

2015



PRE-ELECTION BUDGETARY POSITION REPORT

Issued under Section 16 of the Fiscal Management
(Responsibility) Act No. 3 of 2003

Secretary
Ministry of Finance



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CONTENTS

	Page No.
1. Introduction.....	1
2. An Overview of Fiscal Performance.....	2
3. Government Revenue	5
4. Government Expenditure.....	7
5. Foreign Financing.....	15
6. Treasury Operations.....	18
7. Government Debt Service Payments.....	19
8. External Finance and Trade.....	20
9. Real Economy.....	23
10. Inflation.....	26
11. Unemployment.....	26
12. Stock Market.....	26
13. Monetary Developments.....	27
14. Statement of Risks.....	27
Statement by Minister of Finance under Section 19(a) of the Fiscal Management (Responsibility) Act No. 3 of 2003.....	28
Statement by Secretary, Ministry of Finance under Section 19(b) of the Fiscal Management (Responsibility) Act No. 3 of 2003.....	29
Annexure I - Detailed List of Disbursement in Financial Terms.....	30
Annexure II - List of Guarantees Issued by the General Treasury.....	39

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Issued by the Secretary, Ministry of Finance in terms of Section 16 of the Fiscal Management (Responsibility) Act No. 3 of 2003

1. Introduction

This report is issued in terms of Section 16 of the Fiscal Management (Responsibility) Act, No. 3 of 2003, which requires the Secretary to the Ministry of Finance to present to the public, within three weeks of publication of Proclamation or Order requiring the holding of a general election for the election of members of Parliament, a Pre-election Budgetary Position Report containing information on the fiscal position of the economy.¹

Accordingly, this report contains provisional figures of Government revenue, expenditure and borrowings covering the first five (05) months of 2015 and a broad fiscal outlook for 2015, based on legal arrangements pertaining to collection of revenue and commitments for public expenditure. The main macroeconomic developments in 2014 and the first five months of 2015 are also provided to facilitate the understanding of the overall economic situation within which fiscal operations have been conducted.²

¹ His Excellency the President made a proclamation to dissolve Parliament on 26th June, 2015 by Extraordinary Gazette Notification bearing No.1920/38.

² This report is based on provisional figures available as at end May 2015 and is subject to change once all accounts are finalized. However, such changes are not expected to make a material impact to the overall contents in this report.

2. An Overview of Fiscal Performance

The overall fiscal strategy of the government is directed towards strengthening the fiscal consolidation further with reduction of fiscal deficit while supporting economic growth. The declining trend in fiscal deficit as a percent of GDP from 2009 to 2013 was slightly reversed in 2014, recording a deficit of 6.0 percent of GDP in comparison to 5.9 percent of GDP witnessed in 2013. The Medium Term Macro Fiscal Framework (MTMFF) envisaged reducing the deficit to 5.2 percent of GDP in 2014 through prudent fiscal management supported by higher mobilization of revenue and proper management of public expenditure. However, the declining trend in government revenue as a percent of GDP has been a major concern in the fiscal sector. Therefore, streamlining the tax system, rationalizing tax exemptions and concessions granted to selected sectors, strengthening the tax administration and broadening the tax base are needed to augment the tax revenue.

It is expected to improve Sri Lanka's fiscal position further in 2015 benefiting from the gradual recovery in government revenue with increased domestic economic activities due to the recovery of global economy and continued improvement of public expenditure management. As such, during January to May 2015, total revenue increased by 18.4 percent to Rs. 502 billion compared to Rs. 424 billion during the same period of the previous year. This is in line with the revenue forecast of Rs. 1,532 billion for 2015. Tax revenue increased by 18.6 percent to Rs. 457 billion during January to May 2015 in comparison to Rs. 386 billion recorded during the same period of 2014 while non-tax revenue also increased by 16.7 percent to Rs. 45 billion in the reference period benefiting from increased profits and dividends from State Owned Business Enterprises (SOBEs). Meanwhile, the total government expenditure was Rs. 813 billion by end May 2015 of which recurrent expenditure stood at Rs. 653 billion while the remainder, Rs. 160 billion was capital expenditure. Total government expenditure in excess of government revenue produced an overall deficit of Rs. 310 billion during January-May 2015.

The improvement of tax revenue in the first five months of 2015 was due to the increased tax collection from indirect taxes such as, excise taxes, import duties and Special Commodity Levy (SCL). However, revenue from major taxes such as, Value Added Tax (VAT) and Ports and Airports Development Levy (PAL) declined in the reference period. The performance of all the taxes during the reference period is in line with revenue forecast of 2015. Notably, excise tax showed a significant performance during the first five months of 2015, including excise tax on motor vehicles, liquor and cigarettes demonstrating an impressive growth of 160.4 percent, 52 percent and 53 percent, respectively. The excise tax collected from motor vehicles increased significantly to Rs. 85,390 million in the reference period compared with Rs. 32,782 million recorded in the same period of 2014 benefiting from the increases in both volume and value of motor vehicle imports by 74 percent and 101 percent, respectively during the reference period as a result of the reduction of taxes on 1000 cc motor cars coupled with the imposition of excise duty on motor vehicles as a composite tax replacing VAT and several other taxes. The number of motor cars imported during January to May 2015 was 33,117 compared to 11,135 cars in the same period of 2014. Meanwhile, revenue from import duties increased by 15 percent in the reference period due to higher import

expenditure of consumer and investment goods while revenue from SCL increased by 21 percent owing to increased number products coming under the SCL and upward revision of the SCL rate to encourage domestic production. The performance of SCL is noteworthy considering the reduction of applicable rates of SCL on selected commodities under the Interim Budget presented in January 2015.

Corporate and non-corporate tax revenue increased by 9 percent to Rs. 37,304 million due to improvement of tax administration and tax compliance while revenue from Pay-As-You-Earn (PAYE) tax increased by 22.6 percent to Rs. 12,084 million benefiting from higher wage income and increased employment in high earning sectors such as, bank, professional services and Information Technology/Business Process Outsourcing (IT/BPO). However, interest income declined by 21 percent to Rs. 25,116 million reflecting a reduction of interest rates of government securities while revenue from Economic Service Charge (ESC) also fell by 3.4 percent during January - May 2015. Meanwhile, Cess and Nation Building Tax (NBT) recorded over 2 percent growth and Telecommunication Levy registered an 11.6 percent growth during the reference period.

In regard to government expenditure, recurrent expenditure was Rs. 653 billion in the first five months of 2015 mainly driven by the increased expenditure on salaries and wages amounting to Rs. 229 billion and interest payments amounting to Rs. 215 billion in nominal terms, increased public servants' monthly interim allowance of Rs. 10,000 in 2015 and payment of salaries and additional outlays on account of allowances to new recruits in 2015 in terms of Public Administration (PA) Circular No. 25/2014 of 12.11.2014. In nominal terms, capital expenditure and net lending was Rs. 160 billion in the reference period.

The overall fiscal deficit remained at Rs. 310 billion during the first five months of 2015, of which Rs. 367 billion was financed through domestic sources whereas net foreign financing was a negative of Rs. 57 billion due to exceed of repayments over borrowings.

Several policy measures were taken in 2014 and also the first five months of 2015 to expand the revenue and manage the recurrent expenditure. Accordingly, lower tax regime was maintained for the corporate and personal income tax in 2014. In addition, existing multiple tax structure was replaced to a composite one as a measure of simplification of taxes while strengthening the tax administration. The VAT rate was reduced. Meanwhile, duties and taxes of several essential commodities were removed or reduced during the first five months of 2015 to cushion the burden of cost of living.

In the expenditure front, the government expenditure is also directed towards rationalizing recurrent expenditure while maintaining public expenditure at the desired level to accelerate economic growth. Increased expectations of domestic economic activities in line with global economic recovery, the continued improvement in income taxation, enhancement of banks liquidity and lower interest rate environment will help trigger government revenue during the course of the year. In addition, improving the performance of the key SOBEs such as, Ceylon Petroleum Corporation (CPC) and Ceylon Electricity Board (CEB) are in place while addressing their financial imbalances.

A summary of the overall revenue, expenditure and debt of the government is provided in Table 1.

Table 1 : Summary of Government Fiscal Operations		
Item	<i>Rs. Million</i>	
	2015	
	Estimate	Provisional Jan-May
Total Revenue and Grants	1,562,000	502,139
Total Revenue	1,532,000	502,045
Tax Revenue	1,337,000	457,075
Non Tax Revenue	195,000	44,970
Grants	30,000	94
Total Expenditure	2,061,000	812,614
Recurrent	1,552,000	652,832
Salaries and Wages	570,000	228,670
Interest	425,000	215,356
Subsidies and Transfers	362,000	122,556
Other Goods and Services	195,000	86,250
Capital and Net Lending	509,000	159,782
Public Investment	520,000	154,905
Other	(11,000)	4,877
Revenue Deficit (-)/Surplus (+)	(20,000)	(150,787)
Overall Budget Deficit (-)/Surplus (+)	(499,000)	(310,475)
Total Financing	499,000	310,475
Foreign Financing (Net)	251,000	(57,468)
Borrowings	453,000	57,094
Repayment	(202,000)	(114,562)
Domestic Financing (Net)	248,000	367,943
Borrowings	886,000	554,917
Repayment	(638,000)	(186,974)
As a % of GDP		
Revenue and Grants	13.8	
Revenue	13.5	
Tax	11.8	
Non Tax	1.7	
Grants	0.3	
Expenditure	18.2	
Current Expenditure	13.7	
Capital Expenditure	4.5	
Public Investment	4.6	
Revenue Deficit (-)/Surplus (+)	(0.2)	
Budget Deficit	(4.4)	
Foreign Financing (Net)	2.2	
Domestic Financing (Net)	2.2	

Source: Department of Fiscal Policy

3. Government Revenue

The total revenue of the government increased by 18.4 percent to Rs. 502 billion in the first five months of 2015 in comparison to Rs. 424 billion recorded during the same period of 2014. During January to May 2015, the tax revenue increased by 18.6 percent to Rs. 457 billion compared to that of the same period of 2014. This achievement was supported by increased domestic consumption-base taxes and the import-base taxes despite the fact that there was a decline in income tax revenue. Introduction of composite tax for import of motor vehicles by replacing VAT and several other taxes and increased revenue from liquor and cigarettes led to a significant increase the exercise tax revenue in the reference period. The non-tax revenue recorded 16.7 percent growth during the first five months of year 2015 compared to the reference period in 2014.

