

(G) BALANCE OF PAYMENTS AND EXTERNAL ASSETS

Detailed statistics of Ceylon's balance of payments and external assets are available in Tables 43 to 47 in Appendix. Balance of payments data are derived from exchange control records of actual receipts and payments during the year. These figures will differ from the statistics used in the Foreign Trade Section, which are based on Customs Returns.

A. Background and Trends

Ceylon's balance of payments, as in past years, continued to exhibit elements of weakness. Adverse trends in the world economy, in terms of both commodity prices and the cost and availability of financing facilities, were aggravated in the case of some export products, with shortfalls in exports, resulting in a decline in aggregate export values. A small improvement in income from services occurred in 1969, but this was more than offset by an increase in payments for merchandise imports, services, capital amortization and interest. The volume of imports in 1969 was augmented by a substantial increase in the flow of official capital. This reflected in part, the increasing capacity of the country to absorb both maintenance and capital goods imports, as also evidenced, by the contemporaneous increase in Ceylon's Gross Domestic Product.

In recent years, major objectives of economic policy have centred upon increasing the country's Gross Domestic Product, ensuring price stability, and balance in its international payments. In view of the general shortage of resources, particularly foreign exchange resources, such a policy requires as a datum, a vigorous expansion of export income, in terms of both goods and services. It concurrently necessitates a change in the composition of imported inputs in favour of goods that are specifically orientated to export earning or import saving industries on the one hand, and a reduction in the volume of dispensable imports, or those which could be substituted from purely domestic production, on the other.

The need for an absolute reduction in the value of imports is particularly relevant in a situation where export incomes are stagnant or declining, in the face of a substantial increase in contractual payments abroad, particularly those related to debt service and the repatriation of investment income.

The imposition of such policy criteria in the context of Ceylon's economy has now become an urgent need. One of the performance criteria for judging the ability of the economy to pay its way in its international settlements is the share of export income and import payments in Gross Domestic Product. The share of external debt service in the country's Gross Domestic Product is also a measure of the savings that need to be generated each year and in a sense reflects the minimum rate of return that needs to be secured on borrowed external capital, in order that the country may meet its external obligations, without diminishing welfare.

Table 1 below, affords evidence that purposeful policy measures should continue to be applied in order to ensure that the required criteria for ensuring a viable external payments situation are fulfilled. It is observed, for example

that the percentage share of merchandise exports in Gross Domestic Product has increased from 19.9 per cent. in 1967 to 20.0 per cent. in 1968. But significantly enough, in 1969, a year in which heavy external payments were made, the share of merchandise exports in Gross Domestic Product fell, as compared with 1968. The combined income derived from goods and services shows a similar trend. Meanwhile the share of imports (both of goods and services) out of own resources, fell by a much smaller percentage; it amounted to 23.5 per cent and 23.2 per cent of G.D.P. in 1967 and 1968, respectively, and fell to 22.1 per cent of G.D.P. in 1969.

TABLE II (G) 1

Percentage shares of principal categories of External Receipts and Payments in Gross Domestic Product at Current Factor Cost.

	1967		1968		1969	
	Rs. Mn.	% Share	Rs. Mn.	% Share	Rs. Mn.	% Share
1. GDP at Current Factor Cost ..	8,277		9,869		10,925	
2. Merchandise Exports ..	1,650	19.9	1,976	20.0	1,909	17.5
3. Exports of Goods & Services ..	1,866	22.5	2,231	22.6	2,182	20.0
4. Merchandise Imports						
(a) Own Resources ..	1,727	20.9	2,033	20.5	2,072	19.0
(b) Including Aid ..	1,985	24.0	2,356	23.9	2,653	24.3
5. Imports of Goods and Services						
(a) Own Resources ..	1,943	23.5	2,291	23.2	2,409	22.1
(b) Including Aid ..	2,201	26.6	2,614	26.5	2,990	27.4
6. Capital Amortization ..	78	0.9	266	2.7	390	3.6
7. Imports of Goods and Services & Capital Amortization						
(a) Own Resources ..	2,021	24.4	2,557	25.9	2,799	25.6
(b) Including Aid ..	2,279	27.5	2,880	29.2	3,380	31.0
8. External Resource Gap ..	- 413	5.0	- 649	6.6	- 1,198	11.0

Source: Central Bank of Ceylon.

