

products such as clothing, sports goods, rubber based products, cosmetic accessories, light engineering products, electronic components and electrical appliances are manufactured for export.

Gross earnings from GCEC exports increased by 46 per cent amounting to Rs. 1,119 million (SDR 49 million) in 1984. The garments and footwear sector accounted for the highest amount of export earnings (50 per cent) in 1984 as in the previous year. In this sector export earnings per employee, in SDR terms, increased by 30 per cent. The other sectors of the GCEC that recorded increases in export earnings were beverages and tobacco products, steel fabricated metal products and plastic products.

The GCEC's Second Investment Promotion Zone at Biyagama which covers an area of 450 acres is presently under construction. This zone which is scheduled to be in operation in 1985, will have infrastructural facilities similar to that of the Katunayake Investment Promotion Zone.

TABLE 1.20
Investment Promotion Zone — Employment and Export Earnings 1983 - 1984

Category	1983		1984(a)	
	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. Food, beverages and tobacco ..	30	41.7	30	116.0
2. Textile, wearing apparel and leather products ..	22,389	1,917.4	25,041	2,889.1
3. Wood and wood products ..	64	1.6	—	0.1
4. Paper and paper products ..	—	—	—	—
5. Chemicals, petroleum, coal, rubber and plastic products ..	760	108.6	1,652	136.3
6. Non-metallic mineral products ..	85	5.6	—	2.7
7. Basic metal products ..	—	—	—	—
8. Fabricated metal products, machinery and transport equipment ..	606	92.6	234	85.8
9. Manufactured products (n.e.s) ..	1,762	81.4	1,934	108.0
10. Services(b) ..	357	170.0	360	199.4
Total	26,053	2,418.9	29,251	3,537.4

Source: Greater Colombo Economic Commission.

(a) Provisional

(b) Excluding Air Lanka.

ECONOMIC AND SOCIAL OVERHEADS

Energy

In 1984, Sri Lanka experienced an improved energy situation. This development was the result of lower international prices for petroleum products as well as the higher domestic generation of hydro electricity consequent on improved weather conditions. Sri Lanka was able to benefit from declining world oil prices by purchasing over

60 per cent of her oil requirements from the spot market, where prices were below the bench mark price of the Organisation of Petroleum Exporting Countries. The favourable weather conditions in the catchment areas of hydro-reservoirs during the year enabled the utilization of hydro-power plants at an increased capacity and to restrict thermal power generation. Meanwhile the first two stages of the Victoria hydro-power project of the Accelerated Mahaweli Development Programme and the new diesel plant at Sapugaskande were commissioned and connected to the National Grid in the fourth quarter of the year. A significant feature of the energy sector, therefore, was the substitution of cheaper hydro-power for costly thermal-power.

The oil import bill which accounted for 24 per cent of the total imports in 1983 dropped to 23 per cent in 1984. The value of oil imports taken as a percentage of the value of non-petroleum exports which reached an unprecedented level of 67 per cent in 1982 dropped further from 49 per cent in 1983 to 32 per cent in 1984. The impact of oil imports on export earnings, computed as a ratio of net petroleum imports to total non-petroleum exports, declined from 37 per cent in 1983 to 22 per cent in 1984.

Petroleum is the largest source of commercial energy in Sri Lanka which accounted for nearly 25 per cent of the total demand for both commercial and non-commercial energy in 1984. The continuous operation of the refinery in 1984 enabled the Ceylon Petroleum Corporation (CPC) to increase the output of petroleum products and consequently imports of crude oil rose to 1,733 thousand metric tonnes, registering an increase of 16 per cent when compared with 1983. As a result, imports of refined products in 1984 at 129 thousand metric tonnes were lower by 74 per cent, compared with 1983.

Earnings from petroleum exports at Rs. 3,288 million (SDR 126 million) indicated an increase of 23 per cent (18 per cent, in SDR terms) following two successive years of decline. A higher quantity of petroleum products was available for export during the year under review due to the decrease in domestic consumption of certain exportable oil products such as fuel used by the Ceylon Electricity Board (CEB) which decreased substantially.

A new trend emerged in the domestic consumption pattern of petroleum in 1984, which reflected the full impact of the price increases effected in the previous year. The consumption of kerosene dropped by 7 per cent in 1984, as the kerosene price was brought more closer to its actual cost in 1983. Consumption of petrol grew marginally in 1984. It is interesting to note that the consumption of furnace oil decreased by 7 per cent, in 1984, showing the impact of the price increase in 1983. Further, the consumption of heavy diesel and furnace oil by all sectors registered substantial decreases due to the sharp drop in the use of fuel in electricity generation. However, domestic consumption of auto-diesel increased by 5 per cent as a result of the expansion in the transport sector.

