	5	6	4	4
02 Dairy Products and Birds' Eggs	916	1,044	951	1,514	6	6	5	8
03 Fish, Crustaceans, Molluscs and Aquatic Invertebrates and Preparations Thereof	47,742	53,307	39,709	62,961	292	298	215	316
04 Cereals and Cereal Preparations	8,098	11,028	11,844	14,276	50	62	64	72
05 Vegetables and Fruit	50,485	61,019	73,059	93,234	311	341	394	468
06 Sugars, Sugar Preparations and Honey	405	511	853	1,024	2	3	5	5
07 Coffee, Tea, Cocoa, Spices and Manufactures Thereof	286,050	292,150	286,102	346,611	1,761	1,634	1,543	1,743
08 Feeding Stuff for Animals	17,480	23,082	19,067	29,780	108	129	103	149
09 Miscellaneous Edible Products and Preparations	15,713	11,237	14,281	16,102	98	63	77	81
1. Beverages and Tobacco	**26,836**	**29,015**	**21,575**	**28,916**	**165**	**162**	**117**	**145**
11 Beverages	5,902	8,812	5,801	6,627	36	49	31	33
12 Tobacco and Tobacco Manufactures	20,934	20,203	15,775	22,289	129	113	85	112
2. Crude Materials, Inedible, except Fuels	**56,404**	**61,323**	**68,262**	**86,170**	**348**	**343**	**369**	**433**
21 Hides, Skins, Furskins, Raw	-	-	...	-	-	-	...	-
22 Oil-seeds and Oleaginous Fruits	1,052	969	341	1,035	7	5	2	5
23 Crude Rubber	5,264	4,529	5,758	8,558	33	25	31	43
24 Cork and Wood	1,057	1,832	1,860	1,646	6	10	10	8
25 Pulp and Waste Paper	5,179	4,553	3,477	7,119	32	25	19	36
26 Textile Fibres and Their Wastes	28,193	33,398	43,135	47,806	174	187	233	240
27 Crude Fertilisers, other than those of Division 56, and Crude Minerals	3,622	3,353	3,184	4,130	22	19	17	21
28 Metalliferous Ores and Metal Scrap	3,225	3,721	2,116	5,487	20	21	11	28
29 Crude Animal and Vegetable Materials, n.e.s.	8,811	8,968	8,391	10,388	55	50	45	52
3. Mineral Fuels, Lubricants and Related Materials	**101,465**	**93,194**	**68,849**	**100,975**	**622**	**521**	**374**	**506**
32 Coal, Coke and Briquettes	23	...	-	1	...	...	-	...
33 Petroleum, Petroleum Products and Related Materials	101,442	91,675	65,309	92,265	622	513	354	463
34 Gas, Natural and Manufactured	...	1,519	3,540	8,709	...	8	19	43
4. Animal and Vegetable Oils, Fats and Waxes	**14,397**	**13,220**	**17,904**	**25,667**	**89**	**74**	**97**	**129**
41 Animal Oils and Fats	20	25	23	34	...	...	...	...
42 Fixed Vegetable Fats and Oils, Crude, Refined or Fractionated	12,605	11,011	14,663	17,149	78	62	79	86
43 Animal or Vegetable Fats and Oils, Processed; Waxes of Animal or Vegetable Origin; Inedible Mixtures or Preparations of Animal or Vegetable Fats or Oils, n.e.s.	1,772	2,184	3,217	8,484	11	12	17	43
5. Chemicals and Related Products, n.e.s.	**34,793**	**39,936**	**41,522**	**58,048**	**215**	**223**	**224**	**292**
51 Organic Chemicals	914	1,156	1,133	2,054	6	6	6	10
52 Inorganic Chemicals	1,565	1,243	1,976	2,115	10	7	11	11
53 Dyeing, Tanning and Colouring Material	1,476	1,420	1,071	1,707	9	8	6	9
54 Medicinal and Pharmaceutical Products	738	1,283	1,172	1,488	4	7	6	7
55 Essential Oils, Resinoids, Perfume Materials; Toilet, Polishing and Cleansing Preparations	10,893	12,116	12,269	15,474	67	68	66	78
56 Fertilisers	119	133	117	50	1	1	1	...
57 Plastics in Primary Forms	733	1,009	967	1,694	4	6	5	9
58 Plastics in Non-Primary Forms	1,013	1,234	912	1,792	6	7	5	9
59 Chemical Materials and Products, n.e.s.	17,342	20,341	21,904	31,673	107	114	118	159
6. Manufactured Goods Classified Chiefly by Material	**259,859**	**291,035**	**248,676**	**338,374**	**1,599**	**1,628**	**1,344**	**1,701**
61 Leather, Leather Manufactures, n.e.s., and Dressed Furskins	52	63	41	76	...	...	...	...
62 Rubber Manufactures, n.e.s.	111,543	117,593	99,333	136,196	687	658	537	685
63 Cork and Wood Manufactures	4,903	4,172	2,974	3,723	30	23	16	19
64 Paper, Paperboard and Articles of Paper Pulp, of Paper or of Paperboard	9,171	10,329	7,440	10,367	56	58	40	52
65 Textile Yarn, Fabrics, Made-up Articles, n.e.s., and Related Products	54,078	65,256	78,689	91,208	332	365	425	458
66 Non-metallic Mineral Manufactures, n.e.s.	54,516	63,035	40,223	66,610	337	352	218	335
67 Iron and Steel	1,340	2,480	1,155	1,807	8	14	6	9
68 Non-ferrous Metals	9,143	8,449	4,839	6,989	56	47	26	35
69 Manufactures of Metals, n.e.s.	15,115	19,659	13,982	21,399	93	110	75	107
7. Machinery and Transport Equipment	**87,751**	**94,956**	**73,302**	**125,729**	**541**	**532**	**396**	**632**
71 Power-generating Machinery and Equipment	2,149	850	679	688	13	5	4	3
72 Machinery Specialised for Particular Industries	1,373	997	3,646	16,072	8	6	20	81
73 Metalworking Machinery	89	48	49	30	1	...	...	...
74 General Industrial Machinery and Equipment and Machine Parts, n.e.s.	17,764	16,834	12,587	18,292	109	94	68	92
75 Office Machines and Automatic Data-processing Machines	300	99	99	88	2	1	1	...
76 Telecommunications and Sound-recording and Reproducing Apparatus and Equipment	709	556	537	252	4	3	3	1
77 Electrical Machinery, Apparatus and Appliances, n.e.s. and Electrical Parts Thereof	47,544	51,565	44,263	63,323	293	288	239	318
78 Road Vehicles	12,593	12,271	10,802	18,718	78	69	58	94
79 Other Transport Equipment	5,230	11,737	639	8,265	33	66	3	41
8. Miscellaneous Manufactured Articles	**924,305**	**1,057,590**	**872,225**	**1,156,375**	**5,677**	**5,914**	**4,719**	**5,813**
81 Prefabricated Buildings; Sanitary, Plumbing, Heating, Lighting Fixtures and Fittings, n.e.s.	791	712	476	799	5	4	3	4
82 Furniture and Parts Thereof; Bedding, Mattresses, Mattress Supports, Cushions and Similar Stuffed Furnishings	7,760	9,275	7,683	11,156	48	52	42	56
83 Travel Goods, Handbags and Similar Containers	1,057	705	591	1,455	7	4	3	7
84 Articles of Apparel and Clothing Accessories	847,313	976,988	802,607	1,066,209	5,203	5,464	4,342	5,360
85 Footwear	14,335	9,310	2,880	2,951	89	52	16	15
87 Professional, Scientific and Controlling Instruments and Apparatus, n.e.s.	9,074	11,476	13,434	16,971	56	64	73	85
88 Photographic Apparatus, Equipment and Supplies and Optical Goods, n.e.s.; Watches and Clocks	232	79	66	37	1	...	...	...
89 Miscellaneous Manufactured Articles, n.e.s.	43,742	49,046	44,489	56,797	269	274	240	285
9. Commodities and Transactions Not Classified Elsewhere in SITC	**...**	**...**	**22**	**310**	**...**	**...**	**...**	**2**
97 Gold, Non-monetary (excluding Gold Ores and Concentrates)	...	...	22	309	...	...	...	2
Total Exports	**1,933,533**	**2,134,796**	**1,858,927**	**2,486,943**	**11,890**	**11,940**	**10,047**	**12,499**

(a) Data is compiled based on the latest version of SITC - Revision 4 published in 2006.
(b) Provisional

Note: First digit indicates the 'section' and first two digits indicate the 'division' of SITC.

Sources: Ceylon Petroleum Corporation and Other Exporters of Petroleum
National Gem and Jewellery Authority
Sri Lanka Customs
Central Bank of Sri Lanka

Tea Exports, Sales and Prices

Period		Exports					Colombo Auctions							
		Volume (kg '000)	Value		Price (F.O.B.) (a)		Quantity Sold (kg '000)				Gross Price (Rs./kg) (a)			
			Rs. million	US$ million	Rs./kg	US$/kg	High	Medium	Low	Total	High	Medium	Low	All Tea
2017		288,984	233,338	1,530	807.44	5.29	55,674	44,203	191,681	291,558	611.59	563.35	637.51	620.44
2018		282,364	231,750	1,428	820.75	5.06	53,341	43,803	184,684	281,828	573.32	518.18	600.17	581.58
2019		292,657	240,637	1,346	822.25	4.60	52,859	50,207	187,394	290,461	510.77	466.42	578.60	546.67
2020		265,570	230,170	1,241	866.70	4.67	53,041	48,586	168,651	270,278	590.12	553.54	670.93	633.85
2021 (b)		286,016	263,353	1,324	920.76	4.63	55,610	50,067	176,273	281,950	593.70	547.89	647.54	619.15
2019	1st Quarter	73,625	62,402	347	847.57	4.72	12,794	12,793	49,048	74,635	571.07	507.13	608.51	584.69
	2nd Quarter	71,519	59,440	338	831.10	4.72	14,038	12,956	47,268	74,262	498.59	466.61	567.41	536.78
	3rd Quarter	75,952	60,670	340	798.80	4.48	13,990	13,086	49,231	76,307	452.30	424.46	542.52	506.02
	4th Quarter	71,562	58,125	321	812.23	4.49	12,038	11,372	41,846	65,256	521.14	467.48	595.96	559.18
2020	1st Quarter	59,579	49,236	270	826.39	4.53	12,581	9,956	38,090	60,626	560.20	520.29	629.05	597.44
	2nd Quarter	64,508	56,849	302	881.28	4.68	13,606	12,817	38,269	64,692	625.37	586.91	718.31	672.63
	3rd Quarter	74,209	64,465	348	868.70	4.69	15,935	15,103	52,117	83,154	546.38	533.33	667.52	620.17
	4th Quarter	67,274	59,620	321	886.23	4.78	10,920	10,711	40,175	61,806	628.53	573.65	668.83	645.16
2021 (b)	1st Quarter	69,887	65,622	338	938.97	4.84	14,477	12,611	48,495	75,583	620.75	588.14	676.14	650.88
	2nd Quarter	67,096	62,208	312	927.16	4.66	16,147	14,112	44,718	74,976	581.20	544.07	638.73	608.53
	3rd Quarter	74,657	67,469	336	903.72	4.50	14,199	13,127	44,750	72,076	556.69	513.54	625.65	591.68
	4th Quarter	74,377	68,055	338	915.00	4.54	10,787	10,217	38,311	59,315	616.15	545.82	649.64	625.51
2020	January	22,094	18,092	100	818.86	4.51	4,691	3,869	16,260	24,819	538.68	491.01	628.40	589.83
	February	23,657	19,573	108	827.38	4.56	5,009	3,428	13,150	21,586	575.25	534.09	631.26	604.54
	March	13,828	11,570	63	836.74	4.52	2,881	2,659	8,680	14,220	566.67	535.78	627.49	597.96
	April	18,158	15,133	78	833.41	4.32	4,128	4,007	10,971	19,107	651.48	618.29	742.80	697.18
	May	22,663	20,344	108	897.67	4.78	3,197	3,027	10,806	17,031	653.51	597.80	754.36	705.00
	June	23,686	21,372	115	902.29	4.85	6,280	5,782	16,492	28,555	571.12	544.63	657.78	615.69
	July	28,045	24,333	131	867.66	4.67	7,639	6,563	21,643	35,845	532.52	522.22	670.03	613.83
	August	22,011	19,039	103	864.99	4.68	3,903	3,816	13,652	21,371	542.36	541.92	667.80	622.40
	September	24,153	21,092	114	873.27	4.72	4,393	4,723	16,822	25,938	564.26	535.86	664.73	624.29
	October	23,119	20,697	112	895.23	4.85	3,424	3,548	12,870	19,842	610.47	568.46	679.65	647.81
	November	20,224	17,777	96	879.01	4.76	3,523	3,492	13,694	20,709	631.53	568.51	664.73	642.80
	December	23,931	21,146	113	883.64	4.72	3,973	3,670	13,612	21,255	643.60	583.98	662.10	644.88
2021 (b)	January	20,820	19,237	101	923.99	4.85	4,920	4,449	16,050	25,418	615.64	585.48	672.73	646.41
	February	23,252	21,839	113	939.22	4.84	4,521	3,711	15,131	23,363	614.62	579.62	676.37	649.08
	March	25,815	24,545	125	950.81	4.83	5,037	4,451	17,314	26,801	631.99	599.33	679.33	657.15
	April	16,314	15,647	79	959.13	4.86	3,693	3,255	11,169	18,117	619.85	565.00	650.53	628.91
	May	23,788	21,801	109	916.47	4.59	5,659	4,699	15,120	25,478	577.11	548.33	643.36	611.07
	June	26,994	24,760	124	917.25	4.59	6,795	6,158	18,428	31,381	546.64	518.87	622.30	585.61
	July	25,542	23,022	115	901.35	4.51	4,739	4,463	14,221	23,423	546.40	520.15	628.23	591.09
	August	25,691	23,416	117	911.44	4.55	5,427	4,966	17,245	27,637	559.11	521.82	623.02	592.28
	September	23,424	21,031	104	897.84	4.45	4,033	3,698	13,284	21,015	564.55	498.64	625.71	591.67
	October	24,338	22,026	110	905.01	4.50	3,412	3,366	12,315	19,092	601.77	527.99	638.97	612.78
	November	25,870	23,748	118	917.96	4.55	4,449	4,367	16,845	25,662	621.97	551.09	645.82	625.62
	December	24,168	22,281	111	921.89	4.58	2,926	2,484	9,151	14,562	624.73	558.37	664.14	638.13

(a) Prices in rupee terms also include the impact of exchange rate movements
(b) Provisional

Sources: Colombo Tea Brokers' Association
Sri Lanka Customs
Central Bank of Sri Lanka

TABLE 70

Volume and Value of Tea Exports (a)

Item	Volume (kg '000)					Value (US$ million)				
	2017	2018	2019	2020	2021 (b)	2017	2018	2019	2020	2021 (b)
Black Tea										
Bulk	125,629	122,428	122,844	118,251	125,388	605	553	490	479	491
Packets	134,509	131,257	139,080	118,177	128,344	669	620	590	523	555
Bags	21,701	21,578	22,913	22,173	24,665	188	185	191	172	199
Green Tea										
Bulk	1,065	1,116	998	582	874	5	6	5	3	4
Packets	2,184	1,671	1,821	1,734	1,666	16	14	15	14	13
Bags	1,774	1,833	1,930	1,810	2,047	29	31	33	28	35
Instant Tea	2,121	2,481	3,072	2,843	3,032	17	20	23	22	26
Total	**288,984**	**282,364**	**292,657**	**265,570**	**286,016**	**1,530**	**1,428**	**1,346**	**1,241**	**1,324**

(a) Bags: less than 4g
Packets: 4g -10kg
Bulk: more than 10kg
(b) Provisional

Source: Sri Lanka Customs

TABLE 71

Country Classification of Tea Exports

Country	Volume (kg '000)					Value (US$ million)				
	2017	2018	2019	2020	2021 (a)	2017	2018	2019	2020	2021 (a)
Middle East Countries	**137,256**	**134,186**	**137,509**	**121,528**	**134,568**	**681**	**625**	**566**	**526**	**572**
Iran	27,419	23,914	22,264	15,127	15,834	160	129	101	75	71
Iraq	35,033	38,436	38,408	33,377	42,455	138	138	112	104	137
Israel	1,843	1,793	1,988	2,117	1,786	10	10	10	11	9
Jordan	4,688	4,719	5,168	4,680	5,224	28	27	26	25	28
Kuwait	2,435	2,261	2,260	1,852	1,442	15	14	14	12	9
Saudi Arabia	4,416	5,591	6,848	6,804	6,533	27	36	42	47	45
Syria	7,400	10,180	10,986	9,537	7,779	41	56	55	45	37
Turkey	37,816	35,634	39,087	38,866	29,742	183	163	161	167	128
United Arab Emirates	15,785	11,078	9,901	8,670	23,149	76	48	40	38	104
Other	421	580	599	497	625	3	4	4	3	4
CIS Countries	**52,897**	**47,547**	**47,915**	**47,220**	**45,047**	**279**	**244**	**226**	**222**	**198**
Azerbaijan	12,271	10,551	11,721	10,303	10,591	63	52	53	51	47
Russia	33,380	30,581	29,068	29,608	27,357	174	154	134	132	115
Ukraine	4,096	3,675	4,134	4,557	4,281	24	21	23	24	21
Other	3,149	2,740	2,992	2,752	2,819	19	16	17	15	15
European Union (b)	**23,751**	**23,995**	**24,337**	**23,007(c)**	**23,429**	**154**	**152**	**151**	**142**	**144**
Belgium	2,632	3,510	2,212	2,238	3,533	12	15	9	9	14
France	769	852	768	632	805	6	6	5	5	6
Germany	6,809	6,043	7,424	6,431	6,403	37	31	35	32	33
Ireland, Republic of	1,947	2,166	2,263	2,223	2,426	16	17	19	18	21
Italy	907	1,404	1,003	1,127	1,031	5	6	4	4	5
Netherlands	2,911	3,145	3,342	2,896	2,563	22	24	25	22	21
Poland	2,584	2,409	2,604	2,978	3,349	18	17	19	20	23
United Kingdom (b)	1,527	1,294	1,280	1,216		14	13	13	10	
Other	3,666	3,173	3,440	3,266(c)	3,319	25	22	22	21	21
Other Countries	**75,081**	**76,636**	**82,896**	**73,813**	**82,971**	**415**	**408**	**404**	**351**	**410**
Australia	2,829	2,300	2,994	1,796	2,253	28	23	28	16	22
Canada	666	572	639	637	716	5	4	4	4	5
Chile	7,097	7,540	7,231	9,419	8,835	32	31	26	36	36
China	9,903	10,020	11,870	14,123	14,117	49	47	50	57	60
Egypt	1,360	2,025	2,172	2,477	2,425	6	10	9	11	11
Hong Kong	4,981	4,873	4,847	3,763	4,503	24	24	20	15	19
Japan	7,924	7,416	7,538	5,612	6,595	45	43	41	30	37
Lebanon	4,128	3,573	2,825	2,574	2,832	25	21	16	14	14
Libya	11,609	13,686	12,329	7,806	12,340	52	56	46	29	46
New Zealand	1,055	879	956	1,015	1,117	9	8	8	9	10
South Africa	1,759	1,724	1,573	1,706	1,313	9	8	6	7	5
Taiwan	4,317	4,477	4,670	4,504	4,893	19	19	19	20	20
United Kingdom (b)					1,117					9
United States of America	4,840	5,561	7,114	5,707	5,975	33	36	40	32	36
Other	12,611	11,988	16,136	12,673	13,938	79	78	91	71	81
Total	**288,984**	**282,364**	**292,657**	**265,570**	**286,016**	**1,530**	**1,428**	**1,346**	**1,241**	**1,324**

(a) Provisional
(b) The United Kingdom was not included in European Union in 2021.
(c) Revised

Source: Sri Lanka Customs

Rubber Exports and Prices

Period	Exports									Prices (a)							
	Volume (kg '000)				Value (Rs. million)				Value (US$ million)	Price (F.O.B.) All Rubber		Colombo Market Prices (Rs./kg)					RSS No. 3 Singapore (US$/kg)
												RSS		Latex Crepe		Scrap Crepe No.1X Br	
	Sheet	Crepe	Other	Total	Sheet	Crepe	Other	Total		Rs./kg	US$/kg	No. 1	No. 2	No. 1X	No. 1		
2017	2,940	9,039	5,250	17,230	931	3,430	1,559	5,920	39	343.56	2.26	336.72	329.82	351.71	347.97	269.55	2.00
2018	1,368	10,055	2,559	13,982	364	3,910	815	5,088	32	363.93	2.26	281.36	273.85	321.70	313.12	210.34	1.57
2019	2,106	8,545	2,352	13,003	594	2,908	819	4,321	24	332.29	1.86	288.51	282.78	302.32	298.38	245.06	1.64
2020	4,318	7,016	4,431	15,766	1,325	2,858	1,396	5,579	30	353.84	1.91	351.46	325.70	359.04	355.90	256.65	1.73
2021 (b)	3,333	8,264	3,893	15,490	1,293	5,474	1,610	8,377	42	540.77	2.72	460.78	446.98	626.32	621.82	411.45	2.07
2019 1st Quarter	510	3,522	855	4,887	137	1,105	262	1,504	8	307.69	1.71	255.91	253.78	240.76	236.76	213.94	1.66
2nd Quarter	639	2,150	902	3,690	178	699	285	1,162	7	314.95	1.79	285.69	279.25	291.50	286.16	249.31	1.80
3rd Quarter	493	1,575	331	2,400	141	605	166	913	5	380.29	2.14	297.61	285.67	319.98	317.00	251.50	1.56
4th Quarter	464	1,298	265	2,026	137	498	107	742	4	366.33	2.02	314.83	312.44	357.05	353.60	265.48	1.55
2020 1st Quarter	854	2,011	854	3,719	252	797	261	1,310	7	352.20	1.93	309.24	319.00	351.39	350.79	248.33	1.60
2nd Quarter	687	1,819	680	3,186	183	766	232	1,181	6	370.57	1.97	-	-	320.22	316.83	195.22	1.36
3rd Quarter	1,077	1,542	1,130	3,750	299	561	337	1,197	6	319.30	1.72	323.00	281.25	328.33	326.21	256.45	1.68
4th Quarter	1,700	1,644	1,768	5,111	590	735	566	1,891	10	369.94	1.99	403.18	373.50	436.19	429.76	326.61	2.27
2021 (b) 1st Quarter	1,055	2,429	1,683	5,167	397	1,377	597	2,370	12	458.74	2.36	443.11	430.00	536.24	532.58	370.78	2.34
2nd Quarter	444	1,597	825	2,866	179	1,042	385	1,607	8	560.62	2.82	449.50	434.17	600.94	595.03	420.06	2.19
3rd Quarter	1,310	2,183	877	4,370	523	1,528	395	2,446	12	559.77	2.79	457.83	449.50	662.83	660.01	418.99	1.85
4th Quarter	524	2,055	508	3,087	194	1,526	233	1,953	10	632.75	3.14	492.67	481.50	705.25	699.64	435.98	1.91
2020 January	277	827	257	1,361	83	325	83	491	3	360.62	1.99	326.46	319.00	351.43	348.67	255.71	1.68
February	387	850	396	1,634	113	333	122	568	3	347.90	1.92	301.25	-	351.00	349.08	247.27	1.61
March	190	334	201	725	55	140	56	251	1	346.09	1.87	300.00	-	351.75	354.63	242.00	1.50
April	40	483	182	705	12	223	68	304	2	430.37	2.23	-	-	330.67	333.00	201.00	1.33
May	215	502	230	948	58	206	76	340	2	358.87	1.91	-	-	330.00	320.50	191.17	1.35
June	432	834	267	1,533	113	337	88	537	3	350.29	1.88	-	-	300.00	297.00	193.50	1.40
July	671	602	501	1,773	183	212	143	538	3	303.45	1.63	-	270.00	298.00	293.00	218.60	1.48
August	207	353	286	846	58	133	86	277	1	327.67	1.77	-	292.50	332.00	331.13	259.75	1.70
September	199	587	344	1,130	58	217	108	382	2	337.89	1.83	323.00	-	355.00	354.50	291.00	1.86
October	341	410	519	1,271	109	165	167	441	2	347.08	1.88	362.67	330.00	399.25	385.60	283.50	2.19
November	592	472	607	1,672	203	196	190	589	3	352.34	1.91	406.88	417.00	447.17	445.33	336.33	2.30
December	767	761	641	2,169	279	374	208	861	5	396.89	2.12	440.00	-	462.17	458.33	360.00	2.33
2021 (b) January	260	823	639	1,722	97	443	210	749	4	435.09	2.28	458.50	444.00	496.48	495.50	364.00	2.30
February	315	564	259	1,139	118	306	105	529	3	464.69	2.39	444.33	426.00	602.25	597.25	366.67	2.35
March	480	1,042	784	2,306	182	628	282	1,092	6	473.47	2.40	426.50	420.00	510.00	505.00	381.67	2.37
April	152	624	432	1,208	64	395	170	629	3	520.67	2.64	428.00	420.00	545.00	542.67	396.67	2.15
May	211	432	111	754	84	293	72	450	2	596.16	2.99	453.50	448.33	628.33	617.67	425.00	2.29
June	80	541	282	904	31	354	143	528	3	584.36	2.92	467.00	-	629.50	624.75	438.50	2.12
July	165	725	183	1,073	69	503	78	650	3	605.56	3.03	454.50	450.00	640.00	636.50	412.63	1.87
August	593	592	219	1,405	233	403	113	749	4	533.15	2.66	456.50	443.50	665.00	662.00	412.75	1.90
September	552	866	475	1,892	221	623	204	1,047	5	553.55	2.74	462.50	455.00	683.50	681.53	431.60	1.79
October	266	685	166	1,117	98	468	77	642	3	574.86	2.86	488.00	476.00	697.50	694.25	449.00	1.87
November	183	641	209	1,033	67	503	94	663	3	641.76	3.18	515.00	-	721.67	714.67	446.75	1.93
December	76	729	133	937	29	556	63	648	3	691.79	3.43	475.00	487.00	696.58	690.00	412.20	1.92

(a) Prices in rupee terms also include the impact of exchange rate movements.
(b) Provisional

Sources: The Ceylon Chamber of Commerce
Sri Lanka Customs
World Bank
Central Bank of Sri Lanka

TABLE 73

Major Rubber Export Destinations

Country	Volume (kg '000)					Value (US$ million)				
	2017	2018	2019	2020	2021 (a)	2017	2018	2019	2020	2021 (a)
European Union (b) (c)	3,986	3,542	2,439	2,282	3,207	9.1	8.1	4.3	4.7	10.0
O/W Germany	1,624	1,467	1,161	865	1,237	3.7	3.6	2.1	1.9	4.1
China	735	865	500	714	980	1.9	2.2	1.0	1.6	3.2
Japan	1,662	1,578	1,486	1,294	1,658	4.3	4.3	3.2	3.0	5.9
Malaysia	1,572	456	1,055	2,481	2,121	2.8	0.7	1.3	3.3	3.7
Pakistan	3,284	3,054	3,474	5,948	4,363	6.4	5.1	5.2	9.8	8.7
Other Countries (c)	5,991	4,487	4,049	3,047	3,161	14.5	11.2	9.2	7.6	10.6
Total	**17,230**	**13,982**	**13,003**	**15,766**	**15,490**	**38.9**	**31.6**	**24.2**	**30.1**	**42.1**

(a) Provisional
(b) The United Kingdom was not included in European Union in 2021.
(c) Revised data

Source: Sri Lanka Customs

TABLE 74

Country Classification of Garment Exports

Country	Value									
	Rs. million					US$ million				
	2017	2018	2019	2020	2021 (a)	2017	2018	2019	2020	2021 (a)
1. European Union (b)	**302,241**	**333,686**	**384,872**	**323,144**	**296,385**	**1,982**	**2,053**	**2,153**	**1,748**	**1,490**
Austria	1,255	2,932	3,011	1,741	2,254	8	18	17	9	11
Belgium-Luxembourg	31,774	34,788	40,820	35,089	39,679	208	214	228	189	200
Czech Republic	1,028	1,162	1,919	1,878	3,092	7	7	11	10	16
France	10,237	10,338	12,133	13,414	17,399	67	64	68	72	87
Germany	30,871	43,001	55,578	45,760	61,257	202	265	311	247	308
Ireland, Republic of	2,061	2,550	8,010	4,372	6,489	14	16	45	24	33
Italy	65,717	75,259	74,465	66,662	86,437	431	463	417	359	435
Netherlands	15,443	21,125	31,491	27,966	46,911	101	130	176	151	236
Poland	1,592	1,497	4,240	4,071	5,807	10	9	24	22	29
Portugal	590	560	723	899	1,050	4	3	4	5	5
Slovak Republic	4,070	4,544	4,370	3,750	4,783	27	28	24	20	24
Spain	4,462	3,774	3,935	3,687	5,136	29	23	22	20	26
Sweden	7,636	9,857	7,750	8,127	14,064	50	61	43	44	71
United Kingdom (b)	122,290	119,771	133,560	103,947		802	737	747	560	
Other	3,215	2,526	2,867	1,781	2,028	21	15	16	16	10
2. United States of America	**326,360**	**370,152**	**418,216**	**304,743**	**414,377**	**2,140**	**2,269**	**2,338**	**1,649**	**2,083**
3. United Kingdom (b)					**131,312**					**660**
4. Other Countries	**94,023**	**103,949**	**127,717**	**100,118**	**142,871**	**617**	**639**	**714**	**542**	**718**
Australia	9,451	10,385	13,495	11,117	20,160	62	64	75	60	101
Canada	15,773	17,002	24,451	21,800	35,565	103	105	137	118	179
China	9,104	8,601	12,047	11,569	13,565	60	53	67	62	68
India	6,327	12,598	11,510	6,739	9,313	42	78	64	36	47
Japan	6,415	8,730	10,638	8,377	7,601	42	54	60	45	38
Other	46,952	46,633	55,575	40,516	56,667	308	286	311	221	285
Total	**722,624**	**807,787**	**930,805**	**728,005**	**984,941**	**4,739**	**4,961**	**5,206**	**3,939**	**4,952**

(a) Provisional
(b) The United Kingdom was not included in European Union in 2021.

Source: Sri Lanka Customs

Export Volumes, Values and Prices of Major Coconut Products

Period	Exports										Prices (a)										
	Volume (kg '000)				Value (Rs. million)					Value (US$ million)	F.O.B.						Colombo Market (Rs./kg) (c)			International Market Prices	
											(Rs./kg)			(US$/kg)							
	Desiccated Coconut	Coconut Oil	Copra	Total Million Nuts (b)	Desiccated Coconut	Coconut Oil	Copra	Non Kernel Products	Total	Total	Desiccated Coconut	Coconut Oil	Copra	Desiccated Coconut	Coconut Oil	Copra	Desiccated Coconut	Coconut Oil	Copra (d)	Philippine Copra (US$/kg) (e)	Sri Lanka Desiccated Coconut (US$/kg)
2017	37,030	20,126	501	466	14,344	14,406	171	24,116	53,037	348	387.35	715.78	342.28	2.54	4.69	2.24	440.55	376.60	219.07	0.82	3.05
2018	26,630	16,613	629	355	11,473	12,548	242	26,202	50,465	311	430.84	755.32	383.98	2.64	4.66	2.31	378.22	364.59	215.48	0.61	2.59
2019	67,819	16,400	3,915	768	16,976	10,875	928	30,073	58,852	330	250.31	663.14	236.98	1.40	3.71	1.32	251.03	310.09	158.19	0.47	1.55
2020	43,043	19,764	1,082	574	15,342	14,582	296	33,753	63,974	345	356.43	737.83	274.06	1.92	3.98	1.50	447.56 (f)	447.93 (f)	230.00	0.64	2.45
2021 (g)	48,490	18,785	828	613	22,715	17,064	271	44,625	84,674	425	468.44	908.38	326.74	2.35	4.56	1.63	537.25	601.13	-	1.02	n.a.
2019 1st Quarter	15,339	3,990	952	177	4,299	3,044	237	8,195	15,776	88	280.30	763.01	249.30	1.56	4.25	1.39	260.19	323.34	167.18	0.43	1.61
2nd Quarter	15,760	4,114	802	181	4,260	2,761	183	7,822	15,026	85	270.31	671.14	227.92	1.54	3.81	1.29	239.06	308.28	156.46	0.40	1.56
3rd Quarter	19,702	4,042	745	214	4,530	2,463	167	8,030	15,191	85	229.95	609.37	224.67	1.29	3.42	1.26	221.51	290.99	138.53	0.45	1.30
4th Quarter	17,018	4,255	1,415	196	3,886	2,607	340	6,026	12,859	71	228.34	612.83	240.29	1.26	3.39	1.33	283.39	317.76	176.00	0.58	1.72
2020 1st Quarter	11,794	3,208	902	140	3,503	2,199	230	6,919	12,852	70	297.01	685.33	255.30	1.63	3.76	1.40	389.19	393.04	230.00(f)	0.54	2.28
2nd Quarter	8,198	4,208	53	113	3,112	2,997	17	8,230	14,357	76	379.65	712.39	318.94	2.02	3.79	1.67	415.17	496.73	-	0.54	2.17
3rd Quarter	13,426	7,134	66	187	4,988	5,273	25	10,189	20,474	110	371.48	739.09	384.17	2.00	3.99	2.07	439.26	450.23	-	0.62	2.31
4th Quarter	9,624	5,214	61	135	3,739	4,114	24	8,415	16,291	88	388.45	788.94	393.51	2.09	4.26	2.13	535.81	467.99	-	0.87	3.03
2021 (g) 1st Quarter	10,553	3,835	23	130	4,422	3,555	13	10,732	18,721	96	418.98	927.06	549.86	2.15	4.76	2.82	567.83	511.80	-	0.91	n.a.
2nd Quarter	9,857	4,402	42	129	5,095	3,983	18	10,802	19,898	100	516.84	904.76	428.54	2.60	4.54	2.16	552.54	694.67	-	1.02	n.a.
3rd Quarter	13,980	4,929	637	174	6,457	4,627	200	12,101	23,385	116	461.91	938.57	314.15	2.30	4.68	1.56	513.14	598.51	-	0.96	n.a.
4th Quarter	14,100	5,618	126	179	6,741	4,899	40	10,990	22,670	113	478.10	871.98	316.12	2.37	4.33	1.57	515.50	599.56	-	1.19	n.a.
2020 January	3,964	1,279	515	50	1,097	845	130	2,382	4,454	25	276.82	660.51	252.35	1.53	3.64	1.39	376.67	373.57	230.33(f)	0.56	2.33
February	4,653	1,082	272	53	1,392	792	70	2,497	4,751	26	299.13	732.30	256.94	1.65	4.03	1.42	399.79	405.56	229.67	0.51	2.33
March	3,177	847	116	37	1,014	562	31	2,041	3,647	20	319.10	662.81	264.57	1.72	3.58	1.43	391.11	400.00	-	0.54	2.17
April	1,810	780	32	24	688	527	9	1,534	2,758	14	380.16	675.33	293.14	1.97	3.50	1.52	-	-	-	0.51	2.16
May	2,653	1,571	21	38	1,013	1,103	6	3,110	5,233	28	382.02	702.36	281.66	2.03	3.74	1.50	415.00	492.21	-	0.55	2.16
June	3,735	1,857	...	51	1,411	1,368	2	3,586	6,366	34	377.72	736.43	-	2.03	3.96	-	415.34	501.25	-	0.55	2.20
July	5,139	2,366	44	68	1,834	1,740	15	3,994	7,583	41	356.83	735.57	341.77	1.92	3.96	1.84	406.09	461.74	-	0.57	2.25
August	3,982	2,319	-	57	1,468	1,681	-	3,124	6,273	34	368.54	724.93	-	1.99	3.92	-	446.21	440.97	-	0.64	2.24
September	4,306	2,449	22	61	1,687	1,851	10	3,071	6,619	36	391.69	755.91	467.35	2.12	4.09	2.53	465.49	447.98	-	0.66	2.43
October	3,771	2,054	29	53	1,334	1,572	10	3,079	5,995	33	353.71	765.29	361.50	1.92	4.15	1.96	476.22	445.28	-	0.74	2.72
November	2,972	1,773	22	43	1,188	1,355	9	2,732	5,285	29	399.58	764.49	426.24	2.16	4.14	2.31	549.50	470.60	-	0.94	3.00
December	2,882	1,387	10	39	1,217	1,186	4	2,604	5,011	27	422.42	855.22	413.91	2.26	4.57	2.21	581.73	488.10	-	0.93	3.37
2021 (g) January	2,382	865	1	29	992	804	1	2,805	4,602	24	416.32	929.49	-	2.19	4.88	-	578.79	505.39	-	0.88	n.a.
February	3,617	1,261	11	44	1,431	1,113	5	3,448	5,998	31	395.68	882.60	475.89	2.04	4.55	2.45	612.02	516.25	-	0.95	n.a.
March	4,553	1,709	11	57	1,998	1,638	6	4,479	8,122	41	438.89	958.63	583.55	2.23	4.87	2.96	512.68	513.75	-	0.91	n.a.
April	2,591	1,125	21	34	1,448	1,035	7	2,905	5,395	27	558.84	919.54	340.43	2.83	4.66	1.72	534.75	652.67	-	1.01	n.a.
May	3,268	1,376	10	42	1,809	1,314	5	3,668	6,796	34	553.52	954.61	515.82	2.77	4.78	2.58	572.58	741.09	-	1.05	n.a.
June	3,998	1,901	11	53	1,838	1,635	6	4,229	7,707	39	459.63	859.92	517.37	2.30	4.30	2.59	550.30	690.24	-	1.00	n.a.
July	4,479	1,705	11	56	2,175	1,695	5	4,246	8,121	41	485.57	994.18	486.95	2.43	4.97	2.44	507.56	615.63	-	0.97	n.a.
August	4,647	1,700	283	59	2,273	1,546	94	4,122	8,034	40	489.09	909.26	331.13	2.44	4.54	1.65	512.44	591.82	-	0.89	n.a.
September	4,854	1,524	343	59	2,010	1,386	101	3,733	7,229	36	414.05	909.05	294.58	2.05	4.50	1.46	519.40	588.10	-	1.03	n.a.
October	5,487	1,793	85	66	2,528	1,478	28	4,080	8,113	40	460.71	823.90	327.84	2.29	4.10	1.63	500.20	576.05	-	1.27	n.a.
November	4,472	2,266	10	61	2,242	2,032	3	3,960	8,236	41	501.35	896.73	259.21	2.48	4.44	1.28	534.88	613.50	-	1.10	n.a.
December	4,142	1,559	32	52	1,972	1,390	10	2,950	6,321	31	476.05	891.32	303.48	2.36	4.43	1.51	511.41	609.13	-	1.20	n.a.

(a) Prices in rupee terms also include the impact of exchange rate movements.
(b) Footnote (d) of Appendix Table 15 of this report gives the conversion formula used for the conversion of the volume of the three main types of coconut exports to their nut equivalent from metric tons.
(c) Coconut auctions held irregularly during 2020 and 2021 due to COVID-19 related disruptions and low supply.
(d) This refers to prices of the best quality copra.
(e) Philippines/Indonesian copra pellets CIF Rotterdam
(f) Revised
(g) Provisional

Sources: Coconut Development Authority
The Public Ledger
Refinitiv (Thomson Reuters)
Sri Lanka Customs
Central Bank of Sri Lanka

Export Volumes and Values of Other Agricultural Products

Volume (kg '000)

Period		Spices					Vegetables	Unmanu-factured Tobacco	Minor Agricultural Products									
		Cinnamon	Pepper	Cloves	Nutmeg and Mace	Other Spices			Fruits	Cereals	Sesame Seeds	Cocoa	Coffee	Arecanuts	Betel Leaves	Essential Oils	Cashew Nuts	Other
2017		16,967	13,778	7,815	2,491	3,276	21,697	918	31,320	8,425	1,704	164	14	10,645	5,145	194	60	23,891
2018		17,860	13,601	3,290	2,350	1,400	25,765	817	37,363	10,254	3,616	296	24	4,947	4,009	195	72	36,705
2019		17,480	8,335	5,126	3,417	1,142	23,957	805	38,896	7,002	22	520	23	6,134	4,678	184	56	34,475
2020		19,090	9,542	2,597	2,451	1,447	33,206	843	38,725	11,501	2	255	27	12,584	3,940	183	40	29,019
2021 (a)		19,195	18,575	6,487	2,651	1,504	21,540	825	43,426	15,623	2,736	159	30	10,488	3,834	239	31	31,216
2019	1st Quarter	3,922	1,415	2,969	543	297	6,029	253	9,409	2,677	1	163	7	600	1,174	39	15	8,971
	2nd Quarter	3,205	1,564	1,274	954	276	6,022	159	9,803	1,330	1	143	7	616	804	43	12	10,597
	3rd Quarter	5,157	3,281	451	1,173	299	6,358	200	8,972	1,478	19	105	5	1,462	979	50	19	5,313
	4th Quarter	5,196	2,074	432	747	270	5,548	192	10,712	1,516	1	109	4	3,457	1,721	53	10	9,594
2020	1st Quarter	3,341	969	732	276	366	4,497	159	9,235	3,133	1	128	4	4,366	1,515	26	8	8,294
	2nd Quarter	3,318	2,340	589	595	302	5,556	153	10,415	2,362	…	34	4	3,630	518	34	3	6,279
	3rd Quarter	6,998	3,193	711	955	388	16,283	290	9,563	2,601	1	59	13	4,349	1,011	63	13	6,878
	4th Quarter	5,432	3,040	564	625	390	6,870	241	9,512	3,404	1	34	5	239	895	61	15	7,567
2021 (a)	1st Quarter	4,746	4,856	3,119	385	477	5,443	220	9,400	2,559	2	43	6	1,941	1,153	54	14	9,189
	2nd Quarter	3,241	3,325	1,738	621	333	5,376	178	10,886	1,884	…	12	5	2,301	445	43	9	7,473
	3rd Quarter	5,679	4,113	1,004	1,031	344	6,435	156	11,312	4,749	1,515	45	10	3,717	868	70	6	7,251
	4th Quarter	5,528	6,281	626	614	351	4,286	271	11,827	6,432	1,218	60	10	2,529	1,367	72	1	7,303
2020	January	1,434	464	218	145	122	1,733	60	3,187	455	…	35	2	1,458	606	10	2	3,737
	February	1,258	353	289	53	122	1,613	52	3,151	2,207	…	63	1	1,704	511	8	6	2,768
	March	650	152	225	77	122	1,151	48	2,897	471	…	29	1	1,204	398	8	1	1,790
	April	731	150	84	62	61	1,072	42	2,898	529	-	6	…	334	87	3	…	713
	May	926	761	267	208	91	1,476	45	3,558	917	…	7	1	1,127	116	15	2	1,401
	June	1,661	1,429	238	325	150	3,008	66	3,959	917	…	21	3	2,170	316	16	1	4,166
	July	2,210	1,459	367	450	134	8,425	84	3,571	766	1	20	5	2,375	286	29	8	3,027
	August	2,410	805	218	239	97	6,405	120	2,693	775	…	14	5	1,497	193	10	3	1,950
	September	2,378	929	127	267	157	1,454	86	3,299	1,059	…	25	4	477	533	24	2	1,901
	October	1,877	663	131	194	128	4,333	100	3,745	694	-	21	2	164	410	17	6	2,265
	November	2,051	939	116	239	147	1,575	60	3,079	1,702	1	8	1	73	286	13	4	2,312
	December	1,504	1,438	318	192	115	962	82	2,688	1,008	-	5	2	1	200	30	5	2,990
2021 (a)	January	2,034	1,489	687	125	154	1,132	48	2,784	810	…	17	1	155	279	22	5	2,845
	February	1,304	1,338	1,192	137	109	1,267	53	2,837	729	…	7	3	589	315	12	3	2,828
	March	1,409	2,029	1,240	123	213	3,044	119	3,779	1,020	2	19	2	1,197	558	20	6	3,516
	April	749	1,241	630	124	74	1,088	72	3,233	390	…	7	1	937	193	5	1	2,067
	May	993	667	498	237	111	1,837	41	3,739	994	-	3	1	869	117	23	2	2,406
	June	1,500	1,417	610	260	148	2,451	64	3,914	499	…	2	2	495	135	15	6	3,000
	July	2,188	1,374	413	474	145	2,945	72	4,139	2,987	475	9	2	953	336	27	5	3,417
	August	1,640	1,579	347	346	109	2,378	53	3,684	848	780	15	6	1,745	130	16	1	1,635
	September	1,851	1,159	243	211	89	1,113	30	3,489	913	261	21	2	1,019	402	28	…	2,199
	October	2,275	1,494	208	229	90	1,425	70	4,342	3,862	171	22	3	1,161	332	10	…	3,770
	November	1,720	2,417	259	198	159	1,694	127	4,017	2,049	741	28	4	794	665	42	1	1,775
	December	1,534	2,370	158	187	101	1,167	74	3,469	522	306	10	4	575	370	20	…	1,758

(a) Provisional

(Contd.)

Export Volumes and Values of Other Agricultural Products

Period		Value (Rs. million)																		Value (US$ million)
		Spices					Vegetables	Unmanu-factured Tobacco	Minor Agricultural Products										Total	
		Cinnamon	Pepper	Cloves	Nutmeg and Mace	Other Spices			Fruits	Cereals	Sesame Seeds	Cocoa	Coffee	Arecanuts	Betel Leaves	Essential Oils	Cashew Nuts	Other		Total
2017		33,342	13,462	7,247	5,366	2,578	4,342	5,566	6,325	960	311	77	29	5,744	3,164	728	144	3,664	93,049	610
2018		37,315	12,620	2,710	4,681	1,373	4,595	5,792	6,346	1,160	786	114	47	2,864	2,616	624	135	4,447	88,225	542
2019		33,583	9,031	5,463	6,396	1,458	5,721	6,204	7,344	1,010	10	197	63	3,828	3,406	633	127	4,875	89,350	499
2020		42,131	9,682	2,996	5,379	1,634	6,773	4,729	6,136	1,666	3	121	59	8,376	2,943	877	100	4,639	98,245	530
2021 (a)		49,893	23,679	6,981	7,886	2,016	5,684	6,278	7,565	2,074	735	67	62	8,650	3,077	1,102	110	6,203	132,062	664
2019	1st Quarter	8,140	1,505	3,410	1,065	374	1,453	1,338	1,895	279	1	76	14	340	866	171	29	1,214	22,171	123
	2nd Quarter	6,262	1,539	1,130	1,811	346	1,388	1,609	1,673	226	1	48	20	378	577	160	34	1,295	18,495	105
	3rd Quarter	9,496	3,696	521	2,172	382	1,444	1,635	1,764	237	7	34	19	832	702	154	46	1,154	24,296	136
	4th Quarter	9,685	2,291	402	1,347	355	1,436	1,623	2,013	268	1	38	10	2,279	1,262	148	17	1,213	24,388	135
2020	1st Quarter	6,543	857	844	654	412	1,244	803	1,552	319	1	42	8	2,907	1,116	120	17	1,137	18,575	102
	2nd Quarter	7,383	2,146	639	1,309	324	1,317	970	1,517	411	…	21	9	2,444	403	163	6	871	19,933	106
	3rd Quarter	15,656	3,234	826	1,970	407	2,716	1,875	1,708	443	1	31	29	2,867	755	312	39	1,295	34,163	184
	4th Quarter	12,550	3,445	687	1,446	492	1,495	1,080	1,360	493	1	27	13	159	669	283	37	1,337	25,574	138
2021 (a)	1st Quarter	11,592	5,810	2,905	1,248	488	1,266	1,676	1,639	457	3	33	14	1,390	901	243	49	1,470	31,185	161
	2nd Quarter	8,019	4,291	1,898	1,810	518	1,124	1,499	1,672	325	…	5	11	1,719	360	251	30	1,295	24,827	125
	3rd Quarter	15,100	5,061	1,277	2,780	434	1,625	1,282	2,095	546	400	14	16	3,158	709	256	26	1,628	36,406	181
	4th Quarter	15,182	8,517	901	2,048	576	1,669	1,822	2,158	746	331	16	22	2,383	1,108	353	5	1,810	39,645	197
2020	January	2,489	332	251	291	170	479	296	631	76	…	14	4	981	448	38	7	404	6,911	38
	February	2,364	348	363	157	153	430	314	526	165	…	16	2	1,118	375	42	10	412	6,796	37
	March	1,689	177	229	206	88	335	193	396	77	…	12	3	808	293	41	1	321	4,868	26
	April	1,797	166	117	209	36	239	310	406	96	-	4	1	235	71	23	2	116	3,828	20
	May	2,042	708	332	417	120	352	415	499	159	…	6	2	787	89	48	3	317	6,297	34
	June	3,544	1,272	190	682	167	726	245	612	156	…	11	6	1,421	243	91	1	438	9,808	53
	July	4,800	1,340	390	941	137	1,328	462	620	143	1	8	15	1,559	213	128	27	536	12,648	68
	August	5,580	838	254	561	112	956	910	537	138	…	8	5	988	144	64	6	341	11,443	62
	September	5,275	1,057	182	467	158	433	503	551	162	…	15	9	320	397	120	6	418	10,073	54
	October	4,511	792	208	465	217	809	376	473	123	-	15	5	111	307	89	13	472	8,985	49
	November	4,422	1,062	160	463	131	374	234	410	189	1	7	3	47	212	82	10	437	8,244	45
	December	3,617	1,591	320	518	144	313	470	477	180	-	4	5	1	150	112	14	428	8,344	45
2021 (a)	January	5,105	1,699	742	318	145	316	419	505	149	…	11	2	109	214	87	14	446	10,280	54
	February	3,162	1,640	1,006	526	93	297	468	488	144	…	7	7	421	246	87	7	385	8,985	46
	March	3,325	2,471	1,157	404	250	653	789	646	164	3	15	5	860	441	69	28	640	11,920	61
	April	1,769	1,632	643	262	112	368	539	555	77	…	3	3	681	153	49	4	394	7,242	37
	May	2,667	828	513	845	166	380	346	552	138	-	1	4	655	97	93	6	427	7,720	39
	June	3,583	1,831	742	703	241	376	614	565	110	…	1	4	383	110	108	20	474	9,864	49
	July	5,701	1,615	483	1,201	169	802	530	794	275	126	3	5	772	274	78	19	675	13,521	68
	August	4,363	1,933	423	1,097	137	446	530	709	128	208	3	7	1,486	106	75	5	416	12,073	60
	September	5,035	1,513	371	482	127	377	222	592	143	67	8	5	900	329	102	2	537	10,812	54
	October	6,172	1,870	312	532	133	486	368	636	354	44	6	10	1,054	271	63	1	575	12,887	64
	November	4,848	3,277	365	635	286	728	1,035	810	271	211	7	6	762	538	169	2	644	14,593	72
	December	4,162	3,370	224	880	156	456	418	713	120	76	3	7	567	299	121	2	591	12,165	60

(a) Provisional

Source: Sri Lanka Customs

Selected Industrial and Mineral Exports

Item	Rs. million					US$ million				
	2017	2018	2019	2020	2021 (a)	2017	2018	2019	2020	2021 (a)
1. Food, Beverages and Tobacco	59,921	75,060	79,989	85,963	116,860	393	462	447	464	587
Milling Industry Products	4,394	4,835	7,693	8,242	9,360	29	30	43	44	47
Vegetable, Fruit and Nuts Preparations	19,674	23,856	25,559	34,297	46,176	129	147	143	185	232
Cereal Preparations	3,078	3,273	3,343	4,056	4,730	20	20	19	22	24
Fish Preparations (b)	79	1,780	3,473	2,199	4,179	1	10	19	12	21
Manufactured Tobacco	11,207	15,142	13,999	11,046	16,011	73	93	78	60	80
Other	21,488	26,174	25,922	26,124	36,405	141	162	145	141	183
2. Animal Fodder	12,217	17,480	23,082	19,067	29,780	80	108	129	103	149
3. Textiles and Garments	767,254	865,975	1,000,713	817,593	1,081,158	5,032	5,318	5,596	4,423	5,435
Garments	722,624	807,787	930,805	728,005	984,941	4,739	4,961	5,206	3,939	4,952
Woven Fabrics	18,185	24,175	29,026	22,551	46,578	119	148	162	122	234
Yarn	10,516	13,513	16,356	14,011	18,408	69	83	92	76	93
Other Made-up Textile Articles	15,929	20,500	24,527	53,026	31,232	104	126	137	286	157
4. Rubber Products	127,426	142,298	154,854	145,501	208,975	835	875	866	786	1,050
Rubber Tyres	77,777	88,456	91,426	77,887	117,618	510	545	512	421	591
Surgical Gloves and Other Gloves	30,195	30,580	37,053	45,989	72,598	198	188	207	248	365
Other Rubber Products	19,454	23,262	26,375	21,625	18,759	128	143	147	117	94
5. Gems, Diamonds and Jewellery	39,258	44,963	54,677	33,483	55,003	257	278	306	181	277
Gems	22,108	22,910	27,754	14,448	24,022	145	142	155	78	121
Diamonds	14,340	19,584	23,911	17,496	28,647	94	120	134	95	144
Jewellery	2,809	2,469	3,011	1,539	2,333	18	15	17	8	12
6. Machinery and Mechanical Appliances	56,522	70,609	71,495	62,467	99,602	371	435	400	338	501
Electrical Machinery and Equipment	8,984	9,599	6,860	5,515	9,853	59	59	38	30	49
Electronic Equipment	15,154	24,229	24,328	23,010	28,839	99	150	136	124	145
Insulated Wires, Cables and Conductors	9,080	11,326	11,366	9,127	14,060	60	70	64	49	71
Other	23,305	25,455	28,940	24,815	46,850	153	156	162	134	236
7. Transport Equipment	24,718	19,424	25,950	13,213	29,572	162	120	146	71	148
Road Vehicles	5,882	9,235	9,653	8,604	15,398	39	57	54	47	77
Ships, Boats and Floating Structures	14,763	4,274	11,571	442	7,597	97	27	65	2	38
Other	4,073	5,915	4,727	4,168	6,577	27	37	26	23	33
8. Petroleum Products	66,280	101,467	93,194	68,849	100,975	434	622	521	374	506
Bunkering and Aviation Fuel	61,633	91,174	86,709	59,526	73,535	404	559	485	323	369
Other Petroleum Products	4,647	10,293	6,485	9,323	27,440	30	63	36	51	137
9. Chemical Products	22,328	27,057	31,505	32,002	44,398	146	167	176	173	223
10. Wood and Paper Products	21,168	22,843	23,134	18,370	25,855	139	141	129	99	130
11. Leather, Travel Goods and Footwear	24,149	23,860	18,397	9,965	11,636	158	148	103	54	58
Footwear	16,524	14,335	9,310	2,880	2,951	108	89	52	16	15
Travel Goods	4,980	5,766	6,193	5,048	6,738	33	35	35	27	34
Other	2,645	3,758	2,894	2,037	1,947	17	23	16	11	10
12. Plastics and Articles Thereof	11,378	12,635	13,139	32,613	15,646	75	78	73	176	79
13. Base Metals and Articles	17,672	26,919	31,547	20,534	31,152	116	165	177	111	156
14. Ceramic Products	5,146	5,076	5,373	4,436	7,450	34	31	30	24	37
Tiles	1,047	1,035	938	983	1,740	7	6	5	5	9
Tableware, Household Items and Sanitaryware	3,456	3,424	3,675	2,811	4,912	23	21	21	15	25
Other	643	616	760	643	797	4	4	4	3	4
15. Other Industrial Exports	47,138	50,534	58,393	54,537	72,453	309	311	326	295	364
Total Industrial Exports	**1,302,575**	**1,506,200**	**1,685,442**	**1,418,594**	**1,930,515**	**8,542**	**9,258**	**9,426**	**7,672**	**9,702**
Mineral Exports										
Natural Graphite	722	889	836	656	1,088	5	5	5	4	5
Natural Sands	4	1	1	1	1	...	...	...	...	...
Quartz	1,981	1,925	1,699	1,914	2,308	13	12	9	10	12
Other	2,557	2,756	3,527	2,085	5,444	17	17	20	11	27
Total Mineral Exports	**5,263**	**5,570**	**6,063**	**4,657**	**8,841**	**34**	**34**	**34**	**25**	**45**

(a) Provisional
(b) Including crustaceans and molluscs

Sources: Ceylon Petroleum Corporation and Other Exporters of Petroleum
National Gem and Jewellery Authority
Sri Lanka Customs
Central Bank of Sri Lanka

Composition of Imports

Period	Rs. million														US$ million
	Consumer Goods		Intermediate Goods						Investment Goods				Unclassified Imports	Total Imports	Total Imports
	Food and Beverages	Non-Food Consumer Goods	Crude Oil	Refined Petroleum	Textiles and Textile Articles	Wheat and Maize	Fertiliser	Other	Machinery and Equipment	Transport Equipment	Building Materials	Other			
2017	280,646	405,778	107,397	375,374	415,386	54,394	15,703	775,466	399,453	102,914	242,621	1,187	22,254	3,198,572	20,980
2018	259,659	546,949	160,024	475,521	465,334	60,637	42,682	823,262	404,175	108,057	247,730	979	11,634	3,606,644	22,233
2019	255,125	452,468	173,547	483,462	520,335	61,887	39,570	754,197	445,332	106,528	269,733	1,360	1,484	3,565,028	19,937
2020	288,477	342,575	107,665	321,818	432,484	71,366	48,227	699,509	402,967	64,835	191,816	593	2,583	2,974,915	16,055
2021 (a)	330,670	434,309	123,865	564,681	610,217	83,326	31,414	1,034,405	558,819	79,412	248,519	1,163	3,418	4,104,218	20,637
2019 1st Quarter	60,195	103,772	42,744	118,329	123,893	9,562	8,643	195,623	114,938	20,172	67,562	321	281	866,034	4,817
2nd Quarter	62,452	95,663	44,675	127,646	124,280	15,861	7,900	167,435	104,370	28,485	61,558	255	249	840,828	4,779
3rd Quarter	56,886	121,426	42,451	119,168	130,548	16,114	13,253	183,743	104,193	28,326	74,469	291	395	891,263	5,000
4th Quarter	75,592	131,608	43,677	118,319	141,614	20,349	9,774	207,396	121,832	29,546	66,143	494	558	966,902	5,341
2020 1st Quarter	77,898	98,387	35,575	118,469	113,377	14,712	4,719	177,645	104,335	21,191	53,690	160	1,300	821,457	4,503
2nd Quarter	68,319	86,080	10,628	40,845	83,768	14,398	15,349	141,460	78,769	21,455	37,904	116	639	599,729	3,172
3rd Quarter	66,997	78,413	37,020	82,169	111,134	24,720	5,933	185,247	109,595	9,275	49,943	166	315	760,928	4,108
4th Quarter	75,263	79,695	24,442	80,335	124,205	17,536	22,225	195,158	110,268	12,914	50,279	152	329	792,801	4,273
2021 (a) 1st Quarter	97,956	95,570	24,366	146,429	137,709	18,205	6,820	246,892	132,974	15,707	55,044	95	472	978,240	5,041
2nd Quarter	81,518	100,472	37,697	117,154	147,443	18,135	12,368	255,727	135,582	19,263	63,272	237	483	989,351	4,974
3rd Quarter	69,636	126,669	39,937	114,002	151,589	21,439	1,387	241,948	137,123	23,501	60,009	527	620	988,389	4,923
4th Quarter	81,559	111,597	21,866	187,096	173,476	25,546	10,839	289,838	153,140	20,941	70,193	304	1,844	1,148,238	5,700
2020 January	26,766	40,674	8,508	37,583	54,562	1,614	1,083	66,170	46,923	9,051	21,638	67	157	314,795	1,735
February	24,660	34,758	16,966	52,548	33,045	1,531	2,404	58,996	33,311	5,911	18,605	52	872	283,660	1,562
March	26,472	22,955	10,100	28,338	25,770	11,568	1,232	52,479	24,102	6,228	13,447	41	272	223,002	1,205
April	26,417	31,989	2,747	16,379	28,357	1,738	5,630	55,207	21,841	13,771	12,548	32	103	216,759	1,123
May	22,945	26,728	2,898	8,918	22,741	7,485	5,592	43,729	29,699	4,666	10,862	27	414	186,705	994
June	18,956	27,363	4,984	15,549	32,671	5,175	4,126	42,524	27,228	3,019	14,494	57	122	196,266	1,055
July	24,199	29,623	12,447	24,265	36,639	4,973	1,685	56,456	29,178	3,287	17,501	47	130	240,431	1,294
August	19,625	22,645	12,807	32,950	35,945	8,512	1,522	54,574	32,837	1,688	15,165	40	34	238,345	1,289
September	23,174	26,145	11,767	24,954	38,549	11,235	2,725	74,217	47,581	4,300	17,276	78	151	282,152	1,525
October	22,657	23,746	5,164	31,722	40,224	4,441	4,144	65,080	33,751	4,201	16,140	42	38	251,348	1,363
November	23,021	24,191	12,141	18,124	40,029	5,252	12,384	63,289	36,983	5,603	14,536	56	83	255,692	1,384
December	29,586	31,758	7,137	30,490	43,952	7,843	5,697	66,789	39,534	3,110	19,603	54	209	285,761	1,527
2021 (a) January	35,016	30,814	15,658	37,435	45,046	1,307	900	73,946	41,270	4,866	16,710	33	186	303,185	1,592
February	25,579	27,350	8,708	47,839	43,232	10,775	2,717	70,288	37,613	3,992	17,307	23	256	295,680	1,524
March	37,361	37,407	-	61,155	49,431	6,123	3,204	102,658	54,091	6,849	21,027	39	30	379,375	1,926
April	24,387	30,613	19,178	56,483	45,096	5,279	9,328	76,869	45,000	5,297	19,373	25	68	336,996	1,707
May	24,156	26,464	18,519	47,443	47,046	4,148	2,597	88,895	36,573	4,648	20,184	93	53	320,819	1,607
June	32,975	43,395	-	13,227	55,300	8,709	443	89,962	54,009	9,319	23,715	120	362	331,536	1,659
July	23,579	44,954	18,352	31,950	50,244	5,262	1,114	89,508	46,392	8,974	20,957	307	388	341,981	1,710
August	23,889	41,123	21,585	49,121	48,386	11,022	187	72,198	44,913	5,940	19,551	106	150	338,171	1,687
September	22,169	40,592	-	32,930	52,959	5,155	86	80,243	45,818	8,588	19,501	114	82	308,237	1,526
October	19,643	27,338	9,838	56,355	53,454	14,082	3,130	90,901	41,321	3,568	20,850	73	149	340,702	1,694
November	27,433	34,299	-	62,291	60,017	5,374	279	77,374	49,840	13,184	24,356	164	1,594	356,205	1,765
December	34,484	49,960	12,028	68,450	60,004	6,090	7,430	121,563	61,979	4,189	24,987	66	101	451,331	2,241

(a) Provisional

Sources: Ceylon Petroleum Corporation
Lanka IOC PLC
Sri Lanka Customs
Central Bank of Sri Lanka

TABLE 79

Imports by Major Categories

Category	Value in Rs. million					Value in US$ million					Percentage of Total Imports				
	2017	2018	2019	2020	2021 (a)	2017	2018	2019	2020	2021 (a)	2017	2018	2019	2020	2021 (a)
1. Consumer Goods	**686,424**	**806,608**	**707,594**	**631,052**	**764,979**	**4,503**	**4,980**	**3,957**	**3,402**	**3,849**	**21.5**	**22.4**	**19.8**	**21.2**	**18.6**
1.1 Food and Beverages	280,646	259,659	255,125	288,477	330,670	1,841	1,606	1,427	1,554	1,666	8.8	7.2	7.2	9.7	8.1
Lentils	17,405	12,764	14,302	18,055	28,381	114	79	80	97	143	0.5	0.4	0.4	0.6	0.7
Onions	18,821	17,500	22,265	27,617	30,754	123	109	124	149	155	0.6	0.5	0.6	0.9	0.8
Sugar	39,041	40,045	35,714	51,146	56,672	256	248	200	276	288	1.2	1.1	1.0	1.7	1.4
Rice	45,881	16,679	2,293	1,936	14,680	301	107	13	11	73	1.4	0.5	0.1	0.1	0.4
Flour	300	494	490	1,252	1,044	2	3	3	7	5	...	...	...	...	...
Milk and Milk Products	48,145	54,002	55,647	61,933	63,094	316	332	312	334	318	1.5	1.5	1.6	2.1	1.5
Fish	32,685	31,128	37,553	34,650	23,761	214	192	210	186	119	1.0	0.9	1.1	1.2	0.6
Oil and Fats	7,010	7,561	5,256	19,818	36,494	46	47	29	107	184	0.2	0.2	0.1	0.7	0.9
Spices	14,132	18,562	20,668	23,572	25,265	93	114	115	127	127	0.4	0.5	0.6	0.8	0.6
Other	57,227	60,924	60,939	48,497	50,525	375	375	341	262	254	1.8	1.7	1.7	1.6	1.2
1.2 Other Consumer Goods	405,778	546,949	452,468	342,575	434,309	2,661	3,374	2,530	1,847	2,182	12.7	15.2	12.7	11.5	10.6
Personal Vehicles	117,811	254,586	145,905	52,561	2,547	773	1,574	816	283	13	3.7	7.1	4.1	1.8	0.1
Home Appliances - Radio Receivers and Television Sets	21,462	20,096	18,240	15,555	25,064	141	124	102	84	126	0.7	0.6	0.5	0.5	0.6
Household and Furniture Items	28,405	27,487	30,747	27,223	32,039	186	169	172	147	161	0.9	0.8	0.9	0.9	0.8
Rubber Products	14,373	15,456	14,825	10,806	20,326	94	95	83	58	102	0.4	0.4	0.4	0.4	0.5
Medical and Pharmaceutical Products	79,299	86,546	98,828	110,503	176,115	520	532	553	596	883	2.5	2.4	2.8	3.7	4.3
Other	144,428	142,777	143,923	125,927	178,218	948	880	805	680	897	4.5	4.0	4.0	4.2	4.3
2. Intermediate Goods	**1,743,719**	**2,027,460**	**2,032,997**	**1,681,070**	**2,447,907**	**11,436**	**12,488**	**11,370**	**9,077**	**12,309**	**54.5**	**56.2**	**57.0**	**56.5**	**59.6**
Fertiliser	15,703	42,682	39,570	48,227	31,414	103	262	221	259	158	0.5	1.2	1.1	1.6	0.8
Fuel	522,470	674,295	695,727	469,677	743,664	3,428	4,152	3,892	2,543	3,743	16.3	18.7	19.5	15.8	18.1
Chemical Products	127,232	146,939	148,647	154,280	213,541	834	904	831	831	1,074	4.0	4.1	4.2	5.2	5.2
Wheat and Maize	54,394	60,637	61,887	71,366	83,326	357	373	346	384	418	1.7	1.7	1.7	2.4	2.0
Textiles and Textile Articles	415,386	465,334	520,335	432,484	610,217	2,724	2,859	2,909	2,335	3,067	13.0	12.9	14.6	14.5	14.9
Diamonds, Precious Stones and Metals	117,845	90,070	36,051	21,666	28,583	772	573	201	117	144	3.7	2.6	1.0	0.7	0.7
Base Metals	95,895	111,908	100,678	85,443	172,882	629	683	563	460	866	3.0	3.1	2.8	2.9	4.2
Vehicle and Machinery Parts	44,908	48,036	48,301	44,398	69,442	295	296	270	239	349	1.4	1.3	1.4	1.5	1.7
Paper and Paperboards	73,927	86,136	81,781	71,048	93,287	485	529	457	383	469	2.3	2.4	2.3	2.4	2.3
Other	275,961	301,422	300,020	282,479	401,552	1,809	1,857	1,678	1,524	2,020	8.6	8.4	8.4	9.5	9.8
3. Investment Goods	**746,175**	**760,942**	**822,954**	**660,212**	**887,914**	**4,895**	**4,690**	**4,603**	**3,563**	**4,463**	**23.3**	**21.1**	**23.1**	**22.2**	**21.6**
Building Materials	242,621	247,730	269,733	191,816	248,519	1,591	1,525	1,509	1,036	1,249	7.6	6.9	7.6	6.5	6.1
Transport Equipment	102,914	108,057	106,528	64,835	79,412	675	668	597	348	399	3.2	3.0	3.0	2.2	1.9
Machinery and Equipment	399,453	404,175	445,332	402,967	558,819	2,621	2,492	2,490	2,176	2,810	12.5	11.2	12.5	13.6	13.6
Other	1,187	979	1,360	593	1,163	8	6	8	3	6	...	...	...	...	...
4. Unclassified Imports	**22,254**	**11,634**	**1,484**	**2,583**	**3,418**	**147**	**75**	**8**	**14**	**17**	**0.7**	**0.3**	**...**	**0.1**	**0.1**
5. Total Imports	**3,198,572**	**3,606,644**	**3,565,028**	**2,974,915**	**4,104,218**	**20,980**	**22,233**	**19,937**	**16,055**	**20,637**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

(a) Provisional

Sources: Ceylon Petroleum Corporation
Lanka IOC PLC
Sri Lanka Customs
Central Bank of Sri Lanka

Import Performance based on Standard International Trade Classification (SITC) (a)

Period		Imports (US$ million)											Total Imports (Rs. million)
		Food and Live Animals	Beverages and Tobacco	Crude Materials, Inedible, except Fuels	Mineral Fuels, Lubricants and Related Materials	Animal and Vegetable Oils, Fats and Waxes	Chemicals and Related Products, n.e.s.	Manufactured Goods Classified Chiefly by Material	Machinery and Transport Equipment	Miscellaneous Manufactured Articles	Commodities and Transactions Not Classified Elsewhere in the SITC	Total Imports	
2017		2,398	116	510	3,428	188	2,079	5,767	4,586	1,227	681	20,980	3,198,572
2018		2,173	161	487	4,152	185	2,372	5,896	5,233	1,112	461	22,233	3,606,644
2019		1,958	147	466	3,892	111	2,211	5,829	4,292	1,012	20	19,937	3,565,028
2020		2,108	94	436	2,543	195	2,192	4,474	3,204	790	19	16,055	2,974,915
2021 (b)		2,275	77	585	3,743	285	2,848	5,977	3,876	953	18	20,637	4,104,218
2019	1st Quarter	432	39	99	1,019	39	520	1,401	1,022	241	4	4,817	866,034
	2nd Quarter	493	33	125	982	21	522	1,374	996	228	5	4,779	840,828
	3rd Quarter	461	41	116	930	23	590	1,500	1,083	253	4	5,000	891,263
	4th Quarter	572	34	127	961	28	579	1,553	1,191	289	6	5,341	966,902
2020	1st Quarter	562	26	133	948	48	465	1,153	928	235	4	4,503	821,457
	2nd Quarter	494	26	98	295	23	511	844	728	150	3	3,172	599,729
	3rd Quarter	528	22	108	662	58	566	1,200	766	194	4	4,108	760,928
	4th Quarter	523	20	97	637	67	651	1,277	783	211	8	4,273	792,801
2021 (b)	1st Quarter	637	19	143	977	93	644	1,334	962	229	3	5,041	978,240
	2nd Quarter	554	19	144	810	59	734	1,474	949	230	3	4,974	989,351
	3rd Quarter	495	20	134	810	79	719	1,465	961	238	4	4,923	988,389
	4th Quarter	590	20	164	1,146	55	751	1,704	1,004	256	9	5,700	1,148,238
2020	January	179	10	49	292	14	177	503	406	106	1	1,735	314,795
	February	159	11	43	419	24	164	359	303	80	1	1,562	283,660
	March	225	6	41	238	10	125	291	218	50	1	1,205	223,002
	April	165	7	32	122	7	172	293	280	45	...	1,123	216,759
	May	183	7	37	63	10	168	231	245	47	2	994	186,705
	June	147	12	29	110	5	170	320	202	58	1	1,055	196,266
	July	168	6	41	200	19	186	383	224	63	3	1,294	240,431
	August	161	9	28	248	22	168	370	225	58	...	1,289	238,345
	September	199	7	39	214	17	211	447	317	74	1	1,525	282,152
	October	154	6	31	223	20	195	428	236	66	3	1,363	251,348
	November	161	6	30	179	24	237	414	262	68	2	1,384	255,692
	December	208	7	36	235	23	218	434	285	77	3	1,527	285,761
2021 (b)	January	201	7	40	310	33	195	421	307	75	1	1,592	303,185
	February	195	5	46	320	34	186	399	266	71	1	1,524	295,680
	March	241	6	57	347	26	263	514	390	82	...	1,926	379,375
	April	170	5	48	413	11	239	429	314	77	1	1,707	336,996
	May	162	8	43	331	17	216	506	253	71	...	1,607	320,819
	June	222	6	53	66	30	278	539	382	82	2	1,659	331,536
	July	149	4	47	256	42	253	532	347	78	2	1,710	341,981
	August	194	10	47	353	18	230	448	304	83	1	1,687	338,171
	September	151	6	40	201	19	236	485	310	78	...	1,526	308,237
	October	185	5	50	385	16	192	523	257	81	1	1,694	340,702
	November	175	7	58	319	30	214	505	361	87	8	1,765	356,205
	December	230	8	56	442	9	345	676	385	89	1	2,241	451,331

