

## BALANCE OF PAYMENTS

In terms of both trade and current account balances, Sri Lanka's balance of payments showed significant improvement in 1987. The deficit in the merchandise trade account declined from SDR 649 million in 1986 to SDR 531 million in 1987. Reflecting this improvement, the current account too registered a better out-turn, the deficit decreasing from SDR 363 million to SDR 266 million. The current account deficit GDP ratio which is a basic indicator of the degree of weakness of a country's balance of payments declined from 6.6 per cent in 1986 to 5.2 per cent in 1987. The current account deficit excluding official transfers dropped to SDR 405 million in 1987 from SDR 516 million in the previous year and as a ratio of GDP it declined to 7.9 per cent from 9.5 per cent over the two years. However, the overall balance continued to be in deficit and the short-fall in 1987 was SDR 72 million. This was the third consecutive year when the overall balance was in deficit necessitating drawing on external reserves, underlining the continuing weakness of the country's balance of payments position.

The cumulative drop in net external assets, due to continuing deficits in the overall balance during the last three years siphoned off nearly 90 per cent of the net gain in reserves during the tea boom in 1983-84. Although a deficit in the overall balance was anticipated in 1987, the eventual deficit turned out to be much larger due to the poor performance of traditional exports, decline in tourist earnings and a substantial shortfall in foreign aid disbursements. Although exports in SDR terms increased by 4.5 per cent, the level of export earnings fell short of its five year (1983 - 1987) average of SDR 1,164 million.

Export earnings which had declined by nearly 30 per cent between 1984 and 1986, recovered slightly recording a 4.5 per cent increase in 1987. While the prices of tea, rubber and other agricultural products increased marginally, the price of coconut exports rose substantially by 57.0 per cent. The overall export price index increased by 3.9 per cent in SDR terms. Export volumes of all major agricultural products declined during the year with tea, rubber and the three major coconut products declining by 3.2 per cent, 3.7 per cent and 51.3 per cent, respectively. Export earnings from minor agricultural products decreased by 4.5 per cent due to a drop in export volumes. Industrial exports recorded a 9.2 per cent growth almost entirely due to an expansion in garments exports. Export earnings from ready made garments and textiles increased by 16.3 per cent in 1987 and continued to be the largest gross foreign exchange earner as in the previous year. Earnings from gem exports increased by 66.0 per cent which is partly the outcome of the new agreement signed with Thailand to regularize the gem trade.

Import payments declined by 4.3 per cent in 1987 mainly due to a 5.8 per cent reduction in consumer goods, 7.3 per cent in investment goods and a substantial reduction in defence related imports. Among the major imports, rice, wheat grain and fertilizer declined in volume terms by 51.0 per cent, 15.5 per cent and 20.0 per cent, respectively. In contrast, the import volumes of sugar and crude oil rose by 16.8 per

# BALANCE OF PAYMENTS

ANNUALLY

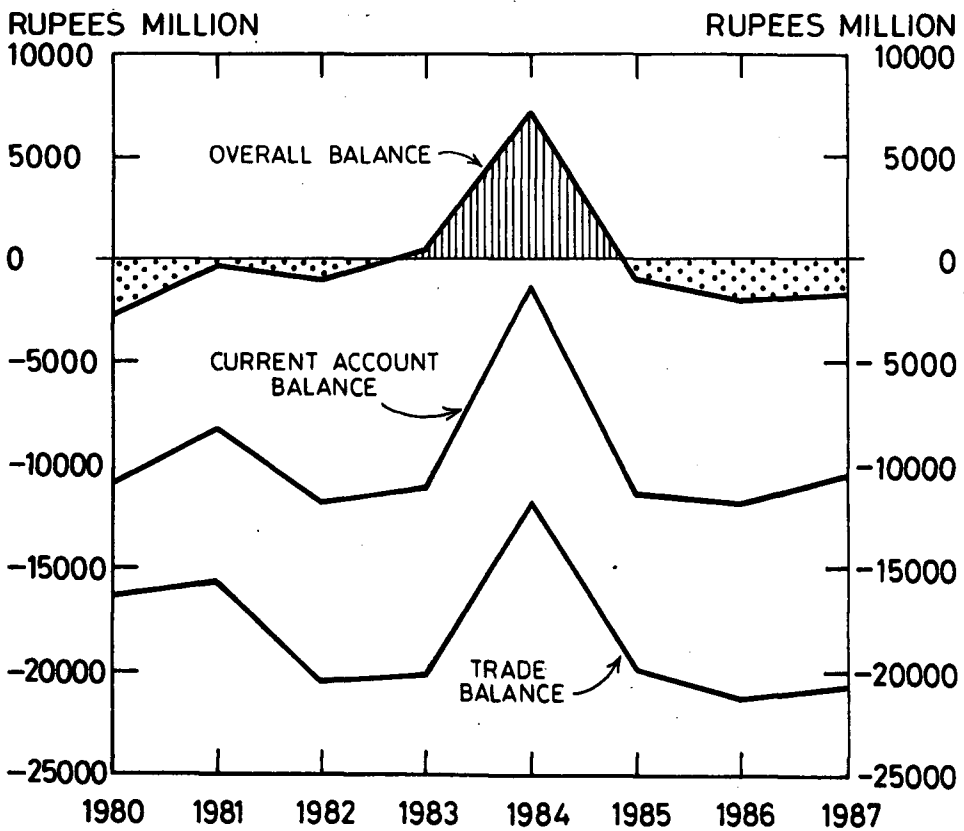
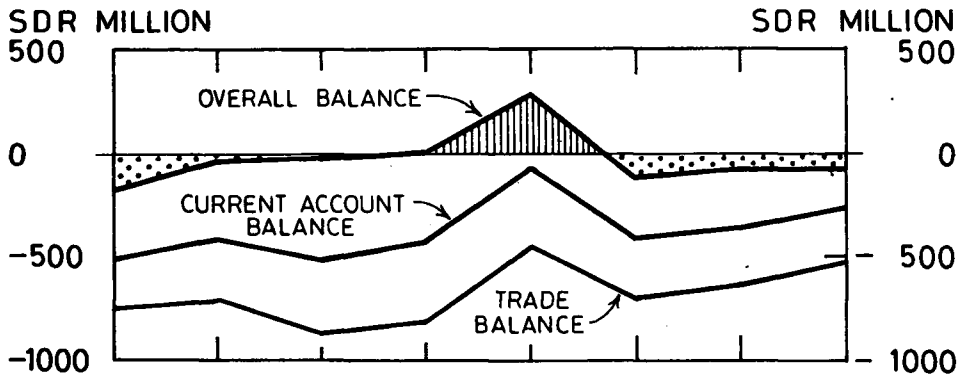


