

(G) THE BALANCE OF PAYMENTS, EXTERNAL ASSETS AND TOURISM

Detailed statistics of Ceylon's balance of payments and external assets are available in Tables 43-47 in Appendix II. Balance of payments data are largely derived from exchange control records of actual receipts and payments during the year, and are supplemented by information from other sources such as the Ministry of Planning and Employment. These figures may differ from the statistics used in the foreign trade section which are based exclusively on Customs Returns.

(I) Background and Trends

The factors which have been responsible for the large and persistent deficits in the *current account* of the balance of payments in recent years, continued to operate in 1970. The index of import prices (1967=100), which was at 134 in 1969 increased further to 140 in 1970. There was a slight improvement in export prices, the index rising from 117 in 1969 to 118 in 1970, but this was not sufficient to prevent a further worsening of the terms of trade, the index of which fell from 88 to 84.

While the terms of trade continued to be adverse, there was some improvement in the quantities exported. The index of export volume increased from 98 to 102 (1967=100). This increase, coupled with the slightly higher prices realised in 1970, helped export receipts to increase by Rs. 102 million to Rs. 2011 million. In rupee terms, this level of export receipts is the highest recorded since the devaluation of the Ceylon Rupee in November 1967. There was also a significant reduction in the quantity of imports, the index of which fell from 108 in 1969 to 102 in 1970. As a result, the deficit in the *current account* (exclusive of official transfers) narrowed down to Rs. 468 million in 1970 as compared with the record level of Rs. 843 million in 1969.

In spite of the fact that there was a substantial reduction in the deficit in the *current account*, the management of the external financial situation presented formidable problems. The cumulative effect of the almost continuous deficits which had been incurred has resulted in the depletion of Ceylon's exchange reserves. At their current level, the reserves are not adequate to meet a sudden and unexpectedly large difference between external payments and receipts. The low level of reserves was thus a source of considerable concern to the monetary authorities in 1970.

A further source of anxiety was Ceylon's heavy reliance on short-term debt for financing balance of payments deficits. The Central Bank has, in the past, arranged several lines of credit with foreign banking and financial institutions, with the object of augmenting the supply of liquid assets available for meeting any sudden unfavourable change in the country's payments situation. Although arranged for contingencies, considerable use has had to be made of this form of credit in recent years merely for bridging the recurring gap between external payments and receipts. The use of such short-term facilities for financing deficits of a more enduring character poses dangers to the Ceylon economy. The availability of such credit depends not only on the continued confidence in the

creditworthiness of Ceylon, but also on the conditions prevailing in the money markets of the world, which are outside Ceylon's control. In a period of tight monetary conditions abroad, such credit is liable to be withdrawn (or not renewed); thus, forcing Ceylon to make sudden and possibly substantial cuts in her expenditure on foreign goods and services. Even if such curtailment of expenditure proved feasible, it should be noted that delay in making the necessary reductions could cause problems to the Central Bank with the reserves at their present level.

The steadily deteriorating foreign exchange position has been the subject of several reports to the government, under Section 68 of the Monetary Law Act, from as far back as 1963. In 1970, the Monetary Board continued to submit additional reports, with particular emphasis on the liquidity position of the International Reserve of the Central Bank and the need for immediate measures to augment liquid reserves.

When the new government took office in May 1970, one of its immediate actions was to suspend the Open General Licence Scheme pending a review of the foreign exchange position. As there was no likelihood of any appreciable improvement in Ceylon's balance of payments position in the immediate future, there was little option but to suspend the Open General Licence Scheme. Accordingly it was decided that all imports should be brought under individual import licence and that quotas be issued in accordance with a system of priorities.

In the *services account*, the sharp increase in interest payments contributed to a worsening of the deficit in 1970. Nevertheless, it is noteworthy that tourist earnings increased by nearly 30 per cent from Rs. 17 million in 1969 to Rs. 22 million in 1970 resulting for the first time in a surplus on account of foreign travel.

It was entirely due to the improvement in the *merchandise account* that there was a modest decline in the external resources gap in 1970. This improvement, however, cannot give cause for any optimism. Although there was a significant increase in export receipts, the size of the increase was still insufficient in relation to the gap existing between Ceylon's current payments and receipts. One encouraging feature, however, has been the substantial increase in earnings from minor exports, which, according to Customs data, rose from Rs. 161.2 million in 1969 to Rs. 198.5 million in 1970, a change of 23 per cent. A continuing increase in receipts from these exports may be expected as a result of the stimulus imparted by the Foreign Exchange Entitlement Certificate Scheme.

