



FISCAL MANAGEMENT REPORT 2019

**Mangala Samaraweera, M.P.
Minister of Finance**

05th MARCH 2019

Issued under the Fiscal Management (Responsibility) Act, No. 3 of 2003, consisting of the Fiscal Strategy Statement - 2019 (in compliance with Sections 4, 5 and 6) and the Budget Economic and Fiscal Position Report - 2019 (in compliance with Sections 7, 8 and 9) by the Hon. Minister of Finance.

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Key Economic Indicators

Indicator	Period	Unit	Value	
			2017	2018
REAL SECTOR				
Economic Growth	First 3 Quarters	%	3.2	3.3
Agriculture	First 3 Quarters	%	(3.5)	4.3
Industry	First 3 Quarters	%	4.8	1.8
Services	First 3 Quarters	%	3.2	4.4
Inflation (Point to Point) - CCPI	End Nov	%	7.6	3.3
Inflation (Average) - CCPI	End Nov	%	6.4	4.6
Unemployment Rate	First 3 Quarters	%	4.2	4.1
Labour Force Participation Rate	First 3 Quarters	%	53.6	51.8
FISCAL SECTOR				
Budget Deficit	Jan-Nov	Rs. Bn.	(634)	(722)
Total Revenue	Jan-Nov	Rs. Bn.	1,657	1,770
Tax Revenue	Jan-Nov	Rs. Bn.	1,527	1,587
Non Tax Revenue	Jan-Nov	Rs. Bn.	130	183
Total Expenditure	Jan-Nov	Rs. Bn.	2,293	2,500
Recurrent Expenditure	Jan-Nov	Rs. Bn.	1,742	1,951
Public Investment	Jan-Nov	Rs. Bn.	561	569
Government Debt	End Oct	Rs. Bn.	10,304	11,667
EXTERNAL SECTOR				
Exports	Jan-Nov	US\$ Mn.	10,341	10,856
Agricultural Exports	Jan-Nov	US\$ Mn.	2,548	2,363
Industrial Exports	Jan-Nov	US\$ Mn.	7,746	8,445
Textile and Garments Exports	Jan-Nov	US\$ Mn.	4,562	4,824
Other	Jan-Nov	US\$ Mn.	3,184	3,621
Imports	Jan-Nov	US\$ Mn.	18,931	20,498
Consumer Goods	Jan-Nov	US\$ Mn.	4,069	4,623
Intermediate Goods	Jan-Nov	US\$ Mn.	10,242	11,505
Petroleum Products	Jan-Nov	US\$ Mn.	2,776	3,637
Investment Goods	Jan-Nov	US\$ Mn.	4,476	4,296
Trade Balance	Jan-Nov	US\$ Mn.	(8,590)	(9,642)
Tourist Arrivals	Jan-Nov	No.	1,871,871	2,080,627
Earnings From Tourism	Jan-Nov	US\$ Mn.	3,471	3,905
Workers' Remittances	Jan-Nov	US\$ Mn.	6,493	6,431
Portfolio Investments (Net)	Jan - Sep	US\$ Mn.	(1,552)	(880)
Overall Balance of Payments (BOP)	Jan-Nov	US\$ Mn.	2,068	(807)
Gross Official Reserves	End Nov	US\$ Mn.	7,959	7,005
Exchange Rate (End Month)	End Nov	Rs. per US\$	153.77	179.67
Exchange Rate (Monthly Average)	Jan-Nov	Rs. per US\$	153.66	176.85
MONETARY SECTOR				
Standing Deposit Facility Rate (SDFR)	End Nov	%	7.25	8.00
Standing Lending Facility Rate (SLFR)	End Nov	%	8.75	9.00
Statutory Reserve Requirement (SRR)	End Nov	%	7.50	6.00
Commercial Bank Weekly Average Weighted Prime Lending Rate (AWPR)	End Nov	%	11.40	12.12
Sri Lanka Inter Bank Offered Rate (SLIBOR) (1 Month)	End Nov	%	8.15	9.00
W.A. Yield Rate of Treasury Bills (91 Days)	End Nov	%	8.20	10.01
W.A. Yield Rate of Treasury Bills (364 Days)	End Nov	%	9.44	11.20
Growth in Money Supply (M _{2b})	Nov 2017/Nov 2018	%	17.9	13.9
Growth in Credit to the Private Sector	Nov 2017/Nov 2018	%	15.3	16.2

Reporting Requirements Under the Fiscal Management (Responsibility) Act, No. 3 of 2003

Section	Requirement	Required Contents	Compliance
Sections 4, 5 and 6	Submission of the Fiscal Strategy Statement *	Fiscal Strategy Statement to increase public awareness of the Government's fiscal policy and establish standards for evaluating the conduct of the Government's fiscal strategy.	To be released to the public and laid before Parliament on the day of the second reading of the Appropriation Bill.
Sections 7, 8 and 9	Submission of the Budget Economic and Fiscal Position Report *	Budget Economic and Fiscal Position Report to set out the basis to evaluate the Government's fiscal performance as against its fiscal strategy.	To be released to the public and placed before Parliament on the day of the second reading of the Appropriation Bill.
Sections 10, 11 and 12	Submission of the Mid-year Fiscal Position Report *	Mid-year Fiscal Position Report to provide updated information of the Government's fiscal performance pertaining to the first four months of the relevant year, to enable an evaluation of the same against the Government's fiscal strategy.	To be released to the public by the last day of June or prior to the lapse of six months from the date of passing of the Appropriation Act, whichever is later; and to be placed before the Parliament within two weeks from the date of such release.
Sections 13, 14 and 15	Submission of the Final Budget Position Report (Annual Report)*	Final Budget Position Report (Annual Report) to provide updated information of the Government's fiscal performance pertaining to the relevant financial year, to enable an evaluation of the same against the Government's fiscal strategy.	To be released to the public within five months from the end of the Financial Year and placed before Parliament within two weeks from the date of such release.
Sections 16, 17, 18 and 19	Submission of Pre-election Budgetary Position Report **	Pre-election Budgetary Position Report to provide updated information of the fiscal position of the country.	To be released to the public within three weeks of the publication of the proclamation order requiring the holding of a general election for the election of Members of Parliament and placed before Parliament within two weeks of the first sitting of the new Parliament.

* By the Minister of Finance

** By the Secretary to Ministry of Finance

Compliance - 2018

- **Final Budget Position Report - (The Annual Report) - 2017 of the Ministry of Finance**

Stating the fiscal and economic position of 2017 was released to the public by end May 2018 and was soon thereafter placed before Parliament.

- **Mid-Year Fiscal Position Report-2018** was released to the public by end June 2018 and was soon thereafter placed before Parliament.

This Fiscal Management Report - 2019 contains:

- **Fiscal Strategy Statement - 2019**, setting out the Government's fiscal strategy statement indicating the broad strategic priorities specifying key fiscal measures, which the Government considers important for the overall fiscal policy, to be placed before Parliament on the day of the second reading of the Appropriation Bill.
- **Budget Economic and Fiscal Position Report - 2019**, setting out the basis to evaluate the Government's fiscal performance as against its fiscal strategy, with estimates relating to Government revenue, expenditure and Government borrowing etc. to be placed before Parliament on the day of the second reading of the Appropriation Bill.

PART I

Fiscal Strategy Statement - 2019

Issued by the Hon. Minister of Finance

Under Sections 4, 5 and 6 of the Fiscal Management (Responsibility) Act, No. 3 of 2003

This Report is issued under Sections 4, 5 and 6 of the Fiscal Management (Responsibility) Act, No. 3 of 2003 where the Minister of Finance is required to present the Fiscal Strategy Statement of the Government to the public and also lay before Parliament on the day of the second reading of the Appropriation Bill in Parliament.

This Report explains the broad strategic priorities on which the budget is based while specifying the key fiscal measures which the Government considers important in view of the strategy and the overall fiscal policy to be implemented.

Medium-Term Fiscal Strategy | 01

1.1 Medium-Term Fiscal Strategy

The fiscal strategy of the Government is based on the principles of responsible fiscal management. Within this context, the Government's main priority of the fiscal strategy remains a sustainable reduction of fiscal deficit and outstanding public debt assisted by enhanced revenue mobilization over the medium-term. It is vividly apparent that the persistent deficit in the overall fiscal balance for decades has mainly been caused by eroding tax base, while government expenditure showed only a partial downward adjustment to maintain

fiscal deficit at manageable levels. Since commencing the revenue based fiscal consolidation efforts in 2015, total government revenue has seen a sustainable upward trend. Government revenue which fared at 11.5 percent of GDP in 2014 increased to 13.8 percent of GDP in 2017, and it is estimated to reach 13.4 percent of GDP in 2018 and 14.8 percent of GDP in 2019. Over the succeeding years, government revenue will continue to increase to reach 17.0 percent of GDP by 2022.

Table 1.1 | Major Fiscal Objectives - Medium-Term Fiscal Framework

(As a percentage of GDP)

Indicator	2017	2018 Prov.	2019 Est.	Projections		
				2020	2021	2022
Total Revenue and Grants	13.8	13.5	14.8	15.5	16.8	17.0
Total Revenue	13.8	13.4	14.8	15.5	16.8	17.0
Tax Revenue	12.6	11.9	13.1	13.7	14.8	15.0
Income Tax	2.1	2.2	2.4	2.6	3.2	3.3
Taxes on Goods and Services	7.7	7.4	8.1	8.5	9.1	9.1
Tax on External Trade	2.8	2.4	2.6	2.6	2.6	2.6
Non Tax Revenue	1.2	1.4	1.7	1.8	1.9	2.0
Grants	0.1	0.1	0.1	0.1	0.1	0.1
Total Expenditure	19.4	18.8	19.7	19.7	20.3	20.5
Recurrent Expenditure	14.5	14.6	14.5	14.6	15.1	15.2
Salaries and Wages	4.4	4.4	4.2	4.3	4.4	4.4
Goods and Services	1.1	1.0	1.2	1.2	1.2	1.2
Interest	5.5	5.9	5.8	5.9	6.0	6.0
Subsidies & Transfers	3.4	3.3	3.3	3.3	3.6	3.6
Capital Expenditure and Net Lending	4.9	4.2	5.2	5.2	5.2	5.3
Public Investments	4.9	4.4	5.3	5.3	5.3	5.3
Current Account Balance	(0.7)	(1.2)	0.3	0.9	1.7	1.8
Primary Balance	0.02	0.6	0.9	1.7	2.5	2.5
Budget Deficit	(5.5)	(5.3)	(4.8)	(4.2)	(3.5)	(3.5)
Deficit Financing	5.5	5.3	4.8	4.2	3.5	3.5
Foreign Financing (Net)	2.9	3.1	0.6	0.9	1.0	1.0
Domestic Financing (Net)	2.6	2.2	4.2	3.3	2.5	2.5
Central Government Debt (% of GDP)	77.6	83.6	79	77	75	72

Source: Department of Fiscal Policy and Department of National Budget
Estimates and projections are based on information available as of end December, 2018.

Accordingly, the budget deficit has been ensured a credible consolidation path over the medium-term. For instance, the budget deficit which was recorded as high as 5.7 percent of GDP in 2014 declined to 5.5 percent of GDP in 2017, and it is estimated to have curtailed to 5.3 percent of GDP in 2018, paving the way for a further reduction at 4.8 percent of GDP in 2019.

The budget deficit will consolidate at 3.5 percent of GDP over the medium-term, well within the target set by Fiscal Management (Responsibility) Act. Such reduction in budget deficit thus far has enabled lowering the outstanding balance of government debt to 77.6 percent of GDP by end 2017, compared to 78.8 percent of GDP as at the 2016. With the prudent deficit curtailment measures planned over the medium-term, outstanding government debt would fall to a level of about 72 percent of GDP by 2022. A major feature of the government's fiscal strategy is the carefully articulated path for the primary surplus which facilitates the envisaged reduction of government debt over the medium-term. Government will be able to deliver a sizable and sustainable primary surplus in the time ahead, as assisted by the sustained upward momentum of government revenue and prudently managed government expenditure. The primary balance turned positive in 2017 after decades recording at 0.02 percent of GDP, and it is estimated to increase to 0.6 percent of GDP in 2018, and to 0.9 percent of GDP in 2019.

Such progressive path for the primary surplus would also be ensured by cautiously rationalized recurrent expenditure, without compromising on the expenditure on social and capital budgets which drive long-term growth prospects of the economy. Government will continue to invest heavily on development of sectors

such as health and education, while ensuring adequate funds for social safety net programmes. As such, recurrent expenditure will remain at 15.2 percent by 2022, while public investments will elevate to 5.3 percent of GDP by 2022 from the current level of about 4.4 percent of GDP.

1.2 Broad Strategic Priorities of Budget 2019

The National Budget for 2019 and over the medium-term would be based on the '*Blue-Green Economy*' framework articulated in the National Budget 2018. Government continues to facilitate the private sector which is the 'engine of growth' of the Sri Lanka's economy by implementing reform measures in identified sectors. Promotion of exports through foreign capital infusion and reviving the local entrepreneurs remain the basis for the reform agenda. While liberalization continues, Government places greater emphasis on consumer rights protection, which is becoming an extremely important issue in the context of globalization. Further, Government recognizes tourism as a thrust sector in the country's journey towards prosperity.

Within such broad framework, Budget 2019 builds on several major areas such as (a) rapid rural and urban development through the '*Gamperaliya Programme*'; (b) facilitating entrepreneurs to mobilize capital funds through the '*Enterprise Sri Lanka Programme*'; (c) investing on infrastructure needs such as education, health, housing, transport sectors to provide impetus to the private sector; (d) empowering the 'poor' and safeguarding vulnerable groups through carefully designed and efficient social safety net programmes such as '*Samurdhi*' and other various subsidy programmes; and (e) ensuring that the country's development is equitable and sustainable over the long-term.

The priorities outlined above for Budget 2019 ensures that the concerns of multiple strata of the society would be adequately and effectively addressed through fund allocations. In particular, social groups such as pensioners, public servants, overseas workers, estate sector, students and school leavers etc., would receive prominence in government's policy formulation. Meanwhile, socio-economic sectors which would attract greater emphasis would include agriculture (farming, plantation, fishing etc.), higher education, labour market etc.

1.3 Potential Risks, Challenges and Fiscal Measures

Recent developments in the global commodity and financial markets and in the domestic economy will pose challenges to government's fiscal consolidation efforts over the medium-term. Against this backdrop, Government considers important the following key fiscal measures in view of the overall fiscal strategy over the medium-term.

(i) Strengthening Revenue Mobilization

Government will continue to reinforce the revenue mobilization efforts gaining strength from the measures already adopted. Such measures include implementing the new income tax legislation effective from April 1, 2018 and rationalizing tax exemptions, raising the Value Added Tax (VAT) effective from mid-2016 and broadening the VAT base, and improvements in tax administration. Government will continue to ensure that the tax system remains stable, predictable, fair and transparent.

Direct Taxation

Sri Lanka's direct taxation system is expected to witness a significant development in the time ahead as the benefits of the new tax legislation starts reaching in the year 2019 and beyond. The new Inland Revenue Act which aimed at simplifying the tax system and making the tax system more equitable and efficient departs from the practice of granting costly tax exemptions and concessions observed in the previous system. Hence, the new direct taxation system broadened the tax base by eliminating a vast rate of tax holidays, partial tax holidays, and other concessions, while introducing a simplified three tier corporate tax structure, taxation of capital gains, and expanding the coverage of withholding taxes, among others.

Going forward, major emphasis would be placed on strengthening the tax return compliance, supported by measures such as conducting audits of employers' obligation to withhold income taxes for employees and services fees paid to professionals. Further, the establishment of a Risk Management Unit and Dedicated Audit Unit at the Department of Inland Revenue (IRD) would help analyze data and identify priority compliance risks and conduct high risk compliance audits, respectively. Such measures would be further facilitated by the successful roll-out of Revenue Administration Management Information System (RAMIS) at IRD. Government expects that the new direct taxation system would generate more revenue over the medium-term enabling further resources allocated for social and development purposes.

Indirect Taxation

The increase of the VAT rate to 15 percent from 11 percent in mid-2016 and broadening

of the VAT based by eliminating several exemptions continued to boost revenue from indirect taxation. Further improvements are expected by strengthening the compliance through measures such as adopting a VAT compliance strategy with risk based audits by IRD. Such strategy has already been piloted for construction sector and it will for the rest of large tax payers including banking, housing, and hotel industries. Further, measures are being taken to strengthen the revenue administration at the Sri Lanka Customs (SLC) by improving controls, intelligence, and capacity for risk assessment. Accordingly, the SLC would shift away from physical controls to risk based audits as supported by automation of risk management and improvements in organization structure.

(ii). Improving Efficiency of Government Expenditure

Government will continue to improve efficiency of Government expenditure management so as to complement the revenue mobilization efforts over the medium-term. Measures would be taken to ensure that an adequate space is provided for social and capital spending within the overall spending envelop, thereby maintaining medium-term growth prospects as robust and inclusive. Government will ensure the continuation of social safety nets with improved targeting through the newly established Welfare Benefit Board. Special attention would be placed in the budgeting on natural disaster related fiscal costs by implementing contingent budgeting and enhancing insurance scheme for natural disasters. As such, improvements in the efficiency of government expenditure along with rationalization of recurrent expenditure

would ensure bolstering public financial management over the medium-term. Further, the gradual rollout of the new Integrated Treasury Management Information System (ITMIS) would lend support to expand public financial management capabilities through commitment controls, budget preparation, and treasury operations etc.

(iii). Strengthening State Owned Enterprises

Reflecting on the ability of the State Owned Enterprises (SOEs) to face any risks which may materialize amidst changing global and domestic economic circumstances, Government plans to improve financial disclosure of SOEs in the time ahead. Particularly, a mechanism will be put in place to monitor key performance indicators (KPIs) as set out in the Statements of Corporate Intent (SCI), already signed with major five SOEs, and extending the same to ten more SOEs in the near future.

Meanwhile, geopolitical tensions in the oil producing regions have resulted in price escalations in international petroleum prices in the recent past. Given the projections of international oil prices, Sri Lanka's domestic fuel prices could also adjust according to the pricing formula adopted at present. While such revisions are imperative to ensure that domestic fuel prices remain above cost-recovery levels for Ceylon Petroleum Corporation (CPC), should the domestic fuel prices are kept below the cost recovery levels in order to ease the burden on the public, then the Government may need to compensate CPC on the basis for non-commercial obligations. Similarly, electricity tariff related compensation may arise if such tariffs are not allowed to adjust in line with market conditions.

(iv). Reinforcing the Medium-Term Debt Management Strategy

A stronger recovery in the US economy has prompted continuous upward revisions of the policy interest rates by the US monetary authorities and the same trend is expected to continue in 2019 and 2020. Such conditions would certainly lift the interest rates in the global financial markets, as already being witnessed. Given Sri Lanka's large refinancing requirements in 2019 and during the succeeding three years, such tightening of global financial market conditions would be challenging for public debt management. Against this backdrop, several measures are underway to reinforce the Medium-Term Fiscal Framework (MTFF) to withstand any shocks that may be associated with the refinancing operations. The newly enacted Active Liability Management Act will provide an opportunity to address part of refinancing requirements ahead of time by reducing rollover risks and extending the maturity duration of debt obligations. In support of the use of active liability management operations, Government is reinforcing the Medium-Term Debt Management Strategy (MTDMS) with an overarching objective of containing the exposure of foreign outstanding liabilities at manageable levels. The MTDMS enables the Government to identify and quantify the main risks of public debt portfolio, thereby helping to specify an appropriate currency and maturity composition of the debt issuance strategy. Accordingly, future government borrowings would be carried out in accordance with an Annual Borrowing Plan (ABP) which forms an integral part of the government's efforts towards bringing the public debt to prudent levels.

Government will initiate measures to further strengthen public debt management

through setting up an independent debt management agency. Once established, such agency will conduct all operations relating to issuance of government debt and secondary market activities in line with the medium-term debt management strategy. Further, measures will be taken to keep the contingent liabilities in check by curtailing the outstanding amount of government guarantees at below the prescribed levels.

1.4 Medium-Term Fiscal Objectives

Government's medium-term fiscal objectives and overall fiscal strategy are consistent with the responsible fiscal management, as envisioned in the Fiscal Management (Responsibility) Act. Moving forward, government intends to further strengthen the fiscal rules with firm commitment towards medium-term fiscal targets. In particular, government will ensure that the budget deficit is kept below five percent of GDP, and outstanding government debt is maintained at manageable levels. In order to achieve such objectives, the Government will ensure that the targeted level of primary surplus is met in 2019 and beyond with appropriate fiscal measures. In 2019, the primary surplus is estimated at Rs. 147 billion (0.9 percent of GDP), which is underpinned by a revenue growth of 1.4 percentage points of estimated GDP in 2019, while maintaining the non-interest recurrent expenditure at 8.7 percent of GDP in 2019, and preserving the expenditure space for social and productive capital spending. Consequently, the overall budget deficit could be curtailed at 3.5 percent of GDP by 2021 and beyond, while ensuring that the government debt does not increase to excessive levels.

The fiscal consolidation path portrayed in the immediately preceding Fiscal Strategy Statement for 2018 remains intact in this

current Strategy Statement albeit with a modest deviation in the estimates. Such deviation was mainly caused by lower than estimated revenue mobilization due to delayed implementation of newly enacted Inland Revenue Act and slower than expected recovery of the domestic economic activity. Further, the persistent pressure on the government expenditure due to increased incidence of natural calamities weighed on the expenditure management efforts to some extent.

1.5 Medium-Term Macroeconomic Assumptions

Modest performance observed in the real economy in recent years is expected to gradually pick up thereby moving the economy toward the potential level over the medium-term. Accordingly, the economic growth is expected to rise to about 3.5-4.5 percent in 2019 and to about 5.0 percent in 2022. Such upwards trajectory of the economy would be assisted by the government's development agenda which places great emphasis on the private sector participation as well as its own initiatives to ensure rapid development in rural and urban sectors, and infrastructure development in thrust areas. Accordingly, unemployment rate is expected to stabilize at around 4.0 percent, mainly supported by growth in industry and services sectors, which provide impetus for tradable sector. Further, government's efforts to increase women labour force participation would

help enhance production capacity in the economy.

On the external front, trade gap is expected narrow supported by the bolstering export performance, albeit the rising import expenditure due to higher commodity prices and tariff liberalizations would pose upside risks. Nonetheless, strengthening foreign currency flows in trade in services mainly on account of tourism and ICT sectors, along with workers' remittances would help curtail the external current account deficit to about 1.5 percent of GDP by 2022. Meanwhile, a sizeable amount of financial flows is expected over the medium-term amidst Government's efforts to attract more FDIs on the proposed International Financial Center (through the development of Port City), among others. Further, inflows into public investment projects and commercial borrowings would also strengthen foreign currency flows, which would partly meet the foreign currency requirements for debt servicing obligations of the Government. Such foreign currency inflows to the financial account would reinforce the level of official reserves while containing any depreciation pressure.

Consumer price inflation is expected to stabilize at mid-single digit level over the medium-term supported by anchored inflation expectations due to inflation targeting measures adopted by the Central Bank. The monetary conditions would ensure the amount of credit flows needed in the economy, thereby sustaining the medium-term growth momentum.

PART II
Budget, Economic and Fiscal Position
Report - 2019

Budget, Economic and Fiscal Position Report - 2019

Issued by the Hon. Minister of Finance

Under Sections 7, 8 and 9 of the Fiscal Management (Responsibility) Act, No. 3 of 2003

This Report is issued under Sections 7, 8 and 9 of the Fiscal Management (Responsibility) Act, No. 3 of 2003, which requires the provision of a basis for the evaluation of the Government's fiscal performance as against its fiscal strategy statement and to be placed before Parliament on the day of the second reading of the Appropriation Bill. It includes estimates relating to gross domestic product, consumer prices, balance of payments, and assumptions based for estimating revenue and expenditure.

Accordingly, this Report contains provisional figures of government revenue, expenditure and borrowing in the first eleven months of 2018. This Report provides key macroeconomic developments during this period to facilitate the understanding of the overall economic situation within which fiscal operations have been conducted. This Report also refers to the basis of information on economic and other assumptions used in preparation of estimates for 2019 and downside risks associated with these assumptions and other information that may have a material effect on the fiscal performance of Government.

Fiscal Developments, Treasury Operations and Foreign Financing

01

1.1 Overview

The fiscal consolidation path of the Government was geared towards enhancing revenue mobilization while improving efficiency of spending in 2018. Accordingly, total government revenue increased by 6.8 percent to Rs. 1,770 billion during January-November, 2018, compared to Rs. 1,657 billion in the same period of 2017. Total tax revenue increased by 3.9 percent to Rs. 1,587 billion while non-tax revenue significantly increased by 40.9 percent to Rs. 183 billion during the first eleven months of 2018 mainly due to the profit transfers from the Central Bank and the rise in revenue from

sales and charges. Meanwhile, total expenditure and net lending increased by 9.0 percent to Rs. 2,500 billion reflecting increased public debt repayments to Rs. 1,195 billion, interest payments to Rs. 809 billion and government servants' salaries to Rs. 578 billion during the period. Recurrent expenditure increased by 12.0 percent to Rs. 1,951 billion in the first eleven months of 2018 while capital expenditure slightly decreased during the period. The overall budget deficit was Rs. 722 billion during the first eleven months of 2018, compared to Rs. 634 billion in the same period of 2017.

Table 1.1 | Summary of Fiscal Operations

Item	Rs. Mn.	
	Jan. - Nov.	
	2017	2018(a)
Revenue and Grants	1,659,532	1,777,895
Revenue	1,656,845	1,770,232
Tax	1,527,154	1,587,458
Non Tax	129,691	182,774
Grants	2,687	7,664
Expenditure	2,293,192	2,499,550
Recurrent	1,741,956	1,951,044
Salaries	541,499	577,946
Interest Payments	672,459	809,258
Other	527,998	563,841
Public Investments	561,419	568,789
Other	(10,183)	(20,283)
Revenue Deficit (-)/Surplus (+)	(85,111)	(180,812)
Overall Budget Deficit (-)/Surplus (+)	(633,660)	(721,655)
Financing	633,660	721,655
Foreign Financing (Net)	346,089	416,200
Domestic Financing (Net)	287,571	305,455

Source: Department of Fiscal Policy
(a) Provisional

During the first eleven months of 2018, Government has taken several measures to enhance revenue mobilization through revising taxes, rationalizing tax exemptions and concessions, broadening tax base and strengthening tax administration at tax collection agencies such as Inland Revenue Department (IRD) and Sri Lanka Customs (SLC). Accordingly, revenue mobilization from direct taxes was expanded with the implementation of Inland Revenue Act, No. 24 of 2017 effective from April 01, 2018. A three-tier corporate income tax structure (14%, 28% and 40%) was introduced. Personal income tax slabs have been widened to Rs. 600,000 brackets from Rs. 500,000 while increasing the highest marginal tax rate to 24 percent from 16 percent. The supply of private medical services with the exception of hospital room charges was exempted from Value Added Tax (VAT). Meanwhile, VAT refund scheme was introduced to attract tourists and generate income by sale of products. Amendments were made to the Economic Service Charge (ESC) Act to establish Excise Duty payable as the tax base for charging ESC on imported motor vehicles while granting exemption from ESC for unrealized exchange gains of Central Bank of Sri Lanka (CBSL). Furthermore, construction services provided under a contract agreement executed before August 01, 2017 was exempted from Nation Building Tax (NBT). Meanwhile, restrictions imposed on foreigners under the Land Act were removed with certain conditions. Excise Duty on cigarettes exceeding 72 mm and 84 mm increased effective from August 2018 to discourage consumption of cigarettes. Also, Excise Duty on motor vehicles with engine capacity of less than 1,000cc increased in

August 2018. Applicable Ports and Airports Development Levy (PAL) rate for importation of identified high-tech equipment reduced from 7.5 percent to concessionary rate of 2.5 percent. Customs Import Duty (CID) on importation of gold increased to 15 percent from zero duty. In order to introduce a cost-reflective price, Government implemented fuel pricing formula to local petroleum products.

Reflecting increased revenue generated from domestic VAT, NBT and Excise Duty, domestic consumption based tax revenue increased by 4.6 percent to Rs. 497 billion in the first eleven months of 2018, compared to Rs. 475 billion recorded in the same period of 2017. However, revenue from import based tax revenue declined by 0.2 percent to Rs. 753 billion during the first eleven months of 2018, compared to Rs. 751 billion recorded in the same period of 2017 mainly due to the sharp decline of CID by 28.6 percent and CESS by 10.6 percent during the period of 2018.

Benefiting from increased tax revenue from corporate tax, personal income tax, Pay-As-You-Earn (PAYE) and tax on interest, direct tax revenue increased by 14.5 percent to Rs. 298 billion in the first eleven months of 2018, compared to Rs. 260 billion in the same period of 2017.

Government is keen on maintaining fiscal deficit at prudent level given the challenging domestic and external environment. In this context, Government endeavors to achieve fiscal discipline by using various fiscal rules while improving fiscal transparency and accountability in expenditure management.

Table 1.2 | Estimated and Actual Revenue and Expenditure - 2018

Rs. Bn.

Item	Jan. -Nov.		Deviation
	Estimated	Actual ^(a)	
Total Revenue	2,015	1,771	-244
Tax Revenue	1,859	1,588	-271
Inland Revenue Department			
Tax on Income and Profit	344	287	-57
VAT - Domestic (Net)	307	262	-45
Nation Building Tax (Domestic)	56	46	-10
Other	17	8	-9
Sub Total	724	603	-121
Sri Lanka Customs Department			
Customs Import Duty (CID)	158	89	-69
VAT - Imports (Net)	188	161	-27
Nation Building Tax (Import)	22	18	-4
Ports & Airports Development Levy (PAL)	105	104	-1
CESS	45	49	4
Special Commodity Levy & Other	72	69	-3
ESC	1	3	2
Excise (Special Provisions) Duty	373	348	-25
Cigarettes	83	85	2
Petroleum	72	62	-10
Motor Vehicles & Other	218	201	-17
Sub Total	964	841	-123
Excise Department			
Liquor/Tobacco	115	104	-11
Sub Total	115	104	-11
Other			
Telecommunication Levy	28	27	-1
Licence Tax & Other	19	13	-6
Sub Total	47	40	-7
Non Tax Revenue	156	183	27
Total Expenditure	2,661	2,500	161
Recurrent Expenditure	1,973	1,951	22
Salaries and Wages	579	578	1
Interest Payments	812	809	3
Pension Payments	183	178	5
Transfers to Public Corporations & Institutions	89	85	4
Other	310	301	9
Capital Expenditure and Net Lending	688	549	139

Source: Department of Treasury Operations and Department of Fiscal Policy

(a) Provisional

1.2 Government Revenue

Several revenue measures have been placed in order to enhance revenue to be

generated from direct taxes instead of indirect taxes, aligning with the Government policy framework of 'Vision 2025'. The performance of direct and indirect taxes is explained below.