(a) Data is compiled based on the latest version of SITC - Revision 4 published in 2006.
(b) Provisional

Sources: Ceylon Petroleum Corporation
Lanka IOC PLC
Sri Lanka Customs
Central Bank of Sri Lanka

Composition of Imports according to the SITC (a)

Category	Rs. million				US$ million			
	2018	2019	2020	2021 (b)	2018	2019	2020	2021 (b)
0. Food and Live Animals	**351,908**	**350,023**	**391,195**	**451,938**	**2,173**	**1,958**	**2,108**	**2,275**
00 Live Animals other than Animals of Division 03	823	822	625	970	5	5	3	5
01 Meat and Meat Preparations	959	1,015	808	782	6	6	4	4
02 Dairy Products and Birds' Eggs	54,232	55,747	62,011	63,174	334	312	334	318
03 Fish, Crustaceans, Molluscs and Aquatic Invertebrates and Preparations Thereof	32,204	38,626	35,234	24,591	199	216	190	124
04 Cereals and Cereal Preparations	80,738	68,137	77,077	102,316	501	381	415	513
05 Vegetables and Fruit	65,441	70,119	77,825	90,858	404	392	419	458
06 Sugars, Sugar Preparations and Honey	40,333	35,998	51,360	56,934	250	201	277	289
07 Coffee, Tea, Cocoa, Spices and Manufactures Thereof	26,939	28,658	29,905	33,658	166	160	161	169
08 Feeding Stuff for Animals	28,664	28,104	31,531	46,142	176	157	170	232
09 Miscellaneous Edible Products and Preparations	21,573	22,796	24,817	32,511	133	128	134	163
1. Beverages and Tobacco	**26,217**	**26,307**	**17,376**	**15,275**	**161**	**147**	**94**	**77**
11 Beverages	9,476	10,648	5,250	4,423	58	59	28	22
12 Tobacco and Tobacco Manufactures	16,741	15,659	12,126	10,852	103	88	65	55
2. Crude Materials, Inedible, except Fuels	**79,211**	**83,245**	**80,849**	**116,300**	**487**	**466**	**436**	**585**
21 Hides, Skins, Furskins, Raw	12	36	21	22	...	...	...	...
22 Oil-seeds and Oleaginous Fruits	2,807	2,836	1,459	882	17	16	8	4
23 Crude Rubber	36,569	35,075	33,700	69,797	225	196	182	351
24 Cork and Wood	11,922	9,988	7,487	10,305	74	56	40	52
25 Pulp and Waste Paper	541	575	737	1,430	3	3	4	7
26 Textile Fibres and Their Wastes	7,564	14,199	13,947	4,975	46	79	75	25
27 Crude Fertilisers, other than those of Division 56, and Crude Minerals	10,385	10,304	12,720	16,104	64	58	69	81
28 Metalliferous Ores and Metal Scrap	1,822	2,723	2,137	3,985	11	15	12	20
29 Crude Animal and Vegetable Materials, n.e.s.	7,590	7,509	8,641	8,800	47	42	47	44
3. Mineral Fuels, Lubricants and Related Materials	**674,294**	**695,727**	**469,673**	**743,663**	**4,152**	**3,892**	**2,543**	**3,743**
32 Coal, Coke and Briquettes	38,750	38,719	40,194	55,118	237	215	217	278
33 Petroleum, Petroleum Products and Related Materials	595,254	613,302	378,197	619,569	3,667	3,433	2,049	3,118
34 Gas, Natural and Manufactured	40,290	43,706	51,281	68,976	248	244	277	347
4. Animal and Vegetable Oils, Fats and Waxes	**29,714**	**19,903**	**36,163**	**56,530**	**185**	**111**	**195**	**285**
41 Animal Oils and Fats	655	351	259	454	4	2	1	2
42 Fixed Vegetable Fats and Oils, Crude, Refined or Fractionated	27,781	18,487	34,525	51,993	173	103	187	262
43 Animal or Vegetable Fats and Oils, Processed; Waxes of Animal or Vegetable Origin; Inedible Mixtures or Preparations of Animal or Vegetable Fats or Oils, n.e.s.	1,278	1,065	1,378	4,083	8	6	7	21
5. Chemicals and Related Products, n.e.s.	**385,880**	**395,214**	**406,898**	**566,732**	**2,372**	**2,211**	**2,192**	**2,848**
51 Organic Chemicals	36,115	34,025	35,918	52,118	223	190	193	262
52 Inorganic Chemicals	27,143	25,420	23,648	37,241	167	142	127	187
53 Dyeing, Tanning and Colouring Material	27,192	28,223	26,359	37,107	167	158	142	187
54 Medicinal and Pharmaceutical Products	78,228	90,048	101,953	164,317	481	504	549	823
55 Essential Oils, Resinoids, Perfume Materials; Toilet, Polishing and Cleansing Preparations	19,647	21,431	21,116	26,810	121	120	114	135
56 Fertilisers	42,618	39,542	48,174	31,297	261	221	259	158
57 Plastics in Primary Forms	75,935	76,141	68,247	111,559	467	426	368	561
58 Plastics in Non-Primary Forms	32,324	30,231	26,709	34,466	198	169	144	173
59 Chemical Materials and Products, n.e.s.	46,678	50,153	54,772	71,818	287	280	295	361
6. Manufactured Goods Classified Chiefly by Material	**959,928**	**1,042,450**	**828,966**	**1,189,644**	**5,896**	**5,829**	**4,474**	**5,977**
61 Leather, Leather Manufactures, n.e.s., and Dressed Furskins	2,639	2,766	2,358	1,850	16	15	13	9
62 Rubber Manufactures, n.e.s.	22,900	23,287	17,723	30,746	141	130	96	155
63 Cork and Wood Manufactures	6,892	6,057	5,342	6,970	43	34	29	35
64 Paper, Paperboard and Articles of Paper Pulp, of Paper or of Paperboard	82,638	78,106	68,203	87,913	508	437	368	442
65 Textile Yarn, Fabrics, Made-up Articles, n.e.s., and Related Products	452,706	500,848	418,279	598,435	2,781	2,800	2,258	3,008
66 Non-metallic Mineral Manufactures, n.e.s.	121,484	146,765	96,271	104,487	748	821	520	525
67 Iron and Steel	155,317	142,879	116,070	213,829	950	799	625	1,071
68 Non-ferrous Metals	38,948	36,328	32,345	51,981	239	203	174	262
69 Manufactures of Metals, n.e.s.	76,405	105,415	72,375	93,432	470	590	391	470
7. Machinery and Transport Equipment	**847,658**	**767,544**	**594,094**	**770,840**	**5,233**	**4,292**	**3,204**	**3,876**
71 Power-generating Machinery and Equipment	40,258	35,176	49,224	48,288	249	197	266	243
72 Machinery Specialised for Particular Industries	92,910	84,236	80,440	129,644	574	471	434	652
73 Metalworking Machinery	6,074	5,442	4,194	6,072	37	30	23	31
74 General Industrial Machinery and Equipment and Machine Parts, n.e.s.	90,839	114,376	95,429	119,045	561	639	515	599
75 Office Machines and Automatic Data-processing Machines	41,809	40,470	40,677	70,583	257	226	219	355
76 Telecommunications and Sound-recording and Reproducing Apparatus and Equipment	106,312	104,506	97,657	156,073	654	585	527	785
77 Electrical Machinery, Apparatus and Appliances, n.e.s. and Electrical Parts Thereof	97,761	121,088	104,524	149,197	603	677	564	750
78 Road Vehicles	353,243	231,207	104,129	65,078	2,185	1,293	561	328
79 Other Transport Equipment	18,451	31,043	17,821	26,861	113	174	95	134
8. Miscellaneous Manufactured Articles	**180,190**	**181,052**	**146,258**	**189,601**	**1,112**	**1,012**	**790**	**953**
81 Prefabricated Buildings; Sanitary, Plumbing, Heating, Lighting Fixtures and Fittings, n.e.s.	9,800	12,111	9,651	12,529	60	68	52	63
82 Furniture and Parts Thereof; Bedding, Mattresses, Mattress Supports, Cushions and Similar Stuffed Furnishings	5,222	5,349	3,493	4,145	32	30	19	21
83 Travel Goods, Handbags and Similar Containers	1,439	1,503	587	912	9	8	3	5
84 Articles of Apparel and Clothing Accessories	42,103	42,567	31,881	37,795	259	238	172	190
85 Footwear	6,310	5,427	3,952	3,641	39	30	21	18
87 Professional, Scientific and Controlling Instruments and Apparatus, n.e.s.	33,236	41,099	34,536	47,289	204	230	187	238
88 Photographic Apparatus, Equipment and Supplies and Optical Goods, n.e.s.; Watches and Clocks	7,889	8,018	7,604	10,156	48	45	41	51
89 Miscellaneous Manufactured Articles, n.e.s.	74,191	64,978	54,553	73,135	459	363	295	368
9. Commodities and Transactions Not Classified Elsewhere in SITC	**71,644**	**3,563**	**3,434**	**3,683**	**461**	**20**	**19**	**18**
91 Postal Packages Not Classified according to Kind	32	57	16	29	...	...	...	...
93 Special Transactions and Commodities Not Classified according to Kind	2,492	903	1,764	3,365	16	5	10	17
96 Coin, Not being Legal Tender	1,029	2,147	56	55	6	12	...	...
97 Gold, Non-monetary (excluding Gold Ores and Concentrates)	68,091	456	1,598	234	439	3	9	1
Total Imports	**3,606,644**	**3,565,028**	**2,974,915**	**4,104,218**	**22,233**	**19,937**	**16,055**	**20,637**

(a) Data is compiled based on the latest version of SITC - Revision 4 published in 2006.
(b) Provisional

Note: First digit indicates the 'section' and first two digits indicate the 'division' of SITC.

Sources: Ceylon Petroleum Corporation
Lanka IOC PLC
Sri Lanka Customs
Central Bank of Sri Lanka

Exports and Imports of Major Commodities

Item	Value in Rupees					Value in US$				
	2017	2018	2019	2020	2021 (a)	2017	2018	2019	2020	2021 (a)
EXPORTS										
Tea										
Quantity (mn kg)	289	282	293	266	286	289	282	293	266	286
Value (mn)	233,338	231,750	240,637	230,170	263,353	1,530	1,428	1,346	1,241	1,324
Price (F.O.B./kg) (b)	807.44	820.75	822.25	866.70	920.76	5.29	5.06	4.60	4.67	4.63
Rubber										
Quantity (mn kg)	17	14	13	16	15	17	14	13	16	15
Value (mn)	5,920	5,088	4,321	5,579	8,377	39	32	24	30	42
Price (F.O.B./kg) (b)	343.56	363.93	332.29	353.84	540.77	2.26	2.26	1.86	1.91	2.72
Coconut										
Quantity (mn nuts)	466	355	768	574	613	466	355	768	574	613
Value (mn)	28,921	24,263	28,779	30,221	40,049	190	149	161	163	201
Price (F.O.B./nut) (b)	62.03	68.29	37.47	52.61	65.36	0.41	0.42	0.21	0.28	0.33
Petroleum Products (c)										
Quantity (mt'000)	972	1,093	984	798	853	972	1,093	984	798	853
Value (mn)	66,280	101,467	93,194	68,849	100,975	434	622	521	374	506
Price (F.O.B./mt) (b)	68,212.96	92,810.14	94,727.47	86,299.39	118,336.03	447.01	569.04	529.69	468.24	593.45
Gems (d)										
Quantity ('000 carats)	9,400	8,190	8,306	2,697	5,364	9,400	8,190	8,306	2,697	5,364
Value (mn)	21,143	21,703	18,725	12,618	21,613	139	135	105	68	109
Price (F.O.B./carat) (b)	2,249.20	2,650.10	2,254.39	4,678.66	4,029.37	14.75	16.49	12.61	25.22	20.26
Total Value (mn)	**355,603**	**384,272**	**385,656**	**347,436**	**434,368**	**2,331**	**2,366**	**2,158**	**1,876**	**2,183**
IMPORTS										
Rice										
Quantity (mt'000)	748	249	24	16	147	748	249	24	16	147
Value (mn)	45,881	16,679	2,293	1,936	14,680	301	107	13	11	73
Price (C.I.F./mt) (b)	61,355.01	67,010.11	94,759.84	122,768.25	99,803.84	402.41	428.98	527.61	665.97	496.43
Wheat										
Quantity (mt '000)	1,250	1,297	1,159	1,404	1,307	1,250	1,297	1,159	1,404	1,307
Value (mn)	46,239	53,918	55,615	67,819	80,341	303	334	312	365	403
Price (C.I.F./mt) (b)	37,003.23	41,574.34	48,004.96	48,308.08	61,488.86	242.66	257.59	268.96	260.12	308.70
Sugar										
Quantity (mt '000)	498	645	556	683	582	498	645	556	683	582
Value (mn)	39,041	40,045	35,714	51,146	56,672	256	248	200	276	288
Price (C.I.F./mt) (b)	78,402.39	62,116.82	64,202.57	74,933.59	97,293.95	514.50	384.70	358.93	404.36	493.65
Crude Oil (c)										
Quantity (mn bbls)	12	13	14	13	9	12	13	14	13	9
Value (mn)	107,397	160,024	173,547	107,665	123,865	704	978	971	583	625
Price (C.I.F./bbl) (b)	8,816.61	12,474.74	12,301.71	8,414.74	13,645.09	57.79	76.25	68.80	45.57	68.86
Fertiliser										
Quantity (mt '000)	399	861	707	952	412	399	861	707	952	412
Value (mn)	15,703	42,682	39,570	48,227	31,414	103	262	221	259	158
Price (C.I.F./mt) (b)	39,401.88	49,546.29	55,979.30	50,656.36	76,314.69	258.03	303.66	313.26	271.99	384.40
Total Value (mn)	**254,261**	**313,347**	**306,738**	**276,793**	**306,972**	**1,667**	**1,929**	**1,716**	**1,494**	**1,547**

(a) Provisional
(b) Prices in rupee terms also include the impact of exchange rate movements.
(c) Adjusted for lags and other factors of recording
(d) As reported by National Gem and Jewellery Authority (excluding Rough Imports and Re-exports (RIE) and Geuda)

Sources: Ceylon Petroleum Corporation
Lanka IOC PLC and Other Exporters of Petroleum
National Gem and Jewellery Authority
Sri Lanka Customs
Central Bank of Sri Lanka

Direction of Trade - Exports (a)

Value in US$ million

Countries	2017		2018		2019		2020		2021 (b)	
	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)
Largest Export Destinations in 2021										
United States of America	2,909	25.6	3,085	25.9	3,141	26.3	2,500	24.9	3,108	24.9
United Kingdom	1,036	9.1	980	8.2	998	8.4	908	9.0	938	7.5
India	691	6.1	777	6.5	768	6.4	606	6.0	829	6.6
Germany	540	4.8	614	5.2	648	5.4	570	5.7	758	6.1
Italy	524	4.6	572	4.8	528	4.4	455	4.5	581	4.6
Netherlands	221	1.9	258	2.2	301	2.5	290	2.9	426	3.4
Belgium - Luxembourg	347	3.1	361	3.0	357	3.0	297	3.0	343	2.7
Canada	210	1.8	211	1.8	241	2.0	213	2.1	316	2.5
United Arab Emirates	275	2.4	290	2.4	276	2.3	190	1.9	287	2.3
China	247	2.2	239	2.0	240	2.0	225	2.2	277	2.2
Other Export Destinations										
Australia	189	1.7	193	1.6	200	1.7	175	1.7	260	2.1
Austria	28	0.2	44	0.4	44	0.4	33	0.3	44	0.4
Azerbaijan	65	0.6	55	0.5	56	0.5	53	0.5	49	0.4
Bangladesh	122	1.1	136	1.1	162	1.4	153	1.5	222	1.8
Brazil	54	0.5	54	0.5	57	0.5	43	0.4	60	0.5
Chile	50	0.4	49	0.4	40	0.3	55	0.5	56	0.4
Egypt	22	0.2	29	0.2	23	0.2	27	0.3	36	0.3
France	172	1.5	182	1.5	191	1.6	184	1.8	252	2.0
Hong Kong	170	1.5	153	1.3	135	1.1	108	1.1	179	1.4
Hungary	33	0.3	54	0.5	44	0.4	28	0.3	39	0.3
Indonesia	47	0.4	37	0.3	41	0.3	35	0.3	49	0.4
Iran	177	1.6	148	1.2	112	0.9	79	0.8	78	0.6
Iraq	147	1.3	145	1.2	126	1.1	110	1.1	177	1.4
Ireland, Republic of	43	0.4	50	0.4	84	0.7	60	0.6	75	0.6
Israel	82	0.7	105	0.9	119	1.0	103	1.0	234	1.9
Japan	209	1.8	226	1.9	283	2.4	188	1.9	227	1.8
Jordan	40	0.4	37	0.3	35	0.3	37	0.4	47	0.4
Kenya	18	0.2	20	0.2	24	0.2	25	0.2	40	0.3
Libya	53	0.5	57	0.5	46	0.4	29	0.3	47	0.4
Maldives	108	1.0	110	0.9	114	1.0	78	0.8	103	0.8
Malaysia	54	0.5	39	0.3	48	0.4	57	0.6	74	0.6
Mexico	165	1.4	176	1.5	161	1.3	135	1.3	205	1.6
Pakistan	74	0.7	76	0.6	82	0.7	74	0.7	92	0.7
Poland	48	0.4	45	0.4	67	0.6	64	0.6	81	0.7
Russia	210	1.8	185	1.6	167	1.4	163	1.6	152	1.2
South Africa	42	0.4	40	0.3	41	0.3	33	0.3	41	0.3
South Korea	63	0.6	65	0.5	75	0.6	71	0.7	80	0.6
Singapore	189	1.7	148	1.2	120	1.0	93	0.9	101	0.8
Spain	74	0.7	72	0.6	69	0.6	70	0.7	93	0.7
Saudi Arabia	76	0.7	72	0.6	86	0.7	76	0.8	76	0.6
Sweden	78	0.7	90	0.8	73	0.6	74	0.7	108	0.9
Switzerland	97	0.9	123	1.0	106	0.9	91	0.9	146	1.2
Syria	42	0.4	57	0.5	55	0.5	45	0.5	38	0.3
Taiwan	50	0.4	51	0.4	49	0.4	46	0.5	55	0.4
Thailand	56	0.5	58	0.5	101	0.8	39	0.4	62	0.5
Turkey	233	2.1	218	1.8	210	1.8	208	2.1	178	1.4
Vietnam	100	0.9	101	0.8	79	0.7	37	0.4	63	0.5
Other	880	7.7	1,004	8.4	918	7.7	813	8.1	717	5.7
European Union (EU) (c)	**3,301**	**29.1**	**3,474**	**29.2**	**3,552**	**29.8**	**3,177**	**31.6**	**2,967**	**23.7**
Asian Clearing Union (ACU) (d)	**1,177**	**10.4**	**1,266**	**10.6**	**1,252**	**10.5**	**1,004**	**10.0**	**1,338**	**10.7**
SAARC Region (e)	**998**	**8.8**	**1,107**	**9.3**	**1,133**	**9.5**	**917**	**9.1**	**1,259**	**10.1**
Middle East (f)	**1,157**	**10.2**	**1,155**	**9.7**	**1,092**	**9.1**	**918**	**9.1**	**1,185**	**9.5**
APTA Region (g)	**1,126**	**9.9**	**1,218**	**10.2**	**1,247**	**10.4**	**1,058**	**10.5**	**1,410**	**11.3**
BIMSTEC (h)	**873**	**7.7**	**990**	**8.3**	**1,046**	**8.8**	**812**	**8.1**	**1,127**	**9.0**
C.I.S. Countries (i)	**324**	**2.9**	**284**	**2.4**	**271**	**2.3**	**265**	**2.6**	**250**	**2.0**

(a) The countries which are not mentioned have relatively smaller value of exports.
(b) Provisional
(c) Members of the European Union are Austria, Belgium-Luxembourg, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Republic of Ireland, Italy, Latvia, Lithuania, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and UK. The UK was not included in European Union in 2021.
(d) Members of the Asian Clearing Union are Bangladesh, Bhutan, India, Iran, Maldives, Myanmar, Nepal, Pakistan and Sri Lanka.
(e) South Asian Association for Regional Cooperation. Its members are Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.
(f) Middle Eastern countries are Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Oman, Palestine, Qatar, Saudi Arabia, Syria, Turkey, UAE and Yemen.
(g) Asia-Pacific Trade Agreement. Its members are Bangladesh, China, India, Laos, Mongolia, South Korea and Sri Lanka.
(h) Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation. Its members are Bangladesh, Bhutan, India, Myanmar, Nepal, Thailand and Sri Lanka.
(i) Members of the Commonwealth of Independent States are Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

Sources: National Gem and Jewellery Authority
Sri Lanka Customs
Central Bank of Sri Lanka

Direction of Trade - Imports (a)

Value in US$ million

Countries	2017		2018		2019		2020		2021 (b)	
	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)
Largest Import Origins in 2021										
China	3,955	18.9	4,116	18.5	4,034	20.2	3,579	22.3	4,756	23.0
India	4,527	21.6	4,231	19.0	3,899	19.6	3,079	19.2	4,625	22.4
United Arab Emirates	1,697	8.1	1,835	8.3	1,669	8.4	1,035	6.4	1,413	6.8
Malaysia	638	3.0	794	3.6	853	4.3	611	3.8	803	3.9
Singapore	1,352	6.4	1,372	6.2	964	4.8	692	4.3	792	3.8
United States of America	492	2.3	519	2.3	542	2.7	495	3.1	511	2.5
South Africa	286	1.4	258	1.2	191	1.0	224	1.4	484	2.3
Indonesia	373	1.8	427	1.9	422	2.1	333	2.1	470	2.3
Taiwan	482	2.3	474	2.1	410	2.1	319	2.0	449	2.2
Japan	1,038	4.9	1,585	7.1	875	4.4	528	3.3	419	2.0
Other Import Origins										
Australia	246	1.2	158	0.7	153	0.8	123	0.8	291	1.4
Austria	67	0.3	72	0.3	118	0.6	91	0.6	61	0.3
Bahrain	16	0.1	65	0.3	34	0.2	33	0.2	22	0.1
Bangladesh	44	0.2	35	0.2	41	0.2	48	0.3	83	0.4
Belarus	17	0.1	39	0.2	31	0.2	28	0.2	35	0.2
Belgium - Luxembourg	79	0.4	81	0.4	76	0.4	48	0.3	119	0.6
Brazil	125	0.6	46	0.2	33	0.2	28	0.2	37	0.2
Canada	227	1.1	226	1.0	224	1.1	208	1.3	119	0.6
Denmark	45	0.2	48	0.2	40	0.2	50	0.3	36	0.2
France	160	0.8	261	1.2	220	1.1	116	0.7	137	0.7
Germany	400	1.9	488	2.2	388	1.9	316	2.0	347	1.7
Hong Kong	422	2.0	393	1.8	304	1.5	221	1.4	291	1.4
Iraq	1	0.0	3	0.0	29	0.1	9	0.1	37	0.2
Ireland, Republic of	19	0.1	25	0.1	23	0.1	18	0.1	21	0.1
Israel	67	0.3	64	0.3	85	0.4	67	0.4	100	0.5
Italy	305	1.5	318	1.4	307	1.5	266	1.7	315	1.5
Lithuania	2	0.0	7	0.0	7	0.0	12	0.1	27	0.1
Maldives	164	0.8	193	0.9	33	0.2	35	0.2	220	1.1
Netherlands	78	0.4	78	0.4	123	0.6	82	0.5	87	0.4
New Zealand	287	1.4	311	1.4	276	1.4	301	1.9	276	1.3
Oman	78	0.4	107	0.5	132	0.7	191	1.2	95	0.5
Pakistan	349	1.7	428	1.9	370	1.9	324	2.0	394	1.9
Philippine	30	0.1	51	0.2	36	0.2	43	0.3	65	0.3
Poland	44	0.2	51	0.2	20	0.1	18	0.1	27	0.1
Portugal	8	0.0	9	0.0	7	0.0	8	0.0	20	0.1
Qatar	53	0.3	92	0.4	26	0.1	27	0.2	60	0.3
Romania	8	0.0	18	0.1	16	0.1	3	0.0	48	0.2
Russia	175	0.8	204	0.9	206	1.0	232	1.4	191	0.9
Saudi Arabia	150	0.7	261	1.2	334	1.7	217	1.4	353	1.7
South Korea	333	1.6	309	1.4	253	1.3	194	1.2	300	1.5
Spain	87	0.4	70	0.3	94	0.5	86	0.5	121	0.6
Sweden	65	0.3	56	0.3	51	0.3	52	0.3	49	0.2
Switzerland	304	1.4	295	1.3	109	0.5	129	0.8	99	0.5
Thailand	518	2.5	497	2.2	437	2.2	363	2.3	398	1.9
Turkey	85	0.4	133	0.6	106	0.5	91	0.6	131	0.6
Ukraine	114	0.5	74	0.3	74	0.4	76	0.5	91	0.4
United Kingdom	268	1.3	367	1.7	369	1.9	210	1.3	237	1.1
Vietnam	281	1.3	263	1.2	302	1.5	250	1.6	398	1.9
Other	418	2.0	426	1.9	589	3.0	545	3.4	175	0.8
European Union (EU) (c)	**1,712**	**8.2**	**2,013**	**9.1**	**1,952**	**9.8**	**1,468**	**9.1**	**1,479**	**7.2**
Asian Clearing Union (ACU) (d)	**5,174**	**24.7**	**4,941**	**22.2**	**4,402**	**22.1**	**3,517**	**21.9**	**5,340**	**25.9**
SAARC Region (e)	**5,084**	**24.2**	**4,887**	**22.0**	**4,343**	**21.8**	**3,486**	**21.7**	**5,323**	**25.8**
Middle East (f)	**2,180**	**10.4**	**2,611**	**11.7**	**2,443**	**12.3**	**1,747**	**10.9**	**2,243**	**10.9**
APTA Region (g)	**8,867**	**42.3**	**8,699**	**39.1**	**8,230**	**41.3**	**6,900**	**43.0**	**9,766**	**47.3**
BIMSTEC (h)	**5,169**	**24.6**	**4,803**	**21.6**	**4,428**	**22.2**	**3,514**	**21.9**	**5,114**	**24.8**
C.I.S. Countries (i)	**318**	**1.5**	**325**	**1.5**	**319**	**1.6**	**345**	**2.2**	**324**	**1.6**

(a) The countries which are not mentioned have relatively smaller value of imports.
(b) Provisional
(c) Members of the European Union are Austria, Belgium-Luxembourg, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Republic of Ireland, Italy, Latvia, Lithuania, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and UK. The UK was not included in European Union in 2021.
(d) Members of the Asian Clearing Union are Bangladesh, Bhutan, India, Iran, Maldives, Myanmar, Nepal, Pakistan and Sri Lanka.
(e) South Asian Association for Regional Cooperation. Its members are Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.
(f) Middle Eastern countries are Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Oman, Palestine, Qatar, Saudi Arabia, Syria, Turkey, UAE and Yemen.
(g) Asia-Pacific Trade Agreement. Its members are Bangladesh, China, India, Laos, Mongolia, South Korea and Sri Lanka.
(h) Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation. Its members are Bangladesh, Bhutan, India, Myanmar, Nepal, Thailand and Sri Lanka.
(i) Members of the Commonwealth of Independent States are Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

Sources: Ceylon Petroleum Corporation
Lanka IOC PLC
Sri Lanka Customs
Central Bank of Sri Lanka

Performance in the Tourism Sector

Item	2017	2018	2019	2020	2021 (a)
1. Tourist Arrivals (No.)	**2,116,407**	**2,333,796**	**1,913,702**	**507,704**	**194,495**
1.1 Arrivals by Region					
Northern/Western/Southern Europe	680,901	840,956	690,716	180,830	55,367
France	97,282	106,449	87,623	24,838	6,549
Germany	130,227	156,888	134,899	34,507	12,442
Italy	31,428	38,379	36,147	8,603	1,309
Netherlands	51,148	57,160	38,993	8,656	2,422
United Kingdom	201,879	254,176	198,776	55,455	16,646
Other	168,937	227,904	194,278	48,771	15,999
Central/Eastern Europe	161,967	176,905	196,856	100,766	38,129
Russia	59,191	64,497	86,549	49,397	16,894
Ukraine	32,346	36,515	35,051	17,169	7,037
Other	70,430	75,893	75,256	34,200	14,198
North America	105,297	129,492	119,681	29,627	11,281
Canada	46,896	52,681	48,729	12,436	5,079
United States of America	57,479	75,308	68,832	16,842	6,124
Mexico	922	1,503	2,120	349	78
East Asia	444,310	423,571	286,381	52,247	6,861
China	268,952	265,965	167,863	26,147	2,417
Indonesia	25,806	5,365	4,919	1,114	1,856
Japan	44,988	49,450	30,079	6,644	392
Malaysia	26,414	22,808	16,861	3,494	323
Other	78,150	79,983	66,659	14,848	1,873
South Asia	518,085	543,160	447,675	106,201	72,298
India	384,628	424,887	355,002	89,357	56,268
Maldives	79,371	76,108	60,278	9,407	6,272
Pakistan	31,815	19,116	14,655	3,065	7,520
Other	22,271	23,049	17,740	4,372	2,238
Australasia	92,003	125,069	105,414	22,706	4,767
Australia	81,281	110,928	92,674	20,283	4,421
New Zealand	10,332	13,825	12,463	2,324	325
Other	390	316	277	99	21
Other Regions	113,844	94,643	66,979	15,327	5,792
1.2 Arrivals by Purpose of Visit					
Pleasure	1,744,149	1,979,819	1,592,212	444,328	157,766
Business	70,683	71,255	70,068	13,946	3,956
Other	301,575	282,722	251,422	49,430	32,773
2. Excursionist (Spent less than 24 hours in the country) Arrivals (No.)	**131,409**	**186,862**	**113,449**	**32,215**	**600**
3. Accommodation					
3.1 Number of Establishments	3,634	3,945	4,336	4,815	5,470
Hotels and Restaurants	1,792	1,887	2,062	2,147	2,204
Travel and Transport Agencies (b)	864	903	994	1,016	1,118
Recreational Agencies	93	107	144	152	167
Tourist Shops	73	78	87	90	92
Other	812	970	1,059	1,410	1,889
3.2 Capacity in Graded Establishments (c)					
No. of Units	401	457	474	484	480
No. of Rooms	23,477	24,757	24,831	25,407	25,958
No. of Beds (d)	48,008	50,108	52,393	53,269	54,512
Annual Occupancy Rate (%)	73.3	72.8	57.1	15.0	18.6(e)
3.3 Capacity in Supplementary Establishments					
No. of Units	1,693	1,855	2,055	2,535	3,177
No. of Rooms	12,509	13,457	15,534	17,343	21,379
No. of Beds (d)	23,469	27,236	29,144	32,137	42,758
4. Employment (No.) (d)					
4.1 Direct Employment	156,369	169,003	173,592	175,990	177,476
Managerial	23,020	25,197	25,681	26,001	26,221
Technical, Clerical, Supervisory	80,243	88,565	89,371	90,753	91,519
Manual and Operative	53,106	55,241	58,540	59,236	59,736
4.2 Indirect Employment	202,846	219,484	229,015	171,761	180,451(f)

(a) Provisional
(b) Includes Airlines, Travel Agents and Tour Operators
(c) Includes boutique hotels
(d) Estimates
(e) In Level 1/ Level 2 and other safe and secure hotels
(f) The indirect employment is calculated based on the findings of a post COVID rapid assessment which was conducted to assess the vulnerability faced by individuals & businesses engaged in the tourism sector.

Source: Sri Lanka Tourism Development Authority

Some Indicators of the Regional Distribution of Tourism (a) (b)

Resort Region	2017			2018			2019			2020			2021 (c) (d)		
	Accommodation Units	No. of Rooms	Foreign Guest Nights '000	Accommodation Units	No. of Rooms	Foreign Guest Nights '000	Accommodation Units	No. of Rooms	Foreign Guest Nights '000	Accommodation Units	No. of Rooms	Foreign Guest Nights '000	Accommodation Units	No. of Rooms	Foreign Guest Nights '000
All Island	**401**	**23,477**	**11,609**	**457**	**24,757**	**12,608**	**474**	**24,831**	**9,772**	**484**	**25,407**	**1,946**	**480**	**25,958**	**683**
Region															
Ancient Cities	84	4,024	1,894	97	4,360	2,092	101	4,462	1,803	108	4,768	118			
Colombo City	41	5,310	2,806	43	5,607	2,922	44	5,638	2,057	44	5,638	461			
East Coast	27	1,129	444	28	1,149	599	31	1,201	435	31	1,208	91			
Greater Colombo	62	3,225	1,630	63	3,269	1,703	60	3,052	1,171	65	3,208	309			
Hill Country	36	1,356	623	46	1,489	716	48	1,548	579	50	1,674	150			
South Coast	145	8,270	4,173	173	8,676	4,521	182	8,695	3,686	178	8,662	794			
North Area	6	163	40	7	207	55	8	235	41	8	249	23			
District															
Ampara													6	113	-
Anuradhapura													16	737	2
Badulla													12	299	0.2
Batticaloa													13	642	2
Colombo													54	6,144	248
Galle													89	4,379	80
Gampaha													37	1,900	48
Hambantota													26	1,236	10
Jaffna													6	204	1
Kalutara													36	2,789	141
Kandy													44	1,937	45
Kegalle													3	30	0.02
Kilinochchi															-
Kurunegala													4	67	1
Mannar													1	11	-
Matale													34	1,494	18
Matara													16	605	29
Moneragala													8	274	12
Mullaitivu															-
Nuwara Eliya													30	1,213	2
Polonnaruwa													10	418	2
Puttalam													16	813	38
Ratnapura													7	223	0.3
Trincomalee													11	410	4
Vavuniya													1	20	-

(a) SLTDA has categorised on district wise basis from 2021 onwards.
(b) Graded Accommodation (includes boutique hotels) and when establishments are upgraded/downgraded or not in operation, accommodation units and room count can be changed.
(c) Provisional
(d) The number of foreign guest nights depends on the number of hotels that renewed their license for the year 2022 and were recorded from the safe and secure certified hotels (Level 1 / Level 2 & Other).

Source: Sri Lanka Tourism Development Authority

Balance of Payments - Standard Presentation under BPM6 Format (a)

CURRENT AND CAPITAL ACCOUNT	US$ million						Rs. million					
	2020 (b)			2021 (c)			2020 (b)			2021 (c)		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Goods and Services	**13,083**	**18,271**	**-5,189**	**14,974**	**21,526**	**-6,552**	**2,418,542**	**3,384,516**	**-965,975**	**2,980,263**	**4,281,313**	**-1,301,049**
Goods (d)	**10,047**	**16,055**	**-6,008**	**12,499**	**20,637**	**-8,139**	**1,858,927**	**2,974,915**	**-1,115,988**	**2,486,943**	**4,104,218**	**-1,617,274**
General Merchandise	10,047	16,047	-5,999	12,499	20,636	-8,138	1,858,927	2,973,318	-1,114,391	2,486,943	4,103,984	-1,617,040
Non-Monetary Gold	-	9	-9	-	1	-1	-	1,597	-1,597	-	234	-234
Services	**3,035**	**2,216**	**819**	**2,475**	**889**	**1,586**	**559,615**	**409,601**	**150,014**	**493,320**	**177,095**	**316,225**
Transport	1,174	1,059	114	608	256	352	216,566	195,592	20,974	121,065	51,172	69,892
Sea Transport	702	635	67	450	150	300	129,711	117,402	12,309	89,574	29,889	59,685
Freight	702	635	67	450	150	300	129,711	117,402	12,309	89,574	29,889	59,685
Air Transport	472	424	48	158	106	52	86,855	78,190	8,665	31,491	21,085	10,406
Passenger	394	354	40	108	89	19	72,443	65,145	7,297	21,538	17,764	3,775
Freight	78	71	7	50	17	33	14,412	13,045	1,368	9,953	3,321	6,632
Travel (e)	682	449	234	507	239	268	124,189	82,868	41,321	101,903	47,651	54,252
Construction	7	10	-3	10	11	-1	1,299	1,931	-633	1,928	2,173	-245
Insurance and Pension Services	39	82	-42	20	37	-17	7,308	15,171	-7,863	4,003	7,386	-3,383
Financial Services	96	220	-125	95	102	-7	17,774	40,755	-22,981	18,855	20,196	-1,341
Telecommunications and Computer Services	995	288	706	1,201	171	1,030	184,629	53,482	131,147	238,750	33,924	204,825
Telecommunications Services	24	32	-8	32	31	2	4,428	5,865	-1,437	6,377	6,034	344
Computer Services	971	257	714	1,168	140	1,028	180,201	47,617	132,585	232,373	27,891	204,482
Other Business Services	16	37	-21	16	17	-1	2,962	6,793	-3,830	3,143	3,366	-224
Government Goods and Services n.i.e.	26	70	-44	19	57	-38	4,887	13,010	-8,122	3,673	11,225	-7,552
Primary Income	**198**	**2,404**	**-2,205**	**116**	**2,134**	**-2,018**	**36,766**	**459,829**	**-423,063**	**22,769**	**429,374**	**-406,605**
Compensation of Employees	36	132	-96	30	74	-43	6,768	24,511	-17,743	6,048	14,524	-8,477
Investment Income	162	2,271	-2,110	86	2,060	-1,975	29,998	435,318	-405,319	16,721	414,849	-398,128
Direct Investment	17	636	-619	16	647	-631	3,129	117,902	-114,773	3,003	129,046	-126,043
Dividends	14	445	-431	12	357	-345	2,527	82,473	-79,945	2,396	71,265	-68,869
Reinvested Earnings	3	191	-188	4	290	-286	601	35,429	-34,828	803	57,782	-56,979
Portfolio Investment	-	943	-943	-	818	-818	-	175,256	-175,256	-	162,848	-162,848
Equity	-	35	-35	-	26	-26	-	6,514	-6,514	-	5,139	-5,139
Interest	-	908	-908	-	793	-793	-	168,742	-168,742	-	157,709	-157,709
Short term	-	2	-2	-	...	...	-	403	-403	-	29	-29
Long term	-	905	-905	-	793	-793	-	168,339	-168,339	-	157,680	-157,680
Other Investment	56	693	-637	43	595	-552	10,396	142,159	-131,763	8,461	122,956	-114,494
Reserve Assets	89	-	89	27	-	27	16,473	-	16,473	5,257	-	5,257
Secondary Income	**7,117**	**910**	**6,207**	**5,498**	**270**	**5,228**	**1,319,377**	**168,589**	**1,150,789**	**1,088,388**	**53,694**	**1,034,694**
General Government (f)	13	-	13	6	-	6	2,371	-	2,371	1,200	-	1,200
Workers' Remittances	7,104	910	6,194	5,491	270	5,221	1,317,007	168,589	1,148,418	1,087,188	53,694	1,033,494
Current Account	**20,398**	**21,585**	**-1,187**	**20,587**	**23,930**	**-3,343**	**3,774,685**	**4,012,934**	**-238,248**	**4,091,420**	**4,764,380**	**-672,960**
Capital Account	**51**	**23**	**28**	**50**	**24**	**25**	**9,472**	**4,279**	**5,193**	**9,850**	**4,841**	**5,009**
Capital Transfers	51	23	28	50	24	25	9,472	4,279	5,193	9,850	4,841	5,009
General Government (g)	24	-	24	11	-	11	4,403	-	4,403	2,229	-	2,229
Private Capital Transfers	27	23	4	38	24	14	5,069	4,279	790	7,621	4,841	2,780
Current and Capital Account	**20,449**	**21,608**	**-1,159**	**20,637**	**23,955**	**-3,318**	**3,784,157**	**4,017,213**	**-233,056**	**4,101,270**	**4,769,221**	**-667,951**

(a) The above presentation conforms as far as possible to the Balance of Payments Manual (BPM), 6th edition of the International Monetary Fund.

(Contd.)

(b) Revised

(c) Provisional

(d) Exports and imports are recorded on f.o.b. and c.i.f. valuation basis, respectively.

(e) Passenger services provided for non-residents are included in transport services.

(f) Includes outright grants received in the form of programme, food and commodity aid, cash and technical assistance.

(g) Includes outright grants received in the form of project aid.

Balance of Payments - Standard Presentation under BPM6 Format (a)

FINANCIAL ACCOUNT	US$ million				Rs. million			
	2020 (b)		2021 (c)		2020 (b)		2021 (c)	
	Net Acquisition of Financial Assets	Net Incurrence of Liabilities	Net Acquisition of Financial Assets	Net Incurrence of Liabilities	Net Acquisition of Financial Assets	Net Incurrence of Liabilities	Net Acquisition of Financial Assets	Net Incurrence of Liabilities
Financial Account	**-2,113**	**-1,718**	**-2,122**	**1,907**	**-400,341**	**-322,763**	**-418,905**	**543,139**
Direct Investment	**15**	**434**	**17**	**598**	**2,699**	**80,592**	**3,468**	**118,973**
Equity and Investment Fund Shares	10	211	13	317	1,918	39,258	2,512	63,127
Equity other than Reinvestment of Earnings	7	20	9	27	1,317	3,829	1,709	5,345
Direct Investor in Direct Investment Enterprise (h)	7	20	9	27	1,317	3,829	1,709	5,345
Reinvestment of Earnings	3	191	4	290	601	35,429	803	57,782
Debt Instruments	4	223	5	281	780	41,334	955	55,847
Direct Investor in Direct Investment Enterprise (h)	4	223	5	281	780	41,334	955	55,847
Portfolio Investment	...	**-2,383**	...	**-906**	...	**-441,922**	...	**-181,568**
Equity and Investment Fund Shares	-	-217	-	-236	-	-40,223	-	-46,914
Debt Securities	...	-2,166	...	-670	...	-401,700	...	-134,654
General Government	-	-2,166	-	-670	-	-401,700	-	-134,654
Short term (Treasury Bills)	-	-122	-	-2	-	-22,725	-	-460
Long term	-	-2,044	-	-668	-	-378,975	-	-134,194
Treasury Bonds	-	-431	-	-25	-	-80,007	-	-5,001
Sri Lanka Development Bonds	-	22	-	-2	-	3,938	-	-488
Sovereign Bonds	-	-1,635	-	-640	-	-302,906	-	-128,706
Issuances	-	-	-	-	-	-	-	-
Maturities	-	-859	-	-700	-	-159,344	-	-140,566
Secondary market transactions	-	-776	-	60	-	-143,562	-	11,860
Financial Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Investment	**-136**	**231**	**387**	**2,216**	**-27,446**	**38,567**	**77,454**	**605,734**
Currency and Deposits	**64**	**-15**	**306**	**4,016**	**11,666**	**-3,519**	**62,761**	**810,195**
Central Bank	-	400	-	1,375	-	74,335	-	280,306
Short term	-	...	-	1	-	-5	-	187
Long term	-	400	-	1,374	-	74,339	-	280,119
Deposit-taking Corporations	64	-415	306	2,641	11,666	-77,854	62,761	529,889
Short term	259	-415	256	2,641	47,047	-77,854	51,282	529,889
Long term	-194	-	50	-	-35,381	-	11,479	-
Loans	**-**	**174**	**-**	**-1,552**	**-**	**29,568**	**-**	**-309,188**
Central Bank	-	-14	-	-57	-	-2,689	-	-11,377
Credit and Loans with the IMF	-	-14	-	-57	-	-2,689	-	-11,377
Deposit-taking Corporations	-	75	-	-2,152	-	10,390	-	-429,506
Short term	-	403	-	-2,169	-	72,156	-	-433,880
Long term	-	-328	-	17	-	-61,766	-	4,373
General Government	-	169	-	664	-	31,961	-	132,662
Long term	-	169	-	664	-	31,961	-	132,662
Other Sectors (i)	-	-56	-	-7	-	-10,093	-	-968
Long term	-	-56	-	-7	-	-10,093	-	-968
Trade Credit and Advances	**-224**	**185**	**257**	**-428**	**-41,647**	**32,565**	**51,199**	**-87,756**
Deposit-taking Corporations	9	-	-3	-	1,555	-	-479	-
Short term	9	-	-3	-	1,555	-	-479	-
Other Sectors (j)	-233	185	260	-428	-43,203	32,565	51,679	-87,756
Short term	-233	185	260	-428	-43,203	32,565	51,679	-87,756
Other Accounts Receivable/Payable	**24**	**-114**	**-176**	**180**	**2,535**	**-20,046**	**-36,506**	**34,713**
Central Bank	-	-114	-	180	-	-20,046	-	34,713
Short term (k)	-	-114	-	180	-	-20,046	-	34,713
Deposit-taking Corporations	24	-	-176	-	2,535	-	-36,506	-
Short term	24	-	-176	-	2,535	-	-36,506	-
Special Drawing Rights	**-**	**-**	**-**	**787**	**-**	**-**	**-**	**157,771**
Reserve Assets	**-1,992**		**-2,526**		**-375,594**		**-499,826**	
Monetary Gold	-667		-212		-123,485		-42,734	
Special Drawing Rights	-5		123		-825		24,635	
Reserve Position in the IMF	-		-		-		-	
Other Reserve Assets	-1,319		-2,437		-251,284		-481,726	
Currency and Deposits	-177		1,536		-37,326		300,122	
Claims on Monetary Authorities	-1,092		1,055		-207,072		203,206	
Claims on Other Entities	914		481		169,745		96,917	
Securities	-1,143		-3,976		-214,172		-782,339	
Debt Securities	-1,143		-3,976		-214,172		-782,339	
Long term	-1,143		-3,976		-214,172		-782,339	
Other Claims	1		3		215		490	
Financial Account (net) (Assets-Liabilities)	**-394**		**-4,029**		**-77,578**		**-962,044**	
Errors and Omissions	765		-711		155,478		-294,093	

(h) Include Direct investment to BOI, CSE and other private companies.
(i) Include State Owned Business Enterprises (SOBEs) and private sector companies.
(j) Include Ceylon Petroleum Corporation and private sector companies.
(k) Include net transactions of ACU liabilities.

Source: Central Bank of Sri Lanka

International Investment Position - Standard Presentation under BPM6 Format

End period position

FINANCIAL ACCOUNT	US$ million				Rs. million			
	2020 (a)		2021 (b)		2020 (a)		2021 (b)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Direct Investment (c)	**1,509**	**13,655**	**1,522**	**17,891**	**281,224**	**2,545,424**	**305,069**	**3,585,863**
Equity and Investment Fund Shares	1,473	8,665	1,482	12,626	274,581	1,615,310	296,964	2,530,759
Debt Instruments	36	4,990	40	5,264	6,642	930,114	8,105	1,055,103
Portfolio Investment	**...**	**8,579**	**...**	**7,508**	**13**	**1,599,251**	**14**	**1,504,803**
Equity and Investment Fund Shares	-	867	-	1,148	-	161,694	-	229,999
Other Sectors	-	867	-	1,148	-	161,694	-	229,999
Debt Securities (d)	...	7,712	...	6,360	13	1,437,557	14	1,274,804
Deposit-taking Corporations	...	-	...	-	13	-	14	-
Short term	...	-	...	-	13	-	14	-
General Government	-	7,616	-	6,266	-	1,419,715	-	1,256,005
Short term	-	4	-	1	-	665	-	196
Long term	-	7,613	-	6,265	-	1,419,050	-	1,255,809
Other Sectors	-	96	-	94	-	17,842	-	18,800
Long term	-	96	-	94	-	17,842	-	18,800
Financial Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Investment	**3,710**	**36,340**	**4,096**	**39,100**	**691,531**	**6,774,020**	**821,069**	**7,836,939**
Currency and Deposits	**835**	**1,734**	**1,142**	**5,749**	**155,737**	**323,139**	**228,841**	**1,152,298**
Central Bank	-	400	-	1,775	-	74,614	-	355,794
Short term	-	...	-	1	-	51	-	255
Long term	-	400	-	1,774	-	74,563	-	355,539
Deposit-taking Corporations	835	1,333	1,142	3,974	155,737	248,525	228,841	796,503
Short term	622	1,333	878	3,974	115,895	248,525	175,897	796,503
Long term	214	-	264	-	39,842	-	52,943	-
Loans	**-**	**31,353**	**-**	**29,585**	**-**	**5,844,497**	**-**	**5,929,925**
Central Bank	-	1,378	-	1,265	-	256,873	-	253,477
Credit and Loans with the IMF	-	1,378	-	1,265	-	256,873	-	253,477
Deposit-taking Corporations	-	5,324	-	3,172	-	992,454	-	635,802
Short term	-	4,174	-	2,005	-	778,062	-	401,799
Long term	-	1,150	-	1,167	-	214,392	-	234,003
General Government	-	20,570	-	21,077	-	3,834,486	-	4,224,596
Long term	-	20,570	-	21,077	-	3,834,486	-	4,224,596
Other Sectors (e)	-	4,081	-	4,071	-	760,683	-	816,049
Long term	-	4,081	-	4,071	-	760,683	-	816,049
Trade Credit and Advances	**954**	**2,341**	**1,211**	**1,913**	**177,855**	**436,356**	**242,727**	**383,402**
Deposit-taking Corporations	101	-	98	-	18,782	-	19,573	-
Short term	101	-	98	-	18,782	-	19,573	-
Other Sectors (f)	853	2,341	1,113	1,913	159,073	436,356	223,155	383,402
Short term	853	2,341	1,113	1,913	159,073	436,356	223,155	383,402
Other Accounts Receivable/Payable	**1,920**	**343**	**1,744**	**523**	**357,940**	**63,856**	**349,500**	**104,756**
Central Bank (g)	-	343	-	523	-	63,856	-	104,756
Short term	-	343	-	523	-	63,856	-	104,756
Deposit-taking Corporations	1,920	-	1,744	-	357,940	-	349,500	-
Short term	1,920	-	1,744	-	357,940	-	349,500	-
Special Drawing Rights		**570**		**1,330**		**106,172**		**266,559**
Reserve Assets	**5,664**		**3,139**		**1,055,866**		**629,207**	
Monetary Gold	409		175		76,220		35,152	
Special Drawing Rights	3		124		485		24,765	
Reserve Position in the IMF	69		67		12,848		13,425	
Other Reserve Assets	5,184		2,773		966,312		555,865	
Currency and Deposits	2,210		2,729		412,012		547,047	
Claims on Monetary Authorities	861		899		160,442		180,173	
Claims on Other Entities	1,350		1,830		251,570		366,874	
Securities	2,974		44		554,300		8,818	
Debt Securities	2,974		44		554,300		8,818	
Total Assets / Liabilities	**10,883**	**58,574**	**8,758**	**64,498**	**2,028,633**	**10,918,695**	**1,755,359**	**12,927,605**
Net International Investment Position (Assets - Liabilities)		**-47,691**		**-55,740**		**-8,890,062**		**-11,172,246**

Source: Central Bank of Sri Lanka

(a) Revised
(b) Provisional
(c) Include Direct Investment stock position of BOI, CSE and other private companies.
(d) Foreign currency and local currency debt issuances are based on market values and book values respectively, while Sri Lanka Development Bonds are based on face values.
(e) Include outstanding position of loans obtained by State Owned Business Enterprises and private sector companies.
(f) Include outstanding trade credit position of Ceylon Petroleum Corporation and other private sector companies.
(g) Outstanding position of ACU liabilities managed by the Central Bank

Outstanding External Debt

End period position

Item	US$ million			Rs. million		
	2019	2020 (a)	2021 (b)	2019	2020 (a)	2021 (b)
1. General Government	**34,249**	**28,187**	**27,344**	**6,220,787**	**5,254,202**	**5,480,601**
Short term	**119**	**4**	**1**	**21,534**	**665**	**196**
Debt Securities	119	4	1	21,534	665	196
Treasury Bills (c)	119	4	1	21,534	665	196
Long term	**34,130**	**28,183**	**27,343**	**6,199,253**	**5,253,536**	**5,480,405**
Debt Securities	14,513	7,613	6,265	2,636,122	1,419,050	1,255,809
Treasury Bonds (c)	406	31	8	73,760	5,837	1,646
Sri Lanka Development Bonds (d)	5	27	24	943	4,986	4,875
International Sovereign Bonds (e)	14,102	7,555	6,233	2,561,420	1,408,226	1,249,288
Loans	19,617	20,570	21,077	3,563,131	3,834,486	4,224,596
2. Central Bank	**2,318**	**2,690**	**4,892**	**421,051**	**501,516**	**980,586**
Short term	**456**	**343**	**524**	**82,915**	**63,908**	**105,011**
Currency and Deposits	...	...	1	55	51	255
Other Accounts Payable	456	343	523	82,859	63,856	104,756
Asian Clearing Union Liabilities	456	343	523	82,859	63,856	104,756
Long term	**1,862**	**2,348**	**4,368**	**338,136**	**437,609**	**875,575**
Special Drawing Rights (SDRs), Allocation	547	570	1,330	99,327	106,172	266,559
Currency and Deposits	-	400	1,774	-	74,563	355,539
Loans	1,315	1,378	1,265	238,809	256,873	253,477
Credit and Loans with the IMF	1,315	1,378	1,265	238,809	256,873	253,477
Extended Fund Facility	1,315	1,378	1,265	238,809	256,873	253,477
3. Deposit-taking Corporations, Except the Central Bank	**6,997**	**6,657**	**7,146**	**1,270,866**	**1,240,979**	**1,432,306**
Short term	**5,519**	**5,507**	**5,979**	**1,002,406**	**1,026,587**	**1,198,302**
Currency and Deposits (f)	1,748	1,333	3,974	317,490	248,525	796,503
Commercial Banks	1,748	1,333	3,974	317,490	248,525	796,503
Loans	3,771	4,174	2,005	684,916	778,062	401,799
Commercial Banks	3,771	4,174	2,005	684,916	778,062	401,799
Long term	**1,478**	**1,150**	**1,167**	**268,460**	**214,392**	**234,003**
Loans	1,478	1,150	1,167	268,460	214,392	234,003
Commercial Banks	1,412	1,109	1,084	256,519	206,751	217,358
Other Deposit-taking Corporations	66	41	83	11,941	7,641	16,645
4. Other Sectors (g)	**6,469**	**6,517**	**6,078**	**1,175,011**	**1,214,880**	**1,218,251**
Short term	**2,156**	**2,341**	**1,913**	**391,601**	**436,356**	**383,402**
Trade Credit and Advances (h)	2,156	2,341	1,913	391,601	436,356	383,402
Long term	**4,313**	**4,176**	**4,165**	**783,410**	**778,525**	**834,849**
Debt Securities (e)	174	96	94	31,577	17,842	18,800
Loans	4,139	4,081	4,071	751,833	760,683	816,049
Private Sector	2,235	2,315	2,425	406,020	431,456	486,087
State Owned Business Enterprises and Public Corporations	1,904	1,766	1,646	345,813	329,226	329,962
5. Direct Investment: Intercompany Lending (i)	**4,778**	**4,990**	**5,264**	**867,916**	**930,114**	**1,055,103**
Total Outstanding External Debt	**54,811**	**49,041**	**50,724**	**9,955,631**	**9,141,691**	**10,166,846**

(a) Revised
(b) Provisional
(c) Based on book value
(d) Based on face value
(e) Based on market price
(f) Include deposits in Non-Resident Foreign Currency accounts.
(g) Include private sector and state owned business enterprises.
(h) Include trade credit outstanding of Ceylon Petroleum Corporation and private sector companies.
(i) Include intercompany borrowings and shareholder advances of direct investment enterprises.

Source: Central Bank of Sri Lanka

Services and Income (a)

Item	US$ million					Rs. million				
	2017	2018	2019	2020 (b)	2021 (c)	2017	2018	2019	2020 (b)	2021 (c)
1. Transport Services	**652**	**750**	**630**	**114**	**352**	**99,494**	**121,012**	**112,717**	**20,974**	**69,892**
Credits	2,340	2,486	2,339	1,174	608	356,741	402,806	418,205	216,566	121,065
Debits	1,688	1,737	1,710	1,059	256	257,247	281,794	305,488	195,592	51,172
2. Travel	**2,326**	**2,721**	**1,969**	**234**	**268**	**354,385**	**442,661**	**353,445**	**41,321**	**54,252**
Credits	3,925	4,381	3,607	682	507	598,143	711,961	646,362	124,189	101,903
Debits	1,599	1,660	1,638	449	239	243,758	269,299	292,917	82,868	47,651
3. Telecommunications, Computer and Information Services	**471**	**511**	**539**	**706**	**1,030**	**71,763**	**82,724**	**96,321**	**131,147**	**204,825**
Credits	926	995	1,054	995	1,201	141,126	161,389	188,313	184,629	238,750
Debits	455	484	515	288	171	69,363	78,664	91,992	53,482	33,924
4. Construction Services	**37**	**32**	**32**	**-3**	**-1**	**5,637**	**5,131**	**5,688**	**-633**	**-245**
Credits	69	65	67	7	10	10,484	10,483	12,015	1,299	1,928
Debits	32	33	35	10	11	4,847	5,352	6,327	1,931	2,173
5. Insurance Services	**29**	**33**	**36**	**-42**	**-17**	**4,401**	**5,325**	**6,360**	**-7,863**	**-3,383**
Credits	123	130	137	39	20	18,790	21,110	24,539	7,308	4,003
Debits	94	97	102	82	37	14,389	15,785	18,179	15,171	7,386
6. Financial Services	**-152**	**-205**	**-258**	**-125**	**-7**	**-23,194**	**-33,597**	**-46,101**	**-22,981**	**-1,341**
Credits	263	242	213	96	95	40,138	39,000	37,978	17,774	18,855
Debits	415	447	470	220	102	63,332	72,597	84,080	40,755	20,196
7. Other Business Services	**-25**	**-34**	**-43**	**-21**	**-1**	**-3,866**	**-5,595**	**-7,684**	**-3,830**	**-224**
Credits	44	40	35	16	16	6,690	6,500	6,330	2,962	3,143
Debits	69	75	78	37	17	10,555	12,095	14,013	6,793	3,366
8. Government Expenditure n.i.e.	**-35**	**-41**	**-56**	**-44**	**-38**	**-5,290**	**-6,429**	**-9,925**	**-8,122**	**-7,552**
Credits	34	35	21	26	19	5,168	5,633	3,798	4,887	3,673
Debits	69	75	77	70	57	10,458	12,062	13,723	13,010	11,225
Total Services	**3,302**	**3,766**	**2,849**	**819**	**1,586**	**503,332**	**611,233**	**510,822**	**150,014**	**316,225**
Credits	7,724	8,374	7,474	3,035	2,475	1,177,281	1,358,881	1,337,540	559,615	493,320
Debits	4,421	4,608	4,625	2,216	889	673,949	747,648	826,718	409,601	177,095
1. Compensation of Employees	**-70**	**-74**	**-99**	**-96**	**-43**	**-10,670**	**-12,062**	**-17,687**	**-17,743**	**-8,477**
Credits	26	28	31	36	30	4,015	4,482	5,626	6,768	6,048
Debits	96	102	130	132	74	14,684	16,544	23,313	24,511	14,524
2. Investment Income	**-2,249**	**-2,311**	**-2,363**	**-2,110**	**-1,975**	**-342,187**	**-377,538**	**-423,707**	**-405,319**	**-398,128**
Credits	147	221	220	162	86	22,379	35,722	39,363	29,998	16,721
Debits	2,395	2,532	2,583	2,271	2,060	364,566	413,261	463,070	435,318	414,849
Total Primary Income	**-2,319**	**-2,385**	**-2,462**	**-2,205**	**-2,018**	**-352,856**	**-389,601**	**-441,394**	**-423,063**	**-406,605**
Credits	173	249	252	198	116	26,394	40,204	44,989	36,766	22,769
Debits	2,492	2,633	2,713	2,404	2,134	379,250	429,805	486,383	459,829	429,374
1. Private Transfers	**6,316**	**6,155**	**5,757**	**6,194**	**5,221**	**962,682**	**998,303**	**1,029,122**	**1,148,418**	**1,033,494**
Credits (Workers' Remittances)	7,164	7,015	6,717	7,104	5,491	1,091,972	1,138,124	1,200,766	1,317,007	1,087,188
Debits	848	860	960	910	270	129,291	139,821	171,644	168,589	53,694
2. Government	**11**	**8**	**9**	**13**	**6**	**1,634**	**1,201**	**1,568**	**2,371**	**1,200**
Credits	11	8	9	13	6	1,634	1,201	1,568	2,371	1,200
Debits	-	-	-	-	-	-	-	-	-	-
Total Secondary Income	**6,327**	**6,163**	**5,766**	**6,207**	**5,228**	**964,316**	**999,504**	**1,030,690**	**1,150,789**	**1,034,694**
Credits	7,175	7,023	6,726	7,117	5,498	1,093,607	1,139,324	1,202,334	1,319,377	1,088,388
Debits	848	860	960	910	270	129,291	139,821	171,644	168,589	53,694

(a) Compiled according to the Balance of Payments Manual (BPM), 6th edition of the International Monetary Fund
(b) Revised
(c) Provisional

Sources: Sri Lanka Tourism Development Authority
Central Bank of Sri Lanka

Workers' Remittances

Origin	US$ million					Rs. million					Percentage Share				
	2017	2018	2019	2020	2021 (a)	2017	2018	2019	2020	2021 (a)	2017	2018	2019	2020	2021 (a)
1. Middle East	3,711	3,592	3,459	3,673	2,834	565,642	582,719	618,394	680,892	560,989	51.8	51.2	51.5	51.7	51.6
2. European Union	1,311	1,312	1,263	1,350	1,032	199,831	212,829	225,744	250,231	204,391	18.3	18.7	18.8	19.0	18.8
3. Far East Asia	824	849	826	870	686	125,577	137,713	147,694	161,333	135,898	11.5	12.1	12.3	12.3	12.5
4. Europe - Other	330	309	282	305	231	50,231	50,077	50,432	56,631	45,662	4.6	4.4	4.2	4.3	4.2
5. North America	208	182	161	178	126	31,667	29,591	28,818	32,925	25,005	2.9	2.6	2.4	2.5	2.3
6. South East Asia	394	407	376	408	324	60,058	66,011	67,243	75,728	64,144	5.5	5.8	5.6	5.8	5.9
7. Australia and New Zealand	172	154	175	178	143	26,207	25,039	31,220	32,925	28,267	2.4	2.2	2.6	2.5	2.6
8. South Asia	107	154	134	114	93	16,380	25,039	24,015	21,072	18,482	1.5	2.2	2.0	1.6	1.7
9. South and Central America	50	35	27	21	16	7,644	5,691	4,803	3,951	3,262	0.7	0.5	0.4	0.3	0.3
10. Other	57	21	13	7	5	8,736	3,414	2,402	1,317	1,087	0.8	0.3	0.2	0.1	0.1
Total	**7,164**	**7,015**	**6,717**	**7,104**	**5,491**	**1,091,972**	**1,138,124**	**1,200,766**	**1,317,007**	**1,087,188**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

(a) Provisional

Source: Central Bank of Sri Lanka

Foreign Direct Investments (FDI) Inflows - Country-wise Breakdown

US$ million

Country	FDI inflows					Stock Position				
	2017	2018	2019	2020 (a)	2021 (b)	2017	2018	2019	2020 (a)	2021 (b)
Singapore	203	145	117	35	11	903	1,030	1,145	1,406	4,163
China	456	872	46	15	23	1,191	2,128	2,173	2,188	2,250
India	180	177	120	77	142	1,179	1,563	1,688	1,803	2,227
Netherlands	45	56	16	33	100	1,600	1,774	1,593	1,497	1,363
Hong Kong	125	19	78	24	39	544	951	1,031	1,067	1,208
Malaysia	-1	23	45	35	28	1,103	967	1,083	1,044	1,074
United Kingdom	76	64	48	33	61	662	662	686	746	905
British Virgin Islands	2	24	8	7	7	244	365	382	414	575
United Arab Emirates	34	50	20	12	2	615	368	397	418	482
Mauritius	20	109	-2	12	13	335	443	441	447	480
Switzerland	17	22	6	7	5	589	543	456	436	438
Canada	9	13	89	12	24	218	230	318	325	369
United States of America	23	18	20	13	18	298	287	258	274	316
Italy	20	-12	32	42	46	180	168	200	243	301
Japan	48	-64	-4	3	2	333	234	238	258	292
Australia	39	21	26	23	17	136	157	185	212	262
Sweden	25	32	15	8	8	80	112	127	141	195
Germany	6	6	5	2	3	79	79	90	99	150
Belgium	7	7	10	3	5	53	61	72	81	134
Korea	1	6	1	…	2	78	83	84	86	104
Taiwan	…	5	6	6	5	13	21	27	34	42
Norway	-2	…	1	…	…	26	26	27	28	33
France	…	1	…	…	1	21	21	22	23	30
Thailand	-1	-2	…	-	-	24	21	21	21	22
Other	40	23	39	32	38	249	281	323	365	477
Total	**1,373**	**1,614**	**743**	**434**	**598**	**10,755**	**12,575**	**13,065**	**13,655**	**17,891**

(a) Revised
(b) Provisional

Sources: Board of Investment of Sri Lanka
Central Bank of Sri Lanka

End of Period Exchange Rates

Sri Lanka Rupees per unit of Foreign Currency

Country	Currency	2017	2018	2019	2020	2021
1. Australia	Dollar	119.1045	128.8661	127.2528	143.6648	145.3546
2. Bangladesh	Taka	1.8460	2.1857	2.1395	2.2021	2.3382
3. Canada	Dollar	121.6077	134.0792	139.2098	146.3517	157.2338
4. People's Republic of China	Yuan	23.4548	26.5683	26.0127	28.5858	31.4362
5. Denmark	Kroner	24.5113	27.9894	27.2576	30.8309	30.5042
6. European Union	Euro	182.4857	208.9928	203.6662	229.4219	226.8610
7. Hong Kong	Dollar	19.5511	23.3369	23.3259	24.0458	25.7024
8. India	Rupee	2.3854	2.6132	2.5467	2.5467	2.6935
9. Indonesia	Rupiah	0.0113	0.0126	0.0131	0.0133	0.0140
10. Japan	Yen	1.3559	1.6547	1.6717	1.8081	1.7415
11. Kenya	Schilling	1.4797	1.7934	1.7913	1.7063	1.7714
12. Korea	Won	0.1432	0.1644	0.1569	0.1719	0.1686
13. Kuwait	Dinar	505.9239	601.3686	599.1358	612.8825	662.5473
14. Malaysia	Ringgit	37.6304	44.0839	44.3822	46.3241	48.0254
15. New Zealand	Dollar	108.4887	122.6435	122.2942	134.6799	136.7860
16. Norway	Kroner	18.5283	21.0008	20.6236	21.8632	22.7039
17. Pakistan	Rupee	1.3808	1.3063	1.1728	1.1614	1.1245
18. Philippines	Peso	3.0583	3.4796	3.5846	3.8819	3.9332
19. Saudi Arabia	Riyal	40.7586	48.7054	48.4189	49.7016	53.3864
20. Singapore	Dollar	114.3224	133.8092	134.8484	141.0634	148.3212
21. South Africa	Rand	12.3170	12.6648	12.8661	12.7436	12.5882
22. Sweden	Kroner	18.5314	20.3690	19.4511	22.7487	22.1511
23. Switzerland	Franc	156.1655	185.6460	187.6966	211.6231	219.2330
24. Taiwan	Dollar	5.1507	5.9796	6.0565	6.6314	7.2249
25. Thailand	Baht	4.6759	5.6179	6.0900	6.2344	6.0172
26. United Arab Emirates	Dirham	41.6147	49.7529	49.4491	50.7489	54.5688
27. United Kingdom	Pound sterling	205.5362	231.8639	238.4582	254.3540	270.5957
28. United States of America	Dollar	152.8548	182.7499	181.6340	186.4082	200.4338

Source: Central Bank of Sri Lanka

Average Exchange Rates of Major Currencies and Monthly Indices of Nominal Effective Exchange Rate (NEER) and Real Effective Exchange Rate (REER)

Period		Sri Lanka Rupees per unit of Foreign Currency						Monthly Index (Average)	
		Indian rupee	Japanese yen	Pound sterling	US dollar	Euro	SDR (a)	NEER (b)(c) (2017=100)	REER (b)(d) (2017=100)
2017		2.3415	1.3594	196.4709	152.4575	171.7312	211.4941	100.00	100.00
2018		2.3764	1.4710	216.6688	162.5403	191.7085	229.8968	94.05	95.45
2019		2.5388	1.6409	228.1966	178.7776	200.1412	246.9672	88.17	90.42
2020		2.5022	1.7392	238.2244	185.5238	212.0652	258.6103	85.93	91.52
2021		2.6892	1.8109	273.5105	198.8824	235.0999	283.1840	78.64	86.13
2019	1st Quarter	2.5538	1.6348	234.1653	179.9012	204.4129	250.4681	86.86	88.82
	2nd Quarter	2.5280	1.6011	226.2020	175.9425	197.6856	243.6151	89.26	90.47
	3rd Quarter	2.5324	1.6602	219.7707	178.1725	198.1330	244.8607	88.98	91.48
	4th Quarter	2.5412	1.6660	232.8727	181.0571	200.4606	248.9861	87.58	90.82
2020	1st Quarter	2.5220	1.6777	233.8205	182.6905	201.5265	250.8905	87.28	92.45
	2nd Quarter	2.4893	1.7566	234.4075	188.8266	208.0774	258.5683	86.16	91.69
	3rd Quarter	2.4876	1.7454	239.0578	185.2822	216.4378	260.2242	85.90	91.70
	4th Quarter	2.5101	1.7757	245.0026	185.4861	221.1822	264.3197	84.49	90.31
2021	1st Quarter	2.6592	1.8304	267.5758	194.0027	233.8435	278.6157	79.59	87.00
	2nd Quarter	2.6972	1.8180	278.3362	198.9873	239.8215	285.5911	77.99	85.52
	3rd Quarter	2.7107	1.8244	276.8661	200.8283	236.8054	285.6077	78.08	86.16
	4th Quarter	2.6883	1.7722	271.3119	201.4524	230.2219	282.8554	78.92	85.81
2020	January	2.5421	1.6612	237.4162	181.4036	201.5386	250.3132	86.93	92.49
	February	2.5399	1.6503	235.5854	181.5628	198.0137	248.5697	87.62	93.09
	March	2.4849	1.7199	228.4567	185.0567	204.6754	253.5853	87.35	92.31
	April	2.5341	1.7924	239.5347	193.0854	209.7975	263.2515	84.73	89.88
	May	2.4837	1.7515	230.8521	187.8650	204.8296	256.1597	86.94	92.70
	June	2.4554	1.7301	232.8908	185.9545	209.2320	256.5303	86.74	92.89
	July	2.4757	1.7408	235.2325	185.8487	212.9303	258.5510	86.27	92.16
	August	2.4751	1.7437	242.7873	184.8939	218.7078	261.1099	85.83	91.32
	September	2.5127	1.7521	239.6956	185.0317	218.1175	261.2132	85.55	91.49
	October	2.5104	1.7522	239.4255	184.4379	217.1758	260.8423	85.63	91.40
	November	2.4866	1.7705	243.9048	184.7882	218.5068	262.7636	84.94	91.13
	December	2.5335	1.8034	251.4119	187.1822	227.6732	269.1876	82.95	88.18
2021	January	2.6051	1.8379	259.8135	190.4918	232.0577	274.8180	80.83	88.97
	February	2.6680	1.8436	269.1843	194.0665	234.8204	279.5421	79.27	87.14
	March	2.6987	1.8130	272.9635	196.9825	234.5866	281.1376	78.75	86.18
	April	2.6518	1.8103	273.3573	197.4230	236.0733	282.1824	79.02	86.07
	May	2.7222	1.8280	280.7094	199.5847	242.1582	287.4772	77.46	85.03
	June	2.7148	1.8159	280.5697	199.8161	241.0315	286.8962	77.56	86.05
	July	2.6827	1.8133	276.3311	199.9778	236.5128	284.6943	78.40	87.03
	August	2.7026	1.8252	276.6523	200.4965	235.9689	285.0596	78.08	86.71
	September	2.7458	1.8340	277.5996	201.9858	237.9603	287.0517	77.72	86.46
	October	2.6862	1.7805	274.9808	201.0899	233.2319	284.0026	78.43	88.18
	November	2.7095	1.7688	271.6009	201.8582	230.3116	283.2039	78.63	90.20
	December	2.6718	1.7683	268.0297	201.3990	227.6572	281.6045	79.58	93.42

(a) Special Drawing Rights (SDRs), the unit of account of the International Monetary Fund

Source: Central Bank of Sri Lanka

(b) The exchange rates have been defined in terms of indices so that the appreciation/depreciation of the rupee relative to other currencies is directly reflected by a rise/fall in the values of the effective exchange rates indices, respectively.

