



CENTRAL BANK OF SRI LANKA

ANNUAL ECONOMIC REVIEW 2024

CENTRAL BANK OF SRI LANKA



ANNUAL ECONOMIC REVIEW

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Governor

Central Bank of Sri Lanka

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Colombo 01, Sri Lanka.

02 April 2025

His Excellency Anura Kumara Dissanayake

President of Sri Lanka and

Minister of Finance, Planning and Economic Development
Ministry of Finance, Planning and Economic Development
The Secretariat
Colombo 01.

Your Excellency,

Annual Economic Review of the Central Bank 2024

In terms of Section 80 (3) of the Central Bank of Sri Lanka Act, No. 16 of 2023, within a period of four months after the close of each financial year, the Central Bank is required to publish, and lay before Parliament through the Honourable Minister of Finance, a report approved by the Governing Board of the Central Bank, on the state of the economy during such financial year emphasising its policy objectives and the condition of the financial system. The report shall include a review and an assessment of the policies of the Central Bank followed during such financial year.

The second Annual Economic Review of the Central Bank, as approved by the Governing Board of the Central Bank, in respect of the year 2024, is submitted herewith in fulfilment of this obligation.

Yours sincerely,

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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

List of Acronyms

ACU	Asian Clearing Union	CSTFA	Convention on the Suppression of Terrorist Financing Act, No.25 of 2005
ADB	Asian Development Bank	DA	Documents against Acceptance
AFI	Alliance for Financial Inclusion	DCS	Department of Census and Statistics
AML	Anti-Money Laundering	DCTS	Developing Countries Trading Scheme
APG	Asia Pacific Group	DIEs	Direct Investment Enterprises
APPFs	Approved Pension and Provident Funds	DNFBPs	Designated Non-Financial Businesses and Professions
APTA	Asia-Pacific Trade Agreement	DSIBs	Domestic Systemically Important Banks
ASPI	All Share Price Index	DSTI	Debt-Service-to-Income
ATMs	Automated Teller Machines	EC	European Commission
AWCMR	Average Weighted Call Money Rate	ECT	East Container Terminal
AWDR	Average Weighted Deposit Rate	EDB	Export Development Board
AWFDR	Average Weighted Fixed Deposit Rate	EPF	Employees' Provident Fund
AWLR	Average Weighted Lending Rate	EPMS	Export Proceeds Monitoring System
AWNDR	Average Weighted New Deposit Rate	ETCA	Economic and Technology Cooperation Agreement
AWNDR	Average Weighted New Deposit Rate	ETF	Employees' Trust Fund
AWNDR	Average Weighted New Deposit Rate	EU	European Union
AWNDR	Average Weighted New Deposit Rate	EUDR	EU Deforestation Regulation
AWNDR	Average Weighted New Deposit Rate	FATF	Financial Actions Task Force
AWNDR	Average Weighted New Deposit Rate	FCP	Financial Consumer Protection
AWNDR	Average Weighted New Deposit Rate	FCs	Finance Companies
AWNDR	Average Weighted New Deposit Rate	FEA	Foreign Exchange Act
AWNDR	Average Weighted New Deposit Rate	FDI	Foreign Direct Investment
AWNDR	Average Weighted New Deposit Rate	Fls	Financial Institutions
AWNDR	Average Weighted New Deposit Rate	FIT	Flexible Inflation Targeting
AWNDR	Average Weighted New Deposit Rate	FIU	Financial Intelligence Unit
AWNDR	Average Weighted New Deposit Rate	FLR	Financial Literacy Roadmap
AWNDR	Average Weighted New Deposit Rate	FSSNP	Financial Sector Safety Net Strengthening Project
AWNDR	Average Weighted New Deposit Rate	FTA	Free Trade Agreement
AWNDR	Average Weighted New Deposit Rate	FTRA	Financial Transactions Reporting Act, No. 6 of 2006
AWNDR	Average Weighted New Deposit Rate	GDP	Gross Domestic Product
AWNDR	Average Weighted New Deposit Rate	GNI	Gross National Income
AWNDR	Average Weighted New Deposit Rate	GOR	Gross Official Reserves
AWNDR	Average Weighted New Deposit Rate	GSP	Generalised System of Preference
AWNDR	Average Weighted New Deposit Rate	GSTP	Generalised System of Trade Preference
AWNDR	Average Weighted New Deposit Rate	GVA	Gross Value Added
AWNDR	Average Weighted New Deposit Rate	GVCs	Global Value Chains
AWNDR	Average Weighted New Deposit Rate	GWP	Gross Written Premium
AWNDR	Average Weighted New Deposit Rate	HIES	Household Income and Expenditure Survey
AWNDR	Average Weighted New Deposit Rate	HQLA	High Quality Liquid Assets
AWNDR	Average Weighted New Deposit Rate	HSCT	Hematopoietic Stem Cell Transplant
AWNDR	Average Weighted New Deposit Rate	IBRD	International Bank for Reconstruction and Development
AWNDR	Average Weighted New Deposit Rate	IDA	International Development Association
AWNDR	Average Weighted New Deposit Rate	IFC	International Finance Corporation
AWNDR	Average Weighted New Deposit Rate	IIP	International Investment Position
AWNDR	Average Weighted New Deposit Rate	IMF	International Monetary Fund
AWNDR	Average Weighted New Deposit Rate	IMF-EFF	International Monetary Fund's Extended Fund Facility
AWNDR	Average Weighted New Deposit Rate	IPOs	Initial Public Offerings
AWNDR	Average Weighted New Deposit Rate	IPSF	International Platform for Sustainable Finance
AWNDR	Average Weighted New Deposit Rate	IPSWRI	Informal Private Sector Wage Rate Index
AWNDR	Average Weighted New Deposit Rate	IRD	Inland Revenue Department
AWNDR	Average Weighted New Deposit Rate	ISBs	International Sovereign Bonds
AWNDR	Average Weighted New Deposit Rate	ISFTA	Indo-Sri Lanka Free Trade Agreement
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation		
bn	billion		
BODs	Board of Directors		
BOI	Board of Investment		
BOP	Balance of Payments		
bps	basis points		
BRUs	Business Revival Units		
BSPA	Banking (Special Provisions) Act, No. 17 of 2023		
CAR	Capital Adequacy Ratio		
CASA	Current and Savings Account		
CBA	Central Bank of Sri Lanka Act, No. 16 of 2023		
CBSL	Central Bank of Sri Lanka		
CCPI	Colombo Consumer Price Index		
CDB	China Development Bank		
CDD	Customer Due Diligence		
CEB	Ceylon Electricity Board		
CEFTS	Common Electronic Fund Transfer Switch		
CEO	Chief Executive Officer		
CFMs	Capital Flow Management Measures		
CFT	Countering the Financing of Terrorism		
CI	Confidence Intervals		
CIC	Currency in Circulation		
CID	Customs Import Duties		
CKDu	Chronic Kidney Disease of unknown etiology		
COLA	Cost of Living Allowance		
CP	Commercial Paper		
CPC	Ceylon Petroleum Corporation		
CPIs	Consumer Price Indices		
CS-DRMS	Commonwealth Secretariat Debt Recording and Management System		
CSE	Colombo Stock Exchange		

IT/BPO	Information Technology/Business Process Outsourcing	OPR	Overnight Policy Rate
ITRS	International Transactions Reporting System	OSBB	Offshore Banking Business
JICA	Japan International Cooperation Agency	OTP	One-Time Password
KMP	Key Management Personnel	PAL	Ports and Airports Development Levy
LAF	Liquidity Assistance Facility	PAT	Profit After Tax
LBs	Licensed Banks	PBOC	People's Bank of China
LC	Letters of Credit	PBV	Price to Book Value
LCBs	Licensed Commercial Banks	PDCs	Primary Dealer Companies
LCR	Liquidity Coverage Ratio	PDI	Past Due Interest
LEAs	Law Enforcement Agencies	PDM Act	Public Debt Management Act, No 33 of 2024
LFPR	Labour Force Participation Rate	PDMO	Public Debt Management Office
LMFCs	Licensed Microfinance Companies	PER	Price Earnings Ratio
LNG	Liquefied Natural Gas	PFCAs	Personal Foreign Currency Accounts
LPG	Liquefied Petroleum Gas	PFMA	Public Financial Management Act
LPOPP	LankaPay Online Payment Platform	PMLA	Prevention of Money Laundering Act, No. 05 of 2006
LSBs	Licensed Specialised Banks	pps	percentage points
LTGEP	Long-Term Generation Expansion Plan	PSFTA	Pakistan-Sri Lanka Free Trade Agreement
MCS	Market Conduct Supervision	PSPF	Public Service Provident Fund
MDR	Merchant Discount Rate	PTA	Preferential Trade Agreement
ME	Mutual Evaluation	QR	Quick Response
MIs	Member Institutions	RAs	Regulatory Authorities
mn	million	RAMIS	Revenue Administration and Management Information System
MOF	Ministry of Finance, Planning and Economic Development	RBI	Reserve Bank of India
m-o-m	month-on-month	RD	Restricted Default
MOR	Market Operations Report	RDA	Road Development Authority
MoU	Memorandum of Understanding	REER	Real Effective Exchange Rate
MPAPs	Mobile Payment Application Providers	RHS	Right Hand Side
MPFA	Monetary Policy Framework Agreement	ROA	Return on Assets
MSMEs	Micro, Small and Medium Enterprises/Entrepreneurs	ROE	Return on Equity
MTEFF	Medium-Term Fiscal Framework	RTGS	Real Time Gross Settlement
MVTS	Money or Value Transfer Service	SBFN	Sustainable Banking and Finance Network
NBFIs	Non-Bank Financial Institutions	S&P SL20	Standard & Poor's Sri Lanka 20
NCC	National Coordinating Committee	SAFTA	South Asian Free Trade Area
NCD	Non-Communicable Disease	SAPTA	SAARC Preferential Trading Arrangement
NCG	Net Credit to the Government	SCL	Special Commodity Levy
NCGIL	National Credit Guarantee Institution Limited	SDF	Standing Deposit Facility
NCPI	National Consumer Price Index	SDFR	Standing Deposit Facility Rate
NCRE	Non-Conventional Renewable Energy	SDR	Special Drawing Rights
NCS	National Card Scheme	SLAR	Statutory Liquid Assets Ratio
NDA	Net Domestic Assets	SLC	Sri Lanka Customs
NEER	Nominal Effective Exchange Rate	SLCs	Specialised Leasing Companies
NES	National Export Strategy	SLDIF	Sri Lanka Deposit Insurance Fund
NFA	Net Foreign Assets	SLDIS	Sri Lanka Deposit Insurance Scheme
NFIS	National Financial Inclusion Strategy	SLF	Standing Lending Facility
NIR	Net International Reserves	SLFR	Standing Lending Facility Rate
NITF	National Insurance Trust Fund	SLTB	Sri Lanka Transport Board
NPC	National Payments Council	SLTDA	Sri Lanka Tourism Development Authority
NPL	Non-Performing Loans	SLTFTA	Sri Lanka-Thailand Free Trade Agreement
NRA	National Risk Assessment	SMEs	Small and Medium scale Enterprises/Entrepreneurs
NSFR	Net Stable Funding Ratio	SNA 2008	System of National Accounts 2008
OCC	Official Creditor Committee	SOBEs	State Owned Business Enterprises
OIAs	Outward Investment Accounts	SOEs	State Owned Enterprises
OMOs	Open Market Operations	SSCL	Social Security Contribution Levy
OPEC+	Organization of the Petroleum exporting Countries Plus	STRs	Suspicious Transaction Reports

TCN Act	Trading Clearing and Netting Act	USD/US\$	United States Dollar
TIFA	Trade and Investment Framework Agreement	UTs	Unit Trusts
tn	trillion	VAT	Value Added Tax
UAE	United Arab Emirates	VCIP	VAT Compliance Improvement Project
UDA	Urban Development Authority	WBB	Welfare Benefits Board
UINs	Unique Identification Numbers	WCT	West Container Terminal
UK	United Kingdom	WEO	World Economic Outlook
UPI	Unified Payments Interface	WHO	World Health Organisation
USA/US	United States of America	y-o-y	year-on-year
USAID	United States Agency for International Development		

KEY ECONOMIC INDICATORS

	2018	2019	2020	2021	2022	2023	2024(a)
DEMOGRAPHY							
Mid-year population ('000 persons) (b)(c)	21,670	21,803	21,919	22,156	22,181	22,037	21,916
Growth of mid-year population (%) (b)	1.1	0.6	0.5	1.1	0.1	-0.6	-0.5
Population density (persons per sq.km.) (b)	346	348	350	353	354	351	352
Labour force ('000 persons) (d)	8,388	8,592	8,467	8,553	8,547	8,408	8,316(e)
Labour force participation rate (%) (d)	51.8	52.3	50.6	49.9	49.8	48.6	47.4(e)
Unemployment rate (% of labour force) (d)	4.4	4.8	5.5	5.1	4.7	4.7	4.4(e)
OUTPUT (f)							
GDP at current market price (Rs. bn)	15,352	15,911	15,646	17,612	24,063(g)	27,420(o)(g)	29,899
GNI at current market price (Rs. bn)	14,962	15,470	15,223	17,217	23,446(g)	26,586(o)(g)	29,154
GDP at current market price (USD bn) (h)	94.7	89.0	84.4	88.6	76.8(g)	83.8(o)(g)	99.0
GNI at current market price (USD bn) (h)	92.4	86.5	82.1	86.6	75.0(g)	81.2(o)(g)	96.5
Per capita GDP at current market price (Rs.) (i)	708,442	729,761	713,821	794,926	1,084,855(g)	1,244,262(o)(g)	1,364,235
Per capita GNI at current market price (Rs.) (i)	690,463	709,516	694,520	777,073	1,057,035(g)	1,206,441(o)(g)	1,330,255
Per capita GDP at current market price (USD) (h)(i)	4,372	4,082	3,851	3,999	3,464(g)	3,801(o)(g)	4,516
Per capita GNI at current market price (USD) (h)(i)(j)	4,263	3,968	3,747	3,910	3,379(g)	3,685(o)(g)	4,404
REAL OUTPUT (% change) (f)							
GDP	2.3	-0.2	-4.6	4.2	-7.3(g)	-2.3(o)(g)	5.0
Major economic activities of GDP							
Agriculture	6.3	0.5	-0.9	1.0	-4.1(g)	1.6(o)(g)	1.2
Industry	-1.1	-4.1	-5.3	5.7	-16.0(g)	-9.2(o)(g)	11.0
Services	4.3	2.9	-1.9	3.4	-2.6(g)	-0.2(o)(g)	2.4
GNI	2.2	-0.5	-4.5	4.7	-7.6(g)	-2.8(o)(g)	5.5
AGGREGATE DEMAND AND SAVINGS (% of GDP) (f)							
Consumption	68.9	71.7	73.3	70.7	76.3(g)	77.6(o)(g)	75.7
Private	60.3	62.7	62.9	61.2	69.1(g)	70.8(o)(g)	68.7
Government	8.6	9.0	10.4	9.5	7.2(g)	6.8(o)(g)	7.0
Investment	38.1	34.1	32.9	36.7	27.3(g)	24.6(o)(g)	27.0
Net exports of goods and services	-6.9	-5.8	-6.2	-7.4	-3.6(g)	-2.2(o)(g)	-2.6
Exports of goods and services	21.4	21.8	15.5	16.9	21.6(g)	20.7(o)(g)	19.9
Imports of goods and services	28.4	27.6	21.6	24.3	25.1(g)	22.8(o)(g)	22.5
Domestic savings	31.1	28.3	26.7	29.3	23.7(g)	22.4(o)(g)	24.3
Net primary and secondary income from rest of the world	4.0	3.7	4.7	3.6	2.3(g)	3.9(o)(g)	4.0
National savings	35.1	32.0	31.3	33.0	26.0(g)	26.3(o)(g)	28.3
PRICES AND WAGES (% change)							
Colombo Consumer Price Index (2021 = 100) - annual average	-	-	-	-	-	17.4	1.2
Colombo Consumer Price Index (2021 = 100) - y-o-y (end period)	-	-	-	-	-	4.0	-1.7
Colombo Consumer Price Index (2013 = 100) - annual average (k)	4.3	4.3	4.6	6.0	46.4	-	-
Colombo Consumer Price Index (2013 = 100) - y-o-y (end period) (k)	2.8	4.8	4.2	12.1	57.2	-	-
National Consumer Price Index (2021 = 100) - annual average	-	-	-	-	-	16.5	1.6
National Consumer Price Index (2021 = 100) - y-o-y (end period)	-	-	-	-	-	4.2	-2.0
National Consumer Price Index (2013 = 100) - annual average (l)	2.1	3.5	6.2	7.0	50.4	-	-
National Consumer Price Index (2013 = 100) - y-o-y (end period) (l)	0.4	6.2	4.6	14.0	59.2	-	-
Producer Price Index (2018 Q4 = 100) - annual average	-	-	5.8	10.9	74.0	11.5	...
GDP deflator (f)	4.3	3.9	3.1	8.0	47.5(g)	16.7(o)(g)	3.8
GNI deflator (f)	4.4	3.9	3.0	8.1	47.4(g)	16.7(o)(g)	3.9
Nominal Wage Rate Indices							
Formal Private Sector Employees (1978 Dec = 100) - annual average (m)	0.6	2.9	0.2	74.4	9.8	0.4	0.1
Public Sector Employees (2016 = 100) - annual average	0.2	4.7	9.2	-	16.1	-	18.5
Informal Private Sector Employees (2018 = 100) - annual average	-	-	6.4	9.2	24.5	11.4	6.0
EXTERNAL TRADE							
Trade balance (USD mn)	-10,343	-7,997	-6,008	-8,139	-5,185	-4,900	-6,069
Exports	11,890	11,940	10,047	12,499	13,106	11,911	12,772
Imports	22,233	19,937	16,055	20,637	18,291	16,811	18,841
Terms of trade (% change)	0.02	-1.6	2.5	-8.6	-11.6	-0.6	1.3
Export unit value index (2010 = 100) (% change)	4.2	-6.3	-6.8	5.4	0.9	-11.3	-3.7
Import unit value index (2010 = 100) (% change)	4.1	-4.8	-9.1	15.2	14.1	-10.8	-4.9
Export volume index (2010 = 100) (% change)	0.5	7.2	-9.7	18.0	3.9	2.4	11.3
Import volume index (2010 = 100) (% change)	1.8	-5.8	-11.4	11.5	-22.4	3.0	17.9
EXTERNAL FINANCE (USD mn)							
Services and primary income account (net)	1,381	388	-1,386	-373	240	505(g)	836
Current private transfers (net)	6,155	5,757	6,194	5,221	3,493	5,815	6,429
Current official transfers (net)	8	9	13	6	3	20	10
Current account balance	-2,799	-1,843	-1,187	-3,284	-1,448	1,439(g)	1,206
Overall balance	-1,103	377	-2,328	-3,967	-2,806	2,826	2,890

(a) Provisional

(b) As reported by Registrar General's Department

(c) Based on the Census of Population and Housing - 2012

(d) Household population aged 15 and above is considered for the calculation of labour force.

(e) Based on the average of four quarters

(f) GDP estimates (base year 2015) released in March 2025 by the Department of Census and Statistics have been used.

(g) Revised

(h) Based on quarterly GDP/GNI in USD terms calculated using quarterly average exchange rate from 2015 onwards

(i) Estimates are updated with the latest population figures

(j) These values may differ from DCS published values due to differences in the use of quarterly average exchange rates in comparison to annual average exchange rate for derivation of GNI in USD terms.

(k) Compilation of this index was discontinued since February 2023.

(l) Compilation of this index was discontinued since January 2023.

(m) Nominal wages of 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.

KEY ECONOMIC INDICATORS (Contd.)

	2018	2019	2020	2021	2022	2023	2024(a)
Current account balance (% of GDP) (f)(n)	-3.0	-2.1	-1.4	-3.7	-1.9	1.7(g)	1.2
Total foreign assets (months of the same year imports) (o)	5.2	6.3	6.4	3.6	3.9	6.7	7.2
Gross official reserves (months of the same year imports)	3.7	4.6	4.2	1.8	1.2	3.1	3.9
Overall debt service ratio (p)							
As a percentage of export of goods and services	28.9	29.7	35.2	30.7	15.4	15.9	21.1
As a percentage of current receipts	21.3	21.8	22.6	22.3	12.3	11.6	15.4
Total external debt: based on market value (% of GDP) (f)(n)	55.3	61.6	58.1	58.4	64.6	64.8(g)	57.7
EXCHANGE RATES							
Year end							
Rs/USD	182.75	181.63	186.41	200.43	363.11	323.92	292.58
Rs/SDR (q)	253.51	251.17	268.48	280.53	483.24	434.60	381.57
Annual average							
Rs/USD	162.54	178.78	185.52	198.88	324.55	327.53	302.12
Rs/SDR (p)	229.90	246.97	258.61	283.18	431.91	436.88	401.07
NEER (2017 = 100) (24 - currency basket) (r)	94.05	88.17	85.93	78.64	53.99	53.30	58.56
REER (2017 = 100) (24 - currency basket) (r)(s)	95.45	90.42	91.52	83.58	77.49	71.73	74.77
GOVERNMENT FINANCE (% of GDP) (f)(t)							
Revenue and grants	12.6	11.9	8.8	8.3	8.4	11.2	13.7
Revenue	12.5	11.9	8.7	8.3	8.2	11.1	13.5
o/w Tax revenue	11.2	10.9	7.8	7.4	7.3	9.9	12.4
Grants	0.1	0.1	0.1	0.2
Expenditure and net lending	17.5	21.0	19.4	20.0	18.6	19.5	20.5
Recurrent expenditure	13.6	15.2	16.3	15.6	14.6	17.1	17.9
Capital expenditure and net lending	3.9	5.7	3.1	4.4	4.0	2.4	2.6
Current account balance	-1.1	-3.4	-7.5	-7.3	-6.4	-6.0	-4.4
Primary balance	0.6	-3.4	-4.4	-5.7	-3.7	0.6	2.2
Overall fiscal balance	-5.0	-9.0	-10.7	-11.7	-10.2	-8.3	-6.8
Deficit financing	5.0	9.0	10.7	11.7	10.2	8.3	6.8
Foreign	2.1	3.4	-0.5	-0.1	1.8	1.8	1.1
Domestic	2.8	5.6	11.2	11.8	8.5	6.5	5.7
Central government debt (u)	78.4	81.9	96.6	100.0	114.2 (v)	104.7 (v)	96.1 (v)
Foreign	38.8	39.0	38.7	37.0	51.8 (v)	42.5 (v)	34.9 (v)
Domestic (w)	39.5	42.9	57.9	63.0	62.5 (v)	62.2 (v)	61.2 (v)
MONETARY AGGREGATES (y-o-y % change)							
Reserve money	2.3	-3.0	3.4	35.4	3.3	-1.5	15.8
Narrow money (M ₁)	4.7	4.2	36.0	24.0	-0.4	14.1	16.1
Broad money (M _{2b})	13.0	7.0	23.4	13.2	15.4	7.3	8.6
Net foreign assets of the banking system	-155.1	250.3	-308.0	-368.8	-79.9	74.2	225.6
Net domestic assets of the banking system	16.3	4.6	27.8	20.9	20.9	-2.9	0.8
Domestic credit from the banking system to							
Government (net)	16.1	11.1	62.7	28.2	28.1	10.9	-0.2
Public corporations/SOBEs	40.7	8.3	22.5	18.6	47.3	-56.0	-14.7
Private sector	15.9	4.2	6.5	13.1	6.2	-0.6	10.7
Money multiplier for M _{2b} (end year)	7.42	8.18	9.75	8.15	9.11	9.93	9.30
Velocity of M _{2b} (average for the year) (f)	2.27	2.16	1.84	1.73	2.04	2.17(g)	2.18
INTEREST RATES (% per annum at year end)							
Overnight Policy Rate (OPR) (x)	-	-	-	-	-	-	8.00
Standing Deposit Facility Rate (SDFR) (x)	8.00	7.00	4.50	5.00	14.50	9.00	7.50
Standing Lending Facility Rate (SLFR) (x)	9.00	8.00	5.50	6.00	15.50	10.00	8.50
Bank Rate (y)	15.00	15.00	8.50	9.00	30.22	14.50	10.00
Legal Rate of Interest / Market Rate of Interest (z)	9.08	11.50	11.64	10.12	7.48	16.97	15.15
Money market rates							
Average weighted call money rate (AWCMR)	8.95	7.45	4.55	5.95	15.50	9.24	8.00
Treasury bill yields							
91-day	10.01	7.51	4.69	8.16	32.64	14.51	8.62
364-day	11.20	8.45	5.05	8.24	29.27	12.93	8.96
Deposit rates							
Commercial banks' average weighted deposit rate (AWDR)	8.81	8.20	5.80	4.94	14.06	11.64	7.53
Commercial banks' average weighted fixed deposit rate (AWFDR)	10.85	10.05	7.14	5.94	18.49	14.88	9.27
Commercial banks' average weighted new deposit rate (AWNDR)	10.94	8.89	4.93	6.45	23.07	11.06	6.52
Commercial banks' average weighted new fixed deposit rate (AWNDFDR)	11.27	9.17	5.08	6.67	23.73	11.33	6.57
NSB savings rate	4.00	4.00	3.50	3.50	3.00	3.00	3.00
NSB 12 month fixed deposit rate	10.50	9.83	5.25	5.50	12.00	8.00	7.00
Lending rates							
Commercial banks' average weighted prime lending rate (AWPR)-Weekly	12.09	9.74	5.81	8.61	27.24	12.13	8.90
Commercial banks' average weighted lending rate (AWLR)	14.40	13.59	10.29	9.87	18.70	14.21	11.93
Commercial banks' average weighted new lending rate (AWNLR)	14.54	12.80	8.38	9.48	26.20	14.38	10.77
CAPITAL MARKET							
All share price index (ASPI) (1985 = 100)	6,052.4	6,129.2	6,774.2	12,226.0	8,489.7	10,654.2	15,944.6
S&P SL20 index (2004 Dec = 1,000)	3,135.2	2,937.0	2,638.1	4,233.3	2,635.6	3,068.4	4,862.1
Value of shares traded (Rs. mn)	200,069	171,408	396,882	1,173,157	686,602	410,629	537,635
Net purchases by non nationals (Rs. mn)	-23,239	-11,735	-51,356	-52,648	30,625	4,363	-10,479
Market capitalisation (Rs. bn)	2,839.5	2,851.3	2,960.7	5,489.2	3,847.2	4,248.9	5,695.6
(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) CCI 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) According to the Ministry of Finance, some fiscal sector statistics of 2019 have been restated as announced in the Budget Speech for 2020							
(u) 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 SBs of the Sri Lankan Government have been classified under domestic debt from 2019 onwards and debt statistics are presented on a net basis (net of deposits). Further, with the establishment of the Public Debt Management Office (PDMO) under the Ministry of Finance, Planning and Economic Development (MOF), the responsibility for recording and publishing Sri Lanka's public debt now falls under the PDMO, as mandated by the provisions of the Public Debt Management Act, No. 33 of 2004. Accordingly, the Quarterly Statistical Debt Bulletin, published by PDMO, serves as the official source for debt statistics. The Central Bank compiles these debt data statistics based on the data received from MOF to ensure data continuity.							
(v) The outstanding central government debt excludes several debt service payments that became overdue after April 12, 2022, the date of which the Interim Policy regarding the servicing of Sri Lanka's external public debt was announced by the Ministry of Finance, Planning and Economic Development. These debt service payments comprise of overdue interest payments of affected debt which deemed to be capitalised as per the Interim Policy and several overdue interest payments in relation to Sri Lanka Development Bonds (SLDB). From 2023 onwards, this no longer applies to SLDBs.							
(w) Liabilities of the central government to commercial banks reported in the Monetary Survey of the Central Bank was used to compile domestic debt until 2022. From 2023 onwards, domestic debt compilation method was changed and is based on the data confirmed by the Ministry of Finance, Planning and Economic Development.							
(x) With effect from 27 November 2024, the OPR is defined as the policy interest rate of the Central Bank. SDFR and SLFR are linked to the OPR with a margin as decided by the Central Bank							
(y) The rate at which the Central Bank grants advances to banking institutions as the lender of last resort.							
(z) 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 Governing 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 2025 is 12.12% per annum.							

KEY SOCIAL INDICATORS

PHYSICAL FEATURES AND CLIMATE

Location

Between 5° 55' & 9° 50' North Latitude
Between 79° 41' & 81° 53' East Longitude

Distance

433 km (269 miles) North to South (Maximum Length)
241 km (150 miles) West to East (Maximum Width)

Elevation

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

Area

Total area : 67,240 sq.km. Land area : 62,302 sq.km.
Internal waters : 3,186 sq.km. Lagoon area : 1,406.5 sq.km.
Bay area : 345.5 sq.km.

Climate

Low country : min. 25.1° C - max. 32.5° C
Hill country : min. 19.2° C - max. 28.0° C
Annual rainfall (average) mm : 2024 : 2,371
2023 : 2,536

POPULATION AND VITAL STATISTICS

Population Statistics (a)

Mid-year population ('000) (2024)	: 21,916
Age distribution ('000) (2024)	
0 - 14 years	: 5,538
15 - 64 years	: 14,662
65 years and over	: 1,716
Population density (2024)	: 352 persons per sq.km.
Crude birth rate (2024)	: 10.1 per 1,000 persons
Crude death rate (2024)	: 7.8 per 1,000 persons
Rate of natural increase (2024)	: 2.3 per 1,000 persons
Infant mortality rate (2020)	: 6.4 per 1,000 live births (revised)
Dependency ratio (2024)	: 49.5%
Average household size (2019) (b)	: 3.7 persons

Employment (2024)

Employed persons ('000) (d)	: 7,910
Agriculture	: 25.7%
Industry	: 25.5%
Services	: 48.8%
Public sector employees ('000) (e)	: 1,336
Government sector	: 84.9%
State Owned Enterprises	: 15.1%

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 (2022)

Human Development Index (2022)	: 0.780
Rank among 193 countries	: 78

Sri Lanka Prosperity Index (2021)

Sri Lanka Prosperity Index (2021)	: 0.796
Economy and Business Climate Sub-Index	: 0.825
Well-being of the People Sub-Index	: 0.786
Socio Economic Infrastructure Sub-Index	: 0.777

Expectation of Life at Birth (2017)

Expectation of Life at Birth (2017)	: 75.5 years
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Literacy Rate (2023) (d)

Average	: 93.2%
Male	: 94.0%
Female	: 92.6%

PHYSICAL, SOCIAL AND FINANCIAL INFRASTRUCTURE FACILITIES

	Unit	2024		Unit	2024
Transport					
Length of national roads (A & B)	km	12,263	Water Supply and Sanitation		
Length of expressways	km	312.6	Access to safe drinking water	%	98.8
Length of operating railway track (2022)	km	1,610.9	Access to pipe borne water	%	63.1
Electricity					
Electrification level (2016)	%	99.3	General Education (2023)		
Per capita electricity consumption	kWh	693.2	Area covered by a school (i)	sq. km.	6.5
Communication					
Telephone penetration			Student/teacher ratio (i)	number	16.3
Fixed lines	per 100 persons	9.7	Age specific enrolment ratio (grade 1-9)	%	89.1
Including cellular phones	per 100 persons	141.2	Primary net enrolment ratio	%	83.1
Internet penetration (f)	per 100 persons	105.6	University Education (j)		
Average population served by a post office	number	5,296	Student/teacher ratio	number	23.0
Financial Infrastructure					
Banks			Age specific enrolment ratio (age 18-22 yrs) (k)	%	9.9
Branches of LCBs (g)	number	2,936	Progression to university from GCE (A/L)		
Branches of LSBs (g)	number	706	Eligible for university admission	%	64.3
Credit cards in use	per 100,000 persons	9,081	Admission as a percentage of eligible	%	24.9
Banking density	branches per 100,000 persons	17	Government expenditure on education (l)(2023)	% of GDP	1.6
Other financial institutions			Public Health		
Branches of LFCs	number	1,908	Hospital beds (m)	per 1,000 persons	4.1
Branches of SLCs (h)	number	05	Persons per doctor (m)	number	985
Branches of LMFCs	number	134	Nurses (m)	per 10,000 persons	17.8
ATMs, CRMs and CDMs	per 100,000 persons	33	Government expenditure on health (2023)	% of GDP	1.5

Note : Data for 2024 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 the average of first three quarters of the Quarterly Labour Force Survey-2024 conducted by DCS

(e) Based on data of Department of Management Services, MoF

(f) Including mobile internet services

Sources: Relevant institutions and United Nations Development Programme Statistics

(g) All banking outlets excluding student savings units

(h) Including other outlets

(i) Government schools only

(j) Details of the universities under University Grants Commission's purview

(k) Only includes internal enrolment of students

(l) Government expenditure on general and higher education

(m) As of end June 2023

EXECUTIVE SUMMARY

The Sri Lankan economy continued to recover steadily in 2024, following its deepest economic downturn experienced two years ago. The road to recovery was difficult, but notably faster compared to most debt-distressed countries. Post-crisis reforms have started showing positive outcomes. Signs of improved economic activity, partial recovery in purchasing power, and reduced uncertainty are visible. Election-related uncertainties dissipated towards the latter part of 2024 as signs of the continuation of the reform programme and policy consistency were evident. This, along with the near-completion of external debt restructuring and the country's exit from *restricted default* rating have enhanced investor and stakeholder confidence.

In terms of economic growth, Sri Lanka performed better than expected in 2024. Inflation eased and recorded deflation since September 2024 driven largely by energy price reductions. This resulted in a deviation of inflation from the target on the downside. Supported by low interest rates, credit to households and businesses expanded in 2024. Eased monetary conditions contributed to a faster recovery in domestic economic activity, partly regaining lost output during the pandemic and the economic crisis. Meanwhile, external sector performance remained strong during the year. A notable improvement in external buffers was observed along with the increased net foreign exchange inflows to the country. The external current account continued to record a surplus. The Sri Lanka rupee appreciated under the flexible exchange rate policy. The benefit of currency appreciation trickled down to consumers through low import prices, although it had negative implications on foreign exchange earners. Fiscal sector performance improved notably in 2024, with the primary balance recording a surplus for the second consecutive year.

Building on the achievements in 2023, the focus of the Central Bank's policies was to sustain domestic price stability and financial system stability. In keeping with the priorities under the Flexible Inflation Targeting (FIT) framework, the Central Bank continued to maintain an accommodative monetary policy stance given the benign inflation outlook, thereby supporting domestic economic activity. Meanwhile, due to improved external sector performance, remaining restrictions on imports and capital flows were gradually phased out by the Government in consultation with the Central Bank. Financial system stability was reinforced with the enactment of the Banking (Amendment) Act, which strengthened the legal framework for the governance of licensed banks. Overall performance of the financial sector continued to gradually improve during 2024 supported by improved macrofinancial conditions. A range

of regulatory measures on risk management and corporate governance was also introduced during the year. Special focus was also given to the establishment of business revival units in licensed banks to support micro, small and medium scale enterprises (MSMEs). The Central Bank continued its efforts to enhance financial literacy, promote financial inclusion, and foster digital transformation in the financial sector.

Following the unprecedented crisis in 2022, the country's reform programme aimed to correct deep-rooted structural weaknesses. The need for continued fiscal consolidation was prioritised to achieve debt sustainability while supporting the economic recovery. Special attention was also given by the Government to uplifting the livelihoods of the poor and vulnerable through the implementation of the social safety net programme. Moreover, measures are being taken to address vulnerabilities associated with corruption. A low inflation - low interest rate environment together with a stable financial sector have formed a conducive environment for the Sri Lankan economy to achieve its potential. Furthermore, positive market sentiments and stable political conditions along with macroeconomic policy consistencies have set the environment for the country to thrive. That said, the heightening of global geopolitical uncertainties, particularly the imposition of the proposed tariffs by the US and its spillover effects, could weigh on external sector and the broader economic outlook. Hence, there is a compelling need for continued prudence in policymaking and further strengthening of external and fiscal buffers.

The Government and the Central Bank of Sri Lanka have taken bold steps to recover the economy from the crisis. The implementation of the IMF-EFF programme and debt restructuring efforts were important pillars of this journey of recovery. It is noteworthy that most of the major reforms to restore stability were frontloaded and completed in the early phase of the macroeconomic adjustment programme. Although notable progress has been achieved, the journey is far from over. Since macroeconomic stability has now been restored to a greater extent, the commitment to embark on the much-needed structural reforms is crucial for the long-term growth of the country that will ensure the prosperity of all citizens.

Chapter 1

MACROECONOMIC DEVELOPMENTS

Summary

Sri Lanka progressed in 2024 with a broad-based revival across multiple sectors. This follows the most severe crisis recorded in the country's post-independence history two years ago. A combination of effectual corrective fiscal and monetary policy measures implemented since mid-2022 resulted in a more stable economic environment and laid the foundation for sustained growth. The economic progression has been supported by the ongoing International Monetary Fund - Extended Fund Facility (IMF-EFF) programme, near completion of external debt restructuring, and renewing investor confidence. The positive impact of the corrective measures is now becoming visible in all major sectors of the economy. The results of the Central Bank's efforts in achieving its primary objective of maintaining domestic price stability have become clearly visible. Unprecedented price increases during the crisis period burdened the people, businesses, and the overall economy. However, with corrective monetary policy measures along with tighter fiscal policy and conducive global price developments, inflation has shown a significant disinflation trend since 2023. The notable decline in administratively determined and cost-reflective energy prices caused inflation to turn negative from September 2024. The ongoing temporary period of deflation will help ease the cost of living as well as the cost of production to some extent. Accommodative monetary policy induced a broad-based reduction in market interest rates, incentivising credit for consumption and investment of businesses and households. As a result, lending to the private sector by financial institutions picked up, particularly during the second half of 2024. The external sector of the economy showed greater stability amidst a challenging global environment. Meanwhile, the near completion of external debt restructuring, and the successful continuation of the IMF-EFF programme helped strengthening the external sector. Although the trade deficit widened with the recovery in merchandise imports, the notable improvement in earnings from tourism and workers' remittances in 2024 enabled the country to record an external current account surplus for the second consecutive year. Notable foreign exchange inflows to the country helped improve liquidity in the domestic foreign exchange market. These developments led the Central Bank to purchase the historically highest amount of foreign exchange in 2024, resulting in gross official reserves increasing notably, while the exchange rate appreciated for the second consecutive year. Meanwhile, fiscal performance in 2024 played a major role in strengthening Sri Lanka's economic stability. Revenue collection

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improved and a positive primary balance was recorded in 2024 as well. The progress made in debt restructuring, along with the broader macroeconomic stability, and overall economic progression prompted the international rating agencies to upgrade the country's rating, assisting in restoring confidence in the country among investors and international creditors.

1.1 Inflation and Price Developments

1.1.1 Inflation¹

After an initial uptick, inflation followed an overall decreasing trend during 2024 and reached deflationary levels from September. The increase in Value Added Tax (VAT), removal of VAT exemptions from several expenditure items in the consumer basket and notable food inflation led to an uptick in inflation in early 2024. However, the increase in inflation did not persist due to the reduction in electricity tariffs in March 2024 and the impact of the statistical base. Moreover, businesses could possibly have absorbed part of the resulting price increases due to VAT changes amidst the low demand conditions that prevailed. Accordingly, headline inflation remained in lower positive single-digit levels and below the target of 5% from March 2024 onwards. Subsequently, further reduction of electricity tariffs in July 2024 also contributed to falling price levels, and the impacts of these administered price changes were reflected in inflation as large negative m-o-m inflation recorded in March and August 2024. Further, the moderation of global commodity prices and the strengthening of the Sri Lanka rupee also contributed to the declining inflation trend. This dissipation of price pressures somewhat aided in easing the high cost of living faced by households in the crisis period. Consequently, y-o-y headline inflation reached a deflationary level in September 2024, recording a deflation of 0.5%, which continued to deepen later.² In general, the price increases of food, energy

and transport sectors were benign in 2024. In particular, the Housing, Water, Electricity, Gas and Other Fuels category and the Transport category recorded deflation during several months in 2024, primarily driven by the aforementioned large electricity tariff reductions and cost-reflective downward fuel price adjustments amidst the normalisation of global crude oil prices and the appreciation of Sri Lanka rupee. Accordingly, y-o-y headline inflation, measured by the Colombo Consumer Price Index (CCPI, 2021 = 100),³ was recorded at -1.7% by end 2024 compared to 4.0% by end 2023, while the annual average CCPI based headline inflation in 2024 decelerated to 1.2% from 17.4% recorded in 2023. The National Consumer Price Index (NCPI, 2021 = 100)⁴ based y-o-y headline inflation also followed a similar path, dropping to -2.0% by end 2024, compared to 4.2% recorded at end 2023, while the annual average NCPI based headline inflation in 2024 decelerated to 1.6%, compared to 16.5% in 2023. Meanwhile, the downward adjustment to the electricity tariff administered in January 2025 led to the continuation of deflation in the first quarter of 2025. The statistical base effect due to VAT adjustments driven price increases and the notable food inflation in early 2024 also contributed to lowering the overall y-o-y inflation in early 2025. Accordingly, the CCPI based headline y-o-y inflation was recorded at -2.6% in March 2025, while the NCPI based y-o-y headline inflation stood at -3.9% by February 2025.

¹ More details on the recent behaviour of inflation are deliberated in the Monetary Policy Report, published biannually by the Central Bank.

² Please refer Chapter 3 of this Report for further discussion on the deviation of inflation from the inflation target.

³ The Colombo Consumer Price Index (CCPI) is compiled by the Department of Census and Statistics (DCS), on a monthly basis. The CCPI demonstrates the price movements of a basket of consumer items in urban households in the Colombo district.

⁴ The National Consumer Price Index (NCPI) is compiled by the Department of Census and Statistics (DCS), on a monthly basis. The NCPI demonstrates the price movements of a basket of consumer items at the national level.



RECOVERY OF THE SRI LANKAN ECONOMY

CENTRAL BANK OF SRI LANKA

Inflation

(CCPI, annual average, %)



Interest Rate

(end year, AWPR, %)



Exchange Rate

(end year, Rs./USD)



NPL/Stage III Loans Ratio*

(end year, %)



*Data after 2020 are based on SLFRS-based reporting

Central Government Debt**

(end year, % of GDP)



**Please refer to footnotes of table 1.21 of AER 2024

At the height of crisis vs **2024**



Inflation (CCPI, y-o-y, %)

69.8 Sep 2022 vs -1.7 end year



GDP Growth (y-o-y, %)

-7.3 2022 vs 5.0 end year



Per Capita GDP (USD)

3,464 2022 vs 4,516 end year



Interest Rate (AWPR, %)

29.7 Week 4, Nov 2022 vs 8.9 end year



Private Sector Credit Growth (y-o-y, %)

-9.7 May 2023 vs 10.7 end year



Exchange Rate (Rs./USD)

365 Week 2, May 2022 vs 293 end year



Gross Official Reserves (with PBOC swap, USD bn)

1.7 Aug 2022 vs 6.1 end year



NPL/Stage III Loans Ratio* (%)

13.6 Sep 2023 vs 12.3 end year



Central Government Debt** (% of GDP)

114.2 2022 vs 96.1 end year



Government Revenue and Grants (% of GDP)

8.3 2021 vs 13.7 end year

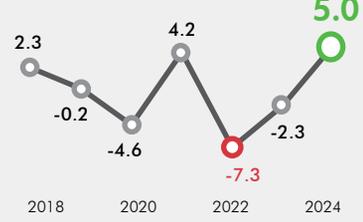


Overall Fiscal Balance (% of GDP)

-11.7 2021 vs -6.8 end year

Real GDP Growth

(y-o-y, %)



Per Capita GDP

(USD)



Private Sector Credit Growth

(end year, y-o-y, %)



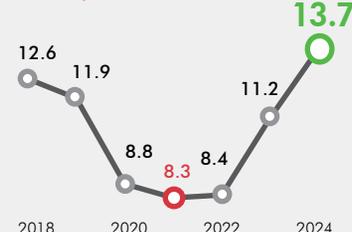
Gross Official Reserves

(end year, USD bn)



Government Revenue and Grants

(% of GDP)

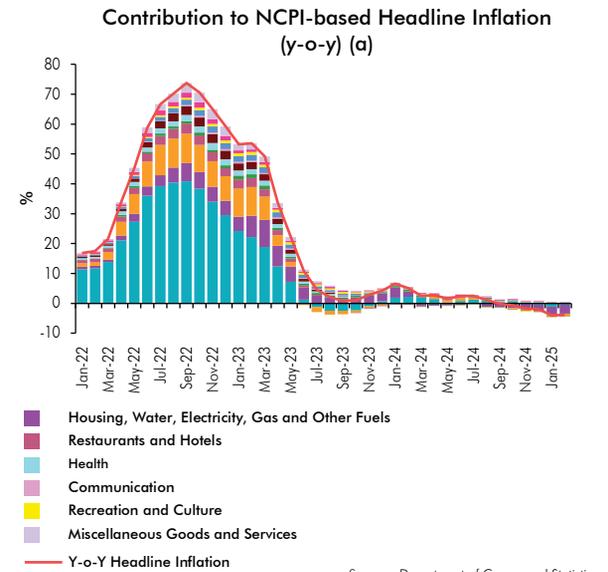
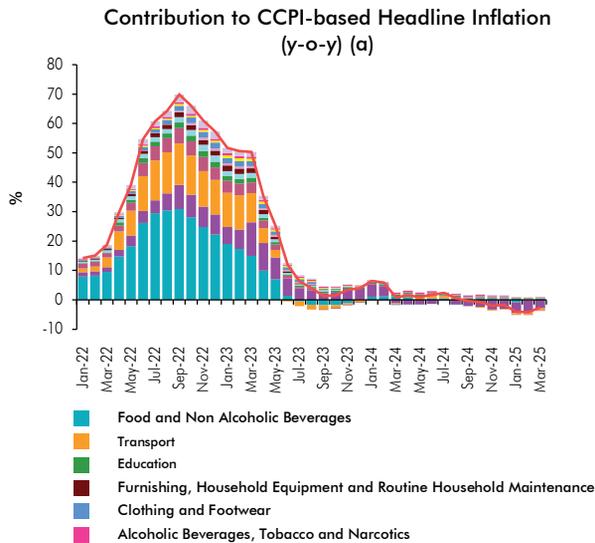
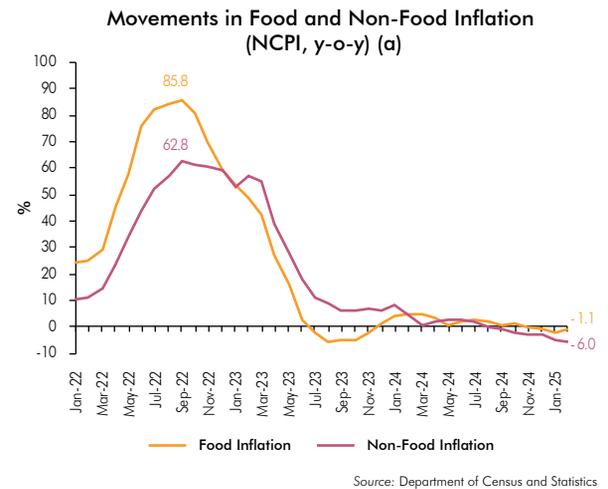
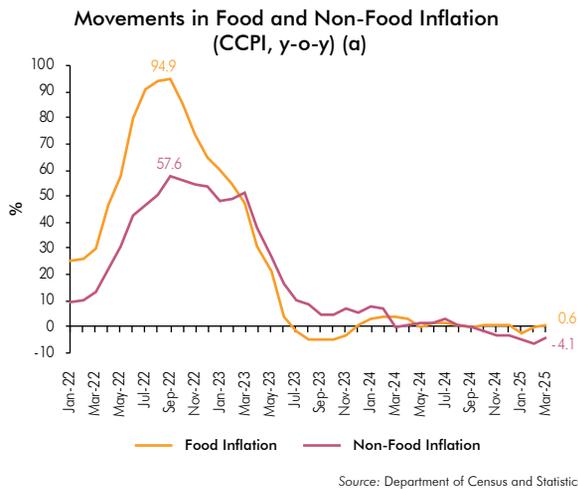
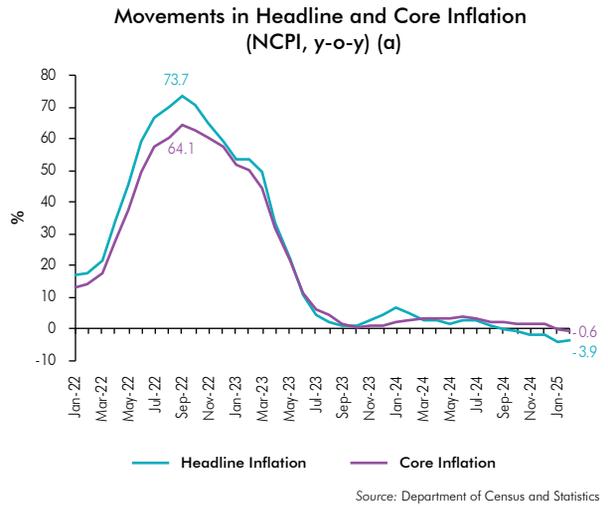
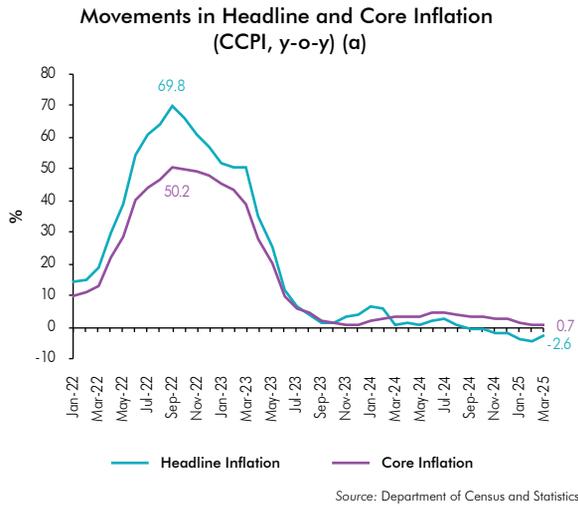


Overall Fiscal Balance

(% of GDP)



Figure 1.1: Inflation Dynamics in Sri Lanka



Sources: Department of Census and Statistics
Central Bank Staff Calculations

(a) The Department of Census and Statistics commenced publishing NCPI and CCPI with the new base year, 2021=100, from the data of January 2023 and February 2023, respectively, and discontinued the publication of NCPI and CCPI with the old base year, 2013=100. Accordingly, data commencing January 2023 in the chart are based on the series with the new base year, 2021=100.

Table 1.1: Movements of Inflation (y-o-y)

		2013=100			2021=100					%
		Dec-2020	Dec-2021	Dec-2022	Dec-2023	Dec-2024	Jan-2025	Feb-2025	Mar-2025	
Headline Inflation	CCPI	4.2	12.1	57.2	4.0	-1.7	-4.0	-4.2	-2.6	
	NCPI	4.6	14.0	59.2	4.2	-2.0	-4.0	-3.9		
Core Inflation	CCPI	3.5	8.3	47.7	0.6	2.7	1.2	0.7	0.7	
	NCPI	4.7	10.8	57.5	0.9	1.3	-0.2	-0.6		
Food Inflation	CCPI	9.2	22.1	64.4	0.3	0.8	-2.6	-0.2	0.6	
	NCPI	7.5	21.5	59.3	1.6	-1.0	-2.5	-1.1		
Non-Food Inflation	CCPI	2.0	7.5	53.4	5.8	-3.0	-4.7	-6.1	-4.1	
	NCPI	2.2	7.6	59.0	6.3	-2.9	-5.2	-6.0		

Note: The Department of Census and Statistics commenced publishing NCPI and CCPI with the new base year, 2021=100, from the data releases of January 2023 and February 2023, respectively, and discontinued the publication of NCPI and CCPI with the old base year, 2013=100.

Source: Department of Census and Statistics

Core inflation gradually increased in the first half of 2024, consistent with the target for headline inflation, before easing thereafter. Despite the above dynamics, core inflation remained below the target for headline inflation throughout the year. In early 2024, increases in prices were recorded in non-food categories led by the VAT adjustments. However, the increase in core inflation was mild due to food prices included in the core basket not recording large increases. Moreover, the sharp reductions observed in headline inflation were not visible in core inflation due to such behaviour being largely driven by energy related price reductions, which are excluded from the core inflation basket. During the latter part of the year, core inflation recorded a gradual decline, mainly driven by deflation in the food category of the core inflation basket and the downward revision of water tariffs. At the same time, the decline in core inflation could be attributed to the appreciation of the Sri Lanka rupee to some extent while it also reflected some spillover from the energy-related price reductions. Accordingly, the CCPI based y-o-y core inflation remained at 2.7% by end 2024 compared to 0.6% by end 2023, while the CCPI based annual average core inflation in 2024 was recorded at 3.3% compared to 14.5% in 2023. Meanwhile, the NCPI based y-o-y core inflation stood at 1.3% by end 2024, compared to 0.9% at end 2023.

In contrast, the annual average NCPI based core inflation in 2024 fell to 2.5% compared to 15.8% recorded in 2023. Meanwhile, the impact of the statistical base effect during early 2025 was also visible in core inflation.

1.1.2 Prices

The general price level, as measured by both CCPI and NCPI, exhibited a declining trend in 2024, with the prices of both food and non-food items following an overall declining trend during the year. This decline in general price level was driven by multiple factors including subdued demand due to low disposable income, considerable downward revisions in energy and transport related prices and the appreciation of the Sri Lanka Rupee.

Prices of food items exhibited an overall declining trend during the year, amid intermittent increases during the periods of off season and extreme weather conditions. With a considerable increase in prices of volatile food items due to limited supply owing to extreme weather conditions coupled with festive demand and non-volatile food items due to VAT amendments, prices of items in the food category increased in January 2024 and followed a declining trend until May 2024, in line with the decline in prices of volatile food items with the Maha harvest. Prices of food items subsequently increased in June and July 2024 due to off season and adverse weather

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conditions. However, food prices declined again from August to November 2024 due to the decline in the prices of vegetables with the Yala harvest. In December 2024, prices of food items increased again due to the seasonal festive demand, and widespread weather disruptions. The overall decline in the prices of items in the food category was further supported by the decline in prices of imported food items driven by the appreciation of the Sri Lanka Rupee. Additionally, indirect impacts of the reductions in electricity tariffs and fuel prices contributed to the price declines of food items.

Prices of non-food items also exhibited an overall declining trend, primarily driven by administrative price revisions. Although the prices of items in the non-food category increased in January and February 2024 due to the VAT rate increase from 15% to 18% and the removal of several VAT exemptions at the beginning of the year, they subsequently declined for the remainder of 2024 primarily driven by sizeable downward revisions to cost-reflective administrative prices. Accordingly, electricity tariffs were significantly reduced twice during the year, as reflected by the reductions of 29.8% and 34.3% for the bills of 90 units,⁵ effective 05 March 2024 and 15 July 2024, respectively. In line with these electricity tariff reductions, the water tariff was also adjusted downward by 8.8% for the bills of 22 units,⁶ effective 21 August 2024, in accordance with the tariff formula. Meanwhile, prices of Petrol (92 Octane) and Auto Diesel were subjected to multiple downward revisions during the year, following an initial increase in January 2024 with the removal of VAT exemptions. Further, the price of Kerosene was also revised downwards in several months during the year. Moreover, the price of LP Gas, which increased by a considerable amount in January 2024 due to the removal of VAT exemptions, was

5 Electricity tariff of 90 units in the domestic category is considered in compilation of the CCPI (2021=100) and NCPI (2021=100). The electricity tariffs were reduced by an average of 21.9% and 22.5%, effective 05 March 2024 and 15 July 2024, respectively.

6 Water tariff of 22 units in the domestic category is considered in compilation of the CCPI (2021=100) and NCPI (2021=100). The water tariff for domestic category was reduced by an average of 7.0% effective 21 August 2024.

revised downwards during the period from April to July 2024 and remained unchanged during the remainder of the year. Aligning with the reductions in prices of Auto Diesel, bus fares were reduced by 5.07% effective 02 July 2024 and by 4.24% effective 02 October 2024. However, no revision was made to train fares in 2024.

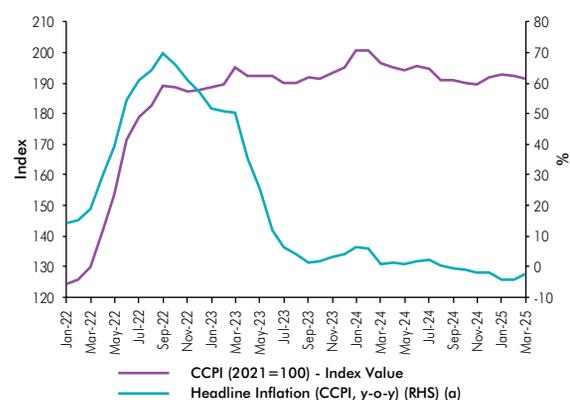
1.1.3 Consumer Price Indices and Cost of Living

Both official Consumer Price Indices (CPIs) exhibited an overall declining trend throughout 2024. Accordingly, CCPI declined from 195.1 index points in December 2023 to 191.7 index points in December 2024 after rising to 200.7 index points in January 2024 due to VAT amendments. This decline was driven by the downward revisions to cost reflective administered prices and moderation in food prices. Similarly, NCPI also declined from 208.8 index points in December 2023 to 204.6 index points in December 2024 after rising to 215.0 index points in January 2024.

As reflected by the annual average change in CPIs, cost of living⁷ exhibited a marginal increase in 2024 compared to 2023. The estimated average monthly consumption

7 Consumer price indices are based on fixed consumption baskets derived from Household Income and Expenditure Survey (HIES) (2019) conducted by DCS. Hence, they do not reflect the changes in the household consumption patterns over the period.

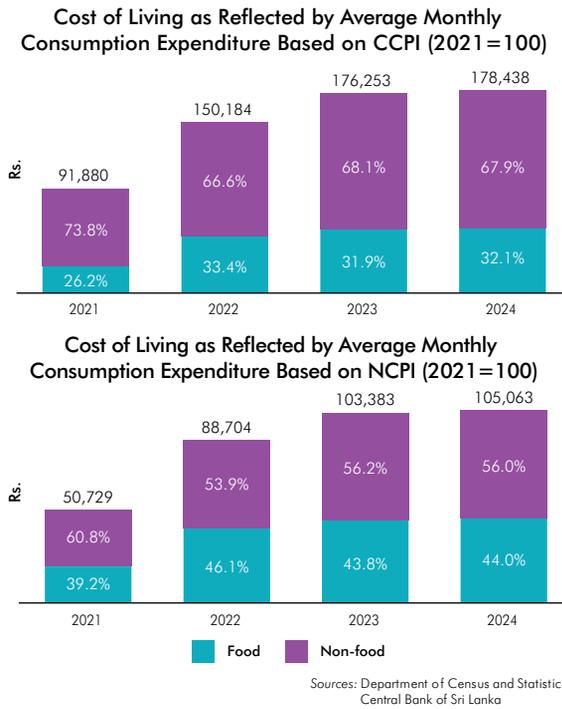
Figure 1.2: CCPI vs. Headline Inflation



(a) Y-o-Y inflation for 2022 is based on CCPI (2013=100)

Source: Department of Census and Statistics

Figure 1.3: Cost of Living



expenditure for a household,⁸ based on the CCPI, increased marginally by 1.2% from Rs. 176,253 in 2023 to Rs. 178,438 in 2024. This reflects a significant slowdown compared to the 63.5% increase recorded in 2022 compared to 2021, and the 17.4% increase in 2023 compared to 2022. Similarly, based on the NCPI, the estimated average monthly household⁹ consumption expenditure increased from Rs. 103,383 in 2023 to Rs. 105,063 in 2024 by 1.6%, highlighting a notable easing compared to the 74.9% increase recorded in 2022 compared to 2021, and the 16.5% increase in 2023 compared to 2022. In terms of the distribution of estimated average monthly consumption expenditure for a household in both CCPI and NCPI baskets, the proportion allocated to the food category remains elevated since the economic crisis in 2022, while the non-food category accounted for the majority of it.

⁸ An average household in Colombo district consists of 3.8 persons based on HIES (2019) conducted by DCS.

⁹ An average household in Sri Lanka consists of 3.7 persons based on HIES (2019) conducted by DCS.

1.1.4 Inflation Expectations

The inflation expectations of both corporate and household sectors followed an overall declining trend during 2024, aligning with realised inflation. As per the Inflation Expectations Survey conducted by the Central Bank, at the beginning of the year, near-term inflation expectations, i.e., 3 months ahead, 6 months ahead and 1 year ahead periods, of both categories, exceeded the targeted level of 5%. This was primarily due to the sizeable VAT adjustments, which caused a surge in inflation. However, as utility prices were revised downwards thereafter, near-term inflation expectations started to decline steadily. From October 2024 onwards, near-term inflation expectations fell below the targeted level of 5% amid deflation. Throughout 2024, medium-term inflation expectations of the corporate sector remained within ± 2 pps from the targeted level of 5%, with an overall declining path, driven by the movements in near-term inflation expectations. Although inflation expectations followed an overall declining trend in 2024, a gradual rise in inflation over the tenors were anticipated by both categories, in the latter part of the year.

1.1.5 Wages

Available data reveals¹⁰ that nominal wages of employees in both private and public sectors experienced increases in 2024 compared to the previous year. In the informal private sector, the increase in nominal wages was mainly driven by labour shortages and higher demand for workers, while in the public sector, it was attributed to a rise in the Cost of Living Allowance (COLA) of public sector employees. During 2024, on an annual average basis, real wages in the public sector and the informal private sector increased, while those of the formal private sector eroded, compared to the previous year. However, it is notable that

¹⁰ Information in this section is primarily based on the public sector wage rate index (2016=100) and IPSWRI (2018=100) compiled by the Central Bank, and the formal private sector minimum wage rate index (1978 December=100) compiled by the Department of Labour. However, available wage indices have certain limitations in fully capturing the overall wage trends across the economy.

1

in 2023, nominal wages of employees in both formal private sector and informal private sector increased, while nominal wages of the public sector employees remained unchanged.

Private Sector Wages

Nominal wages of informal private sector employees, as reflected in the Informal Private Sector Wage Rate Index (IPSWRI) (2018=100), showed an upward trend throughout 2024. This index recorded a 6.0% increase in nominal terms on an annual average basis in 2024 compared to the 11.4% increase in 2023. Growth was evident across all three major economic activities, namely, Agriculture, Industry, and Services, with the highest wage growth observed in Services activities. In terms of sub-activities, the IPSWRI, measured on an annual average basis, increased in nominal terms by 6.3%, 5.5%, and 7.2% in Agriculture, Industry, and Services, respectively, in 2024 compared to 2023. This was reportedly due to high demand for labour and difficulty in finding labour, which compelled employers to increase daily wages to retain experienced workers and ensure continuity in their business operations. However, during 2024, the y-o-y growth of nominal IPSWRI slowed in line with the easing of inflationary pressure, compared to 2023. Moreover, on a y-o-y basis, the real IPSWRI continued to accelerate during 2024 with the continued deceleration in inflation.

Figure 1.4: Movements of the Informal Private Sector Wage Rate Index (2018=100) (y-o-y)

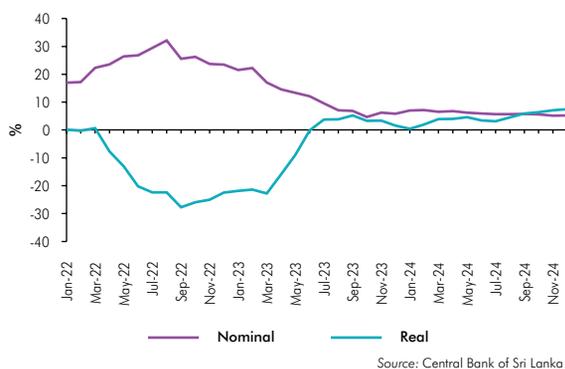
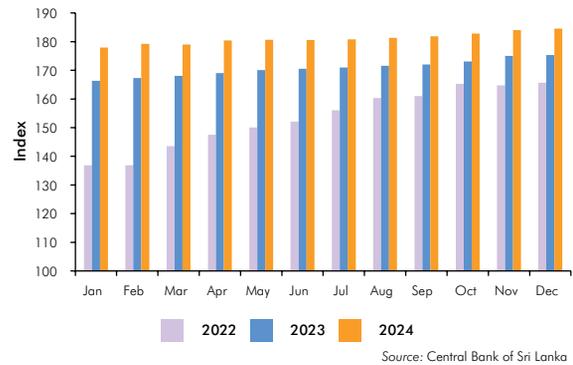


Figure 1.5: Movements of the Informal Private Sector Wage Rate Index (2018=100) (Nominal)



Nominal wages of employees in the formal private sector, as measured by the minimum wage rate index (1978 December = 100) compiled by the Department of Labour, of employees whose wages are governed by wage boards, recorded a marginal increase in 2024. Accordingly, the nominal minimum wage rate index increased marginally by 0.1% on an annual average basis in 2024 compared to the 0.4% increase in 2023. However, the minimum real wage rate index measured on an annual average basis decreased by 1.1% in 2024 compared to the previous year, as the percentage increase in nominal wage rate indices remained insignificant during the period. As announced in the Budget 2025, measures will be taken to increase the monthly minimum wage of the private sector employees from Rs. 21,000 to Rs. 27,000 in April 2025 and to Rs. 30,000 from 2026. Additionally, in the Budget 2025, the Government proposed intervention to raise the daily wage of plantation sector workers to Rs. 1,700 to improve their living standards and address ongoing wage concerns.

Public Sector Wages

Nominal wages of public sector employees, measured by the public sector wage rate index (2016=100), increased in 2024, after two years of stagnation. As announced in the Budget 2024, the COLA for public sector employees increased by Rs. 10,000 from



Figure 1.6: Movements of the Public Sector Wage Rate Index (2016=100) (y-o-y)

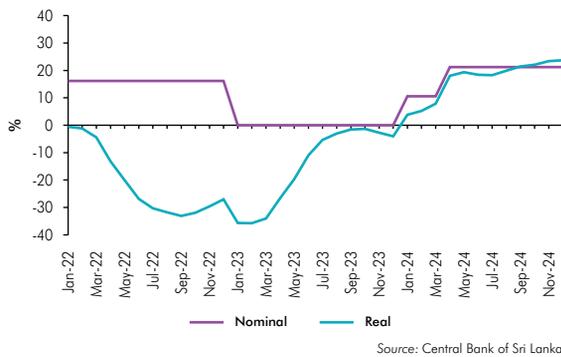
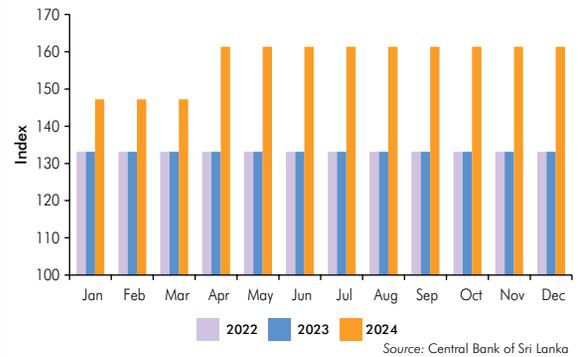


Figure 1.7: Movements of the Public Sector Wage Rate Index (2016=100) (Nominal)



January 2024. Due to fiscal constraints, public sector employees received a partial payment of Rs. 5,000 from January to March 2024, with the full payment of Rs. 10,000 being paid from April 2024. Meanwhile, the arrears of the first three months of 2024 were paid in three equal instalments, starting from January 2025. Accordingly, the nominal wages of public sector employees on an annual average basis, rose by 18.5% in 2024 compared to the previous year. Meanwhile, the real wage erosion observed in 2023 was contained in 2024 due to the deceleration in inflation. As proposed in the Budget 2025, a revision of the public sector salary structure is expected by increasing the minimum basic salary and streamlining various allowances. Accordingly, the minimum monthly basic salary in the public sector will be increased by Rs. 15,750, from Rs. 24,250 to Rs. 40,000 effective 01 April 2025. This adjustment will involve consolidating the existing ad-hoc interim allowance of Rs. 2,500 and the special allowance of Rs. 5,000 into the basic salary, along with a net increase of Rs. 8,250 in the minimum monthly basic salary. This salary increase is set to be implemented in phases, beginning with a net salary increase of Rs. 5,000 and a 30% of the balance in April 2025. The remaining 70% will be disbursed in two equal instalments starting from January 2026 and January 2027. In addition, the Budget 2025 proposed to increase the annual salary increment by 80% effective 01 April

2025. As a result, the minimum annual salary increment, which currently amounts to Rs. 250, will rise to Rs. 450.

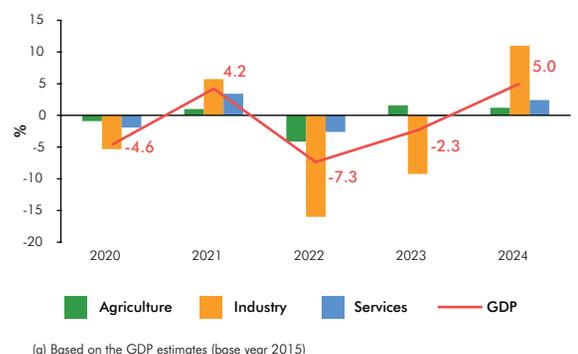
1.2 Real Sector Developments

1.2.1 Economic Growth

The Sri Lankan economy rebounded in 2024, achieving a robust 5.0% real economic growth, after two years of annual contraction. This recovery was steady throughout the year, with all four quarters posting positive Gross Domestic Product (GDP)¹¹ growth rates for the first time since 2017. The overall growth is mainly attributable to Industry activities, driven by the revival of manufacturing and construction activities, while Services activities also contributed

¹¹ DCS estimates GDP under production, expenditure and income approaches.