Chart 1.1 | Composition of Total Revenue Jan. -Nov. 2018

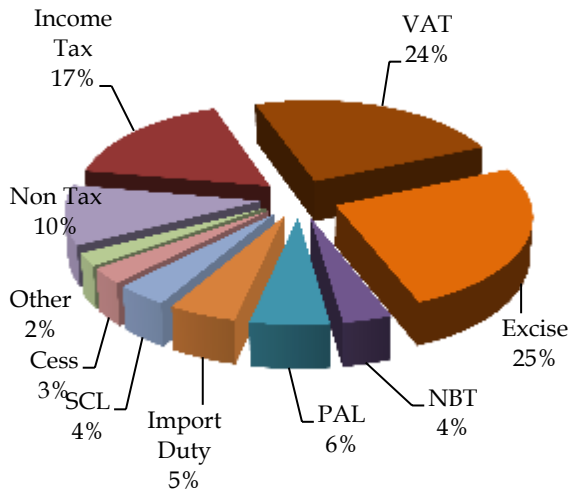


Chart 1.2 | Tax Revenue by Source Jan. - Nov. 2018

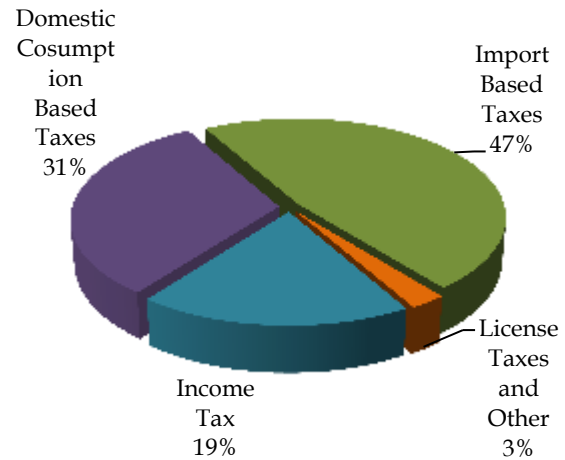


Table 1.3 | Summary of Performance of Government Revenue

Item	Jan. -Nov.		Rs. Mn.
	2017	2018 ^(a)	Change (%)
Tax Revenue	1,527,154	1,587,458	3.9
Income Tax	260,173	297,843	14.5
Domestic Consumption Based Tax	475,409	497,114	4.6
VAT	248,494	261,788	5.3
Excise Duty	182,415	189,216	3.7
Nation Building Tax (NBT)	44,500	46,110	3.6
Import Based Tax	751,358	752,827	0.2
Customs Import Duty (CID)	125,122	89,392	-28.6
VAT	150,554	161,157	7.0
Nation Building Tax (NBT)	17,322	18,201	5.1
Ports & Airports Development Levy (PAL)	92,574	103,848	12.2
Special Commodity Levy (SCL)	65,988	68,851	4.3
Excise Duty	245,442	262,851	-10.7
CESS	54,356	48,527	-10.6
Licence Taxes and Other	40,214	39,673	-1.3
Non Tax Revenue	129,691	182,774	40.9
Total Revenue	1,656,844	1,770,232	6.8

Source: Department of Treasury Operations and Department of Fiscal Policy

^(a) Provisional

Income Tax

The revenue generated from income tax amounted to 14.5 percent of the total revenue in the first eleven months of 2018.

Income tax including corporate and non-corporate taxes, ESC and PAYE grew by 20.4 percent, 19 percent and 26.6 percent, respectively during the review period.

Table 1.4 | Performance of Income Tax

Rs. Mn.

Tax Base	Jan. - Nov.		Growth (%)
	2017	2018 ^(a)	
Corporate and Non Corporate	138,043	166,212	20.4
PAYE	29,348	37,149	26.6
Tax on Interest Income	49,197	42,605	-13.4
Economic Service Charge	43,585	51,877	19.0
Total	260,173	297,843	14.5

Source: Department of Fiscal Policy

^(a) Provisional

The corporate and non-corporate income tax revenue increased to Rs. 166.2 billion during the first eleven months of 2018, compared to Rs. 138 billion in the same period of 2017. Benefiting from the broadening of slabs applicable for taxable income coupled with the increase in the maximum progressive rate up to 24 percent from 16 percent, the revenue generated from PAYE tax increased to Rs. 37.1 billion for the first eleven months of 2018, compared to Rs. 29.3 billion in the same period of 2017. However, the revenue from WHT declined to Rs. 42.6 billion during the reference period.

Value Added Tax (VAT)

The revenue collected from VAT, on gross basis, increased by 6.0 percent to Rs. 424 billion during the first eleven months of 2018, compared to the same period of 2017. Total VAT revenue for 2018 is estimated to be Rs. 550 billion. VAT revenue on domestic activities increased by 5.3 percent to Rs. 262 billion while the VAT revenue on imports also enhanced by 7.0 percent to the tune of Rs. 161 billion in the review period. Removal of exemptions on selected items such as fabrics, wood, aero planes and parts and cameras and projectors despite granting the exemptions for health care services contributed to this performance.

Table 1.5 | Performance of VAT

Rs. Mn.

Tax Base	Jan. - Nov.		Growth (%)
	2017	2018 ^(a)	
Domestic	248,618	261,939	5.4
Imports	151,044	161,765	7.1
Gross Revenue	399,662	423,704	6.0
Refunds	613	759	23.8
Net Revenue	399,048	422,945	6.0
Refunds as % of Gross Revenue	0.15	0.18	

Source : Department of Fiscal Policy

^(a) Provisional

Excise Duty

The revenue generated from Excise Duty increased by 5.7 percent to Rs. 452 billion during January to November 2018,

compared to Rs. 428 billion in the same period of 2017 benefitting from the increased revenue collected from all the excisable articles other than the petroleum products during the review period.

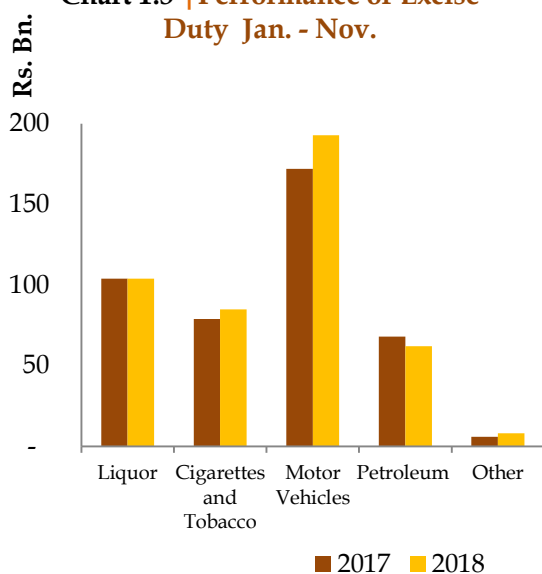
Table 1.6 | Performance of Excise Duty

Tax Base	Jan. - Nov.		Rs. Mn
	2017	2018 (a)	Growth (%)
Liquor	103,507	103,959	0.4
Cigarettes and Tobacco	78,908	85,257	8.0
Motor Vehicles	171,815	193,376	12.5
Petroleum	67,714	61,862	-8.6
Other	5,913	7,613	28.8
Total	427,857	452,067	5.7

Source : Department of Fiscal Policy

(a) Provisional

The revenue collected from Excise Duty (Ordinance) on liquor marginally increased by 0.4 per cent to Rs. 104 billion during January to November 2018, compared to Rs. 103.5 billion recorded in the same period of 2017.

Chart 1.3 | Performance of Excise Duty Jan. - Nov.

The revenue from cigarette and tobacco increased by 8.0 percent to Rs. 85 billion in the first eleven months of 2018, compared to

Rs. 79 billion recorded in the same period of 2017 with the enhanced production of cigarettes by 2.6 percent during the review period. However, Excise Duty on cigarettes with length more than 72 mm and 84 mm per 1000 sticks increased to Rs. 33,550 and Rs. 37,675, respectively in August, 2018 thereby discouraging the consumption of cigarettes.

The Excise Duty revenue from motor vehicles increased by 12.5 percent to Rs. 193 billion in the first eleven months of 2018, compared to same period of previous year mainly due to the increase in motor car imports by 88 percent, particularly motor vehicles with engine capacity less than 1000cc during the review period of 2018. The imposition of Excise duty on plastic resin and beverages based on sugar contained in the products were positively contributed to increase Excise Duty collection. However, Excise Duty revenue from petroleum products declined by 8.6 percent to Rs. 62 billion during January to November, 2018, compared to Rs. 68 billion in the respective period of 2017 reflecting the decline in importation of diesel/gas oil during the review period of 2018.

Table 1.7 | Motor Vehicle Imports and New Registration of Vehicles

Unit: Number

Item	Imports				New Registrations			
	Jan. -Nov.				Jan. - Nov.			
	2017	2018	Change	%	2017	2018	Change	%
Buses	3,365	2,508	(857)	(25)	3,009	2,810	(199)	(7)
Motor Cars	48,058	90,183	42,125	88	35,230	76,816	41,586	118
Three Wheelers	16,848	20,755	3,907	23	22,172	18,646	(3,526)	(16)
Motor Cycles	335,238	330,415	(4,823)	(1)	319,446	316,728	(2,718)	(1)
Goods Transport Vehicles ^(a)	103,736	46,874	(56,862)	(55)	10,548	8,782	(1,766)	(17)
Land Vehicles ^(b)	143,388	193,447	50,059	35	11,991	9,454	(2,537)	(21)
Other ^(c)	107,430	33,207	(74,223)	(69)	15,256	16,593	1,337	9
Total	758,063	717,389	(40,674)	(5)	417,652	449,829	32,177	8

Sources: Department of Customs and Central Bank of Sri Lanka

^(a) Goods Transport Vehicles including single cabs and dual Purpose Vehicles etc.^(b) Land Vehicles including hand tractors land vehicle tractors etc.^(c) Including Dual Purpose Vehicle, ambulance and motor hearses.**Customs Import Duty (CID)**

The revenue generated from CID significantly declined by 28.6 percent to Rs. 89.4 billion in the first eleven months of 2018, compared to Rs. 125.1 billion recorded in the same period of 2017. The decline was

mainly attributable to the exemptions granted with the general duty waiver on importation of Petrol, Diesel, wheat grain and milk powder, exemptions given to project related items and implementation of free trade agreements.

Table 1.8 | Coverage of Product and Value of Imports Under Free Trade Agreements

Free Trade Agreement	Jan. - Dec. 2018	
	No. of Tariff Lines (Imported)	Imports (Rs. Mn)
India - Sri Lanka Free Trade Agreement (ISFTA)	807	41,273
Pakistan - Sri Lanka Free Trade Agreement (PSFTA)	45	12,062
South Asia Free Trade Agreement (SAFTA)	96	1,215
Asia - Pacific Trade Agreement (APTA)	79	3,076
Total	1,027	57,626

Source: Department of Customs and Department of Trade and Investment Policy

Special Commodity Levy (SCL)

The total revenue from SCL increased by 4.3 percent to Rs. 68.8 billion during the first eleven months of 2018, compared to Rs. 66.0 billion recorded in the review period of 2017. This moderate performance was mainly due to the upward revisions of SCL rate on rice varieties, maize, sprats, dried fish, potato, B' onions, black-gram, grated or powdered cheese, cowpea, and sugar, duty extension granted on lentils, mackerel fish, dried fish, Maldives fish, peas, chickpeas, Kurakkan etc.

Nation Building Tax (NBT)

The total revenue from NBT amounted to Rs. 64.3 billion in the first eleven months 2018, compared to Rs. 61.8 billion in the corresponding period of 2017. The revenue collected from NBT on domestic activities and imports increased by 3.6 percent to Rs. 46.1 billion and by 5.1 percent to Rs. 18.2 billion, respectively in the first eleven months of 2018 reflecting the revision of tax exemptions and concessions granted on various sector.

Table 1.9 | Performance of NBT, Stamp Duty and Motor Vehicle Registration Fees

Rs. Mn.

Item	2017			2018 ^(a)			% Change 2017/2018		
	Jan. - Nov.			Jan. - Nov.			Jan. - Nov.		
	CG	PCs	Total	CG	PCs	Total	CG	PCs	Total
NBT*	61,822	30,911	92,733	64,311	32,155	96,467	4.0	4.0	4.0
Domestic	44,500	22,250	66,750	46,110	23,055	69,165	3.6	3.6	3.6
Import	17,322	8,661	25,983	18,201	9,100	27,301	5.1	5.1	5.1
Stamp Duty**	-	7,540	7,540	-	8,432	8,432	-	11.8	11.8
Motor Vehicle Registration Fees***	763	1,781	2,544	952	2,221	3,172	24.8	24.7	24.7
Total	62,585	40,232	102,817	65,263	42,808	108,071	4.3	6.4	5.1

Source : Department of Fiscal Policy

^(a) Provisional

* Since 2011, 33 1/3 percent of the revenue collected from the NBT by the central government is transferred to PCs.

** Since 2011, 100 percent of the revenue collected from the stamp duty by the central government is transferred to PCs.

*** Data represent 70 percent of the revenue collected by the central government from motor vehicles registration fee and transferred to PCs.

Note: CG= Central Government; PCs= Provincial Councils

Other Taxes

The revenue from Telecommunication Levy declined by 14.3 percent to Rs. 26.6 billion during the first eleven months of 2018, compared to Rs. 31.0 billion recorded in the same period in 2017 due to the removal of the taxes for internet services coupled with the drop in call duration. Meanwhile, revenue collected from CESS levy on international trade decreased by 10.7 percent to Rs. 48.5 billion during the first eleven months of 2018, compared to Rs. 54.4 billion recorded in the same period of 2017. This was mainly due to the removal of applicable CESS rates on identified 253 items such as meat, dairy products, dates, grapes, pears, beer and wine etc. Revenue

generated from export of tea increased by 7.1 percent to Rs. 542 million. However, revenue generated from export of rubber and rubber based products and coconut declined in the first eleven months of 2018. Revenue generated from CESS on imports also declined by 10.6 percent to Rs. 46.1 billion in the first eleven months of 2018, in comparison to Rs. 51.6 billion in the same period of previous year. Revenue collected from PAL increased by 12.2 percent to Rs. 103.8 billion in the first eleven months of 2018, compared to Rs. 92.6 billion in the same period of 2017. Increased imports such as intermediate goods followed by increased imports of fuel, steel and wheat grain in 2018 contributed to this increase.

Table 1.10 | CESS Revenue from International Trade

Item	Rs. Mn.	
	Jan. - Nov. ^(a)	
	2017	2018
CESS on Exports	2,742	2,409
Tea - under Tea (Tax and Control of Export) Act & Sri Lanka Tea Board Law	506	542
Rubber - under Rubber Replanting Subsidy Act	89	9
Coconut - under Coconut Development Act	99	97
EDB CESS - under Sri Lanka Export Development Act	2,048	1,761
CESS on Imports - under Sri Lanka Export Development Act	51,614	46,118
Total	54,356	48,527

Source: Department of Fiscal Policy

^(a) Provisional

Non-tax Revenue

During the first eleven months of 2018, the total non-tax revenue increased by 40.9

percent to Rs. 182.8 billion, compared to Rs. 129.7 billion recorded in the same period of 2017 mainly due to the Central Bank's profit transfers of Rs. 15 billion and 50.2 percent increase of revenue from sales and charges. Also, revenue from rent income increased by 42.4 percent to Rs. 4.5 billion, interest income by 29.7 percent to Rs. 7.2 billion,

social security contributions by 10.4 percent to Rs. 23 billion and other income by 154.5 percent to Rs. 5.4 billion were attributed this performance. However, revenue collected from the profits and dividends declined by 3.4 percent to Rs. 35.2 billion during the first eleven months of 2018.

Table 1.11 | Variance Analysis of Government Revenue – Jan.-Nov., 2018

				<i>Rs. Bn.</i>
Item	2017	2018 Est.	2018 Prov.	Reason
Income Tax	260.2	354.5	297.8	The implementation of new Inland Revenue Act effective from April 1, 2018 and strengthening the tax administrative process through the RAMIS at IRD helped augment the revenue collected from Income tax despite the reduction of WHT revenue. Broadening the slabs applicable to the calculation of personal taxable income and widening progressive tax rate up to 24 percent for employment income helped increase the PAYE tax revenue. However, delayed implementation of Inland Revenue Act caused the deviation of actual revenue from estimates coupled with slower growth of GDP than expected.
VAT	399.0	494.6	422.9	The expansion of domestic activities and the rise in imports bill were attributed to the increase in VAT revenue. The rise in imports such as Coal, Milk Powder, Cement and Lubricants supported to increase import VAT revenue. Further, monitoring of payments and receipts with the implementation of RAMIS, increased tax audits and strengthening the tax administrative process at IRD positively contributed to this increase. However, there is a deviation of actual revenue from estimates mainly due to the exemptions given to healthcare services.
Excise Duty	427.9	487.3	452.1	Revenue from excise duty increased due to the increased excise duty tax revenue from motor vehicles, liquor, cigarettes and Tobacco with the exception of petroleum products. The increased motor cars imports specially less than 1000cc cars and increased production of soft liquor, reflecting the change in liquor consumption patterns were the main reason for this increase, albeit at a deviation of actual revenue form estimates.

Item	2017	2018 Est.	2018 Prov.	Reason
Customs Import Duty (CID)	125.1	158.2	89.4	The decline was mainly attributable to the exemptions granted with the general duty waiver on importation of Petrol, Diesel, wheat grain and milk powder, exemptions granted on project related items and implementation of free trade agreements.
Ports and Airports Development Levy (PAL)	92.6	104.5	103.8	PAL revenue increased due to the rise in imports of intermediate goods such as petroleum, fertilizer and gold etc. However, granting the concessionary rate of 2.5 percent for high tech machinery and equipment which was applied the standard rate of 7.5 percent has led negatively impact to PAL revenue.
Nation Building Tax (NBT)	61.8	78.6	64.3	Exemption granted on construction services by a contractor, sales of residential apartments, services of inbound travel agents received in foreign currency etc., coupled with delayed implementation of relevant act amendments has an impact on the moderate on deviation of actual revenue from estimates.
Other Taxes	160.5	181.7	157.1	The revenue from Cess on imports declined by 10.7 percent due to the removal of applicable Cess rates on identified 253 items and reduction of Cess on wheat flour. The revenue from Telecommunications Levy declined by 14.3 percent due to the removal of the taxes for internet services. The drop in call duration both international and local was also contributed to decline the Telecommunication levy.
Non-tax Revenue	129.7	156.0	182.8	Profit transfers from the Central Bank were mainly attributed to increase in non-tax revenue. Increased collection of Social Security Contribution from public sector employees due to the basic salary hike, the rise in sales and charges and the inclusion of revenue from the United Nations Peace Keeping Operations into the Consolidated Fund were positively attributed to increase non-tax revenue.
Total	1,656.8	2,015.4	1770.2	

Compiled by the Department of Fiscal Policy

Box 1 | Major Fiscal Measures - January to November 2018

Effective Date	Measures
Excise (Special Provisions) Duty	
16.02.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 2058/33 of 15.02.2018) -To Increase the maximum limit of exemption of Excise Duty for beneficiaries of categories of I, II and III as specified in Public Administration Circular No. 22/99 to Rs. 22.0 Mn., Rs. 16.00 Mn. and Rs. 12.00 Mn., respectively.
16.02.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 2058/34 of 15.02.2018) -To increase the maximum limit of exemption of Excise Duty to Rs. 5.0 Mn. for beneficiaries of vehicle imported under Trade and Investment Policy Circular No.1/2018.
12.04.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 2066/40 of 12.04.2018) -To grant tax concession to vehicles for which LCs opened on or before November 09, 2017 for beneficiaries of vehicle imported under Local Government and Provincial Council Circular No. 01/2017.
24.04.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 2068/9 of 24.04.2018) -To grant a vehicle permit to General (Rtd.) Hamilton Wanasinghe.
15.05.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 2071/16 of 15.05.2018) -To introduce an annually depreciation rate of Excise Duty to sell/dispose motor vehicles imported and registered by diplomats/diplomatic organization on a 100% duty-free basis.
31.05.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 2073/41 of 31.05.2018) -To impose Excise Duty of Rs. 7.00 per liter on kerosene.
09.06.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 2074/39 of 08.06.2018) -To reduce the maximum limit of exemption of Excise Duty to Rs. 3.6 Mn. from Rs. 5.0 Mn. for beneficiaries of vehicle imported under Trade and Investment Policy Circular No. 1/2018 as amended.
14.06.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 2075/51 of 14.06.2018) -To remove the applicable Excise Duty on kerosene.
25.07.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 2079/58 of 12.07.2018) -To revise Excise Duty based on sugar contained in beverages.
17.07.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 2080/31 of 17.07.2018) -To remove the condition of the grace period to release the vehicles from Sri Lanka Customs and allowed to register without changing laws and conditions of the concession to facilitate the applicants as prescribed in the applicable Gazette Notifications.
01.08.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 2082/10 of 31.07.2018) -To increase the Excise Duty on motor vehicles with the engine capacity less than 1,000 cc.
01.08.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 2082/11 of 31.07.2018)

Effective Date	Measures
	-To increase Excise Duty on cigarettes with length exceeding 72 mm.
06.08.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 2083/2 of 06.08.2018) -To strengthen the tax relief given for motor vehicles imported based on LCs established on or before August 01, 2018.
18.09.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No.2089/18 of 17.09.2018) -To impose Excise Duty on sugar.
09.10.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No.2092/5 of 08.10.2018) - To impose excise duty on Fatty acids.
02.11.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 2095/18 of 01.11.2018) -To revise the Excise Duty on Diesel.
12.11.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No.2097/3 of 12.11.2018) -To re-gazette the imposition of excise duty on beverages based on sugar contained in the product
04.12.2018	Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No.2100/3 of 2018.12.03) -To revise excise duty on carbonate beverages based on sugar content in the product.

Excise (Ordinance) Duty

11.01.2018	Excise Notification No. 01/2018 (Gazette No. 2053/21 of 10.01.2018) -To revise business hours of the liquor licensed establishments.
10.01.2018	Excise Notification No. 02/2018 (Gazette No. 2053/26 of 10.01.2018) -To revise the conditions set out in the Excise Notification No. 666.
18.01.2018	Excise Notification No. 03/2018 (Gazette No. 2054/41 of 18.01.2018) -To rescind the Excise Notification No. 01/2018 on “Business Hours for Liquor License Establishments “based on Cabinet decision dated 16/01/2018.
18.01.2018	Excise Notification No. 04/2018 (Gazette No. 2054/42 of 18.01.2018) -To rescind the Excise Notification No. 02/2018 on “Revision of the conditions set out in the Excise Notification No. 666 “ based on cabinet decision dated 16.01.2018.
22.01.2018	Excise Notification No. 05/2018 and 06/2018 (Gazette No. 2055/09 of 23.01.2018) -To repeal the word “pulp” in the schedule of Excise Notification No. 1001 and 1002.
21.02.2018	Excise Notification No. 07/2018 (Gazette No. 2059/32 of 21.02.2018) -To reduce Excise Duty on non-potable spirits imported into Sri Lanka by Rs. 9.00 per bulk kg.
01.04.2018	Excise Notification No. 08/2018 (Gazette No. 2066/2 of 09.04.2018) -To introduce license fee for toddy tapping and drawing as per the Excise Ordinance (as amended).
16.04.2018	Excise Notification No. 09/2018 (Gazette No. 2065/57 of 06.04.2018) -To reduce the license fee for bottling toddy by Rs. 500,000.
13.06.2018	Excise Notification No.10/2018 (Gazette No. 2075/23 of 13.06.2018) -To amend the Excise Notification No. 07/2018.
13.06.2018	Excise Notification No. 11/2018 (No. 2075/24 of 13.06.2018) -To revise the opening and closing hours of toddy taverns.
04.10.2018	Excise Notification No. 12/2018 (Extraordinary Gazette No. 2091/50 of 2018-10-03) -To exempt BOI approved companies from the payment of excise duty on importation of non-portable spirits.

Ports and Airports Development Levy (PAL)

Effective Date	Measures														
05.04.2018	Ports and Airports Development Levy (PAL) Act, No. 18 of 2011 (Gazette Notification No. 2065/42 of 06.04.2018) -To grant concessionary PAL rate of 2.5% for importation of identified High Tech machinery and equipment.														
11.07.2018	Ports and Airports Development Levy (PAL) Act, No. 18 of 2011 (Gazette Notification No. 2079/34 of 11.07.2018) -To grant concessionary PAL rate of 2.5% for importation of identified High-Tech machinery and equipment.														
Stamp Duty															
01.10.2018	Stamp Duty (Special Provisions) Act, No. 12 of 2006 (Gazette Notification No. 2091/3 of 01.10.2018) -To impose Stamp Duty for Liquor license (AFL 1, AFL 2, AFL 3, AFL 4) and license for sale of bottled toddy.														
CESS Levy															
25.07.2018	Sri Lanka Export Development Act, No. 40 of 1979 (Gazette Notification No. 2081/10 of 24.07.2018) -To introduce fixed CESS rate of Rs. 10.00 per kg of bulk tea export.														
26.09.2018	Sri Lanka Export Development Act, No. 40 of 1979 (Gazette Notification No.2090/05 of 25.09.2018) -To rename the applicable CESS of 30% or Rs. 300.00 per kg on importation of sanitary towels.														
17.10.2018	Export Development Act, No.40 of 1979(Gazette Notification No. 2093/19 of 2018.10.17) -To amend the Rate of CESS on Textile Fabrics.														
Income Tax															
Corporate Income Tax															
01.04.2018	Three Tire Income tax rate structure was introduced: - Standard Rate 28% - Financial services, insurance, trade, manufacturing and any other not falling under concessionary/higher tax category. - Concessionary Rate 14% - SMEs, exporters, agriculture, educational services, promotion of tourism, IT services, charitable institution, EPF, ETF and pension funds. - Higher Rate 40% - Betting and gaming, tobacco and liquor.														
Individual Income Tax															
01.04.2018	<table border="1"> <thead> <tr> <th>Taxable Income (Rs.)</th> <th>Tax Rate</th> </tr> </thead> <tbody> <tr> <td>First 600,000</td> <td>4%</td> </tr> <tr> <td>600,000 - 1,200,000</td> <td>8%</td> </tr> <tr> <td>1,200,000 - 1,800,000</td> <td>12%</td> </tr> <tr> <td>1,800,000 - 2,400,000</td> <td>16%</td> </tr> <tr> <td>2,400,000 - 3,000,000</td> <td>20%</td> </tr> <tr> <td>Exceeding 3,000,000</td> <td>24%</td> </tr> </tbody> </table>	Taxable Income (Rs.)	Tax Rate	First 600,000	4%	600,000 - 1,200,000	8%	1,200,000 - 1,800,000	12%	1,800,000 - 2,400,000	16%	2,400,000 - 3,000,000	20%	Exceeding 3,000,000	24%
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2,400,000 - 3,000,000	20%														
Exceeding 3,000,000	24%														
Employment Income															
01.04.2018	-Employment income is taxed under progressive rates up to 24% and slabs applicable for taxable income of an individual was broadened. -Qualifying payment relief increased from Rs. 250,000 to Rs. 700,000 -Tax treatment on retirement benefits remains unchanged. -Secondary employment First Rs. 50,000 per month : 10% Balance : 20%														
Capital Allowance Structure															

Effective Date	Measures																				
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01.04.2018																					
Tax on Capital Gain Tax																					
01.04.2018	10% on the gains from realization of land and buildings and other investment assets excluding quoted shares.																				
Investment Incentives Scheme																					
01.04.2018	New investment incentives scheme based on the enhanced depreciation allowance is provided for a person who spend on depreciable assets other than intangible assets during a year of assessment.																				
Land (Restrictions on Alienation) Tax																					
30.07.2018	<ul style="list-style-type: none"> -To remove restrictions imposed on foreigners under the Land Act in respect of companies listed in the Colombo Stock Exchange. -To remove the prohibition on foreigners on buying condominium units below the 4th floor. 																				
Nation Building Tax																					
30.07.2018	<ul style="list-style-type: none"> -To remove NBT exemption applicable on liquor. -To exempt of imports of non-motorized equipment and accessories for water sports and gem stones for cutting and re-export purposes. -To exempt construction services provided under a contract agreement executed prior to August 01, 2017. 																				
Value Added Tax																					
16.08.2018	<ul style="list-style-type: none"> -To exempt VAT on supply of private Medical Services excluding room charges. -To exempt the Sri Lanka Deposit Insurance Scheme on supply of financial services. -To reduce piece based rate of VAT chargeable on local sale of certain garments, by export oriented companies. -To exempt certain supplies such as infant milk powder, books, magazines, journals and periodicals. - To remove VAT Exemptions on the import or supply of imported goods including plants & flowers, fabric, wood and articles, plant and machinery/industrial racks. -To remove exemption of sale of condominium housing units with effect from April 1, 2019. -To introduce VAT Refund Scheme for Tourists. 																				
18.09.2018	-To reduce VAT rate applicable on import or import and supply of sugar from 15% to 0%																				
01.11.2018	-To exempt VAT rate on import of fabric.																				
01.11.2018	-To reduce VAT rate applicable on the import of Sawn Timber to 5%.																				

Effective Date	Measures								
Imposition of new taxes and the amendment of certain taxes under the Finance Act									
01.01.2018	-To impose Vehicle Entitlement Levy charged from the vehicle importers at the time of opening LC prior to 31.12.2018 and charged the levy commencing on/after 01.01.2019 by Sri Lanka Customs								
01.10.2018	- To impose Annual Company Registration Levy for the year 2018. <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Category of Company</th> <th style="text-align: center;">Rate (Rs. per annum)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Listed Public Company</td> <td style="text-align: center;">1,500,000</td> </tr> <tr> <td style="text-align: center;">Private Company</td> <td style="text-align: center;">30,000</td> </tr> <tr> <td style="text-align: center;">Any other Company</td> <td style="text-align: center;">250,000</td> </tr> </tbody> </table>	Category of Company	Rate (Rs. per annum)	Listed Public Company	1,500,000	Private Company	30,000	Any other Company	250,000
Category of Company	Rate (Rs. per annum)								
Listed Public Company	1,500,000								
Private Company	30,000								
Any other Company	250,000								
01.10.2018	- To introduce Debt Repayment Levy at the rate of 7% on Value Added tax on financial services.								
01.11.2018	-To amend Hub Provisions facilitating the enterprises engaged in the hub activities to be registered under the simplified Value Added Tax (SVAT) scheme.								
01.01.2019	- To introduce Carbon Tax imposed on motor vehicles based on the engine capacity.								
01.01.2019	-To introduce Cellular Tower Levy charged at Rs.200, 000/- annually per tower.								
01.01.2019	-To introduce Levy on Mobile Short Message Services (advertisement)								
01.01.2019	-To introduce Tourism Development Levy								
Economic Service Charge									
20.09.2018	-To establish Excise Duty payable as the tax base for charging ESC on imported motor vehicles. -To make the liable turnover of the wholesale supply of fuel for ESC purpose to the one tenth (1/10) of the turnover. -To exempt the unrealized exchange gains of CBSL.								
Customs Import Duty									
17.03.2018	Revenue Protection Act, No.19 of 1962 (Gazette Notification No.2062/45 of 16.03.2018) -To revise import duty of selected goods (for 154 number of HS Codes). -To create new HS Codes for Acrylic, Small fish used as fishing baits, hair nets and bio degradable and compostable plastic material. -To remove 15% duty on Alfalfa used as forage for milking cows. -To revise the duty rate imposed on imported lottery tickets and telephone cards as 30% or Rs. 350/ per Kg instead of 30% duty rate.								
18.04.2018	Revenue Protection Act, No. 19 of 1962 (Gazette Notification No. 2067/2 of 17.04.2018) -To increase the duty on importation of gold from zero to 15%.								
01.05.2018	Revenue Protection Act, No. 19 of 1962 (Gazette Notification No. 2069/2 of 01.05.2018) -To grant CID free basis for selected 3,719 items under the Sri Lanka - Singapore Free Trade Agreement.								
03.05.2018	Revenue Protection Act, No. 19 of 1962 (Gazette Notification No. 2069/19 of 02.05.2018) -To impose CID on <i>Beedi</i> leaves and <i>Beedi</i> tobacco on weight.								
16.05.2018	Revenue Protection Act, No. 19 of 1962 (Gazette Notification No. 2071/15 of 15.05.2018) -To introduce fuel pricing formula for the local market.								
11.07.2018	Revenue Protection Act, No. 19 of 1962 (Gazette Notification No. 2079/32 of 10.07.2018) -To introduce new HS Codes for product of fruit juice more than 6 mg per 100 ml for the application of Excise Duty.								

