

BALANCE OF PAYMENTS

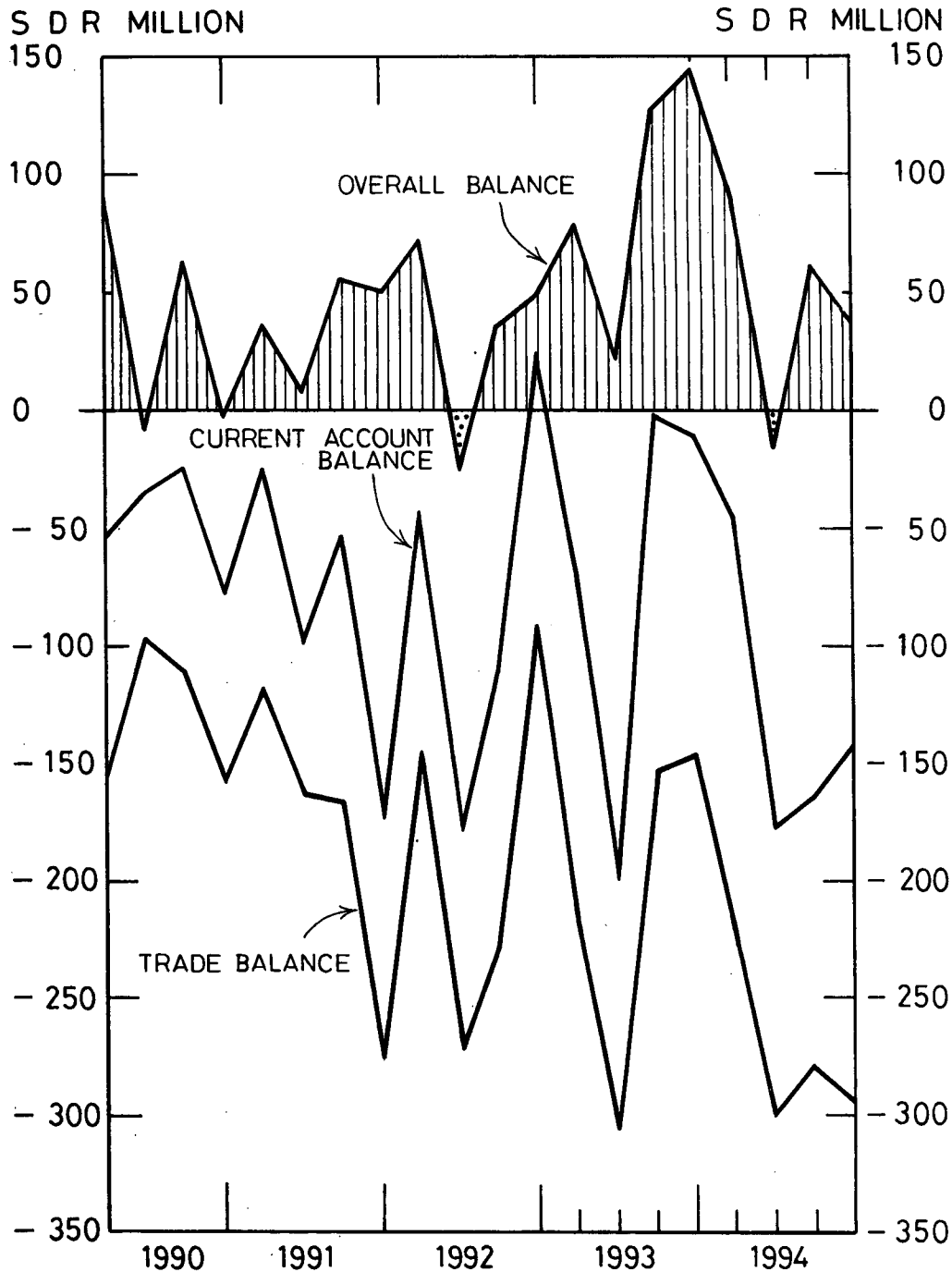
OVERALL TRENDS

A sustained high demand pressure, a deterioration in the external terms of trade and a reduced inflow of foreign capital led to a sharp decline in the overall surplus in the balance of payments in 1994. Under the impact of increased expenditure on imports stemming from high aggregate demand and a deterioration in the terms of trade by 4.7 per cent, the trade deficit widened from SDR 825 million (Rs.55,486 million or 11.1 per cent of GDP) in 1993 to SDR 1,095 million (Rs.77,644 million or 13.4 per cent of GDP) in 1994. In spite of some improvements in services related inflows, the surplus in the services account too declined from SDR 28 million in 1993 to SDR 12 million in 1994 owing to large outflows on account of travel and repatriation of profits and dividends, prompted by lower interest rate differentials between Sri Lanka and international markets, and unfavourable macro economic developments coupled with political uncertainty during the year. Meanwhile private transfers, which grew at a slower pace of 10 per cent in comparison to a growth of 17 per cent in the previous year, reflected the continued increase in remittances by Sri Lankan migrant workers in the Middle East, providing a strong buffer to the country's external assets. However, heavily influenced by the high trade imbalance, the current account deficit (excluding official transfers) widened by SDR 250 million to SDR 646 million in 1994, raising the current account deficit/GDP ratio from 5.3 per cent in 1993 to 7.9 per cent in 1994. The current account deficit, adjusted for official transfers of SDR 115 million (Rs.8,069 million), as a ratio of GDP increased from 3.8 per cent in 1993 to 6.5 per cent in 1994.

