CENTRAL BANK OF SRI LANKA



ANNUAL REPORT

OF THE MONETARY BOARD TO THE HON. MINISTER OF FINANCE

FOR THE YEAR

2009

ISBN 978-955-575-191-9

ISSN 1391-359X

Price per copy

Counter sales – Rs. 350 per copy
Despatch by ordinary mail – Rs. 620 per copy
Despatch by registered mail – Rs. 645 per copy

Despatch abroad

Air mail (1st Class) - US \$ 40 per copy (Registered post)
Air mail (2nd Class) - US \$ 35 per copy (Registered post)
Sea mail - US \$ 25 per copy (Registered post)



Ajith Nivard Cabraal The Governor

Central Bank of Sri Lanka

30, Janadhipathi Mawatha Colombo 01, Sri Lanka.

March 31, 2010

His Excellency Mahinda Rajapaksa President of Sri Lanka and Minister of Finance and Planning Presidential Secretariat Colombo 01.

Your Excellency,

Annual Report 2009

Section 35 of the Monetary Law Act (Chapter 422) requires the Monetary Board of the Central Bank of Sri Lanka to submit an Annual Report to the Minister of Finance on the state of the economy, the condition of the Central Bank and a review of the policies and measures adopted by the Monetary Board, within four months after the end of each financial year.

The Sixtieth Annual Report of the Monetary Board of the Central Bank, in respect of the year 2009, is submitted herewith in fulfilment of this obligation.

Yours sincerely,

Air Nima all

CENTRAL BANK OF SRI LANKA

THE MONETARY BOARD

(As at 31 December 2009)

AJITH NIVARD CABRAAL

Governor

P. B. JAYASUNDERA

Secretary to the Ministry of Finance and Planning

NIMAL WELGAMA

Appointed Member

MRS. M. RAMANATHAN

Appointed Member

PRINCIPAL OFFICERS AS AT 31 DECEMBER 2009

Deputy Governors

K. G. D. D. DHEERASINGHE (on release)
D. S. WIJESINGHE

Assistant Governors

Appointed on 01.06.2004
P. D. J. FERNANDO
(Secretary to the Monetary Board)

Appointed on 03.12.2007

MRS. C. PREMARATNE
P. SAMARASIRI

Appointed on 10.08.2009

W. M. KARUNARATNE

MRS. P. LIYANAGE

MRS. J. P. MAMPITIYA

MRS. C. K. NANAYAKKARA

B. D. W. A. SILVA

P. N. WEERASINGHE

DEPARTMENTAL HEADS

Bank Supervision Department

MRS. T. M. J. Y. P. FERNANDO - Director

N. W. G. R. D. NANAYAKKARA - Additional Director

Centre for Banking Studies

U. P. ALAWATTAGE - Director

K. P. N. S. KARUNAGODA - Additional Director
T. D. H. KARUNARATNE - Additional Director

Communications Department

S. J. A. HANDAGAMA - Director

Currency Department

C. P. A. KARUNATILAKE - Superintendent

W. R. A. DHARMARATNE - Additional Superintendent

Domestic Operations Department

R. A. A. JAYALATH - Director

D. A. G. K. WIJETUNGA - Additional Director

Economic Research Department

K. D. RANASINGHE - Director

MRS. S. GUNARATNE - Additional Director MRS. H. P. T. WIJESURIYA - Additional Director K. M. M. SIRIWARDENA - Additional Director

Employees' Provident Fund Department

M. J. S. ABEYSINGHE - Superintendent

MRS. K. GUNATILAKE - Additional Superintendent MRS. C. M. D. N. K. SENEVIRATNE - Additional Superintendent

