

CENTRAL BANK OF SRI LANKA



ANNUAL REPORT (Volume I)

OF THE MONETARY BOARD TO THE
HON. MINISTER OF FINANCE

FOR THE YEAR

2022

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Dr. P Nandalal Weerasinghe
Governor

Central Bank of Sri Lanka

30, Janadhipathi Mawatha
Colombo 01, Sri Lanka.

20 April 2023

Honourable Ranil Wickremesinghe

President of Sri Lanka and

Minister of Finance, Economic Stabilization and National Policies

Ministry of Finance, Economic Stabilization and National Policies

The Secretariat

Colombo 01.

Dear Sir,

Annual Report of the Monetary Board 2022

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

The Seventy Third Annual Report of the Monetary Board of the Central Bank, in respect of the year 2022, is submitted herewith in fulfilment of this obligation.

Yours sincerely,

CENTRAL BANK OF SRI LANKA

THE MONETARY BOARD

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Governor

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SANJEEVA JAYAWARDENA

Appointed Member

MRS. RANEE JAYAMAHA

Appointed Member

A.N. FONSEKA

Appointed Member

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---------------------------	---	----------

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AUDITOR**W. P. C. WICKRAMARATNE***Auditor General*

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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

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List of Acronyms

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

CC	Cylinder Capacity	CNY	Chinese Yuan
CCAPS	Common Card and Payment Switch	COLA	Cost of Living Allowance
CCB	Capital Conservation Buffer	COLC	Cost of Living Committee
CCB	Coconut Cultivation Board	COP	Conference of the Parties
CCC	Ceylon Chamber of Commerce	COSTI	Coordinating Office for Science, Technology and Innovation
CCF	Colombo Commercial Fertilizer		
CCP	Central Counter Party Clearing House	COVID-19	Coronavirus disease 2019
CCPI	Colombo Consumer Price Index	CP	Commercial Paper
CCTV	Closed Circuit Television	CPC	Ceylon Petroleum Corporation
CDA	Coconut Development Authority	CPC	Continuous Performance Criteria
CDB	China Development Bank	CPCECA	Colombo Port City Economic Commission Act
CDD	Customer Due Diligence	CPCIA	Colombo Port City Investment Account
CDMs	Cash Deposit Machines	CPCP	Colombo Port City Project
CDS	Credit Demand Survey	CPI	Consumer Price Index
CDS	Central Depository System	CPI	Corruption Perceptions Index
CE	Compensation of Employees	CPP	Climate Prosperity Plan
CEA	Central Environmental Authority	CPS	Common Point of Sale Switch
CEB	Ceylon Electricity Board	CPSTL	Ceylon Petroleum Storage Terminals Limited
CECB	Central Engineering Consultancy Bureau	CRF	Consolidated Revolving Fund
CEFTS	Common Electronic Fund Transfer Switch	CRI	Coconut Research Institute
CEMD	Confidential Enquiries into Maternal Deaths	CRIB	Credit Information Bureau
CEO	Chief Executive Officer	CRIMS	Credit Information Management System
CEP	Central Expressway Project	CRIP	Climate Resilience Improvement Project
CEPAs	Comprehensive Economic Partnership Agreements	CRM	Customer Relationship Module
CERA	Centre of Excellence in Robotics Applications	CRMs	Cash Recycling Machines
CESS	Commodity Export Subsidy Scheme	CSD	Central Securities Depository
CFC	Ceylon Fisheries Corporation	CSDDL	Commercial Scale Dairy Development Loan Scheme
CFS	Consumer Finances and Socio-Economic Survey		
CFL	Compact Florescent Lamp	CS-DRMS	Commonwealth Secretariat Debt Recording and Management System
CFT	Countering the Financing of Terrorism		
CGI	Credit Guarantee Institution	CSE	Colombo Stock Exchange
CGSPA	Credit Guarantee Scheme for Pawning Advances	CSF	Complaint Submission Forms
CGS	Credit Guarantee Scheme	CSFTA	China - Sri Lanka Free Trade Agreement
CGT	Capital Gains Tax	CSRP	Colombo Suburban Railway Project
CHOGM	Commonwealth Heads of Government Meeting	CSS	Credit Supply Survey
CI	Confidence Interval	CTA	Colombo Tea Auction
CICT	Colombo International Container Terminal	CTC	Crush, tear, curl
CIDA	Construction Industry Development Authority	CTRs	Cash Transactions Reports
CIF	Cost, Insurance and Freight	CTRAs	Capital Transactions Rupee Accounts
CIFL	Central Investments and Finance PLC	CWDCS	Country Wide Data Collection System
CIMM	Central Integrated Market Monitor	DA	Documents against Acceptance
CIMS	Credit Information Management System	DAs	Designated Accounts
CINEC	Colombo International Nautical and Engineering College	DAD-PP	Domestic Agriculture Development Project
		D-SIBs	Domestic Systemically Important Banks
CIT	Corporate Income Tax	DAPH	Department of Animal Production and Health
CIS	Commonwealth of Independent States	DBOT	Design, Build, Operate and Transfer
CITS	Cheque Imaging and Truncation System	DBUs	Domestic Banking Units
CKAH	Colombo-Kandy Alternate Highway	DC	Desiccated Coconut
CKDu	Chronic Kidney Disease of unknown aetiology	DCD	Dicyandiamide
CKE	Colombo Katunayake Expressway	DCR	Development Control Regulations
CLFP	Commercial Leasing and Finance PLC	DCS	Department of Census and Statistics
CMA	Condominium Management Authority	DCTS	Developing Countries Trading Scheme
CMC	Colombo Municipal Council	DDA	Doha Development Agenda
CMobS	Common Mobile Switch	DDMC	Domestic Debt Management Committee
CMPort	China Merchants Port Holdings Company	DEA	Department of Export Agriculture
CNN	Cable News Network		

DFCC	Development Finance Corporation of Ceylon	EPL	Environmental Protection License
DHS	Demographic and Health Survey	EPP	Environmental Pioneer President's
DI	Department of Irrigation	EPZ	Export Processing Zone
DIE	Department of Immigration and Emigration	ER	Expenditure Rule
DIEs	Direct Investment Enterprises	ERD	Economic Research Department
DIMIS	Digital Identity Management Integrated System	ESC	Economic Service Charge
DLT	Distributed Ledger Technology	ESC	Education for Social Cohesion Project
DMC	Disaster Management Centre	ESDFP	Education Sector Development Framework Programme
DMT	Department of Motor Traffic	ESDP	Education Sector Development Programme
DMU	Diesel Multiple Unit	ESG	Environmental, Social and Governance
DNCWS	Department of National Community Water Supply	ESP	Entrust Securities PLC
DNFBPs	Designated Non-Finance Businesses and Professions	ESL	Enterprise Sri Lanka
DoA	Department of Agriculture	ESS	External Sector Statistics
DOC	Department of Commerce	EST	Environmentally Sustainable Transport
DOM	Department of Meteorology	ETA	Electronic and Travel Authorisation
DoP	Department of Posts	ETCA	Economic and Technology Cooperation Agreement
Dol	Department of Irrigation	ETIFL	ETI Finance Ltd.
DP	Documents against Payment	ETF	Employees' Trust Fund
DPs	Direct Participants	ETP	Electronic Trading Platform
DPRK	Democratic People's Republic of Korea	ETU	Emergency Treatment Unit
DR	Disaster Recovery	EU	European Union
DRL	Debt Repayment Levy	EV	Electric Vehicles
DS	Divisional Secretariat	EXIM Bank	Export-Import Bank
DSA	Debt Sustainability Analysis	FAC	Fuel Adjustment Charge
DSD	Department of Samurdhi Development	FAO	Food and Agriculture Organization
DSGE	Dynamic Stochastic General Equilibrium	FATF	Financial Action Task Force
DSNBFI	Department of Supervision of Non-Bank Financial Institutions	FBA	Finance Business Act
DST	Deputy Secretary to the Treasury	FBC	Full Blood Count
DTET	Department of Technical Education and Training	FC	The Finance Commission
DvP	Delivery versus Payment	FC	Financial Corporations
DZLiSPP	Dry Zone Livelihood Support and Partnership Programme	FCAASA	Foreign Currency Account for an Agent of Foreign Shipping Line/Airline
EC	European Commission	FCBU	Foreign Currency Banking Unit
ECA	Exchange Control Act	FCRD	Financial Consumer Relations Department
ECB	European Central Bank	FCRDI	Field Crop Research and Development Institute
ECT	East Container Terminal	FCTFF	Foreign Currency Term Financing Facility
eDAS	Electronic Document Attestation System	FDA	Food and Drug Administration
EDB	Export Development Board	FDI	Foreign Direct Investment
EDCF	Economic Development Cooperation Fund	FEA	Foreign Exchange Act, No. 12 of 2017
EDS	External Debt Statistics	FEEA	Foreign Exchange Earners' Accounts
EEZ	Exclusive Economic Zone	FinTech	Financial Technology
EFF	Extended Fund Facility	FIPI	Factory Industry Production Index
EFTs	Electronic Fund Transfers	FIR	Flight Information Region
EFTPOS	Electronic Fund Transfer Facilities at the Point of Sale	Fls	Financial Instruments
EGDI	E-Government Development Index	Fls	Financial Institutions
EIA	Environmental Impact Assessment	FIS	Fixed Income Securities
EKSP	Education for Knowledge Society Project	FIT	Flexible Inflation Targeting
EMI	Equal Monthly Installment	FIU	Financial Intelligence Unit
ENRIP	Emergency North Recovery Project	FLA	Finance Leasing Act
EOI	Expressions of Interest	FLM	Flexible Learning Method
EPA	Environment Protection Area	FMRA	Fiscal Management (Responsibility) Act
EPC	Engineer, Procurement and Construction	FOB	Free On Board
EPF	Employees' Provident Fund	FPAS	Forecasting and Policy Analysis System
EPMS	Exports Proceeds Monitoring Systems	FPNP	Food Production National Programme
		FSOC	Financial System Oversight Committee

FSRB	FATF Styled Regional Monitoring Bodies	HIES	Household Income and Expenditure Survey
FPSF	Fuel Price Stabilisation Fund	HIPG	Hambantota International Port Group (Pvt) Ltd
FRDI	Fruit Research and Development Institute	HIPS	Hambantota International Port Services Company (Pvt)Ltd.
FTA	Free Trade Agreement	HIV	Human Immunodeficiency Virus
FTRA	Financial Transactions Reporting Act, No. 6 of 2006	HLCs	Healthy Lifestyle Centres
FTTH	Fibre to the Home	HORDI	Horticultural Crop Research and Development Institute
FVTP	Fair Value Through Profit or Loss	HQLA	High Quality Liquid Assets
FX	Foreign Exchange	HSC	Higher School Certificate
G-SIBs	Global Systemically Important Banks	HS Code	Harmonised System Code
GAP	Good Agricultural Practices	HTM	Held-to-Maturity
GB	Gigabyte	IACCCC	Inter-Agency Coordination Committee on Climate Change
GB	Governing Board	IAS	International Accounting Standards
GBP	Great Britain Pound	IATA	International Air Transport Association
GCE	General Certificate of Education	IBRD	International Bank for Reconstruction and Development
GCE	Government Consumption Expenditure	IBSL	Insurance Board of Sri Lanka
GCI	Global Competitiveness Index	IC	Investment Committee
GCRS	Group-wide Consolidated Risk-Based Supervision	ICs	Insurance Companies
GDDS	General Data Dissemination System	ICAAP	Internal Capital Adequacy Assessment Process
GDE	Gross Domestic Expenditure	ICASL	Institute of Chartered Accountants of Sri Lanka
GDP	Gross Domestic Product	ICC	International Coconut Community
GFNs	Gross Financing Needs	ICDL	International Computer Driving Licence
GFS	Government Finance Statistics	ICDP	Inclusive Connectivity and Development Project
GG	General Government	ICL	Import Control License
GI	Geographical Indication	ICRG	International Cooperation Review Group
GIB	Green Investment Bank	ICT	Information and Communication Technology
GIC	Government Information Centre	ICTA	Information and Communication Technology Agency
GICS	Global Industry Classification Standard	ICTAD	Institute for Construction Training and Development
GII	Global Innovation Index	ICU	Intensive Care Unit
GIS	Global Information System	IDA	International Development Association
GMP	Good Manufacturing Practices	IDR	Issuer Default Ratings
GNI	Gross National Income	IDB	Industrial Development Board
GOR	Gross Official Reserves	IDD	International Direct Dialling
GOS	Gross Operating Surplus	IDH	Infectious Disease Hospital
GOSL	Government of Sri Lanka	IDRC	International Development Research Centre
GPFCAs	Golden Paradise Foreign Currency Accounts	IE	Industrial Estate
GPL	Galoya Plantation Limited	IE	Inflation Expectations
GPS	Global Positioning System	IEP	Individual Education Plan
GSA	General Sales Agent	IEE	Initial Environmental Examination
GSLI	Global Services Location Index	IFA	Investment Fund Account
GSP	Generalised System of Preferences	IFAD	International Fund for Agricultural Development
GSP+	Generalised System of Preferences Plus	IFC	International Finance Corporation
GST	Goods and Services Tax	IFL	Incandescent Filament Lamp
GSTP	Global System of Trade Preferences	ILI	Influenza Like Illnesses
GUTs	Gilt Unit Trusts	IFRS	International Financial Reporting Standard
GVA	Gross Value Added	IAs	Inward Investment Accounts
GVCs	Global Value Chains	IIP	Index of Industrial Production
GWh	Giga Watt hours	IIP	International Investment Position
GWP	Global Warming Potential	ILCH	Index of Labour Cost per Hour
GWP	Gross Written Premium	ILF	Intra-day Liquidity Facility
HACCP	Hazard Analysis Critical Control Point		
HLA	Higher Loss Absorbency		
HDFC	Housing Development Finance Corporation Bank		
HDI	Human Development Index		
HEIs	Higher Education Institutions		
HH	Households		

ILO	International Labour Organization	kWh	Kilo Watt hours
IMF	International Monetary Fund	KWP	Kerawalapitiya Waste Project
IMF - EFF	International Monetary Fund - Extended Fund Facility	KYC	Know Your Customer
INR	Indian Rupee	LAs	Local Authorities
IOC	Investment Oversight Committee	LCs	Letter of Credit
IOC	Indian Oil Corporation	LCB	Licensed Commercial Bank
IORA	Indian Ocean Rim Association	LCBs	Licensed Commercial Banks
IPHT	Institute of Post Harvest Technology	LCI	Labour Cost Index
IPI	Industrial Production Index	LCL	Less Container Load
IPICT	International Pedagogical ICT Driving License	LCLTGEP	Least Cost Long-Term Generation Expansion Plan
IPOs	Initial Public Offerings	LCPL	LankaClear (Pvt.) Limited
IPPs	Independent Power Producers	LCR	Liquidity Coverage Ratio
IPR	Intellectual Property Rights	LDB	Lankaputhra Development Bank
IPS	Inflation Perception Survey	LDCs	Least Developed Countries
IPSF	International Platform on Sustainable Finance	LDFP	LOLC Development Finance PLC
IQAC	Internal Quality Assurance Unit	LDSP	Local Development Support Project
IRA	Inland Revenue Act	LEARN	Lanka Education and Research Network
IRC	International Research Conference	LECO	Lanka Electricity Company (Pvt.) Limited
IRCSL	Insurance Regulatory Commission of Sri Lanka	LEAs	Law Enforcement Agencies
IRD	Inland Revenue Department	LFCs	Licensed Finance Companies
IRGS	Innovative Research Grant Scheme	LFCS	Liquidity Facility to the Contractors and Suppliers
IRU	Investor Relations Unit	LFPR	Labour Force Participation Rate
ISBs	International Sovereign Bonds	LMFCs	Licensed Micro Finance Companies
ISB	International Sovereign Bond	LMS	Learning Management System
ISFTA	Indo - Sri Lanka Free Trade Agreement	LGs	Local Government authorities
ISOC	Information Security Operations Centres	LGN	Lanka Government Network
ISP	Image Scanning Project	LHS	Left Hand Side
IT	Information Technology	LIBOR	London Interbank Offered Rate
ITs	Indicative Targets	LIOC	Lanka IOC PLC
IT-BPM	Information Technology and Business Process Management	LKAS	Sri Lanka Accounting Standards
ITC	International Trade Centre	LKR	Sri Lanka Rupee
ITES	Information Technology Enabled Services	LMFCs	Licensed Microfinance Companies
ITI	Industrial Technology Institute	LMS	Learning Management System
ITMIS	Integrated Treasury Management Information System	LNG	Liquefied Natural Gas
ITRS	International Transactions Reporting System	LOLR	Lender of Last Resort
ITS	Intelligent Transport System	LPG	Liquid Petroleum Gas
ITTC	Incubator and Transfer Centre	LPI	Land Price Index
ITU	International Telecommunication Union	LPOPP	LankaPay Online Payment Platform
IUU	Illegal, Unreported and Unregulated	LRT	Light Rail Transit
IWMS	Integrated Welfare Management System	LSBs	Licensed Specialised Banks
JAAF	Joint Apparel Association Forum	LSCs	Lanka Sugar Companies
JCT	Jaye Container Terminal	LSF	Liquidity Support Facility
JIA	Jaffna International Airport	LTBO	Local Treasury Bills Ordinance No. 8 of 1923
JICA	Japan International Cooperation Agency	LTE	Long Term Evolution
JTF	Joint Task Force	LTGEP	Long-Term Generation Expansion Plan
JWGT	Joint Working Group on Trade	LTV	Loan to Value
KDU	Kotalawala Defence University	MAM	Moderate Acute Malnourished
KFAED	Kuwait Fund for Arab Economic Development	MARP	More-At-Risk-Population
KG	Kilogram	MB	Monetary Board
KMTTDP	Kandy Multimodal Transport Terminal Development Project	MBA	Migrant Block Account
KOICA	Korea International Cooperation Agency	MBSL	Merchant Bank of Sri Lanka
KOPIA	Korea Project on International Agriculture	MCB	Multi - Currency Board
KPO	Knowledge Process Outsourcing	MCM	Million Cubic Meters
		MCPWS	Ministry of City Planning and Water Supply
		MCSWMP	Metro Colombo Solid Waste Management Project

MDF	Medium Density Fibre	MRPs	Maximum Retail Prices
MDGs	Millennium Development Goals	MSDVT	Ministry of Skills Development and Vocational Training
ME	Mutual Evaluation		
MECs	Minor Export Crops	MSL	Mean Sea Level
MFARD	Ministry of Fisheries and Aquatic Resources Development	MSMEs	Micro, Small and Medium scale Enterprises
		MSMEx	Micro, Small and Medium Entrepreneurs
MFD	Modelling and Forecasting Division	MSTR	Ministry of Science, Technology and Research
MFF	Multi-tranche Financing Facility	mt	Metric Tonnes
MFOs	Multilateral Financial Organizations	MTDS	Medium Term Debt Management Strategy
MFU	Modelling and Forecasting Unit	MTISED	Ministry of Traditional Industries and Small Enterprise Development
MFI	Microfinance Institutions		
MHCCA	Ministry of Housing, Construction and Cultural Affairs	MTMFF	Medium Term Macro Fiscal Framework
		MW	Mega Watt
MHEH	Ministry of Higher Education and Highways	MWSIP	Mahaweli Water Security Investment Program
MHNIM	Ministry of Health, Nutrition and Indigenous Medicine	NADeP	National Agribusiness Development Programme
		NAITA	National Apprentice and Industrial Training Authority
MIC	Ministry of Industry and Commerce	NAP	National Action Plan
MICE	Meetings, Incentives, Conferences and Events	NaPID	National Policy for Industrial Development
MIEIP	Ministry of Industrial Exports and Investment Promotion	NAPPP	National Agency for Public Private Partnerships
		NAV	Net Asset Value
MIS	Management Information System	NAQDA	National Aquaculture Development Authority
ML	Money Laundering	NBRO	National Building Research Organisation
MLA	Monetary Law Act	NASTEC	National Science and Technology Commission
MLL	Mihin Lanka (Pvt) Limited	NBT	Nation Building Tax
MMTC	Multi Model Transport Centre	NCAP	National Civil Aviation Policy
MMWD	Ministry of Megapolis and Western Development	NCCPSL	National Climate Change Policy of Sri Lanka
MNGOs	Microfinance Non-governmental Organisations	NCCSL	National Chamber of Commerce of Sri Lanka
		NCDs	Non-Communicable Diseases
MoA	Ministry of Agriculture	NCE	Nanotechnology Centre of Excellence
MOC	Market Operations Committee	NCE	National Chamber of Exporters of Sri Lanka
MoC	Memorandum of Corporation	NCG	Net Credit to the Government
MOD	Market – Oriented Dairy	NCP	Northern Road Connectivity Project
MODSIT	Ministry of Development Strategies and International Trade	NCPI	National Consumer Price Index
		NCRCS	New Comprehensive Rural Credit Scheme
MoE	Ministry of Education	NCRE	Non-Conventional Renewable Energy
MoF	Ministry of Finance, Economic Stabilisation and National Policies	NCS	National Card Scheme
		NDA	Net Domestic Assets
MoF	Ministry of Fisheries	NEA	National Environmental Act
MoH	Ministry of Health	NEDA	National Enterprise Development Authority
MOIC	Ministry of Industry and Commerce	NEER	Nominal Effective Exchange Rate
MOP	Muriate of Potash	NEET	Not in Employment, Education or Training
MoU	Memorandum of Understanding	NEP	National Environment Policy
MPB	Monetary Policy Board	NER	Net Enrolment Ratio
MPC	Monetary Policy Committee	NERDC	National Engineering Research and Development Centre
MPCC	Monetary Policy Consultative Committee		
MPCLG	Ministry of Provincial Councils and Local Government	NES	National Export Strategy
		NFA	Net Foreign Assets
MPHCR	Multidimensional Poverty Head Count Ratio	NFC	Near Field Communication
MPI&EA	Ministry of Plantation Industries and Export Agriculture	NFC	Non-Financial Corporations
		NFIS	National Financial Inclusion Strategy
MRAs	Mutual Recognition Agreements	NGJA	National Gem and Jewellery Authority
MRDS	Minimum Requirement Data Set	NGOs	Non-Governmental Organizations
MRIA	Mattala Rajapaksa International Airport	NGRS	National Green Reporting System
MRMRP	Magam Ruhunupura Mahinda Rajapaksa Port	NHDA	National Housing Development Authority
MRO	Maintenance, Repair and Overhaul	NIA	National Innovation Agency

NIC	National Identity Card	OFC	Other Field Crops
NIE	National Institute of Education	OFID	OPEC Fund for International Development
NIFS	National Institute of Fundamental Studies	OIAs	Outward Investment Accounts
NII	Net Interest Income	OJT	On – the – Job Training
NIM	Net Interest Margin	OMO	Open Market Operations
NIP	National Industrial Policy	OPEC	Organization of the Petroleum Exporting Countries
NIR	Net International Reserves	OPEC+	Organization of the Petroleum Exporting Countries Plus
NLAC	National Labour Advisory Council	OPL	Official Poverty Line
NLDB	National Livestock Development Board	OPRC	Output and Performance-based Road Contracts
NOP	Net Open Position	OSU	One Stop Unit
NORAD	Norwegian Agency for Development Corporation	PABC	Pan Asia Banking Corporation PLC
NOU	National Ozone Unit	PADSL	Petroleum Development Authority of Sri Lanka
NOS	Net Operating Surplus	PAEH	Port Access Elevated Highway
NPAs	Non-Performing Advances	PAL	Ports and Airports Development Levy
NPC	National Payments Council	PAMP	Poverty Alleviation Microfinance Project
NPISH	Non-Profit Institutions Serving Households	PAMP/II-RF	Poverty Alleviation Microfinance Project - II - Revolving Fund
NPLs	Non-Performing Loans		
NPNG	National Police on Natural Gas	PAT	Profit After Tax
NPMP	National Port Master Plan	PAYE	Pay-As-You-Earn
NPS	National Productivity Secretariat	PB	Petabyte
NRA	National Risk Assessment	PBB	Performance Based Budgeting
NRC	National Research Council	PBOC	People’s Bank of China
NRCP	Northern Road Connectivity Project	PBV	Price to Book Value
NRFC	Non Resident Foreign Currency (Account)	PCs	Provincial Councils
NRI	Networked Readiness Index	PCC	Pure Ceylon Cinnamon
NRIFAP	National REDD + Investment Framework and Action Plan	PCE	Private Consumption Expenditure
NRNNFA	Non Resident Non National Foreign Currency Account	PCG	Partial Credit Guarantee Scheme
RRRP	Northern Road Rehabilitation Project	PCR	Polymerase Chain Reaction
NSB	National Savings Bank	PCS	Port Communication System
NSBM	National School of Business Management	PD	Primary Dealer
NSF	National Science Foundation	PDCs	Primary Dealer Companies
NSFR	Net Stable Funding Ratio	PDASL	Petroleum Development Authority of Sri Lanka
NSHEIs	Non-State Higher Education Institutes	PDCs	Primary Dealer Companies
NSW	National Single Window	PEARL	Post-disaster Economic Activity Recovery Loan Scheme
NTBS	Non Tariff Barriers	PE	Price to Earning
NTC	National Transport Commission	PER	Price to Earnings Ratio
NTF	Near Term Forecasting	PFCAs	Personal Foreign Currency Accounts
NTFC	National Trade Facilitation Committee	PFI	Participating Financial Institutions
NTNC	National Trade Negotiation Committee	PFP	Prime Finance PLC
NTPC	National Thermal Power Corporation	PFM	Public Financial Management
NTM	Non-tariff Measures	PGDP	Provincial Gross Domestic Product
NTP	New Trade Policy	PHCR	Poverty Headcount Ratio
NVQ	National Vocational Qualification	PHSRC	Private Health Services Regulatory Council
NWS&DB	National Water Supply and Drainage Board	PIESIP	Productivity Enhancement and Irrigation System Efficiency Improvement Project
NYSC	National Youth Services Council		
NWSL	Natwealth Securities Limited	PIs	Participating Institutions
OAPEC	Organization of Arab Petroleum Exporting Countries	PLC	Public Limited Company
OBUs	Offshore Banking Units	PMB	Paddy Marketing Board
OCH	Outer Circular Highway	PMI	Purchasing Managers’ Index
OCI	Other Comprehensive Income	PMI	Private Medical Institutions
ODS	Ozone Depleting Substances	PMS	Pension Management System
OECD	Organization of Economic Co-operation and Development	PMU	Project Management Unit
		POC	Proof of Concept
		POS	Point of Sale

PPE	Personal Protective Equipment	RNNFC	Resident Non National Foreign Currency Deposits
PPI	Producer Price Index	ROA	Return on Assets
PPP	Public-Private Partnership	ROE	Return on Equity
PPP	Purchasing Power Parity	RPC	Regional Plantation Companies
PRDC	Petroleum Resources Development Committee	RR	Revenue Rule
PRDP	Provincial Road Development Project	RRDI	Rice Research and Development Institute
PRDS	Petroleum Resources Development Secretariat	RRI	Rubber Research Institute
PRI	Palmyrah Research Institute	RSPGLoC	Rooftop Solar Power Generation Line of Credit
PSDGs	Province Specific Development Grants	RSS	Ribbed Smoked Sheet
PSDPs	Province Specific Development Projects	RSSO	Registered Stock and Securities Ordinance No. 7 of 1937
PSFTA	Pakistan - Sri Lanka Free Trade Agreement	RTGS	Real Time Gross Settlement
PSPF	Public Service Provident Fund	RWCAR	Risk Weighted Capital Adequacy Ratio
PTAs	Preferential Trade Agreements	SAARC	South Asian Association for Regional Cooperation
PTL	Perpetual Treasuries Limited	SAFTA	South Asian Free Trade Area
PUCSL	Public Utilities Commission of Sri Lanka	SAGT	South Asia Gateway Terminal
PVC	Poly Vinyl Chloride	SAITM	South Asian Institute of Technology and Medicine
QAAA	Quality Assurance and Accreditation Authority	SAPP	Smallholder Agribusiness Partnership Programme
QAC	Quality Assurance Council	SAPTA	SAARC Preferential Trading Arrangement
QE	Quantitative Easing	SAS	Shared ATM Switch
QEDS	Quarterly External Debt Statistics	SATIS	SAARC Agreement on Trade in Services
QLFS	Quarterly Labour Force Survey	S&P SL20	Standard and Poor's Sri Lanka 20
QoS	Quality of Service	SBA	Stand-By Arrangement
QPC	Quantitative Performance Criteria	SBN	Sustainable Banking Network
QPM	Quarterly Projection Model	SBs	Stock Brokering Firms
QR	Quick Response	SCAQA	Standing Committee on Accreditation and Quality Assurance
R & D	Research and Development	SCIs	Statements of Corporate Intent
RAs	Regulatory Authorities	SCL	Special Commodity Levy
RAMIS	Revenue Administration Management Information System	SCRf	Saubagya COVID-19 Renaissance Facility
RAMP	Reserve Advisory and Management Programme	SCT	South Container Terminal
RBC	Risk Based Capital	SCREL	Supply Chain Re-Energizing Loan Scheme
RBI	Reserve Bank of India	SDAs	Special Deposit Accounts
RBM	Results Based Monitoring	SDDS	Special Data Dissemination Standard
RCEP	Regional Comprehensive Economic Partnership	SDF	Standing Deposit Facility
RDA	Road Development Authority	SDFR	Standing Deposit Facility Rate
RDD	Rubber Development Department	SDGs	Sustainable Development Goals
RDD	Regional Development Department	SDR	Special Drawing Rights
RDs	Restricted Dealers	SE	Southern Expressway
RDHS	Regional Directorates of Health Services	SEACEN	South East Asian Central Banks
RDT	Reserve Data Template	SEC	Securities and Exchange Commission
REAEP	Resumption of Economic Activities in the Eastern Province	SEPI	Self Employment Promotion Initiative
REER	Real Effective Exchange Rate	SEZ	Special Economic Zones
REIT	Real Estate Investment Trust	SFCA	Special Foreign Currency Accounts
repos	repurchase transactions	SFIDA	Special Foreign Investment Deposit Account
RFC	Resident Foreign Currency (Accounts)	SFLCP-RF	Small Farmers and Landless Credit Project - Revolving Fund
RFP	Request for Proposal	SFP	Sinhaputhra Finance PLC
RGD	Registrar General's Department	SFSP	Swarnamahal Financial Services PLC
RegTech	Technology in Regulation	SGBV	Sexual and Gender Based Violence
RHS	Right Hand Side	SGST	Special Goods and Services
RIDEP	Rural Infrastructure Development Project in Emerging Regions	SIA	Securities Investment Account
RIs	Reporting Institutions	SIBA	Sri Lanka International Buddhist Academy
RMPS	Risk Management Policy Statement	SITC	Standard International Trade Classification
RMU	Risk Management Unit	SITES	Software and Information Technology Enabled Services

SLA	SriLankan Airlines	SPC	State Pharmaceuticals Corporation
SLAR	Statutory Liquid Assets Ratio	SPDA	Strategic Project Development Act
SLAS	Sri Lanka Accounting Standards	SPDs	Standalone Primary Dealers
SLATE	Sri Lanka Institute of Advanced Technological Education	SPEnDP	Small Holder Plantation Entrepreneurship Development Programme
SLBA	Sri Lanka Banks' Association (Guarantee) Ltd	SPS	Sanitary and Phyto Sanitary
SLBFE	Sri Lanka Bureau of Foreign Employment	SQI	Soil Quality Index
SLC	Sri Lanka Customs	SRC	Standing Rate Corridor
SLCERT	Sri Lanka Computer Emergency Readiness Team	SRCP	Southern Road Connectivity Project
SLCs	Specialised Leasing Companies	SRDSF	Sovereign Risk and Debt Sustainability Framework
SLCSMI	Sri Lanka Chamber of Small and Medium Industries	SRF	Standardised Report Forms
SLDBs	Sri Lanka Development Bonds	SRI	Sugarcane Research Institute
SLDF	Sri Lanka Design Festival	SRIS	Social Registry Information System
SLDILSS	Sri Lanka Deposit Insurance and Liquidity Support Scheme	SRR	Statutory Reserve Ratio
SLLECIC	Sri Lanka Export Credit Insurance Corporation	SSAP	Specific Standard Approach for Proportionality
SLF	Standing Lending Facility	SSC	Senior School Certificate
SLFPA	Sri Lanka Food Processors' Association	SSCL	Social Security Contribution Levy
SLFR	Standing Lending Facility Rate	SSLFTA	Singapore - Sri Lanka Free Trade Agreement
SLFRS	Sri Lanka Financial Reporting Standards	SSNP	Social Safety Nets Project
SLIBOR	Sri Lanka Interbank Offered Rate	SSU	Student Savings Units
SLIBTEC	Sri Lanka Institute of Biotechnology	ST	Secretary to the Treasury
SLIN	Sri Lanka Identification Number	STaRR	Smallholder Tea and Rubber Revitalisation
SLINTEC	Sri Lanka Institute of Nanotechnology	STDs	Sexually Transmitted Diseases
SLIPS	Sri Lanka Inter Bank Payment System	STP	Straight - through Processing
SLITA	Sri Lanka Institute of Textile and Apparel	STEM	Science, Technology, Engineering and Mathematics
SLPA	Sri Lanka Ports Authority	STEMTA	A Science, Technology, Engineering and Mathematics through Art
SLITHM	Sri Lanka Institute of Tourism and Hotel Management	STRS	Secured Transaction Registry System
SLPI	Sri Lanka Prosperity Index	STRs	Suspicious Transaction Reports
SLQF	Sri Lanka Qualification Framework	SUVs	Sport Utility Vehicles
SLR	Sri Lanka Railways	SVAT	Simplified Value Added Tax
SLREIT	Sri Lanka Real Estate Investment Trust	SWIFT	Society for Worldwide Interbank Financial Telecommunications
SLS	Saubhagya Loan Scheme	TAP	Trade Adjustment Programme
SLSEA	Sri Lanka Sustainable Energy Authority	TBI	Technology Business Incubator
SLSFTA	Singapore -Sri Lanka Free Trade Agreement	T-bonds	Treasury bonds
SLSI	Sri Lanka Standards Institution	TC	Technical Compliance
SLSPC	Sri Lanka State Plantation Corporation	TCF	Trillion Cubic Feet
SLTB	Sri Lanka Tea Board	TDC	Tariff Determination Committee
SLTB	Sri Lanka Transport Board	TDF	Technology Development Fund
SLTDA	Sri Lanka Tourism Development Authority	TDP	Tea Development Programme
SLTFTA	Sri Lanka - Thailand Free Trade Agreement	telcos	telecommunication companies
SLTPB	Sri Lanka Tourism Promotion Bureau	TEUs	Twenty-foot Equivalent Units
SLTTS	Super Luxury Tourist Transport Service	TF	Terrorist Financing
SLVTA	Sri Lanka Vocational Training Authority	TFA	Trade Facilitation Agreement
SMEs	Small and Medium Enterprises	TFC	The Finance Company PLC
SMELoC	Small and Medium-sized Enterprises Line of Credit Project	TIFA	Trade and Investment Framework Agreement
SMILE III-RF	Small and Micro Industry Leader and Entrepreneur Promotion Project Phase III - Recovery fund	TIN	Taxpayer Identification Number
SMS	Short Message Service	TIP	Trade Information Portal
SNBFI	Supervision of Non-Bank Financial Institutions	TKSFL	TKS Finance Ltd
SOEs	State Owned Enterprises	TL	Telecommunication Levy
SOBEs	State Owned Business Enterprises	TLP	Tariff Liberalisation Programme
SOP	Standard Operating Procedure	TORs	Terms of References
SOREM	Sapugaskanda Oil Refinery Expansion and Modernisation	TOT	Training of Trainers

TPC	Trade and Productivity Commission	UTs	Unit Trusts
TPP	Trans-Pacific Partnership	UTCS	Unified Transport Card Solution
TPR	Trade Policy Review	UTEL	University Test of English Language
TPTL	Trinco Petroleum Terminal Private Limited	UTMC	Unit Trust Management Company
TRCSL	Telecommunications Regulatory Commission of Sri Lanka	VAT	Value Added Tax
TRI	Tea Research Institute	VDRL	Venereal Disease Research Laboratory
TSA	The Standardised Approach	VIAP	Volume Index of Agricultural Production
TSCFL	The Standard Credit Finance Ltd.	VJP	Visiting Journalist Program
TSEP	Transforming the School Education System as the Foundation of Knowledge Hub Project	VMS	Variable Message Sign
TSHDA	Tea Small Holdings Development Authority	VMS	Vessel Monitoring System
TSP	Tourism Strategic Plan	VoA	Vote on Account
TSP	Triple Super Phosphate	VRI	Veterinary Research Institute
TVEC	Tertiary and Vocational Education Commission	VSSO	Voluntary Social Service Organisations
TVET	Technical and Vocational Education and Training	VTA	Vocational Training Authority
TVRS	Tourist Vat Refund System	WASH	Water, Sanitation and Hygiene
UAE	United Arab Emirates	WAYR	Weighted Average Yield Rate
UAT	User Acceptance Testing	WBB	Welfare Benefits Board
UCT	Unity Container Terminal	WBIS	Welfare Benefits Information System
UDA	Urban Development Authority	WBTA	World Bank Technical Assistance
UGC	University Grants Commission	WCL	Working Capital Loans
UHT	Ultra Heat Treated	WCLSTF	Working Capital Loan Scheme for Tea Factories
UID	Unique Identification	WCLWD	Weligama Coconut Leaf Wilt Disease
UIG	University, Industry and Government	WCO	World Customs Organization
UINs	Unique Identification Numbers	WCT	West Container Terminal
UIP	Uncovered Interest Rate Parity	WEDF	World Export Development Forum
UK	United Kingdom	WEDP	Women Entrepreneurship Development Programme
UKGT	United Kingdom's Global Tariffs	WEF	With Effect From
UN	United Nations	WEF	World Economic Forum
UNCCD	United Nations Convention to Combat Desertification	WEO	World Economic Outlook
UNCTAD	United Nations Conference on Trade and Development	WEPA	Water Environment Partnership Association
UNDP	United Nations Development Programme	WFH	Work From Home
UNEP	United Nations Environment Programme	WFP	World Food Programme
UNESCAP	United Nations Economic and Social Commission for Asia and Pacific	WHO	World Health Organization
UNFCCC	United Nations Framework Convention on Climate Change	WHT	Withholding Tax
UNICEF	United Nations International Children's Emergency Fund	WIPO	World Intellectual Property Office
UN-REDD	United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation	WMD	Weapons of Mass Destruction
UNWTO	United Nation's World Tourism Organization	W & OP	Widows' and Orphans' Pension
USA/US	United States of America	WPI	Wholesale Price Index
USD/US\$	United States Dollar	WR & OP	Widowers' and Orphans' Pension
USDA	Urban Settlement Development Authority	WRMDP	Western Region Megapolis Development Plan
		WRS	Web-based Recruitment System
		WTI	West Texas Intermediate
		WTO	World Trade Organization
		WTTC	World Travel and Tourism Council
		WUSL	Wayamba University of Sri Lanka
		WWF	Workers' Welfare Fund
		YOY	Year On Year
		ZBB	Zero Based Budgeting

PART I

KEY ECONOMIC INDICATORS

	2016	2017	2018	2019	2020	2021	2022 (a)
DEMOGRAPHY							
Mid-year population ('000 persons) (b)(c)	21,209	21,444	21,670	21,803	21,919	22,156	22,181
Growth of mid- year population (per cent) (b)	1.1	1.1	1.1	0.6	0.5	1.1	0.1
Population density (persons per sq.km.) (b)	338	342	346	348	350	353	354
Labour force ('000 persons) (d)	8,311	8,567	8,388	8,592	8,467	8,553	8,547
Labour force participation rate (per cent) (d)	53.8	54.1	51.8	52.3	50.6	49.9	49.8
Unemployment rate (per cent of labour force) (d)	4.4	4.2	4.4	4.8	5.5	5.1	4.7
OUTPUT (e)							
GDP at current market price (Rs. billion)	12,813	14,387	15,352	15,911	15,672	17,600(a)	24,148
GNI at current market price (Rs. billion)	12,493	14,034	14,962	15,470	15,248	17,205(a)	23,526
GDP at current market price (US\$ billion) (f)	88.0	94.4	94.7	89.0	84.6	88.5(a)	77.1
GNI at current market price (US\$ billion) (f)	85.8	92.0	92.4	86.5	82.3	86.6(a)	75.2
Per capita GDP at current market price (Rs.) (g)	604,129	670,925	708,442	729,761	714,975	794,376(a)	1,088,667
Per capita GNI at current market price (Rs.) (g)	589,058	654,470	690,463	709,516	695,674	776,523(a)	1,060,654
Per capita GDP at current market price (US\$) (f)(g)	4,149	4,400	4,372	4,082	3,858	3,997(a)	3,474
Per capita GNI at current market price (US\$) (f)(g)(h)	4,045	4,292	4,263	3,968	3,754	3,907(a)	3,388
REAL OUTPUT (percentage change) (e)							
GDP	5.1	6.5	2.3	-0.2	-4.6	3.5(a)	-7.8
Major economic activities of GDP							
Agriculture	-4.7	-1.8	6.3	0.5	-0.9	0.9(a)	-4.6
Industry	7.4	13.0	-1.1	-4.1	-5.3	5.7(a)	-16.0
Services	4.7	3.6	4.3	2.9	-1.9	3.5(a)	-2.0
GNI	4.9	6.6	2.2	-0.5	-4.5	4.0(a)	-8.1
AGGREGATE DEMAND AND SAVINGS (per cent of GDP) (e)							
Consumption	70.4	67.0	68.9	71.7	73.2	70.6(a)	69.2
Private	62.2	59.1	60.3	62.7	62.8	61.2(a)	62.0
Government	8.2	7.9	8.6	9.0	10.4	9.5(a)	7.2
Investment	36.5	39.7	38.1	34.1	33.0	36.7(a)	34.4
Net exports of goods and services	-6.8	-6.7	-6.9	-5.8	-6.2	-7.4(a)	-3.6
Exports of goods and services	19.8	20.2	21.4	21.8	15.4	16.9(a)	21.5
Imports of goods and services	26.6	26.9	28.4	27.6	21.6	24.3(a)	25.0
Domestic savings	29.6	33.0	31.1	28.3	26.8	29.4(a)	30.8
Net primary and secondary income from rest of the world	4.8	4.2	4.0	3.7	4.6	3.6(a)	2.2
National savings	34.5	37.3	35.1	32.0	31.5	33.0(a)	33.1
PRICES AND WAGES (percentage change)							
National Consumer Price Index (2013 = 100) - annual average	4.0	7.7	2.1	3.5	6.2	7.0	50.4
National Consumer Price Index (2013 = 100) - year-on-year (end period)	4.2	7.3	0.4	6.2	4.6	14.0	59.2
Colombo Consumer Price Index (2013 = 100) - annual average	4.0	6.6	4.3	4.3	4.6	6.0	46.4
Colombo Consumer Price Index (2013 = 100) - year-on-year (end period)	4.5	7.1	2.8	4.8	4.2	12.1	57.2
Producer Price Index (2018 Q4 = 100) - annual average	-	-	-	-	5.8	10.9	74.0
Producer's Price Index (2013 Q4 = 100) - annual average (i)	1.7	17.0	6.3	2.9	5.7	-	-
GDP deflator (e)	5.4	5.5	4.3	3.9	3.3	8.5(a)	48.8
GNI deflator (e)	5.5	5.4	4.4	3.9	3.2	8.5(a)	48.8
Nominal Wage Rate Indices							
Workers in All Wage Boards (1978 Dec = 100) - annual average	0.0	0.0	0.6	2.9	0.2	74.4	9.8
Public Sector Employees (2016 = 100) - annual average	-	-	0.2	4.7	9.2	0.0	16.1
Public Sector Employees (2012 = 100) - annual average (j)	3.9	0.0	0.1	3.2	-	-	-
Informal Private Sector Employees (2018 = 100) - annual average	-	-	-	-	6.4	9.2	24.5
Informal Private Sector Employees (2012 = 100) - annual average (k)	7.9	9.5	13.2	6.2	3.3	9.2	-
EXTERNAL TRADE							
Trade balance (US\$ million)	-8,873	-9,619	-10,343	-7,997	-6,008	-8,139	-5,185
Exports	10,310	11,360	11,890	11,940	10,047	12,499	13,106
Imports	19,183	20,980	22,233	19,937	16,055	20,637	18,291
Terms of trade (percentage change)	4.0	1.2	0.02	-1.6	2.5	-8.6	-11.6
Export unit value index (2010 = 100) (percentage change)	-1.5	2.4	4.2	-6.3	-6.8	5.4	0.9
Import unit value index (2010 = 100) (percentage change)	-5.3	1.2	4.1	-4.8	-9.1	15.2	14.1
Export volume index (2010 = 100) (percentage change)	-0.7	7.6	0.5	7.2	-9.7	18.0	3.9
Import volume index (2010 = 100) (percentage change)	7.0	8.1	1.8	-5.8	-11.4	11.5	-22.4
EXTERNAL FINANCE (US\$ million)							
Services and primary income account (net)	678	984	1,381	388	-1,386	-373	235
Current private transfers (net)	6,434	6,316	6,155	5,757	6,194	5,221	3,493
Current official transfers (net)	19	11	8	9	13	6	3
Current account balance	-1,742	-2,309	-2,799	-1,843	-1,187	-3,284	-1,453
Overall balance	-500	2,068	-1,103	377	-2,328	-3,967	-2,806

(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) Rebased GDP estimates (base year 2015) released in March 2023 by the Department of Census and Statistics have been used.

(f) Based on quarterly GDP/GNI in US\$ terms calculated using quarterly average exchange rate from 2015 onwards

(g) Estimates are updated with the latest population figures

(h) 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 US\$ terms.

(i) Compilation of this index was discontinued since November 2021.

(j) Compilation of this index was discontinued since April 2020.

(k) Compilation of this index was discontinued since November 2022.

KEY ECONOMIC INDICATORS (Contd.)

	2016	2017	2018	2019	2020	2021	2022 (a)
Current account balance (per cent of GDP) (e)(l)	-2.0	-2.4	-3.0	-2.1	-1.4	-3.7	-1.9
Total foreign assets (months of the same year imports) (m)	5.3	6.0	5.2	6.3	6.4	3.6	3.9
Gross official reserves (months of the same year imports)	3.8	4.6	3.7	4.6	4.2	1.8	1.2
Overall debt service ratio (n)							
As a percentage of export of goods and services	25.6	23.9	28.9	29.7	35.2	30.7	15.3
As a percentage of current receipts	18.0	17.3	21.3	21.8	22.6	22.3	12.2
Total external debt (per cent of GDP) (e)(l)	52.8	54.7	55.3	61.6	58.0	58.5	64.5
EXCHANGE RATES							
Annual average							
Rs/US\$	145.60	152.46	162.54	178.78	185.52	198.88	324.55
Rs/SDR (o)	202.39	211.49	229.90	246.97	258.61	283.18	431.91
NEER (2017 = 100) (24 - currency basket) (p)	104.91	100.00	94.05	88.17	85.93	78.64	53.99
REER (2017 = 100) (24 - currency basket) (p)(q)	100.55	100.00	95.45	90.42	91.52	83.58	54.33
Year end							
Rs/US\$	149.80	152.85	182.75	181.63	186.41	200.43	363.11
Rs/SDR (o)	201.38	217.69	253.51	251.17	268.48	280.53	483.24
GOVERNMENT FINANCE (per cent of GDP) (e)(r)							
Revenue and grants	13.2	12.8	12.6	11.9	8.8	8.3	8.3
Revenue	13.2	12.7	12.5	11.9	8.7	8.3	8.2
o/w Tax revenue	11.4	11.6	11.2	10.9	7.8	7.4	7.3
Grants	0.1	0.1	0.1	0.0	0.0	0.0	0.1
Expenditure and net lending	18.2	17.9	17.5	21.0	19.4	20.0	18.5
Recurrent expenditure	13.7	13.4	13.6	15.2	16.3	15.6	14.6
Capital expenditure and net lending	4.5	4.5	3.9	5.7	3.1	4.4	3.9
Current account balance	-0.6	-0.7	-1.1	-3.4	-7.5	-7.3	-6.4
Primary balance	-0.2	0.0	0.6	-3.4	-4.4	-5.7	-3.7
Overall fiscal balance	-5.0	-5.1	-5.0	-9.0	-10.6	-11.7	-10.2
Deficit financing	5.0	5.1	5.0	9.0	10.6	11.7	10.2
Foreign	3.1	3.1	2.1	3.4	-0.5	-0.1	1.8
Domestic	1.9	2.0	2.8	5.6	11.2	11.8	8.4
Central government debt (s)	74.0	72.2	78.4	81.9	96.5	100.1	113.8 (t)
Foreign	31.6	32.8	38.8	39.0	38.6	37.0	51.6 (t)
Domestic (u)	42.4	39.4	39.5	42.9	57.8	63.1	62.3 (t)
MONETARY AGGREGATES (year-on-year percentage change)							
Reserve money	27.1	9.8	2.3	-3.0	3.4	35.4	3.3
Narrow money (M ₁)	8.6	2.1	4.7	4.2	36.0	24.0	-0.4
Broad money (M _{2b})	18.4	16.7	13.0	7.0	23.4	13.2	15.4
Net foreign assets of the banking system	22.4	152.6	-155.1	250.3	-308.0	-368.8	-79.9
Net domestic assets of the banking system	15.9	9.8	16.3	4.6	27.8	20.9	20.9
Domestic credit from the banking system to							
Government (net)	12.1	10.0	16.1	11.1	62.7	28.2	28.1
Public corporations/SOBEs	-3.2	4.5	40.7	8.3	22.5	18.6	47.0
Private sector	21.6	14.7	15.9	4.2	6.5	13.1	6.2
Money multiplier for M _{2b} (end year)	6.31	6.71	7.42	8.18	9.75	8.15	9.11
Velocity of M _{2b} (average for the year)(e)	2.59	2.43	2.27	2.16	1.84	1.73	2.05
INTEREST RATES (per cent per annum at year end)							
Standing Deposit Facility Rate (SDFR)	7.00	7.25	8.00	7.00	4.50	5.00	14.50
Standing Lending Facility Rate (SLFR)	8.50	8.75	9.00	8.00	5.50	6.00	15.50
Bank Rate (v)	15.00	15.00	15.00	15.00	8.50	9.00	30.22
Legal Rate of Interest / Market Rate of Interest (w)	5.98	7.06	9.08	11.50	11.64	10.12	7.48
Money market rates							
Average weighted call money rate (AWCMR)	8.42	8.15	8.95	7.45	4.55	5.95	15.50
Treasury bill yields							
91-day	8.72	7.69	10.01	7.51	4.69	8.16	32.64
364-day	10.17	8.90	11.20	8.45	5.05	8.24	29.27
Deposit rates							
Commercial banks' average weighted deposit rate (AWDR)	8.17	9.07	8.81	8.20	5.80	4.94	14.06
Commercial banks' average weighted fixed deposit rate (AWFDR)	10.46	11.48	10.85	10.05	7.14	5.94	18.49
Commercial banks' average weighted new deposit rate (AWNDR)	11.17	10.06	10.94	8.89	4.93	6.45	23.07
Commercial banks' average weighted new fixed deposit rate (AWNDFDR)	11.44	10.65	11.27	9.17	5.08	6.67	23.73
NSB savings rate	4.25	4.00	4.00	4.00	3.50	3.50	3.00
NSB 12 month fixed deposit rate	11.00	11.00	10.50	9.83	5.25	5.50	12.00
Lending rates							
Commercial banks' average weighted prime lending rate (AWPR)-Weekly	11.52	11.55	12.09	9.74	5.81	8.61	27.24
Commercial banks' average weighted lending rate (AWLR)	13.20	13.88	14.40	13.59	10.29	9.87	18.70
Commercial banks' average weighted new lending rate (AWNLR)	13.94	14.31	14.54	12.80	8.38	9.48	26.20
CAPITAL MARKET							
All share price index (ASPI) (1985 = 100)	6,228.3	6,369.3	6,052.4	6,129.2	6,774.2	12,226.0	8,489.7
S&P SL20 index (2004 Dec = 1,000)	3,496.4	3,671.7	3,135.2	2,937.0	2,638.1	4,233.3	2,635.6
Value of shares traded (Rs. million)	176,935	220,591	200,069	171,408	396,882	1,173,157	686,602
Net purchases by non nationals (Rs. million)	338	17,655	-23,239	-11,735	-51,356	-52,648 (x)	30,625
Market capitalisation (Rs. billion)	2,745.4	2,899.3	2,839.5	2,851.3	2,960.7	5,489.2	3,847.2

(l) Based on GDP estimates in US dollars

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

(n) 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).

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

(p) 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.

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

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

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

(t) 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, Economic Stabilization and National Policies. 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.

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

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

(w) The Legal rate is defined under the Civil Procedure Code (Amendment) Act No. 6 of 1990 and is applicable to any legal action for the recovery of a sum of money. The Market rate is defined under the Debt Recovery (Special Provisions) Act No. 2 of 1990 and is applicable only in relation to legal actions instituted by lending institutions for the recovery of debt exceeding Rs. 150,000 arising out of commercial transactions, where there is no agreed rate of interest. The Monetary Board of the Central Bank determines the Legal rate and Market rate for each year and publishes in the Government Gazette in the month of December to be applicable for the forthcoming year. The Legal rate and the Market rate for the year 2023 is 16.97 per cent per annum.

(x) Revised

KEY SOCIAL INDICATORS

PHYSICAL FEATURES AND CLIMATE

Location

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

Distance

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

Elevation

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

Area

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

Climate

Low country : min. 24.4° C - max. 31.7° C
Hill country : min. 18.4° C - max. 26.9° C
Annual rainfall (average) mm : 2021 : 2,312
2022 : 1,966

POPULATION AND VITAL STATISTICS

Population Statistics (a)

Mid-year population ('000) (2022) : 22,181
Age distribution ('000) (2022)
0 - 14 years : 5,603
15 - 64 years : 14,840
65 years and over : 1,738
Population density (2022) : 354 persons per sq.km.
Crude birth rate (2022) : 12.4 per 1,000 persons
Crude death rate (2022) : 8.1 per 1,000 persons
Rate of natural increase (2022) : 5.0 per 1,000 persons
Infant mortality rate (2015) : 7.5 per 1,000 live births (revised)
Dependency ratio (2022) : 49.4%
Average household size (2019) (b) : 3.7 persons

Employment (2022)

Employed persons ('000) (d) : 8,148
Agriculture : 26.5%
Industry : 26.5%
Services : 47.0%
Public sector employees ('000) (e) : 1,394
Government sector : 84.8%
State Owned Enterprises : 15.2%

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 (2021)

: 0.782

Rank among 189 countries : 73

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)

: 75.5 years

Literacy Rate (2021) (d)

Average : 93.3%

Male : 94.3%

Female : 92.3%

PHYSICAL, SOCIAL AND FINANCIAL INFRASTRUCTURE FACILITIES

	Unit	2022		Unit	2022
Transport			Water Supply and Sanitation		
Length of national roads (A & B)	km	12,225	Access to safe drinking water	per cent	96.0
Length of expressways	km	312.6	Access to pipe borne water	per cent	60.4
Length of operating railway track (2020)	km	1,648	General Education		
Electricity			Area covered by a school (i)	sq. km.	6.5
Electrification level (2016)	per cent	99.3	Student/teacher ratio (i)	number	16.8
Per capita electricity consumption	kWh	654.6	Age specific enrolment ratio (grade 1-9)	per cent	94.8
Communication			Primary net enrolment ratio (i)	per cent	95.3
Telephone penetration			University Education (k)		
Fixed lines	per 100 persons	12.0	Student/teacher ratio	number	20.2
Including cellular phones	per 100 persons	142.0	Age specific enrolment ratio		
Internet penetration (f)	per 100 persons	97.7	(age 18-22 yrs) (l)	per cent	9.3
Average population served			Progression to university from GCE (A/L)		
by a post office	number	5,365	Eligible for university admission	per cent	62.9
Financial Infrastructure			Admission as a percentage of eligible (2021)	per cent	22.6
Banks			Government expenditure on education (m)	per cent of GDP	1.5
Branches of LCBs (g)	number	2,924	Public Health		
Branches of LSBs (g)	number	706	Hospital beds	per 1,000 persons	3.5
Credit cards in use	per 100,000 persons	9,264	Persons per doctor	number	1,054
Banking density	branches per 100,000 persons	16	Nurses	per 10,000 persons	18.4
Other financial institutions			Government expenditure on health	per cent of GDP	1.3
Branches of LFCs	number	1,832			
Branches of SLCs (h)	number	02			
Branches of LMFCs	number	124			
ATMs, CRMs and CDMs	per 100,000 persons	32			

Note : Data for 2022 are provisional

(a) Registrar General's Department

(b) Based on Household Income and Expenditure Survey (HIES) (2019), Department of Census and Statistics (DCS)

(c) In the 2019 survey round of HIES of the DCS, the Official Poverty Line (OPL), which was previously based on the 2002 HIES data, has been revised using the 2012/13 HIES data. With the revision in the OPL, Poverty Head Count Index data has also been revised.

(d) Based on Quarterly Labour Force Survey conducted by DCS

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

Sources: Relevant institutions and United Nations Development Programme Statistics

(f) Including mobile internet services

(g) All banking outlets excluding student savings units

(h) After mergers and acquisitions

(i) Government schools only

(j) Government and private schools only

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

(l) Only includes internal enrolment of students

(m) Government expenditure on general and higher education

ECONOMIC, PRICE AND FINANCIAL SYSTEM STABILITY, OUTLOOK AND POLICIES

1.1 Overview

The Sri Lankan economy faced its most onerous year in its post-independence history in 2022, comprising severe economic hardship that led to both public anxiety and political upheaval. The impoverished conditions in the economy warranted immediate and coordinated policy initiatives by the Government and the Central Bank to preempt a further escalation of the situation. Although the corrective measures affected the vast citizenry in the near term, they were necessary to safeguard the economy and economic agents from potentially devastating consequences of unrestrained economic instability, such as hyperinflation, collapse of economic activity to a much deeper level, and a complete disconnect of the country from the rest of the world, with far worse consequences to the people and businesses. The outcomes of these efforts have eventuated since late 2022. The country managed to transition to a workable equilibrium in the near term, focused on restoring socio-economic stability, while the envisaged assistance from the international financial institutions begins to materialise.

Having run an unsustainable macroeconomic model in tandem with the longstanding deficits in the budget balance and the external current account, the economy had fully exhausted its buffers by early 2022 as it was straddled by a myriad of vulnerabilities that emanated from both global and domestic sources. Several inherent weaknesses of the economy, further exacerbated by policy lapses, steered the country towards a multifaceted disaster. Ill-timed tax reductions, an ill-equipped attempt to swiftly adopt organic agriculture, the depletion of the country's official reserves amidst futile attempts to maintain an untarnished debt servicing record, the delay in the exchange rate adjustment, and the failure to pay heed to several early warning signals caused tremendous shockwaves across the economy. Consequently, the economy was battered by excessive balance of payments (BOP) pressures with acute shortage of foreign exchange liquidity and pressured exchange rate, spiralling inflation and dampened economic activity amidst mass loss of livelihoods, large fiscal imbalances, public debt reaching unsustainable levels with extraordinarily high risk premia, devastating sovereign rating downgrades that constrained access to external finance, unprecedented heightening of socio-economic and socio-political tensions, and rapidly deteriorating business confidence, among others. Businesses and the general public alike were in severe distress amidst shortages and rationing of essentials, the ballooning cost of living and cost of production, and the loss of welfare and livelihoods. Consequently, the rapid unfolding of social unrest resulted in political instability, warranting an urgent need for redefining policy priorities to steer the economy away from further turmoil.

Amidst mounting BOP pressures, the exchange rate was allowed a measured adjustment in early March 2022. However, the subsequent floating of the exchange rate resulted in an overshooting, fuelled by speculative activity. The Central Bank adopted aggressive monetary policy tightening in April 2022 to rein in demand pressures, complemented by a robust communication strategy aimed at anchoring inflation expectations, while taking measures to stabilise the exchange rate amidst exhausted levels of useable reserves by April

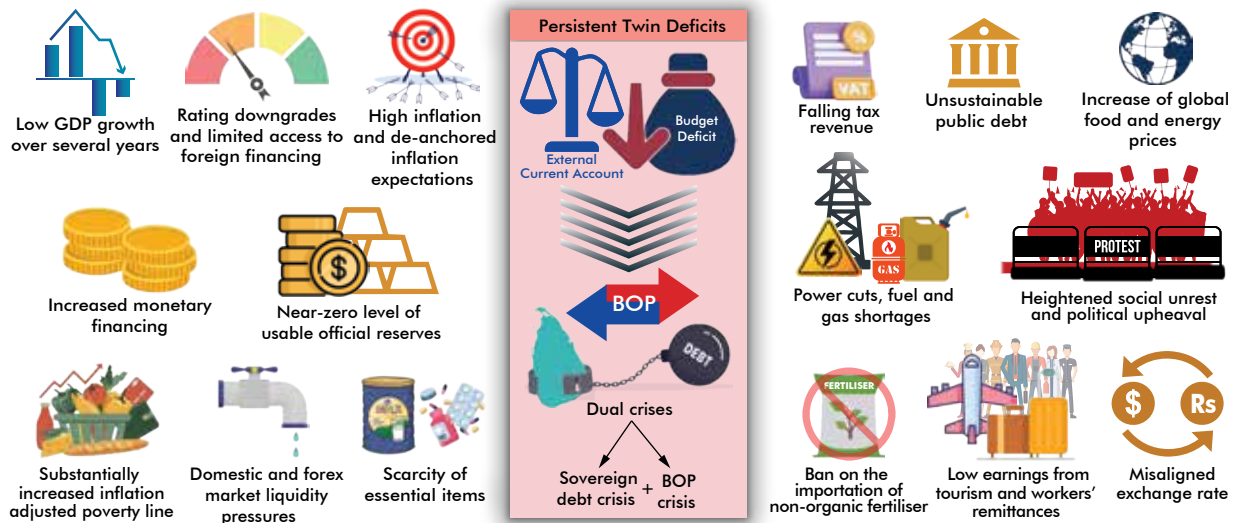
2022. Meanwhile, the Central Bank provided foreign exchange to the market to meet the demand for essential imports to the greatest extent possible amidst a dearth of foreign exchange inflows and significantly low levels of official reserves. Moreover, the Central Bank initiated measures to prioritise essential imports and restrict capital outflows through appropriate control measures, while continuing the requirement for the mandatory sale of foreign exchange to the Central Bank by licensed banks, based on the conversion of repatriated foreign exchange, and commenced providing daily guidance on the exchange rate to curtail undue intraday volatilities. Moreover, the Central Bank's continuous financial sector oversight and adoption of appropriate regulatory measures along with effective communication ensured financial system stability amidst severe socio-economic distress.

The Government initiated measures in early 2022 to seek assistance from the International Monetary Fund (IMF) after months of indecisiveness. The IMF had already assessed that Sri Lanka's public debt had reached unsustainable levels, hence, any funding assistance from the IMF needed to be preceded by efforts to restructure public debt. Subsequently, when it reached a critical point of inability to service debt payments, the Government announced a debt standstill in mid-April 2022, thereby suspending the servicing of external debt, mainly bilateral and commercial debt, as an interim measure, while soliciting support from official and private creditors to restructure outstanding debt. Simultaneously, several initiatives were made by the Government to enhance government revenue, curtail expenditure, introduce reforms to major State Owned Enterprises (SOE), implement import controls, and ration energy supply, while exploring bridging finance from bilateral and multilateral partners for essential expenditures as well as supporting the most vulnerable segments. In September 2022, a staff level agreement was reached for an Extended Fund Facility (EFF) from the IMF, followed by efforts to secure financing assurances from official creditors towards the restructuring of debt, in line with the debt sustainability targets envisaged under the IMF-EFF supported programme. In March 2023, the Executive Board of the IMF approved the EFF supported programme of 48-months, amounting to approximately US dollars 3 billion, along with an economic adjustment programme that was aimed at putting Sri Lanka back on a recovery path, while addressing structural impediments that constrained the country's growth potential over the past decades. With a multitude of goals to be achieved under the IMF-EFF arrangement, restoring public debt sustainability through the debt restructuring process will be one of the key milestones in the path towards attaining a sustained growth in the economy. However, debt restructuring could pose near term challenges in the financial sector that need to be addressed proactively by the Government and Central Bank, thereby reinforcing the financial system stability in the period ahead.

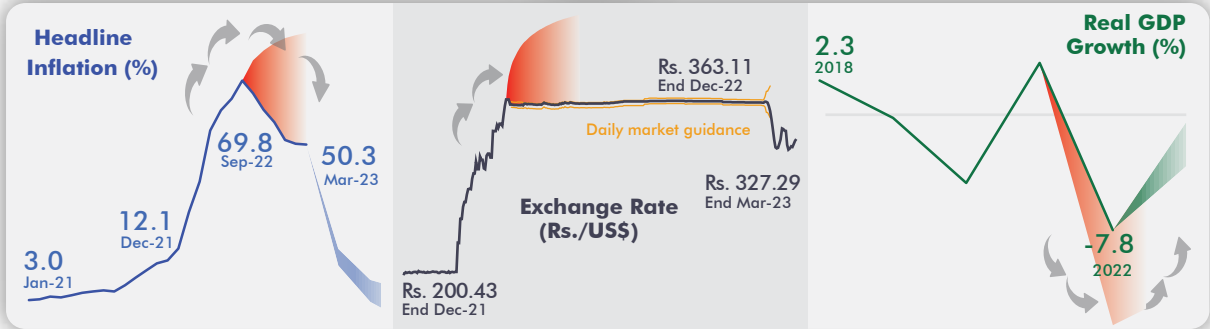
Policy measures and reforms implemented by the Government and the Central Bank have yielded notable success thus far. Inflation returned to an impressive disinflation path following a historic peak in September 2022, and the exchange rate remained stable and registered an appreciation in early 2023, having depreciated sharply during the first half of 2022. Further, the external current account deficit remained modest alongside the gradual accumulation of official reserves, thereby enabling the reinstatement of exchange rate flexibility from early March 2023. The envisaged normalisation of foreign exchange flows and the completion of the debt restructuring process during 2023, and the sweeping reforms in the public sector, are expected to pave way for the country's progress towards improved and sustainable economic prospects.

The socio-economic crisis in 2022 underlined many lessons that the country failed to grasp, despite the recurrence of such macroeconomic failures throughout its post-independence history. This economic episode reiterated the essentiality of data-driven policymaking; devastating implications of ad hoc policy experiments; crippling welfare impacts of myopic populist policies; and the cost of policy delays, disregarding evidence-based policy analysis, well-established economic fundamentals and expert opinions. The general public and businesses at large had to bear the cost of a one-time adjustment of delayed structural reforms. Against this backdrop, the Government, the Central Bank, and all other stakeholders need to extend their support towards the implementation of essential reforms at this juncture, to resolve the structural hindrances that have rooted in the economy over the last seven and a half decades. Failing to execute such reforms would lead to perpetual bailouts, endless cycles of external borrowing and recurring debt restructuring alongside unsustainable and highly volatile business cycles, which would cause undue pressure on citizenry, preventing the country from achieving longstanding economic progress and prosperity. Hence, in the country's efforts to emerge from the current crisis, consistent and well-coordinated policies, including those outlined in the IMF-EFF supported programme, should be executed in a timely manner to avert another crisis in the period ahead.

Figure 1.1
The Socio-Economic Crisis in 2022, Policy Actions and Outcomes Towards Restoring Stability



Significant tightening of monetary policy



The outcomes of coordinated policy actions have eventuated since late 2022, and the country managed to transition to a workable equilibrium until the assistance from the international financial institutions begins to materialise.

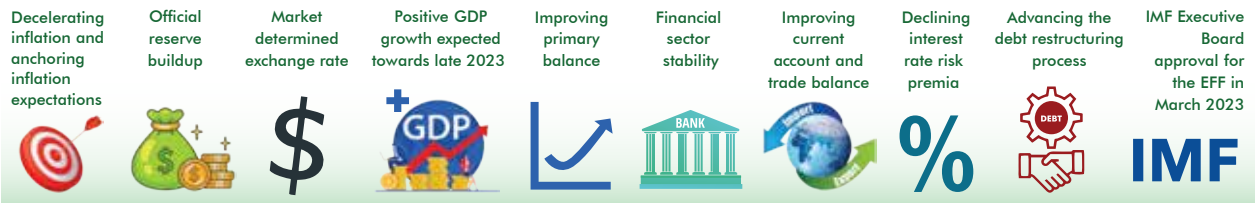


Table 1.1
Macroeconomic Performance (2018-2022)

Indicator	Unit	2018	2019	2020	2021 (a)	2022 (b)
Real Sector (c)						
Real GDP Growth	%	2.3	-0.2	-4.6	3.5 (b)	-7.8
GDP at Current Market Price	Rs. bn	15,352	15,911	15,672	17,600 (b)	24,148
Per Capita GDP (d)	US\$	4,372	4,082	3,858	3,997 (b)	3,474
External Sector						
Trade Balance (c)(d)	% of GDP	-10.9	-9.0	-7.1	-9.2	-6.7
Current Account Balance (c)(d)	% of GDP	-3.0	-2.1	-1.4	-3.7	-1.9
Overall Balance	US\$ mn	-1,102.9	376.6	-2,327.7	-3,966.6	-2,806.1
External Official Reserves	US\$ mn	6,919.2	7,642.4	5,664.3	3,139.2	1,897.6
Fiscal Sector (c)						
Current Account Balance	% of GDP	-1.1	-3.4 (e)	-7.5	-7.3	-6.4
Primary Balance	% of GDP	0.6	-3.4 (e)	-4.4	-5.7	-3.7
Overall Fiscal Balance	% of GDP	-5.0	-9.0 (e)	-10.6	-11.7	-10.2
Central Government Debt (f)	% of GDP	78.4	81.9	96.5	100.1	113.8 (g)
Monetary Sector and Inflation						
Broad Money Growth (M_{2b}) (h)	%	13.0	7.0	23.4	13.2	15.4
Private Sector Credit Growth (in M_{2b}) (h)	%	15.9	4.2	6.5	13.1	6.2
Annual Average Inflation (i)	%	4.3	4.3	4.6	6.0	46.4

(a) Revised

(b) Provisional

(c) GDP estimates (base year 2015) released in March 2023 by the Department of Census and Statistics have been used.

(d) Based on quarterly GDP in US\$ terms calculated using quarterly average exchange rate from 2015 onwards.

(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) Includes Treasury bonds of Rs. 78,441 million issued to the Ceylon Petroleum Corporation (CPC) in January 2012 of which Rs. 21,778 million matured on 01 January 2017 and Rs. 25,217 million matured on 01 January 2022 and the current outstanding is Rs. 31,446 million.

(g) The outstanding central government debt excludes several debt service payments that became overdue after 12 April 2022, the date on which the Interim Policy regarding the servicing of Sri Lanka's external public debt was announced by the Ministry of Finance, Economic Stabilisation and National Policies. These debt service payments comprise 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.

(h) Year-on-year growth based on end year values.

(i) Based on the CCPI (2013=100)

Sources: Department of Census and Statistics
Ministry of Finance, Economic
Stabilisation and National Policies
Central Bank of Sri Lanka

1.2 Macroeconomic Developments in 2022

Real Sector Developments and Inflation

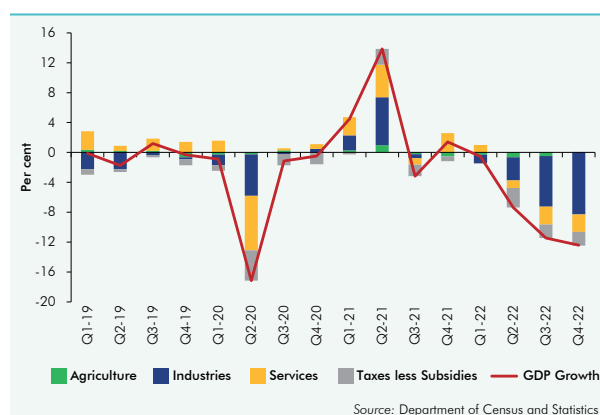
In 2022, the Sri Lankan economy registered its deepest economic contraction since independence, mainly driven by the ripple effects of the unprecedented economic crisis amidst the domestic and global headwinds that reversed the post-pandemic recovery. As per the provisional estimates of the Department of Census and Statistics (DCS), the real GDP contracted by 7.8 per cent in 2022, compared to the growth of 3.5 per cent in 2021. Longstanding macroeconomic weaknesses, characterised by deeply entrenched twin deficits, due to persistent budget deficits and external current account deficits, worsened during 2022, reflecting the impact of policy delays

in addressing these imbalances over the years, particularly in recent years, amidst ill-timed and ill-equipped reforms in taxation and agricultural policies, among others. Acute fuel shortages due to the dearth of foreign exchange caused a significant drag on activities, as a result of hampered supply chains, prolonged power outages, scarcity of raw materials amidst imports compression, and a surge in the cost of production. Further, significant upward revisions in major utility prices amidst soaring global energy prices and the depreciation of the exchange rate exacerbated supply side pressures, while accelerated inflation and tax hikes affected the disposable income of households. Against this backdrop, the Government and the Central Bank initiated several containment and remedial policy measures aimed at preempting a major economic catastrophe that would otherwise have occurred, leading to hyperinflation and depression in the

economy. The significant monetary policy tightening measures, along with the other measures to contain the balance of payments (BOP) pressures, and the unprecedented fiscal reforms in taxation and utility prices, along with the fuel rationing system, among others, helped contain demand side related excessive price pressures, improve foreign exchange liquidity conditions, minimise external and fiscal sector stresses, support economic activity, and steer the economy towards stability, albeit with some significant adjustment costs in the near term. Meanwhile, the Government sought assistance from the IMF for a funding arrangement and announced a debt standstill as an interim measure, pending negotiations on debt restructuring with bilateral and commercial creditors. These swift and remedial measures of the Government and Central Bank helped contain the fall of economic activity and instil confidence in the economy.

Real economy witnessed a broad-based contraction in 2022, reversing the post-pandemic recovery in 2021. The agriculture

Figure 1.2
Activity-wise Contribution to GDP Growth



sector, which had been experiencing lacklustre performances since 2019, contracted by 4.6 per cent in 2022, compared to a year earlier. This mainly reflected the severe shortages in chemical fertiliser and other agrochemicals, increased cost of raw materials, as well as the disruptions of supply networks. The subsectors of growing of rice, tea, vegetables, animal production, and marine fishing and marine aquaculture largely contributed to the

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

Economic Activity	Rs. billion		As a percentage of GDP (%)		Growth (%)		Contribution to Growth (%)	
	2021(c)	2022	2021(c)	2022	2021(c)	2022	2021(c)	2022
Agriculture, Forestry & Fishing	949.9	906.5	7.3	7.5	0.9	-4.6	0.1	-0.3
Agriculture and Forestry	812.4	783.4	6.2	6.5	0.8	-3.6	0.1	-0.2
Fishing	137.6	123.1	1.1	1.0	1.5	-10.5	0.0	-0.1
Industries	3,937.9	3,309.8	30.2	27.5	5.7	-16.0	1.7	-4.8
Mining and Quarrying	288.0	198.7	2.2	1.7	1.4	-31.0	0.0	-0.7
Manufacturing	2,247.2	1,963.3	17.2	16.3	7.4	-12.6	1.2	-2.2
Electricity, Gas, Water and Waste Treatment	230.0	220.0	1.8	1.8	2.2	-4.3	0.0	-0.1
Construction	1,172.8	927.7	9.0	7.7	4.4	-20.9	0.4	-1.9
Services	7,414.3	7,265.1	56.9	60.5	3.5	-2.0	2.0	-1.1
Wholesale and Retail Trade, Transportation and Storage, and Accommodation and Food Service Activities	3,149.8	3,230.3	24.2	26.9	1.3	2.6	0.3	0.6
Information and Communication	421.8	415.9	3.2	3.5	18.0	-1.4	0.5	0.0
Financial, Insurance and Real Estate Activities including Ownership of Dwellings	1,375.3	1,163.3	10.5	9.7	7.5	-15.4	0.8	-1.6
Professional Services and Other Personal Service Activities	1,294.6	1,286.3	9.9	10.7	1.8	-0.6	0.2	-0.1
Public Administration, Defence, Education, Human Health and Social Work Activities	1,172.8	1,169.4	9.0	9.7	2.2	-0.3	0.2	0.0
Gross Value Added at Basic Price	12,302.1	11,481.4	94.4	95.5	4.0	-6.7	3.7	-6.3
Taxes less Subsidies on products	735.9	536.5	5.6	4.5	-3.6	-27.1	-0.2	-1.5
Gross Domestic Product at Market Price	13,037.9	12,017.8	100.0	100.0	3.5	-7.8	3.5	-7.8
Net Primary Income from Rest of the World	-294.1	-304.2			12.6	-3.5		
Gross National Income at Market Price	12,743.8	11,713.6			4.0	-8.1		

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

(b) Provisional

(c) Revised

Source: Department of Census and Statistics

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overall contraction in the agriculture sector, while growing of oleaginous fruit and forestry, and logging recorded growths during the year. In 2022, the industry sector contracted notably by 16.0 per cent, year-on-year, primarily due to the dampened performance of the construction and manufacturing subsectors amidst severe shortages in raw materials and input cost escalations. The energy crisis and tighter monetary conditions also weighed on the performance of the industry subsectors. The construction subsector, which accounted for 28.0 per cent of the industry sector, registered a year-on-year contraction of 20.9 per cent, while overall manufacturing activities, which accounted for about 59 per cent in the total industry sector, contracted by 12.6 per cent, year-on-year, in 2022. Within the manufacturing sector, manufacture of coke and refined petroleum products, and manufacture of food, beverages, and tobacco products registered notable contractions of 58.2 per cent and 14.2 per cent, respectively, while the subsector of manufacture of textiles, wearing apparel, leather, and other related products registered a year-on-year growth of 8.1 per cent in 2022. Meanwhile, mining and quarrying activities also reported a notable year-on-year contraction of 31.0 per cent in 2022. Despite the resilient performance in the services sector during the first quarter of 2022, supported by the gradual normalisation of services sector activity following the COVID-19 pandemic, economic headwinds that intensified thereafter, hindered a further expansion in the services sector, resulting in an overall contraction of 2.0 per cent, year-on-year, in 2022. Although the subsectors of accommodation, food, and beverage, as well as transportation of goods and passengers, witnessed a strong rebound with year-on-year growths of 27.0 per cent and 3.5 per cent, respectively, the services sector performance was hampered by notable contractions in the subsectors of wholesale and retail trade, financial services, and real estate activities during the year.

In nominal terms, the Sri Lankan economy recorded a significant expansion of 37.2 per cent in 2022, year-on-year, compared to that of 12.3 per cent in the preceding year, reflecting the large deflator during the year. However, the overall size of the economy in US dollar terms contracted to US dollars 77.1 billion in 2022, compared to US dollars 88.5 billion in 2021, due to the large depreciation of the exchange rate. Per capita GDP also declined to US dollars 3,474 in 2022 from US dollars 3,997 in 2021. As per the expenditure approach, consumption expenditure, which accounted for 69.2 per cent of the GDP, expanded by 34.3 per cent, year-on-year, in 2022, compared to the expansion of 8.4 per cent in 2021, largely contributing to the overall nominal growth of the economy. Accordingly, reflecting the sharp acceleration in inflation during the period, household consumption expenditure grew at a higher rate of 39.0 per cent in 2022, compared to the 9.4 per cent expansion recorded in the preceding year. Government consumption expenditure also grew by 3.8 per cent in 2022, in comparison to 2.3 per cent recorded in 2021. Meanwhile, investment expenditure grew by 28.4 per cent, year-on-year, during the year, compared to the 25.1 per cent growth recorded in 2021. Accordingly, investment as a percentage of nominal GDP stood at 34.4 per cent in 2022, compared to 36.7 per cent in the previous year. Reflecting the impact of notable expansion in exports, buttressed by the depreciation in domestic currency, and restrained imports amidst

Figure 1.3
Investment and Savings
(as a percentage of GDP)

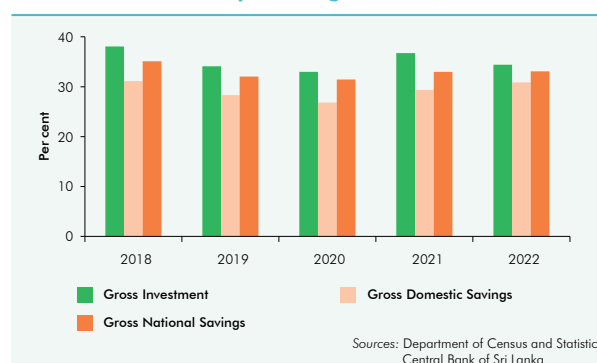


Table 1.3
 Aggregate Demand and Savings-Investment Gap at Current Market Prices (a)(b)

Item	Rs. billion		Growth (%)		As a percentage of GDP (%)	
	2021(c)	2022	2021(c)	2022	2021(c)	2022
1. Domestic Demand	18,901.2	25,005.2	13.6	32.3	107.4	103.6
1.1 Consumption	12,434.3	16,700.6	8.4	34.3	70.6	69.2
Private	10,769.7	14,973.3	9.4	39.0	61.2	62.0
Public	1,664.6	1,727.3	2.3	3.8	9.5	7.2
1.2 Investment (Gross Capital Formation)	6,467.0	8,304.6	25.1	28.4	36.7	34.4
2. Net External Demand	-1,301.0	-857.5	-34.7	34.1	-7.4	-3.6
Exports of Goods and Services	2,980.3	5,187.9	23.2	74.1	16.9	21.5
Imports of Goods and Services	4,281.3	6,045.4	26.5	41.2	24.3	25.0
3. Total Demand (GDP) (1+2)	17,600.2	24,147.7	12.3	37.2	100.0	100.0
4. Domestic Savings (3-1.1)	5,165.9	7,447.2	22.9	44.2	29.4	30.8
Private	6,456.3	8,987.6	19.9	39.2	36.7	37.2
Public	-1,290.4	-1,540.4	-9.3	-19.4	-7.3	-6.4
5. Net Primary Income from the Rest of the World (d)	-395.5	-621.4	6.5	-57.1	-2.2	-2.6
6. Net Current Transfers from the Rest of the World (d)	1,034.7	1,159.5	-10.1	12.1	5.9	4.8
7. National Savings (4+5+6)	5,805.1	7,985.3	17.7	37.6	33.0	33.1
8. Savings-Investment Gap						
Domestic Savings-Investment (4-1.2)	-1,301.0	-857.5				
National Savings-Investment (7-1.2)	-661.9	-319.3				
9. External Current Account Balance (2+5+6) (d)(e)	-661.9	-319.3				

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

(b) Provisional

(c) Revised

(d) Any difference with the BOP estimates is due to the time lag in compilation.

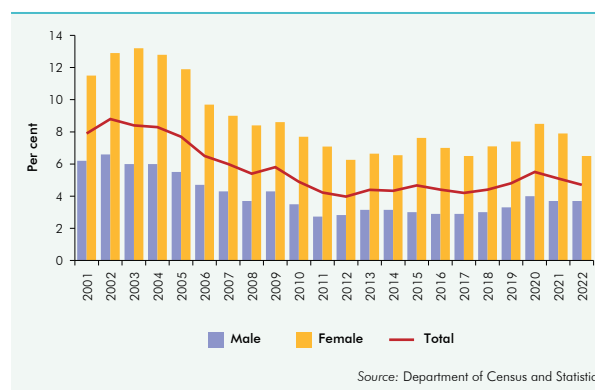
(e) Please refer to Table 5.1 of Chapter 5 of this Report for the annual estimate of the external current account balance, as a percentage of GDP, calculated in US\$ terms, which is different from the same being calculated in domestic currency terms in 2022, due to the significant volatility in the exchange rate.

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

import controls and subdued aggregate demand, the net external demand for goods and services at current prices improved notably by 34.1 per cent, year-on-year, during 2022. Accordingly, the net nominal external balance of goods and services, as a percentage of GDP, stood at -3.6 per cent in 2022, compared to -7.4 per cent in 2021.

In 2022, unemployment levels in the economy declined marginally, despite the challenges to labour productivity, caused by fragile macroeconomic conditions. The labour force participation rate (LFPR), which is the ratio of the labour force to the working age population, decreased marginally to 49.8 per cent in 2022, compared to 49.9 per cent in 2021, with an increase in the economically inactive population during the year. The male LFPR recorded a decline to 70.5 per cent in 2022, from 71.0 per cent recorded in the previous year. On a positive note, the female LFPR increased to 32.1 per cent in 2022, compared to 31.8 per cent in 2021. Nevertheless,

the annual unemployment rate declined to 4.7 per cent in 2022, compared to 5.1 per cent in 2021, despite an increasing trend in the unemployment rate that was observed in the second and third quarters of 2022. Meanwhile, persistent disruptions to supply channels, caused by acute fuel shortages, intermittent power outages, as well as shortages of inputs due to import restrictions, hindered the optimal use of labour

 Figure 1.4
 Unemployment Rate


Source: Department of Census and Statistics

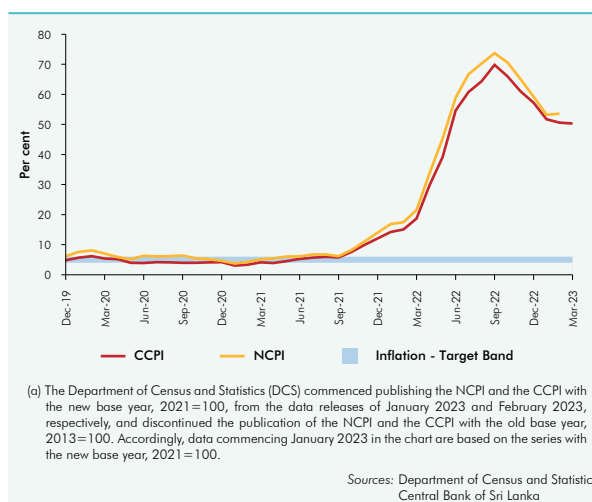
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during the period under review, partially contributing to the slowdown in value additions to the economy. Accordingly, labour productivity, measured in terms of Gross Value Added (GVA) (in 2015 prices) per hour worked, declined by 10.6 per cent, to Rs. 686.57 per hour worked in 2022, from Rs. 768.08 per hour worked in 2021.

Consumer price inflation reached a historic high in September 2022 and commenced a descending path thereafter, with the realisation of the impact of tight monetary conditions and the gradual easing of supply side disruptions.

During the nine months ending September 2022, headline inflation was on a rapid acceleration path reflecting price pressures from multiple fronts, including price hikes in food, energy, and transport sectors and their spillovers, stemming from supply disruptions, rapid adjustments to administered prices, sharp depreciation of the Sri Lanka rupee, and aggregate demand pressures owing to the lagged impact of monetary accommodation undertaken over the past few years, among others. However, the impact of significantly tight monetary policy and other demand management measures, such as prioritising essential imports, along with the softening of food and energy prices helped moderate the pace of headline inflation from the latter part of 2022. Accordingly, year-on-year headline inflation, as measured by the Colombo Consumer Price Index (CCPI, 2013=100), which was recorded at 12.1 per cent at the end of 2021, accelerated to 69.8 per cent in September 2022, before moderating to 57.2 per cent by December 2022. Following a similar trend, year-on-year headline inflation, based on the National Consumer Price Index (NCPI, 2013=100), was recorded at 73.7 per cent by end September 2022 and 59.2 per cent by end 2022, compared to 14.0 per cent registered at end 2021. The DCS revised the base year of both the CCPI and the NCPI from 2013

Figure 1.5
Headline Inflation (Year-on-Year) (a)



to 2021, in order to accommodate the changing expenditure patterns and to incorporate changes in goods and services available in the market. The downward trend of headline inflation observed in the latter part of 2022 continued into 2023 as well. Accordingly, year-on-year headline inflation, based on the CCPI (2021=100), decelerated further to 50.3 per cent in March 2023, although the pace of deceleration was slower than in recent months, due to the full impact of the electricity price revision being accounted for during March 2023. Meanwhile, year-on-year headline inflation, based on the NCPI (2021=100), stood at 53.6 per cent by February 2023. Signs of further easing of prices of certain imported goods were observed recently with the appreciation of the Sri Lanka rupee, and the revisions of petroleum prices in late March 2023 would help quicken disinflation in the ensuing months. Core inflation, which excludes the volatile food and energy prices, and measures the underlying demand pressures, also increased during the nine months ending September 2022 before trending downward. The rise in core inflation was mainly due to the pent-up demand stemming from the lagged impact of monetary accommodation in recent

BOX 1
Sri Lanka's Disinflation Process



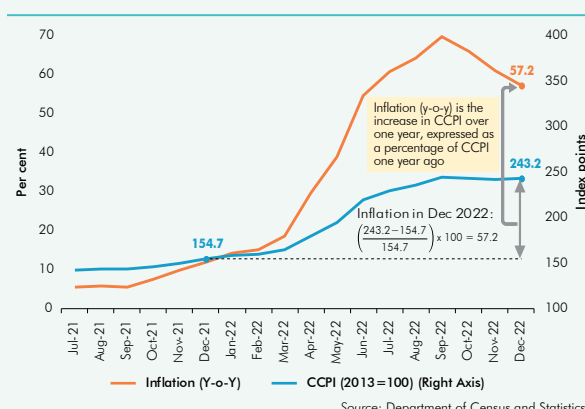
High inflation during 2022 was a global phenomenon. Global inflation accelerated to 8.8 per cent in 2022 (IMF, 2023) reflecting the impact of the lagged effects of ultra easy monetary and fiscal support following the COVID-19 pandemic, shortages of fuel and nonfuel commodities, exacerbated by the Russia-Ukraine War and capacity constraints along with supply chain issues. Affected by global as well as domestic factors, Sri Lanka also experienced inflation at unprecedented levels in the year 2022, recording the largest increase in price levels in its history since independence. However, in late 2022, inflation started moderating from its peak levels, showing early signs of a disinflation process. This process is expected to be supported by several factors, eventually bringing inflation down to the targeted levels in the period ahead. Against this backdrop, it is important to understand the concepts of inflation, disinflation and the characteristics of past global disinflation episodes, and more importantly, the envisaged disinflation process of Sri Lanka, as various misconceptions and misinterpretations have come to the fore resulting in confusion and affecting inflation expectations of the public.

The Concept of Inflation

A change in inflation is sometimes misinterpreted as a corresponding change in the price level. The general price level represents an average of all prices in the economy as measured by a consumer price index. The most commonly used measures of the level of prices in Sri Lanka are the Colombo Consumer Price Index (CCPI) and the National Consumer Price Index (NCPI). In contrast, inflation is the rate at which the general price level increases over time, which is typically denoted as the percentage change in a consumer price index between two periods. Therefore, a decline in inflation compared to the previous period may not necessarily mean a drop in the general price level, but rather a reduction in the pace of increase in the general price level.

The most commonly used measures of inflation are the year-on-year change and the month-on-month change in a consumer price index. The month-on-month measure of inflation provides an assessment of price movements in the most recent month under consideration, compared to the preceding month. Hence, this measure is also referred to as the 'price

Figure B 1.1
Movements of the CCPI and Inflation



momentum' or the 'momentum of inflation'. Inflation measured by the year-on-year change in a consumer price index, however, depends on two factors: the price movements in the current month and the price movements recorded one year ago. The latter is referred to as the 'base effect', which is the contribution to the change in the year-on-year inflation that stems from the month-on-month inflation in the base period (i.e., one year ago). The recent movements of the CCPI (Base: 2013 = 100)¹ and year-on-year inflation are depicted in Figure B 1.1. The figure illustrates that the year-on-year inflation in a given month (e.g., Dec. 2022) depends upon the consumer price index in the corresponding month and the value of the same 12 months earlier (i.e., Dec. 2021).

Furthermore, the change in year-on-year inflation can be approximated by the month-on-month inflation in the current period (momentum effect), less the month-on-month inflation twelve months ago (base effect).² Hence, in order to assess the dynamics of inflation in Sri Lanka, especially the envisaged

1 Compilation of the CCPI (2013=100) was discontinued by the Department of Census and Statistics (DCS) in February 2023 and it was replaced by the CCPI (2021=100). Inflation (year-on-year) based on the CCPI (2021=100) is available from January 2023.

2 As shown in the mathematical representation below, the year-on-year inflation (π_t) depends on the consumer price index in a given month (P_t) and the value of the same 12 months earlier (P_{t-12}).

$$\pi_t = \left[\frac{P_t - P_{t-12}}{P_{t-12}} \right] \times 100 \approx [\ln P_t - \ln P_{t-12}] \times 100$$

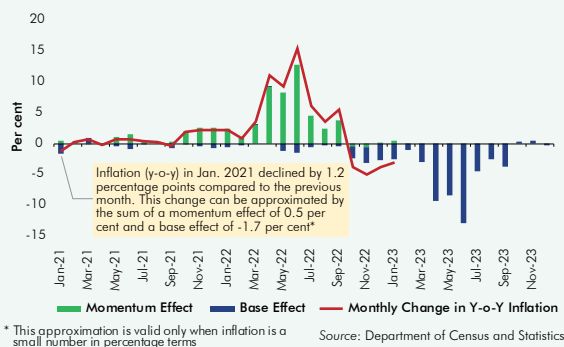
Once the mathematical representation of the year-on-year inflation is approximated using natural logarithms (ln), the difference between the year-on-year inflation in two successive months can be written as follows.

$$\pi_t - \pi_{t-1} \approx \{[\ln P_t - \ln P_{t-12}] - [\ln P_{t-1} - \ln P_{t-13}]\} \times 100$$

$$\pi_t - \pi_{t-1} \approx \{[\ln P_t - \ln P_{t-1}] - [\ln P_{t-12} - \ln P_{t-13}]\} \times 100$$

It is noteworthy that the approximation using natural logarithms is valid only when the variable under consideration (i.e., inflation) is a small number in percentage terms.

Figure B 1.2
Inflation Dynamics in terms of Momentum and Base Effects
(Based on the CCPI, 2013=100)



disinflation process, one should have a clear understanding of the movements in price levels in the past one year period, i.e., the base effects, and the expected future path of price levels, i.e., the expected price momentum. Figure B 1.2 depicts inflation dynamics in recent times in terms of momentum and base effects. The figure illustrates that the monthly change in year-on-year inflation can be approximated by the summation of the momentum effect and the base effect, particularly during periods where the year-on-year inflation is small.

Sources of Inflation in Sri Lanka

Being a small open economy, Sri Lanka's overall inflation is a combination of both domestic and imported inflation. Domestic inflation is affected by demand side factors, supply side factors, and the economic agent's expectations on the future course of inflation. Demand side factors are typically the outcomes of a growing economy, public expectations of future price movements, and macroeconomic policies (i.e., monetary policy and fiscal policy) aimed at influencing the aggregate demand conditions of the economy, whereas supply side factors could be the outcomes of either the supply side policies of the Government or some exogenous circumstances, such as natural disasters, global events, etc. As the people of Sri Lanka consume a considerable share of imported items, the country's inflation is also affected by the movements in global commodity prices. In addition, exchange rate movements affect inflation. For instance, a depreciation of the Sri Lanka rupee against the US dollar (since most imports are valued in US dollar terms) will increase the price of imports in domestic currency terms.

What is Disinflation?

Disinflation is interpreted as a slowdown in the rate of increase of the general price level in an economy. Alternatively, it can be defined as a sustained decrease in year-on-year inflation. Disinflation is a process that typically takes place over the short to medium term until inflation reaches the desired level and price stability is restored. It is important to note that disinflation, following an episode of high inflation, is different from deflation, which refers to a sustained decrease in the general price level. Disinflation results in a lower level of inflation where the prices are still rising, but at a slower rate.

In general, gradual disinflation is brought about by contractionary monetary policy as well as supply conditions turning favourable. The objective of contractionary monetary policy is to bring back inflation to the targeted level and sustain it thereafter. Disinflation policies could be associated with short term costs in terms of subdued economic activity and rising unemployment. However, the long term gains for the economy on account of reduced distortions due to high inflation outweigh the short term costs. In the meantime, policymakers must also be vigilant of threats of future deflation during disinflation episodes, as sustained deflation can be highly destructive to a modern economy (Bernanke, 2012).

Globally, there have been several noticeable disinflation episodes. The reduction in inflation in the US in the early 1980s, when the US Federal Reserve was headed by Paul Volcker, remains a widely discussed macroeconomic outcome (commonly referred to as 'Volcker disinflation'). During the 1970s and early 1980, the general price levels in the US rose significantly. However, following the implementation of aggressive monetary policy measures by the US Federal Reserve, the annual inflation rate was brought down from a peak of 13.5 per cent in 1980 to 3.2 per cent by 1983. The US experienced two recessions during this period, which are generally attributed to disinflationary policies. However, 'Volcker disinflation' laid the foundation for the long economic expansions of the 1980s and 1990s in the US. In the meantime, Japan and Germany also experienced heightened levels of inflation in the early 1970s. However, by the late 1970s both countries recorded low inflation relative to other advanced economies. The success of this disinflation process is attributed to the strong discipline of the respective governments and monetary authorities, based on the understanding that inflation in the long run is a

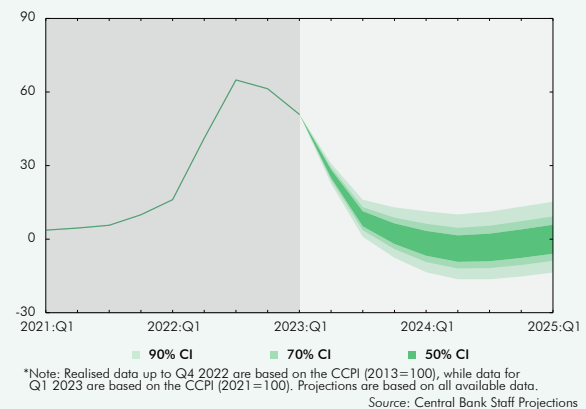
monetary phenomenon (Nelson, 2007). Furthermore, productivity improvements can also help the disinflation process. Aggregate demand pressures can be lessened due to the expansion of the potential GDP in the long run through effective supply side policies. Moreover, higher productivity, deregulation and increased globalisation are also weighed as possible causes for the considerable drop in global inflation from the elevated levels in the 1970s and early 1980s (Rogoff, 2004).

The Envisaged Disinflation Process in Sri Lanka

Sri Lanka's inflation started moderating from its peak levels of around 70 per cent (year-on-year) in September 2022, confirming that the disinflation process had started as envisaged. In terms of economic factors, this process is expected to be supported by subdued aggregate demand conditions due to tight monetary and fiscal policies, expected improvements in domestic supply conditions, improved external sector performance, normalisation of global commodity prices, and the timely passthrough of such reductions to domestic prices. Statistically, the disinflation process is anticipated to be influenced by both the momentum effect and the base effect, with a higher contribution expected from the latter.

Moreover, the effects of statistical factors can be assessed within the context of sources of inflation and expected economic developments. The IMF (2023) expects global inflation to fall in 2023 and 2024. If the envisaged moderation in global commodity prices is passed on to domestic prices via timely and transparent adjustments, the price momentum of imported inflation could be kept at a considerably low level in 2023. Furthermore, the stability of the exchange rate amidst an improved Balance of Payments (BOP) position would be helpful in this regard. The recent appreciation of the Sri Lanka rupee against the US dollar, if continued, could help lower imported inflation and reduce second-round effects associated with these imports, thereby supporting the disinflation process. In the meantime, Sri Lanka's import prices increased disproportionately during 2022 reflecting the substantial depreciation of the Sri Lanka rupee and the increase in global commodity prices. This resulted in large month-on-month increases in prices of imported commodities, particularly around mid-2022. In the year 2023, this will influence imported inflation favourably through a sizeable negative base effect supporting the disinflation path (please see Figure B 1.2). On the other hand, with respect to domestic inflation, the price momentum is estimated to be

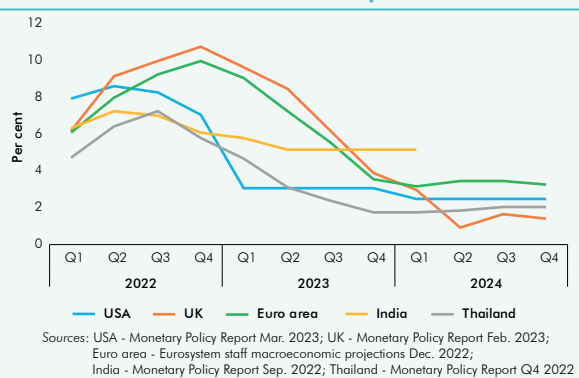
Figure B 1.3
Headline Inflation Projections
CCPI* (Quarterly Average, Year-on-Year, %)



significantly low on account of unprecedented monetary policy tightening measures and an extremely tight fiscal policy stance. In addition, some improvements were witnessed in domestic supply conditions over the last couple of months. As a result, the price momentum relating to food inflation recorded even negative values in certain months. The improved supply conditions are expected to continue through 2023, supporting the efforts to bring inflation to lower levels. Meanwhile, the adjustments made by the Government on various taxes as well as the revisions made to utility tariffs in 2022 and early 2023, together with their second-round effects, resulted in one-off upward adjustments in the general price level. Moreover, the supply side factors remained considerable in 2022 due to numerous shortages and bottlenecks witnessed in domestic supply conditions associated with the BOP crisis. The month-on-month increases in domestic prices in 2022 due to supply bottlenecks as well as tax and tariff revisions will influence inflation favourably in 2023 via a sizeable base effect (please see Figure B 1.2). Therefore, the moderation in domestic inflation in the period ahead is expected to be supported by a combination of subdued price momentum and a considerable base effect. The overall inflation of the country, which is an outcome of the expected dynamics of both imported and domestic inflation, along with the improving supply conditions, among others, is envisaged to reduce sustainably in 2023, enabling the realisation of the anticipated disinflation path.

The Central Bank's 'inflation fan chart' presents the projections for future inflation, on a quarterly basis, in the form of confidence intervals (CI). The confidence intervals illustrate the uncertainty surrounding the

Figure B 1.4
Global Disinflation Projections



inflation forecast, with the degree of uncertainty widening as the forecast horizon increases. The Central Bank's latest projections for year-on-year headline inflation, based on CCPI (2021=100), are depicted in Figure B 1.3 in the form of an inflation fan chart.

Global inflation, which is estimated to have peaked in 2022, is expected to decline in 2023 and remain at subdued levels in 2024, in light of substantial monetary tightening and the resultant slowing of activity, normalisation of supply chains, and moderating prices of energy and other commodities. Figure B 1.4 depicts inflation projections of selected countries as per their most recent monetary policy reports. The figure shows that in many countries, inflation increased substantially in 2022, beyond the central banks' inflation targets. However, these countries are expecting a sharp disinflation in 2023, as is the case with Sri Lanka, in a synchronous manner.

The Role of Inflation Expectations and Inflation Forecasts

The disinflation process of the country is also expected to be reinforced by well-anchored inflation expectations. Inflation expectations reflect the rate at which the stakeholders in an economy expect prices to change in the future. Inflation expectations matter because actual inflation depends, in part, on what the public expects it to be, as expectations could influence spending, borrowing and investment decisions today. Therefore, the disinflation process involves a deliberate course of action by a central bank to change the prevailing expectations of economic agents, if such expectations are higher than the medium term inflation target. In Sri Lanka, inflation expectations destabilised to some extent following the high inflation episode in 2022. However,

with the proactive implementation of remedial monetary policy measures, along with an effective and transparent monetary policy communications strategy, including the publication of medium term inflation projections, a persistent reduction in the expected level of inflation was observed recently among the public, which in turn has helped improve the credibility of the Central Bank as well. As the disinflation process progresses, a further improvement in this regard can be expected, affirming the anchoring of medium term inflation expectations in line with the Central Bank's inflation target.

Frequent communication of the estimated short to medium term inflation path remains a key element of the disinflation process. Towards this end, the Central Bank will continue to publish its inflation fan chart in press releases following regular monetary policy reviews and in other communiqués as appropriate. Any discrepancy between the medium term inflation forecast and the inflation target prompts policy measures to close the gap. Frequent and transparent communication of the inflation path would also serve as a mechanism to ensure commitment from the Central Bank to restore and maintain price stability.

Further, the Central Bank will commence publishing a forward looking semi-annual monetary policy report from the second half of 2023. This report will mainly display medium term projections for inflation and the underlying factors for the projections as well as an explanation of the deviation of actual inflation from the published forecast, if any.

A key factor for the disinflation process is the credibility of the central bank, as discussed above. This will help anchor inflation expectations. The credibility of the Central Bank is highly related to the independence of the Bank. In this regard, the envisaged enactment of the new Central Bank of Sri Lanka Act will contribute immensely to improving the independence and credibility of the Central Bank, which in turn will support the current disinflation episode and further strengthen the anchoring of inflation expectations.

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years, the surge in imported prices, as well as increases in the cost of non-food categories, such as restaurants and hotels, health, and education, etc. Accordingly, year-on-year core inflation, based on the CCPI (2013=100), was recorded at 47.7 per cent by December 2022, compared to 8.3 per cent recorded at end 2021. The NCPI (2013=100) based core inflation also accelerated to 57.5 per cent, year-on-year, by December 2022, in comparison to 10.8 in December 2021. Similar to headline inflation, core inflation also continued to trend downwards during early 2023. Accordingly, the CCPI (2021=100) based year-on-year core inflation decreased to 39.1 per cent by March 2023, while the NCPI (2021=100) based year-on-year core inflation decreased to 50.1 per cent by February 2023. This continued reduction in core inflation was attributed to the strong policy measures taken by the Central Bank to address the build-up of demand driven inflationary pressures and adverse inflation expectations. Meanwhile, inflation expectations, which remained at elevated levels during the inflation acceleration period up to September 2022, broadly followed a downward trend during the disinflation period.

External Sector Developments

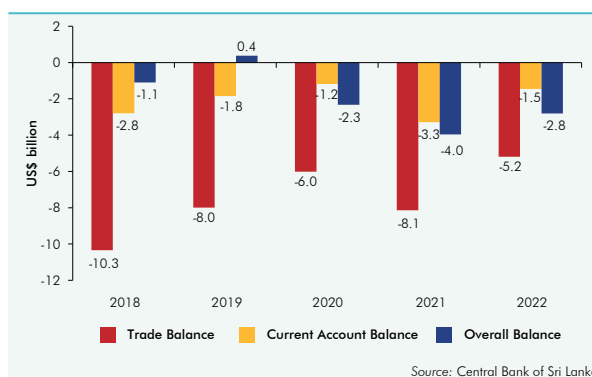
Sri Lanka's external sector met with severe BOP stresses in 2022 amidst constrained foreign financial inflows, depleted gross official reserves, and overshooting of the exchange rate, necessitating a myriad of policy measures to avoid further aggravation of the situation and restore external balance. The Government sought assistance from the IMF for a funding arrangement and announced a debt standstill as an interim measure, pending negotiations on debt restructuring with bilateral and commercial creditors during early 2022. The Government and the Central

Bank initiated measures to limit foreign exchange outflows, while taking initiatives to promote inflows. Import demand was reduced notably, reflecting the impact of significantly tightened monetary policy and subdued demand conditions. A series of import prioritisation measures was initiated, while continuing the existing restrictive measures. These restrictions included temporary suspensions and imposition of licensing and margin deposit requirements on selected imports. Also, restrictions on selected import payment methods were imposed with a view to discouraging grey market activities. Limitations on certain foreign exchange outflows of capital nature were also continued. Further, workers' remittances through official channels were encouraged through cash based and non-cash based targeted incentives for migrant workers. The large depreciation of the exchange rate, restrictions on imports under certain payment terms, such as open account terms, and subdued demand for imports led to a correction in the large spread between the official exchange rate and rates offered in the informal market. This further encouraged remittances through formal channels. A significant reduction in the trade deficit was observed in the second half of 2022 as import expenditure declined and export earnings remained resilient. The surplus in the services account increased to some extent due to the increase in earnings from tourism. However, all other sectors in the services account, including air and sea freight, transportation, and services inflows to the Information Technology and Business Process Outsourcing (IT/BPO) sector remained significantly subdued compared to the previous year. The secondary income account surplus reduced in 2022 despite the significant improvement in workers' remittances towards the second half of 2022, while the primary income account deficit, compiled on an accrual basis, marginally moderated during the year compared to the previous year. With these developments, the

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current account deficit narrowed to 1.9 per cent of GDP in 2022, from 3.7 per cent of GDP in 2021. Despite net foreign investment inflows into the Colombo Stock Exchange (CSE) (including primary market purchases) and the government securities market, inflows to the financial account remained modest due to the decline in foreign inflows to the Government. Meanwhile, gross official reserves declined to US dollars 1.9 billion as at end 2022, in comparison to US dollars 3.1 billion recorded in the previous year. However, this included the swap facility from the People's Bank of China equivalent to around US dollars 1.4 billion as at end 2022, which is subject to the conditionalities on its usability. The Central Bank absorbed US dollars 2.1 billion from the domestic foreign exchange market during 2022, mainly from mandatory sales by licensed banks, while supplying US dollars 2.7 billion mainly to meet foreign exchange required for importing essential commodities, such as fuel, coal, cooking gas, etc. The Central Bank played a major role in managing foreign exchange to ensure the supply of essential goods and services under extremely challenging circumstances during 2022. Meanwhile, total external debt of the country amounted to US dollars 49.7 billion as at end 2022, compared to US dollars 51.8 billion recorded as at end 2021, reflecting the impact of lack of access to foreign funding sources and large valuation changes in commercial debt. Despite the notable increase in the outstanding foreign loans of the Government, the total external debt of the Government remained at similar levels due to the reduction in the outstanding value of ISBs issued by the Government that were valued at market prices. The Government obtained a number of emergency credit facilities for the importation of essential goods, including fuel, medicine and fertiliser, from regional countries in the form of bilateral loans, resulting in significant foreign loan disbursements during 2022. The temporary suspension of debt servicing to

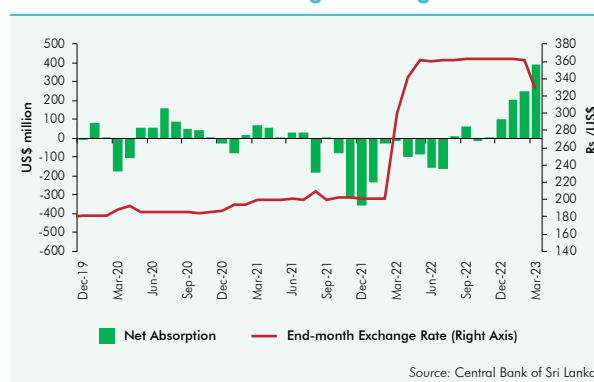
Figure 1.6
Balance of Payments



bilateral and commercial creditors provided some respite in terms of lesser foreign loan repayments. The significant shortage in liquidity in the domestic foreign exchange market exerted pressures on the exchange rate, necessitating a measured adjustment in the exchange rate in early March 2022 by the Monetary Board. However, market speculation resulted in an overshooting of the exchange rate subsequently. Accordingly, the Sri Lanka rupee depreciated substantially by 41.4 per cent against the US dollar by end April 2022. From mid-May 2022, with the aim of curbing any significant intraday volatility due to excessive speculation, the Central Bank commenced offering market guidance by publishing a middle rate and a variation margin applicable to the interbank weighted average spot exchange rate. This measure was effective in stabilising the exchange rate since then, helping to mitigate the adverse macroeconomic implications of excessive depreciation and volatility of the currency. Reflecting these developments, the Nominal Effective Exchange Rate (NEER) and Real Effective Exchange Rate (REER) indices, which measure the movement of the Sri Lanka rupee against a basket of currencies and thus the external competitiveness, declined notably in 2022. Overall, the REER indices declined substantially below the threshold of 100 index points, signalling that the exchange rate remained sufficiently competitive for international trade.

Sri Lanka secured IMF Executive Board approval for the EFF arrangement of SDR 2,286 million (approximately US dollars 3,000 million) in March 2023, and the first tranche of SDR 254 million (approximately US dollars 333 million) was disbursed under the programme in late March 2023. Following the staff level agreement reached with the IMF for the EFF supported programme in September 2022, Sri Lanka commenced a dialogue with bilateral creditors to secure financing assurances, while engaging with commercial creditors in good faith negotiations. Further, Sri Lanka initiated measures to complete all prior actions needed to secure the approval of the IMF Executive Board. Towards the finalisation of the IMF-EFF arrangement, several favourable developments were initiated from early 2023. With a view to encouraging activity in the domestic forex market and restoring a market driven exchange rate in line with the flexible inflation targeting framework of the Central Bank, the Central Bank commenced a gradual relaxation of the daily variation band, while also loosening the mandatory sales requirement by licensed banks, before completely removing this requirement from early March 2023. Foreign exchange market liquidity conditions started to improve from early 2023, supported by foreign currency inflows to the services sector, workers' remittances and financial flows to portfolio investment, and return of market confidence following the finalisation of the IMF-EFF arrangement. Reflecting the impact of improving foreign exchange market conditions, the exchange rate showed a large appreciation bias during early March 2023, correcting the exchange rate overshooting witnessed in early 2022 and helping the build-up of official reserves

Figure 1.7
Exchange Rate and Central Bank Intervention
in the Domestic Foreign Exchange Market



through the intervention of the Central Bank in the market, with sizeable purchases. With the funding assistance under the IMF-EFF arrangement and the purchases of foreign exchange from the market, gross official reserves strengthened to about US dollars 2.7 billion by end March 2023, and the Sri Lanka rupee appreciated against the US dollar by 10.9 per cent by end March 2023, reflecting the improved market sentiments. Reflecting the greater flexibility that was allowed in the determination of the exchange rate, the Sri Lanka rupee showed some volatility from late March 2023.

The funds disbursed under the EFF arrangement are proposed to constitute budget support, with a view to helping the domestic financing needs of the Government. However, proceeds so received will also help cushion BOP constraints due to their availability for the repayment of foreign currency obligations of the Government that are not subject to debt restructuring, which would otherwise have been made from the Central Bank's reserves, and possible strengthening of official reserves that could facilitate financing essential imports.

BOX 2

Sri Lanka's Economic Adjustment Programme Supported by an Extended Fund Facility Arrangement of the International Monetary Fund

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Introduction

The Sri Lankan economy has been experiencing frequent incidences of vulnerabilities and instability conditions instilled by structural macroeconomic problems coupled with global and domestic shocks. The conditions weakened drastically since 2020 with the onset of the pandemic, along with *ad-hoc* policy changes that exacerbated stresses in the economy. As a result, the country experienced severe Balance of Payments (BOP) distress and subsequently multiple crises in 2022. Several policy interventions were rolled out since early 2022 to guide the economy towards greater stability. Seeking financial assistance subject to macroeconomic stabilisation and related commencement of debt restructuring efforts to restore public debt sustainability are key steps that have been taken towards this journey. Before 2022, Sri Lanka had entered into numerous International Monetary Fund (IMF) programmes from time to time for various purposes including supporting the BOP and the Government's reform agenda. However, unlike on previous occasions, Sri Lanka initiated discussions with the IMF in early 2022 for an Extended Fund Facility (EFF) arrangement under the direst economic conditions. The success of policy interventions was constrained by debt overhang as well as persistently large fiscal and BOP financing needs. Amidst continuous downgrades in sovereign ratings, Sri Lanka was cut off from avenues for external financing, making new fundraising and servicing existing loans extremely challenging. Usable reserves depleted to near zero levels, the exchange rate depreciated at an unprecedented scale, access to fuel, electricity and other essential imported items by the public was limited, general price levels escalated to new heights with demand pressures and supply shortages, financial system stability was under threat, and social and political clashes were recurring in early 2022. Against this backdrop, the need for economic stabilisation with external assistance was required and the Sri Lankan authorities initiated discussions with the IMF. Continuous engagements over a year with the IMF staff team on the finalisation of the proposed economic and financial policies and successful completion of prescribed prior actions under the programme and the receipt of financial assurances from the official creditors enabled the approval of an EFF in late March 2023. Salient features of this economic adjustment programme, expected developments under the EFF arrangement, the country's commitment to the reforms in the ensuing period, and necessity of continuing this programme over four years are discussed briefly in the following sections.

Programme Objectives and Modalities of the IMF-EFF

The current IMF-EFF arrangement spans 48 months with the total disbursement amounting to SDR 2.286 billion (about US dollars 3 billion) to be utilised for budget

support for the Government. However, the proceeds under the EFF would also help cushion the BOP by supplementing the Gross Official Reserves (GOR). The disbursement will be equally divided into nine tranches subject to semi-annual reviews and subsequent Executive Board approvals. The first tranche was received in March 2023 immediately following Board approval. The programme aims at restoring macroeconomic stability at large. This overall economic stability is designed to be achieved through building strong pillars on critical areas of restoring debt sustainability, advancing revenue based fiscal consolidation, restoring price stability and building external buffers, ensuring financial stability, reducing corruption vulnerabilities, and raising potential growth.

Prior Actions and Structural Benchmarks

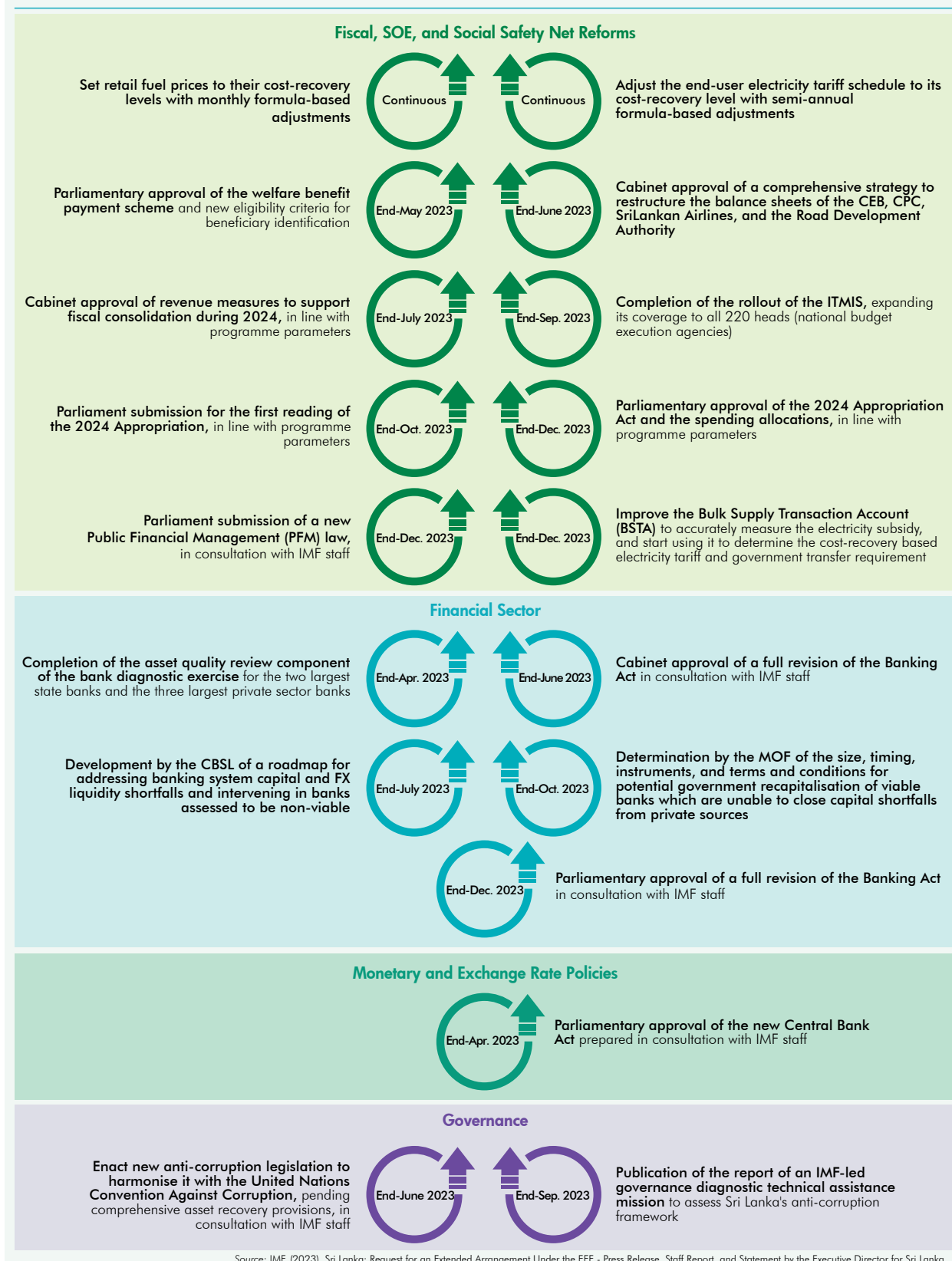
Since the commencement of negotiations for the IMF-EFF arrangement in early 2022, Sri Lanka has completed nine prior actions by March 2023 and has formulated a mechanism for meeting the structural benchmarks. The completion of these prior actions was instrumental in paving the way for broader reforms to be implemented in the next four years under the EFF. The prior actions that have been already completed by Sri Lanka include, obtaining Cabinet approval for revenue measures to support fiscal consolidation during 2023 in line with programme parameters, obtaining Parliamentary approval for a revised 2022 budget, submission of the 2023 Appropriation Bill to the Parliament, obtaining Cabinet approval to automate monthly retail fuel price adjustment, to automate semi-annual cost-recovery based electricity price adjustment, Cabinet approval of the new Central Bank Act, Cabinet approval for the amendments to the Banking Act, strengthening key elements of the Central Bank's crisis management powers, hiring an independent firm to conduct banking sector diagnostic exercise, and increasing policy interest rates by 100 basis points to ensure forward looking real policy interest rates are on a firm upward path.

In addition to the above, three important upfront measures were also implemented which include Parliamentary approval of the 2023 budget that was in line with programme parameters, Parliamentary approval of necessary legislative revisions to implement the 2023 revenue measures, and updating the Emergency Liquidity Assistance framework for banks. Further, Sri Lanka is required to implement several structural benchmarks related to fiscal matters, State Owned Enterprises (SOEs), social safety net reforms, and monetary and exchange rate policies and reforms related to fiscal sector and governance in the period ahead, as detailed in Figure B 2.1.

Monitoring of Programme Progress

Performance of the EFF arrangement will be monitored in terms of a comprehensive mechanism that comprises Quantitative Performance Criteria (QPCs), Continuous Performance Criteria (CPC) related to external arrears and Article VIII obligations, Indicative Targets (ITs), and

Figure B 2.1
Structural Benchmarks under the IMF-EFF Arrangement



Source: IMF. (2023). Sri Lanka: Request for an Extended Arrangement Under the EFF - Press Release, Staff Report, and Statement by the Executive Director for Sri Lanka.

the monetary policy consultation clause. The QPCs that Sri Lanka is expected to achieve are the requirement to generate a primary surplus in the Government's budget, improve the gross official reserve levels by building net international reserves, and gradually phase out Net Credit to the Government by the Central Bank. A CPC applies to the non-accumulation of new external payments arrears on external debt which will be monitored continuously by the authorities and any non-observance will be immediately reported to the IMF. In addition, another QPC includes the prohibition of imposing or intensifying restrictions on the making of payments and transfers for current international transactions, introducing or modifying multiple currency practices, concluding bilateral payment agreements that are inconsistent with Article VIII of the IMF's Articles of Agreement, and imposing or intensifying import restrictions for BOP purposes. A monetary policy consultation clause (MPCC) has also been included to monitor year-on-year inflation on specified target dates to ensure that Sri Lanka is moving on a steady disinflation path to reach the targeted level to restore price stability. Further, ITs have been specified mainly on central government tax revenue,

social safety net spending, cost of non-commercial obligations for fuel and electricity as well as on treasury guarantees. More importantly, in order to ensure the achievement of objectives envisaged in attaining debt sustainability, the progress on the debt restructuring will be assessed at each programme review, with a view to completing debt restructuring within a reasonable time frame. The QPCs and ITs pertaining to the programme are detailed in Figure B 2.2.

External Financing Gap and Financing Sources

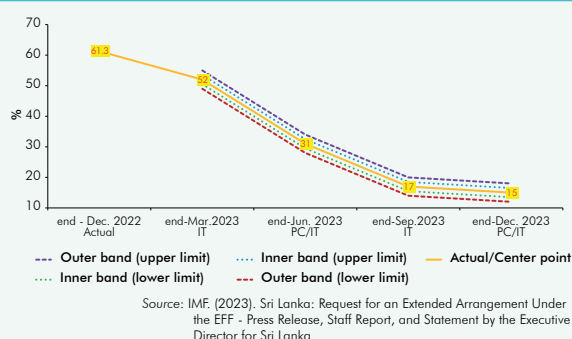
The programme is expected to trigger additional financing assistance with budget support from the World Bank and the Asian Development Bank of US dollars 3.75 billion, of which US dollars 900 million is expected in 2023. It is also expected that with the recovery in the economy and buildup of buffers, Sri Lanka would be able to access international markets to raise funds in terms of sovereign bond issues in 2027. These resources, together with external public debt service relief, will close the external financing gap and allow Sri Lanka to rebuild its gross international reserves.

Figure B 2.2
Sri Lanka: Proposed Quantitative Performance Criteria (QPCs), Continuous Performance Criteria (CPC), and Indicative Targets (ITs)
(Cumulative from the beginning of the year, unless otherwise noted)

Proposed quantitative performance criteria	2022 end - Dec. Actual	2023			
		end - Mar. IT	end - Jun. PC/IT	end - Sep. IT	end - Dec. PC/IT
Central government primary balance (floor) <i>Rs. bn</i>	-895	-56	-113	-160	-209
Program net official international reserves (Program NIR, floor, end of period stock) <i>US\$ mn</i>	-3,540	-3,188	-2,830	-2,068	-1,592
Net credit to the government of the CBSL (ceiling, end of period stock) <i>Rs. bn</i>	2,834	2,890	2,890	2,840	2,740
Stock of expenditure arrears of the central government (ceiling) <i>Rs. bn</i>	60	30	0	0	0
Proposed continuous performance criteria (cumulative from beginning of the programme)					
New external payment arrears by the nonfinancial public sector and the CBSL (ceiling) <i>US\$ mn</i>	0	0	0	0	0
Proposed indicative targets					
Central government tax revenue (floor) <i>Rs. bn</i>	1,751	650	1,300	2,100	2,940
Social spending by the central government (floor) <i>Rs. bn</i>	142	35	70	120	187
Cost of non-commercial obligations (NCOs) for fuel and electricity (net of government transfers) (ceiling) <i>Rs. bn</i>	-	0	0	0	0
Treasury guarantees (ceiling) <i>Rs. bn</i>	1,159	1,700	1,700	1,700	1,700

Source: IMF. (2023). Sri Lanka: Request for an Extended Arrangement Under the EFF - Press Release, Staff Report, and Statement by the Executive Director for Sri Lanka

Figure B 2.3
Proposed Monetary Policy Consultation Clause
Year-on-Year Inflation Based on the CCPI



Expected Developments under the IMF-EFF Arrangement

Some of the key expected outcomes of the IMF-EFF arrangement are as follows:

- Achieving debt sustainability:** To achieve debt sustainability, Sri Lanka needs to achieve specific debt financing and debt servicing related targets. Further, the debt restructuring process will be guided by quantitative targets developed under the IMF Sovereign Risk and Debt Sustainability Framework (SRDSF) in order to ensure debt reduction, manage rollover risks, avoid a renewed buildup of external pressures from debt service needs, and ensure that financing gaps during the programme period are
- Improved fiscal performance and discipline:** With the emphasis given in the programme on the fiscal front and the relevant structural benchmarks, it is expected that the Government will persist with its fiscal consolidation efforts to meet the fiscal targets through revenue enhancement measures and rationalisation of expenditure further. With constrained access to monetisation of deficits going forward, the Government is expected to make required adjustments during the available

closed. Meeting these requirements would ensure Sri Lanka's public debt returning to sustainable levels in the eyes of creditors and the international community, thus easing difficulties and risk premia attached to Sri Lanka's future borrowings.

The debt sustainability targets as per the Debt Sustainability Analysis (DSA) carried out by the IMF that needs to be achieved by Sri Lanka through the debt restructuring process are as follows:

- Debt stock: Public debt to decline below 95 per cent of GDP by 2032.
- Post-programme gross financing needs: Average annual gross financing needs of the central government in 2027-2032 to remain below 13 per cent of GDP.
- Post-programme forex debt service: Annual forex debt service of the central government to remain below 4.5 per cent of GDP in each year over 2027-2032.
- Programme financing gaps: Debt service reduction during 2023-2027 to be sufficient to close external financing gaps.

Figure B 2.4
External Financing Gap and Programme Financing (2022-2027)

	2022	2023	2024	2025	2026	2027	Total 2022-27
Financing Gap (A)	-2,834	-4,939	-4,843	-5,018	-3,608	-3,911	-25,153
Programme Financing (B)	2,834	4,939	4,843	5,018	3,608	3,911	25,153
IMF EFF	0	663	665	663	662	329	2,982
IFI budget support	0	900	850	700	700	600	3,750
World Bank		250	400	400	400	300	1,750
ADB		650	450	300	300	300	2,000
Other		0	0	0	0	0	0
Debt moratorium: External arrears accumulation	2,834						2,834
Debt relief		3,376	3,328	3,655	2,246	1,482	14,087
Sovereign bond (market access)		0	0	0	0	1,500	1,500
Shortfall (A+B)	0	0	0	0	0	0	
Gross International Reserves	1,898	4,431	6,128	8,520	10,888	14,208	
Project loans	1,473	1,400	1,542	1,585	1,633	1,682	

Source: IMF. (2023). Sri Lanka: Request for an Extended Arrangement Under the EFF - Press Release, Staff Report, and Statement by the Executive Director for Sri Lanka.

transitory period to ensure that such requirements would not arise. In the meantime, unwarranted leakages from the fiscal revenue are addressed through the envisaged broad-based programme for SOEs.

- **Legislative changes for enhanced governance and accountability framework:** New pieces of legislation, such as the proposed Central Bank Act, Banking Act, and other revisions to existing legislations are expected to strengthen the institutional and regulatory framework relating to the economic management of the country. A new anti-corruption law is to be introduced harmonising the United Nations Convention against Corruption, the first such law in South Asia, providing for the creation of an independent Anti-Corruption Commission. A new Public Financial Management (PFM) law will be enacted to streamline the budget formulation process and to enhance accountability mechanism in public finance.
- **Reforming social safety nets:** Despite an increase in social safety nets related spending and beneficiaries in recent years, it has been identified that there is significant scope for improvement regarding the coverage and selection. Considering the issues prevailing in the existing social safety nets framework, the IMF-EFF arrangement has specified certain institutional reforms to improve efficiency, coverage, and targeting of social safety nets programmes.
- **Restoring price stability:** The Central Bank is expected to restore price stability by driving inflation in a steady disinflation path to bring it back to the targeted range under the Flexible Inflation Targeting (FIT) framework through appropriate monetary policy actions. As a part of this process, monetary financing to the Government is expected to be phased out. The price stability commitment also entails maintaining more flexibility in the exchange rate and rebuilding reserves to withstand future shocks.
- **Strengthening financial institutions and financial system stability:** The IMF is of the view that Sri Lanka's financial system is heavily exposed to the public sector, moderately capitalised, and could face material capital and forex shortfalls following a debt restructuring. Consequently, there is a possibility that banks could face significant capital and forex shortfalls as a result of a sovereign debt restructuring. Therefore, plans are under way for the capital restoration of systemic banks following asset quality reviews to strengthen the resilience of the state owned banks. Meanwhile, financial sector supervision and the crisis management framework will be strengthened to make Sri Lanka's financial system more robust.

In addition to these specific benefits, the IMF supported programme would bring several positive spillovers to the economy through improved investor confidence, possible sovereign rating upgrades, and reopening of access to markets, among others. Considering the challenging nature of the targets set out, the

authorities will have to put in a lot of effort and show commitment to ensuring the successful completion of the programme throughout the programme period. Also, in view of the maintenance of political and social stability during the programme period, especially considering the possible initial unpopularity of the reform measures and consequent public dissent, public awareness of how initial sacrifices would lead to long term economic benefits needs to be created.

Reforms Agenda Beyond the IMF-EFF Arrangement

The success of the IMF-EFF arrangement will largely rest on the extent to which the long neglected structural reforms are implemented. The structural reforms are anticipated to boost the competitiveness of the economy, provide a foundation for productivity enhancement, increase the efficiency in resource utilisation, and thereby enhance the growth potential. The severity of the current economic crisis faced by Sri Lanka highlights the importance of addressing the longstanding structural issues in a sustainable manner beyond the reforms agenda in the IMF programme through national policies which are formulated in consultation with stakeholders and free from political influences with vested interests. In this regard, the reforms agenda should focus on improving the productivity and output of the economy through technological innovations and increased economic connectivity to the world over trade and investment, by enhancing diversity in merchandise exports and potential services export sectors including tourism, IT/BPO sectors, and attracting FDI. It is also necessary to strengthen legal frameworks to ensure public accountability of state institutions, exercising available legal powers in policy formulation and implementation by relevant authorities to ensure lasting economic welfare in the country. These would complement the reforms agenda in the IMF-EFF arrangement to ensure that Sri Lanka attains and sustains macroeconomic stability in the earliest possible timeframe.

Conclusion

Despite being part of sixteen programmes since the first in 1965, only a few IMF programmes in Sri Lanka have been successfully implemented by authorities. This has been mainly due to the lack of commitment to meeting the conditionalities attached to such programmes, especially those related to structural reforms, which required painful macroeconomic adjustments and unpopular policies that were aimed at long term welfare enhancements. Therefore, it is imperative that Sri Lanka internalises these reforms in its policy formulation and implements the major areas of reforms in the current IMF programme as well as reforms beyond the programme to help the economy transform into greater stability and a higher growth path at the earliest while circumventing the need for repeated access to IMF bailouts and several rounds of debt restructuring in the future.

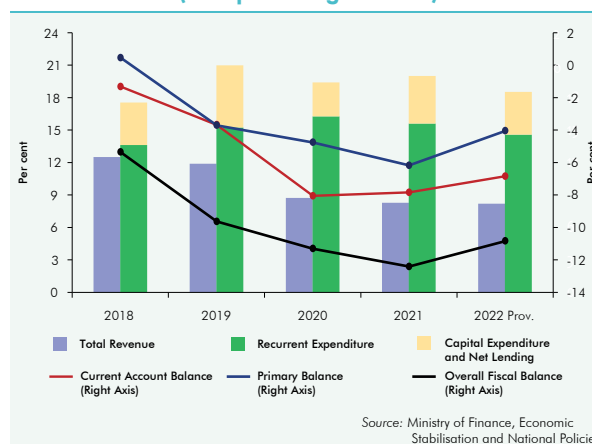
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1. International Monetary Fund. (2023). Sri Lanka: Request for an Extended Arrangement Under the EFF - Press Release; Staff Report; and Statement by the Executive Director for Sri Lanka. 116. International Monetary Fund, Washington D.C.

Fiscal Sector Developments

The Government initiated major fiscal reforms to address fiscal sector vulnerabilities, while taking measures to restructure public debt aimed at ensuring debt sustainability over the medium term. The budgetary estimates presented in the Budget 2022 were proved unachievable, due to low revenue collection during the first half of 2022 and expenditure overruns owing to high domestic interest rates and inflation. The Government implemented an array of fiscal consolidation measures since April 2022 and obtained Parliamentary approval for an Interim Budget 2022 in September 2022, aimed at strengthening revenue enhancement measures and fiscal consolidation efforts. Supported by the revenue enhancement measures implemented in 2022 and the elevated price level in the economy, government revenue recorded a year-on-year growth of 35.8 per cent to Rs. 1,979.2 billion in 2022. However, owing to the substantial increase of nominal GDP with a large deflator, government revenue as a percentage of GDP fell to 8.2 per cent in 2022 from 8.3 per cent in 2021. Increased revenue mobilisation from income taxes, Value Added Tax (VAT), Ports and Airports Development Levy (PAL), and excise duties on liquor and cigarettes contributed to the nominal growth in government tax revenue. However, revenue collection from import duty, Special Commodity Levy (SCL), and CESS declined during 2022, reflecting the impact of moderation of import expenditure. Meantime, collection from non tax revenue increased on account of higher fees and charges, and profits distributed by the Central Bank based on annual financial statements of 2021. The implementation of several revenue enhancement measures during the second half of 2022 and in early 2023 is expected to deliver its full impact during 2023. On the other hand, government expenditure and net lending,

Figure 1.8
Summary of Fiscal Sector Performance
(as a percentage of GDP)



in nominal terms, increased by 27.0 per cent, year-on-year, in 2022, despite the Government's expenditure rationalisation measures. However, with the notable nominal GDP growth, government expenditure, as a percentage of GDP, decreased to 18.5 per cent in 2022 from 20.0 per cent in the previous year. Higher expenditure on account of domestic interest payments, salaries and wages, and subsidies and transfers contributed to the increase in recurrent expenditure. Simultaneously, capital expenditure and net lending also registered a year-on-year growth of 23.1 per cent, especially on account of lending to the Ceylon Petroleum Corporation (CPC), through the Indian Credit Line, to import fuel, and the lending to SOE using the funding from the World Bank to import fertiliser and liquified petroleum (LP) gas. Accordingly, the overall fiscal deficit in nominal terms widened to Rs. 2,460.0 billion in 2022, from Rs. 2,057.9 billion in the previous year. As a percentage of GDP, the fiscal deficit declined from 11.7 per cent in 2021 to 10.2 per cent in 2022 owing to the notable growth in nominal GDP. The current account deficit, which reflects the dissavings of the Government, declined from 7.3 per cent of GDP (Rs. 1,290.4 billion) in 2021 to 6.4 per cent of GDP (Rs. 1,540.4 billion)

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in 2022. Meanwhile, the primary deficit narrowed both in GDP and nominal terms, from 5.7 per cent of GDP (Rs 1,009.5 billion) in 2021 to 3.7 per cent of GDP (Rs. 894.8 billion) in 2022, reflecting the impact of fiscal consolidation measures.

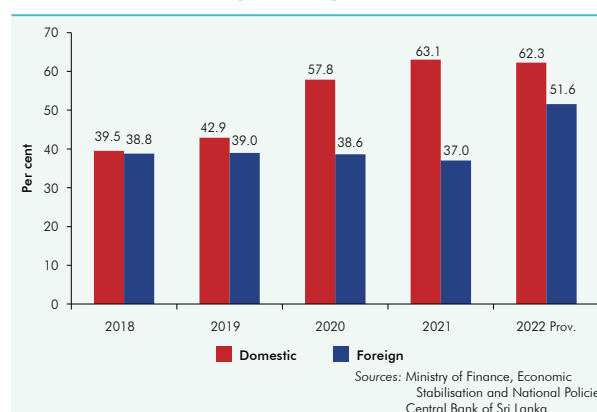
Restrained foreign financing, that reflected the impact of adverse sovereign credit ratings and the announcement of debt standstill, compelled the Government to rely mainly on domestic financing sources, especially the banking sector to finance the budget deficit during 2022. Accordingly, during 2022, net financing through domestic sources amounted to 82.7 per cent of the total financing (8.4 per cent of GDP), compared to 100.7 per cent of the total financing (11.8 per cent of GDP) in 2021. The Central Bank continued to be the largest financing source to the Government, recording a net financing of Rs. 1,338.4 billion in 2022, owing to its direct subscription at Treasury bills auctions, amidst subdued market appetite for government securities, and direct issuances of Treasury bills to the Central Bank. Net foreign financing amounted to Rs. 424.8 billion (1.8 per cent of GDP) during 2022 due to the receipt of multilateral and bilateral funding for lessening the hardships of the public caused by the economic crisis. In 2021, foreign financing recorded a net repayment of Rs. 13.9 billion (0.1 per cent of GDP). Meanwhile, with the Parliamentary approval, the limit of Treasury bills stock was increased from Rs. 3,000 billion to Rs. 4,000 billion in June 2022, and in view of the rising borrowing requirement in face value terms due to high market interest rates, this limit was further raised to Rs. 5,000 billion in November 2022.

The outstanding central government debt increased from Rs. 17,614.2 billion (100.1 per cent of GDP) by end 2021 to Rs. 27,492.0 billion (113.8 per cent of GDP) by end 2022. This

reflected the impact of a large budget deficit, parity loss due to the sharp depreciation of the exchange rate, and reclassification of selected debt liabilities under central government debt that were previously recorded under State Owned Business Enterprises (SOBE). In nominal terms, domestic debt and foreign debt increased by 35.5 per cent and 91.2 per cent, respectively, by end 2022. While the share of Treasury bonds continued to dominate the composition of domestic debt stock with a share of 57.9 per cent by end 2022, compared to 62.8 per cent by end 2021, less market appetite for longer tenure government securities and speculation over the possibility of domestic debt restructuring resulted in a substantial increase in the stock of Treasury bills to Rs. 4,113.9 billion by end 2022.

Increased gross financing needs and large foreign debt service obligations that are due in the near and medium term amidst critically low gross official reserves and inadequate foreign financing flows compelled the Government to suspend debt servicing of bilateral and commercial external debt and announce a debt standstill as an interim policy on 12 April 2022, pending debt restructuring efforts. As a result, foreign debt service payments declined to Rs. 487.4 billion (2.0 per cent of GDP) in 2022, in

Figure 1.9
Outstanding Central Government Debt
(as a percentage of GDP)



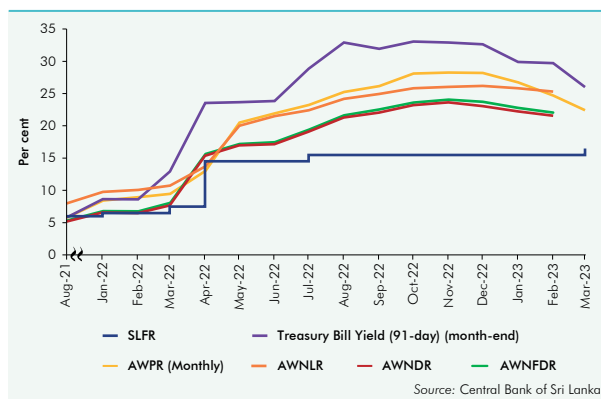
comparison to the Rs. 786.3 billion (4.5 per cent of GDP) foreign debt service payments made in the preceding year. Domestic debt service payments increased to Rs. 2,510.3 billion (10.4 per cent of GDP) in 2022, compared to Rs. 1,594.3 billion (9.1 per cent of GDP) in 2021, primarily due to the sharp increase in domestic interest rates and the increase in domestic debt during the period under review. Accordingly, the total debt service payments increased from Rs. 2,380.6 billion in 2021 (13.5 per cent of GDP) to Rs. 2,997.6 billion (12.4 per cent of GDP) in 2022. During the period under review, interest payments and capital repayments amounted to 6.5 per cent and 5.9 per cent of GDP, respectively. The Government shared more information on domestic debt optimisation perimeters in late March 2023 in order to assuage concerns associated with domestic debt restructuring, which dampened sentiments in the government securities market. The overall debt restructuring strategy of the Government is expected to be announced to creditors in the near term, thereby expediting the debt restructuring process along the debt sustainability targets envisaged in the IMF-EFF arrangement.

Monetary Sector Developments

The Central Bank continued the tight monetary policy stance throughout 2022 with a significant increase in policy interest rates of 700 basis points in April 2022. Such large monetary policy tightening was necessitated to contain rising inflationary pressures, address vulnerabilities in the external sector and anchor inflation expectations, thereby preventing possible hyperinflation and prolonged loss of economic activity. Accordingly, since the monetary tightening cycle that began in August 2021, the Central Bank's key policy interest rates, i.e., the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR), were

raised by 10 percentage points by end 2022. The unprecedented upward adjustment of policy interest rates by 700 basis points in April 2022 helped arrest the further build-up of demand driven inflationary pressures, thereby preempting the escalation of adverse inflationary expectations, easing the pressure on the external sector, and correcting anomalies observed in the market interest rate structure. In addition, regulatory measures, including the removal of maximum interest rates imposed on selected lending products, and foreign currency deposits were also taken by the Central Bank, enabling the effective passthrough of policy interest rate changes to tighten monetary conditions. Meanwhile, liquidity levels in the domestic money market continued to remain at high deficit levels, particularly during the first half of 2022, due to foreign exchange sales by the Central Bank for facilitating imports of essentials, net foreign loan repayments of the Government, net currency withdrawals by the public from the banking system, and maturities of foreign currency buy-sell swaps with domestic banks. However, reflecting the impact of the primary purchases of government securities by the Central Bank and an increase in currency deposits to the banking system with high deposit interest rates, amidst the conduct of long term reverse repo auctions on a need basis, a gradual improvement in the domestic money market liquidity was observed towards the latter part of 2022. Due to the combined impact of a faster passthrough of the increase in policy interest rates, tight liquidity conditions in the domestic money market and elevated risk premia, market deposit and lending interest rates rose significantly in 2022. Subsequent to the sharp increase in key policy interest rates, amidst the increased borrowing requirement of the Government and heightened uncertainty in market conditions surrounding domestic debt restructuring concerns, the yields on government securities increased significantly during 2022, disproportionate to the adjustment in policy interest rates and other market interest rates.

Figure 1.10
Movements in the Standing Lending Facility Rate
and Selected Market Interest Rates



Moreover, while providing liquidity to banks through open market operations on need basis, measures were introduced in January 2023 to reduce the Licensed Commercial Banks' (LCBs) over-reliance on the Central Bank's standing facilities, thereby reducing asymmetries in the distribution of liquidity in the domestic money market. Consequently, overnight liquidity in the domestic money market and activity in the interbank call and repo markets improved. Along with improved rupee liquidity conditions and the improvement in investor sentiment in anticipation of the successful finalisation of the IMF-EFF arrangement, a notable moderation in yields on government securities was observed towards the end of 2022 and early 2023. Other market interest rates also started to ease gradually from late 2022, correcting the disorderly upward adjustment in the market interest rates. However, given the necessity of fulfilling all the 'prior actions' in order to move forward with the finalisation of the IMF-EFF arrangement, and concerns raised by the IMF staff about the need to further tighten policy interest rates, the Central Bank and the IMF staff reached a consensus and raised policy interest rates by 100 basis points in early March 2023, compared to a larger upward adjustment proposed by the IMF during the finalisation of the staff level agreement in September 2022. With this policy action, the Central Bank communicated to the

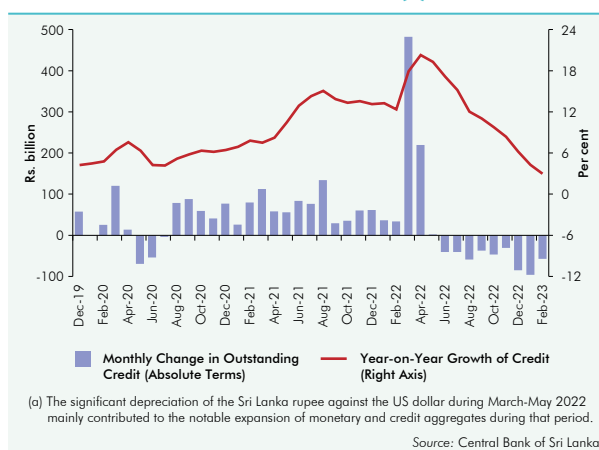
market the need to lower the spread between policy interest rates and high market interest rates, while underscoring the possible downward adjustment in risk premia, as more information becomes available on domestic restructuring perimeters. The market interest rate movements continued to decline, narrowing the spread between the policy interest rates and other market interest rates as anticipated. Meanwhile, the Government shared more information on the domestic debt optimisation perimeters in late March 2023, which led to a notable adjustment in the Treasury bill yields, subsequently.

The growth of broad money supply (M_{2b}), which accelerated notably in early 2022, amidst the substantial expansion of credit to the public sector and the revaluation effects of foreign currency denominated domestic credit, decelerated thereafter, largely on account of the contraction of credit to the private sector. By end 2022, the year-on-year growth of M_{2b} was recorded at 15.4 per cent, and once adjusted for the impact of the rupee depreciation,¹ the same is estimated to have decelerated to around 7 per cent by end 2022 from 13.2 per cent at end 2021. Although outstanding credit to the private sector by LCBs increased notably, in rupee terms, during early 2022 mainly on account of the revaluation effects of foreign currency denominated loans and advances amidst the substantial depreciation of the rupee, credit extended to the private sector by LCBs continued to contract from mid-2022 in response to the tight monetary conditions and the moderation in economic activity. Accordingly, by end 2022, the year-on-year growth of credit extended to the private sector decelerated to 6.2 per cent (an estimated contraction of 3.3 per cent, year-on-year, after adjusting for the depreciation of the rupee²).

¹ Under this scenario, the growth of money supply is estimated by valuing all foreign currency denominated balances using the exchange rate that prevailed at end February 2022.

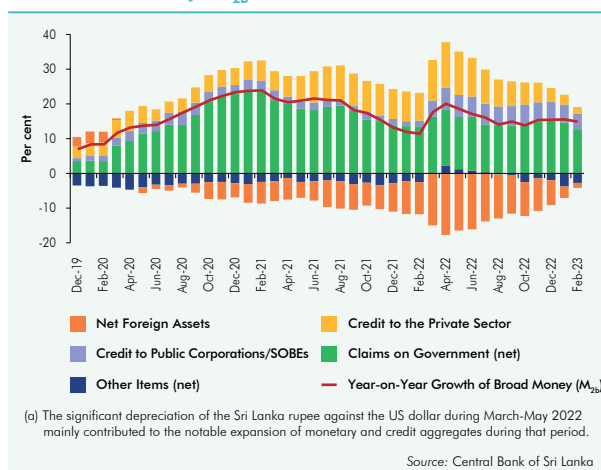
² Under this scenario, the growth of credit to the private sector is estimated by valuing all foreign currency denominated credit using the exchange rate that prevailed at end February 2022.

Figure 1.11
Credit Granted by Commercial Banks to the Private Sector (a)



Nevertheless, reflecting the continued reliance of the Government on domestic financing, particularly on the Central Bank, Net Credit to the Government (NCG) by the banking system expanded notably during 2022 amidst low government revenue and limited access to foreign financing sources. Further to the expansion of Rs. 1,284.4 billion in 2021, NCG by the banking system increased significantly by Rs. 1,638.7 billion during 2022, with NCG by the Central Bank contributing the most towards this expansion. Credit obtained by the SOBEs from the banking system also expanded considerably, reflecting their weak financial performance and the revaluation effects of foreign currency denominated

Figure 1.12
Broad Money (M_{2b}) Growth and Contribution (a)



debt. Meanwhile, net foreign assets (NFA) of the banking system contracted significantly during 2022, driven by the decline in NFA of the Central Bank as official reserves were utilised for debt repayments in early 2022 and to finance imports of essentials throughout the year, due to the limited availability of foreign exchange liquidity in the market. However, a marginal improvement in NFA of the Central Bank was observed in late 2022. Moreover, NFA of LCBs recorded an improvement in 2022, particularly during the latter part of the year.

Financial Sector Developments

Amidst multifaceted headwinds from the prevailing economic crisis, the stability of the financial system was preserved during 2022.

Sovereign rating downgrades, high sovereign exposure of the banking sector, economic contraction, acute foreign exchange shortage and high level of inflation, along with the announcement of the standstill on external debt servicing on account of bilateral and commercial debt by the Government in April 2022 created a significant and unprecedented adverse impact on the activities of the financial sector. Nevertheless, prudent regulatory measures along with regulatory forbearances facilitated the preservation of financial system stability during the year. The stability of the banking sector was maintained during 2022, despite the looming challenges arising from continuously declining credit quality, acute pressure on liquidity, low level of profitability due to high impairments, and deteriorating capital buffers. The Licensed Finance Companies (LFCs) and Specialised Leasing Companies (SLCs) sector managed to continue its expansion during 2022 in terms of assets and deposits with adequate capital and liquidity buffers, amidst challenges stemming from the contraction of credit growth, declining profitability and increase

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in non-performing loans as indicated by Stage 3 loans. Meanwhile, the insurance sector reported a modest growth in terms of the asset base and Gross Written Premium (GWP), with a decline in insurance penetration during 2022. Primary Dealer Companies, Licensed Microfinance Companies, Superannuation Funds and other subsectors demonstrated a mixed performance during the period, mainly owing to headwinds from the economic crisis.

Financial markets also managed to withstand pressures from multiple fronts during 2022 and showed signs of revival from late 2022. Money market liquidity, which remained at a persistently high level of deficit during the first half of 2022, improved considerably by end 2022, mainly due to the measures taken by the Central Bank. Meanwhile, money market activities recorded a lacklustre performance with the continuous reliance of the participatory institutions on the standing facilities provided by the Central Bank to borrow funds or deposit excess funds and increased risk aversion among participants. The measures adopted by the Central Bank to limit the reliance on standing facilities from early 2023 helped activate the interbank call money market and repo market to a large extent. The domestic foreign exchange market experienced strained liquidity conditions with a large depreciation of the exchange rate due to BOP stresses and unfavourable market sentiments during 2022, while improvements were witnessed from early 2023, with measures to remove daily market guidance on the exchange rates and mandatory sales requirements of foreign exchange to the Central Bank, along with the positive market sentiments following the finalisation of the IMF-EFF arrangement. The equity market recorded a dismal performance during 2022, reflecting the high yield for fixed-income securities and

negative market sentiments against the backdrop of prevailing adverse macroeconomic conditions. However, the equity market registered net foreign inflows during the year. Financial infrastructure continued to support the functioning of the financial sector under the challenging economic environment.

1.3 Global Economic Environment and Outlook

Global economic activity is estimated to have decelerated sharply in 2022 due to synchronous policy tightening by central banks globally, aimed at containing elevated inflation, stemming from the Russia-Ukraine war and a resurgence of COVID-19 in China. According to the World Economic Outlook (WEO) update of the IMF released in January 2023, global economic growth is forecast at 3.4 per cent in 2022, a significant decline, compared to the 6.2 per cent growth estimated for 2021. Economic conditions deteriorated substantially in advanced economies in 2022 as high inflation eroded household

Table 1.4
Global Economic Developments and Outlook (a)

Item	2021 (b)	2022 (c)	2023 (Proj)	2024 (Proj)
World Output	6.2	3.4	2.9	3.1
Advanced Economies	5.4	2.7	1.2	1.4
United States	5.9	2.0	1.4	1.0
Euro Area	5.3	3.5	0.7	1.6
United Kingdom	7.6	4.1	-0.6	0.9
Japan	2.1	1.4	1.8	0.9
Emerging Market and Developing Economies	6.7	3.9	4.0	4.2
Emerging Market and Developing Asia	7.4	4.3	5.3	5.2
China	8.4	3.0	5.2	4.5
India	8.7	6.8	6.1	6.8
World Trade Volume (Goods and Services)	10.4	5.4	2.4	3.4
Price Movements				
Consumer Prices				
Advanced Economies	3.1	7.3	4.6	2.6
Emerging Market and Developing Economies	5.9	9.9	8.1	5.5
Commodity Prices				
Oil	65.8	39.8	-16.2	-7.1
Non Fuel	26.4	7.0	-6.3	-0.4

(a) Annual percentage change unless otherwise indicated

(b) Revised

(c) Estimates

Source: World Economic Outlook (January 2023), IMF

purchasing power and dented confidence, while rapid monetary policy tightening weighed on demand. The Russia-Ukraine war resulted in severe energy supply disruptions in the euro area, pushing up energy prices and prices of some food items, thereby hampering production and consumption and fuelling uncertainty. Economic activity in China slowed in 2022 amidst large and repeated COVID-19 outbreaks and accompanying lockdowns. Furthermore, activity in emerging market and developing economies decelerated sharply in 2022, due to tight global financial conditions, reduced consumer spending amidst high inflation, dampened external demand, and spillovers from the Russia-Ukraine conflict.

Tightening financial conditions amidst the global fight against inflation and the continuation of the Russia-Ukraine war are expected to impact global economic activity in 2023, while reopening of China is expected to partially offset this impact. As per the WEO update of January 2023, global growth is projected to fall to 2.9 per cent in 2023 and thereafter record an upturn of 3.1 per cent in 2024. Growth in advanced economies is predicted to fall drastically from 2.7 per cent in 2022 to 1.2 per cent in 2023. A majority of advanced economies, including the United States (US), the Eurozone economies and the United Kingdom, are forecast to experience slower growth rates in 2023. However, growth in advanced economies is expected to pick up modestly in 2024, as headwinds due to tighter monetary policy subside and energy markets stabilise. Subdued economic activity in advanced economies could have an impact on Sri Lanka's exports, as low external demand could result in reduced exports of major items, mainly textiles and garments. As the US and the European Union serve as the largest export destinations for Sri Lanka, any reduction in demand from these regions would have a sizeable negative impact on export performance,

thereby affecting economic growth. Furthermore, a lower growth in income levels in advanced economies could mean a reduction in global tourist movements originating from such nations. Meanwhile, economic activity in emerging market and developing economies is projected to increase marginally from 3.9 per cent in 2022 to 4.0 per cent in 2023, mainly due to the anticipated growth rates in emerging and developing Asia, particularly in China, and a higher growth rate projected for Russia. However, in around half of emerging market and developing economies, the economic growth in 2023 is projected to be lower than it was in 2022. In addition to tightening financial conditions and geopolitical tensions, emerging market and developing economies contend with diverse headwinds, including spillovers from subdued demand conditions in advanced economies and continued fiscal consolidation measures. The expected pick-up in economic activity in China and the resilience in economic growth in India could be beneficial to Sri Lanka, as Sri Lanka has had longstanding economic linkages with both nations in areas such as tourism and foreign investment, particularly in construction related sectors.

Global inflation is estimated to have peaked in 2022 and projected to be easing in 2023 amidst weakening demand and easing commodity prices. Consumer prices in the world, according to the WEO update of January 2023, rose by 8.8 per cent in 2022, compared to 4.7 per cent in 2021. Soaring inflation in 2022 reflected a combination of demand and supply factors, where on the demand side, the lagged effects of ultra easy monetary and fiscal support following the pandemic contributed to persistent price pressures. With respect to the supply side, shortages of key commodities, exacerbated by the Russia-Ukraine war, along with capacity constraints and supply chain disruptions contributed substantially to

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higher prices. However, in the light of substantial monetary tightening, slowing activity, easing supply chain disruptions, and moderating prices of energy and other commodities, inflation is projected to decline in the period ahead. Accordingly, global inflation is expected to decline to 6.6 per cent in 2023 and to 4.3 per cent in 2024. Nonetheless, the forecast levels of inflation are still higher than the pre-pandemic levels of around 3.5 per cent. Moderating global energy and other commodity prices would be beneficial for Sri Lanka, as the contribution of these global prices on domestic price increases in 2022 was notably high. If the envisaged moderation in global prices is passed on to domestic prices via timely and transparent adjustments, imported inflation could be kept at a considerably low level, supporting the anticipated disinflation process in the country.

Many central banks around the world started raising their key policy rates during 2022, gradually rolling back pandemic related stimuli, in view of rising inflationary pressures and unfavourable inflation expectations. Inflation has risen faster and more persistently than expected since 2021. In 2022, inflation in advanced economies reached its highest rate since 1982. Rising price pressures have triggered synchronised monetary policy tightening across advanced economies and most emerging market and developing economies. The Federal Reserve of the US, which had held the federal funds rate at around zero during the COVID-19 pandemic, raised the federal funds target rate significantly by 425 basis points in 2022, followed by a 50 basis point increase thus far in 2023. In addition, the Federal Reserve continued to reduce its holdings of Treasury securities, agency debt, and agency mortgage-backed securities in a move to unwind the accommodative financial conditions created in response to the pandemic. Similarly, the Bank of England (BoE) has increased

the bank rate by a total of 325 basis points in 2022 and by 75 basis points so far in 2023, recording the highest level since late 2008, despite projecting weak economic growth. The European Central Bank (ECB) also implemented a steady increase in its policy interest rates from a level of zero in 2022 to 3.5 per cent by March 2023. Further, the ECB announced a reduction in its holdings of securities under the Eurosystem's asset purchase programme. Further, major advanced economies provided forward guidance on the anticipated path and the continuing tighter monetary conditions in 2023 and most of 2024. Real economic activity and financial markets have responded to the tightening of monetary conditions as the interest rates have risen across the yield curve in many countries, while the momentum in labour markets has been slowing and the housing markets are showing signs of cooling. However, tighter monetary policy in advanced economies could weigh on capital flows to emerging market and developing economies, including Sri Lanka. Meanwhile, central banks in most emerging market and developing economies also adopted restrictive policies in 2022 to fight against rising inflationary pressures. Accordingly, the Reserve Bank of India (RBI), the Bank Negara Malaysia (BNM), the Bank of Thailand (BoT), the Bangko Sentral ng Pilipinas (BSP), and Bank Indonesia (BI), among others, increased their benchmark policy interest rates in 2022, as well as in early 2023, to control inflation. In contrast, the People's Bank of China (PBoC) continued to relax monetary policy in 2022 in an attempt to revive the economy affected by extended COVID-19 lockdowns and issues in the real estate sector.

Amidst heightened interest rates, particularly the high yields on government securities, the banking sector in advanced economies showed signs of financial distress. In March 2023, the Silicon Valley Bank (SVB) in the US collapsed,

recording the second largest bank failure in the US history and the biggest bank failure since the global financial crisis in 2008. As the Federal Reserve raised interest rates sharply in 2022 to curb rising inflation, the market value of the US Treasury securities declined substantially. Since many banks had investments in the US Treasury securities, the decline in market value caused losses in their investment portfolio, depleting capital reserves and weakening their balance sheets. The lending portfolio of SVB was heavily biased towards Fintech companies and startups, thus raising its concentrated risk. Several other US banks, including First Republic, which was rescued by a collective of large US banks, also witnessed financial distress due to the same phenomenon. In addition, Silvergate Bank of the US also failed in March 2023, on account of its increased exposure to cryptocurrency related firms, while the operations of Signature Bank in the US have been suspended by the regulators for the same reason. In response to these failures, the Federal Reserve of the US and the US government agencies announced a series of measures to ensure the availability of liquidity to banks in financial distress and to honour deposits of failed banks. Apart from the US banking sector, Credit Suisse (CS), a global investment bank and financial services firm based in Switzerland, showed signs of financial distress in March 2023. However, its collapse was averted by an emergency loan facility provided by the Swiss National Bank to shore up finances. CS was later taken over by UBS, the largest banking institution in Switzerland, a deal which was fast tracked by the Swiss National Bank and the Swiss government. Moreover, the ongoing banking crisis has triggered market panic in advanced economies and resulted in significant losses in the share values of the US and European banking sectors. Meanwhile, the US Federal Reserve, the Bank of Canada, BoE, the Bank of Japan, ECB, and the Swiss National Bank

announced a collaborative action later in March 2023, to enhance the provision of liquidity via the standing US dollar liquidity swap line arrangements to stem liquidity concerns in the global financial system and ensure smooth cross border settlements. Nonetheless, the current distress in global banking institutions and the consequent contagion effects could become a source of significant downside risk to the economic outlook, and its spillovers could also impact the emerging market and developing economies. Moreover, this financial turmoil could lead to a deviation from anticipated tighter financial conditions globally, as this could make major central banks to rethink their policy direction or the pace of any future policy rate adjustments. Meanwhile, large scale liquidity provision to address financial distress could resume demand pressures going forward, threatening largely believed disinflation trends across the world.

Risks to the global economic outlook, on an aggregate basis, indicate possible lower than expected global growth and higher than expected inflation. On the upside, pent-up demand, supported by the stock of surplus private savings, particularly from the pandemic related fiscal aid, as well as extremely tight labour markets and strong wage growth, leaves scope for an increase in consumption. Furthermore, faster disinflation on account of an easing in labour market conditions in advanced economies, cooling wage inflation, and a sharp decline in the prices of goods is another possible favourable outcome. However, many downside risks could affect the global outlook in 2023. A slow recovery in China amidst the prolonged effects of the COVID-19 pandemic and the deepening real estate crisis could have spillovers to the rest of the world in terms of lower demand and supply chain issues. The Russia-Ukraine crisis remains a major source of risk, particularly for Europe and lower-income

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nations, as a further escalation in the war could lead to a possible spike in energy and food prices. An increasing number of countries are currently either in debt distress or at high risk of such distress. This, together with lower growth and higher borrowing costs, could aggravate the vulnerabilities of these economies, affecting the global outlook. Meanwhile, due to the persistent tightness of the job market and higher than predicted prices for food and energy as a result of the war in Ukraine or a speedier rebound in China's economy, inflation could once again soar and persist at elevated levels, de-anchoring inflation expectations. Furthermore, any premature easing of financial conditions and the associated increase in financial market volatility and geopolitical fragmentation remain other downside risks to the global outlook. In addition, the ongoing distress in the global banking system and the possible spillover effects could become a major source of downside risks to the global growth outlook and financial conditions.

1.4 Macroeconomic Outlook³

The medium term outlook of the Sri Lankan economy depends heavily on the timely and effective fulfilment of performance criteria and structural benchmarks and reforms envisaged in the macroeconomic adjustment programme outlined in the IMF-EFF arrangement. Effective implementation of reforms in a timely and consistent manner would be essential to create a conducive business environment in the period ahead. Further, the realisation of the baseline scenario of the macroeconomic outlook could be subject to unanticipated external and domestic shocks. The medium term macroeconomic outlook that has

been published by the Central Bank in the past had assumed the implementation of necessary reforms to remedy the structural impediments. However, the failure in implementing the required reforms delayed the realisation of the benign macroeconomic outlook envisaged in the past. As Sri Lanka has reached crossroads in its post-independence economic journey, there is some reasonable expectation at present that policy commitment to implementing long overdue reforms and public support for such decisive reforms will prevail in the ensuing period. Nevertheless, the envisaged medium term path is fraught with uncertainties due to possible risks associated with the timing of completion of the ongoing debt restructuring negotiations, the pace and magnitude of the post-restructuring economic recovery, the successful completion of the IMF-EFF supported programme targets, etc. The progress of the reforms implemented thus far is notable. The resolve of policymakers to continue the reforms agenda in the period ahead, and the understanding of the public of the need to pursue painful reforms are imperative to ensure a sustained stability in the medium to long term.

The Sri Lankan economy is poised to recover gradually from its deepest economic contraction witnessed in 2022. This recovery would be buoyed by the macroeconomic adjustment programme under the IMF-EFF arrangement, which is aimed at restoring macroeconomic stability, debt sustainability, safeguarding financial system stability, strengthening governance and unlocking the growth potentials of the economy, while also alleviating the adverse impact of the economic crisis on the poor and vulnerable segments of the population. Meanwhile, the frontloaded stabilisation measures adopted by the Government and the Central Bank helped contain demand pressures, and rein in spiralling inflation and exchange rate depreciation, thereby forestalling further

³ The Medium term macroeconomic framework presented in this section is based on the policy scenario with the assumption of successful continuation of the IMF-EFF supported programme, including the completion of the debt restructuring process before end of September 2023, thereby unlocking further assistance from international financial institutions. It is pertinent to mention that there could be differences in the medium term macroeconomic projections published by the international financial institutions for Sri Lanka based on information available at different timelines and underlying assumptions.

Table 1.5
Medium Term Macroeconomic Framework (a)

Indicator	Unit	2021 (b)	2022 (c)	2023	2024	2025	2026	2027
Real Sector (d)								
Real GDP Growth	%	3.5 (c)	-7.8	-2.0	3.3	4.0	4.5	5.0
GDP at Current Market Price	Rs. tn	17.6 (c)	24.1	28.5	31.0	33.8	37.1	40.9
Per Capita GDP	US\$	3,997 (c)	3,474	3,489	3,621	3,811	4,030	4,281
Total Investment	% of GDP	36.7 (c)	34.4	34.9	35.4	35.9	36.4	36.9
Domestic Savings	% of GDP	29.4 (c)	30.8	30.9	30.8	32.0	33.0	33.8
National Savings	% of GDP	33.0 (c)	33.1	33.8	34.1	34.6	35.3	36.0
External Sector (d)								
Trade Gap	% of GDP	-9.2	-6.7	-6.9	-7.4	-6.7	-6.1	-5.9
Exports	US\$ bn	12.5	13.1	14.1	15.5	17.1	18.8	20.2
Imports	US\$ bn	20.6	18.3	19.4	21.6	22.9	24.4	26.0
Current Account Balance	% of GDP	-3.7	-1.9	-1.1	-1.3	-1.2	-1.1	-0.9
External Official Reserves	Months of Imports	1.8	1.2	3.0	3.4	3.8	4.2	4.5
Fiscal Sector (d)(e)								
Total Revenue and Grants	% of GDP	8.3	8.3	11.0	13.3	14.9	15.0	15.1
Expenditure and Net Lending	% of GDP	20.0	18.5	19.0	19.7	19.9	19.9	19.6
Current Account Balance	% of GDP	-7.3	-6.4	-4.5	-2.1	-0.7	-0.4	0.0
Primary Balance	% of GDP	-5.7	-3.7	-0.7	0.8	2.3	2.3	2.3
Overall Budget Deficit	% of GDP	-11.7	-10.2	-8.0	-6.4	-5.0	-4.8	-4.5
Central Government Debt	% of GDP	100.1	113.8	100.0	101.6	103.3	102.2	97.6
Monetary Sector and Inflation								
Broad Money Growth (M_{20}) (f)	%	13.2	15.4	10.5	10.9	10.8	10.7	10.2
Private Sector Credit Growth (in M_{20}) (f)	%	13.1	6.2	0.9	8.5	9.5	10.5	10.5
Annual Average Inflation	%	6.0 (g)	46.4 (g)	20.6 (h)	5.0 (h)	5.0 (h)	5.0 (h)	5.0 (h)

(a) Based on information available up to end March 2023.

(b) Revised

(c) Provisional

(d) GDP estimates (base year 2015) released in March 2023 by the Department of Census and Statistics have been used.

(e) IMF projections (Restructuring Scenario)

(f) Year-on-year growth based on end year values

(g) Based on the CCPI (2013=100)

(h) Based on the CCPI (2021=100)

Sources: Department of Census and Statistics

Ministry of Finance, Economic Stabilisation

and National Policies

Central Bank of Sri Lanka

deterioration of the economy. These improvements, coupled with the domestic supply side developments and easing foreign exchange liquidity pressures, are expected to provide a strong impetus for the near term recovery in economic activity. However, the tightened monetary and fiscal policies and the BOP constraints could slow the pace of recovery in 2023. The economy is likely to face global headwinds, stemming from broad-based slowdown in global economic growth in 2023 and burgeoning financial market distress, which could impede the country's trade potential and discourage prospective foreign exchange inflows and foreign investment. Nevertheless, the improved sentiments following the approval of the IMF-EFF arrangement in March 2023 and the ongoing debt restructuring efforts, and the resultant stabilisation of macroeconomic conditions, are expected to support the recovery in momentum from late 2023. The growth

trajectory on an elevated potential in the medium term is expected to be contoured by instituting the planned growth enhancement strategies stipulated under the IMF-EFF arrangement. Moreover, the implementation of targeted revenue-based fiscal consolidation strategy coupled with the institutional reforms of SOBEs and execution of cost recovery pricing mechanisms for provisioning of public utilities are expected to foster fiscal consolidation and bolster economic stability in the period ahead. Further, restoration of debt sustainability through a comprehensive debt restructuring process is expected to create space for foreign financing opportunities once sovereign ratings are improved, while the substantial financing support expected from the international financial institutions will help strengthen investor confidence in the period ahead. The projected stabilisation of inflation is likely to create a conducive environment for investments

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over the medium term, while greater flexibility in the exchange rate is also expected to spur stability in the external sector and trade competitiveness of the economy in the ensuing period. However, lower than expected external demand and the continuation of global supply chain issues could pose a risk of delayed normalisation of economic activities in Sri Lanka. Strengthening social safety nets, by improving efficiency and adequate budgetary allocations, is expected to build resilience and enable individuals to seize opportunities for economic empowerment and sustainable development, promoting inclusive growth in the medium term. While the recovery and growth of the economy are contingent upon the resolute commitment of the policymakers spearheading the Government to institute long overdue structural reforms, policy continuity and certainty remain critical to pave the way for harnessing the economy's potential and facilitating the sustainable and equitable distribution of benefits of growth across all segments of the population.

Inflation is expected to stabilise at the targeted levels over the medium term, following the rapid disinflation in 2023, supported by subdued aggregate demand, owing to tight monetary and fiscal policies, abating supply disruptions both globally and domestically, along with the favourable statistical base effect.

Large monetary tightening, implemented by the Central Bank, would contain the growth of credit to the private sector, thereby restraining demand pressures, while the substantial revenue-based fiscal consolidation measures undertaken by the Government may lead to a considerable reduction of the spending power of the public in the near future. Meanwhile, the improved availability of fertiliser and fuel would contribute to easing supply-related constraints. The strengthening of the Sri Lanka rupee, if persists, could also contribute to lower price pressures in the near

term. These factors, together with the favourable statistical base effect, are expected to contribute to lowering inflation significantly over the short term. Although the second round impacts of the recent electricity tariff revisions could affect the disinflation process, the low spending power of the public and the formula-based downward revision of fuel and gas prices could work to offset such inflationary pressures to a large extent. With the support of funding from the IMF and other multilateral agencies, along with the successful implementation of the debt restructuring process, the country would be able to gradually relax the prevailing import restrictions prioritising essential needs, thereby further easing supply bottlenecks. However, possible depreciation pressure on the exchange rate after such relaxation may need to be carefully managed as it could affect the general price level swiftly. Meanwhile, the expected enactment of the proposed Central Bank Act would allow more independence to the Central Bank, limiting monetary financing, and thereby strengthening policies targeted at managing inflation and inflation expectations. The global supply conditions are also anticipated to normalise over the medium term, though the direction and the impact of the recent financial turmoil and the ongoing Russia-Ukraine war remain largely uncertain. Any possible increase in global food and energy prices has the possibility of slowing down the disinflation process in Sri Lanka. Most major central banks in the world are expected to maintain tight monetary conditions throughout 2023 and possibly in early 2024 to arrest inflationary pressures, although the volatilities in global financial conditions could affect the conduct of global monetary policy to some extent. The Central Bank remains committed to bringing down the prevailing high inflation towards single digit levels by late 2023. However, the successful continuation of the IMF-EFF supported programme, along with efforts to sustainably strengthen the fiscal

and external buffers, and the implementation of the proposed structural reforms to improve the economic potential, remain instrumental to ensuring economic and price stability over the medium term.

Monetary policy will remain focused on ensuring price stability over the medium term, while giving due regard to stabilising economic growth towards its potential, under a flexible inflation targeting (FIT) policy framework.

Yields on government securities, particularly Treasury bills, and the market interest rates applicable on both deposit and lending products are expected to moderate in the period ahead, supported by the favourable inflation outlook, improving domestic money market liquidity conditions and the reduction in the risk premia attached to government securities, as the uncertainty on the domestic debt restructuring concerns has been largely cleared after the public announcement on 30 March 2023 on domestic debt optimisation, pending the announcement on the overall debt restructuring strategy of the Government in the near term. Nonetheless, monetary conditions would remain reasonably tight until inflationary pressures are sufficiently and credibly contained, and inflation expectations are anchored in line with the inflation objective of the Central Bank. With deposit interest rates reducing from their peak levels, the growth of deposits mobilised by the banking sector is expected to remain subdued in the period ahead. Meanwhile, relatively high market lending interest rates are expected to contain the growth of credit to the private sector, resulting in a contraction in its overall stock in the near term. However, with the expected normalisation of interest rates, the gradual recovery in economic activity and the improvements in business sentiments, credit to the private sector is envisaged to expand from late 2023. Meanwhile, the envisaged fiscal reforms and the anticipated receipt of foreign financing by the Government are expected to reduce the Government's reliance on financing from the banking sector, especially monetary financing in the period ahead. In addition, the

planned structural reforms in SOBEs, along with the productivity improvements, are expected to gradually reduce their reliance on the Government's budget as well as the banking sector. Accordingly, the expansion of net domestic assets (NDA) of the banking system is expected to be benign in the period ahead. Driven by the efforts of the Central Bank to gradually rebuild its external reserves and enhancements of external asset positions of LCBs (net of liabilities), the NFA position of the banking system is expected to improve in the forthcoming period. Going forward, the conduct of monetary policy will continue to be based on a forward-looking and data-driven approach, supported by recent and expected macroeconomic developments and projections, both domestic and global. Timely adjustments to policies and strategies of the Central Bank will be made under the FIT framework, as and when new information becomes available. Restoration of price stability and maintenance of inflation at a low and stable level thereafter would eliminate large volatilities of interest rates, thus creating an enabling environment for business planning and investments to support economic growth. With the expected enactment of the Central Bank Act, the independence and accountability of the Central Bank will be further strengthened, thereby reinforcing its prime objective of ensuring price stability. Meanwhile, the Central Bank will continue to engage with the public via effective and transparent communication on current economic conditions and the outlook. The Central Bank will also start publishing a forward looking Monetary Policy Report to better inform the public on the outlook of the economy, thereby further improving the transparency on monetary policy actions.

The external sector outlook for 2023 and beyond will largely depend on the progress of debt restructuring, continuation of the IMF-EFF supported programme, and global economic and financial outlook. The trade deficit is likely to

BOX 3
Highlights of 'the Central Bank of Sri Lanka Act'

Background

The Monetary Law Act (MLA), No. 58 of 1949 established the Central Bank of Ceylon in 1950 (it was renamed the Central Bank of Sri Lanka in 1985) with multiple objectives focusing on both stabilisation and development. The MLA was drafted based on the recommendations of the *Exter Report*.¹ However, considering the difficulties in achieving inconsistent multiple objectives and in keeping with the trends in central banking, the Central Bank embarked on a modernisation programme in the early 2000s. Accordingly, the objectives were streamlined to two core objectives, namely, the maintenance of economic and price stability and financial system stability.

The Need for a New Central Bank Act

The MLA has not been comprehensively reviewed and revised in the past 74 years, except for the amendment in 2002 mentioned above, which mainly streamlined the objectives of the Central Bank. Hence, several provisions of the MLA, amidst economic developments and the evolution of central banking in general, necessitated reassessment and amendments in line with the international best practices. This paved the way for the Central Bank of Sri Lanka Act (CBA) to be drafted to include provisions strengthening the Central Bank independence, enhancing transparency and accountability and strengthening the monetary policy framework to ensure sustained price stability in Sri Lanka. Meanwhile, the CBA is also expected to strengthen the financial sector and macroprudential oversight and improve the governance of the Central Bank. The amendments to the MLA and subsequent CBA are expected to be in line with international best practices in central banking and address shortcomings of the MLA as well.

¹ The *Exter Report* was prepared by John Exter, an eminent economist from the Federal Reserve System – USA and the first Governor of the Central Bank of Ceylon. The report can be accessed on https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/about/Exter%20Report%20-%20CBSL.pdf

Key Highlights of the Central Bank Act

The CBA bears several important amendments compared to the MLA, in several areas, mainly the objectives of the Central Bank and monetary policy framework, its governance and organisational structure recognising the Central Bank as the macroprudential authority, and the Central Bank's accountability to the Parliament, the Government, and the public.

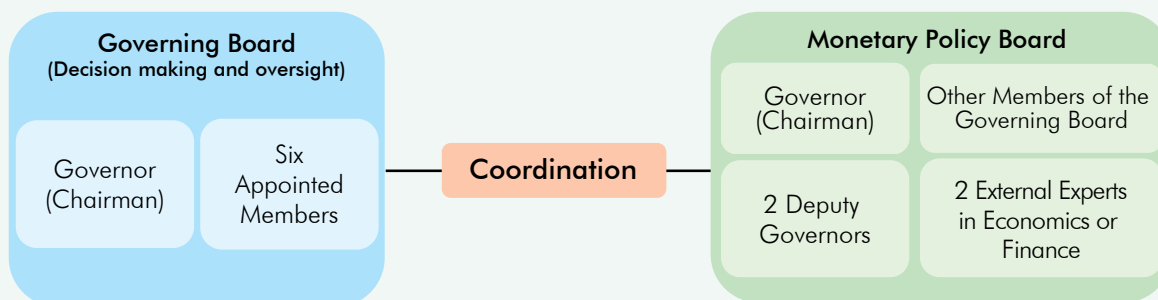
Domestic Price Stability as the Primary Objective

As opposed to the two equally weighted objectives mentioned in the MLA, the CBA gives prominence to achieving and maintaining domestic price stability. This ensures that the Central Bank will be committed to delivering low and stable inflation in the future. Experiences have shown that the economy performs well when inflation is low and is expected to be low. Low and stable inflation helps to keep stable levels of interest rates. Such an environment allows an economy to achieve its growth potential. Further, in pursuing the primary objective, the Central Bank shall take into account the stabilisation of output towards its potential level. These arrangements are in accordance with the Flexible Inflation Targeting (FIT) framework that aims at stabilising inflation around the inflation target while minimising disturbance to the real economy. Further, on a rare occasion where the attention of both price stability and financial system stability is required, and the policy decision concerning either side is subject to a tradeoff, the Central Bank is expected to prioritise its primary object of price stability.

Governance Structure

Under the MLA, the Monetary Board is entrusted with making monetary policy decisions along with other policy and operational decisions. However, under the CBA, the powers are vested with two parallel decision making bodies, namely the Governing Board (GB) and the Monetary Policy Board (MPB), where the latter is entrusted with the responsibility of formulating and

Figure B 3.1
Governance and Organisation of the Central Bank Under the CBA



implementing the FIT framework along with the flexible exchange rate regime to achieve domestic price stability, while the former is charged with the responsibility of determining the general policy of the Central Bank other than monetary policy.

As per the CBA, the Secretary to the Treasury (ST) is no longer a member of any of the decision making bodies of the Central Bank. However, in order to ensure greater fiscal-monetary-financial stability policy coordination, a Coordination Council will be instituted and ST will be a member of the Coordination Council. The separation of the MPB from the GB that oversees other functions and formulates financial sector and other policies of the Central Bank, and technical representation of the Board with two internal members (Deputy Governors) and external experts facilitates efficient formulation of monetary policy. It is an accepted international practice to have an MPB with both external and internal members with the required knowledge and expertise on monetary policy formulation. Also, having a dedicated decision making body to achieve the primary objective provides space for the members to get engaged in detailed policy deliberations at early stages, thereby strengthening monetary policy formulation.

Improved Central Bank Autonomy and Accountability

The provisions of the CBA were put forward with the broader view of strengthening the autonomy and accountability of the Central Bank in its policy and operational decision making. The CBA has explicit provisions ensuring administrative and financial autonomy, which would emphasise more operational independence in policymaking at the Central Bank. Further, external influences on the Governor, appointed Members to the GB, MPB, and employees are categorically prohibited under the CBA.

In order to ensure autonomy in monetary policymaking, the CBA ensures no government representation in the Central Bank's decision making bodies in any form. However, the Coordination Council is expected to facilitate information sharing and the exchange of views on events posing significant risks to financial stability or economic activity. Meantime, the Central Bank will remain as the financial advisor, fiscal agent, and banker to the Government. However, the fiscal dominance on monetary policymaking, the major impediment on monetary policy in the past, has been avoided by restricting monetary financing of the fiscal deficit and a check on provisional advances to the Government, which is essential for the success of FIT. Accordingly, the Central Bank is restricted from granting direct or indirect credits to the Government, to any government owned entity, or to any other public entity, not incur costs on behalf of the Government except for expenses related to the Central Bank's functions, and not purchase securities issued by the Government, by any government owned entity, or any

other public entity in the primary market.² However, the CBA allows the granting of provisional advances to the Government to finance expenditures at the beginning of the year,³ subject to several restrictions to limit new direct credits to the Government. The outstanding amount of such provisional advances granted shall not exceed ten per cent of the revenue of the first four months of the preceding financial year and will have to be remunerated at market related interest rates.

Meanwhile, providing required independence for operational and financial independence, the CBA ensures a greater accountability of the Central Bank to the Parliament and the public with regard to its policies, outcomes, and failures. Checks and balances, which create a separation of powers and ensure that no authority control too much power, are important to improve independent decision making, ensure accountability, and maintain public confidence. Thus, the CBA includes provisions aiming at improving accountability through statutory public disclosure requirements, periodic submissions of reports to the Parliament and the arrangement that the Governor to be heard by the Parliament or by any of its committees, periodically. In this regard, the Central Bank is expected to submit several reports to the Parliament and public on the implementation of monetary policy and achievement of the Central Bank objects, specifying the reasons for any failures in terms of achieving the Central Bank's objects, recent developments, and outlook of the economy.

FIT as the Monetary Policy Framework

The Central Bank adopted FIT as the monetary policy framework in 2020, after following a hybrid monetary policy framework with features of both monetary targeting and FIT since 2015. However, the MLA did not explicitly recognise FIT as the relevant monetary policy framework in Sri Lanka even though the enabling conditions for successful implementation of FIT were facilitated under the MLA. The CBA provides for formal adoption of FIT with enabling conditions. Under this arrangement, a monetary policy framework agreement, which includes the inflation target and key parameters, is jointly signed by the Central Bank and the Minister of Finance and published in the Gazette within a period of one week from the date of such agreement. According to the monetary policy framework agreement, the MPB is to determine the appropriate monetary policy and monetary policy instruments relating to the implementation of the monetary policy of the Central Bank and have the authority to adjust such instruments for the purpose of implementing the monetary policy. The inflation target and related parameters will be reviewed every three years or in such other intervals under exceptional circumstances. Moreover, if the

² Temporary relaxation on primary market purchases of government securities by the Central Bank has been allowed within a period of six months from the appointed date of the Act, taking into consideration the current fiscal constraints.

³ A transitional provision is included on the treatment of outstanding credits of the Central Bank to the Government.

Central Bank fails to meet the inflation target by the margin determined at the time of setting the inflation target, for two consecutive quarters, the MPB should submit a report to the Parliament through the Minister of Finance, which shall also be made available to the public. Meanwhile, under the CBA, the Central Bank shall publish a Monetary Policy Report, once every six months, explaining recent movements in inflation, sources of inflation, and medium term projections for inflation and key risks to such projections.

Supervision and Resolution of Financial Institutions and the Macroprudential Authority

The Central Bank continues to be the key responsible apex financial institution for the regulation, licensing, registration, and supervision of financial institutions as well as the resolutions of financial institutions in order to ensure financial system stability. Moreover, the CBA attributes the macroprudential authority to the Central Bank, with the view to securing the stability of the financial system in line with the macroprudential policy. In this regard, the Central Bank will establish a Financial System Oversight Committee (FSOC), and it is expected to examine the macroprudential policy to mitigate identified buildup of systemic risks affecting the financial system, issue recommendations to relevant public authorities on corrective actions while coordinating the implementation of macroprudential policy.⁴

⁴ Refer Box 10 for further reference on the role of the Central Bank as the macroprudential authority.

Public Debt Management

As per the CBA, the Central Bank's agency function of public debt management is to be removed from the Central Bank's mandate once the relevant law relating to a public debt management agency or office comes into operation. However, until such date the Central Bank will continue the management of public debt as an agent of the Government.

Summary

Under the CBA, the autonomy of the Central Bank is respected at all times, enabling independent policymaking and implementation by the Central Bank to achieve the mandated objectives of maintaining domestic price stability and securing financial system stability. In the meantime, the CBA endorses more accountability and transparency of the Central Bank making it answerable to the legislature and the public. The primarily mandated objectives of price stability and increased accountability of the Central Bank would protect the country from disruptive effects of high and volatile inflation, and associated sharp movements in interest rates, thus fostering sustainable long term economic growth.

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widen moderately in 2023 with a projected increase in merchandise imports triggered by the gradual normalisation of economic activity and possible relaxation of some trade restrictions going forward. The forecast of the trade deficit for 2023 could also be affected by a possible economic downturn in the United Kingdom, the European Union, and the United States, possibly dampening external demand. In addition, any further escalation of the Russia-Ukraine war could impact global supply chains, thereby increasing import expenditure. The services account surplus is likely to increase in 2023 with the projected increase in earnings from tourism as well as the envisaged improvement in competitiveness of other services exports with the gradual normalisation of domestic economic activity and expected reduction in domestic inflation

during the second half of 2023. The primary income account deficit is likely to widen marginally in 2023 due to the possible rise in borrowing costs caused by monetary policy tightening in advanced economies. The secondary income account surplus is expected to widen in 2023 due to the persistently high departures for foreign employment and the expected rise in workers' remittances. The possible expansion in the trade deficit and primary income account deficit would be cushioned by the envisaged improvements in the services and secondary income accounts, resulting in the current account deficit to likely remain at a modest level in 2023. Inflows to the financial account are expected to strengthen in 2023 with the recommencement of certain infrastructure projects, envisaged Foreign Direct Investments (FDIs), and foreign portfolio investment in the CSE

and government securities markets along with other foreign financing flows from multilateral and bilateral partners. These inflows are expected to strengthen confidence among foreign investors in the prospects of economic engagement with the Sri Lankan economy in the period ahead. Moreover, the external sector is expected to revert to a sustainable path over the medium term, supported by the envisaged successful progress of the debt restructuring as well as the economic adjustment programme under the IMF-EFF arrangement. The trade deficit is expected to narrow down over the medium term as the growth in exports is expected to outpace the increase in imports. Meanwhile, with the gradual normalisation of the global economy as well as increased mobility of people across the globe, Sri Lanka is likely to benefit from the prospects of its booming tourism industry reaching its potential in the period ahead. This, together with the expected rebound of activities in transport services and high growth in the IT/BPO services subsector, is envisaged to strengthen the surplus in the services account over the medium term. The primary income account deficit is expected to moderate in the period ahead with the expected reduction in interest payments due to the debt restructuring programme. Further, workers' remittances are expected to improve steadily over the medium term with the gradual improvement in departures for foreign employment, increased demand for migrant labour, and continued recovery in the flow of remittances through official channels. Consequently, the external current account deficit is expected to decline gradually to a sustainable low level over the medium term. Moreover, financial flows are expected to strengthen over the medium term with the envisaged non debt creating inflows to the Colombo Port City, Colombo West Container Terminals, and the development of industrial zones, such as the Hambantota Industrial Zone. Inflows to the financial account are expected to be supported

by enhanced investor confidence following the successful finalisation of the debt restructuring and the economic adjustment programme supported by the IMF-EFF arrangement. Portfolio investment as well as other foreign financing flows are expected to recover gradually supported by the envisaged improvement in the macroeconomic performance and positive investor sentiments over the medium term. Consequently, the gross official reserves are envisaged to strengthen over the medium term.

The Government is envisaged to continue its commitment towards fiscal consolidation and economic reform programme with the aim of achieving the medium term fiscal targets set out under the IMF-EFF supported programme.

The Government has announced an ambitious revenue target exceeding 15 per cent of GDP by 2027 along with the achievement of primary surpluses over the medium to long term. To this end, the Government has already implemented strong revenue enhancement measures by raising the VAT rate, telecommunication levy, and personal and corporate income tax rates, expanding the VAT and personal income tax base, increasing the excise duty on petroleum products, liquor, and tobacco products, and imposing the social security contribution levy, among others. These revenue enhancement measures are expected to yield benefits in the near to medium term by reversing the trend of dismal revenue performance observed in the recent years. However, strengthening the revenue administration measures is crucial to achieve medium term revenue targets of the Government, while providing some relief to taxpayer segments who are already subject to an extremely high tax burden. Meanwhile, the Government has taken steps to rationalise and reduce expenditure, which is imperative to curtail the fiscal deficit. However, prioritisation of capital projects, identification and

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curtailment of unproductive recurrent expenditure, limiting public sector recruitment, improved targeting of social safety nets, and expeditious completion of the debt restructuring process are imperative to contain government expenditure and strengthen fiscal consolidation efforts in the medium term, while minimising any potential negative impact on economic activity. The completion of the ongoing debt restructuring is expected to result in a notable reduction in the Government's debt service burden and limit the annual gross financing needs to below 13 per cent of GDP, on average, during 2027-2032, as envisaged under the IMF-EFF arrangement. Further, foreign currency debt servicing of the central government is expected to be maintained below 4.5 per cent of GDP in any year during 2027-2032, thereby easing debt servicing pressures to a large extent. Moreover, public debt is envisaged to reduce to around 95 per cent of GDP by 2032. The ambitious primary surplus path in the medium term would assist in reducing the debt accumulation over the medium term. At the same time, divestments of non-strategic SOEs and continuation of cost reflective prices for utilities and other SOE reforms are envisaged to improve the efficiency of SOEs and reduce the burden of such entities on the government budget. Moreover, the management of government finances is expected to improve under the IMF-EFF supported programme with the envisaged enactment of the new public financial management legislation, which would further strengthen fiscal rules. With the completion of the proposed debt restructuring and implementation of broad-based economic reforms for efficiency, accountability, and transparency in the public sector, the fiscal sector performance is envisaged to improve sustainably over the medium term, thereby overcoming major impediments to economic growth that impacted the economy over decades.

1.5 Issues and Policies

From being one of the most promising nations in the developing world a few decades ago to one that is struggling to overcome multiple crises in the present day, successive governments have failed to steer the island nation towards sustained socio-economic progress and prosperity. Despite the many initiatives taken since independence, the country has faced difficulties in thriving due to the lack of a robust and consistent national policy framework, resulting in poor macroeconomic performance, sustained twin deficits reflecting legacy issues and slow evolution, adaptability and transformation, thereby losing pace and falling behind peer economies, especially in the most recent decades. Although the end of the three decades long internal conflict provided the country with the opportunity to make a new beginning, the lack of far-sighted policies and dearth of coherence in implementing corrective policy actions and reforms, alongside numerous social, political, and macroeconomic challenges have been impediments to the economy in reaching its potential. To overcome many of these challenges and longstanding issues, policymakers and relevant authorities need to urgently embark on implementing several potentially painful yet essential reforms. Most importantly, a crisis presents several opportunities to bring about change and implement reforms to address structural issues, i.e., an opportunity to 'reset' the economy. While commending several measures that have been recently undertaken to address some of these lasting issues, it is necessary for the Government to remain committed to the structural reform agenda over the medium term and ensure that remaining actions are fulfilled and such actions in the near term are aligned with the medium term agenda, irrespective of political agendas.

Sri Lanka's resolve and commitment to carrying out long overdue reforms would be a major factor in shaping the direction of the economy over the medium to long term. The IMF-EFF arrangement, amounting to approximately US dollars 3 billion, approved in March 2023, along with the envisaged support from other international financial institutions, is expected to provide the policy space needed for the economy to transition out of the unprecedented sovereign debt and BOP crises in the near term. However, the non-recurrence of such crises in the future and the medium to long term sustainability of economic recovery would hinge on the successful implementation of the macroeconomic adjustment programme outlined under the IMF-EFF arrangement that needs to be underpinned by strong political will and commitment. The integral elements of this macroeconomic adjustment programme include, (i) an ambitious fiscal consolidation led primarily by revenue, accompanied by reforms to social safety net, fiscal institutions and SOEs, aimed at restoring fiscal sustainability and strengthening fiscal discipline, (ii) a sovereign debt restructuring strategy aimed at restoring public debt sustainability, (iii) a multi-pronged strategy to restore price stability and rebuild international reserves amidst greater exchange rate flexibility, (iv) policies to safeguard financial stability, (v) focused reforms to address governance and corruption vulnerabilities, (vi) broader structural reforms to unlock Sri Lanka's growth potential. Despite having engaged in sixteen IMF programmes since 1965, Sri Lanka has an unsatisfactory track record on the completion of such programmes and the implementation of reforms, due to abrupt abandoning of the reform agenda. This has resulted in a futile cycle of entry into such programmes during periods of economic hardship and premature exit with short-lived improvements in the economy. Against this backdrop, it is vital that policymakers show increased commitment and discipline in meeting the

envisaged time-bound targets during each review under the present IMF-EFF arrangement, while garnering public support for necessary economic adjustments through improved awareness and transparent communication. This will not only give an opportunity to implement long neglected structural reforms but will also put the economy on a strong footing to transition to a sustainable growth path over the medium term, without having to go through extreme volatilities and painful adjustments frequently. Successful implementation of the necessary structural reforms would circumvent the need to repeatedly approach the IMF for emergency funding and prevent the need for debt restructuring. The rapid normalisation of economic conditions from the dire straits in the most part of 2022 is expected to facilitate the implementation of the aforementioned reforms. Notably, unlike previous IMF programmes, many painful reforms have been frontloaded in the current EFF arrangement; hence, it is expected that the continuation of such reforms will be relatively smoother, thereby enabling the economy to be more successful at completing the ongoing programme.

Going forward, Sri Lanka needs to ensure effective prioritisation and utilisation of external financing to maintain external debt sustainability in the post-restructuring period. Sri Lanka had issued a total of US dollars 17.6 billion of ISBs from 2007 onwards and US dollars 17.2 billion of Sri Lanka Development Bonds (SLDBs) from 2001 onwards. The proceeds of ISBs and SLDBs were primarily used for development purposes only in the early issuances, while the proceeds of most of the subsequent issuances were primarily used for budget support or for debt repayments and interest payments on such debt due to the significantly large budget deficits and mounting external debt that escalated the gross financing needs of the Government, compelled further foreign currency borrowings from global markets at commercial rates. Accordingly, it

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is vital that Sri Lanka's debt strategy evolves away from reliance on highly commercial foreign currency debt towards equity based foreign financing, amidst envisaged improvements in international sovereign ratings and country's economic conditions. The foreign financing mix and strategy need to be carefully crafted by identifying purposes for which such funds are used with a view to improving the capacity to generate foreign exchange inflows. For instance, attracting foreign financing into strategically important projects, such as renewable energy, would be vital in addressing energy sector vulnerabilities without imposing excessive strains on the fiscal and external sectors. Moreover, future attempts to resort to any form of debt financing need to be evaluated objectively against costs and benefits and the need for such financing in order to ensure that debt vulnerabilities do not arise in the future.

Successful implementation of the debt restructuring process, in line with the debt sustainability targets outlined under the IMF-EFF arrangement, remains crucial prior to opening the country to global financial and capital markets. Sri Lanka needs to finalise the debt restructuring process expeditiously in line with the debt sustainability targets set out under the IMF-EFF arrangement. Plans are underway to publicly announce Sri Lanka's debt restructuring strategy in the near term following the public announcement on the envisaged treatment of domestic debt in late March 2023, enabling commencement of the debt restructuring process at the earliest. Finalisation of this process is anticipated before September 2023. Even after successful debt restructuring, any improvement to international ratings will be a gradual process and will depend on the success of rebuilding the economy. International experience suggests that after debt restructuring, countries have taken considerable time to improve sovereign ratings and build up confidence prior to attracting foreign financing from bilateral and commercial creditors. Against this

backdrop, the country must endeavour to move away from debt financing in the near to medium term and find ways to attract non debt creating funding sources, such as equity financing, primarily through foreign direct investment and public-private partnership arrangements.

Long overdue structural reforms need to be carried out expeditiously to turn around lossmaking SOEs and eliminate the fiscal burden as well as the over-reliance on commercial banks, thereby containing the risks arising from these institutions that hinder the fiscal and macroeconomic, and financial stability. Although SOEs perform key roles in numerous strategic economic sectors, such as electricity, petroleum, water, banking, transportation, and aviation, a significant share of these entities continues to grapple with an array of issues, including operational inefficiencies, poor governance and mismanagement, lack of accountability and transparency, weak market orientation, continuing political interference through high level appointments and excessive workforce. These issues, in turn, have culminated in the weak financial performance of SOEs, thereby resulting in a multifaceted macroeconomic burden to the country through their adverse implications on state owned banks, and more recently on some private banks as well, draining of public finances via capital infusions, mounting contingent liabilities of the Government, and with no satisfactory quality of service to the general public. For instance, credit to public corporations from the banking sector amounted to Rs. 1.7 trillion⁴ as at the end of 2022, while the Government was compelled to provide around Rs. 80 billion to the Ceylon Electricity Board (CEB) as equity during 2022 to ease its liquidity stresses. Although SOEs in Sri Lanka are generally established by an Act of Parliament, several SOEs have been

⁴ Includes outstanding balance of the government guaranteed foreign currency debt of the Ceylon Petroleum Corporation that was absorbed into central government debt w.e.f. December 2022.

incorporated under the Companies Act, potentially allowing them to bypass Parliamentary oversight. In addition, timely preparation of financial accounts of the large majority of SOEs and the disclosure of these statements are largely absent, thereby hindering transparency and public scrutiny. Despite the identification of fraud, corruption, mismanagement, and negligence in certain SOEs, such issues have hardly been addressed promptly at respective Board levels or at the Parliamentary committee levels. In addition, successive governments have used SOEs to implement populist policies. For example, utilities and public sector services, including energy, petroleum, water, transportation, etc., have been provided to the general public at below cost recovery prices for a long time. The costs of these untargeted subsidies were borne by the SOEs, resulting in large accumulated losses, which were mostly covered by transfers from the central government budget. Non-cost reflective prices have been the major reason for the bleak financial performance and poor market orientation of the major SOEs in the country. All the aforementioned issues have disincentivised SOEs to operate as profitable commercial ventures, thereby imposing an undue burden on the Government, banks and the public. When borrowings of SOEs were at unsustainably high levels, in the past, the Government has been compelled to step in to relieve such debt burden using its revenue collection. As part of the actions agreed under the IMF-EFF arrangement, the outstanding foreign currency debt of Rs. 884.1 billion of the Ceylon Petroleum Corporation (US dollars 2,434.8 million) was absorbed into central government debt by end 2022. In addition, the outstanding balance of eight loans amounting to Rs. 518.3 billion (US dollars 1,427.3 million), obtained from China's Export-Import (EXIM) Bank and recorded under Sri Lanka Ports Authority, CEB, and Airport and Aviation Services (Pvt) Ltd., were also absorbed into central government debt by end 2022. Against this backdrop, institutional reforms are highly warranted

in relation to SOEs to improve their efficiency, financial viability, and accountability. Recognising the need to make SOEs financially viable, the IMF-EFF arrangement prescribed the introduction of cost reflective price revisions of several key utilities. Such pricing mechanisms need to continue with enhanced transparency to ensure that the SOEs are not only generating increased revenues but are also striving to reduce costs, without passing on their inefficiencies by way of higher prices. Further, non-strategic SOEs should be considered for divestiture or listing in the CSE to reduce the fiscal burden of such entities and ensure improved institutional and commercial efficiency. The institutional transparency and accountability of remaining SOEs should be enhanced through mandatory and regular Parliamentary oversight. The SOEs should be provided with binding institutional goals and targets that are linked to key performance indicators, for which the management of SOEs should be held accountable. The perks and benefits received by the respective Boards, the management and employees of these SOEs should be linked to their performance and achievement of institutional goals. Accordingly, it is vital that the Government remains committed to implementing the SOE reform agenda to ensure that such enterprises emerge as growth facilitators in the economy. Moreover, as already identified by the Government, the energy sector will need drastic reforms through unbundling of generation, transmission, and distribution subsectors to achieve operational efficiency in the electricity sector. It is also necessary for SOEs, such as CEB, to review commercial contracts entered into with private power suppliers ensuring that undue benefits are not passed onto such companies at significant costs to CEB. These institutional reforms of SOEs should be implemented without delay to ensure efficiency and transparency of SOEs, while minimising burden on central government finances.

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Reforms to taxation policies and tax administration and the strengthening of the legal compliance framework are paramount to achieving the revenue targets of the Government, thereby restoring the macroeconomic balance in the period ahead.

Recognising the persistently lacklustre revenue performance in Sri Lanka, compared to peer economies, the Government has already adopted several measures to increase tax rates while also expanding the tax base. However, additional reforms, especially in relation to the application of advanced information and communication technology to further enhance government revenue mobilisation on a sustainable basis are essential. The tax system in Sri Lanka has been plagued by inconsistent and *ad hoc* policy changes that are targeted to serve as short term fixes, mainly in light of revenue shortfalls each year. The introduction of retrospective surcharge tax and frequently changing government policy on taxes on business turnover are examples of such inconsistent tax policies. As a result, submitting tax returns and forecasting tax liabilities have become cumbersome for businesses and individuals, in turn discouraging taxpayers from maintaining voluntary tax compliance. A weak tax administration system could serve to mobilise a high tax revenue from easy to tax sectors, whereas the need is to implement an equitable tax system, where the burden of taxes is distributed fairly among the population. Accordingly, the tax policies in the country should be formulated considering the revenue requirements of the Government, development objectives of the country, equity of tax policies, and convenience for both the taxpayer and tax administrator. Meanwhile, tax administration should be strengthened to minimise administration costs, tax avoidance, tax evasion, and various tax frauds. While existing weaknesses in the Revenue Administration and Management Information System (RAMIS) that have resulted in substantial revenue losses to the Government need to be

rectified expeditiously, new technologies should be introduced for tax revenue collection of both direct and indirect taxes. For example, the introduction of a real time invoicing system will help prevent frauds related to value added and turnover taxes and provide opportunities to conduct tax audits efficiently. In addition, linking databases of revenue collection agencies, financial institutions, and other property registration institutions would help reduce tax evasion, thereby expanding the taxpayer base. The introduction of cutting edge technologies, such as blockchains, integrated customs management systems, cargo scanners, and trackers have helped many countries to minimise cross border tax evasion. Sri Lanka has a large informal sector, which is hardly captured by the tax net, while many in the formal sector are also evading taxes due to cash transactions since revenue collecting agencies are unable to track income received through cash payments by individuals and businesses. Therefore, revenue collection agencies will be able to track tax evaders as well as those who engage in *benami* transactions by promoting a 'cashless economy'. Meanwhile, the tax collection process is significantly burdened by the current appeal and grievance handling process, which is highly time consuming and prevents revenue collection agencies from achieving their revenue collection targets. There appears to be a large number of unsettled cases in respect of tax avoidance, non-payment of taxes, and extended time periods given for tax evaders. For purposes of transparency, Inland Revenue Department (IRD) should publish the number of pending and settled tax cases on a periodic basis to enable the general public to understand efforts made by the IRD to expedite tax collections. Further, the introduction of an efficient appeal process and expeditious judicial process to resolve tax disputes will drastically cut down tax losses to the Government. Besides, to enhance voluntary compliance, strict penalties should be introduced, while improving services to taxpayers with proper guidance. Recent efforts of the

Government to make the filing of personal income tax returns mandatory and payment of personal income taxes electronically are welcome initiatives to improve the efficiency in tax administration. The Government should increase its efforts to improve tax administration, which, in turn, would enable the Government to expand the tax base and raise government revenue without significantly burdening its existing taxpayers.

Recently introduced painful tax reforms should be complemented with proper expenditure management strategies to ensure a sustained fiscal consolidation in the medium to long run. Although tax reforms are imperative to improve government finances, such measures could even be counterproductive if not accompanied by efficient public expenditure reforms, as additional revenue from taxes could be allocated for inefficient public expenditure programmes due to lack of expenditure curtailment and rationalisation strategies. A large fraction of government expenditure in Sri Lanka remains rigid in nature with a significant share of expenses allocated for salaries and wages, pension and subsidies, and interest payments. However, the implementation of appropriate expenditure management techniques can create leeway for expenditure curtailment. In preparation of the annual budget of the Government, traditional budgeting techniques, such as the incremental budgeting process,⁵ need to be replaced by more effective counterparts, i.e., a zero-based budgeting⁶ mechanism, which would enable the Government to identify unnecessary and less productive activities and eliminate such expenses, while allocating scarce resources to meet the pressing needs of the economy, thereby paving way for growth and development. While some attempts have already

⁵ In the incremental budgeting process, the previous year's budget is considered as the base and adjustments are made to this base by adding certain percentages mainly on an arbitrary basis to maintain the current level of operations.

⁶ Zero-based budgeting is a budgeting technique in which all expenses must be justified for a new period or year starting from zero, versus starting with the previous budget and adjusting it as needed.

been taken by the Government to implement zero-based budgeting techniques, concerted efforts are needed to effectively adopt and implement this budgeting process, especially by training the staff of spending agencies, who contribute to the preparation of government budgets. Further, in lieu of imposing a blanket approach to the curtailment of expenditure of all spending agencies, measures should be implemented with due consideration to the priority of each economic activity within the development agenda, its resource requirements, and resource availability. A customised and case-by-case assessment is required when implementing expenditure rationalisation in order to ensure that effective spending agencies receive the required resources, while inefficient ones are required to assess their effectiveness and adopt rationalisation measures. Meanwhile, the prioritisation of capital expenditure based on 'value for money' and the importance of the projects within the development agenda are key to ensure the effective allocation of funds for capital expenditure projects. Therefore, improved budgeting techniques and rational resource allocation will be pivotal in achieving a primary balance surplus by the Government in the medium term in line with the IMF-EFF programme parameters.

Energy security in the country was challenged by the recent economic crisis, underscoring the need to address inefficiencies in the energy sector. Reflecting the poor resilience of the energy sector to external shocks and limited diversification of energy generation despite the vast potential, provisioning of electricity and other energy services was largely disrupted in 2022, leading to an energy crisis with long power outages and severe fuel shortages, thereby affecting economic activity. Although hydropower remains the most cost effective source of power generation, Sri Lanka's larger reliance on hydropower generation continues to be a concern in terms of sustainability of electricity

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provisioning with its extreme susceptibility to climatic dynamics. Further, the power generation is also heavily exposed to volatilities in global energy prices with its high reliance on imported thermal power sources of coal and petroleum products. Despite the numerous efforts to expand the share of Non-Conventional Renewable Energy (NCRE) for power generation, private investors in the renewable energy sector continued to grapple with numerous challenges, such as difficulties in obtaining approvals from multiple institutions, environment impact concerns as well as the absence of regular revisions in feed in tariff systems, thereby hindering the private sector led expansion in the NCRE sector. In this context, urgent measures are needed to strike a balance between the availability in the energy generation sources and the generation cost of those sources, enabling a choice of an efficient generation mix going forward. In order to expand the share of renewable energy in the generation mix, attracting investments from private and foreign sources for clean energy sources, such as solar, wind, etc., which are abundant in Sri Lanka, remains vital, facilitated by a conducive investment climate with straightforward approaches on regulations and taxation, adequate infrastructure, and good governance, among others. As per the Sustainable Development Goals Investor Map - 2022 of the United National Development Programme, Sri Lanka's renewable energy sector has been recognised as one of the priority sectors with high investment potential, highlighting the need for measures targeted at encouraging investments in the renewable energy sector. In this regard, policymakers should focus on enabling peer-to-peer power purchase agreements and power wheeling facilities for the private sector, which ensure market determined pricing for the renewable energy sector. In the meantime, improving energy infrastructure in the form of developments to the transmission and distribution networks, upgradation and modernisation of power generation facilities, smart grid management, and enhancement of energy storage

solutions are needed to reduce energy losses and enhance the reliability of power supply. Meanwhile, energy efficiency in the transport sector must be improved through the introduction of technologies to enhance the fuel efficiency of vehicles, such as hybrid technologies, while exploring alternatives for clean energy sources for the transport sector. Further, a more focused policy approach is essential to improve and expand the public transportation system to reduce energy consumption in the transport sector. Accordingly, public transport modes and road infrastructure should be modified and expanded, aimed at minimising energy wastage with traffic congestion in urban areas. Also, increasing awareness among the public on energy efficiency and conservation measures and implementation of energy efficiency standards and practices in households, businesses, and industries would promote efficient utilisation of energy. In essence, energy security can be achieved by improving the availability of energy supply without disruptions and meeting the rising energy demand at an affordable price for consumers. In this regard, enhancing the resilience of the energy sector to promptly respond to abrupt changes in the supply and demand is required in the near term. Similarly, in the long run, fostering investments to supply energy commensurate with economic developments and environmental needs, is imperative, in addition to concerted efforts of all the stakeholders in the economy.

Institutional and legislative reforms as well as enforcement of rules and regulations are needed to strengthen the oversight of public expenditure management and increase fiscal sector accountability. Although fiscal rules have been enacted in Sri Lanka about a couple of decades ago, they have not been adhered to, resulting in imprudent fiscal management by successive governments. Therefore, legislative reforms are needed to introduce fiscal rules that are binding with realistic targets, while distinctly identifying the responsible

authorities to comply with those rules. Under the IMF-EFF supported programme, a new Public Financial Management Act is to be enacted, which will specify the roles and responsibilities of the Ministry of Finance and spending agencies and establish information and accountability requirements. In addition, government entities should be encouraged not only to limit spending within the budget, but also to boost efficiency and effectiveness. Further, performance based accountability and public disclosure should be introduced for government entities and public officials, while audit functions need to be further strengthened to promote transparency, enhance credibility, and support good governance. Further, under the IMF-EFF supported programme, anti-corruption legislation that is harmonised with the United Nations Convention against Corruption (UNCAC) is to be introduced with technical assistance from the IMF. This is particularly pertinent considering that Sri Lanka ranked 101 out of 180 countries in the Corruption Perceptions Index (CPI)⁷ – 2022, reflecting a high level of perceived corruption. Strengthening corruption control measures and transparency of procedures can also play a key role in the curtailment of unproductive government expenditure. Hence, in the period ahead, fiscal prudence along with continued commitment to strengthening the oversight of public finances and implementation of corruption control measures will be centric to garnering public support for fiscal consolidation measures and ensuring overall sustainability and discipline of the fiscal sector.

Export sector policies need to focus on improving the sophistication of goods and services to increase domestic value addition and to strengthen export competitiveness. Although Sri Lanka recorded its historically highest export earnings in 2022, such earnings are meagre when compared to those recorded by similar sized economies in the region. Sri Lankan products are losing market shares in global markets due

to the stagnant sophistication of products and increasing production costs eroding the country's competitiveness. Producing higher quality products helps compete in global markets by building on existing comparative advantages to boost export revenues and productivity. Export industries need to aim at differentiation, value addition, branding, and increasing the quality of exports, while meeting quantity requirements. Export promotion policies need to focus on exporting improved quality goods with high value addition at lower costs of production, backed by Research and Development (R&D) led innovation over the medium to long term. R&D should be enhanced to identify the innovations in the export sectors and to transition from simple products to complex products. Also, Sri Lanka needs to upgrade its product quality with the objective of tapping into regional and global supply chains and capturing market shares in emerging market economies. In addition, the Government needs to provide incentives to indirect exporters and domestic industries, which can competitively substitute imported raw materials, as input quality has a significant bearing on the quality of the final output. Further, the downward trend observed in agricultural exports in recent years necessitates the importance of improving the quality of agricultural products to be competitive globally. In this regard, policies and measures focusing on promoting the production of export oriented regional speciality agricultural products are needed in order to form a strong quality and brand advantage in the global markets. Methods of farmer societies may be used to improve the ability of R&D and achieve economies of scale through high production at lower costs. Development of a national level agricultural research strategy on improving crop breeds with high yields and better quality with the farmer level engagement would be necessary. The establishment of commercial logistics and warehouse facilities needs to be promoted in the major agricultural regions to reduce post-harvest damage to agricultural products. Further, policies

⁷ The country with the least level of corruption is ranked at the first place in the CPI.

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should focus on enhancing institutional quality, maintenance of liberal and consistent trade policies, promotion of FDI inflows to the export sector, development of human capital capable of upgrading export quality, and creation of a conducive domestic environment to conduct quality upgrading, while improving access to high end export markets.

The country needs to make sacrificial structural adjustments to move away from heavy import reliance and become more export oriented through a significant reorientation of national trade policy. Sri Lanka is heavily reliant on imports for consumption and investment needs and for inputs needed for the production of key exports and domestic production. Since 2009, the expenditure on imports has nearly doubled. Meanwhile, the composition of the export basket remained the same over decades, limited to traditional agricultural exports and low value added industrial exports, such as garments. The revised National Export Strategy (NES) 2018 – 2022, launched in July 2018, was aimed at transforming Sri Lanka into an export hub driven by innovation and investment. It was expected to improve the business environment for all export sectors through logistics, information and promotion, national quality infrastructure, and innovation and entrepreneurship. The specific mandate of NES was promoting innovation and diversification in six export sectors, including IT/BPO and wellness tourism. Resolving issues in relation to provisioning of labour for export industries, consistency in import policies, clear and transparent tax policies, outreach to foreign governments to attract investment into Sri Lanka, and development of entrepreneurship among the youth remain some of the immediate priorities in the tradable sector. Measures were needed to impose import restrictions and suspensions amidst BOP crises. However, such *ad hoc* measures can be avoided in the future by lessening reliance on imports and promoting industries in the economy. Backward integration

of possible intermediate inputs, discouraging clearly identified non-essential consumer goods with domestic substitutions, removing concessions granted on imports, and maintaining a market determined flexible exchange rate remain important elements in this aspect.

Sri Lanka's experience in terms of the magnitude and growth in FDI over the last few decades has been disappointing, despite FDI being identified as the top priority in the country's development strategies by successive governments. Sri Lanka has managed to attract only around US dollars 1.2 billion as FDI, including foreign loans to Direct Investment Enterprises (DIEs), per annum, on average, since 2010, despite offering superabundant tax holidays. Also, the FDI to GDP ratio has remained significantly low, compared to other peer countries. In addition, in the current context of the Sri Lankan economy, there is very little incentive for corporates to shift their bases to Sri Lanka due to the disruptions to economic activities, high corporate income tax rates, high cost of production, including that of labour and utilities, scarcity of skilled labour, unavailability of readily available land, bureaucratic and multiple approval procedures, and perceived corruption. The Government's recent efforts, such as the proposed amalgamation of the Board of Investment (BOI) and Export Development Board (EDB), among others, to streamline the institutional structure applicable to this sector is a welcome move. Yet, it is essential to empower such authorities to attract investments and grant approvals in an efficient manner. In the meantime, close diplomatic collaboration with friendly nations would be instrumental in exploring investment opportunities for financing strategic investment projects, such as projects enhancing energy security, food security, and export oriented industries that have broader spillover effects on the overall economy. The country's investment needs should be clearly identified and promoted

among prospective investors and such investment approvals and implementations should be expedited through adoption of one-stop shop approach. An Investor Facilitation Centre (IFC) established under the Board of Investment in October 2022 is a welcome initiative in this regard. The IFC is dedicated to providing an efficient service to investors by streamlining the investment approval process and enhancing interagency coordination for investor facilitation. Exploiting investment based non-liability creating inflows should be one of the key elements of Sri Lanka's economic revival strategy going forward.

Measures to increase tourist arrivals and a proper network to capture tourism earnings are urgently needed at a time when Sri Lanka aggressively promotes tourism. Sri Lanka has been heavily reliant on the tourism sector for foreign exchange earnings and has been using tourism earnings to partly setoff the burden of heavy trade deficit experienced since 2011. The country should attempt to get the maximum benefit from tourism earnings as tourist arrivals are gradually recovering. However, the estimate of foreign exchange earnings from tourism is compiled by the Sri Lanka Tourism Development Authority (SLTDA) based on the average number of guest nights of a tourist and how much a tourist spends on average in Sri Lanka on a day based on data provided by hotels and an exit survey at the airport. The outcome of this exit survey is used to determine the per day spending which, however, is relatively higher than many other popular tourism destinations in the region, questioning its accuracy. Also, the daily spending could vary among different tourist categories, types of accommodation, and nature of the source country, among many other factors. Therefore, an appropriate information network is vital to accurately capture how much is being earned by separate stakeholders of the tourism industry. The Tourism Satellite Account initiative in collaboration with the

Department of Census and Statistics and SLTDA under technical guidance from the United Nations may support to develop a better understanding of tourist earnings although it is still being developed in Sri Lanka. Further, as many tourists book their accommodation through websites, such as Airbnb, Agoda, and Booking.com, they would be useful in obtaining information. Meanwhile, a tourism travel app for tourists to book accommodation and obtain tourism related information is being developed by the SLTDA. However, tourists trust bookings made through well known apps, especially when it comes to making payments, protecting individual information, and obtaining loyalty discounts. Therefore, finding methods to ensure that there are corresponding foreign exchange inflows to the country via bookings made through international websites and apps and from informal accommodation providers listed in these websites and apps is necessary, while developing local booking websites and apps. Further, a proper mechanism is needed to obtain foreign exchange earnings records of all parties involved in the tourism industry and enter them into the banking system, while the inclusion of unregistered establishments in the system should be expedited to eliminate the high level of informality in the sector.

Mass migration of professionals and skilled workers is likely to lead to a scarcity of labour in selected industries alongside a substantial drop in productivity, thus affecting the economic growth of the country significantly during the recovery phase and beyond. There has been a mass emigration of qualified personnel, such as doctors, engineers, bankers, and IT professionals, prompted by the worst economic crisis. As per the statistics of the Sri Lanka Bureau of Foreign Employment (SLBFE), the total number of registered departures for foreign employment has increased by more than 37 per cent in 2022 to 311,056, compared to the annual average of 226,510 during 2015-2019,

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while the corresponding increase in professionals migration has been over 87 per cent. In addition to the temporary migration for employment, the permanent human capital flight has been more prominent since 2022, although official statistics on this are limited. Available statistics at SLBFE further reveal that the number of professionals, as a share of total labour migration, has been increasing steadily over the post-war period, recording a year-on-year growth of over 20 per cent on average. This suggests that the phenomenon of brain drain in Sri Lanka may span since much before the current economic crisis. In the current context, falling real wages and the decline in quality of life amidst the economic and financial uncertainties due to the contraction in the economy have prompted Sri Lankans to migrate. The longstanding structural issues of the country, which have severely weakened the institutional infrastructure in the areas of healthcare, law enforcement, government administration, public transport, etc., have also contributed to the deterioration of socio-economic conditions. The large outward migration of workers disrupts business activity and such loss of expertise creates the need to continuously train new employees, which requires substantial time and resources, leading to a loss of capacity and output over the short term. In fact, some studies have quantified the logistical cost of recruiting and training new employees itself to be over 20 per cent of the cost due to the output lost until new employees are trained to an optimal level.⁸ The long term impact of large skilled migration could be substantial due to the loss of productivity in the country, especially considering the overall ageing population. Literature also identifies positive spillovers of brain drain, particularly due to improved networks, skill transfer, and remittances.⁹ However, in the Sri Lankan context, costs may outweigh such

benefits. Most individuals, who migrated over the recent past, have been internationally employable and highly qualified personnel with substantial entrepreneurial capacity, and therefore, in some instances, their migration may result in the relocation or closure of entire businesses, including some export businesses. As a result, the economic cost of such outward migration may far outweigh the loss of direct contribution of respective individuals. In the public sector, the unavailability of professionals can have multifaceted implications in the periods ahead as it adds to the lacuna of skills which can thereby exacerbate the low levels of efficiency in many such institutions. The recent changes introduced in the public sector, such as allowing government employees to obtain no-pay leave to undertake foreign employment, could further exacerbate these issues, though they could vary substantially depending on the institution and level of skills and expertise of the migrants. In addition to the economic cost due to the loss of contribution of these workers, the country also bears significant losses due to inadequate returns on investment made on free provisioning of education and healthcare. Although there are deficiencies in many areas, Sri Lanka is among a small group of countries in the world that provides free education to its citizens until the university level. However, the country has not been able to reap the full benefits of this large investment, for which brain drain is also a major contributing factor. Amid these issues, several short term measures have been adopted by certain sectors to retain their employees, such as pay hikes and other benefits including flexible working conditions, non-cash benefits to reduce the tax burden, inflation linked wages, and US dollar linked wages, among others. Such short term measures to address the prevailing economic crisis could be helpful. However, rectifying longstanding structural weaknesses in the economy which affect the quality of life, including the creation of sustained growth, will be essential to putting an end to the brain drain phenomenon that

⁸ Oxford Economics, (2014). *The cost of brain drain: understanding the financial impact of staff turnover*, February [Online] (Accessed 22 March 2023).

⁹ Docquier, F. and Rapoport, H., (2012). Globalization, brain drain, and development. *Journal of Economic Literature*, Vol. 50, No. 3.; Gibson, J. and McKenzie, D., (2012). The economic consequences of 'brain drain' of the best and brightest: Microeconomic evidence from five countries. *The Economic Journal*, Vol. 122, No. 560.

has accelerated during the last year. Moreover, the Government could explore the possibility of opening up the country for foreign skilled professionals for needy sectors in the near term to support economic activity amidst mass migration. Coupled with such attempts, targeted measures, such as special benefit schemes and research funding to qualified personnel, could motivate migrant professionals to return to the country.

The Micro, Small and Medium scale Enterprises (MSME) sector has been among the most affected sectors in the economy during the recent and ongoing economic crises, stressing the importance of improving the resilience of the sector for overall economic development and welfare. The MSME sector, which is the backbone of the Sri Lankan economy, has endured numerous challenges over the past several years with consecutive adverse events, such as the Easter Sunday attacks in 2019, the COVID-19 pandemic in 2020 and 2021, and the subsequent economic crisis in 2022. Activity of MSMEs that operate in a wide range of segments was critically impacted by reduced demand amidst uncertainties, rising inflation and wages, a depreciated exchange rate, unavailability of raw materials, interruptions to power and other utilities, and heightened financing costs, among others. As a result, national output, employment and livelihoods were severely affected, raising the need for the implementation of urgent remedial measures to support MSMEs through this difficult period. Several measures, such as offering concessions on the loans obtained and the granting of debt moratoria, were provided to the sector to temporarily overcome the cashflow challenges. However, lasting solutions are essential to enhance the capacity and resilience of MSMEs to weather unfavourable financial and economic conditions. Accordingly, the setting up of a Credit Guarantee Institution (CGI), which was identified as an essential requirement to serve the funding considerations of MSMEs, has reached

its final stages and the expeditious establishment is expected. Once the CGI is in operation, funding constraints of MSMEs are expected to ease notably going forward, while participating financial institutions will also be encouraged to lend to MSMEs as the associated credit risk will be shared. In addition, banks and other financial institutions are also expected to identify MSMEs as a priority sector in their lending operations, which would avail funding for the sector. In order to support local MSMEs to become large scale enterprises, relevant authorities should make use of existing international relations and take advantage of Free Trade Agreements (FTAs), thereby paving the way for MSMEs to integrate into global value chains as well as trade internationally. Such opportunities would not only help them attain global standards but would also contribute towards enhancing foreign exchange inflows to the country. To support this endeavour, steps should be taken to enhance the financial and technical know-how, while also building skills and capacity to use e-commerce technologies, which open the gateway to the world market. Also, in order to foster growth in the MSME sector, the Government and relevant authorities should create an entrepreneurially enabling environment and ecosystem by way of easing rules, regulations, and bureaucratic red tape. While the above initiatives would assist MSMEs to build resilience, overcome the challenges posed by unfavourable socio-economic developments, and prosper as useful business entities that contribute to the betterment of Sri Lanka, a blanket approach to implementing the same may be suboptimal. Therefore, a mechanism should be in place to identify and recognise affected MSMEs that display potential and contribute positively to the economy, from those that are unviable and less productive, so that support could be targeted to useful MSMEs, as assisting the unviable ones would be unhealthy and costly. Further, it is imperative that insolvency laws are established and further strengthened, particularly in relation to the MSME sector, among others.

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The downward rigidity in domestic prices of imported goods remains a concern in lowering the domestic cost of living, considering the disproportionate increase in prices of imported items in the recent past. Over the past year or so, prices of several food and non-food items, which have closely been driven by prices of petroleum oil, gas, and other imported goods, increased sharply due to immediate and more than complete transmission of price increases of global commodity prices and local currency depreciation. However, the reduction in global prices, reduction in costs of logistics and adjustments in operational costs, and the recent improvement in the exchange rate have not been fully reflected in the imported prices of goods and services even with a reasonable lag. The uncertainty prevailing over the current economic conditions of the country could be a major contributory factor for this apparent downward stickiness of prices, where merchants may be reluctant to adjust prices due to factors such as high costs of old inventories, pre-agreed contracts, limited confidence over policy direction and concerns over the sustainability of positive developments, and partly to offset the revenue losses related to lower demand. Nevertheless, inflated prices of some import related goods and services need to be adjusted downwards along with the return of stability in overall economic conditions if the economy is to derive full benefits of the same. Such adjustments would be beneficial for all parties since the demand conditions would also be normalised with appropriate movements of prices. Meanwhile, the adjustment of energy prices, which is a primary channel through which global price developments are transmitted to the domestic economy, is an essential factor in this regard. Alignment of domestic energy prices with global prices and transparent adjustment to prices, as it happens at present, would help ensure that domestic energy prices remain predictable. This would aid businesses to confidently plan their future costs, leading to stability in overall price levels, thereby reducing the risk of unexpected inflationary

pressures, and contributing to managing inflation expectations. Further, producing robust inflation projections is vital to set the inflation targets and support monetary policy decisions under the FIT of the Central Bank. Since these projections are often conditional on global price movements, a proper reflection of global price trends in domestic prices is crucial to limit policy errors. In view of the above, relevant authorities, including the authorities involved with domestic energy price adjustments and other regulatory authorities, such as the Consumer Affairs Authority, among others, are required to be vigilant about imported prices of goods where fair passthrough of downward price adjustments needs to take place. Such passthrough will help reduce the high cost of living with a faster disinflation process as anticipated.

The lingering impacts of the deepened economic crisis on the welfare of the citizens of Sri Lanka have been significant, underscoring the urgent need to reformulate policy strategies to ensure the welfare of the most vulnerable groups. The burden of the economic crisis has fallen disproportionately. Living conditions of the vulnerable population have deteriorated to a greater extent through various channels, including the loss of livelihoods and the acceleration of inflation, among others. The updated national poverty line for Sri Lanka surged to Rs. 13,777 in 2022, registering an annual increase of 74 per cent. This surge implies that the costs of necessities in the form of basic food, clothing, and shelter have risen, resulting in an increase in the minimum monthly expenditure per person. According to the remote household food security survey of the World Food Programme, 85 per cent of the population was estimated to be relying on livelihood based coping strategies, such as borrowing money, reducing spending on education and health, spending savings, or deferring due debt payments. Whilst a larger share of employment is occupied in the informal sector and 14.3 per cent

of the population is living below the poverty line, the brunt of the crisis is likely to be devastating and causing broad based driving of people into poverty. Also, the current crisis widens the socio-economic inequalities among population groups, spurring generational poverty. This is because as households become poorer, lower wealth accumulation negatively affects the education and healthcare that these households avail which in turn affects their future income generating capacity, thereby creating a vicious cycle. In this context, although the Government has taken several measures to safeguard vulnerable communities in the population and to avoid further worsening of poverty levels by increasing subsidy levels under the prevailing social safety net programmes and providing cash and in-kind grants with the support of international financing agencies, among others, the efficiency of such programmes has been challenged due to their weak targeting. While vulnerable communities as well as groups on the edge of poverty in the country, continued to grapple with income losses since the onset of the pandemic, the delay in recognising new poverty pockets in the population, who are desperate in need of government assistance, due to the absence of a reliable updated database, have resulted in inefficient allocation of limited fiscal funds and foreign assistance. Therefore, it is vital to expedite the measures that have already been implemented under the Welfare Benefit Board to develop a registry of needy people without further delay to ensure that assistance reaches the intended beneficiaries in time. Meanwhile, with the completion of reforms in relation to Social Safety Nets (SSN) under the IMF-EFF arrangement, including operationalising of the Welfare Benefit Board, developing eligibility criteria along with the ongoing efforts to develop a social registry as well as the introduction of new welfare benefit payment scheme are expected to support vulnerable people from the impact of the economic crisis and policy adjustments. Under this, the Government's commitment to operationalising

reforms, such as obtaining Parliamentary approval for the welfare benefits payment system and eligibility criteria by May 2023 and its plan to expand spending floor on SSN would be vital in alleviating poverty on a long term basis. While pursuing these reforms, enforcement of a government led multisectoral policy approach with the collaboration of all the stakeholders of the economy remains important in eradicating poverty, thereby assuring the equitable benefits of future growth prospects to all the segments of the population. Further, the recent initiatives taken by the Government with the collaboration of the Department of Census and Statistics to conduct a household survey on the impact of the economic crisis are commendable in this regard, which is expected to deliver a proper assessment of the vulnerabilities of the families. Such databases and survey findings would enable effectiveness of policy interventions on poverty eradication through the improved quality, adequacy, and timeliness of data, thereby strengthening evidence based informed policy decisions in the future, and improvements to existing social safety net mechanisms also remain important. Under this, the digitalisation of subsidy distribution mechanism, via the introduction of digital banking systems, payment cards as well as digital identity options would support to minimise inefficiencies and possible leakages in welfare payments. Further, in the midst of the Government's expenditure rationalisation drive, a holistic assessment of existing poverty eradication strategies is required to improve the efficacy of expenditure. Such an assessment can help identify areas in which the Government may seek collaborations with the private sector and relevant multilateral organisations. Poverty eradication efforts should also comprise other multisector interventions, such as the promotion of value additions in the agriculture sector, expanding education opportunities for poor and vulnerable groups to ensure future income opportunities, promoting livelihood development programmes

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along with the improvement of the participation of women in labour markets as well as the adoption of a systematic policy framework for existing safety net programmes alongside the gradual improvements to income levels.

The national policy planning mechanism and holistic implementation need to be strengthened in order to support the country to embark on a strong economic recovery and growth. A major predicament for promoting both domestic and foreign investments in the country is the lack of policy consistency, which is detrimental to economic and financial decision making and planning ahead for businesses. As changes in governments often bring about major policy reversals, policy formulation needs to be completely detached from political cycles to maintain consistency. National planning needs to be focused on productivity improvements across the economy where all resources are optimally utilised. A national plan needs to be formulated by experts, both in the public and private sectors, in each area and be consented to by the Parliament before adoption. It is also important to develop strategic policy clusters, where there exist synergistic outcomes, e.g., a policy that recognises the synergies in nutrition agriculture and livestock production, land use, and environmental policies with an emphasis on countering the effects of climate change that could ensure optimum long term outcomes in those areas. Also, the export policy should be related to the foreign affairs, investment promotion, industrial and agricultural policies, while the mineral use policy should be related to the industrial policy. Over-reliance on few bilateral partners for exports, investments, workers' remittances, and foreign funding could give rise to vulnerabilities that could have reverberations on foreign policy, national security, and the country's sovereignty at large. An independent policy monitoring mechanism should also be in place, where individuals who fail to implement policies to reach desired outcomes are held accountable.

The reliance of the public sector on the banking system has continued relentlessly over the recent years resulting in the crowding out of private sector investment, increasing inflationary pressures and stresses in the financial system.

Poor fiscal performance and the loss of access to external financing amidst sovereign rating downgrades, necessitated the Government to seek funding mainly from the Central Bank and state owned commercial banks to finance its budget deficit and debt servicing since the onset of the pandemic. Meanwhile, the delayed implementation of regular formula based price revisions of fuel and electricity and legacy issues related to inefficiencies and low productivity have made SOBEs financially weak, thus burdening the government coffers as well as the entire banking system. As a result of such sustained financing over the years, the exposure of the banking system to the public sector has increased notably posing risks to the stability of the financial system. Moreover, rising public sector borrowing requirements have also exerted upward pressures on market interest rates, while excessive public sector financing is likely to be inflationary. Sizeable funds obtained by the Government through monetary financing and by SOBEs in the form of borrowings, without any commensurate improvement in productivity and output, will exert upward pressures on prices. This would, therefore, impale the effectiveness of monetary policy, particularly at times when the monetary policy stance is tight. Some of the recent remedial measures outlined previously in this Chapter are likely to reduce the public sector's reliance on the banking system. Meanwhile, further measures could be taken to enhance public sector finances and reduce the need for excessive bank financing. A performance driven public sector would increase productivity and enhance financial feasibility, thereby lessening the need for bank financing. Meanwhile, leveraging on the improved domestic macroeconomic conditions and the country standing, the Government should actively engage in securing low cost funding

from other bilateral and multilateral creditors, thereby reducing their dependency on the domestic banking system for funding. Also, SOBEs should seek other sources of financing, perhaps even foreign financing in the form of investment and project based financing, no sooner than when multilateral fundings open up to the Government. Alternatively, the Government could consider transforming loss-making, yet strategic, SOBEs into profit centres through public-private partnership (PPP) arrangements, which would bring in the management expertise of the private sector, thereby enhancing the productivity and profitability of such SOBEs. Further, reducing undue wastage and corruption in the public sector and appointing qualified and capable officials with experience and expertise in those respective fields is necessary. As a result of these measures, the public sector's continued dependency on the domestic banking system would subside, thereby providing greater space and opportunity for such scarce funds in the banking system to be utilised for productive activities of the private sector.

Recent experiences of growing vulnerabilities in the food supply systems in Sri Lanka due to *ad hoc* policy interventions reiterate the need for strong commitment of the Government towards a coordinated and consistent policy approach to resolve issues in the domestic agriculture sector and ensure food security of the country. Despite the continuous support extended by successive governments to the agriculture sector in terms of subsidies, especially the fertiliser subsidy, guaranteed prices, supply of high yielding varieties as well as agriculture extension services in the past several decades with a view to promoting its productivity, the country's agriculture sector productivity remains stagnant and vulnerable to both climatic and manmade shocks. While provisioning of fertiliser subsidies remains a crucial intervention in the agricultural sector, it has become a highly politically sensitive matter in the country, thereby

forcing successive governments to continue such policies irrespective of the outcome yielded from such policies. Accordingly, there is a growing need to adopt a sustainable and efficient fertiliser policy to prevent the excessive use of chemical fertiliser and promote organic farming, while reducing the burden on the country's import bill. Yet, the abrupt ban on chemical fertiliser importation in 2021 had devastating impacts on staple food production in the country, almost leading to a food crisis in 2022, which was further exacerbated by limited food imports amidst the dearth of foreign exchange liquidity. Nevertheless, after being in force for six months, the fertiliser ban was revoked in identifying the need for the gradual phasing out of inorganic fertiliser use in agriculture. Although policies on price controls could play a significant role in ensuring that food remains affordable and accessible to everyone, price controls implemented by the Government showed limited success in easing food price pressures in Sri Lanka amidst the food shortages in 2022, reflecting the lack of coordination among stakeholders and absence of resilient buffer stocks to avert price pressures as well as rising cost elements of food supply resulted from the economic crisis. The government paddy purchasing programme, which was carried out during late 2022 to purchase paddy at higher prices to support the farmers, failed to deliver envisaged outcome due to the lack of funds with the Paddy Marketing Board. Further, the ban on use of paddy or rice in animal feed production, which aimed at ensuring the high availability of rice for human consumption, had adverse consequences on the poultry sector with limited availability of imported animal feeds. This may have partially contributed to the exorbitant increase in prices for poultry products, in turn affecting the quality of diets, which is a major aspect of food security in the country. Although the Government introduced maximum prices for poultry products to ensure their affordability to the public, resultant poultry product shortage in the market raised concerns about availability. Drawing attention

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to lapses of *ad hoc* and fragmented policymaking for the agriculture sector, Sri Lanka's recent experiences show that many of the agricultural policies implemented have been counterproductive. Although Sri Lanka was not fully self sufficient in food, the country was not severely threatened by issues of food security in recent decades, in terms of food availability, affordability, accessibility and stability. Due to successive loss or reduced harvest of paddy and vegetables following *ad hoc* policies adopted during 2021-2022, Sri Lanka experienced a food insecurity situation which is being continued to date at a lower scale. This problem needs to be addressed in consultation with the farmer community and remedied as early as possible given the critical importance of food requirements of the country. The farming community need to be made aware of the proposed policies of the Government and be trained on agricultural adaptations. This alarming status of the agricultural sector demands a holistic and sustainable strategy for the agricultural sector with enhanced coordination among all agriculture related government institutions, private sector stakeholders, and farmers to reorient agricultural sector to effectively facilitate development and ensure food security. Such broad-based policy approach should be targeted at solving deep rooted issues of low agriculture productivity, high post-harvest losses, suboptimal agriculture practices, poor value addition, price distortions, and weak marketability of the agriculture produce, thereby enabling the formation of a sustainable agriculture sector that is capable of generating healthy income levels for the stakeholders in the agriculture value chain, while ensuring food security and efficient ecosystem management of the country.

Expediting the long overdue factor market reforms remains vital in accelerating economic recovery in the aftermath of the crisis and fostering growth over the medium term. Land and labour markets of the country continued to

face challenges and limitations with the inflexibility of policies and inadequacy of law enforcement in such areas, which have impeded the country's ability to seize emerging opportunities in the global market and obstructed the smooth inflow of FDIs. In the labour market, existing laws and regulations tend to favour the protection of employees. This could have a negative impact on both utilisation and productivity of the workforce. Meanwhile, public sector employment offers attractive employment benefits with a non-contributory pension scheme, which discourages the movement of labour towards more productive sectors and activities. Further, persistent rigidities in the labour market, such as absence of flexible working hours and compressed work hours, gender barriers, lack of performance based remuneration packages, skill gaps in the labour force, etc., have largely impacted employability and labour productivity in the country during the past several decades. Therefore, urgent action is needed to modernise and liberalise labour market laws and regulations in line with international labour standards, in order to facilitate the revival of the Sri Lankan economy. Within this framework, major policy areas for improving labour market functionality include reducing the cost of severance and making job termination/switching easier, enhancing temporary employment, providing flexibility in minimum and statutory retirement ages, aligning the retirement age with life expectancy, and increasing the employability of females. At the same time, these regulations should encompass emerging areas of employment to match contemporary requirements, while necessary impetus, such as unemployment insurance schemes, flexible working hours, safe public transport, and daycare/childcare, should be encouraged to enhance female labour force participation. Moreover, measures are needed to control excessive human capital flight during the crisis, and a review of existing immigration rules is vital to attract global talent and address skill gaps in the country's labour market. It would

also be necessary to focus attention on internal and external labour migration issues impacted by the economic downturn, which may result in unintended disruption to family life and migrant health issues. The land market faces longstanding bottlenecks due to various complexities, including different levels of ownership systems created by numerous land laws, the presence of multiple land law enforcement agencies, differences in rules followed by land management related agencies, issues in land titles, and lengthy and inefficient procedures to obtain approvals for utilisation of land in projects. Streamlining the legal enforcements pertinent to lands may contribute to simplifying the existing complexities of the land market along with the establishment of a centralised agency to consolidate the functions of various institutions under a single entity to streamline the process and improve efficiency in managing unutilised/unproductively used lands, and lands available for development. Further, a centralised digital database of land information that ensures clear and unambiguous ownership may resolve inefficiencies in the land allocation process by improving access to land data, so as to facilitate investments in the country. In this regard, the Government's initiative to establish an e-land registry is a commendable effort that is expected to ensure convenient, safe, and efficient registration of land, while providing speedy access to land information and related services to necessary parties including government agencies, the private sector, and the general public. Further, the development of a comprehensive land use policy framework and strengthening of the land administration systems are also critical for the effective functioning of the land market in the country. Therefore, expediting the implementation of long overdue structural reforms in the labour and land markets could enhance the allocation and utilisation efficiencies in the factor market, thereby boosting employment, investment, and the overall growth momentum of the economy.