Total installed capacity of the CEB at 812 mW by the end of 1984 registered a growth of 37 per cent when compared with the previous year. The commissioning of the first two stages of the Victoria hydro-power project with a capacity of 70 mW each in the final quarter of 1984, augmented the hydro-power capacity from 402 mW to 542 mW while the diesel fired thermal-power plant with a capacity of 80 mW which also came on stream in November enhanced the installed capacity of thermal-power from 190 mW in 1983 to 270 mW in 1984.

TABLE 1 . 21
Salient Features of the Energy Sector 1983 - 1984

Item	Unit	1983	%Change over 1982	1984	% Change over 1983
1. Petroleum Products					
1.1 Exports	Rs. Mn.	2,681.9	- 16.7	3,287.8	22.6
1.2 Imports	Rs. Mn.	11,023.7	- 9.8	10,681.1	- 3.1
1.3 Quantity Imported	Mt. Tons				
1.3.1 Crude Oil		1,491,973	- 23.1	1,733,257	16.2
1.3.2 Refined Products		487,593	80.4	129,443	- 73.5
1.4 Average Price of Crude Oil	Rs./barrel	714	- 0.1	751	5.2
1.5 Local Price	Rs./litre				
1.5.1 Super petrol		13.50	35.0	13.50	—
1.5.2 Kerosene		6.58	69.1	6.58	—
1.5.3 Auto Diesel		8.13	36.9	8.13	—
1.5.4 Heavy Diesel		7.83	37.8	7.83	—
1.5.5 Super Diesel		9.28	40.6	9.28	—
1.5.6 Furnace oil -					
500 second		4.89	10.1	5.22	6.8
800 second		4.84	10.0	4.87	0.6
1,000 second		4.72	10.0	4.72	—
1.5.7 Bitumen		6.95	10.8	6.95	—
1.6 Local Sales	Mt. Tons				
1.6.1 Super petrol		117,491	2.9	119,237*	1.9
1.6.2 Kerosene		162,032	- 6.9	150,247*	- 7.3
1.6.3 Auto Diesel		463,992	1.3	486,663*	4.9
1.6.4 Heavy Diesel		295,203	106.3	84,874*	- 71.2
1.6.5 Super Diesel		10,418	24.6	14,345*	37.7
1.6.6 Furnace oil		279,138	2.0	223,462*	- 19.9
2. Electricity					
2.1 Installed Capacity	mW	592.25	5.3	812.25	37.1
2.1.1 Hydro		402.25	8.1	542.25	34.8
2.1.2 Thermal		190.00	—	270.00	42.1
2.2 Units Generated	Mn. kWh	2,114.4	2.4	2,260.5	7.0
2.2.1 Hydro		1,217.2	- 24.3	2,090.6	71.8
2.2.2 Thermal		897.2	96.1	169.9	- 81.1
2.3 Total Sales	Mn. kWh	1,792.3	6.2	1,853.6*	3.4
2.3.1 Domestic		304.8	18.0	312.9*	2.7
2.3.2 Industrial		752.0	1.7	788.3*	4.8
2.3.3 Commercial		292.0	11.2	295.1*	1.1
2.3.4 Local Authorities		433.2	3.7	446.0*	3.0
2.3.5 Street Lighting		10.3	4.6	11.3*	9.7

Sources: Ceylon Petroleum Corporation,
Ceylon Electricity Board.

* Provisional.

Total power generated by the CEB at 2,260 million kWh in 1984 was 7 per cent higher than its level in the previous year. With the sharp increase in hydro - power supply in 1984, the share of thermal electricity in the total power supply dropped to 8 per cent, registering a decrease of 81 per cent when compared with the previous

year. Simultaneously, the fuel cost of electricity generation incurred by the CEB dropped from Rs. 2,299 million in the previous year to Rs. 443 million in 1984. The benefit of this reduction was passed on to the consumer by a reduction of the Fuel Adjustment Charge levied on consumers of 150 units or more per month from 185 per cent to 150 per cent with effect from 1st July, 1984. A regular power supply was provided to consumers by the absence of power cuts, which have been, in recent years, usual in the dry season.

The main policy option which provided a significant pay off in the short term was the attempt to improve the efficiency of the energy sector both in production and distribution. These measures included reducing losses in electricity generation, transmission and distribution, improving productivity of oil refinery operations and minimising wastage in handling and transport of oil. It is estimated that 19 per cent of the electricity generated is lost in the process of transmission and distribution. It is expected that this loss would be reduced through the network rehabilitation programme which is now underway. An area which received increased attention is the diversification of the energy sector and the development of substitute sources of energy for petroleum and electricity. Efficient and economic use of fuel wood, use of agricultural and other agro-waste materials as substitute fuel, increased use of direct solar and wind power were other particular areas to which policy attention was given during the year. Energy audits were carried out in selected public and private sector institutions (which were identified as large consumers) with the objective of improving the efficient use of energy.