Exchange Control Department

P. H. O. CHANDRAWANSA - Controller

A. M. R. K. ATTANAYAKE - Additional Controller

Finance Department

MRS. K. M. A. N. DAULAGALA - Chief Accountant

P. V. L. NANDASIRI - Additional Chief Accountant

Financial Intelligence Unit

D. M. RUPASINGHE - Director

D. K. WIJESURIYA - Additional Director

Financial System Stability Department

MISS. K. SARAVANAMUTTU - Director

Governor's Secretariat Department

MRS. K. DASSANAYAKE - Director

T. M. Z. MUTALIPH - Additional Director

Human Resources Department

S. LANKATHILAKE - Director

A. R. K. WIJESEKERA - Additional Director

Information Technology Department

MRS. R. A. S. M. DAYARATHNA - Director

C. B. PATHBERIYA - Additional Director

International Operations Department

H. A. KARUNARATNE - Director

A. A. M. THASSIM - Additional Director

Management Audit Department

M. I. SUFIYAN - Director

A. M. N. GUNAWARDANA - Additional Director

Payments and Settlements Department

K. B. DISSAKARUNA - Director

MRS. R. B. WEERASINGHE - Additional Director

Policy Review and Monitoring Department

W. M. HEMACHANDRA - Director

P. W. D. N. R. RODRIGO - Additional Director

Premises Department

Y. A. DE SILVA - Director

U. H. E. SILVAK. L. L. FERNANDO- Additional DirectorAdditional Director

Provincial Offices Monitoring Department

F. C. S. MENDIS - Director

H. AMARATHUNGA - Additional Director

Public Debt Department

C. J. P. SIRIWARDENA - Superintendent and Registrar C. N. WIJAYASEKERA - Additional Superintendent

Regional Development Department

E. A. HETTIARACHCHI - Director

P. G. JAYASOORIYA - Additional Director S. M. A. SIRIWARDANE - Additional Director M. S. K. DHARMAWARDANE - Additional Director

Secretariat Department

A. KAMALASIRI - Secretary

MRS. P. WIJESINGHE - Additional Secretary

Security Services Department

S. WANIGASEKERA - Director

B. L. J. S. BALASURIYA - Additional Director

Statistics Department

D. WASANTHA - Director

MISS. A. S. DE ALWIS - Additional Director

Supervision of Non-Bank Financial Institutions Department

S. S. RATNAYAKE - Director

H. M. EKANAYAKE - Additional Director
J. P. R. KARUNARATNE - Additional Director
H. B. D. KARUNARATNA - Additional Director
MRS. N. H. E. R. SIRIWARDHANA - Additional Director

Welfare Department

MRS. S. N. PERERA - Director

AUDITOR

S. SWARNAJOTHI Auditor - General

CONTENTS

PART I

							Page
1.	ECONOMIC, PRICE AND FINAN	CIAL SYST	EM STABILI	TY, OUTLO	OK AND POL	LICIES	
	1.1 Overview .	•••					1
	1.2 Macroeconomic Developments, S	Stability and F	olicy Respons	es in 2009			3
	Deal Caster Develorments					•••	3
	1						6
	1	••	•••		•••	•••	9
	Monetary Sector Developments .	••	•••		•••	•••	10 12
	Financial System Stability .		•••	•••	•••	•••	
	1.3 Global Economic Environment at				•••	•••	13
	1.4 Medium Term Macroeconomic O	outlook, Chall	enges and Poli	cies			18
2.	NATIONAL OUTPUT AND EXPE	ENDITURE					
	2.1 Overview .						29
	2.2 Sectoral Output, Policies, Institut	ional Support	and Issues				32
	A grigultura						32
	Export Agricultura				•••	•••	32
	Domostio Agricultura	••				•••	34
	Fiching						35
	Forestry .	••					36
	Industry .	••				•••	41
	Services .						47
	2.3 Expenditure .						48
	Consumption .						49
	Investment .						50
	Availability and Utilisation o	f Resources					52
	Cavings						53
3.	ECONOMIC AND SOCIAL INFR	ASTRUCTU	RE				
	3.1 Overview .	•••					55
	3.2 Economic Infrastructure Policies,	, Institutional	Framework an	d Performanc	e		57
	Communications Services .						57
	Energy .	••					58
	Electricity .					•••	58
	Petroleum .	••				•••	61
	Oil Exploration .						62