The ability to contain imports at the 1970 level, without adverse effects on the domestic economy, remains in doubt. On the one hand, there is a growing need for additional imports to meet the requirements of an increasing population. On the other hand, additional imports will be needed for the various investment projects which are being undertaken to achieve rapid development.

While any restriction of imports is likely to retard the growth of the economy, it must also be recognized that the volume of imports which the country can afford to finance will progressively decrease if present trends continue. After

allocations are made for the increasing debt service burden, a declining proportion will be available out of exchange earnings for allocation on imports. Moreover, if import prices continue to rise, import capacity will be correspondingly reduced.

In this context, the government has introduced several policy measures which can contribute to the restoration of the country's external finances to a healthier basis. In several official announcements the government has tried to impress on the public the seriousness of the balance of payments situation and the need for conserving foreign exchange. Some of the measures introduced in the budget should also help contain the expansion of demand for imports. Among the more important of these are:

- (a) the reduction in the proportion of the budget deficit financed through bank borrowings;
- (b) the increase in interest rates on government securities and savings deposits;
- (c) the increase in the rates of contributions to the Employees' Provident Fund and
- (d) the new compulsory savings scheme.

The government has also tried to give due weight to balance of payments considerations in the formulation of the country's industrial policy. For example, it has been decided that in granting official approval to new industrial projects, those industries which will make a positive contribution to the balance of payments, either by saving on imports (in particular by using domestic raw materials), or developing new exports, are to receive priority.

The full impact of these measures is likely to be felt only in the long run. Until measures of this kind are successful in restoring some degree of equilibrium, the country will have to reconcile itself to the fact of continuing balance of payments difficulties.

(2) External Resources and their use in 1970

Details of Ceylon's balance of payments performance in 1970 compared with 1969 are shown in Table A. As in the previous year the *current account* continued to be in deficit, but the record deficit of Rs. 843 million in 1969 has narrowed down this year to Rs. 468 million.

(a) Merchandise Account

Export earnings for the year at Rs. 2,011 million, recorded on an exchange transactions basis, showed an improvement of Rs. 102 million over 1969. This was very nearly equal to the Rs. 2,008 million which was forecast for purposes of the Foreign Exchange Budget. Import payments on the other hand, estimated at Rs. 2,336 million (inclusive of imports financed through aid arrangements) were Rs. 319 million less than in 1969. The value of imports financed by Ceylon's own resources was Rs. 1,867 million. The sizeable improvement in export earnings and the country's ability to check the flow of imports were the main contributory factors for the narrowing down of the *merchandise account* deficit.

Mention should be made that part of the improvement in export earnings is due to the re-classification of earnings from the sale of bunker oil as exports from 1970 onwards, in contrast to the previous practice of including such earnings in the *services account*. This re-classification has been made necessary as a result of the take-over of the supply of bunker oil by the Ceylon Petroleum Corporation.

The continued availability of aid and suppliers' credit enabled Ceylon to import goods to the value of Rs. 469 million without having to make use of her own exchange resources. As compared with 1969, imports financed by aid and credits showed a decline of Rs. 112 million. The value of imports financed by Ceylon's own exchange resources showed a decrease of Rs. 207 million.

Table II (G) 1 below provides data pertaining to the issue of licences for A and B quota imports during the years 1969 and 1970 and the value of Letters of Credit opened in respect of Open General Licence imports. Data relating to imports financed from own resources under these categories is given in Table II (G) 2.

TABLE II (G) 1
Value of Licences issued for Quota Imports* and Value of Letters of Credit opened in respect of Open General Licence Imports, 1969 and 1970.

	Rupees Million		
	Value		Change
	1969	1970	
Licences			
A Quota	1,203	1,101	- 102
B Quota	605	785	+ 180
Total	1,808	1,886	+ 78
Value of Letters of Credit on Open General Licence Imports	374	135	- 239
Total	2,182	2,021	- 161

Source: Ministry of Planning & Employment
Central Bank of Ceylon.

* Refers to imports on an "own resources" basis only.