Transportation

The transport sector recorded a moderate growth in 1984. The state owned agencies continued to play a dominant role in passenger transport, accounting for more than 60 per cent of total services. However, their market share suffered a sharp decline from that of 1983. Private bus operators continued to expand passenger transport services. The freight market also expanded during the year. This expansion was due mainly to the improved performance of the Sri Lanka Railways (SLR).

The objective of the Sri Lanka Transport Board (SLTB) with regard to operations of the Regional Transport Boards (RTBs) during the year was to improve the quality of services rather than to expand the services. In pursuance of this objective the scale of operations of the RTBs was frozen at the level of 1982.

The vehicle fleet of the RTBs was augmented through financial assistance provided by the International Development Association (IDA) for the fifth successive year since 1980. Part of the IDA credit was also utilized to develop the infra-structure programme of the SLTB which included the construction of depots and workshops.

According to provisional data, the operated kilometerage of the nine RTBs in 1984 stood at 423 million kilometers, registering a decline of 8 per cent when compared with the previous year. Further, in the year under review, the RTBs were able to operate only 75 per cent of the scheduled services mainly due to traffic dislocations

experienced in three of the nine RTBs. Certain services were suspended or curtailed in the Northern and Eastern Provinces due to security reasons. As a result the Northern and Eastern RTBs each lost approximately 40 per cent of the scheduled kilometerage while the North Central RTB lost around 30 per cent.

Steps were taken by the RTBs during the year to re-schedule services by curtailing certain unremunerative services. Total traffic carried by the RTBs in 1984 amounted to 13,786 million passenger kilometers as compared with 16,065 million passenger kilometers in 1983. The sharper decline of passenger kilometerage than that of the operated kilometerage is further evident by the drop in the load factor from 70 per cent in 1983 to 61 per cent in 1984. However, vehicle utilization of the RTBs at 227 kilometers per day in the year under review registered a marginal increase when compared with the comparable figure of 226 kilometers in the previous year.

The efforts of the SLTB to improve its revenue performance was hampered to a great extent by the traffic dislocation in the Northern and Eastern provinces. However, total revenue earned by the nine RTBs increased moderately by 8 per cent, in 1984. The three RTBs in the Northern, Eastern and the North Central provinces suffered a shortfall of Rs. 89 million on their budgeted revenue which accounted for 34 per cent of the total shortfall of the consolidated budgeted revenue of the nine RTBs for 1984. The SLTB which continued to depend on Treasury subsidies received Rs. 382 million in 1984, in reimbursement of the cost of concessions offered on student season tickets, passes to police and army personnel and also as subsidy for operating on uneconomic routes.

The Sri Lanka Railways (SLR) expanded its freight services substantially during the year under review. Owing to the suspension of services on certain routes and the curtailment of uneconomic services, passenger kilometerage of the SLR registered a drop of 5 per cent when compared with 1983. According to provisional figures the operated kilometerage of the SLR at 8.8 million kilometers which registered an increase of 7 per cent also indicated a reversal of the declining trend observed since 1981. The operating losses of the SLR rose to an unprecedented level of Rs. 582 million in 1984 from Rs. 453 million in the previous year.

The main problem faced by the Department of Private Omnibus Transport in discharging its prime duty of assisting in the operation of a regular private omnibus service was the non-compliance by a sizeable number of operators with the terms and conditions imposed on them under the Private Omnibus Services Act. No. 44 of 1983. In 1984, the Department earned approximately, Rs. 14 million by issuing 9,860 permits to 9,200 private operators to operate on 1,187 routes. It is estimated that about 82,000 direct and indirect employment opportunities have been provided by the private omnibus service as at end of 1984.

The number of new private coaches registered with the Department of Motor Traffic amounting to 3,926 indicated a moderate growth of 5 per cent this year as compared with a 48 per cent increase observed in 1983. New registration of all categories of motor vehicles, except motor cars, increased in 1984, following the trend observed since 1977.

TABLE 1.22
Salient Features of the Transport Sector 1983 - 1984

Item	unit	1983	% change over 1982	1984	% change over 1983
1. New Registration of Motor Vehicles	No.				
1.1 S.L.T.B. buses		521	- 6.1	325	- 37.6
1.2 Private coaches		3,748	48.0	3,926	4.7
1.3 Private cars		5,470	- 3.5	5,115	- 6.5
1.4 Motor cycles		14,431	33.0	16,873	16.9
1.5 Lorries & other vehicles for goods transport		8,191	26.8	8,227	0.4
2. S.L.T.B. Operations					
2.1 Operated kilometers	Mn.	457.4	- 5.1	422.7	- 8.0
2.2 Passenger kilometers	Mn.	16,065.0	- 12.0	13,785.9*	- 14.2
2.3 Total revenue	Rs. Mn.	2,195.8	23.9	2,367.2	7.8
2.4 Total cost	Rs. Mn.	2,589.3	7.8	2,743.0	5.9
2.5 Total loss	Rs. Mn.	393.5	- 37.4	375.8	- 4.5
3. S.L.R. Operations					
3.1 Operated kilometers	Mn.	8.2	- 19.6	8.8*	7.3
3.2 Passenger kilometers	Mn.	2,447.2	- 21.6	2,337.0*	- 4.5
3.3 Freight ton kilometers	Mn.	223.8	3.2	261.8*	17.0
3.4 Total revenue	Rs. Mn.	434.7	1.7	500.0*	15.0
3.5 Total cost	Rs. Mn.	887.2	18.0	1,082.4*	22.0
3.6 Operating loss	Rs. Mn.	452.5	39.5	582.4*	28.7

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

* Provisional.

Inter-modal co-ordination, development of an institutional framework for transport planning and improved efficiency through better utilisation of existing resources were identified as vital areas in improving the productivity of the transport sector. With these far reaching objectives in mind, the Government established the Inter-Ministerial Committee for Co-ordination and Planning of Transport (IMCCPT) in 1984 to prepare a Comprehensive Transport Plan and make recommendations on future transport policy. More regulatory measures were brought into effect in 1984 under the Private Omnibus Services Act No. 44 of 1983 with the formation of District Associations and the Federation of District Associations of private operators at national level. Import duties of certain categories of motor vehicles were also lowered as a part of an extensive revision of the tariff structure in the latter part of the year.

Housing and Urban Development

The outstanding feature in housing and urban development in 1984, was the completion of the one hundred thousand houses programme and the commencement of the one million houses programme under the Public Sector Housing Programme (PSHP). In public sector housing the emphasis was on minimum intervention and maximum support by the Government. With this aim in view greater emphasis

was given to self help programmes such as the Rural Housing Sub Programme. The Electoral Housing Programme was streamlined while other schemes such as the Public Servants Quarters and the National Housing Loan Fund were inoperative.

A total of 20,209 housing units were completed during the year under review. In addition 32,497 units were under construction. These compare with 11,658 units completed and 8,091 units under construction during the previous year. Of the total houses completed in 1984, 16,092 units (nearly 50 per cent) were constructed under the Rural Housing Sub Programme.

TABLE 1.23
Public Sector Housing Programme - Progress 1983-1984

Programme	No. of Units Completed			No. of units under construction		Expenditure (Rs. Mn.)		
	1983	1984	1978-1984	1983	1984	1983	1984	1978-1984
1. Direct Construction ..	1,312	715	11,701	1,523	884	399.5	232.1	3,196.8
2. Rural Housing(a) ..	7,386	3,202	29,847	6,254	4,282	112.8	62.5	693.1
3. Electoral Housing(b) ..	2,960	200	10,510	290	210	19.4	12.8	607.6
4. Public Servant Quarters ..	—	—	—	24	—	7.5	—	88.2
5. National Housing Loan Fund ..	—	—	28,000	—	—	—	—	275.0
6. Rural Housing Sub Programme ..	—	16,092	16,092	—	27,121	—	188.1	188.1
Total ..	11,658	20,209	96,150	8,091	32,497	539.2	495.5	5,048.8

(a) Includes ASH Houses, Model Villages and Fisheries Houses
(b) On modified aided self help basis.

Sources : National Housing Development Authority; Ministry of Local Government, Housing and Construction.

Total expenditure on public sector housing amounted to Rs. 495 million. This compares with Rs. 595 million in 1983. This decline in the level of expenditure indicates the shift towards more low cost housing and the emphasis on self help programmes. Expenditure on direct construction declined from Rs. 399 million to Rs. 232 million since the expenditure on high cost schemes was streamlined. Even though the Rural Housing Sub Programme resulted in the completion of 16,092 new units, Government's share of expenditure on this programme amounted only to Rs. 188 million.

The Urban Development Authority (UDA) continued to promote the integrated planning and development of important urban locations in the country during the year. However, the level of activities of many schemes had to be scaled down due to the rephrasing of capital expenditure by the Government, of a total expenditure of the UDA amounting to Rs. 403 million in 1984, Rs. 210 million was provided by the Government. A Land Bank was established by the UDA in 1984 with a view to ensuring availability of land for major development projects such as office, hotel, banking, industrial and shopping complexes. The UDA continued its Slum and Shanty Upgrading Programme which concentrated on uplifting the living standards of the low income groups who live in the city of Colombo and other major cities.

Credit granted and outstanding for housing and construction at the end of the year by commercial banks amounted to Rs. 2,331 million, indicating an increase of 17 per cent over the level outstanding at the end of 1983. The rate of interest on bank loans on housing ranged between 14 per cent to 28 per cent per annum. In addition, the State Mortgage and Investment Bank (SMIB) emerged as one of the leading institutions in housing finance. The authorised capital of the SMIB was raised from Rs. 200 million to Rs. 2,000 million in 1984. The SMIB was also empowered to accept loan deposits, savings deposits, contract deposits and loan linked deposits in order to mobilise resources and also to reduce its dependence on debentures. Total SMIB lending on housing amounted to Rs. 341 million. In addition, a sum of Rs. 18 million was sanctioned for property developers under the Bridging Finance Scheme and a further Rs. 13 million for construction purposes under the SMIB—REPIA Scheme.

The Housing Development Finance Corporation (HDFC) which was incorporated in December, 1983 as a building society under the National Housing Act No. 37 of 1954 commenced loan operations in August, 1984. The HDFC was established for the purpose of raising funds through its members and to grant loans to its members for construction of houses, flats and other buildings. The total amount of loans granted by the HDFC amounted to Rs. 1.2 million at the end of 1984. The rates of interest charged by the HDFC ranged from 11 per cent to 20 per cent per annum. The building society fund was subscribed by two categories of share holders, namely corporate shareholders (12) and subscription share holders (2060) and by the end of the year, total subscriptions amounted to Rs. 9 million.

The Rehabilitation of Property and Industries Authority (REPIA) which was established in order to restore, repair and rehabilitate properties damaged in the July, 1983 disturbances, disbursed a total amount of Rs. 17.4 million as loans through the SMIB, NSB and the Bank of Ceylon during the period under review. Of this, a sum of Rs. 14.3 million was for rehabilitation and reconstruction of residential property while Rs. 3.1 million was for the rehabilitation of industrial and commercial property. In addition, a sum of Rs. 8.4 million was also disbursed as grants for rehabilitation purposes.

TABLE 1.24

Approval of Building Plans by Colombo Municipal Council^(a) 1983 - 1984

Item	1983	% Change over 1982	1984	% Change over 1983
1. New residential buildings ..	532	- 9.7	559	5.1
1.1 Houses ..	347	- 4.7	362	4.3
1.2 Flats ..	185	- 17.8	197	6.5
2. Commercial buildings ..	4	- 91.1	—	—
3. New industrial buildings ..	—	- 100.0	—	—
4. New school buildings ..	—	- 100.0	—	—
5. Additions and alterations ..	411	- 23.6	179	- 56.4
6. Other buildings ..	39	- 35.0	47	20.5
Total ..	986	- 20.8	785	- 20.4

(a) Excludes Government and Corporation building plans.

Source : Colombo Municipality.

There are no proper indicators of the level of activity in private sector housing other than credit granted to the private sector from commercial banks and long-term credit institutions. The building approvals of the Colombo Municipal Council (CMC) is used as an indicator of the level of construction activity in the urban sector. In 1984, total building approvals amounted to 785, of which 559 were approvals for residential buildings. The reduction in the number of approvals for additions and alterations indicated the strict adherence to zoning regulations adopted by the CMC in respect of converting homes and flats into commercial and office purposes.

The Accelerated Mahaweli Programme

The Accelerated Mahaweli Programme consists of three main components: head work projects of Victoria, Kotmale, Maduru Oya and Randenigala; downstream engineering and irrigation works; and settlement and agricultural production. During the year 1984, the Programme continued to report considerable progress in all three of these components. The total expenditure incurred on this Programme up to the end of 1984, stood at Rs. 25,011 million of which Rs. 6,597 million or 26 per cent was spent during the year under review.

The total capital expenditure on the Victoria project amounted to Rs. 6,523 million up to the end of 1984. Of this, Rs. 1,416 million or 22 per cent was spent during the year 1984. Impounding of the Victoria reservoir commenced in April, 1984 as scheduled. The work on the Victoria power station continued and the first two stages were commissioned towards the end of 1984. With the completion of head works, the Victoria project will increase the hydro-electricity generating capacity of the country by 210 MW.

TABLE 1.25
Accelerated Mahaweli Programme—Cost Estimates

Project	Budgeted Expenditure for 1984			Actual Expenditure for 1984 (a)	Cumulative Expenditure upto end 1984 (a)
	Provisions	Supplementaries	Total		
1. Victoria Reservoir ..	1,536	258	1,794	1,416	6,523
2. Kotmale Reservoir ..	1,304	595	1,899	1,907	6,649
3. Randenigala Reservoir ..	938	30	968	848	1,893
4. Maduru Oya Reservoir ..	—	—	—	25	2,532
5. Minipe Transbasin Canal ..	—	136	136	245	1,165
6. Irrigation System 'B' ..	1,150	62	1,212	1,184	2,442
7. Irrigation System 'C' ..	624	110	734	621	1,838
8. Irrigation System 'G' ..	82	47	129	63	63
9. Stage I & II ..	200	—	200	252	1,595
10. Others ..	153	—	153	36	311
Total ..	5,987	1,238	7,225	6,597	25,011

Source : Mahaweli Authority of Sri Lanka.

(a) Provisional.

The construction work on the Kotmale project which commenced in 1979 continued in 1984. This project comprises a dam across Kotmale Oya (a tributary of Mahaweli Ganga) and a tunnel system leading to an underground power station. The power station will initially house two generating units with 67 MW capacity each. The Kotmale reservoir was impounded in November, 1984. The total expenditure on the Kotmale project by the end of 1984 amounted to Rs. 6,649 million, of which Rs. 1,907 million or 29 per cent was spent during 1984.

The Maduru Oya reservoir project is primarily an irrigation and settlement project. The head works of the reservoir were completed in 1983. The reservoir supplemented with Mahaweli waters is expected to provide irrigation facilities to about 37,500 hectares of new land and 3,700 hectares of existing land. The construction work of the distributional canal system in System 'B' was in progress. By the end of 1984, the total expenditure on the project amounted to Rs. 2,532 million, of which only Rs. 25 million was spent during the year 1984.

The Randenigala project is the largest reservoir project of the Accelerated Mahaweli Programme. The reservoir will provide irrigation facilities to System 'C' and 'D' initially and to System 'A' later. The total cost on this project up to the end of 1984 amounted to Rs. 1,893 million, of which Rs. 848 million or 45 per cent was spent during the year under review. (This project is funded by the Federal Republic of Germany.) The construction of the Minipe Transbasin Canal, which conveys Mahaweli irrigation water to System 'C' and 'B' was completed and commissioned in April, 1984.

According to provisional data, the total extent brought under cultivation in the Mahaweli Command Area during Maha, 1983/84 amounted to 38,462 hectares indicating an increase of 23 per cent. The total extent cultivated during Yala, 1984 showed a more than two-fold increase when compared with the previous Yala season. Of the total extent cultivated in both Maha and Yala 55,613 hectares or 84 per cent was under paddy while 10,575 hectares were cultivated with other food crops. System 'H' area where land development and settlement were nearing completion, accounted for 67 per cent of the total extent cultivated with paddy and 63 per cent of the total extent cultivated with other crops. System 'C' also accounted for 18 per cent of the total extent cultivated with paddy in the Command Area.

Paddy production in the System 'H' area during 1984, has been estimated at 5.75 million bushels whereas in the previous year it amounted to 5.0 million bushels. This amounts to about five per cent of the total production of the country.

The total number of families settled in System 'H' area amounted to 26,285 at the end of 1984, while in System 'C' it amounted to 9,440. In System 'B', 5,282 families have been settled by the end of the year. A total of 663 families have also been settled in system 'G'. Thus, altogether 41,670 families have been settled in the Mahaweli Command Area by the end of 1984.

TABLE 1.26

New Land Cultivated under Mahaweli Development Programme

Item	Hectares								
	Maha 1981/82	Yala 1982	Total 1982	Maha 1982/83	Yala 1983	Total 1983	Maha 1983/84(a)	Yala 1984(a)	Total 1984(a)
System 'H'	22,568	5,919	28,487	25,261	6,546	31,807	25,284	18,676	43,960
(a) Paddy	20,680	2,673	23,353	22,400	3,917	26,317	23,135	14,213	37,348
(b) Other Crops	1,888	3,246	5,134	2,861	2,629	5,490	2,149	4,463	6,612
System 'B'	—	640	640	2,682	1,400	4,082	2,495	1,732	4,227
(a) Paddy	—	640	640	2,200	1,400	3,600	1,771	1,715	3,486
(b) Other Crops	—	—	—	482	—	482	724	17	741
System 'C'	—	—	—	—	1,503	1,503	7,166	5,304	12,470
(a) Paddy	—	—	—	—	1,503	1,503	5,353	4,726	10,079
(b) Other Crops	—	—	—	—	—	—	1,813	578	2,391
System 'G'	—	2,221	2,221	3,202	1,810	5,012	3,517	2,014	5,531
(a) Paddy	—	1,588	1,588	2,958	1,321	4,279	3,292	1,408	4,700
(b) Other Crops	—	633	633	244	489	733	225	606	831
Total	22,568	8,780	31,348	31,145	11,259	42,404	38,462	27,726	66,188

(a) Provisional

Source: Mahaweli Authority of Sri Lanka.

In 1984, the Mahaweli Economic Agency imposed an irrigation levy with a view to recovering part of the operations and maintenance (O & M) cost of the irrigation schemes from the farmer beneficiaries. The levy for 1984 calendar year was fixed at Rs. 100 per acre. It has been estimated that this levy would cover 50 per cent of the average O & M costs of providing irrigation water. The total collection of the levy in 1984 amounted to Rs. 4.2 million excluding Udawalawe. This constituted 68 per cent of the total estimated levy payable by all farmers in the area.

Irrigation Development

The importance of irrigation for better crop production has increased considerably over the past two decades. The present irrigation development in Sri Lanka involves construction of new projects, rehabilitation and improved management of existing major irrigation schemes and the restoration and rehabilitation of small tanks and anicuts. Construction and development work of three major projects—Kirindi Oya, Inginimitiya and Nilwala Ganga—outside the Accelerated Mahaweli Development Programme continued in 1984.

The Kirindi Oya Project in the district of Hambantota commenced in 1982. This project envisages the construction of a reservoir with a capacity of 227 million cubic metres (183,800 acre feet) to provide irrigation facilities to about 4,300 hectares of new land and about 4,000 hectares of existing land. A significant proportion of the construction work on the main dam and the distributory canals was completed during the year. The project cost has been estimated at Rs. 1,600 million and a part of the funds comes from the Asian Development Bank and the International Fund for Agricultural Development. The project is expected to be completed by the end of 1985.

The Inginimitiya project in the Puttalam District which commenced in 1981, envisages the construction of a reservoir with a capacity of 65 million cubic metres (53,000 acre feet) across the Mee Oya to irrigate about 1,800 hectares of new land and 750 hectares of existing land. The total cost of the project has been provisionally estimated at Rs. 360 million and 50 per cent of this is provided by the Government of Japan. Most of the work on this project has been completed by the end of 1984. The project is due for commissioning in 1985.¹

Phase I of the Nilwala Ganga Project commenced in 1983. The total cost of Phase I is estimated at Rs. 525 million of which Rs. 440 million is provided by the Government of France. The project will result in an increase in agricultural production owing to both improvements in yield and cropping intensity on nearly 4,000 hectares of agricultural land now affected by frequent floods in the Kirula Kele basin of the Nilwala Ganga.

The Village Irrigation Rehabilitation Project, which commenced in 1981, originally envisaged the rehabilitation of minor irrigation schemes located mainly in the dry zone with a view to improving water management in these areas. In 1983,

1. The project was commissioned on 25th March, 1985.

however, two wet zone districts - Galle and Matara - were brought into the project. The total estimated cost of the project is Rs. 785 million and the World Bank provides Rs. 540 million. By the end of 1983, a total of 212 minor irrigation schemes have been rehabilitated or restored under this project which made a considerable progress during the year 1984 as well. In 1984, 158 tanks were taken up for rehabilitation.

The Five Tanks Modernization Project (FTMP) was initiated in 1976 with assistance from the World Bank and the United Kingdom. The project cost has been estimated at Rs. 293 million. The FTMP envisages modernization of five tanks in the districts of Anuradhapura and Vavuniya, with a view to improving water management to increase cropping intensity and production. By the end of 1984 the project was almost completed.

The Gal Oya Water Management Project was initiated in 1980 to rehabilitate the left bank of the Gal Oya Irrigation System for improved water management and increased cropping intensity and production. The total cost of the project has been estimated at Rs. 490 million. The Agency for International Development of the United States of America provides Rs. 335 million of the total cost. An important aspect of this project is the setting up of farmer organisations to participate actively in the rehabilitation programme. By the end of 1984, 240 farmer organizations covering 10,800 farmers have been set up and 15,400 hectares have been rehabilitated. The project is scheduled for completion by the end of 1985 and at full completion about 20,000 farmers on 23,000 hectares would benefit from the project.

Integrated Rural Development Programme

The Integrated Rural Development Programme (IRDP) which covered seven districts by the end of 1983, was extended to four more districts in 1984, namely, Mannar, Vavuniya, Ratnapura and Monaragala.

The implementation of the programme continued to make progress during the year. The Kurunegala district programme commenced in 1979 to be completed by the end of 1983. However, the implementation of certain components of the project lagged behind the original schedule and continued into 1984. The cumulative expenditure on the project by the end of 1984 amounted to Rs. 438 million (94 per cent of the estimated cost of the project) while expenditure during the year amounted to Rs. 78 million. In 1984, significant development has been recorded in rehabilitation, underplanting and inter-cropping of coconut lands. Installation of 200 tube wells was also completed during the year under the rural water supply component of the project.

The Matara district IRDP entered its second phase in 1984. The donor, Swedish International Development Agency (SIDA), agreed to extend its financial assistance for this phase as well. The second phase has a three year project period with an estimated cost of Rs. 57 million. This phase of the project emphasizes the improvement of health and educational facilities, development of vocational training, afforestation and replanting of tea and rubber.