Effective Date	Measures
	-To revise the duty on importation of <i>Beedi</i> leaves as per the previous duty rate 30% or Rs. 250.00 per kg.
20.07.2018	Revenue Protection Act, No. 19 of 1962 (Gazette Notification No. 2080/42 of 19.07.2018) -To grant CID free basis for selected 182 items under the Sri Lanka - Singapore Free Trade Agreement.
09.10.2018	Revenue Protection Act, No. 19 of 1962 (Gazette Notification No. 2092/8 of 08.10.2018) To introduce new HS Codes for Palm oil fatty acids and tallow fatty acids. -To revise the Customs Import Duty for the protection of local producers from the possible under valuation of importation on squatting pans.
16.11.2018	Revenue Protection Act, No. 19 of 1962 (Gazette Notification No. 2097/36 of 15.11.2018) -To revise CID on importation of petrol by Rs.35 per litre.
Special Commodity Levy (SCL)	
19.01.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2054/40 of 18.01.2018) -To introduce a concessionary rate on grated or powdered cheese. -To extend the validity period of the existing SCL on 7 items including grated or powdered cheese, Maldivian fish and black gram for the period of 6 months.
01.02.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2056/33 of 31.01.2018) -To introduce SCL of Rs. 10.00 per kg on the importation of maize for the period of 6 months.
16.02.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2058/30 of 15.02.2018) -To extend the validity period for sugar for the period of 6 months.
24.02.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2059/52 of 23.02.2018) -To increase SCL on importation of Potatoes to Rs. 30.00 per kg.
08.03.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2061/22 of 07.03.2018) -To extend the validity period for mackerel fish, Peas, chickpeas, cowpea, <i>Kurakkan</i> for the period of 6 months.
20.03.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2063/13 of 19.03.2018) -To remove SCL on importation of black gram to Rs.100.00 per kg.
01.04.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2064/49 of 01.04.2018) -To extend the validity period for potatoes, rice, yogurt, butter, garlic, oranges, grapes, apples, mathe seed, <i>Kurakkan</i> , ground nut, mustard seed, salt with the prevailing levy rates.
02.05.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2069/18 of 01.05.2018) -To increase the duty on importation of potato Rs. 30.00 per kg to Rs. 40.00 per kg and Rs.1.00 per kg to Rs. 40.00 per kg on importation of B onions.
08.05.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2070/2 of 08.05.2018) -To extend the validity period of the existing SCL on 11 items for the period of 6 months.
09.05.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2070/6 of 09.05.2018) -To increase the levy on importation of whole lentils Rs. 1.00 per kg to Rs. 7.00 per kg to Rs. 12.00 per kg on importation of split lentils.

Effective Date	Measures
21.05.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2071/85 of 20.05.2018) -To extend the validity period of the existing SCL on 6 items for the period of 6 months.
01.06.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No.2073/37 of 31.05.2018) -To increase the duty on coconut and related products by Rs. 20.00 per kg compare with the end of last year considering the stabilization of prevailing market prices.
14.06.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2075/31 of 14.06.2018) -To extend the validity period of the existing SCL duty on fish varieties and coconut. -To increase the levy of Rs. 100.00 per kg on importation of Black gram to Rs. 150.00 per kg.
19.07.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2080/36 of 18.07.2018) -To extend the validity period of the existing SCL duty on 7 items.
01.08.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2082/31 of 01.08.2018) -To reduce the levy rate on importation of all fish varieties 10% or Rs. 100.00 per kg to Rs. 25.00 for the validity period of two months.
09.08.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2083/09 of 08.08.2018) -To introduce the SCL of Rs. 10/kg on importation of Maize for the period of 6 months.
16.08.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2084/30 of 16.08.2018) -To extend the validity period of the existing SCL duty on sugar.
25.08.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2085/36 of 25.08.2018) -To increase the duty on importation of edible oil by Rs. 20.00.
07.09.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2087/76 of 07.09.2018) -To extend the validity period of the existing duty rate for another one year.
18.09.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2089/19 of 17.09.2018) -To remove the SCL on importation of sugar.
01.10.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No .2090/47 of 29.09.2018) -To increase the levy on importation of fish and extend the validity period of other 11 items including yoghurt, garlic, oranges, grapes, apple etc.
02.11.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2095/16 of 01.11.2018) -To extend the validity period of the existing duty rate of Potatoes and B onions for another 31 days.
02.11.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2095/21 of 01.11.2018) -To reduce the duty rates for importation of Chickpeas, and lentils by Rs.5 and Black gram by Rs.25 per kg. -To re-impose SCL duty Rs. 32 per kg for white Sugar and Rs.35 per kg for brown Sugar.
08.11.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2096/21 of

Effective Date	Measures
	07.11.2018) -To extend the validity period for another period of one year of the existing SCL duty on 10 items including Green gram, Mangoes teen, dried orange, Pears, cherries etc.
24.11.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2098/27 of 23.11.2018) -To reduce the duty rates for importation of <i>Watana</i> by Rs.10 per kg.
03.12.2018	Special Commodity Levy Act, No. 48 of 2007 (Gazette Notification No. 2100/2 of 03.12.2018) -To reduce the duty rates for importation of Potatoes and B' onions by Rs.20 per kg.

Administrative Changes

28.04.2018	The domestic gas price was increased by Rs. 245.00 for a 12.5 kg cylinder.
05.05.2018	The retail price of milk was increased by Rs. 50.00 per kg.
30.06.2018	The domestic gas price was decreased by Rs. 138.00 for a 12.5 kg cylinder.
27.09.2018	The domestic gas price was increased by Rs. 195.00 for a 12.5 kg cylinder.

1.3 Government Expenditure

In the first eleven months of 2018, government expenditure was Rs. 2,500

billion of which Rs. 1,951 billion was recurrent expenditure and Rs. 549 billion was capital expenditure and net lending.

Table 1.12 | Performance of Government Expenditure

Item	Rs. Mn.	
	Jan.- Nov. 2017	2018 (a)
Recurrent Expenditure	1,684,876	1,951,042
Salaries	545,302	572,700
Pension	166,745	177,710
Interest	605,271	809,258
Other	367,558	391,374
Capital Expenditure	478,353	495,954
Public Debt Repayment	831,831	1,195,242
Total	2,995,060	3,642,238

Source: Department of National Budget & Department of Fiscal Policy

(a) Provisional

Personal Emoluments and Pensions

Total expenditure on personal emoluments for public servants including the Provincial Councils' employees increased by 5.3 percent to Rs. 750 billion during the first eleven months of 2018, compared to Rs. 712 billion for the corresponding period in 2017 reflecting the basic salary hike from 2016

onwards. The pension payments increased by 6.5 percent to Rs. 178 billion in the review period of 2018, compared to Rs. 167 billion in the same period of 2017 due to the increase in basic salaries of public servants continued to impact on pension payments.

Interest Payments

Interest payments on domestic and foreign debt increased by 33.7 percent to Rs. 809

billion in the first eleven months of 2018 from Rs. 605 billion in the same period of 2017. Of the total of Rs. 809 billion, interest payments for domestic loans amounted to

Rs. 634 billion while Rs. 176 billion was for foreign loans. This increase was mostly due to the exchange rate and interest rate fluctuations.

Table 1.13 | Behaviour of Yield Rates on Government Securities and Exchange Rate 2017 to 2018

Period	Treasury Bills (%)			Treasury Bonds (%)				Average Exchange Rate Rs/US\$	
	91 days	182 days	364 days	2 year	3 year	4 year	5 year		
2017	Jan	9.03	10.07	10.37	11.41	-	-	12.19	150.09
	Feb	9.32	10.19	10.58	12.10	-	-	12.89	150.82
	Mar	9.63	10.62	10.98	12.30	-	-	-	151.43
	Apr	9.73	10.70	11.02	11.12	-	-	11.55	151.76
	May	9.61	10.35	10.71	11.07	-	-	11.42	152.33
	Jun	9.60	10.29	10.47	-	-	11.37	-	152.83
	Jul	9.44	9.71	9.99	-	-	11.14	10.43	153.67
	Aug	8.87	9.30	9.67	9.83	-	-	-	153.19
	Sep	8.71	9.01	9.10	-	-	-	10.09	152.90
	Oct	8.75	9.10	9.48	-	-	-	-	153.53
	Nov	8.20	8.88	9.44	-	9.92	-	10.20	153.66
	Dec	7.69	8.30	8.90	-	9.55	-	-	153.15
2018	Jan	-	7.95	8.90	-	-	-	-	153.80
	Feb	8.24	8.52	9.59	-	9.85	-	9.44	154.86
	Mar	8.17	-	9.69	-	-	-	10.68	155.73
	Apr	8.10	-	9.59	-	9.79	-	-	153.14
	May	8.34	8.93	9.62	-	-	-	-	157.90
	Jun	8.32	8.85	9.39	-	-	-	10.51	159.07
	Jul	8.24	8.74	9.27	-	-	-	-	159.34
	Aug	8.03	8.60	8.99	-	-	-	9.91	160.35
	Sep	8.56	-	9.51	-	10.03	-	-	164.42
	Oct	9.48	9.75	10.39	-	-	-	11.69	171.22
	Nov	10.01	9.99	11.20	-	-	-	-	176.85

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

Welfare Expenditure

The expenditure on welfare programs amounted to Rs. 175 billion during January and November, 2018, compared to Rs. 162 billion for the corresponding period in 2017. The health expenditure increased in the review period due to the increase in expenditure on 'Free Medicine for All', 'Triposha' program and 'Poshana Malla' nutritional program. The 'Free Medicine for All' program contributed to the largest expenditure while expenditure on education sector also increased during the period.

Rs. 61 billion have been incurred for the livelihood support program. 'Samurdhi' and fertilizer subsidy programs were the major programmes, among others in the respective period of 2018. Meanwhile, expenditure on social welfare and safety net activities was Rs. 50 billion including Rs. 28 billion under Assistance to Differently Abled Soldiers program with an increase of 12 percent in the review period compared to the corresponding period of last year.

Table 1.14 | Welfare Expenditure

Rs. Mn.

Item	Jan.- Nov.	
	2017	2018 ^(a)
Healthcare & Nutrition	38,349	46,834
Free Medicine for All	32,077	40,147
<i>Thriposhha</i> Programme	1,542	1,728
Morning Meal for Pre-School Children	131	205
<i>Poshana Malla</i>	4,599	4,754
Education	15,402	16,799
Free Text Books	3,288	3,877
Free School Uniforms	1,184	920
School Season Tickets	4,923	4,009
School Nutritional Foods	3,721	4,751
Glass of Milk for School Children	212	374
Shoes for Students in Difficult and Very Difficult Area Schools	220	208
Grade Five Scholarships	310	217
<i>Mahapola</i> Scholarships	528	1,292
Bursaries	358	605
<i>Dhamma</i> School Text Book	191	57
<i>Dhamma</i> School Uniforms for Teachers	34	93
Assistance for <i>Dhamma</i> School Teacher	433	397
Livelihood Support	61,034	60,927
Fertilizer Subsidy	22,445	23,881
Fertilizer Subsidy (Plantation)	1,115	69
Samurdhi Relief	36,440	36,008
Subsidies for Replanting (Tea/Rubber)	954	770
Assisting Farmers for Export Crop Development	80	199
Social Welfare & Safety net	46,744	50,252
Assistance for Differently Abled Persons & Kidney Patients	1,754	2,236
Assistance to Elderly Person's	8,262	8,773
Assistance to Differently Able Soldiers	25,459	27,734
Social Care of <i>Ranaviru</i> Parents	2,197	2,187
Food Assistance, Flood and Drought Relief	4,072	4,393
Bus Services in Uneconomical Routes	5,000	4,929
Total	161,529	174,812

Source: Department of National Budget

^(a) Provisional

Public Investment

The expenditure on public investment including infrastructure developments in highways, water supply, irrigation, transport, agriculture and health and education sectors was Rs. 496 billion in the first eleven months of 2018, compared to Rs. 478 billion in the same period of 2017.

The debt repayments continued to consume a major portion of government's resources. During the first eleven months of 2018, expenditure on debt repayments increased by 43.6 percent to Rs. 1,195 billion, compared to Rs. 832 billion recorded in the same period in 2017. Expenditure on debt repayments for domestic and foreign debts amounted to Rs. 929 billion and Rs. 266 billion, respectively in the review period.

Debt Repayments

1.4 Treasury Operations

Performance of the Cash Flow of the General Treasury

During the first eleven months of 2018, cash inflows to the General Treasury by way of revenue and other receipts increased by 10 percent to Rs. 1,766 billion from Rs. 1,606 billion recorded in the same period of 2017. During the period, total cash outflow for both recurrent and public investments increased by 10.6 percent from Rs. 2,165 billion to Rs. 2,394 billion over the same

period of 2017. The total cash deficit as at November 30, 2018 was Rs. 628.2 billion, an increase of 12.4 percent compared to the corresponding amount of Rs. 559 billion in 2017. This was mainly due to the increase in cash inflows to the General Treasury by 10.0 percent against the increase in cash outflows for the capital expenditure by 16.8 percent. Increase in operational expense during the period has caused to increase the overall closing cash and bank balance as at November 30, 2018 up to Rs. 225.3 billion, compared to the same period of 2017.

Table 1.15 | Statement on Government Treasury Cash Flow Operations

Rs. Bn.

Item	2017		2018	
	Jan-Nov		Jan-Nov	
	Actual	Estimate	Actual	
Opening cash balance as at 1 st January	(160.3)	(186.2)	(186.2)	
Total cash inflow from revenue and other receipts	1,606.2	1,952.8	1,766.1	
Total cash outflow for recurrent payments	(1,695.7)	(1,954.7)	(1,845.8)	
Total cash outflow for capital payments*	(469.5)	(760.1)	(548.5)	
Net cash surplus / deficit	(559.0)	(762.0)	(628.2)	
Gross borrowing *	1,363.8	1,822.4	1,782.2	
Debt repayment	(834.4)	(1,116.2)	(1,191.1)	
Net borrowing	529.4	706.2	591.1	
(Temporary Employed Balances (TEB), net deposits, etc.)	9.7	-	(2.0)	
Closing cash balance as at 30 th November	(180.2)	(242.0)	(225.3)	

Source: Department of Treasury Operations

*Includes project/programme loans received by the government and recorded in the CS-DRMS as at November 30, 2018

Management of Government Debt

The total borrowing limit approved by Parliament for 2018, amounted to Rs. 1,893.8 billion, within which the Government borrowings for the period from January, 01 to November 30, 2018 was Rs. 1,782.2 billion. Total borrowing limit comprises from domestic borrowings of Rs. 1,078.1 billion and Rs. 704.1 billion of foreign borrowings to finance cash flow operations and development projects during the period. Treasury bonds and Sri Lanka Development Bonds were the main sources of domestic borrowing of the Government.

Accordingly, around 65 percent of the total domestic borrowings were raised by way of Treasury Bonds while around 22 percent of total domestic borrowings were raised by way of Sri Lanka Development Bonds. In addition to the domestic borrowings which were utilized to finance a part of foreign currency debt service payments at the beginning of 2018, proceeds from the International Sovereign Bonds issued in the second quarter of the year was fully utilized to finance the foreign currency debt service payments. The net borrowing as at end of the period was Rs. 591.1 billion.

Table 1.16 | Gross Domestic Borrowings by Instruments

Instruments	Rs. Bn. Jan-Nov. 2018
Treasury Bonds	705.6
Sri Lanka Development Bonds	234.1
Foreign Currency Banking Unit (FCBU)	62.4
Treasury Bills (Net)	51.0
Provisional Advances - Central Bank of Sri Lanka	25.0
Total	1,078.1

Source: Department of Treasury Operations

Disclosure of Contingent Liabilities on Treasury Guarantees

The value of Treasury Guarantees issued and remained valid as at November 30, 2018 was Rs. 1,076.9 billion which were within the limit applicable as per the Section 2 of the Fiscal Management (Responsibility) (Amendment) Act, No. 13 of 2016.

agencies from January 1, to November 30, 2018 amounting to US\$ 1,131.2 million to support the Public Investment Program (PIP) in accordance with the macroeconomic targets envisaged in the Medium-Term Fiscal Framework. Of the total commitments made during this period, US\$ 1,058.7 million was made in the form of loans and US\$ 72.5 million was made in the form grants.

Chart 1.4 | Gross Domestic Borrowings by Instrument Jan. - Nov. 2018

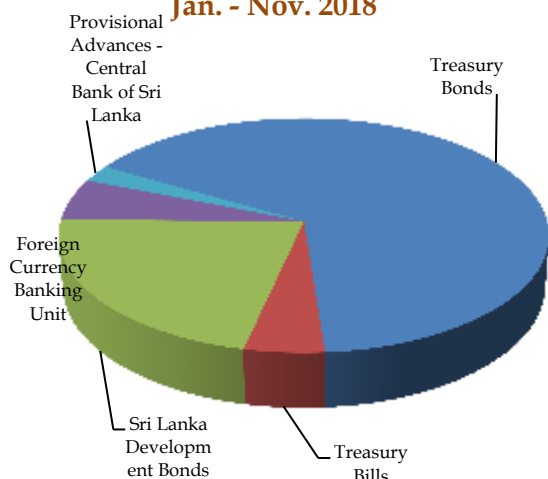
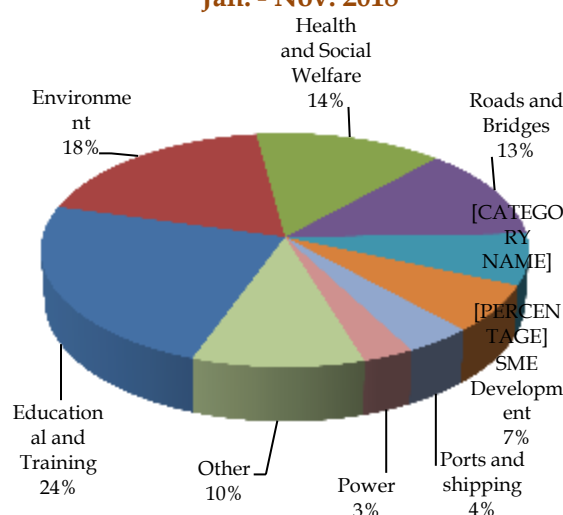


Chart 1.5 | Sector wise ODA Commitment Jan. - Nov. 2018



Other = Water supply & Sanitation, Health and Social Welfare, Women' Affairs, Humanitarian Assistance

1.5 Foreign Financing

Foreign Financing Commitments

The Government has entered into thirty five (35) financing commitment agreements with foreign development partners and lending

Out of the commitments made for the development activities during this period, the Asian Development Bank (ADB) has made the highest commitment during January - November 2018 amounting to US\$

438.0 million followed by World Bank (US\$ 104.0 million), Japan (US\$ 98.2 million), and China (US\$ 85.0 million).

Apart from the financial assistance obtained in the form of Official Development Assistance (ODA) to implement development projects, the Government has issued two International Sovereign Bonds of US\$ 1,250 million each with annual interest rates of 5.75 and 6.75 and maturities of 5 and 10 years, respectively and also obtained

Foreign Currency Term Loan of US\$ 1,000.0 million.

From the sectorial perspective of the commitments made during this period, the highest amount has been committed to education and training sector (US\$ 269.0 million) followed by environment (US\$ 210.0 million), health and social welfare (US\$ 157.1 million), roads and bridges (US\$ 144.1 million), railway (US\$ 79.8 million) and SME (US\$ 75.0) sectors, respectively.

Table 1.17 | Foreign Financing Commitments with Terms - January to November 2018

Development Partner/ Lending Agency	Instr. Type	Agreement Date (D/M/Y)	Project /Program/ Instrument Name	Currency	Amount Committed (million)			Terms						
					Intru. Currency	Rupees	US\$	Financial Terms				Grace Period (Years)	Date of Signing (Years)	Maturity /Availability Period from the Date of Signing (Years)
					Interest		Other Charges							
					Type	Annual Rate (%)	Margin (100 basis points)							
Bilateral ODA														
Australia	Grant	1/30/2018	Subsidiary Agreement (Governance for / Growth Program)	AUD	31	3,850.90	25	Not Applicable						3
France	Loan	10/17/2018	Implementation of Green Power Development & Energy Efficient Improvement Investment Program-Tranche 2	EUR	30	5,930.90	34.7	Variable	EURIBOR	1.2	Commitment Fee 0.5%, Appraisal Fee 0.5%	5		20
	Loan	28/9/2018	Development of Mini Dairy Cooperatives with French Soft Loan	EUR	13.9	2,739.60	16.2	Fixed	0.0016	Not Applicable	None	10		34
Japan	Grant	6/26/2018	The Project for Human Resource Development Scholarship	JPY	265	384.20	2.4	Not Applicable						3
	Loan	7/11/2018	Health and Medical Service Improvement	JPY	10,639	15,260.60	95.8	Fixed	0.1 during Disbursing	Not Applicable	Frontend fee Yen 10.6 million	12		40

			Project							period, 0.01 during repayi ng period			
Korea	Grant	5/15/2018	Educational Environment Improvement Project in <i>Kilinochchi</i> District	USD	7.5	1,184.40	7.5	Not Applicable					3
	Loan	6/28/2018	Supply of Garbage Collecting Compactors in South Sri Lanka	USD	7	1,110.70	7	Interest Free		-	10		30
	Loan	6/28/2018	Supply of Garbage Collecting Compactors in North and Central Sri Lanka	USD	7	1,110.70	7	Interest Free		-	10		30
China	Loan	6/7/2018	Widening and Improvement of 64.31 km of Roads and Reconstruction of 13 Bridges in Central and <i>Uva</i> Provinces in Sri Lanka	USD	85	13,482.30	85	Variable	LIBOR 6 months for USD	2.9	Commitment Fee 0.5%, Management Fee	3	18
HSBC (Hong Kong)	Loan	4/27/2018	Procurement of 09 No's Diesel Multiple Units for Upcountry Line Operation of	USD	79.8	12,578.20	79.8	Variable	LIBOR 6 months for USD	2	Insurance Fee USD2.2 million	1	13.5

			Sri Lanka Railways											Processing Fee USD 877,665.87, Commitment Fee 0.5%
USA	Grant	1/30/2018	Strengthened Partnership for Democratic Governance & Social Cohesion	USD	97	1,487.10	97	Not Applicable						10
	Grant	1/30/2018	Sustained and Inclusive Economic Growth		82	1,263.00	82	Not Applicable						9
India	Loan	1/10/2018	Dollar Credit Line on KKS Harbour	USD	45.3	6,963.40	45.3	Variable	LIBOR 6 months for USD	-	None	1	15	
		3/8/2018	Implementation of Kirama-Katuwana Integrated Water Supply Scheme	EUR	10.5	2,019.40	13	Interest free			Commitment Fee 0.4%,	6.5	15	
											Management Fee EUR 47,185.25,			
											Handling Fee EUR 1,440, Upfront Fee EUR 58,981.6			
Austria	Loan	3/8/2018	Implementation of Kirama-Katuwana Integrated Water Supply	EUR	10.5	2,019.40	13	Interest Free			Commitment Fee 0.4%, Management Fee EUR 47,185.25, Handling Fee EUR 1,440,	6.5	15	

			Scheme								Upfront Fee EUR 58,981.6		
	Loan	4/12/2018	Supply and Installation of Laboratory and Medical Equipment for the Ministry of Higher Education and Highways in Sri Lanka.	EUR	4.9	949.1	6.1	Interest free			Management Fee EUR 22,176.0, Handling Fee EUR 1,440, Upfront Fee EUR 7,500.0	6	18
Austria	Loan	5/23/2018	Upgrading of Operation Theatres and ICU Equipment under Austrian Soft Loan Scheme	EUR	9.6	1,780.50	11.3	Variable	EURIB OR 6 months	1.00	Commitment Fee 0.4%, Management Fee EUR 38,350.2, Upfront Fee EUR 17,976.7, Handling Fee EUR 1,440	5.6	18
Saudi Arabia	Loan	7/18/2018	<i>Kulu-Ganga</i> Development Project - Additional Finance	SAR	60	2,531.90	15.8	Variable	2	Not Applicable	None	5	25
Hungary	Loan	6/26/2018	Rehabilitation of <i>Labugama</i> Water Treatment Plant project (Enhancement)	EUR	0.037	7.00	0.04	Fixed	1.03	Not Applicable	None	8	20
Netherlands	Loan	5/23/2018	Upgrading of Operation Theatres and ICU Equipment under	EUR	9.6	1,780.50	11.3	Variable	EURIB OR 6 months	1	Commitment Fee 0.4%, Management Fee	5.6	18

			Austrian Soft Loan Scheme								EUR 38,350.2, Upfront Fee EUR 17,976.7, Handling Fee EUR 1440		
	Loan	11/26/2018	Reconstruction of Rural Bridges (EUR 44.6mn)	EUR	7.8	1,590.0	8.7	Variable	EURIBOR 6 months	4.0	Management Fee EUR 39,089.5	3.5	4.4
Multilateral ODA													
Asian Development Bank	Loan	2/16/2018	Small and Medium Enterprises Line of Credit - Additional Financing	USD	75	11,649.30	75	Variable	LIBOR 6 months for USD	0.60	Commitment Fee 0.15%	11	11
	Grant	5/11/2018	Skills Sector Enhancement Programme - Additional / 9193 SRI(EF) Financing	USD	3	473.6	3	Not Applicable					0
	Grant	26/10/2018	Health System Enhancement Project	USD	12.5	2,160.3	12.5	Not Applicable					4.8
	Loan	5/18/2018	Mahaveli Water Security Investment Program - Tranche 2	USD	179	28,293.90	179	Variable	LIBOR 6 months for USD	0.70	Commitment Fee 0.15%	5	19
	Loan	5/18/2018	Mahaveli Water Security Investment Program - Tranche 2	USD	31	4,900.10	31	Fixed	2	Not Applicable	None	5	24

	Loan	5/11/2018	Skills Sector Enhancement Program - Additional Financing	USD	60	9,472.70	60	Fixed	2	Not Applicable	None	5	25
	Loan	5/11/2018	Skills Sector Enhancement Program - Additional Financing	USD	40	6,315.20	40	Variable	LIBOR 6 months for USD	0.7	Commitment Fee 0.15%	5	20
	Loan	10/26/2018	Health System Enhancement Project	USD	37.5	6,481.0	37.5	Fixed	2	Not Applicable	None	2.6	12.5
International Development Association	Loan	7/25/2018	General Education Modernization Project	USD	100	15,947.50	100	Variable	LIBOR 6 months for USD	1.5	Commitment Fee 0.25%	6.0	22
International Bank for Reconstruction and Development	Loan (PPF)	1/30/2018	PPF - Program Preparation Advance N0. P4940	USD	4.0	615.10	4				Not Applicable		2
International Fund for Agricultural Development	Loan	1/26/2018	Implementation of Smallholder Agribusiness Partnership (SAP) Program	USD	6.2	950.1	6.2	Fixed	2	Not Applicable	None	5	24
Food and Agriculture Organization	Grant	8/15/2018	Strengthening the e-agriculture environment and developing ICT-mediated agricultural solutions	USD	0.1	15.4	0.1	Not Applicable					-
United Nations High	Grant	1/1/2018	Enabling returnees in	LKR	1.9	1.9	0.01	Not Applicable					1

Commissioner for Refugees			<i>Kilinochchi, Putlam and Mannar districts to access their rights</i>											
United Nations Population Fund	Grant	1/26/2018	UNFPA Country Program 2018 - 2022	USD	4	615.70	4	Not Applicable						5
OPEC Fund	Loan	7/3/2018	Technological Education Development Programme	USD	50	7,922.20	50	Fixed	2.5	Not Applicable	None	5	20	
Market Borrowings														
International Severing Bond	Loan	4/18/2018	International Severing Bond - 2018	USD	1250	195,413.40	1,250	Fixed	5.75	Not Applicable	None	5	5	
International Severing Bond	Loan	4/18/2018	International Severing Bond - 2018	USD	1250	195,413.40	1,250	Fixed	6.75	Not Applicable	None	10	10	
Foreign Currency Term Loan	Loan	10/12/2018	Foreign Currency Term Loan Facility 2018	USD	1250	171,346.60	1250	Variable	LIBOR for USD	2.56	Upfront fee 1.25%	3	8	
Total						743,220.60	4,871.44							

Source: Department of External Resources

Note: 1. LIBOR = London Interbank Offer Rate, EURIBOR = European Interbank Offer Rate,

2. The exchange rates prevailing to each agreement date have been used for the conversion of amounts signed by difference currencies into USD

Foreign Financing Disbursements

Total foreign disbursements made through development projects and programmes from January 1, to November 30, 2018 were US\$ 1,353.5 million, of which, US\$ 1,332.7 million was made as loans whereas, US\$

20.8 million was made as grants. The majority of the total disbursements were made by ADB, which is almost 29.6 percent, followed by China (26.4 percent), Japan (11.4 percent) and the World Bank (11.3 percent) respectively.