Capital account inflows showed a notable moderation in 1994. In the context of unpredictable macro economic conditions, significant policy slippages in the midst of national elections and reduced interest rate differentials between Sri Lanka and international financial markets, there was a sharp decline in portfolio investment and a considerable moderation in direct foreign investment. Net capital inflows on these accounts declined from SDR 182 million in 1993 to SDR 131 million in 1994. Underscoring continued under-utilisation of foreign aid, capital inflows to the Government too declined from SDR 334 million in 1993 to SDR 283 million in 1994. Meanwhile, net private short and long term loan capital inflows increased considerably from SDR 240 million in 1993 to SDR 398 million in 1994, raising the country's external debt. This was largely due to the financing arrangements under the Air Lanka Refleeting Programme and private short term trade credits and net borrowings from Foreign Currency Banking Units (FCBUs) by the enterprises under the Board of Investment (BOI). The combined impact of all transactions in the capital account was a moderate increase in net non-monetary capital from SDR 612 million (Rs.41,066 million) to SDR 674 million (Rs.48,058 million) between the two years. Consequently, the balance of payments recorded an overall surplus of SDR 173 million (Rs.17,166 million) in 1994 compared to SDR 375 million (Rs.24,149 million) in the previous year. Following these developments, Sri Lanka's gross external assets rose from SDR 1,544 million (Rs.105,258 million) at the end of 1993 to SDR 1,792 million (Rs.130,340 million) at the end of 1994.

Meanwhile, with the acceptance of the obligations under the Article VIII of the Articles of Agreement of the International Monetary Fund (IMF) in March 1994, Sri Lanka removed all restrictions on current account transactions and allowed free convertibility of the Sri Lankan Rupee for such transactions. This was a major step forward under the ongoing liberalisation programme of the country. Although Sri Lanka's external assets reached a level sufficient to provide a cover for nearly 6 months of imports, the overall developments in the balance of payments front in 1994 clearly underscored the adverse impact of sustained high demand pressure on the balance of payments and the need for a stable macro economic environment through a well conceived monetary and fiscal policy stance to consolidate Sri Lanka's economic strength in an open economic environment.

BALANCE OF PAYMENTS
QUARTERLY



Central Bank of Sri Lanka.

TABLE 1.52
Balance of Payments – Analytic Presentation 1990 – 1994

Item	SDR Million					Rupees Million				
	1990	1991	1992	1993(a)	1994(b)	1990	1991	1992	1993(a)	1994(b)
1. Merchandise	-518	-726	-740	-825	-1,095	-28,145	-41,252	-45,785	-55,486	-77,644
Exports	1,456	1,491	1,745	2,046	2,236	79,481	84,379	107,855	138,174	158,554
Imports	1,974	2,217	2,485	2,871	3,331	107,626	125,631	153,640	193,660	236,198
2. Services	-72	-65	-23	28	12	-3,905	-3,773	-1,430	1,821	820
Receipts	391	440	489	535	627	21,365	24,897	30,256	36,050	44,363
Payments	463	505	513	507	615	25,269	28,670	31,686	34,229	43,543
3. GOODS AND SERVICES (1+2)	-590	-791	-763	-797	-1,083	-32,050	-45,025	-47,215	-53,665	-76,824
4. Transfers (Net)	398	441	457	517	552	21,660	25,030	28,280	34,839	39,057
Private (Net)	268	293	328	402	438	14,518	16,623	20,253	27,090	30,989
Official (Net)	130	148	130	115	115	7,142	8,407	8,027	7,749	8,069
5. CURRENT ACCOUNT										
BALANCE (3+4)	-192	-350	-306	-281	-531	-10,390	-19,995	-18,935	-18,825	-37,767
6. Non-Monetary Capital (Net)	345	475	381	612	674	18,931	27,171	23,450	41,066	48,058
Direct Investment	24	46	86	134	111	1,294	2,633	5,315	9,107	7,815
Portfolio Investment	7	24	18	48	20	390	1,329	1,122	3,272	1,334
Private long-term (Net)	-33	-18	18	135(c)	216(c)	-1,835	-1,005	1,162	8,998(c)	15,628(c)
Private short-term (Net)	48	35	91	105	182	2,685	2,105	5,652	7,110	12,933
Government long-term (Net)	299	366	189	190	146	16,397	20,849	11,494	12,579	10,348
Inflows	392	463	313	334	283	21,497	26,378	19,193	22,317	20,050
Outflows	93	97	124	144	137	5,100	5,529	7,699	9,738	9,702
Government Short-term	-	23	-22	-	-	-	1,260	-1,295	-	-
7. Valuation Adjustments	-	-	-	-	-	751	235	1,555	-1,420	-1,380
8. SDR Allocations	-	-	-	-	-	-	-	-	-	-
9. Errors and Omissions	-14	+28	+59	+44	+29	-1,812	+2,729	+3,399	+3,328	+8,255
10. Overall Balance	+138	+152	+133	+375	+173	+7,480	+10,140	+9,469	+24,149	+17,166
11. Monetary Movements (-Surplus)	-138	-152	-133	-375	-173	-7,480	-10,140	-9,469	-24,149	-17,166
Exchange Rate Rs. / SDR						54.42	56.61	61.75	67.39	70.75
Ratios to GDP in Percentages										
Trade Account						-8.75	-11.07	-10.82	-11.10	-13.41
Current Account						-3.23	-5.37	-4.47	-3.77	-6.53
Current Account without Grants						-5.45	-7.62	-6.37	-5.32	-7.92

(a) Revised

(b) Provisional

(c) Includes adjustment to capital inflows on account of Import of four aircrafts for which advance payments had been made in previous years.

