

ECONOMIC AND SOCIAL OVERHEADS

Energy

In 1987, the energy sector was affected adversely by long spells of drought that prevailed during most part of the year. Low rain fall in catchment areas severely restricted the generation of hydro power. As a result, in order to meet the demand for electricity it became necessary to generate thermal power involving heavy consumption of diesel and heavy fuel. Intensification of security activities also contributed to the rise in the consumption of certain petroleum products. The higher demand for petroleum products resulted in an increase in imports of petroleum which together with the increase in oil prices in the international market caused outlays on oil imports to rise considerably.

Non-commercial energy sources consisting of fuelwood, agricultural residues and other ligno cellulosic matter together were estimated at approximately 4.43 million tons of oil equivalent of energy in 1987. This represented approximately 70 per cent of the total energy supply in 1987, while petroleum, electricity, liquified petroleum gas (LPG) and a small quantity of coal accounted for the remainder.

The commissioning of the Randenigala Hydro Power Project (2 units of 61 MW each) which had been in operation on an experimental basis since July, 1986 enhanced the installed capacity of hydro power to 868.25 MW by the end of 1987, as compared with 746.25 MW as at end of 1986. The diesel power station at Pettah with a capacity of 6 MW, which was decommissioned in 1986 was recommissioned in June, 1987. Hence, together with 270 MW of thermal power, the total installed capacity of electricity generation increased to 1,138.25 MW by the end of 1987. However, due to maintenance work one turbine of the Kotmale Hydro Power Project (67 MW) and a turbine of the Kelanitissa Steam Power Station (50 MW) were inoperative during the year under review.

Total power generation by the CEB at 2,707.6 million kWh in 1987 was 2 per cent higher than the 2,651.8 million kWh generated in 1986. As the water levels of the reservoirs were not sufficient to operate the hydro power plants at full capacity, the shortfall had to be met by thermal power generation. As a result, the relative share of power generated by hydro sources declined from 99.7 per cent in 1986 to 80.4 per cent in 1987. Generation of thermal power resulted in increased consumption of heavy diesel, residual fuel and heavy fuel amounting to 157,463 metric tons when compared with 1,618 metric tons consumed in 1986. Consequently, the cost of fuel used by the CEB for power generation increased substantially from Rs. 11.6 million in 1986 to Rs. 1,165.6 million in 1987. In order to recover the additional costs incurred in the generation of thermal power, with effect from 1st May, 1987 the CEB imposed a Fuel Adjustment Charge of 15 per cent "on consumption of electricity in excess of 150 units." This was increased to 30 per cent with effect from 1st September, 1987. With difficulties experienced in the supply of electricity due to the drought conditions and high cost of thermal power generation, the CEB imposed island-wide power cuts last-

ing three and a half hours with effect from 12th August, 1987. These power cuts were however, withdrawn in October, 1987 following an improvement of the water levels in the reservoirs.

Table 1.20
Salient Features of the Energy Sector 1986 - 1987

Item	Unit	1986	% Change over 1985	1987	% Change over 1986
1. Petroleum Products					
1.1 Exports	Rs. Mn.	2,358.0	- 39.2	2,592.2	9.9
	SDR Mn.	71.7	- 48.9	68.0	- 5.2
1.2 Imports	Rs. Mn.	6,293.1	- 42.7	8,715.8	38.5
	SDR Mn.	191.3	- 51.9	228.8	19.6
1.3 Quantity imported	M.T.				
1.3.1 Crude Oil	"	1,638,547	- 1.1	1,778,853	8.5
1.3.2 Refined Products	"	147,445	- 18.9	254,636	72.7
1.3.3 Other Products	"	24,845	19.6	25,738	3.6
1.4 Average price of crude oil	Rs./Barrel	454.26	- 41.4	543.29	19.6
	US.\$/Barrel	16.26	- 42.7	18.45	13.5
1.5 Local sales	M.T.				
1.5.1 Super Petrol	"	130,624	7.4	140,402	7.5
1.5.2 Auto Diesel	"	488,907	0.1	497,303	1.7
1.5.3 Heavy Diesel	"	20,125	- 14.6	131,802	**
1.5.4 Super Diesel	"	15,871	17.1	20,558	29.5
1.5.5 Kerosene	"	154,182	0.3	155,575	0.9
1.5.6 Furnace Oil	"	129,753	- 9.2	161,668	24.9
1.6 Local price	Rs./Litre				
1.6.1 Super Petrol	"	13.50	—	13.50	—
1.6.2 Auto Diesel	"	8.13	—	8.13	—
1.6.3 Heavy Diesel	"	7.83	—	7.83	—
1.6.4 Super Diesel	"	9.28	—	9.28	—
1.6.5 Kerosene	"	6.58	—	6.58	—
1.6.6 Furnace Oil	"				
— 500 seconds	"	4.22	19.1	4.22	—
— 800 seconds	"	3.87	20.5	3.87	—
— 1000 seconds	"	3.72	21.2	3.72	—
1.6.7 Bitumen	Rs./Kg.	7.22	—	7.22	—
2. Electricity					
2.1 Installed capacity	mW.	1,010.25	- 0.6	1,138.25	12.7
2.1.1 Hydro	"	746.25	—	868.25	16.3
2.1.2 Thermal	"	264.00	- 2.2	270.00	2.3
2.2 Units generated	Mn. kWh	2,651.8	7.6	2,707.6	2.1
2.2.1 Hydro	"	2,645.3	10.5	2,177.5	- 17.7
2.2.2 Thermal	"	6.5	- 90.6	530.1	***
2.3 Total sales	"	2,232.3	8.3	2,249.0*	0.7
2.3.1 Domestic	"	369.2	6.6	384.0*	4.0
2.3.2 Industrial	"	925.3	8.8	879.0*	- 5.0
2.3.3 Commercial	"	381.4	9.0	399.0*	4.6
2.3.4 Local Authorities	"	543.3	8.2	573.0*	5.5
2.3.5 Street Lighting	"	13.1	11.0	14.0*	6.9