Sri Lanka has great potential to transform its economy towards a digital economy, and rapid adoption of developments on the global digital front remains vital to unlock the gains of the digital age to facilitate the envisaged economic recovery. A digital economy represents a technology driven economic paradigm, where digital technologies are leveraged to improve economic activity, resulting in economy wide efficiencies and growth achieved through increased connectivity and transparency, enhanced convenience for the public, greater efficiency in resource allocation, and real time access to data, enabling evidence based policy responses and speeding up development. The digital economy in Sri Lanka is on a gradual rise, witnessing notable strides in software and IT services, e-government services, and fintech via the development of digital infrastructure, with many global companies setting up operations in the field, creating fresh prospects for innovation and entrepreneurship. Moreover, the COVID-19 pandemic has accelerated the adoption of digital technology and many businesses and individuals turning to online platforms for work and communication. In addition, e-government services have enabled better citizen engagement and increased transparency and accountability, while fintech has offered opportunities for innovative financial services, promoting financial inclusion. Meanwhile, digital inclusion in Sri Lanka witnessed a progressive transformation with various initiatives aimed at providing affordable internet connectivity and digital literacy training to underserved communities across the country. The Government's initiative of the National Digital Transformation Strategy (2021-2024), which is based on the three pillars of Digital Government, Digital Economy, and Digital Services, remains a commendable effort in this regard. Meanwhile, the enactment of the Personal Data Protection Act, No. 9 of 2022 and initiatives taken to establish a Data Protection Authority, as announced in the Budget 2023, are essential

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ingredients for digital transformation. Although Sri Lanka has made progress in digitalising the economy, the digital transformation of the country is still in its early stage of development, compared to peer economies, as reflected by the Digital Quality of Life (DQL) Index, where Sri Lanka ranked 89th out of 117 countries in 2022 based on various criteria, including internet affordability, internet quality, e-government, e-security, and e-commerce. To gather digitalisation momentum, there are still challenges to be overcome with significant room for improvement in many areas. Accordingly, Sri Lanka must pursue its efforts to invest in digital infrastructure, promote digital literacy and skills development to address the digital divide, and create a supportive regulatory environment that encourages innovation, technology transfer and foreign investment, to fast-track progress. Digitalisation provides an opportunity for Sri Lanka to address structural bottlenecks in its economy, such as poor targeting of people under safety nets, challenges in tax administration and monitoring, inefficiencies in supply channels, barriers to marketing, and coordination and transparency issues within the government sector, while creating numerous prospects for productivity improvement in the human capital of the economy. Further, digitalisation enhances accessibility and facilitates integration into global value chains, ultimately bolstering the country's ability to seize market opportunities and drive economic recovery in the period ahead. Although the Government is driving digital transformation, the private sector bears a significant responsibility in digital development. This includes investments, innovation, technology transfer and human capital development aimed at bridging various levels of the digital divide to promote widespread digital usage within the society, in line with the evolution of technologies. Accordingly, a multifaceted, coordinated, and consistent policy approach, with active collaboration among all stakeholders including the Government, regulators, legal authorities, and the private sector, is crucial

in developing secure and reliable digital systems, which are expected to bridge the current digital divide, while simultaneously generating positive spillovers to other clusters of economic activities. It would also be necessary to enact the cyber security law, which would help frame appropriate rules and regulations to safeguard the wider financial system.

Striving towards rising from the economic crisis and strategising for stability and growth are essential, yet due regard to preserving the environment is also vital for ensuring sustainable growth. Longstanding environmental issues, such as deforestation, the human-elephant conflict, illegal mining, unorganised garbage dumping, carbon emissions, and crop losses due to wildlife and weather disruptions, have many socio-economic reverberations. Evidence shows that Sri Lanka has experienced a significant temperature rise, while annual precipitation and consecutive dry days have also increased in the recent decades. Several international studies have also identified Sri Lanka as one of the most vulnerable countries to climate change. The economy has suffered significantly from climate related issues in the past two decades, such as floods, droughts, erratic rainfall patterns, heat waves, landslides, and pest outbreaks. Rising temperatures and ocean acidification affect fish availability, which is an important source of proteins for our citizens, while also earning export incomes. Loss of food supply in turn leads to inflation, low welfare of the rural farmer community, having to expend scarce foreign currency on food importation, and loss of export income from agricultural products. The effects of climate change on energy generation have been severe, considering Sri Lanka's high dependence on hydropower (33.7 per cent in 2022) and recent changes in rain patterns. This issue is severe when global oil prices are high, given Sri Lanka's persistent foreign currency deficiency and energy insecurity. Further, over 2 million metric tonnes of coal are imported for energy generation annually because

of the inability to increase the share of fuel oils used to generate electricity due to foreign currency shortages. Adverse climate, natural disasters, and pollution have a negative impact on tourism, which is an industry that Sri Lanka is unfortunately heavily reliant on. The Government and the Central Bank have been taking several initiatives, lately, to support the environmental preservation drive, reduce the adverse impact on the environment from economic activities and direct fund flow to activities that support environmental preservation. The Central Bank worked with the International Finance Corporation of the World Bank to create a Sustainable Finance Roadmap and Taxonomy. A Climate Prosperity Plan was recently launched. Improving the country's economic resilience is also needed to make investments to improve environmental resilience. Comprehensive, centralised periodic reporting about the environment, covering all aspects of the environment, such as climate, atmospheric warming, forest cover, wildlife, mineral resources, pollution, etc., needs to be made available to the public by an identified authority. It can improve awareness among people about environmental concerns, and effectively coordinate policy actions. Foreign investments and grants should be enticed in relation to environmentally friendly projects and environment conservations that would have positive spillovers on several sectors, such as renewable energy, water management, and garbage management, among others. Domestic financial institutions should be encouraged to fund green and blue projects for sustainable and inclusive growth. Showcasing the consciousness of environmental protection would unlock several concessional financing options from multilateral, bilateral, and responsible private sector donors, which would be appealing in the country's current effort to restore debt sustainability. In the long run, innovative steps to increase environmental accountability, such as Green Gross Domestic Product, a GDP calculation that makes adjustments for environmental damage caused, need to be explored.

Sustainable recovery of growth hinges on undertaking much needed reforms expeditiously in key areas of the economy, while benefiting from the ongoing debt restructuring efforts. Evidence on the possible impact of debt restructuring on a country's growth prospects in the post-debt restructuring period is mixed. The process of debt restructuring can be associated with negative economic effects, such as worsening investor and business confidence, lack of access to commercial credit, higher borrowing costs associated with low sovereign rating, and reduced government spending. However, debt restructuring can help to reduce government borrowing in the medium term and increase the availability of credit for private sector investment, which can have a positive growth impact. Economic growth remains a major factor in the post-debt restructuring period as it affects the ability of a country to pay its debt obligations, even after restructuring. When a country fails to revive its economic growth, it may be more difficult for it to meet its debt obligations and to sustain the benefits of debt reprofiling without falling into similar debt unsustainability issues in the post-restructuring period. The economic performance of a country during the post-debt restructuring period could fall below its potential due to several factors: unfavourable economic conditions, which could be due to both external or domestic growth impediments; implementation challenges, where reaching agreements with creditors or successfully implementing the re-profilings could be difficult; insufficient policy measures, in particular, those aimed at supporting growth failing to have the desired impact; and political instability, the possibility of which could be high during a debt crisis, and in turn could undermine investor confidence. There are several examples of countries that have implemented policies to support growth after a sovereign debt restructuring, with varying degrees of success. In Ireland, the Government implemented a range of policy measures to

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support growth after its debt restructuring in 2010, including tax cuts, increased government spending, and structural reforms aimed at improving competitiveness. These measures, along with the recovery in the global economy and the rebound in the technology sector, helped boost demand and support economic growth. Another example is Ecuador that implemented a series of policies aimed at boosting growth, including increased government spending, investment in infrastructure, and targeted social spending programmes. These actions helped stimulate demand and support economic growth after the restructuring, although the country has faced challenges in maintaining fiscal sustainability in recent years. Despite facing a range of economic, political, and social challenges, Sri Lanka has demonstrated a remarkable ability to bounce back and recover from setbacks. This resilience is due in part to the country's strong cultural and social fabric, as well as its highly educated and skilled workforce. Sri Lanka's resilience is a testament to the strength and resilience of its people and institutions and provides a strong foundation for future growth and development after debt restructuring. Yet, several challenges remain in recovering growth expeditiously. Firstly, Sri Lanka is facing its first experience of defaulting on a selected range of debt and engaging in the process of debt restructuring. The lack of experience could be a shortcoming in carefully planning and executing debt restructuring and timely formulating post-restructuring strategies for revival. Moreover, unlike many other countries, Sri Lanka's status is much more complex. Public debt unsustainability and the resulting preemptive default are coupled with many other instabilities and difficulties, including a BOP crisis, escalated inflation, notably weakened currency, social unrest, and political turmoil. The measures already taken and envisaged to address this multifaceted crisis are not aimed at growth promotion, but rather focused on restoring macroeconomic stability. Hence, in parallel to progressing on debt restructuring,

it is vital for the Government to devise a growth enhancement vision with the assistance of external and domestic stakeholders. Financing assistance from the IMF and other multilateral agencies would be instrumental in building a strong foundation for regaining confidence in Sri Lanka. Ongoing reforms and restructuring of the state sector and SOEs would help enhance productivity and efficiency in this sector, while also indirectly supporting the private sector. Fighting corruption and improving adherence to law and order are also essential enablers, the demand for which however needs to originate from the wider society, and it would undoubtedly improve the doing business environment and thereby the attractiveness of the country as an investment destination. Formation and consistent execution of national policies across key sectors, such as agriculture, industry, international trade, and investment policies would be growth positive. Debt restructuring would undoubtedly create the much needed space for the Sri Lankan economy to regain stability. However, sustaining this space and reaching its economic potential would be the key to reaping the full benefit of this historic moment.

In this context, while acknowledging the measures already taken to address some of the issues highlighted over the years, concerted efforts should be taken by the Government, relevant authorities, and policymakers to formulate strategies to address and overcome other long-standing structural issues to ensure the economy makes a gradual and sustainable economic recovery. It is imperative that all stakeholders in the economy realise that the IMF-EFF supported programme alone will not be a panacea to the issues that the country is grappling with at this time. Rather, the country needs to make use of this opportunity to rectify and remedy the legacy missteps by implementing the required reforms with the support of all stakeholders, thereby preventing the need for recurring bailout programmes.

Therefore, fervent efforts and perseverance by all stakeholders are required to initiate and institute the necessary fiscal and SOBE reforms, improve the country's growth potential, restore and ensure price and financial stability while rebuilding external buffers, restore public debt sustainability, and most importantly reduce corruption while supporting vulnerable groups through appropriate social safety net schemes. In this process, it is up to

all stakeholders, including the public, to remain informed about what is best for the country, and collectively ensure that the aforesaid pillars of reform are not renegeed for short term political gains. This would ensure that the economy makes steady progress in the journey towards sustainable growth, while safeguarding the country's macroeconomic stability.

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NATIONAL OUTPUT, EXPENDITURE, INCOME AND EMPLOYMENT

2.1 Overview

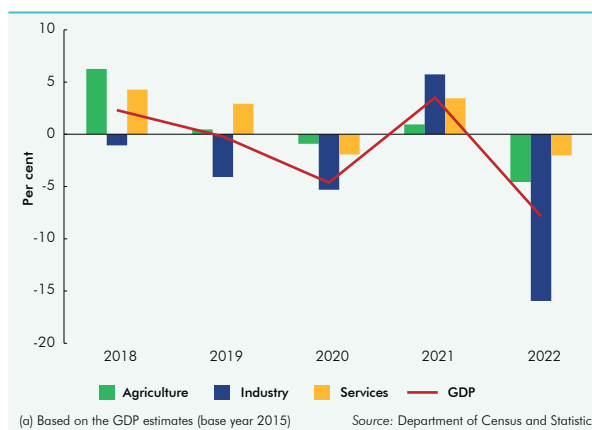
The Sri Lankan economy contracted by 7.8 per cent in 2022 on a year-on-year basis, recording its highest contraction in the backdrop of the worst ever economic crisis experienced by the post-independence economy, while prudent policy intervention averted possible deepening of the crisis. The economic crisis initially caused supply disruptions in the forms of severe shortages of consumer goods, energy sources including fuel and electricity, and inputs for various industries, mainly on account of the sharp depletion of foreign exchange liquidity in the market leading to a significant increase in prices. This situation compelled both the Central Bank and Government to introduce painful but essential policy measures, such as unprecedented adjustments to policy interest rates to curtail inflationary pressures and prioritisation of essential imports to minimise foreign exchange outflows, to prevent further worsening of the crisis. These measures contributed to contain demand pressures, minimise supply side disruptions, and improve availability of essential imports including fuel and material for industries, thereby gradually stabilising the economy. Reflecting the impact of economic stresses, all three major economic activities, namely, Industry, Services and Agriculture, contracted during the year 2022. The setback in manufacturing, construction, and mining and quarrying activities led the contraction in Industry activities, while contractions observed particularly in real estate activities including ownership of dwellings, insurance, and financial services, negatively affected Services activities, outpacing the positive spillovers of the recovery in tourist arrivals recorded on a year-on-year basis. Subdued performance in fishing activities caused by fuel shortages, in animal production owing to shortages of animal feed, and in growing of rice and vegetables driven by the lack of fertiliser, dampened the overall growth in Agriculture activities. This situation in turn resulted in a decline in labour productivity despite the favourable developments in key labour market indicators. On the expenditure front, both consumption and investment grew significantly at current prices induced by elevated price levels in 2022. However, at constant prices, both investment and consumption contracted, driven by the deterioration of purchasing power and holding up of investments under soaring inflation and high borrowing cost. On the other hand, net external demand at current prices improved due to substantial growth in the export of goods and services benefitting from the sharp depreciation of the Sri Lanka rupee, which surpassed the growth in the import of goods and services. The relatively slower growth in imports was largely a result of dried-up forex liquidity in the banking sector, restrictions on non-essential imports, sharp depreciation of the rupee, and the significant tightening of monetary policy.

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

The Gross Domestic Product (GDP) at constant (2015) market prices (hereinafter referred to as ‘constant prices’) contracted at a historically higher rate of 7.8 per cent in 2022, compared to the growth of 3.5 per cent recorded in 2021, while the crucial policy measures implemented by the Central Bank and Government helped to address the adverse economic headwinds confronted by the country. Meanwhile, GDP at current market prices (hereinafter referred to as ‘current prices’) was estimated at Rs. 24,147.7 billion

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

Figure 2.1
Annual GDP Growth Rate (a)



(US dollars 77.1 billion) in 2022, which was an increase of 37.2 per cent in rupee terms, compared to Rs. 17,600.2 billion (US dollars 88.5 billion) in 2021. This higher growth in GDP at current prices

Table 2.1
Gross Domestic Product by Industrial Origin at Constant (2015) Prices (a)(b)

Economic Activity	Growth (%)		Contribution to Growth (%)		As a Percentage of GDP (%)	
	2021 (c)	2022	2021 (c)	2022	2021 (c)	2022
Agriculture, Forestry and Fishing	0.9	- 4.6	0.1	- 0.3	7.3	7.5
Growing of cereals (except rice)	2.8	- 21.6	0.00	- 0.04	0.2	0.1
Growing of rice	- 11.8	- 13.0	- 0.11	- 0.11	0.8	0.8
Growing of vegetables	- 1.7	- 8.4	- 0.02	- 0.07	0.8	0.8
Growing of sugar cane, tobacco and other non-perennial crops	- 7.3	1.8	- 0.00	0.00	0.0	0.0
Growing of fruits	- 10.8	0.5	- 0.07	0.00	0.6	0.6
Growing of oleaginous fruits (coconut, king coconut, oil palm)	11.2	8.6	0.08	0.07	0.8	0.9
Growing of tea (green leaves)	8.5	- 15.9	0.05	- 0.09	0.6	0.5
Growing of other beverage crops (coffee, cocoa etc.)	- 16.2	- 9.1	- 0.00	- 0.00	0.0	0.0
Growing of spices, aromatic, drug and pharmaceutical crops	4.5	3.3	0.03	0.02	0.8	0.8
Growing of rubber	6.2	- 6.7	0.01	- 0.01	0.2	0.2
Growing of other perennial crops	- 9.5	2.0	- 0.02	0.00	0.2	0.2
Animal production	8.2	- 12.9	0.06	- 0.09	0.7	0.7
Plant propagation	30.8	8.3	0.00	0.00	0.0	0.0
Agricultural supporting activities	14.2	14.7	0.03	0.03	0.2	0.3
Forestry and logging	4.4	16.1	0.01	0.05	0.3	0.4
Fishing	1.5	- 10.5	0.02	- 0.11	1.1	1.0
Industries	5.7	- 16.0	1.7	- 4.8	30.2	27.5
Mining and quarrying	1.4	- 31.0	0.03	- 0.68	2.2	1.7
Manufacturing	7.4	- 12.6	1.23	- 2.18	17.2	16.3
Electricity, gas, steam and air conditioning supply	4.9	- 5.9	0.07	- 0.09	1.4	1.5
Water collection, treatment and supply	- 17.8	0.6	- 0.02	0.00	0.1	0.1
Sewerage, waste treatment and disposal activities	- 3.3	3.9	- 0.01	0.01	0.2	0.2
Construction	4.4	- 20.9	0.39	- 1.88	9.0	7.7
Services	3.5	- 2.0	2.0	- 1.1	56.9	60.5
Wholesale and retail trade, transportation and storage, and accommodation and food service activities	1.3	2.6	0.31	0.62	24.2	26.9
Information and communication	18.0	- 1.4	0.51	- 0.05	3.2	3.5
Financial, insurance and real estate activities including ownership of dwellings	7.5	- 15.4	0.76	- 1.63	10.5	9.7
Professional services and other personal service activities	1.8	- 0.6	0.18	- 0.06	9.9	10.7
Public administration, defence, education, human health and social work activities	2.2	- 0.3	0.20	- 0.03	9.0	9.7
Equals Gross Value Added (GVA) at Basic Price	4.0	- 6.7	3.7	- 6.3	94.4	95.5
Taxes less subsidies on products	- 3.6	- 27.1	- 0.2	- 1.5	5.6	4.5
Equals Gross Domestic Product (GDP) at Market Price	3.5	- 7.8	3.5	- 7.8	100.0	100.0
Net primary income from rest of the world	12.6	- 3.5				
Gross National Income at Market Price	4.0	- 8.1				

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

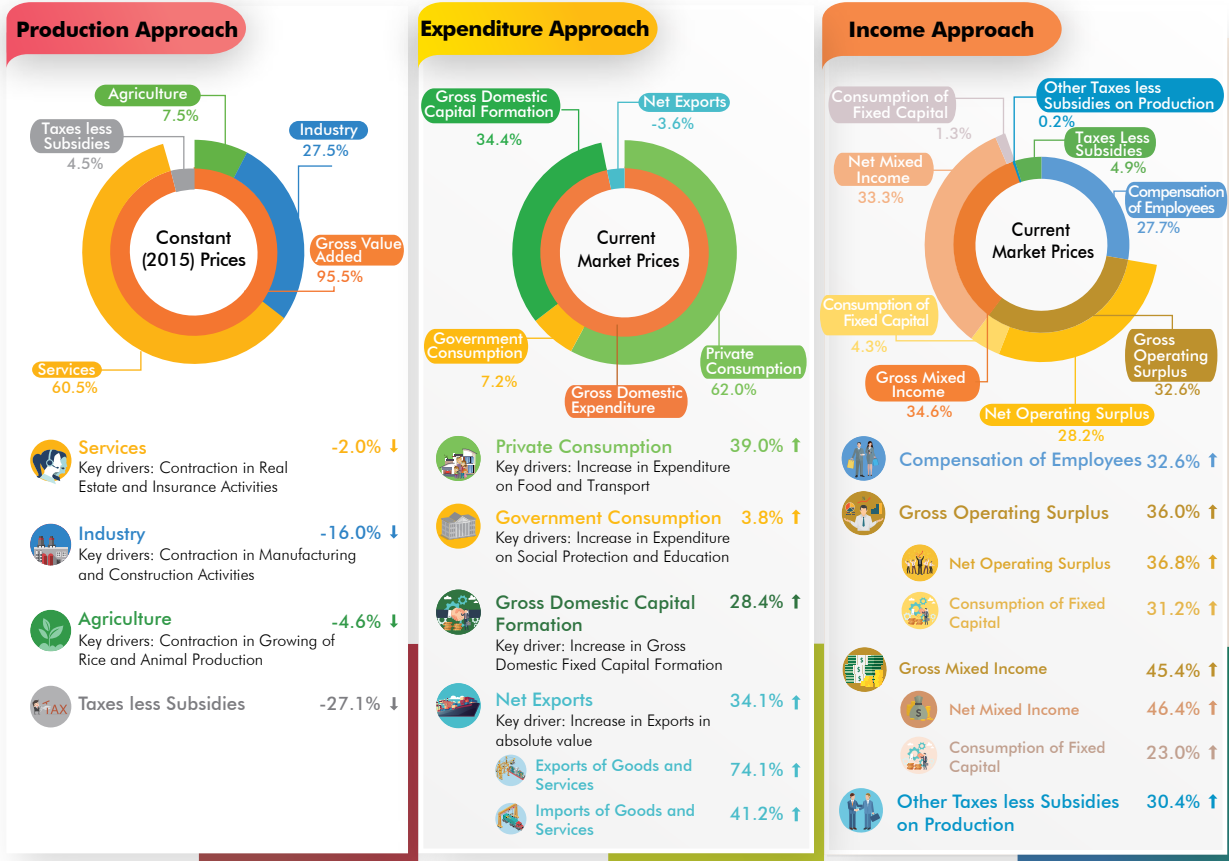
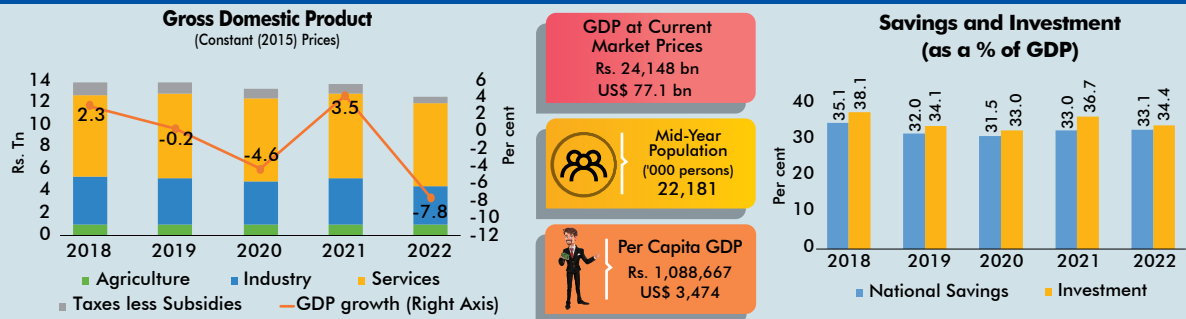
(b) Provisional

(c) Revised

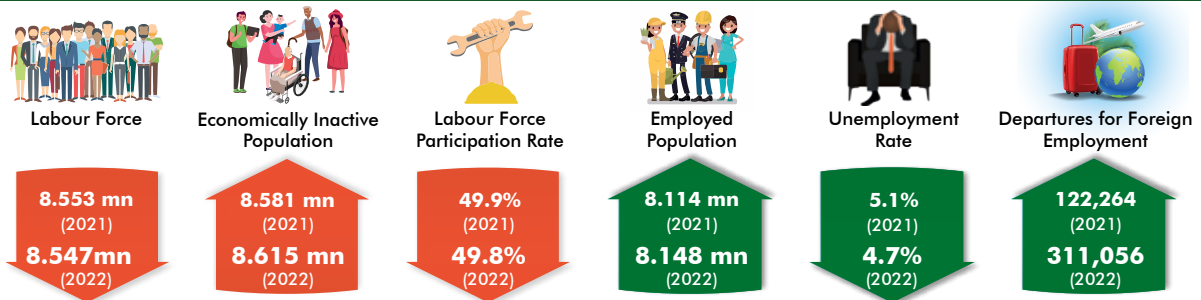
Source : Department of Census and Statistics

Figure 2.2
Snapshot of National Output, Expenditure, Income and Employment - 2022

The Sri Lankan economy recorded its deepest contraction in the backdrop of the worst-ever economic crisis...



Labour Market Indicators



mainly reflects the impact of increased price levels during the year as indicated by the surge in GDP implicit deflator to 48.8 per cent in 2022, from 8.5 per cent recorded in 2021.

The Gross National Income (GNI), estimated by adjusting GDP for the net primary income from the rest of the world, also grew by 36.7 per cent at current prices in 2022, compared to the growth of 12.8 per cent recorded in 2021. This growth in GNI during the year merely reflects the increase in GDP at current prices, as net primary income from the rest of the world deteriorated.

GDP per capita increased to Rs. 1,088,667 (US dollars 3,474) in 2022, compared to Rs. 794,376 (US dollars 3,997) in 2021. The increase in GDP per capita in rupee terms was driven by the significant increase in GDP at current prices, while GDP per capita in US dollar terms declined due to the substantial depreciation of the Sri Lanka rupee against the US dollar during the year. Meanwhile, GNI per capita was estimated at Rs. 1,060,654 (US dollars 3,388) in 2022, compared to Rs. 776,523 (US dollars 3,907) in 2021.

2.3 Contribution from Institutional Sectors

The Non-Financial Corporations (NFC) sector, representing 43.6 per cent share, was the largest contributor to the Gross Value

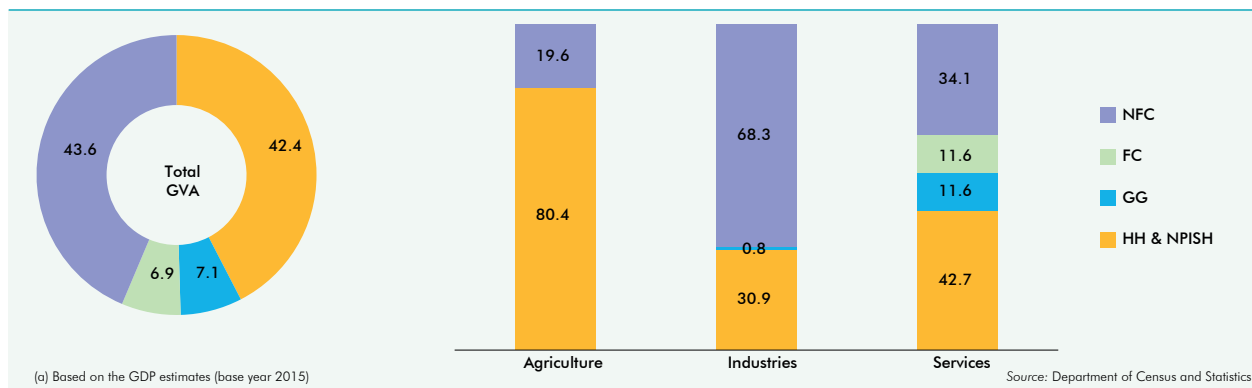
Added (GVA) estimated at current market prices in 2022. Accordingly, the NFC sector grew by 38.7 per cent in 2022, compared to the growth of 14.5 per cent in the previous year. Further, the NFC sector remained the largest contributor to Industry activities, while Agriculture and Services activities were mainly contributed by the Household and Non-Profit Institutions Serving Households (HH and NPISH) sector. Meanwhile, the HH and NPISH, General Government (GG) and Financial Corporations (FC) sectors grew by 42.5 per cent, 7.1 per cent and 52.1 per cent, respectively, in 2022.

2.4 Output, Policies, Institutional Support and Issues

Agriculture

The supply side headwinds including severe shortages of agricultural inputs, particularly those of fertilisers and other agrochemicals, substantial increase in production cost, and disruptions in fuel supply hampered the overall performance of Agriculture activities during 2022. Accordingly, Agriculture activities contracted by 4.6 per cent in 2022 in value-added terms, compared to the growth of 0.9 per cent recorded in 2021, mainly with significant contractions in total fishing, growing of rice and animal production. In addition,

Figure 2.3
Percentage Share of Gross Value Added (GVA) by Institutional Sectors in 2022 (at Current Market Prices) (a)



BOX 4

Rebasing of National Accounts Estimates to Base Year 2015¹**Introduction**

National Accounts estimates are among the critical inputs in economic analyses as well as in policymaking as they reflect the real sector developments of an economy. Therefore, it is essential to accommodate the changes in the economic and price structures of an economy over time to the National Accounts estimates through regular rebasing exercises. Fulfilling this requirement, the base year of Sri Lankan National Accounts estimates has been revised from time to time, to 1958, 1963, 1975, 1990, 2002, 2010 in history, and the latest to 2015. The Department of Census and Statistics (DCS), as the official compiler, updated the base year of National Accounts estimates to 2015, replacing the previous base year of 2010. Alongside the latest rebasing exercise, DCS expanded the production boundary and broadened the coverage of economic activities while some improvements were made to the compilation methodologies.

Expanding the Production Boundary and Coverage of Economic Activities

The coverage of many economic activities was broadened during the latest rebasing exercise. One of the major coverage expansions is the inclusion of reclamation work relating to the *Colombo International Financial City (CIFC)* project into the Industry activities, which were carried out during the period from 2014 to 2018, taking into account the percentage of work done in each year. This led to considerable fluctuations in the Gross Domestic Product (GDP) estimates and the corresponding GDP growth rates during the period 2014-2019. The coverage of several Agriculture and Services activities was also broadened during this rebasing exercise. Along with these coverage improvements, the rebased GDP estimates related to the Production Approach were disseminated under 49 economic activities, instead of 48 economic activities under the 2010 series. This is attributable to the estimation of *plant propagation* and *agricultural supporting activities* separately under the new base year. In terms of Agriculture activities, coverage improvements were introduced to the *growing*

of fruits, oil palm, flower plant propagation, household log production, and agricultural supporting activities. In terms of Services activities, the coverage in the areas of *information technology, warehousing activities, broadcasting activities, courier services and financial services* were broadened during this rebasing exercise.

Methodological Improvements and Use of New Data Sources

During the rebasing exercise, several methodological improvements were adopted in estimating many economic activities, such as *agricultural supporting activities, forestry and logging, plant propagation of flower plants, manufacturing, construction, electricity generation, IT programming consultancy, accommodation services, food and beverage service activities, and wholesale and retail trade activities.* Further, new data sources including *Economic Census 2013/14, Information Technology and Information Technology Enabled Services Survey* and revenue information related to the registered companies of *Colombo Stock Exchange (CSE)* were incorporated in compiling the rebased estimates under the 2015 base year. Moreover, DCS adopted the “Double Deflation method” in place of the “Single Deflation method” in compiling the estimates for many economic activities at constant prices under the new base year².

Key Outcomes of Rebasing National Accounts Estimates to Base Year 2015

The base year revision affected many economic indicators, such as the size of the economy (value of GDP), GDP growth rate, and share of major economic activities to the GDP. Compared to the previous base year of 2010, the rebased GDP estimates at constant prices indicated a level shift attributable to the

Table B 4.1
Comparison of recent GDP Rebasing Exercises

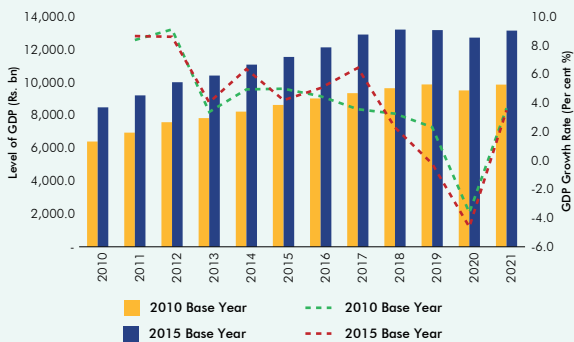
	2002	2010	2015
GDP at current prices (Rs. Million)	1,636,036.6	6,413,668.5	11,566,987.4
Level shift % (at current prices)		14.4%	5.6%

Source: Department of Census and Statistics

1. The Central Bank acknowledges the information and the constructive feedback provided by the DCS in preparing the extended version of this article published in the News Survey (Volume 42, Number 3) under the topic “Rebasing of National Accounts Estimates to Base Year 2015”.

2. Under the “Single Deflation method” both Output and Intermediate Consumption (IC) are deflated using the same price index, whereas in the “Double Deflation method”, Output and IC are deflated using two different price indices to compile constant price estimates accurately.

Figure B 4.1
Comparison of GDP estimates at constant prices and GDP Growth rates – 2010 to 2021

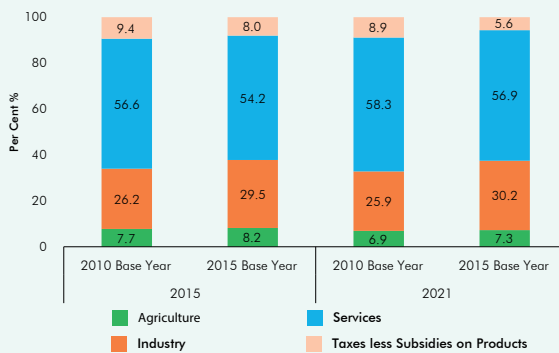


Source: Department of Census and Statistics

replacement of 2010 base year prices with 2015 prices to capture the evolution in prices, as well as the coverage and methodological improvements. Consequently, the corresponding GDP growth rates were affected by the base year revision. Particularly, the addition of reclamation work related to the CIFC project led to a considerable shift in GDP level, as well as growth rates during the 2014-2019 period which is reflected in the data presented in Table B 4.1 and Figure B 4.1.

Further, along with the base year revision, the contribution to GDP from its major components namely, Agriculture, Industry, Services, and Taxes less Subsidies on Products were changed, especially with an increase in the share of Industry activities and a decline in the share of Services activities and Taxes less Subsidies on Products as shown in Figure B 4.2.

Figure B 4.2
Comparison of Share of GDP at constant prices - 2015 and 2021



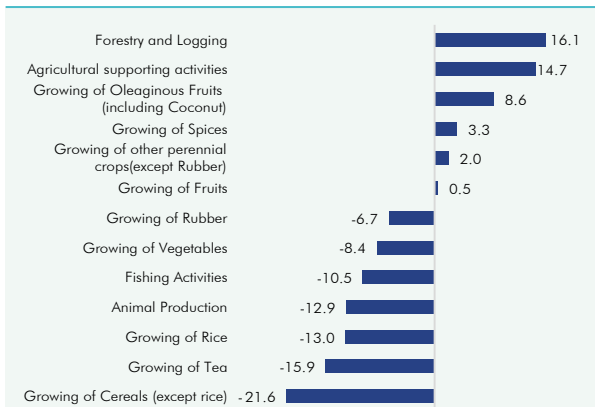
Source: Department of Census and Statistics

Following the increase in the GDP estimates at current prices, macroeconomic indicators which are expressed as a percentage of GDP such as *Budget Deficit* and *Debt to GDP* were also revised. Generally, a rebasing process provides policymakers and other stakeholders with a more representative set of economic statistics of the existing economic structure for better evidence based decision making. However, when referring to the rebased GDP estimates, it is imperative to understand the impact of one-off events separately from the impact of long lasting events and evaluate them appropriately.

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2. Thilangani, U.K.T. and Liyanage, D.N. (2022). 'Rebasing of National Accounts Estimates to Base Year 2015', News Survey, vol. 42, no. 03, pp. 2-8, Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/satahana/News_Survey_2022_03.pdf

Figure 2.4
Growth Rates of Agriculture Activities - 2022 (a)



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

Source: Department of Census and Statistics

growing of tea, vegetables, other cereals, and rubber declined during the year. Nevertheless, forestry and logging, agriculture support activities, growing of oleaginous fruits (including coconut), spices, and fruits increased during the year. On a positive note, a recovery in Agriculture activities was observed during the last quarter of the year with improved availability of agricultural inputs and fuel, and favourable weather conditions. Meanwhile, reflecting the subdued performance in Agriculture activities, the Production and Demand sub-indices related to the Agriculture segment of

the Business Outlook Survey² (BOS) conducted by the Central Bank recorded a contraction on average during the year.

Index of Agricultural Production

The Volume Index of Agricultural Production (VIAP),³ which measures the output of the agriculture sector, recorded a significant contraction in 2022. The overall VIAP contracted by 19.4 per cent, year-on-year, during 2022, compared to a year-on-year growth of 2.1 per cent in 2021. Most of the sub-indices, including paddy, tea, rubber, and livestock and livestock products, contributed to the overall decline, whereas the fruits sub-index recorded a significant improvement, along with the coconut sub-index, compared to the previous year.

Paddy

Total paddy production of the country declined significantly in 2022, recording its lowest annual production since 2017, amidst severe supply side disruptions, including the shortage of fertilisers. Despite the lifting of the ban

on the importation of inorganic fertilisers and other agrochemicals in the latter part of 2021, the sequels of the ban, compounded with the lack of foreign exchange to import required fertilisers, resulted in acute fertiliser shortages in the country, having a significant bearing on the paddy sector, among others. Following the bumper harvest in 2021, annual paddy production recorded a decline of 34.1 per cent, year-on-year, to 3.4 million metric tons in 2022. This was a combined outcome of a 36.9 per cent decline in the 2021/2022 Maha season which accounted for 57.0 per cent of total production, and a 30.0 per cent drop in the paddy harvest in the 2022 Yala season. The net land extent harvested during the year marginally declined by 1.1 per cent to 1,114,246 hectares, while the average yield of paddy declined to 3,045 kilogrammes per hectare in 2022, compared to 4,571 kilogrammes per hectare, recorded in 2021, reflecting the impact of input shortages and productivity slowdown during these seasons. The total paddy production in 2022 was equivalent to 2.1 million metric tons of rice, and approximately 11 months of sufficiency of household rice demand.⁴ In order to arrest the price pressures stemming from rice shortages in the domestic market and meet the overall rice requirement of the country while ensuring food security, the Government initiated measures to import rice during the year. Accordingly, around 783,420 metric tons of rice were imported in 2022, compared to 147,091 metric tons of rice imported during the previous year. Nevertheless, as domestically available rice stocks gradually increased, along with imported stocks and the harvest from the Yala season, a ban was imposed on the importation of rice, except for a few varieties, with effect from 09 December 2022.

Elevated input costs, combined with the drop in production, resulted in higher paddy and rice prices during 2022. Continuing the trend

² The Business Outlook Survey summarises information revealed from the responses from leading corporates, which were selected in accordance with the composition of the GDP.

³ From 2022, the Volume Index of Agricultural Production, compiled by DCS, replaced the Agriculture Production Index (API) which was compiled by the Central Bank of Sri Lanka.

Table 2.2
Volume Index of Agricultural Production
(2002=100) (a)

Item	2021	2022 (b)	Growth Rate (%)	
			2020/21	2021/22 (b)
Overall Index	199.1	160.4	2.1	-19.4
Tea	96.6	81.1	7.5	-16.0
Rubber	84.9	78.3	-1.7	-7.8
Coconut	126.9	137.9	1.1	8.7
Paddy	180.1	118.6	0.6	-34.1
Coarse Grain	1,473.9	838.1	50.1	-43.1
Other Food Crops	179.7	162.1	17.2	-9.8
Vegetables	200.4	185.5	-7.2	-7.4
Fruits	180.0	322.4	-15.5	79.1
Livestock & Livestock Products	180.1	175.2	3.5	-2.7
Minor Export Crops	193.0	188.5	4.7	-2.3

Source: Department of Census and Statistics

(a) From 2022, the Volume Index of Agricultural Production, compiled by the Department of Census and Statistics, replaced the Agriculture Production Index (API) which was compiled by the Central Bank of Sri Lanka.

(b) Provisional

⁴ The level of sufficiency is based on the average household rice consumption estimate in the Household Income and Expenditure Survey (HIES) – 2019. However, the actual rice demand of the country may be significantly higher than the HIES average household rice consumption estimate, as it excludes the rice demand for other sources, such as restaurants and hotels, rice-based food industries, etc.

Table 2.3
Paddy Sector Statistics

Item	Unit	2021 (a)			2022 (b)		
		Maha	Yala	Total	Maha	Yala	Total
Gross Extent Sown	hectares '000	770	501	1,272	776	482	1,258
Gross Extent Harvested	hectares '000	762	497	1,259	766	480	1,246
Net Extent Harvested	hectares '000	682	445	1,127	685	429	1,114
Production	mt '000	3,061	2,088	5,150	1,931	1,462	3,393
	bushels '000	146,720	100,079	246,799	92,555	70,050	162,605
Yield per Hectare (c)	kg/ hectare	4,492	4,692	4,571	2,819	3,407	3,045
Credit Granted by the Banking Sector (d)	Rs. mn	8,603	4,449	13,052	-	-	12,454
Rice Imports (e)	mt '000	-	-	147	-	-	783
Paddy Equivalent of Imported Rice (e)	mt '000	-	-	216	-	-	1,152

(a) Revised

(b) Provisional

(c) Yield per hectare is calculated by dividing production by the net extent harvested

(d) Commencing from 2022, data on cultivation loans granted by lending banks is not available separately for the Maha and Yala seasons.

(e) Annual figure

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

observed since late 2021, paddy prices recorded a further increase during early 2022, largely driven by supply shortages stemming from the lower production in the 2021/2022 Maha season and increased demand resulting from market speculations about supply shortages in the market. The Government intermittently intervened in the paddy and rice markets to reduce price volatility and maintain a steady supply. Accordingly, the guaranteed purchasing prices for a kilogramme of Samba, Nadu, and Keeri Samba paddy were increased to Rs. 92.00, Rs. 90.00, and Rs. 95.00, respectively, during the 2021/2022 Maha season, pursuant to the paddy purchasing programme of the Paddy Marketing Board (PMB). PMB was able to purchase around 71,280 metric tons of paddy from the 2021/2022 Maha season. Further, considering the escalation of cost of production in the paddy sector, PMB increased the guaranteed purchase prices of a kilogramme of Samba, Nadu, and Keeri Samba paddy to Rs. 125.00, Rs. 120.00, and Rs. 130.00, respectively, in the 2022 Yala season. However, PMB was able to purchase only around 7,076 metric tons of paddy under the new guaranteed prices due to lack of funding available for PMB to purchase paddy, thereby compelling farmers to sell their paddy stocks at a low price to private millers, causing a moderation of paddy prices towards late 2022. However, the average

prices of all varieties of paddy remained above the price levels observed in 2021. The average price of Samba paddy recorded a notable increase of 66.4 per cent, year-on-year, to Rs. 108.69 per kilogramme, from Rs. 65.32 per kilogramme recorded in 2021, while the average price of Nadu paddy also increased substantially to Rs. 103.87 per kilogramme in 2022, from Rs. 57.61 per kilogramme recorded in 2021, registering a year-on-year increase of 80.3 per cent over the previous year. Following similar trends in paddy prices, the prices of rice varieties also showed an upward trend throughout 2022, despite some moderation in late 2022. Accordingly, the average retail prices of Samba and Nadu were at Rs. 209.19 per kilogramme and Rs. 213.36 per kilogramme, respectively, in 2022, compared to Rs. 136.52 per kilogramme and Rs. 116.56 per kilogramme, respectively, in 2021. Meanwhile, several measures were undertaken by the Government to stabilise retail rice prices in the market, including the imposition of a maximum retail price (MRP) for rice varieties and boosting supply through rice imports to address the excessive volatility in retail rice prices amidst shortfalls in the rice supply in the local market. Accordingly, MRPs for Nadu, Samba, and Keeri Samba were imposed at Rs. 220.00 per kilogramme, Rs. 230.00 per kilogramme, and Rs. 260.00 per kilogramme, respectively, effective

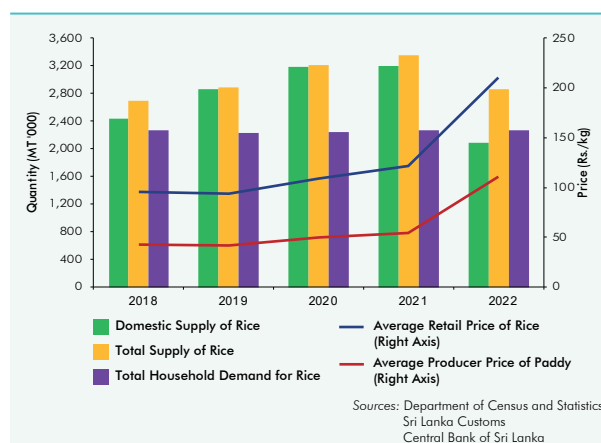
from 02 May 2022. To alleviate the impact of persistently high prices, the Government launched a programme to purchase Nadu paddy from farmers at Rs.100.00 per kilogramme during the 2022/2023 Maha season, with the intention of distributing 10 kilogrammes of rice per month to low income families in March and April 2023.

Several measures were undertaken by the Government in 2022 to address contemporary issues in the agriculture sector, while striving to improve the long term productivity of the sector.

With due consideration to the adverse effects of inadequate fertiliser availability emanating from the banning of importation of chemical fertilisers and agrochemicals as well as the limited liquidity in the domestic foreign exchange market to facilitate fertiliser imports, the Government expedited measures to provide chemical fertilisers since the third quarter of 2022. Accordingly, the Government procured 65,000 metric tons of urea under the Indian line of credit for the 2022 Yala cultivation, while the distribution of urea to paddy farmers was made at a subsidised price of Rs. 10,000.00 per a 50 kilogramme sack of urea during the 2022 Yala season. In addition, several arrangements were made with international organisations, including the World Bank (WB), the Asian Development Bank (ADB), and the Food and Agriculture Organisation

(FAO), through various assistance programmes and grants to ensure the timely supply of required urea, Triple Super Phosphate (TSP), and Muriate of Potash (MOP) fertilisers for the 2022/2023 Maha season and for upcoming seasons. Accordingly, the Government was able to disburse around 100,000 metric tons of urea for paddy cultivation in 2022/2023 Maha season, significantly contributing to the recovery of the paddy sector. Further, considering the need for allowing domestic use of glyphosate as a weedicide, the Cabinet of Ministers granted approval in September 2022 to import required quantities of glyphosate for agricultural purposes in the 2022/2023 Maha Season for a period of six months. In addition, urgent measures were taken to address the nutrient deficiencies which led to the yellowing of paddy plants in certain districts during the 2022/2023 Maha season, via provisioning of fertilisers and other organic supplements, while expediting extension services for pest and disease management. In addition, rice variety screening programmes to identify the best performing varieties continued throughout 2022, and four new varieties with special characteristics of short duration, high yield, and drought resistance were released in 2022. Of these four new varieties, one was released for industrial purposes, such as biscuit production. In an effort to improve precision agriculture through site-specific weed management, experiments were carried out in trial paddy fields to identify major weed types and the impact of those weed types on paddy fields using multispectral drone image technologies.

Figure 2.5
Rice : Supply and Demand



Tea

The production of tea registered a notable decline of 16.0 per cent, year-on-year, in 2022, largely due to the lagged effect of acute shortages of fertilisers and agrochemicals domestically. The preliminary diagnosis carried out by the Tea Research Institute (TRI) on the large decline of crop yields in several regions of the country pointed out that inaccessibility to



chemical fertilisers and agrochemicals, particularly urea based fertilisers and weedicides, significantly impacting the reported yield losses during the year. Accordingly, production of high, medium, and low grown tea, which contributed to around 22 per cent, 16 per cent, and 62 per cent of the total production, respectively, declined by 13.8 per cent, 21.2 per cent, and 15.4 per cent, respectively, in 2022. Meanwhile, the average yield in the smallholder sector decreased to 1,193 kilogrammes per hectare, compared to 1,414 kilogrammes per hectare reported in 2021, registering a year-on-year decline of 15.6 per cent in average yield. The tea sector experienced a rise in production costs in 2022 due to the elevated prices of chemical fertilisers and other agricultural inputs coupled with domestic shortages of those inputs, as well as the upward adjustments in utility prices, including fuel, electricity, and water, thereby hampering the country's competitiveness in global tea markets. Consequently, the estimated cost of production of tea increased by Rs. 20.00 to Rs. 639.00 per kilogramme in 2022, compared to 2021.

Tea prices at the Colombo Tea Auction (CTA) reached the historically highest level in 2022 and remained elevated throughout the year. The average price of tea increased notably by 105.2 per cent to Rs. 1,270.50 per kilogramme during the year, from Rs. 619.15 per kilogramme recorded in 2021. Accordingly, the average tea prices for high, medium, and low grown tea reported year-on-year increase of 94.6 per cent, 93.5 per cent, and 110.8 per cent, respectively, in 2022. Further, the average price received by smallholders for green leaves also increased significantly to Rs. 182.07 per kilogramme in 2022, compared to Rs. 93.67 per kilogramme in 2021. The average export price (FOB) of tea increased by 8.7 per cent to US dollars 5.03 per kilogramme during 2022, compared to US dollars 4.63 per kilogramme recorded in the preceding year. The increase in average tea prices during the year was partly attributed to the decline in the quantity

supplied to the CTA amidst the decline in local production, while the depreciation of the Sri Lanka rupee also contributed to the price hike in rupee terms.

In 2022, several measures were undertaken by the Government aimed at enhancing the productivity, value addition, and competitiveness of the Sri Lanka's tea Industry. The Sri Lanka Tea Board (SLTB) initiated a concessionary loan scheme at an interest rate of 8.0 per cent enabling tea factories to purchase fertiliser for their green tea leaves suppliers. During the year, SLTB disbursed Rs.16.9 million among 38 tea factories under the Factory Modernisation Subsidy Scheme, supporting modernisation activities of these factories aimed at improving the quality of the production process. In addition, SLTB granted Rs. 56.4 million through the Replantation Subsidy Programme to enhance the productivity of tea lands, while a subsidy of Rs. 24.5 million was provided for the installation of irrigation sprinkler systems in 204 acres of medium-scale tea lands. Several measures were undertaken by the Tea Small Holdings Development Authority (TSHDA) in relation to tea replanting and new planting programmes and crop rehabilitation subsidy programmes. During the year, 912 hectares of tea lands were replanted and 408 hectares of new lands were converted into tea lands, while the process of infilling in tea lands was continued. Throughout the year, efforts towards enhancing awareness among tea smallholders were carried out through advisory services. TRI continued its efforts in relation to research and development activities and service projects pursuant to its strategic plan. Accordingly, special projects, such as the development and introduction of a motorised selective tea harvester suitable for tea lands in the country, establishment of seed gardens to increase the production of improved seeds as a source of planting materials in drought prone areas, promotion of commercialisation of microbial bio pesticides in tea cultivation, and expansion of mother bush areas of new tea cultivars were underway during the year.

Rubber

Rubber production continued to decline in 2022 for the second consecutive year, largely driven by the combined effect of adverse weather conditions that prevailed in rubber growing areas, fertiliser shortages, and the spread of the Pestalotiopsis disease. The impact of fertiliser shortages on immature rubber plantations during 2022 was significant, causing stunted tree growth that causes delays in the tapping stage of plantations and reduces land productivity in the period ahead. Furthermore, the scarcity of agrochemicals resulted in severe propagation of the Pestalotiopsis disease in rubber plantations during the year, affecting around 40,000 hectares of rubber plantations, resulting in a decline in yield ranging from 0-10 per cent in affected rubber plantations. Accordingly, total rubber production decreased by 7.8 per cent to 70.9 million kilogrammes, year-on-year, in 2022. Among major categories of rubber production, sheet rubber production accounted for 49.0 per cent of the total rubber production with a contraction of 9.6 per cent, while production of other categories of rubber recorded a decline of 11.7 per cent during the year, compared to 2021. However, crepe rubber production recorded a growth of 3.9 per cent during 2022. Despite the notable increase in local rubber prices in 2022, productivity and tapping limitations in the rubber sector prevented plausible improvements in production. Meanwhile, the average yield of rubber reduced by 2.1 per cent, year-on-year, to 665 kilogrammes per hectare in 2022 due to the reduction in tapping days. The cost of production of rubber was on the rise and recorded at Rs. 288.00 per kilogramme by end of 2022, registering an increase of 30.3 per cent from the previous year. In 2022, the domestic consumption of raw rubber by the industrial sector contracted by 12.4 per cent to 117.3 million kilogrammes, which was partially attributed to the decline in demand for medical gloves in both domestic and global markets as the COVID-19 pandemic faded away.

The prices of most varieties of rubber at the Colombo Rubber Auction reached historically high levels, driven by the favourable demand in the global market during the first half of 2022. At the Colombo Rubber Auction, the annual average price of Ribbed Smoked Sheet No.1 (RSS1) increased to Rs. 595.00 per kilogramme in 2022 from Rs. 460.78 per kilogramme in 2021, registering a year-on-year increase of 29.1 per cent, while the average price of latex crepe also increased notably by 44.2 per cent, year-on-year, to Rs. 903.27 per kilogramme from Rs. 626.32 per kilogramme in 2021. Nevertheless, towards the latter part of the year, rubber prices were on a decelerating trend, mainly due to weaker demand for rubber based products in both domestic and global markets. Accordingly, at end 2022, the average auction prices of RSS1 and latex crepe rubber stood at Rs. 517.67 per kilogramme and Rs. 628.33 per kilogramme, respectively. The average FOB price of rubber also marginally increased to US dollars 2.73 per kilogramme in 2022 from US dollars 2.72 per kilogramme recorded in the previous year.

Strategies for improving the productivity and value additions in the rubber sector continued in 2022. The Rubber Research Institute (RRI) conducted multiple research studies during the year in its effort to increase the productivity of the rubber sector. During the year, research on the adaptation of low-intensity harvesting systems was carried out with the aim of reducing production costs and handling labour shortages, particularly in non-traditional areas. As a result, approximately 1,600 hectares of rubber lands owned by smallholders and plantation companies were converted to 'once in four days tapping system'. Screening of clones to identify resistant clones against leaf diseases was completed in 2022 in an effort to prevent significant yield losses caused by such diseases, while measures were also underway to identify climate resilient clones for sustainable rubber cultivation. During the

year, programmes aimed at raising awareness among rubber farmers on improved techniques for applying slow-release fertiliser and enhancing the nutritional intake of plants were carried out in several rubber growing regions, covering Monaragala, Middeniya, Matugama, Horana,

Table 2.4
Trends in Principal Agricultural Crops

Category	Unit	2021 (a)	2022 (b)	Change (%)	
				2020/21 (a)	2021/22 (b)
1. Tea					
1.1 Production (c)	kg mn	299.5	251.5	7.4	-16.0
- Low Grown	kg mn	183.2	155.0	7.8	-15.4
- Medium Grown	kg mn	51.0	40.2	9.1	-21.2
- High Grown	kg mn	65.3	56.3	5.0	-13.8
1.2 Total Extent	hectares '000	267	267	0.3	0.2
1.3 Extent Bearing	hectares '000	267	267	0.3	0.2
1.4 Cost of Production (d)	Rs./kg	618.49	638.99	13.2	3.3
1.5 Average Price					
- Colombo Auction	Rs./kg	619.15	1,270.50	-2.3	105.2
- Export (F.O.B.)	Rs./kg	920.76	1,643.11	6.2	78.5
1.6 Replanting	hectares	1,123	1,239	38.3	10.3
1.7 New Planting	hectares	696	476	61.9	-31.6
1.8 Value Added as % of GDP (e)	as % of GDP	0.6	0.5	4.8	-8.8
2. Rubber					
2.1 Production	kg mn	76.9	70.9	-1.7	-7.8
- Sheet Rubber	kg mn	38.4	34.8	-1.7	-9.6
- Crepe Rubber	kg mn	13.9	14.5	7.4	3.9
- Other	kg mn	24.5	21.7	-6.2	-11.7
2.2 Total Extent	hectares '000	139	139	0.6	-0.1
2.3 Area under Tapping (f)	hectares '000	113	107	-6.1	-5.9
2.4 Cost of Production	Rs./kg	221.00	288.00	3.5	30.3
2.5 Average Price					
- Colombo Auction (RSS 1)	Rs./kg	460.78	595.00	31.1	29.1
- Export (F.O.B.)	Rs./kg	540.77	841.72	52.8	55.7
2.6 Replanting (f)	hectares	1,522	1,264	55.9	-16.9
2.7 New Planting (f)	hectares	1,188	489	58.2	-58.9
2.8 Value Added as % of GDP (e)	as % of GDP	0.2	0.2	2.6	1.2
3. Coconut					
3.1 Production	nuts mn	3,120	3,391	11.7	8.7
- Desiccated Coconut	nuts mn	298	314	31.8	5.2
- Coconut Oil	nuts mn	211	445	340.6	110.7
- Other	nuts mn	2,607	2,628	3.6	0.8
3.2 Total Extent	hectares '000	505	505	0.2	0.0
3.3 Cost of Production	Rs./nut	26.96	27.21	23.6	0.9
3.4 Average Price					
- Producer Price	Rs./nut	71.88	74.86	17.7	4.1
- Export (F.O.B.) (g)	Rs./nut	65.36	84.54	24.2	29.3
3.5 Replanting / Under Planting (h)	hectares	4,709	5,481	-11.7	16.4
3.6 New Planting (i)	hectares	9,622	13,913	20.3	44.6
3.7 Value Added as % of GDP (e)	as % of GDP	0.8	0.9	7.4	17.8

(a) Revised

(b) Provisional

(c) Includes green tea

(d) Includes green leaf suppliers' profit margin

(e) In growing and processing only

(f) Extent covered by cultivation assistance schemes of the Rubber Development Department

(g) Three major coconut kernel products only

(h) Extent covered by cultivation assistance schemes of the Coconut Cultivation Board (CCB)

(i) The extent newly planted is calculated based on the amount of coconut seedlings distributed by CCB at a conversion rate of 158 seedlings for one hectare.

Sources:

Sri Lanka Tea Board

Tea Small Holdings Development

Authority

Ministry of Plantation

Department of Census and Statistics

Rubber Development Department

Coconut Cultivation Board

Coconut Development Authority

Colombo Tea Brokers' Association

The Ceylon Chamber of Commerce

Sri Lanka Customs

Central Bank of Sri Lanka

Bulathsinhala, Kalutara, Kegalle, and Ratnapura. Further, the Rubber Development Department (RDD) continued to engage in expanding the rubber cultivation extent through new planting and replanting activities during the year. Under the new planting programmes, latex harvesting was commenced in 2022 at the first established rubber field in Mullaitivu in the Northern Province. Measures were also taken to popularise different types of rubber-based intercropping systems and crop diversification in unutilised lands through field demonstrations in different trial fields. Meanwhile, in the light of the rising cost of cultivation, revisions were made to the subsidy schemes for replanting and new planting with effect from 01 January 2022, in order to reduce the number of installments for the provision of subsidy funds from eight to five without altering the amount of the subsidy. A series of awareness programmes on sustainable harvesting through proper management of rubber bark was conducted with the financial support of the National Science Foundation of Sri Lanka. Meanwhile, training programmes on rubber product manufacturing targeting small and medium-sized entrepreneurs as well as rubber smallholders were conducted during the year, aimed at promoting value addition in the rubber sector, thereby strengthening the integration of local rubber products in the global value chain.

Coconut

The coconut sector registered its highest ever annual production in 2022, due to the favourable weather conditions that prevailed during 2021 and 2022. Accordingly, total nut production increased to 3,391 million nuts in 2022, recording a year-on-year increase of 8.7 per cent, over the notable increase of 11.7 per cent recorded in 2021. The increase in production was largely supported by the well-distributed rainfall from 2021 coupled with the ideal air temperature in the

main coconut growing areas. These favourable effects outweighed the immediate negative impact of limited application of chemical fertilisers on coconut cultivation during 2022. Along with the increased nut production, coconut-based products also witnessed an improvement during the year. Accordingly, the production of desiccated coconut increased by 5.2 per cent, year-on-year, to 35,030 metric tons from 33,289 metric tons recorded in 2021. Coconut oil production increased notably by 59.4 per cent, year-on-year, to 68,590 metric tons in 2022, reflecting the restrictions imposed on the importation of both coconut oil and palm oil and the availability of adequate nuts for oil production. Production of coconut milk powder also increased during the year by 15.8 per cent, year-on-year, while coconut cream and coconut milk production recorded contractions of 12.5 per cent and 0.9 per cent, respectively. Despite improved performance of the coconut sector in 2022, the lag effect of delayed and insufficient application of chemical fertiliser in 2022 could affect the coconut yield in the near future. However, the lag effect of favourable precipitation received throughout 2022 is expected to outweigh the negative consequences of insufficient fertiliser application.

Despite the improved coconut production, prices of coconut and coconut based products remained at elevated levels throughout 2022.

The average retail price of coconut increased by 8.9 per cent, year-on-year, to Rs. 91.36 per nut in 2022, with nut prices exceeding Rs.100.00 towards late 2022, reaching historically high prices for coconuts. The average auction price of coconut at the Colombo Coconut Auction recorded at Rs. 60.14 per nut in 2022, registering an increase of 6.4 per cent from Rs. 56.51 per nut in 2021. The desiccated coconut price in local markets also increased marginally by 0.3 per cent, year-on-year, to Rs. 538.75 per kilogramme during the year. The average retail price of coconut oil per bottle of 750 ml

increased by 17.3 per cent to Rs. 520.19 in 2022 over an increase of 29.2 per cent recorded in 2021. Further, the total export volume of desiccated coconut, coconut oil, and copra registered a notable growth in 2022, reflecting the favourable support from the increased domestic production.

The Government's efforts towards improving the productivity of the coconut sector continued during 2022, with the implementation of several initiatives aimed at promoting the sector.

Accordingly, the Coconut Cultivation Board (CCB) initiated several measures to provide high yielding coconut cultivars to improve productivity in the existing coconut lands. Development of a new coconut seed garden to produce high yielding 'Kapsuwaya' hybrid coconut cultivar was underway during the year, while the hand pollination programme to produce 'Kapruwana' hybrid variety, and infilling vacancies in the Kinyama seed garden were also carried out in collaboration with Chilaw Plantation Ltd. Several subsidy schemes, including supply of coconut seedlings at a subsidised rate, subsidies for rehabilitation of coconut lands, replanting, underplanting, and new planting, were also continued in 2022. In light of the increased intensity of white fly pest damage in 2022, a pilot project was conducted to control white fly affected coconut plantations in the areas, including Dankotuwa, Nattandiya and Wennappuwa, while recommendations for controlling white fly disease using chemicals and bio-chemicals were also issued during the year. Further, measures were taken to mitigate the impact of fuel shortages on coconut processing factories by supplying required fuel to ensure the uninterrupted operation of such industries. Meanwhile, efforts are being made to expand the global reach of the 'Ceylon Coconut' brand, which in turn will promote value additions in the coconut industry and create more opportunities in the global market for the country's coconut industry.

Minor Export Crops

The growth momentum of minor export crop production continued in 2022, despite the issues in domestic supply chains and fertiliser availability. According to the provisional estimates of the Department of Export Agriculture (DEA), the production of minor export crops recorded a notable increase of 30.6 per cent, year-on-year, to 186,962 metric tons from 143,165 metric tons recorded in 2021. The Government's decision to maintain restrictions on the importation of several minor export crops, as a measure to curb import expenditure amidst BoP pressures and combat the rise of prices domestically amidst increased global demand, spurred farmers to actively cultivate these crops, resulting in a notable improvement in the performance of the sector. In 2022, the production of cinnamon, clove, cardamom, coffee, cocoa, nutmeg, areca nut, and betel leaves witnessed a growth, while the production of pepper declined. The total export volume of the export agriculture crop sector registered a year-on-year contraction of 7.0 per cent, while export earnings, in rupee terms, increased notably by 44.8 per cent, year-on-year. In 2022, the earnings from exporting cinnamon recorded a significant growth of 50.1 per cent, year-on-year, largely contributing to the growth of export earnings from export agriculture crops.

Several measures were undertaken by the government authorities to strengthen the minor export agriculture sector during the year. Accordingly, in 2022, arrangements were made by the Export Development Board (EDB) with the support of several public and private sector stakeholders to obtain Geographical Indication (GI) certification for Ceylon cinnamon from the European Union (EU) Commission. This is expected to enhance the worldwide recognition of the excellence and distinctive features of the product, which can be attributed to Sri Lanka. Further, DEA carried out research

and development activities to expand export agriculture crop cultivation into non traditional areas, such as Anuradhapura, Polonnaruwa, Ampara, Vavuniya, and Jaffna. Meanwhile, DEA conducted various programmes aimed at introducing minor export crops, like pepper, areca nut, ginger, turmeric, and betel leaves in these identified areas with the intention of expanding the cultivation extent. In order to enhance the quality of the production, introduction and popularisation of organic cultivation, Good Agricultural Practices (GAP), and Good Manufacturing Practices (GMP) were also carried out during 2022.

Other Field Crops

Following a bumper harvest in 2021, the production of other field crops (OFCs) witnessed a notable decline largely driven by the domestic shortages of fertiliser and other agrochemicals and supply chain disruptions. The drop in domestic production of OFCs, amidst the lack of availability of fertiliser and other agrochemicals, was largely mitigated through imports, burdening the country's import expenditure during 2022. Accordingly, in 2022, the overall production of OFCs decreased by 37.5 per cent, year-on-year, to 526,803 metric tons, as a combined result of a 37.8 per cent decline in production during the 2021/2022 Maha season and a decline of 36.8 per cent in the 2022 Yala season. Maize production registered a significant decline of 45.2 per cent to 259,040 metric tons during the year, compared to 2021, owing to shortages and the high cost of agricultural inputs. With the decline in domestic maize production, importation of maize increased to 190,686 metric tons in 2022, from 22,724 metric tons in 2021, to fulfil the demand for the animal feed industry. Potato production registered a decline of 37.3 per cent, year-on-year, to 47,614 metric tons in 2022, while potato imports increased by 31.8 per cent over 2021. Further, big onion production decreased

significantly by 73.0 per cent, year-on-year, to 17,799 metric tons, compared to the previous year, and importation of big onions increased by 2.5 per cent, year-on-year, to 263,781 metric tons in 2022. Also, domestic production of OFCs, such as finger millet (kurakkan), cowpea, and soya bean recorded expansions during the year, while the production of red onion, green gram, black gram, ground nut, gingelly, and green chillies recorded a decline. Meanwhile, the Government continued its efforts to enhance the domestic production of OFCs, to pave the way for improved food security. Accordingly, the Field Crops Research and Development Institute (FCRDI), functioning under the Department of Agriculture (DoA), instituted several measures during the year. These measures include development of new varieties of other field crops, such as chilli, onion, maize, finger millet, cowpea, black gram, and green gram through breeding programmes, maintenance of all the recommended crop varieties, seed production of recommended varieties, providing technical recommendations for OFCs, soil testing services, and technology dissemination. However, further efforts are required to improve the supply of all OFCs by implementing a national level OFC production plan that encompasses measures to ensure an adequate supply of agricultural inputs, such as fertiliser and pesticides, promote high quality seed production, and best soil and crop management practices, while strengthening supply chain channels to minimise foreign exchange outflows for importation of OFCs that have the potential to be produced domestically.

Vegetables

The supply of vegetables declined in 2022 owing to the combined impact of domestic shortages of fertilisers and other agrochemicals, supply chain disruptions, and increased cost of production. The total production of vegetables decreased by 4.9 per cent to 1,588,256 metric

tons in 2022, compared to 1,669,515 metric tons recorded in 2021. During the 2021/2022 Maha season, the production of vegetables contracted by around 6.5 per cent to 815,482 metric tons over the previous Maha season, and the 2022 Yala production also declined by around 3.1 per cent to 772,773 metric tons, compared to the corresponding season of 2021. Meanwhile, prices of vegetables continued to remain elevated during 2022 on account of the low production and transitory supply chain disruptions caused by fuel shortages during the year. The months of May and June 2022 witnessed a significant surge in vegetable prices that can be attributed to off-season cultivation and intensified fuel scarcity. A slight moderation in vegetable prices in the local markets was observed starting from July 2022, due to the distribution of fuel for the transportation of agricultural produce and the arrival of seasonal harvests in the market during August and September 2022. However, vegetable prices remained broadly elevated towards the latter part of 2022 due to the impact of heavy rain and predicaments in storage and transportation facilities. Meanwhile, 15,835 metric tons of vegetables worth US dollars 26.7 million were exported during 2022. During the year, several measures were undertaken by the government authorities to enhance domestic vegetable production in a sustainable manner. Accordingly, the Horticultural Crop Research and Development Institute (HORDI) functioning under DoA undertook several measures during the year, including development of new vegetable varieties, introduction of pest and disease resistant vegetable varieties, management of soil fertility for vegetable cultivation, technology developments for management of pest and diseases in vegetable cultivation, and promotion of vegetable preservation and nutrient management programmes with the aim of increasing productivity and efficiency of the sector.

Fruits

According to the estimates of DCS, fruit production recorded a mix performance during 2022. In 2022, production of fruits declined by 26.9 per cent over the previous year, with significant contraction in the production of orange, lime, rambutan, avocado, and melon, while mango, papaya, plantain, and pineapple recorded increases in production. During the year under review, 41,526 metric tons of fruits, including banana and papaw, worth US dollars 37.6 million were exported, while 32,591 metric tons of fruits worth US dollars 42.2 million were imported. Despite the growing demand for locally grown fruits due to limitations imposed by the Government on the importation of several fruits to curb import expenditure, the limited capacity of local producers to meet domestic demand, coupled with supply chain issues, hindered the potential expansion of the domestic fruit sector. The importance of improving the capacity of local fruit producers, as well as the quality and safety of fruits supplied to domestic and export markets was reiterated due to the significant contribution of the fruit sector to national economy in terms of income and employment opportunities, as well as the nutritional wellbeing of the population. Promoting good agricultural practices, particularly regarding the usage of agricultural inputs and harvesting, establishing direct links between producers and exporters, further developing the contract farming system, minimising post-harvest losses in the sector, and enabling improved infrastructure for fruit preservation, storage, and value addition, remain essential to improve the productivity of the sector. Accordingly, several measures were undertaken by the Government to promote local fruit production sector. During the year, the Fruit Research and Development Institute (FRDI), functioning under DoA, was engaged in consultations regarding the planting and development of fruit plantation, providing advisory services on production technologies for fruit crop

cultivation, diagnosing pest and disease, supplying good quality planting materials of recommended fruit varieties, and conducting several research and development projects. Meanwhile, the Natural Resources Management Centre of DoA completed an assessment and mapping of potential areas of cultivation of six fruit crops, including mango, banana, pomegranate, pineapple, rambutan, and durian with the financial and technical support of FAO of the United Nations.

Sugar

The upward trend in sugar production witnessed from 2019 was hampered in 2022 as the sugar industry experienced several setbacks amidst domestic fertiliser shortages.

On a year-on-year basis, the total sugar production recorded a contraction of 2.1 per cent to 78,857 metric tons in 2022, compared to 80,555 metric tons recorded in 2021. Contributing to the annual decline in total sugar production, the production of Sevanagala and Pelwatte sugar factories, declined by 29.0 per cent and 20.6 per cent, respectively, during the period under review. However, sugar production of Gal Oya and Ethimale sugar factories recorded year-on-year expansions of 27.4 per cent and 36.2 per cent, respectively, during 2022. Meanwhile, the share of sugar production of the Gal Oya, Sewanagala, Pelwatte, and Ethimale accounted for 36.2 per cent, 16.0 per cent, 30.6 per cent, and 17.2 per cent of the total domestic production, respectively. The total extent of sugarcane cultivation (including ratoons) managed by the four factories experienced a marginal decline of 2.1 per cent during the year. Meanwhile, the average yield of the four sugar factories contracted by 11.1 per cent, reflecting acute shortages of nutrients for cane cultivation. Accordingly, the average yield stood at 59.7 metric tons per hectare in 2022, compared to 67.2 metric

tons per hectare recorded in 2021. According to the Sugarcane Research Institute (SRI), as of end 2022, only around 15.0 per cent of the total domestic sugar requirement was met by domestic production, with the remainder of the demand being fulfilled through imports.

The Government continued to undertake several initiatives aimed at strengthening the local sugar industry, while reducing over dependency on imports to meet domestic sugar requirements. Recognising the vast potential for local production and the need to promote local sugarcane cultivation to meet the domestic requirements, the SRI continued its efforts aimed at developing the domestic sugar industry. Taking into account the need to expand cultivation areas and improve the factory capacity as the top priorities for enhancing local sugar production, the Cabinet of Ministers approved the establishment of a new sugar factory, namely, Weli Oya Sugar Factory, as a subsidiary of Lanka Sugar Company (Pvt.) Ltd., in early 2022. Meanwhile, the progress in relation to the re-establishment of the Kantale sugar factory remained modest during the year due to legal issues. Establishing a seed cane multiplication nursery with a new variety, specially released for jaggery production, at Vannerikulam, Kilinochchi was also in progress during 2022. Efforts were also initiated to develop a seed cane policy for establishing a sustainable seed cane production and supply chain, while establishing a special task force to outline policy guidelines to ensure the implementation of the domestic sugar industry policy framework.

Livestock

The performance of the livestock sector was hindered by the challenges posed by the economic crisis in 2022. During the year, the entire dairy value chain was severely impacted

by the scarcity and high cost of animal feeds due to the limited importation of animal feeds, unavailability of required chemical fertilisers for pasture and fodder cultivation, and difficulties in storage and transportation facilities caused by the deepened foreign exchange liquidity crisis in the economy. According to the estimates of DCS, the total national milk production declined by 1.3 per cent, year-on-year, to 506 million litres in 2022, compared to 513 million litres recorded in 2021. Cow milk production declined by 1.5 per cent, year-on-year, to 419 million litres, whereas buffalo milk production recorded a marginal contraction of 0.8 per cent, year-on-year, to 87 million litres in 2022. Meanwhile, the average cost of production of cow milk increased notably to Rs. 80.50 per litre in 2022, from Rs. 69.30 per litre recorded in 2021. Nevertheless, due to increased demand for liquid milk, along with shortages in imported and domestic milk powder and a significant rise in milk powder prices, farmers received a relatively high price for locally produced liquid milk in both formal and informal milk markets during the year. Accordingly, the average farm gate price of a litre of cow milk increased by 17.3 per cent to Rs. 115.00 in 2022, from Rs. 98.00 in 2021. During 2022, the poultry sector continued to grapple with issues related to inadequate feed material for poultry rearing, following the reductions

Table 2.5
Livestock Sector Statistics

Subsector	2021 (a)	2022 (b)	Change (%)	
			2020/21 (a)	2021/22 (b)
1. National Herd (No.) (million)	1.5	1.5	2.6	-0.8
Neat Cattle	1.1	1.1	2.5	-0.3
Buffalo	0.3	0.3	3.2	-2.5
2. National Milk Production (million litres)	513.3	506.4	4.4	-1.3
Cow Milk	425.4	419.2	2.8	-1.5
Buffalo Milk	87.9	87.3	12.9	-0.8
3. Producer Price - Cow Milk (Rs./litre)	98.00	115.00	19.5	17.3
4. National Egg Production (No.) (million)	1,953.7	1,848.6	4.5	-5.4
5. National Poultry Meat Production (mt '000)	236.8	228.1	9.5	-3.7

(a) Revised

(b) Provisional

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



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in domestically produced feed ingredients, caused by a notable drop in production of paddy and maize, and restricted imports of feed material amidst foreign currency liquidity issues. As a result, egg production declined by 5.4 per cent, year-on-year, to 1,849 million eggs in 2022, compared to 1,954 million eggs produced in 2021. As per the Department of Animal Production and Health (DAPH), the cost of production for egg increased notably to Rs. 38.10 in 2022 from Rs. 18.07 in 2021. Meanwhile, chicken production recorded a decline of 3.7 per cent to 228,130 metric tons in 2022, over 236,790 metric tons in 2021, while the cost of production of chicken increased significantly from Rs. 434.19 per kilogramme in 2021 to Rs. 965.66 per kilogramme during 2022. In 2022, despite the Government's imposition of price controls on eggs and chicken, severe shortages in supplies, particularly the egg supply, and resultant hoarding of stocks, kept egg prices elevated throughout the year. Further, on a year-on-year basis, production of mutton increased by 9.2 per cent to 2,730 metric tons, while pork and beef production declined by 5.3 per cent and 21.4 per cent, respectively, to 9,300 metric tons and 21,890 metric tons, respectively, in 2022.

With due consideration to the contemporary challenges encountered by the livestock industry, efforts to enhance the productivity of the sector were sustained throughout 2022.

Over the recent years, as Sri Lanka was almost self-sufficient in egg and chicken production, the domestic consumption requirements were largely met through domestic production, while the industry was advancing as a promising venture for the export market. However, the unavailability and elevated cost of feed material intensified production constraints, leading to supply shortfalls of these animal proteins. This situation challenged the food security of the country. In this context,

the Government, in collaboration with DAPH, undertook several measures to import maize and other suitable grains for animal feed production and promoted the domestic animal feed production sector to reduce the strain on the country's external accounts. Further, DAPH carried out several projects, including the livestock (dairy) breeding project to increase milk production through the upgrading of genetic potential of the existing cattle population in Sri Lanka, the comprehensive mastitis control programme to prevent and control the clinical and subclinical mastitis, and vaccination programmes for farm animals against the Foot and Mouth Disease, Haemorrhagic Septicaemia, Black Quarter, and Brucella diseases. Further, with the financial assistance from the Department of Agriculture of the United States, a Market-Oriented Dairy (MOD) Project was underway, aimed at following the best practices to improve the productivity of dairy manufacturers and quality of their products.

Fisheries

The fisheries sector experienced a setback during 2022 amidst challenges posed by the economic fallout. Total fish production declined by 8.9 per cent to 397,230 metric tons in 2022, compared to the previous year, mainly driven by the disruptions caused by domestic fuel shortages on fishing activities and supply chains, particularly in relation to marine fishing activities. Accordingly, marine fish production, which accounted for about 71 per cent of the total fish production in 2022, declined by 15.4 per cent, year-on-year, to 280,610 metric tons in 2022. However, the inland fishery sector recorded an improvement during the year due to the proper management of the water bodies and increased fingerling stocking in reservoirs, yielding a year-on-year increase of 11.9 per cent in production during the year, compared to production in 2021. Retail prices of fish varieties remained broadly elevated in 2022 as a result of increased

Table 2.6
Fish Production

Subsector	2021	2022 (a)	Change (%)	
			mt '000	
			2020/21	2021/22 (a)
Marine	332	281	1.5	-15.4
Coastal and Lagoon	178	149	-2.4	-16.2
Off-shore	153	131	6.3	-14.5
Inland Fisheries	104	117	2.4	11.9
Capture	81	95	-4.3	17.5
Aquaculture	9	8	-10.2	-15.7
Shrimp Farms	14	14	95.8	-2.3
Total	436	397	1.7	-8.9

(a) Provisional

Source: Ministry of Fisheries

logistics costs, while upward revisions in kerosene prices in August and November 2022 kept prices at higher levels in the latter part of the year, compared to the corresponding period of 2021. According to the Ministry of Fisheries, total fish exports contracted by 3.8 per cent, year-on-year, reflecting the subdued performance of the sector, whereas fish imports reported a year-on-year contraction of 25.7 per cent, in volume terms, during the period under review. Amidst the energy crisis, the fishery sector encountered several setbacks, prompting the Government to take several measures to ensure the continuity of fisheries activities during turbulent times, thereby safeguarding the sector from severe economic shocks and enhancing the performance of the fishing industries. Accordingly, provisioning of

fuel for fishery activities was ensured by enabling a manual system, while identifying filling stations in major fisheries regions on a priority basis to distribute limited fuel stocks.

Development activities pertaining to the fisheries infrastructure base continued during 2022. Accordingly, the Ministry of Fisheries continued to engage in several fisheries sector development projects, while preventing illegal, unreported, and unregulated fishing activities to ensure sustainable fishing practices. Construction of the Wellamankara fishery harbour was completed in March 2022, and several other harbour development projects, including the Gandara fishery harbour, Balapitiya fishery harbour, and Rekawa fishery harbour were underway during 2022. A lagoon conservation and development project, aimed at cleaning and deepening several lagoons to increase the natural fish population in coastal areas, was in progress during the year, while measures were taken to develop related infrastructure facilities to reduce post-harvest losses. Meanwhile, the National Aquaculture Development Authority (NAQDA) continued its efforts to increase inland fish and aquaculture production, which contributes significantly to boost fish exports.

Table 2.7
Availability of Major Food Commodities

Item	Unit	2010			2021 (a)			2022 (b)		
		Production	Imports	Per Capita Availability (kg per Year)	Production	Imports	Per Capita Availability (kg per Year)	Production	Imports	Per Capita Availability (kg per Year)
Rice (c)	mt '000	3,011	126	152	3,203	147	151	2,081	783	129
Maize	mt '000	162	16	9	472	23	22	259	191	20
Wheat	mt '000	-	1,051	51	-	1,319	60	-	817	37
Big Onion	mt '000	59	158	10	66	257	15	18	264	13
Sugar	mt '000	31	548	28	81	582	30	79	460	24
Potatoes	mt '000	52	130	9	76	117	9	48	154	9
Fresh Fish	mt '000	385	14	19	436	10	20	397	4	18
Cow Milk	mn litres	192	-	9(d)	425	-	19 (d)	419	-	19 (d)
Coconut Oil	mt '000	65	3	3	43	99	6	69	14	4

(a) Revised

(b) Provisional

(c) 1 mt of paddy = 0.68 mt of rice

(d) Litres per year

Sources: Department of Census and Statistics

Sri Lanka Customs

Lanka Sugar Company (Pvt) Ltd. - Sevanagala Unit

Lanka Sugar Company (Pvt) Ltd. - Pelwatte Unit

Gal Oya (Hingurana) Sugar Industries Ltd.

Ethimale Plantation (Pvt) Ltd.

Ministry of Fisheries

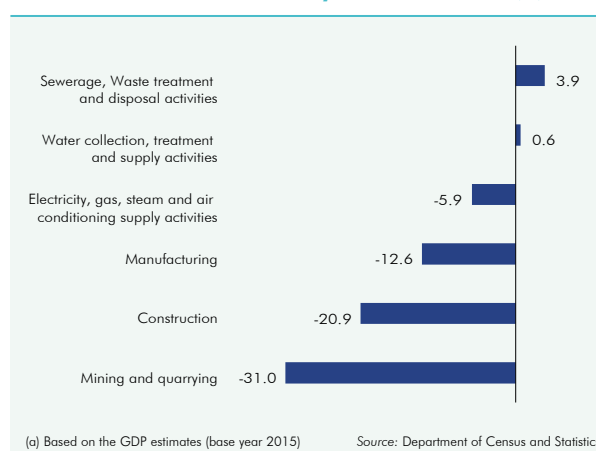
Coconut Development Authority

Three community based fish breeding units were established in Ampara, Trincomalee, and Kilinochchi to increase the supply of fish seed required for reservoir stocking, and these units are expected to provide a continuous supply of carp fingerlings to the inland culture. During the year, notable progress was made in upgrading small scale fish seed production units for post larvae rearing as well as the rehabilitation and improvement of aquaculture development centres to increase fish fingerling production. As shrimp farming became one of the most lucrative commercial aquaculture activities in the country, initiatives were taken to expand shrimp farming in all potential areas. Accordingly, measures were implemented to promote shrimp culture activities by introducing an efficient water recirculation system and improving the biosecurity of farming areas, while continuing the dredging of the Dutch canal and establishment of an advanced electricity supply for shrimp farms in the Puttalam area. In addition to shrimp farming, sea weed, sea bass, sea cucumber, and milk fish farming were developed to promote commercial aquaculture production. NAQDA facilitated community based sea weed farming in the sea areas of Jaffna, Kilinochchi, Mannar, and Puttalam. Measures were taken to develop cluster based sea cucumber farms in sea cucumber export villages in Kilinochchi and Jaffna Districts, while plans were underway to establish an aquaculture zone in Mannar. NAQDA was involved in the development of the ornamental fish industry, including the development of new ornamental fish strains, provision of brood stocks for breeding, disease diagnosis facilities, training, and technical assistance, aiming at increasing high value ornamental fish production, thereby boosting foreign exchange earnings. Further, steps were taken by NAQDA to establish a marine ornamental fish breeding centre in Bangadeniya.

Industry

The prolonged energy crisis and shortage of key raw materials owing to the lack of foreign exchange liquidity in the banking system, together with the subdued demand conditions prevailed due to the deterioration in purchasing power, hindered Industry activities during most parts of 2022. Even though policy intervention helped control supply shortages towards the latter part of the year, Industry activities contracted by 16.0 per cent in 2022, compared to the 5.7 per cent growth recorded in 2021 owing to multiple challenges emanated from both domestic and external fronts. The subdued performance in manufacturing and construction activities led the contraction of Industry activities, while mining and quarrying activities, and electricity, gas, steam, and air conditioning supply activities also significantly contracted, aggravating the overall setback in Industry activities further. However, water collection, treatment and supply activities, and sewerage, waste treatment and disposal activities expanded during the year, positively contributing to overall Industry activities. Reflecting these developments in Industry activities, the Production and Demand sub-indices of the BOS pertaining to the Industry indicated a contraction on average during the year.

Figure 2.6
Growth Rates of Industry Activities - 2022 (a)

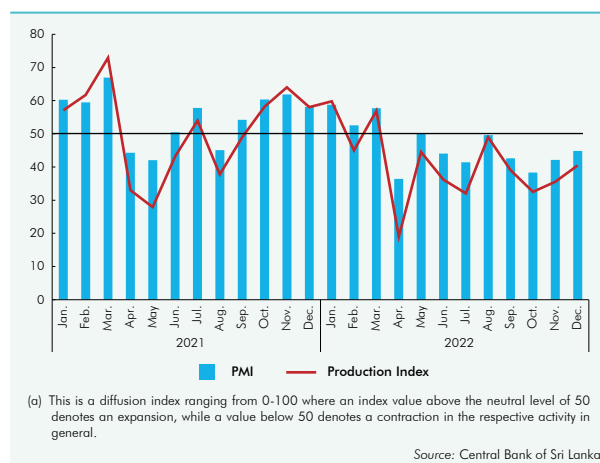


Manufacturing

All the manufacturing activities, except the manufacture of textiles, wearing apparel and leather-related products, which is largely resilient to domestic shocks, contracted during the year due to the adverse impact of extended power cuts, shortages in fuel and key raw materials, logistic issues, and subdued demand conditions. Accordingly, value-added of the overall manufacturing activities contracted by 12.6 per cent in 2022, compared to the 7.4 per cent growth recorded in 2021. The manufacture of food, beverages and tobacco products, the largest contributor to overall manufacturing activities, contracted substantially by 14.2 per cent in 2022, leading to this substantial contraction. Further, manufacture of other non-metallic mineral products, rubber and plastic products, and basic metals and fabricated metal products were among the major contributors to the decline in overall manufacturing activities in value-added terms. Reflecting these developments, the Index of Industrial Production (IIP), compiled by DCS, and the Purchasing Managers' Index⁵ (PMI) for manufacturing activities, compiled by the Central Bank, decreased on average during the year.

⁵ PMI is a diffusion index compiled based on a perception survey which covers leading companies to capture monthly developments compared to the previous month.

Figure 2.7
Purchasing Managers' Index - Manufacturing (a)



Index of Industrial Production

The value addition from manufacturing activities registered a negative growth in 2022, which can be attributed to a host of adversities stemming from the unprecedented economic crisis experienced by the Sri Lankan economy. During the country's worst economic crisis on record, the manufacturing sector faced multifaceted challenges, including shortages in raw material, disrupted transport networks, interrupted power supply, and soaring input prices, all of which had an adverse impact on the performances of the sector during the year. The overall market demand was dampened during the year, amidst the surge in inflation and the decreasing real value of disposable income, further hindering the performance of the manufacturing sector. As reflected in the Index of Industrial Production (IIP), the overall manufacturing sector, which accounted for around 59 per cent of the total industry sector, contracted by 12.1 per cent, year-on-year, in 2022, compared to the year-on-year growth of 7.3 per cent, in the previous year. Largely contributing to the overall contraction in IIP, the subsectors of manufacture of food products, textiles, coke and refined petroleum products, other non-metallic mineral products, rubber and plastic products, and basic metal products reported notable contractions during 2022. Nevertheless, the subsectors of wearing apparel, chemical and chemical products, beverages, tobacco products, leather and related products, and machinery and equipment, which contributed to around 30 per cent of the index, recorded an overall growth during the year, despite some transitory lapses observed occasionally.

Food manufacturing activities reported a significant contraction in 2022, while beverage manufacturing activities registered a robust growth for the second consecutive year. Accordingly, the food products subsector, which accounts for over one third of the IIP, registered a year-on-year contraction of 14.8 per cent in

Figure 2.8
Index of Industrial Production (IIP)



2022, following the modest growth of 0.2 per cent in 2021. The subdued performance of the food products subsector was driven by the decline in production of rice, canned fish, milk powder, wheat flour, bread, and tea mainly with the crisis induced disruptions in the supply chain and distribution channels, increased cost of raw materials and packaging materials, as well as the limited supply of several food ingredients caused by import restrictions. In contrast, the performance of the manufacture of beverages subsector recorded a notable expansion among all the other subsectors of the IIP during the year, on account of the growth in the production of arrack, beer, and soft drinks. Accordingly, the beverage manufacturing activities recorded a year-on-year growth of 20.3 per cent in 2022, over the year-on-year growth of 9.8 per cent in 2021. Despite the overall positive performance of the beverage manufacturing activities in 2022, a slight moderation in the performance of the sector was observed during the fourth quarter of 2022.

The manufacturing of wearing apparel, which is the second largest subsector in the IIP, recorded a favourable recovery in 2022, largely supported by the recovery in global supply chains, whereas the textiles subsector witnessed a contraction. Accordingly, the manufacturing of wearing apparel subsector registered a year-on-year growth of 5.3 per cent in 2022, compared to the notable growth of

17.5 per cent registered in 2021. The adverse implications of import restrictions, logistics issues, and power outages on the wearing apparel sector were largely offset by several policy decisions initiated by the Government. These included allowing exporters to buy fuel directly from the Ceylon Petroleum Corporation (CPC) using US dollars and providing tariff concessions for several raw material imports during the period under review. Additionally, the depreciation of exchange rate and the global recovery from the COVID-19 pandemic, especially in key export destinations of Sri Lanka, positively impacted the exports of the wearing apparel subsector. However, the manufacturing of textile products, which recorded a robust recovery

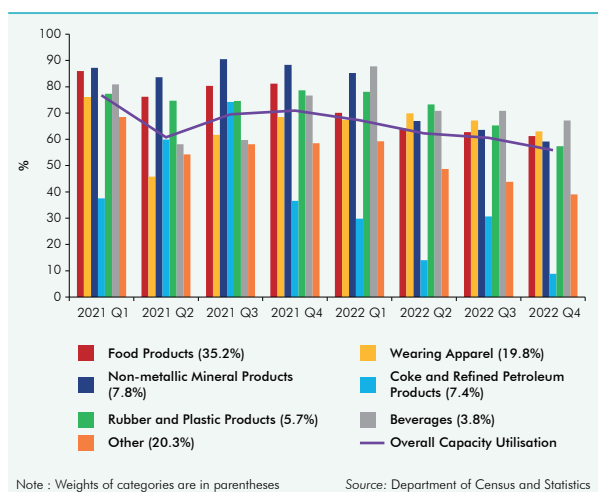
Table 2.8
Index of Industrial Production (IIP)
(2015=100)

Division	Weight in IIP (%)	2021 (a)	2022 (b)	Change (%)	
				2020/21 (a)	2021/22 (b)
1. Manufacture of Food Products	35.2	109.3	93.1	0.2	-14.8
2. Manufacture of Beverages	3.8	106.0	127.5	9.8	20.3
3. Manufacture of Tobacco Products	1.7	77.9	83.2	8.0	6.8
4. Manufacture of Textiles	3.3	128.7	101.5	25.9	-21.1
5. Manufacture of Wearing Apparel	19.8	95.4	100.5	17.5	5.3
6. Manufacture of Leather and Related Products	0.3	78.6	87.4	1.3	11.2
7. Manufacture of Wood and Products of Wood and Cork, Except Furniture; Manufacture of Articles of Straw and Plaiting Material	0.2	82.5	81.0	15.0	-1.8
8. Manufacture of Paper and Paper Products	1.7	86.5	49.0	5.8	-43.4
9. Printing and Reproduction of Recorded Media	1.4	117.9	112.1	4.8	-4.9
10. Manufacture of Coke and Refined Petroleum Products	7.4	71.1	30.0	-26.8	-57.8
11. Manufacture of Chemicals and Chemical Products	4.1	89.8	98.6	-4.7	9.8
12. Manufacture of Basic Pharmaceutical Products and Pharmaceutical Preparations	0.1	117.9	102.5	12.6	-13.1
13. Manufacture of Rubber and Plastic Products	5.7	102.9	92.7	35.7	-9.9
14. Manufacture of Other Non-metallic Mineral Products	7.8	137.4	113.5	23.0	-17.4
15. Manufacture of Basic Metals	2.4	133.6	88.1	20.7	-34.1
16. Manufacture of Fabricated Metal Products (Except Machinery and Equipment)	1.3	124.6	72.0	23.5	-42.2
17. Manufacture of Electrical Equipment	2.0	81.4	65.1	20.6	-20.0
18. Manufacture of Machinery and Equipment n.e.c.	0.7	122.0	139.1	18.6	14.0
19. Manufacture of Furniture	0.8	77.5	63.3	0.7	-18.3
20. Other Manufacturing	0.3	69.6	69.6	6.0	-
Index of Industrial Production		104.2	91.6	7.3	-12.1

n.e.c. - not elsewhere classified
(a) Revised
(b) Provisional

Source: Department of Census and Statistics

Figure 2.9
Capacity Utilisation



in 2021 after the pandemic with a year-on-year growth of 25.9 per cent, contracted significantly by around 21.1 per cent in 2022 largely driven by the decline in production of finished fabric, printing fabric, and coir fiber.

The manufacture of other non-metallic mineral products, the manufacture of basic metals, and the manufacture of fabricated metal products subsectors registered substantial overall declines in 2022. Accordingly, the subsector of manufacture of other non-metallic mineral products, manufacture of basic metals, and manufacture of fabricated metal products which recorded over 20 per cent year-on-year growths in 2021, contracted by 17.4 per cent, 34.1 per cent, and 42.2 per cent, respectively, during the year. The contraction in demand for products of these subsectors was mainly due to the subdued demand from the domestic construction sector, which faced multiple setbacks following the suspension of government funded projects, soaring raw material costs, and import restrictions. The production of cement, roofing sheets, floor tiles, and roofing tiles recorded notable contractions during 2022, reflecting the subdued demand from the construction sector, adversely

affecting the performance in the manufacturing of other non-metallic mineral products. Meanwhile, the declines in the production of basic iron and steel, lead and steel furniture largely contributed to the overall contraction in the subsector of manufacturing of basic metals and manufacture of fabricated metal products subsectors during the period under review.

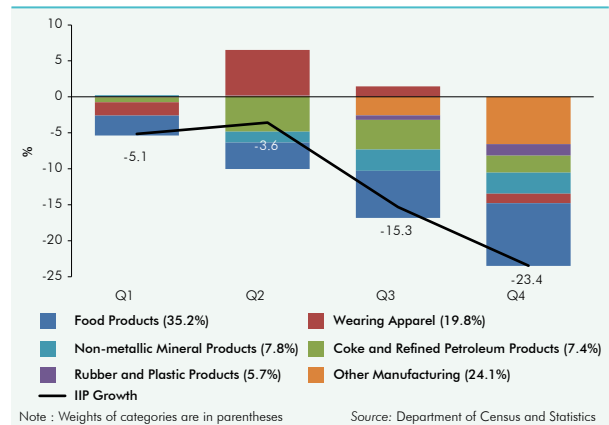
The manufacture of coke and refined petroleum products subsector, which accounted for over 7 per cent of the IIP, witnessed a contraction in 2022 for the third consecutive year. Accordingly, the manufacture of coke and refined petroleum products declined notably by 57.8 per cent, year-on-year, registering the historically largest annual contraction since 2016. This decline was mainly driven by the prolonged refinery shutdowns during the year due to limited importation of crude oil amidst the dearth of foreign exchange liquidity in the domestic market. Accordingly, refined petroleum products, including auto diesel, petrol and furnace oil declined in 2022. However, the manufacture of coke and refined petroleum product subsector recorded occasional month-on-month increases in February, June, August, September and December during the year.

Subsectors of manufacture of leather and related products, and chemicals and chemical products registered positive growths during 2022. The manufacture of leather and related products subsector grew by 11.2 per cent, year-on-year, in 2022, compared to the marginal growth of 1.3 per cent in 2021, buoyed by the expansion in finished leather, natural leather jackets and shoes. Meanwhile, the manufacture of chemicals and chemical products subsector also registered an overall growth of 9.8 per cent, year-on-year. Contributing to this growth, production of poly bags and detergent powder expanded notably during the year.

The manufacture of rubber and plastic products subsector and the manufacture of basic pharmaceutical products and pharmaceutical preparations subsector recorded contractions during the year. The manufacture of rubber and plastic products, which recorded a significant year-on-year expansion of 35.7 per cent in 2021 contracted by 9.9 per cent in 2022. The contraction in the rubber and plastic products subsector was primarily caused by the decline in demand for medical rubber gloves following the decline of COVID-19 cases both locally and globally. Additionally, the reduction in domestic manufacturing of tyres, zippers, rubber sheets and block rubber also contributed to this contraction. Meanwhile, the manufacture of basic pharmaceutical products and pharmaceutical preparations sub-sector, which displayed a gradual expansion since the onset of the pandemic with the induced demand for medicines and other health related products, recorded a year-on-year contraction of 13.1 per cent during 2022.

Other subsectors of IIP, including the manufacture of wood products (except furniture), electrical equipment, furniture, paper and paper products, and printing and reproduction of recorded media registered contractions, whereas the manufacture of tobacco products and machinery and equipment subsectors recorded an expansion, in 2022. On account of the decrease in the production of corrugated paper, paper bags, and exercise books, the manufacture of paper and paper products subsector showed a tepid performance in 2022. Accordingly, the paper and paper products subsector reported a substantial year-on-year drop of 43.4 per cent in 2022. Printing and reproduction of the recorded media subsector also witnessed a contraction of 4.9 per cent, year-on-year, mainly due to the supply shortages during the period under review, along with the decline in printing of currency notes,

Figure 2.10
Contribution to Year-on-Year Change in IIP in 2022



and news papers compared to the previous year. Overall performance in manufacturing of electrical equipment was affected in 2022 due to subdued demand for electric panel boards, and coil devices. Nevertheless, the manufacture of machinery and equipment sub-sector recorded a year-on-year growth of 14.0 per cent during 2022, compared to 18.6 per cent growth observed in the previous year. Meanwhile, the manufacture of tobacco products also grew by 6.8 per cent, year-on-year, in 2022, recording an expansion for the second consecutive year, supported mainly by the increase in manufacturing of cigarettes.

Industrial Policies and Institutional Support

During the year, the Government continued to support the growth and development of the industrial sector through the implementation of numerous policy initiatives, while assisting the industrial sector to recover from the impact of the pandemic followed by the economic crisis. The Ministry of Industries finalised the National Policy for Industrial Development (NaPID) for 2023-2048 period, with a view to instituting a comprehensive and holistic policy framework for industrial sector development in Sri Lanka. Further, NaPID aimed at establishing a national industry base that is globally competitive and

promotes inclusive growth. In order to carry out the activities in NaPID, strategic implementation plans are expected to be prepared for the 5-year periods, including an implementation framework, mechanisms for monitoring and evaluation and methodology for conducting periodical reviews. In February 2023, the finalised NaPID, along with the strategic implementation plan for the 2023-2027 period, was submitted to the Cabinet of Ministers for approval. Meanwhile, the Cabinet of Ministers approved in February 2022 the resumption of production at Embilipitiya Paper Mills under a Public Private Partnership (PPP) scheme, which was discontinued in 2012. The project included an investment of US dollars 16 million in its first phase of development and is aimed at manufacturing industrial grade papers for the direct and indirect export markets by upgrading machinery and infrastructure. The factory is expected to generate an annual production of around 74,000 metric tons of paper upon its expected completion in 2024. Activities pertaining to recommencing the operations at the Kurunchathivu Saltern, under a PPP model, were also underway during the year. With the completion of this project, the saltern is expected to produce an annual salt production of around 30,000 metric tons. Furthermore, local assembly of automobiles continued to expand under the Standard Operating Procedures (SOP) guidelines for automobile manufacturing, assembling, and component manufacturing of spare parts. At end of the period under review, 20 manufacturing companies were registered under SOP, while 10,490 vehicles were assembled during the year. In the meantime, the Sri Lanka Institute of Biotechnology (SLIBTEC), in collaboration with an international partner, undertook several initiatives for the establishment of the Sri Lanka's first Biotechnology Innovation Park in 2022. The park is envisaged to become the epicenter of biotechnology innovation in the country and attract both local and international investment to Sri Lanka, thereby boosting Sri Lanka's potential

for hi-tech exports. Meanwhile, the 'SME connect platform', which was developed with the assistance of the Asian Development Bank, was launched under the purview of National Enterprise Development Authority (NEDA) in October 2022. This platform is expected to provide access to knowledge, skills, and networking among SMEs, with a particular focus on women-led SMEs to improve women's financial literacy and business management capabilities. Moreover, the 'Nipunatha Udana Programme' was commenced and progressed in the North Western province in order to cater to vocational training requirements of the region. Meanwhile, initiatives related to the establishment of a German Technical College in the Matara district were also in progress. However, according to the National Budget Circular No. 03/2022, implementation of the promotional and development activities related to the industrial sector was curbed since April 2022, due to the tight budgetary constraints of the Government.

The Export Development Board (EDB) and the Board of Investment (BOI) initiated several measures to attract foreign investment, while actively promoting export oriented domestic manufacturing industries. As proposed in the Interim Budget for 2022, EDB implemented measures to reactivate the 'National Packaging Center', which aims at promoting and developing indigenous packaging materials and designs to cater to international markets. Further, EDB developed a National Export Brand and a promotional plan for the period 2022-2026 to promote several earmarked export sectors in the economy, including apparel, gem and jewellery, electronic and electronic products, rubber and rubber base products, and boat and boat building. Further, a series of meetings was conducted during the year by the export advisory committees, which were appointed in 2021 under EDB, covering 24 key export sectors, to identify thematic priorities to improve the performance of export sectors. Moreover, promotional events, including trade fairs,

market linkage creating programmes, awareness sessions, and capacity building programmes were also conducted targeting promotion of export oriented businesses during the year. Meanwhile, BOI established a new business partnership database to serve as a platform connecting local and international enterprises, assisting firms, research institutions, and start-ups in seeking suitable partners for their upcoming business proposals or innovations. Further, an 'Investor Facilitation Center' was implemented to streamline and expedite the investment approval process via strengthening the interagency coordination that enhances the ease of doing business for investors.

Other Government agencies continued to implement numerous initiatives to facilitate the domestic industrial sector. NEDA continued its efforts to promote the 'Made in Sri Lanka' brand that provides recognition to businesses using local resources. To this end, NEDA conducted district level and micro level trade fairs and opened the first 'Made in Sri Lanka' franchise shop in the Matale district. In 2022, NEDA conducted 1,292 entrepreneur training programmes and assisted in creating 957 businesses and 1,573 business expansions through its 'Regional Entrepreneurship Development Programme', while implementing cluster development programmes for several industrial clusters in the fields of food dehydration, bee honey, wood-apple and other seasonal products, jack fruit and rush reed, and palmyra. Meanwhile, the 'Industry 2022' national industrial exhibition was conducted by the Industrial Development Board (IDB) in February 2022, with the participation of 20 industries, that helped create new market and investment opportunities for local industrialists. Moreover, the 'Getup Startup for a Wealthy Nation' initiative was also commenced under IDB with the intention of spurring the country's industrial and entrepreneurial growth. This programme covered various aspects that promote entrepreneurship, including the 'Entrepreneurial Club' initiative for school students, 'Business Clinics' to address the problems faced by entrepreneurs, and a web-based

'Investor Pool' programme to direct investment towards SME industrialists. Moreover, the IDB mobile app and an emergency response number were introduced under this programme, creating a platform to facilitate close interaction between industrialists and IDB. Meanwhile, the National Productivity Secretariat (NPS) continued to conduct productivity improvement programmes aimed at empowering small-scale entrepreneurs across the country.

Industrial chambers continued to assist domestic SME industries in the country through training and engaging in promotional efforts. The Ceylon Chamber of Commerce (CCC) continued to facilitate numerous trade delegations, networking events, international webinars, and discussion forums to promote trade and investment during the year. Further, under the theme of 'Business Tips for Trading Across Borders', CCC partnered with United States Agency for International Development (USAID) to bolster the trade knowledge of export oriented SMEs. The National Chamber of Commerce of Sri Lanka (NCCSL) remained committed to educating and empowering the SME sector, organising a range of training programmes island wide. NCCSL also entered into several Memoranda of Understanding with government authorities, regional chambers, and international organisations during 2022, aimed at networking for enhanced trade opportunities through promoting women's entrepreneurship.

The Government's initiatives towards promoting technological advancements persisted throughout the year. Complementing the overall efforts of the Government, the National Institute of Fundamental Studies (NIFS) formulated a technology transfer policy to facilitate the application of technology and research in the domestic manufacturing industries. Further, NIFS was in the process of promoting biodiesel production using algae for industrial purposes with the collaboration of a private sector company and introduced 'Biofilm' bio fertiliser to 280,000 acres of paddy fields in line with its agriculture

developments initiatives. Meanwhile, the Sri Lanka Institute of Nanotechnology (SLINTEC) carried out research in key sectors, including energy, advanced materials, minerals, textile materials, and processes. Further, the National Innovation Agency actively participated in various activities throughout the year to encourage innovation-driven industrial development, with a special focus on the identifying gaps pertaining to the commercialisation of intellectual property in Sri Lanka. The National Science Foundation (NSF) continued to provide research grants to research scholars, facilitating new product development initiatives during 2022.

The Government continued to facilitate industries to address economic crisis related issues, while ensuring the continuity of the industrial sector. To facilitate the continuation of industrial activities during the periods with acute fuel shortages, the Ministry of Industries initiated measures to issue recommendation letters for the supply of fuel required by industrial factories through the Sri Lanka Transport Board managed depots. Further, to support local manufacturers and ensure their ability to sustain operations, foreign exchange liquidity facilities were provided under the Indian line of credit, which enabled them to import necessary raw material. Meanwhile, the Central Bank of Sri Lanka requested licensed banks and non-bank financial institutions to provide appropriate credit concessions, on a case-by-case basis, for affected borrowers in all economic sectors, including the Micro, Small and Medium Enterprises (MSME) sector for a period of six months from July 2022, taking into account the adverse consequences of unprecedented macroeconomic stresses and the COVID-19 pandemic. Moreover, in fulfilling the liquidity requirement of SMEs, around US dollars 13.5 million of the undisbursed amount of the 'small and medium-sized enterprise line of credit' loan scheme was reallocated to the emergency response initiative by the Ministry of Finance, Economic Stabilisation and National Policies. The primary objective of this reallocation was to provide affordable working

capital loans, at a rate determined on Average Weighted Deposit Rate (AWDR) plus a reasonable margin, to SMEs engaged in agriculture, tourism, and other export-oriented sectors. Moreover, considering the challenges faced by apparel manufacturers due to the surge in raw material prices, the Cabinet of Minister granted approval in August 2022 to provide tariff concessions on the importation of necessary accessories and items which are not manufactured locally.

Construction, and Mining and Quarrying

Construction activities suffered a severe setback in the wake of both supply and demand side impediments, resulting in a contraction of 20.9 per cent in 2022 in value-added terms, compared to the growth of 4.4 per cent reported in 2021. Shortages of raw materials and fuel, coupled with soaring input cost, lack of supplier credit and overdue payments on completed government-funded projects, led the supply side issues in the construction activities. This was exacerbated by demand side hindrances stemming from the suspension of government-funded projects and the high interest rate environment that curtailed private investments. The lacklustre performance in the construction industry was reflected in construction-related indicators as well. Accordingly, the total cement availability of the country recorded a substantial decline of 35.9 per cent in 2022, compared to the marginal decline of 0.8 per cent recorded in 2021 and building material imports also declined substantially by 35.8 per cent in 2022, compared to 4.7 per cent growth in 2021. Further, credit to the private sector granted by Licensed Commercial Banks for personal housing construction also recorded a contraction as of end-December 2022. Meanwhile, mining and quarrying activities comprised mainly the mining activities that provide inputs to construction activities, such as sand mining, also contracted by 31.0 per cent in 2022, compared to the growth of 1.4 per cent recorded in 2021. Further, reflecting the setback in gem mining, gem export volumes recorded a decline of 8.9 per cent in 2022.

Electricity, Water and Waste Treatment

The value-added of electricity, water and waste treatment activities contracted by 4.3 per cent in 2022, compared to the 2.2 per cent growth recorded in 2021, driven by the decline in electricity and gas supply-related activities. Accordingly, electricity, gas, steam and air conditioning supply activities, which were significantly disturbed by supply impediments and upward price revisions during the year, contracted by 5.9 per cent in 2022, compared to the growth of 4.9 per cent recorded in 2021. Meanwhile, during the year, water treatment and supply activities, and sewerage treatment and disposal activities grew by 0.6 per cent and 3.9 per cent, respectively, recovering from 17.8 per cent and 3.3 per cent contractions recorded in 2021.

Services

Services activities, largely affected by the prolonged energy crisis, limited availability of goods and high inflation, contracted by 2.0 per cent in 2022 in value-added terms, compared to the growth of 3.5 per cent recorded in 2021. The overall contraction was driven by the declines in real estate, insurance, financial, human health and professional services. Further, IT programming, programming and broadcasting, and wholesale and retail trade activities also contracted during the year. However, accommodation, food and beverage services grew significantly mainly due to the post-pandemic recovery in tourist activities, while transportation, telecommunication, education, public administration, other personal services, and postal and courier services also recorded positive contributions. The PMI for Services activities, compiled monthly by the Central Bank, mirrored the developments in Services activities. Moreover, the Demand and Sales sub-indices of BOS related to the Services also indicated a contraction on average during the year.

Figure 2.11
Growth Rates of Services Activities - 2022 (a)

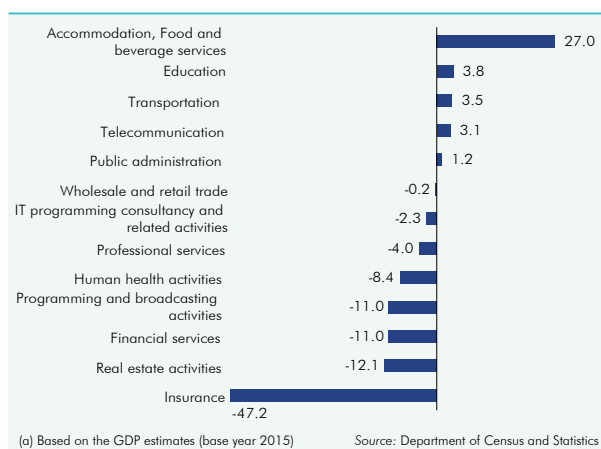
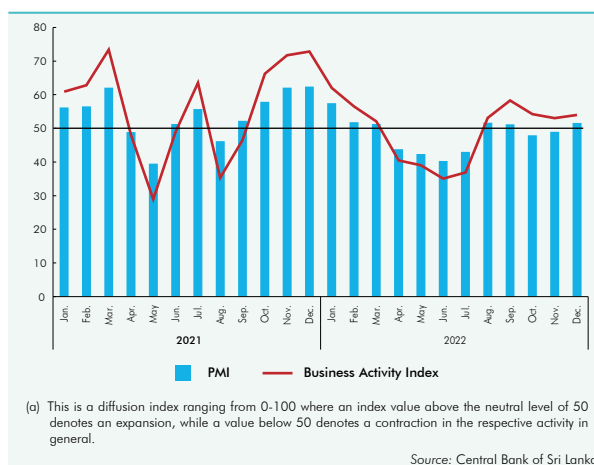


Figure 2.12
Purchasing Managers' Index - Services (a)



programming and broadcasting, and wholesale and retail trade activities also contracted during the year. However, accommodation, food and beverage services grew significantly mainly due to the post-pandemic recovery in tourist activities, while transportation, telecommunication, education, public administration, other personal services, and postal and courier services also recorded positive contributions. The PMI for Services activities, compiled monthly by the Central Bank, mirrored the developments in Services activities. Moreover, the Demand and Sales sub-indices of BOS related to the Services also indicated a contraction on average during the year.

Wholesale and Retail Trade

Supply side impediments and subdued demand conditions dampened wholesale and retail trade activities resulting in a marginal contraction of 0.2 per cent in 2022 in value-added terms, compared to the 1.5 per cent growth recorded in 2021. Supply setbacks stemming from the lower harvest of the Maha 2021/22 season, import restrictions that resulted in a considerable contraction in import volumes, including consumer goods imports, and disruptions to fuel supply adversely affected trade activities during most periods of the year. Further, subdued

demand conditions caused by the deterioration in purchasing power under the high inflationary environment, increase in taxes and utility tariffs, and demoralised consumer credit with high interest rates aggravated the situation, especially during the second part of the year.

Transportation and Storage

The value-added of transportation and storage activities grew by 3.5 per cent in 2022, compared to the marginal growth of 0.9 per cent recorded in 2021, mainly due to the post-pandemic recovery. Considering the transportation-related indicators, the passenger kilometres operated by the Sri Lanka Transport Board, private bus operators and Sri Lanka Railways increased considerably in 2022, reflecting the increased demand for public transportation modes amidst significantly higher fuel costs, and preferential supply of fuel for public transportation. Moreover, air transportation services gradually recovered with the revival of tourism activities, as evidenced by the increase in passenger kilometres flown by the SriLankan Airlines during the year. However, in relation to port-related activities, container handling (in terms of Twenty-Foot Equivalent Units) and cargo handling contracted during the year, mainly due to the slowdown in global trade volumes.

Accommodation and Food Service Activities

Accommodation, food and beverage service activities, which were severely affected by the Easter Sunday attacks and subsequently due to the COVID-19 pandemic, recorded a substantial growth of 27.0 per cent in 2022, compared to the 1.7 per cent growth recorded in 2021. The significant increase in tourist arrivals on a year-on-year basis bolstered these activities despite the disruptions caused by energy shortages and social unrest. In order to facilitate tourists in

the turbulent environment, many hotels offered exclusive packages, including complimentary transport facilities, especially during the period in which the fuel shortage prevailed. Further, the depreciation of the local currency made Sri Lanka more attractive as a holiday destination for foreign tourists. However, the exaggerated negative portrayal of the Sri Lankan economic crisis circulated by certain international media and cautious travel advisories issued by several foreign governments hindered the growth potential of the tourism industry during the year. Further, limited fuel availability under the QR code system prevented local tourists from travelling long distances.

Financial, Insurance and Real Estate Activities including Ownership of Dwellings

The value-added of financial, insurance, and real estate activities, including ownership of dwellings, contracted by 15.4 per cent in 2022, compared to 7.5 per cent growth in 2021, on account of significant contractions reported in the value added of all three activities. The high interest rate environment lowered overall demand for credit, while higher price levels prevailed during the period hampered the value added of these services when considered at constant prices. Further, as revealed by the Credit Supply Survey conducted by the Central Bank on a quarterly basis, the willingness to lend declined mainly due to the deterioration of the repayment capacity of the borrowers under high inflationary environment and weaker economic conditions. Accordingly, financial services activities and auxiliary financial services contracted by 11.0 per cent in 2022, compared to 7.0 per cent growth in 2021, while real estate activities including ownership of dwellings contracted by 12.1 per cent during the year, compared to 4.4 per cent growth in the previous year. Meanwhile, insurance,

reinsurance, and pension funding activities also contracted significantly by 47.2 per cent in 2022, compared to the growth of 26.4 per cent recorded in 2021, mainly due to the subdued performance in pension funding activities.

Information and Communication

Telecommunication, and IT programming and consultancy services activities which outperformed many other economic activities during the pandemic, contracted marginally by 0.3 per cent in 2022 in value-added terms, compared to the substantial growth of 21.0 per cent recorded in 2021 with the normalisation of the pandemic-induced demand prevailed in previous years, and slowdown in domestic and foreign economies. Interruptions to electricity and fuel supply, and shortage of technological products also hampered these activities. Accordingly, IT programming consultancy and related activities, the main contributor in the segment, contracted by 2.3 per cent in 2022, compared to 25.2 per cent growth recorded in 2021, affected by the slowdown in global demand and domestic supply side issues such as prolonged power cuts that prevailed during the period. Meanwhile, Telecommunication activities grew at a slower rate of 3.1 per cent in 2022, compared to the 14.2 per cent growth recorded in 2021, attributable to the subdued demand resulted from the deterioration in purchasing power amid higher inflationary conditions and the upward revision of taxes imposed on telecommunication services.

Other Services Activities

The value-added of most of the other services activities also contracted in 2022, affected by the adverse economic conditions that prevailed in the country. Most of these activities were dampened due to the supply shortages during the first half; however, the same were affected in the latter part

of the year by the subdued demand conditions. Accordingly, professional services, and programming and broadcasting activities contracted by 4.0 per cent and 11.0 per cent, respectively, in 2022, due to the comparatively unfavourable business environment. Further, human health activities, which grew at a higher rate during the COVID-19-affected years, contracted by 8.4 per cent in 2022. Meanwhile, education, public administration and defense, other personal services, and postal and courier services contributed positively to the overall economic growth in 2022.

2.5 Expenditure

Gross Domestic Expenditure (GDE), the combination of consumption and investment expenditure of the economy, grew at a higher rate of 32.3 per cent at current prices in 2022, largely on account of elevated price levels that prevailed during the year, compared to the 13.6 per cent growth recorded in 2021. Within GDE, consumption expenditure grew by 34.3 per cent during the year, compared to 8.4 per cent growth in 2021, while investment expenditure also grew by 28.4 per cent during the year, compared to the 25.1 per cent growth recorded in the previous year. On the external front, net external demand at current prices improved by 34.1 per cent in 2022, in contrast to the 34.7 per cent deterioration recorded in the previous year. This was due to the substantial growth of 74.1 per cent in the export of goods and services during the year, which surpassed the 41.2 per cent growth in the import of goods and services. The comparatively slower growth in imports was largely attributable to the decline in import volumes due to import restrictions and foreign exchange liquidity shortage, while exports benefited from the sharp depreciation of the Sri Lanka rupee against currencies of major export destinations. Accordingly, GDP at current prices, the aggregate of GDE, and net external demand recorded a growth of 37.2 per cent in 2022, compared to 12.3 per cent growth in 2021.

Table 2.9
Aggregate Demand (a)

Item	Current Market Prices (Rs.mn)			Constant (2015) Prices (Rs.mn)		
	2020 (b)	2021 (b)(c)	2022 (c)	2020 (b)	2021 (b)(c)	2022 (c)
A. Domestic Demand						
Consumption	11,469,129	12,434,283	16,700,557	9,127,604	9,293,726	8,596,156
(% Change)	0.6	8.4	34.3	-4.9	1.8	-7.5
Gross Domestic Capital Formation	5,168,381	6,466,957	8,304,627	4,349,587	4,544,089	3,412,566
(% Change)	-4.8	25.1	28.4	-0.6	4.5	-24.9
Total Domestic Demand	16,637,510	18,901,240	25,005,184	13,477,191	13,837,815	12,008,722
(% Change)	-1.1	13.6	32.3	-3.6	2.7	-13.2
B. External Demand						
Export of Goods and Services	2,418,542	2,980,263	5,187,941	1,961,341	2,159,760	2,380,539
(% Change)	-30.3	23.2	74.1	-29.6	10.1	10.2
Import of Goods and Services	3,384,516	4,281,313	6,045,399	2,842,981	2,959,641	2,371,412
(% Change)	-22.9	26.5	41.2	-20.1	4.1	-19.9
Net External Demand	-965,975	-1,301,049	-857,458	-881,640	-799,881	9,127
(% Change)	-5.1	-34.7	34.1	-14.1	9.3	101.1
C. Total Demand	15,671,535	17,600,191	24,147,726	12,595,550	13,037,934	12,017,849
(% Change)	-1.5	12.3	37.2	-4.6	3.5	-7.8

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

(b) Revised

(c) Provisional

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

GDE, at constant prices, contracted substantially, largely attributable to the deterioration in purchasing power, the high interest rate environment that discouraged both consumption and investment, and the scarcity of goods. Accordingly, both consumption and investment declined by 7.5 per cent and 24.9 per cent, respectively, in 2022, resulting in a 13.2 per cent contraction in GDE during the year, compared to the 2.7 per cent growth recorded in 2021. Meanwhile, net external demand at constant prices turned positive with a substantial growth of 101.1 per cent in 2022 due to the combined outcome of the increase in exports and decline in imports in volume terms. Consequently, GDP at constant prices contracted by 7.8 per cent in 2022, compared to 3.5 per cent growth in 2021.

Consumption

Consumption expenditure, the largest expenditure component of the economy, grew by a higher rate of 34.3 per cent at current prices in 2022, compared to the 8.4 per cent growth recorded in 2021, mainly due to the surge in consumer prices. Private Consumption Expenditure (PCE), the major component of consumption

expenditure, substantially grew during the year accounting for 89.7 per cent of the total consumption in 2022. Meanwhile, the Government Consumption Expenditure (GCE) also grew at a higher pace compared to the previous year, contributing to the total consumption growth.

Outpacing the contraction in household consumption in real terms with the deterioration in purchasing power of the consumers and the supply shortages, PCE at current prices grew by 39.0 per cent in 2022, compared to 9.4 per cent growth in 2021, driven by inflated prices. In this regard, notable contributions could be observed from the major PCE categories of food and non-alcoholic beverages, and transport, which grew by 25.9 per cent and 69.8 per cent, respectively, during the year. The price levels of imported consumer items increased significantly in 2022, led by the increase in global commodity prices and depreciation of the local currency, contributing to the substantial increase in PCE at current prices. Moreover, the upward revisions of energy prices increased the household expenditure, particularly on transport, water, electricity, gas and other fuels, which spilled over to most of the PCE categories.

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

Category	As a Percentage of Total PCE (%)			Growth (%)	
	2020 (b)	2021 (b)(c)	2022 (c)	21/20 (b)(c)	22/21 (c)
1. Food and Non-alcoholic Beverages	31.4	33.4	30.2	16.2	25.9
2. Alcoholic Beverages, Tobacco and Narcotics	1.9	1.7	1.4	0.5	10.8
3. Clothing and Footwear	7.4	4.2	5.1	-38.0	70.7
4. Housing, Water, Electricity, Gas and Other Fuels	10.3	10.2	8.1	8.6	10.8
5. Furnishings, Household Equipment and Routine Household Maintenance	1.6	1.8	1.5	26.4	18.3
6. Health	2.7	3.7	3.1	48.4	16.9
7. Transport	21.3	21.2	25.9	9.0	69.8
8. Communication	1.0	1.1	0.8	15.5	-0.3
9. Recreation and Culture	3.2	3.2	3.0	9.1	31.1
10. Education	1.7	1.6	1.5	5.6	26.6
11. Restaurants and Hotels	2.8	3.4	5.1	30.6	109.0
12. Miscellaneous Goods and Services	15.1	15.0	15.9	8.7	47.4
13. Direct Purchases Abroad by Residents	1.0	0.5	0.7	-38.6	68.8
14. Less: Direct Purchases in Domestic Market by Non-residents	1.3	1.0	2.3	-18.2	225.7
Total Private Consumption Expenditure	100.0	100.0	100.0	9.4	39.0

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

(b) Revised

(c) Provisional

Source: Department of Census and Statistics

GCE, which comprises individual and collective final consumption expenditure of the Government, grew by 3.8 per cent in 2022 at current prices, compared to the 2.3 per cent growth recorded in 2021. Accordingly, the Government's individual final consumption expenditure, the main GCE category comprising expenditure on health, education, social protection, and recreation and culture, grew by 5.6 per cent during the year, compared to 1.0 per cent growth in 2021. Moreover, the Government's collective final consumption expenditure, which comprises expenditure that collectively benefit the community as a whole, such as general public services, defence, and public order and safety, grew by 1.7 per cent in 2022, a slower rate compared to 3.9 per cent growth in 2021.

Investment

Investment expenditure at current prices grew by 28.4 per cent in 2022, compared to 25.1 per cent growth in 2021, due to the significant elevation in prices of investment goods, even though investment in real terms recorded a notable contraction. The investment

climate faced strong headwinds during the year attributable to the scarcity and increased cost of investment goods due to the shortage in foreign exchange and the sharp depreciation in the local currency, holdback of government-funded construction projects, and high interest rates environment. However, at current prices, gross fixed capital formation, the major contributor to investment expenditure, grew by 21.9 per cent, compared to the 15.8 per cent growth recorded in the previous year, reflecting the impact of increased prices of construction material, and machinery and equipment. In the meantime, changes in inventories and acquisition less disposals of valuables also increased during the year.

Foreign Direct Investment (FDI) inflows, including loans received by companies registered under BOI, increased notably by 37.9 per cent, year-on-year, to US dollars 1,075.6⁶ million in 2022, compared to US dollars 780.2 million recorded in 2021. FDI

⁶ This includes receipts, including loans, to companies registered with the BOI and differs from the estimates presented in Chapter 5, mainly due to the inclusion of FDIs to non-BOI companies in the latter. Accordingly, total FDIs amounted to US dollars 1,181 million in 2022.

Table 2.11
Investments and Employment in Enterprises Registered under Board of Investment of Sri Lanka (BOI)
and Ministry of Industries

Category	No. of Projects		Estimated Investment (Rs. million)						Est. Employment (No.)	
	2021 (a)	2022 (b)	2021 (a)			2022 (b)			2021 (a)	2022 (b)
			Foreign	Local	Total	Foreign	Local	Total		
BOI (Under Act No. 4 of 1978)										
Projects Approved	135	160	347,871	166,184	514,056	282,842	263,529	546,371	25,632	26,177
Under Section 17 (c)	130	158	346,878	165,735	512,613	281,789	262,707	544,496	25,459	26,013
Under Section 16	5	2	993	449	1,442	1,054	821	1,875	173	164
Projects Contracted Under Section 17 (c)	93	142	41,305	74,130	115,436	327,810	188,864	516,674	21,685	21,685
Realised Investment Under Section 17 (d)(e)	1,875	1,922	2,258,989	2,021,406	4,280,395	2,420,110	2,055,046	4,475,156	486,362	n.a.
Projects in Commercial Operations (d)	2,735	2,718	651,662	1,057,348	1,709,010	662,641	1,059,813	1,722,454	459,828	461,371
Under Section 17 (c)	2,100	2,116	625,665	1,020,523	1,646,188	637,450	1,029,961	1,667,412	375,007	380,939
Under 200 Garment Factory Programme	116	107	505	25,639	26,143	503	18,714	19,217	56,543	52,513
Under Section 16	519	495	25,492	11,187	36,679	24,688	11,137	35,825	28,278	27,919
Ministry of Industries										
Companies Registered (d)	3,259	3,451	-	-	209,366	-	-	204,600	n.a.	n.a.

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

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

Sources: Board of Investment of Sri Lanka
Ministry of Industries

inflows to infrastructure projects, which accounts for around 54.0 per cent of the total FDI inflows to BOI companies, showed a notable increase in 2022, largely contributing to the overall expansion in FDIs in 2022. Further, FDIs to the manufacturing sector and services sector, which account for about 34.0 per cent and 13.0 per cent of FDI inflows, respectively, also recorded expansions. However, FDI inflows to the agriculture sector continued to remain modest in 2022. The total value of projects approved during the year by the BOI, under Sections 16 and 17 of the BOI Act. No. 4 of 1978, was estimated at Rs. 546.4 billion,

depicting an expansion of 6.3 per cent, year-on-year, from Rs. 514.1 billion in the preceding year. The estimated investment value of projects that commenced commercial operations under Sections 16 and 17 of the BOI Act, amounted to Rs. 35.8 billion and Rs. 1,667.4 billion, respectively, during 2022.

Availability and Utilisation of Resources

The available resources of the economy, which include domestic resources represented by the GDP and external resources represented by the imports, grew at a higher rate of 38.0 per cent at current prices in 2022, compared to the 14.8 per cent growth recorded in 2021. In this regard, GDP grew by 37.2 per cent in 2022, while imports grew by 41.2 per cent during the year, both at higher rates compared to 2021. However, considering the constant price estimates, GDP and imports recorded contractions during 2022. Meanwhile, most of the available resources were utilised for consumption purposes, which accounted for

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

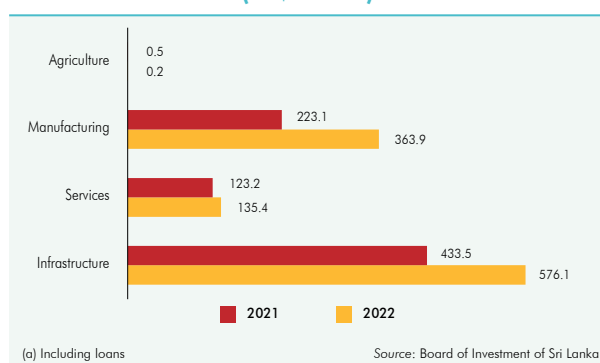


Table 2.12
Total Resources and Their Uses at Current
Market Prices (a) (b)

Item	Percentage Share %		Growth %	
	2021 (c)	2022	2021 (c)	2022
A. Resources				
Gross Domestic Product	80.4	80.0	12.3	37.2
Import of Goods and Services	19.6	20.0	26.5	41.2
Total	100.0	100.0	14.8	38.0
B. Utilisation				
Consumption	56.8	55.3	8.4	34.3
Gross Fixed Capital Formation	21.2	18.7	15.8	21.9
Changes in Inventories and Acquisition less Disposals of Valuables	8.4	8.8	57.2	44.9
Export of Goods and Services	13.6	17.2	23.2	74.1
Total	100.0	100.0	14.8	38.0

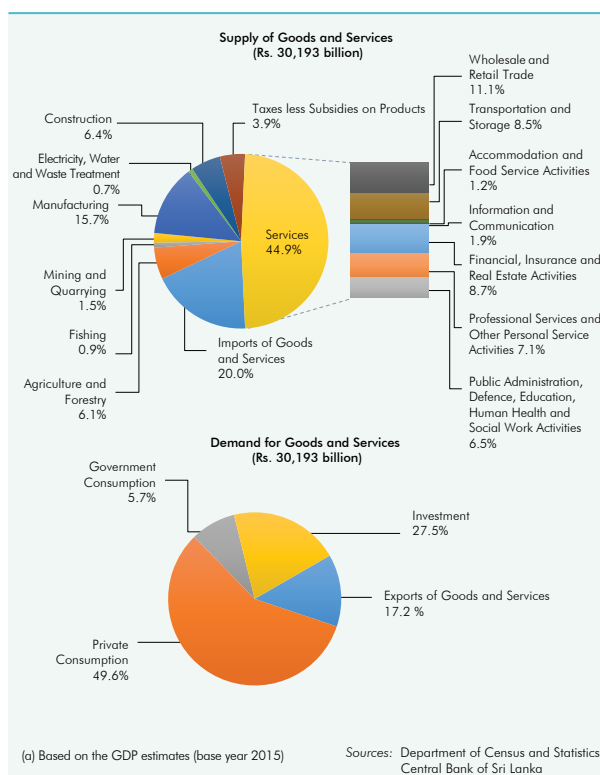
(a) Based on the GDP estimates (base year 2015) Sources: Department of Census and Statistics
Central Bank of Sri Lanka
(b) Provisional
(c) Revised

55.3 per cent of the total resource utilisation at current prices in 2022, while the shares of investment and exports stood at 27.5 per cent and 17.2 per cent, respectively.

Savings

The country's domestic and national savings improved at current prices during the year. Accordingly, domestic savings grew by 44.2 per cent in 2022, compared to the 22.9 per cent growth

Figure 2.14
The Economy in 2022 (at Current Market Prices) (a)



recorded in 2021, driven by the increase in private savings despite the broadening of government dis-savings during the year. As a result, domestic savings as a percentage of GDP increased to 30.8 per cent in 2022. Meanwhile, in rupee terms,

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

Item	Rs. million		Growth (%)		As a per cent of GDP (%)	
	2021 (c)	2022	2021 (c)	2022	2021 (c)	2022
1. Gross Domestic Product at Market Price	17,600,191	24,147,726	12.3	37.2	100.0	100.0
2. Consumption Expenditure	12,434,283	16,700,557	8.4	34.3	70.6	69.2
Private	10,769,655	14,973,295	9.4	39.0	61.2	62.0
Government	1,664,627	1,727,261	2.3	3.8	9.5	7.2
3. Investment	6,466,957	8,304,627	25.1	28.4	36.7	34.4
4. Domestic Savings	5,165,908	7,447,170	22.9	44.2	29.4	30.8
Private	6,456,349	8,987,618	19.9	39.2	36.7	37.2
Government	-1,290,441	-1,540,448	-9.3	-19.4	-7.3	-6.4
5. Domestic Savings - Investment Gap	-1,301,049	-857,458	-34.7	34.1	-7.4	-3.6
6. Net Primary Income from Rest of the World (d)	-395,539	-621,353	6.5	-57.1	-2.2	-2.6
7. Net Current Transfers from Rest of the World (d)	1,034,694	1,159,474	-10.1	12.1	5.9	4.8
8. National Savings	5,805,063	7,985,291	17.7	37.6	33.0	33.1

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

(b) Provisional

(c) Revised

(d) Any difference with the BOP estimates is due to the time lag in compilation.

Sources: Department of Census and Statistics
Central Bank of Sri Lanka
Ministry of Finance, Economic
Stabilization and National Policies

net primary income from the rest of the world deteriorated during the year, while net current transfers from the rest of the world recorded an improvement. As a combined outcome of these developments, national savings grew by 37.6 per cent in 2022, compared to 17.7 per cent growth in 2021. Due to the higher growth in savings compared to the investment, the national savings-investment gap narrowed in 2022.

2.6 Income

Gross Mixed Income, the largest income component of the economy in 2022, grew by 45.4 per cent at current prices during the year, compared to the growth of 11.2 per cent recorded in 2021, accounting for 34.6 per cent of GVA. Meanwhile, Gross Operating Surplus, the second largest income component, grew by 36.0 per cent in 2022, compared to the growth of 17.3 per cent in 2021. In terms of other major sources of income, Compensation of Employees and Other Taxes less Subsidies on Production continued to expand during the year. Meanwhile, considering the institutional sector classification of GVA, NFC was the largest income generator, followed by HH and NPISH, GG, and FC, respectively.

2.7 Population, Labour Force and Employment

Population

The population continued to increase in 2022, yet at a slower rate compared to the previous year. Accordingly, the mid-year population in Sri Lanka was estimated at 22.181 million in 2022 as per the mid-year population estimates compiled by the Registrar General's Department, recording a marginal growth of 0.1 per cent, compared to the growth of 1.1 per cent in 2021. Meanwhile, the Western Province continued to account for the highest share of 28.0 per cent of the mid-year population in 2022, yet recording a year-on-year decline in population, followed by the Central and Southern Provinces, which represented 12.7 per cent and 12.2 per cent, of the population, respectively, in 2022. Further, the Northern Province continued to account for 5.3 per cent, the lowest share of mid-year population, in 2022. In line with the population growth, the population density also increased marginally to 354 people per square kilometre in 2022, from 353 people per square kilometre recorded in 2021. Following the trend observed in recent years, the female population remained higher than the male population.

2

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

Item	Percentage Share (%)									
	2021 (c)					2022				
	Non-Financial Corporations (NFC)	Financial Corporations (FC)	General Government (GG)	Households and Non-Profit Institutions Serving Households (HH and NPISH)	Total Economy	Non-Financial Corporations (NFC)	Financial Corporations (FC)	General Government (GG)	Households and Non-Profit Institutions Serving Households (HH and NPISH)	Total Economy
Compensation of Employees	45.6	6.5	26.5	21.4	100.0	47.7	10.2	21.7	20.5	100.0
Gross Operating Surplus	84.6	12.1	3.3	0.0	100.0	86.4	11.3	2.4	0.0	100.0
Gross Mixed Income	-	-	-	100.0	100.0	-	-	-	100.0	100.0
Other Taxes less Subsidies on Production	74.5	10.4	-	15.2	100.0	73.2	10.7	-	16.1	100.0
Gross Value Added at Basic Price	43.5	6.2	9.2	41.1	100.0	43.6	6.8	7.1	42.4	100.0

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

(b) Provisional

(c) Revised

Source: Department of Census and Statistics

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

Province	2021		2022	
	Population '000 Persons	Density	Population '000 Persons	Density
Western	6,219	1,731	6,209	1,728
Central	2,811	504	2,812	504
Southern	2,696	501	2,702	502
Northern	1,165	141	1,173	141
Eastern	1,783	190	1,788	191
North Western	2,592	345	2,592	345
North Central	1,402	144	1,406	144
Uva	1,400	168	1,408	169
Sabaragamuwa	2,088	424	2,091	425
Total	22,156	353	22,181	354

(a) Provisional

Source: Registrar General's Department

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

Labour Force

In 2022, the economically inactive population increased compared to 2021 resulting in a decrease in the labour force as per the Sri Lanka Labour Force Survey conducted by DCS.

In line with the increase in household population, the economically inactive population increased to 8.615 million in 2022 from 8.581 million in the previous year whereas the labour force, which represents the economically active population,⁷ decreased marginally to 8.547 million in 2022 from 8.553 million recorded in 2021. With these developments, the labour force participation rate (LFPR), which is the ratio of the labour

⁷ This is the current economically active population, i.e. the number of persons (aged 15 years and above), who are employed or unemployed during the reference one-week period.

force to the household population, decreased marginally to 49.8 per cent in 2022, compared to 49.9 per cent in 2021. The male LFPR recorded a decline to 70.5 per cent in 2022 from 71.0 per cent in the previous year, while on a positive note the female LFPR increased to 32.1 per cent in 2022 from 31.8 per cent in the previous year. Further, the gender gap in LFPR narrowed to 38.4 per cent in 2022, compared to the 39.2 per cent recorded in the previous year.

Employment

The employed population⁸ increased to 8.148 million in 2022, compared to 8.114 million in the previous year. In terms of employment by major economic activities, employment in Industry activities increased to 2.158 million in 2022 from 2.109 million in the previous year, while that of Services increased to 3.831 million in 2022 from 3.791 million in the previous year. However, employment in Agriculture declined to 2.159 million in 2022 from 2.213 million in the previous year. Accordingly, the shares of employment in Industry and Services activities increased to 26.5 per cent and 47.0 per cent, respectively, in 2022 from 26.0 per cent and 46.7 per cent in the previous year, whereas the share of employment in Agriculture declined to 26.5 per cent in 2022 from 27.3 per cent in the previous

⁸ 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.

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

Item	2021	2022 (b)				
		Q1	Q2	Q3	Q4	Annual
Household Population '000 Persons	17,134	17,105	17,126	17,186	17,230	17,162
Labour Force '000 Persons	8,553	8,762	8,576	8,430	8,421	8,547
Employed	8,114	8,389	8,177	8,010	8,015	8,148
Unemployed	440	373	399	419	406	399
Labour Force Participation Rate (c)	49.9	51.2	50.1	49.0	48.9	49.8
Male	71.0	71.8	70.9	70.4	69.0	70.5
Female	31.8	33.6	32.1	31.0	31.6	32.1

(a) Household population aged 15 years and above

(b) Provisional

(c) Labour force as a percentage of household population

Source: Department of Census and Statistics

Table 2.17
Public Sector Employment

Sector	2021 (a)	2022 (b)	Percentage Change 2022/ 2021 (b)
Government	1,181,422	1,181,766	0.0
State Owned Enterprises	219,838	212,117	-3.5
Total Public Sector	1,401,260	1,393,883	-0.5

(a) Revised
(b) Provisional

Source: Department of Management Services, Ministry of Finance, Economic Stabilization and National Policies

year. In terms of the status of employment, public sector employees, own account workers and contributing family workers decreased in 2022 compared to 2021, whereas the private sector employees and employers increased. Meanwhile, the private sector continued to remain the main employment generator in Sri Lanka, representing the largest share of 42.9 per cent, followed by own account workers, which accounted for 33.1 per cent of the total employment during 2022.

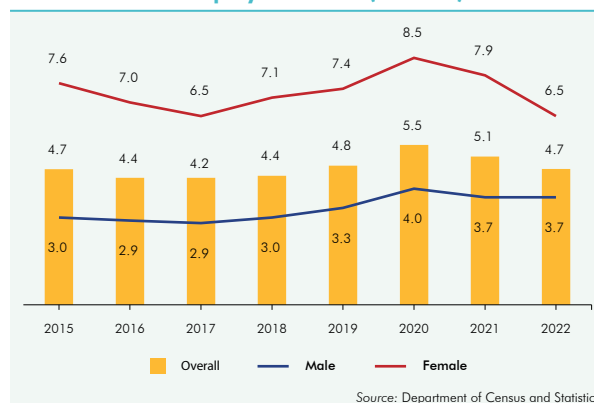
As per the data of the Department of Management Services of the Ministry of Finance, total public sector employment stood at 1.394 million in 2022. This includes employees in ministries, departments, district secretariats, divisional secretariats, provincial councils and State Owned Enterprises (SOEs). Accordingly, the public sector employment recorded a decline in 2022 compared to 1.401 million reported in 2021 due to the reduction of employment in SOEs.

Unemployment

The unemployment rate declined to 4.7 per cent in 2022 from 5.1 per cent recorded in the previous year. The unemployed population⁹ also declined to 0.399 million in 2022 from 0.440 million recorded in the previous year. Consequently, the male unemployment rate remained unchanged at 3.7 per cent, while the female unemployment rate declined to 6.5 per cent in 2022 from 7.9 per cent in the previous year. Further, unemployment rate

⁹ Persons available and/or looking for work, and who did not work and took steps to find a job during the last four weeks and are ready to accept a job given a work opportunity within next two weeks are said to be unemployed.

Figure 2.15
Unemployment Rate (Per cent)



of the GCE A/L and above category, declined considerably to 7.8 per cent in 2022, compared to 9.1 per cent recorded in the previous year. Moreover, the youth (15-24 years) unemployment rate also declined to 22.8 per cent in 2022, compared to 26.5 per cent in the previous year.

Foreign Employment

Departures for foreign employment recorded a significant growth of 154.4 per cent to 311,056 in 2022 from 122,264 in 2021. The significant increase in departures for foreign employment was partly on account of economic hardships that prevailed in the country during 2022. Accordingly, male and female departures for foreign employment accounted for 60.1 per cent and 39.9 per cent, respectively, of the total

Figure 2.16
Departures for Foreign Employment by Skills

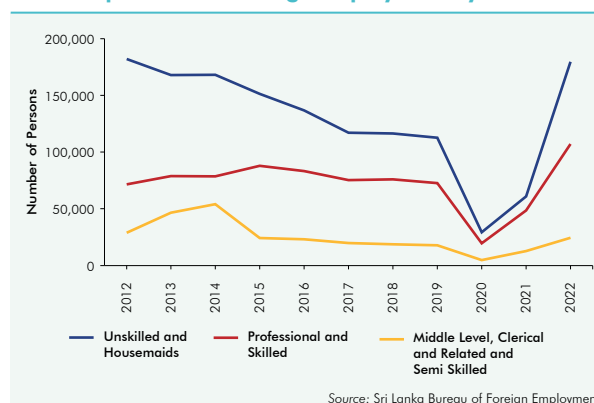


Table 2.18
Departures for Foreign Employment

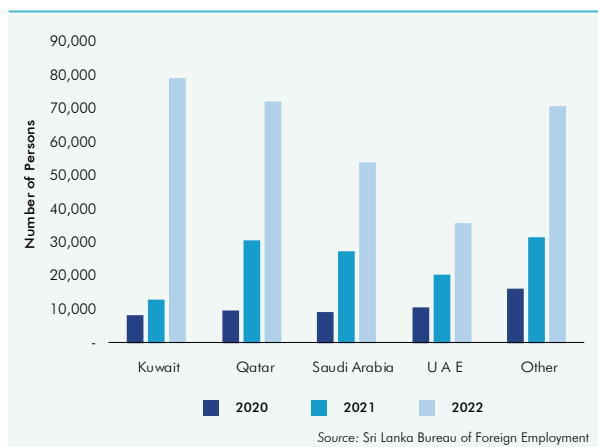
Foreign Employment	2020		2021 (a)		2022 (b)	
	Number	Per cent	Number	Per cent	Number	Per cent
Total Placement	53,711	100.0	122,264	100.0	311,056	100.0
By Source						
Licensed Agents	18,065	33.6	41,805	34.2	123,420	39.7
Other	35,646	66.4	80,459	65.8	187,636	60.3
By Gender						
Male	32,500	60.5	81,110	66.3	186,965	60.1
Female	21,211	39.5	41,154	33.7	124,091	39.9
By Manpower Category						
Professional	2,957	5.5	8,373	6.8	14,307	4.6
Middle Level	1,496	2.8	4,256	3.5	8,130	2.6
Clerical & Related	2,496	4.6	6,540	5.3	12,134	3.9
Skilled	16,664	31.0	40,174	32.9	92,836	29.8
Semi Skilled	789	1.5	1,930	1.6	4,133	1.3
Unskilled	13,987	26.0	31,676	25.9	105,509	33.9
Housemaid	15,322	28.5	29,315	24.0	74,007	23.8

(a) Revised
(b) Provisional

Source: Sri Lanka Bureau of Foreign Employment

departures of foreign employment. Departures under all skill categories, namely professional, middle level, clerical and related, skilled, semi-skilled, unskilled and housemaid, increased with major contributions from unskilled, skilled and housemaid categories. The Middle East region continued to be the main foreign employment destination in 2022 as well, accounting for 84.7 per cent of the total departures for foreign employment, with 91.3 per cent of those departing to Qatar, Saudi Arabia, United Arab Emirates and Kuwait.

Figure 2.17
Departures for Foreign Employment by Major Destinations



Labour Productivity

Labour productivity, measured in terms of GVA (in 2015 prices) per hour worked, declined by 10.6 per cent to Rs. 686.57 per hour worked in 2022 from Rs. 768.08 per hour worked in 2021. The decline in the labour productivity in Industry and Services activities was mainly due to the decreases in their respective GVA in 2022. Accordingly, labour productivity in Industry and Services activities declined to Rs. 759.80 per hour worked and Rs. 839.85 per hour worked, respectively, in 2022 from Rs. 922.15 per hour worked and Rs. 945.97 per hour worked, respectively, in 2021. On the contrary, the labour productivity in Agriculture activities broadly remained unchanged amid the decline in both Agriculture GVA and the hours worked. Accordingly, the labour productivity in Agriculture activities recorded as Rs.243.94 per hour worked in 2022, compared to 243.04 in 2021. In terms of the level of productivity, Services activities continued to exhibit the most efficient use of labour resources, recording the highest labour productivity level, followed by Industry and Agriculture activities.

3

ECONOMIC AND SOCIAL INFRASTRUCTURE

3.1 Overview

Provisioning of economic and social infrastructure services met with unprecedented challenges during 2022 amidst the deepened balance of payments (BoP) and sovereign debt crises that led to power and energy and humanitarian crises, inflicting significant socio-economic costs. Some improvements could be witnessed towards the latter part of 2022 in the provisioning of economic services with the implementation of both supply and demand management strategies, including the introduction of cost reflective pricing in several state-owned business enterprises, among others. However, heightened vulnerabilities in the provisioning of economic and social infrastructure services to economic headwinds underscored the need for expeditious implementation of long overdue structural reforms in the public sector. Significant power outages and fuel shortages, particularly during mid-2022, caused unprecedented disruptions to socio-economic activities, resulting in a major setback to overall economic activity during 2022. However, the severity of the energy crisis subsided in the second half of the year amidst increased contribution of hydropower generation, and measures introduced to address supply and demand imbalances, including the introduction of a QR code system for fuel supply, securing of foreign financial assistance to import cooking gas, rolling out cost reflective revisions to prices of fuel products and electricity after long overdue price adjustments. Accordingly, domestic retail prices of petroleum products were revised in multiple rounds in 2022, based on a pricing formula from May 2022 reflecting the movements of global energy prices, among others. Electricity tariffs were revised upward in August 2022 over eight years of hiatus, followed by another revision in February 2023, pursuant to the establishment of a semi annual tariff revision mechanism from 2023 onwards. Water tariffs were also adjusted upward in September 2022. These price revisions, along with the significant increase in overall price levels during 2022, caused significant distress to economically vulnerable households, thereby worsening poverty levels.

The budgetary space for the Government to accommodate investment expenditure on infrastructure facilities remained severely constrained during 2022. Disruptions to imported raw material availability amidst the BoP pressures affected construction activity related to the infrastructure development. The country made commendable progress in containing the COVID-19 pandemic. However, the healthcare sector was affected

by the shortage of pharmaceuticals and other medical supplies amidst procurement delays, while foreign financial assistance helped lower the severity of shortages in medical supplies to some extent. Education activities were revived in the second half of 2022 as disruptions due to energy crisis and COVID-19 on the education system were largely abated. However, the impact of the learning losses caused by intermittent disruptions to academic activities during the past few years continued to persist, while the inequalities in educational outcomes among the children from underprivileged backgrounds widened, underlining the need for concerted efforts to address anomalies in the education system. Progress in eradicating poverty was hampered due to a rising share of the population becoming increasingly vulnerable to economic disruptions and the slowdown in economic activity. Considering the widespread consequences of economic crisis on living conditions of marginalised segments of the population, several initiatives were underway to provide relief under the social safety net programmes, while measures were taken to improve efficiency and streamline the targeting of beneficiaries for such schemes. The stark socio-economic consequences of the worst economic crisis in the post independence Sri Lanka underscore the need for concerted efforts to resolve vulnerabilities in the economy in a sustainable and equitable manner to improve resilience through the enrichment of both physical and human capital over the medium term.

3.2 Economic Infrastructure Policies, Institutional Framework and Performance

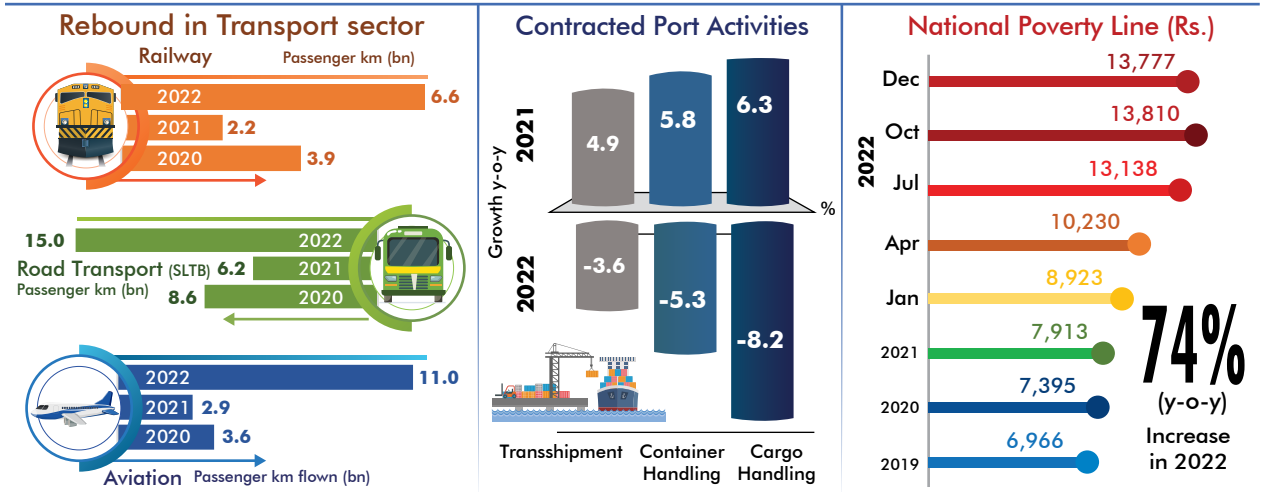
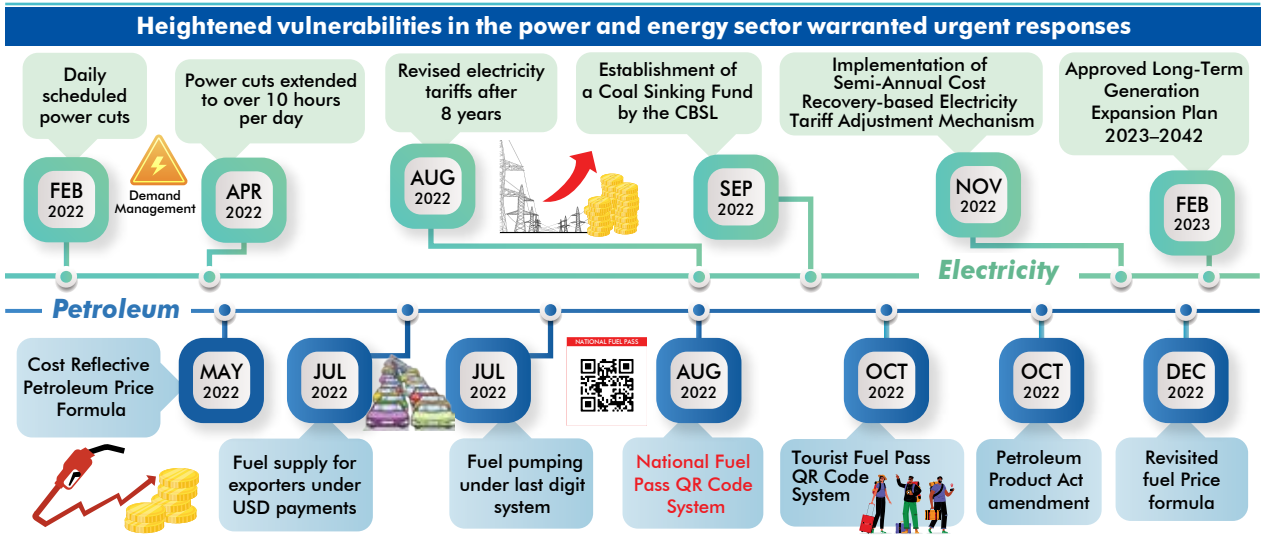
Petroleum

The Government faced formidable constraints in meeting the domestic demand for fuel amidst an unprecedented shortage of foreign exchange liquidity in the country in 2022.

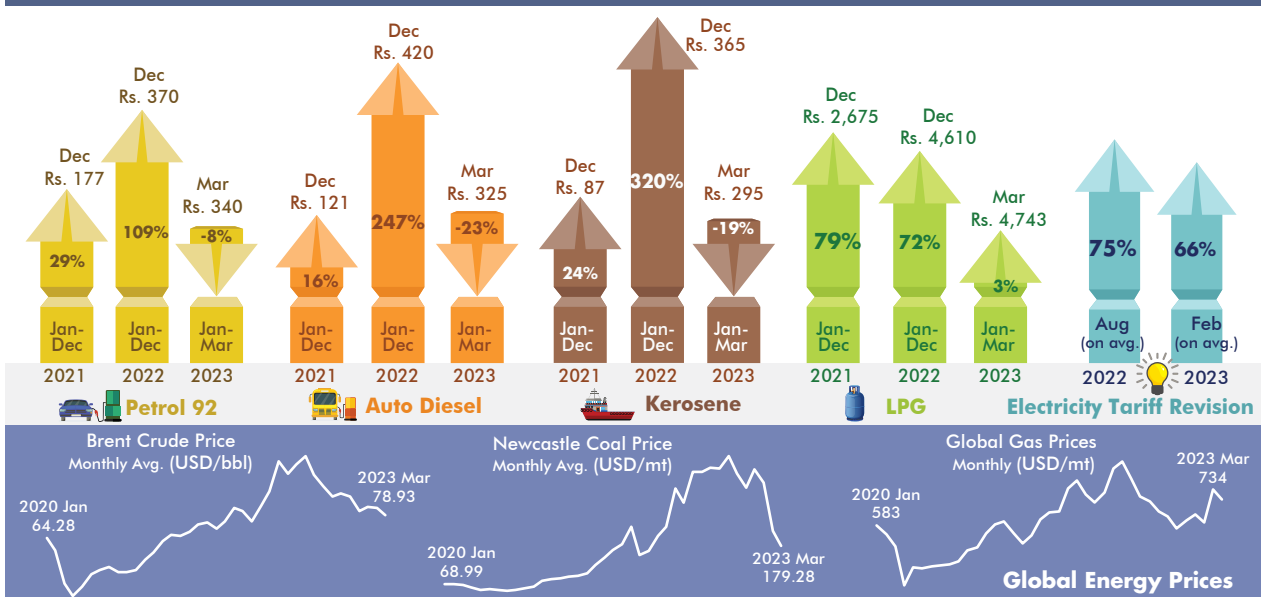
During the year, fuel procurement procedure of the Ceylon Petroleum Corporation (CPC) was severely challenged by its worsened financial position together with the sparse liquidity in the domestic foreign exchange market, thereby resulting in a fuel crisis in the country which led to severe social unrest. Inconsistency in fuel distribution and uncertainty in availability of fuel prompted excessive hoarding of stocks by the people and led to longer queues for fuel pumping. Considering the essentiality of fuel imports to ensure the continuity of economic activity, the Central Bank constantly facilitated timely procurement of fuel by providing the required foreign exchange liquidity to CPC.

Further, the Government secured a short term credit line facility of US dollars 500 million from the Import Export Bank India for financing the purchase of petroleum products during the year, while utilising US dollars 200 million out of the credit facility amounting to US dollars 1,000 million obtained from the State Bank of India for the same amidst the worst economic crisis in the country. Meanwhile, in May 2022, the Cabinet of Ministers approved the implementation of a new pricing formula for petroleum products, and accordingly a committee was appointed to devise an appropriate cost reflective pricing formula. The pricing formula adopted from May 2022 was revoked subsequently in December 2022, as the Government decided to implement the pricing formula adopted in 2018 and to revise domestic petroleum prices on monthly basis. Meanwhile, the Ministry of Power and Energy granted the approval for several bunker license holders to supply selected fuel products for a specific period through the oil bank at Jaya Container Terminal to exporters, power generation companies, tourism service providers, licensed telecommunication service providers, and other

Figure 3.1
Performance of the Economic and Social Infrastructure



Domestic prices were revised in line with the movements in world prices

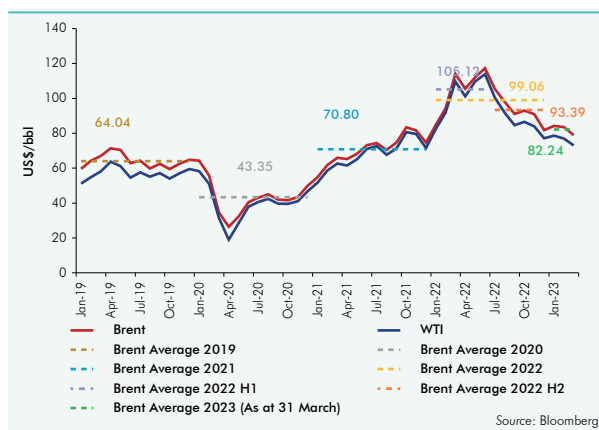


3 industries against the receipt of payment in US dollars. In early July 2022, CPC commenced registration of priority consumers engaged in the export sector with business registration in Sri Lanka to purchase fuel by paying in US dollars, subject to a guaranteed quota for fuel. To ensure uninterrupted supply of fuel for the transport sector, CPC introduced a system, wherein fuel was dispensed through its own filling stations according to a system based on the last digit of the vehicle number plate from late July 2022 onwards, before implementing the QR code system for fuel distribution. Under the National Fuel Pass QR code system, which was effective from 01 August 2022, weekly quotas were given for prescribed vehicle categories, thereby economising the limited availability of fuel and distributing island-wide under severe constraints. Further, several measures were implemented to ensure supply of fuel for Industries, Agriculture sector, and Fisheries sector during the year. The Tourist Fuel Pass prepaid card system was implemented at the beginning of October 2022, enabling tourists to use a US dollar denominated prepaid card to purchase fuel at stations across the island with a view to facilitating the recovery of the tourism industry, following the COVID-19 pandemic. Meanwhile, CPC implemented the storage module concept for importation of crude and refined products during the latter part of 2022, enabling unloading of fuel cargos without delays over fragmented payments for the quantity drawn from the storage terminals of CPC and Ceylon Petroleum Storage Terminals Limited (CPSTL). This arrangement facilitated continuous fuel supply, albeit with limitations, and helped minimise cash flow deficiencies of CPC to a greater extent.

Global crude oil prices remained elevated in 2022, primarily driven by the geopolitical tensions in Eastern Europe and the resultant

tightened global oil supply conditions, despite the downward pressures observed towards the second half of the year, following the growing concerns over the global economic slowdown. Crude oil prices were on a rising trend during the first half of 2022 with daily prices (Brent) briefly reaching US dollars 140 per barrel in March 2022 for the first time since July 2008, mainly due to the sanctions imposed on Russia by Western countries, one of the leading exporters of petroleum products in the world. However, from the beginning of the second half of 2022, prices were on a declining trend on account of the slowing global growth along with the aggressive monetary policy tightening measures adopted by the major central banks around the world that were expected to dampen global energy demand, continued COVID-19 restrictions in China, and substantial release of crude oil from strategic reserves of the United States. Brief episodes of upward pressures were observed during the latter part of the second half of 2022 with the announcement of production cut by the Organisation of the Petroleum Exporting Countries (OPEC) and its allies in October 2022, imposition of a price cap on Russian crude oil by the G7 countries, along with the European Union ban on Russian crude imports in December 2022, and signals on demand recovery in China. The average crude oil price (Brent) increased by 39.9 per cent to US dollars 99.06 per barrel in 2022, compared to the average price of US dollars 70.80 per barrel recorded in the previous year. The West Texas Intermediate (WTI) price was also on a rising trend and recorded an average of US dollars 94.41 per barrel in 2022, compared to US dollars 67.94 per barrel recorded in 2021. Nevertheless, global crude oil prices showed a slight moderation in the first quarter of 2023. The average global prices of major refined petroleum products, including petrol 92 octane, petrol 95 octane, auto diesel, super diesel, and kerosene, increased within the range of

Figure 3.2
Trends in Global Crude Oil Prices



40 to 75 per cent, year-on-year, in 2022. In line with rising trends in global crude oil prices, the average price of crude oil imported by the CPC increased by 45.4 per cent to US dollars 100.11 per barrel in 2022, compared to the average of US dollars 68.86 per barrel recorded in 2021.

As part of the demand management strategy, while addressing financial losses of CPC, multiple rounds of price revisions of major petroleum products were undertaken by CPC from March 2022, in collaboration with the Ministry of Power and Energy. Accordingly, domestic prices of key petroleum products sold by CPC were revised upward in March, April, May, June, and November of 2022, and in February 2023

in keeping with the escalation of global prices of petroleum products. Petroleum prices were revised downward on several occasions, in July, August, October and December of 2022, and in January and March 2023, following the price declines in global markets. Further, the retail price of kerosene was notably adjusted upward by CPC towards the end of August 2022, to curb the substantial losses incurred by CPC in selling kerosene at a significantly subsidised rate. Following the price revisions of CPC, Lanka IOC PLC (LIOC) revised domestic prices of petroleum products upward in eleven rounds and downward in eight rounds to align its prices with those of CPC. Meanwhile, the Government imposed an Excise Duty of Rs. 25.00 per litre on imports of key refined petroleum products with effect from 01 January 2023 to meet the debt servicing obligations of the foreign currency debt stock of CPC, which was transferred to the Government debt stock in December 2022. Accordingly, the Excise (Special Provisions) Duty on octane 92 and octane 95 petrol increased to Rs. 52.00 per litre, while the duty applicable for super diesel and auto diesel increased to Rs. 38.00 and Rs. 31.00 per litre, respectively, with effect from 01 January 2023, thereby raising the prices of domestic petroleum products.

Figure 3.3
Revisions to Domestic Prices of Petroleum Products of CPC

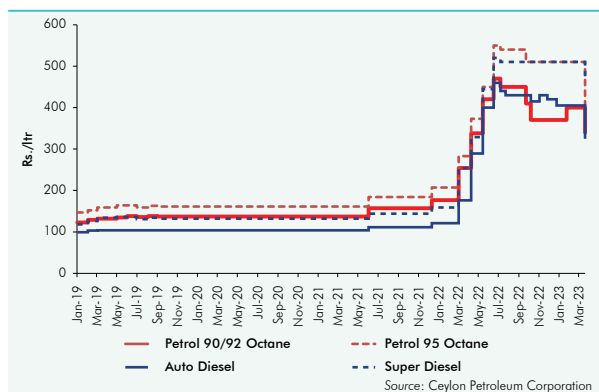
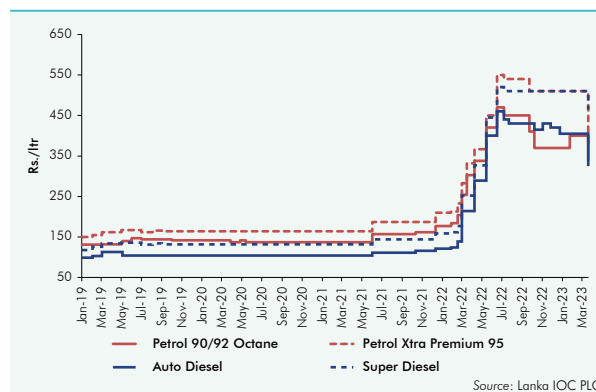


Figure 3.4
Revisions to Domestic Prices of Petroleum Products of Lanka IOC PLC



3 The overall sales volume of petroleum products in the domestic market recorded a decline during 2022, due to the combined impact of lower imports amidst dearth foreign exchange liquidity, escalated prices of domestic petroleum products, fuel rationing and subdued economic activity during the year. The Government took measures to introduce demand management strategies by implementing a QR code based fuel rationing system from August 2022 onwards with a view to smoothening the supply and demand in the domestic market. In 2022, total petroleum sales registered a year-on-year contraction of 13.8 per cent with a decline in sales volumes of CPC, while sales volumes of LIOC recorded a notable growth during the period under review amidst disrupted fuel supply of CPC. The sales of CPC to the transport sector, which accounted for 73 per cent of the total sales of CPC, recorded a year-on-year contraction of 17.1 per cent, while the sales to the aviation sector recorded a year-on-year growth of 9.8 per cent, mainly reflecting the base effect due to the impact of COVID-19 in 2021. The increased reliance on hydropower generation supported by favourable reservoir levels and continuous load shedding amidst limited fuel supply owing to dearth of foreign exchange liquidity resulted in an overall

Figure 3.5
Sales of Petroleum Products

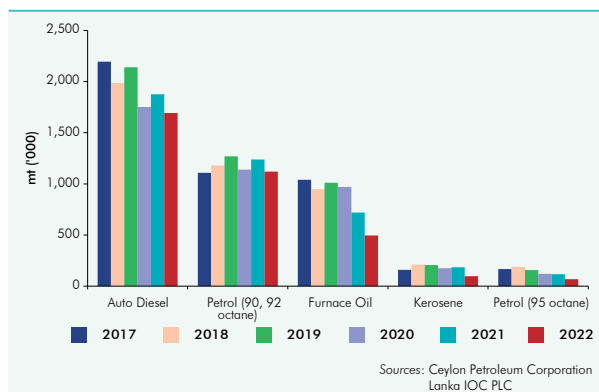


Table 3.1
Petroleum Sector Performance

Item	2021 (a)	2022 (b)	Growth Rate (%)	
			2021 (a)	2022 (b)
Quantity Imported (mt '000)				
Crude Oil	1,182	649	-29.1	-45.1
Refined Products	4,553	3,927	13.0	-13.8
Coal	2,206	1,707	-15.1	-22.6
L.P. Gas	422	290	-3.3	-31.2
Domestic L.P. Gas Production (mt '000)	17	6	-34.1	-65.8
Value of Imports (CIF)				
Crude Oil (Rs. million)	123,865	157,408	15.0	27.1
(US\$ million)	625	484	7.2	-22.6
Refined Products (Rs. million)	564,681	1,294,311	75.5	129.2
(US\$ million)	2,840	4,048	63.0	42.5
Coal (Rs. million)	55,118	99,949	37.1	81.3
(US\$ million)	278	365	27.8	31.3
L.P. Gas (Rs. million)	64,436	75,882	47.1	17.8
(US\$ million)	324	234	37.2	-27.8
Average Price of Crude Oil (CIF)				
(Rs./bbl)	13,645	32,573	62.2	138.7
(US\$/bbl)	68.86	100.11	51.1	45.4
Quantity of Petroleum Exports (mt '000)	853	641	7.0	-24.9
Value of Petroleum Exports (Rs. million)	100,975	177,194	46.7	75.5
(US\$ million)	506	568	35.6	12.2
Local Sales - Refined Products (mt '000)	4,447	3,833	-3.3	-13.8
o/w Petrol (92 Octane) (c)	1,238	1,119	8.7	-9.6
Petrol (95 Octane)	116	69	-3.5	-40.7
Auto Diesel (d)	1,875	1,693	7.1	-9.7
Super Diesel	75	78	8.2	5.0
Kerosene	185	98	5.6	-46.9
Furnace Oil	720	496	-25.8	-31.1
Avtur	224	246	18.6	9.8
Naphtha	11	32	-93.5	203.6
Local Sales - L.P. Gas (mt '000)	457	294	-3.3	-35.6
Local Price (End Period) (Rs./litre)				
Petrol (92 Octane)	177.00	370.00	29.2	109.0
Petrol (95 Octane)	207.00	510.00	28.6	146.4
Auto Diesel	121.00	420.00	16.3	247.1
Super Diesel	159.00	510.00	20.5	220.8
Kerosene	87.00	365.00	24.3	319.5
Furnace Oil				
800 Seconds	110.00	320.00	57.1	190.9
1,500 Seconds	110.00	320.00	57.1	190.9
L.P. Gas (Rs./kg)				
Litro Gas	214.00	368.80	79.2	72.3
Laugfs Gas	227.20	424.00	90.2	86.6
International Crude Oil Prices (US\$/bbl)				
Brent	70.80	99.06	63.3	39.9
WTI	67.94	94.41	70.8	39.0
Petroleum and other liquids				
World Supply (million barrels per day)	95.7	99.9	1.9	4.3
World Demand (million barrels per day)	97.1	99.4	5.6	2.4

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

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

decline in fuel demand from the power generation sector during the year. Accordingly, sales of fuel for power generation recorded a contraction of 6.8 per cent, year-on-year, during the period under review.

The output from the refinery of petroleum products recorded a notable overall decline of 55.4 per cent in 2022 due to frequent closures of the Sapugaskanda refinery in the absence of regular crude oil importation due to the dearth of foreign exchange. During 2022, the Sapugaskanda refinery remained closed for almost 225 days due to unavailability of crude oil for refinery operations. Accordingly, overall crude oil throughput declined by 58.4 per cent, year-on-year while refinery output of key products, such as diesel, petrol, fuel oil, and naphtha, dropped by 65.4 per cent, 68.8 per cent, 45.7 per cent, and 71.2 per cent, respectively, during the period under review.

Financial performance of CPC worsened further in 2022, largely driven by losses due to significant depreciation of the exchange rate, despite the cost reflective price revisions, which were mostly implemented in the second half of 2022. As per the unaudited provisional financial statements, the operational loss of CPC was limited to Rs. 6.2 billion in 2022, compared to the operational loss of Rs. 41.3 billion recorded in the previous year, partially reflecting the impact of price revisions amidst notable fluctuations in global crude oil prices. The sharp nominal depreciation of the Sri Lanka Rupee against the US dollar during March-May 2022 resulted in a notable exchange rate variation loss of Rs. 527.0 billion to CPC, weighing on its financial performance recording an overall loss (before tax) of Rs. 615.1 billion in 2022, compared to the loss (before tax) of Rs. 81.8 billion recorded in 2021. However, CPC continued to record profit (before taxes) on a monthly basis, from July 2022 onwards due to the cost reflective price adjustments and gradual stabilisation in exchange rate volatilities. Meanwhile, with the Government's decision to transfer Government guaranteed foreign currency debt stock of CPC amounting to US dollars 2.5 billion to the Government balance sheet as a

measure to improve the financial viability of CPC, the outstanding foreign currency denominated loans and import bills of CPC to the banking sector reduced to US dollars 0.2 billion by end 2022 from US dollars 3.4 billion recorded at end 2021. CPC's total outstanding trade receivables from public corporations increased by Rs. 59.3 billion to Rs. 220.3 billion by end 2022 from end 2021. Of the outstanding total trade receivables of CPC, the SriLankan Airlines (SLA) and Ceylon Electricity Board (CEB) accounted for 49.3 per cent and 31.1 per cent, respectively, by end 2022, from 38.6 per cent and 51.5 per cent, respectively, reported at end 2021. The rupee value of trade receivables from SLA increased notably during 2022, with the parity adjustment to SLA's liabilities to the CPC, in line with the sharp depreciation of the exchange rate.

Several infrastructure development initiatives and legal enforcements aimed at enhancing the efficiency and performance of the petroleum industry in Sri Lanka were implemented in 2022. To smoothen the provisioning of fuel supply in the country, many deregulation strategies were implemented amidst the unprecedented fuel crisis that the country experienced with a heavy toll on economic activity. Accordingly, with the approval of Cabinet of Ministers, Expressions of Interest (EOI) were called from new fuel suppliers, including companies established in petroleum producing countries, to explore a feasible business model for importation, distribution and selling of petroleum products in the domestic market. This process was complemented by the enactment of the Petroleum Products (Special Provisions) (Amendment) Act, No. 27 of 2022 with effect from 26 October 2022. During the year, the infrastructure development initiatives of CPC were impeded primarily with financial constraints, resulting in modest progress in CPC's development

3 projects. As a part of the Bandaranaike International Airport (BIA) development project, the installation of fuel hydrant system for the new Apron E, upgrading of the CPC fuel farm facilities, and modification and retrofitting of the fuel hydrant system in existing Aprons A, B, and C were underway during the year. Meanwhile, the agreement for the development of the Trincomalee Oil Tank Farm was signed on 06 January 2022 with the participation of CPC, LIOC, and Trinco Petroleum Terminal (Pvt) Limited (TPTL). Accordingly, in 2022, TPTL undertook a range of initiatives to develop 61 tanks, which were falling within its purview. In this regard, a health assessment of 10 storage tanks and a detailed feasibility study were in progress in 2022. During the year, CPC prepared a development plan and set up a procurement process for preliminary land clearing and land surveying activities by selecting contractors to develop CPC owned 24 tanks in Trincomalee Oil Tank Farm. Meanwhile, as the regulatory body for offshore hydrocarbon exploration, development, and production work of the Government, the Petroleum Development Authority of Sri Lanka (PDASL) continued its efforts to develop the upstream petroleum industry in Sri Lanka. As stipulated in the Petroleum Resources Act, No. 21 of 2021, PDASL continued its engagement with regard to strengthening its mandate on offshore hydrocarbon exploration operations. Further, following the review of the international block demarcation processes and current industry trends, a new offshore hydrocarbon exploration block map, comprising around 900 small blocks within the three large basins covering the Mannar, Cauvery, and Lanka, was devised and gazetted in July 2022. Seismic data were analysed in multiple occasions and the feasibility of Sri Lanka's petroleum exploration was conveyed to the Government over several decades by experts in the field. Yet the same

process is repeated and promotional expenditure is incurred under successive governments. It is yet to see actual exploration of gas or oil on country's hydrocarbon deposits. Therefore, PDASL should aim to engage with an effective explorer and ensure that exploration of oil/gas begins in the near future.

The supply of LPG (Liquefied Petroleum Gas) in the country was significantly interrupted by the shortage of foreign exchange mainly during the first half of 2022, largely affecting urban and semi-urban households. However, with the receipt of financial assistance from the World Bank and the Central Bank's actions to increase foreign exchange liquidity in the banking system helped importation of LPG, restoring normalcy of LPG supply in the domestic market. In August 2022, the Cabinet of Ministers approved the adoption of a cost reflective formula to determine domestic LPG prices of which the implementation commenced since August 2022. Litro Gas Lanka Ltd. revised domestic prices upward in April, July, November and December 2022, and February 2023 and prices revised downward in August, September, and October 2022, and January 2023 on easing global price. Following suit, Laugfs Gas PLC revised domestic prices upward thrice in March and June 2022 and February 2023, with three downward revisions in August and October 2022 and January 2023. Further, the Ports and Airports Development Levy (PAL) on LP gas imports was reduced to 2.5 per cent of import cost from 7.5 per cent, with effective from 01 January 2023.

Following the overall trend in global energy prices, the average global LPG prices remained at elevated levels during 2022, despite the notable moderation observed since May 2022. The average price of LPG in the global markets (based on the Propane:Butane ratio of 30:70), which peaked to US dollars 954 per metric ton

in April 2022 due to heightened supply side risks in the global energy market, declined by around 31.9 per cent to US dollars 650 per metric ton in December 2022, reflecting the moderation in global consumption demand. However, global LPG prices remained above US dollars 700 per metric ton at the end of the first quarter of 2023.

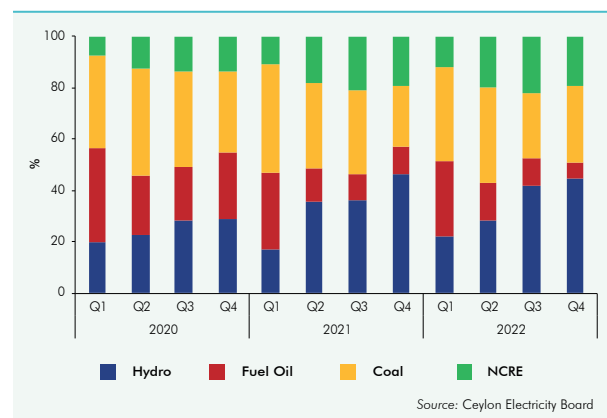
Electricity

Provision of electricity in 2022 was hampered mainly by the shortages of fuel and coal for power generation amidst the dearth of foreign exchange liquidity and the decline in reservoir levels. This warranted significant demand management measures in the power sector, causing long power outages, particularly during the months of March and April, severely affecting economic activity. Accordingly, CEB undertook daily scheduled power cuts since February 2022 as a demand management strategy amidst low reservoir water levels in early 2022. The length of power outages increased to over 10 hours per day towards early April 2022, reflecting the sharp drop in reservoir water levels due to dry weather conditions, the lack of fuel for power generation amidst the cashflow pressures of CEB to procure fuel, and delays in procuring fuel due to the foreign exchange pressures in the country. The torrential monsoon rains during May-September 2022 supported the provisioning of electricity, largely through hydropower generation, thereby curbing high reliance on thermal sources. Accordingly, the load shedding was gradually confined to one to three hours per day since May 2022 with favourable reservoir levels under conducive weather patterns, despite frequent shutdowns of several thermal plants amidst fuel shortages and intermittent closures of certain units of the Norochcholai coal power plant due to scheduled maintenance and repairs. Despite favourable reservoir levels,

vulnerabilities in provisioning of electricity increased towards the latter part of 2022 due to interruptions in the coal procurement process during the period of coal importation spanning from September 2022 to April 2023. The delays in coal shipments were caused by foreign exchange shortages, cashflow issues of CEB, and issues in the procurement procedure of coal. To mitigate the vulnerabilities in electricity provisioning, urgent actions were taken by the authorities to smoothen the procurement of coal, while the Central Bank continued to facilitate coal procurement by establishing a sinking fund to provide required foreign exchange for importation of coal since September 2022. However, purchasing of foreign exchange by the Central Bank to the coal fund was discontinued in early 2023 along with the gradual improvement in foreign exchange liquidity in the domestic market.

Total electricity generation registered a decline of 4.6 per cent in 2022, as a result of the disruptions to the coal and fuel imports needed for thermal power generation during the year. Accordingly, total power generation declined to 15,942 GWh in 2022, compared to 16,716 GWh in 2021. Total hydropower generation, fuel oil-based power generation and coal power generation decreased by 4.9 per cent to 5,364 GWh, 6.3 per cent to 2,467 GWh and 6.3 per cent to 5,174

Figure 3.6
Electricity Generation Mix



3 GWh, respectively, during the year, compared to 2021. Power generation through Non-Conventional Renewable Energy (NCRE) sources recorded a marginal growth of 0.5 per cent to 2,937 GWh during the period under review. The contribution of hydro, fuel, coal, and NCRE to total power generation stood at 33.6 per cent, 15.5 per cent, 32.5 per cent, and 18.4 per cent, respectively, reflecting the increased reliance on low cost renewable sources over the expensive thermal sources during the year. In addition, CEB accounted for about 76.7 per cent of total power generation, while the remainder was purchased from Independent Power Producers (IPPs). Meanwhile, the overall transmission and distribution loss as a proportion of total power generation were limited to 8.9 per cent in 2022, compared to 9.0 per cent in 2021. In early 2023, electricity generation was mainly based on thermal sources due to the rapid depletion of reservoir levels caused by the onset of seasonal dry spell conditions.

Total electricity sales declined by 4.6 per cent to 14,520 GWh in 2022, driven by power interruptions and the contraction in demand from major user categories. Despite improvements in electricity sales during the early part of 2022, alongside the recovery of economic activity following the COVID-19 pandemic, consumption volumes of electricity declined notably thereafter, owing to power interruptions. Reflecting the impact of load shedding, sales to the domestic, industry, and government categories recorded contractions of 3.7 per cent, 10.1 per cent, and 8.3 per cent, respectively, during the period. Electricity sales to the hotel and general purpose categories recorded increases of 11.7 per cent and 2.3 per cent, respectively, primarily due to the statistical impact of lower base in 2021. Meanwhile, recognising the need for adopting state-of-the-art technologies, CEB initiated a project

Table 3.2
Electricity Sector Performance

Item	2021 (a)	2022 (b)	Growth Rate (%)	
			2021 (a)	2022 (b)
Installed Capacity (MW)	4,186	4,084	-1.9	-2.4
Hydro (c)	1,383	1,413	-	2.2
Fuel Oil (d)	1,087	924	-14.3	-15.0
Coal	900	900	-	-
NCRE (e)	817	847	14.3	3.7
Units Generated (GWh)	16,716	15,942	6.4	-4.6
Hydro (c)	5,640	5,364	44.2	-4.9
Fuel Oil (d)	2,634	2,467	-37.0	-6.3
Coal	5,519	5,174	-4.1	-6.3
NCRE (e)	2,922	2,937	56.6	0.5
Total Sales by CEB (GWh)	15,214	14,520	6.5	-4.6
Domestic and Religious	5,320	5,124	2.9	-3.7
Industrial	4,822	4,334	15.8	-10.1
General Purpose, Government and Hotel	3,342	3,415	3.2	2.2
Street Lighting	97	97	-9.8	-0.1
Bulk Sales to LECO	1,633	1,550	1.7	-5.1
LECO Sales (GWh)	1,603	1,559	-1.3	-2.7
Domestic and Religious	717	699	-3.0	-2.6
Industrial	306	266	9.6	-13.2
General Purpose, Government and Hotel	557	569	-4.5	2.2
Street Lighting	23	26	3.4	10.7
Overall Transmission and Distribution Loss of CEB (%)	9.0	8.9	-1.1	-0.7
Number of Consumers ('000) (f)	7,401	7,531	2.6	1.7
o/w Domestic and Religious	6,411	6,509	2.2	1.5
Industrial	73	75	4.2	2.5
General Purpose, Government and Hotel	915	944	5.5	3.2

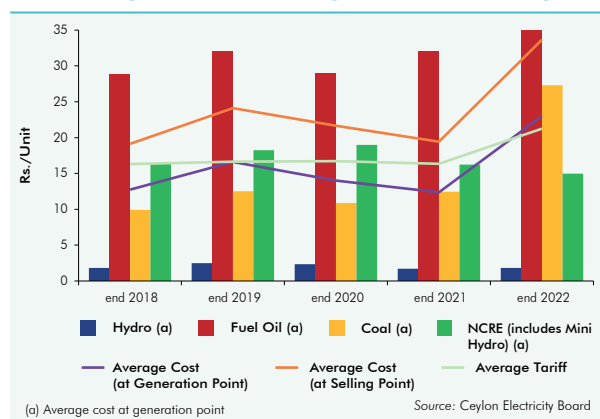
(a) Revised
(b) Provisional
(c) Excluding mini hydro power plants
(d) Inclusive of Independent Power Producers (IPPs)
(e) Refers to Non-Conventional Renewable Energy including mini hydropower
(f) Inclusive of LECO consumers

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

to implement smart metering techniques in order to collect accurate and real time sales data on energy usage, while notifying users of their consumption levels. However, the progress of this project was hampered due to several factors, including high costs of smart metres, lack of awareness among users, and technical issues. With due consideration to enable an efficient meter reading system and to minimise the issues in billing procedure, the implementation of expedient measures by CEB to collect accurate energy usage data on real time basis remains important, to improve the cashflows of CEB.

After a hiatus of eight years, electricity tariffs were revised upward in 2022 considering the soaring cost of power generation, which

Figure 3.7
Average Costs and Average Tariffs of Electricity



further exacerbated the financial woes of CEB.

On 10 August 2022, electricity tariffs were revised, with an average upward revision of 75 per cent, taking into account the energy affordability of low income households by allowing concessions on the fixed charge for low consumption categories of 0-30 unit and 31-60 unit blocks. However, even after this upward revision, CEB was unable to achieve a break-even level of financial performance as reflected in their financial statements, underlining the need for regular cost reflective price revisions to ensure the financial viability of CEB. With such consideration, the Cabinet of Ministers approved the establishment of a semi annual tariff revision mechanism from 2023 through an automatic cost recovery based tariff adjustment. Accordingly, electricity tariffs were revised again, with effect from 15 February 2023, on an average of 66 per cent. Under this tariff revision, both fixed and energy rates were substantially increased for the domestic consumer category with the consumption range of 0-90 units per month, which accounts for over 75 per cent of domestic household consumers. Accordingly, the unit price of electricity was revised upwards for consumer categories below the monthly consumption of 90 units, ranging from 160 per cent to 275 per cent. Further, as per the usage wise block classification, prices of one unit of electricity on other sectors of general purpose, hotel, and Government

were revised upwards ranging from 70 to 100 per cent, while consumer blocks under industry category witnessed an increase of 25 per cent in unit price of electricity during this latest revision. Despite the latest upward revision of electricity tariffs, certain consumer categories continue to avail subsidised rates in comparison to CEB's estimated average selling price of Rs. 48.74 per kWh for 2023. However, without a comprehensive restructuring of CEB, no benefits can be passed onto the customers. The continuous increases of tariffs have resulted in higher cost of production as well as social unrest due to unaffordability of electricity bill payments by some segments of the society. In this regard, unpaid bills by certain individuals and institutions should be collected and disputed bill payments be expeditiously concluded.

Increased reliance on hydropower generation and upward revisions to electricity tariffs helped improve the financial performance of CEB in 2022, despite the surge in cost of thermal power generation. Accordingly, the operating loss of CEB was moderated since August 2022, partly due to the cashflow improvements along with the

Table 3.3
Average Costs and Average Tariffs of Electricity

Item	end 2021 (a)	end 2022 (b)	Growth Rate (%)	
			2021 (a)	2022 (b)
Average Cost of CEB (Rs./kWh)	9.61	20.35	-7.1	111.8
Hydro	1.72	1.80	-26.2	4.7
Fuel Oil	32.03	67.69	10.4	111.3
Coal	12.43	27.32	14.4	119.8
Average Cost of Private Sector (Rs./kWh)	21.67	32.04	-5.5	47.9
Fuel Oil	30.35	69.65	10.2	129.5
NCRE	16.22	14.98	-14.6	-7.6
Overall Average Cost (Rs./kWh)				
Generation Point	12.38	23.01	-11.5	85.9
Selling Point	19.42	33.65	-10.4	73.3
Average Tariff (Rs./kWh)	16.35	21.25	-2.2	30.0
Domestic	14.91	19.11	0.3	28.2
General Purpose	23.42	27.36	-2.0	16.8
Government	18.25	23.84	1.1	30.6
Industrial	14.70	20.63	-0.9	40.3
Hotel	17.79	21.39	-1.9	20.2

(a) Revised

(b) Provisional

Source: Ceylon Electricity Board

3

tariff revision. However, on a cumulative basis, CEB reported a loss of Rs. 272.9 billion in 2022, compared to the loss of Rs. 34.6 billion recorded in 2021. This includes a part of the revaluation loss of the foreign loan outstanding of the Norochcholai coal power plant, amounting to Rs. 94.7 billion. Short term debt of CEB from banks and other outstanding liabilities to CPC and IPPs increased to Rs. 361.9 billion by end 2022 from Rs. 289.0 billion recorded by end 2021. Meanwhile, non-settlement of payment dues by CEB since late 2021 amounting to Rs. 37.3 billion for renewable energy purchases remained a hindrance to expand the renewable sector contribution to power generation. Meanwhile, under the Government initiatives to transfer the identified liabilities of State Owned Enterprises to the balance sheet of the Government, and thereby to strengthen the financial viability of such institutions, the approval of Cabinet of Ministers was granted for the transfer of CEB's liabilities of Rs. 61.0 billion of loan disbursement under seven projects and Rs. 85.6 billion of debt servicing of Norochcholai project to the Government. As a result, total long term liabilities of CEB declined to Rs. 346.0 billion by end 2022 from Rs. 541.2 billion recorded at end 2021. With these measures, along with regular cost reflective tariff revisions, significant improvements are expected in cashflows of CEB, thereby enabling it to meet demand for electricity without disruptions, while lessening the burden on government cashflows and the overall economy.

Heightened vulnerabilities in the power and energy sector due to persistent delays in implementing required reforms caused significant socio-economic costs in 2022, thereby underscoring the need for expeditious implementation of reforms to ensure energy security of the country. The Government undertook several initiatives in 2022 with a view to transforming the power and energy sector to an

economically viable sector without being a burden on the government budget. The State Owned Enterprise Restructuring Unit, established under the Ministry of Finance, Economic Stabilisation and National Policies in 2022, is expected to facilitate the restructuring of government owned business entities, including CEB. Meanwhile, a cabinet sub committee was appointed at end August 2022 to identify the policies and strategies, including the restructuring of CEB through the unbundling its key operations of generation, transmission, distribution, and other functions of CEB to develop the energy sector in a sustainable manner, to submit appropriate recommendations, and to provide necessary guidance to expedite the implementation of decisions. Accordingly, the report, which was submitted to the Cabinet of Ministers on 'National Energy Potentials, Strategies and the Roadmap for the Next Decade', was approved in late 2022. In addition, the Long Term Generation Expansion Plan 2022–2041 (LTGEP) was prepared during 2022. This development plan is expected to expand the share of renewable energy of the total electricity generation to 70 per cent by 2030, while committing to carbon neutrality in power generation by 2050, thereby ceasing the construction of new coal power plants and expanding the capacity from clean energy sources. The updated LTGEP 2023–2042 was drafted in accordance with Government policies and submitted to the Public Utilities Commission of Sri Lanka for approval in September 2022, and the subsequent approval was received in February 2023. Meanwhile, the Sri Lanka Electricity Act, No.20 of 2009 was amended, removing procedural obstacles to facilitate the development of renewable energy sector, and the Sri Lanka Electricity (Amendment) Act, No.16 of 2022 was published in June 2022.

Diversifying energy sources and expanding generation capacity remain major priorities of the Government in fulfilling the rising energy demand in the period ahead. Plans and projects

for the construction of several new power plants are currently underway, albeit at a slower pace. Given the economic and environmental implications of conventional coal and fuel based power generation, the Government has opted to diversify the energy mix by including new energy sources, such as liquefied natural gas (LNG). Accordingly, the 300 MW Sobadhanavi LNG plant in Kerawalapitiya is under construction, and is scheduled to be operational in 2024. The preliminary process for a second 300 MW LNG plant in Kerawalapitiya, which is expected to be operational from 2025, is also underway. In accordance with the draft LTGEP 2023-2042, it is expected that an internal combustion engine plant with 200 MW capacity and a gas turbine plant (thermal based) with 100 MW capacity will be added to the grid in 2026 and 2027, respectively. However, as per the LTGEP 2023-2042, several thermal power plants and LNG power plants will be added to the grid in the coming years to expand the nation's installed capacity, with scheduled retirement of several old thermal plants. In the meantime, the power transmission and distribution system are being expanded and strengthened through various projects to reduce system losses, connect more energy sources to the grid, and maintain system reliability.

Efforts are underway to construct new renewable energy plants with the aim of reducing the reliance on expensive thermal energy, subject to an objective analysis of the environmental, social and governance (ESG) issues. Accordingly, the 35 MW Broadlands hydropower project was in the commissioning stage at end of 2022, while other hydropower projects, such as Uma Oya (120 MW), Moragolla (31 MW), Gin Ganga (20 MW), and Thalpitigala (15 MW) were in progress. Subsequent to the addition of a large-scale 100 MW Mannar wind power plant by mid 2021, several new wind power projects are

in the pipeline, including a 50 MW Mannar wind park as an extension to the existing plant and another two wind plants in Mannar (Phase II and III, 100 MW each). Further, the preliminary identified wind potential areas that are earmarked in the Renewable Energy Resource Development Plan (2021–2026), including Veravil Wind Project (200 MW), Karachchi Wind Project (100 MW), Ponnalei Wind Power Project (100 MW), and Manthai West Wind Power Project (100 MW) are in the preliminary stages of implementation. Under the energy parks development projects, for the Pooneryn renewable energy park project of 233 MW wind power capacity and 150 MW solar power capacity, the initial development measures to install 100 MW wind power capacity were carried out in 2022. Construction of the 100 MW Siyambalanduwa solar power project was underway during the year, while a weather station was set up in the project area to gather data that to be used in the effective design of the power station. Further, feasibility studies for large scale solar projects in Hambantota and Trincomalee were initiated to expand solar capacity. Under the Soorya Bala Sangramaya, capacity addition to the national grid by rooftop solar system was about 231 MW in 2022, whereas projects with a total capacity of around 32 MW are to be commissioned for which the power purchase agreements were signed. Accordingly, in total, about 670 MW have been added to the national grid under this project since its inception. Installation of solar rooftops on government buildings, solar power kits with energy storage facilities for low income housing units, religious places, and reverse osmosis plants as well as floating solar pilot projects to add 135 MW of solar power capacity were initiated in 2022 under the Indian credit line of US dollars 100 million. An agreement was signed to implement a hybrid renewable energy system in the islands of Jaffna, namely Analaitivu, Delft and Nainativu, with US dollars 11 million assistance

3 from India. The project will include hybrid power plants based on solar, wind, diesel, and lithium-ion storage batteries and is expected to be finished by early 2024. Considering notable changes in cost parameters over the period, feed in tariffs applicable for renewable energy purchases of CEB were revised in September 2022, for the first time since 2012, with a view to promoting renewable energy sector. Meanwhile, PAL applicable on the importation of solar static converters was lifted in early 2023 aimed at supporting the expansion of solar power generation. Despite the numerous efforts towards expanding renewable energy sector in 2022, development of the renewable energy sector continued to grapple with a host of difficulties hindering the progress in the sector. Higher capital costs and import costs, payment delays to small power producers, capacity constraints in the national transmission grid, among others, continued to impede the expansion of the renewable energy sector of the country. Against this backdrop, concerted efforts of all stakeholders in the power and energy sector are imperative to build a conducive environment for renewable energy investments to ensure the energy security of the country in a sustainable manner.

The Sri Lanka Sustainable Energy Authority (SLSEA) continued its efforts to encourage sustainable energy development in the country. SLSEA continued to engage in developing all forms of renewable energy, improving energy efficiency, encouraging energy conservation by reducing energy waste, formulating conducive policies, managing and analysing energy information, ensuring necessary investments in the sustainable energy sector, and making the Sri Lankan society energy conscious. Energy management and conservation programmes, resource mapping programmes, and policy advocacy programmes were carried out during the year, while the revision

of the Renewable Energy Resource Development Plan for 2024-2029 was also initiated in 2022 with the goal of ensuring energy security. The Training Hub for Renewable Energy Technologies in Sri Lanka (THREE Lanka) project was also underway in collaboration of universities in Europe and Sri Lanka. Also, there is funding available for environmental friendly renewable energy projects at affordable costs under the EU, World Bank and Asian Development Bank (ADB) which can be tapped depending on transparent processes and procedures followed by the countries concerned, and therefore Sri Lanka should endeavor to access these projects early.

Road Development

The progress of road infrastructure development initiatives of the Government remained modest in 2022, reflecting the tight fiscal conditions amidst cash flow pressures.

The Road Development Authority (RDA) incurred around Rs. 195.4 billion on various activities, aimed at improving the road network via maintenance, widening and enhancement of expressways, highways and roads, construction of bridges and flyovers, and restoring roads damaged by natural disasters. Accordingly, expenditure incurred in developing expressways and highways, amounted to Rs. 34.4 billion and Rs. 145.0 billion, respectively, during the year, while Rs. 6.6 billion was spent on the construction of bridges and flyovers. Although the annual budgetary allocation for RDA was revised in many occasions under the Government's efforts on expenditure curtailment, the expenditure incurred remained below the finalised annual allocation of Rs. 247.8 billion for 2022. Meanwhile, reflecting the lack of investment in road network expansion during the last few years, the total length of National Highways consisting of A and B class roads and the total length of expressways maintained by RDA

remained broadly unchanged at 12,225 kilometers and 312.6 kilometers, respectively, as at end 2022 compared to the previous year.

The progress in the development of the expressway network remained stagnant during the year. Overall construction work of the Central Expressway from Kadawatha to Dambulla registered a meagre progress in 2022, largely due to severe financial constraints of the Government. By end 2022, the highway section spanning from Kadawatha to Meerigama had made a cumulative physical progress of 34.8 per cent in civil works, up from 19.4 per cent at the end of 2021. In addition, section II of the Central Expressway, which spans from Meerigama to Kurunegala, was completed and opened to the public mid January 2022. Meanwhile, construction activities of the section spanning from Kahathuduwa to Ingiriya under the Ruwanpura Expressway extending from Kahathuduwa to Palmadulla progressed at a slow pace in 2022. Further, following the decision of the Ministry of Highways, RDA revisited the feasibility study of the phases II and III of the Ruwanpura Expressway. Despite the constraints due to shortages in raw materials, escalating input costs and liquidity shortages in foreign exchange, the construction of the Port Access Elevated Highway Project connecting the Port City and Galle Face to the expressway network continued throughout the year and achieved 54.3 per cent physical progress by end of 2022.

Overall vehicular traffic along the expressways declined in 2022. The average number of daily traveled vehicles on the Southern Expressway from Kottawa to Godagama and from Palatuwa to Mattala slowed down by 13.3 per cent and 18.2 per cent, respectively, in 2022 to 28,448 and 6,425, respectively, compared to the previous year, reflecting the impact of fuel shortages. The Outer Circular Highway also showed a decline in daily average traffic movements by 24.0 per cent

to 28,291 from 37,219 traveled vehicles reported in 2021. Meanwhile, the daily average number of vehicles plying the Colombo Katunayake Expressway grew by 14.0 per cent in 2022, compared to the previous year. During the year, revenue from expressways declined to around Rs. 7.9 billion, recording a 10.1 per cent drop, compared to 2021. However, the newly opened Meerigama to Kurunegala section of the Central Expressway attracted an average of 9,106 vehicles per day and generated revenue of Rs. 703.8 million in 2022, partly offsetting the overall drop in annual revenue from expressways during the period under review.

Developing and rehabilitating activities of road networks and bridges progressed at a slower pace during 2022. During the year, the Southern Road Connectivity Project (SRCP) was mostly completed and the preliminary work of Lunugala - Bibile section under the Badulla - Chenkaladi Road Improvement Project (A005) was commenced. Several other road development projects, including Phase I and Phase II of the Integrated Road Investment Programme, Kandy Multimodal Transport Terminal Development Project (KMTTDP), and Inclusive Connectivity and Development Project (ICDP) were in progress during the year. In 2022, reconstruction activities of some bridges on national roads were conducted, while the flyovers connecting Baladaksha Mawatha and Sir Chithampalam A. Gardiner Mawatha, Justice Akbar Mawatha Railway Level Crossing, and Uththarananda Mawatha Railway Level Crossing were also in progress, albeit at a slower pace.

Road Passenger Transportation

Road passenger transportation activities improved in 2022 reflecting the gradual normalisation of public mobility with the easing of COVID-19 risks, despite fuel shortages and

cost escalations. Accordingly, the operated kilometrage and passenger kilometrage of the Sri Lanka Transport Board (SLTB) increased significantly by 41.2 per cent and 141.0 per cent, respectively, during the year, compared to 2021. In 2022, the total number of buses owned by SLTB marginally decreased by 1.2 per cent to 6,932, compared to the previous year, and none of the new buses were deployed under SLTB. During the period, the average number of buses operated by SLTB increased notably by 216.3 per cent to 4,279, which was around 84.2 per cent of the total fleet effectively available for public transportation operations of SLTB. Meanwhile, operated kilometrage and passenger kilometrage of the private sector also increased by 24.4 per cent and 23.4 per cent, respectively, during the year. The average number of buses operated by the private sector increased by 8.3 per cent to 9,807 by end 2022, compared to 9,053 in 2021. The number of inter-provincial and intra-provincial permits issued by the National Transport Commission (NTC) for private bus operations recorded at 3,129 and 16,733, respectively, at end 2022.

Improvements in the public transport sector remained modest to cater for plausible surge in demand for public transport facilities, following the hikes in fuel prices. During the year 2022, NTC continued to carry out its regular programmes to ensure the uninterrupted provisioning of transport facilities, while the progress in several initiatives targeted at enhancing the quality of public transport remained modest amidst financial constraints faced by NTC. The two special bus services under NTC; 'Sisu Seriya' and 'Nisi Seriya' services were further enhanced, by deploying 52 and 25 new services to both services, respectively. Accordingly, as of end 2022, 1,617 services were in operation under 'Sisu Seriya' and 219 services were in operation under the 'Nisi Seriya' bus service programme. Meanwhile, a new programme

to facilitate school children was commenced, but at non-subsidised prices as the funds allocated to NTC by the Government for 2022 were inadequate to facilitate new services under 'Sisu Seriya', to cater to the rising demand with the rise in cost of private school transport services amidst fuel price hikes. During 2022, NTC in collaboration with SLTB implemented many measures to provide adequate fuel for privately owned passenger transport buses and school transport services to ensure continuity in public transport sector. Meanwhile, an increase in demand for public transport facilities was observed in 2022, amidst the shortages in fuel, and significant upward revisions to fuel prices, which forced individuals to opt for public transport services. Demand for public transport facilities is likely to expand further in the future with the increased fuel prices and moderation of incomes amidst tax reforms, among others. Urgent policy measures to improve the public transport sector in the country may be required.

During the year, bus fares were revised in seven rounds, mostly in line with the domestic fuel price revisions. Accordingly, the minimum bus fare was increased to Rs. 40.00 from Rs. 17.00 in the initial five rounds of revisions during the year. However, at the last two revision cycles, the minimum bus fare was brought down to Rs. 34.00 by the end of 2022. The fares of normal, luxury, and semi-luxury bus services almost doubled during the year. In line with the increase in fuel prices, the bus fare of 'Sisu Seriya', 'Nisi Seriya', and 'Gami Seriya' services were revised upward by 135.1 per cent, 136.8 per cent, and 134.2 per cent to Rs.134.00, Rs. 45.00 and Rs. 89.00, respectively, during the year.

The financial performance of SLTB continued to remain weak during 2022, albeit the favourable improvements in the revenue side. Although some favourable improvements

in revenue could be observed during the year supported by the upward revisions in bus fares in multiple rounds, such impacts were offset by the notable acceleration in expenditures amidst high fuel prices. As per unaudited financial statements, the total revenue of SLTB increased by 147.0 per cent to Rs. 69.3 billion in 2022, while total expenditure also increased by around 123.7 per cent to Rs. 69.5 billion. SLTB recorded an operational loss of Rs. 0.3 billion in 2022, compared to an operational loss of Rs. 3.1 billion recorded in the previous year. Given the sharp upward adjustments in bus fares, a significant increase was recorded in the demand for season tickets. Consequently, the subsidy provided by the Government to facilitate subsidised season tickets for students increased to Rs. 6.1 billion in 2022 from Rs. 5.3 billion in 2021, while the subsidy on operations with respect to uneconomical routes amounted to Rs. 2.7 billion during 2022, compared to Rs. 5.3 billion reported in 2021. In early 2023, SLTB distributed 75 buses of 125 new buses received under the Indian line of credit, among regional depots, while 50 buses were registered under the Department of Motor Traffic (DMT). NTC, in collaboration with SLTB, initiated a project to issue prepaid cards for the convenience of the commuters and the latest pilot project was inaugurated in private buses plying from the Makumbura Multimodal Transport Center in Kottawa to Galle on the Southern Expressway

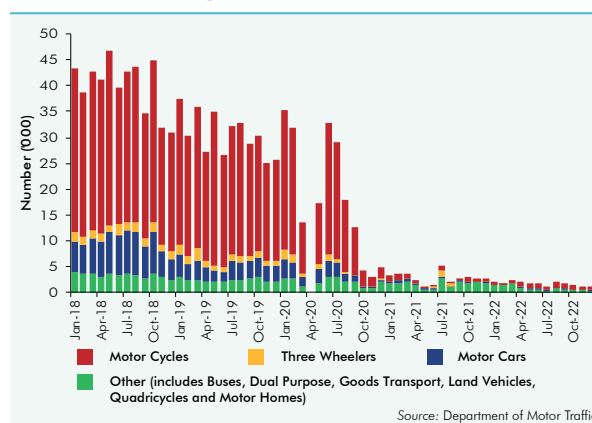
Table 3.4
New Registration of Motor Vehicles

Item	2021	2022 (a)	Growth Rate (%)	
			2021	2022 (a)
New Registration of Motor Vehicles (No.)	33,850	20,510	-83.3	-39.4
Buses	281	404	-51.4	43.8
Motor Cars	3,495	1,489	-83.4	-57.4
Three Wheelers	2,093	36	-70.7	-98.3
Dual Purpose Vehicles	771	760	-91.9	-1.4
Motor Cycles	8,011	9,060	-94.7	13.1
Goods Transport Vehicles	4,432	1,832	12.5	-58.7
Land Vehicles	14,764	6,929	77.8	-53.1
Quadracycles and Motor Homes	3	-	-99.4	-

(a) Provisional

Source: Department of Motor Traffic

Figure 3.8
New Registration of Motor Vehicles



in early February 2023. This project is expected to extend to train commuters following the successful deployment in the road passenger sector. DMT also initiated the preliminary work pertaining to electrification of internal combustion engine three wheelers and motorcycles during the year 2022.

New registration of motor vehicles recorded a notable decline for the third consecutive year in 2022, due to the restrictions on motor vehicle imports, prevailing since 2020. Accordingly, new registrations of motor vehicles declined by 39.4 per cent, year-on-year, in 2022, largely reflecting contractions in the registration of motor cars, three wheelers, goods transport vehicles, and land vehicles during the period under review. However, compared to 2021, registration of motorcycles and buses increased by 13.1 per cent and 43.8 per cent, respectively, during the year.

Rail Transportation

The Sri Lanka Railways (SLR) recorded a modest operational improvement during 2022, reflecting the gradual restoration of public mobility following the COVID-19 pandemic. The estimated overall operated kilometrage and passenger kilometrage of SLR increased notably by 67.3 per cent and 205.9 per cent, year-on-year,

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

Item	2021 (a)	2022 (b)	Growth Rate (%)	
			2021 (a)	2022 (b)
1. Sri Lanka Transport Board				
Operated Kilometres (million)	248	350	-19.7	41.2
Passenger Kilometres (million)	6,225	15,000	-27.8	141.0
Total Revenue (Rs. million)	28,035	69,258	-10.2	147.0
Operating Expenditure (Rs. million)	31,089	69,545	-7.0	123.7
Operating Profit (+) /Loss (-) (Rs. million)	-3,054	-287	-38.6	90.6
2. Sri Lanka Railways				
Operated Kilometres ('000)	6,281	10,510	-21.4	67.3
Passenger Kilometres (million)	2,158	6,602	-44.7	205.9
Freight Ton Kilometres (million)	162	139	41.3	-14.2
Total Revenue (Rs. million)	2,679	11,076	-41.3	313.5
Operating Expenditure (Rs. million)	12,979	23,513	-11.2	81.2
Operating Profit (+) /Loss (-) (Rs. million)	-10,300	-12,437	-2.5	-20.7
3. Sri Lankan Airlines				
Hours Flown	50,287	84,325	20.9	67.7
Passenger Kilometres Flown (million)	2,868	11,042	-21.2	285.0
Passenger Load Factor (%)	36	74	-36.0	106.8
Weight Load Factor (%)	74	64	19.6	-13.8
Freight (mt '000)	93	88	66.0	-5.4
Employment (No.)	5,732	5,572	-11.7	-2.8
(a) Revised	Sources: Sri Lanka Railways			
(b) Provisional	Sri Lanka Transport Board			
	Civil Aviation Authority of Sri Lanka			

respectively, during 2022. However, the goods kilometrage recorded a decline of 14.2 per cent, year-on-year, to 138.7 million mt km during the period under review, compared to 161.6 million mt km recorded in the previous year.

The financial performance of SLR remained subdued in 2022. According to the provisional financial statements, operating loss incurred by SLR rose further to Rs. 12.4 billion during the year, in comparison to the operating loss of Rs. 10.3 billion in 2021. The total revenue of SLR increased by Rs. 8.4 billion to Rs. 11.1 billion in 2022, compared to the previous year. This was primarily due to the improvements in revenue generated from passenger transport activities resulting from the train fare hike with effect from July 2022. Meanwhile, total expenditure of SLR increased by Rs. 2.1 billion to Rs. 42.5 billion during 2022, which can primarily be attributed to the substantial increase in recurrent expenditure with upward adjustments in fuel prices during the year. Recurrent expenditure increased by

81.2 per cent to Rs. 23.5 billion, while capital expenditure contracted by 30.7 per cent to Rs. 19.0 billion during the year. In line with the fuel price adjustments, railway fares for the conveyance of passengers, goods, and mail were revised upward with effect from 12 July 2022 after around four years.

SLR carried out activities to develop infrastructure and services to ensure seamless transport facilities for passenger and freight transportation albeit at a modest pace. However, with the financial constraints, all maintenance and improvement activities related to track networks, rolling stock, and signaling and telecommunication progressed at a slow pace. In August 2022, SLR introduced the 'Ella Odyssey' inter-city super luxury train that runs between Colombo and Badulla, offering passengers one of the most scenic train journeys in the world with great convenience, aimed at promoting the tourism industry. The project to rehabilitate 100 passenger coaches continued, and 50 passenger coaches were reintroduced into service by the end of 2022. Additionally, the procurement of 160 passenger coaches under the Indian credit line secured in 2017 was completed during the year. Meanwhile, several projects related to the rehabilitation of railway tracks, maintenance of railway stations and bridges, extension of platforms, and the provisioning of signaling and telecommunication systems were underway during the year.

Civil Aviation

The performance of the civil aviation sector in 2022 improved with the gradual restoration of global travel activity as the world recovered from the COVID-19 pandemic. Accordingly, passenger movements increased to 5.5 million in 2022, registering a notable year-on-year growth of 266.8 per cent, largely supported by the resumption

of global travel activities as well as the low statistical base in 2021. During the year, cargo handling contracted by 9.3 per cent, year-on-year, to 166,969 metric tons. By end 2022, 33 international airlines and five domestic airlines were in operation in the country. The total number of aircraft movements witnessed an increase of 68.2 per cent to 42,196, with the BIA registering a significant growth of 70.7 per cent to 41,547 in aircraft movements during the year. This was mainly facilitated by the initiatives of the Government to attract new airlines from Russia, Uzbekistan, the UAE, and Thailand in support of the revival of the tourism sector. Meanwhile, operations of several international airlines, including Air France, Swiss International Airline, and Alliance Air were recommenced in Sri Lanka. Domestic air passenger transportation also registered a substantial growth in 2022. Although aviation activities were challenged by domestic fuel shortages particularly in mid 2022, the Civil Aviation Authority (CAA), together with the Government, continued to engage closely with airlines and other stakeholders in the industry to ensure a stable supply of fuel for aircraft operations throughout the year. Meanwhile, several concessions were granted on the embarkation levy and landing and parking charges for new airlines and existing operators to attract more airlines to Sri Lankan airports.

Figure 3.9
Air Passenger and Air Cargo Handling



Table 3.6
Performance of the Aviation Sector

Item	2021 (a)	2022 (b)	Growth Rate (%)	
			2021 (a)	2022 (b)
1. Passengers (No.) (c)	1,500,078	5,502,539	-36.8	266.8
SriLankan Airlines	857,158	3,295,841	-30.8	284.5
Foreign Airlines	642,920	2,206,698	-43.4	243.2
2. Freight Handling (mt)	184,139	166,969	35.3	-9.3
SriLankan Airlines	93,195	88,170	66.0	-5.4
Foreign Airlines	90,944	78,799	13.8	-13.4
3. Aircraft Movements (No.) (d)	25,090	42,196	-1.9	68.2
BIA	24,336	41,547	-2.4	70.7
MRIA	722	266	43.0	-63.2
JIA	32	383	-77.1	1,096.9

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

Source: Civil Aviation Authority of Sri Lanka

Construction work of several aviation development projects was underway in 2022, despite some hindrances caused by the deepened economic crisis. The Airport and Aviation Services (Sri Lanka) Limited (AASL) carried out the restructuring and remodeling projects in the existing Passenger Terminal Building at BIA during the year, striving towards utilising the existing capacity effectively. Also, the construction of the import cargo terminal building, modification to internal and external roads at BIA, and the project of the bonded warehouse for the electronic mall at BIA, were on progress during the year. Moreover, in order to ensure the orderly development of BIA, initiatives were launched to develop a new airport master plan to accommodate aviation demands for the next 30 years. Meanwhile, the project of construction of the new taxiway with an additional apron area was completed in March 2022, under the Colombo International Airport Ratmalana Master Plan - Way to 2030.

The financial performance of SLA recorded relatively less operational losses, while activity improved somewhat, reflecting the growing global appetite for travel. As per provisional financial statements, the operating loss of SLA was confined to Rs. 4.4 billion during the nine months ending December 2022, compared to the loss of

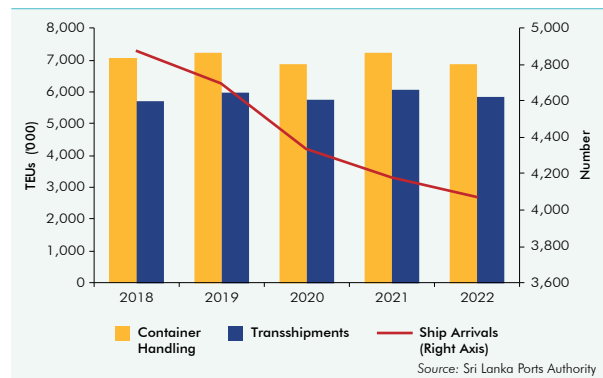


Rs. 15.6 billion recorded during the corresponding period of 2021. During the period under review, the revenue of SLA registered a notable increase of 222.9 per cent, while operating expenditure increased by 176.0 per cent. With the severe shortage of aviation fuel amidst the fuel crisis in Sri Lanka and the subsequent CAA declaration of non-availability of fuel for general re-fueling of aircraft, airlines resorted to 'Tankering', and operating via other stops for re-fueling, resulting in high costs for operations. In view of the fiscal burden, stemming from financial constraints of SLA, key initiatives were taken to restructure SLA and its subsidiary companies by handing over a considerable number of shares and management of the company to investors, who are to be selected through a transparent procurement process. Accordingly, the State Owned Enterprises Restructuring Unit of the Ministry of Finance, Economic Stabilisation and National Policies was assigned to provide recommendations on restructuring SLA.

Port Services

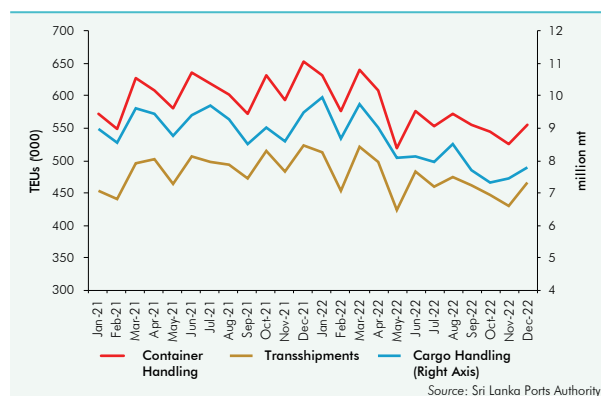
In 2022, port activities were adversely affected by the moderation of import demand amidst several restrictions and subdued economic activity. Despite the favourable performance observed during the first quarter of the year, port activities recorded an overall contraction in 2022, reflecting the impact of the decline in domestic import volumes owing to import restrictions and weakened international confidence over the port operations amidst the deepened economic crisis. Meanwhile, the moderation in growth of global trade volumes also weighed on the port activities during the year. Accordingly, overall container handling and cargo handling activities recorded year-on-year contractions of 5.3 per cent and

Figure 3.10
Container Handling, Transshipment
Volume and Ship Arrivals



8.2 per cent, respectively, while ship arrivals also recorded a year-on-year contraction of 2.6 per cent during 2022, despite some improvement observed towards the latter period of the year. All the terminals of the Port of Colombo recorded a decline in both cargo handling and container handling. The Colombo International Container Terminal (CICT), Sri Lanka Ports Authority (SLPA), comprising the Jaya Container Terminal, Unity Container Terminal, and the first quay wall of East Container Terminal (ECT), and South Asia Gateway Terminal (SAGT) accounted for 46.4 per cent, 28.1 per cent, and 25.5 per cent, respectively, of the total volume of the containers handled, and the 45.3 per cent, 28.6 per cent and 26.1 per cent, respectively, of the transshipment containers handled at the Port of Colombo. The total vehicle handling at the Hambantota Port expanded during 2022 with increased vehicle handling for transshipment purposes amidst minimal activities related to domestic vehicle handling. Accordingly, the total number of vehicles handled at Hambantota Port stood at 558,188 recording a year-on-year growth of 13.1 per cent in 2022. During the year, vehicle transshipment accounted for 99.8 per cent of total vehicle handling, registering a year-on-year growth of 13.8 per cent, while only 1,137 vehicles were handled for domestic purposes (i.e., imports) with the continued restrictions on motor vehicle importation.

Figure 3.11
Performance of Port Activities



Development of the port infrastructure and services remained one of the major priorities of the country's infrastructure development agenda. Accordingly, major development projects related to the Port of Colombo and regional ports continued to expand in 2022. Construction work of the second phase of ECT was in progress during the year and 30 per cent of work, relating to dredging and reclamation was completed by end 2022. Meanwhile, construction work of the West Container Terminal (WCT) of the Colombo Port commenced in November 2022, following the finalisation of the Build-Operate-Transfer (BOT) agreement that spans over 35 years between a foreign investor, a local investor and the SLPA for the development of the project. The ECT and WCT terminals are expected to be completed by 2025 and 2027, respectively. Upon the completion of both terminals, the estimated annual capacity of the Port of Colombo is expected to enhance by around 6 million TEUs, which will largely support to cater to future demand in the port industry, enabling the Port of Colombo to derive benefits from its strategic geographical location. Further, a feasibility study for the Colombo North Port Development Project and the preliminary design and feasibility study to implement a new Port Communication System were also underway in 2022. In addition to the ongoing rehabilitation work of Kankesanthurai Port

as an international commercial port, the Cabinet of Ministers approved in September 2022 the project to start a ferry service between Kankesanthurai and Pondicherry in South India. In this regard, experimental arrangements, and the Request for Proposal (RFP) to develop the passenger terminal progressed under a Design, Build, Operate and Transfer (DBOT) agreement during the year. Meanwhile, the preparation of RFP and the project agreement under the Galle Port Development Project, upon the completion of shortlisting of investors was also in progress.

The financial performance of SLPA improved in 2022 despite the overall decline in port activities, largely driven by the increased revenue supported by the significant depreciation in exchange rate. The upward revision of port charges of SLPA with effect from 01 April 2022 also partly contributed to the increase in revenue. Further, efficiency of port activity related to time and crane productivity of SLPA improved significantly in 2022 over the previous year, with the

Table 3.7
Performance of Port Services

Item	2021	2022 (a)	Growth Rate (%)	
			2021	2022 (a)
1. Vessels Arrived (No.)	4,180	4,073	-3.6	-2.6
Colombo	3,675	3,648	-3.4	-0.7
Galle	14	7	-36.4	-50.0
Trincomalee	117	95	-13.3	-18.8
Hambantota	374	323	-	-13.6
2. Total Cargo Handled (mt '000)	109,369	100,376	6.3	-8.2
Colombo	103,824	96,170	6.3	-7.4
SAGT	24,062	22,731	-3.3	-5.5
CICT	42,400	41,717	13.6	-1.6
SLPA	37,362	31,722	5.3	-15.1
Galle	106	1	-73.8	-98.9
Trincomalee	3,190	2,089	3.8	-34.5
Hambantota	2,249	2,116	28.5	-5.9
3. Total Container Traffic (TEUs '000) (b)	7,249	6,862	5.8	-5.3
SAGT	1,839	1,752	-1.8	-4.7
CICT	3,212	3,184	11.3	-0.9
SLPA	2,198	1,926	4.8	-12.4
4. Transshipment Containers Handled (TEUs '000) (b) (c)	6,050	5,832	4.9	-3.6
SAGT	1,573	1,523	-2.1	-3.2
CICT	2,600	2,640	13.4	1.5
SLPA	1,877	1,670	0.6	-11.1

(a) Provisional

(b) TEUs = Twenty-foot Equivalent Container Units

(c) Includes re-stowing

Source: Sri Lanka Ports Authority

support of the terminal management system and training initiatives of the SLPA. Accordingly, the total revenue of SLPA increased by 50.5 per cent, year-on-year, to Rs. 68.4 billion, while operating expenditure has increased by 33.0 per cent to Rs. 43.7 billion. As a result, the SLPA recorded a profit before taxes of Rs. 57.0 billion in 2022, compared to Rs. 25.6 billion in 2021.

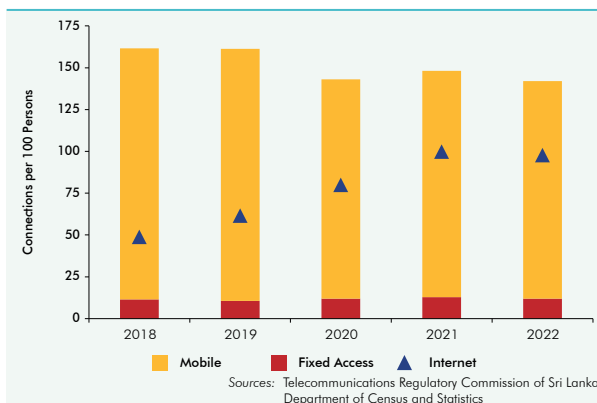
Communication Services

The performance of the telecommunications sector moderated towards the latter part of 2022, partly due to the slowdown in demand for communication that rose during the pandemic and subdued economic activity. The telecommunications sector registered a robust growth momentum during the first half of 2022, largely driven by the continuation of online based modalities for work, education, and other daily activities that were adopted from the onset of the pandemic. However, telecommunications activities moderated towards the latter part of 2022, following the gradual normalisation of public mobility and the resumption of in-person work and education activities. Meanwhile, upward adjustments in telecommunication charges partly contributed to the moderation in sector performance in the latter part of 2022. Fixed line telephone connections

recorded an overall year-on-year decline of 7.0 per cent in 2022, despite the growth of 6.3 per cent registered in the first half of 2022. During the year, mobile connections also declined by 3.7 per cent, year-on-year, and total internet connections that comprise mobile and fixed internet connections contracted by 2.0 per cent, year-on-year. Fixed and mobile telephone penetration, as measured by connections per 100 persons, stood at 12.0 and 142.0, respectively, while internet penetration stood at 97.7 by the end of 2022. Nevertheless, the total data usage, which had been broadly declining since October 2021 with the removal of pandemic related mobility restrictions, showed a gradual increase during the year, from March 2022. Moreover, a sudden uptick in data usage was observed in July 2022, with the shift towards remote work and education activities, amidst transportation disruptions caused by severe fuel shortages.

The Government and other key stakeholder institutions continued to engage in enhancing the digital infrastructure base to facilitate the envisaged digital transformation of the economy in 2022. The Telecommunication Regulatory Commission of Sri Lanka (TRCSL) was working towards enhancing island wide 4G coverage to ensure seamless access to digital services across the country through the 'Gamata Sanniwedanaya' project. Although the initial plan was to establish 276 tower sites across 10 districts from 2021-2024, the project was rescheduled to complete by 2026, primarily due to economic stresses. Under this project, 38 tower sites were completed and were on air by end 2022. Additionally, TRCSL aims at enabling commercial 5G services by 2023. Meanwhile, Sri Lanka became the first South Asian country to enact comprehensive data protection legislation with the enactment of the Personal Data Protection Act,

Figure 3.12
Telephone and Internet Penetration



No. 9 of 2022 in March 2022. The Personal Data Protection Act, together with the establishment of a Data Protection Authority in 2023, is expected to safeguard the information of the public through an efficient monitoring and regulatory process. The Information and Communication Technology Agency (ICTA) implemented initiatives under the 'National Digital Transformation Strategy' to improve the efficiency of the service delivery of the government institutions and to enhance the competitiveness of the IT and BPO industry. During the year, 23 projects were in progress under the purview of ICTA, including the mega scale projects of Lanka Government Network 2.0, Lanka Government Cloud 2.0, Sri Lanka Unique Digital Identity Framework Project, Technology Diffusion Program, and Capacity Development for Digitally Inclusive Sri Lanka. Additionally, ICTA provided technical expertise for another 17 projects carried out under the national strategy. Moreover, registering a milestone development in the telecommunication industry, ICTA implemented the National Fuel Pass QR code system, in collaboration with two other leading private sector communication and information technology companies. The Fuel Pass QR code system was instrumental in easing social tensions associated with the distribution of petroleum oil in 2022 and is expected to inspire the transition of other public services to similar

Figure 3.13
Broadband Data Usage

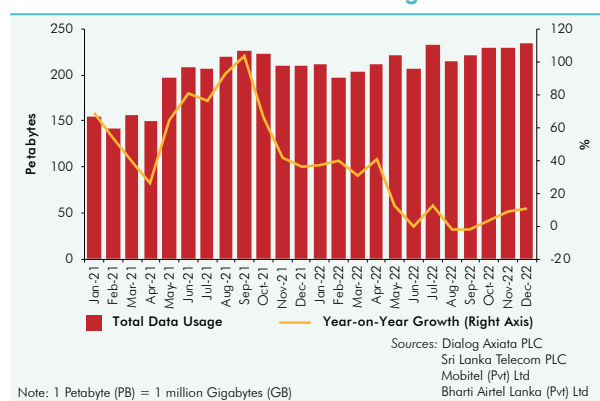


Table 3.8
Telecommunication Sector Performance

Item	2021 (a)	2022 (b)	Growth Rate (%)	
			2021 (a)	2022 (b)
Fixed Access Services (No.) ('000)	2,852	2,651	9.1	-7.0
Wireline Telephones in Service	1,264	1,263	1.5	-0.1
Wireless Local Loop Telephones	1,587	1,388	16.1	-12.5
Mobile Phones (No.) ('000)	29,959	28,838	4.2	-3.7
Internet connections (No.) ('000) (c)	22,106	21,668	26.1	-2.0
Penetration (d)				
Fixed Lines	12.9	12.0	8.0	-7.1
Mobile Phones	135.2	130.0	3.1	-3.8
Internet (c)	99.8	97.7	24.8	-2.1

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

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

platforms. Meanwhile, telecommunication charges were revised upward effective from September 2022, considering the soaring operational cost resulting from the depreciation of the exchange rate during the year. Accordingly, the rental charges related to data, voice, and pay-TV connections were increased by 20 per cent, while usage charges remained unchanged.

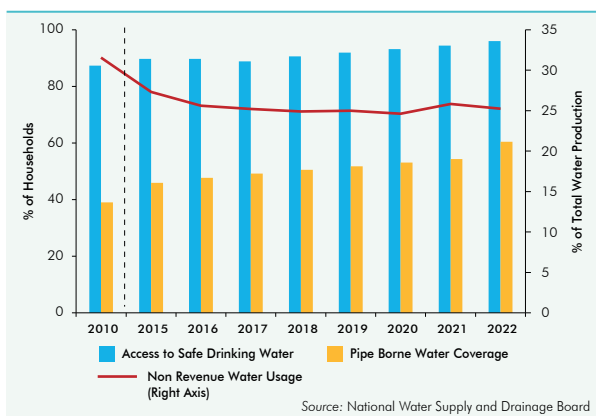
The performance of the Department of Posts (DoP) remained subdued due to disruptions to logistical activities during 2022. The postal services offered services through 653 main post offices, 3,342 sub post offices, and 140 agency post offices, covering 8,157 delivery areas island wide. Further, DoP continued to improve its service delivery through innovative service approaches, while promoting and raising public awareness of such services through social media platforms. Accordingly, the 'Cash on Delivery' services, which were relaunched in 2020, registered a notable income of Rs. 269.0 million in 2022, compared to the income of Rs. 34.0 million recorded in 2021. After a hiatus of over four years, domestic postage rates were revised upward in August 2022 along with the revision to foreign postage rates compatible with cost escalations in logistics related to postal services. Accordingly, the minimum postage fee applicable for the Domestic Normal

Post service and the minimum registration fee increased by Rs. 35.00 and Rs.30.00, respectively, to Rs. 50.00 and Rs.60.00, respectively, while most of the fees applicable to other postal services were raised upwards during the year. Despite these developments, the overall financial position of DoP remained weak in 2022. As per the provisional financial statements of DoP, though revenue increased by 29.6 per cent to Rs. 9.3 billion, higher operating expenditure, which increased by 15.3 per cent to Rs. 16.1 billion, resulted in an operating loss of Rs. 7.0 billion in 2022, compared to the loss of Rs. 7.2 billion in 2021. Besides the regular postal fare revision mechanisms to enhance the financial viability of DoP, considering the evolving consumer needs of the postal service of the country, DoP requires extensive modernisation that leverages modern technology, innovation, and customer centric approaches in the form of service automation, online services, 'point to point tracking', and pickup services through expanded service diversity, among others.

Water Supply and Irrigation

The National Water Supply and Drainage Board (NWS&DB) expanded its services in providing safe and sustainable water to meet the growing demand for pipe borne water

Figure 3.14
Status of Water Supply



during 2022. With the provisioning of 153,217 new water supply connections, the total number of connections administered by NWS&DB increased to 2.9 million during the year. Accordingly, the percentage of the population with access to safe drinking water increased to 96.0 per cent in 2022 from 94.4 per cent in 2021, while the total pipe borne water coverage stood at 60.4 per cent of the households in 2022. Further, the proportion of non-revenue water usage of the country declined marginally to 25.2 per cent in 2022 from 25.8 per cent in 2021. During the year, the water supply development initiatives of NWS&DB were hindered by the financial constraints and the macroeconomic instabilities, resulting in the slow pace of progress in NWS&DB's development projects. The flagship development project of NWS&DB, 'Water for All', aimed at increasing the pipe borne water coverage of Sri Lanka to 79 per cent by 2025, was discontinued in 2022 with the approval of Cabinet Ministers. Instead, the 'Capacity Enhancements and Distribution Expansion' project was initiated during the year with the aim of enhancing the capacity of existing water supply schemes as well as distribution expansion. Meanwhile, the Greater Matale Water Supply project, which commenced in 2017, was completed during the year, providing safe drinking water to 90,000 families in the city of Matale and its environs, while the Galle Cluster Project and Project I of the Colombo Water Supply Service Improvement Projects were also completed in 2022. Additionally, the Alawwa, Polgahawela, Pothuhara Integrated Water Supply Project and Matara Water Supply Project-stage IV, achieved a physical progress of 94.0 per cent and 93.1 per cent, respectively, in 2022, while both projects are expected to be completed in 2023. Upon completion, these projects will improve safe drinking water facilities in 20 Divisional Secretariates in the Southern and North Western Provinces. Moreover, the Water

Table 3.9
Water Supply by National Water
Supply and Drainage Board

Item	2021	2022 (a)	Growth Rate (%)	
			2021	2022 (a)
Total Water Supply Schemes (No.) (b)	337	339	1.8	0.6
Total New Connections provided during the period (No.)	192,087	153,217	56.5	-20.2
Total Connections (No.) (b)	2,752,324	2,905,541	7.5	5.6
Total Water Production (MCM) (c)	815	818	4.2	0.4
Non Revenue Water (per cent)				
Colombo City	34.8	24.1	-11.4	-30.6
Islandwide	25.8	25.2	4.8	-2.3
Access to Safe Drinking Water (per cent)	94.3	96.0	1.2	1.8
Access to Pipe Borne Water (per cent) (d)	54.2	60.4	2.1	11.4

(a) Provisional
(b) As at year end
(c) MCM=Million Cubic Metres
(d) Includes systems managed by other authorities

Source: National Water Supply and Drainage Board

Supply and Sanitation project, covering Jaffna and Kilinochchi Districts, which aims to fulfill the water requirement of 300,000 beneficiaries in these two districts, registered a physical progress of 71.4 per cent by the end of 2022. Nevertheless, several other water supply projects were temporarily suspended, while expected completion timelines for around ten major water supply projects were extended due to the slow pace of progress during the year amidst financial headwinds.

The upward revision of water and sewerage tariffs in 2022 after a 10 year hiatus helped strengthen the financial performance of NWS&DB. Considering the rising cost of supplying water and maintaining water infrastructure in the country, and the resultant financial losses incurred by NWS&DB in the absence of regular revisions to water tariffs, the Cabinet of Ministers granted approval for the upward revision of water and sewerage tariffs with effect from 01 September 2022. Accordingly, the tiered water tariff system for all categories of users was substantially increased with usage tariffs for the domestic category being raised by around 70.0 per cent. However, tariffs applicable to low income consumers, such as Samurdhi recipients, remained broadly unchanged alongside those tariff rates applicable to the schools, religious, and charitable institutions

categories. Further, fees applicable for new water connections were also revised upward with effect from 17 October 2022. Partly attributing to these revisions, the operating loss of NWS&DB declined to Rs. 1.2 billion in 2022, compared to the loss of Rs. 3.1 billion recorded in the previous year. Going forward, it is vital that water tariffs undergo a process of revision at regularly scheduled intervals, thereby ensuring the sustainability of country's water supply and sanitation system to preserve the health and wellbeing of people in the long run.

The Department of Irrigation (DI) continued its efforts towards maintaining and upgrading irrigation projects for agriculture and domestic purposes in 2022. During the year, DI progressed 19 major irrigation projects incurring a total cost of Rs. 3.8 billion, of which Rs. 2.0 billion and Rs. 616.3 million were spent on the Uma Oya downstream development project and Yan Oya project, respectively. The Uma Oya downstream development project, achieved a physical progress of 74.1 per cent by end of 2022. Incurring a cost of Rs. 1.1 billion during the year, the 'Warisaubhagya National Programme', was in progress in an effort to enhancing irrigable land area through the rehabilitation and enhancing capacities of tanks and anicuts across all districts for the benefit of around 250,000 families. Under this programme, rehabilitation of 598 tanks were completed by end of 2022, compared to the 739 tanks/anicuts considered as per the initial plan. Further, activities related to the physical work of several medium scale irrigation projects, including the Peramaduwa Reservoir project and rehabilitation works of the Padaviya and Wahalkada schemes, were commenced in 2022. Meanwhile, the 'Productivity Enhancement and Irrigation System Efficiency Improvement Project' (PIESIP) that was commenced in 2017 aimed at improving irrigation system efficiencies to enhance land, water, and

crop productivity of 80 irrigation schemes in the country continued during the year, albeit at a slow phase amidst restrained budgetary allocations.

3.3 Social Infrastructure Policies, Institutional Framework and Performance

Health

Healthcare provisioning of the country continued to straddle with contemporary challenges during 2022. Notwithstanding the surge in COVID-19 cases recorded in the first quarter of 2022, the severity of the spread eventually dissipated towards the second half of the year. With the spread of the Omicron variant towards end 2021, the number of COVID-19 cases showed a steady increase up until end April 2022 and followed a gradual decline by July 2022. Thereafter, transmission of the sub-variant Omicron.BA.5, known to be the most contagious and most immune evasive strain, intensified in mid July 2022 before dissipating towards end 2022. According to the Ministry of Health (MoH), as of mid March 2023, 672,048 cases of COVID-19 were reported, while the death toll was 16,831. The caseload and deaths reported in Sri Lanka were comparatively low, compared to peer countries, implying the successful execution of preventive and containment strategies in controlling the virus spread. Mobility restrictions and social distancing measures together with the rapid deployment of vaccine drive across the island helped the country to deal with multiple outbreaks. As of mid March 2023, the national vaccine administrative programme has effectively covered 97.1 per cent of the population, over the age of 12 years having received at least one dose and 83.6 per cent having received the initial protocol of two vaccine doses. Of the initial protocol completed population,

Table 3.10
Salient Features of Health Services

Item	2021 (a)	2022 (b)
1. Government (No.)		
Hospitals (Practicing Western Medicine)	618	617
Beds	78,228	78,228
Primary Medical Care Units	542	544
Doctors	20,209	21,045
Assistant Medical Practitioners	648	642
Nurses	39,091	40,775
Attendants	8,334	8,310
2. Ayurvedic (No.)		
Hospitals	118	119
Beds	5,444	5,345
Qualified Ayurvedic Doctors	1,806	2,303
Registered Ayurvedic Doctors (c)	26,183	26,650

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

Sources: Ministry of Health
Department of Ayurveda

55.7 per cent received the first booster dose and 2.5 per cent of the first booster dose completed population received the second booster dose, by mid-March 2023. The administration of the second booster dose of the Pfizer vaccine began in May 2022 in phases, prioritising the elderly population and immunocompromised individuals before the general public. However, the progress in administering the second booster dose of vaccines continued lagging by end 2022, partly reflecting subdued public preferences for the booster vaccination. Despite the successful containment of the COVID-19 pandemic through concerted efforts of all the stakeholders, any resurgence of such health emergencies in the period ahead would exert pressures on the healthcare system, which is already strangled in a precarious state due to shortages in medical supplies and medicines attributable to issues in procurement procedures. Going forward, recognising the need for enhancing the resilience of the country's healthcare system, measures should be deployed in strengthening its readiness to exogenous shocks by fostering private sector investments in the health sector on top of government investment in health infrastructure, while streamlining and automating healthcare procurement processes.

Figure 3.15
Annual Dengue Cases and Deaths



The healthcare system was burdened with the country's exposure to the spread of other communicable diseases during 2022. The number of dengue cases intensified substantially to 76,689 from 35,924 cases reported in the previous year, whereas dengue related deaths increased to 72 from 28 deaths in 2021. The highest number of cases was reported in the districts of Colombo and Gampaha, where the risk of spread of dengue was substantial due to high population density. The rise in dengue cases in 2022 was largely attributable to lapses in executing dengue preventive measures due to shortages in pesticides and fuel. Prolongation of such shortages may cause continuity of the upward trend in dengue infestation in early 2023. Although Sri Lanka was affirmed to have eliminated filariasis as a public health problem by the World Health Organisation (WHO) in 2016, approximately 73 cases of filariasis were reported in 2022. The country's filariasis control programme is in the post-validation surveillance phase, where the target is set to completely prevent the transmission of the disease by 2030. In 2022, 6,970 leptospirosis cases were reported compared to 6,946 cases recorded in 2021, while the highest caseloads were reported from Rathnapura, Kegalle, Galle, and Kalutara districts. Despite the fact that Sri Lanka was declared malaria free by WHO in 2016, 37 imported malaria cases were reported

in 2022, compared to 26 in 2021, as a result of increased cross border transmission following the relaxation of COVID-19 related restrictions, raising concerns over a plausible resurgence of malaria in the country.

The health sector continued to grapple challenges emanating from Non-Communicable Diseases (NCDs) amidst exacerbated socio-economic issues. A steady rise in NCDs has been observed in the country over the last few years, due to lifestyle risk factors, such as unhealthy diet, lack of exercise, smoking, alcohol and drug consumption, and deterioration of mental health. The MoH continued its engagement in promoting public awareness with regard to prevention, diagnosis, control, and management of NCDs. Accordingly, a revised National Policy and Strategic Framework for Prevention and Control of NCDs in Sri Lanka was published for public comment, while the Multi Sectoral Strategic Action Plan on Injury Prevention and Management, Sri Lanka 2021–2025 was launched in 2022 to provide strategic leadership for injury prevention through targeted planning and service coordination. Several physical activity promotion programmes and healthy diet programmes were conducted with the aim of reducing the incidence of NCDs, especially targeting the youth population. Further, MoH continued to engage in cancer control activities at the primary care level, including early detection and prevention. Accordingly, a cancer early detection centre became operational during the year at the Rathnapura teaching hospital. Nevertheless, amidst reduced availability of medical and pharmaceutical supplies in the country, continuing treatment for NCD patients proved to be challenging, creating a disproportionate bearing on vulnerable groups of the population. Against this backdrop, there is a dire need to prioritise the requisites for health emergencies and adequate provisioning of budgetary allocation,

BOX 5 Fighting Child Malnutrition in Sri Lanka amidst the Economic Crisis

Introduction

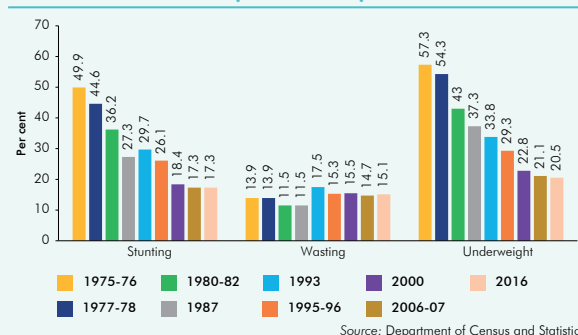
Rising malnutrition among children has become a forefront policy concern in Sri Lanka amidst heightened food insecurity of households caused by the host of economic and social issues that exacerbated during the economic crisis in 2022. According to the World Health Organisation (WHO), malnutrition refers to deficiencies or excesses in nutrient intake, imbalance of essential nutrients, or impaired nutrient utilisation. Thus, it entails a double burden of undernutrition and overnutrition. Undernutrition occurs in the form of wasting (low weight for height), stunting (low height for age), being underweight (low weight for age), and micronutrient deficiencies. Overnutrition is a health risk, which develops along with abnormal or excessive fat accumulation in the human body that can result in overweight and ultimately obesity concerns. Malnutrition among the population is perceived as a growth regressive factor, with its direct influences on human capital productivity and intergenerational impact on human capital augmentation in the long run. According to the report on State of Food and Agriculture (2013) by Food and Agriculture Organisation of the United Nations, malnutrition imposes a global social and economic burden of an estimated US dollars 3.5 trillion annually, which is approximately equivalent to US dollars 500 per person, per annum. Given the critical role of human capital in economic growth, the issue of malnutrition has gained significant global attention, resulting in the implementation of a plethora of policy measures aimed at combatting it across the world. Sri Lanka adopted its first National Nutritional Policy (NNP) in 1986 and carried out numerous nutrition schemes to reduce malnutrition and improve the nutritional status of the population. Despite the improved status of human development indicators, the progress made in combatting child malnutrition has remained stagnant for several decades, underlining the flaws of nutrition interventions and persistent income inequalities within the economy. Against this backdrop, food security and nutrition anomalies of the population have been further exacerbated by the pandemic and thereafter by the worsened economic crisis via many channels, including surging food prices, supply chain disruptions caused by the energy crisis, shortages in food commodities, loss of livelihood and the decline in disposable income, among others.

