



**BUDGET - 2006**  
**STATEMENTS UNDER THE FISCAL MANAGEMENT**  
**[ RESPONSIBILITY ] ACT NO. 3 OF 2003**

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# **Fiscal Strategy Statement - 2006**

Issued by the Hon. Minister of Finance and Planning  
in terms of Section 7 of the  
Fiscal Management (Responsibility) Act No.3 of 2003

# **Fiscal Strategy Statement - 2006**

## **Introduction**

This statement is issued in compliance with the Fiscal Management (Responsibility) Act, No. 3 of 2003 (FMRA) which requires the Minister of Finance to lay before Parliament and to release to the Public, on the day fixed for the second reading of the Appropriate Bill in Parliament, a Fiscal Strategy Statement of the Government. This statement specifies key fiscal measures in the overall fiscal policy to be implemented.

## **Background**

During 2005 following favorable developments have been witnessed in the Government's fiscal position.

- The government tax revenue recorded a healthy growth of 1 percent of GDP in 2005 over the previous year reversing the declining trend seen up to 2003. The non tax revenue has recorded a growth, discontinuing the stagnation that was observed in the recent past.
  
- Public Investment has recorded a marked increase confirming the re-emphasis on investments in education, health and skills developments to further improve the contribution of these sectors to economic growth. The Government resources channeled to education and health has risen to 4.4 percent of GDP from low levels recorded in 2003.
  
- Controlling the government debt thereby reversing upward trend witnessed in the debt/GDP ratio in the recent past.

The following table gives the government revenue performance up to October 2005.

**Table 1: Summary indicators of Government Revenue**

	<b>2005 Jan-Oct (Rs. Mn)</b>	<b>2004 Jan-Oct (Rs. Mn)</b>	<b>Growth 2004/05 %</b>
<b>Tax Revenue</b>	<b>271,115</b>	<b>225,177</b>	<b>20.4</b>
Income Tax	38,828	31,251	24.2
VAT	114,565	96,547	18.5
Port & Airport Development Levy	8,991	5,404	66.4
Debit Tax	4,273	3,459	16.1
Excise Tax	62,337	53,905	12
Liquor	13,267	11,186	18.6
Tobacco/Cigarettes	22,357	19,849	12.0
Other	26,713	22,870	16.8
Import Duties	36,920	32,185	14.7
NSL	170	123	-
Other	5,199	696	-
<b>Non Tax Revenue</b>	<b>31,821</b>	<b>23,687</b>	<b>34.3</b>
<b>Total Revenue</b>	<b>302,936</b>	<b>248,864</b>	<b>21.7</b>

## **Medium Term Macro Fiscal Policy Framework 2006 – 2008**

The strategy behind the Medium Term Fiscal Policy Framework is to further consolidate the progress made under the broad policy framework announced in the 2005 Budget with greater emphasis on pro-poor growth strategies. Primary focus of the fiscal efforts is directed at making continued fiscal consolidation by maintaining a healthy growth in Government revenue and rationalizing recurrent expenditure, while ensuring that public investments in areas critical to support pro-poor growth are not neglected.

- The policy framework would be to restore stable macro economic environment through the transformation of the government current account deficits to a surplus in the medium term.
- In order to place the economy on a 6-8 percent annual growth path emphasis has been on augmenting public investment in provincial and rural infrastructure, consolidation of post conflict development programmes in the North and East and upgrading and modernization of human resources development facilities.
- The Government domestic borrowings to be reduced to around 2 percent of GDP thereby enhancing the availability of resources to promote SME and other private sector capital formation and income generating activities.

**Table 2: Medium Term Macro Fiscal Framework (Figures in Percentage of GDP)**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Revenue	16.4	17.8	18.1	18.5	19.0
Taxation	14.7	16.0	16.3	16.6	17.0
Income and Profits	2.4	2.8	2.8	3.0	3.2
Goods and Services	9.3	10.3	10.5	10.7	11.1
Non Tax Revenue	1.7	1.8	1.8	1.9	2.0
Profit and Dividend of SOEs	0.3	0.3	0.4	0.5	0.6
Non Tsunami Expenditure	23.5	25.0	24.2	23.5	23.3
Current Expenditure	18.5	18.6	17.6	16.4	15.8
HR Development	2.8	3.5	3.6	3.6	3.6
Interest on Public Debt	5.1	5.6	5.1	4.7	4.7
Non Tsunami Public Investments	5.0	6.5	6.5	7.0	7.5
Large Scale Infrastructure	2.5	3.4	3.2	3.4	3.8
Provincial/Rural Infrastructure	2.5	3.1	3.3	3.6	3.7
Tsunami Related Public Investments	0.7	1.7	1.1	0.7	0.5
Total Public Investments	5.7	8.2	7.7	7.7	8.0
Government Savings	-2.2	-0.8	0.5	2.1	3.2
Non Tsunami Budget Deficit	7.1	7.3	6.1	5.0	4.3
Budget Deficit including Tsunami	8.5	9.1	7.2	5.7	4.8
Overseas Development Assistance	3.3	4.6	4.0	3.5	3.0
Domestic Financing	4.9	4.5	3.2	2.2	1.8
Non Bank Institutional Savings	4.2	4.5	3.1	2.1	1.8
Bank Financing	0.7				
Other	0.3				

## **Macro Fiscal Policy Action Plan**

### **Tax Revenue**

- Modernization and strengthening of 3 revenue departments as announced in the 2005 Budget is continuing under the Fiscal Management Reform Programme financed by the Asian Development Bank. The emphasis is on upgrading technology, human resource development and improved surveillance and enforcement.
- A Tax Cluster representing professionals from the private/public sector has been formed. The formulation of a tax structure and the tax policy through consultation and discussions would be carried out by this cluster. The broadening of the Tax base and implementation of a simple tax rate structure thereby improving the transparency would be the focal point of the cluster.
- Improving the governance and promoting a new tax culture and giving social recognition to tax payers are being placed high on the new administration reform agenda. Introduction of a tax charter, code of conduct, a tax Ombudsman and a reward system are some of the measures already implemented in achieving these goals.
- Strengthening the provisions in tax legislation in order to rationalize the existing exemptions, deductions, tax holidays and preferential rates and close loopholes in tax laws. Several tax exemptions and deductions were rationalized in 2005 Budget.