Note: All transactions in the Monetary Sector are converted at the end of year exchange rate.

Source : Central Bank of Sri Lanka

BALANCE OF PAYMENTS OUT-TURN

Merchandise Account

The flow of imports and exports in 1994 resulted in a marked deterioration in the trade account. The export sector showed a moderate growth of 9 per cent, with earnings increasing from SDR 2,046 million (Rs.138,174 million) in 1993 to SDR 2,236 million (Rs.158,554 million) in 1994. In 1993, the export sector grew by 17 per cent. A reduced rate of expansion was observed in all major categories of exports, i.e. agricultural, industrial and other minor exports, largely due to unfavourable export prices, particularly of tea and garments. Meanwhile, influenced by high demand for imports of investment and consumer goods, particularly sugar and consumer durables, expenditure on imports increased by 16 per cent from SDR 2,871 million (Rs.193,660 million) in 1993 to SDR 3,331 million (Rs.236,198 million) in 1994. In addition to the increase in expenditure on imports of machinery, equipment and other capital goods required for the normal expansion of the economy, the increase in the expenditure on investment goods also reflected the import of two aircrafts at a cost of US\$ 228 million by Air Lanka under its refueling programme. Consequently, the trade deficit increased from SDR 825 million (Rs.55,486 million) to SDR 1,095 million (Rs.77,644 million) in 1994. As a ratio of GDP, the deficit increased from 11.1 per cent in 1993 to 13.4 per cent in 1994. Even after the exclusion of the exceptional item of imports, aircrafts, the trade deficit as a ratio of GDP rose from 10.3 per cent in 1993 to 11.5 per cent in 1994.

Services Account

In the services account, receipts increased from SDR 535 million in 1993 to SDR 627 million in 1994, while payments rose from SDR 507 million to SDR 615 million. Accordingly, the surplus in the services account declined from SDR 28 million (Rs.1,821 million) in 1993 to SDR 12 million (Rs.820 million) in 1994. On the receipts side, an improved performance was recorded in all major categories of services, particularly in port, transportation and insurance, travel and other services. With the tourist arrivals exceeding the peak level recorded in 1982 and an increase in the average spending per day per tourist, the receipts on account of travel increased by 10 per cent to SDR 161 million in 1994 compared with a 5 per cent growth in 1993. However, there was a substantial increase in the outflows on account of travel as well, reflecting increased travel abroad by Sri Lankan residents.

Investment income inflows increased by 27 per cent to SDR 100 million in 1994 largely due to a significant rise in the foreign assets held by the Central Bank of Sri Lanka from SDR 1,194 million in 1993 to SDR 1,373 million in 1994. Outflows on account of interest payments rose by SDR 17 million to SDR 161 million, while profit and dividend outflows increased by SDR 28 million to SDR 51 million. This contrasted with the pattern observed in the previous year when a significant portion of profits and dividends was retained in the country due to high rates of return on investment.

Transfers Account

Net inflows in the transfers account, particularly on account of private transfers, continued to be a major source of foreign inflows to the country. Private transfers, which accounted for around 14 per cent of the total receipts on goods, services and transfers, increased from SDR 454 million (Rs.30,592 million) in 1993 to SDR 499 million (Rs.35,345 million) in 1994, largely reflecting the continued increase in remittances by Sri Lankan migrant workers, particularly in the Middle East. However, the rate of increase in inflows of private transfers declined from 17 per cent in 1993 to 10 per cent in 1994. This decline may be partly attributed to the moderation of interest sensitive transfers in response to a decline in domestic interest rates and an increase in interest rates in international markets in 1994. Meanwhile, outflows on account of private transfers increased from SDR 52 million (Rs.3,501 million) in 1993 to SDR 61 million (Rs.4,357 million) in 1994 as the full impact of the relaxation of restrictions in 1993 on the transfer of assets by Sri Lankan migrants was felt in 1994. Official transfers remained at the same level of SDR 115 million as in 1993. As the