(c) The NEER is the weighted average of nominal exchange rates of the 24 trading partner and competitor countries. Weights are based on the trade shares reflecting the relative importance of each currency in the currency basket.

(d) The REER is computed by adjusting the NEER for inflation differentials (based on CCPI) with the countries whose currencies are included in the basket. The REER Indices for 2020 are provisional.

Interbank Market Transactions

Period		Spot Volume (US$ million)				Forward Volume (US$ million)						Total Volume (US$ million)	Annualised Forward Premium (as % of spot) (a)		Annualised Interest Differential (as % of spot)	
		Spot	Tom	Cash	Total	Below 1 Month	1 Month	2 Months	3 Months	Over 3 Months	Total		1 Month (%)	3 Months (%)	1 Month (%)	3 Months (%)
2017		3,013.7	2,405.4	3,007.0	8,426.1	3,718.1	1,613.7	319.2	736.1	1,638.1	8,025.2	16,451.3	7.1	4.4	7.8	7.8
2018		5,336.5	2,106.0	3,327.8	10,770.3	1,806.7	1,917.9	614.4	572.7	1,720.1	6,631.8	17,402.1	6.1	5.8	6.2	6.2
2019		5,773.8	2,341.9	3,527.1	11,642.9	2,066.1	2,751.7	404.2	603.7	1,908.1	7,733.7	19,376.6	4.8	4.8	5.0	6.1
2020		5,725.5	1,994.9	2,724.3	10,444.6	2,553.4	2,389.2	905.5	823.7	1,291.8	7,963.6	18,408.3	1.3	1.4	4.5	5.1
2021 (b)		2,184.7	1,529.5	2,137.7	5,851.9	2,849.3	1,899.4	518.4	466.9	574.3	6,308.2	12,160.1	-3.4	-5.3	4.6	5.7
2019	1st Quarter	1,320.5	743.3	1,194.6	3,258.4	530.5	718.8	46.9	157.3	527.4	1,980.9	5,239.2	6.2	6.4	5.5	7.0
	2nd Quarter	1,486.7	524.9	842.7	2,854.3	419.6	713.8	96.8	189.7	529.9	1,949.7	4,804.0	5.8	5.8	5.0	6.1
	3rd Quarter	1,419.5	571.3	693.5	2,684.4	618.5	773.6	117.5	131.5	485.3	2,126.3	4,810.7	3.7	3.6	4.7	5.6
	4th Quarter	1,547.1	502.4	796.3	2,845.8	497.5	545.6	143.1	125.3	365.5	1,677.0	4,522.8	3.5	3.6	4.9	5.6
2020	1st Quarter	1,463.0	543.9	821.0	2,827.9	683.2	531.0	170.0	298.8	277.5	1,960.4	4,788.4	2.9	3.0	5.0	5.8
	2nd Quarter	1,218.8	419.2	439.5	2,077.4	612.6	657.0	179.1	112.3	387.3	1,948.1	4,025.6	2.3	2.2	5.1	6.0
	3rd Quarter	1,885.9	504.0	949.9	3,339.8	464.7	604.9	269.4	175.5	300.9	1,815.3	5,155.2	0.3	0.6	4.0	4.4
	4th Quarter	1,157.7	527.8	513.9	2,199.4	793.0	596.5	287.0	237.1	326.2	2,239.8	4,439.2	-0.2	0.0	3.9	4.4
2021 (b)	1st Quarter	587.8	473.5	448.8	1,510.0	962.3	808.0	198.4	54.2	169.4	2,192.2	3,702.2	2.7	-2.9	4.0	4.6
	2nd Quarter	744.3	391.4	450.9	1,586.6	714.3	652.8	158.5	84.0	136.4	1,745.9	3,332.5	-7.9	-6.2	4.1	5.0
	3rd Quarter	437.1	250.7	515.9	1,203.8	431.3	220.9	116.5	115.5	157.0	1,041.2	2,245.0	4.2	-3.5	4.8	5.5
	4th Quarter	415.5	413.9	722.0	1,551.5	741.4	217.8	45.0	213.3	111.5	1,328.9	2,880.3	-12.4	-8.6	5.2	7.5
2020	January	599.7	194.6	324.2	1,118.5	231.5	172.5	78.0	84.0	100.5	666.5	1,785.0	3.5	3.4	5.0	5.7
	February	465.4	146.7	288.8	900.8	127.1	146.7	11.0	95.3	83.0	463.1	1,363.8	3.4	3.5	4.6	5.7
	March	397.9	202.7	208.0	808.6	324.6	211.8	81.0	119.5	94.0	830.9	1,639.5	1.9	2.2	5.2	6.1
	April	227.0	89.5	50.0	366.5	259.8	290.2	35.0	19.0	119.8	723.7	1,090.2	4.7	-0.8	5.2	5.7
	May	344.8	118.2	96.3	559.2	123.4	161.6	58.0	20.0	105.3	468.2	1,027.4	1.6	6.9	5.2	6.4
	June	647.0	211.5	293.2	1,151.7	229.4	205.3	86.1	73.3	162.3	756.3	1,907.9	0.8	0.9	5.0	6.0
	July	645.4	177.4	333.2	1,155.9	228.2	215.8	147.8	45.0	90.7	727.5	1,883.4	0.2	0.4	4.1	4.5
	August	590.1	132.5	266.6	989.2	129.4	199.1	50.4	73.8	126.0	578.6	1,567.9	0.4	0.9	3.9	4.4
	September	650.4	194.2	350.2	1,194.7	107.1	190.0	71.2	56.7	84.2	509.2	1,703.9	0.4	0.7	3.9	4.3
	October	659.2	279.9	260.2	1,199.3	162.2	245.0	104.1	104.9	180.0	796.1	1,995.5	0.8	0.5	3.9	4.3
	November	338.7	162.9	138.1	639.7	291.6	150.9	103.7	70.4	117.2	733.8	1,373.5	0.8	0.5	3.9	4.4
	December	159.8	85.0	115.6	360.4	339.2	200.6	79.2	61.9	29.0	709.9	1,070.3	-2.1	-1.1	3.9	4.4
2021 (b)	January	178.4	74.7	94.0	347.1	349.9	215.0	102.6	25.7	38.9	732.1	1,079.2	13.0	2.4	4.0	4.5
	February	192.0	142.3	166.9	501.1	208.1	267.3	35.5	5.0	15.5	531.3	1,032.4	-0.2	-4.2	4.0	4.6
	March	217.4	256.5	187.9	661.8	404.3	325.7	60.3	23.5	115.0	928.8	1,590.6	-2.9	-6.0	4.0	4.8
	April	213.8	149.3	126.2	489.4	274.7	292.5	52.0	3.8	13.0	636.0	1,125.3	-0.5	-4.0	4.1	4.9
	May	263.4	118.1	114.9	496.4	208.4	184.3	61.5	20.2	60.0	534.3	1,030.7	-10.9	-7.1	4.1	5.0
	June	267.0	124.0	209.9	600.9	231.3	176.0	45.0	60.1	63.4	575.7	1,176.5	-11.9	-7.2	4.2	5.0
	July	232.0	116.8	266.6	615.4	230.0	126.9	93.5	84.4	42.8	577.5	1,192.9	-6.8	-6.8	4.4	5.1
	August	66.0	47.0	98.5	211.5	93.4	43.0	16.0	18.1	23.0	193.6	405.1	14.2	-2.1	4.7	5.3
	September	139.2	86.9	150.8	377.0	107.9	51.0	7.0	13.0	91.3	270.2	647.1	4.1	-1.9	5.3	6.0
	October	146.5	80.1	180.4	407.0	146.9	73.0	0.0	90.5	59.0	369.4	776.4	-2.6	0.9	5.2	7.6
	November	160.0	218.7	275.5	654.1	331.4	76.8	32.0	63.0	22.0	525.2	1,179.3	-6.0	-3.2	5.2	7.7
	December	109.1	115.2	266.2	490.4	263.1	68.0	13.0	59.8	30.5	434.3	924.7	-26.2	-21.1	5.2	7.2

Source: Central Bank of Sri Lanka

(a) Annualised Forward Premium (f^d) is computed using the following formula:
$f^d = \{[F_t^T - S_t] / S_t\} * 100 * (12/T)$,
where Ft^T is the forward rate for *T* month/s (T=1,3) that exists in period *t* and S_t is the interbank spot rate at period *t*.

(b) Provisional

Absorption and Supply of Foreign Exchange by the Central Bank

US$ million

Period		Absorption (1)	Supply (2)	Net Absorption (1)-(2)
2017		2,214.11	549.75	1,664.36
2018		556.96	1,676.63	-1,119.67
2019		593.90	206.90	387.00
2020		685.40	402.90	282.50
2021		505.76	1,252.99	-747.23
2019	1st Quarter	151.00	33.50	117.50
	2nd Quarter	183.70	75.00	108.70
	3rd Quarter	135.00	76.40	58.60
	4th Quarter	124.20	22.00	102.20
2020	1st Quarter	159.00	237.30	-78.30
	2nd Quarter	130.50	107.35	23.15
	3rd Quarter	339.50	29.25	310.25
	4th Quarter	56.40	29.00	27.40
2021	1st Quarter	98.73	72.25	26.48
	2nd Quarter	110.09	10.00	100.09
	3rd Quarter	123.02	260.31	-137.29
	4th Quarter	173.92	910.43	-736.51
2020	January	149.00	60.00	89.00
	February	10.00	3.00	7.00
	March	0.00	174.30	-174.30
	April	0.00	98.10	-98.10
	May	61.50	0.00	61.50
	June	69.00	9.25	59.75
	July	162.50	0.00	162.50
	August	121.00	28.00	93.00
	September	56.00	1.25	54.75
	October	49.00	1.50	47.50
	November	7.40	5.00	2.40
	December	0.00	22.50	-22.50
2021	January	0.00	72.25	-72.25
	February	23.42	0.00	23.42
	March	75.31	0.00	75.31
	April	62.81	0.00	62.81
	May	13.57	10.00	3.57
	June	33.71	0.00	33.71
	July	37.65	0.00	37.65
	August	49.38	225.50	-176.12
	September	35.99	34.81	1.18
	October	41.05	113.37	-72.33
	November	61.71	372.35	-310.64
	December	71.16	424.71	-353.55

Source: Central Bank of Sri Lanka

TABLE 97

Economic Classification of Government Fiscal Operations

Rs. million

Item	2012	2013	2014	2015	2016	2017	2018	2019 (a)	2020	2021(b)
1. Total Revenue and Grants	**1,067,532**	**1,153,306**	**1,204,621**	**1,460,892**	**1,693,558**	**1,839,562**	**1,932,459**	**1,898,808**	**1,373,308**	**1,463,810**
1.1 Total Revenue	1,051,460	1,137,447	1,195,206	1,454,878	1,686,062	1,831,531	1,919,973	1,890,899	1,367,960	1,457,071
Tax	908,913	1,005,895	1,050,362	1,355,779	1,463,689	1,670,178	1,712,318	1,734,925	1,216,542	1,298,019
Non tax	142,547	131,552	144,844	99,099	222,374	161,353	207,656	155,974	151,417	159,052
1.2 Grants	16,071	15,859	9,415	6,014	7,496	8,031	12,486	7,909	5,348	6,740
2. Expenditure and Net Lending	**1,556,499**	**1,669,396**	**1,795,865**	**2,290,394**	**2,333,883**	**2,573,056**	**2,693,228**	**3,337,896**	**3,040,996**	**3,521,735**
Recurrent	1,131,023	1,205,180	1,322,898	1,701,658	1,757,782	1,927,693	2,089,713	2,424,582	2,548,359	2,747,512
Capital and Net Lending	425,476	464,216	472,967	588,736	576,101	645,364	603,515	913,314	492,638	774,223
3. Current Account Balance	**-79,563**	**-67,733**	**-127,692**	**-246,779**	**-71,719**	**-96,162**	**-169,740**	**-533,683**	**-1,180,399**	**-1,290,441**
4. Primary Balance	**-80,469**	**-72,083**	**-154,849**	**-319,828**	**-29,430**	**2,071**	**91,421**	**-537,736**	**-687,386**	**-1,009,542**
5. Overall Fiscal Balance	**-488,967**	**-516,090**	**-591,244**	**-829,502**	**-640,325**	**-733,494**	**-760,769**	**-1,439,088**	**-1,667,688**	**-2,057,925**
6. Financing of Budget Deficit	**488,967**	**516,090**	**591,244**	**829,502**	**640,325**	**733,494**	**760,769**	**1,439,088**	**1,667,688**	**2,057,925**
6.1. Foreign Financing (Net)	286,455	123,700	212,523	236,803	391,914	439,243	323,535	542,641	-83,199	-13,901
6.2. Domestic Financing (Net)	202,511	392,390	378,721	592,699	248,411	294,251	437,234	896,448	1,750,887	2,071,826

(a) According to the Ministry of Finance, the fiscal sector statistics of 2019 have been restated as announced in the Budget Speech for 2020.
(b) Provisional

Sources : Ministry of Finance
Central Bank of Sri Lanka

Economic Classification of Government Revenue

Rs. million

Item	2012	2013	2014	2015	2016	2017	2018	2019 (a)	2020	2021(b)
1. Tax Revenue	**908,913**	**1,005,895**	**1,050,362**	**1,355,779**	**1,463,689**	**1,670,178**	**1,712,318**	**1,734,925**	**1,216,542**	**1,298,019**
1.1 Taxes on Foreign Trade	184,634	191,815	198,483	244,231	302,538	311,782	288,341	280,965	312,334	277,275
Import Duty	80,155	83,123	81,108	132,189	156,487	136,501	96,991	98,427	114,183	64,339
PAL/RIDL/SCL/Other	104,479	108,692	117,375	112,042	146,051	175,280	191,351	182,538	198,151	212,935
1.2 Taxes on Domestic Goods and Services	457,818	506,906	539,023	724,282	747,147	921,244	959,365	843,355	555,718	629,812
VAT	229,604	250,757	275,350	219,700	283,470	443,760	461,740	443,877	233,786	308,213
Domestic	109,370	124,440	140,084	130,527	168,134	275,367	282,576	273,963	148,061	185,462
Imports	120,234	126,317	135,266	89,173	115,336	168,393	179,163	169,914	85,725	122,751
Excise Tax	223,960	250,700	256,691	497,652	454,952	469,500	484,287	399,478	321,932	306,861
Liquor	60,086	66,008	69,100	105,264	120,238	113,684	113,944	115,443	120,990	138,637
Tobacco/Cigarettes	53,563	58,567	57,240	80,015	88,792	86,002	92,243	87,367	94,345	88,539
Petroleum	28,466	27,131	28,732	45,092	55,719	73,983	66,318	61,740	53,111	55,339
Motor Vehicle and Other	81,845	98,994	101,618	267,282	190,203	195,831	211,781	134,927	53,486	24,346
Licence Taxes and Other	4,254	5,449	6,983	6,929	8,726	7,984	13,339	n.a.	n.a.	14,738
1.3 Taxes on Net Income and Profits	172,563	205,666	198,115	262,583	258,857	274,562	310,449	427,700	268,249	302,115
Corporate	91,888	100,649	98,183	162,019	164,592	177,591	212,112	261,089(c)	214,819(c)	252,673
Non-corporate	21,413	27,337	30,529	38,152	46,426	45,619	62,242	11,514	13,517	20,950
Tax on Interest	59,262	77,679	69,402	62,412	47,839	51,351	35,991	50,351	9,989	12,410
Capital Gains Tax	-	-	-	-	-	-	104	n.a.	n.a.	n.a.
Other	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	104,747	29,924	16,081
1.4 Stamp Duty/Cess Levy/SRL/NBT/NSL/TL	93,898	101,508	114,742	124,683	155,147	162,591	154,162	182,905	80,241	88,817
2. Non Tax Revenue	**142,547**	**131,552**	**144,844**	**99,099**	**222,374**	**161,353**	**207,656**	**155,974**	**151,417**	**159,052**
2.1 Current Revenue	141,716	131,272	127,239	99,001	221,966	161,353	207,656	155,974	151,417	159,052
Property Income	103,669	75,686	73,828	39,055	131,198	67,922	73,820	46,404	60,984	57,158
Rent	2,197	2,331	5,669	2,823	10,980	4,450	5,591	4,727	12,055	5,090
Interest	9,488	9,664	7,978	4,498	4,826	7,395	8,140	13,819	7,297	6,466
Profits and Dividends	46,761	35,169	46,814	29,798	108,160	53,998	41,828	27,857	17,624	30,591
National Lotteries Board and other Transfers	2,223	2,173	1,868	1,936	2,231	2,079	3,261	n.a.	n.a.	n.a.
Central Bank Profit Transfers	43,000	26,350	11,500	-	5,000	-	15,000	-	24,009	15,012
Social Security Contributions	11,738	15,145	14,919	15,213	18,046	22,940	25,215	28,985	32,417	34,619
Fees and Administration Charges	20,739	37,768	35,499	42,398	68,365	66,635	101,132	73,884	47,370	42,645
Other	5,570	2,673	2,993	2,334	4,357	3,855	7,490	6,701	10,646	24,630
2.2 Capital Revenue (d)	831	280	17,604	98	407	-	-	-	-	-
Total	**1,051,460**	**1,137,447**	**1,195,206**	**1,454,878**	**1,686,062**	**1,831,531**	**1,919,973**	**1,890,899**	**1,367,960**	**1,457,071**

(a) According to the Ministry of Finance, the fiscal sector statistics of 2019 have been restated as announced in the Budget Speech for 2020.
(b) Provisional
(c) Includes Capital Gain Tax (CGT)
(d) Sale of capital goods

Source: Ministry of Finance

Note : Value Added Tax (VAT), Ports and Airports Development Levy (PAL), Regional Infrastructure Development Levy (RIDL), Special Commodity Levy (SCL), Social Responsibility Levy (SRL), Nation Building Tax (NBT), National Security Levy (NSL) and Telecommunications Levy (TL)

Economic Classification of Government Expenditure and Lending Minus Repayments

Rs. million

Item	2012	2013	2014	2015	2016	2017	2018	2019 (a)	2020	2021 (b)
1. Recurrent Expenditure	**1,131,023**	**1,205,180**	**1,322,898**	**1,701,658**	**1,757,782**	**1,927,693**	**2,089,713**	**2,424,582**	**2,548,359**	**2,747,512**
1.1 Expenditure on Goods and Services	487,833	512,624	568,829	772,563	746,250	756,591	806,002	848,278	974,351	1,014,612
Salaries and Wages	347,747	393,228	440,982	561,730	576,471	588,518	626,045	686,452	794,158	845,680
Civil Administration	184,182	218,256	255,373	323,287	334,306	342,371	374,567	420,300	509,555	553,492
Defence	163,565	174,972	185,609	238,443	242,165	246,148	251,478	266,152	284,603	292,188
Other Purchases of Goods and Services	140,086	119,396	127,847	210,834	169,779	168,072	179,957	161,826	180,193	168,932
Civil Administration	96,415	78,117	52,383	144,079	108,286	102,420	116,850	82,489	100,006	82,079
Defence	43,671	41,279	75,463	66,755	61,493	65,652	63,107	79,338	80,187	86,853
1.2 Interest Payments	408,498	444,007	436,395	509,674	610,895	735,566	852,190	901,353	980,302	1,048,382
Foreign	90,839	100,985	108,461	115,386	126,713	164,942	212,708	233,970	266,679	253,750
Domestic	317,659	343,022	327,934	394,289	484,182	570,623	639,482	667,383	713,623	794,633
1.3 Transfer Payments	234,692	248,549	317,674	419,420	400,637	435,536	431,521	551,524	717,133	684,518
Households	187,895	195,288	251,665	345,483	317,153	350,420	342,546	456,241	610,486	595,696
Non-financial Public Enterprises	11,817	13,854	19,431	27,929	33,220	30,728	27,330	26,153	17,712	17,110
Institutions and Other	34,979	39,407	46,577	46,009	50,264	54,389	61,646	69,130	88,936	71,712
1.4 Adjustment for arrears as per the Ministry of Finance	-	-	-	-	-	-	-	123,428	-123,428	-
2. Capital Expenditure	**400,082**	**454,303**	**459,855**	**588,175**	**577,036**	**638,343**	**612,561**	**619,069**	**795,368**	**767,606**
2.1 Acquisition of Fixed Assets	197,350	252,535	252,303	313,260	328,202	360,333	355,763	385,366	483,543	438,753
2.2 Capital Transfers	202,732	201,768	207,551	274,916	248,834	278,010	256,798	239,688	307,917	326,578
Public Institutions	145,935	143,504	147,166	197,712	184,689	215,508	200,265	200,172	254,384	265,074
Non-financial Public Enterprises	30,072	27,193	28,322	42,473	32,066	26,377	29,474	20,704	34,365	27,801
Sub National Governments	25,266	29,692	31,547	34,063	29,887	34,511	23,481	18,812	19,168	33,704
Abroad	1,459	1,379	516	668	2,191	1,614	3,579	n.a.	n.a.	n.a.
2.3 Other	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-5,985	3,907	2,275
3. Lending Minus Repayments	**25,394**	**9,913**	**13,112**	**561**	**-934**	**7,021**	**-9,046**	**-4,933**	**-3,552**	**6,617**
3.1 Net Lending through Advance Accounts	-2,088	-1,019	1,249	-1,070	708	4,396	4,129	1,172	-529	-257
3.2 Lending to Public Enterprises	43,891	26,901	26,756	14,592	16,977	19,043	12,408	12,166	16,405	22,030
3.3 Loan Repayments in Public Enterprises	-16,409	-15,969	-14,892	-12,961	-18,619	-16,418	-25,584	-18,271	-19,429	-15,156
4. Adjustment for arrears on capital expenditure as per the Ministry of Finance								**299,178**	**-299,178**	**-**
Total	**1,556,499**	**1,669,396**	**1,795,865**	**2,290,394**	**2,333,883**	**2,573,056**	**2,693,228**	**3,337,896**	**3,040,996**	**3,521,735**

(a) According to the Ministry of Finance, the fiscal sector statistics of 2019 have been restated as announced in the Budget Speech for 2020.
(b) Provisional

Source : Ministry of Finance

Voted Expenditure of the Government of Sri Lanka - 2021

Rs. million

Ministry (a)	Recurrent			Capital		
	Revised Estimates (b)	Actual Expenditure	% of Under (-) / Over(+) Expenditure	Revised Estimates (b)	Actual Expenditure	% of Under (-) / Over(+) Expenditure
1 HE the President, Prime Minister, Judges of the Supreme Court etc.	12,531	10,586	-15.5	2,273	1,463	-35.7
2 Ministry of Buddhasasana, Religious and Cultural Affairs	4,429	3,862	-12.8	2,713	1,683	-38.0
3 Ministry of Finance (c)	1,076,735	1,106,079	2.7	1,373,662	1,369,571	-0.3
4 Ministry of Defence	273,976	272,330	-0.6	61,405	26,663	-56.6
5 Ministry of Mass Media	19,191	18,347	-4.4	2,500	1,027	-58.9
6 Ministry of Justice	13,639	11,819	-13.3	10,790	3,997	-63.0
7 Ministry of Health	123,360	122,256	-0.9	43,229	33,221	-23.2
8 Foreign Ministry	12,350	11,323	-8.3	500	203	-59.4
9 Ministry of Transport	15,735	13,506	-14.2	25,808	30,900	19.7
10 Ministry of Energy	210	207	-1.4	64	21	-67.8
11 Ministry of Trade	1,172	1,079	-8.0	5,691	5,068	-10.9
12 Ministry of Highways	185	183	-1.2	358,161	211,333	-41.0
13 Ministry of Agriculture	10,033	9,561	-4.7	13,974	8,600	-38.5
14 Ministry of Power	311	218	-30.0	1,044	4,701	350.2
15 Ministry of Lands	4,971	4,546	-8.5	3,795	2,693	-29.0
16 Ministry of Urban Development and Housing	371	286	-22.7	22,992	15,959	-30.6
17 Ministry of Education	102,407	98,102	-4.2	28,532	26,558	-6.9
18 Ministry of Public Services, Provincial Councils and Local Government	324,987	323,406	-0.5	1,254	565	-55.0
19 Ministry of Plantation	1,034	1,015	-1.8	510	402	-21.3
20 Ministry of Industries	1,140	992	-13.0	3,085	2,235	-27.6
21 Ministry of Fisheries	935	1,180	26.2	3,679	2,718	-26.1
22 Ministry of Tourism	747	694	-7.1	1,110	349	-68.6
23 Ministry of Environment	1,215	1,170	-3.7	1,104	624	-43.5
24 Ministry of Wildlife and Forest Conservation	239	234	-2.0	1,024	1,457	42.3
25 Ministry of Water Supply	372	349	-6.1	100,919	51,844	-48.6
26 Ministry of Ports and Shipping	672	655	-2.5	953	752	-21.1
27 Ministry of Technology	2,354	2,188	-7.1	8,583	2,741	-68.1
28 Ministry of Public Security	137,172	116,117	-15.3	11,195	6,961	-37.8
29 Ministry of Labour	3,402	2,754	-19.1	2,226	912	-59.0
30 Ministry of Youth and Sports	5,542	3,974	-28.3	7,723	2,671	-65.4
31 Ministry of Irrigation	3,681	3,571	-3.0	44,109	39,605	-10.2
32 State Ministry of National Heritage, Performing Arts and Rural Arts Promotion	1,586	1,274	-19.6	533	302	-43.4
33 State Ministry of Rural and School Sports Infrastructure Improvement	825	533	-35.5	2,545	484	-81.0
34 State Ministry of Women and Child Development, Pre-schools and Primary Education, School Infrastructure and Education Services	24,750	19,160	-22.6	5,993	4,489	-25.1
35 State Ministry of Education Reforms, Open Universities and Distance Learning Promotion	668	602	-9.8	2,625	1,891	-28.0
36 State Ministry of Ornamental Fish, Inland Fish and Prawn Farming, Fishery Harbour Development, Multiday Fishing Activities and Fish Exports	1,513	1,465	-3.2	2,673	1,796	-32.8
37 State Ministry of Solar Power, Wind and Hydro Power Generation Projects Development	389	309	-20.7	352	219	-37.9
38 State Ministry of Backward Rural Areas Development and Promotion of Domestic Animal Husbandry and Minor Economic Crop Cultivation	220	191	-12.8	470	216	-54.0
39 State Ministry of Rattan, Brass, Pottery, Furniture and Rural Industrial Promotion	1,051	899	-14.4	2,189	1,314	-40.0
40 State Ministry of State Security, Home Affairs and Disaster Management	52,748	50,095	-5.0	14,274	8,673	-39.2
41 State Ministry of Company Estate Reforms, Tea and Rubber Estates Related Crops Cultivation and Factories Modernisation and Tea and Rubber Export Promotion	1,477	1,349	-8.7	5,377	4,062	-24.4
42 State Ministry of Urban Development, Coast Conservation, Waste Disposal and Community Cleanliness	1,126	1,074	-4.6	16,330	11,902	-27.1
43 State Ministry of Foreign Employment Promotion and Market Diversification	675	637	-5.7	26	13	-48.2
44 State Ministry of Money and Capital Market and State Enterprise Reforms	906	319	-64.8	37,634	54,376	44.5
45 State Ministry of Samurdhi, Household Economy, Micro Finance, Self Employment and Business Development	82,907	86,261	4.0	12,072	7,210	-40.3

(Contd.)

Voted Expenditure of the Government of Sri Lanka - 2021

Rs. million

Ministry (a)	Recurrent			Capital		
	Revised Estimates (b)	Actual Expenditure	% of Under (-) / Over(+) Expenditure	Revised Estimates (b)	Actual Expenditure	% of Under (-) / Over(+) Expenditure
46 State Ministry of Rural Housing, Construction and Building Material Industries	1,251	1,020	-18.5	17,462	13,197	-24.4
47 State Ministry of Indigenous Medicine Promotion, Rural and Ayurvedic Hospitals Development and Community Health	2,389	2,214	-7.3	782	436	-44.2
48 State Ministry of Estate Housing and Community Infrastructure	451	450	-0.1	2,357	1,000	-57.6
49 State Ministry of Prison Reforms and Prisoners' Rehabilitation	8,745	7,218	-17.5	1,791	1,027	-42.6
50 State Ministry of Regional Co-operation	147	75	-48.8	13	1	-95.3
51 State Ministry of Provincial Councils and Local Government	285,415	285,062	-0.1	73,624	49,354	-33.0
52 State Ministry of Skills Development, Vocational Education, Research and Innovation	9,438	7,524	-20.3	4,440	3,011	-32.2
53 State Ministry of Dhamma Schools, Pirivenas and Bhikkhu Education	4,655	4,723	1.5	276	226	-18.0
54 State Ministry of Production, Supply and Regulation of Pharmaceuticals	119,069	74,378	-37.5	750	69,703	9,193.8
55 State Ministry of Wildlife Protection, Adoption of Safety Measures Including the Construction of Electrical Fences and Trenches and Reforestation and Forest Resource Development	4,123	3,857	-6.5	5,295	2,552	-51.8
56 State Ministry of Paddy and Grains, Organic Food, Vegetable, Fruits, Chilies, Onion and Potato Cultivation Promotion, Seed Production and Advanced Technology Agriculture	8,840	8,641	-2.3	9,894	5,773	-41.6
57 State Ministry of Production and Supply of Fertiliser and Regulation of Chemical Fertiliser and Insecticide Use	35,443	21,587	-39.1	111	40	-64.0
58 State Ministry of Livestock Farm Promotion and Dairy and Egg Related Industries	984	919	-6.6	1,855	1,170	-36.9
59 State Ministry of Canals and Common Infrastructure Development in Settlements in Mahaweli Zones	2,798	2,772	-0.9	4,457	3,884	-12.9
60 State Ministry of Tanks, Reservoirs and Irrigation Development Related to Rural Paddy Fields	98	76	-22.2	3,016	2,581	-14.4
61 State Ministry of Land Management, State Enterprises Land and Property Development	1,053	948	-10.1	699	355	-49.1
62 State Ministry of Coconut, Kithul and Palmyrah Cultivation Promotion and Related Industrial Product Manufacturing and Export Diversification	1,235	1,140	-7.7	2,318	1,568	-32.3
63 State Ministry of Development of Minor Crops Plantation Including Sugarcane, Maize, Cashew, Pepper, Cinnamon, Cloves, Betel Related Industries and Export Promotion	1,289	1,207	-6.3	4,359	4,006	-8.1
64 State Ministry of Rural and Divisional Drinking Water Supply Projects Development	310	300	-3.1	4,105	1,723	-58.0
65 State Ministry of Warehouse Facilities, Container Yards, Ports Supply Facilities and Boats and Shipping Industry Development	85	47	-44.5	1,173	158	-86.5
66 State Ministry of Rural Roads and Other Infrastructure	76	73	-4.1	30,200	1,874	-93.8
67 State Ministry of Vehicle Regulation, Bus Transport Services and Train Compartments and Motor Car Industry	13,775	12,713	-7.7	3,920	2,155	-45.0
68 State Ministry of Aviation and Export Zones Development	170	103	-39.3	1,916	866	-54.8
69 State Ministry of Cooperative Services, Marketing Development and Consumer Protection	844	767	-9.2	143	95	-33.6
70 State Ministry of Batik, Handloom and Local Apparel Products	538	475	-11.7	803	532	-33.7
71 State Ministry of Gem and Jewellery Related Industries	207	124	-40.2	87	33	-62.4
72 State Ministry of Primary Health Care, Epidemics and COVID Disease Control	12,211	12,172	-0.3	373	92	-75.4
Total	**2,841,672**	**2,757,343**	**-3.0**	**2,424,080**	**2,121,852**	**-12.5**

(a) The list of Ministries is based on approved Budget Estimates for 2021
(b) As per the approved Budget Estimates for 2021
(c) Includes debt service payments

Source: Ministry of Finance

Voted Expenditure of the Government of Sri Lanka - 2022 (a)

Rs. million

Ministry	2022 Approved Estimates	
	Recurrent Expenditure	Capital Expenditure
1 HE the President, Prime Minister, Judges of the Supreme Court etc.	11,608	1,177
2 Ministry of Buddhasasana, Religious and Cultural Affairs	3,980	1,775
3 Ministry of Finance (b)	1,188,732	1,631,285
4 Ministry of Defence	326,296	46,750
5 Ministry of Economic Policies & Plan Implementation	2,023	5,065
6 Ministry of Mass Media	18,624	1,672
7 Ministry of Justice	12,812	11,937
8 Ministry of Health	121,529	37,000
9 Foreign Ministry	12,726	463
10 Ministry of Transport	16,690	16,540
11 Ministry of Energy	218	34
12 Ministry of Trade	16,248	3,200
13 Ministry of Highways	191	270,000
14 Ministry of Agriculture	9,838	23,557
15 Ministry of Power	237	529
16 Ministry of Lands	5,752	3,115
17 Ministry of Urban Development and Housing	438	15,867
18 Ministry of Education	135,455	27,450
19 Ministry of Public Services, Provincial Councils and Local Government	338,896	480
20 Ministry of Plantation	990	10,059
21 Ministry of Industries	1,142	6,500
22 Ministry of Fisheries	872	1,300
23 Ministry of Tourism	678	245
24 Ministry of Environment	1,124	2,475
25 Ministry of Wildlife and Forest Conservation	207	3,075
26 Ministry of Water Supply	363	47,151
27 Ministry of Development Co-ordination and Monitoring	169	50
28 Ministry of Ports and Shipping	741	800
29 Ministry of Technology	2,107	2,760
30 Ministry of Public Security	99,289	7,770
31 Ministry of Labour	3,133	800
32 Ministry of Youth and Sports	4,774	3,800
33 Ministry of Irrigation	3,605	64,242
34 State Ministry of National Heritage, Performing Arts and Rural Arts Promotion	1,498	300
35 State Ministry of Rural and School Sports Infrastructure Improvement	697	1,170
36 State Ministry of Women and Child Development, Pre-Schools and Primary Education, School Infrastructure and Education Services	19,105	4,700
37 State Ministry of Education Reforms, Open Universities and Distance Learning Promotion	690	1,425
38 State Ministry of Ornamental Fish, Inland Fish and Prawn Farming, Fishery Harbour Development, Multiday Fishing Activities and Fish Exports	1,456	375
39 State Ministry of Solar, Wind and Hydro Power Generation Projects Development	372	161
40 State Ministry of Backward Rural Areas Development and Promotion of Domestic Animal Husbandry and Minor Economic Crop Cultivation	233	292
41 State Ministry of Rattan, Brass, Pottery, Furniture and Rural Industrial Promotion	939	1,150
42 State Ministry of Home Affairs	33,646	88,775
43 State Ministry of Company Estate Reforms, Tea and Rubber Estates Related Crops Cultivation and Factories Modernisation and Tea and Rubber Export Promotion	1,405	2,300
44 State Ministry of Urban Development, Waste Disposal and Community Cleanliness	419	4,000
45 State Ministry of Foreign Employment Promotion and Market Diversification	685	200
46 State Ministry of Samurdhi Household Economy, Micro Finance, Self Employment and Business Development	73,864	1,166
47 State Ministry of Rural Housing, Construction and Building Material Industries	1,086	11,915
48 State Ministry of Indigenous Medicine Promotion, Rural and Ayurvedic Hospitals Development and Community Health	2,179	100
49 State Ministry of Estate Housing and Community Infrastructure	446	2,525
50 State Ministry of Prison Management and Prisoners' Rehabilitation	8,463	1,390
51 State Ministry of Regional Co-operation	113	7
52 State Ministry of Provincial Councils and Local Government	288,608	40,500

(Contd.)

Voted Expenditure of the Government of Sri Lanka - 2022 (a)

Rs. million

Ministry	2022 Approved Estimates	
	Recurrent Expenditure	Capital Expenditure
53 State Ministry of Skills Development, Vocational Education, Research and Innovation	9,800	4,560
54 State Ministry of Dhamma Schools, Pirivenas and Bhikkhu Education	4,650	225
55 State Ministry of Production, Supply and Regulation of Pharmaceuticals	65,730	400
56 State Ministry of Wildlife Protection, Adoption of Safety Measures Including the Construction of Electrical Fences and Trenches and Reforestation and Forest Resource Development	3,951	2,700
57 State Ministry of Promoting the Capital Production and Regulating the Capital Supply of Organic Fertiliser, and Paddy & Grains, Organic Foods, Vegetables, Fruits, Chilies, Onion and Potato Cultivation Promoting, Seed Production and Advanced Technology Agriculture	43,582	2,216
58 State Ministry of Livestock, Farm Promotion and Dairy and Egg Related Industries	973	1,800
59 State Ministry of Canals and Common Infrastructure Development in Settlements in Mahaweli Zones	2,965	2,995
60 State Ministry of Tanks, Reservoirs and Irrigation Development Related to Rural Paddy Fields	77	3,000
61 State Ministry of Coconut, Kithul and Palmyrah Cultivation Promotion and Related Industrial Product Manufacturing and Export Diversification	948	600
62 State Ministry of Development of Minor Crops Plantation Including Sugarcane, Maize, Cashew, Pepper, Cinnamon, Cloves, Betel Related Industries and Export Promotion	1,246	1,400
63 State Ministry of Rural and Divisional Drinking Water Supply Projects Development	327	1,812
64 State Ministry of Warehouse Facilities, Container Yards, Ports Supply Facilities and Boats and Shipping Industry Development	101	800
65 State Ministry of Rural Roads and Other Infrastructure	76	10,000
66 State Ministry of Vehicle Regulation, Bus Transport Services and Train Compartments and Motor Car Industry	9,215	3,000
67 State Ministry of Aviation and Export Zones Development	107	5,507
68 State Ministry of Cooperative Services, Marketing Development and Consumer Protection	863	15,146
69 State Ministry of Batik, Handloom and Local Apparel Products	535	1,225
70 State Ministry of Gem and Jewellery Related Industries	161	30
71 State Ministry of Primary Health Care, Epidemics and COVID Disease Control	12,650	150
72 State Ministry of National Security and Disaster Management	6,168	4,287
73 State Ministry of Coast Conservation and Low-Lying Lands Development	527	2,255
74 State Ministry of Digital Technology and Enterprise Development	397	848
75 State Minister of Community Police Services	186	615
Total	2,942,626	2,476,944

(a) As per the approved Budget Estimates for 2022
(b) Includes debt service payments

Source: Ministry of Finance

Current Transfers to Public Corporations and Institutions

Rs. million

Public Corporations and Institutions	2012	2013	2014	2015	2016	2017	2018	2019(a)	2020 (a)	2021 (b)
AGRICULTURE AND IRRIGATION	**3,539.4**	**3,731.5**	**6,123.1**	**7,503.7**	**8,148.0**	**8,194.4**	**8,637.5**	**8,795.0**	**9,532.4**	**10,053.8**
Agriculture and Agrarian Insurance Board	134.8	138.0	2,100.3	2,276.0	2,690.0	2,760.0	2,835.0	3,203.0	3,590.0	4,000.0
Coconut Development Authority	77.1	82.0	96.5	110.0	124.5	121.5	145.0	148.5	165.0	134.5
Coconut Cultivation Board	270.2	279.1	301.3	392.0	415.0	424.5	448.0	460.0	479.0	500.0
Coconut Research Institute	138.0	155.3	171.7	186.2	206.3	207.6	236.9	241.1	257.5	257.3
Hector Kobbekaduwa Agrarian Research and Training Institute	108.5	120.9	124.8	152.5	155.2	135.8	157.7	175.0	154.7	181.4
Mahaweli Authority of Sri Lanka	1,735.5	1,800.0	1,970.0	2,555.6	2,680.0	2,630.0	2,694.4	2,300.0	2,610.0	2,700.0
National Institute of Plantation Management	8.5	18.7	24.8	28.5	39.0	40.0	50.0	54.0	57.8	59.4
Rubber Research Institute	185.7	195.8	252.5	342.2	359.8	386.8	372.3	403.7	414.0	423.5
Sri Lanka Cashew Corporation	58.6	52.5	50.0	66.1	48.0	54.0	50.0	60.0	60.0	64.8
Sugarcane Research Institute	n.a.	n.a.	n.a.	259.5	250.0	205.1	238.3	231.0	233.6	262.4
Sri Lanka Tea Board	117.1	120.0	132.0	143.0	147.5	153.5	165.8	160.0	160.0	180.0
Tea Research Institute	233.1	252.1	299.7	341.3	338.0	374.9	374.4	379.0	387.7	383.5
Tea Small Holdings Development Authority	219.8	225.3	266.7	319.7	335.2	329.5	373.5	411.1	413.0	412.5
Other	292.4	328.8	377.8	330.9	359.5	371.2	496.1	568.7	550.1	494.5
ENERGY AND WATER SUPPLY	**73.2**	**123.1**	**123.5**	**293.2**	**366.8**	**395.8**	**404.8**	**738.5**	**689.0**	**379.5**
Sri Lanka Atomic Energy Board	40.0	43.0	41.5	49.0	103.4	75.9	84.0	95.6	88.0	27.0
Sri Lanka Sustainable Energy Authority	33.2	80.1	82.0	85.2	83.4	93.0	97.8	103.4	113.1	131.7
Water Resources Board	77.3	83.1	87.0	141.0	155.0	198.0	185.0	180.4	181.5	171.8
Other	-	-	-	18.0	25.0	29.0	38.0	359.1	306.4	49.0
FISHERIES	**437.0**	**483.3**	**724.6**	**1,021.0**	**1,178.3**	**1,116.2**	**1,171.6**	**1,182.9**	**1,273.9**	**1,395.2**
Ceylon Fishery Harbours Corporation	108.8	108.0	313.4	434.4	470.0	471.0	400.0	400.0	417.5	490.0
National Aquatic Resources, Research and Development Agency	149.3	166.9	196.0	273.6	290.7	302.2	391.6	350.0	360.9	412.2
Other	178.9	208.4	215.2	313.1	417.6	343.1	380.0	432.9	495.5	493.1
MANUFACTURING AND MINING	**278.6**	**279.6**	**311.4**	**366.1**	**375.4**	**388.1**	**423.7**	**632.2**	**499.8**	**627.5**
Industrial Development Board	227.4	231.0	250.0	296.8	286.0	278.0	295.0	350.0	381.3	465.8
Gem and Jewellery Research and Training Institution	30.2	32.1	43.4	47.1	58.6	62.4	79.9	85.0	78.0	77.1
Other	21.0	16.4	18.0	22.3	30.8	47.7	48.8	197.2	40.6	84.7
TRADE AND COMMERCE	**625.4**	**727.0**	**840.0**	**891.7**	**956.4**	**1,012.8**	**1,100.2**	**1,229.6**	**1,160.7**	**1,382.8**
Consumer Affairs Authority	159.5	226.4	250.0	287.7	292.0	384.1	490.0	500.9	477.3	499.0
National Craft Council	81.1	88.0	107.8	134.8	144.3	146.5	84.3	149.9	149.1	159.2
Paddy Marketing Board	36.4	40.0	66.5	70.3	88.0	96.0	131.8	132.3	119.3	144.6
Sri Lanka Export Development Board	246.1	255.0	265.0	270.0	270.0	245.0	276.1	320.0	290.3	405.7
Other	102.2	117.7	150.7	128.9	162.2	141.2	118.0	126.6	124.8	174.3
TRANSPORT AND COMMUNICATIONS (c)	**4,402.2**	**5,704.3**	**8,223.2**	**12,703.1**	**17,440.9**	**14,320.0**	**11,894.4**	**3,161.7**	**2,102.9**	**1,409.9**
National Transport Commission	180.0	370.0	493.0	534.0	403.5	393.1	400.0	581.8	402.0	271.0
Sri Lanka Broadcasting Corporation	134.5	127.9	225.0	350.0	365.0	350.7	360.0	365.0	420.0	345.0
Sri Lanka Transport Board	3,982.9	5,098.7	7,390.9	11,699.7	16,539.9	13,385.5	11,004.0	2,054.0	500.0	400.0
Other	104.8	107.8	114.3	119.4	132.5	190.8	130.4	161.0	780.9	393.9
OTHER	**30,340.4**	**34,191.9**	**40,677.2**	**38,477.7**	**42,437.8**	**46,496.2**	**53,188.6**	**66,656.8**	**73,074.3**	**78,003.0**
Buddhist and Pali University of Sri Lanka	110.5	134.8	165.5	222.6	247.4	272.1	260.0	320.0	445.5	417.0
National Apprenticeship and Industrial Training Authority	586.0	564.0	650.0	685.0	768.0	890.8	1,175.1	1,162.0	1,083.5	1,093.5
National Institute of Education	223.4	226.8	250.0	338.0	304.5	330.0	416.0	448.0	494.0	495.0
National Engineering Research and Development Centre	144.8	161.0	164.5	198.2	214.8	241.7	120.0	140.0	270.0	280.7
National Youth Services Council	572.0	589.3	634.7	820.0	850.0	918.2	999.9	1,088.7	1,211.7	1,201.4
Sir John Kotelawala Defence University	358.5	432.9	649.4	980.8	1,029.9	1,279.8	1,626.2	1,409.3	1,501.0	1,685.0
Sri Jayewardenepura General Hospital	843.3	999.6	1,700.6	920.1	1,300.0	1,300.0	1,659.0	1,750.0	2,612.0	1,964.6
University Grants Commission	14,611.0	1,041.1	1,165.5	1,747.8	1,704.5	1,823.0	444.0	528.0	623.0	609.7
University of Peradeniya	n.a.	2,516.2	3,255.0	4,081.0	4,350.0	4,349.3	5,351.0	6,799.0	7,372.0	7,531.0
University of Colombo	n.a.	1,490.7	1,918.0	2,238.0	2,397.0	2,533.3	3,272.5	4,135.7	4,439.5	4,709.0
University of Sri Jayewardenepura	n.a.	1,541.9	1,856.0	2,360.0	2,537.7	2,907.8	3,590.0	4,589.0	4,975.0	5,395.0
University of Kelaniya	n.a.	1,567.0	1,815.0	2,244.0	2,430.0	2,550.1	3,030.0	3,775.0	4,089.0	4,128.0
University of Moratuwa	n.a.	1,045.9	1,280.0	1,579.0	1,724.0	1,950.5	2,329.4	2,756.9	2,875.0	3,185.0
University of Jaffna/Vauniya Campus	n.a.	1,037.9	1,337.0	1,722.0	2,007.0	2,205.0	2,574.2	3,363.5	3,567.0	3,879.0
University of Ruhuna	n.a.	1,400.8	1,695.0	2,152.0	2,242.6	2,390.3	2,833.0	3,755.0	4,027.0	4,308.0
Vocational Training Authority of Sri Lanka	850.0	836.6	925.2	1,162.0	1,286.5	1,311.4	1,480.5	1,591.5	1,562.3	1,531.0
Other	15,506.8	18,605.6	21,215.7	6,037.8	17,043.8	19,243.1	22,027.9	29,045.2	31,926.8	35,590.2
Total	**41,429.0**	**45,240.8**	**57,022.9**	**61,256.4**	**70,903.6**	**71,923.6**	**76,820.8**	**82,396.6**	**88,333.0**	**93,251.8**

(a) Figures for 2019 and 2020 may differ from those appearing in Appendix Table 99 of this Report due to the adjustment for arrears as per the Ministry of Finance

(b) Provisional

(c) Operational losses of the Department of Sri Lanka Railways and the Department of Posts are excluded

Source: Ministry of Finance

Capital Transfers to Public Corporations and Institutions

Public Corporations and Institutions	2012	2013	2014	2015	2016	2017	2018	2019 (a)	2020 (a)	2021 (b)
AGRICULTURE AND IRRIGATION	**1,748.4**	**2,610.7**	**3,893.3**	**2,618.3**	**3,033.9**	**3,004.2**	**3,136.1**	**2,794.0**	**3,091.2**	**5,281.4**
Coconut Development Authority	100.5	71.8	102.6	84.9	89.0	82.0	117.9	33.5	49.3	7.0
Coconut Cultivation Board	259.0	400.8	499.4	456.6	561.3	640.0	699.0	568.0	800.0	734.3
Coconut Research Institute	50.7	62.7	66.8	76.0	53.6	50.0	53.5	43.7	65.0	70.0
Mahaweli Authority of Sri Lanka	823.0	1,300.7	1,089.0	825.0	1,053.0	1,253.7	1,108.0	950.0	720.0	2,421.6
National Institute of Plantation Management	7.0	23.1	21.5	18.2	32.7	19.9	31.0	21.0	25.8	34.0
Rubber Research Institute	46.0	53.4	68.0	63.6	84.8	51.0	87.0	80.5	111.7	111.7
Sri Lanka Cashew Corporation	28.0	48.7	39.5	35.0	40.0	54.0	66.5	70.0	84.7	64.0
Sri Lanka Council for Agricultural Research Policy	20.0	16.3	20.4	1.0	8.8	16.1	14.4	15.0	1.0	13.5
Tea Research Institute	50.1	87.3	86.0	79.7	71.0	61.5	61.5	52.8	77.5	78.6
Tea Small Holdings Development Authority	199.0	294.8	476.3	650.0	674.3	455.0	617.0	685.0	1,088.0	1,369.0
Other	165.1	251.1	1,423.8	328.5	365.5	321.0	280.3	274.5	68.3	377.7
ENERGY AND WATER SUPPLY	**27,321.1**	**22,840.2**	**23,193.5**	**5,239.9**	**13,925.8**	**3,677.2**	**1,377.8**	**32,390.8**	**117,465.5**	**49,049.1**
Sri Lanka Atomic Energy Board	82.8	202.5	371.9	350.9	35.2	22.4	43.4	61.6	163.0	96.6
National Water Supply and Drainage Board	27,162.4	22,579.1	22,729.7	4,822.1	1,690.7	1,939.9	1,251.8	546.9	58,829.8	45,119.0
Sri Lanka Sustainable Energy Authority	61.0	43.6	54.1	38.2	60.0	64.9	59.6	65.6	75.9	106.9
Water Resources Board	14.9	15.1	37.8	28.6	34.0	27.9	18.8	21.1	6.5	8.2
Other	-	-	-	-	12,105.9	1,622.1	4.2	31,695.6	58,390.3	3,718.5
FISHERIES	**237.8**	**277.8**	**295.0**	**350.0**	**903.0**	**525.4**	**544.9**	**410.8**	**520.0**	**310.3**
Ceylon Fishery Harbours Corporation	96.1	76.0	100.0	110.0	145.0	181.0	197.9	136.9	234.0	194.6
National Aquatic Resources, Research and Development Agency	59.3	118.3	100.0	140.0	185.0	172.0	97.0	102.0	82.0	65.5
National Aquaculture Development Authority of Sri Lanka	82.4	83.5	95.0	100.0	150.0	172.4	250.0	171.9	204.0	50.2
MANUFACTURING AND MINING	**42.4**	**70.9**	**110.4**	**95.7**	**145.1**	**163.0**	**202.6**	**202.9**	**86.1**	**83.8**
Industrial Development Board	18.0	25.0	35.0	45.0	45.0	55.0	65.1	117.4	52.6	32.2
Gem and Jewellery Research and Training Institution	10.9	29.6	35.4	20.4	42.8	34.9	51.7	32.0	9.0	5.0
Other	13.6	16.4	40.0	30.3	57.2	73.1	85.8	53.5	24.5	46.5
TRADE AND COMMERCE	**336.8**	**404.1**	**519.7**	**510.4**	**470.4**	**580.3**	**510.6**	**337.7**	**212.2**	**333.6**
Sri Lanka Export Development Board	186.7	229.0	253.0	192.8	100.0	113.0	257.6	148.5	58.0	87.0
Paddy Marketing Board	115.3	81.1	175.0	155.0	150.0	150.0	177.5	70.0	78.0	0.0
Other	34.8	94.0	91.7	162.7	220.4	317.3	75.6	119.2	76.2	246.6
TRANSPORT AND COMMUNICATIONS	**135,863.5**	**131,409.8**	**129,949.6**	**180,813.9**	**150,580.7**	**195,317.2**	**175,077.2**	**159,348.2**	**227,789.7**	**206,812.4**
National Transport Commission	32.0	48.5	137.0	151.0	48.9	44.0	3.3	-	-	-
Road Development Authority	135,180.0	130,084.8	127,657.6	177,768.8	145,795.8	191,761.0	172,552.2	156,410.2	226,067.7	205,425.0
Sri Lanka Broadcasting Corporation	65.2	28.7	218.0	230.3	185.3	185.6	19.7	126.0	38.1	-
Sri Lanka Transport Board	579.0	1,237.2	1,877.3	2,632.8	4,529.7	3,320.1	2,395.8	2,649.6	1,425.7	1,311.2
Other	7.3	10.6	59.7	31.0	21.0	6.5	106.3	162.4	258.2	76.2
OTHER	**10,456.8**	**13,083.5**	**17,526.7**	**50,556.1**	**47,696.6**	**38,617.6**	**48,889.4**	**17,863.1**	**16,747.5**	**12,428.1**
National Apprenticeship and Industrial Training Authority	331.0	121.7	195.5	59.4	94.4	78.8	142.3	55.5	43.3	40.1
National Science Foundation	152.4	135.1	236.9	234.8	231.8	243.0	283.3	307.2	59.0	61.7
National Youth Services Council	185.1	489.5	613.0	420.0	475.0	467.8	771.0	655.0	528.6	508.0
Sri Jayewardenepura General Hospital	71.0	282.4	190.2	265.7	553.0	509.6	958.2	590.0	193.0	316.4
Urban Development Authority	270.0	1,025.0	1,346.8	1,070.6	607.9	690.7	636.0	1,009.5	1,054.0	1,306.9
University Grants Commission	4,341.0	152.1	299.3	238.6	195.3	203.4	84.0	120.1	440.0	283.0
University of Peradeniya	n.a.	494.3	1,085.8	898.0	1,513.0	800.0	1,308.0	785.0	978.0	496.1
University of Colombo	n.a.	359.2	628.1	615.0	632.0	765.0	565.0	705.0	433.0	395.0
University of Sri Jayewardenepura	n.a.	454.6	947.6	875.0	1,197.2	799.7	1,504.1	605.5	1,038.0	800.0
University of Kelaniya	n.a.	280.5	570.0	700.0	881.0	666.0	745.0	443.5	308.0	120.0
University of Moratuwa	n.a.	261.8	714.0	640.0	1,353.5	725.0	552.0	400.0	423.0	374.9
University of Jaffna/Vauniya Campus	n.a.	465.9	1,140.0	721.0	1,181.0	777.5	864.5	630.0	373.0	449.4
University of Ruhuna	n.a.	499.5	608.0	535.0	985.0	655.0	629.0	340.0	397.0	357.5
University of Vocational Technology - UNIVOTEC	n.a.	76.0	96.1	77.6	143.0	132.0	187.5	133.8	86.0	29.7
Other	5,073.0	7,986.1	8,855.4	43,205.5	37,653.6	31,104.2	39,659.5	11,083.1	10,393.6	6,889.4
Total	176,006.8	170,697.0	175,488.2	240,184.3	216,755.5	241,884.9	229,738.6	213,347.5	365,912.1	274,298.7

(a) Figures for 2019 and 2020 may differ from those appearing in Appendix Table 99 of this Report due to the adjustment for arrears as per the Ministry of Finance
(b) Provisional

Source: Ministry of Finance

Composition of Outstanding Central Government Debt (as at end year)

Rs. million

Source	2012	2013	2014	2015	2016	2017	2018	2019 (a)	2020 (a)	2021 (a)(b)
1. Foreign Debt	**2,767,299**	**2,960,424**	**3,113,116**	**3,544,031**	**4,045,796**	**4,718,618**	**5,959,547**	**6,201,283**	**6,052,179**	**6,492,150**
1.1 Project Loans (c)	1,846,772	1,938,909	1,904,599	2,180,388	2,361,118	2,610,547	3,149,905	3,231,464	3,458,461	3,764,319
1.2 Non-Project Loans	920,527	1,021,515	1,208,516	1,363,642	1,684,678	2,108,070	2,809,642	2,969,819	2,593,718	2,727,832
Commodity	56,599	61,597	69,993	71,470	69,101	62,727	63,267	52,312	43,023	34,904
Other	863,928	959,918	1,138,523	1,292,173	1,615,577	2,045,344	2,746,375	2,917,507	2,550,695	2,692,927
2. Domestic Debt	**3,315,651**	**3,928,788**	**4,373,746**	**5,055,159**	**5,433,073**	**5,664,215**	**6,071,001**	**6,830,260**	**9,065,068**	**11,097,223**
2.1 Rupee Loans	58,386	55,518	55,518	24,088	24,088	24,088	24,088	24,088	24,088	24,088
2.2 Treasury Bills (d)	629,070	700,137	694,767	658,240	779,581	697,154	746,887	873,943	1,620,705	2,270,508
2.3 Treasury Bonds (e)	2,177,892	2,548,323	2,940,017	3,401,211	3,806,353	3,892,408	4,197,323	4,606,232	5,713,300	6,966,218
2.4 Sri Lanka Development Bonds	222,994	369,215	391,083	668,458	572,199	637,886	614,219	559,284	486,870	455,203
2.5 International Sovereign Bonds	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	202,099	415,756	372,612
2.6 Central Bank Advances	111,292	109,167	143,898	151,132	83,307	199,801	198,633	236,609	153,079	150,129
2.7 Other (f)	116,017	146,428	148,463	152,030	167,546	212,878	289,851	328,006	651,269	858,466
Total	**6,082,949**	**6,889,212**	**7,486,862**	**8,599,190**	**9,478,869**	**10,382,832**	**12,030,548**	**13,031,543**	**15,117,247**	**17,589,373**

(a) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt from 2019 onwards.
(b) Provisional
(c) Includes outstanding balance of loans contracted with multilateral and bilateral lending partners
(d) Excludes outstanding Treasury bills held by non resident investors
(e) Excludes Treasury bonds held by non resident investors and includes Government Treasury bonds of Rs. 4,397 million issued for CWE in November 2003 (matured on 14 November 2016) and Rs. 13,125 million issued to capitalise SriLankan Airlines in March 2013 (matured on 01 June 2018) and Rs. 78,441 million issued for CPC in January 2012 of which Rs. 21,778 million matured on 01 January 2017 and the current outstanding is Rs. 56,662 million
(f) Include administrative borrowings arising from foreign loans channelled through Government or Semi-Government agencies and outstanding borrowings from OBUs

Sources: Ministry of Finance
Central Bank of Sri Lanka

Ownership of Central Government Debt (as at end year)

Rs. million

Owner	2012	2013	2014	2015	2016	2017	2018	2019 (a)	2020 (a)(b)	2021 (a)(c)
1. Domestic Debt (d)(e)(f)	**3,315,651**	**3,928,788**	**4,373,746**	**5,055,159**	**5,433,073**	**5,664,215**	**6,071,001**	**6,830,260**	**9,065,068**	**11,097,223**
1.1 Banking Sector	1,148,937	1,524,832	1,756,380	2,007,961	2,181,014	2,361,254	2,321,802	2,887,739	4,731,652	5,467,126
Central Bank	265,198	112,396	267,677	256,050	414,950	209,412	244,128	310,910	876,817	1,565,494
Commercial Banks	883,739	1,412,436	1,488,703	1,751,911	1,766,064	2,151,843	2,077,674	2,576,829	3,854,835	3,901,632
1.2 Non Bank Sector	2,166,714	2,403,956	2,617,366	3,047,198	3,252,059	3,302,961	3,749,199	3,942,521	4,333,416	5,630,097
Market Borrowings	2,165,780	2,390,023	2,616,796	3,046,628	3,252,059	3,302,961	3,749,199	3,942,521	4,333,416	5,630,097
Savings Institutions	330,150	358,243	379,877	428,236	426,771	447,792	494,976	593,965	710,999	795,869
Insurance Funds	33,768	30,849	30,536	50,597	57,944	72,305	67,506	55,309	54,070	69,571
Provident and Pension Funds (g)	1,204,729	1,428,534	1,474,560	1,655,336	1,826,633	1,942,739	2,203,365	2,460,440	2,687,627	2,984,689
Official Funds (h)	178,900	202,118	221,584	252,615	271,630	289,154	317,840	363,119	405,795	418,202
Business and individuals (i)	418,234	370,279	510,238	659,845	669,081	550,971	665,511	469,688	474,924	1,361,766
Non Market Borrowings	933	13,933	570	570	-	-	-	-	-	-
2. Foreign Debt (j)	**2,767,299**	**2,960,424**	**3,113,116**	**3,544,031**	**4,045,796**	**4,718,618**	**5,959,547**	**6,201,283**	**6,052,179**	**6,492,150**
Total	**6,082,950**	**6,889,212**	**7,486,862**	**8,599,190**	**9,478,869**	**10,382,832**	**12,030,548**	**13,031,543**	**15,117,247**	**17,589,373**

(a) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt from 2019 onwards.
(b) Revised
(c) Provisional
(d) Excludes Treasury bills held by non resident investors
(e) Excludes Treasury bonds held by non resident investors and includes Government Treasury bonds of Rs. 4,397 million issued for CWE in November 2003 (matured on 14 November 2016) and Rs. 13,125 million issued to capitalise SriLankan Airlines in March 2013 (matured on 01 June 2018) and Rs. 78,441 million issued for CPC in January 2012 of which Rs. 21,778 million matured on 01 January 2017 and the current outstanding is Rs. 56,662 million
(f) The composition of domestic debt held by the banking and non banking sectors was revised from 2016 due to the adjustment for holdings of SLDBs by businesses and individuals
(g) Trusts, Benevolent, Pension and Provident Funds and the Employees' Provident Fund
(h) The Central Government, Local Authorities, State Corporations, Departmental and other official funds
(i) Includes the value of Treasury Certificates of Deposits, Public Debt Sinking Funds (the Investment Fund w.e.f. September,1971) and the National Housing Sinking Fund
(j) Includes Treasury bills and Treasury bonds held by non resident investors

Sources: Ministry of Finance
Central Bank of Sri Lanka

TABLE 106

Ownership of Treasury Bills (as at end year)

Rs. million

Owner	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 (a)
1. Bank Sector	**373,753**	**447,004**	**401,792**	**445,418**	**575,528**	**473,106**	**534,996**	**710,553**	**1,467,651**	**1,991,430**
1.1 Central Bank	154,005	3,053	123,496	104,754	331,389	9,908	45,797	25,873	654,611	1,391,281
1.2 Commercial Banks	219,748	443,951	278,296	340,664	244,139	463,198	489,199	684,680	813,040	600,149
2. Non Bank Sector	**255,317**	**253,133**	**292,975**	**212,822**	**204,052**	**224,048**	**211,891**	**163,390**	**153,053**	**279,078**
2.1 Employees' Provident Fund	33,410	13,969	1,000	-	41,057	74,475	36,321	8,250	3,100	20
2.2 Other Provident Funds	122	45	-	162	77	49	1,091	-	26	48
2.3 Savings Institutions	61,972	68,328	47,945	67,766	18,049	38,378	21,881	21,939	36,078	30,070
2.4 Insurance and Finance Companies	19,097	28,629	47,461	47,388	57,918	58,093	64,628	71,637	61,413	86,860
2.5 Departmental and Other Official Funds	2,566	8,114	10,986	7,570	7,616	760	3,036	6,075	12,648	16,510
2.6 Private and Other	138,149	134,048	185,582	89,937	79,336	52,293	84,933	55,489	39,789	145,570
3. Foreign Investors	**80,184**	**73,916**	**55,500**	**5,045**	**12,816**	**27,552**	**11,909**	**23,727**	**670**	**204**
Total	**709,254**	**774,053**	**750,267**	**663,285**	**792,396**	**724,706**	**758,796**	**897,670**	**1,621,375**	**2,270,712**

(a) Provisional

Sources: Ministry of Finance
Central Bank of Sri Lanka

TABLE 107

Ownership of Treasury Bonds (as at end year) (a)

Rs. million

Owner	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 (b)
1. Bank Sector	**333,389**	**477,457**	**681,565**	**601,538**	**815,950**	**858,574**	**698,378**	**870,780**	**1,583,860**	**1,672,309**
1.1 Central Bank (c)	-	-	-	-	-	-	-	48,872	70,574	25,471
1.2 Commercial Banks	333,389	477,457	681,565	601,538	815,950	858,574	698,378	821,908	1,513,286	1,646,838
2. Non Bank Sector	**1,844,502**	**2,070,866**	**2,258,452**	**2,799,673**	**2,990,403**	**3,033,833**	**3,498,945**	**3,735,452**	**4,129,440**	**5,293,908**
2.1 Employees' Provident Fund	1,117,360	1,356,389	1,450,144	1,612,461	1,737,219	1,855,665	2,110,855	2,381,927	2,609,116	2,903,930
2.2 Other Provident Funds	30,639	35,031	315	42,713	48,060	-	42,549	25,637	30,360	44,089
2.3 Savings Institutions	261,309	285,915	327,932	358,470	406,722	407,415	471,095	570,026	672,922	763,799
2.4 Insurance and Finance Companies	31,711	26,636	42,742	58,808	68,124	68,305	56,937	56,842	68,125	75,092
2.5 Departmental and Other Official Funds	37,596	187,904	210,598	245,045	264,014	285,278	311,688	357,044	393,146	401,691
2.6 Private and Other	365,887	178,991	226,720	482,176	466,264	417,170	505,821	343,976	355,771	1,105,308
3. Foreign Investors	**317,604**	**403,486**	**401,710**	**298,734**	**247,222**	**295,059**	**146,914**	**80,294**	**6,204**	**1,710**
Total	**2,495,495**	**2,951,809**	**3,341,727**	**3,699,945**	**4,053,575**	**4,187,467**	**4,344,238**	**4,686,526**	**5,719,504**	**6,967,928**

(a) Excludes Treasury bonds held by non resident investors and includes Government Treasury bonds of Rs. 4,397 million issued for CWE in November 2003 (matured on 14 November 2016) and Rs. 13,125 million issued to capitalise SriLankan Airlines in March 2013 (matured on 01 June 2018) and Rs. 78,441 million issued for CPC in January 2012 of which Rs. 21,778 million matured on 01 January 2017 and the current outstanding is Rs. 56,662 million

(b) Provisional

(c) Central Bank introduced outright purchase of Treasury bonds auctions under Open Market Operations w.e.f. 06 September 2019

Sources: Ministry of Finance
Central Bank of Sri Lanka

TABLE 108

Ownership of Rupee Loans (as at end year)

Rs. million

Owner	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 (a)
1. Bank Sector - Commercial Banks	**15,870**	**15,870**	**15,870**	**15,870**	**15,870**	**15,870**	**15,870**	**15,870**	**15,870**	**15,870**
2. Non Bank Sector	**42,516**	**39,648**	**39,648**	**8,218**	**8,218**	**8,218**	**8,218**	**8,218**	**8,218**	**8,218**
2.1 Savings Institutions	6,868	4,000	4,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
2.2 Departmental and Other Official Funds (b)	5,190	6,101	6,101	-	-	-	-	-	-	-
2.3 Employees' Provident Fund	23,100	23,100	23,100	-	-	-	-	-	-	-
2.4 Other Provident Funds	7,358	6,447	6,447	6,218	6,218	6,218	6,218	6,218	6,218	6,218
Total	58,386	55,518	55,518	**24,088**	**24,088**	**24,088**	**24,088**	**24,088**	**24,088**	**24,088**

(a) Provisional
(b) Including Employees' Trust Fund

Sources: Ministry of Finance
Central Bank of Sri Lanka

Ownership of Outstanding Foreign Debt (as at end year)

Rs. million

Source	2012	2013	2014	2015	2016	2017	2018	2019 (a)	2020 (a)	2021 (b)
1. Multilateral	**844,292**	**903,540**	**887,960**	**994,430**	**1,076,549**	**1,198,243**	**1,451,443**	**1,469,867**	**1,601,482**	**1,872,241**
ADB	448,421	478,796	471,762	533,806	569,686	632,237	785,509	802,047	865,457	1,052,418
EIB	23,438	23,248	21,133	29,728	27,518	29,193	31,255	27,509	26,810	23,913
IBRD	322	4,530	6,987	10,382	27,760	28,462	37,008	45,769	56,757	85,654
IDA	349,997	373,085	363,052	391,149	417,636	467,832	548,283	541,074	593,238	642,169
IFAD	16,013	17,419	17,098	18,631	21,520	24,405	28,251	29,417	32,153	34,042
OPEC Fund for International Development	2,699	2,998	4,783	7,547	9,309	12,743	17,398	20,443	21,686	24,418
Nordic Development Fund	3,403	3,464	3,145	3,187	3,119	3,370	3,741	3,480	3,722	3,472
Asian Infrastructure Investment Bank	-	-	-	-	-	-	-	127	1,659	6,156
2. Bilateral	**1,035,907**	**823,180**	**793,196**	**888,971**	**945,754**	**992,157**	**1,163,265**	**1,131,911**	**1,162,973**	**1,116,470**
Canada	8,269	7,409	6,339	5,373	5,275	5,254	5,230	4,854	4,502	4,212
France (c)	24,273	26,861	24,698	25,406	24,448	27,977	32,264	34,202	38,584	43,057
Germany	51,164	52,112	43,342	40,726	39,145	43,506	46,937	43,113	45,091	41,742
India	78,322	102,843	119,982	137,413	142,277	145,071	166,915	153,075	146,530	141,122
Japan	547,515	468,366	416,408	457,483	486,199	506,829	613,656	617,973	659,260	621,587
Kuwait	6,194	5,749	5,357	6,765	7,774	8,768	12,124	13,146	14,866	17,947
People's Republic of China	67,434	67,154	87,743	117,284	131,604	135,728	150,939	138,720	124,665	119,355
Saudi Arabian Fund	2,648	3,868	4,982	10,724	13,255	16,722	21,752	23,725	24,085	26,781
USA	41,386	38,854	35,246	34,594	31,798	28,295	28,910	24,381	20,632	17,808
Other	208,702	49,963	49,100	53,205	63,978	74,007	84,537	78,724	84,758	82,860
3. Financial Markets	**887,100**	**1,233,704**	**1,431,959**	**1,660,630**	**2,023,493**	**2,528,218**	**3,344,839**	**3,599,504**	**3,287,725**	**3,503,439**
Riggs National Bank	3,064	2,922	2,651	2,607	2,336	2,110	2,262	1,986	1,767	1,605
Bankers' Trust Co.	356	275	184	101	-	-	-	-	-	-
Salomon Bros. Inc. New York	-	-	-	-	-	-	-	-	-	-
Citi Bank/NEXI	-	-	-	201	-	-	-	-	-	-
Export-Import Bank of China (d)	-	-	146,262	192,889	242,416	299,405	392,041	476,565	528,403	549,807
Other (e)(f)	883,680	1,230,507	1,282,863	1,464,832	1,778,741	2,226,703	2,950,536	3,120,953	2,757,555	2,952,027
o/w International Sovereign Bonds	445,063	457,636	655,243	958,014	1,220,870	1,475,049	2,220,411	2,531,493	2,203,279	2,243,049
Foreign Currency Term Financing Facilities	-	-	-	-	104,860	217,054	330,174	242,191	279,612	445,521
Total	**2,767,299**	**2,960,424**	**3,113,116**	**3,544,031**	**4,045,796**	**4,718,618**	**5,959,547**	**6,201,283**	**6,052,179**	**6,492,150**

(a) Revised
(b) Provisional
(c) Includes loans from financial institutions of France
(d) Excludes outstanding loans of projects under SOBEs
(e) Includes outstanding defence loans (up to 2016), Treasury bonds and Treasury bills held by non resident investors
(f) Values for 2019, 2020 and 2021 include SLDBs held by non resident investors and exclude ISBs held by resident investors.