The sharp decline in the value of Letters of Credit opened for Open General Licence imports in 1970 to Rs. 135 million and the increase in the value of B Quota licences from Rs. 605 million to Rs. 785 million, is the result of the suspension of the Open General Licence Scheme in June 1970 and the consequent transfer of some of the items imported under this facility to B Quota category.

TABLE II (G) 2

Imports on an Own Resources Basis^(a) - 1969 and 1970

			Rupees Million	
			1969	1970 ^(b)
Imports under-				
A Quota licences	..	..	1,237	1,002
B Quota licences	..	..	422	612
Total	..	..	1,659	1,614
Imports under-				
Open General Licence	..	..	415	253
Total	..	..	2,074	1,867

Source: Central Bank of Ceylon.

(a) Includes imports financed on short-term credits.

(b) Provisional.

(b) Services Account

As against the improvement in the *merchandise account* compared with 1969, there was a further deterioration in the *services account* as evident from Table II(G)3. The deficit of Rs. 97 million in the previous year had increased to Rs. 143 million in 1970.

TABLE II (G) 3

Changes in Major Sectors in the Services Account
1969 and 1970

Rupees Million								
	Credit			Debit			Balance	
	1969	1970	Change	1969	1970	Change	1969	1970
Non-Monetary gold	—	—	—	—	2	+ 2	—	- 2
Port, Transportation and Insurance	128	110	-18	34	35	+ 1	+ 94	+ 75
Foreign Travel	17	22	+ 5	22	20	- 2	- 5	+ 2
Investment Income	11	11	—	120	153	+33	-109	-142
(i) Profits and Dividends	1	1	—	52	52	—	- 51	- 51
(ii) Interest	10	10	—	68	101	+33	- 58	- 91
Government Expenditure	29	29	—	27	28	+ 1	+ 2	+ 1
Miscellaneous Services	69	66	- 3	141	128	-13	- 72	- 62
Private Transfers	15	15	—	22	30	+ 8	- 7	- 15
Total	269	253	-16	366	396	+30	- 97	-143

Source: Central Bank of Ceylon.

There were two main factors that contributed to the worsening of the imbalance in the *services account*. The first, as noted above, was the change in the classification which resulted in an artificial reduction of the earnings recorded from port transportation. The second and by far the most important, is the significant increase in interest payments resulting from the increasing indebtedness of the government and the monetary authorities. Interest payments which were Rs. 43 million in 1968 had increased to Rs. 68 million in 1969 and amounted to Rs. 101 million by 1970.

There was, however, a modest decrease in the payments for miscellaneous services. The principal components of this item are foreign consultancy services, commissions and advertising abroad.

One encouraging feature in the *services account* is the increase in tourist earnings. The stimulus imparted by the premium exchange rate and the effectiveness of the publicity campaigns, together with the expansion of the capacity of the local industry, are clearly responsible for the increase in earnings from tourism. It is also noteworthy that ever since balance of payments statistics were compiled, this is the first time that a surplus has been achieved on account of foreign travel.

It is also noticeable that private inward transfers, mainly by Ceylonese working abroad, continued to remain at the same level as in 1969.

(c) *Capital Account*

Despite the fact that there was some improvement in the *current account*, the *capital account* in 1970 continued to exhibit elements of structural weakness. The record level of the external resource gap of Rs. 1,235 million in 1969 showed a modest decline in 1970; yet it remained at the relatively high level of Rs. 1124 million as shown in Table II (G) 4.

TABLE II (G) 4
Modes of Financing the External Resource Gap 1969/1970

	1969		1970	
	Rs. Mn.	% Share	Rs. Mn.	% Share
Resource Gap	- 1,235		- 1,124	
Financing:	+ 1,235	100	+ 1,124	100
1. External Assets	86	7.0	26	2.3
2. Foreign Bank borrowings	227	18.4	123	10.9
3. I. M. F. Drawings	77	6.2	57	5.1
4. Bilateral trade balances	18	1.5	75	6.7
5. Short-term trade credits	185	15.0	434	38.6
6. Suppliers' Credits	176	14.2	85	7.5
7. Commodity Aid	272	22.0	263	23.4
8. Project Aid	89	7.2	36	3.2
9. Grants	46	3.7	75	6.7
10. Private Capital	9	0.7	10	0.9
11. Other	32	2.6	53	4.7
12. S. D. R.'s	—	—	78	6.9
13. E. & O. E.	18	1.5	11	1.0

Source: Central Bank of Ceylon.