Table 1.18 | Disbursements Made by Development Partners-January to November 2018

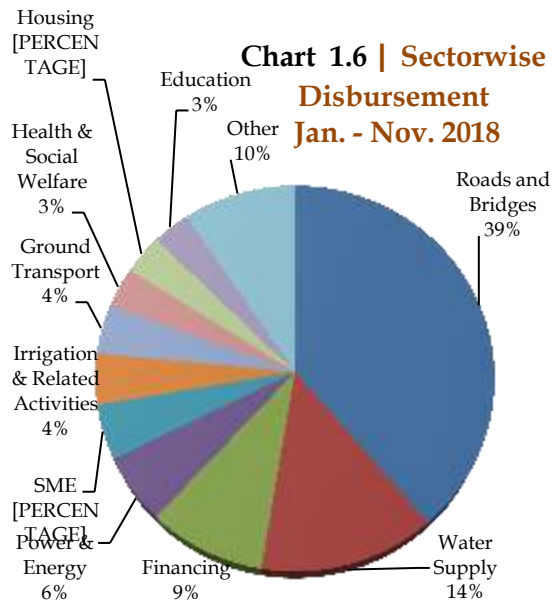
Development Partner/ Lending Agency	Disbursed Amount (USD Mn.) ^(a)		
	Loan	Grant	Total
Bilateral	755.6	17.6	773.2
Export – Import bank of China	316.5	-	316.5
Japan	139.9	14.4	154.3
Calyon Credit Agricole CIB of France	56.9	-	56.9
India	44.7	-	44.7
China Development Bank of Corporation	40.6	-	40.6
Co-op Centrale Raiffeisen-Boerenleen Bank (Netherlands)	31.6	-	31.6
Saudi Fund For Arab Economic Development	16.9	-	16.9
Agence Francaise De development (France)	14.9	-	14.9
Deutsche Bank AG (United Kingdom)	14.4	-	14.4
HSBC Limited (Hong Kong)	14.1	-	14.1
Kuwait	14.0	-	14.0
Raiffeisen Zentral Bank (Austria)	13.8	-	13.8
Korea	10.2	-	10.2
Export Import Bank of United States	9.4	-	9.4
HSBC (with guarantee of EKF Denmark)	7.9	-	7.9
Spain	3.9	-	3.9
United States of America	-	2.9	2.9
Germany	2.5	-	2.5
UniCredit Bank Austria AG	1.2	-	1.2
Export Finance & Insurance Corporation	1.0	-	1.0
Banco Bilbao Vizcaya Argentaria S.A.	1.0	-	1.0
France	-	0.3	0.3
KBC Bank of Belgium	0.3	-	0.3
Export Import Bank of Hungary	0.04	-	0.04
Multilateral	577.1	3.2	580.3
Asian Development Bank	400.8	-	400.8
International Development Association	125.5	-	125.5
International Bank for Reconstruction & Development	27.7	-	27.7
OPEC Fund for International Development	19.6	-	19.6
International Fund for Agricultural Development	3.5	-	3.5
UNICEFF	-	1.8	1.8
FAO	-	0.6	0.6
UNFPA	-	0.6	0.6
Asian Infrastructure Investment Bank	-	0.2	0.2
UNHCR	-	0.01	0.01
Total	1,332.7	20.8	1353.5

Source : Department of External Resources

Note : For conversion of disbursements made in various currencies into USD and Rupees, the exchange rates prevailing to 30th November 2018 have been used.

(a) Provisional

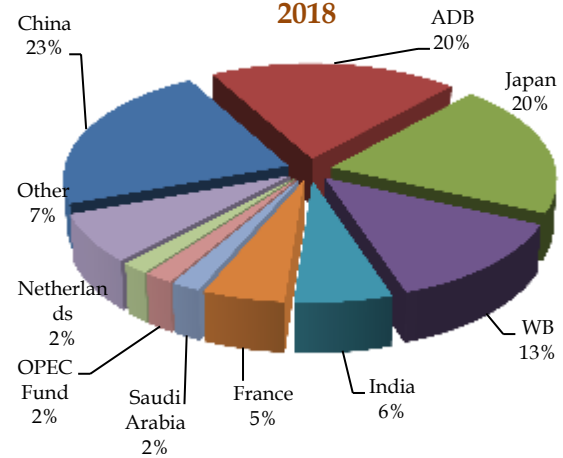
From the total disbursements made during the period under review, the highest amount was disbursed to roads and bridges sector, which was almost 39 percent, followed by water supply and sanitation (14.0 percent) sector and financial and governance (9.0 percent) sectors.



Committed Undisbursed Balance (CUB)

As at November 30, 2018, the total undisbursed balance of foreign financing available from already committed loans that are to be utilized in next 3-5 years was US\$ 8,332.9 million.

Chart 1.7 | Committed Undisbursed Balance of Development Projects and Programs as of 30th November 2018



Note: CUBs of State Owned Enterprises are not included, Exchange rates prevailed on 30th November 2018 have been used for calculation

External Debt Stock and External Debt Service Payments

By the end of November 2018, the total outstanding external debt of the Government was US\$ 32.4^a billion. Total debt service¹ payments from January, 1st to November 30, 2018 amounted to US\$ 2,352.4 million of which, US\$ 1,397.7 million was paid for principal repayments and the balance US\$ 954.7 million was paid for interest payment.

^aNon-residential holdings of Treasury Bills/Bonds and outstanding debt of State Owned Enterprises (SOEs) are not included. Outstanding amounts of foreign loans obtained for the development of Hambantota Port are included

¹Debt Service = Principal Payments + Interest Payments, Debt Service Payment of SOEs are not included, Provisional figures

Economy in the Global Context

02

2.1 Overview

The Sri Lankan economy grew at 3.3 percent in the first three quarters of 2018 reflecting further expansion of activities related to Agriculture, Industry and Services sectors. Unemployment rate marginally declined to 4.1 percent during the third quarter of 2018. Inflation (YoY) remained subdued and declined to 3.3 percent in November 2018 with the downward adjustments to fuel prices and selected administratively determined prices, as measured by Colombo Consumer Price Index. Meanwhile, Central Bank continued tight monetary policy stance which helped contain private sector credit growth to 16.2 percent by end November, 2018. The overall Balance of Payments recorded a deficit of US\$ 807 million by end November, 2018 resulting from the increased foreign investment outflows from the Government Securities and Colombo Stock Exchange (CSE) market. Meanwhile, downside risk to world economic growth has impacted to emerging and developing economies including Sri Lanka.

2.2 Economic Growth

The Sri Lankan economy grew at a moderate pace of growth of 3.3 percent during the first three quarters of 2018, compared to the growth of 3.2 percent in the same period of 2017 amidst the challenges confronted with both domestic and international fronts. Favourable weather conditions prevailed in some parts of the country helped increase the production of paddy, vegetables and fruits. The increase in valued-added production in inland fishing and animal production sub-sectors rebounded the agriculture sector during the reference period. Meanwhile, services sector expanded mainly supported by the growth of wholesale and retail trade, financial services, real estate, transport, accommodation and telecommunication. However, industry sector demonstrated a slower pace of growth largely impacted by the contraction in construction activities and sluggish growth in manufacturing activities. Services sector contributed by 59 percent of Gross Domestic Products (GDP) followed by industry sector by 27 percent, agriculture sector by 7 percent and taxes less subsidies by 7 percent.

Chart 2.1 | GDP Growth

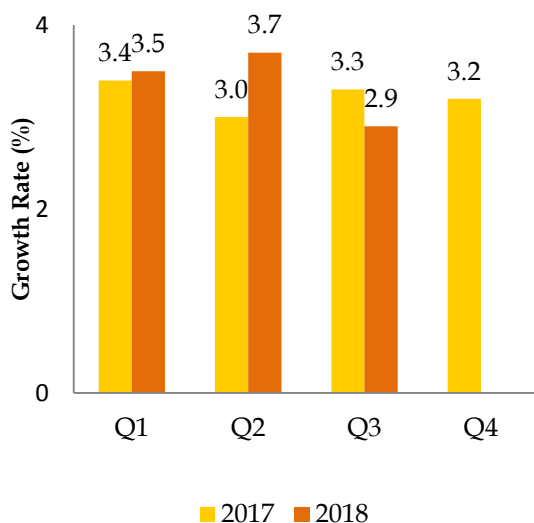
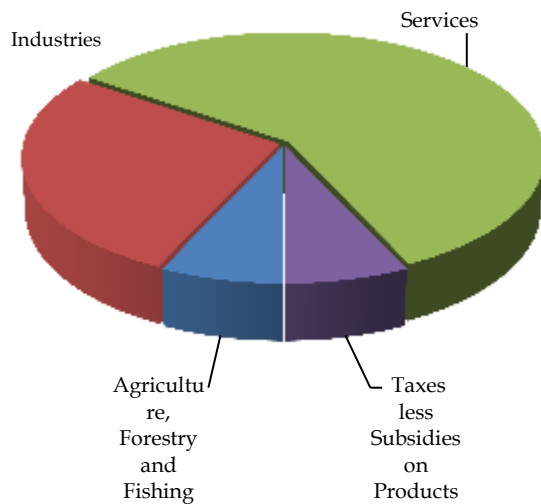


Chart 2.2 | Composition of GDP First Three Quarters of 2018



Agriculture

Reflecting the favourable weather condition, agriculture sector expanded by 4.3 percent in the first three quarter of 2018, compared to the contraction of 3.5 percent recorded in the same period of 2017 reflecting the increase in production of paddy, cereals, fruits and vegetables, spices, animal production sub-sector and fresh water aquaculture. However, production of crops such as tea, rubber, sugar and other perennial crops and marine fishing contracted during the period. Animal production sector grew moderately by 4.4 percent in the first three quarters of 2018, compared to 5.6 percent growth recorded in the same period of 2017. Value-added fresh water fishing and aquaculture sub-sector moderately increased by 6.2 percent in the first three quarters of 2018, compared to the same period of 2017. However, marine fishing and aquaculture sub-sector contracted by 0.8 percent in the reference period.

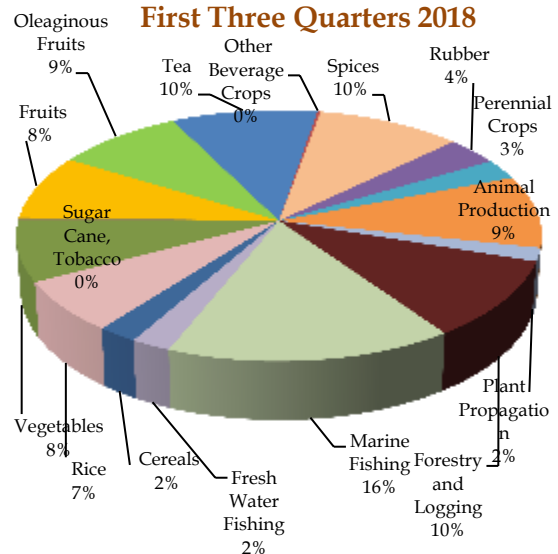
Paddy

Paddy production increased by 63 percent to 2.4 million metric tons in 2017/18 *Maha* season, highlighting the positive impact of favourable weather condition prevailed in paddy growing areas. Meanwhile, 2019 *Yala* production is expected increase by 57 percent to 1.4 million metric tons. Out of the total gross extent sown in *Maha* season, 93 percent or 619,928 hectares were used for harvesting. The paddy yield during the *Maha* season was 4,302 kg per hectares.

Production of Tea, Rubber and Coconut

Tea and rubber sub-sectors showed a negative growth of 4.5 percent and 7.4 percent, respectively in the first three quarters of 2018. Tea production declined by 4.7 percent to 222.1 million kilograms during January-September period while rubber production declined by 9 percent to 58.9 million kilograms. However, coconut production remained unchanged to 1,908 million nuts for the first three quarters of 2018. Export earnings from tea, rubber and coconut declined by 4.1 percent to US\$ 1,093 million, by 20.3 percent to US\$ 25 million and by 12.8 percent to US\$ 238 million, respectively. Also, export prices of these products declined during the period.

Chart 2.3 | Composition of Agriculture Sector First Three Quarters 2018



Cereals, Vegetables, Fruits, Spices and Growing of Pharmaceutical Crops

Value-added production of cereals expanded by 30.5 percent in the first three quarters of 2018, compared to the contraction of 16.9 percent recorded in the same period of 2017 benefiting from increased production of Black gram, Maize, Green gram, Cowpea, *Kurraikan* and *Meneri*. Meanwhile, value-added production of fruits and vegetables increased by 5.6 percent and 12.8 percent, respectively in the first three quarters of 2018. Value-added production of spices, aromatic, drug and pharmaceutical products augmented by 2.8 percent during the first three quarters of 2018.

during the reference period, compared to 0.5 percent growth recorded in the same period of 2017. Total fish production contracted by 1 percent to 385.7 million kilograms during the period. Despite the contraction of production, the export of sea foods expanded by 8.4 percent to US\$ 191 million.

Fisheries and Livestock

The value-added animal production sub-sector grew by 4.4 percent while fresh water fish and aquaculture sub sector expanded by 6.2 percent in the first three quarters of 2018. However, marine fishing and

Table 2.1 | Sectoral Composition of GDP at Constant (2010) Prices

Rs. Mn.

Sector	2015 ^(b)	2016 ^(b)	2017 ^(b)	First 9 Months		Growth (%)	
				2017	2018 ^(a)	2017	2018 ^(a)
Agriculture, Forestry and Fishing	669,725	644,262	639,279	461,014	480,947	(3.5)	4.3
1 Cereals (except rice)	14,984	13,149	11,799	8,128	10,603	(16.9)	30.5
2 Rice	76,293	52,387	50,269	21,003	32,215	(40.6)	53.4
3 Vegetables	56,730	58,705	49,198	33,612	37,930	(22.8)	12.8
4 Sugar Cane, Tobacco and Other Non-perennial Crops	1,882	2,168	1,863	1,511	1,334	(13.8)	(11.7)
5 Fruits	48,038	46,511	49,960	38,034	40,180	6.3	5.6
6 Oleaginous Fruits (Coconut, King Coconut, Oil Palm)	67,514	66,970	53,929	42,041	42,360	(16.9)	0.8
7 Tea (Green Leaves)	72,051	63,970	67,021	50,778	48,483	6.0	(4.5)
8 Other Beverage Crops (Coffee, Cocoa etc.)	1,259	1,354	1,268	951	1,000	(6.4)	5.2

aquaculture sector contracted by 0.8 percent

9	Spices, Aromatic, Drug and Pharmaceutical Crops	60,797	62,197	62,500	46,889	48,190	1.0	2.8
10	Rubber	25,783	23,028	24,167	18,827	17,430	1.2	(7.4)
11	Other Perennial Crops	16,839	16,484	16,739	12,899	12,577	3.5	(2.5)
12	Animal Production	51,857	55,629	57,810	42,949	44,841	5.6	4.4
13	Plant Propagation and Support Activities to Agriculture	10,421	10,210	10,250	7,817	8,156	1.1	4.3
14	Forestry and Logging	48,362	52,669	64,261	48,743	48,810	20.1	0.1
15	Marine Fishing and Marine Aquaculture	104,413	105,094	103,038	76,878	76,261	0.5	(0.8)
16	Fresh Water Fishing and Fresh Water Aquaculture	12,503	13,735	15,208	9,955	10,576	9.4	6.2
	Industries	2,267,725	2,399,285	2,509,829	1,871,028	1,904,084	4.8	1.8
17	Mining and Quarrying	191,145	218,587	240,699	172,562	170,828	10.4	(1.0)
18	Manufacture of Food, Beverages and Tobacco Products	528,821	527,794	535,983	412,587	432,183	(0.3)	4.7
19	Manufacture of Textile, Wearing Apparel and Leather Related products	282,719	287,760	304,291	262,472	272,663	6.2	3.9
20	Manufacture of Wood and Products of Wood and Cork, except Furniture	27,320	31,666	31,556	19,975	20,237	0.9	1.3
21	Manufacture of Paper Products, Printing and Reproduction of Media Products	27,728	30,504	33,236	23,729	22,900	12.4	(3.5)
22	Manufacture of Coke and Refined Petroleum Products	29,075	31,245	29,743	22,340	19,811	(10.4)	(11.3)
23	Manufacture of Chemical Products and Basic Pharmaceutical Products	83,179	86,929	89,175	63,982	65,314	0.9	2.1
24	Manufacture of Rubber and Plastic Products	76,144	88,635	96,367	64,269	64,831	7.5	0.9
25	Manufacture of Other Non-metallic Mineral Products	75,191	67,168	72,784	52,554	53,803	16.4	2.4
26	Manufacture of Basic Metals and Fabricated Metal	28,953	36,186	39,312	26,234	27,802	9.3	6.0

	Products							
27	Manufacture of Machinery and Equipment	38,848	45,087	48,104	31,820	30,930	12.1	(2.8)
28	Manufacture of Furniture	94,489	97,958	102,715	74,035	73,734	6.2	(0.4)
29	Other Manufacturing and Repair and Installation of Machinery and Equipment	68,509	72,973	75,874	58,956	59,935	9.3	1.7
30	Electricity, Gas, Steam and Air Conditioning Supply	85,202	92,350	94,819	70,981	75,021	2.8	5.7
31	Water Collection, Treatment and Supply	12,023	12,971	13,569	10,218	10,521	6.7	3.0
32	Sewerage, Waste, Treatment and Disposal Activities	21,681	25,539	27,567	20,653	21,871	8.6	5.9
33	Construction	596,697	645,933	674,035	483,660	481,700	5.0	(0.4)
	Services	4,894,717	5,124,016	5,289,407	3,884,046	4,054,790	3.2	4.4
34	Wholesale and Retail Trade	933,216	956,918	993,501	766,407	806,912	3.3	5.3
35	Transport of Goods and Passenger including Warehousing	931,529	982,643	991,727	687,974	693,696	0.6	0.8
36	Postal Courier Activities	4,052	4,260	4,425	3,166	3,317	6.4	4.8
37	Accommodation, Food and Beverage Service Activities	134,017	139,442	146,431	107,585	114,534	5.2	6.5
38	Programming and Broadcasting Activities and Audio Video Productions	2,624	2,831	3,205	2,424	2,077	19.6	(14.3)
39	Telecommunication	34,146	36,982	41,435	30,522	34,659	12.1	13.6
40	IT Programming Consultancy and Related Activities	12,148	13,015	13,564	10,046	10,748	4.3	7.0
41	Financial Service Activities and Auxiliary Financial Services	493,785	554,521	606,468	451,841	507,357	10.0	12.3
42	Insurance, Reinsurance and Pension Funding	82,013	88,999	94,088	71,301	77,880	8.5	9.2
43	Real Estate Activities, Including Ownership of Dwelling	489,352	520,080	544,728	404,800	419,396	5.0	3.6
44	Professional Services	154,266	152,228	158,720	118,506	120,943	3.1	2.1
45	Public Administration and Defence; Compulsory Social Security	430,105	452,586	430,671	306,490	304,613	(4.8)	(0.6)

46	Education	159,875	171,826	172,698	125,114	125,225	0.6	0.1
47	Human Health Activities, Residential Care and Social Work Activities	160,056	162,400	174,150	120,406	121,980	5.2	1.3
48	Other Personal Service Activities	873,534	885,286	913,597	677,463	711,452	3.5	5.0
	Gross Value Added (GVA), at basic prices	7,832,167	8,167,563	8,438,515	6,216,088	6,439,821	3.2	3.6
	(+) Taxes less Subsidies on Products	815,667	866,727	894,702	484,979	483,172	4.0	(0.4)
	Gross Domestic Product(GDP), at market prices	8,647,833	9,034,290	9,333,217	6,701,067	6,922,993	3.2	3.3

Source: Department of Census and Statistics

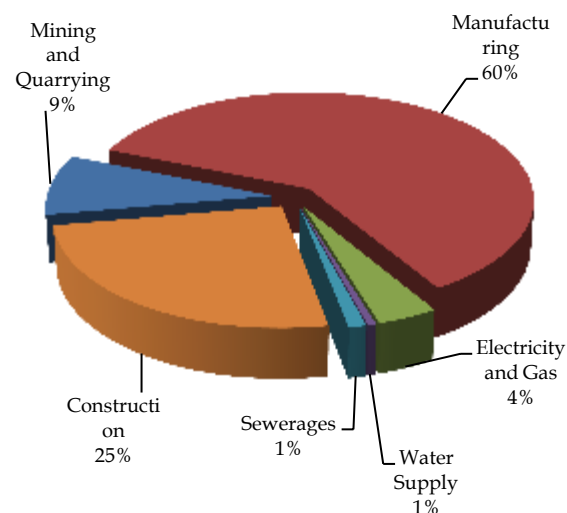
(a) Provisional

(b) Revised

Industry

Industry sector moderately expanded by 1.8 percent in the first three quarters of 2018, compared to 4.8 percent recorded in the same period of 2017 reflecting the contraction of construction activities by 0.4 percent and slow performance in the manufacturing activities during the review period. The contraction of mining and quarrying sub-sector by 1 percent contributed to the moderate performance in the Industry sector. Sub-sectors including electricity and gas supply, manufacturing of wood related products, manufacturing of chemical and pharmaceutical products showed improved performance. However, production of coke and petroleum, paper and media activities, manufacturing of machinery and equipment contracted during the period.

Chart 2.4 | Composition of Industries Sector First Three Quarters of 2018



Manufacturing

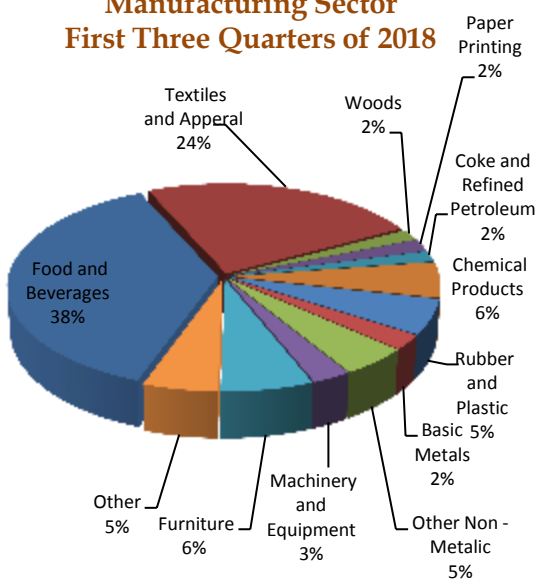
Value-added production of textile industry showed a slow performance by 3.9 percent in the first three quarters of 2018. Export earnings of textile sector amounted to US\$ 3,928 million during January-September

period. Value addition on manufacturing of food, beverages and tobacco products sub-sector expanded by 4.7 percent in 2018. Export earnings from food, beverages and tobacco amounted to US\$ 347.2 million during this period. Manufacturing of wood and wood related products, rubber and rubber related products and manufacturing of non-metallic mineral products expanded by 1.3 percent, 0.9 percent, and 2.4 percent, respectively. Earning from rubber based products amounted to US\$ 656 million in this period. Value addition of chemical & pharmaceutical products and basic metal & fabricated metal products to the GDP grew by 2.1 percent and 6 percent, respectively. However, value-added production of paper products, printing and reproduction of media products, manufacturing of coke and refined petroleum products and manufacturing of machinery and equipment recorded a negative growth of 3.5 percent, 11.3 percent, 2.8 percent and 0.4 percent, respectively in the first three quarters of 2018.

Electricity, Gas, Water and Sewerage

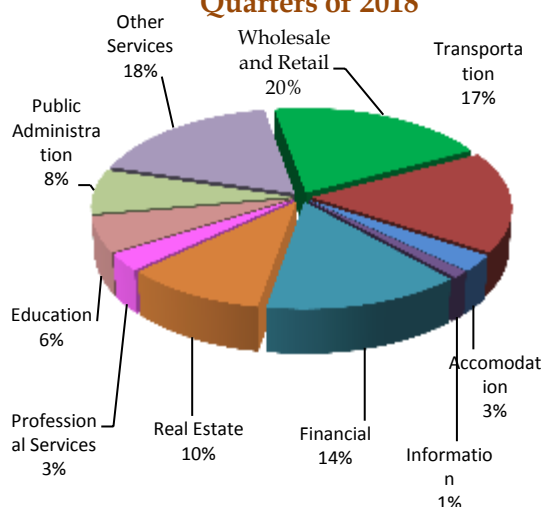
Government investments in electricity, water supply and development of sewerage systems supported for the expansion of these activities in the first three quarters of 2018. Electricity & gas and water collection and sewerage & waste treatment sub-sectors showed a positive growth of 5.7 percent, 3 percent, and 5.9 percent, respectively during the period. Total energy supply in the country increased by 4 percent to 11,436 GWh in January-September period. Hydro power generated by Ceylon Electricity Board (CEB) expanded by 87.4 percent to 3,428 GWh due to the excessive rain fall recorded in the review period. As a result of increasing hydropower generation, energy sourced by fuel oil and coal declined by 23 percent and 9 percent, respectively in the first three quarters of 2018. Electricity generated using Non-Conventional Renewable Energy (NCRE) increased by 23 percent to 1,256 GWh.

Chart 2.5 | Composition of Manufacturing Sector First Three Quarters of 2018



Service Wholesale and Retail Sale, Transport of Goods, Warehousing and Passenger Services

Chart 2.6 | Composition of Services Sector -First Three Quarters of 2018



Wholesale and retail trade activities expanded by 5.3 percent in the first three quarters of 2018, compared to 3.3 percent recorded in the same period of 2017. Transport sector reflected a positive growth of 0.8 percent. Total number of new vehicle registration increased by 10 percent to 417,881 in first three quarters of 2018.

The registration of motor cars significantly increased by 123.5 percent with the revision of Excise Duty applicable on hybrid and less than 1000cc cars. However, registration of

goods transport vehicle, land vehicles and three-wheelers declined by 13.7 percent, 22.9 percent and 13 percent, respectively. Total container handled during the first three quarters of 2018 expanded by 15 percent to 5.8 million Twenty-foot Equivalent Units (TEUs) container handled for transshipment and re-stowing increased by 19.6 percent and 15 percent, respectively. Total cargo loaded increased by 16.6 percent to 36 million metric tons while cargo discharges increased by 10.3 percent to 50.9 million metric tons in the first three quarters of 2018. Total cargo handled by Sri Lankan ports increased by 12.8 percent in the first three quarters of 2018.

Accommodation, Food and Beverages

Value-added production of accommodation, food and beverages sub-sector grew by 6.5 percent in the first three quarters of 2018, compared to 5.2 percent growth recorded in the same period of 2017. Tourists' arrival increased by 11.6 percent to 1.7 million tourists during the first three quarters of 2018, compared to 1.5 million tourists in the same period of 2017. The earnings from tourism increased by 11.6 percent to US\$ 3,212 million in the review period.

Table 2.2 | Performance of Services Sector

Indicator	2014	2015	2016	2017	2017	2018
					Jan-Nov	Jan-Nov (a)
Port Services						
Vessels Arrived (No)	4,298	4,728	4,998	4,879	4,449	4,487
Total Cargo Handled (MT '000)	74,431	77,579	86,519	93,857	85,242	95,918
Total Container Handled (TEU '000)	4,908	5,185	5,735	6,209	5,622	6,439
Transshipment (TEU '000)	3,781	3,888	4,355	4,742	4,293	5,121
Telecommunication Sector					Jan-Sep	Jan-Sep (a)
Fixed Telephone Lines	2,679	2,601	2,550	2,603	2,496	2,509

(No.'000) ^(b)						
Cellular Phones (No.'000)	22,123	24,385	26,228	28,199	28,229	32,050
Wireless Phones (No.'000)	1,556	1,473	1,384	1,405	1,306	1,303
Internet and E-mail Subscribers (No. '000)	3,383	4,091	4,921	5,904	5,642	7,126
Health Sector					Jan-June	Jan-June
Private Hospitals	210	217	225	181	181	191
Public Hospitals	601	610	598	612	612	612
No. of Beds (Government)	76,918	76,781	76,829	76,774	76,774	76,824
No. of Doctors (Government)	21,331	19,429	20,458	20,349	20,349	19,692
No. of Nurses (Government)	31,964	32,272	32,499	34,221	34,221	34,714
Financial Sector					Jan-Aug	Jan-Aug ^(a)
Bank Branches and Other Outlets	6,554	6,583	6,107	6,227	6,569	6,609
Credit Cards in Use	1,032,833	1,142,231	1,315,915	1,486,545	1,435,053 ^(c)	1,640,786 ^(c)
Licensed Finance Companies	48	47	46	45	45	43
Specialized Leasing Companies	8	7	7	6	6	5
Tourism Sector						
Tourist Arrivals	1,527,153	1,798,380	2,050,832	2,116,407	1,871,871	2,080,627
Tourist Earnings (US \$ mn)	2,431	2,981	3,519	3,925	3,472	3,906
Room Occupancy Rate	74.3	74.5	74.8	73.3	72.5	n.a
Transport Services (New Registration)						
Buses	3,851	4,140	2,685	3,331	3,009	2,810
Cars	38,780	105,628	45,172	39,182	35,230	76,816
Lorries ^(d)	5,121	7,142	7,563	11,432	10,548	8,782
Motor Cycles	272,885	370,889	340,129	344,380	319,446	316,728
Three Wheelers	79,038	129,547	56,945	23,537	22,172	18,646
Tractors and Trailers	9,082	12,105	13,947	13,049	11,991	9,454
<i>Source: Central Bank of Sri Lanka</i>						
<i>^(a)Provisional</i>						
<i>^(b) This includes the number of wireless phones</i>						
<i>^(c) End of September</i>						
<i>^(d) This includes the number of special purpose vehicle</i>						

Table 2.3 | Performance of Tourism Sector

Month	Tourist Arrivals					Tourist Earnings - US \$ Mn.				
	2014	2015	2016	2017	2018	2014	2015	2016	2017 (a)	2018 (b)
January	146,575	156,246	194,280	219,360	238,924	233.3	259.0	333.3	407	449
February	141,878	165,541	197,697	197,517	235,618	225.9	274.4	339.2	366	442
March	133,048	157,051	192,841	188,076	233,382	211.8	260.3	330.8	349	438
April	112,631	122,217	136,367	160,249	180,429	179.3	202.6	234.0	297	339
May	90,046	113,529	125,044	121,891	129,466	143.3	188.2	214.5	226	243
June	103,175	115,467	118,038	123,351	146,828	164.2	191.4	202.5	229	276
July	133,971	175,804	209,351	205,482	217,829	213.3	291.4	359.2	381	409
August	140,319	166,610	186,288	190,928	200,539	223.4	276.1	319.6	354	376
September	105,535	143,374	148,499	145,077	149,087	168.0	237.6	254.8	269	280
October	121,576	132,280	150,419	152,429	153,127	193.5	219.2	258.1	283	287
November	119,727	144,147	167,217	167,511	195,582	190.6	238.9	286.9	311	367
December	178,672	206,114	224,791	244,536	253,169	284.4	341.6	385.7	453	475
Total	1,527,153	1,798,380	2,050,832	2,116,407	2,333,796	2,431.1	2,980.7	3,518.6	3,925	4,381

Source: Sri Lanka Tourism Development Authority

(a) Revised

(b) Provisional

Table 2.4 | Sectoral Distribution of GDP Growth (%)

Sector	2013	2014	2015	2016	2017	First 9 Months	
						2017	2018 (a)
Agriculture	3.2	-2.2	5.5	-4.2	-0.8	-3.5	4.3
Growing of Tea	3.7	-1.3	-2.6	-11.2	4.8	6.0	-4.5
Growing of Rice	5.3	-18.6	23.3	-31.0	-4.0	-40.6	53.4
Growing of Rubber	-14.2	-24.5	-10.1	-10.7	4.9	1.2	-7.4
Growing of Cereal	14.3	-1.9	1.0	-10.5	-10.3	-16.9	30.5
Growing of Vegetables	5.7	1.4	24.9	-2.1	-16.2	-22.8	12.8
Animal Production	24.0	-25.4	8.0	6.3	3.9	5.6	4.4
Forestry and Logging	12.7	8.3	1.9	5.5	22.0	20.1	0.1
Fishing	6.1	2.1	-2.7	1.6	-0.5	1.4	0.0
Industry	4.1	1.2	3.0	6.7	4.6	4.8	1.8
Mining and Quarrying	7.6	2.2	-0.9	14.4	10.1	10.4	-1.0
Manufacturing Activities	2.3	2.9	4.7	1.8	3.9	3.9	2.8
Other Industries	2.9	4.1	10.1	10.0	3.9	4.3	5.5
Construction	7.5	-3.4	-0.9	14.9	4.4	5.0	-0.4
Services	3.8	6.5	5.3	4.2	3.2	3.2	4.4
Wholesale and Retail Trade	1.3	3.8	4.7	2.5	3.8	3.3	5.3
Transportation and Storage	5.4	4.5	5.5	4.1	0.9	0.6	0.8
Accommodation and Food Service Activities	-5.8	4.0	-1.3	4.0	5.0	5.2	6.5
Information and Communication	7.7	11.4	12.5	8.0	9.7	10.1	10.3
Financial and Insurance Activities	5.3	14.6	14.8	11.8	8.9	9.8	11.9
Real Estate Activities	12.8	6.4	9.6	4.2	4.7	5.0	3.6
Professional Services	4.0	2.8	-7.1	-3.1	4.3	3.1	2.1
Education, Human Health and Social Work Activities	-10.8	5.7	-1.6	4.5	3.8	2.8	0.7
Public Administration and Defence	-0.8	5.2	6.9	5.2	-4.8	-4.8	-0.6
Other Services (Excluding Own-services)	10.0	8.6	2.9	1.3	3.2	3.5	5.0
GDP	3.4	4.5	4.8	4.2	3.3	3.2	3.3

Source: Department of Census and Statistics

(a) Provisional

Telecommunication and Postal Services

Value-added production of telecommunication sector expanded by 13.6 percent in the first three quarters of 2018. Similarly, IT consultancy services and postal related services grew by 7.0 percent and 4.8 percent, respectively. Telephone penetration including Cellular phone per 100 persons increased by 11.4 percent at the first three quarter of 2018. Internet subscribers increased by 26.3 percent to 7.1 million. Number of cellular phone users increased by 13.5 percent to 32 million.