TABLE 1.53
Services and Transfers 1990 – 1994

Item	SDR Million					Rupees Million				
	1990	1991	1992	1993(a)	1994(b)	1990	1991	1992	1993(a)	1994(b)
1. Port, Transportation & Insurance	10	28	32	73	96	522	1,588	1,965	4,944	6,825
Credits	125	150	157	171	207	6,816	8,497	9,696	11,509	14,626
Debits	115	122	125	98	111	6,293	6,909	7,731	6,565	7,801
2. Travel	40	45	60	60	43	2,190	2,545	3,711	3,985	2,995
Credits	94	116	139	146	161	5,143	6,571	8,573	9,815	11,375
Debits	54	71	79	86	118	2,953	4,026	4,862	5,831	8,380
3. Investment Income	-123	-130	-127	-88	-113	-6,685	-7,367	-7,821	-5,979	-8,028
Credits	68	40	48	79	100	3,728	2,259	2,997	5,366	7,111
Debits	191	170	175	168	213	10,413	9,626	10,818	11,345	15,139
3.1 Profits and Dividends	-19	-13	-22	-19	-51	-1,006	-718	-1,391	-1,316	-3,666
Credits	-	2	1	4	1	11	89	84	279	33
Debits	19	14	24	24	51	1,017	807	1,476	1,595	3,699
3.2 Interest	-104	-117	-104	-69	-62	-5,679	-6,649	-6,430	-4,662	-4,362
Credits	68	38	47	75	99	3,717	2,170	2,913	5,087	7,078
Debits	172	156	151	144	161	9,396	8,820	9,342	9,750	11,440
4. Government Services	-3	-3	-3	-11	-9	-195	-170	-176	-714	-657
Credits	11	17	14	11	17	586	953	826	736	1,225
Debits	14	20	16	22	27	781	1,123	1,001	1,450	1,881
5. Other Services	5	-5	15	-6	-5	263	-369	891	-415	-316
Credits	93	117	132	127	142	5,092	6,616	8,165	8,623	10,025
Debits	88	122	117	134	146	4,829	6,985	7,273	9,038	10,342
6. TOTAL SERVICES	-72	-65	-23	28	12	-3,905	-3,773	-1,430	1,821	820
Credits	391	440	489	535	627	21,365	24,897	30,256	36,050	44,363
Debits	463	505	513	507	615	25,269	28,670	31,686	34,229	43,543
7. Private Transfers	268	293	328	402	438	14,518	16,623	20,253	27,090	30,989
Credits	296	323	389	454	499	16,054	18,311	24,037	30,592	35,345
Debits	28	30	61	52	61	1,536	1,688	3,784	3,501	4,357
8. Official Transfers	130	148	130	115	115	7,142	8,407	8,027	7,749	8,069
Credits	130	148	130	115	115	7,142	8,407	8,027	7,749	8,069
Debits	-	-	-	-	-	-	-	-	-	-
9. TOTAL TRANSFERS	398	441	457	517	552	21,660	25,030	28,280	34,839	39,057
Credits	426	471	519	569	614	23,196	26,718	32,064	38,341	43,414
Debits	28	30	61	52	61	1,536	1,688	3,784	3,501	4,357

(a) Revised

(b) Provisional

Source : Central Bank of Sri Lanka

Note: The breakdown of the Services Sector, particularly with respect to categories 1,4 and 5, from 1993 may not be directly comparable with previous years as the data collection system has been revised since 1993.

combined outcome of the changes in private and official transfers, net inflows in the transfers account increased from SDR 517 million (Rs.34,839 million) in 1993 to SDR 552 million (Rs.39,057 million) in 1994.

Current Account

Under the impact of a deterioration in the trade account, the current account deficit widened from SDR 281 million (Rs.18,825 million) in 1993 to SDR 531 million (Rs.37,767 million) in 1994. As a ratio of GDP, the deficit increased from 3.8 per cent in 1993 to 6.5 per cent in 1994. Excluding grants, this ratio rose from 5.3 per cent in 1993 to 7.9 per cent in 1994. This sharp deterioration in the current account after two years of continued improvement was a worrisome development in the balance of payments in 1994 as it was largely attributed to high demand pressure evident in the large Investment-Saving gap in the economy. However, high demand pressure was manifested more as an increase in investment rather than a decline in savings as the share of investment goods in total imports increased by 2.5 percentage points, while the share of consumer goods increased by only 0.2 percentage points.

Capital Account

In contrast to the surge in capital inflows experienced in 1993, there was a substantial moderation in inflows in the capital account in 1994 largely reflecting investor perception of an uncertain domestic political and economic environment. Net non-monetary capital inflows increased only by 10 per cent, to SDR 674 million in 1994, compared with an increase of 61 per cent recorded in 1993. There was a marked reduction in inflows to the private sector in the form of direct foreign investment and portfolio investment and in loans disbursed to the Government.

In spite of an increase in the number of BOI enterprises in commercial operation from 94 in 1993 to 137 in 1994, direct foreign investment has been estimated to have declined to SDR 111 million in 1994 from SDR 134 million in 1993. Net inflows of foreign capital for portfolio investment also declined from SDR 48 million in 1993 to SDR 20 million in 1994. In fact, sales of shares by non-residents at the Colombo Stock Exchange exceeded purchases in the months of March, April and the last quarter of 1994. This substantial reduction in portfolio investment was a reflection of the cautious attitude of investors following policy slippages in the midst of national elections and an improved investment climate in developed countries.

Net capital inflows to government, the bulk of which consisted of foreign concessional financial assistance, also recorded a decline of 23 per cent, from SDR 190 million (Rs.12,579 million) in 1993 to SDR 146 million (Rs.10,348 million) in 1994. This decline was largely due to a reduced recourse to non-concessional loans. Though total foreign capital inflows to the Government declined from SDR 334 million in 1993 to SDR 283 million in 1994, disbursements of project loans increased from SDR 192 million to SDR 259 million. Japan emerged as the main source of financial assistance to the Government. The utilisation of Japanese loans increased from SDR 66 million in 1993 to SDR 126 million in 1994, whereas those of the Asian Development Bank (ADB) and the International Development Association (IDA) declined from SDR 88 million and SDR 87 million, respectively, in 1993 to SDR 64 million and SDR 54 million, respectively, in 1994.

In contrast to these developments, private long term and short term capital inflows continued to increase significantly. Private long term capital inflows increased by SDR 64 million to SDR 281 million in 1994. This included major inflows providing foreign financing towards the purchase of aircrafts under the Air Lanka Refleeting Programme and the government sponsored Bus Assembly Project and to BOI projects in the form of loan capital. Private long term capital outflows declined from SDR 83 million in 1993 to SDR 65 million in 1994 as no progress payments were made in 1994 towards the purchase of aircrafts by Air Lanka. Outflows consisted mainly of the repayment of loans obtained by Air Lanka and for the Bus Assembly Project and to enterprises under the BOI.