Likewise, the share of capital amortization in Gross Domestic Product has more than trebled from 0.9 per cent in 1967 to 3.6 per cent. in 1969. While, therefore, total external payments, expressed as a percentage of the country's GDP have increased from 24.4 per cent. in 1967 to 25.6 per cent. in 1969, the country's external income, as measured by its earnings on goods and services, has declined from 22.5 per cent. of GDP in 1967, to 20.0 per cent. of GDP in 1969. Concurrently the 'resource gap', as measured by the difference between the sum of earnings from exports of goods and services and the sum of payments for goods and services and capital amortization, has increased from 5.0 per cent. of GDP in 1967, to 11.0 per cent. of GDP in 1969.

The existence of a 'resource gap' of this magnitude may be a reflection of the country's increasing capacity to absorb the type of external resources that are germane to its development effort. This has however, to be viewed against the slow growth in income from the export of goods and services, which in the final analysis, is required to reduce or eliminate the resource gap.

While the increasing share of external debt amortization and the poor export performance in respect of goods and services, are by themselves disquieting features, a less significant feature of Ceylon's external payments, viz. the mode of financing the resource gap, has assumed particular importance, in 1969. Table 2 below, illustrates the 'resource gap' that emerged in the years 1968 and 1969, and the respective modes of financing.

The resource gap which amounted to Rs. 649 million in 1968, increased to Rs. 1,198 million in 1969. Quite apart from the substantial increase in the size of the gap, a striking feature is the shift in the modes by which it has been financed. In 1969, much larger recourse has been made to short-term financing mechanisms, as compared with 1968. The shares of commodity aid, grants, private capital and drawings from the International Monetary Fund have declined, while the use of foreign bank borrowings, short-term credits and Ceylon's external assets, has increased. The shift in the composition of modes of financing has been primarily a result of a substantial reduction in the volume of financing available from the I.M.F. in 1969, as compared with 1968; in 1968 drawings from the I.M.F. financed 32.8 per cent of the resource gap, whereas in 1969, its share declined to only 6.4 per cent.

TABLE II (G) 2
Modes of Financing the External Resource Gap—1968 and 1969
(Rupees Million & Per cent shares)

	1968		1969	
	Rs. Million	% Share	Rs. Million	% Share
Resource Gap ..	649		1,198	
Financing: ..	649	100	1,198	100
1. External Assets ..	- 14	- 2.1	86	7.1
2. Foreign Bank Borrowings ..	—	—	227	18.9
3. I.M.F. Drawings ..	213	32.8	77	6.4
4. Bilateral trade balances ..	42	6.5	18	1.5
5. Short-term trade credits ..	84	12.9	185	15.4
6. Suppliers' credits ..	n.a.	n.a.	176	14.7
7. Commodity aid ..	255	39.3	272	22.7
8. Project aid ..	40	6.2	89	7.4
9. Grants ..	28	4.3	46	3.8
10. Private capital ..	8	1.2	9	0.8
11. Other ..	9	1.4	18	1.5
12. E. & O E. ..	- 16	- 2.5	- 5	-0.4

Source: Central Bank of Ceylon

The increasing resort to short-term financing mechanisms in 1969, was to some extent, a result of factors over which Ceylon had little or no control. Thus, for example, when the foreign exchange expenditure for 1969 was programmed towards the end of 1968, merchandise export income was forecast at approximately Rs. 2031 million. On this basis the value of imports for the year had been programmed. However, the collapse of tea prices beyond anticipated levels, combined with a poor export performance in respect of coconut products, posed a serious dilemma for balance of payments management in 1969. Sharp and sudden cuts in the import licensing programme were not feasible, without

jeopardising the goals of realizing the government's investment plans, and, the maximization of capacity utilization and price stabilization of essential consumer goods.