* Provisional

** More than 6 fold increase.

*** More than 82 fold increase.

Sources: Ceylon Petroleum Corporation.
Ceylon Electricity Board.

Total sales of electricity increased by 0.7 per cent from 2,232.3 million kWh in 1986 to 2,249 million kWh in 1987. This was considerably lower than the annual average growth rate of 9 per cent recorded during the period 1978 - 1986. The slow growth of electricity sales was mainly due to power cuts and the interruption of power supply due to civil disturbances. However, with the exception of the industrial sector, all other sectors recorded increases in the consumption of electricity during 1987. The industrial sector recorded a decline of 5 per cent in power consumption over the previous year due to power cuts. Electricity consumption by the industrial sector at 879 million kWh was 39 per cent of total electricity sales during the year. Bulk purchases by local authorities amounted to 573 million kWh or 25 per cent of the total electricity consumption in 1987. Domestic and commercial sectors consumed 17 and 18 per cent of the total consumption, respectively while the balance was used for street lighting and other purposes.

Owing to the upward movement in the price of crude oil in the international market, together with the increased demand for certain petroleum products, the foreign exchange outlay on petroleum imports in 1987 was considerably higher than that of the previous year. Import outlay on petroleum which accounted for 11 per cent of total imports in 1986 increased to 14 per cent in 1987. The oil import bill increased by 39 per cent in rupee terms (20 per cent in SDR terms) from Rs. 6,293 million (191 SDR million) in 1986 to Rs. 8,716 million (229 SDR million) in 1987.

The tariff rates on electricity and petroleum products in the local market remained unchanged throughout 1987 except for surcharges. Demand for all bulk petroleum products in the local market increased in 1987 reversing the trend observed since 1984. An important factor responsible for the growth in demand was the increase in the use of heavy diesel and heavy fuel for thermal power generation. However, as in previous years, the demand for heavy diesel from the industrial sector declined by 6 per cent from 19,823 metric tons in 1986 to 18,649 metric tons in 1987.

With industries making alternative arrangements to meet electricity shortages caused by power cuts, the consumption of furnace oil increased by 25 per cent over 1986. Due to cost effectiveness, there has also been a substitution of furnace oil in place of heavy diesel. The demand for auto diesel and petrol increased by 8 per cent and 2 per cent respectively, largely due to the intensification of security arrangements. Meanwhile, the demand for kerosene too increased marginally in 1987.

Transportation

Despite the fact that transport operations were adversely affected by unsettled conditions in certain parts of the country, there was a marginal growth in passenger services provided by the Sri Lanka Regional Transport Boards (SLRTBs) in 1987 in terms of passenger kilometerage. However, passenger services provided by the Sri Lanka Railways (SLR) and the private sector recorded a set-back. The private sector was unable to enhance its fleet largely due to the high import costs of vehicles. As a result, the share of the private sector in the passenger market, in terms of passenger kilometerage, declined slightly in 1987.

With the introduction of 150 semi-luxury buses during latter part of 1986, the SLRTBs were in a relatively better position to provide improved passenger services and to increase their load factor. There was a greater patronage of SLRTBs' buses by the commuting public following the prohibition of passenger transport in low-roof, low-capacity private coaches. Moreover, SLRTBs, sheduled services were revised by pruning uneconomic kilometerage and also by better monitoring of the changing pattern in demand.

The corporate objective of the SLRTBs for the year 1987 had been to consolidate existing passenger services with greater efficiency and reliability, rather than expansion. In order to improve overall financial performance, several units (Engineering Complex, Medical Centre, Central Driving School, Management Institute, Ceylon German Technical Training Institute and other training institutes at Werahera and Borella) of the SLCTB were granted a considerable degree of independence and responsibility in the management of their affairs so as to make them commercially viable.

