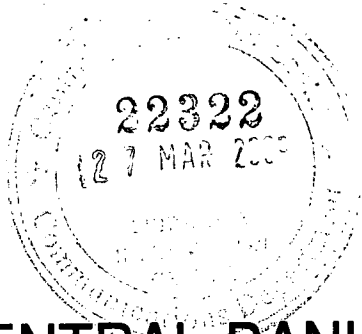
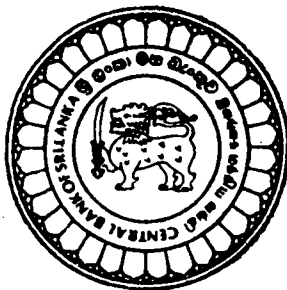


SL 332.11
CEN



CENTRAL BANK OF SRI LANKA



ANNUAL REPORT

OF THE MONETARY BOARD TO THE
HON. MINISTER OF FINANCE

FOR THE YEAR

**DEVELOPMENT FINANCE CORPORATION
OF CEYLON**

LIBRARY

RECEIVED ON: 19.05.04

ACC: NO: 3890/444

CLASS NO:

1993

DFCC BANK

LIBRARY

STOCK VERIFICATION 2006

WEEDED

මෙය රාජ්‍ය භාෂාවෙන් වෙනම මුද්‍රණය කර ඇත.

Price per copy

Counter Sales	-	Rs. 75/-
Despatch by ordinary mail	-	Rs. 81/-
Despatch by registered mail	-	Rs. 88/-

Despatch abroad:

I. First Class parcel	-	US \$ 30
II. Second Class parcel	-	US \$ 25

Printed at the Central Bank Press, No. 58, Sri Jayewardenepura Mawatha, Rajagiriya and Published by the
Central Bank of Sri Lanka, Janadhipathi Mawatha, Colombo 1.

**HIS EXCELLENCY THE PRESIDENT
AND MINISTER OF FINANCE,
MINISTRY OF FINANCE,
COLOMBO.**



Your Excellency,

In accordance with the provisions of Section 35(1) of the Monetary Law Act, (Chapter 422), I submit herewith the Forty Fourth Annual Report of the Monetary Board of the Central Bank of Sri Lanka covering the Bank's operations during the year 1993.

Yours Sincerely,

H. B. DISANAYAKA
Governor

Central Bank of Sri Lanka,
Colombo.

28th April, 1994.

CENTRAL BANK OF SRI LANKA

THE MONETARY BOARD

(As at 31st December, 1993)

H. B. DISANAYAKA
Governor

R. PASKARALINGAM
Secretary to the Ministry of Finance

L. S. JAYAWARDENE
Appointed Member

Principal Officers as at 31st December, 1993

A. S. JAYAWARDENA	- <i>Senior Deputy Governor</i>
S. T. G. FERNANDO	- <i>Deputy Governor</i>
P. AMARASINGHE	- <i>Executive Director</i>
N. A. DHARMABANDU	- <i>Executive Director</i>
S. EASPARATHASAN	- <i>Executive Director & Secretary to the Monetary Board</i>
H. M. R. ELLEPOLA	- <i>Executive Director</i>
G. M. P. D. DE SILVA	- <i>Executive Director</i>
L. E. N. FERNANDO	- <i>Executive Director (on release)</i>
P. M. NAGAHAWATTE	- <i>Executive Director</i>
W. HETTIARACHCHI	- <i>Executive Director</i>
M. U. A. TENNAKON	- <i>Executive Director</i>

Banking Department

M. B. DISSANAYAKE	- <i>Chief Accountant</i>
J. E. D. KARUNARATNE	- <i>Addl. Chief Accountant</i>

Banking Development Department

MISS C. ABEYNAYAKE	- <i>Director</i>
MRS. M. N. R. COORAY	- <i>Addl. Director</i>

Bank Supervision Department

P. T. SIRISENA	- <i>Director</i>
MISS C. I. FERNANDO	- <i>Addl. Director</i>

Currency Department

R. G. JAYARATNE	- <i>Superintendent</i>
C. K. PARANAVITHANA	- <i>Addl. Superintendent</i>

Data Processing Department

S. S. COLOMBAGE	- <i>Director</i>
-----------------	-------------------

Development Finance Department

T. G. SAVUNDRANAYAGAM	- <i>Director</i>
-----------------------	-------------------

Economic Research Department

W. A. WIJewardena - *Actg. Director*

Employees' Provident Fund Department

K. C. M. GUNASEKERA - *Superintendent*

MRS. Z. LOKUGE - *Actg. Addl. Superintendent*

Establishments Department

H. A. G. HETTIARACHCHI - *Director*

P. M. LAKDAWALLA - *Actg. Addl. Director*

Exchange Control Department

M. R. FERNANDO - *Controller*

Information Department

D. BOYAGODA - *Director*

Management Audit Department

M. I. F. HAMID - *Director*

Non-Bank Financial Institutions Supervision Department

N. L. SIRISENA - *Director*

Premises Department

T. H. D. PEIRIS - *Director*

Public Debt Department

T. S. N. FERNANDO - *Superintendent and Registrar*

Rural Banking and Staff Training College

S. PATTIVIDANA - *Director*

Rural Credit Department

W. A. WIJewardena - *Director*

W. S. L. FERNANDO - *Addl. Director*

Secretariat Department

C. E. JAYASOORIYA - *Secretary*

Security Services Department

G. A. PERERA - *Director*

Statistics Department

L. L. GUNARATNE - *Director*

Training Department

A. J. M. ZUHAIR - *Director*

Welfare Department

S. RUPASINGHE - *Director*

Auditor

S. M. SABRY
Auditor-General

CONTENTS

PART I	<i>Page</i>
ECONOMIC PERFORMANCE, PROBLEMS AND POLICIES IN 1993 ...	1
National Income and Expenditure ...	28
Overall Trends ...	28
Sectoral Performance ...	30
Expenditure ...	32
Availability and Utilization of Resources ...	34
Agriculture ...	36
Overall Trends ...	36
Major Export Crops ...	36
Tea ...	36
Rubber ...	39
Coconut ...	40
Other Agricultural Products ...	42
Minor Export Crops ...	42
Domestic Agriculture ...	42
Paddy ...	42
Sugar ...	44
Minor Food Crops ...	47
Fish and Livestock ...	48
Fertilizer ...	49
Industry ...	51
Overall Performance ...	51
Production ...	51
Value of Production in Current Terms ...	54
Public Sector Industries ...	55
Value Added ...	56
Power and Fuel ...	57
Industrial Policy ...	57
Facilities to Industries ...	58
Private Investment ...	59
Pioneer Industries and Expansion of Existing Industries ...	59
Investment under BOI ...	60
The 200 Garment Factory Programme ...	62
Regional Distribution of New Industries ...	62
Economic and Social Overheads ...	64
Energy ...	64
Transportation ...	67
Housing ...	69
Urban Development ...	71
Roads and Rail Tracks ...	71
Communication Services ...	72

Janasaviya Programme	74
Health	75
Education	76
Mahaweli Programme	77
Other Irrigation Development	78
Integrated Rural Development Programme	80
Prices, Wages and Employment	82
Overall Price Changes	82
Prices	83
Consumer Prices	83
Effect of 'Administered Prices' in the Colombo Consumers' Price Index	84
Greater Colombo Consumer Price Index	84
Wholesale Price Index	86
Wages	87
Government Sector	88
Organised Private Sector	90
Unorganised Sector	90
Employment	90
Trade and Tourism	92
International Trade	92
Exports	92
Tea	94
Rubber	94
Coconut	94
Minor Agricultural Products	96
Industrial Exports	96
Mineral Exports	96
Imports	96
Consumer Goods	98
Intermediate Goods	98
Investment Goods	98
Foreign Trade Policy	99
Tariffs and Taxes	99
Import and Export Control	100
Freight Rates	100
Incentives to Exports	100
Trading Arrangements and Trade Relations	101
Internal Trade	102
Tourism	103
Balance of Payments	106
Overall Trends	106
Balance of Payments Out-turn	109
Merchandise Account	109
Services Account	109
Transfers Account	111

Current Account	111
Capital Account	111
External Assets	112
Exchange Rate Movements	112
External Debt	119
Debt Service Payments	119
Government Finance	120
Overall Trends	120
Fiscal Out-turn	120
Revenue	121
Tax Revenue	124
Foreign Grants	128
Expenditure	128
Current Expenditure	128
Capital Expenditure and Net Lending	133
Financing of the Budget Deficit	133
Government Debt	134
Domestic Debt	137
Foreign Debt	137
Government Debt Service Payments	140
Money and Banking	141
Money Supply	141
Overall Trends	141
Money Supply and Causal Factors	141
Commercial Banking	147
Overall Trends	147
Structure of Assets and Liabilities	147
Sources and Uses of Funds	150
Distribution of Commercial Bank Loans & Advances	153
Central Banking	153
Overall Trends	153
Structure of Assets and Liabilities	154
Monetary Policy	154
Interest Rates	155
Short-term Rates	156
Long-term Rates	156
Banking Development	157
Branch Expansion	157
Agency Banking	158
Service Facilities	158
Credit Information Bureau of Sri Lanka	160
Rural Banking and Credit	160
New Comprehensive Rural Credit Scheme	160
Medium and Long-term Credit Fund	163
Agricultural Insurance Board	163

