

BALANCE OF PAYMENTS

The balance of payments outcome deteriorated substantially in 1985 both in terms of the current account and the overall balance. Deficits in the merchandise and services accounts widened, net private transfers decreased marginally and official transfers indicated a substantial drop during the year. Consequently, the current account deficit increased from Rs. 1,400 million (SDR 51 million) in 1984 to Rs. 11,532 million (SDR 417 million) in 1985 and, as a ratio of GDP, from 0.8 per cent in 1984 to 7.2 per cent in 1985. The current account deficit excluding official transfers increased to Rs. 15,528 million (SDR 559 million) from Rs. 6,554 million (SDR 249 million) in 1984 and its ratio to GDP increased from 4.2 per cent to 9.6 per cent between these two years.

The deterioration of primary commodity prices, the poor performance of most non-traditional agricultural exports and the increase in import volumes resulted in a much larger trade deficit in 1985. The deficit in the merchandise account in 1985 was Rs. 19,328 million (SDR 697 million) compared with Rs. 11,850 million (SDR 453 million) in 1984. While exports, in SDR terms, dropped by 10 per cent, imports increased by 5.3 per cent.

Earnings from merchandise exports decreased from Rs. 37,198 million (SDR 1,427 million) in 1984 to Rs. 35,382 million (SDR 1,284 million) in 1985. The fall in export earnings from the three major plantation products by Rs. 3,667 million or 22 per cent in SDR terms was the main reason for this decrease in 1985. The volume of tea and rubber exports dropped by 3 per cent and 6 per cent, and their prices declined by 26 per cent and 23 per cent, respectively. In contrast, the volume of coconut exports increased by a phenomenal 286 per cent but the prices of all three major coconut products declined by 49 per cent. Export earnings from minor agricultural products declined by 8 per cent due to a drop in both volume and price. Export of textiles and readymade garments, which had shown a continuous increase since 1977, declined by 1.0 per cent in 1985, while exports of petroleum products increased by 11.1 per cent during the year. Exports of other industrial products declined by 4.4 per cent. The combined export earnings from all non-traditional exports increased by 7.2 per cent in 1985.

The expenditure on merchandise imports increased from Rs. 49,048 million (SDR 1,880 million) in 1984 to Rs. 54,710 million (SDR 1,981 million) in 1985. Import outlay on consumer goods and intermediate goods increased while those on investment goods declined during the year. Expenditure on food items increased mainly due to higher imports of rice, sugar and wheat. Increased fertilizer imports was the main reason for the larger outlay on imports of intermediate goods.