## **Non-Tax Revenue**

- As opposed to privatization of state ownership in strategic public enterprises consolidation of management reforms to transform these loss making institutions to financially viable entities and increase the contribution by way of dividends and profits.
- Introduce necessary changes to the rate structures relevant to the provision of public services to convert them more realistic to ensure sustainability of these services. Certain amendments to fines and penalties structure were implemented with the 2005 Budget.

## **Public Expenditure**

- Making further progress in the expenditure management system to ensure efficiency in the allocation and monitoring mechanisms based on national priorities.
- The main focus is to improve the standard of living of low-income and vulnerable groups of the society through the development of provincial and community level infrastructure facilities there by helping to create more employment and income opportunities and minimize regional income disparities.
- Making continuing progress in the implementation of development program to expedite rehabilitation and reconstruction activities in the Tsunami affected areas.
- A re-emphasis on education, health and skills development for making further advancement in our achievements in Human Development and to enhance their contribution to economic growth, through the associated improvement in labor productivity.

- Support the revitalization of production sectors – agriculture, construction, industry, in addition to sustaining the buoyant service sector, including tourism where Sri Lanka has the high potential for expansion.
- Improved co-ordination of expenditure allocation and monitoring with the central, provincial, urban levels to promote regional service delivery in the regions.
- Special attention will be given to rebuild the conflict affected areas in the North and East through rehabilitation and reconstruction of basic infrastructure facilities devising programmes for speedy settlements and developing livelihood support programmes and promotion of new investment in to these areas.
- Development of rural infrastructure such as irrigation, rural road, rural housing, provisional specific development initiatives, rural electricity and telecommunication to create wider access to economic activities.
- Rebalancing the public debt profile with a debt management strategy to contain the growth of domestic debt and increased utilization of grants and concessional aid while limiting high cost market borrowings.
- Promoting the SME sector and micro enterprises to enhance their contribution to economic development and employment generation.
- Facilitating most vulnerable groups to engage in productive economic activities and enhance accessibility to care for the disabled and senior citizens and improve the quality of such services.
- Simplify Government rules and procedures to reduce transaction cost and improve transparency, competitiveness, eliminate waste, abuse, inefficiency and corruption in public service.

- Containing defense expenditure at around 2.5 percent of GDP in order to help sustain development expenditure.
- Adopt a public sector wage policy linked to skills development and productivity improvement.
- Improving Treasury cash management and Treasury Operations.

### **Fiscal Targets and Expected Outcome**

The overall thrust of medium term fiscal policy is placed on continuing the fiscal consolidation process, increasing public investment, strengthening debt management, restructuring public enterprises, providing relief especially to the most vulnerable groups in the society, while enhancing transparency and accountability in conducting fiscal operations. Implementation of these policy measures would greatly enhance the medium term growth prospects of the country.

The provision of the Fiscal Management (Responsibility) Act No. 3 of 2003 Section 3 states that the budget deficit at the end of the year 2006 shall not exceed five percentages of the estimated gross domestic product and to ensure that such levels will be maintained thereafter.

In view of the performance in 2002 to 2004 and the exogenous shocks especially the tsunami and the petroleum price hike, it is unrealistic to assume a budget deficit of the magnitude prescribed in the FMRA. Given the policy thrust set out in the medium term fiscal framework to enhance revenue and rationalize expenditure, it would be more realistic to assume a budget deficit of 5 percent of GDP by 2008.

Also Section 3(f) of the FMRA states that by the end of the financial year commencing on 1<sup>st</sup> January 2006, the total liabilities of government (including external debt at the current exchange rate) do not exceed eighty five per centum of the estimated gross domestic product for that financial year. It is envisaged that the debt levels will gradually decrease

in the medium term with the anticipated high economic growth and the reduction in budget deficit. In this background it would be possible to reach the stipulated debt ratio in the FMRA by the year 2008.

# **BUDGET ECONOMIC AND FISCAL POSITION REPORT**

## **2006**

Issued by the Hon. Minister of Finance and Planning  
in terms of Section 7 of the  
Fiscal Management (Responsibility) Act No.3 of 2003

## **Budget Economic and Fiscal Position Report – 2006**

### **Introduction:**

- Section 7 of the Fiscal Management (Responsibility) Act (FMRA) requires the Minister of Finance and Planning to present the Budget Economic and Fiscal Position Report to Parliament each year, on the day fixed for the second reading of the Appropriation Bill. Therefore, this report is issued in compliance with this requirement.
- The objective of the report is to provide information that will provide a basis for the evaluation of the Government's fiscal strategy as against its fiscal performance as set out in the Fiscal Strategy Statement.

### **Medium Term Economic Assumptions:**

- The Medium Term Macro Economic Policy Framework targets a GDP growth of about 6 – 8 percent in the medium term. The government projects a higher economic growth in the medium term generated mainly from diversified domestic resource based activities scattered throughout the country.
- To support the envisaged economic growth, infrastructure development would be carried out by maintaining public investment at a level around 7-8 percent of GDP.
- Government domestic borrowing would be reduced to 2 percent of GDP thereby enhancing private sector capital formation and income generating activities.
- The gross official reserves are targeted at a level to cover at least 3 months of imports by promoting exports, attracting more foreign capital and improving the utilization of foreign aids. Fiscal and monetary policies will help in maintaining a competitive real exchange rate for exports and import competing sectors.

- Steady foreign capital inflows to the private sector by way of foreign direct investment and loans. Private sector to raise medium and long term funds from international capital markets is being facilitated through the sovereign rating process .
- The monetary policy is aimed at avoiding inflationary pressures to improve prospects for higher economic growth while maintaining liquidity at appropriate levels ensuring smooth operations of financial markets.