Figure 1.8: Annual Real GDP Growth Rates (a)



Source: Department of Census and Statistics

1 significantly, mainly supported by the sustained growth in accommodation and transport services. Meanwhile, Agriculture activities also contributed positively to the growth.

GDP at current market prices reached Rs. 29,898.6 bn in 2024, driven by a combination of real economic growth and a GDP deflator of 3.8%. Further, Gross National Income (GNI), estimated by adjusting GDP for the net primary income from the rest of the world, increased to Rs. 29,153.9 bn at current prices in 2024. In USD terms, GDP increased to 99.0 bn in 2024 from 83.8 bn in 2023.

The GDP per capita increased to Rs. 1,364,235 in 2024, compared to Rs. 1,244,262 in 2023, due to the growth in nominal GDP and the decline in mid-year population. Meanwhile, GNI per capita also increased to Rs. 1,330,255 in 2024, compared to Rs. 1,206,441 in 2023. In USD terms, GDP per capita increased to 4,516

in 2024 compared to 3,801 in 2023 and GNI per capita increased to 4,404 compared to 3,685 in 2023, due to the appreciation of the Sri Lanka rupee against the USD in 2024, in addition to the increase in nominal GDP in rupee terms and the decline in mid-year population.

1.2.2 Production

Agriculture

Agricultural activities grew moderately by 1.2% in 2024, compared to 1.6% in 2023.

This growth was driven by animal production and growing of fruits, while the prolonged contraction in growing of coconut limited the overall expansion. Further, extreme weather conditions, particularly in the fourth quarter of the year, disrupted key Agriculture activities, including growing of rice and other cereals, and fishing activities, dampening overall growth.

Table 1.2: Gross National Income by Industrial Origin at Constant (2015) Prices (a)(b)

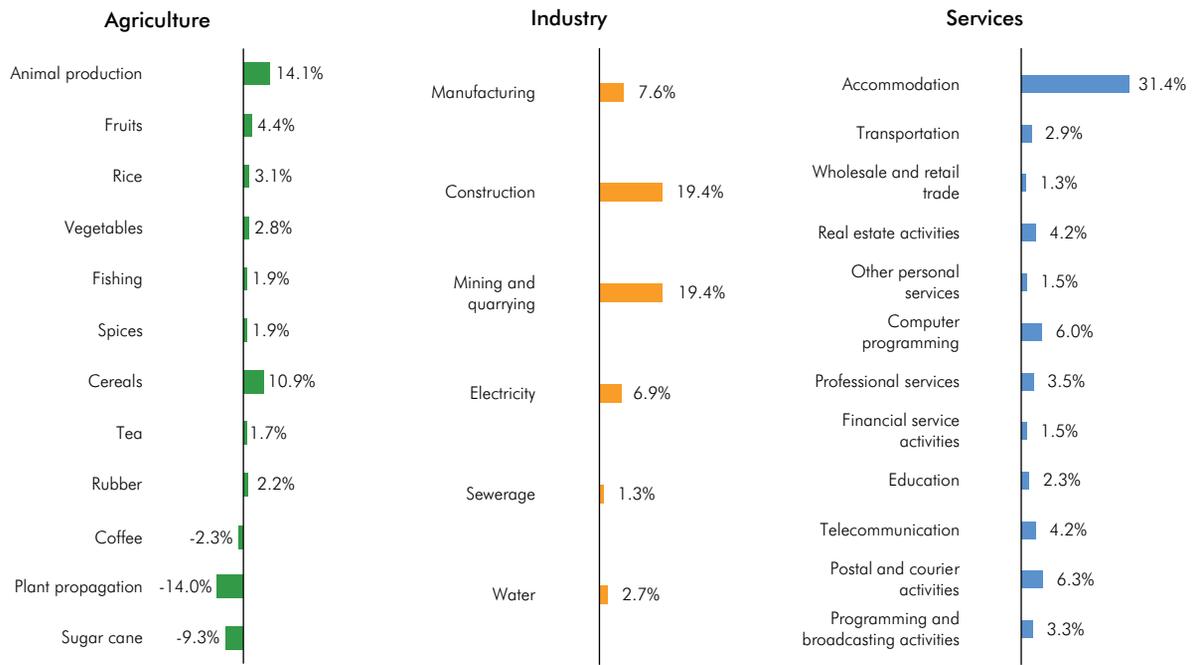
Economic Activity	Rate of Change (%)		Contribution to Growth (%)		As a Percentage of GDP (%)	
	2023 (c)	2024	2023 (c)	2024	2023 (c)	2024
Agriculture, Forestry and Fishing	1.6	1.2	0.1	0.1	7.8	7.5
Industry	-9.2	11.0	-2.5	2.8	25.3	26.7
Manufacturing, mining and quarrying and other industry	-4.7	8.3	-0.9	1.6	19.1	19.7
of which; Manufacturing activities	-3.2	7.6	-0.5	1.2	16.0	16.4
Construction	-20.8	19.4	-1.6	1.2	6.2	7.0
Services	-0.2	2.4	-0.1	1.5	60.7	59.2
Wholesale and retail trade, transportation and storage, accommodation and food service activities	3.2	3.9	0.9	1.1	28.0	27.7
Information and communication	-13.2	5.0	-0.5	0.2	3.0	3.0
Financial and insurance activities	-4.8	-1.2	-0.2	-0.1	4.9	4.6
Real estate activities (including ownership of dwelling)	-6.0	4.2	-0.3	0.2	4.4	4.4
Professional, scientific, technical, administration and supporting service activities	2.4	3.5	0.0	0.1	2.1	2.1
Public administration, defence, education, human health and social work activities	-0.6	-1.1	-0.1	-0.1	9.8	9.2
Other services (excluding own-services)	0.3	1.5	0.0	0.1	8.4	8.1
Equals Gross Value Added (GVA) at Basic Price	-2.6	4.6	-2.5	4.3	93.8	93.4
Taxes less subsidies on products	2.6	10.6	0.2	0.7	6.2	6.6
Equals Gross Domestic Product (GDP) at Market Price	-2.3	5.0	-2.3	5.0	100.0	100.0
Net primary income from rest of the world	-15.9	12.1				
Gross National Income at Market Price	-2.8	5.5				

(a) Based on the GDP estimates (base year 2015)
(b) Provisional
(c) Revised

Source: Department of Census and Statistics



Figure 1.9: Growth in Economic Activities in 2024 (a)



(a) Based on the GDP estimates (base year 2015)

Source: Department of Census and Statistics

Industry

Supported by the steady revival of domestic and external demand conditions, Industry activities reported a robust growth of 11.0% in 2024, a sharp recovery from the 9.2% contraction in 2023. Manufacturing activities, driven by sustained growth in the manufacture of food, beverages, and tobacco products, along with the recovery in the manufacture of textiles, apparel, leather, and related products, mainly contributed to this growth. Meanwhile, construction activities improved in 2024, due to the gradual roll out of new construction projects, stimulated by the conducive economic environment, compared to the contraction recorded in the previous year.

Services

As economic conditions gradually normalised, Services activities showed a healthy recovery in 2024, with a 2.4% growth compared to the 0.2% contraction in 2023. The surge in tourism had a positive ripple effect on various sectors, including

accommodation, food and beverage services, transport, and trade, contributing to this growth. Meanwhile, financial and real estate services recovered in 2024, benefiting from improved business conditions supported by declining interest rates and increased lending appetite. Further, the recovery in computer programming and telecommunication activities also contributed positively to the Services growth.

1.2.3 Expenditure

Domestic demand grew by 9.5% at current prices during 2024, driven by the 6.4% growth in consumption expenditure and the 19.6% growth in investment expenditure. Gross fixed capital formation, the key component of investment expenditure, rebounded during the period mainly due to the increase in construction expenditure. Meanwhile, consumption expenditure continued to grow at a slower pace than in 2023 due to the moderated growth in private consumption expenditure, reflecting

Table 1.3: Aggregate Demand and Savings at Current Market Prices (a)(b)

Economic Activity	Rs. bn		Rate of Change (%)		As a percentage of GDP (%)	
	2023 (c)	2024	2023 (c)	2024	2023 (c)	2024
1. Domestic Demand	28,011.5	30,683.4	12.4	9.5	102.2	102.6
1.1 Consumption	21,270.3	22,623.0	15.9	6.4	77.6	75.7
Private	19,412.0	20,542.2	16.8	5.8	70.8	68.7
Government	1,858.4	2,080.8	6.8	12.0	6.8	7.0
1.2 Investment (Gross Capital Formation)	6,741.2	8,060.3	2.7	19.6	24.6	27.0
Gross Fixed Capital Formation	4,891.8	5,618.8	-15.0	14.9	17.8	18.8
Changes in Inventories and Acquisitions less Disposals of Valuables	1,849.3	2,441.5	128.9	32.0	6.7	8.2
2. Net External Demand	-591.7	-784.8	31.0	-32.6	-2.2	-2.6
Export of Goods and Services	5,672.9	5,945.7	9.3	4.8	20.7	19.9
Import of Goods and Services	6,264.6	6,730.5	3.6	7.4	22.8	22.5
3. Total Demand (GDP) (1+2)	27,419.8	29,898.6	13.9	9.0	100.0	100.0
4. Domestic Savings (3-1.1)	6,149.5	7,275.5	7.8	18.3	22.4	24.3
Private	7,800.3	8,584.7	7.7	10.1	28.4	28.7
Government (d)	-1,650.9	-1,309.1	-7.2	20.7	-6.0	-4.4
5. Net Primary Income from Rest of the World (e)	-833.5	-744.7	-35.1	10.6	-3.0	-2.5
6. Net Secondary Income from Rest of the World (e)	1,906.8	1,942.7	64.5	1.9	7.0	6.5
7. National Savings (4+5+6)	7,222.8	8,473.5	15.6	17.3	26.3	28.3
8. Savings Investment Gap						
Domestic Savings - Investment (4-1.2)	-591.7	-784.8			-2.2	-2.6
National Savings - Investment (7-1.2)	481.7	413.2			1.8	1.4
9. External Current Account Balance (2+5+6) (e)	481.7	413.2			1.8	1.4

(a) Based on the GDP estimates (base year 2015)

(b) Provisional

(c) Revised

(d) This is the Current Account Balance of the Central Government.

(e) 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

the reduced-price impact on consumer expenditure. Meanwhile, the increase in import expenditure led to a contraction in net external demand in 2024.

At constant prices, the domestic demand rebounded during 2024, supported by the 21.1% growth in investment expenditure, which was mostly driven by the growth in construction activities. Further, consumption expenditure grew by 3.2% during the year, driven by private consumption expenditure. However, net external demand declined during the period due to the surge in import volumes.

The country's national savings grew by 17.3% at current prices during 2024, mainly attributable to the 18.3% growth in domestic savings. Moreover, both net primary income and net secondary income from the rest of the world also developed in a favourable direction in 2024, positively contributing to the growth in national savings. With this

improvement in national savings, the national savings-investment gap remained positive in 2024.

1.2.4 Income

As per the estimates in the income approach, Gross Mixed Income, the major income generator which accounted for 37.4% of Gross Value Added (GVA) at current market prices in 2024, grew by 6.0%. Further, the Gross Operating Surplus, the second major income generator, grew by 6.8% in 2024. Meanwhile, Compensation of Employees and Other Taxes less Subsidies on Production increased in 2024, recording growths of 5.2% and 30.4%, respectively, during the year. Considering the institutional sector classification of GVA, Non-Financial Corporations was the largest income generator, followed by Household and Non-Profit Institutions Serving Households, Financial Corporations, and General Government, respectively.

Table 1.4: Income Components by Institutional Sector at Current Market Prices (a)/(b)

Item	Percentage Share (%)									
	2023 (c)					2024				
	Non-Financial Corporations	Financial Corporations	General Government	Households and Non-Profit Institutions Serving Households	Total Economy	Non-Financial Corporations	Financial Corporations	General Government	Households and Non-Profit Institutions Serving Households	Total Economy
Compensation of Employees	53.3	9.3	20.1	17.3	100.0	53.8	7.7	20.9	17.7	100.0
Gross Operating Surplus	82.2	15.5	2.3	-	100.0	81.8	16.0	2.2	-	100.0
Gross Mixed Income	-	-	-	100.0	100.0	-	-	-	100.0	100.0
Other Taxes less Subsidies on Production	64.6	14.6	-	20.8	100.0	66.2	13.9	-	19.9	100.0
Gross Value Added at basic price	43.1	7.9	6.4	42.5	100.0	43.2	7.7	6.6	42.5	100.0

(a) Based on the GDP estimates (base year 2015)
 (b) Provisional
 (c) Revised

Source: Department of Census and Statistics

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1.2.5 Population, Labour Force, and Employment

As estimated by the Registrar General's Department, the mid-year population in Sri Lanka declined by 0.5% to 21.916 mn in 2024. This was due to the slowdown in natural increase in population, which is the difference between births and deaths during a year, and the net outmigration. The population density, which is the ratio of the population to the total land area of the country,¹² was recorded at 352 people per sq.km in 2024.

As reflected by the Sri Lanka Labour Force Survey conducted by the DCS, the

¹² The Survey Department of Sri Lanka re-computed the country's extent to 67,240 sq.km (Land area: 62,302 sq.km) in 2024, which had been reported as 65,610 sq.km (Land area: 62,705 sq.km) earlier. (Source: <https://www.survey.gov.lk/sdweb/pdf/latestpost/Recalculation%20of%20Country%20Extent.pdf>)

Table 1.5: Household Population, Labour Force and Labour Force Participation (a)

Item	2023	2024 (b)
Household Population '000 Persons	17,306	17,551 (c)
Labour Force '000 Persons	8,408	8,316
Employed	8,010	7,949 (c)
Unemployed	398	367 (c)
Unemployment Rate	4.7	4.4
Male	3.6	n.a.
Female	7.0	n.a.
Labour Force Participation Rate (d)	48.6	47.4
Male	68.6	n.a.
Female	31.3	n.a.

(a) Household population aged 15 years and above
 (b) Average during the year
 (c) These values are derived from the available information as of 28 March 2025, and values may differ from the statistics publish by DCS on a later date.
 (d) Labour force as a percentage of household population
 n.a. - not available

Source: Department of Census and Statistics

economically active population¹³ (labour force) decreased to 8.316 mn in 2024 from 8.408 mn recorded in 2023. The Labour Force Participation Rate (LFPR), which is the ratio of the labour force to the household population, also decreased to 47.4% in 2024, compared to 48.6% recorded in 2023.

The unemployment rate decreased to 4.4% during 2024, compared to 4.7% in 2023. In 2024, the unemployed¹⁴ and employed¹⁵ population decreased compared to 2023.

According to the Sri Lanka Bureau of Foreign Employment, departures for foreign employment recorded an increase of 5.8% to 314,828 in 2024 compared to 297,656 in 2023. The departures of males and females for foreign employment accounted for 59.3% and 40.7%, respectively, of the total departures for foreign employment during the year.

1.2.6 Economic Infrastructure Power and Energy Petroleum

Global crude oil prices remained highly volatile throughout 2024 with an initial trend of rising prices followed by gradual

¹³ The number of persons (aged 15 years and above), who are employed or unemployed during the reference one week period.

¹⁴ 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.

¹⁵ 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.

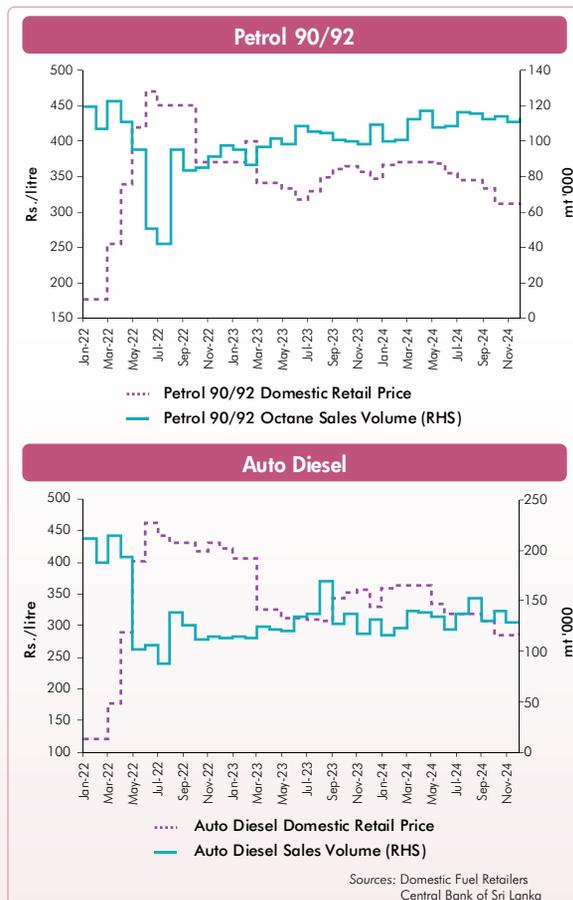
1 **moderation towards the latter part of the year.** This volatility was largely driven by uncertainties arising from geopolitical developments and concerns over slowing economic growth in the US and China. Consequently, the average Brent crude oil price fell by 3.0% to USD 79.79 per barrel in 2024 from USD 82.22 per barrel in 2023. This decline was significantly smaller than the 17.0% decline recorded between 2022 and 2023.

Reflecting moderated global energy prices and appreciation of the Sri Lanka rupee, domestic prices of petroleum products gradually declined from early 2024. The annual average import price of crude oil of the Ceylon Petroleum Corporation (CPC) declined by 5.5% from USD 89.60 per barrel in 2023 to USD

84.69 per barrel in 2024. Cost-reflective pricing adjustments were implemented throughout the year, resulting in overall reductions in retail prices of domestic petroleum products by the end of the year. Accordingly, the prices of Petrol 92, Auto Diesel, and Kerosene traded by the CPC recorded overall reductions of 10.7%, 13.1%, and 23.9%, respectively, compared to that of end 2023. This is a continuation of the trend of retail price reductions across these three petroleum product categories from 2022 to 2023, with Petrol 92, Auto Diesel, and Kerosene prices falling by 16.5%, 31.9%, and 48.5%, respectively, compared to end 2022.

The petroleum sector experienced significant growth in sales during 2024, reflecting the gradual resurgence of

Featured Charts 1.1
Trends in Domestic Fuel Sales and Prices



The graphs illustrate the relationship between the sales volume and domestic retail price for Petrol 90/92 and Auto Diesel during 2022-2024. Both types of fuel witnessed sharp price increases in mid-2022 with the escalation of global prices of petroleum products and implementation of formula-based pricing. The volume of sales was affected by increased domestic prices, fuel rationing and subdued economic activity during the crisis period. In response to the combined impact of these developments, the overall sales volume of petroleum products in the domestic market recorded a sharp decline during the same period.

Although both global and domestic prices stabilised later and domestic fuel availability was restored after the crisis, the overall trends suggest that higher fuel prices led to reduced sales and vice versa, highlighting the market's sensitivity to price fluctuations and potential shifts in consumer demand. Thus, cost-based pricing mitigates the adverse implications to the country at times of global commodity price shocks.



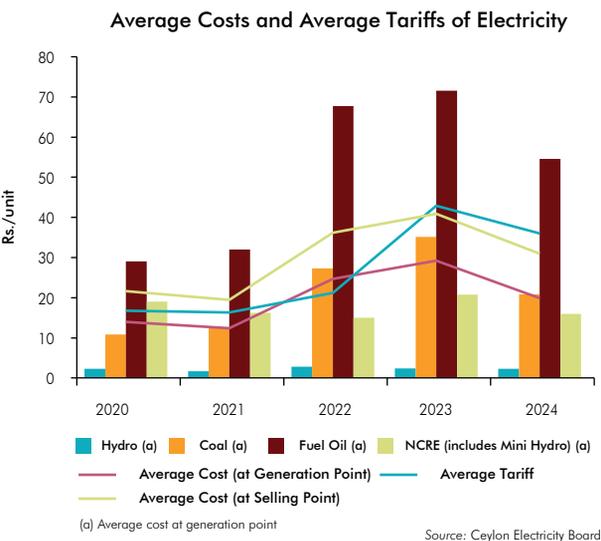
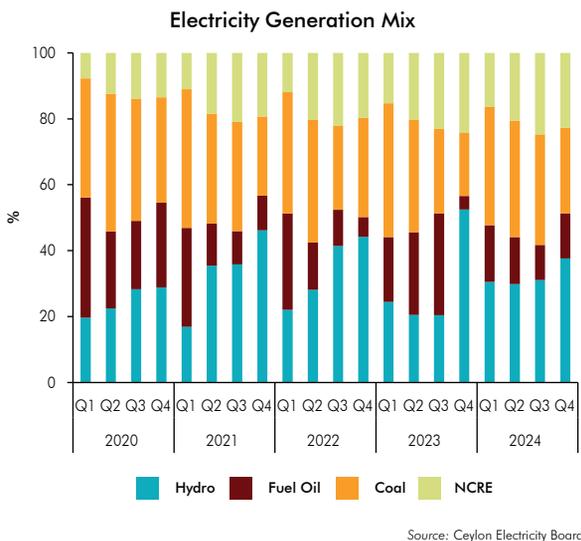
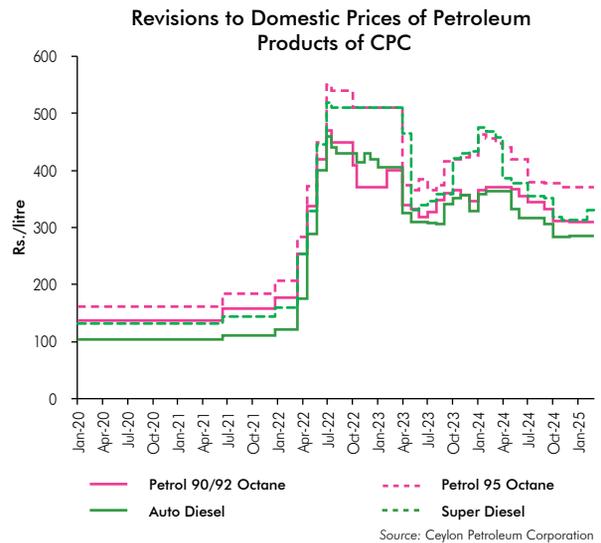
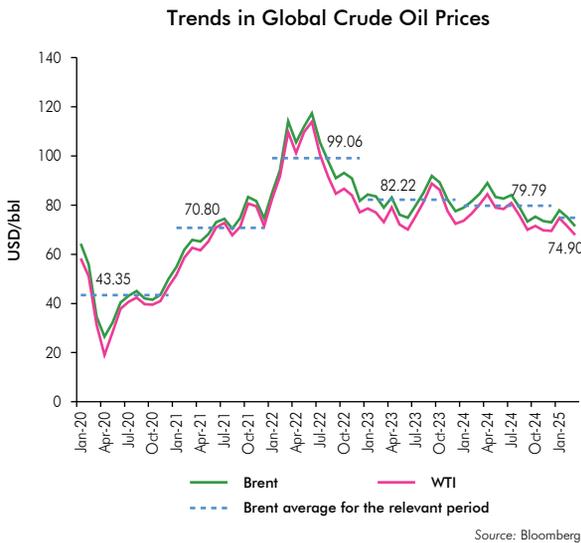
economic activity. The sales volume of petroleum products recorded a y-o-y growth of 11.3% in 2024. To cater to the evolving needs of the economy and to improve efficiency and competition, efforts to liberalise Sri Lanka’s domestic petroleum market were underway during the year. As part of this transition, as of end 2024, three new private sector players were operating, with two having launched during the year and one in 2023.

Following the adoption of cost-based pricing, the CPC continued to record a strong financial performance for the second

consecutive year in 2024 compared to the substantial losses in the recent past.

In this context, the CPC recorded a profit of Rs. 33.3 bn in 2024, subsequent to the profit of Rs. 120.3 bn recorded in 2023, following a significant loss of Rs. 617.6 bn recorded in 2022. The decline in profits in 2024, compared to 2023, was largely a result of the shrinking market share of the CPC following the entry of private sector players. Alongside the Government’s decision to take over the government guaranteed foreign currency debt stock of the CPC amounting to USD 2.5 bn to the government balance sheet in 2022 as

Figure 1.10: Energy and Power Sector Developments



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a measure to improve the financial viability of the CPC, the outstanding foreign currency denominated loans and import bills of the CPC stood at USD 0.3 bn at the end of 2024. Meanwhile, the CPC's total outstanding trade receivables from government entities stood at Rs. 10.0 bn at the end of 2024.

Electricity

Electricity demand continued to recover in 2024 in line with the turnaround of the economic activity and two consecutive downward adjustments in the tariff. All consumer categories recorded a growth in sales leading to an overall increase of 7.3% in 2024. Notably, domestic and religious sector sales increased after a slight decline in the first quarter of 2024, supported by reduced electricity tariffs. Electricity generation also

increased by 7.8% during the year to meet the increased demand.

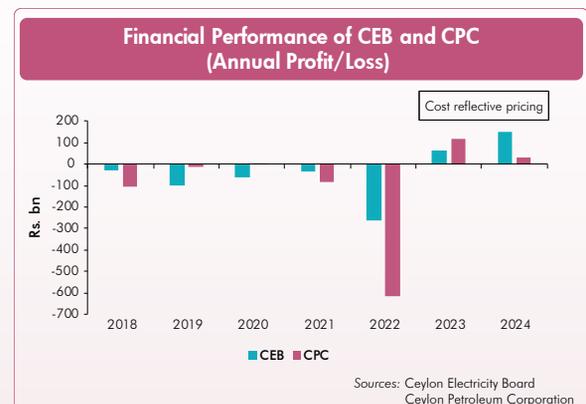
The electricity generation mix showed some volatilities due to weather related disturbances.

The seasonal dry spell in the first quarter of the year and the low inter-monsoon rainfall exerted some pressures on the power sector during the months of March, April, and October 2024, leading to increased reliance on fuel based thermal power generation. However, favourable rainfall witnessed during mid-May and above-average rainfall observed towards the end of November contributed to the optimal use of electricity generation through higher hydropower generation. During the year, the contribution of hydro, fuel, coal, and Non-Conventional Renewable Energy (NCRE) sources amounted to 32.3%, 13.9%, 32.6%, and 21.2%, respectively, for overall electricity generation.

Featured Charts 1.2 Importance of Cost Reflective Pricing for Utilities

Sri Lanka has had a long legacy of below-cost pricing for utilities such as electricity and fuel to offer 'blanket' type of relief to consumers irrespective of their income level. These concessions took a significant toll on the financial performance of the Ceylon Electricity Board (CEB) and CPC. Liquidity shortages of these State Owned Business Enterprises (SOBEs) were financed by the banking sector and thereby crowded out other productive investments. To secure financial viability of these SOBEs, the Government had to assume a portion of these legacy debts in 2022 and make substantial adjustments in fuel prices and electricity tariffs in 2022 and 2023, in line with cost reflective pricing mechanisms. Since then, both CEB and CPC have been making annual profits. This experience has revealed that though untargeted energy subsidies provided short term reliefs to the public and businesses, ultimately, they had to bear accumulated cost later in the form of high prices for energy, taxes and overall inflation. To prevent this vicious cycle of below cost pricing for short term gains leading to long term losses for

the macroeconomy, continuation of cost reflective pricing is essential. Therefore, deviation from the cost reflective pricing mechanism for utilities is not beneficial for the Government or businesses or the public in the long run. Therefore, rather than extending a 'blanket' type of relief to all through mispricing of utilities, any additional support can be provided to the needy segments of the economy through targeted benefit schemes. Also measures could be taken to enhance operational efficiency and competition while reducing production cost to pass the benefits to the consumer.



The Ceylon Electricity Board (CEB) remained profitable in 2024, despite consecutive tariff reductions. An annual total profit of Rs. 148.6 bn was recorded for 2024. Supported by this profit, the CEB's short-term borrowings and liabilities declined to Rs. 123.6 bn by the end of 2024 from Rs. 292.8 bn by the end 2023, while long-term liabilities decreased to Rs. 409.0 bn from Rs. 413.3 bn. During the year, cost-reflective electricity tariff revisions continued, though the implementation of quarterly revisions was irregular. Accordingly, electricity tariffs were revised twice during the year, with an average of 21.9% reduction in March, followed by a further 22.5% reduction in July. A substantial decline in monthly profits was observed during the latter part of the year owing to consecutive significant tariff reductions. In January 2025, another round of downward revisions was undertaken to the electricity tariffs by an average of 20.0% raising concerns about the extent of cost reflectivity of such a tariff revision. Thus, further tariff reductions, if not supported by an actual reduction in cost, could severely weaken the CEB's financial performance.

The Government continued to pursue reforms in the domestic power and energy sector amidst its efforts to address the growing demand for electricity, while balancing issues pertaining to existing infrastructure. In June 2024, the Electricity Act No. 36 of 2024 was enacted, to catalyse necessary restructuring within the sector. This legislation focuses on key areas such as industry regulation, market competition, renewable energy integration, and institutional restructuring and thus aiming to create a significant paradigm shift in the legislative framework pertaining to the energy sector. Following the change in the Government, a committee was appointed at the end of 2024 to review and recommend further amendments to ensure the Act effectively supports a secure, sustainable, and user-centric electricity sector. Further, the envisaged operational system upgrades for Sobadhanavi power plant would enable it to become the first power plant in the

country capable of utilising Liquefied Natural Gas (LNG) for electricity generation. These upgrades are expected to be completed by the first half of 2025, while the development of supporting infrastructure, including LNG storage facilities, are envisaged for completion in 2028. Additionally, the CEB is in the process of updating the Long-Term Generation Expansion Plan (LTGEP) for 2025-2044 to better align with current market conditions and future energy demands of country.

Transport Sector

The transport sector recorded a mixed performance in 2024, following significant setbacks to the sector during the period of crisis. The performance of the indicators of road transport, in terms of operated kilometrage, recorded a marginal expansion. In the meantime, the passenger kilometrage of the Sri Lanka Transport Board (SLTB), calculated based on ticketed passengers reported a contraction. Further, activities in the rail transportation showed a mixed performance, while air transport indicators recorded expansions. During 2024, the port sector exhibited a significant resurgence of its activities, sustaining the upward momentum gathered from 2023.

Table 1.6: Performance of the Transport Sector

Sector	2023 (a)	2024 (a)	Change 2023/2024 (%)
Road Transport (Sri Lanka Transport Board)			
Operated kilometrage (mn)	364	371.7	2.1
Passenger kilometrage (mn)	14,272	13,153	-7.8
Rail Transport (Sri Lanka Railways)			
Passenger kilometrage (mn)	7,044	6,000	-14.8
Goods kilometrage (ton mn)	159	172	8.1
Air Transport			
Passenger movements (in mn) (b)	7.5	8.8	17.8
Of which SriLankan Airlines	3.7	3.5	-6.1
Freight (mt '000)	158.6	195.4	23.2
Of which SriLankan Airlines	79.3	93.0	17.2
Sea Transport (Port of Colombo)			
Container handling (TEUs '000)	6,950	7,792	12.1
Number of Ship arrivals	4,237	3,968	-6.3

(a) Provisional
 (b) Excluding transit passengers
 TEUs = Twenty-foot Equivalent Container Units

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

Other Developments

1 During 2024, the Government continued efforts in improving key infrastructure projects, including the Colombo Port City, naval ports, highways, urban development, and housing, though progress remained uneven across sectors. The Port Access Elevated Highway was nearing completion, while land acquisition and civil works for Sections I and III of the Central Expressway progressed during the year. The Cabinet approval was granted for the construction of 1,996 housing units under a foreign government aid programme, while several other low-income and middle-income housing initiatives led by the Urban Development Authority (UDA) were also continued, focusing on providing decent housing facilities for underserved communities. Additionally, under the Siyak Nagara Development Programme and the Public Institutions Development Programme, which are key initiatives of the UDA, several municipal infrastructure and public amenities enhancement projects were completed during the year. As part of the ongoing developments in the Colombo Port City, the region's first Downtown Duty-Free Mall was completed and launched during the year. Additionally, new banking regulations applicable to the Colombo Port City were introduced in 2024, highlighting its readiness for attracting investments through improved regulatory assurance to investors. On the port infrastructure, the development of the East Container Terminal (ECT) and West Container Terminal-I (WCT-I) at the Port of Colombo progressed during the year, with ECT and WCT-I set for completion in 2026 and 2027, respectively. These developments will further augment the competitiveness of the Port of Colombo and enable it to compete more vigorously with other neighbouring ports by capitalising on emerging opportunities in the port industry and meeting the growing demand.

1.2.7 Social Infrastructure

Education

After a series of setbacks due to the pandemic and the economic crisis, the education sector showcased returning to normalcy to a large extent during 2024, though scarring effects of the pandemic and economic crisis still linger. During the year, a wide spectrum of measures in ensuring equitable access and the quality of education of the country were undertaken by the respective authorities. As such, in consolidating the equal access to free education, the Government continued the student welfare programmes during 2024. Thus, school uniforms were distributed among more than 4.5 mn students, the school meals programme was extended to cover 1.4 mn students, and free school textbooks were distributed. Additionally, in further enhancing student support, grant schemes such as Subhaga, Sujatha Diyani, and Mahatma Gandhi scholarships and bursaries were extended to school students in 2024. Further, the Government made provisions to raise the stipend for students in vocational education, the Mahapola scholarship and monthly bursary payments for university students as envisaged in the Budget 2025. The General Certificate of Education Ordinary level (O/L) and Advanced level (A/L) examinations originally designated for 2023 were conducted in 2024, whereas O/L for 2024 was postponed to 2025. The continuous delays in conducting examinations in the aftermath of the pandemic and the economic crisis have negatively affected the pace of education. Further, the COVID-19 pandemic and the economic crises have intensified school dropout rates and the financial burden on parents for their children's education.

Health

The health sector gradually returned to normalcy in 2024, despite the resource limitations. Accordingly, in uplifting and

upgrading the healthcare system and services during 2024, the Government implemented several measures with the support of key stakeholders. Significant infrastructure development milestones were accomplished during the year, covering many parts of the island in enhancing the equitable access and inclusiveness of healthcare services. Among others, inauguration of German-Sri Lanka Friendship Maternal and Child Health Hospital at Karapitiya, funded by the Government of Germany, commissioning of five-storey ward complex at Kurunegala Teaching Hospital and a six-storey building with a catheterisation laboratory for cardiac treatment at Trincomalee District General Hospital and bone marrow transplantation unit at Jaffna Teaching Hospital are noteworthy developments. Further, in early 2025, Sri Lanka's first and only Bone Marrow and Hematopoietic Stem Cell Transplant (HSCT) Unit in a government hospital for children with cancer was inaugurated at the Apeksha Cancer Hospital in Maharagama with the financial aid from various donors.

Despite continued progress in the healthcare sector of Sri Lanka, challenges remain. These challenges are related to the modernisation of the healthcare system, human resources, funding and resource allocation, and regional disparities. Absence of adequate laboratory testing capacities and transport facilities negatively affected disease surveillance and control activities during the year. In the aftermath of the COVID-19 pandemic and the economic crisis of Sri Lanka, the strategic focus on maternal and child nutrition, mental health of the adolescent and youth communities, and health issues among the vulnerable communities in the estate and the urban sectors of the economy remain areas of concern. Therefore, proactive strategies should be formulated in confronting paradigm shifts in the healthcare sector related to these areas and increasing ageing population of the country, rapid increase of Non-Communicable Diseases (NCDs) and health risks associated with climate change.

Social Safety Nets

Recognising the persistent challenges facing vulnerable communities, the Government reinforced its efforts to expand and enhance social safety nets, ensuring targeted assistance. In line with these efforts, the Aswesuma welfare benefit scheme, initiated in July 2023 under the Welfare Benefits Board (WBB), continued to provide financial assistance to low-income families categorised as 'severely poor', 'poor', 'vulnerable', and 'transitional', while also offering individual allowances to differently abled people, patients with chronic kidney disease of unknown etiology (CKDu), and elderly citizens. In 2024, the programme provided cash transfer benefits to 1.8 mn beneficiary families nationwide with the total disbursement amounting to Rs. 145.6 bn, including arrears payments. Additionally, individual allowances amounting to Rs. 34.2 bn were provided to differently abled individuals, CKDu patients, and elderly citizens. The WBB also successfully implemented a programme that provided financial assistance for the purchase of stationery to 1.1 mn school children from low-income families, with a total expenditure of Rs. 6.6 bn. Meanwhile, revisions to the welfare benefits payment scheme were introduced in May and December 2024. Along with this, further enhancements were announced in the Budget 2025 to improve and expand the benefits under Aswesuma. According to the Extraordinary Gazette issued in December 2024, the scheme targets expanding support to 2.4 mn beneficiaries and aims to provide allowances to 1.28 mn individuals, covering differently abled people, CKDu patients, and elderly citizens. Meanwhile, the WBB commenced the second phase of Aswesuma in early 2025, intending to expand benefits to those in need. Efforts are currently underway to assess and select eligible families for assistance. However, social spending targets under the IMF-EFF programme have not been fully met due to administrative issues, such as unavailability of bank accounts

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and National Identity Cards for beneficiaries, thereby slowing the disbursement of benefits to the selected beneficiaries. Accordingly, focused efforts are being taken to expeditiously resolve these issues to sufficiently cover the vulnerable segments of the population. The Cabinet also granted approval in February 2025, to initiate the Prajashakthi National Movement, which comprises an integrated programme initiated by the Ministry of Rural Development, Social Security, and Community Empowerment. The programme seeks to combine multiple approaches to poverty alleviation by integrating social protection, economic empowerment, and rural development initiative into a unified framework, ensuring sustainable support for vulnerable communities.

In 2024, the Ministry of Women and Child Affairs initiated several policy reforms and national development programmes.

This was alongside vital social protection and subsidy initiatives, to enhance social welfare and support vulnerable communities. Accordingly, the Ministry introduced key legislative measures, including the Women Empowerment Act, No. 37 of 2024, which was enacted to establish the National Commission on Women, appoint a Woman Ombudsperson to ensure women's rights, create a national fund for women, and implement the National Gender Equality and Women's Empowerment policy. During the year, the Ministry also implemented several women and child welfare programmes, including nutrition and morning meal allowances and financial support for pre-school teachers.

1.3 Monetary Sector Developments

1.3.1 Market Interest Rates

Market interest rates continued their downward momentum in 2024 driven by accommodative monetary policy measures implemented since June 2023. Since then, the total policy rate reduction amounted to

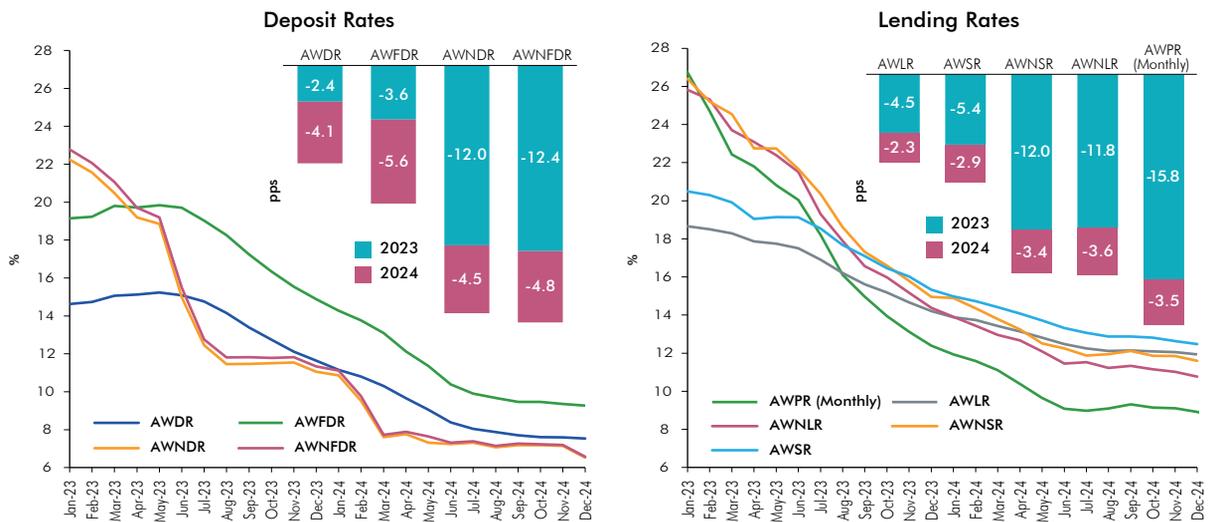
around 775 bps, with around 125 bps of this reduction in 2024. This includes the effective reduction of around 50 bps in the policy interest rate in late November 2024 alongside the introduction of the Overnight Policy Rate (OPR),¹⁶ which marked a shift to a single policy interest rate system from a dual policy interest rate system. The Average Weighted Call Money Rate (AWCMR)¹⁷ adjusted downwards during the year in line with the further relaxation of the monetary policy stance and the enhanced liquidity conditions in the domestic money market. Following the introduction of the OPR in November 2024, AWCMR experienced a gradual downward adjustment and subsequently stabilised around 8.00% by the end of the year. In addition to the easing of monetary policy, subdued inflation, moderate inflation expectations, and reduced risk premia following the near-finalisation of the debt restructuring process supported the overall decline in market interest rates in 2024. While the downward adjustment in market interest rates was more pronounced during the first half of 2024, the pace of adjustment was slowed by the temporary uptick in yields on government securities in mid-2024. Nevertheless, both market deposit and lending interest rates moderated further towards the latter part of 2024. The interest rates based on the outstanding stock of interest-bearing rupee deposits held with Licensed Commercial Banks (LCBs), Average Weighted Deposit Rate (AWDR) and Average Weighted Fixed Deposit Rate (AWFDR), declined by 4.1-5.6 pps in 2024. Notably, both AWDR and AWFDR exhibited a consistent downward trend throughout the year, although the pace of decline slowed somewhat in the latter half. Interest rates on new interest-bearing rupee deposits mobilised by LCBs during a particular month, as reflected by the Average Weighted New Deposit Rate (AWNDR) and Average Weighted New Fixed Deposit Rate

¹⁶ Please refer Box 03, on "Transition to a Single Policy Interest Rate Mechanism" for further details on the introduction of OPR.

¹⁷ The short term interest rate closely monitored by the Central Bank as the operating target under the Flexible Inflation Targeting (FIT) framework to guide the market interest rates.



Figure 1.11: Movements of Selected Market Interest Rates



Note: The column charts represent the annual adjustment in interest rates in 2023 and 2024

Source: Central Bank of Sri Lanka

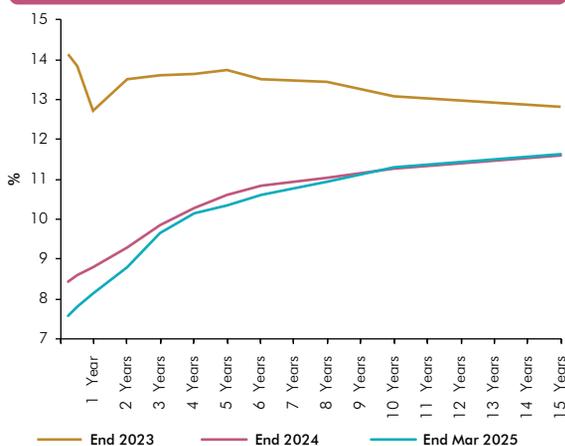
(AWNFDR) declined by 4.5-4.8 pps during 2024. While AWNDR and AWNFDR adjusted swiftly to monetary policy easing in early 2024, the latter half of the year exhibited mixed movements, reflecting a slowdown after the initial overadjustment. Lending rates, particularly interest rates applicable on short-term rupee loans and advances granted by LCBs to their prime customers during a particular week (Average Weighted Prime Lending Rate (AWPR)), which is one of the benchmark interest rates in the retail market, declined notably by 3.2 pps in 2024. Meanwhile, the lending interest rate based on all outstanding rupee loans and advances extended by LCBs (Average Weighted Lending Rate (AWLR)) and the lending interest rate based on all new rupee loans and advances extended by LCBs during a particular month (Average Weighted New Lending Rate (AWNLR)), declined by 2.3 and 3.6 pps, respectively, in 2024, over the 4.5 and 11.8 pps decline in 2023. Although the benchmark lending rates declined notably, the maximum rates on certain bank loan products remained elevated, indicating the potential for further reductions in such rates. Meanwhile, the interest rates applicable on loans extended to Micro, Small, and Medium Enterprises (MSMEs) also declined

during the year in line with the moderation of other market lending interest rates. Accordingly, the interest rate based on all outstanding rupee loans and advances extended by licensed banks to the SME sector (Average Weighted SME Lending Rate (AWSR)), and the interest rate based on all new rupee loans and advances extended by licensed banks during a particular month to the SME sector (Average Weighted New SME Lending Rate (AWNSR)) declined by 2.9 and 3.4 pps, respectively. Although lending interest rates to SMEs recorded an overall reduction, rates on loans extended to micro and small-scale borrowers remained relatively rigid compared to other market lending rates due to the nature of lending and the associated risks. Despite the decline in nominal market interest rates, real interest rates, measured using realised inflation levels, remained largely positive in 2024 due to low inflation and deflationary conditions since September 2024. However, the anticipated convergence of inflation toward the target in the second half of 2025 suggests a likely decline in real interest rates. The downward trajectory of market lending rates continued in early 2025, reflecting the lagged impact of further easing of the policy stance in the second half of 2024.

Yields on Government Securities

1 Yields on government securities declined in 2024, in line with the notable improvements in fiscal performance, easing of monetary policy and the gradual dissipation of risk premia. However, the trajectory of government securities yields in 2024 experienced intermittent increases in the middle of the year. The increase in yields on government securities observed between June and September 2024 was mainly driven by factors, such as high offered amounts at auctions to meet the Government's funding requirements amidst large-scale market maturities, as well as market sentiments influenced by political uncertainties. However, from mid-September onwards, yields resumed a steady downward trend, signalling a more measured adjustment in response to evolving market conditions. The overall reduction in yields was supported by prudent fiscal management along with the maintenance of adequate buffers, advancement in public debt restructuring, and favourable developments on the inflation front amidst monetary policy easing and increased market liquidity. Additionally, increased net foreign inflows into the government securities market towards the end of 2024, along with subdued inflation and benign inflation expectations further supported this trend. Treasury bills across all maturities saw

Figure 1.12: Secondary Market Yield Curve for Government Securities



Source: Central Bank of Sri Lanka

Table 1.7: Movements of Interest Rates

Interest Rate	End 2023	End 2024	Change in pps
% per annum			
Policy Interest Rate of the Central Bank			
Overnight Policy Rate (OPR) (a)	-	8.00	-
Standing Facility Rates (a)			
Standing Deposit Facility Rate (SDFR)	9.00	7.50	-1.50
Standing Lending Facility Rate (SLFR)	10.00	8.50	-1.50
Average Weighted Call Money Rate (AWCMR)	9.24	8.00	-1.24
Yield Rates on Government Securities			
Primary Market (b)			
Treasury bills			
91-day	14.51	8.62	-5.89
182-day	14.16	8.77	-5.39
364-day	12.93	8.96	-3.97
Treasury bonds			
2-year	13.87 (c)	13.83 (d)	-0.04
3-year	14.07 (c)	11.63 (d)	-2.44
4-year	14.21 (c)	10.42 (d)	-3.79
5-year	14.32 (c)	10.75 (d)	-3.57
10-year	-	-	-
Secondary Market			
Treasury bills			
91-day	14.13	8.43	-5.70
182-day	13.86	8.61	-5.25
364-day	12.71	8.81	-3.90
Treasury bonds			
2-year	13.52	9.31	-4.21
3-year	13.62	9.87	-3.75
4-year	13.66	10.30	-3.36
5-year	13.74	10.61	-3.13
10-year	13.10	11.27	-1.83
Interest Rates on Deposits			
Licensed Commercial Banks (e)			
Savings Deposits	0.25-13.00	0.25-9.00	-
1 Year Fixed Deposits (f)	1.00-22.00	2.50-18.39	-
AWDR	11.64	7.53	-4.11
AWFDR	14.88	9.27	-5.61
AWNDR	11.06	6.52	-4.54
AWNDR	11.33	6.57	-4.76
Other Financial Institutions (g)			
National Savings Bank			
Savings Deposits	3.00	3.00	-
1 Year Fixed Deposits	8.00	7.00	-1.00
Finance Companies (h)			
Savings Deposits	4.33-6.62	3.91-6.03	-
1 Year Fixed Deposits	11.88-13.56	9.23-11.00	-
Interest Rates on Lending			
Licensed Banks (i)			
AWSR	15.33	12.48	-2.85
AWNSR	14.96	11.59	-3.37
Licensed Commercial Banks (e)			
AWPR - Monthly	12.39	8.92	-3.47
AWLR	14.21	11.93	-2.28
AWNLR	14.38	10.77	-3.61
Licensed Specialised Banks (g)			
National Savings Bank	15.00-20.00	12.75-18.00	-
State Mortgage and Investment Bank (j)	9.50-21.00	9.00-20.00	-
Finance Companies (h)			
Finance Leasing	14.98-32.48	10.99-31.75	-
Corporate Debt Market			
Debentures	13.50-29.50	12.00-15.25	-
Commercial Papers	17.00-26.50	12.00-13.75	-

Sources: Central Bank of Sri Lanka
Colombo Stock Exchange
Respective Financial Institutions

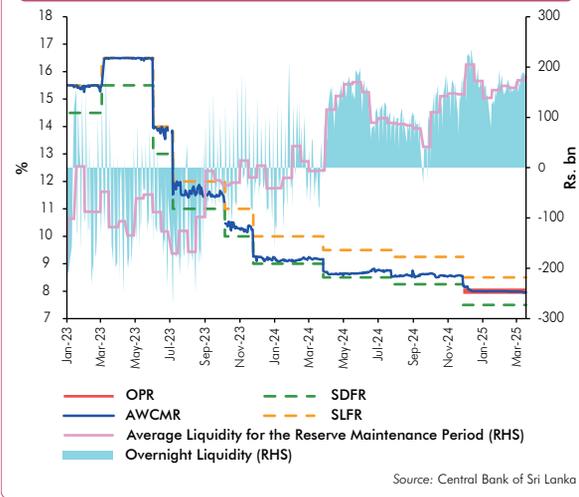
- (a) Effective 27 November 2024, OPR is defined as the policy interest rate of the Central Bank. SDFR and SLFR are linked to OPR with a margin as decided by the Central Bank.
- (b) Weighted average yield rates at the latest available auction
- (c) Last Primary Auction during 2023:
2 yr - 28 Dec | 3 yr - 12 Dec | 4 yr - 28 Dec | 5 yr - 12 Dec
- (d) Last Primary Auction during 2024:
2 yr - 11 Jan | 3 yr - 12 Nov | 4 yr - 30 Dec | 5 yr - 12 Dec
- (e) Based on the rates quoted by LCBs
- (f) Maximum rates are special rates offered by certain LCBs
- (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 Finance Companies (FCs) which are applicable for deposits mobilised and loans granted during the respective months. Data for 2024 are provisional
- (i) Based on the rates quoted by LCBs and LSBs
- (j) Lending for housing purposes only

a decrease in yields by 4.0-5.9 pps during 2024. In line with this trend, Treasury bond yields also adjusted downwards. In 2024, the majority of Treasury bond issuances have been concentrated in the medium tenor. Yields have dropped by approximately 1.0-4.0 pps across various maturities during the year. Compared to the flatter secondary market yield curve observed at the end of 2023, the yield curve shifted downwards and normalised to an upward-sloping curve in 2024. Yet, the downward adjustment to the yields on Treasury bonds with longer maturities remained sluggish.

1.3.2 Domestic Money Market Liquidity

Liquidity in the domestic money market increased significantly in 2024, mainly as a result of liquidity injections following the net purchases of foreign exchange by the Central Bank. In view of the increased liquidity levels and domestic money market activity, restrictions that were imposed in early 2023 on the usage of the Central Bank's Standing Facilities by participatory institutions were relaxed in February 2024 and completely removed from April 2024. In addition to the Central Bank's net foreign currency purchases equivalent to approximately Rs. 858 bn from the domestic forex market, net foreign loan disbursements to the Government, particularly by the bilateral partners, and net foreign currency swaps between the Central Bank and LCBs also added to rupee liquidity in the domestic money market. However, the coupon payments on Treasury bonds held by the Central Bank, maturities of the Central Bank holdings of Treasury bills, and net currency withdrawals along with the maturities of term reverse repos partially absorbed the liquidity in the domestic money market during the year. Accordingly, liquidity, which stood at a deficit of around Rs. 70 bn on average in 2023, increased to a surplus of around Rs. 120 bn as of mid-2024 and expanded further to around Rs. 168 bn

Figure 1.13: Key Short Term Interest Rates and Market Liquidity



by end 2024. Although overall liquidity remained at surplus levels, the distribution of liquidity among participatory institutions was asymmetric resulting in limited activity in the interbank market, particularly in the first half of 2024. Large liquidity surpluses of foreign banks were not available to deficit banks to a great extent due to counterparty limits for transactions, though Sri Lanka's sovereign rating upgrade towards the end of 2024 changed the situation somewhat. Conforming to the accommodative monetary policy stance, the Central Bank continued to intervene regularly in the domestic money market through Open Market Operations (OMOs), injecting liquidity on a needs basis, to smooth out the asymmetric distribution of liquidity among market participants. However, as liquidity levels continued to remain at notable surplus levels with improved activity among market participants, the Central Bank gradually scaled down its OMOs and discontinued its overnight reverse repo operations from early December 2024.

1.3.3 Credit Aggregates

Credit extended to the private sector by LCBs recorded a notable expansion in 2024. Credit to the private sector by LCBs in

1 early 2024 displayed an uneven trend, reflecting cautious lending behaviour and sluggish demand for credit amid evolving economic conditions. However, since mid-2024, private sector credit witnessed a steady and notable expansion, driven by multiple factors. In this regard, the continued relaxation of the monetary policy stance played a crucial role, as successive policy rate reductions improved liquidity conditions and lowered borrowing costs, thus encouraging both businesses and individuals to seek financing. Additionally, along with improved business confidence, the gradual revitalisation of domestic economic activity contributed to this credit growth, particularly from May 2024. Accordingly, the outstanding credit to the private sector by LCBs during 2024 increased by Rs. 789.6 bn, recording a y-o-y growth of 10.7% by December 2024 compared to a contraction recorded at the end of 2023. Meanwhile, amidst a low interest rate environment, credit to the private sector by Licensed Specialised Banks (LSBs) increased only by Rs. 27.9 bn during 2024, recording a y-o-y growth of 2.5% by end 2024. In contrast, private sector credit

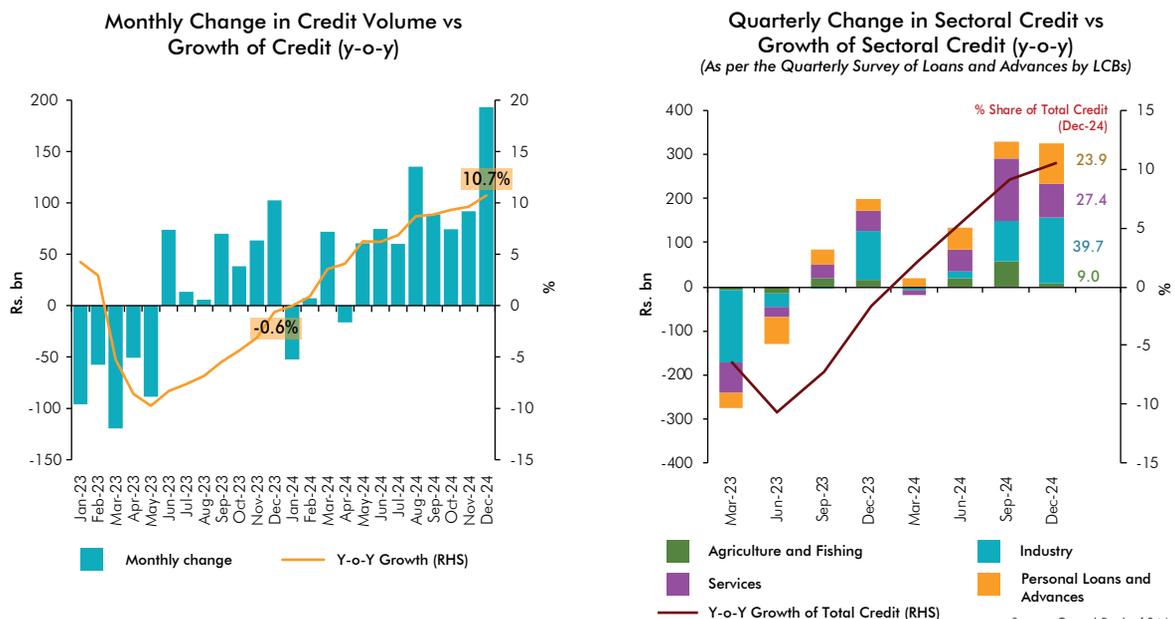
by Finance Companies (FCs) improved notably by Rs. 277.1 bn during 2024 recording a y-o-y growth of 21.0% by the end of 2024, primarily driven by rising demand for consumer credit, particularly in the form of gold and personal loans, as well as vehicle leasing, supported by improved liquidity conditions in the sector.

A notable expansion of credit to key sectors of the economy¹⁸ was observed in 2024, reflecting a recovery in economic activity amid improved business confidence.

Signalling a rebound in industry-related activities, credit to the Industry sector (which accounts for 39.7% of outstanding credit) recorded a y-o-y growth of 8.4% by end 2024. Within this sector, credit to the construction subsector, which is the largest contributor to Industry activities, experienced a growth of 5.5%, y-o-y, indicating a gradual revival of construction-related activities following a long period of subdued activity. Credit expansion was also observed in textiles and apparel; chemical, petroleum, pharmaceutical and healthcare, and rubber and plastic products; fabricated

¹⁸ Findings are based on the Quarterly Survey on Loans and Advances extended to the Private Sector by LCBs.

Figure 1.14: Credit Extended to the Private Sector by LCBs



metal products, machinery, and transport equipment; and food and beverages subsectors. Credit to the Services sector (which accounts for 27.4% of outstanding credit) also showed an expansion, with a y-o-y growth of 12.3% by end 2024. Notable improvements in credit were observed in the wholesale and retail trade; financial and business services; communication and information technology; and shipping, aviation, and freight forwarding subsectors, indicating a revival in services-related economic activity. Credit to the Agriculture sector (which accounts for 9.0% of outstanding credit) recorded a y-o-y growth of 12.6% by end 2024. Within this sector, credit to tea, coconut, paddy, and fisheries expanded, reflecting improved financing for primary agricultural production and export-oriented commodities. Credit extended in the forms of personal loans and advances (which accounts for 23.9% of outstanding credit) also recorded a y-o-y growth of 11.3% by end 2024. Pawning-related credit, which has seen a sustained expansion over recent years, continued to expand significantly, recording a y-o-y growth of 20.5% in 2024. Rising gold prices and pawning remaining the easiest and quickest form of obtaining credit are reasons for its notable expansion. Further, credit card-related loans also grew during the year, signalling reviving consumer spending and financial sector activity. Meanwhile, a maturity-wise analysis of the expansion of credit to the private sector by LCBs shows that growth in short to medium-term credit was higher than that of long-term credit. With the continued revival of economic activity, a sustained expansion of mid to long-term credit is anticipated.

Continuing the trend observed in 2023, credit obtained by SOBEs from LCBs contracted in 2024. Credit to SOBEs by LCBs declined by Rs. 113.1 bn in 2024 primarily driven by net repayments from major SOBEs amidst the improved financial performance of such entities following the continuation of cost-reflective price adjustments and other ongoing

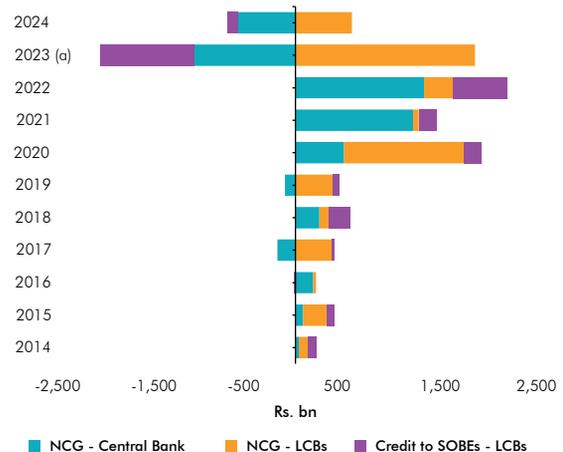
reforms to improve the financial viability of the SOBEs. Among the major SOBEs, the CPC, following the transfer of its debt obligations to LCBs to the Government in 2023, made net repayments amounting to Rs. 59.4 bn in 2024, thereby significantly reducing its dependence on the banking sector. The CEB also made net repayments amounting to Rs. 27.2 bn during the year supported by cost-reflective price adjustments. Additionally, net repayments by Road Development Authority (RDA) and Colombo Commercial Fertilizer were observed in 2024. Moreover, the appreciation of the Sri Lanka rupee against the USD led to a reduction in the rupee-equivalent value of foreign currency borrowings by some SOBEs.

Net Credit to the Government (NCG) by the banking system contracted marginally by Rs. 14.9 bn in 2024, mainly due to the contraction in NCG by the Central Bank, while NCG by LCBs recorded an increase.

Continuing the developments observed in 2023, NCG by the Central Bank declined notably by Rs. 602.7 bn in 2024.¹⁹ This was mainly due to the offloading of Treasury bills held by

¹⁹ A change in the method used to estimate the fair value of the Treasury bond holding of the Central Bank caused a notable expansion in NCG in November 2024.

Figure 1.15: Annual Change in Credit to Public Sector by the Banking System



(a) With the approval of the Cabinet of Ministers at its meeting held on 30 January 2023, the outstanding foreign currency guaranteed debt of CPC was absorbed into central government debt with effect from December 2022. Accordingly, this adjustment was implemented in two phases, first in April 2023 and subsequently in December 2023, hence, was reflected in the balance sheets of the particular state-owned commercial banks, which caused a reduction in credit to public corporations/ SOBEs and a corresponding expansion in NCG by LCBs.

Source: Central Bank of Sri Lanka

Table 1.8: Developments in Monetary Aggregates

Item	Rs. bn				
	End 2020	End 2021	End 2022	End 2023	End 2024 (a)
1. Reserve Money	964	1,306	1,349	1,329	1,539
(% change y-o-y)	3.4	35.4	3.3	-1.5	15.8
Net Foreign Assets of the Central Bank	527	-387	-1,614	-837	222
Net Domestic Assets of the Central Bank	438	1,693	2,963	2,166	1,317
2. Narrow Money (M_1)	1,177	1,460	1,454	1,658	1,926
(% change y-o-y)	36.0	24.0	-0.4	14.1	16.1
3. Broad Money (M_{2b})	9,406	10,647	12,290	13,189	14,322
(% change y-o-y)	23.4	13.2	15.4	7.3	8.6
3.1 Net Foreign Assets (NFA)	-209	-982	-1,767	-456	573
Monetary Authorities (b)	527	-387	-1,614	-837	222
Licensed Commercial Banks (LCBs)	-736	-595	-153	381	351
3.2 Net Domestic Assets (NDA)	9,615	11,629	14,056	13,645	13,749
Domestic credit	11,721	14,002	16,632	16,421	17,083
Net Credit to the Government (NCG)	4,548	5,832	7,471	8,285 (c)	8,270
Central Bank	869	2,094	3,432	2,376	1,774
Licensed Commercial Banks (LCBs)	3,679	3,738	4,039	5,909	6,497
Credit to Public Corporations / SOBEs	1,002	1,188	1,750	770 (c)	657
Credit to the Private Sector	6,171	6,981	7,411	7,366	8,156
(% change y-o-y)	6.5	13.1	6.2	-0.6	10.7
Other Items (net)	-2,106	-2,373	-2,576	-2,776	-3,334
4. Broad Money (M_4)	11,462	12,985	14,840	15,829	17,261
(% change y-o-y)	21.4	13.3	14.3	6.7	9.0
4.1 Net Foreign Assets (NFA)	-217	-999	-1,767	-456	552
Monetary Authorities (b)	527	-387	-1,614	-837	222
Licensed Commercial Banks (LCBs)	-736	-595	-153	381	351
Licensed Specialised Banks (LSBs)	-8	-17	-	-	-21
4.2 Net Domestic Assets (NDA)	11,679	13,984	16,607	16,285	16,709
Net Credit to the Government (NCG)	5,366	6,769	8,469	9,507 (c)	9,470
Central Bank	869	2,094	3,432	2,376	1,774
Licensed Commercial Banks (LCBs)	3,679	3,738	4,039	5,909	6,497
Licensed Specialised Banks (LSBs)	742	845	881	1,022	1,078
Finance Companies (FCs)	75	92	116	200	121
Credit to Public Corporations / SOBEs by (LCBs)	1,002	1,188	1,750	770 (c)	657
Credit to the Private Sector	8,285	9,339	9,917	9,815	10,910
(% change y-o-y)	6.3	12.7	6.2	-1.0	11.2
Licensed Commercial Banks (LCBs)	6,171	6,981	7,411	7,366	8,156
Licensed Specialised Banks (LSBs)	936	1,094	1,159	1,126	1,154
Finance Companies (FCs)	1,177	1,264	1,347	1,323	1,600
Other items (net)	-2,973	-3,312	-3,529	-3,807	-4,327
Memorandum Items:					
Money Multiplier (M_{2b})	9.75	8.15	9.11	9.93	9.30
Velocity (M_{2b} average) (d)	1.84	1.73	2.04	2.17(e)	2.18

(a) Provisional

Source: Central Bank of Sri Lanka

(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) With the approval of the Cabinet of Ministers at its meeting held on 30 January 2023, the outstanding foreign currency guaranteed debt of the Ceylon Petroleum Corporation (CPC) was absorbed into central government debt effective December 2022. Accordingly, this adjustment was implemented in two phases, first in April 2023 and subsequently in December 2023, hence, was reflected in the balance sheets of the particular state-owned commercial banks, which caused a reduction in credit to Public Corporations/ SOBEs and a corresponding expansion in NCG

(d) Based on rebased GDP estimates (base year 2015) by the Department of Census and Statistics

(e) Revised

the Central Bank and the reduced reliance on the Standing Lending Facility (SLF) of the Central Bank by participatory institutions. In contrast, NCG by LCBs recorded an increase of Rs. 587.8 bn during the year, reflecting their increased investments in government securities. However, the increased investments in government securities was lower compared to previous year. This could be explained by the reduced attractiveness of such investments due to the low rate of return. Meanwhile, the reduction of NCG based on the Financial Survey (M_4)²⁰ amounted to Rs. 37.6 bn in 2024. This included a contraction of Rs. 79.0 bn in NCG by FCs, while NCG by LSBs expanded by Rs. 56.3 bn with enhanced investment in government securities by LSBs.

1.3.4 Money Aggregates

Reserve money recorded a notable growth in 2024 compared to the previous year, mainly driven by the increase in currency in circulation (CIC). CIC increased significantly due to festival demand in April 2024 and gradually declined by the end of May 2024, with the subsequent return of currency to the banking system. However, CIC remained elevated thereafter amidst the low inflation environment. Increased demand for currency amidst election related expenses and the year-end festive demand also increased CIC. Additionally, a gradual shift to cash-based transactions was also observed, driven by possible tax evasion motives. Accordingly, CIC increased by Rs. 172.2 bn in 2024. Meanwhile, highly volatile movements in reserve money were observed in the first quarter of 2024 due to irregular large excess reserves maintained by LCBs, that resulted from the Central Bank's administrative measures to restrict the LCBs' access to standing facilities of the Central Bank. The volatility in reserve money dissipated thereafter with the removal of these restrictions,

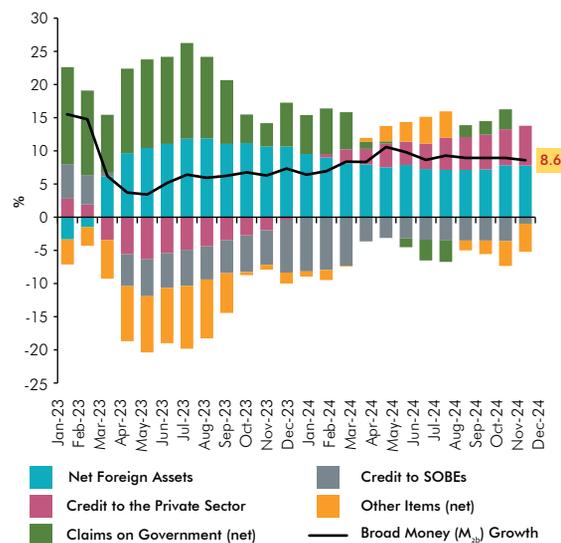
effective April 2024. An increase in LCBs' rupee deposit liabilities during the year led to an improvement in their reserves with the Central Bank, adding to the expansion of reserve money. Accordingly, reserve money expanded to Rs. 1,539.3 bn by the end of 2024, recording a y-o-y growth of 15.8%.

