

**MID - YEAR  
FISCAL POSITION REPORT  
2013**

**MINISTRY OF FINANCE AND PLANNING  
SRI LANKA**



**MID-YEAR  
FISCAL POSITION REPORT-2013**

**Issued under Section 10 of the  
Fiscal Management (Responsibility) Act No. 3 of 2003**

**Mahinda Rajapaksa  
President and Minister of Finance and Planning**

**30<sup>th</sup> June 2013**



## **Mid-Year Fiscal Position Report**

**Issued by the Hon. Minister of Finance**

**Under Section 10 of the Fiscal Management (Responsibility) Act No. 03 of 2003**

In terms of Section 10 of the Fiscal Management (Responsibility) Act No. 03 of 2003, the Minister of Finance is requested to present the Mid-Year Fiscal Position Report to the public by the last day of June of the year and thereafter lay before Parliament.

The purpose of this report is to provide updated information on the Government's fiscal performance as per the fiscal strategy of the Government.

The report contains the performance of Government revenue, expenditure, cash flow operations and borrowings during the first four months of the year 2013. The report also provides provisional budget outturn for the first half of 2013, updated information, depending on the availability of information, relating to macroeconomic performance, price developments, foreign financing, government debt and official reserves.



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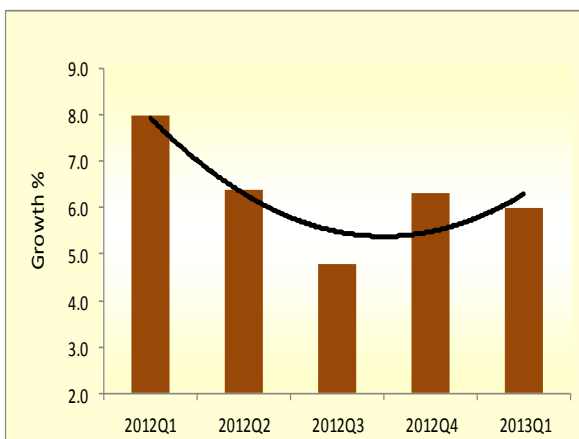
# CHAPTER 1

## The Economy

### Economic Growth

The Sri Lankan economy recorded a 6.0 percent growth, in real terms, during the first quarter of 2013 in comparison to 8.0 percent growth recorded during the first quarter of 2012. Achieving this growth following the 6.3 percent growth recorded during the fourth quarter of 2012 is notable despite the drawback in the economy amidst many challenges confronted in domestic as well as external front. This growth performance was mainly contributed by the Industry sector which grew by 10.7 percent during this period in comparison to 10.8 percent growth recorded during the respective period in 2012. However, Agriculture sector and Services sector recorded a slower growth of 2.0 percent and 4.3 percent, respectively during the first quarter of 2013 in comparison to 12.0 percent and 5.8 percent growth recorded during the same period in 2012 due to the failure in 2012/13 Maha crop due to severe draught prevailing in 2<sup>nd</sup> and 3<sup>rd</sup> quarter of 2012.

Chart 1.1> GDP Growth



The slower growth in Agriculture sector which contributed for 12.3 percent share of Gross Domestic Product (GDP) during the first

quarter of 2013 resulted mainly due to 0.1 percent sluggish growth in paddy production and 1.2 percent contraction in production of highland crops, vegetables and fruits affecting from the prevailed unfavorable weather, compared to 36.1 percent and 10.8 percent higher growth recorded during the same period in 2012, respectively.

Industry sector contribution to GDP expanded by 1.3 percent to 31.3 percent during this period. Better performance in all main sub-sectors supported this growth. Manufacturing sector which contributed for 17.6 of GDP grew by 6.4 percent benefiting from the 6.5 percent growth in factory industries. This was supported by the noteworthy performance in production of food and beverages, textiles and wearing apparel industries benefiting from the pickup in domestic demand due to increased economic activities, tourism sector revival and also the positive impact from the removal of the ceiling imposed on private sector credit expansion and downward adjustment of interest rates since end 2012. Reflecting the continuous improvement in public as well as private sector investment in construction activities, construction industry which contributed for 8.6 percent of GDP recorded an 18.2 percent higher growth. Electricity, gas and water sub sector grew by 10.4 percent with the 12.3 percent growth in electricity production supported by the favorable rainfall. Mining and quarrying subsector recorded a 17.8 percent growth during this period with the improvement in mining activities related to construction industry.

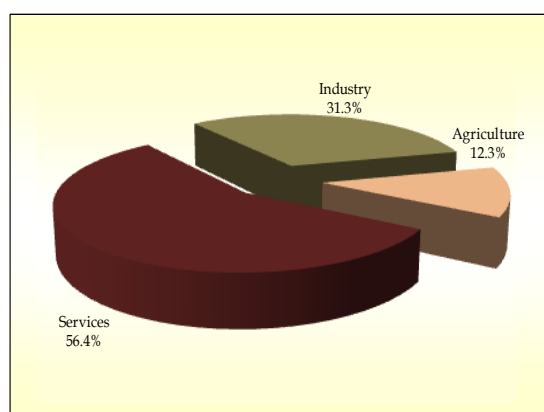


**Table 1.1 > Sectoral Composition of GDP (2002 Constant Prices ) 1st Quarter**

	<i>Rs. Million.</i>	
	2012	2013(Prov.)
<b>Agriculture, Forestry and Fishing</b>	<b>95,517</b>	<b>97,442</b>
<b>Agriculture, Livestock and Forestry</b>	<b>87,053</b>	<b>87,801</b>
Tea	6,504	7,032
Rubber	1,098	845
Coconut	7,336	6,792
Minor Export Crops	2,623	3,050
Paddy	25,140	25,155
Highland Crops	12,064	11,256
Fruits and Vegetables	17,701	18,140
Livestock	5,393	5,825
Other Agriculture	5,068	5,352
Firewood & Forestry	4,126	4,353
<b>Fishing</b>	<b>8,464</b>	<b>9,641</b>
<b>Industry</b>	<b>225,057</b>	<b>249,167</b>
<b>Mining and Quarrying</b>	<b>20,232</b>	<b>23,837</b>
<b>Manufacturing</b>	<b>131,285</b>	<b>139,646</b>
Processing Industries	4,079	4,279
Factory Industry	118,934	126,665
Cottage Industry	8,272	8,702
<b>Electricity, Gas and Water</b>	<b>15,844</b>	<b>17,487</b>
Electricity	13,760	15,450
Gas	1,340	1,261
Water	745	776
<b>Construction</b>	<b>57,697</b>	<b>68,198</b>
<b>Services</b>	<b>430,186</b>	<b>448,834</b>
<b>Wholesale and Retail Trade</b>	<b>170,278</b>	<b>171,993</b>
Import Trade	55,887	52,458
Export Trade	27,177	25,797
Domestic Trade	87,214	93,737
<b>Hotels and Restaurants</b>	<b>4,052</b>	<b>4,806</b>
<b>Transport and Communication</b>	<b>106,665</b>	<b>116,776</b>
Transport	89,025	97,771
Port and Civil Aviation	4,661	4,638
Telecommunication	12,979	14,367
<b>Banking, Insurance and Real Estate etc.</b>	<b>65,548</b>	<b>69,560</b>
<b>Ownership of Dwellings</b>	<b>19,161</b>	<b>19,831</b>
<b>Government Services</b>	<b>46,932</b>	<b>47,335</b>
<b>Private Services</b>	<b>17,551</b>	<b>18,533</b>
<b>Gross Domestic Product</b>	<b>750,760</b>	<b>795,444</b>

Source: Department of Cences and Statistics

**Chart 1.2>Sectoral Composition of GDP -  
First Quarter 2013**



Services sector accounted for 56.4 percent of GDP during the first quarter of 2013 recording a slower growth of 4.3 percent in comparison to 5.8 percent growth during the same period in 2012, affecting from the sluggish performance in wholesale and retail trade service which accounted for 21.6 percent share of GDP mainly due to slowdown in import and export trade services. Reflecting the adverse impacts of instabilities prevailed in major export destinations as well as policy adjustments adopted since early part of 2012 to ensure macroeconomic stability, import and export trade services contracted by 6.1 percent and 5.1 percent in comparison to 10.3 percent and 1.7

percent growth during the first quarter of 2012, respectively. Accordingly, with the increased domestic demand and production even though the domestic trade services which accounted for 11.8 percent of GDP grew by 7.5 percent, wholesale and retail trade services recorded a slower growth of 1.0 percent in comparison to 7.1 percent growth during the first quarter in 2012. However, better performance in hotels and restaurants services, transport and communication services and banking and insurance sector supported by the revival in tourism sector coupled with the increased domestic economic activities including in the Northern and Eastern new townships and easing of monetary conditions since end 2012, had an impetus on the services sector growth. Hotels and restaurants services recorded an 18.6 percent growth over the 22.0 percent growth during the first quarter in 2012. Transport and communication services which accounted for 14.7 percent of GDP recorded a higher growth of 9.5 percent in comparison to 5.7 percent growth during the first quarter in

2012 despite the 0.5 percent contraction in cargo handling, ports and civil aviation services. Banking, insurance and real estate services which accounted for 8.7 percent of GDP also grew by 6.1 percent in comparison to 7.2 percent growth during the first quarter of 2012.

### Inflation

The annual average inflation, as measured by the Colombo Consumers' Price Index (CCPI) (2006/07=100), remained at the level of 8.8 percent during the period March to May 2013 and declined to 8.6 percent in June 2013. The inflation on year-on-year basis (YoY) declined to 6.8 percent in June 2013 from 7.3 percent in the previous month. The core inflation, which measures the price movements excluding fresh food, energy, transport, rice and coconut in the CCPI basket, decreased to 4.3 percent in June from 5.7 percent in May 2013 on a YoY basis while annual average core inflation decreased to 6.4 percent in June from 6.6 percent in May 2013.

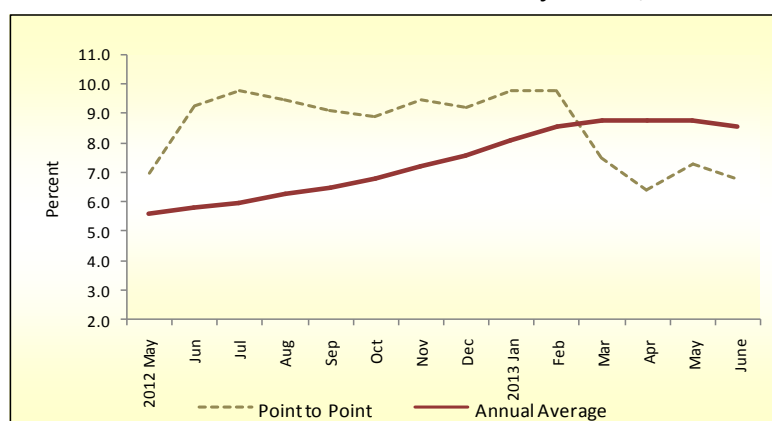
Table 1.2 > CCPI of Headline and Core Inflation (Point to point)

Year/Month	Headline Inflation (%)	Core Inflation (%)*
2012 - January	3.8	4.7
February	2.7	4.7
March	5.5	4.9
April	6.1	5.2
May	7.0	4.8
June	9.3	5.8
July	9.8	6.0
August	9.5	5.9
September	9.1	6.2
October	8.9	6.8
November	9.5	7.2
December	9.2	7.6
2013 - January	9.8	7.3
February	9.8	7.4
March	7.5	6.8
April	6.4	6.1
May	7.3	5.7
June	6.8	4.3

Source: Department of Census and Statistics

\* Excluding fresh food, energy, transport, rice and coconut

**Chart 1.3> CCPI Headline Inflation: May 2012 –June 2013**



## Money and Credit

The growth in both reserve money and broad money decelerated during the first four months of 2013. The year-on-year growth in the reserve money was 11.4 percent in April 2013. The broad money (M2b) grew by a moderate rate of 15.2 percent in April 2013 on a year-on-year basis, continuing the overall monetary expansion at the levels expected in the Monetary Programme for 2013. During the first four months of the year, the public sector absorbed a greater proportion of domestic credit within the overall monetary expansion as against the credit extended to the private sector by commercial banks. The private sector credit

growth, which was accelerated by a higher rate of 34.5 percent in 2011 and moderated to 17.6 percent in 2012 reflecting the deceleration in domestic economic activity, high market interest rates and depreciation of the rupee thereby resulting in a drop in imports, decelerated further to 10.2 percent in April 2013 on a year-on-year basis. There would be a compositional change in the credit by commercial banks in the remainder of the year with the expected easing in public sector borrowing during the remaining period of the year and the adjustment of market lending rates.

**Table 1.3 > Money and Private Sector Credit**

	2012				2013				2013 April/ 2012 April Growth (%)
	January	February	March	April	January	February	March	April	
Reserve Money	434.9	439.4	471.1	449.3	484.1	486.7	512.4	500.3	11.4
Broad Money (M2b)	2,523.1	2,604.7	2,672.8	2,719.2	2,984.6	3,048.1	3,089.7	3,132.7	15.2
Private Sector Credit	2,050.4	2,105.7	2,161.1	2,179.8	2,368.1	2,386.1	2,395.6	2,403.2	10.2

Source: Central Bank of Sri Lanka

## Stock Market

The stock market activities reflected a gradual recovery during the first four months of 2013 following the sentiments gathered from Budget proposals to promote debt/equity market. All Share Price Index (ASPI) increased by 10 percent to 5,953 by end April 2013 in comparison to end April 2012. The annual turnover declined by 18 percent to Rs. 74 billion by end April 2013 in comparison to the

59 percent decline recorded during the corresponding period in 2012. Market capitalization increased by 13 percent to Rs. 2,281 billion in comparison to the 19 percent decline recorded during the corresponding period in 2012. Foreign purchases increased by 11 percent against the background of increase in foreign sales by 137 percent during this period due to profit taking and global volatilities.

**Table 1.4 > Movements in the Capital Market**

Indicators	2008	2009	2010	2011	2012	End April	
						2012	2013
All Share Price Index (1985=100)	1,503	3,386	6,636	6,074	5,643	5,419	5,953
Milanka Price Index/ S&P SL 20 Index*	1,631	3,849	7,061	5,229	5,119	4,851	3,366
Market Capitalization (Rs. Bn.)	489	1,092	2,210	2,214	2,168	2,017	2,281
No. of Listed Companies in Trading	235	232	242	272	287	279	286
Annual Turnover (Rs.Bn.)	110	142	570	546	214	91	74
Foreign Sales (Rs. Mn.)	52,682	43,899	118,761	68,854	33,972	11,661	27,608
Foreign Purchases (Rs. Mn)	66,632	43,253	92,426	49,875	72,653	32,897	36,394
Net Purchases (Rs. Mn)	13,950	(646)	(26,335)	(18,979)	38,681	21,236	8,787

Sources: Colombo Stock Exchange and Central Bank of Sri Lanka

\*With effect from 01st January 2013, Milanka Price Index has been replaced by S&P SL 20 Index

## External Sector Developments

The external sector performance reflected a gradual improvement during the first four months of 2013 with a comparatively lower trade deficit following fiscal and monetary policy adjustments adopted since early part of 2012 to ensure macroeconomic stability. The removal of the ceiling imposed on private sector credit expansion and downward adjustment of interest rates since end 2012 had an offsetting positive impact. Imports declined by 11.3 percent to US\$ 6,025 million while exports declined by 7.8 percent to US\$ 3,060 million. Hence, the trade deficit declined by 14.6 percent to US\$ 2,966 million during the first four months of 2013 in comparison to US\$ 3,471.7 million during the same period in 2012. Further, increase in remittances from overseas employment inflows by 6.4 percent to US\$ 2,109.3 million resulting from the continuous improvements in skill levels of the workforce engaged in such employment and remittances through formal channels and increase in earnings from tourism by 19.8 percent to US\$ 407.2 million strengthened the external sector performance. Meanwhile, the international reserve position improved as the

gross official reserves amounted to US\$ 6,858 million by end April 2013, which is equivalent to 4.4 months of imports and total reserves amounted to US\$ 8,508 million, which is equivalent to 5.3 months of imports.

## Exports

Total export earnings declined by 7.8 percent to US\$ 3,060 million during the first four months of 2013 compared to respective period in 2012 mainly due to a 8.4 percent decline in industrial products to US\$ 2,323 million. The unfavorable international prices, affected primary rubber and coconut export demand and domestic production. However, benefiting from the increased production, other agricultural products increased by 19.2 percent during this period to US \$ 203 million in comparison to US \$ 170.3 million in the corresponding period of 2012. Export of textiles and garments declined by 2.5 percent to US\$ 1,325 million while tea exports declined only by 0.2 percent. Petroleum products declined by 9.3 percent US\$ 152.2 million and other industrial products also declined by 16.2 percent to US\$ 845.7 million.

## Imports

Total imports declined by 11.3 percent to US\$ 6,025 million during the first four months of 2013 compared to respective period in 2012. This was supported by the decline in import of consumer goods by 12.5 percent US\$ 984 million and the decline in import of petroleum products by 25.1 percent to US\$ 1,434 million during this period due to decline in demand for petroleum products for thermal power generation, supporting for the growth in hydropower generation benefiting from an exceptionally favorable weather conditions.

Textiles and clothing imports also declined by 9.0 percent to US\$ 650 million affecting from decline in export of textiles and garments. However, import of other intermediate goods increased by 10.3 percent to US\$ 1,397 million reflecting the improved domestic demand

with the easing of monetary conditions since end of 2012 as well as the underlying expansion in economic activities. Investment goods imports declined by 8.9 percent to US\$ 1,520 million mainly due to decline in import of transport equipment by 49.0 percent to US\$ 247.9 million during this period. However, import of machinery and equipment increased by 2.5 percent to US\$ 779 million while building materials increased by 16.9 percent to US\$ 492 million in tandem with the increase in public and private sector investments in construction activities throughout the country. The savings of US \$ 140 million for consumer goods imports and US \$ 481 million from petroleum import underscore the potential improvement in the trade balance from appropriate policies to substitute domestic food production as well as energy.

**Table 1.5> External Trade ( Jan. - Apr.)**

Category	US\$ Mn	
	2012	2013 Prov.
<b>Exports</b>	<b>3,317.9</b>	<b>3,059.8</b>
Agricultural Products	752.6	726.8
Tea	440.9	440.0
Primary Products (Rubber and Coconut products)	141.4	83.8
Other Agricultural Products	170.3	203.0
Industrial Products	2,537.1	2,322.9
Textile and Garments	1,359.3	1,325.0
Petroleum Products	167.9	152.2
Other Industrial products	1,009.9	845.7
Mineral	24.3	6.0
Other	3.9	4.1
<b>Imports</b>	<b>6,789.6</b>	<b>6,025.4</b>
Consumer Goods	1,124.1	983.9
Food and Drinks	466.6	456.9
Other Consumer Goods	657.5	527.1
Intermediate Goods	3,985.4	3,517.9
Petroleum	1,915.0	1,434.0
Fertilizer	89.6	36.9
Textiles and Clothing	714.4	650.4
Other Intermediate Goods	1,266.4	1,396.6
Investment Goods	1,668.0	1,520.0
Machinery and Equipment	759.8	778.7
Transport Equipment	485.9	247.9
Building Material	420.9	491.8
Other Investment Goods	1.4	1.6
Other	12.1	3.6
<b>Trade Deficit</b>	<b>(3,471.7)</b>	<b>(2,965.6)</b>

Source: Central Bank of Sri Lanka

## CHAPTER 2

### Global Economic Trends

The global economy has shown a relatively stable but slower growth during the first few months of 2013. The financial conditions of advanced economies are becoming much healthier as timely and prudential policies have been adopted by monetary authorities to minimize the adverse effects of the Euro area crisis. The projected slow growth of European economies is due to still prevailing uncertainties and still continuing restructuring of banks and fiscal consolidation efforts. The private sector recovery in the United States is lagged by the fiscal tightening measures taken by the government and Japanese macroeconomic relaxation has led to a short term pick up in the economy. In contrast, developing and emerging economies are showing stable growth owing to relatively less volatile external conditions and the recovery in capital flows together with easing capacity constraints.

#### Economic Growth

The economic growth of advanced economies has been slowed during the first quarter of 2013 due to fiscal and banking consolidation measures and uncertainties associated with it. The growth momentum of the United States economy is disturbed by the government spending cuts (sequester) even though there are positive signs from improving housing and labour markets. The Euro economies remained still weak despite the strong policy actions taken to improve financial situation of the region. A positive growth is expected for Euro economies in the middle of 2013 and is projected to be strengthened gradually. The Japanese growth recovered in the final quarter of 2012 and the first quarter of 2013 with the improved consumer demand and industrial production. The combined effect of fiscal stimulus, quantitative easing and structural reforms adopted by the Japanese government at the beginning of the year was reflected in this acceleration.

The growth of developing and emerging economies during the first quarter of 2013 is mixed. The Chinese GDP growth projection for 2013 has been cut to 7.75 percent by the IMF considering the relatively slow 7.7 percent growth recorded in the first quarter, owing to weak global economic conditions. The growth rates in some large middle income economies like Brazil, India, Russia, Turkey and South Africa are below the rates recorded in both pre-crisis and post-crisis boom period.

The World Bank identifies four categories of growth patterns among developing economies:

- Economies that are growing rapidly and already close to or above potential, and therefore at risk of overheating; Ex: Most of East Asia and Sub-Saharan Africa
- Economies that appear to be running up against capacity constraints at growth rates well below the growth rates of the pre-crisis period, including several large and economically important middle-income countries;
- Economies with considerable slack in their economies, whether because of the severity of the post-crisis downturn (developing Europe), or because of social and political disruptions to economic activity (Middle East & North Africa);
- Economies where recovery from the crisis appears complete, and there are no outward signs of overheating—this is the largest group of the four.