### **The Preparation of Estimates and Forecasts**

With the above assumptions the estimates for main sectors would be

- (a) Gross Domestic Product (GDP)
- GDP growth rate is expected to be above 8 percent of GDP in the medium term. This would be achieved through progressively increasing the private public investments.
  - Export sector growth is primarily to be achieved through the formation of diversified non traditional high value added exports.
  - The development of SMEs to augment the domestic industrial out put and exports.
  - Revival of the agriculture, livestock, fisheries and tourism sectors.

Forecast for 2006 estimates that the industrial sector is expected to grow by 6.2 percent and the service sector by 8 percent.

#### (b) Consumer Prices

With the supply side improvements coupled with the fiscal consolidation and matching monetary policy measures the consumer prices would decline in the medium term, bringing the inflation to around 5 percent in the medium term.

#### (c) Employment and Unemployment

- Creating productive employment opportunities in both private and public sectors through production incentives in identified priority areas.
- Skill development programmes to create productive labour force in the country.

#### (d) Current Account of the Balance of Payments

- Exports are expected to grow by about 10 percent (US\$ term) in the medium term while imports in the next two years would grow at a higher rate due to higher levels of investment and additional expenditure on tsunami related reconstruction work as well as a pick up in infrastructure development projects in the rest of the country.
- Higher investment in Ports, Telecommunication & Tourism sectors would significantly improve their performance and result in higher net inflows to the service sector which will partly offset the widening trade deficit.
- Current account deficit will be around 3 percent of GDP in the medium term.
- Higher capital and financial inflows both to private sector and government are expected to fully finance the deficit in the current account creating an overall surplus of around US\$ 100-300 million in the Balance of Payments.

(e) Revenue

- With the measures undertaken to strengthen the tax administration coupled with appropriate policy measures to minimize the tax deductions, preferential rates and tax holidays the tax/GDP ratio targeted to increase at least by 1 percent of GDP annually in the medium term.
- With the transformation of strategic institutions to more commercial oriented establishments through management reforms undertaken by SEMA will augment non-tax revenue by way of profits and dividends. Adopting more realistic rates structure on public services will also further boost the non tax revenue.

(f) Expenditure

- Sector oriented budgeting, within the medium term framework has been the basis for the preparation of the national budget where the line ministries have been empowered to operate within the sectoral ceilings.
- Public investment is expected to grow to 7-8 percent of GDP over the medium term.
- Interest payments on public debt as a percentage of GDP to be declined over the medium term by selecting a proper mix of domestic and foreign borrowings.

#### (g) Government Borrowing

- With an estimated revenue surplus over the medium term the government borrowing as a percentage of GDP is expected to decline by 2008.
- Domestic market borrowings are to be reduced gradually by obtaining appropriate external financing primarily on concessional terms.

#### **Statement on the Sensitivity of the Estimates**

The medium term economic projections described above are based on a scenario which includes the following:

- Continuation of the cease fire
- Stability in the social and political front
- Normal weather pattern in the country
- Exogenous factors such as world output growth and, world inflation to be favorable as predicted at present.
- No further drastic increases in international oil prices.

#### **Statement of Risks**

Other than any adverse change in the factors mentioned above contingent liabilities in the form of Treasury Guarantees are declining

- The total value of outstanding Treasury guarantees amounted to Rs 23.5 billion as at end June 2005 compare to Rs. 23 billion at the end of 2004. The share of the Treasury guarantees on a percentage of the GDP declined to 1.03 percent at mid year 2005 from 1.13percent at the end of 2004.

**Table 3:** Projections for selected Economic Indicators

	<b>Unit</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Real Gross Domestic Product	% change	6.6	7.4	8.1
Colombo Consumer Price Index	% change	9.0	7.0	5.0
Unemployment Rate	%	8.0	7.5	7.0
Current Account Balance	US\$ Mn	- 1,318	-1,358	-1,189
Current Account Balance	% GDP	-5.1	- 4.8	-3.8
Government Revenue	% GDP	17.8	18.1	18.5
Non Tsunami Government Expenditure	% GDP	24.6	24.2	23.5
Tsunami Expenditure	% GDP	1.8	1.1	0.7
Government Net Borrowing	% GDP	7.2	5.9	4.7

**Implementation of Revenue Proposals  
in 2005 Budget Proposals**

## Implementation of Revenue Proposals in 2005 Budget Proposals

No.	Proposal	Effective Date	Action Taken
1.	Reformulation of VAT to a 4 band rate structure.	5% -19.11.2004 18% -01.01.2005	Implemented by VAT (Amendment) Act No.06 of 2005
2.	Addition of 5% mark up on the CIF and PAL to calculation of VAT base at the point of import.	01.01.2005	Implemented by VAT (Amendment) Act No.06 of 2005
3.	VAT exemption on large investments	01.01.2005	Implemented by VAT (Amendment) Act No. 06 of 2005
4.	Exemption of income tax on agriculture	01.04.2005	Implemented by Inland Revenue (Amendment) Act No.08 of 2005
5.	Removal of income tax exemption on local sale of Gold, Gems and Jewellery	01.04.2005	Implemented by Inland Revenue (Amendment) Act No.08 of 2005.
6.	Rationalization of taxation of employment benefit	01.04.2005	Implemented by Inland Revenue (Amendment) Act No.08 of 2005.
7.	Simplification of personal income tax	01.04.2005	Implemented by Inland Revenue (Amendment) Act No.08 of 2005.
8.	Presumptive tax on NGOs	01.04.2005	Implemented by Inland Revenue (Amendment) Act no.08 of 2005.
9.	Incentives for foreign currency holders and tax concessions for dual citizenship holders.	01.04.2005	Implemented by Inland Revenue (Amendment) Act No.08 of 2005
10.	Taxation on public servant Employment Income	01.04.2005	Implemented by Inland Revenue (Amendment) Act No.08 of 2005
11.	Withholding tax on interest	01.04.2005	Implemented by Inland Revenue (Amendment) Act No.08 of 2005
12.	Rationalization of Corporate Tax		
	<ul style="list-style-type: none"> <li>▪ Tax on dividends not distributed</li> </ul>	01.04.2005	Implemented by Inland Revenue (Amendment) Act No.08 of 2005
	<ul style="list-style-type: none"> <li>▪ Removal of deductions allowed on VAT payments on financial</li> </ul>	01.04.2005	Implemented by Inland Revenue (Amendment) Act No.08 of 2005.

