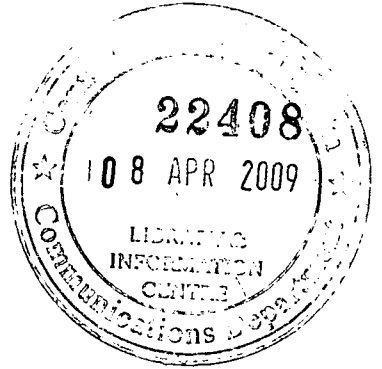
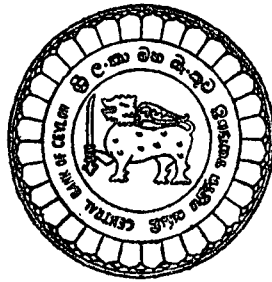
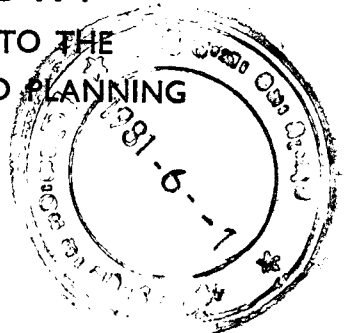


CENTRAL BANK OF CEYLON



ANNUAL REPORT
 OF THE MONETARY BOARD TO THE
 HON. MINISTER OF FINANCE AND PLANNING



FOR THE YEAR

1980

Price per copy

Local : Rs. 10 (Rs. 12 including postage)

Foreign : US \$ 5 { US \$ 11 including postage-first class air mail
US \$ 8 including postage-second class air mail

HON. RONNIE de MEL, M. P.,
MINISTER OF FINANCE AND PLANNING,
COLOMBO.

Dear Sir,

In accordance with the provisions of Section 35 (1) of the Monetary Law Act (Cap. 422), I submit herewith the Thirty First Annual Report of the Monetary Board of the Central Bank of Ceylon.

The report is in four parts. The first is a review of the performance of the Sri Lanka economy in 1980, the problems that were encountered and the policies and measures that were adopted. The second part details the accounts and operations of the Central Bank. Part three gives the major administrative measures adopted by the Monetary Board during 1980; and part four presents the texts and sometimes, extracts of major legislative enactments of 1980 relating to the functions and operations of the Central Bank and banking institutions in Sri Lanka.

Since 1975, a more detailed review of the economic trends and developments in the various sectors of the economy has been published separately under the title "Review of the Economy". The Review for 1980 will be published at an early date.

I am, dear Sir,

Yours faithfully,

WARNASENA RASAPUTRAM
Governor.

Central Bank of Ceylon,
Colombo,
30th April, 1981.

CENTRAL BANK OF CEYLON

THE MONETARY BOARD

(As at December 31, 1980)

W. RASAPUTRAM

Governor

W. M. TILAKARATNA

Secretary to the Ministry of Finance and Planning

N. G. P. PANDITHARATNE

Appointed Member

Principal Officers as at December 31, 1980.

H. N. S. KARUNATILAKE	...	...	<i>Senior Deputy Governor</i>
K. KANAGASABAPATHY	...	...	<i>Deputy Governor</i>
D. R. SIRIWARDENA	...	...	<i>Assistant to the Governor</i>
D. L. KANNANGARA	...	...	<i>Assistant to the Governor (on release)</i>
T. G. PUNCHIAPPUHAMY	...	...	<i>Assistant to the Governor</i>
A. S. JAYAWARDENA	...	...	<i>Assistant to the Governor</i>
M. E. DE ABREW	...	...	<i>Consultant Engineer</i>
N. KATHIRGAMATHAMBY	...	...	<i>Special Adviser</i>
<i>Banking Department:</i>			
U. A. DE SILVA	...	...	<i>Chief Accountant</i>
<i>Bank Supervision Department</i>			
S. PONNIAH	...	...	<i>Acting Director</i>
<i>Currency Department</i>			
N. KATHIRGAMATHAMBY	...	...	<i>Superintendent</i>
<i>Economic Research Department:</i>			
S. T. G. FERNANDO	...	...	<i>Director</i>
S. EASPARATHASAN	...	...	<i>Additional Director</i>
<i>Employees' Provident Fund Department:</i>			
S. W. P. AMARASURIYA	...	...	<i>Superintendent (on leave)</i>
V. N. D. NANAYAKKARA	...	...	<i>Acting Superintendent</i>
<i>Establishments Department:</i>			
D. K. JAYAWARDENA	...	...	<i>Director</i>
<i>Exchange Control Department:</i>			
A. T. W. JEHORATNAM	...	...	<i>Controller</i>
<i>Information Department:</i>			
MISS A. M. C. SILVA	...	...	<i>Acting Director</i>
<i>Management Audit Department:</i>			
M. H. SOURJAH	...	...	<i>Director</i>
<i>Office of Banking Development and Training:</i>			
R. M. TENNAKON	...	...	<i>Adviser</i>
<i>Premises Department</i>			
S. P. WICKREMARATNE	...	...	<i>Director</i>
<i>Public Debt Department:</i>			
S. RAJALINGAM	...	...	<i>Superintendent</i>
<i>Rural Credit and Development Finance Department:</i>			
S. T. G. FERNANDO	...	...	<i>Director</i>
<i>Secretariat Department:</i>			
P. WATTEGAMA	...	...	<i>Secretary</i>
<i>Statistics Department:</i>			
K. S. E. JAYATILLEKE	...	...	<i>Director</i>