Table 2.1 > Key Economic Indicators in Selected Countries - 2012

	GDP Growth (Annual Percentage Change)	Inflation (Percent)	Unemployment (Percent)	Fiscal Deficit (Percent of GDP)	Gross Debt (Percent of GDP)
Argentina	1.9	10.0	7.2	-4.3	44.9
Australia	3.6	1.8	5.2	-2.9	27.2
Brazil	0.9	5.4	6.5	-2.8	68.5
Canada	1.8	1.5	7.3	-3.2	85.6
Chile	5.5	3.0	6.5	0.6	11.2
China	7.8	2.6	4.1	-2.2	22.8
France	0.0	2.0	10.2	-4.6	90.3
Germany	0.9	2.1	5.5	0.2	82.0
Greece	-6.4	1.0	24.2	-6.4	158.5
India	4.0	9.3	....	-8.3	66.8
Indonesia	6.2	4.3	6.2	-1.3	24.0
Italy	-2.4	3.3	10.6	-3.0	127.0
Japan	2.0	0.0	4.4	-10.2	237.9
Korea	2.0	2.2	3.3	1.9	33.7
Malaysia	5.6	1.7	3.0	-4.3	55.5
Mexico	3.9	4.1	4.8	-3.7	43.5
Russia	3.4	5.1	5.5	0.4	10.9
Singapore	1.3	4.6	2.0	5.6	111.0
South Africa	2.5	5.7	25.2	-4.8	42.3
Spain	-1.4	2.4	25.0	-9.3	84.1
Sri Lanka	6.4	7.6	4.0	-6.4	79.1
Thailand	6.4	3.0	0.5	-1.7	44.3
United Kingdom	0.2	2.8	8.0	-8.3	90.3
United States	2.2	2.1	8.1	-8.5	106.5
Vietnam	5.0	9.1	4.5	-5.2	52.1

Source: World Economic Outlook, IMF, April 2013

Fiscal Monitor, IMF, April 2013

## Inflation

Inflationary pressures are relatively controlled in both advanced economies and developing and emerging economies in the first several months of 2013, supported by declining commodity prices and weakening demand from advanced economies except in some countries of Asia, Middle East and North Africa. The subdued inflation in advanced economies is due to structural reforms adopted and high inflation in Middle East and South Asia is followed by increased regulatory prices as a measure of easing fiscal deficits. The rapid growth and loose monetary policies in Indonesia and Lao PDR raised inflationary pressures while Japanese inflation remained at -0.6 percent, well below the target of 0.1 percent expected with recent policy reforms. Although rising inflationary pressures

in developing economies are counterbalanced by the low prices, in certain economies like Brazil, India, Russia, Turkey and South Africa, price pressures are elevated as a result of supply bottlenecks.

## Interest Rates

Interest rates in advanced economies remained low during the early months of the year as a combined effect of the quantitative easing programme in the USA for the purchase of Treasuries and housing market debt by the Federal Reserve and quantitative easing programmes in the UK and Japan coupled with the interest rate cut by 25 basis points to 0.50 percent by Euro economies. The unconventional



monetary policy decisions made the markets to overflow with liquidity and also reduced yields on long-term debt as well as the prices of riskier assets such as equities, bonds, and bank loans of developing countries. In consequence of this, capital flows to developing and emerging economies hit the peak levels in May 2013, after recording an extended lag during the post-crisis period. Bank lending and equity issuance has doubled relative to the same period a year ago. The sudden decision by the US Federal Reserve Chairman in June 2013 to taper-off the quantitative easing programme which has been buying US\$ 85 billion worth of financial assets each month to keep long-term interest rates low to increase borrowing and spending has created uncertainties around global markets.

The interest rates in the developing and emerging market also kept at low levels by their central banks to boost domestic demand in an environment of low inflationary pressures and weak global economic activities. The World Bank states that about twenty developing and emerging market economies and seven advanced economies and monetary unions implemented rate cuts during the first quarter of 2013.

### **Exchange Rates**

Japanese Yen depreciated significantly by 21 percent in real effective terms during the eight month period from September 2012 to April 2013 after the government announcement of macroeconomic policy change to raise inflation and thereby the economic growth. The US Dollar remained stable after depreciating during the second half of 2012 and going up by 2.5 percent from January 2013. The Euro appreciated continuously after mid 2012 and also in first half of 2013 owing to suppressed financial market tensions in European economies and the depreciation of Japanese Yen. Most of the currencies of developing and emerging market economies appreciated during the second half of 2012 and in the early part of 2013 following yen depreciation and easing financial market tensions.

### **Government Debt**

The emerging market and developing economies debt levels are relatively satisfactory than that of the advanced economies because of low interest rate-growth differentials. IMF warned China on rising debt levels to 50 percent of the GDP in May 2013. However, the recovery of Latin American and Caribbean economies are constrained by large debt levels and reduced competitiveness. IMF forecasts the debt to GDP ratio in advanced economies will stop rising further in 2013, pausing a while from the continuous escalation since 2007 and will reduce slightly to 109.3 percent as fiscal tightening procedures are adopted by many advanced economies and financial market conditions are becoming favorable. A clear and credible policy action to bring down the public debt through a medium-term debt sustainability programme is one of the urgent priorities of the United States and Japan with a debt stock approaching 108 and 245 percent of GDP, respectively in 2013.

### **Fiscal Deficits**

Although the 'fiscal cliff' has been avoided by the U.S. authorities, a further reduction in fiscal balance from 8.5 to 6.5 percent of GDP is anticipated with automatic spending cuts on estimated budgetary expenditure for 2013. Most Euro area advanced economies expect to achieve fiscal consolidation with reduced deficits through revenue reforms, including hikes in selected taxes in France, personal income and property taxes in Portugal, property taxes in Ireland and revenue administration reforms in Greece. However, slowing economic activities in Germany and Italy could reduce the extent of regional success in achieving desired level of consolidation. Japan wants to reduce the overall fiscal balance from 10.2 percent of GDP in 2012 to 9.8 percent in 2013 with the recently introduced stimulus packages and further tightening to 7 percent is expected in 2014 following the consumption tax hike and the completion of reconstruction activities.



The deficits in emerging market and developing economies remained low compared to advanced economies, although they are facing with escalating spending pressures mainly in the areas of energy subsidies. Hopes of attaining fiscal targets of most of the economies depend on the efforts in spending reductions together with tax reforms.

### **Unemployment**

Unemployment in Euro area economies still at alarmingly high levels, particularly in Euro periphery economies which is 27 percent in Spain and Greece, 18 percent in Portugal, 14 percent in Ireland, and 12 percent in Italy while the unemployment rate of United States has dropped to 7.6 percent owing to improvements in the labour market. The advanced economies are at a risk to be affected adversely by structural unemployment issues and reduced quality in employment, as a higher proportion of workers are trapped in unemployment for a longer period of time. Sluggish economic growth in those economies makes it more uncertain to create job at pre-crisis level until 2016 as predicted by the United Nations. However, most Asian and Latin American developing economies have managed unemployment rates below pre-crisis level. African unemployment continues to remain high with structural issues and labour conflicts, despite strong economic growth.

### **Trade**

The global trade increased in the first quarter of 2013 after significant contraction in 2012. The World Bank sources revealed total imports and exports increased by 5 percent during the first three months of 2013 supported by 18 percent growth of imports and 15.5 percent growth in exports in developing and emerging economies

during the first quarter of 2013. This trend was evidenced in 2.9 percent increase in exports in advanced economies during the final quarter of 2012. The volume of imports is rising in Asia and Latin America and the Caribbean regions. However, this trend has been disturbed by the slowdown in Chinese growth momentum in April as a result of the fragility in the global economic recovery. Hence, the pace recorded for the import demand of developing and emerging economies in April decelerated to 10.9 percent. Even though the import demand in the developing world is still strong due to firm domestic conditions, the import demand in the advanced economies has been contracted in the first four months of 2013.

### **Commodity Prices**

Both increased supply and increased substitution are the reasons behind the decline in the prices of industrial commodities. Energy supply has been increasing significantly due to advanced technologies used to extract oil in North America and high Middle East supply with the recovery in Libya and Iraq. Hence the forecast price for a barrel of crude oil remains unchanged at US\$ 102 for 2013. The food prices are projected to be eased owing to low energy and fertilizer prices. The 2013 IMF forecast for agricultural commodity prices is further reduced: food by 2.4 percent, beverages by 11.9 percent and raw materials by 1.1 percent. However, the agriculture market prices are subject to weather risks and energy risks from ongoing unrest in the Middle East. The combined effect of increased supply and declined demand in global metal markets has caused a buildup of stocks and exerted a downward pressure on metal prices.

**Table: 2.2> Commodity Prices and Price Forecasts in Nominal US \$**

	Actual		Forecast	
	2010	2011	2012	2013
<b>Energy, 2005=100</b>	<b>145</b>	<b>188</b>	<b>187</b>	<b>184</b>
Coal, Australia, \$/mt	99	121	96	90
Crude oil, avg, spot, \$/bbl	79	104	105	102
Nat. gas, Europe, \$/mmbtu	8	11	12	12
Natural gas, US, \$/mmbtu	4	4	3	4
Natural gas LNG, \$/mmbtu	11	15	17	16
<b>Non-energy commodities</b>	<b>174</b>	<b>210</b>	<b>190</b>	<b>181</b>
Agr: Beverages	182	208	166	151
Agr: Food	170	210	212	200
Agr: Food: Fats and oils	184	223	230	209
Agr: Food: Grains	172	239	244	242
Maize, \$/mt	186	292	298	295
Rice, Thailand, 5%, \$/mt	489	543	563	555
Wheat, US, HRW, \$/mt	224	316	313	315
Agr: Food: Other food	148	168	158	150
Sugar, world, cents/kg	47	57	47	41
Agr: Raw materials	166	207	165	156
Fertilizers	187	267	259	241
DAP, \$/mt	501	619	540	495
Phosphate rock, \$/mt	123	185	186	170
Potassium Chloride, \$/mt	332	435	459	400
TSP, \$/mt	382	538	462	430
Urea, E. Europe, bulk, \$/mt	289	421	405	400
Metals and minerals	180	205	174	172
Aluminum, \$/mt	2,173	2,401	2,023	2,000
Copper, \$/mt	7,535	8,828	7,962	7,400
Gold, \$/toz	1,225	1,569	1,670	1,500
Silver, cents/toz	2,015	3,522	3,114	2,700
Tin, cents/kg	2,041	2,605	2,113	2,250
Zinc, cents/kg	216	219	195	190

Source: World Bank, *Global Economic Prospects*, June 2013

## CHAPTER 3

### FISCAL DEVELOPMENTS

#### Overview

Overall revenue performance continued to remain mix. Revenue from income taxation generating Rs. 62,225 million in the first four months in comparison to Rs. 54,485 million during the corresponding months of the previous year showed a buoyant growth of 14.2 percent reflecting a favourable consolidation of the impact of 2011 tax reforms which aims at lower rates and broad base. Tax revenue from wage income (PAYE) increased by 43.5 percent despite lower rate structure and higher threshold inbuilt in the post 2010 tax system due to higher wage income and employment liable to such taxes, collection of such tax at source as final tax and improved compliance from employers. Tax on interest imposed at source as final tax too recorded a higher growth of 51.2 percent reflecting the increase in deposit and yield rates on government securities and growth in deposit base in the banking and financial system as well as higher turnover of government securities. Corporate and non-corporate income and profit tax too increased by 7.9 percent due to a gradual completion of tax holiday period by many companies and buoyant performance of banking and financial institutions, food and beverage, manufacturing and tourism and services despite the impact of continued slowdown in credit growth and business of motor vehicles and financial leasing activities.

Tax revenue from indirect taxes on domestic activities also showed a positive movement. Tax revenue from VAT on domestic consumption at Rs. 42,757 million registered an increase of 11.3 percent, reflecting the system improvement under single rate VAT of 12 percent as against dual rate structure of 12 and 20 percent prevented prior to 2011. Similarly, Nation Building Tax (NBT) on domestic activities increased by 10.5 percent. Special Commodity Levy (SCL) collected at the point of imports showed 39 percent increase reflecting higher tax rate imposed in support of maintaining a stable

remunerative domestic producer margins in agriculture commodities.

On the negative side, the revenue performance continued to suffer due to decline in motor vehicle imports, cigarettes and liquor volumes. Consequently, VAT revenue from imports declined by 11.9 percent and NBT revenue from imports by 16.4 percent, the decline in Excise (Special) Provision Tax primarily imposed on motor vehicles was 36.9 percent. Due to the contraction in imports of motor vehicles, home appliances, textiles, chemical products, wheat and maize and continued exemption of several items in support of exports, Ports and Airports Development Levy also declined substantially by 23.8 percent. The total decline in revenue from import base taxes amounted to Rs. 21 billion in the first four months. The decline is a reflection of the impact of corrective measures adopted from February/March 2012 to reduce imports and stabilize Balance of Payments.

Non tax revenue from fees and charges and social security contribution from public servants showed strong positive growth while profit transfers from Central Bank of Sri Lanka (CBSL), State Owned Business Enterprises (SOBEs), and interest and rent income showed moderation or decline.

The government expenditure consisting of current expenditure of Rs. 471,380 million and public investment expenditure of Rs. 186,991 million totaled Rs. 658,371 million during January-April 2013 in comparison to Rs. 614,259 million during corresponding period of 2012. The current expenditure increased by 2.3 percent while public investment expenditure rose by 21.7 percent.

The total government expenditure in excess of government revenue produced an overall deficit of Rs. 343 billion or 3.9 percent of GDP during January-April 2013 in comparison to Rs. 285

billion or 3.8 percent in the corresponding period of 2012.

The provisional data for the first half of the year together with first four months data with comparable figures for 2012 is presented in Table 3.1. The continued improvement in income taxation, full impact of VAT coverage extension to retail trade, gradual recovery from the impact of adjustment measures,

improvement in banking liquidity and lower interest rates are expected to improve government revenue performance during the second half. This turnaround together with a closer monitoring of public expenditure management within the overall budgetary ceilings is expected to be conducive to maintain fiscal deficit at 5.8 percent as announced in 2013 Budget.

**Table 3.1 > Summary of the Budget**

*Rs. Million*

Item	January - April		First Half	
	2012	2013 Actual	2012	2013 (Provisional)
<b>Revenue and Grants</b>	<b>328,733</b>	<b>314,840</b>	<b>530,349</b>	<b>509,415</b>
Revenue	326,635	313,979	522,058	507,554
Tax	297,546	289,817	459,658	463,867
Non Tax	29,089	24,162	62,400	43,687
Grants	2,098	861	8,291	1,861
<b>Expenditure</b>	<b>614,260</b>	<b>658,372</b>	<b>834,007</b>	<b>861,644</b>
Current	460,626	471,380	589,059	603,885
Salaries	112,114	126,950	169,984	191,640
Interest Payments	173,651	176,099	204,067	215,864
Other	174,861	168,331	215,008	196,381
Public Investments	160,704	196,039	256,499	269,775
Other	-7070	(9,047)	(11,551)	(12,016)
<b>Revenue Deficit (-)/Surplus (+)</b>	<b>(133,991)</b>	<b>(157,401)</b>	<b>(67,001)</b>	<b>(96,331)</b>
<b>Overall Budget Deficit (-)/Surplus (+)</b>	<b>(285,526)</b>	<b>(343,531)</b>	<b>(303,658)</b>	<b>(352,228)</b>
<b>Financing</b>	<b>285,526</b>	<b>343,531</b>	<b>303,658</b>	<b>352,228</b>
Foreign Financing	35,167	41,780	70,116	36,035
Domestic Financing	250,359	301,751	233,542	316,193
Non Bank	65,630	65,168		
Bank	131,914	172,628		
Foreign Investments in Treasury Bills / Bonds	52,815	63,955		
Revenue/GDP (%)	4.4	3.6	7.0	5.8
Current Expenditure/GDP (%)	6.1	5.4	7.8	6.9
Public Investment/GDP (%)	2.1	2.3	3.4	3.1
Revenue Deficit/GDP (%)	-1.8	-1.8	-0.9	-1.1
Overall Budget Deficit/GDP (%)	-3.8	-3.9	-4.0	-4.0

*Source: Department of Fiscal Policy*

## Key Policy Measures (January - June 2013)

- Domestic Petroleum Prices were revised as given in the following Table with effect from 22 February 2013.

<b>Domestic Petroleum Price Adjustment on 22 February 2013</b>			
Item	Price (Rs. Per litre) as at		Change (Rs.)
	14.12.2012	23.02.2013	
Petrol 90 Octane	159	162	3
Petrol 95 Octane	167	170	3
Lanka Auto Diesel	115	121	6
Lanka Super Diesel	142	145	3
Lanka Kerosene	106	106	0
Lanka Industrial Kerosene	111	115	4

- Electricity tariffs were revised as given in the following Table with effect from 20 April 2013.

<b>Electricity Tariff Structure approved by the Public Utilities Commission of Sri Lanka with effect from April 2013</b>							
Consumption (Units)		Tariff up to 19 <sup>th</sup> April 2013			Proposed Rate from 20 <sup>th</sup> April 2013		
Old	New	Unit Charge	Fixed	FAC %	Unit Charge	Fixed	FAC %
		Rs./ Unit	Charge Rs./		Rs./ Unit	Charge Rs./	
			Month			Month	
0-30	0-30	3.00	30.00	25	3.00	30.00	25
31-60	31-60	4.70	60.00	35	4.70	60.00	35
	0-60				10.00	N/A	N/A
61-90	61-91	7.50	90.00	40	12.00	90.00	10
91-120	91-121	21.00	315.00	40	26.50	315.00	40
121-180	121-181	24.00	315.00	40	30.50	315.00	40
>180	>181	36.00	315.00	40	42.00	420.00	40

*Sources: Ceylon Electricity Board and Department of Public Enterprises*

- The validity period of the Special Commodity Levy (SCL) rates on 31 commodities was extended with effect from 08 February 2013.
- Palm kernel or babassu oil and fractions thereof were included under SCL with effect from 08 February 2013.
- SCL on potatoes was increased with effect from 03 May 2013

The improvement in the financial position due to full capacity operation of hydro power during first half of 2013, and electricity tariff revision are expected to reduce the operational losses of Ceylon Electricity Board (CEB). The benefits of administrated price revisions with respect to petroleum products together with relatively modest movements in international oil prices and exchange rates are expected to reduce the operational losses of Ceylon Petroleum Corporation (CPC). These positive developments are conducive to improve the overall liquidity in the economy, expand private sector lending in supporting economic

activities and strengthen fiscal performance during the second half of the year.

The economy during the first quarter of 2013 expanded at 6.0 percent following an equally higher growth in the last quarter of 2012. The favourable growth has taken in many emerging sectors in primary agriculture, livestock, manufacturing construction, tourism, pharmaceutical and other services, despite the setback in imports of motor vehicles and related services and slowdown in credit growth. The inflation as measured by Colombo Consumer Price index (CCPI-2006/07 base

year) have recorded an year on year inflation rate of 6.8 percent at the end of June 2013 in comparison to 9.2 percent in December 2012. The average inflation during the first half of 2013 was 8.6 percent. The average inflation figure during 2012 was 7.6 percent.

The trade deficit declined by 14.6 percent to US\$ 2,966 million during the first four months from US\$ 3,471.7 million in 2012 responding to corrective measures adopted last year through greater flexibility in exchange rate and credit restrictions. The Balance of Payments strengthened with the continued improvement in remittances from overseas employment to US\$ 2,109 million and income from tourism to US\$ 407 million during first four months of the

year. Exports of tea and garments, the country's biggest export activities accounting for over 50 percent have maintained strong resilience in the wake of global slowdown particularly in advanced economies in Europe and the US. The exports of rubber and other industrial products have suffered a setback affecting export performance during first four months. All in all, the Balance of Payments during first four months improved from the savings from the reduced import of petroleum products, motor vehicles and consumer goods underscoring the importance of domestic substitution in energy and food production to overcome Balance of Payments difficulties in addition to higher exports.

**Table 3.2 > Estimated and Actual Revenue & Expenditure:**

January to April 2013

Item	Estimated	Actual	Rs. Billion
			Deviation
<b>Total Expenditure</b>	<b>642.1</b>	<b>658.4</b>	<b>16.3</b>
Current Expenditure	461.8	471.4	9.6
Capital Expenditure	180.3	187.0	6.7
<b>Total Revenue</b>	<b>365.2</b>	<b>314.0</b>	<b>-51.2</b>
Tax Revenue	355.5	289.8	-65.7
Non Tax Revenue	9.7	24.2	14.5

Sources: Department of Treasury Operations and Department of Fiscal Policy

## Government Revenue

Government revenue generated Rs. 314 billion during the period from January to April 2013. Total revenue collected during this period recorded a decline of 3.9 percent compared to the same period in 2012. Tax revenue from income taxes and domestic based indirect taxes increased by 9.3 percent while import based taxes declined by 14.1 percent resulting in an overall decline of 2.6 percent to Rs. 290 billion. Non-tax revenue declined by 16.9 percent to Rs. 24 billion during this period.

The relatively slower growth in imports and the slowdown in import related domestic economic activities such as motor vehicle

financing and leasing and related business coupled with the decline in the consumption of cigarettes and liquor reflected in the revenue collection of the government during the first four months of 2013. The slower growth recorded in imports, including motor vehicles, adversely affected the trade related taxes and depressed the performance of revenue yield from NBT, VAT, Excise and PAL. Income tax recorded a considerable improvement during this period led by the significant increase in the revenue from Pay-As-You-Earn (PAYE) tax and tax on interest. The two sources of income taxed at source as final tax to make tax administration simple and effective.