BALANCE OF PAYMENTS ANNUALLY

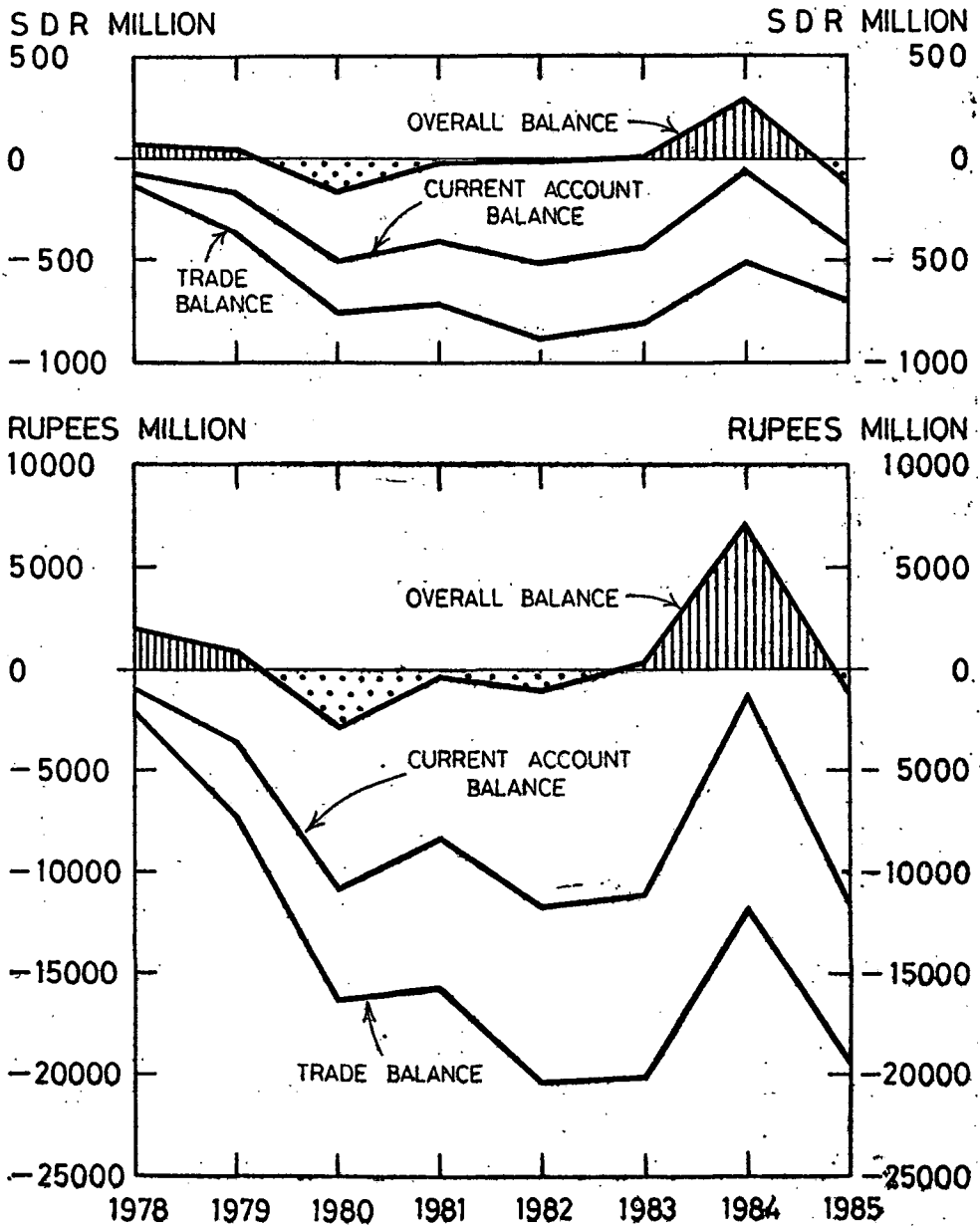


TABLE 1.32

Balance of Payments — Analytic Presentation 1981 - 1985

Item	Rs. Million					SDR Million				
	1981	1982	1983(a)	1984(a)	1985(b)	1981	1982	1983(a)	1984(a)	1985(b)
1. Merchandise ..	-15,616	-20,403	-20,168	-11,850	-19,328	- 693	- 890	- 801	- 453	- 697
Exports ..	20,507	21,098	25,038	37,198	35,382	903	918	993	1 427	1,284
Imports ..	36,123	41,501	45,206	49,048	54,710	1,596	1,808	1,794	1,880	1,981
2. Services ..	+ 82	- 314	- 1,411	- 1,735	- 3,498	+ 4	- 13	- 56	- 66	- 127
Receipts ..	6,019	6,962	8,033	8,567	8,957	265	304	320	329	324
Payments ..	5,937	7,276	9,444	10,302	12,455	261	317	376	395	451
3. Goods and Services (1+2) ..	-15,534	-20,717	-21,579	-13,585	-22,826	- 689	- 903	- 857	- 519	- 824
4. Transfers (Net) ..	+ 7,036	+ 8,873	+10,457	+12,185	+11,294	+ 308	+ 387	+ 416	+ 468	+ 407
Private (Net) ..	3,918	5,494	6,441	7,031	7,298	172	240	256	270	265
Official (Net) ..	3,118	3,379	4,016	5,154	3,996	136	147	160	198	142
5. Current Account Balance (3+4) ..	- 8,498	-11,844	-11,122	- 1,400	-11,532	- 381	- 516	- 441	- 51	- 417
6. Non-Monetary Capital ..	+ 7,691	+10,954	+10,616	+ 8,755	+ 9,273	+ 341	+ 477	+ 420	+ 335	+ 336
Private Sector ..	2,571	5,517	4,005	62	1,843	116	240	160	2	66
Public Sector ..	5,120	5,437	6,611	8,693	7,430	225	237	260	333	270
Long-term (Net) ..	5,120	5,437	6,613	8,693	7,430	225	237	260	333	270
Receipts ..	(6,087)	(6,954)	(8,546)	(10,387)	(9,422)	(267)	(304)	(337)	(398)	(342)
Amortization ..	(967)	(1,517)	(1,933)	(1,694)	(1,992)	(42)	(67)	(77)	(65)	(72)
Short-term (Net) ..	—	—	- 2	—	—	—	—	—	—	—
7. Valuation Adjustments ..	- 39	- 124	+ 82	- 39	+ 1,491	—	—	—	—	—
8. Errors and Omissions ..	+ 188	+ 5	+ 766	- 254	- 292	+ 2	+ 21	+ 21.6	+ 13	- 30
9. SDR Allocations ..	252	—	—	—	—	12	—	—	—	—
10. Overall Balance ..	- 406	- 1,009	+ 342	+ 7,062	- 1,060	- 26	- 18	+ 0.6	+ 297	- 111
11. Monetary Movements (- Surplus) ..	+ 406	+ 1,009	- 342	- 7,062	+ 1,060	+ 26	+ 18	- 0.6	- 297	+ 111
Average Exchange Rate SL Rs. /SDR						22.67	22.98	25.16	26.08	27.63

Source : Central Bank of Sri Lanka.

(a) Revised

(b) Provisional

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

The deficit in the services account nearly doubled in SDR terms during the year. This deficit is estimated at Rs. 3,498 million (SDR 127 million) in 1985 compared to Rs. 1,735 million (SDR 66 million) in 1984. Increases in the net outflows of foreign exchange on account of port, transportation and insurance, a decline in net foreign exchange earnings from tourism and the increase in net outflows on account of other miscellaneous services were the main reasons for the enlarged deficit in the services account.

Gross earnings from tourism declined from Rs. 2,587 million (SDR 99 million) in 1984 to Rs. 2,197 million (SDR 80 million) in 1985. Interest payments on foreign loans including those on drawings from the IMF increased from Rs. 4,588 million (SDR 176 million) to Rs. 5,388 million (SDR 196 million) during these two years. Interest earnings also increased from Rs. 1,478 million (SDR 57 million) in 1984 to Rs. 2,256 million (SDR 82 million) in 1985. Interest payments, continued to be the largest debit item in the services account in 1985, but the net outflow was marginally lower than in 1984.