TABLE 1.34

## Balance of Payments—Analytic Presentation 1983—1987

Item	Rs. Million					SDR Million				
	1983	1984	1985	1986(a)	1987(b)	1983	1984	1985	1986(a)	1987(b)
1. Merchandise ...	-20,168	-11,850	-19,801	-21,389	-20,743	- 801	- 453	- 711	- 649	- 531
Exports ...	25,038	37,198	35,728	33,893	40,275	993	1,427	1,296	1,029	1,075
Imports ...	45,206	49,048	55,529	55,282	61,018	1,794	1,880	2,007	1,678	1,605
2. Services ...	- 1,411	- 1,735	- 3,647	- 3,617	- 4,257	- 56	- 66	- 133	- 109	- 114
Receipts ...	8,033	8,567	8,926	10,601	11,332	320	329	323	323	297
Payments ...	9,444	10,302	12,573	14,218	15,589	376	395	456	432	411
3. Goods and Services (1+2) ...	-21,579	-13,585	-23,448	-25,006	-25,000	- 857	- 519	- 844	- 758	- 645
4. Transfers (Net) ...	10,457	12,185	12,040	13,097	14,463	416	468	434	395	379
Private (Net) ...	6,441	7,031	7,212	7,983	9,161	256	270	262	242	240
Official (Net) ...	4,016	5,154	4,828	5,114	5,302	160	198	172	153	139
5. Current Account Balance (3+4) ...	-11,122	- 1,400	-11,408	-11,909	-10,537	- 441	- 51	- 410	- 363	- 266
6. Non-Monetary Capital ...	10,620	8,755	9,062	9,094	7,098	420	335	328	279	137
Private Sector ...	4,005	62	1,646	921	1,557	160	2	58	28	41
Public Sector ...	6,615	8,693	7,416	8,173	5,541	260	333	270	251	145
Long-term (Net) ...	6,613	8,693	7,416	8,173	5,541	260	333	270	251	145
Receipts ...	8,546	10,387	9,422	11,425	9,802	337	398	342	350	257
Amortisation ...	1,933	1,694	2,006	3,252	4,261	77	65	72	99	111
Short-term (Net) ...	2	—	—	—	—	—	—	—	—	—
7. Valuation Adjustments ...	82	- 39	1,491	1,371	1,841	—	—	—	—	—
8. Errors and Omissions ...	762	- 254	- 205	- 680	- 203	22	13	- 29	10	7
9. SDR Allocations ...	—	—	—	—	—	—	—	—	—	—
10. Overall Balance ...	342	7,062	- 1,060	- 2,124	- 1,801	1	297	- 111	- 74	- 72
11. Monetary Movements (—Surplus)	- 342	- 7,062	1,060	2,124	1,801	- 1	- 297	111	74	72
Average Exchange Rate SLRs./						25.16	26.08	27.63	32.90	38.10
SDR ...										

(a) Revised.

(b) Provisional.

Note: All transactions in the Monetary Sector are converted at end of period rates.

Source: Central Bank of Sri Lanka.

cent and 8.5 per cent, respectively. While the import price of rice and crude oil increased by 7.4 per cent and 7.1 per cent, respectively the price of wheat grain decreased by 7.5 per cent in 1987.

The overall price movement in international markets was marginally favourable to Sri Lanka in 1987, with export prices increasing by 0.3 per cent and import prices decreasing by 2.7 per cent in SDR terms. Accordingly, the terms of trade recorded a marginal improvement in 1987. This followed two successive years of adverse terms of trade when it deteriorated by 19.8 per cent and 5.0 per cent, respectively.

The net outflow of foreign exchange on account of services increased from Rs. 3,617 million (SDR 109 million) in 1986 to Rs. 4,257 million (SDR 114 million) in 1987. The deterioration in the services account was entirely due to a sharp decline in tourist earnings. As against this, there were several favourable developments in the services account. The port, transportation and insurance category which had been in deficit in the previous two years produced a surplus of SDR 8 million in 1987 due to increased receipts from the Port and a reduction in charter fees and foreign payments for fuel by Air Lanka. In addition, the deficits in investment income, government expenditure and miscellaneous categories declined in 1987.

Interest and other service charges on foreign loans including those on IMF credits amounted to Rs. 5,929 million (SDR 156 million) in 1987, as compared with Rs. 5,248 million (SDR 159 million) in the previous year. The reduction in interest rates in international markets and the appreciation of the SDR were the major reasons for this decline in interest payments reflected in SDR terms. Interest payments accounted for 38.0 per cent of the total service payments and continued to exert heavy pressure on the balance of payments. Interest receipts consisting largely of returns on portfolio investments of the Central Bank amounted to Rs. 2,041 million (SDR 53 million), as compared with Rs. 1,878 million (SDR 58 million) in the previous year. The decline in SDR terms was attributable largely to a reduction in the level of such investments. In 1987, foreign exchange outflow in the form of repatriation of profits and dividends was lower than in the previous year.