Net inflows of private short term capital increased significantly from SDR 105 million in 1993 to SDR 182 million in 1994. The comparatively lower figure for 1993 however was partly the result of the value of loans granted by the FCBUs to non-BOI firms being transferred to the domestic units of banks in 1993. This transfer led to a repayment to FCBUs in 1993, thus causing the net lending by the FCBUs to domestic enterprises to be low in that year, resulting in a relatively low net inflow of private short term capital. Short term capital inflows in 1994 included FCBU credits to BOI enterprises towards their working capital and trade credits including credit facilities to BOI enterprises towards financing their raw material imports.

EXTERNAL ASSETS

Sri Lanka's gross external assets recorded a 16 per cent increase to SDR 1,792 million (Rs.130,340 million) at the end of 1994 from SDR 1,544 million (Rs.105,258 million) at the end of 1993 reflecting the modest net inflow of foreign capital and the inflow of SDR 56 million from the IMF under the ongoing Enhanced Structural Adjustment Facility (ESAF). The overall increase in the external assets reflected the growth in the external assets of the Central Bank by 15 per cent to SDR 1,373 million and those of commercial banks by 24 per cent to SDR 403 million and a decline in the external assets held by the Government by SDR 8 million to SDR 16 million. Gross official reserves, comprising foreign assets held by the Central Bank and the Government increased by SDR 172 million to SDR 1,389 million between the two years. Gross external assets at the end of 1994 were sufficient to finance 5.9 months of imports projected for 1995, while gross official reserves were sufficient to finance 4.6 months of projected imports.

EXCHANGE RATE MOVEMENTS

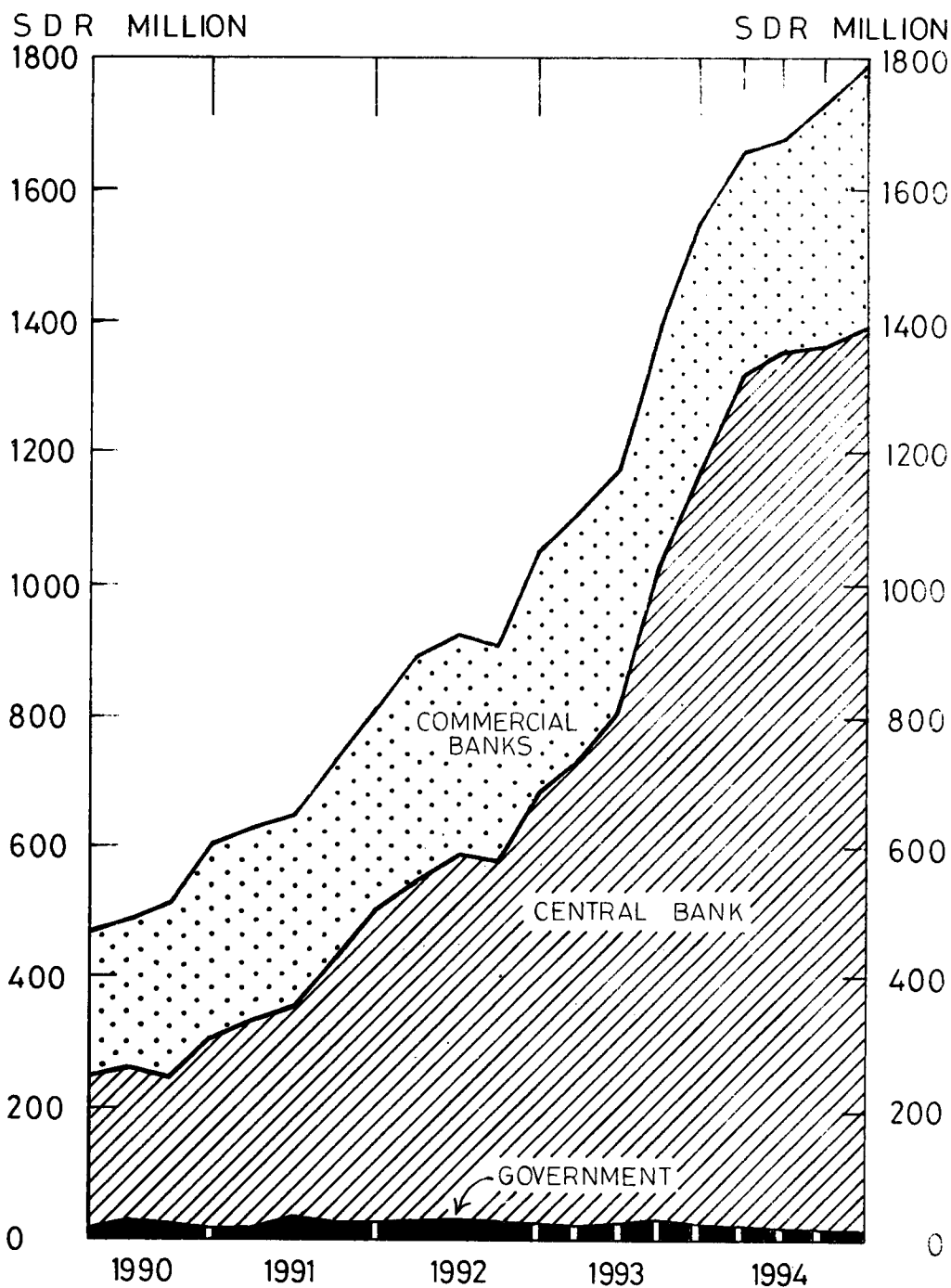
During 1994, the Sri Lanka Rupee (SLR) fluctuated against all major international currencies except the Japanese Yen against which the Rupee depreciated throughout the year. The movements of the Rupee reflected the fluctuations in the cross rates of major currencies due to volatile conditions in international foreign exchange and financial markets as well as the conditions that prevailed in the foreign exchange market in Sri Lanka. Compared with end 1993, the US Dollar depreciated sharply against the Yen, Deutsche Mark, French Franc and the Pound Sterling in 1994, while in the domestic market there was an accumulation of net foreign assets. Consequently, between end 1993 and end 1994, the Rupee depreciated only marginally by 0.8 percent against the US dollar, the intervention currency. However, against the relatively stronger currencies in the international market, the Rupee depreciated at a higher rate, i.e. against the Japanese Yen by 11.4 per cent, the Deutsche Mark by 10.7 per cent, the French Franc by 9.1 per cent and the Pound Sterling by 5.8 per cent. It also depreciated by 1 per cent against the Indian Rupee. As the composite outcome of the movements against the major currencies, the Rupee depreciated by 6.3 per cent against the SDR compared with a 7.1 per cent depreciation observed in the previous year.