Sources: Ministry of Finance
Central Bank of Sri Lanka

Foreign Loans - 2021

Rs. million

Type and Source	Gross Receipts	Repayments	Net Change in the Liability	Liability as at end December (a)
1. Project Loans	**375,941**	**280,461**	**305,858**	**3,764,319**
ADB	122,383	49,624	187,586	1,051,994
Australia	-	2,549	-2,015	5,002
Austria	2,376	1,677	409	21,969
Canada	-	429	-176	3,209
China (b)	93,750	66,303	81,531	710,336
EIB	-	3,334	-2,897	23,913
Finland	-	272	-262	-
France	8,477	9,334	1,642	81,661
Germany	60	3,230	-2,857	36,992
Hong Kong	2,375	1,209	2,837	25,290
India	16,527	15,537	12,979	158,136
IDA	56,621	36,977	47,539	616,323
Japan	26,857	41,195	-37,673	621,587
Korea	2,103	3,528	-2,147	66,624
Kuwait	2,926	1,418	3,081	17,947
Netherlands	6,134	11,157	-4,826	43,352
OPEC Fund for International Development	2,979	2,578	2,579	24,265
Saudi Arabian Fund	1,983	2,673	2,696	26,781
Spain	941	1,771	-904	20,544
Sweden	-	3,198	-2,505	6,952
UK	1,426	11,210	-6,635	39,640
USA	-	3,268	-1,984	15,541
Other	28,024	7,991	27,860	146,262
2. Non Project Loans	**108,883**	**1,060,764**	**134,113**	**2,727,831**
2.1 Commodity Loans	673	4,454	-2,874	13,536
Canada	-	198	-114	1,003
India	673	3,062	-1,610	7,746
Pakistan	-	777	-690	423
Germany	-	417	-460	4,365
2.2 Other Loans	108,210	1,056,310	136,987	2,714,295
ADB	-	680	-624	425
China	430	19,236	-95,467	210,068
USA	-	2,511	-1,506	11,904
Germany	-	29	-33	385
Other (c)(d)(e)	107,780	1,033,854	234,617	2,491,514
Grand Total	**484,824**	**1,341,225**	**439,971**	**6,492,150**

Sources: Ministry of Finance
Central Bank of Sri Lanka

(a) These figures may differ from those appearing in Appendix Table 112 of this Report due to differences in classification.
(b) Excludes outstanding loans of projects under SOBEs
(c) Includes Treasury bonds and Treasury bills held by non resident investors and Treasury bonds and Treasury bills issued to Sri Lankan diaspora and migrant workers
(d) Gross Receipts, Repayments and Net Change in the Liability do not include SLDBs and ISBs
(e) Liability as at end 2021 includes SLDBs and ISBs held by non resident investors

Net Receipts of Foreign Assistance (a)

Rs. million

Type and Source	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 (b)
1. Loans	**268,263**	**141,653**	**264,021**	**321,814**	**419,249**	**425,460**	**494,021**	**504,467**	**-141,972**	**-32,639**
ADB	20,477	17,129	11,702	18,315	24,507	29,567	32,517	11,879	15,144	72,079
Australia	-	-255	-2,042	-573	-1,636	-1,733	-1,895	-2,010	-2,104	-2,273
Canada	-570	-555	-509	-459	-468	-504	-528	-559	-562	-627
China (c)	82,892	61,531	26,942	39,228	39,807	60,001	196,246	76,318	99,721	104,290
Citibank International	-182	-	-183	-194	-205	-	-	-	-	-
Denmark	-777	-335	-2,163	-2,152	-2,315	-2,456	-2,397	-2,242	-2,143	-
France	2,037	1,071	334	341	-1,288	-655	-738	-346	-1,043	-964
Germany	-2,962	-2,860	-2,855	-1,989	-1,710	-1,919	-2,728	-2,562	-3,383	-3,617
IBRD	335	-	2,435	2,497	16,472	111	2,454	8,805	9,710	23,104
IDA	12,549	7,845	10,811	5,050	22,427	17,948	1,914	-2,654	16,561	19,898
IFAD	1,422	-	333	216	2,728	1,090	-246	1,128	737	104
India	32,042	21,885	12,016	4,324	-592	-164	-5,989	-12,704	-10,511	-17,575
Japan	14,340	6,306	5,348	-943	-7,312	-5,553	-5,431	-2,679	-9,706	-14,338
Korea	4,669	3,801	1,688	1,858	1,586	-908	1,239	-227	-1,552	-1,425
Kuwait	-309	-601	-209	887	652	717	1,448	784	1,367	1,508
Netherlands	-	5,786	-	-	-	-	-	-	-	-
OPEC Fund for International Development	365	225	1,723	1,909	1,461	3,217	1,885	1,866	254	553
Saudi Arabian Fund	-185	1,119	1,068	1,654	1,221	2,013	1,176	1,185	-887	-690
Salomon Brother's Incorporated - New York	-62	-	-	-	-	-	-	-	-	-
UK	-1,622	2,090	3,996	-397	-2,186	-3,570	-5,217	-5,595	-5,669	-6,551
USA	-3,675	-3,685	-4,023	-3,932	-4,070	-4,148	-4,431	-4,300	-4,293	-4,344
Other (d)	107,479	21,156	197,609	256,174	330,170	332,405	284,741	438,380	-243,613	-201,771
2. Grants	**19,708**	**7,768**	**10,545**	**10,318**	**7,977**	**4,668**	**3,430**	**4,480**	**6,773**	**3,427**
ADB	1,241	294	935	220	-	-	-	3	2,277	882
Germany	-	287	147	347	590	84	-	-	-	-
Japan	3,600	1,570	2,181	958	1,017	1,466	2,263	1,666	1,651	-
United Nations	7,178	1,748	38	806	1,185	635	523	321	2,087	841
USA	3,094	1,231	1,331	-	3,570	-	453	1,946	-	-
Other	4,595	2,638	5,913	7,987	1,615	2,483	191	544	758	1,704
Total	**287,971**	**149,421**	**274,566**	**332,132**	**427,226**	**430,128**	**497,451**	**508,947**	**-135,199**	**-29,212**

(a) These figures may differ from those appearing in Appendix Table 97 of this Report due to differences in classification.

(b) Provisional

(c) Excludes net receipts from China for projects implemented by SOBEs from 2012 onwards

(d) Do not include SLDBs and includes ISBs held by both resident and non resident investors.

Sources: Ministry of Finance
Central Bank of Sri Lanka

Outstanding Central Government Debt (as at end year)

Rs. million

Source	2017	2018	2019 (a)	2020 (a)	2021 (a)(b)
Total Domestic Debt	**5,664,215**	**6,071,001**	**6,830,260**	**9,065,068**	**11,097,223**
Short Term	1,031,181	1,134,553	1,270,374	2,197,594	3,139,794
Treasury Bills (c)	697,154	746,887	873,943	1,620,705	2,270,508
Provisional Advances from the Central Bank	199,801	198,633	236,609	153,079	150,129
Import Bills held by Commercial Banks	-	-	131	155	9
Other Liabilities to the Banking Sector Net of Bank Deposits	134,227	189,034	159,691	423,656	719,148
Medium and Long Term	4,633,033	4,936,447	5,559,887	6,867,473	7,957,430
Rupee Loans	24,088	24,088	24,088	24,088	24,088
Treasury Bonds (d)	3,892,408	4,197,323	4,606,232	5,713,300	6,966,218
Sri Lanka Development Bonds	637,886	614,219	559,284	486,870	455,203
International Sovereign Bonds	n.a.	n.a.	202,099	415,756	372,612
Offshore Banking Units	64,199	100,512	168,011	227,418	139,301
Other	14,453	305	173	41	7
By Debt Instrument	5,664,215	6,071,001	6,830,260	9,065,068	11,097,223
Rupee Loans	24,088	24,088	24,088	24,088	24,088
Treasury Bills (c)	697,154	746,887	873,943	1,620,705	2,270,508
Treasury Bonds (d)	3,892,408	4,197,323	4,606,232	5,713,300	6,966,218
Sri Lanka Development Bonds	637,886	614,219	559,284	486,870	455,203
International Sovereign Bonds	n.a.	n.a.	202,099	415,756	372,612
Provisional Advances from the Central Bank	199,801	198,633	236,609	153,079	150,129
Other	212,879	289,851	328,006	651,269	858,466
By Institution (e)	5,664,215	6,071,001	6,830,260	9,065,068	11,097,223
Banks	2,361,254	2,321,802	2,887,739	4,731,652	5,467,126
Central Bank					
By Debt Instrument	209,412	244,128	310,910	876,817	1,565,494
Treasury Bills	9,908	45,797	25,873	654,611	1,391,281
Treasury Bonds (f)	-	-	48,872	70,574	25,471
Other	199,504	198,331	236,165	151,632	148,742
Commercial Banks					
By Debt Instrument	2,151,843	2,077,674	2,576,829	3,854,835	3,901,632
Rupee Loans	15,870	15,870	15,870	15,870	15,870
Treasury Bills	463,198	489,199	684,680	813,040	600,149
Treasury Bonds	858,574	698,378	821,908	1,513,286	1,646,838
Sri Lanka Development Bonds	615,477	584,081	523,831	444,173	406,317
International Sovereign Bonds	n.a.	n.a.	202,099	415,756	372,612
Other	198,723	290,145	328,442	652,710	859,845
By Institution	2,151,843	2,077,674	2,576,829	3,854,835	3,901,632
State Banks	744,055	835,052	1,078,970	1,535,216	1,658,454
Other	1,407,788	1,242,622	1,497,859	2,319,619	2,243,178
Non Bank Sector					
By Debt Instrument	3,302,961	3,749,199	3,942,521	4,333,416	5,630,097
Rupee Loans (g)	8,218	8,218	8,218	8,218	8,218
Treasury Bills	224,048	211,891	163,390	153,053	279,078
Treasury Bonds	3,033,833	3,498,945	3,735,452	4,129,440	5,293,908
Sri Lanka Development Bonds	22,409	30,137	35,453	42,697	48,886
Other	14,453	7	7	7	7
By Institution	3,302,961	3,749,199	3,942,521	4,333,416	5,630,097
National Savings Bank	447,792	494,976	593,965	710,999	795,869
Savings Institutions & Individuals	486,181	600,755	405,690	401,785	1,257,103
Employees' Provident Fund	1,930,141	2,147,176	2,390,177	2,612,216	2,903,950
Insurance Institutions	72,305	67,506	55,309	54,070	69,571
Finance Companies	64,791	64,756	73,169	75,468	92,380
Other	301,752	374,029	424,210	478,877	511,225
Total Foreign Debt (h)	**4,718,618**	**5,959,547**	**6,201,283**	**6,052,179**	**6,492,150**
By Type	4,718,618	5,959,547	6,201,283	6,052,179	6,492,150
Project Loans	2,610,547	3,149,905	3,231,464	3,458,461	3,764,319
Non-project Loans	2,108,070	2,809,642	2,969,819	2,593,718	2,727,832
Commodity	62,727	63,267	52,312	43,023	34,904
Other	2,045,344	2,746,375	2,917,507	2,550,695	2,692,927
By Institution	4,718,618	5,959,547	6,201,283	6,052,179	6,492,150
Concessional Loans	2,130,482	2,705,836	2,767,459	2,988,113	3,097,585
Multilateral	954,662	1,392,857	1,356,925	1,445,230	1,548,129
Bilateral (i)	1,175,820	1,312,979	1,410,534	1,542,883	1,549,456
Non Concessional Loans	560,207	268,556	311,676	340,303	495,439
Multilateral	243,581	58,586	112,943	156,252	324,112
Bilateral	316,626	209,970	198,733	184,051	171,327
Commercial Loans	2,027,928	2,985,156	3,122,148	2,723,763	2,899,126
International Sovereign Bonds (j)	1,475,049	2,220,411	2,531,493	2,203,279	2,243,049
Sri Lanka Development Bonds	n.a.	n.a.	943	4,986	4,875
Foreign Currency Term Financing Facilities	217,054	330,174	242,191	279,612	445,521
Non Resident Investment in Treasury Bills	27,552	11,909	23,727	670	204
Non Resident Investment in Treasury Bonds	295,059	146,914	80,294	6,204	1,710
Other (j)	13,215	275,747	243,501	229,011	203,768
Total Outstanding Central Government Debt	**10,382,832**	**12,030,548**	**13,031,543**	**15,117,247**	**17,589,373**
***Memorandum item:* Public Guaranteed Debt (k)(l)**	**590,492**	**781,741**	**778,305**	**986,391**	**1,506,743**

(a) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt.
(b) Provisional
(c) Excludes Treasury bills held by non resident investors
(d) Excludes Treasury bonds held by non resident investors and includes Government Treasury bonds of Rs. 13,123 million issued to capitalise SriLankan Airlines in March 2013 (matured on 01 June 2018) and Rs. 78,441 million issued for CPC in January 2012 of which Rs. 21,778 million matured on 01 January 2017 and the current outstanding is Rs. 56,662 million
(e) The composition of domestic debt held by the banking and non banking sectors was revised from 2016 due to the adjustment for holdings of SLDBs by businesses and individuals.
(f) The CBSL introduced outright purchase of Treasury bonds auctions under Open Market Operations w.e.f. 06 September 2019.
(g) Includes sinking fund
(h) Excludes outstanding loans of projects under state owned business enterprises
(i) Includes concessionary by bilateral outstanding debt obligations to commercial banks and for export credit.
(j) Figure for 2019 and 2020 have been revised to reflect classification revision with the availability of a new survey on ISB holdings of domestic entitles as well.
(k) Outstanding amount of loans obtained by public corporations under Treasury guarantee
(l) Includes an international bond amounting to US dollars 175 million issued by the SriLankan Airlines in June 2014. This was matured in June 2019 and reissued for a period of 05 years

Sources: Ministry of Finance
Central Bank of Sri Lanka

Central Government Debt Service Payments

Rs. million

Item	2017	2018	2019	2020	2021 (a)
Total Interest payments (b)	**735,566**	**852,190**	**901,353**	**980,302**	**1,048,383**
Domestic	**570,623**	**639,482**	**667,383**	**713,623**	**794,633**
Short-Term	81,275	74,525	81,029	77,965	98,694
Treasury Bills	81,275	74,525	81,029	77,965	98,694
Medium and Long Term	489,348	564,957	586,354	635,658	695,939
Rupee Loans	2,891	2,891	2,891	2,891	2,891
Treasury Bonds	438,152	501,457	494,761	547,373	593,127
Offshore Banking Unit Loans	2,366	4,760	10,269	12,671	16,268
Sri Lanka Development Bonds	33,827	40,996	35,411	29,120	26,059
Other	12,113	14,853	43,022	43,603	57,594
Foreign	**164,942**	**212,708**	**233,970**	**266,679**	**253,750**
Short-Term	981	723	1,343	403	29
Treasury Bills	981	723	1,343	403	29
Medium and Long Term	163,961	211,985	232,627	266,276	253,721
Treasury Bonds	25,415	27,452	13,244	3,107	283
International Sovereign Bonds	84,619	110,566	136,085	190,637	185,746
Foreign Currency Term Financing Facilities and Project Loans	53,927	73,966	83,297	72,532	67,693
Total Amortisation Payments	**867,484**	**1,236,361**	**1,121,155**	**961,071**	**1,327,216**
Domestic	**642,875**	**921,881**	**546,315**	**455,899**	**795,498**
Medium and Long Term	642,875	921,881	546,315	455,899	795,498
Treasury Bonds	355,857	509,994	427,150	271,048	512,345
Offshore Banking Unit Loans	1,782	47,765	2,588	2,755	2,686
Sri Lanka Development Bonds	285,235	363,553	111,839	177,449	275,828
Other	-	569	4,738	4,646	4,639
Foreign	**224,609**	**314,480**	**574,839**	**505,172**	**531,718**
Medium and Long Term	224,451	314,480	574,839	505,172	531,718
Treasury Bonds	5,101	7,464	2,501	963	1,210
International Sovereign Bonds	-	-	269,828	185,277	199,902
Foreign Currency Term Financing Facilities and Project Loans	219,350	307,015	302,510	318,933	330,606
Deferred Payments for Defence Services	158	-	-	-	-
Total Debt Service Payments	**1,603,049**	**2,088,551**	**2,022,507**	**1,941,373**	**2,375,599**
Domestic	1,213,498	1,561,363	1,213,698	1,169,522	1,590,131
Foreign	389,551	527,188	808,809	771,851	785,468
As a percentage of GDP (c)					
Total Debt Service Payments	12.0	14.6	13.5	12.9	14.1
Total Domestic Debt Service Payments	9.1	10.9	8.1	7.8	9.5
Total Foreign Debt Service Payments	2.9	3.7	5.4	5.1	4.7
Total Interest Payments	5.5	6.0	6.0	6.5	6.2
Total Amortisation Payments	6.5	8.7	7.5	6.4	7.9

(a) Provisional

(b) According to the Ministry of Finance, the fiscal sector statistics of 2019 have been restated as announced in the Budget Speech for 2020.

(c) Based on revised GDP estimates for 2019 and 2020 released on 29 March 2022 by the Department of Census and Statistics

Sources: Ministry of Finance
Central Bank of Sri Lanka

Budget Outturn for Provincial Councils

Rs. million

Item	2012	2013	2014	2015	2016	2017	2018	2019	2020 (a)	2021 (b)
Total Revenue	**49,235**	**49,648**	**59,133**	**67,972**	**79,595**	**86,978**	**88,689**	**91,344**	**52,245**	**58,141**
Tax Revenue	41,657	42,569	52,569	61,476	70,942	77,691	82,228	81,499	43,096	51,067
Taxes on Goods and Services	25,119	24,937	30,810	34,476	38,395	46,248	48,145	49,069	15,728	12,278
Turnover Taxes/NBT	18,927	17,294	21,521	21,808	25,333	32,808	33,947	34,874	2,707	253
Licence Fees	5,144	6,592	8,199	10,688	10,267	10,952	11,929	11,718	11,197	10,847
Other Taxes	1,048	1,051	1,090	1,980	2,795	2,488	2,269	2,477	1,824	1,178
Tax on Property	16,538	17,632	21,759	27,000	32,547	31,443	34,083	32,430	27,368	38,788
Non Tax Revenue	7,578	7,079	6,564	6,496	8,653	9,287	6,461	9,845	9,149	7,075
Interest, Profits and Dividends	1,921	1,884	2,115	1,115	2,479	2,731	2,772	2,352	2,039	1,691
Sales and Charges	5,657	5,195	4,449	5,381	6,174	6,556	3,689	7,493	7,110	5,384
Total Expenditure	**161,341**	**185,241**	**216,824**	**269,586**	**276,147**	**287,838**	**292,265**	**310,124**	**337,006**	**376,447**
Recurrent Expenditure	139,121	156,066	172,131	222,223	237,664	241,338	251,552	286,884	289,667	316,969
Functional Basis	139,121	156,066	172,131	222,223	237,664	241,338	251,552	286,884	289,667	316,969
Provincial Administration	12,551	14,461	15,780	18,273	21,356	20,492	21,007	22,908	18,617	20,233
Economic Services	2,383	3,325	3,047	4,229	4,669	4,370	4,987	5,721	4,939	5,782
Social and Community Services and Other	124,187	138,280	153,304	199,721	211,639	216,476	230,936	258,255	266,111	290,954
Economic Basis	139,121	156,066	172,131	222,223	237,664	241,338	251,552	286,884	289,667	316,969
Personal Emoluments	108,246	117,806	131,162	171,871	182,497	187,367	198,129	219,698	228,561	251,525
Other	30,875	38,260	40,969	50,352	55,167	53,971	53,423	67,186	61,106	65,445
Capital Expenditure	22,220	29,175	44,693	47,363	38,483	46,500	40,713	23,240	47,339	59,478
Acquisition of Capital Goods	2,736	4,207	10,004	6,641	8,585	10,222	14,336	3,786	3,196	2,138
Capital Transfers	869	173	245	701	1,829	3,844	1,881	570	329	172
Province Specific Development Projects	5,901	6,429	9,136	13,345	12,177	20,250	13,536	11,376	11,004	12,632
Special Projects	11,452	18,100	16,826	16,965	12,234	11,025	7,483	5,230	6,412	18,513
Other	1,263	268	8,481	9,711	3,659	1,158	3,477	2,277	26,398	26,022
Central Government Transfers	**112,106**	**135,593**	**157,691**	**201,614**	**196,552**	**200,860**	**203,576**	**218,780**	**284,761**	**318,306**
Block Grants	91,892	108,801	126,144	167,551	169,106	166,348	180,095	199,968	265,593	284,602
Criteria Based Grants	2,861	2,264	3,392	3,753	3,035	3,236	2,462	2,205	1,752	2,559
Province Specific Development Grants	5,901	6,429	8,343	13,345	12,177	20,250	13,536	11,376	11,004	12,632
Grants for Special Projects	11,452	18,100	19,812	16,965	12,234	11,025	7,483	5,230	6,412	18,513

(a) Revised
(b) Provisional

Sources : Ministry of Finance
State Ministry of Provincial Councils and Local Government

Consolidated Budget (a)

Item	2015	2016	2017	2018	2019 (b)	2020	2021 (c)(d)
			Rs. million				
Total Revenue and Grants	1,559,678	1,811,746	1,963,104	2,059,743	2,034,352	1,475,276	1,521,951
Grants	6,014	7,496	8,031	12,486	7,909	5,348	6,740
Total Revenue	1,553,664	1,804,250	1,955,073	2,047,257	2,026,443	1,469,928	1,515,212
Tax Revenue	1,424,709	1,544,625	1,756,045	1,805,502	1,828,803	1,271,894	1,349,086
Taxes on Foreign Trade	244,231	302,538	371,336	288,341	331,668	361,643	349,836
Taxes on Domestic Goods and Services	804,643	843,980	1,063,571	1,079,901	964,864	574,962	627,786
VAT	219,700	283,470	443,739	461,651	443,877	233,786	308,213
Excise Tax	499,632	457,747	471,942	486,556	401,955	323,756	308,040
Turnover Tax/NBT	66,812	82,775	101,843	105,304	105,546	5,058	687
Licence Fees	18,499	19,989	19,963	26,390	13,486	12,362	10,847
Taxes on Net Income and Profits	262,583	258,857	274,562	310,345	427,700	268,249	302,115
Stamp Duty	33,572	41,545	38,592	43,917	43,041	38,459	38,788
Other	79,680	97,705	7,984	82,998	61,530	28,581	30,560
Non Tax Revenue	128,955	259,626	199,028	241,756	197,640	198,033	166,126
Current Revenue	121,473	249,641	189,414	234,699	189,039	182,000	166,098
Interest, Profits and Dividends	35,411	115,465	64,124	52,740	44,028	26,960	38,748
Fees and Administration Charges	49,835	77,109	75,395	107,602	84,411	57,333	48,000
Central Bank Profit Advances	-	5,000	-	15,000	-	24,009	15,012
Other	36,227	52,066	49,895	59,356	60,600	73,698	64,338
Capital Revenue	7,482	9,984	9,614	7,057	8,601	16,033	29
Total Expenditure	2,389,180	2,452,071	2,696,598	2,820,512	3,473,440	3,142,964	3,579,877
Recurrent Expenditure	1,772,522	1,851,723	2,024,239	2,187,972	2,534,586	2,608,367	2,779,880
Personal Emoluments	605,120	638,978	650,100	687,321	753,687	813,727	841,063
Other Purchases of Goods and Services	222,704	168,532	175,802	181,005	173,364	175,648	152,919
Interest Payments	509,674	610,895	735,566	852,190	901,353	980,302	1,048,382
Transfer Payments	435,024	433,318	462,772	467,455	582,755	762,118	737,515
Adjustment for arrears as per the Ministry of Finance	-	-	-	-	123,428	-123,428	-
Capital Expenditure	616,096	601,283	665,338	641,586	644,609	837,328	793,380
Acquisition of Fixed Capital Assets	334,522	349,996	385,562	381,892	405,301	500,527	440,891
Capital Transfers	241,553	223,217	247,343	235,198	226,409	289,080	293,047
Other	40,021	28,069	32,434	24,496	12,899	47,721	59,442
Lending Minus Repayments	561	-934	7,021	-9,046	-4,933	-3,552	6,617
Adjustment for arrears on capital expenditure as per the Ministry of Finance	-	-	-	-	299,178	-299,178	-
Consolidated Fiscal Balance	-829,502	-640,325	-733,494	-760,769	-1,439,088	-1,667,688	-2,057,925
			As a percentage of GDP (e) (f)				
Total Revenue and Grants	14.2	15.1	14.7	14.4	13.6	9.8	9.1
Tax Revenue	13.0	12.9	13.2	12.6	12.2	8.5	8.0
Non Tax Revenue	1.2	2.2	1.5	1.7	1.3	1.3	1.0
Grants	0.1	0.1	0.1	0.1	0.1	0.04	0.04
Total Expenditure	21.8	20.4	20.2	19.7	23.2	20.9	21.3
Recurrent Expenditure	16.2	15.4	15.2	15.3	16.9	17.4	16.5
Capital Expenditure	5.6	5.0	5.0	4.5	4.3	5.6	4.7
Lending Minus Repayments	0.01	-0.01	0.1	-0.1	-0.03	-0.02	0.04
Adjustment for arrears on total expenditure as per the Ministry of Finance	-	-	-	-	2.8	-2.8	-
Consolidated Fiscal Balance	-7.6	-5.3	-5.5	-5.3	-9.6	-11.1	-12.2

(a) Includes central government, provincial councils and local governments fiscal operations.
(b) According to the Ministry of Finance, the fiscal sector statistics of 2019 have been restated as announced in the Budget Speech for 2020.
(c) Provisional
(d) Includes only central government and provincial councils data as local government data are not available.
(e) Rebased GDP estimates (base year 2010) of the Department Census and Statistics have been used from 2010 onwards
(f) Based on revised GDP estimates for 2019 and 2020 released on 29 March 2022 by the Department of Census and Statistics

Sources : Ministry of Finance
State Ministry of Provincial Councils and Local Government

Currency Issued by the Central Bank (by Denomination)

Rs. million

End of Period	Currency Issued (a)	Notes (b) Rs. 5,000	Rs. 2,000	Rs. 1,000	Rs. 500	Rs. 200	Rs. 100	Rs. 50	Rs. 20	Rs. 10	Total Notes (c)	Coins Rs. 20 (d)	Rs. 10	Rs. 5	Rs. 2	Re. 1	Cts. 50	Cts. 25	Cts. 10	Cts. 5	Cts. 2	Ct. 1	Total Coins (e)
2017	598,054	360,357	10,526	141,832	38,154	130	21,600	5,561	5,758	1,340	585,328	-	5,402	4,102	1,358	898	186	121	39	23	6	4	12,726
2018	640,943	409,762	5,332	136,788	40,093	128	22,613	5,457	5,607	1,271	627,120	-	6,101	4,408	1,414	930	185	121	39	23	6	4	13,822
2019	677,967	446,313	4,044	134,368	41,697	128	23,663	5,721	5,877	1,260	663,139	-	6,721	4,696	1,477	964	185	121	39	23	6	4	14,828
2020	834,808	582,163	3,327	150,266	45,523	127	24,351	5,955	6,264	1,253	819,298	-	7,123	4,902	1,524	990	185	121	39	23	6	4	15,509
2021	1,005,099	729,384	2,951	160,771	52,284	126	27,472	7,087	7,235	1,249	988,628	41	7,674	5,168	1,588	1,023	185	121	39	23	6	4	16,472
2020 January	668,042	438,982	3,787	132,286	41,063	128	23,896	5,771	5,904	1,259	653,146	-	6,764	4,715	1,481	966	185	121	39	23	6	4	14,896
February	683,737	452,005	3,721	134,167	41,750	128	24,002	5,762	5,905	1,259	668,768	-	6,807	4,738	1,486	968	185	121	39	23	6	4	14,969
March	805,190	540,461	3,695	159,052	47,947	128	25,478	6,023	6,038	1,258	790,149	-	6,851	4,760	1,490	970	185	121	39	23	6	4	15,041
April	821,170	539,517	3,677	173,078	50,168	128	26,141	6,036	6,053	1,258	806,127	-	6,852	4,761	1,490	970	185	121	39	23	6	4	15,043
May	801,184	528,645	3,661	164,609	49,485	128	26,106	6,054	6,097	1,258	786,113	-	6,867	4,770	1,493	971	185	121	39	23	6	4	15,071
June	768,941	511,096	3,592	153,130	46,855	128	25,534	6,029	6,139	1,257	753,829	-	6,890	4,784	1,496	973	185	121	39	23	6	4	15,112
July	768,385	519,274	3,525	147,045	44,937	127	24,816	5,974	6,169	1,256	753,190	-	6,941	4,807	1,501	977	185	121	39	23	6	4	15,195
August	767,991	523,613	3,477	144,325	43,447	127	24,320	5,916	6,176	1,255	752,726	-	6,982	4,827	1,506	980	185	121	39	23	6	4	15,264
September	775,334	532,295	3,391	143,236	43,337	127	24,184	5,901	6,190	1,254	759,985	-	7,031	4,854	1,512	983	185	121	39	23	6	4	15,349
October	810,746	560,033	3,383	148,726	45,137	127	24,432	5,956	6,228	1,254	795,346	-	7,061	4,869	1,515	985	185	121	39	23	6	4	15,400
November	814,897	564,074	3,379	148,946	45,209	127	24,212	5,969	6,220	1,254	799,459	-	7,082	4,879	1,519	987	185	121	39	23	6	4	15,438
December	834,808	582,163	3,327	150,266	45,523	127	24,351	5,955	6,264	1,253	819,298	-	7,123	4,902	1,524	990	185	121	39	23	6	4	15,509
2021 January	844,768	588,708	3,293	151,812	46,715	127	24,793	6,088	6,346	1,253	829,204	-	7,156	4,919	1,528	992	185	121	39	23	6	4	15,564
February	852,784	597,615	3,283	150,777	46,414	127	25,074	6,140	6,392	1,253	837,145	-	7,199	4,942	1,533	995	185	121	39	23	6	4	15,639
March	900,618	635,561	3,241	156,128	49,173	127	26,078	6,527	6,632	1,252	884,787	27	7,302	4,988	1,543	1,000	185	121	39	23	6	4	15,831
April	911,082	637,922	3,224	160,226	51,469	127	27,261	6,777	6,817	1,252	895,143	29	7,361	5,024	1,551	1,004	185	121	39	23	6	4	15,939
May	920,335	648,494	3,224	159,088	51,067	127	27,389	6,817	6,846	1,252	904,373	29	7,374	5,030	1,553	1,005	185	121	39	23	6	4	15,962
June	950,083	672,455	3,208	163,670	52,628	127	27,103	6,749	6,840	1,252	934,100	32	7,385	5,036	1,554	1,006	185	121	39	23	6	4	15,983
July	942,804	668,049	3,119	161,555	51,789	127	27,123	6,814	6,861	1,251	926,757	33	7,418	5,057	1,559	1,008	185	121	39	23	6	4	16,047
August	967,151	693,167	3,101	161,210	51,589	127	26,843	6,802	6,879	1,251	951,038	34	7,454	5,077	1,565	1,011	185	121	39	23	6	4	16,114
September	996,380	714,909	3,073	167,217	52,998	127	26,861	6,820	6,895	1,251	980,219	35	7,482	5,091	1,568	1,012	185	121	39	23	6	4	16,161
October	987,573	707,350	3,017	165,405	53,182	127	27,047	6,908	6,973	1,250	971,326	36	7,540	5,108	1,574	1,015	185	121	39	23	6	4	16,247
November	969,394	696,168	2,982	158,466	52,611	126	27,252	6,992	7,109	1,250	953,027	39	7,608	5,143	1,581	1,019	185	121	39	23	6	4	16,367
December	1,005,099	729,384	2,951	160,771	52,284	126	27,472	7,087	7,235	1,249	988,628	41	7,674	5,168	1,588	1,023	185	121	39	23	6	4	16,472

(a) Pursuant to Section 51 of the Monetary Law Act, the Central Bank's holdings of notes and coins are not considered as part of its currency issue.

Source: Central Bank of Sri Lanka

(b) Currency notes in the denominations of Rs. 20, Rs. 1,000, Rs. 500, Rs. 200, Rs. 2,000 and Rs.5,000 were issued from 4 August 1980, 23 December 1981, 9 February 1982, 4 February 1998, 17 October 2006 and 4 February 2011, respectively.

(c) Currency notes of Rs. 5, Rs. 2, Re. 1 are also included. The value of these notes remained unchanged at Rs. 37.2 million, Rs. 26.7 million, Rs. 5.0 million, respectively, as at end December 2021.

(d) CBSL added a commemorative coin, in the denomination of Rs. 20, for circulation from March 2021.

(e) This includes commemorative coins issued up to 31 December 2021. As at end December 2021, the values of Rs. 100 coins, Rs. 500 coins, Rs. 1,000 coins and Rs. 5,000 coins stand at Rs. 5.8 million, Rs. 26 million, Rs. 260.8 million and Rs. 45.4 million, respectively. The total value of other commemorative coins, as at end December 2021, stands at Rs. 260.3 million.

Monetary Aggregates - M_1 and M_2

Rs. million

End of Period	Currency				Demand Deposits				Narrow Money Supply (M_1) (3)+(7)	Time and Savings Deposits held by the Public	Broad Money Supply (M_2) (e) (9)+(10)
	Held by the Govt. (a)	Held by Banks	Held by the Public	Total (1)+(2)+(3)	Held by the Govt. (b)	Held by Banks (c)	Held by the Public	Total (d) (5)+(6)+(7)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
2017	0	158,658	439,396	598,054	47,140	690,336	353,903	1,091,379	793,299	4,872,014	5,665,313
2018	0	167,876	473,066	640,943	45,597	808,482	357,727	1,211,806	830,793	5,596,536	6,427,330
2019	0	183,759	494,208	677,967	44,320	720,915	371,259	1,136,494	865,467	6,047,243	6,912,710
2020	0	193,798	641,010	834,808	52,075	623,850	536,140	1,212,066	1,177,150	7,318,638	8,495,788
2021	0	220,649	784,450	1,005,099	49,093	1,128,852	675,446	1,853,391	1,459,895	8,179,010	9,638,905
2020 January	0	176,330	491,712	668,042	38,365	680,356	367,320	1,086,042	859,032	6,142,034	7,001,066
February	0	178,978	504,759	683,737	33,855	727,218	361,440	1,122,512	866,199	6,215,412	7,081,611
March	0	237,220	567,970	805,190	36,717	658,761	396,786	1,092,264	964,756	6,371,192	7,335,948
April	0	223,201	597,968	821,170	35,034	611,836	394,534	1,041,404	992,502	6,473,595	7,466,098
May	0	202,825	598,359	801,184	33,318	554,866	393,419	981,603	991,778	6,532,036	7,523,814
June	0	189,451	579,490	768,941	33,743	488,975	422,361	945,078	1,001,851	6,602,276	7,604,127
July	0	176,000	592,385	768,385	32,922	611,573	432,204	1,076,700	1,024,589	6,693,183	7,717,772
August	0	171,997	595,993	767,991	40,668	647,323	462,468	1,150,459	1,058,461	6,799,975	7,858,436
September	0	177,383	597,951	775,334	35,697	566,002	459,413	1,061,112	1,057,364	6,969,706	8,027,070
October	0	195,915	614,831	810,746	38,356	591,316	470,903	1,100,575	1,085,734	7,080,727	8,166,461
November	0	196,860	618,037	814,897	38,994	577,562	476,944	1,093,501	1,094,981	7,169,633	8,264,614
December	0	193,798	641,010	834,808	52,075	623,850	536,140	1,212,066	1,177,150	7,318,638	8,495,788
2021 January	0	198,822	645,946	844,768	31,140	613,240	537,188	1,181,567	1,183,134	7,416,885	8,600,019
February	0	193,725	659,059	852,784	31,462	573,876	540,885	1,146,223	1,199,944	7,506,254	8,706,198
March	0	227,777	672,841	900,618	32,068	545,512	559,973	1,137,553	1,232,814	7,627,770	8,860,584
April	0	226,904	684,179	911,082	28,962	623,122	560,021	1,212,105	1,244,200	7,700,445	8,944,644
May	0	228,304	692,032	920,335	28,982	521,074	554,519	1,104,575	1,246,551	7,770,221	9,016,772
June	0	238,214	711,870	950,083	31,142	572,863	581,460	1,185,465	1,293,330	7,842,890	9,136,220
July	0	219,879	722,925	942,804	32,582	630,181	594,034	1,256,797	1,316,960	7,952,622	9,269,581
August	0	216,956	750,196	967,151	30,488	741,987	605,001	1,377,476	1,355,196	8,057,204	9,412,401
September	0	234,369	762,011	996,380	33,303	757,546	556,737	1,347,586	1,318,748	8,130,239	9,448,987
October	0	233,340	754,233	987,573	39,093	809,623	618,438	1,467,154	1,372,671	8,163,279	9,535,950
November	0	234,388	735,007	969,394	38,221	778,370	620,110	1,436,701	1,355,117	8,155,538	9,510,655
December	0	220,649	784,450	1,005,099	49,093	1,128,852	675,446	1,853,391	1,459,895	8,179,010	9,638,905

(a) Currency held by the Treasury and the District Secretariats
(b) Demand deposits of the government held with commercial banks and the Central Bank
(c) Interbank deposits, both local and foreign, including deposits of international organisations and commercial banks with the Central Bank
(d) Total demand deposits held with the Central Bank and commercial banks
(e) M_2 equals currency held by the public plus rupee denominated demand, savings and time deposits held by the public

Source: Central Bank of Sri Lanka

Monetary Survey - M_2 (a)

Rs. million

End of Period	Monetary Aggregates (Monetary Liabilities)		Net Foreign Assets (b)			Net Domestic Assets												Reserve Money (RM)	Money Multiplier	
						Domestic Assets									Net Other Liabilities					
						Central Bank of Sri Lanka			Commercial Banks					Gross Domestic Assets (8)+(11)+(12)+(13)						
	Narrow Money Supply (M_1) (c)	Broad Money Supply (M_2) (5)+(14)-(17)	Monetary Authorities (d)	Commercial Banks	Total (3)+(4)	Claims on Govt.	Deposits of the Govt.	Net Credit to the Govt. (e) (6)-(7)	Claims on Govt.	Deposits of the Govt.	Net Credit to the Govt. (e) (9)-(10)	Credit to Public Corporations	Credit to Private Sector		Monetary Authorities	Commercial Banks	Total (15)+(16)		M_1/RM	M_2/RM
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)		
2017	793,299	5,665,313	846,139	-311,276	534,863	225,377	297	225,080	1,651,443	74,816	1,576,627	342,354	4,471,965	6,616,026	473,138	1,012,438	1,485,576	939,793	0.84	6.03
2018	830,793	6,427,330	750,541	-202,093	548,448	473,118	301	472,817	1,763,914	120,729	1,643,185	432,854	5,135,547	7,684,403	582,368	1,223,153	1,805,521	961,096	0.86	6.69
2019	865,467	6,912,710	895,997	-482,405	413,593	363,476	444	363,032	2,095,409	115,722	1,979,687	481,222	5,375,077	8,199,017	581,006	1,118,894	1,699,900	932,604	0.93	7.41
2020	1,177,150	8,495,788	526,779	-472,573	54,206	870,322	1,430	868,892	3,323,967	120,274	3,203,694	584,274	5,748,117	10,404,976	560,832	1,402,561	1,963,393	964,440	1.22	8.81
2021	1,459,895	9,638,905	-387,263	-686,342	-1,073,604	2,095,481	1,387	2,094,095	3,531,443	170,103	3,361,340	972,821	6,498,862	12,927,118	701,728	1,512,881	2,214,608	1,305,809	1.12	7.38
2020 January	859,032	7,001,066	925,923	-472,347	453,576	335,571	455	335,116	2,171,828	101,367	2,070,461	487,912	5,374,771	8,268,261	592,890	1,127,880	1,720,770	935,558	0.92	7.48
February	866,199	7,081,611	970,984	-501,496	469,488	308,676	271	308,405	2,223,635	97,894	2,125,740	491,252	5,398,198	8,323,594	595,546	1,115,925	1,711,471	963,283	0.90	7.35
March	964,756	7,335,948	943,529	-469,450	474,078	474,030	773	473,257	2,297,761	98,956	2,198,805	498,890	5,485,855	8,656,807	611,489	1,183,449	1,794,938	1,013,797	0.95	7.24
April	992,502	7,466,098	949,121	-453,361	495,760	566,314	472	565,842	2,311,794	89,887	2,221,907	521,014	5,489,959	8,798,722	693,686	1,134,699	1,828,384	1,021,589	0.97	7.31
May	991,778	7,523,814	817,817	-429,593	388,224	606,166	529	605,637	2,460,166	85,425	2,374,742	525,583	5,435,818	8,941,780	622,164	1,184,027	1,806,190	996,539	1.00	7.55
June	1,001,851	7,604,127	824,638	-414,574	410,064	557,283	607	556,676	2,654,581	91,008	2,563,572	534,059	5,386,322	9,040,629	612,267	1,234,299	1,846,566	868,953	1.15	8.75
July	1,024,589	7,717,772	785,202	-460,093	325,109	550,728	712	550,016	2,853,030	97,451	2,755,579	556,995	5,383,850	9,246,439	566,719	1,287,057	1,853,776	878,832	1.17	8.78
August	1,058,461	7,858,436	822,435	-490,870	331,565	535,379	815	534,564	2,914,932	108,775	2,806,157	581,135	5,462,837	9,384,693	588,893	1,268,929	1,857,822	879,828	1.20	8.93
September	1,057,364	8,027,070	758,552	-461,939	296,612	578,351	604	577,747	3,007,564	98,932	2,908,632	584,928	5,560,804	9,632,111	560,933	1,340,720	1,901,654	891,389	1.19	9.01
October	1,085,734	8,166,461	574,153	-468,860	105,293	735,896	709	735,187	3,145,513	103,104	3,042,409	572,400	5,626,080	9,976,076	498,535	1,416,374	1,914,909	928,388	1.17	8.80
November	1,094,981	8,264,614	540,147	-502,156	37,991	800,423	923	799,500	3,174,282	105,800	3,068,482	587,484	5,675,209	10,130,676	524,715	1,379,337	1,904,052	936,257	1.17	8.83
December	1,177,150	8,495,788	526,779	-472,573	54,206	870,322	1,430	868,892	3,323,967	120,274	3,203,694	584,274	5,748,117	10,404,976	560,832	1,402,561	1,963,393	964,440	1.22	8.81
2021 January	1,183,134	8,600,019	417,927	-508,470	-90,542	925,704	1,386	924,317	3,507,269	112,233	3,395,036	611,189	5,756,203	10,686,746	497,447	1,498,737	1,996,184	975,897	1.21	8.81
February	1,199,944	8,706,198	393,859	-517,407	-123,548	997,022	563	996,460	3,473,682	114,509	3,359,173	619,593	5,828,486	10,803,712	537,493	1,436,473	1,973,966	978,090	1.23	8.90
March	1,232,814	8,860,584	341,034	-527,622	-186,588	1,093,239	1,044	1,092,195	3,527,503	116,502	3,411,001	631,763	5,926,001	11,060,961	532,570	1,481,219	2,013,789	1,028,599	1.20	8.61
April	1,244,200	8,944,644	342,923	-557,052	-214,130	1,071,408	860	1,070,547	3,568,293	113,766	3,454,527	648,935	5,981,867	11,155,877	502,351	1,494,751	1,997,103	1,031,144	1.21	8.67
May	1,246,551	9,016,772	349,094	-555,935	-206,841	1,055,456	845	1,054,612	3,628,664	108,471	3,520,193	650,602	6,029,091	11,254,498	483,338	1,547,546	2,030,885	1,036,010	1.20	8.70
June	1,293,330	9,136,220	306,556	-545,951	-239,395	1,179,684	827	1,178,858	3,623,790	120,493	3,503,298	656,041	6,100,336	11,438,533	535,300	1,527,617	2,062,918	1,065,064	1.21	8.58
July	1,316,960	9,269,581	10,254	-489,158	-478,904	1,419,031	1,027	1,418,004	3,688,537	122,945	3,565,592	653,682	6,163,141	11,800,418	485,425	1,566,508	2,051,933	1,063,866	1.24	8.71
August	1,355,196	9,412,401	-83,881	-439,899	-523,780	1,535,403	994	1,534,409	3,707,843	123,140	3,584,702	656,302	6,267,097	12,042,510	483,348	1,622,982	2,106,330	1,089,266	1.24	8.64
September	1,318,748	9,448,987	-158,710	-466,669	-625,379	1,831,990	1,126	1,830,865	3,504,140	130,305	3,373,834	650,746	6,333,794	12,189,240	675,743	1,439,131	2,114,873	1,295,956	1.02	7.29
October	1,372,671	9,535,950	-252,574	-624,671	-877,245	1,881,539	1,393	1,880,145	3,557,536	139,782	3,417,755	832,708	6,358,454	12,489,062	639,961	1,435,906	2,075,867	1,286,441	1.07	7.41
November	1,355,117	9,510,655	-329,911	-643,307	-973,218	1,995,006	1,307	1,993,699	3,474,186	142,645	3,331,541	897,440	6,420,118	12,642,797	694,363	1,464,562	2,158,925	1,287,803	1.05	7.39
December	1,459,895	9,638,905	-387,263	-686,342	-1,073,604	2,095,481	1,387	2,094,095	3,531,443	170,103	3,361,340	972,821	6,498,862	12,927,118	701,728	1,512,881	2,214,608	1,305,809	1.12	7.38

(a) M_2 is based on aggregated data pertaining to the Central Bank and Domestic Banking Units (DBUs) of commercial banks

(b) Foreign assets (net) of the Central Bank and commercial banks (including outward bills)

(c) Currency and demand deposits held by the public

(d) This includes NFA of the Central Bank as well as the Government's Crown Agent's balance reported by the Department of State Accounts

(e) Credit extended by the banking system to the government, net of government deposits with banks and government cash deposits

Source: Central Bank of Sri Lanka

Consolidated Monetary Survey - M_{2b} (a)

Rs. million

End of Period	Broad Money (M_{2b})							Net Foreign Assets (b)				
	Narrow Money (M_1) (c)			Time and Savings Deposits (d)			Total Broad Money (M_{2b}) (3)+(6)	Monetary Authorities (e)	Commercial Banks			Total Net Foreign Assets (8)+(11)
	Currency	Demand Deposits	Total Narrow Money (M_1) (1)+(2)	DBUs	OBUs	Total Time and Savings Deposits (4)+(5)			DBUs	OBUs	Total Commercial Banks (9)+(10)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
2017	439,396	353,903	793,299	5,298,564	216,198	5,514,762	6,308,062	846,139	-290,761	-433,840	-724,601	121,538
2018	473,066	357,727	830,793	6,071,118	226,386	6,297,503	7,128,297	750,541	-341,769	-475,779	-817,548	-67,007
2019	494,208	371,259	865,467	6,517,917	240,737	6,758,654	7,624,121	895,997	-369,636	-425,659	-795,296	100,702
2020	641,010	536,140	1,177,150	7,911,168	317,416	8,228,584	9,405,734	526,779	-427,146	-309,101	-736,247	-209,468
2021	784,450	675,446	1,459,895	8,918,875	268,538	9,187,413	10,647,309	-387,263	-381,514	-213,200	-594,713	-981,976
2020 January	491,712	367,320	859,032	6,616,580	228,164	6,844,744	7,703,776	925,923	-361,148	-475,302	-836,450	89,473
February	504,759	361,440	866,199	6,692,161	234,642	6,926,803	7,793,001	970,984	-398,100	-475,501	-873,601	97,383
March	567,970	396,786	964,756	6,868,918	264,575	7,133,493	8,098,249	943,529	-413,251	-502,159	-915,410	28,119
April	597,968	394,534	992,502	6,979,805	286,690	7,266,495	8,258,997	949,121	-402,663	-462,965	-865,628	83,493
May	598,359	393,419	991,778	7,024,993	276,349	7,301,342	8,293,120	817,817	-394,129	-472,529	-866,658	-48,841
June	579,490	422,361	1,001,851	7,098,219	264,678	7,362,898	8,364,748	824,638	-376,459	-459,884	-836,343	-11,705
July	592,385	432,204	1,024,589	7,204,054	278,749	7,482,804	8,507,393	785,202	-406,261	-427,839	-834,100	-48,899
August	595,993	462,468	1,058,461	7,341,047	292,513	7,633,560	8,692,021	822,435	-435,567	-406,440	-842,007	-19,572
September	597,951	459,413	1,057,364	7,520,708	292,358	7,813,066	8,870,430	758,552	-407,703	-416,735	-824,438	-65,886
October	614,831	470,903	1,085,734	7,640,422	291,324	7,931,746	9,017,480	574,153	-403,885	-416,846	-820,731	-246,578
November	618,037	476,944	1,094,981	7,743,970	296,683	8,040,654	9,135,635	540,147	-422,287	-399,063	-821,350	-281,203
December	641,010	536,140	1,177,150	7,911,168	317,416	8,228,584	9,405,734	526,779	-427,146	-309,101	-736,247	-209,468
2021 January	645,946	537,188	1,183,134	8,027,096	322,467	8,349,563	9,532,697	417,927	-476,046	-262,963	-739,010	-321,082
February	659,059	540,885	1,199,944	8,140,280	310,682	8,450,962	9,650,906	393,859	-484,133	-295,423	-779,556	-385,697
March	672,841	559,973	1,232,814	8,283,172	322,650	8,605,823	9,838,637	341,034	-496,323	-274,661	-770,984	-429,950
April	684,179	560,021	1,244,200	8,383,620	319,514	8,703,135	9,947,334	342,923	-489,754	-283,858	-773,612	-430,689
May	692,032	554,519	1,246,551	8,453,898	332,525	8,786,422	10,032,973	349,094	-480,871	-297,116	-777,988	-428,894
June	711,870	581,460	1,293,330	8,549,669	321,763	8,871,433	10,164,763	306,556	-475,996	-311,905	-787,901	-481,346
July	722,925	594,034	1,316,960	8,669,912	316,718	8,986,630	10,303,589	10,254	-433,362	-276,266	-709,628	-699,373
August	750,196	605,001	1,355,196	8,826,003	332,445	9,158,448	10,513,644	-83,881	-345,316	-271,758	-617,074	-700,955
September	762,011	556,737	1,318,748	8,866,196	303,156	9,169,352	10,488,100	-158,710	-381,577	-181,848	-563,425	-722,135
October	754,233	618,438	1,372,671	8,910,123	298,936	9,209,058	10,581,730	-252,574	-358,154	-225,834	-583,988	-836,562
November	735,007	620,110	1,355,117	8,892,775	297,893	9,190,668	10,545,785	-329,911	-382,968	-193,468	-576,436	-906,347
December	784,450	675,446	1,459,895	8,918,875	268,538	9,187,413	10,647,309	-387,263	-381,514	-213,200	-594,713	-981,976

(a) M_{2b} is based on the aggregated data pertaining to the Central Bank and both Domestic Banking Units (DBUs) and Offshore Banking Units (OBUs) of Licensed Commercial Banks (LCBs) operating in Sri Lanka. Definitional changes have been adopted in aggregating DBUs and OBUs to avoid double counting and misclassification of assets and liabilities. The major changes are:
(1) All DBU placements with OBUs are recorded as domestic assets, while all DBU borrowings from OBUs are recorded as domestic liabilities.
(2) Foreign currency deposits with DBUs are classified on the basis of ownership rather than on the basis of currency. Hence, the following apply:
(i) One half (50 per cent) of Non Resident Foreign Currency (NRFC) deposits are treated as domestic deposit liabilities
(ii) All Resident Non National Foreign Currency (RNNFC) balances are treated as foreign liabilities
(iii) All other domestic foreign currency accounts are treated as domestic deposit liabilities

(b) External assets (net) of the Central Bank and commercial banks (including outward bills)

(c) Currency and demand deposits held by the public

(d) Time and savings deposits of the public held with commercial banks

(e) This includes NFA of the Central Bank as well as the Government's Crown Agent's balance reported by the Department of State Accounts.

(Contd.)

Consolidated Monetary Survey - M_{2b}

Rs. million

End of Period		Net Domestic Assets															
		Domestic Credit												Other Items (net)			Total Net Domestic Assets (24)+(27)
		Credit to the Government (net) (f)					Credit to Public Corporations			Credit to the Private Sector			Total Domestic Credit (17)+(20)+(23)	Monetary Authorities and DBUs	OBUs	Total Other Items (net) (25)+(26)	
		Central Bank of Sri Lanka	Commercial Banks DBUs	Commercial Banks OBUs	Commercial Banks Total (14)+(15)	Total Credit to the Govt. (13)+(16)	DBUs	OBUs	Total Credit to Public Corporations (18)+(19)	DBUs	OBUs	Total Credit to Private Sector (21)+(22)					
		(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
2017		225,080	1,576,627	366,811	1,943,438	2,168,517	342,354	194,628	536,982	4,471,965	327,250	4,799,215	7,504,715	-1,079,540	-238,651	-1,318,191	6,186,524
2018		472,817	1,643,185	400,709	2,043,894	2,516,711	432,854	322,526	755,380	5,135,547	425,805	5,561,351	8,833,442	-1,191,264	-446,874	-1,638,139	7,195,304
2019		363,032	1,979,687	453,209	2,432,895	2,795,927	481,222	336,731	817,953	5,375,077	421,782	5,796,859	9,410,739	-1,341,995	-545,325	-1,887,320	7,523,419
2020		868,892	3,203,694	475,476	3,679,170	4,548,061	584,274	417,901	1,002,174	5,748,117	422,820	6,170,937	11,721,173	-1,416,291	-689,679	-2,105,970	9,615,202
2021		2,094,095	3,361,340	376,985	3,738,325	5,832,420	972,821	215,282	1,188,103	6,498,862	482,566	6,981,428	14,001,951	-1,779,571	-593,095	-2,372,666	11,629,285
2020	January	335,116	2,070,461	510,818	2,581,278	2,916,395	487,912	332,070	819,983	5,374,771	421,947	5,796,718	9,533,095	-1,357,423	-561,368	-1,918,792	7,614,304
	February	308,405	2,125,740	525,897	2,651,637	2,960,042	491,252	341,352	832,603	5,398,198	423,760	5,821,958	9,614,603	-1,338,119	-580,865	-1,918,985	7,695,618
	March	473,257	2,198,805	563,413	2,762,217	3,235,475	498,890	369,399	868,289	5,485,855	456,242	5,942,097	10,045,861	-1,353,411	-622,319	-1,975,730	8,070,130
	April	565,842	2,221,907	513,584	2,735,491	3,301,332	521,014	412,940	933,953	5,489,959	465,554	5,955,513	10,190,799	-1,372,872	-642,423	-2,015,295	8,175,504
	May	605,637	2,374,742	483,983	2,858,725	3,464,361	525,583	427,011	952,594	5,435,818	450,125	5,885,943	10,302,898	-1,348,697	-612,241	-1,960,938	8,341,960
	June	556,676	2,563,572	479,138	3,042,710	3,599,386	534,059	417,215	951,274	5,386,322	445,768	5,832,090	10,382,750	-1,388,739	-617,558	-2,006,297	8,376,453
	July	550,016	2,755,579	477,978	3,233,557	3,783,573	556,995	425,588	982,583	5,383,850	444,128	5,827,978	10,594,134	-1,396,736	-641,106	-2,037,842	8,556,292
	August	534,564	2,806,157	494,133	3,300,290	3,834,854	581,135	441,793	1,022,929	5,462,837	443,447	5,906,284	10,764,066	-1,372,053	-680,420	-2,052,472	8,711,593
	September	577,747	2,908,632	495,602	3,404,235	3,981,981	584,928	433,343	1,018,271	5,560,804	433,617	5,994,422	10,994,674	-1,404,889	-653,470	-2,058,358	8,936,316
	October	735,187	3,042,409	485,399	3,527,808	4,262,995	572,400	430,591	1,002,991	5,626,080	427,538	6,053,618	11,319,604	-1,420,187	-635,359	-2,055,546	9,264,058
	November	799,500	3,068,482	494,807	3,563,289	4,362,789	587,484	423,062	1,010,546	5,675,209	419,011	6,094,221	11,467,555	-1,409,584	-641,133	-2,050,718	9,416,838
	December	868,892	3,203,694	475,476	3,679,170	4,548,061	584,274	417,901	1,002,174	5,748,117	422,820	6,170,937	11,721,173	-1,416,291	-689,679	-2,105,970	9,615,202
2021	January	924,317	3,395,036	438,606	3,833,642	4,757,960	611,189	446,938	1,058,127	5,756,203	440,410	6,196,613	12,012,700	-1,418,397	-740,524	-2,158,921	9,853,779
	February	996,460	3,359,173	437,488	3,796,661	4,793,121	619,593	460,420	1,080,014	5,828,486	447,532	6,276,018	12,149,152	-1,373,215	-739,335	-2,112,550	10,036,602
	March	1,092,195	3,411,001	438,651	3,849,653	4,941,848	631,763	466,682	1,098,446	5,926,001	462,174	6,388,175	12,428,468	-1,389,686	-770,196	-2,159,882	10,268,587
	April	1,070,547	3,454,527	439,981	3,894,508	4,965,055	648,935	444,444	1,093,379	5,981,867	464,048	6,445,915	12,504,349	-1,381,225	-745,101	-2,126,326	10,378,024
	May	1,054,612	3,520,193	439,478	3,959,671	5,014,283	650,602	462,127	1,112,730	6,029,091	472,406	6,501,497	12,628,509	-1,422,272	-744,370	-2,166,642	10,461,867
	June	1,178,858	3,503,298	441,723	3,945,021	5,123,879	656,041	476,061	1,132,102	6,100,336	484,570	6,584,906	12,840,887	-1,426,093	-768,685	-2,194,778	10,646,109
	July	1,418,004	3,565,592	427,626	3,993,217	5,411,221	653,682	487,201	1,140,883	6,163,141	498,321	6,661,462	13,213,566	-1,390,439	-820,164	-2,210,603	11,002,963
	August	1,534,409	3,584,702	412,323	3,997,025	5,531,434	656,302	480,565	1,136,867	6,267,097	528,430	6,795,527	13,463,827	-1,432,114	-817,115	-2,249,228	11,214,599
	September	1,830,865	3,373,834	389,900	3,763,735	5,594,599	650,746	472,345	1,123,091	6,333,794	490,791	6,824,586	13,542,276	-1,464,008	-868,032	-2,332,040	11,210,236
	October	1,880,145	3,417,755	367,131	3,784,886	5,665,031	832,708	361,059	1,193,768	6,358,454	501,188	6,859,643	13,718,441	-1,595,540	-704,609	-2,300,149	11,418,292
	November	1,993,699	3,331,541	388,552	3,720,093	5,713,792	897,440	287,292	1,184,732	6,420,118	500,012	6,920,130	13,818,654	-1,682,026	-684,496	-2,366,522	11,452,132
	December	2,094,095	3,361,340	376,985	3,738,325	5,832,420	972,821	215,282	1,188,103	6,498,862	482,566	6,981,428	14,001,951	-1,779,571	-593,095	-2,372,666	11,629,285

(f) Credit extended by the banking system to the government, net of government deposits with banks and government cash deposits

Source: Central Bank of Sri Lanka

Financial Survey - M_4 (a)

Rs. million

End of Period		Broad Money (M_4)									Net Foreign Assets			
				Time and Savings Deposits (c)										
				Commercial Banks		LSBs (d)								
		Currency (b)	Demand Deposits (b)	DBUs (b)	OBUs	RDB/ Pradeshiya Sanwardhana Bank	Other	LFCs	Time and Savings Deposits (3)+(4) +(5)+(6)+(7)	Broad Money Supply (M_4) (1)+(2)+(8)	Monetary Authorities (e)	Commercial Banks (DBUs and OBUs)	LSBs and LFCs	Total Net Foreign Assets (10)+(11) +(12)
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
2017		430,905	296,118	5,191,405	216,198	136,582	837,991	686,720	7,068,897	7,795,919	846,139	-724,601	-155,708	-34,170
2018		463,512	296,275	5,965,178	226,386	137,928	946,684	693,625	7,969,801	8,729,588	750,541	-817,548	-66,658	-133,665
2019		485,061	315,263	6,398,509	240,737	145,977	1,131,552	727,425	8,644,201	9,444,525	895,997	-795,296	-11,941	88,761
2020		629,924	457,952	7,780,547	317,416	169,265	1,384,355	722,421	10,374,005	11,461,881	526,779	-736,247	-7,641	-217,109
2021		769,804	637,865	8,784,223	268,538	184,392	1,578,241	762,291	11,577,685	12,985,353	-387,263	-594,713	-16,645	-998,621
2020	January	481,699	315,959	6,502,679	228,164	147,543	1,159,091	737,764	8,775,241	9,572,899	925,923	-836,450	-13,397	76,076
	February	493,672	309,650	6,572,589	234,642	149,245	1,172,524	743,749	8,872,749	9,676,071	970,984	-873,601	-13,426	83,958
	March	558,177	338,459	6,746,336	264,575	148,940	1,181,590	735,152	9,076,594	9,973,230	943,529	-915,410	-13,973	14,146
	April	588,975	337,436	6,861,720	286,690	150,971	1,206,252	728,300	9,233,934	10,160,344	949,121	-865,628	-10,975	72,518
	May	589,353	333,227	6,911,467	276,349	151,840	1,215,319	721,834	9,276,809	10,199,389	817,817	-866,658	-10,668	-59,509
	June	569,096	353,413	6,973,478	264,678	154,783	1,242,909	703,166	9,339,014	10,261,523	824,638	-836,343	-10,681	-22,385
	July	582,584	362,617	7,072,946	278,749	158,212	1,275,554	701,236	9,486,698	10,431,900	785,202	-834,100	-10,656	-59,555
	August	584,880	393,536	7,205,318	292,513	160,340	1,292,178	708,851	9,659,201	10,637,616	822,435	-842,007	-10,702	-30,275
	September	586,210	396,752	7,382,181	292,358	163,045	1,315,687	724,042	9,877,313	10,860,274	758,552	-824,438	-10,644	-76,530
	October	603,733	417,801	7,505,014	291,324	164,850	1,341,025	724,915	10,027,128	11,048,662	574,153	-820,731	-7,529	-254,107
	November	607,338	417,131	7,614,480	296,683	167,223	1,365,088	726,155	10,169,629	11,194,098	540,147	-821,350	-7,583	-288,786
	December	629,924	457,952	7,780,547	317,416	169,265	1,384,355	722,421	10,374,005	11,461,881	526,779	-736,247	-7,641	-217,109
2021	January	634,067	471,777	7,901,421	322,467	171,115	1,416,737	725,726	10,537,466	11,643,310	417,927	-739,010	-7,871	-328,953
	February	645,898	477,847	8,011,884	310,682	171,509	1,439,005	733,531	10,666,612	11,790,357	393,859	-779,556	-14,751	-400,448
	March	658,828	504,968	8,160,210	322,650	172,959	1,454,812	735,364	10,845,996	12,009,792	341,034	-770,984	-15,151	-445,101
	April	672,425	511,959	8,255,871	319,514	175,199	1,476,893	742,241	10,969,718	12,154,101	342,923	-773,612	-11,719	-442,409
	May	681,127	503,205	8,334,215	332,525	175,163	1,499,433	739,052	11,080,388	12,264,719	349,094	-777,988	-11,880	-440,774
	June	685,554	532,394	8,438,844	321,763	175,195	1,508,075	739,735	11,183,612	12,401,560	306,556	-787,901	-11,875	-493,221
	July	695,662	545,109	8,564,569	316,718	176,220	1,518,601	746,509	11,322,616	12,563,387	10,254	-709,628	-11,906	-711,279
	August	739,530	551,538	8,704,018	332,445	176,859	1,541,058	744,476	11,498,856	12,789,924	-83,881	-617,074	-11,993	-712,947
	September	749,267	486,274	8,741,961	303,156	178,084	1,545,358	737,880	11,506,439	12,741,979	-158,710	-563,425	-11,937	-734,072
	October	741,026	579,975	8,785,791	298,936	180,384	1,551,001	736,328	11,552,440	12,873,441	-252,574	-583,988	-16,635	-853,197
	November	720,000	566,620	8,767,953	297,893	181,699	1,571,669	756,186	11,575,400	12,862,019	-329,911	-576,436	-16,640	-922,987
	December	769,804	637,865	8,784,223	268,538	184,392	1,578,241	762,291	11,577,685	12,985,353	-387,263	-594,713	-16,645	-998,621

(a) M_4 is based on the aggregated data pertaining to Licensed Specialised Banks (LSBs) and Licensed Finance Companies (LFCs), in addition to the institutions covered in M_{2b}

(Contd.)

(b) Currency, demand deposits and time and savings deposits of DBUs in this table differ from those in Table 119 due to the fact that LSBs and LFCs are not treated as 'Public' under the Financial Survey (M_4) definition

(c) Time and savings deposits of the private sector with commercial banks, LSBs and LFCs

(d) LSBs include Regional Development Banks/Pradeshiya Sanwardhana Bank (which was established on 14 July 2010 by amalgamating Regional Development Banks), National Savings Bank, State Mortgage and Investment Bank, Sanasa Development Bank Ltd, HDFC Bank of Sri Lanka and Sri Lanka Savings Bank Ltd. MBSL Savings Bank Ltd, which operated as a LSB, was amalgamated with Merchant Bank Sri Lanka PLC and MCSL Financial Services Ltd and operates as a LFC namely, Merchant Bank of Sri Lanka and Finance PLC w.e.f 1 January 2015. DFCC Bank which operated as a Licensed Specialised Bank was amalgamated with the DFCC Vardhana Bank and operates as a Licensed Commercial Bank namely, DFCC Bank PLC with effect from 1 October 2015. Lankaputhra Development Bank Ltd, which operated as a LSB, was amalgamated with Regional Development Bank/Pradeshiya Sanwardhana Bank with effect from 1 April 2019.