**Table 3.3 > Estimated and Actual Tax Revenue from January - April 2013**

Collection Agency	Jan- Apr	
	Est.	Act.
(Rs Bn)		
<b>Inland Revenue Department</b>		
Tax on Income and Profit	57.0	62.2
VAT - Domestic	41.6	42.8
NBT - Domestic	9.2	7.8
Other	3.1	0.7
<b>Sub Total</b>	<b>110.9</b>	<b>113.5</b>
<b>Customs Department</b>		
Import Duties	32.7	23.1
VAT - Imports	50.6	36.5
NBT - Imports	8.1	4.8
Ports and Airports Development Levy	29.9	16.4
Import/Export Cess	13.3	12.2
Special Commodity Levy & Other	15.1	14.9
Excise Special Provisions	63.0	39.0
Excise on Cigarettes	20.6	16.9
Petroleum Products	11.4	1.9
Motor Vehicle & Other	31.0	20.2
<b>Sub Total</b>	<b>212.7</b>	<b>146.9</b>
<b>Excise Department</b>		
Liquor	23.2	20.8
<b>Sub Total</b>	<b>23.2</b>	<b>20.8</b>
<b>Other</b>		
Telecommunication Levy	7.8	7.1
Licence Tax & Other	0.9	1.5
<b>Sub Total</b>	<b>8.7</b>	<b>8.6</b>
<b>Total Tax Revenue</b>	<b>355.5</b>	<b>289.8</b>

Source: Department of Fiscal Policy

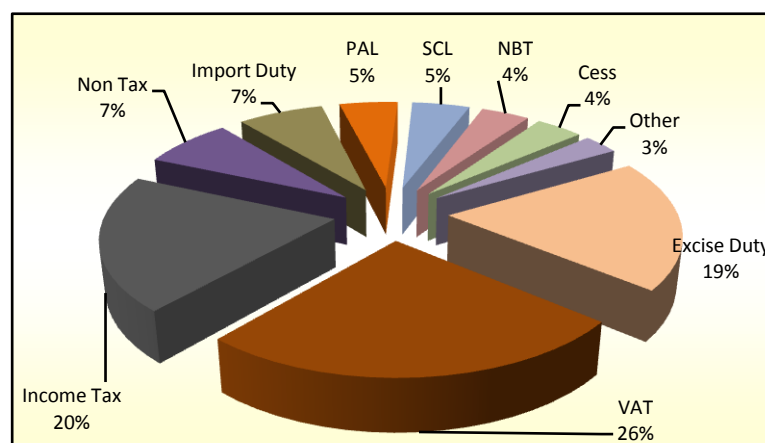
**Table: 3.4 > A Summary of Performance of Government Revenue (January - April)**

Rs Mn

Item	2012	2013	Growth %
<b>Tax Revenue</b>	<b>297,546</b>	<b>289,817</b>	<b>-2.6</b>
Income Tax	54,485	62,225	14.2
Domestic Consumption Based Tax	83,636	88,805	6.2
VAT	38,430	42,757	11.3
Excise	38,154	38,253	0.3
Nation Building Tax	7,052	7,795	10.5
Import Based Tax	150,940	129,590	-14.1
Custom Duty	26,270	23,149	-11.9
VAT	41,481	36,529	-11.9
Nation Building Tax	5,695	4,760	-16.4
PAL	21,549	16,423	-23.8
SCL	10,758	14,930	38.8
Excise Tax	34,750	21,607	-37.8
Cess	10,437	12,192	16.8
Licence Taxes and Other	8,483	9,197	8.4
<b>Non Tax Revenue</b>	<b>29,089</b>	<b>24,162</b>	<b>-16.9</b>
<b>Total Revenue</b>	<b>326,635</b>	<b>313,979</b>	<b>-3.9</b>

Source: Department of Fiscal Policy

**Chart 3.1: Composition of Government Revenue(Jan-April) 2013**



### Income Tax

Total income tax revenue increased by 14.2 percent to Rs. 62,225 million during the first four months of 2013 compared to the Rs. 54,485 million generated during the same period of 2012. The notable increase of revenue from Pay-As-You-Earn (PAYE) tax by 43.5 percent and tax on interest by 51.2 percent contributed to the positive growth of income tax revenue.

Revenue from PAYE tax increased to Rs.6,981 million during the first four months of 2013 compared to Rs. 4,864 million generated during the same period of 2012 due to high wages, increased employment in high earning categories in sectors such as tourism, construction, IT and professional services, and improved compliance and expanded base with the inclusion of public sector employees



following the 2011 tax reforms. Tax revenue from interest income increased significantly to Rs. 33,788 million during the first four months of 2013 due to the increase in deposit base and higher interest rates and the issuance of Treasury Bonds and Treasury Bills during this period.

The revenue from ESC declined by 70.0 percent to Rs.3,065 million during the period mainly reflecting the impact of the increase of ESC threshold to Rs.50 million per quarter and removing the ESC liability on the turnover of any business of which the profits are subject to income tax and the moratorium on the

extension of tax holiday. However, sectors like export & import, manufacturing, constructions and remaining tax holidays companies and remaining tax holidays companies contributed positively to the revenue from ESC.

Revenue from Corporate and Non Corporate income tax increased by 7.9 percent to Rs.18,390 million during the January - April period of 2013 compared to the same period in 2012. The banking, financial and insurance, food and beverages, import and export trade and manufacturing sectors contributed this growth despite the number of new exemptions and concessions granted by the 2013 budget.

**Table 3.5 > Performance of Revenue from Income Tax (January - April)**

Rs. Million			
Tax Base	2012	2013	Growth (%)
Corporate and Non Corporate	17,044	18,390	7.9
PAYE	4,864	6,981	43.5
Tax on Interest Income	22,348	33,788	51.2
Economic Service Charge	10,230	3,065	-70.0
<b>Total</b>	<b>54,485</b>	<b>62,225</b>	<b>14.2</b>

*Source: Department of Fiscal Policy*

### Value Added Tax (VAT)

The revenue from VAT during the first four months of 2013 amounted to Rs. 79,286 million in comparison to Rs. 79,911 million recorded in the corresponding period of 2012. The revenue from VAT on domestic activities increased by 11.3 percent to Rs. 42,757 million. This was supported by the imposition of VAT on wholesale and retail trade with a quarterly turnover more than Rs. 500 million, which has broadened the VAT base. The revenue from VAT on wholesale and retail trades and distribution has increased in the four months in 2013 with respect to the corresponding period

of 2012 during which VAT base did not include retail businesses. In contrast, revenue from VAT on imports declined as a result of the decline in imports by 11 percent (in US\$ terms), primarily the import of motor vehicles, caused mainly by policy measures including higher excise taxes, credit restrictions and exchange rate depreciation adopted to contain the increased domestic demand and widening trade deficit in early 2012. The cash refund on VAT also declined substantially during the period under review due to implementation of SVAT system that makes setting off of VAT liabilities against VAT refunds.

**Table 3.6> Performance of VAT (January- April)**

Tax Base	Rs. Million		
	2012	2013	Growth %
Domestic	38,430	42,757	11.3
Imports	42,273	36,699	-13.2
<b>Gross Revenue</b>	<b>80,703</b>	<b>79,456</b>	<b>-1.5</b>
Refunds	792	170	-78.6
<b>Net Revenue</b>	<b>79,911</b>	<b>79,286</b>	<b>-0.8</b>
Refunds as a % of Gross Revenue	1.0	0.2	

Source: Department of Fiscal Policy

### Excise Taxes

During the first four months of 2013, the revenue generated from Excise Tax on liquor, cigarettes and tobacco, petroleum, motor vehicles and other items amounted to Rs. 59,860 million. This is a decline of 17.9 percent from Rs. 72,904 million recorded in the same period of 2012.

Production of hard liquor declined by 13.8 percent while production of soft liquor increased by 22.9 percent during the first four months of 2013 compared to the same period of 2012. Accordingly, the revenue from excise duty on liquor increased moderately by 4.3 percent to Rs. 20,845 million during the first

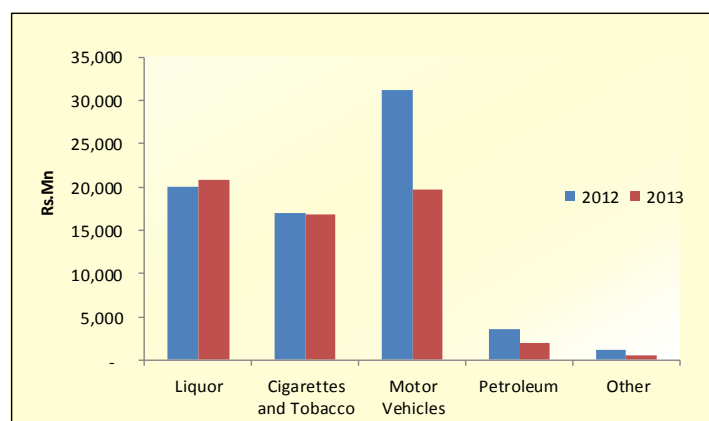
four months in 2013 compared to the corresponding period in 2012 while revenue from excise duty on cigarettes decreased by 0.8 percent to Rs. 16,854 million during January-April 2013 compared to Rs. 16,998 million in the same period of 2012. This was mainly due to the decline in the consumption followed by the increase of excise duty on cigarettes and tobacco in December 2012. The biggest decline in revenue from excise duty was recorded in excise special provisions on motor vehicles amounting to Rs. 19,681 million during the first four months in 2013 which is a 36.9 percent decline compared to the same period in 2012. This was due to the decline in motor vehicle imports significantly.

**Table 3.7>Performance of Excise Duty (January - April)**

Tax Base	Rs. Million		
	2012	2013	Growth (%)
Liquor	19,988	20,845	4.3
Cigarettes and Tobacco	16,997	16,854	(0.8)
Motor Vehicles	31,197	19,681	(36.9)
Petroleum	3,554	1,927	(45.8)
Other	1,168	554	(52.5)
<b>Total</b>	<b>72,904</b>	<b>59,860</b>	<b>(17.9)</b>

Source : Department of Fiscal Policy

**Chart 3.2: Performance of Excise Duty (January - April)**



**Table 3.8>Motor Vehicle Imports and New Registration of Vehicles - January to April**

Unit: Number

Item	Imports				New Registrations			
	2012	2013	Change	%	2012	2013	Change	%
Buses	1,829	414	-1,415	-77.4	1,504	654	-850	-56.5
Motor Cars	13,680	5,646	-8,034	-58.7	16,272	7,177	-9,095	-55.9
Three Wheelers	44,529	32,379	-12,150	-27.3	42,930	30,117	-12,813	-29.8
Motor Cycles	80,544	51,340	-29,204	-36.3	88,527	54,971	-33,556	-37.9
Goods Transport Vehicles(a)	21,676	8,813	-12,863	-59.3	5,288	2,045	-3,243	-61.3
Land Vehicles (b)	12,398	4,728	-7,670	-61.9	8,492	4,565	-3,927	-46.2
Other	3,276	448	-2,828	-86.3	15,688	8,742	-6,946	-44.3
<b>Total</b>	<b>177,932</b>	<b>103,768</b>	<b>-74,164</b>	<b>-41.7</b>	<b>178,701</b>	<b>108,271</b>	<b>-70,430</b>	<b>-39.4</b>

Source: Department of Customs and Department of Motor Traffic

(a) Lorries and Other Goods Transport vehicles.

(b) Tractors, Hand Tractors and Other Land Vehicles.

## Import Duty

The revenue from import duties decreased by 11.9 percent to Rs. 23,149 million during the first four months of 2013 compared to Rs. 26,270 million during the same period of 2012. This was mainly due to the general decline on imports on all three major categories of goods imported, viz. consumer goods, intermediate goods and investments goods and more, specially, the decline in transport equipment categorised under investment goods, petroleum categorised under intermediate goods and motor vehicles categorised under consumer goods. The specific decline in import in value terms in respect of transport equipment amounted to US\$ 238 million or Rs. 29,988 million while that from petroleum product was US\$ 481 million or Rs. 60,606 million. The decline in other consumer goods

including motor vehicle imports, which has a bearing on all taxes at the point of import, except cess and SCL, amounted to US\$ 130 million or Rs. 16,380 million. However, the import value increase in respect of building materials and machinery was modest to neutralize the base impact on tax revenue. The increase of import duty on beer to make the taxes on imports to be in line with the domestic taxes on beer and the reduction of the duty waiver on milk powder to promote local dairy production contributed positively to the revenue from imports. Further, the duty free items, consisting of pharmaceuticals, fertilizer, textiles etc. and imports under FTA with India and Pakistan as well as duty free imports under investment agreements etc. caused the decline in the revenue from import duty.

## Special Commodity Levy (SCL)

Special Commodity Levy (SCL) generated revenue of Rs. 14,930 million in January - April period of 2013 showed a 38.8 percent increase over the same period of 2012. The commodities that generated high revenue under SCL included sugar, vegetable oil, potatoes and B'onions. Increase of SCL duty rates on commodities such as potatoes to promote domestic agriculture also contributed to this increase. As a single tax on selected commodities, the government continued using SCL as a mechanism to provide better price to the domestic farmers during the harvesting seasons and adjust appropriately during off season to stabilize consumer prices.

## Nation Building Tax

During the first four months of 2013, the NBT revenue generated from imports declined by 16.4 percent to Rs. 4,760 million while in NBT revenue from domestic activities increased by 10.5 percent to Rs. 7,795 million. Consequently, the total revenue generated from Nation Building Tax (NBT) declined by 1.5 percent to Rs. 12,555 million compared to Rs. 12,748 million generated in 2012. The contraction in imports of several items such as motor vehicles, home appliances, textiles, chemical products, wheat and maize mainly affected the decline of

NBT revenue from imports. The improvement in construction activities, growth in domestic trade services and improvement in the hotels and restaurant services in line with the continued expansion in tourism industry supported the growth in NBT revenue from domestic activities. The increased NBT threshold of all business carried out by any person or partnership to Rs. 3 million per quarter or Rs. 12 million per year was made effective from 01 January 2013 to facilitate the SMEs as well as simplify the tax administration.

One third of the revenue generated from the NBT is being transferred to Provincial Councils (PCs) under the revenue sharing mechanism introduced to consolidate NBT and the Provincial Councils Turnover Tax (PTT) as a part of the simplification of taxation. Accordingly, NBT revenue of Rs. 6,040 million was transferred to PCs during the first four months of 2013. It was Rs. 6,375 million in the same period of 2012. This moderation is a reflection of lower revenue collection from NBT on imports. In addition, 70 percent of revenue amounting to Rs. 483 million collected from motor vehicle registration fees and entire revenue of Rs. 2,659 million collected from stamp duty were also transferred to PCs during the first four months of 2013 in support of devolved activities.

**Table 3.9> Revenue Transferred to Provincials Councils (January-April, 2013)**

*Rs. Million*

Month	NBT		Motor	Stamp Duty	Total
	Inland Revenue Department	Customs	Vehicle Reg. Fees		
January	1,066	616	126	1,113	2,921
February	781	518	107	164	1,570
March	722	609	121	186	1,638
April	1,091	638	129	1,196	3,054
<b>Total</b>	<b>3,660</b>	<b>2,380</b>	<b>483</b>	<b>2,659</b>	<b>9,182</b>

*Source: Department of Fiscal Policy*

### **Other Taxes**

The revenue generated from Ports and Airports Development Levy (PAL) decreased by 23.8 percent to Rs. 16,423 million during the first four months of 2013 in comparison to Rs. 21,549 million in the same period of 2012. However, the total revenue collected from Cess on imports and exports amounted to Rs. 12,192 million and indicated an increase 16.8 percent compared to the revenue of Rs. 10,437 million collected in 2012. The considerable part of the revenue from Cess came from imports amounted Rs. 11,189 million, an increase 19.2 percent compared to the Rs. 9,384 million in 2012.

The imposition of Cess on a unit basis on several items helped maintaining a buoyant growth in revenue from this source which is

primarily used for development of specific sectors and products. The revenue collected from Telecommunications Levy increased by 1.3 percent to Rs. 7,082 million in first four months of 2013 compared to Rs. 6,992 million in the same period in 2012.

### **Non Tax Revenue**

Total non tax revenue during the first four months of 2013 was declined by 16.9 percent to Rs. 24,162 million compared to Rs. 29,089 million collected in the same period in 2012. The non tax revenue accounted to 8 percent of the total government revenue. This was mainly consisted with profit transfers from Central Bank, sales and charges and social security contribution, which accounted Rs. 4,350 million, Rs. 9,545 million and Rs. 4,712 million, respectively.

**Table 3.10> Fiscal Measures (June 2012 - May 2013)**

<b>Excise (Special Provisions)</b>	
05.10.2012	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 1778/40 of 05.10.2012) - To increase the Excise (Special Provisions) Duty on Cigarettes and other tobacco products
08.11.2012	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 1783/19 of 08.11.2012) - To increase the Excise (Special Provisions) Duty on Cigarettes and other tobacco products, motor vehicles and other goods
15.01.2013	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 1793/5 of 15.01.2013) - To amend the applicable taxes as per the 2012 budget proposal, on a motor vehicle imported as a replacement of a motor vehicle which is used to transport air passengers from and to airports by any Airport Taxi Operator who holds a valid permit issued by the Airport and Aviation Services (Sri Lanka) Ltd
<b>Cess</b>	
13.06.2012	Export Development Act, No. 40 of 1979 (Gazette Notification No. 1762/29 of 13.06.2012) - To replace Cess rates and units of export granite mentioned in the Extraordinary Gazette No. 1733/5 dated 21.11.2011 to minimize market difficulties faced by the exporters of granite blocks
27.06.2012	Export Development Act, No. 40 of 1979 (Gazette Notification No. 1764/5 of 27.06.2012) - To amend the Cess rates payable on import of frozen vegetables, dried vegetables, fresh mandarins, wheat or mesline flour, malt extracts, ferrous waste and scrap and impose Cess on bars and rods of iron or non - alloy steel, tubes, wire of iron or non-alloy steel and pipes and hollow profile of iron or non-alloy steel to support the domestic manufacturers as well as to contain the arrival of substandard products to the local market
03.09.2012	Export Development Act, No. 40 of 1979 (Gazette Notification No. 1774/3 of 03.09.2012) - To increase of the Cess rates to safeguard the local high quality production of ceramic articles including tiles, sanitary ware (sinks, cisterns, squatting pans etc.) tableware and kitchenware by avoiding the dumping of cheap and low quality imported products
08.11.2012	Export Development Act, No. 40 of 1979 (Gazette Notification No. 1783/20 of 08.11.2012) - To exempt Cess on the export of scrap/waste generated by enterprisers registered under the BOI or Customs Manufacture-in-Bond or a scheme under Temporary importation for Export Processing (TIEP), to increase/impose Cess on export of raw, rubber and low value added mineral exports to encourage local value addition
08.11.2012	Export Development Act, No. 40 of 1979 (Gazette Notification No. 1783/21 of 08.11.2012) - To exempt Cess on the importation of goods for specified projects of national interest to facilitate the implementation of development projects, to reduce the upfront cost of local manufacturers by way of reduction/removal of Cess on a variety of raw material, to reduce Cess on such imports to enhance the availability of branded products for personal use at affordable prices and to increase the Cess on importation of certain items that could be locally manufactured

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22.01.2013 Export Development Act, No. 40 of 1979 (Gazette Notification No. 1794/9 of 22.01.2013) - To reduce the Import Cess rates on unbleached cotton woven fabrics to Rs. 75 per kg and other fabrics to Rs. 100 per kg to encourage domestic processing in apparel industry using imported unprocessed raw material

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22.01.2013 Export Development Act, No. 40 of 1979 (Gazette Notification No. 1794/10 of 22.01.2013) - Aimed to a revision of Export Cess rate on bulk tea has been revised as Rs.10/= per kg or 2.5% of the Colombo tea Auction average price, whichever is higher. Colombo Tea Auction average price is determined for each month by the Director General of Customs in consultation with the Director General of Sri Lanka Tea Board and will come into effect from the first day of the month and is computed by taking the average prices of the Colombo Tea Auction during the immediately preceding consecutive two months prior to one month from the effective date.