	services in calculating taxable income.		
	<ul style="list-style-type: none"> <li>▪ Rationalization of expenses allowed in travel abroad, entertainment expenditure &amp; entertainment allowance, allowance on fuel or provision of vehicles, advertising expenditure, head office expenses of non resident companies.</li> </ul>	01.04.2005	Implemented by Inland Revenue (Amendment) Act No.08 of 2005.
<b>13.</b>	Withholding tax on motor vehicles	01.04.2005	Implemented by Finance (Amendment) Act No. 07 of 2005.
<b>14.</b>	New Tax Compliance measures		
	<ul style="list-style-type: none"> <li>▪ Declaration of expenditure Widening the tax base using certain expenses.</li> </ul>	01.04.2005	Implemented by Inland Revenue (Amendment) Act No.08 of 2005.
	<ul style="list-style-type: none"> <li>▪ Rewarding honest tax payers by Gold Card – Lottery for them /Discounted prices/Special lounge at the BIA</li> </ul>	02.11.2005	Implemented.
	Tax Clearance Certificate mandatory for Govt. tender		Implemented
<b>15.</b>	Simplification of Economic Service Charge	01.04.2005	Implemented by Finance (Amendment) Act No. 07 of 2005
<b>16.</b>	0.2% tax on transaction value of the stock market transactions	01.01.2005	Implemented by Finance Act No. 05 of 2005
<b>17.</b>	Tax Administration		
	<ul style="list-style-type: none"> <li>▪ Establishment of an appeals unit under a separate Commissioner</li> </ul>		Administratively implemented
	<ul style="list-style-type: none"> <li>▪ Tax Charter</li> </ul>		Implemented
	<ul style="list-style-type: none"> <li>▪ Setting up of an information Centre</li> </ul>		Implemented
	<ul style="list-style-type: none"> <li>▪ Codify the Income tax law</li> </ul>		Implemented
	<ul style="list-style-type: none"> <li>▪ Appointment of three member committee of tax Commissioners to clarify</li> </ul>		Appointments to be made administratively

	refunds by the IRD		
	<ul style="list-style-type: none"> <li>▪ Inaugurate dedicated tax Courts in Colombo, Gampaha, Kandy, Galle</li> </ul>		Implemented by Gazette notification no. 1380/17 dated 16.02.2005
	<ul style="list-style-type: none"> <li>▪ Independent Tax Ombudsman</li> </ul>	15.09.2005	Appointed
	<ul style="list-style-type: none"> <li>▪ Advance ruling for tax laws</li> </ul>	01.04.2005	Implemented
<b>18.</b>	Consultative process to prepare regulations and tax laws		Implemented taxation cluster comprising tax professionals, private sector representatives, office has been setup.
<b>19.</b>	Rationalization of Customs Tariff within a 5 rate band	19.11.2004	Implemented by Gazette notification No. 1367/21 dated 18.11.2004
<b>20.</b>	0.5% increase in Port and Airport Development Levy	19.11.2004	Implemented by Finance Act No. 05 of 2005
<b>22.</b>	Expansion of the coverage of commodities under Excise (Special Provision) Act	19.11.2004	Implemented by Gazette notification No.1367/20 dated 18.11.2004
<b>23.</b>	Increase Levy on Betting and Gaming	01.04.2005	Implemented by Betting and Gaming Levy Act (Amendment) No.09 of 2005.
<b>24.</b>	Revision of Administrative fees and charges	01.04.2005	Rent on Government properties and charges on official vehicle for private use have been increased.
<b>25.</b>	Fines and Penalties	11.05.2005	Implemented by Finance Act No. 12 of 2005.
<b>26.</b>	Cess of 0.25 on taxes other than VAT, PAL, Debit Tax and WHT	01.01.2005	Implemented by Finance Act No. 05 of 2005
<b>27.</b>	Tax on Treasury Bill Transactions	01.04.2002	Implemented by Inland Revenue (Amendment) Act No.08 of 2005.
<b>28.</b>	Tax free allowance under VRS/retrenchment to be limited to Rs. 2 Mn.	01.01.2005	Implemented by Inland Revenue (Amendment) Act No.08 of 2005.
<b>29.</b>	Transfer Tax on Land	30.03.2005	Implemented by Gazette notification No.1386/18 dated 30.03.2005

<b>30.</b>	VAT exemption on agricultural seeds and plants, animal feed excluding poultry feed, shrimp feed inclusive of prawn feed.	01.01.2005	Implemented by VAT (Amendment) Act No.06 of 2005
<b>31.</b>	Incentive for Foundry industry (imposition of 25% Cess on export of Ferrous and non Ferrous)	05.08.2005	Implemented by gazette No. 1404/28 dated 05.08.2005
<b>32.</b>	Imposition of levy of 0.25% on small contractors, 0.5% on medium contractors and 1% on large contractor on their contract turnover.	01.01.2005	Implemented by Finance Act No. 05 of 2005
<b>33.</b>	Incentives for advanced technology		Implemented
<b>34.</b>	Incentive for software exports and business process out sourcing.		Implemented
<b>35.</b>	VAT exemption on leasing of three wheelers	01.01.2005	Implemented by VAT (Amendment) Act No.06 of 2005
<b>36.</b>	VAT exemption on Locally manufactured and to duty free shops for payment in foreign currency	01.01.2005	Implemented by VAT (Amendment) Act No.06 of 2005
<b>37.</b>	VAT exemption on import of samples of garments for business purposes by any garment buying office in Sri Lanka registered with the Textile quota Board	01.01.2005	Implemented by VAT (Amendment) Act No.06 of 2005
<b>38.</b>	VAT zero rated facility for services provided by garment buying offices	01.01.2005	Implemented by VAT (Amendment) Act No.06 of 2005
<b>39.</b>	VAT Incentives for small exporters	01.01.2005	Implemented by VAT (Amendment) Act No.06 of 2005
<b>40.</b>	VAT exemption on supply of electricity through alternative energy projects other than energy through, hydro power or thermal power.	01.01.2005	Implemented by VAT (Amendment) Act No.06 of 2005