								Page
		Transportation						62
		Road Development			•••			62
		Passenger Transportation						63
		Road Passenger Trans	portation					63
		Railway Transportatio	n					64
		Civil Aviation	•					65
		Port Services		•••		•••		66
		Water Supply and Irrigation						69
	3.3	Social Infrastructure Policies, Inst	itutional Fra	mewo	rk and Performance			70
		Health			•••			70
		Education						71
		Housing and Urban Developm	ent		•••			73
		Poverty Alleviation	•	• • •	•••			74
		Environment		•••		•••		75
4.	PR	ICES, WAGES, EMPLOYMEN	ΓAND PRO	DUC'	TIVITY			
	4.1	Overview		•••				79
	4.2	Prices	•					80
		Price Movements and Contrib	utory Factors	S				80
		Colombo Consumers' Price In	dex (CCPI)					80
		Wholesale Price Index (WPI)						85
		GDP Deflator						85
	4.3	Wages						86
		Public Sector Wages			•••			86
		Formal Private Sector Wages						87
		Informal Private Sector Wages	S					88
	4.4	Population, Labour Force and Emp	oloyment		•••			88
		Population	•					88
		Labour Force						88
		Employment	•					89
		Unemployment		•••		•••		90
		Foreign Employment	•	•••	•••	•••	•••	91
		Labour Productivity	M. 1. (D. C	•••	•••	•••	•••	93
		Labour Relations and Labour	Market Refo	orms	•••	•••		94
5.	EX	TERNAL SECTOR DEVELOPM	MENTS AN	D POI	LICIES			
	5.1	Overview						95
	5.2	External Sector Policies and Institu	utional Supp	ort		•••		96
	5.3	Trade in Goods, Trade Balance and	d Terms of T	rade				103
		Export Performance						103
		Import Performance		•••				105
		Trade Balance						107
		Terms of Trade					•••	107
		Direction of Trade						109

					Pag
5.4 Trade in Services, Income, Current Trans	sfers and Curren	nt Account Bala	nce		11
Trade in Services					11
Transportation Services					11
Travel and Tourism	•••	•••			11
Telecommunication and Informa	ation Technolog	y Services			11
Inflows and Outflows of Income	•••	•••			11
Current Transfers					11
Current Account Balance	•••	•••			11
5.5 Capital and Financial Flows and Balance	e of Payments				11
Foreign Direct Investments (FDI)		•••			11
Foreign Capital to the Government					11
Medium and Long-term Capital					11
Short-term Capital					11
Foreign Capital to the Private Sector	and Public Cor	porations		•••	11
Long-term Capital				•••	11
Short-term Capital					11
Balance of Payments					11
External Reserves	•••				11
5.6 External Debt and Debt Service					12
External Debt					12
Foreign Debt Service Payments					12
5.7 Exchange Rate Regime and Exchange Rate	ota Movement				12
Nominal and Real Effective Exchange		•••	•••	•••	12
Developments in the Domestic Foreign		 Iarkat	•••	•••	12
-		iaiket			12
FISCAL POLICY AND GOVERNMENT	FINANCE				
6.1 Overview	•••	•••		•••	12
6.2 Fiscal Policy Direction and Measures					12
6.3 Government Budgetary Operations				•••	13
Revenue					13
Expenditure and Net Lending					13
Key Fiscal Balances					13
Financing the Budget Deficit					13
6.4 Budgetary Operations in Sub National G	overnments				13
Performance of Provincial Councils	overnments	•••	•••	•••	13
Performance of Local Governments	•••	•••	•••	•••	12
	•••	•••	•••	•••	
6.5 Government Debt and Debt Service Payı	ments	•••	•••	•••	14
					14
Government Debt Debt Service Payments	•••	•••			14

						Page
7.	MONETARY POLICY, MON	NEY, CREDIT AN	D INT	EREST RATES		
	7.1 Overview					 145
	7.2 Monetary Policy					 146
	7.3 Developments in Money an	nd Credit Aggregate	es			 148
	Money Market Liquidi					 148
	Reserve Money				•••	 149
	Narrow Money	•••			•••	 152
	Broad Money					 152
	Financial Survey					 154
	7.4 Interest Rates					 155
	Money Market Rates	•••		•••		 155
	Deposit and Lending R	ates		•••		 156
	Yield Rates on Govern	ment Securities				 157
	Yield Rates on Corpora	nte Debt Securities		•••		 158
	7.5 Futuru Developments, Chal	llenges and Outloo	k			 158
8.	FINANCIAL SECTOR DEVE	ELOPMENTS AN	D SYS	TEM STABILIT	Ϋ́	
	8.1 Overview					 161
	8.2 Financial System Stability	•••			•••	 162
	8.3 Developments in Financial	Institutions		•••		 166
	Central Bank of Sri La	nka		•••		 166
	Licensed Commercial I	Banks			•••	 167
	Licensed Specialised B	anks			•••	 169
	Regulation and Superv				•••	 170
	Registered Finance Con			•••		 173
	Specialised Leasing Co	•				 175
	Other Financial Institut	-		•••		 175
	Primary Dealers					 175
	Unit Trusts					 177
	Insurance Compan	ies				 178
	Superannuation Fu					 180
	•					
	8.4 Developments in Financial	Markets		•••		 181
	Inter-bank Call Money			•••		 181
	Domestic Foreign Excl					 182
	Government Securities	•				 182
	Corporate Debt Securit					 182
	Commercial Paper					 182
	Corporate Bonds					 182
	Equity Market					 183
	8.5 Development Finance and A					 185
	= - · · · · · · · · · · · · · · · · · ·	The state of the s	•	•••	•••	 100