Child Malnutrition Status of Sri Lanka Prior to the Economic Crisis in 2022

Since independence, Sri Lanka has embarked on numerous initiatives to enhance the socio-economic wellbeing of citizens via numerous programmes on food security, nutrition, safety net schemes, etc. They

include provisioning of school meals, provisioning of food/cash allowances for pregnant and lactating mothers, the Thriposhha programme, school water sanitation and hygiene programmes, and the salt iodisation programme, among others. Reflecting the impact of these efforts and commitments spanning over several decades, malnutrition among children declined remarkably during the period from 1975 to 1995, with stunting among children below five years of age almost halved to 26.1 per cent in 1995, compared to 49.9 per cent in 1975, while the underweight child population declined to 29.3 per cent in 1995 from 57.3 per cent in 1975. However, the progress towards alleviating malnutrition has moderated over the last few decades. According to the latest Demographic and Health Survey (DHS) - 2016, prevalence of wasting in children under five years remained at 15.1 per cent, reaching the emergency threshold level of wasting among children. Also, the prevalence of wasting among children under five years showed no significant progress in the survey rounds since 1995/96 to the 2016 period. According to the World Bank statistics, Sri Lanka ranked the second worst affected country in the South Asian region in terms of wasting among children under five years. Further, underweight among the same group of children remains around 20.0 per cent since 2000, while no significant advancement was reported in terms of children with stunted growth.

Figure B 5.1
Child Malnutrition Status (below 5 years old)
(1975-2016)



Meanwhile, the persistent disparities in malnutrition prevalence across regions and economic sectors in the country suggest that nutrition anomalies remain unresolved for a prolonged period. Across residential sectors, the estate sector has become the most vulnerable sector with the highest prevalence in stunting and underweight children under five years. According to the DHS-2016, around 31.7 per cent of children in the estate sector are stunted, compared to 14.7 per cent in urban areas and 17.0 per cent in rural sector. Further, 29.7

per cent of children under five years in the estate sector were underweight. Across districts, the highest prevalence of underweight and stunted children under five years was reported in Nuwara Eliya. The spatial disparities in nutritional status are primarily attributable to the socio-economic factors, such as economic security, access to health and education, connectivity, infrastructure development, etc. For instance, the mother's education level has been recognised as a major factor that influences the nutritional status of children. As such, the prevalence of stunting and underweight children born to mothers with no formal education is as high as 37.6 per cent and 33.9 per cent, respectively, compared to those of 12.1 per cent and 10.0 per cent reported, respectively, of children born to mothers with educational qualifications of degree or above. The Child Multidimensional Poverty Indicator (CMPI) of Sri Lanka, which is based on Household Income and Expenditure Survey-2019, signifies that one third of children aged 0-4 years are multidimensionally poor and either underweight or stunted. Meanwhile, the Sustainable Development Report 2022 (Sachs. J. et al., 2022) shows that Sri Lanka is lagging behind in progressing towards the zero hunger target by 2030, as reflected by moderate improvements in hunger indicators, which remained insufficient to attain the Sustainable Development Goals targets as envisaged.

Impact of the Current Economic Crisis on the Nutritional Status of Children

The UNICEF conceptual framework for malnutrition,¹ identifies economic factors as one of the major primary underlying causes of malnutrition, which could have a detrimental impact on the nutritional status of the population. Turbulent economic conditions can particularly disrupt supply channels and food systems, as well as means of income of the people, thereby directly impacting the nutritional well-being of the population by reducing households' access to and the affordability of nutritious food. Economic shocks often drive marginalised population to prioritise consumption of calorie-rich but nutrient-poor food, leading to a deterioration in dietary quality and eventually resulting in increased malnutrition.

Sri Lanka exemplifies how its worst economic recession on record and the resulting heightened macroeconomic instabilities have created unprecedented and far reaching social and economic consequences, of which deterioration in nutritional wellbeing of the population,

1. The immediate causes of malnutrition are poor dietary intake (quality/quantity), physical inactivity and disease conditions, while household food insecurity, inadequate care for children and women, sub-optimal health service delivery and sedentary lifestyle and behaviours are considered underlying causes of malnutrition. The basic causes of malnutrition are socio-cultural, economic, and political factors as well as climate variability and weather extremes. These factors could affect both availability and affordability of food.

particularly child malnutrition represents a deep concern that carries a generational burden. With the crisis induced supply chain disruptions and higher cost coupled with drop in domestic food production due to acute fertiliser shortages, food prices in Sri Lanka started to escalate since the latter part of 2021, recording the historically highest food inflation (CCPI) of 94.9 per cent in September 2022, compared to 9.2 per cent at end 2020 and 22.1 per cent at end 2021. Despite some deceleration observed in food inflation since the latter part of 2022, food prices remained elevated during 2022. The surge in inflation caused a significant deterioration in the real income of households, while loss of livelihoods, particularly in the informal sector due to the crisis has exacerbated the household burden. With the informal sector accounting for 58.4 per cent of employment and a poverty level of 14.3 per cent, the potential consequences of economic turmoil on livelihoods, food security, and nutritional status remain significant. This compels households to adopt alternative coping strategies during the crisis.

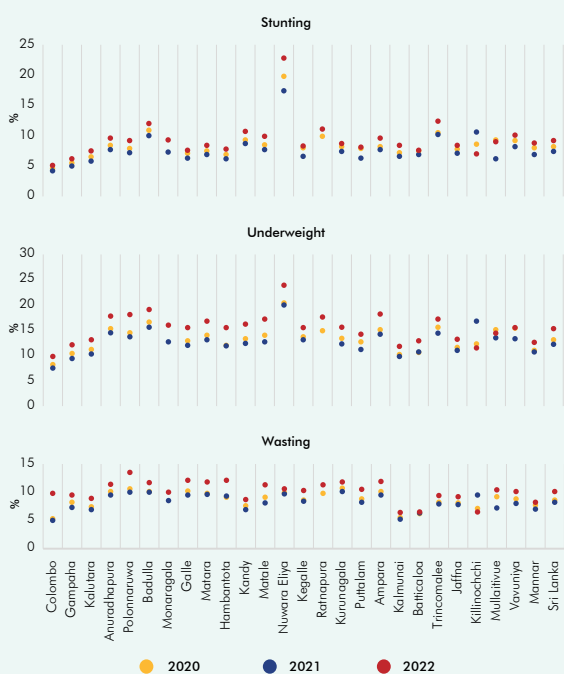
According to the Remote Household Food Security Survey of the World Food Programme (WFP), which consists of 2,137 surveys across all nine provinces conducted through a computer assisted telephone interviewing data collection approach, the food security status of the country remained vulnerable as at end 2022, with 68.0 per cent of the population adopting food based coping strategies by limiting portion sizes, reducing the number of meals, and relying on less preferred food. Meanwhile, a portion of population of around 40 per cent has resorted to livelihood based coping strategies by reducing their spending on education and health, which could eventually lead to deterioration in long term nutritional conditions and wellbeing. The latest official assessment of the Family Health Bureau of Ministry of Health that was conducted under the concept of Nutrition Month in October 2022 on nutritional status of children under five years, reveals that the nutritional status of children deteriorated in 2022 reflecting the decline in household wellbeing during the economic crisis. The assessment results indicate a worsening in all major nutrition indicators for children, particularly, stunting, wasting, and underweight in the under five-year age category. At the national level, the percentage of underweight children under five years increased to 15.3 per cent in 2022 from 12.2 per cent in 2021. Both stunting and wasting among children under five years increased to 9.2 per cent and 10.1 per cent, respectively, in 2022, from 7.4 per cent and 8.2 per cent, respectively, recorded in 2021. However, the percentage of overweight children showed some improvement in 2022.

Table B 5.1
Recent Statistics of Child Malnutrition Status

Indicator	% of Children under 5 years age						
	2016	2017	2018	2019	2020	2021	2022
Underweight	15.6	14.5	14.3	14.0	13.1	12.2	15.3
Stunting	9.2	9.0	8.9	8.4	8.2	7.4	9.2
Wasting	11.3	11.1	10.2	9.9	8.6	8.2	10.1
Overweight	0.5	0.5	0.6	0.6	0.8	0.8	0.6

Source: Family Health Bureau, Ministry of Health

Figure B 5.2
District Level Worsening Status of Child Malnutrition



Source: Family Health Bureau, Ministry of Health

According to the Survey, child malnutrition has deteriorated in most districts, exacerbating the existing nutrition anomalies among children across the country. The Nuwara Eliya District had the highest percentage of stunted children, with a reported percentage of 22.8 per cent, while the Colombo District had the lowest percentage of stunted children of 5.1 per cent. Further, the Nuwara Eliya District reported the highest percentage of underweight children under the age of five, at 23.9 per cent, while the Colombo District had the lowest percentage of underweight children at 9.8 per cent. It is apparent that nutrition anomalies in the country have been persisted despite government intervention efforts, and these inequalities are likely to worsen during economic crises unless addressed cohesively.

The Government's Responses

To combat the devastating effects of the economic and food crisis on the nutritional status of the population and prevent further deterioration of malnutrition conditions, the Emergency Nutrition Plan for 2022-2024 was developed by the Ministry of Health. The plan aims at addressing critical issues, such as food availability and affordability inequalities, gaps in health system services for vulnerable groups, and communication and empowerment gaps to prevent nutritional problems. Accordingly, all the stakeholders are involved in planning and implementing identified strategies and key activities of the plan, while also monitoring progress at each level of implementation. Meanwhile, several financial assistance programmes were implemented by the Government targeting vulnerable populations, including low income pregnant mothers, lactating mothers, women headed families, children under five years, and people suffering from malnutrition with the assistance of the international agencies. These programmes were aimed at ensuring food security for households, while measures were taken to continue the provisioning of balanced meals to school children through school meal programmes. Meanwhile, provisioning of supplementary therapeutic food for severely malnourished children continues, along with other health services provided through the Family Health Bureau.

Policy Agenda to Combat Child Malnutrition

Policy initiatives taken by successive governments to combat child malnutrition have been insufficient to withstand sudden socio-economic shocks. This underscores the need for reformulating strategies aimed at preserving food security and alleviating malnutrition within a multisectoral framework. In this regard, policies should be formulated as short run, and medium to long run solutions, while addressing the gaps in the existing nutrition programmes. Short run solutions should be targeted at compensating for the negative income impact due to the surge in food prices, such as providing safety nets and scaling up of existing social protection programmes, while ensuring better targeting of these welfare benefits with proper exit mechanisms, to achieve the desired outcomes. Given the limited fiscal space for government led nutrition interventions, it is crucial to extensively seek avenues for food assistance from donor agencies and peer countries to reduce hunger among vulnerable sectors in the near term, while ensuring the monitoring and evaluation of such programmes transparently. Encouraging community-based programmes, such as 'community kitchens', could be beneficial as such movements offer a common platform



to address a wide range of causes of undernutrition. As indicated in the UNICEF system approach to improve maternal and child nutrition, the long term strategies to combat child malnutrition must be grounded on five systems: food system, health system, water and sanitation system, education system, and social protection system. Accordingly, reforms and investments in food systems, which deliver availability and affordability of nutritious and safe food in a sustainable manner are vital, while enabling better food choices for families. In this regard, notable transformations in a country's food system are essential to deliver a healthy diet for people at an affordable price. These include improving productivity in the agriculture sector along with more innovations and research and development, reducing post-harvest losses, more value addition in the agriculture sector, reducing import dependency of food systems, introducing climate resilient food crops, promoting a wide range of nutrient rich foods, particularly through the popularising integrated farming, rebalancing agriculture sector subsidies, and tax policies and improving agronomic practices as well as maintaining adequate food buffers to face food emergencies.

The health system should be improved to play its role as a delivery platform for prevention and treatment of malnutrition, in addition to contributing towards fostering positive nutrition practices among the public. In this regard, it is needed to encourage new investments in basic health and nutrition services with a view to expanding access to such services, while introducing a basic nutrition package for the most underprivileged community. Further, investing in education, particularly targeting the vulnerable population, remains crucial, as education and malnutrition show a strong inverse relationship. Investing in women's education plays a vital role in determining children's nutrition levels, where income opportunities for women created through education help support the nutrition vulnerability of households.

while fostering investments in domestic production of drugs and other medical supplies and improving efficiency in the healthcare system in the country to promote the wellbeing of its citizens.

Several infrastructure developments and capacity building initiatives aimed at improving the quality of healthcare services were underway in 2022. Accordingly, primary healthcare

Considering the far reaching socio-economic consequences of renewed threats of child malnutrition amidst the crisis, policy makers should focus on reformulating strategies spanning from short run and medium to long run to combat malnutrition among children in Sri Lanka. In this regard, collective and coordinated efforts of all the stakeholders of the economy, particularly the Government, health systems, education systems, and participants in the food systems along with the support from all the citizens of the country remain important in transforming policies to actions, thereby supporting to uplift the nutritional conditions of the children. These concerted efforts can strengthen the linkages between stakeholders in formulating nutrition strategies, strengthening capacities of existing nutrition programmes and mobilising funds for such initiatives, while enabling a data centric evidence based decision making process to secure children's right to nutrition.

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delivery facilities were developed and strengthened in five hospitals using the funds allocated by the World Bank under the Primary Healthcare System Strengthening Project to provide quality services through primary medical care institutions. In 2022, the establishment of accident and emergency care services in selected hospitals, including District General Hospitals in Kalutara and Ampara, was in progress. Further, various projects aimed at

3 upgrading accident and emergency care units of the government hospitals, such as Ratnapura, Karapitiya, and Monaragala hospitals, were in progress. Additionally, the construction of a national simulation centre at the Mulleriyawa Base Hospital as a national centre for stroke care was underway during 2022. Meanwhile, programmes targeted at building human capital capacity in the health sector were continued. Considering the shortage in high skilled professionals in the health sector, as an interim policy provision, the retirement age for medical consultants, government medical officers, dental surgeons, and registered medical officers was extended by one more year with effect from 12 December 2022 for which the policy validity will remain up until 31 December 2023. In addition, the Government decided to allow public servants, including health sector employees, to avail five years of no pay leave for employment abroad. Nevertheless, the emerging trends in high skilled labour migration from the health sector amidst the economic crisis could have severe implications in continuing public health services in the period ahead, suggesting immediate policy response to retain the high skilled medical professionals and consultants within the country.

The private sector continued to play a significant role in healthcare delivery in both preventive and curative services in Sri Lanka. The number of registered private hospitals stood at 250 by end 2022 with a total bed capacity of 5,602, while six new full time private general practices/dispensaries/medical clinics were established during the year. Complementing efforts of the Government to contain the COVID-19 outbreak, 25 Intermediary Care Centres and three COVID-19 treatment centres were operated by private hospitals with the approval of MoH, and 13 private laboratories were authorised to conduct PCR and Rapid Antigen Tests in 2022. Given the limitations in the regular health services provided by public

hospitals amidst the medical supply shortages, a majority of people opted for services provided by private hospitals during 2022. However, with the higher cost of medical supplies, medicines, laboratory tests, and consultation fees, the charges of such medical services rose sharply to excessive amounts, reflecting the flaws in the existing regulatory mechanisms for private healthcare providers. As a result, individuals, especially middle income earners, were seen to opt out of their ordinary access to private healthcare facilities. In this context, policies targeted at strengthening the regulation of the private sector and streamlining accreditation policies related to private healthcare service providers remain vital to widen the private healthcare sector to complement public healthcare provisioning, without compromising the benefits of providing public healthcare services largely for marginalised groups to ensure equitable access to health by all.

Education

Education activities were gradually revived towards the second half of 2022 with the abatement of energy crisis induced disruptions and COVID-19 interferences on the education system. Despite the resumption of in-person academic activities at the beginning of 2022, following the intermittent closures of schools, universities, and other education centres since 2020 due to the COVID-19 pandemic, educational activities were once again hampered in the early part of the second quarter of 2022, owing to transportation difficulties arising from severe shortages in domestic fuel supplies. Amidst the transportation difficulties witnessed across the country, academic activities were shifted towards online platforms in mid June 2022. However, these online education systems were also adversely affected by the regular power

outages that the country experienced during the year. With some resolution of the issues pertaining to the fuel supply, educational activities gradually recovered towards the second half of 2022, allowing the commencement of in-person academic activities on a full time basis since August 2022. Although in-person academic activities resumed during the year, learning losses caused by intermittent disruptions to academic activities since 2020 continued to persist. These disruptions are likely to create far reaching adverse consequences on learning outcomes, thereby widening the inequalities in educational outcomes among children in different economic and social backgrounds and geographical locations, given the already existing disparities in access to education infrastructure and technology related infrastructure facilities. As per the assessment on achievement levels of foundational skills in literacy and numeracy of grade 03 students in Sri Lanka which was conducted by the Ministry of Education (MoE) during the period of 2021-2022, the percentage of students who achieved every foundational skills in literacy remained only around 6 per cent of the sample, while the percentage of student who achieved all the skills in numeracy also remained low at 7 per cent. Furthermore, prolonged school closures following the COVID-19 outbreak and the spillover effects of the unprecedented economic crisis in the country led to an increase in school dropouts among vulnerable households. According to the latest available data for 2020, school dropouts in the primary sector increased to 9,269 from 8,834 in 2019. In this context, school dropouts are likely to have further increased in 2022, as vulnerable households opted to cut education expenses as a coping strategy amidst the economic distress. Meanwhile, children from low income households faced further difficulties due to shortages of stationery and school supplies, and soaring prices of such items caused by galloping inflation amidst

the financial hardships of households during 2022, indicating the possible risks of widening inequalities in learning outcomes. On the other hand, the postponement of national level examinations, instead of adopting alternative methods of assessment and adjusting significant compromises on syllabi, hinders the timely assessment of academic progress of students in the short run and highlights concern about the development of a productive human capital base of the country in the long run. Given the persistent nature of the difficulties students has been experiencing over the past three years, future policies should be adjusted with due consideration given to the impact of the

Table 3.11
Salient Features of General Education

Item	2021 (a)	2022 (b)
1. Schools (No.)	11,088	11,082
Government Schools	10,146	10,134
Primary	3,893	3,883
Secondary	6,253	6,251
o/w National Schools	396	396
Other Schools	942	948
Pirivena	819	823
Private and Special Schools (c)	123	125
2. Students (No.) (d)	4,260,466	4,236,207
Government Schools	4,048,937	4,024,207
Other Schools	211,529	212,000
Pirivena	70,310	70,500
Private and Special Schools (c)	141,219	141,500
International Schools	n.a.	n.a.
3. Teachers (No.) (d)	256,676	n.a.
Government Schools	241,054	n.a.
Other Schools	15,622	n.a.
Pirivena	7,347	n.a.
Private and Special Schools (c)	8,275	n.a.
International Schools	n.a.	n.a.
4. New Admissions (No.) (e)	304,105	301,519
5. Student/Teacher Ratio		
Government Schools	17	n.a.
Other Schools	14	n.a.
International Schools	n.a.	n.a.
6. Primary Net Enrolment Ratio (Grade 1-5)	n.a.	n.a.
7. Secondary Net Enrolment Ratio (Grade 6-11)	n.a.	n.a.
8. Age Specific Enrolment Ratio (Grade 1-9)	n.a.	n.a.
9. Teacher Training Colleges (No.)	8	8
10. Teachers Trained during the Year (No.)	n.a.	n.a.
11. National Colleges of Education (No.)	19	19
Teacher Trainees (No.)	n.a.	n.a.
Number Passed Out during the Year	n.a.	n.a.

(a) Revised

Source: Ministry of Education

(b) Provisional

(c) Private schools approved by the Government and schools for children with special needs (This figure excludes international schools, which are registered under the Companies Act)

(d) Excluding data from international schools

(e) Government schools only

disruptions on the learning outcomes of students at all levels within the public education system and lifelong implications of these disruptions in terms of pursuing higher education and employment opportunities. Therefore, a concerted effort is required to enhance the quality of online learning outcomes and infrastructure base, novel assessment methods, and upgradability of syllabi to upskill the labour force, across all education levels, while aligning them with the sectoral priorities of the country.

3 **In 2022, several initiatives were undertaken to improve equitable access to general education and to enhance quality, governance, and service delivery of education services in Sri Lanka.** During the year, MoE together with the relevant stakeholders continued to review the current education system aiming at implementing the curriculum and learning reforms, identifying future learning needs, providing assistance to recover learning losses and acquiring the essential learning competencies, as well as standardising the teacher development process, thereby uplifting the quality in general education in the period ahead. The National Institute of Education (NIE) continued to work on new curriculum reforms, which are expected to be launched as a pilot project in selected schools for Grades 1, 6, and 10 students in 2024. Other initiatives, such as the 'New National School Development Programme' and the 'Nearest School is the Best School' project were also underway. The '13-Years Mandatory Education' policy was further strengthened in 2022 with the offering of the Vocational stream for Advanced Level studies in 525 schools nationwide. In 2022, about 8,000 students who had been undertaking studies under Vocational stream were directed to institutional training, while initiatives were taken to get the approval of the Cabinet of Ministers to establish the vocational education stream as the

seventh Advanced Level education stream during the year. Meanwhile, MoE continued to facilitate academic activities through a blended learning approach as required amidst the interruptions to in-person education activities during the year with the continuation of online programmes that were in place since 2021. MoE conducted the 'Improving and Assessing of Listening and Speaking Skills' training programme via the 'Moodle' platform to uplift proficiency in the English language and trained around 150 trainers as well as English teachers across the country in 2022. Activities aimed at developing proficiency in foreign languages, such as German and French, were uploaded to MoE's 'e-thaksalawa' learning management system during the year. The Government managed to hold all national level examinations that were due in 2021 during the first half of 2022, while the Grade 5 Scholarship Examination and Advanced Level Examination due in August 2022 were postponed to December 2022 and January 2023, respectively. The Ordinary Level Examination, which was due in December 2022, is planned to be held in May 2023 without any significant compromises.

The higher education sector strived to ensure the continuity of education activities by resorting to hybrid mechanisms in 2022, while several measures were undertaken to strengthen the higher education infrastructure base of the country. During the year, the state universities carried out their education activities, continuing the learning mode adopted under the online platform of Lanka Education and Research Network (LEARN), which was established since the onset of the COVID-19 pandemic, combined with the in-person education activities, thereby minimising the adverse consequences of economic disruptions on the higher education sector. While ensuring the continuity of education activities, authorities committed to enhance the education infrastructure base, despite

the financial constraints imposed by the economic crisis. Accordingly, approval for two new faculties of computing at the University of Sri Jayewardenepura and Sabaragamuwa University, and a faculty of graduate studies in the Eastern University was granted by the University Grants Commission (UGC) during the year, while 14 new departments in eight universities were also approved. Moreover, around 54 new degree programmes, covering undergraduate degree programmes, undergraduate specialisation degree programmes, postgraduate degree programmes, and external degree programmes, were approved in 2022. Meanwhile, measures were taken to introduce the University Test of English Language (UTEL), a national level test administered under the guidance of UGC for third-year students in all the universities during the year. A national level certificate is planned to be offered upon the completion of this examination.

Table 3.12
Salient Features of University Education (a)

Item	2021 (b)	2022 (c)
1. Universities (No.)	17	17
2. Other Higher Educational Institutions (No.)	19	19
3. Students (Undergraduates) (No.)(d)		
Universities (e)	119,068	128,638
Institutes	3,611	3,712
Open University	28,824	28,591
4. Total Staff (All Universities) (No.)		
Academic	7,004	7,204
Non-Academic	13,164	13,150
5. Student/Teacher Ratio	19.4	20.2
6. Age Specific Undergraduate Enrolment Ratio (18-22 yrs) (d)	8.9	9.3
7. Progression to University from GCE (A/L)		
Eligible for University Admission (%)	62.47	62.89
Admission as a Percentage of Eligible (%)	22.58	n.a.
8. Students Graduated (No.) (f)	36,012	n.a.
Basic Degree	25,890	n.a.
Postgraduate Degree	10,122	n.a.
9. New Admissions for Basic Degrees (No.) (g)	43,927	n.a.
10. Students Eligible to be Admitted to Universities (No.)	194,366	171,497

(a) Universities and higher education institutions that come under the purview of University Grants Commission

(b) Revised

(c) Provisional

(d) Excluding external degree courses

(e) Excluding Open University

(f) Including external degrees and Open University

(g) Excluding external degrees and Open University

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

Item	2021	2022 (a)
1. Registered TVET Institutions (No.) (b)	1,071	1,136
Public	478	526
Private and Non-Governmental Organisations	593	610
2. Total Accredited Courses (No.)	3,014	3,043
Public	2,387	2,370
Private and Non-Governmental Organisations	627	673
3. Issued NVQ Certificates (No.)	45,033	117,954
Department of Technical Education and Training (DTET)	4,633	9,782
National Apprenticeship and Industrial Training Authority (NAITA)	7,441	50,029
Vocational Training Authority (VTA)	17,253	25,432
National Youth Services Council (NYSC)	3,897	4,903
Private	11,809	27,808

(a) Provisional

Source: Tertiary and Vocational

(b) As at year end

Education Commission

In addition, UGC initiated a project to establish separate Departments of Information Technology in the Faculties of Humanities, Arts, and Performing Arts in universities aimed at enhancing the future employability of undergraduates in the streams of Arts, Humanities, and Aesthetics.

In 2022, the private sector played an important role in providing tertiary education to meet the dynamic demand of the labour market. By end 2022, there were 24 Non-State Higher Education Institutes (NSHEIs) recognised by the Non-State Higher Education Division of MoE as degree awarding institutes, offering 221 accredited degree programmes. During the year, one new institute was recognised as a degree-awarding institute, and 34 new degree programmes offered by NSHEIs were also recognised. Meanwhile, reviews of several new degree programmes and new institutions were underway during 2022. The preparation of guidelines for ascertaining the minimum standards for Degree Awarding Institutions and subject review of NSHEIs were completed during the year.

The Technical and Vocational Education and Training (TVET) sector continued to enhance opportunities to cater to the contemporary skill needs of the economy. By the end of 2022,

3 there were 1,136 registered institutions in the TVET sector, comprising of 526 public institutions and 610 non-government sector institutions. These institutions offered 3,043 accredited TVET courses covering various technical and vocational subject areas. During the year, 117,954 National Vocational Qualification (NVQ) certificates were awarded to qualifying students. Despite the constraints imposed by the economic crisis, the Tertiary and Vocational Education Commission (TVEC) continued to adopt several measures to facilitate training delivery, assessment, and certification activities. Most training institutes continued to use blended education modalities, and the Flexible Learning Method (FLM) was promoted to reduce time, the financial cost of travelling, cost of accommodation, and cost of logistics arrangements. Meanwhile, the Governing Council of the TVEC granted coverup approvals of training institutes offering caregiver training courses to expedite the registration process, acknowledging the fast growing nature of the caregiver sector in the global job market. Additionally, the TVEC issued NVQ Circular 05/2022, facilitating On-the-Job Training (OJT) for several NVQ levels starting from 01 November 2022, providing faster adaptation to prospective employment opportunities.

Housing and Urban Development

The progress in housing development projects of the Government remained stagnant in 2022, reflecting the impact of tight fiscal space and supply shortages in raw materials as well as the surge in cost of inputs in the construction sector during the year. The preliminary work of the Middle Income Housing Projects planned to be implemented under the Public Private Partnership (PPP) arrangement was carried out by the Urban Settlement Development Authority (USDA) during the year. However, four major projects under USDA,

including the Wattala and Nittambuwa middle income housing projects and Mixed Development Projects of Sri Jayawardenapura Kotte and Kaduwela, were discontinued in 2022 due to cashflow pressures of the Government, while the planned Low Income Housing Projects in Hikkaduwa and Nawalapitiya were also halted due to budgetary constraints. Nevertheless, the Ministry of Water Supply and Estate Infrastructure Development continued several housing projects with financial assistance from the Government of India to improve the living conditions of the estate population, while several Government funded projects of a similar nature were also underway during the year. Meanwhile, the development activities pertaining to the housing projects of 'Obata Geyak – Ratata Hetak', 'Mihindu Niwahana', and 'Viru Sumithuru' continued at a moderate pace.

The Government's infrastructure projects continued to progress at a slower pace in 2022 amidst the financial constraints associated with the deepened economic crisis. The Urban Development Authority (UDA) continued to engage in around 180 projects under the Urban Infrastructure and Township Development Programme (Siyak Nagara), including city beautification and urban development endeavours, to enhance the infrastructure base of the country. Under the programme to develop five roads in the Homagama Tech City, a new access road from Kottawa to Mahenwatta was completed during the year. Several other key projects, including the Beira Lake Rehabilitation and Redevelopment Project, and the Reconstruction of Jaffna Town Hall were also underway during 2022. Development activities related to the Metro Colombo Solid Waste Management Project also continued during the year, achieving cumulative physical progress of 90.0 per cent at end 2022. Further, the Metro Colombo Urban Development Project, which is targeted

at addressing the issue of urban flooding and developing the Colombo metropolitan area into a world class city, recorded a physical progress of 99.6 per cent by end 2022. Further, after completion of the construction work, the Colombo Lotus Tower was handed over to the Government on 28 February 2022, and accordingly the operations were entrusted to the Colombo Lotus Tower (Pvt.) Ltd, a company established under the Ministry of Finance, Economic Stabilisation and National Policies. The Colombo Lotus Tower was opened for public viewing from mid September 2022, and negotiations are underway with several private investors to develop an entertainment zone within the premises.

Activities pertaining to the development of Colombo Port City continued in 2022, achieving many milestones. Accordingly, Development Control Regulations (DCR) for the entire project were gazetted in April 2022, and the key regulations in relation to businesses of strategic importance, offshore companies, authorised persons, and duty-free retail operations were finalised in 2022. However, considering the importance of establishing a world class university and an international school in the Port City, measures were taken to revise the DCR during the latter part of 2022. Infrastructure development of the region's first Downtown Duty Free Mall was completed, and the Port City's Duty Free Passenger entry system was also being developed, and is planned to be launched in mid 2023. Land preparation and technical preparation of 42 plots out of the 74 plots were concluded by the Colombo Port City project company, enabling the Colombo Port City Economic Commission (CPCEC) to issue completion certificates to the project company, while six plots in the Marina District of Colombo Port City were sold during the year. Licenses for four banks, including two state owned banks, were granted to commence operations in compliance

with all relevant regulations and pre-operational requirements. Three types of visas; Investor Visas, Employment Visas, and Residence Visas were introduced by the Commission, while the visa application and approval processes were streamlined and automated in collaboration with the Department of Immigration and Emigration (DIE). Moreover, discussions were held in late 2022 to obtain investment support from a Saudi Arabia based company for several projects, including Colombo International Financial Centre Phase I, Marina Waterfront Commercial, Marina Hotel, and Super Luxury Villa.

Poverty Alleviation and Safety Nets

Sri Lanka's progress in eradicating poverty stalled with heightened economic vulnerabilities from multiple fronts during the economic recession. Although commendable progress has been made in poverty eradication at the national level, a considerable portion of the population still lives below the poverty line, with significant income disparities across different dimensions. By 2019, the percentage of the population living below the poverty line had declined to 14.3 per cent, compared to 46.8 per cent recorded in 2002, as per the updated poverty line of the Department of Census and Statistics (DCS). However, poverty level in the estate sector remained high at 33.8 per cent, compared to 15.0 per cent in the rural sector and 6.0 per cent in the urban sector in 2019, reflecting significant disparities across the economic sectors. The household Income and Expenditure Survey (HIES) - 2019 highlighted that the poorest 20 per cent received only 4.6 per cent of the country's total household income, whereas the richest 20 per cent of the population received around 51.3 per cent of the total household income, reaffirming the severity of the persistent issue of income inequalities in the country. These poverty

3 statistics indicated that a significant portion of the population of the country was vulnerable to poverty even prior to the recent economic fallout. Against this backdrop, poverty pockets of the population have been largely exposed to economic shocks since the onset of the COVID-19 pandemic, while their vulnerabilities have been amplified by worsened macroeconomic conditions throughout 2022. Continuous economic disruptions and the slowdown in economic activity forced certain segments of the population, who were faring well prior to the crisis, towards the poverty line, with crisis associated undesirable consequences on their income levels and employment opportunities. Meanwhile, the acceleration in consumer prices had a severe impact on vulnerable households, exacerbating pre-existing income inequalities. Reflecting the current vulnerability of the population, the national poverty line reached Rs. 13,777.00 by the end of December 2022, registering a significant year-on-year increase of approximately 74.1 per cent, along with the surge in inflation during 2022. In December 2022, the district poverty lines of Colombo and Gampaha surpassed Rs. 14,500.00, highlighting the disproportionate impact of inflation on the cost of living in urban areas, when compared to rural districts, such as Kilinochchi and Monaragala, where district poverty lines remained at Rs. 13,311.00 and Rs. 13,174.00, respectively.

The prolonged crisis and related economic disruptions have not only deprived the financial capacity of households but also have increased food insecurity and malnutrition among marginalised groups of the population.

According to the special report of Crop and Food Security Assessment Mission in September 2022, jointly released by the World Food Programme (WFP) and the Food and Agriculture Organisation (FAO) of the United Nations, an estimated 6.3 million people in Sri Lanka were facing moderate to severe acute food insecurity. Without adequate life-saving assistance and support for livelihoods, the situation of these people could deteriorate further. Against this backdrop, the Government opted for a reverse graduation to obtain assistance from International Development Association (IDA) of the World Bank, thereby securing access to concessional financing from IDA, while leveraging support from other multilateral development assistances to stabilise the economy and safeguard against hunger and poverty.

In light of potential emergence of new poverty pockets resulting from the economic crisis, measures were taken to strengthen the targeting of vulnerable groups in the population for safety net programmes. Accordingly, the Welfare Benefits Board initiated measures to expedite the establishment of a social registry

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

Year	Divineguma / Samurdhi Subsidy Programme		Nutrition Allowance Programme (a)	
	Families (No.) (b)	Value (Rs. million) (c)	Beneficiaries (No.) (b)	Value (Rs. million)
2018	1,384,021	39,239	329,047	5,490
2019	1,800,182	44,660	300,246	5,279
2020	1,770,086	52,434	238,034	4,751 (d)
2021	1,760,485	55,400	250,848	5,248
2022 (e)	1,760,485	120,988 (f)	n.a.	3,690

(a) For pregnant and lactating mothers

(b) As at year end

(c) Including the kerosene subsidy

(d) Revised

(e) Provisional

(f) Including the subsidy granted under the multilateral assistance

Sources: Department of Samurdhi Development
Ministry of Women, Child Affairs and Social Empowerment
Ministry of Finance, Economic Stabilization and National Policies

under the 'Leave No One Behind' programme with technical assistance from multilateral agencies in 2022. Under this programme, it is planned to establish the Welfare Benefits Information System (WBIS) and develop an Integrated Welfare Management System (IWMS) by end June 2023 with financial assistance from the Social Safety Nets Project (SSNP) of the World Bank. The selection process to determine eligibility for welfare benefit payments under this programme was carried out during 2022, while the verification of data through household visits commenced in early 2023. Further, the initial application process to gather data for WBIS continued during the year, while basic information of 3,726,596 applicants had been registered by the end of 2022. This programme aims to establish a continuous assessment of social welfare beneficiaries' eligibility and to eventually create a proper mechanism to exit from welfare programmes by strengthening household economic status. In early 2023, DCS, in collaboration with the Ministry of Finance, Economic Stabilisation and National Policies and several other key government institutions, initiated steps to conduct a household survey to assess the impact of the economic crisis on living conditions. There is an urgent need to expedite the development of a social registry for identifying those in need to ensure that timely assistance reaches the intended beneficiaries. Creating such a database, along with digitising welfare programmes, would enable effective policy interventions for poverty eradication, by improving the quality, adequacy, and timeliness of data, while simultaneously strengthening evidence based policy decisions in the future.

The Government continued to carry out existing safety net programmes during the year to improve the socio-economic wellbeing of low income households. The Department of Samurdhi Development (DSD) distributed

around a total of Rs. 120 billion among 1.7 million beneficiary families and other categorical beneficiaries under the cash transfer programme of Samurdhi Subsidy programme, the Government's flagship safety net programme. Considering the disproportionate and immediate impact of the pandemic on poor households, the Government increased the monthly Samurdhi allowance for beneficiary households by around 28 per cent per family from February 2022, in line with the Government Budget 2022. Accordingly, the family unit allowances of Rs. 3,500, Rs. 2,500, and Rs. 1,500 were increased to Rs. 4,500, Rs. 3,200, and Rs. 1,900, per family, respectively. With financial assistance from multilateral agencies, DSD conducted an emergency cash transfer programme from May to November 2022, providing allowances ranging from Rs. 3,000 to Rs. 5,000 to existing Samurdhi beneficiary families and waiting listed families under the Samurdhi programme as well as individuals, who were in waiting lists for subsidy schemes for elderly, disabled, and kidney disease categories. Under this programme, DSD disbursed around Rs. 38.5 billion among 2.6 million beneficiary families with financial assistance from the World Bank, while the ADB provided financial assistance for disbursing Rs. 45.5 billion among 3.0 million beneficiary families. Moreover, another financial assistance programme was implemented during the year to ensure the nutritional well-being of vulnerable families, including low income pregnant and lactating mothers, women-headed families, children under five years, and malnourished individuals, with the facilitation from the WFP. This project covered 41,710 selected families in the districts of Ampara, Jaffna, Mannar, Monaragala, Galle, Mullaitivu, and Nuwara Eliya, and the total funds disbursed amounted to Rs. 625.7 million by the end of 2022. Meanwhile, a direct cash assistance of Rs. 10,000 per family was distributed

3 in the Kalutara District in August 2022, covering families with children under five years of age. During the year, DSD also remained involved in numerous programmes aimed at enhancing livelihood, social, and entrepreneurship development to uplift the living standards of people. To improve the efficiency of fund transfers, novel strategies were adopted, such as developing software for Customer Relationship Module (CRM), a Mobile Application for Samurdhi Officers, and more banking opportunities for beneficiaries. The Government introduced several other social welfare packages during the year, including a kerosene subsidy for small boat owners in the fishing industry and those in plantation areas with no electricity, to provide a financial cushion to families, who lost their livelihoods due to the crisis. Additionally, a Multi-Sector Combined Mechanism for Empowering Rural Economic Revitalisation Centres was introduced in September 2022, to achieve the dual objectives of ensuring food security and preventing renewed risks of malnutrition among children. Meanwhile, the Ministry of Women, Child Affairs and Social Empowerment continued to provide the nutrition allowance of Rs. 2,000 for expecting mothers, who registered with the clinics of the Medical Officer of Health for the last 06 months of pregnancy and the first 04 months of lactation. The Morning Meal programme for pre-school children, for upgrading the nutrition level of underweight children in preschool age, was also carried out during the year with the financial support from the World Bank Project on Early Childhood Development.

Despite the numerous poverty eradication programmes implemented by successive governments over the past few decades, Sri Lanka still experiences considerable income disparities across multiple dimensions, leaving its citizens more susceptible to abrupt

socio-economic setbacks. Therefore, revisiting policy approaches to eradicating poverty remains a major initiative in the country's development agenda towards achieving inclusive development. The establishment of the national social registry would support better resource utilisation by channeling resources to the needy sector. The framework should be allowed for greater flexibility in updating the registry on a regular basis. Additionally, while addressing the crisis driven burden on vulnerable segments of the population in the near term, the Government should focus on uplifting the long term resilience of these population groups by implementing well focused rapid livelihood development programmes, which would in turn reduce their dependency on government subsidy programmes in the future. Furthermore, poverty eradication policies should take into account demographic changes in the population, as well as the occurrence of natural disasters, health emergencies, etc. Given the larger share of the population employed in the informal sector, implementing measures to establish and promote superannuation funds would help secure the future of these communities during their retirement, without placing an additional financial strain on the Government, in the context of the ageing population, in particular. Further, growing inequalities in education and health should be addressed on a priority basis, thereby breaking the vicious cycle of poverty faced by marginalised populations of the economy. In light of the economic crisis, a policy framework that addresses worsening poverty levels both in the short and long term should be formulated, ensuring that the benefits of envisaged growth recovery and progress are equitably distributed to all citizens of the country. More importantly, the political and other interference in the delivery of welfare packages to the vulnerable needs to be reduced to a minimum.

Environment

The National Environmental Policy (NEP) was launched successfully in 2022, while making a significant stride in developing a consistent policy framework to protect the present and future ecological sustainability of the country. The Cabinet of Ministers granted approval to the Ministry of Environment in June 2022 to spearhead the implementation of NEP, which comprises policy interventions proposed under seven thematic areas: land and water resources, biodiversity and ecosystems, coastal and marine resources, environmental pollution prevention, control and waste management, climate change and global environmental challenges, built environment and green development, and cross-cutting issues and challenges. NEP is expected to ensure sustainable use, management, and protection of environmental resources to create enabling conditions for sustainable development in Sri Lanka through a well defined policy framework. Further, with the intention of effectively implementing NEP, the national environmental action plan for 2022-2030 was finalised during the year, identifying strategies that convert policy statements of NEP into implementable actions.

Several other initiatives rolled out with the significant commitment of the Government and Ministry of Environment to strengthen the focus on the sustainable and efficient use of natural resources in the economic recovery process. In the pursuit of achieving the status of Net Zero Carbon level by 2050, the Sri Lanka Climate Prosperity Plan (CPP) was presented to the UN Climate Change Conference (COP27) in 2022. CPP is expected to act as the national investment strategy to attract climate related foreign investment to Sri Lanka, while accelerating climate adaptation and reducing greenhouse gas

emissions. Further, in 2022, the draft of the National Cooling Policy was completed, intending to reduce greenhouse gas emissions through cooling sector (air conditioning and refrigeration) improvements including energy efficiency, use of renewable energy, and sustainable cooling solutions. This policy facilitates the country's plan for phasedown hydrofluorocarbon as agreed under the Kigali Amendment to the Montreal Protocol. With another significant step forward in the country's efforts to protect its unique and diverse environment, in 2022, the Cabinet of Ministers granted approval for 'The National Policy in Environmental Sensitive Areas in Sri Lanka', which is expected to strengthen the conservation and protection of environmentally sensitive areas, including areas of high biodiversity, wetlands, and coastal zones.

The Central Environment Authority (CEA) implemented several measures to safeguard the environment during the year. To prevent and minimise the release of discharges and emissions into the environment from specific industrial operations in compliance with national discharge and emission requirements, CEA implemented the Environment Protection License (EPL) procedure. In 2022, the prescribed activity list and the EPL regulations were amended by the gazette notifications No. 2264/18 and No. 2264/17, respectively, to reinforce the existing EPL procedure. As of end 2022, a total of 19,160 industries had obtained EPL licenses, while 786 BOI industries were also under the EPL procedure. Furthermore, to carry out its mandate to assess the possible environmental impact of projects through environmental impact assessments (EIA) and initial environmental examinations (IEE), CEA approved seven EIAs and 237 IEEs in 2022.

Environmental management authorities carried out several activities to improve the nation's readiness for disasters. In collaboration

3 with the National Building Research Organisation (NBRO) and DMT, CEA continued to carry out Air Quality Monitoring Programme, which was initiated in 2019. During the year, under this programme, sensor based air quality monitoring equipment units were installed in the cities of Kurunegala, Anuradhapura, and Jaffna with the assistance of WHO, reinforcing the ongoing Air Quality Monitoring Programme. Meanwhile, in December 2022, a deterioration in the quality of the atmosphere was discovered in many parts of the country to the transboundary air pollution effects, and the public was informed to remain vigilant. Recognising Sri Lanka's high exposure to such challenges and lack of established framework for guidelines to follow in such circumstances, Ministry of Environment initiated the development of a Contingency Response Action Plan in collaboration with CEA and several other stakeholders. This plan identifies local emission sources that can be limited during such critical time periods. Further, authorities continued to engage in disaster mitigating programmes during the year to minimise the socio-economic impact of natural disasters. The Department of Meteorology issued 568 weather warnings and advisories to the general public, related disaster management authorities, and the Department of

Fisheries to carry out early preparations during 2022. Meanwhile, NBRO was able to structurally mitigate two landslide sites in Nuwara Eliya and another in Colombo in 2022 as a part of its landslide risk mitigation measures, and continued its project on mapping areas with landslide hazard, covering 480 km² in the Kandy and Kegalle districts during the year.

The world is fast moving towards the circular economy and beyond. The climate change impacts are well articulated and already experienced by many countries, including Sri Lanka. The Paris Agreement (2015), COP26 (2021) and COP27 (2022) are ready to fund countries that are potentially subject severe disasters of climate change. It is necessary for Sri Lanka also to focus on these aspects and prepare a comprehensive framework in readiness and be compliant with governance principles agreed at the above mentioned summits. Economic infrastructure is one area Sri Lanka has to comply with widely agreed principles and compliant countries would be able to receive funding for earmarked infrastructure projects, primarily renewable energy projects. As it is a long drawn process, Sri Lanka needs to pay attention to global agreements.

4

PRICES AND WAGES

4.1 Overview

The general price level as measured by the official consumer price indices recorded an unprecedented increase throughout 2022 owing to adverse supply shocks emanated from both domestic and global fronts, sharp depreciation of the Sri Lanka rupee against the US dollar and lagged impact of monetary accommodation during the past few years. Nevertheless, the rate of increase of price levels moderated towards the end of the year following the tight monetary policy stance pursued by the Central Bank and easing of supply conditions. The decline in agriculture production caused by the limited availability and high prices of inputs, and interruptions to the distribution network due to fuel shortages led the prices of domestically produced food items to increase substantially. Meanwhile, the increase in global commodity prices, high freight charges and most notably, the sharp depreciation of the Sri Lanka rupee contributed to considerable upshifts in the prices of both imported Food and Non-food items exerting significant upward pressure on the general price level. Moreover, the cost reflective revisions to administered prices and upward revisions to value added tax (VAT) and the introduction of the social security contribution levy (SSCL) also augmented the price increases in both Food and Non-food categories. However, these adverse developments were mostly subsided towards the end of the year with favourable developments in both the domestic and international markets. Continuation of the tight monetary policy measures curtailed the demand driven inflationary pressures, while the improved availability of inputs boosted domestic supply, thereby decelerating the pace of increase in the general price level. The easing of commodity prices in the global market amidst the stability in the exchange rate in response to the market guidance provided by the Central Bank for the interbank foreign exchange market moderated the prices of imported commodities further lessening the pressure on the general price level towards the latter part of the year. Reflecting these developments, headline inflation based on both Colombo Consumer Price Index (CCPI, 2013=100) and National Consumer Price Index (NCPI, 2013=100) peaked in September 2022 and embarked on a disinflation path. The producer price inflation based on the Producer Price Index (PPI, 2018 Q4=100) increased until August 2022 and declined towards the end of the year. In terms of wages, increases in nominal wages were observed in formal and informal private

sectors and the public sector during 2022. The nominal increases were due to the revision of minimum wages of employees in the formal private sector, higher wages demanded by the informal private sector amid the rising cost of living and the special allowance given for all public sector employees. However, their real wages eroded due to a less than full adjustment of wages to rising prices averting a wage price spiral in the economy.

4.2 Prices

Movements in the General Price Level

The general price level, as measured by both Consumer Price Indices (CPIs), namely, the Colombo Consumer Price Index (CCPI) and the National Consumer Price Index (NCPI),¹ moved in a continuous increasing trend during 2022 exhibiting a sharp acceleration between March and September 2022, yet moderated towards the end of the year in line with subdued aggregate demand pressures mainly resulted from tight monetary policy measures and improvements in supply conditions. Movements of prices of items in both Food and Non-food categories were perceptible to adverse economic conditions that prevailed during 2022, i.e., substantial weakening of the domestic agriculture sector, notable depreciation of the Sri Lanka rupee, insufficient availability of foreign currency in the domestic market, elevated commodity prices in the world market, fuel shortages and higher fuel costs, and higher freight charges. Meanwhile, adopting market based pricing formulas for certain items, upward price revisions to administered commodities, and increases in various taxes also contributed towards the increases in general price level. However, upward pressure on food prices exerted by issues related to limited availability of fertiliser moderated to some extent owing to improvements in supply

conditions, while the stabilisation of the exchange rate observed with the Central Bank guidance for the interbank foreign exchange market contributed towards easing of prices of imported items in both Food and Non-food categories towards the latter part of 2022.

Prices of items in the Food category increased sharply during January-September 2022 and followed a slight decreasing trend afterwards. Meanwhile, prices of both Volatile Food² and other food items³ contributed to the movement of the prices in the Food category during 2022. Increases observed in prices of domestically produced food items were mainly attributed to low supply conditions that arose due to the decline in the 2021/2022 Maha harvest mainly led by the limited availability and very high market prices of chemical fertiliser. Later, although the Government made attempts to adopt usual cultivating practices using chemical fertiliser, it was unable to elevate the Yala harvest to its usual yield. Meanwhile, increases in transport costs driven by frequent and substantial fuel price hikes and supply side issues related to adverse weather conditions also exerted considerable upward pressure on domestic food prices. Prices of both local and imported rice varieties increased substantially until July 2022 necessitating the Government to impose Maximum Retail Prices (MRPs) on local rice varieties. Accordingly, MRPs were imposed on local Samba and Nadu, at Rs. 230 per kg and Rs. 220 per kg, respectively, with effect from (w.e.f.)

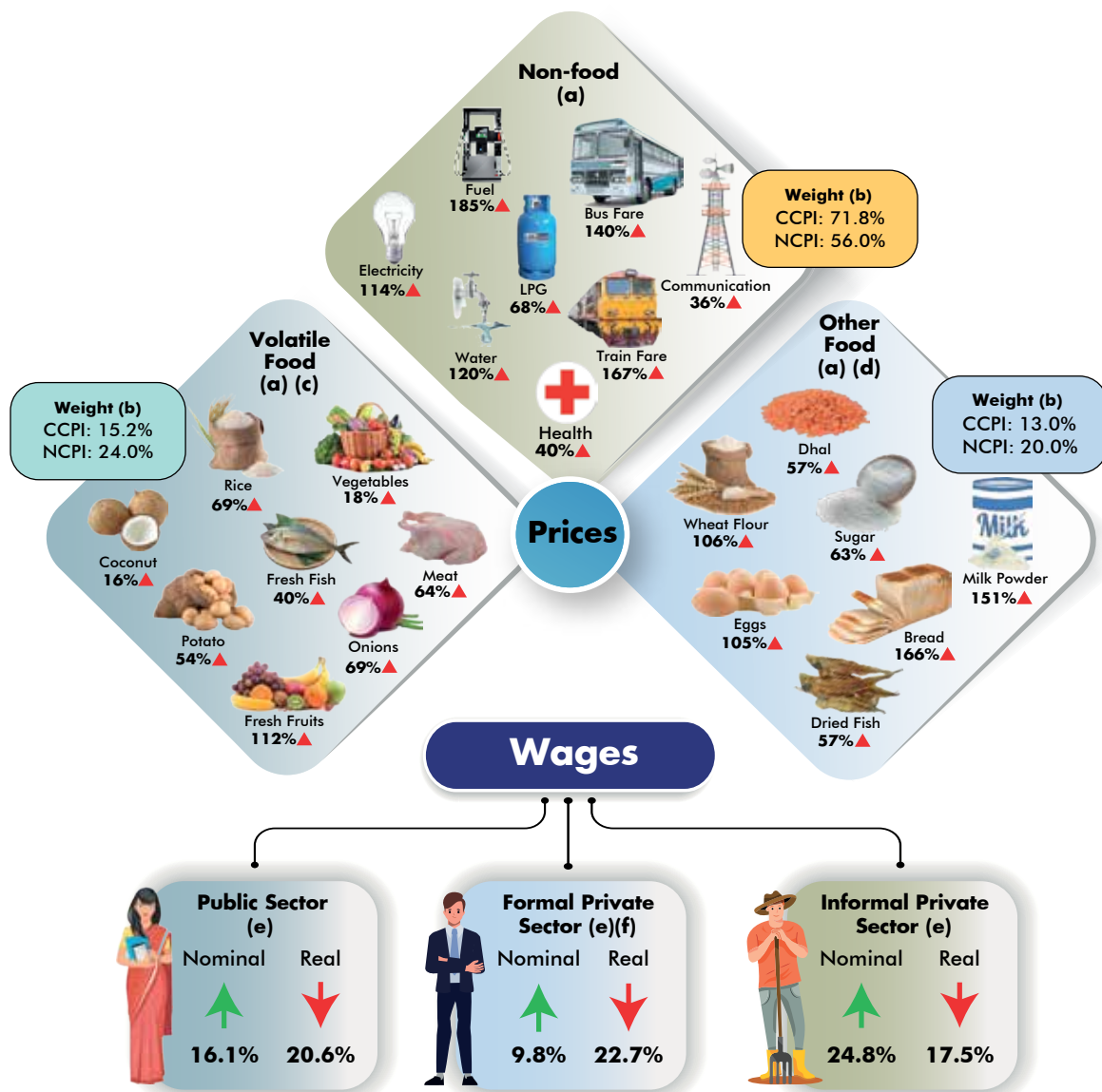
¹ The Department of Census and Statistics (DCS) compiles official consumer price indices, namely, the CCPI and the NCPI on a monthly basis. The CCPI demonstrates the price movements of selected consumer items in urban households in the Colombo district, while the NCPI reflects the same at the national level. Compilation of the CCPI (2013=100) and the NCPI (2013=100) were discontinued and replaced by CCPI (2021=100) and NCPI (2021=100) by the DCS since February 2023 and January 2023, respectively.

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

³ Food items excluding Volatile Food items.

Figure 4.1
Movements of Prices and Wages - 2022

Prices recorded unprecedented increases and real wages eroded sharply in 2022...



4

(a) Percentage price changes of items in CCPI (2013=100) in December 2022 compared to December 2021
 (b) Weights are based on CCPI (2013=100) series and NCPI (2013=100) series
 (c) Volatile Food includes rice, meat, fresh fish and seafood, coconut, fresh fruits, vegetables, potatoes, onions and selected condiments
 (d) Other food includes food items excluding Volatile Food items
 (e) Change of nominal and real wages refers to the percentage change of the averages of 2022 and 2021
 (f) Wages of the formal private sector employees, whose wages are governed by the wage boards

02 May 2022, and on local Red Raw and White Raw, at Rs. 210 per kg w.e.f. 10 June 2022. Afterwards, a declining trend was observed in the prices of local rice varieties, while the prices of imported rice varieties also followed a similar trend during the same period owing to low demand,

partly due to the free distribution of rice stocks received by the Government as foreign donations to low income families. Vegetable prices, which exhibited a declining pattern in the early months of 2022, accelerated between April and June owing to supply disruptions caused by fuel shortages,

Figure 4.2
Weekly Retail Prices - Rice

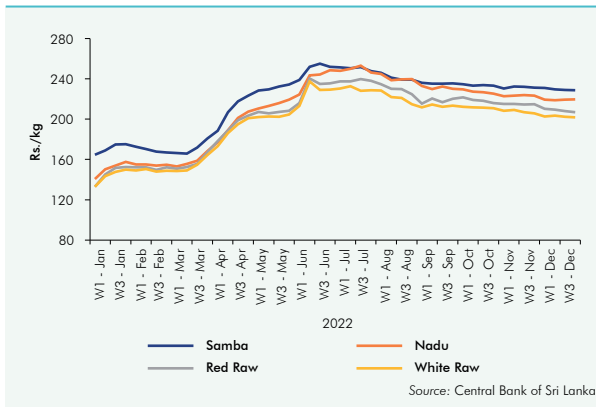


Figure 4.3
Weekly Retail Prices - Vegetables

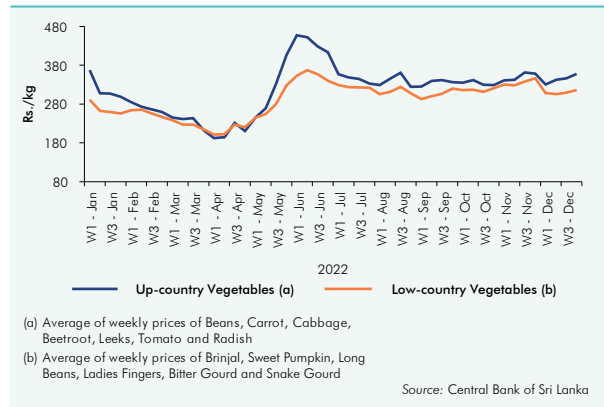


Figure 4.4
Weekly Retail Prices - Coconut (Medium)



Figure 4.5
Weekly Retail Prices - Fish (a)



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higher transportation costs, adverse weather conditions, and limited availability of fertiliser and agrochemicals. Even though vegetable prices remained elevated during the second half of the year, they exhibited a slight decline between July and September 2022. Meanwhile, the price of chicken increased continuously during January to October 2022, owing to the higher cost of production, and shortage of poultry feed, minerals, and medical supplements. Further, prices of fresh fish, which were stable until April 2022 increased notably till September 2022 due to the limited fishing activities caused by shortages and elevated prices of fuel amid unfavourable weather conditions. Afterwards, fish prices were subdued in the last three months of the year partially supported by the Government initiative to prioritise the supply

of kerosene to fishing activities. During 2022, egg prices increased significantly due to the increased cost of production. Meanwhile, in order to protect consumers from the unreasonable escalation of egg prices, an MRP of Rs. 43 per each was imposed on white eggs w.e.f. 19 August 2022; yet the price per egg increased continuously in the last quarter of 2022 remaining around Rs. 50 partly caused by festive demand.

Prices of imported food items were largely affected by the shortage of foreign exchange, increase in global commodity prices, higher freight charges, and import restrictions imposed considering the economic downturn. It is noteworthy that the prices of imported food items increased excessively in the domestic market particularly with the float of the exchange

Figure 4.6
Weekly Retail Prices - Potatoes

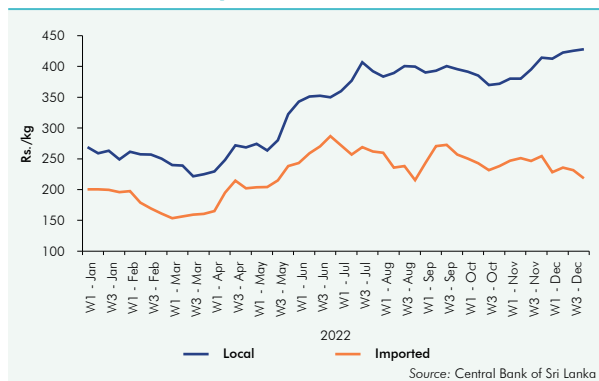


Figure 4.7
Weekly Retail Prices - Imported Big Onion

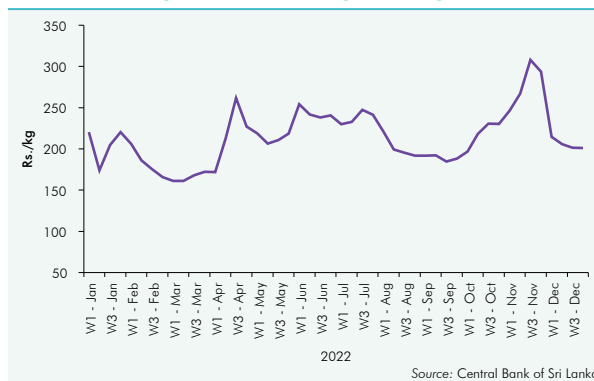


Figure 4.8
Weekly Retail Prices - Sugar and Wheat Flour

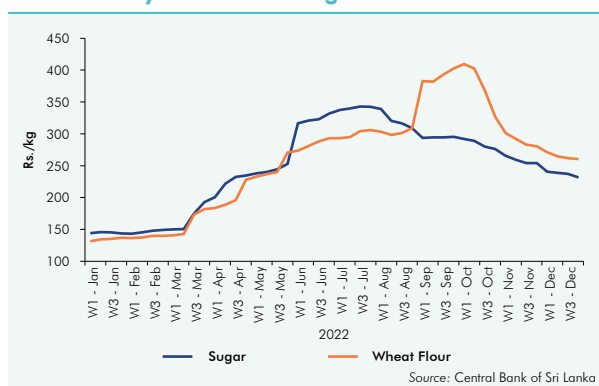
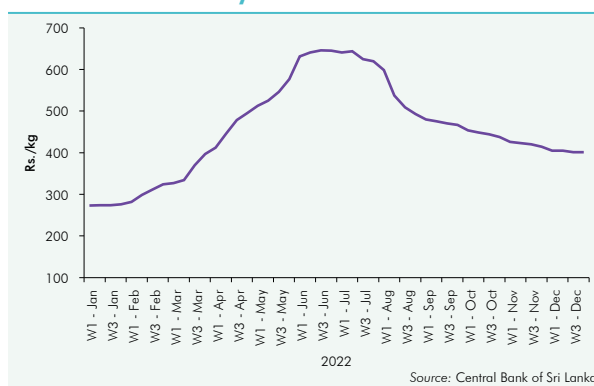


Figure 4.9
Weekly Retail Prices - Dhal



rate in March 2022. Meanwhile, higher commodity prices in the world market led to elevated levels of prices of essential imported food commodities, such as sugar, dhal, big onion, dried chilli, and potato during the year. A Special Commodity Levy (SCL) of Rs. 20 per kg was imposed on imported potato w.e.f. 15 June 2022, while the SCL of Rs. 50 per kg imposed on big onion w.e.f. 23 September 2022 in order to safeguard local big onion farmers was revised to Rs. 10 per kg w.e.f. 01 December 2022 after the local big onion season ended. Moreover, prices of wheat flour, bread, and milk powder were allowed to be determined by the market forces leading to frequent upward price revisions during 2022. Upward revisions to the price of wheat flour resulted in an increase in the price of a 450g loaf of bread from Rs. 80 at the beginning of the year to a range of Rs. 140 - Rs. 200 by

December 2022. Meanwhile, other bakery products also underwent several significant price revisions in 2022 attributable to price increases in liquid petroleum gas (LPG) and electricity in addition to price increases observed in wheat flour. Moreover, the price of a 400g imported milk powder packet was revised upwards on four occasions, considering the price increases in the global market and higher freight charges. Further, the price of a 400g local milk powder packet was also revised upwards in several instances owing to the higher cost of production. Although prices of dhal, white sugar, and dried fish increased substantially during the first half of 2022, their prices eased off during the latter part of the year, mainly due to the reduction of prices of these commodities in the global market. Moreover, the policy measures taken to curtail the import demand and stabilisation of the exchange rate moderated

Table 4.1
Administered Price Revisions in Selected
Commodities in 2022

Item	Unit	Revised Price (Rs.)	Effective Date
Milk Powder			
Imported			
Anchor	400g	790.00	19.03.2022
	400g	1,020.00	05.04.2022
	400g	1,160.00	16.06.2022
	400g	1,240.00	05.10.2022
Local			
Highland	400g	495.00	10.03.2022
	400g	625.00	12.04.2022
	400g	850.00	23.06.2022
	400g	950.00	05.10.2022
LPG			
Litro Gas Lanka Ltd.	12.5kg	4,860.00	27.04.2022
	12.5kg	4,910.00	11.07.2022
	12.5kg	4,664.00	09.08.2022
	12.5kg	4,551.00	06.09.2022
	12.5kg	4,280.00	06.10.2022
	12.5kg	4,360.00	06.11.2022
	12.5kg	4,610.00	06.12.2022
Laugfs Gas PLC	12.5kg	4,199.00	20.03.2022
	12.5kg	6,850.00	05.06.2022
	12.5kg	5,800.00	18.08.2022
	12.5kg	5,300.00	11.10.2022
Fuel			
Petrol (92 Octane)			
LIOC	1l	184.00	07.02.2022
LIOC	1l	204.00	26.02.2022
LIOC	1l	254.00	11.03.2022
CPC	1l	254.00	12.03.2022
LIOC	1l	303.00	26.03.2022
CPC and LIOC	1l	338.00	18.04.2022
CPC and LIOC	1l	420.00	24.05.2022
CPC and LIOC	1l	470.00	26.06.2022
CPC and LIOC	1l	450.00	17.07.2022
CPC and LIOC	1l	410.00	02.10.2022
CPC and LIOC	1l	370.00	17.10.2022
Auto Diesel			
LIOC	1l	124.00	07.02.2022
LIOC	1l	139.00	26.02.2022
LIOC	1l	214.00	11.03.2022
CPC	1l	176.00	12.03.2022
CPC and LIOC	1l	289.00	18.04.2022
CPC and LIOC	1l	400.00	24.05.2022
CPC and LIOC	1l	460.00	26.06.2022
CPC and LIOC	1l	440.00	17.07.2022
CPC and LIOC	1l	430.00	01.08.2022
CPC and LIOC	1l	415.00	17.10.2022
CPC and LIOC	1l	430.00	13.11.2022
CPC and LIOC	1l	420.00	06.12.2022
Kerosene			
CPC	1l	340.00	22.08.2022
CPC	1l	365.00	13.11.2022

(Contd.)

Table 4.1 (Contd.)
Administered Price Revisions in Selected
Commodities in 2022

Item	Unit	Revised Price (Rs.)	Effective Date
Minimum Bus Fare			
		17.00	05.01.2022
		20.00	15.03.2022
		27.00	20.04.2022
		32.00	25.05.2022
		40.00	01.07.2022
		38.00	20.07.2022
		34.00	05.08.2022
		20.00	25.07.2022
Minimum Train Fare			
Electricity – Fixed Charge			
< 60 units	0-30	120.00	10.08.2022
	31-60	240.00	10.08.2022
> 60 units	0-60	-	10.08.2022
	61-90	360.00	10.08.2022
	91-120	960.00	10.08.2022
	121-180	960.00	10.08.2022
	Above 180	1,500.00	10.08.2022
Electricity – Unit Charge			
< 60 units	0-30	8.00	10.08.2022
	31-60	10.00	10.08.2022
> 60 units	0-60	16.00	10.08.2022
	61-90	16.00	10.08.2022
	91-120	50.00	10.08.2022
	121-180	50.00	10.08.2022
	Above 180	75.00	10.08.2022
Water - Domestic			
Unit Charge			
	0-5	20.00	01.09.2022
	6-10	27.00	01.09.2022
	11-15	34.00	01.09.2022
	16-20	68.00	01.09.2022
	21-25	99.00	01.09.2022
	26-30	150.00	01.09.2022
	31-40	179.00	01.09.2022
	41-50	204.00	01.09.2022
	51-75	221.00	01.09.2022
	Above 75	238.00	01.09.2022

Sources: Consumer Affairs Authority
National Transport Commission
Ceylon Electricity Board
National Water Supply and Drainage Board
Central Bank of Sri Lanka

the prices of imported food items towards the latter part of 2022. However, the imposition of the social security contribution levy (SSCL) w.e.f. 01 October 2022 induced some upward pressure on prices of items in the Food category towards the end of the year.

Prices of Non-food items exhibited a significant upturn during 2022 mainly due to adverse conditions such as severe depreciation of the exchange rate and the shortage in foreign currency, arisen as a result of internal

and external economic downturns encountered in 2022. Although prices of fuel (Ceylon Petroleum Corporation (CPC)), LPG (Litro Gas Lanka Limited), and bus fares were regulated by the Government, prices of the same underwent several upward revisions reflecting the current market prices including the depreciation of the Sri Lanka rupee. Accordingly, prices of both petrol (92 Octane) and Auto Diesel underwent several price revisions by both CPC and Lanka Indian Oil Corporation (LIOC) during the year. It is noteworthy that price revisions on fuel made by both CPC and LIOC since September 2022 were based on the new pricing formula approved by the Cabinet of Ministers. In response to fuel price hikes, fares of school vans, taxis, and three wheelers also underwent upward price revisions on several occasions in 2022. However, bus fares were revised downwards on two occasions by 2.23% and 11.14% w.e.f. 20 July 2022 and 05 August 2022, respectively, following consecutive downward revisions in Auto Diesel prices. Further, kerosene price underwent two upward price revisions, recording a substantial price increase during the year. The effects of shortages and price hikes in fuel were transmitted to and visible in each and every sector of the economy. It is noteworthy that train fares underwent an upward price revision nearly after four years w.e.f. 25 July 2022. Moreover, reflecting the impact of the rupee depreciation and import restriction measures on non-essential imports, prices of vehicle spare parts, and vehicle servicing costs increased considerably during the period under review. The price of an LPG cylinder weighing 12.5kg was revised on several occasions, impelling an overall increase in prepared food items in 2022. Electricity tariffs, which remained unchanged for nearly eight years, were increased substantially by 75% on average w.e.f. 10 August 2022 in order to offset its generation cost and distribution cost. In addition, water

tariffs, which had not been revised for nearly 10 years, underwent a notable upward revision w.e.f. 01 September 2022. Household maintenance and equipment recorded a continuous price increase during 2022 mainly due to rupee depreciation, global commodity price hikes, elevated transportation costs, and limited availability of such goods originated due to import restrictions. Moreover, housing rent recorded only a marginal increase in April 2022 partly due to the diminishing purchasing power of the tenants. Health related expenses included in the respective consumer baskets, such as private medical practice fees, and payments to private hospitals increased substantially during the year. Furthermore, the telecommunication levy, which stood at 11.25%, was increased to 15% w.e.f. 01 June 2022. Moreover, value added tax (VAT) was revised upwards from 8% to 12% w.e.f. 01 June 2022 and to 15% w.e.f. 01 September 2022, while the introduction of SSCL also contributing to escalate prices of items in the Non-food category further. The practice of maintaining prices of several key imported items, such as fuel, LPG, and prices of essential services, such as electricity and water, bus and train fares, telecommunication, and postal charges at stable levels by the Government without major upward revisions as a relief measure to the public, became almost impossible under the current economic conditions. If gradual revisions of prices related to administered goods and services had been done over the years in accordance with global price fluctuations and movement in the exchange rate without artificially controlling their prices at lower levels, the impact of the drastic upward revisions that occurred during 2022 could have been mitigated with passing a lesser burden to the consumers. It is also noteworthy that when granting price subsidies, the Government should properly consider the strengths and weaknesses of all segments of the economy without obstructing the medium and long term economic revival of the country.

Figure 4.10
Contribution to Month-on-Month Percentage Change in CCPI - 2022

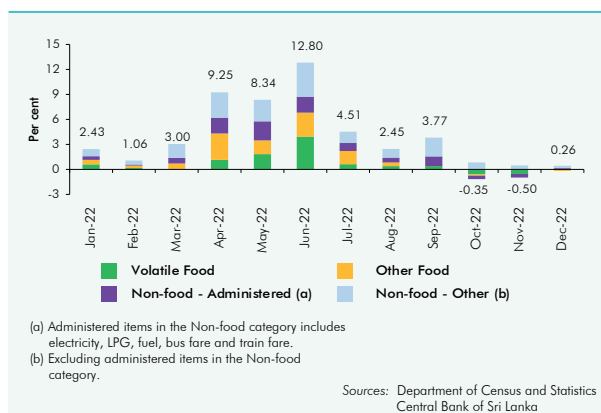
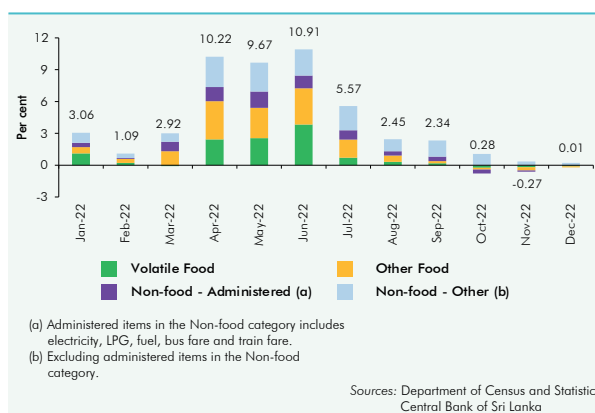


Figure 4.11
Contribution to Month-on-Month Percentage Change in NCPI - 2022



Consumer Price Indices

Colombo Consumer Price Index (CCPI)

The CCPI (2013=100) increased from 158.4 index points in January 2022 to 243.2 index points in December 2022. The accelerated pace observed in the movement of the CCPI during the period from January to September 2022 was attributed to monthly price increases observed in both Food and Non-food categories, with a higher contribution originating from the Non-food category except for June 2022. Monthly declines were observed in the CCPI in October and November for which the major contributor was the Food category. The highest monthly change in the CCPI was recorded at 12.8% in June 2022, along with the highest monthly increases of 18.9% and 9.4% in the Food and Non-food categories, respectively, since the introduction of the CCPI series. Accordingly, the headline inflation, as measured by the year-on-year (Y-o-Y) change in the CCPI (2013=100) rose continuously from 14.2% in January 2022 to peak at 69.8% in September 2022, the highest recorded in the history. However, it pivoted towards the envisaged disinflation path in October 2022, reaching 57.2% in December 2022.

National Consumer Price Index (NCPI)

The NCPI (2013=100), which recorded 166.0 index points in January 2022, reached 256.3 index points in December 2022. In line with the CCPI, movements in prices of both Food and Non-food categories contributed towards the monthly increases observed in the NCPI during January-September of 2022. However, the monthly increase observed in October 2022 was solely driven by the increases observed in the prices of items in the Non-food category. Meanwhile, the decline observed in the monthly change in the following month was due to decreases observed in the prices of items in the Food category. The NCPI remained unchanged in December 2022 from November as the monthly price increase observed in the Non-food category was negated by the monthly price decrease in the Food category. It is noteworthy that the highest monthly increases in both Food and Non-food categories since the initiation of the NCPI were recorded at 14.2% in June and 8.6% in May 2022, respectively. Accordingly, the headline inflation, as measured by the year-on-year (Y-o-Y) change in the NCPI (2013=100) rose continuously from 16.8% in January 2022 to 73.7% in September 2022 and declined afterwards to reach 59.2% in December 2022.

4

BOX 6 Rebasing of Consumer Price Indices to Base Year 2021

The Department of Census and Statistics (DCS), the compiler of official Consumer Price Indices (CPIs) in Sri Lanka updated the base year of official CPIs from the base year of 2013 to 2021. Rebasing of CPIs at regular intervals in line with international standards and best practices is essential to reflect contemporary consumer spending patterns in a more accurate manner. Rebasing leads to upgrades of main features of the CPIs especially the weight structure, which indicates the prominence or the representativeness of goods and services in the basket of goods and services. Further, the composition of the basket would also get revised with addition of new items and removal of existing items based on the significance of latest consumption patterns.

The DCS released rebased CPIs (2021=100), i.e., National Consumer Price Index (NCPI) and Colombo Consumer Price Index (CCPI) from February 2023. The CCPI which was introduced with the base year of 1952 was rebased four times resulting CCPI series with the base years, 1952, 2002, 2006/07, 2013 and 2021, while for the NCPI, 2021 is the second series after its first series with the base year 2013. The methodology of the index calculation was updated with the rebasing, where CPIs (2021=100) are now calculated in two stages. In the initial stage, elementary indices are compiled, while higher level indices are compiled at the second stage. Elementary indices are compiled using the geometric mean or the Jevons Formula, while the higher level

indices are compiled using the Young Formula. The weight structure of both CPIs is based on the Household Income and Expenditure Survey (HIES) conducted by the DCS in 2019, which comprised of all types of consumption expenditure incurred by a household. Accordingly, the weight reference year of both CCPI (2021=100) and NCPI (2021=100) is 2019. Further, prices reported during the period from January 2018 to December 2019 were used as the price reference in the calculation of indices. The index reference period which is the period where the index was equaled to 100, is 2021. The key features of the official price indices are given in Table B 6.1.

A significant change observed in the weight structure of both CPIs with the rebasing is that the weight of Food category decreased while that of Non-food category increased. Accordingly, the weight of the Food category in the CCPI decreased to 26.23 per cent from 28.24 per cent, while the weight of the Food category in the NCPI decreased to 39.22 per cent from 44.04 per cent with the rebasing process. In rebasing, items such as bread (special), dambala (winged beans), and watermelon were added to the Food category, while items such as fresh sprats, crabs, and sesame oil were removed. Meanwhile, the weight of the Non-food category in the CCPI and the NCPI increased to 73.77 per cent from 71.76 per cent and to 60.78 per cent from 55.96 per cent respectively. With the rebasing,

Table B 6.1
Key Features of Official Consumer Price Indices

Features	CCPI (2013=100)	CCPI (2021=100)	NCPI (2013=100)	NCPI (2021=100)
Index Reference Year	2013	2021	2013	2021
Weight Reference Year	July 2012 – June 2013	January 2019 – December 2019	July 2012 – June 2013	January 2019 – December 2019
Geographical Coverage	Urban areas of Colombo District	Urban areas of Colombo District	All Provinces in Sri Lanka	All Provinces in Sri Lanka
Size of a Household Unit	3.9	3.8	3.9	3.7
Average Monthly Consumption Expenditure (Rs.)	Rs. 60,364.73	Rs. 91,880.34	Rs. 32,142.69	Rs. 50,728.60
Value of One Index Point	603.65	918.8	321.43	507.29
Major Groups	12	12	12	12
Subgroups	105	105	105	105
No of Items	392	426	407	485
Percentage of Total Weight				
Food	28.24	26.23	44.04	39.22
Non-food	71.76	73.77	55.96	60.78
Price Collection Centers	14	10	3 per District Town	3 per District Town

Source: Department of Census and Statistics

Figure B 6.1
Change in Weight Structure from CCPI (2013=100) to CCPI (2021=100)

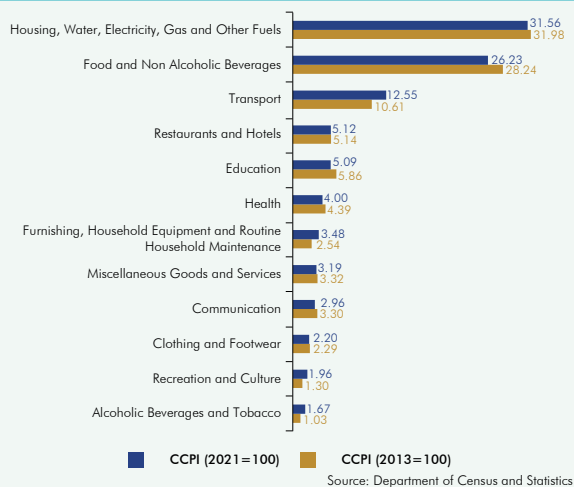


Figure B 6.2
Change in Weight Structure from NCPI (2013=100) to NCPI (2021=100)

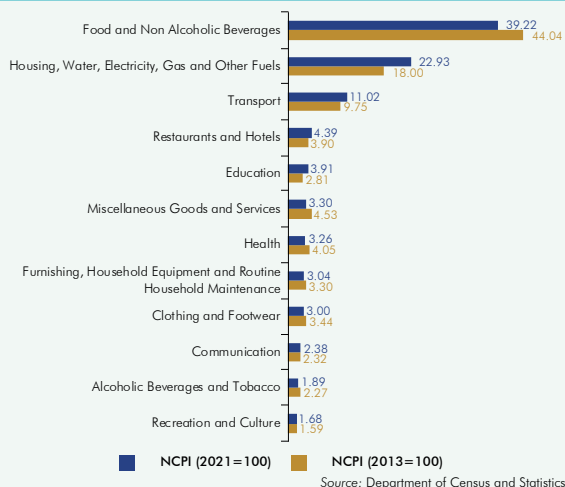


Figure B 6.3
Movements of Month-on-Month Percentage Change CCPI (2013=100) and CCPI (2021=100)

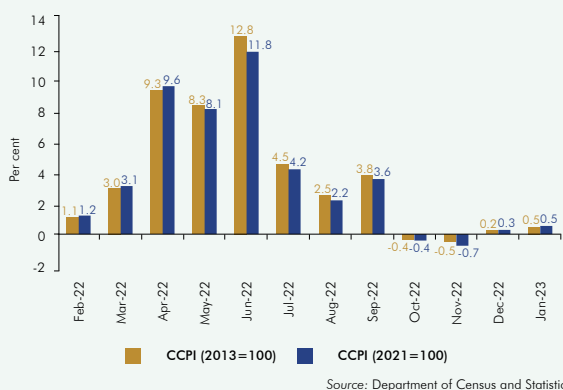
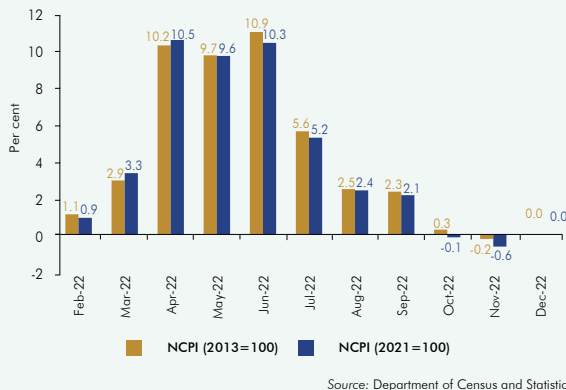


Figure B 6.4
Movements of Month-on-Month Percentage Change NCPI (2013=100) and NCPI (2021=100)



items such as tables, and tailoring charges for clothing were added to the Non-food category, while items such as cigars, steel almirahs and dry cell batteries were removed. It is noteworthy that Housing, Water, Electricity and Other Fuels, Food and Non Alcoholic Beverages, and Transport sub-categories continued to remain as the topmost categories in terms of their expenditure value with the rebasing of both the CCPI and NCPI.

In terms of both the CPIs the index overlapping period is between January 2022 and December 2022. Accordingly, the comparison of month-on-month percentage changes of both the CPIs with their current and previous base periods are shown in Figures B 6.3 and B 6.4. As per these figures, the variations between

the base years are largely minimal owing to the slight differences in the weight structure and the composition of the basket of goods and services under the two bases. Nevertheless, it is imperative to rebase CPIs on the specific time intervals to ensure that the prevailing consumption patterns are reflected accurately as CPIs plays a crucial role in the economic decision making processes of various economic agencies.

References

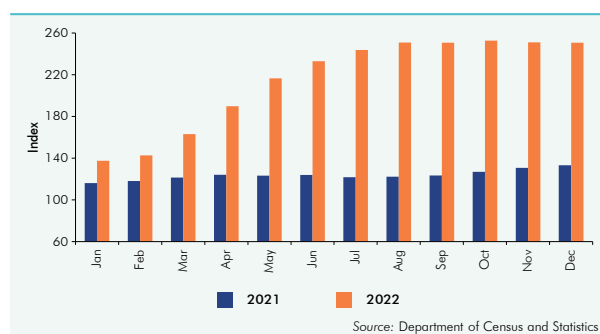
1. Department of Census and Statistics. A Briefing on the Rebased Colombo Consumer Price Index (Base 2021=100) for Sri Lanka. Available at: http://www.statistics.gov.lk/InflationAndPrices/StaticInformation/MonthlyCCPI/Technical_Note
2. Department of Census and Statistics. A Briefing on the Rebased National Consumer Price Index (Base 2021=100) for Sri Lanka. Available at: <http://www.statistics.gov.lk/InflationAndPrices/StaticInformation/NCPI/NCPITechnicalNote>

Producer Price Index (PPI)

The PPI (2018 Q4=100), as measured by the average prices received by the domestic producers of goods, which is compiled by the DCS, exhibited an overall increasing trend during 2022 from 137.4 index points in January 2022 to 251.4 index points in December 2022.

The PPI moved at an accelerated pace during the period from February to August, mainly contributed by the Manufacturing subsector which had the highest weight yet stabilised during the remainder of 2022. The Agriculture subsector in the PPI, which recorded 164.1 index points in January 2022, increased exponentially during the first half of the year and remained stable afterwards reaching 238.6 index points in December 2022. Meanwhile, the PPI in the Manufacturing subsector reported 135.3 and 257.0 index points in January and December 2022, respectively, recording monthly declines only in September and November 2022. The PPI in the Utility (Electricity, Gas, Steam and Air conditioning supply and Water collection, treatment and supply) subsector, which was recorded at 103.3 index points in January 2022, increased notably in August and September owing to upward revisions in electricity and water tariffs, reaching 174.2 index points in December 2022. The producer price inflation based on the Producer Price Index (PPI, 2018 Q4=100) increased until August 2022 and declined towards the end of the year reaching 89.0% in December 2022.

Figure 4.12
Movements of the PPI



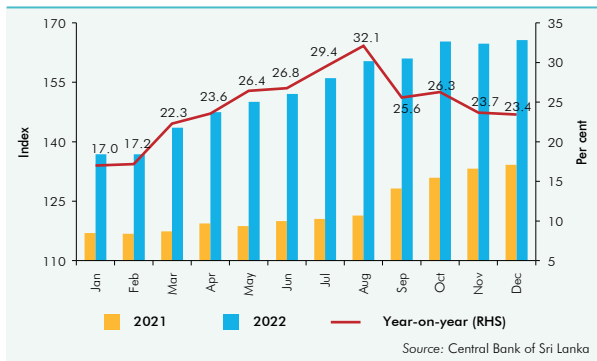
4.3 Wages

Real wages of employees in the formal and informal private sectors and public sector eroded due to less than full wage adjustment to rising prices, while the nominal wages of employees in all sectors increased in 2022 compared to the previous year. The increase in nominal wages of the employees in the informal private sector was mainly attributed to the demand for higher wages due to the significant rise in the cost of living, while paying a special allowance of Rs. 5,000 for all employees of the public sector had a positive impact on the increase in nominal wages of public sector employees.

Private Sector Wages

Nominal wages of informal private sector employees, as measured by the informal private sector wage rate index (2018=100), exhibited an overall increasing trend in 2022. Accordingly, the informal private sector wage rate index (2018=100), increased significantly in nominal terms by 24.5% in 2022, compared to the increase of 9.2% in 2021. In terms of the sub-activities, namely, agriculture, industry, and services, the informal private sector wage rate index increased in nominal terms by 27.6%, 22.4% and 26.4%, respectively, in 2022 compared to the previous year. The nominal wage rate index recorded monthly increases during 2022 except for November 2022. These increases were mainly attributed to wage demands by daily wage earners owing to the sharp increase in the cost of living during the year. The decline recorded in November was mainly due to the decreases observed in both industry (manufacturing and construction) and services (wholesale and retail trade; repair of motor vehicles and motorcycles; accommodation and food service activities; and hair dressing and other beauty treatments) related

Figure 4.13
Movements of the Informal Private Sector Wage Rate Index during 2022 (Nominal)



activities. Moreover, in 2022, labour demand and supply side negotiations played a vital role in deciding informal sector daily wages due to constraints that prevailed during the year such as significant contraction of economic activity, consumers prioritising some needs considering individual payment capacity over certain dispensable activities, and reduced working hours due to supply shortages in utilities, such as LPG, fuel, and electricity. In addition, some activities such as brick making, other cement article making and bakery/restaurant activities were halted temporarily due to the unavailability of raw materials such as cement, wheat flour, etc. affecting the livelihood of many informal private sector workers. Overall, due to the high inflationary environment, informal private sector employees experienced a real wage erosion of 15.7% in 2022, compared to the previous year.

Nominal wages of the employees in the formal private sector,⁴ as measured by the minimum wage rate index (1978 December=100) of employees, whose wages are governed by wage boards, recorded slight increases in 2022.

⁴ 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.

The nominal wage rate index increased by 9.8% in 2022 compared to the previous year mainly due to the statistical effect of the lower base prevailed in early 2021. It is noteworthy that the minimum daily wage of tea and rubber plantation workers increased to Rs. 1,000 w.e.f. 05 March 2021 through respective wage boards for tea and rubber growing and manufacturing trade. Further, the minimum monthly salary of the private sector was increased from Rs. 10,000 to Rs. 12,500 and the minimum daily wage was increased from Rs. 400 to Rs. 500 with the amendment introduced to the National Minimum Wage of Workers Act, No. 3 of 2016 w.e.f. 16 August 2021. Meanwhile, the real wage rate index of the formal private sector decreased by 22.7% in 2022 compared to 2021 mainly due to the high inflationary environment that prevailed in 2022.

Public Sector Wages

Payment of the special allowance of Rs. 5,000 for all public sector employees was initiated at the beginning of 2022 by the Ministry of Finance as a relief measure to the rising cost of living. Moreover, the salary anomalies of school principals and teachers were removed through upward revisions made to their salaries in January 2022. Consequently, nominal wages of the public sector employees, as measured by the public sector wage rate index (2016=100), increased after two years in January 2022, and remained unchanged thereafter. Accordingly, the public sector wage rate index (2016=100) increased in nominal terms by 16.1% in 2022 compared to the previous year. However, due to the developments in inflation, public sector employees experienced a real wage erosion of 20.6% in 2022 compared to 2021.

5

EXTERNAL SECTOR DEVELOPMENTS AND POLICIES

5.1 Overview

Sri Lanka's external sector faced unprecedented challenges in 2022 with severe Balance of Payments (BOP) pressures, amidst dwindling gross official reserves (GOR), large depreciation of the exchange rate, and the dearth of foreign exchange liquidity in the domestic market, among others. The shortage of liquidity in the domestic foreign exchange market constrained the importation of essential imports, such as petroleum oil, cooking gas, medicines, fertiliser, among others, thereby heightening social tensions and causing political instability. Significant policy intervention was warranted to stem the persistent negative spillovers across economic activity, including the sharp tightening of monetary policy, suspension of servicing of selected external debt for an interim period from mid-April 2022, temporary suspension of certain imports and payment terms, imposition of margin deposit requirements on selected imports, and capital flow management measures. Sri Lanka commenced negotiations with the International Monetary Fund (IMF) for an economic adjustment programme in April 2022, for which the staff level agreement was reached in September 2022, and the approval of the Executive Board of the IMF was received in March 2023. The Government initiated measures to restructure the public debt aimed to ensuring public debt sustainability as part of the process of securing the IMF funding. The Government and the Central Bank were compelled to resort to drawing down on GOR in order to facilitate the importation of essential commodities, while continuing the debt service payments unaffected by the temporary suspension amidst modest foreign financing inflows and highly unfavourable credit ratings. The assistance received from multilateral development partners and friendly nations by way of humanitarian credit lines and grants helped facilitate the provisioning of essential commodities. Meanwhile, a measured adjustment of the exchange rate was allowed by the Monetary Board in early March 2022, in view of the heightened pressures in the domestic foreign exchange market. However, the subsequent floating of the exchange rate caused a large depreciation due to the dearth of liquidity in the domestic foreign exchange market and unfavourable market sentiments. The Central Bank commenced

providing market guidance on the spot exchange rate by publishing a middle rate and a variation margin in mid-May 2022 that helped stabilise the exchange rate from significant intraday volatility.

The external current account deficit moderated notably in 2022, mainly led by significant contraction in the trade deficit with import expenditure reducing sharply due to restrictive trade policies, sharp depreciation of the exchange rate and tight monetary and fiscal conditions that were necessary to manage pressures in the external sector. Merchandise exports increased, mainly driven by an increase in industrial exports, including apparel, among others. The surplus in the trade in services account increased to some extent due to the increase in earnings from tourism, while inflows to almost all other services sector subcategories recorded a notable decline during the year. Further, workers' remittances improved significantly towards the second half of 2022, while the deficit in the primary income account recorded a marginal moderation compared to that of 2021. Inflows to the financial account remained modest during the year.

Following the historically high depreciation recorded in 2022, the Sri Lanka rupee showed some appreciation in early 2023, thereby correcting the large overshooting to some extent. This appreciation was mainly supported by improved market sentiments towards the finalisation of the IMF-EFF arrangement, improvements in liquidity conditions of the domestic foreign exchange market, and the relaxation and subsequent removal of the mandatory sales requirement of foreign exchange by the licensed banks to the Central Bank. With the envisaged macroeconomic stability and easing of BOP pressures, external sector activity, including trade in goods and services, and workers' remittances is expected to

Table 5.1
Balance of Payments Analytical Presentation

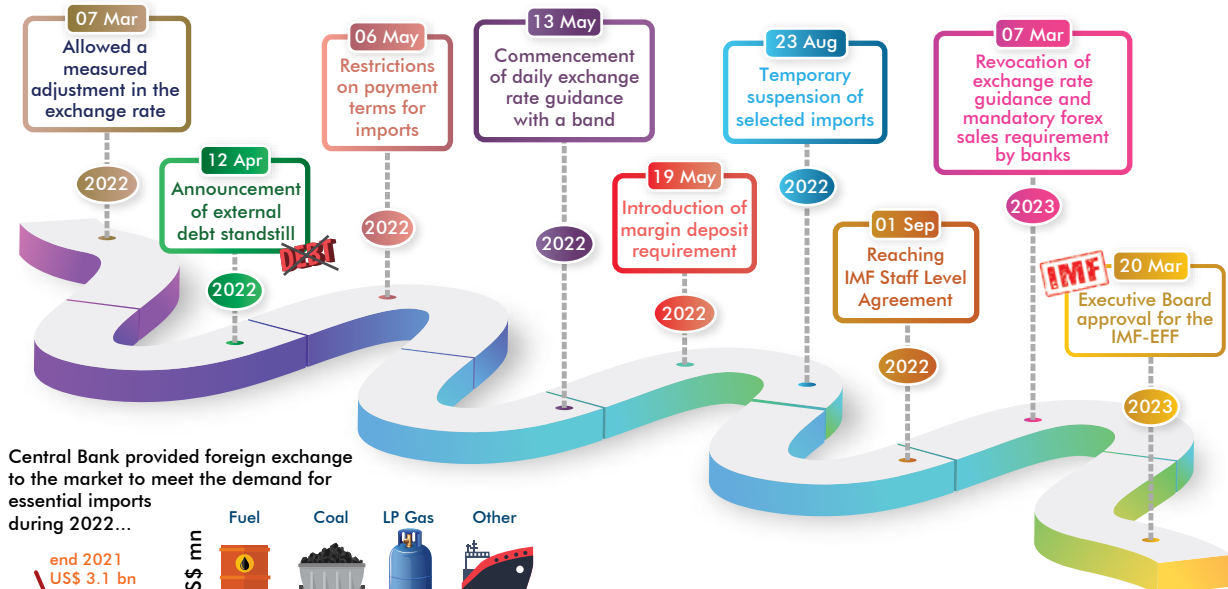
Item	US\$ million		Rs. million	
	2021 (a)	2022 (b)	2021 (a)	2022 (b)
Current Account (net)	-3,284	-1,453	-656,314	-316,154
Trade Balance	-8,139	-5,185	-1,617,274	-1,502,420
Exports	12,499	13,106	2,486,943	4,234,913
Imports	20,637	18,291	4,104,218	5,737,333
Services (net)	1,586	2,110	316,424	644,934
Receipts	2,475	3,062	493,320	952,999
Payments	889	953	176,896	308,066
Primary Income (net)	-1,959	-1,874	-390,158	-618,071
Receipts	116	249	22,965	84,209
Payments	2,075	2,124	413,122	702,280
Secondary Income (net)	5,228	3,496	1,034,694	1,159,404
Secondary Income: Credit	5,498	3,793	1,088,388	1,253,677
Workers' Remittances	5,491	3,789	1,087,188	1,252,504
Government Transfers	6	3	1,200	1,173
Secondary Income: Debit	270	296	53,694	94,272
Capital Account (net)	25	19	5,009	6,123
Capital Account: Credit	50	38	9,850	11,909
Capital Account: Debit	24	19	4,841	5,786
Current and Capital Account (net)	-3,259	-1,433	-651,305	-310,030
Financial Account (net)	-4,211	-1,946	-844,973	-538,153
Direct Investment: Assets	17	15	3,468	4,892
Direct Investment: Liabilities	592	898	117,894	309,142
Portfolio Investment: Assets	-	-	-	-
Portfolio Investment: Liabilities	-1,547	355	-305,900	168,647
Equity	-232	137	-46,061	30,342
Debt Securities	-1,315	218	-259,838	138,305
Financial Derivatives	-	-	-	-
Other Investment: Assets	387	1,302	77,454	390,162
Currency and Deposits	306	514	62,761	152,168
Trade Credit and Advances	257	282	51,199	89,293
Other Accounts Receivable	-176	506	-36,506	148,700
Other Investment: Liabilities	3,053	776	615,978	183,589
Currency and Deposits	4,016	272	810,195	-9,248
Loans	-1,503	-92	-299,296	51,432
Central Bank	-57	-140	-11,377	-48,316
Deposit-taking Corporations	-2,152	-1,645	-429,506	-495,847
General Government	873	1,679	174,382	580,605
Other Sectors	-167	13	-32,795	14,989
Trade Credit and Advances	-426	-895	-87,405	-279,812
Other Accounts Payable	180	1,492	34,713	421,218
Special Drawing Rights (SDRs)	787	-	157,771	-
Reserve Assets	-2,517	-1,234	-497,923	-271,828
Monetary Gold	-212	-152	-42,734	-38,820
Special Drawing Rights	123	-118	24,635	-41,965
Reserve Position in the IMF	-	-58	-	-20,980
Other Reserve Assets	-2,428	-906	-479,823	-170,064
Currency and Deposits	1,536	-895	300,122	-166,305
Securities	-3,967	-11	-780,435	-3,691
Other Claims	3	...	490	-69
Net Errors and Omissions	-952	-513	-193,669	-228,122
Overall Balance (c)	-3,967	-2,806	-745,312	-1,087,831
As a Percentage of GDP				
Trade Balance	-9.2	-6.7		
Goods and Services (net)	-7.4	-4.0		
Current Account Balance	-3.7	-1.9		
Current and Capital Account (net)	-3.7	-1.9		

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

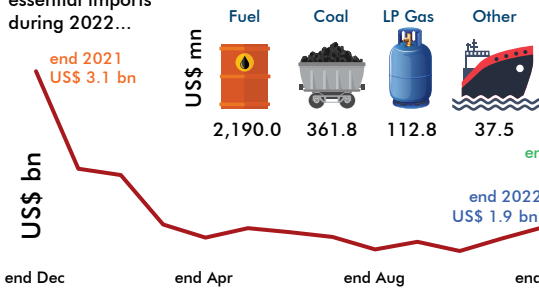
Source: Central Bank of Sri Lanka

Figure 5.1
Performance of the External Sector

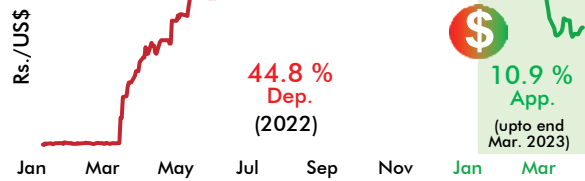
The EXTERNAL SECTOR faced unprecedented challenges in 2022...



Central Bank provided foreign exchange to the market to meet the demand for essential imports during 2022...



Exchange rate stabilised around the guidance band after the overshooting during March-May 2022...



Gross official reserves, which declined to significantly low levels by April 2022, commenced a gradual build towards March 2023 since then...

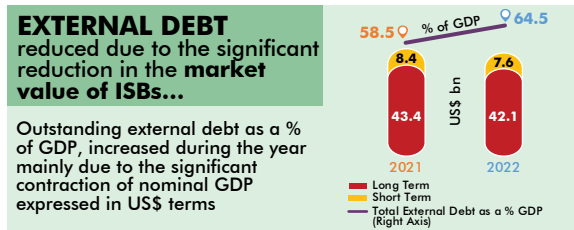
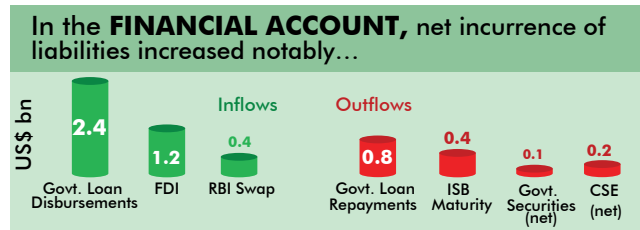
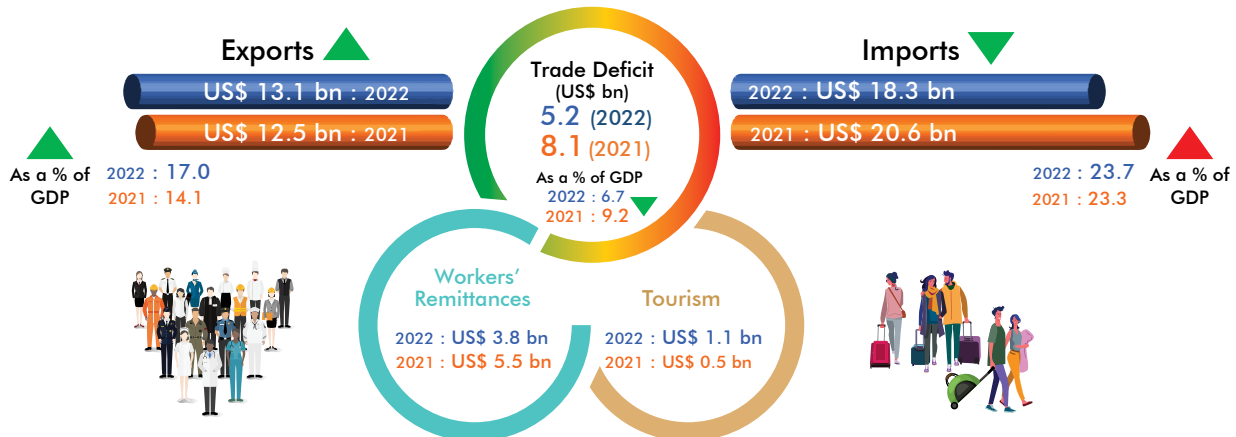
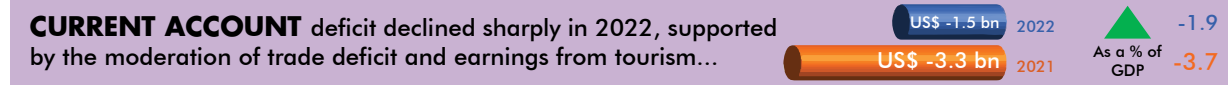
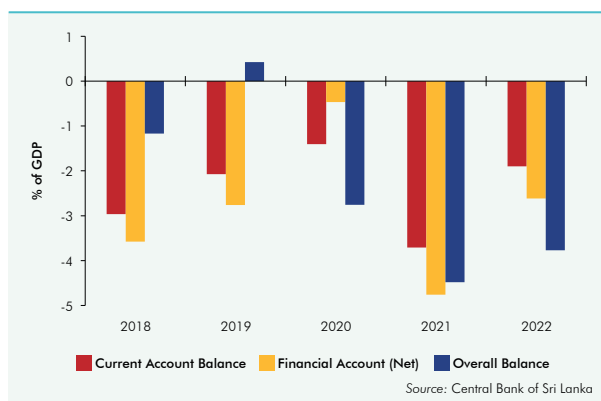


Figure 5.2
Balance of Payments



normalise in the period ahead. This would help improve the external current account balance sustainably, thereby facilitating the buildup of GOR in the period ahead. The gradual buildup of GOR and stabilisation of the exchange rate, the receipt of additional financing from development partners, along with the successful implementation of the IMF-EFF supported programme, and the completion of the debt restructuring process in the near term are expected to bolster investor confidence and improve the country's credit ratings, thereby further strengthening the stability of the external sector in the period ahead.

5.2 Current Account Balance

The external current account deficit narrowed in 2022, compared to 2021, with a significant contraction in the merchandise trade deficit, recovery in trade in services, a slight moderation in the primary income account deficit despite a contraction in the surplus in the secondary income account. The trade deficit contracted sharply during 2022 with the expansion of earnings from merchandise exports and compression of expenditure on merchandise imports, which mainly reflected the impact of moderation of economic activity and policy measures to curtail imports amidst

the severe BOP pressures. The increase in exports earnings, which benefited from the depreciation of the Sri Lanka rupee against the US dollar, was primarily reflected in categories such as garments, machinery and mechanical appliances, and gems, diamonds and jewellery. Meanwhile, merchandise imports recorded a notable reduction driven by a sizable contraction in consumer goods and investment goods, while importation of intermediate goods remained at similar levels, compared to the previous year. The reduction in imports was primarily due to several measures introduced by the Government and the Central Bank to prioritise essential imports amidst the unprecedented shortage of foreign currency liquidity in the banking system, as well as the reduction in import demand associated with the contraction of economic activity and increase in import costs due to the sharp depreciation of exchange rate. Concurrently, the surplus in the services account recorded an increase, mainly due to the recovery in earnings from tourism, as domestic supply side disruptions faded away, and global travel activity picked up significantly with the easing of pandemic related concerns. However, all other sectors in the services account, including air and sea freight transportation, and services inflows to the IT/BPO sector remained significantly subdued, compared to the previous year. The primary income account deficit marginally moderated compared to the previous year, due to higher interest income to the banking sector as a result of increased international interest rates and foreign asset positions of banks, despite a marginal increase in outflows from the primary income account. Meanwhile, due to significantly high migration of Sri Lankan workers in the latter part of 2022 and the resultant large remittance inflows, workers' remittances, which were the main contributor to the secondary income account, revived in the second half of

Table 5.2
Current and Capital Account

Item	US\$ million					
	2021 (a)			2022 (b)		
	Credit	Debit	Net	Credit	Debit	Net
Goods and Services	14,974	21,526	-6,552	16,169	19,244	-3,075
Goods	12,499	20,637	-8,139	13,106	18,291	-5,185
General Merchandise	12,499	20,636	-8,138	13,106	18,289	-5,183
Non-monetary Gold	-	1	-1	-	2	-2
Services	2,475	889	1,586	3,062	953	2,110
Transport	608	256	352	676	333	343
Sea Transport	450	150	300	410	137	272
Freight	450	150	300	410	137	272
Air Transport	158	106	52	266	195	71
Passenger	108	89	19	221	180	41
Freight	50	17	33	46	15	30
Travel (c)	507	239	268	1,136	244	893
Construction	10	11	-1	9	11	-2
Insurance and Pension Services	20	37	-17	19	36	-18
Financial Services	95	102	-7	92	96	-5
Telecommunication and Computer Services	1,201	171	1,030	1,097	161	936
Telecommunications	32	31	2	31	28	3
Computer Services	1,168	140	1,028	1,066	133	933
Other Business Services	16	17	-1	15	16	-1
Government Goods and Services n.i.e.	19	57	-38	18	56	-38
Primary Income	116	2,075	-1,959	249	2,124	-1,874
Compensation of Employees	30	74	-43	30	69	-39
Investment Income	86	2,002	-1,916	220	2,055	-1,836
Direct Investment	16	567	-551	15	532	-517
Dividends	12	278	-266	12	418	-407
Reinvested Earnings	4	289	-285	3	114	-111
Portfolio Investment	-	830	-830	-	784	-784
Equity	-	25	-25	-	29	-29
Interest	-	805	-805	-	755	-755
Short Term	-	...	...	-	1	-1
Long Term	-	805	-805	-	754	-754
Other Investment	43	605	-562	200	738	-538
Reserve Assets	27	-	27	5	-	5
Secondary Income	5,498	270	5,228	3,793	296	3,496
General Government	6	-	6	3	-	3
Workers' Remittances	5,491	270	5,221	3,789	296	3,493
Current Account	20,587	23,871	-3,284	20,211	21,664	-1,453
Capital Account	50	24	25	38	19	19
Capital Transfers	50	24	25	38	19	19
General Government	11	-	11	6	-	6
Corporations and Households	38	24	14	32	19	13
Current and Capital Account	20,637	23,896	-3,259	20,249	21,682	-1,433

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

Source: Central Bank of Sri Lanka

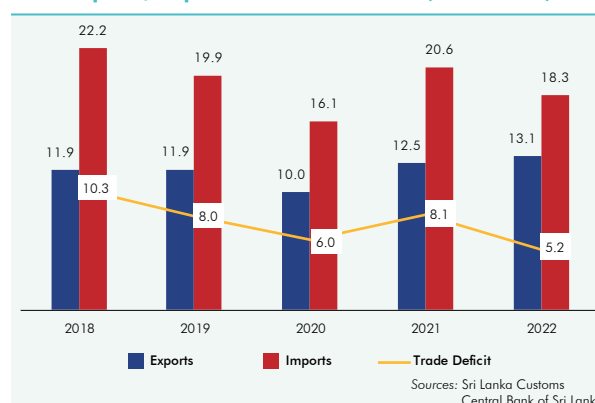
2022, but remained low, compared to 2021. Overall, the current account deficit contracted to US dollars 1,453 million in 2022 (1.9 per cent of GDP), compared to US dollars 3,284 million (3.7 per cent of GDP) in 2021.

5.2.1 Merchandise Trade Account

Trade Balance

The lowest merchandise trade deficit since 2010 was recorded in 2022, contributing mainly to the decline in the current account deficit for 2022. This reduction in the trade deficit to US dollars 5,185 million in 2022 from US dollars 8,139 million in 2021 was due to both the significant decrease in expenditure on merchandise imports and the notable growth in earnings from merchandise exports. The decline in import expenditure during 2022 was a result of multiple factors, including the significant forex liquidity constraints in the domestic forex market; impact of the sharp depreciation of the Sri Lanka rupee against the US dollar; subdued activity and aggregate demand conditions amidst the large decline in credit to the private sector, reflecting the high interest rates and deterioration of real income amidst the acceleration of inflation; and administrative measures to prioritise imports due to BOP pressures. The notable growth in export earnings was supported by the significant depreciation of the exchange rate that increased rupee income for exporters; prioritisation of the import of inputs for export industries; high commodity prices in the global market; high demand for major export items, such as garments during the first half of the year; and administrative

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



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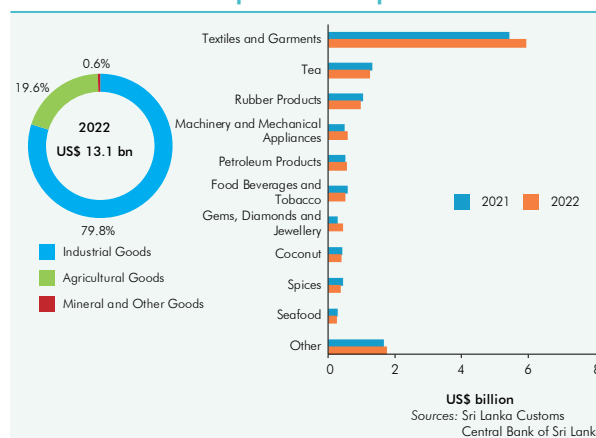
measures to streamline certain export procedures. As a percentage of GDP, the trade deficit contracted to 6.7 per cent in 2022, compared to 9.2 per cent in 2021.

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

Export Performance

Despite heightened global and domestic challenges, merchandise exports recorded a notable increase and surpassed US dollars 13 billion during 2022 supported mainly by the favourable exchange rate, priority given for export industries when sourcing imported inputs and the rise of global commodity prices. Accordingly, earnings from merchandise exports reached US dollars 13,106 million in 2022, compared to US dollars 12,499 million in 2021, recording a growth of 4.9 per cent. An increase in the earnings of both industrial and mineral exports contributed to this improvement, while agricultural exports declined. The notable depreciation of the exchange rate and the higher demand in the global market, especially for garments during most of 2022, the significant improvement in exports of gems, diamonds and jewellery, supported by efforts to streamline and strengthen the procedures relating to the export of gems, and exports of machinery and mechanical appliances were the major contributors to this increase in industrial exports. A moderation of export earnings was observed from September 2022 across major export sectors amidst slowing global demand due to subdued global activity, particularly in major export markets of Sri Lanka. As evident in the movements of export indices, the increase in both volumes and prices contributed to the increase in the overall export earnings. As a percentage of GDP, export earnings improved to 17.0 per cent in 2022, compared to 14.1 per cent in 2021.

Figure 5.4
Composition of Exports



Earnings from industrial exports, the major contributor with a share of about 80 per cent of total merchandise exports, grew by 7.9 per cent to US dollars 10,465 million in 2022, compared to US dollars 9,702 million in 2021. Textiles and garments exports continued to be the dominant export earner, accounting for more than 45 per cent of total exports, despite the moderation of earnings towards the latter part of 2022. Earnings from exports of gems, diamonds, and jewellery; and machinery and mechanical appliances (mainly machinery and equipment parts) also recorded a notable improvement in 2022. Earnings from petroleum product exports increased, reflecting the impact of price effect due to high crude oil prices, while the volume of bunker and aviation fuel recorded a marginal decline. Earnings from rubber products declined in 2022 remaining below the level of US dollars 1 billion in 2021, due to the lower demand for household rubber gloves amidst the diminishing of COVID-19 risks. A decline was also recorded in exports of food, beverages, and tobacco (mainly animal or vegetable fats and oils) during 2022.

Agricultural exports registered a decline in earnings resulting mainly from the lagged effect of inadequate fertiliser availability, with an overall contraction of 5.9 per cent in 2022, compared to 2021. Earnings from tea exports

declined due to the larger drop in volumes, despite the increase in prices on average. The lower export earnings recorded by spices were driven both by lower volumes (mainly pepper and cloves) and lower prices (cinnamon). The decline in earnings from coconut-related products was due to lower kernel export prices. However, earnings from minor agricultural products recorded a notable increase during 2022, reflecting the impact of higher export volumes of certain products. The increase of areca nuts exports to India under the free trade agreement and sesame seeds led this growth in the minor agricultural products sector.

Mineral exports increased by 12.3 per cent to US dollars 50 million in 2022, compared to the previous year. Earnings from exports of titanium

ores mainly contributed to this improvement, while almost all other subsectors under mineral exports declined during 2022. Sri Lanka's mineral exports accounted for a small share of 0.4 per cent of total exports in 2022.

Import Performance

Expenditure on merchandise imports declined notably despite higher global oil prices, reflecting the impact of the dearth of foreign exchange amidst significant BOP stresses, subdued demand conditions, significant depreciation of the exchange rate, and administrative measures to prioritise imports, among others. Expenditure on imports declined by 11.4 per cent to

Table 5.3
Composition of Exports

Category	2021		2022 ^(a)		Change in Value US\$ million	Y-o-Y Change %	Contribution to Change %
	Value US\$ million	Share %	Value US\$ million	Share %			
Agricultural Exports	2,729.5	21.8	2,568.0	19.6	-161.5	-5.9	-26.6
Tea	1,324.4	10.6	1,258.8	9.6	-65.6	-5.0	-10.8
Coconut	425.2	3.4	400.3	3.1	-25.0	-5.9	-4.1
Spices	454.8	3.6	368.7	2.8	-86.0	-18.9	-14.2
Seafood	274.1	2.2	269.0	2.1	-5.1	-1.8	-0.8
Minor Agricultural Products	148.8	1.2	178.8	1.4	30.0	20.2	4.9
Rubber	42.2	0.3	41.4	0.3	-0.8	-1.8	-0.1
Vegetables	28.5	0.2	26.7	0.2	-1.9	-6.6	-0.3
Unmanufactured Tobacco	31.6	0.3	24.4	0.2	-7.2	-22.8	-1.2
Industrial Exports	9,702.0	77.6	10,465.3	79.8	763.3	7.9	125.6
Textiles and Garments	5,435.1	43.5	5,952.0	45.4	516.9	9.5	85.0
Rubber Products	1,050.4	8.4	977.0	7.5	-73.4	-7.0	-12.1
Machinery and Mechanical Appliances	500.9	4.0	580.9	4.4	80.1	16.0	13.2
Petroleum Products	506.4	4.1	568.0	4.3	61.6	12.2	10.1
Food, Beverages and Tobacco	586.9	4.7	519.5	4.0	-67.4	-11.5	-11.1
Gems, Diamonds and Jewellery	276.7	2.2	450.6	3.4	173.9	62.8	28.6
Chemical Products	223.2	1.8	223.5	1.7	0.3	0.1	0.1
Base Metals and Articles	156.4	1.3	176.7	1.3	20.3	13.0	3.3
Animal Fodder	149.4	1.2	170.5	1.3	21.1	14.1	3.5
Wood and Paper Products	129.9	1.0	136.9	1.0	7.0	5.4	1.2
Other Industrial Exports	686.8	5.5	709.6	5.4	22.8	3.3	3.8
Mineral Exports	44.5	0.4	50.0	0.4	5.5	12.3	0.9
Unclassified Exports	22.6	0.2	23.2	0.2	0.6	2.6	0.1
Total Exports (b) (c)	12,498.6	100.0	13,106.4	100.0	607.9	4.9	100.0

(a) Provisional

(b) Excludes re-exports

(c) Adjusted for lags and other factors of recording

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

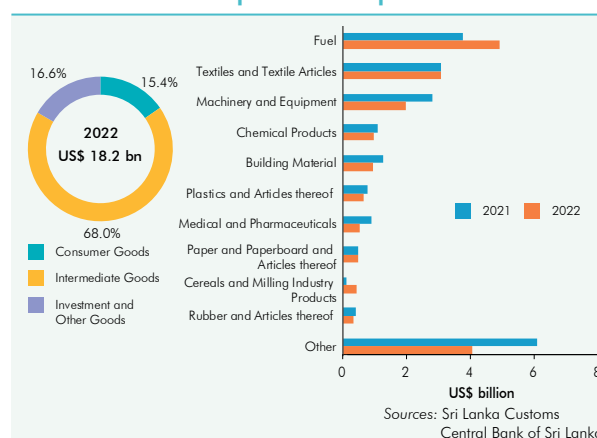
US dollars 18,291 million in 2022 from US dollars 20,637 million in 2021, driven by the significant decline in imports of investment goods and non-food consumer goods. The overall decline in import expenditure reflected the liquidity constraints that prevailed in the domestic foreign exchange market, subdued economic activities, increased domestic prices of imported goods led by the sharp depreciation of the exchange rate, administrative measures implemented by the Government (including the temporary suspension of certain imports, suspension of certain imports under various payment terms, imposition of import license requirements, increase of import taxes on certain goods, etc.) and the Central Bank (including margin deposit requirements on certain goods and maintaining tighter monetary and credit conditions). However, prices of major commodities in the global markets, including petroleum oil, remained elevated during 2022, resulting in higher expenditure on intermediate goods, led mainly by fuel imports. Import expenditure of consumer goods showed a rising trend towards the latter part of 2022, indicating the impact of the relaxation of certain restrictions by the Government and seasonal demand for imports. The decline in import expenditure in 2022 over the last year was reflected in lower volumes, despite the increase in unit value, as indicated by the movements in indices of import volume and unit value. However, as a percentage of GDP, import expenditure increased marginally to 23.7 per cent in 2022, compared to 23.3 per cent in 2021.

Import expenditure on food and beverages declined at a slower pace of 3.5 per cent in 2022, compared to 2021, resulting from lower import volumes despite higher global food commodity prices. Imports of most main food categories recorded a decline in 2022, compared to the previous year, except cereals and milling industry products (such as rice and wheat flour), beverages and spices. The considerable decline in

the import volume of coconut oil in 2022 and the higher statistical base in 2021 led to the decline in expenditure on oils and fats imports in 2022. Further, expenditure on dairy products, lentils and sugar also declined in 2022 driven by lower import volumes, despite increases in average import prices. In contrast, expenditure on rice imports increased significantly in 2022 by about 300 per cent over 2021, as a result of the drop in the domestic production of rice since it was hampered by fertiliser shortages.

Expenditure on non-food consumer goods declined notably by 44.8 per cent, year-on-year, to US dollars 1,205 million, led by the considerable decline in the expenditure on medical and pharmaceuticals and telecommunication devices. Expenditure on medical and pharmaceuticals declined significantly, partly reflecting the statistical base effect of higher expenditure on COVID-19 vaccines in 2021. Further, imports of all other subsectors under the non-food consumer goods category declined in 2022, compared to 2021, reflecting the impact of measures taken to restrict non-urgent imports by the Government and the Central Bank and the acute shortage of foreign exchange that was prevalent in the banking system during 2022, among others.

Figure 5.5
Composition of Imports



Expenditure on investment goods imports declined by 32.1 per cent, year-on-year, to US dollars 3,030 million in 2022, recording the lowest expenditure since 2010. The moderation of economic activity, and measures introduced to prioritise imports amidst significant foreign exchange liquidity constraints, mainly contributed to this decline in investment goods imports. Significant declines in import expenditure in all three main categories of investment goods, namely machinery and equipment, building material, and transport equipment, and most of their subcategories, were observed in 2022, compared to 2021. The decline in expenditure on machinery and equipment was led by office machines (mainly computers), machinery and equipment parts, and

telecommunication devices (mainly transmission apparatus), while expenditure on electric motors and generating sets increased. Iron and steel, cement, and mineral products (mainly asbestos) caused building material imports to decline, while agricultural tractors, tankers and bowsers and railway equipment drove the decline in expenditure on transport equipment.

Import expenditure on intermediate goods, which accounted for 68 per cent of total imports, increased marginally due to higher expenditure on fuel, despite broad-based decline of most subcategories, arising from lower economic activity. Accordingly, expenditure on intermediate goods increased by 1.1 per cent to

Table 5.4
Composition of Imports

Category	2021		2022 (a)		Change in Value US\$ million	Y-o-Y Change %	Contribution to Change %
	Value US\$ million	Share %	Value US\$ million	Share %			
Consumer Goods	3,848.7	18.6	2,813.0	15.4	-1,035.7	-26.9	44.1
Food and Beverages	1,666.5	8.1	1,607.9	8.8	-58.6	-3.5	2.5
Rice	73.0	0.4	292.5	1.6	219.4	300.5	-9.4
Sugar and Confectionery	288.8	1.4	257.8	1.4	-31.0	-10.7	1.3
Dairy Products	317.7	1.5	225.3	1.2	-92.4	-29.1	3.9
Lentils	143.0	0.7	116.9	0.6	-26.1	-18.2	1.1
Coconut Oil	166.1	0.8	27.2	0.1	-138.9	-83.6	5.9
Other	677.8	3.3	688.3	3.8	10.4	1.5	-0.4
Non-Food Consumer Goods	2,182.2	10.6	1,205.1	6.6	-977.1	-44.8	41.6
Medical and Pharmaceuticals	882.5	4.3	533.4	2.9	-349.1	-39.6	14.9
Clothing and accessories	221.3	1.1	215.6	1.2	-5.7	-2.6	0.2
Household and furniture items	161.2	0.8	116.3	0.6	-45.0	-27.9	1.9
Home Appliances	257.1	1.2	85.5	0.5	-171.6	-66.7	7.3
Telecommunication Devices	382.9	1.9	69.0	0.4	-313.9	-82.0	13.4
Other	277.2	1.3	185.4	1.0	-91.8	-33.1	3.9
Intermediate Goods	12,308.9	59.6	12,438.8	68.0	129.8	1.1	-5.5
Fuel	3,742.9	18.1	4,896.8	26.8	1,153.9	30.8	-49.2
Textiles and Textile Articles	3,066.9	14.9	3,065.2	16.8	-1.8	-0.1	0.1
Chemical Products	1,074.4	5.2	966.2	5.3	-108.2	-10.1	4.6
Plastics and Articles thereof	765.7	3.7	650.8	3.6	-114.9	-15.0	4.9
Paper and Paperboard and Articles thereof	468.9	2.3	465.9	2.5	-3.0	-0.6	0.1
Rubber and Articles thereof	400.7	1.9	334.7	1.8	-66.0	-16.5	2.8
Base Metals	866.4	4.2	323.2	1.8	-543.3	-62.7	23.2
Other Intermediate Goods	1,922.9	9.3	1,736.0	9.5	-186.9	-9.7	8.0
Investment Goods	4,462.7	21.6	3,030.5	16.6	-1,432.2	-32.1	61.0
Machinery and Equipment	2,809.5	13.6	1,969.0	10.8	-840.5	-29.9	35.8
Building Materials	1,248.9	6.1	926.3	5.1	-322.5	-25.8	13.7
Transport Equipment	398.5	1.9	132.1	0.7	-266.4	-66.8	11.4
Other Investment Goods	5.8	0.03	3.0	0.02	-2.8	-47.9	0.1
Unclassified Imports	17.1	0.1	8.8	0.05	-8.3	-48.8	0.4
Total Imports (b)(c)	20,637.4	100.0	18,291.0	100.0	-2,346.4	-11.4	100.0

(a) Provisional

(b) Excludes re-imports

(c) Adjusted for lags and other factors of recording

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

Table 5.5
Volume of Major Imports

Item	MT '000				
	2018	2019	2020	2021	2022 (a)
Refined Petroleum (b)	4,959	4,740	4,028	4,553	3,927
1st Quarter	1,382	1,199	1,249	1,378	1,184
2nd Quarter	1,207	1,206	678	1,008	935
3rd Quarter	1,317	1,211	1,123	865	853
4th Quarter	1,054	1,124	978	1,302	954
Wheat	1,297	1,159	1,404	1,307	583
1st Quarter	412	164	272	323	208
2nd Quarter	329	318	285	288	129
3rd Quarter	285	292	498	335	80
4th Quarter	271	385	348	360	167
Crude Oil (b)	1,674	1,842	1,667	1,182	649
1st Quarter	283	461	464	274	179
2nd Quarter	459	460	265	368	80
3rd Quarter	461	461	568	362	199
4th Quarter	471	460	370	178	191
Sugar	645	556	683	582	460
1st Quarter	205	140	193	293	119
2nd Quarter	166	153	108	140	68
3rd Quarter	119	100	209	14	131
4th Quarter	154	164	172	136	143
Fertiliser	861	707	952	412	363
1st Quarter	256	148	88	114	37
2nd Quarter	154	142	294	182	32
3rd Quarter	225	238	126	17	84
4th Quarter	226	179	444	98	210
Rice	249	24	16	147	783
1st Quarter	203	8	8	3	270
2nd Quarter	37	3	2	4	156
3rd Quarter	2	5	2	3	249
4th Quarter	7	8	4	137	108

(a) Provisional
(b) Adjusted

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

US dollars 12,439 million in 2022 in comparison to 2021. Expenditure on fuel imports, the largest import item in the import basket, increased mainly due to the increase in import prices of all subsectors; crude oil, refined petroleum (including LP gas) and coal, although import volumes of all subsectors declined, compared to the previous year, reflecting the impact of demand management measures, such as fuel rationing and the cost reflective price adjustments. In line with the price movements in the international market, the average price of crude oil imports increased to US dollars 100.11 per barrel in 2022 from US dollars 68.86 per barrel in 2021. However, crude oil was imported intermittently, resulting in the bulk of the petroleum requirement of the country was fulfilled by importing refined petroleum in 2022. Expenditure on fertiliser imports

exhibited a considerable increase in 2022 due to the increase in average import prices, despite low import volumes, compared to 2021. Meanwhile, import expenditure on textiles and textile articles, the second largest import item, broadly remained unchanged in 2022, compared to 2021. In contrast, import expenditure on most other subcategories under intermediate goods declined with base metals (mainly iron and steel) and wheat grain declining the most. As a result of the above, expenditure on non-fuel intermediate goods declined by 12.0 per cent in 2022, compared to 2021.

Terms of Trade

The terms of trade, which is the ratio of export prices to import prices, further deteriorated in 2022, as the import price index increased at a higher pace than the export price index. The increases in the price indices of all major categories of exports contributed to the increase in export prices, while higher prices of the importation of intermediate goods, led by higher global fuel prices, mainly accounted for the increase in the overall import price index. As such, the terms of trade deteriorated by 11.6 per cent to 86.1 index points in 2022, compared to 2021, indicating that the amount of imports that can be purchased from a unit of exports has declined.

Figure 5.6
Terms of Trade and Trade Indices

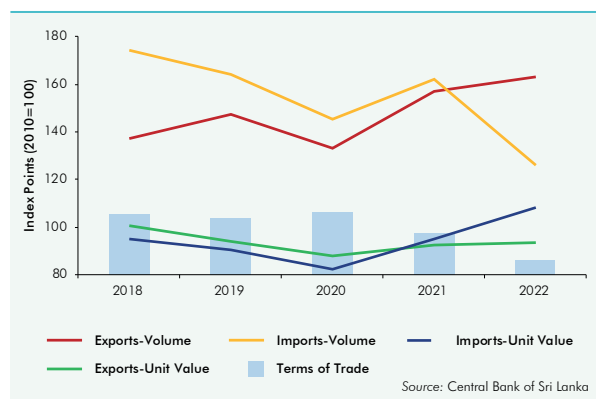


Table 5.6
Trade Indices (a)

Category	2010 = 100								
	Value Index			Volume Index			Unit Value Index		
	2021	2022 (b)	Y-o-Y Change %	2021	2022 (b)	Y-o-Y Change %	2021	2022 (b)	Y-o-Y Change %
EXPORTS									
Agricultural Exports	118.4	111.4	-5.9	101.1	93.1	-7.9	117.1	119.7	2.1
Tea	92.0	87.4	-5.0	87.2	76.6	-12.1	105.5	114.1	8.2
Rubber	24.3	23.9	-1.8	29.3	29.2	-0.01	83.2	81.7	-1.8
Coconut	256.7	241.7	-5.9	188.1	193.5	2.9	136.5	124.9	-8.5
Spices	219.5	178.0	-18.9	146.9	116.2	-20.9	149.4	153.1	2.5
Minor Agricultural Products	208.3	250.3	20.2	188.4	240.9	27.9	110.6	103.9	-6.0
Industrial Exports	159.3	171.8	7.9	183.2	194.9	6.4	86.9	88.1	1.4
Textiles and Garments	162.1	177.5	9.5	140.6	144.6	2.8	115.3	122.7	6.5
Petroleum Products	192.4	215.8	12.2	282.8	189.2	-33.1	68.0	114.1	67.7
Rubber Products	188.7	175.5	-7.0	112.6	106.6	-5.3	167.6	164.7	-1.7
Mineral Exports	183.7	206.3	12.3	111.4	114.2	2.5	164.8	180.7	9.6
Total Exports	145.0	152.0	4.9	156.9	163.0	3.9	92.4	93.3	0.9
IMPORTS									
Consumer Goods	155.5	113.7	-26.9	127.8	104.8	-18.0	121.7	108.5	-10.9
Food and Beverages	126.0	121.5	-3.5	125.5	133.4	6.3	100.4	91.1	-9.2
Non-Food Consumer Goods	189.5	104.7	-44.8	130.4	71.9	-44.8	145.3	145.5	0.1
Intermediate Goods	152.9	154.5	1.1	152.0	121.1	-20.3	100.6	127.6	26.9
Fuel	123.1	161.0	30.8	134.2	106.8	-20.4	91.7	150.7	64.3
Fertiliser	65.9	114.9	74.4	74.5	68.1	-8.6	88.4	168.6	90.7
Chemical Products	206.6	185.8	-10.1	177.3	142.8	-19.4	116.6	130.1	11.6
Wheat and Maize	157.6	114.2	-27.5	134.2	90.4	-32.7	117.4	126.4	7.6
Textiles and Textile Articles	169.5	169.4	-0.1	153.9	142.3	-7.6	110.2	119.1	8.1
Plastics and Articles thereof	181.0	153.9	-15.0	169.5	135.3	-20.2	106.8	113.7	6.5
Diamonds, Precious Stones and Metals	38.0	54.0	41.9	41.9	46.0	9.9	90.9	117.3	29.1
Investment Goods	162.0	110.0	-32.1	230.6	162.8	-29.4	70.3	67.6	-3.8
Building Materials	152.0	112.7	-25.8	154.5	99.2	-35.8	98.3	113.7	15.6
Transport Equipment	67.3	22.3	-66.8	46.7	19.8	-57.6	144.2	112.7	-21.9
Machinery and Equipment	210.1	147.2	-29.9	359.0	265.4	-26.1	58.5	55.5	-5.2
Other Investment Goods	174.5	90.8	-47.9	142.6	77.7	-45.5	122.3	116.9	-4.4
Total Imports	153.9	136.4	-11.4	162.2	126.0	-22.4	94.9	108.3	14.1
Terms of Trade							97.4	86.1	-11.6

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

Source: Central Bank of Sri Lanka

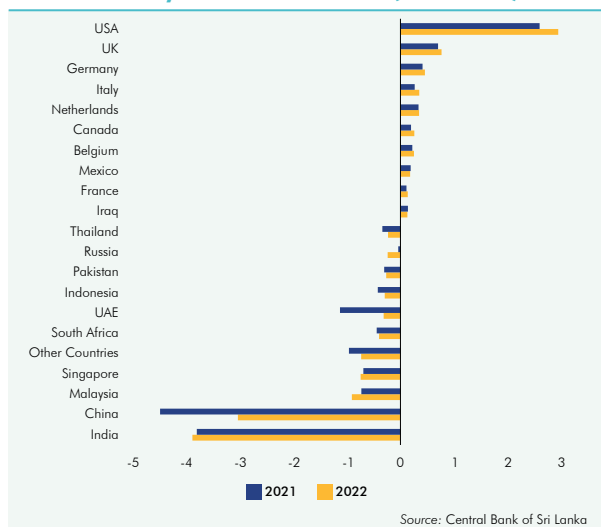
The trade volumes contributed significantly to the overall behaviour of export earnings and import expenditure during 2022. The volume indices for all main categories of exports improved, except for agricultural exports, while the import volume indices for all main categories declined, resulting in a decline in the overall expenditure during 2022.

Direction of Trade

Sri Lanka's major trading partners broadly remained unchanged, although total trade (both exports and imports) with some major trading partners declined in 2022, when compared to 2021. In value terms, India continued to be

the major trading partner of Sri Lanka in 2022, followed by the USA and China, all of which together contributed to around 41 per cent of the total trade of Sri Lanka. Total trade with India exceeded US dollars 5.5 billion, mainly with the utilisation of credit lines provided by India to support imports and higher exports under the free trade agreement, while trade with the USA and China exceeded US dollars 3.5 billion each. Total trade with China declined significantly in 2022, driven by a notable reduction in imports from China partly due to supply chain disruptions in China due to COVID-19 and lower imports of consumer and investment goods amidst import restrictions and subdued economic activity.

Figure 5.7
Countrywise Trade Balances (US\$ billion)



The UK, Malaysia, Germany, the UAE and Singapore, were the other major trading partners, accounting for more than US dollars 1 billion each in 2022. The geo-political tensions between Russia and Ukraine resulted in the total trade with Ukraine halving in 2022, compared to 2021, although total trade with Russia increased during 2022, led by higher fuel imports. The major country-wise trade balances in 2022 remained almost unchanged, where notable trade surpluses were recorded with the USA, the UK, Germany, Italy, Netherlands, and Canada, while significant trade deficits were recorded with India, China, Malaysia, and Singapore. The direction of trade remains broadly the same over a decade and Sri Lanka may need to explore diversification to new markets for exports, particularly in the region.

The USA and European countries remained the major destinations for Sri Lankan exports, accounting for nearly half of the total export earnings in 2022. The USA continued to be the single largest buyer of Sri Lankan exports, with more than US dollars 3.3 billion worth of exports, which accounted for 25.3 per cent of total exports, followed by the UK (7.3 per cent), India (6.6 per cent), Germany (5.7 per cent) and Italy (4.9 per cent).

In line with increased exports, earnings from most destinations, including the top ten export destinations of Sri Lanka (except Germany, Belgium and Australia), increased during 2022. The USA continued to be the single largest garment export destination for Sri Lanka, with a share of 42 per cent of total garment exports in 2022. In addition to garments, export earnings from the USA were mainly on account of rubber products, machinery and mechanical appliances, and chemical products. Garments, rubber products, machinery and mechanical appliances, and food, beverages and tobacco were major products exported to the UK. Exports to India were dominated by animal fodder, spices, textiles, and minor agricultural products. The EU, the most dominant region for Sri Lankan exports, accounted for about 23 per cent of total exports in 2022, including about 30 per cent of total garment exports. Other major items exported to the EU were rubber products, food, beverages and tobacco, and tea, most of which were exported under the EU Generalised System of Preferences Plus (GSP+) Scheme. In 2022, the Middle East and the Commonwealth of Independent States (CIS), led by Russia were the main export destinations for tea, jointly contributing to about 59 per cent of tea exports.

Asian countries continued to be the major source of Sri Lankan imports, despite overall imports from most of those countries declining in 2022, compared to 2021. India regained its position as the largest source of imports since 2018, recording more than US dollars 4.7 billion in imports in 2022, with a share of about 25.9 per cent of total imports, partly supported by imports made under the credit lines offered by India. Accordingly, import expenditure from India has marginally increased by 2.4 per cent, mainly with imports of petroleum products and rice. Meanwhile, China, the second largest, and Malaysia, the third largest, import sourcing countries in 2022, accounting for shares of

Figure 5.8
Exports by Destination

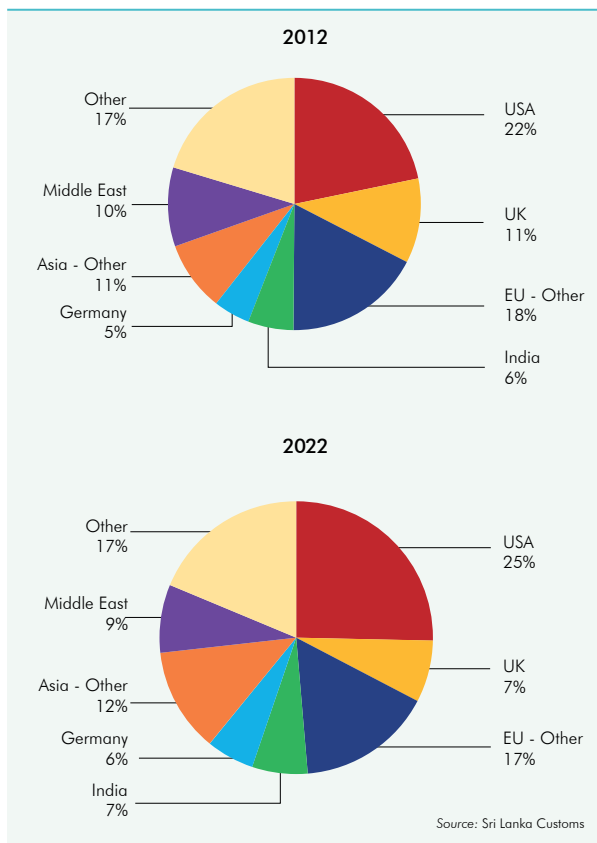
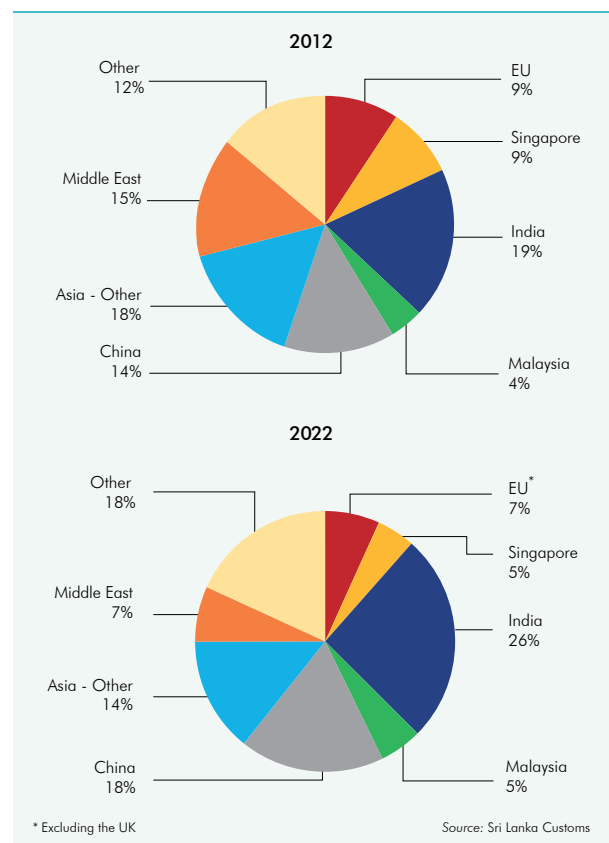


Figure 5.9
Imports by Origin



about 18.0 per cent and 5.3 per cent, respectively. Expenditure on most major import items from China, such as machinery and equipment, medical and pharmaceuticals (COVID-19 vaccines), telecommunication devices (mainly mobile phones), and building materials declined in 2022. The major imports from Malaysia were petroleum products, chemical products, and food preparations, while petroleum products contributed to around 65 percent of the total imports from Malaysia. As import sources, Singapore and the UAE were at the fourth and fifth positions in 2022. The major import item from both Singapore and the UAE was petroleum products in 2022. In line with the decline in total import expenditure during 2022, expenditure related to most import sources, including the top ten import sources of Sri Lanka (except India, Malaysia, Russia and Singapore) recorded a decline.

External Trade Policies, Developments and Institutional Support

Despite the country registering the worst economic downturn ever in 2022, the merchandise trade sector remained buoyant supported by the efforts of all the stakeholders. The continuation of the implementation of the National Export Strategy (NES) 2018-2022 and the provisioning of institutional support helped the export sector to remain resilient, while the depreciation of the exchange rate largely benefitted the export sector. Certain policy measures, such as repatriation and conversion requirements of export proceeds, import restrictions, and imposition of margin requirements, among others, were warranted, despite being an inconvenience to the tradeable sector. This was in order to safeguard

the interests of all stakeholders of the economy amidst the worst BOP crisis witnessed in the post-independence economy. Measures were taken to resume negotiations of free trade agreements in an expeditious manner, while initiating measures to improve on terms of existing trade agreements. The Government announced several trade supportive policies in the Budget 2023, such as establishing an International Trade Office to deal with all trade negotiations and an Agency for External Trade and Investment to coordinate with institutions engaged in external trade and reintroducing a Trade Adjustment Programme. There is a strong necessity for consistent and comprehensive policies to support exports and substitution of selected imports and their timely implementation as the economy recovers in the period ahead. The global economy rebounded from the negative spillovers of COVID-19 during the first half of 2022, although the Russia-Ukraine war, high inflation, tight monetary policy, and recessionary fears in global markets kept the second half of 2022 more challenging, with downside risks to the macroeconomic outlook. As a result, the World Trade Organization (WTO) estimated that the growth of world merchandise trade volume would have been limited to 3.5 per cent in 2022 (a decline from 9.7 per cent recorded in 2021) and that it would moderate to 1.0 per cent in 2023. Against this backdrop, aggressive policies to tackle issues in the near term are important, while providing more sustained policy interventions by authorities, in a consistent manner, to overcome future domestic and global challenges over the medium to long term. Priority should be given to alleviate supply side constraints, such as high production costs, while strengthening the export orientation, supported by Research and Development (R&D) led innovation to harness potential global value chains and product networks, improving value addition, rationalising the institutional framework, removing bureaucratic bottlenecks and creating a trade and investor friendly environment.

Significant trade policy measures were initiated to manage import expenditure in 2022.

Considering the high import expenditure during the first quarter of 2022 and the unprecedented pressure on the exchange rate, the Government and the Central Bank initiated several measures to curtail the demand for imports during the first half of 2022. Accordingly, the Government imposed measures, such as licensing requirements, and an increase in import taxes from March 2022, while the Central Bank allowed more flexibility in the exchange rate in March 2022 and imposed a 100 per cent cash margin requirement on selected imports from May 2022. In view of curtailing import payments made through informal channels and the resultant pressures on the exchange rate emanating from parallel markets, the Imports and Exports Control Department introduced restrictions on the use of trade payment terms, including open accounts, consignment accounts, Documents against Acceptance (DA), and Documents against Payment (DP). Accordingly, with effect from 20 May 2022, importing on open account/consignment account payment terms was allowed for direct and indirect exporters only, while the use of DA and DP terms for imports, excluding those used for exports, were required to be made only under prior arrangements with the licensed banks. This helped manage the availability of foreign exchange within the banking system for the most essential imports. However, considering the possible shortages of essential food and raw materials in the domestic market due to such limitations, several relaxations were introduced for imports of selected essential food items and raw materials required for domestic production since June 2022. In view of the further build-up of pressure on the availability of foreign exchange and the exchange rate, the Government imposed further import restrictions by way of temporary suspensions, mainly targeting selected consumer and investment goods, in August 2022, although several relaxations were

BOX 7

Monitoring of Export Proceeds Repatriations and Conversions

Introduction

The external sector of Sri Lanka experienced heightened vulnerabilities with the decline in foreign exchange inflows due to unprecedented challenges in recent years, amidst the outbreak of the COVID-19 pandemic and adverse developments in the global economy. The current account deficit widened due to the increased imports led by the normalisation of economic activities, moderation in tourism earnings and slowdown in workers' remittances. Downgrading of the sovereign credit ratings of the country constrained the access to global capital markets despite high debt servicing requirements, further aggravating the situation. In view of mounting imbalances in the external sector due to the lack of foreign exchange inflows, several measures were taken to improve foreign currency liquidity in the domestic foreign exchange market and to replenish international reserves. These included establishing rules (Table B 7.1) mandating repatriation of export proceeds to the country within 180 days and conversion of such receipts into Sri Lanka rupees under the provisions of the Monetary Law Act No. 58 of 1949 (MLA) in 2021, with a view to effectively enforcing such requirements.

Evolution of Policies Related to Export Proceeds Repatriation and Conversion

For any economy, exports form a very important source of foreign exchange inflows that help build buffers against external shocks. Having identified the importance of the exports, successive Governments in Sri Lanka have put in place policies that are conducive for building a vibrant exports sector. However, to obtain the maximum benefits of the export sector, a country needs to ensure that export proceeds are repatriated so that there would be no strain on the Balance of Payments. The requirement to repatriate export proceeds into Sri Lanka was initially imposed during 1973 under the repealed Exchange Control Act No. 24 of 1953 (ECA) and continued until 1993. This requirement for repatriation and surrender was liberalised subsequent to accepting Article VIII of the International Monetary Fund (IMF) Articles of Agreement in 1994, as part of further liberalisation of current account transactions and continuation of the country's stabilisation programme. Accordingly, exporters were permitted to repatriate export proceeds and hold those in rupee or foreign currency accounts in Sri Lanka or retain them in foreign currency accounts in a bank abroad. However, the repatriation

requirement was re-introduced in April 2016 under the ECA, requiring every exporter of goods to repatriate proceeds to Sri Lanka initially within 90 days from the date of exportation. This was subsequently extended up to 120 days. With the enactment of the Foreign Exchange Act, No. 12 of 2017 (FEA) these regulations were re-issued and in October 2019 further extended to 180 days. It is pertinent to mention that some of the regional economies which could be considered economic peers of Sri Lanka also have similar policies in place to ensure that such economies optimise the receipt of export proceeds (Table B 7.2).

How Export Proceeds Help to Build Reserves

Once export proceeds are repatriated, part of the proceeds will be utilised to meet obligations in foreign currency, such as authorized payments. If the balance is sold to Authorised Dealers¹ (ADs) in foreign exchange, such proceeds will be added to the domestic foreign exchange market increasing the liquidity. Similarly, inflows from other foreign exchange sources which are sold to ADs, such as workers' remittances, tourism earnings and foreign investments flows will also contribute to increase the domestic market liquidity. The banking system needs to accommodate various foreign exchange requirements of its customers, both of current and capital nature, for which the foreign currency so purchased will be utilised. The Central Bank of Sri Lanka (CBSL) may build up its reserves by purchasing foreign exchange from the domestic foreign exchange market. The major advantage of export proceeds is that they are non-debt creating inflows which exert no strain on the Balance of Payments.

Existing Rules on Repatriation of Export Proceeds into Sri Lanka issued under the MLA (Rules)

Considering the anticipated serious decline in the international reserves which could lead to an imminent threat to the stability of the Sri Lanka rupee, the CBSL took immediate measures to preserve the position by adopting necessary policies including introduction of Rules on export proceeds repatriation and conversion requirements under the provisions of the MLA (Table B 7.1).

In terms of the prevailing Rules (Table B 7.1), it is mandatory to receive the export proceeds into Sri Lanka,

¹ A bank licensed under the Banking Act, No. 30 of 1988.

Table B 7.1
The Rules Issued in terms of the Provisions of the MLA

Name of the Rule	Key features
Repatriation of Export Proceeds into Sri Lanka Rules No. 1 of 2021, issued on 18.02.2021	<ul style="list-style-type: none"> Receive the export proceeds in Sri Lanka in respect of all goods exported within 180 days from the date of shipment. Convert 25% of the total exports proceeds into Sri Lanka rupees, immediately upon the receipt of such export proceeds into Sri Lanka.
Repatriation of Export Proceeds into Sri Lanka Rules No. 2 of 2021 (Amendment to Rules No.01), issued on 09.03.2021	<ul style="list-style-type: none"> Convert 25% of the total exports proceeds received in Sri Lanka into Sri Lanka rupees within 14 days of receipt.
Repatriation of Export Proceeds into Sri Lanka Rules No. 3 of 2021 (Amendment to Rules No. 02), issued on 09.04.2021	<ul style="list-style-type: none"> Convert 10% of the total exports proceeds received in Sri Lanka into Sri Lanka rupees within 30 days of receipt.
Repatriation of Export Proceeds into Sri Lanka Rules No. 4 of 2021 (Amendment to Rules No. 3), issued on 28.05.2021	<ul style="list-style-type: none"> Convert not less than 25% of the total export proceeds received in Sri Lanka, into Sri Lanka rupees within 30 days of receipt.
Repatriation of Export Proceeds into Sri Lanka Rules No. 5 of 2021, (Rescinded previous Rules No. 1, 2, 3 & 4), issued on 28.10.2021	<ul style="list-style-type: none"> Mandatorily receive the export proceeds in Sri Lanka, in respect of all goods exported or services provided outside Sri Lanka, within 180 days from the date of shipment or provisioning of services. Mandatorily convert the residual of the export proceeds received in Sri Lanka into Sri Lanka rupees, upon utilising such proceeds only in respect of the authorised payments.
Repatriation of Export Proceeds into Sri Lanka Rules No. 1 of 2022 (Rescinded Rules No. 5 of 2021), issued on 11.03.2022	<ul style="list-style-type: none"> Mandatorily receive the export proceeds in Sri Lanka, in respect of all goods exported or services provided outside Sri Lanka, within 180 days from the date of shipment or provisioning of services. Mandatorily convert residual of the export proceeds received in Sri Lanka into Sri Lanka rupees, upon utilising such proceeds only in respect of the authorised payments. Permitted payments to local suppliers and exemptions for exporters that are Strategic Development Projects.
Repatriation of Export Proceeds into Sri Lanka Rules No. 2 of 2022 (Amendment to Rules No. 1 of 2022), issued on 12.08.2022	<ul style="list-style-type: none"> Remove the requirement to convert export proceeds repatriated into Sri Lanka in relation to service exports.

in respect of all goods exported or services provided outside Sri Lanka, within 180 days from the date of shipment or provisioning of services. Further, every exporter of goods who receives export proceeds in Sri Lanka, is required to mandatorily convert² the residual of the export proceeds received in Sri Lanka, into Sri Lanka rupees upon utilising such proceeds only in respect of the authorised payments, which could provide an immediate impact on the liquidity of the domestic exchange market whilst allowing for foreign currency requirements of the business. These authorized payments are, outward remittances for current transactions related to the particular export, withdrawal in foreign currency notes or transfer of funds for travel purposes, debt servicing expenses and repayments of permitted borrowings, payments for investments in Sri Lanka Development Bonds, authorised payments to local suppliers, payment of dividends to non-resident investors, salaries to expatriate employees and one month commitments related to export of goods and services.

Considering the developments in the domestic foreign exchange market, conversion requirements imposed by these Rules are reviewed and revised continuously.

² Upon utilisation of export proceeds for permitted authorised payments, exporters convert export proceeds for their local currency requirements of day-to-day business activities and any residues of the export proceeds shall be mandatorily converted on or before the seventh (7th) day of the following month.

As per the requirements of the Rules, ADs are required to strictly monitor the monthly receipts of export proceeds, ensure that the conversion is within the stipulated period of repatriation and verify that the authorised payments are related to the particular export of goods/services. At present, periodic information related to repatriation of export proceeds and the conversions are reported manually to the CBSL and Department of Foreign Exchange (DFE) inspects and examines the records provided by ADs to ensure full and strict compliance with the provisions of the Rules. The Rules empower the Director of the DFE to monitor and initiate actions against any non-compliance by exporters and ADs.

Accordingly, all ADs must submit the following monthly information on export proceeds repatriation and its conversion to DFE on or before the 15th of the next month.

- Export proceeds repatriations in respect of all export of goods and/or services provided outside Sri Lanka received within 180 days from the date of shipment or provisioning of services.
- Conversions of foreign currency to Sri Lanka rupee out of the export proceeds received upon utilising such proceeds for allowed authorised payments.
- Details of authorised payments out of goods export proceeds repatriation within 180 days.

Table B 7.2
Main Forex Regulations Related to Exports Proceeds Repatriation and Conversion in Selected Countries

Country	Repatriation Requirement	Applicability to Goods/Services Exports	Conversion Requirement
India	Within 15 months	Both goods and services	Foreign exchange earners are allowed to credit 100% of their foreign exchange earnings to a foreign currency account. The accruals in the account should be converted into rupees on or before the last day of the succeeding month after adjusting for utilisation of the balances for approved purposes or forward commitments.
Bangladesh	Within 7 months	Both goods and services	85% of exports of ready-made garments and other goods with high import content and 40% of the proceeds from exports of other merchandise and services exports.
Pakistan	Within 6 months	Both goods and services	85%-98% of exports proceeds of goods and 65% of services exports proceeds.
Malaysia	Within 24 months if the amount of export proceeds does not exceed RM 200,000 and within 6 months in other cases	Goods only	Since April 2021, exporters may manage the conversion of export proceeds according to their foreign currency cash flow needs. Prior to 2018, 75% of exports proceeds were to be converted.
Thailand	Within 1 year	Both goods and services	Export proceeds of an amount equivalent to US dollars 1 million or above must be repatriated and converted into Thai baht immediately after payment is received.
Turkey	Within 180 days	Goods only	At least 80% of the export proceeds need to be sold to a bank.

Sources: 2020 Annual Report on Exchange Arrangements and Exchange Restrictions of the IMF and Respective Central Bank websites

- Permitted payments in foreign currency out of the export proceeds to the local suppliers and their conversions.
- Export proceeds not repatriated within 180 days from the date of shipment or provisioning of services, in line with the requirement of the Rules on export proceeds repatriation.
- Export proceeds repatriations received exceeding 180 days from the date of shipment or provisioning of services and conversions.

Monitoring of compliance with the Rules

Based on the information reported by ADs on monthly basis, the CBSL requests exporters who do not repatriate export proceeds within 180 days from the date of shipment or provisioning of services to provide explanations for same. Based on the responses, the possibility of initiating legal actions for exporters who do not comply with the Rules on requirement of repatriation of export proceeds into Sri Lanka, is considered by the CBSL. Further, the utilisation of export proceeds for authorised payments are strictly monitored and inquiries are made from ADs in order to ensure ADs permit payments which are authorised by the Rules.

In addition to the monthly monitoring of the repatriation and conversion of export proceeds, the CBSL carries out investigations on selected exporters on their repatriation

and conversion of export proceeds by requesting information directly from such exporters. This has enabled the CBSL to verify the information reported by ADs and has facilitated streamlining of data reporting. Special investigations on foreign currency loans granted by ADs, payments to local suppliers, conversions by local suppliers etc. are also carried out by the CBSL to ensure that the utilisation and conversion of export proceeds are in line with the Rules.

Further, the CBSL conducts one-on-one meetings with exporters, sector wise meetings, meetings with compliance officers and discussions with other stakeholders of the export sector to enhance awareness on the prevailing Rules and ensure strict compliance with the same.

Timely imposition of Rules together with the subsequent stringent monitoring has resulted in a notable improvement in the repatriation of export proceeds since October 2021 (Figure B 7.1). Merchandise goods and service exports repatriation during the year 2022 amounted to US dollars 17,755.8 million, where the repatriation of goods amounted to US dollars 14,595.7 million and repatriation of services exports amounted to US dollars 3,160.1 million. The export value of merchandise goods and services for the year 2022 was US dollars 16,168.8 million.

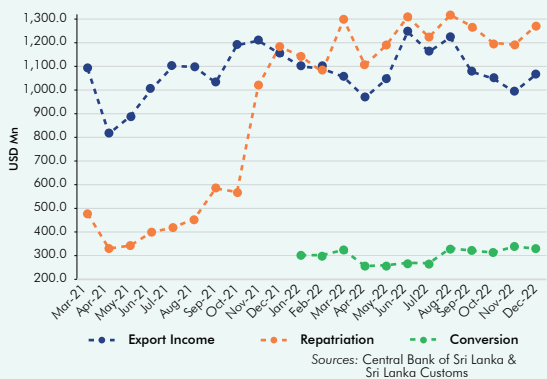
Meanwhile, monthly total conversions relating to exports of merchandise goods and services as a percentage

of export proceeds repatriated have ranged between 20.6%-28.5% during the year 2022 (Figure B 7.2 and Figure B 7.3). Attentive surveillance on the utilisation of export proceeds for authorised payments enabled a gradual pickup in conversion of repatriations during the latter part of the year. The total converted value of merchandise goods and service exports amounted to US dollars 4,220.2 million for the year 2022, comprising conversion of merchandise goods amounting to US dollars 3,614.6 million and conversion of service exports amounting to US dollars 605.6 million.

Export Proceeds Monitoring System (EPMS)

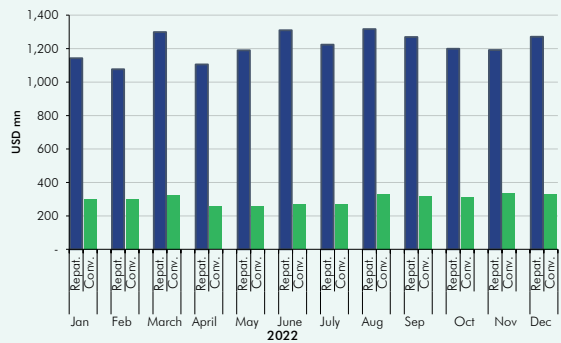
In view of the need to efficiently monitor the repatriation of export proceeds, the Export Proceeds Monitoring System (EPMS), an IT based automated monitoring system, was launched in June 2022. This system facilitates monitoring of repatriation of export proceeds within the prescribed time period and conversion of export proceeds into the local currency in order to achieve the objective of introducing the Rules. The system is expected to enhance

Figure B 7.1
Trends in Exports, Repatriation and Conversion of Merchandise Goods Export Proceeds



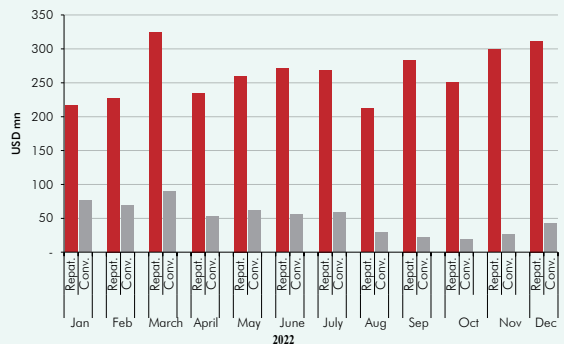
Sources: Central Bank of Sri Lanka & Sri Lanka Customs

Figure B 7.2
Trends in Repatriation and Conversion of Merchandise Goods: January - December 2022



Source: Central Bank of Sri Lanka

Figure B 7.3
Trends in Repatriation and Conversion of Service Exports: January - December 2022



Source: Central Bank of Sri Lanka

the efficiency of reporting and monitoring by minimising manual data processing and duplication of data entry at various stages.

The CBSL, Sri Lanka Customs (SLC) and ADs are the three main participants in the system. SLC shares details

Figure B 7.4: Overview of the EPMS

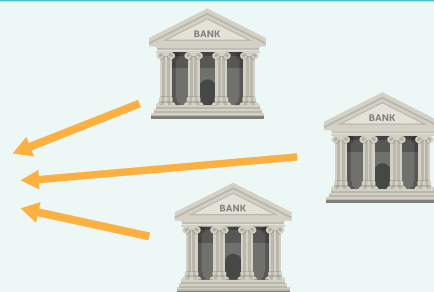
Sri Lanka Customs ASYCUDA system



Capture all information on exports of goods through a web service



Export proceeds received within the Rule will be matched through the EPMS. Unique Identification document is the CUSDEC (Custom Declaration)



ADs will match and upload remittance information with the CUSDECs. ADs will have Information on Exporters who have not repatriated within the Rule, for whom ADs will inform the actions taken.

Source: Central Bank of Sri Lanka

of all exports which are shipped out of the country in the EPMS whilst ADs report details of repatriations and conversions linked to such exports to the EPMS (Figure B 7.4). Accordingly, more accurate details of exports will be available in the future. The system will facilitate detecting where proceeds have not been repatriated within the stipulated time period and taking actions against non-compliant exporters.

The EPMS has continued to evolve since its introduction in June 2022 and certain technical lapses, such as those in the process of uploading by ADs of export remittance data based on CUSDECs³, have been successfully resolved. At present, IT solutions which link the exporters with ADs are being developed to simplify the provision of information. Accordingly, barriers in receiving and matching information on the export receipts against the

³ Custom Declaration

CUSDECs, especially on open account transactions, will be minimised. Hence, this system will improve the efficiency of the export proceeds repatriation monitoring mechanism and streamline the repatriation of export proceeds into the country, through a national system linking related information of the CBSL, SLC and ADs in the future.

The success of monitoring and follow up of export transactions via this system can only be achieved by effective collaboration of all the stakeholders of the system. Hence, it is the responsibility of all participants of this system to work towards the success of this national effort.

References

1. The Central Bank of Sri Lanka Annual Reports
2. Rules on Repatriation of Export proceeds into Sri Lanka

made in September 2022, thereby reducing the effectiveness of such restrictions. However, these measures were paramount in managing stresses in the external sector during 2022.

Several measures were taken to improve institutional support to the external sector during 2022. The Export Development Board (EDB) continued with the implementation of the NES 2018-2022, while addressing bottlenecks that hamper faster implementation, such as lack of coordination among stakeholders and lack of authority rested with the EDB to implement NES action plan activities. Accordingly, the implementation process of the NES is expected to be revisited to introduce necessary adjustments that would align with current developments, to achieve its desired goals by 2027. The EDB continued web-based and physical promotional activities and provided trade information and market intelligence for exporters. Trade chambers also contributed towards export promotion by recognising exporters and conducting Export Awards ceremonies, while helping to link-up the public and private sector stakeholders in policymaking and grievance

handling. The Sri Lanka Standards Institution (SLSI) continued the process of formulating and upgrading national standards. In this regard, the SLSI published 204 standards in 2022 and revised 128 standards. In order to improve the quality assurance of imported items, the SLSI registered several overseas manufacturers and laboratories, while new testing facilities and test methods were developed for various products. Amidst the challenging market environment, the Sri Lanka Export Credit Insurance Corporation (SLECIC) reported about Rs.70 billion worth of insured businesses, partly supported by the depreciated exchange rate. Since the National Single Window platform is not yet available, Sri Lanka Customs (SLC) continued its measures to integrate about 15 governmental regulatory agencies into the ASYCUDA system to facilitate trade. Meanwhile, SLC streamlined its activities further, in relation to the implementation of the Trade Facilitation Agreement (TFA) of the WTO in Sri Lanka that showed more than 70 per cent overall progress by January 2023. The Presidential Commission of Inquiry, which was appointed in February 2021, to investigate and report on matters related to SLC,

handed over their final report to the President in June 2022. The report includes recommendations on how the administrative and operational processes of SLC can be effectively and efficiently carried out in the division of responsibilities.

Sri Lanka's exports under Generalised System of Preference (GSP) schemes remained unchanged in 2022, although overall earnings from exports improved over 2021. Sri Lanka continued to benefit from GSP schemes in 2022, while the facility offered by the EU, the USA and the UK contributed to approximately 72 per cent of total preferential exports of Sri Lanka. Sri Lanka is expected to benefit from the current EU GSP+ scheme until its validity period by end of 2023. Meanwhile, the new EU GSP+ 10-year cycle is expected to be in effect from 01 January 2024 to 31 December 2033 with six new International Conventions, in addition to the existing 27 conventions, in the current cycle. Sri Lanka is in a position to reapply for GSP+ as it has already ratified the six new conventions. Sri Lanka as an EU GSP+ beneficiary, continued to enjoy the same duty-free access to the UK under the UK's Global Tariffs (UKGT) during 2021 and UK GSP scheme in 2022. However, the UK introduced its new GSP Scheme "Developing Countries Trading Scheme (DCTS)" in August 2022, which will come into effect in 2023. Sri Lanka is expected to benefit from the DCTS Enhanced Preferences Scheme for 3 years from its launch. In addition, Sri Lanka continued to benefit from GSP schemes offered by several other countries, such as the Russian Federation, Australia, Canada, Turkey, Switzerland, Norway, and New Zealand, although their contribution to exports remained relatively low. The narrow export base of Sri Lanka and the low product coverage of GSP schemes prevent Sri Lanka from harnessing the full benefit of such GSP schemes.

The performance of bilateral and regional trade agreements remained unsatisfactory in 2022, while several initiatives were taken to resume trade negotiations that remained at a standstill since 2018. Under bilateral Free Trade Agreements (FTAs), Sri Lanka benefitted from the Indo-Sri Lanka Free Trade Agreement (ISFTA) and the Pakistan-Sri Lanka Free Trade Agreement (PSFTA). Exports through FTAs with India and Pakistan remained high in 2022, as a share of total exports to these countries, at 65 per cent and 73 per cent, respectively. Meanwhile, imports under ISFTA and PSFTA continued to be low during the year, with shares of only 3 per cent (US dollars 119 million) and 4 per cent (US dollars 13 million) of total imports from India and Pakistan, respectively. Meanwhile, the Department of Commerce (DOC) updated the Non-Tariff Measures dossier in 2022, incorporating suggestions proposed by stakeholders with regard to ISFTA implementation related issues, including either the removal of the current quota restriction of 8 million pieces on apparel or to further increase the quota. Trade under regional trade agreements declined during 2022 with a moderation of trade under the Asia Pacific Trade Agreement (APTA), due to lower exports to China, and the Global System of Trade Preferences (GSTP), due to lower cinnamon exports to Mexico. Exports under the SAARC Preferential Trade Arrangement (SAPTA) continued to remain at marginal levels, while exports under the South Asian Free Trade Area (SAFTA) declined during 2022. These factors highlight on the importance of strengthening trade ties with regional peers to effectively execute existing regional agreements, while essentially exploring possible entry to new and broader regional partnerships, such as Regional Comprehensive Economic Partnership (RCEP). Renewed measures were taken during 2022 to expedite the review process of the Singapore-Sri Lanka Free Trade Agreement (SLSFTA), which failed to take off

Table 5.7
Exports under Preferential Trade Agreements of Sri Lanka

Preferential Agreement	2021		2022 (a)		Major Export Products (Ordered by size of export)
	Value (US\$ million)	Value (US\$ million)	Growth (%)	Share (%)	
Generalised System of Preferences (GSP)	4,312.6	4,314.7	0.05	81.4	Garments, Rubber products, Tea, Food beverages & tobacco, Machinery and mechanical appliances, Seafood,
o/w EU (including GSP+) (b)	2,402.1	2,440.3	1.6	46.0	Garments, Rubber products, Tea, Food beverages & tobacco, Seafood, Machinery and mechanical appliances
USA (c)	677.8	719.0	6.1	13.6	Garments, Rubber products, Chemical products, Food beverages & tobacco, Coconut kernel products
UK	680.7	659.0	-3.2	12.4	Garments, Machinery and mechanical appliances, Rubber products, Food beverages & tobacco, Seafood, Tea
Russian Federation (d)	132.9	125.7	-5.4	2.4	Tea, Rubber products, Coconut non-kernel products, Garments, Seafood
Australia	103.5	97.0	-6.2	1.8	Garments, Rubber products, Food beverages & tobacco, Tea, Coconut non-kernel products
Canada	87.9	86.2	-2.0	1.6	Garments, Rubber products, Coconut kernel products, Food beverages & tobacco, Seafood
Japan	87.6	80.7	-7.9	1.5	Tea, Seafood, Food beverages & tobacco, Coconut non-kernel products, Chemical products
Turkey	74.1	45.3	-38.8	0.9	Tea, Rubber products, Garments, Chemical products, Coconut Kernel products
Other GSP	66.1	61.6	-6.8	1.2	
Indo-Sri Lanka Free Trade Agreement (ISFTA) Implemented in 2000	525.8	561.5	6.8	10.6	Animal fodder, Minor agricultural products, Food beverages & tobacco, Garments, Wood and paper products
Asia-Pacific Trade Agreement (APTA) Implemented in 1975 (e)	238.6	228.4	-4.3	4.3	Garments, Tea, Chemical products, Coconut non-kernel products, Rubber products
Global System of Trade Preferences (GSTP) Implemented in 1989	91.8	62.5	-32.0	1.2	Spices, Animal fodder, Coconut non-kernel / kernel products, Base metals and articles
Pakistan-Sri Lanka Free Trade Agreement (PSFTA) Implemented in 2005	62.3	56.6	-9.0	1.1	Minor agricultural products, Coconut kernel products, Natural rubber, Coconut non-kernel products, Rubber products
South Asian Free Trade Area (SAFTA) Implemented in 2006	101.6	75.2	-26.0	1.4	Spices, Base metals and articles, Coconut kernel products, Garments, Textiles, Chemical products
SAARC Preferential Trading Arrangement (SAPTA) Implemented in 1995	1.4	1.5	1.9	0.03	Rubber products, Tea, Natural Rubber, Food beverages & tobacco
Total Exports under Preferential Agreements	5,334.2	5,300.4	-0.6	100.0	
As a Share of Sri Lanka's Total Exports	42.7	40.4			

(a) Provisional

(b) The EU-GSP provides preferential access for 66 per cent of the tariff lines on imported goods to the EU, while the EU-GSP+ provides zero duty access to the same tariff lines on imported goods to the EU.

(c) Shows GSP eligible exports since the US-GSP expired in 2020 and expected to re-authorised with retroactive basis.

(d) Includes Russia, Belarus and Kazakhstan

(e) Earlier known as the Bangkok Agreement (1975)

Sources: Department of Commerce
Sri Lanka Customs

since entering into the agreement in 2018. Accordingly, review meetings with Singapore are planned in early 2023 to discuss the amendments identified, with a view to implementing the SLSFTA at the earliest. Lack of consistency in trade policy changes, non-tariff barriers and lack of product diversification continue to hinder the potential of existing bilateral and regional trade agreements. Meanwhile, discussions on resuming negotiations on comprehensive bilateral trade agreements with Thailand (Sri Lanka-Thailand Free Trade Agreement-SLTFTA), China (China-Sri Lanka Free Trade Agreement-CSFTA) and India (Economic and Technology Cooperation Agreement-ETCA) continued in 2022. The third round of negotiations with Thailand was completed

in January 2023 while further rounds of negotiations with China and India are expected to commence during the first half of 2023. A new National Trade Negotiation Committee (NTNC) has been appointed to carry out FTA negotiations in 2022. In addition, discussions are underway to negotiate and enter into preferential trade agreements (PTAs) with Indonesia and Bangladesh, where future trade potential is high, especially in the apparel sector. The 12th Ministerial Conference of the WTO was successfully concluded in Geneva in June 2022, securing multilaterally negotiated outcomes in the form of the "Geneva Package", which contained a series of decisions on fisheries subsidies, WTO response to emergencies and WTO reforms, among others.

5.2.2 Services Account

The trade in services account recorded a higher surplus in 2022, compared to the previous year, mainly due to the increase in earnings from tourism. However, inflows to almost all other sub sectors in the services account, including freight transportation services and IT/BPO services, recorded significant contractions. As a result of these developments, the surplus in the services account amounted to US dollars 2,110 million in 2022, compared to US dollars 1,586 million in 2021.

Travel and Tourism

Tourist arrivals in Sri Lanka recorded a steady recovery in 2022 despite significant headwinds due to unprecedented disruptions amidst heightened social tensions, fuel shortages and power outages, and travel advisories, among others. This recovery was supported mainly by high global vaccination rates, increased air connectivity, along with the lifting of travel restrictions issued by major source countries. The notable exchange rate depreciation and tourism promotion campaigns also helped position Sri Lanka as an attractive destination for travel. Tourist arrivals, which started to gather momentum from late 2021, peaked in March 2022, before being hampered by heightened social tensions, shortage of fuel for domestic travel, and resultant negative publicity and travel advisories issued by major source markets. In addition to domestic factors, the Russia-Ukraine war that caused spillovers to European countries, and the outward travel ban in China also negatively impacted the recovery in tourist arrivals. However, some countries reduced the severity of their travel advisories with the dissipation of social tensions, resulting in a gradual pickup of arrivals since October 2022, and increased momentum towards early 2023. The resumption of operations of many international airlines, charter flights and cruise

tourism as well as the global promotions in many countries also contributed to the revival of tourist arrivals. Accordingly, tourist arrivals recorded a significant increase during 2022 to 719,978 from 194,495 in 2021. However, Sri Lanka has witnessed over 2 million tourist arrivals per year on average prior to the outbreak of the COVID-19 pandemic. This implies that Sri Lanka's tourism industry must recover faster to reach its maximum potential.

Europe continued to be the largest source region of tourists arrivals to Sri Lanka, while India remained the largest single country of tourist arrivals. According to the Sri Lanka Tourism Development Authority (SLTDA), tourist arrivals from across all major regions increased in 2022, compared to 2021, with Europe accounting for 60 per cent of total tourist arrivals, amounting to 432,226 tourists. Asia and the Pacific region recorded the second highest arrivals with 213,537 tourists in 2022, accounting for about 30 per cent of total tourist arrivals. In terms of tourist arrivals by countries, India was the leading tourist source market in 2022, with 123,004 arrivals, accounting for about 17 per cent of total arrivals, followed by Russia (91,272), the UK (85,187), Germany (55,542), and France (35,482), collectively accounting for 54 per cent of total arrivals.

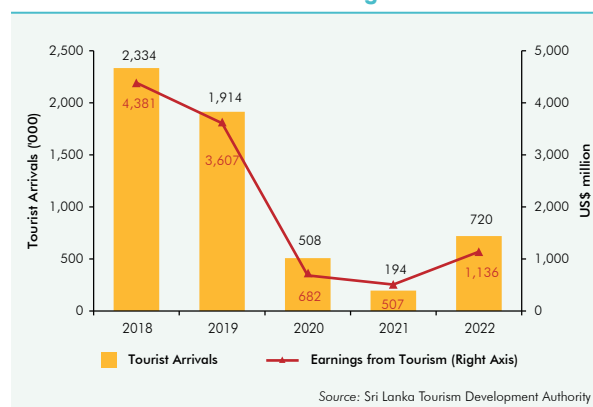
Earnings from tourism in 2022 recorded a significant increase, compared to 2021. Earnings from tourism amounted to US dollars 1,136 million, compared to US dollars 507 million in 2021, recording an impressive annual growth of 124.2 per cent. However, earnings from tourism were far below the US dollars 4.4 billion level achieved in 2018. Based on revised estimates of the SLTDA on tourist spending and duration of stay, the average spending per tourist in 2022 amounted to US dollars 169.0 per day, compared to US dollars 172.6 per day in 2021. Meanwhile, the average duration of stay by a tourist was estimated at 9.3 days

in 2022, in comparison to 15.1 days in 2021. The higher duration of stay in 2021 was mainly due to the quarantine requirements amidst COVID-19 related restrictions. Meanwhile, outward travel by Sri Lankan residents remained at moderate levels in 2022, compared to 2021, reflecting the impact of significant shortage of foreign exchange in the country.

Investment in the tourism sector was hampered in 2022, with delays and down-scaling of projects by investors, as well as disturbances in the construction industry amidst the challenging economic conditions.

SLTDA received 42 new investment projects relating to the tourism sector for approval, amounting to US dollars 68 million in 2022, with a capacity of 1,054 rooms. There was a decline of 48.8 per cent in the investment value of the projects received in 2022, compared to 2021. In terms of approved projects, the SLTDA granted approvals for 20 tourism-related projects in 2022, amounting to US dollars 36 million, with a collective capacity of 363 rooms. In addition, 95 hotel projects with 5,424 rooms are currently under construction at different levels of completion, while 25 hotel projects with a capacity of 1,623 rooms are expected to be completed by 2023. Accordingly, graded establishments,

Figure 5.10
Tourist Arrivals and Earnings from Tourism



amounting to 469, with a total capacity of 25,597 rooms, and supplementary establishments, including boutique villas, bungalows, guest houses, heritage bungalows, heritage homes, home stay units, rented apartments and rented homes amounting to 3,360, with a total capacity of 22,523 rooms, were in operation in 2022.

Several policy initiatives and various promotional programmes were carried out to attract more tourists in 2022. Sri Lanka's tourism will need to explore fresh niche markets and undertake a strong marketing campaign to take advantage of the thriving global tourism industry. Towards achieving this, SLTDA published a Strategic Plan for Sri Lanka Tourism 2022-2025 in April 2022, identifying issues, opportunities and actions proposed, in order to set an agenda for the recovery and future resilience of the tourism sector. In support of easing the arrival procedure, Sri Lanka resumed the visa-on-arrival facility for international travellers in January 2022 for most countries. Several measures were taken by SLTDA to address hardship faced by various tourism service providers amidst the pandemic and the economic crisis, such as extending the validity period of all types of tourist guide licenses, waiving off the annual registration fee of all tourist establishments and individuals listed under the SLTDA, etc. Preventive measures, which were

Table 5.8
Performance of the Tourism Sector

	2018	2019	2020	2021	2022(a)	Y-o-Y (%) 2022
Tourist Arrivals (No.)	2,333,796	1,913,702	507,704	194,495	719,978	270.2
Arrivals by Purpose of Visit						
Pleasure	1,979,819	1,592,212	444,328	157,766	428,838	171.8
Business	71,255	70,068	13,946	3,956	30,057	659.8
Other	282,722	251,422	49,430	32,773	261,083	696.6
Tourist Guest Nights ('000)	25,205	19,902	4,315	2,937	6,725	129.0
Room Occupancy Rate (%)	72.8	57.1	15.0	18.6	30.4	63.4
Gross Tourist Receipts (Rs. million)	711,961	646,362	124,189	101,903	338,052	231.7
Per Capita Tourist Receipts (Rs.)	305,066	337,755	244,609	523,936	469,531	-10.4
Total Employment (No.) (b)	388,487	402,607	347,751	357,927	386,236	7.9
Direct Employment	169,003	173,592	175,990	177,476	190,521	7.4
Indirect Employment	219,484	229,015	171,761	180,451	195,715	8.5

(a) Provisional
(b) Estimates

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

5 in place during the COVID-19 pandemic period, were removed in December 2022, including the requirement to produce a negative PCR test report on arrival. Meanwhile, the total number of SLTDA registered accommodations increased in 2022. The Central Bank requested the banks to provide concessions to affected borrowers in all economic sectors, including tourism, on a case-by-case basis, for a six month period till December 2022, taking into account the extraordinary macroeconomic circumstances that prevailed during 2022. The Sri Lanka Tourism Promotion Bureau (SLTPB) organised familiarisation campaigns for travel agents from Russia and Ukraine in order to attract more tourists from the CIS region, while such initiatives were expanded to the Middle Eastern region as well. Further, various promotional campaigns, such as film tourism and the hosting of road-shows were held, targeting the Indian market. Meanwhile, the Sri Lanka Wellness Tourism Stakeholder Project was officially launched in February 2022. Also, some of the hotels and resorts in Sri Lanka have received accolades in various forums within the global tourism industry. Accordingly, Sri Lanka was accredited as 'One of the world's safest countries to travel' by Worldpackers and 'Best destinations to travel in 2023' by Independent Magazine-UK. Moreover, Sri Lanka was recognised among the 'Top 20 places to travel' by Readers' Choice awards by Conde Nast Traveller during 2022. The tourism sector faced a multitude of challenges; an increase in electricity tariffs; taxes and levies pertaining to businesses engaging in the tourism sector; lack of skilled staff in hotels due to high labour migration; reduction in arrivals from the CIS region due to the Russia-Ukraine war; high inflation, globally and domestically; looming global recessionary conditions, and the current economic crisis in Sri Lanka. Overcoming these challenges would require combined efforts by all stakeholders of the industry.

Transport, Telecommunications, Computer and Information Services and Other Services

Most of the subsectors in the services account of the BOP, including transport, computer and information services, etc., recorded notable under performance in 2022. Both sea and air freight transport subsectors recorded negative growth. All indicators under sea freight, including cargo handling, transshipments, ship arrivals and container handling recorded negative growth during the year, particularly declining in the second half of 2022. The key reason for this decline was the gradual decline in merchandise imports after the first quarter of 2022. The depreciation of the Sri Lanka rupee, severe foreign currency liquidity shortage in the domestic foreign exchange market that led to the announcement of a debt standstill, import restrictions imposed by the Government as well as the moderation of global trade during the second half of 2022 exacerbated the aforementioned decline. This, combined with gradually decreasing international freight rates from record high prices in 2020 and 2021, due to COVID-19 disruptions, resulted in earnings from both sea and air freight transport services, declining during 2022, compared to the previous year. However, both inflows and outflows in the air passenger transport services recorded positive growth during the year, with increased tourist arrivals and the gradual resumption of Sri Lankan residents travelling abroad. Further, travel outflow remained at modest levels in 2022, similar to that of the previous year. The Information Technology led Business Process Outsourcing (IT/BPO) sector faced significant challenges during 2022. The economic instability that prevailed within the country prompted many professionals in the sector to explore better opportunities beyond the country, resulting in a significant dearth of

experienced professionals in the industry. Further, the mandatory conversion of proceeds of exports of services, which was in force for a short period during 2022, was also perceived by the industry as unfavourable. This situation was aggravated with a general slowdown in global outsourcing sources and layoffs in technical level employees. As a result of these adverse developments, the export of computer services recorded a negative growth in 2022, compared to 2021. Inflows to other services exports subsectors, including financial services, construction services, government services and other business services, also recorded negative growths during the year, coinciding with the decline in economic activities and economic instability that prevailed during the year.

5.2.3 Primary Income

The primary income account deficit recorded a marginal moderation in 2022, compared to 2021. The primary income account outflows reflected all interest payments, including those interest payments in arrears due to the temporary suspension of related government external debt servicing since mid-April 2022.¹ Accordingly, the primary income account deficit amounted to US dollars 1,874 million in 2022, compared to US dollars 1,959 million in 2021. There was a notable increase in outflows of dividends from foreign direct investment enterprises during the year, compared to the previous year. This was mainly due to some large FDI companies, listed in the CSE, declaring sizable dividends. However, reinvested earnings of FDI companies were lower in 2022 compared to the previous year. Meanwhile, coupon payments of portfolio investments, including arrears, declined marginally, with the outstanding liability of International Sovereign Bonds (ISBs) reducing,

consequent to the repayment of an ISB in July 2021 and January 2022. However, there was a notable increase in interest payments on foreign loans, including arrears, with all sectors including the Government, banking sector and private corporations paying higher interest expenses. This high level of interest expenses may be possibly due to higher interest payments on variable interest rate loans with the increase in global interest rates as well as the increased risk premia faced by Sri Lankan banks and corporations due to the suspension of selected external debt servicing and the downgrade of the country's credit ratings. Meanwhile, the income from reserve assets declined with the notable decline in the gross official reserves during 2022.

5.2.4 Secondary Income

The surplus in the secondary income account declined in 2022, compared to the previous year, despite a significant revival in workers' remittances in the second half of 2022. Workers' remittances amounted to US dollars 3,789 million in 2022, compared to US dollars 5,491 million in 2021. This was a decline of 31 per cent in 2022, compared to 2021, limiting the surplus in the secondary income account to US dollars 3,496 million in 2022, compared to US dollars 5,228 million in 2021. Workers' remittances to the banking system remained subdued, particularly in the first half of the year, amidst the large differences in exchange rates offered by the banking system and money changers. The adjustment in the exchange rate in early March 2022, which resulted in a significant overshooting and subsequent gradual alignment of the exchange rates offered by banks with those outside the banking system helped revive workers' remittances channelled through the banking system. There was also a possibility of

¹ Based on the accrual principle of accounting, as per the 6th edition of the Balance of Payments and International Investment Position Manual (BPM6)

workers' remittances being used for financing imports in informal markets, as forex liquidity in the banking system dried up significantly. With the economy gradually stabilising towards the latter part of the year, and with greater stability in the exchange rate supported by policy measures of the Central Bank, the higher margins offered in parallel markets reduced to a bare minimum, and gradual use of banking channels for repatriation of workers' remittances resumed. Consequently, workers' remittances in the fourth quarter of 2022 were notably high, averaging around US dollars 400 million per month, compared to a monthly average of around US dollars 286 million during January-September 2022. The number of migrant workers departed for foreign employment who registered with the Sri Lanka Bureau of Foreign Employment (SLBFE) amounted to 311,056, which was a significant increase, compared to 122,264 in 2021 and 53,711 in 2020. Several policy measures were undertaken by the CBSL and the Government, encouraging migrant workers to use official channels to repatriate their remittances, including incentive schemes, while the banking sector also promoted the use of official channels for remitting money. The CBSL, in collaboration with the banking sector, Lanka Clear and other stakeholders, introduced a digital app 'SLRemit' to promote the digitalisation of repatriation of workers' remittances.

5.3 Capital Account Balance

Net inflows to the capital account remained subdued in 2022. Capital transfers to both the Government and private sector decreased in 2022, compared to the previous year with capital grants to the Government remaining modest. Accordingly, the capital account recorded a surplus of US dollars 19 million in 2022, compared to a surplus of US dollars 25 million recorded in 2021.

5.4 Financial Account

In the financial account of the BOP, net incurrence of liabilities increased notably, while net acquisition of financial assets recorded a modest increase during 2022.

Transactions in the financial account in 2022 were mainly characterised by the temporary suspension of selected external debt service payments of the Government from mid-April 2022, reflecting the unprecedented depletion of usable GOR levels. With the suspension of these debt service payments, the country's sovereign ratings applicable for external borrowing were categorised as default, causing significant difficulties in attracting financial flows to the country. Prior to the debt suspension, a maturing ISB of US dollars 500 million was repaid in January 2022, while an international swap facility of US dollars 400 million from the Reserve Bank of India (RBI) was received. With the suspension of selected external debt servicing, securing financing became extremely difficult even for meeting the funds required for essential imports. The regional countries provided prompt assistance during this period, with several credit lines to import fuel, medicine, fertiliser, etc., while extending the repayment dates of bilateral credit lines and international swap liabilities. Consequently, the Government received around US dollars 2,391 million in foreign loans during 2022, which was the major inflow to the financial account. This comprised of emergency credit facilities as well as emergency assistance of multilateral agencies by diverting and repurposing the contracted funds for development projects towards emergency funding assistance.

Net incurrence of liabilities recorded an increase during 2022. Net incurrence of liabilities recorded a net increase of US dollars 2,030 million in 2022, compared to a net increase of US dollars 2,098 million in 2021. FDI flows, including foreign

loans to direct investment enterprises (DIEs), recorded an improvement in 2022, compared to the previous year, albeit remaining well below the country's potential and FDI flows to regional peers. The main contribution to FDI came in the form of increased equity investments, which was partly attributable to some major companies listed in the CSE opting to invest their profits due to the inability to repatriate dividends abroad because of the dearth of foreign exchange in 2022. Further, there was a notable increase in shareholder advances and intercompany loans to companies registered with the Board of Investment (BOI) of Sri Lanka. Meanwhile, foreign loans inflows from unrelated parties to BOI companies also recorded an increase in 2022. As a result, FDI, including foreign loans, amounted to US dollars 1,181 million in 2022, compared to US dollars 779 million in 2021. Out of the total FDI, including loans, US dollars 1,076 million were for companies registered with the BOI. Further, FDI, excluding loans, amounted to US dollars 898 million in 2022, compared to US dollars 592 million in 2021. On a sector-wise basis, FDI inflows to BOI registered companies were mainly to telecommunications, manufacturing and property development, while FDI flows to CSE companies, not registered with the BOI, were mainly to logistics and fuel, gas and petroleum sectors. Further, FDI flows to the West Container Terminals in the Colombo Port also started to materialise in the latter part of 2022. FDI flows to the Colombo Port City and the Hambantota Port project are expected to materialise in the near term.

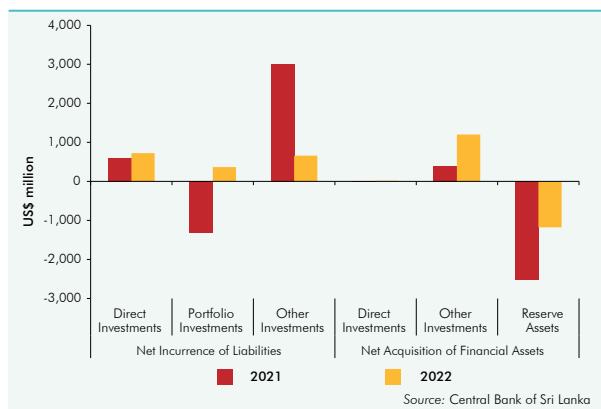
Portfolio investment, including equity investments by minority shareholders to the CSE and foreign investments in government securities, increased during the year, compared to a reduction in the previous year. Non-resident holdings of rupee

Table 5.9.A
Financial Account

Item	US\$ million			
	2021 (a)		2022 (b)	
	Net Acquisition of Financial Assets	Net Incurrence of Liabilities	Net Acquisition of Financial Assets	Net Incurrence of Liabilities
Financial Account	-2,113	2,098	84	2,030
Direct Investment	17	592	15	898
Equity and Investment Fund Shares	13	312	11	289
Equity other than Reinvestment of Earnings	9	23	7	125
Reinvestment of Earnings	4	289	3	164
Debt Instruments	5	281	5	610
Portfolio Investment	-	-1,547	-	355
Equity and Investment Fund Shares	-	-232	-	137
Debt Securities	-	-1,315	-	218
General Government	-	-1,315	-	212
Short Term (Treasury Bills)	-	-2	-	30
Long Term	-	-1,313	-	183
Treasury Bonds	-	-25	-	21
Sri Lanka Development Bonds	-	-2	-	2
Sovereign Bonds	-	-1,285	-	159
Issuances	-	-	-	-
Maturities	-	-700	-	-391
Secondary Market Transactions	-	-586	-	-
Accrued Interest	-	-	-	551
Other Sectors	-	-	-	6
Long-term	-	-	-	6
Accrued Interest	-	-	-	6
Financial Derivatives	-	-	-	-
Other Investment	387	3,053	1,302	776
Currency and Deposits	306	4,016	514	272
Central Bank	-	1,375	-	403
Short Term	-	1	-	...
Long Term	-	1,374	-	403
International Swaps	-	1,374	-	400
Accrued Interest	-	-	-	3
Deposit-taking Corporations	306	2,641	514	-131
Short Term	256	2,641	605	-131
Long Term	50	-	-91	-
Memorandum Items				
Foreign Direct Investment (FDI)				
Equity other than Reinvestment of Earnings		23		125
BOI companies (c)		29		72
CSE companies (d)		-6		45
Other Companies		-1		8
Reinvestment of Earnings		289		164
BOI companies (c)		284		153
CSE companies (d)		5		-39
Other Companies		-		50
Intercompany Loans		281		610
BOI Shareholder Advances		162		204
BOI Intercompany Loans		119		365
Other Companies		-		41
Total FDI (1)		592		898
Loans to BOI Companies (2)		187		282
Total FDI, Including Loans to BOI Companies (1 + 2)(e)		779		1,181
Total Net Inflows to the CSE		-238		182
Direct Investment		-6		45
Portfolio Investment		-232		137
Net Foreign Investments in Rupee Denominated				
Government Securities (Treasury Bills and Bonds)		-27		51
Foreign Purchases		17		69
Foreign Sales		44		18
Continued on page - 180				

- (a) Revised
 (b) Provisional
 (c) Companies registered with the Board of Investment (BOI)
 (d) Companies listed in the Colombo Stock Exchange (CSE) and not registered with the BOI
 (e) Any difference with the estimates of BOI is due to differences in coverage and compilation methodologies.

Source: Central Bank of Sri Lanka

Figure 5.11
Financial Account

denominated government securities remained significantly low due to high divestiture of these instruments by foreign investors in the past few years. In terms of ISB repayments, the Government repaid US dollars 500 million in early 2022. The ISB repayment of US dollars 1,000 million, which was due in July 2022, was subjected to the temporary suspension. As per the accrual concept of reporting BOP statistics, arrears due to non-payment of coupon payments and interest on foreign loans have to be added to the outstanding liability of the respective debt instrument. Accordingly, US dollars 551 million of ISB coupon payments were recorded as accrued ISB interest payments to non residents, while US dollars 149 million was recorded as accrued interest payment on foreign loans. Further, US dollars 6 million was recorded as accrued interest on international bonds to non residents, which were issued by state owned business enterprises (SOBEs). Meanwhile, trade credits and advances recorded a significant decline in liabilities as the Ceylon Petroleum Corporation (CPC) continued to repay its trade credit liabilities throughout the year, while being unable to secure new trade credit facilities during the year. Foreign loan exposure in the banking sector declined during the year due to fewer new foreign borrowings, while continuing to pay off existing borrowings, particularly with increased foreign exchange liquidity in the banking system in the latter part of 2022. Meanwhile, the

Central Bank continued to repay the IMF-EFF arrangement obtained during 2015-2019, while the Government continued to repay foreign loans obtained from other multilateral organisations that were not subjected to the debt standstill.

Table 5.9.B
Financial Account

Item	US\$ million			
	2021 (a)		2022 (b)	
	Net Acquisition of Financial Assets	Net Incurrence of Financial Liabilities	Net Acquisition of Financial Assets	Net Incurrence of Financial Liabilities
Continued from page - 179				
Other Investment				
Loans	-	-1,503	-	-92
Central Bank	-	-57	-	-140
Credit and Loans with the IMF	-	-57	-	-140
Extended Fund Facility	-	-57	-	-140
Deposit-taking Corporations	-	-2,152	-	-1,645
Short Term	-	-2,169	-	-1,301
Long Term	-	17	-	-344
General Government	-	873	-	1,679
Long Term	-	873	-	1,679
Disbursements	-	2,544	-	2,391
Accrued Interest	-	-	-	133
Repayments	-	-1,671	-	-845
Other Sectors (c)	-	-167	-	13
Long Term	-	-167	-	13
Disbursements	-	187	-	332
Accrued Interest	-	-	-	16
Repayments	-	-354	-	-335
Trade Credit and Advances	257	-426	282	-895
Deposit-taking Corporations	-3	-	-27	-
Short Term	-3	-	-27	-
Other Sectors (d)	260	-426	310	-895
Short Term	260	-426	310	-895
Other Accounts Receivable/Payable	-176	180	506	1,492
Central Bank	-	180	-	1,492
Short Term (e)	-	180	-	1,492
Deposit-taking Corporations	-176	-	506	-
Short Term	-176	-	506	-
Special Drawing Rights	-	787	-	-
Reserve Assets	-2,517		-1,234	
Monetary Gold	-212		-152	
Special Drawing Rights	123		-118	
Reserve Position in the IMF	-		-58	
Other Reserve Assets	-2,428		-906	
Currency and Deposits	1,536		-895	
Claims on Monetary Authorities	1,055		-526	
Claims on Other Entities	481		-369	
Securities	-3,967		-11	
Debt Securities	-3,967		-11	
Long Term	-3,967		-11	
Other Claims	3		...	
Financial Account (net)	-4,211		-1,946	
Memorandum Items				
Long Term Loans to the Government (net)		873		1,679
Disbursements		2,544		2,391
Accrued Interest		-		133
Repayments		-1,671		-845

(a) Revised

Source: Central Bank of Sri Lanka

(b) Provisional

(c) Includes State Owned Business Enterprises (SOBEs) and private sector companies

(d) Includes trade credits received by the Ceylon Petroleum Corporation (CPC) and other private companies

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

Corporate sector borrowings also remained significantly limited, and net inflows remained negligible to the sector during the year.

Net acquisition of financial assets recorded a marginal increase during 2022. Net acquisition of financial assets recorded a marginal increase of US dollars 84 million in 2022, compared to a net decline of US dollars 2,113 million in 2021. GOR declined by US dollars 1,234 million during the year, mainly due to the debt service payments prior to the debt suspension from mid-April 2022, and the need to supply foreign exchange to the banking system to facilitate imports of essential goods amidst significant BOP pressures. However, net acquisition of assets in terms of currency and deposits, and other accounts receivable, increased in the banking sector, particularly in the latter part of 2022. Trade credit and advances extended by Sri Lankan exporters to non-residents increased during the year with the increase in merchandise exports in 2022, compared to the previous year.

5.5 Overall Balance

The overall balance of the BOP, which represents the change in net international reserves, continued to record a significant deficit in 2022. GOR declined notably in 2022, due to the continued moderation of inflows to the financial account, external debt service payments made prior to the temporary suspension of external debt service payments of the Government and net sales to the domestic foreign exchange market by the Central Bank, primarily for importation of essential imports during the year. While the reserve assets declined during the year, the reserve related liabilities recorded a significant increase with the receipt of an international swap facility from the RBI of US dollars 400 million, as well as the accumulation of Asian Clearing Union (ACU) liabilities by US dollars 1,492 million during the year. Consequently, net international reserves recorded a substantial

deficit by end 2022, resulting in a deficit of the overall balance of US dollars 2,806 million in 2022, compared to a deficit of US dollars 3,967 million in 2021.

5.6 International Investment Position (IIP)

Sri Lanka's external liability position declined, while the external asset position remained at similar levels at end 2022, compared to end 2021. The country's external liability position amounted to US dollars 58,862 million at end 2022, compared to US dollars 63,967 million at end 2021. This was mainly due to the decline in market value of ISBs held by the Government. Meanwhile, the country's external asset position amounted to US dollars 8,830 million at end 2022, compared to a similar level at end 2021. Reserve asset position recorded a significant decline, while the banking sector foreign assets increased, resulting in the total asset position remaining at around the same levels at the end of the year. Consequently, the net liability position of the IIP declined to US dollars 50,032 million at end 2022, compared to US dollars 55,210 million at end 2021.

Sri Lanka's external asset position with non-residents remained at similar levels during 2022. There was a notable decline in the GOR from US dollars 3,139 million as at end 2021 to US dollars 1,898 million, as at end 2022.² However, there was a significant increase in the asset position of deposit taking corporations, with currency and deposits positions, and other accounts' receivable position recording a notable increase during the year, mainly due to the gradual increase of foreign currency liquidity in the domestic foreign exchange market towards the end of 2022. Meanwhile, the outstanding asset position of trade credit and

² Section 5.6.1 provides a detailed discussion of the reserve asset position.

Table 5.10
International Investment Position

Item	US\$ million (End period position)			
	2021 (a)		2022 (b)	
	Assets	Liabilities	Assets	Liabilities
Direct Investment (c)	1,522	16,384	1,534	13,877
Equity and Investment Fund Shares	1,482	11,050	1,489	7,933
Debt Instruments	40	5,334	45	5,944
Portfolio Investment	...	7,502	...	5,285
Equity and Investment Fund Shares	...	1,142	...	1,251
Other Sectors	...	1,142	...	1,251
Debt Securities (d)	...	6,360	...	4,035
Deposit-taking Corporations	...	-	...	-
Long Term	...	-	...	-
General Government	...	6,266	...	3,957
Short Term	...	1	...	31
Long Term	...	6,265	...	3,926
Other Sectors	...	94	...	78
Long Term	...	94	...	78
Financial Derivatives	-	-	-	-
Other Investment	4,096	40,081	5,399	39,700
Currency and Deposits	1,142	5,749	1,656	5,880
Central Bank	...	1,775	...	2,037
Short Term	...	1	...	1
Long Term	...	1,774	...	2,036
Deposit-taking Corporations	1,142	3,974	1,656	3,843
Short Term	878	3,974	1,483	3,843
Long Term	264	-	173	-
Loans	...	30,565	...	29,508
Central Bank	...	1,265	...	1,062
Credit and Loans with the IMF	...	1,265	...	1,062
Deposit-taking Corporations	...	3,172	...	1,527
Short Term	...	2,005	...	704
Long Term	...	1,167	...	823
General Government	...	21,289	...	23,562
Long Term	...	21,289	...	23,562
Other Sectors (e)	...	4,838	...	3,357
Long Term	...	4,838	...	3,357
Trade Credit and Advances	1,211	1,915	1,493	1,020
Deposit-taking Corporations	98	-	70	-
Short Term	98	-	70	-
Other Sectors (f)	1,113	1,915	1,423	1,020
Short Term	1,113	1,915	1,423	1,020
Other Accounts Receivable/Payable	1,744	523	2,250	2,028
Central Bank (g)	...	523	...	2,028
Short Term	...	523	...	2,028
Deposit-taking Corporations	1,744	-	2,250	-
Short Term	1,744	-	2,250	-
Special Drawing Rights (SDRs)	...	1,330	...	1,265
Reserve Assets	3,139	...	1,898	...
Monetary Gold	175	-	28	-
Special Drawing Rights	124	-	2	-
Reserve Position in the IMF	67	-	4	-
Other Reserve Assets	2,773	-	1,864	-
Currency and Deposits	2,729	-	1,834	-
Claims on Monetary Authorities	899	-	373	-
Claims on Other Entities	1,830	-	1,462	-
Securities	44	-	30	-
Debt Securities	44	-	30	-
Total Assets / Liabilities	8,758	63,967	8,830	58,862
Net International Investment Position	...	-55,210	...	-50,032
Memorandum Items	...	...	...	...
IIP- Maturity-wise Breakdown	8,758	63,967	8,830	58,862
Short Term	6,804	9,560	7,091	8,877
Long Term	1,954	54,407	1,739	49,985

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

Source: Central Bank of Sri Lanka

advances as at end 2022, increased from the position observed at end 2021, primarily due to the increase in trade credit advances given by Sri Lankan exporters to their customers during the year. Further, the foreign direct investment asset position recorded a marginal increase during the year.

Sri Lanka's total liability position to non-residents, declined by around US dollars 5.1 billion during the year.

The main reason for this decline was the substantial reduction in the outstanding position of ISBs, which is reflected in IIP statistics in terms of market value, from US dollars 6,233 million as at end 2021 to US dollars 3,315 million as at end 2022. However, the outstanding ISB position, in terms of face value held by non-residents, amounted to US dollars 10,800 million as at end 2022, compared to US dollars 11,191 million as at end 2021. There was a substantial decline in the market value of Sri Lanka's outstanding ISBs with the announcement of the temporary suspension of repayment of certain external debt of the Government from mid-April 2022. The outstanding liability position of direct investments, which witnessed a significant increase in 2021 due to a substantial increase in market prices of a number of DIEs listed in the CSE, recorded a notable reduction with the decline in market prices of these publicly listed companies in 2022. The Central Bank's outstanding currency and deposit liability position increased during the year with the receipt of an international swap facility of US dollars 400 million from the RBI. Further, the Central Bank and the Bangladesh Bank agreed to rollover the swap facility of US dollars 200 million, to be settled in 2023. Meanwhile, there was a marginal decrease in the currency and deposit liability position of deposit taking corporations during the year. Further, there was a notable decline in the outstanding foreign loan liability position of commercial banks, as banks continued to reduce

their foreign liability exposure, particularly during the latter part of the year. The outstanding foreign loan liability position of the Government increased, despite the announcement of the debt standstill, partly due to the receipt of a significant amount of emergency humanitarian assistance in the form of credit lines from India. Further, there was a significant increase in liabilities denominated as other accounts payable of the Central Bank, due to the deferment of settling the ACU liabilities during the year. Meanwhile, the Central Bank continued to repay the outstanding liability relating to IMF-EFF arrangement obtained during 2015-2019. The outstanding foreign loan liability position of the private sector, other than SOBEs, remained at similar levels during the year. In terms of liabilities of SOBEs, the Cabinet of Ministers granted approval to reclassify the foreign loan liabilities of several SOBEs that were thus far categorised under 'Other Sectors' of the IIP and external debt statistics, as 'Government' foreign loan liabilities. Accordingly, part of outstanding foreign loan liabilities of these SOBEs that were reflected under 'Other Sectors' as at end 2021 were reclassified under 'Government' as at end 2022.³

5.6.1 Reserve Asset Position

GOR declined to US dollars 1,898 million by end 2022, compared to US dollars 3,139 million recorded at end 2021. GOR at the end of 2021 and 2022 included the international swap facility from the Peoples' Bank of China (PBOC), which was valued in US dollar terms at US dollars 1,574 million and US dollars 1,433 million, respectively, due to cross currency movements. This swap facility remained inaccessible during the year as it was subject to conditionalities that could not be met during 2022. The decline in GOR during 2022 was a

³ Out of the outstanding external liabilities of SOBEs, US dollars 1,427 million were reclassified as government liabilities as at end 2022.

Table 5.11
CBSL Intervention, Foreign Currency Debt Servicing and
Gross Official Reserve

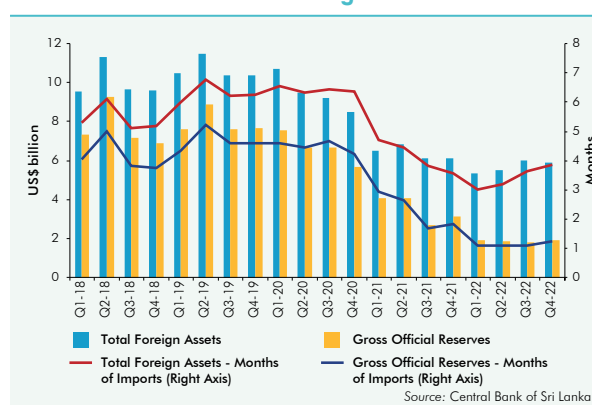
Item	US\$ million	
	2021	2022(a)
CBSL Absorption	506	2,148
Workers' Remittances Related Absorption	213	550
Exports Proceeds Related Absorption	214	1,184
Market Related Absorption	79	68
Financing Fuel Bills	-	68
Financing Coal Bills	-	278
CBSL Supply	1,253	2,716
Net Absorption	-747	-568
Foreign Currency Debt Service Payments (Interest + Capital)	6,836	3,237
Government (b)	6,354	3,077
Central Bank	481	160
Gross Official Reserves	3,139	1,898

(a) Provisional
(b) Includes foreign currency debt service payments to both residents and non-residents.

Source: Central Bank of Sri Lanka

combined result of foreign currency debt service payments, mostly in the early part of 2022, prior to the announcement of the suspension of servicing selected external debt by the Government, and the Central Bank's intervention in the domestic foreign exchange market by providing foreign exchange liquidity on net basis in order to facilitate essential imports. These early debt service obligations mainly included the repayment of the US dollars 500 million ISB, that matured in January 2022. The Central Bank's intervention in the domestic foreign exchange market by way of supplying foreign exchange to finance essential imports of US dollars 2,716 million also contributed to the decline in the GOR level during the year. Meanwhile, there

Figure 5.12
Quarterly Gross Official Reserves
and Total Foreign Assets



5

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

Item	US\$ million (End period position)				
	2018	2019	2020	2021	2022 (a)
1. Government Foreign Assets	817	386	155	177	39
2. Central Bank Foreign Assets	6,102	7,256	5,510	2,962	1,858
3. Gross Official Reserves (1+2)	6,919	7,642	5,664	3,139	1,898
4. Foreign Assets of Deposit-taking Corporations	2,664	2,760	2,856	2,983	3,976
5. Total Foreign Assets (3+4) (b)	9,583	10,402	8,521	6,122	5,874
6. Reserve Related Liabilities (c)	1,425	1,771	2,121	3,562	5,127
7. Net International Reserves (NIR) (3-6)	5,495	5,871	3,543	-423	-3,229
8. Overall Balance (d)	-1,103	377	-2,328	-3,967	-2,806
9. Gross Official Reserves in Months of:					
9.1 Import of Goods	3.7	4.6	4.2	1.8	1.2
9.2 Import of Goods and Services	3.1	3.7	3.7	1.8	1.2
10. Total Foreign Assets in Months of:					
10.1 Import of Goods	5.2	6.3	6.4	3.6	3.9
10.2 Import of Goods and Services	4.3	5.1	5.6	3.4	3.7

(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

5 were only moderate foreign exchange inflows in 2022 other than the international swap facility from the RBI, inflows linked to ACU liabilities that remain unpaid, emergency credit lines of humanitarian assistance from India, and project loans and emergency assistance from multilateral institutions. Consequently, the GOR level at end 2022 was equivalent to 1.2 months of merchandise imports in comparison to the import cover of 1.8 months at end 2021.

The GOR level remained at critical levels due to the significant liquidity shortage in the domestic foreign exchange market and lack of access to foreign financing sources. The external sector was significantly strained due to the significant liquidity shortage in the domestic foreign exchange market, lack of access to foreign financing sources, and the critically low level of GOR. In this context, to gradually build-up GOR, the Central Bank continued to maintain the mandatory sales requirement from licensed banks (LBs) to the Central Bank from the

converted workers' remittances and compulsorily converted export proceeds in 2022. In addition, the Central Bank also absorbed forex from the banking system on an intermittent basis in 2022 by establishing fuel and coal funds specifically to facilitate the financing of imports of fuel and coal. Accordingly, the Central Bank supplied US dollars 2,716 million to the domestic forex market to primarily facilitate the importation of essential imports, such as fuel, coal, LP gas, medicine, and essential food. This was accomplished by utilising the foreign exchange mobilised through the mandatory sales by LBs to the Central Bank, from the conversions on account of workers' remittances and export proceeds, as well as foreign exchange absorbed to the fuel and coal funds. These measures helped meet the basic needs of the country, even in the absence of specific bridging finances in 2022, thereby minimising the adverse impact of the BOP crisis to a certain extent. Further, the Central Bank continued with servicing foreign currency debt service payments of both the Central Bank and the Government, amounting to US dollars 3,237 million in 2022. These debt servicing included the external debt obligations to multilateral agencies that were continued to be honoured in 2022, despite the announcement of the debt standstill in mid-April 2022, causing a significant drain from GOR in 2022.

Foreign asset position of the banking sector recorded a significant increase, while the total international reserve position declined during 2022. The foreign asset position of the banking sector increased from US dollars 2,983 million as at end 2021 to US dollars 3,976 million by end 2022 particularly due to the gradual build up of foreign currency in the banking system during the latter part of 2022. Consequently, total international reserves, which comprise both

GOR and foreign assets of the banking sector, declined in 2022 mainly due to the decline in official reserves, although holdings of foreign assets of deposit taking corporations recorded an increase. Total foreign assets of the country were equivalent to 3.9 months of merchandise imports by end 2022, compared to 3.6 months of imports by end 2021.

5.7 External Debt and Debt Servicing

5.7.1 External Debt

Sri Lanka's external debt reduced by end 2022, mainly due to the significant reduction in the market values of ISBs that were issued by the Government. Total external debt of the country amounted to US dollars 49,678 million at end 2022, compared to US dollars 51,775 million by end of 2021. Despite a notable increase in the outstanding foreign loans, the total external debt of the Government remained at similar levels, due to the reduction in the outstanding value of ISBs issued by the Government, which are valued at market prices. Although the temporary suspension of foreign loans of the Government other than loans due to multilateral lenders provided some respite in terms of lesser foreign loan repayments, the Government obtained a number of emergency credit facilities for the importation of essential goods including fuel, medicine and fertiliser, from India, in the form of bilateral loans, resulting in a significant increase in foreign loan disbursements as a whole during 2022. Further, accrued interest of project loans and ISB coupon payments that are in arrears due to the suspension of servicing of selected external debt since mid-April 2022, have also been included in the outstanding debt of respective debt instruments.⁴ This has resulted in further increasing

outstanding government foreign loan liabilities, despite the lack of commercial borrowings by the Government subsequent to the debt standstill. The outstanding external debt of the Central Bank also recorded a significant increase with the receipt of an international swap facility from the RBI, categorised under currency and deposits, and the accumulation of ACU liabilities categorised under 'other accounts payable'. However, the outstanding external debt of deposit taking corporations declined significantly, with commercial banks reducing their outstanding foreign loans, and currency and deposit liability exposure, particularly in the latter part of the year. The commercial banks were unable to access credit lines with the sovereign ratings downgrade in

Table 5.13. A
Outstanding External Debt Position

Item	US\$ million (End period position)	
	2021(a)	2022(b)
General Government	27,556	27,518
Short Term	1	31
Debt Securities	1	31
Treasury Bills (c)	1	31
Long Term	27,555	27,488
Debt Securities	6,265	3,926
Treasury Bonds (c)	8	34
Sri Lanka Development Bonds (d)	24	27
International Sovereign Bonds (e)	6,233	3,866
Market Price		3,315
Accrued Interest		551
Loans	21,289	23,562
Outstanding Foreign Loans		23,413
Accrued Interest of Government Foreign Loans		149
Central Bank	4,892	6,391
Short Term	526	2,029
Currency and Deposits	3	15
Other Accounts Payable	523	2,014
Asian Clearing Union Liabilities	523	2,014
Long Term	4,367	4,362
Special Drawing Rights (SDRs) Allocation	1,330	1,265
Currency and Deposits	1,774	2,036
RBI Swap Arrangement		400
Bank of Bangladesh Swap Arrangement	200	200
PBOC Swap Arrangement	1,574	1,433
Accrued Interest Applicable to Swap Arrangements		3
Loans	1,263	1,062
Credit and Loans with the IMF	1,263	1,062
Extended Fund Facility & Emergency Assistance	1,263	1,062
Deposit-taking Corporations	7,146	5,370
Short Term	5,979	4,547
Currency and Deposits (f)	3,974	3,843
Commercial Banks	3,974	3,843
Loans	2,005	704
Commercial Banks	2,005	704
Long Term	1,167	823
Loans	1,167	823
Commercial Banks	1,084	823
Other Deposit-taking Corporations	83	-

Continued on page 186

(a) Revised
(b) Provisional
(c) Based on book value
(d) Based on face value
(e) Based on market prices
(f) Includes deposits of personal foreign currency account holders

Source: Central Bank of Sri Lanka

⁴ The non repayment of capital does not result in a change in outstanding debt liability position of the Government as reflected in the outstanding external debt statistics and the IIP.



the aftermath of the debt standstill, while continuing to repay existing debt liabilities, contributing to the reduction of the external debt of the banking sector. The outstanding external debt of private corporations also declined, mainly as a result of reduced outstanding liabilities in terms of trade credits owed by the CPC. Further, outstanding external debt of several SOBEs was reclassified as outstanding external debt of the Government by end 2022, with a decision by the Cabinet of Ministers to reclassify such loans with the recommendations of the IMF. These loans included loans related to the Hambantota Port Development Project, Mattala Hambantota International Airport Project and the Puttalam Coal power project, resulting in a notable reduction in outstanding foreign loans under the 'other sector' of external debt statistics. Further, accrued interest also accumulated with the non-repayment of a coupon payment of an international debt security issued by SriLankan Airlines. Meanwhile, outstanding external debt of direct investment enterprises recorded an increase during the year.

The total outstanding external debt of the country, as a percentage of GDP, increased during the year. As a percentage of GDP, the total outstanding external debt stood at 64.5 per cent

Figure 5.13
Sectorwise Composition of External Debt

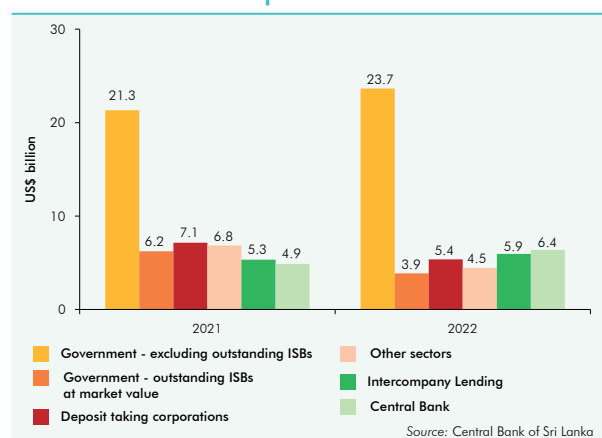


Table 5.13.B
Outstanding External Debt Position

Item	US\$ million (End period position)	
	2021(a)	2022(b)
Continued from page - 185		
Other Sectors (c)	6,847	4,454
Short Term	1,915	1,020
Trade Credit and Advances (d)	1,915	1,020
Long Term	4,932	3,435
Debt Securities (e)	94	78
Market Price of International Bonds		72
Accrued Interest of International Bonds		6
Loans	4,838	3,357
Private Sector Corporations	2,293	2,372
State Owned Business Enterprises (SOBEs)	2,545	985
Direct Investment: Intercompany Lending (f)	5,334	5,944
Gross External Debt Position	51,775	49,678
As a Percentage of GDP		
Gross External Debt	58.5	64.5
Short Term Debt	9.5	9.9
Long Term Debt	49.0	54.6
As a Percentage of Gross External Debt		
Short Term Debt	16.3	15.4
Long Term Debt	83.7	84.6
Total Accrued Interest to Non-Residents		
Government - ISB coupons		551
Government - Foreign Loans		149
Central Bank - International Swaps		3
SOBEs - International Bond Coupons		6
Memorandum Items		
Non-Resident Holdings of Debt Securities - Sectorwise Breakdown at Face Value	11,400	11,622
General Government	11,225	11,447
Treasury Bills	1	34
Treasury Bonds	9	36
Sri Lanka Development Bonds	24	27
International Sovereign Bonds	11,191	10,800
Accrued Interest of ISB coupons due to non residents		551
Other Sectors	175	175
Face Value of Total Outstanding ISBs	13,050	12,550
Outstanding ISBs Held by Non Residents	11,191	10,800
Outstanding ISBs Held by Residents (g)	1,859	1,750

(a) Revised
(b) Provisional
(c) Includes private sector and State Owned Business Enterprises
(d) Includes trade credits outstanding of the Ceylon Petroleum Corporation and private sector companies
(e) Based on Market Prices
(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

as at end 2022, compared to 58.5 per cent as at end 2021. This increase is mainly due to the significant contraction in the nominal GDP value expressed in US dollar terms, despite a significant contraction in the nominal value of the total external debt during the year. Further, the outstanding external debt position of the Government out of the total external debt position also increased to 55.4 per cent as at end 2022, compared to 53.2 per cent as at end 2021. In terms of the debt maturity profile, long term debt as a percentage of total external debt stood at 84.6 per cent as at end 2022, compared to 83.7 per cent as at end 2021.

BOX 8

Post-Debt Restructuring Policy Priorities for Strengthening External Sector Balance

Introduction

The phenomenon of concurrent deficits in the Government budget and the external current account, emanating from the imbalances caused by excessive spending over and above a country's capacity, popularly known as Twin Deficits has remained the major structural impediment and key source of macroeconomic vulnerability in Sri Lanka for many years. Sri Lanka has been experiencing persistent external current account deficits mainly driven by large deficits in the merchandise trade account and primary income account over the years. Although the trade in services account and secondary income account (mainly workers' remittances) recorded surpluses, these surpluses have not been adequate to cushion the impact of ever widening deficits in the merchandise trade and primary income accounts in the current account. Further, Sri Lanka failed to attract non-debt creating foreign financial flows, such as Foreign Direct Investment (FDI), up to the expected levels even during the post war era due to structural and policy impediments. Moreover, during the last decade, the mounting external debt of the country and the resultant large debt service payments were major contributors to the external sector imbalances worsening debt sustainability concerns. Amidst these structural weaknesses in the external sector, imprudent and swift policy changes on the fiscal front, the COVID-19 pandemic, and related uncertainties intensified its macroeconomic fragilities leading to a series of calamities. Gross official reserves declined to historical lows, with the liquid reserves falling to almost zero levels by April 2022 and the exchange rate underwent a large overshooting in early March 2022. Against this backdrop, the Government announced a debt standstill in April 2022 for an interim period, pending a debt restructuring process while commencing negotiations with the International Monetary Fund (IMF) for a financing arrangement. As Sri Lanka's debt is evaluated as unsustainable, the success of the IMF-Extended Fund Facility (EFF) arrangement relies on the progress of ongoing debt restructuring. Once debt restructuring parameters are negotiated and agreed upon with Sri Lanka's official and private creditors, the country will resume debt servicing, but on a smaller scale, with extended maturities. This first ever debt restructuring

effort would offer a once in a lifetime opportunity for the country to correct past mistakes and decisively plan future actions to ensure that the country will not suffer from a repeated debt restructuring episode, as experienced by some countries. This stresses the fact that not only the debt restructuring process, but also the way forward in the post restructuring economy should be well planned and executed to strengthen the country's fiscal and external positions and build resilience in the period ahead.

Challenges in Debt Restructuring Processes

From the 1950s to 2010 there were more than 600 incidents of sovereign debt restructuring globally involving 95 countries (Das, Papaioannou, & Trebesch, 2012). Generally, it is expected that following successful debt restructuring, a country would manage the debt sustainably going forward and recover gradually. However, out of those, not all countries were able to sustainably manage their debt after a successful debt restructuring process and those who failed experienced further defaults subsequently. There are several reasons why some countries fail to reach their potential level of economic growth and ensure external sector stability through debt restructuring, as described below:

1. **Unfavourable economic conditions:** The external environment and broader economic conditions of the country during the rebuilding phase are instrumental in determining the outcome of debt restructuring. For example, if the global economy is slowing down or if major trading partners are experiencing an economic contraction during the post debt restructuring phase, the country may struggle to achieve its potential level of growth and Balance of Payments (BOP) sustainability. There are early signs that global economic stresses could heighten in 2023 amidst tight monetary and financial market conditions, making the post debt restructuring recovery of Sri Lanka challenging.
2. **Implementation challenges:** Given the diversity of external lenders and their interests as well as geopolitical concerns, the negotiation and implementation phases of debt restructuring could

be complex. This could make reaching agreements with creditors challenging, thereby raising the risk of delays due to lengthy negotiations. A protracted restructuring process could further erode investor confidence and be a major predicament for regaining stability of the external sector.

3. **Insufficient policy measures:** Recovery in the economy following debt restructuring involves adopting a policy combination that drives the economy towards a sustainable growth path in the short and medium term with emphasis on macro-fiscal reforms and required adjustments. However, if the policy responses are not planned out effectively or lack coordination in implementation, the desired outcome may not be achieved. Considering the legacy issues faced by the external sector of Sri Lanka, the reforms package needs to be sufficiently robust.
4. **Political instability:** The recovery in the economy following a debt restructuring process essentially depends on the success of the implementation of the reform package agreed upon with creditors and adherence to targets set out therein. As the major economic reforms lack popularity, governments come under severe pressure to implement such reforms and would possibly give into lobbying from the constituency. Political stability would help rebuild confidence in the economy among the stakeholders, including investors, multilateral and bilateral lenders, and creditors. Further, political instability may lead to policy inconsistency, which could be a major setback to implementing sustainable macroeconomic adjustments. Thus, post restructuring economic revival and resilience would be conditional on the continuation of the political resolve as well as public support for reforms.
5. **Weak institutions:** Weak institutions that lead to deterioration of the rule of law, lack of transparency and accountability, and increased corruption could create an environment that is unfavourable to economic growth, while limiting the effectiveness of policy measures and eroding investor confidence.

Against this backdrop, it will be pertinent to form a vigorous policy framework that aims at restoring stability in the external sector, while creating a conducive environment for the economic activities to thrive. Accordingly, a clear strategy needs to be articulated by

the Government to implement the necessary structural reforms at the earliest possible timeframe and to source financing to repay debt obligations to creditors when the moratoria and concessions provided by creditors under the debt restructuring process come to a close and the debt obligations become due, in order to circumvent the need for repeated access to IMF bailouts and further rounds of debt restructuring in the future. Building permanent buffers on the external sector is the key to achieving a country's macroeconomic resilience. Such buffers could be a combined result of strengthening the external current and financial accounts through coordinated national policy drive and moving away from the orientation towards debt financing the budget deficit and current account deficit.

Policies for Strengthening the External Current Account

Sri Lanka's exports in the last few decades have seen no major growth drive or boom due to legacy issues, such as limited diversification, low value addition, lower integration to global value chains, and the lack of sophistication required to remain competitive amidst the overvalued exchange rate and inadequate investments in the tradable sector. In the meantime, expenditure on all categories of imports have increased at a faster pace leading to widening trade deficits, especially since 2011, mainly financed through external sector borrowings. Accordingly, any effort in addressing the external current account deficit should be focused on strategies to reduce the trade deficit by simultaneous measures to increase the earnings from merchandise exports while increasing the surplus in the services account. Demand management measures through rationalisation of imports and efforts on import substitution may be introduced only on a temporary basis to preserve economic stability, as long term adaptation of such measures might undermine the competitiveness of the economy. Further, product diversification through research and development led innovation, vertical and horizontal integration, participation in production sharing networks and linking with the global value chains through component manufacturing as well as reducing over reliance on traditional markets as export destinations by way of exploring new markets could be considered as vital initiatives. The export sector would have to be supported by conducive macroeconomic policies, particularly by maintaining a flexible exchange rate, consistent tax and

investment policies, price stability and a thereby less volatile interest rate structure, and essential infrastructure facilities. Speedy and uninterrupted implementation of the actions outlined in the National Export Strategy is essential in the national interest to achieve the intended outcomes. Policy measures aimed at promoting domestic industries that supply intermediate goods required for key exports should be implemented promptly to enhance the domestic value addition in the export sector, while effectively substituting imports through integration. A level playing field created through free trade agreements would be an added advantage. Further, initiatives focused on moving towards renewable energy sources would also reduce the country's reliance on fossil fuels in the medium to long term thereby helping to minimise the pressure on the current account stemming from fuel imports.

Meanwhile, services exports are vital in cushioning the deficit in the external current account, and hence it is imperative to exploit their full potential. As the largest service export sector, the tourism sector is showing signs of revival and to reap the maximum benefits of the tourism industry, it is imperative to diversify the tourism sector to focus more on niche and non-traditional markets and tourists that travel for different purposes other than leisure. Also, certain services exports, especially in the Information Technology/Business Process Outsourcing (IT/BPO) sector, have considerable potential to bringing in net foreign exchange flows to the country. Growth opportunities in the IT/BPO sectors have expanded with the increased digitalisation of economies worldwide following the COVID-19 pandemic. Therefore, Sri Lanka should capitalise on the availability of a skilled labour force and state-of-the-art IT infrastructure to promote itself as a digital nation. Also, secondary and tertiary IT education needs to be aligned to market demands and complement the development of human capital required to keep up with the expansion in this sector. With debt restructuring, the primary income deficit is also expected to improve and needs to create a surplus in the non-interest income account.

Promotion of workers' remittance requires active stakeholder engagement to promote foreign employment, diversifying the foreign employment market and upskilling of migrant employees to secure more foreign employment opportunities with higher earning potential and incentivising official flows of remittances

facilitated by low cost, real time, and convenient cross border fund flows. Although Sri Lanka has benefitted from workers' remittances sourced from the Middle Eastern region in the past, it is timely to promote alternative destinations offering employment for a wide range of job categories with high wage potential, especially in advanced economies, such as South Korea, Singapore, Japan, and European countries, thereby increasing the quantum of workers' remittances while reducing geopolitically driven vulnerabilities of remittance receipts. In the meantime, the large scale migration of white collar employees from Sri Lanka on a permanent basis, which will have a negative effect on workers remittances as well as long term economic repercussions due to brain drain, would have to be addressed urgently.

Policies for Strengthening External Financial Inflows

In addition to the targeted measures to address broader current account deficits, it is also necessary to supplement them by attracting more non-debt capital receipts, such as FDI and portfolio investments, into the financial account of the BOP in order to ensure greater external sector stability and improved macroeconomic stability. Attracting non-debt obligatory foreign financial inflows to improve external sector resilience will be instrumental in ensuring lasting stability of the external sector, amidst continuous foreign currency debt servicing requirements and lack of fiscal space for debt repayment. Beyond supporting the financing of the current account deficit and augmenting domestic investment, FDI fosters economic growth by generating technology spillovers, supporting human capital development, and enhancing international trade linkages through improved access to foreign markets. Sri Lanka's FDI remained acutely low compared to its regional peers over the past decades due to several legal, structural, and institutional deficiencies, such as rigid labour market regulations, difficulties in obtaining utilities, complex and inconsistent tax structures, and laborious regulatory structures, particularly related to contract enforcement, export import documentation, business startups, property acquisition, and the lack of well developed infrastructure facilities. Apart from these factors, policy uncertainty, institutional and governance weaknesses, such as perceived corruption and coordination failures continue to pose impediments to creating a conducive investment

climate in Sri Lanka. Therefore, in order to foster investor confidence, Sri Lanka needs to establish a transparent and effective policy environment by articulating a comprehensive investment policy and build the required human competencies and institutional capacities to implement policy actions. Harmonisation of foreign investment policy with other development policies and strategies, such as trade and industrial policies as well as inter agency coordination in implementing these policies remain equally important. FDI and its fringe benefits will be instrumental in helping the economy to recover in the medium to long term under the macro-fiscal adjustment programme not only by contributing to the growth drive but also through economy wide efficiency gains. While efforts have already been taken to rectify these concerns by relevant authorities, it is imperative to expedite the implementation process before global FDI flows resume to pre-pandemic levels.

There is also a need to limit commercial project financing and encourage financing of tradable sectors capable of generating foreign exchange to service debt. A clear and transparent evaluation and selection mechanism for external loans should be established, while improving the transparency and accountability to the public on the external borrowing, their usage, and economic implications in order to enhance the effective utilisation of the borrowings and to reduce the pressure in the domestic foreign exchange market and external reserves of the country. Further, it is needed to articulate a strategy to improve sovereign ratings to reduce high risk premiums associated with external borrowings. Nevertheless, as country ratings improve in the period ahead, the tendency for increasing the share of commercial borrowings in the overall debt portfolio needs to be prevented. It is also possible to seek the feasibility of exploring the low cost funding options for essential projects, such as those in the areas of energy and food security, and climate adoption through sustainable financing options widely being made available globally while the use of green financing options would be beneficial. The IMF-EFF arrangement gives the opportunity to enhance market sentiments to attract foreign funds to the country which would support building up official reserves. Authorities need to restore debt sustainability by meeting targets set out over the medium to long term, such as by reducing the level of public debt below 95 per cent of GDP by 2032,

reducing the average central government Gross Financing Needs (GFNs) in 2027–32, including the materialisation of contingent liabilities below 13 per cent of GDP so that rollover risks under stress are manageable, keeping foreign exchange debt servicing of the central government below 4.5 per cent of GDP in any year during 2027-32, and ensuring that the fiscal and external financing gaps are closed.

Conclusion

In view of the above, the implementation of structural reforms focusing not only on restoring near term stability but also on rebuilding the nation with adequate safeguards and resilience in the post-debt restructuring and post-IMF bailout era is vitally important for permanent revival from the current economic crisis. The persistent twin deficits experienced by Sri Lanka highlights the importance of addressing the BOP issues on a sustainable basis through a comprehensive national policy package formed in consultation with the relevant stakeholders and guarded from influences of changing political regimes. Further, non-debt creating foreign exchange generating sources need to be explored and encouraged, while reducing the need for financing of the current account deficit out of commercial external debt. Also, according to international experiences, the level of commitment by authorities towards the success of a reform programme is a key determinant of the outcome of debt restructuring and subsequent recovery of the economy. Moreover, the ongoing efforts to resolve the economic issues, including the debt restructuring process, and the macro-fiscal adjustment programme under the IMF-EFF arrangement are necessary conditions for the way forward, though these alone would not guarantee a permanent solution to the country's deep rooted structural weaknesses and macroeconomic complications unless the financing mix of government budget deficits and external current account deficits is augmented with non-debt creating financing in the period ahead.

Reference

1. Das, U., Papaioannou, M., & Trebesch, C. (2012). 'Sovereign Debt Restructurings 1950–2010: Literature Survey, Data, and Stylized Facts'. IMF Working Paper, IMF.

5.7.2 Foreign Debt Service Payments

External debt repayments in 2022, compiled in terms of actual debt repayment of capital and interest in 2022, excluding arrears, recorded a significant reduction, with the temporary suspension of servicing of selected external debt since mid-April 2022. This reduction in debt servicing was mainly due to the non-payment of capital and interest payments to non-residents other than multilateral institutions by the Government, including bilateral foreign loans, and an ISB due to commercial creditors. Accordingly, total external

Table 5.14
External Debt Service Payments

Item	US\$ million	
	2021(a)	2022 (b)
1. Debt Service Payments	4,597	2,471
1.1 Amortisation	3,187	1,710
General Government	2,377	1,236
Project Loans	1,671	845
Debt Securities	706	391
Central Bank	457	140
IMF	57	140
International Swaps	400	-
Private Sector and Deposit-taking Corporations	354	335
Foreign Loans	354	335
1.2 Interest Payments	1,410	761
General Government	1,187	465
Project Loans	394	273
Debt Securities	793	192
Central Bank	15	58
IMF	15	42
International Swaps	1	16
Private Sector and Deposit-taking Corporations	197	207
Foreign Loans	184	200
Debt Securities	12	6
Intercompany Debt of Direct Investment Enterprises	11	31
2. Earnings from Export of Goods and Services	14,974	16,169
3. Receipts from Export of Goods, Services, Income and Current Transfers	20,587	20,211
4. Debt Service Ratio		
4.1 As a Percentage of 2 above		
Overall Ratio	30.7	15.3
Excluding IMF Transactions	30.2	14.2
4.2 As a Percentage of 3 above		
Overall Ratio	22.3	12.2
Excluding IMF Transactions	22.0	11.3
5. Government Debt Service Payments		
5.1 Government Debt Service Payments (c)	3,564	1,701
5.2 As a Percentage of 1 Above	77.5	68.8

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

Source : Central Bank of Sri Lanka

debt service payments in 2022 amounted to US dollars 2,471 million, compared to US dollars 4,597 million in 2021. Capital repayments by the Government during 2022 amounted to US dollars 1,236 million, compared to US dollars 2,377 million in 2021. Further, interest repayment by the Government during 2022 amounted to US dollars 465 million, compared to US dollars 1,187 million in 2021. Only foreign loans due to multilateral institutions were repaid by the Government after the temporary suspension of servicing external debt. The Central Bank continued to service dues to the IMF under the previous EFF facility, while rolling over existing international swap arrangements with regional central banks. Meanwhile, the private sector continued to repay their foreign loan liabilities as usual. However, some SOBEs that had obtained foreign loans, repaid the foreign liabilities partially, and were affected by the debt suspension by the Government. These SOBEs include the National Water Supply and Drainage Board, Ceylon Electricity Board, Telecommunications Regulatory Commission of Sri Lanka and Airport and Aviation Services of Sri Lanka, while some of these non-repaid SOBE debt was reclassified to general government debt as mentioned in Section 5.7.1.

5.8 Exchange Rate Movements

The Sri Lanka rupee experienced high volatility and registered the historically largest depreciation against the US dollar during the first half of 2022, before stabilising around the guidance band introduced in May 2022. The Central Bank's intervention in the domestic foreign exchange market and the continued use of moral suasion helped maintain the Sri Lanka rupee in the range of Rs.200-203 per US dollar during early 2022. However, significant shortage in liquidity in the domestic foreign exchange market, the widening spread between the official exchange rate and 'grey market rate,' and worsening

global conditions continued to exert pressures on the exchange rate, necessitating a measured adjustment in the exchange rate that was allowed in early March 2022. However, the subsequent large overshooting of the exchange rate by market forces, amidst uncertainties, caused the Sri Lanka rupee to depreciate substantially by 41.4 per cent against the US dollar by end April 2022. To reduce this significant volatility driven by excessive speculation and its adverse spillover effects on the economy, the Central Bank introduced a variation band, announced on a daily basis, as a temporary measure to manage the intraday volatility in the exchange rate. This helped curtail large fluctuations of the exchange rate, mostly driven by excessive speculation, amidst unprecedented BOP pressures. According to this new exchange rate determination arrangement, which was introduced from 13 May 2022, a middle exchange rate was announced by the Central Bank based on the weighted average spot market exchange rate of the USD/LKR interbank transactions, with a variation margin on either side of the middle spot exchange rate. Consequently, from 13 May 2022 to

end December 2022, the Sri Lanka rupee recorded only a marginal depreciation against the US dollar. The inactive spot market, due to market uncertainties about the country's economic conditions, largely explained the broadly stable exchange rate during this period. Accordingly, the annual depreciation of the rupee was limited to 44.8 per cent against the US dollar during 2022. Meanwhile, the Central Bank supplied US dollars 568 million to the domestic foreign exchange market on a net basis during 2022, compared to a net supply of US dollars 747 million in 2021. Reflecting cross currency exchange rate movements, the Sri Lanka rupee depreciated against the euro (41.4 per cent), the pound sterling (38.1 per cent), Japanese yen (36.4 per cent) and the Indian rupee (38.6 per cent) by end 2022. The activity in the domestic foreign exchange market registered a notable improvement since late 2022 with increasing foreign exchange liquidity, positive developments on the finalisation of the EFF arrangement from the IMF, significant moderation of import demand amidst subdued activity and tight credit conditions, among others. With a view to encouraging activity in the domestic forex market and restoring a market

Table 5.15
Exchange Rate Movements

Currency	In Rupees per unit of Foreign Currency						Percentage Change over Previous Year (a)			
	End Year Rate			Annual Average Rate			End Year		Annual Average	
	2020	2021	2022	2020	2021	2022	2021	2022	2021	2022
Euro	229.42	226.86	386.93	212.07	235.10	339.04	1.13	-41.37	-9.80	-30.66
Indian Rupee	2.55	2.69	4.39	2.50	2.69	4.11	-5.33	-38.67	-6.96	-34.56
Japanese Yen	1.81	1.74	2.74	1.74	1.81	2.44	3.91	-36.46	-3.95	-25.93
Pound Sterling	254.35	270.60	437.35	238.22	273.51	396.89	-6.00	-38.13	-12.90	-31.09
US Dollar	186.41	200.43	363.11	185.52	198.88	324.55	-7.00	-44.80	-6.72	-38.72
Special Drawing Rights (SDR)	268.48	280.53	483.24	258.61	283.18	431.91	-4.29	-41.95	-8.68	-34.43
Effective Exchange Rate Indices (b) (c) (2017=100)	End Year Index			Annual Average Index			Percentage Change over Previous Year			
							End Year Index		Annual Average Index	
	2020	2021	2022	2020	2021	2022	2021	2022	2021	2022
NEER 24-currencies	83.12	79.65	47.32	85.93	78.64	53.99	-4.18	-40.59	-8.48	-31.34
REER 24-currencies	88.37	83.31	46.23	91.52	83.58	54.33	-5.72	-44.51	-8.67	-35.00

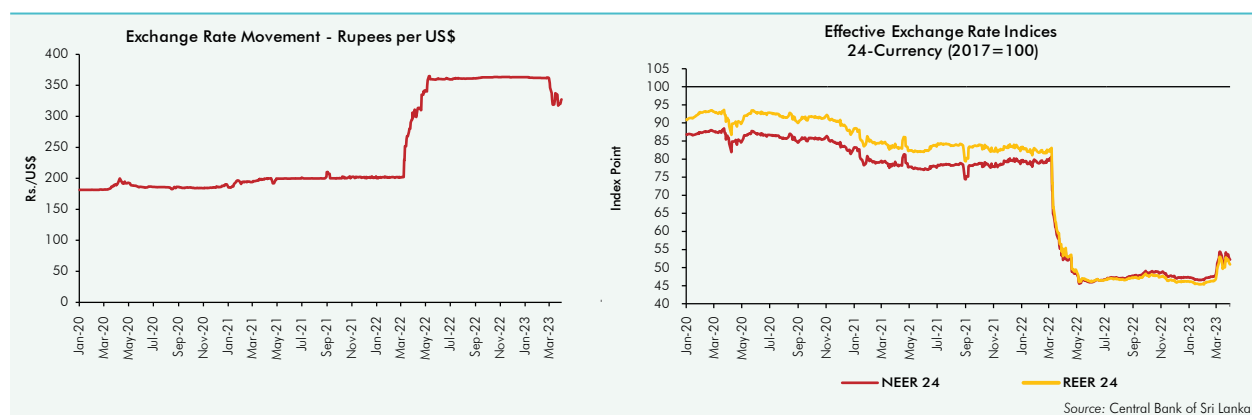
(a) Changes computed on the basis of foreign currency equivalent of Sri Lanka rupees. The sign (-) indicates depreciation of Sri Lanka rupee against each currency.

Source: Central Bank of Sri Lanka

(b) The Nominal Effective Exchange Rate (NEER) is a weighted average of nominal exchange rates of 24 trading partner and competitor countries. Weights are based on the trade shares reflecting the relative importance of each currency in each of the currency baskets. The Real Effective Exchange Rate (REER) is computed by adjusting the NEER for inflation differentials with respect to each currency in the basket. A minus sign indicates depreciation. CCPI was used for REER computation.

(c) The exchange rate has been defined in terms of indices so that the appreciation/depreciation of the rupee relative to other currencies is directly reflected by a rise/fall in the values of the effective exchange rate indices, respectively.

Figure 5.14
Exchange Rate Movements



driven exchange rate in line with the flexible inflation targeting framework of the Central Bank, the Central Bank commenced a gradual relaxation of the daily variation band, while also loosening the mandatory sales requirement. In consequence, the Central Bank lowered the mandatory forex sales requirement from conversions of export proceeds and workers' remittances, from 25 per cent to 15 per cent, on 27 February 2023, as the first step to allow increased foreign exchange liquidity in the banking system, followed by gradual widening of the variation band for the exchange rate. With these measures, steady foreign currency inflows to the services sector, workers' remittances and financial flows to portfolio investments and return of market confidence towards the finalisation of the IMF-EFF arrangement contributed towards a notable appreciation of the exchange rate during early March 2023, correcting the exchange rate overshooting witnessed in early 2022. However, the Central Bank intervened in the domestic foreign exchange market to allow for an orderly appreciation of the exchange rate amidst significant appreciation pressures in a relatively short period of time. Accordingly, the Central Bank purchased foreign exchange from the market amounting to US dollars 451 million on a gross basis during March 2023. Meanwhile, the Central Bank announced the complete removal of the guidance band and the mandatory sales requirement by licensed banks with

effect from 7 March 2023. As a combined impact of these relaxation measures and enhanced external sector outlook in the near term, the Sri Lanka rupee appreciated gradually by 10.9 per cent to Rs. 327.29 per US dollar by end March 2023.

Other major currencies depreciated against the US dollar in line with the broad-based strengthening of the US dollar, amidst policy rate hikes by the US Federal Reserve Bank. Accordingly, at the end of 2022, the euro (5.9 per cent), the Japanese yen (13.2 per cent), the pound sterling (10.8 per cent), and Indian rupee (10.1 per cent) depreciated against the US dollar. Even though the Sri Lanka rupee depreciated against the SDR by 41.9 per cent during 2022 due to the combined effect of the depreciation of the rupee against most major currencies, the Sri Lanka rupee appreciated against the SDR by 9.8 per cent by end March 2023, with the appreciation of the rupee against most major currencies during the first quarter of 2023.

5.8.1 Nominal and Real Effective Exchange Rates

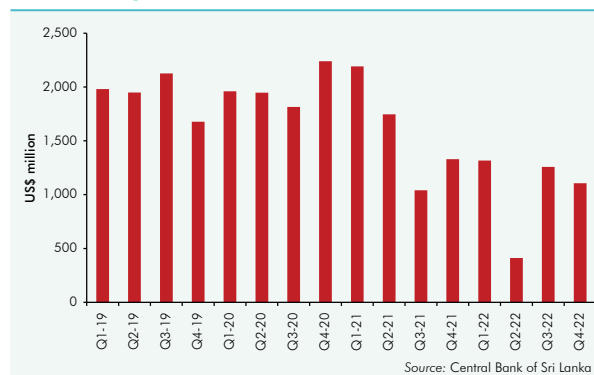
Both 5-currency and 24-currency Nominal Effective Exchange Rate (NEER) and Real Effective Exchange Rate (REER) indices underwent substantial downward adjustment during 2022. NEER indices declined, reflecting

the nominal depreciation of the Sri Lanka rupee against the selected major currencies together with the movements in cross currency exchange rates. Accordingly, the 5-currency NEER index declined by 41.1 per cent, while the 24-currency index declined by 40.6 per cent in 2022. Meanwhile, REER, which indicates Sri Lanka's external competitiveness, measured by the 5-currency and 24-currency indices, dropped during the year, by 13.5 per cent and 44.5 per cent, respectively. Overall, the REER indices remained remarkably below the threshold of 100 index points (2017=100), indicating that the exchange rate remained supportive of the country's trade competitiveness. With the sharp appreciation of the exchange rate in March 2023, both NEER and REER indices increased substantially, reflecting the nominal appreciation of the Sri Lanka rupee against the US dollar and other major currencies considered in the basket. Accordingly, 5-currency NEER indices increased by 9.4 per cent and 5-currency REER decreased by 15.5 per cent, and 24-currency NEER and REER indices increased by 10.3 per cent and 10.0 per cent, respectively, by end March 2023.

