

TABLE 1.23

Investment Promotion Zone—Employment and Export Earnings

Industry	1982(a)		1983(b)	
	Employment (End. Dec.)	Gross Export Earnings (F.O.B.)	Employment (End. Dec.)	Gross Export Earnings (F.O.B.)
	No.	Rs. Mn.	No.	Rs. Mn.
1. Garments and footwear	18,853	1,306.8	22,389	1,918.9
2. Rubber and plastic products	1,094	89.9	760	107.6
3. Electronic & electrical products	304	25.2	431	54.9
4. Steel & fabricated metal products and machinery & transport equipment	129	8.5	175	37.7
5. Jewellery & lapidary	587	15.0	684	18.0
6. Beverages & tobacco	13	10.4	30	41.7
7. Wood products	113	2.7	64	1.6
8. Non-metallic products	72	4.7	85	5.6
9. Coir products	113	4.2	29	9.4
10. Others	1,328	185.7	1,406	224.1
Total	22,606	1,653.1	26,053	2,419.5

(a) revised

(b) provisional

Source : Greater Colombo Economic Commission.

Export earnings of the IPZ enterprises stood at Rs. 2,419 million (SDR 96 million) in 1983 representing an increase of 46 per cent over the previous year. As in the previous years, garments and footwear sector accounted for the highest amount of export earnings (79 per cent) in 1983, representing an increase of 47 per cent over the previous year. In this sector export earnings per employee stood at Rs. 85,707 as compared with Rs. 69,315 in the previous year. Rubber and plastic product category was the second highest group amounting to Rs. 107 million or 4 per cent in export earnings. Another product category which recorded an appreciable growth was beverages and tobacco from Rs. 10 million to Rs. 41 million. Among other items exported were jewellery, electrical and electronic products, footwear and steel products.

ECONOMIC AND SOCIAL OVERHEADS

Energy

The acceleration of economic activity and the concomitant demand for expanded economic infrastructure facilities led to an unprecedented growth in energy consumption in recent years. The imbalance between demand and supply and the resultant pressures on supplies continued through 1983. On the international front, in 1983, the world oil prices which brought about tremendous pressure on the balance of payments in the past ten years fell for the first time since 1973. Indeed, in 1983 oil prices fell not merely in real terms, but actually in nominal terms as well. However, Sri Lanka was unable to enjoy the full benefit of the favourable international environment as unprecedented drought conditions drastically restricted hydro electricity generation. This made necessary the increased use of imported oil (heavy

diesel) to operate the thermal plants. Additional hydro power capacity created by the Canyon Project (30 mW) was also not fully utilized due to the low water level resulting from the low rainfall received in the year.

As a measure to bring down energy consumption, islandwide power cuts were imposed in the latter part of the year, with consequent short run effects on economic activity. In addition, authorities resorted to price adjustments in respect of both petroleum and electricity as an effective method of conservation.

In spite of this background 1983 saw a sharp drop in the oil import bill both in terms of SDRs and SL rupees reversing the increasing trend observed since the first oil price shock in 1973. This relieved the growing burden of energy imports on the country's balance of payments. Petroleum which accounted for 66 per cent of the commercial energy supply of the country, absorbed 24 per cent of the total import bill in 1983 when compared with 29 per cent in 1982. The reduced burden on the country's balance of payments is evident as the oil import bill taken as a percentage of the value of non-petroleum exports decreased to 49 per cent in the current year from its unprecedented 67 per cent in 1982.

The reduced oil import bill was a reflection mainly of the reduced volume of imports and the decrease in prices in the international market. The volume of imports declined from 2.2 million metric tons in 1982 to 2.0 million metric tons in 1983. Prices of crude oil dropped by 11 per cent whereas those of refined products decreased by 18 per cent. In the year under review, earnings from exports of petroleum products declined by 24 per cent in SDR terms when compared with the previous year. The drop in petroleum export earnings can be attributed to the decrease in the production of exportable oil products. Owing to the closure of the refinery of the Ceylon Petroleum Corporation (CPC) for maintenance for eight weeks in the first half of 1983, imports of refined products in quantity terms rose sharply and were 80 per cent higher than the volume of such imports in the previous year.

The domestic sale prices of major petroleum products were revised upwards by the CPC on two occasions in 1983 with a view to meet the increasing rupee outlay, arising mainly from the depreciation of the SL rupee against the US dollar, and as a means of rationalising the consumption of petroleum products. However, the Kerosene Stamp Scheme, which was designed to subsidize the fuel cost of low income groups continued. Losses incurred by the CPC on account of the kerosene subsidy amounting to Rs. 141 million were met by the Treasury. A notable trend in energy conservation was observed with the drop in kerosene consumption (9 per cent) in 1983 when prices were brought closer to actual cost than at any time in the past. Despite price increases ranging from 10 per cent to 40 per cent the consumption of other bulk petroleum products rose from the 1982 level. Reflecting the growing dependence on oil products in electricity generation, the consumption of heavy diesel in 1983 was twice as much as its consumption last year. The Ceylon Electricity Board (CEB) accounted for 88 per cent of the 285,509 metric tons of the heavy diesel consumed in the year under review.