The most disappointing development in the services account was the large drop in receipts from tourism. Net foreign exchange earnings on account of travel became zero in 1987. In an uncertain climate, the inflow of tourist traffic declined by 20.6 per cent in 1987 and receipts from tourism dropped from Rs. 2,326 million (SDR 71 million) in 1986 to Rs. 1,813 million (SDR 48 million) in 1987, recording a decrease of 32.0 per cent in SDR terms.

In 1987, foreign exchange inflow on account of private remittances showed a marginal decrease in SDR terms but recorded an increase of 16.0 per cent in rupee terms. The gross inflow of private remittances amounted to Rs. 10,255 million (SDR 268 million) as compared with Rs. 8,873 million (SDR 269 million) in 1986. Official transfers, consisting of project and commodity aid decreased from SDR 153 million

(Rs. 5,114 million) in 1986 to SDR 139 million (Rs. 5,302 million) in 1987. While project grants are estimated at SDR 104 million (Rs. 3,940 million), commodity grants accounted for the balance. Total net transfer receipts were lower by 4.1 per cent in 1987.

TABLE 1.35  
Services and Transfers 1985-1987

Item	Rs. Million			SDR Million		
	1985	1986(a)	1987(b)	1985	1986(a)	1987(b)
<b>1. Port. Transportation/ and Insurance</b>	- 154	- 84	247	- 5	- 3	8
Receipts ..	2,016	2,760	3,389	73	84	90
Payments ..	2,170	2,844	3,142	78	87	82
<b>2. Travel</b>	975	808	- 15	35	25	0
Receipts ..	2,233	2,326	1,813	81	71	48
Payments ..	1,258	1,518	1,828	46	46	48
<b>3. Investment Income</b>	- 3,445	- 3,871	- 4,336	- 125	- 117	- 115
Receipts ..	2,261	1,893	2,049	82	58	53
Payments ..	5,706	5,764	6,385	207	175	168
3.1 Profits and Dividends	- 297	- 501	- 448	- 11	- 16	- 12
Receipts ..	5	15	8	-	-	-
Payments ..	302	516	456	11	16	12
3.2 Interest	- 3,148	- 3,370	- 3,888	- 114	- 101	- 103
Receipts ..	2,256	1,878	2,041	82	58	53
Payments ..	5,404	5,248	5,929	196	159	156
<b>4. Government Expenditure</b>	- 152	- 125	26	- 6	- 3	0
Receipts ..	310	283	584	11	12	15
Payments ..	462	508	558	17	15	15
<b>5. Miscellaneous</b>	- 871	- 345	- 179	- 32	- 11	- 7
Receipts ..	2,106	3,239	3,497	76	98	91
Payments ..	2,977	3,584	3,676	108	109	98
<b>6. Total Services</b>	- 3,647	- 3,617	- 4,257	- 133	- 109	- 114
Receipts ..	8,926	10,601	11,332	323	323	297
Payments ..	12,573	14,218	15,589	456	432	411
<b>7. Private Transfers</b>	7,212	7,983	9,161	262	242	240
Receipts ..	7,920	8,873	10,255	288	269	268
Payment ..	708	890	1,034	26	27	28
<b>8. Official Transfers</b>	4,828	5,114	5,302	172	153	139
Receipts ..	4,828	5,114	5,302	172	153	139
Payments ..	-	-	-	-	-	-
<b>9. Total Transfers</b>	12,040	13,097	14,463	434	395	379
Receipts ..	12,748	13,987	15,557	460	422	407
Payments ..	708	890	1,094	26	27	28
<b>10. Total Services &amp; Transfers</b>	8,393	9,480	10,206	301	286	265
Receipts ..	21,674	24,588	26,889	783	745	704
Payments ..	13,281	15,108	16,683	482	459	439

(a) Revised.  
(b) Provisional.

Source: Central Bank of Sri Lanka.

In 1987, the net receipts on account of transfers were sufficient to cover 59.0 per cent of the deficit on goods and services account, as compared with 52.0 per cent in 1986. The deficit in the current account in 1987 was estimated at Rs. 10,537 million (SDR 266 million), as against a deficit of Rs. 11,909 million (SDR 363 million) in 1986. This indicates a 26.7 per cent improvement in the current account deficit in SDR terms. As the net inflows of non-monetary capital were sufficient to finance only 70.0 per cent of the current account deficit, there was an overall deficit of Rs. 1,801 million (SDR 72 million) which had to be financed through drawing on external assets.

**TABLE 1.36**  
**Financing of the External Resource Gap 1985 - 1987**

Category	Rs. Million			SDR Million		
	1985	1986 (a)	1987 (b)	1985	1986 (a)	1987 (b)
1. Foreign Earnings	52,574	53,367	61,862	1,907	1,622	1,640
1.1 Exports	35,728	33,803	49,275	1,296	1,030	1,075
1.2 Services	8,926	10,601	11,332	323	323	297
1.3 Private Transfers	7,920	8,873	10,255	288	269	268
2. Foreign Payments	82,313	86,201	94,089	2,980	2,623	2,477
2.1 Imports	55,529	55,283	61,019	2,007	1,678	1,606
2.2 Services	12,573	14,218	15,589	456	432	411
2.3 Private Transfers	708	890	1,094	26	27	29
2.4 Capital Repayments	13,503	15,810	16,387	491	486	431
3. External Resource Gap	-29,739	-32,834	-32,227	-1,073	-1,001	-837
4. Financing of the Resource Gap	-29,739	-32,834	-32,227	-1,073	-1,001	-837
4.1 Financing through transactions that do not affect debt position	5,543	5,924	6,396	198	178	168
4.1.1 Official Grants	4,828	5,114	5,303	172	153	139
4.1.2 Direct Investments	715	810	1,093	26	25	28
4.1.3 SDR Allocation	—	—	—	—	—	—
4.2 Borrowings and Use of Reserves	22,911	26,219	24,193	904	813	662
4.2.1 Long-term Loans	8,834	10,227	8,610	320	313	226
4.2.2 Short-term Credits	9,055	8,399	7,769	327	257	203
4.2.3 Suppliers' Credit and other Long-term Loans	588	1,198	1,192	22	37	31
4.2.4 Commercial Borrowings (Private sector)	2,407	2,346	2,243	88	71	59
4.2.5 Bank Borrowings	3	—	1,801	—	—	42
4.2.6 Bilateral Balances	—	—	—	—	—	—
4.2.7 IMF Drawings (c)	237	1,614	1,120	—	—	—
4.2.8 Reserves	574	1,215	982	124	119	76
4.2.9 Other	1,213	1,220	2,440	23	16	25
5. Valuation Adjustments	1,491	1,371	1,841	—	—	—
6. Errors and Omissions	-206	-680	-203	-29	10	7