The balance of payments had, therefore, to be increasingly supported by short-term foreign bank borrowings and use of Ceylon's external assets. The average level of outstanding short-term foreign bank borrowings increased from Rs. 27.3 million and Rs. 87.6 million in the first and second quarters, respectively, to Rs. 196.9 million in the third quarter, and, averaged Rs. 194.5 million in the fourth quarter. Borrowings were particularly heavy in the month of December, (averaging Rs. 214.6 million), because of a sharp fall in export earnings, arising from the strike in the Port of Colombo. Heavy payments for imports were continuing to be made in the meanwhile.

B. External Resources and their Use.

1. Merchandise Account

Table A on page 196 gives details of Ceylon's balance of payments performance in 1969, as compared with 1968. Income from merchandise exports totalled Rs. 1909 million, showing a decline of Rs. 67 million, as compared with the previous year. It also reflected a shortfall of Rs. 122 million, as compared with the Foreign Exchange Budget forecast, for the year 1969. A detailed analysis of the factors influencing the volume and value of exports in 1969, are given in the Foreign Trade Section, on pages 216 to pages 246.

The value of merchandise imports in 1969, on an exchange record basis, is estimated at Rs. 2653 million. This is Rs. 297 million more than the value in 1968. Of the total value of merchandise imports in 1969, imports out of the country's own resources totalled Rs. 2072 million, or Rs. 39 million more than in 1968.

Consequently the trade deficit, when measured on an own resources basis, amounted to Rs. 163 million, as compared with a trade deficit of Rs. 57 million in 1968. The substantial increase in the trade deficit in 1969, on an own resources basis, has as indicated earlier, been due to an unexpected fall of Rs. 122 million in actual export income, as compared with the Foreign Exchange Budget forecast, combined with an increase of Rs. 39 million in merchandise import payments in 1969, as compared with the previous year.

The availability of aid and suppliers' credit imports totalling Rs. 581 million, (or Rs. 158 million more than in 1968), enabled Ceylon to increase the value of her imports to Rs. 2653 million, c.i.f., in 1969, as compared with Rs. 2356 million c.i.f. in 1968. This aid raised the nominal trade deficit, (i.e. the deficit inclusive of aid imports) to Rs. 744 million, as compared with Rs. 380 million, in 1968.

Table 3 below gives details of licenses issued in respect of A and B Quota imports for the years 1968 and 1969, and imports in 1969 in respect of A and B Quota and Open General Licence imports. Data in respect of Letters of Credit opened in 1968 and 1969 for Open General Licence Imports are also provided.

TABLE II (G) 3

Licences Issued in respect of Principal Import Categories, Letters of Credit opened in respect of Open General Licence Imports: 1968 and 1969, and Imports on an own resources basis: 1969.

Rupees million				
	Licences Issued (own resources)		Change	Imports in 1969
	1968	1969		
Imports:				
A Quota ..	1762	1203	- 559	1235
B Quota ..	299	605	+ 306	422
Total ..	2061	1808	- 253	1657
Open General Licence Imports ..	308*	374*	+ 66	415
Total	2369	2182	- 187	2072

Source: Ministry of Planning & Economic Affairs.
Central Bank of Ceylon.

* Letters of Credit Opened. Data for 1968 are for the period May-December.

Table B, on page 198 gives details of import values by principal categories and commodities, for the years 1966-1969. Total import values have increased from Rs. 2356 million in 1968 to Rs. 2653 million in 1969. However, there has been a significant shift in the composition of imports. With the exception of flour, sugar and textile imports, there has been a shift in favour of intermediate and capital goods, indicative of the structural changes taking place in the economy. Of considerable significance is the reduction of Rs. 74 million (or 22 per cent) in the payments made on rice imports in 1969, as compared with 1968.

2. Services Account:

The Services Account showed a modest deficit of Rs. 3 million (excluding grants) in 1968. This increased to Rs. 64 million in 1969. This fact has been one of the important contributory causes of the deterioration of the balance of payments in 1969. The value of income on services account increased from Rs. 255 million in 1968 to Rs. 273 million in 1969. The value of payments, however, increased by much more, from Rs. 258 million in 1968 to Rs. 337 million in 1969.

Changes in major ingredients comprising the Services Account are indicated in Table 4, below.