On the assets side of the Central Bank's balance sheet, the expansion of reserve money during the year was entirely driven by the expansion of Net Foreign Assets (NFA).

NFA of the Central Bank continued to improve and turned positive in October 2024 for the first time since July 2021, increasing by Rs. 1,059.5 bn during the year. This was supported by the combined impact of an increase in foreign assets and the reduction in foreign liabilities. The improvements in foreign currency assets were mainly driven by the accumulation of foreign reserves by way of net purchases from the domestic foreign exchange market, while the servicing of foreign debt obligations, including the swap facility with the Reserve Bank of India (RBI), led to the gradual decline in foreign liabilities. Meanwhile, the contraction in net claims on the Government, particularly the decline in the Treasury bill

²⁰ The Financial Survey provides a broader measure of money supply, covering all deposit taking institutions, including LSBs and FCs, in addition to LCBs and the Central Bank.

Figure 1.16: Contribution to y-o-y Growth of Broad Money (M_{2b})



Source: Central Bank of Sri Lanka

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holdings of the Central Bank (net of repo) was the key driver of the contraction in Net Domestic Assets (NDA) of the Central Bank. In addition, the decline in the Central Bank's claims on LCBs due to the full settlement of the Liquidity Assistance Facility (LAF) provided by the Central Bank also contributed to the decline in NDA during the year. Accordingly, NDA of the Central Bank contracted by Rs. 848.9 bn in 2024.

Improved NFA of the Central Bank and the notable expansion in credit extended to the private sector by LCBs largely contributed to the expansion of broad money (M_{2b}) supply during 2024. NFA of the banking system, which includes the Central Bank as well as LCBs, improved by Rs. 1,029.0 bn, largely reflecting the improvement in NFA of the Central Bank. Meanwhile, NFA of LCBs contracted during 2024 mainly due to the revaluation effects resulting from the appreciation of the Sri Lanka rupee, alongside the decline in foreign assets of LCBs. However, this was partially offset by the decline in the foreign liabilities of LCBs during the year. In line with these developments, the y-o-y growth of M_{2b} accelerated to 8.6% in 2024 compared to 7.3% in 2023. Following the trend in M_{2b} , the growth of M_4 broad money

supply, as measured by the Financial Survey, also accelerated at a similar pace. Meanwhile, the money multiplier, which is the ratio between M_{2b} and reserve money, decreased to 9.30 in 2024 from 9.93 in 2023 as a result of the significant expansion in reserve money.

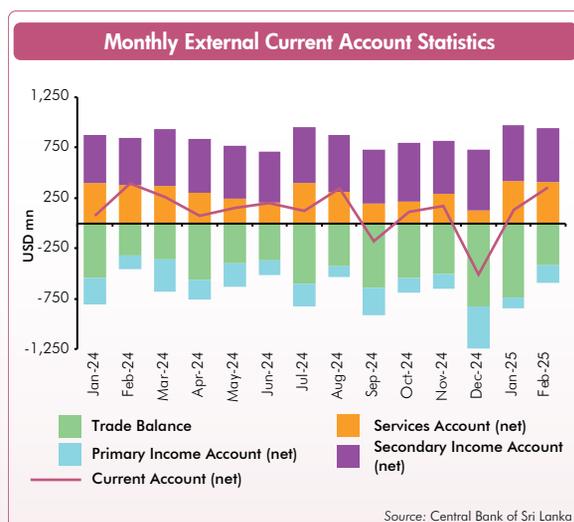
1.4 External Sector Developments

1.4.1 Balance of Payments

Current Account

Sri Lanka's external sector continued its positive momentum and the external current account recorded a sizeable surplus in 2024. Merchandise trade deficit widened in 2024 compared to 2023 due to the larger expansion in import expenditure outpacing the expansion in export earnings. Yet, constrained demand for imports due to low purchasing power and restrictions on vehicle imports prevented excessive expansion in imports. The deficit in merchandise trade was offset by notable improvements in trade in services, especially in the tourism sector, and an increase in the surplus of secondary income account. The deficit in the primary income

Featured Charts 1.3
Monthly External Current Account Statistics



The current account balance in most months of 2024 was positive, except for two months, resulting in an annual current account surplus. In September 2024, the services account surplus was unusually low, as tourism was affected by visa related disruptions and a general seasonal dip. In December 2024, there was a significant outflow from the primary income account as interest payments and from the services account as government expenditure, both related to the restructuring of International Sovereign Bonds (ISBs). The current account recorded a surplus in the first two months of 2025 as well, supported by a robust growth in earnings from tourism and workers' remittances.

Table 1.9: Current and Capital Account

USD mn		
Item	2023 (a)	2024 (b)
Current Account (net)	1,439	1,206
Receipts	23,776	26,877
Payments	22,337	25,671
Trade Balance	-4,900	-6,069
Exports	11,911	12,772
Agricultural	2,567	2,774
Industrial	9,278	9,947
Mineral	38	25
Other	28	26
Imports	16,811	18,841
Consumer	3,044	3,466
Intermediate	11,007	11,915
Investment	2,745	3,448
Other	16	13
Services (net)	3,053	3,435
Receipts	5,416	6,910
of which;		
Transport	1,550	1,794
Travel	2,068	3,169
Computer Services	795	848
Construction Services	355	212
Payments	2,363	3,475
of which;		
Transport	732	1,017
Travel	503	755
Computer Services	198	194
Construction Services	111	127
Primary Income (net)	-2,548	-2,599
Receipts	460	609
Compensation of Employees	53	146
Investment Income	407	463
Direct Investment	8	73
Other Investment	349	271
Reserve Assets	49	119
Payments	3,007	3,208
Compensation of Employees	30	20
Investment Income	2,977	3,188
Direct Investment	916	942
Portfolio Investment	854	877
Other Investment	1,207	1,369
Secondary Income (net)	5,834	6,439
Receipts	5,989	6,585
of which;		
Workers' Remittances	5,970	6,575
Payments	155	146
Capital Account (net)	37	12
Receipts	40	20
Payments	3	8
Current and Capital Account (net)	1,476	1,217
As a % of GDP		
Trade Balance	-5.9	-6.1
Goods and Services Balance	-2.2	-2.7
Current Account Balance	1.7	1.2

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

account remained at the same level in 2024 compared to 2023. Accordingly, the current account surplus amounted to USD 1.2 bn (1.2% of GDP) in 2024 compared to USD 1.4 bn (1.7% of GDP) in 2023.

Merchandise Trade Account

The merchandise trade deficit widened in 2024 compared to the preceding year, but remained lower than averages from recent years. The trade deficit of USD 6.1 bn in 2024 was moderate compared to the annual average trade deficit of around USD 9 bn recorded during the pre-pandemic period from 2015 to 2019. Export earnings recorded a positive trajectory, in most of 2024, on a y-o-y basis, mainly supported by the increase in industrial exports. Meanwhile, import expenditure rose significantly in 2024 due to increased economic activity, relaxed import restrictions, eased monetary conditions and favourable global price dynamics. As a percentage of GDP, the trade deficit widened to 6.1% in 2024 from 5.9% in the previous year.

Despite these developments, Sri Lanka's terms of trade, measured by the ratio of export prices to import prices, improved marginally in 2024 as import prices declined at a slightly higher pace than the decline of export prices.

The increase in both export earnings and import expenditure in 2024 was explained by higher volumes. Meanwhile, total trade, encompassing both export earnings and import expenditure, increased by 10.1% (y-o-y) in 2024 reflecting the recovery in economic activity as both export and import sectors expanded supported by improved domestic and global conditions. However, the trade openness moderated in 2024 compared to 2023 and remained at a lower level compared to the 1990s.

Table 1.10: Summary of Merchandise Trade Performance

Category	2023 Value (USD mn)	2024 Value (USD mn)	y-o-y change %
Exports	11,910.7	12,772.0	7.2
Industrial	9,277.7	9,946.9	7.2
Agricultural	2,566.5	2,774.5	8.1
Mineral	38.5	24.5	-36.2
Unclassified	28.0	26.1	-6.6
Imports	16,811.1	18,841.4	12.1
Consumer	3,043.9	3,465.7	13.9
Food and Beverages	1,693.0	1,914.3	13.1
Non-food Consumer	1,350.9	1,551.4	14.8
Intermediate	11,006.6	11,914.5	8.2
Investment	2,744.6	3,448.2	25.6
Unclassified	16.0	13.0	-18.8
Trade Balance	-4,900.4	-6,069.4	
Total Trade	28,721.8	31,613.4	10.1

Sources: Sri Lanka Customs
Petroleum Exporters and Importers
National Gem and Jewellery Authority
Central Bank of Sri Lanka

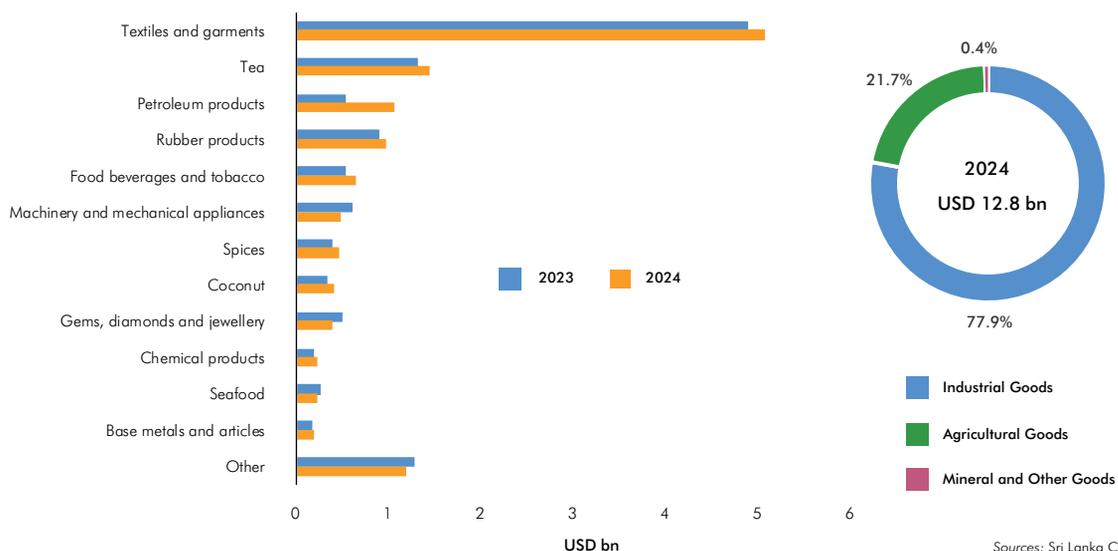
Export Performance

The merchandise export sector exhibited a notable growth in 2024. This performance reflected the country's economic recovery and resilience built amidst a challenging external environment. Earnings from exports recorded USD 12.8 bn in 2024, an increase of 7.2% compared to 2023. However, as a percentage of GDP, export earnings in 2024 decreased

to 12.9% from 14.2% in 2023 but remained higher than the pre-pandemic average of 12.4% recorded during the period 2015 to 2019.

The increase in industrial exports played a major role in driving the growth of export earnings. Exportation of petroleum products surpassed the USD 1 bn mark for the first time in history with a 97.2% increase in 2024 compared to 2023. This increase was driven by higher bunkering and aviation fuel volumes, thus emerging as a key contributor to the overall rise in exports, despite its lower value addition. Although this surge in petroleum exports was partly driven by the disruptions to the Red Sea shipping route, it highlights the potential of the country to capitalise on this sector further, provided that global demand for bunkering services and energy-related products remains robust and refinery capacity in the country is expected to strengthen to ensure sufficient value addition. Further, a notable recovery was observed in textiles and garments exports (mainly garments). Earnings from food, beverages and tobacco exports improved further in 2024 driven by the exports of value-added coconut products. Meanwhile, exports of rubber products also improved, led by gloves exports.

Figure 1.17: Composition of Exports



Sources: Sri Lanka Customs
Central Bank of Sri Lanka



However, export earnings from gems, diamonds, and jewellery, as well as machinery and mechanical appliances, experienced a decline in 2024.

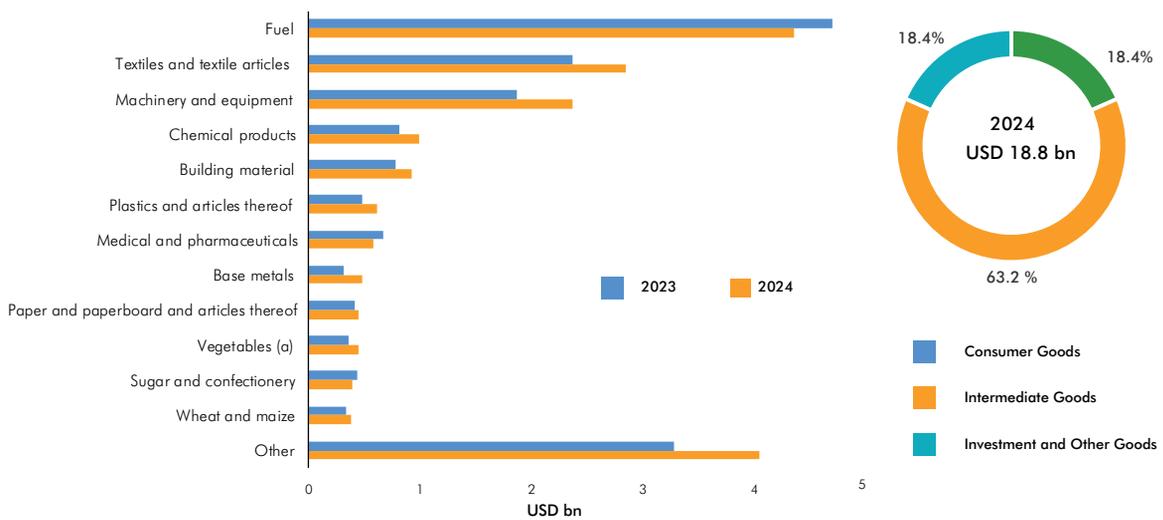
Agricultural exports also showed an increase in earnings in 2024 compared to 2023. Among agricultural exports, increases in tea, coconut-related products, and spices were particularly significant. The increase in earnings from tea exports, fuelled by both higher export volumes and prices, highlights the persistent global demand for Sri Lankan tea. Despite the y-o-y increase, the tea export volume in 2024 was significantly lower than the pre-pandemic annual average recorded from 2015 to 2019. Earnings from both coconut kernel and non-kernel exports also increased in 2024, led by desiccated coconut and coconut fibre exports, while the exports of value-added coconut products categorised under industrial goods also increased notably. The strong performance of coconut under both in raw forms and value-added products suggests that expansion in coconut production along with targeted export promotion could help coconut products to become a prominent export in the medium term. Meanwhile, exports of seafood and

minor agricultural products showed subdued performance. Mineral exports continued its declining trend, while some minerals were exported as value added products categorised under industrial exports.

Import Performance

Sri Lanka witnessed a significant increase in merchandise import expenditure in 2024, reflecting the recovery in economic activities and the relaxation of most of the import restrictions. Total merchandise import expenditure in 2024 increased to reach USD 18.8 bn, recording a y-o-y growth of 12.1%. However, import expenditure in 2024 was significantly low compared to the annual average of around USD 20.3 bn in the pre-pandemic period from 2015 to 2019. As the economy regained momentum, demand for imports increased, driven by the gradual relaxation of import restrictions since June 2023, especially for consumer and investment goods. The last category to be relaxed was the restrictions on the imports of motor vehicles, which was carried out in a phased-out manner in three stages. Stage 1, 2 and 3 of the relaxations were related to passenger buses and special

Figure 1.18: Composition of Imports



(a) Includes lentils, onions, potatoes, leguminous and other vegetables.

Sources: Sri Lanka Customs
Central Bank of Sri Lanka

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purpose vehicles, goods transport vehicles, and vehicles for personal usage, respectively. Stage 1 was implemented in December 2024, while Stages 2 and 3 were implemented at the end of January 2025. As a percentage of GDP, import expenditure decreased to 19.0% in 2024 from 20.1% in 2023 and remained below the pre-pandemic average of 22.4% recorded during 2015 to 2019.

The rise in import expenditure in 2024 could be attributed to higher demand across all major categories. Consumer goods imports saw an increase in 2024 compared to 2023, primarily due to increased imports of essential commodities, such as oils and fats, vegetables, as well as imports of rice, which increased mostly towards the end of the year to address domestic supply shortages. Similarly, spending on non-food consumer goods increased, particularly on home appliances, clothing and accessories, and telecommunication devices, supported by the relaxation of import restrictions initiated in 2023. Expenditure on imports of intermediate goods also increased in 2024, driven by higher imports of textiles and textile articles, supporting the growth of garments exports, and other inputs required for manufacturing, such as chemical products, base metals, plastics and related articles, as well as rubber and rubber-based products. However, expenditure on fuel imports, the largest item in the import basket, declined due to a reduction in prices and volumes of imports of crude oil and coal. Despite higher bunkering exports, which entirely rely on imported petroleum products, lower fuel demand for power generation due to higher contribution of hydro power in the energy mix also led to the lower expenditure on fuel imports. Meanwhile, import expenditure on investment goods experienced a notable growth in 2024 across all three subcategories, namely machinery and equipment (mainly engineering equipment), building materials (mainly iron and steel and ceramic products),

and transport equipment (such as commercial purpose vehicles), along with most of their subcategories, supported by relaxation of import restrictions.

Terms of Trade

The terms of trade, measured by the ratio of export prices to import prices, improved in 2024 compared to 2023. The volume indices for all major export categories improved, except for mineral exports, while the volume indices for imports in all major categories also showed improvement, indicating that the increased volumes contributed to both higher export earnings and import expenditure in 2024. A decline in the price indices of industrial exports mainly contributed to the reduction in the export price index, while lower prices for the importation of intermediate goods accounted for the decrease in the overall import price index. Accordingly, the export price and import price indices declined by 3.7% and 4.9%, respectively, causing the terms of trade to improve by 1.3% to 86.7 index points in 2024 compared to 85.6 index points in 2023. However, despite the increase in the terms of trade in 2024 over 2023, it remained below 100 index points since 2021, a deterioration compared to the base year of 2010, indicating that the amount of imports that can be purchased from a unit of exports has declined over time.

Table 1.11: Summary of Terms of Trade (2010=100) (a)(b)

Category	y-o-y change 2023/ 2024 (%)		
	Value Index	Volume Index	Unit Value Index
Total Exports	7.2	11.3	-3.7
Agricultural exports	8.1	3.2	4.7
Industrial exports	7.2	12.8	-5.0
Mineral exports	-36.2	-35.2	-1.6
Total Imports	12.1	17.9	-4.9
Consumer goods	13.9	12.1	1.5
Intermediate goods	8.2	17.5	-7.9
Investment goods	25.6	21.8	3.1
Terms of Trade			1.3

(a) Provisional
(b) in USD terms

Source: Central Bank of Sri Lanka



Direction of Trade

Sri Lanka’s merchandise trade sector witnessed a notable improvement in 2024 compared to the previous year, driven by a multitude of factors including enhanced bilateral trade with major trading partners. The total trade increased, reflecting a recovery in both exports and imports amid easing trade restrictions and stabilising economic conditions. India remained the top trading partner, followed by China and the USA. These top three countries are collectively accounting for approximately 40% of Sri Lanka’s total trade in 2024. Total trade with India amounted to about USD 4.8 bn in 2024, supported by robust imports from India, including petroleum products, fabric and rice. Total trade with China also increased reaching USD 4.6 bn in 2024. However, Sri Lanka recorded its highest trade deficit with China, rising significantly from USD 2.8 bn in 2023 to USD 4.1 bn in 2024. The widening deficit was primarily due to increased imports of engineering equipment and construction materials (Iron and Steel), while Sri Lanka’s exports to China remained relatively low. The USA remained a vital trading partner for Sri Lanka, with total trade amounting to USD 3.4 bn in 2024. Sri Lanka maintains a trade surplus with the USA, largely due to apparel exports.

Sri Lanka signed its fourth bilateral Free Trade Agreement (FTA) with Thailand (SLTFTA), while negotiations for several other FTAs continued during 2024. The SLTFTA was signed

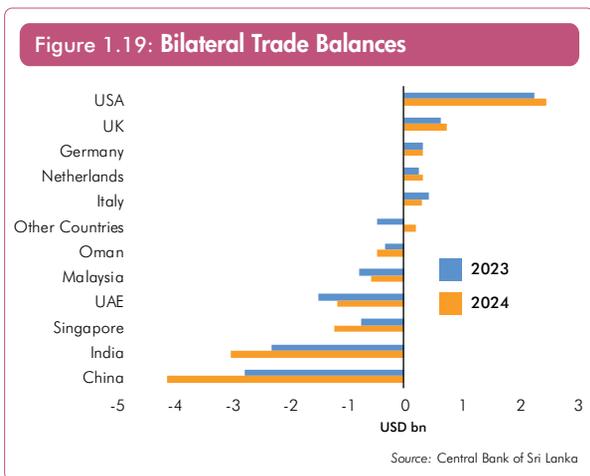
Table 1.12: Exports under Preferential and Free Trade Agreements of Sri Lanka

Trade Agreement	2023	2024 (a)		
	Value (USD mn)	Value (USD mn)	Growth (%)	Share (%)
GSPs	3,803.5	3,985.7	4.8	80.2
of which; EU (including GSP+)	2,094.5	2,108.1	0.6	42.4
USA (b)	663.4	741.6	11.8	14.9
UK	562.4	601.9	7.0	12.1
Russian Federation (c)	127.9	152.7	19.4	3.1
Australia	93.3	108.8	16.6	2.2
Canada	72.9	89.9	23.3	1.8
Japan	68.3	71.1	4.1	1.4
Turkey	62.6	54.5	-13.0	1.1
Other GSP	58.2	57.2	-1.7	1.2
ISFTA	536.4	490.3	-8.6	9.9
APTA (d)	213.9	209.9	-1.9	4.2
GSTP	79.1	70.1	-11.4	1.4
PSFTA	46.1	46.2	0.3	0.9
SAFTA	93.2	169.0	81.3	3.4
SAPTA	1.1	1.3	22.0	0.0
Total Exports Under Trade Agreements	4,773.4	4,972.5	4.2	100.0
As a Share of Total Exports	40.1	38.9		

(a) Provisional
 (b) Shows GSP eligible exports since the US-GSP expired on 31 December 2020
 (c) Includes Russia, Belarus and Kazakhstan
 (d) Earlier known as the Bangkok Agreement (1975)

Sources: Sri Lanka Customs
 Department of Commerce

in February 2024, which is a comprehensive FTA covering both trade in goods and services, as well as investments, customs procedures, intellectual property rights, etc. The SLTFTA came into effect on 01 January 2025. Negotiations on the Economic and Technology Cooperation Agreement (ETCA) with India continued and the 13th and 14th rounds of negotiations concluded in January 2024 and July 2024, respectively. Meanwhile, negotiations regarding the Bangladesh and Indonesia Preferential Trade Agreements (PTAs) continued, while the progress of negotiations under China-Sri Lanka Free Trade Agreement was slow. Moreover, exports under the Indo-Sri Lanka Free Trade Agreement (ISFTA) declined, although exports to India under South Asian Free Trade Area (SAFTA) increased. Trade under the Pakistan-Sri Lanka Free Trade Agreement (PSFTA) remained muted, while performance under other regional trade agreements, such as the Global System of Trade Preference (GSTP) and Asia Pacific Trade Agreement (APTA), declined in 2024. Meanwhile,



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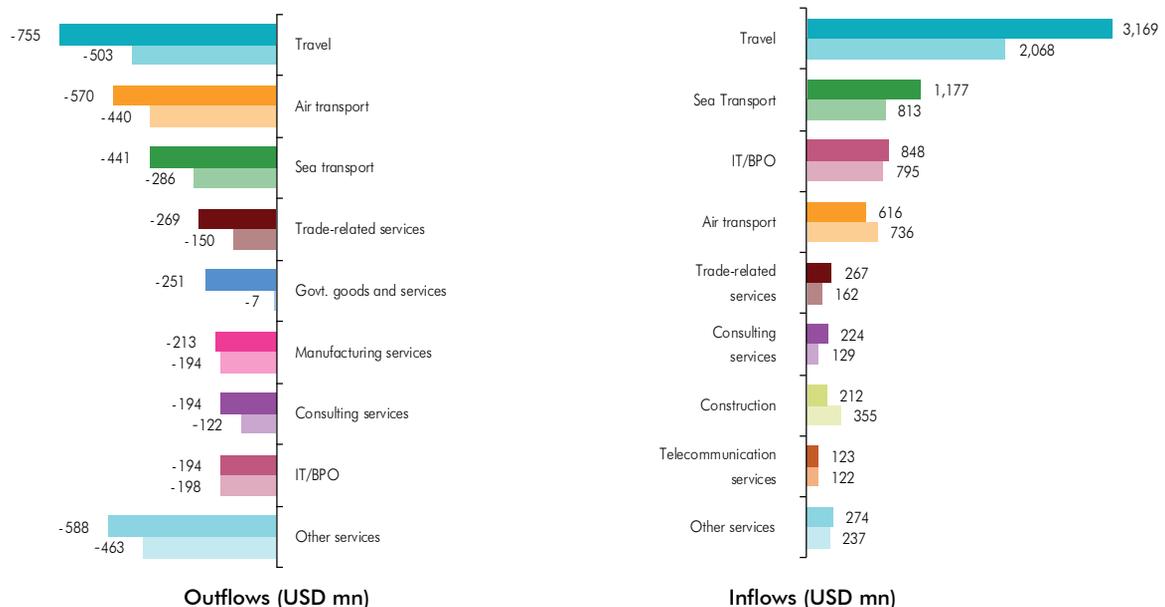
the Charter of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) entered into force in May 2024. The BIMSTEC Charter will help to expand its reach and influence, while promoting technical and economic co-operation among the member countries. Moreover, Sri Lanka continued to benefit from the Generalised System of Preference (GSP) schemes offered by its key trading partners, such as the EU and the UK. To ensure continuity, the EU-GSP scheme was extended in September 2023 by the European Commission (EC) for the period 2024-2027. As a result, Sri Lanka continued to benefit under GSP+ Scheme of the EU during 2024 and recorded a moderate growth. Moreover, negotiations among the EU countries on the terms of a new GSP scheme continued during 2024. Meanwhile, the EU adopted the Regulation on Deforestation-Free Products (EUDR) in June 2023. As a beneficiary of the EU GSP+ concessions, Sri Lanka's rubber exports to the EU market must comply with this regulation by 30 December 2025, for large/medium operators, and by 30 June 2026, for micro/small operators. In addition, Sri Lanka continued to benefit under

the Enhanced Preferences Scheme of the new GSP Scheme of the UK named "Developing Countries Trading Scheme" (DCTS), which came into effect in June 2023. The US-GSP scheme, which expired in December 2020, has not yet been reinstated by the US Government, although it is expected to be reinstated on a retroactive basis as per the general practice, unless there is a major policy shift introduced by the new US Government. Export performance under other GSP schemes showed mixed performance during 2024. Total trade under preferential and free trade agreements grew in 2024 compared to 2023, although exports under preferential trade as a share of total exports declined, indicating an increase in exports outside preferential trade agreements during 2024.

Services Account

The services account surplus recorded a notable increase in 2024. The surplus in the services account rose to USD 3.4 bn in 2024, compared to USD 3.1 bn in 2023. This growth was driven by strong inflows to key services sectors, including tourism, sea transport, and computer and information technology (IT)/

Figure 1.20: Services Inflows and Outflows



Note: The darker shaded bars represent values for the year 2024, while the lighter shaded bars represent 2023.

Source: Central Bank of Sri Lanka



BOX 01
Refining External Sector Statistics: Key Insights on Services Trade

Introduction

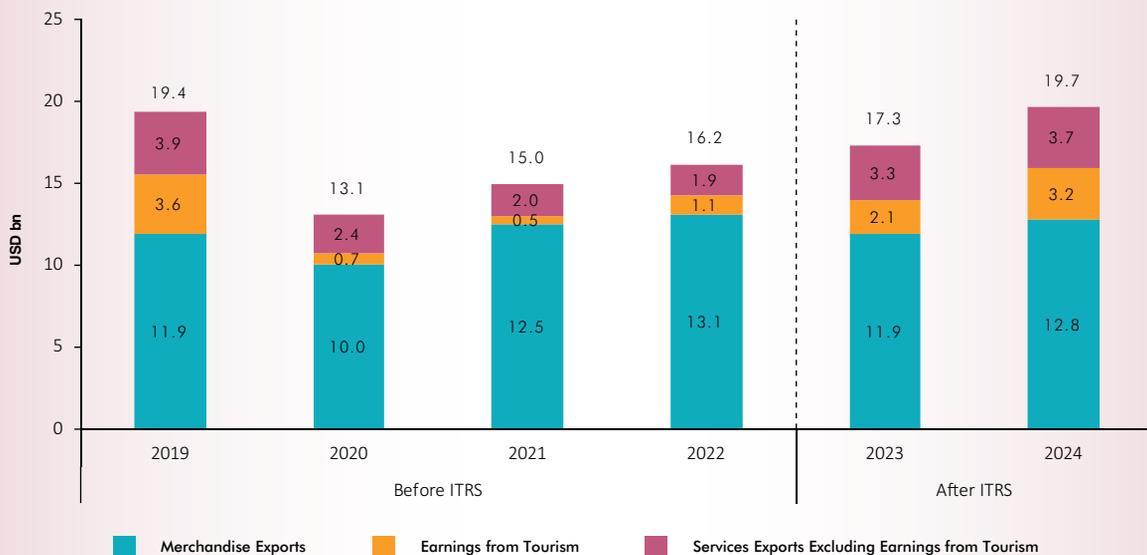
Sri Lanka's services trade, a crucial component in the current account of the country's balance of payments (BOP), has grown significantly, outpacing the expansion of merchandise exports in recent years. As a key contributor to foreign exchange earnings, the growth in services exports is driven by sectors such as tourism, computer and information technology (IT)/business process outsourcing (BPO), and port and airport services. However, unlike merchandise trade where physical products are traded across borders, capturing cross-border data on services trade with precision is generally considered more challenging. While merchandise trade statistics are primarily reported through Sri Lanka Customs, the compilation of services trade statistics requires detailed transaction level reporting via the banking system, adding complexity to data collection processes.

International transactions in the services sector, as defined in the System of National Accounts 2008 (SNA 2008),¹ encompass a heterogeneous

range of intangible products and activities, broadly classified into two forms, namely, 'change effecting services' and 'margin services'. Change effecting services are produced on demand and can directly alter the conditions of the consumer. These services are inseparable from their production. For instance, the service involved in delivering a software product by a Sri Lankan software development firm cannot be detached from the final product and sold separately. Margin services, on the other hand, involve the value added by intermediaries in distributing goods, such as transport services provided by Sri Lankan container terminals to facilitate merchandise imports and exports. Globally, the most comprehensive method for collecting data on international transactions in the services sector is through payment flows between residents and non-residents via the banking system. However, in the absence of such an advanced and sophisticated system, compilation of services sector trade statistics in the BOP would be based on direct surveys of identified companies. However, the effectiveness of the direct survey methodology in compiling services sector statistics was debatable due to numerous challenges, including the difficulties in identifying

¹ The System of National Accounts (SNA) is an internationally agreed framework for measuring a country's economic activity, such as Gross Domestic Product (GDP) in accordance with strict accounting conventions based on economic principles (SNA 2008).

Figure B 1.1: Statistics on Merchandise and Services Exports



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

1 such service providers, low survey response rates, human resource constraints in BOP compilation and severe limitations in engaging with companies, especially during the COVID-19 pandemic and the subsequent economic crisis. In an attempt to enhance the accuracy and granularity of external sector statistics, the Central Bank commenced developing the International Transactions Reporting System (ITRS) in 2019, which collects and classifies cross border transactions based on actual foreign exchange inflows and outflows reported in the banking system. Despite the obstacles posed by the COVID-19 pandemic and the economic crisis, the ITRS project was successfully completed through extensive online collaboration between the Central Bank and licensed banks. After four years of development, data collection through ITRS commenced in January 2023. Based on this data, the Central Bank commenced dissemination of services sector statistics on a monthly basis in January 2024.²

Key Takeaways on Sri Lanka's Services Trade based on ITRS Data

The implementation of the ITRS enabled the Central Bank to report monthly services trade statistics, which were previously available only on a quarterly basis, along with the release of quarterly BOP. Additionally, a more detailed categorisation

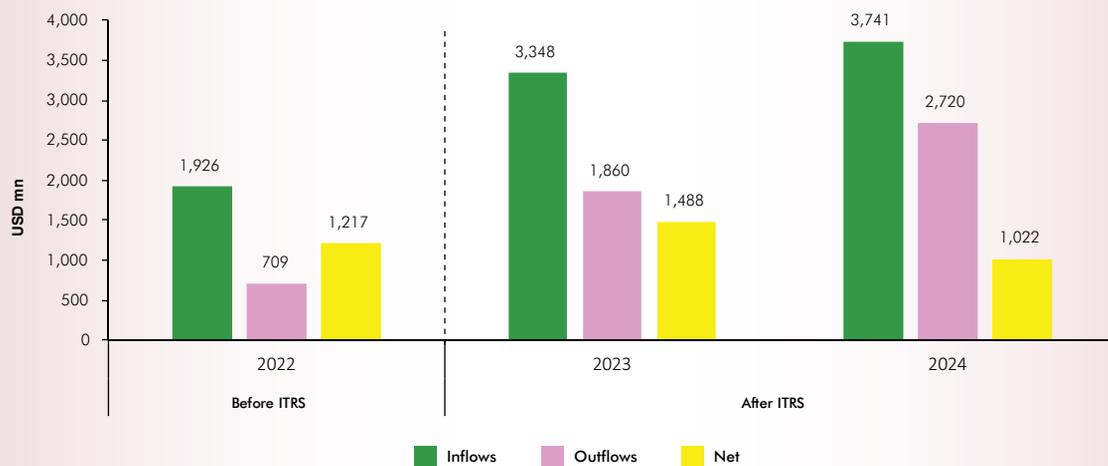
was introduced with data reported under new categories, while data on existing categories was improved with accuracy, enabling better sectoral analysis.

The impact of changes in the services sector data collection methodology on BOP statistics before and after the implementation of the ITRS is illustrated in Figure B 1.2 below. All services sector data, other than tourism inflows and tourism outflows, in 2023 and 2024 were based on the ITRS. Hence, post 2022 services sector data collection has transitioned from a sample-based approach, which relied on statistical inference based on sample survey data, to a census-based methodology under the ITRS. However, there was no overlap between methodologies from 2023 onwards as direct surveys were discontinued.

For comparison purposes, tourism inflows and outflows were excluded, as tourism outflows are partially based on the ITRS data and tourism inflows are based on an estimation by the Sri Lanka Tourism Development Authority (SLTDA). As illustrated in Figure B 1.2 below, gross inflows recorded under services exports other than tourism inflows and outflows show a notable deviation between the periods before and after the implementation of the ITRS. Gross inflows in 2023 and 2024 are significantly higher than those in 2022. This increase was driven not only by statistical improvements but also by the continued

² Monthly services sector statistics are available at: <https://www.cbsl.gov.lk/en/statistics/statistical-tables/external-sector> → Services Sector

Figure B 1.2: Statistics on Services Account Other than Tourism Inflows and Outflows



Source: Central Bank of Sri Lanka

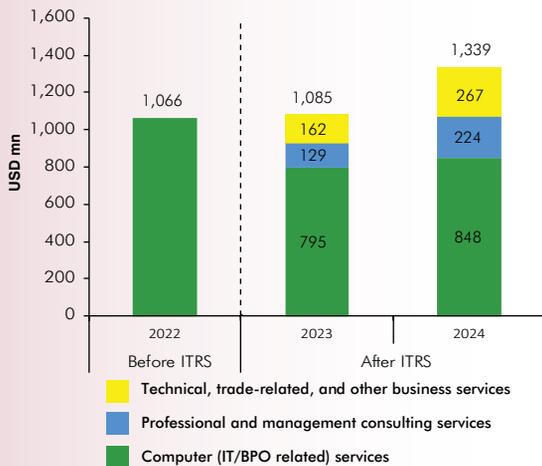
economic recovery. However, this deviation in reported gross inflows has not substantially impacted the current account estimates, as the net inflows reported by the ITRS for 2023 and 2024 remain broadly in line with the 2022 net inflow estimates, despite higher gross inflows and outflows after the ITRS implementation compared to that of 2022.

Some of the key findings on the services sector based on ITRS data are detailed below.

i. Computer and IT/BPO and Related Services

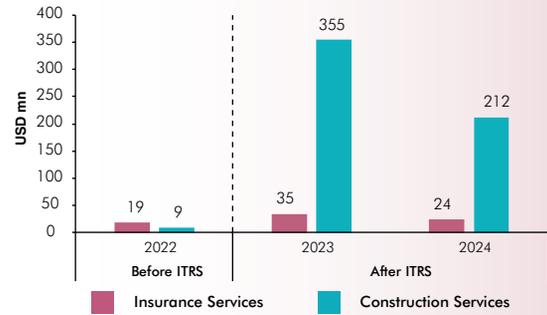
Prior to the implementation of the ITRS, statistics on computer and IT/BPO related services were estimated based on information received through a limited number of survey responses and statistical inference based on sample survey data. As per the survey-based estimates, inflows to computer and IT/BPO related services amounted to around USD 1 bn per annum. However, the ITRS data currently reports the inflow of forex from IT/ BPO related services at approximately USD 800 mn. Nevertheless, the ITRS data revealed that inflows from some of the emerging services sub-sectors, such as professional and management consulting services and technical services, which have not been reported previously, have made a significant contribution to the BOP. Accordingly, these categories are now separately identified and reported, improving the classification of services sector related flows. As shown in Figure B 1.3,

Figure B 1.3: Inflows to Computer and IT/BPO Sector and Other Business Services



Source: Central Bank of Sri Lanka

Figure B 1.4: Construction and Insurance Services (Inflows)



Source: Central Bank of Sri Lanka

the combined total of computer and IT/BPO related services along with other business services approximately aligns with previous estimates, demonstrating that the ITRS has enabled more accurate and detailed classification of services sector transactions.

ii. Construction and Insurance Services

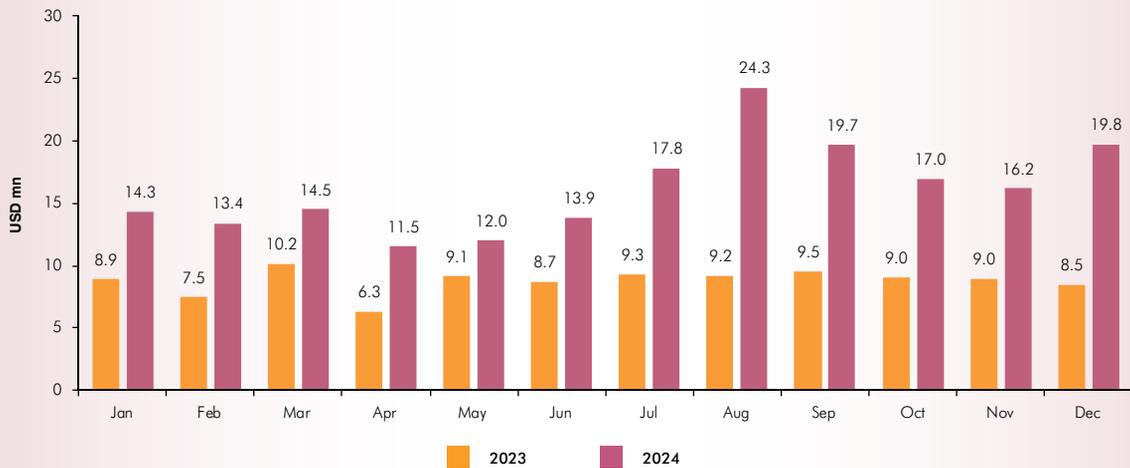
Some services sectors, such as construction and insurance services, were revealed to be underreported based on survey-based estimates, primarily due to low response rates. Based on ITRS data, construction services inflows in particular are significant, and data indicates that these services industries have tremendous potential to grow in the coming years (Figure B 1.4). This is partly due to the recent enthusiasm shown by the Sri Lankan construction companies to seek overseas opportunities for expansion, given the slower recovery in the domestic construction industry.

iii. Expenditure on Education Abroad by Sri Lankan Students

In recent years, cross-border outflows related to overseas education have been a major topic of discussion in policy circles. However, the lack of reliable data on such outflows has hindered the policy debate. Since the introduction of the ITRS, cross-border payments for education services are reported on a monthly basis, promoting greater transparency and data-driven policy decision making (Figure B 1.5). Nevertheless, it must be noted that due to the use of non-bank channels of payments for such services, the value captured through the ITRS may be incomplete.



Figure B 1.5: Expenditure on Education Abroad by Sri Lankan Students



Source: Central Bank of Sri Lanka

Usefulness of Services Sector Statistics

As highlighted in the examples above, accurate data on the services sector is essential for effective policymaking. Services sector statistics are now included in the monthly current account data, which the Central Bank began publishing in January 2025. The more frequent and accurate reporting of current account statistics offers valuable insights for policymakers in shaping monetary and fiscal policies. Additionally, monthly updates on the current account, including services sector data, provide early indicators of potential shifts in the external sector. This data can serve as a key signal for forecasting possible BOP challenges in the future.

Way Forward

Going forward, the Central Bank aims to work closely with stakeholders involved in the ITRS project, including the banking sector, to further

improve the external sector statistics. Further, the Central Bank is keen to discuss with the key services sector industries and related trade associations to iron out differences in their self-estimates and the official data to further enhance the coverage and the quality of the service sector statistics. Additionally, the Central Bank plans to conduct in depth sectoral policy studies based on the ITRS data, focusing on emerging services sectors to better understand their growth potential. Such analyses will provide valuable insights for informed policymaking, supporting the development of strategies to nurture the emerging services sector and maximise its potential.

References

1. United Nations, European Commission, International Monetary Fund, Organisation for Economic Co-operation and Development and World Bank (2009) *System of National Accounts 2008*, New York: United Nations.
2. Wijayawardhana A (2024) 'Capturing Services Sector Cross Border Transactions: The Central Bank of Sri Lanka's Long Endeavour to Establish an International Transactions Reporting System', Information Series Note, Central Bank of Sri Lanka.

business process outsourcing (BPO) sectors. The tourism sector continued its momentum further by recording 2.05 mn tourist arrivals in 2024, compared to arrivals of 1.49 mn recorded in 2023. Accordingly, earnings from tourism in 2024 were estimated at USD 3.2 bn, compared to USD 2.1 bn in 2023, recording a y-o-y growth of 53.2%. The peak in tourist arrivals was recorded in 2018, with 2.3 mn tourist arrivals generating USD 4.4 bn in earnings.

Meanwhile, services other than tourism also contributed notably to the current account surplus. As per the data from the International Transactions Reporting System (ITRS), total inflows to the services sector in 2024, excluding earnings from tourism, amounted to USD 3.7 bn, compared to USD 3.3 bn in 2023. Main contributors to the services sector were transport and computer and IT/BPO services. Professional and management consulting services, technical

and trade-related services also contributed to higher services inflows in 2024. Also, total outflows from the services sector in 2024 amounted to USD 3.5 bn, compared to USD 2.4 bn in 2023. Major contributors to the recorded outflows from the services sector were overseas travel, transport services, outflows related to other business services and payments made as legal and professional fees related to the Government's debt restructuring process.

Primary Income Account

The deficit in the primary income account in 2024 remained broadly unchanged compared to the previous year. A significant portion of the outflows in the primary income account stemmed from interest payments on government loans, including arrears accumulated as a result of the debt standstill, as well as interest payments made by the Central Bank on its outstanding liabilities related to the IMF and the special swap arrangement with the RBI. One key development in 2024 was the increase in dividends paid by direct investment enterprises (DIEs), reflecting higher profit distributions to their foreign investors. However, reinvested earnings outflows declined. This is also recorded as an inflow in the financial account, and resulted in lower direct investments in the financial account. Interest payments related to debt securities, which included accrued interest in the first three quarters of 2024 and actual interest payments in the last quarter of 2024, increased compared to 2023. Going forward, interest payments on debt securities are expected to be considerably low with the conclusion of the external debt restructuring process on International Sovereign Bonds (ISBs). In the meantime, a substantial increase in government interest payments on foreign loans was observed in 2024 compared to the previous year as a result of the increased outstanding multilateral debt owed by the Government and the increase in accrued interest of bilateral debt, some of which is still under the

debt restructuring process. Meanwhile, earnings from investments in reserve assets by the Central Bank increased in 2024, which can be attributed to the notable rise in GOR. However, the interest income of the banking sector reduced modestly in 2024 compared to 2023. Accordingly, the deficit in the primary income account amounted to USD 2.6 bn in 2024.

Secondary Income Account

The surplus in the secondary income account increased notably in 2024, driven primarily by the steady improvement in workers' remittances. This positive trend was largely supported by the continued departures of Sri Lankan workers seeking foreign employment, which contributed to higher workers' remittance inflows through official banking channels during the year. The highest ever departures for foreign employment were recorded in 2024. As a result, workers' remittances increased by 10.1%, reaching USD 6.6 bn in 2024, compared to USD 6.0 bn in 2023. This surge in remittances contributed to a sharp rise in the surplus of the secondary income account, which amounted to USD 6.4 bn in 2024.

Capital Account

The capital account surplus moderated in 2024. Capital transfers to both the Government and private sector decreased in 2024, as a result of capital grants to the Government remaining modest. Accordingly, the capital account recorded a modest surplus of USD 12 mn in 2024, compared to a surplus of USD 37 mn in 2023.

Financial Account

In 2024, both the net incurrence of liabilities and the net acquisition of financial assets in the financial account of the BOP increased, albeit at a slower pace. The net incurrence of liabilities increased by USD 1.0 bn, compared to the increase of USD 2.2 bn in 2023. Key financial account inflows during

Table 1.13: Financial Account

Item	USD mn	
	2023 (a)	2024 (b)
Financial Account (net)	1,483	892
Net Acquisition of Financial Assets	3,655	1,910
Net Incurrence of Liabilities	2,172	1,018
Direct Investment: Assets	51	110
Equity	47	106
Debt Instruments	5	4
Direct Investment: Liabilities	713	761
Equity	497	499
Debt Instruments	216	262
Portfolio Investment: Assets	173	180
Debt Securities	173	180
Portfolio Investment: Liabilities	931	301
Equity	8	2
Debt Securities	923	299
General Government	910	286
Short Term (Treasury Bills)	132	-217
Long Term	778	504
Treasury Bonds	78	39
Sri Lanka Development Bonds	-27	-
Sovereign Bonds	727	465
Other Sectors	13	13
Long-term	13	13
Financial Derivatives	-	-
Other Investment: Assets	972	-3
Currency and Deposits	114	-73
Trade Credit and Advances	136	111
Other Accounts Receivable	721	-42
Other Investment: Liabilities	528	-44
Currency and Deposits	-134	-868
Loans	751	993
Trade Credit and Advances	-260	-170
Other Accounts Payable	171	-
Special Drawing Rights (SDRs)	-	-
Reserve Assets	2,458	1,622
Net Errors and Omissions	6	-325

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

the year included the third tranche received from the IMF-EFF programme, as well as disbursements from the World Bank and the Asian Development Bank.

Direct Investments

FDI inflows, including foreign loans to Direct Investment Enterprises (DIEs), remained relatively modest in 2024. Although there was a rise in equity investments and intercompany loans to DIEs, reinvestment in earnings and shareholder advances to DIEs saw a notable decline. Meanwhile, foreign loans inflows from unrelated parties to Board of Investment (BOI) companies also recorded an increase in 2024. Accordingly, FDI, inclusive of foreign loans, was

recorded at USD 846 mn in 2024, from USD 759 mn in 2023. FDI excluding loans stood at USD 761 mn in 2024, compared to USD 713 mn in the previous year. The sectoral flows of FDI were primarily directed towards Diversified Holdings, Telephone and Telecommunication Networks, Hotels and Restaurants, and Port Container Terminals. Direct investments to the BOI companies remained notably low in 2024, compared to the previous year. However, there was a significant inflow related to a change in share ownership of a major publicly listed company, but not registered with BOI, as its parent company delisted from the Colombo Stock Exchange (CSE).

Portfolio Investment

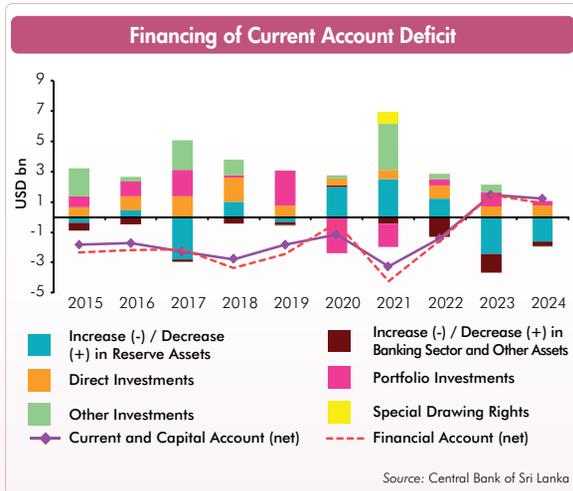
Net incurrence of liabilities as well as net acquisition of financial assets in portfolio investments increased in 2024. Portfolio investment in the form of equity and investment fund shares in the CSE recorded a marginal net inflow, while foreign investment in government securities recorded a net outflow. Also, reflecting the recovery in the CSE and the companies listed there, some companies successfully completed rights issues, strengthening their balance sheets with fresh equity, including that from foreign investors. Meanwhile, the non-resident investments in government securities reduced substantially during the year. In terms of transactions in debt securities under portfolio investment, the successful completion of the external debt restructuring process and the repayment of the first tranche of the past due interest (PDI) bond resulted in a reduction in liabilities of debt securities issued by the Government.

Other Investment and Reserve Assets

Both the net incurrence of liabilities and the net acquisition of financial assets in other investments decreased in 2024. Trade credits and advances recorded a reduction in liabilities as the CPC continued to reduce its existing trade

Featured Charts 1.4

Financing of the Pre-Crisis Current Account Deficit and Post-Crisis Dynamics of the Financial Account



Financing the current account deficit prior to the crisis reveals some interesting facts. Sri Lanka's persistent current account deficits over the years prior to 2023, have been mostly financed by other investments (which are predominantly net foreign loans), portfolio investments and direct investments as observed from 2015-2019. However, from 2020 to 2022, there was a net outflow of portfolio investments and significantly low direct investments. This had to be compensated by the significant draw down of reserves from 2020 to 2022. However, post-crisis, with the stabilisation of the external sector, the current account recorded a surplus in 2023 and 2024, resulting in a notable increase in reserves. Further, the banking sector was able to build up their foreign assets notably in 2022 and 2023.

credit liabilities including the Iranian credit facility. Further, the CPC did not enter into new trade credit facilities during the year. Meanwhile, the banking industry's foreign loan liabilities recorded a marginal net increase in 2024. Borrowing by the corporate sector remained limited, leading to a notable net outflow in the sector during the year. The increase in the net acquisition of financial assets was primarily due to the rise in GOR. The Central Bank's substantial net purchases of foreign exchange from the domestic foreign exchange market, along with receipts from the IMF, World Bank, and ADB, largely contributed to the increase in GOR. Additionally, the banking sector saw a reduction in net acquisition of financial assets in currency and deposits, while a net increase was recorded in trade credits and advances in 2024.

1.4.2 International Investment Position, Reserve Assets, and Overall Balance

International Investment Position (IIP)

Sri Lanka's net IIP reflected a higher net liability position in 2024, compared to the previous year. Both total external liabilities

and total external assets increased by the end of 2024, but the rise in liabilities outpaced the increase in assets. The Central Bank's outstanding external liabilities declined during the year, primarily due to the gradual settlement of the special swap arrangement with the RBI and repayments under the IMF-EFF programme obtained in 2016. Direct investment liabilities recorded an increase, despite FDI net inflows remaining moderate, mainly due to market prices of some publicly listed companies recording a notable increase towards the end of the year. Further, portfolio investment liabilities recorded a significant increase, driven by higher market prices of new debt securities issued by the Government after debt restructuring, compared to significantly lower market prices of previously issued ISBs. Additionally, foreign loan liability position increased, mainly reflecting foreign loan inflows to the Government from the IMF, World Bank, and ADB, along with a rise in accrued interest on the Government's unpaid foreign loans.

Table 1.14: International Investment Position
(Summary) (a)

Item	USD mn (End period position)			
	2023 (b)		2024 (c)	
	Assets	Liabilities	Assets	Liabilities
Direct Investment	1,589	14,833	1,699	16,556
Equity and Investment Fund Shares	1,539	8,668	1,645	10,130
Debt Instruments	50	6,164	54	6,427
Portfolio Investment	174	7,744	353	10,457
Equity and Investment Fund Shares	-	484	-	762
Debt Securities	174	7,260	353	9,694
Other Investment	6,370	40,832	6,367	41,012
Currency and Deposits	1,770	7,941	1,697	7,051
Loans	-	30,847	-	32,133
Trade Credit and Advances	1,629	760	1,741	590
Other Accounts Receivable / Payable	2,971	-	2,930	-
Special Drawing Rights (SDRs)	-	1,285	-	1,239
Reserve Assets	4,392		6,122	
Total Assets / Liabilities	12,525	63,410	14,542	68,025
Net International Investment Position (IIP)		-50,885		-53,484
Memorandum Items				
IIP: Maturity-wise Breakdown	12,525	63,410	14,542	68,025
Short Term	9,280	5,811	9,075	5,915
Long Term	3,244	57,599	5,467	62,110

(a) Refer Appendix Table 12 for a detailed breakdown of the IIP Source: Central Bank of Sri Lanka
 (b) Revised
 (c) Provisional

Consequently, the country's total external liabilities rose from USD 63.4 bn at the end of 2023 to USD 68.0 bn at the end of 2024.

Sri Lanka's external asset position also increased during 2024, with increases in both reserve assets and banking sector external assets. As a result, the country's total external assets increased from USD 12.5 bn at the end of 2023 to USD 14.5 bn at the end 2024. The growth in external assets was outpaced by the increase in total liabilities, leading to a higher net liability position. Accordingly, the country's net liability position increased to USD 53.5 bn at end 2024, compared to USD 50.9 bn at end 2023.

Reserve Asset Position

Sri Lanka's GOR improved significantly, reaching USD 6.1 bn by end 2024, from USD 4.4 bn at end 2023. This increase was driven by the highest ever net purchases of

Featured Charts 1.5 Improving Sri Lanka's Reserve Adequacy Indicators

Sri Lanka's Gross Official Reserves have increased steadily following the sharp reduction in 2021/22, while short-term debt has decreased. This has led to a higher ratio of GOR as a percentage of short term liabilities, meaning the country is better prepared to meet its financial obligations in the near-term.

Meanwhile, import coverage, expressed in GOR availability as months of imports, also improved steadily, signaling a gradual recovery in the external sector. These gains in reserve adequacy indicators show the strengthening of external buffers and country's macroeconomic stability and creditworthiness along with a boost in investor confidence.

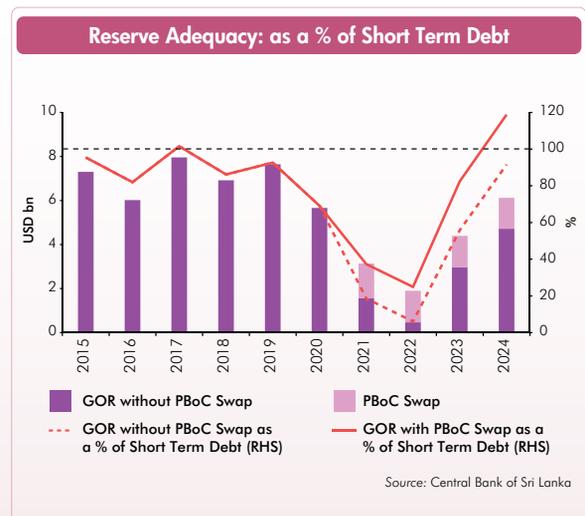
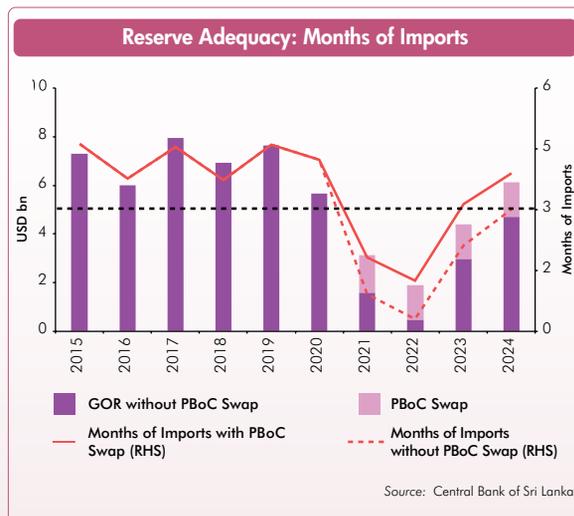


Table 1.15: Gross Official Reserves, Total Foreign Assets and Overall Balance

Item	USD mn (End period position)				
	2020	2021	2022	2023	2024 (a)
1. Government Foreign Assets	155	177	39	875	368
2. Central Bank Foreign Assets	5,510	2,962	1,858	3,517	5,754
3. Gross Official Reserves (1+2)	5,664	3,139	1,898	4,392	6,122
4. Foreign Assets of Deposit-taking Corporations	2,856	2,983	3,976	4,981	5,108
5. Total Foreign Assets (3+4) (b)	8,521	6,122	5,874	9,373	11,230
6. Reserve Related Liabilities (c)	2,121	3,562	5,127	4,796	3,635
7. Net International Reserves (NIR) (3-6)	3,543	-423	-3,229	-404	2,487
8. Overall Balance (d)	-2,328	-3,967	-2,806	2,826	2,890
9. Gross Official Reserves in Months of Imports of Goods	4.2	1.8	1.2	3.1	3.9
10. Total Foreign Assets in Months of Imports of Goods	6.4	3.6	3.9	6.7	7.2

(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)

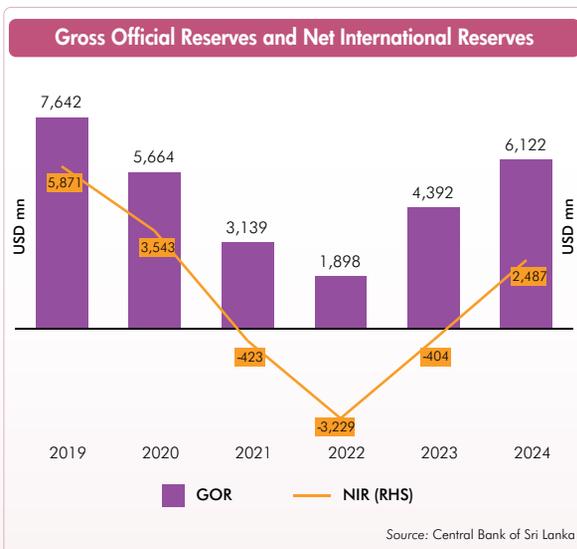
(d) Change in NIR position during the period

Source: Central Bank of Sri Lanka

foreign exchange by the Central Bank from the domestic foreign exchange market, the receipt of the third tranche of the ongoing IMF-EFF programme, and financing support from the World Bank and ADB. The buildup of GOR through direct foreign exchange absorption from the domestic foreign exchange market enabled the Central Bank to exceed the net international reserve targets for 2024 under the IMF-EFF programme. The GOR which stood at

USD 6.5 bn at end November 2024 declined to USD 6.1 bn at end December 2024 due to one-off charges and interest payments related to restructuring of ISBs. Additionally, the banking sector's net foreign asset position improved in 2024, as the increase in foreign assets outpaced the rise in foreign liabilities. By the end of 2024, the foreign asset position of the banking sector increased to USD 5.1 bn, compared to USD 5.0 bn at end 2023. As a result, total international

Featured Charts 1.6 Post-Crisis Turnaround of International Reserves



Sri Lanka's Gross Official Reserves (GOR) and the Net International Reserves (NIR) recorded a notable turnaround. GOR, including the PBOC swap since 2021, declined to a bare minimum in 2022, prompting the announcement of a debt standstill by the Government. The country's NIR position, which also considers the reserve related liabilities, was negative and at a historical lowest during 2022. However, the Central Bank was able to increase the assets over and above the requirements under the IMF-EFF by way of direct purchases, while IMF-EFF related multilateral funding also supported this process. Reserve related liabilities also declined with servicing of the special swap arrangement with the Reserve Bank of India (RBI). Hence, the reserve related V-shaped recovery post-crisis was a combined effect of a notable increase in GOR as well as the continuous reduction of the Central Bank liabilities.

1

reserves, which include both GOR and the foreign assets of the banking sector, recorded a significant increase, reaching USD 11.2 bn by the end of 2024, compared to USD 9.4 bn as at end 2023.

Overall Balance

The overall balance of the BOP, which reflects changes in net international reserves, recorded a higher surplus by end 2024. GOR increased significantly to USD 6.1 bn by end 2024 from USD 4.4 bn at the end of 2023. This includes the swap facility from the People's Bank of China (PBOC), which was renewed for a further three years in December 2024 and is subject to conditionalities on usability. Meanwhile, reserve related liabilities declined, primarily due to the repayments of the RBI special swap facility and the settlement of obligations related to the IMF-EFF obtained in 2016 during the year. As a result, the net international reserve position improved by the end of 2024 compared to the previous year, leading to a surplus in the overall balance of around USD 2.9 bn, compared to a surplus of USD 2.8 bn in 2023.

1.4.3 External Debt and Debt Service Payments

External Debt

Sri Lanka's external debt reduced in 2024, in terms of face value, after the external debt restructuring process. There was a large deviation between market value and face value of external debt in 2023. However, after the debt restructuring, this difference reduced considerably. The difference between market value and face value of external debt in 2023 was USD 5,374 mn, which has reduced to USD 62 mn in 2024. Accordingly, total external debt in terms of face value amounted to USD 57.2 bn as at end 2024 compared to USD 59.6 bn as at end 2023. This reduction in total external debt was a direct consequence of restructuring of outstanding ISBs

and major component of bilateral debt held by the Government. In this context, after the debt restructuring process, the outstanding value of Sri Lanka's ISBs held by non-residents, in face value, reduced from USD 10.8 bn as at end 2023 to USD 9.3 bn by end 2024. Overall, in terms of face value, Government external debt stood at approximately USD 37.6 bn as of end 2024, compared to USD 38.4 bn as at end 2023. This was a combined result of notable reduction of face value of new ISBs issued by the Government, and a significant increase in higher outstanding credit with the IMF²¹ and other multilateral lenders. Overall, the country's external debt-to-GDP ratio (in terms of face value) declined to 57.8% by the end of 2024, compared to 71.2% in 2023.

Meanwhile, the Government's external debt in terms of market value rose in 2024 compared to 2023.

As a result, the Government's outstanding external debt, expressed at market value for tradable debt instruments, amounted to USD 37.6 bn by the end of 2024, compared to USD 33.1 bn at the end of 2023, primarily due to an increase in market prices of outstanding ISBs²² compared to end 2023. The Central Bank's external debt declined notably due to the gradual repayment of the special swap arrangement with the RBI and the repayments of the IMF-EFF programme obtained in 2016. The banking sector's external debt increased slightly, mainly due to a rise in outstanding short-term loans.

Foreign Debt Service Payments

Sri Lanka's external debt service payments increased in 2024, compared to the previous year, with the resumption of repayment of most government debt previously under debt standstill, towards the latter part of 2024. The external debt service payments increased in 2024,

²¹ The current IMF-EFF is considered a liability of the Government as it was obtained primarily for budget support. Previous IMF facilities were considered as liabilities of the Central Bank as they were primarily for BOP support.

²² Accrued interest of unpaid ISBs at end of a particular period was included in the outstanding liability of the ISBs, both in terms of market value and face value.

Table 1.16: Outstanding External Debt Position

Item	USD mn (End period position)	
	2023 (a)	2024 (b)
Based on Market Value		
General Government	33,117	37,599
Treasury Bills and Bonds (based on book value)	334	223
International Sovereign Bonds (based on market price including accrued interest)	6,794	9,315
Outstanding Foreign Loans (including accrued interest)	25,988	28,061
Central Bank	6,081	4,874
Currency and Deposits (short term)	0.3	0.1
Special Drawing Rights (SDRs) Allocation	1,285	1,239
RBI Special Swap	2,471	1,563
PBOC Swap Arrangement	1,420	1,406
Credit and Loans with the IMF	904	667
Deposit-taking Corporations	4,933	4,980
Currency and Deposits (c)	4,050	4,082
Loans	883	897
Other Sectors (d)	3,963	3,254
Trade Credit and Advances (e)	760	590
Debt Securities (based on market price and including accrued interest)	132	156
Loans by Private Sector and State Owned Business Enterprises	3,071	2,508
Direct Investment: Intercompany Lending (f)	6,164	6,427
Gross External Debt Position by Market Value	54,257	57,133
Gross External Debt Position by Market Value - As a % of GDP	64.8	57.7
Based on Face Value		
General Government	38,428	37,610
Treasury Bills and Bonds (based on face value)	363	234
International Sovereign Bonds (based on face value including accrued interest)	12,078	9,315
Outstanding Foreign Loans (including accrued interest)	25,988	28,061
Central Bank	6,081	4,874
Currency and Deposits (short term)	0.3	0.1
Special Drawing Rights (SDRs) Allocation	1,285	1,239
RBI Special Swap	2,471	1,563
PBOC Swap Arrangement	1,420	1,406
Credit and Loans with the IMF	904	667
Deposit-taking Corporations	4,933	4,980
Currency and Deposits (c)	4,050	4,082
Loans	883	897
Other Sectors (d)	4,024	3,304
Trade Credit and Advances (e)	760	590
Debt Securities (based on face value and including accrued interest)	194	207
Loans by Private Sector and State Owned Business Enterprises	3,071	2,508
Direct Investment: Intercompany Lending (f)	6,164	6,427
Gross External Debt Position by Face Value	59,631	57,195
Gross External Debt Position by Face Value - As a % of GDP	71.2	57.8
Memorandum Items		
Face Value of Total Outstanding ISBs	12,550	10,585
Outstanding ISBs Held by Non-Residents	10,800	9,315
Outstanding ISBs Held by Residents (g)	1,750	1,270

(a) Revised
(b) Provisional
(c) Includes deposits of personal foreign currency account holders
(d) Includes private sector and State Owned Business Enterprises
(e) Includes trade credits outstanding of the Ceylon Petroleum Corporation and private sector companies
(f) Includes inter-company borrowings and shareholder advances of BOI registered companies
(g) Excluded from External Debt Statistics from December 2019 onwards

Source: Central Bank of Sri Lanka

reaching USD 4.2 bn, compared to USD 2.8 bn in 2023. The increase in 2024 was primarily driven by higher debt servicing by the Central Bank and private sector corporations, although Government's external debt repayments remained around the same level. A major development of Government's external debt repayment was the commencement of payments in relation to

restructured ISBs. This includes the first capital repayment of the PDI bond, and ISB interest payments. Although Government's external debt service payments remained at a similar level compared to 2023, there was a notable increase in interest payments and a reduction in capital repayments. In contrast, the Central Bank's external debt service payments rose significantly

Table 1.17: External Debt Service Payments

Item	USD mn	
	2023 (a)	2024 (b)
1. Debt Service Payments	2,751	4,152
1.1 Amortisation	2,125	3,020
General Government	1,043	693
Project Loans	1,041	589
Debt Securities	2	104
Central Bank	522	1,110
IMF	172	210
International Swaps	350	900
Private Sector and Deposit-taking Corporations	560	1,217
Foreign Loans	560	1,217
1.2 Interest Payments	627	1,132
General Government	405	749
Project Loans	377	532
Debt Securities	28	217
Central Bank	118	276
IMF	57	83
International Swaps	60	192
Private Sector and Deposit-taking Corporations	92	107
Foreign Loans	92	107
Intercompany Debt of Direct Investment Enterprises	12	-
2. Earnings from Export of Goods and Services	17,327	19,682
3. Receipts from Export of Goods, Services, Income and Current Transfers	23,776	26,877
4. Debt Service Ratio		
4.1 As a % of 2 above		
Overall Ratio	15.9	21.1
Excluding IMF Transactions	14.6	19.6
4.2 As a % of 3 above		
Overall Ratio	11.6	15.4
Excluding IMF Transactions	10.6	14.4
5. Government Debt Service Payments		
5.1 Government Debt Service Payments (c)	1,448	1,443
5.2 As a % of 1 Above	52.6	34.7

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

Source: Central Bank of Sri Lanka

in 2024. Furthermore, private sector corporations recorded a notable increase in external debt service payments in 2024 compared to the previous year, contributing to the increase in the country's external debt service payments.