The need for external resources was high because of the heavy capital repayments that had to be financed. Amortisation of the debt incurred by the government and the Central Bank increased by 74 per cent from Rs. 361 million in 1969 to Rs. 629 million in 1970. Of this amount, Rs. 175 million or 28 per cent only comprised long term loans contracted by the government. The entire balance of Rs. 454 million consisted of amortisation of short term liabilities.

A significant feature in the transactions with the International Monetary Fund was the heavy discharge of Ceylon's liabilities in 1970. From 1961 onwards, when Ceylon started making use of the drawing facilities at the I.M.F., drawings from the Fund have exceeded repurchases until 1969 when there was a modest net repurchase of Rs. 9 million. In 1970, as against a drawing of Rs. 57 million, Rs. 161 million of repurchases were made. This was one of the factors that contributed to the high level of capital payments that had to be financed in 1970.

In financing a resource gap of the magnitude recorded in 1970 recourse had to be made, as in 1969, to a high level of overseas borrowing. Drawings on long term loans amounted to Rs. 384 million and the short term debts incurred by the government and the Central Bank totalled Rs. 667 million while long term finance declined by 29 per cent over the previous year, drawings on short term credit arrangements showed an increase of 28 per cent. However, even this level of borrowing proved insufficient to meet the entire resource gap. It was therefore necessary to utilise the entire allocation of Special Drawing Rights totalling Rs. 78 million while official grants amounting to Rs. 75 million was also made use of for this purpose. A modest addition nevertheless was made to the External Reserves amounting to Rs. 26 million, while Ceylon's liability on account of Payments Agreements was also reduced by Rs. 75 million.

A main cause for concern in the balance of payments developments in 1970, more than the size of the resource gap, is the shift in the source of imbalance. In the past, a high level of external resources had to be mobilised mainly to meet the deficit in the *current account* and to amortise a moderate level of external debt. A noticeable change that has occurred in 1970 is, that of the resource gap of Rs. 1,124 million, Rs. 468 million or 41.6 per cent only consisted of the deficit in the *current account*. The balance of Rs. 656 million was on account of capital payments. Even in 1969 when a larger resource gap of Rs. 1,235 million occurred, only 31.7 per cent was utilised to meet capital payments and the balance went to meet the *current account* deficit.

The high level of capital payments reflect, on the one hand, that the grace period for repayment normally granted on long term loans arranged in the latter half of the sixties, is now over and amortisation has begun. On the other hand, it also shows that the high level of short term liabilities that were incurred in the past to meet deficits in the *current account* are now claiming a significant share of the external resources in amortisation.

(3) External Assets

Ceylon's gross external assets, at the end of December 1970, amounted to Rs. 402.6 million (see Appendix II Table 47). Excluding the contributions to the sterling loans sinking fund, which are not available for financing deficits in the balance of payments, the net reserve strength amounted to Rs 366.6 million.

Of the total external assets, the International Reserve of the Central Bank accounted for Rs. 194.0 million, an increase of Rs. 28.8 million over 1969. The external assets of the Government and Government Agencies and Institutions totalled Rs. 58.0 million recording a decline of Rs. 15.5 million over the previous year. The reserves of the commercial banks amounting to Rs. 150.6 million showed an increase of Rs. 12.2 million. The principal components of these commercial bank balances were their foreign exchange and export bill holdings.

In 1970, Ceylon's external assets, net of sterling loan sinking funds, showed an increase of Rs. 39.1 million notwithstanding an external resource gap of Rs. 1,124 million. The increase in reserves was made possible because of the drawings on external loans and the allocation of Special Drawing Rights by the International Monetary Fund.

Ceylon's allocation of Special Drawing Rights for the year 1970 amounted to Rs. 78.0 million; net short-term borrowings, inclusive of transactions with the I.M.F, for the year totalled Rs. 19 million. Rules of reconstitution of Special Drawing Rights require that on the average 30 per cent of a country's allocation remain unutilised. When allowance is made for the required replenishment of Special Drawing Rights amounting to Rs. 23.4 million and the increase in net short-term liabilities, the external reserves should actually be regarded as having declined by Rs. 3.3 million over the 1969 level.