TABLE 1.33
Services and Transfers 1984—1985

Rs. Million (SDR Million in brackets)

Item	Credit			Debit			Balance	
	1984(a)	1985(b)	Change 1984/85	1984(a)	1985(b)	Change 1984/85	1984(a)	1985(b)
Port, Transportation and Insurance	1,811 (69)	1,969 (71)	+ 158 (+ 2)	1,497 (57)	2,112 (77)	+ 615 (+ 20)	+ 314 (+ 12)	- 143 (- 6)
Travel	2,587 (99)	2,197 (80)	- 390 (- 19)	1,203 (46)	1,342 (48)	+ 139 (+ 2)	+1,384 (+ 53)	+ 855 (+ 32)
Investment Income	1,479 (57)	2,261 (82)	+ 782 (+ 25)	4,880 (187)	5,671 (206)	+ 791 (+ 19)	-3,401 (- 130)	-3,410 (- 124)
(1) Profits and Dividends	1 (—)	5 (—)	+ 4 (—)	292 (11)	283 (10)	- 9 (- 1)	- 291 (- 11)	- 278 (- 10)
(2) Interest	1,478 (57)	2,256 (82)	+ 778 (+ 25)	4,588 (176)	5,388 (196)	+ 800 (+ 20)	-3110 (- 119)	-3,132 (- 114)
Government Expen- diture	304 (12)	312 (11)	+ 8 (- 1)	295 (12)	400 (14)	+ 105 (+ 2)	+ 9 (—)	- 88 (- 3)
Miscellaneous	2,386 (92)	2,218 (80)	+168 (- 12)	2,427 (93)	2,930 (106)	+ 503 (+ 13)	- 41 (- 1)	- 712 (- 26)
Total Services	8,567 (329)	8,957 (324)	+ 390 (- 5)	10,302 (395)	12,455 (451)	+2,153 (+ 56)	-1,735 (- 66)	-3,498 (- 127)
Private Transfers	7,653 (294)	8,020 (291)	+ 367 (- 3)	622 (24)	722 (26)	+ 100 (+ 2)	+7,031 (+ 270)	+7,298 (+ 265)
Official Transfers	5,154 (198)	3,996 (142)	-1,158 (- 56)	— (—)	— (—)	— (—)	+5,154 (+198)	+3,996 (+ 142)
Total Transfers	12,807 (492)	12,016 (433)	- 791 (- 59)	622 (24)	722 (26)	+ 100 (+ 2)	+12,185 (+468)	+11,294 (+ 407)
Total Services and Transfers	21,374 (821)	20,973 (757)	- 401 (- 64)	10,924 (419)	13,177 (477)	+2,253 (+ 58)	+10,450 (+402)	+7,796 (+ 280)

(a) Revised

(b) Provisional.

Source : Central Bank of Sri Lanka

Services account which helped to ease the pressure in the balance of payments in the past was not able to play that role in the last four years. Net outflow of foreign exchange through the services account amounted to 30 per cent of the current account deficit in 1985.

Although foreign exchange inflows of private remittances increased by 5 per cent in rupee terms, they decreased marginally in SDR terms : Rs. 8,020 million (SDR 291 million) in 1985 compared with Rs. 7,653 million (SDR 294 million) in the previous year. Net receipts of private transfers declined by 2 per cent and amounted to Rs. 7,298 million (SDR 265 million) in 1985. Next to tea, private transfers constituted the largest single credit item in the current account of the balance of payments during this year.

Official transfers, which include project and commodity grants, decreased from Rs. 5,154 million (SDR 198 million) in 1984 to Rs. 3,996 million (SDR 142 million) in 1985. Project grants at Rs. 2,620 million (SDR 94 million) in 1985, compared with Rs. 2,701 million (SDR 104 million) in the previous year, declined by 9.6 per cent in SDR terms.

Though total net inflows of private and official transfers decreased in 1985 to Rs. 11,294 million (SDR 407 million) compared with Rs. 12,185 million (SDR 468 million) in 1984, they were sufficient to cover nearly 50 per cent of the deficit in the goods and services account. The remaining deficit in the current transactions amounting to Rs. 11,532 million (SDR 417 million) had to be financed through non-monetary capital inflows and running down of net external assets. As the net inflows of non-monetary capital to both private and public sectors were not sufficient to finance the entire deficit in the current account, the resulting deficit in the overall balance amounting to Rs. 1,060 million (SDR 111 million) had to be bridged through running-down of net external assets. This net outcome contrasts with the developments in 1984 when the overall balance had a surplus of Rs. 7,062 million (SDR 297 million).

Total foreign exchange receipts from exports, services and private transfers indicated a 7.4 per cent drop in SDR terms. Total foreign exchange outflows in terms of imports, services, private transfers and capital repayments indicated a marginal drop in SDR terms. As a result, the external resource gap increased from Rs. 24,009 million (SDR 919 million) in 1984 to Rs. 28,863 million (SDR 1,043 million) in 1985. The external resource gap was financed through foreign borrowings and use of reserves to an extent of 86 per cent while the balance was financed out of non-debt creating capital flows.

The net inflows of non-monetary capital to both private and public sectors in 1985 were Rs. 9,273 million (SDR 336 million) compared with Rs. 8,755 million (SDR 335 million) in 1984. Gross non-monetary capital to the public sector declined by 14 percent while amortization payments by the public sector increased by 11 percent during the year. As a result net non-monetary capital to the public sector

declined to Rs. 7,430 million (SDR 270 million) from Rs. 8,693 million (SDR 333 million) in 1984. Net non-monetary capital to the private sector, however, increased to Rs. 1,843 million (SDR 66 million) in 1985 from Rs. 62 million (SDR 2 million) in the previous year.