## **Budget 2006 – Assumptions and Technical Details**

## Tax System at a Glance

<b>Value Added Tax (VAT)</b>	
Zero Rate	Export of goods and other exemptions
Basic Rate (5%)	Essential food items (potatoes, onions dhal, sugar, dried fish, milk powder, chilies and vegetables) – No refunds
Standard Rate (15%)	General items
Luxury Rate (20%)	Luxury consumer goods (motor vehicles, liquor, air conditioners, refrigerators, washing machines, TVs, antennas, cameras and jewelry) -Refunds are limited to 15%

<b>Customs Duty - Duty Structure</b>	
Zero Duty	High value and essential commodities
2.5%	Basic raw materials
6.0%	Semi processed items
15.0%	Intermediate products, spare parts etc.
28.0%	Motor vehicles and other finished products

<b><i>Excise (Special Duty) - Selected luxury items</i></b>
10% (Air conditioners, refrigerators, washing machines, vacuum cleaners, video players, ovens and cookers, hair dryers and hair dressing equipments, TVs etc.,

<b>Cigarette Duty Structure (per 1,000 cigarettes)</b>	
Cigarettes each not exceeding 60 mm in length	Rs. 2,223
Cigarettes each exceeding 60 mm but not exceeding 67mm in length	Rs. 3,722
Cigarettes each exceeding 67mm but not exceeding 72 mm in length	Rs. 5,919
Cigarettes each exceeding 72mm but not exceeding 84 mm in length	Rs. 6,732
Cigarettes each exceeding 84mm in length	Rs 7,010

<b>Liquor Duty Structure</b>	<b>Per Proof Liter</b>
Coconut processed/Molasses Arrack	Rs. 396.00
Country made Foreign Liquor	Rs. 525.00
Malt Liquor ( Beer) above 5% in strength	Rs. 53.50
Malt Liquor less than 5% in strength	Rs. 37.50
Wine containing more than 4% in strength	Rs. 250.00
Aerated Water ( per liter)	Rs. 06.00

<b>Petroleum Rate Structure</b>	
Petrol	Rs. 20.00 per Liter
Diesel	Rs. 2.50 Per Liter
Kerosene	Rs. 1.25 Per Liter

<b>Motor Vehicle Duty Structure</b>	
<b>Petrol</b>	
Cars	
Not exceeding 1000 cc	30%
1000 cc – 1500 cc	40%
Exceeding 1500 cc	60%
Luxury type – Ten seated	60%
Small Vans – Transport of goods	30%
Auto Trishaws	04%
<b>Diesel</b>	
Cars	
Not exceeding 1500 cc	95%
Exceeding 1500 cc	115%
Dual purpose Van	
Not exceeding 1500 cc	72%
Exceeding 1500 cc	84%
Luxury type – Ten seated	72%
Passenger van	
Not more than 13 persons	72%
Between 13-17 persons	20%
Auto trishaws	14%

<b>Income Tax - Personal Income Tax</b>	<b>Tax Rate</b>
Tax free threshold Rs. 300,000	
First Rs.300,000	5 %
Next Rs.200,000	10%
Next Rs.200,000	15%
Next Rs.200,000	20%
Next Rs.200,000	25%
Next Rs.500,000	30%
Balance	35%

<b>Income Tax - Corporate Income Tax</b>	<b>Tax Rate</b>
<ul style="list-style-type: none"> <li>▪ <b><i>Resident Companies; Non-Resident Companies and Corporations etc<sup>1</sup>.</i></b></li> </ul>	
- <b>Co-operative</b>	5%
- <b>SMEs</b> (taxable income is less than Rs. 5,000,000)	15%
Taxable income is greater than Rs. 5,000,000	
- <b>Applicable rate for Companies</b>	35%
- <b>Listed Companies</b> (for a period of five years from the date of listing )	33.3%
<ul style="list-style-type: none"> <li>▪ <b><i>Tax on Remittance for Non Resident Companies</i></b></li> </ul>	
-On the aggregate of remittance made out of the profit chargeable to Income Tax	10%
<ul style="list-style-type: none"> <li>▪ <b><i>Persons Other than Resident Individuals; Non-Resident Individuals and Companies</i></b></li> </ul>	
- Charitable Institutions; Provident Funds	10%
- Hindu undivided families; Executors & Trustees; Clubs; Societies; Partnerships; Any Government other than Sri Lanka and UK Governments; Business undertakings vested in the Government	30%

<sup>1</sup> Restricted deductions on advertising, entertainment, allowance paid on fuel, head office expenses and management fees (foreign companies)

<b>Economic Service Charge</b>	
Threshold turnover Rs. 40 million	
Maximum tax Rs.60 Mn	
Turn over of whole sale or retail business, other than manufacturing or producing	0.5 %
Turn over of the BOI enterprises	0.25%
Tea, rubber, coconut processing factories	0.5 %
Turnover of a business in which the profits are excluded from the income tax.	0.25 %
Turnover of a business in which the profits are chargeable for income tax, at a rate specified in the sixth schedule of the Inland Revenue Act.	0.5 %
Standard rate	1.0%

<b>Port and Airport Development Levy</b>	
General Rate	2.5%
Imports used for exports	Exempted