Financial Services and Insurance

Value-added financial and auxiliary financial services sector expanded by 12.3 percent in the first three quarters of 2018, compared to 10.0 percent recorded in the same period of 2017. Meanwhile, insurance sub-sector grew by 9.2 percent in the review period.

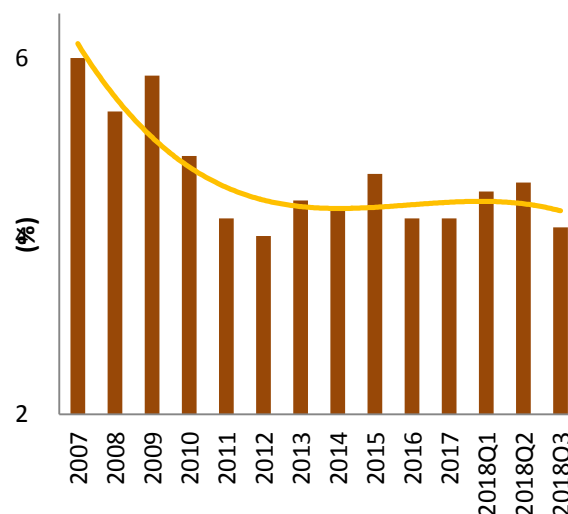
Real Estate and Other Services

Real estate activities expanded by 3.6 percent in the first three quarters of 2018 while education and health marginally grew by 0.1 percent and 1.3 percent, respectively. However, value-added public administration contracted by 0.6 percent during the period.

Unemployment

The unemployment rate marginally decreased to 4.1 percent in the third quarter of 2018, compared to 4.2 percent in the same period of 2017. The unemployment rate among male increased to 2.8 percent and female decreased to 6.6 percent in the third quarter of 2018. The government has taken measures to create one million jobs particularly in the areas of IT and vocational trainings sectors in order to create more job opportunities, particularly for the youths.

Chart 2.7 | Unemployment



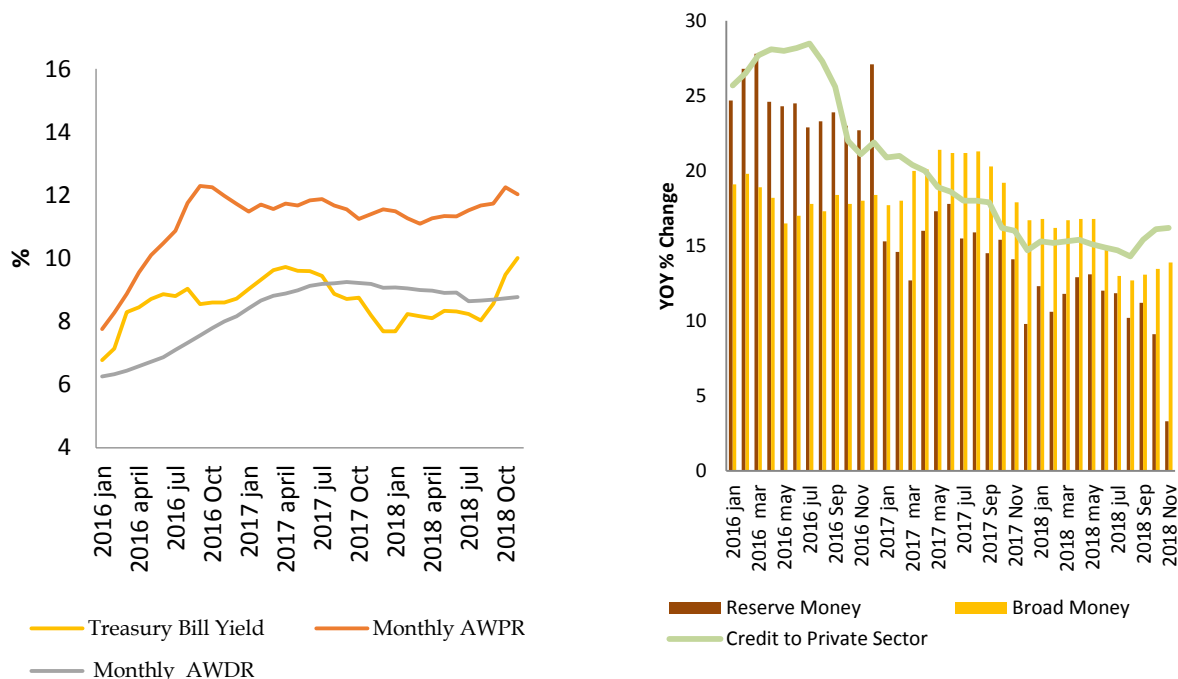
2.3 Monetary Sector Developments

The Central Bank of Sri Lanka (CBSL) maintained its neutral monetary policy stance in the first eleven months of 2018 with the developments in the domestic and external fronts coupled with financial market in the country. CBSL also observed that there is a persistent deficit liquidity in the domestic money market which led the CBSL to reduce the Statutory Reserve Ratio (SRR) on all rupee liabilities of commercial banks by 1.50 percentage points to 6.00 percent from 7.50 with effect from November 16, 2018. This will help the reduction of cost of funds of banks. In the same vein to neutralize the monetary policy, Standing Deposit Facility Rate (SDFR) increased by 75 basis points to 8.00 percent while the Standing Lending Facility Rate (SLFR) increased by 50 basis points to 9.00 percent on November 14, 2018. These adjustments will help narrow the spread between deposit and lending rates. Meanwhile, the broad money (M_{2b}) expanded by 13.9 percent to Rs. 7,043 billion in November 2018, on year-on-year basis, in comparison to the expansion of 17.9 percent recorded in the same period of 2017. Credits

granted to the private sector increased by 16.2 percent in November 2018 to Rs. 5,509 billion, on year-on-year basis, in comparison to the expansion of 15.4 percent recorded in the same period of 2017. The Average Weighted Call Money Rate (AWCMR) and Average Weighted Prime Lending Rate (AWPR-Weekly) were 8.96 percent and 12.03 percent, respectively by end November 2018. Average Weighted Lending Rate (AWLR) and Average Weighted New Lending Rate (AWNLR) were 14.50 percent

and 14.51 percent, respectively by end November 2018. Average Weighted Deposit Rate (AWDR) and Average Weighted Fixed Deposit Rate (AWFDR) were 8.77 and 10.81, respectively at the end November, 2018. In response to the prevailing tight liquidity condition in the domestic money market, short term interest rates have adjusted upwards, while an increase was observed in the yields on government securities in both primary and secondary markets.

Chart 2.8 | Yield Rates, Monetary Aggregates and Private Sector Credit Growth



Inflation

Inflation, as measured by Colombo Consumer Price Index (CCPI, 2013=100) on year-on-year basis (YoY), increased to 3.3 percent in November 2018 from 3.1 percent recorded in October, 2018 mainly

due to the increase of food prices. Meanwhile, the overall rate of inflation as measured by National Consumer Price Index (NCPI, 2013=100), on YoY basis, increased to 1.0 percent in November 2018 from 0.1 percent in October 2018.

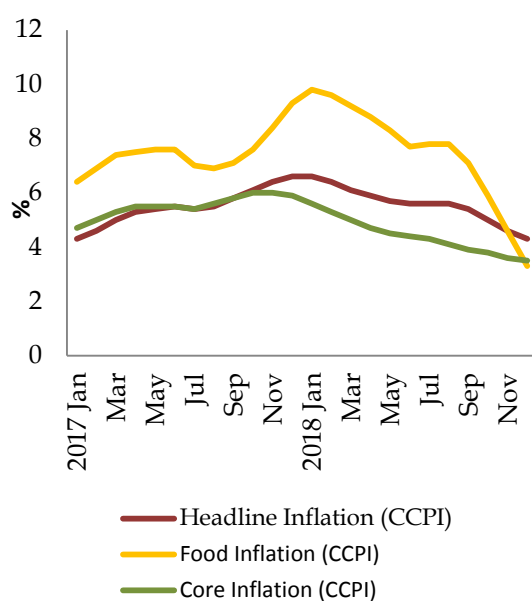
Table 2.5 | Headline Inflation, Core Inflation and Food Inflation (Base: 2013=100)

Month	Headline Inflation (%)				Core Inflation* (%)				Food Inflation (%)			
	YoY		Annual Average		YoY		Annual Average		YoY		Annual Average	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
January	5.5	5.8	4.3	6.6	7.0	3.5	4.7	5.6	4.5	10.5	6.4	9.8
February	6.8	4.5	4.6	6.4	7.1	3.5	5.0	5.3	7.7	6.0	6.9	9.6
March	7.3	4.2	5.0	6.1	7.3	3.4	5.3	5.0	9.2	5.1	7.4	9.2
April	6.9	3.8	5.3	5.9	6.8	3.5	5.5	4.7	8.6	3.0	7.5	8.8
May	6.0	4.0	5.4	5.7	5.2	3.2	5.5	4.5	9.3	3.3	7.6	8.3
June	6.1	4.4	5.5	5.6	5.1	3.4	5.5	4.4	9.1	2.9	7.6	7.7
July	4.8	5.4	5.4	5.6	4.9	3.9	5.4	4.3	4.8	5.6	7.0	7.8
August	6.0	5.9	5.5	5.6	6.0	3.7	5.6	4.1	6.9	7.5	6.9	7.8
September	7.1	4.3	5.8	5.4	6.0	3.8	5.8	3.9	10.4	2.3	7.1	7.1
October	7.8	3.1	6.1	5.0	5.8	3.8	6.0	3.8	12.6	-2.3	7.6	5.9
November	7.6	3.3	6.4	4.6	5.2	3.4	6.0	3.6	13.8	-1.0	8.4	4.6
December	7.1	2.8	6.6	4.3	4.3	3.1	5.9	3.5	14.4	-1.5	9.3	3.3

Source: Department of Census and Statistics

*CCPI Core Inflation - Excluding volatile Food, Energy and Transport

Chart 2.9 | Movements in Headline, Core and Food Inflation (Base: 2013=100)



2.4 Stock Market

The Colombo Stock Exchange (CSE) activities showed a slower performance during the first eleven months of 2018. The All Share Price Index (ASPI), a major stock market index which tracks the performance of all companies listed in CSE, declined by 6.1 percent and closed at 6,019 point by end of November 2018, compared to the 6,412 points recorded by end November 2017. S&P SL 20 Index reached 3,179 points, recording a 14.7 percent drop during the review period, compared to the same period of 2017. The market capitalization of the CSE decreased by 3.4 percent and reached Rs. 2,824 billion by end November 2018. During the first eleven months of 2018, the total equity turnover amounted to Rs. 183 billion, a decrease of 12.9 percent, compared to the same period of 2017.

Table 2.6 | Movements in Capital Market

Indicators	2012	2013	2014	2015	2016	2017	End November	
							2107	2018(a)
All Share Price Index (1985=100)	5,643	5,913	7,299	6,895	6,228	6,369	6,412	6,019
Milanka Price Index/S&P SL 20 Index*	5,119	3,264	4,089	3,626	3,496	3,672	3,725	3,179
Market Capitalization (Rs. Bn.)	2,168	2,460	3,105	2,938	2,745	2,899	2,923	2,824
No. of Listed Companies in Trading	287	289	294	294	295	296	296	297
Annual Turnover (Rs.Bn.)	214	200	341	253	177	220.6	210	183
Foreign Sales (Rs. Mn.)	33,972	60,873	83,554	89,790	74,200	94,627	88,860	90,003
Foreign Purchases (Rs. Mn)	72,653	83,657	104,771	84,418	74,583	112,285	106,524	71,479
Net Purchases (Rs. Mn)	38,681	22,784	21,217	-5,372	383	17,657	17,394	-18,524

Sources: Colombo Stock Exchange and Central Bank of Sri Lanka

* with effect from June 2012 Milanka Price Index has been replaced by S&P SL 20 Index

2.5 External Sector Developments

Sri Lanka's external sector showed a modest performance during the first eleven months of 2018. The trade deficit widened by 12.2 percent to US\$ 9,642 million during the review period of 2018 from US\$ 8,590 million in the corresponding period of 2017 due to higher import expenditure that outpaced the increase in export earnings. On a cumulative basis, earnings from exports increased by 5.0 percent to US\$ 10,856 million during the first eleven months of 2018, compared to US\$ 10,341 million recorded in the same period of 2017. The growth in exports was mainly driven by industrial exports. Earnings from industrial exports grew by 9.0 percent to US dollar 8,445 million during the first eleven months of 2018, led by increased exports of textile and garments, petroleum products, machinery and mechanical appliances and base metals and articles. However, earnings from agricultural exports declined by 7.3 percent to US\$ 2,363 million during the review period mainly due to the weak performance in almost all categories with

the exception of seafood. Moreover, import expenditure increased by 8.3 percent to US\$ 20,498 million during the first eleven months of 2018 largely due to higher imports of fuel, vehicle and transport equipment. However, import expenditure on rice, cereals and milling industry products and machinery and equipment declined during this period.

During the first eleven months of 2018, the overall Balance of Payments (BoP) is estimated to have recorded a deficit of US\$ 807 million in comparison to a surplus of US\$ 2,005 million recorded during the corresponding period of 2017. Meanwhile, financial account recorded moderate inflows with long term loans to the government, receipt of the fifth tranche of the Extended Fund Facility (EFF) of the International Monetary Fund, US\$ 2,500 million worth International Sovereign Bonds Issues, net inflows to the government securities market, and continued portfolio investment inflows to the Colombo Stock Exchange. During the first eleven months of 2018, foreign investments in the CSE recorded net outflow of US\$ 29 million, including a net

outflow of US dollars 106 million from the secondary market and an inflow of US\$ 77 million to the primary market. Meanwhile, on a cumulative basis, the government securities market experienced a net outflow of US\$ 802 million during the first eleven months of 2018.

With the increased tourist arrivals by 11.2 percent to 2.0 million tourists, the earnings from tourism increased by 12.5 percent to US\$ 3,905 million during the first eleven months of 2018, compared to US\$ 3,471 million recorded during the same period in 2017. Remittances from migrant workers

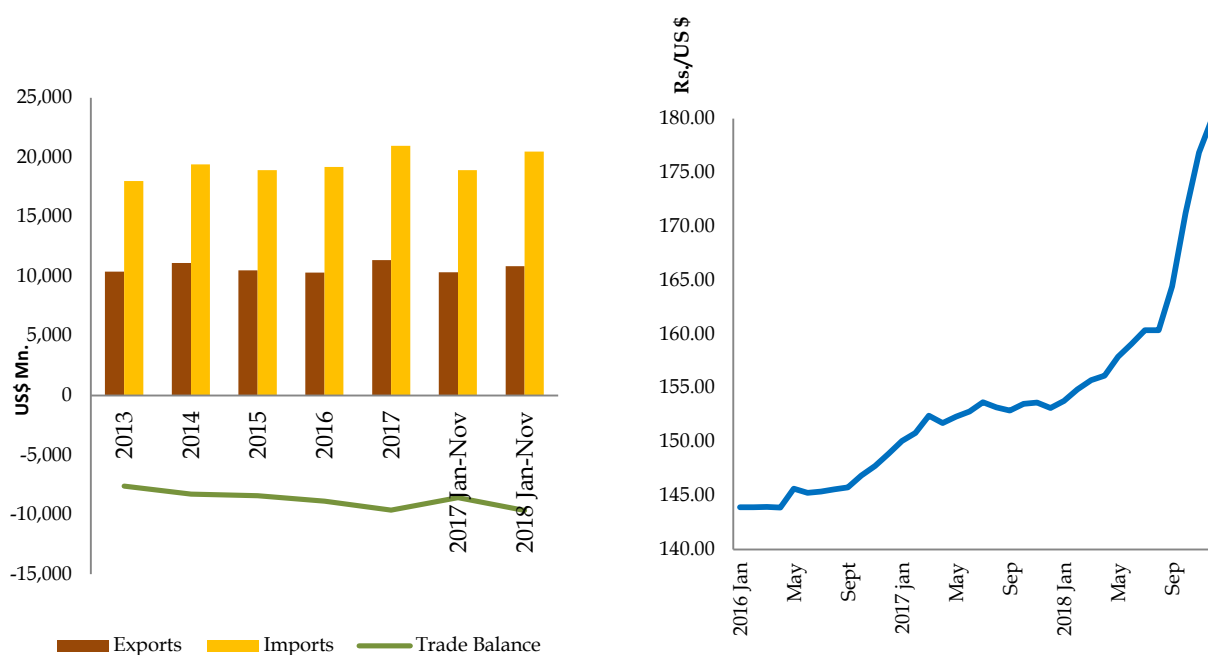
abroad marginally decreased by 0.9 percent to US\$ 6,431 million during the first eleven months of 2018, compared to US\$ 6,493 million recorded in the same period of 2017. Sri Lanka's gross official reserves as at end November 2018 amounted to US\$ 7.0 billion, equivalent to 3.7 months of imports, while total foreign assets amounted to US\$ 9.7 billion, equivalent to 5.2 months of imports. The Sri Lankan rupee recorded a depreciation of 15.1 percent against the US\$ as at end November, 2018. Reflecting cross-currency movements, the rupee also depreciated against all other major currencies during this period.

Table 2.7 | External Trade

Category	2015	2016	2017(a)	US\$ Mn.	
				Jan-Nov 2017	2018 (a)
Exports	10,505	10,310	11,361	10,340	10,856
Agricultural Exports	2,481	2,326	2,767	2,548	2,363
Tea	1,341	1,269	1,530	1,403	1,311
Other Agricultural Products	1,141	1,057	1,237	1,145	1,051
Industrial Exports	7,976	7,940	8,542	7,747	8,445
Textile and Garments	4,820	4,884	5,032	4,562	4,824
Food, Beverages and Tobacco	265	324	393	360	424
Rubber Products	761	768	835	761	799
Machinery and Mechanical Appliances	294	318	371	341	402
Petroleum Products	374	287	434	372	569
Other Industrial Exports	1,461	1,359	1,477	1,350	1,427
Mineral Exports	28	29	35	32	32
Unclassified	20	15	17	16	16
Imports	18,934	19,183	20,980	18,931	20,498
Consumer Goods	4,714	4,319	4,503	4,069	4,623
Food and Beverages	1,628	1,627	1,841	1,660	1,471
Other Consumer Goods	3,086	2,692	2,662	2,409	3,151
Intermediate Goods	9,638	9,870	11,436	10,242	11,505
Petroleum	2,700	2,481	3,428	2,995	3,835
Textiles and Garments	2,296	2,705	2,724	2,492	2,617
Wheat and Maize	357	249	357	354	349
Other	4,285	4,435	4,927	4,402	4,705
Investment Goods	4,567	4,982	4,895	4,476	4,296
Machinery and Equipment	2,278	2,741	2,621	2,391	2,292
Building Materials	1,352	1,569	1,591	1,461	1,383
Transport Equipment	931	663	675	617	616
Other	6	9	8	7	6
Unclassified	16	13	147	144	74
Trade Deficit	-8,429	-8,873	-9,620	-8,591	-9,642

Source: Central Bank of Sri Lanka
(a) Provisional

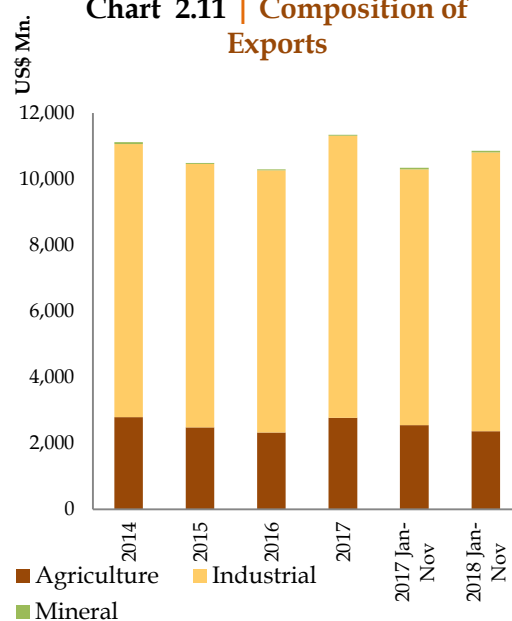
Chart 2.10 | Trade Balance and Exchange Rate Movements



Exports

Earnings from exports increased by 5.0 percent to US\$ 10,856 million during the first eleven months of 2018, compared to US\$ 10,341 million recorded in the same period of 2017. This was mainly due to the increased revenue from industrial exports by 9.0 percent to US\$ 8,445 million during the review period of 2018 stemming from the increased export earnings from textile and garments by 5.7 percent, petroleum products by 53.0 percent, machinery and mechanical appliances by 17.8 percent and base metals and articles by 44.8 percent. Export earnings from textile and garments increased to US\$ 4,824 million due to the higher demand from the EU and the USA and increase in exports to non-traditional markets. Due to combined effect of higher export prices and volumes of bunker and aviation fuel, earnings from export of petroleum products increased significantly. Meanwhile, earnings from agricultural exports declined by 7.3 percent to US\$ 2,363 million during the review period with the contraction of earnings from spices, coconut kernel, and rubber.

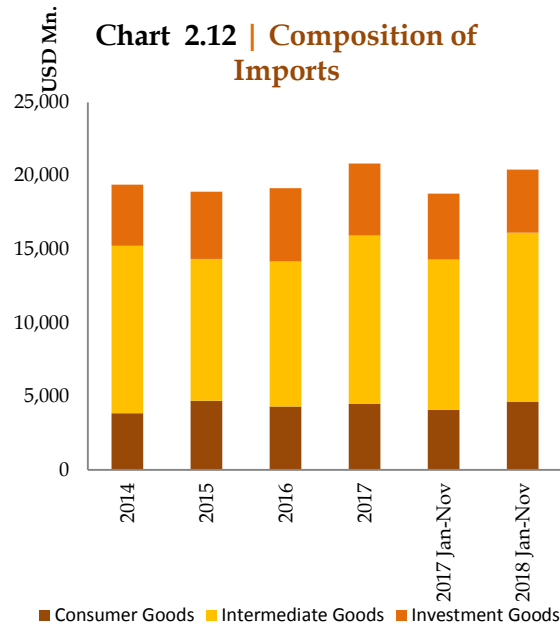
Chart 2.11 | Composition of Exports



Imports

Expenditure on imports increased by 8.3 percent to US\$ 20,498 million during the first eleven months of 2018, compared to US\$ 18,931 million recorded in the corresponding period of the previous year. Import expenditure on intermediate goods increased significantly by 12.3 percent to US\$ 11,505 million from US\$ 10,242 million,

mainly due to increased expenditure on imports of fuel, gold, textiles and textile articles and fertilizer. Expenditure on fuel imports increased considerably driven by higher import prices and volumes of crude oil and refined petroleum products.



Expenditure on consumer goods imports increased by 13.6 percent to US\$ 4,623 million during the review period due to increased imports of non-food consumer goods. Import expenditure on non-food consumer goods grew by 30.8 percent to US\$ 3,151 million from US\$ 2,409 million, mainly due to higher expenditure incurred on the importation of personal vehicles with less than 1,000 cylinder capacity (cc), hybrid and electric vehicles. Import expenditure on investment goods declined by 4.0 percent to US\$ 4,296 million during the review period, reflecting lower imports of machinery and

building material. Moreover, all the sub categories which comes under investments goods have decreased by 0.2 percent to US\$ 616 million during the review period. India, China, UAE, Japan, and Singapore were the main import origins during the first seven months of 2018 accounting for about 62 percent of total imports.

2.6 Global Economic Perspectives

World economic growth is estimated at 3.7 percent for 2018-19 and remains at its 2017 level which is 0.2 percentage point lower for 2018-19 than forecast in April by the International Monetary Fund (IMF), as per the October issue of the IMF. This stagnation was due to the slowdown of activities in some advanced economies, weaker growth of emerging and developing economies coupled with geo-political tension in the Middle East during the reference period. This issues have been further intensified with the imposition of trade barriers and outflow of capital from emerging and developing economies with the increase of US interest rate. Meanwhile, tight monetary policy stance adopted by advanced economies has led to negative impact on the sharp fluctuation of exchange rate and decline in capital inflows to emerging markets. Such vulnerabilities in the global economy has suggested to adjust internal policies towards an *inclusive growth* for economies like Sri Lanka while strengthening resilience to external and domestic shocks.

**Performance of State
Owned Business
Enterprises** | **03**

3.1 Overview

Given the importance of the State Owned Enterprises (SOE's) specially the State Owned Business Enterprises (SOBEs) to the economy, the government's strategy is to encourage and facilitate the SOBEs to be self-sufficient through improved corporate practices, management reforms, innovative financing, strong and prudent financial management, exposure to competitiveness and international best-practices and effective human resource management while enhancing public accountability.

During the first eleven months of 2018, SOBEs contributed to the national economy by way of non-tax revenue amounting to Rs. 41,828 million which comprised of Rs. 37,230 million as levy and Rs. 4,598 million as dividends. For the first eleven months of 2018, 48 SOBEs have recorded losses amounting to Rs. 42,364 million.

The Public Enterprises Department (PED) introduced Statement of Corporate Intent (SCI) during 2017, with five key SOBEs, namely Ceylon Petroleum Corporation (CPC), Ceylon Electricity Board (CEB), Sri Lanka Ports Authority (SLPA), Airport and Aviation Services (Sri Lanka) Limited (AASL) and National Water Supply & Drainage Board (NWS&DB) being party to the tripartite agreement, containing key performance indicators with a view to improve the performance of the SOEs. The SCI contains key performance indicators targeting the key activities of the entity which will be reflected in improved financial and non-financial performance of the entity.

Subsequently, followed by the approval of the Cabinet of Ministers, it was planned to sign SCIs with another 10 selected SOBEs, Sri Lanka State Plantation Corporation, Urban Development Authority, Lanka

Sahota (Pvt) Ltd, Central Engineering Consultancy Bureau, State Timber Corporation, Kurunegala Plantation Pvt Ltd, State Pharmaceuticals Corporation, Milco (Pvt) Ltd, National Livestock Development Board and Geological Survey & Mines Bureau by end October 2018. However, the signing of the SCIs was postponed until the end of the first quarter of 2019 due to the political controversy happened in October 2018.

3.2 A Brief Review of Major SOBEs

Bank of Ceylon (BOC)

In line with the corporate plan theme of digitalization to provide modern banking facilities to the customers, BOC has launched the bank's newest mobile application 'B-App' in January 2018. The bank launched its first flagship 'BOC DIGI' in February 2018, with the objective of leading the innovation space in the financial industry. BOC caters the customer base through a branch network of 577.

BOC has continued its lead position in the Sri Lankan banking industry with the largest asset base of Rs. 2.1 trillion by the end November, 2018. The asset base of the bank increased by 11.7 percent, compared to the asset base of Rs. 1.9 trillion as at end 2017. The bank recorded a deposit growth of 9.5 percent during the first eleven months of 2018, compared to the deposit growth of 18 percent during the corresponding period in 2017. Non-performing advance ratio has increased during the first eleven months of 2018 to 4.2 percent from 2.9 percent as at end 2017. BOC recorded a profit before tax of Rs. 27.7 billion for the first eleven months of 2018, which was an increase of 17 percent, compared to the profit before tax for the corresponding period in 2017.

retained the AAA (lake) national long term rating by Fitch Ratings Lanka for the sixteenth consecutive year in 2018.

People's Bank (PB)

People's Bank has continued its digitalization process by launching 'People's Wave', the mobile banking application to realize the vision to become the 'Most Digitalized Bank by 2020'. By the end November 2018, the bank operates with 208 'Self-Banking Units', which consist of Cash Deposit Machines (CDMs), Automated Teller Machines (ATMs+) and Kiosk machines for utility bill payments to provide convenience banking for its customers.

Bank's asset base recorded an increase of 14 percent to Rs. 1.7 trillion as at end November 2018, from Rs. 1.5 trillion as at end 2017. The deposit base increased by 16 percent to Rs. 1.4 trillion by the end November 2018, compared to Rs. 1.2 trillion as at end 2017. Loan portfolio of the bank has increased by 8 percent to Rs. 1.2 trillion during the first eleven months of 2018. Non-performing advance ratio has increased during the first eleven months of 2018 to 2.5 percent from 1.9 percent as at end 2017. PB recorded a profit before tax of Rs. 20.7 billion for the period from January to November 2018.

National Savings Bank (NSB)

National Savings Bank is the largest savings bank in the country and the only bank whose deposits are fully guaranteed by the Government of Sri Lanka. The Bank expanded its network by 2 branches to 255 of total branches during the first eleven months of 2018. NSB's network is further strengthened by the network of 4,063 post offices/sub post offices distributed throughout the country. The bank has

Bank's asset base increased by 3 percent to Rs. 1.03 trillion by the end November 2018, from Rs. 1 trillion as at end 2017. By the end of November 2018, bank's deposit base increased by 11.4 percent to Rs. 803 billion from Rs. 721 billion as at end 2017. During the first eleven months of 2018, net loans and advances have increased by 20.6 percent to Rs. 434 billion. NSB recorded a profit before tax of Rs. 7.3 billion for the corresponding period from January to November 2018, which was a decrease of 39 percent compared to the profit before tax for the same period in 2017.

Ceylon Electricity Board (CEB)

CEB had recorded a revenue of Rs. 216,819 million as at end November 2018, compared to the revenue of Rs. 208,018 million recorded for the same period of 2017. Consequently, CEB's operating loss has reduced by 47 percent, compared to the operating loss of Rs. 36,061 million recorded as at end November 2017 for the reviewed period. This was due to the decrease in direct generation cost stemming from the rise in hydro generation resulting from the rainy weather condition during the first half of 2018.