The operations of the SLRTBs suffered a set-back during 1987. The operated kilometerage registered a decline of 1.5 per cent from 376.5 million in 1986 to 370.9 million in 1987. Civil disturbances in some parts of the country were responsible for the decline in the operated kilometerage. These disruptions adversely affected scheduled services in the Northern and Eastern regions, while in some other parts the disturbances resulted in considerable damage to the vehicle fleet. In the Northern and Eastern regions, the SLRTBs were able to operate only 28 per cent and 32 per cent respectively of the scheduled kilometerage. The operated kilometerage has also been affected by the obsolete vehicle stock, nearly 36 per cent of the existing fleet being not roadworthy.

During the year, there were hardly any additions to the existing fleet of 7,250 buses, of which only 4,750 buses were available for normal operations. However, 171 new chassis purchased during the year and the order placed by the SLCTB for 155 factory built buses should enhance the total bus stock during 1988.

During the first half of 1987, SLCTB was able to increase its revenue by 14 per cent over that of the same period in 1986. However, the disruption following the July, 1987 disturbances prevented it from maintaining the revenue performance achieved in the first half of the year. Nevertheless, the SLCTB earned a total revenue of Rs. 2,510 million in 1987 against Rs. 2,332 million earned in 1986, recording an increase of 7.6 per cent. Meanwhile substantial losses were reported by the RTBs in the Northern, Eastern, North-Central and Southern regions. As in previous years, the SLCTB received a subsidy from the Treasury to the extent of 12.3 per cent of the total operating costs. The subsidy was on account of concessionary season tickets to students, passes to police and security personnel and losses incurred on uneconomic routes. The quantum of the subsidy amounted to Rs. 287 million in 1987, of which Rs. 152 million was for servicing uneconomic routes.

TABLE 1.21

Salient Features of the Transport Sector 1986-1987

Item	Unit	1986	%Change over 1985	1987 (a)	%Change over 1986
1. New registration of motor Vehicles	Nos.				
1.1 SLTB buses	"	254	167.4	51	- 80.0
1.2 Private coaches	"	1,781	- 49.9	1,062	- 40.4
1.3 Private cars	"	7,297	20.1	7,590	4.0
1.4 Dual purpose vehicles	"	3,892	247.1	3,234	- 16.9
1.5 Motor cycles	"	26,593	16.7	25,996	- 2.2
1.6 Lorries and other vehicles for goods transport	"	3,350	- 53.6	2,917	- 12.9
2. Sri Lanka Transport Board (SLTB)					
2.1 Operated kilometers	Million	376.5	3.5	370.9	- 1.5
2.2 Passenger kilometers	"	15,148.8	0.8	16,027.1	5.8
2.3 Total revenue	Rs. Mn.	2,332.2	- 2.2	2,510.3	7.6
2.4 Total cost	"	n.a.	n.a.	n.a.	n.a.
2.5 Surplus+ /Deficit--	"	n.a.	n.a.	n.a.	n.a.
3. Sri Lanka Railway (SLR)					
3.1 Operated kilometers	Million	7.9	- 7.1	8.1	2.5
3.2 Passenger kilometers	"	1,972.0	- 1.5	1,881.9	- 4.6
3.3 Freight ton kilometers	"	203.6	- 12.2	198.4	- 2.6
3.4 Total revenue	Rs. Mn.	482.0	3.8	422.5	- 12.3
3.5 Total cost	"	771.2	45.5	823.6	6.8
3.6 Surplus+ /Deficit--	"	- 289.2	342.2	- 401.1	38.7

(a) Provisional

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

Private sector participation in passenger services declined substantially in 1987 due to high import cost of vehicles and curtailment of services in the Northern, Eastern and North Central regions. Also, the prohibition of passenger transport in low-roof, low-capacity coaches in the city routes and long distance routes diverted passenger traffic to the public sector. The operational fleet strength of the private sector was adversely affected by the immobilisation of vehicles on account of frequent repairs and maintenance. Consequently, the number of permits issued by the Department of Private Omnibus Transport to private operators declined to 9,170 when compared with 10,370 in 1986. For instance, 2,257 permits were issued to new buses in 1987, compared with 3,205 in 1986 and 4,128 in 1985. The Department of Motor Traffic records also show a considerable decline in the number of new registrations of private coaches. In 1987 there were only 1,062 such registrations in comparison to 1,781 in 1986.

The Ministry of Private Omnibus Transport has taken several steps to increase the availability of high roof-buses in the market by offering favourable credit facilities to the private sector. As a first step, the Ministry of Private Omnibus Transport has made arrangements to import 2,000 private coaches from India to be made available to the private sector in 1988.