5.8.2 Developments in the Domestic Foreign Exchange Market

The transaction volumes in the domestic foreign exchange market further declined in 2022, compared to 2021. The volume of interbank foreign exchange transactions declined to US dollars 9,570 million in 2022, in comparison to US dollars 12,160 million in 2021. The total

Figure 5.15
Quarterly Inter-bank Forward Transaction Volumes



volume of spot transactions declined to US dollars 5,479 million (57.3 per cent of total transactions) in 2022, in comparison to US dollars 5,852 million in 2021. The total volume of forward transactions decreased to US dollars 4,091 million in 2022 from US dollars 6,308 million in 2021. Meanwhile, the Central Bank intervened in the domestic foreign exchange market by supplying US dollars 568 million, on a net basis, in 2022. This was a result of purchases of US dollars 2,148 million and a supply of US dollars 2,716 million. The purchase of foreign exchange from the market was mainly through mandatory sales by licensed banks on the conversion of export proceeds and workers' remittances, while the sale of foreign exchange by the Central Bank was on account of facilitating import of essential commodities. The Central Bank intervened in the domestic foreign exchange market during the first quarter of 2023 by purchasing US dollars 861 million, on a net basis in order to mitigate excessive volatility in the exchange rate, while strengthening gross official reserves.

6

FISCAL POLICY AND GOVERNMENT FINANCE

6.1 Overview

Fiscal sector imbalances that persisted for several decades reached a tipping point in 2022, resulting in a myriad of socio-economic stresses with unprecedented political ramifications. The public debt reached an unsustainable level, due to perpetual budget deficits and significant fiscal slippages in recent years amidst the COVID-19 pandemic and policy missteps, despite limitations enshrined in the Fiscal Management (Responsibility) Act, No. 3 of 2003 and its amendments as well as the Active Liability Management Act, No. 8 of 2018. Falling government revenue and rising debt service obligations over the years heightened the country's vulnerabilities to domestic and global economic shocks. A series of sovereign credit rating downgrades by international rating agencies that started in January 2020 and intensified during the second half of 2021 through early 2022 posed a formidable challenge for the Government in mobilising foreign financing required for servicing foreign debt. Lack of access to foreign financing and the depletion of usable official reserves to near-zero levels in early 2022 constrained foreign debt servicing by the Government. Consequently, the Government announced a temporary suspension of selected foreign debt service payments, on 12 April 2022. The Government had already sought assistance from the International Monetary Fund (IMF) for an Extended Fund Facility (EFF) in March 2022. However, no progress was made on negotiating an EFF as Sri Lanka's public debt has reached unsustainable level, warranting measures to initiate debt restructuring, following the announcement of the debt standstill. Subsequently, a staff level agreement was reached in early September 2022, and upon securing the financing assurances from the bilateral creditors, the Executive Board of the IMF approved the EFF budget support programme in March 2023. In the recent years, the Government was compelled to rely on domestic sources for deficit financing, and for a large part, monetary financing, which surged during 2021 and persisted through 2022, resulting in significant inflationary pressures. This warranted significant monetary policy tightening in early 2022 to stem burgeoning inflation, resulting in an upward adjustment of yields on government securities, which were heavily affected subsequently by rising uncertainties about the restructuring of domestic debt of the Government. As fiscal sector pressures mounted during 2022, the Government was compelled to frontload unparalleled fiscal reforms and policy measures aimed at regaining confidence and stability with significant adjustment costs in the near term. The Government embarked on a strong fiscal consolidation path, primarily revenue based, along with the commissioning of cost reflective pricing strategies for utilities provided by major State Owned Business Enterprises (SOBEs). However, government expenditure continued to rise despite some expenditure rationalisation measures implemented during 2022. This increase of government expenditure in nominal terms mainly reflected the large interest payments on ballooning domestic debt, and the significant increase of lending to State Owned Enterprises (SOEs) and expenditure on subsidies and transfers. Nevertheless, the

fiscal consolidation measures, along with the expansion of nominal GDP with a high deflator helped the Government to contain the deficits in main fiscal balances, in GDP terms, during 2022. The primary deficit narrowed, both in nominal terms as well as in GDP terms, compared to 2021, and a further improvement in the primary balance is warranted in the period ahead to ensure public debt sustainability. Government revenue is expected to increase in 2023, reflecting the full benefit of measures introduced in late 2022, including the expansion of Value Added Tax (VAT) and personal income tax bases and the increase of personal and corporate income tax rates. Sri Lanka is expected to complete the debt restructuring process in 2023 and bring the trajectory of public debt in line with the debt sustainability targets under the IMF-EFF arrangement over the medium to long term. With the continued efforts on revenue enhancement and expenditure rationalisation, a surplus in the primary balance is projected from 2024, thereby ensuring medium to long term public debt sustainability. In particular, expenditure cuts by the Government on non-essential and non-urgent activities would be an absolute necessity for successful completion of the IMF-EFF budget support programme. Concerted efforts of all stakeholders and the support of the public are imperative in the forthcoming period in order to ensure that the envisaged fiscal consolidation path is realised by committing to an expeditious implementation of reforms, including those of SOBEs. The realisation of fiscal consolidation is vital to ensure sustained recovery and stability of the economy and protect the vulnerable groups of society in the period ahead.

6.2 Fiscal Policy Measures

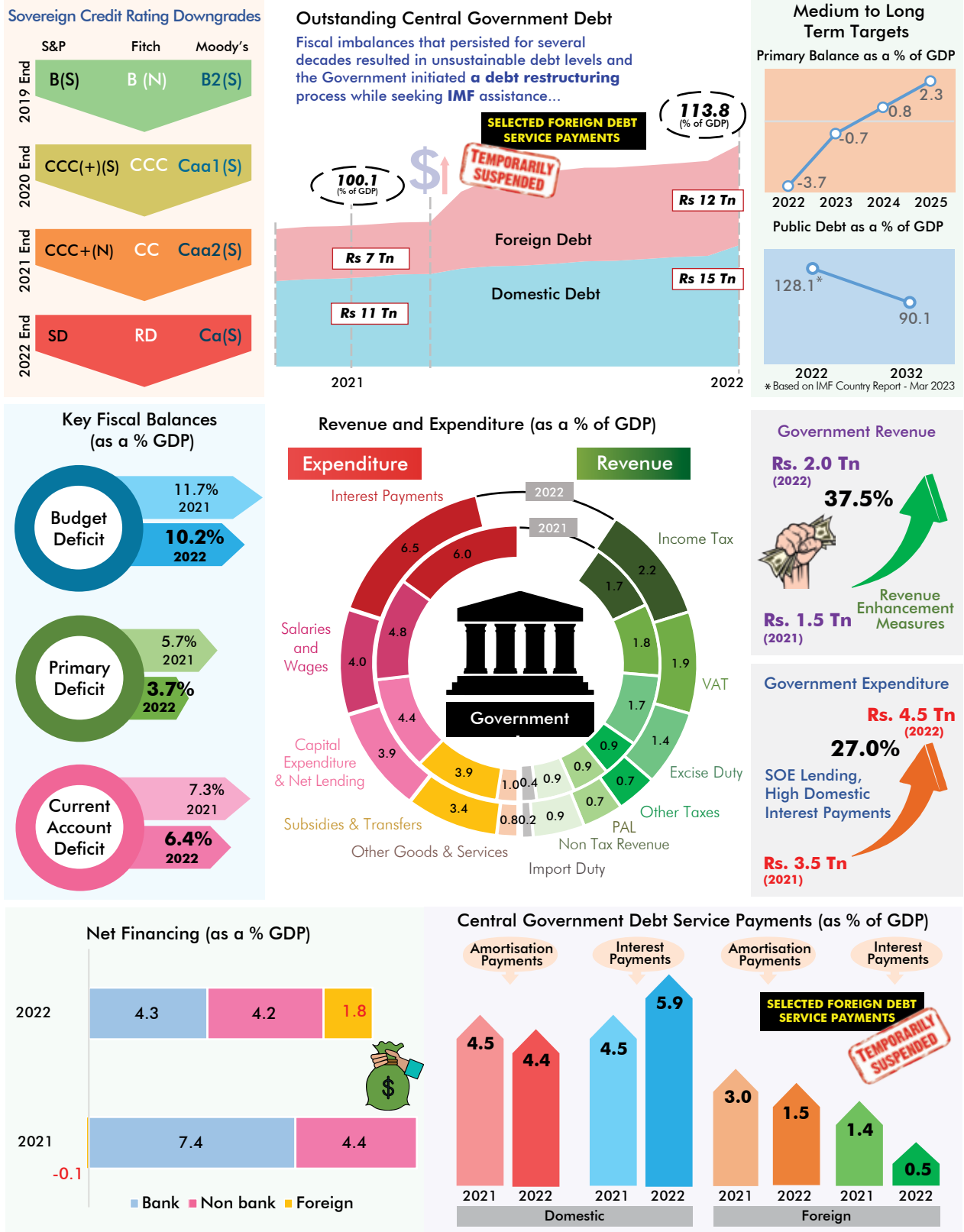
The Government initiated significant reforms in 2022 aimed at fiscal consolidation and debt sustainability, assisted mainly by the IMF-EFF budget support programme, among others. The Budget 2022 proposed ambitious targets for government revenue and expenditure, as a percentage of GDP, of 12.0 per cent and 20.8 per cent, respectively. However, these targets became challenging due to lacklustre revenue collection in the first half of the year reflecting the impact of disruption to economic activity and expenditure overruns amidst large domestic interest payments caused by the substantial increase in domestic borrowing at elevated interest rates, which were affected by the high risk premia due to debt restructuring concerns. The Government announced expenditure rationalisation measures in March and April 2022, while the Cabinet of Ministers approved several revenue enhancement measures in May 2022. In September 2022, the Parliament approved the Interim Budget 2022, which was aimed at reinforcing revenue enhancement

measures, providing further budgetary allocations on essential activities for which initial allocations remained inadequate, and making budgetary allocations in line with the changes to the structure of Ministries. As per the Interim Budget 2022, the government revenue to GDP target for the year was revised to 8.8 per cent, while envisaging lower expenditure and overall fiscal deficit of 18.6 per cent and 9.8 per cent of GDP, respectively. Accordingly, the primary deficit target for 2022 was revised to 4.0 per cent of GDP.

Several revenue enhancement measures were introduced in 2022 with the aim of reversing the declining trend in tax revenue of the Government and addressing structural weaknesses in government revenue collection. As per the Budget 2022, the Government imposed a retrospective one-off surcharge tax of 25 per cent on individuals, companies, and partnerships whose taxable income for the 2020/2021 tax assessment year exceeded Rs. 2.0 billion. Meanwhile, VAT on financial services was increased from 15 per cent to 18 per cent with effect from January 2022. Meanwhile, the VAT rate was increased from

Figure 6.1
Performance of the Fiscal Sector

Debt sustainability issue warranted fiscal consolidation and restructuring of public debt...



8 per cent to 12 per cent and the Telecommunication Levy was raised from 11.25 per cent to 15 per cent with effect from June 2022. The general VAT rate was further increased from 12 per cent to 15 per cent effective from 01 September 2022, as proposed by the Interim Budget 2022. With the enactment of Value Added Tax (Amendment) Act, No. 44 of 2022 on 15 December 2022, the threshold turnover per annum for VAT registration was brought down to Rs. 80.0 million from Rs. 300.0 million with effect from 01 October 2022, thereby broadening the tax base. In addition, effective from 01 October 2022, a Social Security Contribution Levy of 2.5 per cent on turnover was imposed on importers, manufacturers, service providers, wholesalers, and retailers, whose annual turnover exceeds Rs. 120.0 million. Moreover, the Government introduced a surcharge on selected imported items for a period of six months with effect from 01 June 2022 in consideration of sparse liquidity in the domestic foreign exchange market and the issues related to granting import licenses. Although legislative amendments were made to the income tax structure, including measures in the Inland Revenue (Amendment) Bill to amend the Inland Revenue Act, No. 24 of 2017, these amendments were effective from January 2023. Since a majority of the revenue enhancement measures that were introduced in 2022 became effective from the second half of 2022 and beginning of 2023, the full impact on government revenue from such measures is expected from 2023 onwards.

Despite the limited fiscal space, the Government initiated measures to help the vulnerable segments of the society amidst significant socio-economic stresses. In January 2022, the Government announced a relief package to support public sector employees, pensioners, and low income earners to ease the immediate financial strain caused by the economic

crisis. Accordingly, public sector employees and pensioners were paid a monthly allowance of Rs. 5,000, and the monthly allowance for Samurdhi beneficiaries was raised by Rs. 1,000 per family. Considering the escalation of government expenditure over the budgetary allocations, the Parliament approved a supplementary allocation of Rs. 695.0 billion in June 2022 (2.9 per cent of GDP) to carry on the relief package introduced in January 2022 and to allocate funds for other expenditure. In view of unprecedented hardships caused by the economic crisis, the World Bank and Asian Development Bank (ADB) repurposed some of their existing project funding to the Government to support affected communities. These funds were used for numerous activities, including the provisioning of cash grants to poor and vulnerable groups, provisioning of fertiliser for agricultural activities, purchasing of essential medicines, and purchasing of Liquefied Petroleum (LP) gas and distributing LP gas cylinders in urban and semi urban areas.

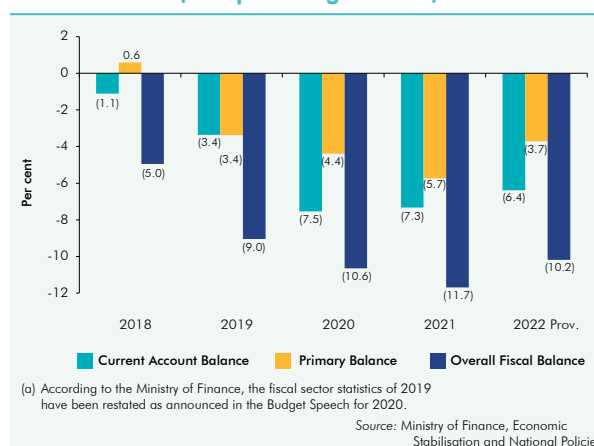
In view of the widening budget deficit and limited budgetary financing avenues for the Government, several expenditure rationalisation measures were introduced since March 2022. Accordingly, the Ministry of Finance, Economic Stabilisation and National Policies (MOF) issued a circular instructing government institutions to suspend non-essential, non-urgent capital expenditure, restrict recurrent expenditure on overtime payments, loans granted to public sector employees, and stationery and printing costs, etc., while freezing new recruitments to the public sector. Moreover, a similar circular was issued in August 2022, instructing to curtail expenditure of commercial corporations, statutory boards, and government owned companies. In consideration of the energy crisis faced by the country and

increasing government expenditure, in March 2022, the Ministry of Public Services, Provincial Councils, and Local Government issued a circular instructing to reduce expenditure on fuel and electricity of these institutions.

After a long hiatus in regular electricity tariff and fuel price adjustments, the Government revised retail petroleum prices and end consumer electricity tariffs to a cost recovery level several times, in view of persistent financial losses of Ceylon Petroleum Corporation (CPC) and Ceylon Electricity Board (CEB). The Government adjusted retail fuel prices from June 2022 onwards on a monthly basis and the Cabinet of Ministers approved the use of 2018 fuel pricing formula to determine retail prices. Meanwhile, the electricity tariffs were upwardly adjusted in August 2022 and February 2023. Further, in November 2022, the Cabinet of Ministers approved to adjust electricity tariffs to cost recovery levels in January and July every year. In future, Bulk Supply Transaction Account (BSTA) would be improved to determine cost recovery based electricity tariffs, electricity subsidy and budget transfers to the CEB in relation to the electricity subsidy. Cost reflective price adjustments are expected to strengthen the financial performance of the CEB and CPC, thereby minimising the potential fiscal burden that arises from contingent liabilities.

The gross borrowing limit for 2022 was revised several times in consideration of the large budget deficit and gross financing needs in nominal terms, thereby creating additional space for domestic financing amidst limited foreign financing. A gross borrowing limit of Rs. 3,200 billion for the year 2022 was approved under the Appropriation Act, No. 30 of 2021. In early September 2022, this limit was revised upward to Rs. 3,844 billion by the Appropriation

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



(Amendment) Act, No. 21 of 2022 in view of the increased expenses on essential activities, over the existing allocations provided in the Budget 2022 as well as increased domestic debt service payments. Moreover, in November 2022, the Parliament granted approval to further raise the gross borrowing limit for 2022 by another Rs. 663 billion to Rs. 4,507 billion in order to meet the Government's soaring funding requirement amidst elevated interest rates. Meanwhile, the Parliament approved an increase in the limit of outstanding Treasury bills from Rs. 3,000 billion to Rs. 4,000 billion in June 2022. This limit was further raised to Rs. 5,000 billion in November 2022, with a Parliamentary approval, in consideration of the rising borrowing requirement in face value terms due to high market interest rates.

Given the limited access to foreign financing amidst the debt standstill and the series of sovereign credit rating downgrades, the Government opted for a reverse graduation for Sri Lanka for a limited time period in relation to funding from International Development Association (IDA), with the aim of accessing concessional foreign financing. Sri Lanka no longer qualified for loans granted by the International Bank for Reconstruction and

Development (IBRD) owing to the lower sovereign credit ratings. Therefore, in October 2022, the Cabinet of Ministers approved a request to be made to the World Bank for funding from the IDA, which provides concessional financing to highly vulnerable countries through its 'Gap' facility. Accordingly, the World Bank approved Sri Lanka's request for IDA funding in December 2022, enabling the country to implement a macroeconomic stabilisation programme while protecting the vulnerable groups.

On 12 April 2022, the Government announced a debt standstill, as an interim measure, for identified categories of external public debt, in view of impending large foreign debt service payments of the Government with depleted gross official reserves and limited foreign exchange inflows to the country. Simultaneously, the Government announced its intention to restructure its foreign bilateral and commercial debt. The Government sought assistance from the IMF for an EFF arrangement, which required efforts to ensure debt sustainability through a debt restructuring process. Accordingly, the Lazard Frères SAS and Clifford Chance LLP were appointed as the financial and legal advisors, respectively, to facilitate the debt restructuring process of the Government. In tandem with the EFF supported programme and debt restructuring efforts, a comprehensive macroeconomic reform agenda was implemented to ensure debt and fiscal sector sustainability in the near to long term. This macroeconomic programme encompasses a strong fiscal consolidation process besides the institutional reforms to SOEs including establishing of cost reflective pricing mechanisms for the provisioning of utilities. In this regard, the Sri Lankan Government and the IMF entered into a Staff Level Agreement in early September 2022 for a budget support EFF arrangement. All key

bilateral creditors, including Paris Club member countries, India and China, gave their financing assurances for the debt restructuring process to a level accepted by the IMF. Subsequently, the Executive Board of the IMF approved SDR 2.286 billion (around US dollars 3 billion) under the EFF for Sri Lanka on 20 March 2023. With the approval of the EFF, the debt restructuring negotiations with the bilateral and commercial creditors are expected to be completed during 2023.

Sri Lanka's sovereign credit ratings, which had been downgraded in recent years, were subjected to further downgrade in 2022 following the preemptive default of selected foreign debt service payments. Accordingly, S&P Global Ratings downgraded Sri Lanka's sovereign credit rating from 'CCC (Negative)' to 'CC (Negative)' on 13 April 2022, and 'SD' (Selective Default) on 25 April 2022 owing to the non-payment of International Sovereign Bond (ISB) coupons in April 2022. Further, on 18 April 2022, Moody's Investor Service downgraded Sri Lanka's sovereign credit rating to 'Ca (Stable)' from 'Caa2 (Stable)'. Fitch Ratings downgraded the country's long term foreign currency Issuer Default Rating (IDR) from 'C' to 'RD' (Restricted Default) on 19 May 2022. Moreover, on 01 December 2022, long term local currency IDR was downgraded from 'CCC' to 'CC' by Fitch Ratings in view of the probable 'local currency debt default'.

Several debt obligations of SOBEs were reclassified as central government debt by end 2022, resulting in an escalation in central government debt. In January 2023, the Cabinet of Ministers approved the absorption of eight loans to the central government debt that were obtained from the Export-Import Bank of China (EXIM Bank of China) and were recorded as SOBE loans. These loans, which were previously classified under the Sri Lanka Ports Authority (SLPA), CEB, and Airport and Aviation Services Ltd. (AASL),

Table 6.1
Key Fiscal Policy Measures Implemented during 2022 and early 2023 and Forthcoming over the Near to Medium Term

Date	Measure
01 Jan 2022	VAT rate on financial services provided by the financial institutions was revised from 15 per cent to 18 per cent with effect from 01 January 2022.
13 Jan 2022	A monthly allowance of Rs. 5,000 which is not taken into account for the calculation of pension, was granted to public officers and pensioners with effect from 01 January 2022.
08 Mar 2022	Guidelines were issued to the public sector to minimise the usage of electricity and fuel.
08 Apr 2022	Surcharge Tax Act, No. 14 of 2022 was enacted to impose a retrospective one-time surcharge tax of 25 per cent on individuals, partnerships, and companies, whose taxable income is calculated in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017, and their taxable income exceeding Rs. 2 billion for the tax assessment year, commencing from 01 April 2020.
12 Apr 2022	Interim Policy regarding the suspension of servicing of selected external public debt was announced.
26 Apr 2022	Guidelines were issued to the public sector to restrict non-urgent/non-essential expenses.
31 May 2022	Cabinet approval was granted for several revenue enhancement measures in line with the IMF-EFF supported programme parameters.
01 Jun 2022	VAT rate on the supply of goods and services was increased to 12 per cent from 8 per cent.
04 Jun 2022	The Telecommunication Levy was increased to 15 per cent from 11.25 per cent.
07 Jun 2022	The limit on Treasury bills was increased to Rs. 4,000 billion from the previous limit of Rs. 3,000 billion.
08 Aug 2022	Guidelines were issued to Commercial Corporations, Statutory Boards, and Government Owned Companies to restrict non-urgent/non-essential expenses.
01 Sep 2022	VAT rate on the supply of goods and services was increased to 15 per cent from 12 per cent.
09 Sep 2022	The Appropriation (Amendment) Act, No. 21 of 2022 was approved by the Parliament. Gross borrowing limit was increased to Rs. 3,844 billion from Rs. 3,200 billion.
13 Sep 2022	The Cabinet approval was granted for the establishment of the State Owned Enterprises Restructuring Unit.
01 Oct 2022	The Social Security Contribution Levy Act, No. 25 of 2022 was enacted with effect from 01 October 2022 to impose a Social Security Contribution Levy at the rate of 2.5 per cent on turnover, for the importers, manufacturers, service providers, wholesalers, and retailers, who have an annual turnover exceeding Rs. 120 million.
18 Oct 2022	Appropriation Bill – 2023 was submitted to the Parliament.
21 Nov 2022	Cabinet approval was granted to automate fuel price adjustments based on the 2018 fuel pricing formula, with the aim of achieving cost recovery, as a prior action of the IMF-EFF supported programme.
21 Nov 2022	Cabinet approval was granted to automate electricity tariff adjustments on a cost recovery and semi annual basis as a prior action of the IMF-EFF supported programme.
30 Nov 2022	The gross borrowing limit was increased to Rs. 4,507 billion from Rs. 3,844 billion.
30 Nov 2022	The limit on issuance of Treasury bills was increased from Rs. 4,000 billion to Rs. 5,000 billion.
08 Dec 2022	The Appropriation Act, No. 43 of 2022 was approved by the Parliament.
14 Dec 2022	Value Added Tax (Amendment) Act, No. 44 of 2022 was enacted to bring the legal effect for the increase in VAT rate, expand the tax base and remove VAT exemptions.
19 Dec 2022	Inland Revenue (Amendment) Act, No. 45 of 2022 was enacted amending the tax structure for corporate and personal income tax and reintroducing withholding tax.
01 Jan 2023	Excise duties on petrol and diesel, and cigarettes were revised.
03 Jan 2023	Excise duty on liquor was revised.
04 Apr 2023	A bill to amend the Betting and Gaming Levy Act, No. 40 of 1988 was submitted to the Parliament.
Forthcoming Policy Measures	
End-May 2023	Parliamentary approval of the welfare benefit payment scheme and the application of the new eligibility criteria to identify low-income families for receiving welfare benefit payments.
End-June 2023	Cabinet approval for a comprehensive strategy, highlighting the timelines and modalities, to restructure the balance sheets of the CEB, CPC, SriLankan Airlines, and the Road Development Authority.
End-Sep 2023	Completion of the rollout of the Integrated Treasury Management Information System (ITMIS), expanding its coverage.
End-Oct 2023	Submission to the Parliament for the first reading of the 2024 Appropriation Bill that is in line with IMF-EFF supported programme parameters.
End-Dec 2023	Parliamentary approval of the 2024 Appropriation Act and the spending allocations in line with IMF-EFF supported programme parameters.
End-Dec 2023	Submission to Parliament of a new Public Financial Management Bill that will authorise the budget formulation process, roles and responsibilities of relevant agencies, and information and accountability requirements.
End-Dec 2023	Improve the Bulk Supply Transaction Account (BSTA) to accurately measure the electricity subsidy and start using the same to determine the cost recovery based electricity tariff and government transfer requirement.
01 Jan 2024	Start estimating and publishing the direct costs imposed by tax incentives granted under the Strategic Development Projects and Board of Investment Acts.
01 Jan 2024	Revamp the VAT system by abolishing the vast majority of exemptions.
01 Jan 2024	Take measures to significantly speed up valid VAT refunds and abolish the SVAT system.
01 Jan 2024	Introduce automatic indexation of excise duties to inflation.
01 Jan 2025	Introduce a nationwide real property tax.
01 Jan 2025	Introduce a gift and inheritance tax with a tax-free allowance and minimal exemptions.

amounted to US dollars 1,427.3 million at end 2022, and had been obtained in relation to Hambantota port, Norochcholai coal powerplant, and Mattala airport. In addition, several foreign currency debt obligations of the CPC amounting to US dollars 2,434.8 million were also reclassified under central government debt.

As part of the comprehensive economic reform programme to address macroeconomic imbalances and restore public debt sustainability, the Government undertook several bold measures to reinforce its commitment towards the fiscal consolidation path. The Cabinet of Ministers granted approval to reduce 6 per cent of the approved recurrent expenditure estimates of all government institutions for 2023. Accordingly, the MOF issued a circular to all ministries, departments, provincial councils, district secretariats, state corporations, statutory boards, and government owned companies to cutdown 6 per cent of their recurrent expenditure, other than essential expenses, such as salaries, retirement benefits, medicines, rents and local taxes, interest payments, and mandatory welfare benefit payments. Moreover, with the aim of enhancing the progressivity of the tax structure by raising the direct tax to overall tax ratio, the Inland Revenue (Amendment) Act, No. 45 of 2022 was approved by the Parliament in December 2022 revising the income tax structures for both individuals and corporates. These legislative amendments, inter alia, included revision of the tax-free threshold for personal income taxes to Rs.1.2 million per annum from Rs. 3.0 million; removal of expenditure relief of Rs. 1.2 million granted for expenditure incurred on account of education, health, interest paid on housing loans, contributions to pension scheme, etc.; increase in personal income tax rates upward to 6 per cent, 12 per cent,

18 per cent, 24 per cent, 30 per cent, and 36 per cent compared to previous 6 per cent, 12 per cent, and 18 per cent; revision of tax brackets to Rs. 0.5 million for the income above Rs. 1.2 million tax free threshold; reintroduction of the mandatory Pay As You Earn (PAYE) system; and upward revision of corporate income tax rate to 30 per cent, while removing sector specific corporate income tax exemptions and concessionary rates granted for companies. Meanwhile, the Government increased the excise duty on cigarettes, alcoholic and petroleum products, effective from January 2023. Moreover, the Government revised the Ports and Airports Development Levy (PAL) for several imported items. Although efforts have been made thus far to expand the tax base, the Government needs to focus on improving the tax administration to further expand the tax base by minimising tax evasions, enabling the Government to raise revenue without imposing a substantial burden on those who are already in the tax net. Given the reduction of earned incomes due to economic downturn and the high rate of migration of the potential taxpayers, achieving the expected personal and corporate income tax revenue targets by the Inland Revenue Department (IRD) would be challenging in the near term. The IRD, with the support of the judiciary, should therefore expedite settlements on pending tax cases as well as conclude legal action on tax fraudsters and tax evaders to fill in these revenue gaps.

The Government needs to remain committed to implementing fiscal consolidation measures and implementing reforms under the IMF-EFF supported programme with the aim of ensuring long term fiscal sustainability to promote sustainable economic growth and enhance the country's economic resilience. While demonstrating the Government's commitment to addressing economic imbalances and paving the

way for the successful implementation of the IMF programme, the Government met all prior actions before the approval of the EFF arrangement by the IMF Executive Board. These actions included the approval of the Cabinet of Ministers for revenue enhancement measures, Parliamentary approval for the Interim Budget 2022, submission of the Appropriation Bill for 2023 to the Parliament in accordance with the EFF supported programme parameters, the approval of the Cabinet of Ministers to automate monthly retail fuel price adjustments on cost recovery basis, and to automate semi annual electricity price adjustment on cost recovery basis. In addition, several quantitative performance criteria, indicative targets and structural benchmarks are stipulated under the IMF-EFF arrangement to be achieved within a specific timeline. The quantitative performance criteria include targets on primary balance and stock of expenditure arrears of the Government, for which the country's performance will be measured against the target at each biannual review of the programme by the IMF. Accordingly, the primary deficit target of 0.7 per cent of GDP is to be achieved for 2023, while expenditure arrears should be fully settled by June 2023 without accruing any arrears afterwards. In addition, the IMF-EFF supported programme has also set indicative targets in terms of government revenue, social spending by the central government, cost of non commercial obligations for fuel and electricity and a ceiling for treasury guarantees. Meanwhile, structural benchmarks, inter alia, include retail fuel price revisions to the cost recovery level on a monthly basis, electricity tariff revisions to cost recovery levels on a biannual basis, improvement of the bulk supply transaction account to determine cost recovery based electricity tariffs, Parliamentary approval for the welfare benefit payment scheme and the use of new eligibility criteria to identify beneficiaries of these schemes, approval of the Cabinet of Ministers for a comprehensive strategy

Table 6.2
Summary of Government Fiscal Operations

Item	2021	2022 (a)
Rs. million		
Total Revenue and Grants	1,463,810	2,012,589
Total Revenue	1,457,071	1,979,184
Tax Revenue	1,298,019	1,751,132
Non Tax Revenue	159,052	228,052
Grants	6,740	33,405
Expenditure and Net Lending	3,521,735	4,472,556
Recurrent	2,747,512	3,519,633
Capital and Net Lending	774,223	952,923
o/w Public Investment	789,636	1,014,293
Current Account Balance	-1,290,441	-1,540,448
Primary Balance	-1,009,542	-894,777
Overall Fiscal Balance	-2,057,925	-2,459,967
Total Financing	2,057,925	2,459,967
Foreign Financing	-13,901	424,822
Domestic Financing	2,071,826	2,035,145
As a Percentage of GDP (b)		
Total Revenue and Grants	8.3	8.3
Total Revenue	8.3	8.2
Tax Revenue	7.4	7.3
Non Tax Revenue	0.9	0.9
Grants	0.04	0.1
Expenditure and Net Lending	20.0	18.5
Recurrent	15.6	14.6
Capital and Net Lending	4.4	3.9
o/w Public Investment	4.5	4.2
Current Account Balance	-7.3	-6.4
Primary Balance	-5.7	-3.7
Overall Fiscal Balance	-11.7	-10.2
Total Financing	11.7	10.2
Foreign Financing	-0.1	1.8
Domestic Financing	11.8	8.4
(a) Provisional		Source: Ministry of Finance,
(b) GDP estimates (base year 2015) released by the Department of Census and Statistics on 15 March 2023 have been used.		Economic Stabilisation and National Policies

to restructure the balance sheets of CEB, CPC, SriLankan Airlines (SLA), and Road Development Authority, completion of the rollout of the Integrated Treasury Management Information System (ITMIS) and expansion of its coverage, approval of the Cabinet of Ministers for the revenue enhancement measures for 2024, submission of the Appropriation Act and approval of Budget 2024 by the Parliament in line with the programme parameters, and submission of a new Public Financial Management Bill to the Parliament. Meeting these structural benchmarks within the stipulated timeline will be crucial for the continuation of the IMF-EFF supported programme. Implementation of these structural reforms would be paramount to achieve fiscal sustainability in the period ahead, while addressing longstanding issues of the SOEs that emanated economic vulnerabilities.

6.3 Government Budgetary Operations

Revenue and Grants

Revenue

Government revenue and grants improved in 2022 in nominal terms, owing to the revenue based fiscal consolidation measures implemented during the year along with the sharp increase in the price level. In nominal terms, government revenue grew by 35.8 per cent in 2022, compared to 2021, reflecting higher tax and non tax revenue collections. Tax revenue increased by 34.9 per cent in 2022 benefitting from the increased revenue mobilisation from income taxes, VAT, PAL, and the excise duties on liquor and cigarettes. Meanwhile, the rise in revenue collection from all the subcategories of non tax revenue, except profit and dividend, resulted in an increase of 43.4 per cent in non tax revenue during the year. Most revenue enhancing measures initiated during the year were implemented in the second half of 2022 and early 2023. As a result, the government revenue, as a percentage of GDP, recorded a marginal decline due to the notable growth in nominal GDP. Grants grew by 395.7 per cent to Rs. 33.4 billion in 2022, compared to 2021. Accordingly, government revenue and grants, as a percentage of GDP, remained unchanged in 2022, compared to the preceding year.

The increase in government revenue can be primarily attributed to the growth in income tax collection, which was driven by the retrospective one-off surcharge tax collection. Revenue from income taxes recorded a year-on-year growth of 76.8 per cent, in nominal terms, mainly due to the surcharge tax, which accounted for more than one fifth of total income

Table 6.3
Summary of Government Revenue

Item	2021	2022 (a)
Rs. million		
Tax Revenue	1,298,019	1,751,132
Income Taxes	302,115	534,021
VAT	308,213	463,072
Excise Taxes	306,861	342,523
PAL	154,125	180,595
Import Duties	64,339	50,009
Other Taxes	162,365	180,912
Non Tax Revenue	159,052	228,052
Total Revenue	1,457,071	1,979,184
As a Percentage of GDP (b)		
Tax Revenue	7.4	7.3
Income Taxes	1.7	2.2
VAT	1.8	1.9
Excise Taxes	1.7	1.4
PAL	0.9	0.7
Import Duties	0.4	0.2
Other Taxes	0.9	0.7
Non Tax Revenue	0.9	0.9
Total Revenue	8.3	8.2

(a) Provisional
(b) GDP estimates (base year 2015) released by the Department of Census and Statistics on 15 March 2023 have been used.

Source: Ministry of Finance, Economic Stabilisation and National Policies

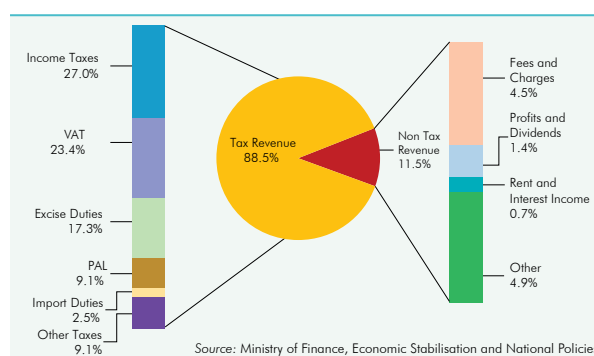
tax mobilised during the year. Accordingly, revenue from income taxes, as a percentage of GDP, increased from 1.7 per cent in 2021 to 2.2 per cent in 2022. Consequently, the share of direct tax revenue in the total tax revenue collection improved to 30.5 per cent in 2022 over 23.3 per cent recorded in 2021. Revenue from corporate and non corporate income taxes, which includes the surcharge tax, increased significantly by 78.5 per cent to Rs. 488.4 billion in 2022 in comparison to Rs. 273.6 billion recorded in 2021. Revenue from surcharge tax, which was collected in two instalments in April and July 2022, amounted to Rs. 120.7 billion. Meanwhile, revenue from Advance Personal Income Tax (APIT) and Withholding Tax (WHT) also increased in 2022 by Rs. 10.2 billion and Rs. 7.4 billion, respectively, to Rs. 25.5 billion and Rs. 19.8 billion, respectively, compared to 2021, due to improved tax administration in 2022, compared to 2021 when revenue collection activities were hampered by

the pandemic. The arrears collected on Economic Service Charge (ESC), which was abolished in early 2020, recorded at Rs. 0.2 billion in 2022.

Revenue from VAT increased by 50.2 per cent, in nominal terms, during 2022, mainly reflecting the impact of the rise in price levels and upward revisions made to the VAT rate from June and September 2022. Since revisions to the general VAT rate were effective during the second half of 2022, revenue from VAT, as a percentage of GDP, recorded only a marginal increase from 1.8 per cent of GDP in 2021 to 1.9 per cent of GDP in 2022. Revenue from VAT on domestic services increased to Rs. 291.6 billion in 2022, compared to Rs. 185.5 billion in 2021, while revenue from VAT on import related activities increased to Rs. 171.5 billion in 2022 in comparison to Rs. 122.8 billion in the previous year. Reflecting the nominal growth in VAT revenue, the share of revenue from VAT on total revenue and total tax revenue increased to 23.4 per cent and 26.4 per cent, respectively, compared to 21.2 per cent and 23.7 per cent, respectively, recorded in 2021.

Revenue from excise duties grew by 11.6 per cent in 2022, in nominal terms, over the preceding year, benefitting from the increased collection of excise duties on liquor and cigarettes. Accordingly, revenue from excise duties on liquor increased by 19.2 per cent to Rs. 165.2 billion in 2022, while revenue from excise duty on cigarettes and tobacco increased by 17.6 per cent to Rs. 104.2 billion, which could be mainly attributable to the upward revisions made to the excise duty structure on liquor and cigarettes effective from November 2021. In addition to the increase in excise duties, growth in cigarette sales contributed to higher revenue collection from cigarettes. Revenue from excise duty on motor vehicles further declined by 19.9 per cent to Rs. 14.5 billion in 2022 with the continuation of restrictions on motor vehicle imports. Moreover, revenue

Figure 6.3
Composition of Government Revenue - 2022



from excise duty on petroleum products declined to Rs. 53.1 billion in 2022, compared to Rs. 55.3 billion in 2021 due to the reduction in importation of petroleum products during 2022 amidst the foreign exchange liquidity shortage in the country. Similarly, revenue from excise duty, as a percentage of GDP, declined from 1.7 per cent in 2021 to 1.4 per cent in 2022, reflecting the necessity of implementing the inflation indexed excise duty structure for liquor and cigarettes. With the aim of adjusting the excise duties for inflation, the Government increased the excise duty on cigarettes, alcoholic beverages, and petroleum products, effective from January 2023.

Revenue from all international trade related taxes except PAL declined during the period under review reflecting the partial impact of import control measures implemented considering the balance of payments pressures. Due to the imposition of import control measures, including the introduction of a license system for non-essential goods, and lower demand for imports amidst depreciated exchange rate and tight financial conditions, the revenue from import duties declined by 22.3 per cent to Rs. 50.0 billion in 2022 in comparison to Rs. 64.3 billion recorded in 2021. Meanwhile, revenue collection from the Special Commodity Levy (SCL) declined significantly to Rs. 40.2 billion in 2022 from Rs. 55.8 billion in 2021. Moreover,

revenue from CESS declined to Rs. 70.3 billion in 2022 from Rs. 75.5 billion recorded in 2021. However, revenue collection from PAL increased to Rs. 180.6 billion in 2022, compared to Rs. 154.1 billion in 2021. Increase in international prices on several items, such as petroleum products, cement clinker, steel, raw materials, and other consumable commodities, along with the impact of the depreciation of the Sri Lanka rupee, contributed to the increased collection from PAL.

Non tax revenue collection increased by 43.4 per cent, mainly due to the improved revenue collection from fees and charges and profits transferred by the Central Bank based on the financial statements of 2021. Accordingly, revenue from fees and charges increased by Rs. 47.4 billion to Rs. 90.1 billion in 2022 mainly due to the revision of fees and charges of postal and railway departments. The profits transferred by the Central Bank increased to Rs. 30.0 billion in 2022 in comparison to Rs. 15.0 billion recorded in 2021. In addition, social security contributions also increased by 8.1 per cent to Rs. 37.4 billion in 2022 over 2021. Meanwhile, revenue from rent and interest income increased during the year by 14.1 per cent to Rs. 13.2 billion, even though profit and dividend transfers declined by 8.2 per cent to Rs. 28.1 billion, respectively.

Grants

Total foreign grants received from bilateral and multilateral sources increased to Rs. 33.4 billion in 2022 from Rs. 6.7 billion in 2021. Foreign grants from bilateral sources increased to Rs. 18.9 billion in 2022 from Rs. 3.3 billion recorded in 2021, while foreign grants from multilateral sources increased to Rs. 14.5 billion in 2022 from Rs. 3.5 billion in 2021.

Expenditure and Net Lending

Government expenditure and net lending increased, in nominal terms, while declining as a percentage of GDP, reflecting the significant growth in nominal GDP in 2022. Despite the expenditure rationalisation measures introduced in 2022, recurrent expenditure increased by 28.1 per cent in 2022 over 2021, whereas capital expenditure and net lending increased by 23.1 per cent during the same period, in nominal terms. Accordingly, total expenditure and net lending grew by 27.0 per cent, in nominal terms,

Table 6.4
Economic Classification of Expenditure and Lending
Minus Repayments

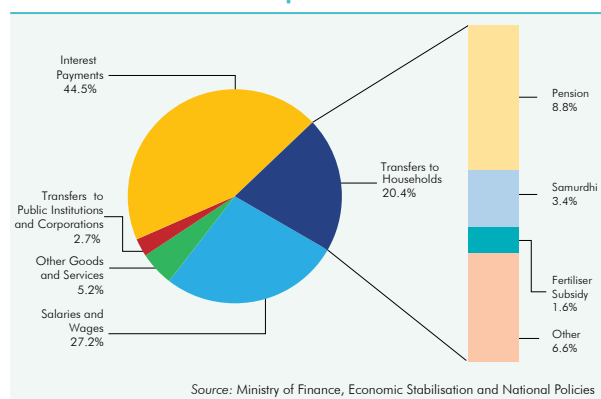
Item	2021	2022 (a)
Rs. million		
Recurrent Expenditure	2,747,512	3,519,633
Expenditure on Goods and Services	1,014,612	1,139,066
o/w Salaries and Wages	845,680	956,210
Interest Payments	1,048,382	1,565,190
Foreign	253,750	128,621
Domestic	794,633	1,436,569
Current Transfers and Subsidies	684,518	815,376
o/w Households and Other Sectors	595,696	719,467
Samurdhi Recipients	55,400	120,988
Pensions	269,827	309,067
Fertiliser Subsidy	21,235	56,810
Other	249,233	232,602
Capital Expenditure	767,606	715,429
Acquisition of Real Assets	438,753	445,521
Capital Transfers	326,578	268,601
Other	2,275	1,307
Net Lending	6,617	237,495
Capital Expenditure and Net Lending	774,223	952,924
Total Expenditure and Net Lending	3,521,735	4,472,556
As a Percentage of GDP (b)		
Recurrent Expenditure	15.6	14.6
Expenditure on Goods and Services	5.8	4.7
o/w Salaries and Wages	4.8	4.0
Interest Payments	6.0	6.5
Foreign	1.4	0.5
Domestic	4.5	5.9
Current Transfers and Subsidies	3.9	3.4
o/w Households and Other Sectors	3.4	3.0
Samurdhi Recipients	0.3	0.5
Pensions	1.5	1.3
Fertiliser Subsidy	0.1	0.2
Other	1.4	1.0
Capital Expenditure	4.4	3.0
Acquisition of Real Assets	2.5	1.8
Capital Transfers	1.9	1.1
Other	0.0	0.0
Net Lending	0.0	1.0
Capital Expenditure and Net Lending	4.4	3.9
Total Expenditure and Net Lending	20.0	18.5

(a) Provisional

(b) GDP estimates (base year 2015) released by the Department of Census and Statistics on 15 March 2023 have been used.

Source: Ministry of Finance, Economic Stabilisation and National Policies

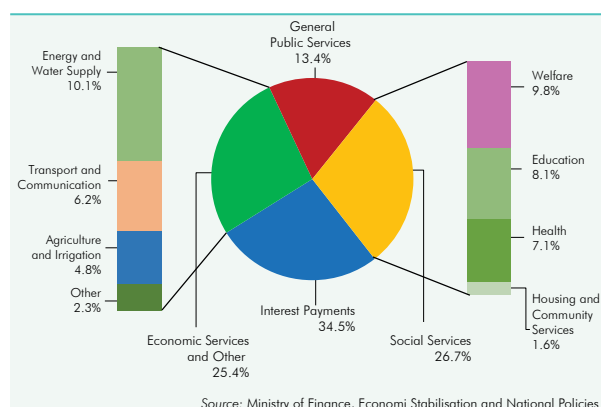
Figure 6.4
Composition of Government
Recurrent Expenditure - 2022



during 2022, compared to 2021. However, with the sharp rise in nominal GDP, total expenditure and net lending, as a percentage of GDP, declined to 18.5 per cent in 2022, in comparison to 20.0 per cent recorded in the preceding year.

Government recurrent expenditure grew significantly in 2022, mainly due to the increased domestic interest payments owing to large borrowing requirements and elevated interest rates, along with the rise in expenditure on salaries and wages, and subsidies and transfers. The yields on government securities soared due to the risk premia associated with concerns about domestic debt restructuring. Such rise in yields was well beyond the impact of the increase in policy interest rates due to inflationary pressures.

Figure 6.5
Total Expenditure and Lending by Function - 2022



Limited access to foreign financing amidst the debt standstill, and the resultant large borrowing requirement from domestic sources exerted further pressures on the yields on government securities. Accordingly, the expenditure on interest payments, which accounted for 44.5 per cent of total recurrent expenditure, grew by 49.3 per cent during 2022, while domestic interest payments rose by 80.8 per cent in 2022, compared to 2021. Expenditure on interest payments accounted for 79.1 per cent of government revenue in 2022.

Table 6.5
Functional Classification of Expenditure

Item	2021	2022 (a)
Rs. million		
Recurrent Expenditure	2,747,512	3,519,633
General Public Services	499,629	570,918
Civil Administration	134,930	170,303
Defence	257,918	281,643
Public Order and Safety	106,782	118,971
Social Services	974,821	1,092,615
Education	261,716	328,969
Health	275,165	279,803
Welfare	397,343	445,635
Community Services	40,597	38,208
Economic Services	164,590	203,491
Agriculture and Irrigation	68,206	109,330
Energy and Water Supply	1,385	1,259
Transport and Communication	47,255	45,935
Other	47,744	46,967
Other	1,108,472	1,652,609
o/w Interest Payment	1,048,382	1,565,190
Capital Expenditure and Lending	789,636	1,014,293
General Public Services	61,675	36,100
Civil Administration	54,624	30,271
Public Order and Safety	7,051	5,829
Social Services	189,733	116,818
Education	48,897	38,522
Health	111,956	43,734
Housing	18,333	25,434
Community Services	10,547	9,128
Economic Services	537,370	859,835
Agriculture and Irrigation	79,463	108,697
Energy and Water Supply	96,520	458,295
Transport and Communication	263,042	234,408
Other	98,346	58,434
Other	858	1,540
Total Expenditure and Lending	3,537,148	4,533,926
As a Percentage of GDP (b)		
General Public Services	3.2	2.5
Social Services	6.6	5.0
Economic Services	4.0	4.4
Other	6.3	6.9
o/w Interest Payment	6.0	6.5
Total Expenditure and Lending	20.1	18.8
(a) Provisional	Source: Ministry of Finance, Economic Stabilisation and National Policies	
(b) GDP estimates (base year 2015) released by the Department of Census and Statistics on 15 March 2023 have been used.		

However, interest payments on foreign debt decreased notably by 49.3 per cent during 2022 due to the temporary suspension of external debt service payments on bilateral and commercial debt for an interim period. Expenditure on goods and services increased by 12.3 per cent in 2022, compared to 2021. Salaries and wages, which accounted for 27.2 per cent of the total recurrent expenditure in 2022, increased by 13.1 per cent during the year, owing to the additional monthly allowance paid to public sector workers based on the relief package introduced in January 2022 as well as the impact of general annual increments. Similarly, expenditure on other goods and services grew by 8.2 per cent in 2022, in comparison to the preceding year. Meanwhile, expenditure on subsidies and transfers recorded a year-on-year growth of 19.1 per cent in 2022, mainly due to the additional monthly allowance paid to pensioners and Samurdhi recipients and increased expenses on fertiliser subsidy. However, expenditure on supply of free medicine decreased marginally by 0.8 per cent with the easing of the COVID-19 pandemic.

Capital expenditure and net lending increased notably in nominal terms, mainly due to higher lending to SOBEs. Accordingly, capital expenditure and net lending, in nominal terms, increased by 23.1 per cent in 2022, compared to 2021. Following the decision of the Government to suspend non-urgent capital expenditure, capital transfers to public institutions, provincial councils and public corporations declined by 17.8 per cent in 2022. However, net lending by the Government increased substantially in 2022, compared to the previous year, primarily due to lending to CPC by the Government via the Indian line of credit to import fuel and lending to SOEs using funds received from the World Bank to purchase LP gas and fertiliser. Meanwhile, public investment also grew

by 28.5 per cent to Rs. 1,014.3 billion in 2022. Capital expenditure on social services declined by 38.4 per cent during the period under review, mainly due to the reduction in capital expenditure on the health sector in 2022, compared to 2021, reflecting the impact of reduction in pandemic related expenditure. Meanwhile, capital expenditure on economic services increased by 60.0 per cent due to lending to CPC and capital transfers to SOBEs, such as CEB, National Water Supply and Drainage Board, and Bank of Ceylon.

Key Fiscal Balances and Financing the Budget Deficit

All key fiscal balances as a percentage of GDP improved in 2022, benefiting from the substantial growth in nominal GDP as well as the efforts towards fiscal consolidations. Accordingly, the overall budget deficit declined to 10.2 per cent of GDP in 2022, in comparison to 11.7 per cent of GDP in 2021. However, the budget deficit, in nominal terms, increased to Rs. 2,460.0 billion in 2022, compared to Rs. 2,057.9 billion recorded in 2021. Similarly, the current account deficit in GDP terms declined to 6.4 per cent (Rs. 1,540.4 billion) in 2022, compared to

Table 6.6
Sources of Domestic Financing (Net)

Item	Rs. million	
	2021	2022 (a)
By Instrument	2,071,826	2,035,145
Treasury bonds	1,301,543	1,440,190
Treasury bills	635,098	1,608,211
Sri Lanka Development Bonds	-68,324	-380,069
Central Bank Provisional Advances	-2,950	85,510
Borrowings from OBU's	-103,547	-52,236
Others	310,006	-666,461
By Source	2,071,826	2,035,145
Bank	1,304,287	1,027,721
Non-Bank	767,539	1,007,424

(a) Provisional

Source: Ministry of Finance,
Economic Stabilisation
and National Policies
Central Bank
of Sri Lanka

7.3 per cent of GDP (Rs. 1,290.4 billion) in 2021. Reflecting the discretionary fiscal policy component of the Government, the primary deficit, which excludes interest payments from the overall deficit, declined both in nominal terms and as a percentage of GDP. Accordingly, the primary deficit declined to 3.7 per cent of GDP (Rs. 894.8 billion) in 2022 from 5.7 per cent (Rs. 1,009.5 billion) recorded in 2021, mainly reflecting the impact of fiscal consolidation, primarily through revenue enhancement measures during 2022.

The Government relied predominantly on domestic sources to finance the budget deficit in 2022 amidst limited access to foreign financing. Net domestic financing¹ contributed 82.7 per cent (Rs. 2,035.1 billion) of the total financing in 2022, compared to 100.7 per cent (Rs. 2,071.8 billion) in 2021. Net domestic financing, as a percentage of GDP, amounted to 8.4 per cent in 2022, in comparison to 11.8 per cent in 2021. Meanwhile, the share of net financing through foreign sources increased to 17.3 per cent (Rs. 424.8 billion) in 2022, compared to the net repayment of 0.7 per cent (Rs. 13.9 billion) in 2021. Accordingly, net foreign financing stood at 1.8 per cent of GDP in 2022, in comparison to the net repayment for foreign sources of 0.1 per cent of GDP in 2021.

Net domestic financing from expansionary sources remained significant in 2022, although the relative contribution from such sources to net domestic financing declined notably, compared to the preceding year. Accordingly, the share of net financing from the banking sector within the domestic financing, declined to 50.5 per cent in 2022 (4.3 per cent of GDP), compared to 63.0 per cent (7.4 per cent of GDP) in 2021. Net financing from the Central Bank rose to Rs. 1,338.4 billion in 2022, compared to the net financing of Rs. 1,225.2 billion in 2021. Such monetary

¹ Includes all net borrowings through Treasury bonds, Treasury bills, Offshore Banking Units (OBUs), and Sri Lanka Development Bonds (SLDBs)

financing reflects the impact of direct subscription to Treasury bills by the Central Bank amidst subdued market appetite for government securities, and administrative issuances of Treasury bills to the Central Bank to meet large gross financing needs of the Government and to meet the cashflow requirements of the General Treasury, under extremely challenging circumstances. However, monetary financing in the second half of the year was relatively low compared to the first half of 2022 due to improved government revenue collection during this period and the receipt of financing from multilateral and bilateral foreign sources, primarily IDA and IBRD under the World Bank, ADB and Indian credit lines. The Central Bank financing includes provisional advances, which increased to Rs. 85.5 billion in 2022, compared to the net repayment of Rs. 3.0 billion recorded in the previous year. Meanwhile, a net repayment of Rs. 310.7 billion was registered in relation to financing from Licenced Commercial Banks in 2022, compared to a net financing of Rs. 79.1 billion in 2021. Net financing from the non bank sector increased to Rs. 1,007.4 billion in 2022, compared to Rs. 767.5 billion in 2021, whereas the share of non bank sector financing accounted for 49.5 per cent of total net domestic financing in 2022, compared to 37.0 per cent in the preceding year. Net financing from the non bank sector, as a percentage of GDP, declined to 4.2 per cent in 2022, compared to 4.4 per cent in 2021.

Net financing through Treasury bills increased substantially during 2022, reflecting the market appetite for short tenure instruments amidst uncertainties about domestic debt restructuring. Instrument based net domestic borrowings increased to Rs. 2,668.3 billion in 2022 from Rs. 1,868.3 billion in 2021. Net borrowings through Treasury bills increased significantly to Rs. 1,608.2

billion in 2022, compared to Rs. 635.1 billion in 2021, while net borrowings through Treasury bonds increased to Rs. 1,440.2 billion in 2022, compared to Rs. 1,301.5 billion in 2021. However, borrowings through SLDBs recorded a net repayment of Rs. 380.1 billion in 2022, compared to a net repayment of Rs. 68.3 billion in 2021. Meanwhile, net domestic borrowings from non marketable instruments recorded a net repayment of Rs. 633.2 billion in 2022, mainly due to the settlement of Government overdraft balances during the year, compared to the net borrowing of Rs. 203.5 billion in 2021. Net repayment to OBUs during 2022 stood at Rs. 52.2 billion.

Net financing from foreign sources increased in 2022, compared to 2021, mainly reflecting the impact of funding from multilateral and bilateral sources amidst the unprecedented economic crisis. Owing to the repayment of a matured ISB in January 2022 prior to the announcement of the debt standstill, the net repayments in relation to ISBs amounted to Rs. 100.5 billion (US dollars 500 million) in 2022, compared to a net repayment of Rs. 199.9 billion (US dollars 1.0 billion) in 2021. However, net financing through foreign project and programme loans, which include financing from several multilateral and bilateral sources, amounted to Rs. 525.3 billion during the period under review, compared to a net financing of Rs. 39.3 billion recorded in 2021. The World Bank and ADB repurposed funding from their existing projects to meet pressing needs of the people amidst the crisis, such as for the importation of medicine, fertiliser, and LP gas and providing cash transfers to vulnerable groups. Meanwhile, the Government of India provided credit lines to Sri Lanka for the importation of fuel, fertiliser, medical items, food etc. during 2022. The State Bank

of India provided a credit line up to US dollars 1.0 billion for the importation of essential items, while the EXIM Bank of India offered short term credit lines of US dollars 500 million and US dollars 55 million to import fuel and fertiliser, respectively. Approximately, US dollars 200 million was drawn from the credit line of the State Bank of India for the importation of fuel.

6.4 Government Debt and Debt Service Payments

Central Government Debt²

Central government debt, which gradually moved towards unsustainable levels, particularly over the recent years, reached a decisive moment in early 2022, resulting in an announcement of a debt standstill by the Government. The limited access to foreign financing amidst Sri Lanka's sovereign credit rating downgrades caused a severe drain on gross official reserves due to continued debt servicing by drawing down the gross official reserves. With

² The compilation of debt statistics became challenging with the ongoing debt structuring process and arrears in payments. The outstanding central government debt statistics at end 2022 are provisional, as these debt statistics exclude several overdue debt service payments, including overdue interest payments of affected debt, which are deemed to be capitalised as per the interim policy decision on debt standstill and several overdue interest payments in relation to SLDBs. The details of such payment arrears were published on the website of the Ministry of Finance, as part of data dissemination efforts under the ongoing debt restructuring process. However, such information is still being incorporated into the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS), which is the data source generally used for reporting debt statistics by the Central Bank.

Figure 6.6
Outstanding Central Government Debt

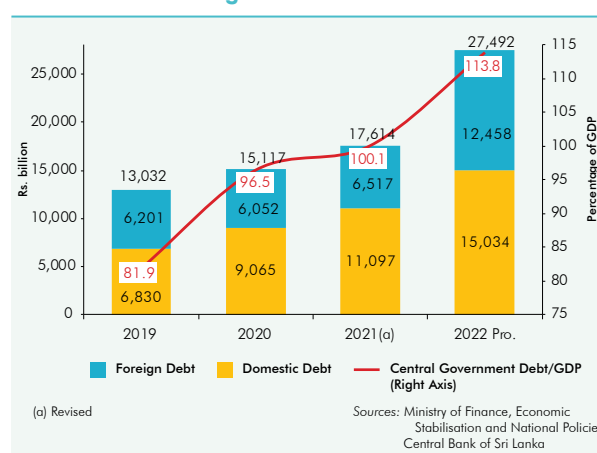


Table 6.7
Outstanding Central Government Debt (as at end year) (a)

Item	Rs. million			
	2019	2020	2021 (b)	2022 (c) (d)
Total Government Debt	13,031,543	15,117,247	17,614,181	27,492,031
Domestic Debt (e)	6,830,260	9,065,068	11,097,223	15,033,876
By Maturity Period				
Short Term (f)	1,270,374	2,197,594	3,139,794	4,267,724
Medium and Long Term (e)(g)	5,559,887	6,867,473	7,957,430	9,882,058
Other Domestic (h)	n.a	n.a	n.a	884,093
By Institution (i)				
Bank (i)	2,737,223	4,542,155	5,247,919	8,525,718
Non Bank (i)	3,825,703	4,210,099	4,822,098	6,164,063
Repurchase Transaction Allocations (j) (k)	267,334	312,814	1,027,207	344,096
Foreign Debt (l) (m)	6,201,283	6,052,179	6,516,958	12,458,155
Multilateral	1,469,867	1,601,482	1,895,340	3,611,552
Bilateral and Commercial	4,731,415	4,450,697	4,621,618	8,846,603
Of which;				
International Sovereign Bonds	2,531,493	2,203,279	2,243,049	3,921,587
Foreign Currency Term Financing Facility	242,191	279,612	445,521	797,589
Non Resident Investment in Treasury Bills	23,727	670	204	12,476
Non Resident Investment in Treasury Bonds	80,294	6,204	1,710	13,078
By Currency				
SDR	927,372	970,714	989,442	1,604,694
US Dollars	4,076,588	3,875,950	4,295,194	8,716,938
Japanese Yen	624,956	664,291	623,206	979,567
Euro	228,713	251,406	240,974	417,406
Other	343,653	289,818	368,142	739,550
Central Government Debt/GDP (n)	81.9	96.5	100.1	113.8
Memorandum Items				
Total Exchange Rate Variation	12,401	355,663	499,681	5,617,220
On Foreign Debt	16,857	329,895	473,796	5,262,420
On Foreign Currency Denominated Domestic Debt	-4,456	25,767	25,884	354,800

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

(b) Revised

(c) Provisional

(d) 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, Economic Stabilisation and National Policies. 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 SLDBs.

(e) Includes Government Treasury bonds of Rs. 78,441 million issued for CPC in January 2012 of which Rs. 21,778 million matured on 01 January 2017 and Rs. 25,217 million matured on 01 January 2022 and the current outstanding is Rs. 31,446 million

(f) Excludes Treasury bills held by non resident investors

(g) Excludes Treasury bonds held by non resident investors

(h) Includes outstanding balance of the government guaranteed foreign currency debt of the Ceylon Petroleum Corporation that was absorbed into central government debt w.e.f. December 2022, which amounted to Rs. 884,093.4 million

(i) Institution wise classification was revised in the Annual report 2022 based on the records of the Central Depository System and the data for 2019-2021 have been revised accordingly.

(j) Includes security holdings under Repurchase agreements for which absolute ownership could not be established

(k) Holdings under repurchase transactions with respect to Open Market Operations, have been allocated to the respective Licensed Commercial Bank or Standalone Primary Dealer only in the year 2022.

(l) Foreign loan debt statistics and classification of foreign debt for 2021 and 2022 are prepared based on the data sourced from the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) maintained by the Ministry of Finance, Economic Stabilisation and National Policies, and extracted on 09 and 10 March 2023

(m) 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.

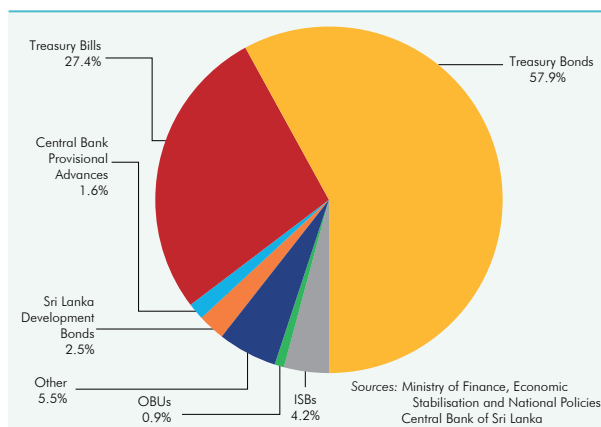
(n) GDP estimates (base year 2015) released by the Department of Census and Statistics on 15 March 2023 have been used.

Sources: Ministry of Finance,
Economic stabilisation
and National Policies
Central Bank of Sri Lanka

mounting foreign currency debt servicing and almost exhausted usable reserves of the Central Bank by early April 2022, the Government had to announce a debt standstill as an interim measure, while seeking assistance from the IMF for an EFF supported programme and subsequent efforts to initiate a debt restructuring process aimed at ensuring debt sustainability in the period ahead.

Central government outstanding debt increased significantly at end 2022, compared to end 2021, reflecting the impact of large financing needs of the Government, sharp depreciation of the exchange rate, as well as the absorption of selected SOE debt to the Central Government. The total outstanding central government debt

Figure 6.7
Composition of Outstanding Central Government
Domestic Debt - as at end 2022



stock,³ in nominal terms, increased by 56.1 per cent to Rs. 27,492.0 billion by end 2022 from Rs. 17,614.2 billion by end 2021. As a percentage of GDP, central government debt rose to 113.8 per cent by end 2022 in comparison to 100.1 per cent at end 2021. Meanwhile, outstanding foreign debt of the Central Government, valued in domestic currency, increased from 37.0 per cent of GDP at end 2021 to 51.6 per cent of GDP by end 2022, mainly reflecting the sharp depreciation of the Sri Lanka rupee against major currencies during 2022.

With the significant depreciation of exchange rate, the relative share of foreign debt rose by end 2022, while the relative share of domestic debt declined from 63.0 per cent in end 2021 to 54.7 per cent by end 2022.

Outstanding short term domestic debt increased by 35.9 per cent by end 2022 from end 2021, mainly reflecting the increase in the outstanding stock of Treasury bills, which increased to Rs. 4,113.9 billion by end 2022, from Rs. 2,270.5 billion at the end of 2021. Consequently, the share of Treasury bills in total domestic debt stock as at end 2022 increased to 27.4 per cent from 20.5 per cent at end 2021. The outstanding

debt stock on account of provisional advances to the Government by the Central Bank increased from Rs. 150.1 billion at end 2021 to Rs. 235.6 billion at end 2022. Meanwhile, other remaining short term debt, net of bank deposits, recorded a negative balance of Rs 81.8 billion at end 2022 as the Government settled a part of its overdraft balance during 2022. However, the medium and long term domestic debt stock increased by 24.2 per cent by end 2022, from Rs. 7,957.4 billion by end 2021. Treasury bonds, continued to dominate the outstanding domestic debt portfolio, accounting for 57.9 per cent of the total outstanding domestic debt stock (Rs. 8,709.1 billion) at end 2022 in comparison to 62.8 per cent (Rs. 6,966.2 billion) recorded as at end 2021. Meanwhile, the resident holdings of SLDBs declined to Rs. 382.1 billion⁴ (US dollars 1,052.3 million) from Rs 455.2 billion (US dollars 2,271.1 million) reported at end 2021, owing to settlements made during the year. Resident holdings of ISBs, in domestic currency terms, increased from Rs. 372.6 billion at end 2021 to Rs. 635.4 billion⁵ by end 2022 due to the sharp exchange rate depreciation, while the foreign currency value of the same declined from US dollars 1,859.0 million at end 2021 to US dollars 1,750.0 million at end 2022, due to settling of a matured ISBs amounting to US dollars 500 million. Outstanding debt from OBU's decreased by Rs. 7.9 billion from end 2021 to Rs. 131.4 billion (US dollars 361.8 million) by the end of the period under review. Moreover, the share of the banking sector debt in total domestic debt increased to 56.7 per cent by end 2022 from 47.3 per cent at end 2021. A significant increase in central government debt held by the Central Bank was recorded in 2022, due to the notable rise in Treasury bills holding to Rs. 2,575.7 billion by end 2022 from Rs. 1,391.3 billion held at the end of 2021. This increase was attributable to the

³ As per the records retrieved on 09 and 10 March 2023 from CS-DRMS of the Ministry of Finance and the records of the Public Debt Department of the Central Bank and the monetary survey of the Central Bank.

⁴ This excludes some of the arrears in interest payments that became overdue after the announcement of the debt standstill in April 2022.

⁵ This excludes arrears interest payments that became overdue after the announcement of the debt standstill.

direct subscription of Treasury bills by the Central Bank amidst subdued market subscription, and the administrative issuance of Treasury bills to the Central Bank.

Outstanding foreign debt⁶ of the Central Government, in nominal terms, increased from Rs. 6,517.0 billion at end 2021 to Rs. 12,458.2 billion by end 2022. The significant depreciation of the Sri Lanka rupee against major currencies during 2022 primarily contributed to the increase in the share of foreign debt stock within the total outstanding debt stock to 45.3 per cent at end 2022 from 37.0 per cent witnessed at end 2021. Within the foreign debt portfolio, multilateral debt increased to Rs. 3,611.6 billion by end 2022, from Rs. 1,895.3 billion registered at end 2021 due to the domestic currency depreciation impact as well as the receipt of multilateral funding for targeted support during the economic crisis. Moreover, bilateral and commercial debt, which stood at Rs. 4,621.6 billion at the end of 2021, increased notably in 2022 to Rs. 8,846.6 billion⁷ by end 2022, primarily due to the absorption of several debts, held by the CPC, AASL, CEB and SLPA, into central government debt, new loans received from India for humanitarian assistance, such as the Indian credit line as well as currency depreciation. Amongst the commercial debt, the rupee value of ISBs held by non residents increased by Rs. 1,678.5 billion by end 2022 due to the depreciation of the Sri Lanka rupee against the US dollar. The non resident holding of Treasury bills and Treasury bonds increased to Rs. 12.5 billion and Rs. 13.1 billion, respectively, by end 2022 from Rs. 0.2 billion and Rs. 1.7 billion, respectively, recorded at the end of 2021. Due to the parity variation caused by the sharp depreciation of the Sri Lanka rupee against major currencies during 2022, the rupee amount of

the foreign currency debt increased by around Rs. 5,617.2 billion (23.3 per cent of GDP) at end 2022.

The restructuring of identified public debt is expected to be completed during 2023. Accordingly, the Government is in the process of evaluating debt restructuring options that could reduce the outstanding debt levels to a manageable level, while meeting the debt sustainability targets as per the Debt Sustainability Analysis conducted by the IMF. With the restructuring of public debt, the outstanding public debt is expected to reduce to a level below 95 per cent of GDP by 2032, the average central government gross financing needs are to be kept below 13 per cent of GDP during 2027 to 2032, and foreign currency debt service payments of the Central Government are to be maintained below 4.5 per cent of GDP in any year during 2027 to 2032 period.

Central Government Debt Service Payments

The Government suspended selected debt service payments on bilateral and commercial foreign debt from 12 April 2022 as an interim measure. Suspension of these debt service

Table 6.8
Central Government Debt Service Payments

Item	Rs. million			
	2019	2020	2021 (a)	2022 (b)
Debt Service Payments	2,022,507	1,941,373	2,380,599	2,997,645
Domestic	1,213,698	1,169,522	1,594,328	2,510,281
Foreign	808,809	771,851	786,271	487,364
Amortisation Payments	1,121,155	961,071	1,332,216	1,432,455
Domestic	546,315	455,899	799,695	1,073,712
Foreign	574,839	505,172	532,521	358,743
Interest Payments	901,352	980,302	1,048,383	1,565,190
Domestic	667,383	713,623	794,633	1,436,569
Short Term	81,029	77,965	98,668	555,171
Medium and Long Term	586,354	635,658	695,965	881,398
Foreign	233,970	266,679	253,750	128,621

(a) Revised
(b) Provisional

Sources: Ministry of Finance,
Economic Stabilisation and
National Policies
Central Bank of Sri Lanka

⁶ As per the Manual of Government Finance Statistics published by the IMF in 2014, the non resident holdings of central government debt are classified as foreign debt.

⁷ This outstanding balance excludes arrears in interest payments of bilateral and commercial debt that were overdue after the announcement of the debt standstill since recording of these overdue payments as capitalised interest in the CS-DRMS is still ongoing.

payments enabled the Government to save a considerable amount of foreign currency outflows providing a temporary reprieve amidst the balance of payments crisis. The estimated saving of foreign currency outflows through the suspension of bilateral and commercial debt during April to December 2022 amounted to US dollars 2.8 billion. Due to the debt standstill, the ISB which was due to mature in July 2022 of US dollars 1.0 billion was not repaid. In addition, several debt service payments related to SLDBs were not made during the debt standstill period. Part of these SLDB debt service payments were settled in rupee terms. Meanwhile, multilateral debt, new credit facilities, and any amounts disbursed under existing credit facilities after 12 April 2022 were not subjected to the interim policy.

The total debt service payments in 2022 recorded a notable increase in nominal terms of 25.9 per cent, compared to 2021, owing to the significant increase in debt amortisation and interest payments related to domestic debt. Domestic debt service payments increased by 57.5 per cent in 2022 over the preceding year, reflecting the increased yields on government securities and greater dependency on domestic sources in deficit financing due to restrained

access to foreign financing sources. However, with the Government's announcement of interim policy on the suspension of selected foreign debt service payments since April 2022, foreign debt service payments declined by 38.0 per cent in 2022, in comparison to 2021.

The total amortisation payments, which accounted for 47.8 per cent of the total debt service payments, increased by 7.5 per cent in 2022, compared to the preceding year. Domestic debt repayments increased by 34.3 per cent in 2022, mainly due to the increased maturities of Treasury bonds and SLDBs. Nevertheless, foreign

Table 6.9
Central Government Debt Indicators (a)

Indicator	Per cent			
	2019	2020	2021	2022 (b)
Central Government Debt/GDP	81.9	96.5	100.1	113.8
Domestic Debt/GDP (c)	42.9	57.8	63.1	62.3
Foreign Debt/GDP	39.0	38.6	37.0	51.6
Domestic Debt/Central Government Debt	52.4	60.0	63.0	54.7
Foreign Debt/Central Government Debt	47.6	40.0	37.0	45.3
Foreign Debt/Exports (d)	178.6	250.2	218.7	240.1
Debt Service/GDP	12.7	12.4	13.5	12.4
Debt Service/Government Revenue	107.0	141.9	163.4	151.5
o/w Domestic Debt Service/ Government Revenue	64.2	85.5	109.4	126.8
Debt Service/Government Expenditure (e)	45.4	48.5	49.0	50.8
o/w Domestic Debt Service/ Government Expenditure (e)	27.2	29.2	32.8	42.5
Foreign Debt Service/Exports (d)	23.3	31.9	26.4	9.4
Interest Payments/GDP	5.7	6.3	6.0	6.5
Interest Payments/Government Expenditure (e)	20.2	24.5	21.6	26.5
Domestic Interest Payments/GDP	4.2	4.6	4.5	5.9
Foreign Interest Payments/GDP	1.5	1.7	1.4	0.5
Interest Payments/Government Recurrent Expenditure	37.2	38.5	38.2	44.5
Foreign Interest Payments/Exports (d)	6.7	11.0	8.5	2.5

(a) GDP estimates (base year 2015) released by the Department of Census and Statistics on 15 March 2023 were used.

(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, Economic Stabilisation and National Policies. 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 SLDBs.

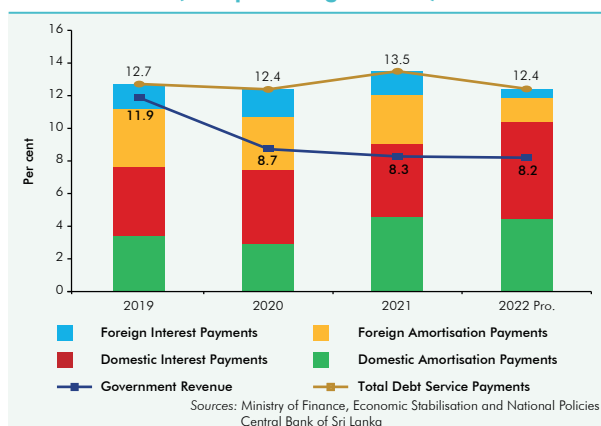
(c) Includes Government Treasury bonds of Rs. 78,441 million issued for CPC in January 2012 (of which Rs. 21,778 million matured on 01 January 2017 and Rs. 25,217 million matured on 01 January 2022) and the current outstanding is Rs. 31,446 million.

(d) Export of goods and services

(e) Government expenditure includes amortisation payments.

Sources: Ministry of Finance, Economic Stabilisation and National Policies
Department of Census and Statistics
Central Bank of Sri Lanka

Figure 6.8
Central Government Debt Service Payments
(as a percentage of GDP)



debt repayments decreased by 32.6 per cent to Rs. 358.7 billion in 2022 as a result of the debt standstill of the Government. Foreign debt service payments in 2022 included repayment of an ISB that matured in January 2022, equivalent to Rs. 100.5 billion (US dollars 500 million), compared to Rs. 199.9 billion (US dollars 1.0 billion) of ISB maturity payments in 2021. Amortisation payments on domestic debt, as a percentage of GDP, slightly declined to 4.4 per cent in 2022 from 4.5 per cent in 2021, while amortisation payments for foreign debt to GDP declined to 1.5 per cent in 2022 from 3.0 per cent in 2021.

Interest payments on central government debt recorded a year-on-year growth of 49.3 per cent in 2022 with a notable rise in the yields on government securities and domestic borrowings. The rise in yields on government securities surpassed the policy rate adjustment, due to the elevated risk premia owing to the concerns about possible restructuring of domestic debt. Heightened pressures on domestic sources for deficit financing amidst limited foreign financing also contributed to the rise in government securities yields. Consequently, interest payment on central government domestic debt increased by 80.8 per cent in 2022, compared to the previous year, particularly on account of Treasury bills and Treasury bonds. With the suspension of interest payments on foreign bilateral and commercial debt pursuant to the debt standstill, interest payments on foreign debt declined by 49.3 per cent to Rs. 128.6 billion in 2022, compared to the corresponding payments in 2021. Accordingly, as a percentage of GDP, interest payments on domestic debt increased to 5.9 per cent in 2022 from 4.5 per cent in 2021, while interest payments on foreign debt decreased to 0.5 per cent of GDP in 2022 from 1.4 per cent of GDP in the previous year.

Debt service indicators, which include debt and debt service ratios and debt service coverage ratios, showed mixed performances in 2022. Total debt service payments, as a percentage of government revenue, declined notably in 2022, mainly due to the notable nominal growth in revenue collection as well as the impact of debt standstill on debt servicing. However, the significant rise in domestic debt service payments posed notable pressures on the government budget during 2022, as evident by the sharp rise in domestic debt service payments relative to both government revenue and government expenditure. The foreign debt service burden eased temporarily in 2022 under the debt standstill, as reflected in the ratio of foreign debt service payments to exports and the ratio of foreign debt service payments to GDP. The ongoing debt restructuring negotiations are expected to provide a sizeable relief on account of reducing gross foreign financing needs in the medium term, before the resumption of foreign debt service payments in the period ahead. The Government needs to ensure that the gross financing needs and foreign currency debt servicing are maintained at the levels envisaged under the IMF-EFF arrangement during 2027-2032.

Outstanding Public Debt

The outstanding public debt, which includes debt of the central government, foreign project loans received by SOBEs, and public guaranteed debt,⁸ increased to 118.7 per cent of GDP at end 2022 from 110.4 per cent of GDP at end 2021. This was mainly due to an increase in central government debt and the depreciation of the Sri Lanka rupee against major currencies during 2022. In absolute terms, the total outstanding public debt increased to Rs. 28,672.7 billion at end 2022 from Rs. 19,432.1 billion at end 2021. The outstanding

⁸ Compilation of public guaranteed debt is based on data received from Ministry of Finance, Economic Stabilisation and National Policies as of 10 March 2023.

Table 6.10
Outstanding Public Debt (as at end year)

	2019	2020	2021	2022 (a)
Rs. million				
Total Outstanding Central Government Debt (b) (c) (d)	13,031,543	15,117,247	17,614,181	27,492,031
Outstanding Balance of Foreign Project Loans Received by SOBEs without Public Guarantee (c)	345,453	323,510	311,191	-
Airport & Aviation Services (Sri Lanka) Ltd.	22,317	22,189	21,833	-
Ceylon Electricity Board	150,418	136,720	128,026	-
Sri Lanka Ports Authority	172,717	164,602	161,332	-
Public Guaranteed Debt (e)	778,305	986,391	1,506,743	1,180,701
Airport & Aviation Services (Sri Lanka) Ltd.	16,532	34,801	115,332	59,756
Bank of Ceylon & People's Bank	n.a.	n.a.	36,540	66,889
Ceylon Electricity Board	25,212	70,559	89,311	139,593
Ceylon Petroleum Corporation (d)	297,220	345,500	561,267	100,969
Ceylon Shipping Corporation Ltd.	12,613	12,505	12,263	19,959
General Sir John Kotelawala Defence University	35,311	35,562	35,738	35,670
Lanka Coal Company (Pvt.) Ltd.	5,398	9,692	13,899	2,080
National Water Supply & Drainage Board	102,339	138,180	200,851	291,526
Paddy Marketing Board	11,420	2,023	1,313	759
Road Development Authority	206,563	262,015	349,895	341,736
SriLankan Airlines Ltd. (f)	32,083	43,530	60,336	72,598
Other Corporations	33,615	32,023	29,998	49,164
Public Debt	14,155,301	16,427,148	19,432,115	28,672,731
As a percentage of GDP (g)				
Total Outstanding Central Government Debt (b) (c) (d)	81.9	96.5	100.1	113.8
Outstanding Balance of Foreign Project Loans Received by SOBEs without Public Guarantee (c)	2.2	2.1	1.8	-
Public Guaranteed Debt (e) (f)	4.9	6.3	8.6	4.9
Public Debt	89.0	104.8	110.4	118.7

(a) Provisional
 (b) Includes Government Treasury bonds of Rs. 78,441 million issued for CPC in January 2012 of which Rs. 21,778 million matured on 01 January 2017 and Rs. 25,217 million matured on 01 January 2022 and the current outstanding is Rs. 31,446 million.
 (c) From December 2022 onwards, several outstanding project loans which were previously classified under the Ceylon Electricity Board, Airport and Aviation Services Ltd. and Sri Lanka Ports Authority were absorbed into central government debt.
 (d) Outstanding balance of the government guaranteed foreign currency debt of the Ceylon Petroleum Corporation was absorbed into central government debt by end December 2022.
 (e) Compilation of public guaranteed debt is based on data received from Ministry of Finance, Economic Stabilisation and National Policies as of 10 March 2023
 (f) Includes an international bond amounting to US dollars 175 million issued by the SriLankan Airlines in June 2014. This was matured in June 2019 and re-issued for a period of 5 years.
 (g) GDP estimates (base year 2015) released by the Department of Census and Statistics on 15 March 2023 have been used.

Sources: Ministry of Finance,
Economic Stabilisation and
National Policies
Central Bank of Sri Lanka

6

central government debt, which is the largest share of public debt, increased by 56.1 per cent to Rs. 27,492.0 billion at end 2022, accounting for 95.9 per cent of the total public debt. Public guaranteed debt declined by 21.6 per cent to Rs. 1,180.7 billion at end 2022 from Rs. 1,506.7 billion at end 2021, accounting for 4.1 per cent of the total outstanding public debt, mainly due to absorption of government guaranteed foreign currency debt of CPC into central government debt by end 2022. A selected set of foreign project loans of CEB, SLPA and AASL were included in central government debt, as proposed by the National Budget 2022 and approved by the Cabinet of Ministers in 30 January 2023.

6.5 Budgetary Operations in Sub National Governments

Policy Directions and Measures taken by Sub National Governments

The Ministry of Provincial Councils and Local Government (MPCLG) continued to play a pivotal role in providing policy advice to sub national governments⁹ in 2022 in order to identify the development needs at the sub national level and to facilitate investments with a view to achieving balanced regional development. Despite budgetary constraints, priority was given to economic and

⁹ The sub national governments comprised nine Provincial Councils and 341 local governments that include 24 Municipal Councils, 41 Urban Councils, and 276 Pradeshiya Sabhas.

social infrastructure development projects, including the upgrading of education and health sectors to improve living standards of the people. Accordingly, the Ministry continued the Primary Health Care System Strengthening Project and the General Education Modernisation Programme in regional areas during 2022. Further, several infrastructure development projects were continued during 2022, including the Local Government Enhancement Sector Project (Pura Neguma programme), the Rural Infrastructure Development Project in Emerging Regions (RIDEP Project), and the Greater Colombo Wastewater Management Project, in view of improving physical infrastructure in urban as well as other regional areas.

The Finance Commission (FC) recommended several policy measures during the year with the objective of ensuring balanced and equitable socio-economic development in all provinces. Accordingly, the FC recommended the establishment of a powerful agency responsible for the rational allocation of resources at both national and provincial levels. This agency would ensure effective utilisation of resources, while undertaking independent and rigorous appraisal of investment proposals to prioritise the projects with higher economic returns. The FC recommended that the Government to carry out a comprehensive and independent study to formulate a policy for locating/expanding hospitals and other health care institutions to improve health care services at provincial level. Further, the FC highlighted the need to explore new avenues to empower Provincial Councils (PCs) and local authorities with higher revenue generation to reduce the dependency on the central government budget. Many taxes and fees, including motor vehicle license fees and license fees on liquor sales outlets collected by PCs, have not been revised in line with market conditions. Since the revision of these fees and taxes falls

Table 6.11
Budget Outturn of Provincial Councils

Item	Rs. million			
	2019	2020	2021 (a)	2022 (b)
Total Revenue	91,344	52,245	63,942	73,793
Tax Revenue	81,499	43,096	55,165	59,894
Non Tax Revenue	9,845	9,149	8,777	13,899
Total Expenditure	310,124	337,006	382,248	392,512
Recurrent Expenditure	286,884	289,667	323,762	382,792
o/w Personal Emoluments	219,698	228,561	252,582	300,073
Capital Expenditure	23,240	47,339	58,486	9,720
Central Government Transfers	218,780	284,761	318,306	318,719
Block Grants	199,968	265,593	284,602	298,737
Criteria Based Grants	2,205	1,752	2,559	745
Province Specific Development Grants	11,376	11,004	12,632	5,102
Foreign Grants for Special Projects	5,230	6,412	18,513	14,135

(a) Revised
(b) Provisional

Sources: Ministry of Finance, Economic Stabilisation and National Policies
Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government

under the purview of respective line Ministries, the FC recommended that the line Ministries revise such fees and tax rates to increase revenue mobilisation at provincial levels.

Budgetary Operations in Provincial Councils

The revenue collection of PCs continued its positive momentum in 2022, with the increase in both tax and non tax revenue collection of PCs. Accordingly, in nominal terms, total revenue of PCs increased by 15.4 per cent in 2022, compared to the previous year. Tax revenue increased by 8.6 per cent in 2022, mainly benefitting from the increased revenue collection from stamp duty, which grew by 9.4 per cent to Rs. 45.1 billion in 2022 from Rs. 41.2 billion recorded in the preceding year. Stamp duty, which continued to be the major source of revenue of PCs, accounted to 75.3 per cent of the total tax revenue in 2022, compared to the share of 74.7 per cent recorded in 2021. Meanwhile, non tax revenue increased significantly by

58.4 per cent in 2022, primarily due to the higher revenue collection from interest income, profits, and dividends, which increased to Rs. 6.5 billion in 2022 from Rs. 2.2 billion recorded in the preceding year. Meanwhile, the share of revenue from the Western Provincial Council in the total revenue collection of PCs increased to 54.2 per cent in 2022 from 52.1 per cent in 2021. Amongst other PCs, the North-Western and Southern Provinces accounted for 9.6 per cent and 9.3 per cent of the total revenue, respectively.

In line with the expenditure rationalisation measures of the Government, the growth in total expenditure of PCs moderated to 2.7 per cent in 2022, compared to the previous year, owing to the significant reduction in capital expenditure.

Recurrent expenditure increased by 18.2 per cent in 2022, reflecting the rise in expenditure on personal emoluments, which remained the largest component of recurrent expenditure with a share of 78.4 per cent in the total recurrent expenditure of PCs. Meanwhile, 87.5 per cent of personal emoluments of PCs were accounted by the education and health sectors. During the year, in terms of total recurrent expenditure of PCs, the Western, Central and Southern PCs recorded the highest spending, accounting for 21.7 per cent,

12.9 per cent, and 12.7 per cent of total recurrent expenditure of PCs, respectively. With the commitment of the Government to reduce expenditure by curtailing non-essential and non-urgent capital expenditure, capital expenditure of PCs declined significantly by 83.4 per cent during the year over the preceding year.

Transfers from the Central Government to PCs increased marginally by 0.1 per cent to Rs. 318.7 billion in 2022, compared to the previous year.

An increase in transfers was observed only in the category of block grants, while transfers under all other categories declined during the year. Accordingly, block grants to PCs, which represent 93.7 per cent of the total transfers, increased by 5.0 per cent in 2022. During the year, transfers under Criteria Based Grants (CBG), Province Specific Development Grants (PSDGs), and grants for special projects declined by 70.9 per cent, 59.6 per cent, and 23.6 per cent, respectively, reflecting the impact of fiscal consolidation measures of the Government. Meanwhile, transfers from the Central Government declined to 1.4 per cent of GDP in 2022 from 1.8 per cent of GDP in 2021. Moreover, central government transfers, as a percentage of total expenditure of the PCs, declined to 81.2 per cent in 2022, compared to 83.3 per cent recorded in the previous year.

7

MONETARY POLICY, INTEREST RATES, MONEY AND CREDIT

7.1 Overview

The Central Bank tightened the monetary policy stance significantly during 2022 aimed at countering the soaring price pressures and persistent acceleration of inflation, while anchoring inflation expectations and reining in underlying demand pressures. Such tightening of monetary policy was warranted in addressing unprecedented vulnerabilities in the external sector amidst the worst balance of payments (BOP) stresses experienced in the post-independence economy and in offsetting the impact of the anomalous interest rate structure due to rising risk premia of yields on government securities amidst growing concerns about domestic debt restructuring. Price pressures spiralled up during the year due to a multitude of factors, including domestic supply side disruptions, long overdue adjustments to administrative prices in response to the hikes in global oil and commodity prices and their spillovers, faster passthrough of the significant depreciation of the currency, and lagged impact of monetary accommodation during the COVID-19 pandemic, among others. Reflecting the impact of the tight monetary policy stance, liquidity in the domestic money market remained in deficit, with elevated lending and deposit interest rates, thereby constraining the expansion of money and credit. Especially, market lending and deposit interest rates rose notably within a span of a few months, reflecting the rapid passthrough of tight monetary policy, large liquidity deficit levels, and elevated risk premia. In response, the expansion of broad money supply and credit slowed significantly, with credit obtained by the private sector suffering the most, as reflected by the continuous month-on-month contraction since June 2022. The impact of tight monetary conditions and improvements on the supply side with the abating BOP pressures helped contain price pressures towards late 2022. Headline inflation peaked in September 2022 and has been on a steady disinflation path since then. However, credit extended to the Government by the banking system remained considerably high during the year amidst subdued government revenue and limited access to foreign financing following the external debt standstill announcement in April 2022. The persistently large government borrowing requirement, together with concerns about domestic debt restructuring, caused the yields on government securities to soar and remained at extraordinarily high levels during the year, although some moderation was observed towards late 2022 with improving market sentiments on the successful finalisation of the Extended Fund Facility (EFF) arrangement from the International Monetary Fund (IMF). Meanwhile, market deposit interest rates as well as short term market lending interest rates began to decline gradually, in line with the monetary policy communication of the Central Bank that underscored the need to bring down excessive interest rates that moved alongside the yields on government securities. Further, the Central Bank initiated measures to ease liquidity stresses in the money market by providing liquidity on a long term basis, while reducing the banks' overreliance on standing facilities, thereby facilitating the gradual downward movement of the interest rate structure, which has overly responded with a disproportionate upward adjustment, compared to the magnitude of policy interest rate tightening thus far. Meanwhile, the Central

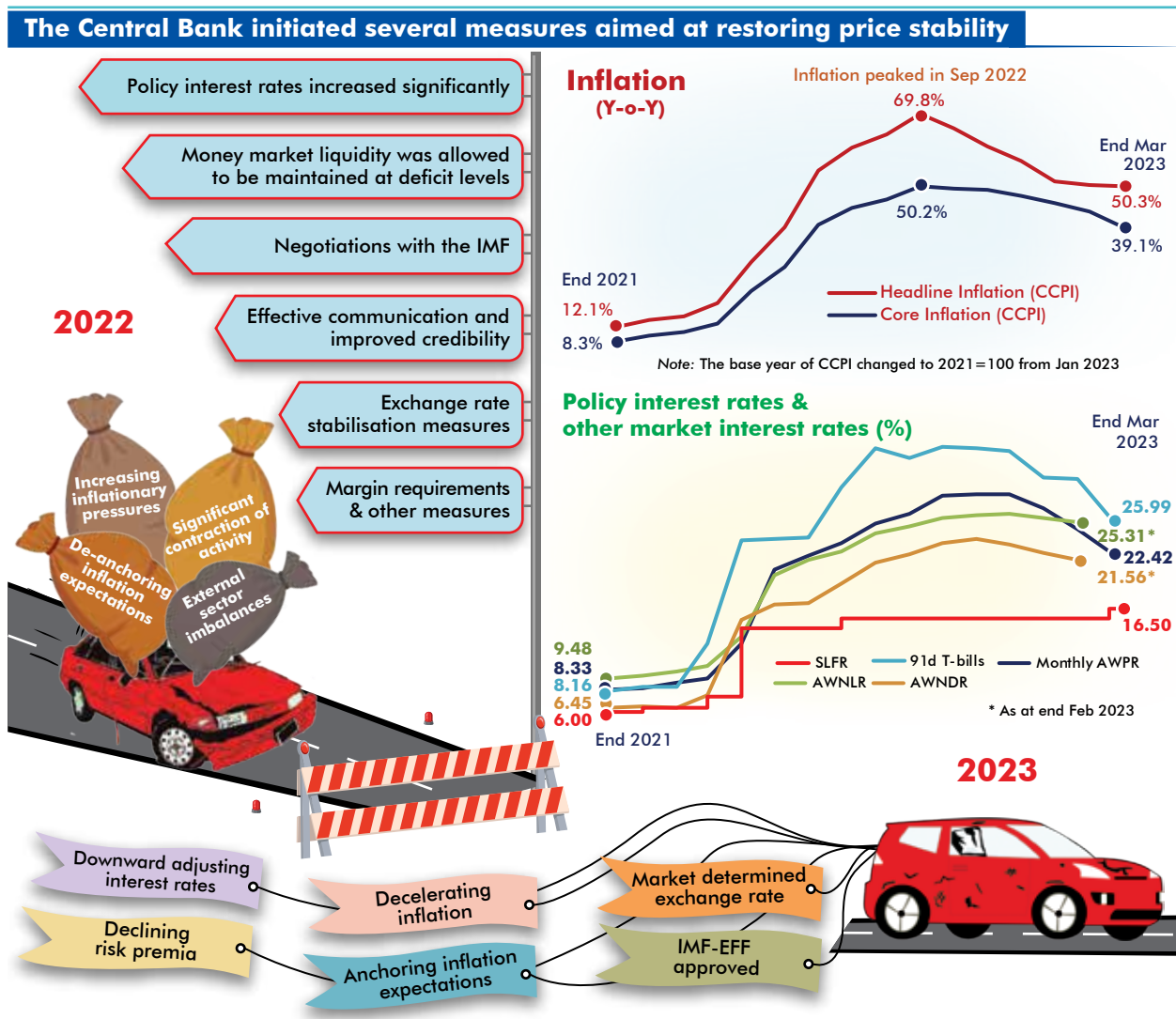
Bank increased the policy interest rates in March 2023 in fulfilling the remaining 'prior action' of the IMF-EFF arrangement. This helped lower the spread between policy interest rates and market interest rates further. Notwithstanding this increase in policy interest rates, the declining trend of market interest rates continued in keeping with the market guidance provided by the Central Bank since late 2022. Reflecting the impact of monetary policy and other measures, headline inflation is expected to return to a single digit level towards late 2023 and remain within the targeted level over the medium term. Most importantly, the downward adjustment of the market interest rates observed thus far is expected to continue in the period ahead, supported by declining inflation and more clarity that may become available on the options for domestic debt optimisation and the resultant reduction in high risk premia attached to the yields on government securities. This would help ease the significant tightness in monetary conditions and foster a gradual turnaround in credit to the private sector. Meanwhile, the expected enactment of the new Central Bank legislation is envisaged to provide further impetus in implementing monetary policy in the absence of fiscal dominance.

7.2 Monetary Policy Stance

The Central Bank continued the tight monetary policy stance that commenced in August 2021 through 2022 in view of arresting inflationary pressures and possible de-anchoring of inflation expectations. By considering the significant acceleration of inflation in the country and the large anomaly that existed between policy interest rates and market interest rates amidst external and fiscal sector imbalances, the Central Bank's key policy interest rates, i.e., the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR), were raised by 10 percentage points till end 2022, since the monetary tightening cycle that began in August 2021, and a larger portion of that adjustment, i.e., 7 percentage points, took place in April 2022. The extended period of monetary accommodation since the onset of the COVID-19 pandemic in early 2020 and a sharp depreciation of the Sri Lanka rupee against the US dollar during March 2022 resulted in significant upside risks to the inflation outlook, compelling the Central Bank to raise policy interest rates by 7 percentage points in April 2022 and a further 100 basis points in July 2022. Such tightening of monetary conditions helped arrest the build-up of demand driven inflationary pressures and preempt the escalation of adverse inflationary expectations, as well as

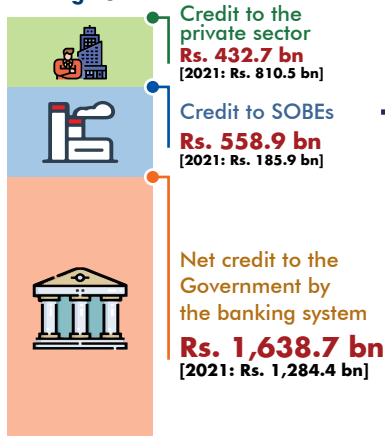
ease pressures on the external sector, while correcting the anomaly observed in the interest rate structure. In addition, maximum interest rates imposed on selected lending products as well as foreign currency deposits were removed, enabling the effective passthrough of policy interest rate changes to tighten monetary conditions. In order to support the tight monetary policy stance, overnight liquidity in the domestic money market was maintained at negative levels during 2022, although liquidity required for the operations of the money market was availed through the Standing Lending Facility (SLF). Liquidity in the domestic money market turned significantly negative during mid-2022 mainly due to the impact of foreign exchange transactions by the Central Bank in facilitating essential imports and external debt service payments of the Government. However, a gradual reduction of large negative liquidity levels was observed thereafter as a result of the primary market purchases of Treasury bills by the Central Bank to support the cashflow requirements of the Government and the return of currency to the banking system given the attractive deposit interest rates. Yields on government securities increased significantly during the year till around November 2022 driven by the sharp increase in the policy interest rates and elevated risk premia attached to government securities amidst uncertainties associated with debt restructuring

Figure 7.1
Monetary Sector Developments

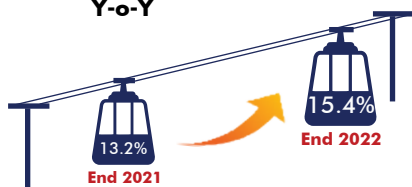


Growth of credit to the private sector continued to decelerate

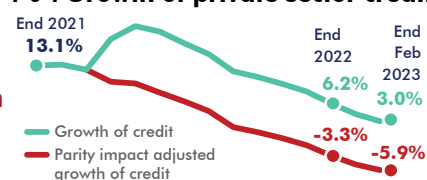
Annual change in domestic credit During 2022



Growth of M_{2b} Y-o-Y



Y-o-Y Growth of private sector credit



Components of the Central Bank balance sheet

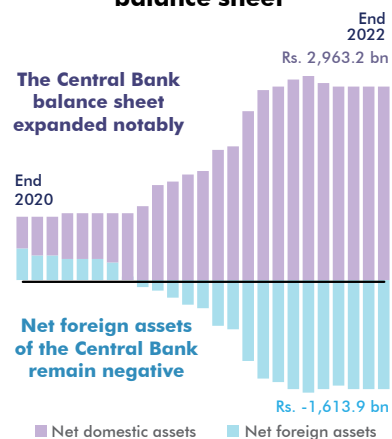


Table 7.1
Recent Monetary Policy Measures

Date	Measure
30 Jan 2020	SDFR and SLFR reduced by 50 basis points to 6.50% and 7.50%, respectively.
17 Mar 2020	SDFR and SLFR reduced by 25 basis points to 6.25% and 7.25%, respectively.
17 Mar 2020	SRR reduced by 1.00 percentage point to 4.00% to be effective from the reserve period commencing 16 March 2020.
27 Mar 2020	Introduced a concessional loan scheme, the Saubagya COVID-19 Renaissance Facility (Phase I - Refinance Scheme), up to a cumulative value of Rs. 50 billion at an interest rate of 4.00% to support the businesses and individuals affected by COVID-19.
03 Apr 2020	SDFR and SLFR reduced by 25 basis points to 6.00% and 7.00%, respectively, to be effective from the close of business on 03 April 2020.
06 May 2020	SDFR and SLFR reduced by 50 basis points to 5.50% and 6.50%, respectively, to be effective from the close of business on 06 May 2020.
16 Jun 2020	SRR reduced by 2.00 percentage points to 2.00% to be effective from the reserve period commencing 16 June 2020.
16 Jun 2020	Extended the concessional loan scheme introduced on 27 March 2020 up to Rs. 150 billion at an interest rate of 4.00% to support the businesses and individuals affected by COVID-19 (the Saubagya COVID-19 Renaissance Facility - Phase II)
09 Jul 2020	SDFR and SLFR reduced by 100 basis points to 4.50% and 5.50%, respectively.
19 Aug 2021	SDFR and SLFR increased by 50 basis points to 5.00% and 6.00%, respectively.
19 Aug 2021	SRR increased by 2.00 percentage points to 4.00% to be effective from the reserve period commencing 01 September 2021.
20 Jan 2022	SDFR and SLFR increased by 50 basis points to 5.50% and 6.50%, respectively.
04 Mar 2022	SDFR and SLFR increased by 100 basis points to 6.50% and 7.50%, respectively.
07 Mar 2022	A measured adjustment was allowed in the exchange rate.
08 Apr 2022	SDFR and SLFR increased by 700 basis points to 13.50% and 14.50%, respectively, to be effective from the close of business on 08 April 2022.
12 May 2022	Effective 13 May 2022, a middle rate of the USD/LKR exchange rate applicable for interbank foreign exchange market transactions was introduced together with the permitted USD/LKR variation margin, which is to be announced on a daily basis to facilitate orderly behaviour of the foreign exchange market and to manage undue intraday volatility in the exchange rate.
07 Jul 2022	SDFR and SLFR increased by 100 basis points to 14.50% and 15.50%, respectively.
02 Jan 2023	Effective 16 January 2023, the availability of the SDF to a particular LCB was limited to a maximum of five (05) times per calendar month. In addition, the availability of the SLF to a particular LCB was limited to 90 per cent of the SRR of such LCB at any given day.
03 Mar 2023	SDFR and SLFR increased by 100 basis points to 15.50% and 16.50%, respectively, to be effective from the close of business on 03 March 2023.
03 Mar 2023	Effective 07 March 2023, the issuance of market guidance through the announcement of a middle rate of the USD/LKR exchange rate and the variation margin was discontinued.

Source: Central Bank of Sri Lanka

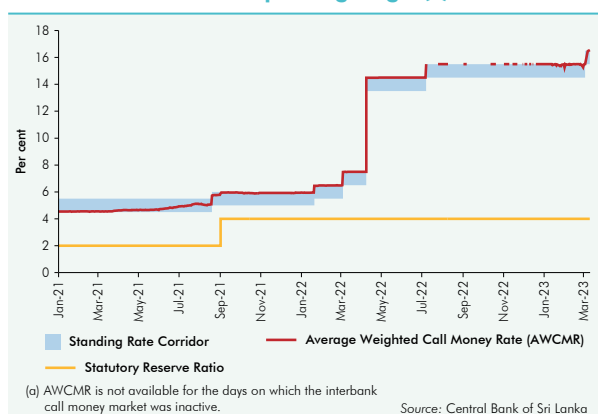
Note: The Central Bank imposed/revised caps on interest rates as follows:

- 27.04.2020: Imposed caps on interest rates on pawning advances of licensed banks
- 24.08.2020: Revised caps on interest rates (lightened) on selected lending products of licensed banks
- 26.11.2020: Imposed caps on interest rates on mortgage-backed housing loans of licensed banks
- 24.08.2021: Imposed caps on interest rates to be paid in respect of foreign currency deposit products of LCBs and NSB
- 30.12.2021: Revised caps on interest rates (linked to 364-day Treasury Bill yield) to be paid in respect of foreign currency deposit products of LCBs and NSB
- 31.12.2021: Revised caps on interest rates (linked to AWPR) on mortgage-backed housing loans of licensed banks
- 04.03.2022: Revised caps on interest rates (relaxed) on selected lending products of licensed banks
- 11.03.2022: Removed caps on interest rates to be paid in respect of foreign currency deposit products of LCBs and NSB
- 21.04.2022: Removed caps on interest rates on selected lending products of licensed banks

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 (LOLR) to support the stability of the banking and financial system (effective 01.03.2023)

concerns. Reflecting a faster passthrough of tight monetary conditions, market interest rates rose significantly with most reaching historically high levels. However, this upward adjustment in market interest rates was disproportionate to the rise in policy interest rates due to the influence of the high risk premia attached to government securities on other market interest rates. This warranted some moral suasion by the Central Bank from November 2022 requesting banks to reduce overly excessive lending and deposit interest rates. Nonetheless, retail market interest rates remained high during 2022, despite some moderation observed from late 2022, in line with repeated requests by the Central Bank on the need to reduce excessive market interest rates, which were maintained at levels way above the policy interest rates. Growth of credit extended to the private sector by the banking system continued to moderate reflecting the tight monetary conditions and the moderation of overall economic activity amidst unprecedented economic stresses. Meanwhile, outstanding credit to the private sector contracted on a monthly basis from June 2022 through February 2023, reflecting the largest spell of contraction of credit on record. Consequently, the year-on-year growth of credit to the private sector moderated to 6.2 per cent by end 2022 and slowed further to 3.0 per cent by end February 2023, recording the lowest growth since July 2020. However, credit obtained by State Owned Business Enterprises (SOBEs) from the banking system expanded during the year, partly reflecting the impact of the depreciation of the exchange rate. Further, Net Credit to the Government (NCG) by the banking system also increased during 2022, driven mainly by NCG from the Central Bank amidst large scale monetary financing. The Central Bank was compelled to provide such monetary financing as a temporary measure to ease pressures on the government cashflow amidst dwindling foreign financing and

Figure 7.2
Movements in Key Policy Instruments
and the Operating Target (a)



revenue shortfalls. A large part of such monetary financing was routed back to the Central Bank to purchase foreign exchange needed to honour foreign currency debt servicing to multilateral lending agencies. However, new monetary financing would be restricted under the proposed Central Bank Act, thereby reinforcing monetary policy autonomy in the period ahead. Meanwhile, the Central Bank continued to maintain its tight monetary policy stance thus far in 2023 to ensure that underlying inflation and inflation expectations remain sufficiently restrained. However, the Central Bank provided liquidity on a long-term basis through open market operations in order to contain excessive pressures on market interest rates due to large deficit levels in the domestic money market for an extended period. Further, in order to promote activity in the domestic money market, which was hampered due to the large asymmetry in liquidity distribution, the Central Bank implemented regulatory actions limiting access to the standing facilities of the Central Bank effective mid-January 2023, thereby reducing the overdependence of Licensed Commercial Banks (LCBs) on standing facilities. Consequently, overnight liquidity in the domestic money market and activity in the interbank call and repo markets improved. Along with these developments and the improvement

in investor sentiment with the finalisation of the IMF-EFF arrangement, yields on government securities and other retail market interest rates commenced easing gradually, thereby easing monetary conditions to some extent, while narrowing the disorderly upward adjustment in market interest rates. Meanwhile, given the necessity of fulfilling all the 'prior actions' and to move forward with the finalisation of the EFF arrangement, amidst some differences in inflation projections of the Central Bank and the IMF staff, a consensus was reached in early March 2023 to raise the policy interest rates, by a notably lower magnitude, compared to the level of adjustment envisaged during the initial stage of negotiations. Accordingly, policy interest rates were increased by 100 basis points with effect from the close of business on 03 March 2023. This adjustment helped further narrow the spread between the policy interest rates and elevated market interest rates, while the moderation of market interest rates is expected to continue in the period ahead as more information becomes available with regard to the debt restructuring strategy of the Government. While such downward adjustment of the interest rate structure would help ease the unprecedented burden on small and medium scale businesses to stay afloat under extremely challenging economic circumstances, this is not expected to ease monetary conditions to levels that could generate inflationary pressures as economic activity already remained subdued.

The Central Bank's monetary policy communication strategy in 2022 remained aligned with the tight policy stance that was maintained throughout the year, while reiterating its commitment to restoring price stability amidst historic high levels of inflation. Monetary policy communication during a high inflation episode was extremely challenging, particularly amidst the lack of public confidence in the economy. Premature and

ill-conceived statements by some commentators about the direction of inflation and interest rates, including some reference to possible hyperinflation, prolonged economic crisis, etc., caused confusion among the public. The sharp adjustment of policy interest rates in April 2022 necessitated efficient policy communication to educate the public on the need for such adjustment and curb worsening inflation expectations. The over-adjustment of market interest rates, including the yields on government securities, mainly due to uncertainty over domestic debt restructuring under the IMF-EFF arrangement, highlighted the importance of frequent and clear communication to the public. In implementing its communication policy, the Central Bank continued to use conventional channels as well as social media and digital platforms. Timely policy communication via monetary policy press releases was continued and the publishing of the inflation fan chart was re-commenced during the year, amidst several risks and uncertainties on the inflation outlook. These monetary policy announcements were complemented by press conferences that were livestreamed to a wider audience via social media. With a view to anchoring inflation expectations, the Central Bank commenced publishing the inflation fan chart in monthly press releases on inflation developments as well. In addition, the Governor and senior officials of the Central Bank participated

in various interviews, conferences, seminars, invited lectures and webinars, attempting to increase the reach of policy communication and correct misconceptions of policy perspectives. Regular publications of the Central Bank, including the Annual Report and Recent Economic Developments, were completed timely in all three languages, while the Central Bank assisted the Government to undertake necessary fiscal policy measures by submitting the September 15th Report and several submissions of reports under sections 64 and 68 of the Monetary Law Act. Going forward, the Central Bank will be taking steps to align its publications as per the new Central Bank Act, which is expected to be enacted in the period ahead, where the publication of a bi-annual Monetary Policy Report will commence.

7.3 Developments in Inflation

Headline inflation accelerated significantly during the nine months ending September 2022, reaching a historically high level, before trending downward. The unprecedented acceleration of headline inflation was mainly due to the notable rise in food prices and other supply side disruptions, the sharp depreciation of the Sri Lanka rupee against the US dollar and the subsequent adjustments in administered prices, such as energy and

Figure 7.3
Contribution to CCPI based Headline Inflation (year-on-year) (a)

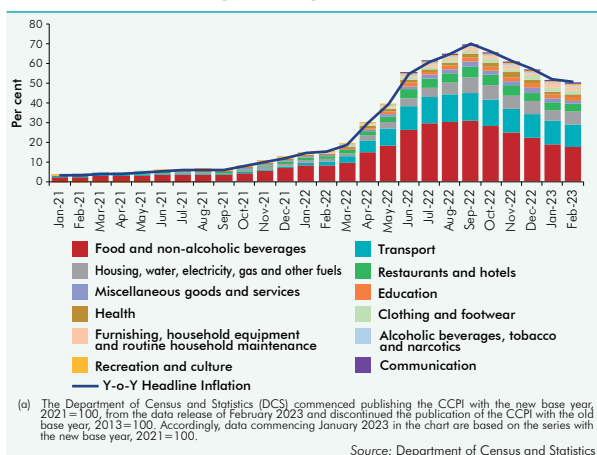
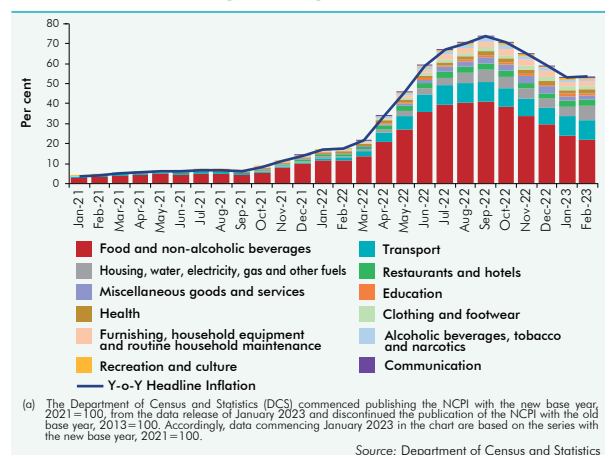
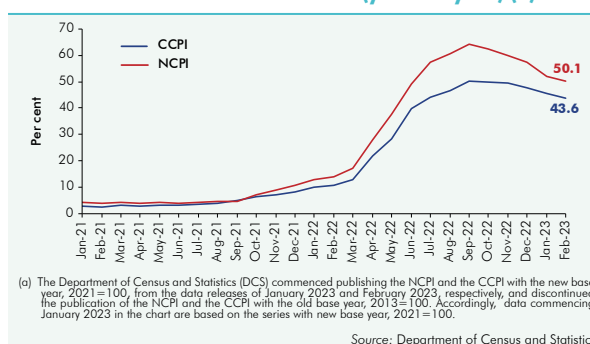


Figure 7.4
Contribution to N CPI based Headline Inflation (year-on-year) (a)



transport prices and their spillovers, and unabating aggregate demand pressures owing to the lagged impact of monetary accommodation during the past few years. As measured by the year-on-year change in the Colombo Consumer Price Index (CCPI, 2013=100), the transport sector recorded over 100 per cent inflation during the months of the second half of 2022 and peaked at 150.4 per cent in September 2022, while food inflation also peaked at 94.9 per cent in the same month. However, the easing of demand pressures owing to the lagged effects of monetary policy tightening as well as the softening of food and energy inflation caused headline inflation to decelerate from the latter part of 2022. Accordingly, headline inflation, as measured by the year-on-year change in the CCPI (2013=100) accelerated to 69.8 per cent in September 2022, from 12.1 per cent at end 2021, before moderating to 57.2 per cent by end 2022. Annual average inflation, based on the CCPI (2013=100), soared to 46.4 per cent in 2022, from 6.0 per cent in 2021. Year-on-year headline inflation, based on the National Consumer Price Index (NCPI, 2013=100), followed a similar trend and peaked at 73.7 per cent in September 2022, compared to 14.0 per cent at end 2021, before moderating to 59.2 per cent by end 2022. Annual average inflation, based on the NCPI (2013=100), was recorded at 50.4 per cent in 2022, compared to 7.0 per cent in 2021. The deceleration of inflation that started in October 2022 continued through early 2023. The Department of Census and Statistics (DCS) revised the base year for both CCPI and NCPI from 2013 to 2021, in order to accommodate the changing expenditure patterns and incorporate changes in goods and services available in the market. However, the deceleration trend of inflation remained broadly unaffected under both series despite this revision of the base year. Accordingly, year-on-year headline inflation, based on the CCPI (2021=100), decelerated to 50.6 per cent in February 2023, while that of NCPI (2021=100) was recorded at 53.6 per cent in February 2023.

Figure 7.5
Movements in Core Inflation (year-on-year) (a)



Reflecting the underlying demand driven pressures, core inflation also accelerated during the nine months ending September 2022, before moderating thereafter, albeit at a slower pace, compared to that of headline inflation. The rise of core inflation could be mainly attributed to the pent-up demand stemming from the lagged impact of monetary accommodation in the past, and price hikes in imported goods, coupled with the increase in costs of non-food categories, such as restaurants and hotels, health and education. Both CCPI and NCPI based year-on-year core inflation peaked in September 2022, and moderated thereafter. The pace of deceleration of core inflation was slower than that of headline inflation as a large portion of inflation deceleration was attributed to volatile food and energy components, which are excluded from the measurement of core inflation. The contraction of demand resulting from the monetary policy tightening was the main contributor for this deceleration of core inflation. Year-on-year core inflation, based on the CCPI (2013=100), accelerated from 8.3 per cent at end 2021 to 50.2 per cent in September 2022, before moderating to 47.7 per cent by end 2022. Annual average core inflation, based on the CCPI (2013=100), was recorded at 34.6 per cent in 2022, compared to 4.4 per cent in 2021. Core inflation (year-on-year), based on the NCPI (2013=100), also accelerated

Table 7.2
Movements of Inflation (year-on-year)

		2013 = 100						2021 = 100	
		Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Jan-23	Feb-23
Headline Inflation	CCPI	7.1	2.8	4.8	4.2	12.1	57.2	51.7	50.6
	Food Inflation	14.4	-1.5	6.3	9.2	22.1	64.4	60.0	54.4
	Non Food Inflation	4.2	4.8	4.3	2.0	7.5	53.4	47.9	48.8
	NCPI	7.3	0.4	6.2	4.6	14.0	59.2	53.2	53.6
	Food Inflation	12.8	-4.5	8.6	7.5	21.5	59.3	53.6	49.0
	Non Food Inflation	2.9	4.7	4.2	2.2	7.6	59.0	52.9	57.4
Core Inflation	CCPI	4.3	3.1	4.8	3.5	8.3	47.7	45.6	43.6
	NCPI	2.7	3.1	5.2	4.7	10.8	57.5	52.0	50.1

Source: Department of Census and Statistics

from 10.8 per cent at end 2021 to 64.1 per cent in September 2022 and moderated to 57.5 per cent by end 2022. The annual average core inflation, based on the NCPI (2013=100), was recorded at 43.9 per cent in 2022, compared to 5.5 per cent in 2021. Similar to headline inflation, core inflation also continued to trend downward during early 2023, as year-on-year core inflation, based on the CCPI (2021=100), decelerated to 43.6 per cent in February 2023, while year-on-year core inflation, based on the NCPI (2021=100), decelerated to 50.1 per cent in February 2023.

Inflation expectations broadly followed the trend of realised inflation, despite remaining elevated. The behaviour of near term inflation expectations of both the corporate and household sectors, which was mostly of an adaptive nature, remained broadly similar in 2022. A downward shift in expectations across all tenures was observed in recent months in line with the deceleration in actual inflation. As per the survey responses, the expected moderation of inflation in the period ahead would be mainly due to anticipated improvements in domestic supply conditions, relaxation of import restrictions, expected easing of global commodity prices, decrease in income levels, and tight monetary conditions.

7.4 Movements of Interest Rates

Market Liquidity and Short-Term Interest Rates

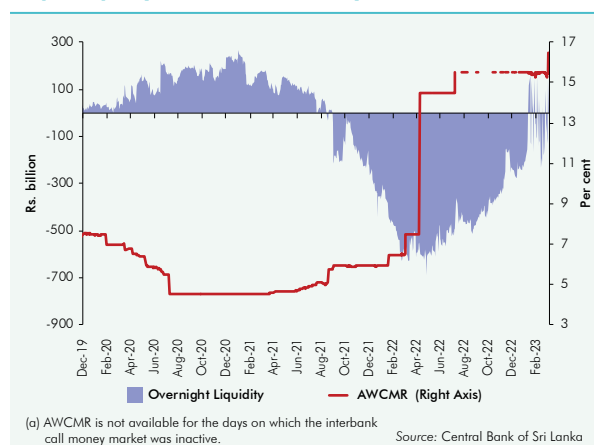
Liquidity in the domestic money market remained at high deficit levels during the first half of 2022, before improving gradually towards the end of the year. Liquidity in the domestic money market, which declined to negative levels following the upward adjustment in the Statutory Reserve Ratio (SRR) in September 2021, was allowed to remain at negative levels reflecting the need for maintaining tight monetary conditions amidst high inflation rates. Among the other major factors that contributed to such large negative liquidity in the money market include net foreign exchange sales by the Central Bank in facilitating the importation of essential goods, net foreign loan repayments of the Government by drawing down gross official reserves, net currency withdrawals by the public from the banking system, and maturities of foreign currency buy-sell swaps with domestic banks. The factors that contributed to the gradual improvement in domestic money market liquidity from May 2022 include the impact of the primary purchases of government securities by the Central Bank, an increase in currency deposits to the banking system with high deposit interest rates, and the long term

reverse repo auctions conducted from time to time to address significant liquidity constraints of certain banks. Accordingly, the daily average liquidity in the domestic money market recorded a deficit of around Rs. 279 billion during the last quarter of 2022, compared to a large daily average deficit of around Rs. 531 billion during the first half of 2022. Nevertheless, the distribution of money market liquidity demonstrated large asymmetries, where certain domestic banks, particularly state-owned commercial banks, recorded significant liquidity deficits reflecting their transactions with the Government and SOBEs, while foreign banks maintained large liquidity surpluses, reflecting prudential risk management concerns on Government exposure. As a result, several LCBs continued to rely on the standing facilities of the Central Bank without transacting in the interbank market. With the view to addressing the underlying overnight liquidity considerations of LCBs, the Central Bank decided to impose restrictions on the usage of standing facilities effective mid-January 2023.¹ Following this regulatory measure and the simultaneous conduct of long term reverse repo auctions and other liquidity providing facilities by the Central Bank, a notable improvement in overnight domestic money market liquidity was observed, where it turned to a surplus level in mid-January 2023 after 16 months. Subsequently, overnight liquidity in the domestic money market remained volatile, mainly reflecting the impact of the usage pattern of the Standing Deposit Facility (SDF) by banks with excess liquidity. Meanwhile, rupee liquidity in the domestic money market improved notably, primarily due to the moderation of forex sales by the Central Bank following the improvements in the liquidity in the domestic foreign exchange

market, and net forex purchases by the Central Bank, particularly in 2023 thus far. Accordingly, the average overnight liquidity deficit declined to around Rs. 72 billion during the first quarter of 2023.

In response to the tight liquidity conditions and the continuation of tight monetary policy, the Average Weighted Call Money Rate (AWCMR) remained around the upper bound of the Standing Rate Corridor (SRC). AWCMR, which hovered near the upper bound of SRC at the beginning of 2022, touched the upper bound of SRC mainly due to the continued large liquidity deficit of the banking system. Activity in the interbank money market saw a gradual reduction from April 2022 onwards, with the market remaining inactive for the most part following the policy interest rate adjustment in July 2022. The lacklustre activity in the interbank market was mainly due to the market uncertainty emanating from the domestic debt restructuring concerns amidst the asymmetric liquidity distribution and prudential risk management concerns, such as counterparty limits by foreign banks. However, with the measures taken by the Central Bank, such as the regular conduct of long-term reverse repo auctions and subsequent imposition of restrictions on the use of standing facilities, a gradual resumption of activity

Figure 7.6
Rupee Liquidity in the Domestic Money Market and AWCMR (a)



¹ With effect from 16 January 2023, the Standing Deposit Facility (SDF) (overnight deposit facility that allows LCBs to park excess liquidity and earn interest) was limited to a maximum of five (05) times per calendar month. At the same time, the Standing Lending Facility (SLF), which is the collateralised facility provided for LCBs to fulfill any further shortage of the liquidity requirements from the Central Bank at the end of the day, was also limited to 90 per cent of SRR of each LCB on any given day.



was observed in the interbank money markets. Consequently, AWCMR recorded a marginal reduction from the upper bound of SRC mid-January 2023 onwards. Accordingly, AWCMR rose by 9.55 percentage points during 2022 in response to the cumulative adjustment of 9.50 percentage points in the policy interest rates during 2022. Meanwhile, with the increase in policy interest rates by 100 basis points in March 2023, AWCMR increased to 16.46 per cent as of 07 March 2023 and remained around the upper bound of SRC by end March 2023.

Yields on Government Securities

The yields on government securities increased notably during 2022, reflecting the increased risk premia amidst concerns about domestic debt restructuring and significantly high borrowing requirements of the Government, along with the increase in policy interest rates by the Central Bank in view of containing burgeoning price pressures. Yields on government securities increased notably during 2022 as market sentiments were dampened by the Government’s continued reliance on domestic market sources with limited access to foreign financing and heightened concerns about domestic debt restructuring. A notable disparity was observed between the policy interest rates

Figure 7.7
Primary Market Treasury Bill Yields (a)

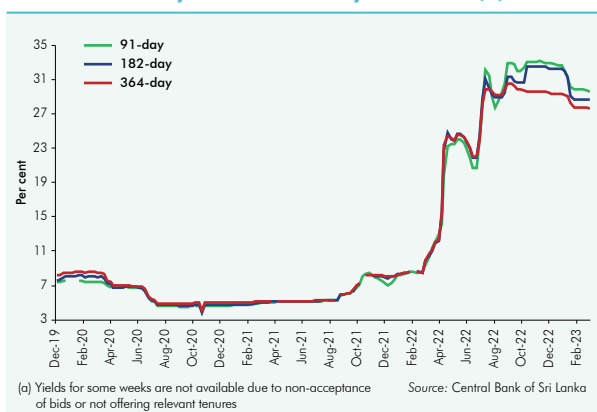
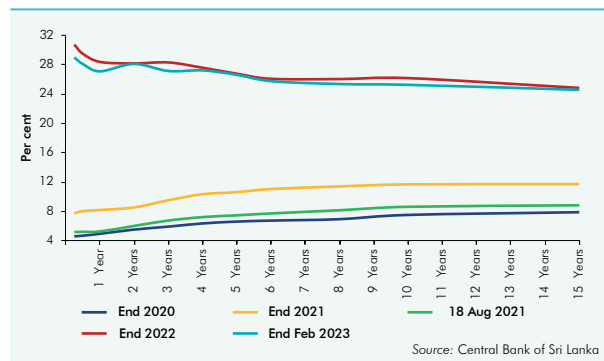


Figure 7.8
Secondary Market Yield Curve for Government Securities



and yields on government securities, while other market interest rates continued to edge up in line with the movements of the latter. The yields on Treasury bills in the primary market rose notably by around 22.30-25.00 percentage points across all tenures during the year up to their peak levels, as opposed to a 9.50 percentage points increase in policy interest rates during 2022. Towards the end of 2022 and early 2023, a notable moderation was observed in the yields on government securities as investor sentiment improved in anticipation of the finalisation of the IMF-EFF arrangement. Improved liquidity conditions in the domestic money market due to the measures taken by the Central Bank, including the restrictions on standing facilities and injection of liquidity through long term reverse repo auctions and other liquidity providing facilities by the Central Bank, supported the reduction in yields on government securities. Accordingly, the yields on Treasury bills in the primary market for 364-day maturity peaked in early September 2022, and the same for 91-day and 182-day maturities peaked in mid-November 2022. As such, yields on Treasury bills dropped by around 2.80-3.90 percentage points across all tenures by end-February 2023 from their peak levels. Market appetite for Treasury bills remained broadly intact, although increased appetite towards the shortest maturity was observed due to domestic debt restructuring concerns. However, a gradual improvement in

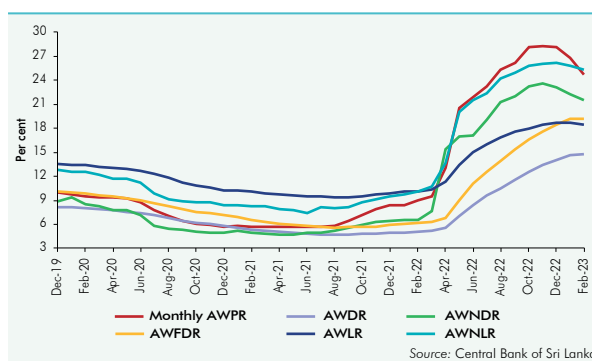
the appetite for all tenures was observed towards late 2022 and early 2023 due to improved market sentiments. Meanwhile, yields on Treasury bonds followed the trend observed in Treasury bills where the primary market yields increased significantly during the period from January to mid-November 2022, while a moderation was observed thereafter. Unlike Treasury bills, the market appetite was more towards the longer term Treasury bonds with a high yield. Secondary market yields on government securities also recorded substantial increases in line with the primary market yields but eased thereafter following the trend observed in the primary market.

Deposit and Lending Interest Rates

Deposit interest rates offered by LCBs increased significantly in 2022 reflecting the passthrough of monetary policy tightening measures taken by the Central Bank and the tight liquidity conditions in the domestic money market. The substantial increase in policy interest rates by the Central Bank, the surge in the yields on government securities driven by increased risk premia, and the large and persistent liquidity deficit in the domestic money market that heightened competition among licensed banks to retain existing deposits and promote new deposits caused deposit interest rates to adjust upward sharply. Amidst significant liquidity tightness in the domestic money market, banks offered novel deposit products with high rates of interest, particularly for short term tenures. Moreover, the large increase in the yields on government securities caused upward pressures on deposit interest rates. Given these developments, the Average Weighted Deposit Rate (AWDR)² reached 14.06 per cent by end December 2022, recording the highest level since

2 AWDR reflects the movements in interest rates pertaining to all outstanding interest bearing rupee deposits held with LCBs.

Figure 7.9
Movement of Selected Market Interest Rates



late 1991. The Average Weighted Fixed Deposit Rate (AWFDR)³ also followed a similar trend. Further, the Average Weighted New Deposit Rate (AWNDR)⁴ and the Average Weighted New Fixed Deposit Rate (AWNDR)⁵ rose to their highest levels on record, peaking at 23.63 per cent and 24.05 per cent, respectively, in November 2022. Accordingly, interest rates offered for new deposits, as measured by AWNDR and AWFDR, increased by around 17 percentage points during January-November 2022, disproportionate to the increase in policy interest rates by 9.50 percentage points during 2022. Having noted the excessive upward adjustment in market deposit interest rates in 2022, and the resulting impact on market lending rates, the Central Bank stressed the need for licensed banks to eliminate unhealthy competition in mobilising deposits, while taking measures to improve liquidity in the domestic money market, particularly in the latter part of 2022. Reflecting the impact of improved liquidity conditions towards the end of 2022, market deposit interest rates commenced moderating. Further, the measures adopted by the Central Bank to activate the interbank market in early 2023 helped improve liquidity in the domestic money market. With

3 AWFDR is based on interest rates pertaining to all outstanding interest bearing rupee time deposits held with LCBs.

4 AWNDR is based on interest rates pertaining to all new interest bearing rupee deposits mobilised by LCBs during a particular month.

5 AWFDR is based on interest rates pertaining to all new interest bearing rupee time deposits mobilised by LCBs during a particular month.

Table 7.3
Movements of Interest Rates

Interest Rate	End 2021	Per cent per annum	
		End 2022	Change in % pts
Key Policy Interest Rates			
Standing Deposit Facility Rate (SDFR)	5.00	14.50	9.50
Standing Lending Facility Rate (SLFR)	6.00	15.50	9.50
Average Weighted Call Money Rate (AWCMR)	5.95	15.50	9.55
Yield Rates on Government Securities			
Primary Market (a)			
Treasury bills			
91-day	8.16	32.64	24.48
182-day	8.33	32.20	23.87
364-day	8.24	29.27	21.03
Treasury bonds			
2-year	9.16 (b)	33.01 (c)	23.85
3-year	9.70 (b)	31.36 (c)	21.66
4-year	8.55 (b)	-	-
5-year	11.14 (b)	31.78 (c)	20.64
10-year	8.86 (b)	30.86 (c)	22.00
Secondary Market			
Treasury bills			
91-day	7.77	30.75	22.98
182-day	8.07	29.50	21.43
364-day	8.22	28.39	20.17
Treasury bonds			
2-year	8.58	28.19	19.61
3-year	9.55	28.32	18.77
4-year	10.38	27.60	17.22
5-year	10.66	26.78	16.12
10-year	11.71	26.18	14.47
Interest Rates on Deposits			
Licensed Commercial Banks (d)			
Savings deposits	0.05-6.35	0.25-6.00	-
1 Year Fixed Deposits (e)	0.15-15.00	4.50-30.00	-
AWDR (f)	4.94	14.06	9.12
AWFDR (f)	5.94	18.49	12.55
AWNDR (f)	6.45	23.07	16.62
AWNDR (f)	6.67	23.73	17.06
Other Financial Institutions (g)			
National Savings Bank			
Savings Deposits	3.50	3.00	-0.50
1 Year Fixed Deposits	5.50	12.00	6.50
Licensed Finance Companies (h)			
Savings Deposits	3.46-4.69(j)	4.63-8.03	-
1 Year Fixed Deposits	9.02-10.13	20.48-27.15	-
Interest Rates on Lending			
Licensed Banks (j)			
AWSR	10.49	20.73	10.24
AWNSR	10.04	26.91	16.87
Licensed Commercial Banks (d)			
AWPR (Monthly)	8.33	28.19	19.86
AWLR	9.87	18.70	8.83
AWNLR	9.48	26.20	16.72
Licensed Specialised Banks			
National Savings Bank	7.50-11.50	28.00-32.00	-
State Mortgage and Investment Bank (k)	7.50-12.50	18.00-27.25	-
Licensed Finance Companies (h)			
Finance Leasing	12.77-28.33	21.53-35.37	-
Hire Purchase	11.08-27.00	16.94-38.28	-
Loans against Immovable Properties	15.29-16.77(j)	26.80-28.43	-
Interest Rates on Foreign Currency Deposits (l)			
Savings Deposits - USD	0.03-4.60	0.10-7.77	-
Savings Deposits - GBP	0.03-3.00	0.20-4.83	-
Time Deposits - USD	0.02-7.00	0.02-11.50	-
Time Deposits - GBP	0.02-5.75	0.02-7.00	-
Corporate Debt Market			
Debentures	8.00-12.00	15.42-28.00	-
Commercial Papers	6.00-12.00	11.00-36.00	-

(a) Weighted average yield rates at the latest available auction. Sources: Respective Financial Institutions
Colombo Stock Exchange
Central Bank of Sri Lanka

(b) Last primary auction during 2021:
2 yr-11 Nov; 3 yr-13 Dec; 4 yr-30 Aug;
5 yr-12 Oct; 10 yr-29 Jul

(c) Last primary auction during 2022:
2 yr-13 Dec; 3 yr-29 Dec; 5 yr-28 Oct; 10 yr-11 Nov

(d) Based on the rates quoted by LCBs

(e) Maximum rate is a special rate offered by certain LCBs.

(f) Since July 2018, AWDR and AWFDR were calculated by replacing senior citizens' special deposit rate of 15% with relevant market interest rates to exclude the impact of special rates. Same method was applied to calculate AVNDR and AWNFDR since June 2018.

(g) Based on the rates quoted by other selected Financial Institutions

(h) Interest rate ranges are based on the average maximum and average minimum rates quoted by LFCs which are applicable for deposits mobilised and loans granted during the respective months. Data for 2022 are provisional.

(i) Revised

(j) Based on the rates quoted by LCBs and LSBs

(k) Lending for housing purposes only

(l) Interest rate ranges are based on the maximum and minimum rates quoted by LCBs and National Savings Bank

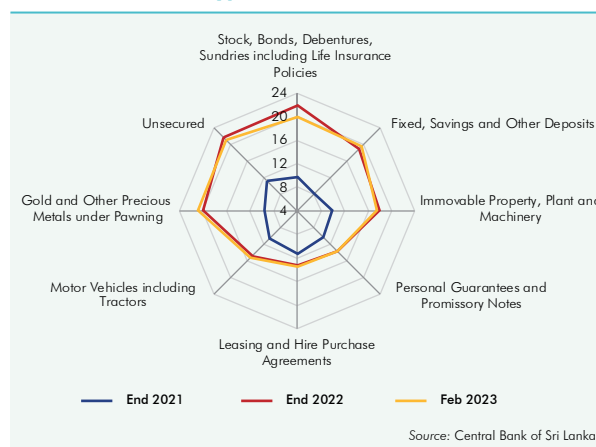
this and the notable moderation in the yields on government securities, particularly from January 2023, the declining trend in deposit interest rates is expected to continue in the period ahead.

Market lending interest rates also increased notably during 2022 in response to the tight monetary and liquidity conditions, while certain lending interest rates began to moderate towards end 2022. The unprecedented increase in the Central Bank's policy interest rates, the substantial liquidity deficit in the domestic money market that drove up deposit interest rates, the pricing in of elevated credit risk amidst the contraction of economic activity, and the elevated yields on government securities, mainly caused the rise in market lending interest rates in 2022. Certain market lending interest rates reached the highest levels on record in 2022. The Average Weighted Lending Rate (AWLR)⁶ increased by around 9 percentage points to 18.70 per cent by end 2022, while the Average Weighted New Lending Rate (AWNLR)⁷ recorded the historically highest value of 26.20 per cent in December 2022, increasing

6 AWLR is based on interest rates of all outstanding rupee loans and advances extended by LCBs.

7 AWNLR captures interest rates of all new rupee loans and advances extended by LCBs during a particular month.

Figure 7.10
Average Weighted Lending Rates by Type of Securities (%)



by around 17 percentage points, compared to end 2021. Meanwhile, the monthly Average Weighted Prime Lending Rate (AWPR),⁸ the lending interest rate for prime customers, closely followed the yields on government securities and peaked at 28.25 per cent in November 2022, surpassing other lending interest rates. In view of the tight monetary conditions, the maximum interest rates imposed on credit card advances, pre-arranged temporary overdrafts, and pawning advances were revoked in April 2022, allowing interest rates applicable to these lending products to increase in line with other market lending interest rates. Average interest rates on loans to Small and Medium sized Enterprises (SMEs), as measured in the SME Credit Survey,⁹ broadly followed the trend of overall average lending interest rates of LCBs, with an added risk premium. Accordingly, the Average Weighted SME Lending Rate (AWSR)¹⁰ and the Average Weighted New SME Lending Rate (AWNSR)¹¹ increased by around 10 and 17 percentage points, respectively, during 2022. However, along with the improvements in market liquidity and a notable downward shift in the yields on government securities towards the end of 2022, some market lending interest rates showed signs of moderation by end 2022. In particular, the monthly AWPR dropped by 348 basis points during January-February 2023. Downward movements in other market lending interest rates are also expected in the period ahead.

8 AWPR is based on interest rates applicable to short term rupee loans and advances granted by LCBs to their prime customers during a particular week.

9 For the purpose of the monthly SME Credit Survey, banks are requested to consider lending to enterprises with an annual turnover not exceeding Rs. 1 billion and employing less than 300 employees.

10 AWSR is based on interest rates of all outstanding rupee loans and advances extended by licensed banks to the SME sector, excluding refinance schemes of the Government and the Central Bank.

11 AWNSR captures interest rates of all new rupee loans and advances extended by licensed banks during a particular month to the SME sector, excluding refinance schemes of the Government and the Central Bank.

The Legal Rate and the Market Rate of Interest,¹² which are published in the Government Gazette at the end of each year, were determined at 16.97 per cent per annum for 2023 by the Monetary Board, compared to 7.48 per cent per annum for 2022. The Legal Rate and the Market Rate for 2023 were computed based on the simple averages of monthly AWLR of LCBs, which prevailed during the six months prior to December (i.e., for the period from June to November 2022), with a view to reflecting the prevailing market interest rates.¹³

Interest Rates on Foreign Currency Deposits

Interest rates on foreign currency deposits recorded a sharp upward adjustment in 2022 reflecting the tightening of global financial conditions, elevated country risk premium as well as increased competition among licensed banks to mobilise foreign currency deposits amidst significant liquidity shortages in the domestic foreign exchange market. Central banks in most advanced economies pursued tight monetary policies in order to fight rising global inflation and to avoid de-anchoring of inflation expectations, resulting in an increased tightness in financial conditions in most parts of the world. The US Federal Reserve, the European Central Bank, and the Bank of England increased their policy interest rates substantially during 2022. Meanwhile, licensed banks offered attractive interest rates to mobilise foreign currency deposits, in response

12 The Legal Rate is defined under the Civil Procedure Code (Amendment) Act No. 6 of 1990 and is applicable to any action for the recovery of a sum of money. The Market Rate is defined under the Debt Recovery (Special Provisions) Act No. 2 of 1990, and applies only in relation to actions instituted by lending institutions for the recovery of debt exceeding Rs. 150,000 arising out of commercial transactions, where there is no agreed rate of interest.

13 In 2022, the calculation method of the Legal Rate and Market Rate was revised considering the prevailed high interest rate structure. Accordingly, the rates for 2023 were calculated based on simple averages of monthly AWLR, that prevailed during the six months ending November 2022.

to the acute shortage of foreign currency liquidity among the banks, amidst significant BOP pressures. With the continued increase in market interest rates on rupee denominated deposit products following the implementation of tight monetary policy from August 2021, the cap imposed on foreign currency deposit interest rates offered by LCBs and the National Savings Bank was removed in March 2022. This allowed a significant upward adjustment in interest rates on foreign currency deposits of licensed banks in line with both global and domestic market conditions. Accordingly, interest rates offered for US dollar and pound sterling denominated domestic savings and time deposits, among others, increased by end 2022, compared to end 2021.

7.5 Movements in Money and Credit Aggregates

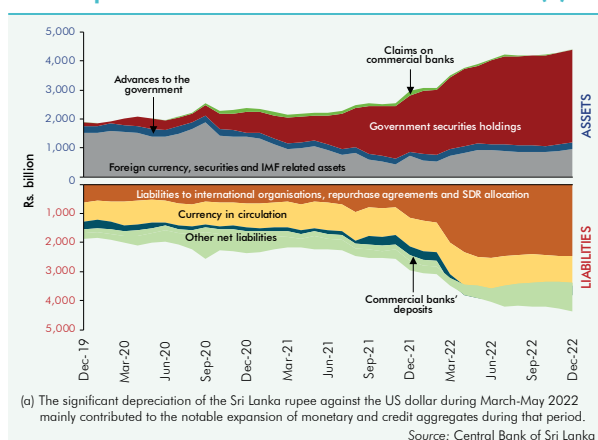
Reserve Money

Reserve money, which is the monetary base of the economy, recorded a moderate growth during 2022, particularly in the latter part of the year, with subdued growth in currency in circulation as well as deposits of LCBs with the Central Bank, compared to 2021. Currency in circulation remained at elevated levels during the first half of 2022 as transaction demand for currency by the public rose on account of the increased spending requirements owing to rising inflation and increased preference to holding physical currency for contingent purposes amidst supply shortages of selected essential commodities. However, following significant monetary tightening during the year, currency in circulation started to gradually decline towards the end of 2022, reflecting the high opportunity cost of holding currency amidst increasing market interest rates. Accordingly, currency in circulation increased moderately by Rs. 21.5 billion during the year to

Rs. 1,026.6 billion by end 2022, over the expansions of Rs. 170.3 billion recorded in 2021 and Rs. 156.8 billion during 2020 amidst the COVID-19 pandemic. Meanwhile, the deposits of LCBs maintained at the Central Bank recorded a marginal increase during the year with SRR remaining unchanged during 2022. By end 2022, deposits of LCBs with the Central Bank increased by Rs. 22.1 billion to Rs. 322.8 billion, compared to the notable expansion of Rs. 171.1 billion recorded in 2021. Accordingly, reserve money grew by 3.3 per cent, year-on-year, to Rs. 1,349.4 billion by end 2022, compared to the growth of 35.4 per cent, year-on-year, in 2021. In absolute terms, reserve money increased by Rs. 43.6 billion during 2022, compared to the notable increase of Rs. 341.4 billion in 2021. Meanwhile, high volatility was observed in reserve money balances on a daily basis from the beginning of 2023, reflecting the impact of administrative measures taken by the Central Bank to reduce the overdependence of LCBs on standing facilities of the Central Bank, with restrictions limiting access to SDF and SLF. Accordingly, the limited access to SDF resulted in LCBs maintaining excess reserves with the Central Bank at irregular intervals, creating volatility in daily reserve money balances.

Viewed from the assets side of the Central Bank's balance sheet, the expansion of reserve money was entirely due to the increase in Net Domestic Assets (NDA), while Net Foreign Assets (NFA) declined notably during 2022. The expansion in NDA of the Central Bank was mainly driven by NCG, which increased by Rs. 1,338.4 billion to Rs. 3,432.5 billion by end 2022, compared to the increase of Rs. 1,225.2 billion in 2021. This reflects a considerable increase in the Central Bank's holdings of government securities (net of repurchase transactions) during 2022. This increase in the holdings of government securities by the Central Bank reflects the continued purchases of Treasury bills from the primary market and the direct allocation of Treasury bills to the Central Bank as the

Figure 7.11
Composition of the Central Bank Balance Sheet (a)



Government continued to rely on monetary financing amidst subdued government revenue, limited access to foreign financing due to the debt standstill, and diminished market appetite for government securities amidst domestic debt restructuring concerns. Accordingly, the holdings of government securities by the Central Bank (net of repurchase transactions) increased by Rs. 1,251.7 billion to Rs. 3,197.1 billion by end 2022. Meanwhile, the balances transferred to the Government as provisional advances also increased during the year, contributing to the increase in NCG by the Central Bank. However, the decline in the Central Bank's claims on LCBs resulting from foreign exchange losses associated with foreign currency swaps, and the repayment of concessionary loans that were extended by the Central Bank through LCBs to support businesses and individuals during the pandemic, suppressed the increase in NDA of the Central Bank. Accordingly, NDA of the Central Bank increased by Rs. 1,270.2 billion during 2022, compared to the increase of Rs. 1,255.4 billion during 2021. Meanwhile, NFA of the Central Bank contracted notably by Rs. 1,226.6 billion during 2022 following the contraction of Rs. 914.0 billion during the previous year, which caused NFA to turn negative from August 2021. During 2022, the foreign assets of the Central Bank declined mainly due to the utilisation of a large part of the foreign assets of the Central Bank to provide liquidity to the domestic foreign

exchange market to facilitate essential imports and meet the external debt obligations of the Government, particularly during early 2022. As the outstanding foreign liabilities outweighed the foreign assets of the Central Bank, the sharp depreciation of the Sri Lanka rupee against the US dollar led to a larger increase in foreign liabilities over the increase in foreign assets, further deteriorating NFA of the Central Bank in 2022. The extension of the settlement periods applicable for international swaps entered into by the Central Bank and the deferment of the outstanding amount payable to Asian Clearing Union (ACU) also contributed to an expansion of foreign liabilities of the Central Bank. Meanwhile, an accumulation of Central Bank foreign assets was also observed toward the end of 2022 due to the increased purchase of foreign exchange by the Central Bank from licensed banks under the requirement to sell residuals of the repatriated export proceeds and workers' remittances, which were subjected to mandatory conversions.

The money multiplier, which is the ratio between broad money supply (M_{2b}) and reserve money, increased in 2022 as a result of the significant expansion of broad money supply (M_{2b}), while the expansion of reserve money remained moderate. Accordingly, the money multiplier based on broad money (M_{2b}) increased to 9.11 by end 2022 from 8.15 recorded at end 2021, due to the expansion of M_{2b} reflecting increased public sector borrowings and the valuation impact that arose from the rupee depreciation, amidst a tepid expansion of reserve money during the year. Meanwhile, the currency to deposits ratio decreased to 6.4 per cent by end 2022 from 8.0 per cent recorded at end 2021, due to the combined effect of decreasing currency held by the public and a notable increase in time and savings deposits held by the public during 2022 compared to the preceding year.

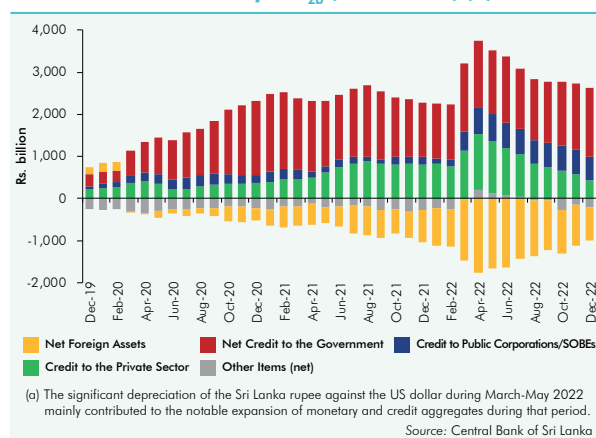
Broad Money (M_{2b}) and Domestic Credit

Despite the substantial expansion of credit to the public sector and the augmentation of domestic credit of the banking system in rupee terms following the depreciation of the exchange rate (i.e., the revaluation effect), the growth of broad money supply (M_{2b}) decelerated in 2022 driven by the significant contraction of credit to the private sector. The year-on-year growth of M_{2b} , which decelerated gradually since early 2021 supported by the tight monetary conditions, accelerated notably in early 2022 to peak at 20.0 per cent by end April 2022 mainly due to the revaluation effect of foreign currency denominated domestic credit amidst the steep depreciation of the Sri Lanka rupee against the US dollar. However, despite the substantial expansion of credit to the public sector, particularly NCG by the banking system, a decelerating trend was observed in the growth of M_{2b} from May 2022 mainly driven by the contraction of credit to the private sector owing to the substantial tightening of monetary conditions. As a result, the year-on-year growth of M_{2b} moderated to 15.4 per cent by end 2022. Once adjusted for the depreciation of the Sri Lanka rupee against the US dollar,¹⁴ the year-on-year growth of M_{2b} is estimated to have decelerated to around 7 per cent by end 2022.

7 On the liabilities side of M_{2b} , the increase in time and savings deposits held by the public with LCBs largely contributed to the monetary expansion during 2022. Compared to the contribution of 77 per cent recorded in 2021, the increase in time and savings deposits contributed largely to the year-on-year expansion of M_{2b} in 2022. A marginal expansion of demand deposits held by

¹⁴ Under this scenario, the growth of money supply is estimated by valuing all foreign currency denominated balances using the exchange rate that prevailed at end February 2022.

Figure 7.12
Contribution to Year-on-Year Change in Broad Money - M_{2b} (Assets Side) (a)



the public with LCBs was also recorded during 2022, while currency held by the public contracted during the year owing to the high opportunity cost of holding currency amidst high market interest rates. Reflecting the impact of high deposit interest rates offered by LCBs amidst tight liquidity conditions, time and savings deposits of LCBs increased significantly by Rs. 1,648.6 billion in 2022, recording a growth of 17.9 per cent, year-on-year, compared to the increase of Rs. 958.8 billion recorded in 2021. Meanwhile, the year-on-year growth of demand deposits decelerated to 5.3 per cent by end 2022 amidst high interest rates and subpar economic activity, compared to the growth of 26.0 per cent at end 2021. Currency held by the public contracted by 5.4 per cent, year-on-year, by end 2022, compared to the notable growth of 22.4 per cent, year-on-year, by end 2021.

On the assets side of M_{2b} , continuing the trend observed in 2021, NFA of the banking system contracted significantly during 2022 driven by the decline in NFA of the Central Bank, while NFA of LCBs recorded an improvement during the second half of the year. NFA of the Central Bank continued to contract notably by Rs. 1,226.6 billion during 2022 following the contraction of Rs. 914.0 billion in the previous year, as foreign currency liabilities increased

Table 7.4
 Developments in Monetary Aggregates

Item	End 2020	End 2021	End 2022 (a)	Change					
				2020		2021		2022	
				Amount	%	Amount	%	Amount	%
1. Currency Outstanding	834.8	1,005.1	1,026.6	156.8	23.1	170.3	20.4	21.5	2.1
1.1 Currency held by the Public	641.0	784.4	742.0	146.8	29.7	143.4	22.4	-42.4	-5.4
1.2 Currency with Commercial Banks	193.8	220.6	284.5	10.0	5.5	26.9	13.9	63.9	28.9
2. Commercial Banks' Deposits with the Central Bank (b)	129.6	300.7	322.8	-125.0	-49.1	171.1	132.0	22.1	7.4
3. Government Agencies' Deposits with the Central Bank (c)	0.03	0.01	0.01						
4. Reserve Money (1+2+3)	964.4	1,305.8	1,349.4	31.8	3.4	341.4	35.4	43.6	3.3
5. Demand Deposits held by the Public with Commercial Banks	536.1	675.4	711.6	164.9	44.4	139.3	26.0	36.1	5.3
6. Narrow Money Supply, M_1 (1.1+5)	1,177.2	1,459.9	1,453.6	311.7	36.0	282.7	24.0	-6.3	-0.4
7. Time and Savings Deposits held by the Public with Commercial Banks	7,318.6	8,179.0	9,043.5	1,271.4	21.0	860.4	11.8	864.4	10.6
8. Broad Money Supply, M_2 (6+7)	8,495.8	9,638.9	10,497.1	1,583.1	22.9	1,143.1	13.5	858.1	8.9
9. Adjusted Foreign Currency Deposits (d)	909.9	1,008.4	1,792.6	198.5	27.9	98.5	10.8	784.2	77.8
10. Consolidated Broad Money Supply, M_{2b} (8+9)	9,405.7	10,647.3	12,289.6	1,781.6	23.4	1,241.6	13.2	1,642.3	15.4
Money Multiplier, M_{2b}	9.75	8.15	9.11						
Velocity, M_{2b} (e)	1.84	1.73	2.05						

(a) Provisional
 (b) Includes both Commercial Banks' Deposits with the Central Bank and balances of Primary Dealers with the Central Bank
 (c) Government Agencies' Deposits with the Central Bank amounted to Rs. 30.4 million at end 2020, Rs. 5.5 million at end 2021 and Rs. 11.6 million at end 2022
 (d) Includes deposits of Resident Category of Offshore Banking Units (OBUs) and a share of foreign currency deposits with Domestic Banking Units (DBUs)
 (e) Velocity of money is computed based on annual average M_{2b} and rebased GDP estimates (base year 2015) by the Department of Census and Statistics

Source: Central Bank of Sri Lanka

notably outweighing the increase in foreign currency assets along with the impact of exchange rate depreciation. Foreign currency liabilities of the Central Bank increased owing to the increase in foreign currency payables to international counterparts following the extension of the settlement of the international swaps entered by the Central Bank with regional peers and the large accumulation of payables to ACU. Although foreign currency assets of the Central Bank increased due to the purchase of foreign exchange from LCBs under the mandatory sales requirement of repatriation of export proceeds and converted worker's remittances, these assets were utilised to provide foreign exchange to facilitate essential imports amidst significant BOP pressures, and to meet the Government's foreign currency debt service obligations, particularly during early 2022. Nevertheless, with the gradual improvement of forex liquidity in the market, forex purchases by the Central Bank in building up the gross official

reserves helped improve NFA of the Central Bank. Meanwhile, NFA of LCBs improved by Rs. 441.8 billion during 2022 over the increase of Rs. 141.5 billion recorded in 2021 with the expansion in NFA of offshore banking units (OBUs), while NFA of domestic banking units (DBUs) contracted during the year. NFA of OBUs increased notably in 2022 mainly due to the increase in placements with banks abroad and lending to non-residents along with the contraction in foreign liabilities, particularly due to the settlement of short term liabilities. In contrast, NFA of DBUs contracted during 2022 mainly on account of the increase in foreign currency liabilities in terms of deposit liabilities of non-residents outweighing the increase in foreign currency placements with banks abroad.

NCG by the banking system increased significantly during 2022, leading to an expansion in NDA. Continuing the same trend observed in 2021, the Government's increased

Table 7.5
Assets Side of Reserve Money and Broad Money (M_{2b})

Item	End 2021	End 2022 (a)	Change				Rs. billion
			2021		2022		
			Amount	%	Amount	%	
Reserve Money	1,305.8	1,349.4	341.4	35.4	43.6	3.3	
Net Foreign Assets of the Central Bank	-387.3	-1,613.9	-914.0	-173.5	-1,226.6	-316.7	
Net Domestic Assets of the Central Bank	1,693.1	2,963.2	1,255.4	286.8	1,270.2	75.0	
Net Credit to the Government	2,094.1	3,432.5	1,225.2	141.0	1,338.4	63.9	
Claims on Commercial Banks	143.2	-11.5	28.7	25.1	-154.6	-108.0	
Other Items (net) (b)	-544.2	-457.8	1.5	0.3	86.4	15.9	
Broad Money (M_{2b})	10,647.3	12,289.6	1,241.6	13.2	1,642.3	15.4	
Net Foreign Assets	-982.0	-1,766.8	-772.5	-368.8	-784.8	-79.9	
Monetary Authorities (c)	-387.3	-1,613.9	-914.0	-173.5	-1,226.6	-316.7	
Commercial Banks	-594.7	-153.0	141.5	19.2	441.8	74.3	
Net Domestic Assets	11,629.3	14,056.4	2,014.1	20.9	2,427.2	20.9	
Domestic Credit	14,002.0	16,632.3	2,280.8	19.5	2,630.3	18.8	
Net Credit to the Government	5,832.4	7,471.1	1,284.4	28.2	1,638.7	28.1	
Central Bank	2,094.1	3,432.5	1,225.2	141.0	1,338.4	63.9	
Commercial Banks	3,738.3	4,038.6	59.2	1.6	300.3	8.0	
Credit to Public Corporations/SOBES	1,188.1	1,747.0	185.9	18.6	558.9	47.0	
Credit to the Private Sector	6,981.4	7,414.1	810.5	13.1	432.7	6.2	
Other Items (net) (b)	-2,372.7	-2,575.8	-266.7	-12.7	-203.2	-8.6	

(a) Provisional

Source: Central Bank of Sri Lanka

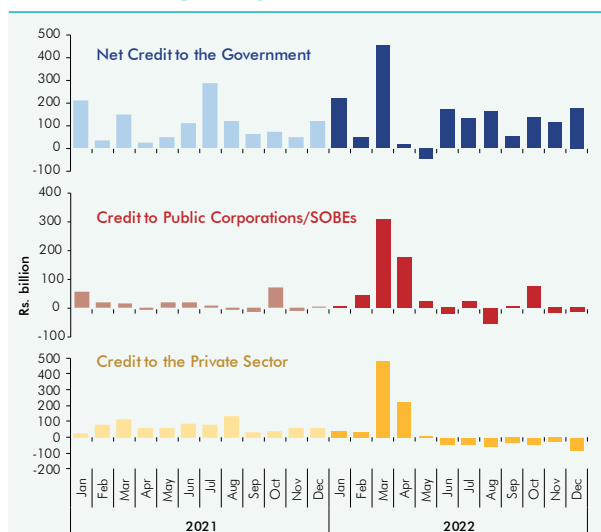
(b) Computed as the difference between other assets and other liabilities

(c) This includes NFA of the Central Bank as well as the Government's Crown Agent's balance reported by the Department of State Accounts

funding requirement in 2022 was largely met through the domestic banking system, mainly the Central Bank, due to lower-than-expected revenue mobilisation of the Government and limited access to foreign financing. The sharp

increase in NCG by the banking system signifies the crowding out of private sector investments during the period under review. During 2022, NCG by the banking system increased significantly by Rs. 1,638.7 billion, compared to the expansion of Rs. 1,284.4 billion in 2021. NCG by the Central Bank increased by Rs. 1,338.4 billion during 2022, contributing to over 80 per cent of the overall expansion in NCG. The Central Bank provided finances to the Government in terms of Treasury bill purchases from the primary market subscribing to under-allocations of auctions, in addition to the direct allocations of Treasury bills to the Central Bank in meeting cashflow shortfalls, as well as provisional advances. NCG of LCBs also increased by around Rs. 300 billion during 2022, driven by investments in Treasury bills, Treasury bonds as well as in Sri Lanka Development Bonds (SLDBs). The Government has reduced the overdraft balances with LCBs significantly during the year.

Figure 7.13
Monthly Change in Domestic Credit (a)



(a) The significant depreciation of the Sri Lanka rupee against the US dollar during March-May 2022 mainly contributed to the notable expansion of monetary and credit aggregates during that period.

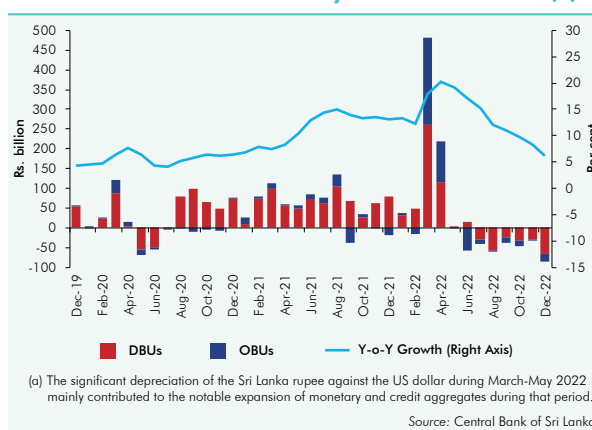
Source: Central Bank of Sri Lanka

Credit obtained by SOBEs from the banking system expanded in 2022, mainly on account of the revaluation effect of their foreign currency denominated borrowings, while the weak financial performance of SOBEs necessitated continuous borrowings from LCBs. Compared to the expansion of Rs. 185.9 billion in 2021, credit obtained by SOBEs from the banking system increased notably by Rs. 558.9 billion during 2022, of which over 70 per cent was on account of the revaluation effect of foreign currency denominated debt that arose as a result of the substantial currency depreciation. Reflecting the increased financial need to facilitate fuel importation, credit obtained by the Ceylon Petroleum Corporation (CPC) increased by Rs. 477.3 billion during 2022 largely contributing to the overall expansion of credit obtained by the SOBEs. Moreover, credit obtained by SriLankan Airlines rose by Rs. 36.5 billion, while that of the Ceylon Electricity Board (CEB) increased by Rs. 31.9 billion during the year. In addition, credit obtained by the Ceylon Shipping Corporation, National Water Supply & Drainage Board (NWS&DB), Urban Development Authority (UDA) and Road Development Authority (RDA) also increased considerably during 2022. Meanwhile, Colombo Commercial Fertilizer (CCF), Paddy Marketing Board (PMB) and State Pharmaceuticals Corporation (SPC) made net repayments to LCBs in 2022. Accordingly, outstanding credit to SOBEs rose to Rs. 1,747.0 billion by end 2022.¹⁵

In response to the tight monetary conditions and the moderation in economic activity, outstanding credit extended to the private sector by LCBs continued to contract from mid-2022. Outstanding credit to the private sector by LCBs increased notably during early 2022 mainly on account of the revaluation effect of foreign currency denominated debt amidst the substantial currency depreciation and organic growth of credit. However, with the sharp upward adjustment in market lending

¹⁵ This does not reflect the transfer of the outstanding balance of the government guaranteed foreign currency debt of the CPC to central government debt amounting to Rs. 884.1 billion that took effect in December 2022.

Figure 7.14
Credit to the Private Sector by Commercial Banks (a)

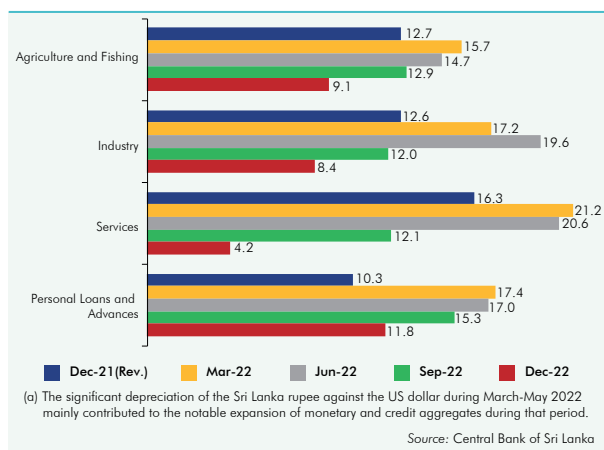


interest rates from April 2022 reflecting the significant tightening of monetary policy and the dearth of liquidity in the banking system, credit to the private sector started contracting notably on a month-on-month basis from June 2022. In particular, the cumulative contraction of credit to the private sector by LCBs during June-December 2022 amounted to Rs. 340.7 billion. Consequently, the annual expansion of credit to the private sector by LCBs was limited to Rs. 432.7 billion during 2022, compared to the expansion of Rs. 810.5 billion recorded in 2021. Accordingly, the year-on-year growth of credit to the private sector decelerated to 6.2 per cent by end 2022 from 13.1 per cent recorded at end 2021. Excluding the valuation impact arising from the exchange rate depreciation,¹⁶ credit extended to the private sector is estimated to have contracted by Rs. 231.1 billion in 2022 over the previous year, recording a contraction of 3.3 per cent, year-on-year, by end 2022.

As per the Quarterly Survey of Commercial Banks' Loans and Advances to the Private Sector, year-on-year growth of credit to all major economic sectors moderated notably during 2022, particularly in the second half of the year, reflecting the impact of tight monetary conditions, subdued economic activity, and significant fiscal reforms, among others. During the first half of 2022,

¹⁶ Under this scenario, the growth of credit to the private sector is estimated by valuing all foreign currency denominated credit at the exchange rate that prevailed at end February 2022.

Figure 7.15
Year-on-Year Growth of Private Sector Credit to
Key Sectors (%) (a)



the year-on-year growth of outstanding credit by LCBs to all major economic sectors increased primarily on account of the revaluation effect of foreign currency denominated credit. This increase was more prominent in the Industry and Services sectors as they accounted for a larger volume of foreign currency denominated credit. However, this trend reversed in the second half of 2022, with subdued economic activity along with supply shortages, the sharp upward adjustment in market lending interest rates amidst tight monetary conditions and significant fiscal reforms resulting in a deceleration of credit to all major economic sectors by end 2022. In terms of sectoral credit, the year-on-year growth of credit to the Industry sector decelerated to 8.4 per cent by end 2022 from 12.6 per cent at end 2021. Within the Industry sector, reflecting subdued construction related activities during the year amidst the shortage of building materials and high input costs along with the decline in demand under high interest rates, growth of credit to the Construction subsector decelerated notably to 3.1 per cent, year-on-year, by end 2022 from 13.1 per cent at end 2021. The year-on-year growth of credit to the Textiles and Apparel subsector also decelerated notably to 7.6 per cent by end 2022 from 16.1 per cent at end 2021, owing to subdued global demand conditions and supply side disruptions. The growth of credit extended to the Services sector also

Table 7.6
Sectoral Distribution of Loans and Advances Granted
by Commercial Banks (a)(b)

Sector	Rs. billion			
	End 2021 (c)	End 2022 (d)	% Share 2022	% Change 2022
Agriculture and Fishing	551.7	601.7	7.7	9.1
of which, Tea	101.2	108.2	1.4	6.9
Rubber	41.4	59.1	0.8	42.7
Coconut	33.7	30.0	0.4	-11.0
Paddy	44.4	38.9	0.5	-12.5
Vegetable and Fruit Cultivation and Minor Food Crops	30.9	32.2	0.4	4.1
Fisheries	24.0	26.4	0.3	10.0
Industry	2,860.9	3,100.6	39.8	8.4
of which, Construction	1,525.1	1,571.9	20.2	3.1
Food and Beverages	174.7	214.6	2.8	22.8
Textiles and Apparel	273.1	293.8	3.8	7.6
Fabricated Metal Products, Machinery and Transport Equipment	152.8	144.9	1.9	-5.1
Services	1,996.5	2,079.6	26.7	4.2
of which, Wholesale and Retail Trade	570.2	563.7	7.2	-1.1
Tourism	288.2	372.8	4.8	29.4
Financial and Business Services	437.2	446.6	5.7	2.2
Shipping, Aviation and Freight Forwarding	30.3	32.0	0.4	5.9
Personal Loans and Advances (e)	1,799.8	2,013.0	25.8	11.8
of which, Consumer Durables	375.0	368.5	4.7	-1.7
Pawning	302.4	423.4	5.4	40.0
Credit Cards	144.8	149.3	1.9	3.2
Total (f)	7,208.8	7,794.8	100.0	8.1

(a) Based on the Quarterly Survey of Commercial Banks' Loans and Advances to the Private Sector
(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 differs from that in the Monetary Survey due to differences in the compilation methodologies.
Source: Central Bank of Sri Lanka

decelerated notably to 4.2 per cent, year-on-year, by end 2022 from 16.3 per cent at end 2021. Within the Services sector, reflecting subdued activity related to trade, transport and communication along with rising input costs, credit to the Wholesale and Retail Trade, Transport, and Communication and Information Technology subsectors contracted by 1.1 per cent, 27.1 per cent and 21.8 per cent, respectively, on a year-on-year basis, by end 2022. Moderation in the Services sector credit was also supported by a lower level of lending to Financial and Business Services amidst rising interest rates. Nevertheless, reflecting the gradual improvement in tourism related activities along with the extended debt moratoria and other concessionary measures, credit to the Tourism subsector expanded, recording a year-on-year growth

Table 7.7
Maturity Analysis of Outstanding Credit to the Private Sector by Commercial Banks (a)(b)

Sector	Maturity	December 2021 (c)		December 2022 (d)	
		% Share	% Growth	% Share	% Growth
Agriculture and Fishing	Short Term	4.6	17.4	4.8	12.0
	Medium Term	1.6	9.2	1.6	3.0
	Long Term	1.4	2.4	1.4	6.5
Industry	Short Term	12.2	19.5	12.4	9.8
	Medium Term	8.4	10.8	7.9	1.8
	Long Term	19.1	9.4	19.5	10.4
Services	Short Term	9.3	21.7	9.8	14.1
	Medium Term	8.8	9.9	7.7	-5.5
	Long Term	9.6	17.5	9.2	3.4
Personal Loans and Advances	Short Term	9.8	19.4	11.1	23.2
	Medium Term	5.0	3.5	5.2	11.4
	Long Term	10.2	6.0	9.5	1.2
Total	Short Term	35.9	19.7	38.1	14.8
	Medium Term	23.9	8.7	22.3	5.1
	Long Term	40.2	10.1	39.5	6.3

(a) Based on the Quarterly Survey of Commercial Banks' Loans and Advances to the Private Sector

Source: Central Bank of Sri Lanka

(b) Classification of credit is based on original maturity and is as follows: up to one year - short term; between one to five years - medium term; over five years - long term

(c) Revised

(d) Provisional

of 29.4 per cent by end 2022. With respect to credit to the Agriculture and Fishing sector, the year-on-year growth of credit decelerated to 9.1 per cent by end 2022, compared to the growth of 12.7 per cent by end 2021. Within this sector, credit flows to the Coconut and Paddy subsectors contracted during 2022, while some improvement in credit flows to the Tea and Rubber subsectors was witnessed during the year. Reflecting increased consumption related credit, the year-on-year growth of credit extended in the form of Personal Loans and Advances accelerated to 11.8 per cent by end 2022, compared to the growth of 10.3 per cent at end 2021. Reflecting the difficulties faced by the public amidst the increased cost of living, Pawning related advances expanded by around Rs. 121.0 billion, recording a notable growth of 40.0 per cent, year-on-year, by end 2022, compared to the growth of 21.6 per cent recorded in 2021. Credit granted under Consumer Durables contracted by 1.7 per cent, year-on-year, by end 2022, compared to a growth of 13.3 per cent at end 2021. The growth of Credit Card advances also decelerated to 3.2 per cent, year-on-year, by end 2022, compared to a growth of 13.3 per cent at end 2021. Meanwhile, the maturity-wise analysis of outstanding credit to the private sector by LCBs reflects increased

market appetite towards short term loans over other tenures amidst the high interest rate environment, although a slowdown in the year-on-year expansion of credit was observed across all tenures by end 2022 compared to end 2021.

Outstanding credit to the SME sector, as reflected by the monthly SME Credit Survey,¹⁷ contracted during 2022 in line with the overall moderation in credit to the private sector by LCBs. On a year-on-year basis, credit to the SME sector by both LCBs and Licensed Specialised Banks (LSBs) contracted by 8.3 per cent by end 2022, compared to the growth of 21.7 per cent at end 2021. The significant increase in interest rates applicable on loans to the SME sector by licensed banks amidst tight monetary conditions, subdued aggregate demand conditions, limited availability of raw materials for certain industries and cost escalations, the cautious approach adopted by licensed banks amidst elevated credit risks with rising non-performing loans (NPLs), and subdued business sentiments, among others, contributed to the deterioration in credit extended

¹⁷ A monthly survey conducted by the Central Bank since July 2020 with the objective of identifying the average cost and the quantum of loans granted to SMEs by LCBs and LSBs.

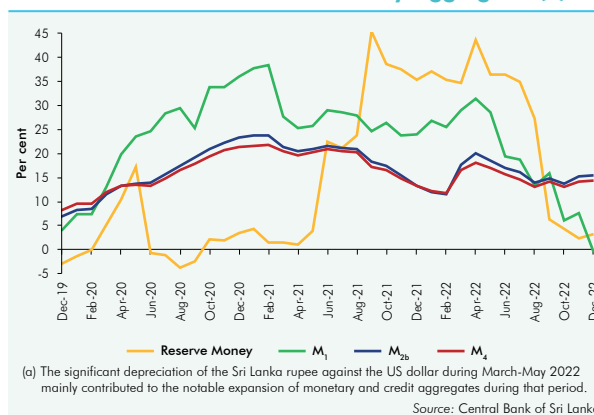
to the SMEs. In terms of sectoral credit to the SME sector, the outstanding amount of credit extended to the Agriculture, Industry and Services sectors contracted by 6.1 per cent, 6.5 per cent and 11.1 per cent, respectively, on a year-on-year basis, by end 2022. With regard to the new loans granted to the SME sector in 2022, a greater share of loans extended was for short tenures, while a notable decline was observed in the share of medium to long term loans, compared to 2021. This indicates that the new loan disbursements during the year were more towards working capital purposes and less towards investment purposes reflecting the subdued economic activity, in comparison to the previous year.

Broad Money (M_4)

Growth of broad money supply (M_4), as measured by the Financial Survey,¹⁸ accelerated during 2022, following a similar trend observed in broad money supply (M_{2b}). The year-on-year growth of M_4 accelerated to 14.3 per cent by end 2022 from 13.3 per cent recorded at end 2021. Viewed from the assets side, the expansion of M_4 was driven entirely by the expansion in NDA. Within NDA, domestic credit by LSBs increased by Rs. 102.3 billion, while that of Licensed Finance Companies (LFCs) rose by Rs. 106.8 billion during 2022. The expansion of NCG based on M_4 amounted to Rs. 1,699.3 billion during the year, of which Rs. 37.0 billion was through LSBs and Rs. 23.7 billion was through LFCs. Further, reflecting mainly the impact of the significant currency depreciation, credit extended to the private sector by licensed banks and LFCs increased notably till April 2022, followed by a moderation thereafter underpinned by tight monetary conditions. Accordingly, growth of credit

¹⁸ The Financial Survey provides a broader measure of liquidity, covering all deposit taking institutions, including LSBs and LFCs, in addition to LCBs and the Central Bank.

Figure 7.16
Year-on-Year Growth of Monetary Aggregates (a)



extended to the private sector by licensed banks and LFCs grew by 6.2 per cent, year-on-year, by end 2022, compared to 12.7 per cent, year-on-year, at end 2021. Credit extended by LSBs to the private sector increased by Rs. 65.4 billion in 2022, recording a growth of 6.0 per cent, year-on-year. Meanwhile, credit extended by LFCs to the private sector rose by Rs. 83.1 billion in 2022, recording a growth of 6.6 per cent, year-on-year. However, the overall NFA, as per M_4 , contracted by Rs. 768.2 billion during 2022, reflecting the decline in NFA of the Central Bank, while NFA of LSBs increased by Rs. 16.6 billion during the year due to the settlement of foreign liabilities.

Viewed from the liabilities side of M_4 , the growth of time and savings deposits held by the public with licensed banks and LFCs increased during 2022. The overall growth of time and savings deposits, as per M_4 , accelerated due to the high interest rates offered by licensed banks and LFCs, particularly during the latter part of the year. Accordingly, the year-on-year growth of time and savings deposits, as per M_4 , accelerated to 16.0 per cent by end 2022, compared to 11.6 per cent at end 2021. Time and savings deposits held with LFCs grew by 11.5 per cent,

Table 7.8
Assets Side of Broad Money (M₄)
 (Computed as per the Financial Survey)

Item	End 2021	End 2022 (a)	Change				Rs. billion
			2021		2022		
			Amount	%	Amount	%	
Financial Survey (M₄)	12,985.4	14,839.8	1,523.5	13.3	1,854.4	14.3	
Underlying Factors							
Net Foreign Assets	-998.6	-1,766.8	-781.5	-360.0	-768.2	-76.9	
Monetary Authorities (b)	-387.3	-1,613.9	-914.0	-173.5	-1,226.6	-316.7	
LCBs	-594.7	-153.0	141.5	19.2	441.8	74.3	
LSBs	-16.6	0.0	-9.0	-117.9	16.6	-	
Net Domestic Assets	13,984.0	16,606.6	2,305.0	19.7	2,622.6	18.8	
Domestic Credit	17,296.4	20,135.8	2,643.9	18.0	2,839.4	16.4	
Net Credit to the Government	6,769.3	8,468.6	1,403.6	26.2	1,699.3	25.1	
Central Bank	2,094.1	3,432.5	1,225.2	141.0	1,338.4	63.9	
LCBs	3,738.3	4,038.6	59.2	1.6	300.3	8.0	
LSBs	844.5	881.5	102.3	13.8	37.0	4.4	
LFCs	92.4	116.0	16.9	22.4	23.7	25.6	
Credit to Public Corporations/SOBEs (LCBs)	1,188.1	1,747.0	185.9	18.6	558.9	47.0	
Credit to the Private Sector	9,338.9	9,920.2	1,054.4	12.7	581.2	6.2	
LCBs	6,981.4	7,414.1	810.5	13.1	432.7	6.2	
LSBs	1,093.7	1,159.1	157.3	16.8	65.4	6.0	
LFCs	1,263.8	1,346.9	86.7	7.4	83.1	6.6	
Other Items (net) (c)	-3,312.4	-3,529.2	-339.0	-11.4	-216.8	-6.5	

(a) Provisional

(b) This includes NFA of the Central Bank as well as the Government's Crown Agent's balance reported by the Department of State Accounts

(c) Computed as the difference between other assets and other liabilities

Source: Central Bank of Sri Lanka

year-on-year, by end 2022, compared to the growth of 5.5 per cent in 2021. However, time and savings deposits held with LSBs grew only by 6.8 per cent, year-on-year, by end 2022, compared to the growth of 13.5 per cent recorded

in 2021. The moderate growth of time and savings deposits held with LSBs could be attributed to relatively high interest rates offered by LCBs and LFCs in competing for deposits amidst tight liquidity conditions.

8

FINANCIAL SECTOR PERFORMANCE AND SYSTEM STABILITY

8.1 Overview

During 2022, the financial system weathered headwinds from the most profound economic crisis since independence. Sovereign rating downgrade by all rating agencies, high sovereign exposure of the banking sector, economic contraction, acute foreign exchange shortage and high level of inflation along with the announcement of the standstill on external debt servicing on account of bilateral and commercial loans by the Government in April 2022 created a significant and unprecedented adverse impact on the activities of the financial sector and challenged the resilience of the financial system. Nevertheless, the stability of the banking sector was maintained during 2022 despite the looming challenges arising from continuously declining credit quality, acute pressure on liquidity, low level of profitability due to high impairments, and deteriorating capital buffers to absorb unexpected losses. Meanwhile, the sector grew in terms of assets and deposits while broadly in compliance with the prudential requirements of the Central Bank. The Licensed Finance Companies and Specialised Leasing Companies sector managed to continue its expansion during 2022 in terms of assets and deposits with adequate capital and liquidity buffers amidst challenges stemming from contraction of credit growth, declining profitability and increase in non-performing loans as indicated by Stage 3 loans. A measured adjustment in the exchange rate was allowed by the Monetary Board in early March 2022 in view of the pressure that was building up in the domestic foreign exchange market. However, the subsequent floating of the exchange rate caused a large depreciation of the exchange rate due to the dearth of liquidity in the domestic foreign exchange market and unfavourable market sentiments. Consequently, the Central Bank introduced a market guidance on the interbank foreign exchange market to ensure stability in the exchange rate. Money market liquidity, which remained at a persistently high level of deficit during the first half of 2022, declined considerably by end December 2022 mainly due to measures taken by the Central Bank. Meanwhile, money market activities recorded a lackluster performance amidst increased risk aversion among the participants. The equity market recorded a dismal performance during 2022 reflecting the high yield for fixed income securities and negative market sentiments against the backdrop of prevailing adverse macroeconomic conditions. Financial infrastructure continued to support functioning of the financial sector in this challenging economic environment. Despite all these challenges, a modest improvement was observed during early 2023 with the gradual easing of liquidity pressures in the foreign exchange and money markets, and declining yields on government securities, supported by improved market confidence with the approval of the Extended Fund Facility from the International Monetary Fund (IMF) on 20 March 2023. However, debt

restructuring may pose challenges to the financial sector. Nevertheless, the Government and Central Bank will take efforts to ensure financial system stability during the debt restructuring process.

8.2 Performance of the Banking Sector

The stability of the banking sector was preserved during 2022 despite the looming challenges arising from continuously declining credit quality, acute pressure on liquidity, low level of profitability, and deteriorating capital levels. Nevertheless, the banking sector maintained its growth momentum while broadly maintaining compliance with the prudential requirements.

Table 8.1
Total Assets of the Financial System

Category	2021 (a)		2022 (b)	
	Rs. bn	Share (%)	Rs. bn	Share (%)
Banking Sector	19,872.5	74.6	23,926.9	76.3
Central Bank	3,046.3	11.4	4,510.3	14.4
Licensed Commercial Banks (LCBs)	14,724.3	55.3	17,225.2	54.9
Licensed Specialised Banks (LSBs)	2,101.9	7.9	2,191.4	7.0
Other Deposit Taking Financial Institutions	1,646.2	6.2	1,830.9	5.8
Licensed Finance Companies (LFCs)	1,452.0	5.4	1,610.2	5.1
Co-operative Rural Banks (c)	193.4	0.7	220.0	0.7
Thrift and Credit Co-operative Societies	0.7	0.0	0.8	0.0
Specialised Financial Institutions	369.4	1.4	328.9	1.0
Specialised Leasing Companies (SLCs)	35.7	0.1	1.0	0.0
Licensed Microfinance Companies	8.3	0.0	9.9	0.0
Primary Dealers	78.7	0.3	131.7	0.4
Stock brokers	36.5	0.1	24.8	0.1
Unit Trusts / Unit Trust Management Companies	198.5	0.7	153.5	0.5
Market Intermediaries (d)	11.8	0.0	8.0	0.0
Venture Capital Companies	N/A	N/A	N/A	N/A
Contractual Savings Institutions	4,758.2	17.9	5,292.3	16.9
Insurance Companies	881.8	3.3	947.3	3.0
Employees' Provident Fund	3,166.1	11.9	3,459.9	11.0
Employees' Trust Fund	419.1	1.6	468.8	1.5
Approved Pension and Provident Funds	207.6	0.8	330.4	1.1
Public Service Provident Fund	83.5	0.3	85.9	0.3
Total	26,646.3	100.0	31,379.0	100.0

(a) Revised

(b) Provisional

(c) Due to unavailability of data, asset base of Co-operative Rural Banks as at end 2022 was taken to be same as the asset base as at end 2022 Q3.

(d) Excluding Licensed Banks, Licensed Finance Companies & Specialized Leasing Companies, which are registered as Market Intermediaries

Source: 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

Table 8.2
Distribution of Banks, Bank Branches
and Other Banking Outlets

Category	End 2021 (a)	End 2022 (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	6,710	6,718
Branches (c)	2,917	2,924
Domestic Banks	2,871	2,878
Foreign Banks	46	46
Student Savings Units	3,793	3,794
III. Automated Teller Machines	5,972	6,204
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	466	474
Total No. of Bank Branches and Other Outlets	7,415	7,424
Total No. of Automated Teller Machines	6,438	6,678

(a) Revised

(b) Provisional

(c) All Banking Outlets excluding Student Savings Units.

Source: Central Bank of Sri Lanka

The banking sector¹ continued to dominate the financial sector, accounting for 61.9 per cent of total assets at end 2022. In line with the tight monetary policy stance of the Central Bank and challenging macroeconomic conditions, credit growth of the banking sector decelerated during 2022 compared to 2021. Deposits continued to be the dominant source of funding, while there was a notable decrease in foreign currency borrowings during 2022 as a result of sovereign rating downgrades and the announcement of standstill on external debt servicing on account of bilateral and commercial loans by the Government in April 2022.

Business Expansion

By end 2022, the banking sector comprised of 30 banks, with 24 Licensed Commercial Banks (LCBs), which included 11 branches

¹ The banking sector comprises of Licensed Commercial Banks (LCBs) and Licensed Specialised Banks (LSBs). The Central Bank is excluded.

Figure 8.1
Performance of the Financial Sector

The financial system weathered headwinds from the most profound economic crisis since independence...

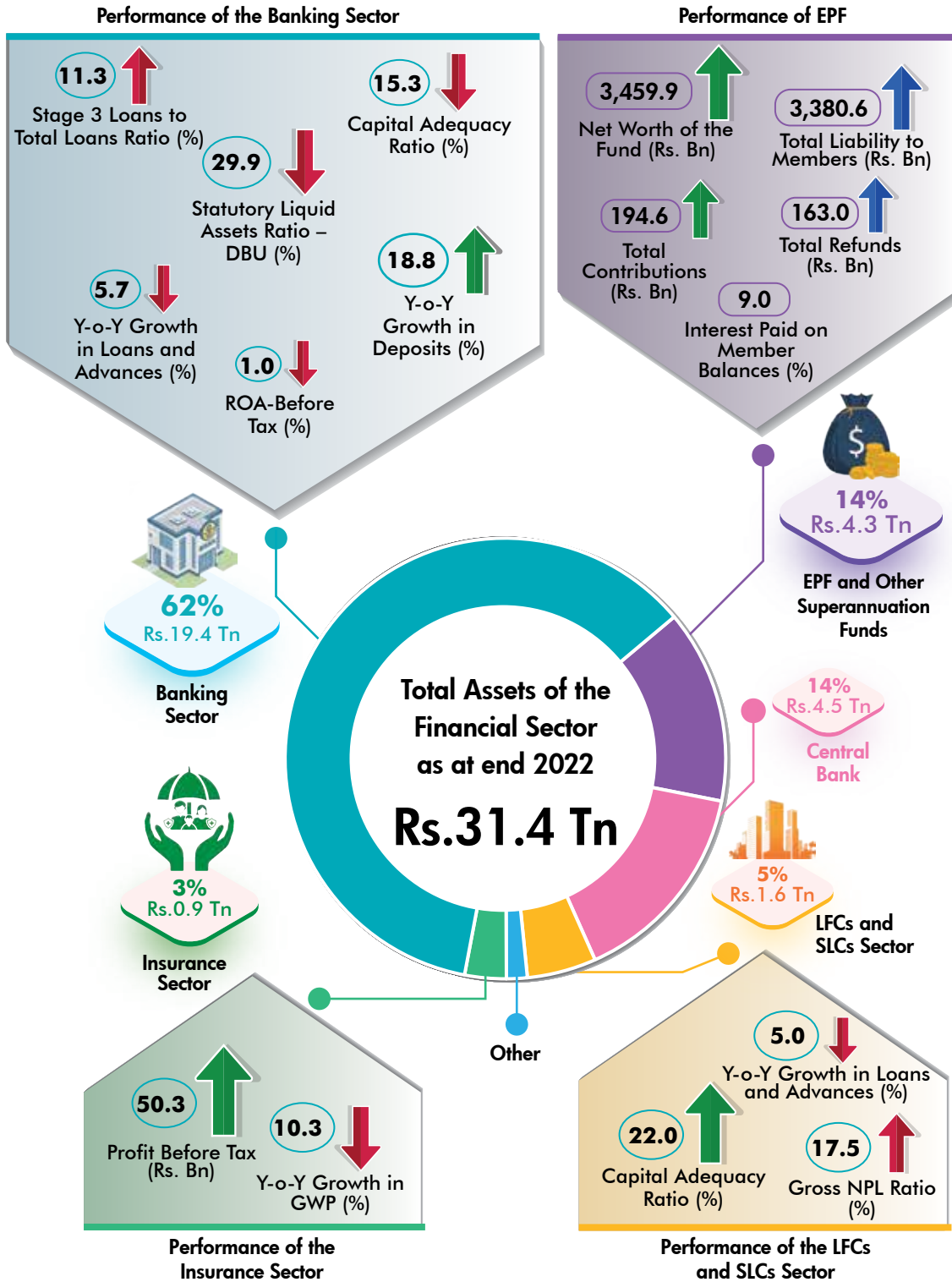


Table 8.3
Composition of Assets and Liabilities of
the Banking Sector

Item	2021 (a)		2022 (b)		Change (%)	
	Rs. bn	Share (%)	Rs. bn	Share (%)	2021 (a)	2022 (b)
Assets						
Loans and Receivables	10,726.7	63.8	11,337.9	58.4	14.5	5.7
Investments	4,968.5	29.5	5,934.3	30.6	16.4	19.4
Other (c)	1,131.0	6.7	2,144.3	11.0	15.0	89.6
Liabilities						
Deposits	12,879.2	76.5	15,299.1	78.8	13.3	18.8
Borrowings	2,172.9	12.9	1,872.5	9.6	27.1	-13.8
Capital Funds	1,348.3	8.0	1,593.4	8.2	13.1	18.2
Other	425.8	2.5	651.5	3.4	20.4	53.0
Total Assets/ Liabilities	16,826.2	100.0	19,416.6	100.0	15.1	15.4

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

Source: Central Bank of Sri Lanka

of foreign banks, and 6 Licensed Specialised Banks (LSBs). The banking sector continued to support the financial intermediation of the economy by enhancing banking services and expanding the banking network. As such, 11 bank branches and 327 ATMs were established during 2022, while 3 bank branches and 87 ATMs were closed. Accordingly, the total number of banking outlets and ATMs increased to 7,424 and 6,678, respectively, by end 2022.

The banking sector continued to expand in terms of its asset base during 2022. The asset base of the sector increased by Rs. 2.6 trillion during the year and surpassed Rs. 19 trillion by end 2022, recording a growth of 15.4 per cent compared to that of 15.1 per cent at end 2021. During the months of March and April, the Sri Lanka rupee depreciated by 44.1 per cent against the US dollar, which resulted in an increase in the growth of assets denominated in foreign currency. However, the tight monetary policy stance of the Central Bank led to a deceleration in loans and receivables growth from 14.5 per cent as at end 2021 to 5.7 per cent as at end 2022. Meanwhile, the growth of investments accelerated from 16.4 per cent as at end 2021 to 19.4 per cent as at end 2022. The increase in investments during the period was

mainly due to increase in financial investments at amortised cost by Rs. 1,635.2 billion and financial assets at fair value through profit or loss by Rs. 29.9 billion.

Deposits continued to be the main source of funding and represented 78.8 per cent of total liabilities, while borrowings accounted for 9.6 per cent of total liabilities at end 2022.

Term deposits mainly contributed to the increase in deposits during 2022 while its share in total deposits increased from 61.0 per cent as at end 2021 to 67.9 per cent as at end 2022. Meanwhile, savings and demand deposits accounted for 24.3 per cent and 6.9 per cent, respectively, of total deposits at end 2022. Accordingly, the Current and Savings Account (CASA) ratio decreased from 38.0 per cent in 2021 to 31.2 per cent in 2022. Total borrowings of the banking sector decreased by Rs. 300.4 billion, recording a contraction of 13.8 per cent during 2022, compared to an increase of Rs. 462.8 billion, which was a growth of 27.1 per cent during 2021. This decrease was mainly attributed to foreign currency borrowings which reported a contraction of 55.2 per cent, reflecting the impact of the sovereign rating downgrades, while rupee borrowings decreased by Rs. 171.5 billion, recording a contraction of 11.5 per cent during 2022.

Due to the challenging business environment, off-balance sheet exposures decreased by Rs. 26.3 billion, reporting a contraction of

Table 8.4
Composition of Deposits of the Banking Sector

Item	2021(a)		2022(b)		Change (%)	
	Rs.bn	Share (%)	Rs.bn	Share (%)	2021 (a)	2022 (b)
Demand Deposits	888.0	6.9	1,060.0	6.9	25.9	19.4
Savings Deposits	4,011.8	31.1	3,713.0	24.3	19.7	-7.4
Time Deposits	7,860.4	61.0	10,393.0	67.9	8.6	32.2
Other Deposits	118.9	0.9	133.2	0.9	80.0	12.0
Total Deposits	12,879.2	100.0	15,299.1	100.0	13.3	18.8

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

BOX 9

The Role of Central Banks in Preventing Systemic Financial Crises and Restoring Public Confidence in the Banking Sector

1. Introduction

The banking sector of Sri Lanka plays an integral role in financial intermediation of the country and has a significant share in the financial sector, accounting for 61.9 per cent of total assets as at end 2022. Despite the recent multifaceted challenges, the Sri Lankan banking sector remained resilient as reflected by adequate capital and liquidity buffers. However, in view of the unprecedented levels of stress on the banking sector caused due to various reasons, including the Easter Attacks in 2019, COVID-19 pandemic and recent adverse macroeconomic developments, it is important to ensure that a robust crisis management framework is in place for the sector.

2. Importance of the Stability of the Banking System and Lessons Learnt from the Global Financial Crisis (GFC)

Banking sector stability is vital for efficient financial intermediation in order to promote economic growth and welfare of people. This is more important during economic shocks and stressful circumstances. However, throughout history, breach of trust in the banking system and depositor runs have caused significant negative impact on the economic activities across the globe, leading to systemic financial crises. Common causes of these systemic crises can be mainly identified as high leverage, booming credit, weakening of credit evaluation standards, lapses in governance and risk management, property and other asset bubbles, excessive exposure to the government, inadequate supervision, and often a high external current account deficit. As revealed by international examples such as the East Asian crisis (1997), GFC (2007-2008) and European crisis (2010), the financial distress resulting from a systemic crisis typically lasts for several years, largely resulting in considerable economic contractions and high fiscal costs, affecting the entire society.

Lessons Learnt from the GFC

The GFC of 2007-2008, even though comprising of similarities with past events, was rapidly transmitted across the globe in an unprecedented manner, well beyond the directly affected countries. The main reason for the high degree of contagion of GFC was the origination of the crisis in advanced economies

with widespread financial networks and linkages in international financial markets. The new and extreme challenges resulting from GFC paved the way for the central banks and policy makers around the world to introduce innovative crisis management tools, while understanding the gaps and weaknesses in legal and policy frameworks.

With a view to addressing the above weaknesses, the global leaders came into a consensus that an effective **crisis management framework** with a strong financial safety-net is required in order to support the orderly management of failing financial institutions and thereby to mitigate the contagion effect on the financial system and spillover effect on the real economy. An effective crisis management framework would generally comprise the following pillars (International Monetary Fund, 2020):

- (i) An institutional framework for crisis preparedness
- (ii) Supervisory early intervention
- (iii) Emergency liquidity assistance
- (iv) Resolution of financial institutions

(i) An Institutional Framework for Crisis Preparedness

In order for a crisis management framework to be effective, a strong and independent institutional framework with effective policy coordination between the core entities of the financial safety-net is vital. The core entities of the financial safety-net can be identified as the Central Bank, financial supervisory and regulatory agencies, resolution authority, and Ministry of Finance. These entities must have clear mandates and adequate independence to be able to prepare, coordinate, and execute the crisis management tasks at any given circumstance.

(ii) Supervisory Early Intervention

Early action of the supervisor enables proactive detection of the warning signs of deterioration in the financial condition of banking institutions and thereby reduce the probability and costs of financial distress of such institutions. Supervisors need adequate resources, strong legal authority and protection, a clear

mandate and operational independence with strong governance structures, in order to ensure proactive and comprehensive supervision.

(iii) Emergency Liquidity Assistance by Central Banks

Provision of emergency liquidity assistance forms an integral part of a crisis management framework as it enables central banks to mitigate the risk of temporary illiquidity of one or few financial institutions leading to insolvency of such institutions or systemic financial instability. Accordingly, framework for lending under emergency liquidity assistance should be well established by central banks as a crisis preparedness tool. Further, such liquidity provision should be subject to safeguards of protecting central bank balance sheets while reducing moral hazard.

Prior to GFC, the underlying concept of emergency liquidity assistance was that central banks should lend only to those banks possessing good collateral, with the assumption that a bank which lacks such collateral was insolvent. The key lessons learnt from GFC, which helped central banks to make significant improvements in the framework for lending under emergency liquidity assistance, can be summarised as follows (International Monetary Fund, 2020):

- (a) Eligibility – All banks shall be eligible, not just the systemically important banks. In some instances, central banks should have the ability to provide these facilities to nonbank financial companies that are systemic, to preserve financial stability.
- (b) Solvency – Lending shall be at the discretion of central banks to entities that are deemed by the supervisor as solvent and viable. The solvency and viability assessment should involve forward and backward-looking expert judgments. In the event where such assistance is granted to insolvent firms, an indemnity should be sought from the government.
- (c) Collateral – Facilities shall always be adequately collateralised and central banks should be able to accept a wide range of unencumbered assets as collaterals. Systems should be in place to value such assets, including predetermined haircuts together with sound processes to settle, manage and realise collateral in case of counterparty default.

Key Challenges in Providing Emergency Liquidity Assistance - Stigma, i.e., the unwillingness of banks to approach central bank liquidity assistance owing to the potential erosion of public confidence, lending in foreign currency and facilitating banks which are under resolution, are the key challenges confronted by central banks.

(iv) Resolution of Financial Institutions

An effective resolution regime is of paramount importance for a strong crisis management framework, due to its criticality in addressing the problems of weak or failing banks without undermining financial system stability. Once a banking institution is identified as insolvent, likely to become insolvent or it is identified to be in serious breach of regulatory requirements, sound, decisive and rapid actions are required to maintain public confidence, while preventing any spillover effects to the larger economy. The principles embodied in international best practices of resolution aim to ensure that the authorities have powers and tools to act quickly to preserve financial system stability, while safeguarding the interests of depositors and creditors.

Even after 15 years from GFC, the global financial stability risks reflect an increasing trend particularly since the outbreak of COVID-19 pandemic, as indicated by excessive inflation, rising interest rates, and volatility in financial markets. The recent collapse of California's Silicon Valley Bank and New York's Signature Bank caused severe shock across the global financial system, while the uncertainties indicated in the European markets echoed the necessity of having an effective crisis management framework.

3. Preventing Systemic Financial Crisis and Restoring Public Confidence in the Sri Lankan Banking Sector

Sri Lanka endured a series of multifaceted challenges in the last three years since 2020, with the outbreak of COVID-19 pandemic, the biggest health and economic disaster in history. The post-pandemic disruptions together with slow recovery of the economic activities, political uncertainties, and structural issues in the economy in Sri Lanka gave rise to extraordinary macroeconomic conditions including declining external reserves, currency devaluation, fiscal sector imbalances, high inflation, scarcity of essential consumer goods, and raw materials. These exceptional circumstances caused unprecedented levels of stress on the banking sector leading to numerous challenges.

3.1. Measures Implemented by the Central Bank of Sri Lanka (CBSL) to Preserve the Financial System Stability amidst Current Challenges

There are several alternatives for the Licensed Commercial Banks (LCBs) to avail liquidity from CBSL during ordinary circumstances, as highlighted below.

- (a) Standing Lending Facility – Collateralised overnight lending to LCBs
- (b) Intraday Liquidity Facility – Collateralised intraday lending to LCBs
- (c) Term Repo Facility – Providing liquidity to LCBs via Open Market Operations Auctions

However, these alternatives may not ensure adequate liquidity for the banking sector during exceptional circumstances that emanate from extreme adverse economic and market developments.

3.2. Crisis Management Tools Adopted by CBSL

Amidst the recent extraordinary macroeconomic developments that continued in Sri Lanka since the outbreak of the pandemic, several measures were initiated by CBSL to strengthen the crisis preparedness of the banking sector, by improving liquidity in the sector to adequate levels with the objective of preserving financial system stability, while safeguarding public confidence on the financial system. This article explains mainly the preemptive measures implemented by CBSL, inter-alia, the framework on Emergency Loans and Advances (ELA) to the banking sector, strengthening the bank resolution framework, establishment of the crisis management committee and enhanced supervisory approaches.

3.2.1. Lender of Last Resort: Framework on ELA

As per the existing Monetary Law Act (MLA) No. 58 of 1949, under its core objective of financial system stability, CBSL is entrusted with the ultimate responsibility of ensuring public confidence on the financial system. In this context, acting as the Lender of Last Resort (LOLR) is one of the key roles to be undertaken by CBSL to minimise any adverse implications that may arise in the financial system by promoting the safety and soundness of financial institutions.

As the LOLR for the Sri Lankan banking sector, CBSL is empowered and responsible for exercising applicable provisions/measures available under MLA to

pre-empt any adverse developments that might cause any systemic financial panic. Accordingly, CBSL established the framework on ELA in 2020, under Section 86 of MLA to prevent any threat to monetary and banking stability. Strengthening the liquidity position of banking institutions to ensure continued supply of credit to the economy and to meet urgent liquidity requirements during exceptional circumstances, thereby maintaining public confidence on the financial system was the main outcome expected from the ELA framework.

In 2022, the ELA framework of CBSL was further enhanced by incorporating a broader range of collaterals with valuation methodology, criteria on liquidity and solvency assessment, supervisory actions and an improved coordination mechanism among the departments of CBSL that are involved in executing the framework.

3.2.2. Salient Features of the ELA Framework

- (a) **Eligible Financial Institutions:** All LCBs and Licensed Specialized Banks (LSBs) (hereinafter, referred to as “licensed banks”) which are in a temporary liquidity distress, where the bank has exhausted all available liquidity options.
- (b) **Provision of ELA is at the discretion of CBSL,** hence will not be considered as a right of licensed banks.
- (c) **Currency:** ELA will be provided only in Sri Lankan Rupee at all times and will not be provided in foreign currency, in order to mitigate any potential exchange rate risks, currency mismatches and recoverability risks.
- (d) **Interest rate:** The interest rate will be determined by the Monetary Board taking into consideration the prevailing market interest rates and the monetary policy stance.
- (e) **Acceptable collaterals for providing of ELA:** A range of acceptable collateral that encompasses Sri Lanka Government Securities, lands and buildings, and loan receivables secured by selected collateral.
- (f) **Assessment of the ELA request:** ELA will be provided only to a licensed bank that is considered to be solvent, with a view to preventing any adverse impact on the CBSL balance sheet. ELA facility may be granted

to a bank which is assessed to be insolvent or likely to become insolvent in future, under exceptional circumstances to mitigate any systemic risks on a case-by-case basis, while an explicit guarantee to be provided by the Government of Sri Lanka to CBSL in the case of absence of adequate collateral with ELA requesting banks.

- (g) **Supervisory Actions on ELA receiving banks:** ELA receiving banks will be subject to intensified supervision of CBSL, while several supervisory restrictions will be imposed on such banks with respect to expansion of the lending portfolio and making discretionary payments.

3.2.3. Strengthening the Bank Resolution Framework

CBSL identified strengthening the resolution framework of licensed banks as an urgent priority under the crisis management framework considering the challenging outlook for the banking sector and the need to strengthen financial sector safety-net measures. Accordingly, measures were taken to draft a Banking (Special Provisions) Act as a supplement to the Banking Act, No. 30 of 1988, by including provisions relating to resolution, deposit insurance, and winding up of licensed banks.

CBSL considered the Key Attributes of Effective Resolution Regimes for Financial Institutions issued by Financial Stability Board (FSB) and the Core Principles for Effective Deposit Insurance Systems issued by the International Association of Deposit Insurers (IADI) when drafting the Banking (Special Provisions) Act. It is expected to enact the proposed Banking (Special Provisions) Act during 2023.

3.2.4. Establishing a Crisis Management Committee

The present unprecedented levels of financial and economic distresses in Sri Lanka have given rise to the urgent need of strengthening the policy coordination between competent authorities on financial sector crisis management. The lack of an institutional framework for crisis management has prompted to set up a Financial Sector Crisis Management Committee (FCCM) for

policy coordination between CBSL and Ministry of Finance to focus on crisis preparedness, to reduce the risk of coordination failures, and to minimise the impact of the financial crisis. The proposed FCCM will be assisted by a Technical Committee on Financial Sector Crisis Management (TCFSCM) and will function in both crisis and non-crisis times. FCCM will be chaired by the Governor and will comprise a Monetary Board member, Secretary to the Treasury, Deputy Secretary of Ministry of Finance and officials of CBSL.

3.2.5. Enhanced Supervision Approaches Adopted by CBSL

Due to the impact of recent macroeconomic developments of the banking sector, the Bank Supervision Department (BSD) of CBSL improved the frequency of reporting to the Monetary Board regarding liquidity and capital positions of the banking sector, while intensifying the supervision of licensed banks. These intensified supervisory measures include close monitoring of financial indicators, undertaking thematic reviews on identified banking functions and frequent adhoc meetings with Chief Executive Officers (CEOs) and Key Management Personnel (KMP) of licensed banks on liquidity and capital positions. Further, continuous meetings have been held by the Monetary Board with the Boards of Directors, CEOs, and KMP of licensed banks to better understand individual bank's positions and crisis preparedness.

3.2.6. Communication Strategy:

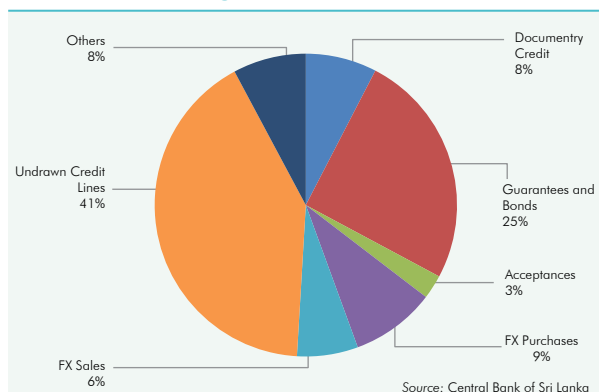
The existing communication strategy is currently being expanded to cover broad aspects of crisis preparedness targeting to ensure public confidence in the banking sector.

Way Forward: CBSL intends to further strengthen crisis preparedness measures while operationalising the proposed Banking (Special Provisions) Act and ensuring the readiness for providing of ELA to licensed banks with a view to preserving public confidence and stability in the financial system.

Reference

1. International Monetary Fund. (2020). Managing Systemic Banking Crises - New Lessons and Lessons Relearned. Departmental Paper No. 2020/003. International Monetary Fund, Washington D.C.

Figure 8.2
Off-Balance Sheet Exposure of the Banking Sector as at end 2022



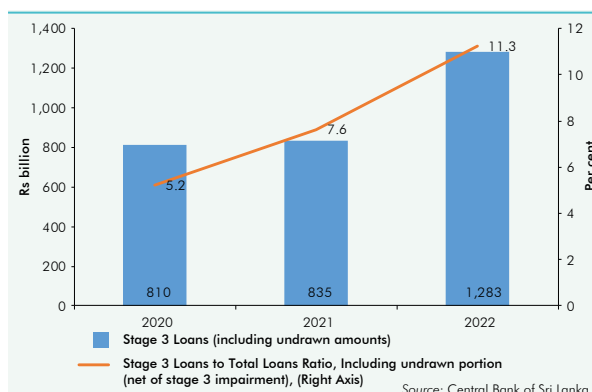
0.6 per cent during 2022, compared to a decrease of Rs. 131.5 billion which was a contraction of 2.7 per cent during 2021. Significant decreases of Rs. 318.3 billion, Rs. 204.2 billion, Rs. 172.4 billion, and Rs. 171.7 billion were observed in acceptances, documentary credit, FX sales, and FX purchases, respectively. Meanwhile, undrawn credit lines and guarantees and bonds reported increases of Rs. 470.9 billion and Rs. 122.6 billion, respectively, during 2022.

Risks in the Banking Sector

Credit Risk

During 2022, debt moratoria and concessions on loan repayments were extended to affected individuals and businesses in certain sectors due to persistent unfavorable business conditions. Accordingly, classification of loans and receivables to non-performing categories was frozen during the period under moratoria/concessions and normal classification rules were applied upon cessation of the moratoria/concessions. Nevertheless, banks continued to identify sectors with elevated risks for the purpose of estimating expected credit losses. Despite the freezing of classification of credit facilities under moratoria, Non-Performing Loans (NPLs) as indicated by Stage 3 loans (including undrawn

Figure 8.3
Stage 3 Loans of the Banking Sector



amounts) increased by Rs. 447.3 billion during 2022, recording a growth of 53.6 per cent and reached Rs. 1.3 trillion as at end 2022, compared to an increase of Rs. 20.1 billion during 2021.

NPL Ratio as indicated by Stage 3 Loans to Total Loans (including undrawn amounts) Ratio increased from 7.6 per cent as at end 2021 to 11.3 per cent by end 2022, induced by higher growth in Stage 3 loans and lower growth in credit. Meanwhile, total impairment recorded a growth of 60.6 per cent during the year and reached Rs. 909 billion as at end 2022.

Out of the total loan portfolio of the banking sector, 68.2 per cent of loans were concentrated into 5 sectors, namely, consumption, construction, wholesale and

Figure 8.4
Impairment on Loans & Receivables of the Banking Sector

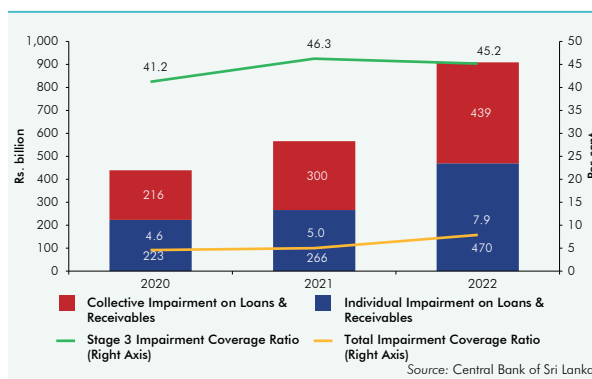


Table 8.5
Sectorwise Composition of Loans and Receivables of the
Banking Industry

Sectors	Amount Rs. bn (a)	Share of Total Loans %	Stage 3 Loans to Total Loans %
Consumption	1,864.4	16.4	4.7
Construction	1,795.5	15.8	16.1
Wholesale & Retail Trade	1,716.3	15.1	12.8
Manufacturing	1,243.9	11.0	14.7
Infrastructure Development	1,115.3	9.8	4.8
Agriculture, Forestry & Fishing	920.3	8.1	11.8
Lending to Overseas Entities	593.4	5.2	6.1
Tourism	525.7	4.6	23.4
Financial Services	458.9	4.0	5.5
Health Care, Social Services & Support Services	400.2	3.5	7.4
Transportation & Storage	302.7	2.7	26.1
Professional, Scientific & Technical Activities	133.2	1.2	7.0
Lending to Ministry of Finance	109.2	1.0	-
Information Technology and Communication Services	81.0	0.7	10.9
Education	65.1	0.6	12.5
Arts, Entertainment & Recreation	12.8	0.1	12.7
Total Loans	11,337.9	100.0	11.1
(a) Provisional	Source: Central Bank of Sri Lanka		

retail trade, manufacturing, and infrastructure development. Transportation and storage, tourism, construction, manufacturing, wholesale and retail trade, arts, entertainment and recreation, and education sectors reported Stage 3 Loans to Total Loans Ratios (excluding undrawn amounts) higher than the total banking sector average of 11.1 per cent as at end 2022. Since high Stage 3 Loans to Total Loans Ratios were reported in certain sectors to which the banking sector has high exposures, banks are expected to adopt more stringent credit risk mitigation mechanisms internally for exposures related to these sectors.

Market Risk

The Interest Rate Sensitivity Ratio² decreased to 76.3 per cent as at end 2022 from 79.6 per cent as at end 2021, thereby increasing the exposure to interest rate risk by end 2022 compared to end 2021. Net gain from financial

² It is calculated as interest bearing assets as a share of interest bearing liabilities with maturities of less than 12 months.

instruments at fair value through profit and loss during 2022 stood at Rs. 11.5 billion and was higher than Rs. 2.4 billion recorded during 2021. This was due to more funds being directed to government securities during 2022 compared to 2021 as a result of higher yields on government securities that prevailed during the year.

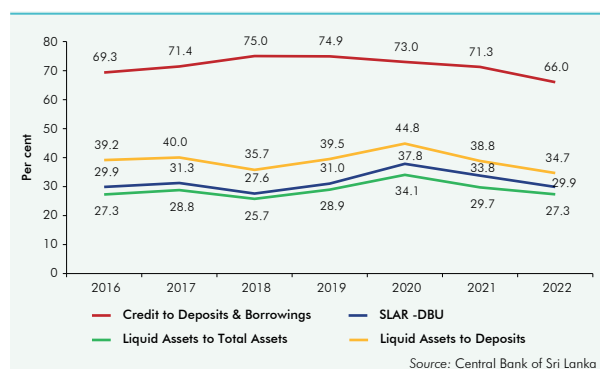
Equity risk of the banking sector was minimal throughout 2022. The equities listed under fair value through profit or loss and fair value through other comprehensive income portfolio stood at Rs. 7.4 billion and Rs. 2.2 billion, respectively, as at end 2022. The low share of equity investments in the total investment portfolio ensures that the market risk of the banking sector due to equity price fluctuations was minimal.

Net foreign currency exposure of the banking sector increased to a long position of US dollars 659.4 million at end 2022 compared to a long position of US dollars 133.2 million at end 2021. Higher decrease in on-balance sheet foreign currency liabilities compared to the decrease in on-balance sheet foreign currency assets during 2022 contributed to the increased long position of the net foreign currency exposure. On-balance sheet foreign currency assets decreased mainly due to decline in loans and placements with banks during the year. Accordingly, net foreign currency exposure as a percentage of banks' on-balance sheet foreign currency assets stood at 4.7 per cent at end 2022. The banking sector reported a net foreign currency revaluation gain of Rs. 28.1 billion during 2022 compared to a gain of Rs. 26.3 billion during 2021.

Liquidity Risk

The banking sector experienced an acute pressure on liquidity during 2022. Although the banking sector maintained Statutory Liquid Assets Ratio (SLAR) of Domestic Banking Units (DBU)

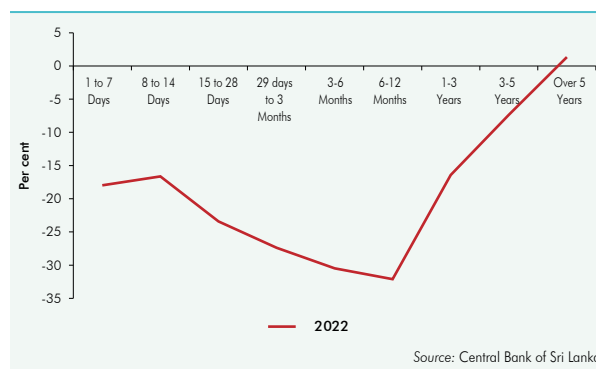
Figure 8.5
Liquidity Ratios of the Banking Sector



above the minimum requirement of 20 per cent, it declined from 33.8 per cent as at end 2021 to 29.9 per cent as at end 2022. During the year, certain domestic banks heavily depended on the standing facilities provided by the Central Bank for their day-to-day liquidity management. The Credit to Deposits and Borrowings Ratio slightly decreased due to lower growth in credit during 2022, while the Liquid Assets to Total Assets and Liquid Assets to Deposits ratios also recorded a decline.

The Rupee and All Currency Liquidity Coverage Ratios (LCRs) of the banking sector stood at 237.5 per cent and 191.2 per cent, respectively, by end 2022, well above the regulatory minimum requirement of 90 per cent. LCR is the stock of unencumbered high-quality liquid assets that can be converted easily and immediately into cash in the secondary market to meet a bank's

Figure 8.6
Cumulative Maturity Gap as a percentage of Cumulative Outflows



liquidity needs for a period of 30 days under a liquidity stress scenario. In addition, the Net Stable Funding Ratio (NSFR) introduced in 2019, which requires banks to maintain sufficient stable funding sources, stood at 140.8 per cent at end 2022 well above the regulatory requirement of 90 per cent. Total liquid assets amounted to Rs. 5.3 trillion as at end 2022, of which investments in government securities represented 62.9 per cent. A new mechanism to monitor the maturity gap was introduced in the beginning of 2022. Accordingly, the cumulative maturity gap as a percentage of cumulative outflows of the banking sector for maturity buckets less than 12 months periods displayed higher values, indicating that long term assets are funded by short term funding products. Despite banks being able to meet the minimum liquidity requirements, excessive widening of the maturity gap may lead to an increase in liquidity risk.

Table 8.6
Composition of Liquid Assets of the Banking Sector

Item	2021 (a)		2022 (b)		Change (Rs.bn)	
	Rs.bn	Share (%)	Rs.bn	Share (%)	2021 (a)	2022 (b)
Treasury bills	1,040.6	20.8	982.6	18.5	-109.3	-58.0
Treasury bonds	2,142.3	42.9	1,887.8	35.6	457.1	-254.5
Sri Lanka Development Bonds	577.0	11.5	466.2	8.8	-78.8	-110.9
Cash	231.8	4.6	273.3	5.2	28.7	41.6
Money at Call	177.2	3.5	385.5	7.3	-160.5	208.4
Balance with Banks Abroad	538.9	10.8	1,144.4	21.6	69.0	605.5
Other	290.3	5.8	161.6	3.0	-203.3	-128.7
Total Liquid Assets	4,998.0	100.0	5,301.4	100.0	2.9	303.4

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

Profitability and Capital Adequacy

Profitability depleted during the year mainly due to increase in impairment. Interest income of the banking sector increased by 74.7 per cent compared to an increase in interest expenses by 106.2 per cent during 2022, resulting in an increase in net interest income by 37.8 per cent. As a result, the net interest margin increased from 3.5 per cent as at end 2021 to 4.0 per cent as at end 2022. Net interest income increased by Rs. 207.7 billion during 2022, while non-interest income increased by Rs. 124.1 billion, mainly due to higher fees and commission income during 2022. Non-interest expenses increased by Rs. 59.1 billion, largely due to the increase in staff cost by Rs. 26.8 billion, while impairment for loans and other losses increased by Rs. 298.5 billion during 2022. As a result, profit before corporate tax was Rs. 192.2 billion in 2022 as per the regulatory reporting, which was Rs. 35.3 billion lower than the profit level recorded in the previous year.

Profit after tax of the banking industry was Rs. 150.2 billion during 2022 which recorded a decrease of 12.7 per cent compared to the previous year. Possible losses from interest rate movement on fixed income portfolios of banks were partially negated through the accounting

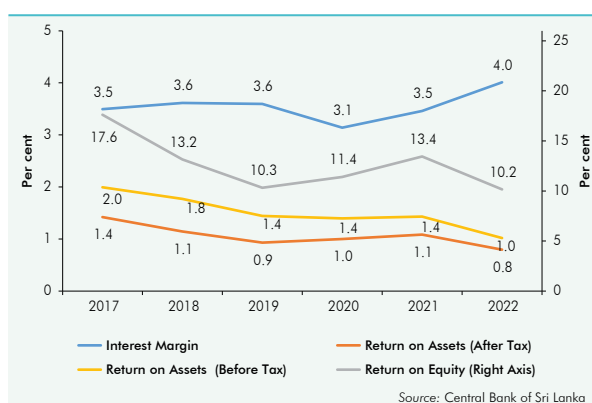
Table 8.7
Profit of the Banking Sector

Item	2021 (a)		2022 (b)	
	Amount (Rs.bn)	As a % of Avg. Assets	Amount (Rs.bn)	As a % of Avg. Assets
Net Interest Income	549.9	3.5	757.6	4.0
Interest Income	1,193.8	7.5	2,085.2	11.0
Interest Expenses	643.9	4.1	1,327.6	7.0
Non-Interest Income	152.9	1.0	277.0	1.5
Net Fee & Commission Income	88.6	0.6	127.5	0.7
Non-Interest Expenses	266.8	1.7	325.9	1.7
Staff Cost	147.0	0.9	173.8	0.9
Impairment for Loans & Other Losses	157.6	1.0	456.1	2.4
Profit Before Tax (after VAT)	227.5	1.4	192.2	1.0
Profit After Tax	172.1	1.1	150.2	0.8

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

Figure 8.7
Profitability Ratios of the Banking Sector



flexibility offered in terms of one-off reclassification of investments from Fair Value through Other Comprehensive Income portfolio to Amortised Cost portfolio. The decrease in profits was reflected in Return on Assets (ROA) before tax, which depleted from 1.4 per cent as at end 2021 to 1.0 per cent as at end 2022, while Return on Equity (ROE) after tax depleted from 13.4 per cent in 2021 to 10.2 per cent in 2022. Further, the Efficiency Ratio decreased from 38.0 per cent in 2021 to 31.5 per cent in 2022 due to the increases in net interest income and non-interest income.

The Banking sector was largely in compliance with the capital requirements during 2022. However, considering the challenges in raising fresh capital in the prevailing macroeconomic

Figure 8.8
Capital Ratios of the Banking Sector

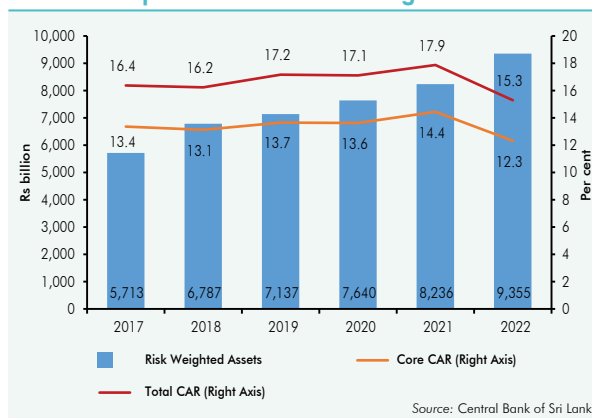


Table 8.8
Composition of Regulatory Capital of the Banking Sector

Item	Amount (Rs. bn)		Composition (%)	
	2021 (a)	2022 (b)	2021 (a)	2022 (b)
Tier I: Capital	1,083.8	1,152.0	100.0	100.0
Share Capital	352.1	366.7	32.5	31.8
Statutory Reserve Funds	66.7	74.3	6.2	6.4
Retained Profits	480.5	544.5	44.3	47.3
General and Other Reserves	250.5	295.2	23.1	25.6
Others	21.6	67.2	2.0	5.8
Regulatory Adjustments	-87.5	-195.9	-8.1	-16.9
Tier II: Capital	279.8	278.0	100.0	100.0
Revaluation Reserves	35.3	35.4	12.6	12.7
Subordinated Term Debt	160.2	135.4	57.2	48.7
General Provisions and Other	84.7	107.3	30.3	38.6
Regulatory Adjustments	-0.4	-0.2	-0.1	-0.1
Total Regulatory Capital Base	1,363.6	1,429.9		

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

conditions, the deadline to meet the enhanced minimum capital requirement of Rs. 20.0 billion for domestically incorporated LCBs and Rs. 7.5 billion for LSBs was extended till December 2023. Banks were encouraged to raise high quality capital to absorb the potential losses from the risks arising from challenging business conditions. As a result, banks increased Tier I capital through the retention of profits (Rs. 64.0 billion), increase in reserves (Rs. 44.7 billion), and issuance of new shares (Rs. 14.6 billion) during 2022. The regulatory capital of the banking sector reported a growth of 4.9 per cent during the year, which was mainly supported by the increase in Tier I capital.

Banking Sector Supervisory and Regulatory Developments during 2022

During 2022, the Central Bank made several prudential policy interventions, including the issuance of regulations and strengthening of the supervisory approach to maintain the resilience of the banking sector amidst the prevailing turbulent macroeconomic circumstances. In the meantime, the Central Bank also cautiously relaxed some of the regulations to allow the

banking sector to maintain liquidity and facilitate effective financial intermediation amidst the multifaceted challenges.

Accordingly, after careful consideration of the extraordinary circumstances caused by the current macroeconomic conditions, the Central Bank introduced certain regulatory requirements. These include permitting to draw down on the Capital Conservation Buffer, reducing the regulatory minimum requirements for the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), permitting licensed banks to stagger the mark-to-market losses on government securities over two years, encouraging licensed banks to move to more sophisticated approaches to compute risk weighted assets for the operational risk under capital adequacy requirements, extending the deadlines to meet the minimum capital requirements, and the submission of Internal Capital Adequacy Assessment Process document. Further, guidelines were issued to licensed banks requiring them to maintain liquid assets of an amount not less than 20 per cent of total adjusted liabilities on a consolidated basis for the overall bank until further notice. Licensed banks were also permitted to maintain LCR and NSFR at a level not less than 90 per cent up to end December 2022, with enhanced supervision and frequent reporting.

Further, restrictions on discretionary payments of licensed banks were reintroduced, considering the possible adverse impact on liquidity and other key performance indicators of licensed banks due to prevailing macroeconomic conditions and the importance of maintaining appropriate levels of liquidity and

capital buffers. Accordingly, licensed banks were required to defer the payment of cash dividends and repatriation of profits not already declared until the financial statements/interim financial statements for the year 2022 were finalised and audited by its External Auditor. Furthermore, licensed banks were requested to refrain from engaging in share buybacks, increasing management allowances and payments to Board of Directors, incurring non-essential and/or non-urgent expenditure while exercising extreme due diligence and prudence when incurring capital expenditure until the end of 2022.

Several Orders under the Monetary Law Act, No.58 of 1949 (MLA) were issued during the first half of 2022 including amendments to the limits on interest rates of lending and deposit products of licensed banks, inclusive of foreign currency deposits, considering the monetary policy measures and exchange rate movements.

Subsequently, such limits were revoked in light of the market developments and the tight monetary policy stance adopted by the Central Bank. Similarly, restrictions imposed on forward sales and purchases of foreign currencies were also revoked, while reintroducing margin requirements against imports to curtail imports of non-essential and non-urgent goods, to preserve the stability of the exchange rate and foreign currency liquidity in the banking system.

Moreover, a Direction in relation to sustainable finance was issued to banks in 2022. Considering the national importance of promoting sustainable financing initiatives and the need for providing governance and risk management framework for licensed banks in respect of sustainable finance activities, Banking

Act Directions on Sustainable Finance Activities of Licensed Banks were issued in line with the Road Map for Sustainable Finance in Sri Lanka.

The Central Bank requested licensed banks to provide broader concessions to borrowers affected by the COVID-19 pandemic and subsequent extraordinary macroeconomic circumstances to unwind the moratoria granted for general and tourism activities. Licensed banks were requested to provide appropriate concessions, for a period of six months until end December 2022, to borrowers whose income or businesses have been adversely affected due to the current macroeconomic conditions and/or the COVID-19 pandemic on a case-by-case basis based on the future repayment capacity of individuals and viability of businesses/ projects while preventing any undue stress on the banking sector stability. Further, a Circular was issued providing guidelines to establish post COVID-19 revival units to identify and assist under performing and non-performing borrowers of licensed banks who were affected by COVID-19 and were facing financial difficulties due to reduction of income or sales and reduction or impairment of business operations or the closure of business etc.

Several key regulatory measures were introduced during 2022 in addition to the aforementioned measures. Those include amending the Customer Charter of licensed banks, introducing specific measures to improve accessibility to banking services for customers with special needs, determination of Indian Rupee as a designated foreign currency, informing banks the annual licence fees for the calendar year 2023, and mandating the recording of Unique Identification Numbers of the depositors of licensed banks.

BOX 10

Establishment of a Macroprudential Authority in Sri Lanka

Background

The new Central Bank Act, which is expected to be enacted, recognises securing financial system stability as an objective of the Central Bank while designating it as the Macroprudential Authority of Sri Lanka. As such, the new Act expands the Central Bank's mandate and scope in its current role in maintaining financial system stability. Accordingly, this article intends to educate stakeholders on concepts of macroprudential policies and systemic risk, interactions between macroprudential policies and other Central Bank policies, macroprudential tools and targeted aspects, the Central Bank's role as the macroprudential authority of Sri Lanka and the way forward.

Macroprudential Policies and Systemic Risk

The importance of a macroprudential approach to central banking surfaced from lessons learnt from the Global Financial Crisis (GFC) of 2007-2009. GFC showed that a crisis can emerge even in a stable economic environment and merely microprudential policies would not be adequate to prevent such a crisis as regulatory policies were focused on individual institutions with no policies available to deal with systemic risks. Systemic risk is defined as the risk of disruptions to the provision of financial services that is caused by an impairment of all or parts of the financial system and can cause serious negative consequences for the real economy (International Monetary Fund, Financial Stability Board, and Bank for International Settlements, 2009). Hence, GFC raised the need for a strong macroprudential policy framework to constrain the buildup of risks in the financial system. Central Banks in the post GFC era recognised the significance of linkages between the macroeconomy and the financial system vis-a-vis macrofinancial linkages. Thus, it became apparent that it is vital to identify macrofinancial linkages and interdependence of institutions while systemic risks need to be contained by dedicated financial sector policies.

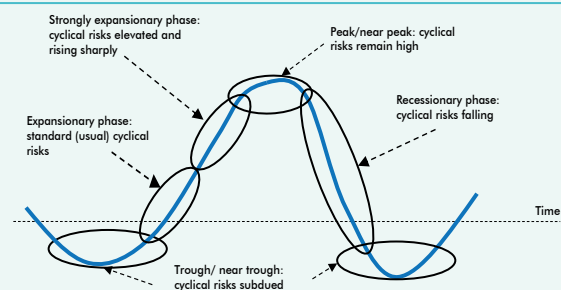
Thus, 'macroprudential' refers to an approach to financial regulation that fills the gap between conventional macroeconomic policy and traditional microprudential regulation of individual financial

institutions (Elliott, 2011). Accordingly, macroprudential policy fills the gap by safeguarding financial system stability by limiting 'systemic risk' and strengthening the resilience of the financial system.

Systemic risk often arises gradually and unobserved, and such risks in the financial system may not show obvious signs of an adverse situation or a series of adverse developments. Hence, the real time uncertainty and evolving nature of systemic risk over the cycle requires constant assessment of developments and evaluation of the adequacy of macroprudential policy responses. In this sense, macroprudential policy represents a proactive approach to prudential regulation through a set of instruments and measures that respond flexibly when warranted in a time varying fashion over the financial cycle. The macroprudential stance that aggregates the overall macroprudential policy mix tends to tighten in the expansionary phase of the financial cycle¹ as cyclical risks tend to accumulate and loosen in the recessionary phase of the cycle (see Figure B 10.1).

Macroprudential policy aims to contain systemic risk through two components, i.e., cross sectional and cyclical. The cross sectional component focuses on mitigating or developing resistance for risk of failure that arises from externalities on individual systemically important financial institutions and the systemic risk that arises from the interconnectedness of a financial institution within the financial system. Meanwhile, the

Figure B 10.1
Evolution of cyclical risks over the financial cycle



¹ Similar to the economic cycle, the financial cycle has an expansionary phase, a recessionary phase and turning points – a peak and a trough. The financial cycle may at times follow an atypical course with some of these phases either not occurring at all or lasting an unusually short or long time.

cyclical component attempts to mitigate or develop resilience for systemic risk in the time dimension (Adrian, 2017). Such cyclical threats include asset price bubbles that are associated with rapidly growing leverage and credit conditions (Elliott, Feldberg, & Lehnert, 2013).

Interactions with Other Policies

The tendency to mobilise all available policy tools (including prudential policies) to stabilise the real economy in response to large shocks has been observed since GFC in 2009. Moreover, this was more apparent during the COVID-19 pandemic where prudential policies played an important macro-stabilisation role along with more traditional fiscal and monetary policy measures and a vital role in Central Banks' policy mix (Warjiyo and Juhro, 2022). While macroprudential policy may have to be implemented with other policies, there is a high level of interaction with monetary policy and microprudential policy. Accordingly, monetary and financial system stability objectives and tools can conflict with or complement each other. For instance, monetary policy may under certain circumstances contribute to the buildup of imbalances and influence risk taking behaviour of agents. For example, prolonged accommodative monetary policy periods may lead to asset price bubbles and excessive credit growth episodes. Hence, there might be a need for countercyclical macroprudential policy tools to combat financial stability risks. On the other hand, a stable financial system enables smooth transmission of monetary policy and better allocation of resources in the economy. This close relationship predetermines the need to monitor, analyse, and assess the impact of monetary and macroprudential policies and measures on the attainment of such policy objectives and, if necessary, to coordinate between the said policies. Moreover, the activities of macroprudential policy and microprudential oversight also complement each other as they use the same information base, and a substantial amount of the information obtained during microprudential supervision is considered in macroprudential policymaking. Such complementarities and conflicts must be carefully considered, and synergistic effects must be used when applicable (Warjiyo and Juhro, 2022). Further, the need for close coordination is necessary as these objectives are hard to be separated and strict separation would be counterproductive.

Operationalising the Macroprudential Framework - Policy Tools and Targeted Aspects

Policymakers use a variety of macroprudential tools to minimise the frequency and severity of a systemic risk. Macroprudential tools thus used can be categorised into broad based tools, sectoral (e.g. household/corporate) tools, liquidity tools, and structural tools.

Broad based tools affect all credit exposures of the banking system and can include *Countercyclical Capital Buffers* (CCyBs), leverage ratios, and dynamic loan loss provisioning requirements (DPRs) (International Monetary Fund, 2014). Sectoral tools can address vulnerabilities arising from excessive credit to specific sectors such as the household and corporate sectors, and include imposing/increasing sectoral capital requirements (risk weights), limits on credit growth, *Loan to Value* (LTV) ratios, and *Debt Service to Income* (DSTI) ratios. Liquidity tools (for example, *liquidity buffer requirements* that ensure banks hold enough liquid assets to cover outflows during a stressed period for a few weeks, *stable funding requirements* that ensure banks hold stable liabilities to fund their illiquid assets such as loans and *liquidity charges* that impose a levy on non-core funding) contain systemic liquidity risks.

The structural dimension of systemic risk arises from interconnectedness and the risk of contagion from the failure of individual systemic institutions. Structural macroprudential policy tools target two objectives: (1) increasing the resilience of too important to fail institutions; and (2) reducing excessive exposures within the financial system. Identifying and strengthening the resilience of systemically important financial institutions has emerged as the key strategy in addressing the problem of institutions that are "too important to fail," and capital surcharges on such institutions are increasingly used across countries. Further, discouraging exposures to these institutions or make such exposures more secure are used as strategies to limit the excessive exposures to these financial institutions.

The Central Bank as the Macroprudential Authority in Sri Lanka

Although the Central Bank is engaged in macroprudential analysis, developing tools for such analyses, and introducing policy measures for

regulated financial institutions, the new Central Bank Act once enacted will designate the Central Bank as the Macroprudential Authority of the country which will expand its mandate and scope in terms of the current role in maintaining financial system stability. Thus, with the enactment of the new Act, the Central Bank will be entrusted with the responsibilities to work towards its macroprudential objectives in order to maintain the resilience of the financial system even under turbulent economic and financial conditions by periodically updating the overall approach to the use of macroprudential tools. This will include maintenance of healthy credit and leverage conditions among financial institutions without any unsustainable fluctuations as well as preserving the health of such institutions by containing any risks stemming from interconnectedness and failure of systemically important entities. The Central Bank will be vested with powers to monitor the financial system as a whole, assess risks, introduce macroprudential instruments, and make recommendations to other regulators of the financial sector authorities.

Way Forward

The Central Bank has already embarked on strengthening its macroprudential framework with the technical assistance from global experts in this area, while strengthening the frameworks on risk assessment, and calibration of instruments. Dynamic bank solvency stress testing, liquidity stress testing, interconnectedness analysis frameworks, and strengthened data collection frameworks related to such risk analyses have been already established and several fruitful rounds have been completed. The Central Bank is currently developing a series of macroprudential tools targeted at financial sector participants regulated and supervised by the Central Bank or their exposures. In executing the powers vested on the implementation of macroprudential policies and in line with international best practices, the Central Bank will develop and propose prudential standards to be applied by financial sector authorities in respect of financial sector participants regulated by such authorities. In doing so, data gaps are being identified and the Central Bank is working on addressing them. The Central Bank will endeavor to strengthen the institutional framework that

supports its macroprudential mandate once the new Act is enacted to establish a well coordinated mechanism for macroprudential policymaking. In this regard, the Central Bank will strengthen the involvement of the Financial System Oversight Committee (FSOC) in financial stability matters, which will coordinate with the relevant financial sector authorities representing the financial system in implementing proposals/recommendations made by the Central Bank. The Financial System Stability Review currently being published by the Central Bank will be enriched and will cater to the statutory requirement of publishing a review report on the stability of the financial system on an annual basis. This report will include the Central Bank's assessment of financial system stability, risks and vulnerabilities identified thereof, an overview of the measures taken by the Central Bank, and other financial sector authorities in the given period to address the risks identified and an overview of the recommendations made by FSOC with the current level of progress in implementation.

With the establishment of the Macroprudential Authority it is expected that the objective of securing financial system stability will be ensured in line with international best practices which would help strengthen financial system stability.

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8.3. Performance of Non-Bank Financial Institutions

Licensed Finance Companies and Specialised Leasing Companies Sector

The Licensed Finance Companies (LFCs) and Specialised Leasing Companies (SLCs) sector managed to continue its expansion during 2022 amidst the economic contraction experienced by the country. Despite challenges faced from shrinking credit growth, declining profitability and increase in non-performing loans as indicated by Stage 3 loans, the LFCs and SLCs sector grew in terms of assets and deposits with adequate capital and liquidity buffers during 2022. The Masterplan for consolidation of Non-Bank Financial Institutions (the Masterplan) is implemented with the objective of establishing strong and stable LFCs in the medium term and thereby safeguarding the interest of depositors of the sector and preserving the financial system stability.

Business Expansion

Total assets of the sector amounted to Rs. 1,611.2 billion by end 2022, representing 5.2 per cent of the total assets of Sri Lanka's financial system. By end 2022, the sector comprised of 36 LFCs³ and 1 SLC and there

³ Excluding ETI Finance Limited.

Table 8.9
Distribution of Branches of LFCs and SLCs by Province

Province	End 2021	End 2022 (a)	Movement during the year
Central	184	193	9
Eastern	142	154	12
North Central	111	120	9
North Western	180	187	7
Northern	119	139	20
Sabaragamuwa	122	127	5
Southern	178	193	15
Uva	82	91	9
Western	589	630	41
Total	1,707	1,834	127

(a) Provisional

Source: Central Bank of Sri Lanka

Table 8.10
Composition of Assets and Liabilities of the LFCs and SLCs Sector

Item	2021		2022 (a)		Change (%)	
	Rs. bn	Share (%)	Rs. bn	Share (%)	2021	2022 (a)
Assets						
Loans and Advances (net)	1,142.4	76.8	1,199.2	74.4	9.9	5.0
Investments	167.4	11.3	199.6	12.4	5.4	19.3
Others	177.9	12.0	212.4	13.2	-12.4	19.4
Liabilities						
Total Deposits	783.3	52.7	864.5	53.7	4.6	10.4
Total Borrowings	325.9	21.9	322.6	20.0	-0.6	-1.0
Capital Elements	304.0	20.4	364.1	22.6	22.6	19.8
Others	74.5	5.0	60.1	3.7	-3.3	-19.4
Total Assets/Liabilities	1,487.7	100.0	1,611.2	100.0	6.1	8.3

(a) Provisional

Source: Central Bank of Sri Lanka

were 1,834 branches, of which 1,204 branches (65.6 per cent) were located outside the Western Province. Further, 127 new branches were established by the sector during 2022.

The asset base of the sector expanded by Rs. 123 billion recording a growth of 8.3 per cent and stood at Rs. 1,611.2 billion by end 2022, compared to the 6.1 per cent growth recorded in 2021. The asset expansion was mainly driven by the growth of loans and advances portfolio followed by increase in investments and liquid assets. Loans and advances accounted for 74.4 per cent of the total assets of the sector. Finance leases dominated the loans and advances portfolio of the sector and accounted for 41.6 per cent of total loans and advances by end 2022 compared to that of 48.3 per cent by end 2021. The share of leasing

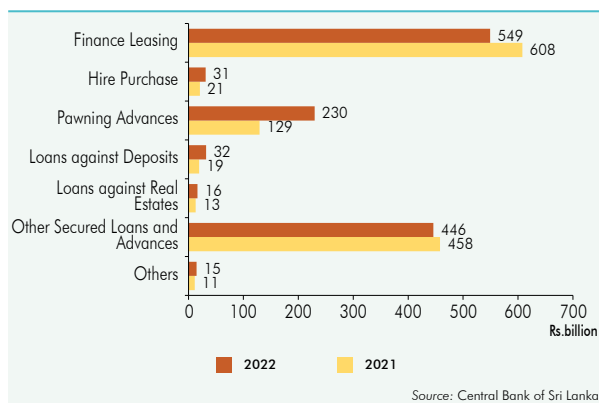
Table 8.11
Status of Moratoria granted to COVID-19 affected borrowers since March 2020

Phase of moratoria	No. of approved requests	Total capital outstanding at the time of granting the moratorium (Rs. bn)	Total capital outstanding as at 31.12.2022 (Rs. bn)
Phase 1 (Mar 2020- Sep 2020)	814,336	312.61	44.58
Phase 2 (Oct 2020- Mar 2021)	99,912	59.93	11.82
Phase 3 (Apr 2021- Sep 2021)	492,734	168.14	68.41
Phase 4 (Oct 2021- Mar 2022)	54,387	37.63	17.16
Phase 5 (Jul 2022- Jan 2023)	42,283	20.19	32.62
Total	1,503,652	n.a *	174.58

* Same borrower may have obtained moratoria under several Schemes.

Source: Central Bank of Sri Lanka

Figure 8.9
Total Loans and Advances (Gross) by
Productwise for 2021 and 2022



portfolio in total loans and advances decreased as a result of contraction of the leasing portfolio mainly due to the continuation of restrictions imposed by the Government on the importation of motor vehicles as a measure to restrict foreign currency outflows. However, the loans and advances portfolio of the sector recorded a growth of 5.0 per cent and stood at Rs. 1,199.2 billion at end 2022 compared to the growth of 9.9 per cent at end 2021. The growth of loans and advances portfolio was mainly supported by a surge in the pawning/ gold loans which grew by 77.5 per cent at end 2022.

During 2022, debt moratoria and concessions on loan repayments were extended to assist affected borrowers of the LFCs and SLCs sector due to the prevailing

Table 8.12
Composition of Deposits of the LFCs Sector

Item	Amount (Rs. bn)		Composition (%)	
	2021	2022 (a)	2021	2022 (a)
Time Deposits	744.3	830.2	95.0	96.0
Savings Deposits	38.4	34.3	4.9	4.0
Certificate of Deposits	0.6	0.0	0.1	0.0
Total Deposits	783.3	864.5	100.0	100.0

(a) Provisional

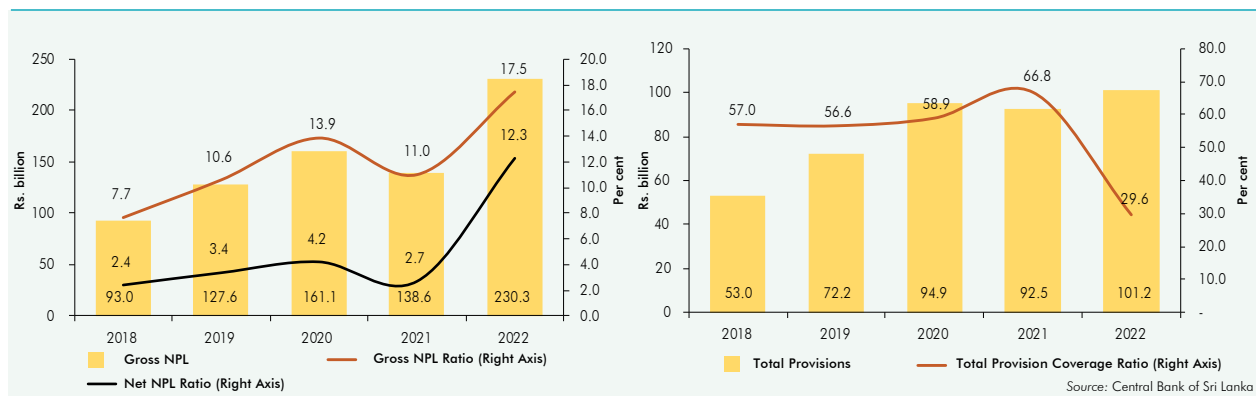
Source: Central Bank of Sri Lanka

extraordinary macroeconomic circumstances. By end 2022, approximately 13.2 per cent of the loans and advances portfolio of the LFCs and SLCs sector were under moratoria.

The investment portfolio of the LFCs and SLCs sector comprises investments in equities, corporate debt instruments, government securities and investment properties. The investment portfolio recorded a significant growth of 19.3 per cent reaching Rs. 199.6 billion in 2022 compared to the marginal growth of 5.4 per cent in 2021, mainly due to the increased investments in government securities maturing in less than 12 months consequent to increased interest rates in short term maturities. Other assets that mainly include cash and balances with banks and financial institutions also recorded a significant growth of 19.4 per cent in 2022 compared to the 12.4 per cent contraction in 2021 particularly due to increased placements with LCBs.