With the commissioning of Canyon hydro power project of a capacity of 30 mW in March, 1983 the installed capacity of the CEB stood at 592.25 mW. Of this capacity, 190 mW represent thermal power. The supply of hydro power dropped by 24 per cent due to the adverse weather conditions that prevailed in catchment areas during the first eight months of the year. The increase of 96 per cent registered with respect to thermal power resulted from CEB resorting to generate more thermal power with a view to meeting the growing demand for power in the face of a declining hydro power supply. Economy in the use of the available water in the reservoirs was practised in order to maintain a balance in the generating capacity throughout the period. The use of oil for generating electricity was an expensive alternative both from the point of the CEB and the consumer.

TABLE 1.24
Salient Features of the Energy Sector 1982—1983

Item	1982	%change over 1981	1983	%change over 1982
1. Petroleum Products				
1.1 Exports (Rs. Mn.)	3,220.3	— 4.9	2,681.9	— 16.7
1.2 Imports (Rs. Mn.)	12,222.3	23.4	11,023.7	— 9.8
1.3 Quantity imported (M.T.)				
1.3.1 Crude oil	1,940,542	13.4	1,491,973	— 23.1
1.3.2 Refined products	270,302	72.8	487,593	80.4
1.4 Average price of crude oil (Rs. per barrel)	715	3.6	714	— 0.1
1.5 Local price (Rs. per litre)				
1.5.1 Super petrol	10.00	—	13.50	35.0
1.5.2 Kerosene	3.89	—	6.58	69.1
1.5.3 Auto diesel	5.94	—	8.13	36.9
1.5.4 Heavy diesel	5.68	—	7.83	37.8
1.5.5 Super diesel	6.60	—	9.28	40.6
1.5.6 Furnace oil — 500 second	4.44	—	4.89	10.1
800 second	4.40	—	4.84	10.0
1000 second	4.29	—	4.72	10.0
1.5.7 Bitumen	6.27	—	6.95	10.8
1.6 Local sales (M.T.)				
1.6.1 Super petrol	114,233	4.8	117,477*	2.8
1.6.2 Kerosene	174,108	3.5	159,146*	— 8.6
1.6.3 Auto diesel	457,838	8.3	465,925*	1.8
1.6.4 Heavy diesel	143,124	34.2	285,509*	99.4
1.6.5 Super diesel	8,364	—	10,411*	24.4
1.6.6 Furnace oil	273,573	2.9	279,979*	2.3
2. Electricity				
2.1 Installed capacity ¹ (mW)	562.25	7.7	592.25	5.3
2.1.1 Hydro	372.25	—	402.25	8.1
2.1.2 Thermal	190.00	26.7	190.00	—
2.2 Units generated (Mn. kWh)	2,065.7	10.4	2,114.4	2.4
2.2.1 Hydro	1,608.1	2.3	1,217.2	— 24.3
2.2.2 Thermal	457.6	52.4	897.2	96.1
2.3 Total Sales (Mn. kWh)	1,686.1	12.2	1,790.6	6.2
2.3.1 Domestic	258.3	19.3	304.8	18.0
2.3.2 Industrial	739.2	9.1	752.0	1.7
2.3.3 Commercial	262.5	19.4	291.8	11.2
2.3.4 Local Authorities	417.5	9.7	433.0	3.7
2.3.5 Street Lighting	8.6	1.2	9.0	4.6

¹ As at end of the year.

* Provisional.

Sources : Ceylon Petroleum Corporation,
Ceylon Electricity Board.

Total power generated by the CEB at 2,114 million kWh in 1983 was 2 per cent higher than its level last year. Hydro-electricity generation declined by 24 per cent while thermal generation increased by 96 per cent over 1982 levels. Of the total generation the share of hydro power was 58 per cent with the balance 42 per cent coming from thermal installations. Comparable figures for 1982 were 78 per cent and 22 per cent respectively for hydro and thermal power. The increased use of oil in electricity generation compelled the CEB to revise the Fuel Adjustment Charge from 110 per cent to 185 per cent with effect from August, 1983. Further, with the view to conserving available water in the reservoirs, the CEB imposed an island-wide power cut for two hours a day in the latter part of 1983. However, the total sales of electricity rose by 6 per cent in the year under review when compared with 1982.

Transportation

The most noteworthy feature in the transport sector in 1983 was the steady progress made by the private sector in both passenger and freight transport. The low import tariffs and the partial Lump Sum Depreciation (LSD) facility were particular factors responsible for the dramatic expansion of private sector participation in passenger transport since 1979. However, the LSD facility was withdrawn with effect from 1st April, 1983.