## Growth with Development

Selected Key Economic Indicators: 2004- 2008

Item	Unit	2005	Projected		
			2006	2007	2008
<b>GDP and Prices</b>	% growth				
GDP Growth		5.6	6.9	7.4	8.1
Agriculture		0.0	4.0	5.6	6.9
Industry		6.8	6.2	6.3	7.1
Services		6.9	8.0	8.5	8.9
GDP at Market Prices	Rs. Bn	2,357	2,720	3,098	3,516
Per Capita GDP	Rs.	121,130	138,263	157,737	174,811
GDP Deflator	% increase	10.0	8.0	6.0	5.0
<b>Investment and Savings</b>					
Gross Investment	% GDP	27.0	30.0	32.0	33.9
Public		5.5	8.2	7.7	7.8
Private		21.5	21.8	24.3	26.1
Gross National Savings		22.0	24.5	26.8	30.0
<b>External Sector</b>					
Exports	US\$ Mn	6,375	7,043	7,872	8,832
Imports	US\$ Mn	9,174	10,473	11,520	12,459
Trade Account	US\$ Mn	-2,799	-3,430	-3,648	-3,627
Trade Account	% GDP	-11.9	-13.0	-12.2	-10.8
Current Account	US\$ Mn	-1,012	-1,306	-1,406	-1,204
Current Account	% GDP	-4.3	-4.9	-4.7	-3.5
Overall Balance	US\$ Mn	450	265	180	107
Gross Official Reserves (GOR)	US\$ Mn	2,404	2,724	3,030	3,069
Import Capacity of GOR	Months	3.1	3.1	3.2	3.0
Foreign Debt/GDP	% GDP	49.6	48.8	47.1	46.0
Foreign Debt Service to XGS	Ratio (%)	10.8	10.3	9.7	9.5
<b>Fiscal Sector</b>					
Revenue	% GDP	16.4	17.8	18.1	18.5
o/w Tax Revenue		14.7	16.0	16.3	16.6
Expenditure (Excluding Tsunami Expenditure)		23.5	25.0	24.2	24.8
Current Expenditure		18.5	18.6	17.6	16.4
Public Investment		5.0	6.5	6.6	7.1
Current Account		-2.2	-0.8	0.5	2.1
Budget Deficit		7.1	7.3	6.1	5.0
Post Tsunami Expenditure					
Financing(Including Post Tsunami Expenditure)		1.4	1.8	1.1	0.7
Foreign Aid		3.3	4.6	4.0	3.5
Domestic Financing		5.2	4.5	3.2	2.2
Budget Deficit (Including Post Tsunami Expenditure)		8.5	9.1	7.2	5.7
<b>Monetary Sector</b>	% growth				
Reserve Money		15.0	15.4	13.9	13.5
Broad Money		15.0	16.4	14.9	14.5
Net Foreign Assets		17.8	14.6	8.5	4.7
Net Domestic Assets		19.3	14.6	16.5	16.9
Credit to Government		9.1	0.0	0.0	0.0
Credit to Corporations		-38.9	0.3	-20.1	-10.0
Credit to Private Sector		22.5	17.7	19.2	18.4

## Technical Details to the Budget Estimates for 2005 (Revised) and 2006 (Base Estimates)

### Exogenous Factors and Policy Targets for the Medium Term Macroeconomic Policy Framework (MTMPF)

	2004	2005	2006	2007	2008
Mid Year Population ('000)	19,462	19,696	19,936	20,171	20,413
Population Growth Rate	1.1	1.2	1.2	1.2	1.2
<b>World Output, Inflation and Interest Rates</b>					
World Inflation, Advanced Economies (%)	1.9	1.9	2.0	2.1	2.1
Partner and Competitor Country Inflation (%)	2.0	2.5	3.0	3.5	3.5
World Output (%)	4.0	5.1	4.3	4.4	4.0
LIBOR for US\$ (%)	1.7	3.3	4.1	4.1	4.1
Interest Rate on Concessional Loans (%)	1.7	1.5	1.5	1.4	1.4

### Macroeconomic Assumptions

	2004	2005	2006	2007	2008
<b>External Sector</b>					
<b>Export Prices (% change in USD terms)</b>					
Tea	7.4	7.5	-1.0	-2.4	0.0
Rubber	15.8	13.0	-2.0	-2.0	-2.0
Coconut	5.1	12.0	-3.4	-3.4	-3.6
Other Agricultural Products	-2.8	3.0	2.0	0.0	0.0
Garments	2.7	0.0	0.5	1.0	1.0
Gems	35.5	5.0	2.0	2.0	2.0
<b>Exports Prices</b>					
Tea (US\$/Kg)	2.5	2.6	2.6	2.6	2.6
Rubber (US\$/Kg)	1.3	1.4	1.4	1.4	1.4
Coconut (US\$/Nut)	0.1	0.1	0.1	0.1	0.1
Other Agricultural Products (US\$/Kg)	2.1	2.1	2.2	2.2	2.2
Garments (US\$/Kg)	6.6	6.6	6.6	6.7	6.7
Gems (US\$/Carrat)	8.1	8.5	8.6	8.8	8.9
<b>Import Prices (% change in US\$ terms)</b>					
Rice	9.5	8.00	-6.0	-6.4	-3.2
Sugar	9.9	15.0	0.0	0.1	1.7
Wheat	23.6	-5.0	-6.9	0.0	2.2
Crude Oil	27.6	41.2	9.4	-3.4	-3.6
Fertilizer	22.9	36.4	6.4	-1.4	-1.6
Manufactured Goods	3.0	1.4	1.0	1.0	0.9
Food Products	2.0	-0.1	0.1	1.3	1.0

	2004	2005	2006	2007	2008
<b>Imports Prices</b>					
Rice (US\$/MT)	267.9	289.4	272.0	254.6	246.4
Sugar (US\$/MT)	250.0	287.5	287.5	287.8	292.7
Wheat (US\$/MT)	184.4	175.2	163.1	163.1	166.7
Crude Oil Prices (US\$/barrel)	37.5	53.0	58.0	56.0	54.0
Fertilizer (US\$/MT)	209.4	285.6	304.0	299.6	294.9
Tourist Earnings (% Change)	10.0	-3.0	15.0	11.0	9.0
Capital Goods Imports (in % of Investment)	35.0	34.0	35.0	35.0	34.0
<b>Monetary Sector</b>					
Money Multiplier	5.0	5.0	5.0	5.0	5.0
Velocity	2.31	2.32	2.31	2.31	2.4
<b>Policy Assumptions and Targets</b>					
GDP Growth	5.4	5.6	6.9	7.4	8.1
Inflation	7.6	10.0	8.0	6.0	5.0
Investment (% of GDP)	25.0	27.0	30.0	32.0	34.0
Government External Financing (US\$ Mn)	857.0	1001.0	1464.5	1610.5	1515.5
Total Official Transfers (Current and Capital =Total Grants )	86.0	190.0	160.0	160.0	160.0
o/w Tsunami related	0.0	74.0	60.0	60.0	60.0
Project Loans (Including Tsunami Related Inflows )	741.0	771.0	1185.5	1320.5	1355.5
Programme Loans	30.0	40.0	119.0	130.0	0.0
Dollar Denominated Domestic Loans – Outstanding (US\$ Mn)	550.0	930.0	930.0	930.0	930.0