Customer deposits continued to dominate the liabilities of the LFCs sector accounting for a share of 53.7 per cent of total liabilities.

Figure 8.10
Non Performing Loans and Provision Coverage of the LFCs and SLCs Sector



Deposits increased by Rs. 81.1 billion recording a year-on-year growth of 10.4 per cent to Rs. 864.4 billion, while borrowings declined by 1.0 per cent to Rs. 322.6 billion during 2022.

Risks in the LFCs and SLCs Sector

Credit Risk

The total gross NPLs/Stage 3 loans increased by 66.1 per cent as at end 2022 on a year-on-year basis, compared to the decrease of 13.9 per cent recorded as at end 2021. The time based classification of NPLs was replaced with SLFRS 9 based Stage 3 Loans on 01 April 2022, where LFCs were required to adopt 120 days past the due date for classification of Stage 3 loans instead of the earlier classification of 180 days. As a result of changing the loan classification methodology into a SLFRS based approach, lapsed debt moratoria, and the impact of adverse macroeconomic conditions, the sector's Gross Stage 3 Loans Ratio substantially increased to 17.5 per cent as at end 2022 from 11.0 per cent reported as at end 2021.

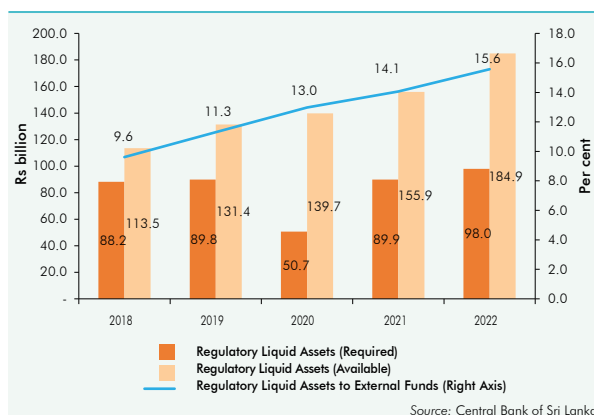
The net impaired Stage 3 Loans Ratio increased to 12.3 per cent as at end 2022 from 2.7 per cent reported as at end 2021. The impairment coverage ratio⁴ for Stage 3 loans was reported at 29.6 per cent as at end 2022. The recent market developments, including interest rate movements, economic contraction, the impact of the moratoria schemes granted, and the introduction of higher taxes, will adversely affect the asset quality of the sector and its NPLs in the future.

Interest Rate Risk

Tight monetary policy and concerns over domestic debt restructuring uncertainties resulted in a sharp increase in the Treasury

⁴ Commencing from April 2022, the provision coverage ratio was replaced with impairment coverage ratio calculated as Stage 3 impairment divided by Stage 3 loans.

Figure 8.11
Regulatory Liquidity Indicators of the
LFCs and SLCs Sector



bill yields. This led to a substantial increase in maximum interest rates offered by LFCs on deposits and debt instruments and an upward revision in lending rates. The interest rate sensitivity ratio (interest bearing assets as a share of interest bearing liabilities with maturities of less than 12 months) increased to 96.8 per cent as at end 2022 from 85.6 per cent as at end 2021, indicating a reduction in the exposure to interest rate risk resulted from increased interest rates in 2022 compared to 2021.

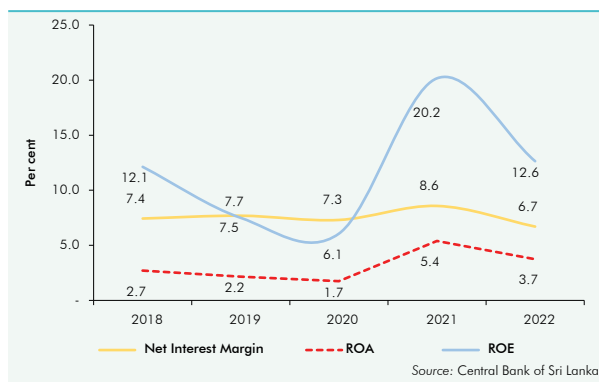
Market Risk

The equity risk in the sector was minimal throughout the year 2022. The exposure of the trading portfolio to the equity market declined to 0.3 per cent of total assets in 2022 from 0.8 per cent in 2021.

Liquidity Risk

On an aggregate basis, the sector maintained liquidity well above the minimum required level during 2022. The overall regulatory liquid assets available in the sector was Rs. 184.9 billion as at end 2022, against the stipulated minimum requirement of Rs. 98.0 billion recording a liquidity surplus of Rs. 86.9 billion as at end 2022, compared to Rs. 66.0 billion recorded as at end 2021. However,

Figure 8.12
Profitability Indicators of the LFCs and SLCs sector



the sector may face increased liquidity risk in the future due to early withdrawals, loan defaults, and non-availability of funding lines due to adverse economic conditions.

Profitability and Capital Adequacy

Profitability of the sector declined in 2022 compared to the previous year. The sector's Profit After Tax (PAT) reduced by 21.0 per cent from Rs. 55.6 billion in 2021 to Rs. 43.9 billion in 2022, mainly due to substantial increase in interest expenses. The decrease in profitability was reflected in the significant decrease in the Return on Equity (ROE) to 12.6 per cent and Return on Assets (ROA) before tax to 3.7 per cent in 2022, compared to 20.2 per cent and 5.4 per cent recorded, respectively, in 2021. The cost to income ratio increased to 87.3 per cent in 2022, from 72.6 per cent in 2021, while the efficiency ratio increased to 68.9 per cent during 2022.

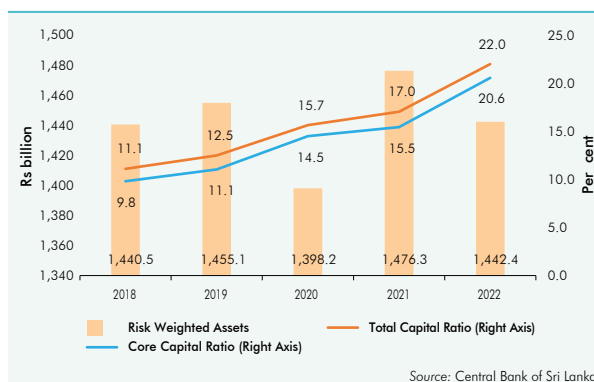
Table 8.13
Composition of Income and Expenses of
the LFCs and SLCs Sector

Item	2021		2022 (a)	
	Amount (Rs. bn)	As a % of Avg. Assets	Amount (Rs. bn)	As a % of Avg. Assets
Interest Income	217.0	14.2	271.7	15.8
Interest Expenses	85.6	5.6	156.5	9.1
Net Interest Income	131.4	8.6	115.2	6.7
Non-Interest Income	49.5	3.2	43.5	2.5
Non-Interest Expenses	87.1	5.7	87.7	5.1
Loan Loss Provisions (Net)	11.1	0.7	6.6	0.4
Profit Before Tax	82.7	5.4	64.4	3.7
Profit After Tax	55.6	3.6	43.9	2.6

(a) Provisional

Source: Central Bank of Sri Lanka

Figure 8.13
Risk Weighted Assets and CAR



The net interest income of the sector decreased to Rs. 115.2 billion by 12.3 per cent in 2022 compared with the growth of 18.2 per cent recorded in 2021. This was due to the significant increase in interest expenses by Rs. 70.9 billion, recording a growth of 82.8 per cent, despite the increase in interest income by Rs. 54.7 billion with a growth of 25.2 per cent due to the substantial increase in interest rate consequent to the prevailing macroeconomic environment. As a result, the net interest margin of the sector decreased to 6.7 per cent in 2022 from the 8.6 per cent in 2021 contributing to the decline in the profitability of the sector.

The non-interest income significantly decreased by 12.1 per cent while non-interest expenses increased marginally by 0.7 per cent during 2022. The loan loss provisions made against NPLs declined by Rs. 4.5 billion largely due to loan loss provision reversals during first few months of 2022.

The sector showed resilience with capital maintained well above the minimum regulatory requirement on an aggregate level during the year. The capital base improved to Rs. 317.5 billion as at end 2022 compared to Rs. 251.6 billion recorded as at end 2021, due to retained profits by several large LFCs during the previous

financial year, suspension of the licence of an LFC with a large negative net worth and enhancement of capital as a result of the completion of several consolidation transactions, even though 6 LFCs⁵ were non-compliant with the minimum core capital requirement and/or capital adequacy requirements. The sector's core capital and total capital ratios increased significantly to 20.6 per cent and 22.0 per cent, respectively, as at end 2022 from the reported levels of 15.5 per cent and 17.0 per cent as at end 2021.

Progress of Implementation of the Masterplan

In 2020, the Masterplan was introduced to address the weaknesses and risk exposures in the LFCs and SLCs sector. Under Phase I of the Masterplan, 5 transactions were fully completed during 2022 and 3 proposed amalgamations which were approved by the Monetary Board in 2022 are currently in progress. Further, the companies that were unable to find a partner to merge with were directed to exit from the market upon cancellation of the licence, and two such transactions are currently in progress.

Primary Dealer Companies in Government Securities

As at end 2022, there were 6 LCBs, and 7 Primary Dealer Companies (PDCs) registered as Primary Dealers (PDs) in the government securities market. Nevertheless, Pan Asia Banking Corporation PLC and Perpetual Treasuries Limited were suspended from carrying on the business and activities of a PD on 15 August 2017 and 06 July 2017, respectively. Participation in primary auctions was prohibited for Entrust Securities PLC w.e.f.

⁵ Regulatory restrictions such as deposit caps, lending caps, freeze acceptance of new deposits and granting new loans were imposed on LFCs which were non-compliant with the minimum core capital requirement and/or capital adequacy requirements. Further, several LFCs are in the process of completing transactions under the Masterplan.

24 July 2017. Accordingly, only 5 LCBs and 5 PDCs were active in the government securities market as PDs as at end 2022.

Assets

Total assets of PDCs increased by 67.4 per cent to Rs. 131.7 billion in 2022. The total investment portfolio of government securities, consisting of trading, Available For Sale (AFS) and Held To Maturity (HTM) portfolios amounted to Rs. 126.1 billion as at end 2022, which recorded a year-on-year increase of 79 per cent. Both trading and HTM portfolios increased to Rs. 100.7 billion and 23.8 billion, respectively, as at end 2022 from Rs. 54.9 billion and Rs. 12 billion, respectively, recorded as at end 2021, while the AFS portfolio declined to Rs. 1.7 billion as at end 2022 from Rs. 3.6 billion prevailed as at end 2021.

Profitability

PDCs reported a Profit After Tax (PAT) of Rs. 1.7 billion during 2022 compared to the loss of Rs. 0.4 billion reported during 2021, indicating a significant increase in profitability. The significant increase in interest income from investments in government securities and increased revaluation gains recorded by PDCs in 2022 compared to 2021, largely contributed to the profits reported in 2022. Furthermore, ROA and ROE of PDCs as at end 2022 increased to 3 per cent and 11.4 per cent, respectively, from negative 0.7 per cent and negative 2.5 per cent, respectively, recorded as at end 2021.

Capital

Equity of PDCs increased by 68.3 per cent mainly due to profit earned during the year. The Risk Weighted Capital Adequacy Ratio (RWCAR) of the PDCs was well above the minimum required amount of 10 per cent despite a significant reduction in the RWCAR to 23.2 per cent as at end 2022 from 42.8 per cent reported as at end 2021.

Risks in the PDCs Sector

Market Risk

The proportion of the trading portfolio in the total investment portfolio of PDCs increased marginally. The trading portfolio of PDCs was at 79.8 per cent of the total investment portfolio as at end 2022 compared to 77.8 per cent as at end 2021, reflecting a marginal increase in the relative market risk exposure of the industry.

Liquidity Risk

The overall liquidity risk exposure of PDCs increased due to the increase in overnight negative mismatch in the maturity profile of assets and liabilities of PDCs as at end 2022. The overnight negative mismatch in liquidity significantly increased to Rs. 78.1 billion as at end 2022 from Rs. 20.3 billion as at end 2021 and recorded a growth of 270 per cent. This was mainly due to the significant increase in overnight liabilities by 219.9 per cent at end 2022. Except for one PDC, which was facing liquidity issues, the liquidity risk profile of other PDCs remained low throughout the year, in view of holding a large volume of government securities and the ability to use such government securities as collateral for obtaining funds to bridge any unforeseen liquidity gaps. Most PDCs had standby contingency funding arrangements to bridge any liquidity gaps. However, uncertainties related to possible debt restructuring may increase credit risk and liquidity risk and may have an adverse impact on the capital levels of PDCs.

Market Conduct

Primary Market Activities of PDCs

The participation in primary auctions of Treasury bills and Treasury bonds by PDCs showed a mixed performance during 2022. Out of the total bids accepted at 52 Treasury bill auctions

conducted in 2022, the effective participation of PDCs accounted for 49.5 per cent, and at 24 Treasury bond auctions conducted during 2022, the effective participation of PDCs accounted for only 22.4 per cent.

Secondary Market Activities of PDCs

The value of Secondary market transactions in government securities by PDCs significantly increased by 204.3 per cent to Rs. 15,423.4 billion in 2022, out of which repo transactions accounted for 76.4 per cent. During 2022, outright purchases increased by 94 per cent, and outright sales increased by 80.7 per cent compared to 2021.

Licensed Microfinance Companies

The Licensed Microfinance Companies (LMFCs) sector consisted of 4 companies and reported 18.7 per cent growth of its assets base, reaching Rs. 9.9 billion as at end 2022. Micro-loans accounted for the largest share of total assets of the LMFCs sector, with 74.1 per cent of representation. Micro-loans amounted to Rs. 7.4 billion as at end 2022 compared to Rs. 6.9 billion as at end 2021 and reported a growth of 8.4 per cent. NPLs of LMFCs stood at 8.7 per cent as at end 2022. The total deposit base of the sector grew by 19 per cent in 2022 from Rs. 544 million in 2021 to Rs. 648 million in 2022. With the increase in total liabilities of the sector by 29 per cent from Rs. 5.5 billion in 2021 to Rs. 7.2 billion in 2022, the debt-to-equity ratio increased to 4.3 per cent as at end 2022. The core capital level of the sector was reported at Rs. 2.5 billion and all LMFCs were in compliance with the minimum prudential regulations on core capital.

Unit Trusts

The number of Unit Trusts (UTs) in operation increased to 80 as at end 2022 from 75 reported as at end 2021. The number of UT management

Table 8.14
Performance of UT Sector

Item	2021 (a)	2022 (b)
No. of Unit Trusts	75	80
Total No. of Unit Holders	59,426	67,912
No. of Units in Issue (mn)	7,835	6,283
Total Assets (Rs. bn)	195	150
Net Asset Value-NAV (Rs. bn)	191	143
Investments in Equities (Rs. bn)	17.6	11.8
Share of Total Net Assets (%)	9.1	7.9
Investments in Government Securities (Rs. bn)	23.4	84.9
Share of Total Net Assets (%)	12.1	56.7

(a) Revised Source : Unit Trust Association of Sri Lanka
(b) Provisional Source : Securities and Exchange Commission of Sri Lanka

companies remained unchanged at 16 as at end 2022 compared to end 2021. The UTs funds were equally dominated by Money Market Funds and Income Funds accounting for 22.5 per cent each of the UT industry. In addition, Gilt Edged Funds, Growth Funds and Balanced Funds accounted for 15.0 per cent, 12.5 per cent and 12.5 per cent of the UT industry, respectively.

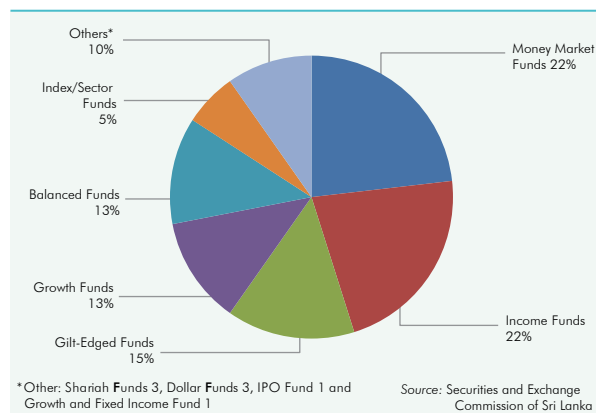
A contraction was observed in the total asset base of the UT sector as at end 2022. The total assets of the sector significantly decreased by 23.1 per cent to Rs. 150 billion as at end 2022 from Rs. 195 billion as at end 2021. It is observed that the number of units issued also decreased to 6,283 million as at end 2022 from 7,835 million reported as at end 2021. However, the total number of unit holders increased to 67,912 as at end 2022 from 59,426 reported as at end 2021.

The share of investments in government securities by UTs as a percentage of total net assets significantly increased to 56.7 per cent as at end 2022 from 12.1 per cent reported as at end 2021. Meanwhile, investment in equity as a percentage of net assets decreased to 7.9 per cent as at end 2022 compared to 9.1 per cent as at end 2021.

Insurance Sector

Despite the challenges emanating from adverse macroeconomic conditions, the insurance sector reported modest growth in

Figure 8.14
Categorisation of the UT Sector in terms of the Number of Funds



terms of asset base and Gross Written Premium (GWP) as at end 2022. The sector comprised 27 companies in operation as at end 2022, of which 14 operated as exclusive long term insurance companies and 11 as exclusive general insurance companies, while 2 as long term and general insurance businesses. Insurance penetration in Sri Lanka, calculated based on total premium as a percentage of GDP, declined to 1 per cent for the year 2022 from 1.4 per cent for the year

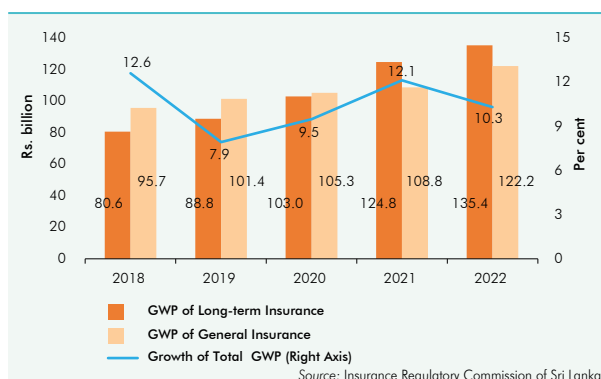
Table 8.15
Performance of the Insurance Sector*

Item	2021 (a)	2022 (b)
Total Assets	881.8	947.3
Government Securities	338.6	413.3
Equities	55.7	47.2
Cash & Deposits	132.1	112.5
Gross Premium	233.5	257.6
Total Income	299.0	336.1
Premium Income	233.5	257.6
Investment Income	65.5	78.6
Profit Before Tax	42.2	50.3
Capital Adequacy Ratio (%) - Long-term Insurance	384.0	303.0
- General Insurance	307.0	210.0
Retention Ratio (%) - Long-term Insurance	96.0	95.1
- General Insurance	76.4	75.3
Claims Ratio (%) - Long-term Insurance	38.5	47.1
- General Insurance	55.6	64.0
Combined Operating Ratio (%) - Long-term Insurance	81.1	89.5
- General Insurance	95.3	105.3
Return on Assets (ROA) (%) - Long term Insurance	3.9	3.6
- General Insurance	8.0	10.1
Return on Equity (ROE) (%) - Long term Insurance	17.7	17.1
- General Insurance	16.3	20.8
Underwriting Ratio (%) - General Insurance	24.8	16.9

(a) Revised Source: Insurance Regulatory Commission of Sri Lanka
(b) Provisional

* Information excluding the National Insurance Trust Fund

Figure 8.15
Gross Written Premium of the Insurance Sector



2021, mainly due to high growth in GDP at market prices driven by high inflation, and decelerating growth in GWP on year-on-year basis. Insurance penetration in Sri Lanka remained considerably low compared to peer countries. During 2022, insurance penetration of long term and general insurance sub sectors were 0.6 per cent and 0.5 per cent, respectively.

Business Expansion

The total assets of the insurance sector grew by 7.4 per cent as at end 2022 and reached Rs. 947.3 billion. The asset base of the long term insurance sub sector grew by 5.7 per cent to Rs. 668.7 billion as at end 2022 compared to a growth of 12.2 per cent recorded at end 2021. Meanwhile, the asset base of the general insurance sub sector increased by 11.8 per cent and reached Rs. 278.6 billion as at end 2022. The share of the asset base of the long term insurance sub sector remained high at 70.6 per cent of the total assets of the insurance sector as at end 2022 with a marginal decrease from 71.7 per cent recorded as at end 2021. Corresponding to this decrease, the relative share of the general insurance sub sector increased to 29.4 per cent of the total assets of the insurance sector as at end 2022 from 28.3 per cent recorded at end 2021.

Gross written premium of the insurance sector grew by 10.3 per cent to Rs. 257.6 billion at end 2022 from Rs. 233.5 billion at end 2021. Gross written premium of the long term insurance sub sector and general insurance sub sector increased by 8.5 per cent and 12.4 per cent, respectively, during the period under review. However, the long term insurance sub sector remained the main contributor to the gross written premium of the sector which recorded a share of 52.6 per cent at end 2022. The gross written premium of the motor insurance, the main business area of the general insurance sub sector represented 53.5 per cent share of general insurance and grew by 9.5 per cent at end 2022.

The investment portfolio of the sector grew by 5.6 per cent year-on-year to Rs. 776.6 billion at end 2022. The sector investments continued to be highly concentrated on government securities and the share of both long term and general insurance sub sectors' investments on government securities increased to 53.8 per cent and 51.3 per cent, respectively, as at end 2022 compared to 46.1 per cent and 45.9 per cent as at end 2021 with the relatively higher interest rates that prevailed during 2022. Meanwhile, the share of investments on equity of the long term and general insurance sub sectors decreased to 6.2 per cent and 5.8 per cent, respectively, as at end 2022 from 7.5 per cent and 7.8 per cent as at end 2021.

Profitability and Capital Adequacy

Profitability of the insurance sector increased during 2022 and reported a growth of 19.4 per cent in profits before tax. Profits before tax of the general insurance sub sector reported a significant growth of 41.2 per cent during the period under consideration with 15.4 per cent increase recorded in total income as at end 2022. However, the long term insurance sub sector reported a

marginal growth of 1.3 per cent in profits before tax mainly due to 31.5 per cent increase recorded in claims at end 2022.

ROA and ROE of the long term insurance sub sector declined, while ROA and ROE of the general insurance sub sector increased at end 2022 compared to 2021. ROA and ROE of the long term insurance sub sector decreased to 3.6 per cent and 17.1 per cent, respectively, as at end 2022 from 3.9 per cent and 17.7 per cent recorded as at end 2021. Meanwhile, ROA and ROE of the general insurance sub sectors increased to 10.1 per cent and 20.8 per cent, respectively, as at end 2022 from 8.0 per cent and 16.3 per cent recorded at end 2021.

Capital to total assets of both the long term insurance sub sector and the general insurance sub sector declined to 20.8 per cent and 47.5 per cent as at end 2022 from 21.3 per cent and 49.7 per cent, respectively, as at end 2021. Meanwhile, the Capital Adequacy Ratio (CAR) of the long term insurance sub sector and general insurance sub sector declined to 303 per cent and 210 per cent, respectively as at end 2022 from 384 per cent and 307 per cent, respectively as at end 2021.

Superannuation Funds

The total assets of Superannuation funds were reported at Rs. 4,345.0 billion as at end 2022 contributing to 13.8 per cent of the financial sector assets. However, the sector is dominated by the Employees' Provident Fund (EPF), which accounts for 79.6 per cent of the total assets of the Superannuation sector. There were two publicly managed funds, namely, the Employees' Trust Fund (ETF) and the state sector Public Service Provident Fund (PSPF) in operation which accounted 10.8 per cent and 2.0 per cent of the total assets of the Superannuation sector respectively as at end

2022. In addition, there were 117 Approved Pension and Provident Funds (APPFs) managed by the private sector as at end 2022.

Employees' Provident Fund

The EPF continued to dominate the Superannuation sector, accounting for 79.6 per cent of total assets of the sector at end 2022. The total value of the EPF increased by Rs. 293.7 billion to Rs. 3,459.9 billion as at end 2022 from Rs. 3,166.1 billion recorded as at end 2021, recording a 9.3 per cent growth. This growth was contributed by combined effect of the net contributions of the members (net amount of contributions received and refunds paid) and the income generated through investments of the Fund. Total liability to the members stood at Rs. 3,380.6 billion as at end 2022 recording a 10.2 per cent increase from Rs. 3,066.9 billion as at end 2021. The total contribution for the year 2022 increased by 17.4 per cent to Rs. 194.6 billion, while the total amount of refunds made to the members and their legal heirs was Rs. 163.0 billion in 2022, which was an increase of 37.9 per cent over 2021. Accordingly, the net contribution to the Fund was Rs. 31.6 billion in 2022 compared to Rs. 47.5 billion recorded in the previous year. The annual profit of the Fund decreased by 11.7 per cent to Rs. 264.1 billion in 2022 from Rs. 299.1 billion recorded in the previous year. This was mainly due to the unrealised mark-to-market

Table 8.16
Five year Performance Summary of the EPF

Item	2018	2019	2020	2021	2022(a)
Net Worth of the Fund (Rs. bn)	2,289.4	2,540.4	2,824.3	3,166.1	3,459.9
Total Liability to the Members (Rs. bn)	2,254.2	2,497.6	2,767.8	3,066.9	3,380.6
Total Contributions (Rs. bn)	145.0	157.2	150.7	165.7	194.6
Total Refunds (Rs. bn)	108.0	126.3	109.7	118.2	163.0
Net Contribution (Rs. bn)	37.0	30.9	41.0	47.5	31.6
Interest Rate on Member Balance (%)	9.50	9.25	9.00	9.00	9.00
Total Number of Member Accounts (mn.)	18.7	19.4	19.8	20.3	20.4
Active Number of Member Accounts (mn.)	2.9	2.9	2.6	2.5	2.4

(a) Provisional

Source: Central Bank of Sri Lanka

loss of Rs. 40.9 billion on listed equities during 2022 compared to the unrealised mark-to-market gain of Rs. 41.8 billion recorded in previous year.

The total investment portfolio (book value) of the Fund grew by 9.2 per cent to Rs. 3,466.5 billion as at end 2022 from Rs. 3,173.3 billion as at end 2021. The investment policy of the Fund is focused on generating an optimal risk adjusted return to its members, while ensuring the safety of the Fund and the availability of adequate level of liquidity to meet refund payments and other expenses of the Fund. Accordingly, as at end 2022, the investment portfolio consisted of 96.9 per cent in government securities, 2.3 per cent in equity, 0.7 per cent in corporate debentures, and the remaining 0.1 per cent in Reverse Repurchase agreements.

The total investment income of the Fund was Rs. 315.9 billion in 2022 and recorded a decrease of 7.7 per cent compared to Rs. 342.2 billion recorded in the previous year. Interest income, continued to be the major source of income of the Fund which grew by 18.9 per cent to Rs. 349.3 billion in 2022 from Rs. 293.7 billion in 2021. Dividend income increased by 12.6 per cent to Rs. 7.5 billion in 2022 compared to Rs. 6.7 billion in 2021. As stated earlier, Listed Equity Portfolio recorded an unrealized mark-to-market loss of Rs. 40.9 billion in 2022 compared to unrealised mark-to-market gain of Rs. 41.8 billion in 2021.

The Fund earned a total gross income of Rs. 316.2 billion in 2022, recording a decrease of 7.6 per cent compared to Rs. 342.4 billion in the previous year. After adjusting for operating expenditure and tax expenditure, the net profit for the year 2022 was Rs. 264.1 billion which

is a decrease of 11.7 per cent compared to Rs. 299.1 billion in 2021. Accordingly, the Return on Average Investment of EPF in 2022 was 9.96 per cent. Despite substantial increase recorded in prices of goods and services, the Fund was able to maintain the operating expenses to gross income ratio at 0.67 per cent in 2022. However, the tax expenditure of the Fund increased by Rs. 7.3 billion compared to 2021 following the increase of interest income and dividend income in 2022. Nevertheless, the adoption of SLFRS 9, the Accounting Standard applicable for classification and measurement of Financial Instruments, where listed equity instruments were measured at fair value and also under the unfavorable conditions in the market, a net loss of Rs. 40.9 billion was charged from the investment income for the year 2022. Further, considering the low interest rates that prevailed in the market until April 2022, only the funds invested after May 2022, yielding a high interest rate as the investable funds accumulated during the previous periods were invested at low interest rates.

Further, the size of the Fund compared to the size of the Sri Lankan capital and financial market, provided limited investment opportunities, making EPF to commit its investments mostly towards Government securities. Such high dependence on sovereign has created some risk to the EPF in an environment of possible domestic debt optimisation. The investment decision making process of the Fund was challenging during the year due to adverse economic and financial conditions prevailed. Considering the above challenges, the EPF Department reshaped its investment strategies to make robust investment decisions to achieve an optimal risk

adjusted return in compliance with the Monetary Board approved risk management framework (Investment Policy Statement, Strategic Asset Allocation and Investment Guidelines) and internal control system in place.

Employees' Trust Fund

The ETF, which contributed to 10.8 per cent of the asset base of the superannuation sector, recorded a growth in terms of asset base, total contributions, and investments during 2022. Out of 16.8 million member accounts of ETF, only 2.4 million accounts were active as at end 2022. The number of employers contributing to the fund increased to 68,488 as at end 2022 from 44,501 as at end 2021. The total member balance of ETF increased by 4.1 per cent and reached Rs. 422.9 billion as at end 2022. The total contributions received to ETF increased by 17.4 per cent year-on-year and reached Rs. 34.8 billion, while total benefits paid to members increased by 26.4 per cent year-on-year and reached Rs. 25.0 billion as at end 2022.

Meanwhile, the total assets of ETF increased by 11.9 per cent to Rs. 468.8 billion as at end 2022. Investments made by ETF improved to Rs. 442.5 billion as at

end 2022, which is an increase of 7.8 per cent compared to end 2021. Out of these investments, 94 per cent was invested in government securities as at end 2022, compared to 86.7 per cent reported as at end of the previous year. The share of investments in fixed deposits considerably decreased to 0.1 per cent as at end 2022 compared to 6.9 per cent reported as at end 2021. ETF managed to pay a return of 8.80 per cent on its member balances for 2022, which is an increase from the 7.30 per cent of return paid during the previous year.

Other Superannuation Funds

PSPF, which accounted for 2.0 per cent of the superannuation sector, increased in terms of assets, and investments while its net contribution decreased during 2022. The Fund grew by 2.9 per cent and reached Rs. 85.9 billion in terms of assets as at end 2022. The number of active members of the Fund was 267,367 at end 2022 when compared to 241,384 active members as at end 2021. Meanwhile, the investments of the Fund also grew by 5.4 per cent reaching Rs. 85.4 billion as at end 2022. The PSPF invested 42.7 per cent of its total investments in government securities while other investments accounted for 57.3 per cent of the total investments as at end 2022. The net contribution was Rs. 262 million during 2022 compared to the net contribution of Rs. 835 million reported during the previous year. The rate of return on member balances remained unchanged at 8.00 per cent in 2022.

APPFs accounted for 7.6 per cent of the Superannuation sector as at end 2022. The number of members covered by APPFs was estimated to be 122,800 and the total assets of the funds was estimated to be Rs. 330.4 billion as at end 2022.

Table 8.17
Performance of the ETF

Item	2021 (a)	2022 (b)
Total Assets (Rs. bn)	419.1	468.8
Total Member Balance (Rs. bn)	406.3	422.9
Number of Member Accounts (mn)	14.7	16.8
Number of Active Member Accounts (mn)	2.1	2.4
Number of Employers Contributing	44,501	68,488
Total Contributions (Rs. bn)	29.7	34.8
Total Refunds (Rs. bn)	19.8	25.0
Total Investments Portfolio (Rs. bn)	410.6	442.5
o/w : Government Securities (%)	86.7	94.0
o/w : Fixed Deposits (%)	6.9	0.1
Gross Income (Rs. bn)	35.5	47.5
Profit Available for Distribution (Rs. bn)	28.6	38.5
Return on Investments (%)	8.6	9.2
Interest Rate Paid on Member Balances (%)	7.3	8.8

(a) Revised
(b) Provisional

Source : Employee's Trust Fund Board

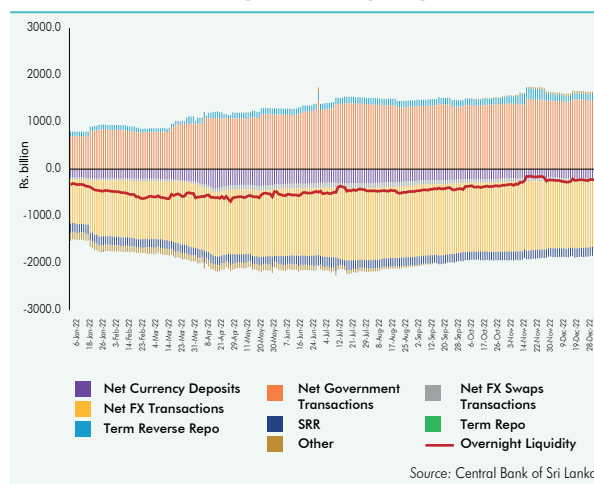
8.4 Performance of Financial Markets

Domestic Money Market

Money Market Liquidity

Liquidity shortage in the domestic money market declined considerably compared to end December 2021 and recorded Rs. 231 billion as at end December 2022, although it remained at a persistently high deficit level during the first half of 2022. Liquidity deficit, which was at Rs. 366 billion as at end December 2021, increased substantially during the first four months of the year 2022, and recorded a peak level of Rs. 688 billion as at end April 2022. Although subscribing to Treasury bills by the Central Bank in primary auctions as well as granting provisional advances and transferring profits to the Government by the Central Bank injected liquidity to the market, the substantially high deficit in the liquidity during 2022 mainly arose from currency withdrawals from licensed banks, scheduled foreign loan repayments as well as the maturities of foreign currency swap transactions and foreign exchange sales for financing the importation of essential goods. However, a gradual decline in the liquidity deficit was observed from May 2022 onwards with the increase in deposits in the banking sector due to high market interest rates and the Central Bank's subscription to Treasury bills through special issuances to support urgent cash flow needs of the government. In addition, the Central Bank occasionally infused liquidity through term reverse repo auctions during 2022 with a view to reducing the significant liquidity shortage experienced by certain LCBs. As a result, the liquidity deficit declined as at end December 2022. Meanwhile, from mid-June

Figure 8.16
Factors that affected Daily Changes in
Money Market Liquidity



2022 the Central Bank conducted outright sales of Treasury bills, as needed, to partially negate the impact of liquidity injections due to primary purchases of Treasury bills by the Central Bank. Market liquidity indicated an asymmetric distribution in 2022, where certain domestic banks, particularly state banks, recorded significant liquidity deficits mainly due to increased borrowings by the Government from the banking sector, while foreign banks recorded a notable liquidity surplus.

Money Market Interest Rates

The Average Weighted Call Money Rate (AWCMR) moved towards the upper bound of the Standing Rate Corridor (SRC) and remained stagnant at SRC. In line with the continued tight monetary policy stance, the Central Bank increased its policy interest rates by a cumulative of 950 basis points in four occasions during 2022, thereby increasing the Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) to 14.50 per cent and 15.50 per cent, respectively, by end 2022. In response to the tight monetary conditions, AWCMR continued to remain at the upper bound of SRC, thereby

BOX 11

Central Bank Intervention in Addressing Systemic Liquidity Issues during Stress Periods to Ensure Monetary and Financial Stability

Introduction

The Global Financial Crisis (GFC) that emerged mid 2007 caused revived concerns about the need for ensuring financial system stability and a renewed focus on the fundamental role of central banks in managing and preventing systemic crises. In response to the turmoil caused by GFC, central banks around the world used both new and existing tools to supply liquidity to financial institutions and markets extensively. During 2022, the Sri Lankan economy experienced the most severe economic crisis since its independence from the British in 1948. The crisis had an impact on the financial system of the country, increasing the risks and vulnerabilities of the financial system. The domestic money market encountered multidimensional challenges that arose from adverse macroeconomic conditions in the country. Money market liquidity conditions continued to be at deficit levels, while witnessing a significant asymmetry in the distribution of liquidity among market participants due to adherence to stringent counterparty limits. Consequently, market participants excessively resorted to central bank facilities to manage liquidity, requiring an active financial intermediary role from the Central Bank. As such, the Central Bank took remedial measures to exercise its role in providing liquidity through appropriate tools to ensure monetary and financial stability. This article aims to enhance the awareness and understanding of the Central Bank's policy interventions in addressing the systemic liquidity issues during stress periods to ensure monetary and financial stability in Sri Lanka.

Role of the Central Bank in Liquidity Management

The word 'liquidity' has several broader definitions based on the context within which it is used. Generally, three notions of liquidity are relevant to liquidity management. The first is 'market liquidity', which is the ability to trade financial assets on a short notice and without significant losses with a limited impact on market prices. Hence, market liquidity is related to the depth and resilience of the market. The second is 'funding liquidity', which refers to how easily financial institutions raise funds by asset sales or borrowings to make settlement obligations in a timely manner at a market acceptable cost. The third is 'central

bank liquidity', which refers to the sum of the reserve balances held with a central bank on a particular day for the purpose of central bank liquidity management. This represents 'aggregate liquidity', i.e., the amount of reserves that the central bank supplies to the banking system for the purpose of monetary operation (Cecchetti and Disyatat 2009).

Liquidity management of the central bank is described as the framework, a set of instruments and tools that are being employed in steering the amount of commercial bank reserves to control short term interest rates. The prime objective of central bank liquidity management is to regulate the level of aggregate reserves in the banking system to assist the realisation of the policy objectives through steering short term interest rates and the continued functioning of the payments system. Hence, central bank liquidity remains an important variable in facilitating the process of monetary policy implementation, as market interest rates and credit creation are closely related to liquidity. However, in a broader perspective, active liquidity management is more or less related to all core functions within the mandate of the central bank in achieving both price and financial system stability. While it plays an important role in the implementation of monetary policy, the smooth functioning of the payments system and safeguarding of financial system stability also remains vital. Accordingly, monetary policy tools of a central bank used in liquidity management aim to curtail the swings in liquidity and price of money (interest rates), which has an impact on the both objectives of the central bank.

Central banks and monetary authorities worldwide have introduced conventional and unconventional policies on liquidity management in response to challenges encountered, in view of safeguarding the financial system. Especially in crisis times, central bank liquidity provision can be positively associated with funding and market liquidity. In its capacity as the final liquidity provider, the central bank supplies liquidity to the banking system in different ways. Amongst them, lending through Open Market Operations (OMOs) is the principal liquidity management tool to manage reserves in the banking system, thereby steering the short term interest rates in normal economic

conditions. To provide liquidity on a temporary basis, the central bank engages in transactions with financial institutions whereby the central bank buys government securities, agreeing to resell them back to financial institutions later. Also, to offer liquidity on a permanent basis, the central bank buys securities in the secondary market on an outright basis. As OMOs are conducted through competitive bidding auctions, these auctions are not directed at a specific financial institution. Also, these operations are conducted at the central bank's preference to regulate the aggregate reserve level to ensure the smooth functioning of the payments and settlements system and achieve the target for interbank call market rates in line with the monetary policy stance of the central bank.

Further, central banks also conduct liquidity providing transactions targeted at specific institutions instead of the market as a whole. The standing facility is a typical example of this type of transaction that can take place as and when required by a financial institution based on the availability of the funding liquidity. For example, the Standing Lending Facility (SLF) of the Central Bank of Sri Lanka provides liquidity directly to a particular financial institution to fulfill residual funding needs when conditions in the interbank money market are tightened, or a particular financial institution faces short term funding pressures. Similarly, if a financial institution possesses excess funds at the day end, such excess can be parked at the Central Bank using the Standing Deposit Facility (SDF) and earn an interest income. These tools are considered as the conventional tools that the Central Bank uses in liquidity management. Aside from the use of conventional tools and liquidity facilities, financial crises and market uncertainty induce central banks to expand their toolkits for conducting liquidity operations and supplying central bank liquidity to financial institutions and financial markets.

Liquidity Shortage in the Banking System in Sri Lanka

From September 2021, the banking system gradually experienced a systemic liquidity shortage partly due to foreign loan repayments, uncertainty driven currency withdrawals, and the shortfall developed resulting from the intervention of the Central Bank in the forex market. The Central Bank was compelled to implement unprecedented policy measures during 2022, aimed at restoring macroeconomic balance. To reverse the deteriorating economic outlook, the Central

Bank revised policy rates by 700 basis points and introduced subsequent adjustments. However, market liquidity conditions continued to be at deficit levels and started witnessing a systemic liquidity shortage caused by asymmetric liquidity distribution among market participants. As the systemic shortage is an aggregate shortage of liquidity situation, as opposed to institution specific shortages, most banking institutions find it challenging to fulfill the Central Bank liquidity requirement (reserve requirement) simultaneously. Such a market-wide stress situation, together with low activity in the interbank money market, could lead to potential financial and macroeconomic stability implications. As banks play an important role in financing the economy and being a key intermediary in the payments and settlements system of the economy, the failure of one bank to fulfill funding liquidity may potentially cause blockages in the entire payments and settlements system and lead to otherwise preventable failures of financial institutions through possible bank runs. Due to the interconnectivity amongst banks and other financial institutions, there can be contagion and spillover effects that could ultimately have widespread implications on financial system stability and public confidence as well as significant implications on the real economy. Hence, considering prolonged systemic liquidity shortages, which posed a threat to financial instability and the Central Bank's role in preventing and managing a systemic crisis, the Central Bank used a wide range of conventional and unconventional liquidity management tools to ensure both monetary and financial stability.

Usage of Conventional Tools during the Period of Liquidity Stress

The liquidity deficit in the domestic money market, which remained significantly high during the first half of 2022, declined in the latter part of 2022. With a view to reducing significant liquidity stress among banking institutions, the Central Bank expanded liquidity operations and infused liquidity through term reverse repo auctions and allowed financial institutions to access the standing facilities without any limit as a backstop option in managing liquidity needs on a regular basis. The higher volume of market interventions by the Central Bank is not a new practice, as during the COVID 19 pandemic, the Central Bank intervened in the financial markets at an extraordinary size, pace and scope, aiming at injecting sufficient liquidity into the market and lowering borrowing costs, thus supporting financial markets and their recovery.

Accordingly, the Central Bank conducted OMOs extensively and introduced concessional loan schemes by way of accepting a wide array of collaterals (under the Saubagya COVID-19 Renaissance Facility) to provide funding to meet the working capital requirements of businesses affected by the pandemic. However, from the later part of 2022, in spite of the improvements in money market liquidity conditions, market interest rates continued to remain high, partly due to subdued activity in the interbank money markets. At the same time, it has been observed that several Licensed Commercial Banks (LCBs) have continued to depend excessively on the overnight standing facilities under OMOs of the Central Bank, without considering market based funding options to address their funding liquidity needs. Such LCBs have not indicated any signs of taking remedial actions to reduce the over dependency on overnight facilities offered by the Central Bank, which are available to be used as fallback options after utilising all other funding options. Such behaviour of LCBs affects the efforts of the Central Bank to reactivate the money markets, primarily the interbank call money market and the repo market, while posing a threat to the smooth channelling of funds in the economy with a possibility of clogging the payment and settlement systems.

Accordingly, as a part of unprecedented policy measures taken since April 2022 aiming at restoring overall macroeconomic balance, including preserving the stability of the monetary and financial sector and addressing the risks, the Central Bank imposed restrictions on the availability of standing facilities to LCBs under the OMOs. Hence, with effect from 16 January 2023, SDF, the overnight deposit facility that allows LCBs to park excess liquidity and earn interest, was limited to a maximum of five (05) times per calendar month. At the same time, the SLF, which is the collateralised facility provided for LCBs to fulfill any further shortage of the liquidity requirements from the Central Bank at the end of the day, was also be limited to 90 per cent of the Statutory Reserve Requirement (SRR) of each LCB at any given day. As a result of this restriction, daily borrowings of LCBs through SLF declined significantly as LCBs were compelled to take remedial measures to address persistent liquidity issues, while making attempts to raise funds from money markets. Moreover, with restricted SDF to park excess liquidity, the interbank money market started functioning, and reallocations of liquidity from banks with an excess to banks with a deficit were observed. In order to minimise

the market disturbance that could arise from such restriction, the Central Bank conducted term reverse repo auctions to provide liquidity to banking institution until initiating the bank internal correction in near term. Further, these measures were instrumental in inducing a moderation in the market interest rate structure (of both retail interest rates and government security yields) along with improving market liquidity conditions and reduction of perceived risk premium which helped to restore the stability of the Sri Lankan economy, while preserving the stability of the financial system.

Unconventional Tools Used under the Liquidity Management Framework

Additionally, to manage possible future financial shocks and their consequences, numerous measures have been taken under the Central Bank liquidity management provision to safeguard the financial system, while attempting to limit the social cost. The Central Bank used both conventional and unconventional policies on an unprecedented scale to mitigate system-wide liquidity risks. As a part of crisis preparedness and to address systemic liquidity stress, the Central Bank designed non-traditional novel liquidity provision tools to supply liquidity to financial institutions and financial markets, under the provision of the Central Bank governing law and certain such facilities are summarised below:

1. Introducing the Liquidity Assistance Facility of the Central Bank

This facility is enabled under existing legal provisions, i.e., Sections 82 and 83 (1) (c) of the Monetary Law Act (MLA), No. 58 of 1949, where banking institutions are entitled to obtain credit as a liquidity assistance facility for any fixed period not exceeding 180 days upon promissory notes secured by the pledging of government securities at the cost of the Average Weighted New Deposit Rate (AWNDR) with a margin. The amount of credit granted under this facility is determined by the Central Bank after an assessment of the liquidity requirement of the loan requested bank. With this facility, banks have the opportunity to obtain liquidity for a longer tenure than in the OMOs at a relatively competitive price. The facility avail to address the system-wide liquidity stress and to minimise the effect on banking institutions. Hence, this facility is an effective way of dealing with the stigma¹ associated with the emergency liquidity assistance facility.

¹ This refers to a financial institution's hesitance to use the central bank facility, expecting that it may send a negative signal about their financial health

2. Strengthening the Emergency Liquidity Assistance (ELA) Facility and its Operational Framework

As a part of the policy toolkit to prepare for the possible systemic risk of the banking sector, the Central Bank strengthened the ELA framework. As per Section 86 of the MLA, in periods of emergency or of imminent financial panic, which directly threaten monetary and banking stability, the Central Bank is allowed to grant extraordinary loans or advances to banking institutions. Accordingly, ELA is an extraordinary loan or advance that the Central Bank uses to provide liquidity to address idiosyncratic (institutional specific) shocks that affect one or a few individual banking institutions. The principal objective of ELA is to avoid the risk that temporary illiquidity leads to insolvency and to mitigate the contagion and spillover effects. When a banking institution faces difficulties in fulfilling funding liquidity, it may lead to a failure of banking institutions. Hence, apart from conducting liquidity management provisions to steer short term interest rates under monetary policy, the Central Bank facilitates ELA to banking institutions as an exceptional means of providing central bank liquidity for banking institutions facing temporary liquidity issues. Accordingly, under the above legal provisions, any banking institution that is considered to be solvent but is facing a temporary illiquid position, is entitled to the ELA facility against a wide array of collaterals at the discretion of the Central Bank to strengthen its liquidity position. This facility is available at a fixed interest rate, generally referred to as the Bank Rate, which is determined using AWNDR, with a margin, at present. Accordingly, this facility is granted to a banking institution using a unique ability to create liquidity in the form of central bank reserves and as a core responsibility of central banks being a Lender of Last Resort (LOLR). Further, banking institutions shall ensure adherence to strict conditions in terms of banking operations, which leads to reduced moral hazards and protects the central bank from losses that could compromise its independence or interfere with its ability to undertake monetary policy.²

By providing the above liquidity facilities, the Central Bank indicates its willingness and ability to act decisively in the event of a financial distress and to eliminate possible vulnerabilities that threaten the solvency of the financial system in advance. It restores system-wide

² In this context, potential moral hazard arises if the banking institution is tempted to ignore the effective use of allocated funds in their daily liquidity management operations.

confidence among the financial market participants and avoids the fire sales of assets and preserves functionality of the financial system as a whole.

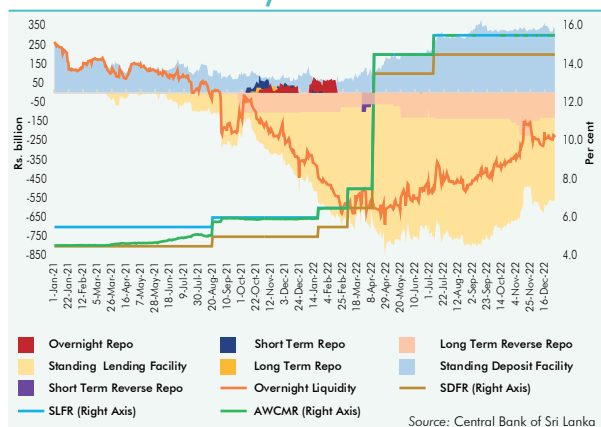
Conclusion

Central bank liquidity management activities are related to all essential functions within the central bank mandate. It creates an important pillar for the transmission of monetary policy, the smooth functioning of the payments and settlements system and for protecting financial system stability. Without any doubt, in ensuring financial system stability, the central bank liquidity provision played a vital role in responding to the liquidity crisis faced by the country during its worst economic crisis since independence. In managing unprecedented challenges to the banking and financial system, the Central Bank is compelled to utilise innovative tools to prevent potential liquidity stress depending on domestic money market conditions. In this context, conventional and standard liquidity management tools ensure steering short term interest rates at a level in line with the monetary policy stance, to achieve the objective of price stability. Further, the Central Bank uses unconventional liquidity management tools effectively and in a timely manner to stabilise financial markets alleviating possible significant systemic risks, even in extremely tight liquidity conditions without a significant impact on the strength of the balance sheet of the Central Bank.

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Figure 8.17
Open Market Operations Auctions, Standing Facility, Standing Rate Corridor and Average Weighted Call Money Market Rate



recording 15.50 per cent as at end December 2022. As the policy interest rates were raised by a further 100 basis points in the first quarter of 2023, AWCMR also adjusted upwards by a similar magnitude. Although AWCMR hovered at the upper bound of SRC, the call money market remained less active since mid-April 2022. With the stringent counterparty limits imposed by market participants amidst increased uncertainty in the markets, particularly on account of the speculation on fiscal sector developments, transactions in the overnight call money market were substantially low compared to the first few months of the year. The Average Weighted Repo Rate (AWRR) also moved broadly in line with the movements of AWCMR and remained at 15.50 per cent as at end December 2022. Meanwhile, Participating Institutions (PIs) continued to rely on the facilities provided by the Central Bank to borrow funds through the Standing Lending Facility (SLF) or deposit excess funds at the Standing Deposit Facility (SDF). PIs with high liquidity shortage continued to depend excessively on the overnight facility of the Central Bank ignoring market-based funding options to address their structural liquidity

Table 8.18
Summary of Money Market Transactions and Open Market Operations

Transactions	Volume (Rs.bn)		Weighted Average Interest Rate (Min-Max) (%)	
	2021	2022	2021	2022
Market				
Call Money (Overnight)	7,935	3,746	4.53 - 5.97	5.94 - 15.50
Repo (Overnight)	3,533	1,568	4.55 - 6.00	5.95 - 15.50
Open Market Operations				
Overnight Basis				
Repo	1,183	1,533	5.71 - 5.99	5.96 - 6.49
Reverse Repo	-	-	-	-
Liquidity Support Facility (a)	-	-	-	-
Short Term Basis				
Repo	423	22	5.96 - 5.99	5.95 - 6.49
Reverse Repo	-	235	-	7.50
Liquidity Support Facility (a)	-	-	-	-
Long Term Basis				
Repo	60	-	6.04 - 6.05	-
Reverse Repo	204	955	6.13 - 7.20	7.73 - 33.07
Liquidity Support Facility (a)	-	-	-	-
Outright Basis				
Purchase of T-bills	-	-	-	-
Purchase of T-bonds	-	-	-	-
Sale of T-bills	14	24	7.00-7.23	20.75 - 26.97
Sale of T-bonds	-	-	-	-
Standing Facility (at Policy Interest Rates)				
Standing Deposit Facility	29,450	54,528	5.00 (b)	14.50 (b)
Standing Lending Facility	30,095	163,058	6.00 (b)	15.50 (b)

(a) Liquidity Support Facility is a reverse repo auction available for Standalone Primary Dealers under Open Market Operations.
(b) End year rates

needs. Such behaviour, particularly of LCBs affected active money market transactions and the effectiveness of monetary policy measures taken by the Central Bank. Hence, with effect from 16 January 2023, SDF, the overnight deposit facility that allows LCBs to park excess liquidity and earn interest, was limited to a maximum of 5 times per calendar month. At the same time, SLF, the facility provided for LCBs to fulfill any further shortage of the liquidity requirements from the Central Bank at the end of the day on overnight basis, was also limited to 90 per cent of the Statutory Reserve Requirement (SRR) of each LCB at any given day. With the imposition of restrictions and measures adopted by LCBs to rectify liquidity issues, an activation of the money market was observed along with the improvements in the liquidity levels in the banking sector.

Domestic Foreign Exchange Market

In 2022, the Sri Lanka rupee depreciated significantly against the US dollar by 44.8 per cent from Rs. 200.43 as at end 2021 to Rs. 363.11 as at end 2022. The exchange rate, which fluctuated between Rs. 200.00 to Rs. 203.00 at the beginning of the year, started to depreciate rapidly after allowing more flexibility on the exchange rate on 07 March 2022. However, the persistent Foreign Exchange (FX) liquidity shortage that prevailed in the domestic FX market since the COVID-19 pandemic, plunged to an unprecedented level in early 2022 with demand for FX amidst challenges in raising foreign funds following continuous sovereign rating downgrades by global rating agencies and lack of FX inflows which resulted in a sharp depletion of usable foreign reserves of the Central Bank. However, the depreciation pressure was largely abated by the announcement of a daily exchange rate guidance to licensed banks with a variation margin as compelled by the FX conditions that prevailed at that time, effective from 13 May 2022. As a result, the exchange rate started to stabilise gradually at around Rs. 363.00 level during the second half of 2022.

The Central Bank was a net seller in the domestic FX market in 2022, similar to 2021. Despite the sharp depletion of foreign reserves, the severe liquidity shortage in the domestic FX market compelled the Central Bank to finance the importation of essential imports. Accordingly, the Central Bank supplied US dollars 2,712 million to the market in 2022. The Central Bank managed the provision of FX mainly with the purchase of US dollars 2,133 million based on the mandatory FX sales requirement imposed on LCBs and National Savings Bank.

However, the liquidity condition in the domestic FX market improved during the latter part of 2022. In addition to the measures taken by the Central Bank, this improvement was led by several initiatives, such as the restrictions imposed on certain imports by the Government, prudent FX liquidity management by banks and reduced demand for FX from State-Owned Business Enterprises (SOBEs) due to rationalising of fuel demand, price adjustment for energy related products and cooking gas, and high cost due to the impact of the depreciation of the exchange rate and domestic market interest rates. Further, a gradual surge in export proceeds conversions was observed in the last few months of 2022 due to the positive sentiments of exchange rate stability in light of the progressive discussions with the IMF. Further, workers' remittances appeared to be increasingly shifting to official channels from curb markets due to initiatives introduced by the Central Bank. In addition, earnings from tourism improved. Accordingly, the supply of FX liquidity through outright interventions to facilitate essential imports by the Central Bank was almost wound up by the end of the year as respective authorities were encouraged to source their FX requirements from the market. Thus, with these developments, incentive schemes offered for workers' remittances and the general public related to FX inflows were terminated in 2022.

The average US dollar buying and selling exchange rates of commercial banks for telegraphic transfers as at end 2022 were Rs. 360.41 and Rs. 371.61, whilst comparative figures as at end 2021 were Rs. 198.50 and Rs. 203.00, respectively. Meanwhile, during 2022, the Sri Lanka rupee depreciated against all major currencies including the sterling pound, the Indian rupee, and the Australian dollar.

During 2022, trading volumes in the domestic foreign exchange inter-bank market decreased by 21.3 per cent compared to that of 2021. In 2022, the total volume of inter-bank foreign exchange transactions amounted to US dollars 9.6 billion, compared to US dollars 12.2 billion in 2021. In line with this development, the average daily volumes in the inter-bank foreign exchange market declined to US dollars 40 million in 2022, from US dollars 50 million in 2021. Further, the total volume of forward transactions during 2022 decreased to US dollars 4.1 billion compared to US dollars 6.3 billion during 2021 and the spot transaction volumes decreased to US dollars 0.8 billion in 2022 compared to US dollars 2.2 billion in 2021.

Government Securities Market

Yield rates of government securities reached historically high levels during mid November 2022 owing to the announcement of the debt standstill by the Government, unprecedented policy rate adjustments, and significantly high deficit financing requirement of the Government, which exerted upward pressure on returns on rupee securities. Weakened investor confidence mainly due to deteriorated socio economic conditions and widespread public unrest coupled with the 700 basis point increase in policy rates on 08 April 2022 caused a sharp upward adjustment in yields of government securities in late April 2022 following a prolonged period of broadly stable and low interest rates, mainly driven by the administrative arrangement of announcing a maximum yield rate of acceptance. Meanwhile, the announcement of the debt standstill on 12 April 2022 and the subsequent build-up of market speculations on the Government's ability to service domestic debt in the foreseeable future coupled with the socio political crisis which continued in the following months, posed a significant challenge to meet the Government's substantive funding requirement. The

Table 8.19
Yield Rates of Government Securities

Item	Per cent per annum			
	Primary Market		Secondary Market	
	2021	2022	2021	2022
Treasury bills				
91-Days	4.69 - 8.43	8.26 - 33.14	4.63 - 8.00	7.84 - 31.37
182-Days	4.75 - 8.33	8.30 - 32.53	4.71 - 8.07	8.12 - 30.17
364-Days	4.98 - 8.26	8.39 - 30.50	4.94 - 8.33	8.28 - 28.78
Treasury bonds				
2 Years	6.19 - 9.36	14.41 - 33.01	5.25 - 8.96	8.59 - 28.29
3 Years	6.25 - 9.94	20.30 - 32.63	5.68 - 9.81	9.61 - 28.55
4 Years	6.34 - 8.55	-	6.21 - 10.40	10.33 - 28.33
5 Years	6.72 - 11.14	11.92 - 31.78	6.43 - 11.03	10.65 - 27.60
6 Years	7.44 - 10.90	11.70 - 21.86	6.61 - 11.26	11.04 - 28.02
8 Years	7.16 - 11.63	26.51 - 30.85	6.98 - 11.55	11.38 - 27.83
10 Years	8.86 - 11.91	12.01 - 30.86	7.44 - 11.80	11.64 - 28.51
15 Years	8.44 - 12.06	-	7.76 - 11.85	11.77 - 27.80
20 Years	-	-	7.89 - 11.83	11.72 - 25.34
30 Years	-	-	8.04 - 11.81	11.78 - 22.96

Source: Central Bank of Sri Lanka

upward pressure created through the uncertainty made the yields of government securities reach historically high levels with investors factoring in increased risk premia in their investment decisions.

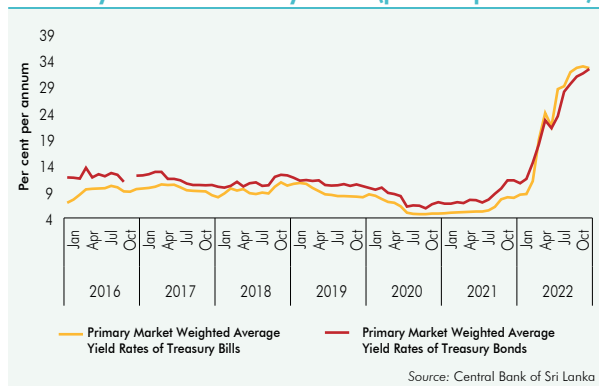
The market preference was skewed towards 91-day maturity at the primary auctions of Treasury bills compared to relatively longer 182-day and 364-day maturity Treasury bills. As at end 2022, the yield rates of 91-day, 182-day and 364-day Treasury bills were recorded at 32.64 per cent, 32.20 per cent and 29.27 per cent, compared to 8.16 per cent, 8.33 per cent and 8.24 per cent recorded as at end 2021, respectively. Unlike Treasury bills, market preference was tilted towards relatively longer maturities for Treasury bonds. Given the elevated

Table 8.20
Primary Market Weighted Average Yield Rates of Treasury Bills

Year	Per cent per annum			Annualised Overall Average
	Maturity			
	91-days	182-days	364-days	
2018	8.40	8.58	9.68	9.36
2019	8.15	8.44	9.40	9.06
2020	5.93	5.72	6.37	6.09
2021	6.35	6.13	5.33	6.24
2022	23.23	26.85	25.65	23.73

Source: Central Bank of Sri Lanka

Figure 8.18
Primary Market Weighted Average Yield Rates of Treasury Bills and Treasury Bonds (per cent per annum)



interest rate structure, Treasury bonds with less than 5-year maturity were considered favourable at primary issuances towards the latter part of the year by the issuer. Treasury bond yield rates hovered above 30 per cent levels as at end 2022 compared to the less than 12 per cent levels that prevailed a year ago, reflecting the significant upward adjustment in the yield rates of government securities during the year. The secondary market yield rates of government securities also broadly followed the yield rate movement observed in the primary market.

During 2022, Treasury bonds amounting to Rs. 2,373.0 billion were issued at the Weighted Average Yield Rate (WAYR) of 21.29 per cent compared to Rs. 1,762.0 billion Treasury bonds issued at the WAYR of 8.70 per cent in 2021. Moreover, Treasury bills amounting to Rs. 9,942.8 billion were issued in 2022 in gross terms with an overall WAYR of 25.21 per cent compared to Rs. 3,821.4 billion issued with an overall WAYR of 6.09 per cent in 2021⁶.

Government funding was confined mainly to domestic sources. However, depicting a positive development, the total net inflow of foreign investments in Treasury bonds and Treasury bills

⁶ The overall WAYR includes the total average borrowing cost including the cost of administratively instructed issuances.

amounted to US dollars 50.6 million during 2022 compared to the net outflow of US dollars 27.3 million in 2021.

Equity Market

The Equity Market recorded a bleak performance in terms of price indices, market capitalisation and daily turnover during 2022 amidst adverse macroeconomic developments. Further, a significant volatility in price indices was observed, and index-based circuit breakers were activated on several occasions. Ongoing economic contraction, high inflation, accelerated moves to raise policy rates domestically and abroad, an anticipated decline in corporate profits due to high tax adjustments, geopolitical tensions, and adverse global economic conditions contributed to the volatility of the equity market. Even though the All Share Price Index (ASPI) recorded the historically highest value of 13,462.4 on 19 January 2022, the indices witnessed a declining trend since early February 2022, reversing its expansionary trend observed during 2021. Accordingly, ASPI and Standard & Poor's Sri Lanka 20 (S&P SL 20) index contracted by 30.6 per cent and 37.7 per cent, respectively, during 2022 while market capitalisation deteriorated by 29.9 per cent and stood at Rs. 3,847.2 billion as at end 2022. Further, market capitalisation as a

Figure 8.19
Movements of Price Indices and Market Capitalisation

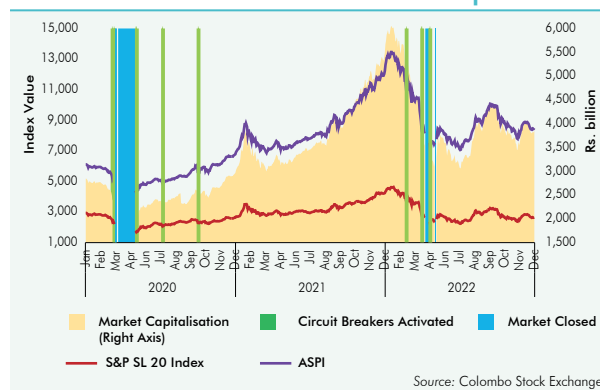
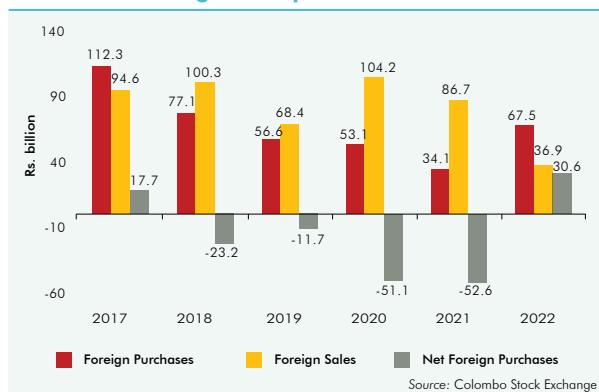


Figure 8.20
Foreign Participation at the CSE



percentage of GDP declined to 15.9 per cent as at end 2022 compared to 31.2 per cent as at end 2021. Meanwhile, the Colombo Stock Exchange (CSE) recorded an average daily turnover of Rs. 2,972.3 million in 2022, which was a considerable decline compared to Rs.4,888.2 million recorded in 2021.

However, a noticeable improvement in terms of net foreign inflows was observed during 2022 compared to the previous year owing to foreign investment attracted by a few major companies. Accordingly, the market recorded net foreign inflows of Rs. 30.6 billion (approximately US dollars 74.3 million) during 2022 compared to an outflow of Rs. 52.6 billion (approximately US dollars 264.4 million) recorded in 2021. In addition, the quantities of securities held by individuals and institutional foreign investors recorded a year-on-year growth of 4.7 per cent and 5.5 per cent, respectively as at end 2022 compared to the year-on-year growth of 0.3 per cent and 2.6 per cent, recorded as at end 2021. However, quantities of securities held by local individual and institutional investors recorded a year-on-year growth of 7.2 per cent and 15.1 per cent, respectively, as at end 2022, recording a significant decline from the year-on-year growth of 53.3 per cent and 17.8 per cent as at end 2021 with the investor preference shifting towards fixed income investments with relatively higher interest rates during 2022.

The market valuation indicators recorded a significant setback during 2022. The Price to Earnings Ratio (PER) and Price to Book Value (PBV) significantly decreased to 4.9 and 0.9 times, respectively, as at end 2022 compared to PER of 13.6 times and PBV of 1.7 times remained as at end 2021. Meanwhile, there were 4 new equity Initial Public Offerings (IPOs) that raised Rs. 4.8 billion in 2022, which is a considerable decline compared to Rs. 12.7 billion raised with 13 IPOs in 2021.

Corporate Debt Securities Market

The Commercial Paper (CP) market was relatively inactive in 2022 compared to 2021. During 2022, only Rs. 2.0 billion was raised through CPs issued with the support of licensed banks compared to Rs. 5.8 billion raised through issues in 2021. The interest rates of CPs varied between 11.00 and 36.00 per cent during 2022 compared to the range of 6.00 to 12.00 per cent reported in the previous year.

Activities of the corporate debenture market recorded a significant setback during 2022 compared to 2021 due to the high interest rates and adverse economic conditions. During 2022, there were only 10 IPOs of corporate debentures issued by 4 companies in the CSE, which raised Rs. 12.7 billion compared to Rs. 84.4 billion raised in 2021 through 27 IPOs by 14 companies. Debentures with both fixed and floating interest rates were issued during 2022, while the fixed interest rates ranged from 15.42 to 28.00 per cent compared to the range of 8.00 to 12.00 per cent in the previous year.

8.5 Development Finance and Access to Finance

During 2022, the Central Bank continued to coordinate, facilitate, and implement various refinance, interest subsidy, and credit guarantee

schemes, with the intention of granting affordable financial facilities for Micro, Small and Medium Enterprises (MSMEs) and individuals, while providing a range of credit supplementary services. Accordingly, the total amount of loans disbursed during 2022 was Rs. 17,244.4 million among 63,202 beneficiaries through Participating Financial Institutions (PFIs) under 17 refinance loan schemes which accounted for 57.6 per cent and 5 interest subsidy and credit guarantee schemes which accounted for 42.4 per cent.

The Central Bank continued to implement proactive measures to align loan schemes operated by the Central Bank during 2022. Considering adverse economic conditions and the significant increase in market interest rates, the interest rate of the Saubagya (Prosperity) loan scheme was revised upwards from 6.00 per cent to 9.00 per cent during the year. Further, PFIs were instructed to ensure granting 80 per cent of new loans to sectors such as agriculture, livestock, fisheries and related activities considering a possible food shortage. In addition, debt moratoria were granted under the loan schemes operated by the Central Bank to support businesses that were severely affected by the current economic situation. Further, operating instructions of the New Comprehensive Rural Credit Scheme (NCRCS) were amended to revise the applicable interest rates and scale of finance considering the prevailing economic conditions in the country and the government policy to encourage agriculture activities to ensure food security, reducing the foreign exchange outflow on food imports, making people more inclined towards agricultural products and uplifting the socio-economic conditions of small scale farmers.

Moreover, the Central Bank continued to monitor the implementation of the National Financial Inclusion Strategy (NFIS) aligning with its action plan to ensure achieving the set

targets. Out of the 82 broad actions of the NFIS Action Plan, approximately 24 per cent was completed while other actions are in progress with the collaboration of key implementing entities. The first ever island wide financial literacy survey was successfully completed with the assistance of the International Finance Corporation (IFC) to understand the current state of financial literacy across the population. The key survey findings were made available for public access through the Central Bank website. A consultative mission was conducted to obtain technical assistance from the World Bank in developing a Roadmap for financial literacy and capacity building. Further, actions were initiated to conduct a survey to identify the potentials and barriers in the SME (Small and Medium Enterprises) sector with the aim of promoting SMEs to tap the export market.

With the objective of enhancing financial literacy, the Central Bank initiated several programmes during the year with the support of its six Regional Offices. Accordingly, Training of Trainers (TOT) discussions, Radio and TV programmes, a knowledge sharing programme, and a large number of financial literacy, entrepreneurship, capacity building and skill development programmes were conducted in 2022.

8.6 Financial Infrastructure

Payment and Settlement Systems

Payment and settlement systems of the country operated smoothly and efficiently during 2022 with increased adoption of digital transactions by both the general public and payment service providers. During the first half of 2022, where there was social unrest due to power cuts and shortages of major commodities, the Central Bank implemented measures such as activating its Business Continuity Plan (BCP)

Table 8.21
Performance of the Payment Systems and Instruments - Volume of Transactions

Payment System/ Instrument	2018 ('000)	2021 ('000)	2022 (a) ('000)	Growth %	
				2018-22	2021-22
Large Value Payment System					
Real Time Gross Settlement (RTGS) System	405.2	449.8	638.7	57.6	42.0
Retail Value Payment Systems / Instruments					
Cheque Imaging and Truncation System (CITS)	50,352.2	33,021.2	33,049.6	-34.4	0.1
Sri Lanka Interbank Payment System (SLIPS) (online fund transfers)	32,943.3	41,867.7	45,536.4	38.2	8.8
Common ATM Switch (CAS)	40,464.4	58,210.5	84,141.2	107.9	44.5
Common Electronic Fund Transfer Switch (CEFTS) (online real-time fund transfers)	7,233.6	54,675.5	91,782.0	1,168.8	67.9
Of which;					
LankaPay Online Payment Platform (LPOPP)	15.4	514.0	891.7	5,690.3	73.5
Mobile phone based low value payments (JustPay)	45.6	9,014.7	14,512.4	31,725.4	61.0
LANKAQR*	-	848.9 (b)	599.5	-	-29.4
Credit Cards transactions carried out online and at POS terminals	43,599.8	50,689.1	59,843.5	37.3	18.1
Debit Card transactions carried out at POS terminals	56,595.1	108,039.7	146,478.9	158.8	35.6

*LANKAQR was implemented in 2018 and data is available from the year 2020.

Source: Central Bank of Sri Lanka

(a) Provisional

(b) Revised

including Work From Home (WFH) arrangements for its employees, in order to ensure continuous, efficient and secure operations of the national payment and settlement infrastructure, to facilitate economic activities and to serve the general public.

The systemically important large value payment and settlement system, the LankaSettle, comprising of the Real Time Gross Settlement (RTGS) System and the LankaSecure System, operated with high availability and resilience despite disruptions such as power cuts in 2022. The volume of RTGS transactions increased by 42 per cent during the period under consideration, while the value of the total transactions settled via the RTGS System increased by 181 per cent, from Rs. 295 trillion in 2021 to Rs. 827 trillion in 2022, owing mainly to the increase in the volume of SDF and SLF transactions that took place during 2022. Moreover, PIs utilised an average daily Intra-Day Liquidity Facility (ILF)⁷ amounting to Rs. 658.5 billion during 2022 compared to Rs. 208.5 billion in 2021, indicating a shortage of liquidity in domestic financial markets. Further, in 2022, the National Savings Bank became the first LSB to obtain the participant status of LankaSettle, enabling it to actively transact in the financial market.

⁷ The Central Bank provides interest free ILF to ensure that LankaSettle transactions are settled smoothly during the business day.

The LankaSecure system continued to support all government securities related transactions during 2022. The aggregate of Scripless Securities held in LankaSecure as at end 2022 was Rs.12,848.5 billion (Face Value) comprising Treasury bills and Treasury bonds valued at Rs. 4,126.4 billion and Rs. 8,722.1 billion, respectively. The Scripless Securities Settlement System of LankaSecure facilitated transactions amounting to Rs. 1,028.6 trillion during 2022⁸ in comparison to Rs. 262.8 trillion in 2021.

The retail digital payments in the country recorded strong growth with the public increasingly adopting digital payment methods. Common Electronic Fund Transfer Switch (CEFTS) which enables real time retail fund transfers through multiple payment channels, significantly contributed to the popularity of digital payments in Sri Lanka. During 2022, CEFTS transaction volume grew by 67.9 per cent to 91.8 million from 54.7 million, while the value of CEFTS transactions grew by 80.3 per cent to Rs. 8,881.3 billion from Rs. 4,926.6 billion.

CEFTS forms the technological foundation for several innovations within the payment infrastructure, such as the LankaPay Online

⁸ LankaSecure system settles all government securities related transactions including transactions of primary issuances, secondary market trades (outright, repurchase transactions, pledge transactions), Open Market Operations, Intra-Day Liquidity Facility, etc.

Table 8.22
Performance of the Payment Systems and Instruments - Value of Transactions

Payment System/ Instrument	2018	2021	2022 (a)	Growth %	Growth %
	(Rs.bn)	(Rs.bn)	(Rs.bn)	2018-22	2021-22
Large Value Payment System					
Real Time Gross Settlement (RTGS) System	100,473.1	294,602.0	827,105.1	723.2	180.8
Retail Value Payment Systems / Instruments					
Cheque Imaging and Truncation System (CITS)	10,528.4	8,311.5	9,813.8	-6.8	18.1
Sri Lanka Interbank Payment System (SLIPS) (online fund transfers)	1,972.2	2,862.2	3,368.4	70.8	17.7
Common ATM Switch (CAS)	344.6	671.0	1,012.9	193.9	51.0
Common Electronic Fund Transfer Switch (CEFTS) (online real-time fund transfers)	660.3	4,926.6	8,881.3	1,245.0	80.3
Of which;					
LankaPay Online Payment Platform (LPOPP)	12.5	198.2	498.3	3,886.4	151.4
Mobile phone based low value payments (JustPay)	0.1	34.6	67.8	67,700.0	96.0
LANKAQR*	-	1.9	2.0	-	5.3
Credit Cards transactions carried out online and at POS terminals	241.8	282.6	401.5	66.0	42.1
Debit Card transactions carried out at POS terminals	158.7	315.9	528.9	233.3	67.4

*LANKAQR was implemented in 2018 and data is available from the year 2020.

Source: Central Bank of Sri Lanka

(a) Provisional

Payment Platform (LPOPP), LANKAQR, JustPay, and numerous Mobile Payment Applications. During 2022, LPOPP, which enables the public to make payments to government institutions, such as Inland Revenue Department, Sri Lanka Customs directly from their CASA, recorded a significant increase in terms of the volume and value of transactions by 73.5 per cent and 151.4 per cent respectively, showing an increasing trend in Government institutions shifting towards digital payments. Even though a significant increase in LANKAQR transactions was observed during the previous year, a slight decline in transaction volume was observed during the first three quarters of 2022 indicating a need to increase awareness of both customers and merchants on QR payments. Further, LankaPay (Pvt) Ltd launched a mobile remittance application, 'LankaRemit' in 2022, in collaboration with the Central Bank, which enables migrant workers to remit money to Sri Lanka and pay utility bills through payment cards issued overseas.

The Sri Lanka Interbank Payment System (SLIPS), which facilitates small value bulk fund transfers such as payments of pensions and salaries, as well as other retail value payments that are scheduled or settled on the same day basis, continued to record a moderate growth in terms of the value and volume of transactions.

Accordingly, SLIPS facilitated transactions amounting to Rs. 3,368.4 billion during 2022, which is a growth of 17.7 per cent compared to 2021.

During 2022, the volume of credit and debit card transactions increased by 18.1 per cent and 35.6 per cent to 59.9 million and 146.5 million, respectively, and the value of credit and debit card transactions grew by 42.1 per cent and 67.4 per cent to Rs. 401.5 billion and Rs. 528.9 billion, respectively. The increase is mainly due to the increase in transactions in e-commerce, mobile payments, and internet banking.

The Cheque Imaging and Truncation System (CITS) is the interbank cheque clearing system of Sri Lanka, which clears the interbank cheque payments settled on the next business day basis using cheque images, recorded a declining trend, in terms of both volume and value of cheques cleared in the recent years. However, the value of the cheques recorded an 18.1 per cent growth during 2022 compared to 2021 mainly due to businesses being unable to successfully operate with travel restrictions imposed by the Government in view of the COVID-19 pandemic, and the subsequent lifting of travel restrictions in 2022.

In 2022, the Common ATM Switch (CAS), which enables cash withdrawals and balance inquiries from any ATM connected to the

LankaPay CAS network, showed an increase in the CAS transaction volume by 44.5 per cent to 84.1 million, and value by 51.0 per cent to Rs. 1,012.9 billion. As at end 2022, 30 financial institutions were integrated with the CAS network. Meanwhile, the Shared ATM Switch, which was launched in 2015 to provide services to financial institutions, which do not have the capacity to operate their own card management system, had 3 members and continued its operations smoothly during 2022.

The Central Bank continued its regulatory and supervisory activities related to payment and settlement systems, in terms of the Payment and Settlement Systems Act, No. 28 of 2005 and related regulations. Accordingly, on-site supervision and off-site surveillance were carried out to ensure the smooth functioning of the services of Payment Cards and Mobile Payment Systems. Further, the Central Bank continued to monitor the compliance of the Mobile Payment Application Providers, to minimise any risks associated with mobile payment applications in conducting financial transactions. In addition, the Central Bank continued to monitor the BCP and Disaster Recovery (DR) arrangements of LankaSettle participants by reviewing their BCP reports and visiting their DR sites in order to ensure continuation of payment services with proper contingency planning.

The National Payments Council (NPC)⁹ played a vital role in several initiatives during the period by promoting secure digital transactions by upgrading payment cards to EMV¹⁰ standards, enabling customers to receive real time notifications and increasing customer awareness on new digital payment methods and payment related scams. Additionally, the

NPC monitored the Payment System Roadmap 2022-2024 to develop the payment system infrastructure in the country and several NPC appointed committees conducted studies related to payment and settlement systems such as new payment technologies, secured digital transactions and increasing customer awareness on digital payment methods. This included conducting a survey relating to levels of public awareness on financial scams using digital methods. The findings resulted in the Central Bank and financial institutions continuing broad awareness campaigns to safeguard customers.

Anti-Money Laundering and Countering the Financing of Terrorism

During 2022, the Finance Intelligence Unit (FIU) continued to perform its core functions in line with the international standards on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) amidst the economic crisis that prevailed in the country. During the year, FIU received 1,481 Suspicious Transaction Reports (STRs) from Reporting Institutions (RIs), and the general public. After analyses, 419 STRs were referred to relevant Law Enforcement Agencies (LEAs), and Regulatory Authorities (RAs) for further investigation or regulatory actions. Meanwhile, 605 STRs were kept under surveillance, and 134 STRs were subjected to further study. The remaining STRs were categorised as no further action is required. Further, in terms of Section 6 of the Financial Transactions Reporting Act No. 6 of 2006 (FTRA), FIU received 7.6 million (provisional) Cash Transactions and 10.8 million (provisional) Electronic Fund Transfers (EFTs-inward and outward) of those exceeding the reporting threshold of Rs. 1.0 million or its equivalent in any foreign currency from the RIs, during the year 2022.

⁹ Comprising representatives from licensed banks and finance companies, LankaPay (Pvt) Ltd, Securities and Exchange Commission of Sri Lanka, Colombo Stock Exchange, Sri Lanka Banks' Association, Sri Lanka Forex Association, Primary Dealer Association, Lanka Financial Services Bureau Ltd, Credit Information Bureau of Sri Lanka, Ministry of Finance and the Operators of mobile phone based e-money systems.

¹⁰ EMV is a global technology standard for chip-based debit and credit card transactions to increase security and interoperability of card transactions. EMV stands for Europay, Mastercard and Visa, the 3 companies that initially created the standard.

In order to ensure institutional compliance with the AML/CFT requirements set out in the FTRA, Customer Due Diligence (CDD) Rules on Financial Institutions (FIs) and Designated Non-Finance Businesses and Professions (DNFBPs), and Regulations issued under the FTRA, FIU continued to conduct risk based AML/CFT supervision on FIs and DNFBPs during the year 2022. Accordingly, 03 risk based on site examinations, 22 joint risk-based onsite examinations and 22 offsite/onsite spot examinations were conducted to assess AML/CFT compliance of RIs. Furthermore, five thematic reviews were also conducted on FIs and DNFBPs. Based on the examinations conducted in 2022, financial penalties amounting to Rs. 11.75 million were imposed on 6 licensed banks on violations of the FTRA and CDD Rules. Also, 8 show cause letters and 9 warning letters were issued during the year to FIs on non-compliances with the provisions of the FTRA and the CDD Rules and Regulations issued thereunder. The AML/CFT supervision of DNFBPs was further strengthened by implementing measures that continued to enhance AML/CFT compliance.

During the year 2022, FIU took various actions to bring legislative amendments to the legal framework on AML/CFT to improve the effectiveness of the AML/CFT regime of the country in compliance with international AML/CFT standards. Furthermore, FIU continued the conduct of National Risk Assessment (NRA) on Money Laundering/ Terrorist Financing (ML/TF) with technical assistance from the World Bank, in compliance with Recommendation 1 of the Financial Action Task Force Recommendations. The outcome of the NRA is expected to be published in the first half of 2023. In addition, FIU initiated various steps to enhance the awareness among all stakeholders involved. In order to strengthen the AML/ CFT supervision process and institutional compliance, FIU issued several circulars and conducted awareness programmes during the year 2022.

Legal Reforms Related to the Financial Sector

During 2022, the Central Bank with the assistance of various stakeholders including the Ministry of Finance, Attorney General's Department, Legal Draftsman's Department, IMF, and World Bank, was engaged in the drafting of the Central Bank of Sri Lanka Bill (CBSL Bill), which was gazetted on 01 November 2019 as a prior action of the IMF programme. The CBSL Bill captures new areas in central banking in association with such relevant stakeholders. The CBSL Bill also includes provisions for the autonomy of the Central Bank with enhanced governance standards, advanced Board structure to secure the objects thereof, enhanced regulatory and supervisory powers. Once enacted, the CBSL Bill will replace the MLA.

In addition, the Central Bank was engaged in drafting several laws which are expected to contribute to enhancing the stability of the financial system during 2022. The new laws include Trading, Clearing and Netting Act, the Banking (Special Provisions) Act, and the Microfinance and Credit Regulatory Authority Act which would enhance the regulatory, supervisory, and resolution framework of the Central Bank. In addition, the Central Bank is in the process of introducing amendments to the Finance Business Act, No. 42 of 2011, Finance Leasing Act, No. 56 of 2000, Foreign Exchange Act, No. 12 of 2017 and Payment and Settlement Systems Act, No. 28 of 2005, with a view to enhancing the regulatory and supervisory authority of the Central Bank in order to address various challenges arising from market developments in the country.

Financial Consumer Protection

The Central Bank continued to strengthen the financial consumer protection in the context of the entities regulated by the Central Bank during 2022. During the year, the Central Bank

BOX 12

Financial Consumer Protection Framework: A Way Forward

Introduction

The level of financial literacy among the population and strength of consumer protection frameworks in place are two integral components that determine financial inclusion, which remains a key ingredient in the sustainable development of a country. Continuous technological advances, increasing complexity of financial services, and growing competition among market participants have compelled financial regulators to place greater emphasis on consumer awareness and sufficiency of the consumer protection framework. As evident, the Global Financial Crisis that preceded us exposed, among other things, the shortcomings in this important area. This exhibited the need for a more robust consumer protection framework, which could contribute to maintaining public confidence, a necessary ingredient for ensuring financial system stability during a crisis. On the contrary, it is widely accepted that a sound financial consumer protection framework effectively facilitates anticipation, identification, and resolution of issues related to consumer protection in a timely manner, minimising any impact on financial system stability.

In this context, being the apex institution in the financial market in the country, the Central Bank of Sri Lanka (CBSL) undertook several initiatives and coordinated efforts through the entities it regulates to increase the level of financial inclusion and financial consumer protection in the country. Consequently, having recognised the limitations of the current consumer protection framework and developments taking place in the rest of the world, CBSL launched an initiative to strengthen the financial consumer protection framework with the engagement of all stakeholders.

Current Financial Consumer Protection Framework of CBSL

The financial sector in Sri Lanka is diverse, with a range of financial service providers subject to different regulatory regimes under different laws and regulations. As the CBSL regulated entities accounts for about 70 per cent of financial sector assets in Sri Lanka, the regulatory measures that will be taken by CBSL in this area are expected to create a significant and lasting impact on the wellbeing of both the financial consumers and overall financial system of the country. Over the years, regulatory departments of CBSL have initiated several actions to strengthen the financial consumer protection framework applicable to entities under their purview.

For example, for the first time the Banking Act Directions No. 08 of 2011 on the Customer Charter of Licensed Banks set out a code of conduct that all licensed banks must follow, aimed at fostering a healthy relationship between financial consumers and licensed banks. The Directions list regulatory expectations regarding the introduction and promotion of banking products and services to financial consumers, the implementation of a complaint handling mechanism at the banks level, raising awareness and promoting understanding of the terms and conditions of banking products and services, providing protection from agents of banks and special attention and care for the financial consumers with special needs. Further, the Finance Business Act Directions No. 01 of 2018 and Finance Leasing Act Directions No. 01 of 2018 outline the financial consumer protection framework for Licensed Finance Companies and Specialised Leasing Companies that ensure the protection of the rights and interests of their financial consumers. The directions specify the minimum standards on financial consumer protection in the areas of disclosure and transparency, consumer education and awareness, responsible business conduct, complaint handling and redress, equitable and fair treatment, and consumer data and privacy protection. These guidelines cover transactions related to savings, lending, and other consumer related activities as well. Similarly, Primary Dealers in government securities are also required to adhere to a customer charter issued in 2013 under the Local Treasury Bills Ordinance, No. 08 of 1923 and the Registered Stock and Securities Ordinance, No. 07 of 1937. All these initiatives set a fairly solid base for the financial institutions to ensure that consumers are able to make informed decisions and have access to transparent and fair financial services.

Nevertheless, the fragmented approach of existing frameworks of CBSL has created incompatibilities and complexities, hindering the achievement of the overall objective of consumer protection. Thus, CBSL took a policy decision to introduce an integrated and comprehensive financial consumer framework aimed at strengthening the financial consumer protection framework that applies to the entities under its regulation. As a first step in this direction, and in accordance with the decision made by the Monetary Board of CBSL, the Financial Consumer Relations Department (FCRD) was established as a separate department within the CBSL in August 2020. At present, FCRD is working on issuing and implementing a new comprehensive financial

consumer protection framework for entities regulated by CBSL as the medium term target, while serving as the single point of contact for receiving and disseminating all external complaints and grievances directed to CBSL by financial consumers of institutions regulated by CBSL.

New Regulations on Financial Consumer Protection

CBSL with the technical support of IFC and World Bank developed draft Regulations, which are to be issued mid-2023 in terms of Section 10 of the Monetary Law Act, No. 58 of 1949. The draft Regulations were made available for public and industry for observations/consultations in order to make the drafting process transparent and facilitate stakeholder engagement. The proposed regulations have been prepared to cover all entities currently regulated by CBSL, namely Licensed Commercial Banks, Licensed Specialised Banks, Licensed Finance Companies, Specialised Leasing Companies, Money Brokers, and Participants of Payment and Settlement Systems, encompassing the existing consumer protection principles, rules, as well as current practices and possible near-term developments in the consumer protection areas. Due consideration was given to the following directions/areas under these draft regulations:

- a. Banking Act Directions No. 08 of 2011 on the Customer Charter of licensed banks.
- b. Finance Business Act Directions No. 01 of 2018 and Finance Leasing Act Directions No. 01 of 2018 on the financial customer protection framework for Licensed Finance Companies and Specialised Leasing Companies.
- c. Best practices and regulations on consumer protection of other jurisdictions.
- d. Current issues of financial consumers and gaps/trends identified by CBSL in relation to consumer protection activities in Sri Lanka.

Accordingly, the draft regulations include the following key areas required for an effective consumer protection framework for entities regulated by CBSL, with the necessary empowerment for CBSL to implement these regulations and closely supervise these entities:

- a. Powers, Supervisory Actions of CBSL and Governance by Financial Service Providers
- b. Disclosure, Transparency, and Accessibility Procedures
- c. Responsible Business Conduct, Complaints Handling, and Redress Mechanism

- d. Competitive Environment and Protection of Consumer's Assets and Information
- e. Fair and Equitable Treatment for Consumers, Financial Education, and Awareness

These regulations will specially empower CBSL to examine the books, records, accounts, documents, information, and other supervisory activities of CBSL-regulated entities, allowing for effective monitoring of consumer protection and market conduct. Further, these proposed regulations will provide the basis for the market conduct supervision of CBSL-regulated entities as well as enforcement of regulatory actions, enabling the Monetary Board of CBSL to take regulatory actions for market misconduct that affects the financial consumers, the market, or the financial system. Furthermore, these regulations will streamline the two tiered complaint handling procedure of both financial institutions and CBSL and empower CBSL to make binding determinations to financial institutions as one of the out-of-court settlements for valid complaints made by financial consumers. Overall, these regulations will strengthen the current financial consumer protection frameworks of CBSL, particularly Banking Act Directions No. 08 of 2011, Finance Business Act Directions No. 01 of 2018, and Finance Leasing Act Directions No. 01 of 2018, in line with international standards and establish the foundation for market conduct supervision by CBSL facilitating the development of a trusted and stable financial system in Sri Lanka, instilling confidence of financial consumers.

Challenges and Way Forward

Implementing an integrated financial consumer protection framework that caters to a diverse set of financial service providers is a daunting task to the financial institutions as well as to the CBSL given the vast differences in terms of size, scope, product and services, and consumer segments. In this regard, most of the large financial entities have already improved their business operations and practices to a great extent to meet the standards expected by the new regulations. However, there could be a number of entities that require significant changes to their existing policies, procedures, operations, resources, infrastructure and systems in order to comply with the requirements of the new regulations. It is expected that such entities would adhere to the regulations within the transitory period offered for the implementation timelines.

received 5,149 complaints and grievances with the majority being related to requests for concessions on the financing facilities obtained from such entities, charging of high interest rates, matters relating to moratoria, non-provision of information/ documents requested and charging of high fees and commissions. The Central Bank was able to conclude around 75 per cent of valid complaints and grievances of financial consumers received during the year under review.

A comprehensive set of new regulations was developed by the Central Bank, enabling the introduction of an integrated financial consumer protection framework for entities regulated by the Central Bank. These regulations are expected to define specific regulatory powers for supervisors to facilitate market conduct supervision while providing clarity to both service providers and recipients on the areas to be considered in delivering or obtaining financial services. Draft Regulations were made available to the industry and public for stakeholder consultation, and the final regulations are expected to be effective in mid-2023. In addition, the Central Bank, with the assistance of the IFC is in the process of developing a media campaign on financial consumer awareness, which is to be launched in early 2023.

Deposit Insurance, Resolution Actions and Investigation over Prohibited Schemes

The Central Bank continued to manage the Sri Lanka Deposit Insurance and Liquidity Support Scheme (SLDILSS) to ensure the maintenance of financial system stability. The payment of compensation to the insured depositors of finance companies of whose licenses were cancelled/suspended, namely Central Investments and Finance PLC, The Standard Credit Finance Ltd., TKS Finance Ltd., The Finance Company PLC Swarnamahal Financial Services PLC, and ETI

Finance Ltd. continued during the year. Accordingly, SLDILSS paid Rs. 30,499.24 million to 72,641 depositors upto 2022. The quantum of compensation paid was 86.57 per cent of the total insured value of Rs. 35,229.22 million.

The Central Bank took initiatives to strengthen the legal framework of the existing deposit insurance mechanism of the country by introducing suitable provisions in the proposed Banking (Special Provisions) Act. This draft law also includes provisions aimed at strengthening the legal framework for resolution for licensed banks as well as Non-Bank Financial Institutions licensed, regulated and supervised by Central Bank. Considering that the draft law addresses many facets hitherto unknown to Sri Lanka's legal infrastructure, the expertise and technical inputs provided by the IMF and World Bank became very useful in the drafting process. The draft law which received the approval of the Cabinet of Ministers in mid-November 2022 is expected to be enacted by the Parliament in early 2023.

Accordingly, the Central Bank conducted several investigations on certain schemes that are alleged to be contraventions of the provisions of the Banking Act, No.30 of 1988. Further actions were taken to follow up on the requests made to the Attorney General's Department for prosecution of offenders already revealed in the investigations concluded thus far. With a view to improving financial literacy of different segments of the general public and in particular to educate them on the negative effects of joining prohibited schemes, the Central Bank conducted awareness programmes covering all possible channels, during the year.

Regulation and Supervision of Foreign Exchange

During 2022, the Central Bank took numerous steps to promote and regulate foreign exchange as the agent of the Government in implementing

Table 8.23
Export Proceeds Repatriation into Sri Lanka and
Sri Lanka Rupee (LKR) Conversions during the year 2022

	USD million				
	Q1	Q2	Q3	Q4	Total
Total amount of exports proceeds repatriated (a)	4,286.15	4,370.37	4,575.14	4,524.20	17,755.85
Total amount of export proceeds converted into LKR (a)	1,164.77	954.27	1,030.93	1,070.20	4,220.18

(a) Provisional

Source: Central Bank of Sri Lanka

the provisions of the Foreign Exchange Act, No. 12 of 2017 (FEA). Accordingly, Regulations and Directions were issued granting permission to companies incorporated under the Companies Act No. 07 of 2007 to obtain short term loans from their overseas parent companies or companies within the same group of companies incorporated outside Sri Lanka, to facilitate payments for the import of raw materials. Further, an amnesty period of two months was granted to persons who held foreign currency notes to either deposit the same in foreign currency accounts or to sell such currency to an Authorised Dealer (AD), while reducing the maximum limit applicable for the possession of foreign currency by residents to US dollars 10,000 from US dollars 15,000. Accordingly, the total amount of foreign currency sold/deposited during the amnesty period was US dollars 35.4 million. Moreover, the Central Bank issued Directions under the FEA to facilitate transactions under the “Golden Paradise Visa program” implemented by the Department of Immigration and Emigration supporting inward remittances from persons residing outside Sri Lanka under this scheme.

Furthermore, the validity period for opening Special Deposit Accounts (SDAs) was extended and existing SDAs were allowed to be rolled over. In addition, an Order which was initially issued under the provisions of the FEA, by the Minister of Finance to suspend and limit outward remittances for certain capital transactions, was further extended during the year.

The Central Bank took various measures to promote investments and bilateral trade to improve liquidity in the domestic foreign exchange market. In order to facilitate investments and transactions in the Colombo Port City Special Economic Zone (Colombo Port City), Regulations and Directions were issued granting permission to open foreign currency accounts for investors, investees and employees of the companies in the Colombo Port City. Further, the Indian rupee was determined as a designated foreign currency under the FEA. In addition, special permissions were granted to open 29 Special Foreign Currency Accounts, mainly to facilitate the uninterrupted supply of essential imports amid the tight foreign currency liquidity situation. Moreover, new Rules were issued under the MLA, mandating the repatriation of export proceeds into Sri Lanka within 180 days and conversion of such proceeds by the exporters of goods. Accordingly, with continuous monitoring, an increasing trend in the repatriation of export proceeds was observed during the year, while the

Table 8.24
Summary of Transactions on Foreign Currency Accounts

Category of Account	USD million					
	Inward Remittances		Outward Remittances		Closing Balance as of 31 December	
	2021	2022 (a)	2021	2022 (a)	2021	2022 (a)
Personal Foreign Currency Accounts	663.2	601.8	234.1	270.7	2,715.4	2,804.8
Business Foreign Currency Accounts	7,647.9	8,209.4	3,756.9	5,269.7	3,071.7	2,795.0
Inward Investment Accounts	854.7	862.2	1,221.9	843.2	1,969.2	1,714.1
Special Deposit Accounts (SDAs)	207.1(b)	111.7(b)	83.0	61.4	585.2	751.6
Outward Investment Accounts	11.2	31.3	6.9	7.4	n.a.	n.a.

(a) Provisional

(b) Excluding funds transferred from Inward Investment Accounts, Offshore Banking Unit Accounts and Foreign Currency Deposits.

Source: Central Bank of Sri Lanka

Table 8.25
Remittances on Capital Transaction Rupee Accounts (CTRAs) and Foreign Exchange Sales and Purchases against/into Sri Lanka Rupees

	2021	2022
Migrant Fund Transfers		
No. of CTRAs registered with the Central Bank for remitting migration allowances	787	215
Outward remittances through CTRAs (in USD mn)	4.5	0.9
Foreign Exchange Sales and Purchases (in USD mn)		
Foreign Exchange Sales (Form 1)	11,974.43	11,158.81(a)
Foreign Exchange Purchases (Form 2)	12,039.72	12,141.28(a)

(a) Provisional

Source: Central Bank of Sri Lanka

conversion into Sri Lanka rupees also improved towards the end of the year. Additionally, the Central Bank took initiatives to implement an automated Export Proceeds Monitoring System (EPMS) to extensively monitor foreign exchange transactions in collaboration with Sri Lanka Customs and ADs. Meanwhile, outward remittances under the migration allowance and the number of Capital Transaction Rupee Accounts (CTRAs) opened during the year reduced, while ADs recorded net foreign exchange purchases during the year, supporting liquidity conditions in the domestic foreign exchange market.

The performance of Restricted Dealers (RDs) was also closely monitored by the Central Bank during the year and Directions were issued to RDs that are solely engaged in money changing business (i.e. Money Changers), prohibiting the offering of higher exchange rates with a view to reducing any undue pressure on the exchange rate. Accordingly, US dollars 159.8 million was deposited into the banking system and US dollars 10.5 million was sold by RDs during the year, which is a considerable improvement in performance compared to the previous year amidst the gradual stabilisation of economic conditions to some extent and increase in tourist arrivals by the latter part of the year.

Credit Information

The Credit Information Bureau (CRIB) of Sri Lanka achieved a major milestone during 2022 with the implementation of the state-of-the-art Credit Information Management System (CIMS) with many value additions. As such, the pilot run of the new system which commenced in May 2022 with the participation of 9 member lending institutions was successfully completed in July 2022 with positive feedback from the members involved. Thereafter, the parallel run of the new system and the legacy system was commenced in August 2022 enabling access to the new system to all users in member lending institutions to familiarise themselves with the new system. The CIMS was fully launched in December 2022. The new system brings greater efficiency and international practices to the processes of CRIB and expands the product portfolio while revolutionising the risk management and credit evaluation techniques of lending institutions to better manage lending portfolios. In addition, this system will also improve the Bureau's capacity to collect non-traditional data.

Meanwhile, CRIB continued its statutory role as the national credit registry by providing 6.1 million credit reports to member lending institutions during the year 2022. However, a 27 per cent decrease in credit reports issued was recorded during 2022, compared to 2021. The member lending institutions obtained 5.6 million consumer credit reports and 0.4 million corporate credit reports in 2022. Moreover, CRIB issued 729,635 credit reports to the lending institutions through the "Bulk Request" mode during 2022. Meanwhile, the demand for the self-inquiry credit reports (iReports) recorded a 13.7 per cent decrease in 2022, compared to 2021.

BOX 13

Strengthening the Financial Safety Net in Sri Lanka

1. Introduction

Financial safety nets are a set of institutions, laws, and procedures that seek to promote an efficient and stable banking system during normal economic conditions and to manage the eventuality of a financial crisis. The framework of financial safety nets encompasses prudential regulation, supervision, resolution, lender of last resort, deposit insurance, and the role of Ministry of Finance (MOF) or the Treasury functioning with the broad objectives of promoting economic growth and financial stability of a country. Financial safety nets are important for an economy as a means of supporting crisis prevention mechanisms, financing during a crisis, and promoting sound macroeconomic policies by providing incentives.

The financial system plays a crucial role in the functioning of any economy. Financial institutions, while providing financial intermediation, tend to take on higher risk exposures through their diverse and complex deposit liability profiles. Therefore, financial safety net measures are of utmost importance for an economy to protect less sophisticated depositors. Depending on a country's supervisory structure, multiple organisations play important roles within the country's financial safety net. However, in some countries, central banks have exclusive responsibility for bank regulation, supervision, and resolution, and provides explicit or implicit deposit insurance protection as well.

In Sri Lanka, the financial system has undergone notable growth and development in recent years and the increasing complexity of the financial system has made it more vulnerable to financial shocks and crises, while underlining the need for robust financial safety net to strengthen the resilience of the financial system and safeguard the interests of depositors and other stakeholders in the financial system. In order to ensure the strength and efficiency of the country's financial system, the Central Bank of Sri Lanka (CBSL) and MOF collaborate closely as the primary stakeholders in the financial safety net.

2. Role of the Central Bank and Ministry of Finance

The CBSL plays a critical role in the financial safety net mechanism through functions, such as the lender of last resort, the supervisory authority of banks and

Non-Bank Financial Institutions (NBFIs), resolution authority, and deposit insurer of the depositors of Licensed Banks (LBs) and Licensed Finance Companies (LFCs). On the other hand, MOF is a key participant in the financial safety net, responsible for setting financial sector policies during normal economic conditions and playing a pivotal role in crisis management during financial emergencies.

3. Lender of Last Resort

During times of financial turmoil, banks may encounter challenges in obtaining necessary funding for their daily operations and may turn to their lender of last resort, the CBSL. This can occur when banks become hesitant to lend to each other and depositors begin to withdraw their funds from their bank accounts. In such situations, the CBSL serves as the lender of last resort because its prime responsibility is promoting the smooth functioning of financial markets and maintaining a stable financial system.

The CBSL generally executes its lender of last resort function during emergencies that induce financial panic and threaten monetary and banking stability. In such circumstances, the CBSL has the discretion to provide extraordinary loans or advances to banks, secured with any collateral defined as acceptable in the Emergency Loans and Advances (ELA) Framework and may also renew such loans or advances as needed.

Currently, banks are not required to meet any specific requirements to access ELA. However, the CBSL has the discretion over deciding on the applicable interest rates, tenor, renewals, collateral, and other related matters. Nonetheless, if a LB is deemed insolvent, or likely to be insolvent, or has no reasonable prospect of becoming solvent in future, such bank would be ineligible for ELA, except in an exceptional circumstance.

ELA provided by central banks is typically viewed as a measure to address pure liquidity problems in banks that essentially are solvent. However, such situation is rare in practice. In most cases where banks face liquidity problems, there is some uncertainty about the

solvency of the institutions involved. The assessment of the solvency of an institution usually takes time and is covered by the prudential regulation and supervisory actions.

4. Prudential Regulation and Supervisory Frameworks

Prudential regulation establishes standards and policies that financial institutions are expected to adhere to. Under the supervisory framework, it monitors the implementation of these standards and policies to ensure the safety and soundness of the financial sector and to achieve the financial system stability objective.

The regulatory and supervisory framework for banks and NBFIs of Sri Lanka is primarily specified in the Monetary Law Act (MLA), No.58 of 1949, the Banking Act, No. 30 of 1988, and the Finance Business Act (FBA), No. 42 of 2011. The CBSL is empowered to license banks and finance companies, issue prudential directions, determinations, orders, and guidelines to licensed entities, conduct supervision and examination and enforce regulatory actions, and resolve weak LBs and LFCs. The CBSL adheres to internationally recognised supervisory standards established by the Basel Committee for Banking Supervision. In order to prepare for potential crises, supervisors require banks and NBFIs to develop and implement contingency plans that include measures to address failures of banks and NBFIs.

5. Deposit Insurance System (DIS)

The role of a deposit insurer is to stabilise the financial system by ensuring public confidence in it, especially in the event of bank failures. The deposit insurer assures depositors that they will have immediate access to their insured funds, even if their bank/NBFI fails, thereby reducing depositors' the possibility of a "run" on the bank/NBFI and the risk of contagion and foster financial system stability, which in turn would have positive spillover on the wider economy.

DISs are generally governed by institutions called Deposit Insurance Agencies (DIAs), which may have different mandates that range from narrow systems ('pay-box') to those with broader powers and responsibilities, such as risk or loss minimisation with a variety of combinations in between. Some DIAs may have a limited 'pay box' mandate, which focuses on

the reimbursement of the insured depositors in the event of a financial institution failure. Other DIAs may have an enhanced 'pay box plus' mandate, which includes responsibilities and powers related to providing financial assistance for resolution activities of financial institutions such as separating assets, opening a bridge bank, providing open bank assistance, and bailing in, among others. DIAs could also employ a direct mandate, which aims to minimise loss or risk. Loss minimisers operate with the goal of minimising the costs of resolving failed banks, while risk minimisers aim to minimise risk for the financial system as a whole.

6. Sri Lanka Deposit Insurance and Liquidity Support Scheme

The DIA of Sri Lanka is called the Sri Lanka Deposit Insurance and Liquidity Support Scheme (SLDILSS) and falls under the purview of the CBSL. With a view to upholding public trust in the financial system, SLDILSS was established in 2010 as a mandatory Deposit Insurance System invoking the provisions of the MLA, Banking Act, and the then prevailing FBA. SLDILSS is currently governed by the Sri Lanka Deposit Insurance and Liquidity Support Scheme Regulations No.02 of 2021.

SLDILSS has outlined a mechanism to protect small depositors in the event of a failure of a LB or LFC. SLDILSS maintains an Ex-Ante fund called the Sri Lanka Deposit Insurance and Liquidity Support Fund (SLDILSF), and the primary regular source of funding for SLDILSS is the premium paid by Member Institutions (MIs). All LBs and LFCs in Sri Lanka are MIs of SLDILSS and are required to pay insurance premium to the SLDILSS quarterly based on their capital adequacy ratio and monthly at a flat rate, respectively. At present, SLDILSS operates with a 'pay box' mandate and functions as a crisis prevention and management tool as well.

7. Strengthening the Financial Safety Net

Proper functioning of the Financial Safety Net is crucial for fostering economic growth, and it is imperative to explore the ways and means of strengthening it. Past financial crises have emphasised the significance of having ample safety net mechanisms at the global, regional, and national levels. It underlines the necessity of a well functioning financial safety net to bolster market confidence during periods of financial strains. Enhanced regional cooperation to uphold

financial stability and resilience is recognised as vital safeguarding in exigent times. Lack of funding could cause severe challenges and additional costs. Therefore, the resolution authority might resort to resolution techniques that offer required liquidity. In addition, inadequate funding could lead to delays in resolution process. When a resolution authority has to defer resolving an institution, the quality of assets is likely to deteriorate further, and the moral hazard problem becomes more pronounced.

It is essential to streamline and strengthen the legal framework governing the financial safety net in order to improve its effectiveness. Currently, the legal framework governing the bank resolution is dispersed, resulting in a complex, confusing, and often opaque framework. Further, the court driven procedures for banks followed in Sri Lanka are slow paced, which can delay resolution process if the shareholders of a bank challenge the authority of the regulator to resolve the bank. The bureaucratic process involved in bank mergers further complicates the resolution of banks and creates uncertainty, which can potentially destabilise the financial system. This would require addressing the flaws in the current framework and adopting a more efficient and streamlined process for bank resolution and mergers.

Strengthening DIS is vital for improving financial system stability. For over a decade, SLDILSS played a crucial 'pay box' role. However, in its efforts to make timely payments to depositors, SLDILSS faces challenges due to inadequate information sharing arrangements regarding depositors, as well as the failure to maintain depositor information under a unique identification number at LBs and LFCs. Addressing these challenges and implementing robust information sharing and identification systems for depositors can go a long way in enhancing the effectiveness of SLDILSS, and ultimately, strengthening the financial system's stability.

Globally, deposit insurance systems, equipped with broad mandates, are assuming a significant role in the resolution of troubled banks. This arrangement provides the insurer with a greater ability to address costs compared to pure 'pay box' systems. Thus, SLDILSS should adopt the "least cost" approach for resolving a failed institution. This approach entails closer cooperation and coordination among safety net participants, the Government, regulatory bodies,

the CBSL, and the Deposit Insurer. Experience shows that deposit insurers with sufficiently broad mandates, adequate powers, operational independence, and assured sources of contingency funding are more effective in building and maintaining public confidence and dealing with financial crises. In an extraordinary situation of systemic failure of banks, it is imperative that the deposit insurer has unlimited and quick access to backstop funding so that financial stability is not jeopardised. Overall, the success of the deposit insurance system depends on its ability to provide reliable and effective protection to depositors.

In strengthening the financial safety net, the regulatory and supervisory requirements for banks and NBFIs should be harmonised. In finalising and adopting the new Banking Act, this factor should be taken into consideration.

The existence of the safety net leads to moral hazards by encouraging risky behaviour among financial risk takers who believe they will reap the benefits from their risky investments while being protected from losses. Moral hazards can be raised by applying at a uniform rate to all categories of LFCs. SLDILSS should opt to charge a risk based premium while implementing a mechanism to manage the tradeoff between moral hazard and placing an additional burden of a higher premium on banks that are already weak. However, the imposition of market based risk premiums could negatively impact the share prices of already weak banks due to the higher premium burden. Accordingly, appropriate controls are required to ensure a balance between financial stability and market discipline, such as the introduction of risk based premiums, exclusion of certain deposit categories from the coverage, intensive supervision and regulation, and timely intervention and resolution of distressed institutions. Allowing insolvent financial institutions to fail and imposing costs on those that come close to failing can be the most effective way for the marketplace to discipline financial risk takers and limit moral hazard within the design of the safety net. A reasonable balance between moral hazard and a stable financial system would permit a very limited exception for failures that pose a systemic risk, while allowing the market to discipline improvident behavior. Thus, insolvent banks should in general be allowed to fail and shareholders should lose their equity if a bank is assisted to stay open. This proper balance between

a stable financial system and moral hazard assures that, as a rule, the safety net will be a net through which insolvent institutions can fall and not a floor that prevents insolvent institutions from falling far enough to fail.

8. Steps taken to strengthen the Financial Safety Net and way forward

Currently, substantial measures are being taken by the CBSL to strengthen the financial safety net of Sri Lanka. It would be important to broaden CBSL's regulatory powers and upgrade the resolution framework by setting up a special resolution regime for financial institutions, expanding resolution tools, improving deposit insurance, and enhancing emergency liquidity assistance. The finalisation and adoption of the new Banking (Special Provisions) Act would help in achieving these goals. Although larger and more sophisticated financial institutions should be subject to stricter regulatory and supervisory requirements, it is essential to maintain a level playing field for banks and LFCs that conduct essentially the same banking operations.

While the Central Bank Bill that has been submitted to the Parliament acknowledges the CBSL as the responsible authority for the resolution of financial institutions, the proposed Banking (Special Provisions) Act provides further details on the recovery and resolution planning process, triggers for resolution, and more importantly, the resolution powers that can be exercised by both CBSL and MOF. As a safety net measure, the resolution of a financial institution will ensure,

- i. the stability of the financial system, including the payment, clearing, and settlement systems;
- ii. continuity of critical functions of LBs;
- iii. protection of public funds by minimising public financial support;
- iv. protection for depositors of such banks; and
- v. avoiding unnecessary destruction of the value of assets and seek to minimise losses to creditors and overall costs of resolution.

The maximum compensation amount payable per depositor per institution from SLDILSS has been increased from Rs.200,000 at the establishment of SLDILSS to Rs.1,100,000 by now. Accordingly, SLDILSS has been paying compensation to the insured depositors of six license cancelled/suspended finance companies, i.e., Central Investments and Finance PLC (CIFL), The Standard Credit Finance Ltd. (TSCFL), TKS Finance Ltd. (TKSFL), The Finance Company PLC (TFC), and ETI Finance Ltd. (ETIFL) and Swarnamahala Financial Services PLC (SFSP).

With the implementation of the proposed Banking (Special Provisions) Act, the legally instituted DIS would be available with an expanded mandate beyond the existing 'pay box' mandate. Further, the operational capability and payout readiness of DIS are being ensured through the implementation of the Depositor Wise Data Collection System, which is currently in the testing phase. The implementation of risk based premium system by DIS would ensure that financial institutions avoid excessive risk taking and reflect fairness in the payment of premiums. Further, the funding adequacy of DIS would be ensured through alternative funding sources, such as from international financial institutions, while funding contingencies would be addressed by entering into backup funding arrangements with the Government.

Additionally, a draft new ELA framework will be implemented in due course by the CBSL, which will consider avoiding any moral hazard from any of the financial safety net measures and ultimately avoiding negative impact on the CBSL balance sheet.

In order to ensure the stability of the financial system, and simultaneously reduce the cost of resolving bank failures, the CBSL must ensure that the proposed regulations and laws take adequate measures to prevent insolvent banks from keeping opened and to close failing banks early enough before their capital is depleted. This can be achieved by reducing CBSL discretion in discount-window lending, by permitting lending only to problem banks that are likely to survive liquidity problems and resolving financial institutions promptly.

Implementation of the Roadmap for Sustainable Finance in Sri Lanka

The Central Bank launched the Sri Lanka Green Finance Taxonomy in May 2022 in collaboration with relevant stakeholders. The taxonomy provides a detailed classification of economic activities that can be considered as environmentally sustainable with the intention of providing guidance to financial institutions in mobilising funds for green/climate finance products and services. The taxonomy was developed as a part of implementing the Roadmap for Sustainable Finance in Sri Lanka which was launched in 2019 based on the International Platform on Sustainable Finance's (IPSF) Common Ground Taxonomy which harmonises both European and Chinese taxonomies. The IFC extended financial and technical assistance in developing the taxonomy and a wide array of stakeholders including and not limited to the Securities and Exchange Commission (SEC), the Insurance Regulatory Commission of Sri Lanka (IRCSL), the Ministry of Environment, and the Ministry of Agriculture, participated in this exercise.

During the year 2022, the Central Bank engaged in numerous other measures aimed at implementing the Roadmap for Sustainable Finance in Sri Lanka. The Central Bank issued a Direction for LCBs and a Guideline for LFCs in 2022, for facilitating sustainable finance activities in line with the Sri Lanka Green Finance Taxonomy considering the need for providing the financial sector with a governance and risk management framework for any such activities. Further, the Central Bank engaged in the process of developing a Green Bond Framework for the issuance of sovereign green bonds initiated by the Ministry of Finance. United Nations Economic and Social Commission for Asia and Pacific (UNESCAP) provides technical assistance in the development of the Green Bond Framework which is also a regulatory action identified in the Roadmap for Sustainable Finance in Sri Lanka for the advancement of the capital markets. Moreover, the Central Bank continues to work closely with international agencies, including the United Nations Development Programme (UNDP), IFC, UNESCAP and other relevant stakeholder groups both locally and globally in promoting sustainable financing initiatives in the country.

BOX 14

Major Economic Policy Measures¹

Monetary Policy and Exchange Rate Policy

- | | |
|-----------------|--|
| 20 January 2022 | - Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) were increased by 50 basis points to 5.50 per cent and 6.50 per cent, respectively. |
| 04 March 2022 | - SDFR and SLFR were increased by 100 basis points to 6.50 per cent and 7.50 per cent, respectively. |
| 07 March 2022 | - A measured adjustment was allowed in the exchange rate. |
| 08 April 2022 | - SDFR and SLFR were increased by 700 basis points to 13.50 per cent and 14.50 per cent, respectively, to be effective from the close of business on 08 April 2022. |
| 12 May 2022 | - Introduction of a middle rate of the USD/LKR exchange rate applicable for interbank foreign exchange market transactions, together with the permitted USD/LKR variation margin, to be announced on a daily basis, with effect from 13 May 2022 to facilitate orderly behaviour of the foreign exchange market and to manage undue intraday volatility in the exchange rate. |
| 07 July 2022 | - SDFR and SLFR were increased by 100 basis points to 14.50 per cent and 15.50 per cent, respectively. |
| 02 January 2023 | - Effective 16 January 2023, the availability of the Standing Deposit Facility (SDF) to a particular Licensed Commercial Bank (LCB) was limited to a maximum of five (05) times per calendar month. In addition, the availability of the Standing Lending Facility (SLF) to a particular LCB was limited to 90 per cent of the Statutory Reserve Requirement (SRR) of such LCB at any given day. |
| 03 March 2023 | - SDFR and SLFR were increased by 100 basis points to 15.50 per cent and 16.50 per cent, respectively, to be effective from the close of business on 03 March 2023.

- The issuance of market guidance through the announcement of a middle rate of the USD/LKR exchange rate and the variation margin was discontinued with effect from 07 March 2023. |

Special Credit Schemes

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| 15 February 2022 | - The Smallholder Tea and Rubber Revitalisation (STaRR) Project was extended from 01 November 2021 to 31 December 2022. |
| 20 May 2022 | - Operating Instructions of the Saubagya (Prosperity) loan scheme were amended to increase the interest rate to 9 per cent, while Participating Financial Institutions (PFIs) were instructed to ensure that a minimum of 80 per cent of the new loans are granted for agriculture, livestock, fisheries, and related activities. |
| 27 May 2022 | - Operating Instructions of the STaRR Project were amended to reduce the rate of interest subsidy to PFIs from 7 per cent to 4 per cent for the period from 01 November 2021 to 31 May 2022 and increase the rate of interest subsidy to PFIs from 4 per cent to 7 per cent for the period from 01 June 2022 to 31 December 2022. |

¹ Includes major economic policy measures implemented since 01 January 2022 until 15 March 2023 and the policy measures that are to be implemented in the near future.

- 13 June 2022 - Operating Instructions of the New Comprehensive Rural Credit Scheme (NCRCS) were amended to revise the applicable interest rates and Scale of Finance considering the prevailing economic conditions in the country and to fall in line with government policy measures on encouraging agricultural activities in the country to ensure food security, reduce foreign exchange outflow on food imports, make people more inclined towards agricultural products, and uplift the socioeconomic conditions of small scale farmers.
- 07 July 2022 - Debt moratoria were granted under the Saubagya (Prosperity) loan scheme, Saubagya COVID-19 Renaissance Facility (SCRF) Phase I and II loan schemes, and loan schemes under the Smallholder Agribusiness Partnership Programme (SAPP) for the period from 07 July 2022 to 31 December 2022 with a six month extension of the repayment period.
- 01 January 2023 - The Monetary Board of the Central Bank signed an Administrative Agreement with the Government to extend the operational period of the Self-Employment Promotion Initiative Loan Scheme - Phase II (SEPI Phase II) commencing from 01 January 2023 to 31 December 2027.
- 15 February 2023 - The SCRF - Phase IV, the refinance scheme, which was implemented to provide working capital loan for re-energising State Owned Enterprises (SOEs) under concessionary terms, was concluded with effect from 15 February 2023.

Financial Sector

Licensed Banks

- 11 March 2022 - An amendment to the Monetary Law Act (MLA) Order, No. 02 of 2021 was issued informing the revised maximum interest rates on credit card advances, pre-arranged temporary overdrafts, and pawning advances, considering the monetary policy tightening measures and the macroeconomic developments expected.
- An amendment to the MLA Order, No. 03 of 2021 was issued removing the maximum interest rates imposed on foreign currency deposits of LCBs and National Savings Bank (NSB), considering the recent monetary policy tightening, expected macroeconomic developments, and prevailing interest rates on foreign currency deposits of licensed banks.
- 22 March 2022 - Banking Act Directions were issued revoking the Banking Act Directions No. 07 of 2021 on forward Sales and Purchases of Foreign Exchange by LCBs.
- 24 March 2022 - A Circular was issued providing guidelines for the establishment of post COVID-19 revival units in licensed banks, in order to identify and assist under-performing and non-performing borrowers affected by the pandemic for the purpose of reviving viable businesses with the potential of contributing to the national economic growth, thus facilitating the unwinding of debt moratoria in a sustainable manner.
- 21 April 2022 - An MLA Order was issued, revoking the maximum interest rates imposed on credit card advances, prearranged temporary overdrafts, and pawning advances. Further, licensed banks were permitted to adjust the interest rates of deposits upwards adequately, considering the monetary policy tightening.
- 06 May 2022 - Banking Act Directions were issued restricting discretionary payments and non-essential/non-urgent expenditures of licensed banks, while requiring licensed banks to exercise extreme prudence when incurring capital expenditure until 31

	<p>December 2022, considering the possible adverse impact on liquidity and other key performance indicators of licensed banks due to the prevailing macroeconomic conditions and importance of maintaining appropriate levels of liquidity and capital buffers.</p>
19 May 2022	<ul style="list-style-type: none"> - With the objective of curtailing imports of non-essential and non-urgent goods to preserve the stability of the exchange rate and liquidity in the domestic foreign exchange market, a 100 per cent non-interest bearing cash margin deposit requirement was introduced for imports under specified Harmonised System (HS) Codes, through Banking Act Directions to LCBs and NSB for importation under Documents against Acceptance (DA) and Documents against Payment (DP) terms and through an MLA Order to LCBs for importation under Letters of Credit (LCs).
23 May 2022	<ul style="list-style-type: none"> - Banking Act Directions were issued to licensed banks on certain regulatory requirements considering the prevailing extraordinary macroeconomic conditions. Accordingly, licensed banks were permitted to draw down the capital conservation buffer, stagger the overnight mark-to-market losses on government securities arising from the changes in policy interest rates (on 08 April 2022) denominated in Sri Lankan rupees (LKR) that are measured at fair value, up to the second quarter of 2024 for the purpose of Capital Adequacy Ratio computation, while regulatory minimum requirements for liquidity coverage and net stable funding ratios were reduced from 100 per cent to 90 per cent up to 30 September 2022. Revised treatment on the Other Comprehensive Income (OCI) for computation of capital adequacy ratio was introduced in line with International Standards. Further, the deadline to meet the minimum capital requirements was extended to 31 December 2023 and licensed banks were encouraged to move to The Standardised Approach (TSA) or the Alternative Standardised Approach (ASA) to compute risk weighted assets for Operational Risk, until 31 December 2023, subject to conditions.
08 June 2022	<ul style="list-style-type: none"> - An MLA Order was issued revoking the MLA Order, No. 03 of 2021 on maximum interest rates on foreign currency deposits of LCBs and NSB except Order 07 on the same, in view of the recent monetary policy tightening measures.
22 June 2022	<ul style="list-style-type: none"> - Banking Act Directions on sustainable finance activities of licensed banks were issued to provide a governance and risk management framework for sustainable finance activities of licensed banks, in line with the Sustainable Finance Road Map of the Central Bank, to promote financing for sustainable economic activities in Sri Lanka.
04 July 2022	<ul style="list-style-type: none"> - Addendum to the Banking Act Direction No. 08 of 2011 on the Customer Charter of licensed banks was issued, expanding the requirements aimed at improving the accessibility of banking services for customers with special needs, with a view to further strengthening financial consumer protection measures for such customers.
07 July 2022	<ul style="list-style-type: none"> - A Circular was issued requesting licensed banks to provide appropriate concessions, for a period of six months, to borrowers whose income or businesses have been adversely affected due to the current macroeconomic conditions and/or the COVID-19 pandemic, while preventing any undue stress on banking sector stability. These concessions are provided on a case-by-case basis based on the future repayment capacity of the individuals and viability of businesses/projects.
26 August 2022	<ul style="list-style-type: none"> - A Banking Act (Off-shore Banking Business Scheme) Order was issued recognising the Indian Rupee (INR) as a designated foreign currency for foreign currency transactions of the Off-shore banking units of LCBs.

- 29 August 2022 - Banking Act Directions were issued mandating the recording of Unique Identification Numbers (UINs) of depositors of licensed banks. Accordingly, licensed banks were requested to record UINs for all new depositors with effect from 01 October 2022 and to complete recording UINs of the existing customers in their systems by 31 December 2023.
- 03 November 2022 - A Circular was issued, with effect from 03 November 2022, adjusting the Central Bank's Rate of Interest on Advances (Bank Rate) in line with the latest available Average Weighted New Deposit Rate (AWNDR) published by the Central Bank with a margin of +700 basis points.
- 18 November 2022 - Banking Act Directions were issued to licensed banks on certain regulatory requirements on liquidity ratios considering the prevailing extraordinary macroeconomic conditions. Accordingly, licensed banks were required to maintain liquid assets of an amount not less than 20 per cent of total adjusted liabilities on a consolidated basis for the overall bank until further notice while continuing reporting of a separate Statutory Liquid Assets Ratio (SLAR) for the Domestic Banking Unit (DBU) and Off-shore Banking Unit (OBU) to the Bank Supervision Department. Further, licensed banks were permitted to maintain the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) at a level not less than 90 per cent up to 31 December 2022 with enhanced supervision and frequent reporting.
- 05 December 2022 - Banking Act Determination No. 01 of 2022 was issued informing banks the annual license fees of the licensed banks for the calendar year 2023 to be paid based on the total assets of such banks as per regulatory reporting, as at the end of 2022.
- 02 January 2023 - A Circular was issued with effect from 03 January 2023 adjusting the Central Bank's Rate of Interest on Advance (Bank Rate) in line with the latest available AWNDR published by the Central Bank with a margin of +300 basis points.
- A Circular was issued limiting the availability of the SDF to a particular LCB to a maximum of five (05) times per calendar month and the availability of SLF to a particular LCB to 90 per cent of the SRR of such LCB at any given day.
- 31 January 2023 - A Banking Act Determination was issued determining qualifying non-financial corporate debt securities and qualifying non-financial common equity shares as defined in the Banking Act Directions on the Liquidity Coverage Ratio under Basel III liquidity standards, to be treated as liquid assets in the computation of the Statutory Liquid Asset Ratio of the LCBs and Licensed Specialised Banks (LSBs).
- 02 February 2023 - Banking Act Directions were issued restricting discretionary payments of licensed banks in view of the prevailing macroeconomic conditions. Accordingly, licensed banks were requested to defer payment of cash dividends and repatriate profits for 2023 until completion of the external audit of the financial statements/interim financial statements for 2023. Further, licensed banks were required to inform the Director of Bank Supervision, the Board approved detailed assessment carried out in deciding the payments of cash dividends and repatriation of profits for 2022, prior to payment of such dividends/repatriation of profits. Licensed banks were also required to refrain from engaging in share buybacks, increasing management allowances and payments to Boards of Directors and incurring non-essential and/or non-urgent expenditure, while exercising extreme due diligence and prudence when incurring capital expenditure until 31 December 2023. Licensed banks were further required to form a Board level Sub

	Committee to operate in 2023 and 2024, entrusting the responsibility of evaluating and approving non-essential, non-urgent and/or capital expenditure to be incurred by the bank.
16 February 2023	- In addition to the existing list of HS Codes covered by the Order dated 19 May 2022, an Order was issued to all LCBs on the requirement of maintaining a 100 per cent Cash Margin Deposit Requirement against Letters of Credit for newly added 64 HS Codes.
17 February 2023	- An amendment to the Banking Act Directions No. 03 of 2022 on Margin Requirements Against Imports was issued extending the applicability of the cited Direction to 64 new HS codes.
Forthcoming	- Revised regulations on Maximum Amount of Accommodation - The Banking (Special Provisions) Act is to be enacted in 2023. Cabinet approval for the draft Act has been received and currently the Act is being drafted by the legal draftsman.
Licensed Finance Companies (LFCs), Specialised Leasing Companies (SLCs), Licensed Microfinance Companies (LMFCs), and Primary Dealer Companies (PDCs)	
05 January 2022	- The Monetary Board of the Central Bank, in terms of the Regulations made under the Registered Stock and Securities Ordinance and the Local Treasury Bills Ordinance, decided to extend the suspension of Perpetual Treasuries Limited (PTL) from carrying on the business and activities of a Primary Dealer for a further period of six months with effect from 05 January 2022, in order to continue with the investigations being conducted by the Central Bank.
28 January 2022	- A Direction was issued on Technology Risk Management and Resilience with the objective of setting the minimum regulatory requirements on technology risk management and resilience of LFCs.
08 February 2022	- LFCs were requested to grant an incentive for Sri Lankans working abroad by reimbursing the transaction cost incurred on account of inward workers' remittances.
10 March 2022	- LFCs were informed on the grant of a transitional period for the effective implementation of sections 10 and 12 of the Finance Business Act (FBA) Direction No. 05 of 2021 on Corporate Governance until 01 July 2024.
18 March 2022	- A Direction was issued on Mobile Phone based E-money Services in order to provide a solution for easy access to finance by enabling convenient banking and to improve efficiency of the operations of LFCs.
21 March 2022	- Subsequent to the amalgamation of Sinhaputhra Finance PLC (SFP) with Commercial Leasing and Finance PLC as a part of the Masterplan for Consolidation of Non-Bank Financial Institutions (the Masterplan), the Monetary Board of the Central Bank cancelled the licence issued to SFP to carry on finance business under the FBA, No. 42 of 2011. Further, registration of SFP under the Finance Leasing Act (FLA), No. 56 of 2000, was cancelled by the Director, Department of Supervision of Non-Bank Financial Institutions (DSNBFI).
31 March 2022	- Subsequent to the amalgamation of Commercial Leasing and Finance PLC (CLFP) with LOLC Finance PLC as a part of the Masterplan, the Monetary Board of the Central Bank cancelled the licence issued to CLFP to carry on finance business under the FBA, No. 42 of 2011. Further, registration of CLFP under the FLA No. 56 of 2000 was cancelled by the Director, DSNBFI.

- Prevailing maximum interest rates on deposits and debt instruments were revised due to the increase in policy rates.
 - LFCs and SLCs were informed of deferment of the implementation of Section 4.3.1.(i) of FBA Direction No. 01 of 2020 and FLA Direction No. 01 of 2020 on Classification and Measurement of Credit Facilities by a period of two years due to the present economic conditions.
- 18 April 2022
- Prevailing maximum interest rates on deposits and debt instruments were revised allowing LFCs to decide the maximum interest rates on deposits and debt instruments, and SLCs to decide the maximum interest rates on debt instruments based on the moving average of Weighted Average Yield Rates of the last four Treasury bill primary auctions.
- 12 May 2022
- Subsequent to the amalgamation of Prime Finance PLC (PFP) with HNB Finance PLC as a part of the Masterplan, the Monetary Board of the Central Bank cancelled the licence issued to PFP to carry on finance business under the FBA, No. 42 of 2011. Further, registration of PFP under the FLA, No. 56 of 2000 was cancelled by the Director, DSNBFI.
- 03 June 2022
- The Monetary Board of the Central Bank directed Bimputh Finance PLC to repay its deposit base with effect from 03 June 2022 due to inability of the Company to comply with regulatory capital requirements and/or adhere to the Masterplan.
- 08 June 2022
- LFCs, SLCs, and LMFCs were informed on removing the maximum interest rate on microfinance loans, considering the significant increase in market interest rates.
- 05 July 2022
- The Monetary Board of the Central Bank, in terms of the Regulations made under the Registered Stock and Securities Ordinance and the Local Treasury Bills Ordinance, extended the suspension of PTL from carrying on the business and activities of a Primary Dealer for a further period of six months with effect from 05 July 2022, in order to continue with the investigations being conducted by the Central Bank.
- 20 July 2022
- A Circular was issued to LFCs and SLCs requesting them to provide concessions to borrowers whose income or businesses have been adversely affected due to the current macroeconomic conditions.
- 29 August 2022
- Assetline Finance Ltd. (formerly known as Assetline Leasing Co. Ltd., an SLC registered under FLA No. 56 of 2000) was issued a licence in terms of Section 5(7) of the FBA, No. 42 of 2011, to engage in finance business.
- 02 September 2022
- A Direction was issued mandating the recording of UINs of depositors of LFCs. Accordingly, all LFCs were required to record UINs for all new depositors with effect from 01 October 2022 and to complete recording UINs of the existing customers in systems of LFCs by 31 December 2023.
- 29 November 2022
- Guidelines on sustainable finance activities were issued to LFCs considering the importance of a sustainable economy and the need for providing with a governance and risk management framework for sustainable finance activities of LFCs with a view to facilitating the sustainable finance initiatives of LFCs in line with the Roadmap for sustainable development published by the Central Bank.
- 01 December 2022
- SMB Finance PLC (formerly known as SMB Leasing PLC, an SLC registered under FLA, No. 56 of 2000) was issued a licence in terms of Section 5(7) of the FBA No.42 of 2011, to engage in finance business.

28 December 2022	- Finance business licence issued to Swarnamahal Financial Services PLC was cancelled in terms of Section 37 (3) of the FBA, No. 42 of 2011.
30 December 2022	- The Monetary Board of the Central Bank, in terms of the section 25 (1) (m) of the FBA, No.42 of 2011, decided to direct Kanrich Finance Ltd. (KFL) to settle its public liabilities in full within the period from 26 December 2022 to 28 February 2023 due to continuous capital deficiencies faced by KFL.
05 January 2023	- The Monetary Board of the Central Bank, in terms of the Regulations made under the Registered Stock and Securities Ordinance and the Local Treasury Bills Ordinance, decided to extend the suspension of PTL from carrying on the business and activities of a Primary Dealer for a further period of six months with effect from 05 January 2023, in order to continue with the investigations being conducted by the Central Bank.
18 January 2023	- The registration of Swarnamahal Financial Services PLC as a registered finance leasing establishment was cancelled in terms of Section 9(1) (h) of the FLA, No. 56 of 2000.
31 January 2023	- Subsequent to the amalgamation of LOLC Development Finance PLC (LDFP) with LOLC Finance PLC as a part of the Masterplan, the Monetary Board of the Central Bank cancelled the licence issued to LDFP to carry on finance business under the FBA, No. 42 of 2011. Further, the registration of LDFP issued under the FLA, No. 56 of 2000 has been cancelled by the Director, DSNBFI. - Guideline on declaration of dividends or repatriation of profits was issued to LFCs as a measure to strengthen the resilience and capacity of LFCs to absorb economic shocks that could arise in the time of uncertainty and to continue to support credit needs of customers by maintaining sufficient capital.
02 February 2023	- LFCs were informed that ICRA Lanka Ltd. has been removed as an acceptable credit rating agency for specified purposes.
08 February 2023	- An order was issued by the Commercial High Court of Colombo to appoint Mr. Gerard Jeevananthan David as the liquidator of Standard Credit Finance Ltd.
03 March 2023	- LFCs and SLCs were requested to provide appropriate concessions to Micro, Small and Medium Enterprises and individuals affected by the prevailing macroeconomic conditions.
Forthcoming	- Implementing Phase II of the Masterplan ² ensuring long term sustainability of small to medium scale LFCs in the medium term. - Amending the existing regulatory framework in line with the current market developments, including amendments to the FBA, No. 42 of 2011 and FLA, No. 56 of 2000. - Bringing rules and regulations to improve stability of the non-banking sector while strengthening the supervisory review process. - Enacting the Microfinance and Credit Regulatory Authority Act to improve market conduct and consumer protection, of overall non-banking sector customers, bringing LMFCs and unregulated moneylenders under the regulatory purview.

Insurance

26 January 2022	- Amendments were issued to Determinations 14 and 15 to all insurance companies on “The regulatory reporting formats of the Annual Return and Actuarial Abstract were amended for the purpose of facilitating the submission via Email”.
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² The Phase I of the Masterplan is about to be fully completed.

	<ul style="list-style-type: none"> - Direction 01 of 2022 was issued to the industry in respect of restriction on providing codes and restriction on changing codes. - Circular 01 of 2022 was issued on prohibition on providing different quotations (reduction of premium) to same policyholder for the same insurance cover.
03 February 2022	- Direction 02 of 2022 was issued on a Corporate Governance Framework for Insurers.
25 February 2022	- Direction 02 of 2022 (Revised) was issued informing the revision of Direction 02 of 2022 on the Corporate Governance Framework for Insurers.
01 July 2022	- Guidelines were issued on advertisements to all insurers, brokering companies, and agents, and required them to comply with the same with effect from 01 July 2022.
24 August 2022	- Direction 03 of 2022 was issued to the industry with regard to the cooling off period, guaranteed and non-guaranteed benefits, and applicable schedules of long term insurance policy.
06 October 2022	<ul style="list-style-type: none"> - Amendments to Determination 12 were issued to revise the templates of the quarterly regulatory reporting templates of insurance companies. - Clarification to Circular 01 of 2021 was issued to clarify that the Actuarial Certificate referred to in this Circular shall be issued by the Actuary appointed in terms of Section 46 of the Regulation of Insurance Industry Act, No. 43 of 2000.
10 November 2022	- Clarification to Circular 40 was issued to clarify that if standalone health covers are renewed at the end of the term of five years or more, the subsequent period of cover shall be for a period of five years or more, and that the premium agreed shall not be increased or the benefits shall not be decreased during the said period.
Forthcoming	<ul style="list-style-type: none"> - Amendment to Rules in respect of Quarterly Return format of Insurance Brokers. - Guidelines on Policy Framework for General Insurance Policies will be issued subject to Insurance Regulatory Commission's approval.

Capital Market

February 2022	- Approval was granted for the measures to further streamline the dividend payment process.
April 2022	<ul style="list-style-type: none"> - Approval was granted for the final policy framework for regulated short selling through securities borrowing and lending. - Approval was granted for the proposed revisions to the transaction cost applicable for repurchase of corporate debt.
June 2022	<ul style="list-style-type: none"> - Approval in principle was granted for the introduction of blue bonds in Colombo Stock Exchange (CSE). - A Memorandum of Understanding (MoU) was signed between the Securities and Exchange Commission (SEC), the Chartered Financial Analyst Institute, and the CSE for promoting awareness on Environmental, Social and Governance (ESG).

- Approval was granted for the introduction of a central counterparty settlement mechanism.
- Completed the third phase of the digitisation of the Sri Lankan Capital Market.
- August 2022 - A MoU was signed between the SEC, the Institute of Chartered Accountants of Sri Lanka and the CSE for promoting Integrated Reporting.
- September 2022 - Approval was granted for the proposed regulatory framework for issuing sukuk products.
- January 2023 - Regulations were issued by the Ministry of Finance on the revised transaction fees pertaining to Repurchase Agreement (REPO) transactions on Corporate Debt securities.
- Rules to enable Green Bonds were finalised by the CSE and the SEC in line with the recommendations made by the Asian Development Bank (ADB).
- March 2023 - Approval was granted for the revised transaction fees applicable for Corporate Debt Transactions.

Payments and Settlements

- 25 January 2022 - NSB was provided participant status of the LankaSettle System after fulfilling the eligibility requirements. NSB is the first LSB to obtain participant status of the LankaSettle System.
- 08 February 2022 - The Central Bank launched the National Remittance Mobile Application, 'Lanka Remit' in February 2022, which provides Sri Lankans working abroad to send money to Sri Lanka and pay utility bills using Electronic Fund Transfer Cards. Further, the Lanka Remit app has the remittance tracking facility, and the user can access global money transfer operators linked with the local LCBs.
- 28 February 2022 - The General Directions on Sri Lanka Interbank Payment System (SLIPS), Common ATM Switch (CAS), Common Electronic Fund Transfer Switch (CEFTS), and Common Point-of-Sales (POS) Switch were revised and issued under the Payment and Settlement Systems Act, No. 28 of 2005 to include LSBs to obtain Primary Membership of SLIPS, CAS, CEFTS, and Common POS Switch after becoming a participant in the RTGS System.
- 28 March 2022 - People's Bank commenced a pilot project on issuing a debit card under the National Card Scheme where the debit card can also function as a transit card with the support of its Stored Value function.
- 20 June 2022 - Revised the multitiered Liability Manager Limit structure for CAS and CEFTS in order to include NSB which obtained the participant status of the LankaSettle System and the Primary Membership of CAS and CEFTS in January 2022.

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

- 10 January 2022 - Circular No. 01 of 2022 was issued to amend the Circular No. 02 of 2021 on Guidelines for Financial Institutions on Closed Circuit Television (CCTV) operations for AML/CFT purposes.
- 22 March 2022 - Circular No. 02 of 2022 was issued on further information requested on Suspicious Transaction Reports.

- 25 August 2022 - Circular No. 03 of 2022 was issued on provision of efficient banking services to Sri Lankan expatriates.
- 21 November 2022 - Circular No. 04 of 2022 was issued on authenticating customer identification details through the Department of Immigration and Emigration.
- 03 March 2023 - Circular No. 01 of 2023 was issued to all licensed banks and LFCs on 'Calling for Due Diligence on Compliance Lapses'

Foreign Exchange Management and International Operations

- 19 January 2022 - Operating instructions were issued to all licensed banks on reimbursement of the transaction cost of workers' remittances with an objective of encouraging more workers' remittances to the country through formal fund transferring channels.
- 21 January 2022 - "Acceptance of Foreign Exchange within Sri Lanka by Hotel Service Providers Rules, No. 01 of 2022", as published in the Extraordinary Gazette Notification No. 2263/41 was issued under the MLA, mandating hotel service providers registered with and licensed by the Sri Lanka Tourism Development Authority to accept payments in respect of services rendered to persons resident outside Sri Lanka only in foreign exchange.
- 31 January 2022 - Extension of the effective periods of "Additional Incentive Scheme on Inward Workers' Remittances" and "Incentives for General Public for Depositing, Converting, and Investing of Foreign Currency Held in Hand" schemes, until further notice, in order to improve foreign exchange inflows to the country through formal channels and to promote foreign currency notes of the country to be channelled through the formal banking system.
- 24 February 2022 - Directions No. 01 of 2022 were issued to Authorised Dealers (ADs) permitting the debit of funds from Personal Foreign Currency Accounts (PFCAs) of Sri Lankans employed abroad (other than emigrants) to Business Foreign Currency Accounts (BFCAs) of local educational institutions to facilitate payment for the purpose of tuition fees in respect of immediate family members who have been enrolled as students of such educational institutions.
 - Directions No. 02 of 2022 were issued to ADs permitting ADs to credit funds to BFCAs from PFCAs of Sri Lankans employed abroad (other than emigrants) of local educational institutions, to facilitate payment for the purpose of tuition fees in respect of immediate family members who have been enrolled as students of such educational institutions.
- 08 March 2022 - Termination of additional incentives offered by the Central Bank of Rs. 8.00 per US dollar (USD) on the conversion of workers' remittances and Rs. 10.00 per USD on the conversion of foreign currency notes held in hand, as per the Operating Instructions issued by the Central Bank on "Additional Incentive Scheme on Inward Workers' Remittances" and "Incentives for General Public for Depositing, Converting, and Investing of Foreign Currency Held in Hand" schemes with effect from 09 March 2022.
- 11 March 2022 - Repatriation of Export Proceeds into Sri Lanka Rules No. 1 of 2022 was issued under the MLA as published in the Gazette (Extraordinary) Notifications No. 2270/66, imposing inter alia the following mandatory conditions on the exporters:

	<ul style="list-style-type: none"> • to receive export proceeds in Sri Lanka, in respect of all goods exported and/or services provided outside Sri Lanka, within one hundred and eighty (180) days from the date of shipment or provisioning of services; • to submit all related documentary evidence on each and every receipt of export proceeds, to the licensed bank, that receives such proceeds, in Sri Lanka; and • to convert residual of the export proceeds received in Sri Lanka into LKR, upon utilising such proceeds only in respect of the authorised payments including local supplier payments specified thereto, on or before the seventh (7th) day of the following month. <p>- Directions No. 03 of 2022 were issued to ADs determining 'Thai Baht' as a designated foreign currency for the purpose of the Foreign Exchange Act, No. 12 of 2017 (FEA).</p>
22 March 2022	<p>- Temporary increase of the percentage of weekly mandatory foreign exchange sales to the Central Bank by licensed banks on account of converted inward workers' remittances and mandatorily converted export proceeds from 25 per cent to 50 per cent, from the week commencing from 21 March 2022, until the week ending on 29 July 2022, in order to further improve foreign exchange inflows to the Central Bank to facilitate essential imports of the country.</p>
28 March 2022	<p>- The Regulations under FEA as published in the Gazette (Extraordinary) Notifications No. 2273/06 were issued to extend the initial period of 24 months given to open and maintain Special Deposit Accounts (SDAs) in DBUs and to transfer from Inward Investment Accounts (IIAs) or accounts maintained in an Offshore Banking Unit (OBU) of the account holder by a further twelve months. Accordingly, eligible persons may open SDAs until 08 April 2023 by inward remittances to Sri Lanka or by transferring funds from IIAs or accounts maintained in the OBU of the account holder.</p>
7 April 2022	<p>- Directions No. 04 of 2022 were issued extending the period by 12 months against the initial period of 24 months, granted for ADs to open and maintain SDAs at DBUs and to transfer from IIAs or accounts maintained in the OBU by the account holder, out of the proceeds received as inward remittances in favour of the account holder.</p>
11 April 2022	<p>- Reduction of the temporarily increased percentage of weekly mandatory foreign exchange sales to the Central Bank by licensed banks on account of converted inward workers' remittances and mandatorily converted export proceeds from 50 per cent to 25 per cent, effective from 11 April 2022 until further notice, considering the prevailing domestic foreign exchange market condition and foreign exchange commitments of banks.</p>
01 June 2022	<p>- An Order under Section 4 of the FEA, published in the Gazette Extraordinary Notifications No. 2282/27, was issued repealing the "Order under Section 4" published in the Gazette Extraordinary Notification No. 2220/69 dated 26 March 2021.</p>
03 June 2022	<p>- Further broadening the eligibility to open and maintain accounts for the purpose of engaging in foreign exchange transactions, a Regulation under the FEA was issued as published in the Gazette (Extraordinary) Notifications No. 2282/60 including the following persons resident in Sri Lanka who earn foreign exchange from an authorised person who is permitted to engage in business in and from the area of the authority of the Colombo Port City in accordance with the provisions of the Colombo Port City Economic Commission Act, No. 11 of 2021 (CPCECA).</p>

	<ul style="list-style-type: none"> • An employee of an authorised person, • Any person who is engaged in business with an authorised person for the purpose of provisioning of goods or services.
	<ul style="list-style-type: none"> - Foreign Exchange (Investment in Colombo Port City) Regulations No. 01 of 2022 published in the Gazette (Extraordinary) Notifications No. 2282/59 were issued granting permission for any person resident outside Sri Lanka or any company incorporated in Sri Lanka which is fully owned by persons resident outside Sri Lanka or joint ventures registered/incorporated in Sri Lanka (i.e., investors), to make investments in Colombo Port City out of inward remittances received from overseas being the funds to finance the investments in Colombo Port City, subject to the permission granted under the provisions of CPCECA.
08 June 2022	<ul style="list-style-type: none"> - Removal of the ceiling of the USD interest rate which was applicable to USD/LKR swap transactions by allowing market forces to determine the swap prices with an expectation to enhance the funding status of the domestic foreign exchange market and improve the financial discipline of banks.
15 June 2022	<ul style="list-style-type: none"> - Directions No. 05 of 2022 were issued to Restricted Dealers on buying, selling, and exchanging foreign currencies in addition to the General Conditions specified in the Direction No.11 of 2020, including the following conditions additionally. <ul style="list-style-type: none"> • Suspension of offering higher exchange rates by money changers to customers, than the exchange rates offered to them by ADs with whom they maintain accounts to deposit foreign currencies, • Mandating money changers to take necessary measures to assure continuous and uninterrupted operations of the CCTV System, to maintain CCTV recordings for a minimum period of 30 days, and to provide the same upon the request of the DFE.
16 June 2022	<ul style="list-style-type: none"> - “Acceptance of foreign exchange within Sri Lanka by Hotel Service Providers Rules, No. 01 of 2022” as published in the Gazette (Extraordinary) Notifications No. 2263/41 issued under the MLA mandating hotel service providers to accept payments in respect of services rendered to persons resident outside Sri Lanka only in foreign exchange was repealed by the Rule published in the Gazette (Extraordinary) Notifications No. 2284/40. - An amendment to the Order under Section 8 of the FEA as published in the Gazette (Extraordinary) Notifications No. 2284/34 was issued to implement followings: <ul style="list-style-type: none"> • Reducing the amount of foreign currency retained in possession by a person in, or resident in, Sri Lanka from USD 15,000 to USD 10,000 or its equivalent in other foreign currencies. • Granting an amnesty period of 14 working days effective from the date of the Order for persons in, or resident in, Sri Lanka who hold foreign currency notes in possession to deposit into a PFCA or into a BFCA, or to sell to an AD appropriately.
28 June 2022	<ul style="list-style-type: none"> - Directions No. 06 of 2022 were issued permitting ADs to open and maintain Colombo Port City Investment Account - Investor (CPCIA- Investor) for eligible persons, in order to facilitate investments in the Colombo Port City, subject to the conditions stipulated therein.

30 June 2022	<ul style="list-style-type: none"> - Directions No. 07 of 2022 were issued, permitting ADs to open and maintain Colombo Port City Investment Account - Investee (CPCIA- Investee) for the authorised persons under the provisions of CPCECA. - An Order under Section 22 of the FEA, published in the Extraordinary Gazette Notifications No. 2286/27 dated 30 June 2022 was issued to suspend/limit outward remittances with respect to selected capital transactions for six months commencing from the date of the Order. - Directions No. 08 of 2022 were issued to permit the credit of earnings/payments in foreign exchange received by an account holder from a foreign currency account of an authorised person who is permitted to engage in business in and from the area of authority of the Colombo Port City in accordance with the provisions of the CPCECA to the PFCAs opened and maintained in terms of the Direction No. 04 of 2021. - Directions No. 09 of 2022 were issued to permit the credit of earnings/payments in foreign exchange received by an account holder from a foreign currency account of an authorised person who is permitted to engage in business in and from the area of authority of the Colombo Port City in accordance with the provisions of the CPCECA to the BFCAs opened and maintained in terms of the Direction No. 05 of 2021.
05 July 2022	<ul style="list-style-type: none"> - On the lapse of the Order under Section 8 of the FEA as published in the Gazette (Extraordinary) Notifications No. 2284/34, a New Order under the Section 8 of FEA was published in the Gazette (Extraordinary) Notifications No. 2287/16, extending the amnesty period by 14 working days, for persons in or resident in Sri Lanka who hold foreign currency notes in possession, to deposit those foreign currency notes into a PFCA or into a BFCA, or to sell to an AD appropriately.
12 August 2022	<ul style="list-style-type: none"> - “Repatriation of Export Proceeds into Sri Lanka Rules” No. 2 of 2022 were issued under the MLA as published in the Gazette (Extraordinary) Notifications No. 2292/50 excluding the exporters of services from the conversion requirements stipulated in the Repatriation of Export Proceeds Rules No. 01 of 2022.
15 August 2022	<ul style="list-style-type: none"> - On the lapse of the Order under Section 8 of the FEA as published in the Gazette (Extraordinary) Notifications No. 2284/34, a new Order under the Section 8 of FEA was published in the Gazette (Extraordinary) Notifications No. 2293/07, extending the amnesty period by one month, for persons in or resident in Sri Lanka who hold foreign currency notes in possession, to deposit those foreign currency notes into a PFCA or into a BFCA, or to sell to an AD appropriately.
25 August 2022	<ul style="list-style-type: none"> - Instructed banks to sell 25 per cent of the service export receipts/proceeds converted into LKR to the Central Bank, with effect from 12 August 2022, to effect the mandatory foreign exchange sale requirement to the Central Bank on converted service export proceeds, following the Gazette Extraordinary No. 2292/50 dated 12 August 2022.
26 August 2022	<ul style="list-style-type: none"> - Directions No. 10 of 2022 were issued to ADs determining ‘Indian Rupees (INR)’ as a designated foreign currency for the purpose of the FEA.
31 August 2022	<ul style="list-style-type: none"> - Circular No. 02/2022 was issued by the Ministry of Labour and Foreign Employment on granting permits/licenses for the importation of fully electric vehicles by Sri Lankans employed abroad who remit foreign exchange to Sri Lanka through the banking system of the country.

- 08 September 2022 - Regulations under the FEA were issued, as published in the Gazette (Extraordinary) Notification No. 2296/12, granting permission to rollover SDAs already opened for a maximum period of 36 months from the initial date of placing such deposits.
- 09 September 2022 - Amended the Circular No. 02/2022 issued by the Ministry of Labour and Foreign Employment on granting permits/licenses to import fully electric vehicles for Sri Lankans employed abroad, revising certain eligibility conditions as follows:
- Removing the maximum limit of Cost, Insurance and Freight (CIF) value of the vehicle to be imported,
 - Allowing the migrant workers to transfer the vehicle to a third party prior to the expiration of a two year time period by paying a transfer tax of equivalent to 10 per cent of the CIF value of the vehicle.
- 16 September 2022 - Amended the Circular No. 02/2022 issued by the Ministry of Labour and Foreign Employment on granting permits/licenses to import fully electric vehicles for Sri Lankans employed abroad, by granting permission to an agent/authorised distributor of the manufacturer who is registered in Sri Lanka to import 3 brand new fully electric vehicles in 3 different models.
- 08 November 2022 - Directions No. 11 of 2022 were issued permitting ADs to open and maintain Golden Paradise Foreign Currency Accounts (GPFCA) in the names of foreign nationals who wish to stay in Sri Lanka on 10 years' resident Visas under the "Golden Paradise Visa Programme" implemented by the Department of Immigration and Emigration.
- 02 December 2022 - Regulations under the FEA were issued, as published in the Gazette (Extraordinary) Notification No. 2308/51, granting permission for companies incorporated in Sri Lanka under the Companies Act, No. 7 of 2007, which import raw materials for manufacturing of products with a domestic value addition of at least 30 per cent (borrower), to obtain foreign currency loans for a tenure of less than three (3) years including a minimum grace period of one (1) year, from the parent company or a company within the same group of companies incorporated outside Sri Lanka (Lender), for the purpose of financing the payments of such imports.
- 09 December 2022 - Directions No. 12 of 2022 were issued permitting ADs to open and maintain Special Foreign Currency Accounts (SFCA) - Short Term Loans, in order to facilitate payments for import of raw materials for manufacturing of products, by the companies incorporated in Sri Lanka under the Companies Act, No. 7 of 2007, out of the proceeds of the foreign currency loans obtained for a tenure of less than three years including a minimum grace period of one year, from the parent company or a company within the group of companies incorporated outside Sri Lanka.
- 22 December 2022 - On the lapse of the Order under Section 22 of the FEA as published in the Gazette (Extraordinary) Notifications No. 2286/27, a new Order under Section 22 of FEA was published in the Gazette (Extraordinary) Notifications No. 2311/38, extending the validity period for a further six months.
- 30 December 2022 - Termination of the incentive of LKR 2.00 per USD paid on the conversion of inward workers' remittances with immediate effect, following the request made by the Secretary to the Treasury.
- 26 January 2023 - Revocation of Operating Instructions issued on "Inward Investments Swaps - IIS Scheme".

	- Issuance of instructions to banks on participation at the USD/LKR buy-sell and sell-buy, foreign exchange swaps auctions of the Central Bank.
24 February 2023	- Reduction of weekly mandatory foreign exchange sales to the Central Bank by licensed banks on account of converted inward workers' remittances, converted service sector related exports proceeds/receipts, and the residual value of mandatorily converted export proceeds of goods from 25 per cent to 15 per cent, effective from 27 February 2023, in order to encourage market driven foreign exchange activities in the domestic foreign exchange market.
27 February 2023	- Directions No. 01 of 2023 were issued permitting ADs to open and maintain SFCA - Investee, out of proceeds received, being an investment into the share capital of the company from a non-resident investor, provided the investee has future requirements to meet payments for current transactions and repayments of foreign currency loans or/and accommodations obtained under the provisions of the Foreign Exchange Act, No. 12 of 2017.
03 March 2023	- Revocation of the Operating Instructions were issued by the Central Bank to licensed banks on "Managing Intraday Volatility of the Exchange Rate" on 12 May 2022. - Revocation of the Operating Instructions were issued by the Central Bank to licensed banks on "Incentive Scheme on Inward Worker Remittances" and "Repatriation of Export Proceeds into Sri Lanka", on 27 January 2021 and 18 February 2021, respectively, as amended subsequently.

Import and Export Controls

11 January 2022	- Imports and Exports (Control) Regulations No. 03 of 2022 (published in the Gazette Extraordinary No. 2262/18) were issued, <ul style="list-style-type: none"> • Removing the temporary suspension on long grain rice, and; • Continuing the import restrictions on fish fillet under new HS codes.
09 March 2022	- Imports and Exports (Control) Regulations No. 05 of 2022 (published in the Gazette Extraordinary No. 2270/18) were issued with a list of goods, the importation of which requires an import control license.
09 April 2022	- Imports and Exports (Control) Regulations No. 06 of 2022 (published in the Gazette Extraordinary No. 2274/42) were issued with a list of goods, the importation of which requires an import control license.
06 May 2022	- Imports Control Regulations on Payment Terms No. 07 of 2022 (published in the Gazette Extraordinary No. 2278/21) were issued to impose restrictions on importation under Open Account Payment Terms and Consignment Account Terms for certain goods, amending Special Import License and Payment Regulations, No. 01 of 2011, published in the Gazette Extraordinary No. 1739/3 dated 02 January 2012.
31 May 2022	- Imports and Exports (Control) Regulations No. 08 of 2022 (published in the Gazette Extraordinary No. 2282/21) were issued removing the requirement of a license imposed by Imports and Exports (Control) Regulations No. 05 of 2022, published in the Gazette Extraordinary No. 2270/18 and the Imports and Exports (Control) Regulations No. 06 of 2022, published in the Gazette Extraordinary No. 2274/42.

	- Imports Control Regulations on Payment Terms No. 09 of 2022 (published in the Gazette Extraordinary No. 2282/22) were issued extending the effective date of the Imports Control Regulations on Payment Terms No. 07 of 2022, published in the Gazette Extraordinary No. 2278/21.
24 June 2022	- Imports Control Regulations on Payment Terms No. 10 of 2022 (published in the Gazette Extraordinary No. 2285/19) were issued relaxing the restrictions issued by Imports Control Regulations on Payment Terms No. 07 of 2022 (published in the Gazette Extraordinary No. 2278/21) and permitting importation under Open Account Payment Terms and Consignment Account Terms for dried fish, milk powder, potato, onion, peas, masoor dhal, chillies, rice, wheat flour, and sugar.
05 August 2022	- Imports and Exports (Control) Regulations No. 11 of 2022 (published in the Gazette Extraordinary No. 2291/44) were issued removing glyphosate from the “banned” category and bringing it under a “import control license” requirement.
23 August 2022	- Imports and Exports (Control) Regulations No. 12 of 2022 (published in the Gazette Extraordinary No. 2294/29) were issued, <ul style="list-style-type: none"> • bringing motorcycles with electric motor for propulsion and bicycles under the ‘import control license’ category from the ‘temporary suspension’ category, • temporarily suspending the importation of fermented beverages except Sake, Sochu, and Umeshu and articles for the conveyance or packing of goods of plastics except plastic crates and plastic pallets, • amending the type of sugar permitted to import under Open Account Payment Terms and Consignment Account Terms.
	- Imports and Exports (Control) Regulations No. 13 of 2022 (published in the Gazette Extraordinary No. 2294/30) were issued amending the list of imports under temporary suspension.
09 September 2022	- Imports and Exports (Control) Regulations No. 14 of 2022 (published in the Gazette Extraordinary No. 2296/30) were issued, <ul style="list-style-type: none"> • temporarily suspending/imposing an import control license on selected items, • removing the temporary suspension on the importation of some items and introducing terms for exemptions with the approval of relevant authorities.
16 September 2022	- Imports Control Regulations on Payment Terms No. 15 of 2022 (published in the Gazette Extraordinary No. 2297/79) were issued, <ul style="list-style-type: none"> • allowing the importation of milk powder and massor dhal (red lentils - whole), maize and soya bean meal by registered poultry feed manufacturers under Open Account and Consignment Account Payment Terms up to 31 October 2022, • allowing the importation of selected food items under open account and consignment account payment terms up to 30 September 2022.
23 September 2022	- Imports and Exports (Control) Regulations No. 16 of 2022 (published in the Gazette Extraordinary No. 2298/55) were issued providing for the importation of fully electric vehicles, by any eligible person/ entity, who has obtained a “Vehicle Import Permit”, as per the Circular No. 02/2022 dated 31 August 2022 of the Ministry of Labour and Foreign Employment. These Regulations will only be in force until 31 December 2023.

05 October 2022	- Imports Control Regulations on Payment Terms No. 17 of 2022 (published in the Gazette Extraordinary No. 2300/12) were issued extending the advance payment limit up to USD 250,000 or its equivalent in any other convertible foreign currency for the importation of agricultural seeds, agrochemicals, and chemical fertilisers.
21 October 2022	- Imports and Exports (Control) Regulations No. 18 of 2022 (published in the Gazette Extraordinary No. 2302/31) were issued allowing the importation of broken rice in a maximum total quantity of 25,000 metric tons for animal feed production.
31 October 2022	- Imports Control Regulations on Payment Terms No. 19 of 2022 (published in the Gazette Extraordinary No. 2304/04) were issued, <ul style="list-style-type: none"> • extending the date of arrival of import consignments of wheat flour at the port or airport in Sri Lanka under the Open Account and Consignment Account Payment Terms up to 31 December 2022, • exempting wheat flour imports under the Documents against Payment (DP) Terms and Document against Acceptance (DA) Terms from the requirement of having prior arrangements with bank.
23 November 2022	- Imports and Exports (Control) Regulations No. 21 of 2022 (published in the Gazette Extraordinary No. 2307/12) were issued removing the list of goods from temporary suspension, and some medical and tourism related items were allowed to be imported with the approval of relevant authorities.
01 December 2022	- Imports Control Regulations on Payment Terms No. 22 of 2022 (published in the Gazette Extraordinary No. 2308/26) were issued extending the date of arrival of import consignments of maize and soya bean meal (for the purpose of manufacturing of poultry feed) at the port or airport in Sri Lanka under Open Account and Consignment Account Payment Terms up to 31 December 2022.
09 December 2022	- Imports and Exports (Control) Regulations No. 23 of 2022 (published in the Gazette Extraordinary No. 2309/40) were issued temporarily suspending the issuance of import control license for the importation of semi-milled or wholly milled rice.
19 December 2022	- Imports and Exports (Control) Regulations No. 24 of 2022 (published in the Gazette Extraordinary No. 2311/08) were issued removing the temporary suspension on the importation of several items and energy drinks, imported on an import control license.
21 December 2022	- Imports Control Regulations on Payment Terms No. 25 of 2022 (published in the Gazette Extraordinary No. 2311/18) were issued, <ul style="list-style-type: none"> • extending the Advance Payment limit up to USD 250,000 or its equivalent in any other convertible foreign currency for importation of glyphosate, • allowing the importation of some mineral or chemical fertilisers during the period of 21 December 2022 to 21 June 2023 under the Open Account and Consignment Account Payment Terms, • extending the date of importation of maize under the Open Account and Consignment Account Payment Terms by registered poultry feed manufacturers up to 15 January 2023 and allowing for any other importer during the period of 21 December 2022 to 15 January 2023.

- 01 January 2023
- Special Import License Regulations No. 01 of 2023 (published in the Gazette Extraordinary No. 2312/77) were issued with a consolidated list of goods, for which the importation requires an import control licence, and selected items, for which the issuance of Import Control License was suspended until further notice.
 - Imports and Exports (Control) Regulations No. 02 of 2023 (published in the Gazette Extraordinary No. 2312/78) were issued with a consolidated list of imports under temporary suspension and introduced terms for exemptions with the approval of relevant authorities.
- 19 January 2023
- Imports Control Regulations on Payment Terms No. 03 of 2023 (published in the Gazette Extraordinary No. 2315/46) were issued extending the date of arrival of import consignments of wheat flour at the port or airport in Sri Lanka under the Open Account and Consignment Account Payment Terms up to 31 January 2023.
- 22 February 2023
- Imports Control Regulations on Payment Terms No. 04 of 2023 (published in the Gazette Extraordinary No. 2320/46) were issued,
 - allowing Open Account and Consignment Account Payment Terms for those who are settling their payments for importation of goods, which are essentially required to provide specified terminal services, from the foreign exchange earned by such terminal operations,
 - Replacing the regulation 5(i) issued by the Imports and Exports (Control) Regulations No. 12 of 2022 (published in the Gazette Extraordinary No. 2294/29),
 - Imports and Exports (Control) Regulations No. 05 of 2023 (published in the Gazette Extraordinary No. 2320/47) were issued deleting and substituting regulation 8(m) issued by Imports and Exports (Control) Regulations No. 02 of 2023 (published in the Gazette Extraordinary No. 2312/78).

Debt Management

- 01 February 2022
- An incentive scheme was introduced for Arrangers including Designated Agents (DAs) who bring in investments for Sri Lanka Development Bonds (SLDBs) via the Direct Window. The incentive is equivalent to a US dollar investment amount in SLDBs brought in multiplied by 50 basis points (0.5 per cent), converted to LKR as per the indicative exchange rate applicable on the settlement date of the transaction. Incentives will be disbursed through DAs to the designated LKR account.
- 12 April 2022
- The Ministry of Finance announced an interim policy on the servicing of Sri Lanka's external public debt, which will be the policy of the Government to suspend normal debt servicing of all Affected Debts as indicated in the policy statement for an interim period, pending an orderly and consensual restructuring of the obligations in a manner consistent with an economic adjustment programme supported by the International Monetary Fund (IMF).
- 29 April 2022
- SLDBs were excluded from the "Affected Debts" under the interim policy on servicing Sri Lanka's external public debt as announced on 12 April 2022. However, an alternative mechanism for settlement of SLDBs was introduced based on constraints on availability of liquid foreign currency resources.
 1. Settlement in LKR, subject to monetary policy considerations (LKR settlement date may depend on the fund availability of the General Treasury).

At the introduction, extremely smaller values of SLDB maturities and interest payments were settled in foreign currency and discontinued subsequently.

2. Extension of the maturity period of respective SLDB investments (including the interest payment) up to a minimum of six months from due payment date with original terms and conditions, i.e., interest rates applicable to each individual bid of original issuance.
3. Facilitation of Government securities (Treasury bonds) at the immediately preceding primary market weighted average yield rate, preferably within seven business days from the corresponding primary auction. For any other Government security, with remaining maturity other than the maturities offered at the immediately preceding primary auction, primary market weighted average yields will be interpolated or extrapolated, as necessary.

- 07 June 2022 - A resolution to increase the limit on Treasury bills to Rs. 4,000 billion from the previous limit of Rs. 3,000 billion was approved by the Parliament (No. 36 Order Paper of Parliament).
- 22 June 2022 - A Phase II for Treasury bill auctions was introduced for further subscription until 3.30 pm on the business day prior to the settlement date of the respective Treasury bill auction. Maximum amount offered for Phase II would be the auction shortfall plus 25 per cent from the aggregate amount offered at the auction. The issuance is made at the Weighted Average Yield Rates determined for respective maturities at the auction. In the event of oversubscription, allocation will be made based on aggregate successful participation by auction participants at the auction.
- 30 November 2022 - A resolution to increase the limit on issuance of Treasury Bills from Rs. 4,000 billion to Rs. 5,000 billion in terms of the Local Treasury Bill Ordinance No. 08 of 1923 was approved by the Parliament.
- 13 February 2023 - The offering of SLDBs under the Direct Issuance Window arrangement was suspended.

Price Revisions

The Maximum Retail Prices (MRPs) imposed by the Consumer Affairs Authority and the Ministry of Health on certain items were revised as follows:

Date	Item	Revision
28.01.2022	Locally packaged/bottled drinking water	MRPs were removed (Extraordinary Gazette Notification No. 2264/68)
28.02.2022	Paracetamol Tablets/Capsules (500mg)	MRP was increased to Rs. 2.30 per tablet/ capsule from Rs. 1.71 per tablet/capsule (Extraordinary Gazette Notification No. 2269/11)
15.03.2022	Selected medicines including Paracetamol Tablets/Capsules (500mg)	MRPs were increased (Extraordinary Gazette Notification No. 2271/23)
28.03.2022	Selected medical devices including Intraocular Lenses/ Lenses with Delivery System, bare metal stent, drug eluting stent, Blood Glucose Monitoring System, Pulse Oximeter, etc.	MRPs were increased (Extraordinary Gazette Notification No. 2273/04)

Date	Item	Revision
29.04.2022	Selected medicines including tablets/capsules, injections and medicines used for inhalation	MRPs were increased (Extraordinary Gazette Notification No. 2277/55)
02.05.2022	White/ Red Nadu - Steamed/ Boiled – Local (excluding Mottaikarupan and Attakari)	Imposed a MRP of Rs.220 per kg (Extraordinary Gazette Notification No. 2278/02)
	White/ Red Samba - Steamed/ Boiled – Local (excluding Suduru Samba)	Imposed a MRP of Rs. 230 per kg (Extraordinary Gazette Notification No. 2278/02)
	Keeri Samba (local)	Imposed a MRP of Rs. 260 per kg (Extraordinary Gazette Notification No. 2278/02)
10.06.2022	White/Red Raw Rice (local)	Imposed a MRP of Rs. 210 per kg (Extraordinary Gazette Notification No. 2283/43)
19.08.2022	Egg (white)	Imposed a MRP of Rs. 43 per egg (Extraordinary Gazette Notification No. 2293/69)
	Egg (brown/red)	Imposed a MRP of Rs. 45 per egg (Extraordinary Gazette Notification No. 2293/69)
01.09.2022	Selected medical devices including Intraocular Lenses/ Lenses with Delivery System, bare metal stent, drug eluting stent, Blood Glucose Monitoring System, Pulse Oximeter, etc.	MRPs were increased (Extraordinary Gazette Notification No. 2295/18)
20.01.2023	Egg (white)	Imposed a MRP of Rs. 44 per white egg (Extraordinary Gazette Notification No. 2315/57)
	Egg (brown)	Imposed a MRP of Rs. 46 per brown egg (Extraordinary Gazette Notification No. 2315/57)

- 21 November 2022
- Cabinet approval was granted to automate fuel price adjustments based on the 2018 fuel pricing formula with the aim of achieving cost recovery.
 - Cabinet approval was granted to automate electricity tariff adjustments on a cost recovery, semi annual basis. Accordingly, end consumer electricity tariffs are to be adjusted in January and July every year.

Tax Revisions

Income Tax

- 19 December 2022
- Inland Revenue (Amendment) Act, No. 45 of 2022 was enacted to amend the Inland Revenue Act, No. 24 of 2017. Main amendments proposed in the Act include:
 - revising the tax free threshold for personal income tax to Rs. 1.2 million from Rs. 3.0 million per annum,
 - reducing tax slabs for personal income tax to Rs. 0.5 million from Rs. 3.0 million,

- removing expenditure relief of Rs. 1.2 million per annum, in calculating taxable income applicable for personal income tax,
- revising the tax rates range for personal income tax between 6 per cent - 18 per cent to 6 per cent - 36 per cent,
- mandate employers to deduct Advance Personal Income Tax (APIT) irrespective of the consent of employee, with effect from 01 January 2023,
- increasing the standard corporate income tax rate to 30 per cent from 24 per cent, with effect from 01 October 2022,
- removing the concessionary rates in relation to corporate income tax, with effect from 01 October 2022.
- Accordingly, income tax rates applicable to individuals (residents and non-residents) at different taxable income levels are as follows:

First nine months of F/Y 2022/23		Balance three months of F/Y 2022/23		F/Y 2023/24 and onwards	
First Rs. 2,250,000	6 per cent	First Rs. 125,000	6 per cent	First Rs. 500,000	6 per cent
Next Rs. 2,250,000	12 per cent	Next Rs. 125,000	12 per cent	Next Rs. 500,000	12 per cent
Balance	18 per cent	Next Rs. 125,000	18 per cent	Next Rs. 500,000	18 per cent
		Next Rs. 125,000	24 per cent	Next Rs. 500,000	24 per cent
		Next Rs. 125,000	30 per cent	Next Rs. 500,000	30 per cent
		Balance	36 per cent	Balance	36 per cent

- Withholding Tax (WHT) on following payments were imposed with effect from 01 January 2023.

Payment	Relevant WHT
Service fee payments exceeding Rs. 100,000 per calendar month to a resident individual who is not an employee of the payer with respect to following: (a) For teaching, lecturing, examining, invigilating, or supervising examinations; (b) As a commission or brokerage to resident insurance, sales or canvassing agent; or (c) For services provided by such individual in the capacity of independent service provider such as doctor, engineer, accountant, lawyer, software developer, researcher, academic or any individual service provider	5 per cent on full payment
Interest or discount paid	5 per cent
Rent payments to residents (if aggregate amount exceeds Rs. 100,000)	10 per cent on full amount
Charge, natural resource payments or premium	14 per cent
Royalty	14 per cent

- WHT on dividend declared by a resident company shall be a final tax payment with effect from 01 January 2023.

- Income Tax Exemptions:
 - Granted exemption for the gain from the realisation of capital asset or liability of the business or an investment asset made by an entity fully owned by the Government if such gain was made due to decision by the Government as being essential for the economic development of Sri Lanka and subject to prior written approval of the Minister.
 - Exemption for the gain made by a person from the realisation of land or building which was sold, exchanged, or transferred to a real estate investment trust listed in the CSE was removed with effect from 01 October 2022.
 - Exemption for dividends paid by a resident company to a member who is a non-resident person was removed with effect from 01 October 2022.
 - Exemption for dividends and gains on the realisation of units or amount derived as gains from the realisation of capital assets of a business or investment by a unit holder from Real Estate Investment Trust was removed with effect from 01 October 2022.
- Exemption for gains and profits earned or derived by any person from following services/ activities was removed with effect from 01 April 2023.
 - Providing information technology and enabled services.
 - Any Vocational Education Programmes of any Vocational Institutions.
 - Any business of export of gold, gem, or jewellery or from the business of cutting and polishing of gems which are brought to Sri Lanka and exported after such cutting and polishing.
 - A new undertaking for sale of recycled construction materials commenced on or after 01 April 2021.
 - An undertaking for the purpose of manufacturing of boats and ships (by a resident person) in Sri Lanka commenced on or after 01 April 2021.
 - Any renewable energy established with a capacity to produce not less than one hundred Mega Watts of solar or wind power and supplied such power to the national grid commenced on or after 01 April 2021.
 - From an undertaking (by any resident person) to construct and install of communication towers and related appliances using local labour and local raw materials in Sri Lanka or to provide required technical services for such construction or installation commenced on or after 01 January 2021.
 - An undertaking for letting bonded warehouses or warehouses related to offshore business in the Colombo and Hambantota ports commenced on or after 01 April 2021.
- Exemption for gains and profits earned or derived by any individual from any business commenced on or after 01 April 2021 upon successful completion of vocational education.

Value Added Tax (VAT)

- 31 March 2022 - Value Added Tax Act, No. 14 of 2002 was amended by the Value Added Tax (Amendment) Act, No. 13 of 2022 to increase the VAT rate from 15 per cent to 18 per cent on the supply of financial services on financial institutions with effect from 01 January 2022 and to exempt certain goods and services from VAT.
- 31 May 2022 - VAT rate on the supply of goods and services was increased to 12 per cent from 8 per cent with effect from 01 June 2022 (Extraordinary Gazette Notification No. 2282/26).
- 31 August 2022 - VAT rate on the supply of goods and services was increased to 15 per cent from 12 per cent with effect from 01 September 2022 (Extraordinary Gazette Notification No. 2295/08).
- 06 October 2022 - VAT rate on the importation and/or supply of sanitary towels and tampons was reduced to 0 per cent with effect from 07 October 2022 (Extraordinary Gazette Notification No. 2300/25).
- 14 December 2022 - Value Added Tax (Amendment) Act, No. 44 of 2022 was enacted to amend the Value Added Tax Act, No. 14 of 2002 to accommodate following:
- To bring the legal effect for the increase in VAT rate on the value of goods or services supplied, or goods imported:
 - to 12 per cent from 8 per cent with effect from 01 June 2022 to 31 August 2022,
 - to 15 per cent from 12 per cent with effect from 01 September 2022.
 - To decrease the threshold turnover for the registration for VAT to Rs. 80 million per annum from Rs. 300 million per annum with effect from 01 October 2022.
 - To remove the VAT exemption on condominium residential apartments with effect from 01 January 2022.
- 31 December 2022 - Exemptions granted in item (xxi) of paragraph (a) of part II of the First Schedule, on supply or import of machinery and equipment including medical, surgical and dental instruments, apparatus, accessories and parts thereof, hospital or medical furniture and drugs, chemical and similar items, as recommended by the Secretary to the Ministry of the Minister assigned with the subject of Health, as required for the provision of health services to address the COVID-19 pandemic with effect from 20 May 2020, were terminated, with effect from 31 December 2021.
- However, an amendment is made to provide such exemption only if such machinery, equipment, drugs, and chemicals are donated to a government hospital or the Ministry of Health for the provision of health services to address any pandemic or public health emergency, approved by the Minister of Finance on the recommendation of the Secretary to the Ministry of Health.

Excise Duty

- 01 January 2022 - Some hotels, such as 3 Star and 4 Star classes hotels, 5 Star hotels and above Star classes/ boutique hotels were exempted from payment of the authorisation fee applicable for the usage of liquor until 31 March 2022 (Extraordinary Gazette Notification No. 2260/78).
- Annual liquor licence fees were exempted until 31 March 2022 for hotel licence (FL/7) Tourist Board approved hotels and non-Tourist Board approved rooms 5 or over, hotel bar licence (FL/8), restaurant licence (for restaurants, which are approved/not approved by the Tourist Board) (FL/11), rest house licence (FL/12) and consume at the premises (FL/22B) (for premises, which are approved/not approved by the Tourist Board) (Extraordinary Gazette Notification No. 2260/79).
- 29 April 2022 - Excise duty on bottled toddy manufactured in and issued from any licensed manufactory established in Sri Lanka was increased to Rs. 50 per litre from Rs. 25 per litre, provided that the duty shall not be recovered on any quantity of bottled toddy that are exported (Extraordinary Gazette Notification No. 2277/62).
- 31 December 2022 - Tobacco tax was levied at the rate of Rs. 2.00 on every single beedi (tendu) produced in Sri Lanka with effect from 01 January 2023 (Extraordinary Gazette Notification No. 2312/71).
- 01 January 2023 - Excise duty on petrol and diesel was revised with effect from 03 January 2023 (Extraordinary Gazette Notification No. 2312/68).

Description	Prevailing Tax	Tax Revision
Petrol having Octane number of 92	Rs. 27 per litre	Rs. 52 per litre
Petrol having Octane number of 95	Rs. 27 per litre	Rs. 52 per litre
Other	Rs. 27 per litre	Rs. 52 per litre
Super Diesel that contains Sulphur not exceeding 10 mg/kg (ppm)	Rs. 13 per litre	Rs. 38 per litre
Other Diesel that contains Sulphur exceeding 10 mg/kg (ppm) but not exceeding 500 mg/kg (ppm)	Rs. 6 per litre	Rs. 31 per litre
Other	Rs. 13 per litre	Rs. 38 per litre

- 01 January 2023 - Excise duty on cigarettes was revised with effect from 01 January 2023 (Extraordinary Gazette Notification No. 2312/68).

Description	Prevailing Tax	Tax Revision
Cigarettes, each not exceeding 60 mm in length	Rs. 6,750 per 1,000 cigarettes	Rs. 13,360 per 1,000 cigarettes
Cigarettes, each exceeding 60 mm but not exceeding 67 mm in length	Rs. 28,850 per 1,000 cigarettes	Rs. 34,620 per 1,000 cigarettes
Cigarettes, each exceeding 67 mm but not exceeding 72 mm in length	Rs. 41,100 per 1,000 cigarettes	Rs. 49,320 per 1,000 cigarettes
Cigarettes, each exceeding 72 mm but not exceeding 84 mm in length	Rs. 46,600 per 1,000 cigarettes	Rs. 55,920 per 1,000 cigarettes
Cigarettes, each exceeding 84 mm in length	Rs. 51,800 per 1,000 cigarettes	Rs. 62,160 per 1,000 cigarettes

- 03 January 2023 - Excise duty on liquor was revised with effect from 03 January 2023. (Extraordinary Gazette Notification No. 2312/70).

Description	Prevailing Tax	Tax Revision
Special Arrack	Rs. 4,180 per litre	Rs. 5,000 per litre
Molasses, palmyrah, coconut, and processed arrack	Rs. 4,460 per litre	Rs. 5,350 per litre
Country made "Foreign" spirits	Rs. 4,570 per litre	Rs. 5,500 per litre
Malt liquor of below 5 per cent absolute strength as indicated in the label	Rs. 3,300 per litre	Rs. 3,960 per litre
Malt liquor of 5 per cent or more of absolute strength as indicated in the label	Rs. 3,450 per litre	Rs. 4,150 per litre
Wine	Rs. 3,300 per litre	Rs. 3,960 per litre
Sake	Rs. 900 per litre	Rs. 1,080 per litre
Country made milk punch manufactured	-	Rs. 2,750 per litre
Country made cider of not more than 4 per cent of absolute strength as indicated in the label	-	Rs. 3,000 per litre

Customs Duty

- 09 March 2022 - Customs duty on selected food items were increased (Extraordinary Gazette Notification No. 2270/20).
- 31 May 2022 - A surcharge was imposed on the importation of selected items for a period of six months with effect from 01 June 2022 at the rates of 25 per cent, 50 per cent, 75 per cent, 100 per cent, and 200 per cent (Extraordinary Gazette Notification No. 2282/25).
- 09 August 2022 - Exemption from the Customs duty on importation of donated goods to distribute as relief goods (Extraordinary Gazette Notification No. 2292/31).
- 06 October 2022 - Customs duty was exempted on importation of selected raw materials by local manufactures of sanitary napkins on the recommendation of the Ministry of Industries (Extraordinary Gazette Notification No. 2300/27).
- 15 November 2022 - Fixed Rate of the Customs duty was revised on par with the Ad Valorem Rate in order to arrest leakage of benefits of LKR depreciation (Extraordinary Gazette Notification No. 2306/14).

CESS

- 11 January 2022 - Existing CESS duty rates were extended according to the new HS Codes created for rice, fisheries products, and accessories related to transferring liquefied petroleum gas (Extraordinary Gazette Notification No. 2262/20).
- 10 March 2022 - CESS duty rates for textiles and garments were increased (Extraordinary Gazette Notification No. 2270/59).
- 09 August 2022 - Importation of essential goods, to be received from any foreign states (governments), organisations including business entities, volunteer associations, and well wishers by any government entity, government approved entities, and entities working on relief activities in direct collaboration with any government entities as aid/donations to provide relief measures or facilitate continuation of essential public services, were exempted from the CESS levy, based on the recommendation of the

Secretary (Chief Accounting Officer), Ministry in charge of donation recipient government entity or government approved entity or the directly collaborating government entity with the donation and relief measures, on case-by-case basis (Extraordinary Gazette Notification No. 2292/32).

- 05 October 2022 - CESS duty on importation of selected raw materials by local sanitary manufactures was exempted on the recommendation of the Secretary, Ministry of Industries (Extraordinary Gazette Notification No. 2300/15).
- 14 November 2022 - As per the Budget Proposal 2023, the mixed rates (specific and ad-valorem) of the CESS levy was changed considering the impact of the rupee depreciation and global market price/CIF value of selected goods classified under a total of 677 HS Codes (Extraordinary Gazette Notification No. 2306/14).

Special Commodity Levy (SCL)

The following revisions to SCL on imports were carried out:

Date	Item	Revision
11.01.2022	Rice and sugar	The SCL imposed was extended for a period of six months (Extraordinary Gazette Notification No. 2262/15).
03.03.2022	Maize	SCL was decreased to Rs. 10 per kg from Rs. 25 per kg for a period of six months (Extraordinary Gazette Notification No. 2269/48). The balance amount after collecting Rs. 1 per kg from the applicable SCL of Rs. 10 per kg on the importation of maize for production of 'Thriposha', by Sri Lanka Thriposha Limited was waived off for a period of six months (Extraordinary Gazette Notification No. 2269/48).
	Grain sorghum (other)	SCL of Rs. 10 per kg was imposed for a period of six months (Extraordinary Gazette Notification No. 2269/48).
	Mackerel, black gram, cowpeas, kurakkan, and millet	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2269/56).
09.03.2022	Yoghurt, butter, dairy spreads, grated or powdered cheese, dates (fresh and dried), oranges (fresh), grapes (fresh and dried), and apples	SCL was increased for a period of six months (Extraordinary Gazette Notification No. 2270/19).
28.03.2022	Dates (fresh and dried)	The balance amount after collecting Rs. 1 per kg from the applicable SCL of Rs. 200 per kg on the importation of dates was waived off for a period of five months (Extraordinary Gazette Notification No. 2273/01).
13.04.2022	Fish (fresh, chilled or frozen), maldive fish, green gram (moong), red and yellow lentils (whole and split), mangosteens, and kiwifruit	The SCL imposed was extended for a period of six months, effective from 14 April 2022 (Extraordinary Gazette Notification No. 2275/02).

Date	Item	Revision
18.05.2022	Red onions, garlic, peas (whole and split), chickpeas (whole and split), oranges (dried), lemons (fresh and dried), quinces, chillies (dried, neither crushed nor ground), chillies (crushed or ground), seeds of cumin (neither crushed nor ground), seeds of cumin (crushed and ground), seeds of fennel, ground nuts (shelled), margarine, canned fish, and face masks	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2280/31).
31.05.2022	Yogurt, butter, dairy spreads, grated or powdered cheese of all kinds, dates (fresh and dried), oranges (fresh), grapes (fresh and dried) and apples	SCL was increased for a period of six months with effect from 01 June 2022 (Extraordinary Gazette Notification No. 2282/23).
15.06.2022	Potatoes, b'onions, clementines (fresh and dried), grapefruit including pomelos (fresh and dried), pears, apricots, sour cherries (<i>Prunus cerasus</i>), cherries (other), peaches including nectarines, plums and sloes, seeds of coriander (neither crushed nor ground and crushed and ground), turmeric (neither crushed nor ground and other), rice, black gram flour, vegetable oil, and sugar	The SCL imposed was extended for a period of one year (Extraordinary Gazette Notification No. 2284/03).
09.08.2022	Importation of essential goods to be received from any foreign state (governments), organisations including business entities, volunteer associations, and well wishers by any government entity, government approved entities, and entities working on relief activities in direct collaboration with any government entity as aid/donations to provide relief measures or facilitate continuation of essential public services	The applicable SCL is to be waived off based on the recommendation of the Secretary (Chief Accounting Officer), Ministry in charge of donation recipient government entity or government approved entity or the directly collaborating government entity with the donation and relief measures, on a case-by-case basis, for a period of one year from 10 August 2022 (Extraordinary Gazette Notification No. 2292/29).
10.08.2022	Sprats, dried fish, mathe seed, kurakkan flour, mustard seeds, and salt	Imposition of SCL was extended for a period of one year from 12 August 2022 (Extraordinary Gazette Notification No. 2292/41).
	Salt	The balance amount after collecting Rs. 10 per kg from the applicable SCL of Rs. 40 per kg on importation of salt by any pharmaceuticals manufacturing enterprise, registered with the National Medicines Regulatory Authority for the purpose of manufacturing pharmaceuticals, not for commercial purpose, on the recommendation of the Secretary, State Ministry in charge of subject of Production, supply and Regulation of Pharmaceuticals, was waived off for a period of one year commencing from 12 August 2022 (Extraordinary Gazette Notification No. 2292/41).

Date	Item	Revision
03.09.2022	Maize (other) and grain sorghum (other)	Imposition of SCL was extended until 31 December 2022 (Extraordinary Gazette Notification No. 2295/44).
	Maize	The balance amount after collecting Rs. 1 per kg from the applicable SCL of Rs. 10 per kg on the importation of maize for the production of 'Thriposha' by Sri Lanka Thriposha Limited was waived off for a period of six months (Extraordinary Gazette Notification No. 2295/44).
22.09.2022	B'Onions	SCL was increased to Rs. 50 per kg from Rs. 10 per kg for a period of three months with effect from 23 September 2022 (Extraordinary Gazette Notification No. 2298/51).
	Salt	The balance amount after collecting Rs. 10 per kg from the applicable SCL of Rs. 40 per kg on importation of salt by any pharmaceuticals manufacturing enterprise, registered with the National Medicines Regulatory Authority for the purpose of manufacturing pharmaceuticals, not for commercial purpose, on the recommendation of the Secretary, Ministry in charge of subject of Health, was waived off until 11 August 2023 commencing from 23 September 2022 (Extraordinary Gazette Notification No. 2298/51).
13.10.2022	Fish (fresh, chilled or frozen)	SCL was increased to 10 per cent or Rs. 400 per kg from 10 per cent or Rs. 200 per kg, the amount of levy whichever is higher, for a period of one year (Extraordinary Gazette Notification No. 2301/40).
	Maldive fish, green gram (moong), red and yellow lentils (whole and split), mangosteens, and kiwifruit	Imposition of SCL was extended for a period of one year, commencing from 14 October 2022 (Extraordinary Gazette Notification No. 2301/40).
	Mackerel, Jack and Horse Mackerel	The balance amount after collecting Rs. 6 per kg from the applicable SCL of 10 per cent of Rs. 400 per kg on the importation of Mackerel classified under the HS Code of 0303.54 and Jack and Horse Mackerel classified under the HS Code of 0303.55, which are classified under the HS Heading of 03.03 for the production of canned fish by local canned fish manufacturers, on the recommendation of the Secretary, Ministry in charge of subject of Fisheries, was waived off (Extraordinary Gazette Notification No. 2301/40).

Date	Item	Revision
30.11.2022	Yogurt, butter, dairy spreads, grated or powdered cheese of all kinds, dates (fresh and dried), oranges (fresh), grapes (fresh and dried), apples (fresh)	Imposition of SCL was extended for a period of one year, commencing from 01 December 2022 (Extraordinary Gazette Notification No.2308/17).
	B' Onion	SCL was decreased to Rs. 10 per kg from Rs. 50 per kg for a period of one year with effect from 01 December 2022 (Extraordinary Gazette Notification No. 2308/17).
	Salmon, Herrings, Sardines, Sardinella and brisling or sprats, Tunas, Skipjack and Bonito (<i>Sarda</i> spp.), Mackerel, Anchovies, Eals, and other prepared or preserved fish	SCL was increased to Rs. 200 per kg from Rs. 100 per kg for a period of one year with effect from 01 December 2022 (Extraordinary Gazette Notification No. 2308/17).
04.01.2023	Yogurt, canned fish (Tunas, Skipjack, and Bonito) and sugar	Imposition of SCL was extended for a period of one year, commencing from 05 January 2023 (Extraordinary Gazette Notification No. 2313/34).
25.01.2023	Maize (other)	SCL of Rs. 10 per kg was imposed for a period of one month commencing 26 January 2023 (Extraordinary Gazette Notification No. 2316/28).
20.02.2023	Other fresh eggs: of fowls of the species <i>Gallus domesticus</i>	SCL of Rs. 50 per egg was imposed for a period of three months, commencing from 21 February 2023 (Extraordinary Gazette Notification No. 2320/04).

Ports and Airports Development Levy (PAL)

- 06 January 2022 - Medical equipment, machinery, apparatus, accessories and parts thereof, hospital furniture, drugs, or chemicals donated to a government hospital or the Ministry of Health for the provision of health services to address any pandemic or public health emergency, approved by the Minister assigned the subject of Finance, on the recommendation of the Secretary to the Ministry of the Minister assigned the subject of Health, were exempted from PAL (Extraordinary Gazette Notification No. 2261/58).
- 11 January 2022 - Exemptions and concessionary rates were granted for several items under the newly created national HS subdivisions (Extraordinary Gazette Notification No. 2262/19).
- 22 August 2022 - Importation of essential goods, to be received from any foreign state (governments), organisations including business entities, volunteer associations, and well wishers by any government entity, government approved entities, and entities working on relief activities in direct collaboration with any government entity as aid/donations to provide relief measures or facilitate continuation of essential public services, were exempted from PAL, based on the recommendation of the Secretary (Chief Accounting Officer), of Ministry in charge of donation recipient Government entities or government approved entity or the directly collaborating government entity with the donation and relief measures, on case by case basis (Extraordinary Gazette Notification No. 2294/26).

- 05 October 2022 - Importation of raw materials or intermediate goods, classified under the HS Codes of 3920.10.20, 3920.10.90, 3926.90.99, 4811.59.10 and 5603.11.00 by domestic manufacturers of sanitary napkins, on the recommendation of the Secretary to the Ministry of the Minister in charge of the subject of Industries, subject to the approval of the Director General of Customs, was exempted from PAL with effect from 06 October 2022 (Extraordinary Gazette Notification No. 2300/13).

Other Taxes and Levies

- 27 March 2022 - The Embarkation Levy was reduced by 50 per cent to USD 30 per passenger for persons leaving Sri Lanka by aircraft from Colombo International Airport Ratmalana (CIAR) for the period from 27 March 2022 to 26 March 2023 (Extraordinary Gazette Notification No. 2272/53).
- 08 April 2022 - The Surcharge Tax Act, No. 14 of 2022 was enacted to impose a retrospective one-time surcharge tax of 25 per cent on individuals, partnerships, and companies, whose taxable income is calculated in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017, and their taxable income exceeding Rs. 2 billion for the tax assessment year, commencing from 01 April 2020.
- 29 April 2022 - The Embarkation Levy charged for two years from the date of commencement of operations by new international airlines from Mattala Mahinda Rajapaksa International Airport (MRIA) was extended (Extraordinary Gazette Notification No.2277/63).
- 04 June 2022 - The Telecommunication Levy was increased to 15 per cent from 11.25 per cent.
- 20 September 2022 - The Social Security Contribution Levy Act, No. 25 of 2022 was enacted with effect from 01 October 2022 to impose a Social Security Contribution Levy at the rate of 2.5 per cent on turnover, for the importers, manufacturers, service providers, wholesalers, and retailers, who have an annual turnover exceeding Rs. 120 million.
- 02 November 2022 - Charges for the use of Aerodromes were imposed for every aircraft landing and parking at Jaffna International Airport (JIA) (Extraordinary Gazette Notification No. 2304/46).
- 09 December 2022 - The Embarkation Levy is not to be charged from persons leaving Sri Lanka from Mattala Mahinda Rajapaksa International Airport (MRIA) for two years from the date of commencement of operations by an international airline (Extraordinary Gazette Notification No.2309/37).
- 31 December 2022 - Parking fees charged by the Colombo Municipal Council from vehicles being parked in the city of Colombo were revised upward with effect from 31 December 2022 (Extraordinary Gazette Notification No. 2312/72).
- 07 February 2023 - Charges for the use of Aerodromes were imposed for every aircraft landing and parking at Batticaloa International Airport (BTIA) (Extraordinary Gazette Notification No. 2318/14).

- Forthcoming - Amendments to the Telecommunication Levy Act, No. 21 of 2011, and Betting and Gaming Levy Act, No. 40 of 1988 (Press briefing of Cabinet decision taken on 30 May 2022).

Government Expenditure

- 05 January 2022 - Salary anomalies of teachers and principals of the Sri Lanka Principals' Service, Sri Lanka Teacher Advisors' Service, and Sri Lanka Teachers' Service were removed with effect from 01 January 2022 (Public Administration Circular No. 03/2016 (IV)).
- 06 January 2022 - The age of compulsory retirement of public officers was extended up to 65 years (Public Administration Circular No. 02/2022).
- 13 January 2022 - A monthly allowance of Rs. 5,000, which is not taken into account for the calculation of pension, was granted to public officers and pensioners with effect from 01 January 2022 (Public Administration Circular No. 03/2022).
- 08 March 2022 - Guidelines were issued to the public sector to minimise the usage of electricity and fuel (Public Administration Circular No. 04/2022).
- 26 April 2022 - Guidelines were issued to the public sector to restrict non-urgent/non-essential expenses (National Budget Circular No. 03/2022).
- 08 August 2022 - Guidelines were issued to Commercial Corporations, Statutory Boards, and Government Owned Companies to restrict non-urgent/non-essential expenses (Public Enterprises Circular No. 04/2022).
- Approval was granted by the Cabinet of Ministers to amend the Shop and Office Employees (Regulation of Employment and Remuneration) Act, No. 19 of 1954 to amend the existing restrictive legal provisions regarding the employment of women at night.
- 02 September 2022 - Guidelines were issued for the preparation of Budget 2023 while instructing all the spending agencies to strictly adhere to the expenditure rationalisation measures (National Budget Circular No. 05/2022).
- 09 September 2022 - The Appropriation (Amendment) Act, No. 21 of 2022 was approved by the Parliament primarily on the following:
- Total expenditure was increased to Rs. 6,237 billion from Rs. 5,426 billion.
 - Gross borrowing limit was increased to Rs. 3,844 billion from Rs. 3,200 billion.
- 14 September 2022 - The retirement age of public officers was reduced to 60 years with effect from 01 January 2023 (Public Administration Circular No. 19/2022).
- 06 October 2022 - The retirement age of the employees of SOEs was reduced to 60 years (Public Enterprises Circular No. 06/2022).
- 30 November 2022 - The gross borrowing limit was increased to Rs. 4,507 billion from Rs. 3,844 billion.
- 08 December 2022 - The Appropriation Act, No. 43 of 2022 was approved by the Parliament and published on 09 December 2022.
- 12 January 2023 - Instructions were issued to income tax payable on employment income by the employees of SOEs with effect from 01 January 2023. It was informed that Advance

Personal Income Tax (APIT) should be deducted from tax liable employees' earnings while tax should not be an expenditure to the entity (SOEs) although the personal emoluments are paid under the collective agreements (Public Enterprises Circular No. 01/2023).

- 27 January 2023 - A Circular was issued for the curtailment of recurrent provisions appropriated for 2023 by 6 per cent and public expenditure management (National Budget Circular No. 01/2023).

Other

- 13 September 2022 - The Cabinet approval was granted for the establishment of the SOEs Restructuring Unit.
- 19 October 2022 - A Investor Facilitation Centre, which is dedicated to offer one stop shop experience for investors, was established under the Board of Investment.

STATISTICAL APPENDIX

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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	=	0.621 mile
1 mt kilometre	=	0.612 long ton mile
1 litre	=	1.76 imp. pints = 0.220 imp. gallons
1 kg/ha	=	0.892 lb/acre

Paddy/Rice Conversions

1 bushel of paddy (46 lbs)	=	20.87 kg
1 mt paddy	=	47.92 bushels paddy
	=	0.7 mt rice
1 mt rice	=	68.46 bushels paddy
	=	1.43 mt paddy
1 bushel paddy/acre	=	51.55 kg paddy/ha

Coconut and Coconut Product Conversions

1 mt of desiccated 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

NATIONAL OUTPUT, EXPENDITURE, INCOME AND EMPLOYMENT

TABLE 1

Gross National Income by Industrial Origin at Current Market Prices (a)

Rs. million

Economic Activity	2018	2019	2020 (b)	2021(b)(c)	2022 (c)
Agriculture, Forestry and Fishing	1,165,529	1,154,540	1,291,023	1,554,911	2,112,745
1. Growing of Cereals (Except Rice)	17,748	18,186	35,108	47,528	59,869
2. Growing of Rice	136,184	132,031	179,453	184,588	267,729
3. Growing of Vegetables	121,355	118,117	147,502	171,581	256,315
4. Growing of Sugar Cane, Tobacco and Other Non-perennial Crops	3,648	3,930	5,263	5,134	9,384
5. Growing of Fruits	107,686	118,920	126,588	113,464	148,416
6. Growing of Oleaginous Fruits (Coconut, King Coconut, Oil Palm)	118,776	90,050	117,443	169,782	182,686
7. Growing of Tea (Green Leaves)	112,801	103,060	111,739	121,213	203,024
8. Growing of Other Beverage Crops (Coffee, Cocoa etc.)	3,285	2,121	3,808	4,535	4,162
9. Growing of Spices, Aromatic, Drug and Pharmaceutical Crops	90,503	87,816	98,436	190,289	211,187
10. Growing of Rubber	30,606	24,914	29,363	49,241	62,491
11. Growing of Other Perennial Crops	28,312	35,404	41,000	42,222	63,676
12. Animal Production	126,760	132,978	138,275	170,355	249,676
13. Plant Propagation	765	868	779	1,070	1,195
14. Agricultural Supporting Activities	24,385	26,139	26,849	37,369	44,181
15. Forestry and Logging	55,956	55,415	56,811	58,533	74,032
16. Marine Fishing and Marine Aquaculture	158,847	176,421	140,588	154,681	231,430
17. Fresh Water Fishing and Fresh Water Aquaculture	27,913	28,170	32,018	33,327	43,291
Industries	4,614,303	4,644,574	4,417,850	5,275,605	7,308,952
18. Mining and Quarrying	368,863	366,638	317,949	355,214	451,139
19. Manufacture of Food, Beverages and Tobacco Products	905,427	905,062	951,961	1,097,498	1,705,041
20. Manufacture of Textiles, Wearing Apparel and Leather Related Products	667,765	740,054	697,055	953,158	1,518,255
21. Manufacture of Wood and of Products of Wood and Cork, except Furniture	31,087	30,340	28,253	28,785	38,087
22. Manufacture of Paper Products, Printing and Reproduction of Media Products	65,001	79,846	76,555	84,358	119,671
23. Manufacture of Coke and Refined Petroleum Products	44,880	78,430	61,084	62,754	44,390
24. Manufacture of Chemical Products and Basic Pharmaceutical Products	75,419	116,243	115,622	149,555	247,223
25. Manufacture of Rubber and Plastic Products	100,841	112,302	105,789	146,604	174,031
26. Manufacture of Other Non-metallic Mineral Products	130,289	168,971	158,007	200,824	290,128
27. Manufacture of Basic Metals and Fabricated Metal Products	76,655	87,436	84,430	113,642	143,466
28. Manufacture of Machinery and Equipment	64,671	78,271	87,190	109,379	150,446
29. Manufacture of Furniture	59,118	74,223	75,188	81,599	93,178
30. Other Manufacturing, and Repair and Installation of Machinery and Equipment	86,670	100,163	107,009	135,927	207,700
31. Electricity, Gas, Steam and Air Conditioning Supply	125,176	99,421	127,609	143,272	149,772
32. Water Collection, Treatment and Supply	17,177	15,818	15,472	13,925	19,396
33. Sewerage, Waste Treatment and Disposal Activities	27,323	29,078	27,886	26,900	34,350
34. Construction	1,767,942	1,562,278	1,380,791	1,572,211	1,922,678
Services	8,234,366	8,869,710	9,048,602	9,791,997	13,549,054
35. Wholesale and Retail Trade	1,814,188	1,941,394	2,081,177	2,254,632	3,338,997
36. Transportation of Goods and Passengers including Warehousing	1,550,420	1,662,077	1,551,372	1,623,556	2,548,683
37. Postal and Courier Activities	17,198	18,558	19,746	21,385	23,346
38. Accommodation, Food and Beverage Service Activities	252,646	246,728	149,678	164,560	350,958
39. Programming and Broadcasting Activities and Audio Video Productions	38,463	38,972	38,477	40,417	41,281
40. Telecommunication	87,669	97,850	108,286	124,833	96,523
41. IT Programming Consultancy and Related Activities	181,146	212,369	239,218	309,878	427,644
42. Financial Service Activities and Auxiliary Financial Services	558,310	599,130	722,084	880,471	1,497,227
43. Insurance, Reinsurance and Pension Funding	116,842	141,381	168,027	211,646	140,486
44. Real Estate Activities, including Ownership of Dwelling	663,136	737,948	741,750	800,835	993,423
45. Professional Services	322,269	365,255	352,460	382,833	431,125
46. Public Administration and Defence, Compulsory Social Security	876,071	835,910	903,348	948,050	1,024,812
47. Education	294,344	358,734	381,342	390,175	455,195
48. Human Health Activities, Residential Care and Social Work Activities	275,980	335,800	381,273	432,013	467,715
49. Other Personal Service Activities	1,185,685	1,277,604	1,210,362	1,206,712	1,711,640
Equals Gross Value Added (GVA) at Basic Price	14,014,197	14,668,824	14,757,475	16,622,513	22,970,752
Taxes less Subsidies on Products	1,337,736	1,242,152	914,060	977,678	1,176,974
Equals Gross Domestic Product (GDP) at Market Price	15,351,933	15,910,976	15,671,535	17,600,191	24,147,726
Net Primary Income from Rest of the World (d)	-389,601	-441,394	-423,063	-395,539	-621,353
Gross National Income at Market Price	14,962,333	15,469,582	15,248,473	17,204,651	23,526,373

(a) Based on the GDP estimates under the new base year 2015 (replacing base year 2010). Data from 2015 are available in the official website of the Department of Census and Statistics.

Source: Department of Census and Statistics

(b) Revised

(c) Provisional

(d) Any difference with the BOP estimates is due to the time lag in compilation.

NATIONAL OUTPUT, EXPENDITURE, INCOME AND EMPLOYMENT

TABLE 2

Gross National Income by Industrial Origin at Constant (2015) Prices (a)

Rs. million

Economic Activity	2018	2019	2020 (b)	2021 (b)(c)	2022 (c)
Agriculture, Forestry and Fishing	945,292	949,582	941,046	949,929	906,505
1. Growing of Cereals (Except Rice)	14,676	13,355	21,342	21,949	17,200
2. Growing of Rice	106,333	112,919	121,663	107,359	93,377
3. Growing of Vegetables	105,072	102,037	111,088	109,147	99,960
4. Growing of Sugar Cane, Tobacco and Other Non-perennial Crops	3,116	3,275	4,021	3,729	3,797
5. Growing of Fruits	70,906	77,200	81,823	72,949	73,310
6. Growing of Oleaginous Fruits (Coconut, King Coconut, Oil Palm)	89,706	102,800	92,197	102,490	111,315
7. Growing of Tea (Green Leaves)	75,219	72,733	67,971	73,741	62,005
8. Growing of Other Beverage Crops (Coffee, Cocoa etc.)	1,748	1,302	1,613	1,352	1,229
9. Growing of Spices, Aromatic, Drug and Pharmaceutical Crops	91,543	90,880	93,776	98,021	101,235
10. Growing of Rubber	26,050	24,029	24,081	25,571	23,863
11. Growing of Other Perennial Crops	27,185	28,751	29,781	26,963	27,513
12. Animal Production	94,582	90,284	86,907	94,039	81,874
13. Plant Propagation	795	772	622	813	881
14. Agricultural Supporting Activities	23,159	22,969	26,102	29,810	34,202
15. Forestry and Logging	44,606	43,133	42,587	44,440	51,611
16. Marine Fishing and Marine Aquaculture	149,782	141,700	111,307	112,814	95,451
17. Fresh Water Fishing and Fresh Water Aquaculture	20,815	21,444	24,166	24,742	27,682
Industries	4,101,467	3,933,728	3,724,566	3,937,880	3,309,764
18. Mining and Quarrying	322,522	318,658	284,079	287,969	198,661
19. Manufacture of Food, Beverages and Tobacco Products	896,813	929,371	980,863	1,014,150	869,715
20. Manufacture of Textiles, Wearing Apparel and Leather Related Products	463,618	469,028	416,312	473,911	512,399
21. Manufacture of Wood and of Products of Wood and Cork, except Furniture	39,879	36,321	32,831	35,579	29,758
22. Manufacture of Paper Products, Printing and Reproduction of Media Products	57,716	54,064	51,896	56,811	52,069
23. Manufacture of Coke and Refined Petroleum Products	19,846	24,630	22,108	15,492	6,474
24. Manufacture of Chemical Products and Basic Pharmaceutical Products	88,399	90,144	92,157	95,793	82,350
25. Manufacture of Rubber and Plastic Products	101,890	98,429	81,182	97,436	67,507
26. Manufacture of Other Non-metallic Mineral Products	102,554	107,062	102,685	119,973	85,188
27. Manufacture of Basic Metals and Fabricated Metal Products	84,102	80,312	77,859	81,174	58,781
28. Manufacture of Machinery and Equipment	64,638	66,114	65,187	73,090	59,181
29. Manufacture of Furniture	88,078	95,470	81,651	82,694	60,837
30. Other Manufacturing, and Repair and Installation of Machinery and Equipment	97,155	96,432	87,586	101,048	79,088
31. Electricity, Gas, Steam and Air Conditioning Supply	175,518	184,041	180,176	188,924	177,783
32. Water Collection, Treatment and Supply	15,857	14,701	15,908	13,083	13,168
33. Sewerage, Waste Treatment and Disposal Activities	27,271	29,253	28,960	27,992	29,088
34. Construction	1,455,612	1,239,700	1,123,127	1,172,761	927,719
Services	7,099,084	7,307,036	7,166,506	7,414,251	7,265,095
35. Wholesale and Retail Trade	1,579,590	1,636,752	1,650,889	1,675,083	1,672,370
36. Transportation of Goods and Passengers including Warehousing	1,370,263	1,398,230	1,313,312	1,325,233	1,372,116
37. Postal and Courier Activities	16,495	17,099	17,620	18,714	19,780
38. Accommodation, Food and Beverage Service Activities	230,929	216,976	128,556	130,743	166,059
39. Programming and Broadcasting Activities and Audio Video Productions	40,839	42,752	43,841	42,161	37,510
40. Telecommunication	87,840	103,325	118,845	135,663	139,919
41. IT Programming Consultancy and Related Activities	158,565	175,634	194,893	243,971	238,455
42. Financial Service Activities and Auxiliary Financial Services	511,418	510,367	557,357	596,106	530,274
43. Insurance, Reinsurance and Pension Funding	111,838	120,550	117,595	148,665	78,509
44. Real Estate Activities, including Ownership of Dwelling	580,367	610,231	604,259	630,570	554,473
45. Professional Services	282,095	297,462	287,781	301,890	289,841
46. Public Administration and Defence, Compulsory Social Security	600,932	605,938	616,176	621,834	629,213
47. Education	267,448	283,605	284,751	290,475	301,510
48. Human Health Activities, Residential Care and Social Work Activities	228,368	235,136	246,735	260,482	238,638
49. Other Personal Service Activities	1,032,097	1,052,980	983,900	992,662	996,429
Equals Gross Value Added (GVA) at Basic Price	12,145,842	12,190,346	11,832,118	12,302,060	11,481,364
Taxes less Subsidies on Products	1,089,616	1,015,930	763,432	735,874	536,485
Equals Gross Domestic Product (GDP) at Market Price	13,235,458	13,206,276	12,595,550	13,037,934	12,017,849
Net Primary Income from Rest of the World	-340,683	-372,819	-336,620	-294,091	-304,249
Gross National Income at Market Price	12,894,775	12,833,457	12,258,930	12,743,843	11,713,600

(a) Based on the GDP estimates under the new base year 2015 (replacing base year 2010). Data from 2015 are available in the official website of the Department of Census and Statistics.

Source: Department of Census and Statistics

(b) Revised

(c) Provisional

Gross National Income by Industrial Origin (a)

Rs. million

Period	Agriculture	Industry	Services	Taxes less Subsidies on Products	GDP	GNI
Current Market Prices						
2018	1,165,529	4,614,303	8,234,366	1,337,736	15,351,933	14,962,333
2019	1,154,540	4,644,574	8,869,710	1,242,152	15,910,976	15,469,582
2020 (b)	1,291,023	4,417,850	9,048,602	914,060	15,671,535	15,248,473
2021 (b)(c)	1,554,911	5,275,605	9,791,997	977,678	17,600,191	17,204,651
2022 (c)	2,112,745	7,308,952	13,549,054	1,176,974	24,147,726	23,526,373
2020(b) 1st Quarter	305,306	1,205,711	2,405,489	249,161	4,165,667	4,046,761
2nd Quarter	294,477	837,499	1,866,975	162,070	3,161,022	3,062,532
3rd Quarter	326,318	1,278,811	2,380,889	241,529	4,227,547	4,114,023
4th Quarter	364,921	1,095,829	2,395,249	261,300	4,117,300	4,025,167
2021(b)(c) 1st Quarter	371,137	1,391,829	2,579,416	249,947	4,592,330	4,496,001
2nd Quarter	394,007	1,140,473	2,114,415	238,585	3,887,480	3,802,337
3rd Quarter	355,113	1,432,119	2,400,673	207,975	4,395,880	4,286,105
4th Quarter	434,653	1,311,184	2,697,494	281,170	4,724,501	4,620,209
2022 (c) 1st Quarter (b)	430,665	1,699,993	3,134,023	278,624	5,543,306	5,449,743
2nd Quarter (b)	549,069	1,793,716	2,823,585	275,993	5,442,362	5,271,366
3rd Quarter (b)	529,422	2,219,087	3,569,834	268,259	6,586,602	6,370,251
4th Quarter	603,589	1,596,156	4,021,613	354,099	6,575,456	6,435,014
Constant (2015) Market Prices						
2018	945,292	4,101,467	7,099,084	1,089,616	13,235,458	12,894,775
2019	949,582	3,933,728	7,307,036	1,015,930	13,206,276	12,833,457
2020 (b)	941,046	3,724,566	7,166,506	763,432	12,595,550	12,258,930
2021 (b)(c)	949,929	3,937,880	7,414,251	735,874	13,037,934	12,743,843
2022 (c)	906,505	3,309,764	7,265,095	536,485	12,017,849	11,713,600
2020 (b) 1st Quarter	224,001	1,030,038	1,917,378	215,190	3,386,607	3,291,245
2nd Quarter	215,264	720,905	1,473,013	132,039	2,541,221	2,461,910
3rd Quarter	244,219	1,058,131	1,875,863	204,554	3,382,767	3,292,785
4th Quarter	257,562	915,492	1,900,252	211,649	3,284,956	3,212,989
2021(b)(c) 1st Quarter	233,575	1,097,762	1,999,974	206,689	3,537,999	3,463,868
2nd Quarter	240,190	883,911	1,583,741	185,209	2,893,051	2,828,217
3rd Quarter	236,244	1,039,389	1,846,925	153,252	3,275,811	3,193,724
4th Quarter	239,919	916,819	1,983,610	190,724	3,331,073	3,257,689
2022 (c) 1st Quarter (b)	223,222	1,057,366	2,035,646	203,165	3,519,400	3,458,741
2nd Quarter (b)	221,249	794,227	1,554,497	110,101	2,680,074	2,591,018
3rd Quarter (b)	220,362	817,545	1,768,873	93,874	2,900,654	2,806,053
4th Quarter	241,673	640,626	1,906,078	129,344	2,917,721	2,857,789

(a) Based on the GDP estimates under the new base year 2015 (replacing base year 2010). Data from 2015 are available in the official website of the Department of Census and Statistics.

Source: Department of Census and Statistics

(b) Revised

(c) Provisional

Provincial Gross Domestic Product by Industrial Origin (Current Market Prices) (2017-2021)(a)

Year / Province	Western	Central	South- ern	North- ern	Eastern	North Western	North Central	Uva	Sabarag- amuwa	Sri Lanka
GDP (Rs. mn)										
2017	5,061,327	1,613,128	1,332,555	549,750	747,652	1,455,091	748,798	772,204	1,047,598	13,328,103
2018	5,595,202	1,676,090	1,447,992	598,885	797,183	1,531,660	817,205	777,237	1,049,454	14,290,907
2019(b)	6,703,457	1,660,097	1,489,169	754,053	831,294	1,740,670	751,232	875,927	1,105,077	15,910,976
2020(b)(c)	6,616,934	1,655,492	1,425,534	655,584	918,637	1,715,526	788,154	820,005	1,075,670	15,671,535
2021(b)(c)	7,514,447	1,791,668	1,619,026	729,573	952,822	1,934,402	852,240	918,457	1,287,556	17,600,191
GDP Shares (Percentage)										
2017	38.0	12.1	10.0	4.1	5.6	10.9	5.6	5.8	7.9	100.0
2018	39.2	11.7	10.1	4.2	5.6	10.7	5.7	5.4	7.3	100.0
2019(b)	42.1	10.4	9.4	4.7	5.2	10.9	4.7	5.5	6.9	100.0
2020(b)(c)	42.2	10.6	9.1	4.2	5.9	10.9	5.0	5.2	6.9	100.0
2021(b)(c)	42.7	10.2	9.2	4.1	5.4	11.0	4.8	5.2	7.3	100.0
GDP By Sector (Rs. mn)										
2017										
Agriculture	101,464	148,838	185,018	77,185	107,167	144,208	83,700	102,682	93,733	1,043,994
Industry	1,653,090	457,551	212,134	122,546	137,517	377,654	117,034	214,658	276,374	3,568,560
Services	2,836,492	856,853	811,586	298,938	433,498	798,027	478,489	383,114	580,151	7,477,148
GDP (d)	5,061,327	1,613,128	1,332,555	549,750	747,652	1,455,091	748,798	772,204	1,047,598	13,328,103
2018										
Agriculture	107,257	144,971	187,689	90,923	133,470	191,511	108,798	89,987	92,066	1,146,672
Industry	1,838,385	448,019	255,884	141,073	133,884	353,808	129,375	205,984	245,956	3,752,368
Services	3,179,429	942,269	882,754	316,568	462,846	857,646	510,367	415,959	623,252	8,191,090
GDP (d)	5,595,202	1,676,090	1,447,992	598,885	797,183	1,531,660	817,205	777,237	1,049,454	14,290,907
2019 (b)										
Agriculture	123,519	124,015	185,250	103,491	108,932	221,604	95,227	98,100	94,404	1,154,540
Industry	2,114,857	491,972	310,520	243,602	215,693	523,227	171,615	265,779	307,310	4,644,574
Services	3,941,749	914,509	877,142	348,092	441,771	859,947	425,742	443,666	617,091	8,869,710
GDP (d)	6,703,457	1,660,097	1,489,169	754,053	831,294	1,740,670	751,232	875,927	1,105,077	15,910,976
2020 (b)(c)										
Agriculture	136,548	158,700	179,731	100,770	120,488	240,312	137,647	113,286	103,540	1,291,023
Industry	2,095,898	436,100	288,799	166,824	292,223	493,963	151,427	206,057	286,559	4,417,850
Services	3,998,547	964,134	873,858	349,752	452,346	881,191	453,110	452,834	622,831	9,048,602
GDP (d)	6,616,934	1,655,492	1,425,534	655,584	918,637	1,715,526	788,154	820,005	1,075,670	15,671,535
2021 (b)(c)										
Agriculture	158,078	213,281	237,622	104,458	137,334	268,119	164,386	146,523	125,110	1,554,911
Industry	2,543,426	500,015	331,299	205,614	299,402	608,436	169,642	240,157	377,614	5,275,605
Services	4,395,521	978,845	960,169	378,974	463,158	950,393	470,870	480,758	713,309	9,791,997
GDP (d)	7,514,447	1,791,668	1,619,026	729,573	952,822	1,934,402	852,240	918,457	1,287,556	17,600,191

(a) 2017 and 2018 data are based on GDP estimates of base year 2010 while 2019, 2020 and 2021 data are based on GDP estimates of base year 2015 compiled by the Department of Census and Statistics.

Source: Central Bank of Sri Lanka

(b) Revised

(c) Provisional

(d) Since the tax and subsidies on product adjustment is not included, the addition of Agriculture, Industry and Services sectors will not be equal to GDP.

Resources and their Utilisation (a)

Rs. million

Item	At Current Market Prices					At Constant (2015) Prices				
	2018	2019	2020 (b)	2021 (b)(c)	2022 (c)	2018	2019	2020 (b)	2021 (b)(c)	2022 (c)
A. Resources										
Gross Domestic Product	15,351,933	15,910,976	15,671,535	17,600,191	24,147,726	13,235,458	13,206,276	12,595,550	13,037,934	12,017,849
Import of Goods and Services	4,354,292	4,391,746	3,384,516	4,281,313	6,045,399	3,685,940	3,556,742	2,842,981	2,959,641	2,371,412
TOTAL	19,706,225	20,302,722	19,056,051	21,881,503	30,193,125	16,921,399	16,763,018	15,438,531	15,997,575	14,389,261
B. Utilisation										
Consumption	10,571,361	11,403,356	11,469,129	12,434,283	16,700,557	9,213,784	9,601,526	9,127,604	9,293,726	8,596,156
Gross Domestic Fixed Capital Formation	4,719,486	4,541,974	3,999,818	4,630,388	5,644,020	4,178,613	3,737,727	3,416,755	3,645,971	2,819,646
Change in Inventories and Acquisition less Disposals of Valuables	1,122,965	885,056	1,168,563	1,836,569	2,660,607	791,292	639,400	932,832	898,117	592,920
Export of Goods and Services	3,292,414	3,472,337	2,418,542	2,980,263	5,187,941	2,737,710	2,784,366	1,961,341	2,159,760	2,380,539
TOTAL	19,706,225	20,302,722	19,056,051	21,881,503	30,193,125	16,921,399	16,763,018	15,438,531	15,997,575	14,389,261

(a) Based on the GDP estimates under the new base year 2015 (replacing base year 2010). Data from 2015 are available in the official website of the Department of Census and Statistics.

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

(b) Revised

(c) Provisional

TABLE 6

Reconciliation of Key Aggregates at Current Market Prices (a)

Rs. million

Item	2018	2019	2020 (b)	2021 (b)(c)	2022 (c)
1. Gross Domestic Product	15,351,933	15,910,976	15,671,535	17,600,191	24,147,726
Plus: Primary Income from Rest of the World (d)	40,204	44,989	36,766	22,965	84,209
Less: Primary Income to Rest of the World (d)	429,805	486,383	459,829	418,504	705,561
2. Gross National Income	14,962,333	15,469,582	15,248,473	17,204,651	23,526,373
Plus: Current Transfers from Rest of the World (d)	1,139,324	1,202,334	1,319,377	1,088,388	1,253,746
Less: Current Transfers to Rest of the World (d)	139,821	171,644	168,589	53,694	94,272
3. Gross National Disposable Income	15,961,836	16,500,272	16,399,261	18,239,346	24,685,847
Less: Final Consumption	10,571,361	11,403,356	11,469,129	12,434,283	16,700,557
4. National Savings	5,390,476	5,096,916	4,930,132	5,805,063	7,985,291
Plus: Deficit to Nation on Current Account (d)	451,975	330,114	238,248	661,894	319,337
5. Gross Domestic Capital Formation	5,842,451	5,427,029	5,168,381	6,466,957	8,304,627

(a) Based on the GDP estimates under the new base year 2015 (replacing base year 2010). Data from 2015 are available in the official website of the Department of Census and Statistics.

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

(b) Revised

(c) Provisional

(d) Any difference with the BOP estimates is due to the time lag in compilation.

NATIONAL OUTPUT, EXPENDITURE, INCOME AND EMPLOYMENT

TABLE 7

Gross Domestic Capital Formation at Current Market Prices (a)

Rs. million

Item	2018	2019	2020 (b)	2021 (b)(c)	2022 (c)
GROSS DOMESTIC CAPITAL FORMATION					
1. Gross Domestic Fixed Capital Formation by Asset	4,719,486	4,541,974	3,999,818	4,630,388	5,644,020
1.1 Construction	3,118,557	2,990,078	2,658,055	3,028,105	3,738,518
1.2 Machinery and Equipment and Weapons Systems	827,882	863,803	787,257	977,506	1,269,989
1.3 Transport Equipment	403,715	281,177	146,170	112,383	89,597
1.4 Information and Communication Technology (ICT) Equipment	102,097	107,690	83,174	102,849	75,917
1.5 Cultivated Biological Resources	19,237	15,568	15,003	15,855	18,530
1.6 Intellectual Property Products	228,573	265,346	295,737	376,800	432,941
1.7 Costs of Ownership Transfer	19,425	18,312	14,422	16,889	18,528
2. Change in Inventories and Acquisition less Disposals of Valuables	1,122,965	885,056	1,168,563	1,836,569	2,660,607
2.1 Change in Inventories	973,921	828,915	1,082,926	1,749,096	2,555,897
2.2 Acquisitions less Disposals of Valuables	149,044	56,141	85,637	87,474	104,710
TOTAL	5,842,451	5,427,029	5,168,381	6,466,957	8,304,627

(a) Based on the GDP estimates under the new base year 2015 (replacing base year 2010). Data from 2015 are available in the official website of the Department of Census and Statistics.

Source: Department of Census and Statistics

(b) Revised

(c) Provisional

TABLE 8

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

Rs. million

Item	2018	2019	2020 (b)	2021 (b)(c)	2022 (c)
1. Food and Non-alcoholic Beverages	2,608,459	2,764,463	3,094,401	3,597,162	4,529,072
2. Alcoholic Beverages, Tobacco and Narcotics	165,556	166,626	182,086	183,016	202,779
3. Clothing and Footwear	698,164	672,016	723,763	448,379	765,425
4. Housing, Water, Electricity, Gas and Other Fuels	886,723	993,241	1,010,471	1,097,343	1,216,394
5. Furnishings, Household Equipment and Routine Household Maintenance	154,932	160,643	152,965	193,280	228,692
6. Health	252,938	282,513	266,461	395,414	462,163
7. Transport	2,637,051	2,795,365	2,099,553	2,287,486	3,884,285
8. Communication	104,355	99,389	102,156	118,032	117,662
9. Recreation and Culture	282,804	306,407	314,331	342,778	449,286
10. Education	152,199	182,943	162,788	171,942	217,630
11. Restaurants and Hotels	418,488	444,214	277,582	362,484	757,651
12. Miscellaneous Goods and Services	1,324,251	1,451,436	1,488,887	1,619,040	2,386,703
13. Direct Purchases Abroad by Residents	281,361	306,640	95,877	58,876	99,373
14. Less: Direct Purchases in Domestic Market by Non-residents	717,593	650,161	129,076	105,576	343,819
Total Private Consumption Expenditure	9,249,688	9,975,736	9,842,246	10,769,655	14,973,295

(a) Based on the GDP estimates under the new base year 2015 (replacing base year 2010). Data from 2015 are available in the official website of the Department of Census and Statistics.

Source: Department of Census and Statistics

(b) Revised

(c) Provisional

Expenditure on Gross National Income at Current Market Prices (a)

Rs. million

Item	2018	2019	2020 (b)	2021 (b)(c)	2022 (c)
1. Consumption Expenditure	10,571,361	11,403,356	11,469,129	12,434,283	16,700,557
1.1 Private	9,249,688	9,975,736	9,842,246	10,769,655	14,973,295
1.2 Government	1,321,672	1,427,620	1,626,883	1,664,627	1,727,261
2. Gross Domestic Capital Formation	5,842,451	5,427,029	5,168,381	6,466,957	8,304,627
3. Gross Domestic Expenditure (1+2)	16,413,811	16,830,385	16,637,510	18,901,240	25,005,184
4. Export of Goods and Services	3,292,414	3,472,337	2,418,542	2,980,263	5,187,941
5. Import of Goods and Services	4,354,292	4,391,746	3,384,516	4,281,313	6,045,399
6. Gross Domestic Product (3+4-5)	15,351,933	15,910,976	15,671,535	17,600,191	24,147,726
7. Net Primary Income from Rest of the World (d)	-389,601	-441,394	-423,063	-395,539	-621,353
8. Gross National Income (6+7)	14,962,333	15,469,582	15,248,473	17,204,651	23,526,373

(a) Based on the GDP estimates under the new base year 2015 (replacing base year 2010). Data from 2015 are available in the official website of the Department of Census and Statistics.

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

(b) Revised

(c) Provisional

(d) Any difference with the BOP estimates is due to the time lag in compilation.

TABLE 10

Gross Domestic Expenditure and Availability of Resources (a)

Item	2018		2019		2020 (b)		2021 (b)(c)		2022 (c)	
	Rs. mn	% of GNI	Rs. mn	% of GNI	Rs. mn	% of GNI	Rs. mn	% of GNI	Rs. mn	% of GNI
1. Consumption Expenditure										
Private	9,249,688	61.8	9,975,736	64.5	9,842,246	64.5	10,769,655	62.6	14,973,295	63.6
Government	1,321,672	8.8	1,427,620	9.2	1,626,883	10.7	1,664,627	9.7	1,727,261	7.3
2. Gross Domestic Capital Formation	5,842,451	39.0	5,427,029	35.1	5,168,381	33.9	6,466,957	37.6	8,304,627	35.3
3. Gross Domestic Expenditure	16,413,811	109.7	16,830,385	108.8	16,637,510	109.1	18,901,240	109.9	25,005,184	106.3
4. Gross National Income	14,962,333	100.0	15,469,582	100.0	15,248,473	100.0	17,204,651	100.0	23,526,373	100.0
5. Excess, of (4) over (5) met by	1,451,479	9.7	1,360,804	8.8	1,389,037	9.1	1,696,588	9.9	1,478,810	6.3
(i) Net Disinvestment Abroad (d)	451,975	3.0	330,114	2.1	238,248	1.6	661,894	3.8	319,337	1.4
(ii) Net Current Transfers from Rest of the World (d)	999,504	6.7	1,030,690	6.7	1,150,789	7.5	1,034,694	6.0	1,159,474	4.9

(a) Based on the GDP estimates under the new base year 2015 (replacing base year 2010). Data from 2015 are available in the official website of the Department of Census and Statistics.

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

(b) Revised

(c) Provisional

(d) Any difference with the BOP estimates is due to the time lag in compilation.

Investment and Savings at Current Market Prices (a)

Item	Rs. million				
	2018	2019	2020 (b)	2021 (b)(c)	2022 (c)
1. Gross Domestic Product	15,351,933	15,910,976	15,671,535	17,600,191	24,147,726
2. Investment	5,842,451	5,427,029	5,168,381	6,466,957	8,304,627
3. Private Savings	4,950,313	5,041,303	5,382,805	6,456,349	8,987,618
4. Government Savings	-169,740	-533,683	-1,180,399	-1,290,441	-1,540,448
5. Domestic Savings (3+4)	4,780,573	4,507,620	4,202,406	5,165,908	7,447,170
6. Net Primary Income from Rest of the World (d)	-389,601	-441,394	-423,063	-395,539	-621,353
7. Net Current Transfers from Rest of the World (d)	999,504	1,030,690	1,150,789	1,034,694	1,159,474
8. National Savings (5+6+7)	5,390,476	5,096,916	4,930,132	5,805,063	7,985,291
9. Investment Ratio (2 as a % of 1)	38.1	34.1	33.0	36.7	34.4
10. Domestic Savings Ratio (5 as a % of 1)	31.1	28.3	26.8	29.4	30.8
11. National Savings Ratio (8 as a % of 1)	35.1	32.0	31.5	33.0	33.1

(a) Based on the GDP estimates under the new base year 2015 (replacing base year 2010). Data from 2015 are available in the official website of the Department of Census and Statistics.

Sources: Department of Census and Statistics
Central Bank of Sri Lanka
Ministry of Finance, Economic
Stabilisation and National Policies

(b) Revised

(c) Provisional

(d) Any difference with the BOP estimates is due to the time lag in compilation.

TABLE 12

Real National Income

Item	Rs. million				
	2018	2019	2020 (a)	2021 (a)(b)	2022 (b)
1. Gross National Income at Constant (2015) Prices (c)	12,894,775	12,833,457	12,258,930	12,743,843	11,713,600
2. Terms of Trade Effect (d) due to Export of:					
2.1 Tea	23,900	15,197	34,401	6,808	3,879
2.2 Rubber	-232	-591	-228	811	-80
2.3 Three Major Coconut Products	2,549	-6,169	3,949	1,758	-8,982
2.4 Other Products	59,874	52,754	53,340	-57,355	-169,340
Total	86,091	61,191	91,462	-47,978	-174,523
3. Real National Income at Constant (2015) Prices (1+2)	12,980,866	12,894,648	12,350,392	12,695,865	11,539,077
4. Percentage Change over Previous Year	2.2	-0.7	-4.2	2.8	-9.1

(a) Revised

(b) Provisional

(c) Based on the GDP estimates under the new base year 2015 (replacing base year 2010). Data from 2015 are available in the official website of the Department of Census and Statistics.

(d) Based on Latest Export and Import Price Indices (2010=100)

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

Income Components of Gross Domestic Product (a)

Item	Rs. million									
	At Current Market Prices					At Constant (2015) Prices				
	2018	2019	2020 (b)	2021 (b)(c)	2022 (c)	2018	2019	2020 (b)	2021 (b)(c)	2022 (c)
1. Compensation of Employees	4,112,480	4,396,682	4,616,788	5,047,288	6,690,668	3,453,293	3,562,663	3,582,571	3,691,491	3,503,694
2. Gross Operating Surplus	5,010,463	5,072,570	4,928,482	5,780,050	7,862,315	4,413,237	4,231,420	3,995,385	4,246,761	3,794,513
2.1 Net Operating Surplus	4,339,966	4,386,413	4,203,296	4,985,109	6,819,079	3,797,135	3,616,251	3,392,994	3,633,365	3,199,312
2.2 Consumption of Fixed Capital	670,497	686,157	725,185	794,940	1,043,236	616,101	615,169	602,391	613,397	595,201
3. Gross Mixed Income	4,802,043	5,108,731	5,171,093	5,751,673	8,361,058	4,205,271	4,320,879	4,220,804	4,331,093	4,154,929
3.1 Net Mixed Income	4,570,319	4,865,484	4,928,667	5,486,755	8,035,140	4,003,148	4,119,970	4,025,421	4,136,082	3,998,828
3.2 Consumption of Fixed Capital	231,724	243,247	242,426	264,918	325,918	202,123	200,908	195,383	195,011	156,102
4. Other Taxes less Subsidies on Production	89,211	90,841	41,113	43,503	56,710	74,042	75,385	33,357	32,714	28,228
5. Equals Gross Value Added (GVA) at Basic Price	14,014,197	14,668,824	14,757,475	16,622,513	22,970,752	12,145,842	12,190,346	11,832,118	12,302,060	11,481,364
Taxes less Subsidies on Products	1,337,736	1,242,152	914,060	977,678	1,176,974	1,089,616	1,015,930	763,432	735,874	536,485
6. Equals Gross Domestic Product (GDP) at Market Price	15,351,933	15,910,976	15,671,535	17,600,191	24,147,726	13,235,458	13,206,276	12,595,550	13,037,934	12,017,849

(a) Based on the GDP estimates under the new base year 2015 (replacing base year 2010). Data from 2015 are available in the official website of the Department of Census and Statistics.

(b) Revised

(c) Provisional

Source: Department of Census and Statistics

Trends in Principal Agricultural Crops

Category	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021 (a)	2022 (b)
1 Tea											
1.1 Production (c)	kg mn	340.0	338.0	328.8	292.6	307.1	303.8	300.1	278.9	299.5	251.5
1.2 Total Extent	hectares '000	222	203	203	202	201	200	200	266	267	267
1.3 Extent Bearing	hectares '000	184	195	195	193	193	193	193	266	267	267
1.4 Cost of Production (d)	Rs./kg	422.70	475.11	458.84	469.24	466.98	475.29	483.79	546.53	618.49	638.99
1.5 Average Price											
Colombo Auction	Rs./kg	445.83	459.01	401.46	473.15	620.44	581.58	546.67	633.85	619.15	1,270.50
Export (F.O.B.)	Rs./kg	623.91	649.44	593.08	639.88	807.44	820.75	822.25	866.70	920.76	1,643.11
1.6 Replanting	hectares	1,748	1,293	1,226	1,060	944	1,027	638	812	1,123	1,239
1.7 New Planting	hectares	267	500	495	115	225	435	296	430	696	476
2 Rubber											
2.1 Production	kg mn	130.4	98.6	88.6	79.1	83.1	82.6	74.8	78.2	76.9	70.9
2.2 Total Extent	hectares '000	134	134	137	133	137	137	138	138	139	139
2.3 Area under Tapping	hectares '000	105	111	108	99	103	107	114	121	113	107
2.4 Average Yield	kg/hectare	1,247	889	819	800	809	774	658	649	679	665
2.5 Cost of Production	Rs./kg	150.00	160.00	170.00	180.00	195.00	205.00	210.00	213.50	221.00	288.00
2.6 Average Price											
Colombo Auction (RSS 1)	Rs./kg	376.90	286.05	248.17	239.28	336.72	281.36	288.51	351.46	460.78	595.00
Export (F.O.B.)	Rs./kg	389.81	362.83	342.03	294.33	343.56	363.93	332.29	353.84	540.77	841.72
2.7 Replanting (e)	hectares	2,024	2,096	1,917	1,467	1,338	842	1,040	976	1,522	1,264
2.8 New Planting (e)	hectares	2,979	1,428	769	615	677	973	1,103	751	1,188	489
3 Coconut											
3.1 Production	nuts mn	2,513	2,870	3,056	3,011	2,450	2,623	3,086	2,792	3,120	3,391
3.2 Total Extent	hectares '000	392	441	455	440	452	499	503	505	505	505
3.3 Cost of Production	Rs./nut	13.58	13.67	16.39	16.70	16.69	18.84	18.33	21.81	26.96	27.21
3.4 Average Export Price (F.O.B.) (f)	Rs./nut	29.36	39.08	54.54	41.16	62.03	68.29	37.47	52.61	65.36	84.54
3.5 Replanting / Under Planting (g)	hectares	4,541	5,796	4,919	5,362	8,824	7,548	5,931	5,333	4,709	5,481
3.6 New Planting (h)	hectares	23,668	30,771	14,408	9,240	15,121	10,183	6,842	8,000	9,622	13,913
4 Paddy											
4.1 Production (i)	mt '000	4,621	3,381	4,819	4,420	2,383	3,930	4,592	5,121	5,150	3,393
4.2 Area Sown (i)	hectares '000	1,227	964	1,254	1,114	792	1,041	1,117	1,208	1,272	1,258
4.3 Area Harvested (i)	hectares '000	1,067	793	1,088	1,011	555	885	958	1,066	1,127	1,114
4.4 Yield Per Hectare (i) (j)	kg/hectare	4,329	4,264	4,429	4,372	4,297	4,443	4,795	4,802	4,571	3,045
4.5 Rice Imported	mt '000	23	600	286	30	748	249	24	16	147	783
4.6 Credit Granted	Rs. mn	5,427	4,761	5,582	6,384	6,039	6,510	9,760	9,701	13,052	12,454
4.7 Fertiliser Issued (k) (l)	mt '000	363	272	341	202	-	111	299	402	165	157

(a) Revised

(b) Provisional

(c) Including green tea

(d) The weighted average cost of production of public sector estates and private plantation companies, including green leaf suppliers' profit margin

(e) Extents covered by cultivation assistance schemes of the Rubber Development Department

(f) Three major coconut kernel products only

(g) Extents covered by cultivation assistance schemes of the Coconut Cultivation Board (CCB)

(h) Data on newly planted extent of the period 2013-2015 are calculated based on the amount of coconut seedlings distributed by the CCB at a conversion rate of 158 seedlings for one hectare.

(i) On a cultivation year basis

(j) Yield per hectare is calculated by dividing total production by the net extent harvested

(k) Data on inorganic fertiliser issued is from the National Fertiliser Secretariat

(l) From the 2016 Yala season, a direct cash grant was provided, replacing the fertiliser subsidy scheme. Accordingly, Rs. 6,469 million was disbursed for the 2016 Yala season and the figure for 2016 is only for the 2015/16 Maha season, while Rs. 10,304 million was disbursed for 2017. Further, Rs. 8,002 million was disbursed for the 2017/18 Maha season. Cash grant system was eliminated w.e.f. the 2018 Yala season. Hence the figure for 2018 is only for the 2018 Yala season.

Sources: Sri Lanka Tea Board

Tea Small Holdings Development Authority

Ministry of Plantation Industries

Department of Census and Statistics

Rubber Development Department

Coconut Cultivation Board

Coconut Development Authority

National Fertiliser Secretariat

Colombo Tea Brokers' Association

The Ceylon Chamber of Commerce

Sri Lanka Customs

Central Bank of Sri Lanka

Production of Tea, Rubber, Coconut and Other Export Agriculture Crops

Crop	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021(a)	2022(b)
1. Tea (c)											
Low Grown	kg mn	208.2	210.0	202.4	183.6	197.4	191.8	189.9	169.9	183.2	155.0
Medium Grown	"	52.6	49.2	51.0	44.5	45.7	47.1	47.2	46.7	51.0	40.2
High Grown	"	79.2	78.9	75.4	64.4	64.0	65.0	63.1	62.2	65.3	56.3
Total	"	340.0	338.0	328.8	292.6	307.1	303.9	300.1	278.9	299.5	251.5
2. Rubber											
Sheet Rubber	kg mn	62.8	48.5	44.4	39.8	41.5	41.3	37.4	39.1	38.4	34.8
Crepe Rubber	"	20.2	15.3	11.1	15.0	11.5	14.5	14.4	13.0	13.9	14.5
Other	"	47.4	34.8	33.1	24.3	30.1	26.8	22.9	26.1	24.5	21.7
Total	"	130.4	98.6	88.6	79.1	83.1	82.6	74.7	78.2	76.9	70.9
3. Coconut											
Desiccated Coconut (d)	nuts mn	228	393	326	399	266	222	387	226	298	314
Coconut Oil (d)	"	349	318	396	348	67	63	252	48	211	445
Copra (d)	"	0.4	25	3	6	3	3	22	6	5	11
Fresh Nut	"	21	33	13	30	10	1	21	16	15	13
Coconut Cream, Milk Powder and Milk (d)	"	121	248	270	246	274	366	420	462	544	544
Domestic Nut Consumption	"	1,826	1,830	1,874	1,787	1,656	1,794	1,807	1,826	1,833	1,848
Total (e)	"	2,513	2,870	3,056	3,011	2,450	2,623	3,086	2,792	3,120	3,391
4. Other Export Crops											
Coffee	mt	3,000	2,674	2,639	2,824	2,496	2,294	2,287	2,345	2,439	4,827
Cocoa	"	515	500	457	650	471	413	548	612	658	1,221
Cinnamon	"	17,500	17,600	17,707	18,945	22,341	20,398	20,352	20,866	22,872	23,764
Pepper	"	28,000	18,660	28,177	18,476	29,546	22,551	22,156	23,970	25,047	44,090
Clove	"	6,190	3,225	5,253	1,823	6,413	3,360	4,786	3,512	3,837	5,722
Cardamom	"	50	87	91	120	113	86	69	86	104	690
Nutmeg and Mace	"	2,545	2,960	2,750	2,723	3,545	4,180	5,119	2,751	2,818	3,618
Cashew Kernel	"	2,072	2,400	1,600	1,800	1,600	1,602	2,400	2,450	1,225	n.a.