As in the previous year, more than 80 per cent of goods transport was handled by private hauliers. Since transport activities were affected by the unsettled conditions, the public sector including Sri Lanka Railway (SLR) found it difficult to maintain normal goods transport services in the country. The number of new registrations of goods transport vehicles declined by 13 per cent from 3,350 in 1986 to 2,919 in 1987.

Activities of the SLR too were adversely affected in 1987 by the civil disturbances. Despite adverse conditions, train kilometrage in 1987 totalled 8.1 million as against 7.9 million in 1986 reflecting a 2.5 per cent growth during the year. However, passenger kilometrage declined by 4.6 per cent to 1,882 million compared with 1,972 million in 1986. Freight ton kilometrage too declined by 2.6 per cent over the previous year.

The container transport service progressed satisfactorily in 1987. A limited liability company was set up to deal with container transport with private sector participation. The SLR was able to meet adequately the goods transport needs of the public sector.

Housing

The United Nations had declared the year 1987 as the International Year of Shelter for the Homeless (IYSH). The major achievements in the housing field had been the implementation of (a) the IYSH National Action Programme, (b) the integration of Rural Housing Sub Programme (RHSP) and the Urban Housing Sub Programme (UHSP) with the Thrift and Credit Co-operative Societies (TCCSs) at the community level. In 1987, there had been considerable progress in housing under the Million Houses Programme (MHP). During the year, the outstanding work under the Hundred Thousand Houses Programme (HTHP) was completed. By providing a wider option package, the MHP has been designed since its inception in 1984 to increase the housing stock with shelter facilities, both in the public and private sectors.

The goal of the MHP is to reach a greater number of families ("a million or more families") during the planned period (1984-1989). The strategy had been "minimum intervention by the State, maximum participation by the home building community." Under this programme, loans have been provided to construct new houses, upgrade existing houses and to meet other housing related requirements. The IYSH National Action Programme was the main activity during the year under the MHP aimed at improving the shelter conditions of the poor. The programme was implemented and monitored by the Inter-Ministerial Steering Committee (IMSC) consisting of 21 member ministries with private sector support.

In order to ensure a higher degree of recovery of housing loans disbursed to a wide spectrum of the population especially at the lower income levels, the RHSP and the UHSP were implemented through the Thrift and Credit Co-operative Societies. Under this programme, Rs. 65 million was granted to 14,269 families in the urban and rural areas during the year.

The major sub programmes of the MHP were the Rural Housing Sub Programme (RHSP), the Urban Housing Sub Programme (UHSP), the Mahaveli Housing Sub Pro-

TABLE 1.22
Performance of the Public Sector ^(a) Housing Programme (1984 – 1987)
Under the Million Houses Programme (MHP)

Item	Housing Target (Number of families)	Number of families reached		Infrastructure Housing Units/Completed		Expenditure (in Rs Million)		
		House Construction	Infrastructure	House Construction	Infrastructure (No. of families)	Planned	Actual	
Rural Housing Sub Programme	– 1984	39,984	43,213	—	16,092	—	190.0	189.8
	1985	40,679	42,077	—	39,896	—	255.3	218.7
	1986	55,856	60,337	—	38,614	—	270.9	255.8
	1987	36,700	36,502 *	—	42,423 *	—	215.0	194.5 *
Urban Housing Sub Programme **	– 1985	—	7,584	14,788	2,314	14,788	150.3	104.3
	1986	12,792	10,419	6,539	6,978	6,539	123.0	91.1
	1987	10,828	7,291 *	7,013 *	7,778 *	7,013 *	115.0	98.2 *

Source: National Housing Development Authority

* Provisional.

** UHS Programme commenced in 1985 under One Million Housing Programme.

(a) Data refer to the performance of the RHSP and UHSP. However, this does not cover data on plantation Housing Sub Programme (PHSP), Mahaveli Housing Sub Programme (MHSP) and Major Settlement Schemes Sub Programme (MSSSP).

gramme (MHSP), the Major Settlement Scheme Housing Sub Programme (MSSHSP) and the Private Sector Housing Sub Programme (PSHSP).

The Rural Housing Sub Programme (RHSP) is the major public sector programme of the MHP implemented by the NHDA. A target of 36,700 families was earmarked for 1987, of which 36,502 families benefited from the loan programme. Total loans disbursed during 1987 for shelter activities of the RHSP amounted to Rs. 194 million, in comparison with Rs. 256 million disbursed in 1986. The number of houses completed during 1987 increased to 42,423 compared with 38,614 in 1986. The increase has been on account of the completion of houses commenced during the preceding years. Thus housing units completed as at the end of 1987 amounted to 137,005, compared with the target of 173,219.

The Urban Housing Sub Programme (UHSP) which is different from the RHSP consists of (i) improvement of sites and services and (ii) upgrading of slums and shanties. Under this programme, 7,291 families were provided with loans, compared with the year's target of 10,828 families. This programme was also implemented by the NHDA.