Reflecting the combined impact of these exchange rate movements, Sri Lanka's Nominal Effective Exchange Rate (NEER) defined as the trade weighted nominal exchange rate with respect to major trading partners, depreciated by 5.1 per cent on a point to point basis from December 1993 to December 1994. The Real Effective Exchange Rate (REER), which is the nominal exchange rate adjusted for inflation differentials between Sri Lanka and the major trading partners, depreciated by 3.2 per cent. The annual average NEER depreciated by 4.6 per cent while the annual average REER appreciated by 3.2 per cent in 1994.

EXTERNAL DEBT

The external debt of Sri Lanka at the end 1994 was estimated at SDR 6,089 million, recording an increase of SDR 504 million from end 1993 to end 1994. This increase largely reflected the

EXTERNAL ASSETS
QUARTERLY



Central Bank of Sri Lanka

TABLE 1.54
External Assets of Sri Lanka 1990 – 1994

Ownership as at end of	SDR Million (a)					Rupees Million				
	1990	1991	1992	1993	1994	1990	1991	1992	1993	1994
1. Government (b)	19.3	26.7	23.4	23.4	15.6	1,104.5	1,631.6	1,482.1	1,597.2	1,132.3
2. Government Agencies	–	–	–	–	–	1.1	1.1	1.0	1.1	–
3. Central Bank	286.3	475.9	657.9	1,193.7	1,373.3	16,399.2	28,956.9	41,591.7	81,403.6	99,858.5
4. Commercial Banks	296.4	306.2	365.7	326.4	403.3	16,966.8	18,633.4	23,160.7	22,256.2	29,349.3
5. Total	602.0	808.8	1,047.0	1,543.5	1,792.2	34,471.6	49,223.0	66,235.5	105,258.1	130,340.1
6. Gross External Assets in months of										
6.1 Merchandise Imports	3.7	4.4	5.1	6.5	6.5					
6.2 Import of Goods and Services	3.0	3.6	4.2	5.5	5.5					

(a) Converted at the following end year rates except for certain items in the International Reserve of the Central Bank which were converted at the representative rate agreed with the IMF