(a) Revised

(b) Provisional

(c) Elevational categories: Low grown - 0 to 610 metres above Mean Sea Level (MSL)
Medium grown - 610 to 1,220 metres above MSL
High grown - over 1,220 metres above MSL

(d) In nut equivalent, converted at

1 mt Desiccated coconut	8,960	nuts
1 mt Coconut oil	9,250	nuts
1 mt Copra	5,500	nuts
1 mt Coconut milk powder	16,000	nuts
1 mt Coconut cream	8,960	nuts
1 mt Coconut milk	4,000	nuts

(e) Estimate (breakdown does not add up to total production due to adjustment for changes in stocks)

Sources: Sri Lanka Tea Board
Rubber Development Department
Coconut Development Authority
Department of Export Agriculture
Sri Lanka Cashew Corporation

TABLE 16

Annual Rainfall and Rainy Days

Meteorological Stations	1961-1990 Annual Average		1991-2010 Annual Average		2011-2020 Annual Average		2021		2022 (a)	
	Rainfall (mm)	No. of Rainy Days	Rainfall (mm)	No. of Rainy Days	Rainfall (mm)	No. of Rainy Days	Rainfall (mm)	No. of Rainy Days	Rainfall (mm)	No. of Rainy Days
Anuradhapura	1,285	89	1,269	97	1,629	104	1,533	111	1,565	104
Bandarawela	1,572	129	1,571	149	1,703	149	1,786	167	1,908	164
Colombo	2,424	146	2,389	162	2,396	171	2,856	196	2,390	158
Hambantota	1,050	87	1,020	101	1,079	107	1,207	122	740	90
Katugastota	1,840	148	1,842	170	1,814	168	2,423	178	1,974	166
Nuwara Eliya	1,905	163	1,855	193	1,805	187	1,936	203	1,828	192
Ratnapura	3,749	205	3,688	223	3,619	225	4,410	198	4,377	226
Trincomalee	1,580	86	1,476	87	1,622	99	1,691	113	1,871	112

Note : mm = millimetres

Source: Department of Meteorology

(a) Provisional

District-wise Performance of the Paddy Sector (a)

Zone and District	Gross Extent Sown (hectares)		Gross Extent Harvested (hectares)		Production (mt)		Yield per Hectare (kg)(b)	
	Maha 2021/2022	Yala 2022	Maha 2021/2022	Yala 2022	Maha 2021/2022	Yala 2022	Maha 2021/2022	Yala 2022
Wet Zone								
Colombo	3,830	2,880	3,811	2,880	8,166	5,412	2,521	2,211
Gampaha	11,511	9,850	11,202	9,836	27,059	20,844	2,842	2,493
Kalutara	11,939	10,765	11,566	10,661	27,349	22,915	2,563	2,330
Galle	11,235	10,615	10,921	10,422	21,486	17,896	2,514	2,194
Matarra	13,685	13,321	13,178	13,072	28,761	28,178	2,764	2,730
Kegalle	6,301	6,104	6,291	6,088	20,620	14,533	3,498	2,548
Ratnapura	13,092	11,610	13,041	11,522	37,299	32,865	3,365	3,356
Kandy	12,211	10,090	12,201	10,089	31,211	25,743	3,235	3,227
Nuwara Eliya	5,044	2,873	5,034	2,871	11,126	5,993	3,923	3,704
Badulla	24,195	12,594	24,185	12,593	62,221	35,851	3,027	3,349
Dry Zone (c)								
Kurunegala	81,454	56,830	80,609	56,581	260,302	157,003	3,229	2,775
Puttalam	20,930	13,408	19,478	13,308	39,985	31,158	2,415	2,754
Matale	19,992	12,716	19,920	12,683	59,812	31,577	3,339	2,768
Moneragala	34,361	15,571	34,188	15,437	100,062	51,654	2,987	3,414
Jaffna (d)	11,127	-	7,775	-	15,013	-	2,176	-
Kilinochchi	27,403	10,333	27,403	10,328	60,417	26,985	2,485	2,945
Mannar	20,466	2,275	20,171	2,274	51,276	7,435	2,662	3,425
Mullaitivu	19,990	6,891	19,828	6,891	43,110	23,132	2,304	3,558
Vavuniya	18,859	5,485	18,859	5,456	42,222	22,485	2,373	4,369
Anuradhapura	116,969	59,918	116,565	59,832	260,448	156,283	2,779	3,248
Polonnaruwa	66,536	58,636	66,536	58,631	182,628	222,414	3,103	4,288
Ampara	82,442	62,686	81,230	62,644	221,529	221,999	2,854	3,708
Batticaloa	66,520	28,696	66,520	28,696	96,253	74,720	1,639	2,950
Trincomalee	39,650	24,491	39,629	24,491	98,005	91,605	2,662	4,026
Hambantota	36,104	33,031	36,007	33,003	124,870	132,995	3,969	4,612
Sri Lanka	775,846	481,669	766,148	480,289	1,931,230	1,461,675	2,819	3,407

(a) The cultivation year comprises the Maha season (September/October - March/April) and the Yala season (April/May - August/September)
 (b) Yield per hectare is calculated by dividing production by the net extent harvested
 (c) Mahaweli H and Udawalawe areas are included to respective districts
 (d) No cultivation during the Yala season

Source: Department of Census and Statistics

NATIONAL OUTPUT, EXPENDITURE, INCOME AND EMPLOYMENT
Paddy Production

TABLE 18

Year	Maha				Yala				Total			
	Gross Extent Sown (ha '000)	Net Extent Harvested (ha '000)	Production (mt '000)	Yield per Hectare (kg)(a)	Gross Extent Sown (ha '000)	Net Extent Harvested (ha '000)	Production (mt '000)	Yield per Hectare (kg)(a)	Gross Extent Sown (ha '000)	Net Extent Harvested (ha '000)	Production (mt '000)	Yield per Hectare (kg)(a)
2013	780	665	2,846	4,281	448	403	1,774	4,408	1,227	1,067	4,621	4,329
2014	651	521	2,236	4,295	313	272	1,145	4,204	964	793	3,381	4,264
2015	773	659	2,877	4,364	481	429	1,942	4,527	1,254	1,088	4,819	4,428
2016	756	667	2,903	4,349	385	344	1,517	4,417	1,114	1,011	4,420	4,372
2017	543	343	1,474	4,301	249	212	909	4,291	792	555	2,383	4,297
2018	667	557	2,397	4,302	374	327	1,533	4,683	1,041	885	3,930	4,443
2019	748	647	3,073	4,747	369	310	1,519	4,896	1,117	958	4,592	4,795
2020	752	663	3,197	4,821	456	403	1,924	4,770	1,208	1,066	5,121	4,802
2021	770	682	3,061	4,492	501	445	2,088	4,692	1,272	1,127	5,150	4,571
2022(b)	776	685	1,931	2,819	482	429	1,462	3,407	1,258	1,114	3,393	3,045

(a) Yield per hectare is calculated by dividing production by the net extent harvested

(b) Provisional

Source: Department of Census and Statistics

Performance of Other Field Crops

TABLE 19

Crop	Extent Cultivated (hectares)				Production (mt '000)				Estimated Average Yield (mt/hectare)						
	2018	2019	2020	2021 (a)	2022 (b)	2018	2019	2020	2021 (a)	2022 (b)	2018	2019	2020	2021 (a)	2022 (b)
Big Onions	1,448	924	2,305	3,929	1,440	28.0	18.6	43.0	65.9	17.8	19.4	20.1	18.7	16.8	12.4
Black Gram	12,976	5,302	8,812	13,675	10,683	11.9	4.9	9.6	14.4	9.9	0.9	0.9	1.1	1.1	0.9
Dried Chillies (c)	13,553	10,981	13,580	12,301	12,095	19.8	15.1	19.8	17.1	15.8	1.5	1.4	1.5	1.4	1.3
Cowpea	9,499	7,196	11,518	10,431	14,337	11.2	8.1	13.2	11.9	14.8	1.2	1.1	1.1	1.1	1.0
Gingelly (Sesame)	11,873	6,035	11,654	17,228	16,222	8.6	6.1	8.2	12.0	10.2	0.7	1.0	0.7	0.7	0.6
Green Gram	8,615	6,156	10,889	17,841	11,899	9.9	7.4	13.5	18.9	12.5	1.1	1.2	1.2	1.1	1.1
Ground Nuts	15,752	14,527	19,508	18,537	16,656	27.6	26.9	38.5	36.9	27.2	1.8	1.9	2.0	2.0	1.6
Finger Millet (Kurakkann)	6,770	4,192	4,570	6,138	9,000	8.1	5.5	6.2	8.1	10.9	1.2	1.3	1.4	1.3	1.2
Maize	70,895	63,450	78,249	106,757	84,158	270.0	245.6	313.5	472.4	259.0	3.8	3.9	4.0	4.4	3.1
Potatoes	5,174	5,610	3,565	4,623	3,455	88.9	101.6	65.1	75.9	47.6	17.2	18.1	18.3	16.4	13.8
Red Onions	4,044	5,333	4,623	4,051	4,000	61.1	58.2	65.9	53.8	49.5	15.1	10.9	14.2	13.3	12.4
Soya Beans	1,511	914	3,538	1,915	1,931	2.5	2.2	7.9	3.8	3.8	1.7	2.4	2.2	2.0	2.0

(a) Revised

(b) Provisional

(c) Dried Chillies = 1/4 of Green Chillies, by weight

Source: Department of Census and Statistics

Land Cultivated under the Mahaweli Development Programme

hectares

Item	Maha 2019/2020	Yala 2020	Total 2020	Maha 2020/2021 (a)	Yala 2021 (a)	Total 2021 (a)	Maha 2021/2022 (b)	Yala 2022 (b)	Total 2022 (b)
System 'B'	21,063	20,773	41,836	23,532	21,543	45,075	21,956	19,589	41,544
Paddy	20,585	19,931	40,516	21,317	20,529	41,846	20,613	19,088	39,701
Other Field Crops	478	842	1,320	2,215	1,014	3,229	1,343	501	1,843
System 'C'	24,912	23,181	48,093	24,558	23,839	48,397	25,488	23,202	48,690
Paddy	22,598	22,043	44,641	21,710	22,090	43,800	22,852	21,943	44,795
Other Field Crops	2,314	1,138	3,452	2,849	1,749	4,597	2,636	1,259	3,895
System 'D'	1,725	993	2,718	1,825	1,283	3,108	1,700	1,232	2,931
Paddy	1,520	742	2,262	1,438	1,058	2,496	1,457	947	2,404
Other Field Crops	205	251	456	387	225	612	243	285	527
System 'G'	4,761	5,578	10,339	6,203	6,558	12,761	6,301	5,787	12,088
Paddy	4,537	4,634	9,171	5,847	5,470	11,318	5,752	4,893	10,645
Other Field Crops	224	945	1,169	356	1,088	1,444	549	894	1,443
System 'H'	23,226	17,399	40,625	24,055	23,351	47,406	21,596	19,881	41,477
Paddy	22,382	10,616	32,998	21,777	16,918	38,695	19,246	12,918	32,164
Other Field Crops	844	6,783	7,628	2,278	6,433	8,711	2,350	6,963	9,313
Huruluwewa	8,478	8,064	16,542	9,740	9,520	19,260	9,752	7,496	17,248
Paddy	8,269	4,667	12,936	8,600	7,538	16,138	8,986	5,658	14,644
Other Field Crops	209	3,397	3,606	1,140	1,982	3,122	766	1,838	2,604
System 'L'	3,362	713	4,075	3,904	1,758	5,662	3,964	2,070	6,034
Paddy	2,885	225	3,110	2,966	980	3,946	3,135	1,212	4,347
Other Field Crops	477	488	965	938	778	1,716	830	858	1,688
Udawalawe	12,857	13,383	26,240	13,296	13,934	27,230	14,976	14,676	29,652
Paddy	10,943	10,756	21,699	11,396	11,509	22,904	12,240	12,477	24,717
Other Field Crops	1,914	2,628	4,541	1,901	2,425	4,326	2,736	2,199	4,935
Rambakan Oya	1,187	1,064	2,251	1,968	1,388	3,355	4,754	3,998	8,752
Paddy	1,059	750	1,809	976	887	1,863	1,061	1,512	2,573
Other Field Crops	128	314	442	992	501	1,492	3,693	2,486	6,179
System 'E'	-	132	132	173	208	381	1,373	993	2,366
Paddy	-	-	-	-	-	-	885	20	905
Other Field Crops	-	132	132	173	208	381	488	973	1,461
Total	101,571	91,281	192,852	109,253	103,382	212,635	111,861	98,922	210,782
Paddy	94,778	74,363	169,141	96,027	86,979	183,006	96,227	80,668	176,895
Other Field Crops	6,793	16,918	23,711	13,227	16,403	29,629	15,634	18,254	33,888

(a) Revised

(b) Provisional

Source: Mahaweli Authority of Sri Lanka

TABLE 21

Sugar Sector Statistics

Item	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021 (a)	2022 (b)
1. Total Area under Cane (with Ratoons) (c)	hectares	11,801	12,608	12,135	11,784	11,156	11,228	12,270	13,564	14,407	14,111
2. Area Harvested (with Ratoons) (c)	hectares	9,329	11,045	9,005	11,676	9,943	9,238	10,550	12,449	12,485	14,334
3. Cane Harvested (with Ratoons) (c)	mt '000	534	576	572	653	591	567	600	699	907	757
4. Private Cane Purchased	mt '000	144	204	190	315	301	182	67	120	229	328
5. Quantity of Cane Crushed	mt '000	644	657	750	798	747	720	729	884	1,282	1,279
6. Average Yield (c)	mt/hectare	67	75	89	58	56	55	62	59	67	60
7. Sugar Production (without Sweepings)	mt '000	53	52	56	61	56	51	52	60	81	79
8. Sugar Recovery Rate (d)	percentage	8.2	8.0	7.5	7.7	7.4	7.1	7.2	6.8	6.3	6.2

(a) Revised

(b) Provisional

(c) Includes Nucleus Estates and Allottees

(d) Sugar Recovery Rate = $\frac{\text{Sugar Produced}}{\text{Quantity of Cane Crushed}} \times 100$ Sources: Lanka Sugar Company (Pvt) Ltd. - Sevanagala Unit
Lanka Sugar Company (Pvt) Ltd. - Pelwatte Unit
Gal Oya (Hingurana) Sugar Industries Ltd.
Ethimale Plantations (Pvt) Ltd.

Forestry Sector Statistics

Item	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021 (a)	2022 (b)
1.Total Forest Cover (c)	hectares '000	1,951	1,951	1,951	1,951	1,951	1,951	1,951	1,866	1,866	1,913
o/w Closed Canopy Forest	hectares '000	1,438	1,438	1,438	1,438	1,438	1,438	1,438	1,436	1,436	1,436
Sparse Forest	hectares '000	429	429	429	429	429	429	429	410	410	390
Mangroves	hectares '000	15.7	15.7	15.7	15.7	15.7	15.7	15.7	19.8	19.8	19.8
2.Extent Deforested (d)	hectares	1,513	1,611	423	1,240	851	956	849	825	807	1,047
3.Extent Reforested (e)	hectares	1,319	904	450	905	956	977	890	802	1,724	3,222
4.Forest Offences Recorded	No.	3,023	2,533	2,545	3,618	3,887	3,757	3,937	5,632	n.a.	n.a.
Volume of Timber Detected	cubic metres	2,302	10,598	2,512	2,579	2,738	3,652	3,569	3,079	2,419	3,650
Value of Timber Detected	Rs. mn	51.4	70.1	68.7	69.9	114.2	106.1	188.6	114.5	187.2	8.0

(a) Revised

(b) Provisional

(c) Total forest cover from 2011-2019 is based on satellite imagery and aerial photographs taken in 2010. Total forest cover for 2020 is based on the forest cover estimation survey conducted in 2015.

(d) Due to plantation, felling and encroachment

(e) Excluding extent under the Participatory Forestry Project

Source: Forest Department

TABLE 23

Investment Approvals in Industry by the Board of Investment (BOI) of Sri Lanka

Category	Number of Projects				Foreign Investment Potential (Rs. million)				Total Investment Potential (Rs. million)				Employment Potential (No.)			
	Approvals		Contracted		Approvals		Contracted		Approvals		Contracted		Approvals		Contracted	
	2021 (a)	2022 (b)	2021 (a)	2022 (b)	2021 (a)	2022 (b)	2021 (a)	2022 (b)	2021 (a)	2022 (b)	2021 (a)	2022 (b)	2021 (a)	2022 (b)	2021 (a)	2022 (b)
Food, Beverages and Tobacco Products	4	6	2	2	12,786	1,830	-	1,061	13,805	8,386	884	2,105	383	600	300	166
Textile, Wearing Apparel and Leather Products	6	9	2	9	10,282	1,079	151	8,180	14,210	27,096	706	29,177	1,705	6,589	1,442	5,085
Wood and Wood Products	1	1	-	-	93	-	-	-	93	158	-	-	55	4	-	-
Paper Products, Publishing and Printing	1	3	-	3	-	209	-	209	282	9,883	-	6,267	54	391	-	259
Chemical, Petroleum, Coal, Rubber and Plastic Products	2	2	3	2	2,357	828	2,424	-	4,897	2,223	4,099	1,289	779	271	671	232
Non-metallic Mineral Products	2	3	-	1	106	41,965	-	-	3,413	58,428	-	1,601	583	986	-	475
Fabricated Metal Products, Machinery and Transport Equipment	4	3	1	4	935	103	127	103	41,736	603	260	729	576	250	28	276
Manufactured Products (n.e.s.)	2	4	2	2	10,934	2,628	10,934	1,288	10,934	4,653	10,934	3,308	461	1,054	461	885
Services	20	44	11	27	282,697	169,149	4,811	255,986	315,254	295,744	20,438	338,656	4,778	5,045	628	4,119
Expanded Projects	93	85	72	92	27,682	65,051	22,858	60,983	109,433	139,198	78,114	133,542	16,258	10,987	12,947	10,188
Total	135	160	93	142	347,871	282,842	41,305	327,810	514,056	546,371	115,436	516,674	25,632	26,177	16,477	21,685

n.e.s. - not elsewhere specified

Source: Board of Investment of Sri Lanka

(a) Revised

(b) Provisional

Realised Investments in the BOI Enterprises (a)

Category	Number of Projects					Foreign Investment (Rs. million)					Total Investment (Rs. million)				
	2018	2019	2020	2021	2022 (b)	2018	2019	2020	2021	2022 (b)	2018	2019	2020	2021	2022 (b)
Food, Beverages and Tobacco Products	130	125	132	119	122	65,217	65,582	70,994	72,436	64,629	133,081	141,002	161,698	168,064	158,622
Textile, Wearing Apparel and Leather Products	272	363	338	330	341	125,172	144,889	156,300	176,713	181,972	237,608	305,536	328,636	356,986	370,853
Wood and Wood Products	20	19	18	18	18	14,656	16,710	18,920	20,835	20,771	19,777	18,842	22,069	23,989	24,403
Paper Products, Publishing and Printing	24	24	23	22	21	14,025	11,385	12,818	13,040	5,067	17,771	15,233	16,640	17,101	9,907
Chemical, Petroleum, Coal, Rubber and Plastic Products	117	113	113	109	111	124,436	147,948	170,683	182,725	208,465	185,444	215,322	249,723	280,036	336,832
Non-metallic Mineral Products	61	60	59	59	52	30,336	29,849	31,600	32,521	14,479	104,136	124,937	167,430	234,331	135,371
Fabricated Metal Products, Machinery and Transport Equipment	77	78	77	77	74	31,275	33,409	34,148	35,460	37,355	54,115	68,916	71,062	73,373	72,463
Manufactured Products (n.e.s.)	160	160	157	153	173	44,754	49,019	44,897	49,465	54,849	65,562	70,595	66,398	75,158	81,650
Services	1,093	1,062	1,026	988	1,010	1,623,498	1,724,682	1,564,795	1,675,796	1,832,522	2,553,573	2,871,529	2,833,778	3,051,357	3,285,055
Total	1,954	2,004	1,943	1,875	1,922	2,073,370	2,223,472	2,105,156	2,258,989	2,420,110	3,371,066	3,831,912	3,917,434	4,280,395	4,475,156

n.e.s. - not elsewhere specified

Source: Board of Investment of Sri Lanka

(a) Cumulative figures as at end of the year

(b) Provisional

TABLE 25

Foreign Direct Investment of BOI Enterprises by Sector (a)

Sector	US\$ million				
	2018	2019	2020	2021	2022 (b)
Manufacturing	291.5	319.5	191.8	223.1	363.9
Food, Beverages and Tobacco Products	22.3	26.1	6.6	8.7	6.9
Textile, Wearing Apparel and Leather Products	90.6	104.9	78.1	101.6	104.1
Wood and Wood Products	4.9	7.2	9.0	9.5	3.9
Paper, Paper Products, Printing and Publishing	9.0	1.3	1.2	1.1	2.0
Chemicals, Petroleum, Coal and Rubber Products	97.3	108.4	61.2	68.4	207.8
Non-metallic Mineral Products	21.0	7.5	2.6	4.6	1.5
Fabricated Metal, Machinery and Transport Equipment	7.8	9.5	3.4	6.5	6.0
Manufactured Products (n.e.s.)	38.6	54.6	29.7	22.7	31.8
Agriculture	0.5	1.3	0.8	0.5	0.2
Services	301.3	224.2	111.0	123.2	135.4
Hotels and Restaurants	223.4	153.9	66.0	69.8	53.8
Information Technology and Business Process Outsourcing	58.7	40.0	26.4	43.9	6.7
Other Services	19.2	30.3	18.6	9.4	74.9
Infrastructure	1773.7	643.7	383.4	433.5	576.1
Housing, Property Development and Shop Office	397.8	455.3	256.1	201.5	192.7
Telephone and Telecommunication Network	522.2	138.1	117.6	223.2	350.0
Power Generation, Fuel, Gas, Petroleum and Other	3.7	3.1	1.5	1.4	1.6
Port Container Terminals	850.0	47.2	8.2	7.4	31.9
Total	2,366.9	1,188.7	687.0	780.2	1,075.6

n.e.s. - not elsewhere specified

Source: Board of Investment of Sri Lanka

(a) Includes loans but excludes inflows to non-BOI companies and direct investment in listed companies in the CSE not registered with the BOI.

(b) Provisional

Capacity Utilisation in Factory Industry

Per cent

Category	2018	2019	2020	2021	2022 (a)
1. Manufacture of Food Products	83	83	82	81	65
2. Manufacture of Beverages	80	72	66	69	74
3. Manufacture of Tobacco Products	72	77	69	74	75
4. Manufacture of Textiles	87	87	74	83	65
5. Manufacture of Wearing Apparel	84	83	56	63	67
6. Manufacture of Leather and Related Products	84	87	66	57	57
7. Manufacture of Wood and Products of Wood and Cork, except Furniture; Articles of Straw and Plaiting Materials	84	73	52	63	64
8. Manufacture of Paper and Paper Products	60	70	63	50	32
9. Printing and Reproduction of Recorded Media	96	92	74	47	32
10. Manufacture of Coke and Refined Petroleum Products	61	77	71	52	21
11. Manufacture of Chemicals and Chemical Products	65	66	50	43	42
12. Manufacture of Basic Pharmaceutical Products and Pharmaceutical Preparations	83	79	83	88	68
13. Manufacture of Rubber and Plastic Products	86	77	57	76	69
14. Manufacture of Other Non-metallic Mineral Products	82	80	75	87	69
15. Manufacture of Basic Metals	76	74	45	39	24
16. Manufacture of Fabricated Metal Products (except Machinery Equipment)	70	64	54	63	35
17. Manufacture of Electrical Equipment	75	81	71	76	54
18. Manufacture of Machinery and Equipment (n.e.c.)	71	72	69	76	68
19. Manufacture of Furniture	83	79	69	66	55
20. Other Manufacturing	78	63	64	49	45
Industry Average	81	81	67	69	62

n.e.c. - not elsewhere classified

Source: Department of Census and Statistics

(a) Provisional

TABLE 27

Employment in Selected State Owned Industrial Enterprises

Number of Employees

Corporation / Enterprise	2018	2019	2020	2021 (a)	2022 (b)
1. Lanka Salt Ltd	1,590	1,542	1,563	1,403	1,520
2. State Timber Corporation	2,001	1,939	1,839	1,734	1,614
3. National Paper Company Ltd (c)	28	30	20	23	32
4. State Printing Corporation	648	599	584	551	502
5. Sri Lanka Ayurvedic Drugs Corporation	322	340	316	332	317
6. Ceylon Petroleum Corporation (d)	5,389	5,258	5,094	4,933	4,713
7. Lanka Mineral Sands Ltd	656	645	662	607	585
8. Lanka Phosphate Ltd	337	336	325	325	315
9. Kahatagaha Graphite Lanka Ltd	137	135	124	129	123
10. State Pharmaceuticals Manufacturing Corporation of Sri Lanka	214	282	283	314	323
Total	11,322	11,106	10,810	10,351	10,444

(a) Revised

Sources: Respective Institutions

(b) Provisional

(c) Production at National Paper Company Ltd. was discontinued since January 2015 and recommenced in August 2020.

(d) Includes employees of the Ceylon Petroleum Storage Terminals Ltd.

NATIONAL OUTPUT, EXPENDITURE, INCOME AND EMPLOYMENT

TABLE 28

Performance of Selected State Owned Industrial Enterprises

Corporation/Enterprise and Products	Unit	2018			2019			2020			2021 (a)			2022 (b)		
		Capacity	Production	Sales	Capacity	Production	Sales	Capacity	Production	Sales	Capacity	Production	Sales	Capacity	Production	Sales
1. Lanka Salt Ltd Common Salt	mt	80,000	68,834	47,317	70,000	57,290	62,275	70,000	60,076	56,988	100,000	63,000	78,726	100,000	111,000	60,923
2. State Timber Corporation (c) Sawn Timber	m ³ '000	5	4	250	4	5	295	7	3	222	8	4	309	9	3	373
Logs	"	127	130	3,249	109	123	3,445	101	107	3,299	104	128	4,929	108	103	3,624
Sleepers	Nos. '000	42	44	499	49	37	530	50	38	371	40	29	287	29	34	603
3. National Paper Co. Ltd (c)(d) Paper & Paper Products	mt	12,000	-	774	-	-	-	750	81	8.2	6,000	1,154	125	6,000	1,878	466
4. State Printing Corporation (e) 80 pgs Exercise Books	mn	12	7	222	10	6	166	11	5	122	10	5	138	12	2	219
Text Books	"	13	3	289	13	10	979	20	14	1,096	20	15	1,030	22	15	-
Lottery Tickets	"	420	427	360	525	503	427	756	537	332	756	495	270	760	585	} 490
Commercial Printing Jobs	Nos.	800	448	360	1,200	448	427	1,200	306	306	1,200	306	270	1,200	280	
5. Sri Lanka Ayurvedic Drugs Corporation Syrup and Oil	mt	724	419	262	640	507	405	692	425	326	755	545	344	845	402	316
Other Ayurvedic Drugs	mt	90	69	39	146	102	61	123	86	63	107	170	63	128	64	48
6. Ceylon Petroleum Corporation (e) Petrol (92 Octane)	mt	162,400	165,428	1,172,540	180,500	185,915	1,148,482	187,790	164,416	1,025,126	168,889	124,092	1,102,737	187,790	38,666	964,996
Kerosene	"	56,760	35,195	203,604	62,610	38,345	202,841	69,300	109,165	175,568	60,102	98,284	185,330	66,780	25,289	98,377
Naphtha	"	118,500	140,661	137,123	130,600	162,019	161,960	157,720	156,953	164,649	143,485	106,956	10,624	158,044	30,835	32,259
Auto Diesel	"	500,300	567,577	1,793,763	570,900	624,462	1,998,724	629,953	537,645	1,574,490	568,544	370,594	1,706,155	608,253	128,165	1,475,628
Avtur	"	227,040	237,270	498,841	250,430	258,986	473,780	277,200	157,279	188,731	240,408	130,572	223,854	267,120	57,346	245,838
Fuel oil	"	478,800	424,392	668,829	553,390	483,241	757,297	516,594	465,419	822,319	436,590	359,021	580,114	485,100	107,001	354,505
7. Lanka Mineral Sands Ltd Ilmenite & H.T. Ilmenite	mt	75,140	60,847	33,000	65,000	43,789	34,349	65,000	18,016	13,489	65,000	49,068	79,947	65,000	31,492	61,925
Rutile	"	2,280	2,174	2,780	3,500	1,959	3,173	3,500	1,311	1,000	3,500	1,881	750	3,500	741	2,300
Crude Zircon / Zircon	"	915	785	650	1,500	971	1,278	1,500	419	466	1,500	400	432	1,500	268	156
8. Lanka Phosphate Ltd Phosphate	mt	67,320	46,530	47,343	61,200	47,438	47,084	84,000	52,103	53,013	98,000	68,217	68,022	144,000	35,309	32,267
Graphite	mt	780	722	494	780	710	411	780	579	340	780	422	364	780	396	353
10. State Pharmaceuticals Manufacturing Corporation of Sri Lanka Pharmaceuticals (Tablets and Capsules)	mn	1,800	1,897	4,621	2,100	2,400	5,646	3,000	3,015	7,647	2,800	3,044	8,539	3,200	3,301	16,627

(a) Revised

(b) Provisional

(c) For sales value of each item under the State Timber Corporation, the State Printing Corporation and the National Paper Co. Ltd, the realised Rupee value (in millions) of total sales is given.

(d) Production at National Paper Company Ltd. was discontinued since January 2015 and recommenced in August 2020.

(e) Capacity information of the Ceylon Petroleum Corporation is based on budgeted crude oil inputs that are used in the refinery processes. Sales volume for certain products include local refinery production and imports.

Sources: Respective Institutions

Regional Distribution of Industrial Enterprises (a)

Numbers

District	Industries Registered under Ministry of Industries					Under Section 17 of the BOI Act (b)					Industries Under BOI					Under Section 16 of the BOI Act					Total				
	2018	2019	2020	2021 (d)	2022 (e)	2018	2019	2020	2021 (d)	2022 (e)	200 Garment Factory Programme (c)					2018	2019	2020	2021 (d)	2022 (e)	2018	2019	2020	2021 (d)	2022 (e)
											2018	2019	2020	2021 (d)	2022 (e)										
1. Colombo	1,494	1,553	1,599	1,664	1,728	635	628	626	646	643	20	20	23	30	27	343	318	311	298	287	2,492	2,519	2,559	2,638	2,685
2. Gampaha	516	565	622	692	737	530	549	609	646	653	10	10	10	10	9	92	87	84	83	79	1,148	1,211	1,325	1,431	1,478
3. Kalutara	165	180	196	223	240	149	148	147	159	165	5	5	7	9	7	22	20	19	19	16	341	353	369	410	428
4. Kurunegala	77	80	83	110	125	70	77	83	91	90	5	6	6	7	8	6	6	6	7	5	158	169	178	215	228
5. Kandy	100	103	105	108	116	73	75	77	77	94	4	4	4	4	4	24	24	21	20	7	201	206	207	209	221
6. Galle	50	57	58	61	62	79	78	86	88	91	4	4	7	11	7	56	52	53	51	48	189	191	204	211	208
7. Puttalam	64	69	75	88	97	79	87	88	93	78	3	4	4	4	4	12	7	7	7	20	158	167	174	192	199
8. Matara	49	49	50	54	61	25	29	29	33	68	1	1	1	1	5	6	6	6	6	1	81	85	86	94	135
9. Ratnapura	22	49	49	54	61	52	52	48	50	44	6	6	6	7	1	5	5	4	4	4	85	112	107	115	110
10. Kegalle	21	34	35	39	45	39	40	41	48	32	5	6	6	6	1	3	3	3	3	6	68	83	85	96	84
11. Hambantota	16	16	16	20	21	34	33	32	37	48	3	4	5	4	7	8	9	9	9	4	61	62	62	70	80
12. Anuradhapura	15	17	17	17	19	21	21	19	20	39	3	3	4	4	4	1	-	-	-	9	40	41	40	41	71
13. Nuwara Eliya	6	6	6	7	8	67	67	67	67	46	6	5	5	4	6	2	2	2	2	3	81	80	80	80	63
14. Matale	21	24	29	32	34	40	42	42	42	18	1	1	1	1	5	5	4	4	4	-	67	71	76	79	57
15. Badulla	8	8	9	9	9	35	35	35	36	37	2	1	1	1	1	2	2	2	2	2	47	46	47	48	49
16. Ampara	10	16	17	18	21	10	9	8	8	17	4	4	4	7	2	3	3	3	3	-	27	32	32	36	40
17. Polonnaruwa	9	10	10	16	18	7	8	6	6	8	2	2	2	2	7	-	-	-	-	3	18	20	18	24	36
18. Moneragala	3	3	3	3	3	8	10	9	11	24	1	1	1	-	-	-	-	-	-	-	12	14	13	14	27
19. Batticaloa	11	15	16	16	17	14	13	14	17	7	1	1	2	2	2	-	-	-	-	-	26	29	32	35	26
20. Trincomalee	6	9	11	11	11	23	25	24	25	12	1	1	1	1	-	-	-	-	-	-	30	35	36	37	23
21. Jaffna	5	6	7	9	10	6	7	10	10	10	-	-	-	-	-	-	-	-	-	-	11	13	17	20	20
22. Vavuniya	2	3	3	4	4	6	7	8	10	11	-	-	-	-	-	-	-	-	-	-	8	10	11	14	15
23. Mannar	2	2	2	2	2	1	2	1	2	6	1	1	-	-	-	1	1	1	1	-	5	6	4	5	8
24. Kilinochchi	1	1	1	1	1	4	5	5	6	2	-	-	-	-	-	-	-	-	-	1	5	6	6	7	4
25. Mullaitivu	1	1	1	1	1	1	1	1	2	2	-	-	-	-	-	-	-	-	-	-	2	2	2	3	3
Total	2,674	2,876	3,020	3,259	3,451	2,008	2,048	2,115	2,230	2,245	88	90	100	116	107	591	549	535	519	495	5,361	5,563	5,770	6,124	6,298

Sources: Ministry of Industries
Board of Investment of Sri Lanka

(a) As at year end
(b) Includes expanded projects (Excludes Projects agreement cancelled, approval withdrawn and Includes Operation Suspended/Closed)
(c) Includes expanded projects (Excludes Projects agreement cancelled, approval withdrawn and Operation Suspended/Closed)
(d) Revised
(e) Provisional

NATIONAL OUTPUT, EXPENDITURE, INCOME AND EMPLOYMENT

TABLE 30

Major Divisions of Index of Industrial Production (IIP) (a)

2015 = 100

Period	IIP	Manufacture of Food Products	Manufacture of Beverages	Manufacture of Tobacco Products	Manufacture of Textiles	Manufacture of Wearing Apparel	Manufacture of Paper and Paper Products	Manufacture of Coke and Refined Petroleum Products	Manufacture of Chemicals and Chemical Products	Manufacture of Rubber and Plastic Products	Manufacture of Other Non-metallic Mineral Products	Manufacture of Basic Metals	Manufacture of Electrical Equipment
2018	106.7	106.1	99.8	92.7	110.2	115.1	86.8	97.5	92.7	112.0	108.9	128.3	81.8
2019	108.1	105.6	103.4	81.0	108.3	117.2	96.7	106.8	102.2	106.4	117.8	124.2	86.9
2020	97.1	109.1	96.5	72.1	102.2	81.2	81.8	94.2	89.8	75.8	111.7	110.7	67.5
2021 (b)	104.2	109.3	106.0	77.9	128.7	95.4	86.5	71.1	89.8	102.9	137.4	133.6	81.4
2022 (c)	91.6	93.1	127.5	83.2	101.5	100.5	49.0	30.0	98.6	92.7	113.5	88.1	65.1
2021 (b) 1 st Quarter	108.9	109.1	121.7	80.5	130.7	114.1	111.7	51.3	91.5	104.1	134.9	144.4	98.8
2 nd Quarter	94.9	102.8	90.0	60.2	126.1	72.4	70.5	81.8	86.5	99.7	129.1	123.6	68.6
3 rd Quarter	105.2	110.0	94.2	90.5	135.1	91.8	74.8	100.9	82.6	100.6	146.6	128.9	72.9
4 th Quarter	107.9	115.3	118.0	80.4	122.9	103.1	88.9	50.5	98.6	107.1	139.1	137.5	85.5
2022 (c) 1 st Quarter	103.3	100.6	142.2	83.5	120.5	103.8	76.7	41.5	107.0	104.6	137.7	129.5	91.0
2 nd Quarter	91.5	92.8	125.7	87.9	104.3	102.7	40.6	19.9	112.8	100.7	110.8	88.9	61.1
3 rd Quarter	89.1	90.4	124.9	79.5	106.0	99.5	31.7	42.6	96.6	88.9	106.7	73.3	57.2
4 th Quarter	82.6	88.6	117.4	81.8	75.2	95.9	47.0	16.1	78.0	76.8	98.6	60.8	51.0
2021 (b) January	108.1	100.5	104.1	76.9	142.3	108.9	133.1	106.5	82.3	105.0	132.3	132.7	92.5
February	99.2	100.4	115.3	69.9	114.3	102.1	109.1	45.8	72.8	83.5	127.4	152.1	96.6
March	119.6	126.3	145.6	94.7	135.5	131.2	92.8	1.5	119.5	124.0	148.4	148.4	107.3
April	94.1	103.3	126.1	66.1	97.8	73.4	82.7	68.0	88.7	85.5	125.2	104.5	81.6
May	93.2	92.8	91.8	61.7	136.2	68.2	42.7	102.5	101.4	108.5	130.3	104.5	58.8
June	97.4	112.3	52.1	52.9	144.3	75.6	85.9	74.9	69.5	105.3	132.0	128.8	65.4
July	109.9	116.2	119.3	92.4	140.4	87.7	86.3	98.7	84.0	107.0	150.8	137.9	73.4
August	105.7	106.5	95.2	85.0	137.7	95.4	68.6	114.8	92.2	92.9	148.3	140.7	67.7
September	100.2	107.3	68.2	94.0	127.3	92.4	69.5	89.2	71.6	101.9	140.6	108.0	77.5
October	109.5	120.1	110.9	86.1	132.6	100.7	72.9	72.6	92.8	112.3	136.7	114.2	76.9
November	106.8	110.9	125.8	78.7	132.1	106.0	105.5	29.9	102.7	102.6	137.9	148.5	92.2
December	107.4	114.7	117.1	76.4	104.1	102.6	88.3	48.9	100.4	106.3	142.7	149.9	87.3
2022 (c) January	100.9	104.8	124.2	87.6	110.3	102.0	84.5	7.6	102.8	106.8	135.8	141.2	97.4
February	101.2	94.0	139.1	62.5	122.9	98.5	68.5	74.4	102.2	94.8	146.1	134.8	89.2
March	107.9	102.9	163.1	100.4	128.2	110.8	77.1	42.5	116.1	112.1	131.1	112.3	86.6
April	87.3	90.5	126.4	68.1	87.8	97.0	52.8	1.5	118.2	86.2	124.1	65.3	55.2
May	90.8	89.8	127.6	95.2	111.2	109.6	30.0	1.5	116.0	107.2	99.4	85.6	63.1
June	96.5	98.0	123.0	100.4	113.9	101.5	29.1	56.8	104.3	108.7	108.9	115.9	65.1
July	85.6	88.4	130.0	71.6	121.7	103.0	29.1	1.5	92.3	98.0	93.9	56.6	60.3
August	90.7	93.7	129.6	84.7	95.1	98.7	27.6	31.7	98.0	95.6	121.7	73.1	60.6
September	90.9	89.1	115.1	82.2	101.2	96.7	38.5	94.5	99.4	73.1	104.7	90.1	50.8
October	86.6	92.5	97.9	93.5	102.5	100.9	30.5	9.9	103.5	77.1	107.6	70.3	53.2
November	81.0	83.3	134.7	93.5	57.8	96.5	74.2	1.5	66.6	83.1	102.5	64.7	49.6
December	80.2	90.1	119.6	76.5	65.3	90.2	36.2	36.8	63.8	70.2	85.8	47.4	50.2

(a) Indices are classified according to the International Standard Industrial Classification (ISIC) Revision 4.

(b) Revised

(c) Provisional

Source: Department of Census and Statistics

Index of Industrial Production (IIP) (a)

2015 = 100

Category	2018	2019	2020	2021 (b)	2022 (c)
1. Manufacture of Food Products	106.1	105.6	109.1	109.3	93.1
2. Manufacture of Beverages	99.8	103.4	96.5	106.0	127.5
3. Manufacture of Tobacco Products	92.7	81.0	72.1	77.9	83.2
4. Manufacture of Textiles	110.2	108.3	102.2	128.7	101.5
5. Manufacture of Wearing Apparel	115.1	117.2	81.2	95.4	100.5
6. Manufacture of Leather and Related Products	117.0	116.7	77.6	78.6	87.4
7. Manufacture of Wood and Products of Wood and Cork, except Furniture; Articles of Straw and Plaiting Materials	98.6	101.9	71.8	82.5	81.0
8. Manufacture of Paper and Paper Products	86.8	96.7	81.8	86.5	49.0
9. Printing and Reproduction of Recorded Media	106.5	102.9	112.6	117.9	112.1
10. Manufacture of Coke and Refined Petroleum Products	97.5	106.8	97.2	71.1	30.0
11. Manufacture of Chemicals and Chemical Products	92.7	102.2	94.2	89.8	98.6
12. Manufacture of Basic Pharmaceutical Products and Pharmaceutical Preparations	100.1	98.2	104.7	117.9	102.5
13. Manufacture of Rubber and Plastic Products	112.0	106.4	75.8	102.9	92.7
14. Manufacture of Other Non-metallic Mineral Products	108.9	117.8	111.7	137.4	113.5
15. Manufacture of Basic Metals	128.3	124.2	110.7	133.6	88.1
16. Manufacture of Fabricated Metal Products (except Machinery Equipment)	125.4	110.7	100.9	124.6	72.0
17. Manufacture of Electrical Equipment	81.8	86.9	67.5	81.4	65.1
18. Manufacture of Machinery and Equipment (n.e.c.)	102.0	99.3	102.9	122.0	139.1
19. Manufacture of Furniture	90.6	90.3	77.0	77.5	63.3
20. Other Manufacturing	95.1	66.0	65.7	69.6	69.6
Index of Industrial Production	106.7	108.1	97.1	104.2	91.6

n.e.c. - not elsewhere classified

(a) Indices are classified according to the International Standard Industrial Classification (ISIC) Revision 4.

(b) Revised

(c) Provisional

Source: Department of Census and Statistics

NATIONAL OUTPUT, EXPENDITURE, INCOME AND EMPLOYMENT

TABLE 32

Demography

Item	2001	2012	2013	2014	2015	2016 (a)	2017 (b)	2018 (b)	2019 (b)	2020 (b)	2021 (b)	2022 (b)
Mid-Year Population, '000 (c)	18,797	20,425	20,585	20,778	20,970	21,209	21,444	21,670	21,803	21,919	22,156	22,181
0 - 14 Years	4,942	5,148	5,188	5,239	5,289	5,349	5,411	5,470	5,504	5,534	5,596	5,603
15 - 54 Years	11,374	11,680	11,773	11,881	11,992	12,128	12,263	12,392	12,469	12,535	12,671	12,684
55 Years and Over	2,481	3,597	3,624	3,658	3,689	3,732	3,770	3,808	3,830	3,850	3,889	3,894
Growth of Mid-Year Population (%)	1.2	1.0	0.8	0.9	0.9	1.1	1.1	1.1	0.6	0.5	1.1	0.1
Crude Birth Rate, per 1,000	19.1	17.6	17.8	16.8	16.0	15.5	15.2	15.1	14.6	13.8	12.9	12.4
Crude Death Rate, per 1,000	6.0	6.0	6.2	6.2	6.3	6.2	6.5	6.4	6.6	6.0	7.4	8.1
Rate of Natural Increase, per 1,000	13.1	11.6	11.6	10.7	9.7	9.6	8.7	8.7	8.0	7.3	5.5	5.0
Net Migration Rate, per 1,000	-0.9	-2.5	-2.3	-2.0	0.7	2.1	2.3	0.8	-2.3	-4.3	4.0	-9.7
Infant Mortality Rate, per 1,000 Live Births	12.6	8.3	8.3	7.6	8.5	n.a.	n.a.	n.a.	7.4	n.a.	n.a.	n.a.
Density of Population, Persons per Sq.Km.	300	326	328	331	334	338	342	346	348	350	353	354

(a) Revised

(b) Provisional

(c) Until 2011, mid-year population estimates were prepared based on the Census of Population and Housing - 2001.

Mid-year population estimates from 2012 onwards were based on the Census of Population and Housing - 2012.

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

TABLE 33

Population By District

'000 Persons

District	1981 (a)	2001 (b)	2012 (c)	2015 (c)	2016 (c)	2017 (c)(d)	2018 (c)(d)	2019 (c)(d)	2020 (c)(d)	2021 (c)(d)	2022 (c)(d)
Colombo	1,699	2,251	2,330	2,367	2,387	2,419	2,439	2,448	2,455	2,480	2,478
Gampaha	1,391	2,064	2,310	2,355	2,373	2,391	2,409	2,417	2,423	2,443	2,439
Kalutara	830	1,066	1,225	1,252	1,263	1,271	1,281	1,284	1,287	1,296	1,292
Galle	815	991	1,066	1,092	1,104	1,113	1,124	1,130	1,135	1,147	1,147
Matara	644	761	817	840	848	851	858	863	866	873	874
Hambantota	424	526	602	625	634	647	655	661	668	676	681
Badulla	641	780	818	846	857	864	873	880	886	895	899
Moneragala	274	398	453	475	483	485	491	496	501	505	509
Kandy	1,048	1,279	1,381	1,417	1,434	1,452	1,468	1,476	1,483	1,501	1,499
Matale	357	441	486	501	508	514	519	522	525	530	530
Nuwara Eliya	604	704	715	741	749	756	763	768	773	780	783
Kegalle	685	786	843	863	871	877	884	887	891	898	898
Ratnapura	797	1,016	1,092	1,125	1,138	1,151	1,163	1,171	1,179	1,190	1,193
Kurunegala	1,212	1,460	1,624	1,661	1,680	1,694	1,711	1,719	1,726	1,743	1,742
Puttalam	493	710	765	786	797	814	825	832	837	849	850
Anuradhapura	588	745	864	896	909	918	930	937	943	954	957
Polonnaruwa	262	359	408	422	428	431	436	440	443	448	449
Ampara	389	593	652	674	686	705	719	728	736	752	754
Batticaloa	330	486	528	541	551	560	570	575	579	590	590
Trincomalee	256	340	381	396	404	412	421	426	431	441	444
Jaffna (e)	739	491	585	596	600	608	613	617	621	626	629
Kilinochchi (e)	92	127	114	119	120	124	126	129	130	133	135
Mannar	106	152	100	103	105	107	109	111	112	114	115
Mullaitivu	77	121	93	96	97	96	96	97	98	98	99
Vavuniya	95	150	173	181	183	184	187	189	191	194	195
Total	14,847	18,797	20,425	20,970	21,209	21,444	21,670	21,803	21,919	22,156	22,181

(a) Based on the Census of Population and Housing - 1981

(b) Based on the Census of Population and Housing - 2001

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

(d) Provisional

(e) Although in the 1981 Census, Jaffna and Killinochchi were considered as one district, the disaggregated population data for the two districts have been provided for 1981 as well, to be consistent within the present district structure.

Source: Registrar General's Department

NATIONAL OUTPUT, EXPENDITURE, INCOME AND EMPLOYMENT
Labour Force Participation Rate (a)(b)

TABLE 34

Per cent

Category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 (c)
By Age Group												
10 - 14 Years	...	...	...	...	...	...	...	...	...	...	...	...
15 - 19 Years	16.2	14.7	16.2	15.2	15.0	13.8	13.3	11.7	12.0	11.2	8.8	7.7
20 - 24 Years	54.4	54.5	55.0	52.7	55.5	55.6	57.4	53.2	54.9	51.5	47.6	48.0
25 - 29 Years	66.1	64.4	64.7	63.8	65.4	65.8	67.6	66.3	68.1	66.4	66.8	67.0
30 - 39 Years	67.4	65.7	67.9	68.0	67.4	67.6	68.1	66.0	67.6	66.8	67.3	67.1
40 Years & above	53.1	52.7	54.1	53.4	54.0	54.4	54.6	52.8	52.6	51.0	50.8	51.0
By Gender												
Male	74.0	74.9	74.9	74.6	74.7	75.1	74.5	73.0	73.0	71.9	71.0	70.5
Female	34.3	32.9	35.4	34.6	35.9	35.9	36.6	33.6	34.5	32.0	31.8	32.1
By Sector												
Urban	47.8	48.3	47.7	48.7	48.6	49.8	50.5	49.7	50.2	47.0	46.9	47.2
Rural	53.8	53.4	54.9	54.1	54.8	54.6	54.8	52.3	52.7	51.3	50.5	50.3
All	52.9	52.5	53.7	53.2	53.8	53.8	54.1	51.8	52.3	50.6	49.9	49.8
Labour Force, '000	7,926	7,798	8,034	8,049	8,214	8,311	8,567	8,388	8,592	8,467	8,553	8,547

(a) In July 2016, the Department of Census and Statistics published a re-weighted and revised labour force data series for 2011 onwards. Data cover the entire island and household population aged 15 years and above.

Source: Department of Census and Statistics

(b) Labour force as a percentage of household population aged 15 years and above

(c) Provisional

TABLE 35

Status of Employment (a)

Per cent

Period	Public Sector Employees	Private Sector Employees	Employers	Own Account Workers	Unpaid Family Workers	Total
2011	14.6	40.5	2.9	31.5	10.6	100.0
2012	15.3	41.2	2.8	31.9	8.7	100.0
2013	15.2	40.5	3.0	32.2	9.1	100.0
2014	15.5	40.9	2.7	32.0	8.9	100.0
2015	15.1	41.0	3.1	32.3	8.4	100.0
2016	14.6	43.3	2.7	31.6	7.8	100.0
2017	14.4	43.3	3.0	31.3	8.0	100.0
2018	14.5	43.4	2.8	32.3	7.2	100.0
2019	14.9	43.0	2.6	32.5	7.0	100.0
2020	14.8	42.7	2.5	33.2	6.8	100.0
2021	15.2	42.0	2.7	33.4	6.6	100.0
1st Quarter	15.7	42.3	2.7	33.2	6.1	100.0
2nd Quarter	15.6	41.4	2.7	33.1	7.3	100.0
3rd Quarter	14.9	42.2	2.7	33.2	7.0	100.0
4th Quarter	14.8	42.3	2.9	33.9	6.2	100.0
2022 (b)	15.1	42.9	2.9	33.1	5.9	100.0
1st Quarter	14.9	43.3	2.7	33.4	5.6	100.0
2nd Quarter	15.1	42.7	3.1	32.6	6.5	100.0
3rd Quarter	15.1	42.2	3.0	33.7	6.0	100.0
4th Quarter	15.3	43.4	2.8	32.8	5.6	100.0

(a) In July 2016, the Department of Census and Statistics published a re-weighted and revised labour force data series for 2011 onwards. Data cover the entire island and household population aged 15 years and above.

Source: Department of Census and Statistics

(b) Provisional

NATIONAL OUTPUT, EXPENDITURE, INCOME AND EMPLOYMENT

TABLE 36

Employment by Economic Activity (a)(b)

'000 Persons

Sector	2019	2020	2021	2022 (c)				Annual
				1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	
Agriculture	2,072	2,170	2,213	2,098	2,125	2,152	2,258	2,159
Industry	2,258	2,153	2,109	2,343	2,267	2,077	1,946	2,158
Mining and Quarrying	61	57	55	71	60	62	43	59
Manufacturing	1,504	1,398	1,362	1,512	1,481	1,331	1,312	1,409
Construction, Electricity, Gas, Steam and Air Conditioning Supply, Water Supply, Sewerage, Waste Management and Remediation Activities	693	698	693	759	727	685	591	690
Services	3,850	3,677	3,791	3,948	3,785	3,781	3,810	3,831
Wholesale and Retail Trade, Repair of Motor Vehicles and Motor Cycles	1,134	1,095	1,154	1,182	1,163	1,158	1,069	1,143
Transport and Storage	514	524	482	546	464	477	458	486
Accommodation and Food Services Activities	232	217	214	258	212	224	248	236
Information and Communication	64	58	73	61	64	82	78	71
Financial and Insurance Activities	188	183	182	173	174	168	215	182
Professional, Scientific and Technical Activities	90	86	81	86	83	94	87	87
Administrative and Support Service Activities	205	165	136	157	134	143	152	146
Public Administration and Defence; Compulsory Social Security	436	447	490	467	449	438	474	457
Education	426	403	423	480	447	471	449	462
Human Health and Social Work Activities	169	156	175	171	193	149	165	169
Other (d)	390	342	381	369	402	378	415	391
Total Employment	8,181	7,999	8,114	8,389	8,177	8,010	8,015	8,148
Percentage of Labour Force	95.2	94.5	94.9	95.7	95.4	95.0	95.2	95.3

Source: Department of Census and Statistics

(a) Household population aged 15 years and above
 (b) Based on the International Standard Industrial Classification (SIC) - Revision 4
 (c) Provisional
 (d) Includes activities of households as employers; Real estate; Arts, entertainment and recreation; and Extra territorial organizations and bodies

Labour Force Trends (a)

Item	2019	2020	2021	2022 (b)				Annual
				1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	
Household Population, '000	16,424	16,739	17,134	17,105	17,126	17,186	17,230	17,162
Labour Force, '000	8,592	8,467	8,553	8,762	8,576	8,430	8,421	8,547
Employed	8,181	7,999	8,114	8,389	8,177	8,010	8,015	8,148
Unemployed	411	468	440	373	399	419	406	399
Labour Force Participation Rate (% of Household Population)	52.3	50.6	49.9	51.2	50.1	49.0	48.9	49.8
Male	73.0	71.9	71.0	71.8	70.9	70.4	69.0	70.5
Female	34.5	32.0	31.8	33.6	32.1	31.0	31.6	32.1
Employment Status (%)								
Public Sector Employees	14.9	14.8	15.2	14.9	15.1	15.1	15.3	15.1
Private Sector Employees	43.0	42.7	42.0	43.3	42.7	42.2	43.4	42.9
Employers	2.6	2.5	2.7	2.7	3.1	3.0	2.8	2.9
Own Account Workers	32.5	33.2	33.4	33.4	32.6	33.7	32.8	33.1
Unpaid Family Workers	7.0	6.8	6.6	5.6	6.5	6.0	5.6	5.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Unemployment, % of Labour Force								
By Gender								
Male	3.3	4.0	3.7	3.0	3.7	4.2	3.9	3.7
Female	7.4	8.5	7.9	6.5	6.5	6.4	6.5	6.5
By Level of Education								
Grade 5 and below	...	...	...	...	...	...	...	...
Grade 6-10	3.3	4.0	3.4	3.0	3.0	3.4	4.2	3.4
GCE(O/L)	6.5	7.2	7.1	5.0	6.6	6.8	6.2	6.2
GCE(A/L) and above	8.5	9.8	9.1	7.5	7.8	8.7	7.2	7.8
By Age Group								
15 - 19 years	26.0	31.7	25.2	20.5	21.9	38.6	30.5	27.9
20 - 29 years	15.3	18.1	18.3	14.2	17.1	16.6	17.2	16.3
30 - 39 years	3.1	3.5	3.8	3.1	2.5	3.4	3.6	3.1
40 years and above	1.2	1.1	1.0	1.1	1.1	1.3	1.1	1.2
Youth Unemployment Rate (age 15-24 years)	21.5	26.5	26.5	19.2	23.8	23.8	24.5	22.8
Overall Unemployment Rate	4.8	5.5	5.1	4.3	4.6	5.0	4.8	4.7

(a) Household population aged 15 years and above

(b) Provisional

Source: Department of Census and Statistics

NATIONAL OUTPUT, EXPENDITURE, INCOME AND EMPLOYMENT

TABLE 38

Public Sector Employment

Category	2018	2019	2020	2021	2022 (a)
Government Institutions (b)					
Senior Level (c)	44,837	44,528	58,559	46,010	42,283
Tertiary Level (d)	30,770	31,169	35,891	36,808	30,803
Secondary Level (e)	560,911	565,503	531,752	533,717	609,704
Primary Level (f)	242,653	249,356	318,295	303,667	251,856
Total	879,171	890,556	944,497	920,202	934,646
Tri Forces	256,317	250,915	251,366	261,220	247,120
State Owned Enterprises	235,145	236,293	227,253	219,838	212,117
Total Public Sector	1,370,633	1,377,764	1,423,116	1,401,260	1,393,883
Percentage					
Government Institutions					
Senior Level (e)	3.3	3.2	4.1	3.3	3.0
Tertiary Level (d)	2.2	2.3	2.5	2.6	2.2
Secondary Level (e)	40.9	41.0	37.4	38.1	43.7
Primary Level (f)	17.7	18.1	22.4	21.7	18.1
Total	64.1	64.6	66.4	65.7	67.1
Tri Forces	18.7	18.2	17.7	18.6	17.7
State Owned Enterprises	17.2	17.2	16.0	15.7	15.2
Total Public Sector	100.0	100.0	100.0	100.0	100.0

(a) Provisional

(b) Based on the definitions given in the Public Administration Circular No.06/2006 issued on 25th April 2006

(c) Represents Executives/Senior Executives; Judicial/Law Officers and Medical Officers

(d) Represents Field/Office based Officers; Supra/Special Class Management Assistants; Sri Lanka Principals' Service; Police Inspectors/Chief Inspectors and similar posts in other Regulatory Services; Special Grades of Nurses/ PSM Services and Para-Medical Services; and Medical Practitioners

(e) Represents Management Assistant (Technical and Non-Technical), Associate Officers; Sri Lanka Teachers' Service; Police Constables/ Sergeants/ Sergeant Major/Sub-Inspectors and similar posts in other Regulatory Services; Supervisory Management Assistants; and Nurses/ PSM Services and Para-Medical Services except the Special Grades of these services

(f) Represents primary level un-skilled, semi-skilled and skilled employees

Source: Department of Management Services,
Ministry of Finance

Foreign Employment

Item	2013	2014	2015	2016	2017	2018	2019	2020	2021 (c)	2022 (b)
Total Placements	293,218	300,703	263,443	242,816	211,992	211,211	203,087	53,711	122,264	311,056
By Source										
Licensed Agents	180,463	176,829	116,749	87,982	68,319	66,703	69,278	18,065	41,805	123,420
(%)	61.6	58.8	44.3	36.2	32.2	31.6	34.1	33.6	34.2	39.7
Other	112,755	123,874	146,694	154,834	143,673	144,508	133,809	35,646	80,459	187,636
(%)	38.5	41.2	55.7	63.8	67.8	68.4	65.9	66.4	65.8	60.3
By Gender										
Males	175,185	190,217	172,788	160,306	139,268	129,712	122,257	32,500	81,110	186,965
(%)	59.7	63.3	65.6	66.0	65.7	61.4	60.2	60.5	66.3	60.1
Females	118,033	110,486	90,655	82,510	72,724	81,499	80,830	21,211	41,154	124,091
(%)	40.3	36.7	34.4	34.0	34.3	38.6	39.8	39.5	33.7	39.9
By Manpower Category										
Housemaids	96,900	88,628	73,226	65,015	55,884	64,757	61,489	15,322	29,315	74,007
(%)	33.0	29.5	27.8	26.8	26.4	30.7	30.3	28.5	24.0	23.8
Skilled Labour	73,707	73,162	81,682	76,545	68,980	67,013	62,711	16,664	40,174	92,836
(%)	25.1	24.3	31.0	31.5	32.5	31.7	30.9	31.0	32.9	29.8
Unskilled Labour	70,977	79,519	77,985	71,656	61,054	51,703	51,188	13,987	31,676	105,509
(%)	24.2	26.4	29.6	29.5	28.8	24.5	25.2	26.0	25.9	33.9
Other	51,634	59,394	30,550	29,600	26,074	27,738	27,699	7,738	21,099	38,704
(%)	17.6	19.8	11.6	12.2	12.3	13.1	13.6	14.4	17.2	12.4
Licensed Employment Agencies (Year End)	835	1,034	1,034	1,135	763	763	881	778	1,011	947
Number of Training Centres										
By SLBFE	23	25	25	22	19	19	18	17	18	18
By Private Agents	13	13	13	0	3	3	3	1	2	2

(a) Revised

(b) Provisional

Source: Sri Lanka Bureau of Foreign Employment

Employees' Provident Fund

Year	Total Member Accounts (a) ('000)	Active Accounts (b) ('000)	Employers (Number)	Contributions (Rs. million)	Refunds (Rs. million)	Total Member Balances (Rs. million)
2013	15,203	2,404	69,148	80,176	50,243	1,281,855
2014	15,831	2,448	69,683	90,049	65,118	1,445,462
2015	16,860	2,569	72,578	102,453	77,769	1,625,493
2016	17,139	2,411	73,973	118,327	108,393	1,810,595
2017	18,032	2,765	76,782	133,353	117,477	2,020,782
2018	18,705	2,850	78,651	144,996	106,831	2,254,194
2019	19,385	2,914	94,171	157,247	126,330	2,497,610
2020	19,759	2,611	89,853	150,735	109,725	2,767,832
2021 (c)	20,345	2,535	71,203	165,723	118,192	3,066,871
2022 (d)	22,426	2,400	67,508	194,594	163,031	3,380,617

(a) Data have not been adjusted to take into account persons registered more than once.

Source: Central Bank of Sri Lanka

(b) Accounts in respect of which contributions were received for the current year.

(c) Revised

(d) Provisional

TABLE 41

Employees' Trust Fund

Year	Member Accounts (million)(a)	Active Accounts (million)(a)	Contributing Employers (number)	Contributions Received (Rs. million)	Refunds Paid (Rs. million)	Other Benefits Paid (Rs. million)	Total Member Balances (Rs. million)	Investments of the Fund (Rs. million)
2013	10.0	2.2	72,234	14,404	9,574	248	174,252	178,099
2014	12.0	2.4	74,362	15,852	13,859	374	193,869	198,653
2015	12.4	2.4	76,674	18,087	11,493	374	218,502	221,941
2016	12.5	2.5	77,842	20,318	13,478	393	245,608	248,870
2017	12.6	2.6	81,515	22,764	16,839	398	274,160	279,006
2018	13.9	2.6	82,416	25,282	18,292	425	306,455	310,771
2019	15.3	2.6	82,375	27,476	19,808	455	338,631	343,325
2020	15.9	2.5	75,756	26,751	18,570	405	375,215	376,579
2021 (b)	14.7	2.1	44,501	29,687	19,789	441	406,289	410,106
2022 (c)	16.8	2.4	68,488	34,643	25,019	477	459,630	455,842

(a) Estimated

Source: Employees' Trust Fund Board

(b) Revised

(c) Provisional

TABLE 42

Strikes in Private Sector Industries

Year	Plantation			Other (a)			Total		
	No. of Strikes	Workers Involved	Man Days Lost	No. of Strikes	Workers Involved	Man Days Lost	No. of Strikes	Workers Involved	Man Days Lost
2012	14	4,278	25,043	20	5,626	10,774	34	9,904	35,817
2013	21	5,031	41,669	21	6,088	38,754	42	11,119	80,423
2014	31	4,833	29,165	7	1,618	8,158	38	6,451	37,323
2015	31	10,427	70,697	20	4,488	11,597	51	14,915	82,294
2016	26	11,185	85,637	15	10,167	18,690	41	21,352	104,327
2017	12	1,885	5,643	21	9,027	54,436	33	10,912	60,079
2018	29	6,545	33,212	22	5,610	16,406	51	12,155	49,618
2019	9	1,981	28,363	16	5,630	27,689	25	7,611	56,052
2020	13	1,936	9,375	15	4,189	13,215	28	6,125	22,590
2021	8	1,182	7,303	13	8,072	109,467	21	9,254	116,770
2022 (b)	4	860	2,655	7	1,785	8,763	11	2,645	11,418

(a) Includes semi government institutions and other private institutions

Source: Department of Labour

(b) Provisional

Performance of Telecommunications and Postal Services

Item	2013	2014	2015	2016	2017	2018	2019	2020	2021 (a)	2022 (b)
Telecommunication Services										
1. Fixed Access Services (No.)	2,706,787	2,709,848	2,601,196	2,550,432	2,603,178	2,484,616	2,299,767	2,613,140	2,851,589	2,651,287
Wireline Telephones in Service	1,062,065	1,123,126	1,128,291	1,166,348	1,198,483	1,215,967	1,244,549	1,246,045	1,264,196	1,263,068
Wireless Local Loop Telephones	1,644,722	1,586,722	1,472,905	1,384,084	1,404,695	1,268,649	1,055,218	1,367,095	1,587,393	1,388,219
2. Mobile Phones (No.)	20,315,150	22,123,000	24,384,544	26,227,631	28,199,083	32,528,104	32,884,099	28,739,277	29,958,852	28,838,038
3. Internet Connections (No.) (c)	2,009,456	3,396,295	4,090,920	4,920,554	6,747,154	10,562,675	13,408,403	17,524,048	22,106,398	21,667,616
4. Public Pay Phones (No.)	6,773	6,642	5,809	5,301	5,137	2,135	476	461	n.a.	n.a.
5. Penetration (d)										
Fixed Lines	13.15	13.05	12.41	12.03	12.14	11.47	10.55	11.92	12.87	11.95
Mobile Phones	98.72	106.51	116.31	123.70	131.50	150.11	150.82	131.12	135.22	130.01
Internet (c)	9.76	16.35	19.51	23.21	31.46	48.74	61.50	79.95	99.78	97.69
Postal Services										
1. Delivery Areas (No.)	6,729	6,729	6,729	6,729	6,729	6,729	6,729	6,729	8,157	8,157
2. Post Offices (No.)	4,628	4,692	4,692	4,691	4,690	4,475	4,474	4,196	4,194	4,135
Public	4,026	4,063	4,063	4,062	4,062	4,063	4,062	4,062	4,064	3,995
Main Post Offices	651	653	653	652	653	653	653	653	654	653
Sub Post Offices	3,375	3,410	3,410	3,410	3,409	3,410	3,409	3,409	3,410	3,342
Private	602	629	629	629	628	412	412	134	130	140
Agency Post Offices	497	524	524	524	523	307	307	n.a.	n.a.	n.a.
Rural Agency Post Offices	101	101	101	101	101	101	101	n.a.	n.a.	n.a.
Estate Agency Post Offices	4	4	4	4	4	4	4	n.a.	n.a.	n.a.
3. Area Served by a Post Office (sq. km)	14	13	13	14	14	15	15	16	16	16
4. Population Served by a Post Office (No.)	4,447	4,427	4,468	4,520	4,572	4,791	4,872	5,223	5,283	5,365
5. Letters per Inhabitant (No.)	13	18	18	18	18	18	18	15	15	15

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

- (a) Revised
(b) Provisional
(c) Includes mobile internet connections
(d) Measured as connections per 100 persons

ECONOMIC AND SOCIAL INFRASTRUCTURE

TABLE 44

Performance of the Energy Sector

Item	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021 (a)	2022 (b)
1. Electricity											
Installed Capacity	MW	3,362	3,932	3,847	4,018	4,138	4,046	4,217	4,265	4,186	4,084
CEB - Hydro	"	1,361	1,377	1,377	1,384	1,384	1,399	1,399	1,383	1,383	1,413
Fuel Oil	"	564	544	604	604	604	604	654	654	654	654
Coal	"	300	900	900	900	900	900	900	900	900	900
Other	"	3	3	3	3	3	-	-	31	104	104
Private - Hydro	"	267	288	307	342	353	394	410	410	414	414
Fuel Oil (c)	"	771	671	511	611	689	533	628	614	433	270
Other	"	96	150	145	174	206	217	226	274	299	329
Units Generated	GWh	11,898	12,357	13,090	14,149	14,671	15,374	15,922	15,714	16,716	15,942
CEB - Hydro	"	5,990	3,632	4,904	3,481	3,059	5,149	3,783	3,911	5,640	5,364
Fuel Oil	"	1,283	1,696	1,050	2,297	2,529	1,889	2,141	1,465	1,234	1,339
Coal	"	1,469	3,202	4,443	5,047	5,103	4,764	5,361	5,754	5,519	5,174
Other	"	2	2	1	2	2	1	-	8	318	347
Private - Hydro	"	916	902	1,065	739	945	1,232	1,011	1,047	1,568	1,377
Fuel Oil (c)	"	1,977	2,610	1,225	2,164	2,516	1,740	2,875	2,717	1,400	1,128
Other (d)	"	260	313	401	419	517	598	750	811	1,036	1,213
Total Sales by CEB	"	10,621	11,063	11,786	12,785	13,430	14,091	14,611	14,286	15,214	14,520
Domestic and Religious	"	3,546	3,585	3,943	4,272	4,463	4,641	4,863	5,172	5,320	5,124
Industrial	"	3,344	3,498	3,608	3,864	4,041	4,290	4,392	4,164	4,822	4,334
General Purpose, Government and Hotel	"	2,316	2,520	2,681	2,987	3,222	3,412	3,563	3,238	3,342	3,415
Bulk Sales to LECO	"	1,308	1,352	1,446	1,553	1,595	1,640	1,684	1,605	1,633	1,550
Street Lighting	"	108	108	108	109	108	108	109	108	97	97
2. Energy Related Products											
Quantity Imported											
Crude Oil	mt '000	1,743	1,824	1,763	1,685	1,591	1,674	1,842	1,667	1,182	649
Refined Products	"	2,907	3,385	3,321	3,885	4,895	4,959	4,740	4,028	4,553	3,927
Coal	"	1,469	1,608	1,883	2,407	2,530	2,167	2,390	2,600	2,206	1,707
L.P. Gas	"	197	198	277	345	387	413	430	437	422	290
Value of Imports (C.I.F)											
Crude Oil	Rs. million	182,064	187,760	100,578	86,969	107,397	160,024	173,547	107,665	123,865	157,408
	US\$ million	1,413	1,438	739	596	704	978	971	583	625	484
Refined Products	Rs. million	352,984	391,651	244,148	246,233	375,374	475,521	483,462	321,818	564,681	1,294,311
	US\$ million	2,734	3,000	1,802	1,688	2,462	2,937	2,706	1,742	2,840	4,048
Coal	Rs. million	20,882	20,739	21,613	28,692	39,699	38,750	38,719	40,194	55,118	99,949
	US\$ million	161	159	159	197	261	237	215	217	278	365
L.P. Gas	Rs. million	26,915	25,876	22,326	24,208	35,505	43,162	43,156	43,812	64,436	75,882
	US\$ million	208	198	164	166	233	266	241	236	324	234
Average Price of	Rs./barrel	14,151	13,646	7,459	6,757	8,817	12,475	12,302	8,415	13,645	32,573
Crude Oil (C.I.F)	US\$/barrel	109.84	104.53	54.80	46.30	57.79	76.25	68.80	45.57	68.86	100.11
Quantity of Petroleum Exports	mt '000	511	398	908	807	972	1,093	984	798	853	641
Value of Petroleum Exports	Rs. million	55,128	44,132	50,461	41,794	66,280	101,467	93,194	68,849	100,975	177,194
	US\$ million	428	338	374	287	434	622	521	374	506	568
Local Sales - Refined Products											
o/w Petrol (92 Octane) (e) (f)	"	733	767	911	1,036	1,109	1,179	1,269	1,139	1,238	1,119
Petrol (95 Octane)	"	55	69	100	137	168	189	158	120	116	69
Auto Diesel (g)	"	1,726	1,972	1,798	2,143	2,194	1,987	2,139	1,750	1,875	1,693
Super Diesel	"	29	36	54	75	92	101	85	69	75	78
Kerosene	"	126	122	130	137	161	210	206	176	185	98
Furnace Oil	"	827	915	630	817	1,040	949	1,011	971	720	496
Avtur	"	360	391	382	425	456	499	474	189	224	246
Naphtha	"	72	94	99	120	139	137	162	165	11	32
Local Sales - L.P. Gas	"	218	232	293	356	412	435	466	473	457	294
Local Price (End Period)											
Petrol (92 Octane) (e)	Rs./ltr	162.00	150.00	117.00	117.00	117.00	125.00	137.00	137.00	177.00	370.00
Petrol (95 Octane)	"	170.00	158.00	128.00	128.00	128.00	149.00	161.00	161.00	207.00	510.00
Auto Diesel	"	121.00	111.00	95.00	95.00	95.00	101.00	104.00	104.00	121.00	420.00
Super Diesel	"	145.00	133.00	110.00	110.00	110.00	121.00	132.00	132.00	159.00	510.00
Kerosene	"	106.00	81.00	49.00	49.00	44.00	70.00	70.00	70.00	87.00	365.00
Furnace Oil	"	-	-	-	-	-	-	-	-	-	-
500 Seconds	"	-	-	-	-	-	-	-	-	-	-
800 Seconds	"	92.20	92.20	82.20	82.20	82.20	92.00	96.00	70.00	110.00	320.00
1,000 Seconds	"	-	-	-	-	-	-	-	-	-	-
1,500 Seconds	"	90.00	90.00	80.00	80.00	80.00	96.00	96.00	70.00	110.00	320.00
3,500 Seconds	"	90.00	90.00	80.00	80.00	80.00	n.a.	n.a.	n.a.	n.a.	n.a.
L.P. Gas	"	-	-	-	-	-	-	-	-	-	-
Litro Gas	Rs./kg	191.68	151.68	107.68	105.68	114.48	138.64	119.44	119.44	214.00	368.80
Laugfs Gas	"	191.68	151.68	107.68	105.68	114.48	138.64	119.44	119.44	227.20	424.00

- (a) Revised
- (b) Provisional
- (c) Includes Independent Power Producers (IPP)
- (d) Data from 2018 include rooftop solar power
- (e) Data up to 2014 refer to Petrol (90 Octane)
- (f) Including XtraPremium Euro 3
- (g) Including XtraMile Diesel

Sources: Ceylon Electricity Board
 Ceylon Petroleum Corporation
 Lanka Marine Services (Pvt) Ltd.
 Lanka IOC PLC
 Litro Gas Lanka Ltd.
 Laugfs Gas PLC
 Sri Lanka Customs
 Central Bank of Sri Lanka

Salient Features of the Transport Sector

Item	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021 (a)	2022 (b)
1. New Registrations of Motor Vehicles	No.	326,651	429,556	668,907	493,328	451,653	480,799	367,303	202,628	33,850	20,510
1.1 Buses	"	1,805	3,851	4,140	2,685	3,331	2,957	1,613	578	281	404
1.2 Motor Cars	"	28,380	38,780	105,628	45,172	39,182	80,776	38,232	21,021	3,495	1,489
1.3 Three Wheelers	"	83,673	79,038	129,547	56,945	23,537	20,063	15,490	7,150	2,093	36
1.4 Dual Purpose Vehicles	"	24,603	20,799	39,456	26,887	16,742	16,931	13,459	9,532	771	760
1.5 Motor Cycles	"	169,280	272,885	370,889	340,129	344,380	339,763	284,301	151,634	8,011	9,060
1.6 Goods Transport Vehicles	"	5,872	5,121	7,142	7,563	11,432	9,371	5,223	3,941	4,432	1,832
1.7 Land Vehicles	"	13,038	9,082	12,105	13,947	13,049	10,282	7,666	8,302	14,764	6,929
1.8 Quadracycles and Motor Homes	"	-	-	-	-	-	656	1,319	470	3	-
2. Sri Lanka Railways											
2.1 Operated Kilometres	'000	10,924	11,075	11,797	11,921	11,679	11,640	11,230	7,990	6,281	10,510
2.2 Passenger Kilometres	million	6,257	6,842	7,407	7,413	7,495	7,710	7,310	3,906	2,158	6,602
2.3 Freight Ton Kilometres	"	133	130	130	140	145	120	116	114	162	139
2.4 Total Revenue	Rs. million	5,423	5,909	6,335	6,623	6,477	7,413	7,901	4,567	2,679	11,076
2.5 Operating Expenditure	"	10,586	16,943	14,049	13,396	14,081	14,381	15,464	14,618	12,979	23,513
2.6 Operating Profit (+) / Loss (-)	"	-5,163	-11,034	-7,714	-6,773	-7,604	-6,968	-7,562	-10,051	-10,300	-12,437
3. Sri Lanka Transport Board											
3.1 Operated Kilometres	million	344	371	440	452	448	446	431	309	248	350
3.2 Passenger Kilometres	"	12,201	12,717	15,210	16,101	15,810	15,541	14,346	8,623	6,225	15,000
3.3 Total Revenue	Rs. million	30,189	33,665	35,825	40,928	42,163	44,103	43,490	31,233	28,035	69,258
3.4 Operating Expenditure	"	33,684	35,527	40,555	42,004	40,081	41,935	41,933	33,437	31,089	69,545
3.5 Operating Profit (+) / Loss (-)	"	-3,496	-1,862	-4,730	-1,076	2,081	2,168	1,557	-2,204	-3,054	-287
4. SriLankan Airlines											
4.1 Hours Flown	hours	95,238	97,319	96,494	96,225	97,213	110,058	106,950	41,585	50,287	84,325
4.2 Passenger Kilometres Flown	million	12,988	12,719	12,747	12,855	14,169	16,180	15,509	3,641	2,868	11,042
4.3 Passenger Load Factor	%	82	80	80	81	82	83	83	56	36	74
4.4 Weight Load Factor	%	52	51	50	56	74	75	74	62	74	64
4.5 Freight	mt '000	100	96	103	113	124	136	123	56	93	88

(a) Revised

(b) Provisional

Sources: Department of Motor Traffic
Sri Lanka Railways
Sri Lanka Transport Board
Civil Aviation Authority of Sri Lanka

Performance of the Port Services

Item	2013	2014	2015	2016	2017	2018	2019	2020	2021 (a)	2022 (b)
1. Vessels Arrived (No.)	3,976	4,264	4,728	4,998	4,879	4,874	4,697	4,337	4,180	4,073
Colombo	3,667	3,742	4,197	4,405	4,329	4,331	4,198	3,806	3,675	3,648
Galle	36	60	72	96	87	84	43	22	14	7
Trincomalee	134	127	164	216	233	189	142	135	117	95
Hambantota	139	335	295	281	230	270	314	374	374	323
2. Total Cargo Handled (mt '000)	66,243	74,410	77,579	86,519	93,857	104,934	106,979	102,908	109,369	100,376
Colombo	63,482	70,794	73,718	81,879	89,035	100,151	101,926	97,681	103,824	96,170
Galle	207	394	542	771	712	729	510	404	106	1
Trincomalee	2,435	2,748	3,027	3,514	3,897	3,560	3,304	3,072	3,190	2,089
Hambantota	119	474	293	355	213	494	1,239	1,750	2,249	2,116
3. Total Container Traffic (TEUs '000) (c)	4,306	4,908	5,185	5,735	6,209	7,047	7,228	6,855	7,249	6,862
4. Transshipment Containers (TEUs '000) (c)(d)	3,274	3,781	3,967	4,435	4,826	5,704	5,955	5,765	6,050	5,832
5. Total Revenue (SLPA) (Rs. million)	35,200	36,776	40,164	42,994	42,514	50,124	40,770	38,931	45,455	68,408
6. Operating Expenditure (SLPA) (Rs. million)	30,665	24,930	30,985	28,660	27,919	29,980	37,410	29,716	32,899	43,746
7. Employment (No.) (e)	9,886	9,598	9,550	9,651	9,377	9,710	9,937	9,484	9,203	8,706
Colombo	9,014	8,747	8,725	8,856	8,588	8,910	8,975	8,567	8,285	7,838
Galle	378	373	355	348	351	362	384	339	331	315
Trincomalee	426	419	417	402	401	400	400	387	381	363
Hambantota	68	59	53	45	37	38	178	191	206	190

(a) Revised

(b) Provisional

(c) TEUs = Twenty-foot Equivalent Container Units

(d) Includes re-stowing

(e) From 2019 onwards, employment data relevant to the ports of Colombo, Galle, Trincomalee were obtained from the SLPA, while that of the Hambantota Port were obtained from the Hambantota International Port Group (Pvt) Ltd.

Sources: Sri Lanka Ports Authority
Hambantota International Port Group (Pvt) Ltd

Salient Features of Government Health Services

Item	2013	2014	2015	2016	2017	2018	2019 (a)	2020 (a)	2021 (a)	2022 (b)
1. Hospitals (Practicing Western Medicine) (No.)	603	601	610	610	612	612	603	609	618	617
2. Beds (No.)	74,636	76,918	76,781	76,829	76,569	76,824	77,964	77,121	78,228	78,228
3. Primary Medical Care Units (No.)	481	484	475	475	506	506	499	518	542	544
4. Doctors (No.)	17,553	17,903	19,429 (c)	20,458	20,349	19,692	18,130	19,615	20,209	21,045
5. Assistant Medical Practitioners (No.)	1,057	1,055	1,017	1,011	910	895	756	656	648	642
6. Nurses (No.)	30,928	31,964	32,272	32,499	34,221	34,714	38,276	37,634	39,091	40,775
7. Attendants (No.)	8,091	8,215	8,689	8,268	9,218	8,614	8,531	8,384	8,334	8,310
8. In-Patients (No. '000)	5,926	6,120	6,322	6,493	6,910	7,116	7,478	5,785	n.a.	n.a.
9. Out-Patients (No. '000)	53,861	55,105	54,652	53,044	55,520	57,410	58,785	38,913	n.a.	n.a.
10. Ayurvedic Physicians (No.) (d)	21,060	22,422	22,672	23,082	23,206	25,431	25,783	26,061	26,183	26,650
11. Total Health Expenditure (Rs. million) (e)	119,530	138,403	177,789	186,149	196,820	218,462	244,307	n.a.	387,121	323,537
Recurrent Expenditure (e)	99,609	116,151	140,560	155,402	161,312	180,568	211,555	n.a.	275,165	279,803
Capital Expenditure (e)	19,920	22,252	37,230	30,747	35,509	37,893	32,752	n.a.	111,956	43,734
12. Total Health Expenditure as a % of GDP (e)(f)	1.25	1.34	1.62	1.55	1.47	1.51	1.63	n.a.	2.30	1.34

(a) Revised

(b) Provisional

(c) Includes intern medical officers

(d) Registered with the Ayurvedic Medical Council

(e) As a result of Ministry of Finance, Economic Stabilisation and National Policies retaining fiscal sector statistics of 2019, as announced in the Budget Speech for 2020, data for 2020 are not available. The data for health expenses for 2019 which was published prior to the said restatement have not been revised to reflect the restated fiscal data.

(f) Data from 2015 are based on the GDP estimates (base year 2015) of the Department of Census and Statistics

Sources: Ministry of Health
Department of Ayurveda
Ministry of Finance, Economic
Stabilisation and National Policies
Department of Census and Statistics

ECONOMIC AND SOCIAL INFRASTRUCTURE

TABLE 48

Salient Features of General and University Education

Item	2013	2014	2015	2016	2017	2018	2019	2020	2021 (c)	2022 (b)
A. General Education										
1. Schools (No.)	10,849	10,971	10,997	11,021	11,053	11,044	11,084	11,091	11,088	11,082
1.1 Government Schools	10,012	10,121	10,144	10,162	10,194	10,175	10,165	10,155	10,146	10,134
o/w National Schools	350	352	352	353	353	353	373	373	396	396
1.2 Other Schools	837	850	853	859	859	869	919	936	942	948
Private (c)	103	103	104	105	106	106	118	123	125	125
Privenas	734	747	749	754	753	763	801	816	819	823
2. Students (No.)	4,307,625	4,354,011	4,418,173	4,345,517(d)	4,446,401	4,538,148	4,408,262	4,272,289 (d)	4,260,466 (d)	4,236,207(d)
2.1 Government Schools	4,037,095	4,078,798	4,129,534	4,143,107	4,165,964	4,214,772	4,061,653	4,063,685	4,048,937	4,024,207
2.2 Other Schools	196,460	194,294	201,034	202,410	199,334	202,907	206,386	208,604	211,529	212,000
Private (c)	130,344	131,397	136,228	136,407	136,462	142,032	138,067	138,726	141,219	141,500
Privenas	66,116	62,897	64,806	66,003	62,872	60,875	68,319	69,878	70,310	70,500
3. International Schools (e)	74,070	80,919	87,605	n.a.	81,103	120,469	140,223	n.a.	n.a.	n.a.
3. New Admissions (No.) (f)	342,451	348,288	323,337	326,966	322,135	328,632	328,632	319,405	304,105	301,519
4. Teachers (No.)	243,332	253,649	259,967	249,374(d)	263,934	272,998	275,371	265,394 (d)	256,676 (d)	n.a.
4.1 Government Schools	223,752	232,990	236,999	241,591	241,591	247,334	246,592	249,494	241,054	n.a.
4.2 Other Schools	12,379	12,932	13,851	13,375	12,969	14,151	15,211	15,900	15,622	n.a.
4.3 International Schools (e)	7,201	7,727	9,117	n.a.	9,374	11,513	13,568	n.a.	n.a.	n.a.
5. Student/Teacher Ratio	18	18	17	18	17	17	16	16	17	n.a.
5.1 Government Schools	16	15	15	15	15	14	14	13	14	n.a.
5.2 Other Schools	10	10	10	n.a.	9	10	10	n.a.	n.a.	n.a.
5.3 International Schools (e)	10	10	10	n.a.	9	10	10	n.a.	n.a.	n.a.
B. University Education (Government) (g)										
1. Universities (No.)	15	15	15	15	15	15	15	15	17	17
2. Students (No.) (h)	77,126	80,222	83,778	84,451	88,527	93,787	100,944	106,641	119,068	128,638
3. Lecturers (No.)	5,439	5,610	5,199	5,440	5,669	6,003	6,321	6,525	7,004	7,204
4. Number Graduating (i)	20,839	28,231	29,545	28,808	26,015	26,024	24,890	24,565	25,890	n.a.
4.1 Arts and Oriental Studies	9,156	14,662	16,387	14,082	10,305	12,664	9,565	11,795	11,424	n.a.
4.2 Commerce and Management Studies	4,159	5,726	5,152	5,630	5,648	5,849	5,445	3,842	3,427	n.a.
4.3 Law	454	239	337	414	627	728	767	814	698	n.a.
4.4 Science	3,180	2,295	2,711	3,027	3,142	2,916	3,393	1,849	2,861	n.a.
4.5 Engineering	1,507	1,438	1,344	1,617	1,713	1,053	1,026	1,516	1,943	n.a.
4.6 Medicine	547	1,144	1,145	1,135	1,176	182	1,188	969	1,258	n.a.
4.7 Dental Surgery	73	68	79	91	148	78	87	87	n.a.	n.a.
4.8 Agriculture	727	867	710	799	742	428	920	1,142	943	n.a.
4.9 Veterinary Science	59	57	69	73	79	77	54	10	5	n.a.
4.10 Architecture and Quantity Surveying	201	214	77	224	355	294	242	115	310	n.a.
4.11 Computer Science and related Courses	644	947	1,043	946	1,153	1,030	1,210	1,175	1,409	n.a.
4.12 Other (j)	132	574	491	770	927	725	993	1,251	1,612	n.a.
5. New Admissions for Bachelor's Degrees (No.)	24,198(k)	25,200	25,676	29,083	30,668	31,451	31,902	41,669	43,927	n.a.
C. Government Expenditure										
1. Expenditure on Education (Rs. million) (l)(m)	151,801	190,150	225,047	238,290	257,446	266,916	290,237	n.a	310,613	367,491
1.1 Recurrent Expenditure (m)	119,819	139,787	169,600	179,319	187,628	195,168	234,392	n.a	261,716	328,969
1.2 Capital Expenditure (m)	31,982	50,363	55,447	58,971	69,819	71,748	55,845	n.a	48,897	38,522
2. Education Expenditure as a % of GDP (m)(n)	1.58	1.84	2.06	1.99	1.93	1.86	1.93	n.a	1.85	1.52

(a) Revised
(b) Provisional
(c) Private schools approved by the government and schools for children with special needs (This figure includes international schools which are registered under the Companies Act)
(d) Excluding data from international schools
(e) Data from 2013 to 2014 are based on a survey carried out by the Central Bank of Sri Lanka in 2014 covering 120 international schools. Data reported in the table relate only to schools that responded. The response rate was 63 per cent. From 2015 onwards, data are based on surveys carried out by the Ministry of Education.
(f) Government schools only
(g) Universities which are under the purview of the University Grants Commission
(h) Excludes Open University of Sri Lanka and external degree courses
(i) Includes Open University of Sri Lanka and external degree courses
(j) Includes other courses offered by universities
(k) Admission includes the undergraduates admitted in the first quarter of 2014.
(l) Government expenditure on General and Higher Education
(m) As a result of Ministry of Finance, Economic Stabilisation and National Policies restating fiscal sector statistics of 2019, as announced in the Budget Speech for 2020, data for 2020 are not available. The data for education expenses for 2019 which was published prior to the said restatement have not been revised to reflect the restated fiscal data.
(n) Data from 2015 are based on the GDP estimates (base year 2015) of the Department of Census and Statistics.
Sources: Ministry of Education
University Grants Commission
Ministry of Finance, Economic Stabilisation and National Policies
Department of Census and Statistics
Central Bank of Sri Lanka

Movement of the National Consumer Price Index (2013=100)

Index	Base Weights	Average Index					Year-on-Year Percentage Change			Annual Average Percentage Change				Contribution to Annual Average Increase (%)					
		2018	2019	2020	2021	2022	Dec-19	Dec-20	Dec-21	Dec-22	2019	2020	2021	2022	2019	2020	2021	2022	
All Items	100.0	125.2	129.6	137.6	147.2	221.5	6.2	4.6	14.0	59.2	3.5	6.2	7.0	50.4	100.0	100.0	100.0	100.0	
Commodity-wise																			
Food and Non Alcoholic Beverages	44.0	126.8	127.6	143.1	159.2	255.6	8.6	7.5	21.5	59.3	0.7	12.2	11.2	60.6	8.2	85.8	73.2	57.2	
Alcoholic Beverages and Tobacco	2.3	183.4	200.6	214.4	220.4	300.4	9.3	6.1	10.5	42.7	9.3	6.9	2.8	36.3	8.8	3.9	1.4	2.4	
Clothing and Footwear	3.4	122.8	128.6	132.2	137.7	189.9	4.6	2.1	8.6	64.5	4.7	2.8	4.1	38.0	4.5	1.6	1.9	2.4	
Housing, Water, Electricity, Gas and Other Fuels	18.0	117.3	126.7	127.7	129.1	156.9	7.1	0.9	3.9	32.3	8.0	0.8	1.1	21.5	38.4	2.4	2.6	6.7	
Furnishing, Household Equipment and Routine Household Maintenance	3.3	124.0	129.3	130.6	138.7	222.9	2.9	0.5	14.5	94.0	4.2	1.1	6.2	60.7	3.9	0.6	2.8	3.7	
Health	4.1	151.3	162.3	162.2	169.3	222.7	2.1	-1.0	10.0	47.2	7.3	0.0	4.3	31.6	10.1	0.0	3.0	2.9	
Transport	9.8	112.0	116.4	119.3	127.9	229.6	2.1	5.4	6.5	103.2	4.0	2.4	7.3	79.4	9.9	3.5	8.7	13.4	
Communication	2.3	119.7	110.3	98.9	98.9	111.9	-11.1	0.0	0.0	36.3	-7.9	-10.3	0.0	13.1	-4.9	-3.3	0.0	0.4	
Recreation and Culture	1.6	115.7	123.3	124.9	126.4	170.6	4.4	0.5	3.4	66.7	6.6	1.3	1.2	34.9	2.7	0.3	0.3	0.9	
Education	2.8	127.0	137.1	143.7	144.6	178.1	8.6	3.1	1.7	35.9	8.0	4.8	0.6	23.2	6.4	2.3	0.3	1.3	
Restaurants and Hotels	3.9	114.6	119.1	122.0	131.9	221.5	1.5	3.5	26.2	69.5	3.9	2.4	8.1	67.9	4.0	1.4	4.0	4.7	
Miscellaneous Goods and Services	4.5	133.8	141.5	144.2	148.3	211.3	3.4	2.4	6.4	74.3	5.7	1.9	2.8	42.5	7.9	1.6	1.9	3.8	

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

Movement of the Colombo Consumer Price Index (2013=100)

Index	Base Weights	Average Index					Year-on-Year Percentage Change			Annual Average Percentage Change				Contribution to Annual Average Increase (%)				
		2018	2019	2020	2021	2022	Dec-19	Dec-20	Dec-21	Dec-22	2019	2020	2021	2022	2019	2020	2021	2022
All items	100.0	124.1	129.5	135.4	143.4	209.9	4.8	4.2	12.1	57.2	4.3	4.6	6.0	46.4	100.0	100.0	100.0	100.0
Commodity-wise																		
Food and Non Alcoholic Beverages	28.2	131.8	132.8	147.9	165.2	272.2	6.3	9.2	22.1	64.4	0.8	11.4	11.7	64.7	5.3	72.2	60.7	45.4
Alcoholic Beverages and Tobacco	1.0	193.5	215.9	223.5	231.2	295.1	9.7	4.3	7.9	36.1	11.6	3.5	3.4	27.7	4.3	1.3	1.0	1.0
Clothing and Footwear	2.3	134.9	145.5	153.2	163.4	239.4	8.0	5.0	10.9	79.9	7.9	5.3	6.6	46.5	4.5	3.0	2.9	2.6
Housing, Water, Electricity, Gas and Other Fuels	32.0	111.4	115.5	117.8	119.3	139.9	2.5	2.4	4.4	26.7	3.7	1.9	1.3	17.2	24.9	12.0	6.2	9.9
Furnishing, Household Equipment and Routine Household Maintenance	2.5	127.2	135.2	134.3	142.4	203.4	5.4	-1.2	14.2	61.1	6.3	-0.7	6.0	42.8	3.8	-0.4	2.6	2.3
Health	4.4	158.2	175.9	173.9	183.5	228.7	3.7	-2.9	11.1	39.8	11.2	-1.1	5.5	24.6	14.6	-1.5	5.2	3.0
Transport	10.6	105.8	112.4	117.2	125.1	252.3	4.4	4.8	7.5	132.1	6.2	4.3	6.8	101.6	13.0	8.6	10.5	20.3
Communication	3.3	118.0	108.9	97.3	97.3	109.3	-8.5	-3.1	0.0	35.9	-7.7	-10.7	0.0	12.3	-5.6	-6.5	0.0	0.6
Recreation and Culture	1.3	112.9	117.0	117.5	118.2	161.4	3.3	0.0	2.9	65.5	3.7	0.4	0.7	36.6	1.0	0.1	0.1	0.8
Education	5.9	140.6	162.6	168.9	169.8	202.0	16.1	1.9	1.8	29.2	15.6	3.9	0.5	19.0	24.1	6.3	0.6	2.8
Restaurants and Hotels	5.1	127.8	135.0	138.5	151.4	251.2	2.9	2.4	26.8	72.5	5.6	2.6	9.3	66.0	6.9	3.0	8.2	7.7
Miscellaneous Goods and Services	3.3	139.4	144.6	148.0	153.0	223.0	4.2	2.3	7.1	71.9	3.7	2.4	3.3	45.8	3.2	1.9	2.0	3.5

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

National Consumer Price Index (2013=100) (a)

Period (b)	All Items	Food and Non Alcoholic Beverages	Alcoholic Beverages and Tobacco	Clothing and Footwear	Housing, Water, Electricity, Gas and Other Fuels	Furnishing, Household Equipment and Routine Household Maintenance	Health	Transport	Communication	Recreation and Culture	Education	Restaurants and Hotels	Miscellaneous Goods and Services
Base Weights	100.0	44.0	2.3	3.4	18.0	3.3	4.1	9.8	2.3	1.6	2.8	3.9	4.5
2019	129.6	127.6	200.6	128.6	126.7	129.3	162.3	116.4	110.3	123.3	137.1	119.1	141.5
2020	137.6	143.1	214.4	132.2	130.6	130.6	162.2	119.3	98.9	124.9	143.7	122.0	144.2
2021	147.2	159.2	220.4	137.9	129.1	138.7	169.3	127.9	98.9	126.4	144.6	131.9	148.3
2022	221.5	255.6	300.4	189.9	156.9	229.6	222.7	229.6	111.9	170.6	178.1	221.5	211.3
2020	136.4	141.5	208.5	131.2	127.8	130.3	162.9	117.8	98.9	125.1	143.7	120.2	142.9
1st Quarter	135.8	139.9	206.8	131.6	127.7	130.4	163.6	118.3	98.9	124.7	143.7	120.4	143.9
2nd Quarter	138.0	143.8	219.6	132.8	127.6	130.7	162.0	119.0	98.9	124.7	143.7	123.4	144.4
3rd Quarter	140.0	147.4	222.8	133.4	127.7	131.0	160.4	122.1	98.9	125.1	143.6	123.9	145.6
4th Quarter	142.3	151.6	215.0	134.6	127.9	133.8	163.6	124.8	98.9	125.1	143.9	124.8	145.9
2021	143.8	153.8	215.8	136.3	128.1	135.7	166.6	126.3	98.9	125.1	143.9	126.5	146.5
1st Quarter	147.1	159.2	220.0	137.5	128.3	138.3	170.2	129.6	98.9	126.6	144.3	128.6	147.3
2nd Quarter	155.6	172.1	230.8	142.3	132.3	146.9	176.7	131.1	98.9	129.0	146.1	147.7	153.5
3rd Quarter	168.8	191.4	249.5	151.0	134.7	155.5	184.3	148.6	99.0	135.2	150.4	166.5	158.5
4th Quarter	210.2	245.9	283.3	171.9	148.3	192.4	212.4	221.6	101.8	152.6	176.0	207.3	186.9
2022	250.3	293.4	324.8	205.1	168.4	256.9	236.2	278.8	112.6	182.7	187.8	249.4	234.4
1st Quarter	256.5	291.8	344.1	231.8	176.3	286.8	257.9	269.2	134.3	211.8	198.2	262.7	265.3
2nd Quarter	142.1	151.4	214.5	133.9	127.9	132.8	163.6	124.3	98.9	125.1	143.9	123.9	145.8
3rd Quarter	142.8	152.8	214.6	134.4	127.9	134.1	163.6	124.9	98.9	125.1	143.9	123.9	145.9
4th Quarter	142.1	150.7	216.0	135.4	127.9	134.5	163.6	125.2	98.9	125.1	143.9	126.5	146.0
2021	142.2	150.8	216.0	136.2	127.9	135.0	163.6	125.5	98.9	125.1	143.9	126.5	146.5
1st Quarter	145.7	153.3	215.8	136.4	128.2	136.0	167.2	125.5	98.9	125.1	143.9	126.5	146.5
2nd Quarter	146.6	157.3	217.5	137.2	128.3	137.0	169.1	127.9	98.9	126.6	143.9	127.9	147.2
3rd Quarter	147.1	158.5	220.3	137.7	128.2	137.7	170.1	129.6	98.9	126.6	143.9	128.7	147.3
4th Quarter	147.5	159.6	222.3	137.7	128.3	140.3	171.3	129.6	98.9	126.6	145.2	129.1	147.4
2022	150.6	162.6	223.1	140.3	131.7	144.4	176.7	130.1	98.9	128.8	146.1	139.6	152.5
1st Quarter	155.3	171.5	229.8	141.5	132.4	146.6	176.7	131.0	98.9	128.8	146.1	147.2	153.2
2nd Quarter	161.0	182.1	239.6	145.0	132.7	149.8	176.7	132.1	98.9	129.3	146.1	156.3	154.9
3rd Quarter	166.0	188.3	243.0	148.1	134.5	152.5	183.2	140.7	98.9	131.8	150.4	161.2	157.5
4th Quarter	167.8	190.6	249.5	150.9	134.6	154.1	183.2	143.4	98.9	134.9	150.4	165.1	158.5
2021	172.7	195.2	256.0	153.9	134.9	159.9	186.6	161.6	99.1	138.9	150.4	173.2	159.5
1st Quarter	190.3	218.8	264.3	160.0	150.1	169.2	204.6	191.4	99.1	146.8	176.0	189.7	166.6
2nd Quarter	208.7	242.2	277.1	171.1	150.1	189.9	214.7	221.8	100.5	152.2	176.0	204.0	190.0
3rd Quarter	231.5	276.6	308.6	184.6	153.9	218.2	217.9	251.7	105.7	158.7	176.0	228.3	204.0
4th Quarter	244.4	289.3	316.8	194.2	157.7	242.4	232.0	281.3	106.3	181.2	186.1	242.1	218.1
2022	250.4	294.3	323.7	203.8	169.3	257.5	233.3	276.5	107.0	181.7	186.1	248.9	235.9
1st Quarter	256.2	296.5	333.9	212.0	178.4	270.9	243.4	278.7	124.4	185.1	191.2	257.1	249.3
2nd Quarter	256.9	294.1	345.8	224.0	177.3	282.0	253.9	271.6	133.3	208.4	197.4	260.6	259.6
3rd Quarter	256.3	291.2	344.8	232.8	175.9	287.9	259.8	267.7	134.8	211.5	198.6	262.7	266.4
4th Quarter	256.3	290.0	341.8	238.5	175.6	290.6	260.1	268.4	134.8	215.6	198.6	264.9	270.0

(a) The Index was based on the Household Income and Expenditure Survey conducted in 2012/13. The weights are based on the consumption pattern of the entire island. The total basket value (at 2013 prices) was Rs. 32,142.69.

(b) Annual and quarterly figures are averages of monthly figures.

Colombo Consumer Price Index (2013=100) (a)

Period (b)	All Items	Food and Non Alcoholic Beverages	Alcoholic Beverages and Tobacco	Clothing and Footwear	Housing, Water, Electricity, Gas and Other Fuels	Furnishing, Household Equipment and Routine Household Maintenance	Health	Transport	Communication	Recreation and Culture	Education	Restaurants and Hotels	Miscellaneous Goods and Services
Base Weights	100.0	28.2	1.0	2.3	32.0	2.5	4.4	10.6	3.3	1.3	5.9	5.1	3.3
2019	129.5	132.8	215.9	145.5	115.5	135.2	175.9	112.4	108.9	117.0	162.6	135.0	144.6
2020	135.4	147.9	223.5	153.2	117.8	134.3	173.9	117.2	97.3	117.5	168.9	138.5	148.0
2021	143.4	165.2	231.2	163.4	119.3	142.4	183.5	125.1	97.3	118.2	169.8	151.4	153.0
2022	209.9	272.2	295.1	239.4	139.9	203.4	228.7	252.3	109.3	161.4	202.0	251.2	223.0
2020	134.2	144.8	220.8	150.5	117.8	135.3	174.1	115.7	97.3	118.0	169.0	137.5	146.8
2nd Quarter	134.4	144.7	221.2	151.6	117.8	134.7	175.2	116.5	97.3	117.8	169.0	137.8	147.5
3rd Quarter	135.7	149.1	223.0	154.6	117.7	133.4	174.1	117.2	97.3	116.5	168.9	139.0	148.3
4th Quarter	137.2	153.1	229.0	156.3	117.7	133.8	172.1	119.2	97.3	117.5	168.8	139.6	149.4
2021	138.9	156.5	228.7	158.2	118.0	137.6	175.8	121.6	97.3	117.5	168.8	141.5	150.4
2nd Quarter	140.5	159.3	229.3	160.9	118.5	139.3	180.4	122.5	97.3	117.5	168.8	145.4	151.0
3rd Quarter	143.6	165.2	229.5	164.5	118.6	142.9	186.5	127.4	97.3	118.2	169.8	150.8	152.3
4th Quarter	150.8	179.9	237.1	170.0	122.1	149.8	191.2	128.9	97.3	119.6	171.8	167.7	158.2
2022	161.1	198.6	253.5	183.4	124.5	156.6	194.4	148.8	97.3	127.6	175.5	182.9	168.2
1st Quarter	161.1	198.6	253.5	183.4	124.5	156.6	194.4	148.8	97.3	127.6	175.5	182.9	168.2
2nd Quarter	198.5	257.6	276.6	218.0	133.0	184.6	219.9	240.2	98.6	151.4	198.7	230.3	206.7
3rd Quarter	236.9	319.1	314.1	256.3	146.2	227.6	238.0	315.3	109.7	172.9	212.8	287.6	244.7
4th Quarter	243.2	313.4	336.1	299.9	155.8	244.8	262.6	304.7	131.5	193.8	221.2	304.1	272.4
2021	138.7	156.5	228.4	157.0	117.9	136.8	175.8	121.3	97.3	117.5	168.8	139.6	150.2
January	138.7	156.5	228.4	157.0	117.9	136.8	175.8	121.3	97.3	117.5	168.8	139.6	150.2
February	139.1	157.7	228.6	157.8	118.0	137.3	175.8	121.7	97.3	117.5	168.8	139.6	150.2
March	138.9	155.2	229.1	158.1	118.1	138.7	175.9	121.9	97.3	117.5	168.8	145.4	150.7
April	138.8	155.0	229.6	159.8	118.1	138.9	175.9	122.0	97.3	117.5	168.8	145.4	150.7
May	140.3	158.4	229.0	161.4	118.7	139.5	181.7	122.0	97.3	117.5	168.8	145.4	150.7
June	142.4	164.6	229.3	161.4	118.7	139.6	183.7	123.6	97.3	117.5	168.8	145.4	151.5
July	143.1	164.3	228.8	163.3	118.7	140.9	183.7	127.4	97.3	118.1	168.8	150.8	151.9
August	143.5	165.4	230.0	165.1	118.4	143.2	185.3	127.4	97.3	118.3	168.8	150.8	152.0
September	144.1	165.9	229.8	165.1	118.6	144.5	190.4	127.4	97.3	118.3	171.8	150.8	153.1
October	146.9	170.6	229.8	167.3	120.8	147.1	190.6	127.6	97.3	119.0	162.2	154.7	154.7
November	150.7	179.7	234.8	169.2	122.7	149.4	190.9	128.9	97.3	119.0	171.8	163.9	159.8
December	154.7	189.4	246.7	173.4	122.9	153.0	192.2	130.2	97.3	120.9	171.8	177.0	160.0
2022	158.4	195.7	249.1	175.6	124.2	154.3	192.2	138.5	97.3	122.1	175.5	181.3	164.1
January	158.4	195.7	249.1	175.6	124.2	154.3	192.2	138.5	97.3	122.1	175.5	181.3	164.1
February	160.1	198.2	251.1	181.6	124.5	156.3	192.2	142.7	97.3	127.8	175.5	182.0	166.6
March	164.9	202.0	260.4	192.9	124.9	159.2	198.9	165.2	97.3	132.8	175.5	185.3	174.0
April	180.2	227.2	263.5	199.9	127.7	164.1	210.8	205.2	97.3	138.8	193.4	200.1	182.4
May	195.2	249.3	271.8	221.1	134.3	186.7	220.4	233.6	97.3	153.5	193.4	218.5	211.8
June	220.2	296.4	294.5	233.0	137.1	202.9	228.5	281.8	101.3	162.0	209.3	272.2	226.0
July	230.1	313.6	310.3	237.2	138.7	218.6	230.8	310.3	104.4	168.2	209.3	283.2	227.5
August	235.8	320.3	311.8	257.6	144.2	224.6	234.2	316.7	104.4	170.3	209.3	283.2	242.0
September	244.7	323.3	320.3	274.0	155.6	239.6	248.9	319.0	104.4	180.3	219.7	296.4	264.5
October	243.8	316.7	335.2	287.2	156.2	243.5	252.3	311.6	130.0	187.6	219.7	301.7	270.1
November	242.6	312.1	337.5	300.4	155.4	244.4	266.8	300.4	132.2	193.7	221.9	305.3	272.2
December	243.2	311.3	335.7	312.0	155.7	246.5	268.6	302.2	132.2	200.1	221.9	305.3	275.0

Source: Department of Census and Statistics

(a) The Index was based on the Household Income and Expenditure Survey conducted in 2012/13. The weights are based on the consumption pattern of the urban households within the Colombo district. The total basket value (at 2013 prices) was Rs. 60,364.74.

(b) Annual and quarterly figures are averages of monthly figures.

Producer Price Index (2018 Q4 = 100)

Period (a)		All Activities	Agriculture	Manufacturing	Utility (b)
2019		105.5	108.7	104.9	101.5
2020		111.6	126.8	109.0	104.1
2021		123.7	133.8	122.9	101.9
2022		215.2	215.2	219.4	129.8
2020	1st Quarter	110.5	121.8	106.7	102.8
	2nd Quarter	111.5	126.5	109.0	104.6
	3rd Quarter	111.4	128.3	109.5	104.4
	4th Quarter	112.9	130.5	110.9	104.6
2021	1st Quarter	118.5	132.6	116.8	99.5
	2nd Quarter	123.7	131.0	122.4	102.9
	3rd Quarter	122.5	125.7	123.0	102.6
	4th Quarter	130.2	145.7	129.4	102.5
2022 (c)	1st Quarter	147.7	168.1	147.0	103.4
	2nd Quarter	213.1	207.3	219.3	103.0
	3rd Quarter	248.5	240.4	255.0	137.7
	4th Quarter	251.7	245.0	256.4	174.9
2021	January	116.0	134.0	113.9	100.1
	February	118.0	133.0	117.3	97.7
	March	121.3	130.8	119.2	100.6
	April	124.0	131.6	122.6	103.1
	May	123.1	130.0	122.1	103.3
	June	123.9	131.4	122.6	102.2
	July	121.7	125.2	122.1	102.8
	August	122.3	125.4	122.8	102.6
	September	123.4	126.5	124.0	102.6
	October	126.8	131.0	127.4	102.5
	November	130.7	144.4	130.2	101.8
	December	133.1	161.7	130.6	103.2
2022 (c)	January	137.4	164.1	135.3	103.3
	February	142.6	167.6	141.0	104.3
	March	163.0	172.5	164.6	102.6
	April	189.8	178.2	195.8	100.2
	May	216.5	203.0	223.9	104.4
	June	232.9	240.6	238.2	104.3
	July	243.8	229.7	252.6	104.6
	August	250.9	245.8	257.3	134.0
	September	250.8	245.8	255.2	174.6
	October	252.7	248.7	257.0	176.5
	November	251.1	247.8	255.3	174.1
	December	251.4	238.6	257.0	174.2

(a) Annual and quarterly figures are averages of monthly figures.

Source: Department of Census and Statistics

(b) Electricity, Gas, Steam and Air conditioning supply and Water collection, treatment and supply

(c) Provisional

Producer's Price Index (2013 Q4 = 100) (a)

Period (b)		All Activities	Agriculture	Manufacturing	Electricity and Water Supply
2017		125.3	162.7	109.2	84.9
2018		133.2	159.9	121.8	85.0
2019		137.1	149.2	131.3	87.0
2020		145.0	174.0	136.5	89.2
2018	3rd Quarter	132.2	154.7	122.3	84.5
	4th Quarter	134.8	153.0	126.7	84.8
2019	1st Quarter	137.1	153.1	129.9	87.3
	2nd Quarter	137.6	151.5	131.0	88.1
	3rd Quarter	134.6	140.5	131.0	87.3
	4th Quarter	139.2	151.9	133.4	85.4
2020	1st Quarter	143.6	167.1	133.6	88.1
	2nd Quarter	144.9	173.6	136.4	89.6
	3rd Quarter	144.7	176.0	137.1	89.4
	4th Quarter	146.8	179.0	138.8	89.6
2021	1st Quarter	154.0	182.0	146.2	85.2
	2nd Quarter	160.7	179.8	153.3	88.1
2020	January	144.3	169.8	133.7	86.7
	February	143.2	168.3	132.6	87.2
	March	143.3	163.3	134.4	90.5
	April	143.5	160.3	136.0	90.0
	May	145.3	175.8	137.9	87.9
	June	145.9	184.7	135.3	91.0
	July	144.8	177.3	136.8	92.5
	August	144.4	173.4	137.8	88.3
	September	145.0	177.4	136.8	87.5
	October	145.8	175.8	138.5	88.0
	November	145.5	176.2	138.0	88.6
	December	149.2	185.1	139.9	92.3
2021	January	150.8	183.9	142.6	85.7
	February	153.4	182.5	146.8	83.7
	March	157.7	179.6	149.1	86.2
	April	161.1	180.6	153.5	88.3
	May	160.0	178.4	152.8	88.5
	June	161.0	180.3	153.5	87.6
	July	157.5	171.9	151.8	88.1
	August	158.0	172.0	152.3	89.9

(a) Compilation of this index was discontinued since November 2021

Source: Department of Census and Statistics

(b) Annual and quarterly figures are averages of monthly figures.

Average Retail Prices of Selected Food Items by Province 2021 - 2022 (a)

Consumer Items	Western Province						Central Province						North Central Province						North Western Province						Sabaragamuwa Province					
	2021		2022 (b)		2021		2022 (b)		2021		2022 (b)		2021		2022 (b)		2021		2022 (b)		2021		2022 (b)							
	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half						
Samba Rice (Highest)	138.28	146.03	196.79	233.87	139.54	152.10	216.03	245.98	135.05	148.71	203.65	232.10	142.77	151.98	209.00	240.20	143.13	158.49	209.20	237.50	143.13	158.49	209.20	237.50						
Kekulu Red (Highest)	105.01	110.06	188.40	229.56	106.38	114.04	189.65	230.63	104.56	116.78	183.60	211.73	108.59	117.63	189.99	240.82	102.19	110.97	191.26	217.98	102.19	110.97	191.26	217.98						
Dried Chilli (Ord.)	564.02	592.48	1,304.39	1,770.14	594.24	618.27	1,308.86	1,765.16	575.34	615.32	1,312.57	1,745.07	568.31	593.94	1,350.29	1,782.16	591.09	607.42	1,311.29	1,734.27	591.09	607.42	1,311.29	1,734.27						
Red Onion (Local)	399.29	327.48	403.74	524.82	334.30	335.14	384.42	489.41	404.39	286.71	371.27	522.88	348.13	304.73	417.05	536.56	335.00	281.44	385.91	463.21	335.00	281.44	385.91	463.21						
Big Onion (Imported)	118.37	155.75	202.43	220.67	116.91	156.50	215.88	226.78	107.91	156.56	194.33	208.24	110.65	157.89	206.95	219.79	116.88	160.20	194.16	212.53	116.88	160.20	194.16	212.53						
Potato (Local)	181.77	228.70	288.59	416.59	164.82	203.76	257.21	369.05	190.32	212.39	260.00	348.40	176.40	212.90	280.43	399.87	173.05	219.15	270.79	380.11	173.05	219.15	270.79	380.11						
Beans	219.07	297.01	397.97	467.70	201.78	255.86	367.11	438.21	249.41	322.63	427.80	452.91	221.30	316.48	428.30	465.40	192.50	284.28	353.90	413.24	192.50	284.28	353.90	413.24						
Pumpkin	140.30	136.71	185.15	237.51	113.80	112.12	157.72	213.15	142.80	109.26	161.82	211.12	129.84	116.23	163.40	209.70	107.04	106.13	154.90	192.25	107.04	106.13	154.90	192.25						
Brijnl	184.11	243.67	312.66	386.42	155.41	201.46	296.74	360.53	169.41	241.01	305.83	344.83	160.35	238.72	297.82	358.98	143.20	201.74	238.76	261.96	143.20	201.74	238.76	261.96						
Coconut (Large) - each	100.02	86.40	94.15	96.71	93.38	81.85	90.10	93.18	88.14	70.37	74.61	75.20	83.69	71.21	78.53	78.28	95.75	75.21	85.10	85.05	95.75	75.21	85.10	85.05						
Fish - Balaoya	754.37	800.49	1,253.79	1,664.12	564.18	607.90	850.64	1,115.45	624.80	738.39	1,222.18	1,614.74	496.52	572.95	859.79	1,101.08	705.56	658.80	822.24	1,215.97	705.56	658.80	822.24	1,215.97						
Fish - Kelawalla (Tuna)	1,075.13	1,204.84	1,623.62	2,191.02	1,008.31	1,144.73	1,538.84	1,981.62	1,148.13	1,290.53	1,693.75	2,214.90	791.30	980.00	1,291.60	2,031.54	1,022.64	1,162.53	1,442.37	2,080.77	1,022.64	1,162.53	1,442.37	2,080.77						
Fish - Hurulla (Trenchel)	561.94	550.93	761.02	1,033.94	523.16	548.09	700.21	1,024.19	499.30	547.78	763.65	1,029.18	481.07	474.69	642.95	836.08	640.38	635.60	784.61	1,127.97	640.38	635.60	784.61	1,127.97						
Dried Fish - Sprats	604.46	723.81	1,003.16	1,448.87	695.05	754.97	950.04	1,614.00	630.00	734.27	1,005.44	1,540.29	583.22	736.15	1,043.00	1,549.04	583.66	713.19	947.78	1,375.80	583.66	713.19	947.78	1,375.80						
Dried Fish - Katta	1,441.81	1,499.90	1,896.11	2,796.71	1,407.38	1,491.73	1,760.53	2,613.04	1,353.80	1,463.59	1,784.95	2,687.75	1,300.44	1,353.41	1,699.39	2,522.18	1,468.57	1,524.73	1,772.80	2,501.74	1,468.57	1,524.73	1,772.80	2,501.74						
Chicken (Broiler - Frozen)	522.55	605.41	802.08	1,182.56	511.45	592.25	853.04	1,261.31	516.50	594.79	833.35	1,162.88	490.96	579.76	814.60	1,167.00	514.96	583.71	813.27	1,165.68	514.96	583.71	813.27	1,165.68						
Eggs (White) - each	16.06	19.85	28.67	50.18	16.01	20.04	29.43	50.50	16.13	19.88	28.75	50.13	16.39	20.19	29.28	50.07	16.16	20.05	27.88	49.14	16.16	20.05	27.88	49.14						
Milk Powder 400 g	379.22	422.97	647.43	1,184.20	383.64	433.57	706.67	1,169.96	377.83	425.00	560.77	1,213.33	380.00	424.44	623.33	1,188.00	380.00	422.86	589.29	1,183.41	380.00	422.86	589.29	1,183.41						
Consumer Items	2021		2022 (b)		2021		2022 (b)		2021		2022 (b)		2021		2022 (b)		2021		2022 (b)		2021		2022 (b)							
	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half	1st half	2nd half						
	Samba Rice (Highest)	148.27	153.16	208.84	240.24	142.97	154.48	200.91	241.17	134.19	146.74	196.76	240.15	122.09	143.88	215.29	257.47	138.48	150.62	206.27	240.96	138.48	150.62	206.27	240.96					
Kekulu Red (Highest)	99.03	105.90	180.62	212.49	98.37	102.62	183.70	212.71	105.41	111.59	180.47	238.48	100.64	112.31	179.16	217.77	103.35	111.32	185.21	223.57	103.35	111.32	185.21	223.57						
Dried Chilli (Ord.)	573.53	611.17	1,356.59	1,822.39	602.15	635.13	1,335.72	1,800.45	572.78	599.13	1,320.72	1,761.78	556.18	588.54	1,276.95	1,805.34	577.52	606.82	1,319.71	1,776.31	577.52	606.82	1,319.71	1,776.31						
Red Onion (Local)	376.86	336.00	437.00	518.97	374.62	328.18	399.67	520.44	290.71	252.39	322.17	472.88	323.53	272.73	377.10	417.05	354.09	302.76	388.70	496.25	354.09	302.76	388.70	496.25						
Big Onion (Imported)	120.30	162.62	213.51	222.04	112.49	158.80	205.85	212.21	120.85	154.23	210.00	230.05	121.34	157.43	212.75	223.61	116.19	157.78	206.20	219.55	116.19	157.78	206.20	219.55						
Potato (Local)	185.84	228.43	290.77	423.61	184.90	229.13	286.40	417.92	187.41	215.09	255.88	433.50	176.45	214.08	265.04	368.96	180.11	218.18	272.79	395.33	180.11	218.18	272.79	395.33						
Beans	208.72	296.66	401.54	450.10	229.98	301.44	403.91	482.10	224.34	302.40	394.12	467.28	219.21	302.35	386.84	415.85	218.48	297.70	395.72	450.31	218.48	297.70	395.72	450.31						
Pumpkin	129.04	150.97	190.67	229.06	138.86	135.10	180.29	229.11	105.18	106.25	145.28	192.07	120.92	129.52	163.53	217.10	125.31	122.48	166.97	214.56	125.31	122.48	166.97	214.56						
Brijnl	155.39	220.69	294.81	328.67	163.07	227.23	287.84	379.44	162.40	217.75	312.05	347.60	184.88	206.64	309.41	342.12	164.25	222.10	295.10	345.62	164.25	222.10	295.10	345.62						
Coconut (Large) - each	97.73	83.11	89.88	89.95	103.94	84.72	96.63	94.56	75.54	67.73	74.25	72.47	91.11	86.87	86.57	83.20	92.14	78.61	85.53	85.40	92.14	78.61	85.53	85.40						
Fish - Balaoya	605.70	730.51	884.49	1,170.57	773.77	774.74	1,096.32	1,275.22	564.29	637.50	830.00	1,355.56	775.14	780.77	1,082.72	1,489.56	651.59	700.23	989.13	1,333.59	651.59	700.23	989.13	1,333.59						
Fish - Kelawalla (Tuna)	1,111.01	1,209.02	1,641.67	2,198.24	1,072.49	1,140.68	1,526.06	1,923.81	762.87	824.62	1,085.37	1,984.29	1,049.29	1,060.04	1,441.23	2,097.22	1,004.57	1,113.00	1,476.06	2,078.15	1,004.57	1,113.00	1,476.06	2,078.15						
Fish - Hurulla (Trenchel)	536.32	554.27	708.54	1,016.71	544.66	532.03	702.97	922.94	446.64	501.72	657.29	1,060.53	473.66	497.05	637.23	1,062.96	523.01	538.02	706.50	1,012.72	523.01	538.02	706.50	1,012.72						
Dried Fish - Sprats	574.82	761.31	990.76	1,458.00	624.95	711.46	1,058.78	1,506.47	595.40	715.49	930.24	1,553.44	566.21	686.94	835.79	1,350.25	606.42	726.40	973.89	1,488.46	606.42	726.40	973.89	1,488.46						
Dried Fish - Katta	1,296.18	1,493.33	1,720.22	2,382.17	1,427.74	1,502.69	1,825.00	2,683.72	1,206.04	1,297.12	1,564.64	2,764.64	1,242.99	1,345.51	1,595.92	2,404.59	1,349.44	1,441.33	1,735.92	2,595.17	1,349.44	1,441.33	1,735.92	2,595.17						
Chicken (Broiler - Frozen)	518.89	605.95	854.90	1,261.75	512.12	601.00	813.51	1,223.51	490.26	573.38	780.07	1,228.12	488.58	559.35	789.40	1,113.96	507.36	588.40	817.14	1,196.31	507.36	588.40	817.14	1,196.31						
Eggs (White) - each	17.38	20.70	28.88	50.51	16.38	19.90	29.07	50.21	17.64	20.24	29.56	52.20	16.72	20.06	29.42	51.51	16.54	20.10	28.99	50.49	16.54	20.10	28.99	50.49						
Milk Powder 400 g	380.00	425.00	623.33	1,192.17	380.00	433.57	602.50	1,186.13	379.78	422.22	618.15	1,176.46	379.10	430.80	602.14	1,														

Producer Prices of Selected Food Commodities

Rupees

Item	Unit	Average Producer Price			
		2019	2020	2021	2022
1. Paddy					
White	1kg	40.43	48.23	57.35	104.70
Red	1kg	38.37	49.53	55.80	111.93
Samba	1kg	42.38	50.43	64.04	107.22
2. Rice (Raw)					
White	1kg	74.49	87.06	99.97	184.83
Red	1kg	68.93	85.76	94.57	186.65
Samba	1kg	84.40	93.96	116.51	190.77
3. Rice (Parboiled)					
White	1kg	80.59	90.81	106.22	192.72
Red	1kg	81.33	92.86	103.96	192.25
Samba	1kg	89.77	96.60	123.08	200.70
4. Cereals					
Cowpea (White)	1kg	184.70	220.66	371.39	504.31
Cowpea (Red)	1kg	188.10	223.37	350.66	497.60
Green Gram	1kg	194.24	231.96	473.56	614.34
5. Vegetables					
5.1 Upcountry Vegetables					
Carrot	1kg	94.13	124.72	133.86	238.07
Green Beans	1kg	115.83	132.05	174.94	297.45
Cabbage	1kg	52.57	69.12	99.21	168.98
Tomato	1kg	62.87	87.66	122.96	221.70
5.2 Low Country Vegetables					
Brinjal	1kg	68.83	76.24	117.94	216.07
Pumpkin	1kg	43.79	59.11	66.29	116.87
Ash Plantain	1kg	53.97	59.97	59.46	82.64
Snake Gourd	1kg	63.73	72.96	101.40	173.75
Green Chilli	1kg	240.86	187.41	261.64	390.25
Lime	1kg	139.14	124.49	134.35	196.88
6. Coconut (Medium)	100	3,240.08	5,125.65	5,996.80	5,939.56
7. Starchy Food					
Potato	1kg	131.83	139.61	139.32	241.67
Manioc	1kg	48.60	65.03	50.74	74.48
Sweet Potato	1kg	51.84	53.13	59.04	93.51
8. Fresh Fruits					
Sour Plantain	1kg	46.63	50.36	48.18	61.37
Papaw	1kg	54.89	47.87	51.97	87.26
Pineapple	1kg	85.69	89.91	96.79	180.07
9. Fish					
9.1 Large Fish					
Thalapath	1kg	705.13	692.01	770.21	1410.47
Paraw	1kg	558.55	574.66	634.48	1043.10
Balaya	1kg	393.30	387.65	459.40	761.63
Kelawalla	1kg	578.38	609.02	626.35	1097.73
9.2 Small Fish					
Salaya	1kg	138.12	154.49	157.51	319.78
Hurulla	1kg	288.80	322.34	357.94	608.39
Sprats	1kg	325.80	348.54	407.24	621.89
10. Dried Fish					
Katta	1kg	845.17	935.27	1021.04	1596.81
Sprats	1kg	662.56	618.25	625.38	1081.94
Balaya	1kg	516.20	576.62	637.48	1103.13
Maldiva Fish	1kg	1231.88	1356.48	1255.26	1982.45
11. Meat					
Mutton	1kg	1566.61	1568.54	1644.69	1994.57
Beef	1kg	746.17	753.91	787.93	1285.89
Pork	1kg	499.05	570.83	621.17	960.66
Chicken	1kg	429.52	449.06	522.09	969.61
12. Eggs - Hen (Broiler)					
Brown	each	17.59	17.06	17.10	37.12
White	each	16.87	16.32	16.40	36.29
13. Onion					
Red Onion	1kg	120.74	177.77	194.25	278.11
Big Onion	1kg	132.44	127.90	140.67	159.17
14. Condiments (Raw)					
Pepper	1kg	540.89	541.12	723.27	1587.69
Turmeric	1kg	233.80	2126.42	3311.70	1192.88
Ginger	1kg	221.92	217.02	208.68	173.46

(a) Provisional

Source : Department of Census and Statistics

Wage Rate Indices (Public Sector Employees) (2016=100) (a)

Period	Senior Level		Tertiary Level		Secondary Level		Primary Level		Public Sector	
	NWRI	RWRI (b)	NWRI	RWRI (b)	NWRI	RWRI (b)	NWRI	RWRI (b)	NWRI	RWRI (b)
2020	131.4	108.7	121.0	100.1	115.1	95.2	108.3	89.6	114.6	94.8
2021	131.4	101.7	121.0	93.6	115.1	89.1	108.3	83.9	114.6	88.7
2022 (c)	141.5	74.9	141.2	74.7	135.4	71.7	123.8	65.6	133.1	70.5
2020	131.4	109.6	121.0	100.9	115.1	96.0	108.3	90.4	114.6	95.6
2nd Quarter	131.4	110.1	121.0	101.4	115.1	96.5	108.3	90.8	114.6	96.0
3rd Quarter	131.4	108.3	121.0	99.8	115.1	94.9	108.3	89.3	114.6	94.5
4th Quarter	131.4	106.8	121.0	98.3	115.1	93.6	108.3	88.0	114.6	93.1
2021	131.4	105.0	121.0	96.7	115.1	92.0	108.3	86.6	114.6	91.6
2nd Quarter	131.4	104.0	121.0	95.7	115.1	91.1	108.3	85.7	114.6	90.7
3rd Quarter	131.4	101.7	121.0	93.6	115.1	89.1	108.3	83.8	114.6	88.7
4th Quarter	131.4	96.1	121.0	88.5	115.1	84.2	108.3	79.3	114.6	83.9
2022(c)	141.5	95.4	141.2	95.2	135.4	91.3	123.8	83.5	133.1	89.8
2nd Quarter	141.5	77.1	141.2	76.9	135.4	73.8	123.8	67.5	133.1	72.5
3rd Quarter	141.5	64.4	141.2	64.2	135.4	61.6	123.8	56.3	133.1	60.5
4th Quarter	141.5	62.8	141.2	62.6	135.4	60.1	123.8	54.9	133.1	59.1
2021	131.4	105.2	121.0	96.9	115.1	92.2	108.3	86.8	114.6	91.8
February	131.4	104.7	121.0	96.4	115.1	91.7	108.3	86.3	114.6	91.3
March	131.4	105.2	121.0	96.9	115.1	92.2	108.3	86.8	114.6	91.8
April	131.4	105.1	121.0	96.8	115.1	92.1	108.3	86.7	114.6	91.7
May	131.4	104.1	121.0	95.9	115.1	91.2	108.3	85.8	114.6	90.8
June	131.4	102.6	121.0	94.5	115.1	89.9	108.3	84.6	114.6	89.5
July	131.4	102.0	121.0	93.9	115.1	89.4	108.3	84.1	114.6	89.0
August	131.4	101.6	121.0	93.6	115.1	89.1	108.3	83.8	114.6	88.7
September	131.4	101.4	121.0	93.3	115.1	88.8	108.3	83.6	114.6	88.4
October	131.4	99.3	121.0	91.4	115.1	87.0	108.3	81.9	114.6	86.6
November	131.4	96.3	121.0	88.6	115.1	84.4	108.3	79.4	114.6	84.0
December	131.4	92.9	121.0	85.5	115.1	81.4	108.3	76.6	114.6	81.0
2022 (c)	141.5	97.0	141.2	96.8	135.4	92.8	123.8	84.9	133.1	91.3
February	141.5	96.0	141.2	95.7	135.4	91.8	123.8	84.0	133.1	90.3
March	141.5	93.3	141.2	93.0	135.4	89.2	123.8	81.6	133.1	87.7
April	141.5	84.6	141.2	84.4	135.4	81.0	123.8	74.0	133.1	79.6
May	141.5	77.2	141.2	77.0	135.4	73.8	123.8	67.5	133.1	72.6
June	141.5	69.6	141.2	69.4	135.4	66.6	123.8	60.9	133.1	65.4
July	141.5	65.9	141.2	65.7	135.4	63.0	123.8	57.7	133.1	62.0
August	141.5	64.3	141.2	64.2	135.4	61.5	123.8	56.3	133.1	60.5
September	141.5	62.9	141.2	62.7	135.4	60.1	123.8	55.0	133.1	59.1
October	141.5	62.7	141.2	62.5	135.4	60.0	123.8	54.9	133.1	59.0
November	141.5	62.8	141.2	62.7	135.4	60.1	123.8	55.0	133.1	59.1
December	141.5	62.8	141.2	62.7	135.4	60.1	123.8	55.0	133.1	59.1

(a) Public sector wage rate index was rebased to 2016 (from 2012) in order to capture the changes introduced to public sector salary structure by the Public Administration Circular No. 03/2016 issued by the Ministry of Public Administration and Management on 25 February 2016. The data relating to the base period employment structure was obtained from the Census of Public and Semi Government Sector Employment conducted by the Department of Census and Statistics in November 2016.

(b) Based on National Consumer Price Index (2013=100)

(c) Provisional

Source: Central Bank of Sri Lanka

Note : NWRI = Nominal Wage Rate Index RWRI = Real Wage Rate Index

Wage Rate Indices (Formal Private Sector Employees) (December 1978=100) (a)

Period	Agriculture (b)		Industry & Commerce (c)		Services (d)		Overall Wages Boards (e)	
	NWRI	RWRI (f)	NWRI	RWRI (f)	NWRI	RWRI (f)	NWRI	RWRI (f)
2019	4,784.5	103.8	3,796.6	82.4	2,659.3	57.7	4,275.5	92.8
2020	4,785.6	99.3	3,806.2	79.0	2,684.2	55.7	4,282.0	88.8
2021	9,492.0	185.5	4,061.1	79.4	2,845.1	55.7	7,469.5	146.0
2022 (g)	10,441.7	143.8	4,417.9	60.8	3,070.3	42.3	8,198.6	112.9
2020 1st Quarter	4,785.4	100.1	3,806.2	79.6	2,684.2	56.2	4,281.9	89.6
2020 2nd Quarter	4,785.4	100.0	3,806.2	79.5	2,684.2	56.1	4,281.9	89.5
2020 3rd Quarter	4,785.7	99.0	3,806.2	78.8	2,684.2	55.5	4,282.0	88.6
2020 4th Quarter	4,785.9	98.0	3,806.2	77.9	2,684.2	54.9	4,282.2	87.6
2021 1st Quarter	6,668.5	134.8	3,806.2	77.0	2,684.2	54.3	5,528.5	111.8
2021 2nd Quarter	10,432.9	208.5	3,806.2	76.1	2,684.2	53.7	8,020.7	160.3
2021 3rd Quarter	10,432.8	204.1	4,214.0	82.4	2,941.6	57.5	8,135.3	159.1
2021 4th Quarter	10,434.0	194.4	4,417.9	82.3	3,070.3	57.2	8,193.4	152.7
2022(g) 1st Quarter	10,435.9	181.9	4,417.9	77.0	3,070.3	53.5	8,194.7	142.9
2022(g) 2nd Quarter	10,438.9	148.7	4,417.9	62.9	3,070.3	43.7	8,196.7	116.7
2022(g) 3rd Quarter	10,445.3	123.9	4,417.9	52.4	3,070.3	36.4	8,200.9	97.3
2022(g) 4th Quarter	10,446.7	120.6	4,417.9	51.0	3,070.3	35.5	8,201.9	94.7
2021 January	4,786.2	96.9	3806.2	77.1	2,684.2	54.3	4,282.4	86.7
2021 February	4,786.4	96.6	3806.2	76.8	2,684.2	54.2	4,282.4	86.5
2021 March	10,432.9	210.9	3806.2	77.0	2,684.2	54.3	8,020.7	162.2
2021 April	10,432.8	211.1	3806.2	77.0	2,684.2	54.3	8,020.6	162.3
2021 May	10,432.9	208.8	3806.2	76.2	2,684.2	53.7	8,020.7	160.5
2021 June	10,433.1	205.7	3806.2	75.1	2,684.2	52.9	8,020.8	158.2
2021 July	10,433.3	204.7	3806.2	74.7	2,684.2	52.7	8,021.0	157.4
2021 August	10,432.5	204.2	4417.9	86.5	3,070.3	60.1	8,192.5	160.3
2021 September	10,432.5	203.3	4417.9	86.1	3,070.3	59.8	8,192.5	159.7
2021 October	10,433.5	199.5	4417.9	84.5	3,070.3	58.7	8,193.1	156.6
2021 November	10,433.9	194.4	4417.9	82.3	3,070.3	57.2	8,193.4	152.7
2021 December	10,434.5	189.4	4417.9	80.2	3,070.3	55.7	8,193.8	148.7
2022(g) January	10,435.4	185.0	4417.9	78.3	3,070.3	54.4	8,194.4	145.3
2022(g) February	10,436.0	183.0	4417.9	77.5	3,070.3	53.9	8,194.8	143.7
2022(g) March	10,436.2	177.7	4417.9	75.2	3,070.3	52.3	8,194.9	139.6
2022(g) April	10,436.7	162.6	4417.9	68.8	3,070.3	47.8	8,195.3	127.7
2022(g) May	10,438.9	150.2	4417.9	63.6	3,070.3	44.2	8,196.7	117.9
2022(g) June	10,441.1	133.2	4417.9	56.3	3,070.3	39.2	8,198.2	104.6
2022(g) July	10,444.1	127.5	4417.9	53.9	3,070.3	37.5	8,200.1	100.1
2022(g) August	10,445.6	124.4	4417.9	52.6	3,070.3	36.6	8,201.1	97.7
2022(g) September	10,446.2	119.9	4417.9	50.7	3,070.3	35.2	8,201.5	94.1
2022(g) October	10,446.7	120.3	4417.9	50.9	3,070.3	35.4	8,201.9	94.5
2022(g) November	10,446.8	120.9	4417.9	51.1	3,070.3	35.5	8,201.9	94.9
2022(g) December	10,446.6	120.6	4417.9	51.0	3,070.3	35.5	8,201.8	94.7

- (a) The Index numbers are calculated on fixed weights based on the numbers employed as at 31 December 1978. The wage rates used in the calculation of Index Numbers are minimum wages for different trades fixed by the Wages Boards.
- (b) The Index refers to wage rates of tea growing and manufacturing, rubber growing and manufacturing, coconut, cocoa, cardamoms and pepper growing trades only.
- (c) Including baking, brick and roof tile manufacturing, coconut manufacturing, printing, textile, tyre and tube manufacturing, coir mattresses and bristle export, hosiery manufacturing, engineering, garment manufacturing, match manufacturing, biscuit and confectionary, tea export and rubber export trades only.
- (d) This includes cinema, motor transport and nursing home trades only.
- (e) Combined index for workers in agriculture, industry and commerce and services
- (f) Based on Colombo Consumer Price Index (2006/07=100)
- (g) Provisional

Sources: Department of Labour
Central Bank of Sri Lanka

Note : NWRI = Nominal Wage Rate Index RWRI = Real Wage Rate Index

Wage Rate Indices (Informal Private Sector Employees) (2018 = 100)(a)

Period	Agriculture					Industry				Services					Informal Private Sector	
	Paddy	Coconut	Tea	Rubber	Other	Agriculture	Construction		Manufacturing	Industry	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	Transport	Services			
							Construction of Buildings	Building Completion and Finishing					Accommodation and Food Service Activities	Other		Services
Nominal Wage Rate Index																
2019	104.9	105.8	110.0	108.6	105.3	107.0	106.1	106.4	104.5	105.9	104.6	104.5	109.3	102.7	104.9	106.0
2020	108.7	111.7	113.5	115.1	110.9	111.6	117.0	117.0	110.9	114.0	110.5	110.9	116.3	106.7	110.8	112.7
2021	115.9	121.1	117.6	120.6	119.4	118.4	127.7	130.5	122.4	127.0	120.0	122.4	130.1	115.4	119.2	123.1
2022 (b)	152.8	156.7	142.7	149.9	156.4	151.0	155.9	158.9	152.3	155.5	147.4	152.3	159.9	149.0	150.7	153.3
2020 1st Quarter	107.3	110.1	112.0	114.2	109.4	110.1	113.0	114.1	109.9	112.5	109.6	109.9	114.2	105.1	109.3	111.2
2020 2nd Quarter	107.9	110.5	113.7	112.8	110.2	111.1	112.8	115.6	109.6	112.4	110.0	108.9	115.7	106.4	109.8	111.5
2020 3rd Quarter	109.6	112.8	113.9	115.6	111.8	112.3	114.8	117.3	111.4	114.4	111.5	111.4	117.6	110.4	112.3	113.4
2020 4th Quarter	110.2	113.3	114.4	117.9	112.3	112.9	117.2	121.0	112.5	116.7	110.8	112.5	117.7	105.0	111.6	114.7
2021 1st Quarter	110.9	113.7	114.3	118.0	113.7	113.6	120.4	124.1	115.9	119.9	114.8	113.0	120.8	109.6	114.2	117.0
2021 2nd Quarter	112.4	117.1	114.1	116.9	115.7	114.8	124.0	127.3	117.9	123.2	117.0	112.8	125.9	112.0	115.3	119.4
2021 3rd Quarter	115.0	121.4	116.9	119.9	119.3	117.9	128.1	132.1	122.4	127.4	120.7	117.8	131.2	114.0	119.8	123.4
2021 4th Quarter	125.2	132.2	125.2	127.6	128.8	127.3	138.4	138.7	133.5	137.6	127.4	125.0	142.5	126.1	127.4	132.8
2022(b) 1st Quarter	133.2	137.7	131.5	132.2	136.8	134.3	144.8	144.1	139.9	144.0	132.8	130.4	146.9	128.9	132.7	139.1
2022(b) 2nd Quarter	144.9	152.8	138.8	144.3	149.1	145.1	153.9	154.7	149.5	153.3	143.0	148.0	156.3	144.8	147.3	149.9
2022(b) 3rd Quarter	159.6	163.1	146.3	156.1	165.6	157.6	160.1	165.6	157.1	160.0	153.8	160.2	164.2	157.6	158.7	159.1
2022(b) 4th Quarter	173.7	173.1	154.2	166.9	174.3	167.1	164.7	171.0	162.6	164.8	159.8	165.4	168.4	164.5	164.0	165.2
2021 January	110.5	113.5	116.1	119.2	114.5	114.4	120.3	123.9	115.0	119.7	112.3	113.0	118.9	109.1	113.2	117.0
2021 February	110.1	113.4	113.6	118.2	114.3	113.4	120.4	124.0	115.1	119.8	114.2	112.4	119.3	109.0	113.5	116.8
2021 March	112.0	114.1	113.4	116.6	112.3	112.9	120.4	124.5	117.6	120.2	117.9	113.7	124.2	110.6	115.8	117.4
2021 April	112.2	115.7	113.5	117.4	115.9	114.5	124.0	127.0	117.9	123.2	117.8	113.5	124.8	112.2	115.8	119.4
2021 May	111.3	117.0	114.1	116.1	115.1	114.3	123.6	126.3	117.0	122.7	116.2	111.9	123.7	111.2	114.2	118.7
2021 June	113.7	118.7	114.6	117.4	116.0	115.4	124.5	128.5	118.9	123.8	117.1	113.1	129.1	112.5	115.8	120.0
2021 July	114.0	119.3	115.1	118.8	116.8	116.0	125.1	129.5	118.9	124.4	119.1	113.3	128.6	111.8	116.4	120.5
2021 August	114.5	119.6	114.5	117.6	117.7	116.2	125.3	130.4	120.6	124.9	119.1	117.3	129.4	113.6	118.9	121.3
2021 September	116.5	125.4	121.1	123.3	123.3	121.6	133.8	136.5	127.8	133.0	123.9	122.8	135.7	116.8	124.2	128.2
2021 October	122.1	130.9	121.6	125.8	126.3	124.4	136.3	137.6	132.8	135.8	127.0	124.4	141.6	124.7	126.8	130.9
2021 November	126.3	132.6	124.3	129.8	128.5	127.1	139.3	138.3	132.5	138.1	127.5	126.6	142.8	127.6	128.4	133.2
2021 December	127.3	133.1	129.8	127.3	131.6	130.3	139.6	140.1	135.2	138.9	127.9	124.0	143.2	126.0	127.0	134.2
2022(b) January	130.6	136.3	131.0	120.2	136.0	133.0	142.4	140.7	137.4	141.5	129.8	127.8	144.8	127.0	130.0	136.9
2022(b) February	131.7	135.6	131.6	138.9	134.9	133.4	141.4	143.7	138.8	141.2	132.7	126.6	146.5	126.6	130.3	136.9
2022(b) March	137.2	141.2	131.8	137.6	139.5	136.6	150.6	148.0	143.6	149.3	135.9	136.9	149.5	133.1	137.7	143.5
2022(b) April	142.8	149.1	137.4	141.8	145.7	142.6	152.4	150.1	147.7	151.5	140.7	143.1	155.8	141.1	143.6	147.5
2022(b) May	145.0	155.7	141.8	146.0	149.7	146.6	153.4	154.0	149.9	152.9	142.5	148.0	157.6	146.3	147.3	150.1
2022(b) June	146.8	153.7	137.3	145.2	151.8	145.0	156.0	160.0	154.4	155.5	145.8	152.9	155.5	147.1	151.0	152.1
2022(b) July	150.5	155.8	141.0	149.9	157.3	150.3	159.2	163.2	158.6	158.7	153.1	158.1	158.6	149.0	156.4	156.0
2022(b) August	163.0	165.6	147.8	160.3	169.1	160.4	160.7	166.5	158.6	160.8	153.9	160.2	167.1	160.4	159.1	160.3
2022(b) September	165.3	167.8	150.1	157.9	170.4	162.1	160.5	167.2	161.1	166.6	161.4	164.0	166.8	163.2	160.5	161.0
2022(b) October	171.7	172.4	152.7	164.8	173.7	165.9	165.7	170.7	163.2	165.6	161.4	164.0	168.8	166.9	163.8	165.3
2022(b) November	174.9	172.9	154.9	166.7	174.6	167.6	163.6	170.9	161.8	163.8	158.8	165.3	167.5	161.1	163.6	164.8
2022(b) December	174.3	173.8	154.9	169.3	174.6	167.6	164.9	171.3	162.8	165.0	159.3	166.8	168.8	165.5	164.7	165.6

(Contd.)
 a) 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.
 (b) Provisional

PRICES AND WAGES

TABLE 59 (Contd.)

Wage Rate Indices (Informal Private Sector Employees) (2018=100)(a)

Period	Agriculture					Industry			Services					Informal Private Sector			
	Paddy	Coconut	Tea	Rubber	Other	Agriculture	Construction		Manufacturing	Industry	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	Transport	Accommodation and Food Service Activities		Other	Services	
							Construction of Buildings	Building Completion and Finishing					Construction				
Real Wage Rate Index (b)																	
2019	101.3	102.2	106.3	104.9	101.7	103.3	102.5	102.8	102.5	100.9	102.2	101.0	100.9	105.6	99.3	101.3	102.3
2020	99.0	101.6	103.3	104.7	100.9	101.6	104.1	106.5	104.3	100.9	103.8	100.5	100.9	105.8	97.1	100.8	102.6
2021	98.5	102.9	100.0	102.6	101.4	100.6	108.5	111.0	108.7	104.0	108.0	102.0	99.6	110.5	98.1	101.3	104.7
2022 (c)	87.5	89.9	82.3	86.0	89.6	86.7	90.0	91.4	90.1	87.8	89.8	84.8	86.5	91.7	85.3	86.5	88.3
2020	98.5	101.0	102.8	104.8	100.4	101.1	103.7	104.7	103.8	100.9	103.3	100.6	99.6	104.8	96.5	100.3	102.1
1st Quarter	99.4	101.8	104.8	104.0	101.6	102.4	103.9	106.4	104.1	101.0	103.6	101.3	100.4	106.6	98.0	101.2	102.8
2nd Quarter	99.4	102.3	103.3	104.8	101.4	101.9	104.1	106.4	104.3	101.0	103.8	101.2	101.5	106.7	100.2	101.9	102.9
3rd Quarter	98.5	101.2	102.3	105.4	100.4	100.9	104.8	108.2	105.1	100.6	104.3	99.1	99.5	105.2	93.9	99.8	102.5
4th Quarter	97.5	100.0	100.6	103.8	100.0	99.9	105.8	109.2	106.1	101.9	105.4	100.9	99.4	106.2	96.3	100.4	102.9
2021	97.8	101.9	99.3	101.8	100.7	99.9	107.9	110.8	108.2	102.6	107.3	101.9	98.2	109.5	97.5	100.3	103.9
1st Quarter	97.9	103.3	99.5	102.0	101.5	100.4	109.0	112.4	109.3	104.2	108.5	102.7	100.3	111.7	97.1	102.0	105.0
2nd Quarter	97.9	103.3	99.5	102.0	101.5	100.4	109.0	112.4	109.3	104.2	108.5	102.7	100.3	111.7	97.1	102.0	105.0
3rd Quarter	100.8	106.4	100.7	102.7	103.6	102.4	111.4	111.6	111.4	107.4	110.7	102.6	100.6	114.7	101.5	102.6	106.8
4th Quarter	98.7	102.1	97.5	98.0	101.4	99.6	107.4	106.9	107.3	103.7	106.7	98.5	96.7	108.9	95.5	98.3	103.1
2022 (c)	86.8	91.5	83.2	86.4	89.2	86.9	92.2	92.5	92.2	89.6	91.8	85.6	88.5	93.7	86.7	88.1	89.8
1st Quarter	79.8	81.5	73.1	78.0	82.8	78.8	80.1	82.8	80.3	78.6	80.0	76.9	80.1	82.1	78.8	79.3	79.6
2nd Quarter	84.7	84.5	75.2	81.5	85.1	81.5	80.4	83.4	80.6	79.3	80.4	78.0	80.7	82.2	80.3	80.1	80.6
3rd Quarter	97.4	100.0	102.2	105.0	100.8	100.8	106.0	109.2	106.3	101.3	105.5	98.9	99.5	104.7	96.1	99.7	103.0
4th Quarter	96.5	99.4	99.6	103.6	100.2	99.4	105.5	108.7	105.8	100.9	105.0	100.1	98.6	104.6	95.5	99.5	102.4
2021	98.7	100.6	99.9	102.7	98.9	99.5	106.0	109.7	106.3	103.6	105.9	103.8	100.1	109.4	97.4	102.0	103.4
January	98.8	101.9	99.9	103.3	102.0	100.8	109.1	111.8	109.3	103.8	108.4	103.7	99.9	109.9	98.8	101.9	105.1
February	97.1	102.0	99.5	101.2	100.3	99.7	107.7	107.3	107.9	102.0	106.9	101.3	97.5	107.8	97.0	99.6	103.5
March	97.7	102.0	98.5	100.8	99.7	99.2	106.9	110.4	107.2	102.1	106.4	100.6	97.2	110.9	96.7	99.5	103.1
April	97.4	101.8	98.3	101.4	99.7	99.1	106.8	110.5	107.1	101.5	106.2	101.7	96.7	109.8	95.4	99.4	102.9
May	97.4	101.8	97.4	100.1	100.1	98.9	106.6	111.0	107.0	102.7	106.3	101.3	99.8	110.1	96.6	101.1	103.3
June	97.4	101.8	97.4	100.1	100.1	98.9	106.6	111.0	107.0	102.7	106.3	101.3	99.8	110.1	96.6	101.1	103.3
July	98.8	106.4	102.8	104.6	104.6	103.2	113.6	115.8	113.7	108.4	112.9	105.1	104.2	115.2	99.1	105.4	108.8
August	101.5	108.8	101.1	104.6	105.0	103.4	113.3	114.4	113.4	110.3	112.9	105.5	103.6	117.7	103.6	105.4	108.8
September	101.8	106.9	100.2	104.6	103.6	102.4	112.3	111.5	112.2	106.8	111.3	102.8	102.0	115.1	102.8	103.5	107.4
October	99.0	103.5	100.9	99.0	102.3	101.3	108.5	109.0	108.6	105.2	108.0	99.4	96.4	111.3	98.0	98.7	104.3
November	98.5	102.8	98.8	90.6	102.5	100.3	107.4	106.1	107.3	103.6	106.7	97.9	96.4	109.2	95.8	98.1	103.2
December	98.3	101.1	98.2	103.6	100.6	99.5	105.5	107.2	105.7	103.5	105.3	99.0	94.4	109.3	94.4	97.2	102.1
2022 (c)	99.4	102.4	95.5	99.7	101.1	99.0	109.1	107.3	109.0	104.1	108.2	98.5	99.2	108.3	96.5	99.8	104.0
January	93.9	98.1	90.3	93.3	95.8	93.8	100.2	98.7	100.0	97.1	99.6	92.6	94.1	102.5	92.8	94.5	97.0
February	87.0	93.4	85.0	87.6	89.8	88.0	92.0	92.4	92.0	89.9	91.7	85.5	88.7	94.6	87.7	88.3	90.0
March	79.4	83.1	74.2	78.5	82.1	79.0	84.6	84.6	84.6	81.6	84.1	78.8	82.7	84.1	79.6	81.6	82.2
April	77.1	79.8	72.2	76.8	80.6	77.0	81.5	83.6	81.7	79.1	81.3	78.4	81.0	81.2	76.3	80.1	79.9
May	81.5	82.8	73.9	80.1	84.6	80.2	80.3	83.3	80.6	79.3	80.4	77.0	80.1	83.5	80.2	79.5	80.1
June	80.8	82.0	73.3	77.2	83.3	79.2	78.4	78.7	78.7	77.3	78.5	75.4	79.3	81.5	79.8	78.4	78.7
July	83.7	84.0	74.4	80.3	84.7	80.8	80.7	83.2	80.9	79.5	80.7	78.6	79.9	82.2	81.3	79.8	80.6
August	85.4	84.5	75.6	81.4	85.3	81.9	79.9	83.5	80.2	79.0	80.0	77.6	80.7	82.3	78.7	79.9	80.5
September	85.1	84.9	75.6	82.7	85.3	81.9	80.5	83.7	80.8	79.5	80.6	77.8	81.5	81.9	80.8	80.4	80.9
October																	
November																	
December																	

(a) 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 Country Wide Data Collection System. Base period employment structure was derived from the Quarterly Labour Force Survey conducted by the DCS in 2018.

(b) Based on NCFI (2013=100)

(c) Provisional

Source: Central Bank of Sri Lanka

Average Daily Wages in the Informal Private Sector (a)

Rupees

Period	Tea		Rubber		Coconut (b)	Paddy		Carpentry (b)		Masonry (b)	
	Male	Female	Male	Female	Male	Male	Female	Master	Skilled and Unskilled	Master	Skilled and Unskilled
2019	1,277	915	1,296	989	1,456	1,493	1,076	2,107	1,410	2,109	1,409
2020	1,307	959	1,333	1,026	1,509	1,539	1,137	2,309	1,515	2,310	1,516
2021	1,401	997	1,428	1,166	1,636	1,639	1,207	2,526	1,629	2,537	1,654
2022 (c)	1,723	1,250	1,866	1,410	2,199	2,156	1,662	3,027	2,036	3,077	2,054
2020											
1st Quarter	1,295	945	1,325	1,011	1,473	1,521	1,123	2,265	1,500	2,235	1,494
2nd Quarter	1,312	969	1,326	1,020	1,518	1,532	1,165	2,283	1,501	2,267	1,497
3rd Quarter	1,310	972	1,337	1,037	1,518	1,552	1,133	2,316	1,511	2,354	1,519
4th Quarter	1,312	952	1,344	1,038	1,529	1,549	1,126	2,373	1,548	2,385	1,556
2021											
1st Quarter	1,337	939	1,364	1,141	1,524	1,565	1,120	2,406	1,540	2,396	1,551
2nd Quarter	1,361	977	1,392	1,101	1,589	1,592	1,140	2,471	1,592	2,467	1,605
3rd Quarter	1,414	1,001	1,398	1,175	1,636	1,616	1,238	2,524	1,629	2,535	1,666
4th Quarter	1,492	1,070	1,559	1,247	1,796	1,783	1,332	2,704	1,753	2,753	1,794
2022 (c)											
1st Quarter	1,537	1,123	1,653	1,213	1,924	1,913	1,463	2,812	1,886	2,857	1,886
2nd Quarter	1,681	1,212	1,839	1,395	2,146	2,093	1,609	2,980	2,005	3,047	2,031
3rd Quarter	1,793	1,318	1,938	1,498	2,305	2,245	1,793	3,088	2,107	3,145	2,136
4th Quarter	1,881	1,348	2,033	1,534	2,419	2,375	1,783	3,227	2,145	3,259	2,165
2021											
January	1,339	912	1,366	1,128	1,520	1,553	1,113	2,384	1,552	2,389	1,573
February	1,341	971	1,348	1,136	1,498	1,553	1,117	2,403	1,541	2,367	1,553
March	1,330	934	1,378	1,159	1,554	1,588	1,128	2,430	1,528	2,431	1,528
April	1,342	960	1,394	1,087	1,569	1,599	1,106	2,440	1,571	2,448	1,583
May	1,366	978	1,408	1,060	1,614	1,610	1,127	2,464	1,592	2,471	1,614
June	1,376	993	1,373	1,155	1,586	1,567	1,186	2,509	1,614	2,481	1,619
July	1,373	986	1,379	1,153	1,591	1,591	1,204	2,472	1,581	2,457	1,616
August	1,394	992	1,378	1,136	1,603	1,600	1,241	2,472	1,578	2,490	1,626
September	1,475	1,024	1,436	1,236	1,713	1,657	1,269	2,628	1,729	2,657	1,754
October	1,463	1,034	1,468	1,283	1,756	1,765	1,302	2,662	1,708	2,714	1,759
November	1,504	1,070	1,618	1,290	1,807	1,779	1,301	2,692	1,752	2,755	1,792
December	1,508	1,107	1,591	1,167	1,826	1,805	1,394	2,759	1,800	2,789	1,832
2022 (c)											
January	1,531	1,131	1,508	1,033	1,877	1,867	1,477	2,771	1,866	2,816	1,858
February	1,563	1,148	1,733	1,295	1,917	1,883	1,354	2,797	1,846	2,829	1,826
March	1,516	1,089	1,717	1,311	1,977	1,988	1,558	2,867	1,945	2,926	1,973
April	1,639	1,157	1,828	1,329	2,075	2,066	1,603	2,919	1,965	2,988	2,004
May	1,672	1,237	1,835	1,407	2,136	2,078	1,573	2,973	2,005	3,033	2,021
June	1,732	1,241	1,853	1,449	2,228	2,135	1,649	3,049	2,046	3,120	2,068
July	1,729	1,308	1,946	1,554	2,293	2,190	1,714	3,050	2,115	3,139	2,141
August	1,799	1,289	1,973	1,474	2,255	2,242	1,802	3,093	2,109	3,138	2,142
September	1,851	1,358	1,896	1,466	2,367	2,304	1,863	3,119	2,097	3,158	2,124
October	1,872	1,351	2,021	1,587	2,390	2,373	1,800	3,242	2,143	3,275	2,175
November	1,878	1,338	2,030	1,516	2,435	2,392	1,788	3,195	2,132	3,224	2,144
December	1,891	1,355	2,048	1,497	2,431	2,359	1,760	3,243	2,161	3,277	2,176

(a) Daily wages are without provision of food.

(b) Female participation is minimal in these sectors.

(c) Provisional

Source: Central Bank of Sri Lanka

EXTERNAL SECTOR DEVELOPMENTS AND POLICIES

TABLE 62

Central Bank Trade Indices - Value (a)

2010 = 100

Period	Exports										Total Exports	
	Industrial Exports					Agricultural Exports						Mineral Exports
	Textiles and Garments	Petroleum Products	Rubber Products	Total	Tea	Rubber	Coconut Products	Agri. Products	Minor Products	Total		
2018	228.4	340.9	226.1	218.7	142.4	26.0	269.5	237.0	160.7	203.4	198.3	
2019	263.9	313.1	246.0	244.7	147.8	22.1	314.2	266.2	168.9	221.4	219.0	
2020	215.6	231.3	231.2	206.0	141.4	28.5	341.6	308.6	166.2	170.0	190.7	
2021	285.1	339.3	332.0	280.3	161.8	42.8	452.1	367.1	208.4	322.8	255.1	
2022 (b)	506.9	595.4	499.8	490.1	252.5	65.1	686.2	734.7	320.4	601.2	434.4	
2020	241.4	435.1	227.5	226.0	121.0	26.8	274.5	357.6	141.7	130.2	198.3	
1st Quarter	136.1	106.2	166.6	133.2	139.7	24.1	306.6	289.5	153.8	133.0	135.8	
2nd Quarter	262.5	192.5	272.2	249.9	158.4	24.5	437.3	370.5	198.9	167.9	230.5	
3rd Quarter	222.5	191.6	258.4	214.7	146.5	38.6	347.9	216.9	170.2	249.0	198.1	
4th Quarter	272.8	223.4	316.1	259.4	161.2	48.4	399.9	307.1	197.8	334.2	237.4	
2021	242.2	296.4	308.0	243.3	152.9	32.8	425.0	280.8	181.8	380.2	221.9	
1st Quarter	297.8	410.2	348.3	291.0	165.8	50.0	499.5	438.3	224.2	261.5	266.9	
2nd Quarter	327.6	427.2	355.8	327.4	167.2	39.9	484.2	442.4	229.7	315.4	294.3	
3rd Quarter	340.7	526.9	350.5	335.2	154.7	65.5	493.5	368.3	204.0	322.5	292.7	
4th Quarter	550.2	769.7	535.0	532.0	248.9	61.0	824.0	872.2	331.3	339.0	466.2	
2022 (b)	609.9	459.3	601.3	575.7	319.5	69.8	757.8	981.1	395.9	371.6	514.5	
1st Quarter	526.8	625.7	512.3	517.6	287.1	64.0	669.5	717.4	350.2	1,371.5	464.2	
2nd Quarter	255.0	264.2	291.4	243.0	141.8	45.9	294.8	228.4	175.4	289.8	219.6	
3rd Quarter	272.3	177.4	299.6	250.3	161.0	32.4	384.3	266.3	184.5	309.8	227.4	
4th Quarter	291.3	228.5	357.4	284.8	180.9	66.9	520.4	426.6	233.3	403.0	265.2	
2021	228.7	288.8	231.7	222.6	115.3	38.6	345.7	285.1	150.6	362.1	198.8	
1st Quarter	235.2	267.7	338.4	238.9	160.7	27.5	435.4	293.5	183.1	390.7	219.1	
2nd Quarter	262.7	332.8	353.7	268.5	182.5	32.4	493.8	263.8	211.8	387.7	247.7	
3rd Quarter	287.4	418.9	356.1	288.9	169.7	39.8	520.4	448.9	245.9	237.5	271.8	
4th Quarter	313.0	374.0	338.7	299.5	172.6	45.9	514.8	467.1	221.0	275.1	271.7	
2022 (b)	293.1	437.6	350.1	284.6	155.0	64.2	463.2	398.9	205.7	272.0	257.2	
1st Quarter	324.9	386.9	340.1	331.7	162.4	39.3	519.8	447.9	223.7	192.2	295.1	
2nd Quarter	318.2	480.7	380.6	329.0	175.1	40.6	527.7	508.1	249.9	308.3	301.0	
3rd Quarter	339.8	413.9	346.7	321.7	164.2	39.7	405.0	371.2	215.4	445.6	286.7	
4th Quarter	329.1	545.6	315.0	313.1	135.5	62.8	430.2	335.6	189.7	380.1	273.4	
2022 (b)	316.9	462.2	339.7	311.2	150.0	60.0	448.2	292.5	187.7	363.1	271.5	
1st Quarter	376.0	572.9	396.7	381.2	178.5	73.7	602.0	476.7	234.7	224.4	333.2	
2nd Quarter	452.5	753.5	414.9	439.8	189.4	61.6	696.7	704.9	261.3	268.5	381.8	
3rd Quarter	549.6	767.7	506.4	534.2	247.9	59.3	944.6	944.6	315.5	292.4	463.2	
4th Quarter	648.4	788.0	683.7	622.1	309.3	62.0	935.3	967.0	417.2	456.0	553.8	
2022 (b)	629.8	469.1	594.2	586.7	312.6	63.9	764.3	844.2	379.3	245.3	517.3	
1st Quarter	647.7	469.9	644.8	607.7	331.0	71.9	820.2	1,099.1	422.6	389.8	544.5	
2nd Quarter	552.2	438.8	544.9	532.7	314.7	73.6	688.8	1,000.0	385.8	479.8	481.7	
3rd Quarter	509.7	553.9	574.1	519.4	291.0	75.4	880.9	810.2	377.2	508.0	470.1	
4th Quarter	517.3	599.8	469.3	501.5	283.1	44.9	550.5	753.6	333.4	274.5	445.2	
2022 (b)	553.4	723.4	493.3	532.0	287.2	71.8	577.1	588.3	340.2	3,332.0	477.3	

(a) The value index is computed as a simple index of the ratio of rupee values between the current period and the base period.

(b) Provisional

(Contd.)

EXTERNAL SECTOR DEVELOPMENTS AND POLICIES

TABLE 62 (Contd.)

Central Bank Trade Indices - Value (a)

2010=100

Period	Imports										Total Imports			
	Consumer Goods			Intermediate Goods				Investment Goods				Total		
	Food and Beverages	Non-Food Consumer Goods	Total	Fuel	Textiles and Textile Articles	Fertiliser	Chemical Products	Wheat and Maize	Total	Machinery and Equipment			Transport Equipment	Building Materials
2018	173.6	420.1	288.3	196.1	227.5	157.2	249.9	202.1	222.8	267.3	161.3	266.6	244.3	237.9
2019	170.6	347.5	252.9	202.4	254.4	145.7	252.8	206.2	223.4	294.5	159.0	290.3	264.2	235.2
2020	192.9	263.1	225.6	211.4	136.6	177.6	237.8	237.8	184.7	266.5	96.8	206.5	211.9	196.2
2021	221.1	333.6	273.4	216.3	298.3	115.7	363.2	277.7	269.0	369.5	118.5	267.5	285.0	270.7
2022 (b)	335.8	284.2	311.8	451.3	473.5	355.4	522.9	323.5	432.3	400.4	58.5	304.2	297.9	378.5
2020	208.3	302.3	252.0	201.2	221.7	69.5	236.5	196.1	204.2	276.0	126.5	231.2	230.3	216.7
1st Quarter	182.7	264.5	220.8	65.0	163.8	226.1	242.3	191.9	134.7	208.4	128.1	163.2	177.5	158.2
2nd Quarter	179.2	240.9	207.9	142.6	217.3	87.4	276.2	329.5	196.1	289.9	55.4	215.0	217.0	200.8
3rd Quarter	201.3	244.8	221.6	137.6	242.9	327.4	294.6	233.7	203.9	291.7	77.1	216.5	222.9	209.2
4th Quarter	262.0	293.6	276.7	220.5	269.3	100.5	362.5	242.7	255.1	351.7	93.8	237.0	261.7	258.1
2021	218.0	308.7	260.2	187.1	288.3	182.2	396.6	241.7	258.7	358.6	115.0	272.4	280.4	261.0
1st Quarter	186.2	389.2	280.7	189.1	296.4	20.4	333.0	285.8	250.7	362.7	140.3	258.4	284.0	260.8
2nd Quarter	218.1	342.9	276.2	268.6	339.2	159.6	360.8	340.5	311.5	405.1	125.0	302.2	314.1	303.0
3rd Quarter	300.1	284.9	293.0	364.0	372.7	76.0	397.7	237.1	348.0	403.3	82.0	320.5	309.4	326.6
4th Quarter	315.2	259.9	289.5	466.1	544.1	117.2	582.9	250.2	460.6	443.2	73.8	272.4	327.3	397.2
2022 (b)	358.5	272.8	318.6	466.9	509.9	311.2	592.1	251.6	451.0	372.2	35.6	294.5	276.4	386.9
1st Quarter	369.3	319.3	346.0	508.2	467.4	917.1	519.0	554.9	469.6	382.7	42.5	280.3	278.7	403.1
2nd Quarter	280.9	284.0	282.4	206.0	264.3	39.8	342.6	52.3	229.8	327.5	87.2	215.8	242.2	240.0
3rd Quarter	205.2	252.1	227.0	216.9	253.6	120.0	306.5	430.9	242.1	298.5	71.5	223.5	227.0	234.0
4th Quarter	299.8	344.8	320.7	238.7	290.0	141.6	438.5	244.9	293.5	429.2	122.7	271.6	315.9	300.3
2021	195.7	282.2	235.9	284.7	264.6	412.2	362.9	211.1	279.9	357.1	94.9	250.2	268.5	266.8
1st Quarter	193.8	243.9	217.1	230.3	276.0	114.7	411.2	165.9	275.1	290.2	83.3	260.7	236.9	253.9
2nd Quarter	264.6	400.0	327.6	46.2	324.4	19.6	415.6	348.2	221.1	428.6	166.9	306.3	335.8	262.4
3rd Quarter	189.2	414.3	294.0	178.7	294.8	49.2	347.3	210.4	259.0	368.1	160.7	270.7	295.2	270.7
4th Quarter	191.7	379.0	278.9	246.8	283.9	8.3	327.7	440.8	267.0	356.4	106.4	252.5	271.6	267.7
2022 (b)	177.9	374.1	269.2	141.7	310.7	3.8	324.1	206.1	226.0	363.6	153.8	251.9	285.2	244.0
1st Quarter	157.6	252.0	201.5	270.2	313.6	138.3	320.2	563.1	300.3	327.9	63.9	269.3	253.5	269.7
2nd Quarter	220.1	316.1	264.8	224.4	352.1	12.3	351.6	214.9	270.8	395.5	236.2	314.6	337.3	282.0
3rd Quarter	276.7	460.5	362.2	311.0	352.0	328.3	410.6	243.5	363.4	491.8	75.0	322.7	351.4	357.3
4th Quarter	302.6	320.9	311.1	302.6	374.1	22.2	357.3	335.8	322.7	389.7	67.5	322.7	300.2	312.5
2022 (b)	261.2	255.4	258.5	325.4	382.4	37.2	380.3	127.7	324.5	359.0	47.4	300.9	274.8	299.1
1st Quarter	336.4	278.5	309.4	464.1	361.4	168.5	455.5	247.8	397.3	461.2	131.1	338.0	353.3	368.3
2nd Quarter	379.4	258.3	323.1	568.8	527.0	289.2	624.3	267.8	504.0	455.3	61.5	312.0	327.8	429.6
3rd Quarter	309.0	230.9	272.7	578.1	511.7	38.1	550.9	306.9	490.4	427.4	105.0	331.9	329.3	412.4
4th Quarter	257.3	290.4	272.7	251.6	593.7	24.5	569.4	175.9	387.5	447.0	55.0	320.3	324.8	349.7
2021	317.6	248.1	285.0	435.0	466.4	515.0	544.8	58.6	423.1	415.3	46.1	284.8	296.8	367.6
1st Quarter	404.5	304.6	358.2	489.6	571.3	317.9	683.3	431.7	493.4	389.9	39.0	327.6	295.7	424.6
2nd Quarter	353.3	265.8	312.6	476.1	492.1	100.6	548.4	264.4	436.5	311.4	21.6	271.0	236.7	368.4
3rd Quarter	347.4	277.3	314.8	502.6	491.4	298.8	533.9	384.5	452.6	366.8	37.0	258.8	263.3	383.9
4th Quarter	381.9	307.1	347.1	535.7	482.9	594.6	540.5	760.1	485.1	406.8	41.3	289.7	293.0	415.5
2022 (b)	378.5	373.6	376.2	486.2	428.0	1,857.9	482.5	520.3	471.1	374.5	49.3	292.5	279.8	409.8

Source: Central Bank of Sri Lanka

(a) The value index is computed as a simple index of the ratio of rupee values between the current period and the base period.

(b) Provisional

Central Bank Trade Indices - Volume (a)

2010 = 100

Period	Exports										Total Exports
	Industrial Exports					Agricultural Exports					
	Textiles and Garments	Petroleum Products	Rubber Products	Total	Tea	Rubber	Coconut Products	Minor Agri. Products	Total	Mineral Exports	
2018	132.4	251.1	111.4	158.7	85.5	26.7	132.8	162.0	92.6	99.3	137.3
2019	143.2	246.7	109.4	170.8	88.8	24.0	177.6	163.0	97.7	98.2	147.2
2020	111.5	238.5	100.0	153.5	80.7	29.4	168.0	173.1	90.5	68.6	132.9
2021	140.6	282.8	112.6	183.2	87.2	29.3	188.1	188.4	101.1	111.4	156.9
2022 (b)	144.6	189.2	106.6	194.9	76.6	29.2	193.5	240.9	93.1	114.2	163.0
2020	131.0	284.9	98.9	153.3	72.6	27.0	137.1	182.4	80.1	59.7	130.0
2nd Quarter	69.4	168.7	75.5	103.7	77.8	24.5	149.6	143.5	83.1	51.9	95.7
3rd Quarter	133.7	277.9	123.6	186.7	90.4	28.8	214.9	187.2	106.4	66.9	160.6
4th Quarter	111.9	222.5	101.7	170.2	82.0	37.2	170.6	179.3	92.3	95.8	145.3
2021	142.2	149.6	113.1	169.1	85.6	37.1	168.7	165.5	97.7	125.3	146.1
2nd Quarter	132.6	294.8	99.8	179.6	81.6	22.2	177.3	140.6	90.3	139.3	151.6
3rd Quarter	144.3	415.2	117.9	190.7	90.5	33.2	210.7	222.1	108.0	87.2	164.0
4th Quarter	143.4	271.6	119.6	193.2	91.0	24.5	195.5	225.4	108.3	93.9	165.9
2022 (b)	153.4	203.9	112.5	189.0	77.7	41.3	191.6	212.4	93.4	94.5	158.8
2nd Quarter	147.0	205.9	102.3	208.5	75.6	23.9	205.2	249.7	92.3	91.8	172.3
3rd Quarter	151.2	147.9	112.5	186.9	82.2	22.2	199.3	273.8	98.6	79.6	158.7
4th Quarter	126.9	199.0	99.0	195.2	70.8	29.6	177.7	227.6	88.1	190.9	162.1
2021	129.1	192.8	106.7	163.8	76.2	37.7	135.8	159.5	87.7	110.6	139.6
January	143.8	118.0	109.2	149.7	84.9	25.2	172.0	137.4	91.8	116.4	130.7
February	153.7	137.9	123.4	193.8	95.8	48.5	198.1	199.6	113.7	149.0	167.9
March	115.1	173.8	76.9	188.8	59.5	26.9	126.2	128.5	70.6	123.9	152.7
April	145.9	170.7	110.9	169.0	86.8	18.1	187.0	156.7	93.7	148.2	145.0
May	136.7	539.9	111.7	181.2	98.6	21.5	218.9	136.5	106.6	145.8	157.0
June	150.4	532.1	110.3	184.8	93.3	25.7	223.2	260.3	119.5	77.8	163.0
July	155.9	454.8	122.7	201.8	93.5	32.5	211.1	206.0	106.4	87.9	171.3
August	126.6	258.6	120.8	185.4	84.8	41.4	197.8	200.0	98.1	95.8	157.5
September	141.3	195.2	113.3	179.1	88.9	26.3	212.7	250.7	106.3	63.0	155.2
October	139.0	329.7	125.1	200.2	94.8	24.6	205.1	234.4	117.4	117.1	173.4
November	149.7	289.8	120.4	200.4	89.3	22.6	188.7	191.2	101.2	101.8	169.0
December	154.4	255.2	106.4	203.0	71.0	41.9	174.6	164.9	88.7	80.2	167.4
2022 (b)	148.8	198.7	109.0	170.3	76.9	41.9	187.6	212.7	90.1	97.7	144.7
January	156.9	157.9	122.2	193.5	85.3	40.0	212.6	259.5	101.4	105.5	164.2
February	141.9	175.0	86.3	198.6	67.5	25.9	164.9	240.0	80.6	96.0	162.2
March	140.4	147.2	98.8	196.7	73.0	23.0	211.1	250.8	87.1	56.2	162.5
April	158.8	295.6	121.9	230.1	86.5	22.8	239.6	258.3	109.3	123.2	192.3
May	152.5	172.1	106.1	174.2	83.5	19.6	192.3	245.9	96.3	38.1	149.0
June	172.7	178.1	118.5	216.7	84.1	22.7	210.0	296.5	103.2	93.2	181.0
July	128.3	93.4	113.0	170.0	79.1	24.3	195.6	279.0	96.2	107.4	146.2
August	121.0	120.8	108.6	212.4	70.4	31.6	196.6	241.9	91.3	59.6	174.9
September	131.3	143.9	93.9	166.6	71.0	22.9	167.4	233.4	86.4	85.2	141.1
October	128.4	332.3	94.4	206.5	71.1	34.4	169.1	207.6	86.7	427.8	170.4
November											
December											

(a) Volume index is computed as a Laspeyres index.

(b) Provisional

(Contd.)

EXTERNAL SECTOR DEVELOPMENTS AND POLICIES

TABLE 63 (Contd.)

Central Bank Trade Indices - Volume (a)

2010=100

Period	Consumer Goods				Imports						Investment Goods				Total Imports			
	Food and Beverages		Non-Food Consumer Goods		Intermediate Goods		Total				Machinery and Equipment		Transport Equipment			Building Materials		Total
		Total		Total	Fuel	Textiles and Textile Articles	Fertiliser	Chemical Products	Wheat and Maize	Total								
2018	129.5	183.4	245.3	183.4	152.5	144.3	136.0	165.2	134.2	162.2	249.6	109.3	212.1	208.2	174.3			
2019	120.5	145.4	174.0	145.4	151.8	153.9	119.5	155.7	127.5	156.0	261.5	93.7	215.1	211.5	164.2			
2020	127.4	128.0	128.7	128.0	133.1	126.8	160.2	138.9	140.2	140.2	264.5	50.4	147.7	183.4	145.5			
2021	125.5	127.8	130.4	127.8	134.2	153.9	74.5	177.3	134.2	152.0	359.0	46.7	154.5	230.6	162.2			
2022 (b)	133.4	104.8	71.9	104.8	106.8	142.3	68.1	142.8	90.4	121.1	265.4	19.8	99.2	162.8	126.0			
2020	141.4	144.2	147.4	144.2	164.8	132.3	58.7	154.8	117.0	149.7	273.9	71.0	157.2	195.3	156.6			
2nd Quarter	114.7	123.5	133.5	123.5	85.6	92.8	178.6	141.1	117.0	103.5	198.2	60.0	144.2	144.2	114.5			
3rd Quarter	121.2	118.0	114.2	118.0	150.0	133.1	76.1	166.9	194.9	154.8	273.3	28.6	161.9	187.2	153.2			
4th Quarter	132.2	126.3	119.6	126.3	132.1	148.9	327.6	169.0	136.3	152.7	312.6	42.2	154.5	207.1	157.5			
2021	162.2	144.7	124.7	144.7	161.6	154.2	78.5	195.3	124.3	163.7	348.6	44.1	150.9	223.8	171.1			
2nd Quarter	123.3	127.2	131.6	127.2	124.2	156.8	127.6	189.0	122.5	150.3	312.2	50.7	161.6	210.9	157.0			
3rd Quarter	89.9	115.9	145.8	115.9	110.6	143.7	10.7	153.5	142.5	134.4	346.8	49.0	148.2	223.3	147.9			
4th Quarter	126.8	123.4	119.5	123.4	140.2	160.9	81.3	171.3	147.6	159.7	428.3	42.8	157.5	264.3	173.0			
2022 (b)	160.9	133.7	102.5	133.7	137.8	168.3	27.3	170.4	102.6	150.2	376.3	34.4	148.5	234.5	163.0			
1st Quarter	110.1	89.5	65.8	89.5	92.2	138.6	34.5	143.5	65.6	112.4	260.3	16.2	116.2	157.1	116.2			
2nd Quarter	132.9	95.0	51.4	95.0	91.5	126.1	57.0	136.1	72.4	106.9	168.5	11.7	76.2	107.0	105.6			
3rd Quarter	129.6	101.0	68.0	101.0	105.8	136.0	153.8	121.2	120.9	115.0	256.5	17.0	81.1	152.4	119.0			
4th Quarter	183.8	157.3	126.8	157.3	168.9	153.7	28.5	192.2	31.1	158.9	302.9	49.1	142.8	200.3	165.8			
2021	120.7	116.6	112.0	116.6	158.8	148.3	89.3	162.7	224.8	155.6	259.0	36.1	146.7	177.3	151.4			
January	182.1	160.3	135.2	160.3	157.2	160.7	117.7	230.9	117.0	176.7	484.0	47.2	163.2	293.8	196.0			
February	118.2	118.0	117.9	118.0	193.6	144.7	298.6	178.7	102.2	169.5	421.5	45.0	156.5	261.1	177.2			
March	106.9	109.2	111.9	109.2	150.1	149.2	69.9	189.2	80.0	160.3	198.9	34.0	149.7	147.1	147.1			
April	144.8	154.2	165.1	154.2	28.9	176.5	14.5	199.0	185.5	121.0	316.2	73.1	175.4	221.8	146.7			
May	86.4	121.4	161.6	121.4	107.4	146.9	25.7	163.6	117.9	139.3	354.4	53.3	145.0	227.5	152.7			
June	97.0	117.5	140.9	117.5	147.2	140.1	4.8	148.4	193.7	148.0	314.6	45.7	150.3	207.5	153.1			
July	106.2	108.9	134.9	108.9	77.2	144.1	1.5	148.5	116.0	115.8	371.4	48.1	149.3	235.3	138.0			
August	76.7	86.4	97.5	86.4	133.4	143.9	72.9	160.6	232.1	146.4	518.1	31.2	137.0	299.2	165.3			
September	127.4	120.9	113.5	120.9	126.6	166.9	5.8	161.4	85.8	139.7	336.9	56.3	162.1	224.4	152.3			
October	176.2	162.8	147.4	162.8	160.7	171.8	165.2	192.0	124.9	193.1	429.9	40.9	173.4	269.3	201.3			
November	188.1	154.4	115.6	154.4	145.2	170.8	9.4	165.1	148.3	157.6	355.0	29.8	158.6	226.2	169.6			
December	146.8	125.4	100.8	125.4	141.9	186.8	9.3	163.0	51.1	151.6	367.2	38.7	143.3	228.7	161.1			
2022 (b)	147.6	121.3	91.1	121.3	126.4	147.3	63.2	183.1	108.3	141.3	406.7	34.7	143.6	248.8	158.3			
January	138.1	107.5	72.4	107.5	123.4	145.2	87.0	168.0	76.8	132.0	359.1	25.9	92.4	207.6	141.7			
February	102.8	56.2	81.1	56.2	109.2	129.5	11.8	130.8	78.6	114.0	153.9	10.0	90.0	104.8	104.8			
March	89.5	79.8	68.7	79.8	44.0	141.0	4.7	131.8	41.5	91.1	268.0	12.5	90.3	159.8	102.2			
April	127.1	87.5	42.1	87.5	81.9	126.4	96.1	126.2	16.4	99.3	169.7	10.4	66.8	104.6	97.3			
May	153.0	108.7	57.9	108.7	95.5	133.5	57.8	155.4	124.8	120.8	180.9	17.0	90.6	118.6	116.9			
June	118.7	88.7	54.3	88.7	97.2	118.5	17.2	126.8	76.1	100.6	154.7	7.6	71.1	98.0	102.7			
July	123.6	94.8	61.6	94.8	94.7	136.8	65.1	117.6	71.8	106.3	309.0	8.1	82.0	176.3	117.5			
August	131.4	101.7	67.7	101.7	111.4	144.2	93.3	132.0	144.0	119.2	217.5	25.5	73.9	133.2	117.7			
September	133.9	106.4	74.7	106.4	111.2	127.0	303.0	114.1	147.0	119.5	243.1	17.3	87.4	147.8	121.8			

(a) Volume index is computed as a Laspeyres index.

(b) Provisional

Source: Central Bank of Sri Lanka

Central Bank Trade Indices - Unit Value (a)

2010=100

Period	Exports											Total Exports
	Industrial Exports					Agricultural Exports					Mineral Exports	
	Textiles and Garments	Petroleum Products	Rubber Products	Total	Tea	Rubber	Coconut Products	Minor Agri. Products	Total			
2018	172.5	135.8	202.9	137.8	166.5	97.4	202.9	146.3	173.5	204.7	144.4	
2019	184.3	127.0	224.8	143.3	166.4	92.0	176.9	163.3	172.8	225.4	148.8	
2020	193.4	97.0	231.3	134.2	175.2	96.9	203.3	178.3	183.7	248.0	143.5	
2021	202.8	120.0	294.8	153.0	185.5	146.3	240.4	194.9	206.2	289.7	162.6	
2022 (b)	350.5	314.7	468.8	251.5	329.6	222.5	354.7	305.0	344.1	526.5	266.5	
2020	184.3	152.7	230.0	147.5	166.6	99.0	200.1	196.1	177.0	218.1	152.5	
1st Quarter	196.0	62.9	220.6	128.4	179.5	98.3	205.0	201.8	185.1	256.5	141.9	
2nd Quarter	196.3	69.3	220.2	133.9	175.3	84.9	203.5	197.9	187.0	251.0	143.6	
3rd Quarter	198.8	86.1	254.0	126.1	178.7	103.7	204.0	121.0	184.4	259.9	136.3	
4th Quarter	191.9	149.3	279.4	153.4	188.3	130.4	237.1	185.5	202.4	266.6	162.5	
2021	206.4	100.5	308.5	135.4	187.3	148.2	239.6	199.8	201.3	272.9	146.4	
1st Quarter	206.4	98.8	295.3	152.6	183.2	150.4	237.0	197.4	207.6	300.0	162.8	
2nd Quarter	228.6	157.3	297.6	169.4	183.8	162.9	247.7	196.3	212.1	335.7	177.4	
3rd Quarter	222.1	258.4	311.4	177.4	199.0	158.6	257.5	173.4	218.5	341.4	184.3	
4th Quarter	374.3	373.8	522.8	255.2	329.0	255.0	401.6	349.3	358.8	369.3	270.5	
2022 (b)	403.5	310.6	534.4	308.0	388.5	314.7	380.2	358.3	401.6	467.0	324.1	
1st Quarter	415.1	314.4	517.5	265.2	405.3	216.2	376.7	315.2	397.4	718.6	286.3	
2nd Quarter	197.5	137.0	273.1	148.3	186.1	121.9	217.0	143.2	199.9	262.0	157.3	
3rd Quarter	189.4	150.3	274.3	167.2	189.7	128.8	223.4	193.9	201.1	266.2	173.9	
4th Quarter	189.5	165.6	289.5	147.0	188.9	137.9	262.7	213.7	205.3	270.4	158.0	
2021	198.6	166.2	301.2	117.9	193.9	143.5	274.0	221.9	213.1	292.3	130.2	
1st Quarter	161.2	156.8	305.3	141.3	185.1	152.2	232.9	187.3	195.4	263.6	151.1	
2nd Quarter	192.3	61.6	316.7	148.2	185.2	150.7	225.6	193.2	198.7	266.0	157.8	
3rd Quarter	191.1	78.7	322.9	156.3	182.0	154.8	233.1	172.5	205.8	305.2	166.7	
4th Quarter	200.8	82.2	275.9	148.4	184.6	141.1	243.9	226.8	207.7	312.8	158.6	
2022 (b)	231.4	169.2	289.8	153.5	182.9	154.9	234.2	199.5	209.8	284.0	163.3	
1st Quarter	229.9	198.3	300.3	185.2	182.7	149.4	244.4	178.7	210.5	305.1	190.1	
2nd Quarter	228.9	145.8	304.3	164.3	184.7	165.3	257.3	216.8	212.8	263.3	173.6	
3rd Quarter	227.0	142.8	288.0	160.5	183.9	175.9	240.1	194.2	212.9	437.9	169.6	
4th Quarter	213.2	213.8	296.1	154.2	190.8	149.9	246.3	203.5	213.9	473.7	163.3	
2022 (b)	213.0	322.7	311.8	182.8	195.1	143.1	239.0	137.6	208.4	371.8	187.6	
1st Quarter	239.6	362.9	324.5	196.9	209.3	184.1	283.1	183.7	231.5	212.7	202.9	
2nd Quarter	319.0	430.5	480.7	221.4	280.7	238.3	422.4	293.7	324.3	279.8	235.4	
3rd Quarter	391.5	521.4	512.7	271.5	275.2	339.7	397.9	376.7	362.3	519.8	285.0	
4th Quarter	408.4	266.6	560.9	270.3	357.7	271.6	390.4	374.3	381.5	370.2	287.9	
2022 (b)	413.0	272.5	560.1	336.9	374.4	326.3	397.4	343.3	393.7	643.6	347.3	
1st Quarter	375.0	263.8	561.0	280.5	393.6	316.9	390.5	370.6	409.4	418.3	300.8	
2nd Quarter	430.5	469.9	482.3	313.4	397.8	303.3	352.2	358.4	401.1	446.7	329.4	
3rd Quarter	421.2	458.4	528.5	244.5	413.4	238.7	448.1	334.9	413.2	852.9	268.8	
4th Quarter	393.8	416.8	499.6	301.0	398.7	196.4	328.8	322.9	386.0	322.3	315.5	
2022 (b)	431.1	217.7	522.5	257.6	403.8	208.6	341.2	283.4	392.2	778.8	280.1	

(a) Paasche unit value index is derived by using the rupee value index and the volume index.

(b) Provisional

(Contd.)

EXTERNAL SECTOR DEVELOPMENTS AND POLICIES

TABLE 64 (Contd.)

Central Bank Trade Indices - Unit Value (a)

2010=100

Period	Consumer Goods				Imports							Total Imports	Terms of Trade		
	Food and Beverages		Non-Food Consumer Goods		Intermediate Goods			Investment Goods							
					Fuel	Textiles and Textile Articles	Fertiliser	Chemical Products	Wheat and Maize	Total	Machinery and Equipment			Transport Equipment	Building Materials	Total
2018	134.1	171.3	157.2	128.6	157.6	115.5	151.3	150.5	137.3	107.1	147.5	125.7	117.4	136.5	105.8
2019	141.6	199.7	174.0	133.3	165.3	121.9	162.4	161.7	143.2	112.6	169.7	134.9	124.9	143.2	103.9
2020	151.4	204.5	176.2	102.6	166.8	110.8	166.2	171.2	131.8	100.7	192.0	139.8	115.6	134.9	106.4
2021	176.1	255.8	214.0	161.2	193.8	155.2	204.9	206.8	176.9	102.9	254.0	173.1	123.6	166.9	97.5
2022 (b)	251.7	395.1	297.5	422.5	332.9	521.5	366.1	357.9	357.0	150.9	295.4	306.7	183.0	300.4	88.7
2020	147.3	205.0	174.8	122.1	167.6	118.3	152.8	167.6	136.4	100.8	178.3	147.0	118.0	138.4	110.2
2nd Quarter	159.3	198.1	178.8	76.0	176.5	126.6	171.8	178.9	130.2	105.1	213.6	139.4	123.1	138.2	102.7
3rd Quarter	147.8	210.9	176.3	95.1	163.3	114.9	165.5	169.0	126.7	106.1	193.9	132.9	115.9	131.1	109.5
4th Quarter	152.3	204.7	175.4	104.1	163.2	99.9	174.4	171.5	133.6	93.3	182.8	140.1	107.7	132.8	102.7
2021	161.5	235.6	191.2	136.4	174.6	128.0	185.7	195.2	155.8	100.9	212.5	157.0	116.9	150.9	107.7
2nd Quarter	176.8	234.5	204.6	150.6	183.9	142.7	209.8	197.3	172.2	114.9	226.8	168.6	133.0	166.3	88.0
3rd Quarter	207.2	266.9	242.2	171.0	206.3	191.8	216.9	200.5	186.6	104.6	286.2	174.4	127.2	176.3	92.3
4th Quarter	172.1	287.0	223.9	191.5	210.9	196.4	210.6	230.7	195.0	94.6	292.2	191.9	118.8	175.2	101.3
2022 (b)	186.6	278.0	219.2	264.1	221.5	278.3	233.4	231.2	231.7	107.2	238.5	215.8	131.9	200.3	92.0
2nd Quarter	286.2	395.1	323.4	505.5	392.7	340.0	406.1	381.2	409.9	170.2	456.8	353.6	208.4	341.7	79.2
3rd Quarter	269.7	530.3	335.4	510.2	404.3	545.5	435.0	347.4	421.9	220.9	305.0	386.6	258.2	366.2	88.5
4th Quarter	284.9	469.3	342.7	480.5	343.6	596.4	428.1	458.9	408.4	149.2	250.6	345.6	182.8	338.8	84.5
2021	152.8	224.0	179.5	121.9	172.0	139.7	178.2	168.2	144.6	108.1	177.6	151.1	120.9	144.7	108.7
January	170.1	225.1	194.7	136.6	171.0	134.5	188.4	191.7	155.5	115.2	198.0	152.3	128.0	154.6	112.5
February	164.6	255.1	200.1	151.9	180.5	120.3	189.9	209.2	166.1	88.7	260.0	166.5	107.5	153.2	103.1
March	165.6	239.3	199.9	147.1	182.9	138.1	203.1	206.6	165.1	84.7	210.7	159.9	102.8	150.6	86.5
April	181.3	217.9	198.8	153.4	184.9	164.1	217.3	207.4	171.7	145.9	245.0	170.6	158.3	172.6	87.5
May	182.8	242.3	212.4	160.1	183.8	135.3	208.8	187.8	182.7	135.5	228.3	174.6	151.4	178.9	88.2
June	219.0	256.4	242.2	166.3	200.6	191.6	212.3	178.4	186.0	103.9	301.3	186.7	130.0	177.3	94.0
July	197.6	268.9	237.4	167.7	202.6	172.4	220.8	227.6	180.5	113.3	233.0	168.1	130.9	174.8	90.7
August	206.3	277.4	247.3	183.6	215.5	259.2	218.3	177.7	195.1	97.9	320.1	168.7	121.2	176.8	92.3
September	205.5	258.4	233.3	202.6	217.9	189.7	199.4	242.6	205.2	63.3	204.5	196.6	84.7	163.1	116.6
October	172.8	278.5	218.9	177.3	211.0	212.6	217.9	250.5	193.8	117.4	419.8	194.1	150.3	185.2	93.8
November	157.0	312.5	222.5	193.5	204.9	198.8	213.9	194.9	188.2	114.4	183.7	186.2	130.5	177.5	95.5
December	160.8	277.7	201.6	208.4	219.0	235.4	216.4	226.5	204.4	109.8	226.8	203.5	132.7	184.2	88.7
2022 (b)	177.9	253.3	206.1	229.4	204.8	400.8	233.3	249.8	214.1	97.8	136.7	209.9	120.2	185.6	101.1
January	227.9	305.8	255.1	367.1	245.4	266.7	248.8	228.8	281.1	113.4	338.5	235.4	142.0	232.6	87.2
February	274.7	356.8	300.4	461.1	363.0	332.5	371.6	348.7	381.8	126.8	237.0	337.8	157.9	303.1	77.7
March	300.5	410.6	336.0	529.2	395.0	323.4	424.4	390.7	430.0	277.8	1,046.9	368.7	317.3	393.7	72.4
April	287.5	422.9	341.7	571.4	421.2	522.5	431.9	423.5	425.5	166.8	439.5	354.8	203.2	342.1	84.2
May	249.9	589.6	325.9	531.3	369.1	536.0	431.6	357.3	426.1	244.7	444.1	426.4	283.8	378.0	91.9
June	264.4	525.9	329.2	512.9	427.9	550.0	439.6	346.0	408.5	215.6	230.0	361.4	249.4	363.1	82.8
July	297.7	489.2	352.3	489.7	415.2	583.7	432.6	347.5	433.9	201.2	282.9	381.4	241.5	358.6	91.9
August	281.1	449.8	332.2	531.0	359.1	459.2	454.0	535.7	426.0	118.7	456.4	315.7	149.4	326.8	82.3
September	290.8	453.4	341.1	480.8	334.8	637.5	409.6	527.9	407.0	187.1	162.1	391.9	220.0	353.1	89.4
October	282.6	499.8	353.6	437.2	336.9	613.3	422.9	353.8	394.1	154.1	284.9	334.5	189.2	336.5	83.2

Source: Central Bank of Sri Lanka

(a) Poasche unit value index is derived by using the rupee value index and the volume index.
(b) Provisional

Foreign Trade

Period		Rs. million			US\$ million		
		Exports	Imports	Balance of Trade	Exports	Imports	Balance of Trade
2018		1,933,533	3,606,644	-1,673,111	11,890	22,233	-10,343
2019		2,134,796	3,565,028	-1,430,232	11,940	19,937	-7,997
2020		1,858,927	2,974,915	-1,115,988	10,047	16,055	-6,008
2021		2,486,943	4,104,218	-1,617,274	12,499	20,637	-8,139
2022 (a)		4,234,913	5,737,333	-1,502,420	13,106	18,291	-5,185
2020	1st Quarter	483,205	821,457	-338,252	2,650	4,503	-1,853
	2nd Quarter	330,996	599,729	-268,733	1,763	3,172	-1,409
	3rd Quarter	561,826	760,928	-199,102	3,032	4,108	-1,075
	4th Quarter	482,899	792,801	-309,902	2,602	4,273	-1,671
2021	1st Quarter	578,579	978,240	-399,662	2,982	5,041	-2,059
	2nd Quarter	540,716	989,351	-448,634	2,717	4,974	-2,257
	3rd Quarter	650,462	988,389	-337,927	3,239	4,923	-1,683
	4th Quarter	717,186	1,148,238	-431,051	3,560	5,700	-2,140
2022 (a)	1st Quarter	713,406	1,237,881	-524,475	3,254	5,651	-2,397
	2nd Quarter	1,136,284	1,505,533	-369,249	3,268	4,377	-1,109
	3rd Quarter	1,253,940	1,466,214	-212,274	3,470	4,057	-587
	4th Quarter	1,131,283	1,527,706	-396,422	3,114	4,206	-1,091
2021	January	178,426	303,185	-124,758	937	1,592	-655
	February	184,698	295,680	-110,983	952	1,524	-572
	March	215,454	379,375	-163,921	1,094	1,926	-832
	April	161,528	336,996	-175,467	818	1,707	-889
	May	177,970	320,819	-142,849	892	1,607	-716
	June	201,218	331,536	-130,318	1,007	1,659	-652
	July	220,762	341,981	-121,219	1,104	1,710	-606
	August	220,754	338,171	-117,417	1,101	1,687	-586
	September	208,946	308,237	-99,291	1,034	1,526	-492
	October	239,767	340,702	-100,935	1,192	1,694	-502
	November	244,545	356,205	-111,660	1,211	1,765	-553
	December	232,875	451,331	-218,456	1,156	2,241	-1,085
2022 (a)	January	222,136	394,747	-172,611	1,103	1,959	-857
	February	220,566	377,842	-157,276	1,093	1,873	-780
	March	270,704	465,293	-194,588	1,058	1,819	-761
	April	310,147	542,717	-232,570	971	1,699	-728
	May	376,276	520,987	-144,711	1,048	1,451	-403
	June	449,861	441,829	8,033	1,249	1,226	22
	July	420,271	464,386	-44,115	1,165	1,287	-122
	August	442,357	536,397	-94,040	1,225	1,486	-260
	September	391,312	465,431	-74,119	1,080	1,284	-205
	October	381,874	485,045	-103,171	1,052	1,336	-284
	November	361,697	524,946	-163,249	995	1,445	-449
	December	387,713	517,715	-130,002	1,068	1,426	-358

(a) Provisional

Sources: Sri Lanka Customs
Central Bank of Sri Lanka

Composition of Exports

Period	Rs. million											Total Exports	US\$ million			
	Industrial Exports					Agricultural Exports								Mineral Exports	Unclassified Exports	Total Exports
	Textiles and Garments	Rubber Products	Gems, Diamonds and Jewellery	Petroleum Products	Other	Tea	Rubber	Coconut Products	Spices	Minor Agricultural Products	Other					
2018	865,975	142,298	44,963	101,467	351,498	231,750	5,088	50,465	58,701	19,137	53,724	5,570	2,898	1,933,533	11,890	
2019	1,000,173	154,854	54,677	393,194	382,004	240,637	4,321	58,852	55,931	21,494	58,845	6,063	3,212	2,134,796	11,940	
2020	817,593	145,501	33,483	68,849	353,168	230,170	5,579	63,974	61,823	24,920	46,604	4,657	2,012	1,858,927	10,047	
2021	1,081,158	208,975	55,003	100,975	484,403	263,353	8,377	84,674	90,454	29,646	66,579	8,841	4,504	2,486,943	12,499	
2022 (a)	1,922,051	314,535	148,197	177,194	813,870	411,092	12,742	128,509	120,070	59,328	103,266	16,465	7,595	4,234,913	13,106	
2020	228,856	35,793	9,936	32,372	82,235	49,236	1,310	12,852	9,310	7,219	12,436	891	761	483,205	2,650	
1st Quarter	129,012	26,218	3,391	7,901	62,822	56,849	1,181	14,357	11,801	5,844	10,187	911	522	330,996	1,763	
2nd Quarter	248,804	42,834	9,296	14,319	115,125	64,465	1,197	20,474	22,092	7,479	13,906	1,150	685	561,826	3,032	
3rd Quarter	210,921	40,656	10,860	14,257	92,986	59,620	1,891	16,291	18,620	4,378	10,075	1,705	639	482,899	2,602	
4th Quarter	258,643	49,737	13,731	16,618	107,883	65,622	2,370	18,721	22,044	6,199	13,895	2,288	828	578,579	2,982	
2021	229,603	48,455	12,203	22,054	106,666	62,208	1,607	19,898	16,536	5,668	12,566	2,668	649	540,716	2,717	
1st Quarter	282,321	54,802	13,529	30,519	119,917	67,469	2,446	23,385	24,652	8,848	19,296	1,791	1,487	650,462	3,239	
2nd Quarter	310,592	55,981	15,539	31,784	149,938	68,055	1,953	22,670	27,223	8,931	20,822	2,159	1,539	717,186	3,360	
3rd Quarter	322,931	55,145	22,018	39,201	137,826	62,946	3,206	33,104	18,461	7,435	17,789	2,208	1,136	713,406	3,254	
4th Quarter	521,572	84,181	35,505	57,269	217,548	101,286	2,985	38,581	25,849	17,805	29,593	2,321	1,988	1,136,284	3,268	
2022 (a)	578,161	94,608	49,261	34,172	235,147	130,016	3,417	35,479	41,377	19,805	27,866	2,545	2,087	1,253,940	3,470	
1st Quarter	499,387	80,601	41,413	46,552	223,349	116,843	3,134	31,345	34,383	14,482	28,018	9,391	2,385	1,131,283	3,114	
2nd Quarter	80,576	15,283	4,456	6,563	32,626	19,237	749	4,602	8,009	1,537	3,955	661	183	178,426	937	
3rd Quarter	86,055	15,711	3,816	4,400	33,707	21,839	529	5,998	6,428	1,792	3,495	707	243	184,698	952	
4th Quarter	92,032	18,743	5,459	5,666	41,550	24,545	1,092	8,122	7,607	2,871	6,445	920	402	215,454	1,094	
2021	72,251	12,152	4,777	7,163	31,399	15,647	629	5,395	4,417	1,918	4,695	827	258	161,528	818	
1st Quarter	74,330	17,750	3,192	6,638	35,196	21,801	450	6,796	5,020	1,975	3,729	892	204	177,970	892	
2nd Quarter	83,022	18,553	4,235	8,253	40,071	24,760	528	7,707	7,099	1,775	4,142	885	188	201,218	1,007	
3rd Quarter	90,813	18,675	4,913	10,389	41,016	23,022	650	8,121	9,169	3,021	9,426	542	1,004	220,762	1,104	
4th Quarter	98,900	17,764	4,478	9,276	41,494	23,416	749	8,034	7,954	3,143	4,709	628	208	220,754	1,101	
2022 (a)	92,608	18,362	4,138	10,853	37,408	21,031	1,047	7,229	7,529	2,684	5,161	621	275	208,946	1,034	
1st Quarter	102,670	17,835	5,253	9,595	55,036	22,026	642	8,113	9,019	3,014	5,769	439	356	239,767	1,192	
2nd Quarter	100,541	19,964	5,607	11,923	50,786	23,748	663	8,236	9,411	3,419	8,810	704	734	244,545	1,211	
3rd Quarter	107,381	18,182	4,680	10,266	44,116	22,281	648	6,321	8,793	2,498	6,243	1,017	449	232,875	1,156	
4th Quarter	103,978	16,523	6,429	13,530	39,235	18,379	1,025	6,713	7,057	2,258	5,769	868	370	222,136	1,103	
2022 (a)	100,145	17,818	5,432	11,462	43,775	20,347	979	6,995	7,057	1,969	5,019	829	336	220,566	1,093	
1st Quarter	118,807	20,804	10,157	14,209	54,816	24,220	1,202	9,395	5,944	3,268	7,001	512	430	270,704	1,058	
2nd Quarter	143,000	21,762	8,486	16,687	60,467	25,697	1,006	10,873	6,847	4,744	7,592	613	373	310,147	971	
3rd Quarter	173,682	26,561	14,014	19,040	73,290	33,629	967	13,111	7,564	6,356	6,909	667	486	376,276	1,048	
4th Quarter	204,890	35,858	13,005	19,542	83,791	41,960	1,012	14,598	11,438	6,507	15,092	1,041	1,128	449,861	1,249	
2022 (a)	199,002	31,163	15,902	11,634	79,063	42,412	1,043	11,928	12,203	5,681	9,121	560	560	420,271	1,165	
1st Quarter	204,655	34,866	15,993	11,654	81,659	44,910	1,173	12,801	14,477	7,396	11,025	890	859	442,357	1,225	
2nd Quarter	174,504	28,579	17,365	10,884	74,425	42,694	1,201	10,751	14,697	6,729	7,720	1,095	667	391,312	1,080	
3rd Quarter	161,072	30,112	15,445	13,736	77,747	39,476	1,230	13,748	13,207	5,452	8,804	1,159	685	381,874	1,052	
4th Quarter	163,450	24,614	13,154	14,876	71,726	38,401	733	8,591	9,795	5,071	9,820	627	840	361,697	995	
2022 (a)	174,865	25,874	12,814	17,940	73,876	38,967	1,172	9,006	11,381	3,959	9,394	7,605	860	387,713	1,068	

(a) Provisional

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

EXTERNAL SECTOR DEVELOPMENTS AND POLICIES

TABLE 67

Export Performance based on Standard International Trade Classification (SITC) (a)

Period	Exports (US\$ million)										Total Exports (Rs. million)	
	Food and Live Animals	Beverages and Tobacco	Crude Materials, Inedible, except Fuels	Mineral Fuels, Lubricants and Related Materials	Animal and Vegetable Oils, Fats and Waxes	Chemicals and Related Products, n.e.s.	Manufactured Goods Classified Chiefly by Material	Machinery and Transport Equipment	Miscellaneous Manufactured Articles	Commodities and Transactions Not Classified Elsewhere in the SITC		Total Exports
2018	2,633	165	348	622	89	215	1,599	541	5,677	...	11,890	1,933,533
2019	2,542	162	343	521	74	223	1,628	532	5,914	...	11,940	2,134,796
2020	2,409	117	369	374	97	224	1,344	396	4,719	...	10,047	1,858,927
2021	2,846	145	433	506	129	292	1,701	632	5,813	2	12,499	2,486,943
2022 (b)	2,702	136	450	568	90	271	1,876	692	6,320	1	13,106	4,234,913
2020	536	27	82	178	16	47	334	101	1,327	-	2,650	483,205
2nd Quarter	542	20	72	42	18	49	261	71	688	-	1,763	330,996
3rd Quarter	732	111	111	77	33	63	401	118	1,457	...	3,032	561,826
4th Quarter	599	30	103	77	29	64	347	107	1,247	...	2,602	482,899
2021	676	34	111	86	30	67	407	148	1,424	...	2,982	578,579
2nd Quarter	603	31	99	111	27	72	386	141	1,247	...	2,717	540,716
3rd Quarter	741	34	113	152	36	73	437	147	1,507	...	3,239	650,462
4th Quarter	826	46	111	158	36	80	471	195	1,636	1	3,560	717,186
2022 (b)	633	33	121	180	25	64	462	163	1,573	...	3,254	713,406
2nd Quarter	649	35	113	166	28	71	466	162	1,578	...	3,268	1,136,284
3rd Quarter	742	36	104	95	21	75	507	187	1,703	...	3,470	1,253,940
4th Quarter	677	31	113	128	16	61	442	180	1,467	...	3,114	1,131,283
2021	209	10	31	34	7	22	132	47	444	...	937	178,426
February	210	9	33	23	10	21	123	47	475	...	952	184,698
March	257	14	47	29	13	25	152	54	504	-	1,094	215,454
April	172	9	30	36	8	18	105	37	404	-	818	161,528
May	204	9	33	33	8	27	131	47	398	...	892	177,970
June	227	14	36	41	10	27	149	57	445	...	1,007	201,218
July	275	10	38	52	13	25	146	55	490	-	1,104	220,762
August	241	15	38	46	14	24	157	49	518	-	1,101	220,754
September	224	9	38	54	10	24	133	44	499	...	1,034	208,946
October	278	13	36	48	13	24	155	87	539	...	1,192	239,767
November	303	15	39	59	12	26	161	57	540	1	1,211	244,545
December	246	18	36	51	12	30	155	52	557	...	1,156	232,875
2022 (b)	216	9	38	67	7	21	146	52	547	...	1,103	222,136
February	213	12	42	57	9	19	153	55	533	...	1,093	220,566
March	204	12	41	56	9	24	163	57	492	...	1,058	270,704
April	183	10	36	59	9	23	130	49	472	...	971	310,147
May	193	12	37	53	9	24	163	54	503	...	1,048	376,276
June	273	13	40	54	10	24	173	59	604	...	1,249	449,861
July	236	14	33	32	8	26	166	65	584	...	1,165	420,271
August	269	11	36	32	8	23	176	62	607	...	1,225	442,357
September	238	11	34	30	5	26	164	60	512	...	1,080	391,312
October	227	11	42	38	5	25	159	70	476	-	1,052	381,874
November	227	9	24	41	5	18	139	55	478	...	995	361,697
December	224	11	47	49	5	18	144	56	513	...	1,068	387,713

(a) Data is compiled based on the latest version of SITC - Revision 4 published in 2006.
 (b) Provisional
 Sources: Ceylon Petroleum Corporation and Other Exporters of Petroleum
 National Gem and Jewellery Authority
 Sri Lanka Customs
 Central Bank of Sri Lanka

EXTERNAL SECTOR DEVELOPMENTS AND POLICIES

TABLE 68

Composition of Exports according to the SITC (a)

Category	Rs. million				US\$ million			
	2019	2020	2021	2022 (b)	2019	2020	2021	2022 (b)
0. Food and Live Animals	454,526	446,590	566,380	879,096	2,542	2,409	2,846	2,702
00 Live Animals other than Animals of Division 03	137	54	107	214	1	...	1	1
01 Meat and Meat Preparations	1,012	668	771	1,505	6	4	4	5
02 Dairy Products and Birds' Eggs	1,044	951	1,514	2,734	6	5	8	8
03 Fish, Crustaceans, Molluscs and Aquatic Invertebrates and Preparations Thereof	53,307	39,709	62,961	96,918	298	215	316	301
04 Cereals and Cereal Preparations	11,028	11,844	14,276	25,221	62	64	72	77
05 Vegetables and Fruit	61,019	73,059	93,234	144,860	341	394	468	449
06 Sugars, Sugar Preparations and Honey	511	853	1,024	1,319	3	5	5	4
07 Coffee, Tea, Cocoa, Spices and Manufactures Thereof	292,150	286,102	346,611	525,586	1,634	1,543	1,743	1,611
08 Feeding Stuff for Animals	23,082	19,067	29,780	56,110	129	103	149	171
09 Miscellaneous Edible Products and Preparations	11,237	14,281	16,102	24,628	63	77	81	75
1. Beverages and Tobacco	29,015	21,575	28,916	44,035	162	117	145	136
11 Beverages	8,812	5,801	6,627	15,369	49	31	33	47
12 Tobacco and Tobacco Manufactures	20,203	15,775	22,289	28,666	113	85	112	89
2. Crude Materials, Inedible, except Fuels	61,323	68,262	86,170	144,168	343	369	433	450
21 Hides, Skins, Furskins, Raw	-	-	-	-	-	-	-	-
22 Oil-seeds and Oleaginous Fruits	969	341	1,035	4,488	5	2	5	13
23 Crude Rubber	4,529	5,758	8,558	13,072	25	31	43	42
24 Cork and Wood	1,832	1,860	1,646	3,428	10	10	8	11
25 Pulp and Waste Paper	4,553	3,477	7,119	12,875	25	19	36	41
26 Textile Fibres and Their Wastes	33,398	43,135	47,806	72,904	187	233	240	229
27 Crude Fertilisers, other than those of Division 56, and Crude Minerals	3,353	3,184	4,130	6,420	19	17	21	20
28 Metalliferous Ores and Metal Scrap	3,721	2,116	5,487	12,272	21	11	28	37
29 Crude Animal and Vegetable Materials, n.e.s.	8,968	8,391	10,388	18,710	50	45	52	57
3. Mineral Fuels, Lubricants and Related Materials	93,194	68,849	100,975	177,194	521	374	506	568
32 Coal, Coke and Briquettes	...	-	1	-	...	-	...	-
33 Petroleum, Petroleum Products and Related Materials	91,675	65,309	92,265	171,066	513	354	463	544
34 Gas, Natural and Manufactured	1,519	3,540	8,709	6,128	8	19	43	24
4. Animal and Vegetable Oils, Fats and Waxes	13,220	17,904	25,667	28,544	74	97	129	90
41 Animal Oils and Fats	25	23	34	33	...	...	...	...
42 Fixed Vegetable Fats and Oils, Crude, Refined or Fractionated	11,011	14,663	17,149	24,469	62	79	86	75
43 Animal or Vegetable Fats and Oils, Processed; Waxes of Animal or Vegetable Origin; Inedible Mixtures or Preparations of Animal or Vegetable Fats or Oils, n.e.s.	2,184	3,217	8,484	4,042	12	17	43	14
5. Chemicals and Related Products, n.e.s.	39,936	41,522	58,048	88,203	223	224	292	271
51 Organic Chemicals	1,156	1,133	2,054	2,562	6	6	10	8
52 Inorganic Chemicals	1,243	1,976	2,115	1,393	7	11	11	5
53 Dyeing, Tanning and Colouring Material	1,420	1,071	1,707	4,027	8	6	9	12
54 Medicinal and Pharmaceutical Products	1,283	1,172	1,488	2,281	7	6	7	7
55 Essential Oils, Resinoids, Perfume Materials; Toilet, Polishing and Cleansing Preparations	12,116	12,269	15,474	17,009	68	66	78	53
56 Fertilisers	133	117	50	12	1	1	...	...
57 Plastics in Primary Forms	1,009	967	1,694	2,202	6	5	9	7
58 Plastics in Non-Primary Forms	1,234	912	1,792	2,155	7	5	9	7
59 Chemical Materials and Products, n.e.s.	20,341	21,904	31,673	56,561	114	118	159	173
6. Manufactured Goods Classified Chiefly by Material	291,035	248,676	338,374	607,800	1,628	1,344	1,701	1,876
61 Leather, Leather Manufactures, n.e.s., and Dressed Furskins	63	41	76	86	...	...	...	...
62 Rubber Manufactures, n.e.s.	117,593	99,333	136,196	219,476	658	537	685	680
63 Cork and Wood Manufactures	4,172	2,974	3,723	5,411	23	16	19	17
64 Paper, Paperboard and Articles of Paper Pulp, of Paper or of Paperboard	10,329	7,440	10,367	16,554	58	40	52	52
65 Textile Yarn, Fabrics, Made-up Articles, n.e.s., and Related Products	65,256	78,689	91,208	144,489	365	425	458	447
66 Non-metallic Mineral Manufactures, n.e.s.	63,035	40,223	66,610	167,714	352	218	335	510
67 Iron and Steel	2,480	1,155	1,807	2,028	14	6	9	7
68 Non-ferrous Metals	8,449	4,839	6,989	9,327	47	26	35	29
69 Manufactures of Metals, n.e.s.	19,659	13,982	21,399	42,715	110	75	107	134
7. Machinery and Transport Equipment	94,956	73,302	125,729	225,160	532	396	632	692
71 Power-generating Machinery and Equipment	850	679	688	2,639	5	4	3	8
72 Machinery Specialised for Particular Industries	997	3,646	16,072	27,632	6	20	81	85
73 Metalworking Machinery	48	49	30	67	...	...	...	...
74 General Industrial Machinery and Equipment and Machine Parts, n.e.s.	16,834	12,587	18,292	38,130	94	68	92	118
75 Office Machines and Automatic Data-processing Machines	99	99	88	132	1	1	...	...
76 Telecommunications and Sound-recording and Reproducing Apparatus and Equipment	556	537	252	796	3	3	1	2
77 Electrical Machinery, Apparatus and Appliances, n.e.s. and Electrical Parts Thereof	51,565	44,263	63,323	118,799	288	239	318	364
78 Road Vehicles	12,271	10,802	18,718	30,386	69	58	94	95
79 Other Transport Equipment	11,737	639	8,265	6,579	66	3	41	20
8. Miscellaneous Manufactured Articles	1,057,590	872,225	1,156,375	2,040,459	5,914	4,719	5,813	6,320
81 Prefabricated Buildings; Sanitary, Plumbing, Heating, Lighting Fixtures and Fittings, n.e.s.	712	476	799	1,067	4	3	4	3
82 Furniture and Parts Thereof; Bedding, Mattresses, Mattress Supports, Cushions and Similar Stuffed Furnishings	9,275	7,683	11,156	17,710	52	42	56	55
83 Travel Goods, Handbags and Similar Containers	705	591	1,455	3,521	4	3	7	11
84 Articles of Apparel and Clothing Accessories	976,988	802,607	1,066,209	1,883,179	5,464	4,342	5,360	5,832
85 Footwear	9,310	2,880	2,951	7,608	52	16	15	24
87 Professional, Scientific and Controlling Instruments and Apparatus, n.e.s.	11,476	13,434	16,971	29,328	64	73	85	90
88 Photographic Apparatus, Equipment and Supplies and Optical Goods, n.e.s.; Watches and Clocks	79	66	37	547	...	...	...	2
89 Miscellaneous Manufactured Articles, n.e.s.	49,046	44,489	56,797	97,499	274	240	285	304
9. Commodities and Transactions Not Classified Elsewhere in SITC	...	22	310	248	...	...	2	1
97 Gold, Non-monetary (excluding Gold Ores and Concentrates)	...	22	309	248	...	...	2	1
Total Exports	2,134,796	1,858,927	2,486,943	4,234,913	11,940	10,047	12,499	13,106

(a) Data is compiled based on the latest version of SITC - Revision 4 published in 2006.

(b) Provisional

Note: First digit indicates the 'section' and first two digits indicate the 'division' of SITC.

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

Tea Exports, Sales and Prices

Period	Exports				Colombo Auctions				All Tea				
	Volume (kg '000)	Value		Price (F.O.B.) (a)		Quantity Sold (kg '000)				Gross Price (Rs./kg) (a)			
		Rs. million	US\$ million	Rs./kg	US\$/kg	High	Medium	Low		Total	High	Medium	Low
2018	282,364	231,750	1,428	820.75	5.06	53,341	43,803	184,684	281,828	573.32	518.18	600.17	581.58
2019	292,657	240,637	1,346	822.25	4.60	52,859	50,207	187,394	290,461	510.77	466.42	578.60	546.67
2020	265,570	230,170	1,241	866.70	4.67	53,041	48,586	168,651	270,278	590.12	453.54	670.93	633.85
2021	286,016	263,353	1,324	920.76	4.63	55,610	50,067	176,273	281,950	593.70	547.89	647.54	619.15
2022 (b)	250,192	411,092	1,259	1,643.11	5.03	47,445	41,111	150,044	238,600	1,155.28	1,059.90	1,365.13	1,270.50
2020	59,579	49,236	270	826.39	4.53	12,581	9,956	38,090	60,626	560.20	520.29	629.05	597.44
2nd Quarter	64,508	56,849	302	881.28	4.68	13,606	12,817	38,269	64,692	625.37	586.91	718.31	672.63
3rd Quarter	74,209	64,465	348	868.70	4.69	15,935	15,103	52,117	83,154	546.38	533.33	667.52	620.17
4th Quarter	67,274	59,620	321	886.23	4.78	10,920	10,711	40,175	61,806	628.53	573.65	668.83	645.16
2021	69,887	65,622	338	938.97	4.84	14,477	12,611	48,495	75,583	620.75	588.14	676.14	650.88
2nd Quarter	67,096	62,208	312	927.16	4.66	16,147	14,112	44,718	74,976	581.20	544.07	638.73	608.53
3rd Quarter	74,657	67,469	336	903.72	4.50	14,199	13,127	44,750	72,076	556.69	513.54	625.65	591.68
4th Quarter	74,377	68,055	338	915.00	4.54	10,787	10,217	38,311	59,315	616.15	545.82	649.64	625.51
2022 (b)	63,701	62,946	287	988.15	4.50	13,605	11,719	41,142	66,465	716.95	671.63	802.69	761.67
2nd Quarter	61,596	101,286	291	1,644.36	4.72	14,087	11,403	37,996	63,485	1,105.82	1,085.85	1,472.31	1,321.01
3rd Quarter	67,311	130,016	360	1,931.58	5.34	10,040	9,402	36,961	56,403	1,389.79	1,251.23	1,659.58	1,543.13
4th Quarter	57,583	116,843	322	2,029.11	5.59	9,715	8,587	33,945	52,246	1,408.55	1,230.88	1,525.96	1,456.18
2021	20,820	19,237	101	923.99	4.85	4,920	4,449	16,050	25,418	615.64	585.48	672.73	646.41
February	23,252	21,839	113	939.22	4.84	4,521	3,711	15,131	23,363	614.62	579.62	676.37	649.08
March	25,815	24,545	125	950.81	4.83	5,037	4,451	17,314	26,801	631.99	599.33	679.33	657.15
April	16,314	15,647	79	959.13	4.86	3,693	3,255	11,169	18,117	619.85	565.00	650.53	628.91
May	23,788	21,801	109	916.47	4.59	5,659	4,699	15,120	25,478	577.11	548.33	643.36	611.07
June	26,994	24,760	124	917.25	4.59	6,795	6,158	18,428	31,381	546.64	518.87	622.30	585.61
July	25,542	23,022	115	901.35	4.51	4,739	4,463	14,221	23,423	546.40	520.15	628.23	591.09
August	25,691	23,416	117	911.44	4.55	5,427	4,966	17,245	27,637	559.11	521.82	623.02	592.28
September	23,424	21,031	104	897.84	4.45	4,033	3,698	13,284	21,015	564.55	498.64	625.71	591.67
October	24,338	22,026	110	905.01	4.50	3,412	3,366	12,315	19,092	601.77	527.99	638.97	612.78
November	25,870	23,748	118	917.96	4.55	4,449	4,367	16,845	25,662	621.97	551.09	645.82	625.62
December	24,168	22,281	111	921.89	4.58	2,926	2,484	9,151	14,562	624.73	558.37	664.14	638.13
2022 (b)	19,382	18,379	91	948.24	4.71	4,173	3,765	13,621	21,558	672.99	617.57	720.48	693.29
January	21,145	20,347	101	962.27	4.77	4,355	3,871	13,137	21,363	706.96	645.02	766.48	732.42
February	23,174	24,220	95	1,045.14	4.09	5,077	4,083	14,384	23,544	770.92	752.31	921.10	859.29
March	18,296	25,697	80	1,404.51	4.40	2,983	2,410	9,581	14,973	1,217.60	1,154.53	1,453.04	1,357.74
April	19,722	33,629	94	1,705.14	4.75	6,309	4,989	16,442	27,740	1,071.54	1,111.87	1,518.71	1,343.76
May	23,578	41,960	116	1,779.63	4.94	4,795	4,004	11,972	20,772	1,028.32	991.16	1,445.18	1,261.53
June	22,756	42,412	118	1,863.73	5.16	3,505	3,220	11,928	18,653	1,239.68	1,163.17	1,622.87	1,471.44
July	23,010	44,910	124	1,951.82	5.41	3,863	3,691	14,148	21,702	1,439.48	1,248.71	1,634.95	1,534.00
August	21,545	42,694	118	1,981.63	5.47	2,672	2,491	10,885	16,048	1,490.22	1,341.80	1,720.93	1,623.95
September	19,002	39,476	109	2,077.45	5.72	3,516	3,048	11,063	17,627	1,485.13	1,285.14	1,568.22	1,502.69
October	19,277	38,401	106	1,992.05	5.48	3,758	3,425	13,856	21,039	1,356.70	1,170.48	1,462.49	1,396.43
November	19,304	38,967	107	2,018.54	5.56	2,441	2,113	9,026	13,581	1,383.82	1,237.02	1,547.17	1,469.43

(a) Prices in rupee terms also include the impact of exchange rate movements

(b) Provisional

Sources: Colombo Tea Brokers' Association
Sri Lanka Customs
Central Bank of Sri Lanka

Volume and Value of Tea Exports (a)

Item	Volume (kg '000)					Value (US\$ million)				
	2018	2019	2020	2021	2022 (b)	2018	2019	2020	2021	2022 (b)
Black Tea										
Bulk	122,428	122,844	118,251	125,388	110,453	553	490	479	491	487
Packets	131,257	139,080	118,177	128,344	110,765	620	590	523	555	517
Bags	21,578	22,913	22,173	24,665	21,674	185	191	172	199	180
Green Tea										
Bulk	1,116	998	582	874	599	6	5	3	4	3
Packets	1,671	1,821	1,734	1,666	1,634	14	15	14	13	13
Bags	1,833	1,930	1,810	2,047	1,990	31	33	28	35	35
Instant Tea	2,481	3,072	2,843	3,032	3,077	20	23	22	26	25
Total	282,364	292,657	265,570	286,016	250,192	1,428	1,346	1,241	1,324	1,259

(a) Bags: less than 4g
Packets: 4g -10kg
Bulk: more than 10kg

(b) Provisional

Source: Sri Lanka Customs

TABLE 71

Country Classification of Tea Exports

Country	Volume (kg '000)					Value (US\$ million)				
	2018	2019	2020	2021	2022 (a)	2018	2019	2020	2021	2022 (a)
Middle East Countries	134,186	137,509	121,528	134,568	114,789	625	566	526	572	531
Iran	23,914	22,264	15,127	15,834	13,060	129	101	75	71	70
Iraq	38,436	38,408	33,377	42,455	43,246	138	112	104	137	146
Israel	1,793	1,988	2,117	1,786	1,968	10	10	11	9	11
Jordan	4,719	5,168	4,680	5,224	3,931	27	26	25	28	22
Kuwait	2,261	2,260	1,852	1,442	1,432	14	14	12	9	9
Saudi Arabia	5,591	6,848	6,804	6,533	6,271	36	42	47	45	44
Syria	10,180	10,986	9,537	7,779	6,154	56	55	45	37	33
Turkey	35,634	39,087	38,866	29,742	15,595	163	161	167	128	72
United Arab Emirates	11,078	9,901	8,670	23,149	22,578	48	40	38	104	119
Other	580	599	497	625	556	4	4	3	4	4
CIS Countries	47,547	47,915	47,220	45,047	41,697	244	226	222	198	219
Azerbaijan	10,551	11,721	10,303	10,591	12,092	52	53	51	47	65
Russia	30,581	29,068	29,608	27,357	24,733	154	134	132	115	125
Ukraine	3,675	4,134	4,557	4,281	2,417	21	23	24	21	13
Other	2,740	2,992	2,752	2,819	2,455	16	17	15	15	16
European Union (b)	23,995	24,337	23,007	23,429	22,691	152	151	142	144	148
Belgium	3,510	2,212	2,238	3,533	2,897	15	9	9	14	14
France	852	768	632	805	696	6	5	5	6	5
Germany	6,043	7,424	6,431	6,403	6,573	31	35	32	33	38
Ireland, Republic of	2,166	2,263	2,223	2,426	2,658	17	19	18	21	22
Italy	1,404	1,003	1,127	1,031	1,310	6	4	4	5	6
Netherlands	3,145	3,342	2,896	2,563	2,140	24	25	22	21	18
Poland	2,409	2,604	2,978	3,349	3,378	17	19	20	23	23
United Kingdom (b)	1,294	1,280	1,216			13	13	10		
Other	3,173	3,440	3,266	3,319	3,039	22	22	21	21	23
Other Countries	76,636	82,896	73,813	82,971	71,015	408	404	351	410	361
Australia	2,300	2,994	1,796	2,253	2,152	23	28	16	22	20
Canada	572	639	637	716	548	4	4	4	5	5
Chile	7,540	7,231	9,419	8,835	6,514	31	26	36	36	28
China	10,020	11,870	14,123	14,117	11,129	47	50	57	60	48
Egypt	2,025	2,172	2,477	2,425	1,971	10	9	11	11	9
Hong Kong	4,873	4,847	3,763	4,503	3,817	24	20	15	19	16
Japan	7,416	7,538	5,612	6,595	5,905	43	41	30	37	36
Lebanon	3,573	2,825	2,574	2,832	1,333	21	16	14	14	8
Libya	13,686	12,329	7,806	12,340	11,201	56	46	29	46	41
New Zealand	879	956	1,015	1,117	866	8	8	9	10	7
South Africa	1,724	1,573	1,706	1,313	1,497	8	6	7	5	6
United Kingdom (b)				1,117	1,115				9	10
United States of America	5,561	7,114	5,707	5,975	6,453	36	40	32	36	41
Other	16,465	20,806	17,177	18,832	16,514	97	111	90	101	86
Total	282,364	292,657	265,570	286,016	250,192	1,428	1,346	1,241	1,324	1,259

(a) Provisional

(b) The United Kingdom was not included in European Union since 2021.

Source: Sri Lanka Customs

Rubber Exports and Prices

Period	Exports										Prices (a)							RSS No. 3 Singapore (US\$/kg)
	Volume (kg '000)			Value (Rs. million)			Value (US\$ million)	Price (F.O.B.)		Colombo Market Prices (Rs./kg)			Scrap Crepe No. 1X Br					
	Sheet	Crepe	Other	Total	Sheet	Crepe		Other	Total	All Rubber Rs./kg	US\$/kg	RSS		Latex	Crepe			
	No. 1	No. 2	No. 1X	No. 1	No. 2	No. 1X	No. 1	No. 2	No. 1X	No. 1	No. 2	No. 1X	No. 1					
2018	1,368	10,055	2,559	13,982	364	3,910	815	5,088	363.93	2.26	281.36	321.70	313.12	210.34	1.57			
2019	2,106	8,545	2,352	13,003	594	2,908	819	4,321	332.29	1.86	288.51	302.32	298.38	245.06	1.64			
2020	4,318	7,016	4,431	15,766	1,325	2,858	1,396	5,579	353.84	1.91	351.46	359.04	355.90	256.65	1.73			
2021	3,333	8,264	3,893	15,490	1,293	5,474	1,610	8,377	540.77	2.72	460.78	446.98	621.82	411.45	2.07			
2022 (b)	4,232	8,663	2,243	15,138	2,103	9,129	1,511	12,742	841.72	2.73	595.00	903.27	881.61	495.76	1.81			
2020 1st Quarter	854	2,011	854	3,719	252	797	261	1,310	352.20	1.93	309.24	351.90	350.79	248.33	1.60			
2020 2nd Quarter	687	1,819	680	3,186	183	766	232	1,181	370.57	1.97	-	320.22	316.83	195.22	1.36			
2020 3rd Quarter	1,077	1,542	1,130	3,750	299	561	337	1,197	319.30	1.72	323.00	328.33	326.21	256.45	1.68			
2020 4th Quarter	1,700	1,644	1,768	5,111	590	735	566	1,891	369.94	1.99	403.18	373.50	429.76	326.61	2.27			
2021 1st Quarter	1,055	2,429	1,683	5,167	397	1,377	597	2,370	458.74	2.36	443.11	430.00	532.58	370.78	2.34			
2021 2nd Quarter	444	1,597	825	2,866	179	1,042	385	1,607	560.62	2.82	449.50	434.17	595.03	420.06	2.19			
2021 3rd Quarter	1,310	2,183	877	4,370	523	1,528	395	2,446	559.77	2.79	457.83	449.50	662.83	418.99	1.85			
2021 4th Quarter	524	2,055	508	3,087	194	1,526	233	1,953	632.75	3.14	492.67	705.25	699.64	435.98	1.91			
2022 (b) 1st Quarter	1,871	2,556	1,097	5,524	714	1,950	542	3,206	580.42	2.65	492.57	594.33	715.08	419.17	2.07			
2022 (b) 2nd Quarter	1,014	1,643	422	3,078	658	1,974	353	2,985	969.66	2.81	722.63	639.00	1,160.97	588.33	2.06			
2022 (b) 3rd Quarter	248	2,290	188	2,727	158	3,011	247	3,417	1,253.21	3.47	677.50	-	1,013.61	541.17	1.62			
2022 (b) 4th Quarter	1,099	2,174	536	3,809	573	2,194	368	3,134	822.70	2.27	514.79	506.77	636.78	434.36	1.49			
2021 January	260	823	639	1,722	97	443	210	749	435.09	2.28	458.50	444.00	495.50	364.00	2.30			
2021 February	315	564	259	1,139	118	306	105	529	464.69	2.39	444.33	426.00	597.25	366.67	2.35			
2021 March	480	1,042	784	2,306	182	628	282	1,092	473.47	2.40	426.50	420.00	505.00	381.67	2.37			
2021 April	152	624	432	1,208	64	395	170	629	520.67	2.64	428.00	420.00	542.67	396.67	2.15			
2021 May	211	432	111	754	84	293	72	450	596.16	2.99	453.50	448.33	617.67	425.00	2.29			
2021 June	80	541	282	904	31	354	143	528	584.36	2.92	467.00	629.50	624.75	438.50	2.12			
2021 July	165	725	183	1,073	69	503	78	650	605.56	3.03	454.50	450.00	636.50	412.63	1.87			
2021 August	593	592	219	1,405	233	403	113	749	533.15	2.66	456.50	443.50	665.00	412.75	1.90			
2021 September	552	866	475	1,892	221	623	204	1,047	553.55	2.74	462.50	455.00	683.50	431.60	1.79			
2021 October	266	685	166	1,117	98	468	77	642	574.86	2.86	488.00	476.00	694.25	449.00	1.87			
2021 November	183	641	209	1,033	67	503	94	663	641.76	3.18	515.00	-	721.67	446.75	1.93			
2021 December	76	729	133	937	29	556	63	648	691.79	3.43	475.00	487.00	690.00	412.20	1.92			
2022 (b) January	418	1,029	342	1,789	138	729	158	1,025	573.16	2.84	461.00	-	652.25	398.75	1.97			
2022 (b) February	677	803	387	1,867	237	577	165	979	524.24	2.60	454.00	-	701.23	399.25	2.11			
2022 (b) March	776	724	368	1,868	339	644	219	1,202	643.54	2.52	562.70	594.33	803.60	459.50	2.12			
2022 (b) April	319	605	196	1,120	178	687	141	1,006	897.96	2.81	648.75	639.00	937.50	538.25	2.09			
2022 (b) May	358	495	125	978	244	608	115	967	988.36	2.75	718.33	-	1,162.50	551.75	2.06			
2022 (b) June	337	543	100	980	236	679	97	1,012	1,032.96	2.87	800.80	-	1,400.00	675.00	2.03			
2022 (b) July	74	701	27	803	50	946	47	1,043	1,299.56	3.60	-	-	1,450.00	643.25	1.78			
2022 (b) August	56	781	88	925	37	1,020	116	1,173	1,267.75	3.51	685.00	-	987.50	529.00	1.61			
2022 (b) September	118	808	73	999	71	1,046	84	1,201	1,202.50	3.32	670.00	-	813.00	451.25	1.48			
2022 (b) October	362	817	160	1,338	190	918	122	1,230	919.00	2.53	500.00	495.20	675.00	412.50	1.50			
2022 (b) November	343	461	183	986	180	440	113	733	742.98	2.04	526.70	520.10	609.00	446.25	1.43			
2022 (b) December	395	896	194	1,485	204	835	133	1,172	788.85	2.17	517.67	505.00	628.33	444.33	1.54			

(a) Prices in rupee terms also include the impact of exchange rate movements.

(b) Provisional

Sources: The Ceylon Chamber of Commerce
Sri Lanka Customs
World Bank
Central Bank of Sri Lanka

Major Rubber Export Destinations

Country	Volume (kg '000)					Value (US\$ million)				
	2018	2019	2020	2021	2022 (a)	2018	2019	2020	2021	2022 (a)
European Union (b)	3,542	2,439	2,282	3,207	2,825	8.1	4.3	4.7	10.0	8.5
O/W Germany	1,467	1,161	865	1,237	970	3.6	2.1	1.9	4.1	3.2
China	865	500	714	980	1,120	2.2	1.0	1.6	3.2	3.8
Japan	1,578	1,486	1,294	1,658	1,555	4.3	3.2	3.0	5.9	5.9
Malaysia	456	1,055	2,481	2,121	835	0.7	1.3	3.3	3.7	1.0
Pakistan	3,054	3,474	5,948	4,363	5,490	5.1	5.2	9.8	8.7	8.7
Other Countries	4,487	4,049	3,047	3,161	3,314	11.2	9.2	7.6	10.6	13.3
Total	13,982	13,003	15,766	15,490	15,138	31.6	24.2	30.1	42.2	41.4

(a) Provisional

Source: Sri Lanka Customs

(b) The United Kingdom was not included in European Union since 2021.

TABLE 74

Country Classification of Garment Exports

Country	Value									
	Rs. million					US\$ million				
	2018	2019	2020	2021	2022 (a)	2018	2019	2020	2021	2022 (a)
1. European Union (b)	333,686	384,872	323,144	296,385	535,302	2,053	2,153	1,748	1,490	1,654
Austria	2,932	3,011	1,741	2,254	2,759	18	17	9	11	9
Belgium-Luxembourg	34,788	40,820	35,089	39,679	59,457	214	228	189	200	183
Czech Republic	1,162	1,919	1,878	3,092	5,144	7	11	10	16	16
France	10,338	12,133	13,414	17,399	34,060	64	68	72	87	105
Germany	43,001	55,578	45,760	61,257	110,301	265	311	247	308	340
Ireland, Republic of	2,550	8,010	4,372	6,489	16,836	16	45	24	33	52
Italy	75,259	74,465	66,662	86,437	166,067	463	417	359	435	512
Netherlands	21,125	31,491	27,966	46,911	80,907	130	176	151	236	249
Poland	1,497	4,240	4,071	5,807	5,887	9	24	22	29	18
Portugal	560	723	899	1,050	2,574	3	4	5	5	8
Slovak Republic	4,544	4,370	3,750	4,783	11,311	28	24	20	24	35
Spain	3,774	3,935	3,687	5,136	13,529	23	22	20	26	42
Sweden	9,857	7,750	8,127	14,064	22,690	61	43	44	71	70
United Kingdom (b)	119,771	133,560	103,947			737	747	560		
Other	2,526	2,867	1,781	2,028	3,780	15	16	16	10	16
2. United States of America	370,152	418,216	304,743	414,377	739,123	2,269	2,338	1,649	2,083	2,300
3. United Kingdom (b)				131,312	224,934				660	693
4. Other Countries	103,949	127,717	100,118	142,866	271,249	639	714	542	718	836
Australia	10,385	13,495	11,117	20,160	34,231	64	75	60	101	105
Canada	17,002	24,451	21,800	35,565	78,697	105	137	118	179	242
China	8,601	12,047	11,569	13,565	22,000	53	67	62	68	68
India	12,598	11,510	6,739	9,313	19,871	78	64	36	47	61
Japan	8,730	10,638	8,377	7,601	11,325	54	60	45	38	35
Other	46,633	55,575	40,516	56,667	105,126	286	311	221	285	324
Total	807,787	930,805	728,005	984,941	1,770,608	4,961	5,206	3,939	4,952	5,483

(a) Provisional

Source: Sri Lanka Customs

(b) The United Kingdom was not included in European Union since 2021.

EXTERNAL SECTOR DEVELOPMENTS AND POLICIES

TABLE 75

Export Volumes, Values and Prices of Major Coconut Products

Period	Exports				Value (US\$ million)	F.O.B.				Colombo Market				International Market Prices	
	Volume (kg '000)		Value (Rs. million)			Value (Rs./kg)		(US\$/kg)		(Rs./kg) (c)		Desiccated Coconut	Copra	Philippine Copra (US\$/kg) (d)	Sri Lanka Desiccated Coconut (US\$/kg)
	Desiccated Coconut	Copra	Desiccated Coconut	Copra		Desiccated Coconut	Copra	Desiccated Coconut	Copra	Desiccated Coconut	Copra				
2018	26,630	16,613	11,473	12,548	311	430.84	755.32	383.98	4.66	2.31	378.22	215.48	0.61	2.59	
2019	67,819	16,400	16,976	10,875	330	250.31	653.14	236.98	3.71	1.32	251.03	158.19	0.47	1.55	
2020	43,043	19,764	15,342	14,582	345	356.43	737.83	274.06	3.98	1.50	447.56	230.00	0.64	2.45	
2021	48,490	18,785	22,715	17,064	425	468.44	908.38	326.74	2.35	1.63	537.25	601.13	1.02	n.a.	
2022 (e)	55,138	19,677	32,824	24,370	400	595.30	1,238.49	444.48	3.82	1.28	538.75	672.73	1.02	n.a.	
2020	11,794	3,208	3,503	2,199	70	297.01	685.33	255.30	3.76	1.40	389.19	393.04	0.54	2.28	
1st Quarter	8,198	4,208	3,112	2,997	76	379.65	712.39	318.94	2.02	3.79	415.17	496.73	0.54	2.17	
2nd Quarter	13,426	7,134	4,988	5,273	110	371.48	739.09	384.17	2.00	2.07	439.26	450.23	0.62	2.31	
3rd Quarter	9,624	5,214	3,739	4,114	88	388.45	788.94	393.51	2.09	4.26	535.81	467.99	0.87	3.03	
4th Quarter	10,553	3,835	4,422	3,555	96	418.98	927.06	549.86	2.15	4.76	567.83	511.80	0.91	n.a.	
2021	9,857	4,402	5,095	3,983	100	516.84	904.76	428.54	2.60	4.54	552.54	694.67	1.02	n.a.	
1st Quarter	13,980	4,929	6,457	4,627	116	461.91	938.57	314.15	2.30	4.68	513.14	598.51	0.96	n.a.	
2nd Quarter	14,100	5,618	6,741	4,899	113	478.10	871.98	316.12	2.37	4.33	515.50	599.56	1.19	n.a.	
3rd Quarter	13,287	4,167	6,014	3,943	105	452.62	945.52	310.91	2.05	4.25	508.12	682.08	1.40	n.a.	
4th Quarter	13,068	6,236	9,499	8,450	111	726.90	1,355.68	457.33	2.10	3.90	600.91	730.57	1.12	n.a.	
2022 (e)	13,359	5,104	8,927	6,762	98	668.24	1,324.94	454.42	1.85	3.67	520.08	648.78	0.81	n.a.	
1st Quarter	15,424	4,171	8,384	5,215	86	543.56	1,250.22	460.36	1.50	3.44	525.88	629.47	0.73	n.a.	
2nd Quarter	2,382	865	992	804	24	416.32	929.49	475.89	2.04	4.88	578.79	505.39	0.88	n.a.	
3rd Quarter	3,617	1,261	1,431	1,113	31	395.68	882.60	475.89	2.04	4.55	612.02	516.25	0.95	n.a.	
4th Quarter	4,553	1,709	1,998	1,638	41	438.89	958.63	583.55	2.23	4.87	512.68	513.75	0.91	n.a.	
2021	2,591	1,125	1,448	1,035	27	588.84	919.54	340.43	2.83	4.66	534.75	652.67	1.01	n.a.	
1st Quarter	3,268	1,376	1,809	1,314	34	553.52	954.61	315.82	2.77	4.78	572.58	741.09	1.05	n.a.	
2nd Quarter	3,998	1,901	1,838	1,635	39	459.63	859.92	517.37	2.30	4.30	550.30	690.24	1.00	n.a.	
3rd Quarter	4,479	1,705	2,175	1,695	41	485.57	994.18	486.95	2.43	4.97	507.56	615.63	0.97	n.a.	
4th Quarter	4,647	1,700	2,273	1,546	40	489.09	909.26	331.13	2.44	4.54	512.44	591.82	0.89	n.a.	
2022 (e)	4,854	1,524	3,443	2,229	36	414.05	909.05	294.58	2.05	4.50	519.40	588.10	1.03	n.a.	
1st Quarter	5,487	1,793	2,528	1,478	28	460.71	823.90	327.84	2.29	4.10	500.20	576.05	1.27	n.a.	
2nd Quarter	4,472	2,266	2,242	2,032	3	501.35	896.73	259.21	2.48	4.44	534.88	613.50	1.10	n.a.	
3rd Quarter	4,142	1,559	1,972	1,390	31	476.05	891.32	303.48	2.36	4.43	511.41	609.13	1.20	n.a.	
4th Quarter	4,425	1,269	1,846	1,120	33	417.17	883.02	303.48	2.07	4.38	520.90	641.11	1.39	n.a.	
2021	4,020	1,171	1,752	1,065	35	435.94	909.18	307.42	2.16	4.51	490.90	633.24	1.45	n.a.	
1st Quarter	4,843	1,727	2,416	1,755	23	5,201	1,016.10	318.07	1.95	3.97	512.56	771.90	1.36	n.a.	
2nd Quarter	4,447	1,693	2,770	2,366	30	622.83	1,397.35	362.76	1.95	4.37	550.25	792.00	1.28	n.a.	
3rd Quarter	4,305	1,844	3,181	2,692	37	738.82	1,438.16	471.27	2.06	4.01	645.11	741.46	1.04	n.a.	
4th Quarter	4,316	2,698	3,548	2,382	33	822.24	1,273.16	502.79	2.28	3.53	607.38	658.25	1.03	n.a.	
2022 (e)	3,498	1,746	2,701	2,382	68	772.30	1,364.41	457.49	2.14	3.78	525.69	642.75	0.88	n.a.	
1st Quarter	4,923	1,738	3,406	2,420	99	691.84	1,391.97	448.20	1.92	3.86	544.06	679.89	0.84	n.a.	
2nd Quarter	4,938	1,620	2,820	1,960	30	571.01	1,210.44	457.80	1.58	3.44	490.48	623.69	0.72	n.a.	
3rd Quarter	5,090	1,499	2,769	1,873	38	544.04	1,249.57	459.20	1.50	3.44	544.06	604.16	0.69	n.a.	
4th Quarter	5,188	1,307	2,819	1,596	24	543.36	1,221.51	457.26	1.50	3.36	522.82	614.76	0.77	n.a.	
2022 (e)	5,146	1,365	2,796	1,745	25	543.29	1,278.40	466.31	1.50	3.52	556.74	669.50	0.73	n.a.	