Source of electricity generation comprised of 3,950 GWh Hydro, NCRE & Wind, 4,773 GWh Thermal (Fuel) and 4,828 GWh Thermal (Coal) during the period under review has changed to 44:23:34 in 2018 from 29:35:36 in 2017. Due to the rainy weather conditions prevailed in year 2018, hydro power generation has been increased by 73 percent approximately compared with the same period of 2017. As a result, cost per unit has decreased to Rs. 18.25 per kWh

from Rs. 19.77 per kWh recorded in the same period of 2017.

Table 3.1 | Composition of Generation Capacity

2018 Jan - Nov (a)			
	Installed capacity (MW)	Total Generation (GWh)	% of Total Generation
Hydro	1,387	4,744	33
Thermal - CEB Oil	604	1,694	12
Thermal - IPP Oil	629	1,553	11
Thermal - Coal	900	4,971	34
NCRE and Wind	560	1,577	11
Total	4,080	14,539	100

Sources: Ceylon Electricity Board and Department of Public Enterprises

(a) Provisional

Total bank borrowings have significantly increased to Rs. 59,849 million in 2018 (including Rs. 35 billion from Peoples' Bank) from Rs. 1,242 million in 2017. In the absence of implementing a cost reflective pricing mechanism, CEB had to manage its liquidity requirements through borrowings from state banks and as such its borrowings had increased. The total outstanding obligations to the banks at the end of November 2018 has increased to Rs. 67,015 million, compared to Rs. 24,393 million in the same period of 2017.

Further, the total outstanding to CPC and IPP has decreased to Rs. 60,556 million during the period under review from Rs. 64,603 reported in the same period of 2017.

Ceylon Petroleum Corporation (CPC)

The CPC recorded an operating loss of Rs. 19,034 million for the end of November 2018 against the operating profit recorded amounted to Rs. 15,450 million in the same period of 2017, resulted by selling of products below cost.

The oil imports (finish product) of CPC during the first eleven months of year 2018 amounted to Rs 335,526 million. The average price of a Brent crude oil during the

first eleven months of the year 2018 was approximately USD 57.19 per barrel while it was recorded as USD 56.68 per barrel in the same period in 2017. The CPC introduced a pricing formula in May 2018 as a strategic move of minimizing operational loss and financial constraints. However, increasing trend of price declined during the period due to the risks emerging market crisis and trade dispute could dent oil demand.

During the first eleven months of 2018, CPC's total cost of sale has increased by 27 percent to Rs. 475,330 million, compared to Rs. 373,657 million recorded in the same period of 2017. Hence, the CPC is currently facing severe financial crisis resulted by finance costs and outstanding debts. In addition, substantial portion of credit receivables amounting to Rs. 65,999 million as at November 30, 2018 adversely affected the current financial position of the CPC. CPC recorded an accumulating loss amounted to Rs. 313,182 million as at end November, 2018 associated with high levels of risk situation.

Operational and financial shocks of the CPC are temporary absorbed by the government owned two commercial banks. Total amount payable to the two banks as at 30.11.2018 has reached up to Rs. 558,748 million. The

depreciation of Sri Lankan Rupee against the USD also adversely affected the bottom line of the performance of the CPC. The exchange rate impact during the first eleven months of 2018 was Rs. 75,246 million, compared to 5,992 million recorded in the same period of 2017.

National Water Supply & Drainage Board (NWS&DB)

National Water Supply and Drainage Board (NWS&DB) has recorded the total pipe borne water coverage of 50.2 percent, safe water supply coverage of 90 percent and piped sewerage coverage of 2.1 percent in the first eight months of 2018 as against the targets of total pipe borne water coverage to 60 percent, safe water supply coverage to 91.7 percent and piped sewerage coverage to 3.3 percent by 2020. 343 water supply schemes have been already launched and 02 projects are in the pipeline for the NWS&DB.

With the view of meeting the obligations and carrying out the objectives as anticipated, the Ministry of Finance has approved borrowing limits amounting to Rs. 83,908 million for 33 local funded

Projects, USD 1,155.38 million and Euro 170.03 million for Foreign Funded Projects of NWS&DB as at 30.08.2018. The General Treasury has provided Rs. 580 million during the first eight months in 2018 in order to service the loans as approved by the Cabinet of Ministers to cover 50 percent of urban projects, 75 percent on rural projects and 100 percent on Chronic Kidney Diseases (CKD) reduction projects.

The income of the NWS&DB, increased by 4 percent to Rs. 16,644 million during the first eight months of 2017, compared to Rs. 17,310 million during the same period of 2018, which is 40 percent of the targeted income as per the Statement of Corporate Intent signed between tri-parties. Although the increase in income by 4 percent, profit before tax of NWS&DB has decreased by 90 percent to Rs. 83 million over 2017 which is 1.0 percent of the anticipated profit.

The NWS&DB has an unacceptable amount of Non-Revenue Water (NRW), which is created due to leakages, metering problem and unauthorized consumption. NRW level has slightly decreased to 25.4 percent at the end of first eight months of 2018 from 25.6 percent for the same period in last year.

Table 3.2 | Profitability of State Owned Enterprises

Enterprises	Profit/(Loss)		
	2016	2017	As at 30.11.2018 (Provisional)
Bank of Ceylon	31,189	37,592	27,725
People's Bank	20,814	25,913	20,663
National Savings Bank	13,303	14,029	7,354
State Mortgage & Investment Bank	706	446	483
HDFC Bank	660	557	421
Lankaputhra Development Bank Ltd	259	378	275
Regional Development Bank	1,256	2,191	1,425
Sri Lanka Savings Bank Ltd	691	708	473
Employee's Trust Fund Board	16,043	19,534	21,345

Rs. Mn

Sri Lanka Insurance Corporation	13,791	5,890	3,521
National Insurance Trust Fund	2,840	813	2,881
Sri Lanka Export Credit Insurance Corporation	193	(182)	274
Agriculture and Agrarian Insurance Board	(3,261)	(3,895)	(2,897)
Ceylon Electricity Board	(13,191)	(49,231)	(18,891)
Profit/(Loss)			
Enterprises	2016	2017	As at 30.11.2018 (Provisional)
Ceylon Petroleum Corporation	69,620	3,504	(94,459)
Sri Lanka Ports Authority ^(a)	1,035	13,222	12,329
National Water Supply & Drainage Board	1,737	738	350
Airport and Aviation Services (Sri Lanka) Limited	6,909	10,820	9,623
Sri Lankan Airlines Ltd	(12,622)	(28,930)	(40,611)
Sri Lanka Transport Board	(633)	1,617	2,100
State Engineering Corporation	(958)	(943)	(954)
Central Engineering Consultancy Bureau	499	757	436
State Development and Construction Corporation ^(a)	23	(491)	82
Milco (Pvt) Ltd	274	(154)	(770)
National Livestock Development Board	9	(869)	(429)
Sri Lanka State Plantations Corporation	(117)	(101)	N/A
Janatha Estates Development Board	(564)	(399)	N/A
Kurunegala Plantations Ltd	144	248	211
Chilaw Plantations Ltd	126	85	(26)
Kalubovitiyana Tea Factory Ltd	43	31	(17)
Sri Lanka Cashew Corporation	(52)	16	N/A
Lanka Mineral Sands Ltd	170	535	676
Lanka Phosphate Ltd	61	32	9
Kahatagaha Graphite Lanka Ltd	1	24	22
Development Lotteries Board	2,695	2,331	1,997
National Lotteries Board	897	624	400
State Pharmaceutical Manufacturing Corporation	441	322	222
Sri Lanka Ayurvedic Drugs Corporation	53	60	28
State Pharmaceuticals Corporation	1,940	1,868	1,135
Sri Jayawardenapura General Hospital	(171)	(144)	(5)
Independent Television Network Ltd	(70)	(287)	(520)
Sri Lanka Rupavahini Corporation ^(b)	107	(196)	223
Sri Lanka Broadcasting Corporation	84	75	68
Sri Lanka Handicraft Board	9	25	4
State Timber Corporation	531	967	436
STC General Trading Company	61	71	3
Lanka Sathosa Ltd ^(b)	(4,445)	(2,255)	(89)
State Printing Corporation	(32)	(229)	(222)
Ceylon Fisheries Corporation	(161)	N/A	N/A
Ceylon Fishery Harbour Corporation	(113)	(64)	N/A
Ceylon Fertilizer Company Ltd	713	836	21
Colombo Commercial Fertilizer Company Ltd	253	70	184
Hotel Developers Lanka PLC	172	173	127
Lanka Sugar Company Ltd	1,006	638	N/A
Total	154,968	59,370	(42,364)

Source: SOBEs and Public Enterprises Department

^(a)Profitability as at 30.09.2018

^(b)Profitability as at 31.10.2018

N/A- Not Available

Table 3.3 | Levy/Dividend Income from State Owned Enterprises

Item	2014	2015	2016	2017	Rs. Mn.
					As at 30.11.2018
Levy	42,137	26,118	92,338	50,447	37,230
National Savings Bank	4,000	2,800	12,026	3,865	500
Bank of Ceylon	6,500	5,000	18,000	12,000	4,500
People's Bank	6,000	3,000	8,000	5,000	3,200
Telecommunication Regulatory Commission of Sri Lanka	10,000	10,000	28,000	22,800	21,850
Ceylon Petroleum Corporation	10,000	-	10,000	-	-
State Mortgage & Investment Bank	10	10	10	25	-
Regional Development Bank	-	87	88	-	-
State Timber Corporation	25	50	175	100	100
State Pharmaceutical Manufacturing Corporation	25	30	65	45	50
National Insurance Trust Fund	4,000	3,000	2,500	2,100	2,750
Geological Survey and Mines Bureau	650	850	900	1,500	1,700
National Gem and Jewellery Authority	-	75	175	100	25
Sri Lanka Convention Bureau	-	-	-	-	-
Sri Lanka Rupavahini Corporation	2	-	-	-	-
Ceylon Electricity Board	-	-	8,000	-	-
Board of Investment of Sri Lanka	100	141	115	220	250
National Lotteries Board	-	50	550	-	-
Securities and Exchange Commission of Sri Lanka	-	-	-	-	-
Insurance Board of Sri Lanka	-	-	-	-	-
Sri Lanka Standards Institution	-	-	-	-	-
Sri Lanka Export Credit Insurance Corporation	-	-	25	-	15
National Livestock Development Board	-	-	-	-	-
Central Engineering Consultancy Bureau	-	25	25	25	25
Sri Lanka Tourism Promotion Bureau	500	500	1,500	1,000	1,000
Civil Aviation Authority	250	400	768	800	800
State Pharmaceuticals Corporation	75	100	216	222	-
National Transport Medical Institute	-	-	200	160	165
Sri Lanka Bureau of Foreign Employment	-	-	1,000	185	200
National Transport Commission	-	-	-	300	100
Dividends	4,664	3,678	15,821	3,550	4,598
National Savings Bank	60	60	60	60	60
Bank of Ceylon	346	346	346	346	346

People's Bank	316	316	316	316	316
Lankaputhra Development Bank	36	36	36	41	41
National Development Bank	6	5	2	2	1
Sri Lanka Savings Bank	-	-	-	-	86
Sri Lanka Insurance Corporation Ltd	2,001	1,003	11,857	503	1,856
Item	2014	2015	2016	2017	As at 30.11.2018
Airport and Aviation Services (Sri Lanka) Ltd	500	497	1,500	850	300
Lanka Mineral Sands Ltd	43	14	-	-	35
Lanka Phosphate Ltd	35	30	-	8	5
Independence Television Network Ltd	125	84	-	10	12
Lanka Leyland Ltd	11	54	34	35	45
Rakna Arakshaka Lanka Ltd	68	93	-	-	40
Manthai Salt Ltd	1	-	-	-	-
Ceylon Fertilizer Ltd	38	54	116	90	21
Colombo Commercial Fertilizer Ltd	12	10	25	12	20
Paranthan Chemicals Company Ltd	10	5	-	8	11
Kahatagaha Graphite Lanka Ltd	1	-	-	-	-
STC General Trading Company	-	-	5	-	-
Sri Lanka Telecom PLC	759	795	795	795	795
De La Rue Lanka Ltd	49	61	62	79	106
Lanka Electricity Company Ltd	25	87	152	218	305
Lanka Industrial Estates Ltd	55	55	47	55	78
Skills Development Fund	-	2	-	-	-
Ceylon Agro Industries	7	6	12	12	19
Lanka Sugar Company Ltd	80	-	-	-	-
Asian Reinsurance Corporation	-	-	-	-	-
Lanka Logistics Limited	2	2	5	-	1
Ceylon Petroleum Storage Terminals Ltd	-	-	438	-	-
Plantation Companies*	80	62	10	103	95
Others**	-	1	3	7	4
Total	46,801	29,796	108,159	53,997	41,828

Sources: SOBEs and Public Enterprises Department

* includes Kurunegala, Kalubowitiyana, Chilaw, Pussellawa, Kotagala, Namunukula, Elpitiya

**includes Ceylon Petroleum Storage Terminals Ltd, Carsons Management, Lanka Canneries, United motors Lanka Ltd, Bogala Graphite Lanka ltd, Autogrill Lanka Ltd, Hunnasfalls Hotel, Lanka Hydraulic service (Pvt) Ltd, Jaya container Terminals Ltd.

Basis Used for Preparation of 2019 Budget | 04

Gross Domestic Product (GDP)

The real GDP is expected to grow by about 3.5-4.5 percent in 2019 with a positive developments in Agriculture, Industry and Services sectors of the economy. Structural economic reforms to support export and investment, low inflation environment and competitive exchange rate are expected to support the growth momentum in the economy. Agriculture sector is expected to expand in 2019 with the government's initiatives taken in line with the UN Sustainable Development Goals (SDGs) on 'Zero Hunger' to ensure food security and sustainable agriculture. In addition, private sector engagement in agricultural production and research will be further encouraged. Industry sector will be further developed with the improvement of physical and regulatory infrastructure, market access, value-added export manufacturing and "Enterprise Sri Lanka" programme and technological developments. Services sector is expected to maintain its momentum with positive contribution from external and domestic trade, telecommunication, IT programming, tourism, transportation, financial services and real estate.

Consumer Prices

Inflation is expected to remain around mid-single digit levels in 2019. The improved domestic supply and distribution network and allowing imports of food at reasonable price within a competitive market framework with increasing agricultural products will maintain stable prices for short term period. Maintaining low inflation rate while supporting economic activity and competitiveness along with keeping interest rates low will create conducive environment for attracting more investments and long term economic growth.

Employment and Unemployment

The number of employed person is expected to increase with the government's initiative to create more employment opportunities, particularly for the youths coupled with the expansion of the private sector activities. Infrastructure development along with greater investor confidence will facilitate more employment opportunities. Increasing women participation in the active labour force by improving access to work affordable child care facilities, transportation facilitation on part time and flexible work arrangements, improving maternity benefits for private sector employees, and improving access to vocational trainings. Foreign employment is to be promoted without affecting domestic labour shortages. The unemployment rate is expected to remain 4.0 percent of the total labour force in 2019 with the private sector participation.

Balance of Payment (BOP)

Recent developments in financial markets may have impact on investment flows in Sri Lanka. Nevertheless, the Sri Lankan external sector is expected to improve further in 2019 benefiting an overall surplus in the BOP thereby strengthening country's external reserves. The outlook for the growth in Sri Lanka's major trading partners such as US, Europe and India is expected to be stronger in 2019. Deeper economic integration with countries such as China and Japan will also favourable affect the country's exports. The improvement in services account through enhanced earnings from tourism and port related services and inflows from foreign worker remittances are expected to ease the deficit in the external current account. Increase in the equity and debt investment reflecting the renewed foreign investor confidence will help to strengthen the capital and financial account in 2019.

Exchange Rate

A competitive exchange rate is expected to be continued in 2019 while taking necessary steps for allowing a flexible exchange rate regime supported by the strengthened external reserves of the country and the competitiveness of Sri Lanka's exports in global market.

Monetary Aggregates

Money supply would be maintained at a level compatible with the expected growth in the nominal GDP in 2019. The envisaged consolidation in government fiscal operations and the improvement in the performance of state owned enterprises will allow to have enhanced amount of resources in the market which could be used by the private sector to increase their investment to achieve the expected economic growth.

Revenue

Assumptions used for the revenue estimates are given in Annex IV.

Expenditure

The basis for the preparation of expenditure estimates are as follows:

- Expenditure on salaries and wages are based on the assumption that there will be about 1.3 million employees in the public sector while allowing a normal annual increase in the salaries due to annual increments entitled by employees.
- The number of pensioners is assumed to be 600,000 in estimating the expenditure on pension payments with the partial impact of about 25,000 retirees who would retire in 2019.
- There will be a lower increase in interest payments given the expected lower domestic interest rates consequent to the anticipated decline in inflation as well as government borrowing requirement with the reduction of the budget deficit.
- Expenditure on utility services and supplies etc. would be tightened by strictly managing medium term fiscal targets.
- Transfers and subsidies to households will be continued by implementing support programs for school children and disabled soldiers. Social security and welfare schemes for needy people such as free medicine, poverty alleviation programs will be continued together with agriculture support programs and one million employment program.
- Private sector participation through Public-Private Partnerships (PPPs) will be positively applied for enhancing IT based programs. Transfers to public institutions and corporations will be maintained at a desired level while expecting a strong improvement in their performance.
- Public investment in national, regional and rural level development programmes to develop both economic and social infrastructure such as education, health and vocational training, will be continued at around 5 percent of GDP to support the growth momentum of the economy by stimulating private sector economic activities to reduce poverty and regional economic disparities.
- Efforts to improve the quality of public spending and curtailment of unproductive expenditures will be strengthened.
- To avoid duplication and smooth functioning of utilization of budgetary provisions, close cooperation and monitoring mechanisms with devolved agencies and line ministries are applied

when implementing development activities.

- Commitment Control mechanisms will be implemented for fiscal and cash flow management

Borrowings

The government debt to GDP ratio is anticipated to reduce from estimated 76.6 percent as at end 2018 to 70.9 percent by 2020. A proper combination of domestic and foreign borrowings will be maintained to ensure that the government debt to GDP ratio would continue to decline. Increasing government revenue especially expansion tax revenue to 14.5 percent of GDP by 2020, rationalizing budgetary expenditure and enhancing investment climate in the country will help minimize the debt stock. The debt management will be continued to focus on ensuring that financing needs of the government are met at lowest possible cost. The expected surplus in the primary balance would further supported debt consolidation measures.

Sensitivities to the Estimates

Economic Projections could be sensitive to the following challenges:

- A moderate growth in the global economy than envisaged leading to an increase in international energy and other commodities, which could adversely affect the import cost, domestic consumer prices, production costs as well as budget costs though it will also generate positive implications, such as enhanced exports
- Adjustment costs to external shocks which may impact domestic production, international trade, domestic prices and overall growth
- Risks associated with natural disasters and international geo-political pressures especially Middle East area.
- Inclement weather conditions which could have an adverse impact on agriculture, hydro power generation and government budget
- Administrative and procurement related impediments
- Capacity constraints to the medium term transformation may affect the use of funds in relation to foreign funded large projects and thereby investment level and economic growth.
- Risks likely to have a material effect on the fiscal position
- Deterioration of global imbalances resulting in a lower than expected global economic growth which could adversely affect external demand for Sri Lankan goods and services which will result in a slowing down of the Sri Lankan economy
- Fluctuated prices of petroleum and commodity in international market could have impact on the macroeconomic stability and growth targets while affecting government expenditure and revenue.
- Increasing trend in public sector employees' salaries and pensions related recurrent expenditure
- Underperforming State Owned Business Enterprises (SOBEs)

Annex I

Allocations Provided from Budgetary Support Services and Contingent Liability Project - January to November 2018

Rs.

Head No.	Ministry / Department	Purpose	Recurrent	Capital
1	His Excellency the President	Introduce Development Programmes in the Rural Sector, procure vehicles for the use of Sri Lanka Amarapura Sanga Sabha Mahanayaka Most Venerable Kotugoda Dhammawasa Thero , Settle the outstanding bills & Smallholder Agribusiness Partnership Programme, personal emoluments & development assistance to National Economic Council as per the Budget Proposal and purchase of local potatoes through Sri Lanka Consumer Co-operative Societies Federation Ltd	145,000,000	611,890,000
2	Office of the Prime Minister	Implementation of Secretariat for Coordinating Reconciliation Mechanism as per the Budget Proposal and procure a vehicle	177,000,000	13,000,000
4	Judges of the Superior Courts	Provision for personal emoluments	59,400,000	-
6	Public Service Commission	Settle the outstanding bills of construction of new building on 2017, personal emoluments, stationary & office requisites, vehicle maintenance and rehabilitation/improvement of Capital Assets, payment for the vehicles procured under financial leasing method	11,850,000	85,260,000
7	Judicial Service Commission	Provision for transport services	2,600,000	-
8	National Police Commission	Accounting financial grant given by UNDP for the project of Catalytic Support Peace Building in Sri Lanka, personal emoluments, transport services, stationary and office requisites, implement the programme of Catalytic Support Peace Building in Sri Lanka	21,550,000	7,499,000
9	Administrative Appeals Tribunal	Provision for personal emoluments and rents and local taxes	1,976,000	-
10	Commission to Investigate Allegations of	Preparation of national action plan to combat corruption , foreign travelling and acquisition of	11,000,000	29,032,000

	Bribery or Corruption	furniture & office equipment		
12	National Education Commission	Property loan interest to public servants	28,000	-
13	Human Rights Commission of Sri Lanka	Accounting financial grant given by UNDP for the project of Catalytic Support Peace Building in Sri Lanka. utilize funds transferred by UNHCR for the project of Enabling Returnees in <i>Kilinochchi</i> , Putlam and Mannar Districts to Access their Rights, rehabilitation/ improvement of Capital Assets and utilize funds recieved from Swiss Federation for the project of Strengthening the Capacity of Human Rights Commission to Effectively Fulfill its Mandate	-	21,065,000
17	Office of the Leader of the House of Parliament	vehicle maintenance	450,000	-
18	Office of the Chief Govt. Whip of Parliament	Foreign travelling	600,000	-
22	Office of the Parliamentary Commissioner for Administration	Maintenance of building and structure	157,000	-
23	Audit Service Commission	Travelling expenses	1,000,000	-
24	National Procurement Commission	Property loan interest to public servants, electricity, water, rents and local taxes	13,206,000	-
25	Delimitation Commission	Personal emoluments, fuel supplies and other services	3,205,000	-
324	Department of Management Audit	Provision for foreign travelling, postal and communication services	480,000	-
101	Ministry of Buddha Sasana	Restoration and renovation of Purana Rajamahaviharas of archeological value as per the Budget proposal, settle the outstanding Liabilities, renovation of places of worship damaged due to earthquake in Nepal, personal emoluments, foreign travelling, transport, property loan interest to public servants, custom duties and other taxes	34,144,000	381,193,000

201	Department of Buddhist Affairs	Implement the programmes of Dehami Diriya and Allowances for Dhamma School Teachers, Uniforms to Dhamma School Teachers, Printing of Dhamma School Text Books and settle the cost incurred on conducting the funerals of the late Most Venerable Bellanwila WimalarathanaThero, Girambe Ananda Thero and Most Venerable Daranagama KusaladhammaThero under state patronage	842,720,000	-
102	Ministry of Finance & Mass Media	Provide budgetary allocations to improve the services of Vasantham TV Channel as per the Budget proposal, expenditure of the Sri Lanka Rupavahini Corporation, settle the outstanding liabilities, pay the lease rental of vehicles, expenditure related to Gamperaliya Programme, Co-operative Conference on Asian Press Councils, provisions for security services, refreshments, paper advertisements and cleaning services	537,300,000	36,500,000
240	Department of National Budget	Implementation of the Lump Sum Payment Programme of July Strickers	60,000,000	-
241	Department of Public Enterprises	Capital infusion for BOC, Innovators to Industry Initiatives programme as per the Budget Proposal and personal emoluments	150,000	5,002,000,000
242	Department of Management Services	Provision for travelling, supplies and transport services	3,610,000	-
243	Department of Development Finance	“Enterprise Sri Lanka” Initiatives as per the Budget Proposals, programmes of Interest subsidy for the Loan Scheme of Media Personnel & Artists, Granting Interest subsidy for fixed deposits of senior citizens through Licensed Finance Companies, Price subsidy to Domestic Milk Powder Manufactures & Interest Subsidy for the Homestay, Small and Medium sized Enterprises (SME) credit line project and implement the Constructions of Three Warehouses as per the Budget Proposal	770,000,000	1,350,000,000
244	Department of Trade and Investment Policy Development	Provision for transfer contribution fee of US\$ 1.5 Mn for the Commonwealth Small State Trade Financing Facility (CSSTFF) as an Anchor Investor	239,000,000	-

245	Department of Public Finance	Provision for rehabilitation / improvement & acquisition of Capital Assets, accounting foreign aid & settle the taxes of the USAID STAIR project and establishment of the e-Government Procurement Secretariat"	-	122,718,800
246	Department of Inland Revenue	Implementation of RAMIS as per the Budget Proposal and provision for foreign travelling	10,000,000	500,000,000
248	Department of Excise	Implementation of Excise Revenue Management System (EDSL) as per the Budget Proposal	-	50,000,000
249	Department of Treasury Operations	Provision for the Public Debt Repayments	-	170,000,000
250	Department of State Accounts	provisions for personal emoluments, foreign travelling, fuel, postal and property loan interest to public servants	6,680,000	-
323	Department of Legal Affairs	Provision for foreign travelling	1,100,000	-
103	Ministry of Defence	Expenditure of the project of Maritime Safety Capability Improvement, acquisition of vehicles and expenditure of the research activities base on the reimbursement amount to the Consolidated Fund	-	2,674,429,000
222	Sri Lanka Army	Provision for UN Peace Keeping Operation, Expenditure of relocating the Army Camps in North and East Provinces and provision for Pakistan Line of Credit	-	1,649,172,000
223	Sri Lanka Navy	Settle the outstanding payment related to year 2017, purchase 06 Ambulance, rehabilitation and improvement of Capital Assets, vehicle maintenance and acquiring the High Endurance Coast Guard Cutter from USA and provision for fuel supplies	150,000,000	2,732,035,000
224	Sri Lanka Air Force	Provision for project of UN Peace Keeping Missions and purchase 2 Ambulances	-	627,400,000
		Agrahara Insurance Scheme for Pensioners, Establish an "Employment Preparation Fund" at MNPEA, Support to the skill development programmes conducted by the Youth Corp, Establishment of five Technical Colleges in collaboration with the German Technical School as per the		

104	Ministry of National Policies and Economic Affairs	Budget proposal. payment of outstanding bill, establish the project of Establishment of a Centre of Excellence for Higher Education, project of Loan Scheme for Resumption of Economic activities affected by Disasters, implement the Emergency Pre- Hospital Care Ambulance Service in Sri Lanka, expenditure of recruitment process of Graduate Trainees, Kanuketiya Muduththawa Tank at Rasnayakepura & Kurunegala, implementation of Gamperaliya Rapid Rural Development Programme 2018-2019, pay allowances to the newly recruited Graduate Trainees, rent and local taxes, settle the outstanding bills in 2017, implement the project of Emergency Pre- Hospital Care Ambulance Service in Sri Lanka, lease rental for vehicle, personal emoluments, vehicle maintenance, fuel, transport, postal & communication, electricity, rents & property loan interest to public servants	392,730,000	29,282,288,000
237	Department of National Planning	Establishment of the Programmatic Project Preparation Facility (PPPF) project	-	102,000,000
252	Department of Census and Statistics	Implementing the information and communication technology tools to improve data collection and management of national surveys project, expenses of International Comparison Programme for Asia & the Pacific and expenditure of pilot project on implementation of 19th ICLS-International Conference of Labour Satisfaction	-	10,412,000
106	Ministry of Disaster Management	Rehabilitation of roads that were affected by the disasters due to floods and landslides as per the Budget proposal, allocate Rs.1 Million for each District Secretaries, settle the outstanding bills, expenditure relief to the drought affected people, pay compensation to the victims of Meethotamulla incident and Salawa victims and provide Rs. 1 Million for each District Secretariat to be utilized for granting immediate relief during emergency situation	5,544,140,000	1,047,819,000

304	Department of Meteorology	Upgrade the Department of Meteorology as per the Budget Proposal, expenditure of subscription & contribution fees, postal and communication services, transport services, domestic travelling, personal emoluments and fuel supplies	1,000,000	200,000,000
108	Ministry of Posts, Postal Service and Muslim Religious Affairs	Restoration and renovation of Purana Rajamaha Vihara of archeological value and other such places of worship as per the Budget proposal and rehabilitation and improvement of Capital Assets	-	24,970,000
202	Department of Muslim Religious and Cultural Affairs	Implement the programmes of Dehami Diriya and Allowances for Dhamma School Teachers, Uniforms to Dhamma School Teachers & Printing of Dhamma School Text Books, payment on electricity & water services and settle the outstanding payments related to the supply of Dates to the Muslim Community	157,200,000	-
110	Ministry of Justice	Utilize the funds transferred from UNDP for the project of Strengthening Access to Justice and Victim and Witness Protection in Sri Lanka	-	21,660,500
205	Department of Public Trustee	Provision for rehabilitation and improvement of Capital Assets	-	2,000,000
228	Courts Administration	Establish a special high court with audio and visual recording system, Introduce an automated case management mechanism and to explore the possibility of electronic filing of initial complaint in the relevant court, Relocating courts in Ratnapura and Welimada as they are prone to landslides and Expansion of courts in Kilinochchi, Theldeniya, Pugoda and Kantale as per the Budget Proposals, expenditure of transport services, plant & machinery maintenance, stationary & office requisites, property loan interest to public servants and other services	570,640,000	975,000,000
229	Department of Attorney General	Provision for personal emoluments, fuel, domestic travelling and other services	469,740,000	-
230	Department of Legal Draftsman	Provisions for personal emoluments and fuel supplies	19,700,000	-

233	Department of Government Analyst	Provision for other Supplies (DNA Chemical Purchasing) and external analysis	67,540,000	-
234	Registrar of Supreme Court	Expenses of Copying fee, translation unit in Court of Appeal, postal and communication services	6,326,000	-
111	Ministry of Health, Nutrition and Indigenous Medicine	Improve the infrastructure facilities at the Nurses Training schools, Strengthen the Suwa Seriya Initiatives, Establish 3 highly specialized Obstetrics Centers in Colombo, Kandy & Anuradhapura, Establish Oncology units at Batticaloa and Ratnapura Hospitals, Establish a Reproductive Treatment Centre at the Castle Street Hospital for women, Maternity and Neo natal complex at the Polonnaruwa hospital, Expand the Divisional Hospital Moratuwa , Divisional Hospital Deniyaya and Beruwala Base Hospital, Revamp the new district general Hospital at Matara by moving the maternity, pediatric, medical and the administrative units to Kamburugamuwa, Strengthen the Dental Health Institute at Maharagama, EImprove the primary health care activities through the Strengthening of the government dispensary network, Developing a comprehensive Food hygiene and food safety system, Strengthen the Mental and Neurological health aspects, Strengthen National Health and Allied Research, as per the Budget Proposals and acquisition of Capital Assets of Epilepsy Unit at National Hospital - Colombo, provision for Sri Jayawardanapura General Hospital and Payment of extra duty allowances of Medical Officers, RMO's & AMO's	2,649,000,000	1,767,000,000
220	Department of Ayurveda	Expenditure for personal emoluments, supplies, plant & machinery maintenance and foreign travelling	167,400,000	-
112	Ministry of Foreign Affairs	Establishment of a Secretariat for the continental shelf negotiations, Supporting foreign embassies to celebrate 70th independence anniversary as per the Budget Proposals, account the transfer of ownership of the buildings where the missions of New York and	471,817,500	825,025,000

		Brazilia are locate to the Ministry of Foreign Affairs, purchase Vehicles for the use of Sri Lanka missions abroad, pay lease rental of vehicles procured under operational leasing method, expenditure for retaining of a lawyer to appear in the UAE Court, account the grant received from Australian government pertaining to IORA working group meeting, Public Institutions payments & other services, personal emoluments, domestic & foreign travelling, supplies, services, vehicle maintenance and losses & write off, transfers to Secretariat for National Ocean Affairs		
114	Ministry of Transport & Civil Aviation	Establish a Three Wheeler Regulatory Authority and meters to be made mandatory, Introducing electric buses into the SLTB bus fleet as per the Budget Proposals, implement the programme of School & Higher Education Season Tickets, Grants to SLTB for Operating on Unremunerated Routes and armed forces bus passes, domestic & foreign travelling and settle the unpaid EPF Contribution of SLCTB, personal emoluments, vehicle maintenance and stationery & office requisites, provisions for augmentation of bus fleet, institutional development and capacity building of Sri Lanka Central Transport Board	11,540,000,000	700,000,000
306	Department of Sri Lanka Railways	Settle the payment of installation of railway signaling & telecommunication system for Northern Railway Line, replacement of Medawachchiya - Madu Line & Pallai - KKS Line, Railway Development Project & Purchase of 09 Diesel Multiple Units, repair 200 passenger coaches and settle the retention money & the final payment of the project of Rolling Stock to Coastal Line	-	1,852,598,000
307	Department of Motor Traffic	Provision for the Buildings and Structures, lease rental of vehicle procured under operational leasing method, expenses of vehicle registration number plates and printing driving licenses	151,082,000	132,000,000

117	Ministry of Higher Education and Highways	<p>Implementation of Central and southern Expressway Project, Rural Road Reawaking Programme, Insurance scheme for all university students, Establish a Postgraduate Institute of Indigenous Medicine, Establishment of state medical faculties at Wayamba, Sabaragamuwa and Moratuwa Universities, Establish a Professorial unit at Karapitiya Hospital, Establish Center for Naval Studies and Shipping at the University of Ruhuna, Establish an Independent quality assurance and accreditation mechanism for higher education, Support Institute of Agro Technology and Rural Sciences of the University of Colombo, Support Wayamba University in establishing a center for food, technology, research and training, Increase the eligibility household income threshold from Rs. 300,000 to Rs.500,000 p.a. for Mahapola Scholarship scheme, Expand Technology stream degree programmes in 7 new Technology Faculties, Establishment of state medical faculties at Wayamba, Sabaragamuwa and Moratuwa Universities, Support the new streams such as Data Science and Big Data analytics, Actuarial studies and Business analytics etc. introduced by the University of Colombo, Strengthen to include state of the art library facility and an IT Center at the Vavunia Campus, Support Management Faculty of the University of Sri Jayewardenepura to seek the accreditation of the Association to Advance Collegiate Schools of Business as per the Budget Proposals and settle the outstanding liabilities of the projects relating to year 2017, Construction of 84 hostels complexes, interest subsidy for laptops and Wi-Fi facilities of University student, 10 storied building for the Medical Faculty of university of Ruhuna, Encourage university students engagement in extracurricular activities, repayment of local bank loan obtained for the relocation and development of the Institute of</p>	199,500,000	44,570,193,000
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		Technology- University of Moratuwa, accommodate the revised priorities of the Ministry of Highways and Road Development, rents and local taxes and accommodate the increase of salaries & allowances, foreign funds received for the following research activities, - Gender Analysis in Economics at University of Peradeniya - Ragging, Sexual & Gender Based Violence in the University System		
214	University Grants Commission	Implement the Mahapola & Bursary Programme for University Students, settle the outstanding bills related to year 2017, increase of salaries & allowances of universities	3,270,500,000	3,254,000,000
118	Ministry of Agriculture	Implementation of introduce an eco-certification programme, Restoration, Rehabilitation and desilting of 1,500 small tanks, Introduce a contributory Insurance scheme for farmers, promotion of research on developing high yielding Banana and Pineapple plants at Horana and Makandura Research Centers, Upgrade the testing facilities at the National Quarantine Center as per the Budget Proposals, Fertilizer Subsidy Programme, Development Subsidies, settle the outstanding liabilities of the projects relating to year 2017, account the grant given by AARDO & counterpart funds given by JICA, rehabilitation, improvement and acquisition of Capital Assets, vehicle maintenance, personal emoluments, domestic & foreign travelling ,supplies, maintenance and other services of Deputy Minister's project, provision for National Agricultural Diversification and Settlement Authority and pay the import tax for the vehicle imported for KOPIA Center	24,978,449,000	5,784,823,640
281	Department of Agrarian Development	Settle the outstanding liabilities relating to year 2017	-	612,793,701
285	Department of Agriculture	Settle the outstanding liabilities of the projects relating to year 2017, expenses of the post- harvest management & value- addition of fruits in Sri Lanka and expenses of	45,887,000	199,396,837

		overtime and holiday payments		
119	Ministry of Power and Renewable Energy	Utilizing the grant from Global Threat Reduction Initiative programme, settle outstanding bills of 2017, expenses of Clean Energy & Network Efficiency Improvement Project, expenditure for the project of Promoting Sustainable Biomass Energy Production & Modern Bio-energy Technologies, personal emoluments, fuel supplies and vehicle maintenance	9,800,000	280,538,000
120	Ministry of Women and Child Affairs	Procurement of Vehicles to transport juvenile offenders & victims, Establish child care centers in Government offices as per the Budget Proposals, Nutritional Food Package for Expectant Mothers, Morning Meal for Pre-School Children, Lama Diriya- Allowances for Pre-School Teachers as per the Welfare programmes, accounting financial grant given by UNDP and UNICEF, settle the outstanding bills for emergency relief package and foreign travelling expenses	5,818,080,000	103,763,453
217	Department of Probation and Child Care Services	Provision for foreign travelling	750,000	-
121	Ministry of Home Affairs	Expenses of flood and landslide disaster response project, complete the outstanding works of the development projects, settle the outstanding bills of construct 1000 SewaPiyasa Buildings and settle the bills in hand related to development projects	-	1,131,473,000
254	Department of Registrar General	Settle the outstanding bills of rehabilitation & improvement of Capital Assets related to year 2017, provision for personal emoluments	36,000,000	21,270,000
256	District Secretariat - Gampaha	Expenditure for compensation related to the disasters on May 2017	-	10,840,000
257	District Secretariat, Kalutara	Settle the bills in hand related to rehabilitation works due to disasters on May 2017 and pay the compensations	-	1,234,627,000
261	District Secretariat, Galle	Settle the bills in hand related to rehabilitation works due to disasters on May 2017 and pay the compensations	-	717,760,000
262	District Secretariat ,Matara	Settle the outstanding bills of Nilwala urban development project, bills in hand related to rehabilitation works due to disasters on May 2017	-	2,038,768,000

		and pay the compensations		
263	District Secretariat , Hambantota	Settle the bills in hand related to rehabilitation works due to disasters in May 2017 and pay the compensations	-	208,810,000
271	District Secretariat - Trincomalee	Provision for security services	7,150,000	-
272	District Secretariat, Kurunegala	Provision for cleaning and security services	26,800,000	-
278	District Secretariat, Ratnapura	Settle the bills in hand related to the rehabilitation works due to disasters in May 2017 and pay the compensations	-	2,353,920,000
279	District Secretariat, Kegalle	Settle the bills in hand related to rehabilitation works due to disasters on May 2017 and pay the compensations		66,740,000
122	Ministry of Lands and Parliamentary Reforms	Utilize the grant received for UN Habitat project, expenses of Compensation Review Board and fuel supplies	3,200,000	11,700,000
286	Department of Land Commissioner General	Implementation of the official languages policy and other services	8,900,000	-
287	Department of Land Title Settlement	Provision for personal emoluments	12,000,000	-
327	Department of Land Use Policy Planning	Expenditure of the Buildings and Structures	-	1,500,000
123	Ministry of Housing and Construction	Owner driven housing scheme and support for improvements to the existing houses in rural sector as per the Budget Proposal and pay compensation for the land acquisition & construction Industry Development Authority under Voluntary Retirement Scheme and settle the outstanding building rents of Urban Settlement Development Authority	42,460,000	822,000,000
309	Department of Building	Provision for personal emoluments	26,600,000	-
124	Ministry of Social Empowerment ,Welfare & Kandyan Heritage	Implement the programmes of Support for Low Income Disable Persons, Financial Support for Elderly over 70 years, Financial Support for Kidney Patients and expenses of the Committees on Establishing Statutory Board/ Authority for Kandyan Heritage	12,474,980,000	20,000,000
331	Department of Divineguma	Expenditure of Samurdhi relief assistance programme	39,600,000,000	-

Development				
126	Ministry of Education	Introduce the PISA programme, Provide an allowance of Rs. 5,000 per student per month for students at the National College of Education, Education Reforms, Strengthen the "Smart Classroom" concept, digitalization and development of e-text books, Establish a dedicated center for training teachers in the English Language at the College of Education Maharagama, grade the special needs training facilities at Hapitigama and Adalachchenai Colleges of Education, Accident and Medical Insurance scheme for artist as per the Budget Proposals and implement the Scholarships (Year 5) &"Subhaga" Scholarship Scheme	479,900,000	2,582,000,000
207	Department of Archaeology	Conservation and preservation of Ritigala and Rajagalathenna archeological sites as per the Budget Proposal	-	25,000,000
212	Department of Examinations	Purchasing printing machines	-	500,000,000
130	Ministry of Public Administration and Management	Increase the pension allowance granted by the National Film Corporation Trust, settle the outstanding bills of year 2017 and training programme for frontline officers of community development in conflict affected area	10,000,000	11,680,000
211	Department of Government Printer	Provision for Personal emoluments	122,000,000	-
135	Ministry of Plantation Industries	Implementation of strengthen assistance to tea small holders to improve productivity, Coconut Research Institute (CRI) to provide hybrid coconut seedlings, Rubber Master Plan as per the Budget Proposals, fertilizer subsidy programme for smallholders of Tea, Rubber & Coconut sector, payments in terms of the orders made by Labour Tribunals, subscriptions and contribution fee, personal emoluments, fuel, stationery and office requisites, vehicle maintenance and other services	117,930,000	338,452,000
293	Department of Rubber Development	Provision for subscriptions and contribution fee	2,000,000	-
136	Ministry of Sports	Implementation of Equip Human Performance Laboratory, Modernize the Sugathadasa Indoor Stadium	-	2,383,000,000

		and manage as a Public Private Partnership, Upliftment of Sugathadasa outdoor stadium, national awareness programme on anti-doping and establishment of a drug testing and research laboratory, Introduce and facilitate the concept of Community Sports by developing 100 rural playgrounds throughout the country, Establish a Sports School and Academy at Diyagama and preparation of the sport complex for South Asian Games in 2020 and Development of Sports Infrastructure Facilities		
219	Department of Sports Development	Facilitating the participation of veterans and differently abled athletes, Uplift District and Provincial level stadiums, Rehabilitation of Matale Hockey Ground as per the Budget Proposals and settle the bills in hand of Sports Infrastructure Development programme	50,000,000	405,700,000
140	Ministry of Hill Country New Villages, Infrastructure and Community Development	Rehabilitation and improvement of vehicles	-	4,706,000
145	Ministry of Prison Reforms, Rehabilitation, Resettlement and Hindu Religious Affairs	Improvement of skills of provide salary subsidy of around Ex-Combatants and War widows, restoration and renovation of Purana Rajamahaviharas of archeological value, special Programme to address the needs of the differently abled women, supporting indebted people, support selected small industries as per the Budget Proposal and Lease rental for vehicles, settle the bills in hand related to the project of Acceleration of Re-Settlement Activities & establishment of rehabilitation centers for drug dependent persons, EPF of the Palmyrah Development Board and conduct the land mine clearance operation	304,965,000	3,182,600,000
204	Department of Hindu Religious and Cultural Affairs	Expenditure of Uniforms & Library Book Allowances for Dhamma School Teachers and Dehemi Diriya (Monthly Allowances for Dhamma School Teachers)	41,500,000	-

232	Department of Prison	Provision for fuel supplies, diets and uniforms	126,480,000	-
148	Ministry of Regional Development	Enhancing training facilities of Academy of Financial Studies	-	17,480,000
280	Department of Project Management and Monitoring	Provision for foreign travelling	1,000,000	-
149	Ministry of Industry and Commerce	Revamping Intellectual Property Office, Strengthen the Centre for Robotics and support the public innovation spaces, Provide 50% of the investment cost incurred on equipment and machinery by existing SME sector polythene producers, Upgrade the facilities at the Achchuveli Industrial Zone, Resettlement of Sinhala and Muslim IDPS, Expediting the rehabilitation work of Mannar town area and Silavathurai township development, as per the Budget Proposals and Implement the project of Mechanism for Promoting Local Canned Fish Production, personal emoluments, Project of Strengthening of Co-operatives , Expansion of Lanka Sathosa Retail Network, Provide necessary infrastructure and entrepreneur training, upliftment of industrial estates, Establish a Mega Showroom & Center of Excellence in Robotics Application & Trade Promotional Activities and Resettlement of Sinhala and Muslim IDPS, provision for the projects of economic empowerment of women through apparel based mini factories, Improvement of elephant pass saltern, Provide Necessary infrastructure and entrepreneur training in handloom industry, expand Lak Sathosa & Osu Sala franchise shops	254,167,360	3,233,010,000
295	Department of Commerce	Expenditure of subscription & contribution fees, development assistance activities and membership payment for the Bureau International des Exposition (BIE) from 2014-2018	9,800,000	2,000,000
297	Department of Registrar of Companies	Provisions for personal emoluments and property loan interest to public servants	4,500,000	-

299	National Intellectual Property Office of Sri Lanka	Provisions for personal emoluments	1,500,000	-
300	Department of Food Commissioner	Expenditure for renovation of existing Rice Stores and capacity building	-	30,200,000
150	Ministry of Petroleum Resources Development	Expenditure of Polipto Lanka (Pvt) Ltd and personal emoluments	1,830,000	17,400,000
151	Ministry of Fisheries and Aquatic Resources Development	Formulation of new fisheries and aquaculture policy, upgrading the testing facilities at the National Agency for Aquatic Research and Development Agency, price subsidy on giving fish at subsidiary price, settle the outstanding bills of Establishing integrated inland fishery villages "Wewak Sahitha Gamak Programme" related to year 2017, price subsidy to the MILCO (Pvt) Ltd lease rental for vehicles procured under operational leasing method, expenditure of National Aquatic Resources Research and Development Agency, pay salaries and allowances of newly recruited staff to the National Aquaculture Development Authority, implementation of developing and upgrading the Fishery Harbors anchorages landing sites, establish an Aquaculture Industrial Park in Batticaloa District, cleaning 10 lagoons, develop the Gandara Fishery Harbor and developing a new fishery harbor in Wellamankara, establish a Milk Fish Hatchery and a Marine Ornamental Fish Hatchery, upgrade the testing facilities at the National Agency for Aquatic Research (NARA) and develop Mylitty harbor into a fishery harbor and establish cool rooms and storage facilities as per the Budget Proposal	348,830,000	1,739,451,000
290	Department of Fisheries and Aquatic Resources	Purchase multi day boats of more than 55 feet long , 50% of the cost of improving the operational efficiency in multi day boats as per the Budget Proposals, implement "Fisheries Co- Management Plans" - Phase II project, personal emoluments and pay interest	62,500,000	420,090,925

		subsidy for "Diyawara Diriya" loan scheme implemented through Bank of Ceylon		
154	Ministry of Rural Economic Affairs	Expenses for rehabilitation and improvement of Capital Assets, Paddy Purchasing, settle the outstanding liabilities of the projects relating to year 2017 and establishing Dairy Processing Plant at Badalgama	500,000,000	120,000,000
155	Ministry of Provincial Councils and Local Government	Support the local government agencies in solid waste issues, Improve the Rural Road Network, Introduce an E- local government application system, Establish pilgrim rests, Strengthening the local government institutions and Implement the "Ammachchi" concept as per the Budget Proposals, settle the outstanding contractual payments to CMC, settle the outstanding bills of implementation of Front Office System in 100 Local Authorities, contribution to Provincial Councils, renovation of the "Sethsevana" Government Elders Home at Meerigama and improvement of the drainage system in Eastern Province, refund the closing balance of the project of the North East Local Services Improvement, expenditure of newly appointed State Ministry and outstanding contractual payments for providing infrastructure facilities to Shangri La Mix Development Project and Slave Island Mix Development Project	41,842,000	2,841,953,000
312	Western Provincial Council	Provision for transformation of school education as the foundation of a Knowledge Hub and increased allowances for health sector staff	701,170,000	21,000,000
313	Central Provincial Council	Provision for transformation of school education as the foundation of a Knowledge Hub, extra duty allowances and revision of overtime for medical officers	426,000,000	23,000,000
314	Southern Provincial Council	Provision for transformation of school education as the foundation of a Knowledge Hub, increased allowances for health sector staff and revision of overtime for medical officers	849,000,000	23,000,000

315	Northern Provincial Council	Provision for the project of Northern Road Connectivity, utilize the funding available due to extension of the loan period of Jaffna - Kilinochchi water supply & sanitation project, transformation of school education as the foundation of a Knowledge Hub, refund the stamp duty of immovable properties, account the unaccounted expenses, settle the arbitration payment of Northern Road Connectivity project and revision of overtime for medical officers	284,000,000	908,010,000
316	North Western Provincial Council	Provision for transformation of school education as the foundation of a Knowledge Hub and settle the outstanding payments related to year 2017, extra duty allowances and revision of overtime for medical officers	372,000,000	222,000,000
317	North Central Provincial Council	Provision for transformation of school education as the foundation of a Knowledge Hub, settle the outstanding payments related to year 2017, complete the Northern Road Connectivity Project, increased allowances for health sector staff and revision of overtime for medical officers	581,010,000	55,190,000
318	Uva Provincial Council	Provision for transformation of school education as the foundation of a Knowledge Hub and rehabilitate the agricultural roads & minor irrigation in Uva Province and settle the outstanding payments related to year 2017, increased allowances for health sector staff and revision of overtime for medical officers	357,000,000	324,000,000
319	Sabaragamuwa Provincial Council	Provision for transformation of school education as the foundation of a Knowledge Hub, settle the outstanding payments related to year 2017 and revision of overtime for medical officers	350,000,000	322,000,000
321	Eastern Provincial Council	Provision for transformation of school education as the foundation of a Knowledge Hub, settle the outstanding payments related to year 2017, extra duty allowances and revision of overtime for medical officers	431,000,000	222,000,000

157	Ministry of National Dialogue	Implementation of the official language policy and national co-existence, improving language proficiency, translations etc.as per the Budget Proposal, lease rental for vehicle procured under operational leasing method, acquisition of a vehicle, personal emoluments, domestic & foreign travelling, stationary & fuel supplies, vehicle & plant maintenance, transport, postal and rehabilitation, improvement & acquisition of Capital Assets	46,117,000	250,310,000
158	Ministry of Public Enterprise Development	Payment of salaries and wages of Janatha Estate Development Board, SLSPC & Elkaduwa Plantations Ltd, outstanding liabilities of Sri Lanka Cashew Corporation, vehicle maintenance, rents & local taxes, transport, other services and foreign travelling	11,750,000	625,520,000
159	Ministry of Tourism Development and Christian Religious Affairs	Implementation of the Development of 6 forts, Upgrading the Railway Stations & declared as archeological sites and Tourist Friendly TukTuk Programme as per the Budget Proposals	-	375,000,000
203	Department of Christian Religious Affairs	Implement the programmes of Uniforms to Dhamma School Teachers, Dehami Diriya & Library Allowances for Dhamma School Teachers and restoration and renovation of the places of warship with archeological value and renovation, rehabilitation of infrastructure facilities of churches	111,900,000	24,850,000
160	Ministry of Mahaweli Development and Environment	Expenditure of the project of Improving Industrial Waste and Water Management, Rehabilitation of degraded agricultural lands, Mechanism for Reducing Emissions from Deforestation and Degradation, Mainstreaming Biodiversity and agro biodiversity conservation System, expenditure for the Water Resources Development Investment Programme, Moragahakanda and Kaluganga Reservoir Project, project of Air Quality Assessment for Health & Environment Policies, pay salaries and allowances due to the recruitment of new cadre to the Central Environment Authority	45,000,000	901,784,000

283	Department of Forests	Expenditure for Establishment and Management of Industrial Plantation	-	75,000,000
291	Department of Coast Conservation	Develop Integrated Coastal Zone Management Mechanism & Project on Beach Replenishment as per the Budget Proposal and pay salaries due to filling the existing vacancies of Engineers and Development Officers	1,150,000	425,000,000
161	Ministry of Sustainable Development and Wild Life			
284	Department of Wildlife Conservation	Implementation of Conservation of endemic species and Develop Maduruoya and Gal Oya National Parks to support Tented Safari's etc. as per the Budget Proposals	-	95,000,000
294	Department of National Zoological Gardens	Implement "Open Cage" Concept at the Dehiwela Zoo and "Born Free Chain Free" at the Pinnawela Elephant orphanage as per the Budget Proposals	-	150,000,000
322	Department of National Botanical Gardens	Infrastructure support for Floriculture Industry as per the Budget Proposal	-	10,000,000
162	Ministry of Megapolis and Western Development	Implementation of the develop Aruwakkalu waste disposal and management site, Establish Haritha Uyana in every Pradeshiya Saba division as a Public Private Partnership, Nilwala Eliya Model Park, Provide 20,000 housing units, Urban Regeneration Project, Township and strategic cities development programme as per the Budget Proposals and settle the outstanding liabilities of the projects relating to year 2017	-	16,270,000,000
163	Ministry of Internal Affairs, Wayamba Development and Cultural Affairs	Implementation of the State of the art cultural center of Moratuwa and restore the Cultural hall in Thaalvupadu, Mannar as per the Budget Proposals, expenditure of personal emoluments, electricity & water, national literary arts festival, training programme of cultural centers, rehabilitation/ improvement & acquisition of Capital Assets, construction & rehabilitation of cultural centers, plant, machinery & equipment maintenance, other services,	11,576,413	742,423,587

		domestic travelling ,vehicle maintenance and expenditure of infrastructure development		
206	Department of Cultural Affairs	Expenditure for capacity building, other services, assistance to needy artists, National art festival & other services, rehabilitation/improvement & acquisition of Capital Assets, Construction of Kundasale Kala Nikethanaya, Uthuru-DakunuMithuruSevana, Mihintalawa- LLRC	8,281,072	41,618,928
165	Ministry of National Integration and Reconciliation	recommendation and Renovation of John De Silva & National Art Gallery Construct 50,000 brick and mortar type houses in the North and East, Support programs and activities in rural irrigation development, rain water harvesting, and integrated village development, Strengthening Reconciliation focused on economic empowerment and social infrastructure development, Establish 2 food processing centers in Kilinochchi and Delft island, Establish a modern dedicated economic center in Jaffna and Support the establishment of the Office of the Missing Persons as per the Budget Proposals and acquisition of vehicle for Hon.State Minister, Project of Reconciliation Focused Economic Empowerment	650,000,000	4,232,826,000
166	Ministry of City Planning and Water Supply	Implement the master plan for Kalmunai and Samanthurai and to develop townships in lagging regions as per the Budget Proposal and settle the outstanding bills of year 2017	-	2,500,000,000
167	Ministry of Special Assignment	Lease rental for the vehicle procured under operational leasing method	4,100,000	-
176	Ministry of Ports and Shipping	Settle the outstanding payment of compensation for land acquisition for the second stage of the Hambantota port project, expenditure of fulfillment of conditions precedent to the Concession Agreement for Port of Hambantota, settle the interest payment of the loan taken for the project - construction of Sri Lanka Ports Authority, Sooriyawewa International Cricket Stadium	279,000,000	1,073,204,040

192	Ministry of Law and Order and Southern Development	Provision for personal emoluments, travelling expenses, supplies, vehicle maintenance and other services	11,004,000	-
225	Department of Police	Sri Lanka Police to establish 20 Tourist Police Stations, Police Reforms and introduction of the Community Police Concept, Establish a Police and Criminal Justice University, Strengthening the Cyber Crime Investigation Unit and Upgrading the Police Information and Communication System as per the Budget Proposals	-	745,000,000
193	Ministry of Labour , Trade Union Relations & Sabaragamuwa Development	Pay the contribution fee for International Labour Organization and settle the outstanding bills of 2017	776,400	12,657,000
328	Department of Man Power & Employment	Establishment of Public Employment Service and provision for rents and local taxes	3,705,000	900,000
194	Ministry of Telecommunication and Digital Infrastructure	Implement the ICTA to improve service deliver through the infusion of the technology and digitalization as per the Budget Proposal, settle the outstanding liabilities of year 2017 and transport services	401,200,000	3,119,000,000
195	Ministry of Development Strategies and International Trade	Implement the "Arambuma" Credit Scheme, Multi National Corporation Outreach programme, Establishment of the "IT Initiative", Export market access support programme, Establish a unified trade portal, Create dedicated industry zones for boat building, Integrated Land Registry, National Single Window connecting 31 agencies, Provide infrastructure facilities for Rojana industrial park in Milleniya and Establishing industrial zones in Bingiriya and Weligama	50,000,000	4,200,000,000
296	Department of Import and Export Control	Provisions for foreign travelling, stationery & office requisites, postal & communication, electricity, rents & local taxes and property loan interest to public servants	3,272,000	-

196	Ministry of Science, Technology & Research	Establish a virtual institute for the blue green economy, Improving degraded soil, Convert COSTI into NASTICA, Support for Product Design Engineering (PDE) under the Mechatronic Enabled Economic Development Initiative (MEDI), Establish a Design Center for Timber and Timber based products, Establish Hi Tech Innovation Park in Mahahenawatte, Pitipana, Upgrading the testing facilities at Industrial Technology Institute and Sri Lanka Standards Institute as per the Budget Proposals, account the grant received from a Korean Company, establish the sound system at ministry auditorium and renovation of the State Minister's quarters and settle the outstanding bills of Nanotechnology programme related to year 2017	25,000,000	1,028,928,060
197	Ministry of Skills Development and Vocational Training	Establish an University College in Kinniya, Providing NVQ accreditation to ex -combatants as per the Budget Proposals and pay the E.P.F and E.T.F(from 2006 to 2017) of Vocational Training Authority	33,873,000	75,000,000
198	Ministry of Irrigation and Water Resources Management	Rehabilitation of flood protection dams along Kelani river basin, Support the ground water monitoring mechanism as per the Budget Proposals, infrastructure development of the Thalpitigala Reservoir, rehabilitation of major and medium irrigation schemes and expenditure of foreign travelling	900,000	2,821,296,000
282	Department of Irrigation	Expenditure for land and land improvement of Yan Oya Project	-	500,000,000
199	Ministry of Primary Industries	Implement the Quality improvements in Cinnamon and Pepper planting materials in 1,000 nurseries and strengthen the Cinnamon Training College as per the Budget Proposals	16,825,000	104,175,000
Total			120,440,331,745	176,825,298,471

Source: Department of National Budget

Annex II

The List of Treasury Guarantees Issued by the General Treasury up November 30, 2018

S. No	Name of the Bank or Institution	Name of Institution	Rs. Mn.		
1	People's Bank	Ceylon Electricity Board	9,928		
		Ceylon Petroleum Corporation	164,716		
		Ceylon Shipping Corporation Ltd	13,048		
		Co-operative Whole Sale Establishment	157		
		Lanka Coal Company (Pvt) Ltd	11,000		
		Ministry of Defence and Urban Development	1,000		
		National Water Supply & Drainage Board	2,673		
		Paddy Marketing Board	2,864		
		Road Development Authority	17,294		
		State Printing Corporation	1,350		
		Building Material Coporation Ltd	500		
		Ceylon Petroleum Corporation	163,314		
		General Sir John Kotelawala Defence University	835		
		National School of Business Management Limited	8,600		
2	Bank of Ceylon	National Water Supply & Drainage Board	47,221		
		Northsea Limited	50		
		Paddy Marketing Board	8,971		
		Road Development Authority	57,252		
		State Development and Construction Corporation	1,000		
		State Engineering Corporation	2,300		
		3	National Savings Bank	Ceylon Electricity Board	6,250
				General Sir John Kotelawala Defence University	36,588

The List of Treasury Guarantees Issued by the General Treasury up November 30, 2018

S. No	Name of the Bank or Institution	Name of Institution	Rs. Mn.
		Lakdhanavi Ltd.	2,992
		National Water Supply & Drainage Board	1,239
		Sri Lanka Land Reclamation & Development Corporation	3,500
		Road Development Authority	78,621
		Urban Development Authority	2,770
4	Commercial Bank	Ministry of Defence and Urban Development	2,000
		National Water Supply & Drainage Board	1,930
		Road Development Authority	5,949
5	DFCC Bank	Ministry of Defence and Urban Development	1,000
		National Water Supply & Drainage Board	5,197
		Road Development Authority	1,106
6	Employees' Trust Fund	Lakdhanavi Ltd.	2,992
7	Exim Bank of China	Telecommunications Regulatory Commission of Sri Lanka	16,087
8	Hatton National Bank	Airport & Aviation Services (Sri Lanka) Limited	4,000
		Ministry of Defence and Urban Development	3,550
		National Water Supply & Drainage Board	10,912
		Road Development Authority	23,944
9	Hong Kong & Shanghai Banking Co. Ltd.	Airport & Aviation Services (Sri Lanka) Limited	8,009
		West Coast Power (Pvt) Ltd.	28,060
10	Industrial And Commercial Bank of China Limited	Ceylon Electricity Board	12,652
11	Japan International Co-operation Agency (JICA)	Airport & Aviation Services (Sri Lanka) Limited	120,040
12	National Development Bank	National Water Supply & Drainage Board	8,374
		Road Development Authority	7,745
13	Exim Bank of India	National Water Supply & Drainage Board	46,581
14	China Development Bank	National Water Supply & Drainage Board	11,335
15	Asian Development Bank	Ceylon Electricity Board	84,379
16	Sampath Bank PLC	Road Development Authority	14,500
17	UniCredit Bank Austria AG	National Water Supply & Drainage Board	10,530
Total			1,076,906

Source : Department of Treasury Operations

Annex III

Macroeconomic Indicators

Table 1 | Key Sectoral Growth Rate %

	2016	2017	2018 up to 3 rd Quarter (a)
GDP	4.5	3.3	3.3
Agriculture	(3.8)	(0.8)	4.3
Industry	5.8	4.6	1.8
Services	4.7	3.2	4.4
Inflation - GDP Deflator (%)	4.1	2.1	4.7
Unemployment Rate (%)	4.4	4.2	4.1

Source: Department of Census and Statistics

(a) Provisional

Table 2 | Quarterly Growth Rates of Key Sub-Sectors of Agriculture

Sector	2016	2017	2018 ^(a)		
			Q ₁	Q ₂	Q ₃
Tea (Mn. kg)	289.6	305.7	73.8	83.8	64.6
Growth %	(12.0)	4.5	11.5	(6.3)	(14.7)

Rubber (Mn. kg)	79.1	81.6	20.1	19.2	19.6
Growth %	(10.7)	3.2	(13.7)	(11.5)	0.0
Coconuts (Mn. nuts)	3,137.5	2,446.6	583.1	637.2	690.4
Growth %	2.7	(18.7)	(14.7)	5.2	11.7
			<i>Maha</i>	<i>Yala</i>	
Paddy ('000 Mt)	4,372.0	1,473.8	2,396.7	1,425.6	
Fish ('000 Mt)	530.9	530.2	132.47	113.9	131.3
Growth %	2.1	(0.1)	(1.8)	(2.6)	(3.9)

Source: Department of Census and Statistics

(a) Provisional

Table 3 | Quarterly Growth Rates of key Sub-Sectors of Industry

Description	2016	2017	2018 (a)		
			Q ₁	Q ₂	Q ₃
Food, Beverages and Tobacco Products	527,794	535,983	166,586	117,048	148,211
Growth Rate	(0.2)	1.6	5.2	5.2	3.7
Textile, Wearing Apparel and Leather Related Products	287,760	304,291	110,176	57,484	104,063
Growth Rate	1.8	5.7	4.7	1.9	3.2
Chemical Products and Basic Pharmaceutical Products	86,929	89,175	21,713	24,231	19,367
Growth Rate	4.3	2.6	6.1	1.7	(1.7)
Rubber and Plastic Products	88,635	96,367	12,870	26,622	25,322
Growth Rate	16.4	8.7	7.9	(2.7)	1.4
Non-metallic Mineral Products	67,168	72,784	19,465	18,938	15,375
Growth Rate	(10.7)	8.4	1.6	1.8	3.9
Furniture	97,958	102,715	29,626	24,215	19,877
Growth Rate	3.7	4.9	(2.0)	(5.9)	(5.0)
Total Industrial Sector	2,399,285	2,509,829	697,620	564,875	639,622
Overall Industrial Growth	5.8	4.6	1.0	2.3	1.9

Source: Department of Census and Statistics

(a) Provisional

Table 4 | Performance in Electricity Generation and Services Sector: 2017-2018

Category	2017				2018			
	Q ₁	Q ₂	Q ₃	Jan - Sep	Q ₁	Q ₂	Q ₃	Jan - Sep
Electricity Generation								
Total Generation (GWh) (Excluding Self Generation)	3,500	3,696	3,815	11,011	3,721	3,767	3,948	11,436
Growth Rate	1.7	5.9	4.5	4.1	6.3	1.9	3.5	3.9
	347	608	875	1,830	651	1,310	1,467	3,428
Hydro(excluding mini hydro)	(66.9)	(41.2)	17.6	(35.2)	87.7	115.5	67.7	87.3
Fuel Oil	1,368	1,355	1,355	4,058	1,412	811	803	3,026
Growth Rate	27.3	49.3	40.0	43.7	3.2	(40.1)	(39.9)	(25.4)
Coal	1,602	1,355	1,145	4,102	1,405	1,126	1,194	3,725
Growth Rate	41.3	16.8	(29.2)	4.9	(12.3)	(16.9)	4.3	(9.2)
NCRE (Including mini hydro)	183	379	460	1,022	253	520	484	1,257
Growth Rate	(0.4)	(2.5)	36.1	12.4	37.9	37.3	5.2	23.0
Hydro: Fuel Oil:	10:39:46:5	16:37:37:10	23:35:30:12	14:32:32:8	18:38:38:7	35:22:30:14	37:20:30:12	27:24:29:10

Coal: NCRE Ratio								
Reservoir Water Level % (End Period Average)	34.3	37.7	42.9	N. A	60.5	67.4	78.0	N. A
Port Services								
Total Cargo Handled ('000 MT)	22,466	22,593	24,279	69,338	25,471	25,730	26,748	77,949
Growth Rate	6.8	6.9	8.7	7.5	13.4	13.9	10.2	12.4
Total Container Handled ('000 TEUs)	1,469	1,486	1,591	4,546	1,706	1,709	1,808	5,223
Growth Rate	4.9	7.2	8.3	6.8	16.2	15.0	13.6	14.9
Telecommunications Services (No. of Subscribers)								
Fixed Lines ('000)	2,537	2,514	2,496	2,496	2,573	2,531	2,509	2,509
Growth Rate	(2.6)	(3.2)	(2.6)	(2.6)	1.4	0.7	0.5	0.5
Cellular ('000)	27,158	28,113	28,229	28,229	28,970	30,209	32,050	32,050
Growth Rate	10.5	13.8	9.1	9.1	6.7	7.5	13.5	13.5
Total Fixed Lines and Cellular ('000)	29,695	30,627	30,725	30,725	31,543	32,740	34,559	34,559
Growth Rate	9.3	12.2	8.1	8.1	6.2	6.9	12.5	12.5
Internet and email ('000)	5,221	5,479	5,642	5,642	6,422	6,561	7,126	7,126
<i>Source: Central Bank of Sri Lanka</i>								

Table 5 | Export Performance in 2017-2018

US\$ Mn.

Item	2017			2018		
	Jan-Nov	Dec	Total	Jan-Nov ^(a)	Dec ^(b)	Total ^(b)
Agricultural Products	2,547	220	2,767	2,363	230	2,592
Tea	1,403	127	1,530	1,311	121	1,433
Rubber	36	3	39	30	2	32
Coconut Products	329	19	348	287	29	316
Other Agricultural Products	780	71	851	734	77	812
Industrial Products	7,746	796	8,542	8,445	820	9,265
Textile and Garments	4,562	470	5,032	4,824	465	5,289
Petroleum Products	372	62	434	569	64	633
Other Industrial Products	2,812	264	3,076	3,051	291	3,343
Mineral Export	32	2	35	32	2.9	35
Other Exports	16	1	17	16	2	18
Total Exports	10,341	1,020	11,361	10,856	1,054	11,910

Source: Central Bank of Sri Lanka

(a) Provisional

(b) Projections

Table 6 | Import Performance in 2017-2018

US\$ Mn.

Item	2017			2018		
	Jan-Nov	Dec	Total	Jan-Nov ^(a)	Dec ^(b)	Total ^(b)
Consumer Goods	4,069	434	4,503	4,623	367	4,989
Rice	260	41	301	104	1	105
Sugar	232	24	256	222	14	236
Other Food Products	1,167	117	1,284	1,146	108	1,254
Other Consumer Goods	2,409	252	2,662	3,151	243	3,395
Intermediate Goods	10,242	1,194	11,436	11,505	1,146	12,651
Fuel	2,995	433	3,428	3,835	426	4,260
Wheat and Maize	354	3	357	349	28	376
Fertilizer	87	16	103	236	26	262
Textile & Clothing	2,492	233	2,724	2,617	280	2,897
Other Intermediate Goods	4,315	509	4,824	4,469	388	4,857
Investment Goods	4,476	419	4,895	4,296	347	4,643
Other Imports	144	2	147	74	2	76
Total	18,931	2,049	20,980	20,498	1,862	22,360

Source: Central Bank of Sri Lanka

(a) Provisional

(b) Projections

Table 7 | Balance of Payments - 2018

US\$ Mn.

Item	2018			
	Q1 ^(a)	Q2 ^(a)	Q3 ^(a)	Annual Projection
Current Account Balance	-659	-1,086	-462	-2,931
Trade Balance	-2,982	-2,727	2,244	-10,450
Exports	2,989	2,743	3,166	11,910
Imports	5,971	5,470	5,410	22,360
Services (net)	1,162	712	943	3,914
Receipts	2,350	1,884	2,093	8,508
Payments	1,188	1,172	1,150	4,594
Primary Income (net)	-606	-502	-602	-2,525
Receipts	63	66	57	276
Payments	669	567	659	2,801
Secondary Income (net)	1,767	1,431	1,441	6,130
Secondary income: credit	1,982	1,647	1,655	7,028
Secondary income: debit	214	216	214	898
Capital Account (net)	6	4	4	4
Capital account: credit	12	11	11	24
Capital account: debit	6	7	7	20

Current and Capital Account (net)	-653	-1,082	-457	-2,926
Financial Account (net)	-1,054	-1,087	-1,106	1,566^(c)
Direct Investment: Assets	18	18	18	n.a.
Direct Investment: Liabilities	359	921	129	n.a.
Portfolio Investment: Assets	0	0	0	n.a.
Debt securities	0	0	0	n.a.
Portfolio Investment: Liabilities	75	1,884	-1,079	n.a.
Equity and investment fund shares	101	34	-11	n.a.
Debt securities	-26	1,850	-1,068	n.a.
Financial Derivatives	0	0	0	n.a.
Other Investment: Assets	-170	-154	473	n.a.
Currency and deposits	-226	-131	386	n.a.
Trade credits and advances	36	66	54	n.a.
Other accounts receivable	19	-88	33	n.a.
Other Investment: Liabilities	-158	120	493	n.a.
Currency and deposits	172	-500	98	n.a.
Loans	-152	179	449	n.a.
Trade credits and advances	166	179	243	n.a.
Other accounts payable	-343	263	-297	n.a.
Special Drawing Rights (SDRs)	0	0	0	n.a.
Reserve Assets	-626	1,974	-2,054	n.a.
Net Errors and Omissions	-401	-5	-649	n.a.
Overall Balance	-311	1,148	-650	-1,103

Source: Central Bank of Sri Lanka

(a) Provisional

(b) Projections

(c) Instrument-wise annual forecasts of the Financial Account for 2018 are not available

Table 8 | International Reserves

Item	US\$ Mn.			
	End 2017	Sep-18	Oct-2018	Nov-2018 ^(a)
Total External Reserves	10,436	9,637	10,371	9,709
Months of Imports	6.0	5.1	5.5	5.2
Gross Official Reserves	7,959	7,164	7,903	7,005
Months of Imports	4.6	3.8	4.2	3.7

Source: Central Bank of Sri Lanka

(a) Provisional

Table 9 | Government Foreign Currency Debt Outstanding

Items	US\$ Mn.
	End Nov 2018 ^(a)

Total Outstanding	36,806.77
Government Foreign Debt ^(b)	32,895.79
Dollar dominated Domestic Debt	3,910.98
Sri Lanka Development Bonds (SLDBs)	3,360.98
Foreign Currency Banking Units (FCBUs)	550.00

Source: Central Bank of Sri Lanka

^(a) Provisional

^(b) Includes International Sovereign Bonds (ISBs), Foreign Project Loans, Syndicated Loans and Foreign Holdings of T-bills and T-bonds.

Table 10 | Outstanding Domestic Foreign Currency Debt of the Government

	End 2017 (Revised)	US\$ Mn. End Nov 2018 ^(a)
Outstanding	4,593.15	3,910.98
FCBUs	420.00	550.00
SLDBs	4,173.15	3,360.98
Receipts ^(b)	2,451.43	2,192.05
FCBUs*	420.00	700.00
SLDBs	2,231.43	1,492.05
Payments ^(c)	2,078.03	2,874.22
FCBUs*	200.00	570.00
SLDBs	1,878.03	2,304.22

Source: Central Bank of Sri Lanka

^(a) Provisional

^(b) Receipts are issues during the period

^(c) Payments are maturities during the period

* FCBU rollovers during the period are considered as matured and reissued.

Table 11 | Movements in Selected Exchange Rates (Against the US\$)

Currency	Appreciation (+) / Depreciation (-)	
	End 2016 - End 2017	End 2017 - Dec 2018
Sri Lanka Rupee	(2.00)	(16.14)
Indian Rupee	(7.54)	(8.20)
Bangladesh Taka	2.71	(15.20)
Pakistan Rupee	3.54	5.94
Singapore Dollar	(9.32)	(14.10)
Thailand Bhatt	(10.54)	(16.90)
Taiwan Dollar	(9.68)	(13.09)
Indonesian Rupiah	(1.77)	(9.60)
Philippine Peso	(1.06)	(11.81)
Korean Won	(13.20)	(12.15)

Japanese Yen	(5.10)	(17.71)
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Source: Central Bank of Sri Lanka

Table 12 | Central Bank Holdings of Treasury Bills

End Period	Gross (Book value)	Net of Repos (Book value)	Rs. Bn.
2010	n.a		2.34
2011	n.a		167.30
2012	n.a		163.31
2013	n.a		13.29
2014	n.a		3.14
2015	n.a		79.05
2016	320.65		330.08
2017	9.74		25.60
End Nov. 2018	64.90		213.40

Source: Central Bank of Sri Lanka

Table 13 | Commercial Banks' Loans and Advances to the Private Sector -September 2018

	Amount (Rs. Million)	as a % of Total
1. Agriculture & Fishing	457,689	8.4
<i>of which...</i>		
Tea	98,699	1.8
Rubber	34,748	0.6
Coconut	23,699	0.4
Paddy	35,490	0.7
Vegetable, Fruit Cultivation and Minor Food Crops	31,726	0.6
Livestock and Dairy Farming	23,139	0.4
Fisheries	17,851	0.3
2. Industry	2,306,222	42.1
<i>of which...</i>		
Construction	1,115,170	20.4
<i>of which...</i>		
--- Personal Housing including Purchasing/Construction/Repairs	524,241	9.6
--- Staff Housing	74,861	1.4
Food and Beverages	126,732	2.3

Textiles and Apparel	193,920	3.5
Wood and Wood Products including Furniture	19,031	0.4
Paper and Paper Products	19,098	0.4
Chemical, Petroleum, Pharmaceutical, Healthcare and Rubber and Plastic Products	113,971	2.1
Non-metallic Mineral Products	28,112	0.5
Basic Metal Products	34,752	0.6
Fabricated Metal Products, Machinery and Transport Equipment	196,674	3.6
Other Manufactured Products	21,264	0.4
3. Services	1,523,608	27.8
<i>of which...</i>		
Wholesale and Retail Trade	463,920	8.5
Tourism	188,840	3.6
Financial and Business Services	374,797	6.8
Transport	73,070	1.3
Communication and Information Technology	52,948	1.0
Printing and Publishing	24,929	0.5
Education	12,126	0.2
Health	39,112	0.7
Shipping, Aviation, Supply and Freight Forwarding	23,488	0.4
4. Personal Loans and Advance	1,188,283	21.8
<i>of which...</i>		
Consumer Durables	219,483	4.0
Pawning	166,398	3.0
Credit Card	104,571	1.9
Personal Education	3,847	0.1
Personal Healthcare	2,446	0.0
5. Other	655,999.10	12.0
6. Total	5,475,802.15	100.0

Source: Central Bank of Sri Lanka

Table 14 | Interest Rate Movements in 2017-2018

Interest Rate	End Dec 2017	End Mar 2018	End Aug 2018	End Nov 2018
Policy Rates of the Central Bank				
Standing Deposit Facility Rate(SDFR)	7.25	7.25	7.25	8.00
Standing Lending Facility Rate(SLFR)	8.75	8.75	8.50	9.00
Weighted Average Call Money Rate (AWCMR)	8.15	8.41	7.92	8.96
Weighted Average OMO Auction Rate (Repo)	7.25	7.27	7.93	7.82
Weighted Average OMO Auction Rate (Reverse Repo)	8.75	8.45	8.49	8.57
Treasury Bill Rates				
91-days	7.69	8.17	8.03	10.01
182-days	8.30	8.52	8.60	9.99
364 -days	8.90	9.69	8.99	11.20

Lending Rates				
Average Weighted Prime Lending Rate(AWPR) (weekly)	11.55	11.55	11.67	12.03
Average Weighted Prime Lending Rate (AWPR) (monthly)	11.33	11.10	11.65	12.12
Average Weighted Lending Rate(AWLR)	13.88	14.04	14.18	14.50
Deposit Rates				
Average Weighted Deposit Rate (AWDR)	9.07	90.00	8.66	8.77
Average Weighted Fixed Deposit Rate (AWFDR)	11.48	11.41	10.81	10.81

Source: Central Bank of Sri Lanka

Annex IV

Assumptions for Revenue Estimates – 2019

The revenue estimates for 2019 are based on the expected macroeconomic development and the status of the country's tax system in which broad assumptions are as follows.

- The economy is expected to grow by about 4.5 percent in 2019 and the growth is expected to be broad based.
- The inflation is expected to remain mid-single digit level in 2019.
- The recovery of the global economy is expected to be strengthened.
- The external sector is expected to improve further in 2019 by maintaining a surplus in the Balance of Payments (BOP) benefiting from the 3-year Extended Fund Facility (2016-2019) provided by the IMF.
- Growth in exports is expected to continue with the enhanced external demand particularly from major trading partners such as the United States and India while helping a commensurate improvement in domestic economic activities.
- Imports are projected to record a relatively high growth with increased demand for investment and intermediate goods by both

private and public sector to support higher export growth and economic growth.

- A stable exchange rate is expected to be continued, supported by the enhanced external reserves of the country.
- Domestic demand is expected to improve consequent to a strong improvement in domestic economic activities complemented by the low interest rate regime.
- The growth in the money supply in 2019 is expected to maintain at a level compatible with the expected nominal growth of around 9.7 percent of GDP.
- Tax system is expected to be simplified with minimizing exemptions and concessions. The

gradual establishment of the tax system especially digitalized platform, Revenue Administration and Management Information System (RAMIS) in the country will help to generate expected revenue.

- Automation of the Customs clearing process for both import and export will help to enhance the customer satisfaction and enhance the revenue. Automated System for Customs Data (ASYCUDA) at Sri Lanka Customs will help to provide enhanced service to both importers and exporters, improving the Government revenue.
- Integrated Treasury Management Information System (ITMIS) will ensure efficient management of government resources.

Table 1 | Excise (Special Provisions) Duty: Motor Vehicles Duty Structure (As at 30.11.2018)

Item/ Engine Capacity	Rate
(i) Cars - Petrol	
Less than 1,000 cc	Rs. 1,500,000/- per unit or Rs. 1,750/- per cm ³
1,000 cc - 1,300 cc	Rs. 2,750/- per cm ³
1,300cc - 1,500cc	Rs. 3,250/- per cm ³
1,500 cc - 1,600 cc	Rs. 4,000/- per cm ³
1,600 cc - 1,800 cc	Rs. 5,000/- per cm ³
1,800 cc - 2,000 cc	Rs. 6,000/- per cm ³
2,000 cc - 2,500cc	Rs. 7,000/- per cm ³
2,500 cc - 2,750cc	Rs. 8,000/- per cm ³
2,750 cc - 3,000cc	Rs. 9,000/- per cm ³
3,000 cc - 4,000cc	Rs. 10,000/- per cm ³
Exceeding 4,000 cc	Rs. 11,000/- per cm ³
(ii) Cars - Diesel	
Less than 1,500 cc	Rs. 4,000/- per cm ³
1,500 cc - 1,600 cc	Rs. 5,000/- per cm ³
1,600 cc - 1,800 cc	Rs. 6,000/- per cm ³
1,800 cc - 2,000 cc	Rs. 7,000/- per cm ³
2,000 cc - 2,500cc	Rs. 8,000/- per cm ³
2,500 cc - 2,750cc	Rs. 9,000/- per cm ³

2,750 cc - 3,000cc	Rs. 10,000/- per cm ³
3,000 cc - 4,000cc	Rs. 11,000/- per cm ³
Exceeding 4,000 cc	Rs. 12,000/- per cm ³
(iii) Cars - Hybrid/Petrol	
Less than 1,000 cc	Rs. 1,250,000/- per unit
1,000 cc - 1,300 cc	Rs. 2,000/- per cm ³
1,300cc - 1,500cc	Rs. 2,500/- per cm ³
1,500 cc - 1,600 cc	Rs. 3,500/- per cm ³
1,600 cc - 1,800 cc	Rs. 4,500/- per cm ³
1,800 cc - 2,000 cc	Rs. 5,000/- per cm ³
2,000 cc - 2,500cc	Rs. 6,000/- per cm ³
2,500 cc - 2,750cc	Rs. 7,000/- per cm ⁴
2,750 cc - 3,000cc	Rs. 8,000/- per cm ⁴
3,000 cc - 4,000cc	Rs. 9,000/- per cm ⁵
Exceeding 4,000 cc	Rs. 10,000/- per cm ⁵
(iv) Cars - Hybrid/Diesel	
Less than 1,000 cc	Rs. 3,000/- per cm ³
1,000 cc - 1,300 cc	Rs. 3,000/- per cm ³
1,300cc - 1,500cc	Rs. 3,000/- per cm ³
1,500 cc - 1,600 cc	Rs. 4,000/- per cm ³
1,600 cc - 1,800 cc	Rs. 5,000/- per cm ³
1,800 cc - 2,000 cc	Rs. 6,000/- per cm ³
2,000 cc - 2,500cc	Rs. 7,000/- per cm ³
2,500 cc - 2,750cc	Rs. 8,000/- per cm ³
2,750 cc - 3,000cc	Rs. 9,000/- per cm ³
3,000 cc - 4,000cc	Rs. 10,000/- per cm ³
Exceeding 4,000 cc	Rs. 11,000/- per cm ³
(v) Electric Cars	
Car - Electric - By External Source or Generator	
Less than 50kW	Rs. 7,500/- per kW
50kW - 100kW	Rs. 12,500/- per kW
100kW - 200kW	Rs. 25,000/- per kW
Exceeding 200kW	Rs. 40,000/- per kW
Car - Electric - By Solar Panels	2.5%
(vi) Vans	
13 - 25 Persons/ Diesel	Rs. 4,500,000/- per unit
13 - 25 Persons/ Petrol	Rs. 1,750/- per cm ³
Less than 13 Persons/ Diesel	200%
Less than 13 Persons/ Petrol	150%

Source: Department of Fiscal Policy

Table 2 | Excise (Special Provisions) Duty Structure for Cigarettes (As at 30.11.2018)

	Rs. per 1,000 cigarettes
Cigarettes each not exceeding 60 mm. in length	11,675
Cigarettes each exceeding 60 mm. but not exceeding 67 mm in length	17,375
Cigarettes each exceeding 67 mm. but not exceeding 72 mm in length	20,500
Cigarettes each exceeding 72 mm. but not exceeding 84 mm in length	33,550
Cigarettes each exceeding 84 mm. in length	37,675

Source: Department of Fiscal Policy

Table 3 | Excise (Special Provisions) Duty Structure for Petroleum (As at 30.11.2018)

Item	Rs. Per litre
Petrol	27.00
Diesel - Auto	6.00
Diesel - Super	13.00

Source: Department of Fiscal Policy

Table 4 | Excise Duty Structure under Excise Ordinance (As at 30.11.2018)

Classifications	Duty Rate (Rs.)
Liquor	
Molasses, Palmyrah, Coconut and Processed Arrack (per litre of alcohol)	3,300
Country Made Foreign Spirits (per litre of alcohol)	3,300
Malt Liquor (per liter of alcohol)	2,400
Liquor by process from natural products of the palm tree or any other plant (per litre of alcohol)	2,400
Raw Materials Used for Production of Ethanol	
Coconut Toddy (per bulk litre)	5
Molasses (per bulk kg)	10
Rice used for production of spirits by distillation (per bulk kg)	10
Maize used for production of spirits by distillation (per bulk kg)	10
Fruit used for production of spirits by distillation (per bulk kg)	10
Foreign Liquor	
Imported Malt Liquor (Beer) (per bulk liter)	50
Imported Wine (per bulk liter)	100
Any other imported Foreign Liquor (which does not come under malt liquor or wine) (per bulk liter)	200
Non-potable Spirits (per bulk kg)	6

Source: Department of Fiscal Policy

Table 5 | Ports and Airports Development Levy (As at 30.11.2018)

Category	Rate
General Rate	7.5%
Concessionary Rate	2.5%

Source: Department of Fiscal Policy

Table 6 | Value Added Tax (VAT)

Rate	Item
Zero Rate	Export Goods
Standard Rate (15%)	General Items
Exemptions	Goods and Services which are listed in the VAT exemption list of the VAT Act.

Source: Department of Fiscal Policy

Table 7 | Customs Import Duty Structure (As at 30.11.2018)

	Rate
Basic Raw Materials and Machinery	Zero
Semi Processed Items and Intermediate Products	15%
Finished Products and Luxury Goods	30%

Source: Department of Trade and Investment Policy

Table 8 | Rent Income

Item	Rs. Mn.		
	2017	2018 Provisional	2019 Estimate
Rent on Government Buildings & Housing	913	964	1,400
Rent on Crown Forests	1,851	1,907	2,620
Rent from Land & Other	70	55	80
Lease Rental from Regional Plantation Companies	1,258	873	1,550
Others	359	1,784	2,350
Total Rent Income	4,450	5,583	8,000

Source: Department of Fiscal Policy

Table 9 | Fees and Charges

Description	Rs. Mn.		
	2017	2018 Provisional	2019 Estimate
Service Charges by Government Press	612	866	860
Fees of Passport, Visas and Dual Citizenship	15,299	17,258	19,000
Examination & Other Fees	413	287	350
Fees under Motor Traffic Act & other Receipts	9,172	10,433	11,500
From Others Various Sources	44,731	79,495	98,020
Total	70,227	108,339	129,730

Source: Department of Fiscal Policy

Table 10 | Special Commodity Levy Rates

Item	Rs. per kg.	
	End December 2017	End December 2018
1 Sprats	1	1
2 Potatoes	1	20
3 Red Onions	25	25
4 B' Onions	1	20
5 Garlic	40	40
6 Green Gram	40	40
7 Lentils - Whole	1	2
Lentils - Split	3	7
8 Chilies - Neither Crushed nor Ground	25	25
Chilies - Crushed or Ground	125	125
9 Canned Fish	50	50
10 White Sugar	31	32
Raw/Brown Sugar	33	35
11 Watana - Whole	15	5
Watana - Split	18	8
12 Chick Peas - Whole	7	2
Chick Peas - Split	10	5
13 Black Gram	60	125
14 Cowpea	70	70
15 Millet	70	70
16 Maldive Fish	102	102
17 Dried Fish	52	52

18	Orange - Fresh	65	65
19	Grapes - Fresh	130	130
20	Apples - Fresh	45	45
21	Seeds of Coriander - Neither Crushed nor Ground	26	26
	Seeds of Coriander - Crushed or Ground	52	52
22	Seeds of Cumin	162	162
23	Seeds of Fennel	162	162
24	Turmeric - Neither crush nor Ground	102	102
	Turmeric - Other	360	360
25	Mathe - Seed	50	50
26	Kurakkan	70	70
	Kurakkan Flour	150	150
27	Black Gram Flour	200	200
28	Ground Nut - Shelled	112	112
29	Mustard Seeds	62	62
30	Palm Oil/Vegetable Oil - Crude	110	150
	Palm Oil/Vegetable Oil - Refined	130	170
	PalmKernel Oil - Crude	130	170
	PalmKernel Oil - Refined	145	185
	Palm Olein	115	155
	Palm Oil - Refined	135	175
	Coconut Oil - Crude/Refined	130	170
31	Fish	10% or Rs. 100	10% or Rs. 100
32	Mackerel	6	6
33	Yoghurt	625	625
34	Butter	880	880
35	Margarine (Fat 80% or more)	215	215
	Margarine - Other	315	315
36	Salt	40	40
37	Dates	60	60
38	Dried Grapes	230	230
39	Mangoesteen	200	200
40	Dried Orange	200	200
41	Pears	175	175
42	Cherries	250	250
43	Plums and Sloes	200	200
44	Kiwifruits	175	175
45	Pomegranate - Other	200	200
46	Coconut Kernel	1	1
47	Grated/Powered Cheese	-	200
49	Maize	10	10
48	Rice (Samba, Nadu, Kekulu, Brown, Rice, Broken Rice)	0.25	-

Source: Department of Trade and Investment Policy

Table 11 | Levy/Dividend Income from SOEs and estimated for 2019

	<i>Rs. Mn</i>		
	2017	2018 Revised Estimate	2019 Estimate
Levy	50,447	37,230	49,742
National Savings Bank	3,865	500	7,000
Bank of Ceylon	12,000	4,500	10,000
People's Bank	5,000	3,200	8,000
Telecommunication Regulatory Commission of Sri Lanka	22,800	21,850	15,000
State Mortgage & Investment Bank	25	-	50
State Timber Corporation	100	100	100
State Pharmaceuticals Manufacturing Corporation	45	50	75
National Insurance Trust Fund	2,100	2,750	3,200
Geological Survey and Mines Bureau	1,500	1,700	1,700
National Gem and Jewellery Authority	100	25	25
Board of Investment of Sri Lanka	220	250	250
Sri Lanka Export Credit Insurance Corporation	-	15	50
Central Engineering Consultancy Bureau	25	25	75
Sri Lanka Tourism Promotion Bureau	1,000	1,000	1,000
Civil Aviation Authority	800	800	800
State Pharmaceuticals Corporation	222	-	190
National Transport Medical Institute	160	165	200
Sri Lanka Bureau of Foreign Employment	185	200	1,000

National Transport Commission	300	100	300
Sri Lanka Tourism Development Authority	-	-	500
Sri Lanka Land Reclamation and Development Corporation	-	-	200
National Institute of Business Management	-	-	12
Post Graduate Institute of Management	-	-	15
Dividends	3,550	4,598	5,810
National Savings Bank	60	60	60
Bank of Ceylon	346	346	347
People's Bank	316	316	317
Sri Lanka Savings Bank	-	86	-
Lankaputhra Development Bank	41	41	3
National Development Bank	2	1	-
Sri Lanka Insurance Corporation Ltd	503	1,856	2,500
Airport and Aviation Services (Sri Lanka) Ltd	850	300	500
Lanka Mineral Sands Ltd	-	35	420
Lanka Phosphate Ltd	8	5	5
Independence Television Network Ltd	10	12	-
Lanka Leyland Ltd	35	45	-
Rakna Arakshaka Lanka Ltd	-	40	37
Ceylon Fertilizer Ltd	90	21	65
Colombo Commercial Fertilizer Ltd	12	20	25
Paranthan Chemicals Company Ltd	8	11	15
Kahatagaha Graphite Lanka Ltd	-	-	8
Sri Lanka Telecom PLC	795	795	795
De La Rue Lanka Ltd	79	106	95
Lanka Electricity Company Ltd	218	305	300
Lanka Industrial Estates Ltd	55	78	55
Skills Development Fund	-	-	3
Ceylon Agro Industries	12	19	9
Lanka Sugar Company Ltd	-	-	50
Lanka Logistics Limited	-	1	-
Lanka Thriposha Limited	-	-	75
Plantation Companies*	103	95	123
Others**	7	4	0.09
Total	53,997	41,828	55,552

Sources: SOBEs and Department of Public Enterprises

* includes Kurunegala, Kalubowititiyana, Chilaw, Pussellawa, Kotagala, Namunukula, Elpitiya

**includes Ceylon Petroleum Storage Terminals Ltd, Carsons Management, Lanka Canneries, United motors Lanka Ltd, Bogala Graphite Lanka Ltd, Autogrill Lanka Ltd, Hunnasfalls Hotel, Lanka Hydraulic service (Pot) Ltd, Jaya container Terminals Ltd