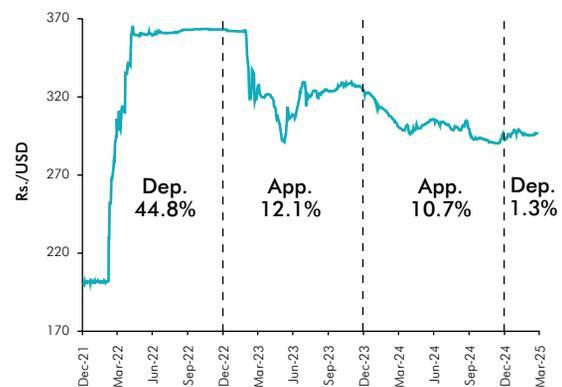
1.4.4 Exchange Rate Movements

The Sri Lanka rupee appreciated in 2024. Two consecutive years of appreciation coincided with current account surpluses and a steady net inflow of foreign currency into the domestic foreign exchange market that augmented the foreign exchange liquidity. These inflows primarily consisted of workers' remittances, earnings from

tourism, other services to the services sector, and merchandise exports. Meanwhile, outflows in terms of merchandise imports, services sector outflows and other outflows in the current account, remained moderate. The Central Bank purchased USD 2,846 mn, on a net basis (based on the trade date), from the domestic foreign exchange market in 2024 to strengthen the country's official reserves. This was the historically highest net annual purchases from the domestic foreign exchange market. The rupee could have appreciated further if not for the purchases from the Central Bank.

Despite the overall appreciation in 2024, the Sri Lanka rupee remained volatile in some parts of the year. Overall, the Sri Lanka rupee ended the year at Rs. 292.58 per USD, recording an annual appreciation of 10.7%. Though major currencies depreciated against the USD in 2024, Sri Lanka rupee continued its appreciation against these currencies. Accordingly, the Sri Lanka rupee appreciated against the euro (17.8%), the pound sterling (12.3%), the Japanese yen (22.5%), Chinese yuan (13.9%), the Indian rupee (13.9%) and the Australian dollar (21.7%) during 2024. The Central Bank continued the market-based exchange rate policy and intervened in the domestic foreign exchange market on the selling side only when there was excessive intraday volatility. The interventions were regular on the purchase side to build official reserves.

Figure 1.21: Daily Exchange Rate Movements



Source: Central Bank of Sri Lanka



Table 1.18: Exchange Rate Movements

Currency	In Rupees per Unit of Foreign Currency						% Change over Previous Year (a)			
	End Year Rate			Annual Average Rate			End Year		Annual Average	
	2022	2023	2024	2022	2023	2024	2023	2024	2023	2024
Euro	386.93	358.75	304.56	339.04	354.11	327.05	7.86	17.79	-4.26	8.28
Indian Rupee	4.39	3.90	3.42	4.11	3.97	3.61	12.57	13.94	3.63	9.82
Japanese Yen	2.74	2.29	1.87	2.44	2.34	2.00	19.53	22.51	4.54	17.01
Pound Sterling	437.35	412.61	367.38	396.89	407.07	386.25	5.99	12.31	-2.50	5.39
US dollar	363.11	323.92	292.58	324.55	327.53	302.12	12.10	10.71	-0.91	8.41
Special Drawing Rights (SDRs)	483.24	434.60	381.57	431.91	436.88	401.07	11.19	13.90	-1.14	8.93

(a) Changes computed on the basis of foreign currency equivalent of Sri Lanka rupees. The minus sign indicates depreciation of Sri Lanka rupee against each currency.

Source: Central Bank of Sri Lanka

Nominal and Real Effective Exchange Rates

Nominal Effective Exchange Rate (NEER) and Real Effective Exchange Rate (REER) increased during the year 2024, reflecting an appreciation. Reflecting the nominal appreciation of the Sri Lanka rupee against

selected major currencies together with the movements in cross currency exchange rates, NEER indices increased. Accordingly, the 5-currency and 24-currency NEER indices increased by 14.6% and 14.9%, respectively. The REER indices, which consider the variation in nominal exchange rates in the baskets

Featured Charts 1.7 Exchange Rate Dynamics Under the Flexible Exchange Rate

The appreciation of the Sri Lanka rupee recorded over the past two years was mainly due to the improved fundamentals as measured by the external current account surplus given limited forex outflows. This appreciation would have been more prominent if the Central Bank did not intervene in the domestic foreign exchange market to purchase record levels of foreign exchange. The general perception that an appreciation of currency is a reflection of better economic performance is a myth. Like currency depreciation, appreciation also has its own merits and demerits, and persistent appreciation could harm external competitiveness of the country. Thus, under the flexible exchange rate arrangement, as stipulated under the Central Bank Act (CBA), the exchange rate movements would be determined largely by demand and supply conditions in the foreign exchange market. Persistent depreciation or appreciation of the exchange rate is less likely under this arrangement, unless the economic fundamentals drive such trends.

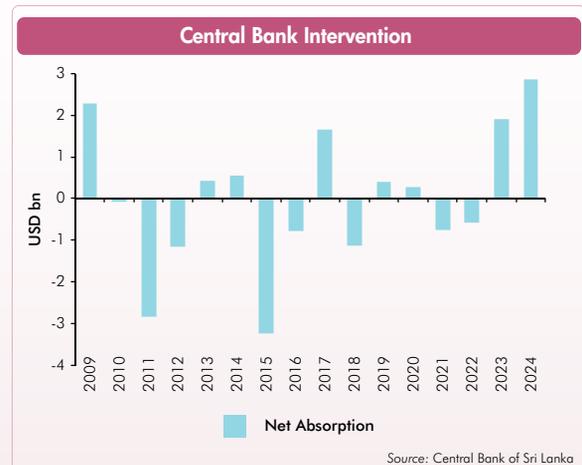
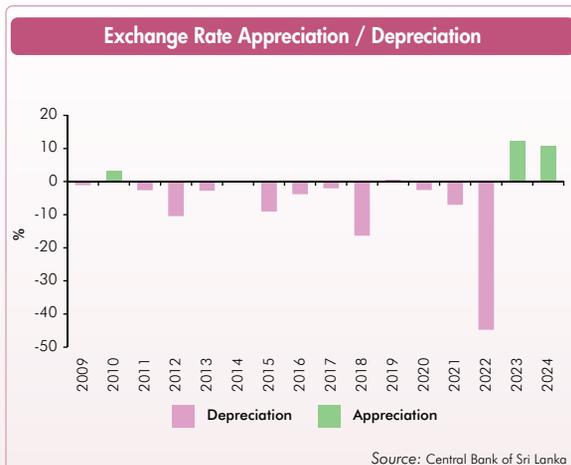


Table 1.19: Nominal and Real Effective Exchange Rates

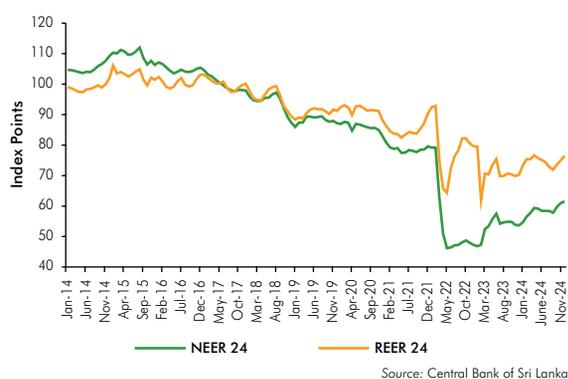
Effective Exchange Rate Indices (a)(b) (2017=100)	End Year Index			Annual Average Index			% Change over Previous Year Index			
	2022	2023	2024	2022	2023	2024	End Year Index		Annual Average	
							2023	2024	2023	2024
NEER - 24 currencies	47.32	53.66	61.63	53.99	53.30	58.56	13.39	14.86	-1.28	9.87
REER - 24 currencies	79.74	70.24	76.98	77.49	71.73	74.77	-11.91	9.59	-7.44	4.25

(a) 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 NEER for inflation differentials with respect to each currency in the basket. A minus sign indicates depreciation. CCPI was used for REER computation.

Source: Central Bank of Sri Lanka

(b) 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.

Figure 1.22: Effective Exchange Rate Indices 24 - Currency (2017=100)



Source: Central Bank of Sri Lanka

of currencies and the inflation differentials among countries in the currency basket, increased. Accordingly, the 5-currency and 24-currency REER indices increased by 8.9% and 9.6%, respectively. However, the REER indices remained well below the base year level (2017=100), reflecting improved* external competitiveness compared to the base year.

1.5 Fiscal Sector Developments

1.5.1 Key Fiscal Balances

The continuation of rigorous revenue enhancements and expenditure rationalisation measures led to notable improvements in key fiscal balances during 2024. Accordingly, the primary balance, which excludes interest payments from the overall deficit, further improved and recorded a notable surplus of 2.2% of GDP (Rs. 650 bn) in 2024 compared to the surplus of 0.6% of GDP (Rs. 173 bn) recorded in 2023. This surpassed the Rs. 300 bn primary balance target for the

year 2024 stipulated under the IMF-EFF programme. Recording primary surpluses for two consecutive years is a commendable achievement amid a challenging socio-political environment. Maintaining a positive primary balance is essential for fostering fiscal and debt sustainability and preserving hard-earned macroeconomic stability. In the meantime, the current account deficit narrowed to 4.4% of GDP (Rs. 1,309 bn) in 2024 compared to 6.0% of GDP (Rs. 1,651 bn) in 2023, while the overall budget deficit narrowed to 6.8% of GDP (Rs. 2,040 bn) in 2024, in comparison to 8.3% of GDP (Rs. 2,282 bn) recorded in 2023 and the budget estimate of 9.1% of GDP (Rs. 2,851 bn).²³

1.5.2 Government Revenue, Expenditure, and Net Lending

Government Revenue

With the implementation of revenue enhancement measures and the revival of economic activities, government revenue recorded a significant increase in 2024, both in nominal terms and as a percentage of GDP, compared to the previous year. Accordingly, in nominal terms, government revenue recorded a y-o-y growth of 32.2% in 2024. With an annual increment of more than 2 pps each consecutively during 2023 and 2024, revenue as a percentage of GDP increased to 13.5% of GDP in 2024. This

* This has been corrected in the online version.

²³ Budget Deficit estimates for 2024 includes provision of Rs 450 bn made for bank re-capitalisation

Table 1.20: Summary of Government Fiscal Operations

Item	2023	2024 (a)	2023/2024	
			Absolute Change	% Change
Rs. billion				
Total Revenue and Grants	3,074.3	4,090.8	1,016.5	33.1
Total Revenue	3,048.8	4,030.8	982.0	32.2
Tax Revenue	2,720.6	3,704.6	984.0	36.2
Non Tax Revenue	328.3	326.3	-2.0	-0.6
Grants	25.5	60.0	34.5	135.2
Expenditure and Net Lending	5,356.6	6,130.7	774.1	14.5
Recurrent	4,699.7	5,339.9	640.3	13.6
Capital and Net Lending	656.9	790.8	133.9	20.4
of which; Public Investment	932.7	817.1	-115.7	-12.4
Current Account Balance	-1,650.9	-1,309.1		
Primary Balance	173.3	649.6		
Overall Fiscal Balance	-2,282.3	-2,039.9		
Total Financing	2,282.3	2,039.9	-242.3	-10.6
Foreign Financing	494.7	333.2	-161.4	-32.6
Domestic Financing	1,787.6	1,706.7	-80.9	-4.5
As a percentage of GDP (b)(c)				
Total Revenue and Grants	11.2	13.7		
Total Revenue	11.1	13.5		
Tax Revenue	9.9	12.4		
Non Tax Revenue	1.2	1.1		
Grants	0.1	0.2		
Expenditure and Net Lending	19.5	20.5		
Recurrent	17.1	17.9		
Capital and Net Lending	2.4	2.6		
of which; Public Investment	3.4	2.7		
Current Account Balance	-6.0	-4.4		
Primary Balance	0.6	2.2		
Overall Fiscal Balance	-8.3	-6.8		
Total Financing	8.3	6.8		
Foreign Financing	1.8	1.1		
Domestic Financing	6.5	5.7		

(a) Provisional
(b) Revised
(c) GDP estimates (base year 2015) released by the Department of Census and Statistics on 18 March 2025 have been used.

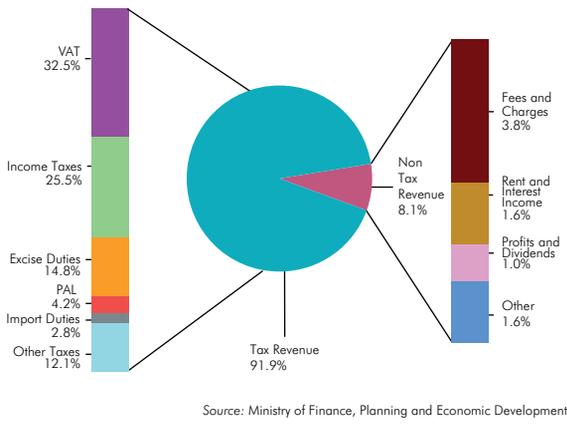
Source: Ministry of Finance, Planning and Economic Development

substantial increase of government revenue in 2024 was mainly due to the increased tax revenue collections from income taxes, Value Added Tax (VAT), excise duties, import duties, Special Commodity Levy (SCL) and Social Security Contribution Levy (SSCL). The increase in income taxes in 2024 was driven by the full impact of policy changes implemented in 2023 on personal and corporate income taxes and gradual normalisation of economic activities.

Ongoing revenue administration improvements by the Inland Revenue Department (IRD) have contributed to increased tax collection in 2024. Key initiatives include the establishment of the High Wealth Individual Unit and the Advance Income Tax Monitoring Unit, as well as the mandatory tax registration requirement to enhance compliance. Additionally, institutions

such as the Registrar General's Department, the Department of the Registrar of Companies, the Department of Motor Traffic, all financial institutions including banks and non-banking financial institutions regulated by the Central Bank of Sri Lanka and the CSE are now required to share information with the IRD supporting the expansion of the tax base. These efforts were reflected in the rise in the number of registered income taxpayers, both in corporate and non-corporate categories, from 879,778 in 2023 to 1,485,777 by the end of 2024. Accordingly, income tax collection increased by 12.6% (by Rs. 114.8 bn) in 2024 compared to 2023. Meanwhile, the removal of the majority of VAT exemptions, reduction of the VAT registration threshold from Rs. 80 mn per annum to Rs. 60 mn per annum and the upward revision in the standard VAT rate to 18% along with the removal of import restrictions as well as the revival of economic activities has significantly contributed to the increase in VAT revenue collection in 2024. As a result, VAT revenue collection registered 88.6% growth (by Rs. 615.2 bn) in 2024 compared to the preceding year. These reforms were further augmented by the efforts of the IRD in initiating the VAT Compliance Improvement Project (VCIP) aimed at increasing the VAT collection. Meanwhile, revenue from Excise duty recorded an increase of 27.4% (Rs. 128.9 bn) in 2024 in comparison to the previous year. This increase was mainly attributed to the 14% upward revision of the excise duty on liquor at the beginning of the year, following the introduction of an annual inflation-adjusted indexation since June 2023. Further, the rise in excise duty collection on petroleum also contributed to this increase. Revenue collected from international trade related taxes including Customs Import Duties (CID) and SCL grew by 5.7% and 124.4%, respectively, during 2024. The increase was driven by the realisation of the impact of CID revision that took place in March 2023, upward revision of SCL rates for sugar and potatoes alongside the higher import volumes.

Figure 1.23: Composition of Government Revenue - 2024



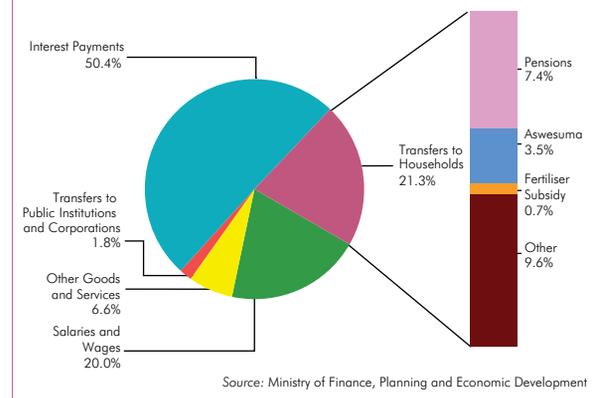
In the meantime, CESS revenue also increased significantly, showing 41.9% growth, y-o-y, due to the increased imports and the upward revision of CESS rates on the importation of selected imported items. However, revenue collected from PAL recorded a 3.1% decline due to the policy decision taken in 2023 of phasing out of PAL within 5 years to rationalise para-tariffs. Moreover, SSCL, the new tax introduced as part of the revenue enhancement package during late 2022, recorded a growth of 16.0% in 2024 compared to the previous year. This was mainly attributed to the reforms taken related to the SSCL by lowering the registration threshold effective January 2024. Despite the significant increase recorded in 2024, the tax revenue collection fell short of the revenue estimate (Rs. 3,820 bn) in the National Budget 2024 by Rs. 115 bn (3%). Nevertheless, the central government tax revenue exceeded the target set at Rs. 3,700 bn under the IMF-EFF programme. Even though the ratio of direct to indirect taxes had shifted towards direct taxes in 2023, reaching a ratio of 33:67 following the income tax reforms implemented in 2023, the tax structure once again tilted towards indirect taxes with the major VAT reforms introduced in 2024, recording a ratio of 28:72. Measures currently being considered to expand the tax base and the compliance are expected to gradually improve this ratio going forward.

Meanwhile, non-tax revenue slightly decreased both in nominal terms and as a percentage of GDP mainly due to the reduction in revenues from profits and dividends from State Owned Enterprises (SOEs). The impact of this reduction was moderated by the y-o-y growth recorded in the non-tax revenue from interest income, fines, fees and charges and social security contributions received by the Government during 2024.

Expenditure, and Net Lending

The total expenditure and net lending recorded a notable decrease compared to the estimated expenditure in the Budget 2024, both in nominal terms and as a percentage of GDP. While the total expenditure and net lending for 2024 only accounted for 88% of the budget estimate, the total expenditure and net lending increased by 14.5% in nominal terms when compared to the previous year. Meanwhile, expenditure, in GDP terms, increased marginally to 20.5% in 2024. Interest expenditure remained elevated in 2024 as well, with a share of 50.4% of the total recurrent expenditure in 2024. This is a slight improvement in comparison to the share of 52.3% recorded in the previous year. While the domestic interest expenditure marginally declined by 1.8% (by Rs. 43.1 bn) in 2024 adjusting for lower interest rates prevailed in government securities market during 2024,

Figure 1.24: Composition of Government Recurrent Expenditure - 2024

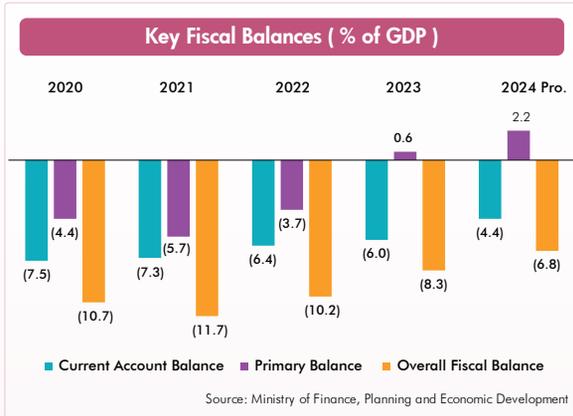
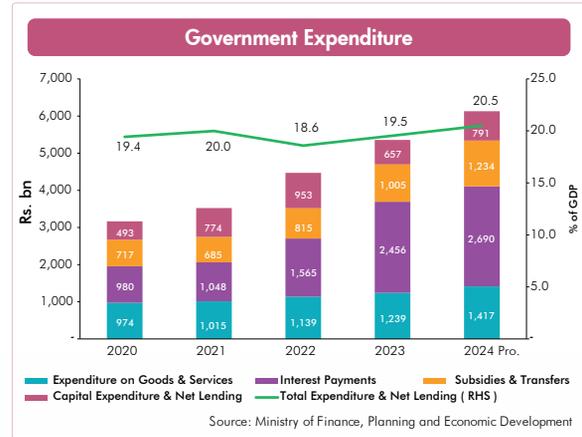
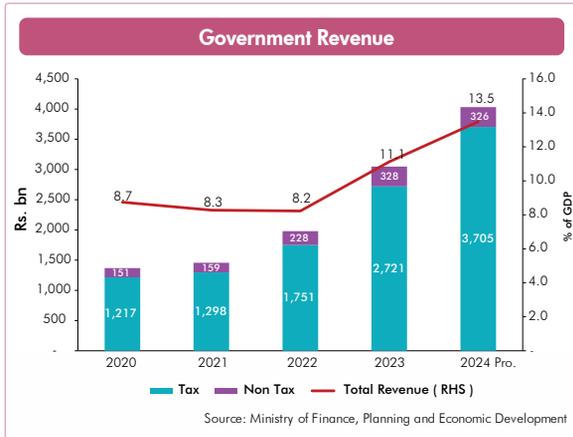




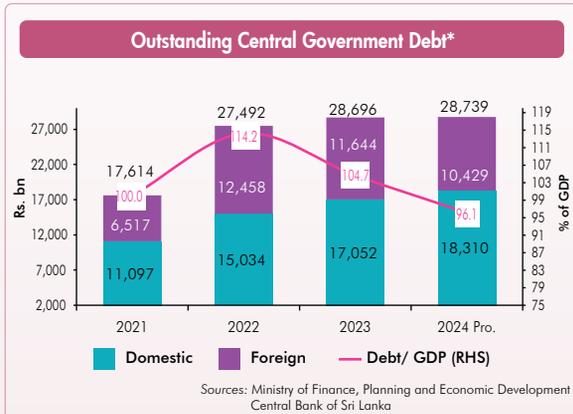
the foreign interest expenditure increased by Rs. 277.0 bn in 2024. The increase in foreign interest payment was recorded during the latter part of the year and was associated with the near completion of external debt restructuring. Meanwhile, with a special focus on the

vulnerable segments in the economy at times of economic difficulties, subsidies and transfers by the Government increased by 22.8% (by Rs. 228.6 bn) in 2024, on account of higher expenditure incurred on pension payments, social safety nets and free medicine. In 2024,

Featured Charts 1.8
Government Revenue, Expenditure and Key Fiscal Balances



Fiscal sector imbalances that persisted for decades, including chronic budget deficits, reached a tipping point in 2022. The crisis was driven by persistent fiscal slippages, policy missteps, and the economic fallout from the COVID-19 pandemic. In response, the Government implemented consolidation efforts under the IMF-EFF programme since mid-2022, with a focus on revenue-based fiscal adjustments. These efforts have led to a significant turnaround, marked by strong revenue growth, controlled expenditures, and notable improvements in key fiscal balances.



By 2024, the fiscal sector achieved a positive primary balance for the second consecutive year.

Sustaining this momentum without policy reversals is critical, as any unexpected deviations from the envisaged fiscal consolidation and debt reduction efforts could undermine the hard-earned macroeconomic stability.

* Refer footnotes of Table 1.21 of Annual Economic Review 2024

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Rs. 186.4 bn was spent for the *Aswesuma* Welfare Benefit Scheme, accounting for 15.1% of total subsidies and transfers. This included cash transfers to 1,717,262 selected low-income families and categorical payments made for elderly, differently abled persons and kidney patients. Expenditure on salaries and wages increased by 13.5% (Rs. 126.6 bn) in 2024 in comparison to the preceding year, due to the increase in the cost of living allowance during 2024. Although capital expenditure and net lending recorded a y-o-y increase of 20.4% in 2024, capital expenditure declined by 15.0% (Rs. 137.0 bn) compared to the preceding year. Capital expenditure in 2024 fell significantly short of the budget estimate of Rs. 1,260 bn, as the spending was limited to only 61.6% of the budget allocation due to non-receipt of some expected foreign financing. Accordingly, capital expenditure amounted to only 2.6% of GDP. Sustained low spending on capital projects due to fiscal constraints may have long-term adverse effects on the country's economic growth potential and social development.

1.5.3 Financing the Budget Deficit

In 2024, the Government continued to rely primarily on domestic sources to finance the budget deficit, largely due to constraints in accessing foreign financing. Total net domestic financing was predominantly sourced through government securities. Accordingly, net financing from Treasury bills amounted to Rs. 266.1 bn in 2024, recording²⁴ a marked reduction from Rs. 2,058.6 bn recorded in 2023. At the same time, net financing from Treasury bonds increased to Rs. 1,544.3 bn²⁴ in 2024, up from Rs. 692.3 bn recorded in 2023. Meanwhile, in relation to foreign financing, the Government received Rs. 101.5 bn (approximately USD 336 mn) under the IMF-EFF programme in the form of budget support, in addition to Rs. 465.4 bn (approximately USD 1.5 bn) received

²⁴ Figures related to Government Securities for 2023 excluding the impact of the transactions in relation to domestic debt optimisation operation.

from bilateral and multilateral creditors as loans, including funding from the ADB, the International Bank for Reconstruction and Development (IBRD), Government of Japan, and International Development Association (IDA). These funds were provided to support the Government's economic stabilisation programme, strengthen social safety nets, and facilitate the implementation of development projects.

1.5.4 Central Government Debt²⁵

Central government debt as a percentage of GDP declined to 96.1% by end 2024 from 104.7% in 2023, primarily driven by robust growth in nominal GDP and due to the impact of appreciation of the Sri Lanka rupee on foreign currency denominated debt. Accordingly, by end 2024, domestic debt and foreign debt as a percentage of GDP decreased to 61.2% and 34.9%, respectively, compared to 62.2% and 42.5%, respectively, as at end 2023. However, in nominal terms, total debt remained broadly unchanged, standing at approximately Rs. 28.7 tn in 2024, as the increase in domestic debt offset the decline in foreign debt during the review period. The nominal increase in total domestic debt was primarily due to the Government's heightened reliance on the domestic market to finance its budget deficit amidst the limited access to foreign financing. With the dissipation of uncertainties on the political and the fiscal fronts, the market appetite for longer tenor government securities improved. This was in line with the Government's preference for raising debt through instruments with longer maturities with the decline in market interest rates during 2024. Supported by extended maturities, the share of medium and long term domestic debt as a percentage of total domestic

²⁵ Government Debt Statistics are presented net of bank deposits of the Government, and the outstanding central government debt excludes several debt service payments that became overdue after 12 April 2022, the date of which the Interim Policy regarding the servicing of Sri Lanka's external public debt was announced by the Ministry of Finance, Planning and Economic Development. These debt service payments comprise of overdue interest payments of affected debt which are deemed to be capitalised as per the Interim Policy.

Table 1.21: Outstanding Central Government Debt (a)(b) (End Year)

Item	2023	2024 (c)
Rs. billion		
Domestic Debt (d)	17,051.9	18,309.7
By Maturity Period		
Short Term (e)	3,616.2	3,220.1
Medium and Long Term (f)(g)	13,435.6	15,089.6
By Institution		
Bank	9,102.8	9,411.2
Non Bank	7,506.3	8,158.5
Repurchase Transaction Allocations (h)(i)	442.7	739.9
Foreign Debt (j)(k)(l)	11,644.1	10,429.0
Multilateral	3,817.0	3,773.5
Bilateral and Commercial	7,827.1	6,655.6
By Currency		
SDR	1,737.1	1,651.1
US Dollars	7,943.9	7,133.4
Japanese Yen	819.4	678.6
Euro	396.6	334.2
Other	747.1	631.7
Total Outstanding Central Government Debt	28,695.9	28,738.7
As a percentage of GDP (m)		
Total Outstanding Central Government Debt	104.7	96.1
Domestic Debt	62.2	61.2
Foreign Debt	42.5	34.9

Sources: Ministry of Finance, Planning and Economic Development
Central Bank of Sri Lanka

Note: With the establishment of the Public Debt Management Office (PDMO) under the Ministry of Finance, Planning and Economic Development (MOF), the responsibility for recording and publishing Sri Lanka's public debt now falls under the PDMO, as mandated by the provisions of the Public Debt Management Act, No. 33 of 2024. Accordingly, the Quarterly Statistical Debt Bulletin, published by the PDMO, serves as the official source for debt statistics. The Central Bank compiled and presented this Table based on data received from MOF to ensure data continuity.

- (a) As per the guidelines of compiling government debt statistics in the Manual of Government Finance Statistics 2014 of the IMF, resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt. Further, debt statistics are presented on net basis (net of deposits).
- (b) The outstanding central government debt excludes several debt service payments that became overdue after 12 April 2022, the date of which the Interim Policy regarding the servicing of Sri Lanka's external public debt was announced by the Ministry of Finance, Planning and Economic Development. These debt service payments comprise overdue interest payments of affected debt which are deemed to be capitalised as per the Interim Policy.
- (c) Provisional
- (d) From 2023 onwards, domestic debt compilation method was changed and is based on the data confirmed by MOF.
- (e) Excludes Treasury bills held by non resident investors
- (f) Excludes Treasury bonds held by non resident investors
- (g) Data from 2023 includes outstanding balance of the government guaranteed foreign currency debt of the Ceylon Petroleum Corporation that was absorbed into central government debt and data for 2024 includes an outstanding balance of Rs.16,267 mn classified as Development Project Loans as per the Quarterly Statistical Debt Bulletin for 2024 Q4 published by MOF.
- (h) Includes security holdings under Repurchase agreements for which absolute ownership could not be established
- (i) Holdings under repurchase transactions with respect to Open Market Operations, have been allocated to the respective Licensed Commercial Bank or Standalone Primary Dealer
- (j) Foreign loan debt statistics and classification of foreign debt for 2023 and 2024 are prepared based on the data sourced from the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) maintained by MOF, and extracted on 26 February 2024 and 27 February 2025, respectively.
- (k) From December 2022 onwards, several outstanding project loans which were previously classified under Ceylon Electricity Board, Airport and Aviation Services Ltd. and Sri Lanka Ports Authority were absorbed into central government debt.
- (l) The 2024 data reflects the impact of external debt restructuring.
- (m) GDP estimates (base year 2015) released by the Department of Census and Statistics on 18 March 2025 have been used and GDP estimates for 2023 are revised based on the GDP estimates released on 18 March 2025.

debt improved to 78.9% by the end of 2024, compared to 74.2% at the end of December 2023. Meanwhile, the decrease in foreign debt in nominal terms by end 2024 compared to end 2023 was primarily driven by the appreciation of the Sri Lanka rupee against major foreign currencies. As a result, the share of outstanding foreign debt in total central government debt decreased to 36.3% by end 2024 from 40.6%

at the end 2023, reflecting a shift towards a more balanced debt composition and reduced external vulnerability.

The year 2024 marked a significant milestone for Sri Lanka as it nearly completed its debt restructuring process, ending its debt standstill status. A key milestone of this process was marked in June 2024, when Sri Lanka signed a Memorandum of Understanding (MoU) with the Official Creditor Committee (OCC) co-chaired by Japan, France and India, and finalised a debt treatment agreement with the Export-Import Bank of China, concluding close to two years of negotiations. Since then, discussions have continued on a bilateral basis to complete country-wise agreements to commence debt servicing. The agreement with official creditors includes debt relief measures such as maturity extensions, capital repayment grace periods until 2028, reduced interest rates, and a progressive amortisation structure, with final repayments due in 2043. Further progress was made in external debt restructuring with the successful completion of the ISB exchange in December 2024, followed by the restructuring of China Development Bank (CDB) liabilities. The ISB restructuring provided Sri Lanka with significant financial relief,²⁶ including an upfront debt stock reduction of USD 3.0 bn, potentially increasing to USD 4.3 bn in the event of economic downturn or decreasing to USD 1.8 bn in the case of economic overperformance relative to the IMF baseline as per the conditionality of the macro-linked bond²⁷ features. Additionally, the ISB restructuring provides Sri Lanka with a USD 9.6 bn reduction in debt service payments over the four-year IMF-EFF programme period, a 33% reduction in the coupon rate of Sri Lanka's bonds to 4.3%, and an extension of the average maturity profile by approximately

²⁶ As per the presentation "Sri Lanka's Public Debt Restructuring: The Need, Overall Outcome, and Future Policy Direction to Ensure Fiscal and Debt Sustainability" by the Secretary to the Treasury, dated 02nd January 2025.

²⁷ A macro-linked bond is a debt instrument for which its payments are tied to the economic performance of the issuer. More details on this can be obtained from the press release of the Ministry of Finance on "Sri Lanka's International Sovereign Bonds Restructuring – Frequently Asked Questions", dated 4th October 2024.

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six years. Following the successful execution of ISB restructuring and recognition of Sri Lanka's progress in addressing fiscal sustainability, leading international rating agencies upgraded the country's foreign currency sovereign credit ratings in December 2024. Accordingly, Fitch Ratings raised Sri Lanka's rating to CCC+

from RD, while Moody's Ratings upgraded its ratings to Caa1 from Ca. With these positive developments and the Government's ongoing commitment to the IMF-EFF supported reform programme, Sri Lanka is advancing towards the debt sustainability targets outlined in the said programme.

Chapter 2

CONDITIONS OF THE FINANCIAL SYSTEM

Summary

The overall performance of the financial sector continued to improve while some challenges remained during 2024. Banking sector stability was maintained with both capital and liquidity buffers being preserved above the regulatory thresholds, while maintaining compliance with prudential requirements. Amidst these developments, total assets of the banking sector grew during the year supported by the increase in investments along with the growth in loans and receivables. In terms of liabilities, deposits which constitute the largest source of funding for the banking sector, continued to record an expansion during 2024. Although the credit quality of the sector, in terms of the Non-Performing Loans (NPL) Ratio,¹ improved during the year, the NPL ratio still remained at an elevated level. Meanwhile, the banking sector profitability improved significantly during the year, particularly due to the increased net interest income and reversal of impairment charges resulting from the restructuring of International Sovereign Bonds (ISBs). The Finance Companies (FCs) sector also remained resilient during the period under review with adequate capital and liquidity buffers. The asset base of the FCs sector grew during 2024 mainly due to the considerable expansion in the loans and advances portfolio while investments in government securities recorded a significant decline. Moreover, the asset quality of the sector also reported a notable improvement amidst increased profitability during 2024. Meanwhile, Gross Written Premium (GWP) of both long term and general insurance subsectors reported an increase during 2024. Within the financial markets, the equity market recorded a noticeable improvement in market performance in terms of both indices and turnover, although a net foreign outflow was recorded in the secondary market. Meanwhile, liquidity conditions in the domestic money market improved, despite observing asymmetric distribution of liquidity across the banking sector during 2024. Despite intermittent increases, the government securities market witnessed a declining trend in primary market yields while secondary market yields also fell during the year. The financial infrastructure of the country continued to operate smoothly, facilitating stability of the financial sector. Within the payment infrastructure, adoption of digital payment methods continued to increase while integration of the national payment infrastructure with international payment networks also continued during 2024. Moreover, the Central Bank took measures aimed at implementing necessary legal reforms, improving financial inclusion and financial consumer protection, while engaging in anti-money laundering and countering the financing of terrorism activities, and deposit insurance and resolution initiatives to facilitate stability of the financial sector.

¹ As indicated by the Stage 3 Loans Ratio

Table 2.1: Total Assets of the Financial System (a)

	2023 (b)		2024 (c)	
	Rs. bn	Share (%)	Rs. bn	Share (%)
Banking Sector	24,599.9	73.9	26,051.8	72.7
Central Bank	4,205.4	12.6	3,876.1	10.8
Licensed Commercial Banks (LCBs)	18,110.1	54.4	19,815.0	55.3
Licensed Specialised Banks (LSBs)	2,284.4	6.9	2,360.7	6.6
Other Deposit Taking Financial Institutions	1,930.2	5.8	2,195.1	6.1
Finance Companies (FCs)	1,695.5	5.1	1,930.7	5.4
Co-operative Rural Banks (d)	222.1	0.7	248.3	0.7
Licensed Microfinance Companies (LMFCs)	11.7	...	14.8	...
Thrift and Credit Co-operative Societies	0.9	...	1.3	...
Specialised Financial Institutions	717.1	2.2	908.7	2.5
Specialised Leasing Companies (SLCs)	1.2	...	1.3	...
Primary Dealers	270.9	0.8	297.2	0.8
Stock Brokers	24.3	0.1	44.9	0.1
Unit Trusts / Unit Trust Management Companies	411.6	1.2	554.2	1.5
Market Intermediaries (e)	9.1	...	11.1	...
Contractual Savings Institutions	6,028.3	18.1	6,678.7	18.6
Insurance Companies	1,133.1	3.4	1,223.0	3.4
Employees' Provident Fund	3,927.7	11.8	4,420.2	12.3
Employees' Trust Fund	524.5	1.6	591.3	1.7
Approved Pension and Provident Funds	347.2	1.0	339.2	0.9
Public Service Provident Fund	95.8	0.3	105.0	0.3
Total	33,275.5	100.0	35,834.3	100.0

- (a) Due to the non-availability of data Venture Capital Companies are not included in this Table.
 (b) Revised
 (c) Provisional
 (d) Due to the unavailability of data, asset base of Co-operative Rural Banks as at end 2024 was taken to be the same as the asset base as at end 2024 Q3.
 (e) Excluding Licensed Banks, Finance Companies and Specialised Leasing Companies, which are registered as Market Intermediaries.

Sources: Central Bank of Sri Lanka
 Department of Co-operative Development
 Department of Labour
 Department of Pensions
 Employees' Trust Fund Board
 Insurance Regulatory Commission of Sri Lanka
 SANASA Federation
 Securities and Exchange Commission of Sri Lanka

2.1 Banking Sector

The banking sector continued to maintain stability by conserving capital and liquidity well above the regulatory minimum levels while maintaining compliance with the prudential requirements. The banking sector dominated the financial sector, accounting for 61.9% of its total assets at the end of 2024. It comprised 30 licensed banks, i.e., 24 Licensed Commercial Banks (LCBs) including 11 branches of foreign banks, and six Licensed Specialised Banks (LSBs) by the end of 2024. The sector continued to promote financial inclusion by growing the banking network and improving banking services. In 2024, 13 bank branches and 368 ATMs were established, while 10 bank branches and 24 ATMs were closed. Accordingly,

the total number of banking outlets and ATMs increased to 7,613 and 7,286, respectively, by end 2024.

The banking sector continued to expand in terms of its asset base during 2024, mainly due to an increase in investments.

The total asset base of the sector increased by Rs. 1,781.3 bn during the year and reached Rs. 22.2 tn at end 2024, recording a y-o-y growth of 8.7% at end 2024 compared to that of 5.0% at end 2023. Investments, which mainly contributed to the expansion of assets, increased by Rs. 1,783.8 bn during 2024 and recorded a y-o-y growth of 24.4% at end 2024 compared to 23.1% at end 2023. Furthermore, since June 2023, monetary policy stance has been eased through a series of policy rate cuts along with the significant increase of market liquidity, which

Table 2.2: Distribution of Banks, Bank Branches and Other Banking Outlets

Category	End 2023 (a)	End 2024 (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	6,816	6,907
Branches (c)	2,934	2,936
Domestic Banks' Branches	2,889	2,895
Foreign Banks' Branches	45	41
Student Savings Units	3,882	3,971
III. Automated Teller Machines	6,439	6,782
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	705	706
Branches (c)	705	706
National Level Savings Banks	267	268
Housing Finance Institutions	64	64
Other LSBs	374	374
III. Automated Teller Machines	503	504
Total No. of Bank Branches and Other Outlets	7,521	7,613
Total No. of Automated Teller Machines	6,942	7,286

(a) Revised

(b) Provisional

(c) All Banking Outlets excluding Student Savings Units.

Source: Central Bank of Sri Lanka

has reversed the declining trend in credit growth and moderated the deterioration in asset quality. Hence, the y-o-y growth in loans and receivables accelerated to 4.1% at end 2024 from the 2.6% contraction at end 2023.

Table 2.3: Composition of Assets and Liabilities of the Banking Sector

Item	2023 (a)		2024 (b)		Change (%)	
	Rs. bn	Share (%)	Rs. bn	Share (%)	2023	2024
Assets						
Loans & Receivables	11,020.8	54.0	11,473.7	51.7	-2.6	4.1
Investments	7,299.9	35.8	9,083.7	41.0	23.1	24.4
Others (c)	2,073.7	10.2	1,618.2	7.3	-4.5	-22.0
Liabilities						
Deposits	16,630.5	81.5	17,969.4	81.0	8.7	8.1
Borrowings	1,397.4	6.9	1,280.0	5.8	-25.3	-8.4
Capital Funds	1,765.5	8.7	2,043.2	9.2	10.5	15.7
Others	601.0	2.9	883.1	4.0	-7.3	46.9
Total Assets/Liabilities	20,394.4	100.0	22,175.7	100.0	5.0	8.7

(a) Revised

(b) Provisional

(c) Includes cash and bank balances, placements, reverse repurchase agreements and fixed assets.

Source: Central Bank of Sri Lanka

Table 2.4: Composition of Deposits of the Banking Sector

Item	2023 (a)		2024 (b)		Change (%)	
	Rs. bn	Share (%)	Rs. bn	Share (%)	2023	2024
Demand Deposits	1,082.5	6.5	1,109.6	6.2	1.7	2.5
Savings Deposits	4,292.5	25.8	4,502.6	25.1	15.8	4.9
Time Deposits	11,045.8	66.4	12,155.9	67.6	6.3	10.1
Other Deposits	209.7	1.3	201.2	1.1	58.1	-4.1
Total Deposits	16,630.5	100.0	17,969.4	100.0	8.7	8.1

(a) Revised

(b) Provisional

Source: Central Bank of Sri Lanka

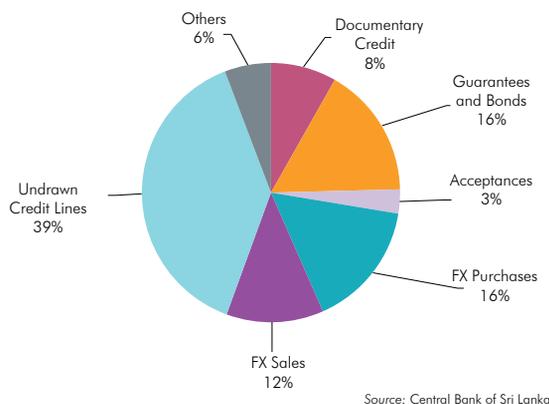
Deposits continued to be the main source of funding in the banking sector which represented 81.0% of total liabilities and equity at end 2024, followed by equity and borrowings at 9.2% and 5.8%, respectively.

Total deposits of the sector increased by Rs. 1,338.9 bn during 2024, of which the increase in time deposits contributed to 82.9% of the increase in total deposits. The share of time deposits accounted for 67.6%, while the savings and demand deposits accounted for 25.1% and 6.2%, respectively, of total deposits at end 2024. The Current and Savings Account (CASA) ratio marginally declined from 32.3% in 2023 to 31.2% in 2024. Total borrowings of the banking sector decreased by Rs. 117.4 bn in 2024, recording a contraction of 8.4%, compared to a decrease of Rs. 474.2 bn in 2023, which recorded a contraction of 25.3%. This decrease was mainly attributed to foreign currency borrowings which reported a contraction of 27.0% amounting to USD 281.8 mn, while rupee borrowings contracted by 0.2% amounting to Rs. 2.3 bn during 2024.

Off-balance sheet exposures increased by Rs. 196.6 bn during 2024 reporting a growth of 3.8%, compared to the increase of Rs. 496.0 bn during 2023 which recorded a growth of 10.7%. Significant increases were observed in undrawn credit lines, foreign exchange related off-balance sheet sales, acceptances, documentary credit and foreign

2

Figure 2.1: Off-Balance Sheet Exposures of the Banking Sector at end 2024



exchange related off-balance sheet purchases at Rs. 107.0 bn, Rs. 83.9 bn, Rs. 43.2 bn, Rs. 30.5 bn and Rs. 8.0 bn, respectively, while guarantees and bonds reported a decrease of Rs. 84.3 bn during 2024.

The NPL Ratio of the banking sector as indicated by the Stage 3 Loans Ratio,² declined at end 2024 compared to end 2023, yet remained at an elevated level. NPL Ratio of the banking sector marginally declined to 12.3% at end 2024 compared to 12.8% at end 2023, indicating a slight improvement in credit quality during 2024. Credit quality improved primarily due to the expansion in credit and a slight contraction in NPLs at end 2024, indicating the impact of the improved macroeconomic conditions on the loan disbursements and repayments. Furthermore, the provisions for NPLs² grew by 10.1%, y-o-y, improving the Provision Coverage Ratio for NPLs to 54.1% at end 2024 compared to 49.0% at end 2023.

Liquidity of the banking sector, as indicated by the Liquidity Coverage Ratios (LCRs) and Net Stable Funding Ratio (NSFR), improved during 2024. The Rupee LCR of the sector increased to 349.9% at the end of 2024 from 340.9% at end 2023, indicating that

banks possessed more than adequate rupee denominated High Quality Liquid Assets (HQLA) to meet their rupee liquidity needs. The increase in HQLA, which was predominantly prompted by an increase in holdings of rupee denominated government securities, contributed to the improvement in the Rupee LCR. Meanwhile, All Currency LCR, which is an indicator of overall liquidity of the sector, also improved to 313.8% at end 2024 compared to 288.4% at end 2023. In addition, NSFR, which requires banks to maintain sufficient stable funding sources, stood at 164.8% at end 2024, well above the minimum regulatory requirement of 100.0%.

Profitability of the banking sector significantly improved during the year mainly due to the increase in net interest income and reversal of impairment charges resulting from the restructuring of ISBs. Interest income of the banking sector decreased by 13.7%, while interest expenses decreased by 29.5% during 2024, resulting in an increase in net interest income by 28.2%. As a result, the net interest margin increased from 3.7% at the end of 2023 to 4.3% at the end of 2024. Non-interest expenses increased by Rs. 73.9 bn, largely due to the increase in staff costs by Rs. 54.5 bn,

Table 2.5: Profit of the Banking Sector

Item	2023 (a)		2024 (b)	
	Amount (Rs. bn)	As a % of Avg. Assets	Amount (Rs. bn)	As a % of Avg. Assets
Net Interest Income	714.6	3.7	916.0	4.3
Interest Income	2,610.2	13.4	2,252.0	10.5
Interest Expenses	1,895.6	9.7	1,336.0	6.2
Non-Interest Income	207.4	1.1	183.8	0.9
Net Fee & Commission Income	132.2	0.7	147.0	0.7
Non-Interest Expenses	373.4	1.9	447.3	2.1
Staff Cost	189.9	1.0	244.4	1.1
Impairment for Loans & Other Losses	171.6	0.9	-66.5	-0.3
Profit Before Tax (Before VAT, NBT and Other Taxes on Financial Services, and Corporate Tax)	377.0	1.9	719.0	3.4
VAT, NBT and Other Taxes on Financial Services	85.9	0.4	155.9	0.7
Corporate Tax	98.5	0.5	253.4	1.2
Profit After Tax	192.6	1.0	309.7	1.4

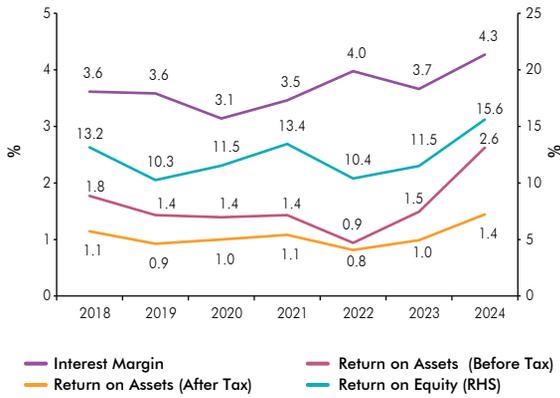
(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

² Including undrawn amounts.



Figure 2.2: Profitability of the Banking Sector



Source: Central Bank of Sri Lanka

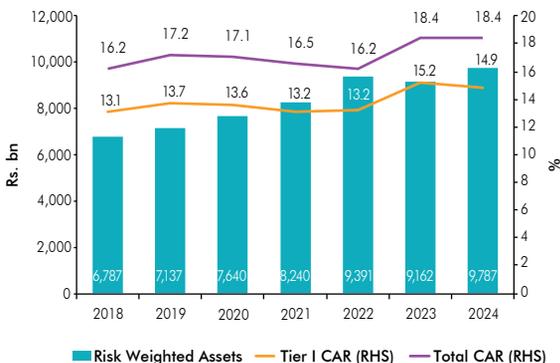
while impairment for loans and other losses decreased by Rs. 238.1 bn during 2024 mainly due to reversal of impairments related to ISBs. Banking sector taxes accounted for Rs. 409.3 bn, including VAT, NBT, other taxes on financial services and corporate tax for the financial year 2024 compared to Rs. 184.4 bn for 2023. The profit before corporate tax was Rs. 563.1 bn in 2024 as per the regulatory reporting, which was Rs. 272.0 bn higher than the previous year. Profit after tax of the banking sector was Rs. 309.7 bn during 2024 which recorded an increase of 60.8% compared to the previous year. The increase in profits was reflected in Return on Assets (ROA) – before tax, which increased from 1.5% at end 2023

to 2.6% at end 2024, while Return on Equity (ROE) – after tax increased from 11.5% in 2023 to 15.6% in 2024. Further, efficiency of the banking sector deteriorated marginally from 40.5% at end 2023 to 40.7% at end 2024, mainly due to the increase in operating expenses.

The banking sector was largely in compliance with the capital requirements during 2024.

Banks were encouraged to raise high quality capital to absorb the potential losses from the risks emanating from challenging business conditions and to improve the resilience of the sector. As a result, banks increased Tier I capital through an increase in share capital by Rs. 30.3 bn during 2024. The regulatory capital of the banking sector reported a growth of 6.8% during the year, of which Tier I capital contributed 53.0% of the increase. Further, the year-end regulatory capital figures are likely to improve further with the retention of audited profits. Meanwhile, the total Capital Adequacy Ratio (CAR) remained at 18.4% at end 2024, while Tier I CAR slightly declined to 14.9% at end 2024 compared to 15.2% at end 2023.

Figure 2.3: Capital Adequacy of the Banking Sector



Source: Central Bank of Sri Lanka

Table 2.6: Composition of Regulatory Capital of the Banking Sector

Item	Rs. bn		Composition (%)	
	2023 (a)	2024 (b)	2023 (a)	2024 (b)
Tier I: Capital	1,395.1	1,455.5	100.0	100.0
Share Capital	385.8	416.1	27.7	28.6
Statutory Reserve Funds	87.7	88.7	6.3	6.1
Retained Profits	720.0	710.5	51.6	48.8
General and Other Reserves	332.3	330.4	23.8	22.7
Others	93.1	70.8	6.7	4.9
Regulatory Adjustments	-223.8	-161.0	-16.0	-11.0
Tier II: Capital	291.9	345.4	100.0	100.0
Revaluation Reserves	44.1	52.6	15.1	15.2
Subordinated Term Debt	147.9	196.8	50.7	57.0
General Provisions and Other	100.5	97.4	34.4	28.2
Regulatory Adjustments	-0.6	-1.5	-0.2	-0.4
Total Regulatory Capital Base	1,687.0	1,800.9		

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

BOX 02

Recent Banking Sector Reforms to Strengthen Resilience

1. Background

Banks are the essence of the financial system and they play a vital role as the key financial intermediaries in driving economic growth and development of the country. The banking sector in Sri Lanka comprises 30 Licensed Banks (LBs) with an asset base of over Rs. 22 trillion as at end 2024. In response to the challenges posed by recent adverse macroeconomic conditions, the Central Bank of Sri Lanka implemented a series of financial sector reforms in addition to the measures to stabilise the macroeconomy. These strategies to enhance resilience in the banking sector were aimed at preventing a potential crisis, and mitigating contagion risks and spillover effects on the broader economy. Accordingly, despite the challenges evolving from adverse macroeconomic conditions, the Sri Lankan banking sector remained resilient.

2. Measures implemented by the Central Bank from 2022 to date

Crisis Preparedness Measures

As a key crisis preparedness measure, the existing framework on providing emergency loans and

advances to banks with temporary liquidity distress was strengthened in order to prevent any adverse implications on financial system stability. Further, the Central Bank identified strengthening the resolution framework of LBs while strengthening the financial sector safety-net measures as an urgent priority under the crisis management framework. Accordingly, the Central Bank enacted the Banking (Special Provisions) Act No. 17 of 2023, focusing mainly on resolution measures for banks and safeguarding the interest of depositors and other stakeholders. Further, in order to strengthen the financial sector safety net measures, necessary actions were initiated to establish the Financial Stability Fund and to improve the institutional arrangements and financial capacity of the Sri Lanka Deposit Insurance Scheme. Additionally, with a view to strengthening the policy coordination between the Central Bank and Ministry of Finance to focus on crisis preparedness and to minimise the impact of a financial crisis, the Financial Sector Crisis Management Committee was established under the Banking (Special Provisions) Act.



Enactment of the Banking (Amendment Act)

Following the gradual recovery of the economy, the Central Bank implemented several policy measures including the issuance of regulations and strengthening of the supervisory approach through intensified supervision to maintain the resilience of the banking sector. A pivotal initiative undertaken in 2024 to strengthen the banking sector was the enactment of the Banking (Amendment) Act No. 24 of 2024, which became effective from 15 June 2024, marking a significant milestone in strengthening the legal framework applicable to LBs. This Banking (Amendment) Act strengthened the provisions on several key areas, inter alia licensing requirements, criteria for shareholder suitability including information on ultimate beneficial ownership, corporate governance requirements, bank ownership, acquisitions, mergers and consolidation, proportionality, large exposures, related party transactions, offshore banking business, subsidiarization of foreign banks, requirements on accounts and audit.

Strengthening Regulatory Framework

The Central Bank issued several new regulations/guidelines to LBs to facilitate the implementation of the Banking (Amendment) Act. Accordingly, Revised Directions on large exposures of LBs were issued with a view to mitigating the credit concentration risk posed by the large corporate borrowers as well as State Owned Enterprises (SOEs) in the banking sector. The revised Directions include stringent prudential limits and strengthened criteria on determining interconnectedness between borrowers in line with international best practices. In this backdrop, large corporates and SOEs will be required to diversify their sources of funds and to restructure the balance sheets.

Furthermore, a Banking Act Determination was issued determining Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as the statutory liquidity ratios for LBs, while discontinuing the maintenance of Statutory Liquid Assets Ratio (SLAR). In addition, several other regulations were also introduced to facilitate the implementation of the Banking (Amendment) Act, including the

Banking Act Directions on Offshore Banking Business (OSBB) for licensed commercial banks, and Banking (Off-Shore Banking Business) Order designating foreign currencies for OSBB. Furthermore, Banking Act Directions and Determinations were issued on assessment of fitness and propriety of Directors, Chief Executive Officers (CEOs) and officers performing executive functions of LBs. Moreover, Regulations were issued specifying related parties of LBs, approved securities and limits in respect of accommodation granted to such related parties.

Asset Quality Review and Development of Bank Recapitalisation Strategy

The Central Bank completed the Asset Quality Review of 9 large banks and developed a Roadmap for the restructuring and recapitalization of such banks with the objective of ensuring strong and adequately capitalised LBs amidst the continuous macroeconomic challenges endured by the banking sector. Further, the Central Bank together with Ministry of Finance developed a banks' recapitalisation strategy that includes the size, timing, instruments, and terms and conditions for government recapitalisation of viable banks which are unable to close capital shortfalls from private sources. For this purpose, a budgetary allocation of Rs. 450 billion was made in 2024 Budget. However, the need to use such funds did not arise in 2024. As part of this strategy, the 9 banks submitted recapitalisation plans to the Central Bank and the assessment of such plans was completed. The progress of implementing these recapitalization plans is monitored by the Central Bank on an ongoing basis.

Strengthening Corporate Governance

Banking Act Directions were also issued to further strengthen corporate governance processes and practices of LBs, considering current market developments, international best practices, and evolving regulatory requirements. These Directions mainly focus on enhancing the composition and independence of the Board of Directors, emphasising the competency and professional integrity of Directors, CEOs, and Key Management Personnel (KMP), ensuring the effective functioning

of Board sub-committees whilst improving risk oversight and control mechanisms including the oversight of related party transactions.

Establishment of Business Revival Units in LBs and Relief Measures

In order to facilitate revival of businesses affected by extraordinary macroeconomic circumstances and to improve assets quality of LBs, the Central Bank issued Guidelines on establishing Business Revival Units (BRUs) in March 2024. The purpose of BRUs is to identify and assist performing and non-performing borrowers of LBs who are facing financial and operational challenges or may face potential difficulties inter alia due to reduction of income, sales, cash flow disruptions, reduction or impairment of business operations or the temporary closure of business emanating from the extraordinary macroeconomic challenges. With the suspension of Parate Action coming to an end, the Central Bank continued its efforts to support economic sectors by outlining relief measures for Small and Medium Enterprises (SMEs) affected by the Easter Sunday attacks, the COVID-19 pandemic, and recent extraordinary macroeconomic conditions.

3. Policy Measures for 2025 and beyond

With a view to further strengthening the regulatory framework and to ensure safety and soundness of the banking system, several policy measures are expected to be implemented in 2025 and beyond.

The implementation of the recapitalisation plans developed by nine large banks under the bank recapitalisation strategy would be monitored

semi-annually, with ongoing oversight to ensure compliance with minimum capital requirements for all banks. Further, to ensure that the financial system comprises strong and resilient banks with adequate capital, a framework for market-driven consolidation of LBs is to be established and consolidation is expected to be facilitated on a case-by-case basis. The resilience of the financial system would also be strengthened through enhanced crisis management and resolution measures and the Central Bank would continue to coordinate and assist the functioning of the Financial Sector Crisis Management Committee on an ongoing basis.

The implementation of the Directions issued under the Banking (Amendment) Act covering areas such as large exposures, corporate governance, liquidity ratios, related party transactions, and offshore banking business will be monitored inter alia in 2025. In addition, existing Regulations will be reviewed in line with market developments and international best practices to ensure the regulatory framework is further strengthened. The effectiveness of risk-based supervision would be enhanced by improving the supervisory infrastructure and the continuous surveillance of banks would also be intensified. Additionally, the Central Bank will continue to further strengthen the conduct of risk-based Anti-Money Laundering and Countering the Financing of Terrorism examinations of banks in terms of the Financial Transactions Reporting Act.

In view of the above, the banking sector is expected to operate with sound financials, strong prudential ratios, and operational resilience to support the economic growth of the country.

2.2 Non-Bank Financial Institutions Sector

Finance Companies

The FCs sector recorded a significant expansion in 2024, whilst exhibiting resilience by maintaining capital and liquidity well above the regulatory minimum levels.

The FCs sector grew in terms of loans and advances, deposits, and borrowings. Further, the asset quality of the sector improved as reflected by the reduction in NPL denoted by Stage 3 loans. The sector comprised 32 FCs³ accounting for 5.4% of the total financial

³ Excluding ETI Finance Limited (The Commercial High Court of Colombo ordered that the winding up of ETI Finance Limited be carried out subject to the Supervision of the Court on the 15th day of December 2023).



sector assets at end 2024. There were 1,908 branches, of which 1,265 branches were located outside the Western Province catering to the financial needs of many segments, thereby facilitating financial inclusion. In December 2024, the revised framework for the Phase II of the Masterplan for Consolidation of FCs sector was introduced aiming to develop a more resilient FCs sector in the medium to long term, that includes a three-year execution plan commencing 31 March 2025.⁴

The asset base of the sector increased by Rs. 235.2 bn in 2024 and reached Rs. 1,930.7 bn, reflecting a growth of 13.9% at end 2024, compared to a 5.7% growth at end 2023. The asset growth was mainly driven by the significant expansion of loans and advances portfolio. Net loans and advances accounted for 74.1% of the total assets of the sector. During 2024, loans and advances portfolio of the sector increased by Rs. 265.4 bn and reached Rs. 1,430.2 bn, indicating a growth of 22.8% at end 2024 compared to a 2.6% contraction in 2023. Finance leases and vehicle loans dominated the loans and advances portfolio of the sector and accounted for 64.0% of total loans and advances by end 2024, compared to that of 66.2% by end 2023, followed by loans secured

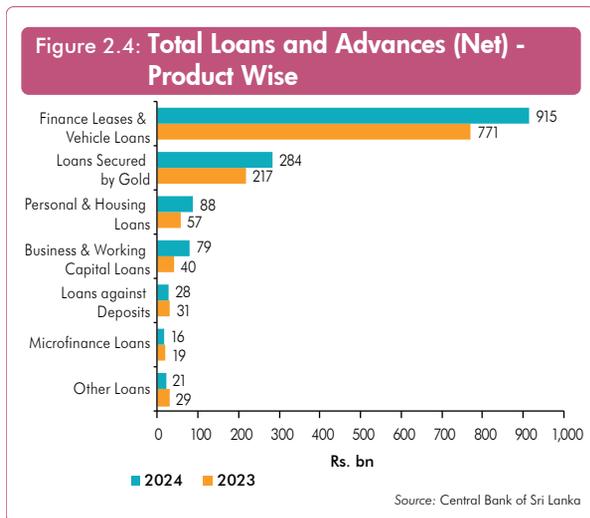
by gold representing 19.8% of total loans and advances by end 2024, compared to that of 18.7% by end 2023. Finance leases and vehicle loans, and loans secured by gold recorded growths of 18.7% and 30.4%, respectively, in 2024. Financial assets in the form of debt and other financial instruments measured at amortised cost contracted by 39.9% in 2024 compared to the 71.1% growth in 2023 mainly due to the decrease in investments in government securities.

Gross NPL Ratio of the FCs sector declined to 11.3% at end 2024 compared to 18.0% at end 2023, indicating an improvement in credit quality. Meanwhile, the sector reported an Impairment Coverage Ratio of 41.9% for NPL at end 2024 compared to 32.6% reported at end 2023. Accordingly, the net NPL Ratio improved to 6.6% by end 2024 from 12.1% at end 2023.

The FCs sector maintained liquidity well above the minimum required level during 2024. At end 2024, the overall regulatory liquid assets available in the sector was Rs. 220.9 bn, against the stipulated minimum requirement of Rs. 115.8 bn recording a liquidity surplus of Rs. 105.1 bn at end 2024, compared to Rs. 151.5 bn recorded at end 2023. Customer deposits continued to dominate the liabilities of the FCs sector accounting for 54.7%, followed by equity and borrowings at 24.3% and 15.8%, respectively, at end 2024. Deposits increased by Rs. 121.4 bn recording a growth of 13.0% during 2024, and reached Rs. 1,056.4 bn at end 2024. Meanwhile, borrowings grew by 15.3% during 2024, which was equivalent to an increase of Rs. 40.5 bn and reached Rs. 305.4 bn at end 2024.

The sector's Profit After Tax (PAT) increased by 20.9% from Rs. 49.4 bn in 2023 to Rs. 59.7 bn in 2024, mainly driven by the increase in net interest income. During 2024, the sector reported a net interest income of Rs. 191.8 bn and mainly contributed to the

⁴ With the implementation of Master Plan, only one company remained in the Specialized Leasing Companies Sector by the end of 2024.



increased profits, recording a notable growth of 24.3% compared to the previous year. Furthermore, non-interest income amounted to Rs. 33.8 bn in 2024 which was a marginal growth of 1.4% compared to 2023. The increase in profitability was reflected in the rise of ROA and ROE to 6.1% and 13.5%, respectively, in 2024 compared to 5.2% and 12.7% in 2023. The efficiency of the sector improved as reflected by the decline in efficiency ratio from 52.8% in 2023 to 50.8% in 2024.

The capital base of FCs sector improved by Rs. 28.3 bn from Rs. 329.1 bn at end 2023 to Rs. 357.4 bn at end 2024, recording a growth of 8.6% during the year. Except two FCs,⁵ all other FCs were in compliance with the minimum core capital requirement and/or capital adequacy requirements. The sector's core capital and total capital ratios marginally declined to 20.4% and 21.2%, respectively, at end 2024, compared to that of 21.1% and 22.3%, respectively, at end 2023, but remained well above the minimum regulatory requirement.

Primary Dealer Companies

By end 2024, there were 5 LCBs⁶ and 5 Primary Dealer Companies (PDCs)⁷ active in the government securities market as Primary Dealers. Total assets of PDCs increased by 9.7% to Rs. 297.2 bn in 2024, compared to Rs. 270.9 bn in 2023. The total investment portfolio of government securities by Primary Dealers amounted to Rs. 277.9 bn by end 2024, recording a y-o-y increase of 5.7% from Rs. 262.9 bn in 2023.

⁵ Such FCs represented 0.7% of the assets of FCs sector at end 2024. Regulatory restrictions such as deposit caps, lending caps, freezing of acceptance of new deposits and caps on granting new loans have been imposed on FCs which were non-compliant with the minimum core capital requirement and/or capital adequacy requirements.

⁶ Excluding Pan Asia Banking Corporation (participation in government securities at primary auctions was suspended with effect from 15 August 2017).

⁷ Excluding Entrust Securities PLC (participation in government securities at primary auctions has been restrained with effect from 24 July 2017. A creditor winding up was filed by one of the unsecured investors and on 17 June 2022 the winding up order was given by the courts. However, the winding up case is still pending before the courts due to other legal proceedings), and Perpetual Treasuries Ltd. (business was initially suspended on 06 July 2017 and extended for a further period of 06 months with effect from 05 January 2025).

PDCs reported a PAT of Rs. 9.7 bn in 2024, indicating a significant decline from Rs. 30.4 bn of PAT reported in 2023. This drop in profitability was primarily driven by decrease in interest income and capital gains, along with higher revaluation losses on financial assets held for trading, which are measured at fair value through profit and loss. Furthermore, ROA and ROE of PDCs decreased to 7.9% and 30.9%, respectively, by end 2024 from 31.9% and 113.9%, respectively, in 2023.

The equity of PDCs marginally decreased by 2.3% mainly due to a decline in profits. The Risk Weighted CAR of PDCs remained well above the minimum requirement of 10.0% despite a marginal reduction in the ratio to 18.7% by end 2024 from 22.3% reported by end 2023.

The participation of PDCs in primary auctions for Treasury bills and Treasury bonds showed a mixed performance during 2024. Secondary market transactions in government securities (in terms of value) by PDCs decreased by 25.4% falling to Rs. 18,639.9 bn in 2024, with repurchase transactions accounting for 72.9%. During 2024, outright purchases and sales decreased by 28.8% and 11.3%, respectively, compared to 2023.

Licensed Microfinance Companies

Licensed Microfinance Companies (LMFCs) sector consists of four companies and reported 27.0% growth in its asset base, reaching Rs. 14.8 bn by the end of 2024. Micro loans accounted for the largest share of total assets, amounting to Rs. 11.4 bn by end 2024 compared to Rs. 7.6 bn by end 2023, reflecting a growth of 49.9%. The total deposit base of the sector grew by 35.7% in 2024 from Rs. 828.9 mn in 2023 to Rs. 1,124.4 mn in 2024. The core capital level of the sector was Rs. 3.3 bn by end 2024, and all LMFCs were in compliance with the minimum prudential regulations on core capital.

Unit Trusts

Unit Trusts (UTs) sector continued to record a growth in 2024 with a significant increase in asset base. The number of UTs in operation increased to 90 at end 2024 from 84 reported at end 2023, while the number of UTs management companies remained unchanged at 16 at end 2024 compared to end 2023. However, the number of units issued significantly increased by 126.3% to 30,260 mn at end 2024, compared to 13,371 mn reported at end 2023. Moreover, the total number of unit holders increased to 114,898 at end 2024 from 93,450 at end 2023. Total assets of the UTs increased by 34.7% to Rs. 547.4 bn at end 2024 compared to Rs. 406.5 bn reported at end 2023. Money Market Funds and Income Funds accounted for the majority of the UTs funds, jointly representing 83.9% of the industry at end 2024. The share of investments in government securities by UTs as a percentage of total assets declined to 67.8% at end 2024 from 77.2% reported at end 2023. In addition, investment in equity as a share of UTs assets surged to 5.7% at the end of 2024 compared to 4.5% reported at the end of 2023.

Insurance Sector⁸

The insurance sector, which comprises long term and general insurance subsectors, showed mixed performance during 2024, despite the expansion of the total assets.

The sector comprises of 15 companies which operated as long term insurance companies and 14 companies which operated as general insurance companies. In addition, 81 insurance brokering companies were in operation at end 2024.

The insurance sector recorded a growth in GWP during 2024 compared to 2023.

During the year, GWP in the long term and general insurance subsectors recorded a y-o-y growth of 20.4% and 11.7%, respectively.

Meanwhile, assets of the long term insurance subsector grew by 12.7%, y-o-y whilst the assets of general insurance contracted by 5.3%, y-o-y at end 2024. However, given the higher asset base of the long term insurance subsector, total insurance sector assets grew by 7.9%, y-o-y, in 2024.