(a) Revised.

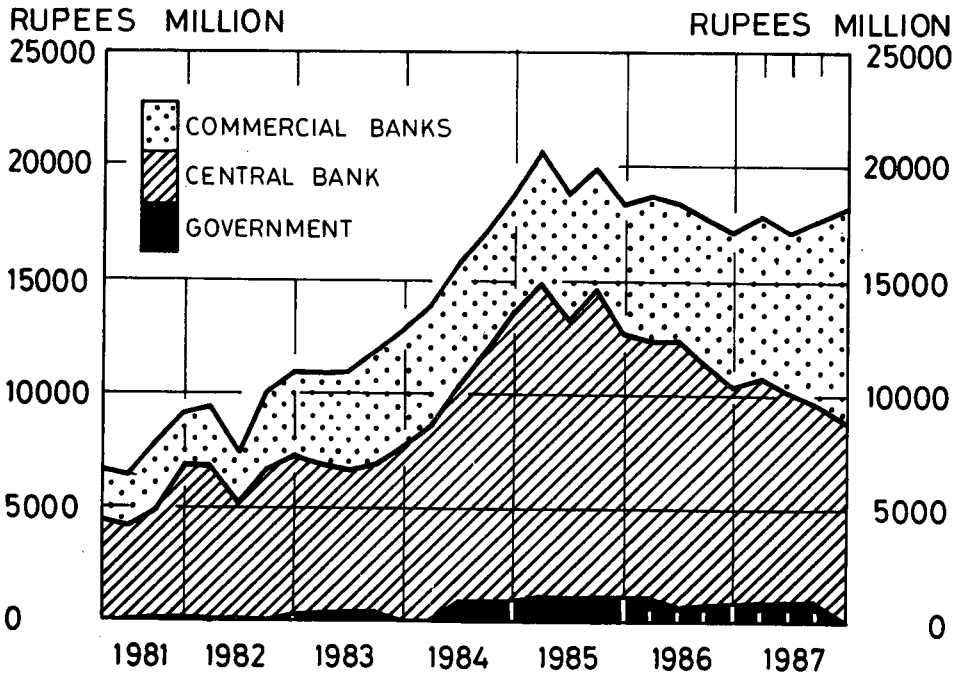
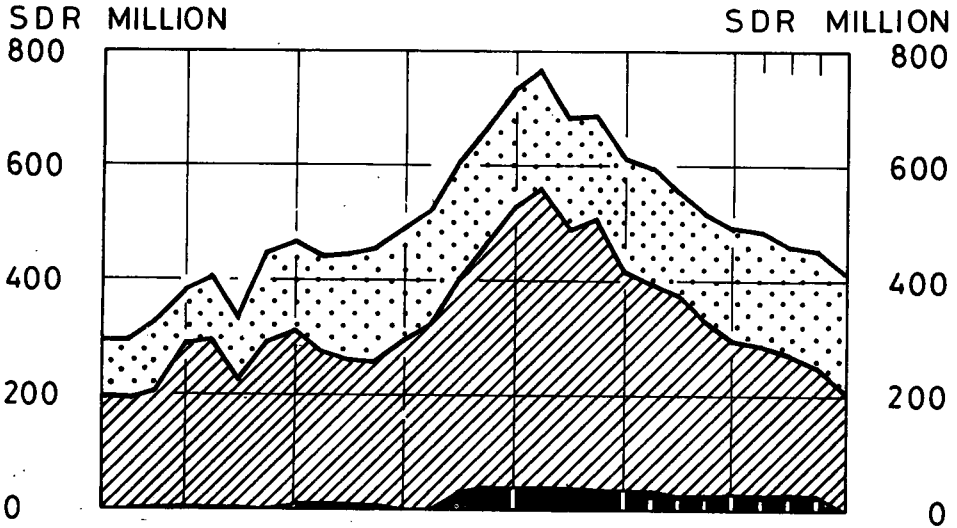
(b) Provisional.

(c) These Rupee figures indicate the net valuation effect in IMF Accounts.

Source: Central Bank of Sri Lanka.

# EXTERNAL ASSETS

QUARTERLY



Following the trend observed since 1983, the net non-monetary capital inflows declined by 33.0 per cent in 1987. While net capital inflows to the private sector which include direct investments and long, medium and short-term foreign loans increased by 46.0 per cent, those to government declined by 42.0 per cent in 1987.

Capital inflows to the private sector in the form of direct investments increased from SDR 25 million in 1986 to SDR 28 million in 1987. Direct investments in GCEC enterprises declined while those in enterprises coming under FIAC increased during the year. There were net outflows of capital from the private sector, as amortization payments on foreign loans at SDR 75 million exceeded fresh disbursements amounting to SDR 59 million. However, private capital inflows in the form of suppliers' credits and trade credits including acceptance credits of the Ceylon Petroleum Corporation increased by SDR 30 million, as compared with a decline of SDR 11 million in 1986.