The revenue from corporate and non-corporate income taxes increased by 8.9 percent to Rs. 37,304 million during the first five months of 2015 with a contribution from banking, financial and insurance, food and beverages, import and export trade and manufacturing sectors. The revenue of Rs. 12,084 million from PAYE tax was collected during the first five months of 2015 compared to Rs. 9,854 million during the same period of 2014. This was supported by the increase in salaries both in the public sector and private sector and the rise in employments in high earning categories in sectors, such as information technology and professional services. However, the revenue from tax on interest declined by 21.3 percent to Rs. 25,116 million mainly due to the relatively low interest rates environment. The tax collected as ESC has declined by 3.4 percent to Rs 2,919 million. Consequently, the total revenue from income taxes declined by 2.0 percent to Rs. 77,423 million during the first five months of 2015 compared to the Rs. 79,023 million recorded during the same period of 2014.

The total revenue from VAT decreased by 13.2 percent to Rs. 88,313 million in comparison to the Rs. 101,774 million during the first five months of 2015 in the corresponding period of 2014. The reduction of VAT rates from 12 percent to 11 percent and the increase of VAT registration threshold from Rs. 12 million per annum to Rs. 15 million per annum, which ultimately shrink the tax base, had an adverse impact on the VAT revenue. The revenue from VAT on domestic activities decreased by 4.3 percent to Rs. 53,514 million during this period. Meanwhile, the revenue from VAT on imports also decreased by 24.1 percent to Rs. 34,799 million due to policy measures taken to abolish VAT and several other taxes applicable for the importation of motor vehicles as a measure of consolidation of tax structure since October 2014.

Table 2: Government Revenue - Economic Classification

Item	Rs. Million			
	2014	2015	Jan-May	
	Actual	Estimate	2014	2015 (Prov.)
Tax Revenue	1,050,362	1,337,000	385,521	457,075
Income Tax and Corporate Tax	198,116	310,600	79,023	77,423
Personal & Corporate Tax	122,344	207,100	44,102	49,388
Economic Service Charge	6,155	8,000	3,021	2,919
Tax on Interest Income	69,617	95,500	31,900	25,116
Taxes on Goods & Services	532,040	639,435	186,845	251,411
VAT	275,350	296,000	101,774	88,313
Domestic	140,084	160,000	55,919	53,514
Import	135,266	136,000	45,856	34,799
Excise Tax	256,690	343,435	85,071	163,098
Liquor	69,100	100,000	27,448	41,664
Cigarettes	57,240	68,035	21,092	32,305
Motor Vehicles	98,531	130,000	32,782	85,390
Petroleum	28,732	40,000	2,309	2,410
Other	3,087	5,400	1,441	1,330
Other Taxes and Levies	152,438	188,465	55,301	54,817
Nation Building Tax	44,583	50,600	16,071	16,424
Ports and Airports Development Levy	68,646	81,000	24,067	21,561
Telecommunication Levy	31,351	40,000	11,958	13,351
Other	7,858	16,865	3,205	3,481
Tax on External Trade	167,768	198,500	64,353	73,423
Customs Duty	81,108	85,000	28,856	33,226
Cess Levy	38,707	48,500	14,957	15,392
Special Commodity Levy	47,953	65,000	20,540	24,805
Non Tax Revenue	144,844	195,000	38,539	44,970
Property Income	71,961	86,145	19,431	17,504
Central Bank Profits	11,500	23,000	3,000	-
Interest	7,978	8,225	2,950	1,758
Profits and Dividends	46,814	50,660	9,772	14,915
Rent	5,669	4,260	3,709	831
Sales and Charges	35,499	55,885	12,126	17,670
Other	37,384	52,970	6,982	9,796
Social Security Contribution	14,919	23,000	6,091	6,371
Other	22,465	29,970	891	3,425
Total Revenue	1,195,206	1,532,000	424,060	502,045

Source: Department of Fiscal Policy

The tax revenue generated from the excise duty significantly increased by 91.7 percent to Rs. 163,098 million in the first five months of 2015 compared with the Rs. 85,071 million in the same period of 2014 which was a 47.5 percent achievement from annual estimation. During the first five months of 2015, excise duty revenue was mainly benefited from excise (Special

Provisions) duty on motor vehicles amounted to Rs. 85,390 million with a significant growth of 160.5 percent growth in comparison to Rs. 32,782 million in the same period of 2014 due to higher imports of motor cars in terms of both value and volume as a result of reduction of excise duty on motor cars with cylinder capacity 1,000 and imposition of excise duty (Special Provisions) in place of several other taxes. The revenue from tax on liquor increased significantly by 51.8 percent to Rs. 41,664 million and revenue from cigarettes and tobacco increased by 53.2 percent to Rs. 32,305 million during January to May, 2015.

Meanwhile, revenue generated from SCL, import duties and telecommunication levy showed a moderate performance recording 20.8 percent, 15.1 percent and 11.6 percent, respectively during the period concerned. However, revenue collected from Cess and NBT recorded a marginal growth of over 2 percent whereas revenue from PAL contracted by 10.4 percent during the first five months of 2015. Non-tax revenue increased by 16.7 percent to Rs. 44,970 million the first five months of 2015 compared to Rs. 38,539 million collected in the same period in 2014 contributing to 8.9 percent of the total revenue.

4. Government Expenditure

The Government Budget in 2015 is being managed within the expenditure ceilings approved by Parliament while ensuring the achievement of the targets of Medium Term Expenditure Framework for 2015-2017. Within this framework, the total estimated Government expenditure for the year 2015 is Rs. 2,061 billion of which estimated recurrent expenditure is Rs. 1,552 billion while estimated public investment is Rs. 520 billion. It is expected to maintain public investment at 4.6 percent of GDP in 2015. The investment is directed towards the completion of ongoing development projects initiated under the government's development programme as well as initiation of new projects being implemented under 100 Day Programme.

During the first five months of the year, the total Government expenditure amounted to Rs. 813 billion i.e. 39 percent of the total estimates for 2015. The recurrent expenditure was Rs. 653 billion while capital expenditure was recorded as Rs. 160 billion.

Table 3: Government Expenditure- Economic Classification

Item	2015	
	Estimate	Provisional
		Jan -May
Recurrent	1,552,000	652,832
Salaries and Wages	570,000	228,670
Central Government	180,000	75,462
Armed Forces	185,000	73,174
Police and Public Security	60,000	22,867
Provincial Councils	145,000	57,167
Pensions	174,000	60,402
Interest Payment	425,000	215,356
Domestic	349,000	179,086
Foreign	76,000	36,270
Subsidies and Transfers	238,000	89,206
Free Medicine	40,000	11,545
Fertilizer	35,000	10,760
Sumurdhi	41,000	16,097
Transfers to Public Institutions	72,000	23,752
Other	50,000	27,052
Other	145,000	59,198
Capital and Net Lending	509,000	159,782
Public Investments	520,000	154,905
Other	(11,000)	4,877
Total Expenditure	2,061,000	812,614

Source: Department of National Budget

Salaries and Pension

Expenditure on salaries of public servants was estimated at Rs. 570,000 million including those attached to Provincial Councils and security services of which, the actual expenditure for the first five months was Rs. 228,670 million, a 40 percent of the total estimate of the year. The estimate includes a payment of public servants' monthly interim allowance of Rs. 10,000 and payment of salaries and additional outlays on account of allowances to new recruits in terms of PA Circular No. 25/2014 of 12.11.2014.

The total estimate for pension payment is Rs. 174,000 million for 2015 of which Rs. 60,402 million has been spent during the first five months of 2015. The full impact of retirees in 2014 as well as payment of monthly interim allowance for pensioners of Rs. 3,500 as per 100 Day Programme have contributed for this increase. In addition, the required provision has been made in the Budget for the adjustment of pension anomalies of around 330,000 pensioners from July 2015.

Interest Cost

Interest payment on foreign and domestic debt has been estimated at Rs. 425,000 million. During the first five months, the interest cost was Rs. 215,356 million which consists of Rs. 179,086 million interest payments on domestic debt and Rs. 36,270 million interest payment on foreign debt.

Welfare and Subsidies

Rs. 340,000 million has been estimated for welfare and subsidy programmes in the estimate of 2015 i.e around 22 percent of total recurrent estimate. Compared to the estimate for the year, around Rs. 125,856 million has been spent during the first five months of 2015 due to following proposals of the 100 Day Programme and the budget proposals in October 2014 which came into effect in January 2015.

- Increase of Samurdhi relief by 200 percent
- Increase of Elders' allowance from Rs. 1,000 to Rs. 2,000 per month
- Increase of monthly allowance for July Strikers from Rs. 5,000 to Rs. 6,000
- Increase of food nutritional package for pregnant mothers (Poshanamalla) from Rs. 500 to Rs. 2,000 per month up to 10 months period
- Introduce a special assistance for Kidney patients
- Increase of interest rate to 15 percent for senior citizens accounts
- Introduce of guaranteed price for paddy, tea and rubber
- Increase of paddy purchase
- Interest waiver on cultivation loans and pawned jewelleryes

The government has given priority to provide free medicine for all without any disruption while continuing the national programmes, such as Thripasha, fresh milk for children between 2-5 years of old, school nutritional programmes, and maternal and child healthcare improvement programmes. The welfare programmes implemented for the benefit of school children by providing free text books, uniforms, season tickets, free Dhamma school text books, scholarships, and bursaries are also being continued.

Under major development subsidies, fertilizer subsidy programme for paddy has been continued. In addition, the guaranteed price scheme for paddy, tea, and rubber has been implemented during the first five months of 2015.

A list of major subsidy and welfare programmes, which are presently being implemented under various government institutions, is provided in Table 4.

Table 4 : Major Welfare and Subsidy Payments

Item	Estimated Beneficiaries	Rs. Million	
		2015 Estimate	Prov. Jan-May
1. Welfare Payments			
(a) Health and Nutrition			
Fresh Milk for Children	316,791	260	15
Medical Supplies for Govt. Hospitals		40,000	11,545
Thriposha Programme	978,354	2,700	571
Poshana Malla for Pregnant Mothers	73,996	1,500	313
(b) Education			
Text Books	4,076,813	3,000	1,960
School Uniforms	4,423,202	3,600	77
School Season Tickets	327,099	1,800	1,082
Handicapped Students	5,954	136	59
Scholarships	122,309	325	43
School Nutrition Programme and Food Programme	890,404	3,500	324
Shoes for Students in Remote Areas	700,000	600	-
Uniforms to Dhamma School Teachers	149,218	119	195
Library Allowance for Dhamma School Teachers	122,084	219	53
Text Book for Dhamma School Students	2,423,434	215	58
(c) Social Welfare			
Pension	546,379	174,000	60,402
Samurdhi Relief	1,480,151	41,000	16,097
Assistance to Disabled Soldiers	40,249	17,900	9,269
Financial Support for Elders	386,080	8,614	2,719
Farmers Pension Scheme	959,254	2,276	1,087
World Food Assistance	371,000	1,050	84
Flood and Drought Relief		240	122
Assistance for Disabled Persons	16,550	739	257
Allowance for July Strikers	189	150	68
Ranawiru Mapiya Rakawarana	287,304	2,009	839
Allowance for Kidney Patients	19,645	700	49
2. Development Subsidies			
(a) Subsidies for Agriculture			
Fertilizer Subsidy	1,479,840	35,000	10,760
Interest Subsidy for Agricultural Loans		1,000	228
Paddy Purchase		9,000	7,400
(b) Subsidies for Commercial Crops			
Tea	21,153	540	36
Rubber	29,800	1,000	233
Coconut	1,855,347	480	71
Cashew	4,000	35	15
Minor Crops -(Cinnamon, Cocoa, Coffee, Pepper etc.)	40,000	360	76

Source: Department of National Budget

Public Investment

Public investment of Rs. 520 billion focuses on the completion of ongoing development projects initiated under the government's national development programmes as well as the initiatives of the 100 Day Programme in 2015. Accordingly, priority has given for development of education and health sectors while continuing the development of expressways, railways, highways, irrigation, urban and rural infrastructure, initiatives in community development and infrastructure developments in conflict-affected areas.