Profit before tax of the long term insurance subsector grew by 6.2% in 2024 compared to 2023, while profit before tax of the general insurance subsector contracted by 2.4% during 2024. ROA of both long term insurance and general insurance subsectors deteriorated during 2024 compared to 2023. Further, claims of the long term and general insurance subsectors increased by 9.4% and 2.2%, respectively, at end 2024 compared to the previous year.

In 2024, the capital position of the general insurance subsector improved, while there was a decline in long term insurance subsector, though it remained above the minimum requirement. Accordingly, CAR of general insurance increased to 322.0% by end 2024 from 252.0% by end of 2023. In long term insurance, CAR declined to 338.1% at end 2024 from 358.3% at end 2023. However, Capital to Total Assets of long term and general insurance subsectors decreased to 0.19 and 0.44 at end 2024, compared to 0.22 and 0.51, respectively, at end 2023.

Employees' Provident Fund

The Employees' Provident Fund (EPF) continued to dominate the superannuation sector with 81.0% of the total assets of the sector at end 2024. The net worth of the EPF significantly increased by 12.6%, y-o-y, to Rs. 4,375.7 bn by end 2024 from Rs. 3,886.7 bn recorded by end 2023. This growth of the Fund is mainly attributed to the income generated through investments and the positive net contributions made in 2024. Simultaneously, the total liability to the members also increased by

⁸ This section excludes the reinsurance business of National Insurance Trust Fund (NITF)

Table 2.7: Five-year Performance Summary of EPF

Item	2020	2021	2022	2023	2024 (a)
Net Worth of the Fund (Rs. bn)	2,824.3	3,166.1	3,459.9	3,886.7	4,375.7
Total Liability to the Members (Rs. bn)	2,767.8	3,066.9	3,380.6	3,817.9	4,289.5
Total Contributions (Rs. bn)	150.7	165.7	194.6	210.6	234.4
Total Refunds (Rs. bn)	109.7	118.2	163.0	215.9	188.1
Net Contribution (Rs. bn)	41.0	47.5	31.6	-5.3	46.3
Interest Rate on Member Balance (%)	9.00	9.00	9.00	13.00	11.00
Total Number of Member Accounts (mn)	19.8	20.3	20.4	21.5	21.5
Contributing Number of Member Accounts (mn)	2.6	2.5	2.7	2.6	2.6
(a) Provisional	Source: EPF Department, Central Bank of Sri Lanka				

12.4% during this period. The total contributions received for the year 2024 increased by 11.3% to Rs. 234.4 bn, while the total amount of refunds disbursed to the members and their legal heirs decreased by 12.9% to Rs. 188.1 bn. The net contribution of the Fund was reported at a positive Rs. 46.3 bn in 2024, compared to a negative of Rs. 5.3 bn recorded in 2023.

The total investment income of the Fund amounted to Rs. 513.8 bn in 2024, registering a notable increase of 6.8% compared to Rs. 481.1 bn in 2023. Interest income continued to be the predominant source of income of the Fund, which grew by 2.9% to Rs. 455.1 bn in 2024 from Rs. 442.4 bn in 2023. The dividend income witnessed an increase of 82.9% to Rs. 5.5 bn in 2024, compared to Rs. 3.0 bn in 2023. The net fair value gain on listed equity investments for 2024 was recorded at Rs. 49.2 bn, compared to Rs. 23.8 bn in 2023. The Fund maintained the Operating Expenses to Gross Income Ratio at 0.6% in 2024. Nevertheless, the tax expenditure of the Fund increased to Rs. 64.1 bn due to the increased investment income during 2024. The Governing Board of the Central Bank has approved a payment of an interest rate of 11.00% on the member balances for 2024, subject to the concurrence of the Hon. Minister in charge of the subject of Labour and Hon. Minister in charge of the subject of Finance.

Employees' Trust Fund

The asset base of the Employees' Trust Fund (ETF) grew by 12.7% on a y-o-y basis to Rs. 591.3 bn at the end of 2024. Investments made by the ETF increased by 12.8% to Rs. 581.1 bn by end of 2024. Out of these investments, 94.7% was invested in government securities which grew by 14.7% and reached Rs. 550.5 bn at end 2024. ETF managed to earn a return on investment of 11.9% on its member balances in 2024. Out of 16.3 mn member accounts of the ETF, only 2.3 mn accounts were active at end 2024. The number of employers contributing to the fund increased to 80,008 at end 2024 from 74,927 at end 2023. The total member balance of the ETF increased by 11.9% and reached Rs. 564.3 bn at end 2024. The total contributions of the ETF increased by 12.9% and reached Rs. 42.0 bn, while total superannuation benefits paid to members decreased by 12.7% and reached Rs. 33.4 bn during 2024.

Other Superannuation Funds

The Public Service Provident Fund (PSPF), which accounted for 1.9% of the superannuation sector, increased in terms of assets and investments at the end of 2024. The total assets of the fund grew by 9.6% and reached Rs. 105.0 bn at the end of 2024. The number of active members of the fund was 272,575 at the end of 2024 compared to 272,630 reported at the end of 2023. Meanwhile, at end 2024, the total investments of the fund also increased by 10.7% to Rs. 113.4 bn. PSPF invested 41.7% of its investments in government securities, while other investments accounted for 58.3% at end 2024. The rate of return on member balances was 10.00% in 2024.

Approved Pension and Provident Funds (APPFs) accounted for 6.2% of the superannuation sector at end 2024. The number of members covered by APPFs was



estimated to be 108,651 at end 2024. In addition, the total assets of the funds increased to Rs. 339.2 bn at end 2024, while total investments also increased to Rs. 263.9 bn at the end of the same period.

2.3 Performance of Financial Markets

Developments in the Domestic Money Market

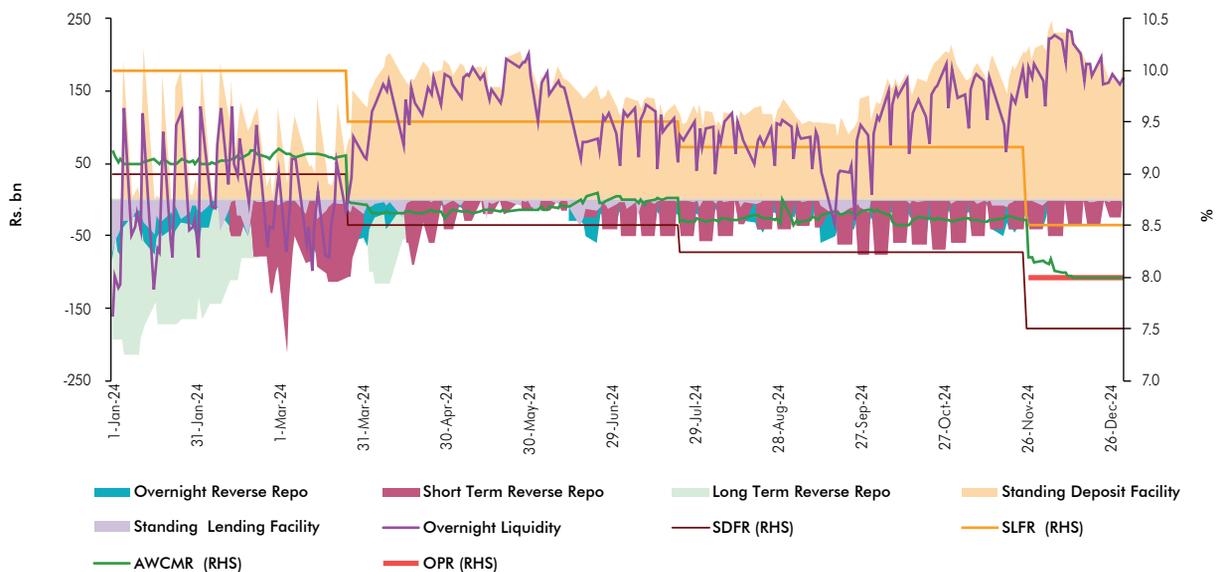
Liquidity in the domestic money market improved in 2024. Asymmetric distribution of liquidity across the banking system was observed in 2024 as well, with certain domestic private banks experiencing periodic liquidity deficits while state banks and most of the foreign banks recorded a notable liquidity surplus. Given the asymmetric distribution of liquidity, the Central Bank continued to intervene in the domestic money market through Open Market Operations (OMOs). However, with the improvements in market liquidity, particularly in the latter part of 2024, the Central Bank scaled down its market operations and conducted reverse repo auctions only on a need basis. The introduction of the Overnight Policy Rate (OPR)

together with the policy rate reduction of around 50 bps and appropriate OMOs caused the Average Weighted Call Money Rate (AWCMR) to converge towards the OPR from 8.55% to 8.00% by end December 2024. Similarly, the Average Weighted Repo Rate (AWRR) also moved in line with the AWCMR and recorded 8.11% by end December 2024.

Domestic Foreign Exchange Market

Throughout the year, the Central Bank curtailed any excessive volatility through prudent intervention in the foreign exchange market on a need basis. This strategy has been supportive for the Central Bank to build up Gross Official Reserves (GOR) with a less volatile exchange rate. During 2024, the Central Bank absorbed USD 3,028.6 mn, while supplying USD 183.0 mn to the market. During the early part of the year, the Central Bank intervened by aggressively purchasing from the market to curtail intraday volatility and thereby abating the sharp appreciation pressures of the Sri Lanka rupee. By the end 2024, the annual net purchases recorded USD 2,845.6 mn, the highest ever annual net purchase by the Central

Figure 2.5: OMOs, OPR, SDFR, SLFR and Behaviour of Money Market Interest Rates during 2024



*Liquidity injection operations are on the negative side.

Source: Central Bank of Sri Lanka

Bank, surpassing the Net International Reserves (NIR) target under the IMF-EFF programme by a significant margin. Meanwhile, liquidity in the domestic foreign exchange market remained stable. Further, trading volumes in the domestic foreign exchange inter-bank market in 2024 increased by 9.0% to USD 16.3 bn compared to USD 15.0 bn recorded in 2023.

Government Securities Market

Primary market yields of Treasury bills and bonds showed a decreasing trend in 2024 despite intermittent increases observed in certain periods. Accommodative monetary policy stance, lower inflation expectations, broad fiscal discipline coupled with the maintenance of a cash buffer and gradual dissipation of risk premia mainly contributed to the substantial decline in yields. Further, improved money market liquidity conditions and sustained demand for government securities also contributed to the downward trend in yields, which strengthened as uncertainties subsided, after the presidential election, following a brief period of upward movement observed during July to September 2024. As such, during 2024 the primary market yields of 91-day, 182-day and 364-day Treasury bills declined by 589 bps, 539 bps and 397 bps, respectively.

In line with the developments in the primary market, the secondary market yields of government securities also fell across maturities during 2024. In addition, the yield curve normalised to its regular shape during the year. However, the downward adjustment in the shorter end of the yield curve was higher compared to the longer maturities which resulted in higher term premia. Secondary market activities, when measured in terms of daily average trading volume, marked a marginal increase from Rs. 25.7 bn in 2023 to Rs. 27.0 bn in 2024. However, in terms of the monthly turnover ratio,⁹ the market liquidity

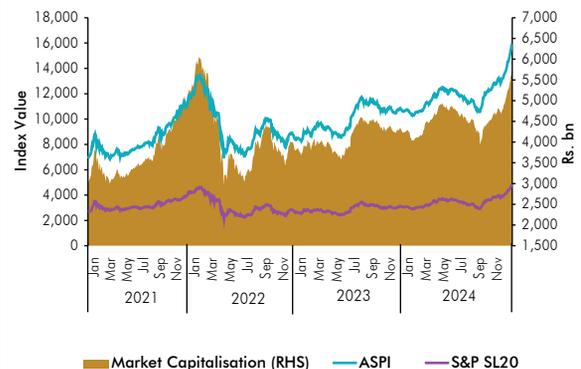
reduced as the average turnover ratio fell from 41.5% in 2023 to 37.2% in 2024 driven by the lower turnover during the months from August to October 2024.

Foreign investor demand for Treasury bills and bonds remained subdued up to September but increased towards the end 2024. Accordingly, in 2024 a net foreign outflow of USD 178.9 mn was recorded compared to the net foreign inflow of USD 210.0 mn recorded in 2023. However, net foreign inflows totalling USD 77.4 mn were recorded during the last quarter of 2024.

Equity Market

The equity market demonstrated a significant performance marked by notable movements in price indices during 2024, alongside a substantial increase in market turnover. As at 31 December 2024, the All Share Price Index (ASPI) and Standard & Poor's Sri Lanka 20 (S&P SL20) index of the Colombo Stock Exchange (CSE) recorded a year-to-date growth of 49.7% and 58.5%, respectively. During 2024, ASPI closely aligned with the movements of S&P SL20, underscoring the substantial contribution of major companies in driving the broader market trends. ASPI and S&P SL20 recorded significant growth rates of 34.5% and 40.8%,

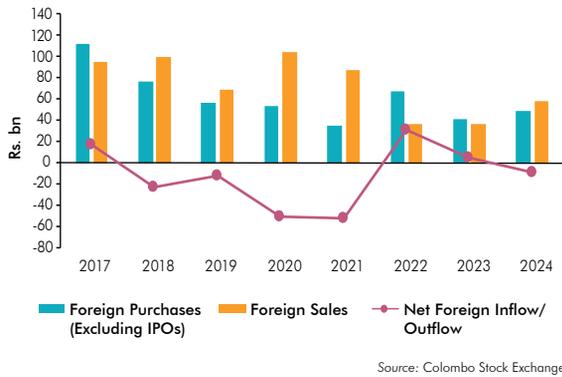
Figure 2.6: Movement of Price Indices and Market Capitalisation



Source: Colombo Stock Exchange

⁹ Turnover ratio is calculated by dividing the annualised secondary market turnover for the month by the outstanding securities at the end of the month.

Figure 2.7: Foreign Participation at CSE (Secondary Market)



respectively, during the fourth quarter of 2024, driven mainly by domestic investor activities, compared to the modest year-to-date growth rates of 11.3% and 12.6% recorded up to the end of the third quarter of 2024. Further, market capitalisation increased by 34.1% and stood at Rs. 5,695.6 bn at end 2024 compared to Rs. 4,248.9 bn at end 2023. Meanwhile, CSE recorded an average daily turnover of Rs. 2,240.2 mn in share trading during 2024, which was a considerable increase compared to Rs. 1,696.2 mn recorded in 2023. However, the average number of daily transactions in the market slightly decreased to 14,684 trades from 14,972 trades in 2023, primarily due to the subdued market engagement of investors during the third quarter of 2024.

Despite the noticeable improvement in market performance in terms of indices and turnover, CSE experienced a net foreign outflow in the secondary share market.

During 2024, CSE recorded a total net foreign outflow of Rs. 9.9 bn, which is approximately amounting to USD 32.6 mn in the secondary share market compared to an inflow of Rs. 4.3 bn, approximately USD 13.3 mn recorded in 2023. However, the equity market recorded an overall net foreign inflow by the end of the year owing to the increased inflows to the primary market which amounted to Rs. 20.3 bn, approximately USD 65.5 mn.

Reflecting the positive outlook among investors in terms of the growth potential of the equity market, Price to Book Value (PBV) exhibited a positive trend during 2024. At end December 2024, PBV stood at 1.2, up from 0.9 recorded at end December 2023. On the contrary, Price Earnings Ratio (PER) of the market stood at 8.9 by end December 2024, marking a decrease from 11.1 recorded at end December 2023. Meanwhile, the equity market raised Rs. 2.8 bn through four Initial Public Offerings (IPOs) during the year, compared to Rs. 0.8 bn raised in two IPOs during 2023.

Corporate Debt Securities Market

Commercial Paper (CP) issuances recorded an increase in 2024 compared to 2023, demonstrating robust performance during the year. During 2024, Rs. 3.1 bn was raised through CPs compared to Rs. 1.3 bn raised in 2023. The interest rates of CPs varied between 12.00% and 13.75% during 2024 compared to the range of 17.00% to 26.50% reported in the previous year.

Activities of the corporate debenture market recorded a significant increase during 2024 compared to 2023 due to increased investor attraction stemming from favourable economic conditions. During 2023, 15 IPOs of corporate debentures were issued by five banks in CSE which raised Rs. 34.6 bn of debt capital. In contrast, in 2024, nine companies in CSE collectively raised Rs. 94.8 bn through 28 debenture IPOs recording a significant increase compared to the previous year. Debentures with fixed interest rates were issued through IPOs in 2024 and the interest rates ranged from 12.00% to 15.25% compared to the range of 13.50% to 29.50% in the previous year.

2.4 Financial Inclusion

During 2024, the Central Bank intensified its initiatives to advance financial inclusion nationwide. Significant strides were made in advancing financial literacy and inclusion,

building on the foundation laid by the National Financial Inclusion Strategy (NFIS) of 2021-2024, focusing on key pillars such as Digital Finance and Payments, MSME Finance, Consumer Protection, and Financial Literacy. In 2024, the Central Bank, in collaboration with its Regional Offices, conducted over 400 Financial Literacy programmes nationwide. The launch of the Financial Literacy Roadmap in May 2024 marks a key milestone in the journey toward a “Financially Literate Sri Lanka”. As part of this initiative, the “Certified Trainer in Financial Literacy” programme will be introduced to enhance the standards of Financial Literacy Trainers nationwide and the “Financial Literacy Month” programme will debut in September 2025. The Credit Counselling Centre was re-established to assist individuals and MSMEs manage finances, reduce indebtedness, improve credit scores, and adopt sustainable financial behaviours, ultimately supporting financial sector stability.

2.5 Financial Infrastructure

Payment and Settlement Systems

Payment and settlement systems of the country operated smoothly and efficiently without interruptions in 2024 with increased adoption of digital transactions. Further, adoption of both large value and retail digital payment methods continued to increase in comparison to manual payment instruments

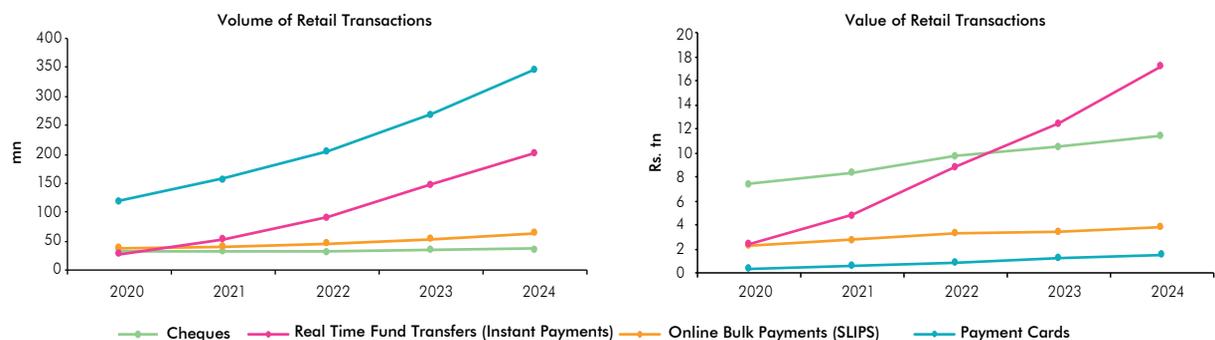
such as cheques. This growth enhanced the convenience and safety offered by digital payment methods. With a view to further increasing public confidence in using digital payment methods, the National Payments Council (NPC), the industry consultative committee on payment and settlement systems, took several measures during the year. One such key measure was to mandate verification of the mobile number when linking a current account or a savings account to a mobile payment application, with effect from 31 March 2025.

The higher level of digital payment adoption was also witnessed through the country’s Instant Payment System¹⁰ - Common Electronic Fund Transfer Switch (CEFTS)

during 2024. Retail digital payments carried out through CEFTS, amounted to 50.0% of the value of total interbank retail payments, indicating a high level of use of CEFTS based payment channels for retail payments. CEFTS facilitates payment arrangements such as LankaPay Online Payment Platform (LPOPP) that enables the public to pay taxes, custom duties, etc. to government institutions; LANKAQR which facilitates payments to merchants using Quick Response (QR) codes; and JustPay, which facilitates payments through mobile applications by linking their

¹⁰ Instant Payment System also referred to as Fast Payments, transfers funds in real time between customers.

Figure 2.8: Retail Transactions



Source: Central Bank of Sri Lanka

current accounts or savings accounts from any financial institution to any JustPay enabled mobile application.

During the year, greater operational efficiency and better risk management capabilities were introduced through a new Real Time Gross Settlement (RTGS) System “LankaRTGS” which complies with ISO 20022 standard. Further, an increasing trend was seen in customers making large value payments through the RTGS system for their time-critical, large value payments, as reflected by the annual growth in both transaction volume and value terms by 10.1% and 25.7%, respectively.

During the year, several initiatives were taken to integrate the national payment infrastructure with international payment networks. The Central Bank granted approval to LankaPay (Pvt) Ltd (LankaPay), the retail payment network operator, to partner with UnionPay International (UnionPay), an international card scheme to issue a LankaPay/ UnionPay co-branded card under the National Card Scheme (NCS). Accordingly, NCS cards can now be co-branded with JCB International or UnionPay to facilitate domestic transactions with local routing through LankaPay. The NCS aims to bring greater autonomy to the country’s payment infrastructure and reduce the outflow of foreign exchange as service fees when making local payments. The Central Bank also approved NEPALPAY and WeChat Pay wallets to link with LANKAQR. These new linkages expand the reach already availed through LANKAQR’s integration with India’s Unified Payments Interface (UPI) and UnionPay of China, facilitating seamless payments for tourists using their own mobile applications to pay through LANKAQR in Sri Lanka. In addition, to mitigate any risks and losses arising from cyber scams, the Central Bank together with stakeholders of the payment

industry, actively engaged in increasing public awareness on safe and secure ways of conducting their digital transactions.

Anti-Money Laundering and Countering the Financing of Terrorism

The Financial Intelligence Unit (FIU) continued to function in line with the international Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) standards to strengthen the financial sector integrity and resilience.

The FIU carried out its duties mandated by the Financial Transactions Reporting Act, No. 06 of 2006 (FTRA) by receiving and analysing suspicious transactions from reporting institutions and the general public, sharing intelligence with Law Enforcement Agencies (LEAs) and Regulatory Authorities (RAs), and enforcing AML/CFT compliance of Financial Institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBPs). In 2024, the FIU imposed an administrative monetary penalty to the aggregate of Rs. 8.75 mn against six FIs and one DNFBPs for identified AML/CFT non-compliance during its supervision examinations. Further, the AML/CFT framework in Sri Lanka is strengthened by the AML/CFT National Coordinating Committee (NCC), the national coordinating arm. The NCC chaired by the Governor, provides policy guidance and facilitates national level coordination among stakeholders in the implementation of AML/CFT framework. Additionally, the FIU continued to finalise amendments to the FTRA, the Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005 and the Prevention of Money Laundering Act, No. 05 of 2006 during the year under review. The FIU also actively participated in the law drafting committees to review and propose amendments to new legislative proposals, including the Proceeds of Crime Bill, the Companies (Amendment)



Bill, the NGO Registration and Supervision Bill, and the Gambling Regulatory Authority Bill. Additionally, the FIU contributed to the Task Force working to establish a regulatory environment for the real estate sector.

Legal Reforms Related to the Financial Sector

The Central Bank continued to engage in necessary legal reforms to strengthen the stability of the financial system. Banking (Amendment) Act, No. 24 of 2024 was enacted to further strengthen and streamline the provisions of the existing Banking Act, No. 30 of 1988 and came into operation on 15 June 2024. Further, necessary assistance was provided to the Ministry of Finance by the Central Bank to finalise the Public Debt Management Act, No. 33 of 2024 and Public Financial Management Act, No. 44 of 2024, in addition to providing the necessary assistance in drafting the Microfinance and Credit Regulatory Authority Act and the Financial Assets Management Companies Act. Further, drafting amendments to the Finance Business Act, No. 42 of 2011; Finance Leasing Act, No. 56 of 2000; Payment and Settlement Systems Act, No. 28 of 2005 and Foreign Exchange Act, No. 12 of 2017 were also initiated in 2024.

Financial Consumer Protection

In 2024, the Central Bank implemented several key initiatives to enhance financial consumer protection. The comprehensive Financial Consumer Protection (FCP) Regulations No. 01 of 2023 issued by the Central Bank were fully enforced as of 09 August 2024. In alignment with this, the Central Bank initiated Market Conduct Supervision (MCS), launching its first full-scope, risk-based MCS during the second quarter of the year. Moreover, in the third quarter of 2024, the Central Bank conducted targeted, limited-scope on-site examinations focusing on critical areas such as high lending rates, excessive fees, charges, and commissions

imposed by financial service providers. To further strengthen financial consumer protection, a series of awareness programmes were held throughout the year, educating both financial consumers and service providers on their rights, responsibilities, and best practices. These initiatives, collectively contribute towards enhancing transparency, safeguarding consumer interests, and ensuring effective implementation of the FCP regulations while fostering a more consumer-oriented culture within the financial industry.

Deposit Insurance and Resolution Authority

The Central Bank took key initiatives to strengthen the resolution framework for Banks and FCs licensed by the Central Bank. Following the enactment of the Banking (Special Provisions) Act, No. 17 of 2023 (BSPA) in late 2023, the Central Bank focused on operationalising resolution mechanisms, including the development of a resolution policy, resolution triggers for licensed banks and data collection templates for licensed banks to support resolution planning. Additionally, the Financial Stability Fund was established with an initial allocation from the government to support resolution measures and reinforce financial sector resilience.

The Central Bank continued to operationalise the provisions of the BSPA, as the administrator of the Sri Lanka Deposit Insurance Scheme (SLDIS). The Central Bank entered into a Memorandum of Understanding (MOU) with the Ministry of Finance for a fiscal back-stop funding arrangement for the SLDIS to support financial system stability. Further, the Central Bank engaged with the Financial Sector Safety Net Strengthening Project (FSSNP), which aims at strengthening the financial and institutional capacity of SLDIS in line with the best international practices. Under FSSNP, loan agreements were signed between the International Development Association (IDA)

of the World Bank, Ministry of Finance,¹¹ and the Central Bank. By December 2024 IDA disbursed USD 100.0 mn, which is maintained in a Ring-Fenced Dollar Account under SLDIS. Simultaneously, SLDIS is engaged in several policy-based improvements and institutional capacity building activities, which are also disbursement conditions of FSSNP. As of end 2024, SLDIS equity comprised Rs. 136.9 bn in the Sri Lanka Deposit Insurance Fund (SLDIF) and Rs. 11.8 bn in Other Comprehensive Income Reserves.

Moreover, the Central Bank also carried out activities in relation to compensation payments of licence cancelled financial institutions. The Central Bank has completed compensation payments to the depositors of three license cancelled and suspended FCs during 2024 with such payments of one FC still in progress. To enhance efficiency, the Depositor-Wise Data Collection System has been implemented across all FCs and is currently rolling out across licensed banks on a staggered basis. To ensure the effective implementation of this system, the Central Bank has issued operating instructions under the BSPA, mandating the recording of Unique Identification Numbers (UINs) for all depositors of banks and FCs licensed by the Central Bank.

2.6 Sustainable Finance

The Central Bank continued the sustainable financing initiatives during 2024 by implementing the Roadmap for Sustainable

Finance in Sri Lanka. As five years have elapsed since the launching of the Sustainable Finance Roadmap in 2019, the Central Bank entered into a cooperation agreement with the International Finance Corporation (IFC) in May 2024 for receiving technical assistance to update the Sustainable Finance Roadmap for the next five years period. Under this agreement, the review process of the Sustainable Finance Roadmap 2.0 for the financial sector, which will expand the focus to the social aspect of sustainability, is at the final stage and is expected to be launched during the first half of 2025. During the year, Central Bank participated in an array of knowledge sharing and capacity building programmes aimed at enhancing exposure to sustainable financing and climate related financial risks both as resource persons and participants. The Central Bank being a member of the Sustainable Banking and Finance Network (SBFN), International Platform for Sustainable Finance (IPSF) and Alliance for Financial Inclusion (AFI) continued its international cooperation by participating in SBFN Global Progress Brief, Regular meetings of the IPSF and Inclusive Green Finance working group meetings of the AFI held during 2024, while making a representation at the SBFN Global meeting held in Rio-de-Janeiro, Brazil. Further, the Central Bank continued industry engagement by joining discussions on elevating sustainable finance in Sri Lanka especially collaborating with the corporate sector chambers and public policy think tanks during 2024.

¹¹ At the time of signing agreements, the name of the Ministry was the Ministry of Finance, Economic Stabilisation & National Policies.



Chapter 3

REVIEW OF THE CENTRAL BANK'S POLICIES

Summary

The Central Bank's policies in 2024 were focused on sustaining price and financial system stability and thereby creating a conducive environment for high and sustainable economic growth. Amidst the subdued demand and supply side pressures, improved external sector performance and well-anchored inflation expectations, the Central Bank eased its monetary policy stance further during the year, with three policy rate reductions in 2024. In line with the accommodative monetary policy stance and monetary conditions, market interest rates adjusted further downward in 2024, availing credit at reasonable low rates to individuals and businesses, thereby assisting faster private sector credit expansion and the economic rebound. Inflation remained subdued during the year and transitioned to deflationary conditions since September 2024 owing to repeated reductions in energy prices. Accordingly, quarterly headline inflation deviated from the inflation target by more than the margin stipulated in the Monetary Policy Framework Agreement (MPFA) on the lower side for the last three quarters in 2024, prompting the submission of reports to the Parliament through the Hon. Minister of Finance explaining the breach of inflation target and the remedial measures taken, ensuring Central Bank's accountability towards the legislature and the general public. Nevertheless, inflation is expected to converge towards the targeted level in late 2025. Since persistent declines in prices discourage economic activity, a low and stable level of inflation in the long run is beneficial for both businesses and households. Registering a key milestone in the Central Bank's monetary policy framework, in November 2024, the Central Bank shifted from a dual policy rate mechanism to a single policy rate mechanism with the objective of strengthening monetary policy signalling and enhancing monetary policy transmission. The Central Bank published two Monetary Policy Reports and one Market Operations Report during 2024 to enhance the Central Bank's transparency and accountability with regard to monetary policy. Meanwhile, the Central Bank continued to implement the flexible exchange rate regime. Foreign exchange market interventions by the Central Bank were limited to mitigate excessive exchange rate volatilities and to augment external buffers of the country. The administrative measures related to the external sector, such as import restrictions, foreign exchange restrictions and capital flow management measures, which were imposed by the Central Bank and the Government during 2020 – 2022 period as part of the crisis management strategy, were further phased out during 2024 in view of improved foreign exchange liquidity conditions and relatively stable external

sector. With regard to the financial sector, the Banking (Amendment) Act, No. 24 of 2024 was enacted in April 2024, inter alia, reinforcing the legal framework for the governance of licensed banks. The Central Bank introduced a range of regulatory measures for both licensed banks and non-bank financial institutions in relation to risk management and corporate governance. The Masterplan Phase II for the Consolidation of Non-Bank Financial Institutions was introduced in December 2024 envisaging the resilience of the sector. Meanwhile, the Central Bank issued guidelines to licensed banks to establish business revival units, to provide a lifeline to crisis affected businesses and bolster economic revival. As the macroprudential authority of the country, the Central Bank published the Macroprudential Policy Framework to create stakeholder awareness on the policymaking process. The Central Bank made notable efforts during 2024 to strengthen the resolution plans and framework for licensed banks. With a view to fostering financial literacy and capability of all segments of the society, the Financial Literacy Roadmap for Sri Lanka was launched by the Central Bank in May 2024. Further, the Central Bank made numerous efforts to promote digital payments and enhance the security of such payments systems, thereby contributing to the digital drive in the economy for productivity improvements. In addition, the Central Bank fully enforced the financial consumer protection regulations by August 2024, solidifying the framework for upholding the transparency, fairness and accountability of financial services in the country. With the enactment of the Public Debt Management Act, No. 33 of 2024, public debt management functions carried out by the Central Bank are being gradually assigned to the new Public Debt Management Office (PDMO) established under the Ministry of Finance. In order to strengthen the financial sector integrity and resilience, the Financial Intelligence Unit (FIU) continued to function in line with the international anti-money laundering and countering the financing of terrorism (AML/CFT) standards.

3.1 Monetary Policy Framework

The Central Bank of Sri Lanka Act, No. 16 of 2023 (CBA) stipulates achieving and maintaining domestic price stability as the primary objective of the Central Bank and specifies Flexible Inflation Targeting (FIT) as its monetary policy framework. In order to achieve this objective, CBA mandates the Central Bank to formulate monetary policy and implement a flexible exchange rate regime in line with the FIT framework. The inflation target that the Central Bank is required to achieve is agreed between the Central Bank and the Minister of Finance as published in the Monetary Policy Framework Agreement (MPFA). As per MPFA, the Central Bank is required to maintain quarterly headline inflation at the target of 5%. The Central Bank uses its policy

instruments to guide short-term market interest rates along the desired path to achieve the inflation target.

As part of the improvements implemented within the monetary policy framework of FIT, the Central Bank shifted to a single policy interest rate mechanism in November 2024. Accordingly, the Overnight Policy Rate (OPR) was introduced as the primary monetary policy tool of the Central Bank to enhance the efficiency and effectiveness of monetary policy signalling and transmission to the financial markets and the broader economy.¹ Under the new arrangement, the Average Weighted Call Money Rate (AWCMR) continues to serve as the

¹ The Concept Note on Single Policy Rate Mechanism is accessible on https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/statistics/otherpub/concept_note_on_opr_e.pdf

operating target of the FIT framework. With the shift to a single policy interest rate mechanism, the Central Bank intends to maintain AWCMR at or around the announced OPR. With this transition, the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) no longer serve as policy interest rates of the Central Bank. However, they will continue to remain as interest rates applicable to the Central Bank's standing facilities, thereby functioning as the lower and upper bounds for interbank call money rates. Meanwhile, SDFR and SLFR are linked to OPR with a pre-determined margin, currently set at ± 50 bps. Accordingly, with the policy interest rate reduction effected in November 2024, OPR was set at 8.00%, and money market operations were tailored to facilitate the above transition. Consequently, AWCMR gradually aligned with OPR and remained at or closer to OPR thereafter.

While facilitating enhanced operational and financial independence to carry out its mandate effectively, CBA requires increased levels of transparency and public accountability by the Central Bank. In relation to price stability, if the Central Bank fails to meet the inflation target,² CBA necessitates the Monetary Policy Board of the Central Bank to submit a report to the Parliament, which shall also be made available to the public. The report needs to set out the reasons for the failure to achieve the inflation target, the remedial actions proposed to be taken by the Central Bank, and an estimate of the time within which the inflation target shall be achieved.³ Further, CBA requires the Central Bank to publish a biannual report explaining recent movements in inflation, sources of inflation, medium-term projections for inflation, and key risks to such projections, along with the implementation of monetary policy

and the achievement of its objects. To fulfil this requirement, the Central Bank publishes the Monetary Policy Report in February and August each year. Further, the Governor, members of the Governing and Monetary Policy Boards, and the Deputy Governors can be called upon by the Parliament or its committees to deliberate on the functions of the Central Bank. In fulfilling this requirement, the Board members and the senior management of the Central Bank sought an opportunity to apprise the Parliament and/or its committees in September 2024 and January 2025 of the functions of the Central Bank, in addition to the officials attending Parliamentary committees at the request of such committees. Moreover, enhanced coordination between fiscal, monetary and financial stability policies is facilitated by establishing the Coordination Council under CBA. Coordination Council meets quarterly to exchange views on recent macroeconomic developments, outlook, and risks and also coordinate and complete matters involving the Central Bank and the Ministry of Finance.

3.2 Monetary Policy Stance and Measures

The monetary policy stance of the Central Bank was further eased in 2024, building upon the significant easing effected in the latter half of 2023. Subdued inflation amidst below par economic activity, well-anchored inflation expectations, continuation of tight fiscal measures and the appreciated Sri Lanka rupee provided sufficient space for further easing of the monetary policy stance during the year. Following the notable reduction of policy interest rates by 650 bps in the latter part of 2023 and broader guidance issued to LCBs requiring downward adjustments in excessive lending interest rates, the overall interest rate structure declined. But the pace of adjustment particularly in market lending rates showed some moderation. Considering the availability

² If quarterly average (y-o-y) headline inflation (CCPI-based) misses the target rate by a margin of ± 2 pps for two consecutive quarters

³ The reports required under Section 26(5) of CBA, with reference to deviations of headline inflation from the inflation target are accessible through the Central Bank website.

BOX 03

Transition to a Single Policy Interest Rate Mechanism

Introduction

The Central Bank of Sri Lanka shifted to a single policy interest rate mechanism from the dual policy interest rate mechanism on 27 November 2024 as a part of the improvements implemented under the Flexible Inflation Targeting Framework (FIT).¹ Accordingly, the Central Bank introduced the Overnight Policy Rate (OPR) as its primary monetary policy tool for signalling and implementing its monetary policy stance. This transition to a single policy interest rate mechanism aims to simplify monetary policy communication and enhance the efficiency of monetary policy transmission.

Need for a Single Policy Interest Rate

Sri Lanka's monetary policy framework has evolved from the currency board system to the current monetary policy framework of FIT, which is formally recognised under the Central Bank of Sri Lanka Act No.16 of 2023 (CBA). This Act also recognises maintaining domestic price stability as the prime objective of the Central Bank. The success of FIT relies largely on the effective transmission of policy changes and anchored expectations on inflation. Both of these are influenced by the clear signalling of the Central Bank's monetary policy stance to the market and other stakeholders. A policy tool with a single interest rate serves this purpose well.

Prior to the introduction of the single policy interest rate mechanism, the Central Bank conducted monetary policy operations under a corridor system with dual policy interest rates: the Standing Lending Facility Rate (SLFR) as the upper bound and the Standing Deposit Facility Rate (SDFR) as the lower bound. This corridor guided the Average Weighted Call Money Rate (AWCMR),² which serves as the operating target of the Central Bank's monetary policy framework. However, the dual policy interest rate mechanism faced some drawbacks, primarily

due to its complexity and the lack of transparency in conveying the Central Bank's monetary policy stance to the market. Announcing the monetary policy stance using two policy interest rates and the movements of interbank money market rate, i.e., AWCMR, within the standing rate corridor, created some uncertainty among market participants. Also, there was a lack of clarity on where AWCMR should be positioned within the standing rate corridor and whether the changes in AWCMR can be considered as changes in the monetary policy stance of the Central Bank. This lack of transparency may have made it complicated for market participants to accurately interpret the Central Bank's monetary policy intentions.

Moreover, having multiple policy interest rates might have led to complexities in the pricing of financial products, as policy interest rates serve as key benchmarks for setting deposit and lending interest rates across financial institutions. These complexities in the dual policy interest rate approach could have led to slow adjustments in the market interest rates in response to policy rate changes, thereby reducing the effectiveness of monetary policy in influencing the economy.

Accordingly, considering the need for improving the signalling and communication of the monetary policy stance, the Central Bank embarked on exploring the introduction of a single policy interest rate mechanism in line with the roadmap for the adoption of FIT. As the initial step of the progression towards the single policy interest rate mechanism, the Central Bank gradually reduced the size of the standing rate corridor formed by the dual policy interest rates. Further, AWCMR was kept around a desired rate through effective liquidity management, which supported the Central Bank to seamlessly transit to a single policy interest rate mechanism. Thereafter, in keeping with international best practices, the Central Bank introduced a single policy interest rate framework in November 2024, following policy deliberations and consultations with the stakeholders.

1 For more information on this transition, refer the Press Release on "The Central Bank of Sri Lanka moves to a Single Policy Interest Rate Mechanism by Introducing the Overnight Policy Rate" and the underlying Concept Note, which can be accessed on https://www.cbsl.gov.lk/sites/default/files/concept_note_on_opr_e.pdf

2 AWCMR is the weighted average interest rate of overnight unsecured interbank call money transactions among Licensed Commercial Banks (LCBs) on a given date

Merits of a Single Policy Interest Rate

The shift to a single policy interest rate mechanism offers multiple advantages, thereby significantly enhancing the effectiveness of monetary policy. By providing a clear and consistent signal to financial markets, it lowers the uncertainty in policy direction, facilitating market participants to make informed decisions with greater confidence. This improved transparency strengthens the transmission of monetary policy, ensuring that changes in the monetary policy stance translate effectively into short-term interest rates, and thus to the economy.

Furthermore, with a single policy interest rate serving as the benchmark interest rate, financial institutions can accurately price their financial products, ensuring consistency in market interest rates. This improves the mobility of funds within the financial system, facilitates better liquidity management, and fosters a more predictable interest rate environment, which is crucial for investor confidence.

Operationalisation of the Single Policy Interest Rate

The operational framework of the single policy interest rate mechanism is designed to streamline monetary policy implementation by anchoring short-term interest rates. With the introduction of OPR, the Central Bank targets to maintain AWCMR at or around the announced OPR. Further, the OPR would be periodically reviewed and adjusted by the Monetary Policy Board as necessary to reflect changes in the Central Bank's monetary policy stance.

Following the transition to the single policy interest rate mechanism, SDFR and SLFR, which were considered key policy interest rates of the Central Bank under the dual policy interest rate system, no longer serve that role. However, SDFR and SLFR will continue to serve as the rates applicable for the Standing Deposit Facility (SDF) and the Standing Lending Facility (SLF), respectively, for the Participatory Institutions (PIs) for overnight transactions with the Central Bank.³ In addition,

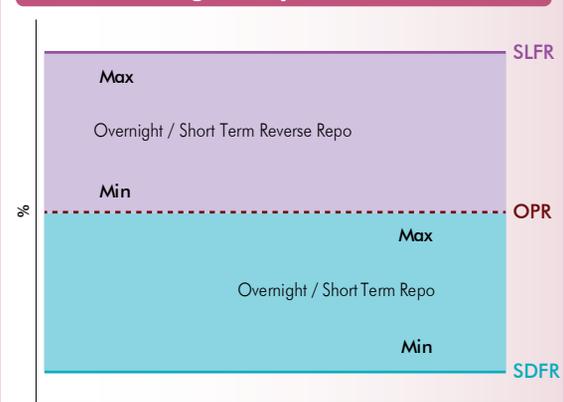
³ SDFR is the rate at which PIs get remunerated on their deposits of excess funds with the Central Bank on an overnight basis under the Standing Deposit Facility, while the SLFR is the rate at which PIs can borrow funds from the Central Bank on an overnight basis under the Standing Lending Facility.

SDFR and SLFR are linked to OPR with pre-determined margins set by the Central Bank and serve as the lower and upper bounds for interbank call money transactions, and overnight and short-term OMOs.

Accordingly, for overnight and short-term repurchase (repo) auctions, OPR serves as the upper limit for bidding rates, while SDFR serves as the lower bound. The Central Bank conducts repo auctions as a means of absorbing excess liquidity from the market. When PIs experience surplus liquidity, they are presented with two alternatives. They may either deposit their excess funds with the Central Bank at SDFR or choose to participate in the repo auctions. To ensure that repo auctions remain attractive to participating institutions, the Central Bank establishes a minimum bidding rate equivalent to SDFR, and a maximum bidding rate capped at OPR. Given that participatory institutions always have the option of depositing their excess funds at SDF, SDFR forms an effective floor rate for the conduct of overnight and short-term repo auctions.

On the other hand, for overnight and short-term reverse repurchase (reverse repo) auctions, SLFR serves as the upper bound while OPR defines the lower bound. The Central Bank conducts reverse repo auctions to inject liquidity into the market. When PIs face liquidity shortages, they too have two alternatives. They can either borrow funds from the Central Bank at SLFR or participate in the announced reverse repo auctions, where they can

Figure B 3.1: Single Policy Interest Rate Structure



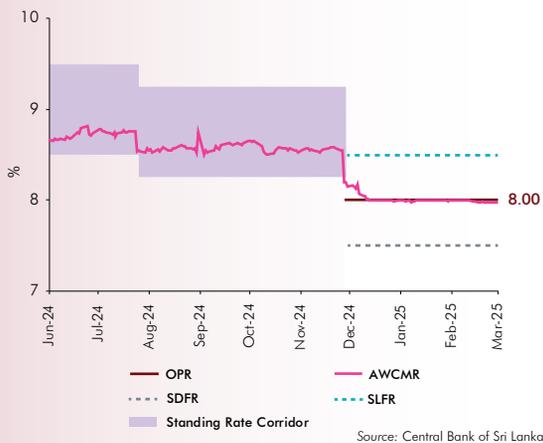
Source: Central Bank of Sri Lanka

obtain liquidity by pledging eligible securities. To maintain the competitiveness of reverse repo auctions, the Central Bank sets a minimum bidding rate equivalent to OPR, while the maximum bidding rate is capped at SLFR. Since PIs have the alternative of borrowing from the SLF, SLFR forms an effective ceiling rate for the conduct of overnight and short-term reverse repo auctions.

Post-implementation Outcomes in the Money Market

As envisaged, with the introduction of the single policy interest rate mechanism, AWCMR gradually adjusted towards OPR and continued to remain

Figure B 3.2: OPR, AWCMR and Standing Facility Rates



closer to OPR since the second week of December 2024. This swift adjustment of AWCMR towards OPR was largely supported by increased activity in the interbank call money market. Currently, AWCMR remains at or close to OPR exhibiting a smooth transition to the single policy interest rate mechanism. Also, adjustments in short-term market interest rates have already been transmitted to other benchmark interest rates, reflecting the swift alignment of the market to the new system.

The transition to a single policy interest rate marks a significant step in strengthening the Central Bank's monetary policy framework. This is expected to enhance transparency and efficiency of monetary policy implementation, while enabling improved market predictability. With improved clarity in the monetary policy operations alongside streamlined liquidity management, monetary policy communication will also be strengthened. This shift is also expected to enhance the credibility of the Central Bank's policy actions. Further, it would ensure the efficiency and effectiveness of monetary policy signalling and transmission across markets and the economy. Overall, enhancing monetary policy effectiveness helps create a stable economy, improves investor sentiments and ultimately supports achieving the objective of maintaining price stability of the economy.

of space for further downward adjustments in market lending interest rates, compatible with the low inflation environment and outlook, the Central Bank reduced policy interest rates by 50 bps in March 2024, which was followed by an additional reduction in policy interest rates by 25 bps in July 2024. These policy actions enabled continued downward adjustments in the cost of borrowing, thereby facilitating a faster expansion of credit to the private sector and supporting the revival of domestic economic activity. Subsequently, slowing adjustment in market interest rates, subdued inflation outlook and inflation expectations prompted the Central Bank to cautiously ease monetary policy further

in November 2024. This policy easing of effectively around 50 bps,⁴ came along with the introduction of OPR, reflecting the transition to a single policy interest rate mechanism. Accordingly, the cumulative adjustment in the policy rate during the current monetary policy easing cycle amounted to around 775 bps by end 2024.

While overall liquidity in the domestic money market remained at surplus levels during 2024, its asymmetric distribution led the Central Bank to continue with Open Market Operations (OMOs) to provide

⁴ Measured by the difference between pre-policy AWCMR and OPR

funds to LCBs in keeping with the eased monetary policy stance. Restrictions imposed on LCBs since January 2023 on the usage of standing facilities of the Central Bank to address the issue of heavy reliance of LCBs on such facilities, were removed in early 2024. This was in consideration of improved market liquidity conditions and market activity. Accordingly, effective 16 February 2024, the restriction imposed on the usage of the Standing Lending Facility (SLF) was removed, while that on the Standing Deposit Facility (SDF) was relaxed from five times to ten times during a calendar month and subsequently removed effective 01 April 2024. Although overall domestic money market liquidity increased gradually to sizeable surplus levels during the year, the Central Bank continued to conduct liquidity injecting operations (reverse repo auctions) to minimise the impact that asymmetric distribution of liquidity among participatory institutions on the trajectory of easing market interest rates. Towards the latter part of 2024, domestic money market activity improved alongside the buildup of liquidity surplus, partly supported by the sovereign rating upgrades that enabled foreign banks to enhance the counterparty limits on money market activities. Increased liquidity and reduced asymmetries provided space for the Central Bank to gradually scale down its OMOs, including curtailing liquidity injections through the conduct of overnight reverse repo auctions.

Throughout the year, the Central Bank undertook several initiatives to enhance monetary policy communication, aiming to improve the transmission of its relaxed monetary policy stance and manage stakeholder expectations in a deflationary environment that entailed inflation target misses. While continuing to use traditional policy tools, greater emphasis was placed on shaping the behaviour among households and businesses, the key stakeholders in the monetary policy transmission mechanism. To achieve this, the Central Bank focused

on raising awareness about monetary policy decisions, the underlying rationale and economic outlook, especially inflation projections. These efforts were particularly important in managing expectations, especially as deflationary conditions seen during the latter half of the year were not due to lack of demand or economic activity but were from supply-driven, transitory factors. The press releases and live-streamed press conference, chaired by the Governor remained central to the monetary policy communication strategy, providing real-time insights into monetary policy decisions. Media engagement improved consistently, fostering critical and insightful discussions on monetary policy and macroeconomic trends. Additionally, to ensure wider public reach, the Central Bank expanded its use of social media and simplified communication formats, including single-page briefs and short video clips, produced in national languages to enhance accessibility. Stakeholder engagement was further strengthened through targeted awareness programmes, frequent internal and external webinars and public outreach initiatives encompassing students, teachers and government officials.

In line with CBA, the Central Bank remained committed to transparency and accountability through the publication of legally mandated reports. The Monetary Policy Reports published in February and August 2024 not only documented preceding monetary policy decisions and underpinning analyses but also provided forward looking insights such as inflation projections and the risks to the projections. To encourage critical dialogue and awareness, the Central Bank held technical discussion sessions, engaging journalists, academics and sectoral experts in an interactive feedback loop. Thus, this initiative aimed to reduce information asymmetries that could hinder the effective anchoring of inflation expectations.

BOX 04

Monetary Policy Accountability and Inflation Targets

Introduction

Monetary policy accountability necessitates a central bank to explain and justify its monetary policy decisions and their impacts to its stakeholders. This justification is important because it confirms that the central bank remains independent while being transparent and trustworthy. Central bank accountability strengthens the trust among people, businesses, and investors, confirming that its decisions are guided by economic reasoning rather than political or external influences. This trust helps keep inflation expectations anchored and inflation stable. That, in turn, strengthens the confidence in economic policymaking. Conversely, a weak accountability framework can undermine confidence, leading to inflationary risks and economic instability.

Effective accountability measures involve clear oversight, transparency, and performance evaluation. Central banks are increasingly required to publish reports on the economic outlook and the rationale for monetary policy decisions, along with the external factors influencing outcomes. Greater accountability of central banks results in improvements in their governance arrangements, policies, operations and interaction with key stakeholders. In this regard, research shows that countries with accountable and transparent central banks generally have low and stable inflation rates and better economic performance (Mishkin, 1997). However, too much scrutiny can sometimes make decision-making slow or overcautious, preventing a central bank from taking bold but necessary actions during economic crises (Goodhart, 2010).

Central bank independence and greater accountability are intrinsically linked with each other (Adrian and Khan, 2019). Transparency and accountability are prerequisites for central bank independence, providing the basis for sound monetary policy. Transparency requires central banks to regularly provide information about their decisions to the government, the public and other policymakers through channels, such as publishing reports or testifying before legislative bodies.

Importance of Central Bank Accountability During Inflation Target Breaches

Inflation targeting is a monetary policy framework, where a central bank is provided with a specific inflation target to be achieved within a given period of time. By conducting monetary policy, mainly by adjusting its policy interest rates, central banks attempt to keep inflation within a targeted level, and that reduces uncertainty and smoothes business cycle fluctuations. However, central banks are not always able to keep inflation within the agreed targeted levels. This could be due to various reasons, including administered price adjustments and supply-side disruptions arising from domestic sources or globally. Strong accountability is essential, particularly when inflation deviates from its target, for enhancing public confidence and bringing inflation back to its target level. Central banks must explain the causes of deviation, take corrective actions, and maintain transparency in their policy decisions. Legal frameworks are often in place to guide these actions, ensuring that central banks remain responsive and effective (Adrian and Khan, 2019).

Understanding the causes of inflation target breaches helps both central banks and governments design more effective policies to restore stability. Considering historical experiences, external shocks like oil price hikes, supply chain disruptions, and global uncertainties are among the common factors for inflation to deviate from its target, but it can occur due to domestic factors as well. For example, the Bank of Canada cited commodity price rises as the leading cause for an inflation hike in 2008 and noted the effects of global financial turmoil on inflation control (Bank of Canada, 2008). Similarly, the Reserve Bank of New Zealand explained how supply-side factors, including a hike in consumption taxes, caused a hike in inflation in 2011, and further went on to explain how inflation was expected to be affected in the aftermath of an earthquake

(Reserve Bank of New Zealand, 2011). Some central banks, such as the Czech National Bank, even allow temporary deviations in their mandates when faced with major economic shocks (Rusnok, 2018). Moreover, in the context of developing economies, supply shocks are often large and more frequent than in developed economies. Therefore, supply-related factors can commonly account for inflation deviations from the respective targets in developing economies.

The speed at which inflation returns to target depends on the economic context and the effectiveness of the policy measures taken. For instance, researchers have found that changes in interest rates, in general, take 18–24 months to influence inflation. This could be longer or shorter depending on a country's economic and financial market context. Central banks must also be prepared to use additional tools, such as liquidity management and forward guidance, especially when inflation is driven by supply-side factors. Some policies from the government side are also complementary to managing inflation, especially on the supply side factors. Short-term policies, such as taxes and administered prices, as well as long-term policies to address weather-related issues, play a crucial role in addressing the temporary volatility of food and energy inflation. However, it should also be noted that supply-side issues are transient in general and will naturally correct over time. On the other hand, if inflation deviations are persistent, irrespective of the drivers of such deviations, central banks are bound to act to re-anchor inflation expectations and bring inflation back to the target levels as early as possible. Accordingly, central bank communications play an important role in conveying these messages to various economic stakeholders.

Monetary Policy Accountability Provisions under the Central Bank of Sri Lanka Act No. 16 of 2023 (CBA)

The Central Bank of Sri Lanka Act No.16 of 2023 (CBA) provides for strong monetary policy accountability, as well as operational

independence for the Central Bank. Section 26 of CBA states that the Minister of Finance and the Central Bank shall sign a Monetary Policy Framework Agreement (MPFA) setting out the inflation target to be achieved by the Central Bank. As per the MPFA, if the Central Bank fails to maintain the Colombo Consumer Price Index (CCPI)-based quarterly average inflation within a margin (± 2 pps) around the inflation target of 5% for two consecutive quarters, it must submit a report to the Parliament through the Hon. Minister of Finance. This report needs to be made available to the public and must include an explanation of the reasons for the deviation, corrective actions to be taken by the Central Bank, and an estimated timeframe for bringing inflation back to the target range. Further, according to Section 27 of CBA, the Central Bank needs to publish a report once in six months, explaining recent movements in inflation, sources of inflation and medium-term projections for inflation and key risks to such projections. In addition, under Section 80 of CBA, the Central Bank should inform the public regarding the implementation of its monetary policy and the achievement of its objects at least once in every six months. The Monetary Policy Report is published in fulfilment of the requirements in Sections 27 and 80 above. Accordingly, CBA marks a historic milestone in economic policymaking in Sri Lanka, as the Central Bank has been granted the necessary operational independence to maintain price stability, while making it accountable for its actions and achieving the price stability objective.

Sri Lanka's Experience with the Recent Inflation Target Breach and Accountability Measures

Sri Lanka's inflation fell below the target by more than two pps in the second, third and fourth quarters of 2024, mainly due to supply-side factors, such as reduced electricity and fuel prices, and lower food inflation. Further, appreciation of the Sri Lankan rupee also contributed to low inflation. This prompted the Central Bank to submit reports for deviation of inflation from its target to the Parliament

and make them available to the public, as required by CBA. The first such report, relevant for the second and third quarters of 2024, is now publicly available on the Central Bank Website, while the report relevant for the third and fourth quarters of 2024 has been submitted to the Hon. Minister of Finance and will be available for public access in the period ahead. Moreover, since inflation continued to remain below the target by more than two pps during the first quarter of 2025 for the same reasons mentioned above, the Central Bank will submit a similar report relevant for the fourth quarter of 2024 and the first quarter of 2025 as well. As per the latest projections, the Central Bank, while observing that the deflationary conditions have commenced easing from March 2025, expects the ongoing deflation to be transitory and inflation to return to ± 2 pps within the target by the third quarter of 2025, unless there are substantial deviations in economic conditions underpinned by the data, assumptions and judgments used in arriving at these projections.

Global Experiences with Inflation Target Breaches and Accountability Measures

Examples of accountability measures regarding inflation target breaches can be observed among various central banks worldwide. As mandated in the Bank of England Act 1998, the Remit for the Monetary Policy Committee of the Bank of England requires that the Governor write to the Chancellor of the Exchequer if inflation deviates by more than 1% on either side of the target. In 2022, inflation in the UK exceeded 10% due to the Russia-Ukraine conflict and rising energy prices, prompting a series of communique by the Governor to the Chancellor. Similarly, the Reserve Bank of New Zealand Act 2021 necessitates regular publication of Monetary Policy Statements, which as specified in the Monetary Policy Committee Charter, need to explain reasons for inflation deviations. In 2022, when inflation recorded a steep increase, surpassing 7%, the Reserve Bank of New Zealand explained inflation trends, deviations from the target, and the policy response in its Monetary Policy

Statements. The Reserve Bank of India Act 1934 (amended 2016) requires the central bank to submit a report to the government if inflation remains outside the target range for three consecutive quarters. Inflation in India exceeded the target in 2022 with the global inflation surge. This prompted the Reserve Bank of India to submit a report to the government explaining the reasons and outlining corrective measures. The Federal Reserve regularly reports to Congress on its policy actions, despite not being legally required to justify breaches. These accountability measures not only ensure transparency but also reinforce trust in central banks' efforts to control inflation.

Concluding Remarks

Accountability in monetary policymaking is essential for maintaining price stability and improving public confidence in monetary policymaking. By establishing clear targets for inflation, explaining deviations, and taking corrective actions, central banks can enhance their credibility and maintain price stability and support economic growth. Whether dealing with external shocks or internal policy missteps, central banks must remain transparent and responsive to ensure achieving and maintaining price stability. In Sri Lanka, medium-term inflation expectations remain broadly aligned with the 5% target, reflecting the confidence among economic agents over monetary policymaking. Communication strategies like publishing semi-annual monetary policy reports, and the accountability measures mandated in CBA, have been instrumental in establishing such public confidence.

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A similar stakeholder-inclusive approach was adopted ahead of the introduction of the OPR in November 2024. Accordingly, the Central Bank implemented a multi-pronged communication strategy to ensure financial institutions and other stakeholders, including the general public, were well-informed about the transition. These efforts included pre-implementation awareness sessions with participatory institutions, issuance of press releases ahead of implementation, publication of a comprehensive concept note explaining the transition, and newspaper articles in all three languages breaking down the relevance of the transition to different stakeholder groups. In compliance with Section 26(5) of CBA, the Central Bank submitted reports to the Parliament through the Hon. Minister of Finance, following quarterly headline inflation falling below the inflation target by more than 2 pps for two consecutive quarters in the second and third quarters of 2024, as well as the third and fourth quarters of 2024.⁵ The ensuing discussions and deliberations with the Government reinforced the commitment of the Central Bank to enhanced public accountability and transparency, particularly amid increased institutional independence. As part of its broader monetary policy communication strategy, the Central Bank also commenced publishing the bi-annual Market Operations Report in 2024. This publication provides information on monetary operations, including OMOs, liquidity management, short-term interest rates, and the statutory reserve requirement.

In 2024, the Central Bank implemented several key initiatives to strengthen the foreign exchange market, enhance transparency, and bolster external stability. The Central Bank continued to maintain a flexible exchange rate regime in line with

the FIT framework during the year while the interventions were limited only to mitigate excessive volatility in the exchange rate and build up reserves through purchases of foreign exchange from the market. A flexible exchange rate acts as a shock absorber for the economy by adjusting automatically in response to economic shocks, eventually preserving external sector stability through the Balance of Payments (BOP) adjustments. It also provides greater autonomy to the Central Bank to conduct monetary policy without being constrained by the need to maintain the exchange rate at a predetermined level. In view of strengthening the foreign exchange market, the adoption of the FX Global Code in 2024 improved market integrity and aligned practices with global standards, while the implementation of an FX matching platform by March 2025 enhanced market depth and transparency, strengthening the Central Bank's regulatory oversight. A policy and operational framework that is conducive to price discovery process in the domestic foreign exchange market will ensure that the exchange rate will largely reflect the market fundamentals, boosting confidence and fostering a deeper and liquid market.

3.3 External Sector Policies

Exchange Restrictions and Capital Flow Management Measures (CFMs)

In line with the gradual improvement in liquidity conditions in the domestic foreign exchange market and greater stability observed in the external sector in 2024, the Government, in consultation with the Central Bank, continued to phase out the administrative measures imposed during the pandemic and the economic crisis. The measures that were gradually relaxed include restrictions on imports, exchange restrictions, and capital flow management (CFM) measures. In this context, the Minister of Finance and

⁵ The first 'Report on the Deviation of Headline Inflation from the Inflation Target Set Out in the Monetary Policy Framework Agreement (Reference Period: Quarter 2 and Quarter 3 of 2024)' is now available for public access via: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/monetary_policy/report_on_deviation_of_inflation_target_Q2_and_Q3_2024_e.pdf. The latter report will also be made available in the period ahead.



the Central Bank issued necessary regulations and directions under the provisions of the Foreign Exchange Act, No. 12 of 2017 (FEA) to remove certain restrictions on the conversion of Sri Lanka rupees into foreign exchange for current international transactions. Accordingly, resident companies were allowed to pay, to non-residents, any income or maturity proceeds of listed debt securities or listed shares (denominated in designated foreign currency), and to repay the loans which were obtained for acquiring International Sovereign Bonds (ISBs) and Sri Lanka Development Bonds (SLDBs) by way of converting Sri Lanka rupees in cases of insufficient foreign exchange balances/cashflows. In addition, resident companies which hold Business Foreign Currency Accounts (BFCAs), were also allowed to repay, to non-residents, existing short-term loans, by way of converting Sri Lanka rupees in cases of insufficient foreign exchange balances/cashflows. Further, with effect from September 2024, the time period for mandatory conversion requirement for the residual of export proceeds after permitted deductions was extended to the 10th day of the month following the expiration of three calendar months from the date of receipt, allowing exporters to retain foreign exchange for an extended period for better cashflow management and minimise exchange losses. Further, improvements were made to the Export Proceeds Monitoring System (EPMS), to increase the efficiency of the reconciliation of export values and the export proceeds repatriated to the country.

Certain suspensions and restrictions on capital transactions, previously implemented as CFM measures, were gradually eased in 2024 with the improvement in the BOP conditions. Accordingly, the temporary suspension of payments made by persons resident in Sri Lanka through Outward Investment Accounts (OIAs) to make overseas investments and temporary limits on outward remittances for capital transactions

made via BFCAs were substantially relaxed during 2024, prioritising the requirements of local businesses to expand globally. However, temporary limits imposed on outward remittances for capital transactions made via Personal Foreign Currency Accounts (PFCAs) held by persons resident in Sri Lanka continue. Additionally, limitations on the outward fund transfers by emigrants under the migration allowance were further relaxed. Moreover, allowance available for Sri Lankans with overseas temporary resident visa to transfer funds outside Sri Lanka was reinstated to the limit stipulated in Foreign Exchange Regulations issued in February 2021. The Central Bank expects a gradual phase-out of the prevailing CFMs implemented under FEA in line with the BOP conditions and developments in the domestic foreign exchange market.

The Central Bank introduced several policy measures in 2024 to encourage more foreign exchange inflows to the country.

Accordingly, new regulations were introduced under the provisions of FEA to allow non-residents to acquire, hold, divest or pledge any securities listed in the Colombo Stock Exchange (CSE) under 'Securities Borrowing and Lending transactions' for the purpose of enabling regulated short selling of such securities which is an initiative of CSE. In addition, directions were issued under the provisions of FEA to facilitate the transactions of foreigners who obtain resident visa under special visa programmes implemented by the Department of Immigration and Emigration. However, permission for resident companies to invest in ISBs utilising the proceeds of loans obtained from non-residents was repealed during the year.

Relaxation of Import Restrictions

In consultation with the Central Bank, the Government relaxed most of the restrictive measures on imports further during 2024 and early 2025. The Government prepared an

initial roadmap in consultation with the Central Bank to fully relax the importation of motor vehicles by 2025. This was in consideration of meeting the requirements under the IMF-EFF programme, given improved external sector resilience to withstand such relaxations. The lifting of vehicle import restrictions was planned to be effective in three stages beginning with the allowing the imports of public passenger and special purpose vehicles and non-motorised goods in the first stage in the third quarter of 2024, followed by commercial or goods transport vehicles in the fourth quarter of 2024 and personal use motor vehicles in the first quarter of 2025. Accordingly, the Cabinet of Ministers approved the stage-wise relaxation plan in September 2024. Stage 1 relaxations were initiated with a delay in December 2024, while Stages 2 and 3 were implemented in January 2025. The Central Bank provided its observations and recommendations, while highlighting the possible risks linked to each relaxation stage. In line with this, appropriate tariff and non-tariff measures have been taken by the Government to curtail any excessive pent up demand for motor vehicles, since the importation of motor vehicles remained restricted for almost 5 years. Despite these restrictive measures, a considerable increase in import expenditure is likely in 2025 due to motor vehicle imports, widening the trade deficit. However, motor vehicle imports are expected to stimulate economic activities (primarily through commercial vehicles) and increase government revenue.

3.4 Financial Sector Policy Measures

Macprudential Policies

The Central Bank continued its macroprudential surveillance to identify potential systemic risks, strengthen financial stability and implement necessary macroprudential policies. In accordance with

Section 63(2) of the CBA, the Central Bank published the Macroprudential Policy Framework during the year to enhance stakeholder awareness of the policy making process and to highlight the vital role of macroprudential policy in safeguarding financial stability. This framework outlines key objectives, systemic risk surveillance, policy tools, and the integration of macroprudential measures with broader Central Bank policies. Further, the existing framework for the designation of Domestic Systemically Important Banks (DSIBs) and the calibration of the DSIB buffer was reviewed to ensure that the classification of DSIBs reflects the current dynamics of the banking system. The revised list of DSIBs is expected to be announced in the near future.

As the economy recovered and stabilised, the Central Bank introduced stringent limits on large exposures, particularly those involving public corporations, to mitigate concentration risks in the banking sector.

This measure aims to incorporate stringent prudential limits in line with Basel requirements and strengthened criteria for determining interconnectedness between borrowers covering the control relationship and economic interdependence to mitigate potential credit concentration risks, ensure safety and soundness, and preserve public confidence in the banking sector. In line with this initiative, a directive was issued in March 2024, capping large exposures for Licensed Banks (LBs) at 25% of their Tier 1 capital, effective from 01 January 2026. This cap applies to borrowers including individual companies, public corporations, firms, associations of persons, and individuals both on an individual basis and in aggregate as a group of connected borrowers under Direction No. 01 of 2024. The regulation will take effect on a standalone basis from 01 January 2026, and on a consolidated basis from 01 January 2030. Given the prevailing macrofinancial conditions and the continued need to support economic recovery, these exposure limits will be phased

in gradually over a three-year period, ensuring full implementation by 2028. LBs shall gradually reduce the exposures to public corporations to meet the maximum exposure limit with respect to aggregate exposures to all public corporations by 2030. This measured approach is intended to facilitate a smooth transition, maintaining financial stability while supporting economic growth. Further details on macroprudential policies could be obtained from the Financial Stability Review⁶ 2024.

3

Policies Related to Licensed Banks

During 2024, the Central Bank persisted to introduce prudential policy measures including the issuance of regulations and strengthening the supervisory approach to maintain the resilience of the banking sector.

The enactment of the Banking (Amendment) Act No. 24 of 2024 marked a significant milestone in strengthening the legal framework governing the LBs. In support of its implementation, the Central Bank issued several new regulations/guidelines to LBs during the year. Accordingly, a Banking Act Determination was issued determining Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as the statutory liquidity ratios of LBs, while discontinuing the maintenance of Statutory Liquid Asset Ratio (SLAR). In addition, several other regulations were also introduced to facilitate the implementation of the Banking (Amendment) Act, including the Banking Act Directions on Off-Shore Banking Business (OSBB) for Licensed Commercial Banks (LCBs) and Banking (Off-Shore Banking Business) Order designating foreign currencies for OSBB. Further, Directions and Determinations were issued on assessment of fitness and propriety of Directors, Chief Executive Officers (CEOs) and officers performing executive functions of LBs. Moreover, Regulations were issued specifying related parties of LBs, approved securities and limits in respect of accommodation granted to such related parties.

The corporate governance framework of LBs has been further strengthened to align with current market developments, international best practices, and evolving regulatory requirements. Banking Act Directions were issued to further strengthen corporate governance processes and practices, and these Directions mainly focus on enhancing the composition and independence of the Board of Directors (BODs), emphasising the competency and professional integrity of Directors, CEOs, and key management personnel (KMP), ensuring the effective functioning of Board sub-committees whilst improving risk oversight and control mechanisms including the oversight of related party transactions.