(e) This includes NFA of the Central Bank as well as the Government's Crown Agent's balance reported by the Department of State Accounts

Financial Survey - M_4

Rs. million

End of Period	Net Domestic Assets																	
	Domestic Credit																Total Other Items (net)	Total Net Domestic Assets (29)+(30)
	Credit to the Government (net) (f)							Credit to Public Corporations		Credit to the Private Sector						Total Domestic Credit (20)+(22)+(28)		
	Central Bank of Sri Lanka	Commercial Banks		LSBs		LFCs	Total Credit to the Govt. (14)+(15)+(16)+(17)+(18)+(19)	Commercial Banks (DBUs and OBUs)	Total Credit to Public Corporations	Commercial Banks		LSBs		LFCs (g)	Total Credit to Private Sector (23)+(24)+(25)+(26)+(27)			
		DBUs	OBUs	RDB/ Pradeshiya Sanwardhana Bank	Other					DBUs	OBUs	RDB/ Pradeshiya Sanwardhana Bank	Other					
	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
2017	225,080	1,576,627	366,811	7,000	538,638	64,791	2,778,946	536,982	536,982	4,471,965	327,250	131,017	545,796	1,049,805	6,525,832	9,841,761	-2,011,671	7,830,090
2018	472,817	1,643,185	400,709	6,750	511,820	64,756	3,100,037	755,380	755,380	5,135,547	425,805	142,102	611,724	1,185,946	7,501,124	11,356,541	-2,493,288	8,863,253
2019	363,032	1,979,687	453,209	10,790	603,065	73,169	3,482,951	817,953	817,953	5,375,077	421,782	154,234	659,916	1,182,241	7,793,251	12,094,155	-2,738,391	9,355,764
2020	868,892	3,203,694	475,476	10,178	732,035	75,471	5,365,746	1,002,174	1,002,174	5,748,117	422,820	172,102	764,378	1,177,098	8,284,515	14,652,435	-2,973,445	11,678,990
2021	2,094,095	3,361,340	376,985	9,078	835,450	92,380	6,769,328	1,188,103	1,188,103	6,498,862	482,566	200,803	892,943	1,263,770	9,338,944	17,296,375	-3,312,401	13,983,974
2020 January	335,116	2,070,461	510,818	9,426	617,296	71,945	3,615,062	819,983	819,983	5,374,771	421,947	153,910	662,511	1,193,187	7,806,326	12,241,370	-2,744,548	9,496,823
February	308,405	2,125,740	525,897	10,406	627,660	72,102	3,670,209	832,603	832,603	5,398,198	423,760	154,037	666,531	1,199,209	7,841,735	12,344,548	-2,752,434	9,592,113
March	473,257	2,198,805	563,413	9,522	633,243	73,236	3,951,477	868,289	868,289	5,485,855	456,242	156,142	667,035	1,194,313	7,959,587	12,779,354	-2,820,270	9,959,084
April	565,842	2,221,907	513,584	9,578	643,488	67,717	4,022,115	933,953	933,953	5,489,959	465,554	158,766	673,112	1,197,510	7,984,902	12,940,970	-2,853,144	10,087,827
May	605,637	2,374,742	483,983	11,986	646,927	63,749	4,187,024	952,594	952,594	5,435,818	450,125	154,446	676,067	1,194,283	7,910,738	13,050,356	-2,791,459	10,258,897
June	556,676	2,563,572	479,138	11,939	652,190	64,171	4,327,686	951,274	951,274	5,386,322	445,768	155,149	683,888	1,190,174	7,861,301	13,140,261	-2,856,352	10,283,909
July	550,016	2,755,579	477,978	13,020	661,640	61,742	4,519,975	982,583	982,583	5,383,850	444,128	154,188	689,774	1,183,839	7,855,779	13,358,337	-2,866,882	10,491,454
August	534,564	2,806,157	494,133	11,862	667,308	55,541	4,569,565	1,022,929	1,022,929	5,462,837	443,447	155,721	697,662	1,189,340	7,949,007	13,541,500	-2,873,609	10,667,891
September	577,747	2,908,632	495,602	11,212	684,626	72,854	4,750,673	1,018,271	1,018,271	5,560,804	433,617	159,483	716,682	1,191,163	8,061,749	13,830,693	-2,893,889	10,936,805
October	735,187	3,042,409	485,399	9,500	692,724	73,032	5,038,251	1,002,991	1,002,991	5,626,080	427,538	165,472	742,078	1,188,415	8,149,583	14,190,825	-2,888,056	11,302,769
November	799,500	3,068,482	494,807	11,860	712,257	75,825	5,162,730	1,010,546	1,010,546	5,675,209	419,011	167,256	749,056	1,183,444	8,193,976	14,367,252	-2,884,368	11,482,885
December	868,892	3,203,694	475,476	10,178	732,035	75,471	5,365,746	1,002,174	1,002,174	5,748,117	422,820	172,102	764,378	1,177,098	8,284,515	14,652,435	-2,973,445	11,678,990
2021 January	924,317	3,395,036	438,606	9,983	745,651	66,933	5,580,527	1,058,127	1,058,127	5,756,203	440,410	173,704	774,352	1,199,556	8,344,226	14,982,879	-3,010,616	11,972,263
February	996,460	3,359,173	437,488	10,384	772,376	67,917	5,643,798	1,080,014	1,080,014	5,828,486	447,532	177,984	789,573	1,196,087	8,439,661	15,163,473	-2,972,667	12,190,805
March	1,092,195	3,411,001	438,651	10,237	773,447	74,465	5,799,997	1,098,446	1,098,446	5,926,001	462,174	180,695	810,687	1,189,804	8,569,361	15,467,803	-3,012,910	12,454,893
April	1,070,547	3,454,527	439,981	11,166	769,024	74,119	5,819,364	1,093,379	1,093,379	5,981,867	464,048	182,693	819,790	1,188,352	8,636,750	15,549,493	-2,952,983	12,596,510
May	1,054,612	3,520,193	439,478	11,916	783,904	75,567	5,885,669	1,112,730	1,112,730	6,029,091	472,406	182,477	820,292	1,190,264	8,694,530	15,692,929	-2,987,436	12,705,493
June	1,178,858	3,503,298	441,723	9,566	803,117	80,468	6,017,029	1,132,102	1,132,102	6,100,336	484,570	182,206	817,171	1,185,667	8,769,951	15,919,082	-3,024,301	12,894,781
July	1,418,004	3,565,592	427,626	10,916	816,783	91,025	6,329,945	1,140,883	1,140,883	6,163,141	498,321	183,260	831,709	1,193,896	8,870,327	16,341,156	-3,066,490	13,274,665
August	1,534,409	3,584,702	412,323	10,166	815,649	86,636	6,443,885	1,136,867	1,136,867	6,267,097	528,430	185,404	850,227	1,202,360	9,033,518	16,614,269	-3,111,397	13,502,872
September	1,830,865	3,373,834	389,900	11,027	826,556	83,963	6,516,145	1,123,091	1,123,091	6,333,794	490,791	186,365	855,969	1,206,539	9,073,458	16,712,693	-3,236,642	13,476,051
October	1,880,145	3,417,755	367,131	11,831	836,032	87,831	6,600,725	1,193,768	1,193,768	6,358,454	501,188	188,885	867,833	1,226,608	9,142,968	16,937,461	-3,210,823	13,726,638
November	1,993,699	3,331,541	388,552	11,180	829,671	88,589	6,643,232	1,184,732	1,184,732	6,420,118	500,012	192,164	888,224	1,246,302	9,246,820	17,074,784	-3,289,778	13,785,006
December	2,094,095	3,361,340	376,985	9,078	835,450	92,380	6,769,328	1,188,103	1,188,103	6,498,862	482,566	200,803	892,943	1,263,770	9,338,944	17,296,375	-3,312,401	13,983,974

(f) Net credit to the government equals to credit extended by the Central Bank, LCBs, LSBs and LFCs to the government, net of government deposits and government cash balances.
(g) The sharp increase in credit to private sector by LFCs in some months could be attributed to already established specialised leasing companies (SLCs) obtaining LFC licenses.

Source: Central Bank of Sri Lanka

Monetary Aggregates - Summary

End of Period		Narrow Money (M_1)			Broad Money (M_2)			Broad Money (M_{2b})			Broad Money (M_4)		
		Amount Rs. bn	Percentage Change		Amount Rs. bn	Percentage Change		Amount Rs. bn	Percentage Change		Amount Rs. bn	Percentage Change	
			Year-on-Year	Annual Average		Year-on-Year	Annual Average		Year-on-Year	Annual Average		Year-on-Year	Annual Average
2020	January	859.0	7.3	3.0	7,001.1	9.1	8.5	7,703.8	8.3	8.3	9,572.9	9.5	9.0
	February	866.2	7.5	3.3	7,081.6	9.4	8.3	7,793.0	8.4	8.1	9,676.1	9.6	8.9
	March	964.8	13.0	4.2	7,335.9	12.0	8.6	8,098.2	11.6	8.2	9,973.2	12.0	9.1
	April	992.5	19.8	5.7	7,466.1	13.4	8.9	8,259.0	13.2	8.6	10,160.3	13.3	9.4
	May	991.8	23.6	7.6	7,523.8	13.6	9.3	8,293.1	13.7	8.9	10,199.4	13.6	9.8
	June	1,001.9	24.7	9.7	7,604.1	14.2	9.7	8,364.7	14.0	9.4	10,261.5	13.4	10.1
	July	1,024.6	28.3	11.9	7,717.8	15.2	10.3	8,507.4	15.7	10.0	10,431.9	14.9	10.6
	August	1,058.5	29.4	14.1	7,858.4	16.7	11.0	8,692.0	17.5	10.8	10,637.6	16.5	11.2
	September	1,057.4	25.4	15.9	8,027.1	18.7	11.9	8,870.4	19.2	11.8	10,860.3	17.9	12.0
	October	1,085.7	33.9	18.4	8,166.5	21.1	13.2	9,017.5	20.9	13.0	11,048.7	19.5	13.0
	November	1,095.0	33.9	20.9	8,264.6	21.7	14.4	9,135.6	22.3	14.3	11,194.1	20.8	14.1
	December	1,177.2	36.0	23.6	8,495.8	22.9	15.7	9,405.7	23.4	15.7	11,461.9	21.4	15.2
	Monthly Average	1,014.5	23.6		7,711.9	15.7		8,511.7	15.7		10,456.5	15.2	
2021	January	1,183.1	37.7	26.1	8,600.0	22.8	16.8	9,532.7	23.7	17.0	11,643.3	21.6	16.2
	February	1,199.9	38.5	28.7	8,706.2	22.9	17.9	9,650.9	23.8	18.3	11,790.4	21.9	17.2
	March	1,232.8	27.8	29.9	8,860.6	20.8	18.7	9,838.6	21.5	19.1	12,009.8	20.4	17.9
	April	1,244.2	25.4	30.4	8,944.6	19.8	19.2	9,947.3	20.4	19.7	12,154.1	19.6	18.4
	May	1,246.6	25.7	30.6	9,016.8	19.8	19.7	10,033.0	21.0	20.3	12,264.7	20.2	19.0
	June	1,293.3	29.1	30.9	9,136.2	20.1	20.2	10,164.8	21.5	20.9	12,401.6	20.9	19.6
	July	1,317.0	28.5	30.9	9,269.6	20.1	20.6	10,303.6	21.1	21.4	12,563.4	20.4	20.1
	August	1,355.2	28.0	30.8	9,412.4	19.8	20.9	10,513.6	21.0	21.7	12,789.9	20.2	20.4
	September	1,318.7	24.7	30.8	9,449.0	17.7	20.8	10,488.1	18.2	21.6	12,742.0	17.3	20.4
	October	1,372.7	26.4	30.2	9,536.0	16.8	20.4	10,581.7	17.3	21.3	12,873.4	16.5	20.1
	November	1,355.1	23.8	29.3	9,510.7	15.1	19.9	10,545.8	15.4	20.7	12,862.0	14.9	19.6
	December	1,459.9	24.0	28.3	9,638.9	13.5	19.1	10,647.3	13.2	19.9	12,985.4	13.3	18.9
	Monthly Average	1,298.2	28.3		9,173.4	19.1		10,187.3	19.9		12,423.3	18.9	

Source: Central Bank of Sri Lanka

Reserve Position of Commercial Banks (a) (b)

Rs. million

End of Period		Deposits (c)				Required Reserves against Deposits (d)							Actual Reserves	
		Demand	Time and Savings	Other	Total (e) (1)+(2)+(3)	Demand	Time and Savings	Other	Total Reserves (e) (5)+(6)+(7)	Till Cash	Required Reserves (8) - (9)	Required Reserves Cumulative	Commercial Banks' Deposits with Central Bank (Cumulative total for the reserve period)	Excess/(Deficit) on SRR (12) - (11)
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
2017		372,063	4,763,571	31,897	5,167,531	27,905	357,268	2,392	387,565	47,372	340,192	5,443,080	5,456,588	13,508
2018		391,719	5,517,000	32,853	5,967,560	23,503	331,020	1,971	382,483	57,791	324,692	5,195,065	5,203,094	8,029
2019		386,148	5,889,555	29,705	6,305,904	19,307	294,478	1,485	315,767	70,538	245,228	3,923,650	3,927,744	4,094
2020		493,883	7,056,798	33,239	7,584,017	9,878	141,136	665	151,776	51,643	100,133	1,602,122	1,630,027	27,906
2021		662,422	7,953,092	55,172	8,670,757	26,497	318,124	2,207	346,899	57,259	289,641	4,634,254	4,701,711	67,457
2020	January	404,907	5,947,989	29,407	6,382,636	20,245	297,399	1,470	319,448	65,727	253,721	4,059,543	4,063,126	3,583
	February	408,084	6,024,338	28,427	6,460,985	20,404	301,217	1,421	323,179	58,898	264,281	3,699,929	3,704,081	4,151
	March	405,303	6,093,913	28,906	6,528,238	16,212	243,757	1,156	261,241	61,729	199,512	3,192,197	3,219,586	27,388
	April	435,125	6,194,562	28,914	6,658,712	17,405	247,782	1,157	266,455	82,170	184,285	2,764,273	2,769,782	5,510
	May	437,238	6,347,225	31,334	6,815,905	17,490	253,889	1,253	272,741	93,755	178,986	2,863,776	2,869,605	5,829
	June	428,735	6,406,675	29,325	6,864,842	8,575	128,134	587	137,401	50,948	86,453	1,296,792	1,310,419	13,627
	July	445,373	6,485,962	29,127	6,960,567	8,907	129,719	583	139,314	46,479	92,835	1,485,359	1,491,267	5,908
	August	454,192	6,568,374	30,319	7,052,988	9,084	131,367	606	141,161	42,784	98,377	1,574,036	1,598,754	24,718
	September	467,537	6,688,350	30,677	7,186,666	9,351	133,767	614	143,834	42,349	101,485	1,522,275	1,526,609	4,334
	October	479,054	6,838,981	31,641	7,349,775	9,581	136,780	633	147,093	44,003	103,090	1,649,443	1,674,309	24,866
	November	493,977	6,965,957	32,908	7,492,940	9,880	139,319	658	149,954	47,247	102,707	1,540,607	1,599,785	59,178
	December	493,883	7,056,798	33,239	7,584,017	9,878	141,136	665	151,776	51,643	100,133	1,602,122	1,630,027	27,906
2021	January	536,396	7,181,804	34,370	7,752,667	10,728	143,636	687	155,149	47,198	107,951	1,727,211	1,889,447	162,236
	February	535,336	7,286,737	34,555	7,856,715	10,707	145,735	691	157,220	47,904	109,315	1,421,100	1,518,382	97,282
	March	524,828	7,362,789	35,141	7,922,830	10,497	147,256	703	158,527	48,030	110,498	1,767,961	1,836,823	68,862
	April	543,221	7,446,748	38,905	8,028,946	10,864	148,935	778	160,650	55,700	104,950	1,574,249	1,684,578	110,329
	May	564,167	7,560,764	38,071	8,163,074	11,283	151,215	761	163,332	62,239	101,093	1,617,490	1,742,950	125,460
	June	538,900	7,610,710	42,183	8,191,865	10,778	152,214	844	163,908	60,487	103,420	1,551,307	1,601,164	49,857
	July	549,145	7,665,349	43,445	8,258,011	10,983	153,307	869	165,231	58,171	107,060	1,712,965	1,722,282	9,316
	August	585,395	7,776,255	44,486	8,406,208	11,708	155,525	890	168,195	55,710	112,485	1,799,757	1,803,624	3,867
	September	596,621	7,857,425	49,111	8,503,230	23,865	314,297	1,964	340,198	57,096	283,102	4,246,529	4,255,286	8,757
	October	601,496	7,915,823	52,342	8,569,733	24,060	316,633	2,094	342,858	55,185	287,673	4,602,773	4,613,670	10,897
	November	658,372	7,978,797	49,275	8,686,516	26,335	319,152	1,971	347,530	58,494	289,036	4,335,533	4,360,643	25,110
	December	662,422	7,953,092	55,172	8,670,757	26,497	318,124	2,207	346,899	57,259	289,641	4,634,254	4,701,711	67,457

(a) Under Sections 10c, 93, 94, 96 and 97 of the amended Monetary Law Act (Chapter 422), commercial banks and other financial institutions are required to maintain reserves against their deposit liabilities as prescribed by the Monetary Board. Currently, only commercial banks are subject to reserve requirements. With effect from 24 January 1992, an amount of till cash over and above two per cent of the total deposit liabilities, but not exceeding four per cent, could be maintained as a part of required reserves in the form of Sri Lanka currency notes and coins. With the reduction of Statutory Reserve Ratio (SRR) to 2.00 per cent with effect from 16 June 2020, the Central Bank also reduced till cash adjustment for the SRR compilation to an amount over and above two per cent of the total deposit liabilities, but not exceeding three per cent. Details of required reserve ratios, which were applicable in the past and computation methods have been published in the Appendix table on the 'Reserve Position of Commercial Banks' in the Annual Reports prior to 2003.

(b) With effect from June 2013, the basis for computing the SRR was changed and 7 day reserve calculation and maintenance periods were increased to two periods per month, first from 1st to 15th and the second from 16th to end of each month. Up to May 2013, Reserve data were for the last reserve week of each month and from June 2013 onwards, Reserve data are for the second reserve period of each month. The required reserves recorded in the table refer to the cumulative reserves for the reserve period, while commercial banks' deposits with the Central Bank are the cumulative deposits for that particular period. Excess/Deficit on SRR is the difference between the cumulative SRR for the reserve period and cumulative deposits of the commercial banks for the period.

(c) Excludes interbank deposits

(d) SRR reduced to 5.00 per cent, 4.00 per cent and 2.00 per cent, with effect from the reserve maintenance periods commencing 01 March 2019, 16 March 2020 and 16 June 2020, respectively. Subsequently, SRR increased to 4.00 per cent, with effect from the reserve maintenance period commencing 01 September 2021.

(e) A Margin Deposit Requirement on Letters of Credit / Documents against acceptance terms was imposed with effect from October 2018 to March 2019. The balances of these margin accounts are included in the Total Reserves.

Source: Central Bank of Sri Lanka

Money Rates: The Central Bank and Commercial Banks (a)

Per cent per annum

End of Period	Central Bank of Sri Lanka			Commercial Banks' Deposit Rates														Commercial Banks' Rates on Advances																
																		Loans and Overdrafts																
	Bank Rate (b)	Standing Deposit Facility Rate (c)	Standing Lending Facility Rate (c)	Fixed Deposits								Saving Deposits		AWDR (d)	AWFDR (e)	AWNDR (f)	AWNFDR (g)	Secured by						Unsecured		Bills Purchased and Discounted		AWPR (h)	AWLR (i)	AWNLR (j)	Over-night SLI-BOR (k)	Interbank Call Money Market Rate		
				3-month		6-month		1-year		2-year								Stock in Trade		Immovable Property		Others												
				Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.					Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.					Max.	Min.	Average Weighted
2017	15.00	7.25	8.75	12.75	4.00	13.50	4.00	15.00	4.89	13.00	5.13	9.50	0.50	9.07	11.48	10.06	10.65	28.00	5.25	30.00	4.00	30.00	1.00	36.87	4.07	27.00	6.00	11.33	13.88	14.31	8.15	8.25	8.10	8.15
2018	15.00	8.00	9.00	13.80	4.00	14.00	4.50	15.00	4.53	13.50	5.40	8.50	0.50	8.81	10.85	10.94	11.27	28.00	7.93	28.00	4.00	28.00	1.00	29.00	3.50	27.00	6.00	11.94	14.40	14.54	9.00	9.00	8.90	8.95
2019	15.00	7.00	8.00	11.75	2.50	12.00	3.05	15.00	3.55	12.63	5.30	7.50	0.20	8.20	10.05	8.89	9.17	28.00	4.47	28.00	4.00	28.00	1.00	28.00	6.75	24.00	6.00	10.00	13.59	12.80	7.51	7.55	7.40	7.45
2020	8.50	4.50	5.50	8.33	0.15	11.30	0.20	15.00	0.25	12.50	3.00	7.00	0.10	5.80	7.14	4.93	5.08	28.00	3.95	28.00	4.00	28.00	1.00	28.00	4.00	17.42	2.90	5.74	10.29	8.38		4.55	4.53	4.55
2021	9.00	5.00	6.00	8.25	0.08	8.00	0.01	15.00	0.15	10.83	0.15	6.35	0.05	4.94	5.94	6.45	6.67	28.00	4.00	28.00	3.02	28.00	1.00	28.00	3.03	18.00	3.14	8.33	9.87	9.48		6.00	5.88	5.95
2020 January	15.00	6.50	7.50	11.50	2.40	11.30	2.85	15.00	3.20	12.63	5.30	7.50	0.20	8.14	9.97	9.34	9.57	28.00	4.47	28.00	4.00	28.00	1.00	28.00	7.70	24.00	6.00	9.68	13.47	12.53	7.00	7.05	6.95	6.98
February	15.00	6.50	7.50	11.50	2.30	11.30	3.00	15.00	3.50	12.50	5.30	8.25	0.25	8.06	9.83	8.55	8.82	28.00	7.59	28.00	4.00	28.00	1.00	28.00	7.25	24.00	6.00	9.51	13.36	12.54	6.97	7.00	6.90	6.95
March	15.00	6.25	7.25	11.50	0.30	11.30	0.50	15.00	0.95	12.50	5.30	7.50	0.20	7.90	9.65	8.22	8.44	28.00	7.37	28.00	4.00	28.00	1.00	28.00	6.92	24.00	6.00	9.35	13.22	12.19	6.75	6.75	6.75	6.75
April	10.00	6.00	7.00	11.50	2.05	11.30	2.40	15.00	3.00	12.50	5.30	7.50	0.20	7.77	9.51	7.83	7.88	28.00	7.31	28.00	4.00	28.00	1.00	28.00	6.50	24.00	6.00	9.38	13.08	11.67	6.47	6.45	6.40	6.40
May	9.50	5.50	6.50	11.50	2.00	11.30	2.25	15.00	2.50	12.50	5.30	7.50	0.20	7.57	9.26	7.83	7.96	28.00	4.00	28.00	4.00	28.00	1.00	28.00	6.92	24.00	6.00	9.28	12.96	11.68	5.90	5.85	5.80	5.84
June	9.50	5.50	6.50	11.50	1.80	11.30	1.85	15.00	2.00	12.50	5.30	7.00	0.25	7.38	9.00	7.20	7.37	28.00	4.00	28.00	5.00	28.00	1.00	28.00	3.67	20.00	6.00	8.78	12.64	11.18	5.53	5.60	5.50	5.52
July	8.50	4.50	5.50	11.50	0.32	11.30	1.25	15.00	1.60	12.50	4.35	7.00	0.20	7.16	8.69	5.78	5.96	28.00	6.11	28.00	4.00	28.00	1.00	28.00	4.00	20.00	6.00	7.79	12.29	9.85		4.55	4.53	4.53
August	8.50	4.50	5.50	11.25	0.32	11.30	1.25	15.00	2.00	12.50	4.35	7.00	0.20	6.74	8.26	5.49	5.66	28.00	4.00	28.00	4.00	28.00	1.00	28.00	4.00	20.00	6.00	7.01	11.84	9.12		4.53	4.53	4.53
September	8.50	4.50	5.50	11.25	0.15	11.30	0.20	15.00	0.25	12.50	3.00	7.00	0.10	6.44	7.90	5.31	5.46	28.00	4.00	28.00	4.00	28.00	1.00	28.00	4.00	16.00	5.72	6.42	11.21	8.82		4.55	4.52	4.53
October	8.50	4.50	5.50	11.25	0.15	11.30	0.20	15.00	0.25	12.50	3.00	7.00	0.10	6.23	7.59	5.10	5.25	28.00	4.00	28.00	4.00	28.00	1.00	28.00	4.00	16.00	5.72	6.10	10.82	8.73		4.55	4.52	4.53
November	8.50	4.50	5.50	11.25	0.15	11.30	0.20	15.00	0.25	12.50	3.00	7.00	0.10	6.01	7.37	4.96	5.07	28.00	4.00	28.00	4.00	28.00	1.00	28.00	4.00	17.45	4.05	5.95	10.55	8.71		4.55	4.53	4.54
December	8.50	4.50	5.50	8.33	0.15	11.30	0.20	15.00	0.25	12.50	3.00	7.00	0.10	5.80	7.14	4.93	5.08	28.00	3.95	28.00	4.00	28.00	1.00	28.00	4.00	17.42	2.90	5.74	10.29	8.38		4.55	4.53	4.55
2021 January	8.50	4.50	5.50	8.33	0.15	11.30	0.20	15.00	0.25	12.25	3.00	7.00	0.10	5.58	6.88	5.19	5.30	28.00	4.00	28.00	4.00	28.00	1.00	28.00	2.01	17.42	2.89	5.82	10.17	8.37		4.55	4.54	4.55
February	8.50	4.50	5.50	8.33	0.15	8.83	0.20	15.00	0.25	12.25	3.00	7.00	0.10	5.36	6.53	4.96	5.09	28.00	4.00	28.00	4.00	28.00	1.00	28.00	4.00	17.42	2.87	5.72	10.08	8.26		4.55	4.54	4.55
March	8.50	4.50	5.50	8.00	0.15	8.83	0.20	15.00	0.25	12.25	3.00	7.00	0.10	5.20	6.29	4.86	4.99	28.00	4.00	28.00	4.00	28.00	1.00	28.00	4.00	17.42	3.74	5.67	9.91	8.28		4.65	4.60	4.62
April	8.50	4.50	5.50	8.00	0.15	8.83	0.20	15.00	0.25	12.04	3.45	7.00	0.10	5.07	6.09	4.77	4.92	28.00	3.87	28.00	3.04	28.00	1.00	28.00	4.00	17.50	2.87	5.65	9.73	7.95		4.70	4.60	4.64
May	8.50	4.50	5.50	8.00	0.15	8.83	0.20	15.00	0.25	12.00	3.45	7.00	0.10	4.97	5.94	4.77	4.90	28.00	1.00	28.00	3.04	28.00	1.00	28.00	4.00	17.50	4.95	5.69	9.64	7.74		4.75	4.60	4.66
June	8.50	4.50	5.50	8.00	0.15	7.00	0.20	15.00	0.25	10.83	3.45	7.00	0.10	4.87	5.82	4.98	5.10	28.00	1.00	28.00	3.04	28.00	1.00	28.00	4.00	17.50	4.70	5.67	9.50	7.47		4.95	4.80	4.93
July	8.50	4.50	5.50	8.00	0.15	7.00	0.20	15.00	0.25	10.83	3.45	6.00	0.10	4.77	5.67	4.99	5.15	28.00	1.00	28.00	2.84	28.00	1.90	28.00	4.00	17.50	4.00	5.70	9.45	8.09		5.20	5.00	5.10
August	9.00	5.00	6.00	8.00	0.15	7.00	0.20	15.00	0.25	10.83	3.45	6.00	0.10	4.75	5.62	5.19	5.35	28.00	1.00	28.00	3.04	28.00	1.00	28.00	4.00	18.00	5.20	5.85	9.38	8.04		5.85	5.75	5.79
September	9.00	5.00	6.00	8.00	0.15	7.00	0.20	15.00	0.25	10.83	3.45	6.25	0.10	4.75	5.64	5.53	5.69	28.00	1.00	28.00	3.02	28.00	1.00	28.00	4.00	18.00	3.89	6.39	9.37	8.14		5.95	5.90	5.94
October	9.00	5.00	6.00	8.00	0.08	8.00	0.10	15.00	0.15	10.83	0.15	6.25	0.05	4.79	5.70	5.96	6.19	28.00	1.00	28.00	3.02	28.00	1.00	28.00	4.00	18.00	3.15	7.18	9.49	8.78		6.00	5.80	5.93
November	9.00	5.00	6.00	8.00	0.08	8.00	0.10	15.00	0.15	10.83	4.00	7.00	0.05	4.82	5.75	6.27	6.52	28.00	4.00	28.00	3.02	28.00	1.00	28.00	1.26	18.00	3.14	7.89	9.79	9.18		5.97	5.85	5.92
December	9.00	5.00	6.00	8.25	0.08	8.00	0.01	15.00	0.15	10.83	0.15	6.35	0.05	4.94	5.94	6.45	6.67	28.00	4.00	28.00	3.02	28.00	1.00	28.00	3.03	18.00	3.14	8.33	9.87	9.48		6.00	5.88	5.95

Source: Central Bank of Sri Lanka

(a) All interest rates are as at the end of period, unless otherwise stated.
(b) The rate at which the Central Bank grants advances to banking institutions as the lender of last resort. Since 16 April 2020, the Bank Rate was allowed to be determined automatically with a margin of 300 basis points above the SLFR.
(c) Repurchase rate and Reverse repurchase rate were renamed as Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR), respectively, with effect from 02 January 2014.
(d) The Average Weighted Deposit Rate (AWDR) is calculated by the Central Bank monthly, based on interest rates pertaining to all outstanding interest bearing rupee deposits held with licensed commercial banks (LCBs).
(e) The Average Weighted Fixed Deposit Rate (AWFDR) is calculated by the Central Bank monthly, based on interest rates pertaining to all outstanding interest bearing rupee time deposits held with LCBs.
(f) The Average Weighted New Deposit Rate (AWNDR) is calculated by the Central Bank monthly, based on interest rates pertaining to all new interest bearing rupee deposits mobilised by LCBs during a particular month.
(g) The Average Weighted New Fixed Deposit Rate (AWNFDR) is calculated by the Central Bank monthly, based on interest rates pertaining to all new interest bearing rupee time deposits mobilised by LCBs during a particular month.
(h) The Average Weighted Prime Lending Rate (AWPR) is calculated by the Central Bank weekly, based on interest rates applicable to short term rupee loans and advances granted by LCBs to their prime customers during a particular week. The monthly figures are average values of calculated weekly rates.
(i) The Average Weighted Lending Rate (AWLR) is calculated by the Central Bank monthly, based on interest rates pertaining to all outstanding rupee loans and advances extended by LCBs.
(j) The Average Weighted New Lending Rate (AWNLR) is calculated by the Central Bank monthly, based on interest rates pertaining to all new rupee loans and advances extended by LCBs during a particular month.
(k) The Sri Lanka Interbank Offered Rate (SLIBOR) was computed daily by the Central Bank, based on rates offered by LCBs in the interbank market. The rate shown is the average of such offered rates by selected LCBs. The publication of SLIBOR was discontinued with effect from 01 July 2020.

Money Rates: Savings and Long Term Credit Institutions

Per cent per annum

End of Period		Deposit Rates						Lending Rates		
		National Savings Bank					State Mortgage & Investment Bank	National Savings Bank	State Mortgage & Investment Bank	National Housing Development Authority
		Savings Deposits	Fixed Deposits							
			6-month	1-year		2-year				
				Interest paid on Maturity	Interest paid Monthly		1-year Fixed Deposits			
2017		4.00	10.75	11.00	10.50	11.50	11.00	13.00-16.00	10.50-20.00	5.00
2018		4.00	10.25	10.50	10.00	11.00	12.00	6.75-16.25	10.50-20.00	5.00
2019		4.00	8.83	9.83	9.33	10.33	9.83	12.00-14.50	10.25-18.00	5.00-6.00
2020		3.50	5.00	5.25	5.00	6.25	5.50	7.00-10.00	8.73-12.50	6.00-9.00
2021		3.50	5.25	5.50	5.25	6.75	5.60	7.50-11.50	7.50-12.50	6.00-9.00
2020	January	4.00	8.83	9.83	9.33	10.33	9.50	12.00-14.50	9.50-18.00	6.00-9.00
	February	4.00	8.00	8.75	8.25	9.00	9.50	12.00-14.50	9.50-18.00	6.00-9.00
	March	4.00	7.75	8.50	8.00	8.75	9.50	12.00-14.50	9.50-18.00	6.00-9.00
	April	4.00	8.00	8.75	8.25	9.00	9.50	12.00-14.50	9.50-18.00	6.00-9.00
	May	4.00	8.00	8.75	8.25	9.00	9.00	12.00-14.50	9.50-18.00	6.00-9.00
	June	4.00	7.00	7.25	7.00	7.50	8.50	12.00-14.50	4.00-18.00	6.00-9.00
	July	4.00	5.50	5.75	5.25	6.50	6.75	8.00-10.00	4.00-18.00	6.00-9.00
	August	3.50	5.50	5.75	5.25	6.50	6.75	7.00-10.00	4.00-12.50	6.00-9.00
	September	3.50	5.25	5.50	5.00	6.50	6.25	7.00-10.00	8.50-12.50	6.00-9.00
	October	3.50	5.25	5.50	5.00	6.50	5.75	7.00-10.00	8.73-12.50	6.00-9.00
	November	3.50	5.00	5.25	5.00	6.25	5.75	7.00-10.00	8.73-12.50	6.00-9.00
	December	3.50	5.00	5.25	5.00	6.25	5.50	7.00-10.00	8.73-12.50	6.00-9.00
2021	January	3.50	5.00	5.25	5.00	6.25	5.50	6.25-10.00	8.37-12.50	6.00-9.00
	February	3.50	4.75	5.00	4.75	6.00	5.50	6.25-10.00	7.00-12.50	6.00-9.00
	March	3.50	4.75	5.00	4.75	6.00	5.25	6.25-10.00	7.00-12.50	6.00-9.00
	April	3.50	4.75	5.00	4.75	6.25	5.25	6.25-10.00	7.00-12.50	6.00-9.00
	May	3.50	4.75	5.00	4.75	6.25	5.25	6.25-10.00	7.00-12.50	6.00-9.00
	June	3.50	4.75	5.00	4.75	6.25	5.25	6.25-10.00	7.00-12.50	6.00-9.00
	July	3.50	4.75	5.00	4.75	6.25	5.25	6.25-10.00	7.00-12.50	6.00-9.00
	August	3.50	4.75	5.00	4.75	6.25	5.25	6.25-10.00	7.50-12.50	6.00-9.00
	September	3.50	5.25	5.50	5.25	6.75	5.25	7.50-11.50	7.50-12.50	6.00-9.00
	October	3.50	5.25	5.50	5.25	6.75	5.60	7.50-11.50	7.50-12.50	6.00-9.00
	November	3.50	5.25	5.50	5.25	6.75	5.60	7.50-11.50	7.50-12.50	6.00-9.00
	December	3.50	5.25	5.50	5.25	6.75	5.60	7.50-11.50	7.50-12.50	6.00-9.00

Sources: Respective Licensed Specialised Banks
National Housing Development Authority

Yield Rates on Government Securities

End of Period		Primary Market Operations												
		Weighted Average Yield Rates (per cent per annum)												
		Treasury Bills			Treasury Bonds (d)									
		91-day	182-day	364-day	2-year	3-year	4-year	5-year	6-year	7-year	8-year	9-year	10-year	Above 10 years
2017 (e)		7.69	8.30	8.90	9.83	9.55	11.14	10.20	11.21	12.92	10.06	12.91	10.36	-
2018 (e)		10.01	9.99	11.20	-	11.88	-	11.69	-	10.32	12.23	12.16	10.20	12.23
2019 (e)		7.51	8.02	8.45	9.79	9.65	-	9.87	-	-	10.24	10.00	10.23	10.68
2020 (e)		4.69	4.80	5.05	5.65	5.99	6.32	6.79	6.57	7.01	7.07	-	9.99	7.84
2021 (e)		8.16	8.33	8.24	9.16	9.70	8.55	11.14	10.90	11.27	11.63	11.61	8.86	12.06
2020 (f)	January	7.51	8.15	8.59	-	9.39	-	9.27	-	-	9.40	-	9.99	-
	February	7.42	8.06	8.58	-	-	-	-	-	-	-	-	-	-
	March	7.00	7.25	7.50	-	9.33	9.81	-	-	-	9.99	-	-	-
	April	6.75	6.80	7.00	-	8.14	8.70	8.75	-	8.88	-	-	-	-
	May	6.69	6.82	6.93	-	8.05	-	-	-	-	8.85	-	-	-
	June	5.50	5.53	5.66	5.86	-	-	8.59	8.59	6.97	-	-	-	-
	July	4.59	4.68	4.86	5.73	-	-	6.50	6.57	7.05	-	-	-	-
	August	4.56	4.68	4.89	-	-	-	-	-	-	-	-	-	-
	September	4.51	4.64	4.89	5.65	5.72	-	6.59	-	-	7.07	-	-	-
	October	4.57	4.69	4.96	-	-	-	-	-	-	-	-	-	-
	November	4.64	4.76	5.00	-	-	6.32	-	-	7.01	-	-	-	-
	December	4.69	4.80	5.05	-	5.99	-	6.79	-	-	-	-	-	7.84
2021(f)	January	4.69	4.75	4.98	-	-	6.34	6.72	7.16	7.39	-	-	-	-
	February	4.90	4.99	5.09	-	6.25	6.70	7.07	-	7.57	-	-	-	-
	March	5.05	5.10	5.11	6.19	6.30	-	7.05	7.44	7.58	-	-	-	-
	April	5.11	5.14	5.18	6.50	-	-	7.25	-	7.70	-	-	-	8.44
	May	5.13	5.14	5.18	-	-	7.04	-	-	7.97	-	-	-	-
	June	5.18	5.19	5.23	6.35	-	7.30	7.31	-	7.99	-	-	-	-
	July	5.22	5.23	5.25	6.36	6.87	7.47	-	-	8.17	-	-	8.86	-
	August	5.87	5.90	5.93	6.75	-	8.55	-	-	-	-	-	-	-
	September	6.70	6.99	7.01	8.12	8.10	-	-	-	-	-	10.23	-	-
	October	8.43	8.16	8.18	9.36	9.94	-	11.14	-	11.61	-	-	-	11.23
	November	7.53	8.02	8.16	9.16	9.67	-	-	-	-	11.63	11.91	-	-
	December	8.16	8.33	8.24	-	9.70	-	-	10.90	11.27	-	11.61	-	12.06

End of Period		Secondary Market Operations (a)																	
		Trading Volumes (b) (Rs. million)								Yield Rates (c) (per cent per annum)									
		Treasury Bills				Treasury Bonds				Treasury Bills			Treasury Bonds						
		Outright Transactions		Repo Transactions		Outright Transactions		Repo Transactions											
		Pur-chased	Sold	Repur-chased	Reverse Repur-chased	Pur-chased	Sold	Repur-chased	Reverse Repur-chased	≤ 91-day	≤ 182-day	≤ 364-day	≤ 2-year	≤ 3-year	≤ 4-year	≤ 5-year	≤ 10-year	≤ 15-year	
2017 (e)		362,496	546,045	2,101,970	140,844	468,991	646,914	7,428,325	3,940,352	7.65	8.27	8.87	9.29	9.55	9.65	9.84	10.08	-	
2018 (e)		319,689	534,508	1,843,858	69,669	511,038	628,865	8,089,681	2,135,095	9.66	9.96	10.91	11.16	11.41	11.51	11.55	11.83	-	
2019 (e)		596,981	523,950	1,256,292	47,200	758,764	811,200	7,548,481	1,354,945	7.55	7.95	8.47	8.71	9.24	9.74	9.94	10.21	-	
2020 (e)		1,187,715	953,199	1,463,083	36,921	963,857	883,013	4,495,818	1,280,397	4.64	4.73	4.98	5.54	5.98	6.40	6.64	7.56	-	
2021 (e)		1,757,526	1,586,471	1,107,286	61,727	850,484	635,690	3,223,797	888,275	7.56	8.00	8.18	10.70	11.79	10.38	10.70	11.79	-	
2020 (f)	January	92,543	73,099	154,995	6,214	47,522	61,752	248,951	85,099	7.54	8.12	8.54	8.70	9.14	9.37	9.57	9.89	-	
	February	81,879	76,945	205,678	7,107	57,797	50,106	226,429	64,092	7.45	8.04	8.56	8.90	9.33	9.54	9.73	10.00	-	
	March	66,158	69,628	131,989	3,008	58,798	46,955	248,633	56,671	7.27	7.80	8.28	8.71	9.19	9.45	9.70	9.97	-	
	April	90,510	46,499	146,194	8,145	57,640	58,135	427,919	73,839	6.72	6.90	7.19	7.66	8.23	8.52	8.81	9.24	-	
	May	105,775	103,745	70,294	1,297	146,363	101,577	384,939	100,480	6.64	6.76	6.92	7.35	8.00	8.36	8.56	9.05	-	
	June	84,394	83,281	89,974	1,088	116,045	113,606	372,919	119,602	5.60	5.73	5.93	5.96	6.38	6.82	7.12	7.57	-	
	July	151,358	117,095	194,172	1,721	136,298	132,136	467,355	102,477	4.61	4.69	4.88	5.32	5.85	6.19	6.53	7.21	-	
	August	99,042	77,109	88,504	259	73,983	78,354	459,624	102,703	4.58	4.69	4.85	5.32	5.75	6.06	6.39	7.25	-	
	September	140,555	85,987	108,507	3,747	95,525	87,143	471,369	181,085	4.57	4.68	4.89	5.43	5.94	6.31	6.69	7.36	-	
	October	76,265	66,342	85,395	1,390	57,053	56,560	364,077	150,599	4.54	4.66	4.89	5.37	5.75	6.06	6.38	7.27	-	
	November	59,786	32,473	83,989	1,389	49,595	44,596	368,461	119,982	4.63	4.73	4.96	5.52	6.04	6.36	6.59	7.49	-	
	December	139,450	120,996	103,392	1,556	67,238	52,093	455,142	123,768	4.64	4.73	4.98	5.54	5.98	6.40	6.64	7.56	-	
2021(f)	January	133,658	123,402	89,698	2,455	48,107	58,162	252,157	128,671	4.64	4.73	4.94	5.29	5.73	6.24	6.51	7.47	-	
	February	78,382	111,412	85,959	773	47,205	49,528	215,737	120,247	4.77	4.85	5.06	5.54	6.11	6.65	6.94	7.82	-	
	March	130,187	132,244	95,574	1,032	107,349	72,771	295,954	116,680	4.96	5.02	5.12	5.70	6.21	6.57	6.89	8.03	-	
	April	85,689	80,489	63,590	1,959	29,676	22,250	144,172	18,706	5.05	5.09	5.15	5.85	6.43	6.77	7.13	8.04	-	
	May	115,838	107,538	55,525	1,346	50,850	40,865	198,402	52,207	5.06	5.11	5.17	5.84	6.42	6.84	7.31	8.10	-	
	June	125,612	113,989	80,702	2,622	81,581	32,391	210,676	59,053	5.10	5.13	5.19	5.86	6.46	6.92	7.31	8.20	-	
	July	142,206	142,388	62,367	2,035	65,346	49,296	152,752	69,243	5.14	5.16	5.22	5.91	6.52	7.05	7.38	8.26	-	
	August	106,772	79,816	62,631	9,720	123,005	58,231	306,177	75,481	5.60	5.65	5.74	6.46	7.52	8.01	8.29	9.14	-	
	September	113,755	99,562	90,797	9,601	55,417	35,355	246,950	132,184	6.31	6.34	6.46	7.36	8.20	8.91	9.33	10.15	-	
	October	172,449	142,155	80,544	16,049	64,478	52,342	220,711	73,046	8.00	8.06	8.33	8.89	9.61	10.25	10.81	11.43	-	
	November	241,166	189,753	105,608	3,868	54,915	55,534	315,521	23,353	7.57	7.91	8.25	8.57	9.31	5.08	10.56	11.61	-	
	December	311,812	263,723	234,291	10,267	122,555	108,965	664,588	19,404	7.56	8.00	8.18	8.60	9.60	10.38	10.70	11.79	-	

(a) Secondary market information is based on data provided by primary dealers in Government Securities.
(b) Trading volumes reported are cumulative for the period.
(c) Yield rates are averages of bid and offer rates.
(d) Unlike Treasury bills, Treasury bonds are not issued on a regular basis. Hence, a continuous series of primary market yield rates does not exist.
(e) Reported data are based on the latest weighted average yields during the year.
(f) Reported data are based on the latest weighted average yields of the highest tenor during the month.

Source: Central Bank of Sri Lanka

Commercial Banks' Loans and Advances by Type of Security (a)(b)(c)(d)
(End of Period)

Type of Security	2017		2018		2019		2020		2021	
	Amount (Rs. mn)	% of Total	Amount (Rs. mn)	% of Total	Amount (Rs. mn)	% of Total	Amount (Rs. mn)	% of Total	Amount (Rs. mn)	% of Total
1. Documentary Bills	11,783	0.3	13,654	0.3	10,963	0.2	5,597	0.1	7,342	0.1
2. Government Securities	12,446	0.3	8,618	0.2	2,286	0.05	2,410	0.05	2,370	0.04
3. Shares, Bonds, Debentures, Life Insurance Policies and Other	101,586	2.5	107,103	2.3	106,650	2.2	137,012	2.7	163,344	2.8
4. Fixed, Savings and Other Deposits, and Certificates of Deposit	392,991	9.6	421,699	9.1	372,976	7.8	309,216	6.0	345,373	5.9
5. Foreign Currency Deposits	19,289	0.5	22,922	0.5	21,994	0.5	25,678	0.5	48,935	0.8
6. Stock in Trade/ Inventories	123,286	3.0	146,895	3.2	140,952	2.9	129,807	2.5	149,765	2.5
7. Immovable Property, Plant and Machinery	1,283,108	31.3	1,405,673	30.2	1,497,987	31.3	1,555,058	30.4	1,652,649	28.0
8. Personal Guarantees and Promissory Notes	716,409	17.5	783,843	16.9	760,367	15.9	985,425	19.2	1,097,779	18.6
9. Trust Receipts	61,948	1.5	66,160	1.4	58,155	1.2	69,699	1.4	102,916	1.7
10. Leasing and Hire Purchase Agreements	214,161	5.2	222,033	4.8	229,484	4.8	229,566	4.5	227,468	3.9
11. Tractors and Motor Vehicles	60,577	1.5	79,744	1.7	73,816	1.5	75,740	1.5	84,281	1.4
12. Other Types of Security	391,432	9.6	494,918	10.6	582,427	12.2	616,788	12.0	842,869	14.3
13. Gold and Other Precious Metals under Pawning	241,655	5.9	253,582	5.5	293,838	6.1	332,650	6.5	392,973	6.7
14. Unsecured	463,411	11.3	621,796	13.4	628,755	13.2	648,794	12.7	781,588	13.2
Total	**4,094,082**	**100.0**	**4,648,640**	**100.0**	**4,780,650**	**100.0**	**5,123,439**	**100.0**	**5,899,652**	**100.0**
Average Weighted Lending Rate (AWLR) (%)	**13.88**		**14.40**		**13.59**		**10.29**		**9.87**	

(a) Excludes cash items in the process of collection and advances granted for financing purpose under the guaranteed price scheme
(b) Includes loans and advances extended only by DBUs of commercial banks
(c) Excludes credit to the government and public corporations
(d) Excludes: Non-performing loans
Export bills purchased at current exchange rates (previously included under 'Documentary Bills')
Lending in Foreign Currency

Source: Central Bank of Sri Lanka

Commercial Banks' Loans and Advances to the Private Sector (a)(b)

Category	End December 2020		End December 2021 (c)		% Change
	Amount (Rs. mn)	As a % of Total	Amount (Rs. mn)	As a % of Total	
1. Agriculture and Fishing	**489,698**	**7.7**	**543,555**	**7.6**	**11.0**
of which,					
Tea	102,009	1.6	101,224	1.4	-0.8
Rubber	30,812	0.5	41,418	0.6	34.4
Coconut	27,849	0.4	33,743	0.5	21.2
Paddy	38,554	0.6	44,446	0.6	15.3
Vegetable and Fruit Cultivation and Minor Food Crops	29,193	0.5	30,889	0.4	5.8
Livestock and Dairy Farming	26,248	0.4	27,702	0.4	5.5
Fisheries	20,531	0.3	24,020	0.3	17.0
2. Industry	**2,540,105**	**39.8**	**2,880,521**	**40.2**	**13.4**
of which,					
Construction	1,348,558	21.1	1,544,725	21.6	14.5
of which,					
Personal Housing including Purchasing/Construction/Repairs	633,359	9.9	749,509	10.5	18.3
Staff Housing	91,726	1.4	99,552	1.4	8.5
Food and Beverages	148,321	2.3	174,692	2.4	17.8
Textiles and Apparel	235,127	3.7	273,076	3.8	16.1
Wood and Wood Products including Furniture	19,244	0.3	23,597	0.3	22.6
Paper and Paper Products	19,341	0.3	19,674	0.3	1.7
Chemical, Petroleum, Pharmaceutical and Healthcare, and Rubber and Plastic Products	115,946	1.8	141,194	2.0	21.8
Non-metallic Mineral Products	15,127	0.2	11,344	0.2	-25.0
Basic Metal Products	49,507	0.8	59,619	0.8	20.4
Fabricated Metal Products, Machinery and Transport Equipment	132,890	2.1	152,754	2.1	14.9
Other Manufactured Products	25,672	0.4	24,619	0.3	-4.1
3. Services	**1,716,712**	**26.9**	**1,976,045**	**27.6**	**15.1**
of which,					
Wholesale and Retail Trade	501,803	7.9	549,817	7.7	9.6
Tourism	261,734	4.1	288,197	4.0	10.1
Financial and Business Services	350,141	5.5	437,183	6.1	24.9
Transport	71,981	1.1	80,711	1.1	12.1
Communication and Information Technology	63,254	1.0	96,593	1.3	52.7
Printing and Publishing	24,684	0.4	31,528	0.4	27.7
Education	16,365	0.3	30,474	0.4	86.2
Health	50,720	0.8	60,887	0.9	20.0
Shipping, Aviation and Freight Forwarding	21,600	0.3	30,251	0.4	40.1
4. Personal Loans and Advances (d)	**1,632,088**	**25.6**	**1,762,155**	**24.6**	**8.0**
of which,					
Consumer Durables	330,839	5.2	374,974	5.2	13.3
Pawning	248,714	3.9	294,937	4.1	18.6
Credit Cards	127,767	2.0	143,126	2.0	12.0
Personal Education	10,371	0.2	13,089	0.2	26.2
Personal Healthcare	2,061	0.03	1,952	0.03	-5.3
Other	854,829	13.4	864,019	12.1	1.1
5. Total (e)	**6,378,604**	**100.0**	**7,162,276**	**100.0**	**12.3**

(a) Based on the Quarterly Survey of Commercial Banks' Loans and Advances to the Private Sector, which includes loans and advances of both DBUs and OBUs of commercial banks.
(b) Includes loans, overdrafts, bills discounted and purchased and excludes cash items in the process of collection.
(c) Provisional
(d) Excludes personal housing loans, which have been included under 'Construction' classified under 'Industry' and includes Safety Net Scheme related loans.
(e) The credit to the private sector as per the Quarterly Survey differ from that in the Monetary Survey due to differences in the compilation methodologies.

Source: Central Bank of Sri Lanka

Assets and Liabilities of the Central Bank

Rs. million

End of Period		Assets										Total Assets/ Liabilities	International Reserve as a Percentage of Currency and Deposit Liabilities
		International Reserve						Domestic Assets					
		Cash and Bank Balances Abroad including Treasury Bills	Foreign Government and Non-Governmental Securities (a)	Special Drawing Rights	IMF related Assets	Receivables	Total	Loans and Advances to		Government and Government Guaranteed Securities (b)	Other Assets and Accounts		
								Government	Other				
2017		601,551	596,218	677	126,161	3,807	1,328,413	199,801	224	25,576	50,819	1,604,834	93
2018		521,810	732,344	217	147,201	1,020	1,402,591	198,633	96	274,486	41,634	1,917,439	87
2019		594,095	768,470	1,320	145,831	62	1,509,777	236,609	39	126,867	46,126	1,919,417	98
2020		479,514	744,000	492	158,465	1,716	1,384,188	153,062	111,232	717,260	55,855	2,421,597	76
2021		547,895	8,874	24,801	163,245	20	744,834	150,129	90,358	1,945,353	115,604	3,046,278	31
2020	January	576,087	790,936	1,316	145,393	13,833	1,527,565	237,811	39	97,760	44,773	1,907,948	99
	February	630,402	825,753	84	145,182	15,853	1,617,273	237,809	39	70,867	71,227	1,997,216	100
	March	485,405	908,015	87	149,695	659	1,543,861	237,792	39	236,238	44,235	2,062,165	96
	April	442,552	936,828	1,405	153,229	38,709	1,572,722	237,810	39	328,504	45,038	2,184,112	96
	May	402,165	855,875	488	148,622	18,706	1,425,856	237,810	110	368,356	46,537	2,078,669	89
	June	410,174	832,007	489	148,974	13,367	1,405,013	235,981	2,902	321,303	46,921	2,012,118	97
	July	515,994	833,312	1,183	152,568	14,166	1,517,222	237,841	28,148	312,886	47,332	2,143,431	94
	August	654,686	832,672	497	153,595	10,392	1,651,842	237,787	52,900	297,592	47,407	2,287,528	97
	September	909,203	829,210	492	151,800	4,643	1,895,348	237,808	77,272	340,543	48,333	2,599,304	93
	October	461,041	817,517	1,166	151,304	3,057	1,434,084	237,811	99,449	498,085	49,094	2,318,522	80
	November	437,449	806,687	477	153,812	9,473	1,407,898	237,809	108,675	562,614	49,837	2,366,834	78
	December	479,514	744,000	492	158,465	1,716	1,384,188	153,062	111,232	717,260	55,855	2,421,597	76
2021	January	481,984	664,777	1,290	162,804	3	1,310,858	198,171	109,629	727,532	58,056	2,404,246	70
	February	455,045	504,136	539	163,143	743	1,123,606	198,182	110,734	798,840	55,878	2,287,240	66
	March	388,605	402,399	542	163,963	7,341	962,851	198,190	109,462	895,049	51,563	2,217,115	58
	April	685,705	143,680	1,294	166,558	18,085	1,015,321	198,199	110,177	873,209	53,406	2,250,312	60
	May	753,383	127,623	584	167,533	4,328	1,053,452	198,190	110,489	857,266	57,395	2,276,793	60
	June	637,657	126,209	1,738	166,770	14	932,387	196,268	102,990	983,417	66,155	2,281,217	55
	July	507,580	76,088	2,444	166,017	408	752,537	198,182	98,814	1,220,849	53,962	2,324,344	42
	August	590,405	79,021	27,160	173,854	1,810	872,250	198,189	94,749	1,337,213	53,747	2,556,149	43
	September	375,500	74,168	25,585	163,723	356	639,333	198,190	92,090	1,633,801	54,398	2,617,811	31
	October	306,960	74,957	25,946	166,084	2,678	576,626	198,168	88,747	1,683,371	156,511	2,703,423	27
	November	277,373	8,917	24,986	164,517	20	475,813	198,202	87,873	1,796,804	138,367	2,697,059	23
	December	547,895	8,874	24,801	163,245	20	744,834	150,129	90,358	1,945,353	115,604	3,046,278	31

(a) Includes securities acquired from government institutions.
(b) Government and government guaranteed securities are on fair value basis.

(Contd.)

Assets and Liabilities of the Central Bank

Rs. million

End of Period		Liabilities													
		Capital Account			Currency Issued			Securities Outstanding (c)	Deposits						Other Liabilities and Accounts
		Capital	Surplus	Total	Notes in Circulation	Coins in Circulation	Total		Government	Government Agencies and Institutions	Commercial Banks	International Organisations, Foreign Governments and Foreign Banking Institutions	Others	Total	
2017		50,000	0	50,000	585,328	12,726	598,054	0	297	27	341,712	482,312	4	824,353	132,426
2018		50,000	0	50,000	627,120	13,822	640,943	0	301	48	320,106	652,080	18	972,553	253,943
2019		50,000	0	50,000	663,139	14,828	677,967	0	444	56	254,582	613,813	8	868,902	322,548
2020		50,000	0	50,000	819,298	15,509	834,808	0	1,430	30	129,602	857,447	9	988,519	548,271
2021		50,000	0	50,000	988,628	16,472	1,005,099	0	1,387	5	300,704	1,132,139	9	1,434,244	556,935
2020	January	50,000	0	50,000	653,146	14,896	668,042	0	455	107	267,409	601,669	6	869,645	320,261
	February	50,000	0	50,000	668,768	14,969	683,737	0	271	106	279,440	646,376	11	926,204	337,275
	March	50,000	0	50,000	790,149	15,041	805,190	0	773	107	208,499	600,623	6	810,009	396,966
	April	50,000	0	50,000	806,127	15,043	821,170	0	472	107	200,312	623,683	8	824,582	488,360
	May	50,000	0	50,000	786,113	15,071	801,184	0	529	107	195,249	608,137	12	804,034	423,451
	June	50,000	0	50,000	753,829	15,112	768,941	0	607	106	99,906	580,464	10	681,093	512,084
	July	50,000	0	50,000	753,190	15,195	768,385	0	712	113	110,334	732,105	6	843,269	481,776
	August	50,000	0	50,000	752,726	15,264	767,991	0	815	114	111,723	829,493	7	942,153	527,385
	September	50,000	0	50,000	759,985	15,349	775,334	0	604	31	116,024	1,136,842	73	1,253,575	520,396
	October	50,000	0	50,000	795,346	15,400	810,746	0	709	58	117,583	860,008	15	978,373	479,403
	November	50,000	0	50,000	799,459	15,438	814,897	0	923	36	121,324	867,807	11	990,101	511,835
	December	50,000	0	50,000	819,298	15,509	834,808	0	1,430	30	129,602	857,447	9	988,519	548,271
2021	January	50,000	0	50,000	829,204	15,564	844,768	0	1,386	30	131,099	892,972	13	1,025,501	483,978
	February	50,000	0	50,000	837,145	15,639	852,784	0	563	41	125,264	729,787	17	855,672	528,784
	March	50,000	0	50,000	884,787	15,831	900,618	0	1,044	41	127,940	621,865	11	750,901	515,596
	April	50,000	0	50,000	895,143	15,939	911,082	0	860	36	120,026	672,442	7	793,372	495,857
	May	50,000	0	50,000	904,373	15,962	920,335	0	845	32	115,643	704,404	7	820,930	485,527
	June	50,000	0	50,000	934,100	15,983	950,083	0	827	30	114,951	625,868	17	741,693	539,440
	July	50,000	0	50,000	926,757	16,047	942,804	0	1,027	29	121,033	742,308	238	864,635	466,905
	August	50,000	0	50,000	951,038	16,114	967,151	0	994	29	122,085	956,150	7	1,079,265	459,732
	September	50,000	0	50,000	980,219	16,161	996,380	0	1,126	32	299,544	798,080	6	1,098,787	472,644
	October	50,000	0	50,000	971,326	16,247	987,573	0	1,393	37	298,831	829,238	9	1,129,508	536,342
	November	50,000	0	50,000	953,027	16,367	969,394	0	1,307	31	318,378	805,744	8	1,125,467	552,198
	December	50,000	0	50,000	988,628	16,472	1,005,099	0	1,387	5	300,704	1,132,139	9	1,434,244	556,935

(c) Central Bank's own securities issued under Section 91(1)(b) of the Monetary Law Act

Source: Central Bank of Sri Lanka

Assets and Liabilities of Domestic Banking Units (DBUs) of Commercial Banks (a)

Rs. million

End of Period	Assets																Total Assets or Liabilities
	Cash in 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	Investments				Loans and Advances						Fixed and Other Assets (b)	
						Sri Lanka Govt. Obligations			Other Investments	Bills Purchased and Discounted			Overdrafts	Loans	Total		
						Treasury Bills	Treasury Bonds	Other Govt. Securities		Local	Import	Export					
2017	158,658	341,828	78,804	24,048	525,901	428,452	736,650	285,811	116,741	1,712	6,282	16,717	864,011	4,002,056	4,890,777	237,169	7,824,839
2018	167,876	336,267	78,638	28,255	772,110	447,299	632,670	375,839	110,740	2,700	12,642	18,243	1,037,776	4,684,393	5,755,754	340,216	9,045,664
2019	183,759	280,549	87,748	31,687	497,961	621,407	755,025	447,132	98,214	2,022	8,152	16,710	996,307	4,991,760	6,014,952	722,664	9,741,099
2020	193,798	290,369	83,792	30,663	702,852	777,239	1,429,346	581,088	91,247	4,103	4,533	18,782	1,077,666	5,660,472	6,765,556	779,487	11,725,438
2021	220,649	398,543	123,414	35,538	663,891	577,516	1,584,962	499,580	117,094	4,378	5,750	19,573	1,543,965	6,634,345	8,208,011	898,233	13,327,430
2020 January	176,330	282,931	109,648	30,238	500,149	593,140	795,177	453,527	98,935	2,086	8,338	16,049	1,060,309	4,992,761	6,079,544	725,798	9,845,417
February	178,978	303,144	109,128	31,128	522,126	619,366	851,041	459,588	97,506	2,227	5,765	16,704	1,026,482	5,019,982	6,071,159	764,406	10,007,570
March	237,220	264,813	102,143	31,531	603,220	630,332	851,620	485,846	95,711	2,004	9,390	16,446	1,092,721	5,083,351	6,203,914	748,561	10,254,910
April	223,201	298,105	121,213	28,995	630,544	656,889	846,328	469,344	93,436	1,874	8,198	14,954	1,095,604	5,122,097	6,242,728	792,540	10,403,325
May	202,825	249,624	101,845	28,733	593,735	660,539	954,276	456,461	97,008	1,924	6,998	13,396	1,105,953	5,109,676	6,237,947	811,256	10,394,251
June	189,451	236,312	89,325	29,763	605,432	707,754	1,006,526	451,212	91,647	1,950	6,215	13,216	1,173,061	5,106,833	6,301,275	807,060	10,515,757
July	176,000	232,592	78,538	29,700	588,966	732,622	1,066,689	481,936	97,410	1,979	5,128	15,505	1,229,317	5,149,094	6,401,024	807,257	10,692,732
August	171,997	247,438	108,031	30,223	605,703	763,816	1,070,265	509,126	102,629	2,318	6,877	17,197	1,212,778	5,260,872	6,500,041	815,709	10,924,979
September	177,383	253,540	80,292	29,363	624,005	778,605	1,158,411	524,286	96,280	2,673	7,454	17,405	1,119,105	5,437,120	6,583,757	811,414	11,117,336
October	195,915	230,411	78,237	29,549	641,068	783,303	1,186,899	531,499	104,893	2,738	6,344	17,121	1,203,819	5,494,949	6,724,970	797,230	11,303,975
November	196,860	259,534	100,002	29,077	643,458	748,116	1,179,228	568,027	95,803	2,686	5,544	17,043	1,242,746	5,565,748	6,833,766	824,767	11,478,639
December	193,798	290,369	83,792	30,663	702,852	777,239	1,429,346	581,088	91,247	4,103	4,533	18,782	1,077,666	5,660,472	6,765,556	779,487	11,725,438
2021 January	198,822	224,700	97,201	29,658	702,113	782,704	1,477,929	586,655	98,572	5,176	4,997	17,986	1,229,362	5,659,608	6,917,129	801,834	11,917,317
February	193,725	277,145	98,494	31,887	725,318	704,001	1,503,492	598,540	104,665	5,104	5,427	19,208	1,249,363	5,719,281	6,998,384	831,162	12,066,815
March	227,777	244,861	110,135	29,928	729,816	687,137	1,468,301	617,321	99,507	4,757	5,237	17,122	1,346,683	5,826,397	7,200,195	826,243	12,241,222
April	226,904	249,188	73,559	29,824	734,710	706,119	1,554,768	609,676	119,984	4,531	6,111	14,932	1,294,712	5,873,370	7,193,657	837,433	12,335,822
May	228,304	203,602	96,587	29,737	747,470	727,736	1,520,032	613,944	116,015	4,606	5,827	15,033	1,375,938	5,914,522	7,315,927	848,409	12,447,763
June	238,214	239,904	122,510	29,918	794,484	688,258	1,516,693	585,271	110,247	4,087	6,043	14,215	1,435,681	6,003,970	7,463,995	862,409	12,651,904
July	219,879	216,088	112,891	30,846	866,918	663,444	1,573,438	533,367	110,204	3,410	7,843	14,587	1,539,347	6,043,460	7,608,647	885,281	12,821,004
August	216,956	217,728	110,603	30,917	980,365	640,092	1,513,731	578,459	114,583	3,960	9,479	17,676	1,618,549	6,121,470	7,771,133	881,431	13,056,000
September	234,369	399,493	105,109	30,884	898,419	530,477	1,497,351	534,094	121,869	3,536	8,394	18,416	1,587,821	6,174,255	7,792,421	878,429	13,022,916
October	233,340	375,675	167,644	31,614	743,705	539,704	1,550,459	535,983	122,313	3,243	9,013	17,605	1,586,414	6,369,956	7,986,230	887,322	13,173,990
November	234,388	433,161	123,922	33,680	710,962	543,072	1,593,588	511,269	120,175	3,670	8,255	18,543	1,503,236	6,474,798	8,008,503	907,369	13,220,088
December	220,649	398,543	123,414	35,538	663,891	577,516	1,584,962	499,580	117,094	4,378	5,750	19,573	1,543,965	6,634,345	8,208,011	898,233	13,327,430

(a) The number of reporting banks was 25 from April 2014, 26 from October 2018 and 24 from October 2020

(b) Fixed and other assets consist of banks' property, furniture, fittings and sundries (commission, interest receivables, etc.)

(Contd.)

Assets and Liabilities of Domestic Banking Units (DBUs) of Commercial Banks

Rs. million

End of Period		Liabilities														
		Paid up Capital, Reserve Funds and Undistributed Profits	Demand Deposits					Time and Savings Deposits			Total Deposits			Borrowings		Other Liabilities
			Interbank		Government of Sri Lanka	Residents	Non Residents	Government of Sri Lanka	Residents	Non Residents	Demand	Time and Savings	Total	Domestic Interbank (c)	Foreign	
			Domestic	Foreign												
2017		850,931	478	15,715	46,843	353,876	8,910	27,973	4,872,014	666,884	425,822	5,566,871	5,992,693	254,942	162,385	563,888
2018		1,002,594	635	21,861	45,295	357,680	36,075	75,433	5,596,536	760,696	461,547	6,432,666	6,894,213	268,771	173,813	706,274
2019		1,126,850	495	16,544	43,876	371,203	10,287	71,846	6,047,243	782,939	442,407	6,902,028	7,344,434	294,479	187,305	788,030
2020		1,258,773	2,028	19,736	50,645	536,110	15,498	69,628	7,318,638	961,001	624,017	8,349,268	8,973,284	455,177	197,972	840,232
2021		1,452,953	2,060	22,339	47,706	675,440	24,170	122,397	8,179,010	1,163,757	771,716	9,465,164	10,236,880	550,927	159,540	927,129
2020	January	1,146,560	490	16,181	37,911	367,213	9,968	63,457	6,142,034	784,423	431,764	6,989,914	7,421,678	308,335	177,973	790,871
	February	1,148,649	2,013	16,190	33,583	361,334	9,648	64,311	6,215,412	791,824	422,768	7,071,547	7,494,315	324,991	222,664	816,950
	March	1,158,260	3,319	14,573	35,944	396,679	10,933	63,012	6,371,192	823,324	461,448	7,257,528	7,718,976	316,604	240,287	820,784
	April	1,169,000	2,261	14,511	34,562	394,427	11,610	55,325	6,473,595	838,355	457,371	7,367,275	7,824,646	351,590	234,382	823,706
	May	1,170,772	2,498	13,144	32,788	393,312	12,947	52,636	6,532,036	813,784	454,690	7,398,456	7,853,147	331,781	196,850	841,701
	June	1,182,624	3,332	13,033	33,135	422,255	11,247	57,873	6,602,276	818,213	483,002	7,478,362	7,961,365	318,367	190,729	862,673
	July	1,213,703	5,376	15,486	32,211	432,091	11,384	65,241	6,693,183	838,740	496,549	7,597,163	8,093,712	370,794	198,953	815,570
	August	1,224,857	4,318	18,745	39,853	462,353	11,800	68,922	6,799,975	885,144	537,071	7,754,040	8,291,111	397,859	198,080	813,072
	September	1,234,531	5,028	13,546	35,093	459,382	14,587	63,839	6,969,706	899,893	527,636	7,933,438	8,461,074	414,134	175,324	832,273
	October	1,242,313	2,179	13,600	37,647	470,844	13,337	65,456	7,080,727	909,532	537,608	8,055,715	8,593,323	446,154	190,579	831,605
	November	1,251,233	3,474	12,509	38,071	476,908	13,240	67,729	7,169,633	934,308	544,203	8,171,670	8,715,873	452,696	202,600	856,237
	December	1,258,773	2,028	19,736	50,645	536,110	15,498	69,628	7,318,638	961,001	624,017	8,349,268	8,973,284	455,177	197,972	840,232
2021	January	1,292,501	1,796	14,385	29,753	537,158	13,777	82,480	7,416,885	1,001,774	596,870	8,501,138	9,098,008	464,984	198,634	863,190
	February	1,298,563	3,356	14,447	30,900	540,844	14,801	83,609	7,506,254	1,038,688	604,348	8,628,551	9,232,899	478,455	193,997	862,900
	March	1,294,492	2,806	13,887	31,024	559,932	16,060	85,478	7,627,770	1,054,961	623,709	8,768,209	9,391,918	477,153	189,651	888,007
	April	1,313,023	2,726	14,627	28,102	559,985	16,492	85,664	7,700,445	1,097,986	621,932	8,884,094	9,506,026	485,949	177,590	853,233
	May	1,331,345	2,725	13,762	28,137	554,488	14,187	80,334	7,770,221	1,105,943	613,299	8,956,499	9,569,798	491,903	184,546	870,171
	June	1,343,851	2,623	16,406	30,315	581,431	14,573	90,177	7,842,890	1,141,063	645,348	9,074,130	9,719,477	506,947	182,608	899,021
	July	1,365,024	2,744	20,785	31,554	594,005	17,147	91,391	7,952,622	1,151,272	666,236	9,195,284	9,861,520	535,780	181,459	877,220
	August	1,383,227	2,875	21,456	29,494	604,972	19,181	93,646	8,057,204	1,215,156	677,978	9,366,006	10,043,984	544,177	182,147	902,465
	September	1,404,783	2,572	23,357	32,177	556,705	23,349	98,128	8,130,239	1,152,602	638,160	9,380,969	10,019,129	496,948	184,197	917,859
	October	1,411,993	2,588	23,065	37,700	618,401	18,266	102,082	8,163,279	1,167,704	700,020	9,433,065	10,133,085	520,017	176,946	931,949
	November	1,430,140	2,957	22,941	36,913	620,080	19,112	105,732	8,155,538	1,159,325	702,003	9,420,595	10,122,598	542,306	171,434	953,610
	December	1,452,953	2,060	22,339	47,706	675,440	24,170	122,397	8,179,010	1,163,757	771,716	9,465,164	10,236,880	550,927	159,540	927,129

(c) Includes the Central Bank

Source: Central Bank of Sri Lanka

Assets and Liabilities of Offshore Banking Units (OBUs) of Commercial Banks (a)

Rs. million

End of Period		Assets (b)								Liabilities (b)								Total Assets/ Liabilities
		Non Residents		Residents						Non Residents		Residents						
		Non Bank	Bank	Central Bank	Commercial Banks	Inter OBUs	BOI Enterprises	Other Approved Enterprises	Other Assets	Non Bank	Bank	Central Bank	Commercial Banks	Inter OBUs	BOI Enterprises	Other Approved Enterprises	Other Liabilities	
2017		140,463	101,704	8,899	317,790	37,302	307,560	581,129	14,935	73,433	602,574	-	463,341	5,732	202,796	13,402	148,504	1,509,783
2018		180,156	130,527	6,121	351,269	38,361	399,427	749,613	29,190	97,950	688,512	-	665,484	7,537	217,002	9,384	198,794	1,884,664
2019		212,434	117,365	-	44,305	37,232	395,729	815,993	19,281	81,895	673,563	-	393,394	19,895	227,850	12,887	232,853	1,642,338
2020		219,365	138,575	-	56,921	39,734	404,772	911,425	24,849	121,234	545,807	-	553,552	7,864	293,013	24,403	249,768	1,795,640
2021		246,733	102,767	-	95,713	42,316	448,074	626,759	21,820	127,994	434,706	-	382,496	46,210	239,956	28,582	324,237	1,584,182
2020	January	215,377	126,293	-	40,795	38,571	396,018	868,817	20,111	78,028	738,945	-	408,584	19,672	218,752	9,412	232,589	1,705,982
	February	221,616	128,322	-	47,731	39,378	397,740	893,268	26,511	77,620	747,819	-	440,867	17,142	220,338	14,304	236,475	1,754,566
	March	237,794	144,040	-	50,842	41,060	425,862	963,192	17,472	77,598	806,396	-	474,903	14,586	251,432	13,144	242,204	1,880,261
	April	239,821	129,443	-	56,949	46,245	443,960	948,118	21,150	83,853	748,376	-	511,200	11,426	269,685	17,005	244,141	1,885,686
	May	235,150	93,146	-	54,258	52,325	432,213	928,905	18,302	79,464	721,361	-	504,007	9,915	256,439	19,910	223,204	1,814,299
	June	239,138	89,301	-	56,384	40,318	428,556	913,565	25,289	75,875	712,449	-	501,574	10,838	242,802	21,876	227,137	1,792,552
	July	237,653	113,051	-	48,339	50,024	424,751	922,943	26,626	71,297	707,246	-	524,677	10,064	255,541	23,209	231,354	1,823,388
	August	238,455	115,851	-	51,771	50,056	424,068	955,304	24,258	68,931	691,816	-	541,267	23,864	269,958	22,555	241,373	1,859,764
	September	227,915	99,147	-	51,002	46,658	413,084	949,479	21,851	76,647	667,150	-	522,951	10,237	266,207	26,152	239,792	1,809,136
	October	220,298	114,139	-	39,705	53,627	406,627	936,901	27,368	75,599	675,684	-	507,609	12,383	265,698	25,626	236,067	1,798,665
	November	225,885	127,522	-	47,832	62,036	398,254	938,626	23,602	80,592	671,878	-	515,339	11,503	271,166	25,518	247,762	1,823,757
	December	219,365	138,575	-	56,921	39,734	404,772	911,425	24,849	121,234	545,807	-	553,552	7,864	293,013	24,403	249,768	1,795,640
2021	January	239,627	153,368	-	54,842	50,355	419,076	906,878	22,625	89,245	566,714	-	591,903	14,233	295,159	27,307	262,211	1,846,773
	February	236,623	151,690	-	54,758	59,920	422,797	922,643	29,594	85,388	598,347	-	589,072	15,569	285,332	25,350	278,965	1,878,024
	March	246,048	120,193	-	64,503	45,016	432,733	934,775	21,319	85,407	555,495	-	595,758	28,407	292,019	30,631	276,870	1,864,586
	April	249,202	133,784	-	70,249	47,613	436,720	911,753	21,266	85,200	581,644	-	585,550	28,582	286,179	33,335	270,096	1,870,586
	May	249,698	144,321	-	65,209	50,159	439,405	934,606	22,948	89,731	601,404	-	569,505	29,836	304,754	27,771	283,346	1,906,347
	June	247,052	136,953	-	71,029	35,625	446,944	955,410	27,489	83,451	612,460	-	579,922	37,205	293,592	28,172	285,699	1,920,502
	July	250,403	157,403	-	66,257	45,891	459,677	953,470	22,672	79,590	604,481	-	614,244	44,116	287,890	28,828	296,626	1,955,774
	August	267,610	199,394	-	81,876	50,772	487,020	934,298	32,884	90,428	648,334	-	624,794	43,582	304,212	28,234	314,271	2,053,854
	September	255,702	166,461	-	56,110	44,602	450,936	902,100	19,584	93,573	510,438	-	625,171	41,967	275,884	27,272	321,192	1,895,496
	October	252,499	147,573	-	45,881	40,892	466,628	762,751	25,906	127,904	498,002	-	458,288	42,447	271,412	27,524	316,553	1,742,130
	November	253,016	134,621	-	53,857	41,942	461,044	714,813	20,882	107,011	474,094	-	431,506	46,516	268,698	29,195	323,155	1,680,174
	December	246,733	102,767	-	95,713	42,316	448,074	626,759	21,820	127,994	434,706	-	382,496	46,210	239,956	28,582	324,237	1,584,182

(a) An Offshore Banking Unit (OBU) is a unit in a commercial bank, established in terms of the Central Bank Circular No. 380 of 2 May 1979, which accepts deposits and grants advances in designated foreign currencies from and to:
(i) Non Residents (ii) Commercial Banks (iii) Board of Investment (BOI) Enterprises and (iv) Other residents approved by the Central Bank.
(b) Assets and liabilities denominated in foreign currencies have been converted into Sri Lanka rupees at exchange rates prevailing at the end of the relevant period.

Source: Central Bank of Sri Lanka

Financial Soundness Indicators - Banking Industry

Category	2017	2018	2019	2020 (a)	2021 (b)
1. Capital Adequacy (%)					
1.1 Capital Adequacy Ratio (CAR) (Regulatory Capital to Risk Weighted Assets)	16.4	16.2	17.2	17.1	16.5
1.2 Core Capital Ratio (Tier 1)(Core Capital to Risk Weighted Assets)	13.4	13.1	13.7	13.6	13.2
1.3 Core Capital to Total Assets	7.4	7.6	7.8	7.1	6.4
1.4 Net Non-Performing Loans (net of Interest in Suspense and Specific Provisions) to Total Capital Funds	9.3	14.5	19.5	17.2	11.5
1.5 Borrowings to Capital Funds	185.4	171.1	148.6	134.9	148.9
1.6 Capital to Assets Ratio	8.4	8.7	9.0	8.6	8.7
1.7 Leverage Ratio			6.8	6.4	6.1
2. Assets Quality (%)					
2.1 Gross Non-Performing Loans (NPL) to Total Gross Loans and Advances (excluding Interest in Suspense)	2.5	3.4	4.7	4.9	4.5
2.2 Gross Non-Performing Loans (NPL) to Total Gross Loans and Advances (with Interest in Suspense)	3.8	4.7	6.2	6.6	6.2
2.3 Net Non-Performing Loans to Total Net Loans and Advances (Net of IIS and Specific Provisions)	1.3	2.0	2.8	2.4	1.7
2.4 Total Provisions Made against Gross Loans and Advances	1.7	2.0	2.5	3.0	3.4
2.5 Total Provision Coverage Ratio	69.9	57.4	52.3	61.3	75.8
2.6 Specific Provision Coverage Ratio	49.6	43.1	42.4	51.7	64.0
2.7 Total Provisions Made against Total Assets	1.1	1.3	1.6	1.9	2.1
2.8 Total Loans and Advances (Gross) to Total Assets	62.5	65.2	64.9	62.0	61.9
2.9 Total Investments to Total Assets	24.8	22.7	23.9	28.6	28.9
2.10 Total Income to Total Assets	10.6	10.7	10.7	8.9	8.1
2.11 Net Interest Income to Total Assets	3.3	3.4	3.4	2.9	3.2
2.12 Non Interest Income to Total Assets	1.2	1.3	1.1	1.0	1.0
3. Earnings and Profitability (%)					
3.1 Return on Equity (ROE) - After Tax	17.6	13.2	10.3	11.5	14.5
3.2 Return on Assets (ROA) - Before Tax	2.0	1.8	1.4	1.4	1.6
3.3 Return on Assets (ROA) - After Tax	1.4	1.1	0.9	1.0	1.2
3.4 Interest Income to Total Income	88.9	88.2	90.2	89.1	87.8
3.5 Net Interest Income to Total Income	31.2	31.6	32.0	32.8	40.2
3.6 Non Interest Income to Total Income	11.1	11.8	9.8	10.9	12.2
3.7 Non Interest Expenses (Operating Expenses) to Total Income	18.7	20.2	19.7	19.4	22.0
3.8 Personal Expenses to Non Interest Expenses	50.3	47.8	47.8	50.7	49.5
3.9 Personal Expenses to Total Income	9.4	9.7	9.4	9.8	10.9
3.10 Provisions to Total Income	2.6	4.0	5.3	7.6	8.7
3.11 Efficiency Ratio	45.7	50.0	52.7	51.8	48.1
3.12 Interest Margin (Net interest income to Average Assets)	3.5	3.6	3.6	3.1	3.4
4. Liquidity (%)					
4.1 Total Liquid Assets to Total Assets	28.8	25.7	28.9	34.1	29.5
4.2 Statutory Liquid Assets Ratio - Domestic Banking Unit (DBU)	31.3	27.6	31.0	37.8	33.8
4.3 Statutory Liquid Assets Ratio - Off-shore Banking Unit (OBU)	35.5	45.4	47.1	43.2	34.0
4.4 Rupee Liquidity Coverage Ratio	187.5	176.5	212.8	255.9	217.8
4.5 All Currency Liquidity Coverage Ratio	155.7	152.1	178.2	202.1	171.8
4.6 Liquid Assets to Deposits	40.0	35.7	39.5	44.8	39.4
4.7 Current & Savings Deposits to Total Deposits	34.2	32.0	31.4	34.5	36.6
4.8 Liquid Assets to Short Term Liabilities	41.5	38.6	46.8	52.5	45.3
4.9 Deposit to Total Loans & Advances	115.1	110.4	112.8	122.5	120.9
4.10 Net Stable Funding Ratio			130.1	136.3	135.1
5. Assets / Funding Structure					
5.1 Deposits (% of Total Assets)	71.9	72.0	73.2	76.0	74.9
5.2 Borrowings (% of Total Assets)	15.6	15.0	13.4	11.5	12.9
5.3 Capital Funds (% of Total Assets)	8.4	8.7	9.0	8.6	8.7
5.4 Other (% of Total Assets)	4.1	4.3	4.4	3.9	3.6
5.5 Credit to Deposits	86.9	90.6	88.7	81.6	82.7
5.6 Credit to Deposits and Borrowings	71.4	75.0	74.9	70.8	70.6
5.7 Credit to Deposits, Borrowings and Capital	65.1	68.2	67.8	64.5	64.2
6. Financial Infrastructure					
6.1 No. of Branches (excluding Student Savings Units)	3,549	3,576	3,607	3,619	3,624
6.2 No. of ATMs	4,219	5,204	5,794	6,176	6,342

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

Financial Soundness Indicators - Licensed Commercial Banks (LCBs)

Category	2017	2018	2019	2020 (a)	2021 (b)
1. Capital Adequacy (%)					
1.1 Capital Adequacy Ratio (CAR) (Regulatory Capital to Risk Weighted Assets)	16.4	16.2	17.2	17.1	16.7
1.2 Core Capital Ratio (Tier 1) (Core Capital to Risk Weighted Assets)	13.4	13.0	13.7	13.6	13.2
1.3 Core Capital to Total Assets	7.9	7.9	8.3	7.5	6.8
1.4 Net Non-Performing Loans (Net of Interest in Suspense and Specific Provisions) to Total Capital Funds	7.5	13.2	18.3	15.5	9.9
1.5 Borrowings to Capital Funds	169.2	167.0	147.5	137.9	154.6
1.6 Capital to Assets Ratio	8.9	9.1	9.5	9.0	9.0
1.7 Leverage Ratio			6.9	6.4	6.1
2. Assets Quality (%)					
2.1 Gross Non-Performing Loans (NPL) to Total Gross Loans and Advances (excluding Interest in Suspense)	2.3	3.3	4.6	4.7	4.3
2.2 Gross Non-Performing Loans (NPL) to Total Gross Loans and Advances (with Interest in Suspense)	3.7	4.6	6.2	6.5	6.1
2.3 Net Non-Performing Loans to Total Net Loans and Advances (Net of IIS and Specific Provisions)	1.0	1.8	2.6	2.2	1.4
2.4 Total Provisions Made against Gross Loans and Advances	1.8	2.0	2.5	3.1	3.4
2.5 Total Provision Coverage Ratio	77.8	61.1	54.0	64.7	80.4
2.6 Specific Provision Coverage Ratio	55.4	45.9	43.8	54.6	67.9
2.7 Total Provisions Made against Total Assets	1.2	1.3	1.7	2.0	2.2
2.8 Total Loans and Advances (Gross) to Total Assets	64.9	67.3	67.3	64.6	64.5
2.9 Total Investments to Total Assets	22.3	20.5	21.7	26.2	26.4
2.10 Total Income to Total Assets	10.5	10.5	10.6	8.7	7.9
2.11 Net Interest Income to Total Assets	3.4	3.4	3.5	2.9	3.1
2.12 Non Interest Income to Total Assets	1.3	1.4	1.2	1.1	1.1
3. Earnings and Profitability (%)					
3.1 Return on Equity (ROE) - After Tax	17.4	13.7	10.6	11.1	13.8
3.2 Return on Assets (ROA) - Before Tax	2.1	1.9	1.5	1.4	1.6
3.3 Return on Assets (ROA) - After Tax	1.5	1.2	1.0	1.0	1.2
3.4 Interest Income to Total Income	88.0	87.0	89.1	87.9	86.3
3.5 Net Interest Income to Total Income	32.0	32.3	32.5	33.0	39.7
3.6 Non Interest Income to Total Income	12.0	13.0	10.9	12.1	13.7
3.7 Non Interest Expenses (Operating Expenses) to Total Income	19.2	20.4	20.0	19.7	22.2
3.8 Personal Expenses to Non Interest Expenses	48.9	45.9	45.8	48.8	47.2
3.9 Personal Expenses to Total Income	9.4	9.4	9.2	9.6	10.5
3.10 Provisions to Total Income	2.9	4.4	5.7	8.4	9.6
3.11 Efficiency Ratio	45.2	48.5	51.8	51.7	48.2
3.12 Interest Margin (Net interest income to Average Assets)	3.5	3.7	3.6	3.1	3.3
4. Liquidity (%)					
4.1 Total Liquid Assets to Total Assets	26.7	24.5	27.1	31.8	27.5
4.2 Statutory Liquid Assets Ratio - DBU	27.2	25.0	27.8	34.4	30.9
4.3 Statutory Liquid Assets Ratio - OBU	35.5	45.4	47.1	43.2	34.0
4.4 Rupee Liquidity Coverage Ratio	161.0	161.8	196.8	244.1	213.1
4.5 All Currency Liquidity Coverage Ratio	130.7	130.5	159.0	184.9	159.9
4.6 Liquid Assets to Deposits	37.1	34.2	37.6	42.6	37.4
4.7 Current & Savings Deposits to Total Deposits	35.4	33.1	32.8	36.3	38.6
4.8 Liquid Assets to Short Term Liabilities	39.5	37.9	46.1	51.1	44.0
4.9 Deposit to Total Loans & Advances	110.9	106.1	107.1	115.7	114.2
4.10 Net Stable Funding Ratio			127.3	133.8	133.2
5. Assets / Funding Structure					
5.1 Deposits (% of Total Assets)	72.0	71.4	72.0	74.7	73.6
5.2 Borrowings (% of Total Assets)	15.0	15.1	14.0	12.4	13.9
5.3 Capital Funds (% of Total Assets)	8.9	9.1	9.5	9.0	9.0
5.4 Other (% of Total Assets)	4.1	4.4	4.4	3.9	3.6
5.5 Credit to Deposits	90.1	94.2	93.4	86.5	87.6
5.6 Credit to Deposits and Borrowings	74.6	77.7	78.1	74.2	73.7
5.7 Credit to Deposits, Borrowings and Capital	67.7	70.4	70.4	67.3	66.9
6. Financial Infrastructure					
6.1 No. of Branches (excluding Student Savings Units)	2,855	2,877	2,907	2,915	2,919
6.2 No. of ATMs	3,889	4,837	5,393	5,744	5,891

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

Financial Soundness Indicators - Licensed Specialised Banks (LSBs)

Category	2017	2018	2019	2020 (a)	2021 (b)
1. Capital Adequacy (%)					
1.1 Capital Adequacy Ratio (CAR)(Regulatory Capital to Risk Weighted Assets)	16.3	17.1	16.2	16.8	14.6
1.2 Core Capital Ratio (Tier 1)(Core Capital to Risk Weighted Assets)	13.4	15.0	12.9	13.7	12.0
1.3 Core Capital to Total Assets	4.3	5.0	4.2	4.5	3.8
1.4 Net Non-Performing Loans (net of Interest in Suspense and Specific Provisions) to Total Capital Funds	29.3	28.7	33.0	36.8	27.6
1.5 Borrowings to Capital Funds	360.1	214.7	162.6	101.6	93.6
1.6 Capital to Assets Ratio	5.4	6.3	5.6	5.6	6.4
1.7 Leverage Ratio			6.2	6.6	6.4
2. Assets Quality (%)					
2.1 Gross Non-Performing Loans (NPL) to Total Gross Loans and Advances (excluding Interest in Suspense)	4.3	4.8	5.5	6.9	6.5
2.2 Gross Non-Performing Loans (NPL) to Total Gross Loans and Advances (with Interest in Suspense)	4.9	5.4	6.4	8.1	7.8
2.3 Net Non-Performing Loans to Total Net Loans and Advances (Net of IIS and Specific Provisions)	3.4	3.6	3.9	4.9	4.1
2.4 Total Provisions Made against Gross Loans and Advances	1.3	1.6	2.1	2.5	2.8
2.5 Total Provision Coverage Ratio	31.1	32.9	38.6	36.7	43.8
2.6 Specific Provision Coverage Ratio	21.4	24.3	31.3	30.9	37.5
2.7 Total Provisions Made against Total Assets	0.6	0.8	1.0	1.1	1.2
2.8 Total Loans and Advances (Gross) to Total Assets	46.8	50.1	48.1	43.6	44.0
2.9 Total Investments to Total Assets	41.6	38.1	39.7	45.7	46.3
2.10 Total Income to Total Assets	11.4	11.8	11.3	9.9	9.0
2.11 Net Interest Income to Total Assets	3.0	3.2	3.3	3.1	3.9
2.12 Non Interest Income to Total Assets	0.7	0.5	0.3	0.4	0.2
3. Earnings and Profitability (%)					
3.1 Return on Equity (ROE) - After Tax	19.2	7.7	6.8	16.6	21.5
3.2 Return on Assets (ROA) - Before Tax	1.5	0.8	0.8	1.3	1.7
3.3 Return on Assets (ROA) - After Tax	1.0	0.5	0.4	0.9	1.3
3.4 Interest Income to Total Income	94.2	96.1	97.1	96.3	97.4
3.5 Net Interest Income to Total Income	26.5	27.1	29.0	31.7	43.7
3.6 Non Interest Income to Total Income	5.8	3.9	2.9	3.7	2.6
3.7 Non Interest Expenses (Operating Expenses) to Total Income	15.6	18.9	17.5	17.3	20.5
3.8 Personal Expenses to Non Interest Expenses	61.5	60.9	62.9	64.0	65.5
3.9 Personal Expenses to Total Income	9.6	11.5	11.0	11.1	13.4
3.10 Provisions to Total Income	0.9	1.6	2.9	2.2	2.9
3.11 Efficiency Ratio	49.3	63.8	60.1	52.1	47.3
3.12 Interest Margin (Net interest income to Average Assets)	3.2	3.2	3.4	3.4	4.1
4. Liquidity (%)					
4.1 Total Liquid Assets to Total Assets	42.6	35.1	41.5	49.6	43.6
4.2 Statutory Liquid Assets Ratio - DBU	61.6	47.7	53.1	60.4	52.8
4.3 Statutory Liquid Assets Ratio - OBU	-	-	-	-	-
4.4 Rupee Liquidity Coverage Ratio	355.1	239.3	272.3	300.4	235.3
4.5 All Currency Liquidity Coverage Ratio	356.2	308.4	272.3	298.6	235.3
4.6 Liquid Assets to Deposits	59.7	46.0	51.2	58.6	52.0
4.7 Current & Savings Deposits to Total Deposits	26.0	24.1	22.6	23.5	23.7
4.8 Liquid Assets to Short Term Liabilities	51.9	42.7	50.4	59.9	52.4
4.9 Deposit to Total Loans & Advances	152.3	152.2	168.1	193.8	190.5
4.10 Net Stable Funding Ratio			157.8	158.6	151.2
5. Assets / Funding Structure					
5.1 Deposits (% of Total Assets)	71.3	76.3	80.9	84.6	83.8
5.2 Borrowings (% of Total Assets)	19.4	13.5	9.0	5.7	6.0
5.3 Capital Funds (% of Total Assets)	5.4	6.3	5.6	5.6	6.4
5.4 Other (% of Total Assets)	3.9	3.9	4.5	4.1	3.7
5.5 Credit to Deposits	65.6	65.7	59.5	51.6	52.5
5.6 Credit to Deposits and Borrowings	51.6	55.8	53.5	48.3	49.0
5.7 Credit to Deposits, Borrowings and Capital	48.7	52.1	50.4	45.5	45.7
6. Financial Infrastructure					
6.1 No. of Branches (excluding Student Savings Units)	694	699	700	704	705
6.2 No. of ATMs	330	367	401	432	451

(a) Revised

(b) Provisional

Assets and Liabilities of Non-Bank Financial Institutions (a)

Rs. million

End of Period	2017	2018	2019	2020 (b)	2021 (c)
ASSETS	1,354,991	1,431,332	1,432,675	1,401,666	1,487,689
Cash and Bank Balances	**107,746**	**96,271**	**99,886**	**112,156**	**87,680**
Cash in Hand	6,702	7,653	7,086	7,718	9,572
Demand Deposits with Commercial Banks	29,671	35,154	32,031	41,561	17,441
Time and Savings Deposits with Commercial Banks	67,187	50,323	58,854	61,992	59,033
Deposits with Other Deposit Taking Institutions	4,186	3,140	1,914	884	1,634
Investments	**118,068**	**109,667**	**132,150**	**158,857**	**167,369**
Investments in Government of Sri Lanka Securities	65,552	65,072	73,427	75,603	92,485
Treasury Bills	58,603	62,806	71,768	61,323	82,061
Treasury Bonds	6,949	2,266	1,659	14,280	10,424
Shares Held for Trading Investments	4,566	4,424	4,070	3,324	3,431
Debentures	2,544	5,440	3,695	4,553	6,286
Shares in Other Companies	1,821	1,731	1,859	4,409	6,773
Shares in Subsidiaries and Associate Companies	26,955	16,674	15,861	15,032	12,317
Investment Properties	14,654	18,116	25,252	29,510	35,982
Other Investments	12,461	2,431	11,728	29,505	13,360
Provision for Decline in Value of Investment Securities	-10,487	-4,222	-3,743	-3,079	-3,264
Loans and Advances (Net)	**1,057,097**	**1,137,046**	**1,102,738**	**1,039,827**	**1,142,455**
Leasing	554,274	635,651	631,800	621,833	608,052
Hire Purchase	27,183	19,112	14,824	11,771	20,723
Real Estate	2,479	2,919	2,782	2,366	12,972
Pawning Advances and Gold Loans (d)	35,099	43,943	59,467	71,355	129,490
Dues from Related Party	13,666	10,964	13,491	6,050	5,148
Other Loans	475,989	492,413	472,302	445,342	483,453
Loan Loss Provisions and Suspended Interest	-51,594	-67,957	-91,929	-118,891	-117,382
Trading Stocks	**7,756**	**13,852**	**16,379**	**8,434**	**5,210**
Real Estate	2,985	3,511	3,883	2,662	2,799
Vehicle and Other Equipment for Sale	4,473	9,410	10,409	3,737	367
Other	298	930	2,088	2,035	2,044
Fixed Assets	**38,446**	**43,925**	**50,792**	**51,154**	**55,458**
Other Assets	**25,878**	**30,572**	**30,730**	**31,238**	**29,517**
EQUITY AND LIABILITIES	1,354,991	1,431,332	1,432,675	1,401,666	1,487,689
Equity	**169,674**	**183,671**	**203,222**	**248,053**	**303,991**
Paid-up Capital	66,554	71,949	82,537	84,238	102,138
Retained earnings and Reserves	103,120	111,723	120,685	163,815	201,853
Deposits	**686,720**	**716,848**	**756,687**	**748,578**	**783,286**
Time Deposits	655,670	681,317	722,234	710,464	744,297
Savings Deposits	30,014	34,601	33,528	37,333	38,372
Certificate of Deposits	1,036	929	925	780	617
Borrowings	**396,030**	**463,817**	**405,590**	**328,040**	**325,925**
Financial Institutions	235,890	340,708	303,952	242,606	242,778
Others	160,140	123,109	101,639	85,434	83,147
Other Liabilities	**102,567**	**66,996**	**67,175**	**76,995**	**74,488**
No. of Institutions	51	48	46	43	42

(a) Non-Bank Financial Institutions sector represents Licensed Finance Companies and Specialised Leasing Companies
(b) Revised
(c) Provisional
(d) Before December 2021 only Pawning Advances were considered

Source: Central Bank of Sri Lanka

Financial Soundness Indicators - Licensed Finance Companies (LFCs) and Specialised Leasing Companies (SLCs) Sector

Per cent

Category	2017 December	2018 December	2019 December	2020 December (a)	2021 December (b)
1. Capital Adequacy					
1.1 Core Capital to Risk Weighted Assets (CCR) (c)	12.4	9.8	11.1	14.5	15.5
1.2 Capital Base to Risk Weighted Assets (RWCAR) (d)	13.1	11.1	12.5	15.7	17.0
1.3 Capital Funds to Total Assets (Net)	12.3	12.7	14.2	17.7	19.2
1.4 Capital Funds to Deposits	24.3	25.3	26.9	33.2	36.5
1.5 Borrowings to Equity (Times)	2.3	2.5	2.0	1.3	1.1
2. Asset Quality					
2.1 Gross Non Performing Advances to Total Advances	5.9	7.7	10.6	13.9	11.0
2.2 Net Non Performing Advances to Total Advances (e)	1.6	2.4	3.4	4.2	2.7
2.3 Provision made against Total Advances	3.8	4.4	6.0	8.2	7.3
2.4 Provision Coverage Ratio (Specific Provisions to NPA)	61.9	55.6	54.4	56.7	63.4
2.5 Provision Coverage Ratio (Total Provisions to NPA) (f)	64.0	57.0	56.6	58.9	66.8
3. Liquidity					
3.1 Regulatory Liquid Assets to Total Assets	8.9	7.5	8.6	9.2	9.7
3.2 Regulatory Liquid Assets to Deposits and Borrowings	11.7	9.6	11.3	13.0	14.1
4. Earnings (g)					
4.1 Return on Assets (h)	3.2	2.7	2.2	1.7	5.4
4.2 Return on Equity (i)	16.1	12.1	7.5	6.1	20.2
4.3 Interest Income to Interest Expenses	179.7	182.0	182.4	194.7	253.5
4.4 Net Interest Margin (NIM) (j)	7.7	7.4	7.7	7.3	8.6
4.5 Efficiency Ratio (k)	64.9	67.2	74.1	74.7	51.3
4.6 Cost to Income Ratio	83.7	85.8	89.0	89.8	69.0
5. Assets/Funding Structure (as a % of Total Net Assets)					
5.1 Equity	12.5	12.8	14.2	17.7	20.4
5.2 Total Deposits and borrowings	79.9	82.5	81.1	76.8	74.6
5.3 Loans and Advances	78.0	79.4	77.0	74.2	76.8
5.4 Investments	9.5	8.0	9.5	11.6	11.5

(a) Revised, From December 2018 onwards Total Risk Weighted Assets considered for the computation of Capital adequacy ratios includes Risk Weighted Amount for Operational Risk
(b) Provisional
(c) The ratio of Core Capital (Tier 1) to Risk Weighted Assets
(d) The ratio of Total Regulated Capital to Risk Weighted Assets
(e) Ratio of non-performing loans net of interest in suspense and loan loss provisions to total loans and advances
(f) The ratio of total loan loss provisions to non-performing loans
(g) Income and expenses related items are for the 12 months ending December of respective years
(h) Profit before tax as a percentage of average assets
(i) Profit after tax as a percentage of average equity capitals
(j) The ratio of interest income less interest expenses to average assets
(k) The ratio of non-interest expenses excluding loan loss provisions and loans written off to net interest income plus other income less loan loss provisions and loans written off

Source: Central Bank of Sri Lanka

Financial Soundness Indicators - Licensed Finance Companies (LFCs)

Per cent

Category	2017 December	2018 December	2019 December	2020 December (a)	2021 December (b)
1. Capital Adequacy					
1.1 Core Capital to Risk Weighted Assets (CCR) (c)	10.9	9.3	10.5	13.9	15.0
1.2 Capital Base to Risk Weighted Assets (RWCAR) (d)	11.5	10.6	11.9	15.1	16.6
1.3 Capital Funds to Total Assets (Net)	11.3	12.1	13.5	17.0	18.7
1.4 Capital Funds to Deposits	20.2	23.3	24.9	31.1	34.7
1.5 Borrowings to Equity (times)	2.2	2.6	2.0	1.3	1.1
2. Asset Quality					
2.1 Gross Non Performing Advances to Total Advances	6.3	7.8	10.8	13.9	10.8
2.2 Net Non Performing Advances to Total Advances (e)	1.6	2.5	3.4	4.2	2.5
2.3 Provision made against Total Advances	4.0	4.5	6.1	8.2	7.3
2.4 Provision Coverage Ratio (Specific Provisions to NPA)	61.4	55.8	54.5	57.4	64.9
2.5 Provision Coverage Ratio (Total Provisions to NPA) (f)	63.5	57.2	56.4	58.9	67.3
3. Liquidity					
3.1 Regulatory Liquid Assets to Total Assets	8.9	7.5	8.7	9.3	9.6
3.2 Regulatory Liquid Assets to Deposits and Borrowings	11.6	9.5	11.3	13.0	13.9
4. Earnings (g)					
4.1 Return on Assets (h)	3.0	2.4	2.0	1.6	5.3
4.2 Return on Equity (i)	15.9	12.0	7.3	6.1	20.7
4.3 Interest Income to Interest Expenses	173.5	179.2	179.7	191.1	249.1
4.4 Net Interest Margin (NIM) (j)	7.2	6.9	7.5	7.1	8.4
4.5 Efficiency Ratio (k)	66.3	68.4	75.2	75.6	51.6
4.6 Cost to Income Ratio	84.9	86.6	89.6	90.3	69.3
5. Assets/Funding Structure (as a % of Total Net Assets)					
5.1 Equity	11.5	12.2	13.5	17.0	19.9
5.2 Total Deposits and borrowings	81.1	83.2	81.9	77.5	75.1
5.3 Loans and Advances	78.4	79.2	76.7	73.8	76.6
5.4 Investments	10.4	8.2	9.7	11.8	11.7

(a) Revised, From December 2018 onwards Total Risk Weighted Assets considered for the computation of Capital adequacy ratios includes Risk Weighted Amount for Operational Risk
(b) Provisional
(c) The ratio of Core Capital (Tier 1) to Risk Weighted Assets
(d) The ratio of Total Regulated Capital to Risk Weighted Assets
(e) Ratio of non-performing loans net of interest in suspense and loan loss provisions to total loans and advances
(f) The ratio of total loan loss provisions to non-performing loans
(g) Income and expenses related items are for the 12 months ending December of respective years
(h) Profit before tax as a percentage of average assets
(i) Profit after tax as a percentage of average equity
(j) The ratio of interest income less interest expenses to average assets
(k) The ratio of non-interest expenses excluding loan loss provisions and loans written off to net interest income plus other income less loan loss provisions and loans written off

Source: Central Bank of Sri Lanka

Financial Soundness Indicators - Specialised Leasing Companies (SLCs)

Per cent

Category	2017 December	2018 December	2019 December	2020 December (a)	2021 December (b)
1. Capital Adequacy					
1.1 Core Capital to Risk Weighted Assets (CCR) (c)	33.1	23.6	27.2	33.3	29.4
1.2 Capital Base to Risk Weighted Assets (RWCAR) (d)	34.9	23.6	27.9	34.1	30.2
1.3 Capital Funds to Total Assets (Net)	22.0	30.4	36.5	45.7	40.2
1.4 Borrowings to Equity (times)	3.1	2.0	1.6	1.1	1.4
2. Asset Quality					
2.1 Gross Non Performing Advances to Total Advances	2.1	3.7	4.9	13.6	18.5
2.2 Net Non Performing Advances to Total Advances (e)	0.4	2.0	1.5	5.2	8.4
2.3 Provision made against Total Advances	1.7	1.7	3.4	8.1	9.8
2.4 Provision Coverage Ratio (Specific Provisions to NPA)	78.5	46.1	45.5	32.5	32.4
2.5 Provision Coverage Ratio (Total Provisions to NPA) (f)	80.8	46.1	69.2	61.3	54.6
3. Liquidity					
3.1 Regulatory Liquid Assets to Total Assets	8.8	7.6	6.4	4.7	12.0
3.2 Regulatory Liquid Assets to Borrowings	13.2	12.5	11.7	10.8	24.8
4. Earnings (g)					
4.1 Return on Assets (h)	6.1	6.0	6.3	5.5	8.6
4.2 Return on Equity (i)	17.2	12.0	10.0	6.1	11.4
4.3 Interest Income to Interest Expenses	256.0	287.7	295.3	404.2	598.1
4.4 Net Interest Margin (NIM) (j)	12.8	10.5	14.4	15.1	14.4
4.5 Efficiency Ratio (k)	56.1	46.8	52.9	55.0	42.7
4.6 Cost to Income Ratio	73.6	66.4	73.5	74.5	57.1
5. Assets/Funding Structure (as a % of Total Net Assets)					
5.1 Equity	22.0	30.4	36.5	45.7	40.2
5.2 Borrowings	68.0	62.2	56.9	48.4	54.4
5.3 Loans and Advances	74.1	86.2	86.3	87.9	83.6
5.4 Investments	0.9	1.2	1.2	1.1	0.9

(a) From December 2018 onwards Total Risk Weighted Assets considered for the computation of Capital adequacy ratios includes Risk Weighted Amount for Operational Risk
(b) Provisional
(c) The ratio of Core Capital (Tier 1) to Risk Weighted Assets
(d) The ratio of Total Regulated Capital to Risk Weighted Assets
(e) Ratio of non-performing loans net of interest in suspense and loan loss provisions to total loans and advances
(f) The ratio of total loan loss provisions to non-performing loans
(g) Income and expenses related items are for the 12 months ending December of respective years
(h) Profit before tax as a percentage of average assets
(i) Profit after tax as a percentage of average equity
(j) The ratio of interest income less interest expenses to average assets
(k) The ratio of non-interest expenses excluding loan loss provisions and loans written off to net interest income plus other income less loan loss provisions and loans written off

Source: Central Bank of Sri Lanka

Savings and Fixed Deposits of Deposit-Taking Institutions

Rs. million

End of Period	Savings Deposits							Fixed Deposits							Total Deposits
	Licensed Commercial Banks (a)	National Savings Bank	State Mortgage & Investment Bank	Pradeshiya Sanwardhana Bank (b)	Other Licensed Specialised Banks (c)	Licensed Finance Companies (d)	Total	Licensed Commercial Banks (a)	National Savings Bank (e)	State Mortgage & Investment Bank	Pradeshiya Sanwardhana Bank (b)	Other Licensed Specialised Banks (c)	Licensed Finance Companies (d)	Total	
2017	1,820,745	188,192	1,607	48,943	15,741	30,014	2,105,242	3,748,081	526,171	28,589	87,640	77,692	655,670	5,123,842	7,229,084
2018	1,945,369	197,638	1,320	51,404	17,751	34,601	2,248,084	4,489,223	616,268	30,320	86,524	83,387	658,095	5,963,816	8,211,900
2019	2,090,860	217,600	1,401	56,096	21,389	33,528	2,420,873	4,813,078	766,984	34,914	89,881	89,265	692,972	6,487,095	8,907,968
2020	2,843,702	279,186	1,952	65,640	26,709	37,333	3,254,523	5,507,517	925,786	40,440	103,625	110,283	684,307	7,371,958	10,626,480
2021	3,410,298	324,665	2,262	72,125	28,323	38,372	3,876,046	6,056,844	1,071,758	40,468	112,267	110,764	723,302	8,115,404	11,991,450
2020 January	2,109,207	218,530	1,385	56,268	21,930	34,996	2,442,316	4,882,621	790,160	35,857	91,275	91,229	701,902	6,593,045	9,035,360
February	2,141,991	221,884	1,404	56,693	22,970	37,059	2,482,001	4,931,475	796,158	36,737	92,552	93,371	705,852	6,656,146	9,138,146
March	2,285,352	226,705	1,560	56,799	23,158	31,873	2,625,447	4,974,100	799,558	36,889	92,141	93,719	702,443	6,698,851	9,324,298
April	2,339,664	239,041	1,731	58,458	24,378	30,738	2,694,011	5,029,546	810,712	36,810	92,513	93,580	696,750	6,759,910	9,453,921
May	2,333,080	242,078	1,801	57,954	24,255	29,372	2,688,539	5,067,318	815,103	37,219	93,886	94,863	691,653	6,800,041	9,488,581
June	2,370,356	243,402	1,734	59,622	23,958	29,470	2,728,542	5,109,946	836,606	37,847	95,160	99,362	672,893	6,851,814	9,580,356
July	2,434,229	246,460	1,709	60,693	24,319	29,464	2,796,874	5,164,872	863,333	38,165	97,519	101,568	670,964	6,936,421	9,733,296
August	2,508,858	252,034	1,718	61,647	24,846	30,441	2,879,544	5,247,122	871,201	38,720	98,693	103,658	677,596	7,036,991	9,916,535
September	2,604,444	260,761	1,861	63,507	25,326	31,543	2,987,442	5,330,936	881,275	39,168	99,538	107,295	691,678	7,149,891	10,137,333
October	2,695,636	267,854	1,836	64,180	25,820	35,074	3,090,401	5,362,024	897,459	39,681	100,670	108,375	689,013	7,197,221	10,287,622
November	2,747,628	273,091	1,948	65,115	26,060	37,233	3,151,074	5,425,991	914,907	39,583	102,108	109,499	688,088	7,280,177	10,431,251
December	2,843,702	279,186	1,952	65,640	26,709	37,333	3,254,523	5,507,517	925,786	40,440	103,625	110,283	684,307	7,371,958	10,626,480
2021 January	2,897,577	285,019	1,918	65,828	26,958	36,898	3,314,198	5,605,518	951,581	39,402	105,288	111,859	687,799	7,501,447	10,815,645
February	2,977,227	290,990	2,319	66,417	26,644	43,425	3,407,023	5,653,282	965,558	40,186	105,092	113,308	689,435	7,566,862	10,973,885
March	3,047,088	294,218	2,023	67,670	28,006	40,585	3,479,590	5,723,085	976,188	40,562	105,289	113,817	694,106	7,653,046	11,132,637
April	3,099,043	298,810	2,064	68,244	28,364	42,988	3,539,513	5,787,017	990,449	40,806	106,954	116,400	698,591	7,740,218	11,279,730
May	3,169,020	305,725	2,083	67,468	27,323	39,483	3,611,101	5,789,449	1,005,977	40,525	107,695	117,801	698,903	7,760,350	11,371,451
June	3,233,335	309,372	2,058	67,245	28,072	38,191	3,678,274	5,842,769	1,013,686	39,707	107,949	115,180	700,896	7,820,188	11,498,461
July	3,290,189	312,181	2,046	67,763	28,618	43,162	3,743,959	5,907,072	1,021,918	40,008	108,457	113,830	702,708	7,893,993	11,637,952
August	3,348,981	318,997	2,050	68,292	28,378	41,336	3,808,034	6,019,005	1,037,535	40,110	108,567	113,988	702,498	8,021,702	11,829,736
September	3,377,007	322,521	2,094	68,736	28,782	41,331	3,840,472	6,005,947	1,040,613	39,757	109,348	111,590	695,925	8,003,180	11,843,652
October	3,403,837	322,665	2,102	69,577	28,295	35,698	3,862,173	6,031,208	1,047,066	39,802	110,807	111,071	700,003	8,039,957	11,902,131
November	3,373,475	323,787	2,095	70,468	28,243	40,036	3,838,104	6,049,099	1,067,682	39,581	111,231	110,282	715,480	8,093,354	11,931,458
December	3,410,298	324,665	2,262	72,125	28,323	38,372	3,876,046	6,056,844	1,071,758	40,468	112,267	110,764	723,302	8,115,404	11,991,450

(a) Includes deposits of the government, long term deposits mobilised by the two state banks under special savings schemes and foreign currency deposits

(b) Pradeshiya Sanwardhana Bank was established on 14 July 2010 by amalgamating Regional Development Banks.

(c) Other Licensed Specialised Banks include Sanasa Development Bank Ltd, Housing Development Finance Corporation Bank of Sri Lanka Ltd and Sri Lanka Savings Bank Ltd. MBSL Savings Bank Ltd, which operated as a LSB, was amalgamated with Merchant Bank of Sri Lanka PLC and MCSL Financial Services Ltd and operated as a LFC namely, Merchant Bank of Sri Lanka and Finance PLC with effect from 1 January 2015.

(d) Licensed Finance Companies were allowed to accept savings deposits with effect from 1 February 2005.

(e) Deposits that previously appeared under other savings schemes of the National Savings Bank have been included in its fixed deposits.

Source: Central Bank of Sri Lanka

Insurance Activities

Rs. million

Item	2016	2017	2018	2019	2020 (a)
1. **Stated Capital (as at 31st December)**	**40,911**	**40,063**	**40,884**	**43,546**	**44,173**
2. **Life Insurance**					
Life Insurance Fund (as at 31st December)	273,269	282,642	306,104	341,857	397,018
New Business					
Total Number of Policies ('000 units)	663	636	712	735	740
Total Sums Insured	537,790	721,125	804,865	1,036,967	1,683,622
Total Premium Collected	19,364	20,721	22,368	24,647	30,632
Business in Force (Including new policies):					
Total Number of Policies ('000 units as at 31st December)	2,896	3,069	3,216	3,383	3,593
Total Sums Insured (as at 31st December)	1,690,869	2,413,655	2,850,115	3,844,753	5,037,140
Total Premium Collected	59,548	67,744	74,624	84,570	95,828
Benefit Payments					
Total	22,622	25,967	34,337	35,139	37,903
Maturity (Endowments paid at maturity)	12,713	14,240	18,279	18,485	21,668
Death and Disability	2,141	2,725	3,766	3,723	3,355
Surrender	5,296	5,392	6,995	7,142	6,952
Other	2,473	3,611	5,297	5,789	5,929
3. **Fire Insurance**					
Net Premium (Gross Premium - Reinsurance Premium)	1,471	1,662	2,693	2,208	2,293
Net Claims Paid and Outstanding	1,103	1,604	1,561	2,546	2,041
Loss Reserve (b)	10,425	7,270	4,556	-	-
4. **General Accident Insurance (miscellaneous)**					
Net Premium (Gross Premium - Reinsurance Premium)	13,654	16,050	16,060	20,742	20,590
Net Claims Paid and Outstanding	10,410	14,783	15,758	19,908	13,351
Loss Reserve (b)	7,307	4,477	5,468	-	-
5. **Marine Insurance**					
Net Premium (Gross Premium - Reinsurance Premium)	875	1,015	1,145	1,161	921
Net Claims Paid and Outstanding	254	344	419	501	256
Loss Reserve (b)	1,010	609	620	-	-
6. **Motor Insurance**					
Net Premium (Gross Premium - Reinsurance Premium)	48,050	53,903	58,228	59,456	56,911
Net Claims Paid and Outstanding	29,249	31,190	34,652	34,501	26,881
Loss Reserve (b)	8,429	9,156	9,442	-	-
7. **Total Premium Income from General Insurance**					
Net Premium (Gross Premium - Reinsurance Premium)	64,050	72,629	78,125	83,567	80,716
Net Claims Paid and Outstanding	41,017	47,921	52,390	57,456	42,529
Loss Reserve (b)	27,171	21,511	20,086	-	-
Operating Profit/Loss	12,067	5,780	7,272	7,079	16,985
8. **No. of Employees**	**16,896**	**18,467**	**19,437**	**19,841**	**19,571**
9. **Total Number of Branches**	**1,971**	**2,079**	**2,147**	**2,069**	**1,953**
10. **No. of Institutions**	**29**	**26**	**28**	**27**	**27**

(a) Provisional

(b) Indicates provisions made for payment of losses incurred during the year but not yet paid

Source : Insurance Regulatory Commission of Sri Lanka

Money Market Transactions

Transactions	Volume (Rs.billion)					Weighted Average Interest Rate (Min-Max) - %				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Money Market										
Call Money (Overnight)	3,900	4,196	4,775	3,234	7,935	7.95-8.75	7.76-9.00	7.28-9.00	4.52 - 7.50	4.53-5.97
Repo (Overnight)	4,205	2,761	3,456	3,151	3,533	7.50-9.14	7.48-9.00	7.30-9.17	4.53 - 7.53	4.55-6.00
Open Market Operations										
Overnight Basis										
Repo	3,262	1,219	661	320	1,183	7.25-7.75	7.25-8.13	7.31-8.56	6.73 - 7.51	5.71-5.99
Reverse Repo	1,050	2,099	2,043	175	-	8.47-8.75	7.88-8.98	7.31-9.00	5.88 - 7.54	-
Liquidity Support Facility	-	-	23	18	-	-	-	7.46-7.60	6.23 - 7.12	-
Short Term Basis										
Repo	49	215	327	31	423	7.31-7.43	7.27-8.28	7.55-8.61	7.01 - 7.16	5.96-5.99
Reverse Repo	-	969	566	66	-	-	7.85-9.00	7.39-9.00	4.53 - 6.85	-
Liquidity Support Facility	-	-	-	48	-	-	-	-	6.30 - 6.93	-
Long Term Basis										
Repo	17	97	103	3	60	7.44	7.38-8.33	7.85-8.67	7.10 - 7.15	6.04-6.05
Reverse Repo	-	318	397	299	204	-	7.97-8.47	7.30-8.86	4.53 - 7.53	6.13-7.20
Liquidity Support Facility	-	-	-	86	-	-	-	-	4.88 - 7.16	-
Outright Basis										
Purchase of T-bills	-	41	42	-	-	-	8.25-10.10	7.75-10.50	-	-
Purchase of T-bonds	-	-	48	22	-	-	-	8.47-9.25	8.42 - 9.68	-
Sale of T-bills	110	64	-	-	14	7.78-9.23	7.40-8.20	-	-	7.00-7.23
Sale of T-bonds	-	-	-	-	-	-	-	-	-	-
Standing Facility (at Policy Rates)										
Standing Deposit Facility	3,955	4,503	7,489	32,809	29,450	7.25(a)	8.00(a)	7.00(a)	4.50(a)	5.00(a)
Standing Lending Facility	2,130	3,058	4,794	715	30,095	8.75(a)	9.00 (a)	8.00(a)	5.50(a)	6.00(a)

(a) End Year Rates

Source : Central Bank of Sri Lanka

Share Market Performance

End of Period	Total Turnover	Daily Average Turnover	Non-National Transactions		Market Capitalisation (a)	All Share Price Index (ASPI) (1985 =100) (a)	S&P Sri Lanka 20 Index (2004= 1,000) (a)	Sectoral Share Price Indices (1985=100) (b)																			
			Purchases	Sales				Automobiles & Components	Banks	Capital Goods	Commercial & Professional Services	Consumer Durables & Apparel	Consumer Services	Diversified Financials	Energy	Food & Staples Retailing	Food, Beverage & Tobacco	Healthcare Equipment & Services	Household & Personal Products	Insurance	Materials	Real Estate	Retailing	Software & Services	Telecommunication Services	Transportation	Utilities
	Rs. mn	Rs. mn	Rs. mn	Rs. mn	Rs. bn																						
2017	220,591	915	112,285	94,630	2,899.3	6,369.3	3,671.7																				
2018	200,069	834	77,077	100,316	2,839.5	6,052.4	3,135.2																				
2019	171,408	711	56,538	68,272	2,851.3	6,129.2	2,937.0																				
2020	396,882	1,899	52,889	104,245	2,960.7	6,774.2	2,638.1	1,159.5	587.3	1,023.0	832.2	1,127.4	277.0	891.6	745.4	1,244.2	967.5	1,303.5	1,320.2	1,416.1	1,351.5	798.0	1,009.9	-	943.3	4,870.2	1,002.6
2021	1,173,157	4,888	34,016	86,665	5,489.2	12,226.0	4,233.3	1,321.7	609.1	1,735.6	1,152.8	1,984.3	381.8	3,447.3	1,566.6	1,293.7	1,218.4	1,423.3	1,907.2	1,676.9	1,772.7	878.0	1,167.2	1,395.9	922.8	62,493.3	1,027.9
2020 January	37,803	1,890	27,224	30,201	2,761.1	5,929.8	2,835.0	591.2	673.3	857.9	729.1	959.7	251.9	901.9	541.2	1,223.8	856.6	828.5	1,042.0	1,363.4	653.5	794.2	714.9	-	916.4	831.7	720.9
February	8,397	466	1,722	2,930	2,599.2	5,592.9	2,632.0	505.4	636.0	781.3	661.4	839.4	227.0	797.7	483.4	1,174.1	832.7	792.7	971.9	1,371.3	587.3	735.1	659.4	-	870.5	647.1	688.9
March	6,325	632	1,473	2,630	2,128.3	4,571.6	1,947.4	443.7	470.1	610.1	594.3	591.3	187.7	639.2	421.7	1,099.3	697.7	667.1	799.5	1,170.9	436.6	638.8	531.0	-	636.4	346.0	545.0
April (c)	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	-	n.a	n.a	n.a
May	22,809	1,629	3,692	10,620	2,266.0	4,846.8	2,016.1	534.9	485.5	631.5	713.3	667.5	193.1	714.6	445.6	1,134.4	724.1	745.6	864.2	1,210.1	525.0	674.7	609.2	-	779.6	446.4	623.3
June	29,072	1,384	3,825	12,428	2,404.7	5,149.6	2,268.8	565.7	551.8	690.3	666.5	780.5	208.6	751.4	533.6	1,141.4	737.9	760.0	907.3	1,348.4	602.3	704.1	610.1	-	856.7	546.7	690.7
July	26,579	1,156	4,714	8,070	2,411.7	5,124.3	2,179.7	622.0	530.0	667.6	683.1	800.1	214.0	766.7	498.3	1,132.4	736.8	764.9	945.0	1,265.4	675.7	737.4	645.7	-	834.0	647.1	720.6
August	36,860	1,843	1,683	9,752	2,316.2	5,329.3	2,359.8	856.6	567.6	757.1	698.7	808.4	219.5	777.2	523.0	1,108.6	750.6	793.5	1,015.1	1,277.1	744.4	736.5	652.9	-	839.8	881.4	763.1
September	49,956	2,379	2,572	10,316	2,595.8	5,984.8	2,463.3	1,067.0	591.0	839.5	740.4	1,030.5	234.4	873.2	695.1	1,183.0	874.0	873.5	1,139.0	1,350.6	899.6	802.0	806.9	-	877.8	1,935.9	905.4
October	58,171	2,909	1,927	7,286	2,494.3	5,726.6	2,282.2	1,068.4	537.3	803.8	724.2	903.2	218.0	816.4	626.4	1,165.9	823.2	962.6	1,063.6	1,285.0	1,046.1	725.0	781.0	-	836.6	3,039.8	890.8
November	53,350	2,540	1,733	4,521	2,728.1	6,243.8	2,453.9	1,257.4	556.3	944.0	838.0	1,051.8	242.5	846.5	646.5	1,174.7	879.9	1,002.2	1,133.6	1,322.4	1,219.7	751.0	910.8	-	909.0	4,545.1	973.6
December	67,561	3,217	2,324	5,411	2,960.7	6,774.2	2,638.1	1,159.5	587.3	1,023.0	832.2	1,127.4	277.0	891.6	745.4	1,244.2	967.5	1,303.5	1,320.2	1,416.1	1,351.5	798.0	1,009.9	-	943.3	4,870.2	1,002.6
2021 January	185,770	10,321	3,447	11,958	3,789.2	8,668.1	3,514.2	1,262.7	742.1	1,436.0	856.0	1,311.0	275.9	1,700.1	830.1	1,434.4	1,092.2	1,155.6	1,336.4	1,468.2	1,868.6	922.0	1,086.4	-	1,015.5	8,468.9	1012.3
February	97,740	5,430	2,572	7,532	3,269.4	7,476.3	2,966.6	1,057.6	632.6	1,184.4	766.9	1,144.2	250.6	1,331.6	664.5	1,379.9	977.7	1,062.5	1,239.4	1,398.9	1,591.7	800.8	916.9	-	971.3	7,795.0	915.0
March	40,945	1,861	8,906	13,137	3,111.3	7,121.3	2,850.1	1,045.6	622.9	1,120.7	684.1	1,098.6	239.6	1,167.8	628.5	1,369.3	938.0	1,014.5	1,207.1	1,430.5	1,476.8	792.7	884.6	-	963.5	7,493.9	919.9
April	52,996	2,944	2,082	5,854	3,178.8	7,208.2	2,869.3	1,126.0	600.1	1,175.8	680.6	1,168.1	232.6	1,211.6	601.3	1,351.5	931.7	1,052.3	1,287.9	1,353.1	1,593.7	766.5	915.4	-	949.7	7,826.8	909.5
May	37,024	2,057	2,521	6,369	3,268.3	7,403.4	2,978.8	1,139.4	632.8	1,200.1	690.5	1,189.1	232.2	1,288.6	660.4	1,395.7	938.2	1,211.7	1,282.5	1,357.4	1,576.1	767.8	944.7	-	976.1	7,672.9	968.5
June	46,473	2,213	2,510	3,670	3,470.2	7,837.8	2,968.3	1,130.0	636.1	1,164.5	747.9	1,170.4	238.6	1,800.4	663.6	1,416.7	961.8	1,110.8	1,403.0	1,354.6	1,585.5	800.3	949.6	-	932.7	8,385.9	960.0
July	53,813	2,691	2,051	10,218	3,598.6	8,120.5	3,062.2	1,273.5	622.6	1,226.9	935.1	1,398.2	287.9	1,783.6	627.8	1,442.2	987.9	1,147.1	1,532.3	1,365.8	1,705.6	807.3	1,005.6	-	911.4	11,199.1	982.7
August	143,510	6,523	2,096	5,447	4,009.5	8,997.6	3,364.6	1,118.0	633.5	1,266.6	1,043.3	1,872.4	274.8	2,215.1	626.6	1,390.7	1,022.2	1,181.7	1,764.1	1,290.7	1,598.9	809.4	917.1	-	860.2	27,986.2	959.1
September	134,727	6,416	2,466	9,370	4,215.6	9,459.9	3,534.8	1,139.4	631.4	1,351.2	1,032.2	1,822.0	348.3	2,357.6	661.0	1,394.1	1,027.6	1,295.3	1,796.4	1,328.2	1,552.4	821.7	936.4	-	903.7	33,228.8	982.8
October	77,677	4,088	938	2,362	4,529.3	10,162.9	3,708.5	1,205.1	683.3	1,438.7	956.6	1,843.4	381.5	2,734.1	782.0	1,351.7	1,066.1	1,356.6	1,745.3	1,360.6	1,640.8	848.5	963.0	-	918.0	36,053.1	984.7
November	153,391	7,670	2,126	6,125	5,105.7	11,440.5	3,876.0	1,132.7	632.0	1,521.3	1,143.1	1,925.1	342.4	3,805.6	771.6	1,264.8	1,123.4	1,303.9	1,583.6	1,381.0	1,688.1	833.9	1,049.3	-	917.5	46,906.5	1,024.1
December	149,092	6,482	2,304	4,624	5,489.2	12,226.0	4,233.3	1,321.7	609.1	1,735.6	1,152.8	1,984.3	381.8	3,447.3	1,566.6	1,293.7	1,218.4	1,423.3	1,907.2	1,676.9	1,772.7	878.0	1,167.2	1,395.9	922.8	62,493.3	1,027.9

(a) End period

(b) The CSE exclusively adopted the Global Industrial Classification Standard (GICS) to classify listed companies with effect from 20 January 2020. Accordingly, the previous sector classifications were discontinued with effect from January 2020.

(c) The CSE was not functioning during the period from 23 March 2020 to 6 May 2020 due to the prevailed conditions of the country with the spread of COVID-19.

Source : Colombo Stock Exchange

TABLE 142

Debentures Listed on the Colombo Stock Exchange (CSE) in 2021 (a)

Issuer	No. of Debentures Offered ('000)	No. of Debentures Listed ('000)	Maturity Period (Years)	Interest Rate	Par Value/ Issue Price (Rs.)	Date Listed on CSE	Amount Raised (Rs.'000)	Total Amount Raised (Rs.'000)
1. First Capital Holdings PLC	20,000	13,247.5	5	Fixed,10.00% p.a., payable annually	100.00	2021-Feb-15	1,324,750	2,000,000
		6,752.5	5	Floating, AWPLR + 2.00% p.a., payable annually	100.00		675,250	
2. Commercial Credit & Finance PLC	20,000	12,875.9	5	Fixed, 9.00% p.a., payable annually	100.00	2021-Mar-15	1,287,590	1,287,590
3. LOLC Holdings PLC	100,000	29,317.5	5	Fixed, 10.25% p.a., payable annually	100.00	2021-Mar-08	2,931,750	9,999,990
		7,521.4	5	Fixed, 9.85% p.a., payable quarterly	100.00		752,140	
		63,161.0	10	Fixed, 12.00% p.a., payable annually	100.00		6,316,100	
4. Sampath Bank PLC	60,000	60,000.0	7	Fixed, 9.00% p.a., payable annually	100.00	2021-Apr-22	6,000,000	6,000,000
5. Seylan Bank PLC	60,000	53,520.2	5	Fixed, 9.75% p.a., payable annually	100.00	2021-Apr-21	5,352,020	6,000,000
		6,479.8	5	Fixed, 9.25% p.a., payable quarterly	100.00		647,980	
6. Ceylon Electricity Board	200,000	200,000.0	5	Fixed, 9.35% p.a., payable annually	100.00	2021-May-05	20,000,000	20,000,000
7. Singer Finance (Lanka) PLC	20,000	5,832.2	5	Fixed, 9.25% p.a., payable annually	100.00	2021-Jul-07	583,220	2,000,000
		14,167.8	5	Floating, 1-year T-bill rate + 3.75% p.a., payable annually	100.00		1,416,780	
8. People's Leasing & Finance PLC	A maximum of 153,869,827	29,429.4	3	Fixed, 8.00% p.a., payable annually	100.00	2021-Aug-18	2,942,940	9,999,995
		30,485.4	3	Zero Coupon	79.38		2,419,929	
		42,723.6	5	Fixed, 9.00% p.a., payable annually	100.00		4,272,360	
		5,612.7	5	Zero Coupon	64.99		364,766	
9. Hatton National Bank PLC	70,000	70,000.0	10	Fixed, 9.50% p.a., payable annually	100.00	2021-Aug-04	7,000,000	7,000,000
10. Asia Asset Finance PLC	10,000	1,005.1	3	Fixed, 8.76% p.a., payable annually	100.00	2021-Aug-31	100,510	1,000,000
		3,342.4	3	Floating, 1-year T-bill rate +3.32% p.a., payable monthly	100.00		334,240	
		15.5	5	Fixed, 9.26% p.a., payable annually	100.00		1,550	
		5,637.0	5	Floating, 1-year T-bill rate + 4.15% p.a., payable annually	100.00		563,700	
11. Siyapatha Finance PLC	15,000	15,000.0	5	Fixed, 9.46% p.a., payable annually	100.00	2021-Sep-09	1,500,000	1,500,000
12. Commercial Bank of Ceylon PLC	100,000	42,374.7	5	Fixed, 9.00% p.a., payable semi annually	100.00	2021-Sep-28	4,237,470	8,595,470
		43,580.0	7	Fixed, 9.50% p.a., payable semi annually	100.00		4,358,000	
13. LOLC Ceylon Holdings Limited	10,000	10,000.0	2	Fixed, 9.50% p.a., payable annually	100.00	2021-Oct-15	1,000,000	1,000,000
14. National Development Bank PLC	80,000	78,840.0	5	Fixed, 11.90% p.a., payable semi annually	100.00	2021-Nov-30	7,884,000	8,000,000
		1,160.0	7	Fixed, 12.00% p.a., payable semi annually	100.00		116,000	

(a) Initial Public Offer (IPO)

Source: Colombo Stock Exchange

Total Cultivation Loans Granted by the Lending Banks
(Position as at 31 December 2021)

Cultivation Season	Loans Granted (Rs.mn)			Recoveries (Rs.mn)			Per cent of Recoveries		
	Paddy	Other Crops	All Crops	Paddy	Other Crops	All Crops	Paddy	Other Crops	All Crops
2016/2017 Maha	3,533	3,372	6,905	2,995	2,392	5,387	84.76	70.93	78.01
2017 Yala	2,506	3,291	5,797	2,016	1,636	3,652	80.43	49.72	63.00
2017/2018 Maha	3,776	5,474	9,250	3,375	3,550	6,925	89.39	64.85	74.86
2018 Yala	2,735	4,940	7,674	1,888	2,131	4,019	69.05	43.14	52.37
2018/2019 Maha	5,830	9,483	15,313	4,392	4,785	9,177	75.33	50.46	59.93
2019 Yala	3,930	7,761	11,691	2,921	3,226	6,148	74.34	41.57	52.58
2019/2020 Maha (a)	5,605	20,309	25,914	2,989	2,060	5,049	53.33	10.14	19.48
2020 Yala (a)	4,096	14,646	18,742	1,355	2,774	4,128	33.08	18.94	22.03
2020/2021 Maha (b)	8,603	18,586	27,189	3,475	6,211	9,686	40.39	33.42	35.62
2021 Yala (b)	4,449	18,460	22,909	2,018	3,240	5,258	45.36	17.55	22.95

(a) Revised
(b) Provisional - Recovery is in progress

Sources: Bank of Ceylon
Commercial Bank
DFCC Bank
Hatton National Bank
Cargills Bank
National Development Bank
People's Bank
Regional Development Bank
Sampath Bank
SANASA Development Bank
Seylan Bank
Union Bank

New Comprehensive Rural Credit Scheme
Loans Granted for Subsidiary Food Crops by the Lending Banks (Position as at 31 December 2021)

Cultivation Season	Amount Granted (Rs. '000)							Total Repayments		Outstanding	
	Chillies	Onions	Maize	Potatoes	Vegetables	Other Subsidiary Food Crops (a)	Total	Amount (Rs '000)	As a Percentage of Amount Granted	Amount (Rs '000)	As a Percentage of Amount Granted
2016 Yala	73,983	441,893	73,856	308,608	146,806	46,304	1,091,450	883,142	80.92	208,308	19.09
2016/2017 Maha	98,978	276,129	1,002,124	333,810	248,740	37,284	1,997,065	1,247,874	62.49	749,191	37.51
2017 Yala	56,477	280,157	59,037	389,947	281,986	22,596	1,090,200	943,239	86.52	146,961	13.48
2017/2018 Maha	90,848	316,329	1,109,276	577,078	139,878	33,738	2,267,147	1,676,196	73.93	590,951	26.07
2018 Yala	31,498	362,526	71,692	456,511	95,479	72,966	1,090,672	893,455	81.92	197,217	18.08
2018/2019 Maha	77,965	489,024	1,210,645	598,518	70,632	44,102	2,490,886	1,852,422	74.37	638,464	25.63
2019 Yala	41,956	478,116	126,660	491,469	56,795	66,270	1,261,266	1,034,238	82.00	227,028	18.00
2019/2020 Maha	40,935	251,433	716,317	474,134	148,635	25,470	1,656,924	1,209,554	73.00	447,370	27.00
2020 Yala	22,717	301,073	100,382	315,177	52,862	35,718	827,929	731,342	88.33	96,587	11.67
2020/2021 Maha (b)	55,195	153,495	949,149	330,047	180,117	47,495	1,715,498	1,257,321	73.29	458,177	26.71
2021-1st Season (b)	3,968	135,856	41,737	117,490	11,271	36,500	346,822	n.a.	n.a.	n.a.	n.a.
2021- 2nd Season (b)	35,047	195,106	453,870	366,366	32,259	89,123	1,171,771	n.a.	n.a.	n.a.	n.a.