According to the highest priority of distributing the resources, the government investments in different development sectors are presented in Table 5.

Table 5 : Public Investments		
Item	<i>Rs. Million</i>	
	2015	
	Estimate	Provisional Jan-May
Education	49,598	18,297
Health	47,798	11,319
Irrigation and Water Management	35,660	10,090
Water Supply	5,800	894
Roads and Bridges	179,401	62,155
Transport	50,381	7,133
Power and Energy	1,184	173
Ports and Aviation	2,813	5
Agriculture	40,116	13,494
Rural Infrastructure	23,054	16,733
Public Administration, National Security and Law Enforcement	84,195	14,613
Total	520,000	154,906

Source: Department of National Budget

Human Resource Development

Education- the proposed investment for 2015 is around Rs. 49,598 million for the education sector development activities of General Education, Higher Education and Vocational Education, both at Central and Provincial levels. Out of this total investment, the government has spent Rs. 18,297 million during the first five months of 2015. It includes the targeted major investments within the medium term expenditure framework such as, construction of technological labs, technological faculties, and the university hostels and provision of equipment.

Health- public investment on free health services continuously increased with a view to creating a high quality human resource which can contribute to the rapid economic development of the country. Extensive network of public health units and hospitals spreads across the island to facilitate all Sri Lankans for obtaining quality health care services, expanding from OPD services to major surgeries at free of charge.

In 2015, allocation of Rs. 47,798 million has been provided to the sectoral priority areas identified in the Medium Term Expenditure Framework focusing on strengthening health status of the public. Out of Rs. 47,798 of total investment, Rs. 11,319 million was the actual expenditure during the first five months of 2015.

Infrastructure

Irrigation and Water Management -the government has planned to invest Rs. 35,660 million in development of irrigation schemes through rehabilitation and construction of new reservoirs in 2015. Inter-provincial and multipurpose ongoing irrigation schemes such as, development of Moragahakanda, Kaluganga and rehabilitation of major and medium size irrigation schemes have been covered within this allocation and Rs. 10,090 million was the actual expenditure during January- May 2015.

Water Supply and Sanitation -The Government has planned to issue Rs. 60,000 million worth of Treasury Bonds converting the debt of National Water Supply and Drainage Board (NWSDB) in order to strengthen their balance sheet and ensure the smooth functioning of the NWSDB through its own funds. Rs. 13,900 million worth of Treasury Bonds have been issued to the NWSDB during the period concerned. In this context, the government investment in water supply will not mainly finance through the annual budgetary provisions in future.

Roads and Bridges - total estimated investment on road development is Rs. 179,401 million of which Rs. 62,155 million has been spent during the period concerned. This includes National Roads Development projects, Expressways - Outer Circular Highway, Road Sector Assistance Project, Road maintenance, Rehabilitation of Hatton - Nuwara Eliya Road, Priority Road Project, road widening, construction of bridges and flyovers and Maganeguma-Connectivity Villages. Furthermore, institutional support expenditure for road sector improvement has also been continued over the period concerned.

Transport - the investment in the transport sector is mainly directed towards infrastructure development and expansion of the fleet of public transport to develop efficient and modern public transport system in the country. The identified investment for 2015 is Rs. 50,381 million out of this, Rs. 7,133 million has already been spent on passenger transportation and continuation of construction projects including railway lines such as, Matara - Beliatta - Kataragama , Omanthai - Pallai, Madu-Thalaimannar, Pallai - Kankasanthurai and installation of new railway signaling and telecommunication system from Anuradhapura-Thalaimannar- Kankasanthurai.

Power and Energy - the Government has taken actions to strengthen the financial position of the Ceylon Electricity Board (CEB) from 2014 and carry out its operations through its own earnings. Continuing this policy, it is expected that the CEB will continue its investment on power generation. The expected investment in 2015 through this mechanism is around Rs. 55,000 million. Accordingly, this has resulted in gradual decrease of public investment in revenue making power generation projects.

Agriculture

The investment of Rs. 40,116 million has been made for food crops, plantations, livestock, fisheries and aquatic recourses, and land and land development. This investment mainly focuses on promotion of local food production, development of government seed farms, production of certified seeds, agriculture research activities and development of plantation industries. The Bim Saviya programme has also been continued to ensure formalizing the ownership of land. Out of the planned total investment, Rs. 13,494 million has been spent for this purpose during the period concerned.

Rural Development Initiatives

Sri Lanka has identified the importance of developing and upgrading rural and regional level infrastructure. As such, rural road development programmes such as, *Divineguma*, *Gamaneguma* and *Maganeguma* continued in 2015. A sum of Rs. 23,054 million has been earmarked for 2015 of which Rs. 16,733 million has been incurred during the period of five months of the year.

Public Administration, National Security and Law Enforcement

The budgetary estimates of Rs. 84,195 million have been allocated in priority sectors such as national security, justice, law enforcement and public administration in 2015. Out of this total estimate, Rs. 9,309 million, Rs. 2,034 million and Rs. 3,270 million have been spent on national security, justice and law enforcement and public administration, respectively during the first five months of 2015. Out of the expenditure relating to public administration, a considerable amount has been incurred for development activities of Provincial Councils to provide better services to the public.

Utilization of funds of Budgetary Support Services and Contingent Liability Project (Treasury Miscellaneous Vote - TMV)

Budgetary allocation in the TMV for 2015 is Rs. 457,639 million consisting of Rs. 237,627 million of recurrent expenditure and Rs. 220,012 million of capital expenditure. As per the section 6 (1) of the Appropriation (Amendment) Act, No. 01 of 2015, Rs. 36,422 million out of the total estimates has been transferred to relevant spending heads for designated purposes during January - May 2015. Within the total transferred amount, Rs.23,669 million was recurrent expenditure and Rs. 12,753 million was capital expenditure. The summary of these allocations are provided in Table 6.

Table 6 : Utilization of Provisions in the Budgetary Support Services and Contingent Liability Project, 2015

Description	2015	
	Estimate	Provisions as at 31 st May
Recurrent	237,627	23,669
Increase in Public Sector Salary	147,000	74
Other Miscellaneous Requirements	13,277	8,226
Increase in Public Sector Pensions	20,800	-
Increase in Samurdhi Relief	26,000	10,980
Interest Difference on Senior Citizen's Accounts	4,000	500
Allowance for Pregnant Mothers	1,000	250
Relief on Farmers' Loans	2,500	500
Guaranteed Purchase Price for Tea Leaves	5,000	1,418
Guaranteed Purchase Price for Rubber	3,600	1,318
Guaranteed Purchase Price for Liquid Milk	3,000	-
Increase of Decentralized Budget	1,125	-
Insurance Scheme for Fishermen	75	-
Relief on Pawned Gold Items	7,000	50
Payments for Patients with Chronic Kidney Disease	2,000	353
Monthly Allowance for Ore-school and Dhamma School Teachers	250	-
Concession for Colombo City Dwellers	1,000	-
Capital	220,012	12,753
Foreign Loans	5,000	935
Foreign Grants	1,000	181
Reimbursable Foreign Loans	1,000	-
Reimbursable Foreign Grants	500	-
Counterpart Funds	300	-
Foreign Finance Associated Local Costs	3,000	1,014
Youth Parliament	250	70
Other Contingency Payments	38,862	10,553
Issue of Bonds for Balance Sheet Restructuring of SOEs	170,000	-
Establishment of Innovators' Commission	100	-
Total Provision	457,639	36,422

Source: Department of National Budget

5. Foreign Financing

The total commitments made by the development partners and lending agencies to Sri Lanka to support the public investment program during January to June 2015 were US\$ 213.6 million of which project loans amounted to US\$ 211.2 million and grants amounted to US\$ 2.4 million. A list of Agreements signed during the first 6 months of 2015 is provided in Table 7.

Table 7 : Foreign Financing Agreements signed during January – June 2015

Development Partner/ Lending Agency	Loan/Grant	Agreement Date	Project	Amount Committed			
				In Signed Currency	Amount Million	Rs. Million	US\$ Million
Food and Agriculture Organization (FAO)	Grant	25/02/2015	Agro Economic Development Project	CAD	3.0	320	2.4
Government of Korea	Loan	22/05/2015	Hatton-Nuwara Eliya Improvement Project	USD	17.0	2,292	17.0
Asian Development Bank (ADB)	Loan	28/05/2015	Integrated Road Investment Program Phase II	XDR	6.4	1148	8.6
Asian Development Bank (ADB)	Loan	28/05/2015	Integrated Road Investment Program Phase II	USD	98.0	13,122	98.0
Australia and New Zealand Bank in Australia	Enhancement (Loan)	29/05/2015	Integrated Water Supply Scheme for the un-served areas of Ampara District	USD	7.5	1,004	7.5
Government of Sweden	Enhancement (Loan)	03/06/2015	Ratmalana & Ja-ela Wastewater Treatment Facilities Project	USD	3.1	415	3.1
OPEC fund for International Development	Loan	26/06/2015	Western Province Road Development Project	USD	17.0	2,273	17.0
OPEC fund for International Development	Loan	26/06/2015	Badulla Chenkaladi Road Development Project	USD	60.0	8,022	60.0
Total						28,596	213.6

Source: Department of External Resources Note :The conversion rates used for the report were the exchange rates prevailed for different currencies at the date where the Commitment was made

Disbursements of Foreign Financing

During January to May of 2015, the total disbursements from commitments already made by various bilateral and multilateral development partners were US\$ 467.7 million (SLRS. 62,095.86 million), of which project loans accounted for US\$ 447.3 million and the balance reflected the outright grant disbursements.

Almost 95 percent of total disbursements made during January-May 2015 by each development partners are provided in Table 8. Out of total disbursement, 67 percent or US\$

300.2 million was financed by the bilateral development partners, 33 percent or US\$ 165.4 million was made by multilateral development partners. The highest amount of disbursement (US\$ 98.7 million) was made for the projects funded by government of China followed by World Bank, Japan and ADB by disbursing US\$ 91.4 million, US\$ 83.9 million and US\$ 67.1 million, respectively.