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#### **Excise Ordinance**

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05.10.2012 Excise Notifications Nos. 952, 953, 954 and 955 (Gazette Notification No. 1778/41 of 05.10.2012) - To amend the Excise duty on liquor, molasses, palmyrah, coconut and processed arrack, country made foreign spirits and malt liquor

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05.10.2012 Excise Notification No. 956 (Gazette Notification No. 1778/42 of 05.10.2012) - To amend the Excise duty on spirit (Ethyl Alcohol) to be used in the manufacture of medicinal preparations /approved industrial and other use

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03.04.2013 Excise Notification No. 957 (Gazette Notification No. 1804/16 of 03.04.2013) - To amend the Excise duty on import/local manufactory of spirit (Ethyl Alcohol) to be used by Government approved research and Educational Institutions, Hospitals and Government Departments, Spirit (Ethyl Alcohol) to be used in the Production of Medicinal preparations and Industrial Products which are final Products that do not subject to payment of Excise Duty manufacturing of Alcohol and Impure Ethyl Alcohol spirits (Technical spirits/ weak spirits)

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#### **Ports and Airports Development Levy**

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09.11.2012 Ports and Airports Development Levy Act, No.18 of 2011 (Gazette Notification No. 1783/34 of 09.11.2012) - To imposed concessionary rate of 2.5% on importation of goods under the specified HS Codes, to exempt the payment of Ports and Airports Development Levy on importation of goods under the specified HS Codes and to exempt the payment of Ports and Airports Development Levy on importation of medical equipment to be donated to a health institution which provides health care services free of charge

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#### **Fiscal Management (Responsibility) Act**

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29.06.2012 Order made under Section 10 of Fiscal Management (Responsibility) Act, No. 3 of 2003 (Gazette Notification No. 1764/20 of 29.06.2012) - To publish the Mid - Year Fiscal Position Report - 2012

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08.11.2012 Order made under Sections 4 and 7 of Fiscal Management (Responsibility) Act, No. 3 of 2003 (Gazette Notification No. 1783/22 of 08.11.2012) - To publish the Fiscal Management Report - 2013

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31.05.2013 Order made under Section 13 of Fiscal Management (Responsibility) Act, No. 3 of 2003 (Gazette Notification No. 1812/28 of 31.05.2013) - To publish the Final Budget Position Report - 2013

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**Stamp Duty (Special Provisions) Act**

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- 04.10.2012 Stamp Duty (Special Provisions) Act, No. 12 of 2006 (Gazette Notification No. 1778/32 of 04.10.2012) – To exempt Share Certificate on the initial issue of any share by a company to another company where both companies are owned or controlled by the Government of Sri Lanka or a company which has entered into an agreement with the Board of Investment of Sri Lanka under the Strategic Development Project Act, No. 14 of 2008 to a company owned or controlled by the Government of Sri Lanka from Stamp Duty
- 17.12.2012 Stamp Duty (Special Provisions) Act, No. 12 of 2006 (Gazette Notification No. 1789/9 of 17.12.2012) – To amend the Stamp Duty rates relating to affidavits, insurance policies, notary warrants, periodic license to carry on trade businesses, license for sale of liquor and demand for payment of usage of credit cards as proposed in Budget 2013
- 18.12.2012 Stamp Duty (Special Provisions) Act, No. 12 of 2006 (Gazette Notification No. 1789/15 of 18.12.2012) – Adding of new item after the item 7 of the schedule thereto the following new item: “7A, Any instrument of transfer of stocks, by any person to a margin trading account (slash account) or vice versa”
- 10.05.2013 Stamp Duty (Special Provisions) Act, No. 12 of 2006 (Gazette Notification No. 1809/19 of 10.05.2013) – To reduce the Stamp Duty rate applicable on Affidavit from Rs. 250/- to Rs. 50/-

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**Finance Act**

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- 28.12.2012 Finance Act, No. 11 of 1963 (Gazette Notification No. 1790/15 of 28.12.2012) – To declare that the provisions of Sub-sections (1), (2) and (3) of Section 58(4)(g) of the Finance Act, No. 11 of 1963 shall not apply to the transfer of the land and premises located at No. 112, Horton Place, Colombo 07, in extent of 0.30926 Hectares according to Preliminary Plan to the Embassy of the People’s Republic of China
- 31.12.2012 Finance Act, No. 25 of 2003 (Gazette Notification No. 1791/8 of 31.12.2012) – To charged and levied an Embarkation Levy from the person leaving Sri Lanka by aircraft and person leaving Sri Lanka by ship.
- 09.01.2013 Finance Act, No. 11 of 2006 (Gazette Notification No. 1792/19 of 09.01.2013) – To remove the limitation of the cylinder capacity of 1600 for motor cars imported by a tax payer alertly to the Special Privilege under the Finance Act, No. 11 of 2006

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*Compiled by the Department of Fiscal Policy*



## Government Expenditure

The overall government expenditure stood at Rs. 658,371 million during the first four months of 2013 which constituted of Rs. 471,380 million

of current expenditure and Rs. 186,991million of capital expenditure. When compared to the corresponding period in last year, it has increased by 2.3 percent and 21.7 percent for current and capital expenditure, respectively.

**Table 3.11> Performance of Government Expenditure: January - April 2013**  
(Rs. Mn)

	2012	2013
<b>Current Expenditure</b>	<b>460,625</b>	<b>471,380</b>
Salaries	112,114	126,950
Pension	37,133	41,732
Interest	173,651	176,099
Other	137,728	126,599
<b>Capital Expenditure</b>	<b>153,634</b>	<b>186,991</b>
<b>Total</b>	<b>614,259</b>	<b>658,371</b>

Source: Department of National Budget, Department of State Accounts and Department of Treasury Operations

### Salaries and Pension

The government spent Rs. 126,950 million on salaries of public servants during the first 04 months with an increase of 13.2 percent over the corresponding period of the previous year. This was mainly due to the increase in the Cost of Living Allowance by Rs.750/- per month for all categories of employees in the public sector from January 2013 and the full impact of the salary increase made in 2012, on a staggered basis and the impact of recruitment of graduate trainees to be employed under the Development Officers Service minutes and in other vacant positions.

The expenditure on pension payments totaling Rs. 41,732 million during the first 04 months in 2013 recorded an increase of 12.4 percent. This was partly due to the full impact of over 20,000

new retirees in 2012 and the partial impact of 5,000 new retirees in the first four months of 2013. The increase in pension payments for retirees prior to 2006 as a pension anomaly rectification made in 2012 also contributed to this increase. Further, the Cost of Living Allowance was increased by Rs. 500/- per month for all public sector pensioners in January 2013, also affected this increase over the same period in 2012.

### Interest Cost

Interest payments on foreign and domestic debt amounted to Rs. 176,099 million with a 1.4 percent increase over the corresponding period of last year. During this period, domestic interest rates declined and exchange rate remained relatively stable in comparison to the comparable period of last year.

**Table 3.12> Behaviour of Yield Rates (%) on Government Securities and Exchange Rate : 2012-2013**

Period	Treasury Bills			Treasury Bonds				Exchange
	91 Days	182 Days	364 Days	2 Years	3 Years	4 Years	5 Years	Rate
2012 Jan	8.67	8.71	9.30	9.45	-	9.55	-	113.90
Feb	9.51	9.64	10.19	-	10.20	-	10.75	117.23
Mar	11.00	11.06	11.32	10.61	-	10.83	-	125.52
Apr	11.93	12.05	12.16	11.46	11.60	11.80	12.10	128.66
May	11.58	12.32	12.50	-	13.50	-	14.00	129.38
Jun	11.12	12.61	12.88	-	-	-	-	132.04
Jul	11.35	12.85	13.15	-	-	-	14.15	132.87
Aug	11.41	13.07	13.31	13.62	-	14.10	-	132.07
Sep	11.30	12.57	13.02	-	-	-	-	131.78
Oct	-	11.90	12.48	-	-	-	-	129.11
Nov	10.79	12.09	12.85	-	-	-	-	130.33
Dec	10.00	11.32	11.69	-	-	-	-	128.35
2013 Jan	9.63	10.41	11.25	-	10.98	-	10.90	126.85
Feb	9.10	10.08	11.10	-	-	-	10.74	127.70
Mar	9.26	-	11.35	-	-	-	-	126.81
Apr	9.23	10.23	11.34	-	-	-	11.45	126.03
May	8.73	9.90	10.86	-	-	-	-	126.31
Jun	8.66	9.70	10.66	-	-	-	-	127.81

Source : Department of Treasury Operations , Department of Public Debt, Central Bank of Sri Lanka

## Welfare Expenditure

The expenditure on welfare programs of the government in the first four months of the year totaled at Rs. 22,333 million. This is a 10 percent increase over the same period in 2012.

The government continued to provide welfare assistance addressing the needs of the poorer segments of the society including Samudhi cash supplements, payment to elderly, parents of security personnel as well as, flood and drought relief to affected families spending Rs. 7,545 million during the period under reviewed. The service compensation to injured and dead soldiers increased to Rs. 5,240 million during this period from Rs. 4,877 million of the corresponding period in the previous year.

The Nutritional Intervention Programmes carried out by the government to improve the maternal and child health care such as Poshana Malla, Thriplosa programme, fresh milk programme and nutrition programme for school children continued in 2013 costing of Rs.

1,368 million. The amount includes the expenditure incurred in the Ministry of Health amounting to Rs. 533 million on Thriplosa programme and Rs. 43 million spent to provide fresh milk for children between 2-5 years. The assistance provided under World Food Programme was Rs. 540 million during January to April 2013 in comparison to the corresponding period of the previous year. Providing the free education to all school going age children, the government expenditure on providing free school text books, uniforms, season tickets, free dharma school books and bursaries increased to Rs. 1,783 million for the period of January to April in 2013 from Rs. 1,429 million of the corresponding period in previous year. On a similar consideration of providing free health, the expenditure on free pharmaceutical drug amounted to Rs. 13,393 million. Continuing with the government's policy decision to provide fertilizer at a subsidized price government spent Rs. 6,397 million during the period January- April 2013 for this purpose.

**Table 3.13: Welfare Expenditure, January - April**

Item	(Rs. Mn)	
	2012	2013
<b>Mothers and Children</b>		
Thripasha Programme and Infant Milk Food Subsidy/Poshanamalla	522	631
Free Text Books & Uniforms	921	1,234
School Season Tickets	508	549
School Nutritional Foods	857	737
<b>Agriculture</b>		
Fertilizer Subsidy	13,002	6,397
<b>Welfare Payments</b>		
Samurdhi Relief	2,712	6,898
Assistance to Differently able Soldiers	4,877	5,240
Food Assistance, Flood and Drought Relief	318	647

Source: Department of National Budget

### Public Investment Expenditure

The Government continued to channel resources on public investment with a commitment to accelerate development programmes, through rural (Divi Neguma and Gama Neguma), Urban (Pura Neguma and regional development initiatives), along with country wide education and health and social welfare development programs as part of its public investment strategy to ensure all household will benefit from development through improved access to education, health, livelihood development opportunities and infrastructure. Public investment was also maintained to expand infrastructure development facilities comprising of bridges, roads, power generation, irrigation, water supply, sea and airports during the period of January to April 2013. The total public investment amounted to Rs.196 billion during this period amounted for 37 percent of the budgeted public investment in 2013.

#### (A). Rural Development Initiatives

Divi-Neguma, household backyard economy development program was continued by incurring Rs.426 million during the first four months with the objective of empowering household economic base and improving nutrition level as well as food security at household level and promoting value based family living. Under this programme development of cottage industries, self-employment initiatives, fishery and livestock development along with small scale agricultural projects were mainly targeted. Gama Neguma, the major initiative to

empower the rural economy through developing linkages between mainstream development activities and rural centric activities so that rural communities are promoted as a major contributor to the national economy, continued in 2013. A need base rural facilities were developed under “one project for one village” concept. Accordingly, one development project worth of Rs. one million is being implemented in each village. This programme was continued targeting specific facilities such as road development and improving minor irrigation and drinking water facilities, incurring Rs.1,896 million during January to April 2013.

In addition Rs. 5,024 million was spent on the development of Provincial Roads. In addition, under the “Maga Neguma” and “Gama Neguma” programmes, Rs. 2,749 million and Rs. 1,896 million were spent for the development of rural roads, respectively.

#### (B) Human Resource Development

##### Education

Rs. 44,697 million has been spent on Education Sector during the first four months of 2013. This includes Rs. 33,523 million for General Education, Rs. 9,159 million for Vocational Education and Rs. 2,015 million for Higher Education. A major share of Rs. 1,440 million of capital expenditure of Higher Education has been incurred for the development of infrastructure facilities of the universities including class rooms and equipment in order to accommodate the additional intake of

students. An investment of Rs. 1,239 million has been made to develop 1000 Secondary Schools during the period. The construction of 270 Mahindodaya Labs have been completed and 139 in progress. Related work has also

been initiated in respect of remaining 591 secondary schools. In the meantime, out of 5000 Feeder Primary schools, 1716 are being rehabilitated to make child friendly school environment.

**Table 3.14> Expenditure on Major activities of Education Sector (Rs.Mn.)**

Description	2012 (January-April)			2013 (January-April)		
	Domestic Finance	Foreign Finance	Total Expenditure	Domestic Finance	Foreign Finance	Total Expenditure
	<b>Total Recurrent Expenditure</b>	28,584		28,584	38,805	
Salaries for school Teachers and other support staff	6,138		6,138	6,349		6,349
Other service delivery expenditure	1,938		1,938	10,794		2,195
Welfare Programmes	2,582		2,582	1,216		1,216
Evaluation of Examination	756		756	935		935
<b>Provincial Education</b>	17,170		17,170	19,511		19,511
Service delivery expenditure of Universities and other higher education Institutes	4,827		4,827	5,787		5,787
Salaries for vocational Training and other support staff	348		348	381		381
Other service delivery expenditure	857		857	895		895
Bursaries, Scholarships, Bursaries and stipend	4		4	5		5
<b>Public Investment Expenditure</b>	3,424	145	3,569	5,892	259	6,151
Primary school development	71		71	37		37
Defence Services Schools	65		65	55		55
Secondary School Development	551		551	509		509
Education for Knowledge Society Project	246	32	278	252	21	273
<b>Provincial Education</b>	850		850	1,190		1,190
Higher Education for 21st century Project		113	113	238		238
Development of Universities and other Higher Educational Institutions	1,179		1,179	3,134		3,134
Vocational Training Institutes	364		364	614		614
Other Development	98		98	101		101

Source: Department of National Budget

## Health

The expenditure on health consisting of Western and Indigenous Sectors of medicine covering curative, preventive and promotive care services amounted to Rs. 32,558 million during the first four months of 2013. Out of the total Rs 16,126 million or 56.5 percent was utilized on current expenditure on service deliveries. The sectoral total recurrent expenditure accounted for Rs. 28,521 million out of this Rs. 12,395 million was spent on Medical Supplies covering 43 percent of the total recurrent expenditure while utilizing Rs. 12,323 million on personal emoluments. During the first four months, capital expenditure of Rs.

4,037 million has been incurred, major share has been channeled for hospital development, maintenance and rehabilitation, and provision of equipment. Construction of State of the Art Cancer Ward Complex at National Institute of Cancer- Maharagama, Epilepsy Unit at the National Hospital Colombo, Development of Dental Institute of Colombo, Helmut Khol Maternity Hospital Karapitiya-Galle, Development of District General Hospitals of Hambantota and Nuwara Eliya are some of the key projects successfully implemented during the first four months of the year. In addition, the Government distributed 250 Ambulances in fulfilling the requirement of island wide hospital network during the same period.

**Table 3.15>Expenditure on Major Activities of Health Sector  
( Rs.Mn.)**

Description	2012	2013
	January - April	January - April
<b>Total Recurrent Expenditure</b>	<b>17,407</b>	<b>28,521</b>
Service Delivery Expenditure	12,358	16,126
<i>of which</i> Salaries of Medical Personnel and Support Staff	9,917	12,323
Provision of Medicine	5,049	12,395
<b>Public Investment Expenditure</b>	<b>2,400</b>	<b>4,037</b>
Development of District Hospital, Pollonnaruwa	23	41
Epilepsy unit at National Hospital, Colombo	1	210
Korea- Sri Lanka Friendship Hospital at Matara, Godagama and other Hospitals	-	12
Development of DGH Hambantota and DGH Nuwaraeliya	0	26
Construction of OPD and Ward at Monaragala Hospital	3	43
Improvement of Central Functions at Teaching Hospital, Jaffna	32	9
Development of Dental Institute of Sri Lanka		18
Thousand Hospital Development Programme		224
Provision of 250 Ambulances (Payment of Lease)	-	97*
Other Development	2,341	3,454

Source: Department of National Budget

\* Paid by the Department of National Budget

## (C) Infrastructure

### (1) Irrigation and Water Management

The construction work on dams as well as social and irrigation infrastructure development activities in resettlement areas under Moragahakanda and Kalu Ganga Reservoir Project continued during the first 04 months of 2013. Land acquisition, and development, resettlement, construction of irrigation network, access roads, provision of necessary social infrastructure facilities and environment conservation and management formed substantial part of such development activities. Accordingly, Rs. 805 million was incurred on this project for the period of January to April 2013. Construction of the Uma Oya Diversion Project which was commenced in 2009 to benefit 12,000 families in Badulla, Monaragala and Hambantota districts while generating 120 MW hydro power and cultivating 15,000 acres of land continued with

the expenditure of Rs.186 million from January to April 2013 as part of ongoing work.

Deduru Oya Reservoir Project, which is designed to irrigate 11,000 ha of new and existing land in Kurunagala and Puttalam districts and provide benefits to about 11,000 famer families also continued with the final stage construction work of the main dam, left and right and bank sluices, main canal, spill way and trans-basin. The expenditure of the project from January to April 2013 was Rs. 451 million. Head works on 32 major dams, together with rehabilitation of water conveying systems, de-silting modernization and installation of modern gauging and metrological information equipment for 80 dams are being undertaken through the Dam Safety and Water Resources Planning Project implemented by the Ministry of Irrigation and Water Resources. The cumulative expenditure of this project during January to April 2013 was Rs. 303 million.

## (2) Water Supply and Sanitation

The investment on the water supply and sanitation sector during the first four months of 2013 amounted to Rs. 3,539 million. This included investment of Rs. 2,346 million for 42 large scale water supply schemes and Rs. 665 million for 54 small and medium scale schemes. Ruhunupura Water Supply Projects which provides drinking water to 112,000 persons in Sooriyawewa, Hambantota and Sevanagla Divisional Secretariat Divisions, Intergraded Water Supply Project for Un-served areas in Ampara District with 200,000 beneficiaries, Dry Zone Water and sanitation Project which

provides water supply and sanitation facilities to 298,000 persons, Kalu Ganga Water Supply Project (Phase I, Stage II), Dambulla Water Supply Project which provides water to 182,000 persons in Dambulla and surrounding areas are the major water supply projects which are at the peak of the construction stage, Rs. 108 million has been invested in four sewerage schemes during the first five months. Waster Water Disposal System in Ratmalana - Motratuwa and Ja-Ela Ekala areas and Greater Colombo Waste Water Management Project are the main sewerage projects which are in the construction phase.

**Table 3.16 > Water Supply & Sanitation (Jan-April) 2013**

Rs.Mn			
Category	Foreign Finance	Domestic Finance	Total
Large Scale Water Supply & Sanitation Schemes: <i>Jaffna Kilinochchi, Badulla- Haliela and Ella, Ampara, Ruhunupura, Chilaw, Vavunia, Mannar, Puttalam, Colombo, Negombo, Kelaniya, KolonnaBalangoda, Dhambulla, Kurunagala, Polonnaruwa, Anuradhapura,</i>	384	1,962	2,346
Emerging Small Townships Water Supply Schemes	-	665	665
Tsunami water Supply Projects: <i>Trincomalee</i>	10	90	100
Sewerage Schemes <i>Colombo, Moratuwa, Ratmalana, Ja-ela, Ekala&amp; Kandy</i>	-	108	108
Community Water Supply and Sanitation Schemes	-	320	320
<b>Total</b>	<b>394</b>	<b>3,145</b>	<b>3,539</b>

Source : Department of National Budget

## (3) Highways and Bridges

For the period of January-April 2013, the investment on national roads development of the country was around Rs. 32,073 million. This investment includes Rs. 4,117 million on expressway development and Rs. 12,782 million on development of highways island

wide. Meanwhile, Rs. 8,293 million on widening and improving national roads, Rs 482 million on constructions of bridges and flyovers and Rs. 521 million on Natural Disaster Affected Road Rehabilitation had also been incurred.



Table 3.17&gt; Expenditure on Major Activities of Road Sector

Rs.Mn

Description	2012			2013		
	January-April			January-April		
	Domestic Funds	Foreign Loans	Total	Domestic Funds	Foreign Loans	Total
<b>Service Delivery Expenditure</b>	64		64	87		87
<b>Personal Emoluments</b>	28		28	31		31
Salaries and Wages	17		17	18		18
Overtime and Allowances	11		11	13		13
<b>Operational and Maintenance Expenditure</b>	37		37	56		56
<b>Investments</b>						
<b>National Roads</b>	16,402	11,196	27,598	23,451	8,535	31,986
<i>Expressways Development</i>	1,514	1,369	2,883	2,083	2,034	4,117
Southern Transport Development Project	345	1,369	1,714	289	1,736	2,025
Colombo - Katunayake Expressway	481		481	317	253	570
Outer Circular Highway	619		619	1,000	46	1,046
<i>Other Expressways Development</i>	69		69	477		477
<i>Highways Development</i>	5,528	9,235	14,763	6,774	6,008	12,782
Maintenance of Roads and Bridges	2,072		2,072	3,200		3,200
Road Network Development for Hambantota International Hub	1,805		1,805	1,040		1,040
Improvement of National Road Network in Northern Province	56	1,701	1,757	131	2,304	2,435
Rehabilitation & Improvement of Priority Road Projects Phase II	671	3,137	3,808	792	1,587	2,379
National Highway Sector Project Supplementary Loan				881	608	1,489
<i>Other Highways Development</i>	924	4,396	5,320	730	1,509	2,239
<i>Widening &amp; Improvement of Roads</i>	5,875		5,875	8,293		8,293
<i>Construction of Bridges and Flyovers</i>	171		171	398	84	482
Reconstruction of Damaged/ Weak Bridges on National Highways	32		32	205		205
Reconstruction of 5 Bridges in Eastern Province	62		62	80	84	164
<i>Other Construction of Bridges and Flyovers</i>	77		77	113		113
<i>Natural Disaster Affected Road Rehabilitation</i>	131	627	758	113	408	521
Emergency Natural Disaster Rehabilitation	26	408	434		408	408
<i>Other Natural Disaster Affected Road Rehabilitation</i>	106	219	325	113		113
<i>Institutional Support</i>	1,684	43	1,727	3,039		3,039
Maga Neguma-Connecting Villages	1,400		1,400	2,749		2,749
Other Capital Expenditure	98	320	418	43	531	574

#### (4) Transport

The government invested Rs 8,760 million on the development activities in the transport sector during the first four months of 2013, with the aim of achieving effective and safety transport system for general public in three sub sectors of public transport, private transport and railways. Out of the total investment in the

above, Rs. 2,466 million was invested in Sri Lanka Transport Board (SLTB) and Rs. 5,350 million was related to development and improvement of rail transport facilities. The expenditure in ongoing Railway network improvement and contributing amounted to Rs. 5,078 million.