With a view to prudentially managing increased impaired assets, curbing the credit risk and facilitating the sustainable economic revival of businesses affected by the extraordinary macroeconomic circumstances, a circular on “Guidelines for the Establishment of Business Revival Units in LBs” was issued. Further, the Banking Act Directions on Capital Requirements Under Basel III for LBs were amended providing a concessional risk weight to the exposures guaranteed by the National Credit Guarantee Institution Limited (NCGIL) and including NCGIL in the indicative list of Financial Institutions (FIs). The Central Bank continued its efforts to support economic sectors by outlining relief measures for Small and Medium Enterprises (SMEs) affected by the Easter Sunday attack, the COVID-19 pandemic, and recent extraordinary macroeconomic conditions and accordingly issued a Circular on Relief Measures to Assist the Affected SMEs.

Further, the Central Bank has introduced a range of regulatory measures from time to time to ensure the smooth functioning of the banking system. These policy measures include specifying publication formats for the quarterly and annual financial statements of

⁶ https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/fsr/fsr_2024e.pdf

LBs, issuing a Banking Act Determination on the minimum number of BODs of selected LBs and issuing guidelines for the establishment of mobile banking units by LCBs.

Policies Related to Finance Companies

In pursuit of strengthening the risk management framework within the Finance Companies (FCs), the Central Bank issued two directions addressing credit risk and operational risk management.

These frameworks covered critical aspects, including the formulation of risk management strategies, policies and procedures, governance structures and systems to manage the potential risks that could arise to the sector. Further, to uphold the data quality, FCs were mandated to ensure timely, accurate, consistent and complete reporting of information through the issuance of a Direction on "Periodic Reporting Requirements".

To enhance financial stability and ensure fair market practices, key regulatory measures were implemented to strengthen deposit solicitation practices and remuneration policies within FCs. As stipulated in the Direction on "Deposit Solicitation by FCs", it is envisaged to safeguard the depositors through promoting fair competition among FCs by distinctively addressing the conditions for acceptance of deposits, publishing advertisements and offering incentive schemes for deposit solicitation. Moreover, several actions were undertaken during the year to ensure the consistency, fairness and transparency of remunerating the directors and senior management of FCs, through the guideline on "Remuneration Policies and Disclosure Requirements".

The consolidation and regulatory oversight of Non-Bank Financial Institutions (NBFIs) progressed with the successful completion of Phase I and the introduction of Phase II,

alongside enforcement actions to address non-compliances and financial stability concerns. The Masterplan Phase I for the Consolidation of NBFIs which was commenced in 2020 was concluded by accomplishing the desired outcomes stipulated therein, and the revised framework for the Phase II was introduced to FCs in December 2024 with a three-year execution period. Regulatory actions continued during the year on FCs that were non-compliant with capital requirements, in line with prompt corrective action framework and other regulatory requirements. Restrictions imposed on deposits and accommodation were lifted for certain FCs after they complied with prudential directions. Further, resolution actions for failed FCs were pursued, with several discussions held with liquidators of such companies to expedite the liquidation process.

Public Debt Management Policies

The implementation of the Public Debt Management Act, No. 33 of 2024 (PDM Act) marks a significant transition in the management of public debt in the country.

The PDM Act was enacted on 18 June 2024, and came into operation on 25 November 2024, as declared by the Minister of Finance through a Gazette notification. In accordance with the provisions of the PDM Act, the Public Debt Management Office (PDMO) was established on 02 December 2024 under the Ministry of Finance. As per Section 132 of CBA, the Central Bank shall continue to issue securities of the Government for the account of the Government and manage public debt, until such date as the relevant law relating to the public debt management agency or office comes into operation. As per Section 37 of the PDM Act, the applicability of Section 132 of the CBA shall come into operation on such date as the Minister may appoint by an Order published in the Gazette, within a period of 18 months from the appointed date of the PDM Act, providing leeway of 18 months for the PDMO to be fully

operational. Thus, the Public Debt Department of the Central Bank is required to discharge its functions as defined in the relevant legislation, up to a maximum of 18 months from the date of appointment of the PDM Act, i.e., 25 November 2024.

Policies for Financial Inclusion

Following the enactment of the CBA, the advancement of financial inclusion in Sri Lanka has emerged as a key policy priority of the Central Bank, aligned with the priority for a more equitable and sustainable financial ecosystem. The National Financial Inclusion Strategy (NFIS) Action Plan, initiated in 2021, continued to operate successfully through collaborative efforts with stakeholders. The Financial Literacy Roadmap for Sri Lanka, launched in May 2024, aims to cultivate a financially literate and capable society.

In continuation of the policy established in 2023, the discontinuation of Central Bank funded loan schemes for Micro, Small, and Medium Enterprises (MSMEs) remained in effect throughout 2024. This aligns with the Governing Board's decision to suspend loan schemes funded by the Government and Donor Agencies, with the strategic intention of gradually phasing out the Central Bank's MSME lending activities. Nevertheless, the Central Bank maintains an active role in MSME policy formulation processes led by the Government.

Payments and Settlements related Policies

The Central Bank implemented a range of policy measures during the year to promote digital payments while ensuring the safety and stability of payment systems. As part of its ongoing initiatives, the Central Bank

implemented ISO 20022 messaging standard for domestic high value payments in line with the international best practices. Further, to promote retail digital payments, the maximum per transaction limit of LANKAQR was increased from Rs. 200,000 to Rs. 500,000 and the Merchant Discount Rate (MDR) for LANKAQR transactions was set at a maximum limit of 1% of the transaction amount.

With the aim of enabling online payments to government institutions and enhancing efficiency and accessibility for the public, the Central Bank facilitated the implementation of GovPay, by directing all LBs to offer this facility in their internet banking platforms and mobile payment applications. GovPay enables government institutions without their own IT systems to accept instant digital payments from the public, particularly at the local government level.

Several measures were implemented by the Central Bank to strengthen the security of digital payments, enhance the quality of digital transactions, and increase customer confidence in digital payment methods. Payment authorisation was strengthened by requiring all JustPay enabled mobile applications to request a One-Time Password (OTP) for transactions equal to or exceeding Rs. 10,000. To safeguard Current Account/Savings Account (CASA) of customers linked to mobile payment applications from unauthorised access, the Central Bank directed Mobile Payment Application Providers (MPAPs) to enhance customer identification by verifying customer information during registration. In addition to the above, Money or Value Transfer Service (MVTs) Providers Regulations No. 01 of 2024 was issued to register MVTs providers, to provide the opportunity to formalise their operations and engage in the money transfer business through formal channels.

Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT)

The Financial Intelligence Unit (FIU) of Sri Lanka has commenced the update of the National Risk Assessment (NRA) after which the National AML/CFT policy will be updated. The update will include new modules on Tax and Proliferation Financing and is scheduled to be completed by mid-2025. The findings of the previous NRA 2021/22 played a significant role in shaping Sri Lanka's National AML/CFT Policy for 2023-2028. Aiming at effective implementation of the policies, the FIU developed Stakeholder-wise Action Plans for 24 relevant institutions/authorities, reinforcing Sri Lanka's compliance with global AML/CFT standards. The Cabinet appointed AML/CFT Task Force conducted 39 stakeholder meetings during the year to track implementation progress of the Action Plan, ensuring alignment with National AML/CFT Policy objectives and regulatory expectations. Additionally, in preparation for the third Mutual Evaluation by the Asia Pacific Group on Money Laundering (APG) due to commence in March 2026, the Central Bank as a prudential supervisor continued to strengthen regulatory frameworks and enhance compliance oversight across FIs.

As part of its regulatory oversight, the FIU issued several key circulars in 2024 to enhance compliance with the Financial Transactions Reporting Act, No. 06 of 2006 (FTRA), Customer Due Diligence (CDD) obligations for FIs and insurance companies, and compliance requirements for restricted dealers and dealers in precious metals and stones. These measures form part of a broader strategy to strengthen the regulatory policies of the Central Bank, reinforce financial sector integrity, and ensure adherence to international AML/CFT best practices. Collectively, these initiatives reflect the Central Bank's ongoing commitment to maintaining

financial stability, enhancing risk management, and safeguarding the economy from illicit financial flows.

Policies for Financial Consumer Protection

The Central Bank has taken decisive steps in 2024 to bolster financial consumer protection within the country's financial sector. A major milestone in this effort was the full enforcement of Financial Consumer Protection (FCP) Regulations on August 9, 2024. These regulations serve as a critical framework for promoting fairness, transparency, and accountability in financial services, ensuring that consumers are treated equitably and have access to clear, accurate information.

One of the key aspects of these regulations is the empowerment of the Central Bank to conduct comprehensive market conduct supervision. This initiative enables the Central Bank to actively monitor FI's adherence to FCP regulations and assess their effectiveness in safeguarding consumer rights. By conducting systematic evaluations, the regulatory body can identify potential gaps or challenges in implementation and use these insights to refine and enhance future regulations on market conduct.

Policies on Deposit Insurance and Resolution of Financial Institutions

In 2024, the Central Bank made significant strides in strengthening the resolution framework for LBs under the Banking (Special Provisions) Act, No. 17 of 2023 (BSPA). The resolution policy was developed in line with the BSPA, laying the groundwork for effective resolution strategies. Resolution triggers for LBs were successfully established to enable early intervention and manage financial distress proactively. The Central Bank also issued Directions for gathering primary

data from LBs to support resolution planning purposes. Additionally, resolution plans for selected LBs are being developed to ensure an orderly process in case of distress. The Central Bank issued the Banking (Special Provisions) Act Direction No. 02 of 2024 to Member Institutions (MIs) of the Sri Lanka Deposit Insurance Scheme (SLDIS) to strengthen the deposit insurance function.

As part of the Financial Sector Safety Net Strengthening Project (FSSNP) and in line with international best practices, new Guidelines on the Reimbursement

of Insured Deposits under SLDIS were introduced. These guidelines aim to streamline and expedite the claims filing and processing procedures, offering greater benefits to insured depositors. Additionally, to further refine and effectively address the limitations, the Central Bank issued Operating Instructions No. 01 of 2024 on the Mandatory Recording of Unique Identification Numbers (UINs) of Depositors by LBs and FCs. This directive aims to enhance the efficiency and effectiveness of the compensation payment process while simplifying the process of identifying depositors.



Featured Box Article

Major Economic Policy Measures Implemented by or Related to the Central Bank of Sri Lanka¹

3

Monetary Policy

09 February 2024	With effect from the reserve maintenance period commencing 16 February 2024, the restriction on the Standing Lending Facility (SLF) was removed and the restriction on Standing Deposit Facility (SDF) was relaxed from five times (05) to ten times (10) during a calendar month. ²
26 March 2024	With effect from 01 April 2024, the remaining restrictions on the usage of SDF was removed. Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) were reduced by 50 bps to 8.50% and 9.50%, respectively.
24 July 2024	SDFR and SLFR were reduced by 25 bps to 8.25% and 9.25%, respectively.
27 November 2024	The Central Bank moved to a single policy interest rate mechanism from its dual policy interest rate mechanism. Accordingly, the Overnight Policy Rate (OPR) was introduced, as the Central Bank's primary monetary policy tool to signal and operationalise its monetary policy stance and set at 8.00% reflecting an effective reduction of 50 bps. Further, SDFR and SLFR were linked to the OPR with a margin of \pm 50 bps and set at 7.50% and 8.50%, respectively. ³

Special Credit Schemes

03 January 2024	The Governing Board (GB) of Central Bank of Sri Lanka (CBSL) took a policy decision not to implement new Government and Donor funded loan schemes in the future. However, CBSL will continue to operate the existing loan schemes until the conclusion of such schemes.
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Payments and Settlements

20 April 2024	Money or Value Transfer Service (MVTS) Providers Regulations No. 1 of 2024 was issued under the provisions of the Payment and Settlement Systems Act, No. 28 of 2005. Accordingly, effective from 03 June 2024, these regulations require all MVTS providers to be registered and be monitored, offering unregistered or unlicensed MVTS providers the opportunity to formalise their operations and engage in the money transfer business through formal channels.
03 December 2024	CBSL instructed all Mobile Payment Application Providers (MPAPs) to establish a suitable mechanism to obtain information to identify the user and verify the information provided by users when registering for Payment Apps in order to safeguard Current Accounts/Savings Accounts (CASA) of customers from unauthorised access, effective from 31 March 2025. Further, MPAPs were instructed to ensure the user of the Payment App and the owner of the CASA is the same when a CASA is linked to a JustPay enabled Payment App.
27 January 2025	In order to encourage adoption of digital transactions, the CBSL mandated a maximum per transaction fee of Rs. 15/- for the payments effected through GovPay, the platform for making digital payments to the government institutions which do not have an internal Information and Telecommunication (IT) system with effective from 01 February 2025.

¹ Includes major economic policy measures implemented since 01 January 2024 until 15 March 2025 and policy measures that are to be implemented in the near future.

² Restrictions on Standing Facilities were imposed effective since 16 January 2023, in view of reducing the over reliance of participating institutions on Standing Facilities of the Central Bank.

³ SDFR and SLFR are no longer considered as policy interest rates of the CBSL, but continue to serve as the rates applicable for Standing Facilities for participatory institutions.

A detailed version of policy measures implemented by or related to the Central Bank of Sri Lanka and major fiscal policy measures implemented since 01 January 2024 until 15 March 2025 are available online

Path - Main Menu → Publications → Economic and Financial Reports → Annual Economic Review → Annual Economic Review 2024 → Major Economic Policy Measures

Link - <https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-economic-review/annual-economic-review-2024/major-economic-policy-measures>



Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT)

01 April 2024	Circular 01/2024 – Compliance with the Reporting Requirements under the Financial Transactions Reporting Act, No. 6 of 2006 was issued.
05 September 2024	Circular 02/2024 – Compliance with the Rules on Customer Due Diligence for Financial Institutions was issued.
19 September 2024	Circular 02A/2024 – Compliance with the Rules on Customer Due Diligence for Insurance Companies was issued.
02 October 2024	Circular 03/2024 – Ensuring Institutional Compliance of the Restricted Dealers with the provisions of the Financial Transactions Reporting Act, No. 6 of 2006 was issued.
04 November 2024	Circular 04/2024 – Compliance with the Financial Transaction Reporting Act, No. 6 of 2006 and the Designated Non-Finance Business (Customer Due Diligence) Rules, No. 1 of 2018 was issued.

Foreign Exchange Management and International Operations

01 January 2024	Directions No. 01 of 2024 were issued under the provisions of the Foreign Exchange Act, No. 12 of 2017, to amend Directions No. 01 of 2023 dated 27 February 2023 issued on 'Special Foreign Currency Accounts - Investee to facilitate current transactions', extending the validity period of opening these accounts until 30 June 2024.
15 February 2024	Regulations published in the Extraordinary Gazette Notifications No. 2371/33 dated 15 February 2024, were issued under Section 29 read with Section 07 of the Foreign Exchange Act, No. 12 of 2017, to amend Regulations No. 2 of 2021 published in the Extraordinary Gazette Notifications No. 2213/35 dated 03 February 2021, as amended, permitting non-residents to acquire, hold, divest or pledge as collateral any securities listed in the Colombo Stock Exchange under "Securities Borrowing and Lending" transactions in terms of the rules promulgated by a clearing house licensed under the Securities and Exchange Commission of Sri Lanka Act, No. 19 of 2021. Directions No. 02 of 2024 concerning this measure were issued to Authorised Dealers on 20 March 2024.
16 February 2024	Regulations published in the Extraordinary Gazette Notifications No. 2371/48 dated 16 February 2024, were issued under Section 29 read with Section 07 of the Foreign Exchange Act, No. 12 of 2017, to amend Regulations No. 2 of 2021 published in the Extraordinary Gazette Notifications No. 2213/35 dated 03 February 2021, as amended, repealing the permission for resident companies to obtain loans with a tenure of less than three years from non-residents and permitting to make repayments to non-residents for such already obtained loans by way of conversion of Sri Lanka Rupees where the resident company has no sufficient foreign exchange balances/cash flows. Directions No. 03 of 2024 concerning this measure were issued to Authorised Dealers on 20 March 2024. Regulations published in the Extraordinary Gazette Notifications No. 2371/49 dated 16 February 2024, were issued under Section 29 read with Section 07 of the Foreign Exchange Act, No. 12 of 2017, to amend Regulations No. 2 of 2021 published in the Extraordinary Gazette Notifications No. 2213/35 dated 03 February 2021, as amended, permitting to pay income or maturity proceeds of listed debt securities or listed shares held by non-residents, by way of conversion of Sri Lanka Rupees where the investee has no sufficient foreign exchange balances/cash flows. Directions No. 04 of 2024 concerning this measure were issued to Authorised Dealers on 20 March 2024. Regulations published in the Extraordinary Gazette Notifications No. 2371/50 dated 16 February 2024, were issued under Section 29 read with Section 07 of the Foreign Exchange Act, No. 12 of 2017, to repeal the Regulations No. 6 of 2021 published in the Extraordinary Gazette Notifications No. 2234/20 of 30 June 2021, concerning the permission for resident companies to invest in International Sovereign Bonds (ISBs) utilising the proceeds of loans obtained from non-residents.

18 June 2024	Order published in the Extraordinary Gazette Notifications No. 2389/08 dated 18 June 2024, was issued under Section 22 of the Foreign Exchange Act, No. 12 of 2017, relaxing several capital flow measures imposed under the previous Order, published in the Extraordinary Gazette Notifications No. 2363/26 dated 20 December 2023.
01 July 2024	The "Repatriation of Export Proceeds into Sri Lanka Rules No. 01 of 2024" published in the Extraordinary Gazette Notifications No. 2391/02 dated 01 July 2024, were issued under the provisions of Central Bank Act, No. 16 of 2023, extending the time period for mandatory conversion requirement for residual of export proceeds to the 10th day of the month following the expiration of three calendar months (including the month of receipt) from the date of receipt as against the period of 07th day of the following month, which had been stipulated in the previous Rules. Upon parliamentary approval, these rules came into effect on 04 September 2024.
01 August 2024	Directions No. 05 of 2024 and Directions No. 06 of 2024 were issued under the provisions of the Foreign Exchange Act, No. 12 of 2017 facilitating the transactions of the foreigners who obtain the resident visa under the special visa programmes implemented by the Department of Emigration and Immigration.
19 December 2024	Order published in the Extraordinary Gazette Notifications No. 2415/56 dated 19 December 2024, was issued under Section 22 of the Foreign Exchange Act, No. 12 of 2017, extending the capital flow measures imposed under the previous Order published in the Extraordinary Gazette Notifications No. 2389/08 dated 18 June 2024 for further 6 months while addressing certain shortcomings of such measures.

Public Debt Management

11 March 2024	<p>The amount offered at Phase II of T-bill auctions has been reduced to the aggregate auction shortfall at Phase I and 10% of the aggregate amount offered or Rs. 5.0 bn (whichever is higher) in terms of the amended Directions issued on 07 March 2024 which was in force effective from 11 March 2024.</p> <p>The amount offered at Direct Issuance Window (DIW) of Treasury bond auctions has been reduced to 10 per cent of the amount offered from International Securities Identification Numbers (ISINs), which are fully accepted at Phase I in terms of the amended Directions issued on 07 March 2024, which was in force effective from 11 March 2024.</p>
01 April 2024	Dispatching of printed periodic statements of government securities investments was discontinued and replaced by converting fully into the e- statement facility, where recording of valid email addresses are mandatory for all the Securities account holders in LankaSecure system.
20 December 2024	<p>The ISBs exchange under the External Debt Restructuring Programme was executed with the participation of 97.86% of the eligible bondholders.</p> <p>During the exchange, bondholders were issued four (04) Step-up Macro-linked bonds, one Step-up Governance-linked bond, one step up USD bond and a bond to cover Past Due Interest (PDI) maturing in 2028 as given below.</p>

Description	Coupon rate (%)	Principal Amount (USD)
PDI Bonds due 2028	4.0	1,647,735,257
Step-Up Macro-Linked Bonds due 2030	3.1	1,086,993,557
Step-Up Macro-Linked Bonds due 2033	3.35	2,132,120,275
Step-Up Macro-Linked Bonds due 2036	3.6	999,165,345
Step-Up Macro-Linked Bonds due 2038	3.6	1,999,171,191
Step-Up Governance-Linked Bonds due 2035	3.6	1,439,672,065
USD Step-Up Bonds due 2038	1.0	1,126,487,250

Source: Ministry of Finance, Planning and Economic Development

In addition to the above, to provide an exchange fee for the bond holders whose Instructions with regards to a series of existing bonds are validly delivered at or prior to the expiration deadline of the exchange offer, USD denominated "Exchange fee" bonds were issued amounting to USD 215,237,873 due in 2024. Further, SLFR linked eight (08) new Treasury Bonds were issued for the implementation of the local option of the restructuring of ISBs amounting to Rs. 155,728.6 mn.

30 December 2024

Implementation of LKR loan settlement by issuing five (05) new SLFR linked Treasury Bonds in restructuring of the Ceylon Petroleum Corporation loans.

Financial Sector

Licensed Banks

25 March 2024

Banking Act Directions were issued on "Large Exposures of Licensed Banks," to be implemented effective from 01 January 2026, with a view to mitigating the potential credit concentration risks, in order to ensure safety and soundness and to preserve public confidence in the banking sector.

28 March 2024

Circular was issued on "Guidelines for the Establishment of Business Revival Units in Licensed Banks", with a view to facilitating the sustainable economic revival of businesses affected by the extraordinary macroeconomic circumstances, and to ensure the proper handling of the increased impaired assets of licensed banks, while strengthening and reformulating already established Post COVID-19 Revival Units of licensed banks as business revival units.

13 June 2024

Banking Act Determination was issued on "Statutory Liquidity Ratios of Licensed Banks", determining that every licensed bank shall maintain Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as the statutory liquidity ratios of banks, discontinuing the maintenance of Statutory Liquid Assets Ratio (SLAR), in terms of the Section 21(1) and 76(H) of the Banking Act No. 30 of 1988, as amended by the Banking (Amendment) Act, No.24 of 2024.

14 June 2024

Banking Act Directions were issued on "Off-shore Banking Business of Licensed Commercial Banks" with a view to facilitating the conduct of off-shore banking business, with the implementation of the Banking (Amendment) Act No.24 of 2024. These Directions also specify the authorised businesses, eligible customers for the purpose of carrying on off-shore banking business, permitted transactions, and granting of accommodation under off-shore Banking Business. Further, Banking Act Order was issued revoking (Off-shore Banking Business Scheme) Orders and other instructions applicable to Off-shore Banking Units of LCBs.

15 June 2024

The Banking (Amendment) Bill which was drafted to strengthen the legal and regulatory framework for licensed banks, was approved by the Parliament on 02 April 2024 and came into operation as the Banking (Amendment) Act, No. 24 of 2024 on the appointed date of 15 June 2024. These amendments strengthen the areas of inter alia minimum licensing requirements, criteria for shareholder suitability, bank ownership, acquisitions, mergers and consolidation, consolidated supervision, proportionality, requirements on accounts and audit, large exposure, related party transactions, corporate governance, offshore banking business, etc.

19 July 2024

Amendments to the Banking Act Directions No. 01 of 2016 on "Capital Requirements under Basel III for Licensed Commercial Banks and Licensed Specialised Banks" were issued assigning a risk weight of 20% for the portion of exposures guaranteed by National Credit Guarantee Institution Limited (NCGIL) and including NCGIL in the indicative list of Financial Institutions for the purpose of the cited Directions.

30 September 2024

Banking Act Directions on "Corporate Governance for Licensed Banks" were issued with a view to further strengthening corporate governance processes and practices in licensed banks mainly through improving the composition and independence of the Board of Directors, ensuring the effective functioning of Board sub-committees, enhancing the effectiveness of risk oversight and control functions including improved oversight of related party transactions.

01 October 2024	Banking Act Determination was issued specifying related parties of licensed banks and approved securities in respect of accommodation granted to such related parties, with a view to mitigating potential conflicts of interest and preventing the extension of more favorable treatment to related parties of licensed banks. Further, previous Directions issued in this regard were revoked.
03 October 2024	Gazette was published, specifying approved limits with respect to accommodation granted by licensed banks to related parties of such banks.
19 December 2024	Circular was issued highlighting relief measures to be provided to Small and Medium Enterprises affected due to the Easter Sunday attack, COVID-19 pandemic and the extraordinary macroeconomic conditions that prevailed during the recent past, as agreed by the Sri Lanka Banks' Association (Guarantee) Ltd.
01 January 2025	An addendum to the Circular No. 04 of 2024 on "Relief Measures to Assist the Affected Small and Medium Enterprises" was issued further clarifying its content with a view to ensuring effective implementation of the specified relief measures in a consistent manner across all licensed banks.
Forthcoming	An addendum to Directions on Corporate Governance for Licensed Banks. Directions on Outsourcing Business Operations. Framework on Market Driven Consolidation.

Finance Companies (FCs), Specialised Leasing Company (SLC), Licensed Microfinance Companies (LMFCs), and Primary Dealer Companies (PDCs)

13 February 2024	A Direction was issued on periodic reporting requirements with the objective of obtaining timely, accurate, consistent and complete information of FCs to ascertain the manner in which the business and corporate affairs of FCs are being conducted or for any other specified purpose.
03 May 2024	A Direction was issued on credit risk management with a view to establishing a sound credit risk management framework through formulation of a credit risk management strategy, credit risk management policy, credit risk governance structure including prudential limits, and ensuring availability of an effective system in place to identify, measure, monitor and control the credit risk.
23 October 2024	Guidelines on remuneration policies and disclosure requirements were issued with the objective of improving consistency, fairness and transparency in remunerating the directors and senior management of FCs.
21 November 2024	A direction was issued on deposit solicitation by FCs with a view to protecting depositors and promoting fair competition among FCs by specifying the conditions for acceptance of deposits, publishing of advertisements and offering incentive schemes for solicitation of deposits.
29 November 2024	A direction was issued on operational risk management to establish a sound operational risk management framework through formulation of operational risk management policy and procedures, operational risk governance structure and effective operational risk management processes across FCs to identify, assess, monitor and report, and control and mitigate operational risk while ensuring delivery of uninterrupted services to the customers.
27 December 2024	With the conclusion of the Phase I of the Masterplan, the revised framework of the Phase II of the Masterplan was introduced to FC sector aiming to develop a more resilient FC sector in the medium to long term. The revised framework has an execution period of three-years, spanning from 31 March 2025 to 31 March 2028.
Forthcoming	Amending the existing regulatory framework in line with the current market developments, including amendments to FBA and FLA.

Other Financial Sector Related Policy Measures**Financial Sector Safety Net Strengthening Project (FSSNP) of the World Bank**

The following Loan Agreements were signed between the International Development Association (IDA) of the World Bank, the Ministry of Finance, Planning and Economic Development (MOF)⁴ and the CBSL under the FSSNP of the World Bank.

31 January 2024	Financing Agreement signed between IDA and the MOF ⁴
01 February 2024	Project Agreement signed between IDA and the CBSL
06 February 2024	Subsidiary Agreement signed between the MOF ⁴ and the CBSL
10 April 2024	The Market Conduct Supervision Division has been established under the Financial Consumer Protection Regulations (FCPR) to strengthen regulatory oversight and ensure fair treatment of financial consumers by monitoring, assessing, and enforcing compliance with market conduct standards among financial institutions regulated by the CBSL.
21 May 2024	The Financial Literacy Roadmap of Sri Lanka (2024-2028) was launched under the National Financial Inclusion Strategy (NFIS) to provide unified policy direction for stakeholders in financial literacy initiatives, aiming to improve the financial behaviour and resilience of Sri Lankans.
17 July 2024	<p>Financial Sector Stability and Crisis Management</p> <p>CBSL strengthened the resolution framework under the BSPA to enhance crisis preparedness. The development of a comprehensive Resolution Policy aligns Sri Lanka's financial stability framework with global best practices, ensuring a proactive approach to handle distressed financial institutions.</p>
08 August 2024	The Financial Consumer Protection Regulation No. 01 of 2023, issued on 08 August 2023, came into partial effect from 08 February 2024 and full effect on 08 August 2024.
01 November 2024	Regional Development Department (RDD) of CBSL made necessary arrangements to revamp the activities of the Credit Counselling Centre (CCC) with the Sri Lanka Banks' Association Ltd. (SLBA), thereby contributing the objective of ensuring financial system stability as stipulated in the Central Bank of Sri Lanka Act, No 16 of 2023.

⁴ At the time of signing agreements, the name of the ministry was the "Ministry of Finance, Economic Stabilization and National Polices

Chapter 4

MACROECONOMIC OUTLOOK

Summary

With restored macroeconomic stability and the gradual dissipation of domestic uncertainties, the Sri Lankan economy is expected to continue its recovery path. Though possible headwinds from the global economy could weigh on the economic outlook, timely, proactive and reactive policy measures are expected to soften any adverse impacts. Economic growth in the near to medium term is envisaged to be buoyed by the low and stable inflation, lower interest rate environment, positive market sentiments and stable economic and political conditions. Current deflationary conditions are expected to dissipate within the first half of 2025, and inflation is expected to stabilise around the targeted level of 5% in the medium term. Geopolitical conflicts, effects of the US policy adjustments and retaliatory measures by other major economies, as well as climate change induced weather disturbances, could pose risks to the growth and inflation forecasts. The Central Bank's monetary policy measures would continue to be forward looking and data driven. Private sector credit growth is anticipated to remain healthy in the backdrop of lower interest rates and the easing of crowding out pressures. The exposure of the banking sector to the public sector is likely to remain modest, largely supported by envisaged improvements in fiscal performance. On the external front, the trade deficit is expected to widen with the removal of restrictions on motor vehicle imports and the revival of economic activity but would remain at a manageable level with the envisaged healthy growth in foreign exchange inflows. Supported by the rising tourism earnings, strong performance in other services exports, steady growth in remittances, and reduced burden on the primary income account after debt restructuring, the external current account is likely to record a surplus, though marginal, for the third consecutive year in 2025. Beyond 2025, the external current account is expected to remain in deficit, but at a sustainable level. Meanwhile, the external financial account is anticipated to reflect net inflows, bolstered by the expected restoration of debt sustainability and the continuation of International Monetary Fund-Extended Fund Facility (IMF-EFF) programme. The Central Bank will continue to implement a flexible exchange rate regime while building external buffers over the medium term, creating a cushion to withstand external shocks. The fiscal sector, which recorded a notable turnaround during the past two years, is expected to continue its healthy performance in the forthcoming years, buttressed by the new legislative framework for public financial management and the ongoing reform agenda. Meanwhile, financial sector performance is expected to remain healthy in the coming

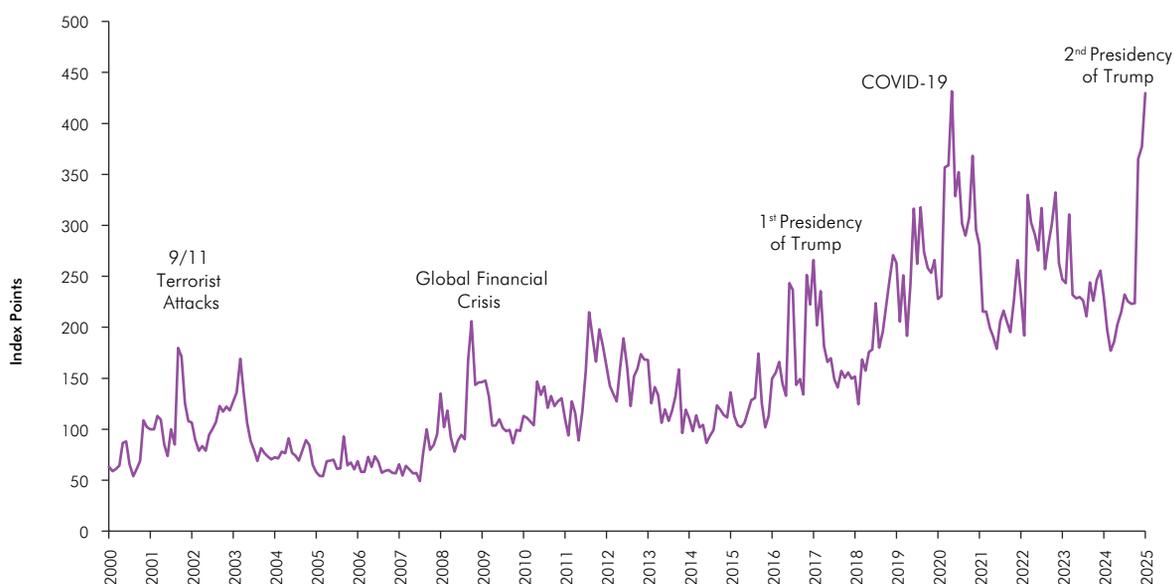
period with the improved macro financial conditions. The risk levels of credit portfolios of the financial institutions would reduce with the improved repayment capacity of the borrowers amidst steady recovery of economic activities and a low interest rate structure. The Central Bank's continued efforts for strengthening legislative and regulatory framework, improving supervision and consolidation of the financial sector would fortify the stability and resilience of the financial system. Given the restoration of economic stability to a greater extent, continuation of the IMF-EFF programme, and implementation of necessary structural reforms will help the Sri Lankan economy to achieve a sustainable growth in the medium term.

4.1 Global Economic Environment and Outlook

Global economic uncertainty remains high as shifting trade policy dynamics and escalating geopolitical tensions increase the geoeconomic fragmentation, weighing on global growth prospects, financial conditions, and international cooperation. According to the World Economic Outlook (WEO) update of the IMF released in January 2025, global growth was estimated to have moderated from 3.3% in 2023 to 3.2% in 2024 and it was projected to remain subdued, at 3.3% in both 2025 and 2026, below the historical average of 3.7% (2000–2019). However, the global political

and economic landscape has changed notably since, suggesting possible revisions to these projections in the period ahead. The lingering uncertainty is mainly stemming from the scale and pace of policy shifts by the US government and countermeasures by other nations. There are indications of a reciprocal tariff regime, although no formal announcement has been made at the time of finalising this Report. Moreover, the US administration has set out an import substitution agenda aimed at boosting US manufacturing and reducing the trade deficit, while also planning to withdraw from some of its international commitments related to foreign aid, climate change and sustainable development.

Figure 4.1: Global Economic Policy Uncertainty Index



Source: Baker, Scott R.; Bloom, Nick; Davis, Stephen J. via Federal Reserve Economic Data

The ongoing global policy shifts are set to reshape the global economic outlook driven by trade uncertainty, supply chain disruptions, inflationary pressures, and changes in foreign aid distribution and capital flows. One of the most immediate consequences of US policy changes is heightened trade uncertainty, which may disrupt global value chains and distort global trade flows. US tariff increases have triggered retaliatory trade actions by affected economies that may act as a drag, particularly on global investment and trade, potentially leading to slower global growth. The Federal Reserve's latest economic projections released in March 2025 reveal expectations of slower growth in the US economy from a growth rate of 2.5% in 2024 to 1.7% projected for 2025, reflecting the expected impact of new US tariffs and consequential retaliation. Countries with strong trade linkages with the US are expected to experience economic headwinds due to rising costs and declining export competitiveness. While Euro zone economies may experience limited direct economic effects from the tariff measures, heightened geopolitical and policy uncertainty could still pose some challenges to the region's growth prospects. Potential aggressive fiscal easing in China could partly cushion the impact of US tariff hikes on China's near-term growth prospects. Moreover, plans by the US to withdraw from international commitments including the United States Agency for International Development (USAID), the World Health Organisation (WHO) and the Paris Agreement on climate change could disrupt global efforts to address critical issues, such as climate change, health crises and sustainable development.

As tariffs continue to rise, the global disinflation trend could be disrupted, leading to renewed inflationary pressures. Tariffs on key imports, including raw materials and commodities like steel and aluminium, may lead to price volatility and inflationary

pressures. While some tariff affected economies may experience lower inflation due to weaker consumer demand and slower growth, some countries may experience pressure on inflation due to retaliatory tariffs, supply disruptions and weaker currencies. However, global energy prices are expected to decline over the next two years, reflecting the weak Chinese demand, possible weakening of global demand for energy and expectations of higher supply from oil exporting countries, including the US. Central banks globally would remain vigilant given heightened uncertainty and the potential for higher trade costs to push up wages and price pressures. While some central banks in tariff affected countries may opt to lower interest rates to stimulate growth, others may consider tightening monetary policy to ensure that underlying inflation pressures are durably contained. However, the risk of prolonged high interest rates could add strain to global financial conditions and capital markets.

The global monetary policy stance, which remained largely tight in early 2024, gradually turned accommodative in the latter half of the year and early 2025 as inflationary concerns moderated amidst the slowing of economic activity. Despite the moderation of headline inflation, advanced economy central banks were reluctant to ease monetary policy until strong evidence of contained inflationary pressures was seen. Moreover, rigid core inflation and strong labour market conditions led advanced economy central banks to adopt a more cautious approach to their monetary policymaking in early 2024. However, as economic activity slowed alongside a benign outlook on inflation, a gradual easing of monetary policy was effected in the latter part of 2024 and early 2025. Meanwhile, the monetary policy stance of emerging market economies has been mixed during 2024 and early 2025. While weak domestic demand and subdued inflation drove some central banks to adopt a loose monetary

policy stance, others kept monetary policy tight to manage inflationary pressures arising from volatile food and energy prices and stabilise domestic currencies amidst global economic uncertainty. Going forward, factors such as geopolitical uncertainties, global supply chain disruptions, currency fluctuations and their impact on inflation could influence the course of policy action pursued by central banks worldwide.

Rising protectionism, geopolitical uncertainty and weaker global growth prospects could affect the Sri Lankan economy through multiple channels.

One of the primary channels of concern is trade, as the evolving US tariff policies may have implications on Sri Lanka's export dynamics. On average, Sri Lanka's exports and imports to and from the US amount to around USD 3 bn and USD 0.5 bn, respectively, resulting in a trade surplus of around USD 2.5 bn in favour of Sri Lanka. Any reciprocal tariff imposed and implemented on Sri Lanka's exports by the US could have a notable impact on the country's export sector. In addition, potential impact of US policy adjustments on Sri Lanka's other major trading partners could also weigh negatively on Sri Lanka's exports. The projected decline in global oil prices could have a positive impact on the trade balance. However, workers' remittances to Sri Lanka could be affected due to the possible global economic downturn due to US tariff policies. Similarly, a prolonged period of subdued economic growth in major source countries of Sri Lanka's tourism industry may affect the currently observed positive momentum in the tourism sector. Global monetary policy divergences, driven by US policy shifts, could impact monetary conditions and influence financial flows to Sri Lanka's capital markets. At the time of finalising this Report, the US economic policies and their impact remained uncertain and unpredictable.

Countries worldwide are adopting a cautious approach to navigate the evolving global policy shifts and their potential impacts. Given the uncertainty of the global

environment, actively pursuing new free trade agreements (FTAs) and enhancing policy preparedness to leverage trade diversion opportunities is vital. Revisiting tariff structures in anticipation of reciprocal tariffs is essential, alongside closely monitoring emerging macroeconomic vulnerabilities for early intervention. As economic fragmentation intensifies, countries are considering strengthening regional trade alliances and peer collaborations to reduce reliance on a particular market and foster intra-regional trade. On the other hand, fiscal discipline is needed to ensure debt sustainability, to maintain the ability for governments to react to future shocks and to accommodate current and future spending pressures.

4.2 Domestic Economic Outlook

4.2.1 Inflation Outlook

Following a period of deflation from late 2024 to early 2025, headline inflation is projected to turn positive by mid-2025 and stabilise around the 5% target over the medium term, supported by appropriate policy measures. The deflationary condition witnessed towards the end of 2024 continued into the first three months of 2025. Deflation (y-o-y) in the first quarter of 2025 was deeper than the deflation recorded at the end of 2024. This was mainly influenced by the statistical base effect contributing to lowering y-o-y inflation. In addition, the significant reduction in electricity tariffs effective from January 2025 also contributed to the deflation in the first quarter of 2025. However, headline inflation is forecast to increase from the deflationary conditions and turn positive by around mid-2025. This pickup in headline inflation is expected to be contributed by a faster increase in world food inflation, the gradual development of demand pressures, and the statistical base effect. The current projections indicate a gradual increase in headline inflation until the second half of 2026. However, the increasing trend in headline

inflation is not expected to persist, and it is expected to decline gradually from late 2026, eventually stabilising around the targeted level of 5% over the medium term, supported by appropriate policy measures. Meanwhile, core inflation, which excludes goods and services with volatile prices to derive underlying demand pressures in the economy, is expected to remain broadly steady in the medium term. Similar to headline inflation, core inflation was also affected by the statistical base effect in the first quarter of 2025. This resulted in a temporary dip in core inflation. However, as the core inflation index largely excludes the items in the energy and transport-related category, which are instrumental in driving down headline inflation, the recent reduction in headline inflation is not reflected at a similar magnitude in core inflation. Going forward, core inflation is expected to normalise in the forthcoming period consistent with the target for headline inflation, with a

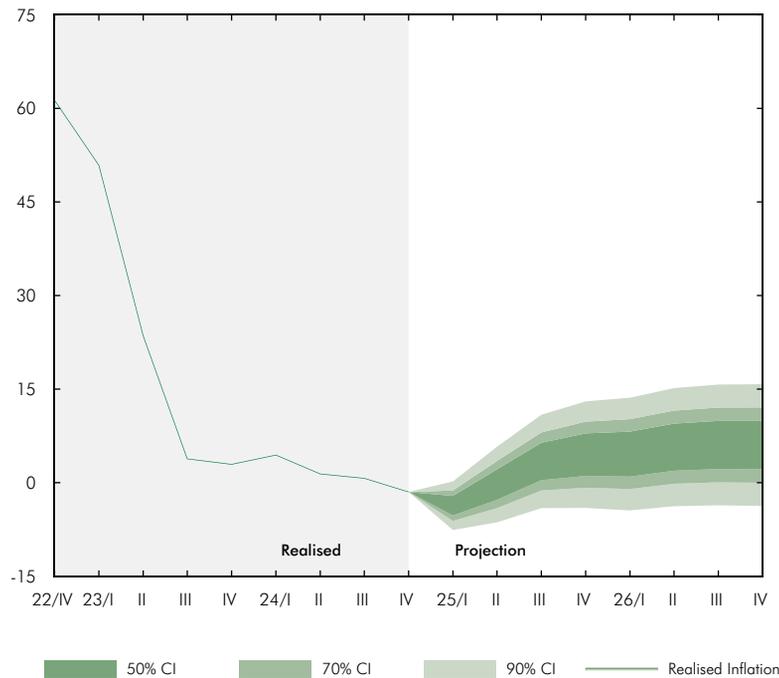
lower degree of volatility. The trajectory of core inflation is expected to be supported by the gradual improvement in demand conditions amidst the expected sustained economic recovery.

Amidst ongoing global economic uncertainties coupled with unfavourable domestic weather conditions, risks to the current projections remain elevated compared to normal times.

These projections hinge on the forecasts of global energy and food prices, the expected economic trajectory of Sri Lanka’s major trading partners, the anticipated domestic fiscal path in line with the IMF-EFF projections, the assumption that electricity and petroleum price adjustments will remain cost reflective, and global financial conditions implied by the monetary policy stance of the US. Further, the projections are conditional on the model-consistent interest rate path and



Figure 4.2: Headline Inflation Projections* (quarterly average, CCPI, y-o-y, %)



*Realised data in Q4 2022 shown in the fan chart is based on CCPI (2013=100, seasonally adjusted), while data after this period are based on CCPI (2021=100, seasonally adjusted).

Note: A forecast is neither a promise nor a commitment

The projections reflect the available data, assumptions and judgements made at the forecast round in March 2025.

The fan chart illustrates the uncertainty surrounding the baseline projection path using confidence bands of gradually fading colours. The confidence intervals (CI) shown on the chart indicate the ranges of values within which inflation may fluctuate over the medium term. For example, the thick green shaded area represents the 50% confidence interval, implying that there is a 50% probability that the realised inflation outcome will be within this interval. The confidence bands show the increasing uncertainty in forecasting inflation over a longer horizon.

resulting macroeconomic responses. Moreover, no major macroeconomic policy shifts are anticipated in the baseline projections. Any notable change in the underlying assumptions and judgements could lead to the realised inflation path deviating from the projected path. Risks to the outlook stem from the possibility of various factors deviating from the levels already internalised in projections, either explicitly or implicitly, and due to any unforeseen developments. In particular, there are substantial upside risks to inflation projections stemming from factors, such as the demand impact of possible higher wages, the impact of the possible adverse weather conditions affecting agricultural production, any possible deviation from the envisaged fiscal consolidation path, and possible rupee depreciation at higher levels. Meanwhile, downside risks to inflation projections include, among others, a further moderation in global commodity prices due to possible global growth slowdown. The Central Bank will continue to communicate to the public the possible deviations in the inflation outlook based on upcoming changes to domestic and global economic conditions at each monetary policy round, underpinned by data-driven monetary policy formulation within the FIT framework.

4.2.2 Monetary Sector Outlook

The Central Bank will continue to adopt a data-driven approach to its monetary policymaking going forward, considering the developments on the domestic front and possible implications of dynamic global economic conditions. Following transitory supply-driven deflation, the inflation is expected to converge toward the target in the latter part of 2025, and the Central Bank will closely monitor potential risks of demand-side pressures in order to take necessary steps to arrest any medium term disruptions to achieve the inflation target. Further, the dynamic economic and financial environment globally

due to the policies that are being adopted by the US and uncertainties surrounding the same could have some implications on the domestic economy and the formulation of monetary policy. Meanwhile, domestic market interest rates are likely to remain stable at low levels, with further downward adjustments to interest rates on selected lending products which currently remain above acceptable levels. Further, yields on government securities are likely to remain normalised supported by accommodative monetary policy, improved fiscal performance and reduced risk premia following sovereign rating upgrades.

Monetary expansion is expected to persist in the period ahead, supported by the eased monetary conditions.

Low levels of interest rates will reduce the cost of borrowing for businesses and households, thereby stimulating the flow of credit for both consumption and other productive sectors of the economy amidst the envisaged expansion of import demand and improved domestic economic activity. In the meantime, the exposure of the banking sector to the public sector is likely to remain modest, largely supported by envisaged improvements in fiscal performance coupled with the ongoing restructuring of State Owned Business Enterprises (SOBEs), availing more credit to the private sector. It is essential to maintain sufficient financial buffers by the Government to smoothen out any volatilities in the yields on government securities. Meanwhile, continued purchases of foreign exchange by the Central Bank to strengthen the international reserves position is expected to further enhance foreign assets of the banking system in the period ahead, thereby enhancing buffers to withstand possible external shocks. As part of the proactive monetary policymaking under the FIT framework along with the flexible exchange rate regime, the Central Bank will continue to communicate its policies and expected macroeconomic outcomes to enhance

transparency and foster public confidence. Strengthening communication efforts will play a crucial role in managing public expectations, thereby supporting the achievement of both price stability and broader macroeconomic stability. As part of these initiatives, the Central Bank will continue the publication of its Monetary Policy Report biannually, in addition to other periodic publications and communiqués to keep all stakeholders informed.

4.2.3 External Sector Outlook

Sri Lanka's external sector is expected to continue its resilience in the near term, while the challenging global economic outlook necessitates timely actions to counter any adverse consequences.

The successful continuation of the IMF-EFF programme and the completion of the external debt restructuring process are expected to support the near-term outlook of the external sector amidst a stable domestic socioeconomic and political environment. However, there are likely near term uncertainties on the external front with expected foreign policy changes in the US. The direct and spillover effects of this on Sri Lanka's external sector is uncertain. The recent dynamics in the external current account and currently available information suggest that the current account would record a surplus in 2025 as well. However, this outlook is subject to global headwinds and domestic responses to these challenges.

In 2025, the merchandise trade deficit is projected to widen due to increased import demand, reflecting the relaxation of import restrictions alongside improved economic activity and higher spending capacity of businesses and households amidst easing monetary conditions. The immediate demand for the vehicle imports remained softer than expected, though a gradual pickup in demand cannot be ruled out. Despite global crude oil prices forecasted to remain lower

in 2025, a slightly higher petroleum import expenditure compared to 2024 is estimated for 2025 due to the increase in volumes that could result from the expected recovery in domestic economic activities and accounting for possible adverse price fluctuations due to geopolitical tensions. Similarly, expenditure on other intermediate goods and investment goods is expected to increase in 2025 in line with the anticipated recovery in economic activity. Overall, the trade deficit is expected to remain at manageable levels in the medium term, supported by a steady expansion in exports despite the persistent growth in imports. The services account surplus is anticipated to strengthen further in 2025 and over the medium term, driven by rising tourism earnings and improved competitiveness in other service exports. Sri Lanka is poised to benefit from the ongoing tourism boom, aided by global recognition for Sri Lanka's tourism and continued initiatives to maximise sectoral potential. Additionally, the services account surplus is expected to be supported by the revival of sea and air transport services and strong performance in the Information Technology and Business Process Outsourcing (IT/BPO) sector. Other services sectors, such as construction, management consulting and architectural and engineering services are also likely to play a prominent role in the medium term. Promotion and facilitation of these emerging sectors with high potential is timely to reach the full benefits for the country. The deficit in the primary income account is likely to narrow in 2025 due to reduced interest payments following the external debt restructuring. However, outflows from the primary income account are expected to increase gradually due to continued interest and dividend outflows from Direct Investment Enterprises (DIEs) that have invested in Sri Lanka. Meanwhile, workers' remittances are expected to increase steadily in 2025 and beyond, helped by the momentum in foreign employment departures and increasing

adoption of formal channels for money transfer by the migrant workers. Overall, the current account is expected to record a surplus in 2025, contingent on the magnitude of the impact of relaxed vehicle import restrictions. Nevertheless, the current account is likely to record sustainable deficits in the medium term.

Inflows to the financial account are expected to be bolstered by positive investor sentiments and proposed reforms on enhancing the business environment.

However, overall inflows to the financial account are likely to remain modest in the near term as there is likely to be some investment uncertainty with the ambiguities in the global growth and financial conditions outlook.

Despite these headwinds, foreign financing assistance from multilateral agencies is anticipated in both the near and medium term, alongside the expected resumption of bilateral funding in the upcoming period. These inflows will not only support the financial account, but also contribute to strengthening the gross official reserves in 2025 and beyond. The materialisation of concerted efforts to improve the investment climate would attract non-debt-creating foreign inflows, particularly foreign direct investments (FDIs), which remained at moderate levels in recent years. Foreign investments in the government securities market and the Colombo Stock Exchange (CSE) are expected to remain modest. Meanwhile, the Central Bank's gross official reserves are projected to improve progressively, driven by anticipated net purchases from the domestic foreign exchange market, while it continues to reduce its foreign liabilities. The Central Bank remains vigilant in building foreign reserve buffers to mitigate potential external sector risks that could arise from a possible surge in imports, upcoming debt repayment commitments, and global geopolitical developments that could exert pressure on the balance of payments (BOP) and the exchange rate in the medium term.

4.2.4 Financial Sector Outlook

The resilience of the financial sector is expected to strengthen further in 2025, driven by the positive impact of macroeconomic recovery, policy actions, and reforms. With the easing of monetary policy, the relaxation of trade-related restrictions, and improvements in the macroeconomic environment, credit growth in both the banking and Finance Companies (FCs) sectors began to recover gradually in 2024. As private sector credit rebounded following a prolonged contraction, the credit cycle transitioned into an expansionary phase. The continued favourable macroeconomic outlook and low interest rates are expected to further support the expansion of private sector credit, sustaining the expansionary phase of the credit cycle. As a result, credit in both the banking and FCs sectors is expected to continue growing. In response, the Central Bank continues to vigilantly monitor the financial system for the emergence of any systemic risks which may arise in the expansionary phase of credit cycle and will utilise its macroprudential policies to mitigate such risks as necessary. Furthermore, as private sector credit picks up, the tilt in Fls' lending exposures to the Government showed signs of correction during 2024. These sovereign credit exposures are expected to further decrease with the anticipated rise in credit demand from households and corporates. The phased adoption of the Large Exposure measure will ensure a gradual reduction in the exposures of Licensed Banks (LBs) to State-Owned Enterprises (SOEs), thereby lowering the sovereign-bank nexus. Although the restructuring of the sovereign debt encompassing the debt of SOEs was completed with minimal impacts to the banking sector, banks shall remain mindful of the sovereign-bank nexus. With the enhanced repayment capacity of the borrowers in a comparatively low-interest rate environment and steady recovery of the economic activities, the quality

of credit portfolios of LBs and FCs is expected to further improve. The restructuring of International Sovereign Bonds (ISBs) positively impacted the foreign currency liquidity levels of banks, as illiquid foreign currency sovereign instruments were exchanged for liquid sovereign instruments. However, banks must manage their foreign currency liquidity positions prudently to guard against risks associated with exchange rate fluctuations, external imbalances and foreign currency funding gaps. The profitability of the banking sector rebounded in 2024, and with favourable macrofinancial conditions in place, the profit outlook for the sector remains positive. Further, in light of recent operational risk related events reported by banks, continued investment in IT systems and cybersecurity is essential to minimise the IT related risks as the reliance on technology-based banking solutions increases.

Resolution plans are being developed for banks, while amendments to the Finance Business Act are underway to establish a resolution framework for FCs, alongside measures to strengthen the Financial Stability Fund with the Government support.

Financial and institutional capacity of the Sri Lanka Deposit Insurance Scheme (SLDIS) is being strengthened through investment project financing from the World Bank and policy-based improvements under the Financial Sector Safety Net Strengthening Project (FSSNP). Further, the Central Bank will continue to strengthen financial consumer protection by advancing complaint handling processes, market conduct supervision, and financial consumer education.

A comprehensive range of structural, legal, and policy-level reforms and innovations will continue to be implemented to safeguard the stability of the financial system. With the successful completion of Phase I of the Consolidation Master Plan, Phase II commenced in December 2024 and is set to continue in 2025, further strengthening the resilience and efficiency of the FCs sector. Significant increase in digital

transactions, alongside a gradual decline in cash and cheque usage for payments, is expected over the medium to long term, largely driven by the growing adoption of the country's Instant Payment System facilitated through online banking and mobile payment applications. The Central Bank plans to increase public awareness initiatives on digital payment methods in the period ahead and will collaborate with FIs to promote digital payment solutions and ensure their secure use while providing affordable and accessible payment services. However, the increasing risks associated with global interconnectedness, including cyber threats and online frauds pose significant challenges to the stability of the financial system. To mitigate these technology-related risks, it is essential to continuously enhance payment and information infrastructure, foster coordinated efforts among stakeholders, and strengthen customer awareness. Furthermore, to strengthen the country's payment systems and mitigate associated risks, the legal and regulatory framework would also need to be updated in parallel to the technological advancements taking place and changing customer demands. Accordingly, a new Payment and Settlement Systems Act will be enacted, further strengthening the regulatory framework applicable to payment systems and associated payment services. It is expected that these measures will ensure payment system stability while ensuring the continued growth of digital payment adoption in Sri Lanka.

Sri Lanka is preparing for its third Mutual Evaluation (ME) in 2026, demonstrating its commitment to strengthen AML/CFT framework in accordance with the global standards. Sri Lanka's performance in this regard is crucial to remain compliant and to avoid being placed on the Financial Actions Task Force (FATF) grey list, which would have significant adverse financial, economic, and reputational consequences. Further, the Central Bank envisages conducting a post-

implementation analysis to assess the overall impact of the existing financial inclusion strategies, followed by a national-level demand-side survey. Phase II of the National Financial Inclusion Strategy (NFIS) is expected to be developed as an evidence-based policy framework and is scheduled for implementation in mid-2026. The Sustainable Finance Roadmap 2.0, developed with the assistance from the International Finance Corporation, will be launched in 2025 and implemented over five years. In collaboration with key financial sector stakeholders, it will address priority environmental and social aspects of sustainable financing.

4.2.5 Fiscal Sector Outlook

The Government's commitment and perseverance towards revenue-based fiscal consolidation and maintenance of fiscal discipline are expected to continue.

The Government's fiscal operations, including the publication of an annual Fiscal Strategy Statement and a rolling five-year Medium-Term Fiscal Framework (MTFF) are mandated under the Public Financial Management Act, No. 44 of 2024 (PFMA). The current fiscal strategy is anchored around revenue-based consolidation, aligned with the quantitative targets of the IMF-EFF programme and the requirements of the PFMA. Accordingly, the MTFF 2024–2029, outlined in the Budget, Economic, and Fiscal Position Report for 2025 published by the Ministry of Finance, Planning and Economic Development, sets out the Government's fiscal targets over the medium term. The Government aims to increase revenue to 15.0% of GDP in 2025 and further enhance it in the medium term, while maintaining primary expenditure below 13.0% of GDP. Efforts will be directed towards containing the overall budget deficit below 5.0% of GDP from 2026 onwards, while striving to maintain a primary surplus of at least 2.3% of GDP from 2025 and beyond. Maintaining fiscal discipline by adhering to the fiscal rule on primary expenditure as stipulated

in the PFMA and achieving a primary surplus are paramount to bring the debt levels to a sustainable trajectory and strengthen fiscal sustainability. Accordingly, the current MTFF also focuses on gradually reducing central government debt to a sustainable level over the medium term. It is noteworthy that the series of reform adjustments under the IMF-EFF programme are yielding positive results in macroeconomic stability and ensuring long-term fiscal and debt sustainability.

Continuation of the ongoing reform agenda is critical to reach revenue targets of the Government as well as to mitigate the fiscal risks in the forthcoming period.

Sri Lanka's fiscal reform journey, initiated in mid-2022 amidst the peak of the economic crisis, has begun to yield tangible results. Over the past two years, government finances have strengthened, marked by consecutive positive primary balance positions for two years, substantial growth in tax revenue collection, and rationalised expenditure, which is a trend unprecedented in recent history. Given that the major tax reforms have already been implemented, expected future growth in revenue mobilisation needs to be achieved through the reforms in tax administration. In this regard, increasing tax compliance, particularly through enhanced Value Added Tax (VAT) adherence, is crucial. Additionally, the introduction of an online portal for simplified individual tax filing, the integration of tax collection processes through the Revenue Administration and Management Information System (RAMIS), alongside the Government's digitalisation drive, are anticipated to strengthen revenue collection. Together with the expected revenue collection from the liberalisation of vehicle imports, these measures are needed to significantly enhance tax collection to reach the ambitious target of 15% of GDP for 2025. Additionally, implementation of necessary reforms of State-Owned Enterprises (SOEs) is critical to improve their financial viability, strengthen governance

and minimise the fiscal risks posed by them. Adherence to cost reflective pricing mechanisms for utilities is paramount to avoid contingent liabilities of the Government and possible pressures on the domestic financial system through increased borrowings by the SOEs.

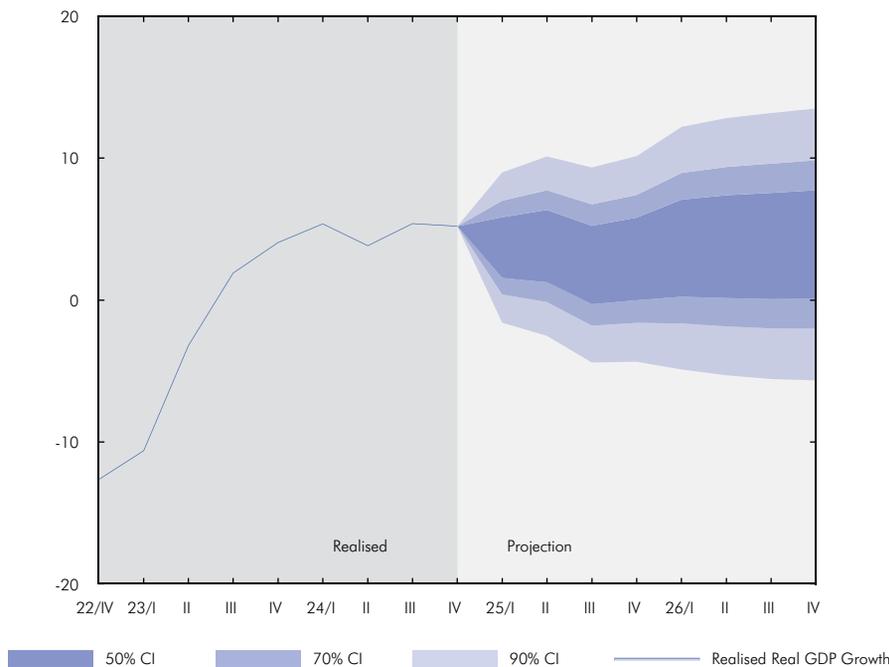
4.2.6 Growth Prospects

With the restoration of macroeconomic stability, the Sri Lankan economy, which recorded a substantial turnaround in 2024, is expected to maintain its positive growth momentum over the medium term.

Economic and political stability, low interest rate and inflation environment and positive investor sentiments are anticipated to spur growth over the medium term. The industry sector is expected to strengthen its growth momentum, especially following the removal of import restrictions, which has improved the availability of inputs. In particular, the construction sector is expected

to record a steady growth, supported by lower interest rates, improved access to raw materials and possible recommencement of donor-funded construction work and private sector and household constructions. Services sector outlook in the near to medium term is also healthy, particularly supported by the prospects in the tourism industry and the spillover effects of this recovery in other related sectors. However, the agriculture sector has faced considerable setbacks due to weather disruptions in late 2024 and early 2025, which are expected to weigh negatively on the performance of the sector. The risk of weather disruptions in the near-term, and the long-term impacts of climate change, will have to be proactively monitored as supply side shocks could create vulnerabilities in the economy’s performance on multiple fronts. Meanwhile, the expected continuation of fiscal consolidation efforts may pose contractionary effects due to expenditure

Figure 4.3: Projected Quarterly Real GDP Growth (y-o-y, %)



Note: A forecast is neither a promise nor a commitment

The projections reflect the available data, assumptions and judgements made at the forecast round in March 2025.

The fan chart illustrates the uncertainty surrounding the baseline projection path using confidence bands of gradually fading colours. The confidence intervals (CI) shown on the chart indicate the ranges of values within which real GDP growth may fluctuate over the medium term. For example, the thick blue shaded area represents the 50% confidence interval, implying that there is a 50% probability that the realised real GDP growth will be within this interval. The confidence bands show the increasing uncertainty in forecasting macroeconomic variables over a longer horizon. Given the volatile global environment and the uncertainties in the domestic economy, the baseline forecasts are exposed to various potential upside and downside risks. Any notable change in the underlying assumptions and judgements could lead to the realised growth path deviating from the projection.

Source: Central Bank Staff Projections

rationalisation. On the other hand, improved fiscal performance through fiscal consolidation and public sector reforms could release more resources for the productive private sector, boosting economic efficiency and investor sentiments, thereby limiting the contractionary effects of fiscal austerity.

To bolster economic expansion in a sustainable and inclusive manner amidst the challenging global environment, long-overdue reforms should be implemented with vigour in the period ahead.

External headwinds persist, particularly due to protectionist policies and geoeconomic fragmentation. This reiterates the importance of efforts to improve the country's external resilience through measures that can improve Sri Lanka's export performance, such as export diversification, strengthening Sri Lanka's network of FTAs and regional integration. Recent emigration of workers, especially from the young and skilled cohort, poses some challenge to the economy's human capital base at a time of population aging. In addition, under-utilisation of labour resources, as reflected in the substantially low female labour force participation rate and higher unemployment rate among educated youth, hinders the economy from reaching its true potential. Addressing these issues will require appropriate near- and medium-term policy measures, particularly in light of Sri Lanka's rapidly aging population. Strengthening of safety nets has to be prioritised in the near-term, considering that a sizable segment of the population continues to live on the brink of poverty, limiting their ability to fully contribute to the growth momentum of the economy. The envisaged streamlining and modernisation of the existing labour laws into a unified employment law on par with international standards would enhance the labour productivity and contribute to the overall economic efficiency. Further, the anticipated land reforms, new national policy for industry

development and medium-term strategic plan to boost the country's manufacturing and external sector performance, together with energetic plans of the Government in building a digital economy would synergise a paradigm shift of the Sri Lankan economy. In addition, investing in education, skill development, and research is paramount to unlock the potential of human resources, while fostering innovation is needed to enhance productivity across sectors through technological advancements. Moreover, addressing the issues in public sector efficiency is critical to ensure better resource allocation and service delivery. Furthermore, creating a favourable investment climate through institutional reforms is crucial for attracting foreign direct investment to accelerate growth. These measures should concentrate on broadening the economic inclusiveness and empowerment of the underprivileged segments to graduate into a higher income status, thus enabling them to escape the vicious cycle of poverty. Furthermore, policy consistency and certainty are critical to sustaining economic growth and building investor confidence. The timely addressing of systemic weaknesses in governance, corruption and law enforcement is also macro-critical to ensure the economy progresses on an inclusive and sustainable growth trajectory.

4.3 Concluding Remarks

Sri Lanka's economic prosperity in the period ahead will largely hinge on the preservation of hard-earned macroeconomic stability and the implementation of appropriate growth-oriented reforms. Misaligned policies and repeated policy reversals have back-pedalled the Sri Lankan economy by many years, on numerous occasions. The economic downturn, the hardships that the citizens have undergone during the recent crisis, and the accumulated economic vulnerabilities offer no room for further policy errors. The current reform

efforts provide the necessary framework for fiscal and debt sustainability and to correct the long-standing structural barriers for sustained economic stability and growth. In this context, unwavering commitment towards adhering to the ongoing macroeconomic adjustment and growth enhancing structural reform programme will be imperative to ensure long term gains for all the stakeholders of the economy. Heightened external headwinds, particularly due to protectionist policies and geoeconomic fragmentation globally, could amplify Sri Lanka's external sector vulnerability. This reiterates the importance of improving the performance and resilience of the external sector through diversification of merchandise and service exports, and strengthening the country's global and regional integration. This would ensure enhanced foreign exchange earning capacity, facilitating a further building of external buffers. Meanwhile, the sustainability of the post-crisis revival depends on the country's ability to embrace foreign investments to productive and foreign exchange generating

sectors. Assuring a fair and secure business environment for foreign as well as domestic investors, that is free from corruption vulnerabilities, and an efficient legal system require urgent reforms on enhancing business ready environment. Policies that target structural economic transformation, particularly through technology adoption, digital inclusiveness and skill enhancement, are critical to expand the growth potential of the economy. Since the Government has to manoeuvre within a narrow fiscal space to ensure long term fiscal sustainability, the ability to boost the economic growth through fiscal expansion is limited in the near to medium term. Therefore, catalysing the economic expansion by fostering the private sector participation through consistent policies and the necessary legal, regulatory, and institutional support is essential. Hence, the implementation and continuation of these envisaged structural reforms will be of utmost importance to sustain domestic economic stability, and pave way for the country's progress towards inclusive and sustainable economic growth.



STATISTICAL APPENDIX¹

Table No.

1. REAL SECTOR	1 - 5
2. EXTERNAL SECTOR	6 - 14
3. FISCAL SECTOR	15 - 16
4. MONETARY AND FINANCIAL SECTOR	17 - 21

¹ The online version of the Statistical Appendix is available in Excel spreadsheet format and contains additional data.