TABLE 1.34
Financing of the External Resource Gap 1983 - 1985

Category	Rs. Million			SDR Million		
	1983(a)	1984(a)	1985(b)	1983(a)	1984(a)	1985(b)
1. Foreign Earnings	39,987	53,418	52,359	1,588	2,050	1,899
1.1 Exports	25,038	37,198	35,382	993	1,427	1,284
1.2 Services	8,033	8,567	8,957	320	329	324
1.3 Private Transfers	6,916	7,653	8,020	275	294	291
2. Foreign Payments	72,937	77,427	81,222	2,905	2,969	2,942
2.1 Imports	45,206	49,048	54,710	1,794	1,880	1,981
2.2 Services	9,444	10,302	12,455	376	395	451
2.3 Private Transfers	475	622	722	19	24	26
2.4 Capital Repayments	17,812	17,455	13,335	716	670	484
3. External Resource Gap	- 32,950	- 24,009	- 28,863	- 1,317	- 919	- 1,043
4. Financing of the Resource Gap	+ 32,950	+ 24,009	+ 28,863	+ 1,317	+ 919	+ 1,043
4.1 Financing through transactions that do not affect debt position	4,945	6,096	4,834	197	234	172
4.1.1 Official Grants	4,016	5,154	3,996	160	198	142
4.1.2 Direct Investments	929	942	838	37	36	30
4.1.3 SDR Allocation	—	—	—	—	—	—
4.2 Borrowings and Use of Reserves	27,157	18,206	22,830	1,099	672	901
4.2.1 Long-term Loans	7,330	9,410	8,834	290	361	320
4.2.2 Short-term Credits	14,370	11,086	9,151	571	424	330
4.2.3 Suppliers' Credits and other Long-term Loans	2,087	977	588	81	37	22
4.2.4 Commercial Borrowings (Private sector)	2,259	1,075	2,230	90	42	82
4.2.5 Bank Borrowings	30	—	3	—	—	—
4.2.6 Bilateral Balances	—	—	—	—	—	—
4.2.7 IMF Drawings	1,622	1,288	237	47	31	—
4.2.8 Other	1,252	285	1,213	41	13	23
4.2.9 Reserves	- 1,793	- 5,915	574	- 21	- 236	124
5. Valuation Adjustments	+ 82	- 39	+ 1,491	-	-	-
6. Errors and Omissions	+ 766	- 254	- 292	+ 21	+ 13	- 30

(a) Revised

(b) Provisional

Source: Central Bank of Sri Lanka.

In 1985 direct foreign investments in GCEC and other enterprises amounted to Rs. 810 million (SDR 29 million) as compared with Rs. 830 million (SDR 32 million) in 1984. Non-monetary capital to the private sector in the form of long term capital increased substantially in 1985. Disbursement of foreign loans by the private sector, excluding Air Lanka Ltd., increased from Rs. 362 million (SDR 14 million) in 1984 to Rs. 2,223 million (SDR 81 million) in 1985. Large increases in foreign loan disbursements were resorted to by the Ceylon Shipping Corporation, Hotel Hilton and Pelwatte Sugar Co. Ltd. Total foreign loan disbursements by these three enterprises amounted to Rs. 1,775 million (SDR 65 million) in 1985. Air Lanka Ltd., indicated a net outpayment of Rs. 885 million (SDR 33 million) in 1985. Short-term capital inflows to private sector also increased by Rs. 414 million (SDR 14 million) in 1985 as compared with a decrease of Rs. 648 million (SDR 25 million) in the previous year. As in 1984 acceptance credits of the Ceylon Petroleum Corporation indicated a decrease during this year. Short-term loans taken by GCEC enterprises and Dry Docks Ltd., increased by Rs. 546 million (SDR 20 million) during the year while the level of short-term trade credits increased by Rs. 195 million (SDR 7 million).

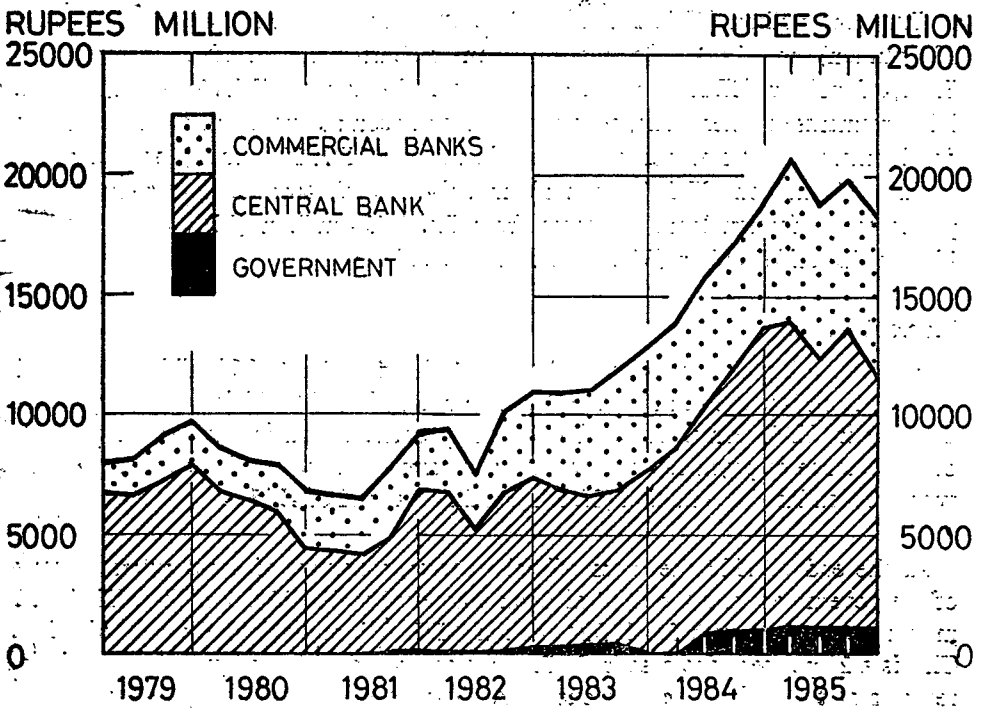
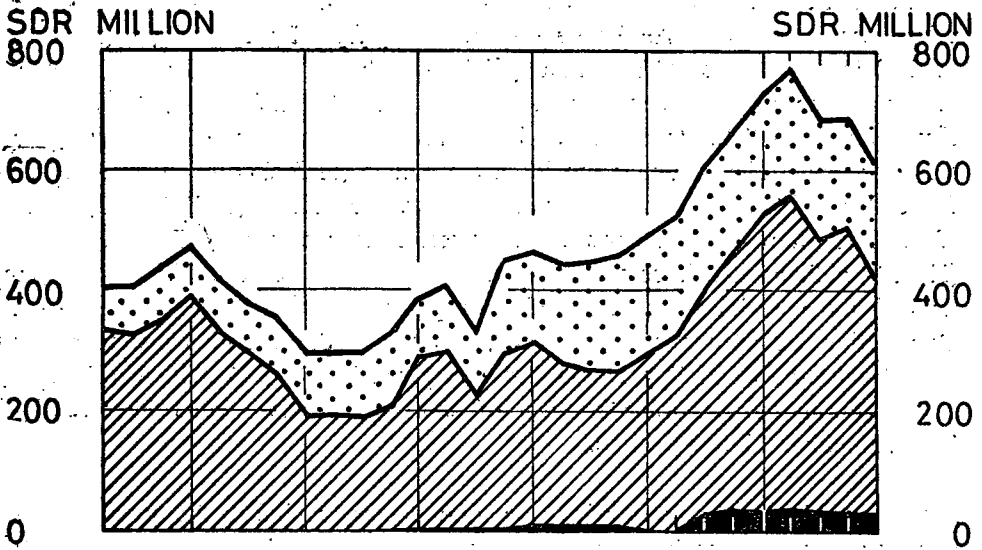
The reduction in the gross inflows of non-monetary capital to the public sector was mainly due to a decline in the disbursements of project loans and the absence of euro-currency drawings in 1985. Project loan disbursements in 1985 amounted to Rs. 7,565 million (SDR 273 million) as compared with Rs. 7,427 million (SDR 285 million) in 1984. Commodity loan disbursements in 1985 increased to Rs. 1,269 million (SDR 47 million) from Rs. 1,103 million (SDR 42 million) in 1984. Disbursements of other loans, consisting of mainly commercial loans for the on-going development projects amounted to Rs. 588 million (SDR 22 million) as compared to Rs. 1,857 million (SDR 71 million) in 1984. Total amortization payments on public sector foreign loans increased from Rs. 1,694 million (SDR 65 million) in 1984 to Rs. 1,992 million (SDR 72 million) in 1985.

