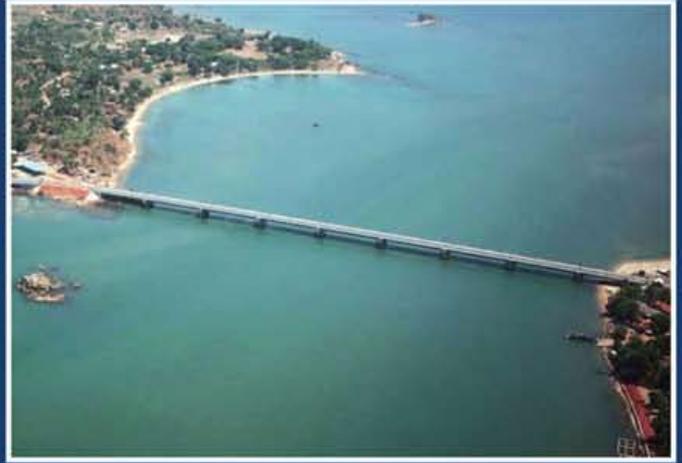


ANNUAL REPORT 2009





Ministry of Finance and Planning Sri Lanka
Annual Report 2009

**This Report is Published in Terms of
Section 13 of the Fiscal Management (Responsibility) Act No. 3 of 2003**

Ministry of Finance and Planning

(as at 31st December 2009)

His Excellency the President Mahinda Rajapaksa
Minister of Finance and Planning

Hon. Ranjith Siyambalapitiya MP
**Minister of State Revenue and State Finance
and Deputy Minister of Finance and Planning**

Hon. Sarath Amunugama MP
Deputy Minister of Finance and Planning

PRINCIPAL OFFICIALS

P. B. Jayasundera
**Secretary, Ministry of Finance and Planning
Secretary to the Treasury**

Deputy Secretaries to the Treasury

R. H. S. Samaratinga
U. R. Seneviratne
Ms. S. Cooray

Senior Advisors

R. A. Jayatissa - Senior Economic Policy Advisor
W. D. Lakshman - Senior Economic Advisor
V. Kanagasabapathy - Financial Management Advisor
R. P. L. Weerasinghe - Taxation Policy Advisor

Administration

R. Semasinghe - Director General
Ms. N. Godakanda - Additional Director General

Operations and Review

N. G. Dayaratne - Director General

Heads of Treasury Departments

(as at 31st December 2009)

Department of National Planning

H. M. Gunasekera	-	Director General
P. Sumanapala	-	Additional Director General
D. G. Samarasinghe	-	Additional Director General
D. S. Jayaweera	-	Executive Director
		National Council for Economic Development

Department of External Resource

J. H. J. Jayamaha	-	Director General
Ms. M. Gamage	-	Additional Director General
Ms. D. Senanayake	-	Additional Director General
J. Thalpwila	-	Additional Director General

Department of National Budget

Ms. W. S. Karunarithna	-	Director General
Ms. C. S. Kumarasinghe	-	Additional Director General

Department of Public Enterprises

B. M. S. Batagoda	-	Director General
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Department of Management Services

L. P. Jayampathy	-	Director General
------------------	---	------------------

Department of Fiscal Policy

S. R. Attygalle	-	Director General
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Department of Trade, Tariff and Investment Policy

Ms. G. D. C. Ekanayake	-	Director General
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Department of Development Finance

Ms. D. De Zoysa	-	Director General
N. Mithrarathna	-	Additional Director General

Department of Public Finance

W. Ekanayake	-	Director General
D. Abeysooriya	-	Additional Director General
W. I. Tissera	-	Additional Director General
Ms. W. Samaraweera	-	Additional Director General

Department of Legal Affairs

Ms. H. M. N. S. Gunawardana	-	Director General
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Department of Treasury Operations

D. Widanagamachchi	-	Director General
K. K. V. Jayaratne	-	Additional Director General

Department of State Accounts

Ms. D. P. R. Senadhipathi	-	Director General
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Department of Management Audit

P. M. P. Fernando	-	Director General
K. M. Jayatilake	-	Additional Director General

Special Tax Administration Unit

S. Angamma	-	Director General
K. N. J. Cooray	-	Additional Director General

Heads of Departments Under the Purview of the Ministry of Finance and Planning

(as at 31st December 2009)

Department of Inland Revenue E. M. M. Medagoda	-	Commissioner General
Department of Customs S. A. C. S. W. Jayatilake	-	Director General
Department of Excise D. G. M. V. Hapuarachchi	-	Commissioner General
Imports and Exports Control Department L. P. Jayathilake	-	Controller
Valuation Department P. W. Senarathne	-	Chief Valuer
Department of Census and Statistics Ms. D. B. P. S. Vidyaratne	-	Director General

Heads of Statutory Boards / State Banks / Other Institutions Under the Purview of the Ministry of Finance and Planning

(as at 31st December 2009)

Central Bank of Sri Lanka	Governor Deputy Governor Deputy Governor	A. N. Cabraal P. D. J. Fernando K. G. D. D. Dheerasinghe
Bank of Ceylon	Chairman General Manager	G. Wickremasinghe B. A. C. Fernando
People's Bank	Chairman General Manager	W. Karunajeewa P. V. Pathirana
National Savings Bank	Chairman (Acting) General Manager	S. R. Attygalle S. P. R. Perera
State Mortgage & Investment Bank	Chairman General Manager	T. G. W. Rajapaksha Ms. I. Wimalasena
Lanka Puthra Development Bank	Chairman General Manager	A. S. de. Silva R. Dassanayake
Rajarata Development Bank	Chairman General Manager	A. B. Karunathilake R. Siriwardana
Sabaragamuwa Development Bank	Chairman General Manager	B. F. Siyambalapitiya A. B. Ariyaratna
Kandurata Development Bank	Chairman General Manager	Ms. A. V. K. M. Herath H. M. K. B. Hellarawa
Ruhuna Development Bank	Chairman General Manager	S. de Alwis A. Prathapasinghe

Uva Development Bank	Chairman General Manager	T. M. W. Mallahewa B. D. Silva
Wayamba Development Bank	Chairman General Manager	I. M. R. B. Khombakadawala W. A. Sirisena
Development Lotteries Board	Chairman General Manager	U. Liyanage J. D. C. Jayasinghe
National Lotteries Board	Chairman General Manager	C. Athaluwage M. S. Karunaratne
Employees' Trust Fund Board	Chairman/CEO Additional General Manager	K. M. A. Godawatta M. C. H. Gunaratne
National Insurance Trust Fund	Chairman	A. A. Wijepala
National Development Trust Fund	Chairman Managing Director	J. Wickramasinghe H. L. A. de Silva
Sri Lanka Accounting and Auditing Standards Monitoring Board	Chairman Director General	P. Samarasiri A. S. Rathnayake
Insurance Board of Sri Lanka	Chairman General Manager	U. Kariyawasam Ms. L. Serasinghe
Credit Information Bureau of Sri Lanka	Chairman General Manager	P. Fernando G. Karunaratne
Securities and Exchange Commission of Sri Lanka	Chairman Director General	U. Kariyawasam C. de Silva
Sri Lanka Savings Bank	Chairman General Manager	D. Dahanayake S. Weerathunga
Housing Development Finance Corporation Bank	Chairman General Manager	S. M. M. Yaseen S. Amerasekera
Sri Lanka Insurance Corporation	Chairman Managing Director	P. Kariyawasam N. Godahewa
Lady Lochore Loan Fund	Chairman Managing Trustee	W. Ekanayaka U. Hewage

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Sri Lanka at a Glance - 2009

KEY ECONOMIC INDICATORS			
GDP at Market Price (Rs. Bn.)	4,825	Total Government Sector Debt (GDP %)	86.2
GDP at Market Price (US\$ Mn.)	41,979	Domestic (GDP %)	49.8
Services (US\$ Mn.)	24,214	Foreign (GDP %)	36.5
Industry (US\$ Mn.)	12,477		
Agriculture (US\$ Mn.)	5,288	MONETARY SECTOR DEVELOPMENT	
Per Capita GDP at Market Price (Rs.)	235,945	Narrow Money (Rs. Bn.)	336.7
Per Capita GDP at Market Price (US\$)	2,050	Broad Money (Rs. Bn.)	1,536.7
Inflation - GDP Implicit Price Deflator (%)	5.7	Money Growth (M2b)	18.6
Inflation- CCPI	3.4		
Unemployment (No)	471,000	ACCESS TO BANKING & FINANCE	
Unemployment (%)	5.8	Domestic Commercial Banks	11
		Branch Network	2,000
STRUCTURE OF THE ECONOMY		Foreign Commercial Banks	11
GDP Growth (%)	3.5	Branch Network	44
Agriculture (%)	3.2	Specialized Banks (Excluding RDBs)	8
Industry (%)	4.2	Branch Network	239
Services (%)	3.3	Registered Finance Companies	35
		Registered Finance Leasing Companies	74
EXTERNAL TRADE		Specialized Leasing Companies	21
Exports (US\$ Mn.)	7,085	Merchants Banks	9
Imports (US\$ Mn.)	10,207	Regional Development Banks	6
Trade Balance (US\$ Mn.)	(3,122)	Branch Network	226
Worker Remittances (US\$ Mn.)	3,330	Insurance Companies	18
Current Account Balance (US\$ Mn.)	(214)	Life & General	11
Overall Balance (US\$ Mn.)	2,725	General	5
		Life	2
GOVERNMENT FINANCE		Unit Trusts	18
Revenue (Rs. Bn.)	700	Student Savings Units	2,788
Tax Revenue (Rs. Bn.)	619	ATMs	1,876
Total Expenditure (Rs. Bn.)	1,202	Credit Cards Issued	840,509
Current Expenditure (Rs. Bn.)	880	Local	58,302
Public Investment (Rs. Bn.)	330	Global	782,207
Revenue Deficit/GDP(%)	3.7	Reserve Requirement (%)	7.0
Budget Deficit/GDP(%)	9.9	Credit Institutions Reported to CRIB	95
Revenue (US\$ Mn.)	6,087	Credit Rating Institutions	2
Tax Revenue (US\$ Mn.)	5,385		
Total Expenditure (US\$ Mn.)	10,457	SUSTAINS TARIFF REGIME	
Current Expenditure (US\$ Mn.)	7,653	Duty Free Items	764
Public Investment (US\$ Mn.)	2,874	Duty Below 5%	2,087
Budget Deficit (US\$ Mn.)	4,144	Duty between 5%-10%	475
Total Government Debt (US\$ Mn.)	36,205	Duty between 15%-28%	2,923
		Duty between 75% - 100%	9
Total Debt Service (GDP %)	17.1	Specific	52
		Specific and Advolarum	210
		Total Line Items	6,520

Sri Lanka at a Glance - 2009 *contd..*

TAX RATES (%)		SOCIAL DEVELOPMENT	
Personal Income Tax		Life Expectancy at Birth	74.1
First Rs. 300,000	Free	Infant Mortality (Per 1,000 Live Births)	10.0
Next Rs. 400,000	5	Maternal Mortality Rate (100,000 Live Births)	45
Next Rs. 400,000	10	Crude Birth Rate (Per 1,000)	18.4
Next Rs. 400,000	15	Crude Death Rate (Per 1,000)	5.9
Next Rs. 500,000	20	Literacy (Overall % of Population)	91.3
Next Rs. 500,000	25	Dependency Ratio (%)	48.3
Next Rs. 500,000	30	Access to Safe Drinking Water(% of People)	84.8
Balance	35		
Foreign Exchange Earnings	Free		
Corporate Tax		MOBILITY OF PEOPLE	
Standard Rate	35	Motor Bicycles	1,896,021
Taxable Income Less Than Rs. 5.0 Mn	15	Three-Wheelers	443,895
Export Income	15	Tractors	262,742
		Lorries/Trucks	284,847
		Busses	81,789
		Jeeps/Cars	387,210
Economic Service Charge			
ESC Rates	0.05% to 1%		
(Any ESC paid is Deductible From Any Income Tax/Corporate Tax Payable)		ACCESS TO BASIC INFRASTRUCTURE	
VAT		Electricity to Households (%)	86
Standard Rate	12	Pipe-borne Water (%)	35.5
Exports	0	Telecommunication	
Luxury	20	Fixed Access Services (No.'000)	3,431
NBT	3	Cellular Phones (No.'000)	13,950
Port & Airport Development Levy	5	Internet & E-mail Subscribers (No.'000)	240
Social Responsibility Levy	1.5		
Customs Duty		Postal	
Inputs/Raw Material	0 - 2.5	Public Post Offices	4,054
Intermediate	6 or 15	Private Post Offices	684
Finished and Luxury Goods	28	Roads	
Excise Duty		Road Density (km/sq. km)	1.5
Cigarettes (Rs. Per 1,000)		Village Coverage (%)	95
Length below 60 mm	2,289	Total Road Length(km)	116,862
Length 60-67 mm	5,706	Ports	
Length 67-72 mm	8,485	Vessels Arrived	4,456
Length 72-84 mm	10,715	Total Container Handled-(TEUs '000)	3,464
Length exceeds 84 mm	12,170	Total Cargo Handled- '000 MT	48,777
Motor Vehicles		Transshipment (TEUs '000)	2,633
Passenger Transport	0	MEGA IRRIGATION SCHEMES	
Three -Wheelers		(extent to be newly cultivated)-ha	
Petrol	4	Deduru Oya Reservoir	8,515
Diesel	14	Uma Oya	5,000
Other vehicles	34 - 120	Rambukkan Oya Reservoir	3,500
		Udawalawa Left Bank	3,500
ANNUAL AVERAGE EXCHANGE RATE		Veheragala (Menik Ganga)	3,100
Rs./US\$	114.94	Moragahakanda & Kalu Ganga	3,000
Rs./SDR	177.22	Yan Oya	2,600
		Heda Oya	2,000

Sri Lanka at a Glance - 2009 *contd..*

PROFESSIONAL (PROVISIONAL)		MEDIA	
Doctors (In-position)	13,633	Registered	
Registered Medical Practitioners (In -position)	1,198	Sinhala Newspapers (No.)	161
Dental Surgeons (In -position)	939	Tamil Newspapers (No.)	68
Engineers (Registered)	12,718	English Newspapers (No.)	40
Accountants		Published	
CIMA Qualified (Associate Members)	3,167	Sinhala Newspapers (No.)	133
Chartered Qualified (Practicing Chartered Associates & Fellow)	3,602	Tamil Newspapers (No.)	58
Lawyers (Registered)	19,311	English Newspapers (No.)	39
		TV Stations	20
		Government	6
ACCESS TO BASIC NEEDS		Sinhala	2
Health		Tamil	2
Private Hospitals	220	English	2
Public Hospitals	555	Private	14
Beds	68,897	Sinhala	8
Primary Health Care Units	475	Tamil	2
No. of Doctors	13,633	English	4
Total Manpower (provisional)	103,355	Radio Stations (No.)	59
Education		Radio Channels - Government	27
Government	9,410	Sinhala	15
Schools	3,860,176	Tamil	7
Students	212,441	English	4
Teachers			
Private & Pirivenas		CAPACITY OF ON-GOING HYDRO POWER/ THERMAL PLANTS (MW)	
Schools	795		
Students	172,584	Upper Kotmale Hydro Power	150
Teachers	11,565	Norochchole Coal Fired Plant	300
Access to Semi Permanent and Permanent Houses (% of People)	88		
		Installed Capacity (MW)	2,695
WOMEN PARTICIPATION		CEB	1,758
Women Population ('000)	10,715	Hydro Power	1,207
Employed Women ('000)	2,639	Thermal Power	548
Women Participation in the Labour Force (%)	32.8	Wind Power	3
Women in the Public Service	464,464	Private Sector	937
Unemployed Women (%)	8.2	Hydro Power	158
		Thermal Power	779
POVERTY			
Poverty Gap Index-PGI or PI (%)	3.1	STOCK MARKET	
Poverty Head Count Index-HCI (%)	15.2	Market Capitalization (Rs. Bn)	1,092.1
Average Daily Calorie Intake (Both Poor and Non-poor)	2,118	Average Daily Turnover (Rs. Bn)	142
Gini Co-efficient of Per Capita Expenditure	0.4	All Share Price Index (ASPI)	3,385.6
		Milanka Price Index (MPI)	3,849.4
		Market Price Earning Ratio-end of the year (%)	16.5
		Turnover to Market Capitalization	13.0

MACRO ECONOMIC PERSPECTIVES

01

Economic Overview

Sri Lanka recorded a per capita income of US\$ 2,050 in 2009 compared to US\$ 2,015 in 2008, exhibiting resilience to external and domestic shocks and realizing a growth of 3.5 percent in 2009. The performance should be viewed in the backdrop of the impact of the global, financial and economic crises which affected the Sri Lankan economy from September 2008. The economy grew by a moderate 1.8 percent in the first half of 2009 but bounced back to 6.2 percent in the last quarter of 2009.

The agriculture sector grew moderately by 3.2 percent in 2009 despite the setbacks stemming from vagaries of weather which affected mainly the tea and paddy production in early 2009 while the contraction in external demand depressed export prices of agricultural exports. However, good agricultural practices that were adopted such as timely pruning, the higher international prices in the latter part of the year, better performance in non export agricultural crops such as big onions and maize coupled with the expansion of the fisheries sector after the end of the conflict in May 2009, helped to maintain a moderate growth in the agriculture sector. The policy measures taken to continue the fertilizer subsidy, the major drive prompted by the government to cultivate abandoned paddy lands, the enthusiasm brought into domestic agriculture production through the "Api Wawamu Rata Nagamu" national food production program, extending financing on concessional terms, providing agricultural equipment and tools to the farmer community coupled with attractive producer prices promoted through Government facilitation complemented the favourable performance in the agricultural sector output.

A moderate growth of 4.2 percent was recorded in the industry sector in 2009 mainly due to the lower contribution from the manufacturing sub sector, which was adversely affected due to the global recession compared to 5.9 percent in 2008.

The textile and apparel sub sector grew by 3.8 percent in the last quarter of 2009, a recovery from the negative growth witnessed in the first nine months of the year. Although the small and medium scale manufactures had to face problems due to the contraction of the world demand and high cost of production, due to the high interest rate regime that prevailed in the first half of the year, the sector as a whole bounced back strongly in the second half of 2009 withstanding the depressed demand. The food and

beverages sector managed to record a growth of 5.9 percent in 2009 supported by the expansion in the domestic market and safeguard measures, introduced by the Government through the tax structure, to safeguard local industries from adverse import competition. Although public investments provided an impetus to the construction sector, the private sector investment in housing and urban property development contracted due to lack of demand and high cost of financing.

With the setbacks in export and imports trade stemming from the global economic downturn and associated contraction in port and insurance activities, caused a moderate growth in the service sector. The hotel and restaurant sector which operated at a low level up to first half of 2009 showed a strong recovery in the latter part of the year, with the expansion of local and foreign tourist activities in the wake of peace after the victory against terrorism and gradual recovery as witnessed in the world economy.

The consumer price index, after reaching a peak of 28.2 percent in June 2008 decelerated sharply to reach 4.8 percent by end of 2009 recording an overall average inflation rate of 3.4 percent in 2009. The decline in commodity prices in the international markets coupled with improved domestic supply conditions, the downward revision of administered prices such as petroleum prices and tight monetary policy measures, pursued for several years aided the rapid deceleration in inflation.

With the positive outlook on inflation, the tight monetary policy stance adopted by the Central Bank of Sri Lanka was relaxed by the reduction of policy rates, Statutory Reserve Ratio, penal rates and removing of margin requirements for imports to improve the credit environment to meet private sector credit demands. These developments have brought in a reduction in the interest rates in the domestic market. Mainly consequent to reduced interest rates and improvements in investor confidence in the post war environment, private sector credit picked up moderately in the latter part of 2009, although it still remains below the desired levels.

Improved market confidence arising from a positive outlook for inflation helped yield rates of government securities in both long and short term maturities, to decline in 2009. The yield rates of

Treasury Bills of all three maturities declined by around 10 percentage points while the rates of longer maturity bonds declined significantly. Also, the Government was able to facilitate the issuance of bonds with longer maturity. The yield rate on 2 year Treasury Bonds declined from 20.53 percent by end 2008 to a single digit level of 9.55 percent by end 2009. Bonds issued in the primary market which was limited with maturities of 2-3 years of end 2008 were extended to 10 year maturities during the year. With state banks taking the lead to reduce the lending rates coupled with the reduction in policy rates of the Central Bank, the market interest rates dipped in the latter part of 2009 with commercial bank prime lending rates declining over 800 basis points to 11.12 percent by end 2009, while the average weighted lending, rate which is applicable to the loan portfolio of commercial banks gradually declined by 272 basis points to 17.41 percent by end 2009.

The opening up of the Treasury Bill market to foreign investors led to a significant inflow of short term capital from 2007, which reversed with premature withdrawals in the latter part of 2008 with the global financial turmoil. This trend continued up to the 1st quarter of 2009, exerting pressure on the Balance of Payments and the exchange rate. The positive outlook in the macro economic condition and increased investor confidence in the domestic economy brought about consequent to the end of the terrorist activities in May 2009, Sri Lanka's external sector recovered in the second half of 2009. The substantial reduction in import costs as opposed to the contraction in export earnings, narrowed down the trade deficit. The comparatively lower deficits in the trade and income accounts and a surplus in the service account with the revival of tourism activities coupled with the continuous steady inflow of worker remittances, the external current account recorded a marginal deficit of 0.5 percent of GDP in 2009 compared to a deficit of 9.5 percent in 2008. Reflecting the global economic uncertainty the foreign direct investments and private long term capital flows declined but government was successful in raising US\$ 500 million through the Sri Lanka government bond issue and further mobilizing US\$ 1,279 million on public investment on concessional terms from donor agencies. Also US\$ 1,369 million was raised as short term borrowings from foreign investors in the 2nd half of 2009. These developments resulted in a BOP surplus of US\$ 2,725 million in 2009 compared to a deficit of US\$ 1,385 million in 2008 contributing to a rise in official reserves to US\$ 5,357 million and the total reserves to US\$ 7,030 million which was sufficient to cover 8.3 months of imports.

The budgetary situation was managed in the backdrop of a very volatile global economic environment, with a lower than expected revenue growth stemming from less than expected recovery in trade based taxes and more than expected adverse impact from the global economic meltdown on the Sri Lankan economy. Additional claims on account of post conflict rehabilitation and humanitarian expenditure, the impact of the high interest rate structure which prevailed in the latter part of 2008 and the first half of 2009 and the high level of public investments, made managing the fiscal situation even more difficult.

The continued deterioration in revenue collection from VAT, import duties and excise taxes levied at the point of import due to the erosion in the value of imports resulted in lower revenue from such sources. Contraction in cigarette sales and liquor production attributable to government policy and the slowdown in economic activities further hampered the revenue flows. Consequently, government revenue increased only moderately by Rs. 45 billion or 7 percent over last year. However, the revenue as a percentage of GDP reduced to 14.5 percent in 2009 from 14.9 percent in 2008.

The recurrent expenditure totaled Rs. 880 billion or 18.2 percent of GDP compared to 16.9 percent in 2008. Due to the high interest rate structure that prevailed in the first nine months of 2009 and investor preference shifting to short term investments within a high inflationary environment, adversely affected the interest cost of public debt. In relation to GDP, the interest expenditure increased to 6.4 percent in 2009 from 4.8 percent in 2008. However, the non interest recurrent expenditure as a ratio of GDP declined reflecting the commitment of the government to maintain such expenditure within prudential limits. The revenue shortfalls and the increase in interest cost enhanced the revenue deficit to 3.7 percent of GDP in 2009 compared to 2 percent of GDP in 2008.

Public investment in 2009 reached 6.8 percent of GDP given the Government's commitment to develop infrastructure facilities, considering associated medium and long term benefits on the economic growth and income generation. With these developments, the government budget deficit reached 9.9 percent of GDP. The financing of the deficit indicated a bias towards domestic sources in the first eight months of 2009 resulting from the sluggish performance in revenue coupled with difficulties in raising planned foreign borrowings due to depressed international money markets. However, with the improvement in foreign investor confidence and

the successful completion of the international bond issue, foreign borrowings increased significantly in the latter part of 2009. Due to these developments, Government was able to retire certain high cost domestic debt of the banking sector thereby easing the

liquidity position of the banks and improving their ability to lend to the private sector. Meanwhile, reflecting the higher budget deficit and lower growth in nominal GDP the outstanding Government debt to GDP ratio increased to 86.2 percent.

Table 1.1
Medium Term Macro Economic Framework (2010-2012)

Indicator	Projection		
	2010	2011	2012
GDP at Market Prices (Rs. Bn.)	5,445	6,202	7,064
GDP Growth (%)	6.5	7.5	8.0
Inflation-GDP deflator (%)	6.0	6.0	5.5
Total Investments/GDP(%)	27.8	29.5	32.0
Domestic Savings/GDP(%)	18.6	20.4	23.0
National Savings/GDP(%)	24.2	26.3	29.2
Exports (US\$ Mn.)	8,094	9,067	10,197
Imports (US\$ Mn.)	12,968	14,655	16,504
Services (US\$ Mn.) (net)	517	695	837
Worker Remittances (US\$ Mn.)	3,696	4,139	4,636
Current Account Balance(US\$ Mn.)	-1,642	-1,638	-1,642
Current Account Balance/GDP (%)	-3.5	-3.1	-2.7
Overall Balance (US\$ Mn.)	700	967	902
Revenue & Grants/GDP(%)	15.2	16.0	16.8
Expenditure/GDP(%)	24.9	22.8	21.8
Revenue (Deficit/Surplus)/GDP(%)	-2.1	-0.6	0.9
Overall Budget (Deficit/Surplus)/GDP(%)	-8.0	-6.8	-5.0
Government Debt/GDP(%)	83.1	78.0	72.0
Reserve Money Growth(%)	13.5	14.0	13.9
Broad Money Growth (%)	13.5	14.1	14.0

Sources: Department of National Budget
Department of Fiscal Policy
Department of Census and Statistics
Central Bank of Sri Lanka

External Environment and Outlook

The world economy started to show signs of recovery in the second half of 2009, from the economic and financial crises, responding positively to the extraordinary fiscal and monetary policy stimulus effected by advanced countries as well as rest of the world, which

aimed at addressing the problems of troubled financial institutions and restoring credit flows for real sector activities. The much needed confidence re-building process was also facilitated through the extraordinary financial support packages made available by multilateral lending agencies, particularly the International Monetary Fund and the World Bank for several affected countries.

Table 1.2
GDP Growth Rates

	2007	2008	2009	Projections	
				2010	2011
World GDP Growth	5.2	3.0	-0.6	4.2	4.3
Advanced Countries	2.8	0.5	-3.2	2.3	2.4
United States	2.1	0.4	-2.4	3.1	2.6
Euro area	2.8	0.6	-4.1	1.0	1.5
Japan	2.4	-1.2	-5.2	1.9	2.6
Other Advanced Countries	3.9	1.2	-2.3	3.0	3.4
Emerging and Developing Economies	8.3	6.1	2.4	6.3	6.5
Asia	10.6	7.9	6.6	8.7	8.7
China	13.0	9.6	8.7	10.0	9.9
India	9.4	7.3	5.7	8.8	8.4
ASEAN-5*	6.3	4.7	1.7	5.4	5.6
Sri Lanka**	6.8	6.0	3.5	6.5	7.5
Africa	6.9	5.5	2.1	4.7	5.9
Central and Eastern Europe	5.5	3.0	-3.7	2.8	3.4
Commonwealth of Independent States	8.6	5.5	-6.6	4.0	3.6
Russia	8.1	5.6	-7.9	4.0	3.3
Middle East	5.6	5.1	2.4	4.5	4.8
Western Hemisphere	5.8	4.3	-1.8	4.0	4.0
Brazil	6.1	5.1	-0.2	5.5	4.1
Mexico	3.3	1.5	-6.5	4.2	4.5

Source: International Monetary Fund

* Includes Indonesia, Malaysia, Philippines, Thailand and Vietnam

** for 2010 and 2011 as given in Central Bank's Annual Report 2009

Despite the impact of the crisis, continued growth of domestic demand in emerging Asian economies, mainly China and India with their own policy interventions, helped to contain the loss of world GDP in 2009. While the predicted depression had been avoided, the world output declined to -0.6 percent in 2009, after the growth rate declining to 3 percent in 2008 from 5.2 percent in 2007.

Meanwhile, the impact of the global economic downturn was being felt among all regions with different degrees of severity. However, the recovery process has been considered fragile and it is expected to take a few years for the world to return to pre-crisis rates of economic growth, employment and fiscal stability. Large fiscal deficits that have emerged, particularly in advanced countries, have posed another set of adjustment challenges for individual countries.

Table 1.3
Budget Balance and Debt

	(%) of GDP				
	2007	2008	2009	Projection	
				2010	2011
Major Advanced Countries:					
Budget Balance					
United States	-2.9	-5.4	-7.9	-9.2	-7.3
Japan	-2.5	-3.5	-7.4	-7.5	-7.4
United Kingdom	-2.9	-5.2	-7.8	-7.6	-6.2
Euro Area	-1.7	-2.6	-4.3	-4.7	-4.5
Major Advanced Countries:					
Debt					
United States	62.1	70.6	83.2	92.6	97.4
Japan	187.7	198.8	217.6	227.3	234.1
United Kingdom	44.1	52	68.2	78.2	84.9
Euro Area	65.7	69.1	78.3	84.1	88.1

Source: International Monetary Fund

In addition, oil prices after declining by 36 percent in 2009 with the depressed global demand, bounced back during the last quarter of 2009. On a quarter to quarter basis, world average crude oil price

was higher by 80 percent in the fourth quarter of 2009. The oil price has already risen to around US\$ 85 per barrel by mid April 2010 and future trends remain highly uncertain.

Table 1.4
World Commodity Prices Changes (Percentages)

	2008				2009				2010
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Non fuel Primary Commodities	22.8	17.2	5.5	-24.4	-35.4	-25.8	-14.6	27.0	31.3
Food	45.3	44.2	14.0	-18.1	-27.1	-20.3	-14.8	16.6	11.2
Beverages	36.6	34.1	24.8	1.0	-14.0	-11.5	4.5	33.3	18.6
Industrial Inputs	6.2	-2.9	-3.1	-31.8	-45.4	-33.0	-16.4	37.9	58.8
Agricultural Raw Material	-0.8	3.5	3.5	-22.8	-29.6	-25.5	-13.6	27.0	53.5
Metal	9.4	-5.6	-6.1	-36.4	-52.0	-36.4	-17.8	44.5	62.0
Crude oil	68.1	92.9	29.1	-53.6	-53.9	-47.4	-31.1	80.3	68.9

Source: International Monetary Fund

Notes: Changes are over the quarter of the previous year.

The volume of world trade in goods and services declined by 10.7 percent in 2009. Imports by advanced countries, which impacts on Sri Lanka's exports, declined by 12.0 percent in 2009 and is expected to bounce back to around 5 percent in the next two years. Imports by emerging and developing economies which had increased by 14.5 percent in 2007 and 8.5 percent in 2007, declined by 8.4 percent in 2009. In this background, Sri Lanka's exports and imports of goods and services also declined by 20.0 percent in 2009, thereby causing a reduction of Sri Lanka's trade by 14 percentage points from 63.3 percent of GDP in 2008 to 49.3 percent in 2009. Nevertheless, Sri Lanka maintained a moderate growth in real GDP in 2009, owing to enhanced domestic economic activities, accelerated public investments and consequent to the positive impact of ending the war. It is expected that world trade volumes will grow faster in the next two years and will have an overall positive impact on the world economy. The IMF has projected the world output to grow by 4.2 percent in 2010 and 4.3 percent in 2011.

All major categories of commodity prices, i.e. non-fuel primary commodities, food, beverages, industrial inputs, agricultural raw material, metal, energy etc. started to move upwards in the fourth quarter, after a sharp fall and remained depressed for more than a year. The overall inflation data for many countries also showed an upward movement, confirming that the deflationary period associated with the global economic slow down was over. The IMF has predicted, prices of non-fuel primary commodities on average to increase by 13.9 percent in 2010, after an 18.0 percent drop in 2009 and oil prices to be higher by 29.5 percent in 2010. The full impact of large fiscal imbalances on price levels at individual country level and Balance of Payments positions are yet to be fully known. Meanwhile, there is a continued debate on how long the fiscal and monetary policy stimulus should be continued in advanced countries in the context of economic and social implications of the crisis.

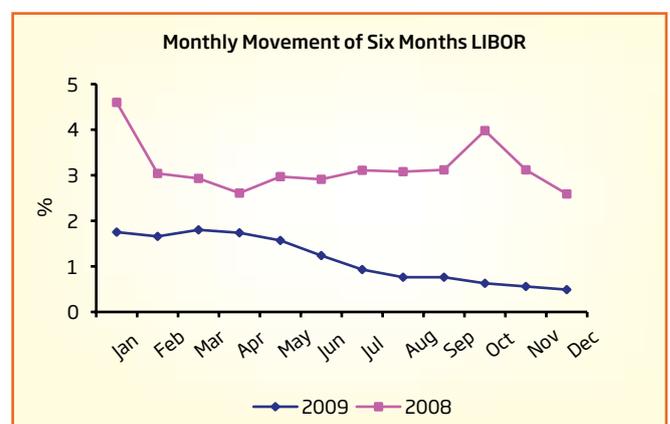
IMF's Global Financial Stability Report Market Update (GFSMP) in January 2010, pointed out that the financial markets have stabilized and the tightened bank lending had moderated faster than expected, but cautioned that bank lending is likely to remain sluggish, given the need to rebuild capital, the weaknesses of private securitization, and the possibility of further credit write-downs. The global equity markets have also regained some of the lost grounds, however, the GSFMP indicated that the resurgence of corporate bond issuance has not offset the reduction of bank

credit to private sector. It further cautioned that those sectors that have only limited access to capital markets, i.e. consumers and small and medium-size enterprises are likely to continue to face credit constraint, and this was the experience in Sri Lanka as well. In the context of the crises, the credit to the private sector became negative in 2009.

The net private capital inflows to emerging and developing countries in 2009 remained at around US\$ 180 billion, the same level as in 2008, compared to US\$ 689 billion in 2007. A notable development had been that the net private capital inflows to developing Asian countries had increased from US\$ 33.8 billion in 2008 to US\$ 145.5 billion in 2009, despite the crisis.

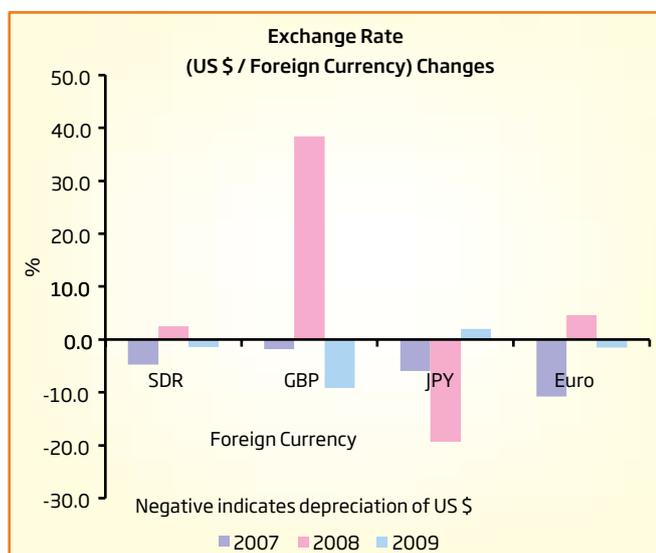
The sharp contraction of credit demand coupled with injection of new liquidity has led to a further decline of interest rates on foreign currency deposits. Given this global scenario, and high interest rates in Sri Lanka, in a context where Government Securities market has been opened for foreign investment, however, had a positive effect to attract foreign capital funds to the country when the country needed foreign funds inflows to cushion foreign reserves and sustain economic and financial stability under difficult conditions. While there was no direct additional budgetary impact due to these inflows as exchange rate risk is on the foreign investors, there would be an impact on the balance of payments because of the relatively higher cost, which will also be influenced by exchange rate variations. In addition, these inflows are of a short-term character and has raised the non-concessional share of foreign debt.

Chart 1.1



The global economic and financial crisis also altered the behaviour of the exchange rate among key currencies with significant implications on balance sheets depending on the country exposure to various currency positions, and on trade and financial flows. The large global macro economic imbalances (budget and external current accounts) among major countries were also a continuing concern for all countries, as the directions of future movement of these imbalances and the exchange rates among key currencies are highly uncertain. After 38.4 percent depreciation of the US dollar against the British Pound, 4.6 percent the Euro, 2.5 percent against the SDR, and depreciation of 19.3 percent against the Japanese Yen in 2008, the exchange rate changes reversed in 2009. The dollar depreciated by 1.5 percent against the Euro and 1.4 percent against the SDR and an appreciation of 2 percent against the Japanese yen in 2009. These currency movements together with the depreciation of the Sri Lanka rupee against the dollar have adversely impacted the debt indicators in Sri Lanka. The debt stock rose by Rs. 25 billion due to the exchange rate impact.

Chart 1.2



Real Sector Performance

Sri Lanka's economy recovered strongly to record a 6.2 percent growth in GDP in last quarter of 2009 from a mere 1.8 percent growth recorded in the first half of 2009 and generated an annual average growth of 3.5 percent. The adverse impact of the global economic slowdown particularly from the last quarter of

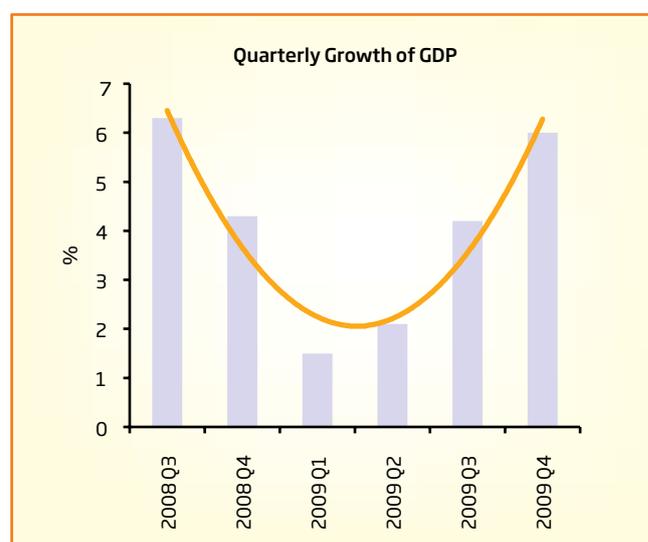
2008 which affected almost all sectors of the economy coupled with the related slowing down of domestic economic activities and unfavorable domestic weather conditions that lowered the agricultural output were the main contributory factors for the lower growth in the first half of 2009. During the third quarter, GDP rebounded reflecting a recovery of most of the affected sectors from the global recessionary conditions and the favourable benefit after winning the 30 year old war against terror.

Table 1.5
Sectoral Growth Rates within 2009

Sectoral Growth Rates within 2009					
Sector	Q1	Q2	Q3	Q4	Annual
GDP (Nominal)	11.9	4.7	5.2	15.9	9.4
Agriculture	7.4	-10.8	-3.1	22.8	3.0
Industry	15.4	5.5	4.7	17.3	10.7
Services	11.3	8.3	7.4	13.9	10.2
GDP (Real)	1.6	2.1	4.2	6.2	3.5
Agriculture	3.6	5.0	-0.5	5.3	3.2
Industry	1.9	3.0	4.4	7.3	4.2
Services	1.0	1.1	5.1	5.7	3.3

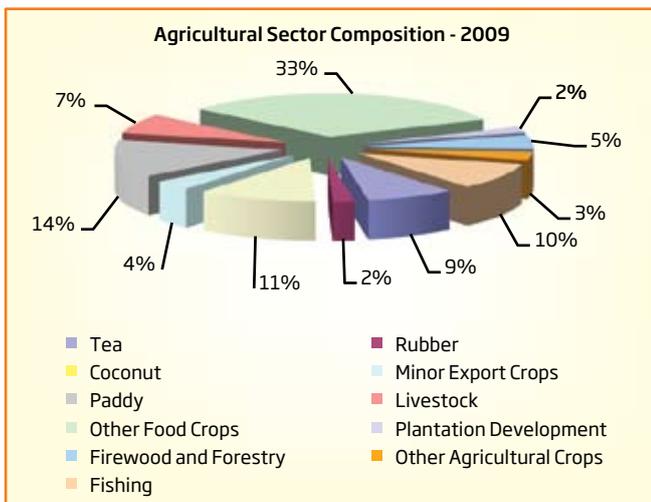
Source: Department of Census and Statistics

Chart 1.3



In 2009, all major sectors of the economy recorded positive growth rates. The agriculture sector grew moderately by 3.2 percent in 2009 compared to a high growth of 7.5 percent in 2008. This was achieved despite the vagarious of weather in the first quarter of 2009 contracting the tea and paddy output and the contraction in external demand. However the fishing sub sector performed well recording a growth rate of 6.9 percent benefiting from the relaxation of restrictions on fishing in North and Eastern provinces after ending of war in May 2009 coupled with the completion of all fishery harbours affected by the 2004 Tsunami and due to the successful implementation of rehabilitation projects for fisheries community in the Eastern Province. Although the coastal fishing rebounded significantly substantial contraction was evident in inland fishery owing mainly to the dry weather conditions. However the shrimp farm industry recovered in 2009 from the white spot disease, which affected the industry in 2008.

Chart 1.4



Total paddy production at 3.65 million metric tons declined by 5.8 percent compared to the highest ever production of 3.87 million metric tons in 2008. Compared to the bumper paddy harvest recorded in 2008/2009 Maha, the 2009 Yala paddy production declined by 28 percent against the 5.1 percent growth in 2008 Yala seasons as a result of the delay in the Monsoon. Nevertheless, the paddy production in 2008/2009 Maha season increased by 12 percent to around 2.4 million metric tons compared to the previous year Maha season benefiting from increased extent in cultivation, increased productivity supported by favourable weather during the period and continuation of fertilizer subsidies by the Government.

The tea production dipped in the first three quarters of 2009 mainly due to the falling of export demand and adverse weather conditions. However, good agricultural practices adopted, such as timely pruning activities carried out during the period of contraction in demand coupled with the higher international prices and favourable weather conditions in the latter part of 2009, tea production in the last quarter grew by 17 percent. However the annual growth turned out to be negative 9 percent due to sharp contraction in the first three quarters of 2009. The production stood at 290 million Kg compared to 316 million Kg in 2008. The annual average all tea prices at Colombo Tea Auction reached the highest ever prices recorded and reached Rs. 360 per Kg in 2009 compared to Rs. 302 per Kg in 2008.

The rubber production contracted in the first half of 2009 and picked up in the latter part of 2009 and recorded a moderate growth of 5.9 percent. The production increased to 137 million Kg in 2009 from 129 million Kg in 2008. The decrease in the demand for natural rubber in the backdrop of lower pricing of synthetic rubber affected the rubber production in the first half of 2009. However, in the latter part of the year the substantial increase in international prices of natural rubber with gradual increase in crude oil prices, helped to encourage rubber produces to increase their production. Also the unfavourable weather condition that prevailed in the major rubber producing countries such as Thailand, Malaysia and Indonesia led to a shortage of world supply also boosted the natural rubber prices towards the end of the year. The average prices of natural rubber increased over 90 percent in the fourth quarter of 2009 compared to the first quarter of 2009 and reached around Rs. 280 per Kg while the latex crepe and crepe increased to Rs. 315 per Kg by latter part of the year, an increase of over 125 percent compared to the first quarter of 2009.

Coconut production benefiting from the lag effect of the favourable weather condition that prevailed in the first half of 2008, recorded an increase over 18 percent in the corresponding period of 2009 but production suffered in the second half of 2009 due to the unfavourable weather conditions. This resulted in an annual reduction of 5 percent in coconut production in 2009. The total production in 2009 was 2,762 million nuts compared to 2,909 million nuts in 2008. However, the coconut oil production increased by 28 percent to 75,940 metric tons supported to a certain extent by the increased duty on palm oil industry with a large number of coconut oil mills starting re-operation during the year. Further this boosted the producer prices of fresh nuts towards the end of the year.

The minor export crop production which experienced a negative growth during first three quarters recovered rapidly in the last quarter and recorded 26 percent growth yielding an annual growth of 5.2 percent. The production of cinnamon and cocoa increased in 2009 mainly due to the improved export demand coupled with increased export prices. However production of pepper, coffee, cardamom and cloves declined during the year. The unfavourable weather condition, less export demand and lower export prices could be cited as the main factors that contributed for the production declines of these crops.

The production of other field crops showed mixed performance during the year. Increased producer prices and enhanced domestic consumption coupled with the imposition of import taxes benefited the domestic maize production which stood at 129,800 metric tons in 2009. Favourable weather conditions, productivity improvements and farmers shifting to cash crops and timely intervention by the government through import taxes resulted in an increase in big onion production to 81,700 metric tons, a 42 percent increase over 2008. However insufficient rainfall in the Yala Season affected the chilies production while potato production was also declined by 18 percent to 61,700 metric tons mainly due to the vagaries of weather.

Livestock production increased by 6.2 percent with increased dairy and poultry productions responding to the higher prices. Local milk production increased by 12 percent to 233 million liters. The milk products also showed a significant improvement during the year with yoghurt and curd productions increasing by 73 percent and 28 percent respectively. The egg production declined by 3 percent mainly due to a drop of day old chick production and health related problems reported from some poultry farms.

The Government initiatives such as the introduction of an island wide food production program, continuation of the fertilizer subsidy scheme, minimum purchase prices for paddy and milk, intervention by the government to purchase paddy has seen a resurgence of agriculture sector activities in recent times. These measures have resulted in over 75,000 acres of abandon lands been brought under cultivation within the year 2009 and also around 300,000 home gardens have been developed across the country. The continuous Government investment in irrigation sector also boosted the

agriculture sector. The provision of agricultural equipment and seeds coupled with agricultural credit facilities, interest subsidies have also provided a conducive environment to improve this sector. Government also continued with the tax structure with a view to discourage agricultural imports.

Industry Sector Records a Moderate Growth Amidst Challenges

Withstanding the declining external demand entailed with the world recession coupled with the low demand for domestic market oriented industries the value addition of the industrial sector grew by 4.2 percent in 2009 compared to 5.9 percent in 2008. All four sub-sectors namely mining and quarrying, manufacturing, electricity, gas, water and construction contributed positively for the growth in the sector.

Chart 1.5



The factory industry grew by 3.4 percent in 2009 compared to 5 percent in 2008. This achievement should be viewed in a backdrop of decline demand conditions in major export destinations and slow domestic demand due to slowing down of domestic economic activities and high cost of production mainly due to high interest rates and cautious lending by banks in the first 3 quarters of 2009. However, the factory industry recovered gradually in the latter part of 2009 with the revival of the demand in exports as well

as increase in domestic demand as a result of the access to new markets in the North and Eastern regions.

The performance of export oriented industries which started to deteriorate in the latter part of 2008, due to weakening global economic conditions and stiff competition from low cost countries such as China, Cambodia and India, continued in 2009. The major export oriented industries being apparel and leather sectors recorded a marginal growth of 0.3 percent while recording a 3.8 percent in the last quarter of 2009.

Despite the depressed demand from the international buyers and uncertainty on the availability of GSP+ scheme the exports of apparel and leather products category reached US\$ 3,274 million in 2009. The depressed world demand and high borrowing cost adversely affected the small and medium scale garment manufactures while the established manufactures were able to remain competitive through maintaining the reputation of high quality products, increasing the focus on eco friendly manufacturing mechanisms, facilitating solid waste management and low carbon emission and concentrating on niche markets.

The output of food, beverages and tobacco products increased by 5.9 percent in 2009 compared to 5.2 percent in 2008 with enhanced production of biscuits, canned fruits, beverages, milk and coconut based products. The expansion in the domestic markets, introduction of value added high quality products supported by safeguard measures introduced by the Government through CESS mechanism to protect local industries from adverse import competition helped to boost the output of this sub sector. Also the capacity in the dairy industry expanded through modernizing factories benefiting from the tax concessions granted and opening of milk collecting centers in North and East. The production of liquor and cigarettes continued to decline in line

with the Governments anti alcohol and anti tobacco initiatives. The food beverages sector is bound to expand in 2010 with improved connectivity of the whole country and revitalizing of the tourism sector activities.

The chemical, rubber and plastic products category grew by 1.8 percent in 2009 compared to 6.4 percent in 2008. The global economic recession and related crash in the automobile industry causing a significant demand decline in rubber based products coupled with the demand contraction of PVC, plastics and paints products, due to the contraction of the domestic construction industry resulted in the deceleration of this sub category. The industries such as gem and jewellery, mineral products, fabricated metal products etc recorded a negative growth in the first half of 2009 but recovered in the last four months of the year. SME sector confronted with a high production cost and excessive financial cost at a time when the demand for their products were also at a lower end. The gradual recovery of the world economy coupled with the revitalization of the domestic construction industry, acceleration of the reconstruction and rehabilitation activities in the North and East and reduction of cost of borrowing will have an impetus on the manufacturing sector as a whole. The effort of the Government to revive the manufacturing sector through providing tax and other concessions insulated the sector to a certain extent from external and internal shocks in 2009 although this had a negative impact on the budget deficit.

The construction sector grew by 5.6 percent at a lesser growth than 2008. Although the public investments in ports, power, irrigation, road and flyovers boosted the construction industry, a contraction was seen in private sector investments in the housing and urban property development sector with number of such private sector projects been suspended due to lack of demand and excessive cost of financing. The sector has showed a moderate recovery of 7.3 percent in the last quarter of 2009.

Table 1.6
Manufacturing Sector Statistics

Category	Value Addition (current prices) Rs. Bn.			Number of Projects Approved by BOI			Private Sector Industrial Volume Index (1997=100)		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
Food beverages and Tobacco Products	283	348	397	53	34	36	162.7	171.5	192.4
Textiles, Apparel and Leather	132	148	155	35	19	26	148.5	153.3	152.9
Wood and Wood Products	1.4	1.4	1.6	14	8	4	133.3	140.2	144.7
Paper and Paper Products	5.0	6.0	6.6	5	1	3	134.5	142.0	147.8
Chemical/Petroleum/Coal/ Rubber and Plastic Products	113	135	143	27	12	20	203.0	216.0	220.1
Non-Metallic Mineral products & Basic Metal Products	20	24	26	19	16	16	171.5	178.3	171.2
Fabricated Metal Products, Machinery and Transport Equipment	48	55	62	27	21	15	151.5	159.1	164.3
Manufactured Products n.e. Specified	2.2	2.5	2.9	28	30	17	140.8	147.6	152.0

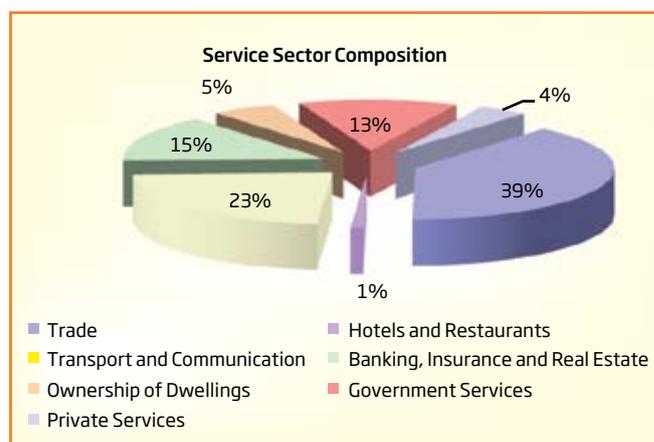
Sources: Central Bank of Sri Lanka
Department of Census and Statistics
Board of Investment (BOI)

Government's initiatives to promote regional industrialization and SME sector development continued in 2009. The granting of tax concessions and exemptions for establishment and relocation of factories in the regions, establishment of industrial villages with required infrastructure facilities, tax concessions on import of machinery and equipment continued, while funds were allocated to improve vocational training facilities with a view to prepare a competent work force required for factory based industries.

Moderate performance of the Service Sector

The slowdown experienced in external and domestic trade activities emanating from the global recessions, credit crunch impact on the domestic market resulted in a slower growth of 3.3 percent in the service sector. The financial crisis mainly stemming from unauthorized finance companies which had a contingent effect on private spending and performance of financial institutions also contributed towards poor performance in service related activities.

Chart 1.6



The telecommunication sector which recorded a buoyant growth in the recent past with an annual growth of over 20 percent posted a 12 percent growth in 2009. Even under a sluggish economic environment this growth was driven by the initiatives taken by service providers to introduce value added products, competitive rates and expansion of the network in the newly liberated areas. Cellular phone connections increased by 26 percent to 13.9 million while the expansion of the wireless network, which provided opportunities to the rural population to obtain connections easily continued in 2009 resulting an overall growth of 19.6 percent in

the fixed access telephone services. Increase in mobile connection significantly led to an increase in the mobile penetration as a percent of total population to 68.2 percent in 2009 from 54.8 percent in 2008. These developments resulted in an increase in the telephone density (telephones per 100 people) to 85 in 2009 from 71.9 in 2008.

The performance of port services encountered a set back in 2009 due to the drop in world trade stemming from the global economic crisis. The total vessels arrived at Sri Lankan ports decreased by 7 percent to 4,456 while total cargo handled contracted by 4 percent to 49 million metric tons in 2009. The total container handling decreased by 6 percent to 3.5 million TEUs in 2009.

The banking, insurance and real estate sector expanded by 5.7 percent in 2009 despite the slowdown in economic activities, the volatility in the sector created by the failure of unauthorized financial institutions and the credit crunch in the backdrop of a high interest rate regime. However licensed commercial banks and licensed specialized banks (LSB) network expanded supporting financial needs of the regions. During 2009, bank branch expansion continued with 276 new branches being established including

North and East. 237 new branches of commercial banks and 29 new branches of LSBs were opened with majority been located outside Western Province reflecting the expansion of financial activities in the regions. The bank network continued in investing in Automated Teller machines (ATM) to accommodate electronic fund transfer facilities and the ATMs in operation increased from 5,427 in 2008 to 5,703 by end 2009.

The hotels and restaurant sector showed a quick response to the end of the terrorist activities and recorded a growth of 13 percent in 2009 compared to a contraction of 5 percent in 2008. Expansion in both local and foreign tourist activities enabled this sub sector to register a growth. The setback in both export and import sub sectors stemming from the global economic crisis resulted in a contraction in wholesale and retail trading activities.

The Government continued to invest in public transport system with a view to enhance the service by adding 199 new buses to the existing fleet of SL Transport Board while SL Railway initiated several projects in 2009 to rehabilitate and reconstruct of railway lines. The construction of the new railway line spanning from Matara to Katharagama also commenced.

Table 1.7
Selected Indicators of Services Sector

Indicator	2005	2006	2007	2008	2009
Port Services					
Vessels arrived	4,139	4,469	4,710	4,814	4,456
Total Cargo Handled (MT '000)	37,300	42,661	46,344	50,582	48,777
Total Container Handled (TEU '000)	2,455	3,079	3,381	3,687	3,464
Transshipment (TEU '000)	1,716	2,330	2,578	2,785	2,633
Telecommunication Sector					
Fixed Telephone Lines (No. '000)	919	910	932	934	871 (a)
Cellular Phones (No. '000)	3,362	5,412	7,983	11,083	13,950
Wireless Phones (No. '000)	325	974	1,810	2,513	2560
Internet and E-mail Subscribers ('000)	115	130	202	234	240
Health Sector					
Private Hospitals	190	208	212	220	220
Public Hospitals	606	604	619	619	555(b)
No. of Beds (Government)	61,937	62,749	62,197	65,835	68,897
No. of Doctors (Government)	9,070	10,526	11,442	13,026	13,633
No. of Nurses (Government)	20,332	20,912	22,088	22,996	25,549
Financial Sector					
Bank Branches & Other Outlets	3,516	4,128	4,951	5,427	5,703
Credit Cards Issued	637,326	811,289	889,338	917,418	840,509
Branches of Insurance Companies	589	632	681	921	926
Registered Finance Companies	28	29	32	34	35
Registered Leasing Companies	68	72	76	78	74
Transport Services					
Buses	73,887	77,233	79,870	81,050	81,789
Cars	311,030	338,608	361,211	381,448	387,210
Lorries	223,740	244,176	262,584	276,622	284,847
Motor Cycles	1,265,514	1,422,140	1,604,648	1,760,600	1,896,021
Three Wheelers	254,193	318,659	361,727	406,531	443,895
Tractors	180,940	199,980	221,326	247,458	262,742

Sources: Central Bank of Sri Lanka

Ministry of Finance and Planning

(a) Wireline telephone decline due to shift of some subscribers to Cellular phone.

(b) Government hospitals were re-categorized in 2009 Under this categorization, 64 hospitals were re-named as Primary Healthcare Units.

Table 1.8
Sectoral Distribution of GDP Growth (%)

Sector	2005	2006	2007	2008	2009
Agriculture	1.8	6.3	3.4	7.5	3.2
Tea	3.0	-2.0	-1.8	4.2	-8.9
Paddy	23.6	2.9	-6.2	23.1	-5.1
Minor Exports	16.3	2.2	5.1	-2.1	5.2
Livestock	2.3	8.1	7.9	5.6	6.2
Food Crops	5.4	3.0	4.4	4.7	7.0
Fisheries	-43.0	53.5	15.6	9.9	6.9
Industry	8.0	8.1	7.6	5.9	4.2
Agri. Processing	1.4	0.8	2.4	5.3	0.7
Factory Industry	6.4	5.7	6.7	5.0	3.4
SMEs	6.3	5.7	5.6	4.5	3.3
Electricity	16.3	16.2	4.6	3.9	3.7
Construction	9.0	9.2	9.0	7.8	5.6
Services	6.4	7.7	7.1	5.6	3.2
Trade	6.4	7.1	6.1	4.7	-0.3
Hotels	-14.1	2.5	-2.3	-5.0	13.3
Cargo	10.3	20.0	8.8	8.0	3.4
Post & Telecommunications	36.0	21.6	21.5	22.3	11.7
Financial Services	7.0	8.5	8.7	6.6	5.7
Government Services	5.4	5.0	6.0	5.7	5.9
Private Services	6.4	7.8	7.8	6.5	5.8
GDP	6.2	7.7	6.8	6.0	3.5

Source: Department of Census and Statistics

Table 1.9
Gross Domestic Product - Sectoral Composition (2002) Constant Prices

Sector	Rs. Mn.				
	2005	2006	2007	2008	2009
Agriculture, Forestry and Fishing	241,851	257,147	265,870	285,897	294,921
Agriculture, Livestock and Forestry	228,006	235,887	241,285	258,881	266,033
Tea	27,544	26,988	26,494	27,601	25,154
Rubber	4,773	4,993	5,205	5,743	6,198
Coconut	27,204	28,933	30,403	31,975	33,646
Minor Export Crops	9,966	10,187	10,706	10,478	11,028
Paddy	36,541	37,608	35,261	43,406	41,179
Highland Crops	25,745	27,054	28,428	29,439	31,368
Fruits	1,830	1,745	1,826	1,900	1,995
Vegetables	52,012	53,138	55,249	58,197	62,436
Livestock	16,644	17,992	19,415	20,495	21,761
Other Agriculture	13,666	14,368	14,755	15,147	15,911
Firewood & Forestry	12,081	12,882	13,544	14,499	15,357
Fishing	13,846	21,260	24,585	27,016	28,888
Industry	545,981	590,298	635,199	672,791	701,129
Mining and Quarrying	28,791	35,769	42,631	48,090	52,030
Manufacturing	350,886	370,355	394,233	413,681	427,334
Processing Industries	13,703	13,818	14,150	14,897	14,995
Factory Industry	315,276	333,372	355,611	373,215	385,927
Small Industries	21,907	23,166	24,472	25,570	26,412
Electricity, Gas and Water	46,108	52,926	55,339	56,847	58,974
Electricity	39,757	46,183	48,303	50,184	52,017
Gas	4,087	4,399	4,525	4,062	4,280
Water	2,264	2,344	2,512	2,601	2,677
Construction	120,196	131,248	142,996	154,173	162,790
Services	1,153,839	1,243,119	1,331,587	1,406,813	1,453,254
Trade, Hotels and Restaurants	489,589	523,921	555,345	580,653	580,053
Import Trade	184,086	196,647	203,105	212,651	198,603
Export Trade	92,175	95,535	103,926	104,861	99,450
Domestic Trade	204,142	222,328	239,115	254,400	272,099
Hotels and Restaurants	9,186	9,411	9,199	8,741	9,901
Transport and Communication	230,597	259,546	286,764	310,029	330,390
Transport	198,733	220,990	241,648	256,954	272,422
Cargo Handling-Ports and Civil Aviation	11,320	13,583	14,773	15,951	16,494
Post and Telecommunication	20,543	24,973	30,343	37,124	41,475
Financial Services, Real Estate and Business Services	234,612	249,350	265,720	279,185	291,870
Banking and Insurance & Real Estates	163,863	177,817	193,375	206,048	217,819
Renting and Business Services	70,749	71,533	72,345	73,137	74,051
Government and Other Services	199,043	210,300	223,759	236,947	250,942
Public Administration and Defense	153,866	161,611	171,259	181,051	191,778
Community and Other Services	45,177	48,689	52,500	55,896	59,164
Gross Domestic Product	1,941,671	2,090,564	2,232,656	2,365,501	2,449,304

Source: Department of Census & Statistics

Domestic Demand, Supply of Goods and Service and Trade Balance

The country's economic adjustments to the sharp contraction of external trade in 2009 becomes clearer when viewed in the framework of Sri Lanka's basic national accounts. Given that Sri Lanka's domestic demand (absorption) consisting of consumption, fixed capital formation and changes in inventories, is higher than the country's own production of goods and services, country generally runs a deficit in trade in goods and services. In 2009, the absorption as a ratio of

GDP had declined to 106.5 percent from 113.7 percent in 2008. This was reflected in a reduction of consumption with a combination of contraction of the ratio of private consumption to GDP and an increase in government consumption, a 1.5 percentage points reduction in Fixed Capital Formation with a decline in private investment and an increase in government investment, and a 1.5 percentage point reduction in inventory accumulation. With this response from the domestic absorption, import demand declined 10.6 percent of GDP where exports have declined as a ratio of GDP by 3.4 percent, thereby resulting in containing the trade gap to 6.5 percent of GDP.

Table 1.10
Domestic Demand, Supply and Trade Balance

	Rs. Bn.		Change (%)		Ratio to GDP (%)	
	2008	2009	2008	2009	2008	2009
Domestic Demand	5,014	5,139	26.9	2.5	113.7	106.5
Consumption	3,799	3,955	28.8	4.1	86.1	82.0
Private	3,085	3,104	28.4	0.6	70.0	64.3
Government	714	852	30.6	19.3	16.2	17.6
Gross Fixed Capital Formation	1,115	1,147	26.1	2.9	25.3	23.8
Private	853	839	19.4	-1.7	19.3	17.4
Government	263	309	53.9	17.6	6.0	6.4
Change in Stocks	100	36	-13.6	-63.7	2.3	0.8
Private	76	26	-18.1	-65.3	1.7	0.5
Government	24	10	5.4	-58.3	0.5	0.2
Net External Demand = Trade Balance	-604	-314	62.6	-48.0	-13.7	-6.5
Exports of Goods and Services	1,096	1,031	5.2	-5.9	24.8	21.4
Imports of Goods and Services	1,699	1,345	20.2	-20.9	38.5	27.9
Domestic Supply = GDP	4,411	4,825	23.2	9.4	100	100

Sources: Department of Census and Statistics
Central Bank of Sri Lanka

These developments in the domestic demand side, showed that it is a combination of adjustments mainly increased government absorption that supported the achievement of 9.4 percent increase in nominal GDP with a 3.5 percent economic growth. It needs to be

recognized that Sri Lanka was able to sustained a satisfactory growth rate in 2009 amidst the world economic crisis, while some crisis originated major countries could not avoid a decline in real output even with escalation of fiscal costs and enlarged budget deficits.

Table 1.11
Aggregate Supply and Use of Goods and Services

	Rs. Mn.		Growth %		GDP %	
	2008	2008	2008	2008	2008	2009
Aggregate Demand	6,110	6,170	22.4	1.0	138.5	127.9
Domestic Demand	5,014	5,139	26.9	2.5	113.7	106.5
External Demand=Exports of Goods and Services	1,096	1,031	5.2	-5.9	24.8	21.4
Aggregate Supply	6,110	6,170	22.4	1.0	138.5	127.9
Gross Domestic Product	4,411	4,825	23.2	9.4	100.0	100.0
Imports of Goods and Services	1,699	1,345	20.2	-20.9	38.5	27.9
Trade Gap of Goods and Services	-604	-314	62.6	-48.0	-13.7	-6.5
Share of Imports in Aggregate Supply (%)	27.8	21.8				

Sources: Department of Census and Statistics
Central Bank of Sri Lanka

This macro economic adjustment in the real sector can also be seen through the Total Supply and Use of Goods and Services Framework under the U.N. System of National Accounts. Total aggregate demand, including the use of imports for consumption, formation of fixed capital assets, inventories and those used as raw material for export industries, declined to 127.9 percent of GDP compared to 138.5 percent of GDP, the decline again reflecting the lower imports.

The value of the total supply of goods and services increased only 1 percent in 2009, with nominal GDP increasing by 9.4 percent and imports of goods and services supplies declining by 20.9 percent. The share of imports in aggregate supply of goods and service declined to 21.9 percent in 2009 from 27.8 percent in 2008. This indicates that the existence of a large producing sector catering to the domestic market (import substitution sector) has enabled the maintenance of the moderate growth rate achieved in 2009. Development in 2009 has further confirmed a pattern of import substitution that has taken place in the recent past. The fact that domestic output catering to the domestic market meets about 75 percent of the domestic requirement of goods and services, well targeted incentive schemes of production and investment support can contribute to sustain a higher economic growth rate and employment level even under situations of severe trade contraction in external demand.

Investment and Savings

The gross domestic capital formation slowed from 27.6 percent of GDP in 2008 to 25.5 percent of GDP in 2009. The reduction was

reflected in lower private investment in both fixed capital assets and slowdown of stocks build-up, while government maintained at a slightly higher rate of 6.6 percent of GDP.

The private investment was mainly constrained during most part of the year by high interest rates prevailed in the country which encouraged financial savings while making cost of funds too excessive for investors in real assets. Despite some easing of the monetary policy stance in 2009, resources available for real investment activity was limited possibly due to investors themselves had been locking their own excess funds in high yielding financial assets, when the yield rates were highly attractive to ensure a guaranteed rate of return over the next two to three years wherever possible. This is proven by the fact that as of 22 April 2010, Rs. 822 billion has been in Treasury Bonds with 15 percent or higher after tax yield rates and Rs. 1,095 billion was in Treasury Bonds yielding 13 percent or higher yield rates of a total stock of Rs. 1,687 billion.

Further, the banks too have been reluctant to lend to private sector owing to the fear of a rise in non-performing loans due to the spill over effects of the global economic crisis. There had not been a common view on a desirable medium-term interest rate in Sri Lanka and interest rates once risen remained stubbornly high without a direct link to macro economic fundamentals in the country and financing needs of the productive sectors. Maintaining interest rate high in responses to balance of payments pressures (such as due to oil price hike) in the past, also has made the downward adjustment of interest

Table 1.12
Investment and Savings

	Rs. Bn.		Ratio to GDP (%)	
	2008	2009	2008	2009
Domestic Investment	1,215	1,184	27.6	24.5
Private	929	865	21.1	17.9
Government	286	319	6.5	6.6
Domestic Savings	612	870	13.9	18.0
Private	700	1,047	15.9	21.7
Government	-88	-177	-2.0	-3.7
Investment-Savings gap	604	314	13.7	6.5
Net Factor Income from Abroad	-105	-56	-2.4	-1.2
Net Foreign Private Transfers	278	337	6.3	7.0
National Savings	784	1,150	17.8	23.8

Source: Department of Census and Statistics

rates sluggish. Such a situation prevailed from about 2003 to up until late 2009, when more decisive action taken to reduce the rates.

Under these conditions, the Government's firm commitment to continue on the infrastructure development programme, with large amount of project related funds mobilized from the development partners has helped to contain the reduction of overall investment ratio. Besides, the smaller reduction in the Fixed Capital Formation implies changes in investment activity in 2009 will have a limited effect on medium term potential output and future GDP growth rates. The country had experienced a gradual increase in the domestic savings ratio. In 2009 gross domestic savings ratio rose to 18 percent from 13.9 percent of GDP in 2008, private consumption remained constrained in a context of continued growth of incomes.

Net private remittances continued to show encouraging trends, after a short period of uncertainty before the ending of war and also due to a short-lived impact of the global economic crisis in remittances flows to Sri Lanka. This was until mid 2009. The rupee equivalent of these inflows increased by 21 percent in a situation where the exchange rate against the rupee has remained relatively stable. Attractive interest rates offered in Sri Lanka, including the bonus interest rate for foreign currency deposits, announced as a temporary measure also may have contributed increased inflows. The new atmosphere has further improved the prospects for continuation of the positive trend in the future.

External Sector Development

The overall performance of the external sector suffered severely from third quarter of 2008 particularly due to turbulent external economic conditions, global liquidity crunch curtailing external inflows coupled with a sharp outflow of foreign investments in Treasury bills and bonds and a significant volatility in several reserve currencies. Under the impact of these disturbances the Balance of Payment (BoP) recorded a deficit of US\$ 1,385 million by end 2008 affecting gross official reserves to decline to US\$ 2,402 million. The gross official reserve was further declined to US\$ 1,373 million by end March 2009. However the external sector recovered significantly in the 2nd half of 2009 with increased investor confidence and positive sentiments brought in with the complete elimination of terrorist activities in May 2009, the stand by arrangements with the IMF, successful conclusion of US\$ 500 million Sri Lanka bond issue, favourable improvement in the trade balance, enhanced worker remittances and the recovery in tourism sector. These developments helped to maintain a stable exchange rate to a greater extent during 2009.

Table 1.13
External Trade

Indicator	US\$ Mn				
	2005	2006	2007	2008	2009
Exports	6,347	6,883	7,640	8,111	7,085
Agricultural Exports	1,154	1,293	1,507	1,855	1,690
Tea	810	881	1,025	1,272	1,185
Other Agricultural Products	344	412	482	583	505
Industrial Exports	4,948	5,401	5,967	6,158	5,305
Textile and Garments	2,894	3,080	3,340	3,469	3,274
Rubber Products	394	428	483	542	385
Machinery and Equipment	330	394	542	461	330
Diamond and Jewellery	278	327	367	435	330
Food, Beverages and Tobacco	318	364	514	458	406
Petroleum Products	131	188	169	255	135
Other Industrial Products	603	620	554	539	446
Gem and Mineral Products	143	120	128	98	89
Unclassified *	101	69	38	0	0
Imports	8,863	10,254	11,297	14,091	10,207
Consumer Goods	1,503	1,782	1,768	2,184	1,713
Food and Beverages	611	757	831	1,138	987
Other	891	1,024	937	1,047	726
Intermediate Goods	5,458	6,161	6,751	8,720	5,928
Petroleum	1,655	2,070	2,501	3,368	2,167
Fertilizer and Chemicals	384	425	474	938	506
Textiles and Clothing	1,531	1,546	1,632	1,702	1,442
Wheat Grain	141	199	234	375	259
Other	1,747	1,921	1,910	2,337	1,555
Investment Goods	1,869	2,246	2,685	3,048	2,451
Machinery and Equipment	860	1,065	1,247	1,331	1,013
Transport Equipment	325	365	365	439	436
Building Material	507	546	780	943	715
Other	177	270	294	336	287
Unclassified	33	65	92	139	115
Trade Deficit	-2,516	-3,371	-3,627	-5,981	-3,122

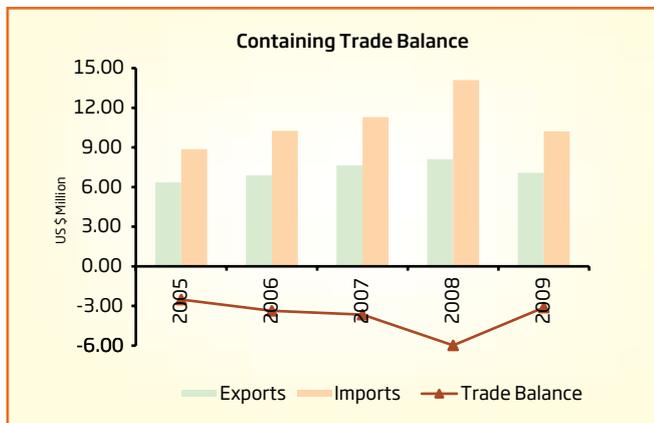
Source: Central Bank of Sri Lanka

* includes re-export

Trade Balance

Despite the export earnings reducing by 13 percent and Sri Lanka's trade balance contracted sharply in 2009, narrowing by 48 percent to US\$ 3,122 million from US\$ 5,981 million in 2008, reflecting a lower cost of imports due to a reduction in cost of imports of intermediate and investments goods. However, the curtailment in external Trade adversely affected the tax base there by affecting the Government Revenue.

Chart 1.7



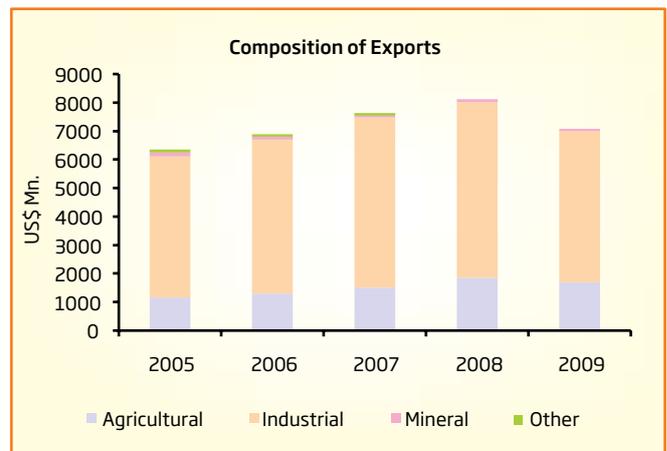
Exports

The export earnings declined by 13 percent to US\$ 7,085 million in 2009, due to the lower demand from the Sri Lanka's major trading partners stemming from the rapid contractions in the respective economies. The largest decline in overall exports was from the industrial exports which contracted by 14 percent compared to 2008. Despite the severe recessionary conditions in major export destinations coupled with the uncertainties and adverse sentiments about the availability of GSP plus scheme the export earnings from apparels at US\$ 3,274 million reflected a decline of 6 percent being the least affected of the industrial exports. The industry maintained its overall resilience in export performance with positive growth being recorded in the last quarter of 2009 although small and medium scale such manufactures encountered hardships in 2009.

The earning from exports of rubber products recorded a contraction mainly due to lower export of tyres resulting from the crash of the

automobile industry in North America and Europe. The exports of processed diamonds, jewellery, precious and semi-precious stones decreased owing to the declining income levels in major export destinations.

Chart 1.8

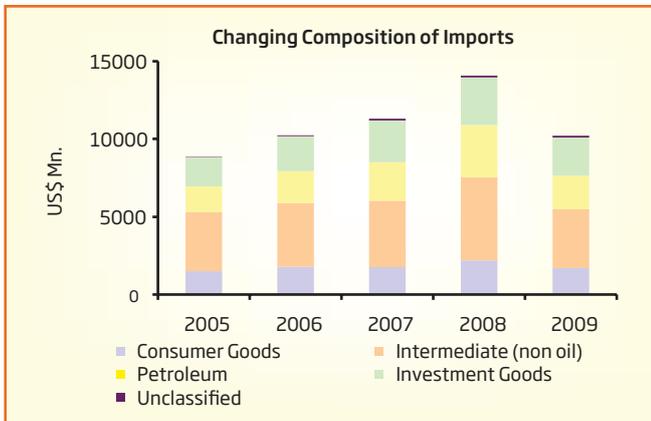


Agriculture exports which also suffered badly during first quarter of 2009 regained the lost momentum in the latter part of the year and recorded an overall contraction of 9 percent generating US\$ 1,690 million in 2009 comparison to US\$ 1,855 million in 2008. The lower international prices for tea, rubber and kernel products in the first half of the year coupled with the lower demand was the main cause for the reduced agricultural export earnings. However the demand for coconut fibre and fibre based products from countries such as China, Japan and South Korea and the improved earnings from minor agricultural crop exports helped to mitigate a part of the declining earnings from the sector.

Imports

The total cost of imports in 2009 amounted to US\$ 10,207 million, reflecting a sharp decline of 28 percent over 2008. All the major categories of imports recorded a contraction. Sluggish growth in the major economies leading to lower international commodity prices including crude oil prices and the slow down in domestic economic activities resulting an import volume drop, resulted an overall drop in the import expenditure. The non oil imports recorded a decline of 25 percent in 2009.

Chart 1.9



The consumer goods import category, which provides a strong revenue base to the Government's fiscal operation, recorded a decline of 23 percent to US\$ 1,972 million in 2009. The international prices of wheat, milk products dipped in the first three quarters of 2009. Imports of consumer durables declined significantly with motor vehicles and electric equipment recording 72 percent and 53 percent contraction during this period.

Import cost on intermediate goods declined by 32 percent to US\$ 5,669 million. Oil imports decreased to US\$ 2,167 million a reduction of 36 percent or US\$ 1,200 million over the import cost of 2008, due to the significant decline in oil prices in the first half of 2009. However, prices of oil increased gradually towards the second half of the year exerting pressure on imports as well as domestic prices. The cost of non petroleum intermediate imports declined from US\$ 4,976 million to US\$ 3,502 million a reduction of US\$ 1,474 million or 70 percent contraction over 2008. The import cost of fertilizer imports declined by 67 percent to US\$ 193 million in 2009. The reduction in oil and fertilizer import reduced the pressure on Balance of Payment. Also corresponding to the contraction in the apparel exports, textile imports reduced by 15 percent to US\$ 1,442 million from US\$ 1,702 million in 2008.

Current Account

The reduction in expenditure on all major categories of imports than the contraction in export earnings, the trade deficit narrowed down by 48 percent to US\$ 3,122 million in 2009. With improvements in the local business environment entailed with the end of terrorism and the gradual improvement in the global economy in the second

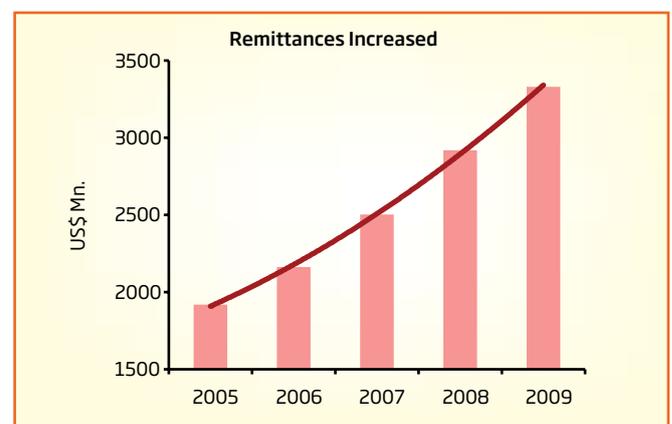
half of the year the service account maintained its surplus position registering a surplus of US\$ 391 million in 2009. However, income account resulted in a deficit of US\$ 488 million narrowing down from a deficit of US\$ 972 million in 2008. The increase in interest income with the enhanced foreign exchange reserves, decline in interest payments in foreign debt due to reduction in global interest rates, appreciation of major reserve holding currencies against US\$ resulting in higher valuation and exchange gains coupled with improvements of net foreign assets of commercial banks contributed to the narrowing down of the income account deficit in 2009.

The worker remittances showed a growth of 14 percent and stood at US\$ 3,330 million helped completely to offset the deficit in the trade account. With these developments the current account which recorded a surplus of US\$ 339 million during the first nine months registered a marginal deficit of US\$ 214 million by end December 2009 compared to a deficit of US\$ 3,886 million in 2008. As a percentage of GDP the deficit was 0.5 percent compared to a deficit of 9.5 percent in 2008.

Worker Remittances

Worker remittances inflows recorded a 14 percent growth in 2009, stood at US\$ 3,330 million and became Sri Lanka's foremost foreign exchange earner in 2009. The initiatives taken by commercial banks to promote inflow of workers' remittances through formal channels also boosted the remittance inflows. Opening of banking services in North and East would help to bring in more remittances in 2010 and the ending of war would encourage Sri Lankan diaspora to send more money home.

Chart 1.10



Capital, Financial Account and Balance of Payments

Reflecting the global economic uncertainty foreign direct investment declined to US\$ 390 million in 2009 from US\$ 691 million in 2008. The private long term capital outflows in net terms stood at US\$ 79 million. In addition to the successful raising of US\$ 500 million in 2009 by the Government from international capital markets through Sri Lankan Government bond issue, long term official inflows in support of Government infrastructure development initiatives increased from US\$ 909 million to US\$ 1,280 million as public investment programmes moved ahead with least disturbances in 2009. The Government short-term borrowings too increased to US\$ 1,369 million.

The marginal deficit in the current account together with the short and long term capital inflows to the Government generated a surplus in the Balance of Payments by end 2009, to the tune of US\$ 2,725 million, which is the recorded country's highest ever BOP surplus.

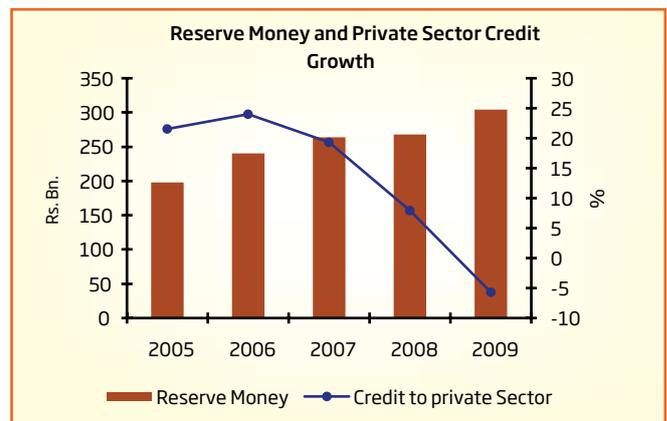
The gross official reserves rose to its highest ever level of US\$ 5,357 million by end 2009 compared to US\$ 2,402 million recorded in 2008, while total reserves reached US\$ 7,030 million by end 2009 which was sufficient to cover 8.3 months of imports.

Monetary Developments

The tight monetary policy stance adopted by Central Bank of Sri Lanka was relaxed in 2009. With the rapid deceleration in inflation the policy interest rates were reduced in September 2009. The repurchase rate was reduced by 300 basis points to 7.5 percent while the reverse repurchase rate was reduced by 225 basis points to 9.75 percent. The Statutory Reserve Ratio (SRR) was reduced by 75 basis points to 7 percent in February 2009 with a view to infuse rupee liquidity in to the money market to counter liquidity shortfalls. With a view to improving credit environment to revitalize the private sector activities, the penal rate of interest was reduced by 2 percentage points in June 2009. With a positive out look in the inflation and reduction in the policy rates the state banks reduced their lending rates to a range of 8 to 14 percent. These developments enabled a downward shift in the market interest rate structure, in the last quarter of 2009. State banks took the lead in reducing the lending rates to revive the private sector credit growth. In addition margin deposit requirement that were imposed

to counter the pressure on the non essential imports in 2008 and early 2009 was removed with a view to facilitate imports as well as private sector credit. Reserve money grew by 13.1 percent to Rs. 304 billion. The growth in broad money which moderated during the first half picked up in the second half of 2009 with the increase in net foreign assets and the expansion of public sector credit. The broad money grew by 18.6 percent to Rs. 1,806 billion by end 2009. However the credit to private sector continued to decline up to October 2009, mainly due to sluggish growth in import and export trade as well as domestic trading activities. With the improvement of investor confidence in post war environment the private sector credit has picked up moderately in the latter part of 2009 but still remain below the desired level. Noteworthy development in sectoral distribution of advances by commercial bank was the increase in agricultural and tourism sector lending which increased in 2009 by 12 and 19 percent respectively.

Chart 1.11



Capital Market Activities

Favourable development in the economy and the successful completion of the war against terror activities have given an impetus to the share market activities and the Colombo Stock Exchange (CSE) recorded its best year in history in 2009. The All Share Price Index (ASPI) and Milanka Price Index (MPI) recorded significant growth of 125 percent and 136 percent respectively, in the second half of 2009 surpassing the previously recorded highest increase of 118 percent (ASPI) and 52 percent (MPI). Market capitalization which was Rs. 489 billion at end 2008 improved to Rs. 1,092 billion by end December 2009. The daily market turnover too has averaged Rs. 1,197 million during the

second half of 2009 compared to Rs. 736 million in the first half of the 2009. The capital gains of most active shares in the CSE have enjoyed over 100 percent capital gains since mid 2009 reflecting peace dividends, improved economic outlook, revival in

tourism and plantation crop prices and stable financial conditions particularly reflected in international reserves and interest rates. However, net foreign flows recorded an outflow while market was dominated by domestic players.

Table 1.14
Movements in the Capital Market

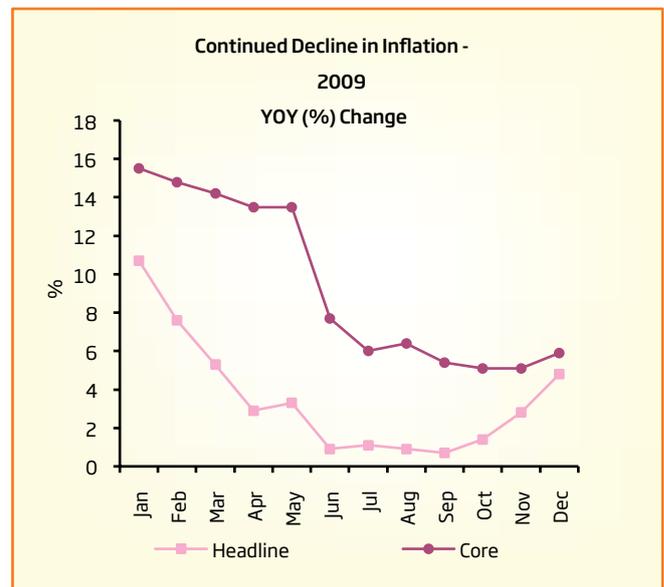
Indicators	2005	2006	2007	2008	2009
All Share Price Index (1985=100)	1,922	2,722	2,541	1,503	3,386
Milanka Price Index	2,451	3,712	3,292	1,631	3,849
Market Capitalization (Rs. Bn.)	584	835	821	489	1,092
No. of Listed Companies in Trading	242	232	231	232	231
Annual Average Turn Over (Rs.Bn.)	115	105	105	110	142
Foreign Sales (Rs.Mn.)	21,568	31,790	35,543	52,682	43,846
Foreign Purchases (Rs.Mn.)	27,712	37,167	46,797	66,632	43,057

Source: Colombo Stock Exchange

Chart 1.12

Inflation

Inflation, as measured by the Colombo Consumer Price Index (2002) on a year on year basis, continued to decline gradually from its peak level of 28.2 percent in June 2008 to 0.7 percent in September 2009, complemented by the easing of commodity prices in international markets, supply side improvements especially in agricultural products and phased reduction in administered prices and duties and taxes on essential commodities. Year on year inflation was 4.8 percent by the end 2009. Annual average inflation, which was decelerating since November 2008, reached 3.4 percent in December 2009, the lowest year end level since 1985. Inflation is expected to rise gradually to moderate levels in the forthcoming months, with the disappearance of the base effect of low inflation in 2009, with average inflation remaining around 8 percent in 2010.



Unemployment

The unemployment rate which steadily declined over the years to 5.2 percent in 2008, increased to 6.3 percent by end June 2009 reflecting the closure and downsizing of some establishments in the backdrop of declining external demand. However, with the revival of economic activities in the post-war environment coupled with the improvements in external demand, the unemployment rate declined to 5.8 percent by the third quarter of 2009 and remained at the same level by end 2009.

Overseas job opportunities continued to be a vital source of employment in 2009. However, departures for foreign employment slowed down slightly in the first quarter with the demand for workers declining due to the problems faced by these economies, but picked up from the second quarter of 2009. The total number of departures for foreign employment in 2009 was 247,119 compared to 250,499 departures in 2008.

Official Confirmation of Middle Income Emerging Market Status by the IMF

As Sri Lanka (i) has enjoyed income per capita well above the International Development Association (IDA) threshold for a number of years, (ii) has the capacity for durable and substantial access to international financial markets, and (iii) does not face serious short-term vulnerabilities, the International Monetary Fund (IMF) has, on 11 January 2010 graduated Sri Lanka from the list of Poverty Reduction and Growth Trust (PRGT) eligible countries. With this announcement by the IMF, Sri Lanka's middle income emerging market status reached a few years ago has now been officially recognised and this fact together with the improved domestic economic and political situation of the country after the ending of war and the greater political stability with a stronger Government with the outcome of the recently concluded Presidential and General Election, has placed the country in a stronger position in the international capital and financial markets.

Growth in Per Capita Income

Despite the slowing down in GDP growth counting was able to maintain its per capita income at US\$ 2,050 in 2009 compared to US\$ 2,015 in 2008.

Chart 1.13

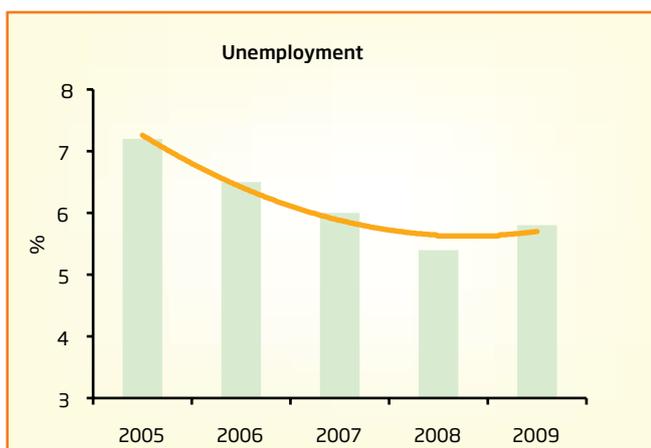
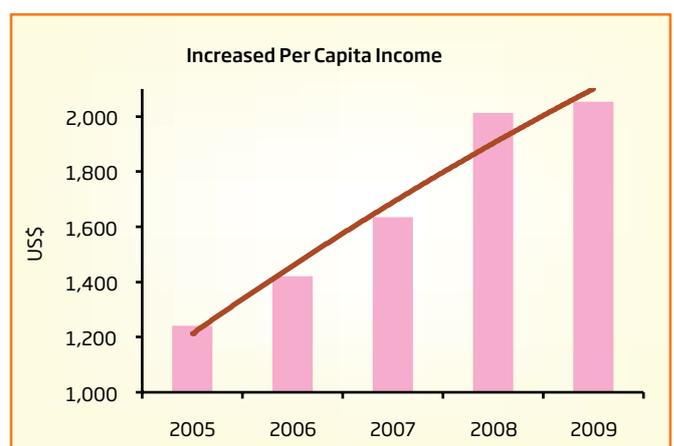


Chart 1.14



Prospects

The economy of Sri Lanka is expected to recover steadily and grow by 6-7 percent in 2010 and above pre crisis level in the medium term supported largely by the positive outlook brought in by the end of terror activities and the conducive macro economic environment. It is expected that all three sub sectors of the economy would record growth over 6 percent. The expansion of agricultural resources in North and East coupled with the prevailing prices for most of the agricultural commodities and favourable weather, the agriculture sector is expected to bounce back in 2010. The expected bumper harvest for 2009/2010 Maha paddy production, production enhancements in food crops such as maize, green gram, vegetables and fruits and the expansion of fisheries and livestock sectors coupled with government investment in irrigation, transport in remote areas, improving the road network, research on high yielding varieties of seeds and enhanced extension services will boost the agriculture sector output. With the revival of both domestic and external demand, improved investor confidence in the post war environment manufacturing sector is expected to regain its lost momentum in 2010. The relatively favourable interest rate structure will positively help the credit expansion while the improved infrastructure facilities will be conducive for investments.

The revival in tourism and associated demand for capital expenditure in the hotel sector by the private sector and addressing infrastructure bottlenecks by timely completion of the ongoing and planned infrastructure projects the construction sector is envisaged to expand rapidly. Imports and exports are expected to grow by 12-14 percent and with improved macro economic

environment, improvements in domestic trade, banking and finance is expected to give a boost to the service sector. Also the recovering of global economy will give an impetus to port, aviation and insurance activities which will have a positive impact on the service sector.

Even though the trade deficit is expected to widen renewed foreign investor confidence in debt and equity investment and continuous improvement in inflows of foreign worker remittances is expected to ease the deficit of the external current account and maintain a healthy capital account which will result in a BOP surplus. Also positive investor sentiments in post war environment and recovering of global financial markets are expected to make available more Foreign Direct Investments.

The country also has foreign financing commitment amounting to around US\$ 6.5 billion from Sri Lanka's development partners for the next 3-5 years. Any new commitments from the development partners for North and Eastern provinces development would be additional. Faster and effective utilization of these resources is also a challenge and greater commitment on the part of the project executing and implementation agencies as well development partners would be helpful to make most effective use of these resource envelope.

With the recovery in the domestic demand and international commodity prices it is expected that the inflation would be around 8 percent in 2010. The road map already implemented by the Central Bank of Sri Lanka to conduct the monetary policy and reserved money targets for a monetary growth of 13 percent is consistent with the growth and inflationary expectations.

FISCAL DEVELOPMENTS

An Overview

Fiscal adjustments towards containing the Budget deficit below 7 percent of GDP in 2009 suffered a set back due to less than expected recovery particularly in trade related taxes and due to more than adverse impact of the global economic crisis of 2008/2009 on the Sri Lankan economy. The Government revenue effort was thwarted mainly due to a continued deterioration in revenue collection from VAT, import duties and excise taxes levied at the point of import due to the erosion in the value of imports on the tax base.

Meanwhile the intensified security situation, urgent resettlement, rehabilitation and reconstruction activities in North and Eastern provinces and high interest cost gave rise to an increase in recurrent expenditures. At the same time, there was a strong commitment from the Government to maintain the thrust on implementing the planned public investment programme considering the medium and long term benefits of such projects to the national economy. These developments led to a budget deficit of 9.9 percent of GDP in 2009.

The total revenue collection in 2009 stood at Rs. 700 billion an increase of 7 percent in nominal terms. However, the revenue as a percentage of GDP declined to 14.5 percent in 2009 from 14.9 percent in 2008. The revenue from VAT, import duties and excise taxes declined to 7.3 percent of GDP from 8.3 percent in

2008 in spite of some offsetting measures taken through the introduction of high cess rates in the backdrop of eroding import based revenue collections. The duty reductions granted on essential commodities in the wake of increasing world commodity prices to stabilize the domestic prices in the latter part of 2009 also contributed to the declining revenue collections. The introduction of various safeguard measures to assist domestic industries during the global economic crisis also affected the volume growth of imports which in turn resulted in a revenue loss to the Government.

In the wake of tight monetary policy stance adopted by the Central Bank of Sri Lanka to counter demand pressures resulted in a rise in interest rates of Government security starting from third quarter of 2008 and investors moving to short term investments in the high interest rate scenario, the interest payments on Government debt increased to Rs. 309 billion or 6.4 percent of GDP from Rs. 212 billion or 4.8 percent of GDP in 2008. The increased salary and pension bills stemming from new recruitments for security related activities and enhanced COLA to counter the high inflation in the first half of 2009 and additional claim on account of immediate post conflict rehabilitation and resettlement expenditure, increased the non interest recurrent expenditure by Rs. 39 billion to Rs. 572 billion

in 2009 compared to Rs. 532 billion in 2008. These developments resulted in an overrun in recurrent expenditure to 18.2 percent of GDP from the envisaged level of 15.8 percent with interest cost increase alone explains 1.6 percent of the deviation.

The momentum gained in public investments in recent years kept pace of progress with the development of infrastructure facilitates in the lagging regions and implementation of mega development programmes under the "Randora" infrastructure initiative, leading to a 6.8 percent public investment in 2009. It is noteworthy development that the public investment has been above 6 percent of GDP throughout the post 2005 period reflecting the Government's priority in channeling resources. Sri Lanka recorded both highest commitment and the highest disbursement of foreign funds in 2009. The gross disbursement stood at US \$ 1,522 million while total commitments of foreign funds during 2009 were US \$ 2,222 million. Public investments targeting infrastructure developments in ports, roads and bridges, water supply and sanitation, irrigation, power generation, rural infrastructure continued at a rapid pace while Government was successful in mobilizing funds for projects such as Colombo - Katunayake Express Way (US \$ 248 million from China), Puttlam Coal Power Project phase II (US \$ 891 million from China), Clean

Energy and Access Improvement Project (US \$ 137 million from ADB), South Railway Project (US \$ 170 million from India).

Total net foreign financing to GDP was Rs. 84 billion or 1.7 percent of GDP is largely attributable to the increased disbursement of foreign funds consequent to speeding up of the implementation in several key projects and the successful mobilization of US \$ 500 million from international capital markets in October 2009. Consequent to the high foreign disbursements for projects warranted high domestic counterparts funds coupled with revenue shortfalls and certain expenditure overruns, the net domestic financing increased to 8.1 percent of GDP. However, the bank borrowing declined to 1 percent of GDP in 2009 from 4.4 percent in 2008 mainly due to the repayment of certain high cost debt of the banking sector from the funds received through the sovereign bond issue.

The overall debt/GDP ratio which continued to decline from over 100 percent prior to 2005 to below 82 percent by 2008, increased to 86.2 percent in 2009 owing to high budget deficit and less than projected nominal growth in GDP. However 75 percent of the debt stock continued to reflect a medium term to long term maturity structure in the debt profile. The short term foreign currency debt exposure remained below 7 percent of total reserves while short term domestic debt was 23 percent of the total domestic debt.

Table 2.1
Summary of Government Fiscal Operations

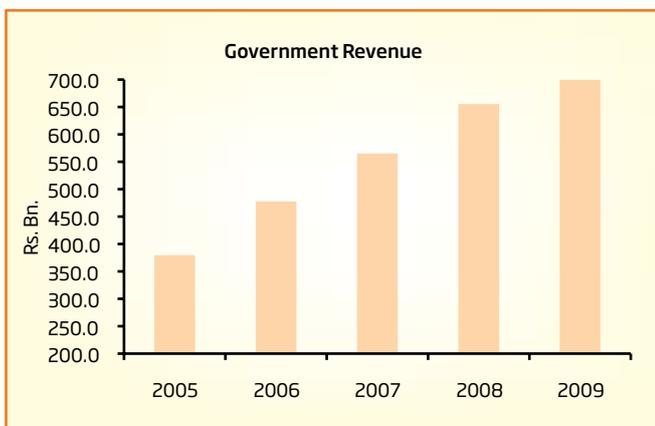
	2005	2006	2007	2008	2009
	Rs. Bn.				
Total Revenue and Grants	412.3	507.9	595.6	686.5	725.5
Total Revenue	379.7	477.8	565.1	655.2	699.6
Tax Revenue	336.8	428.4	508.9	585.6	618.9
Income Tax	52.5	79.7	107.2	126.5	139.6
Taxes on Goods and Services	227.9	274.8	328.6	356.2	352.0
Taxes on External Trade	56.4	73.8	73.2	102.9	127.4
Non Tax Revenue	42.9	49.5	56.1	69.6	80.7
Grants	32.6	30.1	30.5	31.2	25.9
Total Expenditure & Net Lending	584.8	713.6	841.6	996.1	1,201.9
Recurrent	443.4	548.0	622.8	743.7	879.6
Personnel Emoluments	138.6	175.0	214.2	239.1	271.2
Interest	120.2	150.8	182.7	212.5	309.7
Subsidies and Transfers	128.3	144.2	147.4	170.9	190.2
Other Goods and Services	56.3	78.0	78.5	121.2	108.5
Capital and Net Lending	141.4	165.7	218.8	252.4	322.3
Public Investment	148.6	177.4	229.3	263.9	330.4
Other	-7.1	-11.8	-10.4	-11.4	-8.1
Revenue Surplus(+)/Deficit(-)	-63.6	-70.1	-57.7	-88.5	-179.9
Budget Surplus(+)/Deficit(-)	-172.4	-205.7	-246.0	-309.6	-476.4
Total Financing	172.4	205.7	246.0	309.6	476.4
Net Foreign Financing	47.8	41.9	63.8	12.9	83.9
Gross Foreign Borrowings	69.1	87.9	144.1	80.4	204.4
Debt Repayment	21.4	46.0	64.1	54.8	110.3
Total Domestic Financing	119.3	163.8	182.3	296.7	392.5
Net Non Bank Financing	93.1	83.8	129.4	119.1	196.6
Foreign Owned TBills and Bonds	-	-	37.1	-17.6	146.9
Net Bank Borrowings	26.2	80.0	15.8	195.2	49.0
As a percentage of GDP					
Revenue and Grants	16.8	17.3	16.6	15.6	15.1
Revenue	15.5	16.3	15.8	14.9	14.5
Tax Revenue	13.7	14.6	14.2	13.3	12.8
Non Tax	1.7	1.7	1.6	1.6	1.7
Grants	1.3	1.0	0.9	0.7	0.5
Expenditure	23.8	24.3	23.5	22.6	24.9
Recurrent Expenditure	18.1	18.6	17.4	16.9	18.2
Public Investment	6.1	6.0	6.4	6.0	6.8
Revenue Surplus(+)/Deficit(-)	-2.6	-2.4	-1.6	-2.0	-3.7
Budget Surplus(+)/Deficit(-)	-7.0	-7.0	-6.9	-7.0	-9.9
Total Foreign Financing	1.9	1.4	1.8	0.3	1.7
Total Domestic Financing	4.9	5.6	5.1	6.7	8.1

Source: Department of Fiscal Policy

Government Revenue

Total Government revenue increased by Rs. 45 billion to Rs. 700 billion in 2009 compared to the corresponding figures of Rs. 90 billion and Rs. 655 billion in 2008. The revenue performance fell short of the targets envisaged in the Budget 2009, mainly owing to the slowdown in domestic economic activities and the shrinking of imports which provide a strong tax base in a normal economic environment. This revenue performance in 2009 should be viewed in the backdrop of a negative growth during the first half of 2009 due to the turbulent world economic conditions. However the positive global environment and the post war environment in the domestic front helped the revenue to grow by 19 percent in the second half of the year and as a year as a whole recorded a 7 percent growth over the revenue recorded in 2008. However, as a percentage of GDP revenue was 14.5 percent in 2009 compared to 14.9 percent in 2008.

Chart 2.1

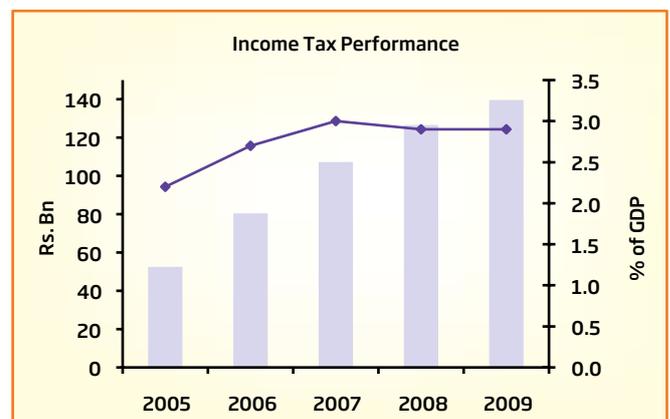


Income Tax

Income tax revenue that consists of corporate Tax, personal income tax, tax on interest income and Economic Service Charge (ESC) amounted to Rs. 139,558 million, recording a 10 percent growth in 2009. However, the income tax/GDP ratio remained at 2.9 percent as in 2008.

Even in the backdrop of contracting economic activities and fiscal stimulus introduced through removal of ESC with respect to certain exports and factories, the policy measures taken by the Government to broaden the tax base, closing of loopholes in the tax system coupled with other administrative improvements helped to increase the income tax revenue.

Chart 2.2



Value Added Tax (VAT)

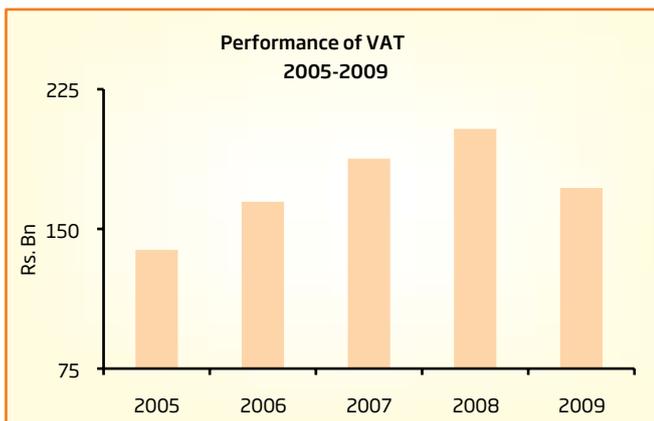
VAT revenue declined by 16 percent to Rs. 171,510 million in 2009. On a net basis, the slowdown of VAT revenue was reflected in the VAT collected from imports, due to the erosion in the base. However, even with a reduction in the general VAT rate from 15 to 12 percent and the slowdown in economic activities, domestic VAT collection on net basis recorded a marginal increase in 2009 which is consistent with domestic manufacturing activities.

Table 2.2
Collection of Value Added Tax (VAT)

Tax Base	Rs. Mn.					Growth (%)	
	2005	2006	2007	2008	2009	2008	2009
Domestic	67,756	82,620	95,738	112,616	105,486	17.6	-6.3
Imports	83,185	93,221	101,813	100,831	73,997	-1.0	-26.6
Gross Revenue	150,941	175,841	197,551	213,447	179,483	8.0	-15.9
Refunds	12,281	11,174	9,957	9,801	7,973	-1.6	-18.7
Net Revenue	138,660	164,667	187,594	203,646	171,510	8.6	-15.8
Net Revenue as a % of GDP	5.7	5.6	5.2	4.6	3.6		

Source: Department of Fiscal Policy

Chart 2.3



Excise Taxes

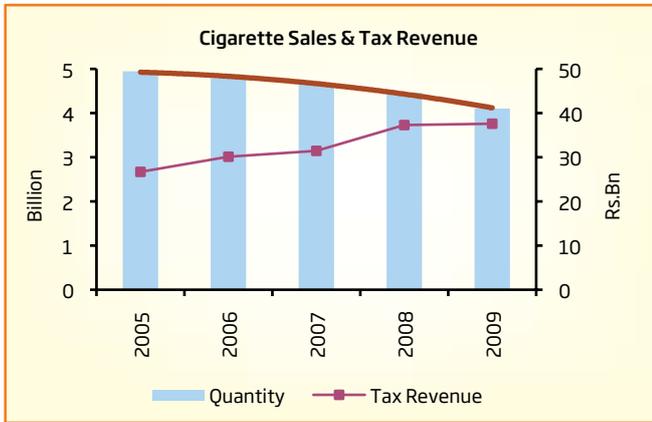
Excise taxes generated from cigarettes, liquor, motor vehicles, petroleum and selective consumer durables were Rs. 97,604 million in 2009, indicated a decrease of 3 percent over 2008 reflecting the decline in the volume growth of traditional excise items such as cigarettes and liquor as well as a substantial reduction in motor vehicle imports and consumer durables.

Table 2.3
Excise Tax Performance

Indicator	Rs. Mn.					Growth (%)	
	2005	2006	2007	2008	2009	2008	2009
Liquor	16,085	20,662	23,723	27,434	28,525	15.6	4.0
Cigarettes	26,692	30,099	31,447	37,288	37,601	18.6	0.8
Motor Vehicles	13,033	20,731	17,415	11,067	3,192	-36.5	-71.2
Petroleum & other	21,168	21,353	24,099	25,181	28,286	4.5	12.3
Total	76,978	92,845	96,684	100,970	97,604	4.4	-3.3
GDP ratio (%)	3.1	3.2	2.7	2.3	2.0	-	-

Source: Department of Fiscal Policy

Chart 2.4



In line with “Mathata Thitha” the Government policy initiative to discourage tobacco and liquor consumption, the enforcement of related legislations such as National Alcohol and Tobacco Act and implementation of awareness programmes the declining trend in cigarette sales and hard liquor production that was witnessed in the 2 consequent years, continued in 2009.

Cigarettes sales drop by 6 percent in 2009 over 2008, but the revenue collected recorded a marginal growth due to the rate revision in March 2009. Despite the hard liquor production contracting by 10 percent, implementation of upward rate revisions and increase in

malt liquor production helped to realize Rs. 28,525 million as excise duties on liquor and recorded a 4 percent increase over 2008. The malt liquor registered a growth of 3 percent in 2009 recording a growth of 12 percent in revenue. Meanwhile, detection of illicit liquor continued in 2009 with 43,478 raids generating Rs. 89 million as fines in 2009.

The main factor behind the slower growth in excise duty was the decline in excise duty collected on motor vehicles. The declining trend in motor vehicles continued in 2009 recording a further drop of 90 percent in volume, a deterioration from the volume drop of 19 percent recorded in 2008, reflecting the prohibitive rates of taxation and excessive deposits requirements introduced on imports of motor vehicles in the backdrop of escalating oil prices in 2007/2008.

Although import restrictions imposed by Central Bank of Sri Lanka through letter of credit margins for vehicles were removed, the vehicle imports did not pick up due to the contraction in business activities entailed with the world economic crisis and still high taxation. This resulted a further deterioration of the revenue collection by staggering 71 percent in 2009 compared to the negative growth of 37 percent in 2008 with the recorded revenue for 2009 been mere Rs. 3,192 million.

Chart 2.5
Liquor Production and Tax Revenue

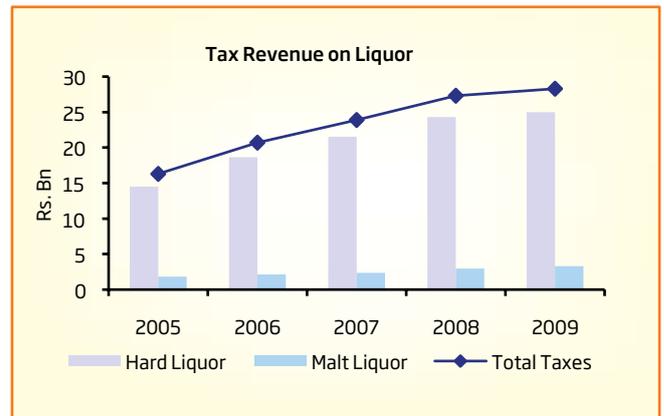
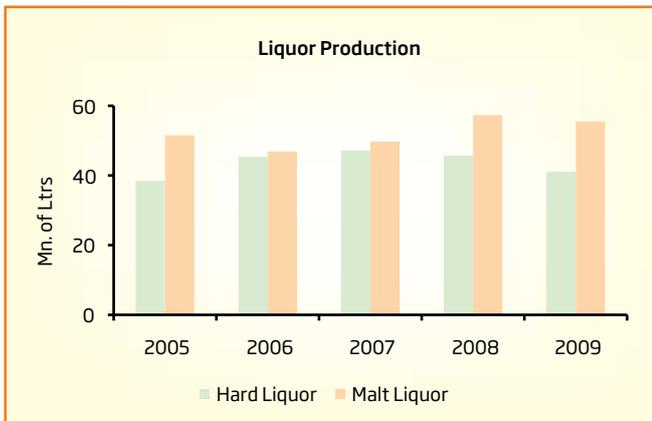


Table 2.4
Motor Vehicle Imports

Description	Units		
	2007	2008	2009
Tractors	23,629	28,175	12,874
Passenger Vans and Buses	2,094	1,115	649
Motor Cars (Ambulances, Hearses etc.)	22,092	19,253	1,852
Three Wheelers	34,657	42,687	30,259
Motor Vehicles for Transport of Goods (including dual purpose Vanc & Cabs etc.)	28,171	13,953	5,736
Special Purpose Motor Vehicles	490	671	210
Total	111,133	105,854	51,580

Source: Department of Sri Lanka Customs

Import Duty

Import duty revenue increased by 25 percent to Rs. 79,559 million during 2009 even though the total imports declined by 23 percent in rupee terms. Imposition of specific duties and scaling up of certain specific rates in the backdrop of falling commodity prices in international markets to provide safeguards to local producers and imposition of specific import duties on petroleum products in the context of low petroleum prices that prevailed in the latter part of 2008 up to mid 2009 had a positive impact on the revenue collection. This performance should be viewed in a backdrop of contraction around 90 percent in motor vehicles imports and a 52 percent in consumer durables such as electrical appliances which have been main revenue sources in this category. Specific rates of Rs. 35 per liter on petrol, Rs. 15 per liter on diesel, Rs 10 per Kg on wheat grain and 145 per Kg on milk powder were imposed in the first half of 2009 while specific rates applicable on edible oil, tiles, bicycles and air-conditioning machines were scaled up in 2009, contributed to recoup a part of the revenue losses arising from the declining import prices. However, the growth in import duty collections were stalled to a certain extent as the Government

gradually scaled down such duties on petroleum products and commodities with the increasing prices in the international markets in the second half of 2009. These policy measures had a positive impact on the domestic economic activities as it helped to stabilize the domestic prices of such items. The country has to forgo certain amount of revenue by way of tariff concessions that are been offered in respect of selected imports, with the expansion of the coverage of Free Trade Agreements between Sri Lanka and India, Pakistan, the South Asian Region and the Asia Pacific Region. The estimated revenue loss due to concessions granted under these agreements was around Rs. 5.9 billion in 2009.

Revenue generated from the special commodity levy which was introduced to replace the multiplicity of taxes by a single tax on selective essential commodities was Rs. 18,965 million compared to Rs. 14,603 million in 2008. The revenue collection from the tax was curtailed in the latter part of 2009 with the reduction in tax rates applicable on sugar, onions, potatoes, dhal, sprats etc considering the cost of living and the availability of domestic supplies.

Table 2.5
Estimated Revenue Loss on Import duty due to Tariff Concessions Offered by Sri Lanka under Major Trade Agreements during 2009

Free Trade Agreement	Number of Products Subject to Tariff	CIF Value Concessions (Rs. Mn.)	Estimated Revenue Losses (Rs. Mn.)
India-Sri Lanka Free Trade Agreement (ISFTA)	4,598	40,983	5,342
Pakistan-Sri Lanka Free Trade Agreement (PSFTA)	5,318	4,593	518
South Asia Free Trade Agreement (SAFTA)	4,801	2,619	71
Asian Pacific Trade Agreement (APTA)	579	239	32
Total		48,433	5,963

Source: Department of Sri Lanka Customs

Other Taxes

Cess

Cess which was introduced in 2005 with a view to give price incentives for domestic value addition was continued in the year 2009 with further broadening of the coverage. Cesses were imposed or increased with the international commodity prices in the latter part of 2008 and beginning of 2009 with a view to recover revenue shortfalls, stemming from low import prices, reduce the adverse competition on domestic value added products and to control non essential imports to the country. Accordingly, Cesses were imposed on certain items like iron and steel, polymers, paper and some food items while rates of Cess were scaled up in certain polymers, rubber and ceramic products etc. Both rate revision and expansion of scope of Cess supported to collect Rs. 28,520 million in 2009 in comparison to Rs. 24,472 million in 2008 recording 17 percent growth. This has to be viewed with a drop of 23 percent in total imports in 2009 over 2008.

Port and Airport Development Levy recorded a 17 percent growth in 2009 generating Rs. 36,286 million. Although the imports declined significantly, the rate revision from 3 percent to 5 percent from 1st of January 2009 had a positive impact on the revenue collection. The raw materials used for pharmaceutical and certain machinery were placed at a lower rate of 2 percent. The newly introduced

Nation Building Tax generated Rs. 27,205 million in 2009. The rate applicable was revised upwards from 1 to 3 percent in May 2009 to meet post-war rehabilitation and reconstruction expenditure. Stamp duty imposed on selected instruments generated Rs. 3,328 million compared to Rs. 3,751 million in 2008 reflecting the slowdown in sectors such as construction and activities related to mortgages.

Non-Tax Revenue

Non Tax revenue amounted to Rs. 80,712 million compared to 69,639 million in 2008. This increase was mainly due to Central Bank profit transfers of Rs. 20 billion, compared to Rs. 8 billion in 2008. Reflecting the salary increase in public sector, the social security contribution increased to Rs. 11,164 million in comparison to Rs. 9,791 million in 2008. Increased profit transfers from state enterprises especially from state banks enhanced revenue from such sources, to Rs. 11,982 million in 2009 from Rs. 7,365 million in 2008. Interest income from Government lending to state enterprises declined to Rs. 9,043 million in 2009 from Rs. 9,305 million in 2008 as larger borrowers such as CEB, Water Supply and Drainage Board have not been able to generate required surplus to service their borrowing obligations to Government. The fees and charges declined by 20 percent over 2008 to Rs. 25,475 million in 2009 to the slowdown in transaction volumes entailed with the contraction of economic activities.

Table 2.6
Finance & Revenue Related Legislations (November 2008 - December 2009)

Statute	Objective
Inland Revenue (Amendment) Act No. 19 of 2009	To grant tax exemptions and concessions as mentioned in budget 2009
Value Added Tax (Amendment) Act No. 15 of 2009	To grant exemptions and rate reductions
Economic Service Charge (Amendment) Act No. 16 of 2009	To grant exemptions, maximum liability has been increased from Rs.15 mn to Rs.30 mn for a quarter, Remove the grace period of 36 months and expand the definition of "turnover" to include other financial institutions and pawn brokers in relation to any trade or business of a bank
Finance (Amendment) Act No. 13 of 2009 (Port & Aiprot Development Levy)	With a view to finance the improvements of ports and the construction of the second international airport, the port and airport development levy has been increased from 3 percent to 5 percent
Finance (Amendment) Act No. 13 of 2009 (Telephone Levy)	The 10 percent telephone levy presently applicable to mobile and codeless telephone has been expended to fixed lines as well. However, fixed lines telephone used by any surviving spouse of service personnel killed in actions and disabled soldiers will also be exempted
Finance (Amendment) Act No. 18 of 2009 (Social Responsibility Levy)	To remove the SRL liability on personnel income tax and to limit SRL only to corporate income tax
Finance (Amendment) Act No. 18 of 2009 (Construction Industry Guarantee Fund Levy)	As an easy collection method, provision has been introduced to deduct the Construction Industry Guarantee Fund Levy at the time of payment made to the contractor by the contractee
Debits Tax (Amendment) Act No. 17 of 2009	Relevant amendment has been introduced to the debits tax act regularizing the existing provisions in relation to the collecting of the debits tax
Excise (Special Provisions) (Amendment) Act No. 14 of 2009	The amendments to this act have been made by using selected taxes instead of all the taxes in calculating the excise tax as the base. The application of effective tax rate as per the above amendment has resulted in removing the newly imposed NBT.
Nation Building Tax Act No. 9 of 2009	NBT was introduced in 2009 budget as a social contribution towards welfare of security forces and to rebuild communities and infrastructure facilities affected by terrorism. This tax will be levied on the turnover of importers, manufacturers and service providers at a rate of 1 percent.
Nation Building Tax (Amendment) Act No. 32 of 2009	Increase NBT from 1 percent to 3 percent. Specify the date for the submission of tax returns to the Department of Inland Revenue. Exempt the receipts to an exporter, goods used for project approved by the Minister of Finance and services of sales agent registered under Civil Aviation Act.

Source: Department of Fiscal Policy

Table 2.7
A Summary of Government Revenue

	2005	2006	2007	2008	2009
Tax Revenue	336,829	428,378	508,947	585,621	618,933
Income Tax	52,536	80,483	107,169	126,541	139,558
Personal & Corporate Income Tax	38,524	50,965	59,659	68,234	72,163
Economic Service Charge	1,683	8,853	12,203	14,476	14,207
Tax on Interest Income	12,329	20,665	35,307	43,831	53,188
Taxes on Goods & Services	234,458	289,342	328,604	356,161	352,330
VAT	138,660	164,667	187,594	203,646	171,510
Manufacturing	19,255	22,609	23,126	24,319	28,613
Non Manufacturing	26,779	40,822	51,848	53,471	54,335
Imports	87,163	92,471	101,501	100,831	67,619
VAT on Banking & Financing	5,463	8,766	11,119	25,025	20,943
Excise Tax	76,978	92,845	96,684	100,970	97,604
Liquor	16,085	20,662	23,723	27,434	28,525
Tobacco/Cigarettes	26,692	30,099	31,447	37,288	37,601
Motor Vehicles	13,033	20,731	17,415	11,067	3,192
Petroleum & Other	21,168	21,353	24,099	25,181	28,286
Other Taxes & Levies	18,821	31,830	44,326	51,546	83,217
Stamp Duty	9	1,516	4,026	3,751	3,328
License fees/Motor Vehicles & Other	2,142	2,933	6,413	8,368	8,362
Debit Tax	5,701	6,255	7,187	8,410	8,036
Port & Airport Development Levy	10,969	21,126	26,700	31,017	36,286
Nation Building Tax					27,205
Tax on External Trade	49,835	58,553	73,174	102,919	127,044
Import	45,391	52,681	56,017	63,844	79,559
Cess	4,444	5,872	17,157	24,472	28,520
Special Commodity Levy				14,603	18,965
Non Tax Revenue	42,917	49,456	56,104	69,639	80,712
Property Income	20,724	19,066	22,633	26,720	42,450
CB Profit	5,000	-	4,000	8,000	20,000
Interest	8,641	10,321	9,242	9,305	9,043
Profits & dividends	5,928	7,451	7,682	7,365	11,982
Rent	1,155	1,294	1,709	2,050	1,425
Social Security Contribution	4,910	6,470	8,777	9,791	11,165
Fines, Fees, Sales and Charges & Other	17,283	23,920	24,694	33,128	27,096
Total Revenue	379,746	477,834	565,051	655,259	699,643

Source: Department of Fiscal Policy

Table 2.8
Variance Analysis of Government Revenue

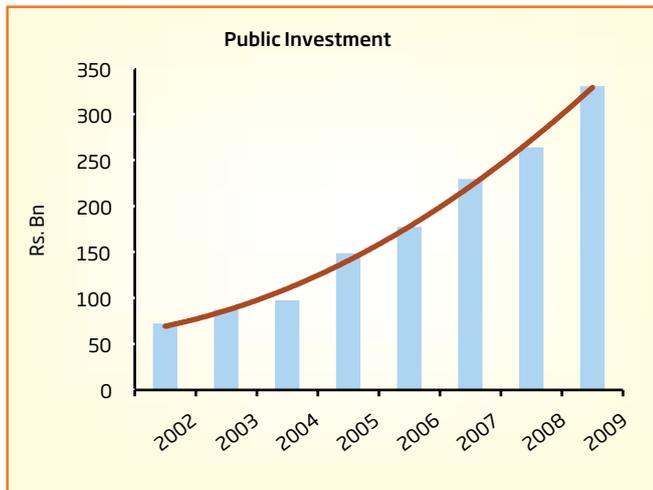
Items	2009		Remarks
	Budget Rs. Mn.	Actual Rs. Mn.	
Income Tax	166,703	139,558	Adverse external demand stemming from global financial instability resulting a contraction in domestic economic growth mainly in manufacturing and service sectors especially telecommunication, port and construction related services contributed to deviation in ESC and Corporate tax. ESC exemption granted to certain exports and domestic factories caused a further negative variance in income taxes. Further, due to the uncertainty in financial markets, the tenure of majority of Government securities were confined to shorter maturities which in turn affected the tax on interest incomes.
VAT	221,947	171,510	Due to the erosion in the value of imports as the tax base mainly contributed to the deviation. Significant contractions recorded in motor vehicles and consumer durables had a negative impact while reduction of the general VAT rate, reduction in tourism related activities in the first half of 2009 due to heightening of security concerns, reducing liquor production and cigarette sales had a negative impact in the VAT collection. Revival of the hotel and restaurant sector and other economic activities in the latter part of the year created a positive impact on VAT collection.
Excise	134,996	97,604	Increased beer production, upward rate revision of cigarettes and liquor contributed positively for the excise tax collection. However, decline in cigarette sales and hard liquor production mainly due to the anti tobacco and anti alcohol policies adopted by the Government, declining of motor vehicles imports by 90 percent in volume terms, a large contraction of 52 percent in value term in imports of electric appliances caused the variation in excise duty collection.
Import Duty	90,592	79,559	In the backdrop of declining international prices, imposition of specific duties on petroleum products, milk powder, wheat grain etc and scaling up of existing specific rates on certain items positively contributed to the growth. However this was not sufficient to recoup the loss arising from declining imports. Further import duty generation was stalled in the latter part of 2009 with the gradual reduction of the specific duties on petroleum products and commodities in the back drop of increasing price trends in the world markets to stabilize the domestic prices.
Special Commodity Levy	20,720	18,965	The revenue collection was lower than estimated amount due to the reduction in tax rates on sugar, onion, potatoes, dhal, sprats etc considering the cost of living and the availability of domestic supply during the latter part to 2009.
PAL	64,674	36,286	Despite the revision of PAL rate to 5 percent the declining import values caused the deviation.
NBT	24,000	27,205	Rate revision from 1 to 3 percent in May had a positive impact on the revenue collection from the source.
Other Taxes	44,762	47,907	Imposition of Cesses on certain items and scaling up of the existing rates in the backdrop of reducing world market prices positively contributed for the growth while slowdown in construction activities and contraction in mortgages reduced the stamp duty collection while slowdown in vehicle imports caused a deviation in Regional Infrastructure Development Levy.
Non Tax Revenue	75,861	80,711	Despite a decline in fees and charges stemming from slowdown in related transactions and contraction in interest payment on Government lending, profit transfers of Rs. 20 billion from Central Bank of Sri Lanka and enhanced profit transfers from state banks caused the positive deviation.

Compiled by the Department of Fiscal Policy

Government Expenditure

The overall expenditure of Rs. 1,201,927 million in nominal terms recorded a 21 percent increase in 2009. This constituted recurrent expenditure of Rs. 879,575 million public investment of Rs. 322,352 million. The recurrent expenditure increased by 18 percent while public investments grew by 28 percent in 2009.

Chart 2.6



Even under a difficult fiscal environment created by external factors the Government was able to embark on a public investment programme sustaining public investment at 6.8 percent of GDP reflecting its commitment on a sustainable investment on human resource and infrastructure development.

The following exerted a pressure on recurrent expenditure

- Increase of cost of living allowance (COLA) to public servants and correction of various salary anomalies.
- New recruitments especially for security services and police and a number of all island services during 2008 and 2009
- Increased number of retirees coupled with enhanced COLA for pensioners
- Increased interest cost incurred in the backdrop of high interest rates regime and investor preference shifting to shorter maturities for government securities in a high inflationary environment.
- Enhanced relief assistance provided to internally displaced persons after liberating North from terrorist activities.

Table 2.9
Current Expenditure, 2005 - 2009⁽¹⁾

Rs. Mn.

Item	2005	2006	2007	2008	2009
Current Expenditure	443,350	547,960	622,758	743,710	879,575
Salaries & wages	138,603	175,031	214,160	239,078	271,229
Other Goods & Services	56,257	77,994	78,472	121,250	108,502
Interest payments	120,159	150,778	182,681	212,475	309,675
Foreign	6,995	16,990	21,311	24,208	35,698
Domestic	113,164	133,787	161,370	188,266	273,978
Pensions	46,782	58,006	68,822	74,922	85,139
Losses of Railway, Postal and C.T.B.	9,060	11,767	10,137	12,157	11,078
Assistance to other Statutory Agencies	17,436	27,376	26,248	27,192	30,097
Fertilizer Subsidy	6,846	11,867	11,000	26,450	26,935
Welfare payments and subsidies	48,207	35,141	31,238	30,186	36,920
As a Percentage of GDP					
Current Expenditure	18.1	18.6	17.4	16.9	18.2
Salaries & Wages	5.7	6.0	6.0	5.4	5.6
Other Goods & Services	2.3	2.7	2.2	2.7	2.2
Interest Payments	4.9	5.1	5.1	4.8	6.4
Pensions	1.9	2.0	1.9	1.7	1.8
Losses of Enterprises	0.4	0.4	0.3	0.3	0.2
Assistance to other Statutory Agencies	0.7	0.9	0.7	0.6	0.6

Source: Department of National Budget Department

⁽¹⁾ Figures as per Economic Classification

Public Service Salaries and Pension Payments

Expenditure on salaries for public servants including those attached to the provincial councils and security services increased to Rs. 271 billion, an increase of 13 percent over 2008 and represented 5.6 percent of GDP while accounting for 31 percent of the total recurrent expenditure in 2009. Further, salaries and wages have absorbed 39 percent of the total revenue.

Chart 2.7



The wage bill of the Central Government including Defence, Public Order and Civil Security was Rs. 166,048 million while Provincial Council salaries amounted to Rs. 85,855 million, out of which Rs. 74,634 million was provided from the national budget while the rest was from the own revenue earned by the Provincial Council.

The salary bill increase was a combined result of the enhanced cost of living allowance of Rs. 4,500 per employee per month compared to Rs. 3,500 per month in 2008, the full year impact of new recruitments especially for security services and police and a number of all island services during the 2008 and correction of various salary anomalies. The hike of salaries and wages reflects Rs. 20,680 million for defence, Rs. 4,084 for police and civil security, Rs. 6,544 million for central government employees and Rs. 843 million as the government provision for Provincial Council salaries and wages.

Total Pension payment increased to Rs. 85.1 billions an increase of 14 percent over 2008. The full impact of around 12,000 retirees in 2008 and further over 21,000 in 2009, updating pension scales for pensioners corresponding to salaries in January 1997 and increasing the monthly cost of living allowance to 2,375 per pensioner per month in 2009 contributed to this increase.

Table 2.10
Enhancement of Cost of Living Allowance
(Received per month)

Date	Public Officers Amount (Rs)		Pensioners Amount (Rs.)
	Salary Over Rs. 22,935	Salary Below Rs. 22,935	
2006.01.01	1,000	1,000	500.00
2006.07.01	1,375	1,375	687.50
2007.01.01	1,750	1,750	875.00
2007.07.01	2,125	2,125	1,062.50
2008.01.01	2,500	2,500	1,250.00
2008.07.01	2,875	3,500	1,437.50
2009.01.01	4,500	4,500	2,000.00
2010.01.01	5,250	5,250	2,375.00

Source: Department of National Budget

Interest Cost

Interest payments on foreign and domestic debt amounted to Rs. 309,675 million an increase of 45 percent over 2008. The interest cost as a percentage to GDP increased to 6.4 percent from 4.8 percent over 2008. Interest cost on foreign debt rose to Rs. 35,698 million mainly due to exchange rate impact and increase in foreign investment in Treasury Bills and bonds while interest cost of domestic debt increased to Rs. 273,977 million owing to high rate of interest and enhanced volume of domestic debt. The heavy borrowings on short term basis from domestic markets during the latter part of 2008 in the absence of the envisaged foreign capital market borrowings coupled with revenue short falls in 2009 warranting heavy borrowings from domestic markets to finance rupee funds needed for capital and the other expenditure pushed up the interest cost.

The retirement of certain high cost debt from funds received through the sovereign bond issued in October 2009 and the significant downward movement witnessed in the domestic interest rates on Government securities is likely to moderate the interest payments on Government debt in 2010.

Chart 2.8
Trends in Interest Payments

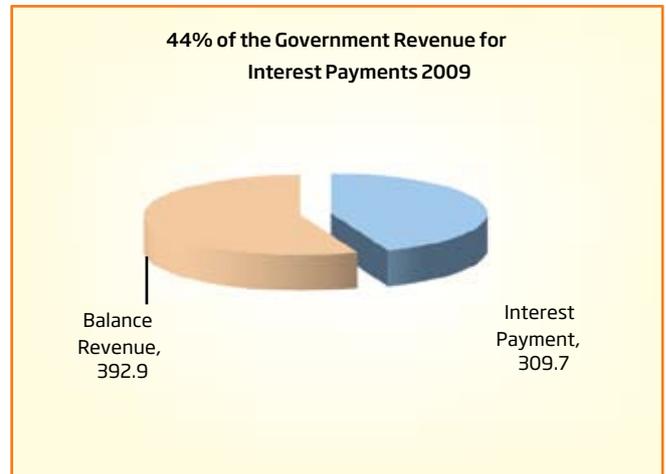
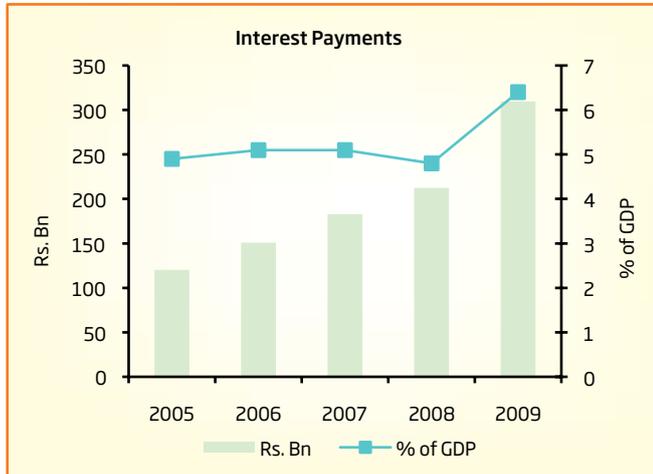
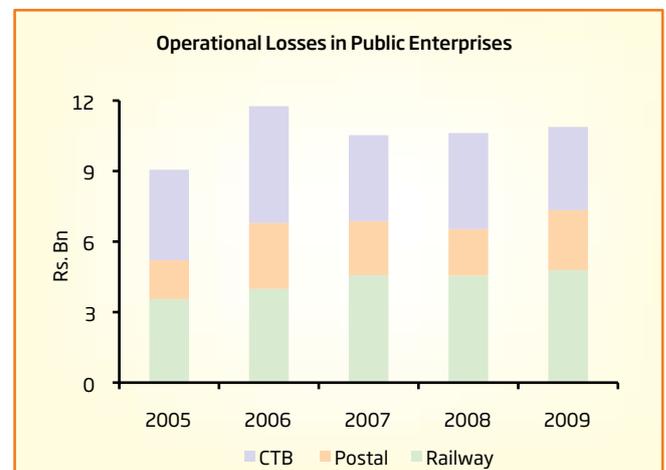


Table 2.11
Yield Rates

Year	Treasury Bills			Treasury Bonds			
	91 days	182 days	364 days	2 year	3 year	4 year	5 year
December 2008	17.33	18.57	19.12	20.53	20.34	19.60	-
March 2009	14.62	16.16	16.63	16.92	16.99	16.91	-
June 2009	11.41	12.03	12.34	-	-	12.96	-
September 2009	9.70	10.72	11.17	-	-	11.35	11.44
December 2009	7.73	8.73	9.33	9.55	-	9.78	-
Percentage Change (Dece 2008/Dece 2009)	-9.60	-9.84	-9.79	-10.98	-	-9.82	-
March 2010	8.45	9.19	9.47	9.55	12.83	9.78	10.32

Source: Department of Treasury Operations

Chart 2.9



Transfers to State Enterprises

The transfers to cover the operational losses of the CTB, Railway and Postal department amounted to Rs. 11,078 million. The total transfers to state enterprises amounted to Rs. 14,126 million.

The operational losses of the postal department continued in 2009, with a recorded loss of Rs. 2,549 million. Giving the extensive post office network and easy accessibility to the public, its important that the postal service be repositioned as a new value added service provider in the backdrop of diminishing primary postal activities in order to reduce the burden on the national budget.

Despite taking several measures such as new incentive schemes for the employees, management changes and reallocation of buses to improve efficiency, CTB incurred operational loss of Rs. 3,541 million in 2009 down from a loss of Rs. 4,087 million in 2008. The operation of uneconomical bus routes cost was Rs. 294 million in 2009.

Table 2.12
Key Statistics of Bus Transportation (SLCTB)

Category	2005	2006	2007	2008	2009
Expenditure per day (Rs. mn)	35.1	40.9	46.6	56.5	60.8
Income per day (Rs. mn)	27.5	33.9	40.2	39.3	46.6
Subsidy per day (Rs. mn)	6.7	7.0	6.3	17.2	14.2
Average kilo meters operated	259	262	305	313	333
Subsidy per kilo meter (Rs)	9.5	9.7	7.6	20.0	15.6
Capital expenditure (Rs. bn)	4.0	4.0	2.6	1.9	1.1

Source: Department of National Budget

Although the railway fares were revised upwards in June 2008, the railway continued to incur operation losses in 2009 recording a loss of Rs. 4,988 million.

Table 2.13
Key Statistics of Railway Transportation (CGR)

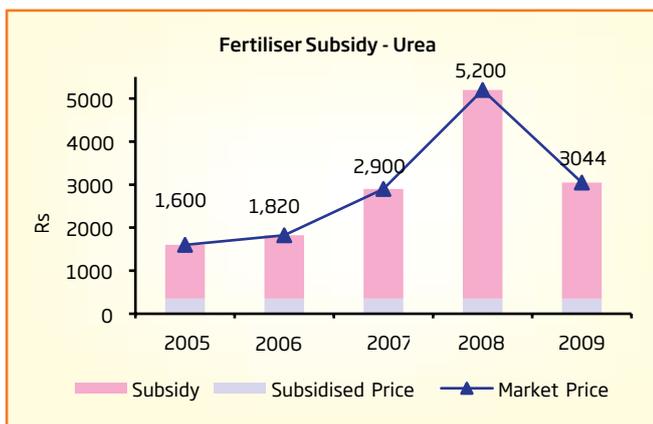
Category	2005	2006	2007	2008	2009
Operational Expenditure (Rs.mn)	5,463	6,473	7,297	8,225	8,788
Total Income (Rs. mn)	1,958	2,491	2,999	3,671	4,020
Total Subsidy (Loss)	3,505	3,981	4,298	4,553	7,468
Passenger Kilo meters Operated (mn.)	4,358	4,311	4,769	4,669	4,568
Passengers Transported ('000)	114,400	100,602	110,465	104,598	101,807
Train Kilometers Operated (mn.)	7.6	7.8	9.6	9.0	8.8

Source: Department of National Budget

Assistance to Agriculture

The fertilizer subsidy scheme continued in 2009, particularly targeting the small scale paddy farmers. The paddy farmers enjoyed all varieties of fertilizer at a subsidized price of Rs. 350 per Kg bag. In addition, taking into consideration the difficulties faced due to the contraction world demand by the small holder tea sector growers, all major fertilizer mixtures were provided at Rs. 1,000 per 50 Kg bag under the fiscal stimulus package announced by the Government. With these developments even under the declining world fertilizer prices the Government total expenditure on fertilizer subsidy amounted to Rs. 26,935 million in 2009.

Chart 2.10



With a view to ensure stable prices for paddy farmers, the advances for paddy purchasing programme continued at a cost of Rs. 1,429 million in 2009. The programme was implemented by the Paddy Marketing Board.

In addition to the fertilizer subsidy scheme, under the economic Stimulus Package, the Government introduced a concessionary loan scheme for the tea sector to address the working capital issues of tea factory owners. The interest subsidy cost to the government under this scheme was Rs. 45 million by end 2009.

In 2009, around Rs. 347 million was channeled to assist agriculture sector by way of an interest subsidy on cultivation to small scale farmers and purchasing loans to paddy collectors. Further, 62,359 cultivation loans amounting to Rs. 2,967 million were provided under the New Comprehensive Rural Credit Scheme (NCRCS) during 2009. In addition, 1,289 loans at subsidized interest rates amounting to Rs. 7,729 million were disbursed to private sector to purchase paddy.

The concessionary loan scheme announced in the 2008 budget for the benefit of the small diary farmers and liquid and milk processes, continued in 2009 with 4,332 loans amounting to Rs. 520 million were disbursed, with a view to revitalize the milk production industry. In addition, credit was also provided at an interest rate of 8 percent under the "Krushi Navodaya" scheme for improving agricultural commodities, animal husbandry, purchasing of agricultural equipment for the development of agriculture and allied activities, organic farming and extension services. The Government imposed Cesses for import of certain agricultural commodities and Value added agricultural products to protect the local industry while through the fiscal stimulus package introduced by the Government to strengthen the domestic industries in a turbulent world economic conditions apart from the fertilizer subsidies, removing of Economic Service Charge with respect to tea factories, bringing the Cinnamon Sector under the NCRCS were carried out.

Table 2.14
Government Expenditure - Economic Classification

Item	2005	2006	2007	2008	2009
Current Expenditure	443,350	547,960	622,758	743,711	879,575
Goods and Services	194,860	253,025	292,632	360,328	379,731
Central Government	66,416	83,556	87,524	112,265	114,829
Salaries	44,950	54,544	61,799	65,315	71,859
Other	21,466	29,012	25,725	46,950	42,970
Defence	61,498	81,243	101,856	134,710	144,884
Salaries	38,040	44,960	60,185	73,509	94,189
Other	23,458	36,283	41,671	61,201	50,695
Police & Public Security	20,467	25,197	32,470	36,487	42,274
Salaries	10,993	14,074	22,810	26,463	30,547
Other	9,474	11,123	9,660	10,024	11,727
Provincial Councils	46,479	63,029	70,782	76,866	77,744
Salaries	44,620	61,453	69,372	73,791	74,634
Other	1,859	1,576	1,410	3,075	3,110
Interest Payments	120,159	150,778	182,681	212,475	309,675
Domestic	113,164	133,788	161,370	182,198	273,977
Foreign	6,995	16,990	21,311	30,277	35,698
Subsidies & Transfers	128,331	144,157	147,445	170,908	190,169
Public Corporations	10,412	18,336	10,639	12,942	14,126
o/w Railways & Postal	5,205	6,781	6,592	6,519	7,330
Public Institutions	16,084	20,807	25,746	26,407	27,049
Local Authorities	233	172	150	217	-
Households	101,602	104,842	110,910	131,342	148,994
Pensions	46,782	58,006	68,822	74,920	85,139
Disabled Soldiers	4,749	6,563	7,428	8,694	9,796
School Uniform/Text Books & Nutrition Programmes	2,734	2,798	4,625	6,036	6,212
Samurdhi	9,161	10,789	9,200	9,995	9,267
Fertilizer Subsidy	6,846	11,867	11,000	26,450	26,935
Fuel Subsidy	26,400	9,419	632	-	900
Refugee Assistance	1,591	2,586	1,666	1,457	7,783
Other	3,339	2,814	7,537	3,790	2,962
Public Investment	148,582	177,443	229,273	263,827	330,448
Capital Expenditure-Grants	140,154	162,213	206,161	232,574	277,416
To Ministries & Departments	88,190	88,208	111,510	135,533	143,590
To Public Corporations	19,919	21,526	23,737	22,470	19,750
To Public Institutions	20,701	32,371	50,408	53,334	90,291
To Provincial Councils	11,141	19,699	20,346	21,220	23,780
Other	203	409	160	17	5
Capital Expenditure-Lending	1,279	3,473	12,684	19,841	44,936
To Government Corporations	8,428	15,230	23,112	31,253	53,032
Repayment of on Lending	-10,364	-13,881	-11,677	-13,526	-11,978
Other	3,215	2,124	1,249	2,114	3,882
Total Expenditure	584,783	713,646	841,603	996,126	1,201,927

Source: Department of National Budget

Welfare and Social Safety Net for Vulnerable Groups

Cost effective nutrition intervention programmes continued in 2009 improving maternal and child health care. 72,744 expectant mothers in 222 divisional secretariat areas were benefited at a cost

of Rs. 505 million under the programme to provide a nutritional food package worth of Rs. 500 per month in 2009. Further, 716,116 expectant and lactating mothers have been benefited through "Thripasha" programme utilizing Rs. 1,155 million in 2009. Fresh milk worth Rs. 200 per month was provided for children between 2-5 years benefiting 66,453 children covering 239 divisional secretariat areas at a cost of Rs. 168 millions.

Table 2.15
Welfare Payments and Subsidies

Description	2005	2006	2007	2008	2009
Programmes for Children	3,348	4,046	6,405	7,633	9,098
Infant Milk Food Subsidy, "Poshana Malla"		82	418	386	505
"Thripasha" Programme	504	537	488	652	1,155
Free Text Books	1,080	1,123	2,250	3,387	2,196
School Uniforms	1,060	963	1,067	582	1,260
School Season Tickets	261	250	500	600	1,366
Handicapped Students	40	50	71	70	74
Dharma school Text Books & Uniforms etc,	80	84	102	99	108
Bursaries and Scholarships	157	235	201	208	183
School Nutritional Foods	166	722	1,308	1,649	2,251
Welfare Payments to Households	24,078	32,569	32,233	37,910	45,381
Samurdhi Relief	9,103	10,789	9,200	9,995	9,267
Assistance to Disable Soldiers	4,749	5,921	7,426	8,694	9,946
Assistance to Internally Displaced Persons	1,592	2,586	1,666	1,457	4,538
Food Assistance	1,258	1,075	2,466	4,437	7,783
Public Assistance through Provincial Councils		648	326	922	960
Flood and Drought Relief	276	171	345	323	738
Free Medicine to Government Hospitals	7,100	11,379	10,804	12,082	12,149
General Fuel Subsidies		10,069	632		900
Petrol		650			900
Diesel		2,145			
Kerosene		2,889	632		
Fuel Oil		4,385			
Agriculture	7,028	12,072	11,140	26,759	28,053
Interest subsidy for Agriculture Loans etc,	136	158	100	155	379
Fertilizer Subsidy	6,846	11,867	11,000	26,449	26,935
Development Subsidy	46	47	40	155	739
Other	788	945	1,030	1,346	348
Street Lighting	743	900	1,000	1,300	204
Water Subsidy for Religious Places	45	45	30	46	144
Total	35,242	59,701	51,440	73,648	83,780
Losses of Departmental Enterprises	9,060	11,767	10,525	10,620	11,078
Sri Lanka Railways	3,554	3,982	4,578	4,553	4,988
Sri Lanka Transport Board	3,854	4,976	3,653	4,087	3,541
Postal Department	1,652	2,809	2,294	1,980	2,549

Source: Department of National Budget

School National Food Programme was enhanced to cover grade 1 to 4 children, with a cost of Rs. 2,251 million and benefited 70,450 children in the country. "Poshana Manpetha" the bank account scheme which was designed to support children who lost their parents consequent to Tsunami and terrorist activities in North and East continued with a further cost of Rs. 19 million, benefiting 484 such children. Other welfare programmes such as school season tickets providing free school text books, uniforms, free dharma school text books and bursaries were continued at a cost of Rs. 5,975 million. The Samurdhi Social security Programme continued in 2009 benefiting 1.6 million families at a cost of Rs. 9,298 million. The cost of other entitlements offered to Samurdhi beneficiaries such as "Sipdora" scholarship programme, marriage, death, hospitalization allowances stood of Rs. 267 million in 2009. Fuel subsidy was granted to three wheeler operates at a cost of Rs. 900 million in 2009.

Rural Sector Development Initiatives

"Gama Neguma" Programme

"Gama Neguma" programme is designed to provide opportunities to all for social and economic empowerment by focusing on balanced and sustainable development in the village. The programme constitutes of projects implemented to re-cultivate of social, cultural and religious values under the moral and social development, to uplift the community through income and employment generating activities within the village under the livelihood development and to construct small scale rural infrastructure which will make direct and indirect contribution towards economic activities in the village. Under this programme 27,772 projects were approved for implementation in 13,440 Grama Niladhari divisions in 2009 out of which 26,530 projects were completed during the year at a cost of Rs. 9,023 million benefiting over 5 million people.

Table 2.16
Expenditure on "Gama Neguma"- Sector wise Development in 2009

Sector	Expenditure Rs. Mn.	Peoples' Participation (Rs. Mn.)	Beneficiaries (Nos.)
Infrastructure Development	8,099	1,773	4,860,312
Roads and Bridges (2840.3km)	5,965	1,387	3,491,686
Housing	306	83	141,656
Power & Energy	584	35	188,905
Irrigation	323	106	375,051
Social & Sports	202	32	224,599
Water Supply & Sanitation	309	82	196,882
Others	410	48	241,533
Livelihood Development	899	140	159,946
Livelihood Development	207	36	103,727
Agricultural & Animal Husbandry	354	94	45,754
Others	338	10	10,465
Social & Spiritual Development	25	7	194,791
Total	9,023	1,920	5,215,049

Source: Ministry of Nation Building and Estate Infrastructure Development

Table 2.17
"Gama Neguma" - District wise Expenditure in 2009

District	Projects Completed	Projects In Progress	Expenditure (Rs. Mn.)	Peoples' Participation (Rs. Mn.)	Beneficiaries
Moneragala	1,279	18	398	52	215,422
Nuwara Eliya	1,089	15	388	67	241,314
Badulla	1,472	2	419	80	148,720
Rathnapura	1,327	50	417	94	112,079
Colombo	1,083	17	314	77	108,004
Kaluthara	1,179		584	147	169,987
Gampaha	2,278	137	754	200	241,756
Jaffna	394	4	345	89	38,915
Anuradhapura	1,177	357	563	214	622,596
Polonnaruwa	251		213	38	132,942
Kandy	1,096	16	446	90	268,709
Matale	616	1	308	60	321,000
Vavuniya	67	36	81	13	22,793
Galle	1,151	2	433	81	532,125
Matara	1,264	146	324	73	123,733
Hambantota	691	3	265	30	203,250
Kurunegala	3,868	15	1,041	153	325,485
Kegalle	2,295	39	334	71	135,445
Puttlam	1,412	6	274	57	148,918
Mannar	213	88	137	27	35,528
Ampara	1,039	74	373	60	362,468
Batticaloa	704	1	386	87	575,185
Trincomalee	394	50	224	60	128,680

Source: Ministry of Nation Building and Estate Infrastructure Development

"Jatika Saviya" Programme

This programme was designed to accelerate development programmes in the war torn areas in the North and East as well as adjoining vulnerable districts such as Anuradhapura and Puttlam. Programmes were implemented to rehabilitate and reconstruct access roads, irrigation network, housing and electricity while projects were also designed to resettle the displaced person in their home towns and assure livelihood support for these persons.

A large number of barren land were brought under cultivation to raise production of paddy, maize, vegetables, fruits, cashew and chillies and other cash crops. The Government provided the farming community with capital, technology, agricultural equipment and fertilizer and also provided machinery needed for farm land preparation and road construction.

Table 2.18
Financial Allocations under 'Jathika Saviya' Programme
Main Projects - District wise

District	Project	Allocation (Rs. Mn.)
Ampara	Construction of Maha Oya - Aralaganwila Road with construction of a causeway	41
	Tsunami Housing Project - Liraivalikandam	250
Batticaloa	Improvement of Agriculture Sector and Irrigation Sector	9
Trincomalee	Construction of Outer Circular Road - Trincomalee	76
	Construction of Seruvila - Somawathi Road	26
	Construction of Police Station at Pallikudyiruppu Mutur South	3
	Tsunami Housing Project - Love Lane	227
Jaffna	Improvement of Thonadamanaru Bridge	14
	Rehabilitation of KKS Harbour	82
Mannar	Construction of Silavathurai Puttalam Road	112
Polonnaruwa	Establishment of Rehabilitation Centre Welikanda	4
Northern Province	Rehabilitation of Rural Road Network system in Northern Area	71
	Procurement of machineries for Rehabilitation and Development in Northern Area	141

Source: Ministry of Nation Building and Estate Infrastructure Development

Estate Infrastructure Development

Several projects were implemented focusing on the plantation sector with a view to upgrade the living standards of people in plantations in Nuwara Eliya, Rathnapura, Badulla, Kegalle and Kalutara Districts. These included programmes to upgrade educational and health facilities, estate housing, estate roads, water supply and vocational training. These programs were carried out with community participations at a total cost of around Rs. 300 million in 2009.

Table 2.19
Estate Infrastructure Development 2009

Sector	Expenditure Rs. Mn.
Housing	213
Roads and Bridges	81
Water Supply	6
Education	2
Cultural	18
Social Development	19

Source: Ministry of Nation Building and Estate Infrastructure Development

Enhanced Development Expenditure

The overall public expenditure amounted to Rs. 330 billion an increase of 28 percent over 2008. The Government continued its commitment to accelerate development programmes, targeting the rural sector especially through rural development initiatives such as "Gama Neguma" "Maga Neguma", "Uturu Wasanthaya" and other pro-poor, pro-growth development programmes. The momentum gained with respect to key national infrastructure development projects consisting of roads and bridges, ports, power generation, irrigation, water supply and human resource development during past years was maintained in 2009. The public investment as a percentage of GDP was 6.8 percent maintaining its trend of over 6 percent from 2005.

Table 2.20
Public Investments

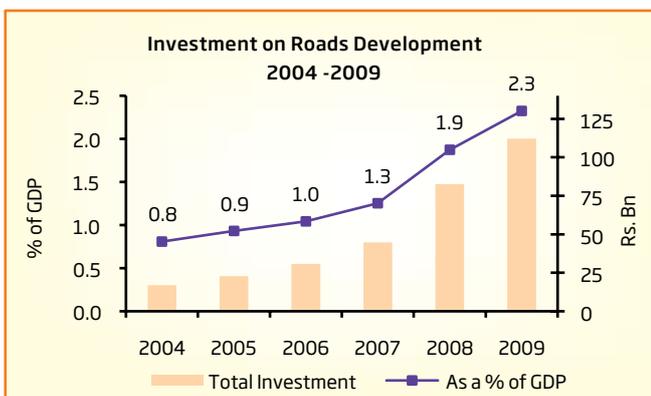
Sector	2006	2007	2008	2009
Roads and Bridges	25,871	39,870	63,427	85,146
Electricity	4,484	23,945	16,808	32,852
Ports and Aviation	5,731	621	7,856	28,332
o/w Ports	191	621	7,356	25,425
Irrigation	7,329	7,502	10,753	14,207
Agriculture and Production	9,474	11,681	12,070	14,512
Water Supply	17,944	19,739	25,374	22,514
Education	17,200	19,948	22,942	16,934
Health	13,969	16,961	18,674	12,664
Rural Infrastructure	16,222	26,205	50,130	57,000
Transport (Railway/CTB)	7,586	8,669	12,161	11,247
Administrative/Police/ Judicial/Other	51,470	53,511	16,277	8,102
Total	177,443	229,273	263,827	330,448

Infrastructure Development Initiatives

Roads and Bridges

Investment in the road sector increased from Rs. 18.8 billion in 2005 to Rs. 100.2 billion in 2009, which was 2.3 percent of GDP and increase from 0.8 percent in 2005. This included construction of expressways, maintenance and improvement of roads and acquisition of land for road development.

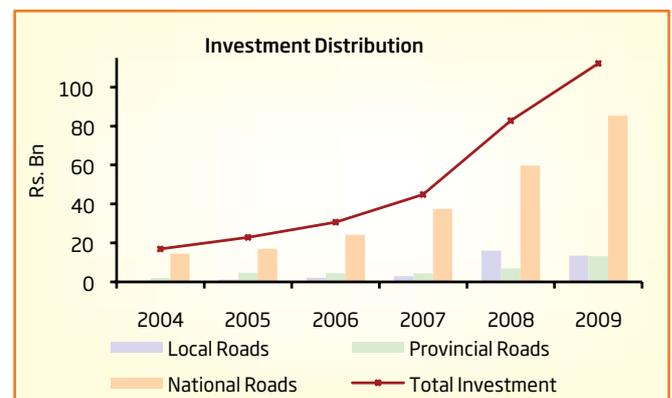
Chart 2.11



The share of investment on local roads increased to 14 percent in 2009 due to the rural roads being upgraded under the “Maga Neguma” and Gama Neguma” Programmes. The expenditure on bridges and flyovers stood at Rs. 16 billion in 2009 compared to Rs. 0.3 billion in 2005 while Rs. 29 billion was utilized for rehabilitation and construction of national roads.

In addition, another 1,024 Km of provincial roads and 130 Km of local roads have been rehabilitated with the assistance from ADB and Government of Japan. In 2009 further Rs. 1,636 million was utilized for local and provincial roads development under Provincial Specific Development Grant.

Chart 2.12



With the community participation under the "Maga Neguma" and "Gama Neguma" programme the accessibility and durability of rural roads have been upgraded island wide at a cost of around Rs. 12 billion during 2005-2009. Since 2005, around 7,500 Km of rural roads have been upgraded out of which 2,474 Km have been concreted thus improving the durability of rural roads.

Table 2.21
Sector wise Investments on Roads

Rs. Mn.

Item	2005	2006	2007	2008	2009
Expressway Development	2,435	6,767	7,706	14,922	24,672
Highways Development	3,253	5,434	8,737	11,278	16,073
Maintenance of Roads and Bridges	1,789	2,933	3,410	3,103	3,049
Widening and Improvement of Roads	2,507	3,001	4,582	6,053	5,449
Construction of Bridges and Flyovers	265	1,108	1,759	9,916	16,263
Rehabilitation of Tsunami Affected Roads	141	1,443	6,302	8,848	10,316
Roads	83	966	3,628	7,082	8,711
Bridges	58	477	2,674	1,765	1,605
Other Roads	206	1,065	1,911	2,792	3,492
Maga Neguma Rural Roads Development	434	1,800	2,442	3,796	2,987
Land Acquisition	2,288	2,320	3,021	2,718	2,999

Source: Department of National Budget



Kotagala Bridge in Galle District

Table 2.22
"Maga Neguma" - Rural Road Development

	2005	2006	2007	2008	2009
Total Km completed	731	2,284	1,202	1,640	1,592
of which concreted	21	277	777	881	518
Cost Rs. Mn	433	1,800	2,734	3,830	2,987

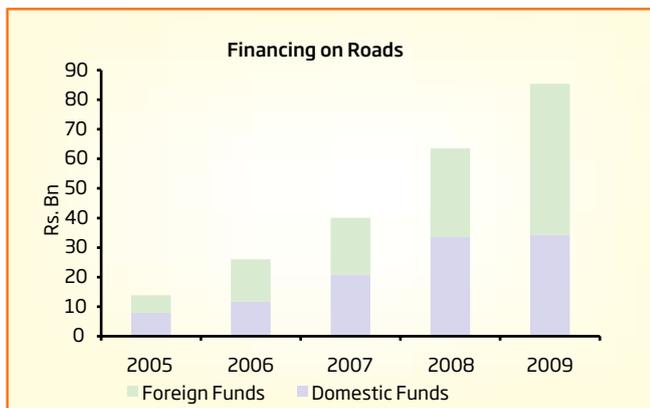
Source: Department of National Budget

Table 2.23
"Maga Neguma" Rural Road Development Programme-2009

District	No of Projects	Length of Road (km)	Expenditure (Rs. Mn.)	Beneficiary Families
Colombo	119	23	77	1,656
Gampaha	676	267	242	5,653
Kalutara	344	57	175	4,460
Kandy	193	58	131	2,780
Matale	138	47	79	1,943
Nuwara Eliya	55	19	47	1,129
Galle	50	13	49	593
Matara	313	94	247	4,442
Hambantota	1,099	302	725	14,984
Jaffna	4	4	7	160
Mannar	10	4	9	168
Vavuniya	11	8	10	303
Mullative	18	34	17	1,155
Kilinochchi	73	101	20	3,580
Batticaloa	14	3	14	201
Ampara	226	147	190	6,123
Trincomalee	6	3	8	187
Kurunegala	600	379	403	13,236
Puttalam	92	35	96	1,711
Anuradhapura	209	184	128	4,762
Polonnaruwa	53	23	49	1,156
Badulla	94	41	54	1,552
Moneragala	42	85	22	1,703
Ratnapura	318	45	120	2,989
Kegalle	132	23	79	1,604
Total	3,889	1,997	2,996	78,230

Source: Department of National Budget

Chart 2.13



Foreign aid component of the total investment in 2005 was Rs. 9,258 million and it has grown to Rs. 53,835 million in 2009 which accounted for 53 percent of the total investment.

Table 2.24
Achievements in Road Sector during 2005 - 2009

Achievements	Total Cost (Rs. Mn.)
765 km of roads have been rehabilitated in lagging regions: Gampola - Nawalapitiya (17 km), Gampola - Nuwara Eliya (54 Km), Nawalapitiya - Ginigathena Road (12 km), Ambatale-Kaduwela (4km), Pasyala-Mirigama (10.1km), Nittambuwa - Urapola (8 km), Weerawila - Kataragama (25.8 km), Dickwella - Beliyata (13.3 km), Pelmadulla - Madampe - Malwatta - Timbolketiya Road (43.6 km), Timbolketiya - Embilipitiya - New Japanese Road (12 km), Nagoda - Agalawatta Road (23km), Ambalamgoda - Elpitiya Road (16.2 km) and Balangoda - Bandarawela Road (57 km) Bandarawela-Haliela(21.5km), Bandarawela-Welimada(20.3km), Hakmana-Talahaganwaduwa & Denagama-Mulatiyana(24.3km), Medawachchiya-Punewa & Medawachchiya-NCP Boundry(22.5km), Maradankadawela-Jayanthipura(60km), Jayantipura-Thirikkondi(68km), Padeniya-Puttalm(61.5km), Nittambuwa-Kandy(76.2km), Ingiriya-Ratnapura(33.7km), Wellawaya-Siyambalanduwa(69.15km)etc.	27,157
Mannampittiya, Getambe, Mahanama, Wasgaduwa, Bentota, Tangalle, Katugastota, Hirana, Weralugastotupola, Molkawa, & Lathpandura, Kinnya and Mannar Bridges were completed.	7,967
723 km of road sections have been widened and improved.	19,800
Reconstruction of tsunami affected of Katukurunda - Matara road (115 km), Akurala, Seenigama, Magalla, Goyyapana, Weligama, Komari, Kodkaikallaru, Periyakallaru, Panichchankerny , Arugambay, Irrakkandy and Yan Oya bridges in the Southern and Eastern coastal area.	7,814
95 damaged bridges have been replaced by bailey bridges in North, East and adjoining provinces and 250 km of provincial and local roads and 8 km of Paranthan - Poonakary, Bogahawewa-Pulmudai road have been rehabilitated.	5,108
Maintenance of 11,700 km of national roads & 4,000 bridges / year.	17,814
Around 754 km of provincial roads and 7 bridges in Uva, North Central, North Western and Western provinces have been rehabilitated.	7,161
Fly overs at Kelaniya, Nugegoda and Dehiwela were completed.	6,147
7,449 km of rural roads have been upgraded of which 2,474 km of roads have been concreted.	11,784

Source: Department of National Budget

Ports

Construction of several mega infrastructure projects was carried out with an investment around Rs. 24 billion in 2009. The Colombo South harbour project which was commenced in April 2008 with ADB assistance continued in 2009 with major portion of the construction of the breakwater and dredging activities been completed. Relocation of existing submarine oil pipelines and improved shore facilities and provision of navigational aids will also be a part of this expansion. The construction work of the Hambantota port project with Chinese aid continued with phase 1 of the project is to be completed in August 2010 before the scheduled date of April 2011. Further Bunkering Facility and Tank Farm Project in Hambantota commenced in 2009 which will be financed by Chinese assistants. Construction work of the Oluvil port development project also continued and its expected that the construction work of 2 breakwater with a length of 550 meter and 773 meters would be completed in 2010.

Power and Energy

The power and energy sector development gathered momentum with investment in 2009 increasing over 100 percent over 2008. The total investment in power sector was Rs. 32 billion in 2009 compared to Rs. 16 billion in 2008. The major share amounting to Rs. 23 billion was invested in power generation sector with the acceleration of work of Norochcholai Coal Power Project and Upper Kothmale Hydro Power Project. The phase I of the Kerawalapitiya Combined Cycle Power Plant which added 150 MW to the national grid in November 2008, further expanded by adding another 100 MW to the grid in 2009 with the commissioning of the gas operated plant while the phase 2 of this project is in progress.

Investment in electricity transmission and distribution were enhanced in 2009 with projects such as Kotagoda and Kerawalapitiya transmission line, ADB funded power sector development project, Lighting Sri Lanka projects in areas such as Kandy, Hambantota, Monaragala, Kegalle, Kalutara, Rathnapura and North Central Provinces.

Table 2.25
District wise Electrification Level

District	Electricity Level (%)	
	2005	2009
Colombo	96	98
Gampaha	96	98
Kalutara	78	84
Galle	91	97
Matara	86	94
Hambantota	68	88
Moneragala	47	50
Badulla	63	67
Rathnapura	61	70
Kegalle	70	79
Nuwara Eliya	77	86
Kandy	74	79
Matale	74	84
Jaffna	49	60
Kilinochchi	30	5
Vavuniya	66	60
Mulathivu	30	4
Mannar	30	60
Anuradhapura	62	71
Polonnaruwa	61	69
Kurunegala	66	76
Puttalam	73	83
Trincomalee	50	56
Batticaloa	47	54
Ampara	60	67
Total	75	88

Source: Ministry of Power and Energy

Water Supply and Sanitation

Currently the government is committed to implement an investment programme of Rs. 207 billion through ongoing projects, during 2008-2014. Out of that Rs. 148 billion (72 percent) is to be obtained from foreign loans and Rs. 59 billion (28 percent) from domestic funds. By end 2009, Rs. 72 billion (35 percent) has been spent out of this committed investment.

Table 2.26
Investment in Water Supply and Sanitation in 2009

	Foreign Funds	Domestic Funds	Total
Water Supply Schemes	14,328	7,578	21,906
Large Scale Water supply schemes; Ampara, Kandy, Colombo, Polonnaruwa, Batticaloa, Muttur, Hambantota, Galle, Nuwara Eliya, Kadugannawa, Galioya, Udunuwara, Yatinuwara, Gampola, Peradeniya, Ulapane, Ginigathhena, Hatton, Maskeliya, Ragala, Rikillagaskada, Negambo and Lunugamvehera.	13,514	6,082	19,596
Small Scale Water Supply Schemes; Thalawakele/Lindula, Medirigiriya, Ippalogama, Pelmadulla, Kantale, Mahawa, Udawalawa, Galigamuwa, Akuesssa, Monaragala, Ohiya, Thihagoda etc.		900	900
Rural Water Supply Scheme; Anuradhapura, Colombo, Matara, Rathnapura, Gampaha, Kandy, Matale, Nuwarw Eliya, Ampara, Kurunegala Districts and in the Estates.	814	596	1,410
Sewerage Schemes; Moratuwa, Ratmalana, Jaela, Ekala, Kandy and Colombo	1,862	677	2,615
Total - Water & Sanitation	16,190	8,255	24,445

Sources: Department of National Budget.

Total investment made in 2009 on water supply and sanitation was Rs. 24,445 million. The actual expenditure was about 78 percent in terms of the budgetary provision made available for water supply and sanitation in 2009. As 2009 was the starting year of several large scale schemes, the utilization of the Budget was lower than 2008 due to non-awarding of few major contracts as anticipated.

Government funds cover mainly the expenditure of head works which are the major investment components. Cost per connection of a pipe borne water supply scheme is around Rs. 200,000. There

is a sharp increase in the number of water connections indicating the level of expansion in the service over the years. Between 1994-2009 the number of water connections has been increased by 968,663. Especially, about 100,000 new connections have been added annually during 2004 to 2009. Previously, about 60 percent of total pipe borne water connections have been concentrated in and around Colombo. The increased investment made in other provinces during the 2004-2009 has resulted in increasing the share (51 percent) of households covered in provinces outside Western Province.

Table 2.27
Achievements Water Sector 2005-2009

Project	Total Cost Incurred Rs.Mn.	Assets Built up		Areas benefited	No. of Households to be covered	Capital Cost per House Connection Rs.
		Treatment Plant Capacity (Cubic meters per day- m ³ /day)	Length of Distribution Lines (km)			
Tsunami Affected Area Water Supply Project	1,200			Hambantota, Batticaloa and Muttur	35,900	
Ampara-Nawalapitiya-Koggala Water Supply Project	2,670	Ampara - 6500 m ³ /day, Nawalapitiya-4500 m ³ /day and		Amapara UC area, Nawalapitiya UC area, Habaraduwa PS area and Koggala EPZ	22,000	121,300
Ambalantota-Weligama-Kataragama Water Supply Project	2,126	Weligama-5000 m ³ /day, Kataragama-5000m ³ /day, Ambalantota-7500 m ³ /day		Hambantota, Ambalantota, Weligama, Kataragama and Sella Kataragama	28,000	75,928
Ampara Water Supply Project -Phase II	10,300	72,000 m ³ /day	280	Nintavur, Oluvil, Adalachchenai, Akkaraipattu, Irakkamam	74,000	139,189
Greater Galle Water Supply Project	2,711	32,000 m ³ /day	391	Akmeemana, Bope Poddala, Hikkaduwa & Habaraduwa	35,000	77,500
Greater Kandy Water Supply Project I	4,820				100,000	
Kaluganga Water Supply Project	11,605	Horana- 60,000 m ³ /day	194	Horana, Panadura, Moratuwa, Bandaragama & Kalutara	40,000	116,000
Nuwara Eliya District Group Town Water Supply Project	4,020	Six treatment plants with each about 3000 m ³ /day	124	Ginigathhena, Hatton, Dickoya, Maskeliya, Ragala, Rikillagaskada, Walapane & Lindula	23,000	174,780
Towns South of Kandy Water Supply Project	7,250	Four treatment plants- Gampola-6000m ³ /day, Ulapane-8000 m ³ /day, Elpitiya-7000m ³ /day, & Meewatura-32,000 m ³ /day	360	Peradeniya, Pilimalawa, Kadugannawa, Geliya, Udunuwara, Yatinuwara, Gampola, Ulapane, Elpitiya, Davulugala, Meewatura	81,000	89,500
Rehabilitation and Augmentation of Tsunami Affected Area Water Supply Project	4,200	Baddegama-36,000 m ³ /day	165	Balapitiya, Amabalangoda, Hikkaduwa, Ratgama	43,000	97,674
Thirukkivil Water Supply Project	1,100			Thriukkivil	6000	183,000
Tangalle Water Supply Project	1,000	15,000 m ³ /day		Tangalle & Beliatta	11,500	87,000

Source: Department of National Budget.

During 2004-2009, about 2,500 villages in 14 Districts have been covered under the two major rural water supply projects. 351 rural water supply schemes have been completed in 2009 benefiting a total number of 312,302 people in the following areas.

Table 2.28
Rural Sector Water & Sanitation Projects

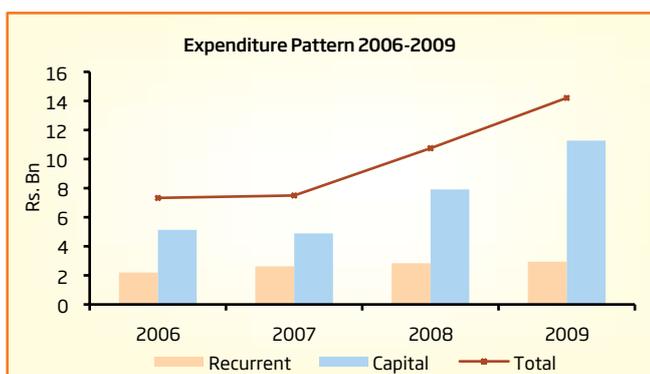
	Grama Niladhari Divisions covered by the project	No of Households Benefited	Total Cost Rs. Mn
Community Water Supply and Sanitation Project	575	132,578	3,257
Second Community Water Supply & Sanitation Project (IDA)	778	179,724	4,875
Total	1,353	312,302	8,132

Source: Department of National Budget.

Irrigation and Water Resources

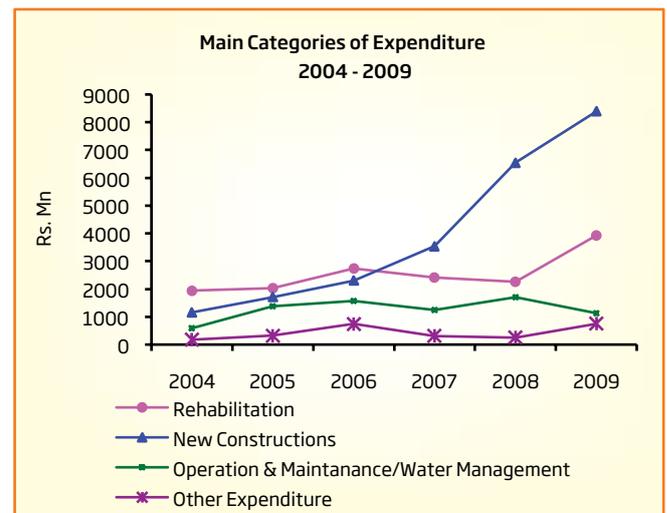
From 2006 onwards, attention has been paid to invest mainly on new reservoir constructions aiming at productively using of the available water resources. In this background the public investment in 2009 was made for the construction of multi-purpose irrigation schemes and trans basin diversions, targeting to utilize water to address the emerging demand from agriculture as well as non-agricultural sectors. Also funds have been mobilized for rehabilitation of existing irrigation schemes and dams and other works such as development of flood protection, drainage and salt-water schemes and carrying out of research and feasibility studies etc.

Chart 2.14



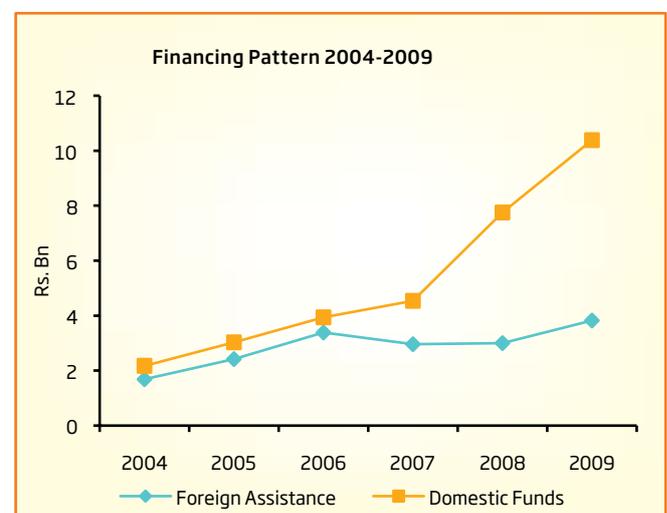
In line with the above, investment in this sector has been significantly increased over the last few years. Total expenditure of this sector has increased by 26 percent in 2009, spending Rs.17 billion. compared with 2008 expenditure. Of which total capital expenditure was Rs. 14 billion.

Chart 2.15



During the period from 2006 - 2009, out of total public investment of about Rs.40 billion, there was a large increase in domestic financing totaling Rs.27 billion compared with foreign assistance (Rs 13. billion), diverting more domestic funds for the construction of new reservoirs such as Moragahakanda and Kaluganga reservoir, Menik ganga, Deduru Oya, Rambukkan Oya reservoirs etc.

Chart 2.16



Following are some of the major and medium irrigation schemes that have already been completed through rehabilitation and

construction, during 2004 -2009 resulting an increase in actual irrigable land extent while maintaining a higher cropping intensity.

Table 2.29
Some of the Selected Major & Medium Irrigation Schemes completed

Scheme	District	Cost (Rs. Mn.)	Benefits
Menik Ganga (Wheragala) reservoir	Moneragala, Hambantota	2,200	Extent 10,000 Ha., 8000 families
Weli Oya Diversion	Moneragala	852	Extent 1500 Ha., 3000 families
Wemedilla Reservoir	Matale	250	Extent 720 Ha., 600 families
Gal Oya River division	Ampara	275	Extent 10,000 Ha., 8,000 families
Wahalkada tank	Anuradhapura	57	Extent 190 ha. of farm lands, 200 families
Holuwagoda drainage scheme	Galle	45	Extent 650 ha. of farm lands, 500 families
Medagama Gonagama	Kurunegala	15	Extent 57ha. of farm lands, 200 families
Walawe Left Bank	Hambantota	9,425	5469 families

Source: Department of National Budget.



Menik Ganga Reservoir (Weheragala) Project in Hambantota District

- Out of 10,000 minor tanks targeted under rehabilitation programme commenced in 2004, about 2623 tanks / anicuts have already been completed spending Rs. 2,200 million.
- Financing agreement was finalized in 2009 with the government of Iran for US\$ 529 million to commence the work on Uma Oya Diversion project and Rs 5,988 million was spent in 2009. It is expected to cultivate 15,000 acres by benefiting 12,000 farmer families in Badulla, Moneragala & Hambantota Districts while generating 120 MW hydro power.
- Construction of a dam at Moragahakanda is in progress utilizing local funds. The work on a deviated road network, infrastructure development for resettlement and land acquisition are in progress under Kaluganga reservoir of the system F area and Kaudulla development area spending Rs.1,057 million for 2009. Funds have been mobilized from OPEC for the construction of tunnel through Moragahakanda & Kaluganga reservoirs. Also Kuwait provides US \$ 37 million for the Kaluganga development project.
- Dam Safety and Water Resources Planning Project with World Bank assistance was commenced in 2008, aiming (1) to ensure the safety and operational efficiency of 32 large dams out of selected 80 dams, (2) to establish a modern Hydro-Meteorological information system (3) to improve water resource planning of

the country with other stake holders and (4) Project Management and Monitoring and Evaluation. Total expenditure was Rs. 410 million in 2009. Environmental Assessment process completed for 8 dams (Victoria, Ridiagama, Tabbowa & Inginiyitiya). All 80 dams were provided with maintenance equipment such as bush cutters, chain saws etc. 26 inspection boats were provided for 26 dams for perimeter inspection.

- Phase II of the Sustainable Water Assistance Management Project commenced with the assistance of the Australian government in 2008 continued in 2009. It is implemented jointly by the Department of Agriculture, Agrarian Development and Sri Lanka Samurdhi Authority. 1,350 Solar power Drip irrigation systems have been distributed among Dry Zone farmers in Anuradhapura, Polonnaruwa, Moneragala etc.

North East Irrigation Rehabilitations (Major, Medium & Minor)

Rehabilitation work of existing irrigation schemes were accelerated after the end of the war in Northern & Eastern Provinces. Around Rs. 1.5 billion have been spent for irrigation purposes mainly for the rehabilitation of Giant tank in Mannar, Allai Extension scheme in Trincomalee, Rugam Scheme in Batticaloa, Karawahu drainage scheme in Ampara as well as under the PEACE project Morawewa in Trincomalee district and Akaththimurippu Irrigation Scheme in Mannar.

Table 2.30
North East Irrigation Schemes for Rehabilitation

Province / District	No: of Major/Medium/Minor schemes	Irrigable Extent Paddy (Ha)	Number of families benefited
Vavuniya	544	14,301	15,380
Mannar	192	17,612	18,057
Mullaitivu	192	13,442	13,263
Killinochchi	198	16,555	17,965
Jaffna	327	3,400	3,000
Sub Total	1,453	65,310	67,665
Eastern Province			
Ampara	208	66,693	66,115
Batticaloa	253	26,793	24,140
Trincomalee	433	18,726	14,860
Sub Total	894	112,212	105,115
Total	2,347	177,522	172,780

Source: Department of National Budget

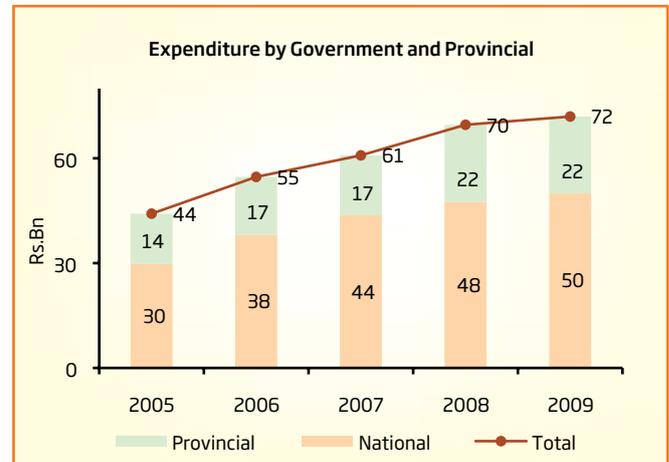
Human Resource Development

Priority has been continuously placed on human resource development by the Government through the provision of enhanced investment to health, education and skills development with the aim of building a strong competent human resource base required for the development of the country.

Health

The Government earmarked a major share of its investment for health with an overall policy objective of delivering quality and modern health care service particularly to underserved areas. The total investment in health was Rs. 72 billion in 2009 compared to Rs. 70 billion in 2008. The health sector investment in 2009 represented 1.5 percent of GDP and 6 percent of total Government expenditure. This is in addition to the steady growth in investment by the private sector in the health sector that has taken place over the years.

Chart 2.17



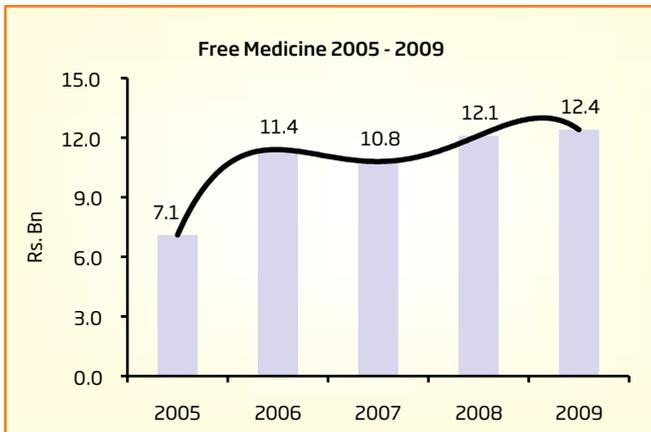
Expenditure on medical supplies to Government institution has increased from Rs. 7.1 billion in 2005 to Rs. 12.4 billion in 2009, in order to ensure proper maintenance of patient care services.

Table 2.31
New Initiatives Targeting Underserved Areas

Kantale	Rehabilitation of Kantale Base Hospital
Kalmunai	Construction of an OPD building of Kalmunai Base Hospital
Kalutara	Construction of a clinical complex and an OPD building at Kalutara General Hospital
Peradeniya	Construction of Sirimavo Bandaranaike Specialized Childrens' Hospital (Stage II)
Matara	Establishment of Korea-Sri Lanka Friendship Hospital with Korean assistance
Anuradhapura	Improvements to curative healthcare facilities at Anuradhapura General Hospital with JICA assistance
Kegalle	Construction of a Theatre Complex at Kegalle General Hospital
Badulla	Establishment of a Chest Unit
Kandy	Construction of a Theatre Complex
Kurunegala	Construction of Oncology Unit and a Maternity Ward at Kurunegala Teaching Hospital
Jaffna	Improvements in the Teaching Hospital Jaffna
Batticaloa	Improvements to curative healthcare facilities at Batticaloa Hospital
Akkareipattu	Improvements to curative healthcare facilities at base Hospital at Akkareipattu

Source : Department of National Budget

Chart 2.18



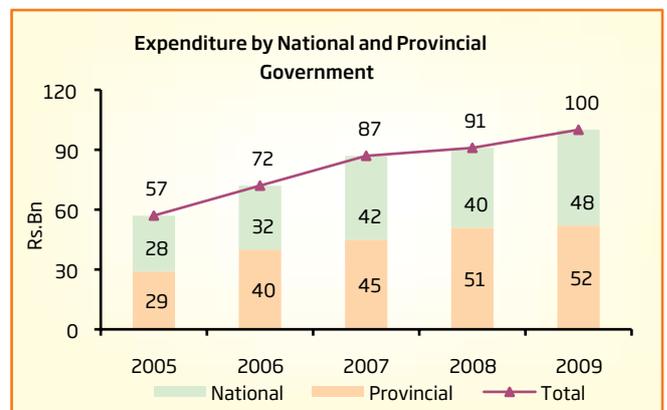
Health sector faced a major challenge of providing urgent health facilities for around 300,000 Internally Displaced Persons (IDPs) in the North after the end of humanitarian operation in May 2009. This was successfully implemented mobilizing required resources within and outside the country with establishing hospitals in welfare villages, opening primary health care centers to provide out-patient services and conducting special clinics. In addition numerous psychological activities were carried out with a view to bring normalcy to IDPs.

Government continued in investing in human resources to overcome the prevalent imbalance in the human resource distributions particularly in rural areas, with recruitments of 607 doctors, 2,553 nurses and 1,117 attendants.

Education

The expenditure on education covering primary, secondary and tertiary education has increased, under both Central and Provincial Government during 2005-2009. The total expenditure on education has increased to Rs. 100 billion in 2009 from Rs. 91 billion in 2008.

Chart 2.19



The Government also continued channeling funds to welfare expenditure programmes such as printing and delivering of school text books, free mid day meals, bursaries and scholarships and school uniforms ensuring the free education policy of the country. Meanwhile Rs. 12,663 million has been utilized on capital expenditure in 2009.

Allocations under Section 6 of Appropriation Act No. 43 of 2008

The details of allocations made during 1st January to 30th December 2009 under appropriation Act No. 43 of 2008 are given below.

Table 2.32
Allocations made during 1st January to 30th December 2009

			Rs.	
Ministry /department	Purpose	Recurrent	Capital	
1	His Excellency the President	Payment of compensation to members of the family of Hon. M.K.Ranjith, late Minister of Agriculture, Irrigation, Fisheries, and Livestock Resources Development, Trade and Labour of the Southern Provincial Council, Programme for rehabilitation of misguided youth surrendered(Commissioner General of Rehabilitation), Capacity Building and Enhancement of Facilities Project at Protective Accommodation and Rehabilitation Center-Ambepussa(Commissioner General of Rehabilitation), Institutional Support(SEMA), payment of taxes and duties for obtaining a vehicle forfeited by the Department of Customs , National Research Council(Budget Proposal), payment of compensation to Mr.J.R.Wijethilake, former Secretary to Ministry of Agriculture Development and Agrarian Services in terms of P.A circular No.22/93), Settlement of duties - Special Development Programme	7,518,200	1,578,747,948
2	Office of the Prime Minister	Services, rehabilitation of buildings, maintenance of vehicles, payment of taxes and duties for obtaining a vehicle forfeited by the Department of Customs	7,500,000	8,379,130
3	Judges of the Superior Courts	Foreign travel, Cost of Living Allowance, maintenance of vehicles	7,000,000	
5	Parliament	Maintenance of vehicles, purchase of a vehicle, salaries, Cost of Living Allowance	13,000,000	7,500,000
6	Office of the Leader of the House of Parliament	Payment of taxes and duties for obtaining a vehicle forfeited by the Department of Customs, Cost of Living Allowance, property loan interest	345,000	2,268,000
7	Office of the Chief Government Whip of Parliament	Supplies, maintenance of vehicles	400,000	
8	Office of the Leader of the Opposition of Parliament	Maintenance of vehicles	13,581,882	
12	Public Service Commission	payment of taxes and duties for obtaining a vehicle forfeited by the Department of Customs, training and capacity building		2,987,000
17	Department of Elections	Cost of Living Allowance, initial expenses for the Presidential Election - 2010	564,000,000	
18	Auditor General's Department	Payment of taxes and duties for obtaining of vehicles forfeited by the Department of Customs		3,955,200
19	Office of the Parliamentary Commissioner for Administration	Cost of Living Allowance	65,500	
21	National Education Commission	Personal Emoluments	1,000,000	
22	Human Rights Commission of Sri Lanka	Project for People's Consultation on Post Tsunami Relief, Reconstruction and Rehabilitation(UNDP)		141,062

Table 2.32 Contd...

Head No.	Ministry/ Department	Purpose	Recurrent	Capital
101	Ministry of Religious Affairs and Moral Upliftment	Construction of Buddhist Temple at Lumbini-Nepal, Cost of Living Allowance	2,744,071	35,345,000
102	Ministry of Finance and Planning	Pilot Distance Programme for graduate trainees, personal emoluments for newly recruited officers of SL Accountants Service and Planning Service, electricity and water, payment of taxes and duties for obtaining of vehicles forfeited by the Department of Customs, personal emoluments, training and capacity building	79,113,611	21,019,270
103	Ministry of Defense, Public Security, Law and Order	Payment of compensation for the soldiers killing and missing in action, for enlisting 239 Officer Cadets to General Sir John Kotelawala Defense Academy, purchase of laboratory equipment for kotalawela Defense Academy, recurrent expenditure for Defence Services Command and Staff College, personal emoluments, settlement of fiscal levies for goods imported and cleared on provisional entry basis	146,000,000	406,605,344
104	Ministry of Plan Implementation	Payment of taxes and duties for obtaining of vehicles forfeited by the Department of Customs, cost of living allowance, office rent	4,000,000	4,228,800
105	Ministry of Nation Building and Estate Infrastructure Development	Salaries for National Paper Company, National Protection and Durable Solution for IDPs, Transition programme, support demining in North East, Mine Risk Education Programme(UNICEF), Secondary Towns Rural Community Based Water Supply(ADBIV), Settlement of VAT for Donor funded projects, cost of living allowance (Samurdhi Authority of Sri Lanka), Rehabilitation of Economic, Physical and Social Infrastructure Project, National Paper Company, Settlement of fiscal levies	101,500,000	308,198,321
106	Ministry of Disaster Management and Human Rights	National Protection and Durable Solution for IDPs, payment of VAT		121,103,817
107	Ministry of Tourism	Cost of Living Allowance	1,525,000	
108	Ministry of Posts and Telecommunication	Salaries and wages(new recruitments), cost of living allowance, travelling, fuel, transport, services	5,056,102	
110	Ministry of Justice and Law Reforms	Transport, Project for Tsunami Affected Children and Backing their Families, foreign travelling, purchase of vehicles, to account the financial grant given by the Norwegians Refugee Council to launch of magazine "Justice"	4,808,734	62,005,000
111	Ministry of Healthcare and Nutrition	Cost of treating army casualties, Salaries for new recruitments	483,800,000	
112	Ministry of Foreign Affairs	To provide strategic lobbying services for GOSL in the USA, Regional Ministerial Meeting on Financing Strategies for Healthcare(ECOSOC), personal emoluments, SAARC activities, Technical cooperation (Palestine national Authority), services, 8th Asia Corporation Dialog(ACD)Ministerial Meeting, purchase of vehicles, furniture and office equipment, allowances for the employees of Overseas Missions, travelling, rent, for transportation and accommodation of visits by special dignitaries for observing IDP camps	826,908,974	24,540,000
113	Ministry of Ports and Aviation	Purchase of a vehicle		4,000,000
114	Ministry of Transport	SAARC transport Ministers' and Inter Governmental Group(IGG) meetings, payment of taxes and duties for obtaining of vehicles forfeited by the Department of Customs for SLTB	6,564,385	2,016,000

Table 2.32 Contd...

Head No.	Ministry/ Department	Purpose	Recurrent	Capital
116	Ministry of Trade, Marketing Development, Co-operatives and Consumer Services	Building Material Corporation(Salaries), VRS for the employees of BMC, To purchase Customs forfeited vehicles for Consumer Affairs Authority		184,691,200
117	Ministry of Highways & Road Development	Road Sector Assistant Project , Compensation payment for land acquisition by Treasury Bonds, Construction and improvement of roads for Deyata Kirula Exhibition 2010 at Pallekele-Kandy, Operational cost of RDA, Payment of duties - Regional Bridges Project	165,000,000	3,221,235,096
119	Ministry of Power Energy	SAARC Energy Ministers' Meeting, Concession for encouraging economic use of electricity (Budget Proposal), Settlement of fiscal levies(Norochchola Coal Power Plant Centre)	203,000,000	1,364,360,657
120	Ministry of Child Development and Women Empowerment	Save the Children in Sri Lanka Foundation, Cost of Living	8,400,000	1,624,000
121	Ministry of Public Administration and Home Affairs	Purchase of vehicles(SLIDA), Local Governance Project, Institutional Support(SLIDA), Salaries and wages, Cost of living allowance, SLIDA(Personal Emoluments for SLAS trainees)	39,782,365	34,225,000
122	Ministry of Mass Media and Information	SLBC(recurrent expenditure), Services, Furniture and Office Equipment, vehicles	107,295,000	6,079,156
123	Ministry of Urban Development and Sacred Area Development,	To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs		2,595,600
124	Ministry of Social Services and Social welfare	International Centre for Settlement of Investment Disputes(ICSID), To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs, National Institute of Social Development and Social Security Board, Cost of Living Allowance	1,728,000	18,236,400
125	Ministry of Housing and Common Amenities	Voluntarily Compensation Scheme for employees of Condominium Management Authority, settlement of outstanding liabilities(Public Servants Housing Project-Jaltara), Centre for Housing, Planning and Buildings		175,272,223
126	Ministry of Education	Cost of Living Allowance, Salaries and wages	850,000,000	
127	Ministry of Labour Relations and Manpower	Hire Charges, Cost of Living Allowance, Supplies, Salaries, Rent(NILS)	17,575,140	
128	Ministry of Rural Industries and Self Employment Promotion	Personal emoluments, Foreign travel	7,358,000	
129	Ministry of Vocational and Technical Training	Subscription and Contribution fees, Salaries for Vocational Training Institute of Sri Lanka	13,800,000	
130	Ministry of Local Government and Provincial Council	Rural Integrated Water Sanitation and Hygiene Project(RIWASH), Conflict Affected Area Rehabilitation Project(CAARP), Provincial Road Improvement project(PRIP), rents, National Food Production Grant Scheme(NSWMS), Local Government Infrastructure Project,	240,000	1,887,939,060
132	Ministry of Enterprise Development and Investment Promotion	Compensation payable to HNB - thulhiriya Textile		31,000,000
133	Ministry of Science and Technology	To pay taxes and duties for obtaining of vehicles forfeited by the Department of Customs		5,314,800

Table 2.32 Contd...

Head No.	Ministry/ Department	Purpose	Recurrent	Capital
134	Ministry of Constitutional Affairs and National Integration	Operational expenses for the newly appointed Minister , Equal Access to Justice Programme, To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs, Purchase of a vehicle, Travelling, services	19,196,000	69,552,000
135	Ministry of Plantation Industries	Mahaweli Coconut Development Authority, Plantation Development Project, Plantation Reform Project		391,000,000
136	Ministry of Sports and Public Recreation	Payment of taxes and duties(vehicles), Purchase of vehicles, Cost of Living Allowance, Salaries	3,901,000	14,477,800
138	Ministry of Indigenous Medicine	Project to provide Community Health Facilities through indigenous system of Medicine, Cost of Living Allowance	4,336,250	
139	Ministry of Fisheries and Aquatic Resources	SAARC Transport Ministers' and Inter- Governmental Group(IGG) Meetings, Post Tsunami Coastal Rehabilitation & Resources Management Programme and Post Tsunami Livelihood Support and Partnership Programme, Dickowita Fishery Harbour Project		697,905,000
142	Ministry of Cultural Affairs and national heritage	Vehicle rent, rehabilitation of vehicles, purchase of vehicles, furniture and office equipment for newly appointed non -cabinet ministers, Personal Emoluments, Maintenance of vehicles, SAARC Cultural Centre, National Performing Art Theatre - settlement of fiscal levies	8,190,000	74,100,000
143	Ministry of Parliamentary Affairs	Custom duty for vehicles imported by the MP's		69,236,648
145	Ministry of Re-settlement and Disaster Relief Services	Purchase of vehicles, Support for re-settlement activities(IMO, UNCHR), Welfare activities for IDP's, For constructing 1000 units toilets at the IDP camps(UNICEF), To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs, Welfare Programme, Support for re-settlement activities(USAID), VAT payment for donor funded projects, Support for re-settlement activities(UNHCR and Govt. of India), Cost of Living Allowance, Salaries, Settlement of fiscal levies	158,689,173	357,612,394
149	Ministry of Industrial Development	To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs, Salaries for Ceylon Ceramic Corporation(Cabinet Decision)		50,399,400
151	Ministry of Foreign Employment Promotion and Welfare	Maintenance of vehicles, Transport, Fuel	6,454,000	
152	Ministry of Irrigation and Water Management	Purchase of vehicles		5,500,000
156	Ministry of Youth Affairs	Rehabilitation and maintenance of vehicles, contractual services, Cost of Living Allowance, personal emoluments(Youth Service Council)	20,227,780	531,850
160	Ministry of Environment and Natural Resources	To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs , rent, electricity and water, maintenance of vehicles	7,200,000	3,708,000
161	Ministry of Internal Administration	Personal emoluments	3,400,000	
163	Ministry of Youth Empowerment and Socio Economic Development	Personal emoluments, vehicle maintenance, Services, supplies, Rehabilitation of buildings, purchase of furniture and machinery	10,460,000	7,773,000

Table 2.32 Contd...

Head No.	Ministry/ Department	Purpose	Recurrent	Capital
166	Ministry of Water Supply and Drainage	vehicle maintenance/rehabilitation, Purchase of a vehicle, Transmission System Improvement(VAT), Purchase of Vehicle (balance), To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs, Eastern Coastal Area- phase II, Reimbursement of monthly discount(Rs, 20/) given to consumers - Budget Proposal 2009, Cost of Living Allowance, Provision of water and sanitation to IDP welfare Centre at Vavuniya, Salaries and wages	104,600,000	733,130,400
167	Ministry of Export Development and International Trade	Cost of Living Allowance	912,100	
168	Ministry of Public Estate Management and Development	Sri Lanka State Plantation Corporation (EPF and ETF)		82,300,000
169	Ministry of Construction and Engineering Services	Construction of 500 toilets at IDP Camps, Vocational Training Programme for youth in tsunami affected area in Eastern Province (JBIC)		25,255,029
171	Ministry of Higher Education	Distance Education Modernization, To pay taxes and duties for obtaining of vehicles forfeited by the Department of Customs		751,528,800
172	Ministry of Supplementary Plantation Crops Development	Salary for the employees of Kantale Sugar Industries		10,000,000
201	Department of Buddhist Affairs	Cost of Living Allowance, Cremation of passed-away Buddhist bikkus, Services	11,375,670	
202	Department of Muslim Religious Affairs and Cultural Affairs	Cost of Living Allowance	800,000	
205	Department of Public Trustee	To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs		2,016,000
206	Department of Cultural Affairs	Electricity and water, Cost of Living Allowance	7,572,000	
207	Department of Archaeology	To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs, Personal emoluments, vehicle maintenance, Services ,	33,000,000	4,264,200
209	Department of National Archives	Cost of Living Allowance, Maintenance expenditure	3,311,500	
210	Department of Government Information	Services, Documentary programme on District Development and Welfare facilities for IDP's, Project for preservation of documentary films, Cost of Living Allowance	4,784,000	1,650,000
212	Department of Examination	To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs		1,854,000
213	Department of Educational Publications	Improvement of quality of text books		15,000,000
215	Department of Technical Education and Training	Salaries and wages, Cost of Living Allowance	104,893,000	
220	Department of Ayurveda	Cost of Living Allowance	4,250,000	
216	Department of Social Services	Cost of Living Allowance	5,460,000	
221	Department of Labour	Purchase of Vehicles (EPF)		167,500,000

Table 2.32 Contd...

Head No.	Ministry/ Department	Purpose	Recurrent	Capital
222	Sri Lanka Army	Purchase of utility vehicles, Purchase of medical equipment for Narahenpita Army Hospital, deferred payment, To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs, personal emoluments, Settlement of fiscal levies	7,705,000,000	14,591,227,019
224	Sri Lanka Air Force	Deferred payments, Purchase of security items, Personal Emoluments	1,250,000,000	2,725,149,969
227	Department of Registration of Persons	To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs, Purchase of vehicles	3,915,000	2,101,200
228	Courts Administration	Transport, To pay taxes and duties for obtaining of vehicles forfeited by the Department of Customs, Furniture and Office Equipment	9,393,162	7,224,800
229	Attorney General's Department	Purchase of vehicles, Personal emoluments, Foreign travel, International Centre for Settlement of Investment Disputes(ICSID), foreign travel	19,976,500	4,095,000
231	Department of Debt Conciliation Board	Electricity and water	70,000	
232	Department of Prisons	Purchase of vehicles, Diets and uniforms, maintenance of plant Machinery and equipment, Electricity and water	376,000,000	5,500,000
233	Department of Government Analyst	To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs		5,040,000
234	Registrar of Supreme Court	Personal Emoluments, Maintenance of vehicles, Rehabilitation and improvement to buildings, purchase of laptop computers	3,540,000	5,500,000
235	Department of Law Commission	Electricity and water	55,000	
237	Department of National Planning	To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs, Personal emoluments, Pro Poor Rural Development Project	5,425,000	12,893,694
238	Department of Fiscal Policy	To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs		2,268,000
239	Department of External Resources	To provide a helicopter to facilitate the visit of Vice President of Asian Development Bank to the Northern and Eastern Provinces, Rents for Colombo Plan Secretariat, To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs , Cost of Living Allowance	4,955,446	2,268,000
241	Department of Public Enterprises	Settlement of a claim in terms of order issued by the District Court Embilipitiya (River valley Development Board), Services, Restructuring	6,603,000	3,125,148
243	Department of Development Finance	Financial Sector Development Programme- Cost of Living Allowance	70,000	72,000,000
245	Department of Public Finance	Refund of stamp duty to Local Authorities	98,000,000	
246	Department of Inland Revenue	For renting building premises	214,881,799	
247	Sri Lanka Customs	To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs		2,842,800
248	Department of Excise	To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs , Salaries, Cost of Living Allowance	15,000,000	2,553,600
249	Department of Treasury Operations	Interest payment on domestic debt	360,000,000	
251	Department of Valuation	Electricity and Water	1,800,000	

Table 2.32 Contd...

Head No.	Ministry/ Department	Purpose	Recurrent	Capital
252	Department of Census and Statistics	UNFPA Country programme, Child Activity Programme(ILO)		9,041,443
253	Department of Pensions	Cost of Living Allowance	7,000,000	
254	Department of Registrar General	Cost of Living Allowance	28,000,000	
255	District Secretariat - Colombo	Personal Emoluments	16,471,000	
256	District Secretariat - Gampaha	Cost of Living Allowance	20,660,000	
257	District Secretariat - Kaluthara	Salaries and wages , Cost of Living Allowance	25,600,000	
258	District Secretary - Kandy	Cost of Living Allowance	23,000,000	
259	District Secretariat - Matale	Cost of Living Allowance	8,500,000	
260	District Secretary - Nuwara Eliya	Salaries and wages , Cost of Living Allowance	11,000,000	
261	District Secretariate Galle	Cost of Living Allowance, Salaries and wages,	25,283,338	
262	District Secretariat - Matara	Salaries, Cost of living allowance	26,283,000	
263	District Secretariat - Hambantota	Maintenance of plant , machinery and equipment, personal emoluments, electricity and water	11,000,000	
264	District Secretariat - Jaffna	Cost of Living Allowance, salaries and wages	30,800,000	
265	District Secretariat - Mannar	Salaries, Cost of living allowance, maintenance of vehicles, electricity and water	11,700,000	
266	District secretariat - vavuniya	Salaries, Cost of living allowance	3,870,000	
269	District Secretary - Batticaloa	Cost of Living Allowance, Reimbursement of losses made in purchasing of paddy in 2008	7,048,700	
270	District Secretariate - Ampara	To reimburse losses made in purchasing of paddy in year 2000, To provide seed paddy for maha season, Services	20,706,621	37,920,000
271	District Secretariat - Trincomalee	Personal Emoluments	11,700,000	
272	District Secretariat - Kurunegala	Personal Emoluments, cost of living allowance	34,566,450	
273	District Secretariat - Puttalam	Salaries and wages , cost of living allowance, property loan interest	15,050,000	
274	District Secretariat - Anuradhapura	Salaries and wages, cost of living allowance	31,800,000	
275	District Secretariat - Polonnaruwa	Salaries and wages, Cost of Living Allowance	9,100,000	
277	District Secretariat - Monaragala	Cost of Living Allowance	5,200,000	
278	District Secretariat - Ratnapura	Salaries and wages, cost of living allowance, electricity and water	23,800,000	
279	District Secretariat - Kegalle	Salaries and wages, Cost of living allowance	16,800,000	
282	Department of Irrigation	Menik Ganga Reservoir, Deduru Oya Reservoir (payment of compensation for land acquisition, construction expenses etc.)		250,000,000
283	Department of Forest	Settlement of fiscal levies		406,122

Table 2.32 Contd...

Head No.	Ministry/ Department	Purpose	Recurrent	Capital
284	Department of Wild Life Conservation	Cost of Living Allowance	9,000,000	
289	Department of Export Agriculture	Cost of Living Allowance	7,946,000	
291	Department of Coast Conservation	Cost of Living Allowance, Stabilization of the Coast Line from St. Peters Church Mudukattuwa to Chilaw	1,372,000	15,000,000
286	Department of Land Commissioner	Cost of Living Allowance	3,500,000	
288	Department of Surveyor General	Cost of living allowance	44,000,000	
294	Department of National Zoological Gardens	To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs ,Salaries, Cost of living allowance	10,754,000	2,520,000
301	Department of Co-operative Development	Cost of Living Allowance	2,813,000	
304	Department of Meteorology	Cost of Living Allowance	4,300,000	
308	Department of Posts	Personal Emoluments, Payment of Saturday Allowance	621,000,000	
309	Department of Buildings	To pay taxes and duties for obtaining a vehicle forfeited by the Department of Customs		3,708,000
310	Government Factory	Rehabilitation of vehicles		3,000,000
311	Department of National Physical Planning	Cost of Living Allowance	1,470,000	
312	Western Provincial Council	Ex-gratia payment to late Mr.Sirisena Rajapakse, Chairman to the Seethawaka Pradeshiya Sabha(cabinet decision), Cost of Living Allowance and Other recurrent expenditure, Criteria Based Grant(CBG)	1,000,240,000	500,000,000
313	Central Provincial Council	UNFPA Project(13), Purchase of Customs forfeited vehicles personal emoluments , UNICEF Programme	350,000,000	48,610,602
314	Southern Provincial Council	Payment of taxes and duties for obtaining a vehicle forfeited by the Department of Customs,Compensation to families of late members of local authority , For accounting the grant given by Wilson Transformer Co.Pvt.LTD in Australia for the construction of two storied building at All Saints Madya Maha Vidyalaya Galle	960,000	3,890,000
315	Northern Provincial Council	UNFPA Project(13), Unicef projects in the Northern province, USDA funded Agricultural and Livelihood development project in North Province, Health Sector Development Project		590,987,004
317	North Central Provincial Council	UNFPA Project(13), Personal Emoluments, UNICEF Programme	280,000,000	24,739,314
318	Uva Provincial Council	Cost of Living Allowance	296,844,000	
320	Department of Civil Security	Payment of taxes and duties for obtaining a vehicle forfeited by the Department of Customs, Settlement of Fiscal levies for the goods cleared on provisional entry basis		3,107,897
321	Eastern Provincial Council	UNFPA Project(13), Health Sector Development Project, UNICEF Programme		173,988,491
322	Department of National Botanic Gardens	Cost of Living Allowance	9,340,000	
323	Department of Legal Affairs	Personal Emoluments, fuel, payment of taxes and duties for obtaining a vehicle forfeited by the Department of Customs	3,300,000	2,520,000
Total			17,360,085,453	32,175,135,708

Source: Department of National Budget

Performance of the Provincial Councils (PCs)

Total revenue collected by PCs at Rs. 29.4 billion recorded a 6 percent decline in 2009 over 2008 reflecting mainly the slowdown in domestic trade related activities. As a percentage of GDP is declined to 0.6 percent from 0.7 percent in 2008.

Out of the total recurrent expenditure of Rs 111.3 billion, 77 percent was on account of personal emoluments. The investment expenditure of PCs increased by 13 percent to Rs. 18.9 billion where 76 percent of the investment was through Province Specific Development Grants and foreign financing arrangement. The transfers from the National Budget to PCs amounted to Rs. 94 billion in 2009.

Table 2.33
Consolidated Budget

Category	Rs. Bn.		as % of GDP	
	2008	2009	2008	2009
Total Revenue	686.6	729	15.6	15.1
Central Government^a	655.3	699.6	14.9	14.5
Tax	585.6	618.9	13.3	12.8
Non Tax	69.6	80.7	1.6	1.7
Provincial Councils^b	31.4	29.4	0.7	0.6
Tax	26	24.9	0.6	0.5
Non Tax	5.4	4.5	0.1	0.1
Total Expenditure	1,027.50	1,238.10	23.3	25.7
Central Government	996.1	1201.9	22.6	24.9
Current	743.7	879.6	16.9	18.2
Capital and net Lending	252.4	322.3	5.7	6.7
Provincial Councils	31.4	36.2	0.7	0.7
Current	26.4	33.9	0.6	0.6
Capital	4.9	2.3	0.1	0.1
Budget Deficit	-340.9	-509.10	-7.7	-10.5

Source: Department of Fiscal Policy

(a) Includes transfers to Provincial Councils (PCs).

(b) Includes expenditure incurred by the PCs using own funds.

Debt Management

The Appropriation Act passed by Parliament for the financial year 2009 authorized a gross borrowing limit of Rs. 840 billion but subsequent to the substantial shortfall in government revenue collection especially in the first half of 2009 and the limited flexibility in Government expenditure programme the Parliament approved a borrowing limit of Rs. 1,050 billion for 2009. The gross borrowing for 2009 stood at Rs. 999 billion. The annual borrowing programme deviated from the originally planned programme due to the lack of foreign funds emanating from the international financial crisis and was more biased towards borrowing from domestic sources. However, with the renewed investor confidence after the elimination of terrorist activities a receiving of the stand by Agreement facility from the International Monetary Fund and significant turn around was observed in non-resident investments in Government securities in the second half of 2009. The non resident investments in Government securities increased to Rs. 186 billion of end 2009. Further the government was successful in issuing an international sovereign bond of US \$ 500 million in October 2009 which eased the pressure on the domestic rupee market operations.

Table 2.34
Government Borrowing

Category	Rs. Bn.	
	2009 Original Plan	2009 Actual
Gross Borrowing by Instrument		
Domestic	574	643.3
Rupee Loans		1.9
Treasury Bonds	464	509.9
Treasury Bills	40	49
SLDB/OBU	61	73.5
CBSL Advances	9	
Other		9.1
Foreign	241	355.8
Concessional	129	146.7
Non-concessional	112	209.1
Total	815	999.1

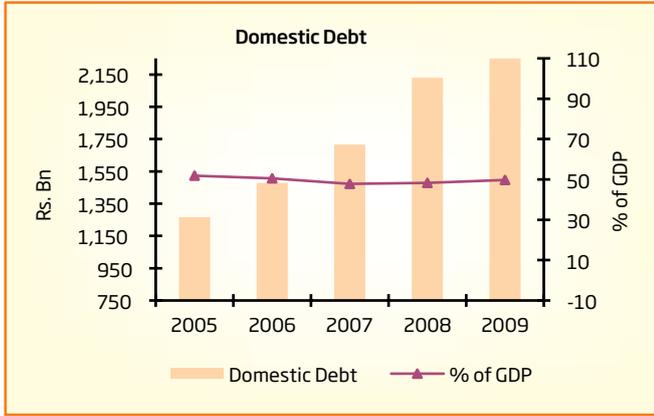
Sources: Central Bank of Sri Lanka
Department of Treasury Operations

The gross borrowing from the domestic sources exceeded the original target by Rs. 69 billion to reach Rs. 643 billions while the gross borrowing from foreign sources stood at Rs. 356 billion.

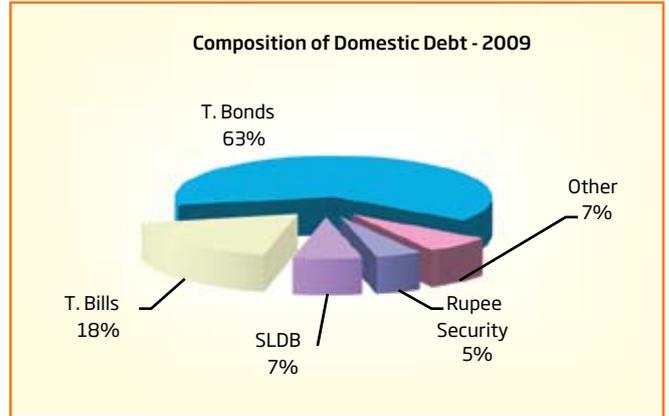
The total debt of the Government amounted to Rs. 4,161 billion as at end 2009, which is an increase of Rs. 572 billion during the year, compared with the total debt outstanding of Rs. 3, 589 billion at end 2008. Total debt consists of Rs. 1,760 billion of foreign debt and Rs. 2,401 billion of domestic debt reflecting 57.7 percent of total debt on account of domestic debt while foreign debt portfolio was increased to 42.3 percent, in the back drop of accommodation of non-resident investments in governments securities, the issuance of government international sovereign bond. With these developments the government outstanding debt to GDP ratio increased to 86.2 in 2009 from 81.4 percent in 2008. This phenomena of increase in debt to GDP ratio was evident in most of the countries world wide in 2009 consequent to the global recessions compelling government intervention to maintain stability in the economy and as well as high borrowing in a declining revenue environment.

A large portion of the domestic debt was held by the non bank sector as at end 2009 with the share increasing to 71 percent of the total domestic debt. The increased foreign investments in the Government securities were partly utilized to retire most of the high cost treasury bills which were held by Central Bank resulting the CBSL holdings of Treasury bills decreasing by Rs. 126 billion to Rs. 37 billion as at end 2009. However, government liability to commercial banks increased by 43 percent to Rs. 596 billion as at end 2009.

Chart 2.20
Domestic Debt

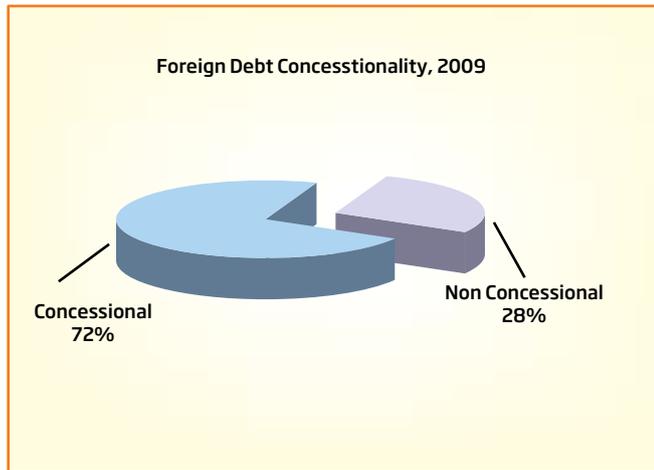


The foreign debt stock increased by Rs. 312 billion or 22 percent Rs. 1,760 billion in 2009.

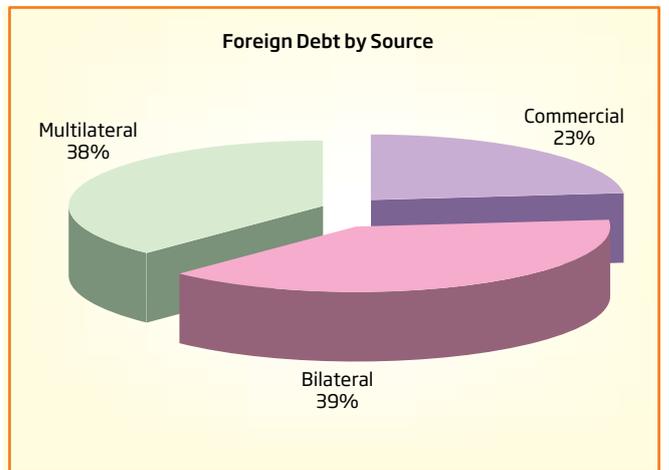


As a result the external debt GDP ratio increased from 32.8 percent in 2008 to 36.5 percent in 2009.

Chart 2.21
Foreign Debt



Average maturity period of foreign currency debt was 10 years while average annual interest rates on bi-lateral and multi lateral loans were at 2 percent and 1 percent respectively indicating that



the funds mobilized during the year from multiple sources for public investment carries a favorable mix.

Table 2.35
Outstanding Foreign Debt by Source 2009

Donor Category	Number of Loans	Amount (Rs. Mn.)
Bi-lateral	342	656,680
Japan	98	426,767
USA	74	46,952
Germany	46	58,279
Other	117	124,682
Multi-lateral	261	665,040
ADB	125	344,661
IDA	105	284,074
Other	29	36,305
Export Credit	54	97,216
Commercial	13	341,532
International Sovereign Bonds	2	114,384
Non-resident Investments in Treasury Bills	-	40,410
Non-resident Investments in Treasury Bonds	-	145,124
Other	11	41,614
Total Loans	670	1,760,467

Sources: Central Bank of Sri Lanka
Department of Treasury Operations

Table 2.36
Currency Composition of Foreign Debt

Currency			Percent
	2007	2008	2009
Special Drawing Rights(SDR)	38.3	36.7	32.2
Japanese Yen	25.5	30.8	25.7
US Dollar	20.1	17.7	18.8
Euro	9.2	9.1	8.2
Sri Lankan Rupee	3.7	1.7	10.5
Other	3.2	4	4.6
Total	100	100	100
Memo: Total External Debt (Rs. Billion)	1,326	1,449	1,760

Sources: Central Bank of Sri Lanka
Department of Treasury Operations

Table 2.37
Debt Indicators (%)

Indicator	2005	2006	2007	2008	2009
Public Debt/GDP	90.6	87.9	85.0	81.4	86.2
Domestic Debt/GDP	51.6	50.3	47.9	48.5	49.8
Foreign Debt/GDP	39.0	37.5	37.1	32.8	36.5
Debt Service/GDP	14.1	15.1	14.0	13.4	17.1
Total Debt Service/Revenue	90.8	93.0	88.6	90.5	117.5
Foreign Debt Service/Export Earnings and Foreign Remittances	3.4	6.7	7.6	12.7	12.6
Domestic Interest/Current Expenditure	25.5	24.4	25.9	24.5	31.1
Interest/Government Revenue	31.7	31.7	32.3	32.4	44.3

Sources: Central Bank of Sri Lanka
Department of Treasury Operations

Table 2.38
Debt Service Payments

Rs. Bn.

Indicator	2005	2006	2007	2008	2009
Total Debt Service Payments	344.9	444.3	499.0	592.8	825.7
Domestic	316.5	381.3	413.6	440.9	675.3
Foreign	28.4	63.0	85.4	151.9	150.4
Interest Payments	120.2	150.8	182.7	212.5	309.7
Domestic	113.2	133.8	161.4	182.2	274.0
Foreign	7.0	17.0	21.3	30.3	35.7
Debt Repayment	224.7	293.5	316.3	380.3	516.0
Domestic	203.3	247.5	252.2	258.7	401.3
Foreign	21.4	46.0	64.1	121.6	114.7

Sources: Central Bank of Sri Lanka
Department of Treasury Operations

Table 2.39
Outstanding Government Debt (a)

Item	Rs. Bn.				
	End 2005	End 2006	End 2007	End 2008	End 2009
Total Domestic Debt	1,265.7	1,479.2	1,715.2	2,140.2	2,400.9
Short-term	262.1	313.2	363.2	516.4	560.6
Treasury bills (b)	234.2	257.7	307.0	402.6	441.0
Provisional advances from the Central Bank	39.7	49.0	60.7	76.3	73.9
Other	-11.8	6.5	-4.5	37.5	45.7
Medium and Long-term	1,003.6	1,166.0	1,352.0	1,623.9	1,840.3
Rupee Securities (c)	140.6	116.7	131.5	130.0	112.3
Treasury bonds (b)	751.6	886.0	1,018.8	1,282.0	1,513.5
Sri Lanka Development Bonds	25.5	62.5	86.4	158.8	168.0
Other (d)	85.9	100.8	115.2	53.1	46.4
Total Foreign Debt	956.6	1,103.4	1,326.5	1,448.7	1,760.5
Concessionary Loans	919.4	1,023.0	1,099.9	1,227.2	1,271.1
Multilateral	486.8	564.3	565.3	590.8	623.2
Bilateral	432.6	458.8	534.6	636.4	648.0
Non - Concessionary Loans	37.2	80.3	226.6	221.5	489.3
Multilateral	0.3	4.2	15.4	27.4	41.9
Bilateral	0.8	27.7	29.9	30.0	36.8
Commercial Loans (e)	36.0	48.4	181.3	164.0	410.7
Total Outstanding Government Debt	2,222.3	2,582.6	3,041.7	3,588.9	4,161.4

Source: Central Bank of Sri Lanka

(a) Values are calculated on the face value of domestic debt instruments and on disbursement date rate of exchange in relation to foreign currency loans. Off share Banking Units (OBUs) and Sri Lanka Development Bonds loans are calculated on end month exchange rate of each month.

(b) Exclude Treasury bills and treasury bonds issued to foreign investors.

(c) Include long term bonds of Rs. 24 billion issued in 1993 to Bank of Ceylon (BOC) and People's Bank (PB).

(d) Inclusive of outstanding balances of OBUs.

(e) Includes defence loans, rupee denominated treasury binds and treasury bills issued to foreign investors and proceeds from the sovereign bond issues of the Government in 2007.

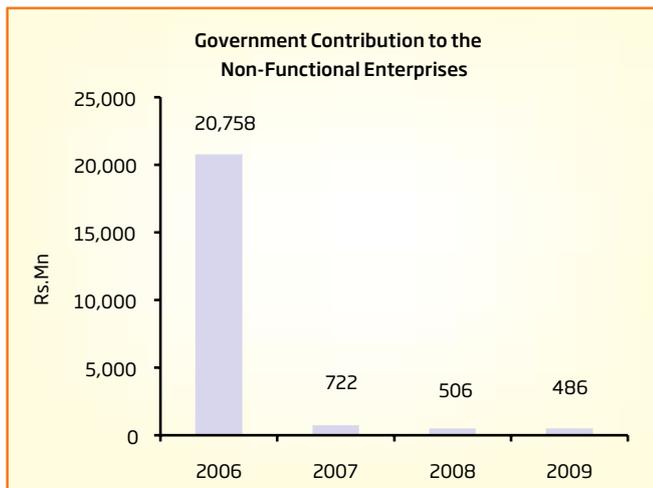
PERFORMANCE OF PUBLIC ENTERPRISES

Overview

Since 2005, there has been a significant policy shift towards improvement of Public Enterprises (PE). As a result the government investment in PEs has increased significantly since 2005. The total number of commercial PEs that the government has controlling interest is 107 in 2009. In addition, the government has invested directly or indirectly in 52 subsidiary companies and 20 associate companies of the above parent PEs. The government has also purchased shares in 49 companies and is the minority shareholder of those companies. The government has Golden Share Holding Right in 23 regional plantation companies of which 3 companies are owned by the government with 100 percent controlling interest. The 107 enterprises in which government has interest can be classified based on their business as 26 - finance, 6 - infrastructure, 5 - port and aviation, 9 - trading, 9 - agriculture, 3 - fisheries, 11 - plantation, 16 - construction and manufacturing, 16 - service and 6 - healthcare.

During the year 2009, PEs recorded a turnover of Rs. 793,496 million from their operational activities, which is 16.8 percent of the GDP. The 107 commercial PEs have provided employment to 140,500 persons, which is 2 percent of the labour force of Sri Lanka. The Treasury has collected Rs. 2,504 million by way of dividends and Rs. 15,379 million by way of levy during 2009 from the commercial PEs.

Chart 3.1



Several under performing Enterprises such as State Engineering Corporation, Sri Lanka Cement Corporation, Valachchenai division of National Paper Corporation have converted to profitable ventures. Further, the government has been able to reduce its contribution (recurrent and capital) to the non functional Commercial PEs significantly from Rs. 20,758 million in 2006 to Rs. 486 million in 2009 confirming the success of the government restructuring process in PEs.

In the mean time the government took over the management of Sri Lankan AirLines Ltd. and Sri Lanka Telecom Ltd. which were under private sector management at the end of the management contract period.

The land ownership of Lanka Marine Services Ltd was vested with the government under the Supreme Court Order in year 2008, which was subsequently handed over to Jaya Container Terminal Ltd of Sri Lanka Ports Authority to continue the bunkering service. Further, Waters Edge Ltd (99 year lease of UDA land) was also re-vested with the government and is now managed as a subsidiary of UDA. In 2009, ownership of the Sri Lanka Insurance Corporation Ltd (SLIC) was also re-vested with the government. SLIC has recorded the highest number of life insurance proposals received in a single day with a magnificent growth of 333 percent on 1st January 2010.

The government also encouraged establishing new commercial PEs to supplement essential services to the general public. The Mihin Lanka Ltd, Port and Aviation Information Research Institute (formerly Central Freight Bureau), Sri Lanka Savings Bank and the Polipto Lanka Ltd are some of these new PEs.

The government has also made significant investments in these PEs. In this regard Rs. 25 Bn was invested in 2009 for large power sector projects of CEB such as Upper Kothmale Hydro Power Plant (150 MW), Norochcholai Coal Power Plant (900 MW) and Kerawalapitiya Power Plant (270 MW) and Trincomalee Coal Fired Power Plant (500 MW). Investments on port and aviation projects such as Colombo Port Expansion Project (Rs. 85 million), Oluvil Port Development Project (Rs. 6 million), Hambanthota

Port Development Project (Rs. 42 million), Galle Port Development Project (Rs. 17 million), Mattala International Airport Project (Rs. 20 million) and Bandaranaike International Airport Expansion Project (Rs. 30 million) have been made through SLPA and AASL.

Committee on Public Enterprises (COPE)

One of the key roles played by the Department of Public Enterprises is assisting the Committee on Public Enterprises (COPE) to implement its oversight functions on PEs by providing background information on the performance of PEs. During the year 2009, the COPE examined 21 Public Enterprises. The Department assisted the COPE by submitting performance analysis reports on these 21 PEs. The COPE critically reviews various shortcomings and issues of PEs and makes recommendations for PEs to take corrective actions. The Department also assisted PEs to take follow-up action and comply with the COPE's observations/recommendations. All PEs were encouraged to upgrade their Corporate Plans and Action Plans with clear objectives and strategies. Issues and concerns identified in the Auditor General's reports were also frequently reviewed and PEs were provided guidance to take corrective measures. The Department also prepared a special report on "How State Owned Companies Comply with the COPE Requirements".

Policy on Profits and Dividend Income to the Government

The Return On Investment (ROI) of the government from its investment in Public Enterprises (PE) is measured by the levy and dividends declared by the PEs against the profits after tax. The dividend and levy income from PEs has increased by 64 percent to Rs. 11,982 million in 2009 compared with Rs. 7,322 million in 2008.

The largest contributors to the levy and dividend income were the state owned banks and the National Insurance Trust Fund. While almost all sectors of PEs noted an improvement over 2008, the

partially government owned enterprises recorded a slight decline in its contribution to the government coffers by way of dividends and levy. However as in the last 5 years the largest PEs such as Ceylon Electricity Board, Ceylon Petroleum Corporation, National Water Supply & Drainage Board, Sri Lanka Ports Authority and Sri Lanka Transport Board failed to accord a positive ROI to the government.

Chart 3.2

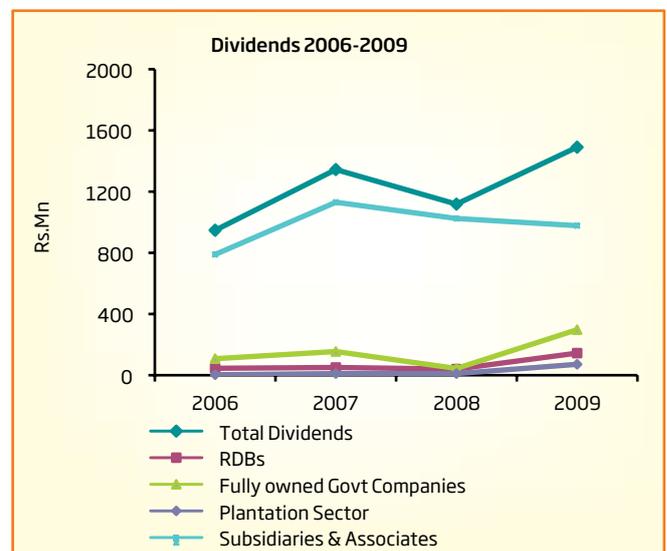


Chart 3.3

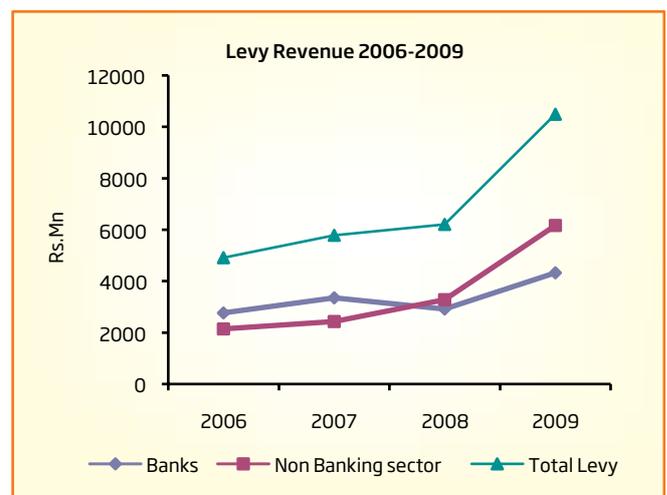


Table 3.1
Levy and Dividend Contribution from Public Enterprises

Levys	On Profit of 2005	On Profit Of 2006	On Profit of 2007	On Profit Of 2008	Estimated Receivables In 2010 On Profit Of 2009
Rs. Mn.					
a) Levy					
Bank of Ceylon	1,173	846	846	1,346	2,346
National Savings Bank	810	1,060	1,060	1,810	1,060
People's Bank	668	1,416	1,016	1,116	1,816
State Mortgage & Investment Bank	116	25	-	50	40
Sub Total-Banks	2,767	3,347	2,922	4,322	5,262
Telecommunication Regulatory Commission	2,050	2,250	3,150	3,321	9,000
State Timber Corporation	75	150	75	50	500
National Insurance Trust Fund	-	-	-	2,250	5,000
Geological Survey & Mines Bureau	-	-	-	481	300
Others	20	36	55	67	1,834
Sub Total-Non Banking sector	2,145	2,436	3,280	6,169	16,634
Total Levy*	4,912	5,783	6,202	10,491	21,896
b) Dividends					
Ruhunu Development Bank	9	10	15	35	17
Rajarata Development Bank	-	6	6	22	25
Wayamba Development Bank	17	-	3	56	25
Other RDBs	20	34	16	31	39
Sub Total-RDBs	46	50	40	144	106
Airport & Aviation Sri Lanka Ltd.	-	100	-	200	344
Lanka Mineral Sands Ltd.	98	50	34	60	81
Milco Private Ltd.	-	-	-	28	10
Sri Lanka Insurance Corporation					500
Other Fully owned companies	10	4	10	10	118
Sub Total-Fully owned Government Companies	108	154	44	298	1,053
Kurunegala Plantation	-	-	-	30	20
Chilaw Plantation	-	-	-	30	30
Other Plantation Co's	3	10	10	11	8
Sub Total-Plantation Sector	3	10	10	71	58
De La Rue Lanka Pvt Ltd	-	100	100	38	100
Lanka Electricity Company	100	75	-		100
Sri Lanka Telecom	670	893	893	893	240
Lanka Industrial Estates	20	62	31	31	65
Others				15	75
Sub Total-Minority shareholding	789	1,130	1,025	977	580
Total Dividends	947	1,344	1,119	1,491	1,797
Total Levy and Dividends	5,859	7,127	7,321	11,981	23,693

Source: Department of Public Enterprises

*The levy received from Bank of Ceylon, Peoples Bank and National Savings Bank includes repayments on the restructuring bonds.

Financial Sector

State owned banking sector while comprises of two Licensed Commercial Banks, and eleven Licensed Specialized Banks including six Regional Development Banks made a significant contribution to the overall economic development through its network of 1,575 service delivery points and a workforce of 22,142 in 2009. During the year 2009, state owned banks, have opened several branches in Northern and Eastern Provinces in the post conflict period.

While commercially competing in the market, state owned banks effectively continued their participation in the implementation of government policies in respect of financial development activities which are not commercially attractive though they have significant economic benefits. Extending housing and property loans to public servants at concessionary rates, granting direct loans to the government and state owned enterprises, providing banking services to the government and government departments, extending various development loans such as New Comprehensive Rural Credit Scheme, "Krusha Novodaya" Credit Scheme etc. are some of the initiatives implemented by state banks. In 2009, state owned banks were directly involved in implementing government's "Stimulus Packages" extended to various economic sectors to assist them to overcome the difficulties faced by these sectors following the global economic turmoil.

State owned banks took initial steps in 2009 to provide adequate financial facilities to the Northern and Eastern provinces immediately after the conflict came to an end. Opening of new branches, introducing various credit schemes, easing the requirements of collateral on development loans are several key development initiatives implemented in Northern and Eastern Provinces to revive their economic activities.

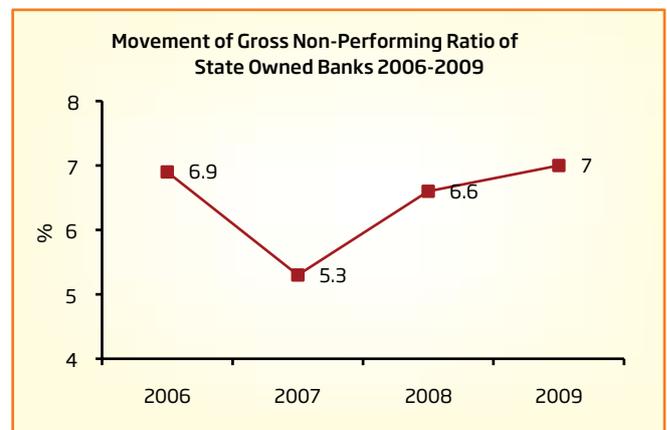
During the year 2009, preliminary action was taken to amalgamate Sri Lanka Savings Bank Ltd (SLSBL), which was established to provide a relief to the depositors of defaulted Pramuka Savings and Development Bank (PSDB), with National Development Trust Fund with a view to strengthen the capital base of SLSBL. Consolidation of Regional Development Banks was also in progress in 2009.

Performance of State Banking Sector

Total asset base of state owned banks amounted to Rs. 1,431 billion in 2009. This is an increase of 14.7 percent over the previous year. Total asset base of state owned banks accounted for nearly 50 percent of the total asset base of the entire banking industry. Total asset base of the state sector banks constituted mainly of 49 percent of loans and advances and 36.5 percent of investments.

Notwithstanding the effects of volatile market conditions that prevailed during the period, loans and advances of state sector banks amounted to Rs. 674 billion at the end of 2009, registering a growth of 7 percent over the year 2008, contrary to the 3.9 percent negative growth in the industry. Two Licensed Commercial Banks i.e Bank of Ceylon (BOC) and People's Bank (PB) contributed to the 81.4 percent of loans and advances disbursed by state sector banks.

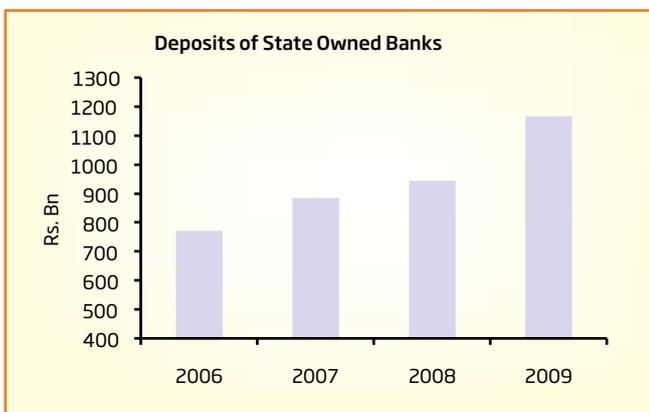
Chart 3.4



Total non performing loans of state banks amounted to Rs. 49,071 million by the end of 2009 registering a significant growth of 19.1 percent over the previous year. However, the Non-performing Loan Ratio of this sector has increased marginally during the year 2009 due to the increased lending portfolio of the state banks. State owned banks recorded a Non-performing Loan Ratio of 7

percent at the end of 2009, compared to 6.3 percent in the year 2008. However, when non-performing loans of Sri Lanka Savings Bank vested from Pramuka Bank are taken into consideration, total non-performing loans in state sector banks would be at Rs. 50,740 million and non-performing Loan Ratio would be 7.2 percent at the end of the year 2009. State sector banks have been able to maintain a non-performing loan ratio below the industry average of 8 percent in 2009.

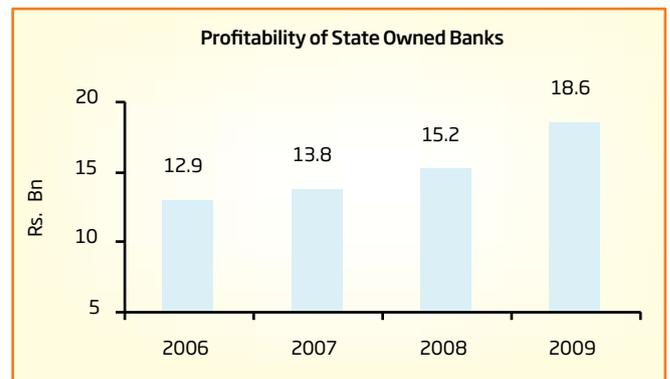
Chart 3.5



Total deposit base was reported at Rs. 1,166 Bn by the end of the year 2009 registering a significant growth of 24 percent. The growth in deposits in the state banking sector is higher than the industry average of 18.8 percent in 2009. As a result of the difficulties faced by the non-banking sector during the year 2008, there has been a shift of deposits held with non-banks to state banks considering the safety in state owned banks. This gradual increase in deposits has resulted in a significant decline of borrowings of the state sector banks by 24.7 percent and an increase in the investment portfolio by 19.7 percent in 2009. Total capital funds employed by state owned banks amounted to Rs. 69,005 million in 2009 indicating a 9.1 percent growth over 2008. Infusion of fresh capital by Bank of Ceylon and People's Bank through the issuance of debentures and

accumulation of profits are major reasons for the increase in capital funds of state owned banks.

Chart 3.6



The reduction of lending rates by state banks in response to a significant decline in inflation rate was a major development in the banking industry in the latter part of 2009. Bank of Ceylon, Peoples Bank and National Savings Bank reduced their lending rates on several loan products. Consequently, small specialized banks i.e Regional Development Banks and also Private Banks responded to this government decision by reducing their lending rates.

Despite the lower interest rates for nearly 9 months of the year, total interest income of state sector banks increase by 14.2 percent, while interest expenditure showed an increase of 10.9 percent in 2009 over previous year. As a result, net interest income of state owned banks as a percent age of their average assets stood at 4.3 percent in 2009 in comparison to 3.9 percent in 2008. The state bank's profits before tax continued to grow in 2009 and reported Rs. 18,625 million for the year 2009, registering a significant growth of 22.2 percent. This was mainly due to the growth of net interest income. The profitability ratios of state sector banks i.e Return On Assets (ROA) and Return On Equity (ROE) have also improved during the year 2009, over the previous year.

Chart 3.7

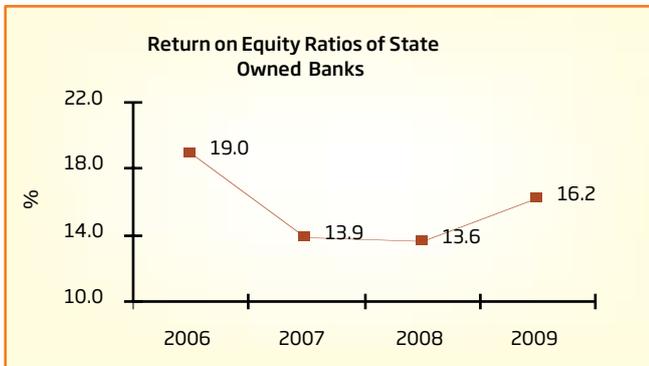
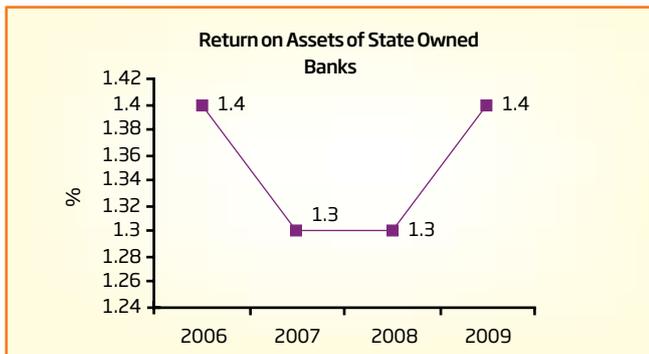


Chart 3.8



Bank of Ceylon (BOC)

The BOC possesses the highest asset base in the banking industry in the country at Rs. 539.5 billion in 2009. This was 18.8 percent of the total assets in the banking industry. The BOC also has the largest customer base, leadership in offshore banking and largest corporate and retail lending portfolio (Rs 265 billion). BOC provides its services to the customers with a network of 310 branches connected online and 329 ATMs. The bank has nine subsidiaries and six associates. In 2009, the bank's profits (before tax) declined from Rs. 5.2 billion in 2008 to Rs. 4.2 billion in 2009 mainly due to the contagion effects of the global economic slowdown and reduction in interest rate during the latter part of the year.

The BOC's assets grew by 11.3 percent in 2009 mainly due to growth of its investments in securities. The loan portfolio showed a negative growth of 2 percent in 2009 in comparison to the previous year. The bank's deposits increased by 29.2 percent in 2009 when compared with the 2.4 percent growth in deposits in 2008. The deposit base of the BOC contributes nearly to 18 percent of the total deposits of the entire banking industry in the country. However, non-performing loan ratio of the bank increased from 4.9 percent in 2008 to 5.7 percent by the end of the year 2009.

Table 3.2
Key Performance Indicators of BOC

	2005	2006	2007	2008	2009
Number of Branches (Nos)	304	305	307	309	310
Number of Employees (Nos)	8,891	8,363	8,253	7,912	7,533
Assets (Rs. Bn)	319.5	378.3	437.9	484.9	538.2
Deposits (Rs. Bn)	232.5	262.6	308.6	316.1	408.6
No. of Deposits Accounts (Nos. In Mn)	5.8	6.2	7.0	7.4	7.5
Foreign Currency Deposits (Rs. Bn)	91.6	90.3	106.3	96.6	126.8
Corporate & Retail Lending (Rs. Bn)	165.7	223.2	282.4	271.1	265.0
Profit Before Tax (Rs. Mn)	3,120	4,137	4,518	5,231	4,208
Profit After Tax (Rs. Mn)	1,894	2,627	2,843	3,561	3,084
Capital Adequacy RaTio - I (%)	12.7	11.9	12.1	11.3	11.2
Capital Adequacy Ratio -11 (%)	13.2	12.3	13.2	15.7	14.2
Non Performing Loans (Rs. Mn)	12,495	13,602	11,334	13,816	15,542
Non Performing Loan Ratio (%)	7.2	5.8	3.9	4.9	5.7
Rating (Fitch Lka)	AA	AA	AA	AA	AA

Source: Bank of Ceylon

Peoples Bank (PB)

People's Bank operates with the largest network of 642 banking outlets catering to a broader clientele in the entire country. The bank holds 15.4 percent of the total asset base of the entire banking industry. The bank increased its profits before tax to Rs.6 billion in 2009 from Rs 5.6 billion in 2008, maintaining the growth momentum of the last few years. Its total assets and total deposits

have also recorded a significant growth of 19.7 percent and 22 percent respectively during the year 2009.

The bank issued debentures amounting to Rs. 2.5 billion in 2009 in order to mobilize capital funds. This along with the retained profits helped the bank to improve its total Capital Adequacy Ratio (CAR) above 13 percent where as the required minimum CAR 10 percent. The Bank won the "People's Award" for the banking and financial sector in 2009 for the fourth consecutive year.

Table 3.3
Key Performance Indicators of Peoples Bank

	2005	2006	2007	2008	2009
Number of Branches	624	630	639	642	645
Number of Employees	9,531	9,516	8,416	8,587	8,863
Assets (Rs. Bn)	275.3	338.5	380.6	397.5	476.2
Deposits (Rs. Bn)	255.6	269.9	300.9	324.5	396.0
No. of Deposits Accounts (Nos In Mn)	10.0	10.5	11.0	11.6	12.3
Corporate & Retail Lending (Rs. Bn)	142.5	207.1	238.3	248.6	283.7
Profit Before Tax (Rs. Mn)	4,035	4,079	5,002	5,664	6,076
Profit After Tax (Rs.Mn)	2,771	3,157	2,374	2,705	3,320
Capital Adequacy Ratio (1) (%)	1.5	3.7	5.3	6.5	7.7
Capital Adequacy Ratio (11) (%)	1.9	5.6	6.9	10.5	13.4
Non Performing Loans (Rs.Mn)	16,796	15,951	14,865	17,857	20,040
Non Performing Loan Ratio (%)	10.7	7.2	5.9	6.8	6.7
Rating (Fitch Lka)	BBB+	A-	BBB+	A-	A

Source: Peoples Bank

National Savings Bank (NSB)

The NSB is required to invest not less than 60 percent of its deposits in government securities in terms of the National Savings Bank Act. Accordingly, as at 31.12.2009, 70.1 percent of bank's assets have been invested in various government securities while 19.3 percent of total assets were in the form of loans and advances. The bank maintained its non-performing loan ratio at 3.5 percent at the end of the year 2009, in comparison to 1.9 percent in 2008. However, the bank also ventured into housing finance and investment in corporate debt instruments.

However, gradual reduction in the market share of deposits have been key areas of concern for the bank. The bank's profit before tax significantly increased to Rs. 6.9 billion in 2009 from Rs. 3.1 billion in 2008. Increase in income from investments in Treasury Bonds is the main reason for the boost of the bank's profitability in 2009. The bank also ventured into mobilizing overseas remittances of its promotion for savings. Total foreign currency deposits of the bank amounted to Rs. 3,580 million by the end of 2009 which is a commendable increase of 67.2 percent over the previous year.

Table 3.4
Key Performance Indicators of National Savings Bank

	2005	2006	2007	2008	2009
Number of Branches	114	114	117	123	123
Number of Employees	2,890	2,900	2,867	2,883	2,915
Assets (Rs. Bn)	222.1	235.5	270.2	294.3	354.4
Deposits (Rs. Bn)	202.4	212.2	235.3	259.6	313.0
Number of Deposits Accounts (Mn)	14.6	15.1	15.4	15.6	16.3
Foreign Currency Deposits (Rs. Bn)	30.2	460.7	1342.8	2,140	3,580
Corporate & Retail Lending (Rs. Bn)	25.4	33.8	54.0	56.3	68.3
Profit Before Tax (Rs. Mn)	3,457	3,501	3,301	3,100	6,944
Profit After Tax (Rs.Mn)	2,106	1,885	1,573	1,059	3,736
Capital Adequacy Ratio -1 (%)	44.9	40.7	33.3	34.8	25.56
Capital Adequacy Ratio-ii (%)	21.82	11.7	12.2	19.4	21.97
Non Performing Loans (Rs.Mn)	700	521	740	1,080	2,381
Non Performing Loan Ratio (%)	2.7	1.5	1.4	1.9	3.5
Rating (Fitch Lka)	AAA	AAA	AAA	AAA	AAA

Source: National Savings Bank

State Mortgage and Investment Bank (SMIB)

The SMIB accounts for around 3 percent of assets of entire Licensed Specialized Banks and it predominantly concentrates on the business of housing finance. Even though the SMIB Act has provisions to provide financial assistance for agriculture and other

development activities, the bank has not paid much attention on lending to these operations so far.

The bank's after tax profits has increased up to Rs. 73 million in 2009 from Rs. 32 million in 2008. This increase is a result of the increase in interest income from loans and advances and investments of the bank in 2009.

Table 3.5
Performance of SMIB

	2005	2006	2007	2008	2009
Number of Branches	5	7	12	12	12
Number of Employees	304	349	339	328	320
Assets (Rs. Bn)	9.1	10.2	12.1	14.5	16.8
Deposits (Rs. Bn)	4.7	5.7	7.5	10.1	11.4
Corporate & Retail Lending (Rs. Bn)	8.4	9.5	11.0	13.3	13.5
Profit Before Tax (Rs. Mn)	415	318	124	41	119
Profit After Tax (Rs,Mn)	312	213	83	32	73
Capital Adequacy Ratio - 1 (%)	87.3	81.2	56.9	29.1	25.3
Capital Adequacy Ratio - 11 (%)	88.6	82.5	57.9	29.6	26.0
Non Performing Loans (Rs.Mn)	3,492	3,431	4,203	4,706	5,656
Non Performing Loan Ratio (%)	40.6	35.8	37.7	35.2	39.2
Rating	A(Fitch)	A(Fitch)	A (Fitch)	A (Fitch)	A (Ram)

Source: State Mortgage and Investment Bank

The bank recorded only a marginal increase in advances during the year 2009. Total deposits of the bank has increased by 12.9 percent in 2009.

However, continuation of poor quality advances has resulted in an increase of the non-performing loan ratio up to 39.2 percent in 2009. This is a matter of serious concern to the bank.

HDFC Bank (HDFCB)

The HDFC Bank, which is mandated to operate as a housing finance bank, accounts for only 0.5 percent of the total assets of the banking industry in the country.

The bank's assets recorded a virtual stagnation in 2009. 90 percent of the bank's loans are for small and medium housing units. During the year, the bank has given housing loans to public servants amounting to Rs. 1,075 million. The deposit base of the bank has increased up to Rs. 6.1 billion in 2009 from Rs 4.9 billion in 2008. However, the bank earned a before tax profit of Rs. 92 million in 2009 as against the loss of Rs. 94 million incurred during the year 2008. The bank's non-performing loans ratio continued to increase during the year 2009 and was 22.9 percent in 2009, which is much higher than the industry average.

Table 3.6
Performance of HDFC Bank

	2005	2006	2007	2008	2009
Number of Branches	20	20	21	21	26
Number of Employees	290	205	286	289	355
Assets (Rs. Bn)	8.8	10.7	13.4	14.1	14.3
Deposits (Rs. Bn)	1.5	2.5	4.9	4.9	6.1
Number of Deposits Accounts	62,407	71,538	74,637	142,407	177,354
Corporate & Retail Lending (Rs. Bn)	8.1	10.1	11.9	11.9	11.9
Profit Before Tax (Rs. Mn)	162	239	47	(94)	92
Profit After Tax (Rs.Mn)	117	172	21	(92)	57
Capital Adequacy Ratio-1 (%)	42.1	37.6	31.0	25.4	17.6
Capital Adequacy Ratio-11 (%)	42.4	37.8	31.8	26.5	18.7
Non Performing Loans (Rs.Mn)	1,465	1,892	2,099	2,500	2,743
Non Performing Loan Ratio (%)	18	18.6	17.6	20.7	22.6
Rating (Fitch Lka)	A	A	A	BBB+	BBB+

Source: HDFC Bank

Lankaputhra Development Bank (LDB)

The LDB, which started its operations in February 2006, has expanded its operations during its short time span. While focusing on development oriented lending, the bank has adopted a selective approach in expanding its loan portfolio.

The bank made a significant profit of Rs. 250 million in 2009 in comparison to the profit of Rs. 227 million in 2008. A significant portion of this profit is earned from investment in government securities only.

Being a new bank the LDB's presence is still limited to several districts. The bank's asset base is Rs. 6.8 billion in 2009. Advances portfolio totaled to Rs. 3.5 billion in 2009, a significant increase of 45 percent in 2009. Total deposits mobilized by LDB amounted to Rs. 280 million in 2009 indicating an increase over the year 2008. Amidst this growth figures, bank's non-performing loan ratio of 21.5 percent in 2008 has further increased up to 37 percent which is higher than the industry average in 2009.

Table 3.7
Performance of Lankaputhra Development Bank

	2006	2007	2008	2009
Number of Branches	3	5	4	4
Number of Employees	62	114	166	165
Assets (Rs. Mn)	2,132	4,175	6,568	6,855
Deposits (Rs. Mn)	259	1,994	133	281
Corporate & Retail Lending (Rs. Mn)	427	1,656	2,430	2,336
Profit Before Tax (Rs. Mn)	52	58	227	250
Profit After Tax (Rs.Mn)	23	23	76	83
Capital Adequacy Ratio-1 (%)	229	62.8	91	71.9
Capital Adequacy Ratio-11 (%)	229	63.1	91.5	72.2
Non Performing Loans (Rs.Mn)	-	85	618	1,579
Non Performing Loan Ratio (%)	-	5	19.2	55.9
Rating (Fitch Lka)	-	-	-	A

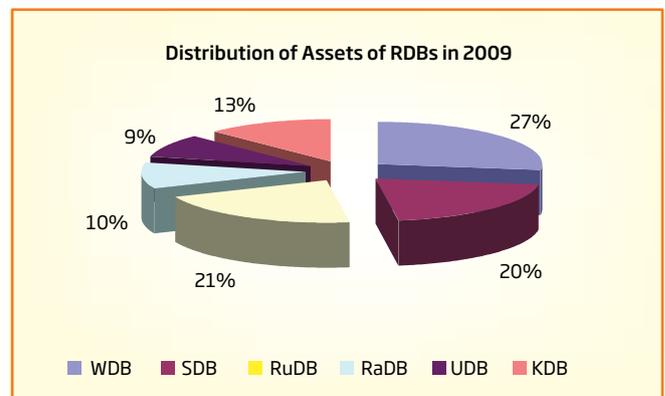
Source: Lankaputhra Development Bank

Regional Development Banks (RDBs)

Six Regional Development Banks (RDBs) viz Wayamba (WDB), Ruhuna (RuDB), Kanduarata (KDB), Uva (UDB), Sabaragamuwa (SDB) and Rajarata (RaDB), which were established with the view to develop the rural economy are operating at present with a network of 215 branches in the respective regions.

RDBs maintain a 1.8 percent of total assets of the banking industry in the country. RDBs also accounts for 7.9 percent of total assets base of licensed specialized banking sector in Sri Lanka. Total assets of all RDBs at the end of the year 2009 were Rs. 38,630 million. This is an increase of 13.4 percent over the previous year. The majority of assets of RDBs constituted of loans and advances (67.6 percent) and investments in government securities (18.9 percent). The UDB has recorded the highest rate of growth of assets (37.6 percent) in 2009 among all RDBs due to the increase in loans and advances by 17 percent and increase in investment by 152 percent. In the mean time, WDB recorded the lowest growth of assets (7.7 percent) in 2009.

Chart 3.9



Net advances of RDBs which is Rs. 28,181 million at the end of 2009 indicates a moderate growth momentum of 7.1 percent in 2009 over 16.8 percent of growth recorded in the previous year. RDBs are also engaging in the pawning business. The demand for pawning advances remained high as in the past due to the lack of proper securities in rural areas.

Table 3.8
Performance of RDBs

	2005	2006	2007	2008	2009
Number of Branches	203	209	211	215	223
Number of Employees	1,717	1,908	1,986	1,934	1,933
Assets (Rs. Bn)	20.7	26.1	31.0	34.4	39.3
Deposits (Rs. Bn)	14.2	18.7	21.9	25.9	30.9
Corporate & Retail Lending (Rs. Bn)	15.7	19.3	23.0	26.3	28.1
Profit Before Tax (Rs. Mn)	658	633	814	1,037	942
Profit After Tax (Rs. Mn)	381	299	416	424	407
Capital Adequacy Ratio - I (%)	8.7-15.4	9-14.4	8.2-15.1	8.4 - 15.8	9.5 - 13.0
Capital Adequacy Ratio - II (%)	11.5-17	11.4-18.1	9.8-15.7	8.9 -16.7	8.9 - 14.2
Non Performing Loans (Rs.MN)	1,140	1,161	1,252	1,214	1,270
Non Performing Loan Ratio (%)	6.8	5.6	5.3	4.5	4.4
Rating (Fitch)	BBB+	BBB+	BBB+	BBB+	BBB+

Source: Regional Development Banks

Pawning advances to total loan portfolio of RDBs has increased from 29.6 percent in 2008 to 33.5 percent in 2009. This ratio exceeded 40 percent in the case of SDB and RaDB in 2009. A significant portion of

RDB's loans amounting to 27 percent has been granted as housing loans while a 16.7 percent has been granted for agriculture related activities. Small industrial sector has received only 10 percent in 2009.

Table 3.9
Sector wise Credit Concentration of RDBs

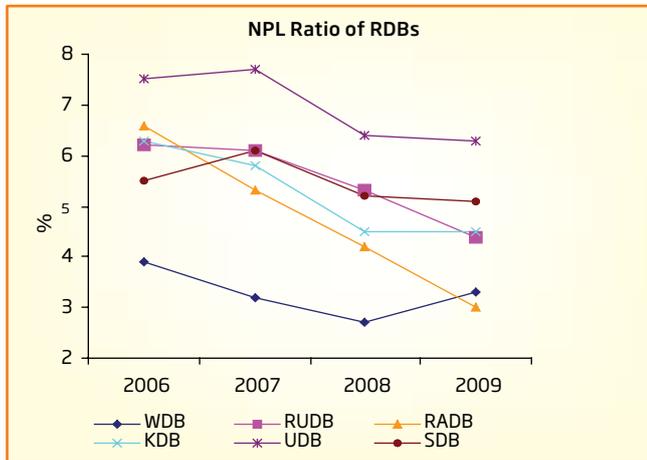
	WDB		RuDB		SDB		UDB		RaDB		KDB		Total	
	Rs.Mn	(%)	Rs.Mn	(%)	Rs.Mn	(%)	Rs.Mn	(%)	Rs.Mn	(%)	Rs.Mn	(%)	Rs.Mn	(%)
Agriculture	1,712	23	1,348	22	868	15	547	20	1,526	50	816	22	6,817	23
Animal Husbandry	382	5	24	0	43	1	25	1	32	1	-	-	506	2
Fisheries	104	1	78	1	5	0	1	0	2	0	-	-	190	1
Industries	1,067	14	727	12	516	9	444	16	43	1	344	9	3,141	11
Business & Commerce	1,432	19	1,174	19	1,237	21	483	18	220	7	670	18	5,216	18
Housing	2,086	27	1,491	24	1,263	22	571	21	460	15	1,483	40	7,354	25
Consumption	289	4	786	13	-	-	622	23	-	-	188	5	1,885	6
Others	521	7	541	9	1,863	32	46	2	779	25	231	6	3,981	14
Total	7,593	100	6,169	100	5,795	100	2,739	100	3,062	100	3,732	100	29,090	100

Source: Department of Public Enterprises

The non performing advances have marginally increased from Rs. 1,234 million in 2008 to Rs. 1,270 million at the end of 2009. However, the improvement in the quality of assets of RDBs has contributed towards the reduction of the non-performing loan

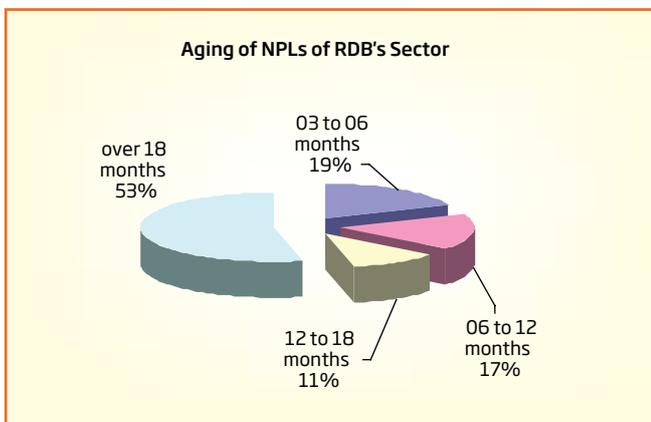
ratio in many RDBs. The average Gross Non-performing Loan Ratio (NPL) in the RDB's sector declined from 4.5 percent in 2008 to 4.4 percent in 2009 mainly due to the increase in total advances by 7.2 percent during the period concerned.

Chart 3.10



The highest NPL Ratio among all RDBs was reported at UDB which is 6.3 percent. SDB, UDB and KDB have also maintained a higher NPL ratio than the sector average NPL ratio of 4.4 percent.

Chart 3.11



However, NPL ratios of all RDBs except in the case of WDB have reported a declining trend during the year 2009 due to the increase in loans and advances. Non-performing loans of WDB have increased by 29.6 percent in 2009.

Age analysis of RDB's non-performing advances reveals that more than 54 percent non performing advances are over 18 months old. This is mainly due to difficulties in realizing the securities. However, adequate provisions for hardcore NPLs have been made by banks, as indicated by the higher provision coverage of 72 percent in 2009.

Accordingly, net exposure of banks (net non performing advances) declined to Rs. 356 million by the end of 2009 from Rs. 397 million in 2008.

Table 3.10
Capital Funds of RDBs

	2008 (Rs.Mn)	2009 (Rs.Mn)	Change (%)
RuDB	786	825	4.9
WDB	761	846	11.1
SDB	447	528	18.1
UDB	254	269	5.9
RaDB	314	354	12.7
KDB	307	345	12.3
Total	2,869	3,167	10.4

Source: Department of Public Enterprises

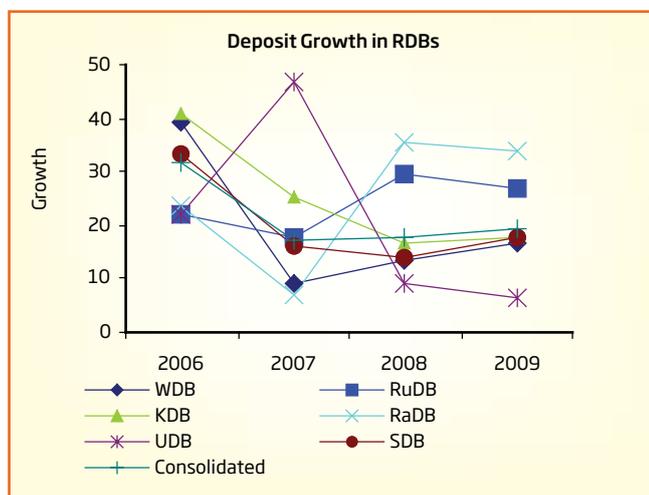
Total capital funds employed in RDBs amounted to Rs. 3,167 million at the end of 2009 which is an increase of 10.4 percent over the year 2008. The highest capital growth has been reported in SDB. The capital generation of RUDB is marginal in 2009 due to the decline in retained profits. The Capital Adequacy Ratio (CAR) of RADB was below the minimum requirement of CBSL and was reported at 9.5 percent. Other RDBs have been able to maintain the CAR at the required level by managing their risk weighted asset portfolio.

Liquidity Position of RDB's Sector

All RDBs have been able to maintain a Statutory Liquid Assets Ratio (SLAR) as required by the CBSL at the end of 2009. The consolidated Credit Deposit Ratio of RDBs declined to 94.2 percent in 2009 from 104 percent in 2008. The banks invested its excess funds in government securities, whereby investments in government securities increased by 40.7 percent in 2009.

RDB's borrowings have shown a negative growth of 23.1 percent in 2009 over the previous year. Banks have repaid short term borrowings using excess funds mobilized by way of deposits.

Chart 3.12



Total deposits mobilized by RDBs have grown by 19.2 percent over the previous year, amidst competition in the financial sector. The WDB mobilized Rs 8,401 million of deposits. Around 51 percent of total deposits mobilized by RDBs consists of fixed deposits enabling the banks to increase their lending capacity.

The entire income of RDBs' constitutes of the interest income from its loan portfolio and interest income from investment in Treasury Bills. The net interest income of consolidated RDBs as a percent age of average assets (Interest Margin) remained at 9.6 percent, due to the higher yield from pawning advances (29.6 percent of total advances) and lower cost on savings deposits (48.8 percent of total deposits).

The operational cost of RDBs has significantly increased by 19.2 percent in 2009, over the year 2008 and it amounted to Rs. 2,184 million in 2009.

Staff cost constitute a significant portion of the operational cost of RDBs as the banks have not adequately automated their functions. Operational cost increased due to an increase in staff cost by around 20 percent in 2009 with the increase in salaries in terms of the collective agreement signed between the management and the staff union. As a result, the Cost Income Ratio of RDBs has increased from 75.5 percent in 2008 to 77.1 percent in 2009. The Cost/Income Ratio of UDB and RuDB have exceed 80 percent in 2009.

The profitability of consolidated RDBs grew by 4.1 percent during the year 2009 in comparison to the previous year. This was mainly due to the increase in interest income from loans and advances followed by the growth of demand for loans. The profit before tax of all RDBs have accounted for Rs. 942 million in 2009. Out of the total before tax profits of all RDBs, 31.7 percent was contributed by WDB. All RDBs except UDB have reported a growth in profit before taxation.

The Return on Average Assets Ratio (ROA) of the RDBs improved from 2.7 percent in 2008 to 3.2 percent in 2009. Only RuDB and WDB reported a higher ROA than the average ROA of RDBs. Return On Equity Ratio (ROE) of RDBs has also increased from 13 percent to 16 percent in the period concerned.

Infrastructure Development

Ceylon Electricity Board (CEB)

In line with the target set by the Mahinda Chinthana development framework to provide electricity to the entire country by 2012, CEB has reached 87 percent of the households in the country by 2009. This indicates CEB's ability of achieving the target of complete electricity coverage by 2012 as planned.

Provision of electricity is a major component of the development programmes in the country. In this context, CEB has made a significant contribution to the economy in 2009 particularly participating actively in the implementation of the post conflict accelerated development programmes "Uthuru wasanthaya" and "Negenahira Udanaya," while implementing a large number of rural electrification programmes through out the country.

Total consumer accounts of CEB increased to 4.11 million in 2009. However, the demand for electricity increased only marginally to 8,432 GWh in 2009 from 8,418 GWh in 2008. While electricity consumption of the domestic and general purpose categories increased slightly, the demand for electricity by the industrial sector declined marginally in 2009.

The performance of CEB significantly improved with operational losses decreasing by 78 percent to Rs. 7,440 million in 2009 from Rs. 33,870 million in 2008.

In 2009, cost of production declined significantly to Rs. 14.71 per unit of electricity from Rs. 18.21 per unit of electricity in 2008

mainly due to the government decision to sell Heavy Fuel (HF) for power generation at a concessionary price of Rs. 25 per liter while the actual HF price was Rs.45 per liter. This fuel price concession resulted in CEB's expenditure on fuel to decline from Rs. 88,586 million in 2008 to Rs. 55,390 million in 2009. Had the government not intervened, the cost of power production of CEB would have increased to Rs. 16.48 per unit of electricity from Rs. 14.71 per unit of electricity.

One of the major problems of CEB is that its electricity sales tariff (Rs. 13.11 per unit in 2009) has always been below the cost of production of electricity (Rs. 14.71 per unit in 2009). The average sales tariff per unit of electricity has declined marginally to Rs.13.11 per unit in 2009 from Rs. 13.22 per unit in 2008, due to the removal of the Fuel Adjustment Charge (FAC) from the industrial and the hotel categories. The government removed FAC from the hotel and the industrial categories until November 2009 as an interim measure to address the difficulties faced by these sectors during the global economic downturn. However, this decision further weakened CEB's financial position, costing the CEB around Rs. 6,500 million in 2009. As such, CEB was forced to finance its operations mostly through debt, which at the end of 2009 has increased to Rs. 240,874 million from Rs. 195,159 million in 2008. Outstanding debt to CPC further increased to Rs.51,500 million in 2009 from Rs.45,400 million in 2008. At the end of 2009 the total outstanding debts from CEB to the Treasury amounted to Rs. 86, 801 million. The Treasury has given a debt moratorium to the CEB in 2006 which continued into its fourth consecutive year. The government incurs a cost of Rs. 7,000 million- Rs. 10,000 million per annum on this debt moratorium.

In addition, during 2009, the government extended its assistance to CEB by issuing a further Treasury guarantee amounting to Rs. 8,000 million in favour of the CEB, which enabled the CEB to borrow Rs. 8,000 million from the Peoples Bank, in order to ease its liquidity constraints. Therefore at the end of 2009, the total value of the guarantees issued in favor of CEB amounted to Rs. 43,000 million.

Since 2006, the government investments in the electricity sector through budgetary support have increased significantly. These investment funds were channeled to CEB from the Treasury using the on lending mechanism. In 2009, Rs. 25,274 million has been given to CEB to meet their capital investment in the sector. Some

¹CEBs system losses of 14.11 percent at the end of 2009 remain the lowest in the South Asian region at the end of 2009.



Kerewelapitiya Power Plant

of the major projects undertaken by the CEB includes the Upper Kotmale Hydro Power Plant (Rs. 29,032 million), Norochcholoï Coal Power Plant (Rs. 56,650 million), Clean Energy and Access Improvement Project, (Rs.15,569 million) and Kilinochchi Chunnakam Transmission Line (Rs. 3,275 million). These large investments have helped the CEB to increase access to electricity by households and improving the efficiency of the system through the reduction of system losses.¹

With the commissioning of the Norochcholoï Coal Fired Power Plant and the combined cycle Kerewelapitiya Power Plant the cost of production of CEB is expected to decrease significantly, since these two plants will replace the expensive thermal plants. When these new plants are commissioned, CEB is expected to achieve a breakeven level by the year 2014.

Chart 3.13

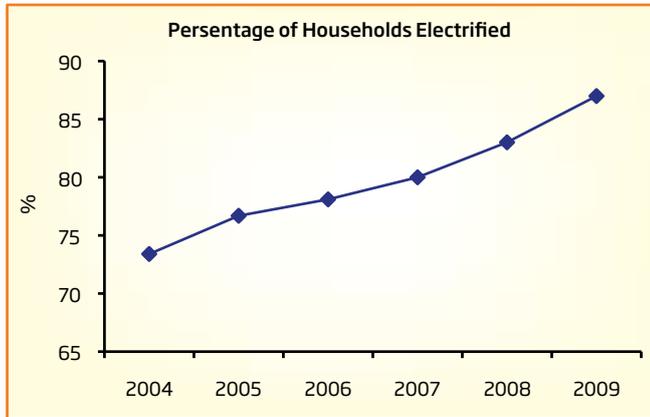
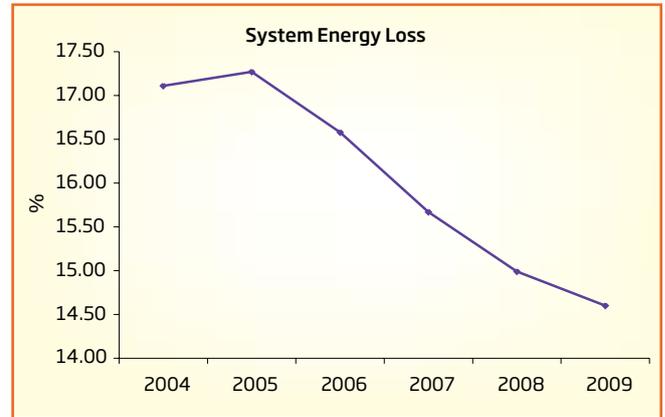


Chart 3.14

Table 3.11
Ceylon Electricity Board

Category	Unit	2006	2007	2008	2009	2010 (Budgeted)
Installed Capacity	MW	2,434	2,443	2,645	2,695	2,795
CEB	Hydro	1,207	1,207	1,207	1,207	1,207
	Thermal	548	548	548	548	548
	Wind	3	3	3	3	3
IPP	Hydro	107	116	138	158	158
	Thermal	567	567	749	779	879
Electricity Generation	GWh	9,388	9,814	9,912	9,881	10,743
CEB	Hydro	4,290	3,603	3,700	3,355	3,560
	Thermal	1,669	2,336	2,336	2,091	1,878
	Wind	2	2	2	3	3
IPP	Hydro	345	345	345	547	500
	Thermal	3,082	3,528	3,529	3,885	4,802
Total Sales by CEB	GWh	7,831	8,398	8,336	8,432	9,133
Domestic and Religion	GWh	2,622	2,771	2,831	2,925	3,168
Industrial	GWh	2,605	2,627	2,518	2,518	2,727
General Purpose	GWh	1,395	1,626	1,636	1,636	1,772
Local Authorities /LECO	GWh	1,111	1,144	1,120	1,120	1,213
Street Lighting	GWh	98	108	108	108	117
Hotel	GWh	0	122	123	125	136
Total Revenue	Rs.Mn	69,941	87,575	111,287	110,518	127,848
Consumers	No.Mn	3,637	3.86	3.96	4.11	4.32
Average Unit Cost	Rs./Unit	10.88	13.48	18.21	14.71	17.92
Average Unit Selling Price	Rs./Unit	8.99	10.58	13.22	13.11	14.00
Operational Losses	Rs.Mn	14,176	22,314	33,870	7,440	32,055
Investments	Rs.Mn	3,152	3,882	4,539	4,678	4,678
Bank Borrowings	Rs.Mn	7,669	7,075	3,778	12,507	13,323

Source: Ceylon Electricity Board

Ceylon Petroleum Corporation (CPC)

The CPC was relieved by low global oil prices in 2009 after an unprecedented increase in oil prices in 2008. The CPC's average purchase price of crude oil declined by 36 percent to US\$ 63/bbl in 2009 from to US\$ 98/bbl in 2008. As a result, the value of total imports of both crude & refined products has also decreased by 40 percent to Rs. 98,172 million in 2009 from Rs.167,940 million in 2008. In 2009, CPC continued to be the single largest importer of oil to the country. CPC imports accounts for about 20 percent of total imports of the country and 5 percent of GDP.

In 2009, the government decided to pass on the benefits of lower world oil prices to the consumers. As a result the average prices of all petroleum products were reduced in 2009.

CPC's performance has improved in 2009, as its net loss reduced to Rs.12,324 million in 2009 from Rs.14,735 million in 2008. However, CPC's operational profit has recorded a marginal decrease to Rs. 3,082 million in 2009 from Rs. 3,157 million in 2008, mainly due to the decline in overall average sales price of petroleum products.

In compliance with a budget proposal of 2009, the CPC had to sell Heavy Fuel (HF) to both CEB and Independent Power Producers (IPP) at Rs. 25 per liter for the generation of electricity. As a result, in 2009, on the sale of HF alone the CPC incurred a loss of around Rs. 15,000 million. The Iranian line of credit for fuel purchases helped CPC significantly in easing out the liquidity constraints that the CPC was faced with, due to the loss incurred on the subsidized sale of HF and the large amount of unpaid dues from CEB. The unpaid dues to CPC from CEB increased to Rs. 51,500 million in 2009 from Rs.45,400 million in 2008.

During the year, CPC engaged in the preliminary work of the Sapugaskanda Oil Refinery Expansion and Modernization (SOREM) project. This project is expected to expand the current processing capacity of the Sapugaskanda oil refinery from 50,000 barrels per steam day (bpsd) to 100,000 bpsd with bottom upgrading to maximize diesel production and other products. The SOREM project is expected to improve the commercial viability of the CPC as well as the energy security of the country. The negotiations with the Government of Iran on the possibility of financing this project is in progress.

Chart 3.15

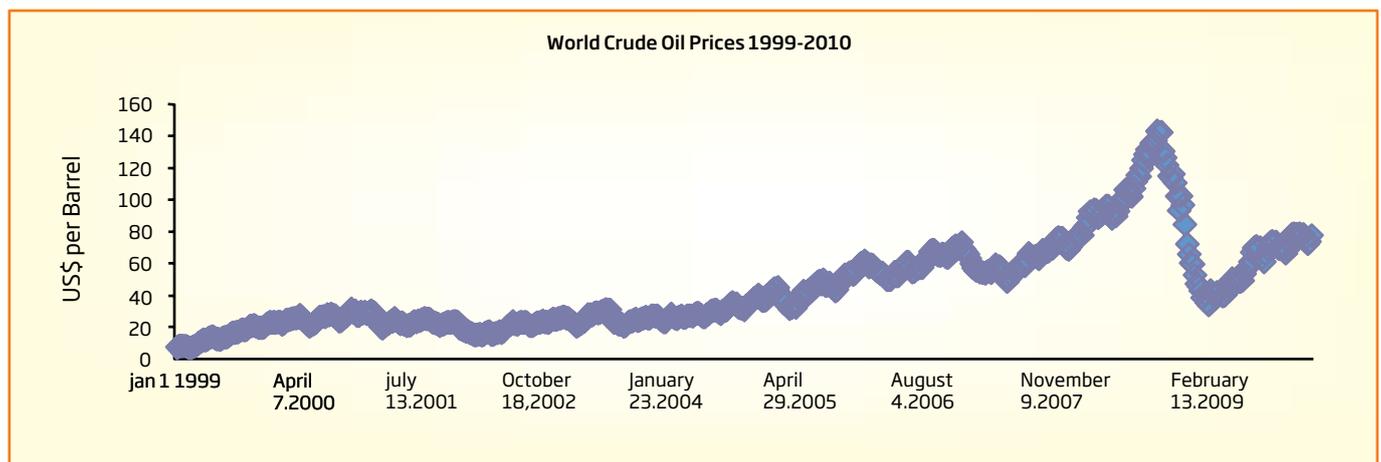


Table 3.12
Performance of Ceylon Petroleum Corporation

Category	Unit	2006	2007	2008	2009	2010 Budgeted
Quantity Imported						
Crude Oil	Mt '000	2,146	1,939	1,854	1,931	2,015
Refined Products	Mt '000	1,926	1,603	1,588	1,525	2,066
Value of Imports (C & F)						
Crude Oil	Rs. Mn.	107,160	114,320	144,505	102,646	125,804
	Us\$ Mn.	1,028	1,024	1,331	889	1,066
Refined Products	Rs. Mn.	114,822	110,873	157,338	90,949	135,290
	Us\$ Mn.	1,078	996	1,450	787	1,147
Average Price of Crude Oil (C&F)	Rs/ Bbl.	6,748	8,037	10,602	7,223	8,437
	Us\$/Bbl.	65	72	98	63	72
Quantity of Exports	Mt '000	162	95	148	120	-
Value of Exports	Us\$ Mn.	86	75	104	56	-
Total Revenue						
Domestic Sales	Rs. Mn.	199,869	245,080	345,096	251,095	326,777
Exports	Rs. Mn.	8,714	8,265	12,906	6,413	-
Direct Production Cost	Rs. Mn.	187,231	108,237	154,036	103,266	295,384
Overheads	Rs. Mn.	10,360	3,641	5,558	4,520	18,436
Operational Profit/(Loss)	Rs. Mn.	(1,915)	3,984	(14,735)	(12,343)	12,957
Local Sales						
Petrol (90 Octane)	Mt '000	454	361	363	399	422
Petrol (95 Octane)	Mt '000	24	21	20	16	20
Auto Diesel	Mt '000	1,633	1,450	1,371	1,428	1,501
Super Diesel	Mt '000	9	5	7	8	8
Kerosene	Mt '000	206	168	151	151	150
Furnace Oil	Mt '000	912	985	994	973	1,421
Aviation Fuel	Mt '000	255	302	286	229	226
Naphtha	Mt '000	60	97	142	110	120
Bitumen	Mt '000	69	67	81	88	94
Sbp	Mt '000	5	4	2	1	2
L.P. Gas	Mt '000	17	17	15	23	17
Local Price (End Period)						
Petrol (90 Octane)	Rs/L	92-95.00	117.00	120.00	115.00	130.24
Petrol (95 Octane)	Rs/L	95.00	120.00	133.00	133.00	135.38
Auto Diesel	Rs./L	60.00	75.00	70.00	73.00	78.58
SuPer Diesel	Rs./L	65.30	80.30	85.30	88.30	85.78
Kerosene	Rs./L	48.00	68.00	50.00	51.00	68.55
Furnace Oil - 1500 Sec.	Rs./L	41-46.30	51.70	31.70	31.70	57.55
Refinery Capacity	Mt '000	2,300	5,419	5,847	5,574	5,574
Storage Capacity	Mt '000	439	447	447	448	448
Refinery Output	Mt '000	2,048	1,799	1,774	1,892	1,914
Value of Production	Rs. Mn.	110,639	111,807	159,545	107,740	134,270

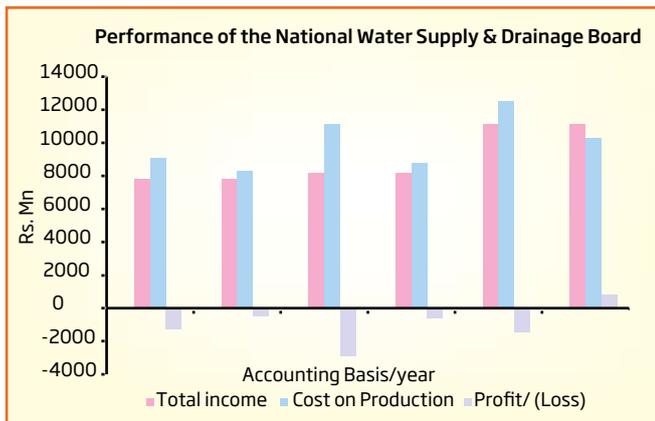
Source: Ceylon Petroleum Corporation

National Water Supply and Drainage Board (NWS&DB)

The National Water Supply and Drainage Board operates 312 water supply schemes that reach to 37 percent of the total population in the country. During 2009, water connections increased by 7 percent to 1,266,328 in 2009 from 1,186,931 in 2008.

In 2009, the unit cost of production of water increased significantly to Rs. 28 per unit from Rs. 25.25 per unit in 2008. NWS&DB earned an income of Rs. 36 per unit of water sold. Although the water unit-selling price exceeds the cost of water unit produced, NWS&DB incurred a loss of Rs. 3.16 per water production unit due to water wastage. It is estimated that 31 percent of the total water production is wasted.

Chart 3.16



The total revenue generated from sale of water in 2009 is amounted to Rs. 9,670 million which is a significant increase of 43 percent over the previous year. The revision of water tariff in 2009 was the main reason for the increase of revenue. Operating and administration expenses have marginally increased by 4 percent and 8 percent respectively in 2009. Interest expenditure has increased to Rs. 1,569 million which is a 32 percent increase compared to the year 2008.

The Board employed 9,063 employees at a cost of Rs. 4,330 million in 2009. This indicates a 20 percent increase in the salary bill in 2009 compared to the year 2008. However, the number of employees per 1,000 connections has decreased favourably to 7 in 2009 from 8 in 2008.

The value of total assets of the NWS&DB as at the end of 2009 is estimated at Rs. 150,966 million. This was Rs. 130,822 million in 2008.

The NWS&DB was unable to repay the loans obtained from the General Treasury amounting to Rs. 2,792 million in the year 2009 due to liquidity constraints. The utilization of the donor-funded projects by NWS&DB is only 62 percent in 2009.

Table 3.13
Performance of National Water Supply and Drainage Board

Description	Unit	2005	2006	2007	2008	2009 (Provisional)
Asset Value	Rs.Mn.	77,435	89,991	100,697	115,177	135,901
Water Connections	Nos.	907,622	989,395	1,081,392	1,186,931	1,266,328
Cost Per Unit Sold	Rs./Cbm	28.70	23.30	21.45	25.25	27.91
Water Production	Mn./Cbm	383	398	424	440	449
Water Supply Schemes	Nos.	291	295	308	309	312
(Revenue Units)						
Turnover (Sales of Water)	Rs.Mn.	5,447	5,869	6,482	8,134	9,670
Total Income	Rs.Mn.	6,261	6,944	7,611	8,134	11,067
Non - Operating Income	Rs.Mn.	32.6	114.5	203	60	49
Investments	Rs.Mn.	672.6	1,650	966	514	381
Cost of Production	Rs.Mn.	5,825	6,689	8,186	11,042	12,444
Direct Operating Cost	Rs.Mn.	3,604	4,081	4,903	6,089	6,322
Administration Overheads	Rs.Mn.	999	1,349	1,763	1,895	2,054
Finance Cost	Rs.Mn.	492	512	852	1,193	1,569
Operating Profit/(Loss)	Rs.Mn.	436	255	(575)	(1,715)	192
Net Profit/(Loss)	Rs.Mn.	(91.9)	(214)	(1,278)	(2,915)	(1,417)
Revenue Per Employee/ Month	Rs.	57,348	59,251	61,606	62,396	88,914
Cost of Employment/Employee/Month	Rs.	26,756	29,497	35,479	36,647	39,820
Cost of Production/Employee/Month	Rs.	37,950	41,192	46,595	56,341	58,130
Energy Cost	Rs. Mn.	1,218	1,361	1,588	2,105	2,026
Total Employees	No.	7,914	8,255	8,768	9,006	9,063
Managerial Employees	No.	512	549	766	856	773
Other	No.	7,402	7,706	8,002	8,150	8,290

Source: National Water Supply and Drainage Board

Airport and Aviation Services (Sri Lanka) Ltd (AASL)

Being the company that provides all air navigational support services, including fire services and security for aircrafts and air passengers within the Sri Lankan Flight Information Region (FIR) and development of airport infrastructure facilities, the AASL plays a key role in the government's development strategy in developing Sri Lanka as an aviation hub.

The company recorded a total revenue of Rs. 5,352 million in 2009 which is a decrease of 8 percent compared to Rs. 5,832 million

recorded in 2008. The main reasons for this decrease is due to the drop in aircraft movement at Bandaranayake International Airport (BIA) in 2009 by 10 percent and the drop in total passenger movements by 9 percent. In addition the sky rocketing oil prices experienced during the first half of the year and the global economic recession that existed during 2009 affected the air industry badly.

In the year 2009, AASL derived 32.8 percent of its revenue from aeronautical sources, 0.2 percent from other sources (which comprise of short term investments on government securities, interest income from fixed deposits and foreign currency account) while the balance 67 percent was from non-aeronautical sources.

Although there was a 21 percent decrease in operating profit in 2009 compared to 2008, AASL continued to be a profit earning entity in 2009 too, earning an operating profit of Rs. 1,377 million.

During the year 2009, AASL initiated implementation of two major projects in the air port & aviation sector. The development of the second international airport in Hambanthota is one of the main capital investments of AASL. During the year 2009 AASL contributed Rs. 80.5 million to this project and is expected to

make an investment of Rs. 1,758 million in 2010. The total project cost is estimated at US\$ 190 million and the project is expected to complete by the year 2012.

The second phase of the BIA Expansion Project includes expanding the terminal, roadways and increasing the cargo handling capacity of the airport from 250,000 MT to 500,000 MT. The total cost of this project is estimated at Rs. 35 billion and it is expected to be completed by the year 2014.

Table 3.14
Financial Highlights of AASL

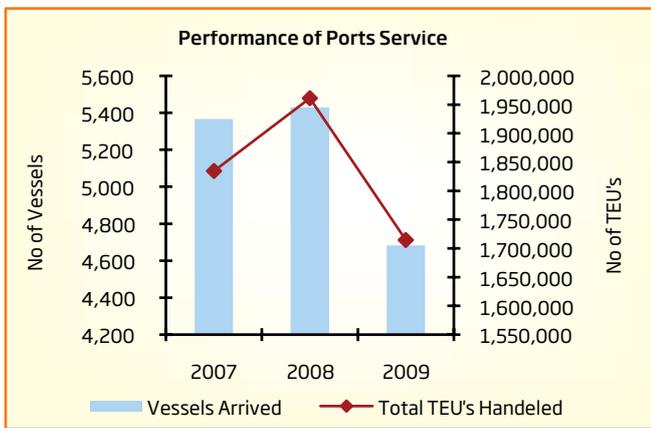
Description	Rs. Mn.				
	2005	2006	2007	2008	2009 (Draft)
Total Revenue	2,619	4,454	5,340	5,832	5,352
Total Expenditure	1,950	2,334	2,871	4,090	3,976
Staff Cost	1,325	1,576	1,985	2,935	2,652
Other Cost	625	758	886	1,155	1,324
Operating Profit Before Tax	669	2,120	2,469	1,742	1,377
Profit/(Loss) After Tax	423	1,373	1,508	1,169	937
Total Assets	2,608	4,759	6,415	7,993	8,687
Total Non Current Assets	128	477	576	1,054	1,200
Property Plant & Equipments	128	109	160	377	505
Differed Income Tax Assets	-	368	416	677	695
Total Current Assets	2,480	4,282	5,838	6,948	7,487
Inventories	153	148	148	183	232
Short Term Investments	1,563	2,764	4,069	4,583	4,564
Cash & Bank Balances	121	530	548	416	397
Trade & Other Receivables	643	840	1,072	1,765	2,293
Equity	1,097	2,772	4,190	5,167	5,904
Earnings Per Share (Rs)	2,115	6,865	7,542	5,843	4,686
Return on Net Assets (%)	39	50	36	23	16
Net Profit Ratio (%)	16	31	28	20	18

Source: Airport and Aviation Services (Sri Lanka) Ltd

Sri Lanka Ports Authority (SLPA)

In spite of the unpredictable market conditions which prevailed due to the global economic recession, SLPA achieved a throughput target of 1,714,488 Twenty-Foot Equivalent Units (TEUs) in 2009. However the revenue of SLPA declined by 5.39 percent in 2009 compared to 2008.

Chart 3.17



The SLPA has been able to reduce its cost of employment by 8.57 percent in 2009 compared to 2008. Further responding to the global crisis, the overall cost of operations decreased to Rs. 21,410 million which is a decrease of 3.59 percent compared to the year 2008.

SLPA witnessed an increase in the value of its total assets by 14.17 percent as a result of capitalization of its expansion projects. In the meantime its total liabilities have also increased by 14.17 percent as most of the expansion projects were financed through lending by the Treasury.

The government in line with its development, plans disbursed Rs. 22, 536 million to SLPA for the expansion of the Colombo South Port, construction of the Colombo South Breakwater, development of the Galle Regional Port and Hambantota Port.

SLPA incurred a significant foreign exchange loss of Rs. 11,790 million in 2008 in relation to JIBC Yen loan repayment while SLPA made a foreign exchange gain of Rs. 152.6 million from other currencies in 2009.

The SLPA's total foreign loans outstanding as at end of the year 2009 was Rs. 68,915 million.

In 2009, SLPA experienced an increase in its profitability compared to the previous years and made no contribution to the Consolidated Fund in the form of levy/dividend.

During the year intense competition from South Asian Gateway Terminal (SAGT) was witnessed indicating the need for strong strategies and the necessity to review SPLA's operational efficiency.

Table 3.15
Performance of SLPA

Description	Unit	2005	2006	2007	2008	2009
Vessels Arrived	Nos	5,092	5,117	5,366	5,430	4,682
Colombo	..	4,425	4,623	4,760	4,771	4,080
Galle	..	258	267	304	333	222
Trincomalee	..	409	267	302	326	380
Total Teu's Handled	Mts	2,455,297	1,743,669	1,834,734	1,960,898	1,714,488
Revenue	Rs.Mn	20,550	23,004	25,913	25,143	23,787
Colombo	..	19,789	22,318	25,296	24,561	23,257
Galle	..	449	465	361	268	169
Trincomalee	..	312	221	256	314	361
Total Expenditure	Rs.Mn	14,370	18,217	23,562	23,398	21,774
Colombo	..	13,589	17,196	22,565	22,159	20,533
Galle	..	370	515	636	613	544
Trincomalee	..	411	506	620	550	597
Revenue Per Employee	Rs.Mn	1.5	1.7	1.9	1.8	1.7
Cost Per Employee	..	1.0	1.3	1.7	1.7	1.6
Total Cost of Employment	..	6,943	8,936	14,013	13,388	12,245
Net Profit	Rs/Ton	223	155	74	52	55.3
Foreign Loan	Rs.Mn	40,248	38,521	39,334	51,202	53,842
Interest of Foreign Loan	Rs.Mn	1,186	1,115	1,147	1,211	1,337
Foreign Exchange Gain/Loss	..	7058	(1,168)	(3,944)	(11,790)	591.1

Source: Sri Lanka Ports Authority

SriLankan Airlines Ltd (SLA)

With the vision to be the most preferred Airline in Asia, SriLankan Airlines aspires to provide its customers with a reliable and pleasant travel experience and to meet shareholders expectations of profitability, while marketing Sri Lanka to the world and contributing towards the development of the economy. Currently, SriLankan Airlines flies to as many as 29 destinations in 20 countries across Asia, the Middle East and Europe. The Airline operates a modern fleet with 12 aircrafts, namely Airbus A320-200(3), Airbus A330-200(4) and Airbus A340-300(5). The Airline carried 2.7 million passengers in 2008/09.

As a result of global financial crisis that prevailed during the last 2 years which had a direct impact on the airline industry, the SLA reported a net loss of Rs. 9,269 million in 2009. Taking this as a serious issue, the Treasury as a shareholder of SLA together with the Ministry of Ports and Aviation is in the process of developing a strategic business plan for the development of SLA as a national career. In this regard, action has been taken to integrate Mihin Lanka Ltd. as a budget carrier of SLA.

Table 3.16
Performance of SLA

	Units	2005/06	2006/07	2007/08	2008/09
Revenue	Rs/Mn	61,160	67,964	79,128	73,298
Total Expenditure	"	61,955	67,280	74,631	76,606
Gross Profit	"	9,173	7,652	7,009	(3,308)
Net Profit Before Tax	"	795	684	4,497	(9,269)
Cost of Employment	"	9,370	7,867	11,425	10,135
Capital Expenditure	"	5,893	6,305	11,025	7,913
Non Current Assets	"	16,137	16,509	15,730	17,489
Current Assets	"	21,866	21,347	32,210	16,852
Non Current Liabilities	"	1,407	1,801	3,269	3,099
Current Liabilities	"	25,485	25,006	29,135	25,012
Equity as at the End	"	11,111	11,108	15,536	6,230
No of Employees		5,163	5,272	5,113	4,837
Employment Cost Per Employee	Rs/Mn	1.81	1.49	2.23	2.1

Source: SriLankan Airlines Ltd

Sri Lanka Transport Board (SLTB)

Number of Buses operated by the SLTB in 2009 increased by 236 to 4,718 in 2009 from 4,482 in 2008. Operated passengers per day also increased from 857,033 Km in 2008 to 915,476 Km in the year 2009. However, as in the past during the year 2009 too,

total revenue of SLTB was inadequate to meet its total operational expenditure.

The failure to implement the proposed Voluntary Retirement Scheme (VRS) was the main reason for SLTB not being able to achieve the breakeven level.

Table 3.17
Performance of Sri Lanka Transport Board (SLTB)

Description	Unit	2005	2006	2007	2008	2009
No of Operated Buses	No	3,557	3,776	4,129	4,246	4,482
Operated Passenger	Km/Day	663,340	713,753	835,313	857,033	951,476
Revenue per Km	Rs/Km	40.37	46.56	35.08	41.47	41.36
Total Revenue	Rs/Mn	10,007	12,665	15,963	19,651	20,608
Waybill	"	6,417	7,917	10,695	12,973	13,442
Season Tickets	"	285	199	359	528	536
Special Hires	"	137	150	233	326	559
School Season Tickets Subsidy	"	226	227	500	600	1,383
Uneconomic Route Subsidy	"	175	197	281	358	255
Other Income	"	251	422	345	503	904
Salary Subsidy	"	2,512	3,547	3,545	4,362	3,527
Total Expenditure	Rs.Mn	11,147	13,653	16,287	20,132	20,906
Fuel Cost	"	3,632	4,696	6,228	8,505	7,134
Cost of Tyres & Tubes	"	1,362	1,576	1,886	1,126	1,333
Salaries & Wages	"	-	-	5,954	6,803	8,807
Total Government Contribution	Rs.Mn	5,328	8,960	6,157	6,726	4,188
Recurrent	"	3,891	4,976	3,545	4,842	3,527
Capital	"	1,437	3,984	2,612	1,884	661
Net Loss	"		(984)	(325)	(481)	(297)
Total Number of Employees	No	41,944	38,952	37,149	36,773	35,365
Employment Cost per Employee	Rs'000	92,312	121,820	160,273	185,000	249,031
Revenue per Employee	Rs'000	238,580	325,144	429,702	534,387	582,723

Source: Sri Lanka Transport Board

SLTB is planning to increase its market share of passenger transportation from 25 percent to 33 percent during the year 2010, in order to play a strategic role in passenger transportation in the country. The Treasury has advised SLTB to develop each depot and each route as a profit center. This will enable SLTB to identify the non commercial routes and depots.

Sri Lanka Telecom PLC (SLT)

Sri Lanka Telecom is one of the most successful Public Private Partnership (PPP) initiatives of the Government of Sri Lanka. Whilst Global Telecommunication Holdings N.V. of Netherlands owns 44.9 percent stake in Sri Lanka Telecom (SLT), the Government of Sri Lanka owns 49.5 percent of the shares and the balance shares are owned by the general public.

The company provides a portfolio of telecommunication services including domestic and international fixed telephone and mobile

telephone services, internet services, Internet Protocol Television (IPTV), data services, domestic and international leased circuits, frame relay, satellite uplink and maritime transmission.

The company has an annual turnover in excess of Rs. 40 billion. In 2009, SLT Group maintained a customer base of over 4 million including multinational corporations, large and small corporates, retail and domestic customers. SLT holds 41.7 percent of the market share in fixed line operations, while its market share in the entire telecommunication industry is 8 percent. The company uses the subsidiary structure in order to maximize opportunities and benefits from emerging markets. Mobitel (Pvt) Limited, Sri Lanka Telecom (Services) Limited, SLT (Hong Kong) Limited, SLT Publications (Pvt) Limited, SLT Manpower Solutions (Pvt) Limited, SLT Vision Com (Pvt) Limited, and Sky Network (Pvt) Limited are the seven subsidiary companies established under the SLT group to engage in various related businesses.

Table 3.18
A Summary of the Financial Performance of Sri Lanka Telecom Plc (Group)

Category	Unit	2005	2006	2007	2008	2009
Total Income	Rs. Mn	33,325	40,691	43,234	47,044	48,265
Interest Income	„	648	1,036	1,286	1,279	1,164
Operating Cost	„	15,512	30,796	20,748	25,095	30,786
Interest Expenses & Finance Cost	„	2,085	1,884	2,232	2,130	2,024
Net Profit Before Tax	„	4,812	9,227	8,399	9,560	1,395
Net Profit After Tax	„	3,093	5,438	5,640	7,367	778
Non-Current Assets as at End of the Year	„	57,677	56,750	56,763	60,809	70,658
Current Assets as at End of the Year	„	23,843	27,292	28,609	32,389	19,650
Stocks	„	844	1,419	1,476	2,583	1,982
Current Liabilities as at End of the Year	„	13,892	16,370	16,830	32,819	27,203
Borrowings	„	22,840	20,785	19,285	21,716	13,351
Dividend	„	899	1,354	1,805	1,805	-
Equity as at End of the Year	Rs. Mn	33,793	37,866	41,900	47,555	46,599
Earning per Share		1.71	3.0	3.1	4.08	0.44
Quick Assets Ratio		1.66	1.58	1.61	0.91	0.65

Source: Sri Lanka Telecom Limited Plc.

Pressure on prices due to the aggressive competition and cost conscious behavior of subscribers have resulted in a revenue drop by 6 percent during 2009, compared to 2008. However, as a result of the positive impact of measures taken by the company throughout the year to arrest this situation, the losses have been mitigated.

During the year, the company experienced a 21 percent increase in its operating costs and spent Rs. 480 million on another Voluntary Retirement Scheme (VRS) for 310 employees. The company expects to derive the benefits of the VRS Scheme in 2010.

SLT was the first corporate in the country to enter the International Bond Market. In 2004, the company issued bonds to the value of US\$ 100 million. During the year 2009, the company repaid the entire value of the bonds, using the sinking fund built up in this respect.

Sri Lanka Insurance Corporation Limited (SLIC)

SLIC was privatized in April 2003 in keeping with the government policy on Public Enterprises Reform. However, consequent to the judgment of the Supreme Court dated 4th June 2009, SLIC was re-vested with the Secretary to the Treasury on behalf of the government and is currently operating as a government owned company in the financial service sector.

The objective of SLIC is to provide a range of insurance products including life and general insurance to cover different risk categories of individual and corporate customers at competitive price levels.

In 2009 SLIC operated in a competitive environment along with 17 insurance companies engaged in the general insurance business and 13 insurance companies engaged in the life insurance business in 2009.

Table 3.19
Market Share for Major Insurance Companies

Company	Long term Insurance Business %	General Insurance Business %
Sri Lanka Insurance Corporation Ltd	19.94	25.97
Ceylinco Insurance PLC	31.13	26.90
Union Assurance PLC	11.50	9.51
AVIVA NDB Insurance PLC	19.17	7.42
Janashakthi Insurance PLC	5.56	12.66

Source: Insurance Board of Sri Lanka, Performance of the Insurance Industry - 2009

With 40 years of experience using 14 regional offices, over 120 branches and around 9,800 agents island wide, and with a work force of 2,100 employees, SLIC ranked second in the market. The premium income of SLIC as a percentage of GDP is around 0.3 percent against the total industry average of 1.23 in 2009. SLIC

is the first and only insurance company in Sri Lanka awarded with a prime AA- rating for insurers financial strength from the global rating agency Fitch Ratings, UK.

Although the company is enjoying a strong brand image in life insurance, it has been experiencing a loss in its market share from 42 percent in 2001 to 19.94 percent in 2009. However, the government expects that SLIC will substantially gain its market share in the future being a strong and dynamic market player in the industry, while protecting its policy holders' insurance interest.

In terms of the aforesaid Supreme Court order, government is in the process of issuing bonds for paying back the purchase consideration of Rs 6,716 million, pertaining to 90 percent shares and employee's shares. In addition, profit of SLIC for the privatized period from 11th April 2003 to 4th June 2009 is to be paid to the investor. The Auditor General is in the process of re-computing and auditing the profits for this purpose.

Table 3.20
Financial Performance of SLIC

	2009 (31st Dec)*			2008 (31st Dec)		
	Long Term	Non Life	Company	Long Term	Non Life	Company
No. of Policies	667,069	1,076,696				
Total Assets (Rs.Mn)	48,081	26,361	74,442	41,978	23,230	65,209
Total Liabilities (Rs.Mn)	48,080	15,797	63,877	41,978	13,694	55,672
Total Shareholders' Equity (Rs.Mn)		10,564	10,564		9,537	9,537

Income Generation	2009			2008		
	Long Term	Non Life	Company	Long Term	Non Life	Company
Gross Written Premium (Rs.Mn)	4,745	9,058	13,803	3,493	6,955	10,448
Net Earned Premium (Rs.Mn)	4,703	6,097	10,800	3,388	5,264	8,652
Profit from Operations (Rs.Mn)	6,291	1,405	7,696	4,361	974	5,335
Income Tax (Rs.Mn)	(1,258)	(377)	(1,635)	(776)	337	(439)
Net Profit for the Period (Rs.Mn)**	5,033	1,028	6,061	3,585	637	4,222

*The above accounts for 2009 prepared on provisional basis, subject to adjustments and changes when finalising accounts as at 04th June 2009, the date on which the ownership changed to state and as at 31st December 2009.

**Consequent to the subsequent adjustments identified, the Net Profit after tax for the year 2009 on Non-Life is now stand at Rs. 443 Mn.

Source: Sri Lanka Insurance Corporation, draft financial statements -2009

Government Investment in Minority Share Holding

The government maintained minority shareholding in 49 companies including 20 plantation companies². The government interest in these companies varies from 1 percent to 49 percent. The value of investments in minority shareholdings by the government totaled 4,111 million in 2009, which is 14 percent of the total investment in companies³ by the government at Rs. 28,522 million in 2009.

There are 25 companies including 17 plantation companies that have been listed in the Colombo Stock Exchange (CSE). The market value of these 17 listed plantation companies was Rs. 602 million against the cost of investment of Rs. 407 million. This indicates a 47 percent increase in value of the investment.

During the year 2009, the Treasury received only Rs. 85.13 million as dividends from the minority shareholding companies in comparison to Rs. 168 million in 2009. The common problem in minority shareholding is the non payment of dividends on the investment which requires some attention in order to safeguard minority interests in such investments.

Table 3.21
Total Government Investment in Plantation Companies and Other Companies

Government Contribution	No: of Companies		Total Investment Rs million		Investment in each sector % out of Total		Treasury Representative	
	Plantation	Others	Plantation	Others	Plantation	Others	Plantation	Others
50%-100%	3	48	580	23,820	59%	87%	3	48
20%-49%	5	8	331	3,357	33%	12%	5	7
Less than 20%	15	21	76	347	8%	1%	1	Nil
	23	77	987	27,524	100%	100%	9	55

Source: Department of Public Enterprises

² The plantation companies in which government owned less than 50 percent shares of the company

³ Fully Government owned companies and other companies

Annex 1
Commercial Public Enterprises - Treasury Contribution in 2009

NO	Income Generation	Capital (Rs.Mn)			Recurrent (Rs.Mn)		Subsidies (Rs.Mn)	Total (Rs.Mn)
		Grant	Equity	On lending	Salaries	Other		
1	Ceylon Electricity Board	-	-	25,274.00	-	-	-	25,274.00
2	Sri Lanka Ports Authority	-	-	22,536.37	-	-	-	22,536.37
3	National Water Supply & Drainage Board	11,047.00	5,824.00	2,885.00	-	-	-	19,756.00
4	Ceylon Fertilizer Company Ltd	-	-	-	-	-	14,560.41	14,560.41
6	Colombo Commercial Fertilizer Company Ltd	-	-	-	-	-	7,523.00	7,523.00
5	Sri Lanka Transport Board				3,516.23	1,649.77		5,166.00
7	Mihin Lanka Ltd	3,000.00						3,000.00
8	Urban Development Authority	1,425.73						1,425.73
9	Sri JaYawardenapura General Hospital	106.00			740.00			846.00
11	Sri Lanka Ayurvedic Drugs Corporation	334.00						334.00
10	Sri Lanka Broadcasting Corporation	83.65			247.00			330.65
12	Ceylon Fishery Harbour Corporation	80.13			106.20			186.33
13	Agriculture & Agrarian Insurance Board	5.00			130.86			135.86
14	Sri Lanka Land Reclamation Development Corporation			102.00				102.00
15	Sri Lanka Cashew Corporation	45.00			42.50			87.50
16	Sri Lanka Rupavahini Corporation	78.97						78.97
17	Palmyrah Development Board	23.30			53.00			76.30
18	National Paper Company Ltd			50.00				50.00
19	Ceylon Ceramics Corporation				36.00			36.00
20	Lakdiva Engineering Company Ltd				28.70			28.70
21	Sri Lanka Accounting & Auditing Standards Monitoring Board	1.40			8.14	14.20		23.74
22	Thurusaviya Fund	13.80	7.10					20.90
23	Independent Television Network Ltd	15.72						15.72
24	Paddy Marketing Board	4.93			8.00			12.93
25	National Livestock Development Board	8.44						8.44
	Total	16,273.05	5,831.10	50,847.37	4,916.63	1,663.97	22,083.41	101,615.53

Annex 2
Subsidiary Companies

No	Name of the Enterprise	Name of the Subsidiary	Share Percent age (%)	Major Financials in Year 2008				Dividend Payment Received by the Parent in the year 2009 Rs. Mn.
				Turnover Rs. Mn.	Profit Before Tax Rs. Mn.	Total Assets Rs. Mn.	Share-holders Fund Rs. Mn.	
1	National Savings Bank	N.S.B. Fund Management Company Ltd.	100	139	1	4,649	1	
2	People's Bank	Peoples Leasing Company Ltd.	100	7,150	1,890	25,558	5,447	159
		People's Travel (Pvt) Ltd.	99	18	4	28	16	2
		Southern Development Financial Company Ltd.	BOC & PB -83 SDA - 17	8	(2)	47	4	
3	Bank of Ceylon	Property Development PLC	93	665	498	2,026	1,598	111
		Merchant Bank of Sri Lanka PLC	76	1,035	203	4,768	1,680	62
		BOC Management and Support Services (Pvt) Ltd.	100	1	0	8	6	
		BOC Property Development and Management (Pvt) Ltd.	100	157	66	866	849	
		BOC Travels (Pvt) Ltd.	100	844	27	108	44	2
		Hotel Colombo (1963) Ltd.	98	134	(17)	131	3	
		Merchant Credit of SL Ltd.	88	612	44	2,842	351	
		Ceylease Financial Services Ltd.	50	487	14	1,795	203	
		Ceybank Holiday Homes (Pvt) Ltd.	100	22	(1)	5	(2)	
		Southern Development Financial Company Ltd.	BOC & PB -83 SDA - 17	8	(2)	46	4	
4	HDFC Bank	HDFC Real Estate Development	100	529	(34)	192	(77)	
5	Urban Development Authority (UDA)	Peliyagoda Ware House Complex Co. Ltd.	100	55	(20)	193	(106)	
		Urban Investment & Development Co. (Pvt) Ltd.	100	1	(3)	590	341	
		UDA Rest Houses Ltd.	100	13	(15)	1	(29)	
		Ocean View Development Co. Ltd.	100	45	37	461	345	
		Waters Edge	100					
6	Geological Survey & Mines Bureau	GSMB Technical Services (Pvt) Ltd.	100	11	4	26	21	2
7	Sri Lankan Airlines Ltd	Sri Lankan Catering (Pvt) Ltd.	100	3,290	979	9,975	7,332	500
		Air Lanka (Pvt) Ltd.						
8	Central Environmental Authority	Polipto Lanka (Pvt) Ltd.						
9	Road Development Authority	Maganagama Roads Construction Equipment Company (Pvt) Ltd.	97	1250	121	938		
		Maga Naguma Emulsion Production Company (Pvt) Ltd.	50	783	73	19		
10	Ceylon Electricity Board	LTL Holdings (Pvt) Ltd.	63	2,417	306	2,995	1,837	57
		Lanka Electricity Company (Pvt) Ltd.	82	8,797	3,078	9,296		82
		Lanka Coal Company (Pvt) Ltd.	100		(6)	7	3	

Annex 2 Contd...

No	Name of the Enterprise	Name of the Subsidiary	Share Percentage (%)	Major Financials in Year 2008				Dividend Payment Received by the Parent in the year 2009 Rs. Mn.
				Turnover Rs. Mn.	Profit Before Tax Rs. Mn.	Total Assets Rs. Mn.	Shareholders fund Rs. Mn.	
11	National Housing Development Authority	Ocean View Development Co. Ltd.	100	57	24	425	365	
12	Ceylon Shipping Corporation Ltd.	Lanka Tankers Ltd	100	23	22	162	142	
		Ceylon Shipping Agency (Pvt)Ltd.	100		(1)	1	(4)	
13	National Livestock Development Board	Sri Lanka/Libya Agricultural & Livestock Development Co. Ltd	51	25	(21)	68	11	
14	SL Cement Corporation	Lanka Cement Ltd.	94	224	12	952	54	
15	Sri Lanka Ports Authority	Jaya Container Terminals Limited	100	27	5	25	1	
16	Sri Lanka Insurance Corporation Ltd.	The Lanka Hospitals Corporation PLC	55	1,925	(259)	2,954	1,954	-
		VINC Advertising (Pvt) Ltd.	50	12	(1)	5	(2)	-
17	Mahaweli Authority of Sri Lanka	Natural Resources Management Services (Pvt) Ltd.	100	3	1	13	0	
		Mahaweli Consultancy Bureau (Pvt) Ltd.	99	34	2	93		
		Mahaweli Venture Capital Com(Pvt) Ltd.	69					
		Mahaweli Livestock & Agro Enterprises (Pvt) Ltd.						
		Mahaweli Engineering Services (Pvt) Ltd.						
18	Sri Lanka Bureau of Foreign Employment	Sri Lanka Foreign Employment Agency (Pvt) Ltd.	100	73	28	225	65	
19	Ceylon Petroleum Corporation	Ceylon Petroleum Storage Terminals Ltd.	68	7,880	1,261	17,256	13,626	
20	Sri Lanka Land Reclamation & Development Corporation	Land Reclamation & Development Company Ltd.	80					
21	Associated Newspapers of Ceylon Ltd., Sri Lanka Rupavahini Corporation, Sri Lanka Broadcasting Corporation and Independent Television Network	Lanka Puwath Ltd.	96					
22	Sri Lanka Telecom Ltd.	Mobilet (Pvt) Ltd.	100					
		Sri Lanka Telecom (Services) Ltd.	100					
		SLT Hongkong Ltd.	100					

Annex 3
Associate Companies

No	Name of the Enterprise	Name of the Associate	Share Percentage (%)	Major Financials in Year 2008 Rs. Mn.				Dividend Payment Received by the Parent in the Year 2009 Rs. Mn.
				Turnover	Profit Before Tax	Total Assets	Shareholders Fund	
1	People's Bank	People's Merchant Bank PLC	39	376	22	1,875	442	4
2	Bank of Ceylon	Lanka Securities (Pvt) Ltd.	20	89,529	56,797	370,824	286,128	
		Mireka Capital Land (Pvt) Ltd.	40	449	252	4,068	2,255	
		Unit Trust Management (Pvt) Ltd.	20	37	1	1	1	1
		Transnational Lanka Records Solutions (Pvt) Ltd.	25	40	24	144	112	3
3	Urban Development Authority (UDA)	Colombo Land and Development Co. Ltd.	23	30	5	2,228	2,173	
		On'ally Holding Ltd.	48	62	193	994	928	12
4	Ceylon Shipping Corporation Ltd	Ceylon Shipping Agency (PTE) Ltd (Singapore)		7	1	2	1	
		Ceylon Shipping Lines Ltd.		220	23	463	411	1
5	Sri Lanka Ports Authority	Sri Lanka Port Management & Consultancy Services (Pvt) Ltd.		26	20	77	40	1
6	Sri Lanka Insurance Corporation Ltd.	Asiri Hospitals PLC	26	2,545	195	7,191	2,690	18
		Asiri Surgical Hospitals PLC	20	896	112	2,426	1,205	47
		Splendor Media (Pvt) Ltd.	25	100	5	70	15	
		E-Channeling PLC	24	28	7	101	80	
7	Road Development Authority	Maga Naguma Consultancy & Project Management Services Company (Pvt) Ltd.	33	151	19	94		
8	Mahaweli Authority of Sri Lanka	Mahaweli Livestock Enterprises (Pvt) Ltd.						

Annex 4
Summary of Bank Guarantees Issued by the Treasury to Public Enterprises

NO	Name of the Beneficiary	Name of the Bank to which B.G. is issued	Purpose for which B.G. is Issued	Value of the Bank Guarantee (Rs. Mn.)	Date of Issue	Date of Expiry	Capital Outstanding (Rs. Mn.)
1	Ceylon Petroleum Corporation	BOC	Secure Overdraft Facilities	80,500	09.09.2008	31.12.2009	80,500
2	Ceylon Petroleum Corporation	BOC	Securing the Loan	25,000	29.09.2009	27.09.2011	25,000
3	Ceylon Electricity Board - Kerawalapitiya Combine Cycle Power Plant Project	PB	Secure a loan	4,116	07.05.2008	03.03.2023	4,116
4	Ceylon Electricity Board	PB	Secure letter of credit	1,683	11.06.2008	09.10.2023	1,683
5	Ceylon Electricity Board	PB	Electricity distribution development project credit	2,549	29.09.2008	31.12.2011	2,662
6	Ceylon Electricity Board	PB	Short term loan facility	8,000	07.09.2009	10.03.2010	8,000
7	Ceylon Petroleum Storage Terminals Ltd.	PB	Muthurajawela SPBM off shore fuel oil pipe line project.	437	03.09.2009	06.04.2010	109
8	Ceylon Petroleum Storage Terminals Ltd.	PB	Muthurajawela SPBM Off Shore Fuel Oil Pipe Line Project.	4,635	09.10.2009	09.10.2011	15
9	Urban Development Authority	NSB	Secure loan facility	500	17.08.1999	01.07.2010	38
12	State Trading (Co-operative Whole Sale) Company Ltd.	PB	For import cement & other essential commodities.	1,150	13.03.2009	31.05.2010	8
13	Lakdanavi Ltd.	NSB	Secure Domestic Financing	2,992	22.02.2007	31.03.2022	2,992
14	Lakdanavi Ltd.	ETF	Secure Domestic Financing	2,992	01.03.2007	31.03.2022	2,992
15	Mihin Lanka (Pvt) Ltd.	BOC	To lease Out an Air Craft.	1,553	25.11.2009	24.11.2012	1,519
16	STC General Trading Company Ltd.	PB	Introducing a Consumer Goods Budget Pack	440	30.11.2009	26.05.2010	129
17	STC General Trading Company Ltd.	BOC	Import of 50,000 M/T of White Rice	2,500	22.12.2009	22.03.2010	2,402
18	Sri Lanka Airlines Limited	BOC	Letter of comfort to bridging finance facility	1,150	30.12.2009	30.10.2010	1,150
19	West Coast Power (Pvt) Ltd.	HSBC	Kerawala Power Project	21,304	28.06.2007	28.06.2022	21,729
20	Hotel Developers Lanka Ltd.	SR & CC & Terrorism Fund (NITF)	To cover the loan facility	236	14.02.2000	31.12.2007	114
BOC - Bank of Ceylon							
PB - People's Bank							
NSB - National Savings Bank							
ETF - Employees Trust Fund Board							
B.G. - Bank Guarantee							

Annex 5
Financial Performance and Cadre Position of Public Enterprises in 2009¹

S-No	Public Enterprises	Revenue (Rs. Mn.)		Expenditure (Rs. Mn.)		Surplus/ Deficit (Rs. Mn.)	Existing Cadre ²	Total cost of Employment per Year (Rs. Mn.)	Annual Cost per Employee (Rs.)
		Operational	Other	Capital	Recurrent				
Ministry of Petroleum & Petroleum Resources Deve.									
1	Ceylon Petroleum Corp.	272,600	300	1,100	276,600	(4,800)	2660	1,888	709,764
Ministry of Power & Energy									
2	Ceylon Electricity Board	107,200	20,300	35,600	108,700	(16,800)	15,137	11,904	786,444
3	West Coast (Pvt) Ltd.								n.a
Ministry of Ports & Aviation									
4	Sri Lanka Ports Authority	20,166	2,964	103,979	21,114	(101,963)	13367	12,607	943,144
5	Airport and Aviation Services (SL) Ltd.	6,177	618	201	6,026	568	3183	2,638	828,778
6	Ceylon Shipping Corp.Ltd.	578	35	1	693	(81)	137	69	503,650
7	Mihin Lanka Ltd.	1,545			3,220	(1,675)	154	82	530,325
8	Sri Lankan Airlines Ltd. ³	45,093	4,682	13,601	52,613	(16,439)	4837	8,682	1,794,959
Ministry of Water Supply & Drainage									
9	National Water Supply & Drainage Board	11,055	49	22,213	10,281	(21,390)	9110	4,331	475,377
Ministry of Finance & Planning									
10	Central Bank of Sri Lanka	39,695	544	388	4964	34,887	1,254	2,508	2,000,000
11	Bank of Ceylon	61,207	2,290	1,239	55,061	7,197	7,626	10,371	1,359,953
12	People's Bank	19,801	4,545	672	17,696	5,978	8,808	12,331	1,399,977
13	National Savings Bank	49,046	757	42,858	6,945	2,838	3,457	1,218,111	
14	SL Savings Bank Ltd.	207	167	171	203	40	16	400,000	
15	Housing Development Finance Corp. Bank	2,216	52	2,177	91	330	270	818,182	
16	Lady Lochore Loan Fund	35.2	7.6	1.6	22.5	18.7	38	10	270,000
17	State Mortgage & Investment Bank	2670	19	2557	132	318	354	1,113,208	
18	Lankaputhra Deve. Bank	746	15	11	345	405	165	61	369,576
19	Kandurata Deve. Bank	957	847	110	282	236	836,879		
20	Sabaragamuwa Development Bank	1,454	41	1284	211	398	331	831,658	
21	Rajarata Deve. Bank	657	59	621	95	380	170	447,368	
22	Ruhuna Deve. Bank	1,394	54	1288	160	436	378	866,972	
23	Wayamba Deve. Bank	1,870	97	1,668	299	380	344	905,263	
24	Uva Development Bank	766	15	723	58	260	197	757,692	
25	SL Insurance Corp.	13,803	8,165	0	15,908	6,060	1,740	893	513,218
26	National Insurance Trust Fund	3,450	1,007	15	2,704	1,738	117	24	205,294
27	National Deve. Trust Fund	123	150	3.3	56	213	24	11	462,325
28	Development Lotteries Board	5,220	58	67	4,725	486	241	113	467,647
29	National Lotteries Board	8,580	340	357	7,083	1,480	274	181	659,690
30	Employees Trust Fund Board	43,493	9,114	445	8,167	43,995	858	448	522,040
31	Securities & Exchange Commission	8.89	10.39	7.97	194.11	(182.8)	73	98	1,346,151
32	SL Accounting & Auditing Standards Monitoring Board			0.69	21.43	(22.12)	8	9	1,112,500
33	Insurance Board of SL	40.87	8.53	3.01	65.82	(19.43)	31	17	534,839
34	Distance Learning Center								n.a

Annex 5 Contd. ..

S-No	Public Enterprises	Revenue (Rs. Mn.)		Expenditure (Rs. Mn.)		Surplus/ Deficit (Rs. Mn.)	Existing Cadre ²	Total cost of Employment per Year (Rs. Mn.)	Annual Cost per Employee (Rs.)
		Operational	Other	Capital	Recurrent				
Ministry of Transport									
35	National Transport Medical Institute	152	31	9.5	120	53.5	225	60	266,667
36	Lakdiva Engineering Company Ltd.	24	3		56	(29)	119	31	264,227
37	Sri Lanka Transport Board	14,538	2,543	661	20,244	(3,824)	35,275	9,500	269,313
Ministry of Urban Development Sacred area Development									
38	Urban Development Authority	533	344	1,802	748	(1,673)	1430	699	488,670
39	SL Land Reclamation Deve. Corp.					n.a	1174	235	200,000
Ministry of Mass media & Information									
40	SL Broadcasting Corp.	457	325	280	852	(350)	884	421	476,517
41	SL Rupavahini Corp.	1,649	87	85	1,681	(30)	924	519	561,688
42	State Printing Corp.	818		40	801	(23)	552	156	282,609
43	Selacine Rupavahini institute	96.06		0.184	94.4	1.47	47	10	218,566
44	Independent Television Network Ltd.	1,484	96	143	1,226	211			
45	The Associated Newspapers of Ceylon Ltd.								n.a
Ministry of Healthcare & Nutrition									
46	State Pharmaceuticals Corporation of SL	13,352	17	86	14,235	(952)	757	369	487,408
47	State Pharmaceuticals Manufacturing Corp.	1,157	33	77	1,013	101	211	70	330,887
48	Sri Jayawardenapura General Hospital	889		120	1636	(868)	1507	779	516,720
Ministry of Livestock Development									
49	Milk Industries of Lanka (Pvt) Ltd. (MILCO)	3,910	94	160	3,682	162	1330	582	437,775
50	National Livestock Development Board	890	3	46	879	(32)	449	385	857,461
Ministry of Agricultural Development & Agrarian Service									
51	Ceylon Fertilizer Company Ltd.	1,651	32	2	9541	(21,258) ⁴	403	210	520,980
52	Colombo Commercial Fertilizer Company Ltd.	1,035	95	3	5,782	(17,752) ⁵	116	50	433,817
53	Janatha Fertilizer Enterprise Ltd.		48		45	3	20	4	223,800
54	Paddy Marketing Board	1618	13	4.93	1,657	(31)	93	26	284,000
55	Agriculture & Agrarian Insurance Board	499	4	143	1251	(891)	372	103	276,785
Ministry of Construction & Engineering Service									
56	State Development and Construction Corp.	1635	23	31	1608	19	531	224	421,315
57	State Engineering Corp. of SL	2.8	0.03		2.8	0.03	2,203	765	347,027
Ministry of Defence Public Security Law & Order									
58	Rakna Arakshana Lanka Ltd	341	0	3	283	55	1,821	226	236,349 ⁷
59	Lanka Logistics (Pvt) Ltd ⁶	(5)	15	4	12	(6)	23	17	515,887
Ministry of Environment & Natural Resources									
60	State Timber Corporation	3,093	249	386	2,730	226	2399	642	267,612 ⁸
Ministry of Export Development & International Trade									
61	SL Export Credit Insurance Corp.	117.6	115.3	0.5	101.9	130.5	45	40	888,889

Annex 5 Contd. ..

S-No	Public Enterprises	Revenue (Rs. Mn.)		Expenditure (Rs. Mn.)		Surplus/ Deficit (Rs. Mn.)	Existing Cadre ²	Total cost of Employment per Year (Rs. Mn.)	Annual Cost per Employee (Rs.)
		Operational	Other	Capital	Recurrent				
Ministry of Fisheries & Aquatic Resources									
62	Ceylon Fisheries Corp.	1449	40	6	1540	(57)	656	211	321,458
63	Ceylon Fishery Harbour Corp.	168	-	277	277	(386)	798	-	-
64	Cey-Nor Foundation Ltd.	251	4	-	340	(85)	345	-	-
Ministry of Highways & Road Development									
65	Road Construction & Development Corp.								n.a
(Converted in to Maga Neguma Roads Construction Equipment Company (Pvt) Ltd, Maga Neguma Emulsion Production Company (Pvt) Ltd, Maga Neguma Consultancy & Project Management Services Company (Pvt) Ltd under Road Development Authority)									
Ministry of Indigenous Medicine									
66	SL Ayurvedic Drugs Corp.	296	2		281	16	260		n.a
67	Osu Govi Ltd.	4.3	0.1	0.3	19.9	(15.7)	90	11	127,444
Ministry of Industrial Development									
68	Ceylon Ceramics Corp.	177.7	9.7	0.2	228.7	(41.4)	639	148	231,455
69	Sri Lanka Cement Corp.	1035	25		1140	(80)	75	30	400,000
70	Kahatagaha Graphite Lanka Ltd.	37.3	0.1		47.4	(10)	77	18	227,273
71	Lanka Fabrics Ltd.	16.41	-	0.22	15.11	1.08	8		
72	Lanka Mineral Sands Ltd.	689	4	13	773	(93)	629	343	545,310
73	Lanka Phosphate Ltd.	239	29.5	1.1	254	13.4	298	122	409,396
74	Mantai Salt Ltd.	29.7	2.1	1	26.6	4.2	71	16	225,352
75	North Sea Ltd.	30	0	1	28	2	48	5	110,417
76	Paranthan Chemicals Com. Ltd.	81	5	27	56	3	59	19	325,424
77	Lanka Salusala Ltd.					n.a	274		
78	Lanka Leyland Ltd.								n.a
Ministry of Irrigation & Water Management									
79	Central Engineering Consultancy Bureau	7.1	0.4		7.2	0.3	984	649	659,553
Ministry of Local Government & Provincial Council									
80	Local Loans & Development Fund	253	1.2	927	165.2	(838)	26	8	315,385
Ministry of Nation Building & Estate infrastructure Development									
81	National Paper Com. Ltd.	142	1		245	(102)	663	n.a	
Ministry of Plantation Industries									
82	SL Rubber Manufac. & Export Corp.								n.a
83	Kalubovitiyana Tea Factory Ltd.	458	23	2	439	40	171 ⁹	19	113,858
84	B.C.C.Lanka Ltd.	72	28	0	101	(2)	105	27	259,429
85	Thurusaviya Fund		0.2	14	7.1	(20.9)	19	n.a	
86	Tea Shakthi Fund	1,036	4.5	0.9	1,021.2	18.4	124	21	172,481
Ministry of Posts & Telecommunication									
87	Sri Lanka Telecom PLC								n.a
Ministry of Public Estate Management & Development									
88	Janatha Estates Development Board	813	300	25	858	230	6273 ⁹	447	71,242
89	SL State Plantations Corp.	536	37.8	14	618	(58)	5925 ⁹	406	68,468
90	Chilaw Plantations Ltd.								n.a
91	Elkaduwa Plantations Ltd.	228	20	42	236	(30)	1,975	236	119,494
92	Kurunegala Plantations Ltd.	356	50	10	291	105	1,300	149	114,516
Ministry of Rural Industries & Self Employment Promotion									
93	SL Handicrafts Board								n.a

Annex 5 Contd. ..

S-No	Public Enterprises	Revenue (Rs. Mn.)		Expenditure (Rs. Mn.)		Surplus/ Deficit (Rs. Mn.)	Existing Cadre ²	Total cost of Employment per Year (Rs. Mn.)	Annual Cost per Employee (Rs.)
		Operational	Other	Capital	Recurrent				
Ministry of Supplementary Plantation Crops Development									
94	Palmyrah Development Board	14.4	0.7	23.2	72.3	(80.4)	204	45	22,817
95	SL Cashew Corp.	73	4	44	138	(105)	202	55	69,950
96	Kantale Sugar Industries								n.a
97	Hingurana Sugar Indus.								n.a
Ministry of Trade Marketing Development Co-operative & Consumer Services									
98	Co-operative Wholesale Establishment (CWE)	76	115				220		
99	Building Materials Corp. Ltd.					n.a.	116	39	336,983
100	Lanka Sathosa Ltd.	5,790	40		601	5,229	800		
101	STC General Trading Co. Ltd.	894	77		893	78	252	73	289,603
102	State Trading Wholesale Estab. Company Ltd.	203.26	0.18	0.16	212.64	(9.36)	11	4	402,727
Ministry of Vocational & Technical Training									
103	National Institute of Business Management								n.a
104	Skill Development Fund Ltd.	4.99	23.88	0.073	15.88	12.92	25	8	322,669
Presidential Secretariat									
105	Information & Communication Tech. Agency of SL Ltd.		15	1,736		(1721)	79	20	259,203
106	Hotel Developers Lanka Ltd.								n.a
107	Telecommunication Regulatory Commission	6,245.6							n.a

¹ Revenue and Expenditure refers to total cash receipts and total cash payments for the year 2009, and thus the liquidity position of PEs is highlighted

² Existing cadre include permanent, contract, casual & checkroll employees

³ financial performance is given for the period April 2009 - December 2009

⁴ with Rs Mn 13,397.681 of subsidy receivable

⁵ with Rs Mn 13,097.658 of subsidy receivable

⁶ Rs Mn 4.1 - net profit before tax, Rs Mn 2.5 - gvt commission for procurements- the main income is pending for 2009, thus operational income is minus

⁷ cost per employee is calculated for an average of 956, since employees are on monthly contract basis

⁸ total no. of employees is taken as an annual average of 32, since employees are on contract basis

⁹ including checkroll employees

n.a Not Available

FOREIGN FINANCING OF THE BUDGET

Overview

In the context of improved environment to expand development activities covering the entire country after the ending of war in May 2009 special emphasis was placed to mobilize required foreign financing resources for development projects including the rehabilitation and reconstruction activities in the North and East. Enhancing the effectiveness of the utilization of foreign resources made considerable progress in 2009, even in a challenging international environment.

New foreign financing commitments and disbursements reached a new record level in 2009. The total new commitments made in 2009 amounted to US\$ 2,221.7 million, surpassing the previous highest level of US\$ 2,069 million recorded in 2008. Of the total commitment US\$ 1,942.1 million was in loans and the balance US\$ 279.6 million was in grants. The total disbursement reached US\$ 1,621.6 million in 2009 surpassing the previous highest level of US\$ 1,255 million reported in 2008. Of the total disbursement, loan accounted for US\$ 1,297.7 million and grants US\$ 323.9 million. The figures indicate a 7.4 percent increase in commitments and 29.2 percent increase in disbursements, compared to the previous year.

Over 75 percent of the new commitments in 2009 were for the infrastructure development, which reflects the government's firm commitment on investing productive infrastructures such as power generation, port development, roads and bridges.

The share of the infrastructure development has been consecutively increased during the last four years in order to provide strong impetus to achieve a higher economic growth of 7 to 9 percent in the medium-term.

The second international 5 year sovereign bond of US\$ 500 million was issued in October 2009. The offer was over-subscribed by more than thirteen times, the highest over-subscriptions of any sovereign US dollar bond offering in 2009. Coupon rate was 7.4 percent compared to 8.25 percent in 2007.

As at end of 2009 the share of concessionary debt in the outstanding external debt, external stock accounted for 83.3 percent compared with 95.3 percent in 2005. The average grace period of the loans obtained in 2009 was 5.1 years, the repayment period was 11.9 years and the average interest rate was 3.5 percent.

In July 2009, the International Monetary Fund approved a 20-month Stand-By Arrangement (SBA) facility of US\$ 2.6 billion (SDR 1.65 billion). Of this US\$ 320 million was drawn under the first tranche in July and US\$ 331 million as the second tranche in November 2009.

Foreign Financing Commitments

The total commitment made by donor agencies and lenders to Sri Lanka during the 2009 was US\$ 2,221.7 million, which is the highest commitment recorded so far. Until 2009, the highest commitment of US\$ 2,069 was reported in 2008. Of the total commitments, loans accounted for US\$ 1,942.1 million and grants accounted for US\$ 279.6 million.

Table 4.1
Foreign Financing Commitments-2009 (in US\$ Million)

Donor	2009			2008
	Loan	Grant	Total	
Bilateral	1,440.7	64.8	1,505.5	1,572.1
Australia		18.5	18.5	
India		20.1	20.1	209.2
China	1204.3	2.4	1,206.7	
Japan		19.5	19.5	356.7
Hungary	70.2		70.2	
Korea	76.3		76.3	67.8
Kuwait	34.1		34.1	
Netherlands	36.2		36.2	79.5
Sweden	19.6		19.6	
Denmark				155.2
Iran				450.0
Other Bilateral		4.3	4.3	253.7
Multilateral	501.4	214.8	716.2	497.2
Asian Development Bank	395.5	28.2	423.7	90.0
World Bank	105.9	1.0	106.9	277.1
UN Agencies		185.6	185.6	130.1
Total	1,942.1	279.6	2,221.7	2,069.3

Source: Department of External Resources

The Government of China, Asian Development Bank, United Nations Agencies and the World Bank were the main donors who accounted for US\$ 1,922.9 million or 86.6 percent of the total commitment in 2009. Apart from the grant of US\$ 2.4 million, Chinese assistance was in the form of preferential buyer's credits and it accounted for 54.3 percent of the total commitment. Details of Loan and Grant Agreements signed in 2009 are given in Table 4.1.

Chart 4.1

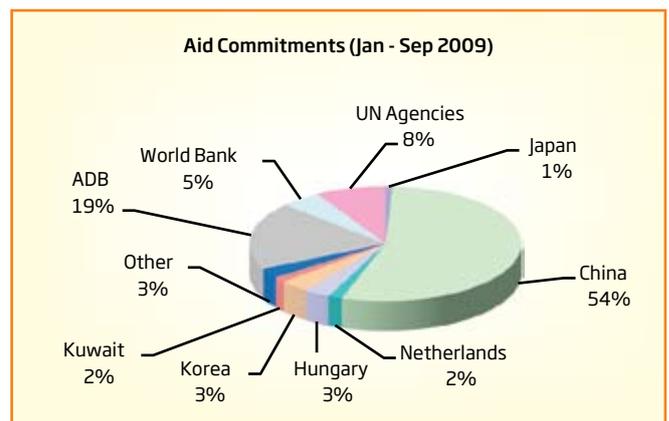


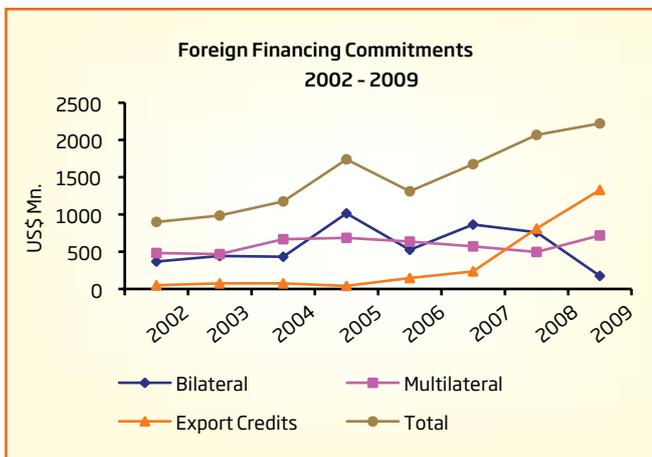
Table 4.2
Foreign Financing Commitments 2002 - 2009 (in US\$ Million)

	2002	2003	2004	2005	2006	2007	2008	2009
Bilateral	367.2	443.9	432.6	1,014.1	525.7	865.9	761.8	175.2
Multilateral	481.2	468.2	669.1	684.5	637.5	572.5	496.8	716.2
Export Credits	50.5	74.3	73.8	40.9	147.9	235.8	810.8	1,330.3
Total	898.9	986.4	1,175.5	1,739.5	1,311.1	1,674.2	2,069.3	2,221.7

Source: Department of External Resources

In 2009, total foreign financing commitments increased by 7.4 percent. As depicted in the table 4.2, the landscape of the foreign financing commitment has rapidly changed during the last few years due to the growth of the export credit financings. As a percentage of total commitments, export credits increased from 6.3 percent in 2004 to 59.9 percent in 2009. With the emergence of Sri Lanka as a middle income country, access to the export credit agencies increased and such financing became a major source for investments in infrastructure projects.

Chart 4.2



Committed Undisbursed Balance

The total Committed Un-disbursed Balance of foreign financing available for the Government development programmes as at 31st December 2009 was US\$ 6.4 billion. The project implementation duration for these commitments is in the range of 2-5 years and hence the utilization will be on that basis. Table 4.3 indicates the sector-wise classification of the committed un-disbursed balances.

Table 4.3

Committed Undisbursed Balance by Sector as at 31 Dec 2009

Sector	US\$ Mn.	% of Total
Roads & Transport	1,236.1	19.4
Ports	620	9.7
Water Supply & Sanitation	623.3	9.8
Tsunami Rehabilitation	231.4	3.6
Health, Education & Vocational Training	263.9	4.1
Power & Energy	1,589.5	24.9
Private Sector Development	93.6	1.5
Agriculture, Fisheries, Irrigation & Land	729.2	11.4
Rural Development	153.2	2.4
Environment & Natural Resources	139.9	2.2
IT, Science & Technology	38.2	0.6
Housing & Urban Development	49.7	0.8
Other	608.2	9.6
Total	6,376.2	100

Source: Department of External Resources

Table 4.4
Committed Undisbursed Balance by Donors as at 31st Dec 2009

Donor	US\$ Mn.	%
Bilateral	2,140.8	33.6
Japan	1,246.1	19.5
China	191.9	3.0
France	88.2	1.4
Germany	55.7	0.9
India	198.9	3.1
Korea	166.4	2.6
Kuwait	49.0	0.8
Netherlands	38.8	0.6
Saudi Fund	22.4	0.4
USA	28.2	0.4
Other Bilateral	55.2	0.9
Multilateral	1,989.7	31.2
ADB	1,225.2	19.2
World Bank	409.1	6.4
European Investment Bank	42.9	0.7
European Union	18.1	0.3
UN Agencies	288.4	4.5
Other Multilateral	6.0	0.1
Export Credit	2,245.6	35.2
Austria	19.2	0.3
Denmark	97.8	1.5
France	55.3	0.9
Hungary	70.2	1.1
Netherlands	79.0	1.2
Iran	450.0	7.1
China	1,357.0	21.3
Sweden	77.8	1.2
United Kingdom	26.2	0.4
Japan	13.3	0.2
Total	6,376.1	100

Source: Department of External Resources

Foreign Fund Disbursements

The total foreign fund disbursements up to the end of December 2009 was US\$ 1,621.6 million which is the highest disbursement achieved so far. Until 2009, the highest disbursement of US\$ 1,255

million was recorded in 2008. Of the total disbursement, project loans accounted for US\$ 1,297.7 million (80 percent) and grants US\$ 323.9 million (20 percent).

Table 4.5
Disbursement of Foreign Financing* 2009 (US\$ Mn)

Donor	2009			2008
	Loan	Grant	Total	
Bilateral	870.7	99.4	970.1	659.9
Australia	3.9		3.9	9.0
Austria	15.7		15.7	30.9
China	295.4	2.4	297.8	61.4
Denmark	40.6		40.6	51.9
France	19.7		19.7	27.9
India	30.2	17.2	47.4	0.5
Japan	295.8	15.6	311.4	282.7
Korea	10.0	3.7	13.7	17.0
Kuwait	7.6	0.3	7.9	9.6
Netherlands	35.6	49.7	85.3	17.7
Spain	10.8		10.8	20.2
Saudi Fund	11.5		11.5	5.3
Sweden	21.7		21.7	4.3
USA		3.6	3.6	30.6
United Kingdom	70.0		70.0	49.4
Other Bilateral				
	2.2	6.9	9.1	41.5
Multilateral	427.0	224.5	651.5	595.1
Asian Development Bank	243.4	40.5	283.9	291.3
World Bank	147.6	54.5	202.1	145.2
European Investment Bank	21.2		21.2	28.7
European Commission		32.6	32.6	24.0
UN Agencies	14.1	96.7	110.8	104.0
Other Multilateral	0.7	0.2	0.9	1.9
Total	1,297.7	323.9	1,621.6	1,255.0

Source: Department of External Resources

*Note: US\$ 500 million International Bonds issued in 2009 and US\$ 651 million disbursed under IMF Stand-by Arrangements are not included

Chart 4.3

The Government of Japan (19.4 percent), China, (18.5 percent), Asian Development Bank (17.6 percent), the World Bank (12.6 percent) and United Nations Agencies (7.0 percent) recorded US\$ 1,206 million or 74.4 percent of the total disbursement. Bilateral donors accounted for 39 percent of the total disbursement and multilateral agencies accounted for 40.2 percent. The balance 20.8 percent was from export credit agencies. The total disbursement in 2009 increased by US\$ 366.6 or 29.2 percent compared to 2008.

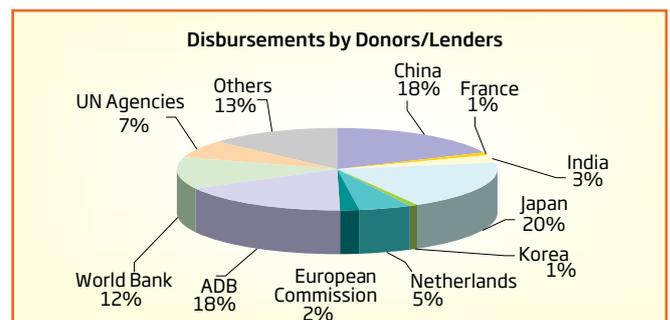


Table 4.6
Projects with Disbursements over US\$ 10 Million in 2009

Project Name	Donor	US\$ Mn.
Southern Expressway Development Project	Japan	103.8
Upper Kotmale Hydro Power		45.2
Provincial Road Improvement Project		10.5
Pro-poor Economic Advancement and Community Enhancement Project		11.7
Pro-Poor Eastern Infrastructure Development Project		11.2
Lunawa Environment Improvement and Community Development Project		20.7
Greater Colombo Transport Development Project		24.1
Pro-Poor Rural Development Project		11.9
Colombo City Electricity Distribution Development Project		12.8
Colombo Port Expansion Project	ADB	48.7
Secondary Towns and Rural Community Water/Sanitation		15.5
Southern Expressway Development Project		14.9
Tsunami Affected Areas Rebuilding Project		30.8
Power Sector Development Project		17.4
Distance Education Modernization Project		11.2
National Highway Sector Development Project		28.6
Road Sector Assistance Project	World Bank	79.6
Second North - East irrigated Agriculture Project		10.5
Health Sector Development Project		10.1
Education Sector Development Project		22.3
Puttalam Coal Power Project	China	129.6
Hambantota Port Development Project		154.1
Upgrading Railway Line Colombo - Matara	India	27.4
Humanitarian Assistance for North and East Provinces		17.2
North East Housing Reconstruction Project	European Union	11.0
Tsunami Affected Areas Rebuilding Project		21.6
Towns South of Kandy Water Supply Project	Denmark	11.5
Kelani Right Bank Water Treatment Plant		11.4
Oluwil Port Development Project		13.4
Upgrading of the Disaster Response in the Western Province and Selected Urban Areas	Netherlands	14.1
Constriction of Dickowita Fishery Harbour		17.6
Development of Dickowita Fishery Harbour		22.9
Post-Tsunami Credit Line	European Inv. Bank	14.1
Trincomalee integrated Infrastructure Development Project	France	17.1
Regional Bridge Project	United Kingdom	70.0
Ratmalana & Ja-Ela Water Treatment Facilities	Sweden	10.5
Fourth rural Electrification Project		11.2
Food Assistance for Conflict Affected	World Food Prog.	76.4

Source: Department of External Resources

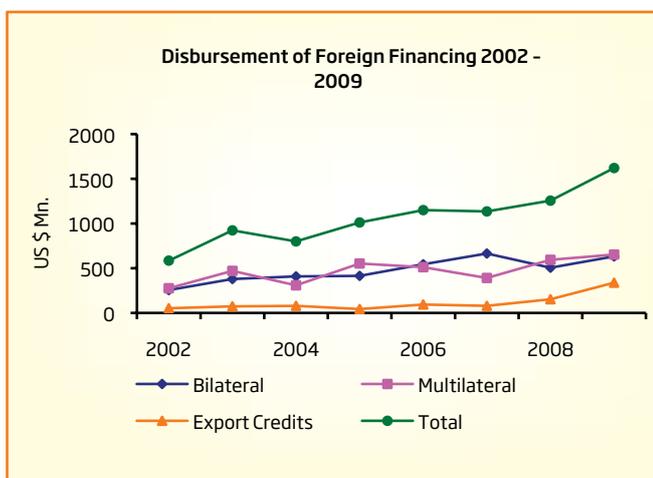
Table 4.7
Disbursements of Foreign Financing 2002 - 2009 (in US\$ Million)

	2002	2003	2004	2005	2006	2007	2008	2009
Bilateral	256.0	379.2	409.9	415.0	545.3	663.5	505.5	632.8
Multilateral	275.8	470.9	310.2	552.3	510.5	392.3	595.1	651.5
Export Credits	52.2	73.9	80.5	43.7	93.2	79.6	154.4	337.3
Total	584.1	924.0	800.6	1,011.0	1,149.1	1,135.4	1,255.0	1,621.6

Source: Department of External Resources

Similar to the foreign financing commitments, the share of the export credits in the total disbursements has increased significantly during the past few years. In 2009, disbursement from export agencies have accounted for 20.8 percent of the total disbursement, which was 10 percent in 2004. Disbursements from both multilateral and bilateral sources have increased gradually over the period 2002 to 2009.

Chart 4.4



Foreign Aid Utilization Rate

Foreign aid utilization rate (or foreign aid disbursement ratio) indicates the efficiency of utilization of foreign aid committed by donor agencies and lenders. The utilization ratio (total disbursement to total committed undisbursed balance), depends on the average project loan portfolio life. The average project period of the aid portfolio is between 4 - 5 years and hence, the satisfactory level of the overall utilisation ratio should be between 20 percent and 25 percent.