## Fiscal Assumptions<sup>2</sup>

### Value Added Tax (VAT)

Zero Rate	- Export of goods and other exemptions
Basic Rate (5%)	- Essential food items (potatoes, onions dhal, sugar, dried fish, milk powder, chilly and vegetables) – No refunds
Standard Rate (15%)	- General items
Luxury Rate (20%)	- Luxury consumer goods (motor vehicles, liquor, air conditioners, refrigerators, washing machines, TVs, antennas, cameras and jewelry) -Refunds are limited to 15%

### Customs Duty

#### **Duty Structure**

Zero Duty	- High value and essential commodities
2.5%	- Basic raw materials
6.0%	- Semi processed items
15.0%	- Intermediate products, spare parts etc.,
28.0%	- Motor vehicles and other finished products

#### ***Excise (Special Duty)***

Selected luxury items	- 10% (Air conditioners, refrigerators, washing machines, vacuum cleaners, video players, ovens and cookers, hair dryers and hair dressing equipments, cellular phones, TVs etc.,
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## Cigarette Duty Structure (per 1,000 cigarettes)

Cigarettes each not exceeding 60 mm. in length	Rs. 1,640
Cigarettes each exceeding 60 mm. but not exceeding 67mm. in length	Rs. 3,137
Cigarettes each exceeding 67mm but not exceeding 72 mm. in length	Rs. 5,088
Cigarettes each exceeding 72mm but not exceeding 84 mm in length	Rs. 5,904
Cigarettes each exceeding 84mm in length	Rs. 6,150

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<sup>2</sup> Under the Fiscal assumptions, the underlying revenue measures that prevailed prior to the budget (i.e., 2006) are detailed.

## Liquor Duty Structure

	<u>Per Proof Liter</u>
1. Coconut processed/Molasses Arrack	Rs. 366
2. Country made Foreign Liquor	Rs. 490
3. Malt Liquor ( Beer) above 5% in strength	Rs. 43.50
4. Malt Liquor less than 5% in strength	Rs. 27.50
5. Wine containing more than 4% in strength	Rs. 200
6. Aerated Water ( per litre)	Rs. 6

## Petroleum Rate Structure

Petrol	Rs. 20 per Liter
Diesel	Rs. 2.50 Per Liter
Kerosene	Rs. 1.25 Per Liter

### Motor Vehicle Duty Structure

<u>Petrol</u>	
Cars	
Not exceeding 1000 cc	30%
1000 cc – 1500 cc	40%
Exceeding 1500 cc	60%
Luxury type – Ten seated	60%
Small Vans – Transport of goods	30%
Auto Trishaws	04%
Motorcycles 125 - 200 cc	05%
Motorcycles >200 cc	15%
<u>Diesel</u>	
Cars	
Not exceeding 1500 cc	95%
Exceeding 1500 cc	115%
Dual purpose Van	
Not exceeding 1500 cc	72%
Exceeding 1500 cc	84%
Luxury type – Ten seated	72%
Passenger van – (not more than 15 persons)	60%
Auto trishaws	14%

### **Port and Airport Development Levy**

General Rate	- 1.5%
Special Rate	- 0.25% (Exports and BOI Companies)

### **Income Tax**

#### **Personal Income Tax**

	<b>Tax Rate</b>
Tax free threshold Rs. 300,000	
First Rs.300,000	- 5 %
Next Rs.200,000	- 10%
Next Rs.200,000	- 15%
Next Rs 200,000	- 20%
Next Rs.200,000	- 25%
Balance	- 30%

#### **Corporate Income Tax**

##### ***Resident Companies; Non-Resident Companies and Corporations etc.***

- If the taxable income is less than Rs. 5,000,000 20%
- If the taxable income is greater than Rs. 5,000,000 –Listed Companies which are having less than 300 shareholders – (inclusive of 2.5% contribution to Human Resource Endowment Fund) 30%
- If the taxable income is greater than Rs. 5,000,000 – Other companies (inclusive of 2.5% contribution to the Human Resource Endowment Fund) 32.5%
- Restricted deductions on advertising, entertainment, allowance paid on fuel, head office expenses and management fees (foreign companies)

##### ***Tax on Remittance for Non Resident Companies***

- On the aggregate of remittance made out of the profit chargeable to Income Tax 10%
- Persons Other than Resident Individuals; Non-Resident Individuals and Companies**
- Charitable Institutions; Provident Funds 10%
  - Cooperative Societies ; Unions 20%
  - Hindu undivided families; Executors & Trustees; Clubs; Societies; Partnerships; Any Government other than Sri Lanka and UK Governments; Business undertakings vested in the Government 30%

### **Economic Service Charge**

Threshold turnover Rs. 50 million	
Trade	- 0.5 %
BOI	- 0.25%
Standard	- 1.0%

### **Capital Market**

- Simple 0.2% tax on transaction value in place of VAT and 15% capital gain.
- Exemption of corporate deductions from corporate tax.