External Assets

In 1985 Sri Lanka's gross external assets declined to Rs. 18,367 million (SDR 611 million) from Rs. 18,942 million (SDR 735 million) in 1984. This was a 17 per cent decrease in SDR terms. Reflecting the sharp deterioration in the overall out-turn of the balance of payments, the net external assets declined by 39 per cent during the year to reach Rs. 6,068 million (SDR 173 million) at end of 1985.

At the end of 1985 the gross official reserves, consisting of gross external assets of the government and the Central Bank amounted to Rs. 12,642 million (SDR 421 million) compared with Rs. 13,724 million (SDR 533 million) at the end of 1984. This is a 21 per cent decrease in SDR terms compared with the level of gross official reserves at the end of the previous year. The decrease was mainly in the Central Bank's liquid balances abroad and investments in foreign securities. Gross external assets of commercial banks also decreased in SDR terms to Rs. 5,726 million (SDR 190 million) in 1985 compared with Rs. 5,218 million (SDR 202 million) in 1984.

EXTERNAL ASSETS QUARTERLY



The level of gross external assets at the end of 1985 was sufficient to finance 3.8 months' imports projected for 1986.

Exchange Rate Movements

The Sri Lanka Rupee depreciated against all major currencies during 1985. The rupee depreciated by 25 per cent each against the Deutsche Mark and the French Franc while depreciating by 23 per cent each against the Japanese Yen and the U. K. Pound. It also depreciated by 6 per cent against the Indian Rupee. The Sri Lanka Rupee, depreciated against the U. S. dollar by 4.1 per cent in 1985. The depreciation of the U. S. Dollar against the SDR and the depreciation of the Sri Lanka Rupee against the U. S. Dollar resulted in the Rupee depreciating against the SDR by 14.1 per cent during the year.

The cumulative changes since 16th November, 1977 indicate that the Rupee depreciated by 41.6 per cent against the U. S. Dollar; 26.6 per cent against the Pound Sterling; 36.0 per cent against the Deutsche Mark; 52.1 per cent against the Japanese Yen; 9.1 per cent against the French Franc; and 18.0 per cent against the Indian Rupee. The depreciation of the Rupee against the SDR since November 16, 1977 to the end of 1985 was 37.1 per cent.

TABLE 1.35
Exchange Rate Movements^(a) 1983—1985

Currency	End of Year Exchange Rates (Rs. per unit of)			Percentage Change over previous year ^(b)	
	1983	1984	1985	1984	1985
Special Drawing Rights	26.1260	25.8065	30.0339	(1.24)	14.07
U.S. Dollar	25.0000	26.2800	27.4075	4.87	4.11
Pound Sterling	35.8938	30.5111	39.5764	(17.64)	22.90
Deutsche Mark	9.1050	8.3495	11.1074	(9.05)	24.83
Japanese Yen	0.10712	0.10497	0.136017	(2.05)	22.82
French Franc	2.9744	2.7276	3.6167	(9.05)	24.58
Indian Rupee	2.3531	2.1192	2.2575	(11.04)	6.13