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→ Annual Economic Review 2024 → 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 (1,000 kg)	=	0.984 long ton
1 metre	=	3.281 feet
1 kilometre	=	0.612 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 coconut	=	8,960 nuts
1 mt of coconut oil	=	9,250 nuts
1 mt of copra	=	5,500 nuts
1 mt of coconut milk	=	4,000 nuts

GROSS DOMESTIC PRODUCT (a)

Rs.mn

Economic Activity	Current Market Prices			Constant (2015) Prices		
	2022 (b)	2023 (b)(c)	2024 (c)	2022 (b)	2023 (b)(c)	2024 (c)
Production Approach						
Cultivation of Crops	1,365,181	1,382,566	1,605,597	619,859	634,559	633,802
Animal production	258,897	382,836	419,913	83,307	83,587	95,363
Forestry & logging, plant propagation and agriculture support activities	143,234	162,991	171,304	84,958	80,838	78,702
Fishing	265,532	299,168	284,672	123,128	126,838	129,237
Mining & quarrying	450,746	401,517	438,501	198,613	154,303	184,166
Manufacturing of food, beverages & tobacco products	1,703,904	1,923,757	2,052,231	869,371	899,739	954,409
Manufacturing of textile, wearing apparel & leather products	1,516,471	1,432,788	1,607,073	511,860	450,438	500,210
Other manufacturing	1,508,290	1,592,886	1,600,388	581,223	550,105	590,681
Electricity generation, water supply and sewerage	71,457	298,251	290,787	220,188	213,563	226,202
Construction	1,921,358	1,420,359	1,643,766	927,319	734,821	877,339
Wholesale and retail trade	3,343,974	3,861,799	3,960,306	1,675,528	1,677,941	1,700,232
Transportation and storage	2,643,732	3,519,313	3,614,826	1,384,456	1,443,136	1,485,924
Accommodation and food service activities	350,893	517,808	695,044	166,030	209,172	274,921
Information and communication	575,546	559,246	606,743	416,328	361,295	379,388
Financial and insurance activities	1,701,400	2,133,830	2,218,227	607,931	578,719	571,587
Real estate activities, and Professional, scientific, technical, administration and support service activities	1,461,506	1,713,972	1,774,120	802,923	775,823	806,648
Public administration, defense, education, human health and social work activities	1,947,558	2,055,872	2,231,482	1,169,143	1,162,341	1,149,427
Other services (excluding own-services)	1,707,403	2,046,582	2,081,811	995,147	998,069	1,012,933
Gross Value Added (GVA) at Basic Price	22,937,082	25,705,544	27,296,792	11,437,311	11,135,286	11,651,170
Taxes less subsidies on products	1,126,080	1,714,260	2,601,772	723,576	742,270	821,299
Gross Domestic Product (GDP) at Market Price	24,063,162	27,419,804	29,898,564	12,160,886	11,877,556	12,472,469
Expenditure Approach						
Consumption Expenditure	18,358,203	21,270,344	22,623,016	9,411,644	9,184,423	9,477,522
Private	16,618,427	19,411,969	20,542,233	8,054,637	7,901,238	8,218,038
Government	1,739,776	1,858,375	2,080,782	1,357,007	1,283,184	1,259,484
Gross Capital Formation	6,562,445	6,741,168	8,060,344	2,749,748	2,592,539	3,138,991
Gross Domestic Expenditure at Market Price	24,920,648	28,011,512	30,683,360	12,161,392	11,776,962	12,616,512
Export of Goods and Services	5,187,912	5,672,921	5,945,724	2,370,906	2,684,186	3,019,623
Import of Goods and Services	6,045,399	6,264,628	6,730,520	2,371,412	2,583,592	3,163,665
Gross Domestic Product (GDP) at Market Price	24,063,162	27,419,804	29,898,564	12,160,886	11,877,556	12,472,469
Income Approach						
Compensation of Employees	6,688,065	7,270,257	7,645,273	3,516,316	3,404,991	3,529,469
Gross Operating Surplus	7,625,306	8,631,351	9,217,760	3,603,536	3,423,908	3,643,586
Net Operating Surplus	6,735,091	7,656,785	8,236,091	3,025,375	2,855,691	3,087,518
Consumption of Fixed Capital	890,215	974,567	981,669	578,161	568,217	556,068
Gross Mixed Income	8,567,000	9,621,580	10,196,011	4,280,357	4,224,267	4,399,538
Net Mixed Income	8,219,750	9,232,833	9,804,865	4,107,414	4,054,659	4,232,693
Consumption of Fixed Capital	347,250	388,747	391,146	172,943	169,608	166,845
Other taxes less subsidies on production	56,712	182,356	237,748	37,103	82,120	78,577
Gross Value Added (GVA) at Basic Price	22,937,082	25,705,544	27,296,792	11,437,311	11,135,286	11,651,170
Taxes less subsidies on products	1,126,080	1,714,260	2,601,772	723,576	742,270	821,299
Gross Domestic Product (GDP) at Market Price	24,063,162	27,419,804	29,898,564	12,160,886	11,877,556	12,472,469

(a) Based on the GDP estimates (base year 2015)

(b) Revised

(c) Provisional

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

POPULATION, LABOUR FORCE AND FOREIGN EMPLOYMENT

Item	2020	2021	2022	2023	2024 (a)
Demography					
Mid-Year Population, '000 (b)	21,919	22,156	22,181	22,037	21,916
Male	10,613	10,727	10,740	10,670	10,611
Female	11,306	11,429	11,441	11,367	11,305
Growth of mid-year Population, %	0.5	1.1	0.1	-0.6	-0.5
Density of Population, Persons per Sq.Km.	350	353	354	351	352 (c)
Labour Force Trends (d)					
Labour Force, '000	8,467	8,553	8,547	8,408	8,316 (e)
Labour Force Participation Rate (f)	50.6	49.9	49.8	48.6	47.4 (e)
By Gender					
Male	71.9	71.0	70.5	68.6	n.a.
Female	32.0	31.8	32.1	31.3	n.a.
Status of Employment					
Public Sector Employees	14.8	15.2	15.1	14.6	n.a.
Private Sector Employees	42.7	42.0	42.9	44.5	n.a.
Employers	2.5	2.7	2.9	2.6	n.a.
Self Employed	33.2	33.4	33.1	32.8	n.a.
Unpaid Family Workers	6.8	6.6	5.9	5.5	n.a.
Total	100.0	100.0	100.0	100.0	n.a.
Employment by Economic Activity (g)					
Agriculture	27.1	27.3	26.5	26.1	n.a.
Industry	26.9	26.0	26.5	25.5	n.a.
Services	46.0	46.7	47.0	48.4	n.a.
Unemployment, % of Labour Force	5.5	5.1	4.7	4.7	4.4 (e)
By Gender					
Male	4.0	3.7	3.7	3.6	n.a.
Female	8.5	7.9	6.5	7.0	n.a.
Youth Unemployment (age 15-24 years)	26.5	26.5	22.8	23.0	n.a.
Foreign Employment					
Total Placements	53,711	122,264	310,953	297,656	314,828
By Gender					
Males (%)	60.5	66.3	60.1	55.3	59.3
Females (%)	39.5	33.7	39.9	44.7	40.7
By Manpower Category					
Skilled Labour (%)	74.0	74.1	66.1	70.1	72.2
Low Skilled Labour (%)	26.0	25.9	33.9	29.9	27.8

(a) Provisional

(b) Data are based on the Census of Population and Housing - 2012.

(c) Population density is calculated by dividing the mid-year population by the total land area of the country. The Survey Department of Sri Lanka re-computed the country's extent to 67,240sq.km (Land area: 62,302 sq.km) in 2024, which had been reported as 65,610 sq.km (Land area: 62,705 sq.km) earlier.

(d) Household population aged 15 years and above

(e) Average of four quarters

(f) Labour force as a percentage of household population

(g) Based on the International Standard Industrial Classification (ISIC) - Revision 4

n.a. - not available

Sources: Registrar General's Department
Department of Census and Statistics
Sri Lanka Bureau of Foreign Employment

COLOMBO CONSUMER PRICE INDEX (CCPI, 2021 = 100)

Period	Index		Month-on-Month Percentage Change		Year-on-Year Percentage Change		Annual Average Percentage Change	
	CCPI	CCPI (Core)	CCPI	CCPI (Core)	CCPI	CCPI (Core)	CCPI	CCPI (Core)
2024 January	200.7	176.2	2.9	2.1	6.4	2.2	14.2	11.3
February	200.6	177.2	0.0	0.6	5.9	2.8	11.3	8.5
March	196.7	177.3	-1.9	0.1	0.9	3.1	8.0	6.1
April	195.2	177.3	-0.8	0.0	1.5	3.4	5.7	4.4
May	194.1	177.0	-0.6	-0.2	0.9	3.5	3.9	3.3
June	195.6	177.4	0.8	0.2	1.7	4.4	3.1	2.8
July	194.7	177.9	-0.5	0.3	2.4	4.4	2.8	2.7
August	191.1	177.3	-1.8	-0.3	0.5	3.6	2.5	2.7
September	190.9	177.6	-0.1	0.2	-0.5	3.3	2.4	2.8
October	189.9	177.5	-0.5	-0.1	-0.8	3.0	2.2	2.9
November	189.4	177.1	-0.3	-0.2	-2.1	2.7	1.7	3.1
December	191.7	177.1	1.2	0.0	-1.7	2.7	1.2	3.3

Source: Department of Census and Statistics

TABLE 4

NATIONAL CONSUMER PRICE INDEX (NCPI, 2021 = 100)

Period	Index		Month-on-Month Percentage Change		Year-on-Year Percentage Change		Annual Average Percentage Change	
	NCPI	NCPI (Core)	NCPI	NCPI (Core)	NCPI	NCPI (Core)	NCPI	NCPI (Core)
2024 January	215.0	193.9	3.0	2.2	6.5	2.2	13.4	12.3
February	214.5	194.6	-0.2	0.4	5.1	2.7	10.2	9.2
March	210.0	194.5	-2.1	-0.1	2.5	3.4	7.2	6.5
April	208.2	193.9	-0.9	-0.3	2.7	3.0	5.2	4.6
May	206.3	193.6	-0.9	-0.2	1.6	3.1	3.7	3.3
June	208.1	193.7	0.9	0.1	2.4	3.9	3.0	2.7
July	206.9	193.7	-0.6	0.0	2.5	3.0	2.9	2.5
August	204.1	193.0	-1.4	-0.4	1.1	2.3	2.8	2.3
September	203.1	192.5	-0.5	-0.3	-0.2	1.9	2.7	2.3
October	202.1	192.4	-0.5	-0.1	-0.7	1.7	2.5	2.4
November	202.4	192.2	0.1	-0.1	-1.7	1.5	2.2	2.5
December	204.6	192.1	1.1	-0.1	-2.0	1.3	1.6	2.5

Source: Department of Census and Statistics

WAGE RATE INDICES

	Index		Annual Average Percentage Change	
	Nominal	Real (a)	Nominal	Real (a)
Public Sector Employees' Wage Rate Index (2016=100) (b)				
2020	114.6	94.8	9.2	2.9
2021	114.6	88.7	0.0	-6.4
2022	133.1	70.5	16.1	-20.6
2023	133.1	58.1	0.0	-17.5
2024 (c)	157.8	67.9	18.5	16.8
Formal Private Sector Employees' Minimum Wage Rate Index (December 1978=100) (d)				
2020	4,282.0	88.8 (e)	0.2	-4.2
2021	7,469.5	146.0 (e)	74.4	64.3
2022	8,198.6	112.9 (e)	9.8	-22.7
2023	8,232.9	93.0 (e)	0.4	-17.6
2024 (c)	8,239.7	92.0 (e)	0.1	-1.1
Informal Private Sector Employees' Wage Rate Index (2018=100) (f)				
2020	112.7	102.6	6.4	0.2
2021	123.1	104.7	9.2	2.1
2022	153.3	88.3	24.5	-15.7
2023	170.8	82.0	11.4	-7.1
2024 (c)	181.1	85.6	6.0	4.4

(a) Based on NCPI (2013=100)

(b) 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.

(c) Provisional

(d) 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 Wage Boards.

(e) Based on CCPI (2006/07=100)

(f) Informal private sector wage rate index was rebased to 2018 (from 2012) in order to capture the recent changes occurred in the informal private sector wages and the employment structure. The Index numbers are calculated using wages data of informal private sector collected through the Country Wide Data Collection System. Base period employment structure was derived from the Quarterly Labour Force Survey conducted by the DCS in 2018.

COMPOSITION OF EXPORTS

Value in USD mn

Category	2020	2021	2022	2023	2024 (a)		Change (%) 2023/2024
					Value	Share (%)	
Agricultural Exports	2,336.2	2,729.5	2,568.0	2,566.5	2,774.5	21.7	8.1
Tea	1,240.9	1,324.4	1,258.8	1,309.9	1,435.9	11.2	9.6
Spices	333.5	454.8	368.7	392.9	454.7	3.6	15.7
Coconut	345.2	425.2	400.3	336.8	416.5	3.3	23.7
Seafood	189.8	274.1	269.0	262.2	233.0	1.8	-11.2
Minor Agricultural Products	134.7	148.8	178.8	180.9	154.2	1.2	-14.8
Vegetables	36.6	28.5	26.7	27.7	28.5	0.2	3.1
Rubber	30.1	42.2	41.4	28.0	26.0	0.2	-7.4
Unmanufactured tobacco	25.5	31.6	24.4	28.1	25.7	0.2	-8.4
Industrial Exports	7,672.0	9,702.0	10,465.3	9,277.7	9,946.9	77.9	7.2
Textiles and Garments	4,423.1	5,435.1	5,952.0	4,878.9	5,061.0	39.6	3.7
Petroleum products	373.6	506.4	568.0	539.4	1,063.5	8.3	97.2
Rubber products	786.1	1,050.4	977.0	902.2	975.6	7.6	8.1
Food beverages & tobacco	464.0	586.9	519.5	539.3	651.5	5.1	20.8
Machinery and mechanical appliances	337.5	500.9	580.9	598.2	485.5	3.8	-18.8
Gems, diamonds and jewellery	181.5	276.7	450.6	500.0	381.9	3.0	-23.6
Chemical products	172.7	223.2	223.5	193.5	234.1	1.8	21.0
Base metals and articles	110.9	156.4	176.7	178.3	186.8	1.5	4.8
Animal fodder	102.9	149.4	170.5	145.6	133.4	1.0	-8.3
Wood and paper products	99.3	129.9	136.9	114.0	123.6	1.0	8.4
Transport equipment	71.4	148.2	129.3	149.3	107.0	0.8	-28.3
Leather, travel goods and footwear	53.9	58.4	85.8	71.2	62.2	0.5	-12.7
Plastics and articles thereof	176.3	78.6	60.9	56.3	53.8	0.4	-4.4
Printing industry products	47.9	50.0	53.1	55.1	47.5	0.4	-13.9
Ceramic products	24.0	37.4	38.1	34.0	32.1	0.3	-5.6
Other industrial exports	247.0	314.1	342.4	322.5	347.3	2.7	7.7
Mineral Exports	25.1	44.5	50.0	38.5	24.5	0.2	-36.2
Unclassified	14.1	22.6	23.2	28.0	26.1	0.2	-6.6
Total Exports	10,047.4	12,498.6	13,106.4	11,910.7	12,772.0	100.0	7.2

(a) Provisional

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

COMPOSITION OF IMPORTS

Value in USD mn

Category	2020	2021	2022	2023	2024 (a)		Change (%) 2023/2024
					Value	Share (%)	
Consumer Goods	3,401.7	3,848.7	2,813.0	3,043.9	3,465.7	18.4	13.9
Food and Beverages	1,554.4	1,666.5	1,607.9	1,693.0	1,914.3	10.2	13.1
Vegetables (b)	352.9	384.3	318.4	358.6	446.0	2.4	24.4
Sugar and confectionery	277.1	288.8	257.8	435.5	389.5	2.1	-10.6
Oils and Fats	106.9	184.1	43.9	133.9	247.9	1.3	85.1
Dairy products	333.8	317.7	225.3	273.7	239.7	1.3	-12.4
Cereals and milling industry products	33.6	97.4	430.5	116.9	163.2	0.9	39.6
Seafood	188.6	122.3	66.4	79.4	118.8	0.6	49.5
Spices	126.9	127.2	136.6	133.4	115.7	0.6	-13.2
Other Food and Beverages	134.7	144.7	128.9	161.6	193.6	1.0	19.8
Other Consumer Goods	1,847.3	2,182.2	1,205.1	1,350.9	1,551.4	8.2	14.8
Medical and pharmaceuticals	595.5	882.5	533.4	667.0	575.6	3.1	-13.7
Clothing and accessories	200.7	221.3	215.6	170.0	225.8	1.2	32.8
Home appliances	174.2	257.1	85.5	72.4	155.6	0.8	115.1
Telecommunication devices	268.4	382.9	69.0	98.8	141.9	0.8	43.6
Household and furniture items	146.9	161.2	116.3	122.1	138.1	0.7	13.1
Rubber Products	58.3	102.3	60.6	59.2	84.9	0.5	43.4
Cosmetics and toiletries	52.6	69.7	46.5	55.0	75.2	0.4	36.8
Personal Vehicles	282.9	12.8	11.7	27.7	66.2	0.4	139.2
Other non food consumables	67.9	92.5	66.7	78.7	88.0	0.5	11.8
Intermediate goods	9,076.5	12,308.9	12,438.8	11,006.6	11,914.5	63.2	8.2
Fuel	2,542.6	3,742.9	4,896.8	4,702.6	4,354.4	23.1	-7.4
Crude Oil	583.0	625.1	483.8	1,137.5	863.6	4.6	-24.1
Refined Petroleum	1,742.2	2,840.0	4,048.2	3,095.4	3,173.3	16.8	2.5
Coal	217.3	277.8	364.8	469.8	317.4	1.7	-32.4
Textile and Textile Articles	2,335.1	3,066.9	3,065.2	2,371.2	2,847.1	15.1	20.1
Chemical Products	831.5	1,074.4	966.2	814.7	987.0	5.2	21.2
Plastic and Articles Thereof	540.2	765.7	650.8	474.6	609.3	3.2	28.4
Base metals	460.3	866.4	323.2	313.8	473.4	2.5	50.8
Paper and paperboard and articles thereof	383.1	468.9	465.9	412.4	447.0	2.4	8.4
Wheat and Maize	384.4	418.3	303.1	338.2	382.5	2.0	13.1
Rubber and articles thereof	218.7	400.7	334.7	200.2	316.5	1.7	58.1
Vehicle and machinery parts	239.4	349.4	254.9	232.5	301.1	1.6	29.5
Agricultural Inputs	200.8	264.2	214.5	233.8	263.8	1.4	12.9
Food preparations	235.1	269.9	189.7	171.3	223.0	1.2	30.1
Diamonds and precious or semi stones	117.2	143.6	203.8	268.4	216.9	1.2	-19.2
Fertiliser	258.9	158.2	275.9	235.0	201.1	1.1	-14.4
Mineral products	168.9	158.9	123.7	80.9	127.2	0.7	57.3
Other intermediate goods	160.3	160.4	170.4	156.9	164.1	0.9	4.6
Investment Goods	3,563.2	4,462.7	3,030.5	2,744.6	3,448.2	18.3	25.6
Machinery and Equipment	2,176.1	2,809.5	1,969.0	1,867.6	2,363.1	12.5	26.5
Building Materials	1,035.6	1,248.9	926.3	775.1	927.2	4.9	19.6
Transport Equipment	348.3	398.5	132.1	98.5	154.8	0.8	57.1
Other Investment Goods	3.2	5.8	3.0	3.3	3.1	0.0	-6.6
Unclassified Imports	14.0	17.1	8.8	16.0	13.0	0.1	-18.8
Total Imports	16,055.4	20,637.4	18,291.0	16,811.1	18,841.4	100.0	12.1
Non Oil Imports	13,512.8	16,894.6	13,394.2	12,108.5	14,487.0	76.9	19.6

(a) Provisional

(b) Includes lentils, onions, potatoes, leguminous and other vegetables

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

DIRECTION OF TRADE - EXPORTS (a)

Value in USD mn

Countries	2020		2021		2022		2023		2024 (b)	
	Value	Share (%)								
Largest Export Destinations in 2024										
United States of America	2,500	24.9	3,108	24.9	3,321	25.3	2,769	23.2	2,911	22.8
United Kingdom	908	9.0	938	7.5	963	7.3	849	7.1	906	7.1
India	606	6.0	829	6.6	860	6.6	853	7.2	884	6.9
Germany	570	5.7	758	6.1	742	5.7	589	4.9	629	4.9
Italy	455	4.5	581	4.6	641	4.9	675	5.7	596	4.7
Netherlands	290	2.9	426	3.4	428	3.3	343	2.9	393	3.1
United Arab Emirates	190	1.9	287	2.3	355	2.7	364	3.1	337	2.6
Canada	213	2.1	316	2.5	361	2.8	294	2.5	321	2.5
China	225	2.2	277	2.2	255	1.9	279	2.3	273	2.1
France	184	1.8	252	2.0	249	1.9	304	2.5	264	2.1
Other Export Destinations										
Australia	175	1.7	260	2.1	256	2.0	228	1.9	248	1.9
Austria	33	0.3	44	0.4	51	0.4	45	0.4	42	0.3
Azerbaijan	53	0.5	49	0.4	69	0.5	51	0.4	65	0.5
Bangladesh	153	1.5	222	1.8	211	1.6	174	1.5	241	1.9
Belgium	295	2.9	341	2.7	310	2	223	2	251	2.0
Brazil	43	0.4	60	0.5	65	0	73	1	85	0.7
Chile	55	0.5	56	0.4	46	0	47	0	57	0.4
Hong Kong	108	1.1	179	1.4	168	1.3	173	1.4	134	1.1
Indonesia	35	0.3	49	0.4	50	0.4	50	0.4	46	0.4
Iran	79	0.8	78	0.6	82	0.6	43	0.4	68	0.5
Iraq	110	1.1	177	1.4	156	1.2	129	1.1	160	1.3
Ireland	60	0.6	75	0.6	96	0.7	81	0.7	89	0.7
Israel	103	1.0	234	1.9	189	1.4	180	1.5	118	0.9
Japan	188	1.9	227	1.8	231	1.8	190	1.6	180	1.4
Jordan	37	0.4	47	0.4	62	0.5	88	0.7	73	0.6
Kenya	25	0.2	40	0.3	44	0.3	44	0.4	49	0.4
Libya	29	0.3	47	0.4	42	0.3	42	0.4	42	0.3
Malaysia	57	0.6	74	0.6	66	0.5	62	0.5	89	0.7
Maldives	78	0.8	103	0.8	106	0.8	113	0.9	143	1.1
Mexico	135	1.3	205	1.6	190	1.4	183	1.5	182	1.4
Norway	16	0.2	22	0.2	29	0.2	36	0.3	51	0.4
Pakistan	74	0.7	92	0.7	78	0.6	74	0.6	76	0.6
Peru	39	0.4	31	0.2	41	0.3	35	0.3	47	0.4
Poland	64	0.6	81	0.7	72	0.5	62	0.5	72	0.6
Russia	163	1.6	152	1.2	139	1.1	144	1.2	177	1.4
Saudi Arabia	76	0.8	76	0.6	98	0.7	99	0.8	116	0.9
Singapore	93	0.9	101	0.8	131	1.0	123	1.0	105	0.8
South Africa	33	0.3	41	0.3	35	0.3	39	0.3	41	0.3
South Korea	71	0.7	80	0.6	82	0.6	75	0.6	77	0.6
Spain	70	0.7	93	0.7	101	0.8	89	0.8	107	0.8
Sweden	74	0.7	108	0.9	111	0.8	97	0.8	102	0.8
Switzerland	91	0.9	146	1.2	147	1.1	169	1.4	153	1.2
Syria	45	0.5	38	0.3	34	0.3	43	0.4	46	0.4
Thailand	39	0.4	62	0.5	62	0.5	62	0.5	66	0.5
Turkey	208	2.1	178	1.4	120	0.9	196	1.6	137	1.1
Other	900	9.0	858	6.9	1,160	8.9	1,029	8.6	1,525	11.9
European Union (EU) (c)	3,177	31.6	2,967	23.7	3,035	23.2	2,718	22.8	2,761	21.6
Asian Clearing Union (ACU) (d)	1,004	10.0	1,338	10.7	1,343	10.2	1,260	10.6	1,420	11.1
SAARC Region (e)	917	9.1	1,259	10.1	1,259	9.6	1,217	10.2	1,348	10.6
Middle East (f)	918	9.1	1,185	9.5	1,159	8.8	1,201	10.1	1,118	8.8
APTA Region (g)	1,058	10.5	1,410	11.3	1,409	10.7	1,383	11.6	1,476	11.6
BIMSTEC (h)	812	8.1	1,127	9.0	1,139	8.7	1,092	9.2	1,199	9.4
C.I.S. Countries (i)	265	2.6	250	2.0	245	1.9	234	2.0	287	2.3

(a) The countries which are not mentioned have relatively smaller value of exports.

(b) Provisional

(c) Members of the European Union are Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Republic of Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and UK. The UK was not included in European Union since 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: Sri Lanka Customs
National Gem and Jewellery Authority
Central Bank of Sri Lanka

DIRECTION OF TRADE - IMPORTS (a)

Value in USD mn

Countries	2020		2021		2022		2023		2024 (b)	
	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)
Largest Import Origins in 2024										
China	3,579	22.3	4,756	23.0	3,285	18.0	3,030.3	18.0	4,366	23.2
India	3,079	19.2	4,625	22.4	4,738	25.9	3,136.4	18.7	3,870	20.5
United Arab Emirates	1,035	6.4	1,413	6.8	666	3.6	1,849.9	11.0	1,489	7.9
Singapore	692	4.3	792	3.8	871	4.8	866.4	5.2	1,300	6.9
Malaysia	611	3.8	803	3.9	969	5.3	827.8	4.9	660	3.5
Russia	232	1.4	191	0.9	376	2.1	414.0	2.5	545	2.9
Oman	191	1.2	95	0.5	115	0.6	342.6	2.0	473	2.5
Pakistan	324	2.0	394	1.9	342	1.9	323.0	1.9	457	2.4
Indonesia	333	2.1	470	2.3	343	1.9	378.3	2.3	444	2.4
United States	495	3.1	511	2.5	378	2.1	504.4	3.0	443	2.4
Other Import Origins										
Australia	123	0.8	291	1.4	182	1.0	183.9	1.1	194	1.0
Austria	91	0.6	61	0.3	49	0.3	52.3	0.3	35	0.2
Bahrain	33	0.2	22	0.1	9	0.0	5.5	0.0	86	0.5
Bangladesh	48	0.3	83	0.4	82	0.4	66.8	0.4	84	0.4
Belgium	48	0.3	117	0.6	57	0	58	0	53	0
Brazil	28	0.2	37	0.2	34	0.2	46.3	0.3	71	0.4
Canada	208	1.3	119	0.6	102	0.6	124.0	0.7	103	0.5
Denmark	50	0.3	36	0.2	30	0.2	32.9	0.2	32	0.2
France	116	0.7	137	0.7	110	0.6	195.5	1.2	149	0.8
Germany	316	2.0	347	1.7	286	1.6	256.5	1.5	299	1.6
Hong Kong	221	1.4	291	1.4	247	1.3	189.2	1.1	231	1.2
Iraq	9	0.1	37	0.2	25	0.1	83.6	0.5	99	0.5
Israel	67	0.4	100	0.5	121	0.7	99.6	0.6	103	0.5
Italy	266	1.7	315	1.5	289	1.6	244.0	1.5	286	1.5
Japan	528	3.3	419	2.0	252	1.4	188.3	1.1	253	1.3
Kuwait	60	0.4	16	0.1	15	0.1	10.0	0.1	22	0.1
Netherlands	82	0.5	87	0.4	79	0.4	89.5	0.5	66	0.4
New Zealand	301	1.9	276	1.3	164	0.9	250.6	1.5	216	1.1
Norway	13	0.1	11	0.1	19	0.1	15.7	0.1	16	0.1
Philippines	43	0.3	65	0.3	30	0.2	23.0	0.1	57	0.3
Poland	18	0.1	27	0.1	25	0.1	24.0	0.1	48	0.3
Portugal	8	0.0	20	0.1	19	0.1	16.0	0.1	16	0.1
Qatar	27	0.2	60	0.3	24	0.1	28.3	0.2	57	0.3
Romania	3	0.0	48	0.2	53	0.3	150.7	0.9	50	0.3
Saudi Arabia	217	1.4	353	1.7	105	0.6	275.7	1.6	180	1.0
South Africa	224	1.4	484	2.3	433	2.4	245.6	1.5	72	0.4
South Korea	194	1.2	300	1.5	225	1.2	217.7	1.3	200	1.1
Spain	86	0.5	121	0.6	108	0.6	92.7	0.6	67	0.4
Sweden	52	0.3	49	0.2	46	0.3	36.0	0.2	40	0.2
Switzerland	129	0.8	99	0.5	105	0.6	98.3	0.6	84	0.4
Thailand	363	2.3	398	1.9	293	1.6	267.9	1.6	301	1.6
Turkey	91	0.6	131	0.6	164	0.9	148.1	0.9	120	0.6
United Kingdom	210	1.3	237	1.1	194	1.1	205.5	1.2	168	0.9
Uzbekistan	2	0.0	0	0.0	0	0.0	19.3	0.1	18	0.1
Vietnam	250	1.6	398	1.9	243	1.3	187.5	1.1	239	1.3
Other	959	6.0	992	4.8	1,987	10.9	908.9	5.4	681	3.6
European Union (EU) (c)	1,468	9.1	1,479	7.2	1,241	6.8	1,353.8	8.1	1,233	6.5
Asian Clearing Union (ACU) (d)	3,517	21.9	5,340	25.9	5,331	29.1	3,670.7	21.8	4,422	23.5
SAARC Region (e)	3,486	21.7	5,323	25.8	5,319	29.1	3,660.2	21.8	4,414	23.4
Middle East (f)	1,747	10.9	2,243	10.9	1,254	6.9	2,852.4	17.0	2,640	14.0
APTA Region (g)	6,900	43.0	9,766	47.3	8,331	45.5	6,455.3	38.4	8,521	45.2
BIMSTEC (h)	3,514	21.9	5,114	24.8	5,120	28.0	3,475.3	20.7	4,260	22.6
C.I.S. Countries (i)	345	2.2	324	1.6	430	2.4	495.1	2.9	576	3.1

(a) The countries which are not mentioned have relatively smaller value of imports

(b) Provisional

(c) Members of the European Union are Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Republic of Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia Republic, Slovenia, Spain, Sweden and UK. The UK was not included in European Union since 2021.

(d) Members of the Asian Clearing Union are Bangladesh, Bhutan, India, Iran, Maldives, Myanmar, Nepal, Pakistan and Sri Lanka.

(e) Revised South Asian Association for Regional Co-operation. 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.

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(i) Members of the Commonwealth of Independent States are Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

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

BALANCE OF PAYMENTS - CURRENT ACCOUNT

USD mn

Item	2023 (a)			2024 (b)		
	Credit	Debit	Net	Credit	Debit	Net
Current Account	23,776	22,337	1,439	26,877	25,671	1,206
Goods and services	17,327	19,174	-1,847	19,682	22,317	-2,635
Goods (c)	11,911	16,811	-4,900	12,772	18,841	-6,069
General merchandise	11,911	16,807	-4,896	12,772	18,837	-6,065
Non-monetary gold		5	-5		5	-5
Services	5,416	2,363	3,053	6,910	3,475	3,435
Manufacturing Services	17	194	-177	27	213	-186
Maintenance and repair services	45	8	37	56	19	37
Transport	1,550	732	818	1,794	1,017	777
Sea Transport	813	286	528	1,177	441	736
Passenger	0.1	3	-3	1	1	0.2
Freight	432	252	180	770	411	359
Other	381	31	350	406	29	377
Air transport	736	440	296	616	570	46
Passenger	304	241	63	281	279	2
Freight	81	78	3	51	173	-122
Other	351	120	230	283	118	165
Postal services	0.5	6	-6	1	6	-6
Travel (d)	2,068	503	1,565	3,169	755	2,413
Construction	355	111	244	212	127	86
Insurance and pension services	35	51	-16	24	57	-34
Financial services	64	57	7	55	65	-9
Charges for the use of intellectual property	15	94	-79	7	148	-141
Telecommunication and computer services	917	251	666	971	244	727
Telecommunications services	122	53	69	123	51	73
Computer services	795	198	597	848	194	654
Other business services	310	344	-33	540	563	-23
Personal, cultural and recreational services	35	11	24	19	15	4
Government goods and services n.i.e	7	7	-1	36	251	-215
Primary Income	460	3,007	-2,548	609	3,208	-2,599
Compensation of employees	53	30	23	146	20	126
Investment Income	407	2,977	-2,570	463	3,188	-2,725
Direct Investment	8	916	-907	73	942	-869
Dividends	6	647	-641	61	771	-710
Re-invested earnings	2	268	-266	12	171	-159
Portfolio Investment		854	-854		877	-877
Equity		86	-86		86	-86
Interest		768	-768		791	-791
Short-Term		20	-20		25	-25
Long-Term		748	-748		766	-766
Actual ISB coupon payments		-			172	
Accrued ISB coupon payments		727			561	
Actual non resident T bond payments		8			20	
Actual other sectors coupon payments		-			-	
Accrued other sectors coupon payments		13			13	
Other Investment	349	1,207	-858	271	1,369	-1,098
Government - Interest Payments		377			532	
Government - Accrued Interest		384			455	
Central Bank - Interest Payments		328			276	
Central Bank - Accrued Interest		15			-	
Commercial Bank - Interest Payments	349	74		271	82	
Other Sectors - Interest Payments		30			25	
Other Sectors - Accrued Interest		-			-	
Reserve assets	49		49	119		119
Secondary Income	5,989	155	5,834	6,585	146	6,439
General Government (e)	20		20	10		10
Personal transfers	5,970	155	5,815	6,575	146	6,429
of which, worker's remittances	5,970			6,575		
Capital Account	40	3	37	20	8	12
Capital Transfers	40	3	37	20	8	12
General Government (f)	36		36	18		18
Private Capital transfers	3	3	1	2	8	-7
Current and Capital Account	23,816	22,339	1,476	26,896	25,679	1,217

(a) Revised

(b) Provisional

(c) Exports and imports are recorded on f.o.b. and c.i.f. valuation basis, respectively.

(d) Passenger services provided for non-residents are included in transport services.

(e) Includes outright grants received in the form of programme, food and commodity aid, cash and technical assistance.

(f) Includes outright grants received in the form of project aid.

Source: Central Bank of Sri Lanka

BALANCE OF PAYMENTS - FINANCIAL ACCOUNT

USD mn

Item	2023 (a)		2024 (b)	
	Net Acquisition of Financial Assets	Net Incurrence of Liabilities	Net Acquisition of Financial Assets	Net Incurrence of Liabilities
Financial Account	3,655	2,172	1,910	1,018
Direct Investment	51	713	110	761
Equity and Investment Fund Shares	47	497	106	499
Equity other than Reinvestment of Earnings	40	228	94	328
Reinvestment of Earnings	7	268	12	171
Debt Instruments	5	216	4	262
Portfolio Investment	173	931	180	301
Equity and Investment Fund Shares	-	8	-	2
Debt Securities	173	923	180	299
Deposit taking corporations	173	-	180	-
Long-Term	173	-	180	-
General Government	-	910	-	286
Short-Term (Treasury Bills)	-	132	-	-217
Long-Term	-	778	-	504
Treasury Bonds	-	78	-	39
Sri Lanka Development Bonds	-	-27	-	-
Sovereign Bonds	-	727	-	465
Maturities	-	-	-	-104
Secondary market transactions by non residents	-	-	-	9
Accrued Interest	-	727	-	561
Other Sectors	-	13	-	13
Long-Term	-	13	-	13
Accrued Interest	-	13	-	13
Financial Derivatives	-	-	-	-
Other Investment	972	528	-3	-44
Currency and Deposits	114	-134	-73	-868
Central Bank	-	-341	-	-900
Short-Term	-	0.1	-	-0.2
Long-Term	-	-341	-	-900
International Swaps	-	-350	-	-900
Accrued Interest on International Swaps	-	9	-	-
Deposit-taking Corporations	114	207	-73	33
Short-Term	-472	207	-427	33
Long-Term	586	-	354	-
Loans	-	751	-	993
Central Bank	-	-172	-	-210
Credit and Loans with the IMF	-	-172	-	-210
Extended Fund Facility	-	-172	-	-210
Deposit-taking Corporations	-	-644	-	14
Short-Term	-	-397	-	145
Long-Term	-	-248	-	-131
General Government	-	1,845	-	1,752
Long-Term	-	1,845	-	1,752
Credit and Loans with the IMF	-	681	-	335
Disbursements	-	1,822	-	1,552
Accrued Interest	-	384	-	455
Repayments	-	-1,041	-	-589
Other Sectors (c)	-	-278	-	-563
Long-Term	-	-278	-	-563
Disbursements	-	282	-	653
Accrued Interest	-	-	-	-
Repayments	-	-560	-	-1,217
Trade Credit and Advances	136	-260	111	-170
Deposit-taking Corporations	-4	-	61	-
Short-Term	-4	-	61	-
Other Sectors (d)	140	-260	50	-170
Short-Term	140	-260	50	-170

(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

Source: Central Bank of Sri Lanka

BALANCE OF PAYMENTS - FINANCIAL ACCOUNT

USD mn

Item	2023 (a)		2024 (b)	
	Net Acquisition of Financial Assets	Net Incurrence of Liabilities	Net Acquisition of Financial Assets	Net Incurrence of Liabilities
Other Investment				
Other Accounts Receivable/Payable	721	171	-42	-
Central Bank	-	171	-	-
Short-Term (e)	-	171	-	-
Deposit-taking Corporations	721	-	-42	-
Short-Term	721	-	-42	-
Special Drawing Rights				
Reserve Assets	2,458		1,622	
Monetary Gold	-		-	
Special Drawing Rights	33		-30	
Reserve Position in the IMF	-		-	
Other Reserve Assets	2,426		1,652	
Currency and Deposits	1,802		42	
Claims on Monetary Authorities	-383		41	
Claims on Other Entities	2,185		2	
Securities	635		1,569	
Debt Securities	635		1,569	
Long-Term	635		1,569	
Other Claims	-11		41	
Financial Account (net)	1,483		892	
Errors and omissions	6		-325	
Memorandum Items				
Foreign Direct Investment (FDI)				
Equity		497		499
BOI companies		146		85
CSE companies (not registered with BOI)		10		243
Other Companies		72		-
Reinvestment of Earnings		268		171
BOI companies		179		135
CSE companies (not registered with BOI)		39		35
Other Companies		50		-
Intercompany Loans		216		262
BOI Shareholder Advances		285		82
BOI Intercompany Loans		79		180
Other Companies		-148		-
Debt Repayments		-		-
Total FDI (1)		713		761
Loans to BOI Companies (2)		46		85
Total FDI, Including Loans to BOI Companies (1 + 2) (f)		759		846
Total Net Inflows to the CSE		18		245
Direct Investment		10		243
Portfolio Investment		8		2
Net Foreign Investments in Rupee Denominated Government Securities (Treasury Bills and Bonds)		210		-179
Foreign Purchases		824		334
Foreign Sales		614		513

(e) Net transactions of Asian Clearing Union (ACU) liabilities

(f) Any difference with the BOI estimates is due to differences in coverage and compilation methodologies.

Source: Central Bank of Sri Lanka

INTERNATIONAL INVESTMENT POSITION

USD mn
(End period position)

Item	2023 (a)		2024 (b)	
	Assets	Liabilities	Assets	Liabilities
Direct Investment (c)	1,589	14,833	1,699	16,556
Equity and Investment Fund Shares	1,539	8,668	1,645	10,130
Debt Instruments	50	6,164	54	6,427
Portfolio Investment	174	7,744	353	10,457
Equity and Investment Fund Shares		484		762
Other Sectors		484		762
Debt Securities (d)	174	7,260	353	9,694
Deposit-taking Corporations	174		353	
Long-Term	174		353	
General Government		7,128		9,538
Short-Term		210		28
Long-Term		6,918		9,510
Other Sectors		132		156
Long-Term		132		156
Financial Derivatives	-	-	-	-
Other Investment	6,370	40,832	6,367	41,012
Currency and Deposits	1,770	7,941	1,697	7,051
Central Bank		3,891		2,969
Short-Term		0.3		0.1
Long-Term		3,891		2,969
Deposit-taking Corporations	1,770	4,050	1,697	4,082
Short-Term	1,011	4,050	584	4,082
Long-Term	759		1,113	
Loans		30,847		32,133
Central Bank		904		667
Credit and Loans with the IMF		904		667
Deposit-taking Corporations		883		897
Short-Term		307		453
Long-Term		576		445
General Government		25,988		28,061
Long-Term		25,988		28,061
Other Sectors (e)		3,071		2,508
Long-Term		3,071		2,508
Trade Credit and Advances	1,629	760	1,741	590
Deposit-taking Corporations	67		128	
Short-Term	67		128	
Other Sectors (f)	1,563	760	1,613	590
Short-Term	1,563	760	1,613	590
Other Accounts Receivable/Payable	2,971		2,930	
Central Bank (g)				
Short-Term				
Deposit-taking Corporations	2,971		2,930	
Short-Term	2,971		2,930	
Special Drawing Rights (SDRs)		1,285		1,239
Reserve Assets	4,392		6,122	
Monetary Gold	31		40	
Special Drawing Rights	34		3	
Reserve Position in the IMF	4		4	
Other Reserve Assets	4,323		6,075	
Currency and Deposits	3,634		3,777	
Claims on Monetary Authorities	837		1,214	
Claims on Other Entities	2,796		2,563	
Securities	690		2,298	
Debt Securities	690		2,298	
Total Assets / Liabilities	12,525	63,410	14,542	68,025
Net International Investment Position		-50,885		-53,484
Memorandum Items				
IIP- Maturity-wise Breakdown	12,525	63,410	14,542	68,025
Short-Term	9,280	5,811	9,075	5,915
Long-Term	3,244	57,599	5,467	62,110

(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

Source: Central Bank of Sri Lanka

OUTSTANDING EXTERNAL DEBT POSITION

Item	USD mn (End period position)	
	2023 (a)	2024 (b)
BASED ON MARKET VALUE		
General Government	33,117	37,599
Treasury Bills and Bonds (based on book value)	334	223
International Sovereign Bonds (based on market price including accrued interest)	6,794	9,315
Outstanding Foreign Loans (including accrued interest)	25,988	28,061
Central Bank	6,081	4,874
Currency and Deposits (Short-Term)	0.3	0.1
Special Drawing Rights (SDRs) Allocation	1,285	1,239
RBI Special Swap	2,471	1,563
PBOC Swap Arrangement	1,420	1,406
Credit and Loans with the IMF	904	667
Deposit-taking Corporations	4,933	4,980
Currency and Deposits (c)	4,050	4,082
Loans	883	897
Other Sectors (d)	3,963	3,254
Trade Credit and Advances (e)	760	590
Debt Securities (based on market price and including accrued interest)	132	156
Loans by Private Sector and State Owned Business Enterprises	3,071	2,508
Direct Investment: Intercompany Lending (f)	6,164	6,427
Gross External Debt Position by market value	54,257	57,133
Gross External Debt Position by market value - As a Percentage of GDP	64.8	57.7
BASED ON FACE VALUE		
General Government	38,428	37,610
Treasury Bills and Bonds (based on face value)	363	234
International Sovereign Bonds (based on face value including accrued interest)	12,078	9,315
Outstanding Foreign Loans (including accrued interest)	25,988	28,061
Central Bank	6,081	4,874
Currency and Deposits (Short-Term)	0.3	0.1
Special Drawing Rights (SDRs) Allocation	1,285	1,239
RBI Special Swap	2,471	1,563
PBOC Swap Arrangement	1,420	1,406
Credit and Loans with the IMF	904	667
Deposit-taking Corporations	4,933	4,980
Currency and Deposits (c)	4,050	4,082
Loans	883	897
Other Sectors (d)	4,024	3,304
Trade Credit and Advances (e)	760	590
Debt Securities (based on face value and including accrued interest)	194	207
Loans by Private Sector and State Owned Business Enterprises	3,071	2,508
Direct Investment: Intercompany Lending (f)	6,164	6,427
Gross External Debt Position by face value	59,631	57,195
Gross External Debt Position by face value - As a Percentage of GDP	71.2	57.8
Memorandum Items		
Face Value of Total Outstanding ISBs	12,550	10,585
Outstanding ISBs Held by Non-Residents	10,800	9,315
Outstanding ISBs Held by Residents (g)	1,750	1,270

- (a) Revised
(b) Provisional
(c) Includes deposits of personal foreign currency account holders
(d) Includes private sector and State Owned Business Enterprises
(e) Includes trade credits outstanding of the Ceylon Petroleum Corporation and private sector companies
(f) Includes inter-company borrowings and shareholder advances of BOI registered companies
(g) Excluded from External Debt Statistics from December 2019 onwards

Source: Central Bank of Sri Lanka

EXCHANGE RATE MOVEMENTS (RUPEES PER UNIT OF FOREIGN CURRENCY)

Period	End Period Rates					
	US Dollar	Pound Sterling	Euro	Japanese Yen	Indian Rupee	SDR (a)
2020	186.4082	254.3540	229.4219	1.8081	2.5467	268.4781
2021	200.4338	270.5957	226.8610	1.7415	2.6935	280.5251
2022	363.1100	437.3478	386.9300	2.7385	4.3861	483.2413
2023	323.9233	412.6135	358.7451	2.2911	3.8964	434.5982
2024	292.5833	367.3822	304.5646	1.8702	3.4196	381.5667
2023 January	362.1400	447.5869	393.0305	2.7837	4.4393	488.3349
February	361.6318	435.9833	383.0766	2.6549	4.3741	480.5327
March	327.2857	405.9652	357.1014	2.4620	3.9876	440.2745
April	321.6500	401.8052	354.5226	2.3983	3.9359	433.2658
May	295.5211	366.1950	316.4292	2.1134	3.5719	392.2924
June	308.8300	393.0325	337.9836	2.1449	3.7650	412.3097
July	329.3566	423.1903	362.6546	2.3272	4.0042	442.3062
August	322.6634	410.5569	352.5420	2.2119	3.9039	429.1230
September	324.4478	394.0094	342.6493	2.1774	3.8966	425.4289
October	327.3817	397.7688	347.1228	2.1896	3.9324	430.2254
November	329.0423	417.8179	361.0910	2.2370	3.9479	438.7088
December	323.9233	412.6135	358.7451	2.2911	3.8964	434.5982
2024 January	317.4089	402.3158	343.4364	2.1496	3.8184	422.1157
February	310.1532	392.8245	336.0355	2.0687	3.7411	411.7470
March	301.1837	380.5155	326.0314	1.9909	3.6146	398.5955
April	296.8561	372.4357	317.7399	1.8934	3.5573	391.2356
May	301.8883	384.0774	326.6431	1.9271	3.6245	399.5612
June	305.7065	386.2296	326.9378	1.8987	3.6635	402.1080
July	302.3706	388.4253	327.3313	1.9787	3.6113	401.6752
August	300.3276	395.3362	332.5077	2.0742	3.5807	404.4241
September	299.3565	400.4642	334.0070	2.1023	3.5759	406.0382
October	293.7185	382.0837	317.7594	1.9143	3.4937	390.5340
November	290.9179	369.6548	307.5148	1.9344	3.4431	382.2399
December	292.5833	367.3822	304.5646	1.8702	3.4196	381.5667

(a) Special Drawing Rights (SDRs), the unit of account of the International Monetary Fund.

Source : Central Bank of Sri Lanka

ECONOMIC CLASSIFICATION OF GOVERNMENT FISCAL OPERATIONS

Rs. mn

Item	2015	2016	2017	2018	2019 (a)	2020	2021	2022	2023	2024 (b)
1. Total Revenue and Grants	1,460,892	1,693,558	1,839,562	1,932,459	1,898,808	1,373,308	1,463,810	2,012,589	3,074,324	4,090,808
1.1 Total Revenue	1,454,878	1,686,062	1,831,531	1,919,973	1,890,899	1,367,960	1,457,071	1,979,184	3,048,822	4,030,838
Tax Revenue	1,355,779	1,463,689	1,670,178	1,712,318	1,734,925	1,216,542	1,298,019	1,751,132	2,720,563	3,704,577
Taxes on Foreign Trade	244,231	302,538	311,782	288,341	280,965	312,334	277,275	273,926	335,266	400,149
Taxes on Domestic Goods and Services	724,282	747,147	921,244	959,365	843,355	555,718	629,812	857,459	1,399,126	2,181,036
Taxes on Net Income and Profits	262,583	258,857	274,562	310,449	427,700	268,249	302,115	534,021	911,355	1,026,199
Stamp Duty/Cess Levy/SRL/NBT/NSL/TL	124,683	155,147	162,591	154,162	182,904	80,241	88,817	85,726	74,816	97,193
Non Tax Revenue	99,099	222,374	161,353	207,656	155,974	151,417	159,052	228,052	328,259	326,261
1.2 Grants	6,014	7,496	8,031	12,486	7,909	5,348	6,740	33,405	25,502	59,970
2. Expenditure and Net Lending	2,290,394	2,333,883	2,573,056	2,693,228	3,337,896	3,040,996	3,521,735	4,472,556	5,356,591	6,130,739
2.1 Recurrent	1,701,658	1,757,782	1,927,693	2,089,713	2,424,582	2,548,359	2,747,512	3,519,633	4,699,679	5,339,941
Expenditure on Goods and Services	772,563	746,250	756,591	806,002	848,278	974,351	1,014,612	1,139,066	1,239,195	1,416,927
Interest Payments	509,674	610,895	735,566	852,190	901,353	980,302	1,048,382	1,565,190	2,455,600	2,689,500
Transfer Payments	419,420	400,637	435,536	431,521	551,524	717,133	684,518	815,376	1,004,884	1,233,514
Adjustment for arrears as per the Ministry of Finance	-	-	-	-	123,428	-123,428	-	-	-	-
2.2 Capital and Net Lending	588,736	576,101	645,364	603,515	913,314	492,638	774,223	952,923	656,912	790,798
Capital Expenditure	588,175	577,036	638,343	612,561	619,069	795,368	767,606	715,429	913,601	776,571
Lending Minus Repayments	561	-934	7,021	-9,046	-4,933	-3,552	6,617	237,495	-256,689	14,227
Adjustment for arrears on capital expenditure as per the Ministry of Finance	-	-	-	-	299,178	-299,178	-	-	-	-
3. Current Account Balance	-246,779	-71,719	-96,162	-169,740	-533,683	-1,180,399	-1,290,441	-1,540,448	-1,650,857	-1,309,103
4. Primary Balance	-319,828	-29,430	2,071	91,421	-537,736	-687,386	-1,009,542	-894,777	173,332	649,569
5. Overall Fiscal Balance	-829,502	-640,325	-733,494	-760,769	-1,439,088	-1,667,688	-2,057,925	-2,459,967	-2,282,267	-2,039,931
6. Financing of Budget Deficit	829,502	640,325	733,494	760,769	1,439,088	1,667,688	2,057,925	2,459,967	2,282,267	2,039,931
6.1 Foreign Financing (Net)	236,803	391,914	439,243	323,535	542,641	-83,199	-13,901	424,822	494,655	333,241
6.2 Domestic Financing (Net)	592,699	248,411	294,251	437,234	896,448	1,750,887	2,071,826	2,035,145	1,787,612	1,706,691

(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, Planning and Economic Development
Central Bank of Sri Lanka

Note: Social Responsibility Levy (SRL), NationBuilding Tax (NBT), National Security Levy (NSL) and Telecommunication Levy (TL)

OUTSTANDING CENTRAL GOVERNMENT DEBT (AS AT END YEAR) (a)

Rs. mn

Source	2020	2021	2022 (b)	2023(b)(c)	2024(b)(c)
Total Domestic Debt (d)	9,065,068	11,097,223	15,033,876	17,051,854	18,309,660
Short Term	2,197,594	3,139,794	4,267,724	3,616,227	3,220,075
Treasury Bills (e)	1,620,705	2,270,508	4,113,907	4,017,035	4,061,554
Provisional Advances from the Central Bank	153,079	150,129	235,639	0	0
Other Liabilities to the Banking Sector Net of Bank Deposits (f)	423,810	719,157	-81,822	-400,808	-841,479
Medium and Long Term	6,867,473	7,957,430	10,766,152	13,435,627	15,089,586
Rupee Loans	24,088	24,088	24,088	0	0
Treasury Bonds (e)	5,713,300	6,966,218	8,709,057	12,002,337	14,079,198
Sri Lanka Development Bonds (g)	486,870	455,203	382,092	0	0
International Sovereign Bonds (g)(h)	415,756	372,612	635,443	566,866	371,514
Offshore Banking Units	227,418	139,301	131,372	77,742	0
Other (i)	41	7	884,101	788,682	638,873
By Debt Instrument	9,065,068	11,097,223	15,033,876	17,051,854	18,309,660
Rupee Loans	24,088	24,088	24,088	0	0
Treasury Bills (e)	1,620,705	2,270,508	4,113,907	4,017,035	4,061,554
Treasury Bonds (e)	5,713,300	6,966,218	8,709,057	12,002,337	14,079,198
Sri Lanka Development Bonds (g)	486,870	455,203	382,092	0	0
International Sovereign Bonds (g)(h)	415,756	372,612	635,443	566,866	371,514
Provisional Advances from the Central Bank	153,079	150,129	235,639	0	0
Other (i)	651,269	858,466	933,651	465,616	-202,605
By Institution (j)(k)	9,065,068	11,097,223	15,033,876	17,051,854	18,309,660
Banks (Excluding Licensed Specialised Banks)	4,542,155	5,247,919	8,525,718	9,102,839	9,411,206
Central Bank					
By Debt Instrument	876,818	1,565,494	2,833,607	2,743,621	2,453,609
Treasury Bills	654,611	1,391,281	2,575,717	220,797	0
Treasury Bonds (l)	70,575	25,471	22,461	2,522,824	2,515,621
Other	151,632	148,742	235,429	0	-62,011
Commercial Banks					
By Debt Instrument	3,665,337	3,682,425	5,692,111	6,359,218	6,957,596
Rupee Loans	15,870	15,870	15,870	0	0
Treasury Bills (k)	769,946	568,597	657,308	1,997,773	2,707,569
Treasury Bonds (k)	1,366,883	1,459,183	3,116,024	3,338,017	4,027,357
Sri Lanka Development Bonds (g)	444,173	406,317	333,611	0	0
International Sovereign Bonds (g)	415,756	372,612	635,443	566,866	371,514
Other (i)	652,710	859,845	933,853	456,561	-148,844
Non Bank Sector					
By Debt Instrument	4,210,099	4,822,098	6,164,063	7,506,289	8,158,550
Rupee Loans (m)	8,218	8,218	8,218	0	0
Treasury Bills	145,416	220,481	837,279	1,735,925	1,258,161
Treasury Bonds	4,013,761	4,544,506	5,270,079	5,761,309	6,892,140
Sri Lanka Development Bonds (g)	42,697	48,886	48,480	0	0
Other	7	7	7	9,055	8,249
By Institution (k)	4,210,099	4,822,098	6,164,063	7,506,289	8,158,550
Licensed Specialised Banks	707,538	807,352	821,593	1,008,618	1,016,864
Licensed Finance Companies	12,821	20,401	58,297	101,661	60,799
Corporates (n)	60,592	86,324	393,536	742,773	716,156
Insurance Companies	215,737	267,738	373,766	494,335	539,397
Superannuation Funds (o)	2,998,034	3,378,200	3,953,808	4,505,426	5,085,561
Government Institutes, Funds and State Owned Enterprises (p)	132,340	170,757	240,282	288,561	388,626
Local Individual	27,046	37,567	255,521	327,355	305,963
Other (q)	55,992	53,759	67,260	37,560	45,185
Repurchase Transaction Allocations (k)(r)	312,814	1,027,207	344,096 (s)	442,727 (s)	739,904 (s)
Treasury bills	50,731	90,149	43,604	62,540	95,823
Treasury bonds	262,082	937,058	300,492	380,187	644,081

(Contd.)

OUTSTANDING CENTRAL GOVERNMENT DEBT (AS AT END YEAR) (a)

Rs. mn

Source	2020	2021	2022 (b)	2023(b)(c)	2024(b)(c)
Total Foreign Debt (f)(u)(v)	6,052,179	6,516,958	12,458,155	11,644,094	10,429,044
By Type	6,052,179	6,516,958	12,458,155	11,644,094	10,429,044
Project Loans	3,458,461	3,789,126	7,347,329	6,893,850	6,218,727
Non-project Loans	2,593,718	2,727,832	5,110,826	4,750,245	4,210,316
Commodity	43,023	34,904	183,082	208,724	188,055
Other	2,550,695	2,692,927	4,927,744	4,541,521	4,022,261
By Institution	6,052,179	6,516,958	12,458,155	11,644,094	10,429,044
Multilateral	1,601,482	1,895,340	3,611,552	3,816,950	3,773,453
Bilateral and Commercial	4,450,697	4,621,618	8,846,603	7,827,144	6,655,590
Of which;					
International Sovereign Bonds (g)	2,203,279	2,243,049	3,921,587	3,498,371	2,725,389
Sri Lanka Development Bonds (g)	4,986	4,875	9,645	0	0
Foreign Currency Term Financing Facilities (g)	279,612	445,521	797,589	709,741	715,520
Non Resident Investment in Treasury Bills	670	204	12,476	75,419	8,860
Non Resident Investment in Treasury Bonds	6,204	1,710	13,078	42,023	59,665
Total Outstanding Central Government Debt (Net of Bank Deposits)	15,117,247	17,614,181	27,492,031	28,695,949	28,738,704
Total Outstanding Central Government Debt (Gross)	15,209,619	17,746,030	27,651,073	29,145,593	29,624,379

Note: With the establishment of the Public Debt Management Office (PDMO) under the Ministry of Finance, Planning and Economic Development (MOF), the responsibility for recording and publishing Sri Lanka's public debt now falls under the PDMO, as mandated by the provisions of the Public Debt Management Act, No. 33 of 2024. Accordingly, the Quarterly Statistical Debt Bulletin, published by the PDMO, serves as the official source for debt statistics. The Central Bank compiles and present this table based on data received from the MOF to ensure data continuity, following the Government Finance Statistics Manual 2014 (GFS 2014).

Sources : Ministry of Finance, Planning and Economic Development
Central Bank of Sri Lanka

- (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. Further, debt statistics are presented on net basis (net of deposits).
- (b) The outstanding central government debt excludes several debt service payments that became overdue after 12 April 2022, the date of which the Interim Policy regarding the servicing of Sri Lanka's external public debt was announced by the Ministry of Finance, Planning and Economic Development. These debt service payments comprise of overdue interest payments of affected debt which are deemed to be capitalised as per the Interim Policy. Further, December 2022 balances excluded certain coupon payments pending settlement in relations to Sri Lanka Development Bonds from April 2022 till end 2022.
- (c) Provisional
- (d) From 2023 onwards, domestic debt compilation method was changed and is based on the data confirmed by the Ministry of Finance, Planning and Economic Development.
- (e) Excludes government securities held by non resident investors.
- (f) For data from 2020 to 2022 includes liabilities of the Central Government to commercial banks reported in the Monetary Survey of the Central Bank. Thereafter such liabilities were taken from the data confirmed by the Ministry of Finance, Planning and Economic Development.
- (g) Several interest payments that fell overdue after the debt standstill may not be included in the outstanding balance for 2022 since recording of these debt service payments in the debt recording systems is not yet finalised. From 2023 onwards, this no longer applies to SLDBs. Further, as of end 2024, external debt restructuring has been largely completed, except for a small remaining portion.
- (h) Represents ISB outstanding owned by the Licensed Commercial Banks
- (i) Data from 2022 includes outstanding balance of the government guaranteed foreign currency debt of the Ceylon Petroleum Corporation that was absorbed into central government debt and data for 2024 includes an outstanding balance of Rs. 16, 267 mn classified as Development Project Loans as per the Quarterly Statistical Debt Bulletin for 2024 Q4 published by the MOF.
- (j) 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 of businesses and individuals
- (k) Institution wise classification was revised from the Annual Report 2022 based on records of the Central Depository System and the data for 2020 and 2021 have been revised accordingly.
- (l) The CBSL introduced outright purchase of Treasury bonds through Open Market Operations w.e.f. 06 September 2019
- (m) Includes sinking fund
- (n) Includes the holdings of Standalone Primary Dealers, leasing companies, private companies, mutual funds, etc.
- (o) Includes the holdings of EPF, ETF, pension funds, provident funds, etc.
- (p) Includes the holdings of Government authorities, Government departments, Ministries, etc.
- (q) Includes the holdings of societies, clubs, associations, etc.
- (r) Includes securities holdings under Repurchase agreements for which absolute ownership could not be established
- (s) Holdings under repurchase transactions with respect to Open Market Operations, have been allocated to the respective Licensed Commercial Bank or Standalone Primary Dealers.
- (t) Foreign loan debt statistics and classification of foreign debt from 2021 to 2024 are prepared based on the data sourced from the CS-DRMS maintained by the Ministry of Finance, Planning and Economic Development, and extracted on 09 March 2023, 10 March 2023, 26 February 2024 and 27 February 2025, respectively.
- (u) From December 2022 onwards, several outstanding project loan which were previously classified under Ceylon Electricity Board, Airport and Aviation Services Ltd. and Sri Lanka Ports Authority were absorbed into central government debt.
- (v) The 2024 data reflects the impact of external debt restructuring.

MONEY RATES: THE CENTRAL BANK AND COMMERCIAL BANKS (a)

% per annum

End of Period	Commercial Banks' Deposit Rates																
	Central Bank of Sri Lanka						Fixed Deposits						Savings Deposits				
	Overnight Policy Rate (OPR)(b)	Standing Deposit Facility Rate (SDFR)(b)	Bank Rate (c)	3-month		6-month		1-year		2-year		Max.	Min.				
				Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.						
2020	-	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
2021	-	5.00	6.00	9.00	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
2022	-	14.50	15.00	30.22	30.00	4.00	28.50	4.25	30.00	4.50	26.50	4.50	6.00	14.06	18.49	23.07	23.73
2023	-	9.00	10.00	14.50	16.99	2.50	18.81	1.00	22.00	1.00	14.65	2.00	13.00	11.64	14.88	11.06	11.33
2024	8.00	7.50	8.50	10.00	2.50	9.56	2.75	18.39	2.50	11.50	2.00	9.00	0.25	7.53	9.27	6.52	6.57
2023	-	14.50	15.50	26.50	30.00	2.75	28.50	3.00	30.00	3.50	24.00	4.50	6.00	14.63	19.15	22.24	22.78
January	-	14.50	15.50	26.00	30.00	2.75	28.50	0.50	30.00	3.50	23.00	4.50	6.00	14.74	19.23	21.56	22.06
February	-	15.50	16.50	25.00	30.00	2.75	28.50	0.50	30.00	3.50	23.00	4.50	12.00	15.06	19.80	20.48	21.07
March	-	15.50	16.50	24.50	26.00	2.75	28.50	0.50	30.00	2.80	22.00	5.00	12.00	15.12	19.72	19.19	19.70
April	-	15.50	16.50	23.50	23.50	2.75	26.00	0.50	30.00	2.80	22.00	5.00	12.00	15.23	19.84	18.85	19.19
May	-	13.00	14.00	22.00	21.55	2.75	24.50	0.50	24.80	1.00	22.00	2.00	12.00	15.09	19.70	14.98	15.49
June	-	11.00	12.00	22.00	21.55	2.75	24.50	0.50	24.80	1.00	22.00	2.00	12.00	14.76	19.02	12.45	12.76
July	-	11.00	12.00	18.00	19.75	2.75	24.50	1.00	24.80	1.00	14.65	2.00	12.00	14.15	18.26	11.46	11.81
August	-	11.00	12.00	15.50	16.99	2.75	21.00	1.00	24.80	1.00	14.65	2.00	12.00	13.39	17.24	11.47	11.82
September	-	10.00	11.00	14.50	14.00	2.50	20.00	1.00	24.80	1.00	13.00	2.00	13.00	12.75	16.34	11.51	11.78
October	-	9.00	10.00	14.50	16.99	2.50	18.81	1.00	22.00	1.00	14.65	2.00	13.00	12.11	15.54	11.54	11.82
November	-	9.00	10.00	14.50	16.99	2.50	18.81	1.00	22.00	1.00	14.65	2.00	13.00	11.64	14.88	11.06	11.33
December	-	9.00	10.00	14.50	16.99	2.50	18.81	1.00	22.00	1.00	14.65	2.00	13.00	11.64	14.88	11.06	11.33
2024	-	9.00	10.00	14.50	16.99	2.50	17.18	1.00	22.00	2.00	14.65	2.00	12.00	11.15	14.28	10.86	11.12
January	-	9.00	10.00	14.00	13.00	2.75	14.93	3.00	22.00	2.00	14.65	2.00	12.00	10.80	13.77	9.52	9.77
February	-	8.50	9.50	14.00	12.25	2.75	13.25	3.00	21.00	2.00	14.73	2.00	10.00	10.30	13.10	7.61	7.73
March	-	8.50	9.50	12.50	11.50	2.50	13.25	2.75	21.00	2.50	14.37	2.00	9.00	9.66	12.12	7.77	7.88
April	-	8.50	9.50	10.50	10.61	2.50	12.31	2.75	21.00	2.50	14.37	2.00	9.00	9.05	11.36	7.32	7.64
May	-	8.50	9.50	11.00	9.75	2.50	11.30	2.75	21.00	2.50	14.37	2.00	9.00	8.38	10.39	7.24	7.32
June	-	8.25	9.25	10.50	9.50	2.50	10.50	2.75	21.00	2.50	14.37	2.00	9.00	8.04	9.90	7.32	7.39
July	-	8.25	9.25	10.00	9.50	2.50	12.00	2.75	21.00	2.50	10.50	2.00	9.00	7.87	9.67	7.07	7.15
August	-	8.25	9.25	10.50	10.00	2.00	10.20	2.75	18.39	2.50	11.00	2.00	9.00	7.70	9.46	7.18	7.27
September	-	8.25	9.25	10.00	10.00	2.00	9.75	2.75	18.39	2.50	11.00	2.00	9.00	7.61	9.46	7.18	7.23
October	-	8.25	9.25	10.00	10.00	2.00	9.75	2.75	18.39	2.50	11.00	2.00	9.00	7.59	9.36	7.15	7.19
November	8.00	7.50	8.50	10.00	10.00	2.50	10.25	2.75	18.39	2.50	11.00	2.00	9.00	7.53	9.27	6.52	6.57
December	8.00	7.50	8.50	10.00	10.00	2.50	9.56	2.75	18.39	2.50	11.50	2.00	9.00	7.53	9.27	6.52	6.57

(Contd.)

(a) All interest rates are as at the end of period, unless otherwise stated.
 (b) With effect from 27 November 2024, the OPR is defined as the policy interest rate of the Central Bank and the use of SDFR and SLFR as policy interest rates were discontinued. SDFR and SLFR are linked to the OPR with a margin as decided by the Central Bank.
 (c) The rate at which the Central Bank grants advances to banking institutions as the lender of last resort (LOLR). Up to April 2020, the Bank Rate was a fixed rate determined by the Monetary Board. Since 16 April 2020, the Bank Rate was allowed to be determined automatically with a margin of 300 basis points above SLFR. Since 03 November 2022, the Bank Rate was commensurately adjusted in line with the latest available Average Weighted New Deposit Rate (AWNDR) with a margin of +700 basis points. Since 02 January 2023, the Bank Rate was commensurately adjusted in line with the latest available AWNDR with a margin of +300 basis points, rounded off to the nearest multiple of half a percentage point. Since 01 March 2023, the Bank Rate was delisted from monetary policy instruments and considered as a policy instrument that the Central Bank uses as the LOLR to support the stability of the banking and financial system.
 (d) 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 deposits held with licensed commercial banks (LCBs).
 (e) The Average Weighted New Deposit Rate (AWNDR) 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 (AWNFR) 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.

MONETARY AND FINANCIAL SECTOR

TABLE 17 (Contd.)