TABLE 1.27
**District - wise Expenditure on the District Integrated Rural
Development Programme - 1983 and 1984**

Rs. Million

District (a)	Estimated Cost			Expenditure to Date Cumulative		Expenditure during 1983	Expenditure during 1984(b)
	Foreign	Local	Total	as at end 1983	as at end 1984(b)		
1. Kurunegala (1979)	300	165	465	359.9	437.9	66	78
2. Matara (1979)							
Phase I	77	—	77	74.3	81.3	7	7
Phase II (1984)	57	—	57				
3. Hambantota (1979)	240	—	240	147.7	194.7	38.8	47
4. Nuwara Eliya (1980)	150	—	150	68.8	108.8	25.9	40
5. Matale (1981)	220	117	337	127.5	156.5	36.1	29
6. Puttalam (1981)	226	171	397	185.5	245.5	57	60
7. Badulla (1982)	276	130	406	48.2	99.2	24	51
8. Vavuniya (1984)	254	126	380	4.9	39.9	4.9	35
9. Mannar (1984)	225	113	338	4.9	26.9	4.9	22
10. Ratnapura (1984)	150	—	150	—	3.0	—	3.0
11. Monaragala (1984)	170	—	170	—	6.0	—	6.0

(a) Indicates year of implementation.

Source: Ministry of Plan Implementation.

(b) Provisional.

The programme in Hambantota was also expected to be completed by the end of 1983, but the implementation lagged behind the original schedule. Therefore, certain activities were continued into 1984. The cumulative expenditure on this project by the end of 1984 amounted to Rs. 195 million (81 per cent of the total estimated cost), of which Rs. 47 million was spent during the year 1984.

The estimated cost of the Nuwara Eliya programme is Rs. 150 million. By the end of 1984, the cumulative expenditure on the project amounted to Rs. 109 million (73 per cent of the total estimated cost). The development of tea small-holdings, animal husbandry and improvement of education, health and water supply facilities were the priority areas during 1984.

The implementation of the Matale programme which commenced in 1981 with World Bank finance, gave very high priority to the development of minor export crops, forestry, irrigation and rural road network during 1984. The cumulative expenditure on the project by the end of 1984 amounted to Rs. 157 million, which is 47 per cent of the total estimated cost of the project.

In the Puttalam district programme, which also commenced in 1981, the major components of implementation in 1984 were irrigation and water management, coconut development and reforestation. During the year, under the coconut development component, 390 hectares were rehabilitated and 530 hectares were replanted. Water management and reforestation works showed satisfactory progress. The cumulative expenditure on the project by the end of 1984, amounted to Rs. 246 million, 24 per cent of which was incurred in 1984.

The programme in the Badulla district commenced in mid-1982 and the estimated cost of the project was Rs. 406 million. The finance for this project is derived from two sources. The productive sectors of the programme are funded by a loan from the International Fund for Agricultural Development (IFAD) while the social overhead component which involves development of health and educational facilities in the district is funded by a grant from the SIDA. This project emphasized the development of tea smallholdings, rural roads and rural water supply in the 1984 implementation programme. The cumulative expenditure on the project by the end of 1984 amounted to Rs. 99 million of which Rs. 51 million was incurred in 1984.

The implementation of the Mannar and Vavuniya IRD Programmes commenced in 1984 with financial assistance from the World Bank to cover a major portion of the project. The total estimated cost of the Mannar programme is Rs. 338 million, and of the Vavuniya programme is Rs. 380 million. The major components of the projects are irrigation and water management, agricultural input supplies, agricultural credit, fisheries and livestock development, rural electrification and improvement of health and educational facilities. Priority has been given for the development of irrigation, rural electrification, rural roads, improving health facilities and forestry in the 1984 programme. The expenditure on the Mannar programme in 1984 amounted to Rs. 22 million while that on the Vavuniya programme amounted to Rs. 35 million.

Ratnapura district was also brought under the IRD Programme in 1984 with funding from the Government of the Netherlands, which agreed to provide a grant of Rs. 150 million. In March, 1984 the implementation of the programme commenced in three agro-ecological zones in the district. The project initially aims at creating better living conditions for the target groups in more backward regions of the district. Development of water supply facilities in the rural areas of the district assumes an important place in the project.

The most recent addition to the IRD Programme was the Monaragala district. In this district, the implementation of the programme commenced in mid-1984 with a project period of three years. The estimated total cost of the programme is Rs. 170 million and is funded by the Norwegian Aid for Development (NORAD). In 1984, special attention was given to improve the institutional capability of district planning to facilitate more speedy and efficient implementation of the project during the rest of the project period.

EMPLOYMENT

The available data show that in 1984 employment increased in the government sector while it declined in the semi-government sector. There are also indications that employment has increased in the urban private sector and the unorganised rural sector.

Preliminary estimates indicate that employment in the government sector increased by about 5,200 or 1.2 per cent in 1984, compared to an estimated increase of less than 1 per cent in 1983. Significant increases in employment were recorded