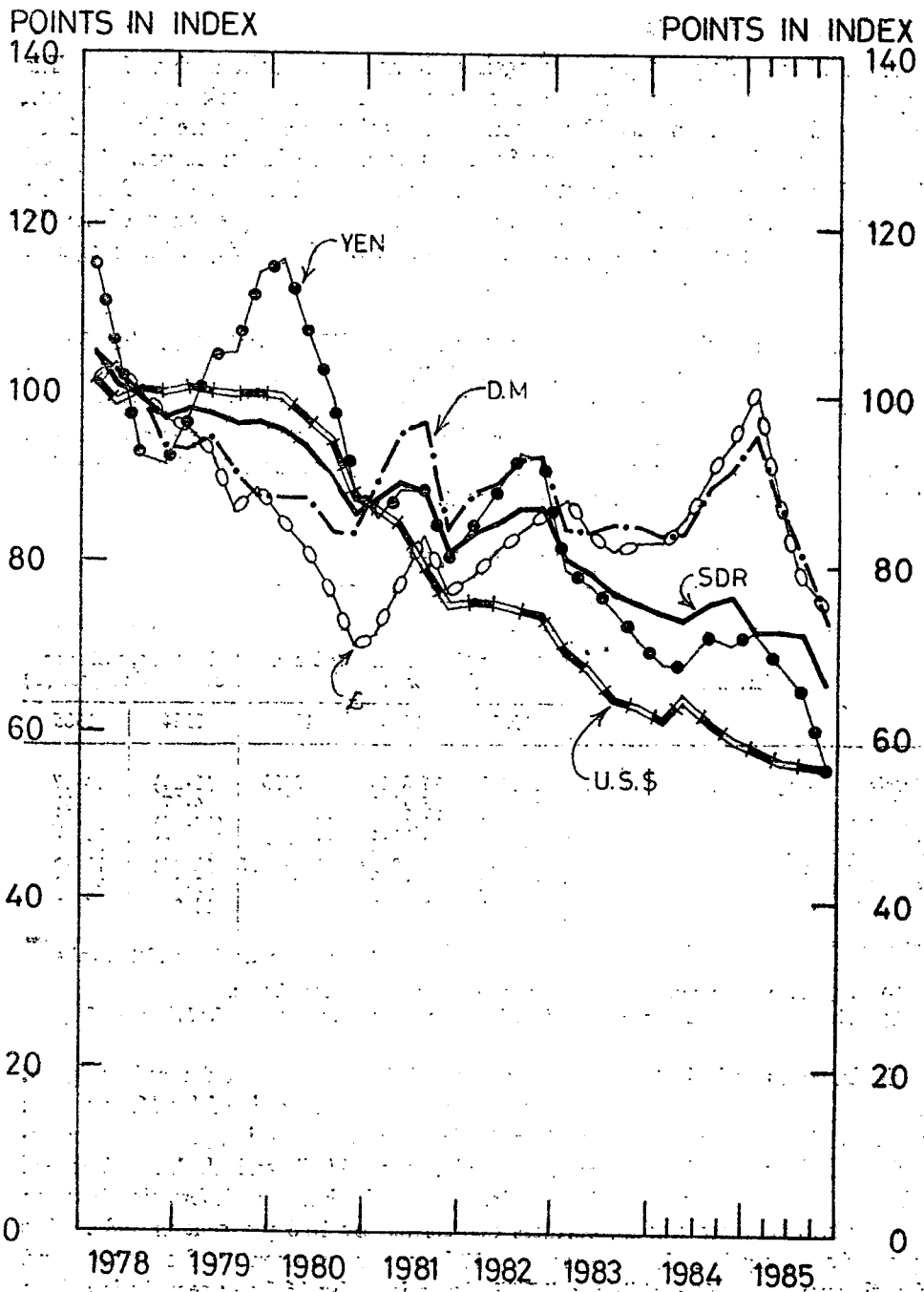
Source: Central Bank of Sri Lanka.

(a) Figures in parenthesis indicate appreciation of the Sri Lanka Rupee.

(b) Changes computed on the basis of the foreign currency equivalent of the Sri Lanka Rupee.