				Page
8.6 Financial Infrastructure		•••		186
Payment and Settlement Systems				186
Systemically Important Payment Systems				187
The Real Time Gross Settlement System		•••		188
The LankaSecure System		•••		188
Cheque Imaging and Truncation System	•••	•••	•••	188
Sri Lanka Inter-bank Payments System (SLIPS)			•••	189
Payment System Policy and Oversight		•••	•••	189
Credit Information	•••	•••	•••	189
PART II				
ACCOUNTS AND OPERATIONS OF THE CENTRAL BANK OF	F SRI LAN	JKA		1 - 87
PART III				
MAJOR ADMINISTRATIVE MEASURES ADOPTED BY THE M	MONETAR	RY BOARD IN	2009	1 - 103
PART IV				
MAJOR LEGISLATIVE ENACTMENTS OF 2009 RELATING TO OPERATIONS OF THE CENTRAL BANK AND BANKING INST				1 - 34
STATISTICAL APPENDIX				
SPECIAL STATISTICAL APPENDIX				

PART I – TABLES

1.	EC	ONOMIC, PRICE AND FINANCIAL SYSTEM	STABILITY	, OUTLOOK	AND POLICII	ES	
	1.1	Gross National Product by Industrial Origin at Con Aggregate Demand and Savings Investment Gap	stant (2002)	Prices			4 5
	1.3	External Sector Davelonments			•••	•••	8
	1.4	Global Economic Development and Outlook	••			•••	14
	1.5	Medium Term Macroeconomic Framework .	••			•••	19
	1.5	Wichight Term Macrocconomic Traine work	••		•••	•••	1)
2.	NA	TIONAL OUTPUT AND EXPENDITURE					
	2.1	Sectoral Composition and Increase in Gross Domes	stic Product				
		by Industrial Origin at Constant (2002) Prices .	••				30
	2.2	Agriculture Production Index (1997-2000=100) .	••				32
	2.3	Trends in Principal Agricultural Crops .					33
	2.4	Paddy Sector Statistics .	••				34
	2.5	Livestock Sector Statistics .					35
	2.6	Fish Production .	••				35
	2.7	Value Added in Industry (2002 Constant Prices) .				•••	41
	2.8	Ex-Factory Profit Ratios of Non - BOI Private Sect	or Industries				43
	2.9	Domestic Cost Structure of Non - BOI Private Sect	or Industries				
		(As a percentage of total cost of production) .	•••		•••		44
	2.10	Labour Productivity Index in the Non - BOI Private	e Sector Indu	stries	•••		44
		Aggregate Demand .			•••		48
		Composition of Private Consumption Expenditure a	at Current M	arket Prices			50
		Investment and Employment in the Enterprises Reg					
		Investment of Sri Lanka (BOI) and Ministry of Inde					51
	2.14	Total Resources and Their Uses at Current Market 1		1			52
		Consumption, Investment and Savings at Current M					53
			1411100		•••	•••	
3.	EC	CONOMIC AND SOCIAL INFRASTRUCTURE					
	3.1	Government Investment in Infrastructure .	•••				56
	3.2	Growth of Telecommunications and Postal Services	5				57
	3.3	Power Sector Performance .	••				58
	3.4	Petroleum Sector Performance .				•••	61
	3.5	Salient Features of the Transport Sector .	••				64
	3.6	Performance of Ports Services .					69
	3.7	Water Supply by National Water Supply and Draina	age Board				69
	3.8	Salient Features of Health Services .					70
	3.9	Salient Features of General and University Education	on				72
		Samurdhi Welfare Programme .			•••	•••	75