Year	1990	1991	1992	1993	1994
Rs. per SDR	57.25	60.85	63.33	68.19	72.76

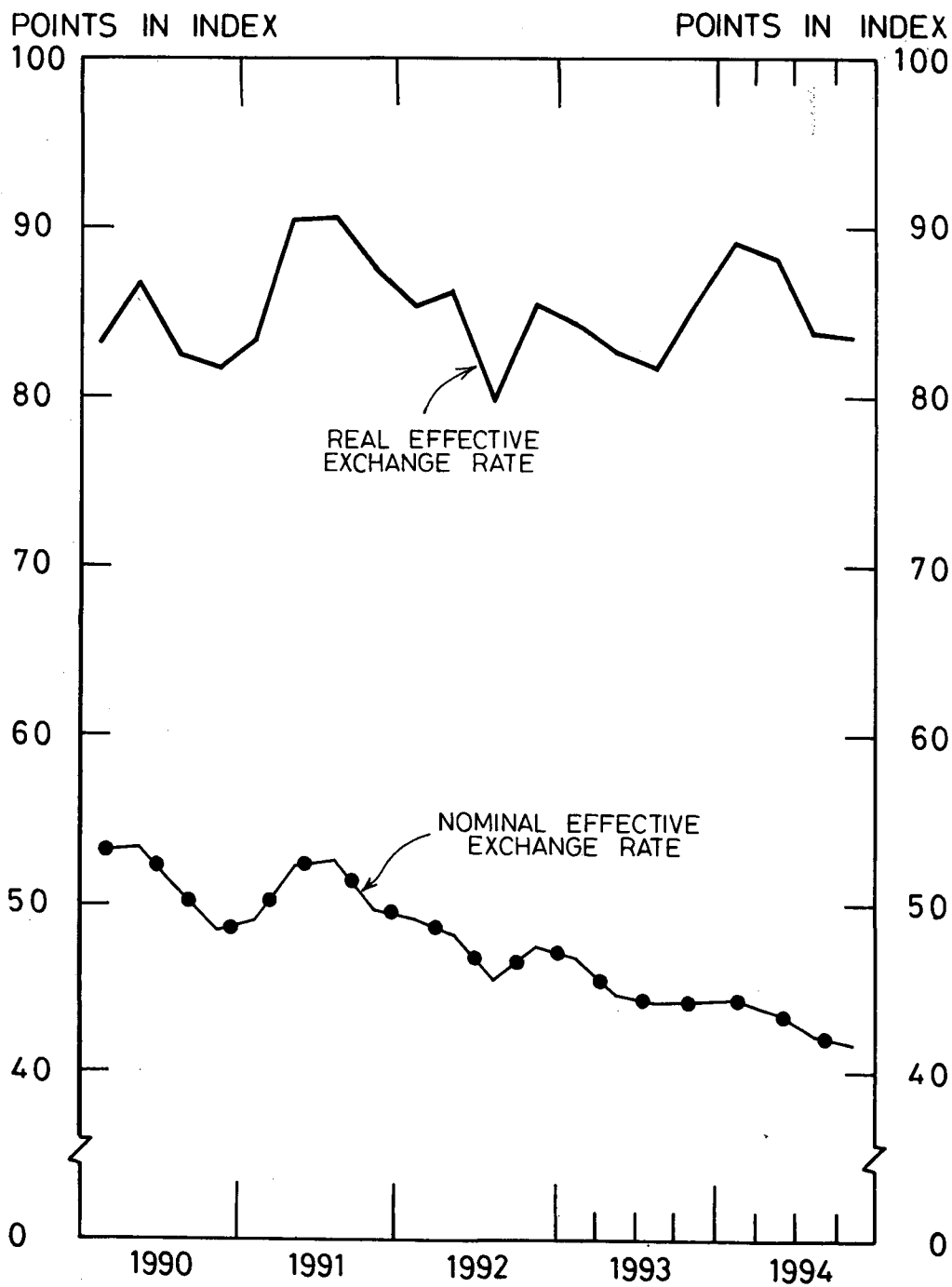
Source: Central Bank of Sri Lanka

(b) Figures since 1985 have been revised to include DST's Special Revolving Credit Balance.

EFFECTIVE EXCHANGE RATES*

QUARTERLY AVERAGES

1985 = 100



* Decline indicates depreciation.

Central Bank of Sri Lanka.

TABLE 1.55
Exchange Rate Movements 1990 – 1994

Currency	End of Year Rates in Rs. per unit of Foreign Currency					Percentage Change over Previous Year (a)				
	1990	1991	1992	1993	1994	1990	1991	1992	1993	1994
Deutsche Mark	26.1554	28.0178	28.5714	28.7371	32.1622	-9.39	-6.65	-1.94	-0.58	-10.65
French Franc	7.7125	8.1924	8.3857	8.4655	9.3151	-10.08	-5.86	-2.31	-0.94	-9.12
Indian Rupee	2.2332	1.6352	1.7520	1.5774	1.5926	5.69	36.57	-6.67	11.07	-0.95
Japanese Yen	0.2943	0.3390	0.3699	0.4433	0.5004	-4.32	-13.19	-8.35	-16.56	-11.41
Pound Sterling	75.5908	79.5820	69.4278	73.4972	78.0513	-13.96	-5.02	14.63	-5.54	-5.83
U.S. Dollar	40.2400	42.5800	46.0000	49.5615	49.9800	-0.60	-5.50	-7.43	-7.19	-0.84
SDR	57.2479	60.8464	63.3337	68.1932	72.7604	-7.54	-5.91	-3.93	-7.13	-6.28

(a) Changes computed on the basis of foreign currency equivalent of Sri Lanka Rupees.

Source: Central Bank of Sri Lanka

Note: Minus sign indicates depreciation.

TABLE 1.56
Disbursed and Outstanding External Debt 1990 – 1994

Item	SDR Million					Rupees Million				
	1990	1991	1992	1993(a)	1994(b)	1990	1991	1992	1993(a)	1994(b)
1. Medium and Long-term Debt	3,822.4	4,246.0	4,624.3	5,059.8	5,381.8	216,846.3	255,798.0	289,678.6	345,083.2	390,285.1
1.1 Government	3,184.4	3,589.0	3,840.8	4,122.7	4,192.0	182,300.3	218,400.0	243,250.6	281,142.3	305,010.8
1.2 Public Corporations with Government Guarantee	136.0	141.0	175.6	246.4	398.3	7,781.0	8,578.0	11,120.7	16,804.0	28,977.0
1.3 Private Sector with Government Guarantee	108.0	120.0	129.0	144.0	156.5	6,185.0	7,319.0	8,172.8	9,821.4	11,384.0
1.4 Public Corporations without Government Guarantee	5.0	3.0	2.4	1.4	0.4	290.0	197.0	151.0	96.6	29.5
1.5 Private Sector without Government Guarantee	101.0	113.0	138.7	169.6	211.9	5,802.0	6,867.0	8,784.4	11,565.6	15,416.8
1.6 IMF Drawings	288.0	280.0	337.8	375.7	422.8	14,488.0	14,437.0	18,199.1	25,653.3	29,467.0
2. Short-term Debt	294.0	350.0	420.6	525.7	707.4	16,820.0	20,200.0	24,578.6	31,689.0	44,621.5
2.1 Government	—	21.0	—	—	—	—	1,275.0	—	—	—
2.2 Central Bank Borrowings	—	—	—	—	—	—	—	—	—	—
2.3 Other (c)	294.0	329.0	420.6	525.7	707.4	16,820.0	18,925.0	24,578.6	31,689.0	44,621.5
3. Total Debt (1+2)	4,116.4	4,596.0	5,044.9	5,585.5	6,089.2	233,666.3	275,998.0	314,257.2	376,772.2	434,906.6
MEMORANDUM ITEMS										
Medium and Long-term Debt										
(1) Project Loans	2,179.0	2,393.0	2,555.9	2,710.8	2,891.0	124,775.0	145,631.0	161,873.4	184,859.1	210,353.7
(2) Non-Project Loans	1,010.0	1,177.0	1,251.1	1,304.9	1,239.0	57,832.0	71,600.0	79,233.7	88,984.0	90,146.7
(3) Suppliers' Credits	33.0	30.0	61.2	118.6	110.6	1,892.0	1,805.0	3,873.4	8,087.1	8,050.5
(4) IMF Trust Fund Loans	0.4	—	—	—	—	19.3	—	—	—	—
(5) IMF Other Loans	288.0	280.0	337.8	375.7	422.8	14,488.0	14,437.0	18,199.1	25,653.3	29,467.0
(6) Other Loans (d)	312.0	366.0	418.3	549.8	718.4	17,840.0	22,325.0	26,499.0	37,499.7	52,267.2