Plantation Housing Sub Programme (PHSP) is implemented both by the Janatha Estates Development Board (JEDB) and the Sri Lanka State Plantations Corporation (SLSPC). During the year under review, housing policy of the plantation sector has been modified to benefit both plantation workers and their neighbouring landless villagers. Consequently, plantation housing policy is aligned with the National Housing Policy of the country. According to provisional data, the JEDB completed 835 new twin houses and upgraded 1,486 line rooms in 1987. The SLSPC also has a similar housing sub programme under which 171 twin housing units and the upgrading of 1,315 units were completed.

Under the Mahaveli Housing Sub Programme (MHSP), 2,806 houses were built in Galnewa, Tambuthagama, Nochchiyagama and in Systems B, C & G. In 1987 facilities were provided for 5,911 latrines and 6,037 wells. Land Commissioner's Department too continued to grant loans on a recoverable basis for the building of houses in the settlement schemes of Ingimitiya, Muthukandiya, Kirindi Oya and Weli Oya. A sum of Rs. 11,500 was granted per family to meet the cost of materials. Under this programme, 137 new houses were built.

According to provisional data, the total expenditure on public sector housing amounted to Rs. 424 million of which Rs. 293 million was spent on the RHSP and the UHSP during the year.

In 1987, Colombo Municipal Council (CMC) approved the construction of 596 residential buildings, compared with 410 approvals granted in 1986. A breakdown of the type of buildings approved on a comparable basis is provided in Table 1.23.

The State Mortgage and Investment Bank (SMIB) continued to be the major source of housing finance to individuals and housing developers. Loans sanctioned for housing purposes during 1987 amounted to Rs. 629 million, in comparison with

Rs. 665 million in 1986. The rate of interest charged on loans for construction and purchase of houses ranged between 8 per cent and 20 per cent per annum in 1987. Through the SMIB-REPIA loan scheme, a total of Rs. 3 million had also been granted for the rehabilitation of houses during the year.

TABLE 1.23
Approval of Building Plans by Colombo Municipal Council

Item	1986	%change over 1985	1987	% Change over 1986
1. New residential buildings ...	410	— 21.3	596	45.4
1.1 Houses ...	224	— 32.5	246	9.8
1.2 Flats ...	186	— 1.6	350	88.2
2. Commercial buildings ...	82	100.0	65	— 20.7
3. Industrial buildings ...	10	400.0	5	— 50.0
4. School buildings ...	3	50.0	3	—
5. Additions and Alterations ...	410	116.9	382	— 6.8
6. Other buildings ...	99	67.8	70	— 29.3
Total ...	1014	24.6	1121	10.6

Source : Colombo Municipal Council.

* Excludes government & Corporation building plans.

The Housing Development Finance Corporation (HDFC), a building society incorporated under the National Housing Act No. 37 of 1954, continued its activities during the year on a limited scale. Loans disbursed declined from Rs. 74 million in 1986 to Rs. 31 million in 1987. The rate of interest on loans was raised from a range of 9.5 - 22.0 per cent per annum to 11.5 - 22.0 per cent per annum in September, 1987 which remained unchanged till the end of the year.

Urban Development

The level of activity with respect to urban development remained low during 1987 due to financial constraints. However, the Urban Development Authority (UDA) had been able to complete some of the projects commissioned earlier. Land Development at Orugodawatte, the redevelopment of land at Peliyagoda under the integrated project and the housing complex at Station Road, Bambalapitiya were completed. During the year, UDA's major involvement had been in regard to the Superior Law Courts Complex at Hulftsdorp. Projects undertaken by the UDA outside Colombo were the Secretariat Complexes at Ratnapura and Kalmunai and the new town development project at Kataragama.

Total expenditure incurred on development projects was around Rs. 370 million in 1987 compared with Rs. 529 million in the previous year. Approximately, 70 per cent (Rs. 259 million) of the expenditure had been on projects undertaken on behalf of clients. A sum of Rs. 48 million was expended on projects handled for the Land Bank.

With regard to the construction of urban housing, the NHDA spent Rs. 98 million for dwellers in the low income category, compared with Rs. 91 million in 1986. Under the Urban Housing Sub Programme (UHSP), a total of 7,778 housing units was completed in 1987.

Roads and Railtracks

In 1987, activities related to road and railtracks were affected by civil disturbances that prevailed in certain parts of the country. Nevertheless, the Road Development Authority (RDA) was able to extend the road network by 66 kms. Moreover, 2,860 kms. had been sand scaled during the year. Under World Bank aid, six bridges were completed in 1987. Meanwhile, the road network maintained by the Ministry of Highways in 1987 totalled 25,504 kms., compared with 25,571 kms. in 1986.