			Page
4.	PRICES, WAGES, EMPLOYMENT AND PRODUCTIVITY		
	4.1 Changes in Price Indices		81
	4.2 Retail Prices of Key Imported and Domestically Produced Items		81
	4.3 Administered Price Revisions in 2008 and 2009		82
	4.4 Sectoral Deflators and GDP Deflator		86
	4.5 Wage Rate Indices		86
	4.6 Informal Private Sector Daily Wages by Sector and Gender		87
	4.7 District-wise Population		88
	4.8 Household Population, Labour Force and Labour Force Participation		89
	4.9 Employment by Economic Activity		89
	4.10 Status of Employment		90
	4.11 Public Sector Employment		90
	4.12 Unemployment Rate (Unemployed as a percentage of Labour Force)		91
	4.13 Departures for Foreign Employment		92
	4.14 Foreign Employment Departures by Destination		93
	4.15 Labour Productivity by Major Economic Sector		93
	4.16 Strikes in Private Sector Industries		93
5.	5. EXTERNAL SECTOR DEVELOPMENTS AND POLICIES		
Э.			
	5.1 Balance of Payments Analytical Presentation		97
	5.2 Average Import Duty Collection Rate		98
	5.3 Trade Indices		99
	5.4 Composition of Exports		104
	5.5 Composition of Imports		106
	5.6 Volume of Major Imports		107
	5.7 Net Services, Income and Current Transfers		111
	5.8 Tourism Performance		112
	5.9 Major Projects Financed with Foreign Borrowings during 2009		115
	5.10 External Assets of Sri Lanka		117
	5.11 Outstanding External Debt and Banking Sector External Liabilities		120
	5.12 External Debt Service Payments		121
	5.13 Exchange Rate Movements	•••	123
6.	6. FISCAL POLICY AND GOVERNMENT FINANCE		
	6.1 Summary of Government Fiscal Operations	•••	126
	6.2 Economic Classification of Revenue		133
	6.3 Economic Classification of Expenditure and Lending Minus Repayment		136
	6.4 Functional Classification of Expenditure		137
	6.5 Sources of Domestic Financing		138
	6.6 Budget Outturn for Provincial Councils	•••	140
	6.7 Outstanding Government Debt (as at end year)		141
	6.8 Government Debt Service Payments		142
	6.9 Government Debt Indicators		143

						Page
7.	МО	NETARY POLICY, MONEY, CREDIT AND IN	TEREST RA	ATES		
	7.1	Monetary Policy Measures (2007-2009)				 146
	7.2	Developments in Monetary Aggregates				 149
	7.3	Underlying Factors of Reserve Money and Broad	Money			 152
	7.4	Sectoral Distribution of Advances by Commercial	Banks			 154
	7.5	Financial Survey and Underlying Factors				 155
	7.6	Money Market Rates				 155
	7.7	Interest Rates on Deposits and Lending				 156
	7.8	Yield Rates on Government Securities				 157
8.	FIN	ANCIAL SECTOR DEVELOPMENTS AND S	YSTEM STA	BILITY		
	8.1	Selected Financial Soundness Indicators of Bankir	ng Sector			 163
	8.2	Selected Financial Soundness Indicators of Registo	•	Companies		 165
	8.3	Selected Financial Soundness Indicators of Specia		-		 165
	8.4	Total Assets of the Major Financial Institutions				 167
	8.5	Distribution of Banks and Bank Branches				 168
	8.6	Assets and Liabilities of Licensed Commercial Ba	nks			 169
	8.7	Credit Card Operations by Licensed Commercial I	Banks			 170
	8.8	Selected Data of the Unit Trust Industry			•••	 178
	8.9	Key Indicators of Major Superannuation Funds				 180
	8.10	Money Market Operations 2007 – 2009				 181
	8.11	Share Market Performance				 184
	8.12	Non-Cash Payments : Volume and Valve of Transa	actions			 187