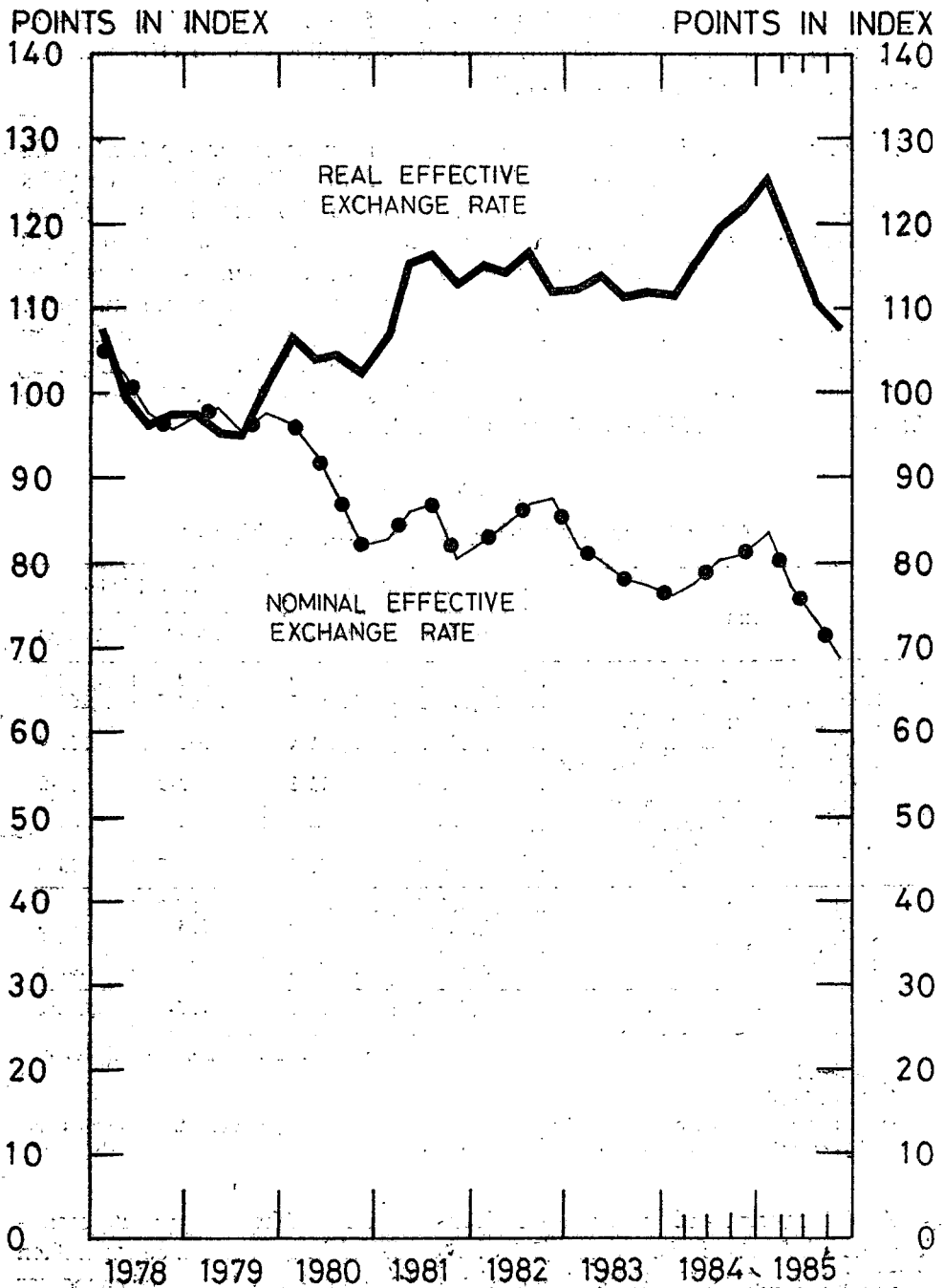
Sri Lanka's nominal effective exchange rate (NEER), defined as the trade weighted nominal exchange rates of the major trading partners, depreciated by 16.0 per cent in 1985. The countries considered as Sri Lanka's major trading partners in calculating this index are France, Germany, India, Japan, U. K. and U. S. A. The real effective exchange rate (REER), the index adjusted for inflation differentials between Sri Lanka and these trading partners depreciated by 10.8 per cent in 1985. The quarterly average NEER depreciated by 17.8 per cent between the first quarter and fourth quarter of 1985 while the REER depreciated by 16.5 per cent during those two periods.

NOMINAL EXCHANGE RATES* 1978 = 100



EFFECTIVE EXCHANGE RATES*

1978 = 100



* Decline indicates depreciation.

Central Bank of Sri Lanka.

External Debt

Sri Lanka's total outstanding debt including short-term loans and trade credits increased from Rs. 78,413 million (SDR 3,037 million) at the end of 1984 to Rs. 94,303 million (SDR 3,162 million) at the end of 1985. While this indicates an increase of 4 per cent in SDR terms, ratio of outstanding debt to GDP increased from 52 per cent to 54 per cent during these two years.

Long-term and medium-term loans of the government including suppliers' credits increased from Rs. 54,192 million (SDR 2,104 million) to Rs. 68,315 million (SDR 2,269 million) between these two years. Multilateral and bilateral loans to government increased by Rs. 3,381 million (SDR 22 million) and Rs. 9,894 million (SDR 160 million), respectively. Loans from foreign financial markets decreased by SDR 14 million during the year. Of the total outstanding government sector loans, project loans and non-project loans excluding IMF Trust Fund loans accounted for 53.7 per cent and 42.5 per cent, respectively. Outstanding long and medium-term loans of the public corporations decreased in SDR terms from SDR 356 million in 1984 to SDR 306 million in 1985.

TABLE 1.36

External Debt Outstanding 1984 - 1985(a) (Disbursed)

Item	Rs. Million		SDR Million	
	1984(a)	1985 (b)	1984(a)	1985(b)
A: Long & Medium - Term	64,649.4	80,744.7	2,509.7	2,682.1
1. Government	54,191.8	68,315.3	2,103.7	2,269.2
2. Public Corporations with Government Guarantee	9,181.3	9,211.4	356.4	305.9
3. Private Sector with Government Guarantee	98.0	419.3	3.9	14.0
4. Public Corporations without Government Guarantee	—	—	—	—
5. Private Sector without Government Guarantee	1,178.3	2,798.7	45.7	93.0
B. Short-Term and Other	13,763.6	13,558.6	527.0	480.0
1. IMF Drawings	8,643.6	7,913.5	328.3	292.5
2. Bank Borrowings	3.3	6.0	0.1	0.2
3. Other (c)	5,116.7	5,639.1	198.6	187.3
C. Total Outstanding (A+B)	78,413.0	94,303.3	3,036.7	3,162.1

Source : Central Bank of Sri Lanka.

(a) Revised

(b) Provisional

(c) Includes acceptance credits of the Ceylon Petroleum Corporation, trade credits and borrowings of GCEC enterprises from FCBUs.

Total long-term and medium-term loans of both public and private sectors increased from Rs. 64,649 million (SDR 2,510 million) in 1984 to Rs. 80,745 million (SDR 2,682 million) in 1985. Long-term and medium-term loans accounted for 85 per cent of the total outstanding external debt in 1985 as compared with 83 per cent in the previous year.