(a) Revised

(b) Provisional

(c) Includes Acceptance Credits of the Ceylon Petroleum Corporation, trade credits and short term borrowings from FCBUs.

(d) Includes Long-term loans of Public Corporations and private sector companies.

Sources : Central Bank of Sri Lanka;
External Resources Dept.

TABLE 1.57
External Debt Service Payments 1990 – 1994

Item	SDR Million					Rupees Million				
	1990	1991	1992	1993(a)	1994(b)	1990	1991	1992	1993(a)	1994(b)
1. Debt Service Payments	328.6	356.3	382.3	357.5	372.4	17,972.0	20,173.0	23,671.0	24,066.4	26,332.6
1.1 Amortization	182.0	200.5	231.0	213.2	211.0	9,975.0	11,353.0	14,328.8	14,316.8	14,892.4
(i) To IMF	31.8	63.6	54.4	18.1	8.9	1,731.0	3,600.0	3,359.4	1,118.8	615.7
(ii) To Others	150.2	136.9	176.6	195.1	202.1	8,244.0	7,753.0	10,969.4	13,198.0	14,276.7
1.2 Interest Payments	146.6	155.8	151.3	144.3	161.4	7,997.0	8,820.0	9,342.2	9,749.6	11,440.2
(i) To IMF	20.6	14.7	7.8	5.4	4.9	1,121.0	830.0	480.5	362.8	348.3
(ii) To Others	126.0	141.1	143.5	138.9	156.5	6,876.0	7,990.0	8,861.7	9,386.8	11,091.9
2. Earnings from Merchandise Exports and Services	1,847.0	1,930.7	2,233.7	2,581.3	2,862.4	100,845.5	109,275.0	138,111.0	174,223.9	202,916.5
3. Receipts from Merchandise Exports, Services & Private Transfers	2,143.0	2,253.7	2,622.6	3,034.9	3,361.3	116,899.5	127,586.0	162,147.7	204,815.4	238,261.6
4. Debt Service Ratios (c)										
4.1 As a percentage of 2 above										
(i) Overall ratio	17.8	18.5	17.1	13.8	13.0	17.8	18.5	17.1	13.8	13.0
(ii) Excluding IMF Transactions	15.0	14.4	14.3	12.9	12.5	15.0	14.4	14.4	12.9	12.5
4.2 As a percentage of 3 above										
(i) Overall ratio	15.3	15.8	14.6	11.8	11.1	15.4	15.8	14.6	11.8	11.1
(ii) Excluding IMF Transactions	12.9	12.3	12.2	11.0	10.7	12.9	12.3	12.2	11.0	10.6
5. Government Debt Service Payments										
5.1 As a share of 1 above (d)	168.0	178.0	205.9	221.6	220.9	9,141.0	10,075.0	12,713.0	14,933.5	15,625.9
5.2 As a percentage of 1 above	51.1	49.9	51.1	62.0	59.3	50.9	49.9	51.0	62.4	59.3

(a) Revised

(b) Provisional

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

(d) Excludes IMF transactions.

Source : Central Bank of Sri Lanka

increase in lending to the private sector discussed under the capital account of this note. Medium and long term loans of the Government, which accounted for 69 per cent of the outstanding loans as at end 1994, increased by SDR 69 million mainly on account of concessional assistance extended by Japan, the ADB and the IDA. In 1994, Sri Lanka also received the first tranche under the third year programme of the Enhanced Structural Adjustment Facility (ESAF) arrangement with the IMF, amounting to SDR 56 million. With a repayment of SDR 9 million, in respect of a loan taken earlier under the Structural Adjustment Facility (SAF), the outstanding debt to the IMF increased by SDR 47 million to SDR 423 million at the end of 1994.

DEBT SERVICE PAYMENTS

Debt service payments, which included amortization of medium and long term loans and interest payments on all foreign loans, increased by SDR 15 million or 4 per cent to SDR 372 million in 1994. This was the combined outcome of a marginal decrease in amortization payments by SDR 2 million and an increase in interest payments by SDR 17 million. While amortization payments on account of non-IMF loans increased by SDR 7 million, such payments to the IMF decreased from SDR 18 million in 1993 to SDR 9 million in 1994. Interest payments on account of IMF loans decreased marginally while interest payments on non-IMF loans increased by SDR 18 million. However, with earnings from the export of goods and services increasing at a faster rate than the debt service payments during the year, the debt service ratio decreased from 13.8 per cent in 1993 to 13.0 per cent in 1994. Debt service payments as a ratio of receipts from the exports of goods, services and private transfers decreased from 11.8 per cent to 11.1 per cent.