**Table 3.18> Railway Sector Development Expenditure : January - April 2013**

Rs. Mn.

Name of the Project	Domestic Financing	Foreign Financing	Total Expenditure
Matara – Beliatta – Kataragama New Rail Line	43.0	-	43.0
Omanthai – Pallai Line	198.0	1676.3	1874.3
Medawachchiya – Madu Line	34.0	1353.2	1387.2
Madu – Talaimannar Line	74.0	460.0	534.0
Pallai – KKS Line	4.0	1209.3	1239.3
Installation of New Railway Signaling & Telecommunication System from ANP/TLM/KKS	26.0		
<b>Total Investment</b>	<b>379.0</b>	<b>4698.8</b>	<b>5077.8</b>

Source : Department of National Budget

### (5) Ports

Two major port development projects are currently in progress viz. Colombo South Harbor Project (CSHP) and Galle Regional Port Development Project aiming at improving port facilities to stimulate higher economic growth. Accordingly, during the period from January - April 2013, the investment in Colombo South Harbor Project (CSHP) was Rs. 572 million on the ongoing infrastructure related expenditure.

million on the power sector during the first four months of 2013 with the aim of achieving 100 percent access to electricity by 2013. The amount spent for improving generation facilities in the country was Rs.1,364 million while Rs. 2,438 million was spent on the expansion of electricity distribution facilities. In addition, Rs. 143 million has been invested on the development of transmission system to further reduce transmission losses and improve efficiency.

### (6) Power and Energy

The government invested about Rs.3,945

**Table 3.19 >Power Sector Development Expenditure - As at 30th April 2013**

Rs. mn.

Name of the project	Domestic Financing	Foreign Financing	Total Expenditure
<b>Electricity Generation</b>	-	<b>1,365</b>	<b>1,365</b>
Upper Kotmale Hydro power Project (GOSL/JICA)	-	911	911
Rehabilitation of Old Lakshapana Power Plant (GOSL/ Austria)	-	192	192
Rehabilitation of New Lakshapana and Wimalasurendra Hydro Power Plant (GOSL/France)	-	225	225
Moragolla Hydro Power Plant - SPSSII (Detailed Design) - (GOSL/ADB)	-	37	37
<b>Electricity Transmission</b>	<b>20</b>	<b>123</b>	<b>143</b>
VauniyaKilinochchi Transmission Line (GOSL/JICA)	-	102	102
North East Transmission Development -SPSS - II (GOSL/ADB)	-	21	21
System Control Modernization Centre at Sri Jayawardenapura (GOSL/ADB)	20	-	20
<b>Electricity Distribution</b>	<b>1,395</b>	<b>1,043</b>	<b>2,437</b>
RuhunuUdanaya (GOSL)	100	-	100
NegenahiraNavodaya (GOSL/China - EB) and Distribution Improvement Project - SPSS II (GOSL/ADB)	175	96	271
KandurataUdanaya - (GOSL)	100	-	100
RajarataNavodaya-RE 4 (GOSL/Nordic Bank)	155	300	455
UvaUdanaya (GOSL/China EB)	168	443	611
Sabaragamuwa Arunalokaya - Rathnapura (GOSL)	135	-	135
Rural Electrification Project- RE- 08 (GOSL/Iran)	167	204	370
Batahira Ran Aruna (GOSL)	20	-	20
UthuruWasanthaya (GOSL/China EB)	175	-	175
WayambaPubuduwa (GOSL)	200	-	200
<b>Total Investment</b>	<b>1,415</b>	<b>2,530</b>	<b>3,945</b>



## The Use of Budgetary Support Services and Contingent Liability Project (Treasury Miscellaneous Vote -TMV)

Budgetary allocations provided from the TMV from January to April 2013 as per the section 6(1) of the Appropriation Act No. 23 of 2012, were Rs. 15,806 million of which, Rs. 1,559

million was for current expenditure and Rs. 14,247 million was for capital expenditure. The details of these allocations provided to spending agencies are given below.

**Table 3.20> Allocations provided from the Budgetary Support Services and Contingent Liability Project, January - April 2013**

Head No.	Ministry/ Department	Purpose	Recurrent Rs.	Capital Rs.
1	His Excellency the President	Establish a special fund to assist Artists, Journalists and Writers, Purchase of vehicles, Continuation of National Nutritional Secretariat Project and Child Friendly School Network Project as per Budget Proposal.	50,000,000	34,962,000
3	Secretariat for Special Functions (Senior Ministers)	Purchase and repair of vehicles and rehabilitation and improvement of official residences.		37,800,000
4	Judges of the Superior Courts	Rehabilitation of official residence		7,900,000
7	Judicial Service Commission	Acquisition of furniture, plant, machinery and equipment.		700,000
8	National Police Commission	Purchase of vehicles.		5,150,000
10	Commission to Investigate Allegations of Bribery or Corruption	Special allowances for legal officers.	3,240,000	
12	National Education Commission	Fuel, diets and uniforms, stationery and acquisition of furniture and office equipment.	360,000	500,000
16	Parliament	Purchase of vehicles.		4,000,000
20	Department of Elections	Expenditure of the election office in Hambantota.	3,000,000	
22	Office of the Parliamentary Commissioner for Administration	Acquisition of furniture and office equipment.		543,000
101	Ministry of Buddha Sasana and Religious Affairs	Purchase of vehicles		11,600,000
102	Ministry of Finance and Planning	Pay examination fees related to the recruitment of officers for Sri Lanka Planning Service and Sri Lanka Accountancy Service, Accounting Provision for the absorption of grants given for conducting a study to develop a comprehensive social protection scheme and purchase of vehicles.	20,442,473	34,873,165
237	Department of National Planning	Accounting Provision for the use of grants given by the United Nations Children's Fund for implementation of Policies and Advocacy for a Caring Society and Equitable Development Programme.		6,650,000
239	Department of External Resources	Grant assistance from Sri Lanka to establish a Vocational and Technical Training Centre in Uganda.		195,000,000
243	Department of Development Finance	Establishment of a credit guarantee fund at Lankaputhra Development Bank as per the budget proposal 2013.		500,000,000
247	Sri Lanka Customs	Purchase of a bus for facilitating the Airport activities.		7,500,000
250	Department of State Accounts	Settlement of the outstanding bills related to building renovations.		4,000,000

251	Department of Valuation	Payment of compensation for the underperforming enterprises vested with the government under the Act No 43 of 2011, as per the cabinet decision on 19th December 2012.		900,000,000
252	Department of Census and Statistics	Initiate the census on damaged property and human lives due to the conflict as per the recommendation of LLRC and the Economic Censes as per the Gazette Notification on 28th February 2013.		350,000,000
323	Department of Legal Affairs	Maintenance of plant and machinery.	400,000	
103	Ministry of Defence and Urban Development	Implementation of the budget proposal on Flood Mitigation Activities in Urban Areas, Research and development activities, Purchase of vehicles and Development of SathiPola at Paddukka, Delkanda and Embilipitiya.		730,700,000
223	Sri Lanka Navy	Development of Naval Academy as per the budget proposal 2013 and Purchase of vehicles.		108,500,000
224	Sri Lanka Air Force	Payment of 15% advance of the total estimated cost for purchasing helicopters and the construction of air field at Iranamadu.		2,800,000,000
226	Department of Immigration and Emigration	Setting up the facilities at International Airports and the airfare related to the repatriation of a Nigrerian detainee	1,400,000	62,000,000
320	Department of Civil Security	Property loan interest of public servants	70,000	
105	Ministry of Economic Development	Accounting Provision for the use of grants given for conducting Mine Risk Education Programme and conducting National Mine Action Programme, Purchase of vehicles, Provision of free mid-year uniforms and a free pair of shoes for the students in most isolated schools, as per the budget proposal 2013 (in consultation with the Ministry of Educational Services).	20,000,000	21,750,000
106	Ministry of Disaster Management	Accounting Provision for the use of grants for improvement of the system for Disaster Risk Management of Sri Lanka, Acquisition of vehicles, Expenditure on completion of the auditorium, Renovation of buildings and Property loan interest of public servants.	3,258,000	99,700,000
304	Department of Meteorology	Fuel, local taxes, purchase of furniture and office equipment.	550,000	450,000
110	Ministry of Justice	Procurement of vehicles for Superior Court judges and for the Ministry.		239,700,000
233	Department of Government Analyst	Construction of a new office building		176,000,000
111	Ministry of Health	Purchase of vehicles		23,607,956
112	Ministry of External Affairs	Acquisition of buildings for the Sri Lanka Embassy in Washington DC and purchase of a generator.		778,850,400
114	Ministry of Transport	Personal emoluments for the employees of Sri Lanka Transport Board as per the cabinet decision on 17.01.2013.	883,800,000	
306	Department of Sri Lanka Railways	Settlement of withholding payments in respect of cost on upgrading Colombo - Matara Railway Line.		400,000,000
115	Ministry of Petroleum Industries	Purchase of vehicles.		3,440,000
117	Ministry of Ports & Highways	Purchase of vehicles.		8,000,000
118	Ministry of Agriculture	Expenditure for providing livelihood support for food security of returning Internally Displaced Persons in Mannar District and Implementation of Dry Zone Livelihood Support and Partnership Programme.		30,200,000
285	Department of Agriculture	Procurement of seeds to distribute among the farmers in drought affected areas.		157,024,285
119	Ministry of Power and Energy	Purchase of vehicles		12,000,000

120	Ministry of Child Development and Women's Affairs	Purchase of vehicles, Account the grants given for the Kekulu Udana Child Protection Programme and building rent.	50,000,000	22,750,000
121	Ministry of Public Administration and Home Affairs	Local Governance Project (UNDP) and to purchase a new passenger coach.		6,500,000
254	Department of Registrar General	Settlement of rent.	39,600,000	
263	District Secretariat, Hambantota	Allowances for graduate trainees.	66,000,000	
268	District Secretariat, killinochchi	Allowances for graduate trainees.	10,000,000	
269	District Secretariat, Batticaloa	Regional Development activities in line with the DayataKirula - 2013.		650,000,000
270	District Secretariat, Ampara	Regional Development activities and the preparation of exhibition site of the DayataKirula - 2013, mobile services and other recurrent expenditure related to DayataKirula - 2013	3,500,000	600,000,000
271	District Secretariat/ Kachcheri - Trincomalee	Regional Development activities in line with the DayataKirula - 2013.		350,000,000
272	District Secretariat, Kurunegala	Allowances for graduate trainees.	125,000,000	
274	District Secretariat, Anuradhapura	Allowances for graduate trainees.	90,000,000	
275	District Secretariat - Polonnaruwa	Regional Development activities in line with the DayataKirula - 2013.		350,000,000
279	District Secretariat, Kegalle	Allowances for graduate trainees	120,000,000	
122	Minister of Mass Media and Information	Purchase of vehicles		230,000,000
123	Ministry of Construction, Engineering Services, Housing and Common Amenities	Renovation of sewerage system of multi-storied housing project at Nupewela, Settlement of outstanding payment of the Condominium Management Authority, Construction of a paddy store at Maradagahamulla under the Ministry of Economic Development, Settlement of committed payments of housing development programme of Urban Settlement Development Authority.		125,700,000
311	Department of National Physical Planning	Settle outstanding payments for the construction of pilgrims rest at Polonnaruwa, as per the court order		8,459,724
124	Ministry of Social Services	Account the grants given for Country Programme.		11,600,000
126	Ministry of Education	Transforming the School Education System as the Foundation of the Knowledge Hub Project and mobilization advances for the construction of Mahindodaya Technological Labs under the Project of Development of Thousand Secondary Schools.		510,500,000
128	Ministry of Traditional Industries and Small Enterprises Development	Expenses of "Shilpa" National Exhibition, Rehabilitation of Lunuwila and Weerawila fishing net factories and purchase of vehicles.		71,500,000
130	Ministry of Local Government and Provincial Councils	Purchase of tractors for Local Authorities, provisions for the Local Government Infrastructure Improvement Project and purchase of vehicles.		348,000,000
317	North Central Provincial Council	Rehabilitation of Oyamaduwa- Thanthrimale and Sinharagama- Ranoraewa roads in Anuradhapura District under the DeyataKirula 2012.		245,000,000
318	Uva Provincial Council	Eastern and Uva Provincial Road Project.		580,000,000
321	Eastern Provincial Council	Eastern and Uva Provincial Road Project		350,000,000
133	Ministry of Technology and Research	Settlement of the commitments of the Agro Food Project and completion of construction and installation work of the Multipurpose Gamma Irradiation Project.		150,000,000

134	Ministry of National Languages and Social Integration	Purchase of a vehicle, Rent for the new building of Official Languages Commission and accounting provision for the absorption of grants given for Equal Access to Justice Programme.	6,000,000	9,907,892
135	Ministry of Plantation Industries	Improvement of working and living conditions of the employees in Tea Research Institute.		20,000,000
136	Ministry of Sports	Procurement of vehicles and initial activities of the Asian Youth Games to be held in 2017.		22,000,000
138	Ministry of Indigenous Medicine	Procurement of vehicles.		4,900,000
139	Ministry of Fisheries and Aquatic Resources Development	Expenditure of the parity variations and to settle outstanding bills of Dickowita Fishery Harbour Development Programme.		101,000,000
140	Ministry of Livestock and Rural Community Development	Purchase of vehicles and importation of 30,000 doses of sexed semen.		88,978,637
142	Ministry of National Heritage	Purchase of vehicles		11,500,000
143	Ministry of Parliamentary Affairs	Purchase of vehicles		8,000,000
145	Ministry of Re-settlement	Resettlement assistance for 1,500 families in Kelabogaswewa, purchase of vehicles, construction of 500 houses under the Welioya Resettlement Programme and accounting provision for the absorption of the grants given for resettling 650 families in Padaviya, Anuradhapura District.		60,687,000
152	Ministry of Irrigation and Water Resources Management	Implementing a mechanism to protect the river bank of Mahaweli at Gatambe.		85,000,000
153	Ministry of Lands and Land Development	Rehabilitation and improvement of buildings and procurement of media equipment.		2,853,540
156	Ministry of Youth Affairs & Skills Development	Rehabilitation of buildings in 25 training institutes, acquisition of machinery and equipment, Construction of vocational training centre in Mirijjawila, Construction of training centre and hotel school buildings at Nilaweli, and knowledge enhancement of academic staff under the Technical Education and Vocational Training Sector Development Project.		890,000,000
215	Department of Technical Education and Training	Construction of building for Matale Technical College and rehabilitation of Ampara Hardy College.		110,000,000
160	Ministry of Environment	Accounting provision for the absorption of grant given for the Technical Needs Assessment Project on Climate Change in Sri Lanka.		7,700,000
171	Ministry of Higher Education	Accounting provision for the absorption of grant given to promote researches of the University of Peradeniya.		18,156,503
173	Ministry of Public Management Reforms	Rehabilitation and improvement of buildings, acquisition of furniture and office equipment.		7,300,000
174	Ministry of Rehabilitation and Prison Reforms	Purchase of vehicles		6,200,000
176	Ministry of Civil Aviation	Expenditure for the interior development of new premises and procurement of vehicles.		55,000,000
177	Ministry of Culture & the Arts	Procurement of vehicles		6,500,000
178	Ministry of Coconut Development and Janatha Estate Development	Procurement of vehicles, rehabilitation and improvement of vehicles, building rents, local taxes and rehabilitation of buildings, popularization of organic fertilizer in coconut cultivation.	62,000,000	23,260,000
281	Department of Agrarian Development	Desalting of minor tanks and agro wells in the drought affected regions in Anuradhapura District.		125,270,000
181	Ministry of Productivity Promotion	Procurement of vehicles		40,000,000
185	Ministry of Telecommunication and Information Technology	Construction of buildings at Hardy Technical College in Ampara and Acquisition of building and investments under the DeyataKirula 2013.		180,000,000
<b>Total</b>			<b>1,558,620,473</b>	<b>14,247,324,102</b>

## Performance of Non-Financial State Owned Business Enterprises

Based on the recommendations by the Committee on Public Enterprises (COPE) of the Parliament and the stringent monitoring efforts by the General Treasury, price adjustment and

re-organization of the operations are being undertaken in non-financial state owned business enterprises (SOBEs) to turn their losses to a debt reduction path. The performance of these non-financial SOBEs in terms of debt reduction during the first five months of 2013 is given in the following Table.

**Table 3.21> Outstanding Debt to Banks - Non-Financial State Owned Business Enterprises**

		Rs.Mn.		
Enterprise	2011	2012	2013	May
1	Ceylon Electricity Board	14,629	43,839	49,400
2	Ceylon Petroleum Corporation	147,975	210,516	225,853
3	Sri Lanka Ports Authority	6,284	5,436	5,705
4	National Water Supply & Drainage Board	-	-	-
5	Airport & Aviation Services (Sri Lanka) Ltd.	-	-	-
6	Sri Lankan Airlines Ltd.	12,240	44,841	43,978
7	Mihin Lanka Ltd.	194	3	436
8	Sri Lanka Transport Board	396	627	660
9	State Engineering Corporation	138	484	537
10	Central Engineering Consultancy Bureau	49	-	-
11	State Development & Construction Corporation	222	231	386
12	Milco (PVT) Ltd.	-	642	659
13	National Livestock Development Board	128	1,055	1,060
14	Ceylon Fisheries Corporation	283	258	85
15	Ceylon Fishery Harbour Corporation	-	54	15
16	State Pharmaceuticals Manufacturing Corporation	279	292	183
17	Sri Lanka Ayurvedic Drugs Corporation	-	60	58
18	State Pharmaceuticals Corporation	4,717	7,897	3,219
19	Sri Jayawardanapura General Hospital	-	-	-
20	Independent Television Network Ltd.	3	-	-
21	Sri Lanka Rupavahini Corporation	-	27	-
22	Sri Lanka Broadcasting Corporation	-	-	-
23	Ceylon Fertilizer Company Ltd.	71	82	-
24	Colombo Commercial Fertilizer Company Ltd.	4,326	3,587	-
25	State Timber Corporation	-	-	-
26	Sri Lanka State Trading (General) Corporation Ltd.	11	93	93
27	Hotel Developers Lanka PLC	70	35	-
28	Lanka Sugar (Pvt) Ltd.	-	-	-
29	Lanka Sathosa Limited	11	21	-
30	Development Lotteries Board	-	-	-
31	National Lotteries Board	-	-	-
32	Lanka Mineral Sands Ltd.	-	-	-
33	Lanka Phosphate Ltd.	-	-	-
34	State Printing Corporation	449	423	261
35	Sri Lanka Export Credit Insurance Corporation	-	-	-
36	Agriculture & Agrarian Insurance Board	-	-	-
37	Sri Lanka State Plantation Corporation	99	180	140
38	Kurunegala Plantations Ltd.	-	-	-
39	Chilaw Plantations Ltd.	-	-	-
40	Kalubovitiyana Tea Factory Ltd.	-	-	-
41	Janatha Estate Development Board	262	607	236
42	Sri Lanka Cashew Corporation	-	-	-
43	Sri Lanka Handicraft Board (Laksala)	152	207	321
44	Kahatagaha Graphite Lanka Limited	19	9	8

Source: State Owned Enterprises and Department of Public Enterprises

## Treasury Operations

### Performance of the Treasury Cash Flow

Cash inflow to the Government in the first five months of 2013 declined by 1 percent compared to the same period in 2012. Cash deficit after outflow for recurrent and capital payments amounted to Rs 366 billion, which is higher than the corresponding period in 2012

by Rs 100 billion. This is mainly due to the increase in cash outflow for capital expenditure by 23 percent reflecting large projects were disbursed compared to the corresponding period of the previous year. The overall cash balance (deficit) as at end May 2013 was Rs. 131 billion compared to Rs. 88 billion as at end May 2012.

**Table 3.22> Statement on Government Treasury Cash Flow Operations:  
January to May 2013**

Item	Rs. bn.		
	2012 Actual	Estimate	2013 Actual
Opening Cash balance as at 1st January	(97.8)	(144.5)	(144.5)
Total cash inflow from revenue and other receipts	376.4	464.6	371.6
Total cash outflow for recurrent expenditure	(466.7)	(505.1)	(521.6)
Total cash outflow for capital expenditure*	(176.3)	(211.0)	(216.3)
Net cash surplus (deficit)	(266.6)	(251.5)	(366.3)
Gross borrowing *	556.1	621.4	646.4
Debt repayment	(283.8)	(272.4)	(253.8)
Net borrowing	272.2	349.1	392.6
Adjustment account balance (TEB, net deposits, etc.)	3.8	0.7	(12.7)
Closing Cash balance as at 31st May	(88.3)	(46.2)	(131.0)

Source: Department of Treasury Operations, Department of External Resources

\*Includes project/programme loans received by the government and recorded in the CS-DRMS as at 31.05.2013.

### Management of Government Debt

The government debt operations resulted in a total gross borrowing of Rs. 646 billion during the first five months of 2013. The repayments of government debt, both domestic and foreign,

amounted to Rs. 254 billion while the net borrowing amounted to Rs. 392 billion during this period. The table below summarizes the government's gross domestic borrowing during January -May 2013.

**Table 3.23> Gross Domestic Borrowing by Instruments (January to May 2013)**

Gross Domestic Borrowings by Instruments	Rs. billion
Treasury Bonds	464.3
Treasury Bills	44.2
Sri Lanka Development Bonds	36.6
CBSL Provisional Advances	15.4
Administrative Borrowings	13.0
<b>Total</b>	<b>573.4</b>

Source: Department of Treasury Operations, Department of External Resources

Source: Central Bank of Sri Lanka

Series	Settlement Date	Maturity Date	Amount Accepted (Rs. Mn.)	Weighted Average Yield
08.50%2018C	15/01/13	01/04/18	16,392	12.11
09.00%2021A	15/01/13	01/05/21	10,000	12.94
09.00%2028A	15/01/13	01/07/28	16,800	13.61
08.00%2016B	24/01/13	01/06/16	4,000	12.21
09.00%2021A	24/01/13	01/05/21	1,107	12.93
09.00%2028A	24/01/13	01/07/28	4,500	13.61
08.50%2018D	01/02/13	01/06/18	10,300	11.93
09.00%2021A	01/02/13	01/05/21	25,000	12.71
09.00%2028A	01/02/13	01/07/28	10,150	13.57
08.50%2018B	15/02/13	15/07/18	4,300	11.92
08.00%2018A	01/03/13	15/11/18	2,000	12.19
07.00%2023A	01/03/13	01/10/23	2,000	13.07
08.50%2018B	01/04/13	15/07/18	3,000	12.72
09.00%2023A	01/04/13	01/09/23	6,000	13.11
09.00%2026A	01/04/13	01/02/26	6,000	13.50

Table 3.25 > Domestic borrowings - Treasury Bonds (January to April 2013)

Source: Central Bank of Sri Lanka

Issue Date	Amount (Rs. Mn.)	Weighted Average Yield Rates
22.02.2013	20,237	4.15
27.03.2013	16,352	4.15

Table 3.24 > Domestic Borrowings - Sri Lanka Development Bonds

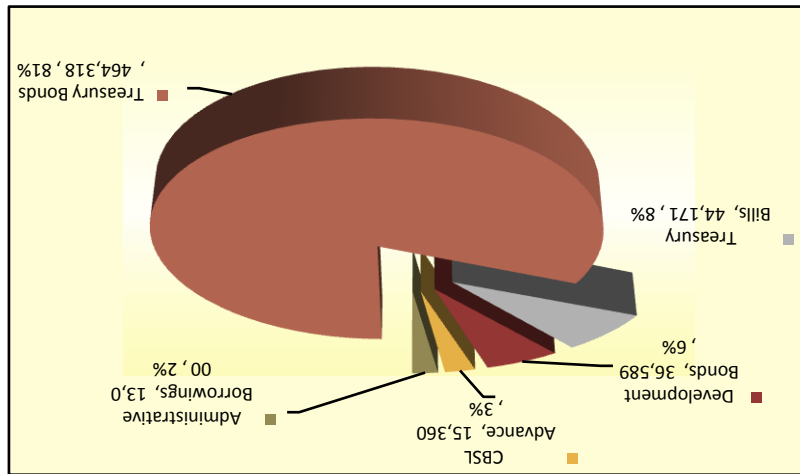


Chart 3.3 > Gross Domestic Borrowing by Instruments (January to May 2013)

Table 3.26 > Domestic Borrowings - Treasury Bills

Issue Date	Amount Accepted				Weighted Average Yield Rates			
	91 Days	182 Days	364 Days	(Rs. Mn.)	91 Days	182 Days	364 Days	91 Days
1/4/2013	2,125	7,350	20,727	11.01	12.21	12.64	12.61	12.64
1/11/2013	2,097	8,296	20,935	10.98	12.01	12.61	12.51	12.50
1/18/2013	1,056	3,721	29,841	10.83	11.76	12.34	12.34	12.34
1/25/2013	1,000	3,149	14,206	10.70	11.57	12.34	12.34	12.34
2/1/2013	2,000	3,000	30,823	10.52	11.42	12.34	12.34	12.34
2/8/2013	1,390	2,000	17,000	10.28	11.29	12.34	12.34	12.34
2/15/2013	4,255	4,945	15,231	10.12	11.21	12.34	12.34	12.34
2/22/2013	926	1,135	12,919	10.11	11.20	12.34	12.34	12.34
3/1/2013	3,027	4,172	11,573	10.11	11.20	12.34	12.34	12.34
3/8/2013	2,425	1,270	24,288	10.12	11.22	12.38	12.38	12.38
3/15/2013	2,920	1,076	8,451	10.18	11.28	12.44	12.44	12.44
3/22/2013	1,137	1,352	3,971	10.24	11.38	12.51	12.51	12.51
3/29/2013	825	0	8,007	10.29	-	12.62	12.62	12.62
4/5/2013	775	0	8,062	10.29	-	12.61	12.61	12.61
4/12/2013	1,000	1,000	6,000	10.28	11.39	12.62	12.62	12.62
4/19/2013	1,000	340	12,683	10.27	11.38	12.60	12.60	12.60
4/26/2013	1,000	1,000	8,990	10.26	11.36	12.60	12.60	12.60

Source: Central Bank of Sri Lanka



**Table 3.27> Statement of Guarantees Issued by the General Treasury up to 31.05.2013**

S.No	File No.	Name of Institution	Name of the Bank or Institution	Purpose	Guaranteed Amount in Foreign Currencies		Guaranteed Amount Rs. Mn	Date of Issue	Date of Expiry
					US\$ Mn.	Euro			
1	TO/CM7/298	Co-operative Whole Sale Establishment	People's Bank	Credit facility			157.10	2-Feb-05	31-May-13
2	TO/CM7/302	Sri Lanka Consumer Co-operative Societies Federation	People's Bank	Credit facility			50.00	31-Jul-06	31-May-13
3	TO/CM7/303	Lakdanavi Ltd.	National Savings Bank	Secure the Bonds			2,992.00	22-Feb-07	31-Mar-22
4	TO/CM7/303	Lakdanavi Ltd.	Employee's Trust Fund Board	Secure the Bonds			2,992.00	1-Mar-07	31-Mar-22
5	TO/CM7/304 & TO/CM7/311	Ceylon Electricity Board 300MW Kerawalapitiya Combine Cycle	People's Bank	Credit facility			4,116.00	7-May-08	3-Mar-23
6	TO/CM7/303	West Coast Power(Pvt)Ltd.	Hongkong & Shanghai Banking	Kerawalapitiya Power Project		134,836,834	23,051.71	28-Jun-07	28-Jun-22
7	SA/CM7/314	Ceylon Electricity Board	People's Bank	Credit facility	Rs.1.2Bn + US\$ 4.2Mn		1,837.37	11-Jun-08	9-Oct-23
8	SA/CM7/315	Ceylon Petroleum Corporation	Bank of Ceylon	Secure the loan facility	700		89,078.00	9-Sep-08	31-Dec-13
9	TO/CM/316	Ceylon Electricity Board	People's Bank	Credit facility		1,180,025	201.74	29-Sep-08	31-Dec-13
10	TO/CM/317	People's Bank Pension Trust Fund	People's Bank	Secure the Debentures			2,500.00	17-Dec-08	16-Dec-16
11	TO/CM7/312	State Trading (Co-operative Wholesale) Company Ltd.	People's Bank	Import of Cement			32.00	13-Mar-09	30-Jun-13
12	TO/CM7/325	Ceylon Electricity Board	People's Bank	Secure Short term Credit facility			7,000.00	7-Sep-09	11-Mar-14
13	TO/CM7/321(ii)	Ceylon Petroleum Storage Terminals Ltd.	People's Bank	Credit facility	40.3		4,634.50	9-Oct-09	6-Oct-19
14	TO/CM7/317	People's Bank Pension Trust Fund	People's Bank	Secure the Debentures			2,500.00	23-Oct-09	22-Oct-17
15	TO/CM7/322	Urban Development Authority	National Savings Bank	Secure the loan facility			2,770.00	6-Nov-09	18-Nov-24
16	TO/CM7/322	Urban Development Authority	Bank of Ceylon	Secure the loan facility	64.5		8,639.78	30-May-11	30-Jun-14
17	TO/CM7/330	STC General Trading Company Ltd.	Bank of Ceylon	Secure the loan facility			850.00	22-Dec-09	31-Dec-13
18	TO/CM7/333	Ceylon Electricity Board	People's Bank	Term Loan Facility			5,000.00	17-Aug-10	31-Jul-16
19	TO/REV/TG/33 4	Urban Development Authority	Bank of Ceylon	Issue of Debentures			10,000.00	8-Jul-10	08-Jul-15
20	TO/REV/TG/33 5	Lanka Coal Company (PVT) Ltd	People's Bank	Short term Loans			1,000.00	27-Sep-10	27-Sep-13
21	TO/REV/TG/34	Road Development Authority	Commercial Bank	Secure the loan facility			1,534.00	1-Sep-11	28-Feb-26
22	TO/REV/TG/34	General Sir Jhone Kotelawala Def	Bank of Ceylon	Secure the loan facility			85.00	29-Aug-11	31-Dec-26
23	TO/REV/TG/35	Road Development Authority	Bank of Ceylon	Secure the loan facility			2328.36	14-Mar-12	31-Dec-26
24	TO/REV/TG/35	Road Development Authority	Bank of Ceylon	Secure the loan facility			2,472.36	12-Mar-12	31-Dec-26
25	TO/REV/TG/35	Road Development Authority	Bank of Ceylon	Secure the loan facility			2,750.00	12-Mar-12	31-Dec-26
26	TO/REV/TG/35	Road Development Authority	People's Bank	Secure the loan facility			1,400.00	21-Mar-12	31-Dec-26
27	TO/REV/TG/35	Road Development Authority	People's Bank	Secure the loan facility			7,995.68	21-Mar-12	31-Dec-26
28	TO/REV/TG/35	Road Development Authority	People's Bank	Secure the loan facility			2,861.81	21-Mar-12	31-Dec-26
29	TO/REV/TG/34	Ceylon Petroleum Corporation	People's Bank	Secure the loan facility	200		25,764.00	10-Apr-12	01-May-14
30	TO/REV/TG/34	Ministry of Defence and Urban Development	Hatton National Bar	Secure the loan facility			3,550.00	24-Apr-12	31-Dec-30
31	TO/REV/TG/34	Ministry of Defence and Urban Development	Commercial bank	Secure the loan facility			2,000.00	24-Apr-12	31-Dec-30
32	TO/REV/TG/34	Ministry of Defence and Urban Development	People's Bank	Secure the loan facility			1,000.00	24-Apr-12	31-Dec-30

Table 3.22 Continued

33	TO/REV/TG/344	Ministry of Defence and Urban Development	DFCC Bank	Secure the loan facility		1,000.00	24-Apr-12	31-Dec-30
34	TO/REV/TG/356	Sri Lankan Air Line	Mashreqbank Psc - Dubai	Secure the loan facility	175	22,543.50	1-Jun-12	01-Jun-16
35	TO/REV/TG/357	Road Development Authority	Bank of Ceylon	Secure the loan facility		2,647.63	6-Jun-12	31-Dec-26
36	TO/REV/TG/361	Ceylon Petroleum Corporation	Bank of Ceylon	Secure the loan facility	200	25,451.00	27-Jun-12	31-Dec-13
37	TO/REV/TG/363	Road Development Authority	Bank of Ceylon	Secure the loan facility		315.58	15-Oct-12	30-Apr-27
38	TO/REV/TG/364	Road Development Authority	Bank of Ceylon	Secure the loan facility		354.58	15-Oct-12	30-Apr-27
39	TO/REV/TG/365	Road Development Authority	National Savings Bank	Secure the loan facility		384.25	25-Oct-12	30-Apr-27
40	TO/REV/TG/335/1	Lanka Coal Company (PVT) Ltd	People's Bank	Secure Short Term Loan Credit facility		1,000.00	7-Nov-12	07-Nov-15
41	TO/REV/TG/359	Road Development Authority	Commercial Bank	Secure the loan facility		209.04	15-Nov-12	31-May-27
42	TO/REV/TG/366	Road Development Authority	Bank of Ceylon	Secure the loan facility		670.75	15-Nov-12	31-May-27
43	TO/REV/TG/367	Road Development Authority	Bank of Ceylon	Secure the loan facility		385.64	15-Nov-12	31-May-27
44	TO/REV/TG/369	Road Development Authority	Commercial Bank	Secure the loan facility		209.06	26-Dec-12	30-Jun-27
45	TO/REV/TG/370	Road Development Authority	BOC	Secure the loan facility		299.25	26-Dec-12	30-Jun-27
46	TO/REV/TG/371	Road Development Authority	HNB	Secure the loan facility		309.12	28-Dec-12	30-Jun-27
47	TO/REV/TG/372	Road Development Authority	NSB	Secure the loan facility		225.54	31-Dec-12	30-Jun-27
48	TO/REV/TG/373	Road Development Authority	DFCC Bank	Secure the loan facility		89.60	31-Dec-12	30-Jun-27
49	TO/REV/TG/359/1	Road Development Authority	Commercial Bank	Secure the loan facility		1,184.57	31-Jan-13	31-May-27
50	TO/REV/TG/363/1	Road Development Authority	Bank of Ceylon	Secure the loan facility		1,788.16	31-Jan-13	30-Apr-27
51	TO/REV/TG/364/1	Road Development Authority	Bank of Ceylon	Secure the loan facility		2,009.31	31-Jan-13	30-Apr-27
52	TO/REV/TG/365/1	Road Development Authority	National Savings Bank	Secure the loan facility		2,177.39	31-Jan-13	30-Apr-27
53	TO/REV/TG/366/1	Road Development Authority	Bank of Ceylon	Secure the loan facility		3,934.25	31-Jan-13	31-May-27
54	TO/REV/TG/367/1	Road Development Authority	Bank of Ceylon	Secure the loan facility		2,185.31	31-Jan-13	31-May-27
55	TO/REV/TG/369/1	Road Development Authority	Commercial Bank	Secure the loan facility		1,190.94	31-Jan-13	30-Jun-27
56	TO/REV/TG/370/1	Road Development Authority	BOC	Secure the loan facility		1,695.75	31-Jan-13	30-Jun-27
57	TO/REV/TG/372/1	Road Development Authority	NSB	Secure the loan facility		1,278.08	31-Jan-13	30-Jun-27
58	TO/REV/TG/373/1	Road Development Authority	DFCC Bank	Secure the loan facility		487.78	31-Jan-13	30-Jun-27
59	TO/REV/TG/371/1	Road Development Authority	HNB	Secure the loan facility		1,751.73	11-Feb-13	30-Jun-27
60	TO/REV/TG/368	Mihin Lanka (Pvt)Ltd	BOC	Secure the Short Term loan facility	0.91	121.00	20-Feb-13	30-Jun-13
61	TO/REV/TG/368/1	Mihin Lanka (Pvt)Ltd	BOC	Secure the Short Term loan facility	1	128.82	20-Feb-13	30-Jun-13
62	TO/REV/TG/368/2	Mihin Lanka (Pvt)Ltd	BOC	Secure the loan facility	2.78	367.00	20-Feb-13	31-Dec-16
63	TO/REV/TG/377	Road Development Authority	HNB	Secure the loan facility		3,223.31	14-May-13	30-Nov-27
<b>Total</b>						<b>302,761.34</b>		

## CHAPTER 4

### Foreign Financing

#### Foreign Financing Commitments

The total commitments made by development partners and lending agencies to Sri Lanka in support of ongoing public investment programme during January to April 2013 was US\$ 1,022.8 million (Rs.129,427.8 million), of

which project loans amounted to US\$991.7 million (Rs.125,501.2 million) and grants amounted to US\$ 31.1 million (Rs 3,926.6 million). A full list of Agreements signed in support of such commitments during the first four months of 2013 is shown in Table 4.1.

**Table 4.1>Foreign Financing Agreements Signed during (Jan. -Apr.) 2013**

Development Partner/ Lending Agency	Loan/ Grant	Agreement Date	Project	Amount Committed			
				In signed Currency	Amount Million	SL Rs. Million	USD Million
<b>Bilateral</b>							
<b>Japan</b>	Loan	2013/03/14	Greater Colombo Transmission and Distribution Loss Reduction Project	JPY	15,941.0	21,019.8	166.4
	Loan	2013/03/14	Major Bridge Construction Project of the National Road Network	JPY	12,381.0	16,325.6	129.2
	Loan	2013/03/14	Landslide Disaster Protection Project of the National Road Network	JPY	7,619.0	10,046.4	79.5
	Loan	2013/03/14	Anuradhapura North Water Supply Project (Phase i)	JPY	5,166.0	6,811.9	53.9
	Grant	2013/03/18	Non Project Grant Aid for Provision of SME's Project	JPY	200.0	266.4	2.1
	Grant	2013/03/18	Non Project Grant Aid for Provision of Medical Equipment (2013)	JPY	550.0	732.5	5.8
	Grant	2013/03/18	Procurement of a self Propelled Grab Hopper Dredger	JPY	988.0	1,315.9	10.4
	Grant	2013/03/18	Project for the Development of Intelligent Transport System for Expressways in Sri Lanka	JPY	940.0	1,251.9	9.9
<b>Korea</b>	Grant	2013/03/22	The Construction of the International Convention Center in Hambantota (Enhancement)	USD	2.7	342.7	2.7
<b>Export Credit</b>							
<b>Banco Bilbao VizcayaArgen- taria S.A. (Spain)</b>	Loan	2013/01/15	Implementation of the Greater Rathnapura Water Supply Scheme	EUR	21.9	3,702.7	29.4
<b>Co-op CentraleRaiffeise- n- Boerenleenbank (Netherlands)</b>	Loan	2013/02/19	Upgrading of the National Blood Transfusion Services of SL	USD	27.7	3,519.6	27.7
	Loan	2013/02/19	Upgrading of the National Blood Transfusion Services	USD	4.9	621.1	4.9
<b>Export Import Bank of Hungary</b>	Loan	2013/02/14	Rehabilitation of Kalatuwawa Water Treatment Plant	EUR	17.4	2,954.0	23.5
	Loan	2013/02/14	Rehabilitation of Labugama Water Treatment Plant	EUR	16.7	2,840.2	22.5

<b>HSBC Bank PLC (UK)</b>	Loan	2013/03/15	Modernization of Processing Factories of MILCO (Pvt) Ltd	EUR	33.8	5,505.9	43.6
<b>The Export-Import Bank of China</b>	Loan	2013/02/19	Matarabeliatta Section of Matarakataragama Railway Extension Project	USD	200.0	25,375.8	200.0
	Loan	2013/03/24	Hambantota Port Development Phase I for Ancillary Work and Supply of Equipment Project	CNY	960.0	19,616.1	154.5
<b>UniCredit Bank Austria AG (Austria)</b>	Loan	2013/03/14	Augmentation of Mahiyangana Water Supply Project	EUR	10.4	1,704.1	13.5
	Loan	2013/02/27	Supply of 2 Nos Cardiac Catheterization System to Cardiology Dep. of the NHSL	EUR	2.4	396.3	3.1
<b>Multilateral</b>							
<b>Asian Development Bank</b>	Loan	2013/02/13	Dry Zone Urban Water & Sanitation Project - Additional Financing	XDR	25.9	5,061.7	40.1
<b>United Nation Development Programme (UNDP)</b>	Grant	2013/02/27	Institutional Strengthening Phase IX	US \$	0.1	17.1	0.1
<b>Total</b>						<b>129,427.8</b>	<b>1,022.8</b>

Source: Department of External Resources

Note: The conversion rates used for the report were the exchange rates prevailed for different currencies at the date where the Agreement was signed

The commitments made by each major development partner/ lending agency during

January –April 2013 are listed in Table 4.2 and all project loans finalized during this period with their financial terms are depicted in Table 4.3.

**Table 4.2>Foreign Financing Commitments (January -April, 2013)**  
Million

Development Partner	Amount Committed					
	Loan		Grant		Total	
	USD	Rs.	USD	Rs.	USD	Rs.
<b>Bilateral</b>	<b>951.6</b>	<b>120,439.6</b>	<b>31.0</b>	<b>3,909.5</b>	<b>982.6</b>	<b>124,349.1</b>
Japan	429.0	54,203.7	28.3	3,566.8	457.3	57,770.6
China	354.5	44,991.8	-	-	354.5	44,991.8
Hungary	45.8	5,794.2	-	-	45.8	5,794.2
United Kingdom	43.6	5,505.8	-	-	43.6	5,505.9
Netherland	32.6	4,140.7	-	-	32.6	4,140.7
Spain	29.4	3,702.7	-	-	29.4	3,702.7
Other	16.6	2,100.4	2.7	342.7	19.3	2,443.1
<b>Multilateral</b>	<b>40.1</b>	<b>5,061.6</b>	<b>0.1</b>	<b>17.1</b>	<b>40.2</b>	<b>5,078.7</b>
UN Agencies	-	-	0.1	17.1	0.1	17.1
Asian Development Bank	40.1	5,061.6	-	-	40.1	5,061.6
<b>Total</b>	<b>991.7</b>	<b>125,501.1</b>	<b>31.1</b>	<b>3,926.6</b>	<b>1,022.8</b>	<b>129,427.8</b>

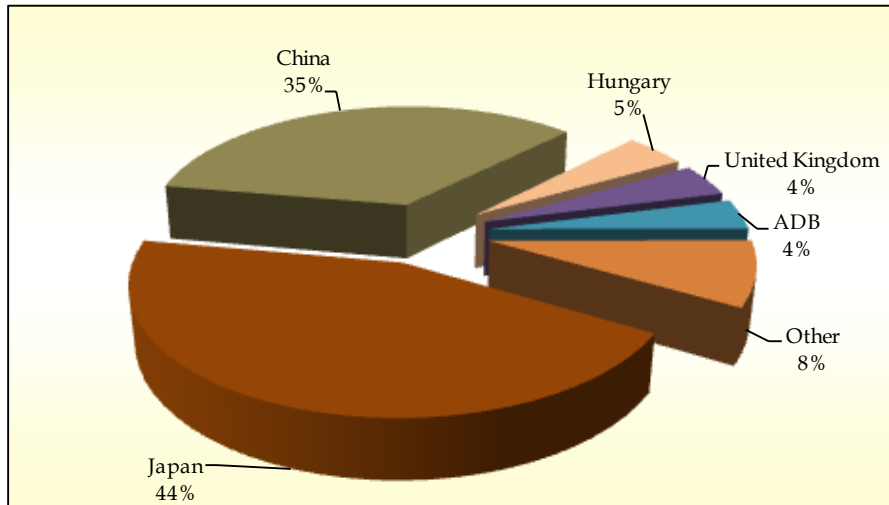
Source:: Department of External Resources

Note : The conversion rates used for the report were the exchange rates prevailed for different currencies at the date where the Agreement was signed

Of the total commitments during the period under review, 44 percent of funds have been

committed by Japan followed by 35 percent from China.

**Chart 4.1>Foreign Financing Commitments by Development Partner (January -April, 2013)**



From the total commitments recorded during the period under review, 90 per cent was for infrastructure development which consisted of 41 percent for construction/ reconstruction of

roads and bridges, 18 percent for water supply, 16 percent for power sector development and 15 percent for ports development.

**Chart 4.2> Foreign Financing Commitments by Sector (January -April, 2013)**

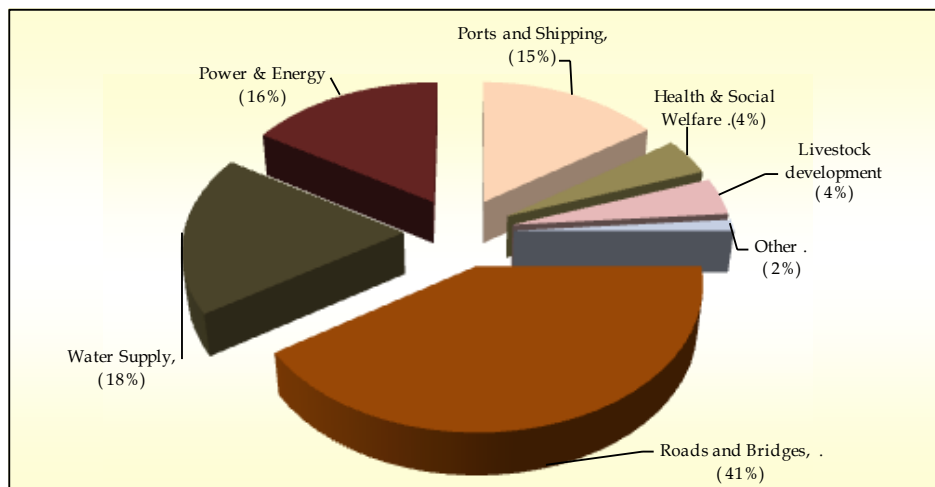


Table 4.3>List of Loan Agreement Signed from January -April 2013 with Financial Terms

Development Partner/ Lending Agency	Agreement Date	Project	Amount Committed			Interest Rate per Annum			Commitment Fee (from the undisbursed balance)	Other Payments	Grace Period (Years)	Maturity (Including Grace Period) (Years)	
			Currency	Original Amount	Rs. million	US\$ million	Interest Type	Rate					Margin (100 basis points)
<b>Bilateral</b>													
<b>Japan</b>													
	2013/03/14	Greater Colombo Transmission and Distribution Loss Reduction Project	JPY	15,941.0	21,019.8	166.4	Fixed	Tranche 1 - 0.3% Tranche 2- 0.01%	N/A	-	-	10	40
	2013/03/14	Major Bridge Construction Project of the National Road Network	JPY	12,381.0	16,325.6	129.2	Fixed	Tranche 1 - 0.2% Tranche 2- 0.01%	N/A	-	-	10	40
	2013/03/14	Landslide Disaster Protection Project of the National Road Network	JPY	7,619.0	10,046.4	79.5	Fixed	Tranche 1 - 1.4% Tranche 2- 0.01%	N/A	-	-	7	25
	2013/03/14	Anuradhapura North Water Supply Project (Phase i)	JPY	5,166.0	6,811.9	53.9	Fixed	Tranche 1 - 1.4% Tranche 2- 0.01%	N/A	-	-	7	25
<b>Export Credit</b>													
<b>Banco Bilbao VizcayaArgentina S.A. (Spain)</b>	2013/01/15	Implementation of the Greater Rathnapura Water Supply Scheme	EUR	21.9	3,702.7	29.4	Variable	EURIBOR - 6 Month for EUR	2.1	0.35%	Management Fee (0.5% of loan amount, payable one time)	2	11
<b>Co-op CentraleRaiffeisen- Boerenlebank (Netherlands)</b>	2013/02/19	Upgrading of the National Blood Transfusion Services of SL	USD	27.7	3,519.6	27.7	Fixed	4.94%	N/A	0.25%	Management Fee (0.25% of loan amount, payable one time)	3	13
	2013/02/19	Upgrading of the National Blood Transfusion Services	USD	4.9	621.1	4.9	Fixed	5%	N/A	0.25%	Management Fee (0.25% of loan amount, payable one time)	2.5	3.5
<b>Export Import Bank of Hungary</b>	2013/02/14	Rehabilitation Of Kalatuwawa Water Treatment Plant	EUR	17.4	2,954.0	23.5	Fixed	1.03%	N/A	-	-	3	15
	2013/02/14	Rehabilitation of Labugama Water Treatment Plant project	EUR	16.7	2,840.2	22.5	Fixed	1.03%	N/A	-	-	3	15
<b>HSBC Limited (Hong Kong)</b>				28.7	4,675.2	38.3		Buyer's credit - LIBOR- 6 Month	2	1%	Structuring fee (0.5 % of loan amount, payable one time) EKN Premium of US\$ 2,950,089.79	2.3	9.3
<b>HSBC Limited (Colombo)</b>	2013/03/15	Modernization of Processing Factories of MILCO (Pvt) Ltd	Euro	5.06	830.8	6.75	Variable	Commercial credit - LIBOR- 6 Month	6	-	Structuring fee (1 % of loan amount, payable one time)	1	6
<b>The Export-Import Bank of China</b>	2013/02/19	Matarabeliatta Section of Matarakataragama Railway Extension Project	USD	200.0	25,375.8	200.0	Fixed	2%	N/A	0.50%	Management Fee (0.5% of loan amount, payable one time)	7	20
	2013/03/24	Hambantota Port Development Phase I for Ancillary Work and Supply of Equipment Project	CNY	960.0	19,616.1	154.5	Fixed	2%	N/A	0.25%	Management Fee (0.25% of loan amount, payable one time)	5	20
<b>UniCredit Bank Austria AG (Austria)</b>	2013/03/14	Augmentation of Mahiyangana Water Supply Project	EUR	10.4	1,704.1	13.5	Interest Free	-	N/A	0.40%	Management Fee (0.45% of loan amount, payable one time) Guarantee Charge (1.093% this behaves as	6.5	16

											an interest since the charge is calculated on outstanding amount)		
	2013/02/27	Supply of 2 Nos Cardiac Catheterization System to Cardiology Dep. of the NHSL	EUR	2.4	396.3	3.1	Fixed	0.40%	N/A	0.40%	Management Fee (0.45% of loan amount, payable one time) Handling Fee (EUR 1,440) Guarantee Charge (EUR 4,400)	7	19.5
<b>Multilateral</b>													
<b>Asian Development Bank</b>													
	2013/02/13	Dry Zone Urban Water & Sanitation Project - Additional Financing	XDR	25.9	5,061.7	40.1	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	-	8	24
				<b>Total</b>	<b>125,501.2</b>	<b>991.7</b>							

Source: Department of External Resources

Note: 1. The conversion rates used for the report were the exchange rates prevailed for different currencies at the date where the Agreement was signed.

2. N/A = Not Applicable & - = nil

## Foreign Financing Disbursements & Utilization

The total disbursements recorded in development projects from January to April 2013 was US\$ 587.76 million (Rs.74,434.54 million). Of the total, project loans accounted for US\$ 580.97 million (Rs. 73,573.14) and grants accounted for US\$ 6.79 million (Rs.861.40 million). In terms of project loans,

this is 99 percent achievement of the estimated disbursement target of US\$ 582.66 million. Disbursements made during the period under review by each creditor are depicted in Table 4.4 below whereas the list of projects where these disbursements were utilized is depicted in Table 4.5 below along with the terms they have been obtained.

**Table 4.4>Foreign Financing Disbursements from 1<sup>st</sup> January -30<sup>th</sup> April, 2013 by Development Partner**

Development Partner/ Lending Agency	Loan		Grant		Total Amount	
	Rs.	US \$	Rs.	US \$	Rs.	US \$
	<b>Bilateral</b>	<b>53,367.19</b>	<b>421.26</b>	<b>697.93</b>	<b>5.5</b>	<b>54,065.12</b>
China	20,959.77	165.28	-	-	20,959.77	165.28
Japan	11,132.93	87.83	202.21	1.60	11,335.14	89.43
India	9,740.74	77.02	-	-	9,740.74	77.02
Iran <sup>2</sup>	3,205.75	25.34	-	-	3,205.75	25.34
Netherland	2,597.52	20.60	-	-	2,597.52	20.60
South Korea	1,642.77	12.97	-	-	1,642.77	12.97
Australia	1,241.77	9.80	-	-	1,241.77	9.80
Sweden	1,023.07	8.08	-	-	1,023.07	8.08
Spain	768.66	6.01	-	-	768.66	6.01
United States of America	-	-	471.01	3.71	471.01	3.71
France	377.02	2.97	-	-	377.02	2.97
Austria	283.89	2.24	-	-	283.89	2.24
Belgium	211.39	1.68	-	-	211.39	1.68
Denmark	139.43	1.10	-	-	139.43	1.10
Germany	18.95	0.15	24.71	0.19	43.66	0.34
Kuwait	22.37	0.18	-	-	22.37	0.18
Saudi Fund	1.16	0.01	-	-	1.16	0.01
<b>Multilateral</b>	<b>20,205.95</b>	<b>159.71</b>	<b>163.47</b>	<b>1.29</b>	<b>20,369.42</b>	<b>161.00</b>
Asian Development Bank	8,018.02	63.32	57.52	0.45	8,075.54	63.77
<b>World Bank -</b>						
International Development Association (IDA)	7,936.26	62.76	105.95	0.84	8,042.21	63.60
<b>World Bank -</b>						
International Bank for Reconstruction and Development (IBRD)	4,058.60	32.11	-	-	4,058.60	32.11
International Fund for Agricultural Development	193.07	1.52	-	-	193.07	1.52
<b>Total</b>	<b>73,573.14</b>	<b>580.97</b>	<b>861.40</b>	<b>6.79</b>	<b>74,434.54</b>	<b>587.76</b>

Source: Department of External Resources

Note :The conversion rates used for the report were the exchange rates prevailed for different currencies at the date where the disbursement was made.

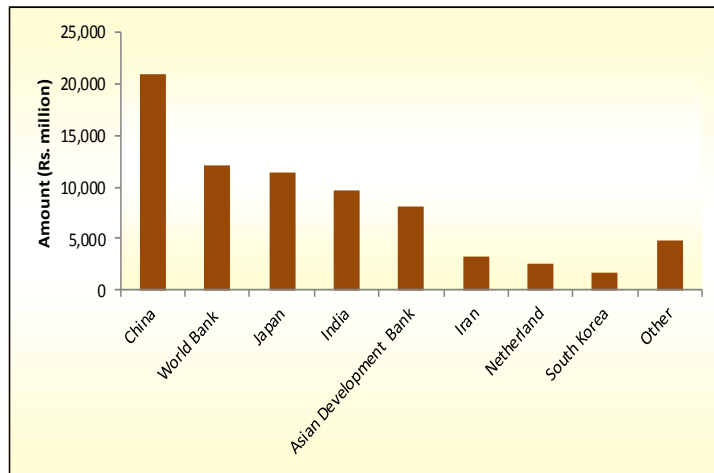
<sup>2</sup> Disbursements affected due to sanctions on Iranian financial system



Out of the total disbursements recorded during the period January –April, 28 per cent or Rs. 20,960 million was reported under the development projects funded by China and 15 per cent or Rs. 11,335 million was from the

Japanese- funded projects. The total disbursements recorded in the projects financed by multilateral agencies such as the World Bank, Asian Development Bank and IFAD was 27 per cent or Rs. 20,369 million.

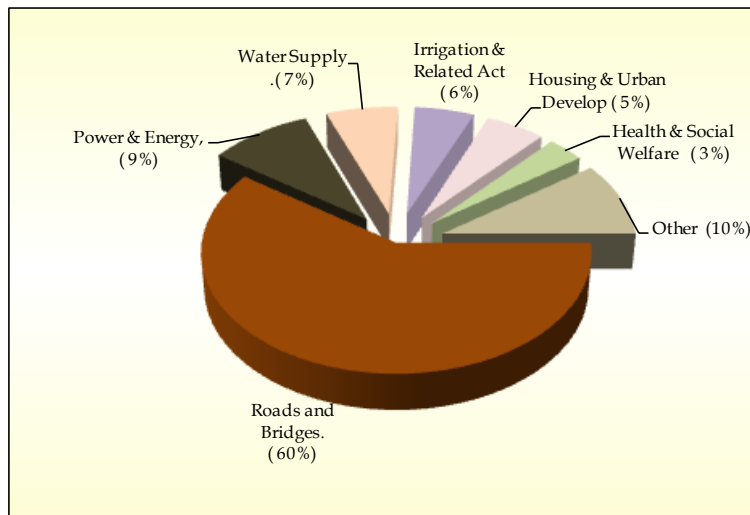
**Chart 4.3 >Foreign Financing Disbursements by Development Partner**



Out of the total disbursements recorded during the period January – April 2013, 60 per cent was disbursed for the construction / rehabilitation of roads and bridges and 9 per

cent, 7 per cent and 6 per cent were disbursed for the power sector development, water supply and irrigation projects respectively.

**Chart 4.4 >Foreign Financing Disbursements by Sector**



**Table 4.5>List of Projects Disbursed During Period of January - April 2013, with Financial Terms**

Development Partner/ Lending Agency	Instrument Type	Project	Amount Disbursed			Annual Interest Rate			Commitment Fee	Other Payments	Grace Period (Years)	Maturity (Including Grace Period) (years)	
			Currency	Amount	Rs.	USD	Interest Type	Rate					Margin (100 basis points)
<b>Bilateral</b>													
<b>China Development Bank Corporation</b>	Loan	Rehabilitation and Improvement of Priority Road Project	USD	6.25	791.43	6.24	Variable	LIBOR -6 Month for USD	2.90%	-	Mgt Fee 0.5% Risk pre. 5%	3	15
	Loan	Improvement and Rehabilitation of Priority Roads	USD	31.04	3,944.30	31.04	Variable	LIBOR -6 Month for USD	2.90%	-	Mgt Fee 0.5% Risk pre. 3.26%	4	15
	Loan	Moragahakanda Development Project	USD	9.25	1,173.61	9.25	Variable	LIBOR -6 Month for USD	2.90%	-	Mgt Fee 0.5% Risk pre. 5.9%	4	16
<b>France</b>	Loan	Trincomalee Integrated Infrastructure Project [TIIP]	EUR	0.75	126.93	0.99	Fixed	1%	N/A	-	-	10	20
<b>India</b>	Loan	India Dollar Credit Line Agreement	USD	0.23	28.73	0.23	Variable	LIBOR -6 Month for USD	0.50%	0.50%	Mgt. Fee 0.5%	5	18
	Loan	Upgrading of Railway Line Colombo Matara Phase II	USD	1.95	246.65	1.95	Variable	LIBOR -6 Month for USD	0.50%	0.50%	Mgt. Fee 0.5%	4	16
	Loan	Railway Line Omanthai-pallai, Madhu-Tallaimannar&Medawachchiya	USD	50.62	6,399.37	50.62	Variable	LIBOR -6 Month for USD	0.50%	0.50%	Mgt. Fee 0.5%	5	23
	Loan	Greater Dambulla Water Supply Project 1	USD	2.35	298.79	2.35	Variable	LIBOR -6 Month for USD	2.00%	0.50%	Mgt. Fee 0.5% Insurance 6.5%	3	14
	Loan	Restoration of Northern Railway Services	USD	21.87	2,767.20	21.87	Variable	LIBOR -6 Month for USD	0.50%	0.50%	Mgt. Fee 0.5%	6	21
<b>Japan</b>	Loan	Pro-poor Economic Advancement & Community Enhancement (PEACE)	JPY	85.61	110.65	0.88	Fixed	2.20%	N/A	-	-	10	30
	Loan	Vavuniya-Kilinochchi Transmission Line Project	JPY	54.03	73.70	0.58	Fixed	0.75%	N/A	-	-	10	40
	Loan	The Galle Port Development Project (I)	JPY	50.56	66.49	0.52	Fixed	0.30%	N/A	-	-	10	30
	Loan	Tourism Resources Improvement Project.	JPY	262.19	356.98	2.82	Fixed	0.90%	N/A	-	-	6	20
	Loan	Greater Colombo Transport Development Project.	JPY	1,242.52	1,675.57	13.21	Fixed	1.5%	N/A	-	-	10	30
	Loan	Water Sector Development Project	JPY	542.79	731.14	5.77	Fixed	1.50%	N/A	-	-	10	30
	Loan	Southern Highway Construction Project (II)	JPY	1,136.16	1,542.12	12.14	Fixed	1.40%	N/A	0.10%	-	10	30
	Loan	Water Sector Development Project (II)	JPY	662.82	893.39	7.04	Fixed	1.40%	N/A	0.10%	-	10	30
	Loan	Poverty Alleviation Micro Finance Project - II	JPY	39.53	53.35	0.42	Fixed	0.65%	N/A	0.10%	-	10	40
	Loan	Energy Diversification Enhancement Project (Engineering services)	JPY	2.89	3.93	0.03	Fixed	0.01%	N/A	0.10%	-	10	30
	Loan	Provincial/Rural Road Development Project (Central Province and Sabaragamuwa Province)	JPY	472.49	648.01	5.12	Fixed	1.40%	N/A	0.10%	-	10	30
	Loan	Provincial/ Rural Road Development Project (Eastern Province)	JPY	190.79	260.58	2.06	Fixed	0.65%	N/A	0.10%	-	10	40
	Loan	Eastern Province Water Supply Development Project	JPY	274.45	372.72	2.94	Fixed	0.65%	N/A	0.10%	-	10	40
	Loan	Kandy City Wastewater Management Project	JPY	37.54	50.00	0.39	Fixed	0.65%	N/A	0.10%	-	10	40
	Loan	Upper Kotmale Hydro Power Project (II)	JPY	543.66	737.23	5.81	Fixed	0.20%	N/A	0.10%	-	10	40
	Grant	The Project for the Improvement of Central Functions of Jaffna Teaching Hospital	JPY	6.37	8.86	0.07					N/A		
	Grant	The Project for Human Resource Development Scholarship	JPY	6.57	8.54	0.07					N/A		
	Grant	Project for Reconstruction of 5 Bridges in Eastern Province	JPY	65.20	82.14	0.65					N/A		
	Loan	Greater Colombo Urban Transport Development Project Phase 2	JPY	2,109.73	2,850.17	22.50	Fixed	0.20%	N/A	0.10%	-	10	40
	Loan	Vavuniya- Kilinochchi Transmission Line Project (II)	JPY	76.93	106.36	0.84	Fixed	0.65%	N/A	0.10%	-	10	40
	Loan	Emergency Natural Disaster Rehabilitation Project	JPY	423.23	578.81	4.57	Fixed	0.01%	N/A	0.10%	-	10	40
	Grant	Human Resource Development Scholarship	JPY	36.78	48.21	0.38					N/A		
	Loan	Habarana-Veyangoda Transmission Line Project	JPY	11.08	14.45	0.11	Fixed	0.30%	N/A	0.10%	-	10	40
	Loan	Improvement of Basic Social Services Targeting Emerging Regions	JPY	5.52	7.27	0.06	Fixed	0.20%	N/A	0.10%	-	10	40
	Grant	Human Resource Development Scholarship	JPY	39.87	54.46	0.43					N/A		
<b>Kuwait</b>	Loan	Bridges Reconstruction & Rehabilitation Pj	KWD	0.02	11.16	0.09	Fixed	2.50%	N/A	-	-	5	29
	Loan	Kalu Ganga Development Project	KWD	0.02	11.21	0.09	Fixed	2%	N/A	-	-	7	27
<b>Korea</b>	Loan	Ruhunupura Water Supply Development Project	KRW	1,590.07	187.31	1.48	Fixed	1.50%	N/A	-	-	11	30
	Loan	Hatton-NuwaraEliya Road Improvement Project	KRW	3,010.37	349.97	2.77	Fixed	0.10%	N/A	-	-	11	40
	Loan	Improvement of Padeniya -Anuradhapura Road Project (Supplementary Loan)	KRW	9,337.87	1,105.49	8.72	Fixed	0.15%	N/A	-	-	11	40
<b>Germany</b>	Grant	Study and Expert Fund II	EUR	0.15	24.72	0.19					N/A		
	Loan	Rehabilitation Electricity Supply Jaffna Region [Transmission Line]	EUR	0.12	18.94	0.15	Fixed	0.75%	N/A	0.25%	-	11	41
<b>United States of America</b>	Grant	Increased Competitiveness in the Global Market Place	USD	0.80	101.09	0.80					N/A		
	Grant	Improved Integration of Targeted Disadvantaged groups into the Community	USD	0.59	74.69	0.59					N/A		
	Grant	Peace, Good Governance & Citizens Rights	USD	1.42	180.42	1.42					N/A		
	Grant	Peace Process Supported	USD	0.68	85.88	0.68					N/A		
	Grant	Strengthened Partnership for Social Integration	USD	0.16	19.85	0.16					N/A		
	Grant	Increased and Equitable Economic Growth	USD	0.07	9.09	0.07					N/A		