(4) Tourism

Tourism has become a fairly important source of foreign exchange for Ceylon. The increase in tourist¹ arrivals and the resultant rise in foreign exchange earnings shows that there is considerable scope for its further development. Despite early efforts this potential was not exploited until the sixties.

The first Tourist Bureau was set up in Ceylon as far back as 1937, but had to be closed down due to the outbreak of the War. In 1948, soon after independence, Government once again set up a Tourist Bureau to promote tourism. Although the Bureau functioned for a long period of time it made very little progress. In 1966, the Tourist Bureau was replaced by the Ceylon Tourist Board which was entrusted with tourist promotion and development.

Up to the year 1967, tourist traffic to Ceylon fluctuated around 19,000 per year while foreign exchange earnings from tourism remained more or less stagnant. This was mainly due to the lack of a well thought out plan for the development of tourism. In 1967, tourist arrivals rose to 23,666; an increase of 24.8 per cent as compared with 1966. Since then, tourist traffic to Ceylon has shown a steady

1. The term tourist is used to describe visitors staying one night or more.

upward trend increasing from 23,666 in 1967 to 40,204 in 1969; foreign exchange earnings from this source also increased from U.S. \$ 1.21 million in 1967 to U.S. \$ 2.86 million in 1969.

TABLE II (G) 5
Trend of Tourist Arrivals

Year	Total Arrivals	Total Arrivals excluding Indians	Index of Arrivals excluding Indians (1961=100)
1961	27,777	17,724	100.0
1962	26,397	16,106	90.9
1963	18,440	15,103	85.2
1964	18,872	16,002	90.3
1965	19,781	15,118	85.3
1966	18,969	15,325	86.5
1967	23,666	19,043	107.4
1968	28,272	21,469	121.1
1969	40,204	31,363	176.9
1970	46,247	35,561	200.6

Source: Ceylon Tourist Board.

The increase in tourist traffic to Ceylon since 1967 can be attributed in good measure to the promotional and organisational efforts of the Tourist Board and to the investment that has gone into the industry.

Tourism in 1970

Tourist arrivals to Ceylon in 1970 at 46,247 showed an increase of 4,043 or 15.0 per cent over the previous year. This figure, however, was 5,000 short of the projected figure of 51,000 for the year. The slow rate of expansion was due to the fall in the number of arrivals in the second half of the year. However, foreign exchange earnings from tourism in 1970 at Rs. 21.5 million (U.S. \$ 3.6 million) recorded an increase of Rs. 4.5 million or 26.5 per cent when compared with 1969. Thus in 1970 earnings from tourism expanded at a much higher rate than tourist traffic. Total foreign exchange earnings from tourism in 1970 comprise only one per cent of the total export earnings.

TABLE II (G) 6
Foreign Exchange Earnings from Tourism

Year	Total Earnings (Rs. Th.)	U.S. \$ equivalent of (1) (U.S. \$ Th.)	% Increase/ decrease over preceding year	Index (1961=100)
1961	7,661	1,609	—	100.0
1962	5,265	1,106	-31.3	68.7
1963	5,532	1,162	+5.1	72.2
1964	5,462	1,147	-1.3	71.3
1965	6,049	1,271	+10.8	79.0
1966	6,116	1,285	+1.1	79.9
1967	5,859	1,211	-5.7	75.3
1968	10,533	1,770	+46.2	110.0
1969	17,032	2,862	+61.7	177.9
1970	21,503	3,614	+26.3	224.6

Source: Ceylon Tourist Board.

In 1970, 49.5 per cent of the tourists was from Western Europe, 32.2 per cent was from Asia, 12.6 per cent from North America and 3.0 per cent from Australasia.

TABLE II (G) 7
Growth of Tourism to Ceylon from the major markets

Country	Number of Arrivals			Average annual rate of growth 1966 to 1969(%)
	1966	1969	1970	
U. S. A. ..	2,978	5,264	5,155	20.9
U. K. ..	3,670	5,445	5,484	14.1
West Germany ..	1,250	4,143	5,771	49.0
France ..	1,164	3,220	4,480	40.4
Scandinavia ..	378	2,532	2,363	88.5
Switzerland ..	597	1,657	2,117	40.6
Italy ..	376	1,072	1,054	41.8
India ..	3,644	8,841	10,686	34.4
Malaysia ..	718	1,077	1,388	14.5
Japan ..	619	1,090	1,042	20.8
Australia ..	756	1,003	1,193	9.8

Source: Ceylon Tourist Board.