Auditor

P. M. W. WIJAYASURIYA

Auditor General

CONTENTS

PART 1

Page

ECONOMIC PERFORMANCE, PROBLEMS AND POLICIES IN 1980

Gross National Product and Expenditure	...	...	...	...	1
Resources and Uses	...	...	...	...	9
Agriculture	...	...	...	...	11
Tea	...	...	...	...	17
Rubber	...	...	...	...	19
Coconut	...	...	...	...	21
Minor Export Crops	...	...	...	...	23
Paddy	...	...	...	...	24
Sugar	...	...	...	...	26
Minor Food Crops	...	...	...	...	26
Fish and Livestock	...	...	...	...	26
Rural Credit	...	...	...	...	27
Industry	...	...	...	...	29
Production	...	...	...	...	31
Power and Fuel	...	...	...	...	33
Public Sector Industry	...	...	...	...	33
Investment Promotion Zone	...	...	...	...	37
Economic and Social Overheads	...	...	...	...	37
Transportation	...	...	...	...	38
Energy	...	...	...	...	40
Housing and Urban Development	...	...	...	...	42
Employment	...	...	...	...	44
Prices	...	...	...	...	46
Wages	...	...	...	...	48
Trade	...	...	...	...	48
Exports	...	...	...	...	50
Imports	...	...	...	...	53
Foreign Trade Policy	...	...	...	...	56
Internal Trade	...	...	...	...	57
Tourism	...	...	...	...	58
Balance of Payments	...	...	...	...	60
External Debt and Servicing	...	...	...	...	69

Government Fiscal Operations	71
Revenue	75
Recurrent Expenditure	77
Advance Accounts	78
Capital Expenditure	78
Financing of the Budget Deficit	80
Public Debt	83
Money and Banking	86
Money Supply	86
Commercial Banking	94
Bank Branch Expansion	95
Interest Rates	96
Central Banking	98
Summing-Up	100
PART II	
ACCOUNTS AND OPERATIONS OF THE CENTRAL BANK	105
PART III	
MAJOR ADMINISTRATIVE MEASURES	135
PART IV	
MAJOR LEGISLATIVE ENACTMENTS	I
STATISTICAL APPENDIX	LXXIII

STATISTICAL APPENDIX

NATIONAL PRODUCT AND EXPENDITURE

	<i>Table</i>
National Product, Expenditure and Population 1970-1980 ...	1
Gross National Product at Current Factor Cost Prices ...	2
Gross National Product at Constant (1970) Factor Cost Prices ...	3
Real National Income 1970-1980	4
Expenditure on Gross National Product at Current Market Prices	5
Gross Domestic Capital Formation at Current Market Prices ...	6
Resources and their Utilization at Current Market Prices 1970-1980	7
Savings 1970-1980	8
Expenditure on Gross National Product at Current Market Prices	9
AGRICULTURE	
Trends in Principal Agricultural Crops 1971-1980	10
Cultivation Loans Granted Under Rural Credit Scheme ...	11
INDUSTRY	
Value of Industrial Production 1971-1980	12
Investment Approvals in Industry within GCEC	13
Investment Approvals in Industry outside GCEC	14
PRICES AND WAGES	
Cost of Living Index Numbers-Colombo Town	15
Wholesale Price Index	16
Minimum Wage Rate Index Numbers	17
EXTERNAL TRADE	
Central Bank Trade Indices (1978=100) - Exports	18
Central Bank Trade Indices (1978=100) - Imports... ..	19
Central Bank Trade Indices (1978=100) - Value	20
EXTERNAL FINANCE	
Balance of Payments-Analytic Presentation 1971-1980 ...	21
Balance of Payments for 1978-1980	22
External Assets of Sri Lanka	23
PUBLIC FINANCE	
Summary of Government Fiscal Operations 1970-71 to 1981 ...	24
Government Net Cash Surplus/Deficit	25
Revenue and Expenditure of the Government of Sri Lanka ...	26
Revenue of the Government of Sri Lanka	27
Voted Expenditure of the Government of Sri Lanka	28
Composition of Public Debt	29
MONEY AND BANKING	
Monetary Aggregates	30
Analysis of Change in Narrow Money Supply (M ₁)	31
Assets and Liabilities of Commercial Banks	32
Assets and Liabilities of the Central Bank	33
Purchases and Sales of Foreign Exchange by the Central Bank ...	34
Reserve Position of Commercial Banks	35
Savings and Fixed Deposits of NSB and Commercial Banks ...	36
Money Rates	37
Money Rates: Savings and Long Term Credit Institutions ...	38