Table 8 : Foreign Financing Disbursements in Developments Projects from January- May 2015 by Development Partners

Development Partner/ Lending Agency	Loan		Grant		Total Amount	
	Rs.	US\$	Rs.	US\$	Rs.	US\$
Bilateral	39,852	300.3	265	2.0	40,117	302.3
China	13,114	98.7	-	-	13,114	98.7
Japan	11,065	83.2	98	0.7	11,163	83.9
India	4,859	36.7	-	-	4,859	36.7
United Kingdom	2,497	18.8	-	-	2,497	18.8
Netherlands	4,698	35.5	-	-	4,698	35.5
South Korea	913	6.9	-	-	913	6.9
Hungry	226	1.7	-	-	226	1.7
Sweden	91	0.7	-	-	91	0.7
Spain	864	6.6	-	-	864	6.6
France	81	0.6	-	-	81	0.6
Austria	416	3.1	-	-	416	3.1
Belgium	546	4.1	-	-	546	4.1
Germany	107	0.8	167	1.3	274	2.1
Kuwait	98	0.7	-	-	98	0.7
Saudi Fund	278	2.1	-	-	278	2.1
Multilateral	19,552	147.1	2,427	18.3	21,979	165.4
Asian Development Bank	8,715	65.6	202	1.5	8,917	67.1
World Bank - International Development Association	8,221	61.8	2,047	15.5	10,269	77.3
World Bank - International Bank for Reconstruction and Development	1,810	13.6	70	0.5	1,881	14.2
International Fund for Agricultural Development	246	1.9	-	-	246	1.9
UNDP	-	-	20	0.2	20	0.2
UNFPA	-	-	4	0.03	4	0.03
UNICEF	-	-	83	0.6	83	0.6
OPEC Fund for International Development (OFID)	558	4.2	-	-	558	4.2
Total	59,403	447.3	2,692	20.3	62,096	467.7

Source – Department of External Resources

Note – 1. The conversion rates used for the report were the exchange rates prevailed for different currencies at the date where the disbursement was made.

2. Disbursements made from foreign loans obtained by State Owned Business Enterprises (SOBEs) are not included.

Around 38 percent of the total disbursement during January to May in 2015 was mobilized for the expressways, road and bridges sectors. Disbursements for the projects under water supply and sanitation, health and social welfare and power and energy amounted to around 10 percent, 12 percent and 8 percent, respectively. A detailed disbursement with financial terms is presented in Annexure I.

Committed Undisbursed Balance (CUB) and utilization

The total undisbursed balance for foreign financing available for development projects as at end May 2015 was US\$ 8,300.4 million, of which US\$ 5,378.2 million or 65 percent of total undisbursed balance was available for economic infrastructure sector, which includes balance available for road and bridges, water supply and sewerage, power and energy sectors amounting to US\$ 3,265.2 million, US\$ 878 million and US\$ 677 million, respectively. The sector-wise classification of the committed undisbursed balance is provided in Table 9.

Table 9 : Committed Undisbursed Balance by Sector as at end May 2015

Sector	Amount (Million)	
	Rs.	US\$
Agriculture	82,320	614.8
Agriculture	4,305	32.2
Fisheries and Aquatic Resources	580	4.3
Livestock Development	2,462	18.4
Land and Irrigation	74,973	559.9
Economic Infrastructure	720,145	5,378.2
Transport	58,724	438.5
Ports and Shipping	15,264	114.0
Power and Energy	90,652	677.0
Science and Technology	730	5.5
Water Supply and Sewerage	117,569	878.0
Road and Bridges	437,206	3,265.2
Social Infrastructure	151,564	1,131.8
Education and Vocational Training	48,825	364.6
Health and Social Welfare	32,458	242.4
Housing and Urban Development	52,106	389.1
Rehabilitation	18,175	135.7
Regional and Rural Development	417	3.1
Finance and Banking	756	5.2
Institutional and Industrial Development	5,800	43.4
Environment	13,948	104.2
Other	136,471	1,019.7
Total	1,111,421	8,300.4

Source: Department of External Resources

Note: Foreign loans commitments received by SOEs are not included

Outstanding External Debt and Debt Service Payments

By the end of May 2015, the total outstanding external debt of the government was US\$ 20.1 billion.¹ The total debt service payments² from January to May 2015 amounted to US\$ 1,073 million, of which US\$ 825 million was for principal payments and the balance, US\$ 249 million was for interest payments.

Total estimated debt service payments for 2015 are US \$ 1,872 million³, of which 57 percent has already been made by end May 2015.

6. Treasury Operations

Performance of the Government Treasury Cash Flow

During the first five months of 2015, cash inflows to the Treasury have increased by 20 percent compared to the same period in 2014. Cash deficit after outflow for recurrent and capital payments amounted to Rs. 332 billion which is lower than the corresponding figure for the same period in 2014 by Rs. 108 billion. This was mainly due to the increase in cash inflows from revenue and other receipts and the decrease in cash outflows for capital payments compared to the corresponding period of the previous year. The overall closing cash balance (deficit) as at end May, 2015 was Rs. 177.6 billion.

Management of Government Debt

The government debt operations indicated total gross borrowing as Rs. 626.4 billion during the first five months of 2015 by way of Treasury Bills, Treasury Bonds, Sri Lanka Development Bonds, Central Bank advances and foreign loans. Out of the total, Rs. 567.1 billion was domestic borrowings and balance was the foreign borrowings. The repayments of Government debt both domestic and foreign amounted to Rs. 300 billion while the net borrowing was Rs. 326.4 billion during this period.

¹ This includes outstanding external debt for loans obtained to finance development projects and International Bond Issuances. Loans obtained by State Owned Enterprises (SOEs) and foreign investment on Treasury Bonds and Treasury Bills are not included.

² Debt service = Principal Payments + Interest Payments.

³ Including the Debt Service Payments of International Bond Issuances. US \$ estimations are based on the exchange rates as at 30th April 2015.

Table 10 : Statement on Government Treasury Cash Flow Operations*Rs. Billion*

Item	2014		2015
	Jan-May		Jan-May
	Actual	Estimate	Actual
Opening Cash Balance as at 1st January	(165.7)	(180.7)	(180.7)
Total Cash Inflow from Revenue and Other Receipts	398.9	543.7	478.4
Total Cash Outflow for Recurrent Payments	(557.5)	(670.3)	(638.9)
Total Cash Outflow for Capital Payments*	(281.4)	(284.5)	(171.5)
Net Cash Surplus / (Deficit)	(440.0)	(411.1)	(332.0)
Gross Borrowing *	770.4	670.1	626.4
Debt Repayment	(330.3)	(320.0)	(300.0)
Net Borrowing	440.1	350.1	326.4
Adjustment Account Balance (TEB, net deposits, etc.)	(11.3)	6.2	8.7
Closing Cash Balance as at 31 st May	(176.9)	(235.5)	(177.6)

*Source: Department of Treasury Operations***Includes project/programme loans received by the government and recorded in the CS-DRMS as at May 31,2015***Disclosure of Contingent Liabilities on Treasury Guarantees**

The value of Bank Guarantees issued and remained operational as at end May 2015 amounted to Rs. 568.4 billion which is 5.8 percent in comparison to 7 percent of three-year average of GDP as stipulated in section 2 (a) of Fiscal Management (Responsibility) (Amendment) Act, No. 15 of 2013. A detailed statement of Guarantees issued by the General Treasury is provided in Annex II.

7. Government Debt Service Payments

During January to May 2015, the total Government debt service payments decreased by Rs. 9 billion to Rs. 517 billion compared to Rs. 526 billion recorded in the corresponding period of 2014. This consists of domestic and foreign debt service payments of Rs. 366 billion and Rs. 151 billion, respectively.

Table 11 : Government Debt Service Payments*Rs. Million*

Item	Jan-May	
	2014	2015
Debt Service Payments	525,850	516,892
Domestic	455,053	366,060
Foreign	70,797	150,832
Amortization Payments	330,379	301,536
Domestic	289,677	186,974
Foreign	40,702	114,562
Interest Payment	195,471	215,356
Domestic	165,376	179,086
Short Term	44,520	29,170
Medium and Long Term	120,856	149,916
Foreign	30,095	36,270

Source: Department of Treasury Operations

8. External Finance and Trade

The external finance remained stable in 2014 registering a surplus of US\$ 1,369 million in the Balance of Payments (BOP) benefiting from increased earnings from exports, tourism, workers' remittances, foreign direct investment (FDI) and other financial flows, although the increase in imports expenditure towards at end of 2014 exerted some pressure on the current account and trade deficit. However, external finance was setback during the first four months of 2015 mainly due to the expansion of trade deficit. The deficit in the BOP adversely affected to gross official reserves to decline to US\$ 7,454 million in the first four months of 2015 compared to the reserve position of US\$ 8,897 million in the same period of 2014. However, the remittances from overseas employments increased by 2.2 percent to US\$ 2,265 million during the first four months of 2015 compared to US\$ 2,217 million in the same period of 2014 resulting from the continuous improvements in skill levels of the workforce engaged in such employment and also the use of formal channels in remitting money to Sri Lanka while earnings from tourism also increased by 12.5 percent to US\$ 956.8 million. Meanwhile, total reserves stationed at US\$ 9.1 billion, which is sufficient to 5.6 months of imports as at end April 2015.

The current account deficit narrowed to US\$ 2,018 million in 2014 compared to US\$ 2,541 million in 2013. In first quarter of 2015, the current account deficit narrowed further to US\$ 412 million from US\$ 459 million in corresponding period of 2014. The service account expanded further to US\$ 1,574 million in gross terms, in first quarter of 2015 mainly driven by the transport services (US\$ 464 million), travel (US\$ 762 million) and telecommunication and computer services (US\$ 215 million).

The external sector indicated mixed performance during the first four months of 2015. The trade deficit expanded by 3.9 percent to US\$ 2,713.5 million during the first four months of 2015 in comparison to US\$ 2,611.8 million during the same period in 2014. The total exports contracted by 0.3 percent to US\$ 3,569.1 million during this period while imports increased albeit at a lower rate of 1.5 percent to US\$ 6,282.5 million.

The contraction of exports was mainly due to the decline in textile and garments by 0.8 percent, tea by 13.2 percent and primary products such as, rubber and coconut by 5.3 percent in the reference period. The export of textiles and garments dropped to US\$ 1,588 million in the first four months of 2015 compared to US\$ 1,602 million recorded in the same period of 2014. The total agricultural exports fell by 6.9 percent to US\$ 801 million. The export earnings from tea decreased to US\$ 437.4 million due to the decline in demand from major tea importers such as, Russia, Commonwealth Independent States (CIS) countries, Turkey and Middle East coupled with drop in international tea prices. Meanwhile, total industrial export products enhanced by 2.8 percent to US\$ 2,751 million in the reference period in comparison to US\$ 2,676 million recorded in the same period of 2014.

Total imports increased marginally by 1.5 percent to US\$ 6,282.5 million during the first four months of 2015 in comparison to the same period in 2014. This was a combined effect of the 50 percent growth in consumer goods, 22.3 percent growth of investment goods and 18.6 percent decline in the intermediate goods imports. The import of food and beverages increased by 37.0 percent to US\$ 612 million. The import of fuel declined by 47.7 percent to US\$ 922 million due to the low level of refined petroleum product prices in the international market. Investment goods imports increased by 22.3 percent to US\$ 1,555 million mainly due to the increase in import of transport equipment by 125 percent to US\$ 368 million and the machinery and equipment by 10.7 percent to US\$ 776 million during this period.

Table 12 : External Trade

Category	2013	2014	US\$ Million	
			Jan-Apr	
			2014	2015 Prov.
Exports	10,393.6	11,129.9	3,580.7	3,569.0
Agricultural Products	2,581.2	2,793.8	860.8	801.0
Tea	1,542.2	1,628.3	503.8	437.4
Other Agricultural Products	1,039.0	1,165.5	357.0	363.6
Industrial Products	7,748.6	8,261.9	2,675.7	2,750.6
Textile and Garments	4,508.3	4,929.9	1,601.6	1,588.1
Rubber Products	888.0	890.0	282.3	256.2
Machinery and Equipment	312.3	343.0	99.6	101.0
Gem, Diamond and Jewellery	445.5	393.6	128.6	122.9
Food , Beverages and Tobacco	235.2	289.3	98.8	84.0
Petroleum Products	427.7	338.0	128.3	130.8
Other Industrial products	931.6	1,078.0	336.5	467.6
Mineral	51.6	59.5	39.5	12.2
Other	12.2	14.7	4.7	5.2
Imports	18,003.1	19,417.0	6,192.3	6,282.5
Consumer Goods	3,182.6	3,853.5	1,044.3	1,567.3
Food and Drinks	1,368.1	1,633.7	446.7	611.8
Other Consumer Goods	1,814.5	2,218.8	597.6	955.5
Intermediate Goods	10,553.9	11,397.0	3,872.6	3,153.0
Petroleum	4,308.2	4,597.3	1,761.7	921.7
Fertilizer	238.7	272.4	95.4	86.4
Textiles and Clothing	2,045.8	2,327.6	708.0	768.9
Wheat and Maize	323.2	404.7	154.1	86.8
Other Intermediate Goods	3,638.0	3,795.0	1,153.4	1,289.2
Investment Goods	4,252.7	4,152.1	1,271.1	1,554.9
Machinery and Equipment	2,221.9	2,131.0	700.8	776.0
Transport Equipment	667.8	707.3	163.6	367.9
Building Material	1,357.2	1,308.9	405.7	409.0
Other Investment Goods	5.8	4.9	1.0	2.0
Other	13.9	14.4	4.3	7.3
Trade Balance	(7,609.5)	(8,287.1)	(2,611.6)	(2,713.5)

Sources: Department of Customs and Central Bank of Sri Lanka

9. Real Economy

The Sri Lankan economy registered a higher growth of 7.4 percent, on average, in the first five years in the post-conflict situation. The economy grew by 6.4 percent in the first quarter of 2015 compared to 7.6 percent achieved in the same period of 2014 (base year 2002). This moderate performance was due to the significant drop in value-added industrial production stemming from slower growth in textiles and apparel sector, processing and factory industry and construction sector followed by negative growths witnessed in the chemicals, petroleum, coal and rubber and non-metallic mineral products. The overall Industry sector grew by 6.5 percent in the first quarter of 2015 compared to 12.6 percent recorded in the same period of 2014. Notably, construction sector showed a subdued performance in the reference period recording a 4.1 percent growth compared to strong growth of 22.5 percent registered in the same period of 2014. Despite these slower performances in the above sectors, the growth in the first quarter of 2015 was supported by the strong growth in the sectors such as tea, paddy, highland crops, gem mining, cottage industry, electricity and gas, wholesale and retail trade, banking, insurance and real estate. Agriculture, Industry and Services sectors contributed to the GDP by 10.9 percent, 32.7 percent and 56.3 percent, respectively in the first quarter of 2015.

The overall economic growth was mainly supported by Services (7.5 percent) and Industry (6.5 percent) sectors with a marginal growth of 0.7 percent by Agriculture sector. Services sector's growth was supported by the performances of wholesale and retail trade followed by banking, insurance and retail trade. The manufacturing sector demonstrated a relatively moderate growth of 6.6 percent mainly driven by the relative growth of factory industry, food and beverages and textile and apparel sectors. However, agriculture sector recorded a relatively a higher growth compared to previous quarter of 2014 benefitting from strong performances of tea and highlands crops due to favourable weather conditions that prevailed in such crops growing areas.

Agriculture sector grew marginally with a 0.7 percent growth during the first quarter of 2015 in comparison to 0.2 percent growth recorded in the same period of 2014. The favorable weather conditions prevailed in tea growing areas helped increase the tea production by 50.6 percent in the first quarter of 2015 compared to the drop of 8.9 percent recorded in the first quarter of 2014.

Table 13 : Sectoral Composition of GDP (2002 Constant Prices) - First Quarter

<i>Rs. Million</i>			
Item	2014	2015 (Prov.)	% Change
Agriculture, Forestry and Fishing	98,909	99,623	0.7
Agriculture, Livestock and Forestry	87,982	89,113	1.3
Tea	6,926	7,418	7.1
Rubber	836	729	-12.8
Coconut	7,248	7,440	2.6
Minor Export Crops	2,955	2,332	-21.1
Paddy	24,836	25,032	0.8
Highland Crops	10,941	12,281	12.2
Fruits and Vegetables	18,998	19,134	0.7
Livestock	6,006	5,981	-0.4
Plantation Development	1,768	1,805	2.1
Other Agricultural Crops	3,372	2,800	-17.0
Firewood & Forestry	4,096	4,161	1.6
Fishing	10,927	10,510	-3.8
Industry	280,509	298,769	6.5
Mining and Quarrying	27,505	30,611	11.3
Manufacturing	152,035	162,141	6.6
Processing Industries	4,449	4,618	3.8
Factory Industry	138,772	148,418	7.0
Cottage Industry	8,814	9,105	3.3
Electricity, Gas and Water	17,427	19,084	9.5
Electricity	15,280	16,671	9.1
Gas	1,322	1,575	19.1
Water	825	838	1.6
Construction	83,542	86,934	4.1
Services	478,077	514,142	7.5
Wholesale and Retail Trade	186,352	208,585	11.9
Import Trade	54,866	65,291	19.0
Export Trade	30,010	30,886	2.9
Domestic Trade	101,476	112,408	10.8
Hotels and Restaurants	5,923	6,078	2.6
Transport and Communication	125,245	130,309	4.0
Transport	104,481	108,108	3.5
Port and Civil Aviation	5,014	5,380	7.3
Telecommunication	15,750	16,821	6.8
Banking, Insurance and Real Estate etc.	73,125	77,366	5.8
Ownership of Dwellings	20,073	20,174	0.5
Government Services	47,761	51,052	6.9
Private Sector Services	19,598	20,578	5.0
Gross Domestic Product	857,495	912,534	6.4

Source: Department of Census and Statistics

Furthermore, the continued decrease in international prices of commodities, such as tea and rubber witnessed in the reference period resulted to means returns to producers. Coconut production also decreased marginally to 690 million nuts in the reference period compared to 709 million nuts in the same period of 2014. Meanwhile, the rubber production continued to decline further in the first quarter of 2015 due to the declining demand for natural rubber in the international market from the beginning of 2014, which has resulted to abandoned tapping by many small holders coupled with reduction of number of tapping days due to heavy rains. These developments led to the government to introduce guaranteed prices of Rs. 80 per kg of green tea leaf and Rs. 350 per kg for RSS1 sheet rubber in 2015. Paddy production increased by 0.9 percent to 2.25 million mt in 2014/2015 Maha season compared to 2.23 million mt recorded in 2013/14 Maha season mainly due to increased extent sown by 17.0 percent in 2014/15 Maha season. Highland crops, and fruits and vegetables sectors demonstrated improved performances in the reference period. Meanwhile, value added fishing sub-sector contracted by 3.8 percent in the first quarter of 2015 compared to the growth of 13.3 percent recorded in the first quarter of 2014 mainly due to the reduced fish catch both in inland and marine sectors. Inland fish catch was constrained by an extensive harvesting of fish coupled with the reduction of releasing of fingerlings to the tanks in 2014.

Industry sector recorded a sluggish growth of 6.5 percent during the first quarter of 2015 compared to 12.6 percent achieved in the first quarter of 2014 with the moderate expansion of all forms of activities except chemicals, petroleum and non-metallic mineral products sub-sectors. The manufacturing sub sector, which accounted for 54.3 percent to the Industry sector grew by 6.6 percent in the reference period compared to 8.9 percent recorded in the first quarter of 2014. Export earnings from industrial goods recorded a growth of 5.4 percent to US\$ 2,228.6 million in the reference period. The highest earnings from industrial goods registered in the textiles and garments to US\$ 1,258 million, with a contraction of 1.0 percent compared to the first quarter of 2014. Export earnings from rubber products also contracted by 7.4 percent to US\$ 207.8 million in the reference period. Mining and quarrying sub-sector grew by 11.3 percent in the reference period compared to 15.4 percent recorded in the same period of 2014 with the increase of exports of gems in terms of value and volume by 35.0 percent and 18.1 percent, respectively. The electricity, gas and water recorded a significant growth of 19.1 percent in the first quarter of 2015 compared to 4.9 percent recorded during the same period of 2014 particularly with the increased electricity generation by 83.0 percent in the reference period due to heavy rains prevailed in the catchment areas. Hence, the thermal power generation dropped by 22.0 percent. Consequently, construction sector grew merely by 4.1 percent in the first quarter of 2015 compared to 22.5 percent recorded in the same quarter of the last year.

Services sector expanded by 7.5 percent in the first quarter of 2015 in comparison to 6.5 percent in the same period of 2014 with the expansion of all sub-sectors mainly driven by wholesale and retail trade, transport and communication, and banking, insurance and real estate. The wholesale and retail trade sub sector recorded a growth of 11.9 percent in the first quarter of 2015 compared to the growth of 8.3 percent in the same period of 2014 fuelled by performance of import and domestic trade despite the fact that the sluggish growth in the export sector.

10. Inflation

Inflation, as measured by the Colombo Consumers' Price Index (CCPI) (2006/07=100), declined to 0.1 percent in June 2015 and has been maintained at single-digit level since 2009. The core inflation, which measures the price movements excluding the items of fresh food, energy, transport, rice and coconut, was 2.8 percent in June 2015 compared to 3.5 percent in June 2014. Country's inflation continued to remain at lower level during the first four months of 2015 benefiting from the relaxed monetary policy adopted by the Central Bank, well-managed inflation, reduction of prices of essential commodities such as sugar and wheat flour etc., downward revision of electricity tariff and fuel prices coupled with moderation in prices of both food and non-food imported items.

11. Unemployment

The unemployment remained, on an average, 4.4 percent in the past five years benefiting from the increased employment opportunities in many sectors in the economy. The unemployment reached 4.7 percent in the first quarter of 2015 compared to 4.1 percent in the same quarter of 2014. Female unemployment rate increased to 7.9 percent while the male unemployment rate decreased to 2.9 percent during the first quarter of 2015. Unemployment rates among age group of 20-24 recorded a high of 20.4 percent and unemployment rate by Advanced Level and above education levels increased to 10.1 percent in the first quarter of 2015 compared to 6.9 percent recorded in same period in 2014.

12. Stock Market

The stock market regains its momentum during the first few months of 2015 benefiting from low interest rates and enhanced investor confidence. All Share Price Index (ASPI) reached 7,220 by end of May 2015, which is an increase of 15.3 percent in comparison to the same period in 2014. The S&P SL 20 Index recorded a 15.8 percent increase by end May 2015. The daily market turnover has averaged Rs. 1,137 million during the first five months of 2015 compared to Rs. 1,013 million in the same period of 2014. Meanwhile, market capitalization improved by 16.7 percent to Rs. 3,067 billion. Foreign sales and purchases declined by 12 percent and 5.4 percent, respectively in the reference period.

Table 14: Share Market Indicators

Indicators	2013	2014	End May	
			2014	2015
All Share Price Index (1985=100)	5,913	7,299	6,264	7,220
Milanka Price Index/ S&P SL 20 Index*	3,264	4,089	3,455	4,001
Market Capitalization (Rs. Bn.)	2,460	3,105	2,623	3,067
No. of Listed Companies in Trading	289	294	293	297
Average Daily Turnover (Rs.Mn.)	828	1,415	1,013	1,137
Foreign Sales (Rs. Mn.)	60,873	83,554	33,706	29,581
Foreign Purchases (Rs. Mn)	83,657	104,771	35,715	33,782

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

13. Monetary Developments

The relaxed monetary policy stance adopted by the Central Bank continued in 2014 and the first half of 2015 benefiting from low inflation environment. Growth in reserve money, broad money as well as the private sector credit increased during the first four months of 2015. Reserve money grew by 18.9 percent in April 2015 on year-on-year basis due to the expansion of currency circulation and increased commercial bank deposits. Broad money (M2b) expanded by 13.8 percent in April 2015, on year-on-year basis, due to increased Net Foreign Assets (NFA) and Net Credit to the Government (NCG) of the banking system in April 2015. Meanwhile, the private sector credit growth, which recorded a 3.3 percent in April 2014, accelerated further to 15.2 percent in April 2015, on year-on-year basis. Reduction in lending rates and the increase in the pawning advances had a large impact on private sector credit.

14. Statement of Risks

The risks affecting to the performance of fiscal position in 2015 are categorized into:

- Potential policy decisions pertaining to the effect of revenue and expenditure.
- Risks associated with external factors such as, international oil prices and commodity prices may change depending on the speed of the recovery of global economy particularly the European Union countries. If the declining international prices of tea and rubber continue, that may adversely affect to the Balance of Payments and the real economy outlook for the remainder of 2015. Considering the world's geo-political situation, it is expected that the oil prices will not push to a higher level.
- Weather condition in the country would have an effect on the production of agriculture and generation of electricity that will impact on the food and electricity prices.
- Risks associated with future natural disasters.
- Risks related to the global economic growth particularly, in advanced economies such as, the United States and the Euro economies.

The combined effect of these factors could slow down the economic growth, interest rates, exchange rate, fiscal deficit and the levels of government borrowings.

Fiscal Management (Responsibility) Act No. 3 of 2003

Statement in terms of Section 19 (a)

I, Ravi Karunanayake, as the Minister of Finance do hereby state, that I have complied with the requirements of Section 18 of the Fiscal Management (Responsibility) Act No. 3 of 2003, by disclosing to the Secretary-Ministry of Finance, the information required to be disclosed under that section for the purpose of preparation of the Pre-election Budgetary Position Report.

A handwritten signature in dark ink, appearing to read 'Ravi Karunanayake', with a long, wavy horizontal line extending to the right.

Ravi Karunanayake

Minister of Finance

Colombo, ¹⁵..... July, 2015

Fiscal Management (Responsibility) Act No. 3 of 2003

Statement in terms of Section 19 (b)

I, Ranepura Hewage Samantha Samaratunga, Secretary, Ministry of Finance, in terms of the requirement imposed on me by Section 19 (b) of the Fiscal Management (Responsibility) Act No. 3 of 2003 do hereby state that information contained in this Pre-election Budgetary Position Report to the fullest extent possible:

- (i) Reflects the best professional judgment of the officers of the Ministry of Finance;
- (ii) Takes into account all economic and fiscal information available to the Ministry of Finance; and
- (iii) Incorporates the fiscal implications of the Government decisions and circumstances disclosed to me by the Minister of Finance in terms of Section 18 of the said Act.



Ranepura Hewage Samantha Samaratunga
Secretary, Ministry of Finance &
Secretary to the Treasury

Colombo, 15 July, 2015

Annexure I : Disbursement with Financial Terms: January - May 2015

Open ment Partne r/ Lendi ng Agenc	Instru ment Type	Project	Amount Disbursed(Millions)			Annual Interest Rate			Comm itment Fee	Other Payments	Grace Period (Years)	(Inclu ding Grace Period	
			Currency	Amou nt	Rs.	USD	Interest Type	Rate					Margin (100 basis points)
Bilateral													
China Development Bank Corporation	Loan	Rehabilitation and Improvement of Priority Road Project	USD	0.88	115.94	0.88	Variable	LIBOR -6 Month for USD	2.90%	-	Mgt. Fee 0.5% Risk Premium 5.0%	3	15
	Loan	Improvement and Rehabilitation of Priority Roads	USD	18.56	2,457.09	18.56	Variable	LIBOR -6 Month for USD	2.90%	-	Mgt. Fee 0.5% Risk Premium 5.0%	4	15
	Loan	Moragahakanda Development Project	USD	8.12	1,083.71	8.12	Variable	LIBOR -6 Month for USD	2.90%	-	Mgt. Fee 0.5% Risk Premium 5.9%	4	15
	Loan	Improvement and Rehabilitation of Priority Road Project 3 (Phase1)	USD	59.16	7,881.68	59.16	Fixed	LIBOR -6 Month for USD	2.95%	-	Mgt. Fee 0.5% Risk Premium 5.0%	3	15
France	Loan	Widening and Reconstruction of 46 Bridges on National Road Network	EUR	0.17	23.80	0.18	Fixed	0.73%	N/A	-	-	6	22
	Loan	Greater Trincomalee Water Supply Project	EUR	0.38	54.75	0.41	Fixed	1%	N/A	-	-	10	30
India	Loan	India Dollar Credit Line Agreement	USD	5.39	716.15	5.39	Variable	LIBOR -6 Month for USD	0.50%	0.50%	Management Fee 0.5%	5	18
	Loan	Procurement of two Advanced Offshore Patrol Vessels	USD	13.31	1,752.99	13.31	Variable	LIBOR -6 Month for USD	3.50%	0.50%	Management Fee 0.5%, insurance Premium 5%,Guarante Fee USD 19,086	4	11
	Loan	Railway Line Omanthai-pallai, Madhu-Tallaimannar & Medawachchiya	USD	3.3	438.69	3.3	Variable	LIBOR -6 Month for USD	0.50%	0.50%	Management Fee 0.5%	5	23
	Loan	Greater Dambulla Water Supply Project 1	USD	1.03	136.77	1.03	Variable	LIBOR -6 Month for USD	2.00%	0.50%	Management Fee 0.5%, Insurance 6.5%	3	14
	Loan	Restoration of Northern Railway Services	USD	13.65	1,814.01	13.65	Variable	LIBOR -6 Month for USD	0.50%	0.50%	Management Fee 0.5%	6	21
	Loan	Greater Colombo Transmission and Distribution Loss Reduction Project	JPY	75.59	84.37	0.63	Fixed	Tranch 1-0.3% Tranch 2- 0.01%	N/A	-	-	10	30
Japan	Loan	Major Bridges Construction project of the National Road Network	JPY	742.7	818.11	6.15	Fixed	Tranch 1-0.2% Tranch 2- 0.01%	N/A	0.10%	-	10	40
	Loan	Landside Disaster Protection Project of the	JPY	116.12	129.06	0.97	Fixed	Tranch 1-1.4% Tranch 2- 0.01%	N/A	0.10%	-	8	25

		national Road Network											
	Loan	Anuradhapura North water Supply Project (Phase 1)	JPY	44.71	49.73	0.37	Fixed	Tranch 1-1.4% Tranch 2- 0.01%	N/A	0.10%	-	8	25
	Loan	Greater Colombo Transport Development Project.	JPY	2,390.82	2,646.64	19.87	Fixed	1.5%.	N/A	-	-	10	30
	Loan	Water Sector Development Project	JPY	946.56	853.2	7.12	Fixed	1.50%	N/A	-	-	10	30
	Loan	New Bridge Construction Project Over the Kelani River	JPY	238.82	264.66	1.99	Fixed	Tranch 1-0.1% Tranch 2- 0.01%	N/A	0.10%	-	10	40
	Loan	Water Sector Development Project (II)	JPY	643.82	580.25	4.85	Fixed	Tranch 1-1.4% Tranch 2- 0.01%	N/A	0.10%	-	10	30
	Loan	Poverty Alleviation Micro Finance Project - II	JPY	16.21	18.09	0.14	Fixed	Tranch 1 - 0.65%, Tranch 2 - 0.01%	N/A		-	10	40
	Loan	Provincial/Rural Road Development Project (Central Province and Sabaragamuwa Province)	JPY	835.66	922.82	6.93	Fixed	Tranch 1-1.4% Tranch 2- 0.01%	N/A	0.10%	-	10	30
	Loan	Eastern Province Water Supply Development Project	JPY	265.51	295.52	2.22	Fixed	Tranch 1-0.65% Tranch 2- 0.01%	N/A	0.10%	-	10	40
	Loan	Kandy City Wastewater Management Project	JPY	88.53	98.72	0.74	Fixed	Tranch 1-10.65% Tranch 2- 0.01%	N/A	0.10%	-	10	40
	Loan	Greater Colombo Urban Transport Development Project Phase 2	JPY	3,417.30	3,800.61	28.61	Fixed	Tranch 1-0.2% Tranch 2- 0.01%	N/A	0.10%	-	10	40
	Loan	Vavuniya- Kilinochchi Transmission Line Project (II)	JPY	52.14	58.38	0.44	Fixed	0.65%	N/A	0.10%	-	10	40
	Grant	The Project for Human Resource Development Scholarship 2014	JPY	51.45	56.78	0.42				N/A			
	Grant	Human Resource Development Scholarship(JDS)	JPY	36.3	39.68	0.29				N/A			
	Loan	Habarana-Veyangoda Transmission Line Project	JPY	7.39	8.25	0.33	Fixed	Tranch 1-0.3% Tranch 2- 0.01%	N/A	0.10%	-	10	40
	Loan	Improvement of Basic Social Services Targeting Emerging Regions	JPY	251.23	279.66	2.11	Fixed	Tranch 1-0.2% Tranch 2- 0.01%	N/A	0.10%	-	10	40
	Grant	Human Resource Development Scholarship	JPY	1.36	1.49	0.01				N/A			
Kuwait	Loan	Bridges Reconstruction & Rehabilitation Pj	KWD	0.03	11.48	0.09	Fixed	2.00%	N/A	-	Service Fee 0.5%	5	30
	Loan	South Eastern University of Sri Lanka Development Project Phase 1 "B"	KWD	0.19	86.7	0.65	Fixed	1.00%	N/A	-	Service Fee 0.5%	5	25
Korea	Loan	Ruhunupura Water	KRW	7,503.	899.69	6.78	Fixed	1.50%	N/A	-	-	11	30