TABLE 1.37
External Debt Outstanding 1981—1985

Category	Rs. Million					SDR Million				
	1981(a)	1982(a)	1983(a)	1984(a)	1985(b)	1981(a)	1982(a)	1983(a)	1984(a)	1985(b)
1. Long-term Debt(c) of which ..	29,172.1	34,597.3	46,025.0	53,680.9	67,792.2	1,219.6	1,471.1	1,758.4	2,083.9	2,251.8
1.1 Project Loans ..	9,232.7	12,451.8	19,531.0	25,971.0	36,406.0	386.0	529.5	746.2	1,008.2	1,209.3
1.2 Non project Loans ..	17,433.3	19,545.5	23,490.3	24,805.2	28,802.3	728.8	831.1	897.5	962.9	956.7
1.3 IMF Trust Fund Loans ..	2,506.1	2,600.0	3,003.7	2,904.7	2,583.9	104.8	110.5	114.7	112.8	85.8
2. Suppliers' Credits ..	1,114.6	996.6	889.4	588.6	561.8	46.6	42.4	34.0	22.8	18.7
3. Use of Fund Credit ..	7,617.0	7,977.0	8,225.4	8,643.6	7,913.5	346.3	341.5	331.1	328.3	292.5
4. Bank Borrowings ..	228.6	1,824.1	1,853.7	3.3	6.0	9.6	77.6	70.8	0.1	0.2
5. Other(d) ..	6,469.2	10,766.9	15,185.5	15,496.6	18,029.8	270.5	457.8	580.2	601.6	598.9
Total ..	44,601.5	56,161.9	72,179.0	78,413.0	94,303.3	1,892.6	2,390.4	2,774.5	3,036.7	3,162.1

- (a) Revised
 (b) Provisional
 (c) Government Loans excluding suppliers' credits
 (d) Comprises of commercial borrowings of public corporations, Air Lanka, borrowings of GCEC and other approved enterprises from FCBUs, private foreign borrowings and trade credits.

Source : Central Bank of Sri Lanka.

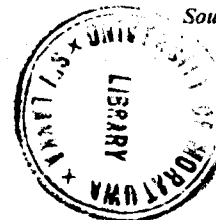


TABLE 1.38

Debt Service Payments 1981-1985

Item	Rs. Million					SDR Million				
	1981	1982	1983	1984	1985(a)	1981	1982	1983	1984	1985(a)
1. Debt Service Payments ..	4,449.7	5,216.6	7,135.8	8,026.1	9,920.5	197.4	227.5	287.1	308.0	360.4
1.1 Amortization ..	2,084.1	2,563.3	3,120.7	3,437.7	4,532.4	93.8	112.0	126.5	132.3	165.0
(i) To IMF ..	1,289.2	1,146.3	1,097.3	593.3	967.4	59.1	49.9	46.2	22.7	35.8
(ii) To Others(b) ..	794.9	1,417.0	2,023.4	2,844.4	3,565.0	34.7	62.1	80.3	109.6	129.2
1.2 Interest Payments ..	2,365.6	2,653.3	4,015.1	4,588.4	5,388.1	103.6	115.5	160.6	175.7	195.4
(i) To IMF ..	487.6	519.5	749.3	819.2	745.6	21.7	22.4	30.8	31.4	27.1
(ii) To Others ..	1,878.0	2,133.8	3,265.8	3,769.2	4,642.5	81.9	93.1	129.8	144.3	168.3
2. Earnings from Merchandise Exports and Services ..	26,526.1	28,059.8	33,071.6	45,764.9	44,338.7	1,168.2	1,221.7	1,312.9	1,756.1	1,608.3
3. Receipts from Merchandise Exports, Services & Private Transfers ..	30,955.9	34,083.5	39,987.2	53,418.0	52,358.3	1,363.3	1,484.1	1,588.0	2,049.6	1,899.4
4. Debt Service Ratios(c) (as a percentage of 2)										
(i) Overall Ratio ..	16.8	18.6	21.6	17.5	22.4	16.9	18.6	21.9	17.5	22.4
(ii) Excluding IMF Transactions ..	10.1	12.7	16.0	14.4	18.5	10.0	12.7	16.0	14.5	18.5
5. Debt Service Ratios(c) (as a percentage of 3)										
(i) Overall Ratio ..	14.4	15.3	17.8	15.0	18.9	14.5	15.3	18.1	15.0	19.0
(ii) Excluding IMF Transactions ..	8.6	10.4	13.2	12.4	15.7	8.6	10.4	13.2	12.4	15.7

Source : Central Bank of Sri Lanka.

(a) Provisional

(b) Does not include amortization payments in respect of FCBU loans to GCEC enterprises and some of the FCBU loans to other approved enterprises as information is not available.

(c) Debt Service Ratios calculated on Rupee Values and SDR values differ due to variations in exchange rates during the year.

In the absence of new drawings from the IMF, Sri Lanka's debt obligations to the IMF decreased to Rs. 7,914 million (SDR 293 million) in 1985, from Rs. 8,644 million (SDR 328 million) in the previous year. Short-term and other loans excluding Use of Fund Credit increased from Rs. 5,120 million to Rs. 5,645 million but decreased in SDR terms by 6 per cent between these two years.

Debt Service Payments.

Debt Service Payments, which consist of amortization of long and medium-term loans and interest payments on all foreign loans, increased from Rs. 8,026 million (SDR 308 million) in 1984 to Rs. 9,921 million (SDR 360 million) in 1985.¹ During the year, repurchases and interest and service payments on IMF transactions amounted to Rs. 967 million (SDR 36 million) and Rs. 746 million (SDR 27 million), respectively, compared to Rs. 593 million (SDR 23 million) and Rs. 819 million (SDR 31 million), respectively in 1984.

The total debt service payments to export earnings from goods and services (in SDRs) increased from 17.5 per cent in 1984 to 22.4 per cent in 1985. This sharp increase was due to the combined effect of the reduction in export earnings and increases in debt service payments. The Debt Service Ratio excluding IMF transactions too revealed an increase from 14.5 per cent in 1984 to 18.5 per cent in 1985. The overall debt service payments as a ratio of the receipts from merchandise exports, services and private transfers increased from 15.0 per cent to 19.0 per cent between 1984 and 1985.

1. These amounts do not include repayments of principal in respect of FCBU loans to GCEC enterprises and some unidentified FCBU loans but include interest payments on them.