(a) Includes Oil Seeds, Ginger, Cowpea, Green Gram, Black Gram, Soya Beans, Kurakkan, Sorghum etc
(b) Provisional

Sources: Bank of Ceylon
Commercial Bank
DFCC Bank
Hatton National Bank
Cargills Bank
National Development Bank
People's Bank
Regional Development Bank
Sampath Bank
SANASA Development Bank
Seylan Bank
Union Bank

Operations of the Crop Insurance Programme - Paddy Sector
(Position as at 31 December 2021)

Cultivated Season	Area Cultivated ('000 ha) (1)	Area Insured ('000 ha) (2)			Premia Collected (Rs. '000) (3)			Indemnities Paid (Rs. '000) (4)			Difference between Premia Collected and Indemnities Paid (Rs.'000) (5)=(3)-(4)		
		AAIB	CICL	Total	AAIB	CICL	Total	AAIB	CICL	Total	AAIB	CICL	Total
2012 Yala	395	8.52	3.42	11.94	20,319	2,092	22,411	40,122	4,190	44,312	(19,803)	(2,098)	(21,901)
2012/2013 Maha	780	19.69	3.10	22.79	58,363	2,155	60,518	128,499	4,102	132,601	(70,136)	(1,947)	(72,083)
2013 Yala	448	5.46	2.65	8.11	15,753	1,511	17,264	2,999	603	3,602	12,754	908	13,662
2013/2014 Maha	651	15.46	3.70	19.16	44,844	2,747	47,591	46,722	1,920	48,642	(1,878)	827	(1,051)
2014 Yala	317	4.01	2.51	6.52	12,601	1,642	14,243	5,877	664	6,541	6,724	978	7,702
2014/2015 Maha	722	16.69	4.50	21.19	54,516	3,613	58,129	141,411	6,727	148,138	(86,895)	(3,114)	(90,009)
2015 Yala	480	5.76	3.20	8.96	20,977	2,679	23,656	5,067	1,450	6,517	15,910	1,229	17,139
2015/2016 Maha	800	30.94	5.80	36.74	55,695	4,424	60,119	9,506	1,767	11,273	46,189	2,657	48,846
2016 Yala	394	6.80	2.75	9.55	12,255	1,937	14,192	56,177	242	56,419	(43,922)	1,695	(42,227)
2016/2017 Maha	543	19.55	4.60	24.15	152	4,096	4,248	5,352	2,553	7,905	(5,199)	1,543	(3,656)
2017 Yala	266	3.19	2.90	6.09	7,095	2,013	9,108	233	626	859	6,861	1,387	8,248
2017/2018 Maha	643	643.39	4.03	647.42	42,560	3,900	46,460	5,887	2,522	8,409	36,673	1,378	38,051
2018 Yala	384	384.43	2.20	386.63	1,291	1,335	2,626	257	725	982	1,034	610	1,644
2018/2019 Maha	708	707.73	4.80	712.53	46,816	4,025	50,841	1,879	3,112	4,991	44,937	913	45,850
2019 Yala	423	422.87	2.60	425.47	1,420	1,840	3,260	1,879	1,050	2,929	(460)	790	330
2019/2020 Maha (a)	779	778.50	3.80	782.30	51,498	3,186	54,684	1,879	2,980	4,859	49,618	206	49,824
2020 Yala (a)	465	465.16	2.20	467.36	1,562	1,839	3,401	1,879	1,255	3,134	(318)	584	266
2020/2021 Maha (b)	856	856.35	3.10	859.45	56,647	2,850	59,497	1,879	2,540	4,419	54,768	310	55,078
2021 Yala (b)	512	511.68	1.80	513.48	1,718	1,120	2,838	1,879	1,670	3,549	(161)	(550)	(711)

(a) Revised
(b) Provisional

Sources: Agricultural and Agrarian Insurance Board (AAIB)
Ceylinco Insurance Company Limited (CICL)

Deposits and Advances of District Co-operative Rural Banks (2011 – 2021) and District-wise Classification for 2021

End of Period	No. of Branches	Deposits			Advances			Difference between Deposits and Advances (Rs.'000)
		No. of Accounts	Amount (Rs. '000)	Average (Rs.)	No. of Accounts	Amount (Rs. '000)	Average (Rs.)	
2011 Dec.	1,857	7,978,405	52,777,522	6,615	1,367,661	32,543,650	23,795	20,233,872
2012 Dec.	1,953	10,063,049	64,435,765	6,403	1,425,456	37,333,113	26,190	27,102,652
2013 Dec.	2,080	10,063,049	60,875,130	6,049	1,524,412	39,519,690	25,925	21,355,440
2014 Dec.	2,185	8,743,625	89,634,026	10,251	1,454,695	37,756,565	25,955	51,877,461
2015 Dec.	2,210	9,631,080	94,685,454	9,831	569,376	39,405,681	69,209	55,279,773
2016 Dec.	2,227	9,394,710	101,225,264	10,775	548,910	49,722,423	90,584	51,502,841
2017 Dec.	2,258	9,868,445	113,387,421	11,490	1,347,237	75,280,670	55,878	38,106,751
2018 Dec.	2,284	9,254,618	140,434,282	15,175	1,193,561	100,413,526	84,129	40,020,756
2019 Dec.	2,358	10,391,029	141,979,828	13,664	1,363,250	62,331,080	45,722	79,648,748
2020 Sep. (a)	2,333	9,888,999	137,240,214	13,878	567,094	71,090,519	125,359	66,149,695
2021Sep. (a)	2,333	10,235,370	168,481,190	16,461	551,883	65,314,580	118,349	103,166,610
DISTRICT								
Colombo	163	693,700	17,939,330	25,860	29,391	3,173,193	107,965	14,766,137
Gampaha	280	13,331,951	24,008,402	1,801	46,257	6,345,648	137,182	17,662,754
Kalutara	111	427,346	6,581,136	15,400	26,310	2,557,420	97,203	4,023,716
Kandy	173	675,162	8,204,950	12,153	80,040	4,101,360	51,241	4,103,590
Matale	104	229,173	7,740,300	33,775	16,822	1,650,320	98,105	6,089,980
Nuwara Eliya	70	286,356	2,668,518	9,319	20,725	2,277,950	109,913	390,568
Galle	144	749,693	10,310,100	13,752	22,624	3,936,980	174,018	6,373,120
Matara	146	703,696	9,615,859	13,665	33,990	3,063,840	90,139	6,552,019
Hambantota	70	572,596	7,422,470	12,963	17,618	3,173,640	180,136	4,248,830
Jaffna	27	118,351	652,459	5,513	5,030	286,667	56,991	365,792
Mannar	9	6,875	87,000	12,655	4,208	29,420	6,991	57,580
Vavunia	9	14,320	62,316	4,352	311	80,600	259,164	(18,284)
Mullaitivu	6	6,053	74,000	12,225	1,601	63,890	39,906	10,110
Kilinochchi	7	7,746	46,435	5,995	215	15,040	69,953	31,395
Batticaloa	15	42,551	72,940	1,714	1,413	47,470	33,595	25,470
Ampara	44	48,599	141,478	2,911	5,295	247,330	46,710	(105,852)
Trincomalee	13	41,454	224,557	5,417	1,621	94,071	58,033	130,486
Kurunegala	274	1,555,583	33,819,060	21,740	77,546	14,015,751	180,741	19,803,309
Puttalam	104	540,690	11,711,430	21,660	23,881	3,888,100	162,811	7,823,330
Anuradhapura	111	215,766	5,421,140	25,125	26,211	2,051,008	78,250	3,370,132
Polonnaruwa	45	215,766	5,421,140	25,125	14,650	1,783,442	121,737	3,637,698
Badulla	122	495,857	3,699,120	7,460	28,265	1,604,670	56,772	2,094,450
Monaragala	38	109,211	1,363,410	12,484	8,149	6,070,300	744,913	(4,706,890)
Kegalle	107	454,973	3,847,970	8,458	28,075	1,387,730	49,429	2,460,240
Ratnapura	141	691,902	7,345,670	10,617	31,635	3,368,740	106,488	3,976,930
TOTAL	**2,333**	**22,235,370**	**168,481,190**	**7,577**	**551,883**	**65,314,580**	**118,349**	**103,166,610**

(a) Provisional

Source: Co-operative Development Department

Deposits and Advances of District Co-operative Rural Banks' Unions (2013-2021) and District-wise Classification for 2021

End of Period	No. of Bank Union Offices	Deposits		Advances	Difference between Deposits and Advances (Rs. mn)
		No. of M.P.C.S.*	Amount (Rs. mn)	Amount (Rs. mn)	
	(1)	(2)	(3)	(4)	(3)-(4)=(5)
2013 Dec.	13	305	13,306.3	3,237.6	10,068.8
2014 Dec.	13	305	18,958.2	3,334.7	15,623.4
2015 Dec.	14	305	21,321.3	3,657.4	17,664.0
2016 Dec.	15	304	22,201.2	5,407.3	16,793.9
2017 Dec.	16	304	24,422.6	3,386.8	21,035.8
2018 Dec.	16	304	26,180.8	5,611.0	20,569.9
2019 Dec. (a)	16	304	24,422.6	3,386.8	21,035.8
2020 Dec.	n.a.	n.a.	n.a.	n.a.	n.a.
2021 Dec.	n.a.	n.a.	n.a.	n.a.	n.a.
DISTRICT					
Colombo	1	11	1,249.7	194.0	1,055.7
Gampaha	1	17	3,830.2	1.9	3,828.3
Kalutara	1	10	452.0	74.8	377.2
Kandy		22			
Matale	1	9	348.0	101.3	246.7
Nuwara Eliya		10			
Galle	1	18	2,221.5	218.5	2,003.0
Matara	1	9	1,441.0	66.0	1,375.0
Hambantota	1	7	2,076.6	18.9	2,057.8
Jaffna	1	24	17.7	-	17.7
Mannar	-	7	-	-	-
Vavuniya	-	4	-	-	-
Mullativu	1	6	8.1	-	8.1
Killinochchi		6			
Batticaloa	1	16	2.3	1.9	0.3
Ampara	-	19	-	-	-
Trincomalee	-	11	-	-	-
Kurunegala	1	21	10,077.2	1,391.5	8,685.7
Puttalam		12			
Anuradhapura	1	17	356.0	333.0	23.0
Polonnaruwa	1	9	690.1	449.8	240.4
Badulla	1	11	15.4	8.0	7.3
Monaragala		5			
Kegalle	1	10	88.7	49.4	39.3
Ratnapura	1	13	1,548.1	477.7	1,070.4
TOTAL	**16**	**304**	**24,422.6**	**3,386.8**	**21,035.8**

(a) Provisional

* - M.P.C.S. - Multi Purpose Co-operative Societies

Source: Co-operative Development Department

SPECIAL STATISTICAL APPENDIX

REAL SECTOR TABLE 1

Population and Labour Force

Year	Mid Year Population ('000)	Crude Birth Rate (per '000)	Crude Death Rate (per '000)	Life Expectancy at Birth (years)		Literacy Rate (%) (a)	Labour Force Participation Rate (%) (b)(c)			Unemployment Rate (%) (b)(c)		
				Male	Female		Total	Male	Female	Total	Male	Female
1950	7,544	39.7	12.6	-	-	-	-	-	-	-	-	-
1951	7,742	39.8	12.9	-	-	-	-	-	-	-	-	-
1952	7,940	38.8	12.0	57.6	55.5	-	-	-	-	-	-	-
1953	8,098	38.7	10.9	58.8	57.5	69.0	37.0	53.1	18.9	-	-	-
1954	8,385	35.7	10.4	-	-	-	-	-	-	-	-	-
1955	8,589	37.3	11.0	-	-	-	-	-	-	-	-	-
1956	8,929	36.4	9.8	-	-	-	-	-	-	-	-	-
1957	9,165	36.5	10.1	-	-	-	-	-	-	-	-	-
1958	9,388	35.8	9.7	-	-	-	-	-	-	-	-	-
1959	9,625	37.0	9.1	-	-	-	-	-	-	-	-	-
1960	9,896	36.6	8.6	-	-	-	-	-	-	-	-	-
1961	10,168	35.8	8.0	-	-	-	-	-	-	-	-	-
1962	10,443	35.5	8.5	61.9	61.4	-	-	-	-	-	-	-
1963	10,582	34.1	8.5	63.3	63.7	77.0	32.7	49.8	14.2	7.7	7.3	9.0
1964	10,903	33.2	8.8	-	-	-	-	-	-	-	-	-
1965	11,164	33.1	8.8	-	-	-	-	-	-	-	-	-
1966	11,439	32.3	8.3	-	-	-	-	-	-	-	-	-
1967	11,703	31.9	7.5	-	-	-	-	-	-	-	-	-
1968	11,992	32.0	7.9	-	-	-	38.6	57.3	19.5	14.3	11.2	20.1
1969	12,252	30.4	8.1	-	-	-	-	-	-	-	-	-
1970	12,514	29.4	7.5	-	-	-	-	-	-	-	-	-
1971	12,690	30.4	7.7	64.0	66.9	78.5	35.4	50.7	19.1	18.7	14.3	31.1
1972	12,861	30.0	8.1	-	-	-	-	-	-	-	-	-
1973	13,091	28.0	7.7	-	-	80.8	34.4	48.5	20.2	18.3	13.7	26.8
1974	13,284	27.5	9.0	-	-	-	-	-	-	-	-	-
1975	13,496	27.8	8.5	-	-	-	36.6	50.2	22.1	19.7	14.3	33.1
1976	13,717	27.8	7.8	-	-	-	-	-	-	-	-	-
1977	13,942	27.9	7.4	-	-	-	-	-	-	-	-	-
1978	14,190	28.5	6.6	-	-	-	38.0	50.4	26.2	14.8	9.2	24.9
1979	14,472	28.9	6.5	-	-	86.2	-	-	-	-	-	-
1980	14,747	28.4	6.2	-	-	-	-	-	-	-	-	-
1981	14,847	28.2	5.9	67.7	72.1	87.2	33.8	49.4	17.1	17.9	13.0	32.9
1982	15,196	26.9	6.1	-	-	-	34.3	49.7	19.4	11.7	7.8	21.3
1983	15,417	26.3	6.2	-	-	-	-	-	-	-	-	-
1984	15,603	25.1	6.5	-	-	-	-	-	-	-	-	-
1985	15,842	24.6	6.2	-	-	-	38.9	52.7	25.4	13.2	9.8	20.3
1986	16,127	22.4	6.0	-	-	-	-	-	-	15.5	11.3	23.6
1987	16,373	21.8	6.0	-	-	88.6	-	-	-	-	-	-
1988	16,599	20.7	5.8	-	-	-	-	-	-	-	-	-
1989	16,825	21.6	6.3	-	-	-	-	-	-	-	-	-
1990	17,015	20.8	6.0	-	-	-	51.9 (d)	67.7 (d)	36.2 (d)	15.9 (d)	11.1 (d)	23.4 (d)
1991	17,267	21.7	5.8	69.5	74.2	86.6	49.8 (d)	65.2 (d)	31.1 (d)	14.7 (d)	10.1 (d)	23.0 (d)
1992	17,426	21.5	5.9	-	-	-	48.2 (d)	64.3 (d)	31.1 (d)	14.6 (d)	10.7 (d)	22.8 (d)
1993	17,646	20.8	5.7	-	-	-	49.1 (d)	65.3 (d)	33.1 (d)	13.8 (d)	9.7 (d)	21.7 (d)
1994	17,891	20.8	5.9	-	-	90.1	48.7 (d)	65.4 (d)	32.0 (d)	13.1 (d)	9.7 (d)	20.1 (d)
1995	18,136	19.9	6.0	-	-	-	47.9 (d)	64.4 (d)	31.7 (d)	12.3 (d)	9.0 (d)	18.7 (d)
1996	18,336	19.5	7.0	70.7	75.4	-	48.6 (d)	65.9 (d)	31.6 (d)	11.3 (d)	8.2 (d)	17.7 (d)
1997	18,568	18.8	6.4	-	-	91.8	48.7 (d)	65.7 (d)	32.0 (d)	10.5 (d)	7.7 (d)	16.1 (d)
1998	18,784	18.2	6.2	-	-	-	51.7 (d)	67.3 (d)	36.4 (d)	9.2 (d)	6.5 (d)	14.6 (d)
1999	19,056	18.1	6.3	-	-	-	50.7 (d)	67.7 (d)	34.1 (d)	8.9 (d)	6.7 (d)	13.0 (d)
2000	19,102	18.2	6.1	-	-	-	50.3 (d)	67.2 (d)	33.9 (d)	7.6 (d)	5.8 (d)	11.0 (d)
2001	18,797 (e)	19.1	6.0	68.8	77.2	90.7	48.8 (d)	66.2 (d)	31.9 (d)	7.9 (d)	6.2 (d)	11.5 (d)
2002	18,921 (e)	19.4	5.9	-	-	-	50.3 (d)	67.9 (d)	33.6 (d)	8.8 (d)	6.6 (d)	12.9 (d)
2003	19,173 (e)	19.3	6.0	-	-	-	48.9 (f)	67.2 (f)	31.4 (f)	8.4 (f)	6.0 (f)	13.2 (f)
2004	19,435 (e)	18.8	5.9	-	-	92.5	48.6 (g)	66.7 (g)	31.5 (g)	8.3 (g)	6.0 (g)	12.8 (g)
2005	19,644 (e)	18.9	6.7	75.6	67.9	90.7	48.3 (h)(i)	67.1 (h)(i)	30.9 (h)(i)	7.7 (h)(i)	5.5 (h)(i)	11.9 (h)(i)
2006	19,858 (e)	18.8	5.9	-	-	91.5	51.2 (d)	68.1 (d)	35.7 (d)	6.5 (d)	4.7 (d)	9.7 (d)
2007	20,039 (e)	19.3	5.9	70.3	77.9	91.1	49.8 (d)	67.8 (d)	33.4 (d)	6.0 (d)	4.3 (d)	9.0 (d)
2008	20,246 (e)	18.5	6.1	-	-	91.3	49.5 (f)	67.8 (f)	33.2 (f)	5.4 (f)	3.7 (f)	8.4 (f)
2009	20,476 (e)	18.0	6.2	-	-	91.4	48.7 (f)	66.6 (f)	32.8 (f)	5.8 (f)	4.3 (f)	8.6 (f)
2010	20,675 (e)	17.6	6.3	-	-	91.9	48.1 (f)	67.1 (f)	31.2 (f)	4.9 (f)	3.5 (f)	7.7 (f)
2011	20,892 (e)	17.3	5.9	-	-	92.2	52.9 (i)(j)	74.0 (i)(j)	34.3 (i)(j)	4.2 (i)(j)	2.7 (i)(j)	7.1 (i)(j)
2012	20,425 (k)	17.6	6.0	72.0	78.6	92.7	52.5 (i)(j)	74.9 (i)(j)	32.9 (i)(j)	4.0 (i)(j)	2.8 (i)(j)	6.3 (i)(j)
2013	20,585 (k)	17.8	6.2	-	-	92.4	53.7 (i)(j)	74.9 (i)(j)	35.4 (i)(j)	4.4 (i)(j)	3.2 (i)(j)	6.6 (i)(j)
2014	20,778 (k)	16.8	6.2	-	-	93.2	53.2 (i)(j)	74.6 (i)(j)	34.6 (i)(j)	4.3 (i)(j)	3.1 (i)(j)	6.5 (i)(j)
2015	20,970 (k)	16.0	6.3	-	-	93.2	53.8 (i)(j)	74.7 (i)(j)	35.9 (i)(j)	4.7 (i)(j)	3.0 (i)(j)	7.6 (i)(j)
2016	21,209 (k)(l)	15.5 (l)	6.2	-	-	93.1	53.8 (i)(j)	75.1 (i)(j)	35.9 (i)(j)	4.4 (i)(j)	2.9 (i)(j)	7.0 (i)(j)
2017	21,444 (k)(m)	15.2 (m)	6.5 (m)	-	-	92.6	54.1 (i)	74.5 (i)	36.6 (i)	4.2 (i)	2.9 (i)	6.5 (i)
2018	21,670 (k)(m)	15.1 (m)	6.4 (m)	-	-	92.5	51.8 (i)	73.0 (i)	33.6 (i)	4.4 (i)	3.0 (i)	7.1 (i)
2019	21,803 (k)(m)	14.6 (m)	6.7 (m)	-	-	92.9	52.3 (i)	73.0 (i)	34.5 (i)	4.8 (i)	3.3 (i)	7.4 (i)
2020	21,919 (k)(m)	13.8 (m)	6.0 (m)	-	-	93.0	50.6 (i)	71.9 (i)	32.0 (i)(l)	5.5 (i)	4.0 (i)	8.5 (i)(l)
2021 (m)	22,156 (k)	12.9	7.4	-	-	-	49.9 (i)(n)	71.0 (i)(n)	31.8 (i)(n)	5.1 (i)(n)	3.7 (i)(n)	7.9 (i)(n)

(a) From 2006, based on Quarterly Labour Force Survey (QLFS) of the Department of Census and Statistics (DCS). Up to 2005, data are available only in census years and some survey years.
(b) From 1990, based on QLFS of the DCS. Up to 1989, based on other surveys in which the definitions may differ.
(c) Data up to 2010 are for household population aged 10 years and above and from 2011 onwards are for those aged 15 years and above.
(d) Data excluding both Northern and Eastern provinces
(e) Based on Census of Population and Housing - 2001
(f) Data excluding the Northern province
(g) Data excluding both Mullaitivu and Killinochchi districts
(h) QLFS was conducted as a one-off survey in August 2005.
(i) Data cover the entire island.
(j) In July 2016, the DCS published a re-weighted and revised labour force data series for 2011 onwards.
(k) Based on the Census of Population and Housing - 2012
(l) Revised
(m) Provisional
(n) Average of four quarters of 2021

Sources: Registrar General's Department
Department of Census and Statistics

REAL SECTOR TABLE 2

National Output (a)

Year	GDP at Current Market Prices (Rs. mn)	GDP at Current Market Prices (US$ mn)	Per Capita GDP at Current Market Prices (Rs.) (b)	Per Capita GDP at Current Market Prices (US$) (b)	GDP Growth Rate (%)	Share of GDP (at Current Market Prices) Agriculture (%)	Industry (%)	Services (%)	Taxes less Subsidies on Products (%)	Share of GDP (at Current Market Prices) Con-sumption (%)	Investment (%)	National Savings (%)	GDP Deflator (1996=100) (c) Annual Index	Annual Change (%)
1950						46.3	19.6	36.9						
1951					6.2	45.8	20.2	36.8						
1952					4.6	45.5	17.0	39.5					4.1	
1953					1.9	45.2	18.3	38.7					4.3	
1954					2.7	46.5	17.9	38.1					4.4	
1955					5.9	45.9	16.5	39.6					4.4	
1956					0.7	43.0	17.6	40.9					4.5	
1957					1.5	39.6	18.0	42.9					4.7	
1958					2.9	39.2	16.9	44.0					4.9	
1959	6,416	1,348	667	140	1.5	38.8	17.3	43.8		85.1	17.3	13.4	5.0	
1960	6,711	1,410	678	142	6.7	37.8	16.8	45.4		88.4	14.6	10.6	5.0	
1961	6,875	1,444	676	142	2.1	38.7	16.8	44.5		84.9	16.0	14.2	4.9	
1962	6,970	1,464	667	140	4.6	36.5	17.3	46.2		85.9	15.5	13.1	4.8	
1963	7,382	1,551	698	147	2.8	38.0	16.9	45.2		86.0	15.7	13.0	4.9	
1964	7,793	1,637	715	150	6.4	36.4	16.6	47.0		87.8	14.3	11.3	4.9	
1965	8,084	1,698	724	152	2.3	33.6	17.4	49.0		87.1	12.5	12.5	4.9	
1966	8,337	1,751	729	153	3.8	33.8	16.7	49.6		89.1	14.3	10.1	4.9	
1967	9,037	1,859	772	159	5.1	35.3	16.6	48.1		87.6	15.2	11.1	5.0	
1968	10,718	1,801	894	150	8.2	37.2	17.9	44.9		87.1	15.9	12.3	5.5	
1969	11,695	1,966	955	160	4.8	34.4	19.4	46.2		87.0	19.3	12.1	5.7	
1970	13,664	2,296	1,092	184	4.3	28.3	23.8	47.9		84.2	18.9	15.0	5.9	
1971	14,050	2,365	1,107	186	0.2	27.1	24.7	48.2		84.9	17.1	14.7	6.2	3.7
1972	15,247	2,554	1,186	199	3.2	26.3	24.2	49.5		84.3	17.3	14.8	6.4	4.1
1973	18,404	2,876	1,406	220	3.7	27.3	25.4	47.3		87.5	13.7	11.5	7.5	17.6
1974	23,771	3,575	1,789	269	3.2	33.2	25.1	41.8		91.8	15.7	7.5	9.5	25.9
1975	26,577	3,791	1,969	281	2.8	30.4	26.4	43.2		91.9	15.6	7.4	10.2	7.5
1976	30,203	3,591	2,202	262	3.0	29.0	27.1	43.9		86.1	16.2	13.1	10.8	5.9
1977	36,407	4,105	2,611	294	4.2	30.7	28.7	40.6		81.9	14.4	17.7	12.8	18.8
1978	42,665	2,733	3,007	193	8.2	30.5	27.2	42.3		84.7	20.0	15.5	13.8	7.8
1979	52,387	3,365	3,620	232	6.3	26.9	28.2	44.8		86.2	25.8	14.8	16.0	15.8
1980	66,527	4,025	4,511	273	5.8	27.6	29.6	42.8		88.8	33.8	14.0	18.9	18.1
1981	85,005	4,416	5,725	297	5.8	27.7	28.0	44.3		88.3	27.8	14.3	22.8	20.6
1982	99,238	4,769	6,531	314	5.1	26.4	26.3	47.3		88.1	30.8	15.4	25.1	9.9
1983	121,601	5,168	7,887	335	5.0	28.3	26.3	45.4		86.2	28.9	16.4	28.7	14.6
1984	153,746	6,043	9,854	387	5.1	28.7	26.3	45.0		80.1	25.8	22.2	33.6	17.1
1985	162,375	5,978	10,250	377	5.0	27.7	26.2	46.1		88.1	23.8	14.2	33.9	0.9
1986	179,474	6,405	11,129	397	4.3	27.1	26.6	46.3		88.0	23.7	14.5	35.9	5.8
1987	196,723	6,680	12,015	408	1.5	27.0	27.4	45.6		87.2	23.3	15.3	38.4	7.0
1988	221,982	6,978	13,373	420	2.7	26.3	26.7	47.0		88.0	22.8	14.2	42.8	11.5
1989	251,891	6,987	14,971	415	2.3	25.6	26.8	47.6		87.8	21.7	14.6	46.9	9.6
1990	321,784	8,033	18,912	472	6.2	26.3	26.0	47.7		85.7	22.2	16.8	56.3	20.0
1991	372,345	9,000	21,564	521	4.6	26.8	25.6	47.7		87.2	22.9	15.2	62.5	11.0
1992	425,283	9,703	24,405	557	4.3	25.9	25.6	48.5		85.0	24.3	17.9	68.8	10.0
1993	499,565	10,354	28,310	587	6.9	24.6	25.6	49.8		84.0	25.6	20.2	75.3	9.5
1994	579,084	11,718	32,367	655	5.6	23.8	26.2	50.1		84.8	27.0	19.1	82.3	9.3
1995	667,772	13,030	36,820	718	5.5	23.0	26.5	50.5		84.7	25.7	19.5	89.2	8.4
1996	768,128	13,898	41,892	758	3.8	22.4	26.4	51.1		84.7	24.2	19.0	100.0	12.1
1997	890,272	15,092	47,947	813	6.3	21.9	26.9	51.2		82.7	24.4	21.5	108.6	8.6
1998	1,017,986	15,761	54,194	839	4.7	21.1	27.5	51.4		80.9	25.1	23.4	117.8	8.4
1999	1,105,963	15,711	58,038	824	4.3	20.7	27.3	52.0		80.5	27.3	23.5	123.1	4.4
2000	1,257,636	16,596	65,838	869	6.0	19.9	27.3	52.8		82.6	28.0	21.5	131.3	6.7
2001	1,407,398	15,750	74,874	838	-1.5	20.1	26.8	53.1		84.2	22.0	20.3	147.6	12.4
2002	1,636,037	17,102	86,467	904	4.0	14.3	28.0	57.7		84.0	22.5	21.0	160.0	8.4
2003	1,822,468	18,882	95,054	985	5.9	13.2	28.4	58.3		84.0	22.0	21.5	168.2	5.1
2004	2,090,841	20,663	107,581	1,063	5.4	12.5	28.6	58.8		83.6	25.3	22.0	183.0	8.8
2005	2,452,782	24,406	124,862	1,242	6.2	11.8	30.2	58.0		82.1	26.8	23.8	202.1	10.4
2006	2,938,680	28,267	147,985	1,423	7.7	11.3	30.6	58.0		83.0	28.0	22.3	224.9	11.3
2007	3,578,688	32,350	178,586	1,614	6.8	11.7	29.9	58.4		82.4	28.0	23.3	256.4	14.0
2008	4,410,682	40,714	217,855	2,011	6.0	13.4	29.4	57.2		86.1	27.6	17.8	298.3	16.3
2009	4,835,293	42,066	236,144	2,054	3.5	12.7	29.7	57.6		82.1	24.4	23.7	315.8	5.9
2010	6,413,668	56,726	310,214	2,744	8.0	8.5	26.6	54.6	10.2	76.9	30.4	28.5	338.9	7.3
2011	7,219,106	65,293	345,544	3,125	8.4	8.8	28.0	55.1	8.0	79.8	33.4	26.3	351.8	3.8
2012	8,732,463	68,434	427,538	3,351	9.1	7.4	30.1	55.6	6.8	72.8	39.1	33.3	389.9	10.8
2013	9,592,125	74,294	465,976	3,609	3.4	7.7	29.2	56.4	6.8	75.4	33.2	29.9	414.3	6.2
2014	10,361,151	79,359	498,660	3,819	5.0	8.0	28.3	56.9	6.8	75.8	32.3	29.8	426.3	2.9
2015	10,950,621	80,556	522,304	3,842	5.0	8.2	27.2	57.4	7.3	76.4	31.2	28.8	429.1	0.6
2016	11,996,083	82,390	565,613	3,885	4.5	7.4	27.8	56.4	8.3	79.4	27.9	25.7	449.9	4.8
2017	13,328,103	87,422	621,531	4,077	3.6	7.8	26.8	56.1	9.3	75.6	31.6	29.0	482.6	7.3
2018	14,290,907	87,922	659,479	4,057	3.3	8.0	26.3	57.3	8.4	77.6	29.9	26.7	501.0	3.8
2019(d)	14,997,157	83,887	687,848	3,848	2.3	7.6	27.2	58.2	7.0	79.8	26.3	24.1	513.8	2.6
2020(d)(e)	15,027,374	81,000	685,587	3,695	-3.6	8.6	26.2	59.5	5.7	81.3	25.1	23.6	534.2	4.0
2021(e)	16,809,309	84,519	758,680	3,815	3.7	9.0	27.8	57.5	5.6	79.9	27.7	23.8	576.4	7.9

(a) The Central Bank began publishing National Accounts estimates in 1959. Estimates for the period 1950 - 1958 have been computed using the growth rates in "Estimates of Sri Lanka's Gross National Product from 1950 - 1981", T. Savundranayagam, Staff Studies Vol. 12 No.2 September 1982 and Vol. 13 No.1 and 2 April - September, 1983. Therefore, from 1950-1958 the sum of sectoral shares does not add to 100%. National Accounts data from 2002 onwards are based on the estimates of the Department of Census and Statistics (DCS). National Accounts estimates were rebased in 1970, 1982, and 1996 by the Central Bank and in 2002 and 2010 by the DCS. The GDP and GNI estimates before the base year revisions are given below.
1970 (CBSL estimates) : GDP (current factor cost prices) = Rs. 11,705 mn, GNI (current factor cost prices) = Rs. 12,671 mn
1982 (CBSL estimates) : GDP (current factor cost prices) = Rs. 91,943 mn, GNI (current factor cost prices) = Rs. 89,609 mn
1996 (CBSL estimates) : GDP (current factor cost prices) = Rs.695,934 mn, GNI (current factor cost prices) = Rs. 684,676 mn
2002 (CBSL estimates) : GDP (current market prices) = Rs. 1,581,885 mn, GNI (current market prices) = Rs. 1,599,867 mn
2010 (DCS estimates) : GDP (current market prices) = Rs. 5,604,104 mn, GNI (current market prices) = Rs. 5,534,327 mn
(b) Estimates are updated with the latest population figures
(c) This series has been computed by splicing several series of implicit GDP deflators obtained with different base years. Hence, it would differ from a series compiled using the current and constant values of GDP.
(d) Revised
(e) Provisional

Sources: Department of Census and Statistics
Central Bank of Sri Lanka

REAL SECTOR TABLE 3

Prices

Year	Annual Average Price Index								Annual Average Percentage Change							
	CCPI (1952=100) (a)	CCPI (2002=100) (b)	CCPI (2006/07=100) (c)	CCPI (2013=100) (d)	NCPI (2013=100) (e)	WPI (1974=100)	PPI (2013 Q4=100) (f)	PPI (2018 Q4=100) (g)	CCPI (1952=100) (a)	CCPI (2002=100) (b)	CCPI (2006/07=100) (c)	CCPI (2013=100) (d)	NCPI (2013=100) (e)	WPI (1974=100)	PPI (2013 Q4=100) (f)	PPI (2018 Q4=100) (g)
1953	101.6								1.6							
1954	101.1								-0.5							
1955	100.5								-0.6							
1956	100.2								-0.3							
1957	102.8								2.6							
1958	105.0								2.1							
1959	105.2								0.2							
1960	103.5								-1.6							
1961	104.8								1.3							
1962	106.3								1.4							
1963	108.8								2.4							
1964	112.2								3.1							
1965	112.5								0.3							
1966	112.3								-0.2							
1967	114.8								2.2							
1968	121.5								5.8							
1969	130.5								7.4							
1970	138.2								5.9							
1971	141.9								2.7							
1972	150.9								6.3							
1973	165.4								9.6							
1974	185.8								12.3							
1975	198.3					103.4			6.7							
1976	200.7					111.9			1.2					8.2		
1977	203.2					135.5			1.2					21.1		
1978	227.8					156.7			12.1					15.6		
1979	252.3					171.6			10.8					9.5		
1980	318.2					229.5			26.1					33.7		
1981	375.4					268.5			18.0					17.0		
1982	416.1					283.3			10.8					5.5		
1983	474.2					354.1			14.0					25.0		
1984	553.1					444.7			16.6					25.6		
1985	561.2					377.1			1.5					-15.2		
1986	606.0					366.0			8.0					-2.9		
1987	652.8					414.9			7.7					13.4		
1988	744.1					488.7			14.0					17.8		
1989	830.2					532.9			11.6					9.0		
1990	1,008.6					651.1			21.5					22.2		
1991	1,131.5					710.8			12.2					9.2		
1992	1,260.4					773.0			11.4					8.8		
1993	1,408.4					831.8			11.7					7.6		
1994	1,527.4					873.4			8.4					5.0		
1995	1,644.6					950.3			7.7					8.8		
1996	1,906.7					1,145.1			15.9					20.5		
1997	2,089.1					1,224.3			9.6					6.9		
1998	2,284.9					1,298.7			9.4					6.1		
1999	2,392.1					1,295.3			4.7					-0.3		
2000	2,539.8					1,317.2			6.2					1.7		
2001	2,899.4					1,471.2			14.2					11.7		
2002	3,176.4					1,628.9			9.6					10.7		
2003	3,377.0	105.8				1,679.1			6.3					3.1		
2004	3,632.8	115.3				1,889.0			7.6	9.0				12.5		
2005	4,055.5	128.0				2,105.9			11.6	11.0				11.5		
2006	4,610.8	140.8				2,351.5			13.7	10.0				11.7		
2007	5,416.1	163.1				2,924.4			17.5	15.8				24.4		
2008		199.9	129.2			3,653.6				22.6				24.9		
2009		206.8	133.6			3,500.9				3.4	3.5			-4.2		
2010		219.1	141.9			3,893.0				5.9	6.2			11.2		
2011		226.5	151.5			4,306.5				6.9	6.7			10.6		
2012			162.9			4,457.3					7.6			3.5		
2013			174.2			4,867.9					6.9			9.2		
2014			179.9	105.1	105.5	5,022.1	101.6				3.3			3.2		
2015			181.5	107.4	109.5	5,072.7	105.3				0.9	2.2	3.8	1.0	3.6	
2016			188.3	111.7	113.8	5,284.0	107.1				3.7	4.0	4.0	4.2	1.7	
2017				119.0	122.6	5,674.7	125.3					6.6	7.7	7.4	17.0	
2018				124.1	125.2	5,867.0	133.2					4.3	2.1	3.4	6.3	
2019				129.5	129.6	6,069.4	137.1	105.5				4.3	3.5	3.4	2.9	
2020				135.4	137.6	6,399.3	144.9	111.6				4.6	6.2	5.4	5.7	5.8
2021(h)				143.4	147.2	6,744.9		123.7				6.0	7.0	5.4		10.9

(a) Represents the consumption basket of low income households in the Colombo Municipality. Compilation of this index was discontinued since May 2008.
(b) Represents the consumption basket of urban households within the Colombo District. Compilation of this index was discontinued since June 2011.
(c) Represents the consumption basket of urban households within the Colombo District. Compilation of this index was discontinued since January 2017.
(d) Represents the consumption basket of urban households within the Colombo District
(e) Represents the consumption basket of households in the entire island
(f) Represents the production basket of producers in the entire island. Compilation of this index was discontinued since November 2021.
(g) Represents the production basket of producers in the entire island
(h) Provisional

Sources: Department of Census and Statistics
Central Bank of Sri Lanka

EXTERNAL SECTOR TABLE 4

Balance of Payments

Values in US$ million

Year	Current Account						Capital Account (Net)	Financial Account (e)				Financial Account Balance (f)	Overall Balance	Terms of Trade (% change) (g)
	Exports	Imports	Services & Primary Income (Net)	Transfers (Net) (a)	Current Account Balance	As a % of GDP (b)		Long-term Capital (Net)			Short-term (Net)			
								Direct Investment	Other Private (c)	Government (d)				
1950	296.5	246.3	-6.9	-14.5	28.8	3.5	-	-0.4	-5.0	-	0.8	-	35.0	-
1951	387.0	317.9	-34.2	-16.2	18.7	1.9	-	-10.2	-3.3	-	4.9	-	19.6	-10.2
1952	309.3	352.0	-29.2	-21.8	-93.6	-9.9	-	-1.0	-2.5	-	8.8	-	-79.3	-23.8
1953	314.4	342.9	4.8	-9.4	-33.2	-3.5	-	-1.5	-2.9	-0.2	-3.6	-	-44.6	0.0
1954	362.0	290.6	1.9	-9.0	64.3	6.4	-	-2.7	-1.5	14.7	-6.1	-	66.8	23.7
1955	397.5	310.4	-6.5	-12.8	67.8	6.2	-	-5.2	-5.2	1.7	-1.5	-	58.5	17.3
1956	372.1	331.0	-12.4	-11.5	17.2	1.6	-	-5.2	-5.0	1.9	6.1	-	10.9	-5.3
1957	350.5	370.4	-12.8	-8.2	-40.9	-3.8	-	-8.0	-0.6	4.8	0.6	-	-46.2	-15.0
1958	341.0	359.7	-8.6	-4.8	-32.1	-2.8	-	-2.5	-0.6	4.4	2.3	-	-32.7	11.1
1959	372.3	411.2	-2.3	-2.5	-43.7	-3.2	-	-1.9	0.6	12.0	2.1	-	-29.8	0.0
1960	377.2	421.3	-6.7	4.6	-46.2	-3.3	-	0.6	-0.2	1.5	-1.5	-	-40.3	0.0
1961	358.5	376.7	-3.8	2.3	-19.7	-1.4	-	-1.3	-0.4	5.2	2.9	-	-16.5	-5.9
1962	370.2	400.3	-0.6	1.6	-29.1	-2.0	-	-0.4	0.0	9.2	-0.2	-	-14.2	0.0
1963	358.7	392.5	-4.4	2.9	-35.3	-2.3	-	1.0	0.0	16.6	-0.8	-	-16.8	-10.0
1964	371.1	411.6	-1.5	8.4	-33.6	-2.1	-	-0.2	0.4	8.8	-1.9	-	-26.6	-16.7
1965	400.9	403.6	6.5	8.4	12.2	0.7	-	0.0	-0.6	13.2	-3.8	-	19.7	9.1
1966	351.5	423.8	3.6	7.8	-60.9	-3.5	-	-2.9	-0.4	22.9	-3.8	-	-49.0	-6.3
1967	339.4	408.4	5.1	4.5	-59.2	-3.2	-	-1.0	-0.4	35.8	1.6	-	87.9	-6.7
1968	332.0	395.8	1.7	2.5	-59.6	-3.4	-	-2.0	0.2	37.0	-1.2	-	-29.4	27.5
1969	320.7	446.1	-15.1	6.6	-133.9	-7.0	-	-1.8	0.2	78.5	-1.7	-	-53.2	-30.2
1970	338.7	391.8	-17.5	11.8	-58.8	-2.6	-	-0.3	0.0	57.6	-0.7	-	-7.0	-6.3
1971	325.4	373.7	-2.4	14.3	-36.4	-1.5	-	0.3	0.0	74.0	-3.9	-	32.9	-5.8
1972	317.9	360.6	-2.5	12.4	-32.8	-1.3	-	0.3	-0.2	48.6	-6.4	-	69.5	-5.6
1973	366.4	412.9	8.1	13.3	-25.1	-0.9	-	0.5	-0.3	68.9	-1.7	-	45.9	-11.8
1974	511.2	701.1	11.4	42.1	-136.4	-3.8	-	1.4	-0.2	84.6	-2.3	-	-57.0	-11.4
1975	563.4	767.3	12.7	79.9	-111.4	-2.9	-	-0.1	0.0	62.7	-4.3	-	10.4	-19.8
1976	558.8	643.1	13.3	65.1	-5.8	-0.2	-	0.0	-5.7	83.1	-7.1	-	118.3	30.5
1977	767.1	726.2	34.3	69.0	144.1	3.5	-	-1.0	-3.3	51.1	-10.0	-	360.9	31.9
1978	845.1	1,025.4	7.6	79.6	-93.1	-3.4	-	1.5	0.5	157.2	7.3	-	120.1	-1.8
1979	981.4	1,449.4	47.5	192.2	-228.4	-6.8	-	47.0	9.1	156.2	0.1	-	51.9	-28.3
1980	1,064.7	2,051.2	52.0	274.6	-660.0	-16.4	-	42.9	40.3	157.5	157.5	-	-191.9	-19.0
1981	1,065.5	1,876.9	4.3	364.8	-442.3	-10.0	-	50.2	52.9	266.0	31.4	-	19.9	-21.3
1982	1,013.7	1,994.1	-15.1	427.3	-568.1	-11.9	-	63.6	194.5	261.2	7.1	-	-48.0	-5.7
1983	1,064.1	1,921.3	-60.0	444.3	-472.8	-9.1	-	37.5	94.9	281.0	37.6	-	18.0	21.6
1984	1,462.3	1,928.1	-68.2	479.4	-54.7	-0.9	-	32.6	-4.7	341.7	-25.5	-	269.3	22.4
1985	1,315.3	2,044.3	-134.3	443.8	-419.5	-7.0	-	24.4	31.2	273.0	4.4	-	-49.3	-17.8
1986	1,209.7	1,973.2	-129.1	466.4	-426.1	-6.7	-	28.2	18.3	291.7	-13.5	-	-70.3	-4.3
1987	1,395.7	2,075.1	-156.9	492.9	-343.4	-5.1	-	58.2	-13.0	198.0	39.0	-	-67.3	2.4
1988	1,477.2	2,240.2	-153.2	526.9	-389.3	-5.6	-	43.0	-43.0	245.0	16.0	-	-90.7	-10.3
1989	1,547.1	2,226.5	-157.7	518.7	-318.3	-4.6	-	17.9	-50.0	217.0	92.0	-	-88.0	0.5
1990	1,983.9	2,686.4	-97.9	423.4	-377.0	-4.7	117.5	41.6	-44.6	405.3	-5.7	-	118.7	-12.5
1991	2,039.5	3,036.6	-91.2	468.9	-619.4	-6.9	134.6	62.7	-24.4	500.2	184.6	-	290.2	1.1
1992	2,460.8	3,505.4	-32.6	522.6	-554.6	-5.7	121.6	121.1	25.4	266.2	130.1	-	189.6	19.8
1993	2,863.7	4,011.3	39.4	612.7	-495.5	-4.8	108.6	187.2	187.9	264.8	359.7	-	660.9	4.3
1994	3,208.6	4,767.3	17.8	680.6	-860.3	-7.3	113.1	158.2	294.5	252.8	124.3	-	239.7	-0.7
1995	3,806.6	5,311.1	-18.0	736.0	-786.5	-6.0	117.3	53.1	90.7	358.3	79.2	-	51.5	-0.9
1996	4,095.1	5,438.8	-92.3	759.1	-676.9	-4.9	95.9	119.9	1.6	259.2	-17.6	-	-67.8	2.3
1997	4,639.0	5,863.8	-0.4	832.3	-392.9	-2.6	87.1	429.8	47.4	238.6	-200.7	-	162.9	2.3
1998	4,797.8	5,889.5	-34.9	900.7	-225.9	-1.4	79.6	193.0	1.7	203.1	-64.0	-	36.8	13.5
1999	4,610.1	5,979.3	-106.6	912.8	-563.0	-3.6	80.3	176.9	196.0	62.1	-142.4	-	-263.2	-5.0
2000	5,522.3	7,319.8	-267.0	997.8	-1,066.0	-6.4	50.2	176.0	82.1	47.0	88.1	393.2	-521.9	-6.1
2001	4,816.9	5,974.4	-62.6	1,005.2	-215.1	-1.4	197.5	172.0	-257.1	249.0	200.5	364.4	219.8	-1.7
2002	4,699.0	6,105.6	42.5	1,128.0	-236.5	-1.4	65.0	185.0	-21.0	162.0	53.3	379.3	338.0	4.6
2003	5,133.3	6,671.9	227.0	1,241.0	-71.0	-0.4	74.0	201.0	-33.0	554.0	-73.6	648.4	502.0	-7.4
2004	5,757.2	7,999.8	215.0	1,380.0	-648.0	-3.1	64.0	227.0	14.0	439.0	-112.6	567.4	-205.0	-5.2
2005	6,346.7	8,863.2	38.2	1,828.1	-650.2	-2.7	249.8	233.8	10.8	553.5	176.0	974.1	501.4	-4.2
2006	6,882.7	10,253.0	-132.3	2,004.1	-1,498.6	-5.3	290.6	451.1	-35.0	490.5	610.8	1,517.4	203.6	-3.5
2007	7,640.0	11,296.5	-55.5	2,310.6	-1,401.5	-4.3	268.8	548.3	30.6	671.9	577.2	1,828.0	530.5	-1.0
2008	8,110.6	14,091.2	-571.1	2,666.1	-3,885.6	-9.5	290.6	690.5	73.9	252.0	466.8	1,483.2	-1,384.8	3.0
2009	7,084.5	10,206.6	-96.7	3,004.5	-214.3	-0.5	232.9	384.0	79.3	840.3	1,057.7	2,361.3	2,725.3	-2.7
2010	8,625.8	13,450.9	89.8	3,660.3	-1,075.0	-1.9	163.9	435.1	148.7	1,795.5	334.0	2,713.3	921.0	27.4
2011	10,558.8	20,268.8	451.8	4,642.8	-4,615.4	-7.1	164.4	895.9	175.3	2,236.7	790.2	4,098.1	-1,059.4	-8.9
2012 (e)(f)	9,773.5	19,190.2	42.9	5,392.0	-3,981.7	-5.8	130.3	-877.2	-718.9	-992.4	-1,674.9	-4,263.4	151.1	-1.5
2013	10,394.3	18,002.8	-571.6	5,639.5	-2,540.6	-3.4	70.9	-867.5	-605.2	-841.4	-749.6	-3,063.7	985.2	4.6
2014	11,130.1	19,416.8	72.0	6,227.0	-1,987.7	-2.5	58.3	-826.8	-428.7	-645.7	365.1	-1,536.1	1,369.1	4.3
2015	10,546.5	18,934.6	312.0	6,193.3	-1,882.8	-2.3	46.3	-626.7	-8.6	-469.6	-1,207.4	-2,312.3	-1,488.7	2.7
2016	10,309.7	19,182.8	677.7	6,453.0	-1,742.4	-2.1	25.3	-660.2	-136.3	-1,287.1	-98.2	-2,181.8	-499.8	4.0
2017	11,360.4	20,979.8	983.8	6,326.6	-2,309.0	-2.6	10.9	-1,300.9	-210.9	-1,223.3	612.3	-2,122.8	2,068.5	1.2
2018	11,889.6	22,232.7	1,381.5	6,162.6	-2,799.1	-3.2	14.4	-1,546.2	-113.8	-557.0	-1,160.7	-3,377.7	-1,102.9	0.02
2019	11,940.0	19,937.1	387.7	5,766.0	-1,843.4	-2.2	23.1	-666.1	202.6	88.8	-2,085.2	-2,459.9	376.6	-1.6
2020 (h)	10,047.4	16,055.4	-1,385.9	6,206.8	-1,187.1	-1.5	28.1	-419.5	56.2	-169.4	138.3	-394.4	-2,327.7	2.5
2021 (i)	12,498.6	20,637.4	-431.8	5,227.5	-3,343.1	-4.0	25.1	-580.1	6.7	-663.7	-2,792.2	-4,029.3	-3,966.6	-8.6

(a) Replaced with Secondary Income (net) based on the BPM6 format, from 2012
(b) From 2010 onwards, data are based on the GDP estimates of the DCS with base year 2010.
(c) Replaced with 'Loans - other sector - long term' under 'Net Incurrence of Liabilities' based on the BPM6 format, from 2012
(d) Replaced with 'Loans - government - long term' under 'Net Incurrence of Liabilities' based on the BPM6 format, from 2012
(e) Based on the BPM6 format, financial account (net) data are represented as Net acquisition of Assets - Net Incurrence of Liabilities from 2012 onwards, resulting in a 'minus' sign for net inflows to the financial account from 2012 onwards.
(f) Includes net increase/decrease in reserve assets and reserve related liabilities based on the BPM6 format, and is the residual net flows to financial account from 2012 onwards.
(g) Trade indices are calculated with a wider coverage using 2010 as the base year, from 2007.
(h) Revised
(i) Provisional

Source: Central Bank of Sri Lanka

EXTERNAL SECTOR TABLE 5

Reserves, Total Foreign Assets, External Debt and Exchange Rates

Year	Gross Official Reserves (US$ million)	Total Foreign Assets (a)		Total External Debt (b)		Debt Service Ratio (d)	Exchange Rates (Sri Lanka Rupees per Unit of Foreign Currency)								
							Year End	Annual Average							
		(US$ million)	Months of Imports	(US$ million)	as a % of GDP (c)		US dollar	US dollar	Pound sterling	Euro	Japanese yen	Indian rupee	Deutsche mark	French frank	SDR (e)
1950	190.4	237.6	11.6	26.3	3.2	-	4.77	4.76	13.33	-	0.01	1.00	1.14	1.36	-
1951	216.4	254.4	9.6	26.2	2.7	3.1	4.78	4.76	13.33	-	0.01	1.00	1.14	1.36	-
1952	163.8	184.0	6.3	26.4	2.8	2.6	4.75	4.76	13.33	-	0.01	1.00	1.14	1.36	-
1953	114.3	134.8	4.7	26.4	2.8	2.0	4.75	4.76	13.33	-	0.01	1.00	1.13	1.36	-
1954	170.8	197.4	8.2	40.2	4.0	1.4	4.78	4.76	13.33	-	0.01	1.00	1.13	1.36	-
1955	210.9	258.2	10.0	43.1	3.9	1.8	4.76	4.76	13.33	-	0.01	1.00	1.13	1.36	-
1956	232.9	266.4	9.7	44.2	4.1	2.0	4.79	4.76	13.33	-	0.01	1.00	1.13	1.36	-
1957	200.1	223.2	7.2	48.7	4.5	1.1	4.76	4.76	13.33	-	0.01	1.00	1.13	1.29	-
1958	172.7	196.5	6.6	54.3	4.7	0.9	4.75	4.76	13.33	-	0.01	1.00	1.13	1.13	-
1959	133.1	154.3	4.5	58.3	4.3	0.8	4.76	4.76	13.33	-	0.01	1.00	1.13	0.96	-
1960	90.3	114.0	3.2	61.8	4.4	1.0	4.75	4.76	13.33	-	0.01	1.00	1.13	0.96	-
1961	89.5	111.7	3.6	64.5	4.5	0.9	4.76	4.76	13.33	-	0.01	1.00	1.13	0.96	-
1962	127.7	106.0	3.2	72.6	5.0	1.1	4.76	4.76	13.33	-	0.01	1.00	1.18	0.96	-
1963	75.0	97.1	3.0	85.5	5.5	1.5	4.76	4.76	13.33	-	0.01	1.00	1.19	0.96	-
1964	51.1	73.5	2.1	86.3	5.3	4.7	4.78	4.76	13.33	-	0.01	1.00	1.19	0.96	-
1965	72.9	92.1	2.7	102.5	6.0	3.3	4.78	4.76	13.33	-	0.01	1.00	1.19	0.96	-
1966	42.9	66.5	1.9	114.9	6.6	5.5	4.78	4.76	13.33	-	0.01	0.75	1.19	0.96	-
1967	55.5	75.7	2.2	124.7	6.7	4.3	5.93	4.86	13.45	-	0.01	0.65	1.22	0.98	-
1968	51.6	78.1	2.4	181.2	10.3	9.3	5.93	5.95	14.28	-	0.02	0.79	1.49	1.21	-
1969	40.0	63.3	1.7	230.9	12.0	15.9	5.96	5.95	14.28	-	0.02	0.79	1.51	1.15	-
1970	42.3	67.6	2.1	419.2	18.3	20.1	5.96	5.95	14.28	-	0.02	0.79	1.63	1.07	5.95
1971	52.4	83.6	2.7	465.9	19.7	21.9	5.96	5.94	14.45	-	0.02	0.79	1.70	1.07	5.95
1972	60.6	108.5	3.6	485.1	19.0	21.8	6.70	5.97	14.94	-	0.02	0.79	1.87	1.18	6.48
1973	82.3	126.1	3.7	552.0	19.2	23.0	6.75	6.40	15.70	-	0.02	0.83	2.40	1.44	7.63
1974	73.9	132.8	2.3	648.9	18.2	17.8	6.69	6.65	15.56	-	0.02	0.82	2.57	1.38	8.00
1975	56.9	108.1	1.7	729.3	19.2	23.0	7.71	7.01	15.57	-	0.02	0.84	2.85	1.63	8.51
1976	94.0	158.8	3.0	773.2	21.5	20.1	8.83	8.41	15.19	-	0.03	0.94	3.34	1.76	9.71
1977	278.4	358.1	5.9	856.1	20.9	16.0	15.56	8.87	15.49	-	0.03	1.02	3.82	1.81	10.36
1978	397.3	482.2	5.6	1,114.3	40.8	15.5	15.51	15.61	29.97	-	0.07	1.91	7.77	3.46	19.55
1979	516.1	624.9	5.2	1,245.7	37.0	13.0	15.45	15.57	33.04	-	0.07	1.92	8.50	3.66	20.12
1980	245.5	375.9	2.2	1,666.8	41.4	12.4	18.00	16.53	38.46	-	0.07	2.10	9.10	3.91	21.52
1981	334.7	448.8	2.9	2,060.4	46.7	16.8	20.55	19.25	39.03	-	0.09	2.22	8.52	3.54	22.69
1982	358.8	526.9	3.2	2,500.0	52.4	18.6	21.32	20.81	36.43	-	0.08	2.20	8.58	3.17	22.98
1983	316.0	521.0	3.3	2,651.7	51.3	21.6	25.00	23.53	35.69	-	0.10	2.33	9.22	3.09	25.15
1984	522.2	720.8	4.5	2,983.8	49.4	17.5	26.28	25.44	33.99	-	0.11	2.24	8.94	2.91	26.07
1985	461.2	672.0	3.9	3,440.7	57.6	21.0	27.41	27.16	35.21	-	0.11	2.20	9.23	3.02	27.58
1986	362.9	606.9	3.7	4,082.4	63.7	26.2	28.52	28.02	41.10	-	0.17	2.22	12.90	4.05	32.87
1987	299.5	600.7	3.5	4,770.6	71.4	27.5	30.76	29.45	48.26	-	0.20	2.27	16.38	3.27	38.10
1988	277.5	576.0	3.1	4,908.9	70.3	28.6	33.03	31.81	56.66	-	0.25	2.29	18.11	5.34	42.76
1989	291.4	584.6	3.2	5,146.0	73.6	24.2	40.00	36.05	59.11	-	0.26	2.22	19.17	5.65	46.19
1990	435.0	856.7	3.8	5,783.1	72.0	17.8	40.24	40.06	71.50	-	0.28	2.29	24.80	7.36	54.42
1991	718.4	1,156.0	4.6	6,489.4	72.1	18.5	42.58	41.37	73.20	-	0.31	1.82	25.10	7.33	56.61
1992	936.4	1,439.9	4.9	6,831.7	70.4	17.1	46.00	43.83	77.38	-	0.35	1.69	28.14	8.30	61.75
1993	1,674.7	2,123.8	6.4	7,602.0	73.4	13.8	49.56	48.25	72.47	-	0.44	1.58	29.19	8.52	67.39
1994 (f)	2,022.0	2,874.4	7.2	8,298.0	70.8	13.7	49.98	49.42	75.68	-	0.48	1.58	30.50	8.92	70.75
1995	2,063.0	2,901.9	6.6	8,694.0	66.7	16.5	54.05	51.25	80.88	-	0.55	1.58	35.81	10.29	77.74
1996	1,937.0	2,717.0	6.0	8,486.0	61.1	15.3	56.71	55.27	86.34	-	0.51	1.56	36.75	10.81	80.23
1997	2,029.0	3,132.0	6.4	8,197.0	54.3	13.3	61.29	58.99	96.69	-	0.49	1.63	34.07	10.12	81.17
1998	1,984.0	2,907.0	5.9	8,749.0	55.5	13.3	67.78	64.59	107.05	-	0.50	1.57	36.80	10.98	87.66
1999	1,639.0	2,582.0	5.2	9,088.0	57.8	15.2	72.12	70.39	113.91	-	0.62	1.64	38.39	11.45	96.25
2000	1,049.0	2,131.2	3.5	9,031.0	54.5	14.7	80.06	75.78	114.78	74.32	0.70	1.68	35.76	10.66	99.90
2001	1,338.0	2,238.0	4.5	8,372.0	53.2	13.2	93.16	89.36	128.66	82.27	0.74	1.89	40.90	12.19	113.75
2002	1,700.0	2,495.0	4.9	9,333.0	56.3	13.2	96.73	95.66	143.74	101.38	0.76	1.97	46.37	13.79	123.93
2003	2,329.0	3,218.0	5.8	10,735.0	56.9	11.6	96.74	96.52	157.71	121.60	0.83	2.07	-	-	135.22
2004	2,195.8	3,439.0	5.2	11,346.0	54.9	11.6	104.61	101.19	185.35	125.79	0.94	2.23	-	-	149.88
2005	2,735.0	4,200.5	5.7	11,353.8	46.5	7.9	102.12	100.50	182.87	125.10	0.91	2.28	-	-	148.45
2006	2,836.7	4,005.4	4.7	11,981.4	42.4	12.7	107.71	103.96	191.53	130.63	0.89	2.30	-	-	153.00
2007	3,508.2	4,956.4	5.3	13,989.5	43.2	13.1	108.72	110.62	221.46	151.63	0.94	2.69	-	-	169.37
2008	2,560.9	3,639.8	3.1	15,106.6	37.1	18.0	113.14	108.33	200.73	159.32	1.05	2.52	-	-	171.24
2009	5,357.4	7,030.4	8.3	18,662.1	44.4	22.4	114.38	114.94	179.87	160.21	1.23	2.39	-	-	177.22
2010	7,196.5	8,620.8	7.7	21,437.9	37.8	16.7	110.95	113.06	174.81	150.10	1.29	2.49	-	-	172.50
2011	6,749.3	7,990.7	4.7	32,747.9	50.2	13.2	113.90	110.57	177.23	153.86	1.39	2.39	-	-	174.54
2012	7,105.8	8,586.8	5.4	37,098.1	62.5	19.7	127.16	127.60	202.28	164.01	1.60	2.39	-	-	195.38
2013	7,495.0	8,573.5	5.7	39,905.3	53.7	26.8	130.75	129.11	202.08	171.51	1.32	2.21	-	-	196.19
2014	8,208.4	9,884.4	6.1	42,914.1	54.1	21.7	131.05	130.56	215.16	173.47	1.24	2.14	-	-	198.35
2015	7,303.6	9,336.9	5.9	44,839.4	55.7	28.2	144.06	135.94	207.99	150.84	1.12	2.12	-	-	190.16
2016	6,019.0	8,432.9	5.3	46,418.0	56.3	25.6	149.80	145.60	197.15	161.16	1.34	2.17	-	-	202.39
2017	7,958.7	10,436.5	6.0	51,603.9	59.0	23.9	152.85	152.46	196.47	171.73	1.36	2.34	-	-	211.49
2018	6,919.2	9,582.9	5.2	52,411.8	59.5	28.9	182.75	162.54	216.67	191.71	1.47	2.38	-	-	229.90
2019	7,642.4	10,401.9	6.3	54,811.5	65.3	29.7	181.63	178.78	228.20	200.14	1.64	2.54	-	-	246.97
2020 (g)	5,664.3	8,520.7	6.4	49,041.3	60.5	35.2	186.41	185.52	238.22	212.07	1.74	2.50	-	-	258.61
2021 (h)	3,139.2	6,122.4	3.6	50,724.2	60.0	30.0	200.43	198.88	273.51	235.10	1.81	2.69	-	-	283.18

(a) Excludes foreign assets in the form of 'Direct investment abroad' and 'Trade credit and advances granted'
(b) Total external debt includes banking sector liabilities, from 2011.
(c) From 2010 onwards, data are based on the base year (2010) GDP estimates of the DCS.
(d) As a percentage of earnings from exports of goods and services. Debt service payments were reclassified to capture debt servicing of foreign holding of Treasury bills and bonds in accordance with the External Debt Statistics Manual (2003) of the International Monetary Fund (IMF), from 2008.
(e) Special Drawing Rights (SDR), the unit of account of the IMF
(f) Offshore Banking Units are treated as a part of the domestic banking system, from 1994.
(g) Revised
(h) Provisional

Sources: International Monetary Fund
Central Bank of Sri Lanka

FISCAL SECTOR TABLE 6

Government Fiscal Operations (a)

Values in Rs. million

Year (b)	Revenue: Tax	Revenue: Total (Tax and Non Tax)	Grants	Revenue and Grants	Expenditure: Recurrent	Expenditure: Capital and Net Lending	Expenditure: Total	Current Account Balance	Primary Balance	Overall Fiscal Balance	Financing: Foreign	Financing: Domestic (c)	Financing: Privatisation Proceeds	Financing: Total Financing	As a % of GDP (d): Revenue and Grants	As a % of GDP (d): Expenditure	As a % of GDP (d): Overall Fiscal Balance
1950	544	623	-	623	461	325	786	162	-143	-163	-	163	-	163	16.1	20.3	-4.1
1951	736	910	-	910	691	269	960	219	-29	-50	-	50	-	50	19.7	20.8	-1.1
1952	770	954	7	961	866	357	1,223	88	-239	-263	-	263	-	263	21.3	27.1	-5.8
1953	768	953	3	956	788	402	1,190	164	-205	-234	-	234	-	234	21.3	26.5	-5.2
1954	829	1,026	19	1,045	673	348	1,021	353	58	24	63	-87	-	-24	22.0	21.5	0.5
1955	937	1,159	26	1,185	762	306	1,068	396	150	117	12	-129	-	-117	22.6	20.4	2.2
1956	1,027	1,257	23	1,280	863	460	1,323	394	-8	-42	5	37	-	42	25.2	26.0	-0.8
1957	1,102	1,261	11	1,271	977	529	1,506	284	-200	-235	19	216	-	235	24.4	29.0	-4.5
1958	1,017	1,280	13	1,293	1,118	384	1,502	162	-171	-209	20	189	-	209	23.5	27.3	-3.8
1959	1,058	1,330	18	1,349	1,274	469	1,744	56	-351	-395	30	365	-	395	21.0	27.2	-6.2
1960	1,120	1,404	9	1,413	1,365	456	1,821	38	-355	-408	24	385	-	408	21.1	27.1	-6.1
1961	1,224	1,514	13	1,527	1,471	505	1,976	43	-380	-449	10	439	-	449	22.2	28.7	-6.5
1962	1,488	1,621	18	1,639	1,498	579	2,077	123	-355	-438	35	403	-	438	23.5	29.8	-6.3
1963	1,462	1,593	31	1,625	1,534	451	1,985	59	-263	-361	61	300	-	361	22.0	26.9	-4.9
1964	1,458	1,759	32	1,791	1,754	467	2,221	5	-316	-430	64	366	-	430	23.0	28.5	-5.5
1965	1,625	1,816	24	1,841	1,732	515	2,247	85	-300	-406	76	331	-	406	22.8	27.8	-5.0
1966	1,610	1,833	42	1,875	1,792	607	2,399	41	-401	-525	77	448	-	525	22.5	28.8	-6.3
1967	1,765	1,955	19	1,974	1,819	743	2,562	136	-444	-588	189	398	-	588	21.8	28.3	-6.5
1968	1,967	2,156	29	2,185	2,186	685	2,871	-30	-520	-686	161	525	-	686	20.4	26.8	-6.4
1969	2,278	2,497	20	2,517	2,384	901	3,285	113	-562	-769	334	434	-	769	21.5	28.1	-6.6
1970	2,507	2,736	63	2,799	2,659	1,013	3,672	77	-620	-873	163	710	-	873	20.5	26.9	-6.4
1971	2,354	2,815	60	2,875	2,981	918	3,899	-166	-688	-1,024	175	849	-	1,024	20.5	27.8	-7.3
1972	2,676	3,282	75	3,357	3,386	931	4,317	-104	-548	-961	209	752	-	961	22.0	28.3	-6.3
1973	3,331	4,034	47	4,081	3,857	1,169	5,026	177	-431	-945	132	813	-	945	22.2	27.3	-5.1
1974	4,013	4,787	252	5,039	4,506	1,316	5,822	281	-203	-783	126	657	-	783	21.2	24.5	-3.3
1975	4,258	5,084	404	5,488	5,153	2,033	7,186	-69	-999	-1,698	310	1,388	-	1,698	20.6	27.0	-6.4
1976	4,726	5,739	367	6,106	5,554	3,098	8,652	185	-1,707	-2,547	591	1,956	-	2,547	20.2	28.6	-8.4
1977	5,509	6,686	501	7,187	6,148	2,665	8,813	538	-613	-1,626	754	872	-	1,626	19.7	24.2	-4.5
1978	10,320	11,688	661	12,349	10,408	7,280	17,688	1,280	-3,999	-5,339	3,292	2,047	-	5,339	28.9	41.5	-12.5
1979	11,015	11,966	1,390	13,356	10,825	8,367	19,192	1,141	-4,169	-5,836	2,348	3,488	-	5,836	25.5	36.6	-11.1
1980	12,158	13,022	2,620	15,642	12,319	16,069	28,388	703	-10,505	-12,746	3,516	9,230	-	12,746	23.5	42.7	-19.2
1981	13,696	14,775	2,721	17,496	14,649	13,365	28,014	126	-6,780	-10,518	4,880	5,638	-	10,518	20.6	33.0	-12.4
1982	14,737	16,210	3,376	19,586	18,341	15,171	33,512	-2,131	-8,822	-13,926	4,744	9,182	-	13,926	19.7	33.8	-14.0
1983	19,912	23,317	3,473	26,790	22,002	17,635	39,637	1,315	-6,241	-12,847	6,372	6,475	-	12,847	22.0	32.6	-10.6
1984	29,939	34,061	3,293	37,354	24,630	23,207	47,837	9,431	-3,745	-10,483	6,492	3,991	-	10,483	24.3	31.1	-6.8
1985	30,442	36,249	3,307	39,556	32,645	22,589	55,234	3,604	-8,250	-15,678	7,109	8,569	-	15,678	24.4	34.0	-9.7
1986	31,272	37,238	3,753	40,991	33,966	25,227	59,193	3,272	-9,440	-18,202	9,061	9,141	-	18,202	22.8	33.0	-10.1
1987	35,119	42,145	4,677	46,822	39,560	24,334	63,894	2,585	-6,915	-17,072	5,716	11,356	-	17,072	23.8	32.5	-8.7
1988	35,946	41,749	6,588	48,337	46,132	30,400	76,532	-4,383	-15,605	-28,195	7,128	21,067	-	28,195	21.8	34.5	-12.7
1989	47,513	53,979	6,407	60,386	56,884	25,280	82,164	-2,905	-7,426	-21,778	5,926	15,852	-	21,778	24.0	32.6	-8.6
1990	61,206	67,964	6,698	74,662	71,771	28,043	99,814	-3,807	-4,484	-25,152	11,644	13,508	-	25,152	23.2	31.0	-7.8
1991	68,157	76,179	7,870	84,049	83,756	36,613	120,369	-7,577	-14,247	-36,320	19,329	16,149	841	36,320	22.6	32.3	-9.8
1992	76,353	85,781	8,280	94,061	89,639	30,186	119,824	-3,858	177	-25,763	7,361	15,551	2,850	25,763	22.1	28.2	-6.1
1993	85,891	98,339	8,025	106,364	102,288	39,371	141,659	-3,949	-5,092	-35,295	9,855	24,241	1,200	35,295	21.3	28.4	-7.1
1994	99,417	110,038	8,257	118,295	127,084	43,680	170,764	-17,046	-14,439	-52,470	11,778	37,696	2,995	52,470	20.4	29.5	-9.1
1995	118,543	136,258	9,028	145,286	154,159	49,325	203,484	-17,901	-19,972	-58,198	21,224	33,972	3,001	58,198	21.8	30.5	-8.7
1996	130,202	146,279	7,739	154,018	175,148	43,512	218,660	-28,869	-15,719	-64,642	10,160	49,754	4,728	64,642	20.1	28.5	-8.4
1997	142,512	165,036	7,329	172,365	184,749	50,348	235,097	-19,713	-7,486	-62,732	9,958	30,275	22,499	62,732	19.4	26.4	-7.0
1998	147,368	175,032	7,200	182,232	199,648	68,531	268,179	-24,616	-31,049	-85,947	10,197	71,362	4,389	85,947	17.9	26.3	-8.4
1999	166,029	195,905	6,761	202,666	207,271	71,888	279,159	-11,366	-14,370	-76,493	1,484	74,876	134	76,493	18.3	25.2	-6.9
2000	182,392	211,282	5,145	216,427	254,279	81,544	335,823	-42,997	-48,196	-119,396	495	118,500	401	119,396	17.2	26.7	-9.5
2001	205,840	234,296	5,500	239,796	303,361	83,157	386,518	-69,065	-52,415	-146,722	14,538	123,595	8,589	146,722	17.0	27.5	-10.4
2002	221,839	261,888	7,079	268,967	330,847	72,142	402,990	-68,959	-17,507	-134,022	1,978	126,351	5,693	134,022	17.0	25.4	-8.5
2003	231,597	276,465	7,956	284,421	334,694	82,979	417,673	-58,229	-8,125	-133,251	43,117	79,911	10,223	133,251	15.6	22.9	-7.3
2004	281,552	311,473	8,681	320,154	389,679	87,228	476,907	-78,206	-36,970	-156,752	37,071	117,243	2,437	156,752	15.3	22.8	-7.5
2005	336,828	379,746	32,640	412,387	443,350	141,433	584,783	-63,603	-52,237	-172,396	47,773	123,604	1,020	172,396	16.8	23.8	-7.0
2006	428,378	477,833	30,068	507,901	547,960	165,687	713,646	-70,127	-54,968	-205,745	41,942	163,805	-	205,745	17.3	24.3	-7.0
2007	508,947	565,051	30,508	595,559	622,758	218,846	841,604	-57,707	-63,364	-246,045	100,907	145,137	-	246,045	16.6	23.5	-6.9
2008	585,621	655,259	31,222	686,482	743,710	252,416	996,126	-88,450	-97,169	-309,644	-4,643	314,287	-	309,643	15.6	22.6	-7.0
2009	618,933	699,644	25,922	725,566	879,575	322,352	1,201,927	-179,931	-166,686	-476,361	230,807	245,554	-	476,361	15.0	24.9	-9.9
2010	724,747	817,279	16,909	834,188	937,094	343,111	1,280,205	-119,815	-93,425	-446,017	243,788	202,229	-	446,017	13.0	20.0	-7.0
2011	845,697	967,862	15,141	983,003	1,024,906	408,276	1,433,182	-57,043	-93,481	-450,180	218,956	231,224	-	450,180	13.6	19.9	-6.2
2012	908,913	1,051,460	16,071	1,067,532	1,131,023	425,476	1,556,499	-79,563	-80,469	-488,967	286,455	202,511	-	488,967	12.2	17.8	-5.6
2013	1,005,895	1,137,447	15,859	1,153,306	1,205,180	464,216	1,669,396	-67,733	-72,083	-516,090	123,700	392,390	-	516,090	12.0	17.4	-5.4
2014	1,050,362	1,195,206	9,415	1,204,621	1,322,898	472,967	1,795,865	-127,692	-154,849	-591,244	212,523	378,721	-	591,244	11.6	17.3	-5.7
2015	1,355,779	1,454,878	6,014	1,460,892	1,701,658	588,737	2,290,394	-246,779	-319,828	-829,502	236,803	592,699	-	829,502	13.3	20.9	-7.6
2016	1,463,689	1,686,062	7,496	1,693,558	1,757,782	576,101	2,333,883	-71,719	-29,430	-640,325	391,914	248,411	-	640,325	14.1	19.5	-5.3
2017	1,670,178	1,831,531	8,031	1,839,562	1,927,693	645,363	2,573,056	-96,162	2,071	-733,494	439,243	294,251	-	733,494	13.8	19.3	-5.5
2018	1,712,318	1,919,973	12,486	1,932,459	2,089,713	603,515	2,693,228	-169,740	91,421	-760,769	323,535	437,234	-	760,769	13.5	18.8	-5.3
2019 (e)	1,734,925	1,890,899	7,909	1,898,808	2,424,582	913,314	3,337,896	-533,683	-537,736	-1,439,088	542,641	896,448	-	1,439,088	12.7(f)	22.3(f)	-9.6(f)
2020	1,216,542	1,367,960	5,348	1,373,308	2,548,359	492,638	3,040,996	-1,180,399	-687,386	-1,667,688	-83,199	1,750,887	-	1,667,688	9.1(f)	20.2(f)	-11.1(f)
2021 (g)	1,298,019	1,457,071	6,740	1,463,810	2,747,512	774,223	3,521,735	-1,290,441	-1,009,542	-2,057,925	-13,901	2,071,826	-	2,057,925	8.7	21.0	-12.2

(a) Data from 1979 are based on the economic format.
(b) Financial year was from 1 October to 30 September until 1973. From 1973, it was changed to the calender year.
(c) Includes proceeds from the long lease of Hambantota Port received in 2017 and 2018
(d) Data from 2003 onwards are based on the GDP estimates of the DCS with the base year 2002. From 2010 onwards, data are based on the GDP estimates of the DCS with the base year 2010.
(e) According to the Ministry of Finance, the fiscal sector statistics of 2019 have been restated as announced in the Budget Speech for 2020.
(f) Based on the revised GDP estimates for 2019 and 2020 released on 29 March 2022 by the DCS
(g) Provisional

Sources: Ministry of Finance
Central Bank of Sri Lanka

FISCAL SECTOR TABLE 7

Central Government Debt (a)

Values in Rs. million

Year (b)	Domestic Debt					Foreign Debt (c)(d)	Total Debt (e)	As a % of GDP (f)		
	Treasury Bills (c)	Rupee Loans	Treasury Bonds (d) (e)	Other	Total (e)			Domestic	Foreign	Total
1950	79	436	-	14	529	125	654	13.7	3.2	16.9
1951	30	582	-	14	626	125	751	13.6	2.7	16.3
1952	93	684	-	75	852	192	1,044	18.9	4.3	23.2
1953	184	731	-	129	1,044	205	1,249	23.2	4.6	27.8
1954	105	782	-	66	953	211	1,164	20.1	4.4	24.5
1955	60	829	-	-	889	232	1,121	17.0	4.4	21.4
1956	68	882	-	-	950	258	1,208	18.6	5.1	23.7
1957	65	962	-	105	1,132	278	1,410	21.8	5.3	27.1
1958	140	1,007	-	91	1,238	293	1,531	22.5	5.3	27.9
1959	320	1,102	-	138	1,560	307	1,867	24.3	4.8	29.1
1960	550	1,217	-	170	1,937	345	2,282	28.9	5.1	34.0
1961	750	1,397	-	198	2,345	407	2,752	34.1	5.9	40.0
1962	1,000	1,515	-	179	2,694	412	3,106	38.7	5.9	44.6
1963	1,125	1,684	-	222	3,031	489	3,520	41.1	6.6	47.7
1964	1,250	1,909	-	216	3,375	549	3,924	43.3	7.0	50.4
1965	1,300	2,150	-	246	3,696	739	4,435	45.7	9.1	54.9
1966	1,425	2,475	-	295	4,195	1,074	5,269	50.3	12.9	63.2
1967	1,500	2,785	-	298	4,583	1,376	5,959	50.7	15.2	65.9
1968	1,750	3,118	-	329	5,197	1,578	6,775	48.5	14.7	63.2
1969	1,750	3,409	-	354	5,513	1,800	7,313	47.1	15.4	62.5
1970	1,950	3,925	-	420	6,295	2,394	8,689	46.1	17.5	63.6
1971	2,025	4,512	-	446	6,983	2,795	9,778	49.7	19.9	69.6
1972	2,325	5,103	-	498	7,926	2,936	10,862	52.0	19.3	71.2
1973	2,250	5,812	-	522	8,584	3,705	12,289	46.6	20.1	66.8
1974	2,250	6,591	-	604	9,445	2,859	12,304	39.7	12.0	51.8
1975	2,350	7,560	-	949	10,859	3,705	14,564	40.9	13.9	54.8
1976	2,700	9,001	-	990	12,691	4,968	17,659	42.0	16.4	58.5
1977	2,500	10,391	-	1,501	14,392	10,593	24,985	39.5	29.1	68.6
1978	2,635	12,049	-	1,684	16,368	14,583	30,951	38.4	34.2	72.5
1979	3,000	14,929	-	1,705	19,634	15,840	35,474	37.5	30.2	67.7
1980	9,800	17,611	-	1,659	29,070	22,276	51,346	43.7	33.5	77.2
1981	13,920	20,025	-	1,573	35,518	29,172	64,690	41.8	34.3	76.1
1982	17,320	25,800	-	2,147	45,267	35,267	80,534	45.6	35.5	81.2
1983	17,400	31,953	-	2,416	51,769	46,688	98,457	42.6	38.4	81.0
1984	14,860	33,228	-	3,564	51,652	53,681	105,333	33.6	34.9	68.5
1985	22,280	36,570	-	3,761	62,611	67,673	130,284	38.6	41.7	80.2
1986	26,173	39,130	-	4,196	69,499	86,208	155,707	38.7	48.0	86.8
1987	29,850	44,957	-	4,190	78,997	111,812	190,809	40.2	56.8	97.0
1988	43,700	49,797	-	5,099	98,596	125,657	224,253	44.4	56.6	101.0
1989	57,246	54,217	-	6,099	117,562	156,298	273,860	46.7	62.0	108.7
1990	67,968	54,677	-	11,251	133,896	176,883	310,779	41.6	55.0	96.6
1991	72,968	66,823	-	12,328	152,119	214,579	366,698	40.9	57.6	98.5
1992	87,096	69,180	-	13,744	170,020	235,539	405,559	40.0	55.4	95.4
1993	97,196	105,707	-	10,782	213,685	270,224	483,909	42.8	54.1	96.9
1994	98,896	137,554	-	12,669	249,119	301,812	550,931	43.0	52.1	95.1
1995	113,771	157,928	-	17,711	289,410	346,286	635,696	43.3	51.9	95.2
1996	124,996	205,975	-	25,731	356,703	359,685	716,388	46.4	46.8	93.3
1997	114,996	239,475	10,000	23,269	387,740	376,331	764,071	43.6	42.3	85.8
1998	119,996	250,570	48,915	43,945	463,426	461,273	924,699	45.5	45.3	90.8
1999	124,996	262,056	104,867	51,546	543,465	507,866	1,051,331	49.1	45.9	95.1
2000	134,996	263,888	204,124	73,652	676,660	542,040	1,218,700	53.8	43.1	96.9
2001	170,995	292,813	229,174	122,983	815,965	636,741	1,452,706	58.0	45.3	103.3
2002	210,995	287,701	347,128	102,562	948,386	721,957	1,670,343	60.0	45.6	105.6
2003	219,295	248,414	487,504	69,153	1,024,366	843,882	1,868,248	56.2	46.3	102.5
2004	243,886	164,758	647,746	91,396	1,147,786	996,138	2,143,924	54.9	47.6	102.5
2005	234,174	140,563	755,966	139,416	1,270,119	956,620	2,226,739	51.8	39.0	90.8
2006	257,732	116,713	890,369	218,813	1,483,627	1,103,418	2,587,045	50.5	37.5	88.0
2007	307,012	131,509	1,023,249	257,825	1,719,595	1,326,487	3,046,082	48.1	37.1	85.1
2008	402,600	130,009	1,286,375	325,641	2,144,625	1,448,734	3,593,359	48.6	32.8	81.5
2009	441,032	112,292	1,517,909	334,119	2,405,352	1,760,467	4,165,819	49.7	36.4	86.2
2010	514,442	87,709	1,648,284	319,624	2,570,059	2,024,583	4,594,642	40.1	31.6	71.6
2011	590,885	61,961	1,823,648	331,988	2,808,482	2,329,280	5,137,762	38.9	32.3	71.2
2012	629,070	58,386	2,177,892	450,303	3,315,651	2,767,299	6,082,950	38.0	31.7	69.7
2013	700,137	55,518	2,548,323	624,810	3,928,788	2,960,424	6,889,212	41.0	30.9	71.8
2014	694,767	55,518	2,940,017	683,444	4,373,746	3,113,116	7,486,862	42.2	30.0	72.3
2015	658,240	24,088	3,401,211	971,620	5,055,159	3,544,031	8,599,190	46.2	32.4	78.5
2016	779,581	24,088	3,806,353	823,051	5,433,073	4,045,796	9,478,869	45.3	33.7	79.0
2017	697,154	24,088	3,892,408	1,050,565	5,664,215	4,718,618	10,382,832	42.5	35.4	77.9
2018	746,887	24,088	4,197,323	1,102,703	6,071,001	5,959,547	12,030,548	42.5	41.7	84.2
2019	873,943	24,088	4,606,232	1,325,997	6,830,260	6,201,283	13,031,543	45.5(g)	41.3(g)	86.9(g)
2020 (h)(i)	1,620,705	24,088	5,713,300	1,706,975	9,065,068	6,052,179	15,117,247	60.3(g)	40.3(g)	100.6(g)
2021 (h)	2,270,508	24,088	6,966,218	1,836,410	11,097,223	6,492,150	17,589,373	66.0	38.6	104.6

(a) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics published by the IMF in 2014, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt from 2019 onwards.
(b) From 1950 to 1973, the outstanding balance is reported as at end September and thereafter as at end December
(c) Rupee denominated Treasury bills issued to foreign investors from 2008 onwards are excluded from domestic debt and included in foreign debt.
(d) Rupee denominated Treasury bonds issued to foreign investors from 2007 onwards are excluded from domestic debt and included in foreign debt.
(e) Includes Treasury bonds of Rs. 4,397 million issued to the Co-operative Wholesale Establishment (CWE) in November 2003 (matured on 14 November 2016), Rs. 13,125 million issued to capitalise SriLankan Airlines in March 2013 (matured on 01 June 2018) and Rs. 78,441 million issued to the Ceylon Petroleum Corporation (CPC) in January 2012 (of which Rs. 21,778 million matured on 01 January 2017 and the current outstanding is Rs. 56,662 million)
(f) From 2003 to 2009, the data are based on GDP estimates compiled by the DCS and from 2010 onward, the data are based on rebased GDP estimates (base year 2010) of the DCS.
(g) Based on the revised GDP estimates for 2019 and 2020 released on 29 March 2022 by the DCS
(h) Provisional
(i) The central government debt statistics at end 2019 could increase should the adjustment for payment arrears in government expenditure as per the Ministry of Finance be incorporated into the net financing of the budget deficit in 2019. However, such an adjustment would have no impact on the outstanding central government debt at end 2020.