		Supply Development Project		70									
	Loan	Hatton-Nuwara Eliya Road Improvement Project	KRW	109.95	13.18	0.09	Fixed	0.10%	N/A	-	-	11	40
	Grant	Study and Expert Fund II	EUR	0.17	24.7	0.19					N/A		
	Loan	Construction of the Mahamodara maternity Hospital, Galle	EUR	0.64	92.16	0.69	Fixed	2.20%	N/A	0.25%	-	3	13
	Grant	Vocational Training Institute of in the North of Sri Lanka	EUR	0.03	4.12	0.31					N/A		
Germany	Grant	Establishment of 8 Satellite Centres to the Vocational Training Centre in the Northern Province	EUR	0.92	138.6	1.05					N/A		
	Loan	Rehabilitation Electricity Supply Jaffna Region [Transmission Line]	EUR	0.09	14.47	0.11	Fixed	0.75%	N/A	0.25%	-	11	41
	Loan	Kalu ganga Development Project	SAR	2.99	104.19	0.79	Fixed	2%	N/A			5	20
Saudi Fund For Arab Economic Development	Loan	Road Network Development Project	SAR	3.78	129.18	0.98	Fixed	2%	N/A			5	20
	Loan	Epilepsy Hospital & Health Centers Project	SAR	1.29	44.28	0.34	Fixed	2%	N/A			5	25
Export Credit													
AB Svensk Export Credit (Sweden)	Loan	Ratmalana & Ja-Ela Wastewater Treatment Facilities Project)	USD	0.68	90.77	0.68	Fixed	0.92%	N/A	0.15%	Administration Fee 0.03%, Management Fee 0.1%	6	13
Agence Francaise De Development (France)	Loan	Implementation of Jaffna Killinochchi Water Supply and Sanitation Project	EUR	0.02	2.43	0.02	Variable	EURIBOR 6 Month	1.10%	0.25%		7	22
Banco Bilbao Vizcaya Argentaria S.A. (Spain)	Loan	Implementation of the Grater Rathnapura Water Supply Scheme)	EUR	5.77	863.73	6.55	Variable	EURIBOR 6 Month	2.10%	0.35%	Management Fee 0.5%	3	13
BNP Paribas	Loan	Reconstruction of (7) Railway Steel Bridges Project	EUR	0.79	113.76	0.86	Fixed	1.00%	N/A	0.25%	Upfront fee 0.5%	3	16
Co-op Centrale Raiffeisen-Boerenleenbank (Netherlands)	Loan	Development of NuwaraEliya District General Hospital (Netherlands)	EUR	4.72	733.96	5.59	Fixed	4.94%	N/A			3	13
	Loan	Development of Hambantota District General Hospital (Netherlands)	EUR	5.63	874.79	6.67	Fixed	4.94%	N/A			3	13

	Loan	Upgrading of the National Blood Transfusion Services	EUR	2.07	308.31	2.32	Fixed	5%	N/A			3	13
	Loan	Sri Lanka Dairy Development Project - Phase 11	USD	2.6	341.1	2.6	Fixed	1%	N/A	0.25%	Upfront fee 0.5%	3	16
	Loan	Construction of 463 Rural Bridges	EUR	0.93	137.52	1.03	Variable	EURIBOR 6 Month	Tranch 1-1.45%	0.25%	Management Fee 0.5%	3	13
Variable							EURIBOR 6 Month	Tranch 2-4%	0.25%	Management Fee 0.5%			
Deutsche Bank AG	Loan	Construction of 537 Steel Beam Bridges	USD	7.82	1,040.08	7.82	Variable	LIBOR -6 Month for USD	Tranch 1-4.15%	0.25%	Management Fee USD167,500	3	13
							Variable	LIBOR -6 Month for USD	Tranch 2-1.5%	0.25%	Management Fee USD643,000		
Fortis Bank NV/Fortis Banque SA (Belgium)	Loan	Implementation of Kolonna and Balangoda Water Supply Projects (Belgium)	EUR	1.66	247.47	1.87	Fixed	0.80%	N/A	0.25%	Upfront 0.5%	3	12
	Loan	Construction of 210 permanent Rural Steel Bridges	USD	0.17	23.25	0.17	Variable	LIBOR -6 Month for USD	2%	0.20%		5	15
HSBC Bank Plc(UK)	Loan	Moderation of Processing Factories of MILCO (Pvt)Ltd	USD	2.65	353.31	2.65	Variable	Tranch 1 -LIBOR -6 Month for USD	2%		Structuring Fee 65362.8 USD	1	9
								Tranch 2-LIBOR -6 Month for USD	2%	1.00%	Structuring Fee 185192.5 USD, EKN Premium2950089.29 Usd		
	Loan	Regional Bridges project - Phase 11 - Buyer's credit facility	USD	8.17	1,080.41	8.17	Variable	LIBOR -6 Month for USD	2%	0.25%	Structuring Fee 150,179.06	4	15
Export Import Bank of Hungary	Loan	Rehabilitation of kalatuwawa Water treatment Plant	EUR	0.92	136.47	1.02	Fixed	1.03%	N/A			8	20
	Loan	Rehabilitation of Labugama Water Treatment Plant project	EUR	0.61	89.53	0.67	Fixed	1.03%	N/A			8	20
KBC Bank Belgium	Loan	Implementation of Monaragala - Buttala Water Supply Project	EUR	1.25	185.14	1.38	Variable			0.50%	Service Fee 1.2%, Facility fee EUR 80,000,Arrangement Fee EUR40,000,Insurance Premeium EUR 1,046,578.95		
The Export-Import Bank of China	Loan	Finance Material Required for Lighting Sri Lanka Eastern Province Project	USD	1.87	245.06	1.87	Variable	LIBOR -6 Month for USD	3.00%	0.25%	Management Fee 0.25%,Exposura fee 5.50%	3	15
	Loan	Matara Beliatta Section of Matara - Kataragama Railway Extension Project	USD	3.5	465.00	3.5	Fixed	2.00%	N/A	0.50%	Management Fee 0.5%	6	20

	Loan	Matara Beliatta Section of Matara - Kataragama Railway Extension Project	CNY	9.38	199.58	1.5	Fixed	2.00%	N/A	0.50%	Management Fee 0.5%	6	20
							Fixed	2.00%	N/A	0.25%	Management Fee 0.25%	6	20
	Loan	Rehabilitation & Improvement of 67km Length of Navatkuli - Karaitivu -Mannar Road	USD	1.58	210.59	1.58	Variable	LIBOR -6 Month for USD	2.40%	0.70%	Management Fee 0.5%,Exposure Fee 6%	5	16
	Loan	Rehabilitation & Improvement of 113km Length of Puttalam-Marichchikade-Mannar Road	USD	3.48	455.79	3.48	Variable	LIBOR -6 Month for USD	2.40%	0.70%	Management Fee 0.5%,Exposure Fee 6%	5	16
UniCredit Bank Austria AG (Austria)	Loan	Augmentation of Mahiyangana Water Supply Project	EUR	2.15	309.14	2.33	Amount Based Interest				6	16	
	Loan	Upgrading of Sewerage Infrastructure at Kataragama Sacred City Area	EUR	0.72	106.56	0.8	Amount Based Interest				8	18	
Multilateral													
	Loan	TA Loan-Road Project Preparatory Facility	XDR	0.19	36.63	0.28	Fixed	1% During Disbursing Period, 1.5% During Repaying Period		N/A		8	32
	Loan	Education for Knowledge Society Project	XDR	(-0.01)	(-1.59)	(-0.01)	Fixed	1% During Disbursing Period, 1.5% During Repaying Period		N/A		8	32
	Loan	Clean Energy and Access Improvement Project	USD	7.23	959.47	7.23	Fixed	LIBOR -6 Month for USD	0.40%	0.15%		5	25
	Loan	Clean Energy and Access Improvement Project	XDR	0.56	104.49	0.69	Fixed	1% During Disbursing Period, 1.5% During Repaying Period		N/A		8	32
Asian Development Bank	Grant	Clean Energy and Access Improvement Project	USD	0.31	40.75	0.31					N/A		
	Loan	Dry Zone Urban Water and Sanitation Project	XDR	1.82	336.81	2.53	Fixed	1% During Disbursing Period, 1.5% During Repaying Period		N/A		8	32
	Grant	Dry Zone Urban Water and Sanitation Project	USD	0.17	22.7	0.17					N/A		
	Loan	Eastern & North Central Provincial Road Project	XDR	0.15	27.31	0.21	Fixed	1% During Disbursing Period, 1.5% During Repaying Period		N/A		8	32
	Loan	Greater Colombo Wastewater Management Project (OCR)	USD	5.42	717.76	5.42	Variable	LIBOR -6 Month for USD	0.20%	0.15%		5	25

Loan	Greater Colombo Wastewater Management Project (ADF)	XDR	0.02	3.83	0.03	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A	-	8	32
Loan	ADB Funded Fiscal Management Efficiency Project	USD	0.52	6.93	0.52	Variable	LIBOR -6 Month for USD	0.20%	0.15%	5	25
Loan	Conflict-Affected Region Emergency Project	USD	0.82	108.26	0.82	Variable	LIBOR -6 Month for USD	0.20%	0.15%	8	32
Loan	Northern Road Connectivity Project (OCR)	USD	3.82	501.53	3.82	Variable	LIBOR -6 Month for USD	0.20%	0.15%	5	25
Loan	Northern Road Connectivity Project (ADF)	XDR	0.06	11.15	0.08	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A		8	32
Loan	Northern Road Connectivity Project – Additional Finance	XDR	4.02	740.83	5.57	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A		8	32
Loan	Northern Road Connectivity Project – Additional Finance	USD	3.13	412.24	3.13	Variable	LIBOR -6 Month for USD	0.40%	0.15%	5	26
Loan	Jaffna & Kilinochchi Water Supply & Sanitation Project (OCR)	USD	0.33	44.64	0.33	Fixed	LIBOR -6 Month for USD	0.60%	0.15%	5	25
Loan	Jaffna & Kilinochchi Water Supply & Sanitation Project (ADF)	XDR	0.53	98.36	0.74	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A		8	32
Loan	Sustainable Power Sector Support Project (OCR)	USD	6.19	819.56	6.19	Variable	LIBOR -6 Month for USD	0.30%	0.15%	5	25
Loan	Sustainable Power Sector Support Project (ADF)	XDR	0.07	13.17	0.1	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A		8	32
Loan	Local Government Enhancement Project	USD	4.96	929.29	4.96	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A		8	32
Loan	Clean Energy and Network Efficiency Improvement Project	USD	6.61	876.85	6.61	Variable	LIBOR -6 Month for USD	0.40%	0.15%	5	25
Loan	Clean Energy and Network Efficiency Improvement Project	XDR	1.66	309.06	2.35	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A		8	32
Loan	Dry Zone Urban Water and Sanitation Project-Additional Finance	XDR	1.46	269.56	2.03	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A		8	32

	Loan	Greater Colombo Wastewater Management Investment Project 1	USD	0.06	8.44	0.06	Variable	LIBOR -6 Month for USD	0.60%	0.15%		5	25
	Loan	Greater Colombo Wastewater Management Investment Project 1	XDR	0.004	0.65	0.005	Fixed	1% During Disbursing Period, 1.5% During Repaying Period	N/A			8	32
	Loan	Southern Road Connectivity Project	USD	1.5	198.77	1.5	Variable	LIBOR -6 Month for USD	0.20%	0.15%		5	25
	Loan	Southern Road Connectivity Project	XDR	0.24	44.59	0.34	Fixed	2%	N/A			5	25
	Loan	Integrated Road Investment Programme	XDR	1.85	345.54	2.6	Fixed	2%	N/A			5	25
	Loan	National Highways Sector Project Additional Finance OCR	USD	6	791.05	6	Variable	LIBOR -6 Month for USD	0.60%	0.15%		5	25
	Grant	Dry Zone Urban Water and Sanitation Project	USD	0.39	52.8	0.39				N/A			
	Grant	Clean Energy & Network Efficiency Improvement Project	USD	0.02	2.88	0.02				N/A			
	Grant	Rural Water Supply and Sanitation in Jaffna & Killinochhi	USD	0.62	82.79	0.62				N/A			
World Bank - International Bank for Reconstruction & Development	Loan	Metro Colombo Urban Development Project [MCUDP]	USD	13.62	1,810.21	13.62	Variable	LIBOR -6 Month for USD	0.70%	0.50%		5	24
	Grant	PHRD Grant for Metro Colombo Towards a Flood Resilient Urban Environment	USD	0.53	70.44	0.53				N/A			
International Fund for Agricultural Development	Loan	Smallholder Plantations Entrepreneurship Development Programme	XDR	0.82	152.96	1.15	Fixed		N/A	-	Service Fee 0.75%	10	40
	Loan	Iranamadu Irrigation Development Project	XDR	0.5	93.4	0.7	Fixed		N/A	-	Service Fee 0.75%	11	25
World Bank - International Development Association	Loan	Second North - East Irrigated Agriculture Project	XDR	-1.57	-287.34	-2.16	Fixed		N/A	0.50%	Service Fee 0.75%	10	40
	Loan	Dam safety and water resources planning	XDR	1.73	323.35	2.43	Fixed		N/A	0.50%	Service Fee 0.75%	10	20
	Loan	Additional Financing for Road Sector Assistance Project	XDR	-0.01	-0.46	-0.01	Fixed		N/A	0.50%	Service Fee 0.75%	10	20
	Loan	Second Community Development and Livelihood Improvement Project	XDR	-0.15	-27.16	-0.21	Fixed		N/A	0.50%	Service Fee 0.75%	10	20
	Loan	Provincial Roads Project	XDR	1.54	286.66	2.16	Fixed		N/A	0.50%	Service Fee 0.75%	10	20
	Loan	Higher Education for the Twenty First Century	XDR	3.23	591.58	4.45	Fixed		N/A	0.50%	Service Fee 0.75%	10	20

		Project											
	Loan	North East Local Services Improvement Project (NELSIP)	XDR	0.001	0.03	0.002	Fixed		N/A	0.50%	Service Fee 0.75%	10	20
	Loan	Small and Medium Enterprise Development Facility Project	XDR	7.37	1,356.35	10.19	Fixed		N/A	0.50%	Service Fee 0.75%	10	20
	Loan	Second Additional Financing for Road Sector Assistance Project	XDR	6.53	1,204.59	9.07	Fixed		N/A	0.50%	Service Fee 0.75%	10	20
	Loan	2nd & 3rd Additional Financing for Community Livelihood in Conflict Affected Areas	XDR	-0.003	-0.71	-0.005	Fixed		N/A	-	Service Fee 0.75%	10	20
	Grant	GPOBA Increasing Household Access to Domestic Sanitation in Greater Colombo Project	USD	0.06	7.63	0.06				N/A			
	Loan	Transforming the School Education System as the Foundation of a Knowledge Hub Project	XDR	7.32	1,367.64	10.29	Fixed	1.25%	N/A	0.50%	Service Fee 0.75%	5	25
	Grant	Global Food Crisis Response Program	USD	2.69	349.49	2.69				N/A			
	Grant	AusAidDFAT + IDA Grant Transforming the School Education System as the Foundation of Knowledge Hub Project	USD	4.21	560.06	4.21				N/A			
	Loan	Second Health Sector Development Project	XDR	15.5	2,897.33	21.71	Fixed	1.25%	N/A	0.50%	Service Fee 0.75%	5	25
	Loan	Additional Financing for Dam Safety & Water Resources Planning Project	XDR	2.73	509.55	3.84	Fixed	1.25%	N/A	0.50%	Service Fee 0.75%	5	25
	Grant	AusAidDFAT + IDA Additional Financing for North East Local Services Improvement Project	USD	8.18	1,078.52	8.02				N/A			
	Grant	'Diri Sawiya' Assisting People with Disabilities through Cash Transfers and Training Project	USD	0.39	51.37	0.39				N/A			
OPEC Fund for International Development	Loan	Kalu Ganga Development Project	USD	0.43	56.55	0.43	Fixed	3.20%	N/A		Service Fee 1%	5	20
	Loan	Road Network Development Project	USD	1.96	258.25	1.96	Fixed	3.10%	N/A		Service Fee 1%	5	20
	Loan	Colombo National Highways Project	USD	1.85	243.62	1.85	Fixed	4.60%	N/A			5	20
UNDP	Grant	Control of Alien Invasive	USD	0.02	3.33	0.02				N/A			

		Species					
	Grant	UN-REDD National Programme - Sri Lanka	USD	0.03	4.04	0.03	N/A
	Grant	Promoting Sustainable Biomass Energy Production	USD	0.01	1.95	0.01	N/A
	Grant	Support to Human Rights Commission phase 2	USD	0.02	2.54	0.02	N/A
	Grant	Strategic Positioning of the Department of Project management and Monitoring	USD	0.002	0.29	0.002	N/A
	Grant	Governance for Local Economic Development (G-LED)	USD	0.005	0.69	0.005	N/A
	Grant	National Bio - diversity Strategic Action plan	USD	0.02	2.99	0.02	N/A
	Grant	Comprehensive Disaster Management Program 2014 -18	USD	0.03	4.52	0.03	N/A
UNFPA	Grant	UNFPA Country Programme 2013	USD	0.03	4.48	0.03	N/A
UNICEF	Grant	UNICEF Country Programme 2013-2017	USD	0.62	82.71	0.62	N/A
Grand Total					59,793	450.35	
					.00		

Source: Department of External Resources

Annexure II: The list of Guarantees Issued by the General Treasury up to 31.05.2015

S.No	Name of the Bank or Institution	Name of Institution	
1	Bank of Ceylon	State Development and Construction Corporation	400
		National School of Business Management Limited	8,600
		Ceylon Petroleum Corporation	124,155
		Urban Development Authority	18,898
		STC General Trading Company Ltd.	460
		General Sir John Kotelawala Defence University	835
		Road Development Authority	40,789
		Mihin Lanka (Pvt)Ltd	384
		National Water Supply & Drainage Board (NWSDB)	6,981
		Paddy Marketing Board	3,137
2	Commercial Bank	Ministry of Defence and Urban Development	2,000
		Road Development Authority	7,210
		National Water Supply & Drainage Board (NWSDB)	193
3	DFCC Bank	Ministry of Defence and Urban Development	1,000
		Road Development Authority	1,329
		National Water Supply & Drainage Board (NWSDB) - Ampara	2,900
4	Employees' Trust Fund Board	Lakdhanavi Ltd.	2,992
5	Hatton National Bank	Ministry of Defence and Urban Development	3,550
		Road Development Authority	28,262
6	Hongkong & Shanghai Banking Co.Ltd.	West Coast Power(Pvt)Ltd.	20,496
7	JICA	Air Port & Aviation Services (Sri Lanka) Limited	32,512
8	National Development Bank	Road Development Authority	8,353
		National Water Supply & Drainage Board (NWSDB)	2,800
		Lakdhanavi Ltd.	2,992
		Urban Development Authority	2,770
		General Sir John Kotelawala Defence University	27,815
9	National Savings Bank	Paddy Marketing Board	1,031
		Road Development Authority	53,155
		Sri Lanka Land Reclamation & Development Corporation	2,000
		National Water Supply & Drainage Board (NWSDB) - Bentota	1,239
		Co-operative Whole Sale Establishment	157
		Sri Lanka Consumer Co-operative Societies Federation Ltd.	50
		Ceylon Electricity Board	21,841
10	People's Bank	State Trading (Co-operative Wholesale) Company Ltd.	32
		Ceylon Petroleum Storage Terminals Ltd.	4,635
		People's Bank Pension Trust Fund	5,000
		Road Development Authority	18,426
		Ministry of Defence and Urban Development	1,000
		Ceylon Petroleum Corporation	89,668
		Paddy Marketing Board	2,325
		Ceylon Shipping Corporation Ltd'	11,036
		Lanka Coal Company (Pvt) Ltd	5,000
		Total Amount	