PART I – CHARTS

		Page
1.	ECONOMIC, PRICE AND FINANCIAL SYSTEM STABILITY, OUTLOOK AND POLICIES	
	1.1 Quarterly Growth and Unemployment	2
	1.2 Movements in Inflation	2
	1.3 Savings and Investment	5
	1.4 Value of Petroleum Imports and Average Price of Crude Oil Imports	6
	1.5 Balance of Payments (BOP)	7
	1.6 Government Revenue, Expenditure and Budget Deficit	9
	1.7 Government Debt (as a Percentage of GDP)	9
	1.8 Growth in Reserve Money and Broad Money	11
	1.9 Central Bank Policy Rates and Average Weighted Call Money Rate	11
	1.10 Movements in Market Interest Rates	12
2.	NATIONAL OUTPUT AND EXPENDITURE	
	2.1 Annual Growth Rate	31
	2.2 Rice: Supply and Demand	34
	2.3 Composition of Value Added in Industry – 2009 (2002 Constant Prices)	42
	2.4 Investment in Approved and Contracted BOI Projects	51
	Number of Projects	51
	Value of Investment	51
	2.5 The Economy in 2009 (at current prices)	52
	Supply of Goods and Services	52
	Demand for Goods and Services	52
3.	ECONOMIC AND SOCIAL INFRASTRUCTURE	
	3.1 Telephone Density	57
	3.2 Average Tariff and Cost of Electricity	59
	3.3 International Crude Oil (Brent) Prices	
	(Monthly Average) 2008/2009	61
	3.4 Volume of Container Handling and Transshipments	66
	3.5 Government Expenditure on Health and Education	71
	3.6 Number of Samurdhi Beneficiary Families and Expenditure	74
4.	PRICES, WAGES, EMPLOYMENT AND PRODUCTIVITY	
٦.	TRICES, WAGES, EMI LOTMENT AND TRODUCTIVITT	
	4.1 Colombo Consumers' Price Index (2002 = 100)	80
	4.2 Trends in Labour Force and Unemployment: 2005 – 2009	90
5.	EXTERNAL SECTOR DEVELOPMENTS AND POLICIES	
	5.1. Deleves of Designants	06
	5.1 Balance of Payments	96
	5.2 Major Sources of Foreign Exchange Earnings	96
	5.3 Exports by Commodities	103
	5.4 Imports by Commodities	107
	5.5 Terms of Trade and Trade Indices	109
	5.6 Exports by Destinations	109
	5.7 Imports by Origin	110
	5.8 Inflows to the Capital and Financial Account	114

							Page
	5.9	Quarterly External Assets				•••	117
	5.10	External Debt	•••				121
	5.11	Exchange Rate Movements					123
		Exchange Rate Movements Rupees per US \$					123
		Effective Exchange Rate Indices: 24-currency (2006=100)				123
	5.12	Quarterly Inter-Bank Forward Transaction Volu	mes	•••			124
6.	FIS	SCAL POLICY AND GOVERNMENT FINA	NCE				
	6.1	Major Fiscal Indicators (As a per cent of GDP)					126
	6.2	Composition of Government Revenue – 2009					132
	6.3	Composition of Government Recurrent Expend	iture – 2009				136
	6.4	Total Expenditure by Functions – 2009					136
	6.5	Deficit Financing (As a per cent of GDP)	•••	•••	•••	•••	138
	6.6	Sources of Bank Financing					139
	6.7	Outstanding Government Debt (As a per cent o		•••	•••	•••	141
	6.8	Composition of Outstanding Government Debt		•••	•••	•••	142
	6.9	Debt Service Payments (As a per cent of GDP)		•••	•••	•••	143
7.	Mo	ONETARY POLICY, MONEY, CREDIT AND	INTEREST RA	ATES			
	7.1	Average Weighted Call Money Rate and Policy	Rates of the Cen	tral Bank			147
	7.2	Reserve Money-Quarterly Targets vs Actual					147
	7.3	Contribution to Inflation from Key Categories					148
	7.4	Market Liquidity and Average Weighted Call M	Ioney Rate				149
	7.5	Growth and Sources of Reserve Money					152
	7.6	Contribution to Year-on-year Growth in M _{2h}					153
	7.7	Share of Credit Extended by LCBs to Selected	Sectors				154
	7.8	Movements in Market Interest Rates					156
	7.9	Government Securities – Secondary Market Yie	eld Curve				157
8.	FI	NANCIAL SECTOR DEVELOPMENTS AN	D SYSTEM STA	BILITY			
	8.1	Sources and Uses of Funds of Licensed Comme	ercial Banks (as a	t end 2009)			170
	0.1	Sources of Funds of Commercial Banks		2007)			170
		Uses of Funds of Commercial Banks			•••	•••	170
	0.2		•••	•••		•••	
	8.2	Gross Premium of Insurance Companies					178
	8.3	Distribution of Assets of Insurance Companies					179
	8.4	Daily Average Turnover of Equity and Market I	Price Earnings Ra	itio	•••	•••	183
	8.5	Net Foreign Purchases at CSE	•••	•••	•••	•••	184