Table 4.8
Utilization Rates (%)

Donor	2009	2008
Bilateral	22.4	22.6
Japan	19.2	22.6
China	38.3	22.9
Germany	15.4	33.5
France	18.4	13.6
India	20.6	0.4
Netherlands	59.3	0.3
Korea	6.7	31
Kuwait	13.7	23.7
Denmark	45.1	32
Saudi Fund	31.2	10
U.S.A.	11.6	58.9
Other Bilateral	29.5	6.5
Multilateral	30.4	24.9
Asian Development Bank	21.2	21.1
World Bank	40.9	29
European Investment Bank	29.4	30.5
UN Agencies	67.6	32.5
Other Multilateral	13.3	20.9
Export Credit	26	11.7
Overall	25.9	21.1

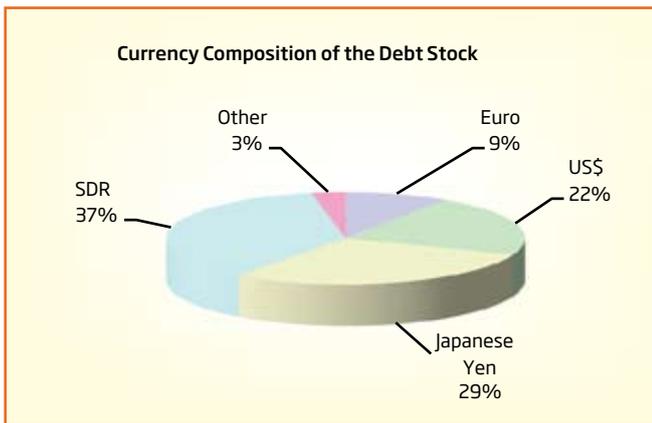
Source: Department of External Resources

External Debt Stock

The Government external debt stock as of 31st December 2009 stood at US\$ 13.5 billion (Rs. 1,541.9 billion). This was an increase of 8 percent or US\$ 1 billion compared to the debt stock at 31st December 2008. However, the rupee value of the debt stock has increased by 9.3 percent or Rs. 131.4 billion during the same period. The higher rate of increase in rupee terms was due to the depreciation of the Sri Lankan Rupee against the other major currencies.

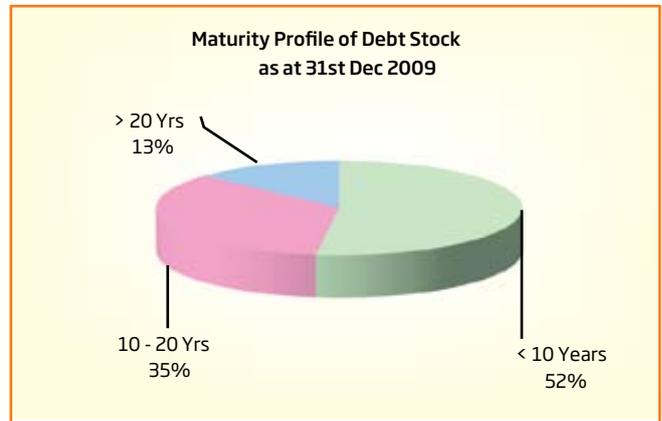
Of the total debt stock, 42.6 percent was owed to the bilateral donors, 43.1 percent to the multilateral donor agencies and 7.9 percent to capital market institutions. The balance 6.3 percent was owed to the export credit agencies. The currency composition of the debt stock is given in Chart 4.5.

Chart 4.5



The maturity profile of the current debt stock is given in the chart 4.6 below. Out of the total debt stock, 52 percent will mature during the 10 year period commencing from 2010 and 35 percent will mature during next 10 years commencing from 2020. The balance 13 percent will mature after 20 years.

Chart 4.6



External Debt Service Payments

The total external debt service payments made in 2009 amounted to US\$ 1,043.2 million. Of this US\$ 815.3 million was for principal payments and the balance US\$ 227.9 for the interest payments. The debt service forecast based on the existing portfolio is given in table 4.9.

Table 4.9
The Debt Service Forecast from 2010 - 2015 (in US\$ Million)

Item	2009 Actual	Forecast					
		2010	2011	2012	2013	2014	
Principal	815.3	544.3	652.3	1,224.1	830.3	855.7	1,448.9
Interest	227.9	266.3	302.2	315.3	275.1	269.5	247.4
Total	1,043.2	810.6	954.5	1,539.4	1,105.4	1,125.2	1,696.3

Source: Department of External Resources

2015

*Note:

1. The higher debt service forecasts for 2012 and 2015 are due to the maturing of US\$ 500 million each in international bonds issued in 2007 and 2009 respectively.
2. Debt services related to the funds disbursed under the IMF Stand-by Arrangement are not included.

Assistance for North and East Development

Table 4.10

Expected External Assistance for the Development of Northern and Eastern Provinces

Donor	Project Name	Province	Amount US\$ Mn.	Expected Year
Australia	Ampara Water Supply Project - Phase III	East	119	2010
China	Northern road rehabilitation Package 1: Rehabilitation and Improvement of 153km length of Kandy - Jaffna (A-09) road	North	142	2010
	Northern road rehabilitation Package 2: Rehabilitation and Improvement of 67 km length of Navathkuli - Karaitivu - Mannar (A-32) road	North	48	2010
	Northern road rehabilitation package 3: Rehabilitation and Improvement of 113 km length of Puttalam - Marichchikade - Mannar Road (B-379, B403)	North	73	2010
	Northern road rehabilitation package 7: Rehabilitation and Improvement of 84 km length of Jaffna - Point Pedro (AB-20), Jaffna-Kankasanturai (AB-16) & Jaffna-Palali (AB-18) roads	North	75	2010
	Northern road rehabilitation package 11: Rehabilitation and Improvement of 42.4 km length of Mullaitivu-Kokkilai-Pulmuddai (B297) road, 52.6 km length of Oddusudan-Nedunkerny (B-334) road & Mullaitivu-Puliyankulam (B296)	North	85	2010
EDCF / Korea	Construction of Northern Provincial Council office Complex in Mankulam	North	28	2010
	Badulla-Chenkaladi Road Project	North	102	2010
India	Track laying of Omanthai - Pallai Railway Line	North	185	2010
	Track laying of Madhu - Thalaimannar Railway Line	North	150	2010
	Track laying of Madawachchiya to Madu	North	81	2010
	Rolling Stocks for Northern Railway Service - Phase I	North	78	2010
	Cultural Centre in Jaffna	North	9	2010
	Construction of Duraiappa Stadium	North	9	2010
	Development of Surgical Medical Units, Operation Theaters and Eye Wards in Jaffna Teaching Hospital	North	1	2010
	Reconstruction of Pallai - KKS Railway Line	North	150	2010
	Reconstruction of Signaling System in Northern Railway lines	North	89	2010
	Supply of Computers, Printers and Solar Plants for Schools in Eastern Province	East	2	2010
KOICA/Korea	Vocational Training Center in Trincomalee District	East	2	2010
	Rehabilitate infrastructure facilities in eight schools in Ampara and Batticaloa Districts	East	2	2010
JICA	Eastern Province Water Supply Development Project	East	53	2010
	Eastern Province Rural Road Development Project	East	43	2010
	Improvement of Central Functions of the Jaffna Teaching Hospital	North	25	2010
World Bank	Community Livelihood and Complicit Affected Areas (Additional Financing) Project	North and East	12	2010
	North East Local Service Improvement Project	North and East	50	2010
	Sustainable Tourism Development Project	East	18	2010
	Emergency Northern Recovery Project	North	65	2010
	Provincial Roads Project	North and East	40	2010
Austria	Rehabilitation of Eastern Railway Line	East	Euro 8.5 Mn.	2010
Switzerland	Owner Driven House Reconstruction Programme	North	1	2010
ADB	Jaffna Water Supply & Sanitation Project	NP	90	2010
	Northern Road Connectivity Project	NP/NCP	154	2010
	Conflict Affected Region Emergency Project	NP/EP/NCP	150	2010
	Supplementary Loan for NECORD II	NP/EP	13	2010
	Sustainable Power Sector Support II	East	90	2010

Source: Department of External Resources

Slow Performing Projects

Although most of the projects were performing as planned by

achieving financial targets for the year, there were some that were unable to achieve due to unforeseen issues.

Table 4.11
Slow Performing Projects

Donor	Project Name	Loan Amount US\$ Mn.	Estimated Disbursement US\$ Mn.	Actual Disbursement US\$ Mn.	Reasons for difference and present status
JICA	Galle Port Development Project	161.63	24	0.06	Issues in the procurement process
France	Tricomalee Integrated Infrastructure Project	87.32	22	17	Implementation is slow due to the geological arises on erection of bridges
France	Greater Trioncomalee Integrated Water Supply Project	13.64	2.2	0.32	Delayed due to procurement problems
ADB	Financial Market Program for Private Sector Development	60	20	0.32	2nd tranche was not released (tranche conditions have been fulfilled)
ADB	Modernization of Revenue Administration Project	15	5	0.32	contract was not awarded as scheduled
ADB	Colombo Port Expansion Project	300	70	0.32	contract was not awarded as scheduled

Source: Department of External Resources

Asian Development Bank

Development Assistance from the ADB

Country partnership strategy (CPS) 2009-2011 of the Asian Development Bank is aligned with the Government of Sri Lanka's 10-year development framework and focuses on two pillars. (i) Strengthening the investment climate, and (ii) achieving socially inclusive development.

The total value of all ongoing projects is approximately US\$ 2.2 billion. It includes US\$ 1,212 million concessional loans, US \$ 891 million semi concessional loans and US\$ 202.2 million grants. During the last five years ADB has provided around US\$ 1,127 million of loans for the implementation of development projects in Sri Lanka.

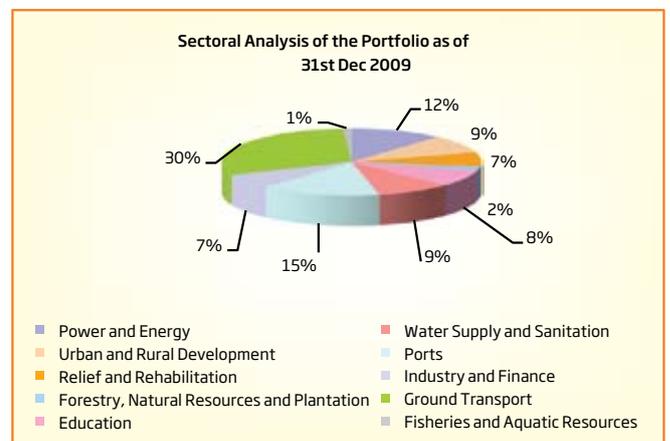
In 2009 programme, ADB has agreed to provide US\$ 424 million. It includes 160 million for the Energy Sector, US\$ 70 million for the Road Sector, US\$ 100 million for the Water Supply, Sanitation Sector and US\$ 21.65 million for the Multi Sectoral activities. All the projects in the programme were concluded in addition to the Dry Zone Urban Water and Sanitation Project, which had been scheduled for the year 2008.

Sectoral Analysis of the Portfolio

The main sectors funded by the ADB are Road, Port, Power and Energy, Water Supply and Sanitation and Urban and Rural Development.

In the year 2009, the Asian Development Bank was the main multilateral donor who accounted for US\$ 423.7 million recording the second highest foreign financing commitment in the year. During the period 2005-2009, the average annual commitment

Chart 4.7



made by the Asian Development Bank was US\$ 291 million. The flagship projects included in the ADB portfolio; US\$ 300 million for the Colombo Port Expansion Project, US\$ 180 million for the Southern Transport Development Project, US\$ 160 million for Clean Energy and Access Improvement Project, US\$ 150 million for the National Highway Sector Development Project, US\$ 120 million for the Secondary Towns Rural Community Based Water Supply and Sanitation Project and US\$ 100 million for the Greater Colombo Wastewater Management Project.

During the period 2005- 2009, the average annual disbursement made by the ADB was US\$ 233 million. However, in the year 2009, Sri Lanka was able to disburse US\$ 287 million. This was an achievement of 82% compared with the annual target. The total contract awards were about US\$158 million.

Chart 4.8

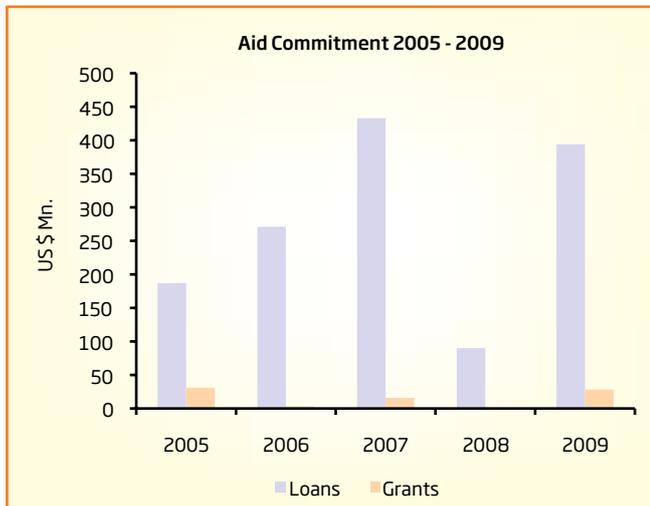


Chart 4.9

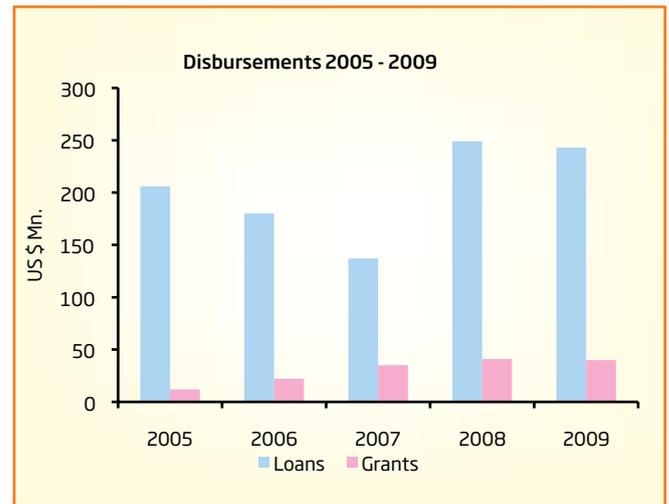


Table 4.12
Key Projects being implemented - ADB Assistance

Project	Cost (US\$ Mn.)
Colombo Port Expansion Project	300
Southern Transport Development Project	180
Clean Energy and Access Improvement Project	160
National Highway Sector Development Project	150
Secondary Towns Rural Community Based Water Supply and Sanitation Project	120
Greater Colombo Wastewater Management Project	100
Eastern and North Central Provincial Road Project	70
North East Community Restoration and Development Project II	25
Local Government Infrastructure Improvement Project	50
Aquatic Resource Development and Quality Improvement Project	27
North East Community Restoration and Development Project II	25

Source: Department of External Resources

North East Community Restoration and Development Project II - US\$ 25 million

These funds are being utilized to restore medical facilities through hospital reconstruction and refurbishment, rehabilitation of village health clinics, provision of sanitation facilities, capacity building and provision of tools and training, reconstruction and rehabilitation of teaching facilities and school buildings, construction of cluster housing units for teachers and provision of English language training and income generation capacity building and social cohesion.

Aquatic Resource Development and Quality Improvement Project (ARDQIP) - US\$ 27 million

Main objective of the project is to ensure food security and alleviate poverty among rural communities through the development of market oriented inland fisheries and aquaculture. Project consists of five main components; (i) Inland fisheries and aquaculture development (ii) Fish quality improvement and marketing (iii) Credit (iv) Institutional strengthening (v) Project management. Most of the activities under the project have been completed by now. Establishment of the Central Fish Market Complex at Peliyagoda in place of existing St. John's Fish Market at Pettah was an important activity under the ARDQIP.

This new facility consists of a wholesale market building with 148 stalls; retail market building with 128 stalls; 3 cold rooms; flake ice plant with a capacity of 25 tons; water treatment plant; facilities for banks, cafeteria, shops, post office, police post etc.

Recently Completed Projects:

01. Protected Area Management and Wildlife Conservation Project
02. TA for Financial Markets Program for Private Sector Development
03. Forest Resources Management Sector Project
04. Plantation Development Project
05. Southern Province Rural Economic Advancement Project
06. Power Sector Development ProgramME (Project Loan)
07. North East Community Restoration and Development-Extension Project
08. Coastal Resources Management Project

Power Sector Development Project: Total Loan Amount - US\$ 80 million

The funds have been utilized for the expansion, modernisation and rehabilitation of the transmission and distribution system in the country. Existing 135 kms long 33kv express lines and 385 kms long normal 33kv lines will be strengthened. Under the rural electrification component, 820 villages and 150,000 electricity consumers will be benefited.



Aniyakanda Grid Substation

Southern Province Rural Economic Advancement Project (SPREAP) and Tsunami Affected Area Re-building Project (TAARP) - Component E

The total project cost is US\$42.7 million of which US\$25 million is expected from the Asian Development Bank under its Special Fund resources to finance about 70 percent of the total project. Other funding sources are OPEC, Government of Sri Lanka, participating financing institutions (PFIs) and beneficiaries of the project. The total project period is (6-7) years, starting from 2002.

The project comprises of two distinct but interrelated parts; Part I aims at promoting higher level of economic growth in Southern Province. The main component is the Enterprise Development Service (EDS) and a credit line aimed at promoting medium, small and micro enterprises (MSME). The National Development Bank (NDB) serves, as the apex body for the provision of credit line and the credit is channeled to the borrowers through 10 Participatory Financial Institutions (PFIs). Implementation of MSME credit scheme under DASUNA Revolving Fund is now in progress.

Table 4.13
Key Projects to be Implemented - ADB Assistance

Project	Loan Amount (US\$ Mn.)
Jaffna Water Supply & Sanitation Project	90
Sustainable Power Sector Support II	90
Fiscal Management Efficiency Project	50
Northern Road Connectivity Project	154.4
Conflict Affected Region Emergency Project	150
Supplementary Loan for NECORD II	12.7

Source: Department of External Resources

Northern Road Connectivity Project US\$ 154.4 million

The project helps to restore accessibility to essential social services for rural people in Northern Province and to improve its connectivity to the rest of the country, which facilitate economic growth and contribute to reducing disparities in Sri Lanka. Under this project, about 108 km of national highways and about 140 km of provincial roads are to be rehabilitated.

Conflict Affected Region Emergency Project US\$ 150 million

The project supports reconstruction and rehabilitation of infrastructure damaged in the Northern Province. National and Provincial roads, two essential utilities such as power and water supply, basic social services which includes restoring medium and small irrigation schemes, rebuilding administrative offices and related facilities, reconstructing district vocational training centers and rehabilitating court infrastructure in the Northern Province and in the North Central Province.

Jaffna Water Supply and Sanitation Project US\$ 101.1 million

The project will support to increase standard of living and improve water supply and sanitation and water resource management in Jaffna Peninsula and Poneryn in Killinochchi District.

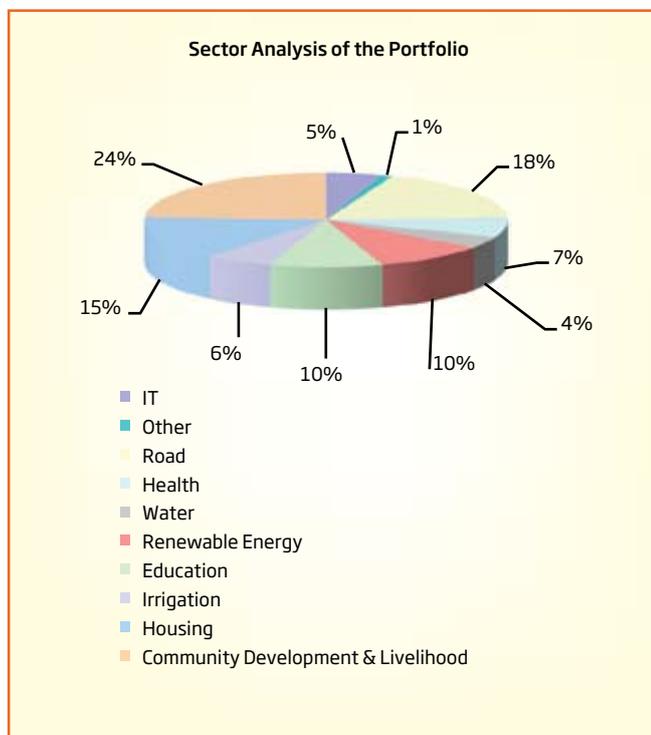
World Bank

Development Assistance from the World Bank

The World Bank Division is responsible for mobilizing of development assistance from the World Bank in the form of concessionary loans which are agreed upon under the World Bank Country Assistance Strategy (CAS). The current CAS for year 2009-2012 has been prepared taking into consideration of the Mahinda Chintana - Vision for a New Sri Lanka - A Ten Year Horizon Development Framework.

The current World Bank portfolio comprises of 20 projects with an average project implementation period of four years. These projects aim to provide infrastructure, public services in particular health and education, community development and livelihood at the national and the local levels. In line with the government priorities, emphasis has been placed on improving connectivity and market access through rehabilitation and enhancement of the national and rural roads. The World Bank has also allocated more funds for the rehabilitation of Northern and Eastern Provinces. The total value of the current portfolio is approximately US\$ 1,200 million of which about US\$ 230 million is in the form of grants. In the mean time, Sri Lanka is graduated to "IDA Gap Country" category since year 2006 as GNI per capita of Sri Lanka has exceeded the cut off for IDA eligibility, i.e US\$ 1,025. Accordingly, Sri Lanka is no longer eligible to receive grant assistance from the World Bank.

Chart 4.10



Commitments in 2009

According to the current Country Assistance Strategy, the total resource envelope for years 2009 - 2010 is US\$ 900 million. Out of which US\$ 289 million was allocated for the year 2009 for the following projects.

Table 4.14
Key Projects for 2009 - World Bank Assistance

Project	Cost US\$ Mn.
Health Sector Development Project (Additional Financing)	24
Integrated Community Development Project / Gamanagama	75
Provincial Roads Project (Uva / Eastern / Northern)	105
Sustainable Tourism Development Project	15
North East Local Services Improvement Project	70

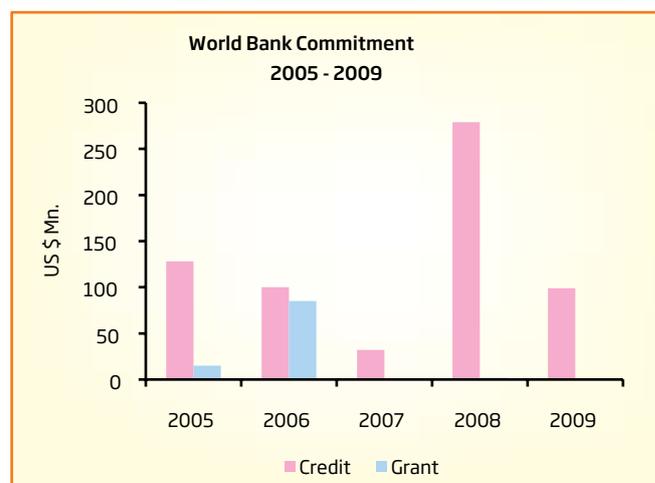
Source: Department of External Resources

However, due to unavoidable circumstances, the World Bank has provided US\$ 99 million out of committed amount of US\$ 289 million in 2009 and signed the Health Sector Development Project (Additional Financing) and the Integrated Community Development Project/ Gamanagama. The remaining projects of the CAS for year 2009 were shifted to year 2010.

In the mean time, the World Bank has agreed to provide US\$ 65 million to support the Government's effort to resettle the IDPs and re-establish livelihoods of the IDPs who were affected by the conflict in the Northern Province. Accordingly, the loan agreement for the Emergency Northern Recovery Project was signed in 11th January, 2010.

The chart 4.11 gives the total commitment by the World Bank from 2005 to 2009.

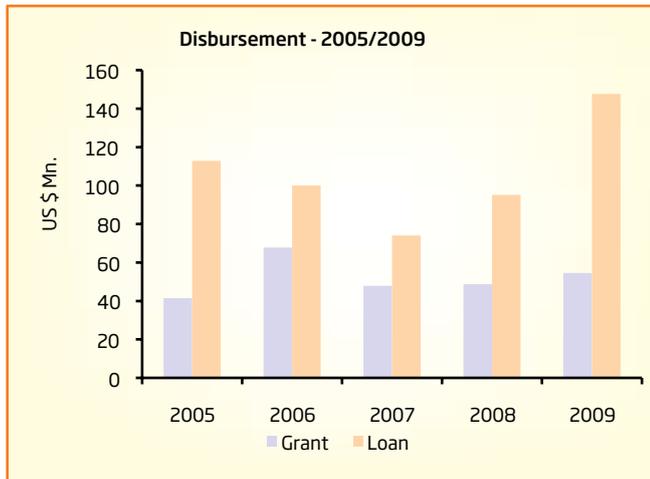
Chart 4.11



Disbursements in 2009

During the year 2009, the total disbursement of the World Bank funded projects were US\$ 202.1 million. This is the highest amount of disbursement made by the World Bank during the recent years. Of this amount loans accounted for US\$ 147.6 million and grants accounted for US\$ 54.5 million. The chart 4.12 shows disbursement from the World Bank funded projects from year 2005 to 2009.

Chart 4.12



Key projects being implemented

- Renewable Energy for Rural Economic Development Project -(US\$ 75 million)
- Renewable Energy for Rural Economic Development Project- Additional financing (US\$ 40 million)
- Community Water Supply and Sanitation -II Project (US\$ 39.8 million)
- Improving Relevancy and Quality of Undergraduate Education Project (US\$ 40.3 million)
- Health Sector Development Project (US\$ 84 million)
- Community Livelihood in Conflict Affected Areas Project (US\$ 76 million)
- Community Development and Livelihood Improvement "Gemi Diriya Project"(US\$ 51 million)
- E-Sri Lanka Project (US\$ 53 million)
- North East Housing Reconstruction Project (US\$ 133 million)
- Road Sector Assistance Project (US\$ 198 million)
- Education Sector Development Project (US\$ 75 million)
- Dam Safety and Water Resources Planning Project (DSWRPP) (US\$ 65 million)
- Infrastructure and Housing Development in Puttalam (US\$ 32 million)
- Public Sector Capacity Building Project (US\$ 22 million)
- Avian and Human Influenza Control and Preparedness Project (US\$ 1.5 million)

Road Sector Assistance Project

The World Bank has provided a credit of US\$ 100 million in 2005 and an additional credit of US\$ 98.1 million in 2008 for implementation of the Road Sector Assistance Project. The main objective of the project is to lower transportation costs through sustainable delivery of an efficient national road system that serves the needs of road users. Accordingly, the project is expected to rehabilitate 620 km of national and provincial roads. The project is scheduled to be completed in September 2011.

The following Twelve National Roads with a total length of 615 km have already been completed under this project.

- Denagama - Mulatiyana and Hakmana -Talahanduwa Road
- Haliela - Bandarawela Road
- Bandarawela - Welimada Road
- Medawachchiya - Punawa and Medawachchiya-NCP Boundary Road
- Maradankadawela- Jayanthipura Road
- Jayanthipura -Tirikkondaimadu Road
- Padeniya - Puttalam Road
- Wellwaya - Siyambalanduwa Road
- Siyambalanduwa to Ampara and Ampara to Karativu Road
- Ingiriya Ratnapura Road and Ratnapura Town Road Improvement
- Galle-Akuressa - Deniyaya Road
- Colombo Kandy Road from Nittambuwa to Kandy



View of completed Maradankadawala - Jayanthipura Road

Community Livelihoods in Conflict Affected Areas Project

The Government launched a Community Livelihood in Conflict Affected Areas Project (Maru Eluchchi Thittum-in Tamil) in conflict affected areas to bring back a new life for the people living in these areas with the World Bank assistance of US\$ 64.70 million. The project covers 295 GN Divisions in Northern Province, Eastern Province and adjoining Districts (Moneragala, Anuradhapura, Polonnaruwa and Puttalam).

The main objective of the Project is to uphold livelihood support programmes driven by the community, but it has suspended rehabilitation of infrastructure which has direct bearing on the livelihood of the people.



Giant Tank in Mannar to upgrade at a cost of Rs. 385 Mn.

Village Rehabilitation and Development Component of the project has an allocation of US\$ 53.2 million. It strengthens local institutional capacity and provides funding for village level priority infrastructure and productive livelihoods covering 537 Villages. At present rehabilitation is underway on 213 infrastructure sub projects benefiting 297,295 people. The project has contributed to essential rehabilitation and improvements to selected major irrigation schemes with an allocation of US \$ 16.75 million which includes upgrading of the Giant Tank (Rs. 385 million), Valukai Aru (Rs. 200 million) in Jaffna, Pavatkulam (Rs. 50 million) in Vavuniya, Irranamadu Cannel System (Rs. 200 million), Allai Scheme (Rs. 385 million) in Trincomalee, Rugam Scheme (Rs. 340 million) and Karawahu Drainage Scheme (Rs. 240 million).

According to the progress made by the project and in order to be par with the Emergency Northern Recovery Project, the World Bank has extended additional financial assistance of US\$ 12 million in January 2010.

Second Community Water Supply and Sanitation Project

International Development Association of the World Bank has provided a grant of US\$ 39.8 million to implement the second community water Supply and Sanitation Project. The objectives of the project are to increase service coverage and to attain effective and sustained use of water and sanitation services in rural communities in Sri Lanka. These objectives are to be achieved mainly through; (1) implementing demand responsive and sustainable water supply and sanitation services, and (2) strengthening capacities of key stakeholders to deliver and manage water supply and sanitation services in a new decentralized approach.

The project commenced in August 2003 and is scheduled to be completed in 2010. Project is being implemented in selected Pradeshiya Sabhas in Kandy, Matale and Nuwara Eliya Districts in Central Province, Kurunegala District in North Western Province and Trincomalee and Ampara Districts in Eastern Province and the Estate Sector.

Achievements

- Provided safe drinking water to over 3.4 million people and sanitary toilets for 164,200 households
- Established 3,465 Community Based Organizations (CBO) and built up their capacity to undertake village development responsibilities
- Wegala Water Supply Scheme for 381,479 beneficiaries in 805 schools
- Wegala Water Supply Scheme for 41,886 beneficiaries in 10 Small Towns
- Wegala Water Supply Scheme for 7,656 beneficiaries 9 Estate Divisions
- Introduced Rain Water Harvesting (16,357 tanks)
- Popularized Ferro Cement technology
- Established innovative Sanitation Revolving Loan Fund (SRLF) to achieve 100 percent sanitation coverage

Improving Relevance and Quality of Undergraduate Education (IRQUE)

The Improving Relevance and Quality of Undergraduate Education (IRQUE) Project commenced in 2003, with a credit of US\$ 40 million from the World Bank. The IRQUE project has two main components, namely building institutional capacity of the higher education system and improving relevance and quality of higher education by establishing a Quality Enhancement Fund (QEF).

At the initial stages, a total of Rs. 651 million was allocated to public universities under a Institutional Block Grant (IBG) scheme to improve the students' IT skills, English proficiency, learning environment and social harmony among students. The Quality Assurance (QA) framework introduced through the IRQUE Project consists of external quality assessments, subject benchmark statements, credit and qualification framework and codes of practice. It has been found that the Computer Software Application skills and English skills of undergraduates have been improved during the project period.

Furthermore, activities such as curriculum modernization, improving job specific skills in collaboration with the employers, incorporating the Industrial Training component into the study program, introduction of career guidance activities were conducted under the IRQUE grants provided to universities. Implementing these activities would enable to improve the quality of undergraduate programs and would enhance the employability of graduates. The project was completed in 2009 December and the World Bank has allocated further funds amounting to US\$ 40 million for the continuity of the activities commenced with the project under the new project namely; Higher Education for the Twenty - First Century Project.

United Nation Agencies

Development Assistance from United Nations Agencies

In line with Mahinda Chinthana - 10 year Development Framework, the UN Agencies and the Government of Sri Lanka have signed the United Nations Development Assistance Framework (UNDAF) for 2008-2012 providing assistance to development priorities of the Government of Sri Lanka. Under this Framework, the UN agencies

have agreed to raise US\$ 365 million over five years period starting from 2008.

Recently Completed Key Projects

United Nations Development Programme

- MDG Country Support Programme - US\$ 1.2 million
- Pilot Distance Learning Programme for Ministry of Finance and Planning - US\$ 0.18 million
- Human Rights (Action 2) Project - US\$ 0.1 million
- Enhanced Women's Political Representation and Participation in Decision Making - US\$ 0.16 million

Food and Agricultural Organisation

- Input Supply to Vulnerable Populations (ISVP) under Initiative on Soaring Food Prices Project - US\$ 0.5 million
- Smallholder Livelihood Enhancement and Income Generation via Improvement of Pepper Production, Processing, Value-adding Marketing System and Enterprise diversification - US\$ 0.4 million
- Emergency Agriculture Assistance in Support of Returnees, IDPs, Host families and other Vulnerable Families in the Districts of North Province during Maha Season - US\$ 0.3 million

Key Projects Being Implemented

United Nations Development Programme

- Transition Recovery Programme - US\$ 51.1 million
- Mine Action in Sri Lanka Project - US\$ 9.9 million
- Local Governance Project - US\$ 5.8 million
- Equal Access to Justice (Phase 2)- US\$ 3.6 million
- Enabling Activity for the Preparation of the Second National Communication to the United Nations Framework Convention on Climate Change (UNFCCC) - US\$ 0.4 million
- Human Rights Joints Programme - US\$ 0.9 million
- Art Gold Sri Lanka Programme - US\$ 5.4 million
- Support Effort and Action Against Corruption - US\$ 0.3 million

Food and Agricultural Organisation

- Enhancing Food Security and Nutrition among the Most Vulnerable Farm Families in Eastern Sri Lanka - US\$ 7.2 million
- Restoration and Improvement of Fish Landing Centers with Stakeholder Participation in Management - CAN\$ 5 million
- Regional Fisheries Livelihoods Programme for South and Southeast Asia - US\$ 3.2 million

- Sustainable Management of the Bay of Bengal Large Marine Eco System - US\$ 3.8 million
- Aquaculture Development in the Southern Province - US\$ 0.3 million
- Emergency Agriculture and Food Security Assistance in Support of the Returnees, IDPs, Host Families and other Vulnerable Families in the Districts of Vavunia, Mannar, and Jaffna in Northern Sri Lanka - US\$ 0.64 million

International Fund for Agricultural Development

- Dry Zone Livelihood Support and Participatory Programme - US\$ 22.5 million
- Post Tsunami Coastal Rehabilitation and Resource Management Programme - US\$ 30 million
- Post Tsunami Dry Zone Livelihood Support and Partnership Programme - US\$ 4.9 million
- Smallholder Plantation Entrepreneurship Development Programme - US\$ 22.5 million

World Food Programme

- Food Aid Assistance to Sri Lanka for 2009 and 2010 - US\$ 135 million

United Nations High Commission for Refugees

- Jungle Clearing and Land Preparation for the IDP Camps - US\$ 0.56 million
- Grants to Returnee Families Project - US\$ 1.4 million

Key projects to be implemented

United Nations Development Programme

- Support to National Action Plan for Plantation Community (joint UN Programme) - 0.3 million
- Support to implement the Official Language policy - 0.3 million
- MDG Policy Project - 0.5 million

Food and Agricultural Organisation

- Promoting Sustainable Bio- Energy Production and Modern Bio- Energy Technologies in Sri Lanka - US\$ 1 million
- Dairy Cattle and Buffalo Improvement - US\$ 0.3 million
- Provision of Seed and Other Essential Agricultural Inputs for Livelihoods Recovery in the North - US\$ 0.8 million

International Fund for Agricultural Development

- National Agri-business Project - US\$ 25 million

Transition Recovery Programme (TRP)

The purpose of this project is to improve the living standards of the different social groups in the conflict affected areas in the North and East Provinces. This programme is a multi-donor funded programme consisting of multiple projects that feed in to its overall objective. Overall budget of this programme is US\$ 51.1million and US\$ 4 million will be provided by UNDP as core resources and the remainder will be mobilized by the development partners.

The main activities of Transition Recovery Programme are as follows

- Agriculture, fisheries, livestock and alternative income-generation activities
- Microfinance and micro-enterprise development
- Community based housing development
- Community based infrastructure development
- Social transformation
- Community based environmental management

On-going sub projects under TRP

1. Community Rehabilitation Project - US\$ 0.9 million
2. Communities for Peace - US\$ 2.3 million
3. Livelihood Development Project - US\$ 5.2 million
4. Social Transformation Project - US\$ 2 million
5. Early Recovery and Social Cohesion in the East - US\$ 3.6 million
6. Recovery Coordination Initiative 2 - US\$ 1.2 million
7. Jaffna Rehabilitation Project - US\$ 1 million
8. Facilitating Socio- Economic Recovery and Social Cohesion in Northern Sri Lanka- US\$ 3.5 million
9. Community Recovery Project - US\$ 11 million

UNDP Support to Mine Action Project

This project was designed to fully support the National Mine Action Programme and to assist national capacity development to manage, implement and sustain mine action activities in the country, particularly after the phase-out of the project. The specific aim of the project is to provide mine action coordination support and technical management capacity to the National Mine Action Programme, Government Agents and local Mine Action Focal Points in the mine-affected districts. With the Government's prioritization of resettlement in the North, there has been a surge in survey and clearance tasks since May 2009 particularly in the districts of Jaffna, Mannar, and Vavuniya.

Table 4.15
Total Area Cleared by October 2008 to September 2009

District	Total Area Cleared (m ²)
Anuradhapura	46,578
Batticaloa	17,577,928
Jaffna	893,136
Mannar	44,184,768
Trincomalee	138,475
Vavuniya	372,027
Total	63,213,092

Source: Department of External Resources

WFP Food Aid Assistance under Protracted Relief and Recovery Operation - (US\$ 135 million)

The purpose of this programme is to support the Government in its effort of relief and rehabilitation activities for the internally displaced and economically affected people by the conflict. A Letter of Understanding (LOU) was signed on 30th December 2009 between the Government and WFP providing food assistance of US \$ 135 million. This programme is being implemented in selected areas in Ampara, Batticaloa, and Trincomalee Districts in the Eastern Province and Mannar, Vauniya, Mullative, Killinochchi and Jaffna Districts in the Northern Province. In addition, selected programme activities will be implemented in Districts such as Hambanthota, Monaragala, Polonnaruwa, Anuradhapura and Puttalm.

The project activities are as follows.

- Food distribution for people displaced or recently affected by the conflict
- Mother - child health and nutrition
- Food for education for all primary students in selected schools
- Food for work and food for training
- Strengthening the capacity of the government counterpart to manage food assistance programme

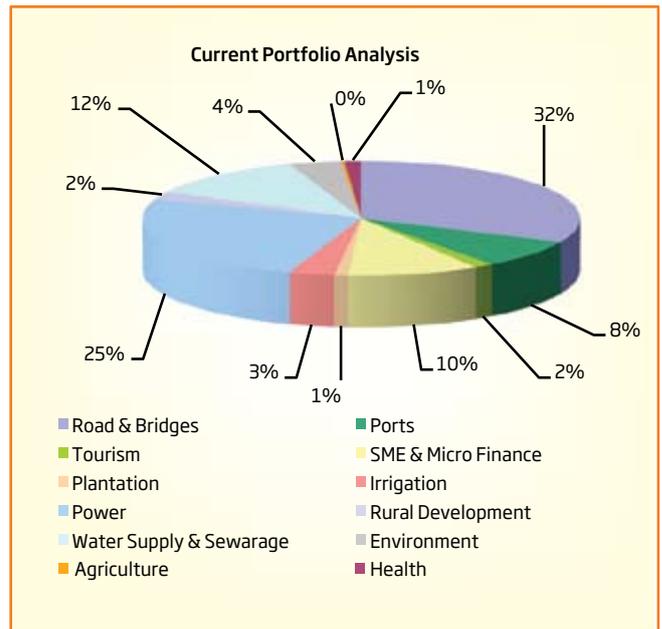
Japan

Development Assistance from Japan

Japan is the largest bilateral donor accounting for about 20 percent of the annual aid flows to Sri Lanka. Of the bilateral

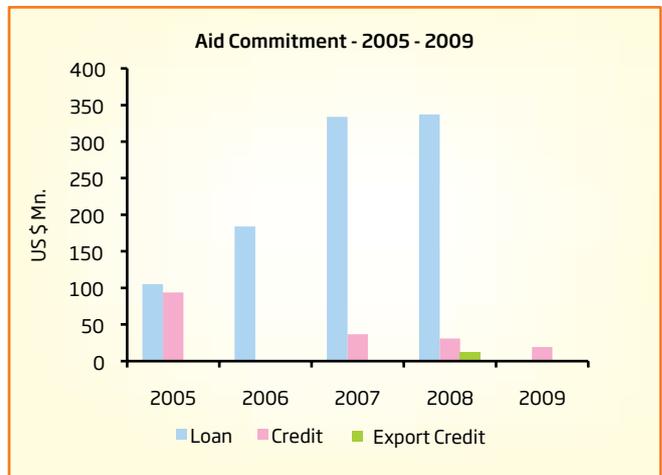
assistance received by Sri Lanka during the past 5 years Japan accounted for about 30 percent of such assistance. About 90 percent of the Japanese assistance is provided in the form of soft loans, covering a wide spectrum of sectors.

Chart 4.13



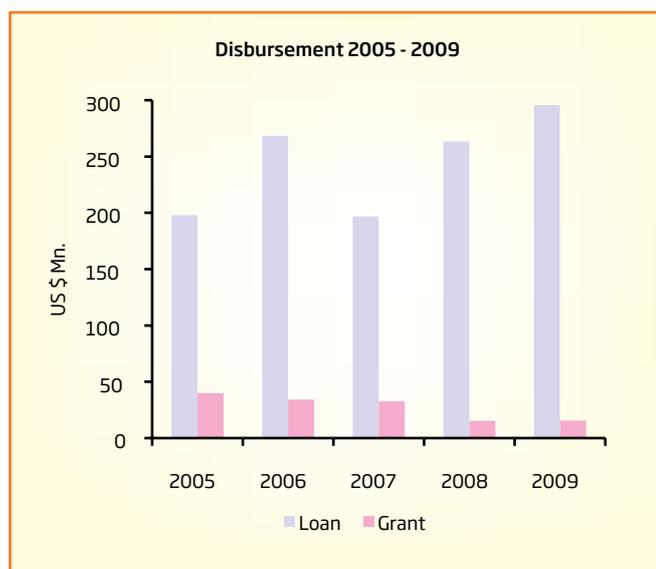
During the period of 2005 - 2009 Japan has provided US\$ 960.2 million as soft loans, US\$ 180.7 million as grants and US\$ 11.4 million as export credit loans. There was no loan aid received from Japan in year 2009.

Chart 4.14



During the period from 2005 - 2009, the annual average disbursement was about US\$ 272 million. The highest ever disbursement in the recent past amounting to US\$ 311 million was achieved in 2009 which accounted for 20 percent of the total aid disbursement to Sri Lanka.

Chart 4.15



Highlights of Recently Completed Projects

Following are some major infrastructure projects completed in year 2009:

- Kerawalapitiya - Kotugoda Transmission Line Project - (US\$ 32 million)
- Pro-poor Rural Development Project - (US\$ 45 million)
- 2KR Food Production Grant - (US\$ 5.7 million)

Flagship Projects

In order to achieve a high economic development, the following key projects are expected to be implemented during the next to three years with the assistance of the Government of Japan;

- Development of Bandaranaika International Airport - Phase II (US\$ 350 million)
- Moragahakanda Development Project (US\$ 167 million)
- Rural Road Development in Eastern Province (US\$ 44 million)
- Eastern Province Water Supply Development Project (US\$ 54 million)

- Provincial Road Development Project (Central and Sabaragamuwa Provinces) (US\$ 104 million)
- Kandy City Wastewater Management Project (US\$ 150 million)
- Improvement of Central Functions of Jaffna Teaching Hospital (US\$ 25 million)

Ongoing Projects

Japan plays a major role in building the economic infrastructure in the country. Some of the key projects currently being implemented are listed below;

- Southern Highway Construction Project (Kottawa - Kurudugahahatekkma) (US\$ 370 million)
- Outer Circular Highway Project (Kottawa - Kaduwela) (US\$ 223 million) (Kaduwela - Kadawatha) (US\$ 260 million)
- Upper Kotmale Hydropower Project - (US\$ 410 million)
- Water Sector Development Project I - (US\$ 135 million)
- Water Sector Development Project II - (US\$ 85 million)
- Construction of Mannar Bridge and Causeway (US\$ 18 million)
- Development of Anuradhapura Teaching Hospital (US\$ 22 million)

Upper Kotmale Hydropower Project

The Government of Japan Provided Japanese yen 33,265 million for implementation of the Upper Kotmale Hydropower Project (UKHP). The UKHP is a hydropower project with an installed capacity of 150MW (consisting of two 75MW units) and It will produce 409 GWh per year. The project also provides the new houses for the displaced people with all utilities i.e. electricity, water, solid waste disposal, internal roads. The Thalawakele area itself is being developed by reconstructing the access roads and constructing other amenities. The Government of Japan is expected to provide an additional loan of Japanese yen 4,552 million to cover the additional financial requirements.

Construction of houses and common amenities, road improvement works has already been completed. The main civil works and hydro and electro mechanical works are underway. The powerplant is expected to be commissioned in 2011.



Dam construction in progress

Improvement of Curative Healthcare Services at Anuradapura Teaching Hospital

A grant of Japanese yen 2,297 million has been provided by the Government of Japan to construct a new three storied building with a floor area of around 7,500 square meters to house the Obstetric Gynaecology Operation Theatre, Paediatric Unit (Intensive Care Unit) and Outdoor Patients Department (OPD) with all necessary equipment.

Improved facilities at the Anuradhapura Teaching Hospital will provide better access to specialized healthcare services to minimize difficulties faced by patients who travel long distances to obtain such services from other tertiary healthcare institutions. Over 1.3 million people who are residing in the Anuradhapura District and adjoining districts of Vavuniya, Mannar, Trincomalee and Puttalam where the healthcare facilities are comparatively insufficient, will be benefited from this project. The construction work was commenced in April 2009. The project is expected to be completed by August 2010.

Agreements signed in 2009

There were three grants agreements signed in year 2009

1. Improvement of curative healthcare services at Anuradhapura Teaching Hospital - Phase II (US\$ 4.3 million)
2. 2KR Food Production Grant (US\$ 5.7 million)
3. Establishment of a 400 Kw grid connected solar power generation plant at Hambantota (US\$ 9.5 million)

Assistance for Northern Development

The Government of Japan is very keen to assist the Sri Lankan Government's efforts to rebuild the northern region. The Government of Japan dispatched a mission to find out the short term needs of the people in Jaffna and Mannar Districts and to formulate the projects to meet such needs. Accordingly, the Government of Japan will implement series of small scale projects in those districts in near future. In addition, the Jaffna Teaching Hospital will be developed with grant assistance in 2010.

The followings are the two key ongoing projects implemented with the assistance of the Government of Japan.

Construction of New Mannar Bridge and Improvement of Causeway

The Government of Japan has provided a grant of Japanese Yen 1,836 million (approximately US\$ 16 million) for the Construction of a new bridge connecting the Mannar island to the mainland and improvement of its causeway.

The existing bridge and the causeway connecting the Mannar Island and mainland was constructed in the 1930s with a single lane which is narrow in width and therefore restricted to a single traffic lane. This is the only access road to Mannar Island. The new bridge will be constructed with a span of 157 m in length and 10 m in width and the causeway will be improved up to 3 km in length and 11 m in width on the Medawachchiya - Mannar - Thalaimannar (A 14) Road. The construction work has been commenced in 2008. The new bridge is expected to be opened for traffic in 2010.

Approximately 40,000 people living in the Mannar Island will be directly beneficial by facilitating smooth transportation at a low cost and thereby improving the market accessibility.

Vavuniya - Killinochchi Transmission Line Project

In order to supply the electricity to the Northern Province, the Government of Japan has provided Japanese yen 1,208 million to construct the 132 kv transmission line from Vavuniya to Killinochchi and a Grid Substation at Killinochchi.

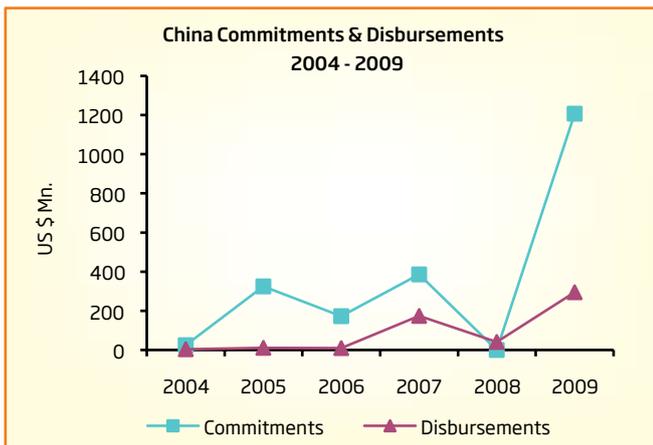
After liberating the Northern Province, the Ceylon electricity Board is taking action to implement this project within a short period with a view to provide the electricity to the people to be resettled in the future.

East Countries

Bilateral Assistance from Eastern and Middle Eastern Countries

Development assistance from bilateral Eastern countries (other than Japan) and the Middle East countries accounted for 61 percent of the annual aid commitments to Sri Lanka in 2009. The total commitment from the above countries in 2009 was US \$ 1,355 million of which US\$ 1,207 million was from China. The commitments from China represented 54 percent of annual aid flow to Sri Lanka in 2009 and it was recorded as the highest commitment to Sri Lanka in 2009. About 99 percent of Chinese assistance obtained in 2009 was for development of infrastructure.

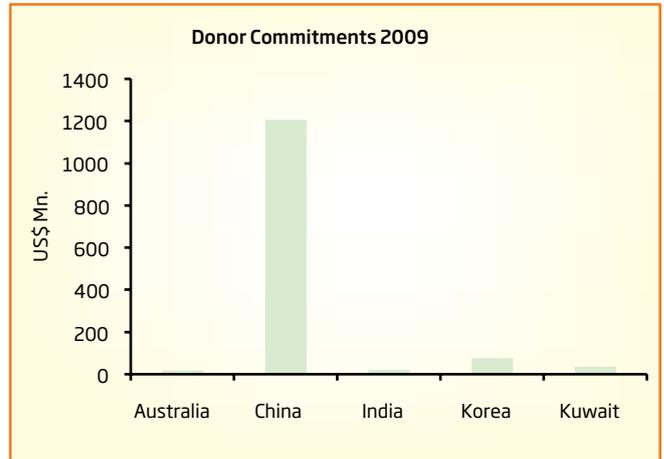
Chart 4.16



Commitments

The Government of China through the Export Import (Exim) Bank of China committed a Preferential Buyer's Credit amounting to US \$ 891 million to finance the Puttalam Coal Power Project - Phase II which was the major commitment in 2009. In addition, US\$ 248.2 million for the construction of Colombo - Katunayake Expressway and US\$ 65.1 million for Bunkering Facility and Tank Farm Project at Hambantota were committed by the Exim Bank of China. Further, Economic Development Cooperation Fund (EDCF) through the Exim Bank of Korea made a significant commitment by providing a concessional loan of US\$ 76.3 million to finance the Ruhunupura Water Supply Development Project. The Kuwait Fund for Arab Economic Development committed US\$ 37 million for the Kalu Ganga Development project. India and Australia committed grant assistance of US\$ 20 million and US\$ 18 million in 2009 respectively.

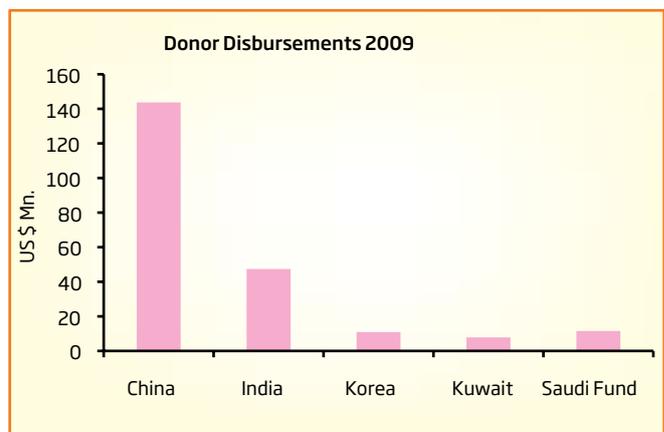
Chart 4.17



Disbursements

The highest volume of disbursements was made by China under Puttalam Coal Power project - Phase I and Supply of 15 Nos. Diesel Multiple Units for Sri Lanka Railways. A considerable amount of disbursements was made by India for Upgrading of Colombo - Matara Railway Line and Humanitarian Assistance for the Northern and Eastern Provinces. Korea and Saudi Arabia also made substantial amounts of disbursements under Padeniya-Anuradhapura Road project and the Development of Health Facilities in the Colombo Hospital project respectively.

Chart 4.18



Puttalam Coal Power Project



Site of the Puttalam coal power project

The objective of the project is to generate 900MW and provide it to the National Grid. The project was originally planned for 3 Phases. Under Phase I of the Project a 300MW Power Plant together with a jetty for coal handling, a transmission line from Norochcholai to Veyangoda and a substation at Veyangoda will be constructed. The Phase I is being implemented under a Preferential Buyer's Credit Facility of US\$ 300 million and a Buyer's Credit Facility of US\$ 155 million of the Export - Import (Exim) Bank of China . The Phase I is scheduled to be completed at the end of 2010.

In view of the urgency of developing low cost power, Phase II and III will be implemented together as Phase II. Under the Phase II of the project two power plants with a capacity of 300MW each will be established. In addition, a transmission line from Norochcholai to Anuradhapura, new substations at Chilaw and Anuradhapura, coal handling port facilities and employees' housing will be constructed. The Government of China has extended a loan of US\$ 891 million under the Preferential Buyer's Credit Facility of the Exim Bank of China to cover the full cost of Phase II. Phase II is expected to be completed in 2013.

Hambantota Port Development Project

The Hambantota Port Development project is a flagship project in the development programme of the country. The objective of the project is to expand the port related services using the locational advantages of Hambantota for the economic development of the country. It has favourable natural features for the establishment of a modern industrial sea port offering a unique deep water site in close proximity to the major East-West international shipping lanes.

The project will be in two Phases. The major components of Phase I of the project are the construction of facilities for a new port such as breakwater, approaching channel, harbor basin, stacking yard, roads and administration building. The total cost of the Phase I is US\$ 360 million of which US\$ 307 million is provided through a loan from the Exim Bank of China. The balance funds are borne by the Sri Lanka Ports Authority. This Phase will be completed by January 2011. Negotiations for financing Phase II of the project are currently underway with the Exim Bank of China.

National Performing Arts Theatre

The objective of the project is to construct a well equipped modern theater with a seating capacity of 1200 and other facilities such as foyer, dressing rooms, restaurant and a car-park for 326 vehicles at the Nomads Ground. The total floor area of the center will be around 14,000 square meters and the height of the building will be 29 meters from the ground level.

The total cost of the project is US\$ 18.1 million. The Government of China extended a grant of US\$ 7.3 million and an interest free loan of US\$ 10.8 million for the implementation of the project. The project commenced in May 2008 and is scheduled to be completed by September 2010.

Kalu Ganga Development Project

The Kalu Ganga Development project is part of the Mahaweli Development program and is interlinked with the implementation of Moragahakanda Development Project. The main objectives of the project are to increase food production, the availability of irrigation and drinking water, expand the existing irrigable areas in Kalu Ganga basin and thereby improve the standard of living of people in Matale, Anuradhapura, Pollonnaruwa and Trincomalee districts.

The total estimated cost of the project is US\$ 260.3 million. The project includes three Phases. The estimated cost of Phase I of the project is US\$ 167 million. The main construction component of the Phase I is the construction of Kalu Ganga Dam at Pallegama with a height of 67 meters and length of 546 meters. The estimated cost for the Kalu Ganga Dam and two saddle dams is US\$ 102.2 million. Of the funding requirement of this component, US\$ 37 million has been provided by the Kuwait fund for Arab Economic Development and US\$ 16 million by the OPEC Fund for International Development. Of the balance funding requirement US\$ 46 million is provided by the Saudi Fund for Development. Accordingly, almost total funding requirement for the construction of Kalu Ganga dam has been secured.

Key Projects to be Implemented

The project pipeline for the bilateral Eastern and Middle East countries are mainly for reconstruction work of North and East. This

represents about 66 percent of the total value of the project pipeline. India, China, Korea and Australia will provide US\$ 516 million, US\$ 424 million, US\$ 134 million and US\$ 119 million for improvement and reconstruction work of North and East respectively.

Table 4.16
Projects in the Pipeline

Donor	Project Name	US\$ Mn.
Australia	Ampara Water Supply Project - Phase III	118.5
	Importation of Dairy Animals - Phase I	13.0
	Implementation of the Sri Lanka Community Forestry Programme	4.1
China	Mattala Hambantota International Airport project	190.0
	Supply of 13 Nos of Diesel Multiple Units to Sri Lanka Railways	100.0
	Northern road rehabilitation Package 1: Rehabilitation and Improvement of 153km length of Kandy - Jaffna (A-09) Road	141.6
	Northern road rehabilitation Package 2: Rehabilitation and Improvement of 67 km length of Navathkuli - Karaitivu - Mannar (A-32) Road	48.4
	Northern road rehabilitation package 3: Rehabilitation and Improvement of 113 km length of Puttalam- Marichchikade - Mannar Road (B-379, B403)	73.2
	Northern road rehabilitation Package 7: Rehabilitation and Improvement of 84 km length of Jaffna - Point Pedro (AB-20) , Jaffna-Kankasanturai (AB-16) & Jaffna-Palali (AB-18) roads	75.4
	Northern Road rehabilitation Package 11: Rehabilitation and Improvement of 42.4 km length of Mullaitivu-Kokkilai-Pulmuddai (B297) road, 52.6 km length of Oddusudan-Nedunkerny (B-334) Road & Mullaitivu-Puliyankulam (B296)	85.3
	Southern Transport Development project (Pinnaduwa - Matara Section)	138.2
EDCF/Korea	Hatton-Nuwara Eliya Road	40.0
	Development of Sanitary Landfills	55.0
	Badulla-Chenkaladi Road Project	102.0
	Small invasive Surgery System Project	3.5
	Procurement of Two (2) units of 1.5T MRI Scanners	3.5
	Construction of Northern Provincial Council office Complex in Mankulam	27.5
India	Track laying of Omanthai - Pallai Railway Line	185.4
	Track Laying of Madhu - Thalaimannar Railway Line	149.7
	Track laying of Madawachchiya to Madu	81.3
	Rolling Stocks for Northern Railway Service - Phase I	78.1
	Cultural Centre in Jaffna	9.0
	Construction of Duraiappa Stradium	9.0
	Development of Surgical Medical Units, Operation Theaters and Eye Wards in Jaffna Teaching Hospital	0.9
	Supply of Computers, Printers and Solar Plants for Schools in Eastern Province	1.7
	Reconstruction of Pallai - KKS Railway Line	
	Reconstruction of Signaling System in Northern Railway Lines	
KOICA/Korea	Vocational Training Center in Trincomalee District	2.0
	COMS Data Receiving Analysis System Development	6.0
	Rehabilitate Infrastructure Facilities in Eight Schools in Ampara and Batticaloa Districts	2.0
OPEC	Kalu Ganga Development Project	16.0
	National Highways Sector Project	8.0
SAUDI	Kalu Ganga Development Project	46.0

Source: Department of External Resources

West Countries

Bilateral Assistance from Western Countries

The Bilateral West Division is responsible for the mobilization of development assistance from countries in the Western Hemisphere. The major donors handled by the division are; Germany, The Netherlands, Norway, Sweden, European Union, USA, France, Spain, Austria, Denmark, Belgium, Russia, Canada, Switzerland, United Kingdom, Hungary Nordic Investment Bank, Nordea Bank and European Investment Bank.

The total amount committed by the Bilateral West Donors in 2009 was US\$ 122.7 million. Of this US\$ 10.9 million was in grants and US\$ 111.7 million was in concessionary loans and export credit. Bilateral West Division has disbursed US\$ 328 million for development projects in 2009. The details of the key projects are as follows.

Table 4.17
Key Projects Being Implemented

Project	Donor		Amount
Regional Bridge Project	UK Export Credit	US \$ Mn.	101.8
Construction of Steel Bridges	Austria	"	14.4
Construction of Brides	Spain	"	29.5
Negombo Water Supply Project	Netherlands	"	56.9
Dikkowita Fishery Harbour	Netherlands	"	70
Kelani Right Bank Water Treatment Plant	Denmark	"	82.7
Oluwil Port Development Project	Denmark	"	72.5
Rehabilitation of Wimalasurendra and New Laxapana	France	"	55.2
Kirindi Oya Water Supply Project	Austria	"	14.8
Rehabilitation of Old Laxapana Power Station(Austria)	Austria	EURO Mn.	24.1
Labugama Kalatuwawa Water Treatment Plant	Hungary	US\$ Mn.	48.1

Source: Department of External Resources

Oluvil Port Project

The Government of Denmark has provided an interest free loan under the Mixed Credit Facility of DANIDA to finance the implementation of the Oluvil Port Project.

Total project cost is Euro 46 million and Port will form the south-eastern link in the developing chain of coastal harbours in the country and will provide more convenient and cost effective access to and from the southeastern region for goods and cargo originating on the west coast.

The proposed project comprises the construction of a commercial harbour and a basin for the fishing crafts and it covers a land area of 60 ha in the first stage and 105 ha in the second stage. The harbour basin would cover an area of 16 ha of the sea and would spread 1.2 km along the coast line.

Project was commenced on July 01, 2008 and is scheduled to be completed on September 30, 2010. The construction work of the project is in progress and half of the work is completed with the disbursement of Euro 21.7 million.



View of stock pile of stones from SBW



Administration building, canteen and community hall-SCH



Southern break water in progress

Towns South of Kandy Water Supply Project

The Government of Denmark has provided an interest free loan under the Mixed Credit Facility of DANIDA to finance the implementation of the Towns South of Kandy Water Supply Project. Total Project cost is Rs. 7,250 million and overall objective of this project is to provide pipe borne water supply to the population living in towns south of Kandy by integration and expansion of existing schemes. The project will cover approximate area of 225 km².

The total population covered by the project in the design will be about 350,000. A total quantity of 68,000m³ water will be purified by the project per day.

Civil work of the project was commenced in May 2006 and completed in December 2009. The Towns to be served by the project are Peradeniya, Pilimatlawwa, Kadugannawa, Murutalawa, Danture, Gampola, Ulapne, Welamboda with covering of Udunuwara and Yatinuwara DS divisions and parts of Gangawata Korele, Ganga Ihala Korele and Udapalatha DS divisions.



Treatment Plant at Gampola

USAID - Economic Growth Programme (with Private Sector participation in the Eastern Province)

After thirty years of war, the east was cleared and made free from terrorism. In the first instance, the Government initiated accelerated massive infrastructure development programme in the east which covers rehabilitation of trunk roads, major bridges, electricity, water supply and irrigation schemes etc in the area.

A conducive environment has been made after 30 years to take off much needed economic growth in the East. The economic growth programmes of USAID have taken initiatives for private sector led growth in the east covering some areas of the border districts of the East.

The objectives of the Growth programmes are to revitalize economy and foster stability in the East, while creating sustainable employment and enhancing skills development. The Growth Programmes are:

- Connecting Regional Economies (CORE)
- Partnership for Eastern Economic Revitalization (PEER)
- Apparel Sector Training Partnership (ASTP)

The purpose of CORE programme is to link the economic activities of the east to main economic stream of the country by promoting competitiveness of agri-products value chain, work force development, introduction of IT in day to day business and promotion of business enabling environment.

In partnership with Hayleys Agro Farms CORE implements sustainable Agriculture through commercialization programme in Ampara, Batticaloa and in Monaragala districts with 3600 farmers. The USAID contribution is US\$ 1 million and Heyleys partnership is US\$ 2.86 million. The programme has established a network of outgrowers system with Heyleys nucleus farm. Through the programme farmers in the east are linked local and global market. Further programme helped for farmers to switch from subsistence farming to demand crops by increasing income by 50 percent.

For the development of dairy industry in the east PEER established a partnership with Land O' Lakes a US base company and with CIC Agribusiness. The USAID contribution is US\$ 3.75 million while Land O' Lakes committed US\$ 6.31 million for the programme. This programme provides critical financial grants, technical assistance and training for to dairy farmers improve productivity. Further it assists farmers to establish milk producers groups and connect them to milk collecting centers to operate the system collectively own by them. As partners Land O' Lake and CIC Agribusiness committed to establish dairy processing facilities in the region for production of pasteurized milk, ice cream, yoghurt, cheese and butter in the region.

Under the CORE programme 4500 small scale entrepreneurs are being trained in farming techniques and good business practices while introducing business transaction process with Dialog E-2 Pay system and inclusion of local banks are also in to E-2 Pay network.

Apparel Sector Training Partnership

The apparel sector partnership with Brandix Lanka Ltd trained 600 workers with USAID contribution US\$ 100,000 and contribution from with contribution of US\$ 500,000. At present these young workers employed at Brandix factory at Punani.

Table 4.18
The Economic Impact of Various USAID Sponsored Public Private Alliances in Sri Lanka

	Pilot PPPs*	CORE PPAs	PEER PPAs	PPA-A#	PPA-2^	Total
A. Investment						
USAID Funding US\$ mn	0.1	2.2	4.8	7.1	10	24
Leverage US\$ mn	0.5	2.2	9.1	15.5	21	48
Total investment US\$ mn	0.6	4.4	13.9	22.6	31	72
B. Beneficiaries	160	8,000	-	-	-	8,160
C. Jobs (full-time)	600	-	4,500	6,500	9,400	21,000

Source: Department of External Resources

* Includes Hayleys and Brandix alliances.

Award anticipated in March 2010.

^ Award anticipated in Late 2010.

DEVELOPMENT FINANCE

Overview

Small and Medium Enterprises (SMEE) play a vital role in the economy, contributing over 50 percent of the total GDP of Sri Lanka. SMEE are found in all sub sectors of the economy, representing 90 percent of the industrial sector while providing 70 percent of employment and 20 percent value addition. It has been recognized as an important strategic sector in Sri Lanka for generating high economic growth, reducing unemployment, inequity and poverty. Further, SMEE serve as a training ground for emerging entrepreneurs. The government, having recognized the importance of this sector in achieving balanced growth, equitable regional distribution and increasing employment and productivity levels, has adopted various policy measures for the development of the sector.

- Mobilizing the financial resources while removing the market impediments of the Small and Medium Enterprises and also Micro enterprises
- Stimulating private sector initiative in Small and Medium Enterprises development
- Promoting, encouraging and assisting the development of Small and Medium Enterprises
- Promoting Public - Private partnerships
- Safeguarding and protecting the business interest of Small and Medium Enterprises
- Strengthening the institutional capacity for development of financial markets
- Provision of subsidies to the target groups

New Comprehensive Rural Credit Scheme (NCRCS)

As a result of enormous demand from farmers, collectors, agro based industrialists and the Participatory Financial Institutions (PFII) the government continued with the provision of interest subsidy to lending banks for loans advanced by them out of their own resources under the NCRCS. These loans were provided to farmers for cultivation of paddy and other subsidiary food crops,

production of seed and planting material on a commercial scale, and to buyers for purchasing agricultural produce under Forward Sales Contracts during 2009. The lending banks were required to grant loans to farmers for cultivation and also to commodity buyers who enter into Forward Sales Contracts with the farmers at the same interest rate (12 percent) with 2 percent commission for purchasing loans under NCRCS. The Government provided the interest subsidy at 8 percent for cultivation loans and 6 percent for purchasing loans per annum to the lending banks who lent out of their own funds under this scheme.

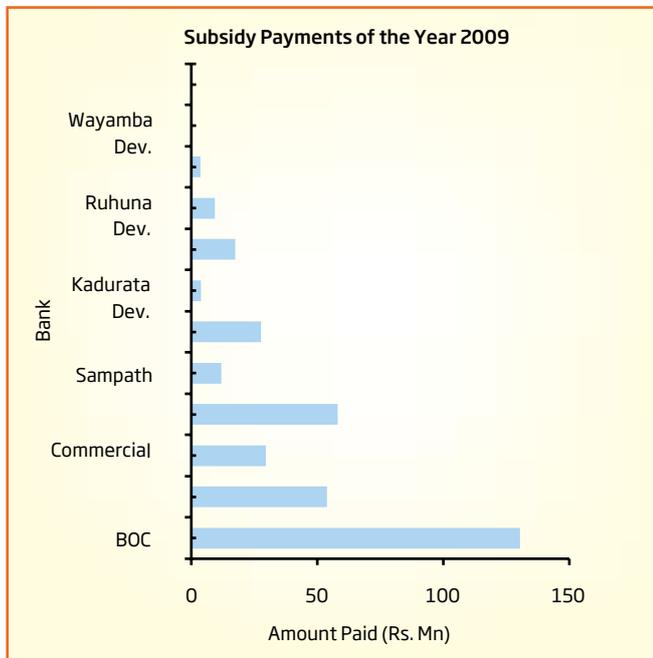
Accordingly, the Department has released approximately Rs. 347 million for the lending banks as interest subsidy for the year 2009 as shown in Table 5.1.

Table 5.1
Subsidy Payments of the Year 2009

Name of the Bank	Amount Paid (Rs. Mn.)
Bank of Ceylon	130.4
People's Bank	53.9
Commercial Bank	29.5
Hatton National Bank	58.1
Sampath Bank	11.9
Seylan Bank	27.7
Kandurata Development Bank	3.9
Rajarata Development Bank	17.4
Ruhuna Development Bank	9.3
Uva Development Bank	3.6
Wayamba Development Bank	0.5
Lankaputhra Development Bank	0.1
Total	346.3

Source: Department of Development Finance

Chart 5.1



During the year 2009, Rs. 2966.8 million among 62,359 farmers and Rs. 7,729 million among 1,289 paddy collectors have been distributed as cultivation and purchasing loans respectively. The highest contribution has been achieved by the Bank of Ceylon, granting Rs. 1,071.3 million and Rs. 3,237.2 million as cultivation and purchasing loans respectively followed, by People's Bank, Rajarata Development Bank and Hatton National Bank. The table 5.2 shows the details of the progress by banks for the year 2009.

Table 5.3 depicts the sector-wise progress of disbursement of cultivation loans by sectors of cultivation loans for the year 2009. In terms of the sectoral distribution, the paddy sector dominates with a disbursement of by providing Rs. 1,729.2 million, followed by Maize and Potato with disbursements of Rs. 469.9 million and 290.7 million respectively.

Table 5.2
Progress of Cultivation and Purchasing Loans by Banks 2009

Bank	Cultivation		Purchasing	
	No. of Loans	Value (Rs. Mn.)	No. of Loans	Value (Rs. Mn.)
Bank of Ceylon	21,743	1,071	300	3,237
People's Bank	10,631	459	225	1,564
Commercial Bank	899	90	109	579
Hatton National Bank	6,332	392	331	1,515
Sampath Bank	3	1	79	172
Seylan Bank	1,523	85	60	383
Kandurata Development Bank	2,360	79	-	-
Rajarata Development Bank	10,358	464	69	151
Ruhuna Development Bank	6,011	235	64	81
Sabaragamuwa Development Bank	-	-	8	14
Uva Development Bank	1,843	66	27	21
Wayamba Development Bank	656	26	15	9
Lankaputhra Development Bank	-	-	2	3
Total	62,359	2,967	1,289	7,729

Source: Central Bank of Sri Lanka

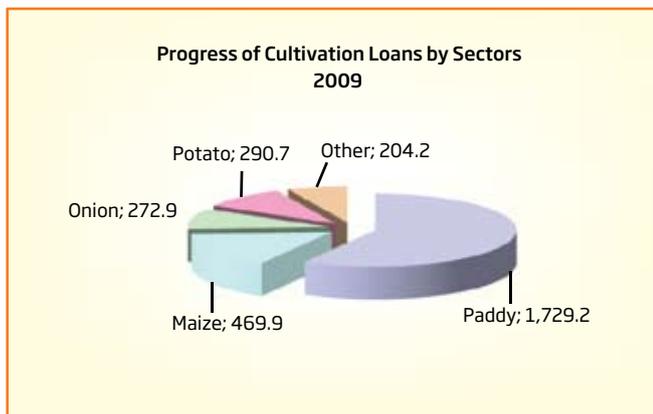
Table 5.3
Progress of Cultivation Loans by Sectors 2009

Rs. Mn.

Bank	Loans Granted by Sector					Total
	Paddy	Maize	Onion	Potato	Other	
Bank of Ceylon	471.9	292.1	162.1	64.5	80.7	1,071.3
People's Bank	283.50	100.70	15.00	41.70	18.30	459.10
Commercial Bank	15.90	8.10	-	56.70	8.90	89.60
Hatton National Bank	239.70	1.50	70.10	67.90	12.80	391.90
Sampath Bank	-	-	-	0.60	-	0.60
Seylan Bank	54.00	9.10	-	18.70	3.00	84.80
Kadurata Development Bank	32.90	-	15.20	0.30	30.50	78.90
Rajarata Development Bank	403.20	46.70	9.70	-	4.40	464.00
Ruhuna Development Bank	197.20	-	0.30	-	37.10	234.50
Uva Development Bank	18.00	3.50	0.50	40.30	4.10	66.40
Wayamba Development Bank	13.00	8.30	-	-	4.50	25.70
Total	1,729.2	469.9	272.9	290.7	204.2	2,967.0

Source: Central Bank of Sri Lanka

Chart 5.2



Krushi Navodaya Loan Scheme

"Krushi Navodaya" programme introduced by the Government was targeted to meet the capital requirement of the small farmers island wide aimed at empowering them by providing access to finance to acquire agricultural inputs at an affordable cost.

Around Rs. 2,323 million have been disbursed among small scale farmers up to end of 2009 under the "Krushi Navodaya" loan scheme. Out of the total amount disbursed Rs. 475 million has been disbursed in the year 2009. The details of disbursement of loans by banks are in table 5.4.

The loan scheme was expected to disburse a total amount of Rs. 3,000 million during the period of 2007 - 2009. As per the operating instructions the above scheme should have been terminated with full utilization of Rs. 3,000 million during this period. However, since utilization was around Rs. 2,300 million within the scheduled period due to the low progress of the first year performance, the disbursement period was further extended up to 30th April 2010, also taking into consideration the request made by the Participatory Financial Institutions and the farmers.

Table 5.4
Loans Disbursed by Banks

Rs. Mn.

Bank	2008	2009	Total
Bank of Ceylon (BOC)	648.3	170.0	818.3
People's Bank (PB)	512.6	130.0	642.5
Commercial Bank	67.7	15.0	82.7
Hatton National Bank	27.7	10.0	37.7
Sampath Bank	0.3	-	0.3
Sanasa Development Bank	144.6	26.0	170.6
Rajarata Development Bank	23.6	2.0	25.6
Ruhuna Development Bank	264.8	70.0	334.8
Wayamba Development: Bank	8.9	2.0	10.9
Uva Development Bank	12.3	1.0	13.3
Kandurata Development Bank	10.7	3.0	13.7
Sabaragamuwa Development Bank	5.6	5.0	10.6
Lankaputhra Development Bank	120.8	41.0	161.8
Total	1,848.1	475.0	2,323.1

Source: Lankaputhra Development Bank

Agro Livestock Development Programme

Considering the colossal amount of foreign exchange outflow for importation of milk powder and also the requests made by the small dairy farmers and milk processors, the Government announced a concessionary loan scheme in the 2008 budget for the small dairy farmers with a view to meet their capital needs, in order to enhance local milk production. It was also extended to milk processors and agriculture crop processors with the objective of enhancing the quality of processed milk and other agricultural products.

The loan scheme was launched in May 2008 and it was continued successfully in year 2009 as well. Accordingly, around Rs. 519.94 mn was disbursed among 4,332 dairy farmers and crop and milk processors in the year 2009. The details of the progress by bank and district- wise are given in table 5.5 and 5.6.



*Agro Livestock Development Programme:
Assisting the milk producers to revitalize the entrepreneurial spark*

Table 5.5
Details of Loans Disbursed by Banks

Bank	Approved		Released	
	No. of Loans	Amount (Rs. Mn.)	No. of Loans	Amount (Rs. Mn.)
Bank of Ceylon	1,263	115.6	1,107	94.0
People's Bank	1,332	272.6	1,106	166.1
Wayamba Development Bank	826	85.3	708	64.0
Sabaragamuwa Development Bank	121	14.0	61	5.6
Kandurata Development Bank	498	33.6	338	27.9
Ruhuna Development Bank	94	14.9	85	13.9
Uva Development Bank	182	14.9	120	9.2
Rajarata Development Bank	189	18.2	148	14.4
Sanasa Development Bank	91	9.3	66	6.3
Lankaputhra Development Bank	133	14.8	51	7.4
Commercial Bank	177	17.9	136	14.7
Hatton National Bank	336	303.5	373	94.5
Sampath Bank	19	4.9	33	1.9
Total	5,261	919.4	4,332	519.9

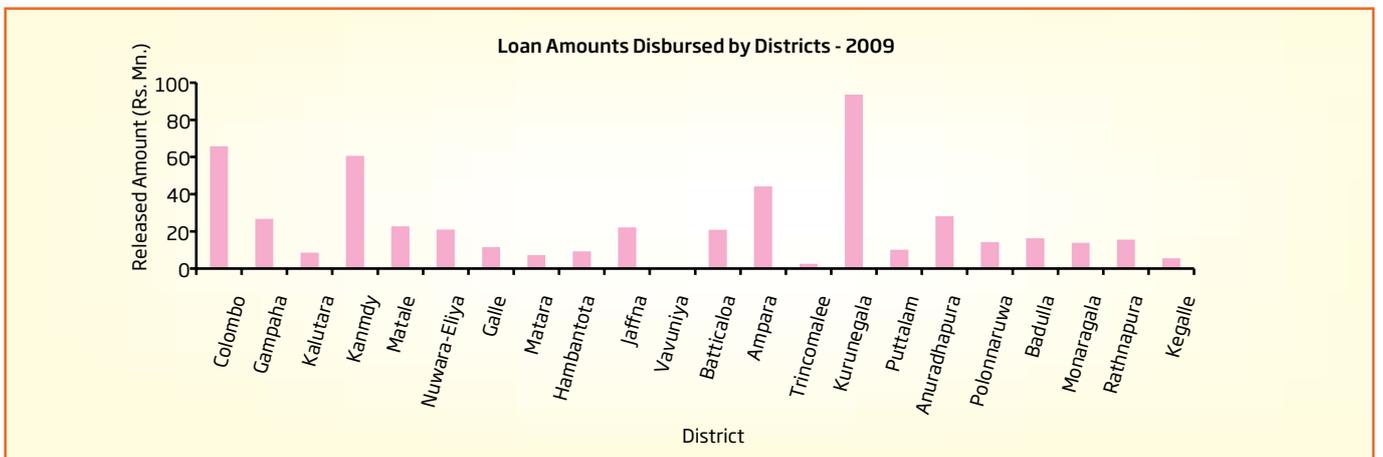
Source: Central Bank of Sri Lanka

Table 5.6
Details of Loans Disbursed by Districts

District	Approved		Released	
	No. of Loans	Amount (Rs. Mn.)	No. of Loans	Amount (Rs. Mn.)
Colombo	110	12.4	148	65.8
Gampaha	210	50.6	128	26.7
Kalutara	82	9.8	72	8.5
Kandy	465	40.7	256	60.7
Matale	298	26.0	220	22.7
Nuwara-Eliya	360	19.9	326	20.9
Galle	109	15.6	85	11.5
Matara	26	6.4	24	7.2
Hambantota	137	14.9	94	9.3
Jaffna	297	25.9	397	22.1
Vavuniya	12	3.2	0	0.0
Batticaloa	239	315.2	77	20.9
Ampara	453	53.9	338	44.2
Trincomalee	29	2.9	23	2.5
Kurunegala	1,109	132.4	1,082	93.5
Puttalam	179	19.8	113	10.1
Anuradhapura	312	34.3	250	28.1
Polonnaruwa	170	16.1	167	14.3
Badulla	263	57.7	220	16.3
Monaragala	152	14.3	169	13.9
Ratnapura	174	27.6	89	15.6
Kegalle	75	19.9	54	5.5
Total	5,261	919.4	4,332	520.0

Source: Central Bank of Sri Lanka

Chart 5.3



Government sponsored interest subsidy schemes energize the Small and Medium Entrepreneurs

I started a tailoring shop utilizing two old sewing machines in a part of my house. Unfortunately, the business collapsed within a short period due to poor quality of the products.

I was not in a position to continue the business due to financial difficulties. However, I was guided by one of my friends to go to the Devinuwara branch of People's Bank to obtain a loan. Accordingly, I was able to secure a loan amounting to Rs. 100,000 under the 'Small and Medium Enterprises' loan Scheme to buy a high speed machine. I restarted the business with the support of my wife and other family members and one woman was recruited as the first employee. At present, I have a garment factory with 40 modern machines and employing 50 people under my supervision.

Mr. C. J. Sisira Kumara, Devinuwara



It was one the most war-affected area in the country and he is also disabled being a casualty of the war. The income of his family was not enough to fulfill their daily needs. Therefore, he started vegetable cultivation in a small scale with the loan facility of Rs. 25,000 provided by the People's Bank under the 'Krushi Navodaya' Loan Scheme. He bought a new electrical water pump instead of his old kerosene water pump by utilizing the loan. It ensured the supply of water to cultivate on a timely and continuous manner. He cultivates chillies and vegetables such as ladies fingers, snake gourd etc through out the year. He says as the result of using the new electrical water pump that he was able to earn more profits stemming from the efficiency and reduced labour cost.

Mr. S. Mohanasundaram, Puthakudiiruppu



Fertilizer Subsidy

Sri Lanka is primarily an agrarian society with more than 70 percent of its population living in rural areas. Agriculture and allied activities are the main means of livelihood for them. With the structural changes in the economy, although the contribution of agriculture sector to GDP is declining it still remains as a significant determinant of national and provincial GDP. The performance of the agriculture sector particularly the paddy sub sector plays a vital role in the economic growth of the country. The importance of fertilizer as one of the major catalysts leading to growth in agriculture is well accepted fact. Realizing the importance of fertilizer in increasing crop productivity and thereby the volume of production which ensures food security, the present Government has consistently promoted the use of fertilizer since the latter part of 2005.

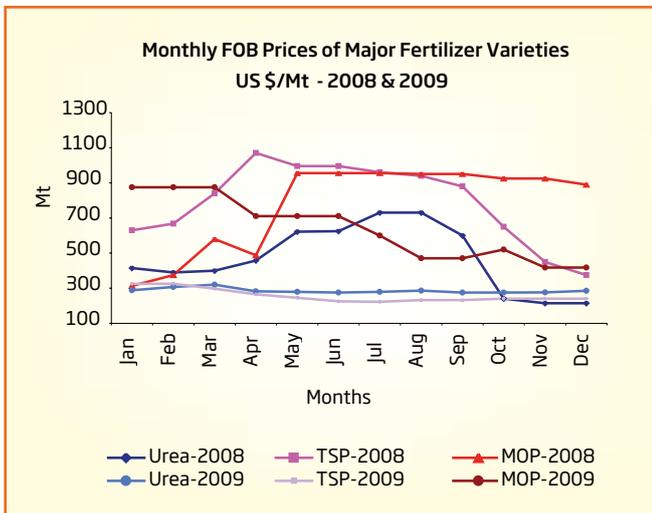
The provision of the three major paddy fertilizer varieties i.e. UREA, TSP and MOP at a subsidized rate of Rs. 350 per 50 kg bag commenced in 2005/2006 Maha season under the 'Mahinda Chintana' development framework giving a highest priority in respect of food security and poverty alleviation.



Fertilizer Subsidy: An effort to increase productivity

Research study results presented at the Second Annual Research Forum of Sri Lanka Agricultural Economic Association 2008, have confirmed that the fertilizer subsidy had significant (12 per cent) positive impact on the yields of paddy. Hence, it is evident that the benefits in terms of increased agricultural production exceed what could be achieved by investing the resources in alternative areas. Thus, the government continued to make available all 3 major fertilizers at Rs.350 a 50 Kg bag for the paddy sector in the year 2009 for the benefit of more than 850,000 farmers who are engaged in paddy cultivation.

Chart 5.4



In addition, taking into consideration the difficulties faced by the small holder sector tea growers mainly owing to the impact of the world economic recession, all major tea fertilizer mixtures were provided at Rs. 1000 per 50 Kg bag under the 'stimulus package' announced by the Government, enhancing the subsidy granted for urea fertilizer at the rate of Rs. 1000 per 50 Kg bag. This stimulus measure brought significant consolation to the entire tea small holder sector which comprises of nearly 400,000 small holders.

The responsibility of making available subsidized fertilizer for the paddy sector was totally shouldered by the two state fertilizer companies, while the distribution was carried out with their own distribution network as well as through the island wide Agrarian Services Centers, Co-operatives, Mahaweli Authority etc., The quantities that have been distributed under the paddy subsidy scheme during the year 2009 are given below:

Table 5.7
Paddy Fertilizer Distribution - 2009

Fertilizer Variety	Quantity (Mt)	
	Yala Season	Maha Season
Urea	91,072	143,732
TSP	31,282	52,444
MOP	28,020	47,091
Total	150,374	243,267

Source: Department of Development Finance

The subsidized fertilizer for the plantation sector was handled by the private fertilizer companies and 133,219 Mt of tea fertilizer mixtures have been distributed within the year. In the above endeavour, the government had to bear at least 80- 90 per cent of the actual cost of fertilizer. However, it was noted that there had been a significant drop in world market prices of fertilizers during the latter part of the year when compared with the previous year, therefore, the Government's total commitments on the subsidy was confined to Rs. 26,000 million in the year 2009.

Table 5.8
Paddy Fertilizer Subsidy as a Percentage of Market Price - 2008 Yala to 2009/2010 Maha

Seasons	Fertilizer variety	Average Market Price/ 50kg bag (Rs.)	Subsidized prices of 50Kg bag (Rs.)	Subsidized amount as a Percentage of Market price
Yala 2008	Urea	2,775	350	87
	TSP	5,025	350	93
	MOP	3,550	350	90
Maha 2008/2009	Urea	3,044	350	88
	TSP	6,451	350	94
	MOP	5,375	350	93
Yala 2009	Urea	2,195	350	84
	TSP	2,130	350	83
	MOP	5,570	350	93
2009/2010	Urea	MOP	3,185	89

Source: Department of Development Finance

Relief Package for the Tea Sector

The Global crisis in the recent past has seriously affected the economies of the countries with which Sri Lanka has built strong international trade and financial cooperation. In this situation, the export oriented SME sector enterprises in Sri Lanka, have been seriously affected due to the declining demand and prices of the export products in the international market.

Recognizing the importance of the export oriented industries the Government announced an "Economic Stimulus Package" approved by the Cabinet of Ministers at its meeting held on 07th January 2009 providing relief to the industrialists enabling them to overcome their difficulties stemming from the global economic crisis.