An analysis of arrivals by purpose of visit shows that 77.1 per cent had come for pleasure i. e. for holiday, recreation, touring etc., 8.7 per cent on business, both official and private, and the balance 14.2 per cent for other purposes such as religious, cultural, visiting friends and relations etc. The increase in traffic of 15 per cent in 1970 was due mainly to the increase in the pleasure category of tourist. Thus the pleasure segment of the traffic recorded an increase of 5,420 or 18 per cent from 30,207 in 1969 to 35,627 in 1970. The 'other' category of tourists increased by 2,144 or 48 per cent while there was a fall in the business category.

Tourists who visited Ceylon in 1970 have spent an estimated total of 470,000 nights in Ceylon. This represented an increase of 16 per cent when compared with 1969. The overall annual occupancy rate in classified public accommodation in 1970 at 48.8 per cent was 1.5 percentage points lower than in 1969. This was due partly to the expansion in the accommodation capacity by 475 rooms during the course of the year from 1,125 at the end of 1969 to 1,600 at the end of 1970.

TABLE
Balance of

	Rupees		
	1 9 6 9		
	Credit	Debit	Net
1. Merchandise Account			
Exports (f.o.b.) ..	1,909		
Imports (c.i.f.) (own resources) ..		2,074	
(Aid Imports & Suppliers' Credits) ..		581	
Total Imports ..		2,655	
Trade balance (own resources) ..			(- 165)
Trade balance (all imports) ..			- 746
2. Services Account			
Non-monetary gold ..	—	—	—
Port, transportation and insurance ..	128	34	+ 94
Foreign travel ..	17	22	+ 5
Investment income ..	11	120	- 109
(i) Profits & dividends ..	1	52	- 51
(ii) Other (interest) ..	10	68	- 58
Government Expenditure ..	29	27	+ 2
Miscellaneous services ..	69	141	- 72
Private transfers ..	15	22	- 7
Total Services ..	269	366	- 97
3. Total Current Account (own resources) ..	(2,178)	(2,440)	(- 262)
Total Current Account (all items) ..	2,178	3,021	- 843
4. Capital Payments ..	—	392	- 392
Loans ..	—	77	- 77
Suppliers' credits ..	—	50	- 50
Short-term credits ..	—	147	- 147
Oil compensation & ADB ..	—	12	- 12
Private capital ..	—	10	- 10
I. M. F. ..	—	87	- 87
Bank borrowings ..	—	—	—
Other ..	—	9	- 9
Total Current & capital payments (own resources) ..			(- 654)
Total Current & capital payments (all items) ..			- 1,235
5. Financing ..			
IMF Drawings ..	77	—	+ 77
Bank borrowings ..	227	—	+ 227
Bilateral balances ..	18	—	+ 18
Suppliers' credits ..	176	—	+ 176
Short-term credits ..	185	—	+ 185
External Assets ..	86	—	+ 86
Commodity Aid ..	272	—	+ 272
Project & Other Aid ..	89	—	+ 89
Grants ..	46	—	+ 46
Private Capital ..	9	—	+ 9
Other ..	32	—	+ 32
Special Drawing Rights ..	—	—	—
E. & O. E. ..	18	—	+ 18
Total financing ..	1,235	—	+1,235

(a) Provisional

(A)