During the year under review the State sector continued to play a dominant role in the passenger market accounting for 75 per cent of passenger transport services. However, this was lower than its share of 85 per cent last year. The vehicle fleet of the Regional Transport Boards (RTBs) of the Sri Lanka Central Transport Board (SLCTB) was augmented through the financial assistance provided by the International Development Association (IDA). In a situation of growing competition from the private sector in both passenger and freight markets, public sector agencies were compelled to adopt a more positive approach to improving efficiency and productivity. Certain steps have been taken by the RTBs by way of re-routing, re-scheduling, and curtailment of certain uneconomical services in this regard. As these measures were intensified close on the heels of the upward revision of fuel charges and consequent revision of prices, it is premature to judge their effectiveness in containing rising operating costs. The drop in the supply of transport services of the public sector in 1983 was partly due to the restricted operations during July and August and the curtailment of certain services, mainly in the Northern and Eastern Provinces.

The RTBs, although recording a decline in operated kilometerage have increased the fleet of buses owned by them from 7,453 in 1982 to 7,686 in 1983. The number of new buses added to the fleet in 1983 was 451. This compares with 559 new buses added to the fleet in 1982. In addition to the new buses introduced in the year, the fleet was further strengthened by the introduction of 470 buses overhauled in the SLCTB workshops. The number of buses discarded from the vehicle stock in 1983 amounted to 265 as compared with 313 last year.

The operated kilometrage and passenger kilometrage of the 9 RTBs declined in the current year. The greater decrease of the passenger kilometrage (13 per cent) than that of operated kilometrage (5 per cent) was reflected in the low level of vehicle utilisation. The load factor is estimated to have decreased from 64 per cent in the previous year to 59 per cent in the current year.

The financial results of the SLCTB and nine RTBs for 1983 have not yet been finalised. However, provisional figures indicated increases in the crew wages and fuel cost component per operated kilometre by 15 per cent and 20 per cent respectively in 1983 in comparison with the previous year. The SLCTB which continued to depend heavily on government subsidies for the recoupment of losses received approximately Rs. 245 million in 1983. With the view to meeting the increased costs on account of growing expenditure on fuel, the fares structure was revised twice in the year by the SLCTB and Sri Lanka Railways (SLR).

The operated kilometrage and the passenger kilometrage of the SLR dropped substantially by 19 per cent and 22 per cent respectively when compared with the previous year. In the face of declining patronage of passenger services of the public sector agencies, the SLR managed to expand its freight services. The freight ton kilometrage at 224 million ton kilometers was 3 per cent higher than the level that prevailed in the previous year. This was a favourable feature which emerged this year compared to the negative rate of 1 per cent observed in 1982. As in the case of SLCTB, the Railway too suffered severe financial losses in the year under review. The operating loss of the SLR increased by 40 per cent from its level of Rs. 324 million in 1982 and stood at Rs. 453 million in the current year.

A noteworthy feature in 1983 was the rapid expansion of private sector, registering a sharp increase of 48 per cent in respect of new registration of private coaches. The total number of private buses in operation by the end of the year can be estimated at 12,000 with an available effective fleet in the range of 10,000. However, of this total, licences to operate passenger services have been obtained for about 6,500 buses. The establishment of the Department of Private Omnibus Services was a noteworthy institutional development in 1983. Legislation was introduced under the Private Omnibus Service Act No. 44 of 1983 with a view to regulate private omnibus transport. Penalties for the violation of the Act range from a fine upto a maximum amount of Rs. 5,000 and imprisonment of either description, for a period not exceeding one year or both such fine and imprisonment. Enhanced penalties for traffic offences were also under consideration to ensure road safety.

TABLE 1:25
Salient Features of the Transport Sector 1982 - 1983

Item	1982	% change over 1981	1983	% change over 1982
1. New Registrations of Motor Vehicles (No.)				
1.1 S.L.C.T.B. buses	555	2,212.5(a)	521	- 6.1
1.2 Private coaches	2,533	8.7	3,748	48.0
1.3 Private cars	5,667	- 1.6	5,470	3.5
1.4 Motor cycles	10,847	- 36.8	14,431	33.0
1.5 Lorries & other vehicles for goods transport	6,459	- 19.6	8,191	26.8
2. S.L.C.T.B. Operations				
2.1 Operated kilometers (Mn.)	481.8	- 2.4	457.4	- 5.1
2.2 Passenger kilometers (Mn.) (b)	16,573.2	1.0	14,460.3	- 12.7
2.3 Total revenue (Rs. Mn.)	1,966.1*	25.0	n.a.	n.a.
2.4 Total cost (Rs. Mn.)	2,483.7*	12.5	n.a.	n.a.
2.5 Total loss (Rs. Mn.)	517.6*	20.6	n.a.	n.a.
3. S.L.R. Operations				
3.1 Operated kilometers (Mn.)	10.2	- 3.0	8.3*	- 18.6
3.2 Passenger kilometers (Mn.)	3,121.3	4.6	2,443.4*	- 21.7
3.3 Freight ton kilometers (Mn.)	216.8	- 0.9	223.8	3.2
3.4 Total revenue (Rs. Mn.)	427.4	4.5	434.7	1.7
3.5 Total cost (Rs. Mn.)	751.7	16.6	887.2	18.0
3.6 Operating loss (Rs. Mn.)	324.3	37.4	452.5	39.5

Sources: Department of Motor Traffic,
Sri Lanka Central Transport Board,
Sri Lanka Railways.