A sum of Rs. 254 million was incurred on road maintenance during the year. A further sum of Rs. 384 million was spent on the construction of roads as against Rs. 214 million spent in 1986.

As in previous years, the railtrack kilometerage in 1987 remained unchanged at 1944 kms. However, though not in use as yet, the Sapugaskanda line was constructed upto Gonawala during the year. There has been considerable progress on the construction of Maradana - Ragama third railway line.

Telecommunication

In 1987, the telecommunication services were disrupted in the Northern and Eastern regions by damaging of the district switching centres in Jaffna and Trincomalee. Civil disturbances in other parts of the country in the latter half of the year took a heavy toll on the telecommunication network. Therefore, increased capital expenditure had to be incurred not only to expand existing capacity and improve and upgrade existing network but also for rehabilitation work.

In accordance with the Telecommunication Master Plan, subscriber direct dialling facilities (STD) were provided to a number of provincial areas with the completion of many projects commissioned in 1982. With the installation of 18 remote subscriber units connected to the secondary district switching centres, the capacity of district switching centres (Anuradhapura, Bandarawela, Galle, Kegalle, Kurunegala, Matale and Ratnapura) was expanded to provide direct dialling facilities to remote areas. As a result, the operational capacity of district centres increased by 1,662 lines. The cross-bar exchange at Panadura increased by 390 lines. During the year, the digital exchanges at Kurunegala and Anuradhapura increased by 62 and 48 lines respectively.

The Accelerated Mahaweli Programme

The Accelerated Mahaweli Programme (AMP) consists of three main components: headwork projects of Victoria, Kotmale, Maduru Oya and Randenigala; downstream engineering and irrigation works; and settlement and agricultural production. Of the major headworks, Victoria, Kotmale, Randenigala and Maduru Oya in the AMP have

already been completed. The programmes for the settlement of farm families and provision of irrigation facilities as well as infrastructure facilities for System B, C and G were in progress in 1987. The total capital expenditure incurred on these projects up to the end of 1987 was Rs. 42,488 million. Of this, Rs. 4,417 million or 10 per cent was spent during 1987.

The total expenditure incurred on the Victoria project up to the end of 1987 was Rs. 9,044 million, of which Rs. 1,050 million was spent during the year. The power generation during the year under review was 457 gigawatt hours (gWh).

TABLE 1. 24
Accelerated Mahaweli Programme - Cost Estimates

Rs. Million.

Project	Budgeted Expenditure for 1987			Actual Expenditure for 1987(a)	Cumulative Expenditure up to end 1987(a)
	Provisions	Supplementaries	Total		
1. Victoria Reservoir ..	190	635	825	1,050	9,044
2. Kotmale Reservoir ..	169	—	169	779	9,548
3. Randenigala Reservoir ..	342	224	566	628	5,741
4. Maduru Oya and Canal ..	—	—	—	—	2,645
5. Minipe Transbasin Canal ..	4	—	4	2	1,246
6. Irrigation System 'B' ..	841	—	841	590	5,415
7. Irrigation System 'C' ..	1,050	93	1,143	1,039	4,343
8. Irrigation System 'G' ..	92	—	92	82	394
9. Stage I ..	—	—	—	—	529
10. Stage II ..	33	—	33	71	2,387
11. Maintenance ..	288	—	288	321	674
12. Others ..	344	—	344	176	1,196
Total ..	3,353(b)	952	4,305	4,738	43,162

(a) Provisional.

Source: Mahaweli Authority of Sri Lanka.

(b) Eleven per cent less on budgetary allocations.

The total outlay on the Kotmale project by the end of 1987 was Rs. 9,548 million. Of this Rs. 779 million was spent during 1987. This included Rs. 413 million spent on repairs to the tunnel. The Ceylon Electricity Board financed Rs. 373 million of this amount. Under the Kotmale peripheral development programme, income generation programmes for settlers, the works on pipe borne water supply schemes, health and educational services, new roadways and other social infrastructure facilities in the new towns at Kotmale and Sangilipalama were in progress in 1987. During the year, 6 electricity schemes, several roads and water supply schemes were completed.

The total amount spent up to the end of 1987 on the Randenigala Project was Rs. 5,741 million. The total energy generated by project during 1987 was 200 gWh. Under the peripheral development programme, the work on the electrification scheme in Keerthibandarpura new town and the improvements to roadways and preliminary work relating to settlement were in progress during the year.

TABLE 1.25

New Land Cultivated under Mahaweli Development Programme

Hectares.