Gross inflows of official capital in the form of project and non-project loans were estimated at Rs. 9,802 million (SDR 257 million) in 1987 as compared with Rs. 11,425 million (SDR 350 million) in 1986. In the context of a considerable reduction in government capital expenditures, project loan disbursements dropped by 22.0 per cent in 1987. Disbursements of projects loans were estimated at Rs. 8,703 million (SDR 228 million) as compared with Rs. 9,612 million (SDR 293 million) in the previous year. Disbursements of commodity loans amounted to Rs. 1,099 million (SDR 29 million), as against Rs. 1,813 million (SDR 56 million) in the year before. Amortization payments on government loans increased by 12.1 per cent in 1987 reducing the net resource availability in the form of official capital flows for financing the current account deficit.

### **External Assets**

For the third consecutive year, the country's external assets position came under pressure in 1987. This was evidenced by large decreases in both gross and net external assets. The gross external assets declined by 15.5 per cent in 1987. The level of gross external assets at the end of 1987 stood at SDR 415 million (Rs. 18,134 million), as compared with SDR 492 million (Rs. 17,152 million) at the end of the previous year.

The gross official reserves, consisting of gross foreign assets of the Government and the Central Bank decreased by 32 per cent and amounted to SDR 203 million (Rs. 8,869 million) at the end of the year. While the Government utilized almost the whole of its deposits with the FCBU's, gross assets of the Central Bank declined to SDR 203 million (Rs. 8,840 million) in 1987 from SDR 274 million (Rs. 9,547 million) in 1986. Decreases were recorded in both liquid balances abroad, as well as in portfolio investments. In addition, short-term borrowings of the Central Bank rose from a zero level at the end of the previous year to SDR 41 million by the end of 1987. Gross foreign assets of commercial banks, however, recorded a marginal increase, rising from SDR 195 million (Rs. 6,803 million) to SDR 212 million (Rs. 9,265 million) over the same period. The level of gross external assets at the end of 1987 was sufficient to finance about three months of imports projected for 1988.



**TABLE 1.37**  
**Exchange Rate Movements 1983 - 1987**

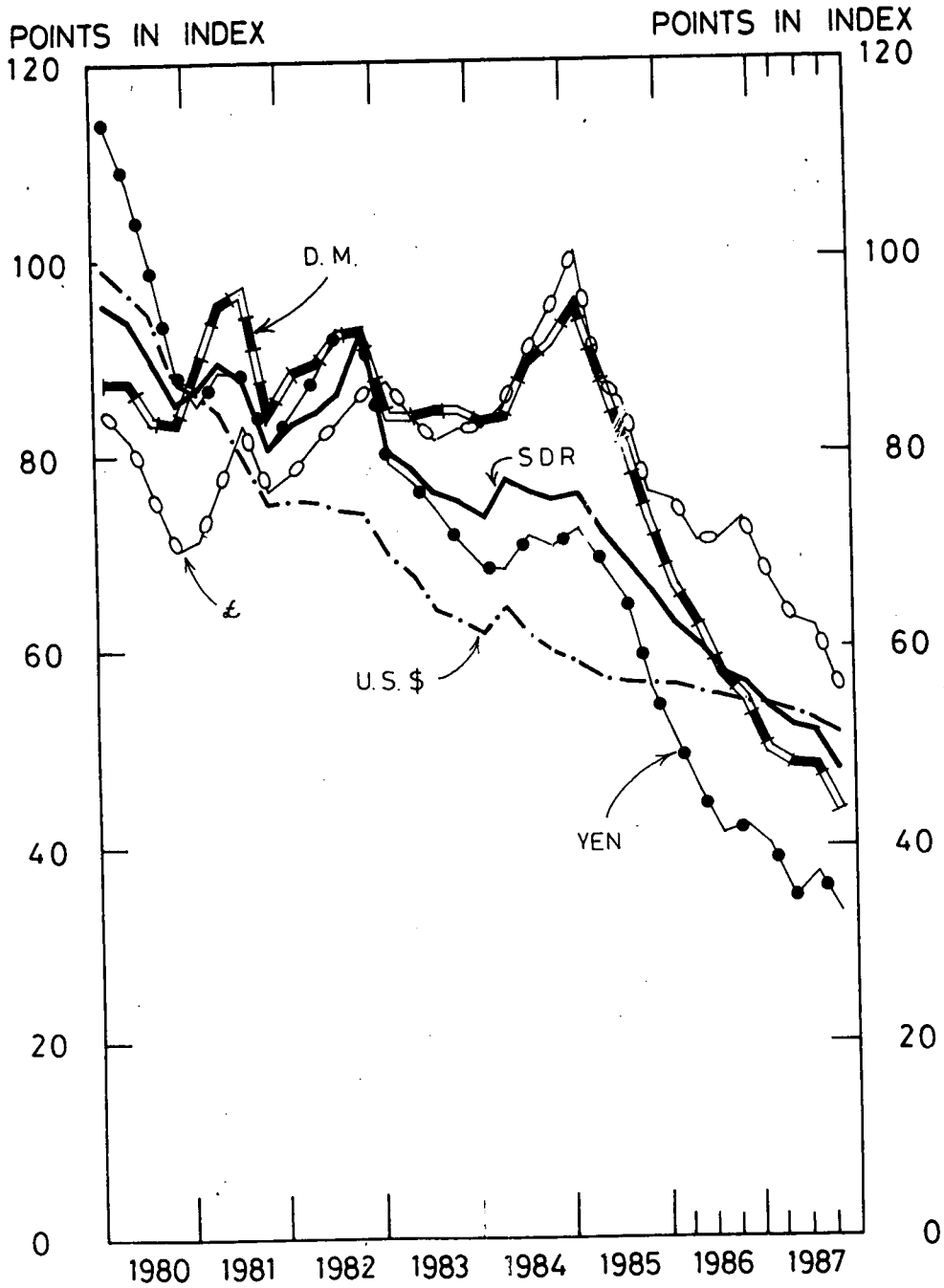
Currency	End of Year Exchange Rates (Rs. per unit of)					Percentage Change over previous year(a)				
	1983	1984	1985	1986	1987	1983	1984	1985	1986	1987
U.S. Dollar ... ..	25.0000	26.2800	27.4075	28.5200	30.7625	- 14.72	- 4.87	- 4.11	- 3.90	- 7.29
Pound Sterling ... ..	35.8938	30.5111	39.5764	41.7961	57.1721	- 3.57	17.64	- 22.91	- 5.31	- 26.89
Deutsche Mark ... ..	9.1050	8.3495	11.1074	14.6727	19.2826	- 1.37	9.05	- 24.83	- 24.30	- 23.91
Japanese Yen ... ..	0.1071	0.1050	0.1360	0.1794	0.2491	- 14.83	2.05	- 22.81	- 24.18	- 27.99
French Franc ... ..	2.9744	2.7276	3.6167	4.4337	5.6936	6.66	9.05	- 24.58	- 18.43	- 22.13
Indian Rupee ... ..	2.3531	2.1192	2.2575	2.1645	2.4043	- 8.22	11.04	- 6.13	4.30	- 9.97
Special Drawing Rights	26.1260	25.8065	30.0339	34.7998	43.2684	- 9.83	1.24	- 14.08	- 13.70	- 19.57