* Provisional.

(a) The high percentage increase was due to very low new registrations (24) in 1981.

(b) Includes Journeys on season tickets.

The total cumulative investments made on the vehicles by private operators reached Rs. 3,000 million by the end of the year. Government revenue by way of import duty and licenses on private passenger vehicles reached Rs. 25 million in the current year, when compared with Rs. 17 million in 1982.

Housing and Urban Development

Housing activity undertaken by the government under the Public Sector Housing Programme (PSHP) during the year was further modified. The most noteworthy feature being the shift in emphasis from high cost to low cost types of construction. Construction activity under the Rural Housing Sub-Programme (which belongs to the latter category) was accelerated. Construction of houses under the Electoral Housing Sub-Programme was also increased during the year. Clear evidence of the streamlining of the PSHP can be seen by the reduction in the number of Direct Construction type houses (which is the most expensive type of construction under the PSHP) completed and under construction in 1983. The Public Servant Quarters Sub-Programme came to a virtual standstill in 1983.

In 1983, 11,658 units were completed and work on a further 8,091 units was in progress compared with 7,598 units completed and 19,921 units under construction in 1982. The total cost incurred on the PSHP in 1983 was Rs. 532 million compared with Rs. 862 million in 1982.

TABLE 1.26
Public Sector Housing Programme – Progress 1982 – 1983

Programme	No. of Units Target	Total Estimated Cost (Rs. Mn.)	No. of units completed			No. of units under Construction		Total Expenditure (Rs. Mn.)		
			1982	1983	1978-1983	1982	1983*	1982	1983*	1978-1983
1. Direct Construction	36,000	4,608.8	1,810	1,312	10,986	2,713	1,523	659.5	392.0	3,189.3
2. Rural Housing	50,000	779.8	4,492	7,386	26,645	13,844	6,254	113.9	112.8	630.6
2.1 ASH Housing	n.a.	(100.0)	(2,055)	(4,047)	n.a.	(8,833)	(3,519)	n.a.	n.a.	n.a.
2.2 Model Villages	n.a.	n.a.	(1,894)	(3,204)	n.a.	(4,826)	(2,685)	n.a.	n.a.	n.a.
2.3 Fisheries Houses	n.a.	n.a.	(543)	(138)	n.a.	(185)	(50)	n.a.	n.a.	n.a.
3. Electoral Housing	26,040	760.0	1,140	2,960	10,310	3,340	290	71.8	19.4	594.8
4. Public Servants' Quarters	695	88.0	156	—	395	37	24	9.0	7.5	88.2
5. National Housing Loan Fund	14,000	—	—	—	28,000	—	—	—	—	275.0
Total	126,735	6,236.6	7,598	11,658	76,336	19,934	8,091	854.2	531.7	4,777.9

* Provisional

Source: National Housing Development Authority.

The phasing out of the Direct Construction Sub-Programme in 1983 is borne out by the following statistics. In 1983, 1,312 units were completed compared with 1,810 in 1982. Work on a further 1,523 units was in progress during the year compared with 2,713 units in 1982. Expenditure on the Direct Construction Sub-Programme totalled Rs. 392 million in 1983 compared with Rs. 660 million in the previous year. As in 1982, the Direct Construction Sub-Programme accounted for the largest proportion (74 per cent) of the total financial resources utilized by the PSHP in 1983. In fact it accounted for as much as 67 per cent of the total cumulative expenditure since 1978. As far as targets are concerned Direct Construction type housing has had a rather disappointing record. Between 1978 and 1983, only 30 per cent of the targetted number of units were completed using up nearly 70 per cent of the allocated expenditure. Considering the cost-overruns and escalations associated with this type of construction activity which is dependent heavily on imported materials and given the budgetary constraints it was inevitable that this sub-programme would be pruned down. It was in the Rural Housing Sub-Programme (consisting of Aided Self Help, Model Villages and Fisheries Houses) that the most cost efficient methods of construction within the PSHP were adopted. In 1983, 7,386 units were completed under the sub-programme compared with 4,492 units in 1982. A further 6,254 units were under construction in 1983. Total expenditure incurred during the current year was Rs. 113 million compared with Rs. 114 million in 1982. The Rural Housing Programme with its emphasis on the use of indigenous materials accounted for only 21 per cent of the total financial resources utilized by the PSHP in 1983. It accounted for only 13 per cent of the total cumulative expenditure of the PSHP since 1978. The Rural Housing Programme has been the most successful in terms of physical progress and cost control and has achieved 53 per cent of its targetted number of units spending 80 per cent of its allotted resources.

