

ANNUAL REPORT

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

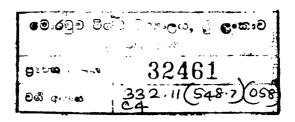
පුස්තකංලය කුමාරවූව විශ්ව විද ෙලයා, ශි ලංකාව ඉමාරවූව.

FOR THE YEAR

1979

32461

324 1



HON. RONNIE de MEL, M.P., MINISTER OF FINANCE AND PLANNING, COLOMBO.

Dear Sir,

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

The report is in four parts. The first is a review of the performance of the Sri Lanka economy in 1979, the problems that were encountered and the policies and measures that were adopted. The second part details the accounts and operations of the Central Bank. Part three gives the major administrative measures adopted by the Monetary Board during 1979; and part four summarizes the major legislative enactments of 1979 relating to the functions and operations of the Central Bank and banking institutions in Sri Lanka.

Since 1975, a more detailed review of the economic trends and developments in the various sectors of the economy has been published separately under the title "Review of the Economy". The Review for 1979 will be published under the same title at an early date.

I am, dear Sir,

Yours faithfully,
WARNASENA RASAPUTRAM
GOVETNOT.

Central Bank of Ceylon, Colombo, 30th April, 1980.

CENTRAL BANK OF CEYLON

THE MONETARY BOARD

(As at December 31, 1979)

W. RASAPUTRAM
Governor

W. M. TILAKARATNA

Secretary to the Ministry of Finance and Planning

N. G. P. PANDITHARATNE Appointed Member

Principal Officers as at December 31, 1979

GAMANI COREA	•••		Deputy Governor (on release)					
E. Eramudugolla	• • •		Deputy Governor (on release)					
H. N. S. Karunatilake	•••		Senior Deputy Governor					
K. Kanagasabapathy	•••	• • •	Deputy Governor					
D. R. Siriwardena	•••		Assistant to the Governor					
D. L. Kannangara	•••		Assistant to the Governor					
M. E. De Abrew	•••		Consultant Engineer					
T. G. Punchiappuhamy	•••		Adviser					
R. M. Tennakoon	• • •		Adviser					
Banking Department:								
V. S. Subramaniam			Chief Accountant					
A. T. W. JEHORATNAM	•••		Acting Additional Chief Accountant					
_			g					
Bank Supervision Department: U. A. De Silva			Director					
	•••	•••	Director					
Currency Department:								
N. KATHIRGAMATHAMBY	•••	•••	Superintendent					
Economic Research Department	:							
A. S. Jayawardena	•••		Director					
S. Easparathasan			Acting Additional Director					
Employees' Provident Fund Depo	artment :		-					
S. W. P. Amarasuriya			Superintendent					
Establishments Department:								
			Acting Director					
D. K. JAYAWARDENA	•••	•••	Mung Director					
Exchange Control Department:			a . 11					
V. S. Subramaniam	•••	• • •	Controller					
Management Audit Department	: .							
M. H. Sourjah		•••	Acting Director					
Premises Department:								
S. P. Wickremaratne			Acting Director					
Public Dobt Department :			,					
Public Debt Department: S. Rajalingam			Acting Superintendent					
•		•••	<u> </u>					
	Rural Credit and Development Finance Department:							
	······································							
S. T. G. FERNANDO			Director					
S. 1. G. FERNANDO Secretariat Department:		•••	Director					
Secretariat Department: P. WATTEGAMA			Director					
Secretariat Department:			Director					

Auditor

P. M. W. WIJAYASURIYA

Auditor General to the Republic of Sri Lanka.