MONEY RATES: THE CENTRAL BANK AND COMMERCIAL BANKS (a)

End of Period	Commercial Banks' Lending Rates																				Interbank Call Money Market Rate							
	Loans and Overdrafts										Bills Purchased and Discounted																	
	Secured by					Unsecured					Secured by					Unsecured												
	Stock in Trade		Immovabl Property		Other	Stock in Trade		Immovabl Property		Other	Stock in Trade		Immovabl Property		Other	Stock in Trade		Immovabl Property		Other		AWPR (h)	AWLR (i)	AWNLR (i)	Max.	Min.	Average Weighted	
Max.	Min.	Max.	Min.	Max.	Max.	Min.	Max.	Min.	Max.	Max.	Min.	Max.	Min.	Max.	Max.	Min.	Max.	Min.	Max.	Max.	Min.	Max.	Min.	Max.	Min.	Average Weighted		
2020	28.00	3.95	28.00	4.00	28.00	1.00	28.00	1.00	28.00	1.00	28.00	4.00	28.00	1.00	28.00	4.00	17.42	2.90	17.42	2.90	17.42	2.90	5.74	10.29	8.38	4.55	4.53	4.55
2021	28.00	4.00	28.00	3.02	28.00	1.00	28.00	1.00	28.00	1.00	28.00	3.03	18.00	3.14	18.00	3.14	18.00	3.14	18.00	3.14	18.00	3.14	8.33	9.87	9.48	6.00	5.88	5.95
2022	42.48	5.66	39.00	2.81	36.68	1.05	39.41	6.00	35.56	8.00	28.19	18.70	18.70	26.20	15.50	15.50	15.50	15.50	15.50	15.50	15.50	12.39	14.21	14.38	9.40	9.05	9.24	
2023	28.00	5.66	34.97	1.00	32.54	3.50	36.00	1.00	26.50	7.50	32.00	1.00	26.50	6.84	8.92	11.93	10.77	8.00	8.00	8.00	8.00	8.92	11.93	10.77	8.00	8.00	8.00	
2024	26.50	5.57	32.00	1.50	28.00	3.50	32.00	1.00	24.50	6.84	8.92	11.93	10.77	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.92	11.93	10.77	8.00	8.00	8.00	
January	36.19	5.66	39.00	2.81	39.50	1.05	38.97	3.50	34.42	8.00	26.73	18.66	25.82	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50	26.73	18.66	25.82	15.50	15.50	15.26	
February	45.03	5.66	39.00	2.81	39.50	1.05	38.97	3.50	33.70	8.00	24.71	18.50	25.31	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50	24.71	18.50	25.31	15.50	15.50	15.27	
March	36.00	5.66	37.32	2.81	36.17	1.05	38.47	4.00	33.64	8.00	22.42	18.29	23.70	16.50	16.25	16.49	16.50	16.50	16.50	16.50	16.50	22.42	18.29	23.70	16.50	16.25	16.49	
April	36.00	5.66	37.32	2.81	37.28	1.05	38.47	3.50	35.55	8.00	21.80	17.87	23.09	16.50	16.50	16.50	16.50	16.50	16.50	16.50	16.50	21.80	17.87	23.09	16.50	16.50	16.50	
May	36.00	2.00	37.32	2.00	36.00	2.00	38.47	2.00	33.00	8.00	20.81	17.75	22.39	16.50	16.50	16.50	16.50	16.50	16.50	16.50	16.50	20.81	17.75	22.39	16.50	16.50	16.50	
June	36.00	2.00	37.00	2.00	36.00	2.00	38.10	2.00	32.00	8.00	20.04	17.51	21.51	14.00	13.25	13.85	14.00	14.00	14.00	14.00	14.00	20.04	17.51	21.51	14.00	11.40	11.50	
July	36.00	2.00	37.00	2.00	36.00	2.00	38.10	2.00	32.00	8.00	18.20	16.90	19.30	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50	18.20	16.90	19.30	11.50	11.40	11.50	
August	32.73	5.66	37.00	3.50	33.50	3.50	38.10	2.50	31.00	8.00	16.11	16.20	17.89	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50	16.11	16.20	17.89	11.50	11.50	11.50	
September	32.73	5.66	37.00	3.50	33.17	3.50	38.10	3.50	31.00	8.00	14.96	15.62	16.57	12.00	11.25	11.66	12.00	12.00	12.00	12.00	12.00	14.96	15.62	16.57	12.00	11.25	11.66	
October	32.04	6.93	35.68	1.00	32.54	3.50	38.10	1.00	27.50	7.50	13.94	15.18	15.98	10.50	10.00	10.29	10.50	10.50	10.50	10.50	10.50	13.94	15.18	15.98	10.50	10.00	10.29	
November	27.64	6.93	34.97	1.00	32.54	3.50	36.00	1.00	27.50	7.50	13.13	14.66	15.17	9.10	9.10	9.10	9.10	9.10	9.10	9.10	9.10	13.13	14.66	15.17	9.10	9.10	9.10	
December	28.00	5.66	34.97	1.00	32.54	3.50	36.00	1.00	26.50	7.50	12.39	14.21	14.38	9.40	9.05	9.24	9.40	9.40	9.40	9.40	9.40	12.39	14.21	14.38	9.40	9.05	9.24	
2024	26.50	5.66	32.00	3.50	29.93	3.50	36.00	2.00	26.50	8.00	11.94	13.88	13.91	9.10	9.10	9.10	9.10	9.10	9.10	9.10	9.10	11.94	13.88	13.91	9.10	9.10	9.10	
January	26.50	5.66	34.00	1.00	32.54	2.00	39.40	1.00	29.65	8.00	11.59	13.74	13.44	9.30	9.15	9.21	9.30	9.30	9.30	9.30	9.30	11.59	13.74	13.44	9.30	9.15	9.21	
February	26.50	5.66	35.69	1.00	28.00	3.50	36.00	1.00	24.50	8.00	11.11	13.43	12.96	9.00	8.65	8.71	9.00	9.00	9.00	9.00	9.00	11.11	13.43	12.96	9.00	8.65	8.71	
March	26.50	2.00	32.24	1.00	28.00	3.50	36.00	1.00	24.50	9.33	10.38	13.14	12.67	8.60	8.50	8.57	8.60	8.60	8.60	8.60	8.60	10.38	13.14	12.67	8.60	8.50	8.57	
April	26.50	5.57	32.24	1.00	30.50	3.50	36.00	1.00	24.50	8.90	9.65	12.81	12.09	8.75	8.50	8.66	8.75	8.75	8.75	8.75	8.75	9.65	12.81	12.09	8.75	8.50	8.66	
May	26.50	5.57	32.00	1.00	28.00	2.00	36.00	1.00	24.50	7.47	9.08	12.47	11.45	8.80	8.50	8.75	8.80	8.80	8.80	8.80	8.80	9.08	12.47	11.45	8.80	8.50	8.75	
June	26.50	5.57	32.00	1.00	28.00	3.50	36.00	1.00	24.50	7.47	8.97	12.25	11.52	8.80	8.30	8.55	8.80	8.80	8.80	8.80	8.80	8.97	12.25	11.52	8.80	8.30	8.55	
July	26.50	5.33	32.00	1.50	28.00	3.50	36.00	1.00	24.50	7.00	9.10	12.12	11.23	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	9.10	12.12	11.23	8.75	8.75	8.75	
August	26.50	5.57	32.00	1.50	28.00	3.50	36.00	1.00	24.50	7.00	9.31	12.14	11.33	8.70	8.65	8.65	8.70	8.70	8.70	8.70	8.70	9.31	12.14	11.33	8.70	8.65	8.65	
September	26.50	5.57	32.00	1.50	28.00	3.50	32.00	1.00	24.50	7.47	9.14	12.09	11.15	8.55	8.50	8.53	8.55	8.55	8.55	8.55	8.55	9.14	12.09	11.15	8.55	8.50	8.53	
October	26.50	5.57	32.00	1.50	28.00	3.50	32.00	1.00	24.50	6.13	9.11	12.06	11.02	8.30	8.02	8.15	8.30	8.30	8.30	8.30	8.30	9.11	12.06	11.02	8.30	8.02	8.15	
November	26.50	5.57	32.00	1.50	28.00	3.50	32.00	1.00	24.50	6.84	8.92	11.93	10.77	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.92	11.93	10.77	8.00	8.00	8.00	
December	26.50	5.57	32.00	1.50	28.00	3.50	32.00	1.00	24.50	6.84	8.92	11.93	10.77	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.92	11.93	10.77	8.00	8.00	8.00	

Source: Central Bank of Sri Lanka

(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.

(ii) 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.

CONSOLIDATED MONETARY SURVEY - M_{2b} (a) (b)

Rs. mn

End of Period	Broad Money (M_{2b})										Net Foreign Assets (c)				
	Narrow Money (M_1) (d)			Time and Savings Deposits (e)				Total Broad Money (M_{2b}) (M_1) + (3) + (4) + (5) + (6) + (7)	Monetary Authorities (f)			Commercial Banks		Total Net Foreign Assets (B) + (11) (12)	
	Currency	Demand Deposits (2)	Total Narrow Money (M_1) (1)+(2) (3)	DBUs (4)	OBUs (5)	Total Time and Savings Deposits (4)+(5) (6)	DBUs (9)		OBUs (10)	Total Commercial Banks (9)+(10) (11)					
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	-213,200	-594,713	-981,976				
2022	742,042	711,555	1,453,597	10,368,583	467,456	10,836,040	12,289,637	-1,613,861	-433,456	280,504	-1,522,952	-1,766,813			
2023	900,136	757,906	1,658,043	11,095,406	435,665	11,531,071	13,189,113	-837,336	-262,549	643,787	381,238	-456,098			
2024	1,051,070	874,494	1,925,563	12,008,035	388,102	12,396,138	14,321,701	222,149	-234,317	585,077	350,759	572,909			
2023	730,586	680,780	1,411,366	10,427,900	483,196	10,911,096	12,322,462	-1,539,645	-477,028	443,940	-33,088	-1,572,734			
January	779,299	660,021	1,439,320	10,398,935	507,548	10,906,483	12,345,803	-1,495,995	-446,887	508,423	61,536	-1,434,459			
February	828,742	649,219	1,477,961	10,368,244	447,146	10,815,391	12,293,351	-1,254,002	-414,144	494,399	80,255	-1,173,447			
March	814,875	684,565	1,499,440	10,458,570	428,640	10,887,210	12,386,650	-1,190,892	-358,399	510,094	151,695	-1,039,197			
April	796,430	700,606	1,497,035	10,406,095	403,419	10,809,514	12,306,550	-977,424	-337,524	477,366	139,843	-837,581			
May	845,055	707,320	1,552,375	10,551,741	412,494	10,964,235	12,516,610	-962,981	-388,171	543,171	155,000	-807,981			
June	823,351	708,100	1,531,451	10,739,734	455,066	11,194,800	12,726,251	-982,422	-355,209	630,608	275,398	-707,023			
July	829,219	687,209	1,516,428	10,738,065	443,405	11,181,470	12,697,899	-957,682	-290,230	636,411	346,182	-611,500			
August	835,486	685,641	1,521,126	10,827,406	457,131	11,284,537	12,805,663	-986,567	-269,176	695,570	426,394	-560,173			
September	814,006	683,674	1,497,680	10,924,286	437,415	11,361,701	12,859,380	-919,070	-270,334	666,299	395,966	-523,104			
October	831,406	675,630	1,507,036	10,994,818	427,683	11,422,501	12,929,536	-887,127	-320,675	635,512	314,837	-572,291			
November	900,136	757,906	1,658,043	11,095,406	435,665	11,531,071	13,189,113	-837,336	-262,549	643,787	381,238	-456,098			
December	888,041	718,515	1,606,556	11,080,437	427,950	11,508,387	13,114,943	-745,064	-302,144	647,248	345,104	-399,960			
2024	903,847	722,917	1,626,764	11,160,879	413,486	11,574,365	13,201,130	-686,116	-233,838	599,722	365,883	-320,233			
January	972,329	748,149	1,720,478	11,199,009	405,134	11,604,143	13,324,620	-499,445	-218,111	545,373	327,262	-172,183			
February	947,927	788,987	1,736,914	11,299,265	383,801	11,683,066	13,419,979	-315,322	-291,944	554,374	262,429	-52,893			
March	947,927	788,987	1,736,914	11,299,265	383,801	11,683,066	13,419,979	-315,322	-291,944	554,374	262,429	-52,893			
April	947,927	788,987	1,736,914	11,299,265	383,801	11,683,066	13,419,979	-315,322	-291,944	554,374	262,429	-52,893			
May	971,794	796,610	1,768,404	11,564,869	414,652	11,979,521	13,747,925	-236,932	-221,026	638,191	417,165	180,233			
June	971,794	796,610	1,768,404	11,564,869	414,652	11,979,521	13,747,925	-236,932	-221,026	638,191	417,165	180,233			
July	984,850	783,753	1,768,604	11,648,236	407,737	12,055,973	13,824,576	-201,236	-198,327	619,788	421,461	220,224			
August	1,010,931	789,647	1,800,578	11,666,439	409,761	12,076,201	13,876,778	-100,713	-235,992	630,034	394,042	293,329			
September	1,011,808	797,636	1,809,443	11,725,678	414,789	12,140,467	13,949,910	-52,376	-258,264	667,436	409,172	356,796			
October	1,013,069	788,607	1,801,677	11,795,367	411,590	12,206,957	14,008,634	18,615	-242,707	631,360	388,653	407,268			
November	1,009,890	789,949	1,799,840	11,875,994	411,112	12,287,106	14,086,946	91,020	-247,531	594,751	347,221	438,240			
December	1,051,070	874,494	1,925,563	12,008,035	388,102	12,396,138	14,321,701	222,149	-234,317	585,077	350,759	572,909			

(Contd)

(a) M_{2b} is based on aggregated data pertaining to the Central Bank and both Domestic Banking Units (DBUs) and Offshore Banking Units (OBUs) of LCBs operating in Sri Lanka.

(b) With the implementation of Banking (Amendment) Act No. 24 of 2024, the demarcation of the DBU and OBU is eliminated effective from 14 June 2024. However, for the purpose of compilation of monetary aggregates, balance sheet data for LCBs are collected separately for DBUs and OBUs. 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) 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.

(c) External assets (net) of the Central Bank and LCBs (including outward bills)

(d) Currency and demand deposits held by the public

(e) Time and savings deposits of the public held with LCBs

(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.

MONETARY AND FINANCIAL SECTOR

TABLE 18 (Contd.)

CONSOLIDATED MONETARY SURVEY - M_{2b} (a) (b)

End of Period	Rs. mn																			
	Domestic Credit										Net Domestic Assets									
	Credit to Government (Net) (g)					Credit to Public Corporations					Credit to the Private Sector					Other Items (Net)				
	Commercial Banks		Total Credit to the Govt.			Total Credit to Corporations		Total Credit to Private Sector			Central Bank DBUs		Total Domestic Credit			Other Items		Total Domestic Net Assets		
Central Bank	DBUs	OBUs	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)			
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				
2022	3,432,493	3,639,290	399,325	4,038,615	7,471,108	1,689,404	60,304	1,749,108	6,732,313	679,143	7,411,456	16,632,273	-1,624,004	-951,820	-2,575,823	14,056,450				
2023 (h)	2,376,234	5,689,315	219,442	5,908,757	8,284,991	712,343	57,467	769,810	6,834,818	531,600	7,366,418	16,421,220	-1,759,376	-1,016,632	-2,776,008	13,645,211				
2024	1,773,558	6,437,535	59,015	6,496,550	8,270,108	605,081	51,583	656,664	7,560,156	595,889	8,156,045	17,082,817	-2,430,564	-903,461	-3,334,025	13,748,792				
2023 January	3,409,401	3,807,350	394,882	4,202,233	7,611,633	1,689,984	60,409	1,750,393	6,670,543	644,892	7,315,435	16,677,461	-1,721,339	-1,060,927	-2,782,266	13,895,196				
February	3,154,994	3,956,599	359,324	4,315,923	7,470,917	1,655,777	58,621	1,714,398	6,640,937	616,958	7,257,895	16,443,210	-1,627,170	-1,035,778	-2,662,948	13,780,262				
March	3,209,230	4,035,090	323,809	4,358,899	7,568,130	1,552,761	54,597	1,607,358	6,587,367	550,997	7,138,364	16,331,851	-1,870,097	-976,656	-2,846,753	13,467,098				
April (h)	3,214,289	4,561,086	315,767	4,876,853	8,091,142	1,098,776	53,044	1,151,820	6,537,424	550,284	7,087,708	16,330,670	-1,904,274	-1,000,548	-2,904,823	13,425,847				
May	3,123,741	4,696,747	290,414	4,987,161	8,110,902	1,040,247	48,326	1,088,573	6,506,795	492,221	6,999,016	16,198,490	-2,149,453	-904,907	-3,054,360	13,144,131				
June	3,178,562	4,782,763	299,682	5,082,444	8,261,006	1,048,381	54,621	1,103,002	6,552,716	520,025	7,072,742	16,436,750	-2,107,154	-1,005,005	-3,112,159	13,324,591				
July	3,206,459	5,022,561	269,528	5,410,545	8,549,410	1,045,216	58,561	1,103,777	6,550,446	535,773	7,086,219	16,739,407	-2,215,867	-1,090,266	-3,306,133	13,433,274				
August	3,054,734	5,141,017	269,528	5,410,545	8,465,279	1,040,065	57,059	1,097,124	6,581,644	510,504	7,092,147	16,654,550	-2,315,054	-1,030,097	-3,347,152	13,309,399				
September	2,424,857	5,118,492	243,584	5,362,076	7,786,932	1,046,958	57,624	1,104,582	6,657,838	504,424	7,162,262	16,053,777	-1,643,869	-1,044,072	-2,687,941	13,365,836				
October	2,353,576	5,093,541	245,282	5,338,823	7,692,399	1,057,639	57,702	1,115,341	6,676,275	524,245	7,200,520	16,008,260	-1,569,662	-1,056,113	-2,625,775	13,382,485				
November	2,317,369	5,174,751	230,376	5,405,127	7,722,496	1,066,989	58,379	1,125,367	6,737,755	526,104	7,263,858	16,111,722	-1,587,208	-1,022,687	-2,609,895	13,501,827				
December (h)	2,376,234	5,689,315	219,442	5,908,757	8,284,991	712,343	57,467	769,810	6,834,818	531,600	7,366,418	16,421,220	-1,759,376	-1,016,632	-2,776,008	13,645,211				
2024 January	2,284,587	5,850,518	200,023	6,050,541	8,335,128	691,064	55,955	747,019	6,768,976	545,236	7,314,212	16,396,359	-1,860,944	-1,020,512	-2,881,456	13,514,903				
February	2,163,639	5,964,452	188,907	6,153,359	8,316,998	678,536	54,485	733,021	6,791,896	529,586	7,321,482	16,371,502	-1,890,926	-959,214	-2,850,139	13,521,362				
March	2,068,312	6,015,320	172,923	6,188,242	8,256,555	659,981	53,207	713,188	6,864,959	528,424	7,393,383	16,363,126	-1,971,530	-894,792	-2,866,323	13,496,803				
April	1,953,312	6,112,204	164,798	6,277,002	8,230,313	649,127	52,269	701,395	6,852,652	524,516	7,377,167	16,308,876	-1,923,848	-912,156	-2,836,004	13,472,872				
May	1,864,188	6,132,887	158,235	6,291,122	8,155,310	647,813	53,405	701,217	6,904,057	533,793	7,437,850	16,294,377	-1,833,904	-938,040	-2,771,945	13,522,433				
June	1,825,778	6,103,160	160,760	6,263,920	8,089,698	665,309	54,112	709,421	6,960,951	551,404	7,512,355	16,311,474	-1,753,966	-989,815	-2,743,782	13,567,692				
July	1,806,037	6,187,355	159,192	6,346,547	8,152,584	618,752	53,304	672,057	7,000,295	572,269	7,572,565	16,397,205	-1,796,037	-996,816	-2,792,854	13,604,352				
August	1,754,912	6,145,816	158,114	6,303,930	8,058,843	599,294	52,310	651,603	7,128,933	578,804	7,707,737	16,418,183	-1,825,233	-1,009,500	-2,834,734	13,583,449				
September	1,745,739	6,108,957	161,662	6,270,619	8,016,358	607,050	50,343	657,392	7,229,830	566,765	7,796,595	16,470,346	-1,845,814	-1,031,417	-2,877,231	13,593,115				
October	1,674,209	6,120,549	158,781	6,279,330	7,953,539	616,044	50,120	666,165	7,301,244	569,692	7,870,936	16,490,640	-1,890,911	-998,363	-2,889,274	13,601,366				
November	1,803,088	6,146,633	160,462	6,207,095	8,110,183	607,764	51,162	658,926	7,374,109	588,714	7,962,823	16,731,932	-2,099,250	-983,977	-3,083,226	13,648,705				
December	1,773,558	6,437,535	59,015	6,496,550	8,270,108	605,081	51,583	656,664	7,560,156	595,889	8,156,045	17,082,817	-2,430,564	-903,461	-3,334,025	13,748,792				

Source: Central Bank of Sri Lanka

(g) Credit extended by the banking system to the government, net of government deposits with banks and government cash deposits
 (h) With the approval of the Cabinet of Ministers at its meeting held on 30 January 2023, the outstanding foreign currency guaranteed debt of the Ceylon Petroleum Corporation (CPC) was absorbed into central government debt with effect from December 2022, in line with the actions agreed under the IMF-EFF arrangement to restructure the balance sheets of selected State Owned Enterprises (SOEs). Accordingly, this adjustment was implemented in two phases; first in April 2023 and subsequently in December 2023, hence, was reflected in the balance sheet of the particular state-owned commercial bank, which caused a reduction in credit to public corporations/SOEs and a corresponding expansion in net credit to the government (NCG).

COMMERCIAL BANKS' LOANS AND ADVANCES TO THE PRIVATE SECTOR (a)(b)

Category	End December 2023 (c)		End December 2024 (d)		% Change (y-o-y)
	Amount (Rs. bn)	As a % of Total	Amount (Rs. bn)	As a % of Total	
1. Agriculture and Fishing	658	8.8	740	9.0	12.6
of which,					
Tea	129	1.7	163	2.0	26.2
Rubber	51	0.7	47	0.6	-7.3
Coconut	29	0.4	38	0.5	32.9
Paddy	41	0.5	50	0.6	21.4
Vegetable and Fruit Cultivation and Minor Food Crops	34	0.5	42	0.5	24.0
Livestock and Dairy Farming	42	0.6	47	0.6	11.5
Fisheries	31	0.4	35	0.4	12.4
2. Industry	3,028	40.5	3,284	39.7	8.4
of which,					
Construction	1,487	19.9	1,569	19.0	5.5
of which,					
Personal Housing including Purchasing/Construction/Repairs	677	9.1	700	8.5	3.3
Staff Housing	88	1.2	110	1.3	25.0
Food and Beverages	223	3.0	233	2.8	4.8
Textiles and Apparel	277	3.7	323	3.9	16.5
Wood and Wood Products including Furniture	28	0.4	41	0.5	45.4
Paper and Paper Products	31	0.4	40	0.5	28.2
Chemical, Petroleum, Pharmaceutical and Healthcare, and Rubber and Plastic Products	181	2.4	209	2.5	15.6
Non-metallic Mineral Products	30	0.4	27	0.3	-7.8
Basic Metal Products	50	0.7	57	0.7	14.1
Fabricated Metal Products, Machinery and Transport Equipment	170	2.3	192	2.3	12.5
Other Manufactured Products	70	0.9	71	0.9	2.2
3. Services	2,014	26.9	2,261	27.4	12.3
of which,					
Wholesale and Retail Trade	579	7.7	674	8.2	16.4
Tourism	348	4.7	325	3.9	-6.7
Financial and Business Services	314	4.2	407	4.9	29.5
Transport	58	0.8	67	0.8	15.3
Communication and Information Technology	129	1.7	147	1.8	14.2
Printing and Publishing	30	0.4	36	0.4	18.5
Education	32	0.4	33	0.4	2.8
Health	117	1.6	107	1.3	-7.9
Shipping, Aviation and Freight Forwarding	40	0.5	54	0.7	35.5
4. Personal Loans and Advances (e)	1,777	23.8	1,978	23.9	11.3
of which,					
Consumer Durables	320	4.3	308	3.7	-3.8
Pawning	547	7.3	659	8.0	20.5
Credit Cards	156	2.1	169	2.0	8.3
Personal Education	24	0.3	30	0.4	26.1
Personal Healthcare	1.1	...	1.2	...	14.1
Others	689	9.2	767	9.3	11.3
5. Total (f)	7,476	100.0	8,262	100.0	10.5

(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 LCBs.

Source: Central Bank of Sri Lanka

(b) Includes loans, overdrafts, and bills discounted and excludes cash items in the process of collection.

(c) Revised

(d) Provisional

(e) Excludes personal housing loans, which have been included under 'Construction' classified under 'Industry' and includes Safety Net Scheme related loans.

(f) 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.

FINANCIAL SOUNDNESS INDICATORS - BANKING INDUSTRY

	2019	2020	2021	2022	2023 (a)	2024 (b)
1. Capital Adequacy (%)						
1.1 Capital Adequacy Ratio (CAR) (Regulatory Capital to Risk Weighted Assets)	17.2	17.1	17.9	16.2	18.4	18.4
1.2 Core Capital Ratio (Tier 1) (Core Capital to Risk Weighted Assets)	13.7	13.6	14.4	13.2	15.2	14.9
1.3 Core Capital to Total Assets	7.8	7.1	6.4	6.4	6.8	6.6
1.4 Stage 3 Loans Including Undrawn Amounts (net of Stage 3 Impairment) to Total Capital Funds		40.0	33.1	44.0	40.9	31.7
1.5 Borrowings to Capital Funds	148.6	134.9	161.2	117.1	79.1	62.6
1.6 Capital to Assets Ratio	9.0	8.6	8.0	8.2	8.7	9.2
1.7 Leverage Ratio	6.8	6.3	6.1	5.9	5.9	6.4
2. Assets Quality (%)						
2.1 Stage 3 Loans to Total Loans Ratio (Including Undrawn Amounts and Net of Stage 3 Impairment)		5.2	7.6	11.3	12.8	12.3
2.2 Stage 3 Loans to Total Loans Ratio (Excluding Undrawn Amounts)				11.6	12.8	12.1
2.3 Total Impairment on Loans Made against Loans and Advances (excluding undrawn amounts)		4.7	5.3	8.1	8.7	8.5
2.4 Stage 3 Impairment Coverage (Including Undrawn Amounts)		41.2	46.6	45.2	49.0	54.1
2.5 Total Impairment Coverage (Including Undrawn Amounts)		4.6	5.0	7.9	8.6	8.5
2.6 Total Impairment on Loans Made against Total Assets		3.0	3.4	4.7	4.7	4.4
2.7 Total Loans and Advances to Total Assets	64.9	64.1	63.8	58.3	54.0	51.7
2.8 Total Investments to Total Assets	23.9	29.2	29.5	30.5	35.8	41.0
2.9 Total Income to Total Assets	10.7	8.8	8.0	12.2	13.8	11.0
2.10 Net Interest Income to Total Assets	3.4	3.0	3.3	3.9	3.5	4.1
2.11 Non Interest Income to Total Assets	1.1	0.8	0.9	1.4	1.0	0.8
3. Earnings and Profitability (%)						
3.1 Return on Equity (ROE) - After Tax	10.3	9.4	13.4	10.4	11.5	15.6
3.2 Return on Assets (ROA) - Before Tax	1.4	1.1	1.4	0.9	1.5	2.6
3.3 Return on Assets (ROA) - After Tax	0.9	0.8	1.1	0.8	1.0	1.4
3.4 Interest Income to Total Income	90.2	90.8	88.6	88.1	92.6	92.5
3.5 Net Interest Income to Total Income	32.0	33.8	40.8	31.8	25.4	37.6
3.6 Non Interest Income to Total Income	9.8	9.2	11.4	11.9	7.4	7.5
3.7 Non Interest Expenses (Operating Expenses) to Total Income	19.7	18.8	19.8	13.7	13.3	18.4
3.8 Personal Expenses to Non Interest Expenses	47.8	53.6	55.1	53.5	50.8	54.6
3.9 Personal Expenses to Total Income	9.4	10.0	10.9	7.3	6.7	10.0
3.10 Impairment to Total Income		9.9	11.7	19.9	6.1	(2.7)
3.11 Efficiency Ratio	52.7	43.8	38.0	31.4	40.5	40.7
3.12 Interest Margin (Net interest income to Average Assets)	3.6	3.2	3.5	4.0	3.7	4.3
4. Liquidity (%)						
4.1 Total Liquid Assets to Total Assets	18.2	24.0	22.5	18.5	32.2	38.6
4.2 Rupee Liquidity Coverage Ratio	212.8	255.9	217.8	237.5	340.9	349.9
4.3 All Currency Liquidity Coverage Ratio	178.2	202.1	171.8	191.4	288.4	313.8
4.4 Liquid Assets to Deposits	24.9	30.9	29.4	23.5	39.4	47.6
4.5 Current & Savings Deposits to Total Deposits	31.4	34.5	38.0	31.2	32.3	31.2
4.6 Liquid Assets to Short Term Outflows				24.9	42.0	51.7
4.7 Deposit to Total Loans & Advances	112.8	121.3	120.1	135.2	150.9	156.6
4.8 Net Stable Funding Ratio	130.1	136.3	135.1	141.1	158.4	164.8
5. Assets / Funding Structure						
5.1 Deposits (% of Total Assets)	73.2	77.7	76.5	78.8	81.5	81.0
5.2 Borrowings (% of Total Assets)	13.4	11.7	12.9	9.6	6.9	5.8
5.3 Capital Funds (% of Total Assets)	9.0	8.2	8.0	8.2	8.7	9.2
5.4 Other (% of Total Assets)	4.4	2.4	2.5	3.3	2.9	4.0
5.5 Credit to Deposits	88.7	82.4	83.3	73.9	66.3	63.9
5.6 Credit to Deposits and Borrowings	74.9	71.7	71.3	65.9	61.1	59.6
5.7 Credit to Deposits, Borrowings and Capital	67.8	65.7	65.4	60.3	55.7	53.9
6. Financial Infrastructure						
6.1 No. of Branches (excluding Student Savings Units)	3,607	3,615	3,621	3,632	3,639	3,642
6.2 No. of ATMs	5,797	6,176	6,439	6,702	6,942	7,286

Note: Information from 2020 are based on Sri Lanka Financial Reporting Standards based Reporting

Source: Central Bank of Sri Lanka

(a) Revised

(b) Provisional

INFORMATION ON FINANCE COMPANIES

End of Period	2020	2021	2022	2023 (a)(b)	2024 (a)(c)
Financial Position (Rs. bn)					
Assets	1,367.9	1,452.0	1,610.2	1,695.5	1,930.7
Cash and Cash Equivalents	48.9	26.6	21.5	43.4	35.6
Investments (d)	220.0	223.5	279.4	385.7	352.2
Loans and Advances	1,010.2	1,112.6	1,198.4	1,164.8	1,430.2
Others Assets	88.8	89.3	110.9	101.6	112.6
Equity and Liabilities	1,367.9	1,452.0	1,610.2	1,695.5	1,930.7
Equity	232.6	289.7	363.4	412.0	469.4
Deposits	748.6	783.3	864.5	935.1	1,056.4
Borrowings	311.7	306.5	322.3	264.8	305.4
Other Liabilities	75.0	72.6	60.0	83.6	99.5
Financial Soundness Indicators (%)					
Capital Adequacy					
Core Capital to Risk Weighted Assets (CCR) (e)	13.9	15.0	20.6	21.1	20.4
Capital Base to Risk Weighted Assets (RWCAR) (f)	15.1	16.6	22.0	22.3	21.2
Core Capital to Total Assets (Net)	13.7	14.8	18.4	18.4	17.8
Non-Performing Loans and Advances net of Stage 03 Impairment to Core Capital	25.0	14.4	54.6	49.0	29.1
Asset Quality					
Gross Non Performing Loans and Advances to Total Loans and Advances	13.9	10.8	17.4	18.0	11.3
Net Non Performing Loans and Advances to Total Loans and Advances (g)	4.2	2.5	12.3	12.1	6.6
Impairment to Total Loans and Advances (h)	8.2	7.3	7.6	7.6	6.2
Stage 03 Impairment Coverage Ratio (i)	58.9	67.3	29.6	32.6	41.9
Liquidity					
Regulatory Liquid Assets to Total Assets	9.3	9.6	10.7	15.0	11.4
Regulatory Liquid Assets to Deposits & Borrowings	13.0	13.9	15.6	21.2	16.2
Available Regulatory Liquid Assets to Required Regulatory Liquid Assets	277.0	171.8	188.7	246.6	190.7
Earnings (j)					
Net Interest Margin (NIM) (k)	7.1	8.4	6.7	9.5	10.6
Return on Assets (l)	1.6	5.3	3.7	5.2	6.1
Return on Equity (m)	6.1	20.7	12.7	12.7	13.5
Interest Income to Interest Expenses	191.1	249.1	172.8	175.4	225.2
Cost to Income Ratio (n)	90.3	69.3	79.9	78.6	71.1
Non Interest Expenses (Operating Cost) to Gross Income (o)	75.6	51.6	58.1	52.8	50.8
Distribution of Branches					
Number of Institutions	40	39	36 (p)	33 (p)	32 (p)
Number of Branches	1,459	1,647	1,849	1,828	1,908
Central Province	160	178	196	195	210
Eastern Province	114	137	156	147	154
North Central Province	103	107	123	119	121
North Western Province	159	174	188	183	191
Northern Province	91	114	140	150	161
Sabaragamuwa Province	111	117	128	125	133
Southern Province	154	169	195	189	198
Uva Province	65	77	91	91	97
Western Province	502	574	632	629	643

(a) Based on financial information prepared in accordance with Sri Lanka Accounting Standards.

(b) Revised.

(c) Provisional.

(d) Includes Investments in Government of Sri Lanka Securities, Investments in Shares and Debentures, and Investment properties.

(e) Ratio of Core Capital (Tier 1 Capital after adjustments) to Risk Weighted Assets.

(f) Ratio of Capital Base (Tier 1 Capital after adjustments plus Eligible Tier 2 Capital after adjustments) to Risk Weighted Assets.

(g) Ratio of non performing loans and advances net of stage 03 impairment to total loans and advances was considered. Before 2022 ratio of non performing loans and advances net of interest in suspense and loan loss provisions to total loans and advances was considered.

(h) Before 2022, Ratio of total provisions to total loans and advances was considered.

(i) Before 2022, Ratio of total provisions to total non performing loans and advances was considered.

(j) Income and expenses related items are for the 12 months ending December of respective years.

(k) Ratio of interest income less interest expenses to average assets.

(l) Profit before tax as a percentage of average assets.

(m) Profit after tax as a percentage of average equity capital.

(n) Ratio of total of interest expenses, operating expenses and total provisions to total of interest income and operating income.

(o) Ratio of non interest expenses (operating cost) to net interest income plus non interest income less loan loss provisions and loans written off.

(p) Excluding ETI Finance Ltd.

Source: Central Bank of Sri Lanka

SPECIAL STATISTICAL APPENDIX¹

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¹ The online version of the Special Statistical Appendix is available in Excel spreadsheet format and contains additional data.



REAL SECTOR

TABLE 1

Year	Mid Year Population ('000)	Birth Rate (per '000)	Death Rate (per '000)	Population and Labour Force						Unemployment Rate (%) (b) (c)			
				Life Expectancy at Birth		Literacy Rate % (a)	Labour Force Participation Rate (%) (b) (c)			Total	Male	Female	
				Male	Female		Male	Female	Total				
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	21,203 (k)	15.6	6.2	-	-	93.1	53.8 (i)	75.1 (i)	35.9 (i)	4.4 (i)	2.9 (i)	7.0 (i)	-
2017	21,444 (k)	15.2	6.5	-	-	92.6	54.1 (i)	74.5 (i)	36.6 (i)	4.2 (i)	2.9 (i)	6.5 (i)	-
2018	21,670 (k)(l)	15.1 (l)	6.4 (l)	-	-	92.5	51.8 (i)	73.0 (i)	33.6 (i)	4.4 (i)	3.0 (i)	7.1 (i)	-
2019	21,803 (k)(l)	14.6 (l)	6.7 (l)	-	-	92.9	52.3 (i)	73.0 (i)	34.5 (i)	4.8 (i)	3.3 (i)	7.4 (i)	-
2020	21,919 (k)(l)	13.8 (l)	6.0 (l)	-	-	93.0	50.6 (i)	71.9 (i)	32.0 (i)	5.5 (i)	4.0 (i)	8.5 (i)	-
2021	22,156 (k)(l)	12.9 (l)	7.4 (l)	-	-	93.3	49.9 (i)	71.0 (i)	31.8 (i)	5.1 (i)	3.7 (i)	7.9 (i)	-
2022	22,181 (k)(l)	12.4 (l)	8.1 (l)	-	-	93.1	49.8 (i)	70.5 (i)	32.1 (i)	4.7 (i)	3.7 (i)	6.5 (i)	-
2023	22,037 (k)(l)	11.2 (l)	8.2 (l)	-	-	93.2	48.6 (i)	68.6 (i)	31.3 (i)	4.7 (i)	3.6 (i)	7.0 (i)	-
2024 (l)	21,916 (k)	10.1	7.8	-	-	-	47.4 (i)(m)	n.a.	n.a.	4.4 (i)(m)	n.a.	n.a.	-

(a) From 2006, based on Quarterly Labour Force Survey (QLFS) of the the Department of Census and Statistics (DCS). Up to 2005, data available only in census years and some survey years.

(b) From 1990, based on QLFS of the DCS. Upto 1989, based on other surveys in which the definition 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 covers 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) Provisional

(m) Data are based on the average of four quarters

n.a. - not available

Sources: Registrar General's Department
Department of Census and Statistics

REAL SECTOR

TABLE 2

Year	National Output (a)											GDP Deflator (1996=100) (d)		
	GDP at Current Market Prices (Rs. mn)	GDP at Current Market Prices (USD mn)	Per Capita GDP at Current Market Prices (Rs.)	Per Capita GDP at Current Market Prices (USD)	GDP Growth Rate (%)	Share of GDP (at Current Market Prices)				Share of GDP (at Current Market Prices)			Annual Index	Annual Change (%)
						Agriculture (%)	Industry (%)	Services (%)	Taxes less Subsidies on products (%)	Consumption (%)	Investment (%)	National Savings (%)		
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	
1972	15,247	2,554	1,186	199	3.2	26.3	24.2	49.5		84.3	17.3	14.8	6.4	
1973	18,404	2,876	1,406	220	3.7	27.3	25.4	47.3		87.5	13.7	11.5	7.5	
1974	23,771	3,575	1,789	269	3.2	33.2	25.1	41.8		91.8	15.7	7.5	9.5	
1975	26,577	3,791	1,969	281	2.8	30.4	26.4	43.2		91.9	15.6	7.4	10.2	
1976	30,203	3,591	2,202	262	3.0	29.0	27.1	43.9		86.1	16.2	13.1	10.8	
1977	36,407	4,105	2,611	294	4.2	30.7	28.7	40.6		81.9	14.4	17.7	12.8	
1978	42,665	2,733	3,007	193	8.2	30.5	27.2	42.3		84.7	20.0	15.5	13.8	
1979	52,387	3,365	3,620	232	6.3	26.9	28.2	44.8		86.2	25.8	14.8	16.0	
1980	66,527	4,025	4,511	273	5.8	27.6	29.6	42.8		88.8	33.8	14.0	18.9	
1981	85,005	4,416	5,725	297	5.8	27.7	28.0	44.3		88.3	27.8	14.3	22.8	
1982	99,238	4,769	6,531	314	5.1	26.4	26.3	47.3		88.1	30.8	15.4	25.1	
1983	121,601	5,168	7,887	335	5.0	28.3	26.3	45.4		86.2	28.9	16.4	28.7	
1984	153,746	6,043	9,854	387	5.1	28.7	26.3	45.0		80.1	25.8	22.2	33.6	
1985	162,375	5,978	10,250	377	5.0	27.7	26.2	46.1		88.1	23.8	14.2	33.9	
1986	179,474	6,405	11,129	397	4.3	27.1	26.6	46.3		88.0	23.7	14.5	35.9	
1987	196,723	6,680	12,015	408	1.5	27.0	27.4	45.6		87.2	23.3	15.3	38.4	
1988	221,982	6,978	13,373	420	2.7	26.3	26.7	47.0		88.0	22.8	14.2	42.8	
1989	251,891	6,987	14,971	415	2.3	25.6	26.8	47.6		87.8	21.7	14.6	46.9	
1990	321,784	8,033	18,912	472	6.2	26.3	26.0	47.7		85.7	22.2	16.8	56.3	
1991	372,345	9,000	21,564	521	4.6	26.8	25.6	47.7		87.2	22.9	15.2	62.5	
1992	425,283	9,703	24,405	557	4.3	25.9	25.6	48.5		85.0	24.3	17.9	68.8	
1993	499,565	10,354	28,310	587	6.9	24.6	25.6	49.8		84.0	25.6	20.2	75.3	
1994	579,084	11,718	32,367	655	5.6	23.8	26.2	50.1		84.8	27.0	19.1	82.3	
1995	667,772	13,030	36,820	718	5.5	23.0	26.5	50.5		84.7	25.7	19.5	89.2	
1996	768,128	13,898	41,892	758	3.8	22.4	26.4	51.1		84.7	24.2	19.0	100.0	
1997	890,272	15,092	47,947	813	6.3	21.9	26.9	51.2		82.7	24.4	21.5	108.6	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
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	
2015	11,566,987	85,110	551,597	4,059	4.2	8.2	29.5	54.2	8.0	72.9	34.3	32.0	429.1	
2016	12,812,975	87,992	604,129	4,149	5.1	7.3	30.5	53.4	8.8	70.4	36.5	34.5	452.5	
2017	14,387,319	94,356	670,644	4,398	6.5	7.4	31.1	52.2	9.2	67.0	39.7	37.3	477.2	
2018	15,351,933	94,749	708,442	4,372	2.3	7.6	30.1	53.6	8.7	68.9	38.1	35.1	497.7	
2019	15,910,976	88,989	729,761	4,082	-0.2	7.3	29.2	55.7	7.8	71.7	34.1	32.0	517.0	
2020	15,646,254	84,420	713,822	3,851	-4.6	8.3	28.2	57.8	5.7	73.3	32.9	31.3	533.0	
2021	17,612,370	88,611	794,926	3,999	4.2	8.8	30.0	55.9	5.4	70.7	36.7	33.0	575.8	
2022 (e)	24,063,162	76,841	1,084,855	3,464	-7.3	8.4	29.8	57.1	4.7	76.3	27.3	26.0	849.1	
2023 (e)(f)	27,419,804	83,756	1,244,262	3,801	-2.3	8.1	25.8	59.8	6.3	77.6	24.6	26.3	990.6	
2024 (f)	29,898,564	98,979	1,364,235	4,516	5.0	8.3	25.5	57.5	8.7	75.7	27.0	28.3	1,028.6	

(a) National Accounts data from 1959 to 2001 are based on the estimates of the Central Bank of Sri Lanka (CBSL) and 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 CBSL and DCS in 2002, 2010 and 2015.

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

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. 1,559,867 mn
2010 (DCS estimates): GDP (current market prices) = Rs. 5,604,104 mn, GNI (current market prices) = Rs. 5,534,327 mn
2015 (DCS estimates): GDP (current market prices) = Rs. 10,950,621 mn, GNI (current market prices) = Rs. 10,675,880 mn

(b) Based on quarterly GDP in USD terms calculated using quarterly average exchange rate from 2015 onwards.

(c) Estimates updated with latest population figures.

(d) 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.

(e) Revised

(f) Provisional

REAL SECTOR											Prices										Table 3
Year	Annual Average Price Index										Annual Average % Change										
	CCPI	CCPI	CCPI	CCPI	CCPI	NCPI	NCPI	WPI	PPI	PPI	CCPI	CCPI	CCPI	CCPI	CCPI	NCPI	NCPI	WPI	PPI	PPI	
	(1952 = 100)	(2002 = 100)	(2006/ 07 = 100)	(2013 = 100)	(2021 = 100)	(2013 = 100)	(2021 = 100)	(1974 = 100)	(2013 Q4 = 100)	(2018 Q4 = 100)	(1952 = 100)	(2002 = 100)	(2006/ 07 = 100)	(2013 = 100)	(2021 = 100)	(2013 = 100)	(2021 = 100)	(1974 = 100)	(2013 Q4 = 100)	(2018 Q4 = 100)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)		
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				143.4		147.2		6,744.9		123.7				6.0		7.0		5.4		10.9	
2022				209.9	163.5	221.5	174.9	11,000.3		215.2				46.4		50.4		63.1		74.0	
2023					191.8		203.8	12,101.2		240.0						17.4		16.5	10.0	11.5	
2024 (k)					194.2		207.1			240.1						1.2		1.6		...	

(a) Represents the consumption basket of low income households in the Colombo Municipality. Compilation of this index was discontinued since May 2008. Sources: Department of Census and Statistics Central Bank of Sri Lanka

(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. Compilation of this index was discontinued since February 2023.

(e) Represents the consumption basket of urban households within the Colombo District.

(f) Represents the consumption basket of households in the entire island. Compilation of this index was discontinued since January 2023.

(g) Represents the consumption basket of households in the entire island.

(h) Represents the wholesale basket of wholesalers in the entire island. Compilation of this index was discontinued since December 2023.

(i) Represents the production basket of producers in the entire island. Compilation of this index was discontinued since November 2021.

(j) Represents the production basket of producers in the entire island.

(k) Provisional

EXTERNAL SECTOR

TABLE 4

Balance of Payments

Values in USD mn

Year	Current Account						As a % of GDP (b)	Capital Account (Net)	Financial Account (c)				Overall Balance	Terms of Trade (% change) (g)
	Exports	Imports	Services & Primary Income (Net)	Transfers (Net) (a)	Current Account Balance	Long-term Capital (Net)			Short-term (Net)	Financial Account Balance (f)				
						Direct Investment					Other Private (d)	Government (e)		
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 (c)(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	-2.2	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	-2.0	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	-2.4	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	-3.0	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	-2.1	23.1	-666.1	202.6	88.8	-2,085.2	-2,459.9	376.6	-1.6
2020	10,047.4	16,055.4	-1,385.9	6,206.8	-1,187.1	-1.4	28.1	-419.5	56.2	-169.4	138.3	-394.4	-2,327.7	2.5
2021	12,498.6	20,637.4	-372.9	5,227.5	-3,284.3	-3.7	25.1	-574.8	167.1	-873.0	-2,930.3	-4,210.9	-3,966.6	-8.6
2022	13,106.4	18,291.0	239.7	3,496.4	-1,448.5	-1.9	19.4	-869.0	9.0	1,679.1	-2,387.6	-1,568.5	-2,806.1	-11.6
2023 (h)	11,910.7	16,811.1	505.4	5,834.2	1,439.1	1.7	37.3	-661.5	-277.6	1,845.3	576.6	1,482.8	2,825.6	-0.6
2024 (i)	12,772.0	18,841.4	835.9	6,439.3	1,205.8	1.2	11.6	-650.8	-563.3	1,752.1	354.0	892.0	2,890.4	1.3

(a) Replaced with Secondary Income (net) based on the BPM6 format, from 2012 onwards.

Source: Central Bank of Sri Lanka

(b) From 2015 onwards, data is based on the GDP estimates of DCS with base year 2015.

(c) Based on the BPM6 format, financial account (net) data is represented as Net Acquisition of Financial Assets - Net Incurrence of Liabilities from 2012 onwards, resulting in a 'minus' sign for net inflows to the financial account from 2012 onwards.

(d) Replaced with 'Loans - other sector - long term' under 'Net Incurrence of Liabilities' based on the BPM6 format, from 2012 onwards.

(e) Replaced with 'Loans - government - long term' under 'Net Incurrence of Liabilities' based on the BPM6 format, 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 have been calculated with a wider coverage using 2010 as the base year, from 2007 onwards.

(h) Revised

(i) Provisional

EXTERNAL SECTOR

TABLE 5

Reserves, Total Foreign Assets, External Debt and Exchange Rates

Year	Gross Official Reserves (USD mn)	Total Foreign Assets (a)		Total External Debt (b)		Debt Service Ratio(d)	Exchange Rates (Sri Lanka Rupees per Unit of Foreign Currency)								
		(USD mn)	Months of Imports	(USD mn)	as a % of GDP (c)		Year End US dollar	Annual Average							
								US dollar	Pound sterling	Euro	Japanese yen	Indian rupee	Deutsche mark	French frank	SDR (e)
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	52.7	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	52.8	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	54.7	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	55.3	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	61.6	29.7	181.63	178.78	228.20	200.14	1.64	2.54	-	-	246.97
2020	5,664.3	8,520.7	6.4	49,041.3	58.1	35.2	186.41	185.52	238.22	212.07	1.74	2.50	-	-	258.61
2021	3,139.2	6,122.4	3.6	51,775.1	58.4	30.7	200.43	198.88	273.51	235.10	1.81	2.69	-	-	283.18
2022	1,897.6	5,873.5	3.9	49,666.9	64.6	15.4	363.11	324.55	396.89	339.04	2.44	4.11	-	-	431.91
2023 (g)	4,392.1	9,373.1	6.7	54,257.2	64.8	15.9	323.92	327.53	407.07	354.11	2.34	3.97	-	-	436.88
2024 (h)	6,122.0	11,230.0	7.2	57,133.5	57.7	21.1	292.58	302.12	386.25	327.05	2.00	3.61	-	-	401.07

(a) Excludes foreign assets in the form of 'Direct investment abroad' and 'Trade credit and advances granted'.

(b) Total external debt based on market value from 2012 onwards.

(c) From 2015 onwards, data is based on the base year (2015) GDP estimates of the DCS.

(d) As a % 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 External Debt Statistics Manual (2003) of the International Monetary Fund (IMF), from 2008 onwards.

(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 onwards.

(g) Revised

(h) Provisional

Sources: International Monetary Fund
Central Bank of Sri Lanka

FISCAL SECTOR

TABLE 6

Government Fiscal Operations (a)

Values in Rs. mn

Year (b)	Revenue		Grants	Revenue and Grants	Expenditure			Current Account Sur- plus(+) Deficit(-)	Primary Account Sur- plus(+) Deficit(-)	Overall Surplus(+/ Deficit(-)	Financing			As a % of GDP (d)				
	Tax	Total (Tax and Non Tax)			Recurrent	Capital and Net Lending	Total				Foreign	Domestic (c)	Privati- sation Proceeds	Total Financing	Revenue and Grants	Expendi- ture	Overall Sur- plus(+) /Deficit (-)	
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	170,659	-17,046	-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	170,659	-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	12.6	19.3	-6.7	
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	13.1	19.1	-6.0	
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	11.9	17.3	-5.4	
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	11.6	16.8	-5.2	
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	11.2	16.7	-5.5	
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	12.6	19.8	-7.2	
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	13.2	18.2	-5.0	
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	12.8	17.9	-5.1	
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	12.6	17.5	-5.0	
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	11.9	21.0	-9.0	
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	8.8	19.4	-10.7	
2021	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	8.3	20.0	-11.7	
2022	1,751,132	1,979,184	33,405	2,012,589	3,519,633	952,923	4,472,556	-1,540,448	-894,777	-2,459,967	424,822	2,035,145	-	2,459,967	8.4	18.6	-10.2	
2023	2,720,563	3,048,822	25,502	3,074,324	4,699,679	656,912	5,356,591	-1,650,857	173,332	-2,282,267	494,655	1,787,612	-	2,282,267	11.2 (f)	19.5 (f)	-8.3	
2024 (g)	3,704,577	4,030,838	59,970	4,090,808	5,339,941	790,798	6,130,739	-1,309,103	649,569	-2,039,931	333,241	1,706,691	-	2,039,931	13.7	20.5	-6.8	

(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 calendar year.

(c) Includes proceeds from the long lease of Hambantota Port received in 2017 and 2018

(d) Data are based on GDP estimates compiled by DCS. From 2010 onwards, data are based on revised GDP estimates (base year 2015) of DCS.

(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) Revised based on the revised GDP estimates for 2023 released on 18 March 2025 by DCS.

(g) Provisional

Sources: Ministry of Finance, Planning and Economic Development
Central Bank of Sri Lanka

FISCAL SECTOR

TABLE 7

Year (b)	Central Government Debt (a)							Values in Rs. mn		
	Domestic Debt (c)				Total	Foreign Debt (d)(e)	Total Debt	As a % of GDP (f)		
	Treasury Bills (d)	Rupee Loans	Treasury Bonds (e)	Other				Domestic	Foreign	Total
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	139,415	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	47.9	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	38.8	30.5	69.3
2011	590,885	61,961	1,823,648	331,988	2,808,482	2,329,280	5,137,762	37.5	31.1	68.6
2012	629,070	58,386	2,177,892	450,303	3,315,651	2,767,299	6,082,950	36.9	30.8	67.7
2013	700,137	55,518	2,548,323	624,810	3,928,788	2,960,424	6,889,212	39.5	29.8	69.3
2014	694,767	55,518	2,940,017	683,444	4,373,746	3,113,116	7,486,862	40.6	28.9	69.5
2015	658,240	24,088	3,401,211	971,620	5,055,159	3,544,031	8,599,190	43.7	30.6	74.3
2016	779,581	24,088	3,806,353	823,051	5,433,073	4,045,796	9,478,869	42.4	31.6	74.0
2017	697,154	24,088	3,892,408	1,050,565	5,664,215	4,718,618	10,382,832	39.4	32.8	72.2
2018	746,887	24,088	4,197,323	1,102,703	6,071,001	5,959,547	12,030,548	39.5	38.8	78.4
2019	873,943	24,088	4,606,232	1,325,997	6,830,260	6,201,283	13,031,543	42.9	39.0	81.9
2020 (g)	1,620,705	24,088	5,713,300	1,706,975	9,065,068	6,052,179	15,117,247	57.9	38.7	96.6
2021	2,270,508	24,088	6,966,218	1,836,410	11,097,223	6,516,958 (h)	17,614,181	63.0	37.0	100.0
2022 (i)(j)	4,113,907	24,088	8,709,057	2,186,824 (k)	15,033,876 (k)	12,458,155 (h)(l)	27,492,031	62.5 (k)	51.8 (l)	114.2 (k)(l)
2023 (i)(j)	4,017,035	-	12,002,337	1,032,482 (k)	17,051,854 (k)	11,644,094 (h)(l)	28,695,949	62.2 (k)	42.5 (l)	104.7 (k)(l)
2024 (i)(j)(m)	4,061,554	-	14,079,198	168,909 (k)	18,309,660 (k)	10,429,044 (h)(l)	28,738,704	61.2 (k)	34.9 (l)	96.1 (k)(l)

Sources: Ministry of Finance, Planning and Economic Development
Central Bank of Sri Lanka

Note: With the establishment of the Public Debt Management Office (PDMO) under the Ministry of Finance, Planning and Economic Development (MOF), the responsibility for recording and publishing Sri Lanka's public debt now falls under the PDMO, as mandated by the provisions of the Public Debt Management Act, No. 33 of 2024. Accordingly, the Quarterly Statistical Debt Bulletin, published by the PDMO, serves as the official source for debt statistics. The Central Bank compiled and presents this table based on data received from the MOF to ensure data continuity, following the Government Finance Statistics Manual 2014 (GFS 2014).

(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 SLDs 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. Further, debt statistics are presented on net basis (net of deposits).

(b) From 1950 to 1973, the outstanding balance is reported as at end September and thereafter as at end December.

(c) From 2023 onwards, domestic debt compilation method was changed and is based on the data confirmed by the Ministry of Finance, Planning and Economic Development.

(d) Rupee denominated Treasury bills issued to foreign investors from 2008 onwards are excluded from domestic debt and included in foreign debt.

(e) Rupee denominated Treasury bonds issued to foreign investors from 2007 onwards are excluded from domestic debt and included in foreign debt.

(f) Data are based on GDP estimates compiled by DCS. From 2010 onwards, data are based on the GDP estimates (base year 2015) of DCS. GDP estimates for 2023 are revised based on the GDP estimates released on 18 March 2025.

(g) 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.

(h) Foreign loan debt statistics and classification of foreign debt from 2021 to 2024 are prepared based on the data sourced from the CS-DRMS maintained by the Ministry of Finance, Planning and Economic Development, and extracted on 09 March 2023, 10 March 2023, 26 February 2024 and 27 February 2025, respectively.

(i) Provisional

(j) The outstanding central government debt excludes several debt service payments that became overdue after 12 April 2022, the date of which the Interim Policy regarding the servicing of Sri Lanka's external public debt was announced by the Ministry of Finance, Planning and Economic Development. These debt service payments comprised of overdue interest payments of affected debt which deemed to be capitalised as per the Interim Policy. Further, December 2022 balances excluded several overdue interest payments in relation to SLDs, from April 2021 till end 2022.

(k) Includes outstanding balance of the government guaranteed foreign currency debt of the Ceylon Petroleum Corporation that was absorbed into central government debt.

(l) From December 2022 onwards, several outstanding project loans which were previously classified under Ceylon Electricity Board, Airport and Aviation Services Ltd. and Sri Lanka Ports Authority were absorbed into central government debt.

(m) The 2024 data reflects the impact of external debt restructuring.

MONETARY SECTOR

TABLE 8

End Period	Interest Rates													% per annum	
	OPR (Over-night Policy Rate) (a)	SDFR (Repo) (a)(b)	SLFR (Rev. Repo) (a)(c)	SRR (d)	Government Securities				Commercial Banks					Bank Rate (e)	Legal Rate of Interest (f)
					Primary Market Yields			Average Weighted Call Money Rate	Deposit Rates		Lending Rates on Loans Secured by				
					91-day Treasury Bill	182-day Treasury Bill	364-day Treasury Bill		Savings Deposits	12-Month Fixed Deposits	Stock in Trade	Immovable Property			
1970	-	-	-	12.00	4.76	-	-	-	4.50	4.50-4.75	8.50-12.00	8.00-11.00	6.50	-	
1971	-	-	-	12.00	5.00	-	-	-	4.50	4.50-4.75	8.50-12.00	8.00-11.00	6.50	-	
1972	-	-	-	12.00	5.00	-	-	-	4.50	4.50-4.75	8.50-12.00	8.00-11.00	6.50	-	
1973	-	-	-	12.00	5.00	-	-	-	4.50	4.50-4.75	8.50-12.00	8.00-11.00	6.50	-	
1974	-	-	-	12.00	5.00	-	-	-	4.50	4.50-4.75	8.50-12.50	8.00-12.00	6.50	-	
1975	-	-	-	12.00	5.00	-	-	-	5.50	7.00-7.50	8.50-13.00	8.50-12.00	6.50	-	
1976	-	-	-	12.00	5.00	-	-	-	5.50	7.00-7.50	8.50-14.00	8.50-14.00	6.50	-	
1977	-	-	-	12.00	9.00	-	-	-	7.20	14.00-15.00	13.00-19.00	13.00-19.00	10.00	-	
1978	-	-	-	12.00	9.00	-	-	-	7.20	14.00-15.00	13.00-19.00	13.00-19.00	10.00	-	
1979	-	-	-	12.00	9.00	-	-	-	5.00-9.00	14.00-15.00	13.00-20.00	13.00-19.00	10.00	-	
1980	-	-	-	12.00	13.00	-	-	-	10.00-14.00	20.00	15.00-28.00	13.00-28.00	12.00	12.00	
1981	-	-	-	14.00	13.00	-	-	-	10.00-14.00	20.00-22.00	15.00-28.00	13.00-28.00	14.00	12.00	
1982	-	-	-	14.00	13.00	-	-	-	10.00-14.50	15.00-22.00	16.00-30.00	16.00-30.00	14.00	12.00	
1983	-	-	-	16.00	12.00	-	-	-	10.00-15.00	16.00-25.00	13.00-30.00	18.00-28.00	13.00	12.00	
1984	-	-	-	16.00	14.00	-	-	-	10.00-15.00	14.00-22.00	13.00-30.00	16.00-30.00	13.00	12.00	
1985	-	-	-	18.00	11.50	-	-	-	10.00-13.50	12.00-18.00	13.00-28.00	11.00-30.00	11.00	12.00	
1986	-	-	-	18.00	11.31	-	-	-	6.00-12.00	8.50-14.00	12.00-30.00	12.00-30.00	11.00	12.00	
1987	-	-	-	10.00	10.77	-	-	-	6.00-11.00	8.50-14.00	14.00-30.00	12.00-30.00	10.00	12.00	
1988	-	-	-	15.00	18.86	-	-	-	5.00-11.00	9.00-15.50	10.00-28.00	9.00-26.00	10.00	12.00	
1989	-	-	-	15.00	18.10	18.20	19.10	-	5.00-14.00	11.00-20.50	9.80-30.00	9.80-28.00	14.00	12.00	
1990	-	-	-	15.00	17.41	18.02	18.36	-	5.00-14.00	11.00-21.00	10.00-30.00	9.00-28.00	15.00	18.00	
1991	-	-	-	13.00	16.33	16.38	17.43	-	6.50-14.00	10.00-20.00	9.80-30.00	9.80-28.00	17.00	18.00	
1992	-	-	-	13.00	17.67	18.05	18.99	-	6.50-14.00	13.50-20.00	10.00-30.00	9.00-30.00	17.00	18.00	
1993	-	16.50	-	15.00	18.09	18.47	19.38	-	5.50-14.00	13.50-17.50	16.50-30.00	16.50-28.00	17.00	18.00	
1994	-	20.00	-	15.00	18.73	19.29	19.43	-	5.50-13.00	10.00-17.00	15.00-30.00	16.50-28.00	17.00	18.00	
1995	-	16.50	-	15.00	19.26	18.91	18.97	-	5.00-13.00	10.00-17.00	17.00-30.00	17.00-28.00	17.00	18.00	
1996	-	12.75	-	15.00	17.45	17.40	17.38	-	4.50-13.00	12.00-17.75	15.00-30.00	15.00-28.00	17.00	18.00	
1997	-	11.00	12.85	12.00	9.97	10.09	10.21	-	3.00-11.00	8.50-15.25	14.00-28.00	14.00-29.00	17.00	12.70	
1998	-	11.25	15.00	12.00	12.01	12.34	12.59	-	2.00-10.00	9.00-13.00	7.70-30.00	7.50-33.00	17.00	11.50	
1999	-	9.25	13.48	11.00	11.79	12.29	12.77	-	2.00-10.00	9.00-12.50	12.00-28.00	13.00-29.00	16.00	9.70	
2000	-	17.00	20.00	11.00	17.77	17.90	18.22	-	2.00-11.00	9.00-15.00	14.00-28.50	10.00-29.00	25.00	9.10	
2001	-	12.00	14.00	10.00	12.92	13.27	13.74	12.65	4.00-12.00	9.50-14.50	12.00-26.50	12.00-30.00	18.00	9.21	
2002	-	9.75	11.75	10.00	9.92	9.89	9.91	10.39	3.50-11.00	7.50-11.00	12.00-25.00	10.00-29.00	18.00	11.11	
2003	-	7.00	8.50	10.00	7.35	7.30	7.24	7.59	2.10-7.25	5.00-7.75	7.00-23.00	7.00-29.00	15.00	9.58	
2004	-	7.50	9.00	10.00	7.25	7.65	7.65	9.73	3.00-7.75	5.50-9.75	9.00-23.00	8.00-22.00	15.00	6.30	
2005	-	8.75	10.25	10.00	10.10	10.32	10.37	10.73	3.00-10.25	5.50-11.50	9.00-23.00	10.00-22.50	15.00	5.16	
2006	-	10.00	11.50	10.00	12.76	12.78	12.96	14.47	3.00-10.50	5.50-14.00	8.36-27.00	7.86-27.00	15.00	5.70	
2007	-	10.50	12.00	10.00	21.30	19.99	19.96	24.99	3.00-16.50	8.50-20.00	10.00-30.00	10.00-30.00	15.00	6.86	
2008	-	10.50	12.00	7.75	17.33	18.57	19.12	14.66	3.00-16.50	8.50-20.25	10.00-30.00	10.00-30.00	15.00	9.16	
2009	-	7.50	9.75	7.00	7.73	8.73	9.33	9.07	1.50-10.50	7.25-19.00	9.50-30.00	9.15-30.00	15.00	11.32	
2010	-	7.25	9.00	7.00	7.24	7.35	7.55	8.03	1.50-9.50	5.05-17.00	8.20-25.00	8.00-28.00	15.00	11.33	
2011	-	7.00	8.50	8.00	8.68	8.71	9.31	8.97	1.00-8.50	5.55-11.00	5.15-24.00	4.50-26.00	15.00	7.26	
2012	-	7.50	9.50	8.00	10.00	11.32	11.69	9.83	0.75-10.50	5.00-17.00	9.50-25.00	4.50-26.00	15.00	6.48	
2013	-	6.50	8.50	6.00	7.54	7.85	8.29	7.66	0.75-9.14	6.00-16.00	8.50-23.00	5.00-26.00	15.00	8.59	
2014	-	6.50	8.00	6.00	5.74	5.84	6.01	6.21	0.50-8.00	3.95-12.00	5.90-24.00	4.75-24.00	15.00	10.34	
2015	-	6.00	7.50	6.00	6.45	6.83	7.30	6.40	0.50-8.00	3.95-15.00	6.00-24.00	4.74-24.00	15.00	7.76	
2016	-	7.00	8.50	7.50	8.72	9.63	10.17	8.42	0.50-9.00	4.50-15.00	3.00-24.00	1.50-24.00	15.00	5.98	
2017	-	7.25	8.75	7.50	7.69	8.30	8.90	8.15	0.50-9.50	4.89-15.00	5.25-28.00	4.00-30.00	15.00	7.06	
2018	-	8.00	9.00	6.00	10.01	9.99	11.20	8.95	0.50-8.50	4.53-15.00	7.93-28.00	4.00-28.00	15.00	9.08	
2019	-	7.00	8.00	5.00	7.51	8.02	8.45	7.45	0.20-7.50	3.55-15.00	4.47-28.00	4.00-28.00	15.00	11.50	
2020	-	4.50	5.50	2.00	4.69	4.80	5.05	4.55	0.10-7.00	0.25-15.00	3.95-28.00	4.00-28.00	8.50	11.64	
2021	-	5.00	6.00	4.00	8.16	8.33	8.24	5.95	0.05-6.35	0.15-15.00	4.00-28.00	3.02-28.00	9.00	10.12	
2022	-	14.50	15.50	4.00	32.64	32.20	29.27	15.50	0.25-6.00	4.50-30.00	5.66-42.48	2.81-39.00	30.22	7.48	
2023	-	9.00	10.00	2.00	14.51	14.16	12.93	9.24	0.25-13.00	1.00-22.00	5.66-28.00	1.00-34.97	14.50	16.97	
2024	8.00	7.50	8.50	2.00	8.62	8.77	8.96	8.00	0.25-9.00	2.50-18.39	5.57-26.50	1.50-32.00	10.00	15.15	

Source: Central Bank of Sri Lanka

- (a) With effect from 27 November 2024, the Overnight Policy Rate (OPR) is defined as the policy interest rate of the Central Bank. Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) are linked to the OPR with a margin as decided by the Central Bank.
- (b) Renamed w.e.f. 02 January 2014 as the SDFR. Previously named as the Repo Rate.
- (c) Renamed w.e.f. 02 January 2014 as the SLFR. Previously named as the Reverse Repo Rate.
- (d) The Statutory Reserve Ratio (SRR) is the proportion of rupee deposit liabilities that licensed 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.
- (e) The rate at which the Central Bank grants advances to banking institutions as the lender of last resort. Up to April 2020, the Bank Rate was a fixed rate determined by the Monetary Board. Since 16 April 2020, the Bank Rate was allowed to be determined automatically with a margin of 300 bps above the SLFR. Since 03 November 2022, Bank rate was commensurately be adjusted in line with the latest available Average Weighted New Deposit Rate (AWNDR) published by the Central Bank with a margin of +700 bps. Since 02 January 2023, Bank rate was commensurately be adjusted in line with the latest available AWNDR published by the Central Bank with a margin of +300 bps, rounded off to the nearest multiple of half a percentage point. Since 01 March 2023, delisted the Bank Rate from monetary policy instruments and it is to be considered as a policy instrument that the Central Bank uses as the lender of last resort (LORL) to support the stability of the banking and financial system.
- (f) 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 Governing 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 2025 is 12.12% per annum.

MONETARY SECTOR

TABLE 9

Values in Rs. mn

End Period	Currency	Monetary Survey (M_{2b})(a)(b)											Money Multiplier				Velocity of Money (M_{2b})
		Demand Deposits (d)	Narrow Money Supply (M_1)	Broad Money Supply (M_2)	Broad Money Supply (M_{2c})	Net Foreign Assets (NFA)			Net Domestic Assets (NDA) (c)				Reserve Money	M_1	M_2	M_{2b}	
						Monetary Authorities (e)(f)	Commercial Banks	Total	Claims on			Total					
									Government (Net) (g)	Public Corporations/SOBEs	Private Sector						
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 (h)	22,120	17,477	39,597	90,546	-	-	-	-	-	-	-	-	31,579	1.25	2.87	-	-
1991	24,852	21,748	46,600	110,575	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 (i)
1992	27,281	22,776	50,057	129,799	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	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	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	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	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	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	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	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	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	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	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	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	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	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	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	1,404,019	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	1,522,776	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	1,806,169	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	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	3.45
2011	242,871	195,836	438,707	2,192,603	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	3.27
2012	251,539	198,510	450,049	2,593,185	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	3.27
2013	264,607	219,971	484,578	3,058,793	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	3.10
2014	329,426	282,729	612,155	3,460,558	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	2.97
2015	388,057	326,931	714,988	4,057,212	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	2.76
2016	429,502	347,123	776,624	4,823,559	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	2.59
2017	439,396	353,903	793,299	5,665,313	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	2.43
2018	473,066	357,727	830,793	6,427,330	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	2.27
2019	494,208	371,259	865,467	6,912,710	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	2.16
2020	641,010	536,140	1,177,150	8,495,788	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	1.84
2021	784,450	675,446	1,459,895	9,638,905	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	1.73
2022	742,042	711,555	1,453,597	10,497,052	12,289,637	-1,613,861	-152,952	-1,766,813	7,471,108	1,749,708	7,411,456	14,056,450	1,349,389	1.08	7.78	9.11	2.04
2023	900,136	757,906	1,658,043	11,485,069	13,189,113	-837,336	381,238	-456,098	8,284,991	769,810	7,366,418	13,645,211	1,328,373	1.25	8.64	9.93	2.17 (j)
2024	1,051,070	874,494	1,925,563	12,660,564	14,321,701	222,149	350,759	572,909	8,270,108	656,664	8,156,045	13,748,792	1,539,338	1.25	8.22	9.30	2.18

Source: Central Bank of Sri Lanka

(a) All values except Money Multiplier and Velocity of Money are in Rs. mn

(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 in Sri Lanka. With the implementation of Banking (Amendment) Act No. 24 of 2024, the demarcation of the DBU and OBU is eliminated effective from 14 June 2024. However, for the purpose of compilation of monetary aggregates, balance sheet data for LCBs are collected separately for DBUs and OBUs. 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 the 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) This includes NFA of the Central Bank as well as the Government's Crown Agent's balance reported by the Department of State Accounts.

(f) 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.

(g) Credit extended to the Government by the banking system, net of government deposits with banks and government's cash balances.

(h) Monetary data since 1990 were reclassified 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.

(i) The velocity of money, typically calculated using the annual average M_{2b} , was computed using year end M_{2b} only for the year 1991.

(j) Revised

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