Item	1983/84			1984			1985			1986			1987		
	Maha	Yala	Total	Maha	Yala	Total	Maha	Yala	Total	Maha	Yala	Total	Maha(a)	Yala	Total
	1983/84	1984	1984	1984/85	1985	1985	1985/86	1986	1986	1986/87	1987(a)	1987(a)	1987(a)	1987(a)	1987(a)
System 'H'	23,620	19,990	43,610	23,309	18,319	41,628	24,298	21,225	45,523	24,965	13,058	38,023			
Paddy	22,514	14,292	36,806	22,957	9,709	32,666	23,449	8,983	32,432	23,317	5,933	29,250			
Other Crops	1,106	5,698	6,804	352	8,610	8,962	849	12,242	13,091	1,648	7,125	8,773			
System 'B'	1,740	1,438	3,187	2,535	2,246	4,781	3,851	3,554	7,405	5,961	5,805	11,766			
Paddy	1,749	1,438	3,187	2,472	2,061	4,533	3,686	3,463	7,149	5,120	5,479	10,599			
Other Corps	—	—	—	63	185	248	165	91	256	841	326	1,167			
System 'C'	7,140	3,609	10,749	7,545	4,857	12,402	9,358	7,868	17,226	10,139	9,588	19,727			
Paddy	5,352	3,609	8,961	6,086	4,827	10,913	7,945	7,782	15,727	9,057	9,480	18,537			
Other Crops	1,788	—	1,788	1,459	30	1,489	1,413	86	1,499	1,082	108	1,190			
System 'G'	2,351	2,023	4,374	3,258	2,106	5,364	3,315	2,731	6,046	3,279	2,709	5,988			
Paddy	1,975	1,405	3,380	2,941	1,198	4,139	3,153	1,423	4,576	3,220	1,176	4,396			
Other Crops	376	618	994	317	908	1,225	162	1,308	1,470	59	1,533	1,592			
Total	34,860	27,060	61,920	36,647	27,528	64,175	40,822	35,378	76,200	44,344	31,160	75,504			

(a) Provisional.

Source: Mahaweli Authority of Sri Lanka.

During the year, a considerable amount of expenditure was also incurred for downstream development work. The expenditure on development of system 'B' and 'C' amounted to Rs. 590 million and Rs. 1,039 million, respectively in 1987. The cumulative outlay on these two systems up to the end of 1987 amounted to Rs. 5,415 million and Rs. 4,343 million, respectively.

During the year, the Ministry of Mahaweli Development continued its emphasis on the development of investment activities in areas where irrigation and infrastructural development have already reached an advanced state. In the Mahaweli Authority of Sri Lanka and Employment, Investment and Enterprises Development Division (EIED) was set up in 1987 to provide a range of investor services in establishing business ventures in the Mahaweli areas. Under this programme, 19 projects including mixed cultivations, livestock farming, agro-processing and seed production were approved in 1987.

According to provisional data, the total extent brought under cultivation in the Mahaweli Command Area amounted to 44,344 hectares during Maha, 1986/87, showing an increase of 9 per cent over that of the same season in the previous year. This increase was largely a result of the rise in extent under cultivation in system 'B'. In contrast, the total area cultivated in Yala, 1987 declined by 12 per cent or 4,218 hectares to 31,160 hectares, owing to a reduction in the area cultivated in system 'H'

Paddy accounted for 83 per cent of the total extent cultivated during the cultivation year 1987. The extent under paddy was 92 per cent of the total area cultivated in Maha season and 71 per cent of the extent cultivated in Yala. The area under paddy in system 'B' and 'C' increased by 48 per cent and 18 per cent, respectively while that in systems 'H' and 'G' fell by 10 per cent and 4 per cent, respectively during the cultivation year.

Total paddy production in the Mahaweli areas in the cultivation year, 1987 amounted to 283,246 metric tons or 13 per cent of the total paddy production of the country in 1987. The 'H' area alone accounted for 129,995 metric tons or nearly half of the total output under the Mahaweli. This was 13 per cent higher than that of 1986. The relative share of the 'H' area in all island paddy production also increased from 4 per cent in 1986 to 6 per cent in 1987.

Fisheries were also expanded in the Mahaweli areas in 1987. About 50 fish ponds have already been established in Systems "H", "C" and "G". Fish breeding and demonstration centres have been established at Dambulu Oya and Maduru Oya to cater to Systems 'H', 'B' and 'C'.

The total number of families settled in System 'H' up to the end of 1987 was 28,899. In system 'C' 1,407 families were settled during the year bringing the total number of families settled in the system to 13,821 by the end of 1987. In system 'B' with 793 families settled during the year, the total number of families settled reached 10,710 while the total number of families settled in System 'G' amounted to 3,604 by the end of 1987.

Other Irrigation Development

Outside the Mahaweli Projects irrigation development which has a vital role in the agricultural development process involves construction of new irrigation projects, rehabilitation and improved management of existing irrigation schemes and restoration and rehabilitation of small size reservoirs and anicuts.