(a) Changes computed on the basis of the foreign currency equivalent of Sri Lanka Rupee.  
Minus sign indicates depreciation.

Source: Central Bank of Sri Lanka.

# NOMINAL EXCHANGE RATES\*

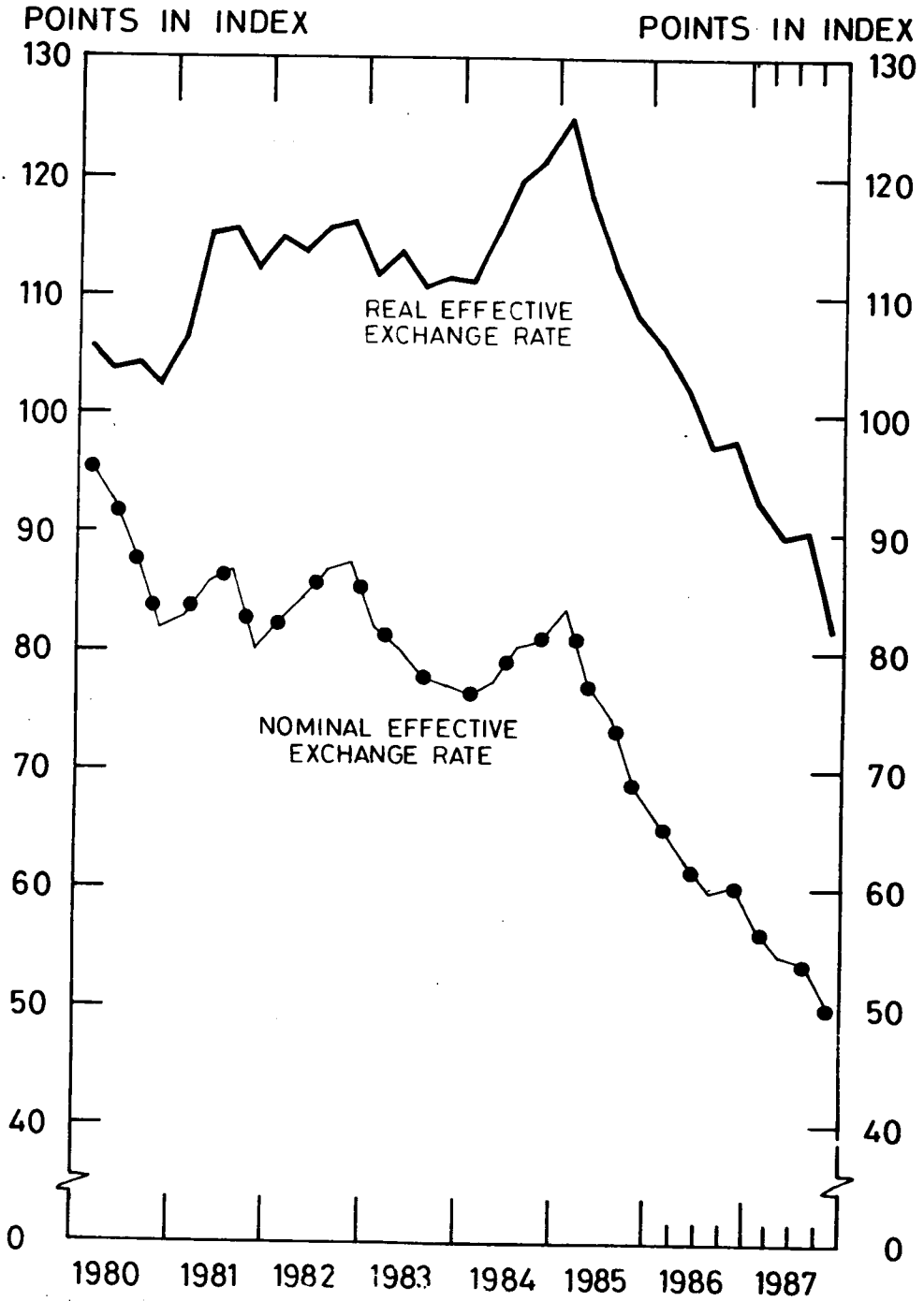
1978=100



\* Decline indicates depreciation.