CONTENTS

PAR						Page
EC	CONOMIC PERFORMANCE	, PROBI	EMS AN	D POLICII	ES IN 197	9
	Introduction	•••	•••	•••	•••	1
	National Product and Incom	ie		•••	•••	10
	Resources and Uses		•••	•••	•••	13
	Agriculture				•••	14
	•	•••	•••			20
	Tea Rubber	•••	•••	•••	•••	20 23
	Coconut	•••	•••	•••	•••	25 25
	Minor Export Crops		•••	•••	•••	28
	Paddy	•••	•••	•••	•••	28
	Sugar		•••		•••	30
•	Minor Food Crops	•••	• • •	•••	•••	31
	Fish and Livestock		•••	•••	•••	31
	Rural Credit	•••	•••	•••	•••	32
	Industry	•••	***	•••	•••	34
,•	Prices		•••	•••	•••	36
	Price Controls and Ratio	nning	•••			39
		, <u>,</u>		•••		40
	Wages Employment	•••	•••	•••	•••	40
	Employment	***	***	•••	•••	
	Foreign Trade	•••	•••	•••	•••	43
	Exports	•••	•••	•••	•••	45
	Imports	•••	•••	*** .	•••	47
	Foreign Trade Policy	•••	• • •	•••	•••	48 49
	Internal Trade Policy	•••	•••	•••	•••	
	Balance of Payments	•••	•••	•••	•••	50
Government Fiscal Operations						- 58
	Revenue		•••	•••		59
	Recurrent Expenditure		•••	•••	•••	63
	Capital Expenditure	<u>.</u>	***	•••	•••	64
	Financing of the Budget	Deficit	•••	•••	•••	67
	Public Debt	•••	•••	•••	•••	67
	Money and Banking	•••	•••	***	•••	68
	Money Supply		•••	•••	•••	69
	Commercial Banking		•••	•••	•••	76
	Bank Branch Expansion	• •.•	•••	• • •	•••	77
	Interest Rates	• • •	•••	•••	•••	78
	Central Banking	• • •	•••	• • •	•••	78
	Monetary Policy	•••	•••	•••	•••	80
PAR	TII					
AC	CCOUNTS AND OPERATION	NS OF	THE CE	NTRAL BA	NK	85
PAR	T III					
	AJOR ADMINISTRATIVE	MEASUE	RES	•••	•••	111
	T IV	ነጭ አ ፈው እንጥ	v c			•
M	AJOR LEGISLATIVE ENAC	LIVIENT	3	•••	•••	i
CTA'	TISTICAL APPENDIX (Ple	ace see ne	evt nagel			

STATISTICAL APPENDIX

NATIONAL PRODUCT AND EXPENDITURE		
933		Table
AND THE TANK THE THE STATE OF T		
National Product, Expenditure and Population 1970-1979	• •	1
Gross National Product at Current Factor Cost Prices	••	2
Gross National Product at Constant (1970) Factor Cost Price	3S ',	3 4
Gross National Expenditure at Current Market Prices	••	5
Gross Domestic Capital Formation at Current Market Prices.	• •	6
Domestic Savings	•••	0
AGRICULTURE		
Trends in Principal Agricultural Crops 1970-1979		7
Cultivation Loans Granted Under Rural Credit Scheme	· • •	8
INDUSTRY		
4.4.5		
Value of Industrial Production 1970-1979		9
Investment Approvals in Industry within GCEC	•••	10
Investment Approvals in Industry outside GCEC	• • • • •	11
PRICES AND WAGES		
Cost of Living Index Numbers-Colombo Town		12
Wholesale Price Index		13
Minimum Wage Rate Index Numbers 1952=100	•••	14
1914-100	•••	• •
EXTERNAL TRADE		
Central Bank Trade Indices (1978=100) - Exports		15
Central Bank Trade Indices (1978=100) - Imports		16
Central Bank Trade Indices (1978=100) - Exports Central Bank Trade Indices (1978=100) - Imports Central Bank Trade Indices (1978=100) - Value		17
471	.a	
EXTERNAL FINANCE		
Balance of Payments-Analytic Presentation 1970-1979		18
Balance of Payments for 1977-1979		19
External Assets of Sri Lanka		20
PUBLIC FINANCE		
Summary of Government Fiscal Operations 1969/70 to 1980	1	21
Government Net Cash Surplus/Deficit	· · · · ·	$\frac{21}{22}$
Revenue and Expenditure of the Government of Sri Lanka		23
Revenue of the Government of Sri Lanka		24
Voted Expenditure of the Government of Sri Lanka		25
Composition of Public Debt		26
MONEY AND BANKING		
Money Supply		. 27
Changes in the Sources of Money Supply		28
Assets and Liabilities of Commercial Banks	• • • •	29
Assets and Liabilities of the Central Bank	444	30
Purchases and Sales of Foreign Exchange by the Central Ba	ink	31
Reserve Position of Commercial Banks		- 32
Savings and Fixed Deposits of NSB and Commercial Banks	•••	33
Money Rates		34
Money Rates: Savings and Lending Institutions	• • •	3: