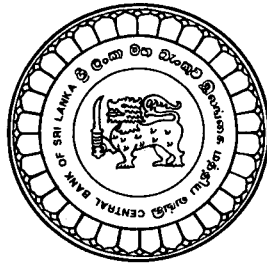


CENTRAL BANK OF SRI LANKA



ANNUAL REPORT

OF THE MONETARY BOARD TO THE
HON. MINISTER OF FINANCE

FOR THE YEAR

1999

ISBN 955-575-069-6
ISSN 1391-3581

Price per copy

- Counter sales - Rs. 100 per copy
- Despatch by ordinary mail - Rs. 125 per copy
- Despatch by registered mail - Rs. 130 per copy

Despatch abroad

- First class parcel - US \$ 35 per copy (Registered post)
- Second class parcel - US \$ 30 per copy (Registered post)
- Sea mail - US \$ 20 per copy (Registered post)

HER EXCELLENCY THE PRESIDENT
AND MINISTER OF FINANCE AND PLANNING
MINISTRY OF FINANCE AND PLANNING
COLOMBO

Your Excellency,

Section 35 of the Monetary Law Act (Chapter 422) requires the Monetary Board of the Central Bank of Sri Lanka to submit an Annual Report to your Excellency on the state of the economy, the condition of the Central Bank and a review of the policies and measures adopted by the Monetary Board, within four months after the end of each financial year. The Fiftieth Annual Report of the Monetary Board of the Central Bank, in respect of the Year 1999 is submitted herewith in fulfilment of this obligation.

Yours sincerely,

A. S. JAYAWARDENA
Governor

Central Bank of Sri Lanka
30, Janadhipathi Mawatha
Colombo 00100

30 April 2000

CENTRAL BANK OF SRI LANKA

THE MONETARY BOARD

(As at 31 December 1999)

A.S. JAYAWARDENA

Governor

P. B. JAYASUNDERA

Secretary to the Ministry of Finance and Planning

C. CHANMUGAM

Appointed Member

Principal Officers as at 31 December 1999

P. AMARASINGHE	-	<i>Deputy Governor</i>
P.M. NAGAHAWATTE	-	<i>Deputy Governor</i>
S. PATTIWIDANA	-	<i>Executive Director</i>
MISS C. ABEYNAYAKE	-	<i>Assistant to the Governor and Secretary to the Monetary Board</i>

Banking Department

M. B. DISSANAYAKE	-	<i>Chief Accountant</i>
Y. M. W. B. WEERASEKERA	-	<i>Additional Chief Accountant</i>
N. J. PERERA	-	<i>Acting Additional Chief Accountant</i>

Banking Development Department

MISS C. ABEYNAYAKE	-	<i>Director</i>
--------------------	---	-----------------

Bank Supervision Department

MISS C. I. FERNANDO	-	<i>Director</i>
MRS. ANILA D. BANDARANAIKE	-	<i>Acting Additional Director</i>

Currency Department

M. R. FERNANDO	-	<i>Superintendent</i>
MRS. C. M. ARIYARATNE	-	<i>Acting Additional Superintendent</i>

Development Finance Department

M. RAMANATHAN	-	<i>Director</i>
---------------	---	-----------------

Economic Research Department

R. A. JAYATISSA	-	<i>Director</i>
A. G. KARUNASENA	-	<i>Additional Director (on release)</i>
M. M. ATTANAYAKE	-	<i>Acting Additional Director</i>
MRS. L. K. GUNATILAKE	-	<i>Acting Additional Director</i>

Employees' Provident Fund Department

W. A. WIJewardena	-	<i>Acting Superintendent</i>
M. D. D. GUNATILLAKE	-	<i>Additional Superintendent</i>

Establishments Department

D. BOYAGODA - *Director*
K. A. D. RUPASENA - *Acting Additional Director*

Exchange Control Department

H. A. G. HETTIARACHCHI - *Controller*
MRS. P. P. SIRISENA - *Acting Additional Controller*

Financial Markets Department

P. T. SIRISENA - *Director*

Information Department

MRS. M.A.R.C. COORAY - *Director (on release)*
C. K. PARANAVITHANA - *Director*

Information Technology Department

MRS. S. N. FERNANDO - *Director*

Legal Department

MRS. S. KADURUGAMUWA - *Acting Director*

Management Audit Department

S. RUPASINGHE - *Director*

New Buildings Department

A. R. A. MIHINDUKULASURIYA - *Acting Director*

Non-Bank Financial Institutions Supervision Department

M. I. F. HAMID - *Director*
M. G. SENANAYAKE - *Acting Additional Director*

Premises Department

J. M. T. B. JAYASUNDARA - *Director*

Public Debt Department

T. S. N. FERNANDO - *Superintendent and Registrar*
U. VIDANAPATHIRANA - *Additional Superintendent (on release)*
K. G. D. D. DHEERASINGHE - *Acting Additional Superintendent*

Rural Credit Department

W. A. WIJewardena - *Director*
MRS. C. K. NANAYAKKARA - *Acting Additional Director*

Secretariat Department

MRS. P. T. PERERA - *Secretary*
K. JEGANATHAN - *Acting Additional Secretary*
J. L. E. PEIRIS - *Acting Additional Secretary*

Security Services Department

H. S. A. PERERA - *Director*

Statistics Department

- S. S. COLOMBAGE - *Director*
P. D. J. FERNANDO - *Acting Additional Director*

The Centre for Banking Studies

- N. L. SIRISENA - *Director*
D. S. WIJESINGHE - *Additional Director*

Training Department

- K. C. M. GUNASEKERA - *Director*
M. S. SIRIPALA - *Additional Director*

Welfare Department

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

Special Officer

- MRS. RANEE JAYAMAHA - *(on release)*

Consultants

- M. E. De ABREW - *Engineering Services*
G. G. D. DE SILVA - *Legal*
D. L. KANNANGARA - *Banking and Financial Services (Training)*
H. PREMARATNE - *Banking and Financial Services (Training)*
K. SIVAGANANATHAN - *Banking and Financial Services*
G. USWATTE ARACHCHI - *Economics and Public Finance*
G. WEERAKOON - *Labour*
RAJAH WICKRAMASINGHE - *Currency Museum*
H. A. P. ABEYWARDENE - *Central Bank Heritage Project*

Auditor

- S. M. SABRY
Auditor General

CONTENTS

PART I	Page
1. ECONOMIC PERFORMANCE, POLICIES AND ISSUES	1
1.1 Overview	1
1.2 Output	4
Economic Growth	4
Manufacturing	6
Agriculture	6
Economic and Social Overheads	8
1.3 Investment and Savings	9
1.4 Prices	10
1.5 Wages	10
1.6 Unemployment	11
1.7 Fiscal Policy and Budgetary Operations	11
1.8 The International Environment and External Sector	13
International Environment	13
External Sector Developments	16
1.9 Financial Sector	17
Monetary Policy	17
Money Supply	18
Interest Rates	21
1.10 Policies and Issues	22
2. NATIONAL INCOME AND EXPENDITURE	26
2.1 Overall Trends	26
2.2 Sectoral Performance	27
2.3 Expenditure	30
2.4 Availability and Utilisation of Resources	31
2.5 Domestic and National Savings	31
3. AGRICULTURE, FISHING AND FORESTRY	32
3.1 Production Trends	32
3.2 Agricultural Policy	32
3.3 Export Crops	34
Tea	34
Rubber	36
Coconut	37
Other Export Crops	38
3.4 Domestic Agriculture	39
Paddy	39
Other Field Crops	41
Vegetables and Fruits	41
Sugar	42
3.5 Fish and Livestock	43
Fish	43
Livestock	44
3.6 Inputs and Credit	44
Fertiliser	44
Seeds	45
Agro Chemicals	45
Credit	45
3.7 Forestry	46

4. INDUSTRY	...	...	...	48
4.1 Overall Trends	...	...	...	48
4.2 Production	...	...	...	49
Private Sector Industries	...	...	...	50
Performance in Major Sectors	...	...	...	50
Textiles, Apparel and Leather Products	...	...	...	50
Food, Beverage and Tobacco	...	...	...	52
Chemical, Petroleum, Rubber and Plastic Products	...	...	...	53
Other Products	...	...	...	53
Public Sector Industries	...	...	...	54
4.3 Value Addition and Capacity Utilisation	...	...	...	55
4.4 Cost of Production, Profitability and Employment	...	...	...	56
Labour Productivity in Industry	...	...	...	57
Employment in Industry	...	...	...	58
4.5 Investment	...	...	...	58
Foreign Investment	...	...	...	58
Local Investment	...	...	...	60
4.6 Availability of Credit to the Industrial Sector	...	...	...	61
4.7 Industrial Policy	...	...	...	62
Incentives to the Industrial Sector	...	...	...	62
National Productivity Decade Programme	...	...	...	64
4.8 Industry Location	...	...	...	64
5. ECONOMIC AND SOCIAL OVERHEADS	...	...	...	66
5.1 Overview	...	...	...	66
5.2 Health	...	...	...	67
Private Sector Health Care	...	...	...	69
5.3 Education	...	...	...	69
General Education	...	...	...	70
Higher Education	...	...	...	72
Technical Education and Vocational Training	...	...	...	73
5.4 Communication Services	...	...	...	73
Telecommunications	...	...	...	73
Postal Services	...	...	...	76
5.5 Energy	...	...	...	76
Electricity	...	...	...	77
Petroleum	...	...	...	80
5.6 Transportation	...	...	...	81
Transport Network	...	...	...	82
Roads	...	...	...	82
Passenger Transport	...	...	...	83
Bus Transport	...	...	...	83
Rail Transport	...	...	...	85
Civil Aviation	...	...	...	86
Port Services	...	...	...	87
5.7 Irrigation and Settlement Schemes	...	...	...	88
5.8 Special Programmes	...	...	...	89
Housing	...	...	...	89
Urban Development	...	...	...	91
Water Supply and Sanitation	...	...	...	94
Integrated Rural Development Programme	...	...	...	95
Samurdhi Programme	...	...	...	95
5.9 Environment	...	...	...	97

6. PRICES AND WAGES	...	...	...	99
6.1 Prices	...	...	...	99
Colombo District Consumer Price Index	...	...	...	100
Colombo Consumers' Price Index	...	...	...	101
Greater Colombo Consumers' Price Index	...	...	...	101
Wholesale Price Index	...	...	...	102
District-wise Consumer Price Indices	...	...	...	103
District-wise Inflation Rates	...	...	...	104
Regional Price Variations	...	...	...	105
Forward Markets	...	...	...	105
Dissemination of Market Information and Regional Markets	...	...	...	108
6.2 Wages	...	...	...	108
Public Sector	...	...	...	108
Organised Private Sector	...	...	...	108
Informal Sector	...	...	...	108
7. POPULATION, LABOUR FORCE AND EMPLOYMENT	...	...	...	110
7.1 Overview	...	...	...	110
7.2 Population	...	...	...	110
7.3 Labour Force	...	...	...	110
7.4 Employment	...	...	...	111
7.5 Unemployment	...	...	...	112
7.6 Foreign Employment	...	...	...	113
8. FISCAL POLICY AND BUDGETARY OPERATIONS	...	...	...	116
8.1 Overview and Policy Strategy	...	...	...	116
8.2 Budget Out turn	...	...	...	118
8.3 Revenue	...	...	...	120
Tax Revenue	...	...	...	120
Non-Tax Revenue	...	...	...	123
8.4 Expenditure	...	...	...	124
Current Expenditure	...	...	...	124
Public Investment	...	...	...	127
8.5 Provincial Councils	...	...	...	129
Revenue	...	...	...	129
Expenditure	...	...	...	131
Capital Expenditure	...	...	...	131
Central Government Transfers	...	...	...	131
8.6 Public Enterprise Reforms	...	...	...	131
8.7 Financing of the Deficit	...	...	...	132
8.8 Government Debt	...	...	...	133
Domestic Debt	...	...	...	133
Foreign Debt	...	...	...	135
Debt Service Payments	...	...	...	135
9. TRADE, BALANCE OF PAYMENTS AND TOURISM	...	...	...	137
9.1 Overview	...	...	...	137
9.2 Exports	...	...	...	140
Export Structure	...	...	...	141
Industrial Exports	...	...	...	142
Plantation Crops	...	...	...	143
Other Agricultural Products	...	...	...	144
Mineral Products	...	...	...	144

9.3 Imports	...	...	...	144
Import Structure	...	...	...	144
Consumer Goods	...	...	...	144
Intermediate Goods	...	...	...	145
Investment Goods	...	...	...	146
Direction of Trade	...	...	...	146
9.4 Services and Income	...	...	...	146
9.5 Current Transfers	...	...	...	147
9.6 Capital Movements	...	...	...	147
Capital Transfers	...	...	...	147
Long-Term Capital	...	...	...	147
Short-Term Capital	...	...	...	148
9.7 Exchange Rate Movements	...	...	...	149
9.8 External Assets	...	...	...	149
9.9 External Debt	...	...	...	151
9.10 Debt Service Payments	...	...	...	152
9.11 External Trade Environment and Policy	...	...	...	153
Import and Export Controls	...	...	...	153
Tariffs and Taxes on External Trade	...	...	...	153
Textile and Garment Quota Allocation	...	...	...	154
Incentives to Exporters	...	...	...	156
Institutional Support to Exporters	...	...	...	156
Freight Rates	...	...	...	158
9.12 Trade Relations, Trading and Clearing Arrangements	...	...	...	159
9.13 Internal Trade and Institutional Arrangements	...	...	...	163
9.14 Tourism	...	...	...	165
10. FINANCIAL SECTOR	...	...	...	169
10.1 Monetary Policy	...	...	...	169
10.2 Money Supply	...	...	...	175
10.3 Interest Rates	...	...	...	175
Short-Term Interest Rates	...	...	...	179
Deposit Rates	...	...	...	179
Lending Rates	...	...	...	179
Long-Term Rates	...	...	...	179
10.4 Commercial Banking	...	...	...	180
Structure of Assets and Liabilities of Commercial Banks	...	...	...	181
Sources and Users of Funds of Domestic Units of Commercial Banks	...	...	...	183
Commercial Bank Loans and Advances	...	...	...	183
10.5 Central Banking	...	...	...	186
Structure of Assets and Liabilities	...	...	...	186
10.6 Banking Development	...	...	...	187
Branch Network	...	...	...	187
Banking Facilities	...	...	...	188
10.7 Credit Information Bureau of Sri Lanka	...	...	...	189
10.8 Rural Banking and Credit	...	...	...	189
Overall Trends and Developments	...	...	...	189
New Comprehensive Rural Credit Scheme	...	...	...	190
Crop Insurance Schemes	...	...	...	191
Micro Finance and Savings Schemes	...	...	...	193
Samurdhi Development Credit Schemes	...	...	...	193
Thrift and Credit Co-operative Societies (TCCS) Credit Schemes	...	...	...	193
Janashakthi Banking Societies in Hambantota	...	...	...	193
Sarvodaya Economic Enterprise Development Services (SEEDS)	...	...	...	194

	Gami Pubuduwa Scheme (GPS)	...	...	...	194
	Farmers' Banking Societies (FBSs)	...	...	...	194
	Delivery of Rural Credit through the Co-operative Movement	...	...	...	194
10.9	Other Financial Institutions	...	...	...	195
	Savings Institutions	...	...	...	195
	Long-Term Lending Institutions	...	...	...	196
	Finance Companies	...	...	...	198
10.10	Specialised Financial Institutions	...	...	...	199
	Merchant Banking	...	...	...	199
	Leasing Companies	...	...	...	199
	Venture Capital Companies	...	...	...	200
	Insurance Companies	...	...	...	200
10.11	Money Market	...	...	...	200
	Overall Trends	...	...	...	200
	Inter Bank Call Money Market	...	...	...	201
	Primary Treasury Bill Market	...	...	...	201
	Central Bank Secondary Market for Treasury Bills	...	...	...	202
	Central Bank Repurchase (Repo) Market for Treasury Bills	...	...	...	202
	Central Bank Reverse Repurchase (Reverse Repo) Market for Treasury Bills	...	...	...	202
	Domestic Foreign Exchange Market	...	...	...	202
	Central Bank Securities	...	...	...	203
	Commercial Paper	...	...	...	203
10.12	Capital Market	...	...	...	203
	Primary Market	...	...	...	203
	Secondary Market	...	...	...	204
	Sectoral Performance	...	...	...	205
	Regional and Major International Stock Markets	...	...	...	206
	Developments in the Market	...	...	...	206
	Medium and Long-Term Government Securities	...	...	...	207
	Treasury Bonds	...	...	...	207
	Rupee Loans	...	...	...	207
	Unit Trusts	...	...	...	211

PART II

ACCOUNTS AND OPERATIONS OF THE CENTRAL BANK	(I) - (XLV)
---	-----	-----	-------------

PART III

MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE MONETARY BOARD IN 1999	i - lxxi
--	-----	-----	-----	----------

PART IV

MAJOR LEGISLATIVE ENACTMENTS OF 1999 RELATING TO THE FUNCTIONS AND OPERATIONS OF THE CENTRAL BANK AND BANKING INSTITUTIONS IN SRI LANKA	I - XL
---	-----	-----	-----	--------

STATISTICAL APPENDIX

Table

NATIONAL PRODUCT AND EXPENDITURE

Gross National Product at Current Factor Cost Prices	1
Gross National Product at Constant (1996) Factor Cost Prices	2
Quarterly Gross National Product at Factor Cost Prices	3
Resources and Their Utilisation	4
Gross National Expenditure at Current Market Prices	5
Gross Domestic Capital Formation at Current Market Prices	6
Composition of Private Consumption Expenditure at Current Market Prices	7
Expenditure on Gross National Product at Current Market Prices	8
Gross Domestic Expenditure and Availability of Resources	9
National Savings	10
Real National Income	11

AGRICULTURE

Trends in Principal Agricultural Crops	12
Production of Tea, Rubber and Coconut	13
Annual Rainfall and Rainy Days	14
Districtwise Performance of the Paddy Sector	15
Performance of Other Field Crops	16

INDUSTRY

Value of Industrial Production (Current Prices)	17
Investment Approvals in Industry by the Board of Investment of Sri Lanka	18
Realised Investment in the Board of Investment (BOI) Enterprises	19
Relative Composition of Private and Public Sector Industries	20
Value Added in Industry (Current Prices)	21
Capacity Utilisation in Industry	22
Annual Capacity, Production and Sales (Quantity) of State Industries	23
Employment in State Industries	24
Availability and Utilisation of Quota	25
Regional Distribution of Industrial Enterprises	26
Private Sector Monthly Industrial Production Volume Index in 1999	27
Private Sector Cumulative Monthly Industrial Production Volume Index in 1999	28

ECONOMIC AND SOCIAL OVERHEADS

Public Health Services	29
General and University Education	30
Growth of Postal and Telecommunication Services	31
Salient Features of the Energy Sector	32
Salient Features of the Transport Sector	33
Performance of the Port Services	34
Land Cultivated under the Mahaweli Development Programme	35
Settlement under the Mahaweli Development Programme	36
Expenditure on the Integrated Rural Development Programme by District	37

PRICES AND WAGES

Colombo District Consumer Price Index	38
Colombo Consumers' Price Index	39
Greater Colombo Consumers' Price Index	40
Wholesale Price Index	41
Wholesale Prices of Selected Commodities	42
Wage Rate Index Numbers	43

POPULATION, LABOUR FORCE AND EMPLOYMENT

Demography	44
Population by District	45
Labour Force Participation Rate	46
Labour Force Trends	47
Public Sector Employment	48
Employees' Provident Fund	49
Employees' Trust Fund	50
Strikes in Private Sector Industries	51

FISCAL SECTOR

Summary of Government Fiscal Operations	52
Government Revenue	53
Payments of the Government of Sri Lanka	54
Voted Expenditure of the Government of Sri Lanka – 1999	55
Voted Expenditure of the Government of Sri Lanka – 2000	56
Current Transfers to Public Corporations and Institutions	57
Capital Transfers to Public Corporations and Institutions	58
Advance Account Operations	59
Acquisition of Financial Assets (Loans Outlay)	60
Financing of the Government Net Cash Deficit	61
Economic Classification of Government Revenue	62
Economic Classification of Government Expenditure and Lending Minus Repayments	63
Economic Classification of Government Fiscal Operations	64
Composition of Outstanding Government Debt	65
Ownership of Government Debt	66
Ownership of Treasury Bills and Treasury Bonds	67
Ownership of Rupee Loans	68
Valuation and Yields of Selected Government Securities	69
Ownership of Outstanding Foreign Debt	70
Foreign Loans – 1999	71
Net Receipts of Foreign Assistance	72
Outstanding Central Government Debt	73
Performance of the Privatisation Programme	74

EXTERNAL SECTOR

Central Bank Trade Indices – Value	75
Central Bank Trade Indices – Volume	76
Central Bank Trade Indices – Unit Value	77
Foreign Trade	78
Exports	79

Tea Exports, Sales and Prices	80
Volume and Value of Tea Exports	81
Country Classification of Tea Exports	82
Rubber Exports and Prices	83
Country Classification of Rubber Exports	84
Country Classification of Garment Exports	85
Major Coconut Products, Exports and Prices	86
Volume and Value of Exports of Other Agricultural Products	87
Selected Industrial and Mineral Exports	88
Imports by Major Categories	89
Imports and Exports of Major Commodities	90
Expenditure on Imports	91
Direction of Trade	92
Tourist Arrivals, Employment and Accommodation Capacity in the Tourist Sector	93
Some Indicators of Regional Distribution of the Tourist Trade	94
Balance of Payments Analytic Presentation – Incorporating FCBUs of Commercial Banks as Part of the Domestic Banking System	95
Balance of Payments	96
Services, Income and Transfers	97
Private Remittances	98
External Resources and Their Use	99
Financing of the External Resource Gap	100
External Assets of Sri Lanka	101
End of Period Exchange Rates	102
Average Exchange Rates	103
External Debt Outstanding and Banking Sector External Liabilities	104
FINANCIAL SECTOR	
Monetary Aggregates	105
Analysis of Changes in Narrow Money Supply (M_1)	106
Currency Issue of the Central Bank by Denomination	107
Assets and Liabilities of Commercial Banks	108
Assets and Liabilities of the Central Bank	109
Monetary Survey	110
Assets and Liabilities of Foreign Currency Banking Units (FCBUs)	111
Consolidated Monetary Survey (inclusive of FCBUs)	112
Purchases and Sales of Foreign Exchange by the Central Bank	113
Reserve Position of Commercial Banks	114
Savings and Fixed Deposits of National Savings Bank and Commercial Banks	115
Money Rates	116
Money Rates : Savings and Long-Term Credit Institutions	117
Insurance Activities	118
Share Market Developments	119
Cultivation Loans Granted under the New Comprehensive Rural Credit Scheme	120
New Comprehensive Rural Credit Scheme – Loans Granted for Subsidiary Food Crops by People's Bank and Bank of Ceylon	121
Deposits and Advances of Bank of Ceylon Sub-Offices at Agrarian Services Centres and Co-operative Rural Banks (1990 – 1999) and District-wise Classification for 1999	122
Operations of the Crop Insurance Programme – Paddy Sector	123
Deposits and Advances of District Co-operative Rural Banks' Unions (1992–1999) and District-wise Classification for 1999	124

PART I - TABLES

Page

1. ECONOMIC PERFORMANCE, PROBLEMS AND POLICIES				
1.1	Selected Macroeconomic Indicators	...	...	1
1.2	Gross National Product at Constant Prices (Annual Percentage Change)	...	...	5
1.3	Gross National Product (Sector Shares in per cent)	...	...	7
1.4	Summary of Fiscal Operations	...	...	12
2. NATIONAL INCOME AND EXPENDITURE				
2.1	Sectoral Composition and Increase in Gross National Product at Constant (1996) Prices	...	...	28
2.2	Composition of the Other Agriculture Sub Sector ..	...	...	29
2.3	Total Resources and Their Uses at Constant (1996) Prices	...	...	30
2.4	National Savings at Current Market Prices	...	...	31
3. AGRICULTURE, FISHING AND FORESTRY				
3.1	Production and Price Changes of Major Agricultural Items	...	...	32
3.2	Statistics of the Tea Sector	...	...	35
3.3	Statistics of the Rubber Sector	...	...	36
3.4	Statistics of the Coconut Sector	...	...	37
3.5	Production of Other Export Crops	...	...	38
3.6	Statistics of the Paddy Sector	...	...	40
3.7	Statistics of the Sugar Sector	...	...	42
3.8	Fish Production	...	...	43
3.9	Fertiliser Use by Crop	...	...	45
3.10	Statistics of the Forestry Sector	...	...	46
4. INDUSTRY				
4.1	Value of Industrial Production (1990 Constant Prices)	...	...	49
4.2	Private Sector Industrial Production Index	...	...	50
4.3	Value of Industrial Production (Current Prices)	...	...	51
4.4	Public Sector Major Industry Output Index	...	...	54
4.5	Value Added in Industry (Current Prices)	...	...	55
4.6	Ex-Factory Profit Ratios of Non-BOI Private Sector Industries	...	...	56
4.7	Domestic Cost Structure of Non-BOI Private Sector Industries	...	...	57
4.8	Labour Productivity Index in the Non-BOI Private Sector	...	...	58
4.9	Employment in Private Sector Industries	...	...	58
4.10	Realised Investments in BOI Enterprises	...	...	59
4.11	Employment and Export Earnings of BOI Enterprises	...	...	59
4.12	Financial Assistance to the Industrial Sector by the NDB and DFCC Bank - 1999	...	...	61
4.13	Projects Approved under the Advanced Technology Incentive Scheme as at end 1999	...	...	63
5. ECONOMIC AND SOCIAL OVERHEADS				
5.1	Government Investment in Infrastructure	...	...	66
5.2	Public Health Services	...	...	68
5.3	General and University Education	...	...	71
5.4	Growth of Postal and Telecommunications Services	...	...	75
5.5	Performance of the Power Sector	...	...	77
5.6	Performance of the Petroleum Sector	...	...	81
5.7	Salient Features of the Transport Sector	...	...	84
5.8	Performance of Port Services	...	...	87
5.9	Public Sector Housing Programme	...	...	90
5.10	Samurdhi Welfare Programme - No. of Beneficiary Families and Value of Grants	...	...	97

6. PRICES AND WAGES				
6.1	Annual Average Price Changes	...	...	99
6.2	Colombo District Consumer Price Index	...	...	100
6.3	Colombo Consumers' Price Index	...	...	101
6.4	Greater Colombo Consumers' Price Index	...	...	102
6.5	Wholesale Price Index	...	...	103
6.6	Retail Sales Prices of Selected Food Items	...	...	103
6.7	Monthly Average Expenditure of Sampled Households	...	...	104
6.8	Weights of Sub Indices	...	...	104
6.9	Price Collecting Centres	...	...	104
6.10	District-wise Consumer Price Indices	...	...	105
6.11	Matale District Consumer Price Index	...	...	105
6.12	Anuradhapura District Consumer Price Index	...	...	105
6.13	Matara District Consumer Price Index	...	...	106
6.14	Average Retail Prices of Selected Food Items in Selected Markets in 1999	...	...	106
6.15	Average Retail Prices of Selected Food Items – Difference from Colombo and Dambulla	...	...	106
6.16	Wage Rate Index Numbers	...	...	109
7. POPULATION, LABOUR FORCE AND EMPLOYMENT				
7.1	Basic Demographic Indicators	...	...	110
7.2	Labour Force Participation	...	...	111
7.3	Source of Employment	...	...	111
7.4	Public Sector Employment	...	...	112
7.5	Unemployment Rate	...	...	113
7.6	Unemployment Rate by Age Groups	...	...	113
7.7	Unemployment Rate by Level of Education	...	...	114
7.8	Foreign Employment	...	...	114
8. FISCAL POLICY AND BUDGETARY OPERATIONS				
8.1	Summary of Government Fiscal Operations	...	...	119
8.2	Summary of Revenue by Component	...	...	121
8.3	Economic Classification of Expenditure and Lending minus Repayment	...	...	126
8.4	Functional-Classification of Expenditure	...	...	128
8.5	Budget Out-turn for Provincial Councils	...	...	130
8.6	Outstanding Central Government Debt	...	...	134
8.7	Effect of Exchange Rate Variation on Foreign Loans	...	...	135
8.8	Government Debt Service Payments	...	...	135
9. TRADE, BALANCE OF PAYMENTS AND TOURISM				
9.1	Balance of Payments-Analytic Presentation (Incorporating FCBUS of Commercial Banks as Part of the Domestic Banking System)	...	...	138
9.2	External Trade Performance	...	...	139
9.3	Composition of Exports	...	...	140
9.4	End-Use Classification of Imports	...	...	145
9.5	Volume of Major Imports	...	...	146
9.6	Net Services, Income and Transfers	...	...	147
9.7	Exchange Rate Movements	...	...	150
9.8	External Assets of Sri Lanka	...	...	150
9.9	Outstanding External Debt and Banking Sector External Liabilities	...	...	151
9.10	External Debt Service Payments	...	...	152
9.11	Average Import Duty Collection Rate	...	...	154
9.12	Exports from Sri Lanka under SAPTA	...	...	162
9.13	Tourism Statistics	...	...	166

10. FINANCIAL SECTOR

10.1	Summary Monetary Statistics	...	...	...	170
10.2	Monetary Aggregates	...	...	...	171
10.3	Monetary Aggregates and Underlying Factors	...	...	...	171
10.4	Selected Items of Assets and Liabilities of Commercial Banks	...	...	...	181
10.5	Sources and Users of Resources of Commercial Banks	...	...	...	183
10.6	Commercial Bank Advances by Purpose and Maturity	...	...	...	185
10.7	Advances by Type of Security	...	...	...	186
10.8	Distribution of Bank Branches	...	...	...	187
10.9	Credit Cards Issued by Commercial Banks	...	...	...	188
10.10	Cultivation Loans Granted Under the New Comprehensive Rural Credit Scheme	...	...	...	190
10.11	Deposits - Selected Rural Sector Institutions	...	...	...	191
10.12	Advances - Selected Rural Sector Institutions	...	...	...	192
10.13	Samurdhi Credit Programmes	...	...	...	193
10.14	Loans Approved and Granted by Long-Term Credit Institutions by Purpose	...	...	...	197
10.15	Assets and Liabilities of Licensed Finance Companies	...	...	...	198
10.16	Progress of Activities of Merchant Banks	...	...	...	199
10.17	Money Market Operations	...	...	...	201
10.18	Share Market Indicators	...	...	...	203
10.19	Number of New Share Issues by Type of Investment	...	...	...	204
10.20	New Share Issues of Companies during 1999	...	...	...	205
10.21	Category-wise Distribution of Shares Traded in the Secondary Share Market in 1999	...	...	...	205
10.22	Listed Debenture Issues during 1999	...	...	...	206
10.23	Treasury Bond Issues during 1999	...	...	...	211
10.24	Rupee Loans Floated during 1999	...	...	...	211
10.25	Unit Trusts	...	...	...	211

PART I - BOXES

	Page
1. Financial Survey	19
2. Forward Sales Contracts for Agricultural Produce : Price Stabilisation through the Market Mechanism	33
3. Deregulation of Agricultural Insurance in Sri Lanka	47
4. Sustainable Townships Programme : A New Approach to Low Income Urban Housing	92
5. Harnessing the Potential of E-Commerce	157
6. Indo-Lanka Free Trade Agreement	160
7. Eco Tourism	167
8. Inflation Target as a Framework for Monetary Policy	172
9. Sri Lanka Inter Bank Offered Rates (SLIBOR)	177
10. Credit Rating	208

PART I – CHARTS

Page

1. ECONOMIC PERFORMANCE, PROBLEMS AND POLICIES

1.1	Selected Macroeconomic Indicators – I	...	...	...	3
1.1.1	Economic Growth	...	...	...	3
1.1.2	Consumer Price Changes	...	...	...	3
1.1.3	Unemployment	...	...	...	3
1.1.4	Overall Budget Balance	...	...	...	3
1.2	Selected Macro Economic Indicators – II	...	...	...	4
1.2.1	Export Volume	...	...	...	4
1.2.2	Terms of Trade	...	...	...	4
1.2.3	Foreign Debt Service Payments	...	...	...	4
1.2.4	Foreign Debt	...	...	...	4
1.3	Sectoral Composition of GDP	...	...	...	5
1.3.1	1989	...	...	...	5
1.3.2	1999	...	...	...	5
1.4	Domestic Investment	...	...	...	9
1.4.1	Investment and Investors	...	...	...	9
1.4.2	Domestic Savings	...	...	...	9
1.4.3	Financing of Investment	...	...	...	9
1.5	Consumer Prices 1982 – 1999	...	...	...	10
1.6	Wage Rate Indices	...	...	...	10
1.7	Government Budget	...	...	...	12
1.7.1	Current Account and Overall Balance	...	...	...	12
1.7.2	Revenue, Expenditure and Investment	...	...	...	12
1.8	Selected External Sector Indicators	...	...	...	16
1.8.1	Balance of Payments	...	...	...	16
1.8.2	Effective Exchange Rates	...	...	...	16
1.8.3	External Assets	...	...	...	16
1.8.4	External Debt Service Ratio	...	...	...	16
1.9	Money and Credit	...	...	...	18
1.9.1	Monetary Aggregates (Annual)	...	...	...	18
1.9.2	Money Supply (M _{2b}) and Private Sector Credit	...	...	...	18
1.10	Monetary Conditions Index	...	...	...	18
1.11	Interest Rates	...	...	...	20
1.11.1	Short-Term Interest Rates	...	...	...	20
1.11.2	Interest Rates	...	...	...	20
1.11.3	Yield Curve for Government Securities	...	...	...	21

3. AGRICULTURE, FISHING AND FORESTRY

3.1	Price and Cost of Production Indices : Tea	...	...	...	35
3.2	Price and Cost of Production Indices : Rubber	...	...	...	36
3.3	Price and Cost of Production Indices : Coconut	...	...	...	38
3.4	Paddy Production	...	...	...	39
3.5	Total Sugar Availability	...	...	...	42
3.6	Fertiliser Application – Major Crop Categories	...	...	...	45

4. INDUSTRY

4.1	Growth and Composition of Industrial Production	...	...	...	48
4.1.1	Growth in Industrial Output	...	...	...	48
4.1.2	Composition of Industrial Production – 19989	...	...	...	48
4.2	Value of Industrial Production	...	...	...	50

4.3	Private Sector Industrial Volume Index	...	...	51
4.4	Private and Public Sector Share in Industrial Production	...	...	53
4.5	Value Added Percentages in Industrial Production – 1999	...	...	55
4.6	Labour Productivity in Industry	...	...	57
4.7	Realised Investment of the BOI	...	...	60
4.8	Approved and Contracted BOI Projects	...	...	60
4.8.1	Approved and Contracted Projects	...	...	60
4.8.2	Approved and Contracted Investments	...	...	60
5. ECONOMIC AND SOCIAL OVERHEADS				
5.1	Expenditure on Health and Education	...	...	69
5.2	Telephone Density in Selected Countries – 1999 ..	...	...	74
5.3	Major Energy Statistics	...	...	79
5.3.1	Electricity Generation and Sales	...	...	79
5.3.2	Electricity : Average Tariffs and Unit Costs.	...	...	79
5.3.3	Petroleum : Prices and Costs – 1999	...	...	79
5.3.4	Petroleum Products – Domestic Sales	...	...	79
6. PRICES AND WAGES				
6.1	Colombo District Consumer Price Index	...	...	101
6.2	Colombo Consumers' Price Index	...	...	101
6.3	Greater Colombo Consumers' Price Index	...	...	102
6.4	Wholesale Price Index	...	...	103
6.5	Monthly Prices of Selected Commodities	...	...	107
6.5.1	Samba Rice	...	...	107
6.5.2	Beans	...	...	107
6.5.3	Red Onions	...	...	107
6.5.4	Potatoes	...	...	107
8. FISCAL POLICY AND BUDGETARY OPERATIONS				
8.1	Fiscal Indicators	...	...	120
8.2	Composition of Revenue	...	...	123
8.3	Composition of Expenditure	...	...	124
8.4	Performance of PCs – 1999	...	...	130
8.5	Deficit Financing	...	...	132
8.6	Composition of Debt	...	...	134
9. TRADE, BALANCE OF PAYMENTS AND TOURISM				
9.1	Balance of Payments	...	...	139
9.2	External Trade	...	...	139
9.2.1	Trade Balance	...	...	139
9.2.2	Export and Import Volume Indices	...	...	139
9.2.3	Trade Price Indices	...	...	139
9.2.4	Trade in Services	...	...	139
9.3	Value of Exports by Major Categories	...	...	141
9.4	Value of Industrial Exports by Major Categories	...	...	141
9.5	Capital Flows	...	...	148
9.6	Effective Exchange Rate Indices	...	...	149
9.6.1	Real Effective Exchange Rate Indices	...	...	149
9.6.2	Nominal Effective Exchange Rate Indices ..	...	...	149
9.7	Quarterly External Assets	...	...	150
9.8	External Debt	...	...	152
9.9	Tourism Statistics	...	...	165

10. FINANCIAL SECTOR

10.1	Monetary Expansion	...	...	...	170
10.1.1	Monetary Growth – Moving Average	...	...	...	170
10.1.2	Monetary Growth – Point to Point	...	...	...	170
10.2	Monetary Aggregates, Velocity and Money Multiplier	...	...	...	174
10.2.1	Money Supply	...	...	...	174
10.2.2	Domestic Credit	...	...	...	174
10.2.3	Net External Assets	...	...	...	174
10.2.4	Income Velocity and Money Multiplier	...	...	...	174
10.3	Monetary Base and Money Multiplier	...	...	...	175
10.4	Interest Rates	...	...	...	176
10.4.1	Treasury Bills	...	...	...	176
10.4.2	Deposit Rates	...	...	...	176
10.4.3	Lending Rates	...	...	...	176
10.4.4	Call Market Rates	...	...	...	176
10.5	Employees' Provident Fund	...	...	...	196
10.5.1	Contributions and Refunds	...	...	...	196
10.5.2	Rate of Return on Investments	...	...	...	196
10.6	Share Market Indicators	...	...	...	204
10.6.1	Share Price Indices	...	...	...	204
10.6.2	Stock Market Transactions	...	...	...	204
10.6.3	Non-National Participation	...	...	...	204
10.7	Stock Prices	...	...	...	206
10.7.1	Comparison with Major International Markets	...	...	...	206
10.7.2	Comparison with South Asian Markets	...	...	...	206