Credit Facilities to the Rural Sector	...	...	...	...	...	163
Mobilisation of Rural Savings	...	...	...	...	...	163
Other Financial Institutions	...	...	...	...	...	163
Savings Institutions	...	...	...	...	...	163
Long-term Lending Institutions	...	...	...	...	...	165
Finance Companies	...	...	...	...	...	166
Specialised Financial Institutions	...	...	...	...	...	167
Merchant Banking	...	...	...	...	...	167
Venture Capital Companies	...	...	...	...	...	167
Leasing Companies	...	...	...	...	...	167
Insurance	...	...	...	...	...	168
Money Market	...	...	...	...	...	168
Overall Trends	...	...	...	...	...	168
Inter-Bank Call Money Market	...	...	...	...	...	168
The Treasury Bill Market	...	...	...	...	...	168
(a) Primary Treasury Bill Market	...	...	...	...	...	168
(b) Secondary Treasury Bill Market	...	...	...	...	...	170
(c) Repurchase Market for Treasury Bills	...	...	...	...	...	170
Internal Foreign Exchange Market	...	...	...	...	...	170
The Off-Shore Market	...	...	...	...	...	170
Certificates of Deposits	...	...	...	...	...	170
Capital Market	...	...	...	...	...	171
Primary Share Market	...	...	...	...	...	171
Secondary Share Market	...	...	...	...	...	172
Unit Trusts	...	...	...	...	...	172

PART II

ACCOUNTS AND OPERATIONS OF THE CENTRAL BANK	I - XLIII
---	-----	-----	-----	-----	-----	-----------

PART III

MAJOR ADMINISTRATIVE MEASURES	I - XXIV
-------------------------------	-----	-----	-----	-----	-----	----------

PART IV

MAJOR LEGISLATIVE ENACTMENTS	I - LXXXIII
------------------------------	-----	-----	-----	-----	-----	-------------

STATISTICAL APPENDIX

Table

National Product and Expenditure

Summary Indicators of Product and Expenditure	01
Gross National Product at Current Factor Cost Prices 1982 – 1993	02
Gross National Product at Constant (1982) Factor Cost Prices 1982 – 1993	03
Real National Income 1982 – 1993	04
Resources and their Utilisation at Current Market Prices 1982 – 1993	05
Gross National Expenditure at Current Market Prices 1982 – 1993	06
Gross Domestic Capital Formation at Current Market Prices 1982 – 1993	07
Composition of Private Consumption Expenditure at Current Market Prices 1981 – 1993	08
Expenditure on Gross National Product at Current Market Prices 1982 – 1993	09
Gross Domestic Expenditure and Availability of Resources 1983 – 1993	10
Domestic Savings 1982 – 1993	11

Agriculture

Trends in Principal Agricultural Crops 1984 – 1993	12
Production of Tea, Rubber & Coconut 1983 – 1993	13
Key Indicators of State Plantations	14
District-wise Performance of the Paddy Sector - 1992 / 93 Cultivation Year	15
Performance of the Minor Food Crop Sector 1989 – 1993	16

Industry

Value of Industrial Production 1984 – 1993	17
Investment Approvals in Industry by Board of Investment of Sri Lanka 1992 – 1993	18
Value Added in Industry 1984 – 1993	19
Capacity Utilization in Industry 1987 – 1993	20
Annual Capacity, Production and Sales (Quantity) of State Industries 1990 – 1993	21
Employment in State Industries 1989 – 1993	22

Prices, Wages & Employment

Colombo Consumers' Price Index Numbers	23
Wholesale Price Index	24
Wholesale Prices of Selected Commodities	25
Wage Rate Index Numbers	26
Greater Colombo Consumers' Price Index	27
Employment Statistics – Central Government, Provincial Councils and Local Authorities 1991 – 1993	28
Employment Statistics – Semi-Government Institutions 1991 – 1993	29
Employment Statistics – the Employees Provident Fund 1977 – 1992	30
Strikes in Private Sector Industries	31