<b>Saudi Fund For Arab Economic Development</b>	Loan	Epilepsy Hospital & Health Centers Project	SAR	0.03	1.16	0.01	Fixed	2%	N/A	-	-	5	25
<b>Export Credit</b>													
<b>AB Svensk Export Credit (Sweden)</b>	Loan	Ratmalana&Ja-Ela Wastewater Treatment Facilities Pj (Sweden)	USD	3.91	494.21	3.91	Fixed	0.92%	N/A	0.15%	Mgt Fee 0.1%	6	13
<b>Australian &amp; New Zealand Investment Bank (Australia)</b>	Loan	Integrated water Supply Scheme for the Unserved Areas of Ampara District - Phase III (Australia)	USD	9.80	1,241.77	9.80	Variable	LIBOR -6 Month for USD	1%	-	Guarantee Fee 13.78%	3	13
<b>Banco Bilbao VizcayaArgentina S.A. (Spain)</b>	Loan	Veyangoda Railway Crossing Flyover Project (Spain)	EUR	4.59	768.66	6.07	Variable	LIBOR -6 Month for USD	2.50%	-	Mgt Fee 0.5%	2	10
<b>Calyon Credit Agricole CIB (France)</b>	Loan	Rehabilitation of Wimalasurendra and New Laxapana Power Stations (France)	USD	1.98	250.09	1.97	Fixed	4.95%	N/A	0.50%	Mgt Fee 0.4%	5	15
<b>Co-op Centrale Raiffeisen -Boerenleenbank (Netherlands)</b>	Loan	Extension of a Disaster Management and Emergency Response System(Netherlands)	EUR	1.81	305.15	2.41	Fixed	5.02%	N/A	-	-	3	13
	Loan	Development of NuwaraEliya District General Hospital (Netherlands)	EUR	3.39	571.15	4.53	Fixed	4.94%	N/A	-	-	3	12
	Loan	Development of Hambantota District General Hospital (Netherlands)	EUR	5.39	894.07	7.12	Fixed	4.94%	N/A	-	-	3	12
	Loan	Upgrading of the National Blood Transfusion Services of SL	USD	1.63	206.99	1.63	Fixed	4.94%	N/A	0.25%	Mgt Fee 0.25%	3	13
	Loan	Upgrading of the National Blood Transfusion Services	USD	4.90	620.17	4.90	Fixed	5%	N/A	0.25%	Mgt Fee 0.25%	3	3
<b>Export Development Bank of Iran (Iran)</b>	Loan	Uma Oya Hydro Electric and Irrigation Project (Iran)	USD	23.73	3,002.02	23.73	Variable	LIBOR -6 Month for USD	-	0.13%	Admin Fee 0.13% Insurance 7.15%	6	15
	Loan	Implementation of Rural Electrification project 8 (Iran)	EUR	1.21	203.73	1.61	Variable	CIRR	2%	0.25%	Admin Fee 0.25% Insurance 5.28%	4	18
<b>Fortis Bank NV/Fortis Banque SA (Belgium)</b>	Loan	Implementation of Kolonna and Balangoda Water Supply Projects (Belgium)	EUR	1.27	211.39	1.68	Fixed	0.80%	N/A	0.25%	Upfront 0.5% Insurance 0.12%	3	12
<b>Nordea Bank Denmark A/S (Denmark)</b>	Loan	Kelani Right Bank Water Treatment Plant (Denmark)	EUR	0.84	139.44	1.10	Interest Free	N/A	N/A	0.25%	Mgt. Fee 0.15%	3	12
<b>Nordea Bank Sweden (Sweden)</b>	Loan	Rural Electrification Project 4 Extension (Sweden)	USD	4.17	528.87	4.17	Variable	LIBOR -6 Month for USD	1%	0.25%	Arrangement fee 0.25%	1	10
<b>The Export-Import Bank of China</b>	Loan	Colombo - Katunayake Expressway (CKE) Section A1, A2, A3 & A4	USD	21.59	2,741.91	21.59	Fixed	6.30%		0.30%	Mgt. Fee 0.3% Exposure Fee 6%	4	16
	Loan	Supply of 13 Nos. Diesel Multiple Units to Sri Lanka Railway Project	CNY	210.92	4,283.85	33.91	Variable	LIBOR -6 Month for USD	2.80%	0.70%	Mgt. Fee 0.5%	4	14
	Loan	Procurement of Material for the Northern Province Power Sector Development Programme	USD	3.56	452.66	3.56	Variable	LIBOR -6 Month for USD	2.40%	0.70%	Mgt. Fee 0.5% Insurance 9%	3	15
	Loan	Northern Road Rehabilitation Project ( A009) From Galkulama to 230 Km Post)	USD	7.14	903.53	7.14	Variable	LIBOR -6 Month for USD	2.40%	0.70%	Mgt. Fee 0.3% Exposure Fee 6%	3	15
	Loan	Northern Road Rehabilitation Project- 11B	USD	2.10	266.34	2.10	Variable	LIBOR -6 Month for USD	2.40%	0.70%	Mgt. Fee 0.3% Exposure Fee 6%	3	15
	Loan	Northern Road Rehabilitation Project ( Mulativu _ Kokkilai) - 11A	USD	2.13	270.35	2.13	Variable	LIBOR -6 Month for USD	2.40%	0.70%	Mgt. Fee 0.3% Exposure Fee 6%	3	15
	Loan	Northern Road Rehabilitation Project-(AB020) (AB032)(AB016)(AB018)	USD	5.85	742.12	5.85	Variable	LIBOR -6 Month for USD	2.40%	0.70%	Mgt. Fee 0.3% Exposure Fee 6%	3	15
	Loan	Northern Road Rehabilitation Project-A009 ( From 230 Km Post to Jaffna)	USD	9.36	1,186.18	9.36	Variable	LIBOR -6 Month for USD	2.40%	0.70%	Mgt. Fee 0.3% Exposure Fee 6%	3	15

	Loan	Highway Section from Pinnaduwa to Kodagoda (30 KM to 45 KM)	USD	8.54	1,086.15	8.54	Variable	LIBOR -6 Month for USD	2.40%	0.70%	Mgt. Fee 0.3% Exposure Fee 6%	4	15
	Loan	Highway Section from Kodagoda to Godagama (45 KM to 61 KM)	USD	8.71	1,106.31	8.71	Variable	LIBOR -6 Month for USD	2.40%	0.70%	Mgt. Fee 0.3% Exposure Fee 6%	4	15
	Loan	Rehabilitation & Improvement of 67km Length of Navatkuli-Karaitivu-Mannar Road	USD	4.19	530.56	4.19	Variable	LIBOR -6 Month for USD	2.40%	0.70%	Mgt. Fee 0.3% Exposure Fee 6%	3	15
	Loan	Rehabilitation & Improvement of 113km Length of Puttalam-Marichchikade-Mannar Road	USD	2.93	371.64	2.93	Variable	LIBOR -6 Month for USD	2.40%	0.70%	Mgt. Fee 0.3% Exposure Fee 6%	5	16
	Loan	Procurement of Materials for Lighting Uva Province	USD	8.75	1,108.82	8.75	Variable	LIBOR -6 Month for USD	2.80%	0.50%	Mgt. Fee 0.3% Exposure Fee 6%	3	12
<b>UniCredit Bank Austria AG (Austria)</b>	Loan	Rehabilitation Old Laxapana Hydroelectric Power Plant(Austria)	EUR	1.69	283.89	2.24	Variable	EURIBOR -6 Month for EUR	2.10%	0.40%	Upfront 1.28% Mgt fee 0.6%	4	10
<b>Multilateral</b>													
<b>Asian Development Bank</b>	Loan	Secondary Towns & Rural Community Water/Sanitation	XDR	0.03	6.18	0.05	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	-	8	32
	Loan	TA Loan-Road Project Preparatory Facility	XDR	0.02	4.37	0.03	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	-	8	32
	Loan	North East Community Restoration & Development (II)	XDR	-0.55	-104.58	-0.83	Fixed	1%	-	-	-	10	40
	Loan	National Highways Sector Project	USD	4.09	512.97	4.06	Variable	LIBOR -6 Month for USD	0.60%	0.75%	-	4	24
	Loan	Secondary Towns & Rural Community Water/Sanitation Supp. 1	XDR	0.01	2.15	0.02	Variable	LIBOR -6 Month for USD	0.60%	0.15%	-	8	32
	Loan	Colombo Port Expansion Project	USD	6.22	790.22	6.22	Variable	LIBOR -6 Month for USD	0.60%	0.35%	-	5	25
	Loan	Secondary Towns & Rural Community Water/Sanitation (OCR)	USD	0.42	52.64	0.42	Variable	LIBOR -6 Month for USD	0.60%	0.75%	-	5	24
	Loan	Education for Knowledge Society Project	XDR	1.16	218.43	1.73	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	-	8	32
	Grant	Education for Knowledge Society Project	USD	0.20	25.80	0.20					N/A		
	Loan	Southern Transport Development Project - Supplementary	USD	0.06	7.49	0.06	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	-	5	24
	Loan	Clean Energy and Access Improvement Project	USD	10.43	1,318.54	10.41	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	-	5	24
	Loan	Clean Energy and Access Improvement Project	XDR	1.08	207.51	1.64	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	-	8	24
	Loan	Dry Zone Urban Water and Sanitation Project	XDR	0.48	90.94	0.72	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	-	8	32
	Loan	Eastern & North Central Provincial Road Project	XDR	1.63	313.59	2.47	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	-	8	32
	Loan	Greater Colombo Wastewater Management Project (OCR)	USD	0.66	83.52	0.66	Variable	LIBOR -6 Month for USD	0.60%	0.15%	-	5	25
	Loan	Greater Colombo Wastewater Management Project (ADF)	XDR	0.30	58.21	0.46	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	-	8	32
	Grant	Technical Assistance for Capacity Dev. of the Provincial Road Agencies.	USD	0.20	25.27	0.20					N/A		

	Loan	ADB Funded Fiscal Management Efficiency Project	USD	0.20	25.50	0.20	Variable	LIBOR -6 Month for USD	0.60%	0.15%	-	5	25
	Loan	N-E Community Restoration & Development Project II Supplementary	XDR	0.08	14.66	0.12	Fixed	1%	N/A	-	-	10	40
	Loan	Conflict-Affected Region Emergency Project	USD	8.99	1,132.03	8.93	Variable	LIBOR -6 Month for USD	0.60%	0.15%	-	8	32
	Loan	Northern Road Connectivity Project (OCR)	USD	13.34	1,673.31	13.21	Variable	LIBOR -6 Month for USD	0.60%	0.15%	-	5	25
	Loan	Northern Road Connectivity Project (ADF)	XDR	0.78	148.32	1.18	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	-	8	32
	Grant	Improving Connectivity to Support Livelihoods & Gender Equality	USD	0.02	2.92	0.02					N/A		
	Loan	Jaffna & Kilinochchi Water Supply & Sanitation Project (OCR)	USD	0.15	18.89	0.15	Variable	LIBOR -6 Month for USD	0.60%	0.15%	-	6	24
	Loan	Jaffna & Kilinochchi Water Supply & Sanitation Project (ADF)	XDR	0.34	63.47	0.50	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	-	8	32
	Loan	Sustainable Power Sector Support Project (OCR)	USD	3.43	433.80	3.42	Variable	LIBOR -6 Month for USD	0.60%	0.15%	-	5	24
	Loan	Sustainable Power Sector Support Project (ADF)	XDR	0.51	97.86	0.77	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	-	8	32
	Loan	Secondary Towns & Rural Com-Based Water Supply Add (XDR)	XDR	0.20	37.23	0.29	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	-	8	32
	Loan	National Highways Sector Project Additional Finance OCR	USD	6.46	810.81	6.41	Variable	LIBOR -6 Month for USD	0.60%	0.15%	-	5	24
	Grant	Conflict-Affected Region Emergency Project	USD	0.03	3.54	0.03					N/A		
<b>World Bank - International Bank for Reconstruction &amp; Development</b>	Loan	Metro Colombo Urban Development Project [MCUDP]	USD	32.12	4,058.59	32.11	Variable	LIBOR -6 Month for USD	0.80%	0.50%	Front End Fee 0.25%	5	24
<b>International Fund for Agricultural Development</b>	Loan	Post Tsunami Coastal Rehabilitation & Resource Mgt II	XDR	0.35	65.77	0.52	Fixed	0.75%	N/A	-	-	8	38
	Loan	Iranamadu Irrigation Development Project	XDR	0.66	127.30	1.00	Fixed	0.75%	N/A	-	-	11	25
<b>World Bank - International Development Association</b>	Loan	Road Sector Assistance Project	XDR	0.70	136.80	1.08	Fixed	0.75%	N/A	0.50%	-	10	39
	Loan	Dam safety and water resources planning	XDR	4.24	818.97	6.43	Fixed	0.75%	N/A	0.50%	-	10	20
	Loan	Second Community Development and Livelihood Improvement Project	XDR	4.20	821.01	6.43	Fixed	0.75%	N/A	0.50%	-	10	20
	Grant	Improving for Monitoring & Evaluation of Samurthi Safety Net program	USD	-0.07	-8.75	-0.07					N/A		
	Loan	Provincial Roads Project	XDR	5.81	1,132.94	8.94	Fixed	0.75%	N/A	0.50%	-	10	19
	Loan	Higher Education for the Twenty First Century Project	XDR	0.68	130.47	1.03	Fixed	0.75%	N/A	0.50%	-	10	19
	Loan	Second Additional Financing for Road Sector Assistance Project	XDR	14.78	2,842.31	22.60	Fixed	0.75%	N/A	0.50%	-	10	19
	Loan	2nd & 3rd Additional Financing for Community Livelihood in Conflict Affected Areas	XDR	3.69	719.39	5.66	Fixed	0.75%	N/A	-	-	9	19
	Grant	Local Level Nutrition Interventions for the Northern Province (JSDF) Project	USD	0.40	50.28	0.40					N/A		
	Loan	Additional financing for E. Sri Lanka Development Project	XDR	1.08	208.97	1.65	Fixed	0.75%	N/A	0.50%	-	5	24
	Loan	Transforming the School Education System as the Foundation of a Knowledge Hub Project	XDR	5.90	1,125.40	8.93	Fixed	0.75%	N/A	0.50%	-	5	24
	Grant	'DiriSawiya' Assisting People with Disabilities through Cash Transfers and Training Project	USD	0.51	64.41	0.51					N/A		
				<b>Grand Total</b>	<b>74,434.54</b>	<b>587.76</b>							

Source: Department of External Resources

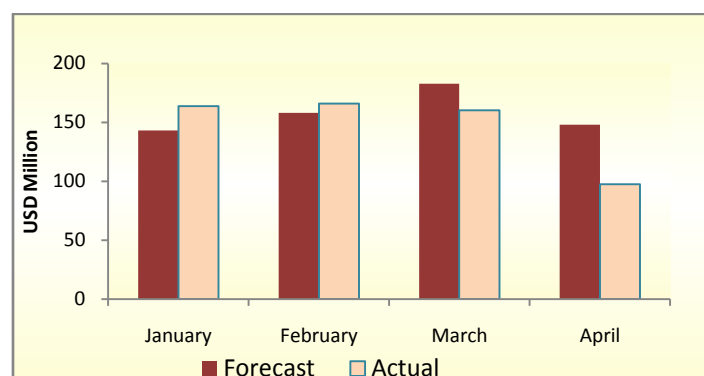
- Note :
1. The conversion rates used for the report were the exchange rates prevailed for different currencies at the date where the Agreement was signed.
  2. N/A = Not Applicable, - = nil
  3. Minus figures are the refunds of unutilized portion of advance payments

**Table 4.6>Monthly Disbursements**

Monthly Forecast	Loan		Grant		Total		
	US \$	Rs.	US \$	Rs.	US \$	Rs.	
Jan	Forecast	135.1	17,566.60	8.1	1,058.00	143.3	18,624.70
	Actual	163.5	21,249.80	0.5	66.3	164	21,316.10
Feb	Forecast	146.5	19,044.80	11.7	1,518.20	158.2	20,165.30
	Actual	165.3	21,491.60	0.6	81.9	166	21,156.30
Mar	Forecast	168.5	21,899.30	14.4	1,873.60	182.9	23,197.30
	Actual	156.3	20,322.90	4.1	534.3	160.4	20,352.30
Apr	Forecast	132.6	17,234.90	15.6	2,030.70	148.2	18,791.40
	Actual	96.1	12,487.80	1.5	200.2	97.6	12,375.70

Source: Department of External Resources

**Chart 4.5>Monthly Disbursements Forecast vs Actual**



### Committed Undisbursed Balance (CUB)

The total undisbursed balance of foreign financing available to utilize in development projects as at end of April 2013 was US\$ 7,844.5 million (Rs.994,703.4 million). The project

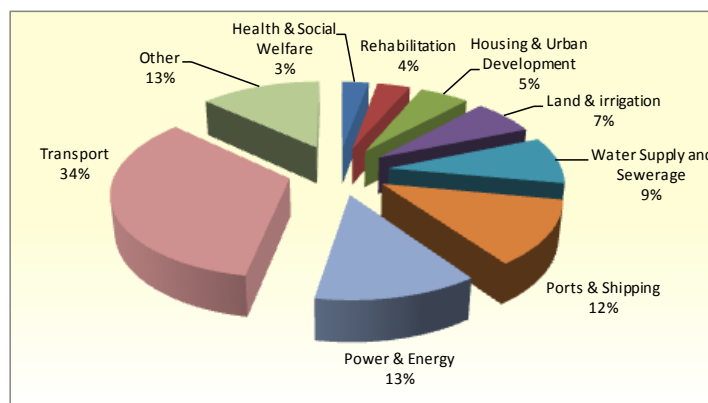
implementation duration for these commitments will be in the range of 2-5 years and hence the utilization will be on the same basis. Table 4.7 and chart 4.6 indicate the sector wise classification of the committed undisbursed balance.

**Table 4.7> Committed Undisbursed Balance by Development Partner as at the end of April, 2013 (USD mn)**

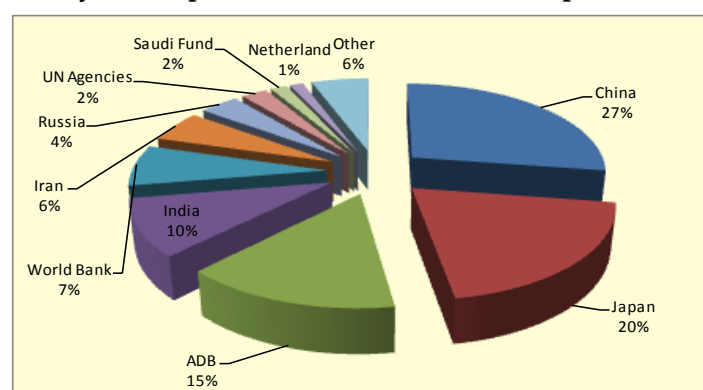
Country	Amount
China	2147.9
Japan	1,578.2
ADB	1,165.4
India	781.7
World Bank	568.4
Iran	435.3
Russia	300
UN Agencies	199.2
Saudi Fund	125.2
Netherland	103.4
Other	439.3
<b>Total</b>	<b>7,844.5</b>

Source: Department of External Resources

**Chart 4.6 : Committed Undisbursed Balance by Sector -As at end of April 2013**



**Chart 4.7 : Committed Undisbursed Balance by Development Partner - As at end of April 2013**



### Outstanding External Debt & Debt Service Payments

At the end of April 2013, the total outstanding external debt of the Government was US\$ 20.0 billion<sup>i</sup> (Rs.2,542.2 billion).

Total debt service payment<sup>ii</sup> from January to April 2013 amounted to US\$ 479.8 million

(Rs.71,828.1 million). Of this, US\$ 256.6 million (Rs.43,574.7 million) was for principal payments and the balance US\$ 223.2 million (Rs.28,253.4 million) was for the interest payments. The total estimated debt service payments for 2013 is US\$ 1,263.5 million<sup>iii</sup> (63,972.4 million), of which 38 percent has already been paid by 30<sup>th</sup> April 2013.

<sup>i</sup>This includes outstanding external debt for loans obtained to finance development projects and International Bond Issues

<sup>ii</sup>Debt Service Payments = Principal Payments + Interest Payments.

<sup>iii</sup>Includes the Debt Service Payment of International Bond Issues.US\$ estimations are based on the exchange rates as at 30<sup>th</sup> April 2013.