Sources: Coconut Development Authority
The Public Ledger

Refinitiv (Thomson Reuters)
Sri Lanka Customs
Central Bank of Sri Lanka

(a) Prices in rupee terms also include the impact of exchange rate movements.

(b) Footnote (d) of Appendix Table 15 of this report gives the conversion formula used for the conversion of the volume of the three main types of coconut exports to their net equivalent from metric tons.

(c) Coconut auctions held irregularly during 2020, 2021 and 2022 due to COVID-19 related disruptions and low supply.

(d) Philippines/Indonesian copra pellets CIF Rotterdam
Provisional

Export Volumes and Values of Other Agricultural Products

Period	Spices										Minor Agricultural Products										Volume (kg '000)	
	Cinnamon	Pepper	Cloves	Nutmeg and Mace	Other Spices	Vegetables	Unmanufactured Tobacco	Fruits	Cereals	Sesame Seeds	Cocoa	Coffee	Arecanuts	Betel Leaves	Essential Oils	Cashew Nuts	Other					
2018	17,860	13,601	3,290	2,350	1,400	25,765	817	37,363	10,254	3,616	296	24	4,947	4,009	195	72	36,705					
2019	17,480	8,335	5,126	3,417	1,142	23,957	805	38,896	7,002	22	520	23	6,134	4,678	184	56	34,475					
2020	19,090	9,542	2,597	2,451	1,447	33,206	843	38,725	11,501	2	255	27	12,584	3,940	183	40	29,019					
2021	19,195	18,575	6,487	2,651	1,504	21,540	825	43,426	15,623	2,736	159	30	10,488	3,834	239	31	31,216					
2022 (a)	18,519	11,805	2,338	2,604	1,191	15,835	839	41,526	21,233	7,488	67	27	16,978	3,908	226	68	27,630					
2020	3,341	969	732	276	366	4,497	159	9,235	3,133	1	128	4	4,366	1,515	26	8	8,294					
1st Quarter	3,318	2,340	589	595	302	5,556	153	10,415	2,362	...	34	4	3,630	518	34	3	6,279					
2nd Quarter	6,998	3,193	711	955	388	16,283	290	9,563	2,601	...	59	13	4,349	1,011	63	13	6,878					
3rd Quarter	5,432	3,040	564	625	390	6,870	241	9,512	3,404	1	34	5	239	895	61	15	7,567					
4th Quarter	4,746	4,856	3,119	385	477	5,443	220	9,400	2,559	2	43	6	1,941	1,153	54	14	9,189					
2021	3,241	3,325	1,738	621	333	5,376	178	10,886	1,884	...	12	5	2,301	445	43	9	7,473					
1st Quarter	5,679	4,113	1,004	1,031	344	6,435	156	11,312	4,749	...	45	10	3,717	868	70	6	7,251					
2nd Quarter	5,528	6,281	626	614	351	4,286	271	11,827	6,432	1,218	60	10	2,529	1,367	72	1	7,303					
3rd Quarter	3,559	4,072	547	414	314	3,851	264	9,405	4,303	1,373	17	9	2,378	857	56	14	9,243					
4th Quarter	3,624	2,268	501	513	373	4,221	187	11,820	6,341	2,963	23	6	5,920	1,016	51	21	7,117					
2022 (a)	6,167	3,002	388	909	250	3,941	171	10,672	2,444	3,000	15	7	6,183	902	70	24	5,590					
1st Quarter	5,168	2,463	903	769	254	3,822	171	9,629	8,146	152	12	6	2,497	1,133	49	9	5,679					
2021	2,034	1,489	687	125	154	1,132	48	2,784	810	...	17	1	155	279	22	5	2,845					
January	1,304	1,338	1,192	137	109	1,267	53	2,837	729	...	7	3	589	315	12	3	2,828					
February	1,409	2,029	1,240	123	213	3,044	119	3,779	1,020	2	19	2	1,197	558	20	6	3,516					
March	749	1,241	630	124	74	1,088	72	3,233	390	...	7	1	937	193	5	1	2,067					
April	993	667	498	237	111	1,837	41	3,739	994	-	3	1	869	117	23	2	2,406					
May	1,500	1,417	610	260	148	2,451	64	3,914	499	...	2	2	495	135	15	6	3,000					
June	2,188	1,374	413	474	145	2,945	72	4,139	2,987	475	9	2	953	336	27	5	3,417					
July	1,640	1,579	347	346	109	2,378	53	3,684	848	780	15	6	1,745	130	16	1	1,635					
August	1,851	1,159	243	211	89	1,113	30	3,489	913	261	21	2	1,019	402	28	...	2,199					
September	2,275	1,494	208	229	90	1,425	70	4,342	3,862	171	22	3	1,161	332	10	...	3,770					
October	1,720	2,417	259	198	159	1,694	127	4,017	2,049	741	28	4	794	665	42	1	1,775					
November	1,534	2,370	158	187	101	1,167	74	3,469	522	306	10	4	575	370	20	...	1,758					
December	1,580	1,489	135	157	86	1,545	110	3,029	347	285	5	2	726	242	11	1	2,905					
2022 (a)	1,043	1,419	183	53	124	999	84	2,785	2,068	437	6	3	621	212	18	...	3,286					
January	936	1,164	228	203	104	1,307	71	3,591	1,889	651	6	4	1,031	402	26	13	3,053					
February	1,092	661	225	94	158	1,200	33	3,944	1,526	873	5	2	2,769	163	15	3	2,392					
March	1,043	639	131	156	98	1,307	53	3,526	2,910	1,045	4	2	2,469	210	16	8	1,959					
April	1,489	968	145	262	118	1,715	102	4,351	1,905	1,045	15	2	1,682	643	20	10	2,767					
May	1,813	705	141	235	92	1,068	66	3,757	409	1,311	5	2	1,615	246	14	4	2,401					
June	2,139	1,157	142	317	59	1,624	76	3,503	460	1,346	4	2	2,363	380	17	9	1,655					
July	2,216	1,140	106	357	98	1,249	75	3,412	342	342	6	3	2,206	277	39	11	1,534					
August	1,944	993	59	363	112	1,441	84	3,435	2,272	1,114	3	3	1,540	387	7	2	1,179					
September	1,582	691	167	274	64	1,280	29	3,011	2,833	...	3	1	955	358	15	5	1,662					
October	1,643	779	677	132	78	1,101	57	3,183	3,041	38	6	2	2	388	27	2	2,838					
November																						
December																						

(a) Provisional

(Contd.)

EXTERNAL SECTOR DEVELOPMENTS AND POLICIES

TABLE 76 (Contd.)

Export Volumes and Values of Other Agricultural Products

Period	Value (Rs. million)														Value (US\$ million)				
	Spices				Unmanufactured Tobacco	Vegetables	Minor Agricultural Products						Other	Total					
	Cinnamon	Pepper	Cloves	Nutmeg and Mace			Other Spices	Fruits	Cereals	Sesame Seeds	Cocoa	Coffee			Arecanuts	Betel Leaves	Essential Oils	Cashew Nuts	
2018	37,315	12,620	2,710	4,681	1,373	4,595	5,792	6,346	1,160	786	114	47	2,864	2,616	624	135	4,447	88,225	542
2019	33,583	9,031	5,463	6,396	1,458	5,721	6,204	7,344	1,010	10	197	63	3,828	3,406	633	127	4,875	89,350	499
2020	42,131	9,682	2,996	5,379	1,634	6,773	4,729	6,136	1,666	3	121	59	8,376	2,943	877	100	4,639	98,245	530
2021	49,893	23,679	6,981	7,886	2,016	5,684	6,278	7,565	2,074	735	67	62	8,650	3,077	1,102	110	6,203	132,062	664
2022 (a)	74,818	25,155	6,708	11,144	2,244	8,728	7,784	12,412	3,903	3,519	39	98	21,187	5,035	1,723	275	11,137	195,910	599
2020	6,543	857	844	654	412	1,244	803	1,552	319	1	42	8	2,907	1,116	120	17	1,137	18,575	102
2nd Quarter	7,383	2,146	639	1,309	324	1,317	970	1,517	411	...	21	9	2,444	403	163	6	871	19,933	106
3rd Quarter	15,656	3,234	826	1,970	407	2,716	1,875	1,708	443	1	31	29	2,867	755	312	39	1,295	34,163	184
4th Quarter	12,550	3,445	687	1,446	492	1,495	1,080	1,360	493	1	27	13	159	669	283	37	1,337	25,574	138
2021	11,592	5,810	2,905	1,248	488	1,266	1,676	1,639	457	3	33	14	1,390	901	243	49	1,470	31,185	161
2nd Quarter	8,019	4,291	1,898	1,810	518	1,124	1,499	1,672	325	...	5	11	1,719	360	251	30	1,295	24,877	125
3rd Quarter	15,100	5,061	1,277	2,780	434	1,625	1,282	2,095	546	400	14	16	3,158	709	256	26	1,628	36,406	181
4th Quarter	15,182	8,517	901	2,048	576	1,669	1,822	2,158	746	331	16	22	2,383	1,108	353	5	1,810	39,645	197
2022 (a)	9,859	5,988	1,114	1,101	398	1,318	1,601	1,686	563	415	6	27	2,117	716	246	12	1,646	28,815	132
2nd Quarter	15,242	5,947	1,556	2,344	759	2,362	1,299	2,976	1,136	1,438	11	20	7,499	1,270	407	90	2,759	47,116	135
3rd Quarter	27,553	7,207	1,414	4,647	557	2,564	2,489	3,610	727	1,590	9	22	8,157	1,348	619	125	3,598	66,235	183
4th Quarter	22,164	6,013	2,624	3,053	529	2,484	2,394	4,140	1,477	76	13	29	3,414	1,700	450	49	3,134	53,744	148
2021	5,105	1,699	742	318	145	316	419	505	149	...	11	2	109	214	87	14	446	10,280	54
February	3,162	1,640	1,006	526	93	297	468	488	144	...	7	7	421	246	87	7	385	8,985	46
March	3,325	2,471	1,157	404	250	653	789	646	164	3	15	5	860	441	69	28	640	11,920	61
April	1,769	1,632	643	262	112	368	539	555	77	...	3	3	681	153	49	4	394	7,242	37
May	2,667	828	513	845	166	380	346	552	138	-	1	4	655	97	93	6	427	7,720	39
June	3,583	1,831	742	703	241	376	614	565	110	...	1	4	383	110	108	20	474	9,864	49
July	5,701	1,615	483	1,201	169	802	530	794	275	126	3	5	772	274	78	19	675	13,521	68
August	4,363	1,933	423	1,097	137	446	530	709	128	208	3	7	1,486	106	75	5	416	12,073	60
September	5,035	1,513	371	482	127	377	222	592	143	67	8	5	900	329	102	2	537	10,812	54
October	6,172	1,870	312	532	133	486	368	636	354	44	6	10	1,054	271	63	1	575	12,887	64
November	4,848	3,277	365	635	286	728	1,035	810	271	211	7	6	762	538	169	2	644	14,593	72
December	4,162	3,370	224	880	156	456	418	713	120	76	3	7	567	299	121	2	591	12,165	60
2022 (a)	4,294	2,064	237	361	100	452	460	623	77	88	2	5	652	198	33	3	575	10,227	51
January	2,716	1,938	379	247	180	329	419	414	229	117	2	7	474	173	71	2	477	8,177	41
February	2,849	1,986	497	493	119	537	722	644	257	209	3	15	991	346	142	7	594	10,410	41
March	3,982	1,464	527	673	200	538	276	830	245	396	2	7	2,064	191	137	14	856	12,405	39
April	4,591	1,735	486	514	237	609	259	800	473	508	3	6	3,273	298	179	28	787	14,789	41
May	6,669	2,748	543	1,156	322	1,215	764	1,345	419	533	6	6	2,161	781	92	47	1,116	19,923	55
June	8,294	1,734	440	1,567	169	659	1,011	1,127	181	665	2	5	2,062	364	113	30	1,131	19,554	54
July	9,507	2,695	593	1,515	167	1,082	725	1,381	202	733	2	8	3,096	567	180	41	1,184	23,680	66
August	9,751	2,778	381	1,565	222	823	752	1,102	343	192	5	9	2,998	416	326	53	1,284	23,001	63
September	8,690	2,423	170	1,712	212	821	876	1,348	431	58	2	14	2,142	578	56	14	809	20,356	56
October	6,584	1,637	444	977	153	882	652	1,362	512	...	1	5	1,270	540	185	26	1,168	16,399	45
November	6,890	1,953	2,011	363	164	782	867	1,430	534	18	10	9	2	582	209	8	1,157	16,989	47

(a) Provisional

Source: Sri Lanka Customs

Selected Industrial and Mineral Exports

Item	Rs. million					US\$ million				
	2018	2019	2020	2021	2022 (a)	2018	2019	2020	2021	2022 (a)
1. Food, Beverages and Tobacco	75,060	79,989	85,963	116,860	166,431	462	447	464	587	520
Milling Industry Products	4,835	7,693	8,242	9,360	14,772	30	43	44	47	46
Vegetable, Fruit and Nuts Preparations	23,856	25,559	34,297	46,176	66,039	147	143	185	232	208
Cereal Preparations	3,273	3,343	4,056	4,730	8,575	20	19	22	24	26
Fish Preparations (b)	1,780	3,473	2,199	4,179	3,085	10	19	12	21	11
Manufactured Tobacco	15,142	13,999	11,046	16,011	20,882	93	78	60	80	65
Other	26,174	25,922	26,124	36,405	53,077	162	145	141	183	164
2. Animal Fodder	17,480	23,082	19,067	29,780	56,110	108	129	103	149	171
3. Textiles and Garments	865,975	1,000,713	817,593	1,081,158	1,922,051	5,318	5,596	4,423	5,435	5,952
Garments	807,787	930,805	728,005	984,941	1,770,608	4,961	5,206	3,939	4,952	5,483
Woven Fabrics	24,175	29,026	22,551	46,578	74,374	148	162	122	234	230
Yarn	13,513	16,356	14,011	18,408	32,961	83	92	76	93	100
Other Made-up Textile Articles	20,500	24,527	53,026	31,232	44,108	126	137	286	157	139
4. Rubber Products	142,298	154,854	145,501	208,975	314,535	875	866	786	1,050	977
Rubber Tyres	88,456	91,426	77,887	117,618	191,203	545	512	421	591	593
Surgical Gloves and Other Gloves	30,580	37,053	45,989	72,598	94,729	188	207	248	365	296
Other Rubber Products	23,262	26,375	21,625	18,759	28,603	143	147	117	94	88
5. Gems, Diamonds and Jewellery	44,963	54,677	33,483	55,003	148,197	278	306	181	277	451
Gems	22,910	27,754	14,448	24,022	71,730	142	155	78	121	218
Diamonds	19,584	23,911	17,496	28,647	71,182	120	134	95	144	216
Jewellery	2,469	3,011	1,539	2,333	5,284	15	17	8	12	16
6. Machinery and Mechanical Appliances	70,609	71,495	62,467	99,602	189,381	435	400	338	501	581
Electrical Machinery and Equipment	9,599	6,860	5,515	9,853	15,663	59	38	30	49	49
Electronic Equipment	24,229	24,328	23,010	28,839	61,023	150	136	124	145	184
Insulated Wires, Cables and Conductors	11,326	11,366	9,127	14,060	25,994	70	64	49	71	81
Other	25,455	28,940	24,815	46,850	86,702	156	162	134	236	267
7. Transport Equipment	19,424	25,950	13,213	29,572	41,649	120	146	71	148	129
Road Vehicles	9,235	9,653	8,604	15,398	22,656	57	54	47	77	71
Ships, Boats and Floating Structures	4,274	11,571	442	7,597	5,669	27	65	2	38	17
Other	5,915	4,727	4,168	6,577	13,323	37	26	23	33	41
8. Petroleum Products	101,467	93,194	68,849	100,975	177,194	622	521	374	506	568
Bunkering and Aviation Fuel	91,174	86,709	59,526	73,535	168,681	559	485	323	369	537
Other Petroleum Products	10,293	6,485	9,323	27,440	8,513	63	36	51	137	31
9. Chemical Products	27,057	31,505	32,002	44,398	72,654	167	176	173	223	223
10. Wood and Paper Products	22,843	23,134	18,370	25,855	43,701	141	129	99	130	137
11. Leather, Travel Goods and Footwear	23,860	18,397	9,965	11,636	28,356	148	103	54	58	86
Footwear	14,335	9,310	2,880	2,951	7,608	89	52	16	15	24
Travel Goods	5,766	6,193	5,048	6,738	15,624	35	35	27	34	47
Other	3,758	2,894	2,037	1,947	5,124	23	16	11	10	15
12. Plastics and Articles Thereof	12,635	13,139	32,613	15,646	19,212	78	73	176	79	61
13. Base Metals and Articles	26,919	31,547	20,534	31,152	56,319	165	177	111	156	177
14. Ceramic Products	5,076	5,373	4,436	7,450	12,461	31	30	24	37	38
Tiles	1,035	938	983	1,740	1,915	6	5	5	9	6
Tableware, Household Items and Sanitaryware	3,424	3,675	2,811	4,912	9,393	21	21	15	25	29
Other	616	760	643	797	1,153	4	4	3	4	3
15. Other Industrial Exports	50,534	58,393	54,537	72,453	127,596	311	326	295	364	395
Total Industrial Exports	1,506,200	1,685,442	1,418,594	1,930,515	3,375,846	9,258	9,426	7,672	9,702	10,465
Mineral Exports										
Natural Graphite	889	836	656	1,088	1,644	5	5	4	5	5
Natural Sands	1	1	1	1	...	...	...	...	...	...
Quartz	1,925	1,699	1,914	2,308	3,344	12	9	10	12	11
Other	2,756	3,527	2,085	5,444	11,476	17	20	11	27	34
Total Mineral Exports	5,570	6,063	4,657	8,841	16,465	34	34	25	45	50

(a) Provisional

(b) Including crustaceans and molluscs

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

Composition of Imports

Period	Rs. million													US\$ million		
	Consumer Goods			Intermediate Goods				Investment Goods						Unclassified Imports	Total Imports	Total Imports
	Food and Beverages	Non-Food Consumer Goods	Crude Oil	Refined Petroleum	Textiles and Textile Articles	Wheat and Maize	Fertiliser	Other	Machinery and Equipment	Transport Equipment	Building Materials	Other				
2018	259,659	546,949	160,024	475,521	465,334	60,637	42,682	823,262	404,175	108,057	247,730	979	11,634	3,606,644	22,233	
2019	255,125	452,468	173,547	483,462	520,335	61,887	39,570	754,197	445,332	106,528	269,733	1,360	1,484	3,565,028	19,937	
2020	288,477	342,575	107,665	321,818	432,484	71,366	48,227	699,509	402,967	64,835	191,816	593	2,583	2,974,915	16,055	
2021	330,670	434,309	123,865	564,681	610,217	83,326	31,414	1,034,405	558,819	79,412	248,519	1,163	3,418	4,104,218	20,637	
2022 (a)	502,195	370,061	157,408	1,294,311	968,598	97,065	96,506	1,320,161	605,441	39,173	282,596	879	2,941	5,737,333	18,291	
2020	77,898	98,387	35,575	118,469	113,377	14,712	4,719	177,645	104,335	21,191	53,690	160	1,300	821,457	4,503	
2021	68,319	86,080	10,628	40,845	83,768	14,398	15,349	141,460	78,769	21,455	37,904	116	639	599,729	3,172	
2022 (a)	66,997	78,413	37,020	82,169	111,134	24,720	5,933	185,247	109,595	9,275	49,943	166	315	760,928	4,108	
2020	75,263	79,695	24,442	80,335	124,205	17,536	22,225	195,158	110,268	12,914	50,279	152	329	792,801	4,273	
2021	97,956	95,570	24,366	146,429	137,709	18,205	6,820	246,892	132,974	15,707	55,044	95	472	978,240	5,041	
2022 (a)	81,518	100,472	37,697	117,154	147,443	18,135	12,368	255,727	135,582	19,263	63,272	237	483	989,351	4,974	
2020	69,636	126,669	39,937	114,002	151,589	21,439	1,387	241,948	137,123	23,501	60,009	527	620	988,389	4,923	
2021	81,559	111,597	21,866	187,096	173,476	25,546	10,839	289,838	153,140	20,941	70,193	304	1,844	1,148,238	5,700	
2022 (a)	112,204	92,740	22,190	241,013	190,568	17,787	5,157	314,920	152,473	13,732	74,449	300	348	1,237,881	5,651	
2020	117,871	84,592	23,337	363,502	278,251	18,773	7,959	356,159	167,568	12,364	74,650	301	206	1,505,533	4,377	
2021	134,039	88,801	60,713	340,295	260,765	18,872	21,127	324,231	140,710	5,954	68,394	177	2,135	1,466,214	4,057	
2022 (a)	138,081	103,929	51,167	349,501	239,013	41,632	62,263	324,851	144,690	7,122	65,103	101	251	1,527,706	4,206	
2021	35,016	30,814	15,658	37,435	45,046	1,307	900	73,946	41,270	4,866	16,710	33	186	303,185	1,592	
2022 (a)	25,579	27,350	8,708	47,839	43,232	10,775	2,717	70,288	37,613	3,992	17,307	23	256	295,680	1,524	
2020	37,361	37,407	-	61,155	49,431	6,123	3,204	102,658	54,091	6,849	21,027	39	30	379,375	1,926	
2021	24,387	30,613	19,178	56,483	45,096	5,279	9,328	76,869	45,000	5,297	19,373	25	68	336,996	1,707	
2022 (a)	24,156	26,464	18,519	47,443	47,046	4,148	2,597	88,895	36,573	4,648	20,184	93	53	320,819	1,607	
2020	32,975	43,395	-	13,227	55,300	8,709	443	89,962	54,009	9,319	23,715	120	362	331,536	1,659	
2021	23,579	44,954	18,352	31,950	50,244	5,262	1,114	89,508	46,392	8,974	20,957	307	388	341,981	1,710	
2022 (a)	23,889	41,123	21,585	49,121	48,386	11,022	187	72,198	44,913	5,940	19,551	106	150	338,171	1,687	
2020	22,169	40,592	-	32,930	52,959	5,155	86	80,243	45,818	8,588	19,501	114	82	308,237	1,526	
2021	19,643	27,338	9,838	56,355	53,454	14,082	3,130	90,901	41,321	3,568	20,850	73	149	340,702	1,694	
2022 (a)	27,433	34,299	-	62,291	60,017	5,374	279	77,374	49,840	13,184	24,356	164	1,594	356,205	1,765	
2020	34,484	49,960	12,028	68,450	60,004	6,090	7,430	121,563	61,979	4,189	24,987	66	101	451,331	2,241	
2021	37,717	34,820	11,790	62,697	63,773	8,398	502	97,114	49,114	3,768	24,985	46	24	394,747	1,959	
2022 (a)	32,561	27,708	10,400	68,354	65,188	3,193	843	98,103	45,245	2,648	23,293	150	157	377,842	1,873	
2020	41,927	30,212	-	109,962	61,608	6,197	3,812	119,703	58,114	7,317	26,171	105	167	465,293	1,819	
2021	47,290	28,026	-	152,206	89,836	6,698	6,544	126,950	57,372	3,431	24,153	124	87	542,717	1,699	
2022 (a)	38,511	25,056	23,337	139,219	87,212	7,675	862	113,591	53,867	5,860	25,697	59	41	520,987	1,451	
2020	32,069	31,511	-	72,077	101,203	4,400	554	115,618	56,329	3,073	24,800	118	78	441,829	1,226	
2021	39,583	26,918	-	124,627	79,501	1,465	11,656	103,582	52,332	2,572	22,049	92	11	464,386	1,287	
2022 (a)	50,421	33,049	29,677	110,579	97,377	10,795	7,194	118,554	49,141	1,708	25,363	68	2,000	536,397	1,486	
2020	44,035	28,833	31,036	105,089	83,887	6,612	2,277	102,095	39,238	1,204	20,981	17	125	465,431	1,284	
2021	43,299	30,083	-	133,139	83,758	9,614	6,762	109,979	46,227	2,063	20,033	17	71	485,045	1,336	
2022 (a)	47,603	33,317	26,508	107,220	82,309	19,007	13,456	119,386	51,263	2,308	22,425	54	88	524,946	1,445	
2020	47,180	40,529	24,659	109,142	72,946	13,010	42,045	95,486	47,200	2,751	22,645	30	92	517,715	1,426	

(a) Provisional

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

Imports by Major Categories

Category	Value in Rs. million				Value in US\$ million				Percentage of Total Imports						
	2018	2019	2020	2021	2022 (a)	2018	2019	2020	2021	2022 (a)	2018	2019	2020	2021	2022 (a)
1. Consumer Goods	806,608	707,594	631,052	764,979	872,256	4,980	3,957	3,402	3,849	2,813	22.4	19.8	21.2	18.6	15.4
1.1 Food and Beverages	259,659	255,125	288,477	330,670	502,195	1,606	1,427	1,554	1,666	1,608	7.2	7.2	9.7	8.1	8.8
Lentils	12,764	14,302	18,055	28,381	38,658	79	80	97	143	117	0.4	0.4	0.6	0.7	0.6
Onions	17,500	22,265	27,617	30,754	34,287	109	124	149	155	113	0.5	0.6	0.9	0.8	0.6
Sugar	40,045	35,714	51,146	56,672	82,644	248	200	276	288	256	1.1	1.0	1.7	1.4	1.4
Rice	16,679	2,293	1,936	14,680	87,423	107	13	11	73	292	0.5	0.1	0.1	0.4	1.6
Flour	494	490	1,252	1,044	39,003	3	3	7	5	113	...	...	...	...	0.6
Milk and Milk Products	54,002	55,647	61,933	63,094	68,332	332	312	334	318	225	1.5	1.6	2.1	1.5	1.2
Fish	31,128	37,553	34,650	23,761	19,261	192	210	186	119	63	0.9	1.1	1.2	0.6	0.3
Oil and Fats	7,561	5,256	19,818	36,494	12,538	47	29	107	184	44	0.2	0.1	0.7	0.9	0.2
Spices	18,562	20,668	23,572	25,265	43,181	114	115	127	127	137	0.5	0.6	0.8	0.6	0.7
Other	60,924	60,939	48,497	50,525	76,868	375	341	262	254	247	1.7	1.7	1.6	1.2	1.4
1.2 Other Consumer Goods	546,949	452,468	342,575	434,309	370,061	3,374	2,530	1,847	2,182	1,205	15.2	12.7	11.5	10.6	6.6
Personal Vehicles	254,586	145,905	52,561	2,547	3,912	1,574	816	283	13	12	7.1	4.1	1.8	0.1	0.1
Home Appliances - Radio Receivers and Television Sets	20,096	18,240	15,555	25,064	8,046	124	102	84	126	29	0.6	0.5	0.5	0.6	0.2
Household and Furniture Items	27,487	30,747	27,223	32,039	34,660	169	172	147	161	116	0.8	0.9	0.9	0.8	0.6
Rubber Products	15,456	14,825	10,806	20,326	18,707	95	83	58	102	61	0.4	0.4	0.4	0.5	0.3
Medical and Pharmaceutical Products	86,546	98,828	110,503	176,115	167,289	532	553	596	883	533	2.4	2.8	3.7	4.3	2.9
Other	142,777	143,923	125,927	178,218	137,448	880	805	680	897	454	4.0	4.0	4.2	4.3	2.5
2. Intermediate Goods	2,027,460	2,032,997	1,681,070	2,447,907	3,934,047	12,488	11,370	9,077	12,309	12,439	56.2	57.0	56.5	59.6	68.0
Fertiliser	42,682	39,570	48,227	31,414	96,506	262	221	259	158	276	1.2	1.1	1.6	0.8	1.5
Fuel	674,295	695,727	469,677	743,664	1,551,667	4,152	3,892	2,543	3,743	4,897	18.7	19.5	15.8	18.1	26.8
Chemical Products	146,939	148,647	154,280	213,541	307,427	904	831	831	1,074	966	4.1	4.2	5.2	5.2	5.3
Wheat and Maize	60,637	61,887	71,366	83,326	97,065	373	346	384	418	303	1.7	1.7	2.4	2.0	1.7
Textiles and Textile Articles	465,334	520,335	432,484	610,217	968,598	2,859	2,909	2,335	3,067	3,065	12.9	14.6	14.5	14.9	16.8
Diamonds, Precious Stones and Metals	90,070	36,051	21,666	28,583	66,731	573	201	117	144	204	2.6	1.0	0.7	0.7	1.1
Base Metals	111,908	100,678	85,443	172,882	89,138	683	563	460	866	323	3.1	2.8	2.9	4.2	1.8
Vehicle and Machinery Parts	48,036	48,301	44,398	69,442	78,936	296	270	239	349	255	1.3	1.4	1.5	1.7	1.4
Paper and Paperboards	86,136	81,781	71,048	93,287	149,237	529	457	383	469	466	2.4	2.3	2.4	2.3	2.5
Other	301,422	300,020	282,479	401,552	528,743	1,857	1,678	1,524	2,020	1,684	8.4	8.4	9.5	9.8	9.2
3. Investment Goods	760,942	822,954	660,212	887,914	928,089	4,690	4,603	3,563	4,463	3,030	21.1	23.1	22.2	21.6	16.6
Building Materials	247,730	269,733	191,816	248,519	282,596	1,525	1,509	1,036	1,249	926	6.9	7.6	6.5	6.1	5.1
Transport Equipment	108,057	106,528	64,833	79,412	39,173	668	597	348	399	132	3.0	3.0	2.2	1.9	0.7
Machinery and Equipment	404,175	445,332	402,967	558,819	605,441	2,492	2,490	2,176	2,810	1,969	11.2	12.5	13.6	13.6	10.8
Other	979	1,360	593	1,163	879	6	8	3	6	3	...	...	...	...	...
4. Unclassified Imports	11,634	1,484	2,583	3,418	2,941	75	8	14	17	9	0.3	...	0.1	0.1	...
5. Total Imports	3,606,644	3,565,028	2,974,915	4,104,218	5,737,333	22,233	19,937	16,055	20,637	18,291	100.0	100.0	100.0	100.0	100.0

(a) Provisional

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

Import Performance based on Standard International Trade Classification (SITC) (a)

Period	Imports (US\$ million)										Total Imports (Rs. million)	
	Food and Live Animals	Beverages and Tobacco	Crude Materials, Inedible, except Fuels	Mineral Fuels, Lubricants and Related Materials	Animal and Vegetable Oils, Fats and Waxes	Chemicals and Related Products, n. e. s.	Manufactured Goods Classified Chiefly by Material	Machinery and Transport Equipment	Miscellaneous Manufactured Articles	Commodities and Transactions Not Classified Elsewhere in the SITC		Total Imports
2018	2,173	161	487	4,152	185	2,372	5,896	5,233	1,112	461	22,233	3,606,644
2019	1,958	147	466	3,892	111	2,211	5,829	4,292	1,012	20	19,937	3,565,028
2020	2,108	94	436	2,543	195	2,192	4,474	3,204	790	19	16,055	2,974,915
2021	2,275	77	585	3,743	285	2,848	5,977	3,876	953	18	20,637	4,104,218
2022 (b)	2,162	101	465	4,897	80	2,392	5,114	2,278	791	10	18,291	5,737,333
2020	562	26	133	948	48	465	1,153	928	235	4	4,503	821,457
1st Quarter	494	26	98	295	23	511	844	728	150	3	3,172	599,729
2nd Quarter	528	22	108	662	58	566	1,200	766	194	4	4,108	760,928
3rd Quarter	523	20	97	637	67	651	1,277	783	211	8	4,273	792,801
4th Quarter	637	19	143	977	93	644	1,334	962	229	3	5,041	978,240
2021	554	19	144	810	59	474	1,474	949	230	3	4,974	989,351
1st Quarter	495	20	134	810	79	719	1,465	961	238	4	4,923	988,389
2nd Quarter	590	20	164	1,146	55	751	1,704	1,004	256	9	5,700	1,148,238
3rd Quarter	651	25	141	1,412	37	660	1,627	850	245	3	5,651	1,237,881
4th Quarter	475	24	113	1,172	20	525	1,302	550	196	1	4,377	1,505,533
2022 (b)	476	27	127	1,110	8	558	1,138	433	173	6	4,057	1,466,214
1st Quarter	560	25	84	1,202	15	649	1,048	445	177	1	4,206	1,527,706
2021	201	7	40	310	33	195	421	307	75	1	1,592	303,185
1st Quarter	195	5	46	320	34	186	399	266	71	1	1,524	295,680
2nd Quarter	241	6	57	347	26	263	514	390	82	1	1,926	379,375
3rd Quarter	170	5	48	413	11	239	429	314	77	1	1,707	336,996
4th Quarter	162	8	43	331	17	216	506	253	71	2	1,607	320,819
2022 (b)	222	6	53	66	30	278	539	382	82	2	1,659	331,536
1st Quarter	149	4	47	256	42	253	532	347	78	2	1,710	341,981
2nd Quarter	194	10	47	353	18	230	448	304	83	1	1,687	338,171
3rd Quarter	151	6	40	201	19	236	485	310	78	1	1,526	308,237
4th Quarter	185	5	50	385	16	192	523	257	81	1	1,694	340,702
2022 (b)	175	7	58	319	30	214	505	361	87	8	1,765	356,205
1st Quarter	230	8	56	442	9	345	676	385	89	1	2,241	451,331
2nd Quarter	249	8	49	430	8	247	588	294	87	1	1,959	394,747
3rd Quarter	196	9	47	462	9	207	583	273	87	1	1,873	377,842
4th Quarter	207	8	45	520	20	206	457	283	72	2	1,819	465,293
2022 (b)	201	7	46	510	8	206	450	202	69	1	1,699	542,717
1st Quarter	154	6	33	461	7	158	402	172	57	1	1,451	520,987
2nd Quarter	119	10	35	200	5	161	450	177	69	1	1,226	441,829
3rd Quarter	130	10	46	345	2	179	358	161	56	1	1,287	464,386
4th Quarter	191	7	47	389	3	208	421	152	64	6	1,486	536,397
2022 (b)	155	11	35	376	3	172	359	119	53	1	1,284	465,431
1st Quarter	163	12	31	397	5	176	358	141	54	1	1,336	485,045
2nd Quarter	209	6	30	422	7	195	359	158	59	1	1,445	524,946
3rd Quarter	189	8	23	384	2	279	331	146	64	1	1,426	517,715

(a) Data is compiled based on the latest version of SITC - Revision 4 published in 2006.

(b) Provisional

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

EXTERNAL SECTOR DEVELOPMENTS AND POLICIES

Table 81

Composition of Imports according to the SITC (a)

Category	Rs. million				US\$ million			
	2019	2020	2021	2022 (b)	2019	2020	2021	2022 (b)
0. Food and Live Animals	350,023	391,195	451,938	680,678	1,958	2,108	2,275	2,162
00 Live Animals other than Animals of Division 03	822	625	970	985	5	3	5	3
01 Meat and Meat Preparations	1,015	808	782	1,313	6	4	4	4
02 Dairy Products and Birds' Eggs	55,747	62,011	63,174	68,459	312	334	318	226
03 Fish, Crustaceans, Molluscs and Aquatic Invertebrates and Preparations Thereof	38,626	35,234	24,591	20,814	216	190	124	68
04 Cereals and Cereal Preparations	68,137	77,077	102,316	229,961	381	415	513	729
05 Vegetables and Fruit	70,119	77,825	90,858	114,470	392	419	458	365
06 Sugars, Sugar Preparations and Honey	35,998	51,360	56,934	83,088	201	277	289	258
07 Coffee, Tea, Cocoa, Spices and Manufactures Thereof	28,658	29,905	33,658	56,920	160	161	169	180
08 Feeding Stuff for Animals	28,104	31,531	46,142	59,607	157	170	232	187
09 Miscellaneous Edible Products and Preparations	22,796	24,817	32,511	45,061	128	134	163	142
1. Beverages and Tobacco	26,307	17,376	15,275	32,613	147	94	77	101
11 Beverages	10,648	5,250	4,423	12,107	59	28	22	38
12 Tobacco and Tobacco Manufactures	15,659	12,126	10,852	20,507	88	65	55	63
2. Crude Materials, Inedible, except Fuels	83,245	80,849	116,300	146,194	466	436	585	465
21 Hides, Skins, Furskins, Raw	36	21	22	30	...	...	...	...
22 Oil-seeds and Oleaginous Fruits	2,836	1,459	882	1,437	16	8	4	6
23 Crude Rubber	35,075	33,700	69,797	89,780	196	182	351	284
24 Cork and Wood	9,988	7,487	10,305	8,140	56	40	52	27
25 Pulp and Waste Paper	575	737	1,430	2,673	3	4	7	8
26 Textile Fibres and Their Wastes	14,199	13,947	4,975	9,884	79	75	25	31
27 Crude Fertilisers, other than those of Division 56, and Crude Minerals	10,304	12,720	16,104	17,480	58	69	81	58
28 Metalliferous Ores and Metal Scrap	2,723	2,137	3,985	5,582	15	12	20	17
29 Crude Animal and Vegetable Materials, n.e.s.	7,509	8,641	8,800	11,190	42	47	44	35
3. Mineral Fuels, Lubricants and Related Materials	695,727	469,673	743,663	1,551,666	3,892	2,543	3,743	4,897
32 Coal, Coke and Briquettes	38,719	40,194	55,118	99,949	215	217	278	365
33 Petroleum, Petroleum Products and Related Materials	613,302	378,197	619,569	1,374,102	3,433	2,049	3,118	4,288
34 Gas, Natural and Manufactured	43,706	51,281	68,976	77,615	244	277	347	244
4. Animal and Vegetable Oils, Fats and Waxes	19,903	36,163	56,530	23,673	111	195	285	80
41 Animal Oils and Fats	351	259	454	818	2	1	2	2
42 Fixed Vegetable Fats and Oils, Crude, Refined or Fractionated	18,487	34,525	51,993	19,551	103	187	262	66
43 Animal or Vegetable Fats and Oils, Processed; Waxes of Animal or Vegetable Origin; Inedible Mixtures or Preparations of Animal or Vegetable Fats or Oils, n.e.s.	1,065	1,378	4,083	3,305	6	7	21	12
5. Chemicals and Related Products, n.e.s.	395,214	406,898	566,732	762,240	2,211	2,192	2,848	2,392
51 Organic Chemicals	34,025	35,918	52,118	75,467	190	193	262	239
52 Inorganic Chemicals	25,420	23,648	37,241	64,337	142	127	187	199
53 Dyeing, Tanning and Colouring Material	28,223	26,359	37,107	49,324	158	142	187	156
54 Medicinal and Pharmaceutical Products	90,048	101,953	164,317	157,568	504	549	823	502
55 Essential Oils, Resinoids, Perfume Materials; Toilet, Polishing and Cleansing Preparations	21,431	21,116	26,810	35,300	120	114	135	114
56 Fertilisers	39,542	48,174	31,297	96,450	221	259	158	276
57 Plastics in Primary Forms	76,141	68,247	111,559	135,110	426	368	561	439
58 Plastics in Non-Primary Forms	30,231	26,709	34,466	55,345	169	144	173	175
59 Chemical Materials and Products, n.e.s.	50,153	54,772	71,818	93,340	280	295	361	293
6. Manufactured Goods Classified Chiefly by Material	1,042,450	828,966	1,189,644	1,594,501	5,829	4,474	5,977	5,114
61 Leather, Leather Manufactures, n.e.s., and Dressed Furskins	2,766	2,358	1,850	4,352	15	13	9	14
62 Rubber Manufactures, n.e.s.	23,287	17,723	30,746	34,770	130	96	155	112
63 Cork and Wood Manufactures	6,057	5,342	6,970	9,201	34	29	35	30
64 Paper, Paperboard and Articles of Paper Pulp, of Paper or of Paperboard	78,106	68,203	87,913	139,938	437	368	442	437
65 Textile Yarn, Fabrics, Made-up Articles, n.e.s., and Related Products	500,848	418,279	598,435	944,209	2,800	2,258	3,008	2,991
66 Non-metallic Mineral Manufactures, n.e.s.	146,765	96,271	104,487	150,471	821	520	525	485
67 Iron and Steel	142,879	116,070	213,829	127,942	799	625	1,071	456
68 Non-ferrous Metals	36,328	32,345	51,981	60,158	203	174	262	195
69 Manufactures of Metals, n.e.s.	105,415	72,375	93,432	123,458	590	391	470	395
7. Machinery and Transport Equipment	767,544	594,094	770,840	694,507	4,292	3,204	3,876	2,278
71 Power-generating Machinery and Equipment	35,176	49,224	48,288	58,102	197	266	243	190
72 Machinery Specialised for Particular Industries	84,236	80,440	129,644	118,310	471	434	652	397
73 Metalworking Machinery	5,442	4,194	6,072	7,763	30	23	31	26
74 General Industrial Machinery and Equipment and Machine Parts, n.e.s.	114,376	95,429	119,045	131,790	639	515	599	431
75 Office Machines and Automatic Data-processing Machines	40,470	40,677	70,583	47,690	226	219	355	162
76 Telecommunications and Sound-recording and Reproducing Apparatus and Equipment	104,506	97,657	156,073	68,006	585	527	785	232
77 Electrical Machinery, Apparatus and Appliances, n.e.s. and Electrical Parts Thereof	121,088	104,524	149,197	198,463	677	564	750	633
78 Road Vehicles	231,207	104,129	65,078	48,555	1,293	561	328	158
79 Other Transport Equipment	31,043	17,821	26,861	15,827	174	95	134	50
8. Miscellaneous Manufactured Articles	181,052	146,258	189,601	247,872	1,012	790	953	791
81 Prefabricated Buildings; Sanitary, Plumbing, Heating, Lighting Fixtures and Fittings, n.e.s.	12,111	9,651	12,529	17,351	68	52	63	54
82 Furniture and Parts Thereof; Bedding, Mattresses, Mattress Supports, Cushions and Similar Stuffed Furnishings	5,349	3,493	4,145	6,271	30	19	21	21
83 Travel Goods, Handbags and Similar Containers	1,503	587	912	978	8	3	5	3
84 Articles of Apparel and Clothing Accessories	42,567	31,881	37,795	59,742	238	172	190	191
85 Footwear	5,427	3,952	3,641	7,508	30	21	18	25
87 Professional, Scientific and Controlling Instruments and Apparatus, n.e.s.	41,099	34,536	47,289	44,519	230	187	238	143
88 Photographic Apparatus, Equipment and Supplies and Optical Goods, n.e.s.; Watches and Clocks	8,018	7,604	10,156	11,225	45	41	51	37
89 Miscellaneous Manufactured Articles, n.e.s.	64,978	54,553	73,135	100,277	363	295	368	317
9. Commodities and Transactions Not Classified Elsewhere in SITC	3,563	3,434	3,683	3,367	20	19	18	10
91 Postal Packages Not Classified according to Kind	57	16	29	60	...	...	...	...
93 Special Transactions and Commodities Not Classified according to Kind	903	1,764	3,365	2,781	5	10	17	8
96 Coin, Not being Legal Tender	2,147	56	55	-	12	...	...	-
97 Gold, Non-monetary (excluding Gold Ores and Concentrates)	456	1,598	234	526	3	9	1	2
Total Imports	3,565,028	2,974,915	4,104,218	5,737,333	19,937	16,055	20,637	18,291

(a) Data is compiled based on the latest version of SITC - Revision 4 published in 2006.

(b) Provisional

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

Note: First digit indicates the 'section' and first two digits indicate the 'division' of SITC.

Exports and Imports of Major Commodities

Item	Value in Rupees					Value in US\$				
	2018	2019	2020	2021	2022 (a)	2018	2019	2020	2021	2022 (a)
EXPORTS										
Tea										
Quantity (mn kg)	282	293	266	286	250	282	293	266	286	250
Value (mn)	231,750	240,637	230,170	263,353	411,092	1,428	1,346	1,241	1,324	1,259
Price (F.O.B./kg) (b)	820.75	822.25	866.70	920.76	1,643.11	5.06	4.60	4.67	4.63	5.03
Rubber										
Quantity (mn kg)	14	13	16	15	15	14	13	16	15	15
Value (mn)	5,088	4,321	5,579	8,377	12,742	32	24	30	42	41
Price (F.O.B./kg) (b)	363.93	332.29	353.84	540.77	841.72	2.26	1.86	1.91	2.72	2.73
Coconut										
Quantity (mn nuts)	355	768	574	613	687	355	768	574	613	687
Value (mn)	24,263	28,779	30,221	40,049	58,118	149	161	163	201	180
Price (F.O.B./nut) (b)	68.29	37.47	52.61	65.36	84.54	0.42	0.21	0.28	0.33	0.26
Petroleum Products (c)										
Quantity (mt'000)	1,093	984	798	853	641	1,093	984	798	853	641
Value (mn)	101,467	93,194	68,849	100,975	177,194	622	521	374	506	568
Price (F.O.B./mt) (b)	92,810.14	94,727.47	86,299.39	118,336.03	276,497.54	569.04	529.69	468.24	593.45	886.36
Gems (d)										
Quantity ('000 carats)	8,190	8,306	2,697	5,364	4,885	8,190	8,306	2,697	5,364	4,885
Value (mn)	21,703	18,725	12,618	21,613	64,357	135	105	68	109	192
Price (F.O.B./carat) (b)	2,650.10	2,254.39	4,678.66	4,029.37	13,175.06	16.49	12.61	25.22	20.26	39.23
Total Value (mn)	384,272	385,656	347,436	434,368	723,503	2,366	2,158	1,876	2,183	2,240
IMPORTS										
Rice										
Quantity (mt'000)	249	24	16	147	783	249	24	16	147	783
Value (mn)	16,679	2,293	1,936	14,680	87,423	107	13	11	73	292
Price (C.I.F./mt) (b)	67,010.11	94,759.84	122,768.25	99,803.84	111,591.12	428.98	527.61	665.97	496.43	373.30
Wheat										
Quantity (mt '000)	1,297	1,159	1,404	1,307	583	1,297	1,159	1,404	1,307	583
Value (mn)	53,918	55,615	67,819	80,341	71,493	334	312	365	403	229
Price (C.I.F./mt) (b)	41,574.34	48,004.96	48,308.08	61,488.86	122,584.90	257.59	268.96	260.12	308.70	391.84
Sugar										
Quantity (mt '000)	645	556	683	582	460	645	556	683	582	460
Value (mn)	40,045	35,714	51,146	56,672	82,644	248	200	276	288	256
Price (C.I.F./mt) (b)	62,116.82	64,202.57	74,933.59	97,293.95	179,640.73	384.70	358.93	404.36	493.65	557.44
Crude Oil (c)										
Quantity (mn bbls)	13	14	13	9	5	13	14	13	9	5
Value (mn)	160,024	173,547	107,665	123,865	157,408	978	971	583	625	484
Price (C.I.F./bbl) (b)	12,474.74	12,301.71	8,414.74	13,645.09	32,572.92	76.25	68.80	45.57	68.86	100.11
Fertiliser										
Quantity (mt '000)	861	707	952	412	363	861	707	952	412	363
Value (mn)	42,682	39,570	48,227	31,414	96,506	262	221	259	158	276
Price (C.I.F./mt) (b)	49,546.29	55,979.30	50,656.36	76,314.69	265,876.92	303.66	313.26	271.99	384.40	760.19
Total Value (mn)	313,347	306,738	276,793	306,972	495,473	1,929	1,716	1,494	1,547	1,537

(a) Provisional

(b) Prices in rupee terms also include the impact of exchange rate movements.

(c) Adjusted for lags and other factors of recording

(d) As reported by National Gem and Jewellery Authority (excluding Rough Imports and Re-exports (RIE) and Geuda)

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

EXTERNAL SECTOR DEVELOPMENTS AND POLICIES

TABLE 83

Direction of Trade - Exports (a)

Value in US\$ million

Countries	2018		2019		2020		2021		2022 (b)	
	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)
Largest Export Destinations in 2022										
United States of America	3,085	25.9	3,141	26.3	2,500	24.9	3,108	24.9	3,321	25.3
United Kingdom	980	8.2	998	8.4	908	9.0	938	7.5	963	7.3
India	777	6.5	768	6.4	606	6.0	829	6.6	860	6.6
Germany	614	5.2	648	5.4	570	5.7	758	6.1	742	5.7
Italy	572	4.8	528	4.4	455	4.5	581	4.6	641	4.9
Netherlands	258	2.2	301	2.5	290	2.9	426	3.4	428	3.3
Canada	211	1.8	241	2.0	213	2.1	316	2.5	361	2.8
United Arab Emirates	290	2.4	276	2.3	190	1.9	287	2.3	355	2.7
Belgium - Luxembourg	361	3.0	357	3.0	297	3.0	343	2.7	310	2.4
Australia	193	1.6	200	1.7	175	1.7	260	2.1	256	2.0
Other Export Destinations										
Austria	44	0.4	44	0.4	33	0.3	44	0.4	51	0.4
Azerbaijan	55	0.5	56	0.5	53	0.5	49	0.4	69	0.5
Bangladesh	136	1.1	162	1.4	153	1.5	222	1.8	211	1.6
Brazil	54	0.5	57	0.5	43	0.4	60	0.5	65	0.5
Chile	49	0.4	40	0.3	55	0.5	56	0.4	46	0.4
China	239	2.0	240	2.0	225	2.2	277	2.2	255	1.9
Czech Republic	18	0.2	24	0.2	24	0.2	32	0.3	37	0.3
France	182	1.5	191	1.6	184	1.8	252	2.0	249	1.9
Hong Kong	153	1.3	135	1.1	108	1.1	179	1.4	168	1.3
Hungary	54	0.5	44	0.4	28	0.3	39	0.3	36	0.3
Indonesia	37	0.3	41	0.3	35	0.3	49	0.4	50	0.4
Iran	148	1.2	112	0.9	79	0.8	78	0.6	82	0.6
Iraq	145	1.2	126	1.1	110	1.1	177	1.4	156	1.2
Ireland, Republic of	50	0.4	84	0.7	60	0.6	75	0.6	96	0.7
Israel	105	0.9	119	1.0	103	1.0	234	1.9	189	1.4
Japan	226	1.9	283	2.4	188	1.9	227	1.8	231	1.8
Jordan	37	0.3	35	0.3	37	0.4	47	0.4	62	0.5
Kenya	20	0.2	24	0.2	25	0.2	40	0.3	44	0.3
Libya	57	0.5	46	0.4	29	0.3	47	0.4	42	0.3
Maldives	110	0.9	114	1.0	78	0.8	103	0.8	106	0.8
Malaysia	39	0.3	48	0.4	57	0.6	74	0.6	66	0.5
Mexico	176	1.5	161	1.3	135	1.3	205	1.6	190	1.4
Pakistan	76	0.6	82	0.7	74	0.7	92	0.7	78	0.6
Peru	34	0.3	27	0.2	39	0.4	31	0.2	41	0.3
Poland	45	0.4	67	0.6	64	0.6	81	0.7	72	0.5
Russia	185	1.6	167	1.4	163	1.6	152	1.2	139	1.1
South Africa	40	0.3	41	0.3	33	0.3	41	0.3	35	0.3
South Korea	65	0.5	75	0.6	71	0.7	80	0.6	82	0.6
Slovak Republic	29	0.2	26	0.2	21	0.2	26	0.2	36	0.3
Singapore	148	1.2	120	1.0	93	0.9	101	0.8	131	1.0
Spain	72	0.6	69	0.6	70	0.7	93	0.7	101	0.8
Saudi Arabia	72	0.6	86	0.7	76	0.8	76	0.6	98	0.7
Sweden	90	0.8	73	0.6	74	0.7	108	0.9	111	0.8
Switzerland	123	1.0	106	0.9	91	0.9	146	1.2	147	1.1
Syria	57	0.5	55	0.5	45	0.5	38	0.3	34	0.3
Thailand	58	0.5	101	0.8	39	0.4	62	0.5	62	0.5
Turkey	218	1.8	210	1.8	208	2.1	178	1.4	120	0.9
Vietnam	101	0.8	79	0.7	37	0.4	63	0.5	47	0.4
Other	1,003	8.4	912	7.6	803	8.0	717	5.7	1,033	7.9
European Union (EU) (c)	3,474	29.2	3,552	29.8	3,177	31.6	2,967	23.7	3,035	23.2
Asian Clearing Union (ACU) (d)	1,266	10.6	1,252	10.5	1,004	10.0	1,338	10.7	1,343	10.2
SAARC Region (e)	1,107	9.3	1,133	9.5	917	9.1	1,259	10.1	1,259	9.6
Middle East (f)	1,155	9.7	1,092	9.1	918	9.1	1,185	9.5	1,159	8.8
APTA Region (g)	1,218	10.2	1,247	10.4	1,058	10.5	1,410	11.3	1,409	10.7
BIMSTEC (h)	990	8.3	1,046	8.8	812	8.1	1,127	9.0	1,139	8.7
C.I.S. Countries (i)	284	2.4	271	2.3	265	2.6	250	2.0	245	1.9

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

(b) Provisional

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

EXTERNAL SECTOR DEVELOPMENTS AND POLICIES

TABLE 84

Direction of Trade - Imports (a)

Value in US\$ million

Countries	2018		2019		2020		2021		2022 (b)	
	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)
Largest Import Origins in 2022										
India	4,231	19.0	3,899	19.6	3,079	19.2	4,625	22.4	4,738	25.9
China	4,116	18.5	4,034	20.2	3,579	22.3	4,756	23.0	3,285	18.0
Malaysia	794	3.6	853	4.3	611	3.8	803	3.9	969	5.3
Singapore	1,372	6.2	964	4.8	692	4.3	792	3.8	871	4.8
United Arab Emirates	1,835	8.3	1,669	8.4	1,035	6.4	1,413	6.8	666	3.6
South Africa	258	1.2	191	1.0	224	1.4	484	2.3	433	2.4
United States of America	519	2.3	542	2.7	495	3.1	511	2.5	378	2.1
Russia	204	0.9	206	1.0	232	1.4	191	0.9	376	2.1
Indonesia	427	1.9	422	2.1	333	2.1	470	2.3	343	1.9
Pakistan	428	1.9	370	1.9	324	2.0	394	1.9	342	1.9
Other Import Origins										
Australia	158	0.7	153	0.8	123	0.8	291	1.4	182	1.0
Austria	72	0.3	118	0.6	91	0.6	61	0.3	49	0.3
Bangladesh	35	0.2	41	0.2	48	0.3	83	0.4	82	0.4
Belgium - Luxembourg	81	0.4	76	0.4	48	0.3	119	0.6	58	0.3
Brazil	46	0.2	33	0.2	28	0.2	37	0.2	34	0.2
Canada	226	1.0	224	1.1	208	1.3	119	0.6	102	0.6
Denmark	48	0.2	40	0.2	50	0.3	36	0.2	30	0.2
Finland	10	0.05	9	0.05	9	0.1	14	0.1	17	0.1
France	261	1.2	220	1.1	116	0.7	137	0.7	110	0.6
Germany	488	2.2	388	1.9	316	2.0	347	1.7	286	1.6
Hong Kong	393	1.8	304	1.5	221	1.4	291	1.4	247	1.3
Hungary	6	0.03	6	0.03	6	0.04	5	0.02	14	0.1
Iraq	3	0.01	29	0.1	9	0.1	37	0.2	25	0.1
Israel	64	0.3	85	0.4	67	0.4	100	0.5	121	0.7
Italy	318	1.4	307	1.5	266	1.7	315	1.5	289	1.6
Japan	1,585	7.1	875	4.4	528	3.3	419	2.0	252	1.4
Kuwait	25	0.1	15	0.1	60	0.4	16	0.1	15	0.1
Maldives	193	0.9	33	0.2	35	0.2	220	1.1	157	0.9
Netherlands	78	0.4	123	0.6	82	0.5	87	0.4	79	0.4
New Zealand	311	1.4	276	1.4	301	1.9	276	1.3	164	0.9
Norway	12	0.1	9	0.05	13	0.1	11	0.1	19	0.1
Oman	107	0.5	132	0.7	191	1.2	95	0.5	115	0.6
Philippines	51	0.2	36	0.2	43	0.3	65	0.3	30	0.2
Poland	51	0.2	20	0.1	18	0.1	27	0.1	25	0.1
Portugal	9	0.04	7	0.04	8	0.05	20	0.1	19	0.1
Qatar	92	0.4	26	0.1	27	0.2	60	0.3	24	0.1
Romania	18	0.1	16	0.1	3	0.02	48	0.2	53	0.3
Saudi Arabia	261	1.2	334	1.7	217	1.4	353	1.7	105	0.6
South Korea	309	1.4	253	1.3	194	1.2	300	1.5	225	1.2
Spain	70	0.3	94	0.5	86	0.5	121	0.6	108	0.6
Sweden	56	0.3	51	0.3	52	0.3	49	0.2	46	0.3
Switzerland	295	1.3	109	0.5	129	0.8	99	0.5	105	0.6
Thailand	497	2.2	437	2.2	363	2.3	398	1.9	293	1.6
Turkey	133	0.6	106	0.5	91	0.6	131	0.6	164	0.9
Ukraine	74	0.3	74	0.4	76	0.5	91	0.4	48	0.3
United Kingdom	367	1.7	369	1.9	210	1.3	237	1.1	194	1.1
Vietnam	263	1.2	302	1.5	250	1.6	398	1.9	243	1.3
Other	985	4.4	1,055	5.3	867	5.4	683	3.3	1,760	9.6
European Union (EU)(c)	2,013	9.1	1,952	9.8	1,468	9.1	1,479	7.2	1,241	6.8
Asian Clearing Union (ACU) (d)	4,941	22.2	4,402	22.1	3,517	21.9	5,340	25.9	5,331	29.1
SAARC Region (e)	4,887	22.0	4,343	21.8	3,486	21.7	5,323	25.8	5,319	29.1
Middle East (f)	2,611	11.7	2,443	12.3	1,747	10.9	2,243	10.9	1,254	6.9
APTA Region (g)	8,699	39.1	8,230	41.3	6,900	43.0	9,766	47.3	8,331	45.5
BIMSTEC (h)	4,803	21.6	4,428	22.2	3,514	21.9	5,114	24.8	5,120	28.0
C.I.S. Countries (i)	325	1.5	319	1.6	345	2.2	324	1.6	430	2.4

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

(b) Provisional

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

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

Performance in the Tourism Sector

Item	2018	2019	2020	2021	2022 (a)
1. Tourist Arrivals (No.)	2,333,796	1,913,702	507,704	194,495	719,978
1.1 Arrivals by Region					
Northern/Western/Southern Europe	840,956	690,716	180,830	55,367	273,164
France	106,449	87,623	24,838	6,549	35,482
Germany	156,888	134,899	34,507	12,442	55,542
Italy	38,379	36,147	8,603	1,309	7,449
Netherlands	57,160	38,993	8,656	2,422	11,987
United Kingdom	254,176	198,776	55,455	16,646	85,187
Other	227,904	194,278	48,771	15,999	77,517
Central/Eastern Europe	176,905	196,856	100,766	38,129	159,062
Russia	64,497	86,549	49,397	16,894	91,272
Ukraine	36,515	35,051	17,169	7,037	14,917
Other	75,893	75,256	34,200	14,198	52,873
North America	129,492	119,681	29,627	11,281	49,409
Canada	52,681	48,729	12,436	5,079	26,845
United States of America	75,308	68,832	16,842	6,124	22,230
Mexico	1,503	2,120	349	78	334
East Asia	423,571	286,381	52,247	6,861	22,156
China	265,965	167,863	26,147	2,417	4,715
Indonesia	5,365	4,919	1,114	1,856	885
Japan	49,450	30,079	6,644	392	3,087
Malaysia	22,808	16,861	3,494	323	2,779
Other	79,983	66,659	14,848	1,873	10,690
South Asia	543,160	447,675	106,201	72,298	157,505
India	424,887	355,002	89,357	56,268	123,004
Maldives	76,108	60,278	9,407	6,272	18,880
Pakistan	19,116	14,655	3,065	7,520	6,260
Other	23,049	17,740	4,372	2,238	9,361
Australasia	125,069	105,414	22,706	4,767	33,876
Australia	110,928	92,674	20,283	4,421	30,924
New Zealand	13,825	12,463	2,324	325	2,866
Other	316	277	99	21	86
Other Regions	94,643	66,979	15,327	5,792	24,806
1.2 Arrivals by Purpose of Visit					
Pleasure	1,979,819	1,592,212	444,328	157,766	428,838
Business	71,255	70,068	13,946	3,956	30,057
Other	282,722	251,422	49,430	32,773	261,083
2. Excursionist (Spent less than 24 hours in the country) Arrivals (No.)	186,862	113,449	32,215	600	38,811
3. Accommodation					
3.1 Number of Establishments	3,945	4,336	4,815	5,470	6,142
Hotels and Restaurants	1,887	2,062	2,147	2,204	2,488
Travel and Transport Agencies (b)	903	994	1,016	1,118	1,213
Recreational Agencies	107	144	152	167	172
Tourist Shops	78	87	90	92	105
Other	970	1,059	1,410	1,889	2,164
3.2 Capacity in Graded Establishments (c)					
No. of Units	457	474	484	480	469
No. of Rooms	24,757	24,831	25,407	25,958	25,597
No. of Beds (d)	50,108	52,393	53,269	54,512	53,754
Annual Occupancy Rate (%)	72.8	57.1	15.0	18.6(e)	30.4
3.3 Capacity in Supplementary Establishments					
No. of Units	1,855	2,055	2,535	3,177	3,360
No. of Rooms	13,457	15,534	17,343	21,379	22,523
No. of Beds (d)	27,236	29,144	32,137	42,758	45,046
4. Employment (No.) (d)					
4.1 Direct Employment	169,003	173,592	175,990	177,476	190,521
Managerial	25,197	25,681	26,001	26,221	26,863
Technical, Clerical, Supervisory	88,565	89,371	90,753	91,519	101,167
Manual and Operative	55,241	58,540	59,236	59,736	62,491
4.2 Indirect Employment	219,484	229,015	171,761	180,451(f)	195,715

(a) Provisional

(b) Includes Airlines, Travel Agents and Tour Operators

(c) Includes boutique hotels

(d) Estimates

(e) In Level 1/ Level 2 and other safe and secure hotels

(f) The indirect employment is calculated based on the findings of a post COVID rapid assessment which was conducted to assess the vulnerability faced by individuals & businesses engaged in the tourism sector.

Source: Sri Lanka Tourism Development Authority

Some Indicators of the Regional Distribution of Tourism (a) (b)

Resort Region	2018			2019			2020			2021 (c)			2022 (d)		
	Accommodation Units	No. of Rooms	Foreign Guest Nights '000	Accommodation Units	No. of Rooms	Foreign Guest Nights '000	Accommodation Units	No. of Rooms	Foreign Guest Nights '000	Accommodation Units	No. of Rooms	Foreign Guest Nights '000	Accommodation Units	No. of Rooms	Foreign Guest Nights '000
All Island	457	24,757	12,608	474	24,831	9,772	484	25,407	1,946	480	25,958	683	469	25,597	3,766
Region															
Ancient Cities	97	4,360	2,092	101	4,462	1,803	108	4,768	118						
Colombo City	43	5,607	2,922	44	5,638	2,057	44	5,638	461						
East Coast	28	1,149	599	31	1,201	435	31	1,208	91						
Greater Colombo	63	3,269	1,703	60	3,052	1,171	65	3,208	309						
Hill Country	46	1,489	716	48	1,548	579	50	1,674	150						
South Coast	173	8,676	4,521	182	8,695	3,686	178	8,662	794						
North Area	7	207	55	8	235	41	8	249	23						
District															
Ampara										6	113	-	5	103	11
Anuradhapura										16	737	2	13	614	99
Badulla										12	299	0.2	12	299	41
Batticaloa										13	642	2	12	595	92
Colombo										54	6,144	248	53	6,291	1,179
Galle										89	4,379	80	87	4,326	738
Gampaha										37	1,900	48	38	1,920	238
Hambantota										26	1,236	10	26	1,244	187
Jaffna										6	204	1	6	204	28
Kalutara										36	2,789	141	37	2,796	360
Kandy										44	1,937	45	44	1,824	195
Kegalle										3	30	0.02	3	30	1
Kilinochchi										-	-	-	-	-	-
Kurunegala										4	67	1	4	67	5
Mannar										1	11	-	-	-	-
Matale										34	1,494	18	33	1,450	134
Matara										16	605	29	17	617	110
Moneragala										8	274	12	8	274	29
Mullaitivu										-	-	-	-	-	-
Nuwara Eliya										30	1,213	2	31	1,207	140
Polonnaruwa										10	418	2	9	362	21
Puttalam										16	813	38	12	721	66
Ratnapura										7	223	0.3	7	223	19
Trincomalee										11	410	4	11	410	72
Vavuniya										1	20	-	1	20	-

(a) SLTDA has categorised on district wise basis from 2021 onwards.

(b) Accommodation units and room count can be changed when establishments are upgraded, downgraded, or not in operation.

(c) The number of foreign guest nights is determined by the number of hotels that renewed their license for the year 2022 and were recorded from the safe and secure certified hotels (Level 1/ Level 2 & Other).

(d) Provisional

Source: Sri Lanka Tourism Development Authority

EXTERNAL SECTOR DEVELOPMENTS AND POLICIES

TABLE 87

Balance of Payments - Standard Presentation under BPM6 Format (a)

CURRENT AND CAPITAL ACCOUNT	US\$ million						Rs. million					
	2021 (b)			2022 (c)			2021 (b)			2022 (c)		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Goods and Services	14,974	21,526	-6,552	16,169	19,244	-3,075	2,980,263	4,281,114	-1,300,850	5,187,912	6,045,399	-857,487
Goods (d)	12,499	20,637	-8,139	13,106	18,291	-5,185	2,486,943	4,104,218	-1,617,274	4,234,913	5,737,333	-1,502,420
General Merchandise	12,499	20,636	-8,138	13,106	18,289	-5,183	2,486,943	4,103,984	-1,617,040	4,234,913	5,736,808	-1,501,895
Non-Monetary Gold	-	1	-1	-	2	-2	-	234	-234	-	526	-526
Services	2,475	889	1,586	3,062	953	2,110	493,320	176,896	316,424	952,999	308,066	644,934
Transport	608	256	352	676	333	343	121,065	50,974	70,091	215,003	106,201	108,802
Sea Transport	450	150	300	410	137	272	89,574	29,889	59,685	131,529	43,798	87,731
Freight	450	150	300	410	137	272	89,574	29,889	59,685	131,529	43,798	87,731
Air Transport	158	106	52	266	195	71	31,491	21,085	10,406	83,474	62,404	21,071
Passenger	108	89	19	221	180	41	21,538	17,764	3,775	68,860	57,537	11,323
Freight	50	17	33	46	15	30	9,953	3,321	6,632	14,614	4,866	9,748
Travel (e)	507	239	268	1,136	244	893	101,903	47,651	54,252	338,052	81,516	256,537
Construction	10	11	-1	9	11	-2	1,928	2,173	-245	3,143	3,259	-116
Insurance and Pension Services	20	37	-17	19	36	-18	4,003	7,386	-3,383	5,317	11,444	-6,128
Financial Services	95	102	-7	92	96	-5	18,855	20,196	-1,341	29,624	31,139	-1,515
Telecommunications and Computer Services	1,201	171	1,030	1,097	161	936	238,750	33,924	204,825	351,156	51,460	299,696
Telecommunications Services	32	31	2	31	28	3	6,377	6,034	344	9,582	8,725	858
Computer Services	1,168	140	1,028	1,066	133	933	232,373	27,891	204,482	341,574	42,736	298,838
Other Business Services	16	17	-1	15	16	-1	3,143	3,366	-224	4,937	5,190	-252
Government Goods and Services n.i.e.	19	57	-38	18	56	-38	3,673	11,225	-7,552	5,767	17,857	-12,090
Primary Income	116	2,075	-1,959	249	2,124	-1,874	22,965	413,122	-390,158	84,209	702,280	-618,071
Compensation of Employees	30	74	-43	30	69	-39	6,048	14,524	-8,477	9,595	19,874	-10,279
Investment Income	86	2,002	-1,916	220	2,055	-1,836	16,917	398,598	-381,681	74,613	682,406	-607,792
Direct Investment	16	567	-551	15	532	-517	3,199	113,217	-110,018	4,831	187,286	-182,456
Dividends	12	278	-266	12	418	-407	2,396	55,662	-53,267	3,721	143,087	-139,366
Reinvested Earnings	4	289	-285	3	114	-111	803	57,555	-56,752	1,110	44,200	-43,090
Portfolio Investment	-	830	-830	-	784	-784	-	165,186	-165,186	-	256,442	-256,442
Equity	-	25	-25	-	29	-29	-	5,020	-5,020	-	9,896	-9,896
Interest	-	805	-805	-	755	-755	-	160,166	-160,166	-	246,547	-246,547
Short term	-	...	...	-	1	-1	-	29	-29	-	216	-216
Long term	-	805	-805	-	754	-754	-	160,138	-160,138	-	246,330	-246,330
Other Investment	43	605	-562	200	738	-538	8,461	120,194	-111,733	68,213	238,677	-170,464
Reserve Assets	27	-	27	5	-	5	5,257	-	5,257	1,569	-	1,569
Secondary Income	5,498	270	5,228	3,793	296	3,497	1,088,388	53,694	1,034,694	1,253,677	94,272	1,159,404
General Government (f)	6	-	6	3	-	3	1,200	-	1,200	1,173	-	1,173
Workers' Remittances	5,491	270	5,221	3,789	296	3,493	1,087,188	53,694	1,033,494	1,252,504	94,272	1,158,232
Current Account	20,587	23,871	-3,284	20,211	21,664	-1,453	4,091,616	4,747,929	-656,314	6,525,798	6,841,951	-316,154
Capital Account	50	24	25	38	19	19	9,850	4,841	5,009	11,909	5,786	6,123
Capital Transfers	50	24	25	38	19	19	9,850	4,841	5,009	11,909	5,786	6,123
General Government (g)	11	-	11	6	-	6	2,229	-	2,229	2,178	-	2,178
Private Capital Transfers	38	24	14	32	19	13	7,621	4,841	2,780	9,732	5,786	3,946
Current and Capital Account	20,637	23,896	-3,259	20,249	21,682	-1,433	4,101,466	4,752,771	-651,305	6,537,707	6,847,737	-310,030

(a) The above presentation conforms as far as possible to the Balance of Payments Manual (BPM), 6th edition of the International Monetary Fund.

(Contd.)

(b) Revised

(c) Provisional

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

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

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

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

Balance of Payments - Standard Presentation under BPM6 Format (a)

FINANCIAL ACCOUNT	US\$ million				Rs. million			
	2021 (b)		2022 (c)		2021 (b)		2022 (c)	
	Net Acquisition of Financial Assets	Net Incurrence of Liabilities	Net Acquisition of Financial Assets	Net Incurrence of Liabilities	Net Acquisition of Financial Assets	Net Incurrence of Liabilities	Net Acquisition of Financial Assets	Net Incurrence of Liabilities
Financial Account	-2,113	2,098	84	2,030	-417,001	427,972	123,226	661,378
Direct Investment	17	592	15	898	3,468	117,894	4,892	309,142
Equity and Investment Fund Shares	13	312	11	289	2,512	62,047	3,403	111,567
Equity other than Reinvestment of Earnings	9	23	7	125	1,709	4,492	2,291	49,353
Direct Investor in Direct Investment Enterprise (h)	9	23	7	125	1,709	4,492	2,291	49,353
Reinvestment of Earnings	4	289	3	164	803	57,555	1,112	62,214
Debt Instruments	5	281	5	610	955	55,847	1,489	197,574
Direct Investor in Direct Investment Enterprise (h)	5	281	5	610	955	55,847	1,489	197,574
Portfolio Investment	-	-1,547	-	355	-	-305,900	-	168,647
Equity and Investment Fund Shares	-	-232	-	137	-	-46,061	-	30,342
Debt Securities	-	-1,315	-	218	-	-259,838	-	138,305
Deposit-taking Corporations	-	-	-	-	-	-	-	-
Long term	-	-	-	-	-	-	-	-
General Government	-	-1,315	-	212	-	-259,838	-	136,080
Short term (Treasury Bills)	-	-2	-	30	-	-460	-	9,956
Long term	-	-1,313	-	183	-	-259,378	-	126,124
Treasury Bonds	-	-25	-	21	-	-5,001	-	7,806
Sri Lanka Development Bonds	-	-2	-	2	-	-488	-	833
Sovereign Bonds	-	-1,285	-	159	-	-253,890	-	117,485
Issuances	-	-	-	-	-	-	-	-
Maturities	-	-700	-	-391	-	-140,566	-	-78,783
Secondary Market Transactions	-	-586	-	-	-	-113,324	-	-
Accrued Interest	-	-	-	551	-	-	-	196,268
Other Sectors	-	-	-	6	-	-	-	2,224
Long term	-	-	-	6	-	-	-	2,224
Financial Derivatives	-	-	-	-	-	-	-	-
Other Investment	387	3,053	1,302	776	77,454	615,978	390,162	183,589
Currency and Deposits	306	4,016	514	272	62,761	810,195	152,168	-9,248
Central Bank	-	1,375	-	403	-	280,306	-	81,578
Short term	-	1	-	...	-	187	-	-133
Long term	-	1,374	-	403	-	280,119	-	81,710
Deposit-taking Corporations	306	2,641	514	-131	62,761	529,889	152,168	-90,826
Short term	256	2,641	605	-131	51,282	529,889	168,925	-90,826
Long term	50	-	-91	-	11,479	-	-16,757	-
Loans	-	-1,503	-	-92	-	-299,296	-	51,432
Central Bank	-	-57	-	-140	-	-11,377	-	-48,316
Credit and Loans with the IMF	-	-57	-	-140	-	-11,377	-	-48,316
Deposit-taking Corporations	-	-2,152	-	-1,645	-	-429,506	-	-495,847
Short term	-	-2,169	-	-1,301	-	-433,880	-	-385,116
Long term	-	17	-	-344	-	4,373	-	-110,731
General Government	-	873	-	1,679	-	174,382	-	580,605
Long term	-	873	-	1,679	-	174,382	-	580,605
Other Sectors (i)	-	-167	-	13	-	-32,795	-	14,989
Long term	-	-167	-	13	-	-32,795	-	14,989
Trade Credit and Advances	257	-426	282	-895	51,199	-87,405	89,293	-279,812
Deposit-taking Corporations	-3	-	-27	-479	-	-	-10,595	-
Short term	-3	-	-27	-479	-	-	-10,595	-
Other Sectors (i)	260	-426	310	-895	51,679	-87,405	99,888	-279,812
Short term	260	-426	310	-895	51,679	-87,405	99,888	-279,812
Other Accounts Receivable/Payable	-176	180	506	1,492	-36,506	34,713	148,700	421,218
Central Bank	-	180	1,492	-	-	34,713	-	421,218
Short term (k)	-	180	1,492	-	-	34,713	-	421,218
Deposit-taking Corporations	-176	-	506	-	-36,506	-	148,700	-
Short term	-176	-	506	-	-36,506	-	148,700	-
Special Drawing Rights	-	787	-	-	-	157,771	-	-
Reserve Assets	-2,517	-	-1,234	-	-497,923	-	-271,828	-
Monetary Gold	-212	-	-152	-	-42,734	-	-38,820	-
Special Drawing Rights	123	-	-118	-	24,635	-	-41,965	-
Reserve Position in the IMF	-	-	-58	-	-	-	-20,980	-
Other Reserve Assets	-2,428	-	-906	-	-479,823	-	-170,064	-
Currency and Deposits	1,536	-	-895	-	300,122	-	-166,305	-
Claims on Monetary Authorities	1,055	-	-526	-	203,206	-	-71,963	-
Claims on Other Entities	481	-	-369	-	96,917	-	-94,342	-
Securities	-3,967	-	-11	-	-780,435	-	-3,691	-
Debt Securities	-3,967	-	-11	-	-780,435	-	-3,691	-
Long term	-3,967	-	-11	-	-780,435	-	-3,691	-
Other Claims	3	-	...	-	490	-	-69	-
Financial Account (net) (Assets-Liabilities)	-4,211	-	-1,946	-	-844,974	-	-538,153	-
Errors and Omissions	-952	-	-513	-	-193,669	-	-228,122	-

(h) Include Direct investment to BOI, CSE and other private companies.

(i) Include State Owned Business Enterprises (SOBEs) and private sector companies.

(j) Include Ceylon Petroleum Corporation and private sector companies.

(k) Include net transactions of ACU liabilities.

Source: Central Bank of Sri Lanka

International Investment Position - Standard Presentation under BPM6 Format

End period position

FINANCIAL ACCOUNT	US\$ million				Rs. million			
	2021 (a)		2022 (b)		2021 (a)		2022 (b)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Direct Investment (c)	1,522	16,384	1,534	13,877	305,069	3,283,920	556,916	5,038,787
Equity and Investment Fund Shares	1,482	11,050	1,489	7,933	296,964	2,214,787	540,560	2,880,556
Debt Instruments	40	5,334	45	5,944	8,105	1,069,134	16,356	2,158,231
Portfolio Investment	...	7,502	...	5,285	14	1,503,722	25	1,919,138
Equity and Investment Fund Shares	-	1,142	-	1,251	-	228,917	-	454,158
Other Sectors	-	1,142	-	1,251	-	228,917	-	454,158
Debt Securities (d)	...	6,360	...	4,035	14	1,274,804	25	1,464,980
Deposit-taking Corporations	...	-	...	-	14	-	25	-
Long term	...	-	...	-	14	-	25	-
General Government	-	6,266	-	3,957	-	1,256,005	-	1,436,782
Short term	-	1	-	31	-	196	-	11,217
Long term	-	6,265	-	3,926	-	1,255,809	-	1,425,565
Other Sectors	-	94	-	78	-	18,800	-	28,198
Long term	-	94	-	78	-	18,800	-	28,198
Financial Derivatives	-	-	-	-	-	-	-	-
Other Investment	4,096	40,081	5,399	39,700	821,018	8,033,552	1,960,268	14,415,421
Currency and Deposits	1,142	5,749	1,656	5,880	228,841	1,152,298	601,170	2,135,092
Central Bank	-	1,775	-	2,037	-	355,794	-	739,730
Short term	-	1	-	1	-	255	-	509
Long term	-	1,774	-	2,036	-	355,539	-	739,221
Deposit-taking Corporations	1,142	3,974	1,656	3,843	228,841	796,503	601,170	1,395,362
Short term	878	3,974	1,483	3,843	175,897	796,503	538,336	1,395,362
Long term	264	-	173	-	52,943	-	62,834	-
Loans	-	30,565	-	29,508	-	6,126,160	-	10,714,628
Central Bank	-	1,265	-	1,062	-	253,477	-	385,639
Credit and Loans with the IMF	-	1,265	-	1,062	-	253,477	-	385,639
Deposit-taking Corporations	-	3,172	-	1,527	-	635,802	-	554,596
Short term	-	2,005	-	704	-	401,799	-	255,632
Long term	-	1,167	-	823	-	234,003	-	298,964
General Government	-	21,289	-	23,562	-	4,267,119	-	8,555,447
Long term	-	21,289	-	23,562	-	4,267,119	-	8,555,447
Other Sectors (e)	-	4,838	-	3,357	-	969,762	-	1,218,947
Long term	-	4,838	-	3,357	-	969,762	-	1,218,947
Trade Credit and Advances	1,211	1,915	1,493	1,020	242,677	383,780	542,116	370,260
Deposit-taking Corporations	98	-	70	-	19,573	-	25,516	-
Short term	98	-	70	-	19,573	-	25,516	-
Other Sectors (f)	1,113	1,915	1,423	1,020	223,104	383,780	516,601	370,260
Short term	1,113	1,915	1,423	1,020	223,104	383,780	516,601	370,260
Other Accounts Receivable/Payable	1,744	523	2,250	2,028	349,500	104,756	816,982	736,258
Central Bank (g)	-	523	-	2,028	-	104,756	-	736,258
Short term	-	523	-	2,028	-	104,756	-	736,258
Deposit-taking Corporations	1,744	-	2,250	-	349,500	-	816,982	-
Short term	1,744	-	2,250	-	349,500	-	816,982	-
Special Drawing Rights	-	1,330	-	1,265	-	266,559	-	459,183
Reserve Assets	3,139	-	1,898	-	629,207	-	689,041	-
Monetary Gold	175	-	28	-	35,152	-	10,032	-
Special Drawing Rights	124	-	2	-	24,765	-	656	-
Reserve Position in the IMF	67	-	4	-	13,425	-	1,380	-
Other Reserve Assets	2,773	-	1,864	-	555,865	-	676,974	-
Currency and Deposits	2,729	-	1,834	-	547,047	-	666,106	-
Claims on Monetary Authorities	899	-	373	-	180,173	-	135,355	-
Claims on Other Entities	1,830	-	1,462	-	366,874	-	530,752	-
Securities	44	-	30	-	8,818	-	10,867	-
Debt Securities	44	-	30	-	8,818	-	10,867	-
Total Assets / Liabilities	8,758	63,967	8,830	58,862	1,755,308	12,821,194	3,206,250	21,373,347
Net International Investment Position (Assets - Liabilities)	-	-55,210	-	-50,032	-	-11,065,885	-	-18,167,097

(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

End period position

Item	US\$ million			Rs. million		
	2020	2021 (a)	2022 (b)	2020	2021 (a)	2022 (b)
1. General Government	28,187	27,556	27,518	5,254,202	5,523,124	9,992,229
Short term	4	1	31	665	196	11,217
Debt Securities	4	1	31	665	196	11,217
Treasury Bills (c)	4	1	31	665	196	11,217
Long term	28,183	27,555	27,488	5,253,536	5,522,927	9,981,012
Debt Securities	7,613	6,265	3,926	1,419,050	1,255,809	1,425,565
Treasury Bonds (c)	31	8	34	5,837	1,646	12,211
Sri Lanka Development Bonds (d)	27	24	27	4,986	4,875	9,645
International Sovereign Bonds (e)	7,555	6,233	3,866	1,408,226	1,249,288	1,403,710
Loans	20,570	21,289	23,562	3,834,486	4,267,119	8,555,447
2. Central Bank	2,690	4,892	6,391	501,516	980,952	2,320,879
Short term	343	526	2,029	63,908	105,377	736,836
Currency and Deposits	...	3	15	51	622	5,460
Other Accounts Payable	343	523	2,014	63,856	104,756	731,376
Asian Clearing Union Liabilities	343	523	2,014	63,856	104,756	731,376
Long term	2,348	4,367	4,362	437,609	875,575	1,584,043
Special Drawing Rights (SDRs), Allocation	570	1,330	1,265	106,172	266,559	459,183
Currency and Deposits	400	1,774	2,036	74,563	355,539	739,221
Loans	1,378	1,263	1,062	256,873	253,477	385,639
Credit and Loans with the IMF	1,378	1,263	1,062	256,873	253,477	385,639
Extended Fund Facility	1,378	1,263	1,062	256,873	253,477	385,639
3. Deposit-taking Corporations, Except the Central Bank	6,657	7,146	5,370	1,240,979	1,432,306	1,949,958
Short term	5,507	5,979	4,547	1,026,587	1,198,302	1,650,993
Currency and Deposits (f)	1,333	3,974	3,843	248,525	796,503	1,395,362
Commercial Banks	1,333	3,974	3,843	248,525	796,503	1,395,362
Loans	4,174	2,005	704	778,062	401,799	255,632
Commercial Banks	4,174	2,005	704	778,062	401,799	255,632
Long term	1,150	1,167	823	214,392	234,003	298,964
Loans	1,150	1,167	823	214,392	234,003	298,964
Commercial Banks	1,109	1,084	823	206,751	217,358	298,964
Other Deposit-taking Corporations	41	83	-	7,641	16,645	-
4. Other Sectors (g)	6,517	6,847	4,454	1,214,880	1,372,341	1,617,404
Short term	2,341	1,915	1,020	436,356	383,780	370,260
Trade Credit and Advances (h)	2,341	1,915	1,020	436,356	383,780	370,260
Long term	4,176	4,932	3,435	778,525	988,562	1,247,145
Debt Securities (e)	96	94	78	17,842	18,800	28,198
Loans	4,081	4,838	3,357	760,683	969,762	1,218,947
Private Sector	2,315	2,293	2,372	431,456	459,665	861,429
State Owned Business Enterprises and Public Corporations	1,766	2,545	985	329,226	510,097	357,518
5. Direct Investment: Intercompany Lending (i)	4,990	5,334	5,944	930,114	1,069,134	2,158,231
Total Outstanding External Debt	49,041	51,775	49,678	9,141,691	10,377,856	18,038,701

(a) Revised

(b) Provisional

(c) Based on book value

(d) Based on face value

(e) Based on market price

(f) Include deposits in Personal Foreign Currency accounts.

(g) Include private sector and state owned business enterprises.

(h) Include trade credit outstanding of Ceylon Petroleum Corporation and private sector companies.

(i) Include intercompany borrowings and shareholder advances of direct investment enterprises.

Source: Central Bank of Sri Lanka

Services and Income (a)

Item	US\$ million					Rs. million				
	2018	2019	2020	2021 (b)	2022 (c)	2018	2019	2020	2021 (b)	2022 (c)
1. Transport Services	750	630	114	352	343	121,012	112,717	20,974	70,091	108,802
Credits	2,486	2,339	1,174	608	676	402,806	418,205	216,566	121,065	215,003
Debits	1,737	1,710	1,059	256	333	281,794	305,488	195,592	50,974	106,201
2. Travel	2,721	1,969	234	268	893	442,661	353,445	41,321	54,252	256,537
Credits	4,381	3,607	682	507	1,136	711,961	646,362	124,189	101,903	338,052
Debits	1,660	1,638	449	239	244	269,299	292,917	82,868	47,651	81,516
3. Telecommunications, Computer and Information Services	511	539	706	1,030	936	82,724	96,321	131,147	204,825	299,696
Credits	995	1,054	995	1,201	1,097	161,389	188,313	184,629	238,750	351,156
Debits	484	515	288	171	161	78,664	91,992	53,482	33,924	51,460
4. Construction Services	32	32	-3	-1	-2	5,131	5,688	-633	-245	-116
Credits	65	67	7	10	9	10,483	12,015	1,299	1,928	3,143
Debits	33	35	10	11	11	5,352	6,327	1,931	2,173	3,259
5. Insurance Services	33	36	-42	-17	-18	5,325	6,360	-7,863	-3,383	-6,128
Credits	130	137	39	20	19	21,110	24,539	7,308	4,003	5,317
Debits	97	102	82	37	36	15,785	18,179	15,171	7,386	11,444
6. Financial Services	-205	-258	-125	-7	-5	-33,597	-46,101	-22,981	-1,341	-1,515
Credits	242	213	96	95	92	39,000	37,978	17,774	18,855	29,624
Debits	447	470	220	102	96	72,597	84,080	40,755	20,196	31,139
7. Other Business Services	-34	-43	-21	-1	-1	-5,595	-7,684	-3,830	-224	-252
Credits	40	35	16	16	15	6,500	6,330	2,962	3,143	4,937
Debits	75	78	37	17	16	12,095	14,013	6,793	3,366	5,190
8. Government Expenditure n.i.e.	-41	-56	-44	-38	-38	-6,429	-9,925	-8,122	-7,552	-12,090
Credits	35	21	26	19	18	5,633	3,798	4,887	3,673	5,767
Debits	75	77	70	57	56	12,062	13,723	13,010	11,225	17,857
Total Services	3,766	2,849	819	1,586	2,110	611,233	510,822	150,014	316,424	644,934
Credits	8,374	7,474	3,035	2,475	3,062	1,358,881	1,337,540	559,615	493,320	952,999
Debits	4,608	4,625	2,216	889	953	747,648	826,718	409,601	176,896	308,066
1. Compensation of Employees	-74	-99	-96	-43	-39	-12,062	-17,687	-17,743	-8,477	-10,279
Credits	28	31	36	30	30	4,482	5,626	6,768	6,048	9,595
Debits	102	130	132	74	69	16,544	23,313	24,511	14,524	19,874
2. Investment Income	-2,311	-2,363	-2,110	-1,916	-1,836	-377,538	-423,707	-405,319	-381,681	-607,792
Credits	221	220	162	86	220	35,722	39,363	29,998	16,917	74,613
Debits	2,532	2,583	2,271	2,002	2,055	413,261	463,070	435,318	398,598	682,406
Total Primary Income	-2,385	-2,462	-2,205	-1,959	-1,874	-389,601	-441,394	-423,063	-390,158	-618,071
Credits	249	252	198	116	249	40,204	44,989	36,766	22,965	84,209
Debits	2,633	2,713	2,404	2,075	2,124	429,805	486,383	459,829	413,122	702,280
1. Private Transfers	6,155	5,757	6,194	5,221	3,493	998,303	1,029,122	1,148,418	1,033,494	1,158,232
Credits (Workers' Remittances)	7,015	6,717	7,104	5,491	3,789	1,138,124	1,200,766	1,317,007	1,087,188	1,252,504
Debits	860	960	910	270	296	139,821	171,644	168,589	53,694	94,272
2. Government	8	9	13	6	3	1,201	1,568	2,371	1,200	1,173
Credits	8	9	13	6	3	1,201	1,568	2,371	1,200	1,173
Debits	-	-	-	-	-	-	-	-	-	-
Total Secondary Income	6,163	5,766	6,207	5,228	3,496	999,504	1,030,690	1,150,789	1,034,694	1,159,404
Credits	7,023	6,726	7,117	5,498	3,793	1,139,324	1,202,334	1,319,377	1,088,388	1,253,677
Debits	860	960	910	270	296	139,821	171,644	168,589	53,694	94,272

(a) Compiled according to the Balance of Payments Manual (BPM), 6th edition of the International Monetary FundSources: Sri Lanka Tourism Development Authority
Central Bank of Sri Lanka(b) Revised
(c) Provisional

Workers' Remittances

Origin	US\$ million					Rs. million					Percentage Share				
	2018	2019	2020	2021	2022 (a)	2018	2019	2020	2021	2022 (a)	2018	2019	2020	2021	2022 (a)
1. Middle East	3,592	3,459	3,673	2,834	1,936	582,719	618,394	680,892	560,989	640,030	51.2	51.5	51.7	51.6	51.1
2. European Union	1,312	1,263	1,350	1,032	705	212,829	225,744	250,231	204,391	232,966	18.7	18.8	19.0	18.8	18.6
3. Far East/Asia	849	826	870	686	481	137,713	147,694	161,333	135,898	159,068	12.1	12.3	12.3	12.5	12.7
4. Europe - Other	309	282	305	231	155	50,077	50,432	56,631	45,662	51,353	4.4	4.2	4.3	4.2	4.1
5. North America	182	161	178	126	91	29,591	28,818	32,925	25,005	30,060	2.6	2.4	2.5	2.3	2.4
6. South East Asia	407	376	408	324	220	66,011	67,243	75,728	64,144	72,645	5.8	5.6	5.8	5.9	5.8
7. Australia and New Zealand	154	175	178	143	102	25,039	31,220	32,925	28,267	33,818	2.2	2.6	2.5	2.6	2.7
8. South Asia	154	134	114	93	76	25,039	24,015	21,072	18,482	25,050	2.2	2.0	1.6	1.7	2.0
9. South and Central America	35	27	21	16	15	5,691	4,803	3,951	3,262	5,010	0.5	0.4	0.3	0.3	0.4
10. Other	21	13	7	5	8	3,414	2,402	1,317	1,087	2,505	0.3	0.2	0.1	0.1	0.2
Total	7,015	6,717	7,104	5,491	3,789	1,138,124	1,200,766	1,317,007	1,087,188	1,252,504	100.0	100.0	100.0	100.0	100.0

(a) Provisional

Source: Central Bank of Sri Lanka

Foreign Direct Investments (FDI) Inflows - Country-wise Breakdown

US\$ million

Country	FDI inflows					Stock Position				
	2018	2019	2020	2021 (a)	2022 (b)	2018	2019	2020	2021 (a)	2022 (b)
China	872	46	15	23	6	2,128	2,173	2,188	2,215	2,214
Singapore	145	117	35	9	111	1,030	1,145	1,406	4,031	2,115
India	177	120	77	146	238	1,563	1,688	1,803	1,924	1,951
Hong Kong	19	78	24	47	13	951	1,031	1,067	1,108	1,122
Netherlands	56	16	33	100	85	1,774	1,593	1,497	1,356	859
Malaysia	23	45	35	28	-110	967	1,083	1,044	927	699
United Kingdom	64	48	33	46	102	662	686	746	608	692
United Arab Emirates	50	20	12	2	3	368	397	418	445	425
Mauritius	109	-2	12	12	117	443	441	447	507	583
British Virgin Islands	24	8	7	7	23	365	382	414	443	386
Canada	13	89	12	24	76	230	318	325	278	340
Japan	-64	-4	3	17	16	234	238	258	335	335
Italy	-12	32	42	46	45	168	200	243	288	332
Switzerland	22	6	7	6	20	543	456	436	451	296
Australia	21	26	23	17	8	157	185	212	224	230
Sweden	32	15	8	8	22	112	127	141	144	166
Germany	6	5	2	3	10	79	90	99	133	109
Korea	6	1	...	2	7	83	84	86	86	93
Belgium	7	10	3	5	4	61	72	81	79	83
Taiwan	5	6	6	5	4	21	27	34	38	43
Norway	...	1	...	...	1	26	27	28	28	29
France	1	...	...	1	2	21	22	23	23	26
Thailand	-2	...	-	-	-	21	21	21	21	21
United States of America	18	20	13	18	33	287	258	274	329	333
Other	23	39	32	21	63	281	323	365	361	397
Total	1,614	743	434	592	898	12,575	13,065	13,655	16,384	13,877

(a) Revised

(b) Provisional

Sources: Board of Investment of Sri Lanka
Central Bank of Sri Lanka

End of Period Exchange Rates

Sri Lanka Rupees per unit of Foreign Currency

Country	Currency	2018	2019	2020	2021	2022
1. Australia	Dollar	128.8661	127.2528	143.6648	145.3546	245.6076
2. Bangladesh	Taka	2.1857	2.1395	2.2021	2.3382	3.5202
3. Canada	Dollar	134.0792	139.2098	146.3517	157.2338	267.9482
4. People's Republic of China	Yuan	26.5683	26.0127	28.5858	31.4362	52.1878
5. Denmark	Kroner	27.9894	27.2576	30.8309	30.5042	52.0357
6. European Union	Euro	208.9928	203.6662	229.4219	226.8610	386.9300
7. Hong Kong	Dollar	23.3369	23.3259	24.0458	25.7024	46.5720
8. India	Rupee	2.6132	2.5467	2.5467	2.6935	4.3861
9. Indonesia	Rupiah	0.0126	0.0131	0.0133	0.0140	0.0232
10. Japan	Yen	1.6547	1.6717	1.8081	1.7415	2.7385
11. Kenya	Schilling	1.7934	1.7913	1.7063	1.7714	2.9425
12. Korea	Won	0.1644	0.1569	0.1719	0.1686	0.2876
13. Kuwait	Dinar	601.3686	599.1358	612.8825	662.5473	1,186.1301
14. Malaysia	Ringgit	44.0839	44.3822	46.3241	48.0254	82.2912
15. New Zealand	Dollar	122.6435	122.2942	134.6799	136.7860	229.4129
16. Norway	Kroner	21.0008	20.6236	21.8632	22.7039	36.7071
17. Pakistan	Rupee	1.3063	1.1728	1.1614	1.1245	1.6017
18. Philippines	Peso	3.4796	3.5846	3.8819	3.9332	6.5158
19. Saudi Arabia	Riyal	48.7054	48.4189	49.7016	53.3864	96.5782
20. Singapore	Dollar	133.8092	134.8484	141.0634	148.3212	270.0506
21. South Africa	Rand	12.6648	12.8661	12.7436	12.5882	21.3824
22. Sweden	Kroner	20.3690	19.4511	22.7487	22.1511	34.6994
23. Switzerland	Franc	185.6460	187.6966	211.6231	219.2330	393.2741
24. Taiwan	Dollar	5.9796	6.0565	6.6314	7.2249	11.8173
25. Thailand	Baht	5.6179	6.0900	6.2344	6.0172	10.5082
26. United Arab Emirates	Dirham	49.7529	49.4491	50.7489	54.5688	98.8700
27. United Kingdom	Pound sterling	231.8639	238.4582	254.3540	270.5957	437.3478
28. United States of America	Dollar	182.7499	181.6340	186.4082	200.4338	363.1100

Source: Central Bank of Sri Lanka

**Average Exchange Rates of Major Currencies and Monthly Indices of
Nominal Effective Exchange Rate (NEER) and Real Effective Exchange Rate (REER)**

Period	Sri Lanka Rupees per unit of Foreign Currency						Monthly Index (Average)		
	Indian rupee	Japanese yen	Pound sterling	US dollar	Euro	SDR (a)	NEER (b)(c) (2017=100)	REER (b)(d) (2017=100)	
2018	2.3764	1.4710	216.6688	162.5403	191.7085	229.8968	94.05	95.45	
2019	2.5388	1.6409	228.1966	178.7776	200.1412	246.9672	88.17	90.42	
2020	2.5022	1.7392	238.2244	185.5238	212.0652	258.6103	85.93	91.52	
2021	2.6892	1.8109	273.5105	198.8824	235.0999	283.1840	78.64	83.58	
2022	4.1100	2.4445	396.8891	324.5506	339.0354	431.9082	53.99	54.33	
2020	1st Quarter	2.5220	1.6777	233.8205	182.6905	201.5265	250.8905	87.28	92.45
	2nd Quarter	2.4893	1.7566	234.4075	188.8266	208.0774	258.5683	86.16	91.69
	3rd Quarter	2.4876	1.7454	239.0578	185.2822	216.4378	260.2242	85.90	91.70
	4th Quarter	2.5101	1.7757	245.0026	185.4861	221.1822	264.3197	84.49	90.31
2021	1st Quarter	2.6592	1.8304	267.5758	194.0027	233.8435	278.6157	79.59	84.84
	2nd Quarter	2.6972	1.8180	278.3362	198.9873	239.8215	285.5911	77.99	82.97
	3rd Quarter	2.7107	1.8244	276.8661	200.8283	236.8054	285.6077	78.08	83.45
	4th Quarter	2.6883	1.7722	271.3119	201.4524	230.2219	282.8554	78.92	83.07
2022	1st Quarter	2.9369	1.8963	296.0191	221.2250	247.6153	307.9945	73.62	76.21
	2nd Quarter	4.4929	2.6730	435.6220	347.1529	369.7399	467.6635	47.77	48.16
	3rd Quarter	4.5313	2.6141	425.1508	361.4348	364.0228	472.4708	47.50	47.06
	4th Quarter	4.4246	2.5729	426.8092	363.2400	371.0740	473.8610	47.97	46.90
2021	January	2.6051	1.8379	259.8135	190.4918	232.0577	274.8180	80.87	86.17
	February	2.6680	1.8436	269.1843	194.0665	234.8204	279.5421	79.27	84.62
	March	2.6987	1.8130	272.9635	196.9825	234.5866	281.1376	78.76	83.88
	April	2.6518	1.8103	273.3573	197.4230	236.0733	282.1824	79.04	83.79
	May	2.7222	1.8280	280.7094	199.5847	242.1582	287.4772	77.46	82.17
	June	2.7148	1.8159	280.5697	199.8161	241.0315	286.8962	77.55	82.97
	July	2.6827	1.8133	276.3311	199.9778	236.5128	284.6943	78.40	84.10
	August	2.7026	1.8252	276.6523	200.4965	235.9689	285.0596	78.10	83.43
	September	2.7458	1.8340	277.5996	201.9858	237.9603	287.0517	77.74	82.86
	October	2.6862	1.7805	274.9808	201.0899	233.2319	284.0026	78.43	83.11
	November	2.7095	1.7688	271.6009	201.8582	230.3116	283.2039	78.62	82.71
	December	2.6718	1.7683	268.0297	201.3990	227.6572	281.6045	79.58	83.35
2022	January	2.7049	1.7528	272.9801	201.4647	227.9423	281.9149	79.17	82.53
	February	2.6933	1.7508	272.9948	201.7362	228.5988	282.5864	79.23	82.06
	March	3.3557	2.1507	336.5990	255.8081	281.7144	353.3689	63.78	65.46
	April	4.1923	2.5296	413.0864	319.4404	345.4697	435.5354	50.98	51.78
	May	4.6407	2.7878	447.0480	358.9390	380.0175	482.0201	46.22	46.60
	June	4.6167	2.6921	444.6004	360.2428	381.2442	482.2125	46.42	46.46
	July	4.5362	2.6399	433.3010	360.8724	368.1498	475.5282	47.12	46.87
	August	4.5392	2.6707	432.6080	360.9983	365.3316	474.3649	47.27	46.84
	September	4.5189	2.5340	410.2844	362.3826	358.9622	467.7974	48.09	47.45
	October	4.4156	2.4692	410.2258	363.1484	357.3913	465.2619	48.69	47.73
	November	4.4491	2.5565	426.9745	363.3940	370.7195	473.1081	47.98	46.85
	December	4.4075	2.6886	442.3898	363.1652	384.4448	482.8206	47.26	46.15

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

Source: Central Bank of Sri Lanka

(b) The exchange rates have been defined in terms of indices so that the appreciation/depreciation of the rupee relative to other currencies is directly reflected by a rise/fall in the values of the effective exchange rates indices, respectively.

(c) The NEER is the weighted average of nominal exchange rates of the 24 trading partner and competitor countries. Weights are based on the trade shares reflecting the relative importance of each currency in the currency basket.

(d) The REER is computed by adjusting the NEER for inflation differentials (based on CCPI) with the countries whose currencies are included in the basket. The REER indices for 2022 are provisional.

Interbank Market Transactions

Period	Spot Volume (US\$ million)				Forward Volume (US\$ million)				Total Volume (US\$ million)	Annualised Forward Premium (as % of spot) (a)		Annualised Interest Differential (as % of spot)			
	Spot	Tom	Cash	Total	Below 1 Month	1 Month	2 Months	3 Months		Over 3 Months	Total	1 Month (%)	3 Months (%)	1 Month (%)	3 Months (%)
2018	5,336.5	2,106.0	3,327.8	10,770.3	1,806.7	1,917.9	614.4	572.7	1,720.1	6,631.8	6.1	5.8	6.2	6.2	
2019	5,773.8	2,341.9	3,527.1	11,642.9	2,066.1	2,751.7	404.2	603.7	1,908.1	7,733.7	4.8	4.8	5.0	6.1	
2020	5,725.5	1,994.9	2,724.3	10,444.6	2,553.4	2,389.2	905.5	823.7	1,291.8	7,963.6	1.3	1.4	4.5	5.1	
2021	2,184.7	1,529.5	2,137.7	5,851.9	2,849.3	1,899.4	518.4	466.9	574.3	6,308.2	-3.4	-5.3	4.6	5.7	
2022 (b)	806.2	628.9	4,043.6	5,478.7	2,776.3	790.2	335.2	143.3	46.0	4,091.0	0.1	-5.9	6.2	21.3	
2020	1,463.0	543.9	821.0	2,827.9	683.2	531.0	170.0	298.8	277.5	1,960.4	2.9	3.0	5.0	5.8	
1st Quarter	1,218.8	419.2	439.5	2,077.4	612.6	657.0	179.1	112.3	387.3	1,948.1	2.3	2.2	5.1	6.0	
2nd Quarter	1,885.9	504.0	949.9	3,339.8	464.7	604.9	269.4	175.5	300.9	1,815.3	0.3	0.6	4.0	4.4	
3rd Quarter	1,157.7	527.8	513.9	2,199.4	793.0	596.5	287.0	237.1	326.2	2,239.8	-0.2	0.0	3.9	4.4	
4th Quarter	587.8	473.5	448.8	1,510.0	962.3	808.0	198.4	54.2	169.4	2,192.2	2.7	-2.9	4.0	4.6	
2021	744.3	391.4	450.9	1,586.6	714.3	652.8	158.5	84.0	136.4	1,745.9	-7.9	-6.2	4.1	5.0	
1st Quarter	437.1	250.7	515.9	1,203.8	431.3	220.9	116.5	115.5	157.0	1,041.2	4.2	-3.5	4.8	5.5	
2nd Quarter	415.5	413.9	722.0	1,551.5	741.4	217.8	45.0	213.3	111.5	1,328.9	-12.4	-8.6	5.2	7.5	
3rd Quarter	359.2	382.9	855.9	1,598.0	561.5	415.1	231.0	80.1	28.8	1,316.4	-12.4	-23.4	5.8	8.9	
4th Quarter	91.5	96.1	462.4	650.0	322.7	58.7	21.5	6.2	2.0	411.0	0.7	-5.0	11.4	20.0	
2022 (b)	203.4	113.4	1,559.3	1,876.1	1,036.1	151.9	23.7	35.1	11.2	1,258.0	5.4	0.4	3.3	27.3	
1st Quarter	152.2	36.6	1,166.0	1,354.8	856.1	164.6	59.0	22.0	4.0	1,105.6	6.0	3.4	4.7	28.0	
2nd Quarter	178.4	74.7	94.0	347.1	349.9	215.0	102.6	25.7	38.9	732.1	13.0	2.4	4.0	4.5	
3rd Quarter	192.0	142.3	1,66.9	501.1	208.1	267.3	35.5	5.0	15.5	531.3	-0.2	-4.2	4.0	4.6	
4th Quarter	217.4	256.5	187.9	661.8	404.3	325.7	60.3	23.5	115.0	928.8	-2.9	-6.0	4.0	4.8	
2021	213.8	149.3	126.2	489.4	274.7	292.5	52.0	3.8	13.0	636.0	-0.5	-4.0	4.1	4.9	
1st Quarter	118.1	114.9	496.4	208.4	208.4	184.3	61.5	20.2	60.0	534.3	-10.9	-7.1	4.1	5.0	
2nd Quarter	267.0	124.0	209.9	600.9	231.3	176.0	45.0	60.1	63.4	575.7	-11.9	-7.2	4.2	5.0	
3rd Quarter	232.0	116.8	266.6	615.4	230.0	126.9	93.5	84.4	42.8	577.5	-6.8	-6.8	4.4	5.1	
4th Quarter	66.0	47.0	98.5	211.5	93.4	43.0	16.0	18.1	23.0	193.6	14.2	-2.1	4.7	5.3	
2022 (b)	139.2	86.9	150.8	377.0	107.9	51.0	7.0	13.0	91.3	270.2	4.1	-1.9	5.3	6.0	
1st Quarter	146.5	80.1	180.4	407.0	146.9	73.0	0.0	90.5	59.0	369.4	-2.6	0.9	5.2	7.6	
2nd Quarter	160.0	218.7	275.5	654.1	331.4	76.8	32.0	63.0	22.0	525.2	-6.0	-3.2	5.2	7.7	
3rd Quarter	109.1	115.2	266.2	490.4	263.1	68.0	13.0	59.8	30.5	434.3	-26.2	-21.1	5.2	7.2	
4th Quarter	118.9	108.3	310.1	537.3	217.3	88.3	32.3	26.3	0.0	364.0	-5.2	-23.5	5.4	8.1	
2022 (b)	144.3	141.3	197.0	482.6	114.0	186.8	148.0	30.5	17.0	496.3	-3.7	-3.8	5.7	8.1	
1st Quarter	96.0	133.2	348.8	578.0	230.3	140.1	50.8	23.3	11.8	456.2	-26.4	-40.0	6.3	10.1	
2nd Quarter	29.8	44.7	142.9	217.3	119.3	34.0	0.0	0.0	0.0	153.3	0.3	-28.8	10.4	18.1	
3rd Quarter	31.5	26.8	154.7	219.8	112.9	60	13.0	5.0	2.0	116.5	-3.7	12.4	12.1	22.2	
4th Quarter	30.3	24.6	164.9	219.8	112.9	18.7	8.5	1.2	0.0	361.0	5.0	1.0	11.6	19.7	
2022 (b)	106.3	92.9	597.6	796.8	352.0	1.5	2.5	3.5	7.9	367.4	0.7	-2.6	6.1	26.6	
1st Quarter	50.7	12.0	527.9	590.6	403.7	47.6	9.1	21.6	2.0	484.0	11.2	1.9	2.6	26.3	
2nd Quarter	46.5	8.5	433.7	488.7	280.4	102.8	12.1	10.0	1.3	406.7	3.8	1.7	1.5	28.8	
3rd Quarter	19.2	5.0	368.1	392.2	255.4	65.8	33.0	3.0	0.0	357.2	2.4	0.6	1.7	28.3	
4th Quarter	55.7	16.6	374.8	447.1	268.7	41.0	16.0	14.0	2.5	342.2	8.0	2.4	5.3	28.1	
2022 (b)	77.4	15.0	423.1	515.5	332.1	57.8	10.0	5.0	1.5	406.3	7.4	7.1	6.8	27.7	

Source: Central Bank of Sri Lanka

(a) Annualised Forward Premium (#) is computed using the following formula:

$$\# = \left\{ \frac{F_{t,T} - S_t}{S_t} \right\} * 100 * (12/T),$$

where $F_{t,T}$ is the forward rate for T month/s ($T=1,3$) that exists in period t and S_t is the interbank spot rate at period t.

(b) Provisional

Absorption and Supply of Foreign Exchange by the Central Bank

US\$ million

Period	Absorption (1)	Supply (2)	Net Absorption (1)-(2)
2018	556.96	1,676.63	-1,119.67
2019	593.90	206.90	387.00
2020	685.40	402.90	282.50
2021	505.76	1,252.99	-747.23
2022	2,147.65	2,715.58	-567.93
2020 1st Quarter	159.00	237.30	-78.30
2nd Quarter	130.50	107.35	23.15
3rd Quarter	339.50	29.25	310.25
4th Quarter	56.40	29.00	27.40
2021 1st Quarter	98.73	72.25	26.48
2nd Quarter	110.09	10.00	100.09
3rd Quarter	123.02	260.31	-137.29
4th Quarter	173.92	910.43	-736.51
2022 1st Quarter	535.90	800.71	-264.82
2nd Quarter	294.56	622.73	-328.17
3rd Quarter	572.41	649.14	-76.73
4th Quarter	744.79	643.00	101.79
2021 January	0.00	72.25	-72.25
February	23.42	0.00	23.42
March	75.31	0.00	75.31
April	62.81	0.00	62.81
May	13.57	10.00	3.57
June	33.71	0.00	33.71
July	37.65	0.00	37.65
August	49.38	225.50	-176.12
September	35.99	34.81	1.18
October	41.05	113.37	-72.33
November	61.71	372.35	-310.64
December	71.16	424.71	-353.55
2022 January	176.81	407.76	-230.96
February	162.34	185.34	-22.99
March	196.75	207.62	-10.87
April	149.96	244.90	-94.94
May	76.60	155.10	-78.50
June	68.00	222.73	-154.73
July	117.65	276.58	-158.93
August	215.61	200.59	15.02
September	239.15	171.97	67.18
October	251.28	259.67	-8.40
November	219.09	212.69	6.40
December	274.42	170.64	103.78

Source: Central Bank of Sri Lanka

Economic Classification of Government Fiscal Operations

Item	2013	2014	2015	2016	2017	2018	2019 (a)	2020	2021	2022 (b)
1. Total Revenue and Grants	1,153,306	1,204,621	1,460,892	1,693,558	1,839,562	1,932,459	1,898,808	1,373,308	1,463,810	2,012,589
1.1 Total Revenue	1,137,447	1,195,206	1,454,878	1,686,062	1,831,531	1,919,973	1,890,899	1,367,960	1,457,071	1,979,184
Tax	1,005,895	1,050,362	1,355,779	1,463,689	1,670,178	1,712,318	1,734,925	1,216,542	1,298,019	1,751,132
Non Tax	131,552	144,844	99,099	222,374	161,353	207,656	155,974	151,417	159,052	228,052
1.2 Grants	15,859	9,415	6,014	7,496	8,031	12,486	7,909	5,348	6,740	33,405
2. Expenditure and Net Lending	1,669,396	1,795,865	2,290,394	2,333,883	2,573,056	2,693,228	3,337,896	3,040,996	3,521,735	4,472,556
2.1 Recurrent	1,205,180	1,322,898	1,701,658	1,757,782	1,927,693	2,089,713	2,424,582	2,548,359	2,747,512	3,519,633
2.2 Capital and Net Lending	464,216	472,967	588,736	576,101	645,364	603,515	913,314	492,638	774,223	952,923
3. Current Account Balance	-67,733	-127,692	-246,779	-71,719	-96,162	-169,740	-533,683	-1,180,399	-1,290,441	-1,540,448
4. Primary Balance	-72,083	-154,849	-319,828	-29,430	2,071	91,421	-537,736	-687,386	-1,009,542	-894,777
5. Overall Fiscal Balance	-516,090	-591,244	-829,502	-640,325	-733,494	-760,769	-1,439,088	-1,667,688	-2,057,925	-2,459,967
6. Financing of Budget Deficit	516,090	591,244	829,502	640,325	733,494	760,769	1,439,088	1,667,688	2,057,925	2,459,967
6.1. Foreign Financing (Net)	123,700	212,523	236,803	391,914	439,243	323,535	542,641	-83,199	-13,901	424,822
6.2. Domestic Financing (Net)	392,390	378,721	592,699	248,411	294,251	437,234	896,448	1,750,887	2,071,826	2,035,145

(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, Economic
Stabilisation and National Policies
Central Bank of Sri Lanka

Economic Classification of Government Revenue

Item	2013	2014	2015	2016	2017	2018	2019 (a)	2020	2021	2022 (b)
1. Tax Revenue	1,005,895	1,050,362	1,355,779	1,463,689	1,670,178	1,712,318	1,734,925	1,216,542	1,298,019	1,751,132
1.1 Taxes on Foreign Trade	191,815	198,483	244,231	302,538	311,782	288,341	280,965	312,334	277,275	273,926
Import Duty	83,123	81,108	132,189	156,487	136,501	96,991	98,427	114,183	64,339	50,009
PAL/RIDL/SSCL/Other	108,692	117,375	112,042	146,051	175,280	191,351	182,538	198,151	212,935	223,917
1.2 Taxes on Domestic Goods and Services	506,906	539,023	724,282	747,147	921,244	959,365	843,355	555,718	629,812	857,459
VAT	250,757	275,350	219,700	283,470	443,760	461,740	443,877	233,786	308,213	463,072
Domestic	124,440	140,084	130,527	168,134	219,527	282,576	273,963	148,061	185,462	291,619
Imports	126,317	135,266	89,173	115,336	168,393	179,163	169,914	85,725	122,751	171,452
Excise Tax	250,700	256,691	497,652	454,952	469,500	484,287	399,478	321,932	306,861	342,523
Liquor	66,008	69,100	105,264	120,238	113,684	113,944	115,443	120,990	138,637	165,188
Tobacco/Cigarettes	58,567	57,240	80,015	88,792	86,002	92,243	87,367	94,345	88,539	104,160
Petroleum	27,131	28,732	45,092	55,719	73,983	66,318	61,740	53,111	55,339	53,074
Motor Vehicle and Other	98,994	101,618	267,282	190,203	195,831	211,781	134,927	53,486	24,346	20,101
Licence Taxes; SSCL and Other	5,449	6,983	6,929	8,726	7,984	13,339	n.a	n.a	14,738	51,864
1.3 Taxes on Net Income and Profits	205,666	198,115	262,583	258,857	274,562	310,449	427,700	268,249	302,115	534,021
Corporate	100,649	98,183	162,019	164,592	177,591	212,112	261,089(c)	214,819(c)	252,673	464,443
Non-Corporate	27,337	30,529	38,152	46,426	45,619	62,242	60,959	28,490	36,303	49,537
Tax on Interest	77,679	69,402	62,412	47,839	51,351	35,991	50,351	9,989	12,410	19,839
Capital Gains Tax	-	-	-	-	-	104	n.a	n.a	-	-
Other	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	55,302	14,951	728	202
1.4 Stamp Duty/Cess Levy/SRL/NBT/NSL/TL	101,508	114,742	124,683	155,147	162,591	154,162	182,904	80,241	88,817	85,726
2. Non Tax Revenue	131,552	144,844	99,099	222,374	161,353	207,656	155,974	151,417	159,052	228,052
2.1 Current Revenue	131,272	127,239	99,001	221,966	161,353	207,656	155,974	151,417	159,052	228,052
Property Income	75,686	73,828	39,055	131,198	67,922	73,820	46,404	60,984	57,158	71,287
Rent	2,331	5,669	2,823	10,980	4,450	5,591	4,727	12,055	5,090	5,862
Interest	9,664	7,978	4,498	4,826	7,395	8,140	13,819	7,297	6,466	7,326
Profits and Dividends	35,169	46,814	29,798	108,160	53,998	41,828	27,857	17,624	30,591	28,092
National Lotteries Board and Other Transfers	2,173	1,868	1,936	2,231	2,079	3,261	n.a	n.a	-	-
Central Bank Profit Transfers	26,350	11,500	-	5,000	-	15,000	-	24,009	15,012	30,007
Social Security Contributions	15,145	14,919	15,213	18,046	22,940	25,215	28,985	32,417	34,619	37,416
Fees and Administration Charges	37,768	35,499	42,398	68,365	66,635	101,132	73,884	47,370	42,645	90,050
Other	2,673	2,993	2,334	4,357	3,855	7,490	6,701	10,646	24,630	29,300
2.2 Capital Revenue (d)	280	17,604	98	407	-	-	-	-	-	-
Total	1,137,447	1,195,206	1,454,878	1,686,062	1,831,531	1,919,973	1,890,899	1,367,960	1,457,071	1,979,184

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

(b) Provisional

(c) Includes Capital Gain Tax (CGT)

(d) Sale of capital goods

Note : Value Added Tax (VAT), Ports and Airports Development Levy (PAL), Regional Infrastructure Development Levy (RIDL), Special Commodity Levy (SCL), Social Responsibility Levy (SRL), Nation Building Tax (NBT), National Security Levy (NSL), National Security Contribution Levy (SSCL) and Telecommunication Levy (TL)

Source: Ministry of Finance, Economic Stabilisation and National Policies

Economic Classification of Government Expenditure and Lending Minus Repayments

Item	2013	2014	2015	2016	2017	2018	2019 (a)	2020	2021	2022 (b)
1. Recurrent Expenditure	1,205,180	1,322,898	1,701,658	1,757,782	1,927,693	2,089,713	2,424,582	2,548,359	2,747,512	3,519,633
1.1 Expenditure on Goods and Services	512,624	568,829	772,563	746,250	756,591	806,002	848,278	974,351	1,014,612	1,139,066
Salaries and Wages	393,228	440,982	561,730	576,471	588,518	626,045	686,452	794,158	845,680	956,210
Civil Administration	218,256	255,373	323,287	334,306	342,371	374,567	420,300	509,555	553,492	636,331
Defence	174,972	185,609	238,443	242,165	246,148	251,478	266,152	284,603	292,188	319,880
Other Purchases of Goods and Services	119,396	127,847	210,834	169,779	168,072	179,957	161,826	180,193	168,932	182,856
Civil Administration	78,117	52,383	144,079	108,286	102,420	116,850	82,489	100,006	82,079	85,402
Defence	41,279	75,463	66,755	61,493	65,652	63,107	79,338	80,187	86,853	97,455
1.2 Interest Payments	444,007	436,395	509,674	610,895	735,566	852,190	901,353	980,302	1,048,382	1,565,190
Foreign	100,985	108,461	115,386	126,713	164,942	212,708	233,970	266,679	253,750	128,621
Domestic	343,022	327,934	394,289	484,182	570,623	639,482	667,383	713,623	794,633	1,436,569
1.3 Transfer Payments	248,549	317,674	419,420	400,637	435,536	431,521	551,524	717,133	684,518	815,376
Households	195,288	251,665	345,483	317,153	350,420	342,546	456,241	610,486	595,696	719,467
Non-Financial Public Enterprises	13,854	19,431	27,929	33,220	30,728	27,330	26,153	17,712	17,110	28,949
Institutions and Other	39,407	46,577	46,009	50,264	54,389	61,646	69,130	88,936	71,712	66,961
1.4 Adjustment for arrears as per the Ministry of Finance	-	-	-	-	-	-	123,428	-123,428	-	-
2. Capital Expenditure	454,303	459,855	588,175	577,036	638,343	612,561	619,069	795,368	767,606	715,429
2.1 Acquisition of Fixed Assets	252,535	252,303	313,260	328,202	360,333	355,763	385,366	483,543	438,753	445,521
2.2 Capital Transfers	201,768	207,551	274,916	248,834	278,010	256,798	239,688	307,917	326,578	268,601
Public Institutions	143,504	147,166	197,712	184,689	215,508	200,265	200,172	254,384	265,074	229,425
Non-Financial Public Enterprises	27,193	28,322	42,473	32,066	26,377	29,474	20,704	34,365	27,801	19,194
Sub National Governments	29,692	31,547	34,063	29,887	34,511	23,481	18,812	19,168	33,704	19,982
Abroad	1,379	516	668	2,191	1,614	3,579	n.a.	n.a.	-	-
2.3 Other	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-5,985	3,907	2,275	1,308
3. Lending Minus Repayments	9,913	13,112	561	-934	7,021	-9,046	-4,933	-3,552	6,617	237,495
3.1 Net Lending through Advance Accounts	-1,019	1,249	-1,070	708	4,396	4,129	1,172	-529	-257	-887
3.2 Lending to Public Enterprises	26,901	26,756	14,592	16,977	19,043	12,408	12,166	16,405	22,030	298,864
3.3 Loan Repayments in Public Enterprises	-15,969	-14,892	-12,961	-18,619	-16,418	-25,584	-18,271	-19,429	-15,156	-60,483
4. Adjustment for arrears on capital expenditure as per the Ministry of Finance	-	-	-	-	-	-	299,178	-299,178	-	-
Total	1,669,396	1,795,865	2,290,394	2,333,883	2,573,056	2,693,228	3,337,896	3,040,996	3,521,735	4,472,556

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

(b) Provisional

Source: Ministry of Finance, Economic Stabilisation and National Policies

Voted Expenditure of the Government of Sri Lanka - 2022

Rs. million

Ministry (a)	Recurrent			Capital		
	Revised Estimates (b)	Actual Expenditure	% of Under (-) / Over(+) Expenditure	Revised Estimates (b)	Actual Expenditure	% of Under (-) / Over(+) Expenditure
1 HE the President, Prime Minister, Judges of the Supreme Court etc.	12,467	11,730	-5.9	1,102	933	-15.3
2 Ministry of Buddhasasana, Religious and Cultural Affairs	5,712	5,149	-9.9	1,166	836	-28.3
3 Ministry of Finance, Economic Stabilisation and National Policies (c)	1,664,549	1,713,980	3.0	1,695,060	1,648,230	-2.8
4 Ministry of Defence	341,510	325,307	-4.7	34,815	27,820	-20.1
5 Ministry of Mass Media	20,402	19,869	-2.6	860	432	-49.7
6 Ministry of Justice, Prison Affairs and Constitutional Reforms	23,237	22,297	-4.0	8,589	4,817	-43.9
7 Ministry of Health	210,993	209,295	-0.8	37,077	33,424	-9.9
8 Ministry of Foreign Affairs	17,393	14,705	-15.5	467	94	-80.0
9 Ministry of Trade, Commerce and Food Security	4,608	4,107	-10.9	4,764	4,253	-10.7
10 Ministry of Transport and Highways	34,283	35,095	2.4	273,025	224,234	-17.9
11 Ministry of Agriculture	120,346	81,401	-32.4	18,865	30,477	61.6
12 Ministry of Power and Energy	760	650	-14.4	269,036	266,793	-0.8
13 Ministry of Tourism and Lands	7,119	6,791	-4.6	3,288	2,276	-30.8
14 Ministry of Urban Development and Housing	2,984	3,189	6.9	22,221	22,250	0.1
15 Ministry of Education	168,010	161,814	-3.7	33,908	25,559	-24.6
16 Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government	744,728	715,818	-3.9	51,946	40,529	-22.0
17 Ministry of Plantation Industries	4,943	4,737	-4.2	10,979	7,757	-29.3
18 Ministry of Industries	2,253	1,933	-14.2	2,341	1,735	-25.9
19 Ministry of Fisheries	2,853	3,487	22.2	3,519	2,729	-22.5
20 Ministry of Environment	1,219	1,223	0.3	463	288	-37.8
21 Ministry of Wildlife and Forest Resources Conservation	4,511	4,341	-3.8	3,083	2,955	-4.2
22 Ministry of Water Supply	764	719	-5.9	30,099	31,225	3.7
23 Ministry of Women, Child Affairs and Social Empowerment	112,420	69,731	-38.0	3,930	4,137	5.3
24 Ministry of Ports, Shipping and Aviation	1,032	960	-7.0	4,777	1,940	-59.4
25 Ministry of Technology	2,653	2,391	-9.9	2,862	1,722	-39.8
26 Ministry of Investment Promotion	2,155	2,123	-1.5	1,813	1,523	-16.0
27 Ministry of Public Security	105,767	101,030	-4.5	7,107	5,377	-24.3
28 Ministry of Labour and Foreign Employment	4,497	4,296	-4.5	715	474	-33.7
29 Ministry of Sports and Youth Affairs	4,530	3,935	-13.1	1,446	973	-32.7
30 Ministry of Irrigation	7,257	7,134	-1.7	66,075	50,954	-22.9
Total	3,635,953	3,539,237	-186.6	2,595,397	2,446,748	-634.5

(a) The list of Ministries is based on Revised Budget Estimates for 2022 (Interim Budget)

(b) As per the Revised Budget Estimates for 2022 (Interim Budget)

(c) Includes debt service payments

Source: Ministry of Finance, Economic Stabilisation and National Policies

Voted Expenditure of the Government of Sri Lanka - 2023 (a)

Rs. million

Ministry	2023	
	Approved Estimates	
	Recurrent Expenditure	Capital Expenditure
1 HE the President, Prime Minister, Judges of the Supreme Court etc.	23,766	1,475
2 Ministry of Buddhasasana, Religious and Cultural Affairs	6,355	1,585
3 Ministry of Finance, Economic Stabilisation and National Policies (b)	2,411,133	2,354,723
4 Ministry of Defence	359,648	49,980
5 Ministry of Mass Media	25,360	2,780
6 Ministry of Justice, Prisons Affairs and Constitutional Reforms	27,500	5,800
7 Ministry of Health	267,500	55,000
8 Ministry of Foreign Affairs	18,600	400
9 Ministry of Trade, Commerce and Food Security	1,740	4,337
10 Ministry of Transport and Highways	49,494	325,249
11 Ministry of Agriculture	81,000	34,370
12 Ministry of Power and Energy	1,000	36,200
13 Ministry of Tourism and Lands	7,500	3,850
14 Ministry of Urban Development and Housing	4,048	44,444
15 Ministry of Education	184,100	48,060
16 Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government	847,617	73,637
17 Ministry of Plantation Industries	5,850	8,800
18 Ministry of Industries	3,179	5,871
19 Ministry of Fisheries	2,950	3,600
20 Ministry of Environment	1,564	659
21 Ministry of Wildlife and Forest Resources Conservation	4,956	3,715
22 Ministry of Water Supply	970	73,404
23 Ministry of Women, Child Affairs and Social Empowerment	149,000	3,250
24 Ministry of Ports, Shipping and Aviation	1,516	2,160
25 Ministry of Technology	5,697	1,843
26 Ministry of Investment Promotion	855	1,370
27 Ministry of Public Security	121,496	16,772
28 Ministry of Labour and Foreign Employment	4,920	1,953
29 Ministry of Sports and Youth Affairs	6,050	4,200
30 Ministry of Irrigation	8,900	75,750
Total	4,634,263	3,245,236

(a) As per the approved Budget Estimates for 2023

(b) Includes debt service payments

Source: Ministry of Finance, Economic Stabilisation and National Policies

Current Transfers to Public Corporations and Institutions

Rs. million

Public Corporations and Institutions	2013	2014	2015	2016	2017	2018	2019 (a)	2020 (a)	2021	2022 (b)
AGRICULTURE AND IRRIGATION	3,731.5	6,123.1	7,503.7	8,148.0	8,194.4	8,637.5	8,795.0	9,532.4	10,053.8	10,637.9
Agriculture and Agrarian Insurance Board	138.0	2,100.3	2,276.0	2,690.0	2,760.0	2,835.0	3,203.0	3,590.0	4,000.0	4,158.0
Coconut Development Authority	82.0	96.5	110.0	124.5	121.5	145.0	148.5	165.0	134.5	142.0
Coconut Cultivation Board	279.1	301.3	392.0	415.0	424.5	448.0	460.0	479.0	500.0	394.5
Coconut Research Institute	155.3	171.7	186.2	206.3	207.6	236.9	241.1	257.5	257.3	257.4
Hector Kobbekaduwa Agrarian Research and Training Institute	120.9	124.8	152.5	155.2	135.8	157.7	175.0	154.7	181.4	188.0
Mahaweli Authority of Sri Lanka	1,800.0	1,970.0	2,555.6	2,680.0	2,630.0	2,694.4	2,300.0	2,610.0	2,700.0	3,090.0
National Institute of Plantation Management	18.7	24.8	28.5	39.0	40.0	50.0	54.0	57.8	59.4	64.0
Rubber Research Institute	195.8	252.5	342.2	359.8	386.8	372.3	403.7	414.0	423.5	394.7
Sri Lanka Cashew Corporation	52.5	50.0	66.1	48.0	54.0	50.0	60.0	60.0	64.8	77.5
Sugarcane Research Institute	n.a.	n.a.	259.5	250.0	205.1	238.3	231.0	233.6	262.4	251.0
Sri Lanka Tea Board	120.0	132.0	143.0	147.5	153.5	165.8	160.0	160.0	180.0	164.2
Tea Research Institute	252.1	299.7	341.3	338.0	374.9	374.4	379.0	387.7	383.5	419.9
Tea Small Holdings Development Authority	225.3	266.7	319.7	335.2	329.5	373.5	411.1	413.0	412.5	443.6
Other	328.8	377.8	330.9	359.5	371.2	496.1	568.7	550.1	494.5	593.1
ENERGY AND WATER SUPPLY	123.1	123.5	293.2	366.8	395.8	404.8	738.5	689.0	379.5	448.8
Sri Lanka Atomic Energy Board	43.0	41.5	49.0	103.4	75.9	84.0	95.6	88.0	27.0	48.0
Sri Lanka Sustainable Energy Authority	80.1	82.0	85.2	83.4	93.0	97.8	103.4	113.1	131.7	113.3
Water Resources Board	83.1	87.0	141.0	155.0	198.0	185.0	180.4	181.5	171.8	191.6
Other	-	-	18.0	25.0	29.0	38.0	359.1	306.4	49.0	95.9
FISHERIES	483.3	724.6	1,021.0	1,178.3	1,116.2	1,171.6	1,182.9	1,273.9	1,395.2	1,467.6
Ceylon Fishery Harbours Corporation	108.0	313.4	434.4	470.0	471.0	400.0	400.0	417.5	490.0	511.0
National Aquatic Resources, Research and Development Agency	166.9	196.0	273.6	290.7	302.2	391.6	350.0	360.9	412.2	400.5
Other	208.4	215.2	313.1	417.6	343.1	380.0	432.9	495.5	493.1	556.1
MANUFACTURING AND MINING	279.6	311.4	366.1	375.4	388.1	423.7	632.2	499.8	627.5	592.4
Industrial Development Board	231.0	250.0	296.8	286.0	278.0	295.0	350.0	381.3	465.8	505.4
Gem and Jewellery Research and Training Institution	32.1	43.4	47.1	58.6	62.4	79.9	85.0	78.0	77.1	87.0
Other	16.4	18.0	22.3	30.8	47.7	48.8	197.2	40.6	84.7	-
TRADE AND COMMERCE	727.0	840.0	891.7	956.4	1,012.8	1,100.2	1,229.6	1,160.7	1,382.8	1,411.6
Consumer Affairs Authority	226.4	250.0	287.7	292.0	384.1	490.0	500.9	477.3	499.0	547.0
National Craft Council	88.0	107.8	134.8	144.3	146.5	84.3	149.9	149.1	159.2	174.6
Paddy Marketing Board	40.0	66.5	70.3	88.0	96.0	131.8	132.3	119.3	144.6	131.6
Sri Lanka Export Development Board	255.0	265.0	270.0	270.0	245.0	276.1	320.0	290.3	405.7	317.8
Other	117.7	150.7	128.9	162.2	141.2	118.0	126.6	124.8	174.3	240.7
TRANSPORT AND COMMUNICATIONS (c)	5,704.3	8,223.2	12,703.1	17,440.9	14,320.0	11,894.4	3,161.7	2,102.9	1,409.9	951.9
National Transport Commission	370.0	493.0	534.0	403.5	393.1	400.0	581.8	402.0	271.0	725.0
Sri Lanka Broadcasting Corporation	127.9	225.0	350.0	365.0	350.7	360.0	365.0	420.0	345.0	-
Sri Lanka Transport Board	5,098.7	7,390.9	11,699.7	16,539.9	13,385.5	11,004.0	2,054.0	500.0	400.0	-
Other	107.8	114.3	119.4	132.5	190.8	130.4	161.0	780.9	393.9	226.9
OTHER	34,191.9	40,677.2	38,477.7	42,437.8	46,496.2	53,188.6	66,656.8	73,074.3	78,003.0	81,873.0
Buddhist and Pali University of Sri Lanka	134.8	165.5	222.6	247.4	272.1	260.0	320.0	445.5	417.0	461.9
National Apprenticeship and Industrial Training Authority	564.0	650.0	685.0	768.0	890.8	1,175.1	1,162.0	1,083.5	1,093.5	1,188.5
National Institute of Education	226.8	250.0	338.0	304.5	330.0	416.0	448.0	494.0	495.0	560.0
National Engineering Research and Development Centre	161.0	164.5	198.2	214.8	241.7	120.0	140.0	270.0	280.7	301.8
National Youth Services Council	589.3	634.7	820.0	850.0	918.2	999.9	1,088.7	1,211.7	1,201.4	1,175.0
Sir John Kotelawala Defence University	432.9	649.4	980.8	1,029.9	1,279.8	1,626.2	1,409.3	1,501.0	1,685.0	1,932.1
Sri Jayewardanepura General Hospital	999.6	1,700.6	920.1	1,300.0	1,300.0	1,659.0	1,750.0	2,612.0	1,964.6	2,280.0
University Grants Commission	1,041.1	1,165.5	1,747.8	1,704.5	1,823.0	444.0	528.0	623.0	609.7	542.0
University of Peradeniya	2,516.2	3,255.0	4,081.0	4,350.0	4,349.3	5,351.0	6,799.0	7,372.0	7,531.0	7,790.0
University of Colombo	1,490.7	1,918.0	2,238.0	2,397.0	2,533.3	3,272.5	4,135.7	4,439.5	4,709.0	4,865.0
University of Sri Jayewardanepura	1,541.9	1,856.0	2,360.0	2,537.7	2,907.8	3,590.0	4,589.0	4,975.0	5,395.0	5,715.0
University of Kelaniya	1,567.0	1,815.0	2,244.0	2,430.0	2,550.1	3,030.0	3,775.0	4,089.0	4,128.0	4,443.0
University of Moratuwa	1,045.9	1,280.0	1,579.0	1,724.0	1,950.5	2,329.4	2,756.9	2,875.0	3,185.0	3,317.0
University of Jaffna/Vauniya Campus	1,037.9	1,337.0	1,722.0	2,007.0	2,205.0	2,574.2	3,363.5	3,567.0	3,879.0	3,709.0
University of Ruhuna	1,400.8	1,695.0	2,152.0	2,242.6	2,390.3	2,833.0	3,755.0	4,027.0	4,308.0	4,430.0
Vocational Training Authority of Sri Lanka	836.6	925.2	1,162.0	1,286.5	1,311.4	1,480.5	1,591.5	1,562.3	1,531.0	1,744.2
Other	18,605.6	21,215.7	6,037.8	17,043.8	19,243.1	22,027.9	29,045.2	31,926.8	35,590.2	37,418.5
Total	45,240.8	57,022.9	61,256.4	70,903.6	71,923.6	76,820.8	82,396.6	88,333.0	93,251.8	97,383.3

(a) Figures for 2019 and 2020 may differ from those appearing in Appendix Table 99 of this Report due to the adjustment for arrears as per the Ministry of Finance

(b) Provisional

(c) Operational losses of the Department of Sri Lanka Railways and the Department of Posts are excluded

Source: Ministry of Finance,
Economic Stabilisation
and National Policies

Capital Transfers to Public Corporations and Institutions

Rs. million

Public Corporations and Institutions	2013	2014	2015	2016	2017	2018	2019 (a)	2020 (a)	2021	2022 (b)
AGRICULTURE AND IRRIGATION	2,610.7	3,893.3	2,618.3	3,033.9	3,004.2	3,136.1	2,794.0	3,091.2	5,281.4	1,093.6
Coconut Development Authority	71.8	102.6	84.9	89.0	82.0	117.9	33.5	49.3	7.0	-
Coconut Cultivation Board	400.8	499.4	456.6	561.3	640.0	699.0	568.0	800.0	734.3	228.0
Coconut Research Institute	62.7	66.8	76.0	53.6	50.0	53.5	43.7	65.0	70.0	10.0
Mahaweli Authority of Sri Lanka	1,300.7	1,089.0	825.0	1,053.0	1,253.7	1,108.0	950.0	720.0	2,421.6	400.0
National Institute of Plantation Management	23.1	21.5	18.2	32.7	19.9	31.0	21.0	25.8	34.0	16.0
Rubber Research Institute	53.4	68.0	63.6	84.8	51.0	87.0	80.5	111.7	111.7	20.4
Sri Lanka Cashew Corporation	48.7	39.5	35.0	40.0	54.0	66.5	70.0	84.7	64.0	29.0
Sri Lanka Council for Agricultural Research Policy	16.3	20.4	1.0	8.8	16.1	14.4	15.0	1.0	13.5	8.1
Tea Research Institute	87.3	86.0	79.7	71.0	61.5	61.5	52.8	77.5	78.6	27.0
Tea Small Holdings Development Authority	294.8	476.3	650.0	674.3	455.0	617.0	685.0	1,088.0	1,369.0	156.0
Other	251.1	1,423.8	328.5	365.5	321.0	280.3	274.5	68.3	377.7	199.1
ENERGY AND WATER SUPPLY	22,840.2	23,193.5	5,239.9	13,925.8	3,677.2	1,377.8	32,390.8	117,465.5	49,049.1	58,534.1
Sri Lanka Atomic Energy Board	202.5	371.9	350.9	35.2	22.4	43.4	61.6	163.0	96.6	9.8
National Water Supply and Drainage Board	22,579.1	22,729.7	4,822.1	1,690.7	1,939.9	1,251.8	546.9	58,829.8	45,119.0	25,287.1
Sri Lanka Sustainable Energy Authority	43.6	54.1	38.2	60.0	64.9	59.6	65.6	75.9	106.9	9.3
Water Resources Board	15.1	37.8	28.6	34.0	27.9	18.8	21.1	6.5	8.2	7.4
Other	-	-	-	12,105.9	1,622.1	4.2	31,695.6	58,390.3	3,718.5	33,220.5
FISHERIES	277.8	295.0	350.0	903.0	525.4	544.9	410.8	520.0	310.3	56.0
Ceylon Fishery Harbours Corporation	76.0	100.0	110.0	145.0	181.0	197.9	136.9	234.0	194.6	36.0
National Aquatic Resources, Research and Development Agency	118.3	100.0	140.0	185.0	172.0	97.0	102.0	82.0	65.5	10.0
National Aquaculture Development Authority of Sri Lanka	83.5	95.0	100.0	150.0	172.4	250.0	171.9	204.0	50.2	10.0
MANUFACTURING AND MINING	70.9	110.4	95.7	145.1	163.0	202.6	202.9	86.1	83.8	36.1
Industrial Development Board	25.0	35.0	45.0	45.0	55.0	65.1	117.4	52.6	32.2	24.0
Gem and Jewellery Research and Training Institution	29.6	35.4	20.4	42.8	34.9	51.7	32.0	9.0	5.0	2.0
Other	16.4	40.0	30.3	57.2	73.1	85.8	53.5	24.5	46.5	10.1
TRADE AND COMMERCE	404.1	519.7	510.4	470.4	580.3	510.6	337.7	212.2	333.6	139.6
Sri Lanka Export Development Board	229.0	253.0	192.8	100.0	113.0	257.6	148.5	58.0	87.0	35.9
Paddy Marketing Board	81.1	175.0	155.0	150.0	150.0	177.5	70.0	78.0	-	-
Other	94.0	91.7	162.7	220.4	317.3	75.6	119.2	76.2	246.6	103.7
TRANSPORT AND COMMUNICATIONS	131,409.8	129,949.6	180,813.9	150,580.7	195,317.2	175,077.2	159,348.2	227,789.7	206,812.4	194,829.3
National Transport Commission	48.5	137.0	151.0	48.9	44.0	3.3	-	-	-	-
Road Development Authority	130,084.8	127,657.6	177,768.8	145,795.8	191,761.0	172,552.2	156,410.2	226,067.7	205,425.0	194,026.8
Sri Lanka Broadcasting Corporation	28.7	218.0	230.3	185.3	185.6	19.7	126.0	38.1	-	-
Sri Lanka Transport Board	1,237.2	1,877.3	2,632.8	4,529.7	3,320.1	2,395.8	2,649.6	1,425.7	1,311.2	749.6
Other	10.6	59.7	31.0	21.0	6.5	106.3	162.4	258.2	76.2	52.9
OTHER	13,083.5	17,526.7	50,556.1	47,696.6	38,617.6	48,889.4	17,863.1	16,747.5	12,428.1	4,271.4
National Apprenticeship and Industrial Training Authority	121.7	195.5	59.4	94.4	78.8	142.3	55.5	43.3	40.1	68.0
National Science Foundation	135.1	236.9	234.8	231.8	243.0	283.3	307.2	59.0	61.7	16.0
National Youth Services Council	489.5	613.0	420.0	475.0	467.8	771.0	655.0	528.6	508.0	81.7
Sri Jayewardanepura General Hospital	282.4	190.2	265.7	553.0	509.6	958.2	590.0	193.0	316.4	44.9
Urban Development Authority	1,025.0	1,346.8	1,070.6	607.9	690.7	636.0	1,009.5	1,054.0	1,306.9	-
University Grants Commission	152.1	299.3	238.6	195.3	203.4	84.0	120.1	440.0	283.0	138.0
University of Peradeniya	494.3	1,085.8	898.0	1,513.0	800.0	1,308.0	785.0	978.0	496.1	235.0
University of Colombo	359.2	628.1	615.0	632.0	765.0	565.0	705.0	433.0	395.0	126.5
University of Sri Jayewardanepura	454.6	947.6	875.0	1,197.2	799.7	1,504.1	605.5	1,038.0	800.0	450.0
University of Kelaniya	280.5	570.0	700.0	881.0	666.0	745.0	443.5	308.0	120.0	174.8
University of Moratuwa	261.8	714.0	640.0	1,353.5	725.0	552.0	400.0	423.0	374.9	140.2
University of Jaffna/Vauniya Campus	465.9	1,140.0	721.0	1,181.0	777.5	864.5	630.0	373.0	449.4	215.0
University of Ruhuna	499.5	608.0	535.0	985.0	655.0	629.0	340.0	397.0	357.5	156.0
University of Vocational Technology - UNIVOTEC	76.0	96.1	77.6	143.0	132.0	187.5	133.8	86.0	29.7	46.2
Other	7,986.1	8,855.4	43,205.5	37,653.6	31,104.2	39,659.5	11,083.1	10,393.6	6,889.4	2,379.2
Total	170,697.0	175,488.2	240,184.3	216,755.5	241,884.9	229,738.6	213,347.5	365,912.1	274,298.7	258,960.2

(a) Figures for 2019 and 2020 may differ from those appearing in Appendix Table 99 of this Report due to the adjustment for arrears as per the Ministry of Finance
(b) Provisional

Source: Ministry of Finance,
Economic Stabilisation
and National Policies

Composition of Outstanding Central Government Debt (as at end year)

Source	Rs. million										
	2013	2014	2015	2016	2017	2018	2019 (a)	2020 (a)	2021 (a)	2022 (a)(b)(c)	
1. Foreign Debt (d)	2,960,424	3,113,116	3,544,031	4,045,796	4,718,618	5,959,547	6,201,283	6,052,179	6,516,958	12,458,155	
1.1 Project Loans	1,938,909	1,904,599	2,180,388	2,361,118	2,610,547	3,149,905	3,231,464	3,458,461	3,789,126	7,347,329	
1.2 Non-Project Loans	1,021,515	1,208,516	1,363,642	1,684,678	2,108,070	2,809,642	2,969,819	2,593,718	2,727,832	5,110,826	
Commodity	61,597	69,993	71,470	69,101	62,727	63,267	52,312	43,023	34,904	183,082	
Other	959,918	1,138,523	1,292,173	1,615,577	2,045,344	2,746,375	2,917,507	2,550,695	2,692,927	4,927,744	
2. Domestic Debt	3,928,788	4,373,746	5,055,159	5,433,073	5,664,215	6,071,001	6,830,260	9,065,068	11,097,223	15,033,876	
2.1 Rupee Loans	55,518	55,518	24,088	24,088	24,088	24,088	24,088	24,088	24,088	24,088	
2.2 Treasury Bills (e)	700,137	694,767	658,240	779,581	697,154	746,887	873,943	1,620,705	2,270,508	4,113,907	
2.3 Treasury Bonds (f)	2,548,323	2,940,017	3,401,211	3,806,353	3,892,408	4,197,323	4,606,232	5,713,300	6,966,218	8,709,057	
2.4 Sri Lanka Development Bonds (g)	369,215	391,083	668,458	572,199	637,886	614,219	559,284	486,870	455,203	382,092	
2.5 International Sovereign Bonds (g)(h)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	202,099	415,756	372,612	635,443	
2.6 Central Bank Advances	109,167	143,898	151,132	83,307	199,801	198,633	236,609	153,079	150,129	235,639	
2.7 Other (i)(j)(k)	146,428	148,463	152,030	167,546	212,878	289,851	328,006	651,269	858,466	933,651	
Total	6,889,212	7,486,862	8,599,190	9,478,869	10,382,832	12,030,548	13,031,543	15,117,247	17,614,181	27,492,031	

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

(b) Provisional

(c) 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, Economic Stabilization and National Policies. 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 SLDBs.

(d) Foreign loan debt statistics and classification of foreign debt for 2021 and 2022 are prepared based on the data sourced from the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) maintained by the Ministry of Finance, Economic Stabilisation and National Policies, and extracted on 09 and 10 March 2023.

(e) Excludes outstanding Treasury bills held by non resident investors.

(f) Excludes Treasury bonds held by non resident investors and includes Government Treasury bonds of Rs. 4,397 million issued for CWE in November 2003 (matured on 14 November 2016) and Rs. 13,125 million issued to capitalise SriLankan Airlines in March 2013 (matured on 01 June 2018) and Rs. 78,441 million issued for CPC in January 2012 of which Rs. 21,778 million matured on 01 January 2017 and Rs. 25,217 million matured on 01 January 2022 and the current outstanding is Rs. 31,446 million.

(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.

(h) Represents ISB outstanding owned by the Licensed Commercial Banks

(i) Data for 2022 includes outstanding balance of the government guaranteed foreign currency debt of the Ceylon Petroleum Corporation that was absorbed into central government debt w.e.f. December 2022, which amounted to Rs. 884,093.4 million

(j) Includes liabilities of the central government to commercial banks reported in the Monetary Survey of the Central Bank

(k) Includes administrative borrowings arising from foreign loans channelled through government or semi-government agencies and outstanding borrowings from OBU.

Sources: Ministry of Finance, Economic Stabilisation and National Policies
Central Bank of Sri Lanka

Ownership of Central Government Debt (as at end year)

Owner	2018	2019 (a)	2020 (a)	2021 (a)	2022 (a)(b)(c)
1. Domestic Debt (d)(e)(f)	6,071,001	6,830,260	9,065,068	11,097,223	15,033,876
1.1 Banking Sector (Excluding Licensed Specialised Banks)	2,171,879	2,737,223	4,542,155	5,247,919	8,525,718
Central Bank	244,129	310,909	876,818	1,565,494	2,833,607
Commercial Banks (g)	1,927,750	2,426,313	3,665,337	3,682,425	5,692,111 (h)
1.2 Non Bank Sector (g)(i)	3,466,671	3,825,703	4,210,099	4,822,098	6,164,063
Licensed Specialised Banks	410,401	537,175	707,538	807,352	821,593
Licensed Finance Companies	27,633	24,807	12,821	20,401	58,297
Corporations (i)	102,684	90,438	60,592	86,324	393,536
Insurance companies	191,127	198,018	215,737	267,738	373,766
Superannuation Funds (k)	2,501,306	2,751,295	2,998,034	3,378,200	3,953,808
Government Institutes, Funds and State Owned Enterprises (l)	152,527	155,808	132,340	170,757	240,282
Local Individual and others (m)	80,690	68,162	83,038	91,326	322,782
1.3 Repurchase Transaction allocations (n)	432,451	267,334	312,814	1,027,207	344,096 (o)
2. Foreign Debt (p)(q)(r)	5,959,547	6,201,283	6,052,179	6,516,958	12,458,155
Total	12,030,548	13,031,543	15,117,247	17,614,181	27,492,031

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

(b) Provisional

(c) 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, Economic Stabilization and National Policies. 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 payment in relation to SLDBs.

(d) Excludes Treasury bills held by non resident investors

(e) Excludes Treasury bonds held by non resident investors and includes Government Treasury bonds of Rs. 78,441 million issued for CPC in January 2012, of which Rs. 21,778 million matured on 01 January 2017 and Rs. 25,217 million matured on 01 January 2022 and the current outstanding is Rs. 31,446 million.

(f) The composition of domestic debt held by the banking and non banking sectors was revised from 2016 due to the adjustment for holdings of SLDBs by businesses and individuals.

(g) Revised

(h) Includes outstanding balance of the government guaranteed foreign currency debt of the Ceylon Petroleum Corporation that was absorbed into central government debt w.e.f. December 2022, which amounted to Rs. 884,093.4 million

(i) Institution wise classification was revised from the Annual Report 2022 based on the records of the Central Depository System and the data for 2018-2021 have been revised accordingly.

(j) Includes the holdings of Standalone Primary Dealers, leasing companies, private companies, mutual funds, etc

(k) Includes the holdings of EPF, ETF, pension funds, provident funds, etc

(l) Includes the holdings of Government authorities, Government departments, Ministries, etc

(m) Includes the holdings of societies, clubs, associations, etc

(n) Includes securities holdings under Repurchase agreements for which the absolute ownership could not be established

(o) Holdings under repurchase transactions with respect to Open Market Operations, have been allocated to the respective Licensed Commercial Bank or Standalone Primary Dealer

(p) Includes rupee denominated Treasury bills and Treasury bonds held by foreign investors

(q) Foreign loan debt statistics and classification of foreign debt for 2021 and 2022 are prepared based on the data sourced from the CS-DRMS maintained by the Ministry of Finance, Economic Stabilisation and National Policies, and extracted on 09 and 10 March 2023.

(r) 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.

Sources: Ministry of Finance, Economic Stabilisation and National Policies
Central Bank of Sri Lanka

Ownership of Treasury Bills (as at end year) (a)

Rs. million

Owner	2018	2019	2020	2021	2022 (b)
1. Bank Sector (Excluding Licensed Specialised Banks) (c)	500,272	654,718	1,424,557	1,959,878	3,233,025
1.1 Central Bank	44,234	25,873	654,611	1,391,281	2,575,717
1.2 Licensed Commercial Banks	456,038	628,846	769,946	568,597	657,308
2. Non Bank Sector (c)	176,319	137,043	145,416	220,481	837,279
2.1 Licensed Specialised Banks	22,848	28,295	45,528	45,763	66,122
2.2 Licensed Finance Companies	25,310	22,856	9,095	17,262	47,109
2.3 Corporations (d)	22,145	25,790	26,341	53,103	240,270
2.4 Insurance companies	23,713	15,526	26,250	40,089	63,481
2.5 Superannuation Funds (e)	53,215	16,274	12,031	21,932	227,606
2.6 Government Institutes, Funds and State Owned Enterprises (f)	10,149	12,502	10,388	14,367	32,749
2.7 Local Individual	16,512	14,335	14,121	24,133	153,777
2.8 Other (g)	2,427	1,466	1,662	3,832	6,164
3. Repurchase Transaction allocations (h)	70,297	82,182	50,731	90,149	43,604 (i)
4. Foreign Investors	11,909	23,727	670	204	12,476
Total	758,796	897,670	1,621,375	2,270,712	4,126,384

(a) Institution wise classification changed from the Annual Report 2022 and the figures are based on records of the Central Depository System and the data for 2018-2021 have been revised accordingly.

Source: Central Bank of Sri Lanka

(b) Provisional

(c) Revised

(d) Includes the holdings of Standalone Primary Dealers, leasing companies, private companies, mutual funds, etc.

(e) Includes the holdings of EPF, ETF, pension funds, provident funds, etc.

(f) Includes the holdings of Government authorities, Government departments, Ministries, etc.

(g) Includes the holdings of societies, clubs, associations, etc.

(h) Includes Securities holdings under Repurchase agreements for which the 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

TABLE 107

Ownership of Treasury Bonds (as at end year) (a)(b)

Rs. million

Owner	2018	2019	2020	2021	2022 (c)
1. Bank Sector (Excluding Licensed Specialised Banks) (d)	583,179	776,099	1,437,457	1,484,654	3,138,486
1.1 Central Bank (e)	1,563	48,872	70,575	25,471	22,461
1.2 Licensed Commercial Banks	581,616	727,227	1,366,883	1,459,183	3,116,024
2. Non Bank Sector (d)	3,251,990	3,644,981	4,013,761	4,544,506	5,270,079
2.1 Licensed Specialised Banks	385,553	506,880	660,010	759,589	753,470
2.2 Licensed Finance Companies	2,324	1,951	3,725	3,139	11,188
2.3 Corporations (f)	80,539	64,648	34,251	33,221	153,266
2.4 Insurance companies	167,717	182,492	189,487	227,648	310,285
2.5 Superannuation Funds (g)	2,441,972	2,728,902	2,979,885	3,350,151	3,720,084
2.6 Government Institutes, Funds and State Owned Enterprises (h)	142,378	143,306	121,952	156,390	207,532
2.7 Local Individual	18,430	13,751	12,925	13,435	101,744
2.8 Other (i)	13,076	3,050	11,526	933	12,509
3. Repurchase Transaction allocations (j)	362,154	185,152	262,082	937,058	300,492 (k)
4. Foreign Investors	146,914	80,294	6,204	1,710	13,078
Total	4,344,238	4,686,526	5,719,504	6,967,928	8,722,135

(a) Institution wise classification changed from the Annual Report 2022 and the figures are based on records of the Central Depository System and the data for 2018-2021 have been revised accordingly.

Source: Central Bank of Sri Lanka

(b) Includes Government Treasury bonds of Rs. 78,441 million issued for CPC in January 2012, of which Rs. 21,778 million matured on 01 January 2017 and Rs. 25,217 million matured on 01 January 2022 and the current outstanding is Rs. 31,446 million.

(c) Provisional

(d) Revised

(e) Central Bank introduced outright purchase of Treasury bonds auctions under Open Market Operations w.e.f. 06 September 2019

(f) Includes the holdings of Standalone Primary Dealers, leasing companies, private companies, mutual funds, etc.

(g) Includes the holdings of EPF, ETF, pension funds, provident funds, etc.

(h) Includes the holdings of Government authorities, Government departments, Ministries, etc.

(i) Includes the holdings of societies, clubs, associations, etc.

(j) Includes Securities holdings under Repurchase agreements for which the absolute ownership could not be established

(k) Holdings under repurchase transactions with respect to Open Market Operations, have been allocated to the respective Licensed Commercial Bank or Standalone Primary Dealer

Ownership of Rupee Loans (as at end year)

Rs. million

Owner	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 (a)
1. Bank Sector - Commercial Banks	15,870	15,870	15,870	15,870	15,870	15,870	15,870	15,870	15,870	15,870
2. Non Bank Sector	39,648	39,648	8,218	8,218	8,218	8,218	8,218	8,218	8,218	8,218
2.1 Savings Institutions	4,000	4,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
2.2 Departmental and Other Official Funds (b)	6,101	6,101	-	-	-	-	-	-	-	-
2.3 Employees' Provident Fund	23,100	23,100	-	-	-	-	-	-	-	-
2.4 Other Provident Funds	6,447	6,447	6,218	6,218	6,218	6,218	6,218	6,218	6,218	6,218
Total	55,518	55,518	24,088	24,088	24,088	24,088	24,088	24,088	24,088	24,088

(a) Provisional

(b) Including Employees' Trust Fund

Sources: Ministry of Finance, Economic
Stabilisation and National Policies
Central Bank of Sri Lanka

TABLE 109

Ownership of Outstanding Foreign Debt (as at end year) (a)

Rs. million

Source	2018	2019	2020	2021 (b) (c)	2022 (d) (e)
1. Multilateral	1,451,443	1,469,867	1,601,482	1,895,340	3,611,552
ADB	785,509	802,047	865,457	1,052,418	2,049,154
Asian Infrastructure Investment Bank	-	127	1,659	6,346	24,535
EIB	31,255	27,509	26,810	23,913	37,055
IBRD	37,008	45,769	56,757	104,444	317,507
IDA	548,283	541,074	593,238	645,476	1,076,448
IFAD	28,251	29,417	32,153	34,186	58,254
Nordic Development Fund	3,741	3,480	3,722	3,472	5,566
OPEC Fund for International Development	17,398	20,443	21,686	25,085	43,035
2. Bilateral & Financial Markets	4,508,104	4,731,416	4,450,698	4,621,618	8,846,603
Canada	5,230	4,854	4,502	4,212	6,634
China	725,730	796,919	932,681	1,139,972	2,506,020
Export-Import Bank of China (f)	392,041	476,565	528,403	549,807	1,464,185
People's Republic of China	2,790	2,601	2,859	3,144	5,219
China Development Bank Corporation	148,149	136,118	121,806	116,211	194,325
HSBC Limited (Hongkong)-China	-	-	-	25,290	44,702
TLF China Development Bank	182,750	181,634	279,612	445,521	797,589
France (g)	32,264	34,202	38,584	43,178	79,751
Germany	46,937	43,113	45,091	41,878	71,427
India	166,915	156,077	154,512	166,031	625,004
Export Import Bank of India	-	3,002	7,983	162,753	492,689
Government of India	166,915	153,075	146,530	3,277	5,227
State Bank of India	-	-	-	0	127,089
Japan	613,656	617,973	659,260	621,587	977,336
Kuwait	12,124	13,146	14,866	18,565	34,761
Riggs National Bank	2,262	1,986	1,767	1,605	2,730
Saudi Arabian Fund	21,752	23,725	24,085	27,426	50,493
USA	28,910	24,381	20,632	17,808	30,837
Other (h) (i) (j)	2,852,323	3,015,041	2,554,718	2,539,356	4,461,611
o/w International Sovereign Bonds	2,220,411	2,531,493	2,203,279	2,243,049	3,921,587
Total	5,959,547	6,201,283	6,052,179	6,516,958	12,458,155

(a) These figures may differ from those appearing in Appendix Table 112 of this report due to differences in classification

(b) Revised

(c) Based on CS-DRMS reports for end 2021 downloaded on 09.03.2023

(d) Provisional

(e) Based on CS-DRMS reports for end 2022 downloaded on 10.03.2023

(f) Includes outstanding loans of projects under State Owned Business Enterprises (SOBEs) w.e.f. 31.12.2022

(g) Includes loans from financial institutions of France

(h) Includes rupee denominated Treasury bonds and Treasury bills held by non resident investors

(i) 2018,2019,2020,2021 and 2022 values include Sri Lanka Development Bonds held by foreign investors and excludes International Sovereign Bonds held by domestic investors

(j) The arrears interest payments for Sri Lanka Development Bonds and International Sovereign Bonds as of 31.12.2022 are not included.

Sources: Ministry of Finance, Economic
Stabilisation and National Policies
Central Bank of Sri Lanka

Foreign Loans - 2022

Rs. million

Type and Source	Gross Receipts	Repayments	Net Change in the Liability (a)	Liability as at end December (b) (c)
1. Project Loans	491,999	259,751	3,558,202	7,347,329
ADB	122,383	49,624	-	1,051,994
Australia	-	-	4,060	9,062
Austria	393	381	15,536	37,505
Canada	-	331	1,881	5,090
China (d)	28,280	60,335	1,037,126	1,747,653
EIB	-	3,334	-	23,913
France	9,926	1,966	68,155	149,937
Germany	-	-	26,197	63,325
Hong Kong	-	617	19,412	44,702
India	28,207	7,379	146,832	304,968
IDA	60,631	36,977	-	619,630
Japan	21,732	19,547	355,748	977,336
Korea	656	413	47,468	114,092
Kuwait	1,420	304	16,196	34,761
Netherlands	7,160	2,050	36,621	79,972
Opec Fund for International Development	3,790	2,578	-	25,085
Saudi Arabian Fund	2,253	1,316	23,067	50,493
Spain	356	553	14,181	34,919
Sweden	-	-	5,637	12,583
UK	448	2,049	29,742	69,382
USA	-	862	11,231	26,772
Other	204,364	69,136	1,699,115	1,864,159
2. Non Project Loans	314,769	2,181,175	2,382,994	5,110,826
2.1 Commodity Loans	123,822	1,532	135,341	148,877
Canada	-	144	542	1,545
India	123,822	1,388	131,376	139,122
Pakistan	-	-	343	766
Germany	-	-	3,080	7,444
2.2 Other Loans	190,947	2,179,644	2,247,654	4,961,949
ADB	-	680	-	425
China	-	1,068	327,698	738,200
USA	-	122	9,442	21,345
Germany	-	-	272	657
India	158,779	-	180,765	180,914
Other (e)(f)(g)(h)	32,168	2,177,775	1,729,477	4,020,408
Grand Total	806,768	2,440,926	5,941,197	12,458,155

a) Based on CS-DRMS reports for end 2021 downloaded on 09.03.2023

Sources: Ministry of Finance,

b) These figures may differ from those appearing in Appendix Table 112 of this Report due to the difference in classification

Economic Stabilisation
and National Policies
Central Bank of Sri Lanka

c) Based on CS-DRMS reports for end 2022 downloaded on 10.03.2023

d) Includes Gross Receipts and Repayment from China for State Owned Business Enterprises (SOBES) w.e.f. 31.12.2022

e) Includes Treasury bonds and Treasury bills held by non resident investors and Treasury bonds and Treasury bills issued to Sri Lankan diaspora and migrant workers

f) Gross Receipts, Repayments and Net Change in the Liability do not include values relating to non resident holdings of Sri Lanka Development Bonds and International Sovereign Bonds

g) Liability as at end 2022 includes non resident holdings of Sri Lanka Development Bonds and International Sovereign Bonds

h) The arrears interest payments for Sri Lanka Development Bonds and International Sovereign Bonds as of 31.12.2022 are not included.

Net Receipts of Foreign Assistance (a)

Rs. million

Type and Source	2018	2019	2020	2021 (b) (c)	2022 (d) (e)
1. Loans	494,022	504,467	-141,972	-7,318	405,664
ADB	32,517	11,879	15,144	72,079	149,473
Australia	-1,895	-2,010	-2,104	-2,273	-
Canada	-528	-559	-562	-627	-475
China (f) (g)	196,246	76,318	99,721	105,457	-45,961
Denmark	-2,397	-2,242	-2,143	-1,687	-590
France	-738	-346	-1,043	-840	-121
Germany	-2,728	-2,562	-3,383	-3,480	-
IBRD	2,454	8,805	9,710	41,947	125,719
IDA	1,914	-2,654	16,561	23,908	-41,262
IFAD	-246	1,128	737	223	-1,177
India (h)	-5,989	-9,788	-7,365	-1,257	302,041
Japan	-5,431	-2,679	-9,706	-14,338	2,185
Korea	1,239	-227	-1,552	-1,425	243
Kuwait	1,448	784	1,367	2,123	1,116
Netherlands	-	-	-	-5,854	4,704
OPEC Fund for International Development	1,885	1,866	254	1,212	-2,258
Saudi Arabian Fund	1,176	1,185	-887	-62	937
UK	-5,217	-5,595	-5,669	-6,551	-1,336
USA	-4,431	-4,300	-4,293	-4,344	-881
Other (i)	284,741	435,465	-246,759	-211,529	-86,692
2. Grants	3,430	4,480	6,773	3,875	3,463
ADB	-	3	2,277	1,180	258
Germany	-	-	-	-	529
Japan	2,263	1,666	1,651	-	-
United Nations	523	321	2,087	841	0
USA	453	1,946	-	0	0
Other	191	544	758	1,854	2,676
Total	497,451	508,947	-135,199	-3,443	409,127

(a) These figures may differ from those appearing in Appendix Table 97 of this report due to differences in classification

(b) Revised

(c) Based on CS-DRMS reports for end 2021 downloaded on 09.03.2023

(d) Provisional

(e) Based on CS-DRMS reports for end 2022 downloaded on 10.03.2023

(f) Includes net receipts from China for State Owned Business Enterprises (SOBEs) w.e.f. from 31.12.2022

(g) Includes Net Receipts of People's Republic of China, TLF China Development Bank, Export-Import Bank of China, China Development Bank Corporation and HSBC Limited (Hongkong)-China

(h) Includes Net Receipts of Government of India, State Bank of India and Export Import Bank of India

(i) Excludes SLDBs and includes ISBs held by both resident and non resident investors

Sources: Ministry of Finance, Economic Stabilisation and National Policies Central Bank of Sri Lanka

Outstanding Central Government Debt (as at end year)

Rs. million

Source	2018	2019(a)	2020 (a)	2021 (a)(b)	2022 (a)(c)(d)
Total Domestic Debt	6,071,001	6,830,260	9,065,068	11,097,223	15,033,876
Short Term	1,134,553	1,270,374	2,197,594	3,139,794	4,267,724
Treasury Bills (e)	746,887	873,943	1,620,705	2,270,508	4,113,907
Provisional Advances from the Central Bank	198,633	236,609	153,079	150,129	235,639
Import Bills held by Commercial Banks	0	131	155	9	0
Other Liabilities to the Banking Sector Net of Bank Deposits (f)	189,034	159,691	423,656	719,148	-81,822
Medium and Long Term	4,936,447	5,559,887	6,867,473	7,957,430	9,882,058
Rupee Loans	24,088	24,088	24,088	24,088	24,088
Treasury Bonds (g)	4,197,323	4,606,232	5,713,300	6,966,218	8,709,057
Sri Lanka Development Bonds (h)	614,219	559,284	486,870	455,203	382,092
International Sovereign Bonds (h)(i)	n.a.	202,099	415,756	372,612	635,443
Offshore Banking Units	100,512	168,011	227,418	139,301	131,372
Other	305	173	41	7	7
Other Domestic (j)	n.a.	n.a.	n.a.	n.a.	884,093
By Debt Instrument	6,071,001	6,830,260	9,065,068	11,097,223	15,033,876
Rupee Loans	24,088	24,088	24,088	24,088	24,088
Treasury Bills (e)	746,887	873,943	1,620,705	2,270,508	4,113,907
Treasury Bonds (g)	4,197,323	4,606,232	5,713,300	6,966,218	8,709,057
Sri Lanka Development Bonds (h)	614,219	559,284	486,870	455,203	382,092
International Sovereign Bonds (h)(i)	n.a.	202,099	415,756	372,612	635,443
Provisional Advances from the Central Bank	198,633	236,609	153,079	150,129	235,639
Other (f)(i)	289,851	328,006	651,269	858,466	933,651
By Institution (k)(l)	6,071,001	6,830,260	9,065,068	11,097,223	15,033,876
Banks (Excluding Licensed Specialised Banks)	2,171,879	2,737,223	4,542,155	5,247,919	8,525,718
Central Bank					
By Debt Instrument (b)	244,129	310,909	876,818	1,565,494	2,833,607
Treasury Bills	44,234	25,873	654,611	1,391,281	2,575,717
Treasury Bonds (m)	1,563	48,872	70,575	25,471	22,461
Other	198,331	236,165	151,632	148,742	235,429
Commercial Banks					
By Debt Instrument	1,927,750	2,426,313	3,665,337	3,682,425	5,692,111
Rupee Loans	15,870	15,870	15,870	15,870	15,870
Treasury Bills (b)(l)	456,038	628,846	769,946	568,597	657,308
Treasury Bonds (b)(l)	581,616	727,227	1,366,883	1,459,183	3,116,024
Sri Lanka Development Bonds (h)	584,081	523,831	444,173	406,317	333,611
International Sovereign Bonds (h)	n.a.	202,099	415,756	372,612	635,443
Other (j)	290,145	328,442	652,710	859,845	933,853
Non Bank Sector					
By Debt Instrument	3,466,671	3,825,703	4,210,099	4,822,098	6,164,063
Rupee Loans (n)	8,218	8,218	8,218	8,218	8,218
Treasury Bills (b)	176,319	137,043	145,416	220,481	837,279
Treasury Bonds (b)	3,251,990	3,644,981	4,013,761	4,544,506	5,270,079
Sri Lanka Development Bonds (h)	30,137	35,453	42,697	48,886	48,480
Other	7	7	7	7	7
By Institution (b)(l)	3,466,671	3,825,703	4,210,099	4,822,098	6,164,063
Licensed Specialised Banks	410,401	537,175	707,538	807,352	821,593
Licensed Finance Companies	27,633	24,807	12,821	20,401	58,297
Corporations (o)	102,684	90,438	60,592	86,324	393,536
Insurance Companies	191,431	198,018	215,737	267,738	373,766
Superannuation Funds (p)	2,501,306	2,751,295	2,998,034	3,378,200	3,953,808
Government Institutes, Funds and State Owned Enterprises (q)	152,527	155,808	132,340	170,757	240,282

(Contd.)

FISCAL POLICY AND GOVERNMENT FINANCE

Outstanding Central Government Debt (as at end year) (contd.) (a)

Rs. million

Source	2018	2019(a)	2020 (a)	2021 (a)(b)	2022 (a)(c)(d)
Local Individual	34,942	28,086	27,046	37,567	255,521
Other (r)	45,748	40,076	55,992	53,759	67,260
Repurchase Transaction Allocations (l)(s)	432,451	267,334	312,814	1,027,207	344,096 (f)
Treasury bills	70,297	82,182	50,731	90,149	43,604
Treasury bonds	362,154	185,152	262,082	937,058	300,492
Total Foreign Debt (u)(v)	5,959,547	6,201,283	6,052,179	6,516,958	12,458,155
By Type	5,959,547	6,201,283	6,052,179	6,516,958	12,458,155
Project Loans	3,149,905	3,231,464	3,458,461	3,789,126	7,347,329
Non-project Loans	2,809,642	2,969,819	2,593,718	2,727,832	5,110,826
Commodity	63,267	52,312	43,023	34,904	183,082
Other	2,746,375	2,917,507	2,550,695	2,692,927	4,927,744
By Institution	5,959,547	6,201,283	6,052,179	6,516,958	12,458,155
Multilateral	1,451,443	1,469,867	1,601,482	1,895,340	3,611,552
Bilateral and Commercial	4,508,104	4,731,415	4,450,697	4,621,618	8,846,603
Of which;					
International Sovereign Bonds (h)	2,220,411	2,531,493	2,203,279	2,243,049	3,921,587
Sri Lanka Development Bonds (h)	n.a.	943	4,986	4,875	9,645
Foreign Currency Term Financing Facilities (h)	330,174	242,191	279,612	445,521	797,589
Non Resident Investment in Treasury Bills	11,909	23,727	670	204	12,476
Non Resident Investment in Treasury Bonds	146,914	80,294	6,204	1,710	13,078
Total Outstanding Central Government Debt	12,030,548	13,031,543	15,117,247	17,614,181	27,492,031
Memorandum item: Public Guaranteed Debt (w)(x)	781,741	778,305	986,391	1,506,743	1,180,701

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

(b) Revised

(c) Provisional

(d) 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, Economic Stabilisation and National Policies. 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 SLDBs.

(e) Excludes Treasury bills held by non resident investors.

(f) Includes liabilities of the Central Government to commercial banks reported in the Monetary Survey of the Central Bank

(g) Excludes Treasury bonds held by non resident investors and includes Government Treasury bonds of Rs. 78,441 million issued for CPC in January 2012, of which Rs. 21,778 million matured on 01 January 2017 and Rs. 25,217 million matured on 01 January 2022 and the current outstanding is Rs. 31,446 million.

(h) 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.

(i) Represents ISB outstanding owned by the Licensed Commercial Banks

(j) Data for 2022 includes outstanding balance of the government guaranteed foreign currency debt of the Ceylon Petroleum Corporation that was absorbed into central government debt w.e.f. December 2022, which amounted to Rs. 884,093.4 million

(k) 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

(l) Institution wise classification was revised from the Annual Report 2022 based on records of the Central Depository System System and the data for 2018-2021 have been revised accordingly.

(m) The CBSL introduced outright purchase of Treasury bonds through Open Market Operations w.e.f. 06 September 2019

(n) Includes sinking fund

(o) Includes the holdings of Standalone Primary Dealers, leasing companies, private companies, mutual funds, etc.

(p) Includes the holdings of EPF, ETF, pension funds, provident funds, etc.

(q) Includes the holdings of Government authorities, Government departments, Ministries, etc.

(r) Includes the holdings of societies, clubs, associations, etc.

(s) Includes securities holdings under Repurchase agreements for which absolute ownership could not be established

(t) Holdings under repurchase transactions with respect to Open Market Operations, have been allocated to the respective Licensed Commercial Bank or Standalone Primary Dealer

(u) Foreign loan debt statistics and classification of foreign debt for 2021 and 2022 are prepared based on the data sourced from the CS-DRMS maintained by the Ministry of Finance, Economic Stabilisation and National Policies, and extracted on 09 and 10 March 2023.

(v) 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.

(w) Outstanding amount of loans obtained by public corporations under Treasury guarantees

(x) Includes an international bond amounting to US dollars 175 million issued by the SriLankan Airlines in June 2014. This matured in June 2019 and was reissued for a period of 05 years.

Sources: Ministry of Finance,
Economic Stabilisation
and National Policies
Central Bank of
Sri Lanka

Central Government Debt Service Payments

Rs. million

Item	2018	2019	2020	2021	2022 (a)
Total Interest payments (b)	852,190	901,353	980,302	1,048,383	1,565,190
Domestic	639,482	667,383	713,623	794,633	1,436,569
Short-Term	74,525	81,029	77,965	98,668	555,171
Treasury Bills	74,525	81,029	77,965	98,668	555,171
Medium and Long Term	564,957	586,354	635,658	695,965	881,398
Rupee Loans	2,891	2,891	2,891	2,891	2,891
Treasury Bonds	501,457	494,761	547,373	592,956	796,449
Offshore Banking Unit Loans	4,760	10,269	12,671	16,268	21,808
Sri Lanka Development Bonds	40,996	35,411	29,120	26,059	31,232
Other	14,853	43,022	43,603	57,792	29,019
Foreign	212,708	233,970	266,679	253,750	128,621
Short-Term	723	1,343	403	55	216
Treasury Bills	723	1,343	403	55	216
Medium and Long Term	211,985	232,627	266,276	253,695	128,405
Treasury Bonds	27,452	13,244	3,107	454	274
International Sovereign Bonds	110,566	136,085	190,637	185,746	51,965
Foreign Currency Term Financing Facilities and Project Loans	73,966	83,297	72,532	67,495	76,166
Total Amortisation Payments	1,236,361	1,121,155	961,071	1,332,216	1,432,455
Domestic	921,881	546,315	455,899	799,695	1,073,712
Medium and Long Term	921,881	546,315	455,899	799,695	1,073,712
Treasury Bonds	509,994	427,150	271,048	511,542	618,600
Offshore Banking Unit Loans	47,765	2,588	2,755	2,686	2,963
Sri Lanka Development Bonds	363,553	111,839	177,449	275,828	447,510
Other	569	4,738	4,646	9,639	4,639
Foreign	314,480	574,839	505,172	532,521	358,743
Medium and Long Term	314,480	574,839	505,172	532,521	358,743
Treasury Bonds	7,464	2,501	963	2,013	238
International Sovereign Bonds	-	269,828	185,277	199,902	100,490
Foreign Currency Term Financing Facilities and Project Loans	307,015	302,510	318,933	330,606	258,015
Total Debt Service Payments	2,088,551	2,022,507	1,941,373	2,380,599	2,997,645
Domestic	1,561,363	1,213,698	1,169,522	1,594,328	2,510,281
Foreign	527,188	808,809	771,851	786,271	487,364
As a percentage of GDP (c)					
Total Debt Service Payments	13.6	12.7	12.4	13.5	12.4
Total Domestic Debt Service Payments	10.2	7.6	7.5	9.1	10.4
Total Foreign Debt Service Payments	3.4	5.1	4.9	4.5	2.0
Total Interest Payments	5.6	5.7	6.3	6.0	6.5
Total Amortisation Payments	8.1	7.0	6.1	7.6	5.9

(a) Provisional

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

(c) Based on the GDP estimates released on 15 March 2023 by the Department of Census and Statistics

Sources: Ministry of Finance, Economic Stabilisation and National Policies Central Bank of Sri Lanka

Budget Outturn for Provincial Councils

Rs. million

Item	2013	2014	2015	2016	2017	2018	2019	2020	2021 (a)	2022 (b)
Total Revenue	49,648	59,133	67,972	79,595	86,978	88,689	91,344	52,245	63,942	73,793
Tax Revenue	42,569	52,569	61,476	70,942	77,691	82,228	81,499	43,096	55,165	59,894
Taxes on Goods and Services	24,937	30,810	34,476	38,395	46,248	48,145	49,069	15,728	13,936	14,783
Turnover Taxes/NBT	17,294	21,521	21,808	25,333	32,808	33,947	34,874	2,707	248	173
Licence Fees	6,592	8,199	10,688	10,267	10,952	11,929	11,718	11,197	11,498	11,930
Other Taxes	1,051	1,090	1,980	2,795	2,488	2,269	2,477	1,824	2,190	2,680
Tax on Property	17,632	21,759	27,000	32,547	31,443	34,083	32,430	27,368	41,229	45,111
Non Tax Revenue	7,079	6,564	6,496	8,653	9,287	6,461	9,845	9,149	8,777	13,899
Interest, Profits and Dividends	1,884	2,115	1,115	2,479	2,731	2,772	2,352	2,039	2,209	6,488
Sales and Charges	5,195	4,449	5,381	6,174	6,556	3,689	7,493	7,110	6,568	7,411
Total Expenditure	185,241	216,824	269,586	276,147	287,838	292,265	310,124	337,006	382,248	392,512
Recurrent Expenditure	156,066	172,131	222,223	237,664	241,338	251,552	286,884	289,667	323,762	382,792
Functional Basis	156,066	172,131	222,223	237,664	241,338	251,552	286,884	289,667	323,762	382,792
Provincial Administration	14,461	15,780	18,273	21,356	20,492	21,007	22,908	18,617	21,649	26,793
Economic Services	3,325	3,047	4,229	4,669	4,370	4,987	5,721	4,939	6,801	6,594
Social and Community Services and Other	138,280	153,304	199,721	211,639	216,476	230,936	258,255	266,111	295,312	349,405
Economic Basis	156,066	172,131	222,223	237,664	241,338	251,552	286,884	289,667	323,762	382,792
Personal Emoluments	117,806	131,162	171,871	182,497	187,367	198,129	219,698	228,561	252,582	300,073
Other	38,260	40,969	50,352	55,167	53,971	53,423	67,186	61,106	71,180	82,719
Capital Expenditure	29,175	44,693	47,363	38,483	46,500	40,713	23,240	47,339	58,486	9,720
Acquisition of Capital Goods	4,207	10,004	6,641	8,585	10,222	14,336	3,786	3,196	3,989	1,097
Capital Transfers	173	245	701	1,829	3,844	1,881	570	329	172	69
Province Specific Development Projects	6,429	9,136	13,345	12,177	20,250	13,536	11,376	11,004	12,632	5,102
Special Projects	18,100	16,826	16,965	12,234	11,025	7,483	5,230	6,412	18,513	14,135
Other	268	8,481	9,711	3,659	1,158	3,477	2,277	26,398	23,180	-10,682
Central Government Transfers	135,593	157,691	201,614	196,552	200,860	203,576	218,780	284,761	318,306	318,719
Block Grants	108,801	126,144	167,551	169,106	166,348	180,095	199,968	265,593	284,602	298,737
Criteria Based Grants	2,264	3,392	3,753	3,035	3,236	2,462	2,205	1,752	2,559	745
Province Specific Development Grants	6,429	8,343	13,345	12,177	20,250	13,536	11,376	11,004	12,632	5,102
Grants for Special Projects	18,100	19,812	16,965	12,234	11,025	7,483	5,230	6,412	18,513	14,135

(a) Revised

(b) Provisional

Sources : Ministry of Finance, Economic Stabilisation and National Policies

Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government

Consolidated Budget (a)

Item	2016	2017	2018	2019 (b)	2020	2021	2022 (c)(d)
Rs. million							
Total Revenue and Grants	1,811,746	1,963,104	2,059,743	2,034,352	1,475,276	1,568,129	2,086,382
Grants	7,496	8,031	12,486	7,909	5,348	6,740	33,405
Total Revenue	1,804,250	1,955,073	2,047,257	2,026,443	1,469,928	1,561,390	2,052,977
Tax Revenue	1,544,625	1,756,045	1,805,502	1,828,803	1,271,894	1,365,182	1,811,026
Taxes on Foreign Trade	302,538	371,336	288,341	331,668	361,643	349,836	273,926
Taxes on Domestic Goods and Services	843,980	1,063,571	1,079,901	964,864	574,962	630,377	872,655
VAT	283,470	443,739	461,651	443,877	233,786	308,213	463,072
Excise Tax	457,747	471,942	486,556	401,955	323,756	309,051	345,203
Turnover Tax/NBT	82,775	101,843	105,304	105,546	5,058	682	586
Licence Fees	19,989	19,963	26,390	13,486	12,362	12,431	63,794
Taxes on Net Income and Profits	258,857	274,562	310,345	427,700	268,249	302,115	534,021
Stamp Duty	41,545	38,592	43,917	43,041	38,459	52,294	45,111
Other	97,705	7,984	82,998	61,530	28,581	30,560	85,313
Non Tax Revenue	259,626	199,028	241,756	197,640	198,033	196,208	241,951
Current Revenue	249,641	189,414	234,699	189,039	182,000	190,389	241,908
Interest, Profits and Dividends	115,465	64,124	52,740	44,028	26,960	39,266	41,906
Fees and Administration Charges	77,109	75,395	107,602	84,411	57,333	52,997	97,418
Central Bank Profit Advances	5,000	-	15,000	-	24,009	15,012	30,007
Other	52,066	49,895	59,356	60,600	73,698	83,114	72,577
Capital Revenue	9,984	9,614	7,057	8,601	16,033	5,819	43
Total Expenditure	2,452,071	2,696,598	2,820,512	3,473,440	3,142,964	3,626,054	4,546,349
Recurrent Expenditure	1,851,723	2,024,239	2,187,972	2,534,586	2,608,367	2,814,052	3,603,683
Personal Emoluments	638,978	650,100	687,321	753,687	813,727	870,336	987,419
Other Purchases of Goods and Services	168,532	175,802	181,005	173,364	175,648	163,560	181,306
Interest Payments	610,895	735,566	852,190	901,353	980,302	1,048,382	1,565,190
Transfer Payments	433,318	462,772	467,455	582,755	762,118	731,773	869,771
Adjustment for arrears as per the Ministry of Finance	-	-	-	123,428	(123,428)	-	-
Capital Expenditure	601,283	665,338	641,586	644,609	837,328	805,385	705,168
Acquisition of Fixed Capital Assets	349,996	385,562	381,892	405,301	500,527	455,739	446,618
Capital Transfers	223,217	247,343	235,198	226,409	289,080	293,047	248,688
Other	28,069	32,434	24,496	12,899	47,721	56,600	9,862
Lending Minus Repayments	(934)	7,021	(9,046)	(4,933)	(3,552)	6,617	237,495
Adjustment for arrears on capital expenditure as per the Ministry of Finance	-	-	-	299,178	-299,178	-	-
Consolidated Fiscal Balance	-640,325	-733,494	-760,769	-1,439,088	-1,667,688	-2,057,925	-2,459,967
As a percentage of GDP (e)							
Total Revenue and Grants	14.1	13.6	13.4	12.8	9.4	8.9	8.6
Tax Revenue	12.1	12.2	11.8	11.5	8.1	7.8	7.5
Non Tax Revenue	2.0	1.4	1.6	1.2	1.3	1.1	1.0
Grants	0.1	0.1	0.1	0.0	0.0	0.0	0.1
Total Expenditure	19.1	18.7	18.4	21.8	20.1	20.6	18.8
Recurrent Expenditure	14.5	14.1	14.3	15.9	16.6	16.0	14.9
Capital Expenditure	4.7	4.6	4.2	4.1	5.3	4.6	2.9
Lending Minus Repayments	(0.01)	0.05	(0.06)	(0.03)	(0.02)	0.04	1.0
Adjustment for arrears on total expenditure as per the Ministry of Finance	-	-	-	2.7	(2.7)	-	-
Consolidated Fiscal Balance	(5.0)	(5.1)	(5.0)	(9.0)	(10.6)	(11.7)	(10.2)

(a) Includes central government, provincial councils and local governments fiscal operations.

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

(c) Provisional

(d) Includes only central government and provincial councils data as local government data are not available.

(e) Rebased GDP estimates (base year 2015) of the Department Census and Statistics released on 15 March 2023 have been used from 2010 onwards

Sources : Ministry of Finance, Economic Stabilisation and National Policies Ministry of Public Administration, Home Affairs, Provincial Councils and Local Government

Currency Issued by the Central Bank (by Denomination)

Rs. million

End of Period	Currency Issued (a)	Notes (b)										Coins										Total Coins (e)	
		Rs. 5,000	Rs. 2,000	Rs. 1,000	Rs. 500	Rs. 200	Rs. 100	Rs. 50	Rs. 20	Rs. 10	Rs. 5	Rs. 2	Rs. 1	Re.	Cls. 50	Cls. 25	Cls. 10	Cls. 5	Cls. 2	Ct.			
2018	640,943	409,762	5,332	136,788	40,093	128	22,613	5,457	5,607	1,271	627,120	-	6,101	4,408	1,414	930	185	121	39	23	6	4	13,822
2019	677,967	446,313	4,044	134,368	41,697	128	23,663	5,721	5,877	1,263	663,139	-	6,721	4,696	1,477	964	185	121	39	23	6	4	14,828
2020	834,808	582,163	3,327	150,266	45,523	127	24,351	5,955	6,264	1,250	819,298	-	7,123	4,902	1,524	990	185	121	39	23	6	4	15,509
2021	1,005,099	729,384	2,951	160,771	52,284	126	27,472	7,087	7,235	1,249	988,628	41	7,674	5,168	1,588	1,023	185	121	39	23	6	4	16,472
2022	1,026,567	754,398	2,710	154,428	52,839	126	27,890	7,673	7,714	1,247	1,009,094	150	8,279	5,373	1,634	1,054	185	122	39	23	6	4	17,474
2021	844,768	588,708	3,293	151,812	46,715	127	24,793	6,088	6,346	1,253	829,204	-	7,156	4,919	1,528	992	185	121	39	23	6	4	15,564
February	852,784	597,615	3,283	150,777	46,414	127	25,074	6,140	6,392	1,253	837,145	-	7,199	4,942	1,533	995	185	121	39	23	6	4	15,639
March	900,618	635,561	3,241	156,128	49,173	127	26,078	6,527	6,632	1,252	884,787	27	7,302	4,988	1,543	1,000	185	121	39	23	6	4	15,831
April	911,082	637,922	3,224	160,226	51,469	127	27,261	6,777	6,817	1,252	895,143	29	7,361	5,024	1,551	1,004	185	121	39	23	6	4	15,939
May	920,335	648,494	3,224	159,088	51,067	127	27,389	6,817	6,846	1,252	904,373	29	7,374	5,030	1,553	1,005	185	121	39	23	6	4	15,962
June	950,083	672,455	3,208	163,670	52,628	127	27,103	6,749	6,840	1,252	934,100	32	7,385	5,036	1,554	1,006	185	121	39	23	6	4	15,983
July	942,804	668,049	3,119	161,555	51,789	127	27,123	6,814	6,861	1,251	926,757	33	7,418	5,077	1,559	1,008	185	121	39	23	6	4	16,047
August	967,151	693,167	3,101	161,210	51,589	127	26,843	6,802	6,879	1,251	951,038	34	7,454	5,077	1,565	1,011	185	121	39	23	6	4	16,114
September	996,380	714,909	3,073	167,217	52,998	127	26,861	6,820	6,895	1,251	980,219	35	7,482	5,091	1,568	1,012	185	121	39	23	6	4	16,161
October	987,573	707,350	3,017	165,405	53,182	127	27,047	6,908	6,973	1,250	971,326	36	7,540	5,108	1,574	1,015	185	121	39	23	6	4	16,247
November	969,394	696,168	2,982	158,466	52,611	126	27,252	6,992	7,109	1,250	953,027	39	7,608	5,143	1,581	1,019	185	121	39	23	6	4	16,367
December	1,005,099	729,384	2,951	160,771	52,284	126	27,472	7,087	7,235	1,249	988,628	41	7,674	5,168	1,588	1,023	185	121	39	23	6	4	16,472
2022	1,025,302	746,946	2,938	162,311	52,772	126	27,840	7,166	7,317	1,249	1,008,735	43	7,735	5,191	1,594	1,026	185	121	39	23	6	4	16,567
January	1,029,673	752,761	2,936	160,756	52,641	126	27,832	7,265	7,370	1,249	1,013,005	60	7,788	5,214	1,599	1,029	185	122	39	23	6	4	16,668
February	1,099,324	808,349	2,920	169,492	56,003	126	29,141	7,546	7,512	1,249	1,082,406	105	7,913	5,276	1,610	1,035	185	122	39	23	6	4	16,918
March	1,170,677	855,783	2,902	186,720	60,728	126	30,687	7,765	7,651	1,249	1,153,678	113	7,967	5,288	1,614	1,037	185	122	39	23	6	4	16,999
April	1,155,711	847,083	2,899	181,068	59,962	126	30,789	7,768	7,642	1,248	1,138,653	120	7,998	5,303	1,618	1,039	185	122	39	23	6	4	17,058
May	1,114,776	815,985	2,852	172,476	58,883	126	30,554	7,821	7,625	1,248	1,097,639	135	8,041	5,318	1,622	1,040	185	122	39	23	6	4	17,138
June	1,124,365	828,123	2,848	170,822	58,306	126	30,205	7,811	7,617	1,248	1,107,176	146	8,070	5,326	1,624	1,043	185	122	39	23	6	4	17,189
July	1,043,919	762,644	2,768	158,957	55,812	126	29,454	7,803	7,701	1,248	1,026,583	150	8,176	5,351	1,650	1,048	185	122	39	23	6	4	17,263
August	1,079,737	789,252	2,806	166,332	57,314	126	29,864	7,808	7,657	1,248	1,062,474	150	8,120	5,340	1,627	1,045	185	122	39	23	6	4	17,335
September	1,026,032	750,759	2,759	154,791	54,540	126	28,851	7,797	7,704	1,248	1,008,645	150	8,214	5,359	1,633	1,050	185	122	39	23	6	4	17,387
October	1,005,778	735,304	2,749	151,805	53,303	126	28,301	7,728	7,719	1,248	988,352	150	8,243	5,365	1,653	1,052	185	122	39	23	6	4	17,426
November	1,026,567	754,398	2,710	154,428	52,839	126	27,890	7,673	7,714	1,247	1,009,094	150	8,279	5,373	1,654	1,054	185	122	39	23	6	4	17,474
December																							

Source: Central Bank of Sri Lanka

(a) Pursuant to Section 51 of the Monetary Law Act, the Central Bank's holdings of notes and coins are not considered as part of its currency issue.

(b) Currency notes in the denominations of Rs. 20, Rs. 1,000, Rs. 500, Rs. 200, Rs. 2,000 and Rs. 5,000 were issued from 4 August 1980, 23 December 1981, 9 February 1982, 4 February 1998, 17 October 2006 and 4 February 2011, respectively.

(c) Currency notes of Rs. 5, Rs. 2, Re. 1 are also included. The value of these notes remained unchanged at Rs. 37.2 million, Rs. 26.7 million, Rs. 5.0 million, respectively, as at end December 2022.

(d) CBSL added a commemorative coin, in the denomination of Rs. 20, for circulation from March 2021.

(e) This includes commemorative coins issued up to 31 December 2022. As at end December 2022, the values of Rs. 100 coins, Rs. 500 coins, Rs. 1,000 coins and Rs. 5,000 coins stand at Rs. 6.0 million, Rs. 26.2 million, Rs. 264.6 million and Rs. 45.8 million, respectively. The total value of other commemorative coins, as at end December 2022, stands at Rs. 260.9 million.

MONETARY POLICY, INTEREST RATES, MONEY AND CREDIT

TABLE 117

Monetary Aggregates - M_1 and M_2

End of Period	Currency				Demand Deposits				Narrow Money Supply (M_1) (3)+(7)	Time and Savings Deposits held by the Public (10)	Broad Money Supply (M_2) (9)+(10)	
	Held by the Govt.		Held by the Public		Held by Banks		Held by the Public					Total (5)+(6)+(7)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)				
2018	0	167,876	473,066	640,943	45,597	808,482	357,727	1,211,806	830,793	5,596,536	6,427,330	
2019	0	183,759	494,208	677,967	44,320	720,915	371,259	1,136,494	865,467	6,047,243	6,912,710	
2020	0	193,798	641,010	834,808	52,075	623,850	536,140	1,212,066	1,177,150	7,318,638	8,495,788	
2021	0	220,649	784,450	1,005,099	49,093	1,128,852	675,446	1,853,391	1,459,895	8,179,010	9,638,905	
2022	0	284,525	742,042	1,026,567	60,971	2,245,439	711,555	3,017,966	1,453,597	9,043,455	10,497,052	
2021	0	198,822	645,946	844,768	31,140	613,240	537,188	1,181,567	1,183,134	7,416,885	8,600,019	
February	0	193,725	659,059	852,784	31,462	573,876	540,885	1,146,223	1,199,944	7,506,254	8,706,198	
March	0	227,777	672,841	900,618	32,068	545,512	559,973	1,137,553	1,232,814	7,627,770	8,860,584	
April	0	226,904	684,179	911,082	28,962	623,122	560,021	1,212,105	1,244,200	7,700,445	8,944,644	
May	0	228,304	692,032	920,335	28,982	521,074	554,519	1,104,575	1,246,551	7,770,221	9,016,772	
June	0	238,214	711,870	950,083	31,142	572,863	581,460	1,185,465	1,293,330	7,842,890	9,136,220	
July	0	219,879	722,925	942,804	32,582	630,181	594,034	1,256,797	1,316,960	7,952,622	9,269,581	
August	0	216,956	750,196	967,151	30,488	741,987	605,001	1,377,476	1,355,196	8,057,204	9,412,401	
September	0	234,369	762,011	996,380	33,303	757,546	556,737	1,347,586	1,318,748	8,130,239	9,448,987	
October	0	233,340	754,233	987,573	39,093	809,623	618,438	1,467,154	1,372,671	8,163,279	9,535,950	
November	0	234,388	735,007	969,394	38,221	778,370	620,110	1,436,701	1,355,117	8,155,538	9,510,655	
December	0	220,649	784,450	1,005,099	49,093	1,128,852	675,446	1,853,391	1,459,895	8,179,010	9,638,905	
2022	0	254,672	770,630	1,025,302	40,507	1,279,477	729,722	2,049,706	1,500,352	8,150,616	9,650,968	
January	0	247,237	782,436	1,029,673	36,301	1,296,505	724,659	2,057,464	1,507,095	8,228,723	9,735,818	
February	0	281,791	817,533	1,099,324	32,702	1,826,585	772,081	2,631,368	1,589,614	8,483,778	10,073,392	
March	0	295,938	874,739	1,170,677	32,623	2,128,564	760,394	2,921,581	1,635,133	8,558,293	10,193,426	
April	0	337,012	818,699	1,155,711	32,620	2,203,814	785,217	3,021,651	1,603,916	8,513,581	10,117,497	
May	0	317,305	797,471	1,114,776	32,743	2,344,102	748,004	3,124,849	1,545,475	8,598,152	10,143,626	
June	0	302,658	821,707	1,124,365	33,797	2,223,059	743,170	3,000,026	1,564,877	8,688,682	10,253,559	
July	0	318,756	760,981	1,079,737	30,979	2,199,110	773,133	3,003,222	1,534,114	8,751,824	10,285,938	
August	0	301,795	742,124	1,043,919	52,203	2,220,781	786,471	3,059,455	1,528,595	8,822,849	10,351,444	
September	0	335,211	690,821	1,026,032	28,756	2,216,056	765,868	3,010,680	1,456,688	8,881,696	10,338,384	
October	0	292,025	713,754	1,005,778	61,689	2,221,046	744,223	3,026,958	1,457,977	8,958,985	10,416,961	
November	0	284,525	742,042	1,026,567	60,971	2,245,439	711,555	3,017,966	1,453,597	9,043,455	10,497,052	
December	0	284,525	742,042	1,026,567	60,971	2,245,439	711,555	3,017,966	1,453,597	9,043,455	10,497,052	

Source: Central Bank of Sri Lanka

(a) Currency held by the Treasury and the District Secretariats

(b) Demand deposits of the government held with commercial banks and the Central Bank

(c) Interbank deposits, both local and foreign, including deposits of international organisations and commercial banks with the Central Bank

(d) Total demand deposits held with the Central Bank and commercial banks

(e) M_2 equals currency held by the public plus rupee denominated demand, savings and time deposits held by the public

MONETARY POLICY, INTEREST RATES, MONEY AND CREDIT

Table 118

Monetary Survey - M₂ (a)

Rs. million

End of Period	Net Domestic Assets											Reserve Money		Money Multiplier			
	Monetary Aggregates (Monetary Liabilities)			Net Foreign Assets (b)			Domestic Assets					Monetary Authorities (15)	Commercial Banks (16)	Total (15)+(16)	M ₁ RM	M ₂ RM	
	Broad Money Supply (M ₂) (5)+(14)-(17)		Commercial Banks (4)	Total (3)+(4)	Central Bank		Commercial Banks			Gross Domestic Assets (8)+(11)+(12)+(13)							
	Narrow Money Supply (M ₁) (c)	Monetary Authorities (d)			Claims on Govt. (6)	Deposits of the Govt. (7)	Net Credit to the Govt. (e) (6)-(7)	Claims on Govt. (9)	Deposits of the Govt. (10)		Net Credit to the Govt. (e) (9)-(10)	Credit to Public Corporations/SOBEs (12)	Credit to Private Sector (13)				
2018	830,793	750,541	-202,093	548,448	473,118	301	472,817	1,643,185	432,854	5,135,547	7,684,403	582,368	1,223,153	1,805,521	961,096	0.86	6.69
2019	865,467	895,997	-482,405	413,593	363,476	444	363,032	2,095,409	1,157,222	8,199,017	8,199,017	581,006	1,118,894	1,699,900	932,604	0.93	7.41
2020	1,177,150	8,495,788	526,779	472,573	870,322	1,430	868,892	3,323,967	120,274	5,748,117	10,404,976	560,832	1,402,561	1,963,393	964,440	1.22	8.81
2021	1,459,895	9,638,905	-387,263	-686,342	-1,073,604	2,095,481	1,387	2,094,095	3,361,340	6,498,862	12,927,118	701,728	1,512,881	2,214,608	1,305,809	1.12	7.38
2022	1,453,597	10,497,052	-1,613,861	-1,228,566	-2,842,427	3,432,703	210	3,432,493	1,686,729	6,734,988	15,493,501	792,003	1,361,968	2,154,021	1,349,389	1.08	7.78
2021 January	1,183,134	8,600,019	-508,470	-90,542	925,704	1,386	924,317	3,507,269	112,233	5,756,203	10,686,746	497,447	1,498,737	1,996,184	975,897	1.21	8.81
February	1,199,944	8,706,198	-517,407	-123,548	997,022	563	996,460	3,473,682	114,509	5,828,486	10,803,712	537,493	1,436,473	1,973,966	978,090	1.23	8.90
March	1,232,814	8,860,584	-527,622	-186,588	1,093,239	1,044	1,092,195	3,527,503	116,502	5,926,001	11,060,961	532,570	1,481,219	2,013,789	1,028,599	1.20	8.61
April	1,244,200	8,944,644	-557,052	-214,130	1,071,408	860	1,070,547	3,568,293	113,766	5,981,867	11,155,877	502,351	1,494,751	1,997,103	1,031,144	1.21	8.67
May	1,246,551	9,016,772	-555,935	-206,841	1,055,456	845	1,054,612	3,628,664	108,471	6,029,091	11,254,498	483,338	1,547,546	2,030,885	1,036,010	1.20	8.70
June	1,293,330	9,136,220	-545,951	-239,395	1,179,684	827	1,178,858	3,623,790	120,493	6,100,336	11,438,533	535,300	1,527,617	2,062,918	1,065,064	1.21	8.58
July	1,316,960	9,269,581	-489,158	-478,904	1,419,031	1,027	1,418,004	3,688,537	122,945	5,565,592	11,800,418	485,425	1,566,508	2,051,933	1,063,866	1.24	8.71
August	1,355,196	9,412,401	-439,899	-523,780	1,535,403	994	1,534,409	3,707,843	123,140	5,584,702	12,042,510	483,348	1,622,982	2,106,330	1,089,266	1.24	8.64
September	1,318,748	9,448,987	-466,669	-625,379	1,831,990	1,126	1,830,865	3,504,140	130,305	6,337,834	12,189,240	675,743	1,439,131	2,114,873	1,295,956	1.02	7.29
October	1,372,671	9,535,950	-624,671	-877,245	1,881,539	1,393	1,880,145	3,557,536	139,782	832,708	12,489,062	639,961	1,435,906	2,075,867	1,286,441	1.07	7.41
November	1,355,117	9,510,655	-643,307	-973,218	1,995,006	1,307	1,993,699	3,474,186	142,645	897,440	12,642,797	694,363	1,464,562	2,158,925	1,287,803	1.05	7.39
December	1,459,895	9,638,905	-387,263	-686,342	-1,073,604	2,095,481	1,387	2,094,095	3,361,340	972,821	12,927,118	701,728	1,512,881	2,214,608	1,305,809	1.12	7.38
2022 January	1,500,352	9,650,968	-662,717	-709,577	-1,372,294	2,388,137	759	2,387,377	3,497,955	164,494	13,271,910	699,355	1,549,293	2,248,648	1,337,489	1.12	7.22
February	1,507,095	9,735,818	-734,241	-793,794	-1,528,036	2,443,089	695	2,442,394	3,511,103	158,908	13,447,136	678,451	1,504,831	2,183,282	1,324,234	1.14	7.35
March	1,589,614	10,073,392	-1,203,377	-1,101,220	-2,304,597	2,683,708	1,175	2,682,533	3,590,501	160,762	14,259,330	379,812	1,501,529	1,881,341	1,386,700	1.15	7.26
April	1,635,133	10,193,426	-1,462,228	-1,250,310	-2,712,538	2,890,481	1,063	2,889,418	3,335,216	155,710	14,480,742	266,493	1,318,286	1,574,779	1,481,805	1.10	6.88
May	1,603,916	10,117,497	-1,546,520	-1,119,383	-2,665,903	2,905,773	978	2,904,796	3,270,604	157,897	14,505,717	202,537	1,519,780	1,722,316	1,414,850	1.13	7.15
June	1,545,475	10,433,626	-1,612,690	-1,135,199	-2,747,889	3,095,022	886	3,094,136	3,276,262	158,833	14,713,531	366,646	1,455,369	1,822,015	1,452,596	1.06	6.98
July	1,564,877	10,253,559	-1,686,199	-1,164,928	-2,851,127	3,264,869	992	3,263,877	3,210,508	153,010	14,896,376	453,293	1,338,397	1,791,690	1,436,448	1.09	7.14
August	1,534,114	10,285,938	-1,614,857	-1,188,896	-2,803,752	3,311,681	616	3,311,066	3,367,124	154,643	14,989,124	616,417	1,283,017	1,899,434	1,386,248	1.11	7.42
September	1,528,595	10,351,444	-1,590,817	-1,101,241	-2,692,058	3,303,132	686	3,302,445	3,453,286	180,862	15,019,923	667,694	1,308,727	1,976,422	1,378,579	1.11	7.51
October	1,456,688	10,338,384	-1,635,193	-1,166,104	-2,801,297	3,352,176	433	3,351,743	3,533,115	153,206	15,271,533	690,503	1,441,350	2,131,853	1,341,681	1.09	7.71
November	1,457,977	10,416,961	-1,639,535	-1,234,195	-2,873,730	3,370,042	252	3,369,791	3,706,200	206,609	15,370,096	724,465	1,354,940	2,079,404	1,318,493	1.11	7.90
December	1,453,597	10,497,052	-1,613,861	-1,228,566	-2,842,427	3,432,703	210	3,432,493	3,828,089	188,799	15,493,501	792,053	1,361,968	2,154,021	1,349,389	1.08	7.78

Source: Central Bank of Sri Lanka

(a) M₂ is based on aggregated data pertaining to the Central Bank and Domestic Banking Units (DBUs) of commercial banks

(b) Foreign assets (net) of the Central Bank and commercial banks (including outward bills)

(c) Currency and demand deposits held by the public

(d) This includes NFA of the Central Bank as well as the Government's Crown Agent's balance reported by the Department of State Accounts

(e) Credit extended by the banking system to the Government, net of government deposits with banks and government cash deposits

Consolidated Monetary Survey - M_{2b} (a)

Rs. million

End of Period	Narrow Money (M_1) (c)				Broad Money (M_{2b})			Net Foreign Assets (b)				Total Net Foreign Assets (8)+(11) (12)
	Currency (1)	Demand Deposits (2)	Total Narrow Money (M_1) (1)+(2) (3)	Time and Savings Deposits (d)			Monetary Authorities (e) (8)	DBUs (9)	OBUs (10)	Total Commercial Banks (9)+(10) (11)		
				DBUs (4)	OBUs (5)	Total Time and Savings Deposits (4)+(5) (6)					Total Broad Money (M_{2b}) (3)+(6) (7)	
2018	473,066	357,727	830,793	6,071,118	226,386	6,297,503	7,128,297	750,541	-341,769	-475,779	-817,548	-67,007
2019	494,208	371,259	865,467	6,517,917	240,737	6,758,654	7,624,121	895,997	-369,636	-425,659	-795,296	100,702
2020	641,010	536,140	1,177,150	7,911,168	317,416	8,228,584	9,405,734	526,779	-427,146	-309,101	-736,247	-209,468
2021	784,450	675,446	1,459,895	8,918,875	268,538	9,187,413	10,647,309	-387,263	-381,514	-213,200	-594,713	-981,976
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	-1,52,952	-1,766,813
2021	645,946	537,188	1,183,134	8,027,096	322,467	8,349,563	9,532,697	417,927	-476,046	-262,963	-739,010	-321,082
February	659,059	540,885	1,199,944	8,140,280	310,682	8,450,962	9,650,906	393,859	-484,133	-295,423	-779,556	-385,697
March	672,841	559,973	1,232,814	8,283,172	322,650	8,605,823	9,838,637	341,034	-496,323	-274,661	-770,984	-429,950
April	684,179	560,021	1,244,200	8,383,620	319,514	8,703,135	9,947,334	342,923	-489,754	-283,858	-773,612	-450,689
May	692,032	554,519	1,246,551	8,453,898	332,525	8,786,422	10,032,973	349,094	-480,871	-297,116	-777,988	-428,894
June	711,870	581,460	1,293,330	8,549,669	321,763	8,871,433	10,164,763	306,556	-475,996	-311,905	-787,901	-481,346
July	722,925	594,034	1,316,960	8,669,912	316,718	8,986,630	10,303,589	10,254	-433,362	-276,266	-709,628	-699,373
August	750,196	605,001	1,355,196	8,826,003	332,446	9,158,448	10,513,644	-83,881	-345,316	-271,758	-617,074	-700,955
September	762,011	556,737	1,318,748	8,866,196	303,156	9,169,952	10,488,100	-158,710	-381,577	-181,848	-563,425	-722,135
October	754,233	618,438	1,372,671	8,910,123	298,936	9,209,058	10,581,730	-252,574	-358,154	-225,834	-583,988	-836,562
November	735,007	620,110	1,355,117	8,892,775	297,893	9,190,668	10,545,785	-329,911	-382,968	-193,468	-576,436	-906,347
December	784,450	675,446	1,459,895	8,918,875	268,538	9,187,413	10,647,309	-387,263	-381,514	-213,200	-594,713	-981,976
2022	770,630	729,722	1,500,352	8,891,323	276,050	9,167,373	10,667,726	-662,717	-400,139	-152,731	-552,876	-1,215,587
January	782,436	724,659	1,507,095	8,974,501	273,515	9,248,016	10,755,111	-734,241	-444,699	-96,059	-540,758	-1,275,000
February	817,533	772,081	1,589,614	9,578,934	407,011	9,985,945	11,575,559	-1,203,377	-607,199	-78,138	-685,337	-1,888,714
March	874,739	760,394	1,635,133	9,847,343	458,132	10,305,475	11,940,608	-1,462,228	-703,036	-29,907	-732,943	-2,195,171
April	818,699	785,217	1,603,916	9,811,611	481,442	10,293,053	11,896,969	-1,546,520	-559,095	22,799	-536,296	-2,082,816
May	797,471	748,004	1,545,475	9,902,257	453,620	10,355,877	11,901,351	-1,612,690	-560,705	51,470	-509,235	-2,121,925
June	821,707	743,170	1,564,877	9,929,475	460,992	10,390,467	11,955,344	-1,686,199	-586,753	149,118	-437,635	-2,123,834
July	760,981	773,133	1,534,114	9,999,145	453,652	10,452,797	11,986,911	-1,614,857	-596,825	176,583	-420,242	-2,035,099
August	742,124	786,471	1,528,595	10,075,600	447,286	10,522,885	12,051,480	-1,590,817	-527,610	225,588	-302,022	-1,892,839
September	690,821	765,868	1,456,688	10,152,313	436,718	10,589,031	12,045,719	-1,635,193	-521,665	283,661	-238,004	-1,873,197
October	713,754	744,223	1,457,977	10,257,242	447,718	10,704,957	12,162,934	-1,639,535	-292,382	292,936	-230,446	-1,869,982
November	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	-1,52,952	-1,766,813
December	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	-1,52,952	-1,766,813

(a) M_{2b} is based on the aggregated data pertaining to the Central Bank and both Domestic Banking Units (DBUs) and Offshore Banking Units (OBUs) of Licensed Commercial Banks (LCBs) operating in Sri Lanka. Definitional changes have been adopted in aggregating DBUs and OBUs to avoid double counting and misclassification of assets and liabilities. The major changes are:

(1) All DBU placements with OBUs are recorded as domestic assets, while all DBU borrowings from OBUs are recorded as domestic liabilities.

(2) Foreign currency deposits with DBUs are classified on the basis of ownership rather than on the basis of currency. Hence, the following apply:

(i) One half (50 per cent) of Non Resident Foreign Currency (NRFC) deposits are treated as domestic deposit liabilities

(ii) All Resident Non National Foreign Currency (RNNFC) balances are treated as foreign liabilities

(iii) All other domestic foreign currency accounts are treated as domestic deposit liabilities

(b) External assets (net) of the Central Bank and commercial banks (including outward bills)

(c) Currency and demand deposits held by the public

(d) Time and savings deposits of the public held with commercial banks

(e) This includes NFA of the Central Bank as well as the Government's Crown Agent's balance reported by the Department of State Accounts.

(Contd.)

MONETARY POLICY, INTEREST RATES, MONEY AND CREDIT

TABLE 119 (Contd.)

Consolidated Monetary Survey - M_{2b}

Rs. million

End of Period	Net Domestic Assets																
	Credit to the Government (net) (f)						Credit to Public Corporations				Credit to the Private Sector			Other Items (net)			
	Commercial Banks			Total Credit to the Govt. (13)+(16)			DBUs	OBUs	Total Credit to Public Corporations (18)+(19)	DBUs	OBUs	Total Credit to Private Sector (21)+(22)	Total Domestic Credit (17)+(20)+(23)	Monetary Authorities and DBUs	OBUs	Total Other Items (net) (25)+(26)	Total Net Domestic Assets (24)+(27)
	Central Bank of Sri Lanka (13)	DBUs (14)	OBUs (15)	Total (14)+(15)	(16)	(17)												(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
2018	472,817	1,643,185	400,709	2,043,894	2,516,711	432,854	322,526	755,380	5,135,547	425,805	5,561,351	8,833,442	-1,191,264	-446,874	-1,638,139	7,195,304	
2019	363,032	1,979,687	453,209	2,432,895	2,795,927	481,222	336,731	817,953	5,375,077	421,782	5,796,859	9,410,739	-1,341,995	-545,325	-1,887,320	7,523,419	
2020	868,892	3,203,694	475,476	3,679,170	4,548,061	584,274	417,901	1,002,174	5,748,117	422,820	6,170,937	11,721,173	-1,416,291	-689,679	-2,105,970	9,615,202	
2021	2,094,095	3,361,340	376,985	3,738,325	5,832,420	972,821	215,282	1,188,103	6,498,862	482,566	6,981,428	14,001,951	-1,779,571	-593,095	-2,372,666	11,629,285	
2022	3,432,493	3,639,290	399,325	4,038,615	7,471,108	1,686,729	60,304	1,747,033	6,734,988	679,143	7,414,131	16,632,273	-1,624,004	-951,820	-2,575,823	14,056,450	
2021	924,317	3,395,036	438,606	3,833,642	4,757,960	611,189	446,938	1,058,127	5,756,203	440,410	6,196,613	12,012,700	-1,418,397	-740,524	-2,158,921	9,853,779	
February	996,460	3,359,173	437,488	3,796,661	4,793,121	619,593	460,420	1,080,014	5,828,486	447,532	6,276,018	12,149,152	-1,373,215	-739,335	-2,112,550	10,036,602	
March	1,092,195	3,411,001	438,651	3,849,653	4,941,848	631,763	466,682	1,098,446	5,926,001	462,174	6,388,175	12,428,468	-1,389,686	-770,196	-2,159,882	10,268,587	
April	1,070,547	3,454,527	439,981	3,894,508	4,965,055	648,935	444,444	1,093,379	5,981,867	464,048	6,445,915	12,504,349	-1,381,225	-745,101	-2,126,326	10,378,024	
May	1,054,612	3,520,193	439,478	3,959,671	5,014,283	650,602	462,127	1,112,730	6,029,091	472,406	6,501,497	12,628,509	-1,422,272	-744,370	-2,166,642	10,461,867	
June	1,178,858	3,503,298	441,723	3,945,021	5,123,879	656,041	476,061	1,132,102	6,100,336	484,570	6,584,906	12,840,887	-1,426,093	-768,685	-2,194,778	10,646,109	
July	1,418,004	3,565,592	427,626	3,993,217	5,411,221	653,682	487,201	1,140,883	6,163,141	498,321	6,661,462	13,213,566	-1,390,439	-820,164	-2,210,603	11,002,963	
August	1,534,409	3,584,702	412,323	3,997,025	5,531,434	656,302	480,565	1,136,867	6,267,097	528,430	6,795,527	13,463,827	-1,432,114	-817,115	-2,249,228	11,214,599	
September	1,830,865	3,373,834	389,900	3,763,735	5,594,599	650,746	472,345	1,123,091	6,333,794	490,791	6,824,586	13,542,276	-1,464,008	-868,032	-2,332,040	11,210,236	
October	1,880,145	3,417,755	367,131	3,784,886	5,665,031	832,708	361,059	1,193,768	6,358,454	501,188	6,859,643	13,718,441	-1,595,540	-704,609	-2,300,149	11,418,292	
November	1,993,699	3,331,541	388,552	3,720,093	5,713,792	897,440	287,292	1,184,732	6,420,118	500,012	6,920,130	13,818,654	-1,682,026	-684,496	-2,366,522	11,452,132	
December	2,094,095	3,361,340	376,985	3,738,325	5,832,420	972,821	215,282	1,188,103	6,498,862	482,566	6,981,428	14,001,951	-1,779,571	-593,095	-2,372,666	11,629,285	
2022	2,387,377	3,333,462	332,726	3,666,188	6,053,565	1,021,568	169,985	1,191,553	6,529,503	488,268	7,017,771	14,262,888	-1,817,379	-562,197	-2,379,576	11,883,312	
February	2,442,394	3,352,195	305,347	3,657,543	6,099,937	1,074,261	163,244	1,237,505	6,578,286	472,998	7,051,284	14,388,725	-1,786,600	-572,014	-2,358,615	12,030,111	
March	2,682,533	3,429,740	443,409	3,873,149	6,555,682	1,307,535	240,299	1,547,834	6,899,523	694,013	7,593,536	15,637,051	-1,280,206	-892,572	-2,172,778	13,464,273	
April	2,889,418	3,179,505	500,492	3,679,997	6,569,415	1,456,512	268,502	1,725,014	6,955,307	797,524	7,752,831	16,047,260	-833,002	-1,078,478	-1,911,481	14,135,779	
May	2,904,796	3,112,707	505,043	3,617,750	6,522,545	1,528,057	222,082	1,750,139	6,960,157	794,630	7,754,787	16,027,472	-984,574	-1,063,113	-2,047,687	13,979,785	
June	3,094,136	3,117,429	485,323	3,602,752	6,696,887	1,525,894	203,215	1,729,139	6,976,072	738,100	7,714,171	16,140,168	-1,092,405	-1,024,487	-2,116,892	14,023,276	
July	3,263,877	3,057,499	505,020	3,562,519	6,826,396	1,629,290	124,726	1,754,015	6,945,710	727,426	7,673,136	16,253,548	-1,129,071	-1,045,298	-2,174,369	14,079,178	
August	3,311,066	3,212,481	466,543	3,679,024	6,990,090	1,578,341	121,471	1,699,812	6,887,237	726,927	7,614,164	16,304,066	-1,244,184	-1,037,872	-2,282,056	14,022,010	
September	3,302,445	3,272,424	468,539	3,740,963	7,043,408	1,581,035	121,969	1,703,004	6,864,019	712,921	7,576,940	16,333,352	-1,297,302	-1,081,732	-2,379,033	13,944,319	
October	3,351,743	3,379,908	446,772	3,826,680	7,178,423	1,707,617	70,145	1,777,762	6,832,265	697,844	7,530,110	16,486,295	-1,505,674	-1,061,705	-2,567,379	13,918,916	
November	3,369,791	3,499,591	423,242	3,922,833	7,292,623	1,698,202	62,160	1,760,362	6,802,512	696,717	7,499,229	16,552,214	-1,491,960	-1,027,339	-2,519,298	14,032,916	
December	3,432,493	3,639,290	399,325	4,038,615	7,471,108	1,686,729	60,304	1,747,033	6,734,988	679,143	7,414,131	16,632,273	-1,624,004	-951,820	-2,575,823	14,056,450	

(f) Credit extended by the banking system to the government, net of government deposits with banks and government cash deposits

Source: Central Bank of Sri Lanka

MONETARY POLICY, INTEREST RATES, MONEY AND CREDIT

TABLE 120

Financial Survey - M₄ (a)

Rs. million

End of Period	Broad Money (M ₄)										Net Foreign Assets				Total Net Foreign Assets (10)+(11)+ (12) + (13)
	Currency (b) (1)	Demand Deposits (b) (2)	Commercial Banks			Time and Savings Deposits (c)			Broad Money Supply (M ₃) (1)+(2)+(8) (9)	Monetary Authorities (e) (10)	Commercial Banks (DBUs and OBU's) (11)	LSBs and LFCs (12)			
			DBUs (b) (3)	OBUs (4)	LSBs (d)		LFCs (7)	Time and Savings Deposits (3)+(4) + (5)+(6)+(7) (8)							
					RDB/ Pradeshiya Sanwardhana Bank (5)	Other (6)									
2018	463,512	296,275	5,965,178	226,386	137,928	946,684	693,625	7,969,801	8,729,588	-817,548	-66,658	-133,665			
2019	485,061	315,263	6,398,509	240,737	145,977	1,131,552	727,425	8,644,201	9,444,525	-795,296	-11,941	88,761			
2020	629,924	457,952	7,780,547	317,416	169,265	1,384,355	722,421	10,374,005	11,461,881	-736,247	-7,641	-217,109			
2021	769,804	637,865	8,784,223	268,538	184,392	1,578,241	762,291	11,577,685	12,985,353	-594,713	-16,645	-998,621			
2022	728,093	679,645	10,231,984	467,456	201,545	1,681,258	849,823	13,432,066	14,839,803	-152,952	-	-1,766,813			
2021	634,067	471,777	7,901,421	322,467	171,115	1,416,737	725,726	10,537,466	11,643,310	-739,010	-7,871	-328,953			
January	645,898	477,847	8,011,884	310,682	171,509	1,439,005	733,531	10,666,612	11,790,357	-779,556	-14,751	-400,448			
February	658,828	504,968	8,160,210	322,650	172,959	1,454,812	735,364	10,845,996	12,009,792	-770,984	-15,151	-445,101			
March	672,425	511,959	8,265,871	319,514	175,199	1,476,893	742,241	10,969,718	12,154,101	-773,612	-11,719	-442,409			
April	681,127	503,205	8,334,215	332,525	175,163	1,499,433	739,052	11,080,388	12,264,719	-777,988	-11,880	-440,774			
May	685,554	532,394	8,438,844	321,763	175,195	1,508,075	739,735	11,183,612	12,401,560	-787,901	-11,875	-493,221			
June	695,662	545,109	8,564,569	316,718	176,220	1,518,601	746,509	11,322,616	12,563,387	-709,628	-11,906	-711,279			
July	739,530	551,538	8,704,018	332,445	176,859	1,541,058	744,476	11,498,856	12,789,924	-83,881	-617,074	-171,947			
August	749,267	486,274	8,741,961	303,156	178,084	1,545,358	737,880	11,506,439	12,741,979	-563,425	-11,937	-734,072			
September	741,026	579,975	8,785,791	298,936	180,384	1,551,001	736,328	11,552,440	12,873,441	-583,988	-16,635	-853,197			
October	720,000	566,620	8,767,953	297,893	181,699	1,571,669	756,186	11,575,400	12,862,019	-576,436	-16,640	-922,987			
November	769,804	637,865	8,784,223	268,538	184,392	1,578,241	762,291	11,577,685	12,985,353	-594,713	-16,645	-998,621			
December	754,781	691,898	8,764,306	276,050	185,727	1,612,193	773,176	11,611,452	13,058,131	-552,870	-7,145	-1,222,732			
2022	766,257	683,727	8,898,768	273,515	187,057	1,633,322	783,875	11,716,538	13,166,522	-540,758	-	-1,275,000			
January	803,743	731,529	9,437,166	407,011	187,237	1,644,081	781,612	12,457,107	13,992,378	-685,337	-	-1,888,714			
February	854,042	703,516	9,714,463	458,132	188,680	1,648,982	788,083	12,798,341	14,355,898	-732,943	-	-2,195,171			
March	799,135	721,833	9,675,727	481,442	195,462	1,635,354	830,761	12,818,745	14,339,714	-546,520	-	-2,082,816			
April	779,992	679,350	9,748,053	453,620	201,030	1,625,853	846,972	12,875,527	14,334,870	-509,235	-	-2,121,925			
May	802,179	676,597	9,785,642	460,992	201,591	1,635,848	847,177	12,931,250	14,410,025	-437,635	-	-2,123,834			
June	745,740	705,973	9,853,622	453,652	202,546	1,657,765	831,428	12,999,014	14,450,727	-420,242	-	-2,035,099			
July	726,609	722,364	9,934,578	447,286	201,427	1,673,349	834,027	13,090,668	14,539,641	-302,022	-	-1,892,839			
August	676,484	711,467	10,009,055	436,718	200,505	1,673,364	839,439	13,159,080	14,547,031	-1,635,193	-	-1,873,197			
September	700,824	694,759	10,117,961	447,715	199,815	1,677,550	837,353	13,280,395	14,675,978	-1,639,535	-	-1,869,982			
October	728,093	679,645	10,231,984	467,456	201,545	1,681,258	849,823	13,432,066	14,839,803	-152,952	-	-1,766,813			
November															
December															

(a) M₄ is based on the aggregated data pertaining to Licensed Specialised Banks (LSBs) and Licensed Finance Companies (LFCs), in addition to the institutions covered in M_{2b}.

(b) Currency, demand deposits and time and savings deposits of DBUs in this table differ from those in Table 11.9 due to the fact that LSBs and LFCs are not treated as 'Public' under the Financial Survey (M₁) definition.

(c) Time and savings deposits of the private sector with commercial banks, LSBs and LFCs

(d) LSBs include Regional Development Banks/Pradeshiya Sanwardhana Bank (which was established on 14 July 2010 by amalgamating Regional Development Banks), National Savings Bank, State Mortgage and Investment Bank, Sarana Development Bank Ltd, HDFC Bank of Sri Lanka and Sri Lanka Savings Bank Ltd, MBSL Savings Bank Ltd, which operated as a LSB, was amalgamated with Merchant Bank Sri Lanka PLC and MCSL Financial Services Ltd and operates as a LFC namely, Merchant Bank of Sri Lanka and Finance PLC with effect from 1 January 2015, DFCC Bank which operated as a Licensed Specialised Bank was amalgamated with the DFCC Vardhana Bank and operates as a Licensed Commercial Bank namely, DFCC Bank PLC with effect from 1 October 2015. Lankaputhra Development Bank Ltd, which operated as an LSB, was amalgamated with Regional Development Bank/Pradeshiya Sanwardhana Bank with effect from 1 April 2019.

(e) This includes NFA of the Central Bank as well as the Government's Crown Agent's balance reported by the Department of State Accounts

(Contd.)

MONETARY POLICY, INTEREST RATES, MONEY AND CREDIT

Financial Survey - M₄

TABLE 120 (Contd.)

Rs. million

End of Period	Net Domestic Assets																	Total Net Domestic Assets (29)+(30)
	Domestic Credit																	
	Credit to the Government (net) (f)					Credit to Public Corporations					Credit to the Private Sector							
	Commercial Banks		LSBs		Total Credit to the Govt. (14)+(15)+(16)+(17)+(18)+(19)	Commercial Banks (DBUs and OBU's)		Total Credit to Public Corporations	Commercial Banks		LSBs		LFCs (g)		Total Credit to Private Sector (23)+(24)+(25)+(26)+(27)	Total Domestic Credit (20)+(22)+(28)	Total Other Items (net) (30)	
Central Bank of Sri Lanka	DBUs	OBU's	RDB/ Pradeshiya Sanwardhana Bank	Other	LFCs	DBUs	OBU's	Commercial Banks	DBUs	OBU's	RDB/ Pradeshiya Sanwardhana Bank	Other	LFCs	DBUs	OBU's	LFCs	Total Domestic Credit (20)+(22)+(28)	Total Other Items (net) (30)
(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(29)	(30)
2018	472,817	1,643,185	400,709	6,750	511,820	3,100,037	755,380	755,380	5,135,547	425,805	142,102	611,724	1,185,946	7,501,124	11,356,541	-2,493,288	8,863,253	
2019	363,032	1,979,687	453,209	10,790	603,065	3,482,951	817,953	817,953	5,375,077	421,782	154,234	659,916	1,182,241	7,793,251	12,094,155	-2,738,391	9,355,764	
2020	868,892	3,203,694	475,476	10,178	732,035	5,365,746	1,002,174	1,002,174	5,748,117	422,820	172,102	764,378	1,177,098	8,284,515	14,652,435	-2,973,445	11,678,990	
2021	2,094,095	3,361,340	376,985	9,078	835,450	92,380	1,188,103	1,188,103	6,498,862	482,566	200,803	892,943	1,263,770	9,338,944	17,296,375	-3,312,401	13,983,974	
2022	3,432,493	3,639,290	399,325	15,440	866,044	1,16,037	1,747,033	1,747,033	6,734,988	679,143	237,062	922,074	1,346,892	9,920,159	20,135,822	-3,529,206	16,606,616	
2021	924,317	3,395,086	438,606	9,983	745,651	66,933	1,058,127	1,058,127	5,756,203	440,410	173,704	774,352	1,199,556	8,344,226	14,982,879	-3,010,616	11,972,263	
February	996,460	3,359,173	437,488	10,384	772,376	67,917	1,080,014	1,080,014	5,828,486	447,532	177,984	789,573	1,196,087	8,439,661	15,163,473	-2,972,667	12,190,805	
March	1,092,195	3,411,001	438,651	10,237	773,447	74,465	1,098,446	1,098,446	5,926,001	462,174	180,695	810,687	1,189,804	8,569,361	15,467,803	-3,012,910	12,454,893	
April	1,070,547	3,454,527	439,981	11,166	769,024	74,119	1,093,379	1,093,379	5,981,867	464,048	182,693	819,790	1,188,352	8,636,750	15,549,493	-2,952,983	12,596,510	
May	1,054,612	3,520,193	439,478	11,916	783,904	75,567	1,112,730	1,112,730	6,029,091	472,406	182,477	820,292	1,190,264	8,694,530	15,692,929	-2,987,436	12,705,493	
June	1,178,858	3,505,298	441,723	9,566	803,117	80,468	1,132,102	1,132,102	6,100,336	484,570	182,206	817,171	1,185,667	8,769,951	15,919,082	-3,024,301	12,894,781	
July	1,418,004	3,565,592	427,626	10,916	816,783	91,025	1,140,883	1,140,883	6,163,141	498,321	183,260	831,709	1,193,896	8,870,327	16,341,156	-3,066,490	13,274,665	
August	1,534,409	3,584,702	412,323	10,166	815,649	86,636	1,136,867	1,136,867	6,267,097	528,430	185,404	850,227	1,202,360	9,033,518	16,614,269	-3,111,397	13,502,872	
September	1,830,865	3,373,834	389,900	11,027	826,556	83,963	1,123,091	1,123,091	6,333,794	490,791	186,365	855,969	1,206,539	9,073,458	16,712,693	-3,236,642	13,476,051	
October	1,880,145	3,417,755	367,131	11,831	836,032	87,831	1,193,768	1,193,768	6,358,454	501,188	188,885	867,833	1,226,608	9,142,968	16,937,461	-3,210,823	13,726,638	
November	1,993,699	3,331,541	388,552	11,180	829,671	88,589	1,184,732	1,184,732	6,420,118	500,012	192,164	888,224	1,246,302	9,246,820	17,074,784	-3,289,778	13,785,006	
December	2,094,095	3,361,340	376,985	9,078	835,450	92,380	1,188,103	1,188,103	6,498,862	482,566	200,803	892,943	1,263,770	9,338,944	17,296,375	-3,312,401	13,983,974	
2022	2,387,377	3,333,462	332,726	9,528	856,881	90,692	1,191,553	1,191,553	6,529,503	488,268	202,086	893,190	1,287,073	9,400,120	17,602,339	-3,321,475	14,280,864	
February	2,442,394	3,352,195	305,347	9,878	853,235	86,206	1,237,505	1,237,505	6,578,286	472,998	203,829	903,550	1,301,263	9,459,926	17,746,686	-3,305,165	14,441,522	
March	2,682,533	3,429,740	443,409	8,636	855,873	100,575	1,547,834	1,547,834	6,839,523	694,013	215,646	912,519	1,313,373	9,975,073	19,043,674	-3,162,582	15,881,092	
April	2,889,418	3,179,505	500,492	11,672	859,893	106,330	1,725,014	1,725,014	6,955,307	797,524	218,434	919,229	1,300,988	10,191,482	19,463,805	-2,912,736	16,551,069	
May	2,904,796	3,112,707	505,043	12,472	859,114	134,124	1,750,139	1,750,139	6,960,157	794,630	222,998	920,535	1,291,472	10,189,793	19,468,187	-3,045,658	16,422,529	
June	3,094,136	3,117,429	485,323	11,063	861,749	123,963	1,729,109	1,729,109	6,976,072	738,100	223,927	918,358	1,291,772	10,148,228	19,571,000	-3,114,205	16,456,795	
July	3,263,877	3,057,499	505,020	9,397	848,465	126,584	1,754,015	1,754,015	6,945,710	727,426	224,352	914,827	1,295,013	10,107,329	19,671,937	-3,138,077	16,533,859	
August	3,311,066	3,212,481	466,543	9,397	866,909	110,388	1,699,812	1,699,812	6,887,237	716,921	227,882	916,323	1,330,718	10,089,036	19,765,632	-3,279,806	16,485,826	
September	3,302,445	3,272,424	468,539	7,517	867,178	109,813	1,703,004	1,703,004	6,864,019	726,927	230,582	918,704	1,341,390	10,067,258	19,798,542	-3,366,062	16,432,480	
October	3,351,743	3,379,908	446,772	8,016	861,732	109,241	1,771,762	1,771,762	6,832,265	697,844	231,609	922,055	1,345,483	10,029,252	19,964,432	-3,544,204	16,420,228	
November	3,369,791	3,499,591	423,242	8,328	864,012	112,230	1,760,362	1,760,362	6,802,512	696,717	233,127	922,543	1,337,896	9,992,795	20,030,350	-3,484,390	16,545,960	
December	3,432,493	3,639,290	399,325	15,440	866,044	116,037	1,747,033	1,747,033	6,734,988	679,143	237,062	922,074	1,346,892	9,920,159	20,135,822	-3,529,206	16,606,616	

(f) Net credit to the government equals to credit extended by the Central Bank, LCBs, LSBs and LFCs to the government, net of government deposits and government cash balances.
 (g) The sharp increase in credit to private sector by LFCs in some months could be attributed to already established specialised leasing companies (SLCs) obtaining LFC licenses.

Source: Central Bank of Sri Lanka

Monetary Aggregates - Summary

End of Period	Narrow Money (M ₁)			Broad Money (M ₂)			Broad Money (M _{2b})			Broad Money (M ₃)			
	Amount Rs. bn	Percentage Change		Amount Rs. bn	Percentage Change		Amount Rs. bn	Percentage Change		Amount Rs. bn	Percentage Change		
		Year-on-Year	Annual Average		Year-on-Year	Annual Average		Year-on-Year	Annual Average		Year-on-Year	Annual Average	
2021													
January	1,183.1	37.7	26.1	8,600.0	22.8	16.8	9,532.7	23.7	17.0	11,643.3	21.6	16.2	
February	1,199.9	38.5	28.7	8,706.2	22.9	17.9	9,650.9	23.8	18.3	11,790.4	21.9	17.2	
March	1,232.8	27.8	29.9	8,860.6	20.8	18.7	9,838.6	21.5	19.1	12,009.8	20.4	17.9	
April	1,244.2	25.4	30.4	8,944.6	19.8	19.2	9,947.3	20.4	19.7	12,154.1	19.6	18.4	
May	1,246.6	25.7	30.6	9,016.8	19.8	19.7	10,033.0	21.0	20.3	12,264.7	20.2	19.0	
June	1,293.3	29.1	30.9	9,136.2	20.1	20.2	10,164.8	21.5	20.9	12,401.6	20.9	19.6	
July	1,317.0	28.5	30.9	9,269.6	20.1	20.6	10,303.6	21.1	21.4	12,563.4	20.4	20.1	
August	1,355.2	28.0	30.8	9,412.4	19.8	20.9	10,513.6	21.0	21.7	12,789.9	20.2	20.4	
September	1,318.7	24.7	30.8	9,449.0	17.7	20.8	10,488.1	18.2	21.6	12,742.0	17.3	20.4	
October	1,372.7	26.4	30.2	9,536.0	16.8	20.4	10,581.7	17.3	21.3	12,873.4	16.5	20.1	
November	1,355.1	23.8	29.3	9,510.7	15.1	19.9	10,545.8	15.4	20.7	12,862.0	14.9	19.6	
December	1,459.9	24.0	28.3	9,638.9	13.5	19.1	10,647.3	13.2	19.9	12,985.4	13.3	18.9	
Monthly Average	1,298.2	28.3	27.4	9,173.4	19.1	18.2	10,187.3	19.9	18.9	12,423.3	18.9	18.2	
2022													
January	1,500.4	26.8	26.3	9,651.0	12.2	17.3	10,667.7	11.9	17.8	13,058.1	12.2	17.3	
February	1,507.1	25.6	26.3	9,735.8	11.8	16.7	10,755.1	11.4	17.5	13,166.5	11.7	17.0	
March	1,589.6	28.9	26.4	10,073.4	13.7	16.2	11,575.6	17.7	17.5	13,992.4	16.5	16.9	
April	1,635.1	31.4	26.9	10,193.4	14.0	15.6	11,940.6	20.0	17.5	14,355.9	18.1	16.9	
May	1,603.9	28.7	27.2	10,117.5	12.2	14.8	11,897.0	18.6	17.3	14,339.7	16.9	16.6	
June	1,545.5	19.5	26.4	10,143.6	11.0	14.0	11,901.4	17.1	16.9	14,334.9	15.6	16.1	
July	1,564.9	18.8	25.6	10,253.6	10.6	13.2	11,955.3	16.0	16.5	14,410.0	14.7	15.7	
August	1,534.1	13.2	24.3	10,285.9	9.3	12.5	11,986.9	14.0	15.9	14,450.7	13.0	15.1	
September	1,528.6	15.9	23.6	10,351.4	9.6	11.8	12,051.5	14.9	15.6	14,539.6	14.1	14.8	
October	1,456.7	6.1	21.9	10,338.4	8.4	11.3	12,045.7	13.8	15.3	14,547.0	13.0	14.5	
November	1,458.0	7.6	20.6	10,417.0	9.5	10.9	12,162.9	15.3	15.3	14,676.0	14.1	14.4	
December	1,453.6	-0.4	18.5	10,497.1	8.9	10.9	12,289.6	15.4	15.5	14,839.8	14.3	14.5	
Monthly Average	1,531.5	18.5	21.9	10,171.5	10.9	13.2	11,769.1	15.5	15.5	14,225.9	14.5	14.5	

Source: Central Bank of Sri Lanka

Reserve Position of Commercial Banks (a) (b)

Rs. million

End of Period	Deposits (c)			Required Reserves against Deposits (d)							Actual Reserves		
	Demand (1)	Time and Savings (2)	Other (3)	Total (e) (1)+(2)+(3) (4)	Demand (5)	Time and Savings (6)	Other (7)	Total Reserves (e) (5)+(6)+(7) (8)	Till Cash (9)	Required Reserves (8) - (9) (10)	Required Reserves Cumulative (11)	Commercial Banks' Deposits with Central Bank (Cumulative total for the reserve period) (12)	Excess/(Deficit) on SRR (12) - (11) (13)
2018	391,719	5,517,000	32,853	5,967,560	23,503	331,020	1,971	382,483	57,791	324,692	5,195,065	5,203,094	8,029
2019	386,148	5,889,555	29,705	6,305,904	19,307	294,478	1,485	315,767	70,538	245,228	3,927,650	3,927,744	4,094
2020	493,883	7,056,798	33,239	7,584,017	9,878	141,136	665	151,776	51,643	100,133	1,602,122	1,630,027	27,906
2021	662,422	7,953,092	55,172	8,670,757	26,497	318,124	2,207	346,899	57,259	289,641	4,634,254	4,701,711	67,457
2022	730,903	8,563,719	38,043	9,332,717	29,236	342,549	1,522	373,359	64,882	308,478	4,935,643	4,972,340	36,697
2021	536,396	7,181,804	34,370	7,752,667	10,728	143,636	687	155,149	47,198	107,951	1,727,211	1,889,447	162,236
February	535,336	7,286,737	34,555	7,856,715	10,707	145,735	691	157,220	47,904	109,315	1,421,100	1,518,382	97,282
March	524,828	7,362,789	35,141	7,922,830	10,497	147,256	703	158,527	48,030	110,498	1,767,961	1,836,823	68,862
April	543,221	7,446,748	38,905	8,028,946	10,864	148,935	778	160,650	55,700	104,950	1,574,249	1,684,578	110,329
May	564,167	7,560,764	38,071	8,163,074	11,283	151,215	761	163,332	62,239	101,093	1,617,490	1,742,950	125,460
June	538,900	7,610,710	42,183	8,191,865	10,778	152,214	844	163,908	60,487	103,420	1,551,307	1,601,164	49,857
July	549,145	7,665,349	43,445	8,258,011	10,983	153,307	869	165,231	58,171	107,060	1,712,965	1,722,282	9,316
August	585,395	7,776,255	44,486	8,406,208	11,708	155,525	890	168,195	55,710	112,485	1,799,757	1,803,624	3,867
September	596,621	7,857,425	49,111	8,503,230	23,860	164,195	1,964	340,198	57,096	283,102	4,246,529	4,255,286	8,757
October	601,496	7,915,823	52,342	8,569,733	24,060	316,633	2,094	342,858	55,185	287,673	4,602,773	4,613,670	10,897
November	658,372	7,978,797	49,275	8,686,516	26,335	319,152	1,971	347,530	58,494	289,036	4,335,533	4,360,643	25,110
December	662,422	7,953,092	55,172	8,670,757	26,497	318,124	2,207	346,899	57,259	289,641	4,634,254	4,701,711	67,457
2022	715,318	7,991,461	54,512	8,761,364	28,613	319,658	2,180	350,524	53,879	296,645	4,746,321	4,832,623	86,302
February	726,350	8,014,108	52,813	8,793,343	29,054	320,564	2,113	351,803	61,625	290,178	3,772,313	3,828,091	55,778
March	703,854	8,099,033	55,036	8,857,979	28,154	323,961	2,201	354,373	60,083	294,290	4,708,636	4,812,031	103,395
April	733,215	8,160,677	61,450	8,955,395	29,329	326,427	2,458	358,268	63,453	294,815	4,422,224	4,515,914	93,690
May	740,998	8,228,536	69,615	9,039,203	29,640	329,141	2,785	361,619	76,315	285,304	4,564,867	4,715,552	150,685
June	744,546	8,142,793	63,047	8,950,439	29,782	325,712	2,522	358,068	74,041	284,027	4,260,412	4,834,444	574,032
July	733,349	8,186,292	67,357	8,987,051	29,334	327,452	2,694	359,533	70,103	289,430	4,630,878	4,797,759	166,882
August	721,665	8,239,970	54,353	9,016,041	28,867	329,599	2,174	360,992	70,434	290,259	4,644,137	4,770,474	126,337
September	734,085	8,316,666	46,791	9,097,596	29,363	332,667	1,872	363,955	72,253	291,702	4,375,526	4,458,042	82,516
October	751,122	8,387,769	47,349	9,186,292	30,045	335,511	1,894	367,502	71,230	296,273	4,740,360	4,812,527	72,167
November	728,283	8,459,791	40,516	9,228,643	29,131	338,392	1,621	369,196	70,546	298,650	4,479,756	4,532,984	53,228
December	730,903	8,563,719	38,043	9,332,717	29,236	342,549	1,522	373,359	64,882	308,478	4,935,643	4,972,340	36,697

Source: Central Bank of Sri Lanka

(a) Under Sections 10c, 93, 94, 96 and 97 of the amended Monetary Law Act (Chapter 422), commercial banks and other financial institutions are required to maintain reserves against their deposit liabilities as prescribed by the Monetary Board. Currently, only commercial banks are subject to reserve requirements. With effect from 24 January 1992, an amount of till cash over and above two per cent of the total deposit liabilities, but not exceeding four per cent, could be maintained as a part of required reserves in the form of Sri Lanka currency notes and coins. With the reduction of Statutory Reserve Ratio (SRR) to 2.00 per cent with effect from 16 June 2020, the Central Bank also reduced till cash adjustment for the SRR compliance to an amount over and above two per cent of the total deposit liabilities, but not exceeding three per cent. Details of required reserve ratios, which were applicable in the past and computation methods have been published in the Appendix table on the 'Reserve Position of Commercial Banks' in the Annual Reports prior to 2003.