In addition to the fertilizer subsidy scheme, under the "Economic Stimulus Package" the Government introduced a concessionary loan scheme for the tea sector to address the working capital issues of the tea factory owners, in the period of July 2008 to the

first quarter of 2009 as a result of low tea prices and unsold volume of made teas. During this period, prices of made tea and green leaf were around Rs. 200 and Rs 35 per kg respectively.

The government decided to provide concessionary loan scheme on a short term basis for registered tea factory owners with a view to enabling them to meet their obligations to tea smallholders on account of green leaves supplied to them. The Sri Lanka Tea Board identified the registered tea factory owners who were qualified for consideration by commercial/development banks for such assistance in order to achieve the objectives of the government.

The credit facility under the relief package was made available through the commercial/development banks. The government provided interest subsidy of 6 percent through the Sri Lanka Tea board. The commercial banks and other participatory institutions released one month working capital loans based on the turn over in October 2008 to the registered tea factory owners on the recommendations made by the Sri Lanka Tea Board (SLTB).

Table 5.9
Progress of the Loans Disbursed by the Participatory Banks
as at end of December 2009

Bank	No. of Loans	Amount (Rs. Mn.)
DFCC Bank	37	437
Seylan Bank	3	10
Commercial Bank	12	106
Bank of Ceylon	9	323
Hatton National Bank	8	131
People's Bank	2	92
NDB	9	402
Sampath Bank	2	49
Total	82	1,550

The interest rate for one month working capital loan be determined by the bank based on customer-bank, relationship and interest subsidy of 6 percent granted only for two years.

The SLTB have already received 492 applications for the above concessionary loan scheme and recommendations were already made for 360 applicants amounting to Rs. 2.8 billion.

The 6 percent interest subsidy committed by the Government has been settled by the Department of Development Finance on monthly basis to the participatory banks through SLTB.

The Department of Development Finance was allocated Rs. 100 million as a supplementary allocation for payment of interest subsidy for the one month working capital loans granted to the tea factory owners.

Table 5.10
Relief Package for the Tea Sector Payments of Interest Subsidy for Loans Already Released in 2009

Bank	6% Interest Subsidy									Total
	April	May	June	July	August	September	October	November	December	
DFCC	89	330	469	1,434	1,651	1,708	2,543	2,152	2,208	12,585
Seylan	-	-	-	45	51	182	-	-	-	279
Commercial Bank	-	-	52	202	387	485	492	1,508	1,333	4,460
Bank of Ceylon	-	4	689	1,551	1,651	1,476	1,706	1,713	1,783	10,575
HNB	473	774	697	751	783	1,357	1,101	766	404	7,107
People's Bank	-	76	75	268	417	765	483	67	67	2,220
NDB	-	59	85	483	908	889	949	963	955	5,290
Sampath Bank	-	-	143	494	479	450	263	337	336	2,502
DFCC Vardhana	-	-	47	54	55	55	52	53	-	316
Grand Total	563	1,224	2,258	5,283	6,383	7,367	7,590	7,560	7,087	45,335

Sources: DFCC, Seylan, Commercial, BOC, HNB, People's Bank, NDB, Sampath and DFCC Vardhana

Relief Package for the Cinnamon Sector

The global financial crisis had serious repercussions on the local cinnamon industry. As a result, where producers used to fetch Rs. 800 - 900 per Kg for the fine grade of cinnamon came down to Rs. 350 per Kg.

Over 350,000 cinnamon growers and more than 30,000 cinnamon peelers are engaged in the cinnamon industry while cinnamon counts for the fourth highest agricultural export earner of Sri Lanka.

The drastic price reduction of cinnamon affected the cinnamon sector including both the producers and the processors being confronted with the problem of survival.

Considering the above, the Government proposed to implement a special subsidy scheme for the cinnamon sector through the Export Development Board (EDB) under the Government Economic Stimulus Package announced by His Excellency the President on 31st December 2008 in order to increase the producer price of cinnamon.

In view of the immediate requirement for financial support to the cinnamon industry, the Department of Development Finance included the Cinnamon sector under the New Comprehensive Rural Credit Scheme (NCRCS) loan scheme to provide concessionary loans for cinnamon traders with effect from 1st April 2009 in order to overcome their cash flow problems enabling them to pass down the price advantage to the growers.

Small and Medium Enterprise Regional Development Project

The Small and Medium Enterprise Regional Development Project (SMERDP) funded by the Asian Development Bank (ADB) is aimed at accelerating the development of small and medium enterprises outside the Western Province by improving their access to credit, business development services and by catalyzing the development of SME value chain clusters for providing linkages to information, technology and markets. The project is implemented through private commercial banks: the DFCC Bank, the Commercial Bank, the Sampath bank and the National development Bank Ltd. At the initial stage, the project specially focused on providing medium to long term credit facility for start-up new SMEE or expansion or modernization of existing SMEE which are in a SME value chain cluster.

The project was made effective from 08th April 2008 and commenced implementation on 16th May 2008 with the initial advance released on the same date.

SMERDP: Making the Enterprise Value Creative and Competitive



State of the art technology Introduced to the Abeywickrama Tea Factory at Opatha, Matara District under SMERDP

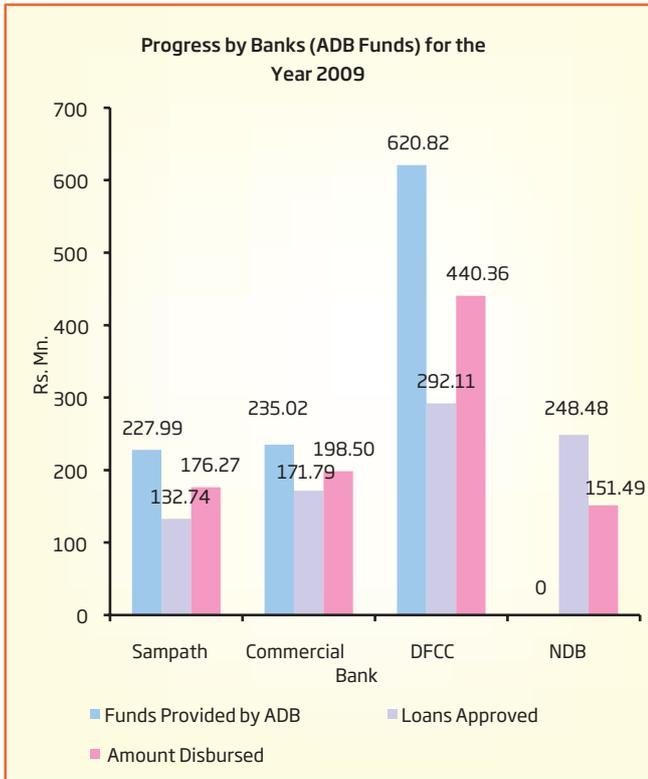
Table 5.11
Progress by Banks for the Year 2009

Bank	Funds provided by ADB (Rs. Mn.)	No. of Loans	Approved Loans (Rs. Mn.)				Amounts Disbursed (Rs. Mn.)			
			ADB	PCBs	Equity	Total	No. of Loans	ADB	PCBs	Total
Sampath	228.0	32	132.7	43.8	458.9	635.5	48	176.3	57.5	233.8
Commercial	235.0	29	171.8	57.4	226.5	455.6	25	198.5	66.4	264.9
DFCC	620.8	79	292.1	97.4	313.4	702.9	86	440.4	146.3	586.7
NDB	0.0	55	248.5	82.8	357.4	688.7	40	151.5	50.5	202.0
Total	1,083.8	195	845.1	281.4	1,356.2	2,482.7	199	966.6	320.8	1,287.4

Sources: DFCC, NDB, Commercial Bank, Sampath Bank

- The number of loans and amounts granted by participatory banks during the year 2009 are shown in Table 5.11 and Chart 5.5.
- 195 loans amounting to Rs. 845.12 million have been approved in 2009 and 199 loans amounting to Rs. 966.62 million have already been released to SMEE utilizing ADB funds.
- Out of the four participatory banks, the highest loan disbursement has been achieved by the DFCC Bank, granting 86 loans amounting to Rs. 440.36 million.

Chart 5.5



Utilization of ADB Funds

A total of Rs. 1,083.73 million of ADB funds has been allocated among all four banks during the year 2009 and almost 88 percent of such allocated funds has been utilized as at 31st December 2009. NDB has released more loans than the released amount by utilizing their own funds and the withdrawal applications for this excess amount have already been forwarded to ADB.

Table 5.12
Funds Utilization by Banks for the Year 2009

Bank	ADB Funds (Rs. Mn.)	
	Allocation	Utilization
Sampath	227.9	184.4
Commercial	235.0	158.4
DFCC	620.8	466.9
NDB	0.0	151.5
Total	1,083.7	961.2

Sources: DFCC, NDB, Commercial Bank, Sampath Bank

The ADB component of the project is US\$ 50 million and the details of the utilization of such funds are given in Table 5.13.

Table 5.13
Funds Utilization by Bank out of Total Allocation up to End of 31st December 2009

Bank	ADB Funds				%
	Allocation (Mn.)		Released (Mn.)		
	US\$	Rs.	US\$	Rs.	
Sampath	10	1,070	3.3	365.9	33
Commercial	15	1,605	3.6	396.7	24
DFCC	15	1,605	8.4	941.4	56
NDB	10	1,070	1.0	107.8	10
Total	50	5,350	16.2	1,811.7	33

Sources: DFCC, NDB, Commercial Bank, Sampath Bank

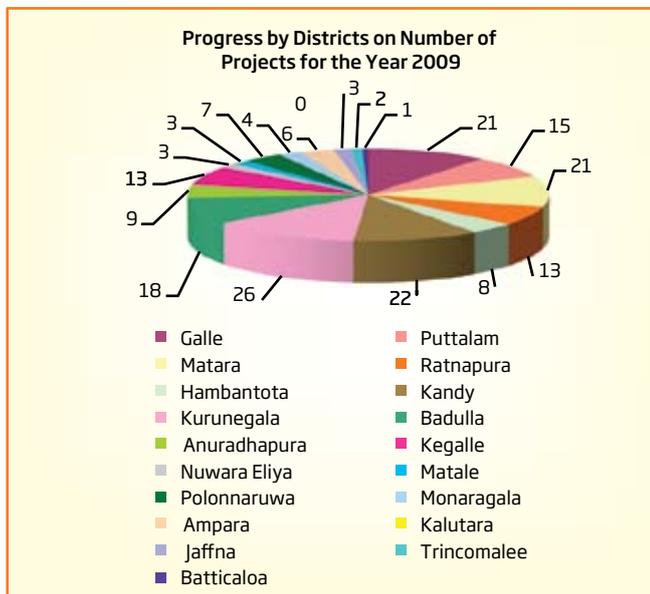
The project has been in operation for more than half the total project period of 36 months (3 years). However, within 20 months, the ADB has released 33 percent of funds amounting Rs. 1,811.75 million among 4 PCBB and the PCBB have already disbursed around 29 percent of the total project of US\$ 50 million. While Commercial, NDB and Sampath Banks have shown less progress, the DFCC bank has shown a steady progress by disbursing around 56 percent of their total allocation.

Table 5.14
Progress by Districts on the Number of Projects for the Year 2009

District	No. of Loans	Approved Loans (Rs. Mn.)				No. of Loans	Amounts Disbursed (Rs. Mn.)		
		Contribution by					Contribution by		
		ADB	PCBs	Equity	Total		ADB	PCBs	Total
Galle	21	113.1	38.7	174.8	326.5	24	192.0	64.2	256.2
Puttalam	15	96.1	32.3	180.4	308.8	11	74.9	25.0	99.9
Matara	21	85.5	28.3	63.3	177.0	18	91.5	31.0	122.4
Ratnapura	13	54.9	18.3	84.9	158.0	11	53.9	17.9	71.8
Hambantota	8	12.9	4.6	20.7	38.2	8	14.0	3.8	17.8
Kandy	22	137.2	47.4	185.9	370.5	31	202.7	65.7	268.4
Kurunegala	26	117.8	39.9	184.2	341.9	32	135.7	46.6	182.2
Badulla	18	42.3	14.1	66.4	122.8	19	55.2	18.4	73.6
Anuradhapura	9	37.9	13.0	101.2	152.0	9	31.6	10.5	42.1
Kegalle	13	19.9	7.0	15.3	42.2	13	25.1	8.4	33.5
Nuwara Eliya	3	31.4	9.4	74.8	115.6	4	33.7	11.1	44.8
Matale	3	7.4	1.8	11.5	20.7	2	9.7	3.3	12.9
Polonnaruwa	7	22.9	6.6	44.1	73.7	6	25.6	8.9	34.4
Monaragala	4	7.1	1.7	5.6	14.4	4	5.9	2.0	7.8
Ampara	6	25.2	7.8	44.8	77.8	4	5.3	0.8	6.1
Kalutara	0	0.0	0.0	0.0	0.0	1	0.8	0.3	1.0
Jaffna	3	25.9	8.6	71.7	106.2	1	7.6	2.6	10.1
Trincomalee	2	7.4	1.8	26.0	35.2	1	1.9	0.6	2.5
Batticaloa	1	0.5	0.2	0.7	1.3	0	0.0	0.0	0.0
Grand Total	195	845.1	281.4	1,356.2	2,482.7	199	966.6	320.8	1287.4

Sources: DFCC, NDB, Commercial Bank, Sampath Bank

Chart 5.6



- The highest number of approved loans were for Kegalle district followed by Kandy, Matara, and Galle Districts.
- In terms of the amount disbursed, Kandy District accounts for Rs. 268.37 million where as Galle and Kurunegala Districts contributed Rs. 256.16 million and Rs. 182.20 million respectively.
- Only 2 loans have been disbursed by the banks in the North and East amounting to Rs. 12.63 million.

Table 5.15
Progress by Sectors on the Number of Projects for the Year 2009

Sector	No. of Loans	Approved Loans (Rs. Mn.)				No. of Loans	Amounts Disbursed (Rs. Mn.)		
		Contribution by					Contribution by		
		ADB	PCBs	Equity	Total		ADB	PCBs	Total
Food Processing /Beverage	55	266.3	436.5	792.4	792.43	60	422.6	139.3	562.0
Services	55	217.6	363.6	654.1	654.08	68	260.4	85.8	346.2
Metal	8	38.9	80.7	131.9	131.86	5	10.6	3.6	14.2
Engineering	10	26.5	30.7	66.8	66.76	8	16.2	5.4	21.6
Agro Industries	6	16.5	17.1	40.3	40.34	7	18.6	6.3	24.9
Fruits /Vegetable	5	15.0	22.9	42.2	42.15	5	5.9	2.0	7.8
Spices	7	18.6	26.8	51.0	50.97	2	3.2	1.7	4.8
Textile Garments	5	21.2	14.6	42.2	42.21	6	26.8	9.2	36.0
Wood Products	5	10.8	7.4	21.1	21.14	6	16.9	5.6	22.5
Plastic Products	4	24.6	73.0	106.1	106.12	4	28.9	9.6	38.5
Animal Husbandry /Dairy	10	51.6	67.0	136.2	136.15	8	51.5	17.0	68.5
Education	4	12.8	10.6	27.9	27.92	2	17.1	5.7	22.8
Jewellery	2	21.6	13.1	41.1	41.13	2	16.5	5.5	22.0
Fisheries	7	40.8	52.7	107.4	107.44	3	30.4	10.3	40.7
Rubber Products	2	18.5	55.6	79.7	79.65	3	5.1	1.7	6.8
Fertilizer and Agro Chemical	1	7.5	7.3	17.3	17.29	2	2.6	0.9	3.5
Manufacture	8	23.4	58.2	89.7	89.70	5	19.5	6.5	26.0
Aquarium/ Floriculture	1	13.3	18.4	35.4	35.37	3	14.0	4.7	18.7
Grand Total	195	845.1	1,356.2	2,482.7	2,482.71	199	966.6	320.8	1,287.4

Sources: DFCC, NDB, Commercial Bank, Sampath Bank

- In terms of the sector-wise distribution of the approved loans, the food processing and beverage sector and services sector dominated consisting of 55 loans for each sector. However, out the total amount disbursed, the food processing and beverage sector has led by granting over 43 percent and followed by the service sector absorbing 27 per cent. Altogether around 70 percent of the total disbursements is being shared between the food processing/ beverage and the service sectors

Employment Generation

Employment generation out of the Western province was also observed as expected in reducing income inequalities and youth unemployment in the rural areas. The summary of sector and district-wise, direct and indirect employment opportunities created by the project is given in Table 5.16 and table 5. 17.

Table 5.16
No of Employment Opportunities Created
by Sectors for the Year 2009

Sector	Employment Opportunity	
	Direct	Indirect
Food Processing /Beverage	2,195	1,044
Service	1,466	1,401
Aquarium /Floriculture	18	32
Animal Husbandry /Dairy	93	32
Engineering	160	184
Manufacturing	147	158
Wood and Wood Products	28	261
Fruit /Vegetables (Horticulture)	66	11
Metal Products	158	149
Agro Industries	56	215
Textiles/Garments	64	277
Jewellery	15	47
Plastic Products	228	167
Education	26	140
Spices	57	94
Fisheries	54	15
Rubber Product	112	66
Total	4,943	4,293

Sources: DFCC, NDB, Commercial Bank, Sampath Bank

Table 5.17
No of Employment Opportunities Created in Districts
for the Year 2009

District	Employment Opportunity	
	Direct	Indirect
Badulla	307	473
Matara	372	474
Ratnapura	261	201
Hambantota	182	04
Matale	62	00
Kandy	956	647
Galle	1,179	777
Kurunegala	392	1,101
Moneragala	16	29
Puttalam	313	212
Anuradhapura	239	132
Polonnaruwa	215	104
Kegalle	118	49
Nuwara Eliya	212	26
Ampara	49	64
Trincomalee	39	00
Jaffna	30	00
Batticaloa	01	00
Total	4,943	4,293

Sources: DFCC, NDB, Commercial Bank, Sampath Bank

- Table 5.16 shows the direct and indirect employment opportunities created under the project within the year 2009.
- A total of 4,943 and 4,293 direct and indirect employment opportunities respectively have been created during the year by utilizing the loans granted under the SMERDP.
- The food processing/beverage and service sectors lead by generating a total number of 3,239 employment opportunities.
- Table 5.17 indicates the direct and indirect employment opportunities created through the project in districts during the year 2009.
- In terms of the creation of the direct employment opportunities, highest number was recorded in Galle district with 1,179 employment opportunities, followed by Kandy, Kurunegala and Matara districts creating 956, 392 and 372 job opportunities respectively.



Automated Drier Facility Pioneered by Adams View Tea Factory in Ratnapura District under SMERDP

- It is also observed that more than 50 percent of direct jobs and around 44 percent indirect jobs have been shared among Galle, Kandy and Matara districts. The reason being that the bulk of the loans have been distributed to the tea sector SMEE located in these districts.
- There is still no considerable impact on the employment generation in the lagging districts located in the Northern and Eastern Provinces.

Lines of Intervention to Support Micro Finance Activities in Sri Lanka

The Consorzio Etimos Bank of Italy has been engaged in micro finance activities in Sri Lanka since 2005, to revitalize the micro enterprises in the tsunami affected areas. The original MOU in this regard was amended time to time according to the public demand for the loan. Accordingly, the MOU signed with the bank on 18th July 2008 extended its activities beyond tsunami affected areas in the country.

Although this Bank agreed to provide Euro 278 million to partner organizations for micro finance loans to individuals for a 2 year period under this MOU, they were unable to release funds from July 2008 to June 2009 as a result of the international financial crisis.

In November 2009, Rs. 15 million (Euro 87, 870) was provided by Berendina Micro Finance Institution to provide loans to the small scale tea growers in Yatiyanthota and Ginigathhena Grama Seva Niladari Divisions. Under this scheme 30 beneficiaries have obtained Rs. 745, 000 from Berendina Micro Finance Institution. It is interesting to note that 60 percent out of the total beneficiaries have been women.

Chart 5.7



In December 2009, Rs 55 million (Euro 551,300) was provided to Brac Lanka (Guarantee) Limited and Rs. 40 million was provided to SEEDD Sarvodaya Micro Finance Institution to provide loans to individuals to set up mainly productive agricultural micro enterprises in Trincomalee district.

Under this scheme the Brac Lanka Guarantee Limited has provided loans to individuals in Trincomalee district as given in the Table 5.18.

Table 5.18
Loans Provided by Brac Lanka Guarantee Limited

Description	
No of Loans Disbursed	1,676
No of Beneficiaries	1,676
Amount Disbursed (Rs.)	33,650,000
Average Loan Amount Disbursed (Rs.)	20,078

Source: Etimos, Sri Lanka Office

All loans have been granted to women who are the members of this company. Out of the total loans granted 54 percent have been given to animal husbandry and the rest to agriculture sector.

Details of loans granted by the SEEDS (Sarvodaya Economic Enterprise Development Services (Guarantee) Limited are given in Table 5.19.

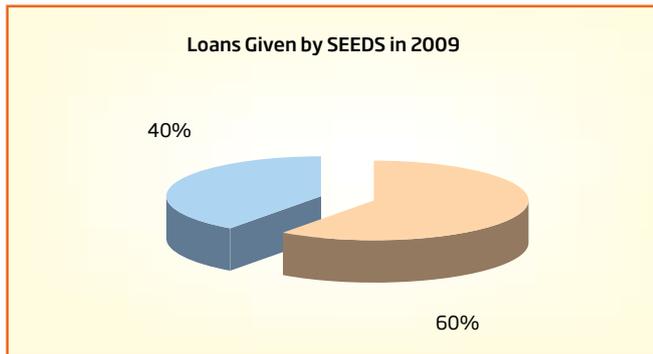
Table 5.19
Details of Loans Provided by SEEDS

Description	Padaviya	Moneragala	Total
No of Loans Disbursed	9	11	20
No of Beneficiaries	9	11	20
Amount Disbursed (Rs. Mn.)	1.1	2.3	3.4
Average Loan Amount Disbursed (Rs. 000')	128	204	170

Source: Etimos, Sri Lanka Office

Out of the total, 40 percent of loans have been disbursed to women (Chart 5.8). The loans given in Padaviya which amounted to Rs. 1,150,000 have been utilized in the agriculture sector and in Monaragala for animal husbandry sector.

Chart 5.8



Financial Markets Programme for Private Sector Development Programme Funded by the Asian Development Bank

This Programme was set up for the development of financial markets by restructuring and recapitalization of People's Bank. The Capital Adequacy Ratio (CAR) of the People's Bank was -4 in 2004. The purpose of this project was to increase the CAR up to 10+ of minimum requirement. According to the ADB Guide lines, Rs. 6,000 million has been injected to the People's Bank by the Government of Sri Lanka (GOSL) since 2005 to 2008, pending the second and third tranches from the ADB. These injections contributed to increase the CAR gradually since 2005. In end of 2008, the CAR of the proposed Bank reached the minimum requirement (10+) due to the capital injection made in 2008. Therefore, further capital injection was not made to People's Bank by the GOSL.

Table 5.20

Capital Injections to the People's Bank from 2005 - 2008

Year	Amount (Rs. Mn.)
2005	2,000
2006	1,500
2007	1,000
2008	1,500

Source: Department of Development Finance

Promotion of Microfinance Sector Project (ProMiS)

The Promotion of Microfinance sector project funded and implemented by the German Technical Cooperation (GTZ) under the purview of the Department of Development Finance completed the four year project period in November 2009. The total cost of the project was Euro 4 million. The main objective of the project was to develop the microfinance sector in the country in terms of:

- Microfinance (MF) sector policy (Macro level)
- Microfinance service providers (Meso level)
- Capacity building of Microfinance institutions (Micro level)

Within the year 2009 following activities, were completed.

Micro Level: Policy Level

- Preparation and dissemination of Demand and Supply side reports and policy papers on microfinance in disadvantaged areas.
- Enhancement of capacity of government staff and CBSL regulatory and supervisory capacities for the MF and Cooperative sector.
- A coordination platform for development partners is established and operational.
- A dialogue forum for stakeholders in MF is established and operational.
- Establishing and updating of the web site www.microfinance.lk regularly.

Meso Level: Service Providers

- A microfinance network is established and operational.
- Microfinance IT service infrastructure is established and operational.
- MF training and consulting infrastructure is established and operational.
- MF research capacities are enhanced.
- Rating methodologies are developed and made available.
- Audit capacities for Microfinance Institutions (MFII) are enhanced.
- MFII are integrated under the CRIB system.
- Apex organizations for MFII are strengthened.

Micro Level: Microfinance Providers

- NGO-MFII' operational capacities are enhanced.
- Operational capacities of other MFII are enhanced.

- MFII participated in exposure visits.
- Additional activities for MFII / NGO in the North and East are implemented.

In the meantime, GTZ has got the approval of the Government of Germany for a follow on phase which commenced from December 2009 for a period of 3 years with a grant of Euro 3.25 million.

The follow on phase activities will be geared more towards the meso and micro levels, the aim being to improve the services of microfinance institutions and training for marginalized population and micro entrepreneurs in order to up bring their capacities. However, at the request of the Ministry of Finance and Planning the GTZ has agreed to a joint conceptual review of the follow on phase in terms of support measures for Small and Medium Enterprise sector development in the 2nd year.

Development of Small and Medium Scale Industries

The budget for the 2008 proposed to grant concessionary loans for the small and medium scale garment factories situated outside the Colombo District, for modernization of the factories which is subjects to a maximum of Rs 15 million at an interest rate of 10 percent.

The loan scheme was implemented through the Lankaputhra Development Bank for modernization the on-going operational factories. The Department of Development Finance developed the criteria for the Loan Scheme in consultation with the Ministry of Textile Development, representative from the Joint Apparel Association Forum (JAAF) and the Lankaputhra Development Bank. As per the criteria set-out for the loan scheme, firms were entitled to obtain financial facilities for modernization of building and upgrading and purchasing machineries for the industry with 350 employees and annual turnover less than Rs. 100 million. It was also decided to include the indirect exporters for this scheme.

The eligible firms were selected through paper advertisement and 11 firms were selected for the scheme with the recommendation of the Ministry of Textile Industries. The total estimated cost for the scheme is Rs. 125 million, of which the government had contributed Rs. 30 million at the end of 2009.

The Lankaputhra Development Bank has allocated this amount for the three firms located in the Districts of Kalutara and Moneragala.

The modernized factories were able to cater the European market. In addition to the foreign exchange earnings these factories were able to create about 1,000 direct and indirect employment opportunities. The Lankaputhra bank is in the process of evaluating eight more proposals for funding.

Credit Guarantee Scheme for the Gem and Jewellery Sub-sector

Easy access to credit facilities is vital for the enterprise development. SME sector has not reported higher financing obstacles than large firms, however, the effect of these financing constraints is stronger for SME than for large firms. The high transaction costs related to the lending and the high risk intrinsic to SME lending explain the reluctance of financial institutions to reach out to SME.

In this backdrop, a credit guarantee scheme has been introduced for the Gem and Jewellery sub sector. The objective of the scheme is to assist 50 small and medium enterprises engaged in Gem and Jewellery sector to obtain financial assistance from Participatory Financial Institutions (PFI) to purchase the machinery and upgrade the technology in the industry.

The maximum loan amount covered under the Credit Guarantee would be confined to Rs 1.2 million per borrower with a repayment period of 10 years including grace period of two years. The extent of guarantee cover will be 80 percent of the principal loan amount granted or amount in default whichever is lower. This scheme is being implemented through the Participatory Financial Institutions namely; National Development Bank, Development Finance Credit Cooperation, Bank of Ceylon, Commercial Bank, Sampath Bank, Kadurata Development Bank and Wayaba Development Bank.

The required credit guarantee will be issued by the Central Bank of Sri Lanka on term loans granted by the Participatory Financial Institutions (PFI). The eligibility criteria is that the PFI should not obtain any guarantee from any other government institution, insurance company or a banking institution in respect of the respective loan and the borrower should not be defaulters of any loans granted to him/her by any financial institution. In this connection, the treasury has released Rs. 20 million to be used as seed funds for the credit guarantee scheme and the Central Bank of Sri Lanka has held number of awareness programmes for the PFI with the Gem and Jewellery Authority to implement the Credit guarantee scheme for the Gem and Jewellery sub-sector.

**FINANCIAL
STATEMENTS
2009**

Financial Statements

Accompanying Statement of Financial Performance & Statement of Cash Flows for the year and the Statement of Financial Position as at the end of the year 2009 with relevant explanatory “Notes” and a Statement of Contingent Liabilities have been prepared and presented by the Department of State Accounts of the General Treasury.

These Statements have been prepared in reporting formats introduced in 2006 to present Financial Statements for the year 2005, in full compliance with Generally Accepted Accounting Principles and Practices and required guidance has been obtained from Sri Lanka Accounting Standards and International Public Sector Accounting Standards. This is indeed the first step in the transitional stage of preparing and presenting the Government Financial Statements on the Basis of Accrual accounting as against the present practice of Cash Based Accounting. In designing these formats for presenting these reports, different types of formats adopted by different countries for making advanced Public Sector financial reporting had been considered and ideas were taken from them to have an advanced presentation in consistent with the classification and presentation of the Annual Budget of the Government to enable to provide the reader with a clear view on the Financial Performance of the Government compared with main targets of the Annual Budget as approved by Parliament.

An incremental approach to implementing accrual accounting has been in place since 2004. Accordingly, documenting process of collecting information to be disclosed outside the Accounting System, pertaining to asset management, commitments and liabilities was designed. This is the third time that relevant information on non-current assets acquired after 01-01-2004 are disclosed in Financial Statements until accrual accounting principles are fully adopted.

These financial statements encompass the financial operations of twenty two special spending units, fifty five Government Ministries, ninety one Government Departments and twenty five District Secretariats/Kachcheries and performed in the process of making use of the financial resources allocated to them during the year 2009 in terms of the Annual Budget for implementing the intended work programmes and projects for achieving the set goals and objectives. Basic information pertaining to the financial resources allocated by the Government in 2009 to nine Provincial Councils and Public Enterprises comprised of two main categories, i.e. Commercial Public Corporations, thirty three in number and the other Public Corporations and Statutory Boards getting involved in activities in regulatory, manpower development, infrastructure development etc., has also been furnished.

In compiling these reporting statements, the relevant data is collected in a specially designed system taken place in the form of a network involving above mentioned Public Institutions, by making use of electronic data transmission methodologies. Through this network all the financial data generated in the system gets transmitted to the central data base of the Department of State Accounts, being the Central Agency of the Government for financial information processing. In full conformity with the vision of the Department to be the Centre for Excellence in Government Financial Information, all the necessary internal controls, checks and balances and required level of supervision is exercised to maintain the integrity, accuracy and completeness of the data collected, stored and processed in order to assure the quality of information generated and furnished, as it is the main Government Department which is responsible for presenting the Annual Financial Statements of the Government in Parliament to discharge the responsibility for the public accountability on financial resources utilized by the Government.

Statement of Financial Performance

for the year ended 31st December, 2009

Budget Estimates 2009 Rs.		Note	2009 Rs.	Actual 2008 Rs.
	REVENUE			
770,944,413,000	Tax Revenue		619,182,257,022	585,770,456,046
166,603,000,000	Income Tax	1	139,558,048,787	126,541,183,372
431,288,413,000	Taxes on Domestic Goods & Services	2	315,176,519,284	322,270,996,870
173,053,000,000	Taxes on External Trade	3	164,447,688,951	136,958,275,805
82,757,359,000	Non Tax Revenue & Others	4	89,198,750,630	77,828,631,783
853,701,772,000	TOTAL REVENUE (a)		708,381,007,652	663,599,087,830
	Less: EXPENDITURE			
214,907,330,917	Wages, Salaries and Other Employment			
	Benefits	5	212,401,334,398	175,760,107,080
119,860,328,323	Other Goods & Services	6	99,934,733,129	102,015,093,858
278,623,862,237	Subsidies, Grants and Transfers	7	266,423,308,391	246,603,499,778
307,983,198,225	Interest Payments	8	303,177,076,179	212,093,904,543
921,374,719,702	Total Recurrent Expenditure (b)		881,936,452,097	736,472,605,259
67,672,947,702	REVENUE DEFICIT (a) - (b)		173,555,444,445	72,873,517,429
508,273,676,236	Public Investments	9	365,753,851,581	297,173,279,278
575,946,623,938	BUDGET DEFICIT		539,309,296,026	370,046,796,706
	FINANCING THE BUDGET DEFICIT			
222,520,000,000	Foreign Borrowings	10	207,766,413,179	120,291,761,846
(113,330,480,000)	Foreign Debt Repayments		(112,692,197,885)	(93,688,610,487)
109,189,520,000	NET FOREIGN BORROWINGS		95,074,215,294	26,603,151,359
19,000,000,000	Foreign Grants	11	25,922,244,108	22,143,248,459
128,189,520,000	TOTAL FOREIGN FINANCING		120,996,459,402	48,746,399,818
827,480,000,000	Domestic Non-Bank Borrowings	12	785,592,460,484	535,690,956,497
(391,023,784,000)	Domestic Debt Repayments	13	(386,681,743,536)	285,515,698,867)
436,456,216,000	NET DOMESTIC BORROWINGS		398,910,716,948	250,175,257,630
14,330,000,000	Recoveries From On-Lending	14	11,978,194,623	13,525,904,919
600,000,000	Sale of Capital Assets		77,904,264	119,930,845
	Net Change in Deposit Accounts and			
	Liabilities		(2,846,381,415)	32,488,749,419
	(Increase)/Decrease in Cash & Cash Equivalents		10,192,402,204	24,990,554,076
578,975,736,000	TOTAL FINANCING		539,309,296,026	370,046,796,706

Statement of Cash Flows

for the year ended 31st December, 2009

	2009 Rs.	Actual 2008 Rs.
Cash Flows from Operating Activities		
Total Tax Receipts	619,182,257,022	585,770,456,046
Interest	9,043,238,531	9,304,854,371
Dividends	2,213,115,342	1,877,254,103
Fees, Fines, Penalties and Licenses	7,511,870,548	8,163,498,951
Profit	29,768,496,292	14,095,513,108
Other Receipts	40,662,029,917	44,387,511,251
Total Cash provided from Operations (a)	708,381,007,652	663,599,087,830
Less - Cash was disbursed to:		
Personal Emoluments & Operating Payments	(312,336,067,527)	(277,775,200,937)
Subsidies & Transfer Payments	(266,423,308,391)	(246,603,499,778)
Finance Costs	(303,177,076,179)	(212,093,904,543)
Total Cash disbursed to Operations (including Tsunami related Disbursements (b))	(881,936,452,097)	(736,472,605,258)
NET CASH FLOWS FROM OPERATING ACTIVITIES (c) = (a) - (b)	(173,555,444,445)	(72,873,517,428)
Cash Flows from Investing Activities		
Divestiture Proceeds & Sale of Physical Assets	77,904,264	119,930,844
Recoveries from On Lending	11,978,194,623	13,525,904,919
Total Cash provided from Investing Activities (d)	12,056,098,887	13,645,835,763
Less - Cash was disbursed to:		
Purchase or Construction of Physical Assets & Acquisition of Other Investment	(365,753,851,581)	(297,173,279,278)
Total Cash disbursed to Investing Activities (e)	(365,753,851,581)	(297,173,279,278)
NET CASH FLOWS FROM INVESTING ACTIVITIES (f) = (d) - (e)	(353,697,752,694)	(283,527,443,515)
NET CASH FLOWS FROM OPERATING & INVESTMENT ACTIVITIES (g) = (c) + (f)	527,253,197,139	(356,400,960,943)
Cash Flows from Financing Activities		
Local Borrowings	785,592,460,484	535,690,956,497
Foreign Borrowings	207,766,413,179	120,291,761,846
Grants Received	25,922,244,108	22,143,248,459
Total Cash provided from Financing Activities (h)	1,019,281,117,771	678,125,966,802
Less - Cash was disbursed to:		
Repayment of Local Borrowings	(386,681,743,536)	(285,515,698,867)
Repayment of Foreign Borrowings	(112,692,197,885)	(93,688,610,487)
Change in Deposit Accounts and Other Liabilities	(2,846,381,415)	32,488,749,419
Total Cash Disbursed to Financing Activities (i)	(502,220,322,836)	(346,715,559,935)
NET CASH FLOWS FROM FINANCING ACTIVITIES (j) = (h) - (i)	517,060,794,935	331,410,406,867
Net Movement in Cash (k) = (g) - (j)	10,192,402,204	24,990,554,076
Opening Cash Balance as at 01st January	54,878,004,051	29,887,449,975
Closing Cash Balance as at 31st December	65,070,406,255	54,878,004,051

Statement of Financial Position

As at 31st December 2009

	Note	2009 Rs.	Actual 2008 Rs.
Financial Assets			
Loans to Public Officers	15	24,079,331,422	22,146,960,663
Advances to Govt. Departments	16	8,155,189,267	7,623,781,750
Membership Fees Paid	17	3,517,179,875	1,885,484,942
On Lending	18	281,139,527,424	253,145,559,314
Capital Contribution in State Owned Enterprises	19	116,666,827,054	114,348,287,201
Total Financial Assets		433,558,055,042	399,150,073,870
Liabilities			
Bank Overdrafts		65,070,406,256	54,878,004,052
Advance from the Central Bank	20	73,880,500,000	76,307,700,000
Foreign Loan Revolving Funds	21	22,177,279,135	16,765,319,553
Miscellaneous Funds	22	2,299,909,566	2,444,801,767
Government Borrowings	23	3,657,463,431,775	3,166,500,520,898
Deposits and Other Liabilities	24	75,061,352,776	82,120,182,649
Operating Accounts with Government Departmen	25	3,170,227,898	1,702,693,387
Sundry Accounts	26	(1,669,688,660)	(4,038,513,502)
Total Liabilities		3,897,453,418,746	3,396,680,708,804
Contingency Fund		140,000,000	140,000,000
Total Liabilities & Contingency Fund Balance		3,897,593,418,746	3,396,820,708,804
Total Liabilities and Contingency Fund Balance over Financial Assets		3,464,035,363,704	2,997,670,634,934
Consolidated Fund- Accumulated Deficit	27	204,995,009,372	(197,648,988,582)
Total Investments in Physical Assets and Accumulated Net Revenue Deficit	28	3,259,040,354,332	2,800,021,646,352
		3,464,035,363,704	2,997,670,634,934
Contingencies & Commitments	29	182,656,870,000	137,080,750,000

The accompanying "Statement of Accounting Policies" and "Notes" to Financial Statements form an integral part of these Financial Statements. The Department of State Accounts is responsible for the preparation and presentation of these Financial Statements.


D.P.R. SENADHIPATHY,
Director General,
Department of State Accounts.


P.B. JAYASUNDERA,
Secretary, Ministry of Finance & Planning,
and Secretary to the Treasury.

General Treasury
Colombo-01.
8th April, 2010

Analysis of Total Expenses of the Statement of Financial Performance

for the year ended 31st December, 2009

By Functional Classification	Actual (Rs. Mn.)							
	2009				2008			
	Recurrent	Capital	Total	%	Recurrent	Capital	Total	%
Governance, Operations and Monitoring	515,819	544,065	1,059,884	60.67	402,559	35,269	437,828	42.36
National Security	182,972	30,357	213,329	12.21	163,650	42,758	206,408	19.96
Justice and Law Enforcement	6,360	1,505	7,865	0.45	5,489	1,711	7,200	0.70
Rural Development and Social Security	24,821	46,034	70,855	4.06	21,908	35,576	57,484	5.56
Human Resource Development	83,005	23,262	106,267	6.08	76,776	24,416	101,192	9.79
Infrastructure Development	24,372	187,906	212,278	12.15	24,008	131,816	155,824	15.08
Economy and Environment	44,587	31,999	76,586	4.00	42,082	25,627	67,709	6.55
	881,936	865,128	1,747,064	100	736,472	297,173	1,033,645	100

Note: These figures presented in the expenditure estimate for line ministries are based on resource ceiling available for each sector under which Ministry votes are presented.

Statement of Accounting Policies

Reporting Entity

These Financial Statements are of the Government of the Democratic Socialist Republic of Sri Lanka and encompass the Reporting Entity of the Central Government comprised of Government Ministries & Departments, Public Corporations, State Owned Enterprises, Statutory Boards and Provincial Councils are not covered in these statements. However cash outflows to those entities taken place during the reporting year and the total interest the Government is having in the Commercial Public Corporations and State Owned Enterprises in the form of capital contribution and loans granted are recognized in these Financial Statements.

Basis of Preparation

These Financial Statements are prepared under historic cost convention in conformity with Generally Accepted Accounting Principles. Required guidance has been obtained from Sri Lanka Accounting Standards and International Public Sector Accounting Standards. The measurement base applied is historical cost. Cash based accounting has been used unless otherwise stated.

Reporting Period

The reporting period of these Financial Statements is the year ended 31st December 2009.

Basis of Combination

Ministries & Departments are combined using the classification codes for revenue collected and expenditures incurred. Accordingly total financial assets, liabilities, revenues and expenses are added together line by line.

Revenue

Central Government provides many services and benefits that do not generate revenue. Therefore revenue is raised by way of taxes, fees & charges imposed under various statutes approved by the Parliament.

Revenue is earned by the Government in exchange for the provision of its products and services to the society.

All such revenue collected through the relevant Ministries & Departments is recognized at the time of collection.

Investment Income is recognized in the period it is earned and collected.

Premiums and Discounts

Premiums and discounts on the issue of a debt instrument are treated as (an adjustment to the) cost of borrowings.

Gains

Related gains arising from sale of assets are recognized in the period in which transaction occurs.

Unrealized foreign exchange gains on monetary assets and liabilities are recognized in the Statements of Financial Position as at the end of the Reporting Period.

Expenses

All expenses are recognized in the period in which it is incurred.

Foreign Currency Transactions

Transactions in Foreign currencies are translated into Sri Lanka Rupee using the exchange rate on the date of transaction. Exchange differences arising on settlement of these transactions are recognized in the Statement of Financial Performance.

Assets

Equity investments in State Owned Enterprises are recorded at cost and shown separately, but investments in Statutory Boards are not separately disclosed in the accounts as they operate like other Government Departments relying for their recurrent and capital expenditure from the government.

Liabilities

In the Statement of Financial Position, all local borrowings are recorded at cost. Where foreign borrowings are subject to variation of exchange rates such foreign monetary liabilities are translated at the exchange rate as at the end of the Reporting Period.

Employee Entitlements

Employee entitlements to salaries and wages, annual leave, retiring leave and other similar benefits are recognized when they accrue to employees. Retired Government employee entitlements for their pension payments are also recognized in the same manner.

Contingent Liabilities

Contingent liabilities are recorded in the Statement of Contingent Liabilities at the point at which the contingency is evident.

Comparatives

To ensure consistency with the current period and classification method adopted to make a fair presentation of financial information, comparative figures have been restated where appropriate.

Compilation of Government Finance Statistics

The Budget Outturn presented in Economic Classification under Government Finance Statistics (GFS) varies from the information presented in these Financial Statements due to the different classification methods adopted for economic analyses. Figures for the compilation of Budget outturn and related statistics which is compiled in accordance with Government Financial Statistical Manual are obtained from this Balance Sheet.

Notes to Financial Statements

Budget Estimates 2009	Revenue Code	Revenue Title	2009 Rs.	2008 Rs.
NOTE - 1 INCOME TAX				
5,659,000,000	1004.10.01	Dividend Tax	3,002,282,278	3,279,098,979
19,837,000,000	1004.10.02	Economic Service Charge	14,207,238,586	14,475,861,569
58,718,000,000	1004.10.09	Corporate Tax & Other	49,541,726,629	45,938,567,363
84,214,000,000	1004.10.00	Total Corporate Tax (a)	66,751,247,493	63,693,527,910
18,213,000,000	1004.20.01	PAYE Tax	14,446,164,114	14,334,437,247
38,572,000,000	1004.20.02	Withholding Tax on Interest	44,577,897,867	33,081,255,229
13,302,000,000	1004.20.03	Specified Fees & Other Withholdings	8,610,067,557	10,749,369,415
12,302,000,000	1004.20.09	Other	5,172,671,756	4,682,593,570
82,389,000,000	1004.20.00	Total Non -Corporate Tax (b)	72,806,801,294	62,847,655,461
166,603,000,000		Total Income Tax (a+b)	139,558,048,787	126,541,183,372
NOTE - 2 Taxes On Domestic Goods & Services				
274,298,000,000	1002.10.00	Value Added Tax	171,117,572,738	202,984,413,016
103,941,000,000	1002.10.01	Services	75,277,583,123	78,496,333,374
40,860,000,000	1002.10.02	Manufacturing	28,220,535,073	23,656,632,537
129,497,000,000	1002.10.03	Imports	67,619,454,542	100,831,447,105
200,000,000	1002.20.00	Goods and Services Tax	55,754,475	126,744,975
	1002.20.01	Services	37,169,650	83,879,661
	1002.20.02	Manufacturing	18,584,825	41,948,381
	1002.20.03	Imports		916,932
100,000,000	1002.30.00	National Security Levy	17,234,645	67,616,153
	1002.30.01	Services	10,762,276	42,180,058
	1002.30.02	Manufacturing	6,472,369	25,436,095
34,152,000,000	1002.40.00	Excise (Ordinance) Duty	28,516,124,909	27,403,832,167
34,152,000,000	1002.40.01	Liquor	28,516,124,909	27,403,832,167
94,784,000,000	1002.50.00	Excise (Special Provisions) Duty	69,067,351,912	73,534,428,130
40,670,000,000	1002.50.01	Cigarettes	37,580,597,029	37,255,846,521
	1002.50.02	Liquor	8,539,832	29,870,080
23,937,000,000	1002.50.03	Petroleum Products	23,018,494,627	18,976,567,345
21,125,000,000	1002.50.04	Motor Vehicles	3,191,595,803	11,067,304,714
9,052,000,000	1002.50.09	Other	5,268,124,621	6,204,839,469
30,000,000	1002.60.00	Tobacco Tax	20,601,753	32,320,827
5,500,000,000	1002.70.00	Stamp Duty	3,327,909,863	3,750,584,059
10,475,000,000	1002.80.00	Debit Tax	8,036,005,612	8,410,052,702
611,000,000	1002.90.00	Turnover Tax	336,640,489	535,271,046
8,665,963,000	1003	Licence Taxes and Others	34,158,177,137	4,996,841,842
425,000,000	1003.10.00	Motor Vehicle Tax	279,941,175	308,722,764
60,000,000	1003.20.00	Transfer Tax	36,639,100	97,036,633
370,000,000	1003.30.00	Betting & Gaming Levy	268,516,695	269,747,248
4,450,463,000	1003.40.00	Social Responsibility Levy	4,208,142,754	3,634,775,073
610,500,000	1003.50.00	Share Transaction Levy	560,177,890	448,928,874
150,000,000	1003.60.00	Construction Industry Guarantee Fund Levy	570,907,776	229,879,129
2,600,000,000	1003.70.00	Environment Conservation Levy	1,029,217,724	7,752,120
	1003.80.00	Nation Building Tax	27,204,634,023	
2,472,450,000	1003.90.00	Other Licences	523,145,751	428,891,954

Notes to Financial Statements *contd..*

Budget Estimates 2009	Revenue Code	Revenue Title	2009 Rs.	2008 Rs.
60,000,000	1003.90.01	Fees for Registration of Nursing Homes	103,508,011	54,625,777
92,000,000	1003.90.02	Registration Fees Relevant to the Dept. of Registrar General's	156,828,622	108,719,870
150,000,000	1003.90.03	Private Timber Transport	147,630,642	115,398,790
22,000,000	1003.90.04	Tax on Sale of Motor Vehicles	28,365,000	27,086,062
10,450,000	1003.90.05	Licence Taxes Relevant to the Min. of Public Security, Law & Order	11,607,745	10,838,867
13,000,000	1003.90.06	Licence Fees relevant to the Dept. of Fishries & Aquatic Resources	14,261,364	26,804,538
2,125,000,000	1003.90.09	Other	60,944,367	85,418,048
431,288,413,000		Total Taxes on Domestic Goods & Services	315,176,519,284	322,270,996,870
NOTE - 3 TAXES ON INTERNATIONAL TRADE				
71,242,000,000	1001.10.00	Import Duties	79,809,560,581	63,994,291,754
36,000,000	1001.20.00	Export Duties	79,934,774	39,523,609
250,000,000	1001.30.00	Import & Export Licences Fees	240,660,345	231,231,811
41,579,000,000	1001.40.00	Ports & Airports Development Levy	36,286,023,773	31,016,969,591
33,269,000,000	1001.50.00	Import Cess Levy	26,938,571,511	22,800,414,284
13,000,000	1001.60.00	Motor Vehicle Concessionary Levy	590,564	2,076,365
3,868,000,000	1001.70.00	Regional Infrastructure Development Levy	546,057,712	2,598,938,753
2,076,000,000	1001.80.00	Export Cess Levy	1,581,374,122	1,671,617,048
20,720,000,000	1001.90.00	Special Commodity Levy	18,964,915,569	14,603,212,589
173,053,000,000		Total Revenue from Taxes on International Trade	164,447,688,951	136,958,275,805
NOTE - 4 NON-TAX REVENUE AND OTHERS				
3,946,000,000	2001.10.00	Railways	4,019,854,083	3,671,386,934
4,550,000,000	2001.20.00	Postal	4,545,847,257	4,768,270,901
65,000,000	2001.30.00	Advance Accounts (Trading)	90,025,097	146,083,303
8,561,000,000		Revenue From Other Sources (a)	8,655,726,437	8,585,741,139
2,035,967,000	2002.10.00	Rent	1,425,107,169	2,049,616,126
600,000,000	2002.10.01	Rent on Government Building & Housing	664,213,054	612,236,197
600,000,000	2002.10.02	Rent on crown forests	250,486,559	987,870,813
7,634,000	2002.10.03	Rent from Land and Other	23,084,289	18,709,654
778,333,000	2002.10.04	Lease Rental from Regional Plantation Companies	443,098,539	375,110,579
50,000,000	2002.10.09	Other Rental	44,224,728	55,688,883
10,079,000,000	2002.20.00	Interest	9,043,238,530	9,304,854,371
9,029,000,000	2002.20.01	On-Lending	7,799,954,812	7,775,129,237
1,050,000,000	2002.20.02	Other	1,243,283,718	1,529,725,134
9,987,000,000	2002.30.00	Profits	9,768,496,292	5,493,000,000
3,013,000,000	2002.40.00	Dividends	2,213,115,342	1,877,254,103
100,000,000	2003.10.00	Departmental Sales	63,483,528	57,314,137
20,642,392,000	2003.20.00	Administrative Fees & Charges	17,930,423,944	16,592,440,439
30,000,000	2003.20.01	Audit Fees	61,514,852	37,194,611
	2003.20.02	Air Navigation Fees		15,000
59,642,000	2003.20.03	Fees under Registration of Persons Act No. 32 of 1968	48,550,851	67,694,716
58,000,000	2003.20.04	Survey Department Fees	77,308,470	84,888,879
175,000,000	2003.20.05	Service Charges of Government Press	202,206,150	200,611,143
10,000,000	2003.20.06	Fees Under the Fauna & Flora Protection ordinance	5,294,797	2,894,018
4,600,000,000	2003.20.07	Fees of Passports, Visas & Dual Citizenship	3,765,028,196	3,698,574,480
	2003.20.09	Fees of Valuation Department	34,501,786	50,009,984

Notes to Financial Statements *contd..*

Budget Estimates 2009	Revenue Code	Revenue Title	2009 Rs.	2008 Rs.
42,000,000	2003.20.10	Fees of Registrar of Companies	47,442,873	75,417,432
25,000,000	2003.20.11	Legal Fees From Corporations & Statutory Bodies	33,463,282	29,616,001
750,000	2003.20.12	Fees recovered Under the Public Contract Act	1,358,000	1,351,000
165,000,000	2003.20.13	Examinations & Other Fees	142,024,662	76,693,179
3,250,000,000	2003.20.14	Fees Under the Motor Traffic Act & Other Receipts	2,082,843,899	1,724,020,711
20,000,000	2003.20.16	Air Craft Rentals	87,295,969	14,802,644
50,000,000	2003.20.17	Fee on Local Sale of Garments	67,164,781	54,297,054
37,000,000	2003.20.18	Fees Relevant to the Department of Agriculture	80,300,738	55,722,695
120,000,000	2003.20.19	Fees Relevant to Botanical Gardens	124,251,391	117,289,784
120,000,000	2003.20.99	Sundries	11,069,873,247	10,301,347,109
2,250,000,000	2003.30.00	Fines & Forfeits	2,002,751,541	2,087,809,387
4,800,000,000	2003.90.00	Other Receipts	5,390,298,938	13,387,401,888
7,229,000,000	2004.10.00	Social Security Contribution-Central Govt.	7,334,240,573	6,004,865,938
4,200,000,000	2004.20.00	Social Security Contribution-Provincial Councils	3,830,323,875	3,785,817,198
8,000,000,000	2005.10.00	Central Bank Profits	20,000,000,000	8,000,000,000
1,860,000,000	2005.20.00	National Lotteries Board & Other Transfers	1,541,544,461	602,513,108
	2006.30.00	Domestic Capital Transfer		3,950
74,196,359,000		Revenue From Other Sources (b)	80,543,024,193	69,242,890,645
82,757,359,000		Total Non - Tax Revenue & Others (a) + (b)	89,198,750,630	77,828,631,783
853,701,772,000		Grand Total (Note 1 - 4) Total Revenue	708,381,007,652	663,599,087,830

NOTE - 5 WAGES, SALARIES & OTHER EMPLOYEMENT BENEFITS**(OBJECT CODE WISE CLASSIFICATION)**

Object Code	Object Title		
	Personal Emoluments		
132,039,901,602	1001 Salaries & Wages	130,480,685,617	116,258,767,644
7,691,720,837	1002 Overtime and Holiday Payments	7,354,637,529	6,355,597,823
74,726,908,478	1003 Other Allowances	74,118,091,788	52,688,586,279
448,800,000	1004 Recruitment	447,919,464	457,155,334
214,907,330,917	Total	212,401,334,398	175,760,107,080

NOTE - 6 OBJECT CODE WISE CLASSIFICATION OF OTHER GOODS AND SERVICES

Object Code	Object Title		
	Travelling Expenditure		
8,648,052,923	1101 Domestic	8,513,033,388	7,468,595,555
1,585,930,665	1102 Foreign	1,469,766,705	1,557,922,527
10,233,983,588	Total (a)	9,982,800,093	9,026,518,082
	Supplies		
1,937,394,809	1201 Stationery and Office Requisites	1,662,589,662	1,958,465,801
14,777,652,556	1202 Fuel	9,362,792,284	15,012,107,586
31,350,365,984	1203 Diets & Uniforms	26,710,908,385	22,267,174,415
14,481,668,906	1204 Medical Supplies	13,018,475,908	12,905,959,475
7,864,459,541	1205 Other	5,286,149,553	14,776,054,873
70,411,541,796	Total (b)	56,040,915,792	66,919,762,150
	Maintenance Expenditure		
1,793,726,068	1301 Vehicles	1,597,314,676	1,411,442,972
2,127,586,834	1302 Plant, Machinery & Equipment	1,370,903,721	1,398,080,963

Notes to Financial Statements *contd..*

Budget Estimates 2009	Revenue Code	Revenue Title	2009 Rs.	2008 Rs.
695,658,909	1303	Buildings and Structures	610,186,868	573,075,399
4,616,971,811		Total (c)	3,578,405,265	3,382,599,334
4,106,535,268	1401	Transport	3,457,460,139	3,096,140,504
1,998,005,339	1402	Postal & Communication	1,806,346,812	1,677,257,183
7,721,403,657	1403	Electricity & Water	6,573,047,803	5,842,054,822
2,929,413,409	1404	Rents and Local Taxes	2,712,784,831	2,178,815,032
17,789,661,539	1405	Other	15,782,725,068	9,888,984,590
52,811,916	1406	Contingency Services	247,326	2,962,162
34,597,831,128		Total (d)	30,332,611,979	22,686,214,293
119,860,328,323		Total (a+b+c+d)	99,934,733,129	102,015,093,858
NOTE - 7 OBJECT CODE WISE CLASSIFICATION OF TRANSFERS, GRANTS & SUBSIDIES Transfers				
34,158,952,506	1501	Welfare Programmes	30,768,324,346	27,612,488,378
87,215,478,800	1502	Retirement Benefits	86,305,048,344	76,090,524,122
37,759,730,009	1503	Public Institutions	35,019,262,140	32,822,138,444
30,728,718,644	1504	Development Subsidies	28,761,499,976	26,750,908,025
2,066,434,121	1505	Subscriptions and Contributions Fees	1,393,636,506	1,237,074,484
1,076,881,238	1506	Property Loan Interest to Public Servants	1,010,906,755	998,983,969
79,971,044,000	1507	Provincial Councils	77,782,991,925	76,806,597,076
4,848,071,805	1508	Other	4,587,020,017	4,253,447,673
798,551,114	1509	Losses and Write-off	794,618,382	31,337,609
278,623,862,237		Total	266,423,308,391	246,603,499,778
NOTE - 8 Inter-set Payments				
277,983,198,225	1601	Domestic Debt	276,808,052,619	185,266,621,327
30,000,000,000	1602	Foreign Debt	26,369,023,560	26,827,283,216
307,983,198,225		Total	303,177,076,179	212,093,904,543
921,374,719,702		Grand Total (Notes 5 to 8) - Total Recurrent Expenditure	881,936,452,097	736,472,605,259
NOTE - 9 OBJECT CODE WISE CLASSIFICATION OF PUBLIC INVESTMENT EXPENDITURE,				
Rehabilitation & Improvements of Capital Assets				
41,188,797,590	2001	Buildings & Structures	35,984,071,745	31,155,925,645
5,149,975,510	2002	Plant, Machinery and Equipment	3,802,495,646	3,702,147,367
3,352,615,534	2003	Vehicles	2,383,585,422	3,450,056,105
49,691,388,634		Total (a)	42,170,152,813	38,308,129,118
Acquisition of Capital Assets				
9,042,773,387	2101	Vehicles	4,967,531,500	14,179,543,539
5,341,605,855	2102	Furniture & Office Equipment	4,181,047,723	3,054,585,532
16,273,356,924	2103	Plant, Machinery and Equipment	8,158,571,628	18,760,481,700
72,419,485,333	2104	Buildings and Structures	57,774,507,424	47,301,067,697
22,734,229,330	2105	Lands and Land Improvements	18,476,751,730	11,779,550,421
125,811,450,829		Total (b)	93,558,410,005	95,075,228,888

Notes to Financial Statements *contd..*

Budget Estimates 2009	Revenue Code	Revenue Title	2009 Rs.	2008 Rs.
		Capital Transfers		
56,504,976,589	2201	Public Institutions	36,032,984,636	36,557,357,180
11,219,902,648	2202	Development Assistance	2,888,276,188	1,944,036,965
15,061,004,000	2203	Provincial Councils	11,608,138,500	9,460,233,298
4,600,000	2204	Transfers Abroad	2,295,000	-
82,790,483,237		Total (c)	50,531,694,324	47,961,627,443
		Acquisition of Financial Assets		
	2301	Equity Contribution		1,500,000,000
93,540,580,657	2302	On-Lending	71,819,081,387	43,939,183,345
93,540,580,657		Total (d)	71,819,081,387	45,439,183,345
		Capacity Building		
4,808,278,391	2401	Training & Capacity Building	3,091,645,745	3,424,720,656
4,808,278,391		Total (e)	3,091,645,745	3,424,720,656
		Other Capital Expenditure		
7,038,296,355	2501	Restructuring	4,705,392,103	538,047,219
125,975,485,329	2502	Other Investments	83,120,754,418	66,295,249,444
1,082,716,923	2503	Contingency Services		131,093,164
134,096,498,607		Total (f)	87,826,146,521	66,964,389,828
		Public Debt Amortization		
345,000,000	3001	Domestic	320,850,000	
17,189,995,881	3002	Foreign	16,435,870,786	
17,534,995,881		Total (g)	16,756,720,786	
508,273,676,236		TOTAL EXPENDITURE ON PUBLIC INVESTMENTS	365,753,851,581	297,173,279,278
		(a+b+c+d+e+f+g)		
1,429,648,395,938		Grand Total (Notes 5 to 9) - Total Expenditure	1,247,690,303,678	1,033,645,884,537

Notes to Financial Statements *contd..*

Note 10 - FOREIGN BORROWINGS - 2009

S No	Funding Agency / Name of the Project	Amount	
		2009 Rs.	2008 Rs.
	AB SVENSK EXPORT CREDIT	2,528,206,815	465,273,798
1	Fourth Rural Electrification Project	1,330,601,049	3,536,662
2	Ratmalana & Ja-Ela Westweater Treatment Facilities Project	1,197,605,766	461,737,136
	ASIAN DEVELOPMENT BANK (ADB)	28,618,424,778	26,505,603,788
3	3rd Water Supply and Sanitation Sector 1575		81,740,534
4	Road Netwrok Improvement Project 1649	83,865,162	705,458,233
5	Sourthern Transport Development Project 1711	140,415,664	1,294,453,752
6	Coastal Resource Management Project 1716	92,174,628	373,075,119
7	Forest Resources Management Sector Project 1744	68,047,977	302,125,049
8	Protcted Area Management & Wildlife Conservation Project 1767	74,976,733	216,282,566
9	Colombo Port Efficiency & Expantion Project 1841	21,512,460	40,667,401
10	North East Community Restoration & Development 1846		74,116,040
11	Southern Province Rural Economic Advance Project 1849	370,099,783	687,460,187
12	Aquatic Resource Development & Quality Improvement 1910	118,537,363	144,381,941
13	Aquatic Resource And Quality Improvement 1911	522,497,605	262,569,262
14	Plantation Development Project 1913	523,282,773	167,082,330
15	Plantation Development Project 1914	6,853,130	118,910,282
16	Power Sector Development Project 1930	2,249,923,006	2,317,472,374
17	Road Sector Development Project 1986	203,180,567	420,617,829
18	Secondary Towns & Rural Community Water/Sanitation 1993	1,999,289,960	1,672,828,968
19	Distance Education Modernization Project 1999	1,291,455,459	703,486,579
20	North East Coastal Community Development Project 2027	638,416,870	320,614,150
21	Rural Finance Sector Development Project 2041	22,868	80,932,876
22	Rural Finance Sector Development Project 2042		189,384,396
23	Conflict Affected Areas Rehabilitation 2043	582,449,175	1,055,582,399
24	Conflict Affected Areas Rehabilitation 2044	706,608,921	190,468,018
25	TA Loan - Road Project Preparatory Facility 2080	257,865,603	207,364,734
26	North East Community Restoration & Development Project 2084	267,213,294	247,836,279
27	Secondary Education Modernization (ii) 2096	955,971,662	599,851,402
28	Fiscal Management Reform Programme 2130		1,618,350,000
29	Strengthening of the Fiscal Management Institutions Project 2131	81,218,091	189,127,417
30	Modernization of Revenue Administration 2132	22,072,507	25,623,678
31	TA for Financial Markets Programme for Private Sector Development 2139	511,928	506,055
32	Tsunami Affected Areas Rebuilding Project 2167	93,652,269	110,157,178
33	North East Community Restoration & Development 2168	946,363,543	658,233,997
34	Technical Education Development 2197	328,650,394	206,491,102
35	Local Government Infrastructure Improvement Project 2201	834,422,154	116,313,781
36	National Highways Sector Project 2217	3,294,467,672	1,205,212,247
37	Secondary Towns & Rural Community Water Sanitation (OCR) 2275	209,002,333	312,836,745
38	Secondary Towns & Rural Community Water Sanitation Supply I 2276	1,796,020,890	1,808,606,475

Notes to Financial Statements *contd..*

S No	Funding Agency / Name of the Project		Amount	
			2009 Rs.	2008 Rs.
39	Colombo Port Expansion Project	2319	5,594,199,312	4,646,618,520
40	Education for Knowledge Society Project	2371	644,914,022	319,882,882
41	SME Regional Development Project	2381	1,086,425,201	728,093,364
42	Southern Transport Development Project - Supplementary	2413	1,711,914,602	2,084,787,648
43	Eastern & North Central Provincial Road Project	2546	799,929,200	
	BANK AUSTRIA CREDITANSTALT AG		1,150,392,189	3,322,420,125
44	Railway Bridges to Extent Railtracks			414,691,639
45	Water Supply Weligama, Ambalantota, Kataragama			343,726,294
46	Enhancement & Strengthening of the Road Infrastructure by Construction of Five Bridges		250,219,861	1,046,755,841
47	Greater Colombo Sewerage Rehabilitation System II		249,768,383	343,899,481
48	Rehabilitation & Augmentation of Kirindi Oya Water Supply Project		319,894,521	340,964,988
49	Supply of Modern Medical equipment for Teaching Hospital Kurunagala		330,509,424	832,381,882
	BOERENLEEN BANK		276,973,169	2,725,328,258
50	Disaster Management & Emergency Response System			2,254,345,668
51	Disaster Management Communication & Response Project		276,973,169	205,830,069
52	Improvements of the Facilities and Programmes of SLIATE			265,152,521
	DANSKE BANK A/S		1,321,085,492	1,525,551,917
53	Towns South of Kandy Water Supply Project		1,321,085,492	1,525,551,917
	EUROPEAN INVESTMENT BANK		2,440,141,000	3,119,147,300
54	Post Tsunami Line of Credit - Contract A		1,622,935,000	843,957,500
55	Post Tsunami Line of Credit - Contract B			644,820,800
56	DFCC Global Loan II		817,206,000	1,630,369,000
	HSBC BANK PLC (UK)		11,261,308,116	3,055,714,681
57	Regional Bridge Project HSBC Bank PLC UK		8,176,975,463	2,521,286,329
58	Supply & Installation of 5000 Solar Powered Drip Irrigation & Fertilising Systems		451,240,882	534,428,352
59	The Development of The Dikkowita Fisheries Harbour (Netherlands)		2,633,091,771	
	HSBC Ltd (HONGKONG)			2,836,400,000
60	Regional Bridge Project HSBC Bank Hong Kong			2,836,400,000
	IDA		17,174,344,214	10,329,881,486
61	PPF - Dam Safty & Water Resources Planning Project			34,392,038
62	Renewable Energy for Rural Economic Development Project	3673	715,284,352	71,810,865
63	Renewable Energy for Rural Economic Development Project	3673-1 CE		965,293,238
64	Improving Relevance & Quality of Undergraduate Education	3781	664,999,784	503,773,602
65	Second North East Irrigated Agriculture Project	3935	1,256,990,666	718,590,097
66	E - Sri-Lanka Development Project	3986	939,596,570	471,787,878
67	North East Housing Reconstruction Project	4014	680,749,058	2,182,414,840
68	Road Sector Assistance Project	4138	1,661,126,350	4,880,351,763
69	Puttalam Housing Project	4261	580,672,742	445,312,992
70	Dam Safty & Water Resources Planning	4406	940,067,295	43,377,751
71	Public Sector Capacity Building Project	4412	172,256,375	12,776,421
72	Additional Financing For North - East Housing Reconstruction Project	4428	174,356,653	

Notes to Financial Statements *contd..*

S No	Funding Agency / Name of the Project		Amount	
			2009 Rs.	2008 Rs.
73	Additional Financing For Education Sector Development Project	4423	408,913,814	
74	Additional Financing for Road Sector Assisting Project	4429	7,469,791,800	
75	Additional Financing for Health Sector Development Project	4575	1,159,367,642	
76	Second Community Development & Livelihood Improvement Project	46130	350,171,114	
	ING BANK N.V.		723,446,056	683,693,203
77	Negombo Water Supply Project		723,446,056	683,693,203
	INTERNATIONAL FUND FOR AGRICULTURE DEVELOPMENT		1,314,039,623	483,800,944
78	Matale Regional Economic Advancement Project	493	27,556,777	106,409,738
79	Dry Zone Livelihood Support & Partnership Programme	636	368,687,874	41,427,041
80	Post Tsunami Coastal Rehabilitation & Resource Mgt Programme	664	571,238,449	53,171,952
81	Post Tsunami Livelihood Support & Partnership Programme	665	83,746,545	119,339,943
82	Smallholder Plantations Entrepreneurship Dev. Programme	712		163,452,270
83	Post Tsunami Livelihood Support & Partnership Prg II	694	262,809,978	
	KBC BANK OF BELGIUM			82,950,623
84	Delimitation of the Outer Edge the Continental Margine of Sri Lanka			82,950,623
	NDF		41,103,563	80,360,129
85	Southern Transport Development Project	324	41,103,563	80,360,129
	NORDEA BANK DENMARK A/S		2,855,479,347	3,077,428,938
86	Kelani Right Bank Water Treatment Plant		1,315,638,954	1,383,352,170
87	Oluvil Port Development Project		1,539,840,394	1,694,076,768
	ORGANISATION OF PETROLEUM EXPORTING COUNTRIES (OPEC)			56,052,408
88	Southern Province Rural Economic Advancement Project	868 P	44,412,014	28,834,628
89	North East Community Restoration & Development	879 P		9,609,139
90	Road Sector Development Project	942 P	11,907,746	17,608,642
	RAIFFEISEN ZENTRAL BANK		599,859,153	344,699,740
91	Up-grading of Technical Education (SLIATE)		599,859,153	344,699,740
	STANDARD CHARTERED BANK			16,071,288,751
92	Syndicated Loan Agreement US\$ 150 mn			16,071,288,751
	GOVERNMENT OF PEOPLES' REPUBLIC OF CHINA		17,145,341,914	5,999,897,965
93	Supply of 100 Nos Railway Passenger Carriages			1,081,336,535
94	Preferential Buyer's Credit		15,496,685,223	2,510,607,056
95	Supply of 15 Nos. Diesel Multiple Units		1,648,656,691	2,407,954,374
	GOVERNMENT OF DENMARK		487,409,047	993,989,347
96	Colombo Sewerage Rehabilitation Project		7,976,689	244,900,938
97	Nuwaraeliya District Group Water Supply project		479,432,358	749,088,409
	GOVERNMENT OF FRANCE		2,924,292,675	3,271,950,328
98	Spatial Information Infrastructure for Reconstruction Monitoring Project		230,194,513	527,988,808
99	Trincomalee Intergrated Infrastructure Project		2,656,718,196	1,165,190,520
100	Construction Sector Support Project (For Post Tsunami Reconstruction)			1,578,771,000
	Greater Trincomalee Water Supply Project		37,379,965	

Notes to Financial Statements *contd..*

S No	Funding Agency / Name of the Project	Amount	
		2009 Rs.	2008 Rs.
GOVERNMENT OF GERMANY		229,192,808	983,218,663
101	Koggala Water Supply project	73,152,613	100,694,461
102	Nawalapitiya Water supply project	69,313,084	124,735,634
103	DFCC V Credit Line for SME in the North and East	21,572,930	24,506,167
104	Ampara Water Supply Project	24,570,319	60,404,576
105	Colombo Grid Substation Project	7,673,072	138,076,359
106	N.D.B. VI - Small & Micro Enterprises	32,910,790	212,392,552
107	N.D.B. V - Private Sector Promotion Programme		322,408,915
GOVERNMENT OF INDIA		3,440,691,737	58,003,774
108	Import 300,000 Tonnes of Indian Wheat		7,847,284
109	Indian Line of Credit	305,010,048	50,156,491
110	Upgrading of Railway Line Colombo Matara	3,135,681,689	
GOVERNMENT OF STATE OF KUWAIT		1,025,694,236	1,118,264,038
111	Bridges Reconstruction & Rehabilitation Project	466/627	189,951,472
112	Strengthening of Tertiary Education & Administrative Infrastructure in Tsunami Affected Areas	711	698,093,064
113	South Eastern University of Sri Lanka Development Project Phase I "A"	747	137,649,700
GOVERNMENT OF MALAYSIA			175,020,883
114	Setting up of the Disaster Recovery Facility for Passport Printing		175,020,883
GOVERNMENT OF SAUDI ARABIA		1,272,546,024	564,844,054
115	Mahaweli Ganga Development Project System B - Left Bank	3/196	116,129,493
116	Development Health Facilities - Colombo Hospital	4/390	516,496,788
117	Batticaloa - Trincomalee Road Project	5/416	385,490,318
118	Epilepsy Hospital & Health Centres Project	7/477	254,429,426
JAPAN / SRI LANKA		33,854,898,200	28,566,546,073
119	Walawe Left Bank Irrigation Upgrading & Extension Project (II)	48	1,855,466,253
120	Kaluganga Water Supply Project for Greater Colombo	55	1,100,381,362
121	Improve the National Blood Transfusion Services	69	260,468,802
122	Southern Highway Construction Project	70	6,629,944,701
123	Greater Kandy Water Supply Project	71	36,561,447
124	Colombo City Electricity Distribution Development Project	72	1,468,616,989
125	Lunawa Environment Improvement & Community Development Project	73	2,368,844,020
126	Upper Kotmale Hydro Power Project	74	5,185,097,525
127	Plantation Reform Project (II)	75	401,493,403
128	Provincial Road Improvement Project	76	1,204,233,354
129	Pro-poor Economic Advt. & Commu. Enht.	77	1,275,763,707
130	Power Sector Restructuring Project (Kerawalapitiya)	78	973,469,256
131	Small Scale Infrastructure Rehabilitation & Upgrading	80	359,973,504
132	Small & Micro Industries Leader And Entrepreneur Promotion	81	810,419,571
133	Environmentally Friendly Solution Fund (II)	82	1,125,673,086
134	Vavuniya Kilinochchi Transmission Line Project	83	497,118
135	Sri Lanka Tsunami Affected Area Recovery and Take off Project	84	554,219,712

Notes to Financial Statements *contd..*

S No	Funding Agency / Name of the Project		Amount	
			2009 Rs	2008 Rs
136	The Galle Port Development Project (I)	85	7,250,514	141,126,140
137	Tourism Resources Improvement Project	86	556,488,423	108,829,229
138	Pro - Poor Eastern Infrastructure Development Project	87	1,290,312,649	991,612,730
139	Pro-Poor Rural Development Project	88	1,361,533,159	1,246,293,238
140	Greater Colombno Transport Development project	89	2,755,382,024	137,248,645
141	Water Sector Development Project	90	785,210,649	207,472,765
142	Southern Highway Construction Project (II)	92	5,271,839,082	
143	Water Sector Development Project (II)	93	28,057,689	
144	Poverty Alleviation Micro Finance Project -II	94	352,681,697	
145	Ukuwela Power Station Rehabilitation Project		2,089,584	
	GOVERNMENT OF SPAIN		1,255,678,527	2,168,415,882
146	The Supply and Construction of Pre - Fabricated Metal Bridges		1,006,160,004	715,013,728
147	Design Supply & Setting up of Two Water Treatment Plants at Galle & Negambo		249,518,523	1,453,402,155
	SRI LANKA - KOREA		834,574,431	1,559,672,577
148	Balangoda-Bandarawela Road Rehabilitation Project	11		48,213,087
149	Greater Galle Water Supply Project Phase (II)	12		71,987,640
150	Re- Engineering Government Component of E- Sri Lanka Project	13	70,042,353	96,499,245
151	Administrative Complex in Hambantota Project	14	135,671,566	421,907,323
152	Greater Galle Water Supply Project Phase II Supplementary	15		363,726,471
153	Upgrading of Niyagama National Vocational Training Centre Project	16	5,680,261	557,338,813
154	Improvement of Padeniya- Anuradhapura Road Project	18	623,180,250	
	GOVERNMENT OF SWEDEN		159,007,181	66,342,172
155	Education Reforms in Plantation Schools		159,007,181	66,342,172
	THE EXPORT - IMPORT BANK OF CHINA		17,634,548,199	
156	Hambantota Port Development Project		17,634,548,199	
	OTHERS		57,210,107,044	
157	Bonds 500 mn		57,210,107,044	
	Less: Prior Year Adjustments		(68,692,119)	
			207,766,413,179	120,291,761,846

Notes to Financial Statements *contd..*

	2009 Rs.	Actual 2008 Rs.
Note 11 - Foreign Grants Received		
Grants Received in the Form of Cash for Projects		
Canada	19,403,532	21,927,766
European Economic Commission	84,000,000	101,189,374
International Labour Organization	13,969,149	300,000
Japan	203,364,035	117,186,368
Netherlands	192,507,688	419,674,521
Norway	42,902,000	52,493,310
Sweden	75,114,393	73,776,794
United Nations High Commission for Refugees (UNHCR)	90,312,073	38,593,457
United Kingdom	1,301,213	2,171,726
United Nations Development Programme (UNDP)	110,112,229	132,365,884
UNESCO	12,671,206	14,145,602
United Nations Fund for Population (UNFA)	136,265,775	4,863,760
United Nations Children's Education Fund (UNICEF)	510,224,740	526,340,310
United State of America	230,495,851	25,216,184
World Health Organization	78,501,465	51,957,481
World Bank	247,093,375	152,653,382
United Nations Environment Programme (UNEP)	6,128,821	9,881,542
Italy	18,039,132	61,294,455
IDA	450,354,145	248,577,502
German	5,519,414	15,701,721
GREECE		2,281,906
India	22,730,000	
IOM	35,064,500	
GAVI	49,303,035	
Reconstruction and Development Agency (RADA)	237,986,239	
Other	9,269,259	42,635,619
	2,882,633,269	2,115,228,664
Less: Refunds or adjustments	(97,539,994)	(185,950,607)
Sub-Total (a)	2,785,093,275	1,929,278,057
Grants Received in the form of Cash for Non Projects		
The Government of Japan	1,447,110	4,433,915
Sub Total (b)	1,447,110	4,433,915
Grants Received through Special Foreign Currency Accounts		
International Development Association (IDA)	1,463,849,757	4,816,564,887
Asian Development Bank (ADB)	7,154,926,428	7,376,149,961
Switzerland Development Corporation		56,573,760
United Nations Development Programme (UNDP)		102,913,182
KFW		1,172,235
Sub Total (c)	8,618,776,185	12,353,374,025
Grants Received and Reported in the Form of Materials & Equipments		
Australian Aid		102,088,890
World Food Programme	6,251,168,069	3,369,530,000

Notes to Financial Statements *contd..*

The Government of Netherlands	2,608,339,020	13,242,247
The Government of Korea (KOICA)	25,034,508	22,260,000
The Government of China		6,076,012
The Government of India	52,426,435	807,264
The Government of Japan	229,409,281	635,862,719
JICA	1,600,000,000	150,000,000
IDA/ WB		56,825,438
ADB	806,969,689	423,170,732
United Nations Development Programme(UNDP)	116,569,084	13,003,227
USAID	448,404,323	1,000,700,000
United Nations Children's Education Fund		666,800,000
Unicef/ UNFPA/ Red Cross	964,455,327	
IFRC		426,300,000
KFW	821,347,350	765,800,000
SWEDEN	163,822,017	
FINNIDA		218,080,818
The European Union	456,867,521	
Sub Total (d)	14,544,812,624	7,870,547,346
Grand Total - (a)+(b)+(c)+ (d)	25,950,129,194	22,157,633,343
Less: Grants Received for Tsunami Related Expenses		
Refunds Relating to Prior Years	(27,885,086)	(14,384,884)
	25,922,244,108	22,143,248,459

Notes to Financial Statements *contd..*

	2009 Rs	Actual 2008 Rs.
Note 12 - Domestic Non-Bank Borrowings		
Net Borrowings through Treasury Bills - 8085	81,105,833,848	75,742,071,453
Treasury Bonds - 9093	629,113,963,583	415,534,653,544
Rupee Loans - 8249	1,904,113,803	
Foreign Currency Banking Unit - 9107	11,442,460,000	8,293,312,500
Sri Lanka Development Bonds 9105	62,026,089,250	36,120,919,000
	785,592,460,484	535,690,956,497
Note 13 - Domestic Debt Repayments		
Treasury Bonds 9093	312,154,154,819	246,731,241,239
Rupee Loans 8249	19,620,644,335	1,500,000,000
Sri Lanka Development Bonds 9105	54,461,726,450	34,474,304,000
Local Loans in Foreign Currency 9107		1,663,309,296
CITI Bank Loans 9112	445,217,932	445,217,932
Others		701,626,400
	386,681,743,536	285,515,698,867
Note : - Net amount payment of Treasury Bills reflects the difference between borrowings through Treasury Bills and their settlements on maturity, taken place during the year as follows.		
	Rs.	Rs.
Total Borrowings	748,498,773,182	700,695,185,680
Less: Total Repayments	667,392,939,334	(624,953,114,227)
Net Amount of Repayment/ Borrowings	81,105,833,848	75,742,071,453
Note 14- Recoveries From On-Lending		
National Development Bank	786,241,518	1,257,828,888
Sri Lanka Ports Authority	3,613,578,171	3,417,191,761
Sri Lanka Telecom	679,782,539	695,789,658
Development Finance Corporation of Ceylon	1,294,965,440	1,668,050,571
Hatton National Bank	152,094,337	49,166,920
Lanka Electricity Company Ltd.	77,422,406	77,422,406
National Water Supply & Drainage Board	16,588,041	350,674,008
Sampath Bank	7,647,082	353,634,979
Commercial Bank	775,396	691,388,181
Seylan Bank	83,161,742	36,579,766
Development Banks		271,577,608
Ceylon Petroleum Corporation	647,368,645	647,368,644
National Development Trust Fund	16,032,023	16,032,023
Lanka Orix Leasing Company	44,205,314	3,783,257
Local Loan Development Fund	176,449,438	32,320,608
Revolving Funds of Central Bank with Reginal Dev. Banks	2,413,135,319	2,198,108,137
Lankaputhra Development Bank	8,878,643	
Other Institutions	1,353,134,811	1,292,911,301
Sub Total (a)	11,371,460,865	13,059,828,716
Treasury Funded Lending		
AHF Loan Scheme	313,681,358	317,814,003
Provincial Council Loans	31,560,000	36,780,000
Other Loans	261,492,400	111,482,200
Sub Total (b)	606,733,758	466,076,203
Grand Total (a+b)	11,978,194,623	13,525,904,919

Notes to Financial Statements *contd..*

	2009	2008
	Rs.	Rs.
Note - 15 Loans to Public Officers		
Advances to Public Officers Transferred to Provincial Councils (7004)	72,903,397	200,595,030
Advances to Public Officers of the Central Government (8493)	24,006,428,025	21,946,365,633
	24,079,331,422	22,146,960,663
Note - 16 Advances to Government Departments		
Treasury Authorised Advance Accounts (7000)	8,155,189,267	7,623,781,750
	8,155,189,267	7,623,781,750
Note - 17 Membership Fees Paid		
International Monetary Institutions Membership Fees Paid (8234) and (8339)	1,885,484,942	1,885,484,942
Foreign Aids Counterpart Fund - Grants (8317)	1,631,694,933	
	3,517,179,875	1,885,484,942

Notes to Financial Statements *contd..*

S.No	Name of the Institution	Balance as at 31.12.2008 Rs.	New Loan During 2009 Rs.	Amount Settled During 2009 Rs.	Balance as at 31.12.2009 Rs.
Note 18 - On lending					
1	Sri Lanka Ports Authority	43,865,410,173	5,601,449,826	3,613,578,171	57,939,391,674
	Less/ Add : Parity Variance	12,086,109,845			(521,043,752)
	Balance	55,951,520,018	5,601,449,826	3,613,578,171	57,418,347,922
2	Ceylon Electricity Board	62,828,945,802	23,972,815,483		86,801,761,285
	Balance	62,828,945,802	23,972,815,483		86,801,761,285
3	Development Finance Corporation of Ceylon	20,142,871,544	2,736,902,382	1,294,965,440	21,691,035,039
	Less/ Add : Parity Variance/ Adjustment	106,226,552			(683,956,180)
	Balance	20,249,098,097	2,736,902,382	1,294,965,440	21,007,078,859
4	Lankaputhra Development Bank	1,813,813,539		8,878,643	2,181,557,455
	Less/ Add : Parity Variance	376,622,559			19,029,130
	Balance	2,190,436,098		8,878,643	2,200,586,586
	Indian Line of Credits				
5	Aliance Finance Co. Ltd.	4,186,967			4,186,967
6	Bank of Ceylon	64,889,256	(1)	51,084,956	13,804,299
7	Ceylease Financial Service Ltd.	2		3	
8	Ceylinco Leasing Company Ltd.	956,089		956,089	
9	Commercial Bank of Ceylon Ltd	2,520,025		775,396	1,744,629
10	Hatton National Bank Ltd.	12,539,588		10,101,217	2,438,371
11	People's Bank	207,886,198		190,844,282	17,041,916
	Sub Total	292,978,126	(1)	257,948,910	35,029,215
12	National Development Bank	12,393,558,787	421,516,167	786,241,518	11,350,869,482
	Less: Parity Variance/ Adjustment	(677,963,954)			(1,016,352,185)
	Balance	11,715,594,833	421,516,167	786,241,518	10,334,517,297
13	Sri Lanka Telecom	1,298,460,298	(997)	679,782,539	618,676,762
14	Lanka Electricity Company	442,281,088	-	77,422,406	364,858,682
15	Sampath Bank Ltd.	3,647,857,261	589,109,420	7,647,082	4,229,319,599
	Less: Parity Variance/ Adjustment	-	-	-	(479,076,824)
	Balance	3,647,857,261	589,109,420	7,647,082	3,750,242,775
16	Hatton National Bank Ceylon Ltd.	3,731,077,490	413,854,333	152,094,337	3,992,837,486
	Less: Parity Variance/ Adjustment	-			(47,893,377)
	Balance	3,731,077,490	413,854,333	152,094,337	3,944,944,109
17	Commercial Bank	5,547,286,191	1,298,114,445	(289,722,139)	7,135,122,775
	Less: Parity Variance/ Adjustment	-	-	-	(1,212,237,268)
	Balance	5,547,286,191	1,298,114,445	(289,722,139)	5,922,885,507
18	Seylan Bank	571,790,303	-	83,161,742	488,628,561
19	Ceylon Petroleum Corporation	5,235,061,781	-	647,368,645	4,587,693,136
20	National Development Trust Fund	1,332,112,701	(3,872,223)	16,032,023	1,312,208,454
21	Sarvodaya	1,440,005,657		176,449,438	1,263,556,219
22	Local Loan Development Fund	2,330,748,190	-	56,628,651	2,274,119,539

Notes to Financial Statements *contd..*

S.No	Name of the Institution	Balance as at 31.12.2008 Rs.	New Loan During 2009 Rs.	Amount Settled During 2009 Rs.	Balance as at 31.12.2009 Rs.
23	Lanka Orix Leasing Co. Ltd.	750,880,362	80,376,879	44,205,314	787,051,926
24	National Water Supply & Drainage Board	18,887,772,595	2,885,522,745	16,588,041	21,756,707,299
25	Bank of Ceylon	2,295,613,717	553,303,150	(132,896,837)	2,981,813,704
	Less: Parity Variance/ Adjustment	-	-	-	(351,885,168)
	Balance	2,295,613,717	553,303,150	(132,896,837)	2,629,928,537
26	Colombo Dockyard	144,717,480		30,643,200	115,705,440
	Add: Parity Variance	1,631,160			3,094,560
	Balance	146,348,640		30,643,200	118,800,000
27	Nation Trust Bank (MILL)	18,449,477		9,224,738	9,224,739
28	Urban Development Authority	276,749,960		-	276,749,960
29	S.L. Land Reclamation and Dev.Board	408,177,308		164,181,580	243,995,728
30	Commercial Leasing Company Ltd.	1,162,781		387,594	775,187
31	Ceylinco Leasing Company Ltd.	146,496,772		14,649,677	131,847,095
32	Housing Development Finance Corporation	91,628,123		36,651,249	54,976,874
33	State Mortgage & Investment Bank.	101,274,694		35,006,379	66,268,315
34	Distance Learning Centre Ltd	0	32,061,602	-	32,061,602
35	Central Bank of Sri Lanka	967,892,406	640,000,000	128,338,170	1,479,554,236
36	Prajashakthi District Organization-Badulla	5,820,000		-	5,820,000
37	Sanasa Development Bank	12,056,479		-	12,056,479
38	Sanasa Development Bank	38,544,920		-	38,544,920
39	Min.of Agricultural Dev. Agrarian Services	1,536,123,145		9,873,840	1,526,249,305
40	Alliance Finance Company Ltd.	119,671,438	35,427,651	-	155,099,089
41	Revolving Funds with Central Bank of Sri Lanka	12,414,295,900		2,413,135,319	10,679,124,534
	Add: Parity Variance/ Adjustment	677,963,954		-	3,823,404,226
	Balance	13,092,259,854		2,413,135,319	14,502,528,760
42	Wayamaba Development Bank	47,480,983	15,172,395	(6,312,250)	68,965,627
	Less: Parity Variance/ Adjustment	-		-	(10,028,227)
	Balance	47,480,983	15,172,395	(6,312,250)	58,937,401
43	HDFC / NHDA	438,182,017		54,204,889	383,977,128
44	Airport & Aviation Services (Sri Lanka) Ltd	14,308,186,478		985,102,558	17,491,371,121
	Less: Parity Variance	4,168,287,201		-	(209,191,878)
	Balance	18,476,473,679		985,102,558	17,282,179,243
	On Lending Based on Foreign Aids	236,664,313,298	39,271,753,257	11,371,460,865	263,878,468,729
45	Provincial Councils	55,560,000		31,560,000	24,000,000
46	Local Loans & Development Fund	340,465,525		21,592,500	318,873,025
47	Local Loans & Development Fund		25,000,000		25,000,000
48	Sri Lanka Rubber Manufacture & Dev. Corporation	773,340,000			773,340,000
49	Sri Lanka Handicraft Development Board	9,761,000			9,761,000
50	SME Bank - Lankaputhra Development Bank I	37,500,000		4,000,000	33,500,000
51	SME Bank - Lankaputhra Development Bank II	40,000,000		3,150,000	36,850,000
52	SME Bank - Lankaputhra Development Bank III		30,000,000		30,000,000
53	Hotel Developers Lanka Ltd.	8,142,434,173	1,105,841,417		9,248,275,590

Notes to Financial Statements *contd..*

S.No	Name of the Institution	Balance as at 31.12.2008 Rs.	New Loan During 2009 Rs.	Amount Settled During 2009 Rs.	Balance as at 31.12.2009 Rs.
54	Other Local Loans	68,850,000		4,250,000	64,600,000
55	AHF Loan Scheme 2004/2005	2,978,154,465		313,681,358	2,664,473,107
56	Real Estate Exchange Pvt Ltd	250,000,000			250,000,000
57	Min. of Prtrolium & Pet.Resos. Dev.	819,652,800		228,499,900	591,152,900
58	Department of Treasury Operations - (RFPDFP)	1,999,025,150			1,999,025,150
59	Department of Treasury Operations - (PLGF)	916,231,000			916,231,000
60	Ceylon Hotel Corporations	19,000,000			19,000,000
61	Ceylon Ceramic Corporations	8,676,923			8,676,923
62	Ceylon Fisheries Corporations	22,595,000	27,405,000		50,000,000
63	Ceylon Fisheries Corporations		16,000,000		16,000,000
64	Osu Govi Pvt Ltd		17,800,000		17,800,000
65	National Paper Company Ltd		50,000,000		50,000,000
66	Central Bank - (SPIRDP)		70,000,000		70,000,000
67	Central Bank - SEPI Loan Scheme		44,500,000		44,500,000
	On Lending Based on Domestic Funds	16,481,246,036	1,386,546,417	606,733,758	17,261,058,695
	Total Parity Variance	16,738,877,317		(686,136,941)	32,061,602
	Total (Before Parity Variance)	236,406,682,017	40,658,299,674	11,978,194,623	281,825,664,366
	Total (After Parity Variance)	253,145,559,334		11,978,194,623	281,139,527,424

Notes to Financial Statements *contd..*

	Balance as at 01.01.2009	Additions in 2009	Ajustments */ Reductions in 2009	Balance as at 31.12.2009
	Rs.	Rs.	Rs.	Rs.
Note - 19 : Capital Contribution or Shareholdings in the Commercial Public Corporations / State Owned Companies / Other Companies / Plantation Companies / Development Banks (8468 / 8548)				
Note - 19.1 (a) Capital Contribution in Commercial Public Corporations	83,659,272,851			83,659,272,851
Note - 19.1 (b) Central Bank of Sri Lanka	15,000,000			15,000,000
Note - 19.2 Shareholdings in Government Owned or Other Companies	27,159,985,430	3,928,560,540	3,728,504,920	27,360,041,050
Note - 19.3 Shareholdings in Plantation Companies	1,161,617,670			1,161,617,670
Note - 19.4 Shareholdings in Companies in US Dollar denomination	228,073,160	2,282,945		230,356,105
Note - 19.5 Shareholdings in Development Banks	2,124,338,090	2,116,201,288		4,240,539,378
Total	114,348,287,201			116,666,827,054

S. No.	Name	Balance as at 01.01.2009	Additions in 2009	Reduction in 2009	Balance as at 31.12.2009
		Rs.	Rs.	Rs.	Rs.

Note - 19.1 (a) Capital Contribution in Commercial Public Corporations

1	Bank of Ceylon	5,000,000,000			5,000,000,000
2	Central Engineering Consultancy Bureau	500,000			500,000
3	Ceylon Ceramics Corpoartion *	2,640,000			2,640,000
4	Ceylon Electricity Board	51,198,676,120			51,198,676,120
5	Ceylon Fisheries Corporation	376,710,000			376,710,000
6	Ceylon Petroleum Corporation *	117,820,000			117,820,000
7	Development Lotteries Board	2,200,000			2,200,000
8	Housing Development Finance Corporation Bank	346,490,000			346,490,000
9	National Films Corporation of Sri Lanka	10,000,000			10,000,000
10	National Institute of Business Management	57,175,766			57,175,766
11	National Livestock Development Board	576,587,649			576,587,649
12	National Lotteries Board	21,263,100			21,263,100
13	National Savings Bank	1,700,000,000			1,700,000,000
14	National Water Supply & Drainage Board	185,480,000			185,480,000
15	People's Bank	7,198,133,000			7,198,133,000
16	Sri Lanka Ayurvedic Drugs Corporation	5,000,000			5,000,000
17	Sri Lanka Broadcasting Corporation	307,386,085			307,386,085
18	Sri Lanka Cashew Corporation	427,287,074			427,287,074
19	Sri Lanka Cement Corporation	966,971,844			966,971,844
20	Sri Lanka Transport Board	3,944,890,550			3,944,890,550
21	Sri Lanka Export Credit Insurance Corporation	30,000,000			30,000,000
22	Sri Lanka Handicraft Board	69,629,000			69,629,000
23	Sri Lanka Land Reclamation & Development Corporation	1,000,000			1,000,000
24	Sri Lanka Ports Authority *	7,535,916,027			7,535,916,027
25	Sri Lanka Rupavahini Corporation	537,743,000			537,743,000
26	State Development & Construction Corporation	16,671,650			16,671,650

Notes to Financial Statements *contd..*

27	State Engineering Corporation of Sri Lanka	70,000,000	70,000,000
28	State Mortgage & Investment Bank	889,813,000	889,813,000
29	State Pharmaceuticals Corporation of Sri Lanka	59,055,258	59,055,258
30	State Pharmaceuticals Manufacturing Corporation	690,079,000	690,079,000
31	State Printing Corporation	15,000,000	15,000,000
32	State Timber Corporation	41,503,668	41,503,668
33	Urban Development Authority *	1,257,651,060	1,257,651,060
	Total (19.1)	83,659,272,851	83,659,272,851

Note - 19.1 (b) Central Bank of Sri Lanka

1	Central Bank of Sri Lanka	15,000,000	15,000,000
	1.Total Equity (Net Worth of Commercial Public Corporation and Central Bank of Sri Lanka) Note 19.1.1 *	646,966,597,730	Not ready by 31.03.2010
*	(Only to satisfy the disclosure requirement) Note - 19.2 Share holdings in Government Owned or other Companies		

Notes to Financial Statements *contd..*

Serial No.	Name	As at 01.01.2009 Rs.	As at 01.01.2008 Rs.
Note - 19.1 (b Central Bank of Sri Lanka)			
1	Bank of Ceylon	25,547,444,000	21,050,000,000
2	Central Engineering Consultancy Bureau	433,306,147	325,000,000
3	Ceylon Ceramics Corporation	(226,309,000)	(31,000,000)
4	Ceylon Electricity Board	269,405,899,280	275,647,000,000
5	Ceylon Fisheries Corporation	1,045,231,012	920,000,000
6	Ceylon Petroleum Corporation	(201,836,000)	13,568,000,000
7	Development Lotteries Board	587,545,739	495,000,000
8	Housing Dev. Finance Corp. B.SL	1,488,903,505	1,789,000,000
9	National Film Corporation of Sri Lanka	387,598,563	284,000,000
10	National Institute of Business Management	546,930,225	
11	National Livestock Development Board	539,585,904	473,000,000
12	National Lotteries Board	1,483,361,718	1,377,000,000
13	National Savings Bank	15,282,968,000	13,263,000,000
14	National Water Supply & Drainage Board	105,226,327,623	92,792,000,000
15	People's Bank	19,460,070,000	13,225,000,000
16	Sri Lanka Ayurvedic Drugs Corporation	155,032,414	62,000,000
17	Sri Lanka Broadcasting Corporation	425,063,225	374,000,000
18	Sri Lanka Cashew Corporation	153,448,454	149,000,000
19	Sri Lanka Cement Corporation	1,959,606,000	967,000,000
20	Sri Lanka Export Credit Insurance Corporation	930,564,525	857,000,000
21	Sri Lanka Handicrafts Board	173,532,881	224,000,000
22	Sri Lanka Land Reclamation Dev.Corp.	1,424,947,000	1,150,000,000
23	Sri Lanka Ports Authority	68,795,425,571	78,093,000,000
24	Sri Lanka Rupavahini Corporation	1,656,438,000	1,882,000,000
25	State Development and Construction Corporation	1,012,208,235	960,000,000
26	State Engineering Corporation of Sri Lanka	146,654,582	96,000,000
27	State Mortgage & Investment Bank	2,454,572,000	2,524,000,000
28	State Pharmaceuticals Corporation of Sri Lanka	2,217,689,620	2,047,000,000
29	State Pharmaceuticals Manufacturing Corporation	1,138,782,290	1,057,000,000
30	State Printing Corporation	126,156,455	114,000,000
31	State Timber Corporation	1,932,431,500	1,823,000,000
32	Urban Development Authority	308,226,262	588,000,000
	Total Equity (Net Worth)	526,017,805,730	528,144,000,000
Note- 19.1.1 (b) Equity (Net Worth) of the Central Bank			
1	Central Bank of Sri Lanka	120,948,792,000	131,389,367,000
	Total (a+b) Equity (Net Worth)	120,948,792,000	131,389,367,000
	(Only to satisfy disclosure requirement)	646,966,597,730	659,533,367,000

Notes to Financial Statements *contd..*

Se. No.	Name of Company	Number of Shares			Nominal Value per Share (Rs.)	Value of the Investment as at 31.12.2008	Value of the Investment as at 31.12.2009	Percentage of Share holdings by the Treasury	
		As at 01.01.2009	Additions	Deductions					As at 31.12.2009
19.2 Shareholdings in Government Owned or other Companies									
1	Airport & Aviation Services (Sri Lanka) Limited	200,000			200,000	100.00	20,000,000	20,000,000	98.00%
2	BCC Lanka Limited	10,000,000			10,000,000	10.00	100,000,000	100,000,000	100.00%
3	Bogala Graphite Lanka Ltd	254,500			254,500	10.00	2,545,000	2,545,000	0.91%
4	Borwood Limited	200,000			200,000	10.00	2,000,000	2,000,000	
5	Building Materials Corporation	1,000,000			1,000,000	10.00	10,000,000	10,000,000	100.00%
6	Ceylon Agro Ltd	5,951,701			5,951,701	10.00	59,517,010	59,517,010	8.50%
7	Ceylon fertilizer Co. Ltd	14,445,608	35,800,000		50,245,608	10.00	144,456,080	502,456,080	100.00%
8	Ceylon Hotel Corporation	1,200,000			1,200,000	10.00	12,000,000	12,000,000	100.00%
9	Ceylon Oxygen Ltd	8,453			8,453	10.00	84,530	84,530	-
10	Ceylon Shipping Corporation Ltd	5,000,000			5,000,000	10.00	50,000,000	50,000,000	100.00%
11	Ceylon Shipping Lines Ltd	156,493			156,493	10.00	1,564,930	1,564,930	39.00%
12	Ceylon Petroleum Storage Terminals Ltd	250,000,000			250,000,000	10.00	2,500,000,000	2,500,000,000	33.00%
13	Ceynor Foundation Ltd	4,000,000			4,000,000	10.00	40,000,000	40,000,000	100.00%
14	Colombo Commercial Company (Engineers) Ltd	2,960,000			2,960,000	10.00	29,600,000	29,600,000	
15	Colombo Commercial Fertilizer Ltd	1,000,000			1,000,000	10.00	10,000,000	10,000,000	100.00%
16	Colombo Sack Makers Ltd	2,499,996			2,499,996	10.00	24,999,960	24,999,960	
17	Commercial Bank of Ceylon Limited	9,612			9,612	10.00	96,120	96,120	0.00418%
18	Comsec Management Services	2,499,996			2,499,996	10.00	24,999,960	24,999,960	
19	Cultural Publication Company Ltd	600			600	100.00	60,000	60,000	
20	Distance Learning Center Ltd	2,600,000	11,606,500		14,206,500	10.00	26,000,000	142,065,000	99.99%
21	Laxapana Batteries Ltd - (Elephant Lite Corporation Ltd) (Preference) -	1,000			1,000	10.00	10,000	10,000	5.00%
22	Galadari Hotels Lanka Ltd	301,200			301,200	10.00	3,012,000	3,012,000	
23	Glaxo Welcome Ceylon Ltd	450			450	10.00	4,500	4,500	0.00%
24	Hotel Developers (Lanka) Ltd	29,388,463			29,388,463	10.00	293,884,630	293,884,630	64.98%
25	Hotel Services Ltd	2,263			2,263	10.00	22,630	22,630	0.0128%
26	Hunas Falls Limited	1			1	10.00	10	10	
27	Independent Television Network Ltd	9,500,000			9,500,000	10.00	95,000,000	95,000,000	100.00%
28	Kahatagaha Graphite Lanka Limited	130,000			130,000	10.00	1,300,000	1,300,000	90.00%
29	Kalubowitiyana Tea Factory Ltd	4,637,500			4,637,500	10.00	46,375,000	46,375,000	99.90%
30	Kantale Suger Industries Ltd	268,993			268,993	100.00	26,899,300	26,899,300	100.00%
31	Lafarge Mahaweli Cement (Pvt) Ltd	480,000			480,000	10.00	4,800,000	4,800,000	10.00%
32	Lanka Canneries Limited	40,002			40,002	100.00	4,000,200	4,000,200	9.17%
33	Lanka Cement Limited	22,246,000			22,246,000	10.00	222,460,000	222,460,000	13.00%
34	Lanka Coal Company (Pvt) Ltd		200,000		200,000	10.00		2,000,000	
35	Lanka Electricity Company (Pvt) Ltd	49,880,000			49,880,000	10.00	498,800,000	498,800,000	43.56%
36	Lanka Fabrics Limited	210,000			210,000	10.00	2,100,000	2,100,000	93.30%
37	Lanka Hydraulic Institute Ltd	50,000			50,000	10.00	500,000	500,000	4.53%
38	Lanka Industrial Estates Ltd	7,800,000			7,800,000	10.00	78,000,000	78,000,000	48.84%
39	Lanka Layland Ltd	2,149,900			2,149,900	10.00	21,499,000	21,499,000	100.00%
40	Lanka Machine Leasers (Pvt) Ltd	588,884			588,884	100.00	58,888,400	58,888,400	

Notes to Financial Statements *contd..*

Se. No.	Name of Company	Number of Shares			Nominal Value per Share (Rs.)	Value of the Investment as at 31.12.2008	Value of the Investment as at 31.12.2009	Percentage of Share holdings by the Treasury	
		As at 01.01.2009	Additions	Deductions					As at 31.12.2009
41	Lanka Mineral Sands Ltd.	80,000,000			80,000,000	10.00	80,000,000	100.00%	
42	Lanka Phosphate Limited	7,251,000			7,251,000	10.00	72,510,000	100.00%	
43	Lanka STC General Trading Co. Ltd.	10,000,000			10,000,000	10.00	10,000,000	100.00%	
44	Lanka Synthetic Fiber Company	956,256			956,256	10.00	9,562,560		
45	Lanka Textile Mills Emporium Ltd	700,000			700,000	10.00	7,000,000		
46	Lanka Tractors Limited	5,250,000			5,250,000	10.00	52,500,000	30.00%	
47	Mantai Salt Ltd	300,000			300,000	100.00	30,000,000	100.00%	
48	Mattegoda Textile Mills Ltd	900,000			900,000	10.00	9,000,000		
49	Mihin Lanka (Private) Ltd	2,500,004			2,500,004	100.00	250,000,400		
50	MILCO (Pvt) Ltd - Kiriya Milk Industries	30,649,999	1,295,404		31,945,403	10.00	306,499,990	99.99%	
51	National Development Bank	177,300	88,650		265,950	10.00	1,773,000	0.32%	
52	National Paper Company Ltd	32,300,000			32,300,000	10.00	323,000,000	100.00%	
53	National Savings Bank		150,000,000		150,000,000	10.00	1,500,000,000		
54	National Insurance Corporation Ltd	6,848			6,848	10.00	68,480		
55	Orient Lanka Ltd	1,048			1,048	10.00	10,480	0.035%	
56	Paranthan Chemicals Company Ltd	4,000,000			4,000,000	10.00	40,000,000	100.00%	
57	Rajarata Food Grain Ltd	350,000			350,000	10.00	3,500,000		
58	Puttalam Cement Company Ltd	97,071			97,071	10.00	970,710		
59	Ruhunu Cement Co. Ltd	10,175,000			10,175,000	10.00	101,750,000		
60	Shell Gas Lanka Limited	17,616,853			17,616,853	10.00	176,168,530	48.90%	
61	Skills Development Fund Ltd	10,200,012			10,200,012	10.00	102,000,120	98.00%	
62	SME Bank	149,999,992		149,999,992		10.00	1,499,999,920		
63	Sri Lanaka Export Credit Insurance Corporation	1,000,000			1,000,000	10.00	10,000,000	100.00%	
64	Sri Lanka Rubber Manufacturing & Export Corporation Ltd	7,798,000			7,798,000	10.00	77,980,000	100.00%	
65	Sri Lanka Telecom Limited	893,405,709			893,405,709	10.00	8,934,057,090	49.50%	
66	Sri Lanka Telecom (Servicers)	1			1	10.00	10		
67	Sri Lankan Airlines Ltd	26,275,436			26,275,436	100.00	2,627,543,600	51.05%	
68	Statcon Rubber Company Ltd	74,830			74,830	10.00	748,300	9.00%	
69	Tea Smallholder Factories Ltd	49,000,000			49,000,000	10.00	490,000,000	100.00%	
70	The Selinsing Company Limited	615			615	10.00	6,150	1.00%	
71	Thomas De La Rue Lanka Currency & Security Print (Pvt) Ltd	2,800,000			2,800,000	10.00	28,000,000	40.00%	
72	United Motors Lanka Limited	13			13	10.00	130		
73	Vayangoda Textile Ltd	7,500,000			7,500,000	10.00	75,000,000		
74	Wakers & Greig Limited	2,850			2,850	2.00	5,700		
75	Wakers & Greig Limited	100			100	10.00	1,000		
76	West Coast Pwer (Pvt) Ltd (Ordinary)	20,775,880	14,974,120		35,750,000	100.00	2,077,588,000	3,575,000,000	55.73%
77	West Coast Pwer (Pvt) Ltd (Preference)	45,372,620	4,412,430	22,285,050	27,500,000	100.00	4,537,262,000	2,750,000,000	
	Total	1,849,099,052	218,377,104	172,285,042	1,895,191,114		27,159,985,430	27,360,041,050	

Notes to Financial Statements *contd..*

Se. No.	Name of Company	Number of Shares				Nominal Value per Share (Rs.)	Value of the Investment at cost as at 31.12.2008	Value of the Investment at cost as at 31.12.2009	Percentage of Share holdings by the Treasury
		As at 01.01.2009	Ad-ditions	Deduc-tions	As at 31.12.2009				
		Nos.	Nos.	Nos.	Nos.				

19.3 Shareholding in Plantation Companies

1	Agaraptana Plantation Ltd	23,284,644			23,284,644	10.00	232,846,440	232,846,440	30.39%
2	Agalawatta Plantation Ltd	741			741	10.00	7,410	7,410	0.0029%
3	Bagawantalawa Plantation Ltd	14,443			14,443	10.00	144,430	144,430	0.028%
4	Balangoda Plantation Ltd	4,760			4,760	10.00	47,600	47,600	0.20%
5	Chilaw Plantation Ltd	20,000,000			20,000,000	10.00	200,000,000	200,000,000	100.00%
6	Elkaduwa Plantation Ltd	18,000,010			18,000,010	10.00	180,000,100	180,000,100	100.00%
7	Elpitiya Plantation Ltd	7,806,546			7,806,546	10.00	78,065,460	78,065,460	39.00%
8	Hapugastenne Plantation Ltd	1			1	10.00	10	10	
9	Horana Plantation Ltd	5,889			5,889	10.00	58,890	58,890	0.024%
10	Kahawatte Plantation Limited	1			1	10.00	10	10	
11	Kegalle Plantation Ltd	4,387			4,387	10.00	43,870	43,870	
12	Kelani Valley Plantation Ltd	1			1	10.00	10	10	
13	Kotagala Plantation Ltd	3,800,557			3,800,557	10.00	38,005,570	38,005,570	11.88%
14	Kurunegala Plantation Ltd	20,000,001			20,000,001	10.00	200,000,010	200,000,010	100.00%
15	Madulsima Plantation Ltd	3,805,652			3,805,652	10.00	38,056,520	38,056,520	13.12%
16	Malwata Valley Plantation Ltd.	1			1	10.00	10	10	
17	Maskeliya Plantation Ltd.	9,007			9,007	10.00	90,070	90,070	
18	Maturata Plantation Ltd.	7,806,020			7,806,020	10.00	78,060,200	78,060,200	39.00%
19	Namunukula Plantation Ltd.	3,801,598			3,801,598	10.00	38,015,980	38,015,980	16.00%
20	Pussellawa Plantation Ltd.	7,817,123			7,817,123	10.00	78,171,230	78,171,230	32.70%
21	Talawakelle Plantations Limited	368			368	10.00	3,680	3,680	0.0015%
22	Udapussellawa Plantation Ltd	1			1	10.00	10	10	
23	Watawala Plantation Ltd.	16			16	10.00	160	160	
	Total	116,161,767			116,161,767		1,161,617,670	1,161,617,670	

Se. No.	Name of Company	Number of Shares				Nominal Value per Share (Rs.)	Value of the Investment at cost as at 31.12.2008	Value of the Investment at cost as at 31.12.2009	Percentage of Share holdings by the Treasury
		As at 01.01.2009	Ad-ditions	Deduc-tions	As at 31.12.2009				
		Nos.	Nos.	Nos.	Nos.				

19.4 Shareholdings in Companies in US Dollar denomination

1	Asian Reinsurance Corporation	980			980	US\$ 1000	111,749,400	112,847,000	
2	Ceylon Shipping Agency	24,500			24,500	1 (Singapore)	1,951,670	2,013,655	99.00%
3	International Finance Corporation	1,003			1,003	US\$ 1000	114,372,090	115,495,450	
	Total	26,483			26,483		228,073,160	230,356,105	

Exchange Rate as at 31.12.2008/31.12.2009

Currency	31.12.2008	31.12.2009
	Rate	
US Dollar	114.03	115.15
Singapore Dollar	79.66	82.19

Se. No.	Name of Company	Number of Shares				Nominal Value per Share (Rs.)	Value of the Investment at cost as at 31.12.2008	Value of the Investment at cost as at 31.12.2009	Percentage of Share holdings by the Treasury
		As at 01.01.2009	Additions	Deductions	As at 31.12.2009				
		Nos.	Nos.	Nos.	Nos.				

19.5 Shareholdings in Development Banks

1	Kandurata Development Bank	11,400,000			11,400,000	10.00	114,000,000	114,000,000	76.00%
2	Rajarata Development Bank	9,293,809			9,293,809	10.00	92,938,090	92,938,090	52.00%
3	Ruhunu Development Bank	11,400,000			11,400,000	10.00	114,000,000	114,000,000	68.00%
4	Sabaragamuwa Development Bank	11,400,000			11,400,000	10.00	114,000,000	114,000,000	76.00%
5	Uva Development Bank	6,400,000			6,400,000	10.00	64,000,000	64,000,000	52.00%
6	Wayamba Development Bank	12,540,000			12,540,000	10.00	125,400,000	125,400,000	76.28%
7	Lankaputhra Development Bank	15,000,000			15,000,000	100.00	1,500,000,000	1,500,000,000	
8	Lankaputhra Development Bank		20,531,690		20,531,690	103.07		2,116,201,288	
	Total	77,433,809	20,531,690		97,965,499		2,124,338,090		
	Summary			31.12.2009				4,240,539,378	

Se. No.	Company Name	Numbers of Shares	Nominal Value of Shares (Rs.)
1	General	1,895,191,114	27,360,041,050
2	Plantation	116,161,767	1,161,617,670
3	Shares in Dollar Value	26,483	230,356,105
4	Development Banks	97,965,499	4,240,539,378
	Number of Shares	2,109,344,863	32,992,554,203

Notes to Financial Statements *contd..*

	2009	2008	
	Rs.	Rs.	
Note - 20 Advances From Central Bank Sri Lanka			
Advance From CBSL - Monetary Law Act (8176)	73,880,500,000	76,307,700,000	
	73,880,500,000	76,307,700,000	
Note - 21 Foreign loan Revolving Funds			
Reimbursable Foreign Aid Revolving Fund (8760)	2,396,940,389	2,567,189,132	
IDA Revolving Fund (8814)	11,128,028,557	5,866,200,245	
ADB Special Dollar Revolving Fund Account (8919)	2,434,243,328	2,665,689,091	
CBSL Special Dollar Account (International Fund for Agr. Dev.Revolving Fund) (8974)	860,052,406	544,317,773	
IBRD Revolving Fund Account (8982)	1,570,884,206	1,570,884,206	
CBSL Revolving Fund Account (Yen) - (9095)	1,235,253,903	1,191,870,338	
CBSL Special Deutsche Mark Revolving Fund Account (9102)	132,595,171	119,778,843	
Central Bank Special Nordic Revolving Fund (9111)	101,262,816	101,206,985	
Special Rupee Revolving Fund Account (9120)	(476,985)	(476,985)	
Special Foreign Currency Revolving Fund Account (Euro Italy) (9121)	1,719,727,889	838,323,800	
Special Rupee Revolving Fund Account (9122)	498,950,000	498,950,000	
Special Foreign Currency Revolving Fund Account (9126)	99,817,455	801,386,125	
Netherland & Sri Lanka Cultural Assistance Programme - Special Rupee Revolving Fund (9130)		(2,771,279)	
Revolving Fund for purchase & Disposal of Farmer Products (9131)		2,771,279	
	22,177,279,135	16,765,319,553	
Note - 22 Miscellaneous Funds			
Public Service Provident Fund Account (8098)	2,043,771,928	2,121,943,630	
Teachers' Widows & Orphans Pension Fund (8186)	256,137,638	222,970,280	
Technical Development Fund (IDB) (8365)		99,887,857	
	2,299,909,566	2,444,801,767	
Note - 23 Government Borrowings			
	2009	2,009	2008
	Face Value	Rs.	Rs.
Treasury Bills (8085)	481,441,287,000	434,891,032,770	353,785,198,923
Treasury Bonds (9093)	1,658,635,590,000	1,391,133,374,008	1,074,173,565,244
Sub Total	2,140,076,877,000	1,826,024,406,778	1,427,958,764,167
Rupee Loans (8249)	112,292,054,265		130,008,584,797
Sri Lanka Development Bonds (9105)	157,508,304,614		145,685,710,264
Local Loans in Foreign Currency (9107)	19,284,261,500		7,841,801,500
CITI Bank loan (9112)	445,217,932		890,435,865
Sri Lanka Nations Building Bonds (9128)	493,972,071		493,972,070
Total Borrowings - Domestic	2,116,048,217,160		1,712,879,268,663
Foreign Loans (8343) - (Adverse Parity Variance recognised in 2009 was Rs. 20,094,043,579)		1,541,415,214,615	1,453,621,252,235
		3,657,463,431,775	3,166,500,520,898
Note - 24 Deposits & other Liabilities			
Treasury General Deposit Account (6000)	71,364,402,500		77,927,791,652
Treasury Deposit Account for District Secretaries (6003)	3,383,274,996		3,882,323,527
Public Service Mutual Guarantee Association (8013)	13,675,280		10,067,470
Director General Of Customs - Cess Recovery Account (8105)	300,000,000		300,000,000
	75,061,352,776		82,120,182,649

Notes to Financial Statements *contd..*

	2009	2008
	RS.	RS.
Note - 25 Operating Accounts With Government Departments [Dr./ (Cr.)]		
General Manager - Railway Department (8003)	765,226,121	541,657,804
Director General - Dept. of Customs (8005)	(65,918,516)	(65,667,744)
Post Master General - Department Of Posts (8037)	(6,602,794)	(6,602,795)
Treasury Operations Department (8233) and (8583)	(3,835,060,427)	(2,175,216,132)
Treasury Operations Department (9092)	(87,899,876)	(56,117,961)
State Accounts Department (8584)		(196,257)
Provincial Councils (8657)	1,361,569	783,673
Collection Of GST (9098)	38,940,420	38,940,420
GST Refund Account (9099)	(986,855)	(986,855)
Non Operating Accounts (9100)	20,712,460	20,712,460
	(3,170,227,898)	(1,702,693,387)
Note - 26 Sundry Accounts [Dr./ (Cr.)]		
Cheque Returned Account (8315)	5,937,736	6,267,481
Sinking Fund Investment Account (8574)	46,492,720	46,492,720
Sinking Fund Account (8575)	(46,492,720)	(46,492,720)
Parity Variance Account on Crown Agent Account (8029)	(24,475,767)	(16,853,580)
Foreign Aid Expenditure Account (8301)	1,686,942,491	4,047,815,400
Foreign Aid Grant Account (8314)		
Investment Account for National Housing Bonds (8859)	1,284,200	1,284,200
	1,669,688,660	4,038,513,501
Note - 27 Statement of Change in Equity		
Opening Balance of the Consolidated Fund as at 1st January	(197,648,988,582)	(140,169,685,087)
Prior years' Adjustments.		
Add Receipts to the Consolidated Fund		
Total Cash Provided from Operations	708,381,007,652	663,599,087,830
Total Cash Provided from Investing Activities	12,056,098,887	13,645,835,763
Total Cash Provided from Financing Activities	1,019,281,117,771	678,125,966,801
Total Cash Receipts (a)	1,739,718,224,310	1,355,370,890,394
Less Total Payments of the Consolidated Fund		
Total Cash Disbursement to Operations	(881,936,452,098)	(736,472,605,258)
Total Cash Disbursement to Investing Activities	(365,753,851,580)	(297,173,279,278)
Total Cash Disbursement to Repayment of Debt	(499,373,941,422)	(379,204,309,354)
Total Cash Payments (b)	(1,747,064,245,100)	(1,412,850,193,890)
Net Cash Receipts (a) - (b)	(7,346,020,790)	(57,479,303,496)
Closing Balance of the Consolidated Fund as at 31st December (Dr.)	(204,995,009,372)	(197,648,988,583)
Note - 28 Total Investment in Physical Assets and Accumulated		
Net Revenue Deficit		
Accumulated Revenue Deficit (2005-2009)	450,641,693,316	277,086,248,871
Total Accumulated Value of Physical Assets at cost, with Accumulated		
Net Revenue Deficit Prior to 2004	2,808,398,661,016	2,522,935,397,481
	3,259,040,354,332	2,800,021,646,352

Explanatory Note on Note- 28

Accumulated Total Investment and Accumulated Revenue Deficit

There are difficulties for making a presentation of the composition of the figure in the Statement of Financial Position by giving the accumulated revenue deficit prior to 2004 separately as that figure could not be ascertained for this newly designed formats, introduced in 2006 in respect of 2005 as relevant information had not been compiled.

Total investments in physical assets include the accumulated value of property, plant and equipment held by Ministries, Departments and Statutory Boards, at cost.

Among other physical assets held in the form of property, plant and equipment, major items included are the accumulated value of physical assets of the infrastructure facilities provided by the State over the years in Transport, Irrigation, Health, Education etc., at cost.

Therefore, there are difficulties associated in presenting the detailed itemized composition of such assets held by or prevailed under the supervision of the relevant Ministries, Departments and other Institutions as a detailed system of documentation and information had not been maintaining to itemize the total value of the such assets, in the Cash Based Accounting System adopted.

Total accumulated depreciation on those assets is also not calculated in the Cash Based Accounting System.

However, for the fulfillment of requirements on the accountability on those physical assets in property, plant and equipment held by Ministries and Departments, specially in respect of movable physical assets, Annual Verification Procedure is followed for reporting the position to the Auditor General in terms of provisions in Section 3 of Chapter XIII of Government Financial Regulations, for securitization.

Notes to Financial Statements *contd..*

Note - 29 (A) Statement of Contingent Liabilities (A) STATEMENT OF BANK GUARANTEES ISSUED BY THE TREASURY UP TO 31.12.2009

No:	Name of Institution	Name of The Bank or Institution	Guaranteed Amount (Rs. Mn.)	Date of Issue	Date of Expiry	Capital Outstanding (Rs. Mn.)
1	Grayline International Pvt. Ltd.	People's Bank	400.00	11/08/1994	08/08/1996	351.00
2	Urban Development Authority	National Savings Bank	500.00	17/08/1999	01/07/2010	37.50
3	Overseas Reality Ceylon Pvt.Ltd.	SR & CC & Terrorism Fund (NITF)	500.00	14/02/2000	31/12/2007	395.82
4	Galadari Hotel Lanka Ltd	SR & CC & Terrorism Fund (NITF)	350.00	14/02/2000	31/12/2007	350.00
5	Hospitality International Pvt. Ltd.	SR & CC & Terrorism Fund (NITF)	7.03	14/02/2000	31/12/2007	3.09
6	Galadari Hotel Lanka Ltd	SR & CC & Terrorism Fund (NITF)	45.83	14/02/2000	31/12/2007	45.83
7	Hotel Developer's Lanka Ltd	SR & CC & Terrorism Fund (NITF)	236.25	14/02/2000	31/12/2007	113.75
8	Co-operative Whole Sale Establishment	People's Bank	207.10	02/02/2005	31/03/2010	207.10
9	Sri Lanka Consumer Co-operative Societies Federation Ltd.	People's Bank	50.00	31/07/2006	31/07/2009	46.90
10	Lakdavi Ltd.	National Savings Bank	2,992.00	22/02/2007	31/03/2022	2,992.00
11	Lakdavi Ltd.	Employee's Trust Fund Board	2,992.00	01/03/2007	31/03/2022	2,992.00
12	West Coast Power(Pvt)Ltd.	Hongkong & Shanghai Banking Co.Ltd.	22,248.08	28/06/2007	28/06/2022	21,729.30
13	Merchant Bank of Sri Lanka	Employee's Trust Fund Board	430.00	10/01/2008	10/01/2010	430.00
14	Ceylon Electricity Board 300MW Kerawalapitiya Combine Cycle Power Plant Project	People's Bank	4,116.00	07/05/2008	03/03/2023	4,116.00
15	Ceylon Electricity Board	People's Bank	1,683.00	11/06/2008	09/10/2023	1,683.00
16	Ceylon Petroleum Corporation	Bank of Ceylon	80,500.00	09/09/2008	31/12/2009	80,500.00
17	Ceylon Electricity Board	People's Bank	2,661.98	29/09/2008	31/12/2011	2,661.98
18	People's Bank Pension Trust Fund	People's Bank	2,500.00	17/12/2008	16/12/2016	2,500.00
19	Ipologama Housing Project "Api Wenuwen Api" Fund	Bank of Ceylon	2,112.60	19/01/2009	19/01/2011	1,847.74
20	V Srimuhunthaar (Jt) Lankabarana Tea Factory	Seylan Bank	5.04	25/02/2009	25/02/2011	4.53
21	State Trading (Co-operative Wholesale) Company Ltd.	People's Bank	1,150.00	13/03/2009	31/05/2010	7.70
22	St Micheal Tea Factory	Seylan Bank	3.36	27/03/2009	27/03/2011	3.03
23	Parakaduwa Tea Factory/MD Ariyasena	DFCC Bank	25.00	30/03/2009	30/03/2011	15.91
24	Madulsima Plantations PLC	Hatton National Bank PLC	96.04	01/04/2009	01/04/2011	68.02
25	Nawalakanda Tea Factory & Wewalkandura Tea Factory	Hatton National Bank PLC	60.00	01/04/2009	01/04/2011	42.50
26	Yahaladuwa Tea Manufactures	DFCC Bank	3.10	06/04/2009	06/04/2011	2.71
27	Derangala Hills Tea Factory	DFCC Bank	18.00	07/04/2009	07/04/2011	15.30
28	Cee Tee Hills Tea Factory	DFCC Bank	20.25	23/04/2009	23/04/2011	18.56
29	Kunduppa Kande Tea Factory	Hatton National Bank PLC	16.52	27/04/2009	27/04/2011	15.97
30	Morapitiya Tea Company (Pvt) Ltd.	DFCC Bank	17.00	28/04/2009	28/04/2011	14.73
31	Hasaliya Tea Factory	Hatton National Bank PLC	3.39	28/04/2009	28/04/2011	3.16
32	Bandarahena Tea Factory	People's Bank	15.00	29/04/2009	29/04/2011	13.25

Notes to Financial Statements *contd.*

No:	Name of Institution	Name of the Bank or Institution	Guaranteed Amount (Rs. Mn.)	Date of Issue	Date of Expiry	Capital Outstanding (Rs. Mn.)
33	Menik Valley Plantation (Pvt) Ltd.	DFCC Bank	13.50	05/05/2009	05/05/2011	11.72
34	Udumullagoda Thea Karmantha Shalawa	DFCC Bank	11.00	05/05/2009	05/05/2011	9.72
35	Needwood Tea Factory	DFCC Bank	8.00	07/05/2009	07/05/2011	7.07
36	Avissawella Tea Factory	National Development Bank PLC	17.00	11/05/2009	11/05/2011	15.02
37	Ivy Hills Tea Factory (Pvt) Ltd.	Hatton National Bank PLC	12.24	14/05/2009	14/05/2011	11.63
38	Sirimevana Tea Factory	Hatton National Bank PLC	5.04	15/05/2009	15/05/2011	4.70
39	Liyanage Tea Factory	DFCC Vardhana Bank	11.00	16/05/2009	16/05/2011	11.00
40	Kongahawatte Tea Factory	Hatton National Bank PLC	22.00	18/05/2009	18/05/2011	17.23
41	The Haughton Tea Company (Pvt) Ltd.	DFCC Bank	10.20	19/05/2009	19/05/2011	9.01
42	Producers of Ceylon Tea (Pvt) Ltd.	DFCC Bank	13.40	19/05/2009	19/05/2011	11.48
43	Anglo Ceylon Pvt Ltd.	Commercial Bank	15.00	21/05/2009	21/05/2011	11.25
44	Uduella Thea Karmantha Shalawa	DFCC Bank	7.00	22/05/2009	22/05/2011	6.23
45	Thiruwanaakanda Thea Kamhala	DFCC Bank	4.00	22/05/2009	22/05/2011	3.53
46	Thotupolawatta Tea Factory	Bank of Ceylon	2.75	22/05/2009	22/05/2011	2.47
47	Sesame Senhora Tea Co.	Hatton National Bank PLC	23.00	27/05/2009	27/05/2011	21.46
48	Falcon Tea Factory	Sampath Bank	24.00	27/05/2009	27/05/2011	18.00
49	Neluwa Thiniyawala Thea Karmantha Shalawa	DFCC Bank	10.20	28/05/2009	28/05/2011	9.35
50	M/S Mussendapotha Estate Ltd.	Commercial Bank	6.15	28/05/2009	28/05/2011	5.84
51	New Vithanakanda Tea Factory (Pvt) Ltd.	DFCC Bank	37.00	02/06/2009	02/06/2011	32.68
52	Kumudu Tea Factory	Hatton National Bank PLC	9.00	03/06/2009	03/06/2011	8.40
53	Cey T Produce (Pvt) Ltd.	Hatton National Bank PLC	5.80	03/06/2009	03/06/2011	5.41
54	Ranvila Plantaations (Pvt) Ltd.	DFCC Bank	13.30	04/06/2009	04/06/2011	11.77
55	Hillview Tea Factory (Pvt) Ltd.	DFCC Bank	7.90	08/06/2009	08/06/2011	7.30
56	Elpitiya Plantation Ltd.	Bank of Ceylon	73.18	09/06/2009	09/06/2011	59.80
57	Spring View Tea Factory (Pvt) Ltd.	DFCC Bank	11.30	10/06/2009	10/06/2011	10.55
58	Unity Tea Kamhala	DFCC Bank	10.00	10/06/2009	10/06/2011	7.08
59	Nilgiri Tea Factory	DFCC Bank	6.30	10/06/2009	10/06/2011	4.47
60	Suviska Thea Karmantha Shalawa	DFCC Bank	7.40	11/06/2009	11/06/2011	5.25
61	Hidellana Tea Factory	Sampath Bank	25.00	11/06/2009	11/06/2011	22.50
62	K L Ariyadasa	Hatton National Bank PLC	14.70	12/06/2009	12/06/2011	13.97
63	Kurugama Tea Factory	Commercial Bank	9.32	15/06/2009	15/06/2011	8.54
64	Seevali Hill Tea Factory Pvt.Ltd.	Commercial Bank	3.00	15/06/2009	15/06/2011	2.70
65	Seevali Hill Tea Factory Pvt.Ltd.	Commercial Bank	4.00	15/06/2009	15/06/2011	3.60
66	Green House Plantation Pvt.Ltd.	Commercial Bank	8.00	15/06/2009	15/06/2011	7.00
67	Sihara Thea Karmantha Shalawa	DFCC Bank	10.00	16/06/2009	16/06/2011	9.17
68	Dampahala Tea Co (Pvt) Ltd.	DFCC Bank	4.50	16/06/2009	16/06/2011	3.42
69	M/S. Neptune Tea Factory	Commercial Bank	8.46	19/06/2009	19/06/2011	7.76
70	Neluwa Lelwala Thea Karmantha Shalawa	DFCC Bank	12.00	22/06/2009	22/06/2011	11.03
71	Dediagalala Tea Factory (Pvt) Ltd.	DFCC Bank	5.90	22/06/2009	22/06/2011	5.31
72	Three Times Tea (Pvt) Ltd.	DFCC Bank	4.75	24/06/2009	24/06/2011	4.27

Notes to Financial Statements *contd.*

No:	Name of Institution	Name of the Bank or Institution	Guaranteed Amount (Rs. Mn.)	Date of Issue	Date of Expiry	Capital Outstanding (Rs. Mn.)
73	M/S.Gunawardena Tea Factory	Commercial Bank	5.00	24/06/2009	24/06/2011	3.96
74	Haycock Velly Tea Factory	Commercial Bank	5.50	24/06/2009	24/06/2011	5.32
75	New Diyagala Tea Factory	Hatton National Bank PLC	10.47	26/06/2009	26/06/2011	9.59
76	Horana Plantations PLC	People's Bank	77.00	26/06/2009	26/06/2011	60.90
77	Agalawatte Plantations PLC	Sampath Bank	25.31	26/06/2009	26/06/2011	25.31
78	Lucky Thea Karmantha Shalawa	DFCC Bank	14.40	29/06/2009	29/06/2011	13.26
79	Weihena Tea Factory	Hatton National Bank PLC	7.48	29/06/2009	29/06/2011	7.11
80	Mahaliyada Tea Factory	Hatton National Bank PLC	14.05	29/06/2009	29/06/2011	13.34
81	Danawala Tea Factory	Hatton National Bank PLC	8.43	29/06/2009	29/06/2011	8.01
82	Kegalle Plantations PLC	National Development Bank PLC	44.00	29/06/2009	29/06/2011	30.50
83	Namunukula Plantations PLC	National Development Bank PLC	29.00	29/06/2009	29/06/2011	20.50
84	Maskeliya Plantations PLC	National Development Bank PLC	179.00	29/06/2009	29/06/2011	136.50
85	Davidson Tea Company (Pvt) Ltd.	National Development Bank PLC	4.30	29/06/2009	29/06/2011	3.87
86	Hedigalla Tea Factory	Commercial Bank	10.00	30/06/2009	30/06/2011	9.33
87	Uva Halpewatte Estate Ltd.	Commercial Bank	17.90	01/07/2009	01/07/2011	17.00
88	New Baddegama Tea Factory	DFCC Bank	2.00	02/07/2009	02/07/2011	1.80
89	Deenside Tea Factory	Hatton National Bank PLC	6.26	03/07/2009	03/07/2011	5.48
90	M/S Kirilipana Tea Factory	Bank of Ceylon	2.40	03/07/2009	03/07/2011	1.73
91	Kahawatta Plantation	Bank of Ceylon	75.00	07/07/2009	07/07/2011	59.38
92	E.K.Buuddipala	Bank of Ceylon	2.59	08/07/2009	08/07/2011	2.41
93	M/S Kirilipana Tea Factory	Bank of Ceylon	2.00	09/07/2009	09/07/2011	2.00
94	Doralawitihena Tea Factory (Pvt) Ltd. Factory A	DFCC Bank	12.90	10/07/2009	10/07/2011	12.04
95	Doralawitihena Tea Factory (Pvt) Ltd. Factory B	DFCC Bank	18.06	10/07/2009	10/07/2011	16.85
96	Athukorala Tea Factory	Hatton National Bank PLC	4.05	10/07/2009	10/07/2011	3.87
97	Hillneeds Plantation	Bank of Ceylon	6.98	14/07/2009	14/07/2011	
98	Peak View Tea Factory	National Development Bank PLC	32.65	15/07/2009	15/07/2011	29.93
99	Kuttapitiya Tea Factory	National Development Bank PLC	20.70	15/07/2009	15/07/2011	18.98
100	Galpeditanne Tea Factory	National Development Bank PLC	57.40	16/07/2009	16/07/2011	52.64
101	M/S.Henatenna Tea Factory Pvt.Ltd	Commercial Bank	8.22	16/07/2009	16/07/2011	7.40
102	Imbulgahagoda Tea Factory	Commercial Bank	3.00	21/07/2009	21/07/2011	2.67
103	Dandeniya Hills Thea Karmantha Shalawa	DFCC Bank	7.50	22/07/2009	22/07/2011	6.91
104	Adams View Tea Factory (Pvt) Ltd.	National Development Bank PLC	8.30	24/07/2009	24/07/2011	16.39
105	Mosville Tea Factory	Hatton National Bank PLC	5.00	30/07/2009	30/07/2011	4.83
106	Goorookoya Tea Factory	People's Bank	4.99	30/07/2009	30/07/2011	3.74
107	Coolbawn Tea Factory	People's Bank	8.34	30/07/2009	30/07/2011	5.21
108	Kallumale Tea Factory	People's Bank	5.88	30/07/2009	30/07/2011	3.68
109	A.S.D.S. Ketanwila Tea Factory	Commercial Bank	4.00	30/07/2009	30/07/2011	3.87
110	Kodagoda Tea Factory	Hatton National Bank PLC	4.43	31/07/2009	31/07/2011	4.18
111	Kelaniya Braemar Tea Factory	Hatton National Bank PLC	2.20	31/07/2009	31/07/2011	2.09
112	Nalvin View Tea Factory	DFCC Bank	22.90	01/08/2009	01/08/2011	21.37
113	New Kandagastenna Tea Factory	DFCC Bank	36.20	01/08/2009	01/08/2011	33.79
114	A.N.Lanka Pvt Ltd.	Commercial Bank	7.96	07/08/2009	07/08/2011	7.43

Notes to Financial Statements *contd.*

No:	Name of Institute	Name of the Bank or Institution	Guaranteed Amount (Rs. Mn.)	Date of Issue	Date of Expiry	Capital Outstanding (Rs. Mn.)
115	Bentota Power Generators (Pvt) Ltd./Bentota Tea Factory	DFCC Bank	3.00	14/08/2009	14/08/2011	2.90
116	Green Lanka Management	DFCC Bank	1.75	19/08/2009	19/08/2011	1.67
117	L.P.Fernando & Sons	DFCC Bank	1.60	19/08/2009	19/08/2011	1.50
118	Danduwangalawatta Tea Factory/MD Ariyasena	DFCC Bank	20.00	01/09/2009	01/09/2011	18.33
119	Danduwangalawatta Tea Factory/MD Ariyasena	DFCC Bank	15.00	01/09/2009	01/09/2011	13.75
120	Ceylon Petroleum Storage Terminals Ltd.	People's Bank	437.00	03/09/2009	06/04/2010	109.00
121	Rakadahena Tea Factory	Hatton National Bank PLC	15.31	03/09/2009	03/09/2011	14.99
122	Ceylon Electricity Board	People's Bank	8,000.00	07/09/2009	10/03/2010	8,000.00
123	Kanthisisri Tea Factory	Hatton National Bank PLC	9.57	28/09/2009	28/09/2011	9.25
124	Hill Garden Tea Factory	Bank of Ceylon	24.66	28/09/2009	28/09/2011	23.83
125	Ceylon Petroleum Corporation	Bank of Ceylon	25,000.00	29/09/2009	27/09/2011	25,000.00
126	Ever Green Factory	Bank of Ceylon	34.98	30/09/2009	30/09/2011	34.40
127	Ceylon Petroleum Storage Terminals Ltd.	People's Bank	4,634.50	09/10/2009	06/10/2019	872.00
128	Mulatiyana Tea Factory	Commercial Bank	1w4.90	09/10/2009	09/10/2011	14.65
129	Ehalakanda Tea Factory	Bank of Ceylon	7.36	12/10/2009	12/10/2011	7.11
130	Dishan Valley Thea Kamhala	DFCC Bank	17.00	13/10/2009	13/10/2011	16.72
131	Watawala Plantation	Commercial Bank	148.87	16/10/2009	16/10/2011	143.87
132	People's Bank Pension Trust Fund	People's Bank	2,500.00	23/10/2009	22/10/2017	2,500.00
133	Cooruwatte Tea Factory	Hatton National Bank PLC	8.00	04/11/2009	04/11/2011	8.00
134	Urban Development Authority	National Savings Bank	2,770.00	06/11/2009	18/11/2024	444.40
135	Marakanda Tea Factory	Commercial Bank	4.80	06/11/2009	06/11/2011	4.80
136	Agarapathana Plantation	Bank of Ceylon	129.06	13/11/2009	13/11/2011	122.64
137	Kirimetideniya Thea Kamhala	DFCC Bank	10.45	18/11/2009	18/11/2011	8.85
138	Muswana Tea Factory	Bank of Ceylon	7.00	18/11/2009	18/11/2011	6.85
139	Rotuba Tea Factory	Commercial Bank	3.50	20/11/2009	20/11/2011	3.50
140	Mihin Lanka (Pvt)Ltd	Bank of Ceylon	1,552.50	25/11/2009	24/11/2012	1,519.26
141	STC General Trading Company Ltd.	People's Bank	440.00	30/11/2009	26/05/2010	129.39
142	Karagoda Tea Factory	DFCC Bank	14.00	04/12/2009	04/12/2011	12.37
143	Rathnayake Tea Factory	Bank of Ceylon	4.00	11/12/2009	11/12/2011	4.00
144	STC General Trading Company Ltd.	Bank of Ceylon	2,500.00	22/12/2009	22/03/2010	2,402.26
145	Kelani Valley Plantations PLC	National Development Bank PLC	110.00	24/12/2009	24/12/2011	110.00
146	SriLankan AirLines Limited	Bank of Ceylon	1,150.00	30/12/2009	30/10/2010	1,150.00
GRAND TOTAL			176,893.39			167,072.50

Statement of Letters of Comfort Issued to Local Banks and the Liability as at 31.12.2009

S.No	Name of Institution	Name of Bank	Currency	Total value of letter of comfort issued (Value in Mn.)	Date of Issue	Liability as at 31.12.2009 (Rs. Mn.)
1	Sri Lanka Army	Bank of Ceylon	USD	41.84	20.06.2007	3,363.00
2	Sri Lanka Army	Bank of Ceylon	USD	45.04	31.07.2007	1,875.97
3	Sri Lanka Army	Bank of Ceylon	USD	5.51	11.08.2008	573.31
4	Sri Lanka Army	Bank of Ceylon	USD	6.27	08.10.2008	1,039.43
5	Sri Lanka Army	Bank of Ceylon	USD	2.05	18.11.2008	194.13
6	Sri Lanka Army	Bank of Ceylon	USD	1.47	13.01.2009	168.77
7	Sri Lanka Army	Bank of Ceylon	USD	1.03	18.02.2009	119.08
8	Sri Lanka Navy	Bank of Ceylon	USD	29.50	10.05.2005	340.42
9	Sri Lanka Navy	Bank of Ceylon	USD	2.81	20.04.2007	106.34
10	Sri Lanka Navy	Bank of Ceylon	USD	4.84	14.06.2007	70.33
11	Sri Lanka Navy	Bank of Ceylon	USD	2.55	18.03.2008	164.22
12	Sri Lanka Navy	Bank of Ceylon	USD	3.05	18.03.2008	351.10
13	Sri Lanka Navy	Bank of Ceylon	USD	1.23	07.04.2008	141.83
14	Sri Lanka Navy	Bank of Ceylon	USD	2.43	22.04.2009	280.18
15	Sri Lanka Air Force	People's Bank	USD	19.21	21.12.2004	1,143.34
16	Sri Lanka Air Force	People's Bank	USD	10.33	08.07.2005	226.98
17	Sri Lanka Air Force	People's Bank	USD	5.15	11.07.2005	128.83
18	Sri Lanka Air Force	People's Bank	USD	1.86	25.07.2006	8.06
19	Sri Lanka Air Force	People's Bank	USD	13.98	17.08.2006	118.89
20	Sri Lanka Air Force	People's Bank	USD	1.18	28.12.2006	38.94
21	Sri Lanka Air Force	People's Bank	USD	2.10	17.09.2007	48.48
22	Sri Lanka Air Force	People's Bank	USD	46.86	19.09.2007	2,173.39
23	Sri Lanka Air Force	People's Bank	USD	0.90	11.06.2008	72.66
24	Sri Lanka Air Force	People's Bank	USD	5.58	30.06.2008	629.89
25	Sri Lanka Air Force	People's Bank	USD	8.52	24.09.2008	686.78
26	Sri Lanka Air Force	People's Bank	USD	8.50	24.12.2008	881.28
27	Sri Lanka Air Force	People's Bank	USD	2.98	31.12.2008	137.32
28	Sri Lanka Air Force	People's Bank	USD	2.91	26.05.2009	334.89
29	Presidential Secretariat	Bank of Ceylon	JPY	4.57	30.10.2009	5.76
30	Presidential Secretariat	Bank of Ceylon	USD	0.13	27.11.2009	15.03
31	Presidential Secretariat	Bank of Ceylon	USD	0.01	08.12.2009	15.03
32	Presidential Secretariat	Bank of Ceylon	EURO	0.38	16.12.2009	63.84
33	Dep: Of Government Printing	Bank of Ceylon	USD	0.07	12.08.2009	8.15
34	Dep: Of Government Printing	Bank of Ceylon	USD	0.14	11.09.2009	8.15
35	Dep: Of Government Printing	Bank of Ceylon	JPY	1.22	02.12.2009	1.54
36	Dep: Of Government Printing	Bank of Ceylon	USD	0.05	08.12.2009	5.23
37	Dep: Of Government Printing	Bank of Ceylon	USD	0.03	09.12.2009	5.23
38	Dep: Of Government Printing	Bank of Ceylon	USD	0.03	15.12.2009	5.23
39	Dep: Of Government Printing	Bank of Ceylon	USD	0.04	15.12.2009	5.23
40	Dep: Of Government Printing	Bank of Ceylon	USD	0.02	15.12.2009	5.23
41	Dep: Of Government Printing	Bank of Ceylon	EURO	0.06	16.12.2009	10.33
42	Dep: Of Government Printing	Bank of Ceylon	USD	0.11	17.12.2009	12.56
43	Ceylon Fertilizer Company Ltd	People's Bank	SLR	0.02	30.12.2009	0.02
44	Colombo Commercial Fertilizer Ltd	People's Bank	SLR	0.01	30.12.2009	0.01
TOTAL				286.56		15,584.37

Exchange rates as at 31.12.2009

USD = Rs 115.20 | EUR = Rs 165.90 | JPY = Rs 1.26

Non-current Assets Acquired since 01.01.2004

2101-Vehicles

Name of Institution	2004			2005			2006			2007			2008		2009	
	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Balance	Additions
H.E.the President	30,910	1,290,899	-	1,321,809	110,95	-	1,332,904	903,943	-	2,236,847	173,499	2,410,346	-
Office of the Prime Minister	...	335	-	18,500	39,443	-	56,615	-	-	56,615	4,000	-	60,615	2,303	62,918	-
Office of the Cabinet of Ministers	...	-	-	4,764	3,490	-	8,254	-	-	8,254	6,259	-	14,513	-	14,513	-
Parliament	...	6,800	-	20,935	7,458	-	27,735	5,500	-	27,735	34,035	-	61,770	7,100	68,870	-
Office of the Leader of the House of Parliament	...	78	-	78	-	-	7,536	-	-	13,036	-	-	13,036	2,268	15,304	-
Office of the Chief Government whip of Parliament	...	-	-	7,150	263	-	7,413	5,500	-	12,913	-	-	12,913	-	12,913	-
Office of the Leader of the Opposition of Parliament	...	80	-	7,432	-	-	7,512	500	-	8,012	-	-	8,012	-	8,012	-
Office of the Former President(Hon D.B.Wijethunge)	...	-	-	-	-	-	-	12,000	-	12,000	-	-	12,000	-	12,000	-
Public Service Commission	...	-	-	-	8,990	-	8,990	-	-	8,990	7,170	-	16,160	2,772	18,932	-
Judicial Service Commission	...	-	-	100	-	-	100	1,368	380	1,088	7,791	-	8,879	-	8,879	-
National Police Commission	...	-	-	-	249	-	249	5,311	-	5,560	557	-	6,117	-	6,117	-
Department of Elections	...	-	-	-	-	-	-	19,741	4,026	15,715	9,911	-	25,626	-	25,626	-
Auditor General	...	-	-	2,151	-	-	2,151	392	-	2,543	-	-	2,543	3,955	6,498	-
Office of the Finance Commission	...	-	-	4,850	-	-	4,850	2,850	-	7,700	-	-	7,700	-	7,700	-
National Education Commission	...	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ministry of Religious Affairs	...	-	-	-	5,500	-	5,500	19,045	-	24,545	-	-	24,545	-	24,545	-
Ministry of Finance & Planning	...	4,100	-	4,100	11,966	-	54,217	59,598	-	113,815	15,107	-	128,922	4,662	133,584	-
Ministry of Defence Public Security Law & Order	...	495	-	495	47,905	150	53,586	401,212	-	454,798	2,086,793	-	2,541,591	17,827	2,559,418	-
Ministry of Plan Implementation & Monitoring	...	-	-	-	48,815	-	48,815	11,500	9335	50,980	-	13,650	37,330	4,229	41,559	-
Ministry of Nation Building & Estate Infrastructure Development	...	-	-	-	-	-	-	47,035	-	47,035	-	-	47,035	4,318	51,353	-
Ministry of Disaster Management & Human Rights	...	-	-	-	18,595	-	18,595	1,577	-	20,172	-	-	20,172	-	20,172	-
Ministry of Tourism	20,700	1,545	-	1,545	5,300	2,350	4,495	9,956	-	53,448	89	-	53,537	-	53,537	-
Ministry of Post & Telecommunications	...	-	-	5,800	14,025	-	19,825	32,900	-	52,725	-	-	52,725	-	52,725	-
Ministry of Justice & Law Reforms	...	16,717	-	16,717	16,748	-	33,465	1,198	-	34,663	23,651	-	58,314	14,167	72,481	-
Ministry of Health Care & Nutrition	...	-	-	-	-	-	-	18,296	-	18,296	-	-	18,296	236,853	255,149	-
Ministry of Foreign Affairs	...	-	-	25,986	125,205	-	151,191	126,519	3753	273,957	74,271	2,681	345,547	64,823	410,370	-
Ministry of Ports & Aviation	...	-	-	-	9,446	-	9,446	-	-	9,446	12,813	-	22,259	3,850	26,109	-
Ministry of Transport	...	-	-	-	4,500	-	4,500	15,713	-	20,213	17,000	-	37,213	-	37,213	-
Ministry of Petroleum & Petroleum Resources Development	...	-	-	-	10,553	-	10,553	12,750	-	23,303	10,877	-	34,180	-	34,180	-
Ministry of Trade Commerce Consumer Affairs & Marketing Development	...	-	-	8,450	8,961	-	17,411	12,940	-	30,351	-	-	30,351	-	30,351	-
Ministry of Highways and Road Development	...	-	-	-	5,432	-	5,432	61,655	-	67,087	16,700	-	83,787	-	83,787	-
Ministry of Agriculture Development and Agrarian services	15,047	-	-	18,274	22,600	3,778	37,096	86,576	-	123,672	1,417	-	125,089	19,199	144,288	-
Ministry of Power & Energy	...	1,682	-	16,727	-	-	16,727	-	-	16,727	-	-	16,727	-	16,727	-
Ministry of Child Development & Women's Empowerment	...	-	-	3,475	12,850	-	16,325	9,850	-	26,175	-	-	26,175	-	26,175	-

Non-current Assets Acquired since 01.01.2004 *contd..*

Name of Institution	2004			2005			2006			2007			2008			2009		
	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	
Ministry of Public Administration & Home Affairs	7,923	-	-	7,923	561,832	-	569,755	461,632	-	1,031,387	-	-	1,031,387	4,110	-	-	1,035,497	11,925
Ministry of Mass Media & Information	-	-	-	-	3,518	90	3,428	10,279	-	13,707	38,955	-	52,662	4,556	0	-	57,218	9,324
Ministry of Urban Development & Water Supply	-	-	-	-	-	-	-	-	-	-	24,333	-	24,333	-	-	-	24,333	2,596
Ministry of Social Service & Social Welfare	-	-	-	-	-	-	28,149	4,891	-	33,040	4,891	-	33,040	-	-	-	33,040	-
Ministry of Housing and Common Amnities	-	-	-	-	1,74,206	-	1,74,206	18,990	-	193,196	8,000	7,805	193,391	8,000	7,805	-	193,391	-
Ministry of Education	4,386	-	-	4,386	89,728	-	94,114	16,540	-	110,654	66,943	-	177,597	0	0	-	177,597	66,351
Ministry of Labour Relations & Manpower	-	-	-	-	19,050	-	19,050	11,360	-	30,410	16,680	-	47,090	-	-	-	47,090	686
Ministry of Rural Industries & Self Employment Promotion	-	-	-	-	-	-	-	-	-	-	26,036	-	26,036	10,749	0	-	36,785	2,264
Ministry of Vocational & Technical Training	241	-	-	241	7,490	-	7,731	31,700	-	39,431	7,400	-	32,031	-	-	-	32,031	-
Ministry of Local Government & Provincial Councils	-	-	-	-	8,131	-	8,131	-	-	8,131	72,905	0	81,036	72,905	0	-	81,036	76,904
Ministry of Enterprise Development & Investment Promotion	-	-	-	-	5,600	5,600	-	-	-	-	25,700	-	25,700	0	0	-	25,700	-
Ministry of Science & Technology	-	-	-	-	-	-	5,500	29,206	-	34,706	2,874	-	31,832	-	-	-	31,832	-
Ministry of Constitutional Affairs & National Integration	-	-	-	-	9,000	-	9,000	33,434	-	42,434	-	-	42,434	-	-	-	42,434	25,902
Ministry of Plantation Industries	-	-	-	-	-	-	35,579	79,572	-	115,151	-	-	115,151	-	-	-	115,151	12,140
34																		
Ministry of Sports and Public Recreation	-	-	-	-	-	-	-	-	-	-	4,350	0	4,350	-	-	-	4,350	14,478
Ministry of Indigenous Medicine	-	-	-	-	9,242	-	9,242	10,975	-	20,217	15,000	-	35,217	-	-	-	35,217	-
Ministry of Fisheries & Aquatic Resources	2,625	-	-	2,625	8,151	-	10,776	11,088	-	21,864	26,361	0	48,225	26,361	0	-	48,225	15,245
Ministry of Livestock Development	-	-	-	-	3,390	-	3,390	42,770	-	46,160	12,061	0	58,221	12,061	0	-	58,221	9,823
Ministry of Cultural Affairs	-	-	-	-	20,795	-	20,795	12,824	-	33,619	25,416	-	59,035	9,000	0	-	68,035	15,000
Ministry of Parliamentary Affairs	13,425	-	-	13,425	-	-	13,425	17,502	-	30,927	-	-	30,927	-	-	-	30,927	-
Ministry of Re-Settlement & Disaster Relief Services	-	-	-	-	-	-	-	16,638	-	16,638	22,725	-	39,363	9,500	-	-	48,863	7,885
Ministry of Industrial Development	2,667	-	-	2,667	12,871	-	15,538	29,700	7,900	37,338	13,590	0	50,928	13,590	0	-	50,928	14,399
Ministry of Foreign Employment Promotion & welfare	-	-	-	-	14,515	-	14,515	-	-	14,515	5375	-	19,890	5375	0	-	19,890	-
Ministry of Irrigation & water management	4,758	-	-	4,758	-	-	4,758	7,535	-	12,293	0	0	12,293	7,600	0	-	19,893	-
Ministry of Land and Land Development	-	-	-	-	-	-	-	-	-	-	72,094	0	72,094	-	-	-	72,094	-
Ministry of Youth Affairs	-	-	-	-	1,912	-	1,912	12,990	-	14,902	7,500	-	22,402	-	1,541	-	20,861	-
Ministry of Environmental & Natural Resources	6,550	-	-	6,550	17,676	-	24,226	7,500	-	31,726	20,000	41	51,665	-	5	-	51,660	3,708
Ministry of Youth Empowerment & Socio Economic Development	-	-	-	-	-	-	-	3,231	3,180	51	3,129	-	3,180	2,510	-	-	5,690	-
Ministry of Community Development & Social Inequity Eradication	-	-	-	-	-	-	-	13,950	-	13,950	-	-	13,950	-	-	-	13,950	-
Ministry of Water Supply & Drainage	-	-	-	-	-	-	-	29,130	3,144	25,986	-	-	25,986	-	-	-	25,986	8,230
Ministry of export Development and International Trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	67	-
Ministry of Construction & Engineering Services	-	-	-	-	-	-	-	13,300	-	13,300	9,500	-	22,800	-	-	-	22,800	-
Ministry of Higher Education	-	-	-	-	-	-	-	14,795	-	14,795	-	-	14,795	-	-	-	14,795	1,529

Non-current Assets Acquired since 01.01.2004 *contd..*

Name of Institution	2004			2005			2006			2007			2008			2009
	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Balance	
Department of Muslim Religious & Cultural Affairs	2,101	-	-	2,775	2,775	-	2,864	89	-	-	2,864	-	-	-	2,864	
Department of Christian Religious Affairs	-	-	-	-	-	-	-	595	-	-	-	-	-	-	595	
Department of Public Trustee	-	-	-	-	-	-	-	-	-	-	-	-	-	2,016	2,016	
Department of Archaeology	5,573	-	-	5,573	4,200	-	9,773	765	-	10,538	-	-	10,538	4,264	14,802	
Department of National Museums	-	-	-	3,475	-	-	3,475	-	-	3,475	-	-	3,475	-	3,475	
Department of National Archives	2,275	-	-	2,275	-	-	2,275	-	-	2,275	-	-	2,275	-	2,275	
Department of Information	-	-	-	-	79	-	79	9,300	-	9,379	-	-	9,379	-	9,379	
Department of Government Printer	-	-	-	-	-	-	-	20,518	-	20,518	-	-	20,518	-	20,518	
Department of Examinations	-	-	-	2,875	-	-	2,875	5,922	-	8,797	-	-	8,797	1,854	10,651	
Department of Technical Education & Training	-	-	-	-	75,205	-	75,205	3,500	-	78,705	-	-	78,705	-	78,705	
Department of Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	345	345	
Department of Probation & Child Care Services	-	-	-	-	-	-	-	3,877	-	3,877	-	-	3,877	-	3,877	
Department of Sports development	-	-	-	-	-	-	-	-	-	-	-	3,098	-	-	3,098	
Department of Ayurveda	-	-	-	-	789	-	789	5,795	-	6,584	-	-	6,584	5,800	12,384	
Department of Labour	-	-	-	48	-	-	48	20,740	-	20,788	-	-	20,788	167,500	188,288	
Sri Lanka Army	-	-	-	409,651	563,473	-	973,124	495,072	-	1,468,196	1,032,730	47,181	2,453,745	1,308,382	3,762,127	
Sri Lanka Navy	38,152	-	-	38,152	214,800	1,100	251,852	509,200	-	761,052	508,780	3,230	1,266,602	169,923	1,436,525	
Sri Lanka Air Force	-	-	-	-	199,655	-	401,595	121,911	-	523,506	163,174	-	686,680	100,495	787,175	
Department of Police	-	-	-	-	479,644	-	479,644	212,675	12,235	690,084	1,567,037	54,495	2,192,626	221,395	2,414,021	
Department of Immigration & Emigration	-	-	-	-	10,410	-	10,410	-	-	10,410	-	-	10,410	-	10,410	
Department of registration of Persons	3,542	123	-	123	12,100	-	12,223	1,935	-	14,158	10,000	-	24,158	2,101	26,259	
Courts Administration	-	-	-	-	1,321	-	1,321	15,855	-	17,176	169,620	0	186,796	15,441	202,237	
Department of Attorney General	-	-	-	-	-	-	-	90,400	-	90,400	124,726	0	215,126	4,095	219,221	
Department of Legle Draftsman	-	-	-	-	13,770	-	13,770	13,850	-	27,620	-	-	27,620	-	27,620	
Department of Prisons	17,813	-	-	17,813	28	25,592	45,497	13,307	-	58,804	21,122	0	79,926	4,975	84,901	
Department of Government Analyst	-	-	-	-	3,441	-	3,441	9,696	-	13,137	-	-	13,137	5,040	18,177	
Registrar of Supreme Court	-	-	-	-	18,475	-	18,475	201,432	-	219,907	-	-	219,907	-	219,907	
Department of Law Communication	-	-	-	-	1,575	-	1,575	1,124	-	2,699	6,048	0	8,747	1,280	10,027	
Department of National Planning	-	-	-	3,800	1,294	2,506	2,506	5,350	-	7,856	-	-	7,856	2,225	10,081	
Department of Fiscal Policy	-	-	-	-	-	-	-	11,400	-	11,400	-	-	11,400	2,268	13,668	
Department of External Resources	-	-	-	-	7,973	-	7,973	-	-	7,973	-	-	7,973	2,268	10,241	
Department of National Budget	-	-	-	-	3,475	-	3,475	3,625	-	7,100	-	-	7,100	-	7,100	

Non-current Assets Acquired since 01.01.2004 *contd..*

Name of Institution	2004			2005			2006			2007			2008			2009			
	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	
Department of Public Enterprise	...	-	-	...	-	-	...	-	-	12,200	-	-	12,200	-	-	12,200	-	-	12,200
Department of Management Services	...	-	-	...	-	-	...	-	-	2,600	-	-	2,600	-	-	2,600	-	-	2,600
Department of Development Finance	...	-	-	...	-	-	...	-	-	2,800	-	-	2,800	-	-	2,800	-	-	2,800
Department of Trade Tariff & Investment Policy	...	-	-	...	-	-	...	-	-	8,400	-	-	8,400	-	-	8,400	-	-	8,400
Department of Public Finance	...	-	-	...	-	-	...	3,500	-	3,500	-	-	3,500	5,865	0	9,365	-	-	9,365
Department of Inland Revenue	...	4,999	-	...	45,609	-	...	60,508	9,900	30,167	-	-	90,675	-	-	90,675	-	-	90,675
Department of Customs	...	-	-	...	18,562	-	...	18,562	3,904,780	-	-	3,923,342	0	0	3,923,342	2,843	-	3,926,185	
Department of Excise	...	-	-	...	-	-	...	14,407	17,337	-	-	31,744	-	-	31,744	2,554	-	34,298	
Department of Treasury Operations	...	-	-	...	-	-	...	-	12,818	-	-	12,818	-	-	12,818	-	-	12,818	
Department of State Accounts	...	-	-	...	-	-	...	-	6,500	-	-	6,500	-	-	6,500	-	-	6,500	
Department of Valuation	...	3,446	-	...	3,428	-	...	-	7,955	-	-	7,955	-	-	7,955	-	-	7,955	
Department of Census & Statistics	...	-	-	...	6,874	3,428	...	29,132	19,511	1,026	-	48,643	-	-	48,643	-	-	48,643	
Department of Pensions	...	-	-	...	-	-	...	3,360	10,845	-	-	14,205	-	-	14,205	-	-	14,205	
District Secretariat - Colombo	6	-	-	6	-	-	6	-	-	-	-	-	6	-	-	6	-	-	6
District Secretariat - Gampaha	-	-	-	-	-	-	-	-	-	-	-	-	1,932	-	-	(1,932)	-	-	(1,932)
District Secretariat - Matara	-	-	-	...	17,070	-	...	17,070	-	-	-	-	17,070	-	-	17,070	-	-	17,070
District Secretariat - Jaffna	-	-	-	...	5,390	-	...	5,390	-	-	-	-	5,390	-	-	5,390	-	-	5,390
Department of Agrarian Development	-	-	-	...	6,500	-	...	6,500	-	-	-	-	6,500	533	0	7,033	-	-	7,033
Department of Irrigation	766	272	-	494	-	-	181,243	180,749	68,207	-	-	249,450	122,729	-	-	372,179	-	-	372,179
Department of Forests	3,350	-	-	3,350	-	-	3,350	-	-	-	-	-	3,350	0	0	3,350	11,270	-	14,620
Department of Wildlife Conservation	...	-	-	...	-	-	...	-	2,643	-	-	2,643	20,865	0	23,508	-	-	23,508	
Department of Agriculture	...	-	-	...	-	-	...	-	18,850	-	-	18,850	-	-	18,850	-	-	18,850	
Department of Land Commissioner	...	-	-	...	7,150	-	...	7,150	-	-	-	7,150	-	-	7,150	-	-	7,150	
Department of Survey	...	-	-	...	-	-	...	-	11,400	-	-	11,400	-	-	11,400	-	-	11,400	
Department of Fisheries and Aquatic Resources	...	-	-	...	-	-	...	-	1,521	-	-	1,521	10,096	0	11,617	15,207	-	26,824	
Department of Coast Conservation	181	-	-	181	-	-	11,873	-	-	-	-	12,054	-	-	12,054	-	-	12,054	
Department of Animal Production & Health	-	-	-	...	-	-	...	7,500	-	-	-	7,500	-	-	7,500	21,020	-	28,520	
Department of Rubber Development	-	-	-	...	-	-	...	-	2,364	1,098	-	1,266	-	-	1,266	4,075	-	5,341	
Department of National Zoological Garden	...	-	-	...	359	-	...	359	6,295	-	-	6,654	8,225	0	14,879	10,696	-	25,575	
Department of Commerce	-	-	-	...	-	-	...	-	3,410	-	-	3,410	-	-	3,410	-	-	3,410	
Department of Import and Export Control	-	-	-	...	-	-	...	89	4,600	-	-	4,689	3,895	0	8,584	-	-	8,584	
Department of Measurement Units, Standards & Services	-	-	-	...	2,256	-	...	2,256	-	-	-	2,256	-	-	2,256	-	-	2,256	
Department of Food Commissioner	-	-	-	...	-	-	...	-	-	-	-	2,760	0	2,760	-	-	-	2,760	
Co-operative Employees Commission	-	-	-	...	7	-	...	2,495	-	-	-	2,502	-	-	2,502	-	-	2,502	
Department of Meteorology	-	-	-	...	3,970	-	...	3,970	-	-	-	3,970	-	-	3,970	-	-	3,970	
Department of Sri Lanka Railways	-	-	-	...	5,285	-	...	5,285	3,619,360	-	-	3,624,645	4,949,139	0	8,573,784	1,952,386	-	10,526,170	
Department of Motor Traffic	-	-	-	...	3,227	-	...	3,227	302	-	-	5,529	-	-	5,529	4,500	-	10,029	
Department of Posts	2,095	-	-	2,095	31,130	-	33,225	89,987	-	-	-	123,212	62	-	123,274	26,606	-	178,418	

Non-current Assets Acquired since 01.01.2004 *contd.*

Name of Institution	2004			2005			2006			2007			2008			2009			
	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	
Department of Buildings	-	-	-	4,950	4,950	-	5,300	-	-	5,300	-	-	5,300	-	-	5,300	3,708	-	9,008
Government Factory	-	-	-	...	...	-	4,000	4,000	-	4,000	-	-	4,000	-	-	4,000	-	-	4,000
Department of National Physical Planning	-	-	-	...	...	-	3,630	-	-	3,630	-	-	3,630	5,000	-	8,630	-	-	8,630
Central Provincial Council	-	-	-	...	...	-	...	-	-	...	-	-	...	-	-	...	2,268	-	2,268
Southern Provincial Council	-	-	-	...	...	-	...	7,500	-	7,500	-	-	7,500	-	-	7,500	1,890	-	1,890
Sabaragamuwa Provincial Council	-	-	-	...	...	-	...	34,065	-	34,065	47,895	0	81,960	5,126	-	87,086	-	-	87,086
Department of Civil Security	-	-	-	...	...	-	...	-	-	...	-	-	...	-	-	...	-	-	...
Department of National Botanical Gardens	-	-	-	...	...	-	...	-	-	...	-	-	...	-	-	...	-	-	...
Department of Legle Affairs	-	-	-	...	...	-	...	-	-	...	-	-	...	-	-	...	2,520	-	2,520
Coast Guard Department of Sri Lanka	-	-	-	...	...	-	...	-	-	...	-	-	...	-	-	...	8,872	-	8,872
Ministry of Reconstruction & Development	-	-	-	...	...	-	22,500	-	-	22,500	-	-	22,500	-	-	22,500	-	-	22,500
Ministry of Mahaweli & River Basin Development & Rajarata Development	-	-	-	9,998	9,998	-	9,998	-	-	9,998	-	-	9,998	-	-	9,998	-	-	9,998
Ministry of Eastern Development & Muslim Religious Affairs	3,275	3,275	-	3,275	-	-	3,275	-	-	3,275	-	-	3,275	-	-	3,275	-	-	3,275
Ministry of Home Affairs Provincial Councils & Local Government	...	-	-	3,107	3,107	-	3,107	-	-	3,107	-	-	3,107	-	-	3,107	-	-	3,107
Ministry of Interior	...	226	-	226	-	-	226	-	-	226	-	-	226	-	-	226	-	-	226
Ministry of Public Security Law & Order	-	-	-	4,321	4,321	-	4,321	-	-	4,321	-	-	4,321	-	-	4,321	-	-	4,321
Ministry of Regional Development	-	-	-	706	706	-	706	-	-	706	7,900	-	8,606	-	-	8,606	-	-	8,606
Ministry of Coconut Development	-	-	-	...	...	-	12,975	-	-	12,975	4,750	-	17,725	-	-	17,725	-	-	17,725
Ministry of Small & Rural Industries	-	-	-	4,753	4,753	-	7,852	-	-	7,852	-	-	7,852	-	-	7,852	-	-	7,852
Ministry of Rural Economic Development	...	-	-	...	...	-	18,368	-	-	18,368	-	-	18,368	-	-	18,368	-	-	18,368
Ministry of New Railroad Development	-	-	-	...	...	-	10,900	-	-	10,900	549	-	11,449	-	-	11,449	-	-	11,449
Ministry of Skills Development & Public Enterprise Reforms	-	-	-	...	...	-	17,590	-	-	17,590	-	-	17,590	-	-	17,590	-	-	17,590
Ministry of Relief, Rehabilitation & Reconciliation	...	24,675	-	146,769	146,769	-	146,769	-	-	146,769	-	-	146,769	-	-	146,769	-	-	146,769
Ministry of Promotion of Botanical & Zoological Gardens	-	-	-	...	...	-	16,592	-	-	16,592	3,492	-	20,084	-	-	20,084	-	-	20,084
Ministry of Textile Industrial Development	-	-	-	...	...	-	7,487	-	-	7,487	-	-	7,487	-	-	7,487	-	-	7,487
Total	196,409	272	196,137	2,074,086	24,664	2,245,559	4,497,294	6,159	6,736,799	11,303,732	46,692	17,993,839	12,313,901	142,794	30,164,946	4,967,532	35,132,478	-	-

Non-current Assets Acquired since 01.01.2004 contd..

Name of Institution	2004			2005			2006			2007			2008			2009	
	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions
H.E.the President	...	1,723	-	1,723	8,803	-	10,526	127,985	-	1,328,118	97,917	-	1,426,035	55,417	-	1,481,452	
Office of the Prime Minister	...	1,807	-	1,807	8,092	3,049	6,850	939	39	7,750	4,947	127	12,570	4,924	-	17,494	5,108
Office of the Cabinet of Ministers	...	45	-	45	32	-	77	230	-	307	477	-	784	4,480	-	5,264	30
Parliament	...	3,313	-	3,313	3,518	-	6,831	4,995	-	11,826	5,738	-	17,564	9,826	-	27,390	7,313
Office of the Leader of the House of Parliament	...	117	-	117	199	-	316	200	-	516	107	-	623	124	-	747	324
Office of the Chief Government whip of Parliament	...	234	-	234	391	-	625	113	-	738	360	-	1,098	-	-	1,098	337
Office of the Leader of the Opposition of Parliament	...	-	-	-	392	-	392	100	-	492	80	-	572	55	-	627	62
Office of the Fomer President(Hon.D.B.Wijethunge)	...	98,976	-	98,976	38	-	99,014	30	49	98,995	-	-	98,995	-	-	98,995	-
Office of the Fomer Prime Minister (Hon.C.B.Kumaratunge)	...	-	-	-	-	-	-	1,400	-	1,400	48	-	1,448	-	-	1,448	-
The Constitutional Council	...	42	-	42	-	-	42	479	-	521	48	-	569	17	-	586	83
Public Service Commission	...	11,394	-	11,394	594	-	11,988	414	-	12,402	460	-	12,862	1,905	-	14,767	722
Judicial Service Commission	...	476	-	476	102	-	578	873	-	1,451	336	-	1,787	23	-	1,810	28
National Police Commission	...	500	-	500	3,468	-	3,968	949	-	4,917	2,082	-	6,999	1,393	2	8,390	184
Administration Appeals Tribunal	...	144	-	144	-	-	144	61	-	205	45	-	250	47	2	295	40
Commission to Investigate Allegations of Bribery or Corruption	...	497	-	497	699	-	1,196	696	-	1,892	494	-	2,386	186	-	2,572	883
Department of Elections	...	-	-	-	-	-	-	985	-	985	2,030	313	2,702	1,881	-	4,583	1,917
Auditor General	...	1,966	-	1,966	3,386	-	5,352	2,489	-	7,841	1,194	-	9,035	4,642	-	13,677	2,650
Office of the Parliamentary Commissioner for Administration	...	87	-	87	73	-	160	-	-	160	68	1	227	122	-	349	152
Office of the Finance Commission	...	194	-	194	565	-	759	55	-	814	180	-	994	3	19	978	28
National Education Commission	...	424	-	424	451	-	875	486	-	1,361	71	-	1,432	313	-	1,745	337
Human Rights Commission of Sri Lanka	...	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	905
Ministry of Religious Affairs	...	50	-	50	170	-	220	2,394	-	2,614	964	-	3,578	600	-	4,178	1,134
Ministry of Finance & Planning	...	2,225	-	2,225	5,141	-	7,366	18,804	10,082	16,088	4,984	-	21,072	5,139	1,492	24,719	4,264
Ministry of Defence Public Security Law & Order	...	1,876	-	1,876	7,236	-	9,112	25,902	36	34,978	36,913	-	71,891	74,647	-	146,538	23,947
Ministry of Plan Implementation & Monitoring	...	-	-	-	-	-	-	9,056	-	9,056	2,605	-	11,661	2,242	832	13,071	618
Ministry of Nation Building & Estate Infrastructure Development	...	-	-	-	-	-	-	-	-	-	424	-	424	2,369	-	2,793	2,607
Ministry of Disaster Management & Human Rights	...	-	-	-	-	-	-	7,628	-	7,628	1,341	-	8,969	1,299	-	10,268	657
Ministry of Tourism	5,545	271	-	271	745	87	929	497	58	1,368	1,358	65	2,661	596	-	3,257	424
Ministry of Post & Telecommunications	...	-	-	-	754	-	754	1,083	-	1,837	1,904	-	3,741	3,392	-	7,133	1,072
Ministry of Justice & Law Reforms	...	4,937	-	4,937	120,148	-	125,085	196,326	-	321,411	70,746	-	382,157	3,265	-	395,422	8,736
Ministry of Health Care Nutrition	...	-	-	-	-	-	-	-	-	-	68,310	380	67,930	-	-	67,930	170,010
Ministry of Foreign Affairs	...	1,921	-	1,921	12,724	-	14,645	63,114	294	77,465	76,591	23	154,033	66,336	591	219,778	49,627
Ministry of Port & Aviation	...	1,627	-	1,627	2,140	-	3,767	1,533	-	5,300	439	-	5,739	1,419	-	7,158	904
Ministry of Transport	...	23,001	-	23,001	-	-	23,001	1,497	-	24,498	877	-	25,375	1,336	-	26,711	588
																	27,299

Non-current Assets Acquired since 01.01.2004 contd..

2102-Office Equipment

Name of Institution	2004			2005			2006			2007			2008			2009		
	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	
Ministry of Petroleum & Petroleum Resources Development	-	-	-	-	3,012	-	3,012	-	3,012	-	3,585	-	6,597	2,044	-	8,641	913	9,554
Ministry of Trade Commerce Consumer Affairs & Marketing Development	...	161	-	432	1,849	-	2,281	444	2,725	777	-	-	3,502	177	-	3,679	-	3,679
Ministry of Highways and Road Development	690	1,150	-	1,840	2,424	-	4,264	719	4,983	2,124	63	7,044	5,648	12,692	-	-	-	12,692
Ministry Agricultural Development and Agrarian Savicers	2,484	18	2,466	6,150	6,928	-	15,544	5,019	20,563	2,621	-	23,184	1,741	24,925	-	-	-	24,925
Ministry of Power & Energy	...	227	-	227	128	-	355	1,936	4,494	2,203	-	4,494	1,854	6,348	-	-	-	6,348
Ministry of Child Development & Women's Empowerment	62	5,256	-	5,318	4,156	-	9,474	5,994	15,468	50	-	15,518	1,289	16,807	-	-	-	16,807
Ministry of Public Administration & Home Affairs	3,659	13,164	-	16,823	7,319	-	24,142	12,259	36,401	5,382	-	41,783	14,424	56,207	-	-	-	56,207
Ministry of Mass Media & Information	-	1,783	-	1,783	3,000	-	4,783	1,982	6,765	543	-	7,308	2,536	9,844	-	-	-	9,844
Ministry of Urban development and sacred area	279	771	-	1,050	1,535	-	2,585	857	3,442	887	105	4,224	621	4,845	-	-	-	4,845
Ministry of Social Service & Social Welfare	-	...	-	...	3,414	-	3,414	1,727	5,141	671	-	5,812	841	6,653	-	-	-	6,653
Ministry of Housing & Common Amenities	1,177	4,410	-	5,587	633	-	6,220	2,211	8,431	1,703	-	10,134	405	10,539	-	-	-	10,539
Ministry of Education	20,709	1,484,518	-	1,505,227	1,402,286	-	2,907,513	1,435,051	4,342,564	23,603	43	4,366,124	1,329,156	5,695,280	-	-	-	5,695,280
Ministry of Labour Relations & Foreign Employment	-	3,158	89	3,069	4,149	183	7,035	2,733	9,618	1,755	-	11,373	1,385	12,758	-	-	-	12,758
Ministry of Rural Industries & Self Employment Promotion	-	...	-	...	...	-	...	765	765	830	-	1,595	566	2,161	-	-	-	2,161
Ministry of Vocational & Technical Training	5,057	349,243	-	354,300	300	-	356,217	663	356,880	6,937	-	363,817	6,937	363,817	-	-	-	363,817
Ministry of Local Government & Provincial Councils	...	357	-	357	1,777	-	2,134	2,065	4,219	2,029	-	6,248	1,710	7,958	-	-	-	7,958
					38													
Ministry of Enterprise Development & Investment Promotion	-	2,276	-	2,276	5,361	-	7,637	2,965	10,602	-	-	10,602	1,936	12,538	-	-	-	12,538
Ministry of Science & Technology	...	3,265	-	3,265	4,265	-	7,530	6,216	13,746	11,626	-	25,372	13,854	39,226	-	-	-	39,226
Ministry of Constitutional Affairs National Intergration	...	724	-	724	754	-	1,478	64	1,542	6,646	-	8,188	1,188	9,376	-	-	-	9,376
Ministry of Plantation Industries	...	2,455	-	2,455	1,671	-	4,126	1,495	5,621	1,955	-	7,576	6,803	14,379	-	-	-	14,379
Ministry of Sports and Public Recreation	-	...	-	...	...	-	...	...	...	...	-	...	...	...	-	-	-	...
Ministry of Indigenous Medicine	-	719	-	719	571	-	1,290	1,586	2,876	958	-	3,834	823	4,657	-	-	-	4,657
Ministry of Fisheries & Aquatic Resources	...	1,523	-	1,523	5,683	-	7,206	5,567	12,773	45,230	-	58,003	28,193	86,196	-	-	-	86,196
Ministry of Livestock Development	-	...	-	...	1,016	-	1,016	2,182	3,198	872	-	4,070	858	4,928	-	-	-	4,928
Ministry of Cultural Affairs	...	532	-	532	1,745	-	19,745	20,721	40,466	1,998	-	42,464	20,352	62,816	-	-	-	62,816
Ministry of Parliamentary Affairs	...	532	-	532	175	-	707	1,127	1,834	394	-	2,228	245	2,473	-	-	-	2,473
Ministry of Re-Settlement & Disaster relief services	-	...	-	...	2,217	-	2,217	3,550	5,767	1,444	-	7,211	1,946	9,057	-	-	-	9,057
Ministry of Industrial Development	446	446	-	892	1,668	63	2,051	1,949	4,000	2,302	-	6,302	1,009	7,311	-	-	-	7,311
Ministry of Foreign Employment Promotion	-	...	-	...	2,076	-	2,076	552	2,628	1,890	-	4,518	442	4,960	-	-	-	4,960
Ministry of Irrigation	-	...	-	...	3,652	-	3,652	1,560	5,212	1,441	-	6,653	1,353	8,006	-	-	-	8,006
Ministry of Lands	...	1,943	-	1,943	-	-	1,943	3,539	5,482	2,046	-	7,528	2,046	9,574	-	-	-	9,574
Ministry of Youth Affairs	1,228	2,525	-	3,753	1,395	-	5,148	4,800	9,948	877	-	10,825	268	11,093	-	-	-	11,093

Non-current Assets Acquired since 01.01.2004 contd..

2102-Office Equipment

Name of Institution	2004			2005			2006			2007			2008			2009		
	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal
Ministry of Environmental & Natural Resources	...	146	-	146	11,174	-	11,320	947	-	12,267	4,934	21	16,560	1,780	103	18,257	1,027	19,284
Ministry of Internal Administration	-	-	-	-	-	-	-	-	524	-	524	-	524	379	-	903	432	1,335
Ministry of Youth Empowerment & Socio Economic Development	-	-	-	-	-	-	-	-	5,159	410	4,749	1,000	4,749	1,000	-	5,749	1,919	7,668
Ministry of Community Development & Social Inequality Eradication	675	-	-	675	-	-	675	3,521	-	4,196	455	-	4,196	455	-	4,651	204	4,855
Ministry of Nation Heritage	-	-	-	-	-	-	-	-	2,941	-	2,941	-	2,941	558	-	3,499	-	3,499
Ministry of Water Supply & Drainage	-	-	-	-	-	-	-	-	3,277	-	3,277	-	3,277	1,537	-	4,814	1,498	6,312
Ministry of Export Development & International Trade	-	-	-	-	-	-	-	-	1,236	-	1,236	-	1,236	166	-	1,402	447	1,849
Ministry of Public Estate Management & Development	-	-	-	-	-	-	-	-	6,922	-	6,922	-	6,922	1,223	32	8,113	1,205	9,318
Ministry of Counstruction & Engineering Services	-	-	-	-	-	-	-	-	12,282	-	12,282	-	12,282	2,175	132	14,325	1,494	15,819
Ministry of Special Projects	-	-	-	-	-	-	-	-	4,070	-	4,070	-	4,070	108	4,178	-	-	-
Ministry of Higher Education	-	-	-	-	-	-	-	-	1,252	-	1,252	-	1,252	1,935	-	3,187	1,616,755	1,619,942
Ministry of Supplementary Plantation Crops Development	3,795	-	-	3,795	3,549	-	7,344	964	-	8,308	980	-	9,288	704	-	9,992	240	10,232
Department of Buddhist Affairs	616	-	-	616	19	-	635	248	-	883	528	-	1,411	94	-	1,505	41	1,546
Department of Muslim Religious & Cultural Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Department of Christian Religious Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Department of Hindu Religious & Cultural Affairs	739	-	-	739	42	-	781	753	-	1,534	1,171	-	2,705	1,028	-	3,733	259	3,992
Department of Public Trustee	136	-	-	136	515	-	651	78	-	727	662	-	1,255	248	-	1,503	211	1,714
Department of Cultural Affairs	-	-	-	-	3,078	19	3,097	1,606	-	4,665	1,318	-	5,983	1,913	-	7,896	748	8,644
Department of Archaeology	...	1,279	-	1,279	1,917	-	3,196	1,404	-	4,600	5,662	-	10,262	5,100	-	15,362	2,968	18,330
Department of National Museums	...	500	-	500	4,717	-	5,217	4,461	-	9,678	1,548	-	11,226	4,360	-	15,586	1,710	17,296
Department of National Archives	...	3,281	-	3,281	3,164	-	6,445	3,554	-	9,999	7,513	-	17,512	1,905	-	19,417	1,066	20,483
Department of Information	-	-	-	-	785	-	785	2,392	-	3,177	645	-	3,822	5,399	-	9,221	2,602	11,823
Department of Government Printer	-	-	-	-	1,684	-	1,684	3,780	-	5,464	2,808	-	8,272	1,583	-	9,855	1,552	11,407
Department of Examinations	-	-	-	-	499	-	499	1,493	-	1,992	1,028	-	3,020	780	-	3,800	850	4,650
Department of Educational Publications	466	349	-	815	344	-	693	642	-	693	642	-	1,335	468	-	1,803	594	2,397
Department of Technical Education & Training	...	7,444	-	7,444	7,496	-	14,940	10,000	-	24,940	12,047	-	36,987	2,856	-	39,843	3,111	42,954
Department of Social Services	...	1,257	-	1,257	4,393	-	5,650	3,554	-	9,204	7,746	-	16,950	992	-	17,942	552	18,494
Department of Probation & Child Care	...	1,021	721	1,742	300	854	1,154	1,155	-	2,309	839	-	3,148	524	300	3,372	310	3,682
Department of Commissioner General of Samudhi	-	-	-	-	703	-	703	1,782	-	2,485	1,047	-	3,532	180	-	3,712	291	4,003
Department of Sports Development	...	2,185,223	-	2,185,223	2,771	-	2,187,994	1,221	-	2,189,215	940	-	2,190,155	799	-	2,190,954	227	2,191,181
Department of Ayurveda	...	3,316	-	3,316	2,563	-	5,879	3,932	-	9,811	4,216	-	14,027	5,277	-	19,304	3,170	22,474
Department of Labour	...	10,682	-	10,682	52,666	-	63,348	12,818	-	76,166	2,911	-	79,077	1,128	-	80,205	1,815	82,020
Sri Lanka Army	-	-	-	-	32,916	-	32,916	72,081	-	104,997	67,007	-	172,004	129,295	-	301,299	87,997	389,296
Sri Lanka Navy	...	34,298	-	34,298	-	-	34,298	35,272	-	69,570	-	-	69,570	-	-	69,570	99,990	169,560

Non-current Assets Acquired since 01.01.2004 *contd.*

Name of Institution	2004			2005			2006			2007			2008			2009		
	Balance	Additions	Disposal	Balance	Additions													
Sri Lanka Air Force	2,810	-	2,810	29,879	-	32,689	20,021	2,021	50,689	26,985	8,583	69,091	9,276	825	77,542	69,507	147,049
Department of Police	-	-	-	-	-	146,389	-	146,389	-	-	146,389	117,994	264,383
Department of Immigration & Emigration	573	-	573	27,947	-	28,520	8,293	-	36,813	2,570	-	39,383	1,924	-	41,307	420	41,727
Department of registration of Persons	1,312	-	1,312	722	-	2,034	1,006	-	3,040	844	-	3,884	659	-	4,543	1,611	6,154
Courts Administration	17,204	-	17,204	16,662	-	33,866	25,620	-	59,486	35,272	-	94,758	40,032	-	134,790	51,404	186,194
Department of Attorney General	3,615	-	3,615	2,747	-	6,362	2,532	-	8,894	5,436	-	14,330	2,709	-	17,039	4,884	21,923
Department of Legle Draftsman	501	-	501	711	-	1,212	553	-	1,765	486	-	2,251	4,095	-	6,346	10,477	16,823
Department of Debt Conciliation Board	-	-	-	-	-	-	-	231	-	231	87	-	318	98	416
Department of Prisons	1,463	-	1,463	2,258	-	3,721	2,824	-	6,545	13,001	-	19,546	9,534	-	29,080	15,533	44,613
Department of Government Analyst	995	-	995	1,461	-	2,456	996	-	3,452	17,997	-	21,449	17,577	5	39,021	20,819	59,840
Registrar of Supreme Court	2,415	-	2,415	159	-	2,574	2,736	-	5,310	2,993	-	8,303	3,008	-	11,311	7,572	18,883
Department of Law Communication	352	-	352	100	-	352	600	-	952	1,230	-	2,182	930	-	3,112	970	4,082
Department of Official Languages	15	-	15	100	-	115	277	-	392	256	-	648	-	-	648	178	826
Department of National Planning	1,151	-	1,151	5,045	-	6,196	232	-	6,428	3,610	-	10,038	3,220	-	13,258	1,527	14,785
Department of Fiscal Policy	-	4,163	-	4,163	334	-	4,497	-	-	4,497	65	-	4,562	97	4,659
Department of External Resources	1,192	-	1,192	9,241	-	10,433	5,976	-	16,409	10,888	-	27,297	250	-	27,297	578	27,875
Department of National Budget	138	-	138	508	-	646	83	-	729	228	-	957	250	-	1,207	3,223	4,430
Department of Public Enterprise	782	-	782	523	-	1,305	175	-	1,480	1,129	-	2,609	1,677	-	4,286	1,158	5,444
Department of Management Services	1,945	-	1,945	1,216	-	3,161	1,321	-	4,482	1,412	-	5,894	16	-	5,910	457	6,367
Department of Development Finance	-	187	-	187	172	-	359	143	-	502	-	-	502	46	548
Department of Trade Tariff & Investment Policy	-	-	-	-	-	-	736	-	736	720	10	1,446	18	1,464
Department of Public Finance	1,518	-	1,518	254	-	1,772	557	-	2,329	3,032	-	5,361	-	-	5,361	28	5,389
Department of Inland Revenue	986	-	986	7,259	-	8,245	32,672	-	40,917	8,166	-	49,083	5,323	-	54,406	9,749	64,155
Department of Customs	-	722	-	722	690	-	722	17,756	-	18,478	-	-	18,478	6,645	25,123
Department of Excise	697	-	697	1,047	-	1,744	6,902	-	8,646	5,346	-	13,992	3,614	-	17,606	4,062	21,668
Department of Treasury Operations	-	-	-	277	-	277	140	-	417	114	-	531	1,581	2,112
Department of State Accounts	846	-	846	1,257	400	1,703	374	-	2,077	1,095	-	3,172	-	-	3,172	685	3,857
Department of Valuation	396	-	396	588	-	984	794	-	1,778	1,833	-	3,611	4,775	-	8,386	1,699	10,085
Department of Census & Statistics	1,016	-	1,016	1,994	-	3,010	1,629	-	4,639	1,587	98	6,128	1,431	-	7,559	4,836	12,395
Department of Pensions	767	-	767	3,775	-	4,542	3,659	-	8,201	3,228	-	11,429	2,883	-	14,312	2,503	16,815
Department of Registrar General	-	2,812	-	2,812	3,240	-	6,052	12,174	-	18,226	9,431	-	27,657	1,832	29,489
District Secretariat - Colombo	3,131	-	3,131	11,847	-	14,978	2,447	-	17,425	39,888	-	51,313	3,718	26	55,005	12,582	67,587
District Secretariat - Gampaha	1,499	-	1,499	679	-	2,178	1,948	-	4,126	15,976	-	20,102	2,765	-	22,867	1,895	24,762
District Secretariat - Kalutara	920	-	920	1,498	-	2,418	2,961	-	5,379	22,582	-	27,961	5,983	36	33,908	1,088	34,996
District Secretariat - Kandy	746	-	746	1,496	-	2,242	2,551	-	4,793	39,824	-	44,617	6,810	-	51,427	4,226	55,653
District Secretariat - Matale	1,691	-	1,691	1,997	-	3,688	1,850	-	5,538	19,502	-	25,040	3,364	1	28,403	4,126	32,529
District Secretariat - Nuwara Eliya	475	-	475	1,993	-	2,468	1,458	-	3,926	15,267	-	19,193	6,884	-	26,077	5,094	31,171
District Secretariat - Galle	3,918	-	3,918	3,259	-	7,177	1,984	-	9,161	29,992	-	39,153	7,412	-	46,565	5,942	52,507

Non-current Assets Acquired since 01.01.2004 *contd.*

Name of Institution	2004			2005			2006			2007			2008			2009			
	Balance	Additions	Disposal																
District Secretariat - Matara	...	1,375	-	1,375	8,771	-	10,146	2,549	-	12,695	20,827	-	33,522	4,631	-	38,153	6,371	-	44,524
District Secretariat - Hambantota	...	2,135	-	2,135	2,268	-	4,403	3,000	-	7,403	14,981	-	22,384	3,718	-	26,102	4,946	-	31,048
District Secretariat - Jaffna	...	-	-	...	3,797	-	3,797	3,696	-	7,493	19,994	-	27,487	3,719	-	31,206	8,200	-	39,406
District Secretariat - Mannar	54	-	-	...	499	-	499	2,748	-	3,247	5,414	-	8,661	4,566	-	13,227	4,979	-	18,206
District Secretariat - Vavuniya	...	-	-	...	899	-	899	1,240	-	2,139	5,874	-	8,013	3,255	-	11,268	1,700	-	12,968
District Secretariat - Mullativu	...	500	-	500	394	-	894	2,479	-	3,373	4,419	-	7,792	2,113	-	9,905	2,113	-	9,905
District Secretariat - Kilinochchi	...	365	-	365	1,000	-	1,365	1,499	-	2,864	8,985	-	11,849	2,150	-	13,999	7,999	-	21,998
District Secretariat - Batticaloa	...	998	-	998	5,196	-	6,194	1,698	-	7,892	11,584	-	19,476	4,330	-	23,806	4,977	-	28,783
District Secretariat - Ampara	...	850	-	850	1,471	-	2,321	1,458	-	3,779	17,191	-	20,970	2,361	-	23,331	6,179	-	29,510
District Secretariat - Trincomalee	...	2,993	-	2,993	999	-	3,992	2,938	-	6,930	7,801	-	14,731	1,098	-	15,829	2,683	-	18,512
District Secretariat - Kurunegala	...	4,583	-	4,583	3,147	-	7,730	2,803	-	10,533	51,421	-	61,954	4,845	-	66,799	2,995	-	69,794
District Secretariat - Puttalam	...	999	-	999	1,730	-	2,729	2,499	-	5,228	14,999	-	20,227	4,394	-	24,621	3,850	-	28,471
District Secretariat - Anuradhapura	...	1,186	-	1,186	1,797	-	2,983	2,752	-	5,735	19,560	-	25,295	3,711	-	29,006	4,403	-	33,409
District Secretariat - Polonnaruwa	-	...	2,000	-	2,000	1,991	-	3,991	6,972	-	10,963	5,424	-	16,387	5,065	-	21,452
District Secretariat - Badulla	...	988	-	988	2,596	-	3,584	2,987	-	6,571	22,206	-	28,777	6,163	-	34,940	1,972	-	36,912
District Secretariat - Monaragala	...	989	-	989	2,005	-	2,994	2,117	-	5,111	7,870	-	12,981	2,323	-	15,304	3,497	-	18,801
District Secretariat - Ratnapura	...	1,009	-	1,009	1,919	-	2,928	2,226	-	5,154	2,764	-	7,918	2,871	-	10,789	8,394	-	19,183
District Secretariat - Kegalle	...	782	-	782	2,492	-	3,274	2,477	-	5,751	20,011	-	25,762	3,988	-	29,750	2,736	-	32,486
Department of Foreign Aid & Budget Monitoring	-	...	1,840	-	1,840	2,559	-	4,399	598	-	4,997	397	-	598	4,796	228	5,024
Department of Agrarian Development	-	...	3,470	-	3,470	4,678	-	8,148	9,252	-	17,400	4,696	-	22,096	11,783	-	33,879
Department of Irrigation	15,178	1	15,177	14,229	6	29,400	22,105	51,505	18,986	70,491	15,075	13	85,553	16,286	101,839	15,577	15,577	15,577	
Department of Forests	...	490	-	490	498	-	988	542	-	1,530	4,958	-	6,488	5,232	-	11,720	3,857	-	15,577
Department of Wildlife Conservation	...	63	-	63	1,967	-	2,030	989	-	3,019	1,122	-	4,141	36,412	-	40,553	2,763	-	43,316
Department of Agriculture	...	10,921	-	10,921	4,857	-	15,778	3,956	-	19,734	11,521	-	31,255	13,040	67	44,228	12,096	-	56,324
Department of Land Commissioner	...	1,798	-	1,798	1,998	-	3,796	2,988	-	6,784	2,494	-	9,278	1,838	-	11,116	1,400	-	12,516
Department of Land Settlement	...	198	-	198	1,373	-	1,571	1,277	-	2,848	503	-	3,351	800	-	4,151	799	-	4,950
Department of Survey	...	3,386	-	3,386	121,978	-	125,364	2,175	-	127,493	4,817	-	132,310	1,412	266	133,456	148	-	133,604
Department of Export-Agriculture	...	2,929	-	2,929	-	-	2,929	-	-	2,929	32	-	2,961	2,296	-	5,257	2,431	-	7,688
Department of Fisheries and Aquatic Resources	...	298	-	298	1,795	-	2,093	1,313	-	3,406	1,530	-	4,936	2,873	-	7,809	1,594	-	9,403
Department of Coast Conservation	...	692	-	692	1,894	-	2,586	696	-	3,282	736	-	4,018	298	-	4,316	68	-	4,384
Department of Animal Production and Health	...	2,296	-	2,296	-	-	2,296	5,145	-	7,441	4,785	-	12,226	7,129	37	19,318	2,633	-	21,951
Department of Rubber Development	...	-	-	...	759	-	759	187	-	946	3,078	16	4,008	1,104	-	5,112	2,464	-	7,576
Department of National Zoological Garden	...	211	-	211	300	-	511	384	-	895	642	-	1,537	499	-	2,036	701	-	2,737
Department of Commerce	...	-	-	...	1,681	-	1,681	636	-	2,317	789	-	3,106	69	-	3,175	499	-	3,674
Department of Import and Export Control	5,606	13	327	193	14	506	716	389	833	1,265	-	2,098	412	684	1,826	987	2,813	2,813	

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Non-current Assets Acquired since 01.01.2004 *contd..*

2102-Office Equipment

Name of Institution	2004			2005			2006			2007			2008		2009	
	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Balance	Additions
Department of the Registrar of Companies	...	2	-	213	-	-	215	-	-	215	-	-	215	-	-	215
Department of Measurement Units, Standards & Services	...	301	-	329	-	-	1,005	375	-	1,907	902	-	2,370	463	-	2,370
National Intellectual property Office of Sri Lanka	...	44	-	-	-	-	44	-	-	44	-	-	44	-	-	44
Department of Food Commissioner	...	44	-	45	-	-	89	561	-	1,500	850	-	1,915	415	0	2,128
Department of Co-operative Development	167	-	-	629	-	-	1,809	1,180	-	2,302	493	-	2,391	89	0	2,467
Co-operative Employees Commission	-	299	4	-	295	1,080	6	1,540	174	3	1,535	5	10	1,596
Department of Textile Industries	...	494	-	425	-	-	1,117	198	-	1,708	591	-	1,769	61	0	1,913
Department of Meteorology	...	2,218	-	4,801	-	-	7,019	660	-	9,621	1,942	-	10,726	1,105	0	11,919
Department of Upcountry Pessantry Rehabilitation	...	49	-	249	-	-	298	443	-	741	-	-	1,089	348	0	1,344
Department of Sri Lanka Railways	-	5,839	-	-	5,839	3,912	-	10,185	434	-	22,307	12,122	0	26,950
Department of Motor Traffic	-	1,998	-	-	1,998	5,735	75	12,317	6,569	-	18,886	6,569	0	22,139
Department of Posts	...	26,557	-	18,987	-	-	45,544	7,200	-	55,100	2,356	-	89,712	34,612	0	98,470
Department of Buildings	-	1,244	-	-	1,244	2,791	-	13,216	9,181	-	22,450	9,281	47	27,811
Government Factory	...	240	-	770	-	-	1,010	862	-	2,843	971	-	3,305	462	0	3,942
Department of National Physical Planning	...	1,524	-	874	-	-	2,398	1,217	-	5,088	900	-	5,988	900	0	6,093
Department of Civil Security	-	...	-	-	-	26,075	-	-	44,651	18,576	0	63,110
Department of national Botanical Garden	-	...	-	-	-	...	-	-	462	462	0	880
Department of Legal Affairs	-	...	-	-	-	...	-	-	225	225	0	225
Department of Management Audit	-	...	-	-	-	...	-	-	179	179	0	179
Coast Guard Department of Sri Lanka	-	...	-	-	-	...	-	-	875	875	0	875
Office of the Former Prime Minister (Hon.R.Wickramanayake)	...	10	-	10	-	-	10	-	-	10	-	-	10	-	0	10
Ministry of Policy Development & Implementation	-	...	-	-	-	...	555	-	555	555	-	555
Ministry of Reconstruction & Development	-	...	-	-	...	25,238	-	25,238	-	-	25,238	-	-	25,238
Ministry of Infrastructure Development in the Eastern Province	-	1,954	-	-	1,954	-	-	1,954	-	-	1,954	-	-	1,954
Ministry of Mahaweli & River Basin Development & Rajarata Development	-	2,445	-	-	2,445	-	-	2,445	-	-	2,445	-	-	2,445
Ministry of Eastern Development & Muslim Religious Affairs	...	996	-	996	-	-	996	-	-	996	-	-	996	-	-	996
Ministry of Home Affairs Provincial Councils & Local Government	...	1,467	-	1,907	-	-	3,374	-	-	3,374	-	-	3,374	-	-	3,374
Ministry of Interior	...	1,130	-	1,130	-	-	1,130	-	-	1,130	-	-	1,130	-	-	1,130
Ministry of Public Security Law & Order	-	4,195	-	-	4,195	-	-	4,195	-	-	4,195	-	-	4,195
Ministry of Regional Development	-	2,000	-	-	2,000	2,397	-	4,397	1,093	-	5,490	5,490	-	5,490
Ministry of Infrastructure Development & Fisheries Housing	-	...	-	-	...	548	-	548	-	-	548	-	-	548
Ministry of Coconut Development	-	...	-	-	...	3,790	-	3,790	276	-	4,066	4,066	-	4,066
Ministry of Small & Rural Industries	-	1,496	-	-	1,496	963	-	2,459	-	-	2,459	-	-	2,459
Ministry of Small Holder Development	...	298	-	298	-	-	298	-	-	298	-	-	298	-	-	298

Non-current Assets Acquired since 01.01.2004 *contd..*

Name of Institution	2004			2005			2006			2007			2008			2009		
	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal
Ministry of Southern Region Development	...	4,262	-	4,262	-	-	4,262	-	-	4,262	-	-	4,262	-	-	4,262	-	-
Ministry of Western Region Development	...	458	-	458	-	-	458	-	-	458	-	-	458	-	-	458	-	-
Ministry of Central Region Development	...	1,013	-	1,013	-	-	1,013	-	-	1,013	-	-	1,013	-	-	1,013	-	-
Ministry of Rural Economic & Development	...	1,217	-	1,217	1,702	-	2,919	287	-	3,206	287	-	3,206	287	-	3,206	287	-
Ministry of Samurdhi & Poverty Alleviation	...	-	-	...	-	-	...	-	-	899	-	-	899	-	-	899	-	-
Ministry of Skills Development & Public Enterprise Reforms	...	-	-	...	4,669	-	4,669	720	-	5,389	720	-	5,389	720	-	5,389	720	-
Ministry of New Railroad Development	...	-	-	...	1,415	-	1,415	64	-	1,479	64	-	1,479	64	-	1,479	64	-
Ministry of Christian & Parliamentary Affairs	...	-	-	...	155	-	155	-	-	155	-	-	155	-	-	155	-	-
Ministry of North West Region Development	3,318	1,080	-	1,080	-	-	1,080	-	-	1,080	-	-	1,080	-	-	1,080	-	-
Ministry of Relief, Rehabilitation & Reconciliation	...	1,203	-	1,203	9,413	-	10,616	-	-	10,616	-	-	10,616	-	-	10,616	-	-
Ministry of Assisting Vanni Rehabilitation	...	398	-	398	-	-	398	-	-	398	-	-	398	-	-	398	-	-
Ministry of Promotion of Botanical & Zoological Gardens	...	-	-	...	4,031	-	4,031	1,317	-	5,348	1,317	-	5,348	1,317	-	5,348	1,317	-
Ministry of Textile Industry Development	...	-	-	...	947	-	947	37	-	984	37	-	984	37	-	984	37	-
Ministry of Rural Livelihood Development	...	-	-	...	6,721	-	6,721	740	-	7,461	740	-	7,461	740	-	7,461	740	-
Total	2,616,844	753	2,616,091	2,631,435	3,668	5,243,858	2,407,640	13,458	7,638,157	4,142,974	10,190	11,770,941	1,000,267	11,570	12,759,638	4,181,054	16,940,692	7,461

Non-current Assets Acquired since 01.01.2004 *contd.*

2103-Machinery

Name of Institution	2004			2005			2006			2007			2008		2009			
	Balance	Additions	Disposal	Balance	Additions	Balance												
H.E.the President	...	3,000	-	3,000	6,582	-	9,582	411,293	-	420,875	32,103	-	452,978	63,477	0	516,455	150,949	667,404
Office of the Prime Minister	...	2,880	-	2,880	57,068	384	59,564	4,338	-	63,902	5,049	2	68,949	8,685	-	77,634	2,998	80,632
Office of the Cabinet of Ministers	...	2,084	-	2,084	433	-	2,517	1,121	-	3,638	709	-	4,347	-	-	4,347	6,741	11,088
Parliament	...	6,900	-	6,900	525	-	7,425	2,067	-	9,492	1,500	-	10,992	10,407	-	21,399	7,273	28,672
Office of the Leader of the Opposition of Parliament	...	-	-	-	-	-	-	-	-	-	-	-	-	461	-	461	-	461
The Constitutional Council	...	25	-	25	108	-	133	-	-	133	-	-	133	0	0	133	-	133
Public Service Commission	...	400	-	400	581	-	981	637	-	1,618	451	-	2,069	139	0	2,208	722	2,930
Judicial Service Commission	...	-	-	-	-	-	-	98	-	98	36	-	134	43	0	177	432	609
National Police Commission	...	152	-	152	854	-	1,006	528	-	1,534	-	-	1,534	23	0	1,557	39	1,596
Administration Appeals Tribunal	...	165	-	165	-	-	165	-	-	165	-	-	165	-	-	165	-	165
Commission to Investigate Allegations of Bribery or Corruption	...	1,656	-	1,656	865	-	2,521	1,480	-	4,001	544	-	4,545	148	0	4,693	-	4,693
Department of Elections	...	-	-	-	-	-	-	5,006	-	5,006	46,192	-	51,198	7,174	317	58,055	4,235	62,290
Office of the Finance Commission	...	69	-	69	108	-	177	220	-	397	80	-	477	31	2	506	79	585
National Education Commission	...	-	-	-	-	-	-	25	-	25	4	-	29	9	0	38	-	38
Human Rights Commission of Sri Lanka	...	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	421
Ministry of Religious Affairs	...	3,673	-	3,673	1,297	-	4,970	462	-	5,432	2,198	-	7,630	574	0	8,204	469	8,673
Ministry of Finance & Planning	...	14	-	14	298	-	312	250	-	562	4,056	-	4,618	457	0	5,075	49	5,124
Ministry of Defence, Public Security Law & Order	...	5,311	-	5,311	4,603	-	9,914	4,911	14	14,811	99,608	-	114,419	545,384	0	659,803	10,090	669,893
Ministry of Plan Implementation	...	-	-	-	-	-	-	-	-	-	-	-	-	1626	0	1,626	-	1,626
Ministry of Nation Building & Estate Infrastructure Development	...	-	-	-	-	-	-	-	-	-	1,216	-	1,216	1102	0	2,318	1,168	3,486
Ministry of Disaster Management & Human Rights	...	-	-	-	-	-	-	2,431	-	2,431	16,677	-	19,108	1,294	0	20,402	532	20,934
Ministry of Tourism	1118	624	-	624	500	11	1,113	696	-	1,809	492	-	2,301	666	0	2,967	1,861	4,828
Ministry of Post & Telecommunications	...	-	-	-	1,234	-	1,234	3,934	-	5,168	165	-	5,333	0	0	5,333	1,256	6,589
Ministry of Justice and Law Reforms	...	-	-	-	75	-	75	236	-	311	480	-	791	221	0	1,012	-	1,012
Ministry of Health Care & Nutrition	...	-	-	-	-	-	-	-	-	-	-	-	321,358	9,585	0	311,773	1,900,558	2,212,331
Ministry of Foreign Affairs	...	-	-	-	5,242	-	5,242	8,506	5	13,743	3,708	144	17,307	10,954	0	28,261	11,601	39,862
Ministry of Port & Aviation	...	1,583	-	1,583	-	-	1,583	1,050	-	2,633	2,258	-	4,891	1,578	0	6,469	1,880	8,349
Ministry of Transport	...	78,900	-	78,900	-	-	78,900	1,978	-	80,878	2,058	-	82,936	1,909	0	84,845	1,330	86,175
Ministry of Petroleum & Petroleum Resources Development	...	-	-	-	-	-	-	1,606	-	1,606	1,952	-	3,558	1,111	0	4,669	207	4,876
Ministry of Trade Commerce Consumer Affairs & Marketing Development	...	-	-	-	1,160	-	1,160	2,219	-	3,379	830	-	4,209	2128	0	6,337	2,859	9,196
Ministry of Highways	...	543	-	543	1,054	-	1,597	2,083	-	3,680	41,600	-	45,280	1,073	0	46,353	102,756	149,109
Ministry of Agriculture Development & Agrarian services	...	38	-	38	1,179	-	1,217	1,072	-	2,289	73,783	-	76,072	945,560	0	1,021,632	641,776	1,663,408
Ministry of Power & Energy	...	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	135
Ministry of Child Development & Women's Empowerment	...	57	-	57	2,372	-	2,429	70	-	2,499	903	-	3,402	385	0	3,787	286	4,073

Non-current Assets Acquired since 01.01.2004 contd..

2103-Machinery

Name of Institution	2004			2005			2006			2007			2008		2009	
	Balance	Additions	Disposal	Balance	Additions	Balance										
Ministry of Public Administration & Home Affairs	270	-	-	270	1,415	-	1,685	2,668	-	6,853	-	11,206	6,883	0	18,089	20,314
Ministry of Mass Media & Information	-	-	-	3,186	-	-	3,186	2,200	-	5,614	-	11,000	2,502	0	13,302	15,241
Ministry of Urban Development & sacred area Development	214	-	-	214	440	-	654	999	-	1,103	-	2,756	1,364	-	4,120	5,197
Ministry of Social Service & Social Welfare	-	-	-	...	-	-	...	5,517	-	4,387	-	9,904	279	-	10,183	10,441
Ministry of Housing and Common amenities	1,553	-	-	1,553	428	-	1,981	395	-	1,012	-	3,388	786	-	4,174	4,440
Ministry of Education	9,837	-	-	9,837	35,503	-	45,340	44,711	-	56,489	-	146,540	8,762	89	155,213	165,473
Ministry of Labour Relations & Foreign Employment	-	-	-	...	5,718	11	5,707	8,700	-	15,981	-	30,388	2,318	-	32,706	43,635
Ministry of Rural Industries & Self Employment Promotion	-	-	-	...	-	-	...	-	-	-	-	-	-	-	3,010	3,010
Ministry of Vocational & Technical Training	2,663	-	-	2,663	23,745	-	26,408	200	-	2,842	-	26,816	2,942	-	29,658	37,781
Ministry of Local Government & Provincial Councils	...	495	-	495	-	-	495	1,842	-	1,137	-	3,474	1,807	-	5,281	6,726
Ministry of Enterprise development & Investment Promotion	-	-	-	1,411	-	-	1,411	-	-	-	-	1,411	-	-	1,411	1,994
Ministry of Science & Technology	...	-	-	...	-	-	...	-	-	4,583	-	4,583	5,896	-	10,479	17,947
Ministry of Constitutional Affairs & National Intergration	-	-	-	...	203	-	203	887	-	346	-	1,436	269	-	1,705	2,391
Ministry of Sports and public Recreation	-	-	-	...	-	-	...	-	-	-	-	-	331	-	331	1,022
Ministry of Indigenous Medicine	-	-	-	...	221	-	221	147	-	368	-	563	1,235	-	1,798	2,990
Ministry of Fisheries & Aquatic Resources	3,454	-	-	3,454	588	-	4,042	934	-	7,760	2,580	10,156	33,004	8,287	34,873	103,975
Ministry of Livestock & Infrastructure Development	-	-	-	...	-	-	...	1,914	-	1,203	-	3,117	961	-	4,078	5,650
Ministry of Cultural Affairs & National Heritage	-	-	-	...	1,291	-	1,291	1,584	-	2,875	793	3,668	1,120	-	4,788	8,602
Ministry of Parliamentary Affairs	150	-	-	150	-	-	150	36	-	186	136	322	77	-	399	572
Ministry of Re-Settlement & Disaster Relief Services	-	-	-	...	-	-	...	529	-	16,681	-	17,210	2,296	-	19,506	25,801
Ministry of Industrial Development	434	-	-	434	-	-	434	1,900	-	2,334	2,355	4,689	2,624	-	7,313	10,047
Ministry of Foreign Employment Promotion	-	-	-	...	-	-	...	3,027	-	1,345	-	4,372	1,698	-	6,070	6,205
Ministry of Irrigation	...	-	-	...	-	-	...	-	-	591	-	591	221	-	812	2,898
Ministry of Land and Land Development	-	-	-	...	-	-	...	-	-	-	-	-	12,922	-	12,922	-
Ministry of Youth Affairs	2,282	-	-	...	6,803	-	6,803	4,126	-	3,816	-	14,745	883	-	15,628	16,211
Ministry of Environmental & Natural Resources	438	-	-	438	7,277	-	7,715	1,596	-	9,311	1,607	10,881	1,963	-	12,844	14,782
Ministry of Internal Administration	-	-	-	...	-	-	...	-	-	4,703	-	4,703	4,921	-	9,624	9,938
Ministry of Youth Empowerment & Socio Economic Development	-	-	-	...	-	-	...	660	-	3,909	929	3,249	929	-	4,178	6,578
Ministry of Community Development & Social Inequality Eradication	1,437	-	-	1,437	-	-	1,437	3,325	-	4,762	1,007	4,762	1,007	-	5,769	5,769
Ministry of National Heritage	-	-	-	...	-	-	...	-	-	1,596	-	1,596	-	-	1,596	-
Ministry of Water Supply & Drainage	-	-	-	...	-	-	...	-	-	3,256	-	3,256	988	-	4,244	5,251

Non-current Assets Acquired since 01.01.2004 *contd..*

Name of institution	2004			2005			2006			2007			2008			2009			
	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	
Ministry of Export Development & International Trade	...	-	-	...	-	-	...	-	-	...	2,252	-	2,808	796	-	-	3,604	-	-
Ministry of Public Estate Management & Development	...	-	-	...	-	-	...	-	-	...	462	-	1,771	673	-	-	2,444	-	-
Ministry of Counstruction & Engineering Services	...	-	-	...	-	-	...	-	-	...	3,579	15	4,265	736	-	-	5,001	-	-
Ministry of Special Projects	...	-	-	...	-	-	...	-	-	...	226	4	230	-	-	-	-	-	-
Ministry of Higher Education	...	-	-	...	-	-	...	-	-	...	3,667	1,545	5,212	126	-	-	5,338	-	-
Ministry of Supplementary Plantation Crops Development	...	-	-	...	-	-	...	-	-	...	3,349	269	3,618	371	-	-	3,989	-	-
Department of Muslim Religious & Cultural Affairs	867	-	-	1,648	781	-	1,648	253	-	1,901	7	-	1,908	85	-	-	1,993	-	-
Department of Christian Religious Affairs	-	-	-	-	-	-	-	-	-	-	180	-	180	85	-	-	265	-	-
Department of Hindu Religious & Cultural Affairs	-	-	-	-	-	-	-	-	-	-	103	-	103	107	-	-	210	-	-
Department of Public Trustee	319	-	-	-	-	-	-	797	-	797	-	-	1,348	67	-	-	1,415	-	-
Department of Cultural Affairs	...	2,976	-	2,090	1,586	504	931	1,435	1,914	3,349	3,471	-	6,820	7,575	-	14,395	-	-	
Department of Archaeology	...	5,982	-	4,195	399	-	4,534	756	-	5,290	382	-	5,672	145	-	5,817	-	-	
Department of National Museums	...	4,846	-	7,038	399	-	7,437	561	-	7,998	353	-	8,351	204	-	8,555	-	-	
Department of National Archives	...	-	-	6,705	253	-	6,958	6,456	-	13,414	4,225	-	17,639	2,171	-	19,810	-	-	
Department of Information	...	-	-	10,860	-	-	10,860	9,197	-	38,115	7,818	-	45,933	5,464	-	51,397	-	-	
Department of Government Printer	...	-	-	17,016	43,061	-	60,077	96,456	-	156,533	106,485	-	263,018	25,282	-	288,300	-	-	
Department of Examinations	...	-	-	5,096	5,001	-	10,097	1,763	-	11,860	2,141	-	14,001	1,698	-	15,699	-	-	
Department of Educational Publications	...	8	-	8	-	-	8	-	-	8	383	-	391	412	-	803	-	-	
Department of Technical Education & Training	...	41,559	-	64,575	31,027	-	95,602	7,690	-	103,292	20,533	-	123,825	14,433	-	138,258	-	-	
Department of Social Services	...	-	-	...	44	-	44	779	-	823	914	-	1,737	335	-	2,072	-	-	
Department of Probation & Child Care	...	600	-	886	4	-	890	227	-	1,117	129	-	1,246	243	-	1,489	-	-	
Department of Sports Development	...	12,864	10,676	2,123	1,476	2,835	19,038	21,873	18,017	39,890	-	-	39,890	19,703	-	59,593	-	-	
Department of Ayurveda	...	413	-	3,054	4,808	-	7,862	3,613	-	11,475	3,771	-	15,246	377	-	15,623	-	-	
							43												
Department of Labour	...	15,663	-	29,885	13,676	-	43,561	141,928	-	185,489	20,424	-	205,913	53,197	-	259,110	-	-	
Sri Lanka Army	...	-	-	28,065	45,948	-	74,013	312,745	-	386,758	483,652	-	870,410	788,244	-	1,658,654	-	-	
Sri Lanka Navy	...	323,588	-	323,588	530,000	187,000	666,588	230,313	2,824	894,077	34,673	-	928,750	2,659,147	-	3,587,897	-	-	
Sri Lanka Air Force	27,797	8,999	-	35,148	11,018	-	46,166	4,198,862	1,693,213	5,253,175	613,742	-	7,191,248	608,246	-	7,799,494	-	-	
Department of Police	...	-	-	...	-	-	...	442,799	-	442,799	-	-	442,799	361,652	-	804,451	-	-	
Department of Immigration & Emigration	...	23,720	-	24,915	87,635	-	112,550	46,033	-	158,583	39,396	-	197,979	19,610	-	217,589	-	-	
Department of registration of Persons	...	667	-	3,237	1,758	-	4,995	7,456	-	12,451	685	-	13,136	1,434	-	14,570	-	-	
Department of Attorney General	...	-	-	...	-	-	...	5,799	-	5,799	-	-	5,799	-	-	5,799	-	-	
Department of Legle Draftsman	...	562	-	562	-	-	562	-	-	562	-	-	562	-	-	562	-	-	
Department of Prisons	...	5,666	-	10,092	6,445	-	16,537	6,271	-	22,808	4,973	-	27,781	11,667	-	39,448	-	-	

Non-current Assets Acquired since 01.01.2004 *contd.*

Name of Institution	2004			2005			2006			2007			2008		2009
	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Balance
Department of Official Languages	676	-	-	1,876	1,200	-	2,475	599	-	2,475	-	-	2,509	169	2,678
Department of National Planning	....	-	-	....	3,334	-	3,334	3,334	-	3,334	-	-	3,334	-	3,334
Department of Fiscal Policy	....	-	-	....	1,555	-	1,555	796	-	2,351	113	-	2,464	1,351	3,815
Department of National Budget	3,293	-	-	6,339	3,046	-	11,764	5,425	-	13,934	455	-	14,389	-	14,389
Department of Public Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	922	-	922
Department of Management Service	-	-	-	-	-	-	-	-	-	-	-	-	-	110	110
Department of Development Finance	-	-	-	....	-	-	....	-	-	33	-	-	33	-	33
Department of Trade Tariff & Investment Policy	-	-	-	-	-	-	....	-	-	1,964	984	-	2,958	9	2,967
Department of Public Finance	-	-	-	178	178	-	178	-	-	178	-	-	178	-	178
Department of Inland Revenue	3,381	-	-	7,913	4,532	-	31,922	24,009	-	64,312	13,587	-	77,899	15,199	93,098
Department of Customs	-	-	-	14,983	14,983	-	14,983	2,031,245	-	2,046,228	-	-	2,046,228	48,569	2,094,797
Department of Excise	293	-	-	680	387	-	2,615	1,935	-	6,485	3,962	-	10,447	1,906	12,353
Department of Treasury Operations	-	-	-	-	-	-	....	-	-	1,318	1,139	-	2,457	-	2,457
Department of State Accounts	500	-	-	1,501	1,001	-	1,648	147	-	1,648	-	-	1,648	-	1,648
Department of Valuation	653	-	-	1,390	737	-	2,182	792	-	4,670	12,041	-	16,711	34,000	50,711
Department of Census & Statistics	1,002	-	-	4,415	3,413	-	6,212	1,797	-	16,230	6,728	48	22,958	10,677	33,635
Department of Pensions	237	-	-	299	62	-	299	-	-	1,978	2,385	-	4,363	2,520	6,883
Department of Registrar General	-	-	-	....	-	-	357	357	-	1,091	2,397	-	3,488	1,902	5,390
District Secretariat - Colombo	-	-	-	....	-	-	172	172	-	30,169	2,453	-	32,622	4,073	36,695
District Secretariat - Gampaha	-	-	-	1,298	1,298	-	4,841	3,543	-	7,278	1,849	-	9,127	1,857	10,984
District Secretariat - Kalutara	-	-	-	....	-	-	2,354	2,354	-	13,293	1,658	-	14,951	960	15,911
District Secretariat - Kandy	47	-	-	47	-	-	1,472	873	-	2,345	1,836	-	4,181	825	5,006
District Secretariat - Matale	380	-	-	380	-	-	1,879	877	-	2,756	755	15	3,496	1,020	4,516
District Secretariat - Nuwara Eliya	1,526	-	-	2,510	984	-	4,106	1,596	-	4,106	971	-	5,077	2,165	7,242
District Secretariat - Galle	274	-	-	1,088	814	-	3,939	2,851	-	8,785	1,825	-	10,610	1,181	11,791
District Secretariat - Matara	14	-	-	372	358	-	1,846	798	-	2,644	1,835	-	4,479	1,642	6,121
District Secretariat - Hambantota	400	-	-	400	2,034	-	2,434	445	-	2,879	651	-	3,530	1,499	5,029
District Secretariat - Jaffna	-	-	-	96	96	-	2,091	1,771	-	3,862	1,343	-	5,205	598	5,803
District Secretariat - Mannar	-	-	-	....	-	-	....	-	-	1,678	373	-	2,051	1,949	4,000
District Secretariat - Vavuniya	-	-	-	172	172	-	1,087	915	-	2,085	924	-	3,009	850	3,859
District Secretariat - Mullaitivu	-	-	-	....	-	-	1,258	2,111	-	3,369	773	-	3,369	773	4,142
District Secretariat - Kilinochchi	-	-	-	....	-	-	825	825	-	2,823	1,499	-	4,322	2,607	6,929
District Secretariat - Batticaloa	-	-	-	....	-	-	1,277	1,277	-	1,277	890	-	2,167	966	3,133
District Secretariat - Ampara	499	-	-	2,384	1,885	-	4,263	1,879	-	9,256	1,179	-	10,415	4,785	15,200
District Secretariat - Trincomalee	-	-	-	....	-	-	604	604	-	604	-	-	604	-	604
District Secretariat - Kurunegala	48	-	-	97	6,055	-	6,152	400	-	6,552	16	-	6,568	482	7,050
District Secretariat - Puttalam	-	-	-	....	-	-	....	-	-	798	922	-	1,720	1,995	3,715
District Secretariat - Anuradhapura	184	-	-	314	130	-	3,082	1,748	-	4,830	1,648	-	6,478	1,620	8,098

Non-current Assets Acquired since 01.01.2004 contd..

Name of Institution	2004			2005			2006			2007			2008			2009		
	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal
District Seretariat-Polonnaruwa	-	-	-	101	101	-	1,637	496	-	2,133	-	-	2,133	1,695	-	3,828	-	-
District Seretariat-Badulla	....	-	-	....	....	-	1,934	1,907	-	3,841	2,751	-	6,592	997	-	7,589	-	-
District Seretariat-Monaragala	....	-	-	....	400	-	1,664	500	-	2,164	1,997	-	4,161	2,000	-	6,161	-	-
District Seretariat-Ratnapura	....	101	-	176	75	-	1,444	115	-	1,559	320	-	1,879	-	-	1,879	-	-
District Seretariat-Kegalle	....	-	-	....	....	-	1,315	-	-	1,315	1,006	-	2,321	822	-	3,143	-	-
Department of Foreign Aid & Budget Monitoring	-	-	-	....	....	-	3,545	-	-	3,545	-	-	3,545	-	-	3,545	-	-
Department of Agrarian Development	-	-	-	....	....	-	....	14,705	-	14,705	3,099	-	17,804	14,224	-	32,028	-	-
Department of Irrigation	14,833	-	-	14,833	23,792	-	38,625	7,067	-	45,692	10,649	-	56,341	121,780	-	178,121	59,899	238,020
Department of Forests	500	-	-	998	498	-	998	649	-	1,647	989	-	2,636	958	-	3,594	-	-
Department of Wildlife Conservation	....	860	-	1,847	987	-	2,330	483	-	3,452	1,122	-	131,457	663	-	132,120	-	-
Department of Agriculture	4,536	-	-	5,504	1,076	108	17,034	35,740	-	52,774	6,292	148	58,918	6,601	-	65,519	-	-
Department of Land Settlement	327	-	-	327	-	-	327	360	-	707	-	-	707	-	-	707	-	-
Department of Survey	22,333	-	-	22,333	39,210	27	61,516	13,991	-	75,507	11,829	22	87,314	2,962	-	90,276	-	-
Department of Export Agriculture	1,130	-	-	1,130	-	-	1,130	-	-	1,130	2,881	-	4,011	6,679	-	10,690	-	-
Department of Fisheries and Aquatic Resources	603	-	-	8,540	7,937	-	16,799	3,380	-	20,179	5,712	-	25,891	3,488	-	29,379	-	-
Department of Coast Conservation	....	-	-	....	1,055	-	2,502	8,925	-	11,427	293	-	11,720	413	-	12,133	-	-
Department of Animal Production and Health	....	2,254	-	2,254	39,569	-	41,823	40,878	-	82,701	11,745	6	94,440	8,684	-	103,124	-	-
Department of Rubber Development	-	-	-	-	-	-	-	-	-	-	1,822	-	1,822	1,986	-	3,808	-	-
Department of National Zoological Garden	....	5,262	-	9,345	4,083	-	14,269	5,598	-	19,867	4,552	-	24,419	4,176	-	28,595	-	-
Department of Commerce	-	-	-	1,330	1,330	-	2,122	799	-	2,921	471	-	3,392	491	-	3,883	-	-
Department of Measurement Units, Standards & Services	....	10,496	-	41,874	31,378	-	78,899	40,162	-	119,061	21,238	-	140,299	1,728	-	142,027	-	-
Department of Food Commissioner	-	-	-	....	....	-	45	871	-	916	-	-	916	235	-	1,151	-	-
Co-operative Employees Commission	-	-	-	....	259	1	298	-	-	298	-	-	298	67	-	365	-	-
Department of Textile Industries	....	-	-	....	....	-	165	-	-	165	-	-	165	-	-	165	-	-
Department of Meteorology	....	4,492	-	6,048	1,556	-	9,841	176,706	-	186,547	163,364	-	349,911	7,961	-	357,872	-	-
Department of Sri Lanka Railways	-	-	-	....	....	-	....	923	-	923	54,486	-	55,409	111,340	-	166,749	-	-
Department of Motor Traffic	-	-	-	....	4,799	-	26,928	28,172	-	55,100	23,534	-	78,634	12,114	-	90,748	-	-
Department of Posts	48	-	-	416	368	-	70,630	5,783	-	76,413	16,944	-	93,357	4,152	-	97,509	-	-
Department of Buildings	-	-	-	....	....	-	2,650	-	-	2,650	-	-	2,650	790	-	3,440	-	-
Government Factory	....	600	-	2,816	2,216	-	14,249	3,841	-	18,090	9,062	-	27,152	2,762	-	29,914	-	-
Department of National Physical Planning	....	225	-	1,710	1,465	-	3,631	1,945	-	5,576	61	-	5,637	99	-	5,736	-	-
Department of Civil Security	-	-	-	....	....	-	....	42,887	-	42,887	122,225	-	165,112	172,242	-	337,354	-	-
Department of National Botanical Gardens	-	-	-	-	-	-	-	-	-	-	270	-	270	163	-	433	-	-

2103-Machinery

Non-current Assets Acquired since 01.01.2004 *contd..*

2103-Machinery	2004			2005			2006			2007			2008			2009		
	Balance	Additions	Disposal	Balance	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Disposal	Balance	Additions	Balance	
Department of Management Audit																	233	
Coast Guard Department of Sri Lanka																	-	
Office of the Former Prime Minister (Hon.R. Wickramanayake)	43			43					43						43		43	
Ministry of Policy Development & Implementation		3,339				3,339					3,339						3,339	
Ministry of Reconstruction & Development							2,468										2,468	
Ministry of Infrastructure Development in the Eastern Province					1,374												1,374	
Ministry of Mahaweli & River Basin Development & Rajarata Development					606												606	
Ministry of Eastern Development & Muslim Religious Affairs		947				947											947	
Ministry of Home Affairs Provincial Councils & Local Government		889			1,193												2,082	
Ministry of Interior		1,356				1,356											1,356	
Ministry of Public Security Law & Order					4,665												4,665	
Ministry of Regional Development							522										1,110	
Ministry of Infrastructure Development & Fisheries Housing							276										276	
Ministry of Small & Rural Industries					559		31										590	
Ministry of Southern Region Development		360	32			328											328	
Ministry of Western Region Development		328				328											328	
Ministry of Rural Economic Development							4,570										4,945	
Ministry of Samurdhi & Poverty Alleviation																	398	
Ministry of Skills Development & Public Enterprise Reforms							1,103										3,164	
Ministry of New Railroad Development							3,991										5,020	
Ministry of Christian & Parliamentary Affairs							147										147	
Ministry of North West Region Development		1,032				1,032											1,032	
Ministry of Relief, Rehabilitation & Reconciliation		692				11,685											12,377	
Ministry of Assisting Vanni Rehabilitation Zoological Gardens		155				155											155	
Ministry of Promotion of Botanical & Zoological Gardens							181										512	
Ministry of Textile Industry Development							1,279										1,279	
Ministry of Rural Livelihood Development							3,918										4,521	
Ministry of State Bank Development																	-	
Total	669,147	10,708	658,439	457,986	3,577	1,112,977	1,719,327	187,146	644,984	6,577,024	1,709,093	9,912,915	8,484,227	622,873	17,774,269	8,158,574	25,932,843	

Head-wise Summary of Expenditure Account with Budgetary Provision - 2009

Head	Ministry/Department	Total Expenditure (Rs)	Total Provisions (Rs)	%	Recurrent Expenditure (Rs)	Recurrent Provisions (Rs)	Capital Expenditure (Rs)	Capital Provisions (Rs)
1	H E the President	6,477,175,940	8,488,999,148	76%	2,607,974,936	2,705,601,200	3,869,201,004	5,783,397,948
2	Office of the Prime Minister	189,306,123	212,129,130	89%	154,997,784	164,250,000	34,308,338	47,879,130
3	Judge of the Supreme Court	69,621,925	77,647,000	90%	69,621,925	77,647,000	-	-
4	Office of the Cabinet of Ministers	43,002,160	44,270,000	97%	32,952,818	33,870,000	10,049,342	10,400,000
5	Parliament	1,339,476,845	1,518,710,000	88%	1,297,393,797	1,361,210,000	42,083,048	157,500,000
6	Leader of House of Parliament	21,645,049	23,543,000	92%	18,095,248	19,625,000	3,549,802	3,918,000
7	Chief Government with of Par.	23,209,285	25,155,000	92%	22,288,786	24,055,000	920,499	1,100,000
8	Leader of the Opposition of Par.	65,634,684	66,961,882	98%	64,648,311	65,561,882	986,374	1,400,000
11	The Constitutional Council	10,811,031	11,418,000	95%	10,703,381	11,218,000	107,650	200,000
12	Public Service Commission	106,854,378	127,367,000	84%	101,665,484	120,040,000	5,188,894	7,327,000
13	Judicial Service Commission	30,964,892	35,677,000	87%	30,091,277	33,377,000	873,615	2,300,000
14	National Police Commission	46,056,673	48,925,000	94%	45,489,854	47,625,000	566,818	1,300,000
15	Admin. Appeals Tribunal	11,389,994	12,000,000	95%	11,199,782	11,725,000	190,212	275,000
16	Commission to In. Alle. Bri. Corr.	110,873,436	178,825,000	62%	107,397,456	122,675,000	3,475,980	56,150,000
17	Dept. of Elections	1,537,851,511	1,664,593,000	92%	1,512,848,278	1,634,293,000	25,003,233	30,300,000
18	Auditor General	543,010,156	738,755,200	74%	457,068,665	499,690,000	85,941,491	239,065,200
19	Par. Comm. For Administration	5,824,735	6,765,500	86%	5,654,170	6,510,500	170,565	255,000
20	Finance Commission	77,864,431	98,484,000	79%	27,527,023	32,800,000	50,337,407	65,684,000
21	National Education Commission	27,011,220	30,170,000	90%	23,329,521	24,610,000	3,681,699	5,560,000
22	Human Rights Commission	98,683,224	103,941,062	95%	96,770,843	101,500,000	1,912,381	2,441,062
101	Mini. Of Religious Affairs and Moral Upliftment	278,371,737	414,041,071	67%	71,304,650	72,981,071	207,067,087	341,060,000
102	Mini. Of Finance & Planning	1,257,818,906	1,949,072,881	65%	1,108,605,047	1,128,928,611	149,213,859	820,144,270
103	Mini. Of Defence, Public Security, Law & Order	2,257,482,966	6,880,144,344	33%	1,821,692,317	2,251,139,000	435,790,649	4,629,005,344
104	Mini. Of Plan Implementation	111,716,799	132,578,800	84%	103,424,048	117,225,000	8,292,752	15,353,800
105	Mini. Of Nation Building & Estate Infr. Dev.	51,148,151,444	65,220,849,321	78%	8,841,851,832	9,862,389,000	42,306,299,611	55,358,460,321
106	Mini. Of Disaster Management & Human Rights	1,265,240,055	1,748,597,817	72%	174,826,937	212,934,000	1,090,413,119	1,535,663,817
107	Mini. Of Tourism	866,455,692	1,912,076,000	45%	94,693,365	102,954,000	771,762,328	1,809,122,000
108	Mini. Of Post and Telecommunication	163,328,926	194,643,102	84%	73,428,353	89,431,102	89,900,573	105,212,000
110	Mini. Of Justice & Law Reforms	492,583,288	656,091,734	75%	281,675,456	331,996,734	210,907,832	324,095,000
111	Mini. Of Health care & Nutrition	48,975,888,080	59,483,696,000	82%	41,953,054,693	44,474,666,000	7,022,833,388	15,009,030,000
112	Mini. Of Foreign Affairs	6,175,733,507	6,473,566,974	95%	5,607,133,198	5,642,771,974	568,600,310	830,795,000
113	Mini. Of Ports & Aviation	28,476,958,830	37,016,200,000	77%	133,978,743	254,691,000	28,342,980,087	36,761,509,000
114	Mini. Of Transport	7,847,262,703	10,546,890,385	74%	6,015,684,858	6,505,024,385	1,831,577,845	4,041,866,000
115	Mini. Of Petrole & Petr Res Dev	284,189,894	441,690,000	64%	102,697,673	136,080,000	181,492,220	305,610,000
116	Mini. Of Trade, Marketing Dev., Cooperatives and Consumer Services	1,404,810,591	1,610,043,200	87%	461,534,181	489,327,000	943,276,410	1,120,716,200
117	Mini. Of Highways and Road Development	82,694,906,101	91,155,743,096	91%	95,255,355	122,867,000	82,599,650,747	91,032,876,096
118	Mini. Of Agricultural Development and Agrarian Services	33,294,139,472	40,506,365,000	82%	29,195,231,456	30,171,029,917	4,098,908,016	10,335,335,083
119	Mini. Of Power & Energy	33,496,701,335	42,008,665,657	80%	560,276,232	1,838,330,000	32,936,425,103	40,170,335,657
120	Mini. Of Chil Dev & Women Emp	547,105,185	1,087,951,000	50%	421,339,104	853,356,000	125,766,081	234,595,000
121	Mini. Of Public Ad. & Home Aff	795,649,694	1,325,307,365	60%	337,097,499	434,082,365	458,552,195	891,225,000
122	Mini. Of Mass Media & Information	559,473,039	626,679,156	89%	360,172,002	372,500,000	199,301,037	254,179,156

Head-wise Summary of Expenditure Account with Budgetary Provision - 2009

Head	Ministry/Department	Total Expenditure (Rs)	Total Provisions (Rs)	%	Recurrent Expenditure (Rs)	Recurrent Provisions (Rs)	Capital Expenditure (Rs)	Capital Provisions (Rs)
123	Mini. Of Urban Dev & Sacred Area Development	7,671,675,442	11,285,618,600	68%	140,549,294	155,475,000	7,531,126,147	11,130,143,600
124	Mini. Of Social Ser & Social Welf	500,151,357	555,020,400	90%	357,197,430	379,307,606	142,953,928	175,712,794
125	Mini. Of Housing & Common Amenities	356,213,544	1,173,053,223	30%	97,461,270	108,406,000	258,752,274	1,064,647,223
126	Mini. Of Education	25,264,876,545	26,519,682,000	95%	21,511,613,873	21,835,182,000	3,753,262,672	4,684,500,000
127	Mini. Of Labour Rel & Man Power	402,243,879	453,246,140	89%	313,643,605	329,421,140	88,600,274	123,825,000
128	Mini. Of Rural Ind. & Self Emp. Pro.	580,729,566	627,138,000	93%	439,794,788	455,688,000	140,934,778	171,450,000
129	Mini. Of Vocational & Tech Training	2,578,236,616	3,508,087,000	73%	1,414,633,273	1,556,649,000	1,163,603,343	1,951,438,000
130	Mini. Of Local Government & Provincial Councils	8,281,718,692	10,446,689,060	79%	131,143,580	182,550,000	8,150,575,112	10,264,139,060
132	Mini. Of Enter Dev & Inv Prom	1,641,038,729	1,804,745,000	91%	168,952,966	203,300,000	1,472,085,763	1,601,445,000
133	Mini. Of Science & Technology	1,556,761,987	3,095,242,800	50%	818,033,331	1,077,268,000	738,728,656	2,017,974,800
134	Min. Of Constitutional Affairs & National Integration	285,545,924	379,423,000	75%	172,649,334	188,176,000	112,896,590	191,247,000
135	Mini. Of Plantation Industries	3,140,764,184	4,826,633,000	65%	1,357,221,087	1,550,733,000	1,783,543,097	3,275,900,000
136	Mini. Of Sports & Public Recreation	219,573,254	368,083,800	60%	178,374,770	199,496,000	41,198,484	168,587,800
138	Mini. Of Indigenous Medicine	253,667,963	361,585,250	70%	120,081,757	151,822,250	133,586,207	209,763,000
139	Mini. Of Fisheries & Aquatic Resources	7,253,448,143	7,760,073,000	93%	607,913,375	632,095,000	6,645,534,768	7,127,978,000
140	Mini. Of Livestock Development	219,416,374	497,460,000	44%	99,064,106	117,195,000	120,352,268	380,265,000
142	Mini. Of Cultural Affairs & National Heritage	1,230,739,801	2,225,170,000	55%	575,663,617	583,620,000	655,076,184	1,641,550,000
143	Mini. Of Parliamentary Affairs	389,430,502	396,761,648	98%	268,729,451	270,659,000	120,701,051	126,102,648
145	Mini. Of Resettlement and Disaster Relief Services	6,067,596,075	6,566,407,567	92%	4,048,434,369	3,618,320,173	2,019,161,706	2,948,087,394
149	Mini. Of Industrial Development	652,836,751	1,342,949,400	49%	172,948,376	190,150,000	479,888,375	1,152,799,400
151	Mini. Of Foreign Emp Prom & Welfare	189,691,152	517,098,000	37%	78,298,582	84,373,000	111,392,570	432,725,000
152	Mini. Of Irrigation and Water Management	7,412,903,983	8,668,565,000	86%	171,112,389	183,670,000	7,241,791,594	8,484,895,000
153	Mini. Of Land and Land Development	1,190,629,944	1,768,593,000	67%	207,923,302	230,470,500	982,706,642	1,538,122,500
156	Mini. Of Youth Affairs	1,443,418,761	1,776,477,630	81%	609,916,585	653,870,780	833,502,175	1,122,606,850
160	Mini. Of Environment and Natural Resources	1,240,489,578	2,868,038,000	43%	439,008,438	462,154,000	801,481,140	2,405,884,000
161	Mini. Of Internal Administration	33,315,470	37,710,000	88%	32,105,666	34,895,000	1,209,804	2,815,000
163	Mini. Of Youth Empowerment & Socio Eco. Dev.	488,825,847	603,228,000	81%	75,996,132	77,435,000	412,829,715	525,793,000
164	Mini. Of Community Dev. & Social Ineq. Erad.	205,665,213	359,110,000	57%	54,131,790	58,694,000	151,533,423	300,416,000
166	Mini. Of Water Supply and Drainage	23,217,129,596	31,696,200,400	73%	246,084,159	253,770,000	22,971,045,438	31,442,430,400
167	Mini. Of Export Development and International Trade	543,406,577	1,332,477,100	41%	269,570,422	368,477,100	273,836,154	964,000,000
168	Mini. Of Public Estate Management and Development	159,530,600	172,881,000	92%	72,681,146	79,181,000	86,849,454	93,700,000
169	Mini. Of Construction and Engineering Services	154,315,023	179,843,029	86%	92,981,926	96,130,000	61,333,098	83,713,029
171	Mini. Of Higher Education	4,970,255,515	6,593,038,800	75%	412,849,909	458,460,000	4,557,405,606	6,134,578,800
172	Mini. Of Supplementary Plantation Crops Development	241,974,639	295,000,000	82%	155,881,573	168,389,221	86,093,065	126,610,779
201	Dept. of Buddhist Affairs	446,517,213	507,265,670	88%	399,083,823	411,485,670	47,433,391	95,780,000
202	Dept. of Muslim Religious & Cultural Affairs	99,400,916	116,940,000	85%	33,123,126	36,265,000	66,277,789	80,675,000
203	Dept. of Christian Religious Affairs	54,197,852	69,005,000	79%	44,561,068	55,128,400	9,636,784	13,876,500
204	Dept. of Hindu Religious & Cultural Affairs	94,528,951	121,600,000	78%	54,071,851	55,995,000	40,457,100	65,605,000
205	Dept. of Public Trustee	31,117,441	32,931,000	94%	28,205,267	29,785,000	2,912,174	3,146,000
206	Dept. of Cultural Affairs	250,171,419	334,587,000	75%	210,223,451	223,047,000	39,947,968	111,540,000
207	Dept. of Archaeology	393,178,724	416,369,200	94%	361,947,712	365,880,000	31,231,012	50,489,200

Head-wise Summary of Expenditure Account with Budgetary Provision - 2009 *contd.*

Head	Ministry/Department	Total Expenditure (Rs)	Total Provisions (Rs)	%	Recurrent Expenditure (Rs)	Recurrent Provisions (Rs)	Capital Expenditure (Rs)	Capital Provisions (Rs)
208	Dept. of National Museums	108,775,569	123,476,000	88%	78,289,256	86,316,000	30,486,313	37,160,000
209	Dept. of National Archives	53,875,498	133,319,500	40%	45,969,139	48,594,500	7,906,359	84,725,000
210	Dept. of Information	215,025,513	254,249,000	85%	128,783,605	132,449,000	86,241,908	121,800,000
211	Dept. of Government Printer	1,049,714,546	1,132,035,000	93%	1,004,682,038	1,007,035,000	45,032,508	125,000,000
212	Dept. of Examination	1,481,392,839	1,517,104,000	98%	1,427,624,323	1,450,250,000	53,768,516	66,854,000
213	Dept. of Educational Publication	55,421,032	89,332,000	62%	22,455,264	23,032,000	32,965,767	66,300,000
214	University Grants Commission	12,953,546,953	16,326,000,000	79%	10,227,481,953	11,176,000,000	2,726,065,000	5,150,000,000
215	Dept. of Tech. Edu Training	980,831,753	1,250,993,000	78%	900,699,585	922,993,000	80,132,168	328,000,000
216	Dept. of Social Services	284,268,820	343,762,000	83%	263,856,746	293,812,000	20,412,074	49,950,000
217	Dept. of Probation & Child Care Ser	138,163,887	149,091,000	93%	133,888,874	141,041,000	4,275,013	8,050,000
218	Dept. Commissioner General of Samurdhi	9,996,250,095	11,684,350,000	85%	9,931,646,353	11,678,650,000	4,603,742	5,700,000
219	Dept. of Sports Dev	639,335,351	1,028,313,000	62%	293,626,681	339,723,000	345,708,671	688,590,000
220	Dept. of Ayurveda	659,063,630	1,546,640,000	43%	552,727,823	651,395,000	106,335,807	895,245,000
221	Dept. of Labour	1,069,834,092	1,269,083,000	84%	741,083,743	793,708,000	328,750,348	475,375,000
222	Sri Lanka Army	112,929,047,951	125,933,227,019	90%	95,376,769,991	104,337,417,420	17,552,277,960	21,595,809,599
223	Sri Lanka Navy	30,797,387,766	34,802,000,000	88%	25,382,967,092	28,542,000,000	5,414,420,674	6,260,000,000
224	Sri Lanka Air Force	22,638,724,829	27,425,149,969	83%	17,564,223,614	19,525,000,000	5,074,501,215	7,900,149,969
225	Dept. of Police	34,902,246,927	37,205,300,000	94%	33,829,205,388	34,439,300,000	1,073,041,538	2,766,000,000
226	Dept. of Immigration & Emigration	728,626,519	1,028,350,000	71%	448,252,924	487,050,000	280,373,595	541,300,000
227	Dept. of Registration of Persons	340,001,730	953,466,200	36%	172,430,106	192,365,000	167,571,625	761,101,200
228	Court Administration	3,269,402,070	3,538,197,962	92%	2,407,667,314	2,503,563,162	861,734,756	1,034,634,800
229	Dept. of Attorney General	401,038,146	438,481,500	91%	382,697,008	400,886,500	18,341,138	37,595,000
230	Dept. of Legal Draftsmen	53,890,114	112,510,000	48%	41,099,865	46,010,000	12,790,249	66,500,000
231	Dept. Debt Conciliation Board	5,247,195	6,051,000	87%	5,102,230	5,876,000	144,965	175,000
232	Dept. of Prisons	3,268,070,916	3,491,400,000	94%	3,099,326,207	3,207,700,000	168,744,709	283,700,000
233	Dept. of Government Analysis	285,224,064	330,885,000	86%	65,564,016	69,145,000	219,660,048	261,740,000
234	Registrar of Supreme Court	78,458,631	90,996,000	86%	68,646,740	74,646,000	9,811,891	16,350,000
235	Dept. of Law Commission	10,504,627	14,820,000	71%	7,961,758	11,020,000	2,542,869	3,800,000
236	Dept. of Official Languages	68,670,716	107,235,000	64%	52,042,626	58,085,000	16,628,091	49,150,000
237	Dept. of National Planning	114,662,711	195,322,694	59%	54,716,101	80,600,000	59,946,610	114,722,694
238	Dept. of Fiscal Policy	2,132,805,000	2,144,210,000	99%	2,127,959,102	2,138,492,000	4,845,898	5,718,000
239	Dept. of External Resources	548,122,116	557,378,446	98%	531,683,632	535,721,946	16,438,484	21,656,500
240	Dept. of National Budget	61,662,480	1,243,170,839	5%	55,746,549	113,653,916	5,915,931	1,129,516,923
241	Dept. of Public Enterprises	46,938,708	51,523,148	91%	37,255,735	40,348,000	9,682,973	11,175,148
242	Dept. of Management Services	26,629,794	28,527,000	93%	25,139,756	26,601,000	1,490,038	1,926,000
243	Dept. of Development Finance	541,208,501	3,224,085,000	17%	428,986,805	751,600,000	112,221,696	2,472,485,000
244	Dept. of Trade Tariff and Investment Policy	114,088,568	620,539,000	18%	113,650,243	619,938,000	438,325	601,000
245	Dept. of Public Finance	143,922,122	165,578,000	87%	141,617,118	162,697,000	2,305,004	2,881,000
246	Dept. of Inland Revenue	2,759,561,132	3,413,701,799	81%	1,495,901,471	1,663,721,799	1,263,659,661	1,749,980,000
247	Sri Lanka Customs	2,507,616,921	3,171,292,800	79%	1,486,826,799	1,618,450,000	1,020,790,121	1,552,842,800
248	Dept. of Excise	418,705,942	444,775,600	94%	361,276,259	370,722,000	57,429,683	74,053,600

Head-wise Summary of Expenditure Account with Budgetary Provision - 2009 *contd.*

Head	Ministry/Department	Total Expenditure (Rs)	Total Provisions (Rs)	%	Recurrent Expenditure (Rs)	Recurrent Provisions (Rs)	Capital Expenditure (Rs)	Capital Provisions (Rs)
249	Dept. of Treasury Operations	819,981,625,172	835,322,379,000	98%	309,964,046,345	315,632,784,000	509,917,578,828	519,689,595,000
250	Dept. of State Accounts	26,149,147	27,455,000	95%	24,441,925	25,378,000	1,707,222	2,077,000
251	Dept. of Valuation	216,041,223	225,450,000	96%	175,000,504	176,600,000	41,040,719	48,850,000
252	Dept. of Census & Statistics	589,543,849	864,341,443	68%	502,328,471	520,500,000	87,215,378	343,841,443
253	Dept. of Pensions	96,125,964,593	97,238,950,000	99%	96,112,688,317	97,222,600,000	13,276,276	16,350,000
254	Dept. of Registrar General	484,056,020	584,075,000	83%	469,250,551	476,875,000	14,805,469	107,200,000
255	DS - Colombo	505,532,446	538,216,000	94%	371,065,748	376,641,000	134,466,698	161,575,000
256	DS - Gampaha	522,338,296	547,985,000	95%	501,214,659	511,555,000	21,123,636	36,430,000
257	DS - Kalutara	449,597,110	458,410,000	98%	424,108,732	428,010,000	25,488,378	30,400,000
258	DS - Kandy	613,865,808	632,865,000	97%	563,079,089	571,165,000	50,786,719	61,700,000
259	DS - Matale	306,507,603	338,075,000	91%	290,029,140	295,375,000	16,478,463	42,700,000
260	DS - Nuwara Eliya	264,973,666	425,775,000	62%	222,693,323	226,250,000	42,280,343	199,525,000
261	DS - Galle	559,218,050	570,208,338	98%	512,406,229	514,808,338	46,811,822	55,400,000
262	DS - Matara	450,212,641	463,308,000	97%	409,923,104	415,658,000	40,289,537	47,650,000
263	DS - Hambantota	362,996,240	375,715,000	97%	315,943,902	319,515,000	47,052,338	56,200,000
264	DSK - Jaffna	320,735,979	330,550,000	97%	281,499,360	285,000,000	39,236,619	45,550,000
265	DSK - Mannar	100,987,578	122,215,000	83%	81,635,747	84,665,000	19,351,831	37,550,000
266	DSK - Varuniya	112,486,099	119,655,000	94%	87,774,732	90,555,000	24,711,367	29,100,000
267	DSK - Mullative	68,442,134	82,350,000	83%	55,565,576	65,950,000	12,885,558	16,400,000
268	DSK - Kilinochchi	80,375,101	95,375,000	84%	60,921,757	71,425,000	19,453,344	23,950,000
269	DSK - Batticaloa	281,397,259	292,478,700	96%	243,804,703	247,528,700	37,592,556	44,950,000
270	DS - Ampara	502,954,737	568,516,621	88%	413,331,164	425,396,621	89,623,574	143,120,000
271	DSK - Trincomalee	185,299,739	204,925,000	90%	162,864,119	172,575,000	22,435,620	32,350,000
272	DS - Kurunegala	852,267,075	879,181,450	97%	785,735,118	798,031,450	66,531,957	81,150,000
273	DS - Puttalam	370,845,708	406,200,000	91%	326,352,044	330,900,000	44,493,663	75,300,000
274	DS - Anuradhapura	420,224,869	472,025,000	89%	405,117,764	423,875,000	15,107,105	48,150,000
275	DS - Polonnaruwa	228,246,318	242,925,000	94%	185,445,685	191,575,000	42,800,633	51,350,000
276	DS - Badulla	425,420,847	448,775,000	95%	321,403,003	325,225,000	104,017,844	123,550,000
277	DS - Monaragala	276,202,206	390,450,000	71%	222,325,164	227,000,000	53,877,042	163,450,000
278	DS - Ratnapura	389,277,504	409,455,000	95%	359,595,987	364,905,000	29,681,518	44,550,000
279	DS - Kegalle	332,315,072	347,900,000	96%	290,307,815	292,600,000	41,807,257	55,300,000
280	Dept. of Foreign Aid & Budget Monitoring	56,071,312	70,520,000	80%	47,375,634	50,470,000	8,695,678	20,050,000
281	Dept. Agrarian Development	2,712,166,332	2,845,010,000	95%	2,558,044,469	2,561,010,000	154,121,863	284,000,000
282	Dept. of Irrigation	3,338,539,149	3,740,335,000	89%	1,123,457,426	1,156,255,000	2,215,081,723	2,584,080,000
283	Dept. of Forests	999,998,330	1,089,266,122	92%	702,315,019	734,396,000	297,083,311	354,870,122
284	Dept. of Wildlife Conservation	831,262,639	1,002,900,000	83%	397,684,745	412,800,000	433,577,894	590,100,000
285	Dept. of Agriculture	2,596,505,690	2,732,863,938	95%	2,295,296,790	2,337,813,938	301,208,900	395,050,000
286	Dept. of Land Commissioner	394,399,994	465,775,000	85%	157,149,784	161,025,000	237,250,211	304,750,000
287	Dept. of Land Settlement	68,113,146	74,085,000	92%	65,457,798	70,735,000	2,655,348	3,350,000
288	Department of Survey	1,548,645,378	1,612,741,000	96%	1,504,850,748	1,529,011,000	43,794,630	83,730,000
289	Dept. of Export-Agriculture	437,843,480	575,803,000	76%	227,666,103	239,003,000	210,175,377	336,800,000

Head-wise Summary of Expenditure Account with Budgetary Provision - 2009 *contd..*

Head	Ministry/Department	Total Expenditure (Rs)	Total Provisions (Rs)	%	Recurrent Expenditure (Rs)	Recurrent Provisions (Rs)	Capital Expenditure (Rs)	Capital Provisions (Rs)
290	Dept. of Fisheries & Aqua Res	260,280,834	290,635,000	90%	221,232,189	226,860,000	39,048,646	63,775,000
291	Dept. of Coast Conservation	242,224,485	319,187,000	76%	107,423,370	111,962,000	134,801,115	207,225,000
292	Dept. of Animal Production and Health	460,936,178	864,335,000	53%	262,395,308	282,735,000	198,540,670	581,600,000
293	Dept. of Rubber Development	582,243,663	1,019,500,000	57%	241,818,548	607,100,000	340,425,115	412,400,000
294	Dept. of National Zoological Gardens	364,467,941	403,335,000	90%	126,822,663	128,265,000	237,645,277	275,070,000
295	Dept. of Commerce	865,308,549	8,113,541,000	11%	77,114,858	100,416,000	788,193,691	8,013,125,000
296	Dept. of Import and Export Control	34,933,610	37,110,000	94%	33,541,901	35,260,000	1,391,709	1,850,000
297	Dept. of the Registrar of Companies	20,370,831	24,550,000	83%	20,370,831	24,550,000	-	-
298	Dept. of Measurement Units, Standard & Services	98,388,916	151,875,000	65%	49,661,236	49,875,000	48,727,680	102,000,000
299	National Intellectual Property Office	13,908,004	14,360,000	97%	13,908,004	14,360,000	-	-
300	Dept. of Food Commissioner	76,809,580	108,160,000	71%	68,605,692	81,385,000	8,203,887	26,775,000
301	Dept. of Co-operative Development (Registrar of Co-operative Societies)	46,075,961	48,984,000	94%	41,546,659	43,164,000	4,529,302	5,820,000
302	Co-operative Employees Commission	7,726,957	9,270,000	83%	7,534,881	9,025,000	192,077	245,000
303	Dept. of Textile Industries	166,031,368	179,646,000	92%	151,096,583	155,221,000	14,934,785	24,425,000
304	Dept. of Meteorology	169,975,103	377,291,000	45%	142,822,150	154,091,000	27,152,954	223,200,000
305	Dept. of Up-Country Peasantry Rehabilitation	12,559,469	14,637,000	86%	11,798,800	13,737,000	760,669	900,000
306	Dept. of Sri Lanka Railway	18,960,738,812	23,581,193,000	80%	8,787,607,081	9,349,064,831	10,173,131,731	14,232,128,169
307	Dept. of Motor Traffic	965,082,154	1,992,329,000	48%	563,908,638	711,029,000	401,173,516	1,281,500,000
308	Dept. of Posts	7,238,180,428	7,496,090,000	97%	7,108,224,602	7,342,000,000	129,955,825	154,090,000
309	Dept. of Buildings	204,283,213	226,767,000	90%	178,579,749	194,959,000	25,703,464	31,808,000
310	Government Factory	65,565,588	72,863,000	90%	44,899,213	48,513,000	20,666,375	24,350,000
311	Dept. of National Physical Planning	480,744,469	730,058,000	66%	130,231,420	132,558,000	350,513,049	597,500,000
312	Western Provincial Council	5,552,602,027	5,658,556,000	98%	2,922,740,000	2,922,860,000	2,629,862,027	2,735,696,000
313	Central Provincial Council	14,563,505,740	15,592,494,602	93%	12,486,500,000	12,526,120,000	2,077,005,740	3,066,374,602
314	Southern Provincial Council	11,786,193,724	12,455,283,000	95%	10,270,276,366	10,298,880,000	1,515,917,358	2,156,403,000
315	North East Provincial Council	10,296,394,076	11,148,783,004	92%	7,963,000,000	8,348,664,000	2,333,394,076	2,800,099,004
316	North West Prov. Council	13,196,036,388	14,193,589,000	93%	11,867,800,000	12,293,900,000	1,328,236,388	1,899,689,000
317	North Central Prov. Council	7,957,753,439	8,573,037,314	93%	6,513,400,000	6,550,402,000	1,444,353,439	2,022,635,314
318	Uva Provincial Council	9,447,656,119	10,913,464,000	87%	7,807,000,000	8,203,488,000	1,640,656,119	2,709,976,000
319	Sabaragamuwa Prov. Council	9,947,599,953	11,566,349,000	86%	8,493,000,000	8,882,820,000	1,454,599,953	2,673,529,000
320	Dept. of Civil Security	8,676,779,106	8,938,107,897	97%	8,341,022,345	8,563,000,000	335,756,761	375,107,897
321	Eastern Provincial Council	11,273,631,485	15,147,443,491	74%	9,421,000,000	9,890,910,000	1,852,631,485	5,256,533,491
322	Dept. of National Botanical Gardens	235,385,471	268,755,000	88%	141,339,380	146,255,000	94,046,091	122,500,000
323	Dept. of Legal Affairs	9,309,507	11,481,000	81%	5,924,390	7,911,000	3,385,116	3,570,000
324	Dept. of Management Unit	13,294,173	22,960,000	58%	12,459,953	21,425,000	794,220	1,535,000
325	Dept. of Coast Guard	26,130,790	43,800,000	52%	3,783,660	25,250,000	22,347,129	24,550,000
	Grand Total	1,747,064,245,100	1,934,002,659,938	90%	881,936,452,998	921,374,719,703	865,127,793,001	1,012,627,940,235



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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Your No. }

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Report of the Auditor General

The Audit of Financial Statements of the Government of the Democratic Socialist Republic of Sri Lanka for the year ended 31 December 2009 was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

Responsibility of the Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles and the best accounting methods and practices relating to Public Sector Accounting. This responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Audit opinion, comments and findings in this report are based on review of the financial statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me. The audit was carried out in accordance with Sri Lanka Auditing Standards to obtain reasonable assurance as to whether the financial statements are free from material misstatements. The audit includes the examination on a test basis of evidence supporting the amounts and disclosures in financial statements and assessment of accounting policies used and significant estimates made by the management in the preparation of financial statements as well as evaluating their overall presentation.

Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the financial statements have been prepared in accordance with Generally Accepted Accounting Principles give a true and fair view of the financial assets and liabilities of the Government of the Democratic Socialist Republic of Sri Lanka as at 31 December 2009 and the results of its operation and cash flows for the year then ended.


S. Swarnajothi
Auditor General

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