Payments 1969-1970

Million			U. S. Dollars Million					
1970 (a)			1969			1970 (a)		
Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
2,011			321			338		
	1,867			348			314	
	469			98			78	
	2,336			446			392	
		(+ 144)			(- 27)			(+ 24)
		- 325			- 125			- 54
	2	- 2						
110	35	+ 75	21	6	+ 15	18	6	+ 12
22	20	+ 2	3	4	- 1	4	3	+ 1
11	153	- 142	2	20	- 18	2	26	- 24
1	52	- 51		9	- 9		9	- 9
10	101	- 91	2	11	- 9	2	17	- 15
29	28	+ 1	5	4	+ 1	5	5	
66	128	- 62	12	24	- 12	11	22	- 11
15	30	- 15	2	4	- 2	3	5	- 2
253	396	- 143	45	61	- 16	43	67	- 24
(2,264)	(2,263)	(+ 1)	(366)	(409)	(- 43)	(381)	(386)	(-)
2,264	2,732	- 468	366	507	- 141	381	459	- 78
	656	- 656		66	- 66		110	- 110
	113	- 113		13	- 13		19	- 19
	62	- 62		8	- 8		10	- 10
	293	- 293		25	- 25		49	- 49
	4	- 4		2	- 2		1	- 1
	12	- 12		2	- 2		2	- 2
	161	- 161		15	- 15		27	- 27
	11	- 11		2	- 2		2	- 2
		(- 655)			(- 109)			(- 110)
		- 1,124			- 207			(- 189)
57		+ 57	13		+ 13	9		+ 9
123		+ 123	38		+ 38	21		+ 21
	75	- 75	3		+ 3		13	- 13
85		+ 85	30		+ 30	14		+ 14
434		+ 434	31		+ 31	73		+ 73
	26	- 26	14		+ 14		4	- 4
263		+ 263	46		+ 46	44		+ 44
36		+ 36	15		+ 15	6		+ 6
75		+ 75	8		+ 8	13		+ 13
10		+ 10	2		+ 2	2		+ 2
53		+ 53	5		+ 5	9		+ 9
78		+ 78				13		+ 13
11		+ 11	3		+ 3	2		+ 2
1,225	101	+ 1,124	207		+ 207	206	17	+ 189

Source: Central Bank of Ceylon.

TABLE (B)

External Resources and their Use

Item	Rupees Million				Percentage Share			
	1967	1968	1969	1970	1967	1968	1969	1970
A. Resources								
1. Merchandise exports f.o.b. ..	1,650	1,976	1,909	2,011	70	68	56	58
2. Services Account ..	216	255	269	253	8	9	8	7
3. Capital Inflow ..	261	326	417	384	11	11	12	11
of which—								
(a) Loans ¹ ..	212	295	362	299	9	10	11	9
(b) Grants ¹ ..	46	23	46	75	2	1	1	2
(c) Private Capital ..	3	3	9	10	—	—	—	—
4. Short-term Liabilities ..	275	348	715	830	11	12	21	24
(a) Gross drawings from the International Monetary Fund ..	123	213	77	57	5	7	2	2
(b) Special drawings rights ..	—	—	—	78	—	—	—	2
(c) Increases in bilateral Payments Agreements Balances ..	80	42	18	—	3	2	1	—
(d) Borrowings from Foreign banks ..	57	—	227	123	2	—	7	4
(e) Short-term credits ..	—	84	185	434	—	3	5	12
(f) Suppliers' Credits ..	—	—	176	85	—	—	5	2
(g) Other ..	15	9	32	53	1	—	1	1
5. Decline in external assets net of Sterling Loan Sinking Funds ..	—	—	90	—	—	—	3	—
Total ..	2,402	2,905	3,399	3,478	100	100	100	100
B. Use								
6. Merchandise imports c.i.f. ..	1,985	2,356	2,655	2,336	83	81	78	67
of which aid ..	258	323	581	469	11	11	17	13
7. Services Account ..	216	258	366	396	9	9	11	11
(a) Investment Income ..	32	24	120	153	1	1	4	4
(b) Migrants transfers ..	31	21	15	30	1	1	1	1
(c) Interest payments ..	33	42	10	101	1	1	2	3
8. Capital Amortization or Repatriation ..	73	251	392	656	3	9	11	19
(a) Private ..	10	15	10	12	—	1	1	—
(b) Official ..	45	61	77	113	2	2	2	3
(c) Repurchases and gold subscription at the I.M.F. ..	18	48	87	161	1	2	3	5
9. Suppliers' Credits ..	—	—	50	62	—	—	1	2
10. Short-term credits ..	—	98	147	293	—	3	4	8
11. Bank borrowings ..	—	29	—	—	—	1	—	—
12. Other ..	—	—	21	15	—	—	1	—
13. Short-term Liabilities ² ..	—	7	—	75	—	—	1	2
14. Increase in External Assets (net of Sterling Loans Sinking Fund) ..	125	10	—	39	5	—	—	1
15. Balancing item ..	+ 3	+ 23	- 14	- 8	—	1	—	—
Total ..	2,402	2,905	3,399	3,478	100	100	100	100

Source: Central Bank of Ceylon

1. Includes assistance received in the form of Project Aid and Commodity Aid.
2. Short-term liabilities consist of changes in bilateral payments agreement balances, and change in balances of firms enjoying special account facilities.