The Electoral Housing Sub-Programme enjoyed somewhat of a revival in 1983 in its modified form where Aided Self Help type methods have replaced Direct Construction to a considerable extent. In the year under review 2,960 units were completed compared with 1,140 units in 1982. Work on a further 290 units was in progress in 1983. Expenditure on this sub-program amounted to Rs. 19 million in 1983 compared with Rs. 72 million in 1982. Electoral housing units accounted for only 4 per cent of the expenditure incurred on the PSHP in 1983. However, it accounted for 12 per cent of the total cumulative expenditure of the PSHP between 1978-1983. Only 40 per cent of the targetted number of units were completed using up 78 per cent of the allocated expenditure. There were 24 units of Public Servant Quarters under construction by the end of the year. It is most likely that this sub-programme will be phased out as it exceeded its allotted expenditure in 1982 with only 57 per cent of the target achieved.

The PSHP as shown by the figures has fallen short of its targets in many areas and this is due primarily to liquidity problems resulting from cost-overruns, poor cost recovery record and budgetary constraints. In addition, shortage of skilled labour has hindered progress.

A new development during the year under review was the inauguration of the One Million Houses Programme, a total of 1,000,000 houses are to be constructed in the next 6 years. Work on this programme was initiated with the commencement of 249 demonstration projects in the Pradeshiya Mandalayas; Rs. 1.5 million was allotted for this purpose. A further Rs. 200 million has been allocated for this programme for 1983.

With regard to future plans as set out in the Public Investment Programme for the 4 year period beginning 1983, the government has earmarked capital expenditure to the extent of Rs. 5,506 million for the housing and construction sector, with Rs. 3,208 million being allotted solely for housing.

The Urban Development Authority (UDA) is mainly concerned with the reconstruction and redevelopment of urban and commercial areas in order to facilitate economic growth. The pace of activity of UDA projects slowed down considerably as it had done in the previous year. This relative stagnation was mainly due to insufficient financial resources available to the UDA and rising costs of construction. The emphasis was on completion of on-going projects rather than the initiation of new projects.

The total value of work done in 1983 was Rs. 417 million compared with Rs. 833 million in 1982. The total value of work done by the UDA since its formation amounted to Rs. 2,256 million. The Administrative Complexes at Battaramulla and Pellawatte on which Rs. 117 million and Rs. 62 million were spent in 1983 accounted for the bulk of the value of work done in 1983. The total expenditure incurred on these two complexes since their inception has been Rs. 266 million and Rs. 298 million respectively. The Orugodawatte Food Stores Complex, which is part of the relocation of industries and warehouses programme, incurred expenditure amounting to Rs. 51 million in 1983 bringing the total cost in respect of this project to Rs. 170 million. Expenditure on the Vegetable Market, Kachcheri Road Project totalled Rs. 26 million during 1983 and the cumulative cost for the whole project was Rs. 81 million. The reconstruction of the St. Johns Fish Market, one of the major projects undertaken by the UDA, was completed in 1983. The total cost in respect of this project was Rs. 297 million of which Rs. 18 million was spent in 1983. The final touches were also added to the Parliamentary Complex which was the biggest project handled by the UDA. The cumulative cost of this project was Rs. 924 million at the end of 1983 of which Rs. 23 million was incurred in 1983.

The redevelopment of the Sugathadasa Stadium to international standards was completed in 1983. Construction work in respect of the Peliyagoda and Ratmalana industrial cum warehousing complexes was in progress. Work on the Liberty Plaza which is a joint venture with Colombo Land Development Company Limited was also finalised.

The Slum and Shanty Upgrading Programme, which is one of the most important projects under the UDA's purview, accounted for Rs. 9 million bringing the total expenditure on the programme to Rs. 25 million by the end of the year under review.

A new development in 1983 was the establishment of the Land Bank. The object of this Bank is to acquire private lands and obtain lease-hold rights to state land suitable for development. At the end of 1983, Rs. 34 million had been expended on this exercise bringing the total cost to Rs. 72 million.

The main sources of finance of the UDA were debenture loans, voted expenditure and revenue generated by the UDA itself. As in the previous year, UDA debenture loans in 1983 accounted for the bulk of its funds and brought in Rs. 300 million. Internally generated funds consisting of monies earned from rents and leases rose to Rs. 100 million, ahead of Treasury grants which contributed only Rs. 30 million in 1983. The UDA will be looking more to this source of finance in the future for funding its projects as it is expected to execute its operation on a commercially viable basis.

In the absence of islandwide data on private sector housing and construction activity, two indicators have been used to gauge the progress of this sector. They are the number of building approvals by the Colombo Municipality (CMC) and commercial bank advances to the private sector for housing purposes. Building approvals by the CMC suggest a low level of activity when compared with 1982. In 1983 there were a total of 986 building approvals compared with 1245 in 1982 registering a decline of 21 per cent. From these figures it could be surmised that due to the shortage and therefore high cost of land in the Colombo City Limits there has been a shift to suburban areas especially in the case of industrial and commercial buildings. The high cost of building materials, labour and finance have contributed to the stifling of private sector housing and construction.

TABLE 1.27

Approval of Building Plans by Colombo Municipality* -1982-1983

Item	1982	% Change over 1981	1983	% Change over 1982
1. New Residential Buildings ..	589	11.1	532	- 9.7
1.1 Houses ..	364	26.4	347	- 4.7
1.2 Flats ..	225	- 7.0	185	-17.8
2. Commercial Buildings ..	45	- 22.4	4	- 91.1
3. New Industrial Buildings ..	10	150.0	—	100.0
4. New School Buildings ..	3	- 40.0	—	-100.0
5. Additions & Alterations ..	538	1.9	411	- 23.6
6. Other Buildings ..	60	300.0	39	- 35.0
Total ..	1,245	9.2	986	- 20.8

* Excludes Government and Corporation Building Plans

Source : Colombo Municipality.

Commercial bank advances outstanding to the private sector for housing purposes increased by 30 per cent. Outstanding advances totalled Rs. 1945 million at the end of 1983 compared to Rs. 1,500 million at the end of 1982. However, when advances are adjusted for rising costs the increase does not appear to be very significant.

The only financial institution engaged principally in the provision of home finance, the State Mortgage and Investment Bank (SMIB) expanded its activities in 1983 in an attempt to facilitate private house building. Interest rates were reduced with effect from January 1983 and loan procedures were reviewed in order to assist borrowers. In addition, upper limits on loans were raised and repayment procedures were amended to encourage borrowing. A new scheme to accommodate property developers was introduced. In 1983, 1,412 loans totalling Rs. 151 million with interest rates varying between 7 per cent and 24 per cent were sanctioned for housing and construction purposes.

The year also saw the establishment of the Housing Development Finance Corporation (HDFC) as a building society. This was incorporated in December, 1983 under the National Housing Act No. 37 of 1954. The HDFC is jointly managed by the public and private sector.

After the July disturbances, the Rehabilitation of Property and Industries Authority (REPIA) was established on August 07, 1983 under Emergency Regulations of the Public Security Ordinance (Chapter 40) to facilitate the (a) repair and restoration of affected properties and (b) the rehabilitation of affected industries and businesses. By the end of 1983, REPIA had recommended 85 loan applications and 46 grants amounting to Rs. 8.4 million and Rs. 1 million, to be disbursed through the SMIB and National Savings Bank (NSB). A total of 68 loans amounting to Rs. 6.8 million at interest rates of 2 per cent, 4 per cent and 6 per cent were approved through the SMIB. 17 loans at 9 per cent interest were recommended to the NSB. All loans disbursed were for the restoration of residential properties only, as the two banks engaged in this activity are prohibited by law from granting loans to commercial establishments. However, the Bank of Ceylon has formulated a scheme to assist small and medium sized commercial establishments which will make it possible for REPIA to recommend loans to business enterprises.

Accelerated Mahaweli Programme

The Accelerated Mahaweli Programme, one of the lead development projects in the country, made considerable progress during the year, 1983. The total expenditure incurred on this project up to the end of 1983 amounted to Rs. 18,414 million, of which Rs. 7,130 million or 39 per cent was spent during 1983.

The Accelerated Mahaweli Programme consists of three main components : headwork projects of Victoria, Kotmale, Maduru Oya and Randenigala; down stream engineering and irrigation works ; and settlement and agricultural production.

The single most important source of funding for the Victoria project is a grant from the Government of the United Kingdom. The total expenditure incurred on this project up to the end of 1983 amounted to Rs. 5,107 million. Of this, Rs. 1,839 million or 36 per cent was spent during 1983. Impounding of the Victoria reservoir is scheduled to commence by April, 1984. Much progress has been made in

the concreting of the dam and construction of roads and the bridges in the Victoria peripheral area. With the completion of head works, the Victoria project will increase the hydro electricity generating capacity by 210 MW. or by 52 per cent of existing capacity.

TABLE 1.28
Accelerated Mahaweli Programme—Cost Estimates

(Rs. Million)

Project	Budgeted Expenditure for 1983			Actual Expenditure for 1983 (a)	Cumulative Expenditure upto end 1983 (a)
	Provisions	Supplementary	Total		
1. Victoria Reservoir ..	1,645	—	1,645	1,839	5,107
2. Kotmale Reservoir ..	2,404	—	2,404	2,054	4,742
3. Randenigala Reservoir ..	665	—	665	891	1,045
4. Maduru Oya Reservoir ..	355	—	355	345	2,507
5. Minipe Transbasin Canal ..	137	—	137	298	920
6. Irrigation System 'B' ..	749	—	749	753	1,258
7. Irrigation System 'C' ..	383	—	383	523	1,217
8. Stage I & II ..	240	—	240	293	1,343
9. Others ..	216	—	216	134	275
Total ..	6,794	—	6,794	7,130 (b)	18,414

Source : Mahaweli Authority of Sri Lanka.

(a) Provisional.

(b) Actual expenditure exceeds the voted budget expenditure for 1983, as unspent cash from 1982 was utilized in 1983.

The Kotmale project funded by the Swedish International Development Agency (SIDA) is scheduled to be completed by 1985. The project comprises a dam across Kotmale Oya (a tributary of Mahaweli Ganga) and a tunnel system leading to an underground power station. The total expenditure on the project upto the end of 1983 amounted to Rs. 4,742 million ; Rs. 2,054 million or 43 per cent of this was spent during 1983. The excavation of low pressure tunnel and civil works on two diversion tunnels, access roads and access tunnels of the project were completed during the year. The construction of the dam is nearing completion and impounding is scheduled in November, 1984.

The Randenigala Project, funded by the Federal Republic of Germany, was started in 1982 to be completed by mid 1986, and construction work on the project achieved satisfactory progress during the year 1983. Total expenditure on the project up to the end of 1983 amounted to Rs. 1,045 million of which Rs. 891 million or 85 per cent was spent during 1983. The construction of Minipe transbasin diversion complex to convey irrigation water to systems 'C' and 'B' is nearing completion.

The Maduru Oya Reservoir Project primarily for irrigation and settlement is funded by the Government of Canada. The reservoir supplemented with Mahaweli water will provide irrigation facilities to about 37,500 hectares. Total expenditure on the project up to the end of 1983 amounted to Rs. 2,507 million, of which

Rs. 345 million (14 per cent) was spent during 1983. Construction of the Maduru Oya Dam is completed and impounding commenced. The construction of the main left bank canal commenced in mid 1983 and the NDK Dam and the right bank canal outlet gates are nearing completion. Downstream development work on the right bank has not commenced as yet. Water issues for irrigation of zone 2 in System 'C' from Ulhitiya Reservoir commenced and construction work on Ratkinda Oya Reservoir was completed in 1983.

The total extent cultivated in the command area of the Mahaweli Development Programme during 1983 amounted to 51,220 hectares. Of this 46,000 hectares were cultivated with paddy and 5,220 hectares with other crops. Of the total extent cultivated, the 'H' area, where land development and settlement work is almost complete, accounted for 33,130 hectares of paddy and 3,340 hectares of other crops in the year 1983. The system 'C' accounted for another 4,970 hectares of paddy and 770 hectares of other crops. The extent under paddy cultivation in systems 'B' and 'G' amounted to 3,940 hectares and 3,960 hectares, respectively.

In the 'H' area the extent cultivated with paddy rose by 43 per cent but production of paddy more than doubled when compared with the previous cultivation year. The extent under other crops, however, dropped significantly by 46 per cent owing to inadequate supply of water in the Kalawewa Reservoir for distribution during Yala 1983. In 'H' 5 area in the system 'H' Yala, 1983, cultivation was limited almost entirely to homestead plots.

TABLE 1.29

New Land cultivated under Mahaweli Development Programme

('H' Area)

Item	Hectares								
	Maha 1980/81	Yala 1981	Total 1981	Maha 1981/82	Yala 1982	Total 1982	Maha 1982/83*	Yala 1983*	Total 1983*
Area Cultivated	20,663	9,444	30,106	22,568	6,875	29,443	27,680	8,790	36,470
(a) Paddy	20,663	6,923	27,586	20,680	2,522	23,202	27,534	5,596	33,130
(b) Other crops	—	2,521	2,521	1,888	4,353	6,241	146	3,194	3,340

* Provisional

Source: Mahaweli Authority of Sri Lanka.

The total number of families settled in 'H' area as at December, 1983 amounted to 23,262 and out of this 698 or 3 per cent were settled during the year 1983. The total number of families settled in system 'C' amounted to 7,444 by the end of 1983. Of this, 1,988 families were settled in 1983. In system 'B' the number of families settled up to end of 1983 amounted to 2,462. Of this, 1,412 were settled during 1983. Including 240 families settled during 1983 in system 'G' the total number of families settled under the Accelerated Mahaweli Development Programme by the end of 1983 amounted to 33,408.

Integrated Rural Development Programme

The main objective of the Integrated Rural Development Programme (IRDP) is the achievement of more balanced regional development in the country by raising productivity, income, employment and quality of life of the population of those districts which are not presently benefitting from large scale, high investment programmes. Therefore, the programme is directed towards the districts which have lagged behind the development process and remain relatively less developed. The IRDP aims at developing short and medium term programmes of high priority to meet the local needs including development of institutions which have a closer bearing on development and quality of life.

The first IRDP was implemented in Kurunegala district in 1979, with financial assistance from the World Bank. Since then several other districts were brought under this programme with funding from various international sources. By the end of 1983 the IRDP was being implemented in 7 districts while plans were being formulated for another 5 districts to be added to this within the next two years.¹

The programme in Kurunegala is based on a clearly identified set of projects with their planned annual implementation programmes and therefore, considered to be a somewhat rigid model of planning since no major deviations are possible from the pre-identified and agreed upon set of projects. The same holds true in the case of programmes in the districts of Matale, Puttalam and Badulla. The programme in Hambantota is much more flexible in that there is room for the inclusion of sub-projects in consultation with the donor agency depending on the priorities and capacity to implement such additions. The programmes in Matara and Nuwara Eliya are implemented on an annual basis and no agreements are reached with the donor agencies for the entire programme. This provides even a greater degree of flexibility for adjustments, if necessary.

TABLE 1.30
District-wise Expenditure on the District Integrated Rural Development Programme - 1982 and 1983

District (a)	Estimated cost			Expenditure to Date Cumulative		Expenditure During 1982	Expenditure During 1983*
	Foreign	Local	Total	as at end 1982	as at end 1983*		
				1. Kurunegala (1979)	197.7	267.3	465.0
2. Matara (1979)	85.7	—	85.7	67.7	74.4	14.6	6.7
3. Hambantota (1979)	260.0	—	260.0	117.6	157.6	36.2	40.0
4. Nuwara Eliya (1980)	—	—	—	44.7	70.8	18.1	26.1
5. Matale (b) (1981)	}	}	736.0	104.0	145.0	76.4	41.0
6. Puttalam (b) (1981)				124.8	185.5	87.9	60.7
7. Badulla (1982)				148.5	257.0	405.5	2.0

* Provisional

Source: Ministry of Plan Implementation.

(a) Indicates year of implementation.

(b) Foreign/Local component for Matale and Puttalam districts are calculated together as the World Bank combines the two districts as one project.

1. Of these five, implementation of programmes in Mannar and Vavuniya districts is scheduled to commence in 1984.

The Kurunegala District Integrated Rural Development Programme, implementation of which was commenced in 1979, was initially designed to cover a five-year project period with a total cost of Rs. 465 million. Of the cost, 43 per cent was provided by the World Bank through the International Development Association (IDA) financing. The total expenditure on the project by the end of 1983 amounted to Rs. 360 million or 77 per cent of the estimated total cost, while expenditure during the year 1983 alone amounted to Rs. 72 million. The lead projects in Kurunegala include improvement of irrigation facilities and access to electricity and the development of coconut cultivation. By the end of 1983, rehabilitation of 3 major tanks and 252 minor tanks has been completed together with 16 rural electrification schemes.

The IRDPs in Matara and Hambantota commenced in 1979, each with an estimated project period of 5 years. The programme in Matara district is funded by the Swedish International Development Agency (SIDA) while that in Hambantota is funded by Norwegian Aid for Development (NORAD). By the end of 1983 total expenditure on the programme in Matara district amounted to Rs. 74 million, of which Rs. 7 million was spent during the year, 1983. By the end of 1983, Rs. 158 million had been spent on the programme in Hambantota district, of which Rs. 40 million was incurred during 1983.

The Nuwara Eliya district IRDP commenced in 1980, on which Rs. 71 million has been spent by the end of 1983. Approximately Rs. 26 million was spent during 1983 alone. The programme emphasizes among others, improvement of health facilities and availability of drinking water which are considered to be priority areas of investment directly affecting quality of life of the bulk of the population in the district.

The IRDPs in both Matale and Puttalam districts were commenced in 1981 with World Bank finance. The programme in Matale district emphasizes, among others, the development of minor export crops and reforestation while that in Puttalam district focusses mainly on irrigation, road development and coconut cultivation. Expenditure on the Matale programme amounted to Rs. 145 million by the end of 1983, of which Rs. 41 million was spent during 1983. On the Puttalam programme Rs. 186 million has been spent upto the end of 1983. The expenditure during 1983 amounted to Rs. 61 million.

The implementation of the IRDP in the Badulla district commenced in July 1982 with funds from two sources, International Fund for Agricultural Development (IFAD) and SIDA. The estimated cost of the programme amounted to Rs. 406 million for the expected project period of five years. The development of tea small-holdings and improvement of health and educational facilities have been given priority in the programme. The total cost of the latter two components during 1984-86 will be financed with a grant from SIDA.