TABLE II (G) 4

Changes in Major Sectors in the Services Account — 1968 and 1969

Rs. Million

	Credit			Debit			Balance	
	1968	1969	Change	1968	1969	Change	1968	1969
Non—monetary gold ..	—	—	—	3	—	- 3	- 3	—
Port, Transportation & Insurance ..	138	138	—	34	34	—	+104	+104
Foreign Travel ..	11	17	+ 6	20	22	+ 2	- 9	- 5
Investment Income ..	13	15	+ 2	66	119	+53	- 53	-104
(i) Profits and dividends ..	1	2	+ 1	24	62	+38	- 23	- 60
(ii) Interest ..	12	13	+ 1	42	57	+15	- 30	- 44
Government Expenditures ..	29	25	- 4	15	23	+ 8	+ 14	+ 2
Miscellaneous Services ..	56	66	+10	99	112	+13	- 43	- 46
Private transfers ..	8	12	+ 4	21	27	+ 6	- 13	- 15
Total ..	255	273	+18	258	337	+79	- 3	- 64

Source: Central Bank of Ceylon

The marked increase in the deficit on services in 1969, as compared with 1968, reflects a worsening of the deficit on investment income account. This deficit which amounted to Rs. 53 million in 1968, increased to Rs. 104 million in 1969. Interest payments increased from Rs. 42 million in 1968, to Rs. 57 million in 1969. Remittance of profits and dividends rose from Rs. 24 million in 1968, to Rs. 62 million in 1969, largely reflecting releases of blocked moratorium funds. This also reflects remittances in 1969 of moratorium funds held up in 1968 pending finalization of the method of treatment of moratorium remittances under the Foreign Exchange Entitlement Certificate Scheme. The deficit on miscellaneous services increased as a result of increased payments on account of professional and technical consultancy services and fees. These related primarily to government investment projects. There was also an increase in expenditure related to export promotion abroad.

Receipts from tourism increased from Rs. 11 million (or U.S. \$ 1.8 million) in 1968 to Rs. 17 million (or U.S. \$ 2.9 million) in 1969, or by 55 per cent. The total number of tourists visiting Ceylon in 1969 is estimated at 40,204, as compared with 28,272 in 1968. This represents an increase of 42 per cent. Thus the rate of increase in earnings from tourism in 1969 was higher than the rate of increase in tourist traffic. Earnings per head increased from Rs. 364 (or U.S. \$ 61.2) in 1968 to Rs. 423 (or U.S. \$ 71.1) in 1969. The improvement in earnings from tourism in 1969, is attributable both to the improvement in tourist infra-structure that has occurred and to the premium exchange rate offered to tourists, in combination with an improvement in exchange control procedures.

Another encouraging feature in the services account for the year 1969, as compared with the previous year, has been an improvement in receipts from private transfers. Such receipts increased from Rs. 8 million in 1968 to

Rs. 12 million in 1969, or by 50 per cent. Inward private transfers are eligible to the benefits of the Foreign Exchange Entitlement Certificate Scheme and this fact may have encouraged the flow of such funds into Ceylon in the course of 1969. The prevailing scarcity of credit facilities in Ceylon, may have been an additional factor.

3. Capital Account:

The external resource gap in 1969 amounted to Rs. 1198 million, as compared with Rs. 649 million in 1968. The financing of this gap was made possible by long term capital inflows (including private capital), the use of trade credits (including bilateral trade credits), foreign short-term bank borrowings, drawings from the I.M.F. and the use of Ceylon's external assets. Details of such capital flows are given in Table C, on page 199.

The value of commodity aid imports increased from Rs. 255 million in 1968, to Rs. 272 million in 1969, while the value of project aid more than doubled from Rs. 40 million in 1968, to Rs. 89 million in 1969. Over the same period, the value of grants increased from Rs. 28 million to Rs. 46 million. Aid imports financed 22 per cent of Ceylon's merchandise imports in 1969, as compared with 14 per cent in 1968. The share of suppliers credits and short term trade credits in total imports has also shown a tendency to increase in 1969.