PART I - BOXES

						Page
1.	The Response of Central Banks to the Global Fin	ancial Crisis				16
2.	Post-Conflict Development Programmes and Inve Northern and Eastern Provinces	estment Poter	ntial in the			25
3.	Food Security in Sri Lanka					38
4.	Economic Benefits of Ports Development					67
5.	Greening the Economy					76
6.	Introducing a New Core Inflation Measure for Si	ri Lanka				83
7.	GSP+ Concessions for Sri Lanka					101
8.	Role of EXIM Banks in Economic Development					108
9.	Stand-by Arrangement Facility		•••	•••		118
10.	Vote on Account		•••	•••		127
11.	Investing Decisively on Defence to Achieve Peac	e	•••		•••	134
12.	Broadening the Range of Instruments in Open Ma	arket Operation	ons		•••	150
13.	The Central Bank Preventing a Banking Crisis - The Rescue of Seylan Bank PLC					164
14.	Response of Standard Setters to the Global Finan Basel II Capital Framework and International		_			171
15.	Deposit Insurance as a Financial Safety Net Tool			•••		176
16.	Major Economic Policy Changes and Measures: 2	2009				191
	PART II -	BOX				
1.	Strategic Planning of the Central Bank of Sri Lan	ka				71

STATISTICAL APPENDIX

					Table
NATIONAL OUTPUT AND EXPENDITURE					
Gross National Product by Industrial Origin at Current Prices of Ma	jor Econo	omic Acti	vities		1
Gross National Product by Industrial Origin at Constant (2002) Pric	es of Maj	or Econo	mic Acti	vities	2
Gross National Product by Industrial Origin of Major Economic Act	tivities				3
Gross Domestic Product by Province at Current Factor Cost Prices ((2005- 20	08)			4
Resources and their Utilisation					5
Reconciliation of Key Aggregates at Current Market Prices					6
Gross Domestic Capital Formation at Current Market Prices					7
Composition of Private Consumption Expenditure at Current Marke	et Prices				8
Expenditure on Gross National Product at Current Market Prices					9
Gross Domestic Expenditure and Availability of Resources					10
Investment and Savings at Current Market Prices					11
Real National Income					12
Trends in Principal Agricultural Crops					13
Production of Tea, Rubber, Coconut and Export Agriculture Crops					14
Annual Rainfall and Rainy Days					15
District-wise Performance of the Paddy Sector					16
Paddy Production					17
Performance of Other Field Crops					18
Statistics of the Sugar Sector					19
Annual Usage of Fertiliser by Crop					20
Statistics on the Forestry Sector					21
Value Added in Industry (2002 Constant Prices)					22
Value Added in Industry (Current Prices)					23
Investment Approvals in Industry by the Board of Investment of Sri	Lanka				24
Realised Investments in the Board of Investment (BOI) Enterprises					25
Relative Composition of Private and Public Sector Industries					26
Capacity Utilisation in Industry					27
Annual Capacity, Production and Sales (Quantity) of State Owned I	ndustries				28
Employment in State Owned Industries and Privatised Enterprises					29
Regional Distribution of Industrial Enterprises					30
Private Sector Industrial Production Volume Index					31
ECONOMIC AND SOCIAL INFRASTRUCTURE					
Salient Features of Government Health Services					32
Salient Features of General and University Education					33
Telecommunications and Postal Services					34
Energy Sector Performance					35
Salient Features of the Transport Sector					36
Performance of the Port Services					37
Land Cultivated under the Mahaweli Development Programme					38