### EFFECTIVE EXCHANGE RATES\*

1978=100



\* Decline indicates depreciation

### Exchange Rate Movements

The Sri Lanka Rupee depreciated somewhat sharply against most major currencies during 1987. It depreciated by 28.0 per cent against the Japanese Yen, 26.9 per cent against the Pound Sterling, 23.9 per cent against the Deutsche Mark and 22.1 per cent against the French Franc. The Sri Lanka Rupee depreciated by 10.0 per cent against the Indian Rupee and 7.3 per cent against the U.S. Dollar, the intervention currency. The exchange rate change with respect to the Sri Lanka Rupee and the U.S. Dollar and the depreciation of the U.S. Dollar against the SDR led to a 19.6 per cent depreciation of the Rupee against the SDR in 1987.

The cumulative changes since 16th November, 1977 when the Rupee was placed on a float indicate that the Sri Lanka Rupee had depreciated at the end of 1987 by 48.0 per cent against the U.S. Dollar, 49.2 per cent against the Pound Sterling, 63.1 per cent against the Deutsche Mark, 42.3 per cent against the French Franc, 73.8 per cent against the Japanese Yen, 23.0 per cent against the Indian Rupee and 56.3 per cent depreciation against the SDR. Thus, it had been against the Japanese Yen, that the Sri Lanka Rupee has registered the highest rate of depreciation since 1977.

Reflecting partly the weakness in the external payments position and partly the movements in the cross exchange rates among key currencies, the Nominal Effective Exchange Rate (NEER) of the Sri Lanka Rupee, defined as the trade weighted nominal exchange rates with respect to major trading partners, depreciated by 19.9 per cent in 1987. The Real Effective Exchange Rate (REER), i.e., the NEER adjusted for inflation differentials between Sri Lanka and her trading partners, depreciated by 17.3 per cent during the year. The annual average depreciation of NEER and REER were 17.1 per cent and 11.9 per cent, respectively in 1987.

### External Debt

Sri Lanka's total outstanding external debt, including short-term trade credits and Central Bank's borrowings abroad, increased from Rs. 116,429 million (SDR 3,359 million) in 1986 to Rs. 144,531 million (SDR 3,361 million) in 1987. This represents a marginal increase in the external debt in SDR terms. The moderate increase in the external debt in SDR terms was largely due to the repurchases made during the year on account of IMF loans. The appreciation of the SDR against the U.S. Dollar also made the debt liability lower in SDR terms in the case of the U.S. Dollar denominated debt. The ratio of total external debt to G.D.P., however, recorded an increase, rising from 61.6 per cent in 1986 to 64.1 per cent in 1987.

The outstanding level of medium and long-term loans increased from Rs. 103,481 million in 1986 to Rs. 129,993 million in 1987, but in SDR terms the increase was marginal. However, short-term loans increased by 26.0 per cent due to short-term borrowings of the Central Bank which reached Rs. 1.802 million (SDR 41 million)

at the end of the year. Medium and long-term loans accounted for 90.0 per cent of the total outstanding external debt at the end of 1987, while short-term loans accounted for 6.0 per cent and the balance 4.0 per cent was on account of outstanding drawings from the IMF.

**TABLE 1.38**  
**Outstanding Disbursed External Debt**  
**1985-1987**

Item	Rs. Million			SDR Million		
	1985	1986 <sup>(a)</sup>	1987 <sup>(b)</sup>	1985 <sup>(a)</sup>	1986 <sup>(a)</sup>	1987 <sup>(b)</sup>
<b>1. Medium and Long-term Debt</b>	<b>83,883</b>	<b>103,481</b>	<b>129,993</b>	<b>2,793.0</b>	<b>2,973.6</b>	<b>3,004.3</b>
1.a. Government	70,046	88,727	113,656	2,332.3	2,549.6	2,626.7
1.b. Public Corporations with Government Guarantee	9,212	8,497	8,126	306.7	244.2	187.7
1.c. Private Sector with Government Guarantee	922	2,247	4,172	30.7	64.5	96.5
1.d. Public Corporations without Government Guarantee	644	741	298	21.4	21.3	6.9
1.e. Private Sector without Government Guarantee	3,059	3,270	3,740	101.9	94.0	86.5
<b>2. Short-term debt</b>	<b>5,645</b>	<b>5,277</b>	<b>8,313</b>	<b>187.5</b>	<b>151.3</b>	<b>191.6</b>
2.a. Bank Borrowings	6	—	1,802	0.2	—	41.3
2.b. Other <sup>(c)</sup>	5,639	5,277	6,511	187.3	151.3	150.3
<b>3. IMF Drawings</b>	<b>7,914</b>	<b>7,672</b>	<b>6,226</b>	<b>292.5</b>	<b>234.0</b>	<b>164.7</b>
<b>4. Total Debt (1+2+3)</b>	<b>97,442</b>	<b>116,429</b>	<b>144,531</b>	<b>3,273.0</b>	<b>3,358.9</b>	<b>3,360.6</b>

(a) Revised

(b) Provisional

(c) Includes acceptance credits of the Ceylon Petroleum Corporation, trade credits, and borrowings of GCEC enterprises and other approved institutions from FCUBs.

Sources: Central Bank of Sri Lanka ;  
External Resources Department.

There was a noteworthy reduction in the level of outstanding non-government guaranteed medium and long-term external debt of public corporations and those of the private sector. Government guaranteed debt of public corporations decreased from SDR 244 million (Rs. 8,497 million) in 1986 to SDR 188 million (Rs. 8,126 million) in 1987. Private sector medium and long-term debt without government guarantees declined from SDR 94 million to SDR 87 million in 1987. The outstanding debt of the Government increased to SDR 2,627 million (Rs. 113,656 million) in 1987 from SDR 2,550 million (Rs. 88,727 million) in the previous year. The outstanding level of project loans rose to SDR 1,709 million (Rs. 73,959 million) from SDR 1,544 million (Rs. 53,721 million) in 1986. Non-project loans of the Government declined by 6.5 per cent in SDR terms. External debt obligations to the IMF declined from SDR 234 million (Rs. 7,672 million) in 1986 to SDR 165 million (Rs. 6,226 million) due to large repurchases made during the year.