(b) With effect from June 2013, the basis for computing the SRR was changed and 7 day reserve calculation and maintenance periods were increased to two periods per month, first from 1st to 15th and the second from 16th to end of each month. Up to May 2013, Reserve data were for the last reserve week of each month and from June 2013 onwards, Reserve data are for the second reserve period of each month. The required reserves recorded in the table refer to the cumulative reserves for the reserve period, while commercial banks' deposits with the Central Bank are the cumulative deposits for that particular period. Excess/Deficit on SRR is the difference between the cumulative deposits for the reserve period and cumulative deposits of the commercial banks for the period.

(c) Excludes interbank deposits
(d) SRR reduced to 5.00 per cent, 4.00 per cent and 2.00 per cent, with effect from the reserve maintenance periods commencing 01 March 2019, 16 March 2020 and 16 June 2020, respectively. Subsequently, SRR increased to 4.00 per cent, with effect from the reserve maintenance period commencing 01 September 2021.
(e) A Margin Deposit Requirement on Letters of Credit / Documents against acceptance terms was imposed with effect from October 2018 to March 2019. The balances of these margin accounts are included in the Total Reserves.

Money Rates: The Central Bank and Commercial Banks (a)

End of Period	Commercial Banks' Deposit Rates												Commercial Banks' Rates on Advances												Per cent per annum									
	Central Bank of Sri Lanka						Commercial Banks' Deposits						Loans and Overdrafts						Commercial Banks' Rates on Advances						Interbank Call Money Market Rate									
	Bank Deposit Facility Rate (b)		Standing Facility Rate (c)		Savings Deposits		Fixed Deposits		Secured by Stock in Trade		Secured by Immovable Property		Unsecured		Bills Purchased and Discounted		AWPR (f)		AWLR (g)		AWNLR (h)		Over-night SLL-BOR (k)		Average Weighted									
	Rate	(c)	Max.	Min.	3-month	6-month	1-year	2-year	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.							
2018	15.00	8.00	13.80	4.00	14.00	4.50	15.00	4.53	13.50	5.40	8.50	0.50	8.81	10.85	10.94	11.27	28.00	7.93	28.00	4.00	28.00	1.00	29.00	3.50	27.00	6.00	14.54	9.00	9.00	8.90	8.95			
2019	15.00	7.00	11.75	2.50	12.00	3.05	15.00	3.55	12.63	5.30	7.00	0.20	8.20	10.05	8.89	9.17	28.00	4.47	28.00	4.00	28.00	1.00	28.00	6.75	24.00	6.00	13.59	12.80	7.55	7.40	7.45			
2020	8.50	4.50	8.33	0.15	11.30	0.20	15.00	0.25	12.50	3.00	7.00	0.10	5.80	7.14	4.93	5.08	28.00	3.95	28.00	4.00	28.00	1.00	28.00	4.00	17.42	2.90	5.74	10.29	8.38	4.55	4.53	4.55		
2021	9.00	5.00	8.25	0.08	8.00	0.01	15.00	0.15	10.83	0.15	6.35	0.05	4.94	5.94	6.45	6.67	28.00	4.00	28.00	3.02	28.00	1.00	28.00	3.03	18.00	3.14	8.33	9.87	9.48	6.00	5.88	5.95		
2022	30.22	14.50	28.50	4.25	30.00	4.50	26.50	4.50	6.00	0.25	14.06	0.25	14.06	18.49	23.07	23.73	42.48	5.66	39.00	2.81	36.68	1.05	39.41	6.00	35.56	8.00	28.19	18.70	15.50	15.50	15.50	15.50		
2021 January	8.50	4.50	8.33	0.15	11.30	0.20	15.00	0.25	12.25	3.00	7.00	0.10	5.58	6.88	5.19	5.30	28.00	4.00	28.00	4.00	28.00	1.00	28.00	2.01	17.42	2.89	5.82	10.17	8.37	4.55	4.54	4.55		
February	8.50	4.50	8.33	0.15	8.83	0.20	15.00	0.25	12.25	3.00	7.00	0.10	5.36	6.53	4.96	5.09	28.00	4.00	28.00	4.00	28.00	1.00	28.00	4.00	17.42	2.87	5.72	10.08	8.26	4.55	4.54	4.55		
March	8.50	4.50	8.33	0.15	8.83	0.20	15.00	0.25	12.25	3.00	7.00	0.10	5.20	6.29	4.86	4.99	28.00	4.00	28.00	4.00	28.00	1.00	28.00	4.00	17.42	3.74	5.67	9.91	8.28	4.65	4.60	4.62		
April	8.50	4.50	8.33	0.15	8.83	0.20	15.00	0.25	12.04	3.45	7.00	0.10	5.07	6.09	4.77	4.92	28.00	3.87	28.00	3.04	28.00	1.00	28.00	4.00	17.50	2.87	5.65	9.73	7.95	4.70	4.60	4.64		
May	8.50	4.50	8.33	0.15	8.83	0.20	15.00	0.25	12.00	3.45	7.00	0.10	4.97	5.94	4.77	4.90	28.00	1.00	28.00	3.04	28.00	1.00	28.00	4.00	17.50	4.95	5.69	9.64	7.74	4.75	4.60	4.66		
June	8.50	4.50	8.00	0.15	7.00	0.20	15.00	0.25	10.83	3.45	7.00	0.10	4.87	5.82	4.98	5.10	28.00	1.00	28.00	3.04	28.00	1.00	28.00	4.00	17.50	4.70	5.67	9.50	7.47	4.95	4.80	4.93		
July	8.50	4.50	8.00	0.15	7.00	0.20	15.00	0.25	10.83	3.45	6.00	0.10	4.77	5.67	4.99	5.15	28.00	1.00	28.00	2.84	28.00	1.00	28.00	4.00	17.50	4.00	5.70	9.45	8.09	5.20	5.00	5.10		
August	9.00	5.00	8.00	0.15	7.00	0.20	15.00	0.25	10.83	3.45	6.00	0.10	4.75	5.62	5.19	5.35	28.00	1.00	28.00	3.04	28.00	1.00	28.00	4.00	18.00	5.20	5.85	9.38	8.04	5.85	5.75	5.79		
September	9.00	5.00	8.00	0.15	7.00	0.20	15.00	0.25	10.83	3.45	6.25	0.10	4.75	5.64	5.53	5.69	28.00	1.00	28.00	3.02	28.00	1.00	28.00	4.00	18.00	3.89	6.39	9.37	8.14	5.95	5.90	5.94		
October	9.00	5.00	8.00	0.08	8.00	0.10	15.00	0.15	10.83	0.15	6.25	0.05	4.79	5.70	5.96	6.19	28.00	1.00	28.00	3.02	28.00	1.00	28.00	4.00	18.00	3.15	7.18	9.49	8.78	6.00	5.80	5.93		
November	9.00	5.00	8.00	0.08	8.00	0.10	15.00	0.15	10.83	0.15	7.00	0.05	4.82	5.75	6.27	6.52	28.00	4.00	28.00	3.02	28.00	1.00	28.00	1.26	18.00	3.14	7.89	9.79	9.18	5.97	5.85	5.92		
December	9.00	5.00	8.25	0.08	8.00	0.01	15.00	0.15	10.83	0.15	6.35	0.05	4.94	5.94	6.45	6.67	28.00	4.00	28.00	3.02	28.00	1.00	28.00	3.03	18.00	3.14	8.33	9.87	9.48	6.00	5.88	5.95		
2022 January	9.50	5.50	8.25	0.08	8.50	0.01	15.00	0.15	10.83	0.15	6.35	0.05	5.01	6.05	6.58	6.79	28.00	4.00	28.00	3.02	28.00	3.22	28.00	3.03	18.00	4.21	8.42	10.12	9.76	6.50	6.40	6.48		
February	9.50	5.50	9.50	0.08	8.00	0.01	15.00	0.15	10.83	0.15	6.35	0.05	5.07	6.15	6.50	6.75	28.00	4.00	28.00	3.02	28.00	3.22	28.00	3.03	18.00	4.21	8.95	10.13	10.07	6.50	6.45	6.48		
March	10.50	6.50	12.00	0.15	11.25	0.20	15.00	0.25	11.90	4.50	6.35	0.10	5.17	6.30	7.68	8.06	28.00	4.00	28.00	3.02	28.00	3.22	28.00	4.00	18.00	5.46	9.47	10.35	10.73	7.50	7.45	7.49		
April	17.50	13.50	14.50	0.50	19.00	0.20	20.00	0.25	19.50	4.50	6.10	0.10	5.52	6.84	15.35	15.63	29.51	4.00	28.00	3.02	28.52	3.15	30.00	4.75	25.00	0.75	13.02	11.31	13.72	14.50	14.50	14.50	14.50	
May	17.50	13.50	14.50	0.50	25.00	0.15	24.60	0.20	24.00	0.25	22.00	4.50	7.00	0.10	6.99	8.97	16.98	17.19	32.00	4.00	32.00	2.81	32.00	3.23	32.00	4.00	7.88	20.49	13.46	20.00	14.50	14.50	14.50	
June	17.50	13.50	14.50	0.50	23.25	0.15	24.00	0.20	23.00	0.25	22.00	4.50	7.00	0.10	8.41	11.06	17.15	17.45	32.00	4.00	32.00	2.81	32.00	1.05	34.00	4.00	12.00	21.94	15.06	21.50	14.50	14.50	14.50	
July	18.50	14.50	15.50	0.50	25.30	0.08	25.00	0.10	26.00	0.15	24.00	4.00	6.00	0.05	9.56	12.60	19.11	19.42	34.00	4.00	38.53	2.81	36.00	1.05	37.73	3.50	35.95	12.00	23.23	15.94	22.42	15.50	15.50	15.50
August	18.50	14.50	15.50	0.50	28.50	0.08	25.00	0.10	28.00	0.15	24.00	4.00	6.00	0.05	10.49	13.90	21.29	21.62	34.00	4.00	37.34	2.81	37.34	1.05	37.89	3.50	36.01	8.00	25.26	16.86	24.18	15.50	15.50	15.50
September	18.50	14.50	15.50	0.50	30.00	0.20	28.00	0.30	28.00	3.50	25.00	4.50	7.00	0.25	11.63	15.41	22.06	22.55	34.89	4.00	37.34	2.81	37.34	1.05	39.01	3.50	37.34	8.00	26.16	17.58	24.93	15.50	15.50	15.50
October	18.50	14.50	15.50	0.50	30.00	0.25	30.00	0.30	29.00	3.50	25.25	4.50	7.00	0.25	12.60	16.66	23.22	23.61	37.51	5.26	37.51	2.81	37.51	1.05	39.35	3.50	37.34	8.00	28.10	17.94	25.83	15.50	15.50	15.50
November	29.06	14.50	15.50	0.50	30.00	0.275	28.50	0.30	30.00	3.50	28.00	4.50	6.00	0.25	13.37	17.59	23.63	24.05	39.13	5.66	38.10	2.81	37.67	1.05	39.35	4.00	36.55	8.00	28.25	18.42	26.04	15.50	15.50	15.50
December	30.22	14.50	15.50	0.50	30.00	0.40	28.50	4.25	30.00	4.50	26.50	4.50	6.00	0.25	14.06	18.49	23.07	23.73	42.48	5.66	39.00	2.81	36.68	1.05	39.41	6.00	35.56	8.00	28.19	18.70	26.20	15.50	15.50	15.50

Source: Central Bank of Sri Lanka

(a) All interest rates are as at the end of period, unless otherwise stated.
 (b) The rate at which the Central Bank grants advances to banking institutions as the lender of last resort.
 (c) Repurchase rate and Reverse repurchase rate were renamed as Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR), respectively, with effect from 02 January 2014.
 (d) The Average Weighted Deposit Rate (AWDR) is calculated by the Central Bank monthly, based on interest rates pertaining to all outstanding interest bearing rupee deposits held with licensed commercial banks (LCBs).
 (e) The Average Weighted Fixed Deposit Rate (AWFDR) is calculated by the Central Bank monthly, based on interest rates pertaining to all outstanding interest bearing rupee time deposits held with LCBs.
 (f) The Average Weighted New Deposit Rate (AWNDR) is calculated by the Central Bank monthly, based on interest rates pertaining to all new interest bearing rupee deposits mobilised by LCBs during a particular month.
 (g) The Average Weighted New Fixed Deposit Rate (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.
 (h) The Average Weighted Prime Lending Rate (AWPLR) is calculated by the Central Bank weekly, based on interest rates applicable to short term rupee loans and advances granted by LCBs to their prime customers during a particular week. The monthly figures are average values of calculated weekly rates.
 (i) The Average Weighted Lending Rate (AWLR) is calculated by the Central Bank monthly, based on interest rates pertaining to all outstanding rupee loans and advances extended by LCBs.
 (j) The Average Weighted New Lending Rate (AWNLR) is calculated by the Central Bank monthly, based on interest rates pertaining to all new rupee loans and advances extended by LCBs during a particular month.
 (k) The Sri Lanka Interbank Offered Rate (SLIBOR) was computed daily by the Central Bank, based on rates offered by LCBs in the interbank market. The rate shown is the average of such offered rates by selected LCBs. The Publication of SLIBOR was discontinued with effect from 01 July 2020.

Money Rates: Savings and Long Term Credit Institutions

End of Period	Deposit Rates										Lending Rates			
	National Savings Bank										National Savings Bank	State Mortgage & Investment Bank	National Housing Development Authority	
	Savings Deposits	6-month	Fixed Deposits			1-year	2-year	State Mortgage & Investment Bank 1-year Fixed Deposits	National Savings Bank	State Mortgage & Investment Bank				National Housing Development Authority
			Interest paid on Maturity	Interest paid Monthly	Interest paid Monthly									
		Interest paid on Maturity	Interest paid Monthly	Interest paid Monthly										
2018	4.00	10.25	10.50	10.00	11.00	12.00	6.75-16.25	10.50-20.00	5.00					
2019	4.00	8.83	9.83	9.33	10.33	9.83	12.00-14.50	10.25-18.00	5.00-6.00					
2020	3.50	5.00	5.25	5.00	6.25	5.50	7.00-10.00	8.73-12.50	6.00-9.00					
2021	3.50	5.25	5.50	5.25	6.75	5.60	7.50-11.50	7.50-12.50	6.00-9.00					
2022	3.00	14.75	12.00	11.75	14.75	14.50	28.00-32.00	18.00-27.25	6.00-9.00					
2021	3.50	5.00	5.25	5.00	6.25	5.50	6.25-10.00	8.37-12.50	6.00-9.00					
January	3.50	4.75	5.00	4.75	6.00	5.50	6.25-10.00	7.00-12.50	6.00-9.00					
February	3.50	4.75	5.00	4.75	6.00	5.25	6.25-10.00	7.00-12.50	6.00-9.00					
March	3.50	4.75	5.00	4.75	6.25	5.25	6.25-10.00	7.00-12.50	6.00-9.00					
April	3.50	4.75	5.00	4.75	6.25	5.25	6.25-10.00	7.00-12.50	6.00-9.00					
May	3.50	4.75	5.00	4.75	6.25	5.25	6.25-10.00	7.00-12.50	6.00-9.00					
June	3.50	4.75	5.00	4.75	6.25	5.25	6.25-10.00	7.00-12.50	6.00-9.00					
July	3.50	4.75	5.00	4.75	6.25	5.25	6.25-10.00	7.00-12.50	6.00-9.00					
August	3.50	4.75	5.00	4.75	6.25	5.25	6.25-10.00	7.50-12.50	6.00-9.00					
September	3.50	5.25	5.50	5.25	6.75	5.25	7.50-11.50	7.50-12.50	6.00-9.00					
October	3.50	5.25	5.50	5.25	6.75	5.60	7.50-11.50	7.50-12.50	6.00-9.00					
November	3.50	5.25	5.50	5.25	6.75	5.60	7.50-11.50	7.50-12.50	6.00-9.00					
December	3.50	5.25	5.50	5.25	6.75	5.60	7.50-11.50	7.50-12.50	6.00-9.00					
2022	3.50	5.25	5.50	5.25	6.75	5.60	7.50-11.50	7.50-12.50	6.00-9.00					
January	3.50	5.25	5.50	5.25	6.75	5.60	7.50-11.50	7.50-12.50	6.00-9.00					
February	3.50	5.25	5.50	5.25	6.75	5.75	7.50-11.50	8.25-12.50	6.00-9.00					
March	3.50	7.25	7.50	7.25	8.75	7.50	7.50-11.50	10.00-14.75	6.00-9.00					
April	3.50	14.75	14.50	14.00	15.50	14.50	16.50-20.00	18.00-21.00	6.00-9.00					
May	3.50	14.75	13.50	12.70	14.75	14.50	16.50-20.00	18.00-24.75	6.00-9.00					
June	3.00	14.75	12.00	11.75	14.75	14.50	20.00-25.00	18.00-24.75	6.00-9.00					
July	3.00	14.75	12.00	11.75	14.75	14.50	20.00-25.00	18.00-25.75	6.00-9.00					
August	3.00	14.75	12.00	11.75	14.75	14.50	20.00-25.00	18.00-25.75	6.00-9.00					
September	3.00	14.75	12.00	11.75	14.75	14.50	20.00-25.00	18.00-27.25	6.00-9.00					
October	3.00	14.75	12.00	11.75	14.75	14.50	22.00-28.00	18.00-27.25	6.00-9.00					
November	3.00	14.75	12.00	11.75	14.75	14.50	28.00-32.00	18.00-27.25	6.00-9.00					
December	3.00	14.75	12.00	11.75	14.75	14.50	28.00-32.00	18.00-27.25	6.00-9.00					

Sources: Respective Licensed Specialised Banks
National Housing Development Authority

Commercial Banks' Loans and Advances by Type of Security (a)(b)(c)(d)
(End of Period)

Type of Security	2018		2019		2020		2021		2022	
	Amount (Rs. mn)	% of Total	Amount (Rs. mn)	% of Total	Amount (Rs. mn)	% of Total	Amount (Rs. mn)	% of Total	Amount (Rs. mn)	% of Total
1. Documentary Bills	13,654	0.3	10,963	0.2	5,597	0.1	7,342	0.1	7,532	0.1
2. Government Securities	8,618	0.2	2,286	0.05	2,410	0.05	2,370	0.04	866	0.02
3. Shares, Bonds, Debentures, Life Insurance Policies and Other	107,103	2.3	106,650	2.2	137,012	2.7	163,344	2.8	146,346	2.5
4. Fixed, Savings and Other Deposits, and Certificates of Deposit	421,699	9.1	372,976	7.8	309,216	6.0	345,373	5.9	450,501	7.8
5. Foreign Currency Deposits	22,922	0.5	21,994	0.5	25,678	0.5	48,935	0.8	78,300	1.4
6. Stock in Trade/ Inventories	146,895	3.2	140,952	2.9	129,807	2.5	149,765	2.5	187,972	3.3
7. Immovable Property, Plant and Machinery	1,405,673	30.2	1,497,987	31.3	1,555,058	30.4	1,652,649	28.0	1,462,378	25.4
8. Personal Guarantees and Promissory Notes	783,843	16.9	760,367	15.9	985,425	19.2	1,097,779	18.6	953,892	16.5
9. Trust Receipts	66,160	1.4	58,155	1.2	69,699	1.4	102,916	1.7	94,070	1.6
10. Leasing and Hire Purchase Agreements	222,033	4.8	229,484	4.8	229,566	4.5	227,468	3.9	191,486	3.3
11. Tractors and Motor Vehicles	79,744	1.7	73,816	1.5	75,740	1.5	84,281	1.4	78,663	1.4
12. Other Types of Security	494,918	10.6	582,427	12.2	616,788	12.0	842,869	14.3	837,392	14.5
13. Gold and Other Precious Metals under Pawning	253,582	5.5	293,838	6.1	332,650	6.5	392,973	6.7	498,261	8.6
14. Unsecured	621,796	13.4	628,755	13.2	648,794	12.7	781,588	13.2	777,713	13.5
Total	4,648,640	100.0	4,780,650	100.0	5,123,439	100.0	5,899,652	100.0	5,765,373	100.0
Average Weighted Lending Rate (AWLR) (%)	14.40		13.59		10.29		9.87		18.70	

Source: Central Bank of Sri Lanka

(a) Excludes cash items in the process of collection and advances granted for financing purpose under the guaranteed price scheme

(b) Includes loans and advances extended only by DBUs of commercial banks

(c) Excludes credit to the government and public corporations

(d) Excludes: Non-performing loans

Export bills purchased at current exchange rates (previously included under 'Documentary Bills')

Lending in Foreign Currency

Commercial Banks' Loans and Advances to the Private Sector (a)(b)

Category	End December 2021 (c)		End December 2022 (d)		% Change
	Amount (Rs. mn)	As a % of Total	Amount (Rs. mn)	As a % of Total	
1. Agriculture and Fishing	551,682	7.7	601,695	7.7	9.1
<i>of which,</i>					
Tea	101,224	1.4	108,235	1.4	6.9
Rubber	41,418	0.6	59,119	0.8	42.7
Coconut	33,743	0.5	30,041	0.4	-11.0
Paddy	44,446	0.6	38,883	0.5	-12.5
Vegetable and Fruit Cultivation and Minor Food Crops	30,889	0.4	32,150	0.4	4.1
Livestock and Dairy Farming	27,702	0.4	30,350	0.4	9.6
Fisheries	24,020	0.3	26,411	0.3	10.0
2. Industry	2,860,878	39.7	3,100,572	39.8	8.4
<i>of which,</i>					
Construction	1,525,082	21.2	1,571,945	20.2	3.1
<i>of which,</i>					
Personal Housing including Purchasing/Construction/Repairs	749,509	10.4	700,175	9.0	-6.6
Staff Housing	99,552	1.4	115,540	1.5	16.1
Food and Beverages	174,692	2.4	214,553	2.8	22.8
Textiles and Apparel	273,076	3.8	293,802	3.8	7.6
Wood and Wood Products including Furniture	23,597	0.3	19,523	0.3	-17.3
Paper and Paper Products	19,674	0.3	20,975	0.3	6.6
Chemical, Petroleum, Pharmaceutical and Healthcare, and Rubber and Plastic Products	141,194	2.0	161,962	2.1	14.7
Non-metallic Mineral Products	11,344	0.2	13,901	0.2	22.5
Basic Metal Products	59,619	0.8	61,126	0.8	2.5
Fabricated Metal Products, Machinery and Transport Equipment	152,754	2.1	144,910	1.9	-5.1
Other Manufactured Products	24,619	0.3	41,109	0.5	67.0
3. Services	1,996,478	27.7	2,079,558	26.7	4.2
<i>of which,</i>					
Wholesale and Retail Trade	570,250	7.9	563,712	7.2	-1.1
Tourism	288,197	4.0	372,831	4.8	29.4
Financial and Business Services	437,183	6.1	446,614	5.7	2.2
Transport	80,711	1.1	58,813	0.8	-27.1
Communication and Information Technology	96,593	1.3	75,546	1.0	-21.8
Printing and Publishing	31,528	0.4	31,874	0.4	1.1
Education	30,474	0.4	30,221	0.4	-0.8
Health	60,887	0.8	55,163	0.7	-9.4
Shipping, Aviation and Freight Forwarding	30,251	0.4	32,022	0.4	5.9
4. Personal Loans and Advances (e)	1,799,776	25.0	2,013,001	25.8	11.8
<i>of which,</i>					
Consumer Durables	374,974	5.2	368,535	4.7	-1.7
Pawning	302,401	4.2	423,427	5.4	40.0
Credit Cards	144,755	2.0	149,332	1.9	3.2
Personal Education	13,089	0.2	14,275	0.2	9.1
Personal Healthcare	1,952	0.0	2,179	0.0	11.6
Other	889,739	12.3	997,376	12.8	12.1
5. Total (f)	7,208,813	100.0	7,794,826	100.0	8.1

(a) Based on the Quarterly Survey of Commercial Banks' Loans and Advances to the Private Sector, which includes loans and advances of both DBUs and OBUs of commercial banks.

Source: Central Bank of Sri Lanka

(b) Includes loans, overdrafts, bills discounted and purchased 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) The credit to the private sector as per the Quarterly Survey differ from that in the Monetary Survey due to differences in the compilation methodologies.

FINANCIAL SECTOR PERFORMANCE AND SYSTEM STABILITY

TABLE 128

Assets and Liabilities of the Central Bank

End of Period	Assets											Total Assets/ Liabilities	International Reserves as a Percentage of Currency and Deposit Liabilities
	International Reserves					Total	Domestic Assets				Other Assets and Accounts		
	Cash and Bank Balances Abroad including Treasury Bills	Foreign Government and Non- Governmental Securities (c)	Special Drawing Rights	IMF related Assets	Receivables		Loans and Advances to		Government and Government Guaranteed Securities (b)				
							Government	Other					
2018	521,810	732,344	217	147,201	1,020	1,402,591	198,633	96	274,486	41,634	1,917,439	87	
2019	594,095	768,470	1,320	145,831	62	1,509,777	236,609	39	126,867	46,126	1,919,417	98	
2020	479,514	744,000	492	158,465	1,716	1,384,188	153,062	111,232	717,260	55,855	2,421,597	76	
2021	547,895	8,874	24,801	163,245	20	744,834	150,129	90,358	1,945,353	115,604	3,046,278	31	
2022	661,691	10,867	626	280,765	37,080	991,031	235,639	28,217	3,197,064	58,397	4,510,347	25	
2021	481,984	664,777	1,290	162,804	3	1,310,858	198,171	109,629	727,532	58,056	2,404,246	70	
February	455,045	504,136	539	163,143	743	1,123,606	198,182	110,734	798,840	55,878	2,287,240	66	
March	388,605	402,399	542	163,963	7,341	962,851	198,190	109,462	895,049	51,563	2,217,115	58	
April	685,705	143,680	1,294	166,558	18,085	1,015,321	198,199	110,177	873,209	53,406	2,250,312	60	
May	753,383	127,623	584	167,533	4,328	1,053,452	198,190	110,489	857,266	57,395	2,276,793	60	
June	637,657	126,209	1,738	166,770	14	932,387	196,268	102,990	983,417	66,155	2,281,217	55	
July	507,580	76,088	2,444	166,017	408	752,537	198,182	98,814	1,220,849	53,962	2,324,344	42	
August	590,405	79,021	27,160	173,854	1,810	872,250	198,189	94,749	1,337,213	53,747	2,556,149	43	
September	375,500	74,168	25,585	163,723	356	639,333	198,190	92,090	1,633,801	54,398	2,617,811	31	
October	306,960	74,957	25,946	166,084	2,678	576,626	198,168	88,747	1,683,371	156,511	2,703,423	27	
November	277,373	8,917	24,986	164,517	20	475,813	198,202	87,873	1,796,804	138,367	2,697,059	23	
December	547,895	8,874	24,801	163,245	20	744,834	150,129	90,358	1,945,353	115,604	3,046,278	31	
2022	400,427	8,703	24,720	162,712	1	596,562	224,800	85,612	2,163,337	138,754	3,209,064	23	
February	379,237	8,624	24,035	162,964	0	574,860	224,731	77,919	2,218,359	71,426	3,167,295	22	
March	499,004	9,396	35,424	240,184	5,513	789,521	224,787	73,066	2,458,921	83,580	3,629,875	23	
April	545,792	10,571	39,379	267,038	5,056	867,835	223,925	69,927	2,666,555	96,346	3,924,589	23	
May	635,390	11,171	6,032	282,941	10,127	945,662	224,612	67,848	2,681,161	92,757	4,012,040	24	
June	626,264	11,078	5,920	277,665	10,105	931,032	223,106	57,392	2,871,916	98,282	4,181,727	23	
July	613,109	11,249	5,916	277,500	4,685	912,459	224,818	51,888	3,040,052	86,346	4,315,562	23	
August	578,361	11,004	3,045	273,097	89,997	955,504	224,800	43,318	3,086,881	58,525	4,369,029	24	
September	598,703	10,784	3,010	269,810	82,098	964,404	224,800	35,962	3,078,332	62,609	4,366,107	25	
October	570,902	10,698	24,001	270,827	68,572	945,000	224,781	34,350	3,127,395	57,480	4,389,005	24	
November	619,482	10,881	14,872	277,400	37,066	959,700	224,021	32,900	3,146,022	57,397	4,420,039	24	
December	661,691	10,867	626	280,765	37,080	991,031	235,639	28,217	3,197,064	58,397	4,510,347	25	

(a) Includes securities acquired from government institutions.

(b) Government and government guaranteed securities are on fair value basis.

(Contd.)

FINANCIAL SECTOR PERFORMANCE AND SYSTEM STABILITY

TABLE 128 (Contd.)

Assets and Liabilities of the Central Bank

Rs. million

End of Period	Liabilities										Total	Others	Total	Other Liabilities and Accounts		
	Capital Account			Currency Issued			Securities Outstanding (c)	Deposits								
	Capital	Surplus	Total	Notes in Circulation	Coins in Circulation	Total		Government	Government Agencies and Institutions	Commercial Banks					International Organisations, Foreign Governments and Foreign Banking Institutions	
2018	50,000	0	50,000	627,120	13,822	640,943	0	301	48	320,106	652,080	18	972,553	253,943		
2019	50,000	0	50,000	663,139	14,828	677,967	0	444	56	254,582	613,813	8	868,902	322,548		
2020	50,000	0	50,000	819,298	15,509	834,808	0	1,430	30	129,602	857,447	9	988,519	548,271		
2021	50,000	0	50,000	988,628	16,472	1,005,099	0	1,387	5	300,704	1,132,139	9	1,434,244	556,935		
2022	50,000	0	50,000	1,009,094	17,474	1,026,567	0	210	12	322,810	2,604,975	12	2,928,018	505,762		
2021	50,000	0	50,000	829,204	15,564	844,768	0	1,386	30	131,099	892,972	13	1,025,501	483,978		
January	50,000	0	50,000	837,145	15,639	852,784	0	563	41	125,264	729,787	17	855,672	528,784		
February	50,000	0	50,000	884,787	15,831	900,618	0	1,044	41	127,940	621,865	11	750,901	515,596		
March	50,000	0	50,000	895,143	15,939	911,082	0	860	36	120,026	672,442	7	793,372	495,857		
April	50,000	0	50,000	904,373	15,962	920,335	0	845	32	115,643	704,404	7	820,930	485,527		
May	50,000	0	50,000	934,100	15,983	950,083	0	827	30	114,951	625,868	17	741,693	539,440		
June	50,000	0	50,000	926,757	16,047	942,804	0	1,027	29	121,033	742,308	238	864,635	466,905		
July	50,000	0	50,000	951,038	16,114	967,151	0	994	29	122,085	956,150	7	1,079,265	459,732		
August	50,000	0	50,000	980,219	16,161	996,380	0	1,126	32	299,544	798,080	6	1,098,787	472,644		
September	50,000	0	50,000	971,326	16,247	987,573	0	1,393	37	298,831	829,238	9	1,129,508	536,342		
October	50,000	0	50,000	953,027	16,367	969,394	0	1,307	31	318,378	805,744	8	1,125,467	552,198		
November	50,000	0	50,000	988,628	16,472	1,005,099	0	1,387	5	300,704	1,132,139	9	1,434,244	556,935		
December	50,000	0	50,000	1,008,735	16,567	1,025,302	0	759	3	312,184	1,259,326	7	1,572,280	561,482		
2022	50,000	0	50,000	1,013,005	16,668	1,029,673	0	695	28	294,533	1,309,158	10	1,604,424	483,198		
January	50,000	0	50,000	1,082,406	16,918	1,099,324	0	1,175	19	287,356	1,992,921	22	2,281,494	199,056		
February	50,000	0	50,000	1,153,678	16,999	1,170,677	0	1,063	20	311,108	2,330,074	8	2,642,273	61,639		
March	50,000	0	50,000	1,138,653	17,058	1,155,711	0	978	28	259,111	2,492,194	5	2,752,316	54,013		
April	50,000	0	50,000	1,097,639	17,138	1,114,776	0	886	23	337,797	2,543,750	16	2,882,472	134,479		
May	50,000	0	50,000	1,107,176	17,189	1,124,365	0	992	20	312,063	2,598,706	15	2,911,796	229,401		
June	50,000	0	50,000	1,062,474	17,263	1,079,737	0	616	55	306,456	2,570,377	7	2,877,510	361,782		
July	50,000	0	50,000	1,026,583	17,335	1,043,919	0	686	15	334,645	2,555,253	98	2,890,698	381,491		
August	50,000	0	50,000	1,008,645	17,387	1,026,032	0	433	15	315,634	2,580,261	14	2,896,357	416,616		
September	50,000	0	50,000	988,352	17,426	1,005,778	0	252	12	312,703	2,599,279	18	2,912,264	451,997		
October	50,000	0	50,000	1,009,094	17,474	1,026,567	0	210	12	322,810	2,604,975	12	2,928,018	505,762		
November	50,000	0	50,000	1,008,628	16,472	1,025,099	0	1,387	5	300,704	1,132,139	9	1,434,244	556,935		
December	50,000	0	50,000	1,008,735	16,567	1,025,302	0	759	3	312,184	1,259,326	7	1,572,280	561,482		

Source: Central Bank of Sri Lanka

(c) Central Bank's own securities issued under Section 91(1)(b) of the Monetary Law Act

Assets and Liabilities of Domestic Banking Units (DBUs) of Commercial Banks (a)

End of Period	Assets														Liabilities				
	Cash in Hand	Due from Central Bank	Due from Domestic Banks	Cash Items in Process of Collection	Foreign Currency on Hand and Balances due from Banks Abroad	Investments				Other Investments	Loans and Advances				Fixed and Other Assets (b)	Total Assets or Liabilities			
						Sri Lanka Govt. Obligations					Treasury Bills	Treasury Bonds	Other Govt. Securities	Bills Purchased and Discounted			Overdrafts	Loans	Total
						Treasury Bills	Treasury Bonds	Other Govt. Securities	Local											Import	Export
2018	167,876	336,267	78,638	28,255	772,110	447,299	632,670	375,839	110,740	2,700	12,642	18,243	1,037,776	4,684,393	340,216	9,045,664			
2019	183,759	280,549	87,748	31,687	497,961	621,407	755,025	447,132	98,214	2,022	8,152	16,710	996,307	4,991,760	722,664	9,741,099			
2020	193,798	290,369	83,792	30,663	702,852	777,239	1,429,346	581,088	91,247	4,103	4,533	18,782	1,077,666	5,660,472	779,487	11,725,438			
2021	220,649	398,543	123,414	35,538	663,891	577,516	1,584,962	499,580	117,094	4,378	5,750	19,573	1,543,965	6,634,345	898,233	13,327,430			
2022	284,525	630,941	139,330	32,728	1,131,213	624,935	2,461,325	639,321	119,805	2,003	6,734	25,516	921,837	7,441,119	1,423,015	15,884,345			
2021 January	198,822	224,700	97,201	29,658	702,113	782,704	1,477,929	586,655	98,572	5,176	4,997	17,986	1,229,362	5,659,608	801,834	11,917,317			
February	193,725	277,145	98,494	31,887	725,318	704,001	1,503,492	598,540	104,665	5,104	5,427	19,208	1,249,363	5,719,281	831,162	12,066,815			
March	227,777	244,861	110,135	29,928	729,816	687,137	1,468,301	617,321	99,507	4,757	5,237	17,122	1,346,683	5,826,397	826,243	12,241,222			
April	226,904	249,188	73,559	29,824	734,710	706,119	1,554,768	609,676	119,984	4,531	6,111	14,932	1,294,712	5,873,370	837,433	12,335,822			
May	228,304	203,602	96,587	29,737	727,470	727,736	1,520,032	613,944	116,015	4,606	5,827	15,033	1,375,938	6,003,970	848,409	12,447,763			
June	238,214	239,904	122,510	29,918	794,484	688,258	1,516,693	585,257	110,247	4,087	6,043	14,215	1,435,681	6,003,970	862,409	12,651,904			
July	219,879	216,088	112,891	30,846	866,918	663,444	1,573,438	533,367	110,204	3,410	7,843	14,587	1,539,347	6,043,460	885,281	12,821,004			
August	216,956	217,728	110,603	30,917	980,365	640,092	1,513,731	578,459	114,583	3,960	9,479	17,676	1,618,549	6,121,470	881,431	13,056,000			
September	234,369	399,493	105,109	30,884	898,419	530,477	1,497,351	534,094	121,869	3,536	8,394	18,416	1,587,821	6,174,255	878,429	13,022,916			
October	233,340	375,675	167,644	31,614	743,705	539,704	1,550,459	535,983	122,313	3,243	9,013	17,605	1,586,414	6,369,956	887,322	13,173,990			
November	234,388	433,161	123,922	33,680	710,962	543,072	1,593,588	511,269	120,175	3,670	8,255	18,543	1,503,236	6,474,798	907,369	13,220,088			
December	220,649	398,543	123,414	35,538	663,891	577,516	1,584,962	499,580	117,094	4,378	5,750	19,573	1,543,965	6,634,345	898,233	13,327,430			
2022 January	254,672	385,336	120,495	34,682	684,233	597,852	1,734,346	478,226	124,534	5,356	7,273	19,587	1,361,604	6,705,153	988,624	13,501,974			
February	247,237	344,318	121,853	35,796	631,021	621,842	1,829,404	478,111	122,245	5,526	7,670	21,739	1,326,936	6,736,121	1,044,710	13,574,528			
March	281,791	379,997	116,064	35,666	1,015,411	657,732	1,885,659	619,814	116,159	7,728	11,242	29,869	1,196,860	7,206,699	1,187,867	14,748,558			
April	295,938	468,827	81,844	35,826	1,267,848	514,709	1,829,102	723,171	113,309	7,475	15,479	33,116	1,053,061	7,454,903	1,308,654	15,203,262			
May	337,012	429,103	62,254	35,722	1,333,243	402,990	1,897,898	731,714	116,618	7,102	16,237	34,208	1,047,002	7,506,535	1,272,842	15,227,482			
June	317,305	535,680	67,810	33,944	1,316,205	373,430	1,933,404	738,346	115,568	5,845	18,231	35,917	1,052,805	7,506,655	1,243,417	15,294,562			
July	302,658	583,752	64,631	32,858	1,264,692	389,275	2,011,041	689,736	116,602	5,258	19,882	31,627	954,042	7,566,819	1,312,220	15,345,093			
August	318,756	613,349	60,448	32,585	1,194,627	469,669	2,067,822	721,815	119,786	4,051	11,024	30,816	917,126	7,488,824	1,285,518	15,336,215			
September	301,795	635,753	78,420	32,049	1,309,285	498,188	2,219,910	645,311	120,651	1,941	8,433	32,312	918,942	7,452,914	1,342,387	15,598,293			
October	335,211	625,382	71,708	32,545	1,228,168	493,701	2,296,150	638,626	119,292	2,098	7,420	28,880	928,563	7,554,601	1,373,774	15,736,121			
November	292,025	618,449	122,758	30,670	1,169,463	575,608	2,374,785	665,093	119,919	2,213	7,013	29,417	917,188	7,514,425	1,401,857	15,840,884			
December	284,525	630,941	139,330	32,728	1,131,213	624,935	2,461,325	639,321	119,805	2,003	6,734	25,516	921,837	7,441,119	1,423,015	15,884,345			

(a) The number of reporting banks was 26 from October 2018 and 24 from October 2020

(b) Fixed and other assets consist of banks' property, furniture, fittings and sundries (commission, interest receivables, etc.)

(Contd.)

FINANCIAL SECTOR PERFORMANCE AND SYSTEM STABILITY

TABLE 129 (Contd.)

Assets and Liabilities of Domestic Banking Units (DBUs) of Commercial Banks

Rs. million

End of Period	Liabilities													Other Liabilities	
	Paid up Capital, Reserve Funds and Undistributed Profits			Demand Deposits			Time and Savings Deposits			Total Deposits			Borrowings		
	Interbank		Government of Sri Lanka	Residents	Non Residents	Government of Sri Lanka	Residents	Non Residents	Demand	Time and Savings	Total	Domestic Interbank (c)	Foreign		
	Domestic	Foreign													
2018	1,002,594	21,861	45,295	357,680	36,075	75,433	5,596,536	760,696	461,547	6,432,666	268,771	173,813	706,274		
2019	1,126,850	16,544	43,876	371,203	10,287	71,846	6,047,243	782,939	442,407	6,902,028	294,479	187,305	788,030		
2020	1,258,773	2,028	50,645	536,110	15,498	69,628	7,318,638	961,001	624,017	8,349,268	455,177	197,972	840,232		
2021	1,452,953	2,060	47,706	675,440	24,170	122,397	8,179,010	1,163,757	771,716	9,465,164	550,927	159,540	927,129		
2022	1,785,317	2,189	60,762	711,544	57,659	128,037	9,043,455	2,038,383	848,973	11,209,876	362,071	272,432	1,405,676		
2021	1,292,501	1,796	29,753	537,158	13,777	82,480	7,416,885	1,001,774	596,870	8,501,138	464,984	198,634	863,190		
January	1,298,563	3,356	30,900	540,844	14,801	83,609	7,506,254	1,038,688	604,348	8,628,551	478,455	193,997	862,900		
February	1,294,492	2,806	31,024	559,932	16,060	85,478	7,627,770	1,054,961	623,709	8,768,209	477,153	189,651	888,007		
March	1,313,023	2,726	28,102	559,985	16,492	85,664	7,700,445	1,097,986	621,932	8,884,094	485,949	177,590	853,233		
April	1,331,345	2,725	28,137	554,488	14,187	80,334	7,770,221	1,105,943	613,299	8,956,499	491,903	184,546	870,171		
May	1,343,851	2,623	30,315	581,431	14,573	90,177	7,842,890	1,141,063	645,348	9,074,130	506,947	182,608	899,021		
June	1,365,024	2,744	31,554	594,005	17,147	91,391	7,952,622	1,151,272	666,236	9,195,284	535,780	181,459	877,220		
July	1,383,227	2,875	29,494	604,972	19,181	93,646	8,057,204	1,215,156	677,978	9,366,006	544,177	182,147	902,465		
August	1,404,783	2,572	32,177	556,705	23,349	98,128	8,130,239	1,152,602	638,160	9,380,969	496,948	184,197	917,859		
September	1,411,993	2,588	37,700	618,401	18,266	102,082	8,163,279	1,167,704	700,020	9,433,065	520,017	176,946	931,949		
October	1,430,140	2,957	36,913	620,080	19,112	105,732	8,155,538	1,159,325	702,003	9,420,595	542,306	171,434	953,610		
November	1,452,953	2,060	47,706	675,440	24,170	122,397	8,179,010	1,163,757	771,716	9,465,164	550,927	159,540	927,129		
December	1,562,364	2,242	39,747	729,719	22,137	124,746	8,150,616	1,175,873	827,551	9,451,235	519,081	181,681	960,061		
2022	1,526,571	2,124	35,605	724,631	20,998	123,303	8,228,723	1,186,461	805,464	9,538,487	456,267	216,989	1,030,751		
January	1,529,164	1,686	31,527	772,061	34,548	129,234	8,483,778	1,727,637	864,950	10,340,650	485,329	359,187	1,169,278		
February	1,604,069	2,365	31,560	760,374	34,819	124,150	8,558,293	2,019,621	856,821	10,702,064	393,295	469,131	1,177,881		
March	1,618,187	2,454	31,642	785,190	26,592	126,255	8,513,581	2,045,047	873,937	10,684,884	383,467	387,136	1,279,871		
April	1,629,216	2,422	31,857	747,980	29,269	126,976	8,598,152	2,043,613	838,767	10,768,740	381,892	387,201	1,288,746		
May	1,640,679	1,611	32,805	743,150	29,460	120,204	8,688,682	2,006,367	831,016	10,815,253	350,397	401,430	1,306,318		
June	1,693,480	1,424	30,363	773,078	31,981	124,280	8,751,824	1,998,080	860,707	10,874,184	345,218	360,416	1,202,209		
July	1,722,157	1,617	51,517	786,456	36,011	129,346	8,822,849	1,991,829	899,521	10,944,023	334,242	391,078	1,307,272		
August	1,736,095	1,582	28,323	765,853	36,897	124,883	8,881,696	2,013,360	851,268	11,019,938	335,346	354,282	1,439,192		
September	1,766,508	1,925	61,438	744,211	42,676	145,172	8,958,985	2,035,285	869,359	11,139,441	332,437	336,005	1,397,134		
October	1,785,317	2,189	60,762	711,544	57,659	128,037	9,043,455	2,038,383	848,973	11,209,876	362,071	272,432	1,405,676		
November															
December															

(c) Includes the Central Bank

Source: Central Bank of Sri Lanka

FINANCIAL SECTOR PERFORMANCE AND SYSTEM STABILITY

TABLE 130

Assets and Liabilities of Offshore Banking Units (OBUs) of Commercial Banks (a)

End of Period	Assets (b)										Liabilities (b)							Total Assets/Liabilities
	Non Residents					Residents					Non Residents			Residents				
	Non Bank	Bank	Central Bank	Commercial Banks	Inter OBUs	BOI Enterprises	Other Approved Enterprises	Other Assets	Non Bank	Bank	Central Bank	Commercial Banks	Inter OBUs	BOI Enterprises	Other Approved Enterprises	Other Liabilities		
2018	180,156	130,527	6,121	351,269	38,361	399,427	749,613	29,190	97,950	688,512	-	665,484	7,537	217,002	9,384	198,794	1,884,664	
2019	212,434	117,365	-	44,305	37,232	395,729	815,993	19,281	81,895	673,563	-	393,394	19,895	227,850	12,887	232,853	1,642,338	
2020	219,365	138,575	-	56,921	39,734	404,772	911,425	24,849	121,234	545,807	-	553,552	7,864	293,013	24,403	249,768	1,795,640	
2021	246,733	102,767	-	95,713	42,316	448,074	626,759	21,820	127,994	434,706	-	382,496	46,210	239,956	28,582	324,237	1,584,182	
2022	354,786	462,196	-	44,206	23,646	630,308	508,464	40,642	90,609	445,869	-	379,224	111,799	412,375	55,081	569,291	2,064,248	
2021	239,627	153,368	-	54,842	50,355	419,076	906,878	22,625	89,245	566,714	-	591,903	14,233	295,159	27,307	262,211	1,846,773	
February	236,623	151,690	-	54,758	59,920	422,797	922,643	29,594	85,388	598,347	-	589,072	15,569	285,332	25,350	278,965	1,878,024	
March	246,048	120,193	-	64,503	45,016	432,733	934,775	21,319	85,407	555,495	-	595,758	28,407	292,019	30,631	276,870	1,864,586	
April	249,202	133,784	-	70,249	47,613	436,720	911,753	21,266	85,200	581,644	-	585,550	28,582	286,179	33,335	270,096	1,870,586	
May	249,698	144,321	-	65,209	50,159	439,405	934,606	22,948	89,731	601,404	-	569,505	29,836	304,754	27,771	283,346	1,906,347	
June	247,052	136,953	-	71,029	35,625	446,944	955,410	27,489	83,451	612,460	-	579,922	37,205	293,592	28,172	285,699	1,920,502	
July	250,403	157,403	-	66,257	45,891	459,677	953,470	22,672	79,590	604,481	-	614,244	44,116	287,890	28,828	296,626	1,955,774	
August	267,610	199,394	-	81,876	50,772	487,020	934,298	32,884	90,428	648,334	-	624,794	43,582	304,212	28,234	314,271	2,053,854	
September	255,702	166,461	-	56,110	44,602	450,936	902,100	19,584	93,573	510,438	-	625,171	41,967	275,884	27,272	321,192	1,895,496	
October	252,499	147,573	-	45,881	40,892	466,628	762,751	25,906	127,904	498,002	-	458,288	42,447	271,412	27,524	316,553	1,742,130	
November	253,016	134,621	-	53,857	41,942	461,044	714,813	20,882	107,011	474,094	-	431,506	46,516	268,698	29,195	323,155	1,680,174	
December	246,733	102,767	-	95,713	42,316	448,074	626,759	21,820	127,994	434,706	-	382,496	46,210	239,956	28,582	324,237	1,584,182	
2022	248,370	117,734	-	69,628	34,717	455,099	535,879	20,025	113,422	405,413	-	347,991	45,234	244,479	31,571	293,342	1,481,452	
February	246,244	154,378	-	59,252	21,267	435,742	505,847	18,955	115,755	380,925	-	317,300	55,528	240,740	32,775	298,661	1,441,684	
March	365,913	218,821	-	78,481	25,488	635,515	742,206	22,492	161,576	501,297	-	470,948	107,386	356,475	50,536	440,699	2,088,916	
April	411,540	238,715	-	57,162	10,046	735,100	831,417	45,504	144,036	536,126	-	572,749	105,932	403,743	54,389	512,510	2,329,485	
May	433,332	271,167	-	63,835	22,495	730,210	791,545	54,145	147,195	534,505	-	550,894	109,384	422,660	58,782	543,310	2,366,729	
June	398,443	298,593	-	94,065	36,217	675,628	751,009	41,108	159,104	486,462	-	552,097	122,308	392,249	61,371	521,472	2,295,062	
July	402,507	422,158	-	48,927	3,251	663,433	693,739	44,207	108,465	567,082	-	489,334	109,367	414,604	46,388	542,981	2,278,222	
August	398,360	477,257	-	53,468	8,354	664,878	650,063	41,297	115,815	583,219	-	464,794	135,848	405,265	48,388	540,349	2,293,677	
September	375,917	486,893	-	37,208	21,759	653,006	650,422	40,232	119,349	577,873	-	496,071	129,471	393,756	53,530	555,389	2,265,438	
October	370,438	497,965	-	36,488	3,378	642,753	572,009	46,313	107,124	477,618	-	454,910	127,090	379,636	57,082	565,884	2,169,344	
November	361,127	464,944	-	41,773	6,224	645,594	536,524	54,255	106,779	426,356	-	455,434	126,565	391,409	56,306	567,591	2,110,441	
December	354,786	462,196	-	44,206	23,646	630,308	508,464	40,642	90,609	445,869	-	379,224	111,799	412,375	55,081	569,291	2,064,248	

(a) An Offshore Banking Unit (OBU) is a unit in a commercial bank, established in terms of the Central Bank Circular No. 380 of 2 May 1979, which accepts deposits and grants advances in designated foreign currencies from and to:

(i) Non Residents (ii) Commercial Banks (iii) Board of Investment (BOI) Enterprises and (iv) Other residents approved by the Central Bank.

(b) Assets and liabilities denominated in foreign currencies have been converted into Sri Lanka rupees at exchange rates prevailing at the end of the relevant period.

Source: Central Bank of Sri Lanka

Financial Soundness Indicators - Banking Industry

Category	2018	2019	2020	2021 (a)	2022 (b)
1. Capital Adequacy (%)					
1.1 Capital Adequacy Ratio (CAR) (Regulatory Capital to Risk Weighted Assets)	16.2	17.2	17.1	17.9	15.3
1.2 Core Capital Ratio (Tier 1)(Core Capital to Risk Weighted Assets)	13.1	13.7	13.6	14.4	12.3
1.3 Core Capital to Total Assets	7.6	7.8	7.1	6.4	5.9
1.4 Stage 3 Loans Including Undrawn Amounts (net of Stage 3 Impairment) to Total Capital Funds			40.0	33.3	44.1
1.5 Borrowings to Capital Funds	171.1	148.6	134.9	148.9	117.5
1.6 Capital to Assets Ratio	8.7	9.0	8.6	8.7	8.2
1.7 Leverage Ratio		6.8	6.4	6.1	5.9
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
2.2 Stage 3 Loans to Total Loans Ratio (Excluding Undrawn Amounts)					11.1
2.3 Total Impairment on Loans Made against Loans and Receivables (excluding undrawn amounts)			4.7	5.3	8.0
2.4 Stage 3 Impairment Coverage (Including Undrawn Amounts)			41.2	46.3	45.2
2.5 Total Impairment Coverage (Including Undrawn Amounts)			4.6	5.0	7.9
2.6 Total Impairment on Loans Made against Total Assets			3.0	3.4	4.7
2.7 Total Loans and Receivables to Total Assets	65.2	64.9	63.9	63.8	58.4
2.8 Total Investments to Total Assets	22.7	23.9	28.6	29.5	30.6
2.9 Total Income to Total Assets	10.7	10.7	8.9	8.0	12.2
2.10 Net Interest Income to Total Assets	3.4	3.4	2.9	3.3	3.9
2.11 Non Interest Income to Total Assets	1.3	1.1	1.0	0.9	1.4
3. Earnings and Profitability (%)					
3.1 Return on Equity (ROE) - After Tax	13.2	10.3	11.5	13.4	10.2
3.2 Return on Assets (ROA) - Before Tax	1.8	1.4	1.4	1.4	1.0
3.3 Return on Assets (ROA) - After Tax	1.1	0.9	1.0	1.1	0.8
3.4 Interest Income to Total Income	88.2	90.2	89.1	88.6	88.3
3.5 Net Interest Income to Total Income	31.6	32.0	32.8	40.8	32.1
3.6 Non Interest Income to Total Income	11.8	9.8	10.9	11.4	11.7
3.7 Non Interest Expenses (Operating Expenses) to Total Income	20.2	19.7	19.4	19.8	13.8
3.8 Personal Expenses to Non Interest Expenses	47.8	47.8	50.7	55.1	53.3
3.9 Personal Expenses to Total Income	9.7	9.4	9.8	10.9	7.4
3.10 Impairment to Total Income			7.6	11.7	19.3
3.11 Efficiency Ratio	50.0	52.7	51.8	38.0	31.5
3.12 Interest Margin (Net interest income to Average Assets)	3.6	3.6	3.1	3.5	4.0
4. Liquidity (%)					
4.1 Total Liquid Assets to Total Assets	25.7	28.9	34.1	29.7	27.3
4.2 Statutory Liquid Assets Ratio - Domestic Banking Unit (DBU)	27.6	31.0	37.8	33.8	29.9
4.3 Statutory Liquid Assets Ratio - Off-shore Banking Unit (OBU)	45.4	47.1	43.2	34.0	44.3
4.4 Rupee Liquidity Coverage Ratio	176.5	212.8	255.9	217.8	237.5
4.5 All Currency Liquidity Coverage Ratio	152.1	178.2	202.1	171.8	191.2
4.6 Liquid Assets to Deposits	35.7	39.5	44.8	38.8	34.7
4.7 Current & Savings Deposits to Total Deposits	32.0	31.4	34.5	38.0	31.2
4.8 Liquid Assets to Short Term Outflows					36.7
4.9 Deposit to Total Loans & Receivables	110.4	112.8	122.5	120.9	134.9
4.10 Net Stable Funding Ratio		130.1	136.3	135.1	140.8
5. Assets / Funding Structure					
5.1 Deposits (% of Total Assets)	72.0	73.2	76.0	76.5	78.8
5.2 Borrowings (% of Total Assets)	15.0	13.4	11.5	12.9	9.6
5.3 Capital Funds (% of Total Assets)	8.7	9.0	8.6	8.0	8.2
5.4 Other (% of Total Assets)	4.3	4.4	3.9	2.5	3.4
5.5 Credit to Deposits	90.6	88.7	81.6	83.3	74.1
5.6 Credit to Deposits and Borrowings	75.0	74.9	73.0	71.3	66.0
5.7 Credit to Deposits, Borrowings and Capital	68.2	67.8	64.5	65.4	60.4
6. Financial Infrastructure					
6.1 No. of Branches (excluding Student Savings Units)	3,577	3,608	3,616	3,622	3,630
6.2 No. of ATMs	5,210	5,796	6,175	6,438	6,678

(a) Revised

Source: Central Bank of Sri Lanka

(b) Provisional

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

Financial Soundness Indicators - Licensed Commercial Banks (LCBs)

Category	2018	2019	2020	2021 (a)	2022 (b)
1. Capital Adequacy (%)					
1.1 "Capital Adequacy Ratio (CAR) (Regulatory Capital to Risk Weighted Assets)"	16.2	17.2	17.1	17.7	15.1
1.2 "Core Capital Ratio (Tier 1) (Core Capital to Risk Weighted Assets)"	13.0	13.7	13.6	14.3	12.2
1.3 Core Capital to Total Assets	7.9	8.3	7.5	6.8	6.1
1.4 Stage 3 Loans Including Undrawn Amounts (net of Stage 3 Impairment) to Total Capital Funds			38.9	31.5	43.6
1.5 Borrowings to Capital Funds	167.0	147.5	137.9	154.6	118.4
1.6 Capital to Assets Ratio	9.1	9.5	9.0	9.0	8.5
1.7 Leverage Ratio		6.9	6.4	6.1	5.8
2. Assets Quality (%)					
2.1 Stage 3 Loans to Total Loans Ratio (Including Undrawn Amounts and Net of Stage 3 Impairment)			5.1	7.5	11.5
2.2 Stage 3 Loans to Total Loans Ratio (Excluding Undrawn Amounts)					11.5
2.3 Total Impairment on Loans Made against Loans and Receivables (excluding undrawn amounts)			5.0	5.5	8.4
2.4 Stage 3 Impairment Coverage (Including Undrawn Amounts)			42.7	48.6	46.2
2.5 Total Impairment Coverage (Including Undrawn Amounts)			4.7	5.1	8.2
2.6 Total Impairment on Loans Made against Total Assets			3.3	3.6	5.0
2.7 Total Loans and Receivables to Total Assets	67.3	67.3	66.1	66.4	59.9
2.8 Total Investments to Total Assets	20.5	21.7	26.2	26.9	28.5
2.9 Total Income to Total Assets	10.5	10.6	8.7	7.9	12.3
2.10 Net Interest Income to Total Assets	3.4	3.5	2.9	3.2	4.0
2.11 Non Interest Income to Total Assets	1.4	1.2	1.1	1.0	1.6
3. Earnings and Profitability (%)					
3.1 Return on Equity (ROE) - After Tax	13.7	10.6	11.1	12.6	10.9
3.2 Return on Assets (ROA) - Before Tax	1.9	1.5	1.4	1.4	1.1
3.3 Return on Assets (ROA) - After Tax	1.2	1.0	1.0	1.1	0.9
3.4 Interest Income to Total Income	87.0	89.1	87.9	87.3	87.0
3.5 Net Interest Income to Total Income	32.3	32.5	33.0	40.5	33.0
3.6 Non Interest Income to Total Income	13.0	10.9	12.1	12.7	13.0
3.7 Non Interest Expenses (Operating Expenses) to Total Income	20.4	20.0	19.7	19.8	13.5
3.8 Personal Expenses to Non Interest Expenses	45.9	45.8	48.8	52.8	51.3
3.9 Personal Expenses to Total Income	9.4	9.2	9.6	10.5	6.9
3.10 Impairment to Total Income			8.4	13.0	21.1
3.11 Efficiency Ratio	48.5	51.8	51.7	37.2	29.3
3.12 Interest Margin (Net interest income to Average Assets)	3.7	3.6	3.1	3.4	4.2
4. Liquidity (%)					
4.1 Total Liquid Assets to Total Assets	24.5	27.1	31.8	27.7	26.8
4.2 Statutory Liquid Assets Ratio - Domestic Banking Unit (DBU)	25.0	27.8	34.4	30.9	28.8
4.3 Statutory Liquid Assets Ratio - Off-shore Banking Unit (OBU)	45.4	47.1	43.2	34.0	44.3
4.4 Rupee Liquidity Coverage Ratio	161.8	196.8	244.1	213.1	248.5
4.5 All Currency Liquidity Coverage Ratio	130.5	159.0	184.9	159.9	190.5
4.6 Liquid Assets to Deposits	34.2	37.6	42.6	36.8	34.5
4.7 Current & Savings Deposits to Total Deposits	33.1	32.8	36.3	40.3	32.9
4.8 Liquid Assets to Short Term Outflows					36.6
4.9 Deposit to Total Loans & Receivables	106.1	107.1	115.7	114.2	130.0
4.10 Net Stable Funding Ratio		127.3	133.8	133.2	137.7
5. Assets / Funding Structure					
5.1 Deposits (% of Total Assets)	71.4	72.0	74.7	75.2	77.9
5.2 Borrowings (% of Total Assets)	15.1	14.0	12.4	13.9	10.1
5.3 Capital Funds (% of Total Assets)	9.1	9.5	9.0	8.3	8.5
5.4 Other (% of Total Assets)	4.4	4.4	3.9	2.6	3.5
5.5 Credit to Deposits	94.2	93.4	86.5	88.3	76.9
5.6 Credit to Deposits and Borrowings	77.7	78.1	74.2	74.5	68.1
5.7 Credit to Deposits, Borrowings and Capital	70.4	70.4	67.3	68.2	62.0
6. Financial Infrastructure					
6.1 No. of Branches (excluding Student Savings Units)	2,878	2,908	2,912	2,917	2,924
6.2 No. of ATMs	4,838	5,387	5,738	5,972	6,204

(a) Revised

Source: Central Bank of Sri Lanka

(b) Provisional

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

Financial Soundness Indicators - Licensed Specialised Banks (LSBs)

Category	2018	2019	2020	2021 (a)	2022 (b)
1. Capital Adequacy (%)					
1.1 Capital Adequacy Ratio (CAR) (Regulatory Capital to Risk Weighted Assets)	17.1	16.2	16.8	19.5	17.7
1.2 Core Capital Ratio (Tier 1) (Core Capital to Risk Weighted Assets)	15.0	12.9	13.7	16.5	14.2
1.3 Core Capital to Total Assets	5.0	4.2	4.5	3.8	4.3
1.4 Stage 3 Loans Including Undrawn Amounts (net of Stage 3 Impairment) to Total Capital Funds			52.3	50.8	50.3
1.5 Borrowings to Capital Funds	214.7	162.6	101.6	93.6	106.4
1.6 Capital to Assets Ratio	6.3	5.6	5.6	6.4	5.6
1.7 Leverage Ratio		6.2	6.6	6.4	7.1
2. Assets Quality (%)					
2.1 Stage 3 Loans to Total Loans Ratio (Including Undrawn Amounts and Net of Stage 3 Impairment)			6.5	9.2	9.0
2.2 Stage 3 Loans to Total Loans Ratio (Excluding Undrawn Amounts)					7.9
2.3 Total Impairment on Loans Made against Loans and Receivables (excluding undrawn amounts)			2.0	3.4	4.0
2.4 Stage 3 Impairment Coverage (Including Undrawn Amounts)			25.2	25.2	31.4
2.5 Total Impairment Coverage (Including Undrawn Amounts)			3.1	3.6	4.3
2.6 Total Impairment on Loans Made against Total Assets			1.0	1.5	1.9
2.7 Total Loans and Receivables to Total Assets	50.1	48.1	48.2	45.1	46.6
2.8 Total Investments to Total Assets	38.1	39.7	45.7	47.8	46.8
2.9 Total Income to Total Assets	11.8	11.3	9.9	8.9	11.5
2.10 Net Interest Income to Total Assets	3.2	3.3	3.1	3.8	2.8
2.11 Non Interest Income to Total Assets	0.5	0.3	0.4	0.2	0.2
3. Earnings and Profitability (%)					
3.1 Return on Equity (ROE) - After Tax	7.7	6.8	16.6	22.5	2.3
3.2 Return on Assets (ROA) - Before Tax	0.8	0.8	1.3	1.6	0.3
3.3 Return on Assets (ROA) - After Tax	0.5	0.4	0.9	1.2	0.1
3.4 Interest Income to Total Income	96.1	97.1	96.3	97.2	98.6
3.5 Net Interest Income to Total Income	27.1	29.0	31.7	43.0	24.0
3.6 Non Interest Income to Total Income	3.9	2.9	3.7	2.8	1.4
3.7 Non Interest Expenses (Operating Expenses) to Total Income	18.9	17.5	17.3	19.8	16.7
3.8 Personal Expenses to Non Interest Expenses	60.9	62.9	64.0	69.4	67.1
3.9 Personal Expenses to Total Income	11.5	11.0	11.1	13.7	11.2
3.10 Impairment to Total Income			2.2	3.9	3.9
3.11 Efficiency Ratio	63.8	60.1	52.1	43.2	65.4
3.12 Interest Margin (Net interest income to Average Assets)	3.2	3.4	3.4	4.0	2.8
4. Liquidity (%)					
4.1 Total Liquid Assets to Total Assets	35.1	41.5	49.6	43.6	30.9
4.2 Statutory Liquid Assets Ratio - Domestic Banking Unit (DBU)	47.7	53.1	60.4	52.8	38.3
4.3 Statutory Liquid Assets Ratio - Off-shore Banking Unit (OBU)	-	-	-	-	-
4.4 Rupee Liquidity Coverage Ratio	239.3	272.3	300.4	235.3	196.3
4.5 All Currency Liquidity Coverage Ratio	308.4	272.3	298.6	235.3	194.5
4.6 Liquid Assets to Deposits	46.0	51.2	58.6	50.9	36.0
4.7 Current & Savings Deposits to Total Deposits	24.1	22.6	23.5	24.0	18.9
4.8 Liquid Assets to Short Term Outflows					37.3
4.9 Deposit to Total Loans & Receivables	152.2	168.1	193.8	190.5	184.3
4.10 Net Stable Funding Ratio		157.8	158.6	151.2	167.3
5. Assets / Funding Structure					
5.1 Deposits (% of Total Assets)	76.3	80.9	84.6	85.7	85.9
5.2 Borrowings (% of Total Assets)	13.5	9.0	5.7	6.1	6.0
5.3 Capital Funds (% of Total Assets)	6.3	5.6	5.6	5.8	5.6
5.4 Other (% of Total Assets)	3.9	4.5	4.1	2.4	2.5
5.5 Credit to Deposits	65.7	59.5	51.6	52.6	54.2
5.6 Credit to Deposits and Borrowings	55.8	53.5	48.3	49.1	50.7
5.7 Credit to Deposits, Borrowings and Capital	52.1	50.4	45.5	46.2	47.8
6. Financial Infrastructure					
6.1 No. of Branches (excluding Student Savings Units)	699	700	704	705	706
6.2 No. of ATMs	372	409	437	466	474

(a) Revised

Source: Central Bank of Sri Lanka

(b) Provisional

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

Assets and Liabilities of Non-Bank Financial Institutions (a)

Rs. million

End of Period	2018	2019	2020	2021 (b)	2022 (c)
ASSETS	1,431,332	1,432,675	1,401,666	1,487,689	1,611,211
Cash and Bank Balances	96,271	99,886	112,156	87,680	101,397
Cash in Hand	7,653	7,086	7,718	9,572	9,279
Demand Deposits with Commercial Banks	35,154	32,031	41,561	17,441	12,222
Time and Savings Deposits with Commercial Banks	50,323	58,854	61,992	59,033	78,880
Deposits with Other Deposit Taking Institutions	3,140	1,914	884	1,634	1,017
Investments	109,667	132,150	158,857	167,369	199,630
Investments in Government of Sri Lanka Securities	65,072	73,427	75,603	92,485	115,206
Treasury Bills	62,806	71,768	61,323	82,061	100,182
Treasury Bonds	2,266	1,659	14,280	10,424	15,024
Shares Held for Trading Investments	4,424	4,070	3,324	3,431	2,738
Debentures	5,440	3,695	4,553	6,286	10,792
Shares in Other Companies	1,731	1,859	4,409	6,773	2,834
Shares in Subsidiaries and Associate Companies	16,674	15,861	15,032	12,317	13,354
Investment Properties	18,116	25,252	29,510	35,982	48,984
Other Investments	2,431	11,728	29,505	13,360	7,058
Provision for Decline in Value of Investment Securities	-4,222	-3,743	-3,079	-3,264	-1,336
Loans and Advances (Net)	1,137,046	1,102,738	1,039,827	1,142,455	1,199,159
Leasing	635,651	631,800	621,833	608,052	549,290
Hire Purchase	19,112	14,824	11,771	20,723	31,179
Real Estate	2,919	2,782	2,366	12,972	16,314
Pawning Advances and Gold Loans (d)	43,943	59,467	71,355	129,490	229,800
Dues from Related Party	10,964	13,491	6,050	5,549	8,681
Other Loans	492,413	472,302	445,342	483,052	483,787
Loan Loss Provisions and Suspended Interest	-67,957	-91,929	-118,891	-117,382	-119,892
Trading Stocks	13,852	16,379	8,434	5,210	3,987
Real Estate	3,511	3,883	2,662	2,799	1,632
Vehicle and Other Equipment for Sale (e)	9,410	10,409	3,737	367	410
Other	930	2,088	2,035	2,044	1,945
Fixed Assets	43,925	50,792	51,154	55,458	64,738
Other Assets	30,572	30,730	31,238	29,517	42,299
EQUITY AND LIABILITIES	1,431,332	1,432,675	1,401,666	1,487,689	1,611,211
Equity	183,671	203,222	248,053	303,991	364,090
Paid-up Capital	71,949	82,537	84,238	102,138	303,498
Retained Earnings and Reserves	111,723	120,685	163,815	201,853	60,593
Deposits	716,848	756,687	748,578	783,286	864,469
Fixed Deposits	681,317	722,234	710,464	744,297	830,197
Savings Deposits	34,601	33,528	37,333	38,372	34,261
Certificate of Deposits	929	925	780	617	11
Borrowings	463,817	405,590	328,040	325,925	322,584
Financial Institutions	340,708	303,952	242,606	242,778	238,087
Others	123,109	101,639	85,434	83,147	84,497
Other Liabilities	66,996	67,175	76,995	74,488	60,067
No. of Institutions	48	46	43	42	38

(a) Non-Bank Financial Institutions sector represents Licensed Finance Companies and Specialised Leasing Companies

Source: Central Bank of Sri Lanka

(b) Revised

(c) Provisional

(d) Before December 2021 only Pawning Advances were considered

(e) Before 2021 consist of repossessed items

**Financial Soundness Indicators - Licensed Finance Companies (LFCs) and
Specialised Leasing Companies (SLCs) Sector**

Per cent

Category	2018 December	2019 December	2020 December	2021 December (a)	2022 December (b)
1. Capital Adequacy					
1.1 Core Capital to Risk Weighted Assets (CCR) (c)	9.8	11.1	14.5	15.5	20.6
1.2 Capital Base to Risk Weighted Assets (RWCAR) (d)	11.1	12.5	15.7	17.0	22.0
1.3 Capital Funds to Total Assets (Net)	12.7	14.2	17.7	19.2	21.9
1.4 Capital Funds to Deposits	25.3	26.9	33.2	36.5	40.8
1.5 Borrowings to Equity (Times)	2.5	2.0	1.3	1.1	0.9
2. Asset Quality					
2.1 Gross Non Performing Advances to Total Advances	7.7	10.6	13.9	11.0	17.5
2.2 Net Non Performing Advances to Total Advances (e)	2.4	3.4	4.2	2.7	12.3
2.3 Impairment made against Total Advances (f)	4.4	6.0	8.2	7.3	7.7
2.4 Impairment Coverage Ratio (Stage 03 Impairment to Stage 03 Advances) (g)	57.0	56.6	58.9	66.8	29.6
3. Liquidity					
3.1 Regulatory Liquid Assets to Total Assets	7.5	8.6	9.2	9.7	10.7
3.2 Regulatory Liquid Assets to Deposits and Borrowings	9.6	11.3	13.0	14.1	15.6
4. Earnings (h)					
4.1 Return on Assets (i)	2.7	2.2	1.7	5.4	3.7
4.2 Return on Equity (j)	12.1	7.5	6.1	20.2	12.6
4.3 Interest Income to Interest Expenses	182.0	182.4	194.7	253.5	173.6
4.4 Net Interest Margin (NIM) (k)	7.4	7.7	7.3	8.6	6.7
4.5 Efficiency Ratio (l)	67.2	74.1	74.7	51.3	57.7
4.6 Cost to Income Ratio	85.8	89.0	89.8	69.0	79.6
5. Assets/Funding Structure (as a % of Total Net Assets)					
5.1 Equity	12.8	14.2	17.7	20.4	22.6
5.2 Total Deposits and Borrowings	82.5	81.1	76.8	74.6	73.7
5.3 Loans and Advances	79.4	77.0	74.2	76.8	74.4
5.4 Investments	8.0	9.5	11.6	11.5	12.5

(a) Revised

(b) Provisional

(c) Ratio of Core Capital (Tier 1) to Risk Weighted Assets

(d) Ratio of Total Regulated Capital to Risk Weighted Assets

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

(f) Before 2022, ratio of total provisions to total advances was considered

(g) Before 2022, ratio of total provisions to total non-performing advances was considered

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

(i) Profit before tax as a percentage of average assets

(j) Profit after tax as a percentage of average equity

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

(l) Ratio of non-interest expenses excluding loan loss provisions and loans written off to net interest income plus other income less loan loss provisions and loans written off

Source: Central Bank of Sri Lanka

Financial Soundness Indicators - Licensed Finance Companies (LFCs)

Per cent

Category	2018 December	2019 December	2020 December	2021 December(a)	2022 December (b)
1. Capital Adequacy					
1.1 Core Capital to Risk Weighted Assets (CCR) (c)	9.3	10.5	13.9	15.0	20.6
1.2 Capital Base to Risk Weighted Assets (RWCAR) (d)	10.6	11.9	15.1	16.6	22.0
1.3 Capital Funds to Total Assets (Net)	12.1	13.5	17.0	18.7	21.8
1.4 Capital Funds to Deposits	23.3	24.9	31.1	34.7	40.7
1.5 Borrowings to Equity (times)	2.6	2.0	1.3	1.1	0.9
2. Asset Quality					
2.1 Gross Non Performing Advances to Total Advances	7.8	10.8	13.9	10.8	17.4
2.2 Net Non Performing Advances to Total Advances (e)	2.5	3.4	4.2	2.5	12.3
2.3 Impairment made against Total Advances (f)	4.5	6.1	8.2	7.3	7.6
2.4 Impairment Coverage Ratio (Stage 03 Impairment to Stage 03 Advances) (g)	57.2	56.4	58.9	67.3	29.6
3. Liquidity					
3.1 Regulatory Liquid Assets to Total Assets	7.5	8.7	9.3	9.6	10.7
3.2 Regulatory Liquid Assets to Deposits and Borrowings	9.5	11.3	13.0	13.9	15.6
4. Earnings (h)					
4.1 Return on Assets (i)	2.4	2.0	1.6	5.3	3.7
4.2 Return on Equity (j)	12.0	7.3	6.1	20.7	12.7
4.3 Interest Income to Interest Expenses	179.2	179.7	191.1	249.1	172.8
4.4 Net Interest Margin (NIM) (k)	6.9	7.5	7.1	8.4	6.7
4.5 Efficiency Ratio (l)	68.4	75.2	75.6	51.6	58.1
4.6 Cost to Income Ratio	86.6	89.6	90.3	69.3	79.9
5. Assets/Funding Structure (as a % of Total Net Assets)					
5.1 Equity	12.2	13.5	17.0	19.9	22.6
5.2 Total Deposits and Borrowings	83.2	81.9	77.5	75.1	73.7
5.3 Loans and Advances	79.2	76.7	73.8	76.6	74.4
5.4 Investments	8.2	9.7	11.8	11.7	12.5

(a) Revised

(b) Provisional

(c) Ratio of Core Capital (Tier 1) to Risk Weighted Assets

(d) Ratio of Total Regulated Capital to Risk Weighted Assets

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

(f) Before 2022, ratio of total provisions to total advances was considered

(g) Before 2022, ratio of total provisions to total non-performing advances was considered

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

(i) Profit before tax as a percentage of average assets

(j) Profit after tax as a percentage of average equity

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

(l) Ratio of non-interest expenses excluding loan loss provisions and loans written off to net interest income plus other income less loan loss provisions and loans written off

Source: Central Bank of Sri Lanka

Financial Soundness Indicators - Specialised Leasing Companies (SLCs)

Per cent

Category	2018 December	2019 December	2020 December	2021 December(a)	2022 December(b)
1. Capital Adequacy					
1.1 Core Capital to Risk Weighted Assets (CCR) (c)	23.6	27.2	33.3	29.4	46.2
1.2 Capital Base to Risk Weighted Assets (RWCAR) (d)	23.6	27.9	34.1	30.2	46.2
1.3 Capital Funds to Total Assets (Net)	30.4	36.5	45.7	40.2	63.8
1.4 Borrowings to Equity (times)	2.0	1.6	1.1	1.4	0.4
2. Asset Quality					
2.1 Gross Non Performing Advances to Total Advances	3.7	4.9	13.6	18.5	66.2
2.2 Net Non Performing Advances to Total Advances (e)	2.0	1.5	5.2	8.4	34.3
2.3 Impairment Made Against Total Advances (f)	1.7	3.4	8.1	9.8	31.9
2.4 Impairment Coverage Ratio (Stage 03 Impairment to Stage 03 Advances) (g)	46.1	69.2	61.3	54.6	46.5
3. Liquidity					
3.1 Regulatory Liquid Assets to Total Assets	7.6	6.4	4.7	12.0	7.4
3.2 Regulatory Liquid Assets to Borrowings	12.5	11.7	10.8	24.8	41.1
4. Earnings (h)					
4.1 Return on Assets (i)	6.0	6.3	5.5	8.6	5.6
4.2 Return on Equity (j)	12.0	10.0	6.1	11.4	9.8
4.3 Interest Income to Interest Expenses	287.7	295.3	404.2	598.1	484.8
4.4 Net Interest Margin (NIM) (k)	10.5	14.4	15.1	14.4	5.5
4.5 Efficiency Ratio (l)	46.8	52.9	55.0	42.7	26.8
4.6 Cost to Income Ratio	66.4	73.5	74.5	57.1	30.6
5. Assets/Funding Structure (as a % of Total Net Assets)					
5.1 Equity	30.4	36.5	45.7	40.2	63.8
5.2 Borrowings	62.2	56.9	48.4	54.4	25.7
5.3 Loans and Advances	86.2	86.3	87.9	83.6	77.6
5.4 Investments	1.2	1.2	1.1	0.9	0.2

(a) Revised

(b) Provisional

(c) Ratio of Core Capital (Tier 1) to Risk Weighted Assets

(d) Ratio of Total Regulated Capital to Risk Weighted Assets

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

(f) Before 2022, ratio of total provisions to total advances was considered

(g) Before 2022, ratio of total provisions to total non-performing advances was considered

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

(i) Profit before tax as a percentage of average assets

(j) Profit after tax as a percentage of average equity

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

(l) Ratio of non-interest expenses excluding loan loss provisions and loans written off to net interest income plus other income less loan loss provisions and loans written off

Source: Central Bank of Sri Lanka

Savings and Fixed Deposits of Deposit-Taking Institutions

End of Period	Savings Deposits										Fixed Deposits					Total Deposits
	Licensed Commercial Banks (a)	National Savings Bank	State Mortgage & Investment Bank	Pradeshiya Sanwardhana Bank (b)	Other Licensed Specialised Banks (c)	Licensed Finance Companies (d)	Total	Licensed Commercial Banks (a)	National Savings Bank (e)	State Mortgage & Investment Bank	Pradeshiya Sanwardhana Bank (b)	Other Licensed Specialised Banks (c)	Licensed Finance Companies (d)	Total		
2018	1,945,369	197,638	1,320	51,404	17,751	34,601	2,248,084	4,489,223	616,268	30,320	86,524	83,387	658,095	5,963,816	8,211,900	
2019	2,090,860	217,600	1,401	56,096	21,389	33,528	2,420,873	4,813,078	766,984	34,914	89,881	89,265	692,972	6,487,095	8,907,968	
2020	2,843,702	279,186	1,952	65,640	26,709	37,333	3,254,522	5,507,517	925,786	40,440	103,625	110,283	684,307	7,371,958	10,626,480	
2021	3,410,298	324,665	2,262	72,125	28,323	38,372	3,876,046	6,056,844	1,071,758	40,468	112,267	110,764	723,302	8,115,404	11,991,450	
2022	3,167,548	264,539	2,020	65,814	22,607	34,294	3,556,823	8,044,245	1,212,200	47,074	135,730	132,818	815,518	10,387,585	13,944,408	
2021 January	2,897,577	285,019	1,918	65,828	26,958	36,898	3,314,198	5,605,518	951,581	39,402	105,288	111,859	687,799	7,501,447	10,815,645	
February	2,977,227	290,990	2,319	66,417	26,644	43,425	3,407,023	5,653,282	965,558	40,186	105,092	113,308	689,435	7,566,862	10,973,885	
March	3,047,088	294,218	2,023	67,670	28,006	40,585	3,479,590	5,723,085	976,188	40,562	105,289	113,817	694,106	7,653,046	11,132,637	
April	3,099,043	298,810	2,064	68,244	28,364	42,988	3,539,513	5,787,017	990,449	40,806	106,954	116,400	698,591	7,740,218	11,279,730	
May	3,169,020	305,725	2,083	67,468	27,323	39,483	3,611,101	5,789,449	1,005,977	40,525	107,695	117,801	698,903	7,760,350	11,371,451	
June	3,233,335	309,372	2,058	67,245	28,072	38,191	3,678,274	5,842,769	1,013,686	39,707	107,949	115,180	700,896	7,820,188	11,498,461	
July	3,290,189	312,181	2,046	67,763	28,618	43,162	3,743,959	5,907,072	1,021,918	40,008	108,457	113,830	702,708	7,893,993	11,637,952	
August	3,348,981	318,997	2,050	68,292	28,378	41,336	3,808,034	6,019,005	1,037,535	40,110	108,567	113,988	702,498	8,021,702	11,829,736	
September	3,377,007	322,521	2,094	68,736	28,782	41,331	3,840,472	6,005,947	1,040,613	39,757	109,348	111,590	695,925	8,003,180	11,843,652	
October	3,403,837	322,665	2,102	69,577	28,295	35,698	3,862,173	6,031,208	1,047,066	39,802	110,807	111,071	700,003	8,039,957	11,902,131	
November	3,373,475	323,787	2,095	70,468	28,243	40,036	3,838,104	6,049,099	1,067,682	39,581	111,231	110,282	715,480	8,093,354	11,931,458	
December	3,410,298	324,665	2,262	72,125	28,323	38,372	3,876,046	6,056,844	1,071,758	40,468	112,267	110,764	723,302	8,115,404	11,991,450	
2022 January	3,436,310	325,242	2,598	72,033	31,265	40,934	3,908,383	6,016,897	1,097,338	43,271	113,693	112,479	731,527	8,115,205	12,023,588	
February	3,465,316	328,255	2,629	72,732	31,520	41,115	3,941,567	6,075,144	1,115,531	43,792	114,325	111,595	742,045	8,202,432	12,143,998	
March	3,715,422	331,504	2,668	74,175	30,395	43,860	4,198,023	6,627,199	1,124,128	44,224	113,062	110,674	737,484	8,756,770	12,954,793	
April	3,770,983	325,794	2,568	72,102	28,428	41,561	4,241,437	6,933,048	1,135,612	43,765	116,579	112,296	746,511	9,087,813	13,329,249	
May	3,615,805	314,248	2,339	69,948	26,035	38,452	4,066,826	7,071,035	1,133,987	43,933	125,514	114,708	792,299	9,281,475	13,348,301	
June	3,534,571	303,709	2,210	68,809	25,707	34,887	3,969,893	7,236,122	1,132,259	44,868	132,221	117,027	812,074	9,474,571	13,444,464	
July	3,481,295	300,700	2,164	68,818	25,468	36,158	3,914,603	7,335,909	1,143,385	45,196	132,773	118,923	811,008	9,587,194	13,501,797	
August	3,355,549	285,573	2,076	68,112	24,355	32,277	3,767,944	7,520,581	1,174,254	45,981	134,435	125,516	799,140	9,799,907	13,567,851	
September	3,286,819	275,972	2,016	67,877	23,526	31,022	3,687,232	7,659,140	1,201,246	45,883	133,550	124,698	802,995	9,967,512	13,654,744	
October	3,211,587	271,622	2,058	66,807	23,124	30,860	3,606,057	7,810,284	1,203,637	46,313	133,698	126,602	808,569	10,129,102	13,735,159	
November	3,217,791	269,809	2,105	66,203	22,761	30,854	3,609,523	7,923,576	1,206,117	46,874	133,613	129,875	806,488	10,246,544	13,856,067	
December	3,167,548	264,539	2,020	65,814	22,607	34,294	3,556,823	8,044,245	1,212,200	47,074	135,730	132,818	815,518	10,387,585	13,944,408	

(a) Includes deposits of the government, long term deposits mobilised by the two state banks under special savings schemes and foreign currency deposits

(b) Pradeshiya Sanwardhana Bank was established on 14 July 2010 by amalgamating Regional Development Banks.

(c) Other Licensed Specialised Banks include Sanasa Development Bank Ltd, Housing Development Finance Corporation Bank of Sri Lanka Ltd and Sri Lanka Savings Bank Ltd, MBSL Savings Bank Ltd, which operated as an LSB, was amalgamated with Merchant Bank of Sri Lanka PLC and MCSL Financial Services Ltd and operated as a LFC namely, Merchant Bank of Sri Lanka and Finance PLC with effect from 1 January 2015.

(d) Licensed Finance Companies were allowed to accept savings deposits with effect from 1 February 2005.

(e) Deposits that previously appeared under other savings schemes of the National Savings Bank have been included in its fixed deposits.

Source: Central Bank of Sri Lanka

Insurance Activities

Rs. million

Item	2017	2018	2019	2020 (a)	2021 (b)
1. Stated Capital (as at 31st December)	40,063	40,884	43,546	43,696	45,268
2. Life Insurance					
Life Insurance Fund (as at 31 st December)	282,642	306,104	341,857	397,018	450,374
New Business					
Total Number of Policies ('000 units)	636	712	735	904	874
Total Sums Insured	721,125	804,865	1,036,967	1,525,580	1,772,128
Total Premium Collected	20,721	22,368	24,647	30,774	40,206
Business in Force (Including new policies)					
Total Number of Policies ('000 units as at 31 st December)	3,069	3,216	3,383	4,064	4,298
Total Sums Insured (as at 31 st December)	2,413,655	2,850,115	3,844,753	4,823,160	6,267,313
Total Premium Collected	67,744	74,624	84,570	95,828	114,417
Benefit Payments					
Total	25,967	34,337	35,139	37,909	46,113
Maturity (Endowments paid at maturity)	14,240	18,279	18,485	21,703	22,428
Death and Disability	2,725	3,766	3,723	3,353	7,121
Surrender	5,392	6,995	7,142	6,952	8,174
Other	3,611	5,297	5,789	5,902	8,390
3. Fire Insurance					
Net Premium (Gross Premium - Reinsurance Premium)	1,662	2,693	2,208	2,278	2,327
Net Claims Paid and Outstanding	1,604	1,561	2,546	2,039	2,431
Loss Reserve (c)	7,270	4,556	-	-	-
4. General Accident Insurance (miscellaneous)					
Net Premium (Gross Premium - Reinsurance Premium)	16,050	16,060	20,742	20,543	21,905
Net Claims Paid and Outstanding	14,783	15,758	19,908	13,326	18,778
Loss Reserve (c)	4,477	5,468	-	-	-
5. Marine Insurance					
Net Premium (Gross Premium - Reinsurance Premium)	1,015	1,145	1,161	924	1,188
Net Claims Paid and Outstanding	344	419	501	277	519
Loss Reserve (c)	609	620	-	-	-
6. Motor Insurance					
Net Premium (Gross Premium - Reinsurance Premium)	53,903	58,228	59,456	56,920	56,108
Net Claims Paid and Outstanding	31,190	34,652	34,501	26,891	26,588
Loss Reserve (c)	9,156	9,442	-	-	-
7. Total Premium Income from General Insurance					
Net Premium (Gross Premium - Reinsurance Premium)	72,629	78,125	83,567	80,665	81,528
Net Claims Paid and Outstanding	47,921	52,390	57,456	42,534	48,317
Loss Reserve (c)	21,511	20,086	-	-	-
Operating Profit/Loss	5,780	7,272	7,079	17,292	13,040
8. Number of Employees	18,467	19,437	19,841	19,571	20,032
9. Total Number of Branches	2,079	2,147	2,069	1,953	1,896
10. Number of Institutions (d)	26	28	27	27	27

(a) Revised

(b) Provisional

(c) Indicates provisions made for payment of losses incurred during the year but not yet paid

(d) Number of Institutions represents the number of insurance companies in the industry

Source : Insurance Regulatory Commission of Sri Lanka

Money Market Transactions

Transactions	Volume (Rs.billion)					Weighted Average Interest Rate (Min-Max) - %				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Money Market										
Call Money (Overnight)	4,196	4,775	3,234	7,935	3,746	7.76-9.00	7.28-9.00	4.52 - 7.50	4.53-5.97	5.94-15.50
Repo (Overnight)	2,761	3,456	3,151	3,533	1,568	7.48-9.00	7.30-9.17	4.53 - 7.53	4.55-6.00	5.95-15.50
Open Market Operations										
Overnight Basis										
Repo	1,219	661	320	1,183	1,533	7.25-8.13	7.31-8.56	6.73 - 7.51	5.71-5.99	5.96-6.49
Reverse Repo	2,099	2,043	175	-	-	7.88-8.98	7.31-9.00	5.88 - 7.54	-	-
Liquidity Support Facility	-	23	18	-	-	-	7.46-7.60	6.23 - 7.12	-	-
Short Term Basis										
Repo	215	327	31	423	22	7.27-8.28	7.55-8.61	7.01 - 7.16	5.96-5.99	5.98-6.49
Reverse Repo	969	566	66	-	235	7.85-9.00	7.39-9.00	4.53 - 6.85	-	7.50
Liquidity Support Facility	-	-	48	-	-	-	-	6.30 - 6.93	-	-
Long Term Basis										
Repo	97	103	3	60	-	7.38-8.33	7.85-8.67	7.10 - 7.15	6.04-6.05	-
Reverse Repo	318	397	299	204	955	7.97-8.47	7.30-8.86	4.53 - 7.53	6.13-7.20	7.73-33.07
Liquidity Support Facility	-	-	86	-	-	-	-	4.88 - 7.16	-	-
Outright Basis										
Purchase of T-bills	41	42	-	-	-	8.25-10.10	7.75-10.50	-	-	-
Purchase of T-bonds	-	48	22	-	-	-	8.47-9.25	8.42 - 9.68	-	-
Sale of T-bills	64	-	-	14	24	7.40-8.20	-	-	7.00-7.23	20.75-26.97
Sale of T-bonds	-	-	-	-	-	-	-	-	-	-
Standing Facility (at Policy Rates)										
Standing Deposit Facility	4,503	7,489	32,809	29,450	54,528	8.00(a)	7.00(a)	4.50(a)	5.00(a)	14.50(a)
Standing Lending Facility	3,058	4,794	715	30,095	163,058	9.00(a)	8.00(a)	5.50(a)	6.00(a)	15.50(a)

(a) End Year Rate

Source : Central Bank of Sri Lanka

Debentures Listed on the Colombo Stock Exchange (CSE) in 2022 (a)

Issuer	No. of Debentures Offered ('000)	No. of Debentures Listed ('000)	Maturity Period (Years)	Interest Rate	Par Value/ Issue Price (Rs.)	Date Listed on CSE	Amount Raised (Rs.'000)	Total Amount Raised (Rs.'000)
1. Resus Energy PLC	7,500	2,080.6	3	Floating, AWPR + 1.75% p.a., payable quarterly	100.00	2022-Apr-25	208,060	611,350
			5	Floating, AWPR + 2.25% p.a., payable quarterly	100.00		403,290	
2. Brown and Company PLC	50,000	673.0	5	Fixed, 15.50% p.a., payable annually	100.00	2022-Apr-26	67,300	2,000,000
			5	Fixed, 15.42% p.a., payable quarterly	100.00		1,932,700	
3. Merchant Bank of Sri Lanka & Finance PLC	10,000	239.9	5	Fixed, 24.00% p.a., payable annually	100.00		23,990	67,700
			5	Fixed, 23.50% p.a., payable semi annually	100.00	2022-Nov-29	32,880	
			5	Floating, 1-year T-bill rate + 3% p.a. (cap 29.5% p.a.), payable quarterly	100.00		10,830	
4. Commercial Bank of Ceylon PLC	100,000	67,246.8	5	Fixed, 28.00% p.a., payable semi annually	100.00	2022-Dec-16	6,724,680	10,000,000
			7	Fixed, 27.00% p.a., payable semi annually	100.00		3,263,820	
			10	Fixed, 22.00% p.a., payable semi annually	100.00		11,500	

(a) Initial Public Offer (IPO)

Source: Colombo Stock Exchange

**Total Cultivation Loans Granted by the Lending Banks
(Position as at 31 December 2022)**

Cultivation Season	Loans Granted (Rs.mm)			Recoveries (Rs.mm)			Per cent of Recoveries		
	Paddy	Other Crops	All Crops	Paddy	Other Crops	All Crops	Paddy	Other Crops	All Crops
2016/2017 Maha	3,533	3,372	6,905	2,995	2,392	5,387	84.76	70.93	78.01
2017 Yala	2,506	3,291	5,797	2,016	1,636	3,652	80.43	49.72	63.00
2017/2018 Maha	3,776	5,474	9,250	3,375	3,550	6,925	89.39	64.85	74.86
2018 Yala	2,735	4,940	7,674	1,888	2,131	4,019	69.05	43.14	52.37
2018/2019 Maha	5,830	9,483	15,313	4,392	4,785	9,177	75.33	50.46	59.93
2019 Yala	3,930	7,761	11,691	2,921	3,226	6,148	74.34	41.57	52.58
2019/2020 Maha	5,605	20,309	25,914	2,989	2,060	5,049	53.33	10.14	19.48
2020 Yala	4,096	14,646	18,742	1,355	2,774	4,128	33.08	18.94	22.03
2020/2021 Maha	8,603	18,586	27,189	3,475	6,211	9,686	40.39	33.42	35.62
2021 Season I	4,449	18,489	22,938	2,055	3,277	5,332	46.19	17.73	23.25
2021 Season II	4,475	15,048	19,523	1,038	2,605	3,614	23.20	17.31	18.51
2022 Season I (a)	7,184	17,633	24,817	2,060	5,218	7,278	28.67	29.59	29.33
2022 Season II (a)	5,270	19,078	24,348	1,405	3,174	4,579	26.66	16.64	18.81

(a) Provisional - Recovery is in progress

Sources: Bank of Ceylon
Commercial Bank
DFCC Bank
Hatton National Bank
Cargills Bank
National Development Bank
People's Bank
Regional Development Bank
Sampath Bank
SANASA Development Bank
Seylan Bank
Union Bank

New Comprehensive Rural Credit Scheme
Loans Granted for Subsidiary Food Crops by the Lending Banks (Position as at 31 December 2022)

Cultivation Season	Amount Granted (Rs. '000)										Total			Total Repayments		Outstanding	
	Chillies	Onions	Maize	Potatoes	Vegetables	Other Subsidiary Food Crops (a)	Total	Amount (Rs. '000)	As a Percentage of Amount Granted	Amount (Rs. '000)	As a Percentage of Amount Granted						
2016 Yala	73,983	441,893	73,856	308,608	146,806	46,304	1,091,450	883,142	80.92	208,308	19.09						
2016/2017 Maha	98,978	276,129	1,002,124	333,810	248,740	37,284	1,997,065	1,247,874	62.49	749,191	37.51						
2017 Yala	56,477	280,157	59,037	389,947	281,986	22,596	1,090,200	943,239	86.52	146,961	13.48						
2017/2018 Maha	90,848	316,329	1,109,276	577,078	139,878	33,738	2,267,147	1,676,196	73.93	590,951	26.07						
2018 Yala	31,498	362,526	71,692	456,511	95,479	72,966	1,090,672	893,455	81.92	197,217	18.08						
2018/2019 Maha	77,965	489,024	1,210,645	598,518	70,632	44,102	2,490,886	1,852,422	74.37	638,464	25.63						
2019 Yala	41,956	478,116	126,660	491,469	56,795	66,270	1,261,266	1,034,238	82.00	227,028	18.00						
2019/2020 Maha	40,935	251,433	716,317	474,134	148,635	25,470	1,656,924	1,209,554	73.00	447,370	27.00						
2020 Yala	22,717	301,073	100,382	315,177	52,862	35,718	827,929	731,342	88.33	96,587	11.67						
2020/2021 Maha	55,195	153,495	949,149	330,047	180,117	47,495	1,715,498	1,257,321	73.29	458,177	26.71						
2021 - 1st Season	3,968	135,856	41,737	117,490	11,271	36,500	346,822	625,961	89.12	76,401	10.87						
2021 - 2nd Season	35,047	195,106	453,870	366,366	32,259	89,123	1,171,771	1,510,204	59.99	1,007,143	40.00						
2022-1st Season (b)	22,117	225,642	15,867	283,120	179,250	74,950	800,946	n.a.	n.a.	n.a.	n.a.						
2022- 2nd Season (b)	90,574	307,408	727,067	564,097	129,673	137,488	1,956,307	n.a.	n.a.	n.a.	n.a.						

(a) Includes Oil Seeds, Ginger, Cowpea, Green Gram, Black Gram, Soya Beans, Kurakkan, Sorghum etc

(b) Provisional

Sources: Bank of Ceylon

Commercial Bank
DFCC Bank
Haiton National Bank
Cargills Bank
National Development Bank
People's Bank
Regional Development Bank
Sampath Bank
SANASA Development Bank
Seylan Bank
Union Bank

**Operations of the Crop Insurance Programme - Paddy Sector
(Position as at 31 December 2022)**

Cultivated Season	Area Cultivated ('000 ha) (1)		Area Insured ('000 ha) (2)			Premia Collected (Rs. '000) (3)			Indemnities Paid (Rs. '000) (4)			Difference between Premia Collected and Indemnities Paid (Rs. '000) (5) = (3)-(4)		
	AAIB	CICL	AAIB	CICL	Total	AAIB	CICL	Total	AAIB	CICL	Total	AAIB	CICL	Total
2012 Yala	395	3.42	8.52	3.42	11.94	20,319	2,092	22,411	40,122	4,190	44,312	(19,803)	(2,098)	(21,901)
2012/2013 Maha	780	3.10	19.69	3.10	22.79	58,363	2,155	60,518	128,499	4,102	132,601	(70,136)	(1,947)	(72,083)
2013 Yala	448	2.65	5.46	2.65	8.11	15,753	1,511	17,264	2,999	603	3,602	12,754	908	13,662
2013/2014 Maha	651	3.70	15.46	3.70	19.16	44,844	2,747	47,591	46,722	1,920	48,642	(1,878)	827	(1,051)
2014 Yala	317	2.51	4.01	2.51	6.52	12,601	1,642	14,243	5,877	664	6,541	6,724	978	7,702
2014/2015 Maha	722	4.50	16.69	4.50	21.19	54,516	3,613	58,129	141,411	6,727	148,138	(86,895)	(3,114)	(90,009)
2015 Yala	480	3.20	5.76	3.20	8.96	20,977	2,679	23,656	5,067	1,450	6,517	15,910	1,229	17,139
2015/2016 Maha	800	5.80	30.94	5.80	36.74	55,695	4,424	60,119	9,506	1,767	11,273	46,189	2,657	48,846
2016 Yala	394	2.75	6.80	2.75	9.55	12,255	1,937	14,192	56,177	242	56,419	(43,922)	1,695	(42,227)
2016/2017 Maha	543	4.60	19.55	4.60	24.15	152	4,096	4,248	5,352	2,553	7,905	(5,199)	1,543	(3,656)
2017 Yala	266	2.90	3.19	2.90	6.09	7,095	2,013	9,108	233	626	859	6,861	1,387	8,248
2017/2018 Maha	643	4.03	643.39	4.03	647.42	42,560	3,900	46,460	5,887	2,522	8,409	36,673	1,378	38,051
2018 Yala	384	2.20	384.43	2.20	386.63	1,291	1,335	2,626	257	725	982	1,034	610	1,644
2018/2019 Maha	708	4.80	707.73	4.80	712.53	46,816	4,025	50,841	1,879	3,112	4,991	44,937	913	45,850
2019 Yala	423	2.60	422.87	2.60	425.47	1,420	1,840	3,260	1,879	1,050	2,929	(460)	790	330
2019/2020 Maha	779	3.80	778.50	3.80	782.30	51,498	3,186	54,684	1,879	2,980	4,859	49,618	206	49,824
2020 Yala	465	2.20	465.16	2.20	467.36	1,562	1,839	3,401	1,879	1,255	3,134	(318)	584	266
2020/2021 Maha	856	3.10	856.35	3.10	859.45	56,647	2,850	59,497	1,879	2,540	4,419	54,768	310	55,078
2021 Yala	512	1.80	511.68	1.80	513.48	1,718	1,120	2,838	1,879	1,670	3,549	(161)	(550)	(711)
2021/2022 Maha (a)	n.a.	1.10	n.a.	1.10	1.10	n.a.	1,011	1,011	n.a.	995	995	n.a.	16	16
2022 Yala (a)	n.a.	0.70	n.a.	0.70	0.70	n.a.	643	643	n.a.	490	490	n.a.	153	153

(a) Provisional

Sources: Agricultural and Agrarian Insurance Board (AAIB)
Ceylinco Insurance Company Limited (CICL)

**Deposits and Advances of District Co-operative Rural Banks (2011 – 2022) and
District-wise Classification for 2022**

End of Period	No. of Branches	Deposits			Advances			Difference between Deposits and Advances (Rs.'000)
		No. of Accounts	Amount (Rs. '000)	Average (Rs.)	No. of Accounts	Amount (Rs. '000)	Average (Rs.)	
2011 Dec.	1,857	7,978,405	52,777,522	6,615	1,367,661	32,543,650	23,795	20,233,872
2012 Dec.	1,953	10,063,049	64,435,765	6,403	1,425,456	37,333,113	26,190	27,102,652
2013 Dec.	2,080	10,063,049	60,875,130	6,049	1,524,412	39,519,690	25,925	21,355,440
2014 Dec.	2,185	8,743,625	89,634,026	10,251	1,454,695	37,756,565	25,955	51,877,461
2015 Dec.	2,210	9,631,080	94,685,454	9,831	569,376	39,405,681	69,209	55,279,773
2016 Dec.	2,227	9,394,710	101,225,264	10,775	548,910	49,722,423	90,584	51,502,841
2017 Dec.	2,258	9,868,445	113,387,421	11,490	1,347,237	75,280,670	55,878	38,106,751
2018 Dec.	2,284	9,254,618	140,434,282	15,175	1,193,561	100,413,526	84,129	40,020,756
2019 Dec.	2,358	10,391,029	141,979,828	13,664	1,363,250	62,331,080	45,722	79,648,748
2020 Sep.	2,333	9,888,999	137,240,214	13,878	567,094	71,090,519	125,359	66,149,695
2021 Sep.	2,333	10,235,370	168,481,190	16,461	551,883	65,314,580	118,349	103,166,610
2022 Sep. (a)	2,387	10,490,411	142,733,260	18,372	476,997	70,634,920	148,083	122,098,340
DISTRICT								
Colombo	157	693,210	11,566,041	16.68	23,150	5,868,607	254	5,697,435
Gampaha	266	1,269,253	26,437,011	20.83	39,009	7,865,500	202	18,571,511
Kalutara	112	457,739	8,931,786	19.51	17,101	3,959,305	232	4,972,481
Kandy	176	664,387	8,470,900	12.75	72,523	4,598,772	63	3,872,128
Matale	108	255,188	10,030,174	39.31	12,572	2,101,540	167	7,928,634
Nuwara Eliya	72	313,227	4,887,263.00	15.60	14,984	2,679,839.00	178.85	2,207,424.00
Galle	139	702,342	10,909,397.07	15.53	17,502	2,317,090.25	132.39	8,592,306.82
Matara	143	660,230	10,101,609.43	15.30	23,198	3,059,015.56	131.87	7,042,593.87
Hambantota	71	640,516	8,779,784.43	13.71	14,465	3,199,931.22	221.22	5,579,853.21
Jaffna	34	193,675	1,058,044.83	5.46	4,059	272,500.40	67.13	785,544.43
Mannar	7	11,097	42,365.00	3.82	2,252	23,051.00	10.24	19,314.00
Vavunia	9	16,083	96,589.00	6.01	5,060	58,908.00	11.64	37,681.00
Mullaitivu	6	5,040	54,440.00	10.80	1,246	38,690.00	31.05	15,750.00
Kilinochchi	9	10,421	139,316.60	13.37	1,623	39,500.00	24.34	99,816.60
Batticaloa	15	42,794	107,120.00	2.50	1,413	47,470.00	33.60	59,650.00
Ampara	47	29,513	151,500.21	5.13	5,295	113,330.00	21.40	38,170.21
Trincomalee	15	39,073	270,276.01	6.92	1,621	94,071.00	58.03	176,205.01
Kurunegala	302	1,576,641	36,084,478.00	22.89	74,546	16,259,255.00	218.11	19,825,223.00
Puttalam	110	569,464	13,977,171.00	24.54	21,881	4,307,952.00	196.88	9,669,219.00
Anuradhapura	124	242,145	7,621,285.00	31.47	18,211	2,452,893.00	134.69	5,168,392.00
Polonnaruwa	45	240,497	7,651,924.00	31.82	14,650	2,180,854.00	148.86	5,471,070.00
Badulla	125	521,739	5,986,914.00	11.47	28,265	2,006,559.00	70.99	3,980,355.00
Monaragala	40	135,598	3,650,860.00	26.92	8,149	1,521,520.00	186.71	2,129,340.00
Kegalle	108	481,971	6,113,844.00	12.69	26,075	1,790,177.00	68.65	4,323,667.00
Ratnapura	147	718,568	9,613,166.00	13.38	28,147	3,778,590.00	134.24	5,834,576.00
Total	2,387	10,490,411	192,733,260	18,372	476,997	70,634,920	148,083	122,098,340

(a) Provisional

Source: Co-operative Development Department

**Deposits and Advances of District Co-operative Rural Banks' Unions (2013-2022) and
District-wise Classification for 2022**

End of Period	No. of Bank Union Offices	Deposits		Advances	Difference between Deposits and Advances (Rs. mn) (3)-(4)=(5)
		No. of M.P.C.S.*	Amount (Rs. mn)	Amount (Rs. mn)	
	(1)	(2)	(3)	(4)	
2013 Dec.	13	305	13,306.3	3,237.6	10,068.8
2014 Dec.	13	305	18,958.2	3,334.7	15,623.4
2015 Dec.	14	305	21,321.3	3,657.4	17,664.0
2016 Dec.	15	304	22,201.2	5,407.3	16,793.9
2017 Dec.	16	304	24,422.6	3,386.8	21,035.8
2018 Dec.	16	304	26,180.8	5,611.0	20,569.9
2019 Dec.	16	304	24,422.6	3,386.8	21,035.8
2020 Dec	n.a.	n.a.	n.a.	n.a.	n.a.
2021 Dec	n.a.	n.a.	n.a.	n.a.	n.a.
2022 Sep (a)	16	307	41,822.8	8,208.4	33,614.4
DISTRICT					
Colombo	1	10	1,223.7	606.1	617.7
Gampaha	1	17	2,063.6	200.6	1,863.0
Kalutara	1	10	4,606.3	297.8	4,308.5
Kandy	1	22	393.3	81.5	311.8
Matale	-	9	-	-	-
Nuwara Eliya	-	10	-	-	-
Galle	1	18	3,657.8	252.1	3,405.7
Matara	1	9	1,064.6	101.5	963.1
Hambantota	1	7	3,576.4	62.8	3,513.6
Jaffna	1	34	13.1	3.0	10.1
Mannar	-	7	-	-	-
Vavuniya	-	4	-	-	-
Mullativu	-	6	-	-	-
Killinochchi	1	9	51.4	60.7	(9.3)
Batticaloa	1	15	1.4	0.1	1.3
Ampara	-	16	-	-	-
Trincomalee	-	10	-	-	-
Kurunegala	1	21	21,142.0	4,865.6	16,276.5
Puttalam	-	12	-	-	-
Anuradhapura	1	17	751.0	604.0	147.0
Polonnaruwa	1	9	1,287.1	697.4	589.6
Badulla	1	10	28.7	11.4	17.3
Monaragala	-	2	-	-	-
Kegalle	1	10	33.9	61.7	(27.8)
Ratnapura	1	13	1,928.7	302.1	1,626.5
Total	16	307	41,822.8	8,208.4	33,614.4

(a) Provisional

Source: Co-operative Development Department

* - M.P.C.S. - Multi Purpose Co-operative Societies

SPECIAL STATISTICAL APPENDIX

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REAL SECTOR											TABLE 1		
Population and Labour Force													
Year	Mid Year Population ('000)	Crude Birth Rate (per '000)	Crude Death Rate (per '000)	Life Expectancy at Birth (years)		Literacy Rate (%) (a)	Labour Force Participation Rate (%) (b)(c)			Unemployment Rate (%) (b)(c)			
				Male	Female		Total	Male	Female	Total	Male	Female	
1950	7,544	39.7	12.6	-	-	-	-	-	-	-	-	-	
1951	7,742	39.8	12.9	-	-	-	-	-	-	-	-	-	
1952	7,940	38.8	12.0	57.6	55.5	-	-	-	-	-	-	-	
1953	8,098	38.7	10.9	58.8	57.5	69.0	37.0	53.1	18.9	-	-	-	
1954	8,385	35.7	10.4	-	-	-	-	-	-	-	-	-	
1955	8,589	37.3	11.0	-	-	-	-	-	-	-	-	-	
1956	8,929	36.4	9.8	-	-	-	-	-	-	-	-	-	
1957	9,165	36.5	10.1	-	-	-	-	-	-	-	-	-	
1958	9,388	35.8	9.7	-	-	-	-	-	-	-	-	-	
1959	9,625	37.0	9.1	-	-	-	-	-	-	-	-	-	
1960	9,896	36.6	8.6	-	-	-	-	-	-	-	-	-	
1961	10,168	35.8	8.0	-	-	-	-	-	-	-	-	-	
1962	10,443	35.5	8.5	61.9	61.4	-	-	-	-	-	-	-	
1963	10,582	34.1	8.5	63.3	63.7	77.0	32.7	49.8	14.2	7.7	7.3	9.0	
1964	10,903	33.2	8.8	-	-	-	-	-	-	-	-	-	
1965	11,164	33.1	8.8	-	-	-	-	-	-	-	-	-	
1966	11,439	32.3	8.3	-	-	-	-	-	-	-	-	-	
1967	11,703	31.9	7.5	-	-	-	-	-	-	-	-	-	
1968	11,992	32.0	7.9	-	-	-	38.6	57.3	19.5	14.3	11.2	20.1	
1969	12,252	30.4	8.1	-	-	-	-	-	-	-	-	-	
1970	12,514	29.4	7.5	-	-	-	-	-	-	-	-	-	
1971	12,690	30.4	7.7	64.0	66.9	78.5	35.4	50.7	19.1	18.7	14.3	31.1	
1972	12,861	30.0	8.1	-	-	-	-	-	-	-	-	-	
1973	13,091	28.0	7.7	-	-	80.8	34.4	48.5	20.2	18.3	13.7	26.8	
1974	13,284	27.5	9.0	-	-	-	-	-	-	-	-	-	
1975	13,496	27.8	8.5	-	-	-	36.6	50.2	22.1	19.7	14.3	33.1	
1976	13,717	27.8	7.8	-	-	-	-	-	-	-	-	-	
1977	13,942	27.9	7.4	-	-	-	-	-	-	-	-	-	
1978	14,190	28.5	6.6	-	-	-	38.0	50.4	26.2	14.8	9.2	24.9	
1979	14,472	28.9	6.5	-	-	86.2	-	-	-	-	-	-	
1980	14,747	28.4	6.2	-	-	-	-	-	-	-	-	-	
1981	14,847	28.2	5.9	67.7	72.1	87.2	33.8	49.4	17.1	17.9	13.0	32.9	
1982	15,196	26.9	6.1	-	-	-	34.3	49.7	19.4	11.7	7.8	21.3	
1983	15,417	26.3	6.2	-	-	-	-	-	-	-	-	-	
1984	15,603	25.1	6.5	-	-	-	-	-	-	-	-	-	
1985	15,842	24.6	6.2	-	-	-	38.9	52.7	25.4	13.2	9.8	20.3	
1986	16,127	22.4	6.0	-	-	-	-	-	-	15.5	11.3	23.6	
1987	16,373	21.8	6.0	-	-	88.6	-	-	-	-	-	-	
1988	16,599	20.7	5.8	-	-	-	-	-	-	-	-	-	
1989	16,825	21.6	6.3	-	-	-	-	-	-	-	-	-	
1990	17,015	20.8	6.0	-	-	-	51.9 (d)	67.7 (d)	36.2 (d)	15.9 (d)	11.1 (d)	23.4 (d)	
1991	17,267	21.7	5.8	69.5	74.2	86.6	49.8 (d)	65.2 (d)	31.1 (d)	14.7 (d)	10.1 (d)	23.0 (d)	
1992	17,426	21.5	5.9	-	-	-	48.2 (d)	64.3 (d)	31.1 (d)	14.6 (d)	10.7 (d)	22.8 (d)	
1993	17,646	20.8	5.7	-	-	-	49.1 (d)	65.3 (d)	33.1 (d)	13.8 (d)	9.7 (d)	21.7 (d)	
1994	17,891	20.8	5.9	-	-	90.1	48.7 (d)	65.4 (d)	32.0 (d)	13.1 (d)	9.7 (d)	20.1 (d)	
1995	18,136	19.9	6.0	-	-	-	47.9 (d)	64.4 (d)	31.7 (d)	12.3 (d)	9.0 (d)	18.7 (d)	
1996	18,336	19.5	7.0	70.7	75.4	-	48.6 (d)	65.9 (d)	31.6 (d)	11.3 (d)	8.2 (d)	17.7 (d)	
1997	18,568	18.8	6.4	-	-	91.8	48.7 (d)	65.7 (d)	32.0 (d)	10.5 (d)	7.7 (d)	16.1 (d)	
1998	18,784	18.2	6.2	-	-	-	51.7 (d)	67.3 (d)	36.4 (d)	9.2 (d)	6.5 (d)	14.6 (d)	
1999	19,056	18.1	6.3	-	-	-	50.7 (d)	67.7 (d)	34.1 (d)	8.9 (d)	6.7 (d)	13.0 (d)	
2000	19,102	18.2	6.1	-	-	-	50.3 (d)	67.2 (d)	33.9 (d)	7.6 (d)	5.8 (d)	11.0 (d)	
2001	18,797 (e)	19.1	6.0	68.8	77.2	90.7	48.8 (d)	66.2 (d)	31.9 (d)	7.9 (d)	6.2 (d)	11.5 (d)	
2002	18,921 (e)	19.4	5.9	-	-	-	50.3 (d)	67.9 (d)	33.6 (d)	8.8 (d)	6.6 (d)	12.9 (d)	
2003	19,173 (e)	19.3	6.0	-	-	-	48.9 (f)	67.2 (f)	31.4 (f)	8.4 (f)	6.0 (f)	13.2 (f)	
2004	19,435 (e)	18.8	5.9	-	-	92.5	48.6 (g)	66.7 (g)	31.5 (g)	8.3 (g)	6.0 (g)	12.8 (g)	
2005	19,644 (e)	18.9	6.7	75.6	67.9	90.7	48.3 (h)(i)	67.1 (h)(i)	30.9 (h)(i)	7.7 (h)(i)	5.5 (h)(i)	11.9 (h)(i)	
2006	19,858 (e)	18.8	5.9	-	-	91.5	51.2 (d)	68.1 (d)	35.7 (d)	6.5 (d)	4.7 (d)	9.7 (d)	
2007	20,039 (e)	19.3	5.9	70.3	77.9	91.1	49.8 (d)	67.8 (d)	33.4 (d)	6.0 (d)	4.3 (d)	9.0 (d)	
2008	20,246 (e)	18.5	6.1	-	-	91.3	49.5 (f)	67.8 (f)	33.2 (f)	5.4 (f)	3.7 (f)	8.4 (f)	
2009	20,476 (e)	18.0	6.2	-	-	91.4	48.7 (f)	66.6 (f)	32.8 (f)	5.8 (f)	4.3 (f)	8.6 (f)	
2010	20,675 (e)	17.6	6.3	-	-	91.9	48.1 (f)	67.1 (f)	31.2 (f)	4.9 (f)	3.5 (f)	7.7 (f)	
2011	20,892 (e)	17.3	5.9	-	-	92.2	52.9 (i)(j)	74.0 (i)(j)	34.3 (i)(j)	4.2 (i)(j)	2.7 (i)(j)	7.1 (i)(j)	
2012	20,425 (k)	17.6	6.0	72.0	78.6	92.7	52.5 (i)(j)	74.9 (i)(j)	32.9 (i)(j)	4.0 (i)(j)	2.8 (i)(j)	6.3 (i)(j)	
2013	20,585 (k)	17.8	6.2	-	-	92.4	53.7 (i)(j)	74.9 (i)(j)	35.4 (i)(j)	4.4 (i)(j)	3.2 (i)(j)	6.6 (i)(j)	
2014	20,778 (k)	16.8	6.2	-	-	93.2	53.2 (i)(j)	74.6 (i)(j)	34.6 (i)(j)	4.3 (i)(j)	3.1 (i)(j)	6.5 (i)(j)	
2015	20,970 (k)	16.0	6.3	-	-	93.2	53.8 (i)(j)	74.7 (i)(j)	35.9 (i)(j)	4.7 (i)(j)	3.0 (i)(j)	7.6 (i)(j)	
2016	21,209 (k)	15.5	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)(m)	15.2 (m)	6.5 (m)	-	-	92.6	54.1 (i)	74.5 (i)	36.6 (i)	4.2 (i)	2.9 (i)	6.5 (i)	
2018	21,670 (k)(m)	15.1 (m)	6.4 (m)	-	-	92.5	51.8 (i)	73.0 (i)	33.6 (i)	4.4 (i)	3.0 (i)	7.1 (i)	
2019	21,803 (k)(m)	14.6 (m)	6.6 (m)	-	-	92.9	52.3 (i)	73.0 (i)	34.5 (i)	4.8 (i)	3.3 (i)	7.4 (i)	
2020	21,919 (k)(m)	13.8 (m)	6.0 (m)	-	-	93.0	50.6 (i)	71.9 (i)	32.0 (i)	5.5 (i)	4.0 (i)	8.5 (i)	
2021	22,156 (k)(m)	12.9 (m)	7.4 (m)	-	-	-	49.9 (i)	71.0 (i)	31.8 (i)	5.1 (i)	3.7 (i)	7.9 (i)	
2022 (m)	22,181 (k)	12.4	8.1	-	-	-	49.8 (i)	70.5 (i)	32.1 (i)	4.7 (i)	3.7 (i)	6.5 (i)	

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

(b) From 1990, based on QLFS of the DCS. Up to 1989, based on other surveys in which the definitions may differ.

(c) Data up to 2010 are for household population aged 10 years and above and from 2011 onwards are for those aged 15 years and above.

(d) Data excluding both Northern and Eastern provinces

(e) Based on Census of Population and Housing - 2001

(f) Data excluding the Northern province

(g) Data excluding both Mullaitivu and Killinochchi districts

(h) QLFS was conducted as a one-off survey in August 2005.

(i) Data cover the entire island.

(j) In July 2016, the DCS published a re-weighted and revised labour force data series for 2011 onwards.

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

(l) Revised

(m) Provisional

REAL SECTOR													TABLE 2	
National Output (a)														
Year	GDP at Current Market Prices (Rs. mn)	GDP at Current Market Prices (US\$ mn)	Per Capita GDP at Current Market Prices (Rs.)	Per Capita GDP at Current Market Prices (US\$)	GDP Growth Rate (%)	Share of GDP (at Current Market Prices)				Share of GDP (at Current Market Prices)			GDP Deflator (1996=100) (d)	
						Agriculture (%)	Industry (%)	Services (%)	Taxes less Subsidies on Products (%)	Consumption (%)	Investment (%)	National Savings (%)	Annual Index	Annual Change (%)
1950						46.3	19.6	36.9						
1951					6.2	45.8	20.2	36.8						
1952					4.6	45.5	17.0	39.5					4.1	
1953					1.9	45.2	18.3	38.7					4.3	
1954					2.7	46.5	17.9	38.1					4.4	
1955					5.9	45.9	16.5	39.6					4.4	
1956					0.7	43.0	17.6	40.9					4.5	
1957					1.5	39.6	18.0	42.9					4.7	
1958					2.9	39.2	16.9	44.0					4.9	
1959	6,416	1,348	667	140	1.5	38.8	17.3	43.8		85.1	17.3	13.4	5.0	
1960	6,711	1,410	678	142	6.7	37.8	16.8	45.4		88.4	14.6	10.6	5.0	
1961	6,875	1,444	676	142	2.1	38.7	16.8	44.5		84.9	16.0	14.2	4.9	
1962	6,970	1,464	667	140	4.6	36.5	17.3	46.2		85.9	15.5	13.1	4.8	
1963	7,382	1,551	698	147	2.8	38.0	16.9	45.2		86.0	15.7	13.0	4.9	
1964	7,793	1,637	715	150	6.4	36.4	16.6	47.0		87.8	14.3	11.3	4.9	
1965	8,084	1,698	724	152	2.3	33.6	17.4	49.0		87.1	12.5	12.5	4.9	
1966	8,337	1,751	729	153	3.8	33.8	16.7	49.6		89.1	14.3	10.1	4.9	
1967	9,037	1,859	772	159	5.1	35.3	16.6	48.1		87.6	15.2	11.1	5.0	
1968	10,718	1,801	894	150	8.2	37.2	17.9	44.9		87.1	15.9	12.3	5.5	
1969	11,695	1,966	955	160	4.8	34.4	19.4	46.2		87.0	19.3	12.1	5.7	
1970	13,664	2,296	1,092	184	4.3	28.3	23.8	47.9		84.2	18.9	15.0	5.9	
1971	14,050	2,365	1,107	186	0.2	27.1	24.7	48.2		84.9	17.1	14.7	6.2	3.7
1972	15,247	2,554	1,186	199	3.2	26.3	24.2	49.5		84.3	17.3	14.8	6.4	4.1
1973	18,404	2,876	1,406	220	3.7	27.3	25.4	47.3		87.5	13.7	11.5	7.5	17.6
1974	23,771	3,575	1,789	269	3.2	33.2	25.1	41.8		91.8	15.7	7.5	9.5	25.9
1975	26,577	3,791	1,969	281	2.8	30.4	26.4	43.2		91.9	15.6	7.4	10.2	7.5
1976	30,203	3,591	2,202	262	3.0	29.0	27.1	43.9		86.1	16.2	13.1	10.8	5.9
1977	36,407	4,105	2,611	294	4.2	30.7	28.7	40.6		81.9	14.4	17.7	12.8	18.8
1978	42,665	2,733	3,007	193	8.2	30.5	27.2	42.3		84.7	20.0	15.5	13.8	7.8
1979	52,387	3,365	3,620	232	6.3	26.9	28.2	44.8		86.2	25.8	14.8	16.0	15.8
1980	66,527	4,025	4,511	273	5.8	27.6	29.6	42.8		88.8	33.8	14.0	18.9	18.1
1981	85,005	4,416	5,725	297	5.8	27.7	28.0	44.3		88.3	27.8	14.3	22.8	20.6
1982	99,238	4,769	6,531	314	5.1	26.4	26.3	47.3		88.1	30.8	15.4	25.1	9.9
1983	121,601	5,168	7,887	335	5.0	28.3	26.3	45.4		86.2	28.9	16.4	28.7	14.6
1984	153,746	6,043	9,854	387	5.1	28.7	26.3	45.0		80.1	25.8	22.2	33.6	17.1
1985	162,375	5,978	10,250	377	5.0	27.7	26.2	46.1		88.1	23.8	14.2	33.9	0.9
1986	179,474	6,405	11,129	397	4.3	27.1	26.6	46.3		88.0	23.7	14.5	35.9	5.8
1987	196,723	6,680	12,015	408	1.5	27.0	27.4	45.6		87.2	23.3	15.3	38.4	7.0
1988	221,982	6,978	13,373	420	2.7	26.3	26.7	47.0		88.0	22.8	14.2	42.8	11.5
1989	251,891	6,987	14,971	415	2.3	25.6	26.8	47.6		87.8	21.7	14.6	46.9	9.6
1990	321,784	8,033	18,912	472	6.2	26.3	26.0	47.7		85.7	22.2	16.8	56.3	20.0
1991	372,345	9,000	21,564	521	4.6	26.8	25.6	47.7		87.2	22.9	15.2	62.5	11.0
1992	425,283	9,703	24,405	557	4.3	25.9	25.6	48.5		85.0	24.3	17.9	68.8	10.0
1993	499,565	10,354	28,310	587	6.9	24.6	25.6	49.8		84.0	25.6	20.2	75.3	9.5
1994	579,084	11,718	32,367	655	5.6	23.8	26.2	50.1		84.8	27.0	19.1	82.3	9.3
1995	667,772	13,030	36,820	718	5.5	23.0	26.5	50.5		84.7	25.7	19.5	89.2	8.4
1996	768,128	13,898	41,892	758	3.8	22.4	26.4	51.1		84.7	24.2	19.0	100.0	12.1
1997	890,272	15,092	47,947	813	6.3	21.9	26.9	51.2		82.7	24.4	21.5	108.6	8.6
1998	1,017,986	15,761	54,194	839	4.7	21.1	27.5	51.4		80.9	25.1	23.4	117.8	8.4
1999	1,105,963	15,711	58,038	824	4.3	20.7	27.3	52.0		80.5	27.3	23.5	123.1	4.4
2000	1,257,636	16,596	65,838	869	6.0	19.9	27.3	52.8		82.6	28.0	21.5	131.3	6.7
2001	1,407,398	15,750	74,874	838	-1.5	20.1	26.8	53.1		84.2	22.0	20.3	147.6	12.4
2002	1,636,037	17,102	86,467	904	4.0	14.3	28.0	57.7		84.0	22.5	21.0	160.0	8.4
2003	1,822,468	18,882	95,054	985	5.9	13.2	28.4	58.3		84.0	22.0	21.5	168.2	5.1
2004	2,090,841	20,663	107,581	1,063	5.4	12.5	28.6	58.8		83.6	25.3	22.0	183.0	8.8
2005	2,452,782	24,406	124,862	1,242	6.2	11.8	30.2	58.0		82.1	26.8	23.8	202.1	10.4
2006	2,938,680	28,267	147,985	1,423	7.7	11.3	30.6	58.0		83.0	28.0	22.3	224.9	11.3
2007	3,578,688	32,350	178,586	1,614	6.8	11.7	29.9	58.4		82.4	28.0	23.3	256.4	14.0
2008	4,410,682	40,714	217,855	2,011	6.0	13.4	29.4	57.2		86.1	27.6	17.8	298.3	16.3
2009	4,835,293	42,066	236,144	2,054	3.5	12.7	29.7	57.6		82.1	24.4	23.7	315.8	5.9
2010(e)	6,413,668	56,726	310,214	2,744	8.0	8.5	26.6	54.6	10.2	76.9	30.4	28.5	338.9	7.3
2011(e)	7,219,106	65,293	345,544	3,125	8.4	8.8	28.0	55.1	8.0	79.8	33.4	26.3	351.8	3.8
2012(e)	8,732,463	68,434	427,538	3,351	9.1	7.4	30.1	55.6	6.8	72.8	39.1	33.3	389.9	10.8
2013(e)	9,592,125	74,294	465,976	3,609	3.4	7.7	29.2	56.4	6.8	75.4	33.2	29.9	414.3	6.2
2014(e)	10,361,151	79,359	498,660	3,819	5.0	8.0	28.3	56.9	6.8	75.8	32.3	29.8	426.3	2.9
2015(f)	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	0.6
2016(f)	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	5.4
2017(f)	14,387,319	94,356	670,925	4,400	6.5	7.4	31.1	52.2	9.2	67.0	39.7	37.3	477.2	5.5
2018(f)	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	4.3
2019(f)	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	3.9
2020(f)	15,671,535	84,556	714,975	3,858	-4.6	8.2	28.2	57.7	5.8	73.2	33.0	31.5	533.9	3.3
2021(f)(g)	17,600,191	88,549	794,376	3,997	3.5	8.8	30.0	55.6	5.6	70.6	36.7	33.0	579.2	8.5
2022(f)(g)	24,147,726	77,060	1,088,667	3,474	-7.8	8.7	30.3	56.1	4.9	69.2	34.4	33.1	862.2	48.8

(a) The Central Bank began publishing National Accounts estimates in 1959. Estimates for the period 1950 - 1958 have been computed using the growth rates in "Estimates of Sri Lanka's Gross National Product from 1950 - 1981", T. Savundranayagam, Staff Studies Vol. 12 No.2 September 1982 and Vol. 13 No.1 and 2 April - September, 1983. Therefore, from 1950-1958 the sum of sectoral shares does not add to 100%. National Accounts data from 2002 onwards are based on the estimates of the Department of Census and Statistics (DCS). National Accounts estimates were rebased in 1970, 1982, and 1996 by the Central Bank and DCS in 2002, 2010 and 2015. The GDP and GNI estimates published for the relevant year before the base year revisions are given below.

1970 (CBSL estimates) : GDP (current factor cost prices) = Rs. 11,705 mn, GNI (current factor cost prices) = Rs. 12,671 mn
1982 (CBSL estimates) : GDP (current factor cost prices) = Rs. 91,943 mn, GNI (current factor cost prices) = Rs. 89,609 mn
1996 (CBSL estimates) : GDP (current factor cost prices) = Rs. 695,934 mn, GNI (current factor cost prices) = Rs. 684,676 mn
2002 (CBSL estimates) : GDP (current market prices) = Rs. 1,581,885 mn, GNI (current market prices) = Rs. 1,599,867 mn
2010 (DCS estimates) : GDP (current market prices) = Rs. 5,604,104 mn, GNI (current market prices) = Rs. 5,534,327 mn
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 US\$ terms calculated using quarterly average exchange rate from 2015 onwards.
(c) Estimates are updated with the 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) The backcast GDP estimates published by DCS for 2010-2014 under the new base year 2015 are given below.
2010 : Rs. 6,629,667 mn 2011 : Rs. 7,491,156 mn 2012 : Rs. 8,989,301 mn 2013 : Rs. 9,938,390 mn 2014 : Rs. 10,775,312 mn
(f) Based on the GDP estimates under the new base year 2015 (replacing base year 2010).
(g) Provisional

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

REAL SECTOR														TABLE 3			
Prices																	
Year	Annual Average Price Index									Annual Average Percentage Change							
	CCPI	CCPI	CCPI	CCPI	NCPI	WPI	PPI	PPI	CCPI	CCPI	CCPI	CCPI	NCPI	WPI	PPI	PPI	
	(1952=100)	(2002=100)	(2006/07=100)	(2013=100)	(2013=100)	(1974=100)	(2013 Q4=100)	(2018 Q4=100)	(1952=100)	(2002=100)	(2006/07=100)	(2013=100)	(2013=100)	(1974=100)	(2013 Q4=100)	(2018 Q4=100)	
	(a)	(b)	(c)	(d)	(e)		(f)	(g)	(a)	(b)	(c)	(d)	(e)	(f)	(g)		
1953	101.6								1.6								
1954	101.1								-0.5								
1955	100.5								-0.6								
1956	100.2								-0.3								
1957	102.8								2.6								
1958	105.0								2.1								
1959	105.2								0.2								
1960	103.5								-1.6								
1961	104.8								1.3								
1962	106.3								1.4								
1963	108.8								2.4								
1964	112.2								3.1								
1965	112.5								0.3								
1966	112.3								-0.2								
1967	114.8								2.2								
1968	121.5								5.8								
1969	130.5								7.4								
1970	138.2								5.9								
1971	141.9								2.7								
1972	150.9								6.3								
1973	165.4								9.6								
1974	185.8								12.3								
1975	198.3					103.4			6.7								
1976	200.7					111.9			1.2					8.2			
1977	203.2					135.5			1.2					21.1			
1978	227.8					156.7			12.1					15.6			
1979	252.3					171.6			10.8					9.5			
1980	318.2					229.5			26.1					33.7			
1981	375.4					268.5			18.0					17.0			
1982	416.1					283.3			10.8					5.5			
1983	474.2					354.1			14.0					25.0			
1984	553.1					444.7			16.6					25.6			
1985	561.2					377.1			1.5					-15.2			
1986	606.0					366.0			8.0					-2.9			
1987	652.8					414.9			7.7					13.4			
1988	744.1					488.7			14.0					17.8			
1989	830.2					532.9			11.6					9.0			
1990	1,008.6					651.1			21.5					22.2			
1991	1,131.5					710.8			12.2					9.2			
1992	1,260.4					773.0			11.4					8.8			
1993	1,408.4					831.8			11.7					7.6			
1994	1,527.4					873.4			8.4					5.0			
1995	1,644.6					950.3			7.7					8.8			
1996	1,906.7					1,145.1			15.9					20.5			
1997	2,089.1					1,224.3			9.6					6.9			
1998	2,284.9					1,298.7			9.4					6.1			
1999	2,392.1					1,295.3			4.7					-0.3			
2000	2,539.8					1,317.2			6.2					1.7			
2001	2,899.4					1,471.2			14.2					11.7			
2002	3,176.4					1,628.9			9.6					10.7			
2003	3,377.0	105.8				1,679.1			6.3					3.1			
2004	3,632.8	115.3				1,889.0			7.6	9.0				12.5			
2005	4,055.5	128.0				2,105.9			11.6	11.0				11.5			
2006	4,610.8	140.8				2,351.5			13.7	10.0				11.7			
2007	5,416.1	163.1				2,924.4			17.5	15.8				24.4			
2008		199.9	129.2			3,653.6				22.6				24.9			
2009		206.8	133.6			3,500.9				3.4	3.5			-4.2			
2010		219.1	141.9			3,893.0				5.9	6.2			11.2			
2011		226.5	151.5			4,306.5				6.9	6.7			10.6			
2012			162.9			4,457.3					7.6			3.5			
2013			174.2			4,867.9					6.9			9.2			
2014			179.9	105.1	105.5	5,022.1	101.6				3.3			3.2			
2015			181.5	107.4	109.5	5,072.7	105.3				0.9	2.2	3.8	1.0	3.6		
2016			188.3	111.7	113.8	5,284.0	107.1				3.7	4.0	4.0	4.2	1.7		
2017				119.0	122.6	5,674.7	125.3					6.6	7.7	7.4	17.0		
2018				124.1	125.2	5,867.0	133.2					4.3	2.1	3.4	6.3		
2019				129.5	129.6	6,069.4	137.1	105.5				4.3	3.5	3.4	2.9		
2020				135.4	137.6	6,399.3	144.9	111.6				4.6	6.2	5.4	5.7	5.8	
2021				143.4	147.2	6,744.9		123.7				6.0	7.0	5.4		10.9	
2022 (h)				209.9	221.5	11,000.3		215.2				46.4	50.4	63.1		74.0	

(a) Represents the consumption basket of low income households in the Colombo Municipality. Compilation of this index was discontinued since May 2008.

(b) Represents the consumption basket of urban households within the Colombo District. Compilation of this index was discontinued since June 2011.

(c) Represents the consumption basket of urban households within the Colombo District. Compilation of this index was discontinued since January 2017.

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

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

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

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

(h) Provisional.

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

EXTERNAL SECTOR											TABLE 4			
Balance of Payments											Values in US\$ million			
Year	Current Account						Capital Account (Net)	Financial Account (c)				Overall Balance	Terms of Trade (% change) (g)	
	Exports	Imports	Services & Primary Income (Net)	Transfers (Net) (a)	Current Account Balance	As a % of GDP (b)		Long-term Capital (Net)			Short-term (Net)			Financial Account Balance (f)
								Direct Investment	Other Private (d)	Government (e)				
1950	296.5	246.3	-6.9	-14.5	28.8	3.5	-	-0.4	-5.0	-	0.8	-	35.0	-
1951	387.0	317.9	-34.2	-16.2	18.7	1.9	-	-10.2	-3.3	-	4.9	-	19.6	-10.2
1952	309.3	352.0	-29.2	-21.8	-93.6	-9.9	-	-1.0	-2.5	-	8.8	-	-79.3	-23.8
1953	314.4	342.9	4.8	-9.4	-33.2	-3.5	-	-1.5	-2.9	-0.2	-3.6	-	-44.6	0.0
1954	362.0	290.6	1.9	-9.0	64.3	6.4	-	-2.7	-1.5	14.7	-6.1	-	66.8	23.7
1955	397.5	310.4	-6.5	-12.8	67.8	6.2	-	-5.2	-5.2	1.7	-1.5	-	58.5	17.3
1956	372.1	331.0	-12.4	-11.5	17.2	1.6	-	-5.2	-5.0	1.9	6.1	-	10.9	-5.3
1957	350.5	370.4	-12.8	-8.2	-40.9	-3.8	-	-8.0	-0.6	4.8	0.6	-	-46.2	-15.0
1958	341.0	359.7	-8.6	-4.8	-32.1	-2.8	-	-2.5	-0.6	4.4	2.3	-	-32.7	11.1
1959	372.3	411.2	-2.3	-2.5	-43.7	-3.2	-	-1.9	0.6	12.0	2.1	-	-29.8	0.0
1960	377.2	421.3	-6.7	4.6	-46.2	-3.3	-	0.6	-0.2	1.5	-1.5	-	-40.3	0.0
1961	358.5	376.7	-3.8	2.3	-19.7	-1.4	-	-1.3	-0.4	5.2	2.9	-	-16.5	-5.9
1962	370.2	400.3	-0.6	1.6	-29.1	-2.0	-	-0.4	0.0	9.2	-0.2	-	-14.2	0.0
1963	358.7	392.5	-4.4	2.9	-35.3	-2.3	-	1.0	0.0	16.6	-0.8	-	-16.8	-10.0
1964	371.1	411.6	-1.5	8.4	-33.6	-2.1	-	-0.2	0.4	8.8	-1.9	-	-26.6	-16.7
1965	400.9	403.6	6.5	8.4	12.2	0.7	-	0.0	-0.6	13.2	-3.8	-	19.7	9.1
1966	351.5	423.8	3.6	7.8	-60.9	-3.5	-	-2.9	-0.4	22.9	-3.8	-	-49.0	-6.3
1967	339.4	408.4	5.1	4.5	-59.2	-3.2	-	-1.0	-0.4	35.8	1.6	-	87.9	-6.7
1968	332.0	395.8	1.7	2.5	-59.6	-3.4	-	-2.0	0.2	37.0	-1.2	-	-29.4	27.5
1969	320.7	446.1	-15.1	6.6	-133.9	-7.0	-	-1.8	0.2	78.5	-1.7	-	-53.2	-30.2
1970	338.7	391.8	-17.5	11.8	-58.8	-2.6	-	-0.3	0.0	57.6	-0.7	-	-7.0	-6.3
1971	325.4	373.7	-2.4	14.3	-36.4	-1.5	-	0.3	0.0	74.0	-3.9	-	32.9	-5.8
1972	317.9	360.6	-2.5	12.4	-32.8	-1.3	-	0.3	-0.2	48.6	-6.4	-	69.5	-5.6
1973	366.4	412.9	8.1	13.3	-25.1	-0.9	-	0.5	-0.3	68.9	-1.7	-	45.9	-11.8
1974	511.2	701.1	11.4	42.1	-136.4	-3.8	-	1.4	-0.2	84.6	-2.3	-	-57.0	-11.4
1975	563.4	767.3	12.7	79.9	-111.4	-2.9	-	-0.1	0.0	62.7	-4.3	-	10.4	-19.8
1976	558.8	643.1	13.3	65.1	-5.8	-0.2	-	0.0	-5.7	83.1	-7.1	-	118.3	30.5
1977	767.1	726.2	34.3	69.0	144.1	3.5	-	-1.0	-3.3	51.1	-10.0	-	360.9	31.9
1978	845.1	1,025.4	7.6	79.6	-93.1	-3.4	-	1.5	0.5	157.2	7.3	-	120.1	-1.8
1979	981.4	1,449.4	47.5	192.2	-228.4	-6.8	-	47.0	9.1	156.2	0.1	-	51.9	-28.3
1980	1,064.7	2,051.2	52.0	274.6	-660.0	-16.4	-	42.9	40.3	157.5	157.5	-	-191.9	-19.0
1981	1,065.5	1,876.9	4.3	364.8	-442.3	-10.0	-	50.2	52.9	266.0	31.4	-	19.9	-21.3
1982	1,013.7	1,994.1	-15.1	427.3	-568.1	-11.9	-	63.6	194.5	261.2	7.1	-	-48.0	-5.7
1983	1,064.1	1,921.3	-60.0	444.3	-472.8	-9.1	-	37.5	94.9	281.0	37.6	-	18.0	21.6
1984	1,462.3	1,928.1	-68.2	479.4	-54.7	-0.9	-	32.6	-4.7	341.7	-25.5	-	269.3	22.4
1985	1,315.3	2,044.3	-134.3	443.8	-419.5	-7.0	-	24.4	31.2	273.0	4.4	-	-49.3	-17.8
1986	1,209.7	1,973.2	-129.1	466.4	-426.1	-6.7	-	28.2	18.3	291.7	-13.5	-	-70.3	-4.3
1987	1,395.7	2,075.1	-156.9	492.9	-343.4	-5.1	-	58.2	-13.0	198.0	39.0	-	-67.3	2.4
1988	1,477.2	2,240.2	-153.2	526.9	-389.3	-5.6	-	43.0	-43.0	245.0	16.0	-	-90.7	-10.3
1989	1,547.1	2,226.5	-157.7	518.7	-318.3	-4.6	-	17.9	-50.0	217.0	92.0	-	-88.0	0.5
1990	1,983.9	2,686.4	-97.9	423.4	-377.0	-4.7	117.5	41.6	-44.6	405.3	-5.7	-	118.7	-12.5
1991	2,039.5	3,036.6	-91.2	468.9	-619.4	-6.9	134.6	62.7	-24.4	500.2	184.6	-	290.2	1.1
1992	2,460.8	3,505.4	-32.6	522.6	-554.6	-5.7	121.6	121.1	25.4	266.2	130.1	-	189.6	19.8
1993	2,863.7	4,011.3	39.4	612.7	-495.5	-4.8	108.6	187.2	187.9	264.8	359.7	-	660.9	4.3
1994	3,208.6	4,767.3	17.8	680.6	-860.3	-7.3	113.1	158.2	294.5	252.8	124.3	-	239.7	-0.7
1995	3,806.6	5,311.1	-18.0	736.0	-786.5	-6.0	117.3	53.1	90.7	358.3	79.2	-	51.5	-0.9
1996	4,095.1	5,438.8	-92.3	759.1	-676.9	-4.9	95.9	119.9	1.6	259.2	-17.6	-	-67.8	2.3
1997	4,639.0	5,863.8	-0.4	832.3	-392.9	-2.6	87.1	429.8	47.4	238.6	-200.7	-	162.9	2.3
1998	4,797.8	5,889.5	-34.9	900.7	-225.9	-1.4	79.6	193.0	1.7	203.1	-64.0	-	36.8	13.5
1999	4,610.1	5,979.3	-106.6	912.8	-563.0	-3.6	80.3	176.9	196.0	62.1	-142.4	-	-263.2	-5.0
2000	5,522.3	7,319.8	-267.0	997.8	-1,066.0	-6.4	50.2	176.0	82.1	47.0	88.1	393.2	-521.9	-6.1
2001	4,816.9	5,974.4	-62.6	1,005.2	-215.1	-1.4	197.5	172.0	-257.1	249.0	200.5	364.4	219.8	-1.7
2002	4,699.0	6,105.6	42.5	1,128.0	-236.5	-1.4	65.0	185.0	-21.0	162.0	53.3	379.3	338.0	4.6
2003	5,133.3	6,671.9	227.0	1,241.0	-71.0	-0.4	74.0	201.0	-33.0	554.0	-73.6	648.4	502.0	-7.4
2004	5,757.2	7,999.8	215.0	1,380.0	-648.0	-3.1	64.0	227.0	14.0	439.0	-112.6	567.4	-205.0	-5.2
2005	6,346.7	8,863.2	38.2	1,828.1	-650.2	-2.7	249.8	233.8	10.8	553.5	176.0	974.1	501.4	-4.2
2006	6,882.7	10,253.0	-132.3	2,004.1	-1,498.6	-5.3	290.6	451.1	-35.0	490.5	610.8	1,517.4	203.6	-3.5
2007	7,640.0	11,296.5	-55.5	2,310.6	-1,401.5	-4.3	268.8	548.3	30.6	671.9	577.2	1,828.0	530.5	-1.0
2008	8,110.6	14,091.2	-571.1	2,666.1	-3,885.6	-9.5	290.6	690.5	73.9	252.0	466.8	1,483.2	-1,384.8	3.0
2009	7,084.5	10,206.6	-96.7	3,004.5	-214.3	-0.5	232.9	384.0	79.3	840.3	1,057.7	2,361.3	2,725.3	-2.7
2010	8,625.8	13,450.9	89.8	3,660.3	-1,075.0	-1.9	163.9	435.1	148.7	1,795.5	334.0	2,713.3	921.0	27.4
2011	10,558.8	20,268.8	451.8	4,642.8	-4,615.4	-7.1	164.4	895.9	175.3	2,236.7	790.2	4,098.1	-1,059.4	-8.9
2012 (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	0.0
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 (h)	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 (i)	13,106.4	18,291.0	235.5	3,496.4	-1,452.7	-1.9	19.4	-883.2	-13.0	-1,679.1	628.9	-1,946.4	-2,806.1	-11.6

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

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

Source: Central Bank of Sri Lanka

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

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

(e) Replaced with 'Loans - government - long term' under 'Net Incurrence of Liabilities' based on the BPM6 format, from 2012

(f) Includes net increase/decrease in reserve assets and reserve related liabilities based on the BPM6 format, and is the residual net flows to financial account from 2012 onwards.

(g) Trade indices are calculated with a wider coverage using 2010 as the base year, from 2007.

(h) Revised

(i) Provisional

EXTERNAL SECTOR													TABLE 5				
Reserves, Total Foreign Assets, External Debt and Exchange Rates																	
Year	Gross Official Reserves (US\$ million)	Total Foreign Assets (a)		Total External Debt (b)		Debt Service Ratio (d)	Exchange Rates (Sri Lanka Rupees per Unit of Foreign Currency)										
		(US\$ million)	Months of Imports	(US\$ million)	as a % of GDP (c)		Year End		Annual Average						SDR (e)		
							US dollar	US dollar	Pound sterling	Euro	Japanese yen	Indian rupee	Deutsche mark	French frank			
1950	190.4	237.6	11.6	26.3	3.2	-	4.77	4.76	13.33	-	0.01	1.00	1.14	1.36	-		
1951	216.4	254.4	9.6	26.2	2.7	3.1	4.78	4.76	13.33	-	0.01	1.00	1.14	1.36	-		
1952	163.8	184.0	6.3	26.4	2.8	2.6	4.75	4.76	13.33	-	0.01	1.00	1.14	1.36	-		
1953	114.3	134.8	4.7	26.4	2.8	2.0	4.75	4.76	13.33	-	0.01	1.00	1.13	1.36	-		
1954	170.8	197.4	8.2	40.2	4.0	1.4	4.78	4.76	13.33	-	0.01	1.00	1.13	1.36	-		
1955	210.9	258.2	10.0	43.1	3.9	1.8	4.76	4.76	13.33	-	0.01	1.00	1.13	1.36	-		
1956	232.9	266.4	9.7	44.2	4.1	2.0	4.79	4.76	13.33	-	0.01	1.00	1.13	1.36	-		
1957	200.1	223.2	7.2	48.7	4.5	1.1	4.76	4.76	13.33	-	0.01	1.00	1.13	1.29	-		
1958	172.7	196.5	6.6	54.3	4.7	0.9	4.75	4.76	13.33	-	0.01	1.00	1.13	1.13	-		
1959	133.1	154.3	4.5	58.3	4.3	0.8	4.76	4.76	13.33	-	0.01	1.00	1.13	0.96	-		
1960	90.3	114.0	3.2	61.8	4.4	1.0	4.75	4.76	13.33	-	0.01	1.00	1.13	0.96	-		
1961	89.5	111.7	3.6	64.5	4.5	0.9	4.76	4.76	13.33	-	0.01	1.00	1.13	0.96	-		
1962	127.7	106.0	3.2	72.6	5.0	1.1	4.76	4.76	13.33	-	0.01	1.00	1.18	0.96	-		
1963	75.0	97.1	3.0	85.5	5.5	1.5	4.76	4.76	13.33	-	0.01	1.00	1.19	0.96	-		
1964	51.1	73.5	2.1	86.3	5.3	4.7	4.78	4.76	13.33	-	0.01	1.00	1.19	0.96	-		
1965	72.9	92.1	2.7	102.5	6.0	3.3	4.78	4.76	13.33	-	0.01	1.00	1.19	0.96	-		
1966	42.9	66.5	1.9	114.9	6.6	5.5	4.78	4.76	13.33	-	0.01	0.75	1.19	0.96	-		
1967	55.5	75.7	2.2	124.7	6.7	4.3	5.93	4.86	13.45	-	0.01	0.65	1.22	0.98	-		
1968	51.6	78.1	2.4	181.2	10.3	9.3	5.93	5.95	14.28	-	0.02	0.79	1.49	1.21	-		
1969	40.0	63.3	1.7	230.9	12.0	15.9	5.96	5.95	14.28	-	0.02	0.79	1.51	1.15	-		
1970	42.3	67.6	2.1	419.2	18.3	20.1	5.96	5.95	14.28	-	0.02	0.79	1.63	1.07	5.95		
1971	52.4	83.6	2.7	465.9	19.7	21.9	5.96	5.94	14.45	-	0.02	0.79	1.70	1.07	5.95		
1972	60.6	108.5	3.6	485.1	19.0	21.8	6.70	5.97	14.94	-	0.02	0.79	1.87	1.18	6.48		
1973	82.3	126.1	3.7	552.0	19.2	23.0	6.75	6.40	15.70	-	0.02	0.83	2.40	1.44	7.63		
1974	73.9	132.8	2.3	648.9	18.2	17.8	6.69	6.65	15.56	-	0.02	0.82	2.57	1.38	8.00		
1975	56.9	108.1	1.7	729.3	19.2	23.0	7.71	7.01	15.57	-	0.02	0.84	2.85	1.63	8.51		
1976	94.0	158.8	3.0	773.2	21.5	20.1	8.83	8.41	15.19	-	0.03	0.94	3.34	1.76	9.71		
1977	278.4	358.1	5.9	856.1	20.9	16.0	15.56	8.87	15.49	-	0.03	1.02	3.82	1.81	10.36		
1978	397.3	482.2	5.6	1,114.3	40.8	15.5	15.51	15.61	29.97	-	0.07	1.91	7.77	3.46	19.55		
1979	516.1	624.9	5.2	1,245.7	37.0	13.0	15.45	15.57	33.04	-	0.07	1.92	8.50	3.66	20.12		
1980	245.5	375.9	2.2	1,666.8	41.4	12.4	18.00	16.53	38.46	-	0.07	2.10	9.10	3.91	21.52		
1981	334.7	448.8	2.9	2,060.4	46.7	16.8	20.55	19.25	39.03	-	0.09	2.22	8.52	3.54	22.69		
1982	358.8	526.9	3.2	2,500.0	52.4	18.6	21.32	20.81	36.43	-	0.08	2.20	8.58	3.17	22.98		
1983	316.0	521.0	3.3	2,651.7	51.3	21.6	25.00	23.53	35.69	-	0.10	2.33	9.22	3.09	25.15		
1984	522.2	720.8	4.5	2,983.8	49.4	17.5	26.28	25.44	33.99	-	0.11	2.24	8.94	2.91	26.07		
1985	461.2	672.0	3.9	3,440.7	57.6	21.0	27.41	27.16	35.21	-	0.11	2.20	9.23	3.02	27.58		
1986	362.9	606.9	3.7	4,082.4	63.7	26.2	28.52	28.02	41.10	-	0.17	2.22	12.90	4.05	32.87		
1987	299.5	600.7	3.5	4,770.6	71.4	27.5	30.76	29.45	48.26	-	0.20	2.27	16.38	3.27	38.10		
1988	277.5	576.0	3.1	4,908.9	70.3	28.6	33.03	31.81	56.66	-	0.25	2.29	18.11	5.34	42.76		
1989	291.4	584.6	3.2	5,146.0	73.6	24.2	40.00	36.05	59.11	-	0.26	2.22	19.17	5.65	46.19		
1990	435.0	856.7	3.8	5,783.1	72.0	17.8	40.24	40.06	71.50	-	0.28	2.29	24.80	7.36	54.42		
1991	718.4	1,156.0	4.6	6,489.4	72.1	18.5	42.58	41.37	73.20	-	0.31	1.82	25.10	7.33	56.61		
1992	936.4	1,439.9	4.9	6,831.7	70.4	17.1	46.00	43.83	77.38	-	0.35	1.69	28.14	8.30	61.75		
1993	1,674.7	2,123.8	6.4	7,602.0	73.4	13.8	49.56	48.25	72.47	-	0.44	1.58	29.19	8.52	67.39		
1994 (f)	2,022.0	2,874.4	7.2	8,298.0	70.8	13.7	49.98	49.42	75.68	-	0.48	1.58	30.50	8.92	70.75		
1995	2,063.0	2,901.9	6.6	8,694.0	66.7	16.5	54.05	51.25	80.88	-	0.55	1.58	35.81	10.29	77.74		
1996	1,937.0	2,717.0	6.0	8,486.0	61.1	15.3	56.71	55.27	86.34	-	0.51	1.56	36.75	10.81	80.23		
1997	2,029.0	3,132.0	6.4	8,197.0	54.3	13.3	61.29	58.99	96.69	-	0.49	1.63	34.07	10.12	81.17		
1998	1,984.0	2,907.0	5.9	8,749.0	55.5	13.3	67.78	64.59	107.05	-	0.50	1.57	36.80	10.98	87.66		
1999	1,639.0	2,582.0	5.2	9,088.0	57.8	15.2	72.12	70.39	113.91	-	0.62	1.64	38.39	11.45	96.25		
2000	1,049.0	2,131.2	3.5	9,031.0	54.5	14.7	80.06	75.78	114.78	74.32	0.70	1.68	35.76	10.66	99.90		
2001	1,338.0	2,238.0	4.5	8,372.0	53.2	13.2	93.16	89.36	128.66	82.27	0.74	1.89	40.90	12.19	113.75		
2002	1,700.0	2,495.0	4.9	9,333.0	56.3	13.2	96.73	95.66	143.74	101.38	0.76	1.97	46.37	13.79	123.93		
2003	2,329.0	3,218.0	5.8	10,735.0	56.9	11.6	96.74	96.52	157.71	121.60	0.83	2.07	-	-	135.22		
2004	2,195.8	3,439.0	5.2	11,346.0	54.9	11.6	104.61	101.19	185.35	125.79	0.94	2.23	-	-	149.88		
2005	2,735.0	4,200.5	5.7	11,353.8	46.5	7.9	102.12	100.50	182.87	125.10	0.91	2.28	-	-	148.45		
2006	2,836.7	4,005.4	4.7	11,981.4	42.4	12.7	107.71	103.96	191.53	130.63	0.89	2.30	-	-	153.00		
2007	3,508.2	4,956.4	5.3	13,989.5	43.2	13.1	108.72	110.62	221.46	151.63	0.94	2.69	-	-	169.37		
2008	2,560.9	3,639.8	3.1	15,106.6	37.1	18.0	113.14	108.33	200.73	159.32	1.05	2.52	-	-	171.24		
2009	5,357.4	7,030.4	8.3	18,662.1	44.4	22.4	114.38	114.94	179.87	160.21	1.23	2.39	-	-	177.22		
2010	7,196.5	8,620.8	7.7	21,437.9	37.8	16.7	110.95	113.06	174.81	150.10	1.29	2.49	-	-	172.50		
2011	6,749.3	7,990.7	4.7	32,747.9	50.2	13.2	113.90	110.57	177.23	153.86	1.39	2.39	-	-	174.54		
2012	7,105.8	8,586.8	5.4	37,098.1	62.5	19.7	127.16	127.60	202.28	164.01	1.60	2.39	-	-	195.38		
2013	7,495.0	8,573.5	5.7	39,905.3	53.7	26.8	130.75	129.11	202.08	171.51	1.32	2.21	-	-	196.19		
2014	8,208.4	9,884.4	6.1	42,914.1	54.1	21.7	131.05	130.56	215.16	173.47	1.24	2.14	-	-	198.35		
2015	7,303.6	9,336.9	5.9	44,839.4	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	58.0	35.2	186.41	185.52	238.22	212.07	1.74	2.50	-	-	258.61		
2021 (g)	3,139.2	6,122.4	3.6	51,775.1	58.5	30.7	200.43	198.88	273.51	235.10	1.81	2.69	-	-	283.18		
2022 (h)	1,897.6	5,873.5	3.9	49,678.1	64.5	15.3	363.11	324.55	396.89	339.04	2.44	4.11	-	-	431.91		

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

(b) Total external debt includes banking sector liabilities, from 2011.

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

(d) As a percentage of earnings from exports of goods and services. Debt service payments were reclassified to capture debt servicing of foreign holding of Treasury bills and bonds in accordance with the External Debt Statistics Manual (2003) of the International Monetary Fund (IMF), from 2008.

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

(f) Offshore Banking Units are treated as a part of the domestic banking system, from 1994.

(g) Revised

(h) Provisional

Sources: International Monetary Fund
Central Bank of Sri Lanka

FISCAL SECTOR													TABLE 6				
Government Fiscal Operations (a)													Values in Rs. million				
Year (b)	Revenue			Expenditure			Current Account Balance	Primary Balance	Overall Fiscal Balance	Financing			As a % of GDP (d)				
	Tax	Total (Tax and Non Tax)	Grants Revenue and Grants	Recurrent	Capital and Net Lending	Total				Foreign	Domestic (c)	Privatisation Proceeds	Total Financing	Revenue and Grants	Expenditure	Overall Fiscal Balance	
1950	544	623	-	623	461	325	786	162	-143	-163	-	163	-	163	16.1	20.3	-4.1
1951	736	910	-	910	691	269	960	219	-29	-50	-	50	-	50	19.7	20.8	-1.1
1952	770	954	7	961	866	357	1,223	88	-239	-263	-	263	-	263	21.3	27.1	-5.8
1953	768	953	3	956	788	402	1,190	164	-205	-234	-	234	-	234	21.3	26.5	-5.2
1954	829	1,026	19	1,045	673	348	1,021	353	58	24	63	-87	-	-24	22.0	21.5	0.5
1955	937	1,159	26	1,185	762	306	1,068	396	150	117	12	-129	-	-117	22.6	20.4	2.2
1956	1,027	1,257	23	1,280	863	460	1,323	394	-8	-42	5	37	-	42	25.2	26.0	-0.8
1957	1,102	1,261	11	1,271	977	529	1,506	284	-200	-235	19	216	-	235	24.4	29.0	-4.5
1958	1,017	1,280	13	1,293	1,118	384	1,502	162	-171	-209	20	189	-	209	23.5	27.3	-3.8
1959	1,058	1,330	18	1,349	1,274	469	1,744	56	-351	-395	30	365	-	395	21.0	27.2	-6.2
1960	1,120	1,404	9	1,413	1,365	456	1,821	38	-355	-408	24	385	-	408	21.1	27.1	-6.1
1961	1,224	1,514	13	1,527	1,471	505	1,976	43	-380	-449	10	439	-	449	22.2	28.7	-6.5
1962	1,488	1,621	18	1,639	1,498	579	2,077	123	-355	-438	35	403	-	438	23.5	29.8	-6.3
1963	1,462	1,593	31	1,625	1,534	451	1,985	59	-263	-361	61	300	-	361	22.0	26.9	-4.9
1964	1,458	1,759	32	1,791	1,754	467	2,221	5	-316	-430	64	366	-	430	23.0	28.5	-5.5
1965	1,625	1,816	24	1,841	1,732	515	2,247	85	-300	-406	76	331	-	406	22.8	27.8	-5.0
1966	1,610	1,833	42	1,875	1,792	607	2,399	41	-401	-525	77	448	-	525	22.5	28.8	-6.3
1967	1,765	1,955	19	1,974	1,819	743	2,562	136	-444	-588	189	398	-	588	21.8	28.3	-6.5
1968	1,967	2,156	29	2,185	2,186	685	2,871	-30	-520	-686	161	525	-	686	20.4	26.8	-6.4
1969	2,278	2,497	20	2,517	2,384	901	3,285	113	-562	-769	334	434	-	769	21.5	28.1	-6.6
1970	2,507	2,736	63	2,799	2,659	1,013	3,672	77	-620	-873	163	710	-	873	20.5	26.9	-6.4
1971	2,354	2,815	60	2,875	2,981	918	3,899	-166	-688	-1,024	175	849	-	1,024	20.5	27.8	-7.3
1972	2,676	3,282	75	3,357	3,386	931	4,317	-104	-548	-961	209	752	-	961	22.0	28.3	-6.3
1973	3,331	4,034	47	4,081	3,857	1,169	5,026	177	-431	-945	132	813	-	945	22.2	27.3	-5.1
1974	4,013	4,787	252	5,039	4,506	1,316	5,822	281	-203	-783	126	657	-	783	21.2	24.5	-3.3
1975	4,258	5,084	404	5,488	5,153	2,033	7,186	-69	-999	-1,698	310	1,388	-	1,698	20.6	27.0	-6.4
1976	4,726	5,739	367	6,106	5,554	3,098	8,652	185	-1,707	-2,547	591	1,956	-	2,547	20.2	28.6	-8.4
1977	5,509	6,686	501	7,187	6,148	2,665	8,813	538	-613	-1,626	754	872	-	1,626	19.7	24.2	-4.5
1978	10,320	11,688	661	12,349	10,408	7,280	17,688	1,280	-3,999	-5,339	3,292	2,047	-	5,339	28.9	41.5	-12.5
1979	11,015	11,966	1,390	13,356	10,825	8,367	19,192	1,141	-4,169	-5,836	2,348	3,488	-	5,836	25.5	36.6	-11.1
1980	12,158	13,022	2,620	15,642	12,319	16,069	28,388	703	-10,505	-12,746	3,516	9,230	-	12,746	23.5	42.7	-19.2
1981	13,696	14,775	2,721	17,496	14,649	13,365	28,014	126	-6,780	-10,518	4,880	5,638	-	10,518	20.6	33.0	-12.4
1982	14,737	16,210	3,376	19,586	18,341	15,171	33,512	-2,131	-8,822	-13,926	4,744	9,182	-	13,926	19.7	33.8	-14.0
1983	19,912	23,317	3,473	26,790	22,002	17,635	39,637	1,315	-6,241	-12,847	6,372	6,475	-	12,847	22.0	32.6	-10.6
1984	29,939	34,061	3,293	37,354	24,630	23,207	47,837	9,431	-3,745	-10,483	6,492	3,991	-	10,483	24.3	31.1	-6.8
1985	30,442	36,249	3,307	39,556	32,645	22,589	55,234	3,604	-8,250	-15,678	7,109	8,569	-	15,678	24.4	34.0	-9.7
1986	31,272	37,238	3,753	40,991	33,966	25,227	59,193	3,272	-9,440	-18,202	9,061	9,141	-	18,202	22.8	33.0	-10.1
1987	35,119	42,145	4,677	46,822	39,560	24,334	63,894	2,585	-6,915	-17,072	5,716	11,356	-	17,072	23.8	32.5	-8.7
1988	35,946	41,749	6,588	48,337	46,132	30,400	76,532	-4,383	-15,605	-28,195	7,128	21,067	-	28,195	21.8	34.5	-12.7
1989	47,513	53,979	6,407	60,386	56,884	25,280	82,164	-2,905	-7,426	-21,778	5,926	15,852	-	21,778	24.0	32.6	-8.6
1990	61,206	67,964	6,698	74,662	71,771	28,043	99,814	-3,807	-4,484	-25,152	11,644	13,508	-	25,152	23.2	31.0	-7.8
1991	68,157	76,179	7,870	84,049	83,756	36,613	120,369	-7,577	-14,247	-36,320	19,329	16,149	841	36,320	22.6	32.3	-9.8
1992	76,353	85,781	8,880	94,661	89,639	30,186	119,824	-3,858	177	-25,763	7,361	15,551	2,850	25,763	22.1	28.2	-6.1
1993	85,891	98,339	8,025	106,364	102,288	39,371	141,659	-3,949	-5,092	-35,295	9,855	24,241	1,200	35,295	21.3	28.4	-7.1
1994	99,417	110,038	8,257	118,295	127,084	43,680	170,764	-17,046	-14,439	-52,470	11,778	37,696	2,995	52,470	20.4	29.5	-9.1
1995	118,543	136,258	9,028	145,286	154,159	49,325	203,484	-17,901	-19,972	-58,198	21,224	33,972	3,001	58,198	21.8	30.5	-8.7
1996	130,202	146,279	7,739	154,018	175,148	43,512	218,660	-28,869	-15,719	-64,642	10,160	49,754	4,728	64,642	20.1	28.5	-8.4
1997	142,512	165,036	7,329	172,365	184,749	50,348	235,097	-19,713	-7,486	-62,732	9,958	30,275	22,499	62,732	19.4	26.4	-7.0
1998	147,368	175,032	7,200	182,232	199,648	68,531	268,179	-24,616	-31,049	-85,947	10,197	71,362	4,389	85,947	17.9	26.3	-8.4
1999	166,029	195,905	6,761	202,666	207,271	71,888	279,159	-11,366	-14,370	-76,493	1,484	74,876	134	76,493	18.3	25.2	-6.9
2000	182,392	211,282	5,145	216,427	254,279	81,544	335,823	-42,997	-48,196	-119,396	495	118,500	401	119,396	17.2	26.7	-9.5
2001	205,840	234,296	5,500	239,796	303,361	83,157	386,518	-69,065	-52,415	-146,722	14,538	123,595	8,589	146,722	17.0	27.5	-10.4
2002	221,839	261,888	7,079	268,967	330,847	72,142	402,990	-68,959	-17,507	-134,022	1,978	126,351	5,693	134,022	17.0	25.4	-8.5
2003	231,597	276,465	7,956	284,421	334,694	82,979	417,673	-58,229	-8,125	-133,251	43,117	79,911	10,223	133,251	15.6	22.9	-7.3
2004	281,552	311,473	8,681	320,154	389,679	87,228	476,907	-78,206	-36,970	-156,752	37,071	117,243	2,437	156,752	15.3	22.8	-7.5
2005	336,828	379,746	32,640	412,387	443,350	141,433	584,783	-63,603	-52,237	-172,396	47,773	123,604	1,020	172,396	16.8	23.8	-7.0
2006	428,378	477,833	30,068	507,901	547,960	165,687	713,646	-70,127	-54,968	-205,745	41,942	163,805	-	205,745	17.3	24.3	-7.0
2007	508,947	565,051	30,508	595,559	622,758	218,846	814,604	-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													

FISCAL SECTOR								TABLE 7		
Central Government Debt (a)								Values in Rs. million		
Year (b)	Domestic Debt				Total (e)	Foreign Debt (c)(d)	Total Debt (e)	As a % of GDP (f)		
	Treasury Bills (c)	Rupee Loans	Treasury Bonds (d) (e)	Other				Domestic	Foreign	Total
1950	79	436	-	14	529	125	654	13.7	3.2	16.9
1951	30	582	-	14	626	125	751	13.6	2.7	16.3
1952	93	684	-	75	852	192	1,044	18.9	4.3	23.2
1953	184	731	-	129	1,044	205	1,249	23.2	4.6	27.8
1954	105	782	-	66	953	211	1,164	20.1	4.4	24.5
1955	60	829	-	-	889	232	1,121	17.0	4.4	21.4
1956	68	882	-	-	950	258	1,208	18.6	5.1	23.7
1957	65	962	-	105	1,132	278	1,410	21.8	5.3	27.1
1958	140	1,007	-	91	1,238	293	1,531	22.5	5.3	27.9
1959	320	1,102	-	138	1,560	307	1,867	24.3	4.8	29.1
1960	550	1,217	-	170	1,937	345	2,282	28.9	5.1	34.0
1961	750	1,397	-	198	2,345	407	2,752	34.1	5.9	40.0
1962	1,000	1,515	-	179	2,694	412	3,106	38.7	5.9	44.6
1963	1,125	1,684	-	222	3,031	489	3,520	41.1	6.6	47.7
1964	1,250	1,909	-	216	3,375	549	3,924	43.3	7.0	50.4
1965	1,300	2,150	-	246	3,696	739	4,435	45.7	9.1	54.9
1966	1,425	2,475	-	295	4,195	1,074	5,269	50.3	12.9	63.2
1967	1,500	2,785	-	298	4,583	1,376	5,959	50.7	15.2	65.9
1968	1,750	3,118	-	329	5,197	1,578	6,775	48.5	14.7	63.2
1969	1,750	3,409	-	354	5,513	1,800	7,313	47.1	15.4	62.5
1970	1,950	3,925	-	420	6,295	2,394	8,689	46.1	17.5	63.6
1971	2,025	4,512	-	446	6,983	2,795	9,778	49.7	19.9	69.6
1972	2,325	5,103	-	498	7,926	2,936	10,862	52.0	19.3	71.2
1973	2,250	5,812	-	522	8,584	3,705	12,289	46.6	20.1	66.8
1974	2,250	6,591	-	604	9,445	2,859	12,304	39.7	12.0	51.8
1975	2,350	7,560	-	949	10,859	3,705	14,564	40.9	13.9	54.8
1976	2,700	9,001	-	990	12,691	4,968	17,659	42.0	16.4	58.5
1977	2,500	10,391	-	1,501	14,392	10,593	24,985	39.5	29.1	68.6
1978	2,635	12,049	-	1,684	16,368	14,583	30,951	38.4	34.2	72.5
1979	3,000	14,929	-	1,705	19,634	15,840	35,474	37.5	30.2	67.7
1980	9,800	17,611	-	1,659	29,070	22,276	51,346	43.7	33.5	77.2
1981	13,920	20,025	-	1,573	35,518	29,172	64,690	41.8	34.3	76.1
1982	17,320	25,800	-	2,147	45,267	35,267	80,534	45.6	35.5	81.2
1983	17,400	31,953	-	2,416	51,769	46,688	98,457	42.6	38.4	81.0
1984	14,860	33,228	-	3,564	51,652	53,681	105,333	33.6	34.9	68.5
1985	22,280	36,570	-	3,761	62,611	67,673	130,284	38.6	41.7	80.2
1986	26,173	39,130	-	4,196	69,499	86,208	155,707	38.7	48.0	86.8
1987	29,850	44,957	-	4,190	78,997	111,812	190,809	40.2	56.8	97.0
1988	43,700	49,797	-	5,099	98,596	125,657	224,253	44.4	56.6	101.0
1989	57,246	54,217	-	6,099	117,562	156,298	273,860	46.7	62.0	108.7
1990	67,968	54,677	-	11,251	133,896	176,883	310,779	41.6	55.0	96.6
1991	72,968	66,823	-	12,328	152,119	214,579	366,698	40.9	57.6	98.5
1992	87,096	69,180	-	13,744	170,020	235,539	405,559	40.0	55.4	95.4
1993	97,196	105,707	-	10,782	213,685	270,224	483,909	42.8	54.1	96.9
1994	98,896	137,554	-	12,669	249,119	301,812	550,931	43.0	52.1	95.1
1995	113,771	157,928	-	17,711	289,410	346,286	635,696	43.3	51.9	95.2
1996	124,996	205,975	-	25,731	356,703	359,685	716,388	46.4	46.8	93.3
1997	114,996	239,475	10,000	23,269	387,740	376,331	764,071	43.6	42.3	85.8
1998	119,996	250,570	48,915	43,945	463,426	461,273	924,699	45.5	45.3	90.8
1999	124,996	262,056	104,867	51,546	543,465	507,866	1,051,331	49.1	45.9	95.1
2000	134,996	263,888	204,124	73,652	676,660	542,040	1,218,700	53.8	43.1	96.9
2001	170,995	292,813	229,174	122,983	815,965	636,741	1,452,706	58.0	45.3	103.3
2002	210,995	287,701	347,128	102,562	948,386	721,957	1,670,343	60.0	45.6	105.6
2003	219,295	248,414	487,504	69,153	1,024,366	843,882	1,868,248	56.2	46.3	102.5
2004	243,886	164,758	647,746	91,396	1,147,786	996,138	2,143,924	54.9	47.6	102.5
2005	234,174	140,563	755,966	139,416	1,270,119	956,620	2,226,739	51.8	39.0	90.8
2006	257,732	116,713	890,369	218,813	1,483,627	1,103,418	2,587,045	50.5	37.5	88.0
2007	307,012	131,509	1,023,249	257,825	1,719,595	1,326,487	3,046,082	48.1	37.1	85.1
2008	402,600	130,009	1,286,375	325,641	2,144,625	1,448,734	3,593,359	48.6	32.8	81.5
2009	441,032	112,292	1,517,909	334,119	2,405,352	1,760,467	4,165,819	49.7	36.4	86.2
2010	514,442	87,709	1,648,284	319,624	2,570,059	2,024,583	4,594,642	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	57.8	38.6	96.5
2021	2,270,508	24,088	6,966,218	1,836,410	11,097,223	6,516,958(h)	17,614,181	63.1	37.0	100.1
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	62.3(k)	51.6(l)	113.8(k)(l)

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

(b) From 1950 to 1973, the outstanding balance is reported as at end September and thereafter as at end December

(c) Rupee denominated Treasury bills issued to foreign investors from 2008 onwards are excluded from domestic debt and included in foreign debt.

(d) Rupee denominated Treasury bonds issued to foreign investors from 2007 onwards are excluded from domestic debt and included in foreign debt.

(e) Includes Treasury bonds of Rs. 4,397 million issued to the Co-operative Wholesale Establishment (CWE) in November 2003 (matured on 14 November 2016), Rs. 13,125 million issued to capitalise Sri Lankan Airlines in March 2013 (matured on 01 June 2018) and Rs. 78,441 million issued to the Ceylon Petroleum Corporation (CPC) in January 2012 (of which Rs. 21,778 million matured on 01 January 2017 and Rs. 25,217 million matured on 01 January 2022 and the current outstanding is Rs. 31,446 million)

(f) Data are based on GDP estimates compiled by the DCS. From 2010 onwards, data are based on rebased GDP estimates (base year 2015) of the DCS released on 15 March 2023.

(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 for 2021 and 2022 are prepared based on the data sourced from the Commonwealth Secretariat Debt Recording System (CS-DRMS) maintained by the Ministry of Finance, Economic Stabilisation and National Policies, and extracted on 09 and 10 March 2023.

(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, Economic Stabilisation and National Policies. 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.

(k) Includes outstanding balance of the government guaranteed foreign currency debt of the Ceylon Petroleum Corporation that was absorbed into central government debt w.e.f. December 2022, which amounted to Rs. 884,093.4 million

(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.

Sources: Ministry of Finance, Economic Stabilisation and National Policies
Central Bank of Sri Lanka

MONETARY SECTOR														TABLE 8				
Monetary Survey (M_{2b}) (a)(b)														Values in Rs. million				
End Period	Currency	Demand Deposits (d)	Narrow Money Supply (M_1)	Broad Money Supply (M_2)	Time and Savings Deposits (M_{2b})(e)	Broad Money Supply (M_{2b})	Net Foreign Assets (NFA)			Net Domestic Assets (NDA) (c)				Reserve Money	Money Multiplier			Velocity of Money (M_{2b})
							Monetary Authorities (f)(g)	Commercial Banks	Total	Government (Net) (h)	Public Corporations / SOBEs	Private Sector	Total		M_1	M_2	M_{2b}	
1950	325	585	911	978	-	-	-	-	-	-	-	-	-	533	1.71	1.84	-	-
1951	377	629	1,006	1,090	-	-	-	-	-	-	-	-	-	615	1.64	1.77	-	-
1952	357	539	896	996	-	-	-	-	-	-	-	-	-	522	1.72	1.91	-	-
1953	335	492	827	927	-	-	-	-	-	-	-	-	-	433	1.91	2.14	-	-
1954	342	615	957	1,093	-	-	-	-	-	-	-	-	-	496	1.93	2.20	-	-
1955	385	688	1,073	1,225	-	-	-	-	-	-	-	-	-	576	1.86	2.13	-	-
1956	401	726	1,127	1,314	-	-	-	-	-	-	-	-	-	601	1.88	2.19	-	-
1957	435	605	1,040	1,256	-	-	-	-	-	-	-	-	-	569	1.83	2.21	-	-
1958	530	547	1,077	1,338	-	-	-	-	-	-	-	-	-	671	1.61	2.00	-	-
1959	565	613	1,178	1,477	-	-	-	-	-	-	-	-	-	721	1.63	2.05	-	-
1960	595	614	1,209	1,572	-	-	-	-	-	-	-	-	-	791	1.53	1.99	-	-
1961	692	596	1,289	1,643	-	-	-	-	-	-	-	-	-	851	1.51	1.93	-	-
1962	713	630	1,343	1,748	-	-	-	-	-	-	-	-	-	899	1.49	1.95	-	-
1963	828	678	1,506	1,974	-	-	-	-	-	-	-	-	-	1,013	1.49	1.95	-	-
1964	853	769	1,622	2,142	-	-	-	-	-	-	-	-	-	1,083	1.50	1.98	-	-
1965	901	814	1,716	2,283	-	-	-	-	-	-	-	-	-	1,154	1.49	1.98	-	-
1966	883	776	1,659	2,244	-	-	-	-	-	-	-	-	-	1,089	1.52	2.06	-	-
1967	980	828	1,808	2,495	-	-	-	-	-	-	-	-	-	1,225	1.48	2.04	-	-
1968	1,066	847	1,913	2,724	-	-	-	-	-	-	-	-	-	1,331	1.44	2.05	-	-
1969	1,083	799	1,882	2,851	-	-	-	-	-	-	-	-	-	1,353	1.39	2.11	-	-
1970	935	1,032	1,967	3,115	-	-	-	-	-	-	-	-	-	1,324	1.49	2.35	-	-
1971	1,115	1,034	2,149	3,435	-	-	-	-	-	-	-	-	-	1,495	1.44	2.30	-	-
1972	1,202	1,279	2,481	3,974	-	-	-	-	-	-	-	-	-	1,773	1.40	2.24	-	-
1973	1,437	1,341	2,778	4,154	-	-	-	-	-	-	-	-	-	2,158	1.29	1.92	-	-
1974	1,539	1,406	2,946	4,569	-	-	-	-	-	-	-	-	-	2,256	1.31	2.03	-	-
1975	1,610	1,478	3,088	4,777	-	-	-	-	-	-	-	-	-	2,144	1.44	2.23	-	-
1976	2,081	2,085	4,166	6,321	-	-	-	-	-	-	-	-	-	2,700	1.54	2.34	-	-
1977	2,792	2,574	5,366	8,717	-	-	-	-	-	-	-	-	-	3,840	1.40	2.27	-	-
1978	3,016	2,921	5,936	10,891	-	-	-	-	-	-	-	-	-	4,262	1.39	2.56	-	-
1979	3,774	3,895	7,669	15,057	-	-	-	-	-	-	-	-	-	5,299	1.45	2.84	-	-
1980	4,181	5,247	9,428	19,860	-	-	-	-	-	-	-	-	-	6,286	1.50	3.16	-	-
1981	4,823	5,202	10,024	24,447	-	-	-	-	-	-	-	-	-	7,505	1.34	3.26	-	-
1982	5,988	5,772	11,760	30,510	-	-	-	-	-	-	-	-	-	9,119	1.29	3.35	-	-
1983	7,200	7,548	14,748	37,257	-	-	-	-	-	-	-	-	-	11,642	1.27	3.20	-	-
1984	8,561	8,263	16,824	43,427	-	-	-	-	-	-	-	-	-	13,710	1.23	3.17	-	-
1985	9,816	8,946	18,761	48,409	-	-	-	-	-	-	-	-	-	16,895	1.11	2.87	-	-
1986	11,570	9,609	21,179	50,860	-	-	-	-	-	-	-	-	-	18,031	1.17	2.82	-	-
1987	13,495	11,588	25,083	58,335	-	-	-	-	-	-	-	-	-	19,273	1.30	3.03	-	-
1988	18,487	13,892	32,379	67,946	-	-	-	-	-	-	-	-	-	25,564	1.27	2.66	-	-
1989	19,650	15,688	35,338	76,434	-	-	-	-	-	-	-	-	-	26,791	1.32	2.85	-	-
1990(i)	22,120	17,477	39,997	90,546	-	-	-	-	-	-	-	-	-	31,579	1.25	2.87	-	-
1991	24,852	21,748	46,600	110,575	73,747	120,347	9,836	468	10,304	35,747	19,812	87,767	110,043	40,056	1.16	2.76	3.00	3.09(j)
1992	27,281	22,776	50,057	129,799	93,765	143,822	18,730	-3,493	15,237	33,946	23,174	110,877	128,585	44,858	1.12	2.89	3.21	3.27
1993	32,133	27,222	59,355	160,136	121,138	180,486	51,392	-9,527	41,865	29,766	15,414	134,181	138,622	56,468	1.05	2.84	3.20	3.12
1994	38,906	31,555	70,461	191,670	143,843	214,306	64,571	-5,811	58,760	31,362	11,407	163,278	155,546	68,055	1.04	2.82	3.15	2.98
1995	42,198	33,019	75,217	228,536	184,224	259,442	73,662	-8,917	64,745	38,662	13,305	210,703	194,696	78,586	0.96	2.91	3.30	2.89
1996	42,565	35,638	78,203	253,201	210,454	288,657	73,541	-10,467	63,074	47,131	15,491	229,773	225,582	85,509	0.91	2.96	3.38	2.80
1997	45,679	40,172	85,852	288,258	247,817	333,668	89,930	565	90,495	45,250	14,598	263,198	243,172	83,736	1.03	3.44	3.98	2.89
1998	51,767	44,502	96,269	316,174	281,472	377,740	101,744	3,904	105,648	64,618	10,031	294,868	272,091	92,866	1.04	3.40	4.07	2.89
1999	58,481	50,074	108,555	358,076	319,765	428,319	89,287	12,805	102,092	93,915	13,046	325,927	326,228	100,444	1.08	3.56	4.26	2.76
2000	62,646	55,831	118,477	404,669	364,944	483,421	57,947	11,582	69,529	147,304	38,254	364,369	413,892	105,163	1.13	3.85	4.60	2.80
2001	65,536	56,674	122,210	450,726	426,928	549,138	84,346	-10,216	74,130	201,311	40,811	396,754	475,009	112,522	1.09	4.01	4.88	2.77
2002	75,292	64,069	139,361	510,395	483,134	622,495	117,376	-6,733	110,643	192,994	43,031	444,371	511,852	126,411	1.10	4.04	4.92	2.69
2003	85,601	76,034	161,635	580,747	556,219	717,855	164,596	2,497	167,093	176,236	36,192	519,444	550,760	141,447	1.14	4.11	5.08	2.74
2004	99,669	88,784	188,453	687,964	670,191	858,644	151,694	18,523	170,218	220,462	41,171	634,310	688,427	170,967	1.10	4.02	5.02	2.69
2005	114,070	116,632	230,702	822,931	791,576	1,022,277	196,925	4,405	201,330	249,565	16,672	801,149	820,948	197,932	1.17	4.16	5.16	2.63
2006	135,019	124,666	259,685	993,264	944,866	1,204,550	229,860	-58,669	171,191	357,289	31,555	993,159	1,033,360	239,863	1.08	4.14	5.02	2.66
2007	147,183	119,409	266,592	1,147,742	1,137,426	1,404,019	292,927	-64,935	227,992	374,101	49,167	1,184,519	1,176,027	264,419	1.01	4.34	5.31	2.73
2008	155,023	122,300	277,323	1,282,194	1,245,453	1,522,776	148,157	-70,457	77,700	582,907	46,991	1,267,601	1,445,076	268,425	1.03	4.78	5.67	3.01
2009	181,840	154,870	336,710	1,536,755	1,469,459	1,806,169	412,202	-10,323	401,880	640,326	73,233	1,194,189	1,404,288	303,537	1.11	5.06	5.95	2.90
2010	216,549	190,643	407,192	1,813,000	1,684,216	2,091,408	505,463	-128,021	377,442	627,185	144,578	1,491,099	1,713,966	360,511	1.13	5.03	5.80	3.45(k)
2011	242,871	195,836	438,707	2,192,603	2,053,032	2,491,740	340,090	-242,033	98,057	833,610	198,500	2,005,860	2,393,683	439,504	1.00	4.99	5.67	3.27(k)
2012	251,539	198,510	450,049	2,593,185	2,479,021	2,929,070	396,468	-422,299	-25,831	1,045,232	292,477	2,358,521	2,954,901	484,362	0.93	5.35	6.05	3.27(k)
2013	264,607	219,971	484,578	3,058,793	2,933,275	3,417,853	529,128	-605,453	-76,325	1,301,342	365,098	2,534,343	3,494,178	488,586	0.99	6.26	7.00	3.10(k)
2014	329,426	282,729	612,155	3,460,558	3,263,698	3,875,853	688,007	-672,881	15,126	1,435,900	450,924	2,753,322	3,860,727	577,912	1.06	5.99	6.71	2.97(k)
2015	388,057	326,931	714,988	4,057,212	3,850,929	4,565,917	576,187	-874,350	-298,163	1,759,492	530,669	3,441,874	4,864,081	673,432	1.06	6.02	6.78	2.76(k)
2016	429,502	347,123	776,624	4,823,559	4,628,972	5,405,596	558,589	-789,827	-231,238	1,972,133	513,768	4,185,777	5,636,834	856,147	0.91	6.63	6.31	2.59(k)
2017	439,396	353,903	793,299	5,665,313	5,514,762	6,308,062	846,139	-724,601	121,538	2,168,517	536,982	4,799,215	6,186,524	939,793	0.84	6.03	6.71	2.43(k)
2018	473,066	357,727	830,793	6,427,330	6,297,503	7,128,297	750,541	-817,548	-67,007	2,516,711	755,380	5,561,351	7,195,304	961,096	0.86	6.69	7.42	2.27(k)
2019	494,208	371,259	865,467	6,912,710	6,758,654	7,624,121	895,997	-795,296	100,702	2,795,927	817,953	5,796,859	7,523,419	932,604	0.93	7.41	8.	

MONETARY SECTOR											TABLE 9		
Interest Rates											Per cent per annum		
End Period	Bank Rate (a)	SRR (b)	SDFR (Repo) (c)	SLFR (Rev.Repo) (d)	Government Securities			Commercial Banks				Legal Rate of Interest/Market Rate of Interest (e)	
					Primary Market			Average Weighted Call Money Rate	Deposit Rates		Lending Rates on Loans Secured by		
					91-day Treasury Bill Yield	182-day Treasury Bill Yield	364-day Treasury Bill Yield		Savings Deposits	12-month Fixed Deposits	Stock in Trade		Immovable Property
1951	2.50	14.00	-	-	0.40	-	-	-	1.00-2.50	0.50-2.75	3.00-8.00	3.00-12.00	-
1952	2.50	14.00	-	-	0.92	-	-	-	1.00-2.00	0.75	3.00-8.00	4.00-7.00	-
1953	3.00	10.00	-	-	2.48	-	-	-	1.00-2.00	2.00	4.00-8.00	4.50-7.50	-
1954	2.50	10.00	-	-	0.87	-	-	-	1.00-2.00	1.25	4.00-8.00	4.50-7.50	-
1955	2.50	10.00	-	-	0.76	-	-	-	2.00	1.00	4.00-8.00	4.50-7.50	-
1956	2.50	10.00	-	-	0.64	-	-	-	2.00	1.00	4.00-8.00	4.50-7.50	-
1957	2.50	10.00	-	-	1.22	-	-	-	2.00	1.50-2.50	4.50-8.00	4.50-7.50	-
1958	2.50	10.00	-	-	1.76	-	-	-	2.00	1.50-2.50	4.50-8.00	4.50-7.50	-
1959	2.50	10.00	-	-	2.02	-	-	-	2.00	1.50-2.50	4.50-8.00	4.50-7.50	-
1960	4.00	12.00	-	-	2.60	-	-	-	2.00	2.50	4.50-8.00	5.50-8.00	-
1961	4.00	12.00	-	-	2.68	-	-	-	2.00-2.50	2.50	5.50-8.00	5.50-8.00	-
1962	4.00	12.00	-	-	2.80	-	-	-	2.00-2.50	2.50	6.00-8.00	6.00-9.00	-
1963	4.00	12.00	-	-	2.80	-	-	-	2.00-2.50	2.50	6.00-8.00	6.00-9.00	-
1964	4.00	12.00	-	-	2.80	-	-	-	2.00-2.50	2.50	6.00-8.00	6.00-9.00	-
1965	5.00	12.00	-	-	3.00	-	-	-	2.00-3.00	2.50-3.25	6.00-9.00	7.00-9.50	-
1966	5.00	12.00	-	-	3.00	-	-	-	2.00-3.00	2.50-3.25	6.00-9.00	7.00-9.50	-
1967	5.00	12.00	-	-	3.20	-	-	-	2.00-3.00	3.00-3.25	6.00-9.00	6.50-9.50	-
1968	5.50	12.00	-	-	3.64	-	-	-	3.00-3.25	3.25-3.50	7.00-9.50	7.00-9.50	-
1969	5.50	12.00	-	-	4.10	-	-	-	3.75	3.75-4.00	7.50-11.00	7.00-10.00	-
1970	6.50	12.00	-	-	4.76	-	-	-	4.50	4.50-4.75	8.50-12.00	8.00-11.00	-
1971	6.50	12.00	-	-	5.00	-	-	-	4.50	4.50-4.75	8.50-12.00	8.00-11.00	-
1972	6.50	12.00	-	-	5.00	-	-	-	4.50	4.50-4.75	8.50-12.00	8.00-11.00	-
1973	6.50	12.00	-	-	5.00	-	-	-	4.50	4.50-4.75	8.50-12.00	8.00-11.00	-
1974	6.50	12.00	-	-	5.00	-	-	-	4.50	4.50-4.75	8.50-12.50	8.00-12.00	-
1975	6.50	12.00	-	-	5.00	-	-	-	5.50	7.00-7.50	8.50-13.00	8.50-12.00	-
1976	6.50	12.00	-	-	5.00	-	-	-	5.50	7.00-7.50	8.50-14.00	8.50-14.00	-
1977	10.00	12.00	-	-	9.00	-	-	-	7.20	14.00-15.00	13.00-19.00	13.00-19.00	-
1978	10.00	12.00	-	-	9.00	-	-	-	7.20	14.00-15.00	13.00-19.00	13.00-19.00	-
1979	10.00	12.00	-	-	9.00	-	-	-	5.00-9.00	14.00-15.00	13.00-20.00	13.00-19.00	-
1980	12.00	12.00	-	-	13.00	-	-	-	10.00-14.00	20.00	15.00-28.00	13.00-28.00	12.00
1981	14.00	14.00	-	-	13.00	-	-	-	10.00-14.00	20.00-22.00	15.00-28.00	13.00-28.00	12.00
1982	14.00	14.00	-	-	13.00	-	-	-	10.00-14.50	15.00-22.00	16.00-30.00	16.00-30.00	12.00
1983	13.00	16.00	-	-	12.00	-	-	-	10.00-15.00	16.00-25.00	13.00-30.00	18.00-28.00	12.00
1984	13.00	16.00	-	-	14.00	-	-	-	10.00-15.00	14.00-22.00	13.00-30.00	16.00-30.00	12.00
1985	11.00	18.00	-	-	11.50	-	-	-	10.00-13.50	12.00-18.00	13.00-28.00	11.00-30.00	12.00
1986	11.00	18.00	-	-	11.31	-	-	-	6.00-12.00	8.50-14.00	12.00-30.00	12.00-30.00	12.00
1987	10.00	10.00	-	-	10.77	-	-	-	6.00-11.00	8.50-14.00	14.00-30.00	12.00-30.00	12.00
1988	10.00	15.00	-	-	18.86	-	-	-	5.00-11.00	9.00-15.50	10.00-28.00	9.00-26.00	12.00
1989	14.00	15.00	-	-	18.10	18.20	19.10	-	5.00-14.00	11.00-20.50	9.80-30.00	9.80-28.00	12.00
1990	15.00	15.00	-	-	17.41	18.02	18.36	-	5.00-14.00	11.00-21.00	10.00-30.00	9.00-28.00	18.00
1991	17.00	13.00	-	-	16.33	16.38	17.43	-	6.50-14.00	10.00-20.00	9.80-30.00	9.80-28.00	18.00
1992	17.00	13.00	-	-	17.67	18.05	18.99	-	6.50-14.00	13.50-20.00	10.00-30.00	9.00-30.00	18.00
1993	17.00	15.00	16.50	-	18.09	18.47	19.38	-	5.50-14.00	13.50-17.50	16.50-30.00	16.50-28.00	18.00
1994	17.00	15.00	20.00	-	18.73	19.29	19.43	-	5.50-13.00	10.00-17.00	15.00-30.00	16.50-28.00	18.00
1995	17.00	15.00	16.50	-	19.26	18.91	18.97	-	5.00-13.00	10.00-17.00	17.00-30.00	17.00-28.00	18.00
1996	17.00	15.00	12.75	-	17.45	17.40	17.38	-	4.50-13.00	12.00-17.75	15.00-30.00	15.00-28.00	18.00
1997	17.00	12.00	11.00	12.85	9.97	10.09	10.21	-	3.00-11.00	8.50-15.25	14.00-28.00	14.00-29.00	12.70
1998	17.00	12.00	11.25	15.00	12.01	12.34	12.59	-	2.00-10.00	9.00-13.00	7.70-30.00	7.50-33.00	11.50
1999	16.00	11.00	9.25	13.48	11.79	12.29	12.77	-	2.00-10.00	9.00-12.50	12.00-28.00	13.00-29.00	9.70
2000	25.00	11.00	17.00	20.00	17.77	17.90	18.22	-	2.00-11.00	9.00-15.00	14.00-28.50	10.00-29.00	9.10
2001	18.00	10.00	12.00	14.00	12.92	13.27	13.74	12.65	4.00-12.00	9.50-14.50	12.00-26.50	12.00-30.00	9.21
2002	18.00	10.00	9.75	11.75	9.92	9.89	9.91	10.39	3.50-11.00	7.50-11.00	12.00-25.00	10.00-29.00	11.11
2003	15.00	10.00	7.00	8.50	7.35	7.30	7.24	7.59	2.10-7.25	5.00-7.75	7.00-23.00	7.00-29.00	9.58
2004	15.00	10.00	7.50	9.00	7.25	7.65	7.65	9.73	3.00-7.75	5.50-9.75	9.00-23.00	8.00-22.00	6.30
2005	15.00	10.00	8.75	10.25	10.10	10.32	10.37	10.73	3.00-10.25	5.50-11.50	9.00-23.00	10.00-22.50	5.16
2006	15.00	10.00	10.00	11.50	12.76	12.78	12.96	14.47	3.00-10.50	5.50-14.00	8.36-27.00	7.86-27.00	5.70
2007	15.00	10.00	10.50	12.00	21.30	19.99	19.96	24.99	3.00-16.50	8.50-20.00	10.00-30.00	10.00-30.00	6.86
2008	15.00	7.75	10.50	12.00	17.33	18.57	19.12	14.66	3.00-16.50	8.50-20.25	10.00-30.00	10.00-30.00	9.16
2009	15.00	7.00	7.50	9.75	7.73	8.73	9.33	9.07	1.50-10.50	7.25-19.00	9.50-30.00	9.15-30.00	11.32
2010	15.00	7.00	7.25	9.00	7.24	7.35	7.55	8.03	1.50-9.50	5.05-17.00	8.20-25.00	8.00-28.00	11.33
2011	15.00	8.00	7.00	8.50	8.68	8.71	9.31	8.97	1.00-8.50	5.55-11.00	5.15-24.00	4.50-26.00	7.26
2012	15.00	8.00	7.50	9.50	10.00	11.32	11.69	9.83	0.75-10.50	5.00-17.00	9.50-25.00	4.50-26.00	6.48
2013	15.00	6.00	6.50	8.50	7.54	7.85	8.29	7.66	0.75-9.14	6.00-16.00	8.50-23.00	5.00-26.00	8.59
2014	15.00	6.00	6.50	8.00	5.74	5.84	6.01	6.21	0.50-8.00	3.95-12.00	5.90-24.00	4.75-24.00	10.34
2015	15.00	6.00	6.00	7.50	6.45	6.83	7.30	6.40	0.50-8.00	3.95-15.00	6.00-24.00	4.74-24.00	7.76
2016	15.00	7.50	7.00	8.50	8.72	9.63	10.17	8.42	0.50-9.00	4.50-15.00	3.00-24.00	1.50-24.00	5.98
2017	15.00	7.50	7.25	8.75	7.69	8.30	8.90	8.15	0.50-9.50	4.89-15.00	5.25-28.00	4.00-30.00	7.06
2018	15.00	6.00	8.00	9.00	10.01	9.99	11.20	8.95	0.50-8.50	4.53-15.00	7.93-28.00	4.00-28.00	9.08
2019	15.00	5.00	7.00	8.00	7.51	8.02	8.45	7.45	0.20-7.50	3.55-15.00	4.47-28.00	4.00-28.00	11.50
2020	8.50	2.00	4.50	5.50	4.69	4.80	5.05	4.55	0.10-7.00	0.25-15.00	3.95-28.00	4.00-28.00	11.64
2021	9.00	4.00	5.00	6.00	8.16	8.33	8.24	5.95	0.05-6.35	0.15-15.00	4.00-28.00	3.02-28.00	10.12
2022	30.22	4.00	14.50	15.50	32.64	32.20	29.27	15.50	0.25-6.00	4.50-30.00	5.66-42.48	2.81-39.00	7.48

Source: Central Bank of Sri Lanka

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

(b) The Statutory Reserve Ratio (SRR) is the proportion of rupee deposit liabilities that commercial banks are required to maintain as a deposit with the Central Bank, subject to an allowance for till cash balances. Prior to 2001, the SRR applicable on rupee demand deposits is reported since different SRRs were applicable on different types of deposits, including foreign currency deposits.

(c) Renamed w.e.f. 02 January 2014 as the Standing Deposit Facility Rate (SDFR). Previously named as the Repo Rate.

(d) Renamed w.e.f. 02 January 2014 as the Standing Lending Facility Rate (SLFR). Previously named as the Reverse Repo Rate.

(e) The Legal Rate is defined under the Civil Procedure Code (Amendment) Act No. 6 of 1990 and is applicable to any legal action for the recovery of a sum of money. The Market Rate is defined under the Debt Recovery (Special Provisions) Act No. 2 of 1990 and is applicable only in relation to legal actions instituted by lending institutions for the recovery of debt exceeding Rs. 150,000 arising out of commercial transactions, where there is no agreed rate of interest. The Monetary Board of the Central Bank determines the Legal Rate and Market Rate for each year and publishes in the Government Gazette in the month of December to be applicable for the forthcoming year. The Legal Rate and the Market Rate for the year 2023 is 16.97 per cent per annum.

SOCIO-ECONOMIC CONDITIONS										TABLE 10
Key Socio-Economic Indicators in Sri Lanka										
Based on Consumer Finances and Socio-Economic Surveys - 1953 - 2003/04										
Item	1953	1963	1973	1978/79	1981/82	1986/87(a)	1996/97(a)	2003/04(a)	2003/04(b)	
Household Characteristics										
Number of Individuals per Household										
Urban	n.a.	5.97	5.78	5.67	5.50	5.17	4.89	4.40	4.44	
Rural	n.a.	5.70	5.63	5.49	5.20	5.09	4.56	4.24	4.28	
Estate	n.a.	5.80	5.24	4.73	4.80	4.78	4.74	4.56	4.56	
All	n.a.	5.75	5.62	5.46	5.20	5.10	4.61	4.27	4.31	
Number of Spending Units per Household										
Urban	n.a.	1.21	1.09	1.20	1.15	1.22	1.16	1.26	1.23	
Rural	n.a.	1.07	1.05	1.08	1.04	1.05	1.07	1.10	1.10	
Estate	n.a.	1.02	1.01	1.01	1.01	1.01	1.02	1.04	1.04	
All	n.a.	1.08	1.05	1.10	1.06	1.08	1.08	1.12	1.11	
Number of Income Receivers per Household										
Urban	n.a.	n.a.	1.12	1.63	1.60	1.78	1.80	1.76	1.73	
Rural	n.a.	n.a.	1.30	1.54	1.50	1.51	1.59	1.56	1.55	
Estate	n.a.	n.a.	2.50	2.40	2.50	2.39	2.06	1.87	1.87	
All	n.a.	n.a.	1.40	1.64	1.60	1.62	1.64	1.60	1.59	
Population Distribution										
By Gender, %										
Male	51.7	50.7	50.1	48.9	49.0	48.5	48.4	47.7	47.6	
Female	48.3	49.3	49.9	51.1	51.0	51.5	51.6	52.3	52.4	
By Age Groups, %										
0-13 Years	n.a.	40.5	38.4	34.2	34.0	30.8	25.1	23.4	24.2	
14-18 Years	n.a.	11.5	11.5	12.3	11.3	11.7	11.5	9.9	10.0	
19-25 Years	n.a.	10.9	13.1	13.7	13.5	12.5	11.7	12.0	12.0	
26-35 Years	n.a.	12.4	12.3	13.7	14.4	14.3	14.4	13.7	13.6	
36-45 Years	n.a.	10.1	9.9	9.6	9.9	11.2	13.3	14.1	13.9	
46-55 Years	n.a.	7.3	6.4	7.6	8.0	8.4	10.7	12.7	12.5	
Above 55 Years	n.a.	7.2	8.4	8.9	8.9	11.1	13.3	14.1	13.8	
Education and Health										
Education, % of Population Aged 5 Years and Above										
Literacy Rate, %										
Male	n.a.	79.4	80.8	86.2	85.4	88.6	91.8	93.0	92.5	
Female	n.a.	87.1	86.9	90.9	89.9	92.2	94.3	94.9	94.5	
Male	n.a.	71.4	74.7	81.9	81.1	85.2	89.4	91.3	90.6	
Educational Attainment, %										
No Schooling	41.8	26.8	22.9	14.9	15.1	11.8	8.6	7.4	7.9	
Primary	46.8	45.5	43.2	43.8	42.9	41.1	35.2	29.1	29.9	
Secondary	9.8	22.7	27.3	29.8	29.2	32.1	35.5	42.2	41.0	
Post Secondary	1.8	5.0	6.6	11.5	12.8	15.0	20.7	21.3	21.2	
Health										
Persons in ill Health, % of Population										
Urban	n.a.	n.a.	n.a.	7.5	9.3	10.9	12.8	12.3	12.2	
Rural	n.a.	n.a.	n.a.	8.6	10.9	12.6	13.5	13.8	13.7	
Estate	n.a.	n.a.	n.a.	9.7	11.4	8.8	8.5	10.1	10.1	
All	n.a.	n.a.	n.a.	9.7	10.6	12.0	13.2	13.4	13.3	
Labour Force, Employment and Unemployment (c)										
Labour Force, % of Population										
Male	40.0	31.7	33.9	38.0	34.3	38.1	39.7	40.2	38.9	
Female	56.0	n.a.	48.0	50.1	49.7	51.7	53.0	55.4	54.3	
Female	22.9	n.a.	19.8	26.0	19.4	25.4	27.3	26.3	24.9	
Employment by Industrial Sector, % of Employed										
Agriculture, Forestry and Fishing	n.a.	53.0	54.5	48.3	51.2	47.7	37.7	32.8	32.8	
Industry	n.a.	10.0	11.7	20.9	19.5	21.6	25.6	26.8	26.0	
Services	n.a.	37.0	33.8	30.8	29.3	30.7	36.7	40.4	41.2	
Unemployment, % of Labour Force Aged 14 and Above										
By Gender										
Male	16.6	13.8	24.0	14.7	11.7	15.5	10.4	9.0	8.9	
Female	15.3	n.a.	18.9	9.2	7.8	11.3	6.4	6.5	6.3	
Female	20.0	n.a.	36.4	24.9	21.3	23.6	17.5	13.9	14.2	
By Age Groups										
14-18 Years	n.a.	47.5	65.8	30.7	30.8	48.0	35.6	36.7	35.3	
19-25 Years	n.a.	30.3	47.8	31.1	28.8	35.3	30.4	28.9	28.6	
26-35 Years	n.a.	7.8	15.2	13.1	8.8	10.6	8.8	6.9	7.0	
36-45 Years	n.a.	2.4	3.9	2.7	1.7	3.2	2.4	2.0	1.9	
46-55 Years	n.a.	2.7	1.2	0.8	0.5	0.7	1.0	0.8	0.7	
Above 55 Years	n.a.	1.9	0.8	0.2	0.1	0.6	0.4	0.5	0.5	
By Education Level										
No Schooling - Illiterate }	16.6	6.3	8.4	3.5	2.4	3.0	0.7	0.8	0.8	
No Schooling - Literate }		5.7	6.8	2.8	1.9	1.3	0.0	1.6	1.5	
Primary	16.4	10.5	14.1	6.6	4.8	5.0	2.3	2.0	1.9	
Secondary	17.9	23.0	37.1	21.3	14.6	19.8	11.4	8.9	8.7	
Passed GCE (O/L)/SSC	25.0	39.3	47.4	27.6	24.5	28.5	18.9	13.8	13.8	
Passed GCE (A/L)/HSC }	2.9	13.9	44.4	36.4	34.8	34.8	27.8	18.8	19.3	
Graduate }			16.2	5.3	9.7	7.6	9.3	11.9	12.4	
By Sector										
Urban	n.a.	17.8	32.1	20.7	14.2	17.3	13.4	9.0	8.8	
Rural	n.a.	14.6	24.5	14.6	12.0	16.0	10.2	9.0	8.9	
Estate	n.a.	7.5	12.0	5.6	5.0	9.7	6.9	9.2	9.2	

(contd.)

SOCIO-ECONOMIC CONDITIONS							TABLE 10 (Contd.)			
Key Socio-Economic Indicators in Sri Lanka										
Based on Consumer Finances and Socio-Economic Surveys - 1953 - 2003/04										
Item	1953	1963	1973	1978/79	1981/82	1986/87(a)	1996/97(a)	2003/04(a)	2003/04(b)	
Housing and Household Amenities										
Housing Conditions, % of Households										
Wattle and Daub Walls	59.5	54.9	44.2	38.9	43.4	39.7	23.3	12.0	12.5	
Brick Walls	28.9	34.3	25.0	25.2	26.2	35.0	54.0	55.4	55.4	
Clay Floors	50.7	40.3	44.9	45.4	41.9	39.3	25.9	14.6	14.5	
Cement Floors	24.7	38.6	45.0	54.4	52.5	58.5	73.2	77.7	77.9	
Thatched Roof	56.7	49.3	35.1	31.7	36.3	25.0	10.5	4.5	5.6	
Tiled Roof	27.6	36.6	33.6	42.9	39.1	45.4	58.3	58.5	58.6	
Availability of Electricity, % of Households	4.1	7.0	8.0	13.1	15.8	26.5	56.8	76.1	74.9	
Water Supply & Sanitation, % of Households										
Pipe Borne Water	11.3	5.0	21.0	21.8	18.4	22.6	31.0	41.4	38.9	
Separate Toilets	53.8	37.6	58.7	56.5	60.5	76.5	88.3	92.1	90.1	
Common Toilets	27.7	30.5	n.a.	14.9	9.6	6.6	5.2	4.5	4.4	
Without Toilets	18.5	31.9	41.3	28.6	29.9	16.9	6.5	3.4	5.6	
Availability of Household Equipment, % of Households										
Radio	n.a.	20.0	25.4	49.9	60.7	67.1	73.6	79.9	78.3	
Television	n.a.	n.a.	n.a.	n.a.	3.8	19.6	50.6	73.4	70.8	
Telephone/Cellular Phone	n.a.	0.8	0.3	0.7	0.9	1.4	4.5	25.5	24.5	
Bicycle	n.a.	n.a.	n.a.	21.5	31.5	34.0	40.5	43.1	46.6	
Motor Cycle/Scooter	n.a.	n.a.	n.a.	0.9	2.4	5.3	12.0	16.1	16.3	
Motor Car/Van	n.a.	n.a.	n.a.	1.9	2.3	3.0	3.4	6.2	5.8	
Refrigerator	0.9	1.0	1.3	2.3	2.9	8.1	16.8	31.4	29.7	
Sewing Machine	n.a.	22.0	26.2	31.3	30.7	37.2	41.5	45.8	43.6	
Washing Machine	n.a.	n.a.	n.a.	n.a.	n.a.	0.8	2.9	8.0	7.6	
Air Conditioner	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.9	0.9	
Personal Computer	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.4	4.4	4.1	
Income Distribution										
Mean Income, Rs. per Month										
Per Spending Unit	169	193	311	921	1,652	2,728	8,744	15,624	15,400	
Per Income Receiver	108	134	228	606	1,108	1,817	5,760	10,907	10,754	
Income Shares by Deciles of Income Receivers %										
1st Decile	1.5	1.2	1.8	1.2	1.2	1.1	1.3	1.2	1.1	
2nd Decile	3.6	2.7	3.2	2.6	2.5	2.5	2.8	2.6	2.5	
3rd Decile	3.6	3.6	4.4	3.6	3.4	3.4	3.9	3.8	4.1	
4th Decile	4.4	4.6	5.7	4.8	4.5	4.4	4.9	4.5	4.2	
5th Decile	5.7	5.6	7.1	5.9	5.5	5.7	6.1	5.8	5.8	
6th Decile	6.3	6.8	8.8	7.4	6.9	6.8	7.4	7.2	7.3	
7th Decile	7.9	9.0	10.6	9.1	8.5	8.4	9.1	8.9	8.7	
8th Decile	10.4	11.5	12.7	11.4	10.7	11.1	11.6	11.3	11.2	
9th Decile	14.2	16.0	15.9	15.4	14.9	15.4	15.7	15.3	15.4	
10th Decile	42.5	39.2	30.0	38.7	41.9	41.4	37.3	39.4	39.7	
Gini Coefficient, One Month Income										
Spending Units	0.46	0.45	0.35	0.43	0.45	0.46	0.43	0.46	0.46	
Income Receivers	0.50	0.49	0.41	0.50	0.52	0.52	0.48	0.50	0.50	
Expenditure, Rs. per Month										
Per Spending Unit	162	191	310	877	1,570	2,175	8,592	15,405	15,278	
Per Person	34	36	58	179	318	534	2,012	4,032	3,936	
Expenditure Shares, %										
Food	59.9	56.3	55.4	56.7	56.5	52.2	48.4	37.0	37.9	
Clothing and Apparel	7.9	9.6	7.6	10.6	7.7	7.6	6.3	8.1	8.3	
Housing	3.6	7.3	6.8	5.8	5.9	7.8	10.8	11.2	10.7	
Medical	1.3	2.8	1.6	1.7	1.6	2.2	2.4	3.5	3.4	
Education	2.0	1.8	2.2	1.6	1.6	2.1	2.3	3.0	3.0	
Transport and Communication	2.6	2.3	3.4	4.5	3.9	4.9	5.3	9.0	8.8	
Fuel and Light	2.0	4.4	4.2	3.9	5.2	4.6	3.9	4.3	4.4	
Consumer Durables	3.2	0.4	6.0	4.6	6.4	5.2	6.7	9.1	8.9	
Interest on Debt	0.7	0.8	0.1	0.4	0.5	0.9	2.1	1.6	1.5	
Other	16.8	14.3	12.7	10.2	10.7	12.5	11.8	13.2	13.1	
Savings and Borrowings										
Savings Rate, % of Income										
	n.a.	n.a.	18.4	13.0	11.7	13.0	10.4	12.0	11.1	
Distribution of Number of Loans, %										
Institutional Sources	n.a.	7.6	11.5	10.7	9.7	16.6	43.1	45.0	44.4	
Non-Institutional Sources	n.a.	92.4	88.5	89.3	90.3	83.4	56.9	55.0	55.6	

Source: Central Bank of Sri Lanka

(a) Excluding Northern and Eastern Provinces

(b) Excluding Kilinochchi, Mannar and Mullaitivu Districts

(c) Household members who worked more than one hour as paid employee, employer, own account worker (self-employed) or unpaid family worker during the reference period were considered as employed only for CFS 2003/04.

n.a. - Not available

SOCIO-ECONOMIC CONDITIONS										Table 11
Key Socio-Economic Indicators by Province										
Based on Consumer Finances and Socio-Economic Survey - 2003/04										
Item	Western	Central	Southern	Northern (a)	Eastern	North Western	North Central	Uva	Sabara-gamuwa	All Island
Household Characteristics										
Number of Individuals per Household	4.27	4.35	4.49	4.74	4.61	4.08	4.10	4.35	4.22	4.31
Number of Spending Units per Household	1.21	1.08	1.11	1.07	1.04	1.07	1.07	1.04	1.08	1.11
Number of Income Receivers per Household	1.72	1.59	1.60	1.65	1.43	1.54	1.41	1.39	1.64	1.59
Population Distribution										
By Gender, %										
Male	46.7	48.5	47.2	45.7	46.4	48.2	48.8	48.3	48.6	47.6
Female	53.3	51.5	52.8	54.3	53.6	51.8	51.2	51.7	51.4	52.4
By Age Group, %										
0 - 4 Years	7.8	8.1	6.8	7.2	10.3	8.0	8.6	7.9	7.4	7.9
5 - 9 Years	7.6	7.6	9.0	10.4	11.2	7.6	7.1	9.0	7.7	8.2
10 - 14 Years	8.2	10.0	11.3	10.8	12.3	9.4	10.9	12.3	9.9	10.0
15 - 18 Years	6.7	8.1	8.8	8.0	9.0	7.8	8.2	10.2	8.1	8.0
19 - 24 Years	10.2	10.8	9.9	12.2	10.4	10.6	11.0	9.6	10.8	10.5
25 - 34 Years	15.4	13.5	12.4	12.3	13.3	14.2	15.0	11.6	13.7	13.9
35 - 44 Years	14.4	13.3	13.0	10.2	13.3	13.9	14.2	15.1	13.5	13.7
45 - 54 Years	12.5	13.7	12.1	11.8	9.9	13.6	12.7	11.8	13.4	12.6
55 - 64 Years	9.0	7.9	7.7	8.9	5.8	8.0	6.8	7.3	8.1	8.0
Over 64 Years	8.1	7.0	9.1	8.3	4.5	7.0	5.6	5.3	7.4	7.3
Migration, Persons per 1,000 Households										
Internal, within Last 12 Months	15.6	19.6	32.5	91.7	82.6	19.9	27.5	25.5	30.6	29.0
External, within Last 24 Months	62.5	47.7	34.5	72.2	118.1	105.6	68.1	24.3	22.3	60.5
Education and Health										
Education, % of Population										
Aged 5 Years and Above										
Literacy Rate, %										
Male	96.4	89.3	92.7	92.5	86.6	93.5	92.6	88.3	91.5	92.5
Female	97.5	92.7	94.3	93.5	90.0	95.3	94.5	91.4	94.3	94.5
Female	95.4	86.1	91.4	91.8	83.5	91.8	90.8	85.5	88.9	90.6
Educational Attainment, %										
No Schooling	3.9	11.1	7.7	7.6	13.8	6.7	7.6	11.9	9.0	7.9
Primary	23.6	31.6	31.6	32.1	37.9	30.4	30.7	35.6	30.6	29.9
Secondary	45.5	39.6	38.3	31.8	31.3	42.4	44.4	38.7	43.1	41.0
Post Secondary	27.0	17.7	22.4	28.5	17.0	20.6	17.3	13.8	17.2	21.2
Tuition for Formal Education, % of Students in Formal Education										
Primary	55.7	32.9	41.5	56.7	41.9	36.0	29.4	30.5	37.3	41.7
Secondary	63.2	46.1	53.8	71.1	57.2	51.9	40.3	50.3	49.6	54.0
Post Secondary	72.0	72.3	70.8	65.4	61.4	67.8	73.0	77.1	68.5	70.1
All	60.4	42.1	50.3	62.8	48.6	46.2	38.1	42.2	45.7	49.6
Extra Curricular Activities, % of Students in Formal Education										
	24.2	8.0	8.0	3.7	3.4	14.4	5.1	9.2	7.9	11.8
Health										
Persons in Ill Health by Age Group, % of Population										
0 - 14 Years	17.7	10.8	17.1	6.6	9.1	14.5	13.6	15.1	13.7	14.2
15 - 34 Years	9.7	6.4	9.7	6.5	9.2	9.6	9.1	8.7	6.5	8.7
35 - 54 Years	15.0	10.7	13.3	16.3	17.6	16.5	11.5	15.2	12.2	14.1
55 - 64 Years	22.1	11.3	15.3	24.5	20.7	19.3	18.4	19.6	15.0	18.4
Over 64 Years	23.2	13.5	21.2	31.2	22.3	26.6	20.1	30.2	19.1	22.1
All	15.2	9.6	14.1	12.3	12.4	14.7	12.2	14.2	11.5	13.3
Labour Force, Employment and Unemployment (b)										
Labour Force, % of Population										
Aged 10 and Above										
Male	47.2	47.4	46.7	32.9	37.2	46.1	48.3	48.1	51.4	46.4
Female	67.2	65.3	62.2	51.9	59.2	67.9	68.2	64.0	68.1	65.3
Female	30.0	30.8	33.2	17.5	18.2	26.5	28.8	33.4	35.7	29.5
Employment by Industrial Sector, % of Employed										
Agriculture, Forestry and Fishing	9.3	43.8	39.8	25.9	36.1	28.5	50.9	63.7	44.9	32.8
Industry	35.9	19.1	24.1	17.7	16.6	32.5	15.6	9.2	27.4	26.0
Services	54.8	37.1	36.1	56.4	47.3	39.0	33.5	27.2	27.8	41.2
Unemployment, % of Labour Force										
By Gender										
Male	8.5	10.8	11.7	5.8	8.4	8.0	8.5	8.1	7.1	8.9
Female	6.6	6.9	8.2	3.1	3.9	5.4	6.5	5.5	5.7	6.3
Female	12.0	18.4	17.4	12.5	21.1	14.1	13.3	12.7	9.5	14.2
By Age Groups										
15 - 18 Years	34.1	46.0	45.1	0.0	25.6	33.3	32.7	40.3	24.2	36.0
19 - 24 Years	28.2	34.5	37.3	14.6	32.6	28.3	26.5	31.3	25.2	30.0
25 - 34 Years	8.0	9.3	13.0	13.4	7.7	8.2	8.5	7.3	8.1	8.9
35 - 44 Years	1.9	3.2	3.8	0.0	0.7	1.1	2.6	0.5	2.4	2.1
45 - 54 Years	1.3	0.7	1.4	0.0	0.0	0.2	0.4	0.7	0.4	0.8
55 - 64 Years	0.6	0.4	0.4	0.0	1.1	0.5	0.0	0.9	0.4	0.5
Over 64 Years	0.6	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.3

(contd.)

SOCIO-ECONOMIC CONDITIONS										Table 11 (Contd.)
Key Socio-Economic Indicators by Province Based on Consumer Finances and Socio-Economic Survey - 2003/04										
Item	Western	Central	Southern	Northern (a)	Eastern	North Western	North Central	Uva	Sabara- gamuwa	All Island
Housing, Household Amenities and Land Ownership										
Housing Conditions, % of Households										
Own House	90.5	76.4	94.9	63.3	91.5	95.1	97.6	85.4	90.6	89.2
Brick/Cement Block/Cabook/Stone Wall	90.4	86.2	85.1	83.7	77.1	82.1	80.1	81.7	80.1	84.6
Cement/Terrazo/Tiled Floor	94.0	75.5	81.9	82.2	80.9	82.7	66.2	64.5	78.0	81.8
Tiles/Asbestos/Concrete Roof	90.9	62.9	91.6	78.1	77.2	78.5	77.7	72.4	79.2	81.1
Availability of Electricity, % of Households	92.4	72.7	78.4	63.6	65.6	68.5	62.0	56.7	64.7	74.9
Water Supply and Sanitation, % of Households										
Pipe Borne Water to House	51.7	29.8	34.1	3.1	17.4	15.5	15.2	21.3	25.1	30.8
Own Well	30.8	16.1	32.5	36.7	45.1	43.2	37.7	24.1	22.7	31.1
Separate Water Seal Toilet	84.6	69.6	86.4	42.8	42.6	83.2	71.7	72.7	79.3	76.5
Without Toilet	1.0	5.0	3.4	14.4	29.2	4.6	7.3	4.6	2.7	5.6
Household Ownership of Land, % of Households	93.0	77.8	95.3	82.2	95.7	96.5	97.5	85.2	89.5	91.0
Availability of Household Equipment, % of Households										
Radio	84.1	78.1	79.4	68.9	62.7	78.1	75.7	76.6	78.2	78.3
Television	85.8	70.6	67.7	43.9	49.2	72.6	65.7	57.3	67.6	70.8
Telephone/Cellular Phone	45.3	17.1	18.3	19.7	13.9	23.1	13.9	9.1	13.4	24.5
Bicycle	39.4	16.7	55.5	86.7	73.8	71.2	80.1	31.5	19.7	46.6
Motor Cycle/Scooter	19.9	6.6	14.8	20.3	16.1	27.2	20.9	6.5	9.4	16.3
Motor Car/Van	12.1	3.5	2.8	3.1	2.7	5.5	3.8	2.3	2.7	5.8
Refrigerator	53.6	21.8	24.1	12.8	16.9	27.6	19.4	11.1	18.9	29.7
Sewing Machine	58.4	38.8	45.7	25.6	23.8	44.1	36.9	28.5	39.9	43.6
Washing Machine	17.8	5.5	3.7	0.8	5.4	4.3	2.4	2.0	2.2	7.6
Air Conditioner	2.1	0.4	0.3	0.6	0.5	0.7	0.9	0.1	0.1	0.9
Personal Computer	9.9	2.6	2.5	2.8	1.2	2.5	1.2	0.5	1.6	4.1
Income Distribution										
Mean Income, Rs. per Month										
Per Household	25,602	14,029	13,733	15,201	13,395	15,792	15,624	11,178	12,225	17,109
Per Person	5,999	3,222	3,060	3,208	2,905	3,872	3,814	2,570	2,894	3,968
Per Income Receiver	14,892	8,830	8,559	9,228	9,377	10,276	11,093	8,022	7,438	10,754
Median Income, Rs. per Month										
Per Household	17,810	9,835	10,550	10,430	8,500	11,322	10,395	7,800	8,923	11,350
Per Income Receiver	9,475	5,976	6,177	6,500	5,908	7,173	6,820	5,362	5,271	6,975
Income Shares by Deciles of Income Receivers, %										
1st Decile	1.4	1.6	1.1	0.5	0.5	1.2	1.2	1.7	1.3	1.1
2nd Decile	2.5	3.2	2.7	1.8	1.8	2.9	2.9	3.2	2.9	2.5
3rd Decile	3.7	3.9	4.2	2.9	3.4	4.1	3.6	4.0	4.2	4.1
4th Decile	4.2	4.9	5.3	5.2	3.9	5.2	4.6	4.9	5.4	4.2
5th Decile	5.6	6.1	6.6	5.7	5.5	6.4	5.6	6.1	6.5	5.8
6th Decile	7.0	7.4	8.0	8.0	7.0	7.7	6.8	7.6	7.8	7.3
7th Decile	8.6	9.3	9.8	9.5	8.6	9.3	8.0	9.4	9.7	8.7
8th Decile	11.1	11.8	12.3	11.7	10.6	11.7	10.5	11.5	11.9	11.2
9th Decile	16.0	15.6	16.0	15.0	14.7	15.5	14.8	15.3	16.1	15.4
10th Decile	39.8	36.4	34.0	39.8	43.9	36.0	42.0	36.3	34.2	39.7
Gini Coefficient, One Month Income										
Household	0.44	0.43	0.39	0.44	0.51	0.42	0.47	0.43	0.41	0.46
Spending Units	0.47	0.42	0.39	0.44	0.51	0.42	0.48	0.43	0.40	0.46
Income Receivers	0.51	0.47	0.46	0.52	0.55	0.47	0.51	0.46	0.45	0.50
Expenditure and Consumption										
Expenditure, Rs. per Month										
Per Household	25,274	13,449	14,461	15,425	14,461	16,365	12,943	11,152	11,796	16,974
Per Person	5,922	3,089	3,222	3,255	3,136	4,012	3,159	2,564	2,793	3,936
Per Capita Consumption Expenditure Shares, %										
Food and Non-Alcoholic Beverages	27.2	39.7	38.4	42.9	42.4	34.4	40.3	43.3	42.2	34.4
Alcoholic Beverages, Tobacco and Narcotics	1.7	2.9	2.4	2.1	2.6	2.4	2.7	2.8	2.7	2.2
Clothing and Footwear	6.0	8.3	6.0	4.5	8.4	6.2	6.7	6.7	7.4	6.6
Housing, Water, Electricity, Gas and Other Fuels	19.2	15.1	11.9	10.6	10.3	10.9	11.0	12.2	12.2	15.0
Furnishings, Household Equipment and Maintenance	5.4	5.6	6.0	5.4	6.2	6.5	7.5	5.9	4.9	5.8
Health	4.1	2.8	3.7	2.5	3.1	3.1	2.4	2.6	2.8	3.4
Transport	10.8	6.5	8.5	9.2	7.1	14.8	7.9	7.6	7.5	9.8
Communication	2.7	1.9	2.0	2.4	1.6	2.3	1.4	1.2	1.3	2.2
Recreation and Culture	7.6	7.0	8.3	8.1	6.7	7.7	6.5	8.1	8.4	7.6
Education	2.8	2.0	2.2	2.7	2.2	1.7	1.4	1.7	1.7	2.3
Restaurants and Hotels	1.9	1.0	1.0	1.9	2.8	1.0	0.8	0.7	0.8	1.5
Miscellaneous Goods and Services	8.7	6.2	7.9	7.0	5.9	7.8	9.6	6.3	6.9	7.8
Interest on Debt	1.9	1.0	1.8	0.8	0.8	1.2	1.9	0.8	1.1	1.5
Nutritional Intake										
Energy, Calories	2,262	2,317	2,259	2,426	2,274	2,465	2,468	2,349	2,329	2,325
Protein, Grams	66	64	60	72	66	70	70	58	61	65
Savings Investment and Borrowings, % of Household Income										
Savings Rate	11.5	10.5	6.4	7.6	-0.9	14.5	26.2	8.2	11.4	11.1
Net Investment Rate	20.0	18.8	10.5	37.4	30.2	28.6	83.2	21.5	22.0	24.9
Borrowing Rate	19.1	18.4	31.3	39.0	43.6	22.3	14.2	21.3	14.7	22.1

(a) Excluding Kilinochchi, Mannar and Mullaitivu districts

Source: Central Bank of Sri Lanka

(b) Household members who worked more than one hour as paid employees, employers, own account workers (self employed) or unpaid family workers during the reference period were considered as being employed.

SOCIO-ECONOMIC CONDITIONS											TABLE 12
Key Socio-Economic Indicators by Province											
Based on Household Income and Expenditure Survey - 2019											
	Western	Central	Southern	Northern	Eastern	North Western	North Central	Uva	Sabaragamuwa	All Island	
Household Characteristics											
Number of Individuals per Household	3.8	3.8	3.7	3.9	3.7	3.6	3.6	3.6	3.7	3.7	
Number of Income Receivers per Household	1.9	1.8	1.8	1.8	1.6	1.8	1.7	1.7	1.8	1.8	
Population Distribution											
By Gender, %											
Male	47.5	47.3	46.6	47.5	47.1	47.2	45.4	47.9	47.2	47.2	
Female	52.5	52.7	53.4	52.5	52.9	52.8	54.6	52.1	52.8	52.8	
By Age Group, %											
0 - 14 Years	20.2	23.7	22.8	23.2	27.3	24.3	25.5	23.0	21.8	22.8	
15 - 59 Years	60.9	57.5	57.8	60.2	60.8	57.9	58.0	60.3	58.4	59.2	
Over 59 Years	18.9	18.8	19.4	16.6	11.9	17.8	16.6	16.7	19.8	17.9	
By Educational Attainment, %											
No schooling	1.9	4.0	3.1	1.6	3.9	2.9	3.1	6.2	3.9	3.1	
Up to Grade 5	14.7	23.0	21.7	22.4	27.8	23.8	25.2	25.1	22.5	21.1	
Grade 6 - 10	40.6	44.5	43.9	50.9	43.0	46.7	45.9	46.6	44.8	44.0	
Passed G.C.E. (O/L)	21.1	14.7	17.5	12.6	15.6	13.7	14.9	13.0	16.1	16.7	
Passed G.C.E. (A/L) and Above	21.7	13.8	13.7	12.5	9.7	12.9	10.8	9.1	12.7	15.0	
Income											
Mean Income, Rs. per Month											
Per Household	109,813	65,420	68,410	55,390	51,536	75,148	64,645	62,363	56,335	76,414	
Per Person	28,809	17,275	18,658	14,107	13,925	20,984	18,131	17,173	15,163	20,527	
Per Income Receiver	56,762	36,560	37,923	31,104	32,787	42,321	37,996	36,078	30,695	42,308	
Median Income, Rs. per Month											
Per Household	75,000	49,475	50,270	42,491	38,871	55,614	47,415	40,055	45,797	53,333	
Per Person	19,383	12,344	13,697	11,150	10,250	14,705	13,863	11,066	11,884	14,095	
Per Income Receiver	35,171	25,067	26,267	24,629	25,000	28,800	26,323	22,343	23,517	28,465	
Income Share by Households, %											
Richest 20%	51.7	48.5	48.4	46.8	48.2	49.4	48.4	54.6	44.7	51.4	
Poorest 20%	5.1	4.8	5.4	4.5	5.1	4.6	5.0	4.3	5.6	4.6	
Middle 60%	43.2	46.7	46.2	48.7	46.8	46.0	46.7	41.1	49.7	44.0	
Gini Coefficient, One Month Income											
Gini Coefficient (Households)	0.46	0.43	0.42	0.42	0.42	0.44	0.43	0.50	0.39	0.46	
Gini Coefficient (Per Person)	0.44	0.42	0.40	0.38	0.40	0.43	0.40	0.47	0.36	0.44	
Gini Coefficient (Income Receivers)	0.52	0.49	0.49	0.47	0.47	0.52	0.50	0.54	0.46	0.52	
Mean Expenditure, Rs. per Month											
Per Household	90,243	56,783	57,854	44,020	46,947	59,681	52,337	46,237	47,215	63,130	
Household Expenditure Share, %											
All Food											
Cereal	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Prepared Food	12.9	17.8	14.8	19.5	13.8	15.3	18.2	20.9	18.4	15.6	
Pulses	15.7	10.0	10.9	8.9	11.0	11.6	10.2	7.2	8.9	11.9	
Vegetables	3.0	3.4	3.2	3.4	1.9	2.9	3.0	3.9	3.8	3.1	
Meat	7.2	8.6	8.8	6.9	7.5	8.1	8.9	11.1	9.3	8.2	
Fish	5.1	5.5	2.8	5.4	8.0	5.5	5.8	4.3	3.7	5.1	
Dried Fish	10.0	5.7	11.2	14.0	14.1	9.2	8.1	6.2	5.7	9.4	
Eggs	4.2	4.0	3.9	0.6	2.1	5.2	4.3	3.9	5.4	4.0	
Coconut	1.2	1.4	1.3	1.2	1.3	1.3	1.2	1.4	1.4	1.3	
Condiments	4.9	5.1	6.3	5.4	4.4	5.8	6.0	4.5	6.8	5.4	
Milk and Milk Products	10.5	11.4	12.9	12.0	12.8	12.2	11.3	11.6	12.6	11.7	
Fat and Oil	8.1	8.0	7.4	7.6	7.1	6.0	5.9	6.8	5.9	7.3	
Sugar, Jaggery & Treacle	2.5	3.8	2.3	4.3	3.4	2.9	3.2	4.3	3.2	3.0	
Fruits	1.7	2.3	2.3	2.6	2.4	2.2	2.1	2.3	2.2	2.1	
Other	3.5	2.9	3.2	1.4	2.6	2.6	2.8	2.8	2.5	3.0	
Other	9.4	9.9	8.8	6.7	7.8	9.4	8.8	8.7	10.2	9.1	
All Non-Food											
Housing	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Fuel and Light	24.8	22.3	19.1	13.1	17.0	16.0	17.8	19.2	20.7	21.3	
Personal Care and Health Expenses	4.6	5.1	4.6	9.6	8.7	4.9	4.9	4.4	5.4	5.1	
Transport	6.3	6.0	7.1	6.4	7.9	6.5	6.8	4.6	7.7	6.5	
Communication	10.8	11.8	11.2	11.3	11.0	12.3	12.0	11.9	13.2	11.4	
Education	3.0	2.7	2.4	3.8	3.1	2.5	2.5	2.4	3.1	2.8	
Cultural Activities and Entertainment	6.0	5.7	6.2	6.2	5.9	5.0	5.2	4.9	7.1	5.9	
Non - Durable Household Goods & Services	2.7	2.3	2.2	2.2	2.2	2.0	1.6	2.1	1.6	2.3	
Clothing, Textile and Footwear	1.8	2.0	1.5	2.2	1.9	1.8	2.0	2.0	1.8	1.8	
Durable Household Goods	2.9	4.8	4.1	6.9	7.3	4.5	5.6	4.6	5.7	4.1	
Other Miscellaneous Expenses	11.4	9.6	12.4	9.1	7.9	13.1	10.7	10.1	8.6	11.0	
Other Rare Expenses	15.1	14.8	15.8	16.1	14.5	15.7	16.0	15.6	14.1	15.2	
Liquor, Narcotic Drugs and Tobacco	9.0	10.0	10.7	11.5	9.8	13.5	12.0	12.6	7.3	10.1	
Liquor, Narcotic Drugs and Tobacco	1.6	2.9	2.6	1.6	2.8	2.1	3.1	5.6	3.5	2.3	

Source : Department of Census and Statistics

SOCIO ECONOMIC CONDITIONS											TABLE 13	
Key Socio-Economic Indicators by Sector Based on Household Income and Expenditure Survey 2012/13, 2016 and 2019												
Item	2012/13				2016				2019			
	Urban	Rural	Estate	All Island	Urban	Rural	Estate	All Island	Urban	Rural	Estate	All Island
Household Characteristics												
Number of Individuals per Household	4.0	3.8	4.3	3.9	4.0	3.8	4.1	3.8	3.8	3.7	4.0	3.7
Number of Income Receivers per Household	1.8	1.7	2.1	1.8	1.9	1.8	2.0	1.8	1.9	1.8	2.1	1.8
Population Distribution												
By Gender, %												
Male	47.4	47.0	48.0	47.1	46.9	46.8	47.1	46.8	47.5	47.0	48.5	47.2
Female	52.6	53.0	52.0	52.9	53.1	53.2	52.9	53.2	52.5	53.0	51.5	52.8
By Age Group, %												
0 – 14 Years	24.2	26.0	31.1	25.9	23.8	25.3	30.3	25.3	21.2	23.1	24.0	22.8
15 – 59 Years	61.5	60.6	57.0	60.6	60.1	59.1	57.0	59.2	60.6	58.9	59.5	59.2
Over 59 Years	14.3	13.5	11.9	13.6	16.1	15.6	12.7	15.5	18.2	18.0	16.5	17.9
By Educational Attainment, %												
No Schooling	2.2	3.5	12.2	3.7	2.4	3.1	10.1	3.3	2.1	3.0	8.3	3.1
Up to Grade 5	19.2	25.0	42.0	24.7	19.3	23.5	39.6	23.5	15.9	21.5	35.5	21.1
Grade 6 – 10	39.8	44.8	38.7	43.6	40.4	45.0	41.8	44.1	39.6	45.0	44.0	44.0
Passed G.C.E. (O/L)	18.2	15.5	4.9	15.5	18.4	15.1	5.4	15.3	19.2	16.7	8.6	16.7
Passed G.C.E. (A/L) and Above	20.5	11.1	2.2	12.4	19.4	13.2	3.0	13.8	23.1	13.8	3.6	15.0
Income												
Mean Income, Rs. per Month												
Per Household	69,880	41,478	30,220	45,878	88,692	58,137	34,804	62,237	116,670	69,517	46,865	76,414
Per Person	17,262	10,843	7,100	11,819	22,297	15,508	8,566	16,377	30,452	18,870	11,647	20,527
Median Income, Rs. per Month												
Per Household	42,267	29,376	24,087	30,814	57,833	42,133	29,134	43,511	74,679	50,869	40,771	53,333
Per Person	10,420	7,657	5,503	7,881	14,090	11,140	7,107	11,307	19,143	13,610	9,883	14,095
Income Shares by Deciles of Households, %												
1st Decile	1.5	1.5	1.9	1.5	1.7	1.6	2.1	1.6	1.6	1.6	2.0	1.5
2nd Decile	2.8	3.2	3.7	3.0	3.1	3.3	3.8	3.2	3.0	3.2	3.8	3.1
3rd Decile	3.7	4.4	5.1	4.1	4.1	4.5	5.3	4.3	3.9	4.4	5.5	4.2
4th Decile	4.6	5.4	6.4	5.1	5.0	5.5	6.6	5.3	4.8	5.5	6.7	5.3
5th Decile	5.6	6.5	7.4	6.2	5.8	6.7	7.8	6.4	5.8	6.7	8.0	6.4
6th Decile	6.7	7.7	8.7	7.3	7.2	7.9	9.0	7.6	7.1	8.0	9.4	7.6
7th Decile	8.3	9.2	9.9	8.9	8.9	9.5	10.6	9.2	8.5	9.6	10.7	9.2
8th Decile	10.3	11.4	11.8	10.9	10.7	11.7	12.5	11.5	10.7	11.7	12.3	11.3
9th Decile	14.5	15.1	14.8	14.9	14.8	15.6	15.8	15.4	14.7	15.4	15.0	15.1
10th Decile	42.0	35.6	30.3	38.0	38.6	33.7	26.7	35.4	39.7	34.0	26.6	36.2
Income Share by Households, %												
Richest 20%	56.5	50.7	45.1	52.9	53.4	49.3	42.5	50.8	54.5	49.3	41.6	51.4
Poorest 20%	4.4	4.7	5.7	4.5	4.9	4.9	5.9	4.8	4.7	4.8	5.8	4.6
Middle 60%	39.2	44.6	49.3	42.6	41.7	45.8	51.6	44.4	40.8	45.9	52.7	44.0
Gini Coefficient, One Month Income												
Gini Coefficient (Households)	0.51	0.45	0.39	0.48	0.48	0.44	0.36	0.45	0.49	0.44	0.36	0.46
Gini Coefficient (Per Person)	0.51	0.44	0.37	0.46	0.48	0.42	0.34	0.44	0.48	0.41	0.33	0.44
Gini Coefficient (Income Receivers)	0.56	0.51	0.44	0.53	0.53	0.50	0.42	0.51	0.54	0.50	0.41	0.52
Expenditure, Rs. per Month												
Per Household	58,930	38,274	29,379	41,444	77,337	51,377	34,851	54,999	95,392	57,652	38,519	63,130
Household Expenditure Share, %												
Food	32.1	39.2	49.8	37.8	31.2	35.4	48.5	34.8	28.2	36.9	50.9	35.1
Housing	17.5	9.4	5.0	11.3	18.9	10.7	6.0	12.5	19.2	12.1	9.5	13.9
Fuel and Light	5.5	3.8	4.1	4.2	3.9	3.0	3.5	3.2	3.5	3.2	3.7	3.3
Personal Care and Health Expenses	5.3	5.3	3.5	5.3	4.5	4.7	3.1	4.6	4.5	4.2	3.0	4.2
Transport	8.9	8.1	5.6	8.3	9.3	7.8	5.4	8.1	7.5	7.5	4.9	7.4
Communication	2.7	2.0	1.7	2.2	2.2	1.9	1.7	2.0	2.1	2.1	1.4	1.8
Education	4.7	3.2	1.8	3.5	4.6	3.5	2.5	3.8	4.3	3.7	2.5	3.8
Cultural Activities and Entertainments	1.4	1.2	1.0	1.2	1.9	1.6	0.9	1.7	2.1	1.3	0.7	1.5
Non-Durable Household Goods and Services	1.6	1.1	1.1	1.2	1.5	1.0	0.9	1.2	1.7	1.0	1.0	1.2
Clothing Textile and Footwear	2.4	3.0	3.0	2.9	2.5	3.0	3.7	2.9	2.1	2.8	3.6	2.7
Durable Household Goods	1.5	2.8	2.3	2.5	3.1	4.5	2.5	4.1	7.4	7.2	4.3	7.1
Other Miscellaneous Expenses	9.2	11.5	10.1	10.9	7.8	11.9	9.7	10.8	9.7	10.1	5.9	9.9
Other Rare Expenses	6.4	7.5	5.7	7.2	7.1	9.1	6.1	8.6	6.6	6.7	2.8	6.6
Liquor, Narcotic Drugs and Tobacco	1.0	1.8	5.4	1.7	1.4	2.0	5.5	1.9	1.1	1.5	6.0	1.5

Source : Department of Census and Statistics