Sources: Ministry of Finance
Central Bank of Sri Lanka

MONETARY SECTOR TABLE 8

Monetary Survey (M_{2b}) (a)(b)

Values in Rs. million

End Period	Currency	Demand Deposits (d)	Narrow Money Supply (M_1)	Broad Money Supply (M_2)	Time and Savings Deposits (M_{2b})(e)	Broad Money Supply (M_{2b})	Net Foreign Assets (NFA): Monetary Authorities (f)(g)	Net Foreign Assets (NFA): Commercial Banks	Net Foreign Assets (NFA): Total	Net Domestic Assets (NDA) (c): Claims on Government (Net) (h)	Net Domestic Assets (NDA) (c): Claims on Public Corporations / SOBEs	Net Domestic Assets (NDA) (c): Claims on Private Sector	Net Domestic Assets (NDA) (c): Total	Reserve Money	Money Multiplier M_1	Money Multiplier M_2	Money Multiplier M_{2b}	Velocity of Money (M_{2b})
1950	325	585	911	978	-	-	-	-	-	-	-	-	-	533	1.71	1.84	-	-
1951	377	629	1,006	1,090	-	-	-	-	-	-	-	-	-	615	1.64	1.77	-	-
1952	357	539	896	996	-	-	-	-	-	-	-	-	-	522	1.72	1.91	-	-
1953	335	492	827	927	-	-	-	-	-	-	-	-	-	433	1.91	2.14	-	-
1954	342	615	957	1,093	-	-	-	-	-	-	-	-	-	496	1.93	2.20	-	-
1955	385	688	1,073	1,225	-	-	-	-	-	-	-	-	-	576	1.86	2.13	-	-
1956	401	726	1,127	1,314	-	-	-	-	-	-	-	-	-	601	1.88	2.19	-	-
1957	435	605	1,040	1,256	-	-	-	-	-	-	-	-	-	569	1.83	2.21	-	-
1958	530	547	1,077	1,338	-	-	-	-	-	-	-	-	-	671	1.61	2.00	-	-
1959	565	613	1,178	1,477	-	-	-	-	-	-	-	-	-	721	1.63	2.05	-	-
1960	595	614	1,209	1,572	-	-	-	-	-	-	-	-	-	791	1.53	1.99	-	-
1961	692	596	1,289	1,643	-	-	-	-	-	-	-	-	-	851	1.51	1.93	-	-
1962	713	630	1,343	1,748	-	-	-	-	-	-	-	-	-	899	1.49	1.95	-	-
1963	828	678	1,506	1,974	-	-	-	-	-	-	-	-	-	1,013	1.49	1.95	-	-
1964	853	769	1,622	2,142	-	-	-	-	-	-	-	-	-	1,083	1.50	1.98	-	-
1965	901	814	1,716	2,283	-	-	-	-	-	-	-	-	-	1,154	1.49	1.98	-	-
1966	883	776	1,659	2,244	-	-	-	-	-	-	-	-	-	1,089	1.52	2.06	-	-
1967	980	828	1,808	2,495	-	-	-	-	-	-	-	-	-	1,225	1.48	2.04	-	-
1968	1,066	847	1,913	2,724	-	-	-	-	-	-	-	-	-	1,331	1.44	2.05	-	-
1969	1,083	799	1,882	2,851	-	-	-	-	-	-	-	-	-	1,353	1.39	2.11	-	-
1970	935	1,032	1,967	3,115	-	-	-	-	-	-	-	-	-	1,324	1.49	2.35	-	-
1971	1,115	1,034	2,149	3,435	-	-	-	-	-	-	-	-	-	1,495	1.44	2.30	-	-
1972	1,202	1,279	2,481	3,974	-	-	-	-	-	-	-	-	-	1,773	1.40	2.24	-	-
1973	1,437	1,341	2,778	4,154	-	-	-	-	-	-	-	-	-	2,158	1.29	1.92	-	-
1974	1,539	1,406	2,946	4,569	-	-	-	-	-	-	-	-	-	2,256	1.31	2.03	-	-
1975	1,610	1,478	3,088	4,777	-	-	-	-	-	-	-	-	-	2,144	1.44	2.23	-	-
1976	2,081	2,085	4,166	6,321	-	-	-	-	-	-	-	-	-	2,700	1.54	2.34	-	-
1977	2,792	2,574	5,366	8,717	-	-	-	-	-	-	-	-	-	3,840	1.40	2.27	-	-
1978	3,016	2,921	5,936	10,891	-	-	-	-	-	-	-	-	-	4,262	1.39	2.56	-	-
1979	3,774	3,895	7,669	15,057	-	-	-	-	-	-	-	-	-	5,299	1.45	2.84	-	-
1980	4,181	5,247	9,428	19,860	-	-	-	-	-	-	-	-	-	6,286	1.50	3.16	-	-
1981	4,823	5,202	10,024	24,447	-	-	-	-	-	-	-	-	-	7,505	1.34	3.26	-	-
1982	5,988	5,772	11,760	30,510	-	-	-	-	-	-	-	-	-	9,119	1.29	3.35	-	-
1983	7,200	7,548	14,748	37,257	-	-	-	-	-	-	-	-	-	11,642	1.27	3.20	-	-
1984	8,561	8,263	16,824	43,427	-	-	-	-	-	-	-	-	-	13,710	1.23	3.17	-	-
1985	9,816	8,946	18,761	48,409	-	-	-	-	-	-	-	-	-	16,895	1.11	2.87	-	-
1986	11,570	9,609	21,179	50,860	-	-	-	-	-	-	-	-	-	18,031	1.17	2.82	-	-
1987	13,495	11,588	25,083	58,335	-	-	-	-	-	-	-	-	-	19,273	1.30	3.03	-	-
1988	18,487	13,892	32,379	67,946	-	-	-	-	-	-	-	-	-	25,564	1.27	2.66	-	-
1989	19,650	15,688	35,338	76,434	-	-	-	-	-	-	-	-	-	26,791	1.32	2.85	-	-
1990(i)	22,120	17,477	39,597	90,546	-	-	-	-	-	-	-	-	-	31,579	1.25	2.87	-	-
1991	24,852	21,748	46,600	110,575	73,747	120,347	9,836	468	10,304	35,747	19,812	87,767	110,043	40,056	1.16	2.76	3.00	3.09(j)
1992	27,281	22,776	50,057	129,799	93,765	143,822	18,730	-3,493	15,237	33,946	23,174	110,877	128,585	44,858	1.12	2.89	3.21	3.27
1993	32,133	27,222	59,355	160,136	121,138	180,486	51,392	-9,527	41,865	29,766	15,414	134,181	138,622	56,468	1.05	2.84	3.20	3.12
1994	38,906	31,555	70,461	191,670	143,843	214,306	64,571	-5,811	58,760	31,362	11,407	163,278	155,546	68,055	1.04	2.82	3.15	2.98
1995	42,198	33,019	75,217	228,536	184,224	259,442	73,662	-8,917	64,745	38,662	13,305	210,703	194,696	78,586	0.96	2.91	3.30	2.89
1996	42,565	35,638	78,203	253,201	210,454	288,657	73,541	-10,467	63,074	47,131	15,491	229,773	225,582	85,509	0.91	2.96	3.38	2.80
1997	45,679	40,172	85,852	288,258	247,817	333,668	89,930	565	90,495	45,250	14,598	263,198	243,172	83,736	1.03	3.44	3.98	2.89
1998	51,767	44,502	96,269	316,174	281,472	377,740	101,744	3,904	105,648	64,618	10,031	294,868	272,091	92,866	1.04	3.40	4.07	2.89
1999	58,481	50,074	108,555	358,076	319,765	428,319	89,287	12,805	102,092	93,915	13,046	325,927	326,228	100,444	1.08	3.56	4.26	2.76
2000	62,646	55,831	118,477	404,669	364,944	483,421	57,947	11,582	69,529	147,304	38,254	364,369	413,892	105,163	1.13	3.85	4.60	2.80
2001	65,536	56,674	122,210	450,726	426,928	549,138	84,346	-10,216	74,130	201,311	40,811	396,754	475,009	112,522	1.09	4.01	4.88	2.77
2002	75,292	64,069	139,361	510,395	483,134	622,495	117,376	-6,733	110,643	192,994	43,031	444,371	511,852	126,411	1.10	4.04	4.92	2.69
2003	85,601	76,034	161,635	580,747	556,219	717,855	164,596	2,497	167,093	176,236	36,192	519,444	550,760	141,447	1.14	4.11	5.08	2.74
2004	99,669	88,784	188,453	687,964	670,191	858,644	151,694	18,523	170,218	220,462	41,171	634,310	688,427	170,967	1.10	4.02	5.02	2.69
2005	114,070	116,632	230,702	822,931	791,576	1,022,277	196,925	4,405	201,330	249,565	16,672	801,149	820,948	197,932	1.17	4.16	5.16	2.63
2006	135,019	124,666	259,685	993,264	944,866	1,204,550	229,860	-58,669	171,191	357,289	31,555	993,159	1,033,360	239,863	1.08	4.14	5.02	2.66
2007	147,183	119,409	266,592	1,147,742	1,137,426	1,404,019	292,927	-64,935	227,992	374,101	49,167	1,184,519	1,176,027	264,419	1.01	4.34	5.31	2.73
2008	155,023	122,300	277,323	1,282,194	1,245,453	1,522,776	148,157	-70,457	77,700	582,907	46,991	1,267,601	1,445,076	268,425	1.03	4.78	5.67	3.01
2009	181,840	154,870	336,710	1,536,755	1,469,459	1,806,169	412,202	-10,323	401,880	640,326	73,233	1,194,189	1,404,288	303,537	1.11	5.06	5.95	2.90
2010	216,549	190,643	407,192	1,813,000	1,684,216	2,091,408	505,463	-128,021	377,442	627,185	144,578	1,491,099	1,713,966	360,511	1.13	5.03	5.80	3.34
2011	242,871	195,836	438,707	2,192,603	2,053,032	2,491,740	340,090	-242,033	98,057	833,610	198,500	2,005,860	2,393,683	439,504	1.00	4.99	5.67	3.15
2012	251,539	198,510	450,049	2,593,185	2,479,021	2,929,070	396,468	-422,299	-25,831	1,045,232	292,477	2,358,421	2,954,901	484,362	0.93	5.35	6.05	3.17
2013	264,607	219,971	484,578	3,058,793	2,933,275	3,417,853	529,128	-605,453	-76,325	1,301,342	365,098	2,534,343	3,494,178	488,586	0.99	6.26	7.00	2.99
2014	329,426	282,729	612,155	3,460,558	3,263,698	3,875,853	688,007	-672,881	15,126	1,435,900	450,924	2,753,322	3,860,727	577,912	1.06	5.99	6.71	2.85
2015	388,057	326,931	714,988	4,057,212	3,850,929	4,565,917	576,187	-874,350	-298,163	1,759,492	530,669	3,441,874	4,864,081	673,432	1.06	6.02	6.78	2.62
2016	429,502	347,123	776,624	4,823,559	4,628,972	5,405,596	558,589	-789,827	-231,238	1,972,133	513,768	4,185,777	5,636,834	856,147	0.91	5.63	6.31	2.43
2017	439,396	353,903	793,299	5,665,313	5,514,762	6,308,062	846,139	-724,601	121,538	2,168,517	536,982	4,799,215	6,186,524	939,793	0.84	6.03	6.71	2.26
2018	473,066	357,727	830,793	6,427,330	6,297,503	7,128,297	750,541	-817,548	-67,007	2,516,711	755,380	5,561,351	7,195,304	961,096	0.86	6.69	7.42	2.11
2019	494,208	371,259	865,467	6,912,710	6,758,654	7,624,121	895,997	-795,296	100,702	2,795,927	817,953	5,796,859	7,523,419	932,604	0.93	7.41	8.18	2.04
2020	641,010	536,140	1,177,150	8,495,788	8,228,584	9,405,734	526,779	-736,247	-209,468	4,548,061	1,002,174	6,170,937	9,615,202	964,440	1.22	8.81	9.75	1.77(k)
2021	784,450	675,446	1,459,895	9,638,905	9,187,413	10,647,309	-387,263	-594,713	-981,976	5,832,420	1,188,103	6,981,428	11,629,285	1,305,809	1.12	7.38	8.15	1.65

Source: Central Bank of Sri Lanka

(a) All values except Money Multiplier and Velocity of Money are in Rs. million
(b) M_{2b} is based on the aggregated data pertaining to the Central Bank, and both Domestic Banking Units (DBUs) and Offshore Banking Units (OBUs) of LCBs operating in Sri Lanka. Definitional changes have been adopted in aggregating DBUs and OBUs to avoid double counting and misclassification of assets and liabilities.
(c) NDA is equal to the sum of net credit to government (NCG), claims on public corporations/State Owned Business Enterprises (SOBEs), claims on private sector and other items (net).
(d) Demand deposits held by the public
(e) Time and savings deposits held by the public
(f) This includes NFA of the Central Bank as well as the Government's Crown Agent's balance reported by the Department of State Accounts.
(g) The Central Bank adopted International Accounting Standards in January 2002. Accordingly, since then foreign assets are recorded at market value, which reflects its impact in NFA and NDA of Monetary Authorities. Therefore, the values for the period prior to January 2002 are not comparable with the values thereafter.
(h) Credit extended to the Government by the banking system, net of government deposits with banks and government's cash balances
(i) Monetary data since 1990 were reclassifed to be consistent with standard international practices. Accordingly, rupee deposits held by non-residents are excluded from the total demand, time and savings deposits held by the public. The excluded amount is classified under foreign liabilities.
(j) Velocity of money, which is calculated based on annual average M_{2b}, is computed based on year-end M_{2b} only for 1991.
(k) Revised

MONETARY SECTOR TABLE 9

Interest Rates

Per cent per annum

End Period	Bank Rate (a)	SRR (b)	SDFR (Repo) (c)	SLFR (Rev.Repo) (d)	Government Securities – Primary Market – 91-day Treasury Bill Yield	182-day Treasury Bill Yield	364-day Treasury Bill Yield	Commercial Banks – Average Weighted Call Money Rate	Deposit Rates – Savings Deposits	Deposit Rates – 12-month Fixed Deposits	Lending Rates on Loans Secured by – Stock in Trade	Lending Rates on Loans Secured by – Immovable Property	Legal Rate of Interest/ Market Rate of Interest (e)
1951	2.50	14.00	-	-	0.40	-	-	-	1.00-2.50	0.50-2.75	3.00-8.00	3.00-12.00	-
1952	2.50	14.00	-	-	0.92	-	-	-	1.00-2.00	0.75	3.00-8.00	4.00-7.00	-
1953	3.00	10.00	-	-	2.48	-	-	-	1.00-2.00	2.00	4.00-8.00	4.50-7.50	-
1954	2.50	10.00	-	-	0.87	-	-	-	1.00-2.00	1.25	4.00-8.00	4.50-7.50	-
1955	2.50	10.00	-	-	0.76	-	-	-	2.00	1.00	4.00-8.00	4.50-7.50	-
1956	2.50	10.00	-	-	0.64	-	-	-	2.00	1.00	4.00-8.00	4.50-7.50	-
1957	2.50	10.00	-	-	1.22	-	-	-	2.00	1.50-2.50	4.50-8.00	4.50-7.50	-
1958	2.50	10.00	-	-	1.76	-	-	-	2.00	1.50-2.50	4.50-8.00	4.50-7.50	-
1959	2.50	10.00	-	-	2.02	-	-	-	2.00	1.50-2.50	4.50-8.00	4.50-7.50	-
1960	4.00	12.00	-	-	2.60	-	-	-	2.00	2.50	4.50-8.00	5.50-8.00	-
1961	4.00	12.00	-	-	2.68	-	-	-	2.00-2.50	2.50	5.50-8.00	5.50-8.00	-
1962	4.00	12.00	-	-	2.80	-	-	-	2.00-2.50	2.50	6.00-8.00	6.00-9.00	-
1963	4.00	12.00	-	-	2.80	-	-	-	2.00-2.50	2.50	6.00-8.00	6.00-9.00	-
1964	4.00	12.00	-	-	2.80	-	-	-	2.00-2.50	2.50	6.00-8.00	6.00-9.00	-
1965	5.00	12.00	-	-	3.00	-	-	-	2.00-3.00	2.50-3.25	6.00-9.00	7.00-9.50	-
1966	5.00	12.00	-	-	3.00	-	-	-	2.00-3.00	2.50-3.25	6.00-9.00	7.00-9.50	-
1967	5.00	12.00	-	-	3.20	-	-	-	2.00-3.00	3.00-3.25	6.00-9.00	6.50-9.50	-
1968	5.50	12.00	-	-	3.64	-	-	-	3.00-3.25	3.25-3.50	7.00-9.50	7.00-9.50	-
1969	5.50	12.00	-	-	4.10	-	-	-	3.75	3.75-4.00	7.50-11.00	7.00-10.00	-
1970	6.50	12.00	-	-	4.76	-	-	-	4.50	4.50-4.75	8.50-12.00	8.00-11.00	-
1971	6.50	12.00	-	-	5.00	-	-	-	4.50	4.50-4.75	8.50-12.00	8.00-11.00	-
1972	6.50	12.00	-	-	5.00	-	-	-	4.50	4.50-4.75	8.50-12.00	8.00-11.00	-
1973	6.50	12.00	-	-	5.00	-	-	-	4.50	4.50-4.75	8.50-12.00	8.00-11.00	-
1974	6.50	12.00	-	-	5.00	-	-	-	4.50	4.50-4.75	8.50-12.50	8.00-12.00	-
1975	6.50	12.00	-	-	5.00	-	-	-	5.50	7.00-7.50	8.50-13.00	8.50-12.00	-
1976	6.50	12.00	-	-	5.00	-	-	-	5.50	7.00-7.50	8.50-14.00	8.50-14.00	-
1977	10.00	12.00	-	-	9.00	-	-	-	7.20	14.00-15.00	13.00-19.00	13.00-19.00	-
1978	10.00	12.00	-	-	9.00	-	-	-	7.20	14.00-15.00	13.00-19.00	13.00-19.00	-
1979	10.00	12.00	-	-	9.00	-	-	-	5.00-9.00	14.00-15.00	13.00-20.00	13.00-19.00	-
1980	12.00	12.00	-	-	13.00	-	-	-	10.00-14.00	20.00	15.00-28.00	13.00-28.00	12.00
1981	14.00	14.00	-	-	13.00	-	-	-	10.00-14.00	20.00-22.00	15.00-28.00	13.00-28.00	12.00
1982	14.00	14.00	-	-	13.00	-	-	-	10.00-14.50	15.00-22.00	16.00-30.00	16.00-30.00	12.00
1983	13.00	16.00	-	-	12.00	-	-	-	10.00-15.00	16.00-25.00	13.00-30.00	18.00-28.00	12.00
1984	13.00	16.00	-	-	14.00	-	-	-	10.00-15.00	14.00-22.00	13.00-30.00	16.00-30.00	12.00
1985	11.00	18.00	-	-	11.50	-	-	-	10.00-13.50	12.00-18.00	13.00-28.00	11.00-30.00	12.00
1986	11.00	18.00	-	-	11.31	-	-	-	6.00-12.00	8.50-14.00	12.00-30.00	12.00-30.00	12.00
1987	10.00	10.00	-	-	10.77	-	-	-	6.00-11.00	8.50-14.00	14.00-30.00	12.00-30.00	12.00
1988	10.00	15.00	-	-	18.86	-	-	-	5.00-11.00	9.00-15.50	10.00-28.00	9.00-26.00	12.00
1989	14.00	15.00	-	-	18.10	18.20	19.10	-	5.00-14.00	11.00-20.50	9.80-30.00	9.80-28.00	12.00
1990	15.00	15.00	-	-	17.41	18.02	18.36	-	5.00-14.00	11.00-21.00	10.00-30.00	9.00-28.00	18.00
1991	17.00	13.00	-	-	16.33	16.38	17.43	-	6.50-14.00	10.00-20.00	9.80-30.00	9.80-28.00	18.00
1992	17.00	13.00	-	-	17.67	18.05	18.99	-	6.50-14.00	13.50-20.00	10.00-30.00	9.00-30.00	18.00
1993	17.00	15.00	16.50	-	18.09	18.47	19.38	-	5.50-14.00	13.50-17.50	16.50-30.00	16.50-28.00	18.00
1994	17.00	15.00	20.00	-	18.73	19.29	19.43	-	5.50-13.00	10.00-17.00	15.00-30.00	16.50-28.00	18.00
1995	17.00	15.00	16.50	-	19.26	18.91	18.97	-	5.00-13.00	10.00-17.00	17.00-30.00	17.00-28.00	18.00
1996	17.00	15.00	12.75	-	17.45	17.40	17.38	-	4.50-13.00	12.00-17.75	15.00-30.00	15.00-28.00	18.00
1997	17.00	12.00	11.00	12.85	9.97	10.09	10.21	-	3.00-11.00	8.50-15.25	14.00-28.00	14.00-29.00	12.70
1998	17.00	12.00	11.25	15.00	12.01	12.34	12.59	-	2.00-10.00	9.00-13.00	7.70-30.00	7.50-33.00	11.50
1999	16.00	11.00	9.25	13.48	11.79	12.29	12.77	-	2.00-10.00	9.00-12.50	12.00-28.00	13.00-29.00	9.70
2000	25.00	11.00	17.00	20.00	17.77	17.90	18.22	-	2.00-11.00	9.00-15.00	14.00-28.50	10.00-29.00	9.10
2001	18.00	10.00	12.00	14.00	12.92	13.27	13.74	12.65	4.00-12.00	9.50-14.50	12.00-26.50	12.00-30.00	9.21
2002	18.00	10.00	9.75	11.75	9.92	9.89	9.91	10.39	3.50-11.00	7.50-11.00	12.00-25.00	10.00-29.00	11.11
2003	15.00	10.00	7.00	8.50	7.35	7.30	7.24	7.59	2.10-7.25	5.00-7.75	7.00-23.00	7.00-29.00	9.58
2004	15.00	10.00	7.50	9.00	7.25	7.65	7.65	9.73	3.00-7.75	5.50-9.75	9.00-23.00	8.00-22.00	6.30
2005	15.00	10.00	8.75	10.25	10.10	10.32	10.37	10.73	3.00-10.25	5.50-11.50	9.00-23.00	10.00-22.50	5.16
2006	15.00	10.00	10.00	11.50	12.76	12.78	12.96	14.47	3.00-10.50	5.50-14.00	8.36-27.00	7.86-27.00	5.70
2007	15.00	10.00	10.50	12.00	21.30	19.99	19.96	24.99	3.00-16.50	8.50-20.00	10.00-30.00	10.00-30.00	6.86
2008	15.00	7.75	10.50	12.00	17.33	18.57	19.12	14.66	3.00-16.50	8.50-20.25	10.00-30.00	10.00-30.00	9.16
2009	15.00	7.00	7.50	9.75	7.73	8.73	9.33	9.07	1.50-10.50	7.25-19.00	9.50-30.00	9.15-30.00	11.32
2010	15.00	7.00	7.25	9.00	7.24	7.35	7.55	8.03	1.50-9.50	5.05-17.00	8.20-25.00	8.00-28.00	11.33
2011	15.00	8.00	7.00	8.50	8.68	8.71	9.31	8.97	1.00-8.50	5.55-11.00	5.15-24.00	4.50-26.00	7.26
2012	15.00	8.00	7.50	9.50	10.00	11.32	11.69	9.83	0.75-10.50	5.00-17.00	9.50-25.00	4.50-26.00	6.48
2013	15.00	6.00	6.50	8.50	7.54	7.85	8.29	7.66	0.75-9.14	6.00-16.00	8.50-23.00	5.00-26.00	8.59
2014	15.00	6.00	6.50	8.00	5.74	5.84	6.01	6.21	0.50-8.00	3.95-12.00	5.90-24.00	4.75-24.00	10.34
2015	15.00	6.00	6.00	7.50	6.45	6.83	7.30	6.40	0.50-8.00	3.95-15.00	6.00-24.00	4.74-24.00	7.76
2016	15.00	7.50	7.00	8.50	8.72	9.63	10.17	8.42	0.50-9.00	4.50-15.00	3.00-24.00	1.50-24.00	5.98
2017	15.00	7.50	7.25	8.75	7.69	8.30	8.90	8.15	0.50-9.50	4.89-15.00	5.25-28.00	4.00-30.00	7.06
2018	15.00	6.00	8.00	9.00	10.01	9.99	11.20	8.95	0.50-8.50	4.53-15.00	7.93-28.00	4.00-28.00	9.08
2019	15.00	5.00	7.00	8.00	7.51	8.02	8.45	7.45	0.20-7.50	3.55-15.00	4.47-28.00	4.00-28.00	11.50
2020	8.50	2.00	4.50	5.50	4.69	4.80	5.05	4.55	0.10-7.00	0.25-15.00	3.95-28.00	4.00-28.00	11.64
2021	9.00	4.00	5.00	6.00	8.16	8.33	8.24	5.95	0.05-6.35	0.15-15.00	4.00-28.00	3.02-28.00	10.12

(a) The rate at which the Central Bank grants advances to banking institutions as the lender of last resort. Since 16 April 2020, the Bank Rate was allowed to be determined automatically with a margin of 300 basis points above the SLFR.

(b) The Statutory Reserve Ratio (SRR) is the proportion of rupee deposit liabilities that commercial banks are required to maintain as a deposit with the Central Bank, subject to an allowance for till cash balances. Prior to 2001, the SRR applicable on rupee demand deposits is reported since different SRRs were applicable on different types of deposits, including foreign currency deposits.

(c) Renamed w.e.f. 02 January 2014 as the Standing Deposit Facility Rate (SDFR). Previously named as the Repo Rate.

(d) Renamed w.e.f. 02 January 2014 as the Standing Lending Facility Rate (SLFR). Previously named as the Reverse Repo Rate.

(e) The Legal Rate is defined under the Civil Procedure Code (Amendment) Act No. 6 of 1990 and is applicable to any legal action for the recovery of a sum of money. The Market Rate is defined under the Debt Recovery (Special Provisions) Act No. 2 of 1990 and is applicable only in relation to legal actions instituted by lending institutions for the recovery of debt exceeding Rs. 150,000 arising out of commercial transactions, where there is no agreed rate of interest. The Monetary Board of the Central Bank determines the Legal Rate and Market Rate for each year and publishes in the Government Gazette in the month of December to be applicable for the forthcoming year. The Legal Rate and the Market Rate for the year 2022 is 7.48 per cent per annum.

Source: Central Bank of Sri Lanka

SOCIO-ECONOMIC CONDITIONS TABLE 10

Key Socio-Economic Indicators in Sri Lanka
Based on Consumer Finances and Socio-Economic Surveys - 1953 - 2003/04

Item	1953	1963	1973	1978/79	1981/82	1986/87(a)	1996/97(a)	2003/04(a)	2003/04(b)
Household Characteristics									
Number of Individuals per Household									
Urban	n.a.	5.97	5.78	5.67	5.50	5.17	4.89	4.40	4.44
Rural	n.a.	5.70	5.63	5.49	5.20	5.09	4.56	4.24	4.28
Estate	n.a.	5.80	5.24	4.73	4.80	4.78	4.74	4.56	4.56
All	n.a.	5.75	5.62	5.46	5.20	5.10	4.61	4.27	4.31
Number of Spending Units per Household									
Urban	n.a.	1.21	1.09	1.20	1.15	1.22	1.16	1.26	1.23
Rural	n.a.	1.07	1.05	1.08	1.04	1.05	1.07	1.10	1.10
Estate	n.a.	1.02	1.01	1.01	1.01	1.01	1.02	1.04	1.04
All	n.a.	1.08	1.05	1.10	1.06	1.08	1.08	1.12	1.11
Number of Income Receivers per Household									
Urban	n.a.	n.a.	1.12	1.63	1.60	1.78	1.80	1.76	1.73
Rural	n.a.	n.a.	1.30	1.54	1.50	1.51	1.59	1.56	1.55
Estate	n.a.	n.a.	2.50	2.40	2.50	2.39	2.06	1.87	1.87
All	n.a.	n.a.	1.40	1.64	1.60	1.62	1.64	1.60	1.59
Population Distribution									
By Gender, %									
Male	51.7	50.7	50.1	48.9	49.0	48.5	48.4	47.7	47.6
Female	48.3	49.3	49.9	51.1	51.0	51.5	51.6	52.3	52.4
By Age Groups, %									
0-13 Years	n.a.	40.5	38.4	34.2	34.0	30.8	25.1	23.4	24.2
14-18 Years	n.a.	11.5	11.5	12.3	11.3	11.7	11.5	9.9	10.0
19-25 Years	n.a.	10.9	13.1	13.7	13.5	12.5	11.7	12.0	12.0
26-35 Years	n.a.	12.4	12.3	13.7	14.4	14.3	14.4	13.7	13.6
36-45 Years	n.a.	10.1	9.9	9.6	9.9	11.2	13.3	14.1	13.9
46-55 Years	n.a.	7.3	6.4	7.6	8.0	8.4	10.7	12.7	12.5
Above 55 Years	n.a.	7.2	8.4	8.9	8.9	11.1	13.3	14.1	13.8
Education and Health									
Education, % of Population Aged 5 Years and Above									
Literacy Rate, %	**n.a.**	**79.4**	**80.8**	**86.2**	**85.4**	**88.6**	**91.8**	**93.0**	**92.5**
Male	n.a.	87.1	86.9	90.9	89.9	92.2	94.3	94.9	94.5
Female	n.a.	71.4	74.7	81.9	81.1	85.2	89.4	91.3	90.6
Educational Attainment, %									
No Schooling	41.8	26.8	22.9	14.9	15.1	11.8	8.6	7.4	7.9
Primary	46.8	45.5	43.2	43.8	42.9	41.1	35.2	29.1	29.9
Secondary	9.8	22.7	27.3	29.8	29.2	32.1	35.5	42.2	41.0
Post Secondary	1.8	5.0	6.6	11.5	12.8	15.0	20.7	21.3	21.2
Health									
Persons in ill Health, % of Population									
Urban	n.a.	n.a.	n.a.	7.5	9.3	10.9	12.8	12.3	12.2
Rural	n.a.	n.a.	n.a.	8.6	10.9	12.6	13.5	13.8	13.7
Estate	n.a.	n.a.	n.a.	9.7	11.4	8.8	8.5	10.1	10.1
All	n.a.	n.a.	n.a.	9.7	10.6	12.0	13.2	13.4	13.3
Labour Force, Employment and Unemployment (c)									
Labour Force, % of Population	**40.0**	**31.7**	**33.9**	**38.0**	**34.3**	**38.1**	**39.7**	**40.2**	**38.9**
Male	56.0	n.a.	48.0	50.1	49.7	51.7	53.0	55.4	54.3
Female	22.9	n.a.	19.8	26.0	19.4	25.4	27.3	26.3	24.9
Employment by Industrial Sector, % of Employed									
Agriculture, Forestry and Fishing	n.a.	53.0	54.5	48.3	51.2	47.7	37.7	32.8	32.8
Industry	n.a.	10.0	11.7	20.9	19.5	21.6	25.6	26.8	26.0
Services	n.a.	37.0	33.8	30.8	29.3	30.7	36.7	40.4	41.2
Unemployment, % of Labour Force Aged 14 and Above	**16.6**	**13.8**	**24.0**	**14.7**	**11.7**	**15.5**	**10.4**	**9.0**	**8.9**
By Gender									
Male	15.3	n.a.	18.9	9.2	7.8	11.3	6.4	6.5	6.3
Female	20.0	n.a.	36.4	24.9	21.3	23.6	17.5	13.9	14.2
By Age Groups									
14-18 Years	n.a.	47.5	65.8	30.7	30.8	48.0	35.6	36.7	35.3
19-25 Years	n.a.	30.3	47.8	31.1	28.8	35.3	30.4	28.9	28.6
26-35 Years	n.a.	7.8	15.2	13.1	8.8	10.6	8.8	6.9	7.0
36-45 Years	n.a.	2.4	3.9	2.7	1.7	3.2	2.4	2.0	1.9
46-55 Years	n.a.	2.7	1.2	0.8	0.5	0.7	1.0	0.8	0.7
Above 55 Years	n.a.	1.9	0.8	0.2	0.1	0.6	0.4	0.5	0.5
By Education Level									
No Schooling - Illiterate	16.6	6.3	8.4	3.5	2.4	3.0	0.7	0.8	0.8
No Schooling - Literate		5.7	6.8	2.8	1.9	1.3	0.0	1.6	1.5
Primary	16.4	10.5	14.1	6.6	4.8	5.0	2.3	2.0	1.9
Secondary	17.9	23.0	37.1	21.3	14.6	19.8	11.4	8.9	8.7
Passed GCE (O/L)/SSC	25.0	39.3	47.4	27.6	24.5	28.5	18.9	13.8	13.8
Passed GCE (A/L)/HSC	2.9	13.9	44.4	36.4	34.8	34.8	27.8	18.8	19.3
Graduate			16.2	5.3	9.7	7.6	9.3	11.9	12.4
By Sector									
Urban	n.a.	17.8	32.1	20.7	14.2	17.3	13.4	9.0	8.8
Rural	n.a.	14.6	24.5	14.6	12.0	16.0	10.2	9.0	8.9
Estate	n.a.	7.5	12.0	5.6	5.0	9.7	6.9	9.2	9.2

(contd.)

SOCIO-ECONOMIC CONDITIONS TABLE 10 (Contd.)

Key Socio-Economic Indicators in Sri Lanka Based on Consumer Finances and Socio-Economic Surveys - 1953 - 2003/04

Item	1953	1963	1973	1978/79	1981/82	1986/87(a)	1996/97(a)	2003/04(a)	2003/04(b)
Housing and Household Amenities									
Housing Conditions, % of Households									
Wattle and Daub Walls	59.5	54.9	44.2	38.9	43.4	39.7	23.3	12.0	12.5
Brick Walls	28.9	34.3	25.0	25.2	26.2	35.0	54.0	55.4	55.4
Clay Floors	50.7	40.3	44.9	45.4	41.9	39.3	25.9	14.6	14.5
Cement Floors	24.7	38.6	45.0	54.4	52.5	58.5	73.2	77.7	77.9
Thatched Roof	56.7	49.3	35.1	31.7	36.3	25.0	10.5	4.5	5.6
Tiled Roof	27.6	36.6	33.6	42.9	39.1	45.4	58.3	58.5	58.6
Availability of Electricity, % of Households	**4.1**	**7.0**	**8.0**	**13.1**	**15.8**	**26.5**	**56.8**	**76.1**	**74.9**
Water Supply & Sanitation, % of Households									
Pipe Borne Water	11.3	5.0	21.0	21.8	18.4	22.6	31.0	41.4	38.9
Separate Toilets	53.8	37.6	58.7	56.5	60.5	76.5	88.3	92.1	90.1
Common Toilets	27.7	30.5	n.a.	14.9	9.6	6.6	5.2	4.5	4.4
Without Toilets	18.5	31.9	41.3	28.6	29.9	16.9	6.5	3.4	5.6
Availability of Household Equipment,% of Households									
Radio	n.a.	20.0	25.4	49.9	60.7	67.1	73.6	79.9	78.3
Television	n.a.	n.a.	n.a.	n.a.	3.8	19.6	50.6	73.4	70.8
Telephone/Cellular Phone	n.a.	0.8	0.3	0.7	0.9	1.4	4.5	25.5	24.5
Bicycle	n.a.	n.a.	n.a.	21.5	31.5	34.0	40.5	43.1	46.6
Motor Cycle/Scooter	n.a.	n.a.	n.a.	0.9	2.4	5.3	12.0	16.1	16.3
Motor Car/Van	n.a.	n.a.	n.a.	1.9	2.3	3.0	3.4	6.2	5.8
Refrigerator	0.9	1.0	1.3	2.3	2.9	8.1	16.8	31.4	29.7
Sewing Machine	n.a.	22.0	26.2	31.3	30.7	37.2	41.5	45.8	43.6
Washing Machine	n.a.	n.a.	n.a.	n.a.	n.a.	0.8	2.9	8.0	7.6
Air Conditioner	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.9	0.9
Personal Computer	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.4	4.4	4.1
Income Distribution									
Mean Income, Rs. per Month									
Per Spending Unit	169	193	311	921	1,652	2,728	8,744	15,624	15,400
Per Income Receiver	108	134	228	606	1,108	1,817	5,760	10,907	10,754
Income Shares by Deciles of Income Receivers %									
1st Decile	1.5	1.2	1.8	1.2	1.2	1.1	1.3	1.2	1.1
2nd Decile	3.6	2.7	3.2	2.6	2.5	2.5	2.8	2.6	2.5
3rd Decile	3.6	3.6	4.4	3.6	3.4	3.4	3.9	3.8	4.1
4th Decile	4.4	4.6	5.7	4.8	4.5	4.4	4.9	4.5	4.2
5th Decile	5.7	5.6	7.1	5.9	5.5	5.7	6.1	5.8	5.8
6th Decile	6.3	6.8	8.8	7.4	6.9	6.8	7.4	7.2	7.3
7th Decile	7.9	9.0	10.6	9.1	8.5	8.4	9.1	8.9	8.7
8th Decile	10.4	11.5	12.7	11.4	10.7	11.1	11.6	11.3	11.2
9th Decile	14.2	16.0	15.9	15.4	14.9	15.4	15.7	15.3	15.4
10th Decile	42.5	39.2	30.0	38.7	41.9	41.4	37.3	39.4	39.7
Gini Coefficient, One Month Income									
Spending Units	0.46	0.45	0.35	0.43	0.45	0.46	0.43	0.46	0.46
Income Receivers	0.50	0.49	0.41	0.50	0.52	0.52	0.48	0.50	0.50
Expenditure, Rs. per Month									
Per Spending Unit	162	191	310	877	1,570	2,175	8,592	15,405	15,278
Per Person	34	36	58	179	318	534	2,012	4,032	3,936
Expenditure Shares, %									
Food	59.9	56.3	55.4	56.7	56.5	52.2	48.4	37.0	37.9
Clothing and Apparel	7.9	9.6	7.6	10.6	7.7	7.6	6.3	8.1	8.3
Housing	3.6	7.3	6.8	5.8	5.9	7.8	10.8	11.2	10.7
Medical	1.3	2.8	1.6	1.7	1.6	2.2	2.4	3.5	3.4
Education	2.0	1.8	2.2	1.6	1.6	2.1	2.3	3.0	3.0
Transport and Communication	2.6	2.3	3.4	4.5	3.9	4.9	5.3	9.0	8.8
Fuel and Light	2.0	4.4	4.2	3.9	5.2	4.6	3.9	4.3	4.4
Consumer Durables	3.2	0.4	6.0	4.6	6.4	5.2	6.7	9.1	8.9
Interest on Debt	0.7	0.8	0.1	0.4	0.5	0.9	2.1	1.6	1.5
Other	16.8	14.3	12.7	10.2	10.7	12.5	11.8	13.2	13.1
Savings and Borrowings									
Savings Rate, % of Income	**n.a.**	**n.a.**	**18.4**	**13.0**	**11.7**	**13.0**	**10.4**	**12.0**	**11.1**
Distribution of Number of Loans, %									
Institutional Sources	n.a.	7.6	11.5	10.7	9.7	16.6	43.1	45.0	44.4
Non-Institutional Sources	n.a.	92.4	88.5	89.3	90.3	83.4	56.9	55.0	55.6

(a) Excluding Northern and Eastern Provinces

(b) Excluding Kilinochchi, Mannar and Mullaitivu Districts

(c) Household members who worked more than one hour as paid employee, employer, own account worker (self-employed) or unpaid family worker during the reference period were considered as employed only for CFS 2003/04.

n.a. - Not available

Source: Central Bank of Sri Lanka

SOCIO-ECONOMIC CONDITIONS Table 11

Key Socio-Economic Indicators by Province
Based on Consumer Finances and Socio-Economic Survey - 2003/04

Item	Western	Central	Southern	Northern (a)	Eastern	North Western	North Central	Uva	Sabara-gamuwa	All Island
Household Characteristics										
Number of Individuals per Household	4.27	4.35	4.49	4.74	4.61	4.08	4.10	4.35	4.22	4.31
Number of Spending Units per Household	1.21	1.08	1.11	1.07	1.04	1.07	1.07	1.04	1.08	1.11
Number of Income Receivers per Household	1.72	1.59	1.60	1.65	1.43	1.54	1.41	1.39	1.64	1.59
Population Distribution										
By Gender, %										
Male	46.7	48.5	47.2	45.7	46.4	48.2	48.8	48.3	48.6	47.6
Female	53.3	51.5	52.8	54.3	53.6	51.8	51.2	51.7	51.4	52.4
By Age Group, %										
0 - 4 Years	7.8	8.1	6.8	7.2	10.3	8.0	8.6	7.9	7.4	7.9
5 - 9 Years	7.6	7.6	9.0	10.4	11.2	7.6	7.1	9.0	7.7	8.2
10 - 14 Years	8.2	10.0	11.3	10.8	12.3	9.4	10.9	12.3	9.9	10.0
15 - 18 Years	6.7	8.1	8.8	8.0	9.0	7.8	8.2	10.2	8.1	8.0
19 - 24 Years	10.2	10.8	9.9	12.2	10.4	10.6	11.0	9.6	10.8	10.5
25 - 34 Years	15.4	13.5	12.4	12.3	13.3	14.2	15.0	11.6	13.7	13.9
35 - 44 Years	14.4	13.3	13.0	10.2	13.3	13.9	14.2	15.1	13.5	13.7
45 - 54 Years	12.5	13.7	12.1	11.8	9.9	13.6	12.7	11.8	13.4	12.6
55 - 64 Years	9.0	7.9	7.7	8.9	5.8	8.0	6.8	7.3	8.1	8.0
Over 64 Years	8.1	7.0	9.1	8.3	4.5	7.0	5.6	5.3	7.4	7.3
Migration, Persons per 1,000 Households										
Internal, within Last 12 Months	15.6	19.6	32.5	91.7	82.6	19.9	27.5	25.5	30.6	29.0
External, within Last 24 Months	62.5	47.7	34.5	72.2	118.1	105.6	68.1	24.3	22.3	60.5
Education and Health										
Education, % of Population Aged 5 Years and Above										
Literacy Rate, %	**96.4**	**89.3**	**92.7**	**92.5**	**86.6**	**93.5**	**92.6**	**88.3**	**91.5**	**92.5**
Male	97.5	92.7	94.3	93.5	90.0	95.3	94.5	91.4	94.3	94.5
Female	95.4	86.1	91.4	91.8	83.5	91.8	90.8	85.5	88.9	90.6
Educational Attainment, %										
No Schooling	3.9	11.1	7.7	7.6	13.8	6.7	7.6	11.9	9.0	7.9
Primary	23.6	31.6	31.6	32.1	37.9	30.4	30.7	35.6	30.6	29.9
Secondary	45.5	39.6	38.3	31.8	31.3	42.4	44.4	38.7	43.1	41.0
Post Secondary	27.0	17.7	22.4	28.5	17.0	20.6	17.3	13.8	17.2	21.2
Tuition for Formal Education, % of Students in Formal Education										
Primary	55.7	32.9	41.5	56.7	41.9	36.0	29.4	30.5	37.3	41.7
Secondary	63.2	46.1	53.8	71.1	57.2	51.9	40.3	50.3	49.6	54.0
Post Secondary	72.0	72.3	70.8	65.4	61.4	67.8	73.0	77.1	68.5	70.1
All	60.4	42.1	50.3	62.8	48.6	46.2	38.1	42.2	45.7	49.6
Extra Curricular Activities, % of Students in Formal Education	**24.2**	**8.0**	**8.0**	**3.7**	**3.4**	**14.4**	**5.1**	**9.2**	**7.9**	**11.8**
Health										
Persons in Ill Health by Age Group, % of Population										
0 - 14 Years	17.7	10.8	17.1	6.6	9.1	14.5	13.6	15.1	13.7	14.2
15 - 34 Years	9.7	6.4	9.7	6.5	9.2	9.6	9.1	8.7	6.5	8.7
35 - 54 Years	15.0	10.7	13.3	16.3	17.6	16.5	11.5	15.2	12.2	14.1
55 - 64 Years	22.1	11.3	15.3	24.5	20.7	19.3	18.4	19.6	15.0	18.4
Over 64 Years	23.2	13.5	21.2	31.2	22.3	26.6	20.1	30.2	19.1	22.1
All	15.2	9.6	14.1	12.3	12.4	14.7	12.2	14.2	11.5	13.3
Labour Force, Employment and Unemployment (b)										
Labour Force, % of Population Aged 10 and Above	**47.2**	**47.4**	**46.7**	**32.9**	**37.2**	**46.1**	**48.3**	**48.1**	**51.4**	**46.4**
Male	67.2	65.3	62.2	51.9	59.2	67.9	68.2	64.0	68.1	65.3
Female	30.0	30.8	33.2	17.5	18.2	26.5	28.8	33.4	35.7	29.5
Employment by Industrial Sector, % of Employed										
Agriculture, Forestry and Fishing	9.3	43.8	39.8	25.9	36.1	28.5	50.9	63.7	44.9	32.8
Industry	35.9	19.1	24.1	17.7	16.6	32.5	15.6	9.2	27.4	26.0
Services	54.8	37.1	36.1	56.4	47.3	39.0	33.5	27.2	27.8	41.2
Unemployment, % of Labour Force	**8.5**	**10.8**	**11.7**	**5.8**	**8.4**	**8.0**	**8.5**	**8.1**	**7.1**	**8.9**
By Gender										
Male	6.6	6.9	8.2	3.1	3.9	5.4	6.5	5.5	5.7	6.3
Female	12.0	18.4	17.4	12.5	21.1	14.1	13.3	12.7	9.5	14.2
By Age Groups										
15 - 18 Years	34.1	46.0	45.1	0.0	25.6	33.3	32.7	40.3	24.2	36.0
19 - 24 Years	28.2	34.5	37.3	14.6	32.6	28.3	26.5	31.3	25.2	30.0
25 - 34 Years	8.0	9.3	13.0	13.4	7.7	8.2	8.5	7.3	8.1	8.9
35 - 44 Years	1.9	3.2	3.8	0.0	0.7	1.1	2.6	0.5	2.4	2.1
45 - 54 Years	1.3	0.7	1.4	0.0	0.0	0.2	0.4	0.7	0.4	0.8
55 - 64 Years	0.6	0.4	0.4	0.0	1.1	0.5	0.0	0.9	0.4	0.5
Over 64 Years	0.6	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.3

(contd.)

SOCIO-ECONOMIC CONDITIONS Table 11 (Contd.)

Key Socio-Economic Indicators by Province
Based on Consumer Finances and Socio-Economic Survey - 2003/04

Item	Western	Central	Southern	Northern (a)	Eastern	North Western	North Central	Uva	Sabara-gamuwa	All Island
Housing, Household Amenities and Land Ownership										
Housing Conditions, % of Households										
Own House	90.5	76.4	94.9	63.3	91.5	95.1	97.6	85.4	90.6	89.2
Brick/Cement Block/Cabook/Stone Wall	90.4	86.2	85.1	83.7	77.1	82.1	80.1	81.7	80.1	84.6
Cement/Terrazo/Tiled Floor	94.0	75.5	81.9	82.2	80.9	82.7	66.2	64.5	78.0	81.8
Tiles/Asbestos/Concrete Roof	90.9	62.9	91.6	78.1	77.2	78.5	77.7	72.4	79.2	81.1
Availability of Electricity, % of Households	**92.4**	**72.7**	**78.4**	**63.6**	**65.6**	**68.5**	**62.0**	**56.7**	**64.7**	**74.9**
Water Supply and Sanitation, % of Households										
Pipe Borne Water to House	51.7	29.8	34.1	3.1	17.4	15.5	15.2	21.3	25.1	30.8
Own Well	30.8	16.1	32.5	36.7	45.1	43.2	37.7	24.1	22.7	31.1
Separate Water Seal Toilet	84.6	69.6	86.4	42.8	42.6	83.2	71.7	72.7	79.3	76.5
Without Toilet	1.0	5.0	3.4	14.4	29.2	4.6	7.3	4.6	2.7	5.6
Household Ownership of Land, % of Households	**93.0**	**77.8**	**95.3**	**82.2**	**95.7**	**96.5**	**97.5**	**85.2**	**89.5**	**91.0**
Availability of Household Equipment, % of Households										
Radio	84.1	78.1	79.4	68.9	62.7	78.1	75.7	76.6	78.2	78.3
Television	85.8	70.6	67.7	43.9	49.2	72.6	65.7	57.3	67.6	70.8
Telephone/Cellular Phone	45.3	17.1	18.3	19.7	13.9	23.1	13.9	9.1	13.4	24.5
Bicycle	39.4	16.7	55.5	86.7	73.8	71.2	80.1	31.5	19.7	46.6
Motor Cycle/Scooter	19.9	6.6	14.8	20.3	16.1	27.2	20.9	6.5	9.4	16.3
Motor Car/Van	12.1	3.5	2.8	3.1	2.7	5.5	3.8	2.3	2.7	5.8
Refrigerator	53.6	21.8	24.1	12.8	16.9	27.6	19.4	11.1	18.9	29.7
Sewing Machine	58.4	38.8	45.7	25.6	23.8	44.1	36.9	28.5	39.9	43.6
Washing Machine	17.8	5.5	3.7	0.8	5.4	4.3	2.4	2.0	2.2	7.6
Air Conditioner	2.1	0.4	0.3	0.6	0.5	0.7	0.9	0.1	0.1	0.9
Personal Computer	9.9	2.6	2.5	2.8	1.2	2.5	1.2	0.5	1.6	4.1
Income Distribution										
Mean Income, Rs. per Month										
Per Household	25,602	14,029	13,733	15,201	13,395	15,792	15,624	11,178	12,225	17,109
Per Person	5,999	3,222	3,060	3,208	2,905	3,872	3,814	2,570	2,894	3,968
Per Income Receiver	14,892	8,830	8,559	9,228	9,377	10,276	11,093	8,022	7,438	10,754
Median Income, Rs. per Month										
Per Household	17,810	9,835	10,550	10,430	8,500	11,322	10,395	7,800	8,923	11,350
Per Income Receiver	9,475	5,976	6,177	6,500	5,908	7,173	6,820	5,362	5,271	6,975
Income Shares by Deciles of Income Receivers, %										
1st Decile	1.4	1.6	1.1	0.5	0.5	1.2	1.2	1.7	1.3	1.1
2nd Decile	2.5	3.2	2.7	1.8	1.8	2.9	2.9	3.2	2.9	2.5
3rd Decile	3.7	3.9	4.2	2.9	3.4	4.1	3.6	4.0	4.2	4.1
4th Decile	4.2	4.9	5.3	5.2	3.9	5.2	4.6	4.9	5.4	4.2
5th Decile	5.6	6.1	6.6	5.7	5.5	6.4	5.6	6.1	6.5	5.8
6th Decile	7.0	7.4	8.0	8.0	7.0	7.7	6.8	7.6	7.8	7.3
7th Decile	8.6	9.3	9.8	9.5	8.6	9.3	8.0	9.4	9.7	8.7
8th Decile	11.1	11.8	12.3	11.7	10.6	11.7	10.5	11.5	11.9	11.2
9th Decile	16.0	15.6	16.0	15.0	14.7	15.5	14.8	15.3	16.1	15.4
10th Decile	39.8	36.4	34.0	39.8	43.9	36.0	42.0	36.3	34.2	39.7
Gini Coefficient, One Month Income										
Household	0.44	0.43	0.39	0.44	0.51	0.42	0.47	0.43	0.41	0.46
Spending Units	0.47	0.42	0.39	0.44	0.51	0.42	0.48	0.43	0.40	0.46
Income Receivers	0.51	0.47	0.46	0.52	0.55	0.47	0.51	0.46	0.45	0.50
Expenditure and Consumption										
Expenditure, Rs. per Month										
Per Household	25,274	13,449	14,461	15,425	14,461	16,365	12,943	11,152	11,796	16,974
Per Person	5,922	3,089	3,222	3,255	3,136	4,012	3,159	2,564	2,793	3,936
Per Capita Consumption Expenditure Shares, %										
Food and Non-Alcoholic Beverages	27.2	39.7	38.4	42.9	42.4	34.4	40.3	43.3	42.2	34.4
Alcoholic Beverages, Tobacco and Narcotics	1.7	2.9	2.4	2.1	2.6	2.4	2.7	2.8	2.7	2.2
Clothing and Footwear	6.0	8.3	6.0	4.5	8.4	6.2	6.7	6.7	7.4	6.6
Housing, Water, Electricity, Gas and Other Fuels	19.2	15.1	11.9	10.6	10.3	10.9	11.0	12.2	12.2	15.0
Furnishings, Household Equipment and Maintenance	5.4	5.6	6.0	5.4	6.2	6.5	7.5	5.9	4.9	5.8
Health	4.1	2.8	3.7	2.5	3.1	3.1	2.4	2.6	2.8	3.4
Transport	10.8	6.5	8.5	9.2	7.1	14.8	7.9	7.6	7.5	9.8
Communication	2.7	1.9	2.0	2.4	1.6	2.3	1.4	1.2	1.3	2.2
Recreation and Culture	7.6	7.0	8.3	8.1	6.7	7.7	6.5	8.1	8.4	7.6
Education	2.8	2.0	2.2	2.7	2.2	1.7	1.4	1.7	1.7	2.3
Restaurants and Hotels	1.9	1.0	1.0	1.9	2.8	1.0	0.8	0.7	0.8	1.5
Miscellaneous Goods and Services	8.7	6.2	7.9	7.0	5.9	7.8	9.6	6.3	6.9	7.8
Interest on Debt	1.9	1.0	1.8	0.8	0.8	1.2	1.9	0.8	1.1	1.5
Nutritional Intake										
Energy, Calories	2,262	2,317	2,259	2,426	2,274	2,465	2,468	2,349	2,329	2,325
Protein, Grams	66	64	60	72	66	70	70	58	61	65
Savings Investment and Borrowings, % of Household Income										
Savings Rate	11.5	10.5	6.4	7.6	-0.9	14.5	26.2	8.2	11.4	11.1
Net Investment Rate	20.0	18.8	10.5	37.4	30.2	28.6	83.2	21.5	22.0	24.9
Borrowing Rate	19.1	18.4	31.3	39.0	43.6	22.3	14.2	21.3	14.7	22.1

(a) Excluding Kilinochchi, Mannar and Mullaitivu districts

(b) Household members who worked more than one hour as paid employees, employers, own account workers (self employed) or unpaid family workers during the reference period were considered as being employed.

Source: Central Bank of Sri Lanka

SOCIO-ECONOMIC CONDITIONS TABLE 12

Key Socio-Economic Indicators by Province
Based on Household Income and Expenditure Survey - 2019

	Western	Central	Southern	Northern	Eastern	North Western	North Central	Uva	Sabaraga-muwa	All Island
Household Characteristics										
Number of Individuals per Household	3.8	3.8	3.7	3.9	3.7	3.6	3.6	3.6	3.7	3.7
Number of Income Receivers per Household	1.9	1.8	1.8	1.8	1.6	1.8	1.7	1.7	1.8	1.8
Population Distribution										
By Gender, %										
Male	47.5	47.3	46.6	47.5	47.1	47.2	45.4	47.9	47.2	47.2
Female	52.5	52.7	53.4	52.5	52.9	52.8	54.6	52.1	52.8	52.8
By Age Group, %										
0 -14 Years	20.2	23.7	22.8	23.2	27.3	24.3	25.5	23.0	21.8	22.8
15 - 59 Years	60.9	57.5	57.8	60.2	60.8	57.9	58.0	60.3	58.4	59.2
Over 59 Years	18.9	18.8	19.4	16.6	11.9	17.8	16.6	16.7	19.8	17.9
By Educational Attainment, %										
No schooling	1.9	4.0	3.1	1.6	3.9	2.9	3.1	6.2	3.9	3.1
Up to Grade 5	14.7	23.0	21.7	22.4	27.8	23.8	25.2	25.1	22.5	21.1
Grade 6 - 10	40.6	44.5	43.9	50.9	43.0	46.7	45.9	46.6	44.8	44.0
Passed G.C.E. (O/L)	21.1	14.7	17.5	12.6	15.6	13.7	14.9	13.0	16.1	16.7
Passed G.C.E. (A/L) and Above	21.8	13.8	13.8	12.5	9.7	12.9	10.8	9.1	12.8	15.1
Income										
Mean Income, Rs. per Month										
Per Household	109,813	65,420	68,410	55,390	51,536	75,148	64,645	62,363	56,335	76,414
Per Person	28,809	17,275	18,658	14,107	13,925	20,984	18,131	17,173	15,163	20,527
Per Income Receiver	56,762	36,560	37,923	31,104	32,787	42,321	37,996	36,078	30,695	42,308
Median Income, Rs. per Month										
Per Household	75,000	49,475	50,270	42,491	38,871	55,614	47,415	40,055	45,797	53,333
Per Person	19,383	12,344	13,697	11,150	10,250	14,705	13,863	11,066	11,884	14,095
Per Income Receiver	35,171	25,067	26,267	24,629	25,000	28,800	26,323	22,343	23,517	28,465
Income Share by Households, %										
Richest 20%	51.7	48.5	48.4	46.8	48.2	49.4	48.4	54.6	44.7	51.4
Poorest 20%	5.1	4.8	5.4	4.5	5.1	4.6	5.0	4.3	5.6	4.6
Middle 60%	43.2	46.7	46.2	48.7	46.8	46.0	46.7	41.1	49.7	44.0
Gini Coefficient, One Month Income										
Gini Coefficient (Households)	0.46	0.43	0.42	0.42	0.42	0.44	0.43	0.50	0.39	0.46
Gini Coefficient (Per Person)	0.44	0.42	0.40	0.38	0.40	0.43	0.40	0.47	0.36	0.44
Gini Coefficient (Income Receivers)	0.52	0.49	0.49	0.47	0.47	0.52	0.50	0.54	0.46	0.52
Expenditure, Rs. per Month										
Per Household	**90,243**	**56,783**	**57,854**	**44,020**	**46,947**	**59,681**	**52,337**	**46,237**	**47,215**	**63,130**
Household Expenditure Share, %										
All Food	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Cereal	12.9	17.8	14.8	19.5	13.8	15.3	18.2	20.9	18.4	15.6
Prepared Food	15.7	10.0	10.9	8.9	11.0	11.6	10.2	7.2	8.9	11.9
Pulses	3.0	3.4	3.2	3.4	1.9	2.9	3.0	3.9	3.8	3.1
Vegetables	7.2	8.6	8.8	6.9	7.5	8.1	8.9	11.1	9.3	8.2
Meat	5.1	5.5	2.8	5.4	8.0	5.5	5.8	4.3	3.7	5.1
Fish	10.0	5.7	11.2	14.0	14.1	9.2	8.1	6.2	5.7	9.4
Dried Fish	4.2	4.0	3.9	0.6	2.1	5.2	4.3	3.9	5.4	4.0
Eggs	1.2	1.4	1.3	1.2	1.3	1.3	1.2	1.4	1.4	1.3
Coconut	4.9	5.1	6.3	5.4	4.4	5.8	6.0	4.5	6.8	5.4
Condiments	10.5	11.4	12.9	12.0	12.8	12.2	11.3	11.6	12.6	11.7
Milk and Milk Products	8.1	8.0	7.4	7.6	7.1	6.0	5.9	6.8	5.9	7.3
Fat and Oil	2.5	3.8	2.3	4.3	3.4	2.9	3.2	4.3	3.2	3.0
Sugar, Jaggery & Treacle	1.7	2.3	2.3	2.6	2.4	2.2	2.1	2.3	2.2	2.1
Fruits	3.5	2.9	3.2	1.4	2.6	2.6	2.8	2.8	2.5	3.0
Other	9.4	9.9	8.8	6.7	7.8	9.4	8.8	8.7	10.2	9.1
All Non Food	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Housing	24.8	22.3	19.1	13.1	17.0	16.0	17.8	19.2	20.7	21.3
Fuel and Light	4.6	5.1	4 .6	9.6	8.7	4.9	4.9	4.4	5.4	5.1
Personal Care and Health Expenses	6.3	6.0	7.1	6.4	7.9	6.5	6.8	4.6	7.7	6.5
Transport	10.8	11.8	11.2	11.3	11.0	12.3	12.0	11.9	13.2	11.4
Communication	3.0	2.7	2.4	3.8	3.1	2.5	2.5	2.4	3.1	2.8
Education	6.0	5.7	6.2	6.2	5.9	5.0	5.2	4.9	7.1	5.9
Cultural Activities and Entertainment	2.7	2.3	2.2	2.2	2.2	2.0	1.6	2.1	1.6	2.3
Non - Durable Household Goods & Services	1.8	2.0	1.5	2.2	1.9	1.8	2.0	2.0	1.8	1.8
Clothing, Textile and Footwear	2.9	4.8	4.1	6.9	7.3	4.5	5.6	4.6	5.7	4.1
Durable Household Goods	11.4	9.6	12.4	9.1	7.9	13.1	10.7	10.1	8 6	11.0
Other Miscelleneous Expenses	15.1	14.8	15.8	16.1	14.5	15.7	16.0	15.6	14.1	15.2
Other Rare Expenses	9.0	10.0	10.7	11.5	9.8	13.5	12.0	12.6	7.3	10.1
Liquor, Narcotic Drugs and Tobacco	1.6	2.9	2.6	1.6	2.8	2.1	3.1	5.6	3.5	2.3

Source : Department of Census and Statistics

SOCIO ECONOMIC CONDITIONS TABLE 13

Key Socio-Economic Indicators by Sector
Based on Household Income and Expenditure Survey 2012/13, 2016 and 2019

Item	2012/13				2016				2019			
	Urban	Rural	Estate	All Island	Urban	Rural	Estate	All Island	Urban	Rural	Estate	All Island
Household Characteristics												
Number of Individuals per Household	4.0	3.8	4.3	3.9	4.0	3.8	4.1	3.8	3.8	3.7	4.0	3.7
Number of Income Receivers per Household	1.8	1.7	2.1	1.8	1.9	1.8	2.0	1.8	1.9	1.8	2.1	1.8
Population Distribution												
By Gender, %												
Male	47.4	47.0	48.0	47.1	46.9	46.8	47.1	46.8	47.5	47.0	48.5	47.2
Female	52.6	53.0	52.0	52.9	53.1	53.2	52.9	53.2	52.5	53.0	51.5	52.8
By Age Group, %												
0 – 14 Years	24.2	26.0	31.1	25.9	23.8	25.3	30.3	25.3	21.2	23.1	24.0	22.8
15 – 59 Years	61.5	60.6	57.0	60.6	60.1	59.1	57.0	59.2	60.6	58.9	59.5	59.2
Over 59 Years	14.3	13.5	11.9	13.6	16.1	15.6	12.7	15.5	18.2	18.0	16.5	17.9
By Educational Attainment, %												
No Schooling	2.2	3.5	12.2	3.7	2.4	3.1	10.1	3.3	2.1	3.0	8.3	3.1
Up to Grade 5	19.2	25.0	42.0	24.7	19.3	23.5	39.6	23.5	15.9	21.5	35.5	21.1
Grade 6 – 10	39.8	44.8	38.7	43.6	40.4	45.0	41.8	44.1	39.6	45.0	44.0	44.0
Passed G.C.E. (O/L)	18.2	15.5	4.9	15.5	18.4	15.1	5.4	15.3	19.2	16.7	8.6	16.7
Passed G.C.E. (A/L) and Above	20.5	11.1	2.2	12.4	19.4	13.2	3.0	13.8	23.1	13.8	3.6	13.2
Income												
Mean Income, Rs. per Month												
Per Household	69,880	41,478	30,220	45,878	88,692	58,137	34,804	62,237	116,670	69,517	46,865	76,414
Per Person	17,262	10,843	7,100	11,819	22,297	15,508	8,566	16,377	30,452	18,870	11,647	20,527
Median Income, Rs. per Month												
Per Household	42,267	29,376	24,087	30,814	57,833	42,133	29,134	43,511	74,679	50,869	40,771	53,333
Per Person	10,420	7,657	5,503	7,881	14,090	11,140	7,107	11,307	19,143	13,610	9,883	14,095
Income Shares by Deciles of Households, %												
1st Decile	1.5	1.5	1.9	1.5	1.7	1.6	2.1	1.6	1.5	1.6	1.6	2.0
2nd Decile	2.8	3.2	3.7	3.0	3.1	3.3	3.8	3.2	3.1	3.0	3.2	3.8
3rd Decile	3.7	4.4	5.1	4.1	4.1	4.5	5.3	4.3	4.2	3.9	4.4	5.5
4th Decile	4.6	5.4	6.4	5.1	5.0	5.5	6.6	5.3	5.3	4.8	5.5	6.7
5th Decile	5.6	6.5	7.4	6.2	5.8	6.7	7.8	6.4	6.4	5.8	6.7	8.0
6th Decile	6.7	7.7	8.7	7.3	7.2	7.9	9.0	7.6	7.6	7.1	8.0	9.4
7th Decile	8.3	9.2	9.9	8.9	8.9	9.5	10.6	9.2	9.2	8.5	9.6	10.7
8th Decile	10.3	11.4	11.8	10.9	10.7	11.7	12.5	11.5	11.3	10.7	11.7	12.3
9th Decile	14.5	15.1	14.8	14.9	14.8	15.6	15.8	15.4	15.1	14.7	15.4	15.0
10th Decile	42.0	35.6	30.3	38.0	38.6	33.7	26.7	35.4	36.2	39.7	34.0	26.6
Income Share by Households, %												
Richest 20%	56.5	50.7	45.1	52.9	53.4	49.3	42.5	50.8	54.5	49.3	41.6	51.4
Poorest 20%	4.4	4.7	5.7	4.5	4.9	4.9	5.9	4.8	4.7	4.8	5.8	4.6
Middle 60%	39.2	44.6	49.3	42.6	41.7	45.8	51.6	44.4	40.8	45.9	52.7	44.0
Gini Coefficient, One Month Income												
Gini Coefficient (Households)	0.51	0.45	0.39	0.48	0.48	0.44	0.36	0.45	0.49	0.44	0.36	0.46
Gini Coefficient (Per Person)	0.51	0.44	0.37	0.46	0.48	0.42	0.34	0.44	0.48	0.41	0.33	0.44
Gini Coefficient (Income Receivers)	0.56	0.51	0.44	0.53	0.53	0.50	0.42	0.51	0.54	0.50	0.41	0.52
Expenditure, Rs. per Month												
Per Household	58,930	38,274	29,379	41,444	77,337	51,377	34,851	54,999	95,392	57,652	38,519	63,130
Household Expenditure Share, %												
Food	32.1	39.2	49.8	37.8	31.2	35.4	48.5	34.8	28.2	36.9	50.9	35.1
Housing	17.5	9.4	5.0	11.3	18.9	10.7	6.0	12.5	19.2	12.1	9.5	13.8
Fuel and Light	5.5	3.8	4.1	4.2	3.9	3.0	3.5	3.2	3.4	3.2	3.7	3.3
Personal Care and Health Expenses	5.3	5.3	3.5	5.3	4.5	4.7	3.1	4.6	4.5	4.2	3.0	4.2
Transport	8.9	8.1	5.6	8.3	9.3	7.8	5.4	8.1	7.5	7.5	4.9	7.4
Communication	2.7	2.0	1.7	2.2	2.2	1.9	1.7	2.0	2.2	1.7	1.4	1.8
Education	4.7	3.2	1.8	3.5	4.6	3.5	2.5	3.8	4.3	3.7	2.5	3.8
Cultural Activities and Entertainments	1.4	1.2	1.0	1.2	1.9	1.6	0.9	1.7	2.1	1.3	0.7	1.5
Non-Durable Household Goods and Services	1.6	1.1	1.1	1.2	1.5	1.0	0.9	1.2	1.7	1.0	1.0	1.2
Clothing Textile and Footwear	2.4	3.0	3.0	2.9	2.5	3.0	3.7	2.9	2.2	2.8	3.6	2.7
Durable Household Goods	1.5	2.8	2.3	2.5	3.1	4.5	2.5	4.1	7.4	7.2	4.3	7.1
Other Miscellaneous Expenses	9.2	11.5	10.1	10.9	7.8	11.9	9.7	10.8	9.7	10.1	5.9	9.9
Other Rare Expenses	6.4	7.5	5.7	7.2	7.1	9.1	6.1	8.6	6.6	6.7	2.7	6.6
Liquor, Narcotic Drugs and Tobacco	1.0	1.8	5.4	1.7	1.4	2.0	5.5	1.9	1.1	1.5	6.0	1.5

Source : Department of Census and Statistics