A significant proportion of the construction of the Phase I of the Kirindi Oya Irrigation and Settlement Project was completed during 1987. Since a major proportion of the downstream irrigation distribution system was completed during the year, water was issued from the Lunugamwehera reservoir to five major tanks, viz. Debarawewa, Tissawewa, Pannegamuwa, Weerawila and Yodakandiya. Under Phase I it is expected that irrigation facilities to 4,200 hectares of new land and 4,600 hectares of existing lands will be provided. Approximately 3,780 families have been settled under Phase I up to the end of 1987. The total cost in respect of Phase I of this project by the end of 1987 amounted to Rs. 1,598 million.

Phase II of the Kirindi Oya Irrigation and Settlement Project, commenced in 1987. This phase envisages the provision of irrigation facilities for 4,100 hectares of new land. The total cost of Phase II has been provisionally estimated at Rs. 945 million.

Stage II of the Nilwala Ganga Flood Protection Scheme which mainly envisages the construction of flood protection bunds and a pumping station to protect 2,575 hectares of existing lands and 500 hectares of new lands was in progress during 1987. The total expenditure on this project amounted to Rs. 585 million during the year, while expenditure up to the end of 1987 was Rs. 839 million.

During the year, the Irrigation Department also continued its work relating to improvement of minor irrigation schemes. The IDA assisted Village Irrigation Rehabilitation Project envisages the modernisation of about 1,200 village reservoirs and anicuts. The work on 227 of the schemes was commenced in 1987 and 197 schemes were completed during the year. The total expenditure on these projects up to the end of 1987 was Rs. 656 million.

Integrated Rural Development Programmes

Recognising the need to improve the socio-economic conditions of people in relatively backward rural areas, the Integrated Rural Development Programmes (IRDPs) have accorded high priority to allocate resources for rural development. There were IRD Programmes in 13 districts in 1986 and in 1987 were extended to Kalutara and Kandy districts.

The Kalutara IRD Programme commenced operations in July, 1987 with financial assistance from the Government of Finland (FINNIDA). The total estimated cost of this 3 year programme is estimated at Rs. 245 million, about 85 per cent of which is expected from the FINNIDA. The programme initially focuses on rural electrification, health, telecommunication, water supply and forestry. About Rs. 7 million has been

spent during 1987. The Kandy IRD Programme is funded by the Federal Republic of Germany. This project focuses on overall improvement of the socio-economic conditions of the rural population with particular emphasis on the more disadvantaged groups in the district.

TABLE 1.26
District-wise Expenditure on Integrated Rural Development Programme
1986 - 1987

Rs. Million.

District (a)	Source of Foreign Aid	Estimated Cost			Expenditure to date Cumulative		Expenditure	
		Foreign Aid Commitment	Local	Total	As at end 1986	As at end 1987 (b)	During 1986	During 1987(b)
1. Kurunegala (1979) ..	World Bank	430	215	645	645	648	48	3
2. Matara (1979) ..	SIDA (Sweden)	383	42	425	119	153	25	34
3. Hambantota (1979) ..	NORAD (Norway)	686	14	700	310	382	54	72
4. Nuwara-Eliya (1980) ..	Netherlands	449	56	505	186	228	48	42
5. Matale (1981) ..	World Bank	305	143	448	231	274	39	43
6. Puttalam (1981) ..	World Bank	398	187	585	431	489	74	58
7. Badulla (1982) ..	IFAD	384	84	468	202	277	77	75
8. Vavuniya (1984) ..	World Bank	246	133	379	63	63.6	8	0.6
9. Mannar (1984) ..	World Bank	220	118	338	53	54	7	1
10. Ratnapura (1984) ..	Netherlands	366	9	375	52	81	30	29
11. Moneragala (1984) ..	NORAD	392	8	400	48	103	19	55
12. Mullativu (1985) ..	Netherlands	353	7	360	5	6	1	1
13. Kegalle (1986) ..	IFAD	262	147	409	10	35	10	25
14. Kalutara (1987) ..	FINNIDA (Finland)	213	32	245	0.3	7.3	0.3	7
15. Kandy (1987) ..	Federal Republic of Germany	56	6	62	0.5	0.7	0.5	0.2

Source: Ministry of Plan Implementation.

(a) Year of implementation is shown within paranthesis.

(b) Provisional.

The total expenditure of IRDP projects in 1987 amounted to Rs. 446 million compared with Rs. 441 million in 1986. The cumulative expenditure on all projects up to the end of 1987 together with the expenditure incurred during 1986 and 1987 are shown in Table 1.26.

Performance of the IRDP projects was satisfactory in 1987 with the exception of the projects in the Northern and Eastern Provinces, where projects remained temporarily suspended owing to civil disturbances. For same reasons the commencement of the IRDP project in Batticaloa district funded by the Canadian Government had to be deferred further. Preparatory work on the proposed IRDP projects for the districts of Gampaha, Galle and Anuradhapura were under way during 1987.