There was a marked increase in short-term bank borrowings in 1969, combined with a draw down of external assets. Outstanding short-term foreign bank borrowings at the end of 1969 amounted to Rs. 255.9 million while Ceylon's external assets had been drawn down by Rs. 85.9 million. Drawings from the International Monetary Fund amounted to Rs. 77 million, as compared with Rs. 213 million in 1968.

An increasing proportion of resources mobilized in 1969 were utilized to meet payments on services account and capital account. Thus the share of merchandise imports in total resource utilization declined further, from 81 per cent in 1968, to 78 per cent in 1969. The share of service payments in total resource utilization increased from 9 per cent in 1968 to 10 per cent, in 1969, while the share of resources devoted to capital amortization also increased from 9 per cent, to 11 per cent over the same period.

The increasing share of service payments and capital amortization in total resource use has implications for policy. This arises from the fact that while capital inflows, which are generally in the form of goods, do tend to augment total resources, yet payments in respect of capital amortization have to be made in foreign exchange. A failure to generate adequate savings in foreign exchange through a surplus in the current account of the balance of payments, will therefore, tend to aggravate the problem of financing services and capital transfers, each year.

TABLE
Balance of

	Rupees		
	1968		
	Credit	Debit	Net
1. Merchandise Account			
Exports (f. o. b.)	1,976		
Imports c. i. f. (own resources)		2,033	
(Aid Imports and Suppliers' Credits)		323	
Total Imports		2,356	
Trade balance (own resources)			(- 57)
Trade balance (all imports)			-380
2. Services Account			
Non-monetary gold		3	- 3
Port, transportation and insurance	138	34	+104
Foreign Travel	11	20	- 9
Investment Income	13	66	- 53
(i) Profits & dividends	1	24	- 23
(ii) Other (interest)	12	42	- 30
Government expenditures	29	15	+ 14
Miscellaneous services	56	99	- 43
Private transfers	8	21	- 13
Total Services	255	258	- 3
3. Total Current Account (Own resources)	(2,231)	(2,291)	(- 60)
Total Current Account (all items)	2,231	2,614	-383
4. Capital Payments		266	-266
Loans		61	- 61
Suppliers' Credits			
Short-term credits		98	- 98
Oil compensation & A. D. B.		12	- 12
Private capital		9	- 9
I. M. F.		48	- 48
Bank borrowings		29	- 29
Other		9	- 9
Total Current & capital payments (own resources)			(- 326)
Total Current & capital payments (all items)			-649
5. Financing			
I. M. F. Drawings	213		+213
Bank borrowings			
Bilateral balances	42		+ 42
Suppliers' credits			
Short-term credits	84		+ 84
External Assets		14	- 14
Commodity aid	255		+255
Project aid	40		+ 40
Grants	28		+ 28
Private capital	8		+ 8
Others	9		+ 9
E. & O. E.		16	- 16
Total Financing	679	30	+649

(a) Provisional.

(A)

Payments 1968 - 69

Million			U. S. Dollars Million					
1969 (a)			1968			1969 (a)		
Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
1,909	2,072 581 2,653	(- 163) - 744	332	342 54 396	(- 10) - 64	321	348 98 446	(- 27) - 125
—	—	—	—	1	- 1	—	—	—
138	34	+ 104	23	6	+ 17	23	6	+ 17
17	22	- 5	2	3	- 1	3	4	- 1
15	119	- 104	2	11	- 9	3	20	- 17
2	62	- 60	—	4	- 4	—	10	- 10
13	57	- 44	2	7	- 5	3	10	- 7
25	23	+ 2	5	2	+ 3	4	4	—
66	112	- 46	10	17	- 7	11	19	- 8
12	27	- 15	1	3	- 2	2	4	- 2
273	337	- 64	43	43	—	46	57	- 11
(2,182)	(2,409)	(- 227)	(375)	(385)	(- 10)	(367)	(405)	(- 38)
2,182	2,990	- 808	375	439	- 64	367	503	- 136
—	390	- 390	—	45	- 45	—	66	- 66
—	77	- 77	—	10	- 10	—	13	- 13
—	50	- 50	—	—	—	—	8	- 8
—	147	- 147	—	16	- 16	—	25	- 25
—	12	- 12	—	2	- 2	—	2	- 2
—	8	- 8	—	2	- 2	—	1	- 1
—	87	- 87	—	8	- 8	—	15	- 15
—	—	—	—	5	- 5	—	—	—
—	9	- 9	—	2	- 2	—	2	- 2
—	—	(- 617) - 1,198	—	—	(- 55) - 109	—	—	(- 104) - 202
77	—	+ 77	36	—	+ 36	13	—	+ 13
227	—	+ 227	—	—	—	38	—	+ 38
18	—	+ 18	7	—	+ 7	3	—	+ 3
176	—	+ 176	—	—	—	30	—	+ 30
185	—	+ 185	14	—	+ 14	31	—	+ 31
86	—	+ 86	—	2	- 2	14	—	+ 14
272	—	+ 272	43	—	+ 43	46	—	+ 46
89	—	+ 89	7	—	+ 7	15	—	+ 15
46	—	+ 46	5	—	+ 5	8	—	+ 8
9	—	+ 9	1	—	+ 1	2	—	+ 2
20	—	+ 20	2	—	+ 2	3	—	+ 3
—	5	- 5	—	3	- 3	—	1	- 1
1,203	5	+ 1,198	114	5	+ 109	203	1	+ 202

Source: Central Bank of Ceylon

TABLE (B)
Imports - By Principal Categories and Commodities - 1966-1969

Rupees Million,

	Year	Rice	Flour	Sugar	Dairy Products	Fish & fish preparations	Curry-stuffs & other food stuffs	Petroleum Products	Fertilizers	Tobacco & Beverages	Medicinal Products	Other Chemicals	Cement	Iron & Steel	Machinery	Textiles	Transport Equipment	Paper & Card-board	Other	Total	
Free Exchange	1966	168.9	108.4	38.8	72.6	60.6	170.6	46.0	43.7	10.2	30.0	58.0	8.0	48.5	109.8	108.4	66.6	32.0	228.9	1410.0	
	1967	103.5	189.0	41.9	64.2	56.4	125.7	67.6	41.9	8.3	19.4	65.6	2.9	46.1	105.1	48.8	52.8	22.4	207.6	1269.2	
	1968	139.6	96.3	78.0	86.0	76.7	159.1	63.1	42.6	12.9	24.2	91.4	6.8	63.9	179.6	87.5	62.5	25.9	203.2	1499.3	
	1969	60.4	105.6	79.4	40.0	73.5	130.4	126.3	39.7	10.0	21.6	112.2	7.5	71.4	189.3	108.6	138.6	38.9	204.3	1557.7	
Payments Agreements	1966	96.2	—	31.2	0.8	0.1	13.3	66.6	4.4	—	3.3	5.8	20.5	4.5	3.4	56.8	0.2	6.3	25.2	338.6	
	1967	121.2	—	32.8	2.0	1.3	18.4	63.3	6.0	0.2	1.1	4.0	12.7	8.6	4.7	46.6	1.5	4.6	43.1	372.1	
	1968	191.4	—	13.7	2.2	0.6	28.6	63.8	4.5	—	3.1	7.2	15.5	1.1	7.9	58.7	0.4	1.9	52.1	452.7	
	1969	196.8	—	35.4	5.3	—	23.0	11.5	3.1	—	6.2	11.7	14.8	1.4	20.7	90.6	2.6	2.4	45.1	470.6	
Suppliers' Credits* and Short-term Credits	1966	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	1967	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	1968	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	1969	—	—	—	—	—	12.9	32.6	0.5	—	—	—	—	—	32.8	—	89.0	—	—	167.8	
Grants	1966	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	1967	—	—	—	22.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	22.3	
	1968	—	18.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	25.0	
	1969	—	26.9	—	9.7	—	—	—	0.9	—	—	—	—	—	—	—	—	—	3.8	46.4	
Loans																					
	1. Commodity aid	1966	—	13.5	—	—	4.5	1.9	—	36.3	—	—	—	—	—	9.0	17.6	23.2	—	37.9	143.9
		1967	—	23.5	—	—	4.4	—	—	43.0	—	1.0	—	—	—	58.3	15.4	55.3	0.9	—	201.8
		1968	—	114.4	—	0.4	—	3.0	—	62.3	—	0.6	—	—	—	17.4	—	42.1	0.4	32.3	272.9
1969		—	110.4	—	—	—	—	—	60.7	—	7.7	—	—	—	23.2	5.9	50.9	8.8	3.6	271.2	
2. Project aid	1966	—	—	—	—	—	—	—	—	—	—	—	—	—	55.0	—	—	—	—	55.0	
	1967	—	—	—	—	—	—	—	—	—	—	—	—	—	33.5	—	—	—	—	33.5	
	1968	—	—	—	—	—	—	—	—	—	—	—	—	—	40.2	—	—	—	—	40.2	
	1969	—	—	—	—	—	—	—	—	—	—	—	—	—	85.3	—	1.8	—	—	87.1	
3. P. L. 480	1966	—	15.6	—	—	—	1.4	—	—	—	—	—	—	—	—	—	—	—	—	17.0	
	1967	—	16.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	16.2	
	1968	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
	1969	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total†	1966	265.1	137.5	70.0	73.4	65.2	187.2	112.6	84.4	10.2	33.3	63.8	28.5	53.0	177.2	182.8	90.0	38.3	292.0	2017.6	
	1967	224.7	228.7	74.7	88.5	62.1	144.1	130.9	90.9	8.5	21.5	69.6	15.6	54.7	201.6	110.8	109.6	27.9	250.7	1984.6	
	1968	331.0	228.7	91.7	88.6	77.3	190.7	126.9	109.4	12.9	27.9	98.6	22.3	65.0	252.1	146.2	105.0	28.2	287.6	2356.0	
	1969	257.2	242.9	114.8	55.0	73.5	166.3	170.4	104.9	10.0	35.5	123.9	22.3	72.8	356.4	205.1	282.9	50.1	256.8	2652.8	

* Comparable data are not available for previous years.

† Totals adjusted for freight and insurance.

Source: Central Bank of Ceylon.

TABLE (C)
External Resources and their Use

Item	Rupees Million				Percentage Share			
	1966	1967	1968	1969	1966	1967	1968	1969
A. RESOURCES								
1. Merchandise exports f.o.b. ..	1674	1650	1976	1909	70	70	68	56
2. Services Account ..	204	216	255	273	9	8	9	8
3. Capital Inflows ..	226	261	326	413	9	11	11	12
of which								
(a) Loans (1) ..	173	212	295	362	7	9	10	11
(b) Grants (1) ..	51	46	23	46	2	2	1	1
(c) Private Capital ..	2	3	3	5	—	—	—	—
4. Short-term liabilities ..	175	275	348	701	7	11	12	21
of which								
(a) Gross drawings from the International Monetary Fund (2) ..	144	123	213	77	6	5	7	2
(b) Increase in bilateral payments agreement balances ..	31	80	42	18	1	3	2	1
(c) Borrowings from foreign banks ..	—	57	—	227	—	2	—	7
(d) Short-term credits ..	—	—	84	185	—	—	3	5
(e) Supplier's credits ..	—	—	—	176	—	—	—	5
(f) Other ..	—	15	9	18	—	1	—	1
5. Decline in external assets net of sterling loan sinking funds ..	126	—	—	90	5	—	—	3
Total ..	2405	2402	2905	3386	100	100	100	100
B. USE.								
6. Merchandise imports c.i.f. ..	2018	1985	2356	2653	84	83	81	78
of which aid ..	224	258	323	581	11	11	11	17
7. Services Account ..	213	216	258	337	9	9	9	10
(a) Investment income ..	26	32	24	62	1	1	1	2
(b) Migrant's transfers ..	32	31	21	27	1	1	1	1
(c) Interest payments ..	21	33	42	57	1	1	1	2
8. Capital Amortisation or repatriation ..	114	73	251	377	4	3	9	11
(a) Private ..	8	10	15	16	—	—	1	1
(b) Official ..	30	45	61	77	1	2	2	2
(c) Repurchases and gold subscription at the International Monetary Fund ..	76	18	48	87	3	1	2	3
9. Suppliers' credits ..	—	—	—	50	—	—	—	1
10. Short-term credits ..	—	—	98	147	—	—	3	4
11. Bank borrowings ..	—	—	29	—	—	—	1	—
12. Short-term liabilities (3) ..	62	—	7	13	3	—	—	1
13. Increase in external assets (net of sterling loans sinking funds) ..	—	125	10	—	—	5	—	—
14. Balancing item ..	-2	+3	+23	+6	—	—	1	—
Total ..	2,405	2,402	2,905	3,386	100	100	100	100

Source: Central Bank of Ceylon.

- (1) Includes assistance received in the form of Project Aid and Commodity Aid.
(2) Includes special drawing of Rs. 19 million in 1966 to pay the gold subscription on account of the increase in Ceylon's quota from U. S. \$52 million to U. S. \$78 million in 1966.
(3) Short-term liabilities consist of changes in bilateral payments agreement balances, and change in balances of firms enjoying special account facilities

TABLE (D)
Ceylon's Balance of Payments(a)

Year	Rupees Million																	
	(1)	(2)	(3) Trade Balance		(5) Services Account (including grants)			(8) Current A/c Balance		(10)	(11)	(12)	(13)	(14) Monetary Movements				
	Domestic Exports (f.o.b.)	Imports (c.i.f.)	Own Resources (b)	Total (including aid)	Credits	Debits	Net	Own Resources (c)	Total (including aid)	Long-Term Capital			Basic Balance (e)	Bilateral trade agreement Balances	Transactions with I.M.F.(f)	Foreign Bank borrowings	Changes in total external assets	Net Short-term capital
										Receipts	Payments	Net (d)						
1960	1,796	2,006	-137	-210	307	317	-10	-207	-220	32	10	+22	-198	n.a.	-	-	-193	+5
1961	1,707	1,794	-27	-87	271	278	-7	-83	-94	23	12	+11	-83	n.a.	+54	-	-9	+20
1962	1,763	1,906	-60	-143	270	267	+3	-94	-140	48	9	+39	-101	-14	+54	-	-28	+33
1963	1,708	1,869	-31	-161	260	267	-7	-82	-168	90	10	+80	-88	+39	-	-	-42	+7
1964	1,767	1,960	-38	-193	265	232	+33	-81	-160	85	17	+68	-92	+19	-	-	-51	+22
1965	1,909	1,922	+128	-13	271	199	+72	-136	+59	80	22	+58	+117	-68	+54	-	+114	-11
1966	1,674	2,018	-98	-344	272	219	+53	-108	-291	190	53	+137	-154	+29	+72	-	-122	-69
1967	1,650	1,985	-77	-335	262	216	+46	-77	-289	221	60	+161	-128	+80	+105	+57	+131	+17
1968	1,976	2,356	-57	-380	284	259	+25	-60	-355	305	81	+224	-131	+42	+166	-29	+14	-34
1969 (g)	1,909	2,653	-163	-744	319	337	-18	-227	-762	371	97	+274	-488	+18	-10	+227	-86	+167

Notes:-

Source: Central Bank of Ceylon

- (a) Based on Exchange Control data on Foreign receipts and payments.
- (b) Consists of the following:— (1) Commercial banks Foreign Exchange transactions (2) Commercial banks' non-resident accounts; (3) Central Bank's foreign currency operations; (4) Payments Agreement transactions; (5) Special Account transactions; viz. Sterling Plantation Companies, Traders' Accounts etc. and (6) Short-term credit imports of a maturity of less than 12 months.
- (c) Current Account balance on an own resources basis is the sum of columns 3+7 less official grants received.
- (d) Includes net movements of private and official long-term capital i.e. items 11, 12 and 14.1 in as shown appendix table Nos. 43, 44 and 45.
- (e) Basic balance is derived from the total current account deficit less net long-term capital inflows.
- (f) Transactions with the I.M.F. refer to drawings and repurchase transactions with the Fund. Figures in respect of 1965 and 1966 also include contributions in gold made to the Fund consequent upon increases in Ceylon's Quota with the I.M.F.
- (g) Provisional.