TABLE 1.39

## Outstanding Disbursed External Debt 1983-1987(a)

Category	Rs. Million					SDR Million				
	1983	1984	1985	1986	1987(b)	1983	1984	1985	1986	1987(b)
<b>1. Medium- &amp; Long-term Debt (c) of which</b>	46,885	54,283	69,518	88,208	113,127	1,794.6	2,103.5	2,314.7	2,534.7	2,614.5
1.a. Project Loans	21,126	27,396	39,332	53,721	73,959	808.6	1,061.6	1,309.6	1,543.7	1,709.3
1.b. Non Project Loans	22,756	23,982	27,595	32,427	37,691	871.0	929.3	918.8	931.8	871.1
1.c. IMF Trust Fund Loans	3,004	2,905	2,591	2,061	1,477	115.0	112.6	86.3	59.2	34.1
<b>2. Supplier's Credits</b>	894	610	687	861	1,159	34.4	23.6	22.8	24.6	26.7
<b>3. Use of Fund Credit</b>	8,225	8,644	7,914	7,672	6,226	331.1	328.3	292.5	234.0	164.7
<b>4. Bank Borrowings</b>	1,854	3	6	—	1,802	70.8	0.1	0.2	—	41.3
<b>5. Other (d)</b>	14,321	14,873	19,317	19,689	22,219	543.6	581.2	642.8	565.6	513.4
<b>Total Debt</b>	<b>72,179</b>	<b>78,413</b>	<b>97,442</b>	<b>116,429</b>	<b>144,531</b>	<b>2,774.5</b>	<b>3,036.7</b>	<b>3,273.0</b>	<b>3,358.9</b>	<b>3,360.6</b>

Sources: Central Bank of Sri Lanka  
External Resources Department.

(a) Figures from 1983 to 1986 have been revised.

(b) Provisional.

(c) Government Loans excluding Suppliers' Credits.

(d) Comprises commercial borrowings of Public Corporations, Air Lanka, borrowings of GCEC and other approved enterprises from FCBUs, private foreign borrowings and trade credits.

TABLE 1.40

## External Debt Service Payments 1983 - 1987

Item	Rs. Million					SDR Million				
	1983	1984	1985	1986(a)	1987(b)	1983	1984	1985	1986(a)	1987(b)
1. Debt Service Payments ..	7,135.8	8,026.1	9,361.8	11,657.6	14,867.4	287.1	308.0	340.6	356.7	391.1
1.1 Amortisation ..	3,120.7	3,437.7	4,533.2	6,940.0	9,743.0	126.5	132.3	165.5	213.4	256.1
(i) To IMF ..	1,097.3	593.3	967.4	1,856.0	2,565.8	46.2	22.7	35.8	58.5	69.4
(ii) To Others ..	2,023.4	2,844.4	3,565.8	5,084.0	7,177.2	80.3	109.6	129.7	154.9	186.7
1.2 Interest Payments ..	4,015.1	4,588.4	4,828.6	4,717.6	5,124.4	160.6	175.7	175.1	143.3	135.0
(i) To IMF ..	749.3	819.2	745.6	700.9	663.1	30.8	31.4	27.1	21.3	18.3
(ii) To Others ..	3,265.8	3,769.2	4,083.0	4,016.7	4,461.3	129.8	144.3	148.0	122.0	115.7
2 Earnings from Merchandise Exports and Services ..	33,071.6	45,764.9	44,654.9	44,494.6	51,607.4	1,312.9	1,756.1	1,619.0	1,352.6	1,372.0
3. Receipts from Merchandise Exports, Services and Private Transfers ..	39,987.2	53,418.0	52,574.0	53,367.4	61,862.0	1,588.0	2,049.6	1,906.6	1,622.4	1,640.0
4. Debt Service Ratios (c)										
4.1 As a percentage of 2 above										
(i) Overall Ratio	21.6	17.5	21.0	26.2	28.8	21.9	17.5	21.0	26.4	28.5
(ii) Excluding IMF Transactions	16.0	14.5	17.1	20.5	22.6	16.0	14.5	17.2	20.5	22.1
4.2 As a percentage of 3 above										
(i) Overall Ratio	17.8	15.0	17.8	21.8	24.0	18.1	15.0	17.9	22.0	23.8
(ii) Excluding IMF Transactions	13.2	12.4	14.5	17.1	18.8	13.2	12.4	14.6	17.1	18.5

(a) Revised.

(b) Provisional.

(c) Debt Service Ratios calculated on Rupee values and SDR values differ due to variations in exchange rates during the year.

Source: Central Bank of Sri Lanka.

### **Debt Service Payments**

Debt service payments which include amortization payments of all medium and long-term loans and interest payments on all foreign loans increased to Rs. 14,867 million (SDR 391 million) in 1987 from Rs. 11,658 million (SDR 357 million) in 1986.

Total amortization payments increased by 19.9 per cent from Rs. 6,940 million (SDR 213 million) in 1986 to Rs. 9,743 million (SDR 256 million) in 1987. However, interest payments decreased by 5.8 per cent in SDR terms in 1987. Repurchases in respect of the IMF loans amounted to SDR 69 million in 1987, as compared with repurchases amounting to SDR 59 million in 1986, while service payments on IMF loans decreased by 14.0 per cent.

The total debt service payments as a ratio of exports of goods and services increased from 26.4 per cent in 1986 to 28.5 per cent in 1987. The rise in the debt service ratio was attributable to the continuing increase in amortization payments in the context of the sluggish growth in foreign exchange earnings from goods and services. This ratio excluding IMF transactions was 22.0 per cent in 1987, as compared with 20.5 per cent in the previous year. The overall debt service payments as a ratio of total current account receipts excluding official transfers amounted to 23.8 per cent, as compared with 22.0 per cent in 1986.