External Trade

Central Bank Trade Indices (1985 = 100) – Volume	...	...	...	32
Central Bank Trade Indices (1985 = 100) – Value	...	...	...	33
Central Bank Trade Indices (1985 = 100) – Price	...	...	...	34
Foreign Trade 1982 – 1993	...	...	...	35
Exports 1980 – 1993	...	...	...	36
Tea Exports – Sales and Prices	...	...	...	37
Tea Exports – Volume and Value	...	...	...	38
Country Classification of Tea Exports and Percentage Shares	...	...	...	39
Rubber Exports and Prices	...	...	...	40
Country Classification of Rubber Exports	...	...	...	41
Major Coconut Products Exports & Prices	...	...	...	42
Volume and Value of Exports of Minor Agricultural Products	...	...	...	43
Selected Industrial and Mineral Exports 1990 – 1993	...	...	...	44
Imports by Major Categories 1989 – 1993	...	...	...	45
Imports of Major Commodities 1987 – 1993	...	...	...	46
Expenditure on Imports	...	...	...	47
Direction of Trade 1989 – 1993	...	...	...	48
Employment and Accommodation Capacity in the Tourist Sector 1989 – 1993	...	...	...	49
Some Indicators of Regional Distribution of Tourist Trade – 1993	...	...	...	50

External Finance

Balance of Payments Analytic Presentation 1984 – 1993	...	...	...	51
Balance of Payments for 1992 – 1993	...	...	...	52
External Resources and Their Use 1989 – 1993	...	...	...	53
Financing of the External Resource Gap – 1989 – 1993	...	...	...	54
External Assets of Sri Lanka	...	...	...	55
End of Period Exchange Rates 1984 – 1993	...	...	...	56
External Debt Outstanding 1992 – 1993	...	...	...	57
Private Remittances 1989 – 1993	...	...	...	58

Government Finance

Summary of Government Fiscal Operations	...	...	...	59
Government Revenue	...	...	...	60
Payments of the Government of Sri Lanka	...	...	...	61
Voted Expenditure of The Government of Sri Lanka 1993	...	...	...	62
Voted Expenditure of The Government of Sri Lanka 1994	...	...	...	63
Current Transfers to Public Corporations and Statutory Boards	...	...	...	64
Capital Transfers to Public Corporations and Statutory Boards	...	...	...	65
Advance Account Operations	...	...	...	66
Acquisition of Financial Assets (Loans Outlay)	...	...	...	67
Financing of the Government Net Cash Deficit	...	...	...	68
Economic Classification of Government Revenue	...	...	...	69
Economic Classification of Government Expenditure and Lending Minus Repayments	...	...	...	70

Economic Classification of Government Fiscal Operations	71
Composition of Outstanding Government Debt	72
Ownership of Government Debt as at End of Year	73
Ownership of Treasury Bills	74
Ownership of Rupee Loans	75
Valuation and Yields of Selected Government Securities	76
Ownership of Outstanding Foreign Debt	77
Foreign Loans – 1993	78
Net Receipts of Foreign Assistance	79

Money & Banking

Monetary Aggregates	80
Analysis of Changes in Narrow Money Supply	81
Currency Issue of the Central Bank By Denomination	82
Assets and Liabilities of Commercial Banks	83
Assets and Liabilities of the Central Bank	84
Monetary Survey	85
Purchase and Sales of Foreign Exchange by the Central Bank 1979 – 1993	86
Reserve Position of Commercial Banks 1984 – 1993	87
Savings and Fixed Deposits of National Savings Bank and Commercial Banks 1981 – 1993	88
Money Rates	89
Money Rates : Savings and Long-term Credit Institutions 1980 – 1993	90
Insurance Activities	91
Share Market Development	92
Cultivation Loans Granted Under the Comprehensive Rural Credit Scheme (Position as at 31st December, 1993)	93
New Agricultural Credit Comprehensive and New Comprehensive Rural Credit Schemes – Loans Granted for Subsidiary Food Crops by People's Bank and Bank of Ceylon (Position as at 31st December, 1993)	94
Deposits and Advances of Bank of Ceylon Sub-Offices at Agrarian Services Centres and Rural Banks (1974 – 1992) and District-wise Classification for 1993	95
Operation of the Agricultural Insurance Programme – Paddy Sector (Position as at 31st December, 1993)	96