					Table
PRICES, WAGES, EMPLOYMENT AND PRODUCTIVITY					
Movement of the Colombo Consumers' Price Index					39
Colombo Consumers' Price Index					40
Colombo Consumers' Price Index					41
Wholesale Price Index					42
Average Retail Prices of Selected Food Items by Province (Rs./kg)	2008 -	- 2009			43
Wholesale Prices of Selected Commodities					44
Wage Rate Indices					45
Average Daily Wages in the Informal Sector					46
Average Daily Wages of Informal Sector by Province 2008 - 2009					47
Demography					48
Population by District					49
Labour Force Participation Rate					50
Status of Employment					51
Employment by Economic Activity					52
Labour Force Trends					53
Public Sector Employment					54
Foreign Employment					55
Employees' Provident Fund					56
Employees' Trust Fund					57
Strikes in Private Sector Industries					58
EXTERNAL SECTOR DEVELOPMENTS AND POLICIES					
Central Bank Trade Indices – Value					59
Central Bank Trade Indices – Volume	•••	•••	•••	•••	60
Central Bank Trade Indices – Volume Central Bank Trade Indices – Unit Value	•••	•••	•••	•••	61
Foreign Trade	•••	•••	•••	•••	62
Exports	•••	•••	•••	•••	63
r - ·	•••	•••	•••	•••	64
Tea Exports, Sales and Prices Volume and Value of Tea Exports	•••	•••	•••	•••	65
Country Classification of Tea Exports	•••	•••	•••	•••	
*	•••	•••	•••	•••	66
Rubber Exports and Prices	•••	•••	•••	•••	67
Country Classification of Rubber Exports	•••	•••	•••	•••	68
Country Classification of Garment Exports	•••	•••	•••	•••	79 70
Major Coconut Products, Exports and Prices	•••	•••	•••	•••	70
Volume and Value of Exports of Other Agricultural Products	• • •	•••	•••	•••	71
Selected Industrial and Mineral Exports	•••	•••	•••	•••	72 72
Imports by Major Categories	•••	•••	•••	•••	73
Imports and Exports of Major Commodities	•••	•••	•••	•••	74
Expenditure on Imports	•••	•••	•••	•••	75

				Table
				76
				77
				78
				79
•••				80
				80A
			•••	81
	•••		•••	82
•••				83
•••				84
				85
•••				86
of No	minal Eff	ective		
ER)				87
				88
•••				89
				90
				91
				92
				93
				94
				95
				96
				97
				98
				99
Minus	Repayme	ents		100
				101
				102
				103
				104
				105
				106
				107
				108
				109
				110
• • •	• • •	• • •	• • •	110
	of Non ER)			

MONETARY POLICY, MONEY, CREDIT AND INTEREST R	RATES			
Monetary Aggregates – M_1 and M_2				 112
Currency Issue of the Central Bank (by Denomination)				 113
Monetary Survey (Domestic Banking Units) – M ₂				 114
Consolidated Monetary Survey (inclusive of OBUs) – M _{2b}				 115
Financial Survey – M ₄				 116
Monetary Aggregates				 117
Reserve Position of Commercial Banks				 118
Money Rates				 119
Money Rates: Savings and Long-Term Credit Institutions				 120
Yield Rates on Government Securities				 121
Commercial Banks' Advances by Type of Security (December 20	005 – Dec	ember 20	009)	 122
Commercial Banks' Advances by Purpose and Maturity				 123
FINANCIAL SECTOR DEVELOPMENTS AND SYSTEM ST	TABILITY	Y		
Assets and Liabilities of the Central Bank				 124
Assets and Liabilities of the Commercial Banks				 125
Assets and Liabilities of Offshore Banking Units (OBUs)				 126
Assets and Liabilities of Registered Finance Companies				 127
Savings and Fixed Deposits of Commercial Banks and Other Lic	ensed No	n-Comm	ercial	
Bank Financial Institutions				 128
Insurance Activities				 129
Share Market Developments				 130
Listed Debenture Issues during the year 2009				 131
Total Cultivation Loans Granted by the Lending Banks (Position	as at 31 E	Decembe	r 2009)	 132
New Comprehensive Rural Credit Scheme – Loans Granted for S	Subsidiary	Food C	rops by	
the Lending Banks (Position as at 31 December 2009)				 133
Operations of the Crop Insurance Programme – Paddy Sector				
(Position as at 31 December 2009)				 134
Deposits and Advances of District Co-operative Rural Banks (19	99 – 2009)		
and District-wise Classification for 2009				 135
Deposits and Advances of District Co-operative Rural Banks' Un	nions (200	1 – 2009)	
and District-wise Classification for 2009			•••	 136

SPECIAL STATISTICAL APPENDIX

				Table			
1. Real Sector: 1948 – 2009							
Population and Labour Force				1			
National Output and Prices	•••	•••	•••	2			
2. External Sector: 1950 - 2009	2. External Sector: 1950 - 2009						
Balance of Payments	•••			3			
External Assets, External Debt and E	xchange Rates			4			
3. Fiscal Sector: 1950 - 2009							
Government Fiscal Operations	•••			5			
Government Debt				6			
4. Financial Sector : 1950 - 2009							
Monetary Survey (M ₂)	•••			7			
Interest Rates				8			
5. Socio-economic Conditions: 1953 – 2003/04							
Key Socio-economic Indictors in Sri	Lanka			9			
Key Socio-economic Indictors by Pro	ovinces 2003/04			10			