### **Pensioners**

<b>Category</b>	<b>No. of Persons</b>	
	<b>2005</b>	<b>2006 (Estimated)</b>
Civil	255,280	262,500
W & OP	107,245	110,350
Forces	34,205	35,600
Piriven and Private School Teachers	1,960	1,990
Local Government	14,420	14,160
Others	7,110	7,220
Total	420,220	431,820

### **Samurdhi Beneficiaries**

	<b>No. of Families</b>	
	<b>2005</b>	<b>2006</b>
Rs.140/=	368,257	359,613
Rs.250/=	244,457	262,716
Rs.350/=	367,001	331,356
Rs.400/=	465,219	235,600
Rs.600/=	613,780	675,165
Rs.1,000/=	7,840	9,552
Total	2,066,554	1,874,002

### **Refugees**

	<b>No of Persons</b>	
	<b>2005</b>	<b>2006</b>
Families	123,500	116,000
Members	494,000	478,997
Total	617,500	594,997

### **Disabled Soldiers**

	<b>No of Persons</b>	
	<b>2005</b>	<b>2006</b>
Disabled	2,850	2,850
Missing And Dead	23,193	23,193

**Receipt of Profits/ Profit Transfers and Dividends : 2004-2006**

<b>Institution</b>	<b>2004 Actual (Rs.Mn.)</b>	<b>2005 Budgeted (Rs. Mn.)</b>	<b>2006 Budgeted (Rs. Mn.)</b>
1 Bank of Ceylon	763	1,150	1,200
2 Sri Lanka Ports Authority	95	115	115
3 National Lotteries Board	127	200	120
4 National Saving Bank	1,060	1,500	1,560
5 People's Bank	756	1,189	1,200
6 State Mortgage Bank	50	126	150
7 Telecommunications Regulatory Commission	400		1000
8 State Pharmaceuticals Corporation	0	89	150
9 Local Loans & Development Fund	2	2	2
10 National Institute of Business Management ( NIBM)	0	10	50
11 Sri Lanka Rupavahini Corporation	20	25	25
12 State Pharmaceutical Manufacturing Corp.	10	15	50
13 State Timber Corporation	37	50	75
De La Rue Lanka Currency and Security Print (Pvt)			
14 Ltd	0	80	150
15 Lanka Electricity Company	0	100	100
16 Sri Lankan Air Lines	656	754	750
17 Sri Lanka Telecom	402	460	600
18 Airport & Aviation Sri Lanka Ltd	0	267	270
19 Lanka Industrial Estates	37	14	20
20 Lanka Mineral Sands Ltd	9	140	300
21 Lanka Phosphate Ltd	8	15	15
Other	16	56	51
Total Levies & Dividends	4,357	6,357	8,453
Profit Transfers - Central Bank of Sri Lanka	1,000	5,000	2,000
<b>Total</b>	<b>5,373</b>	<b>11,413</b>	<b>10,604</b>

**Key Projects in the Investment Pipeline - 2006**

<b>Sector</b>	<b>Project</b>	<b>Allocation in 2006 Rs. Mn</b>	<b>Beneficiaries</b>
<b>Education</b>	Improvement of Quality of Secondary Education	1,447	Better education facilities through the development of infrastructure facilities including science laboratories, libraries, computer units which required for quality development of selected 350 secondary schools
	Development of Plantation Schools (National Action Plan for the Plantation Community)	509	Upgrading plantation schools through the development of selected schools in plantation areas with necessary infrastructure facilities such buildings, furniture, equipments and library facilities.
	Secondary Education Modernization Project 2	1,325	Improvement of secondary education by establishing 800 computer learning centers, 2300 multimedia centers, 300 science laboratory and 35 on site environmental laboratories.
	Improving Relevance and Quality of Undergraduate Education	1,154	Creating young professionals by improving the relevance and quality of undergraduate education
	Distance Education Modernization Project	1,600	Ensuring wider access of educational opportunities
<b>Health</b>	Health Sector Development Project (WB)	796	Strengthening the delivery of health services in remote and under served areas, family health, immunization and non-communicable disease prevention programmes, and modernized hospital management.
	Neuro Trauma Unit at National Hospital Colombo (Saudi)	1,155	Provision of optimal care to neuro-trauma patients by establishing a new Unit with modern technology at the National Hospital Colombo
	Development of Blood Bank Project (JBIC)	978	Provision of adequate and safe blood to patients through improved blood transfusion technologies.
<b>Highways</b>	Colombo Kutunayake Expressway	935	Reducing travel time between BIA and Colombo
	Southern Transport Development Project ( Southern Express Way)	6,382	Reducing travel time between Matara and Colombo. This would also attract investment for socio – economic development in the area.
	Outer Circular Highway (OCH)	610	Reducing traffic congestion within Colombo city limits
	Maintenance of Roads	2,800	Better road conditions which lead to reduced travel times through the maintenance of the road network of 11,560 Km
	Small Infrastructure Rehabilitation and Upgrading Project (SIRUP)	4,370	Development of basic infrastructure to attract investment to rural areas
	Maga Naguma Rural Road development Programme	700	Rehabilitation of unclassified rural road network to enhance socio –economic development in rural areas

<b>Sector</b>	<b>Project</b>	<b>Allocation in 2006 Rs. Mn</b>	<b>Beneficiaries</b>
	Road Network Improvement Projects –(ADB/JBIC)	2,607	Improvement of the mobility of national road network
	Road Sector Assistance Project (RSAP) WB	3,558.75	Rehabilitation of road network with a total length of 629 km
	Tsunami affected area rehabilitation Projects (Japan, ADB, EU, Spain)	6360.94	Recovery and reconstruction of Tsunami affected areas
<b>Railways</b>	Purchase of Rolling Stocks DMUU	1,779.90	Increasing efficiency of passenger train operations by adding 7 Diesel Multiple Units
	Purchase of Carriages	1,280.10	Reducing congestion in the carriages by adding 64 new carriages.
	Rehabilitation of permanent way with new rails and sleepers	1,021	Risk free train services to the commuters
<b>Transport – Buses</b>	Purchase of new buses for fleet replacement	3002.5	Providing better public transport service by strengthening the bus fleet with 1,000 new buses
<b>Ports, Aviation</b>	<b>Airport</b> South Harbour Development Project	65	Better port facilities through the expansion of the capacity of Port of Colombo
	Bandaranaike International Airport (JBIC)	1,936	Upgrading the Bandaranaike International Airport to handle 4 million passengers and 300,000 M.T of cargo per annum
<b>Power and Energy</b>	Upper Kotmale Hydro Power Project	1339	Increase in electricity generation to meet the growing demand- 409 GWh of power would be added annually to the national grid.
	Norochcholai Coal Power Project	100	Decrease in the unit costs of electricity and a 1/3 reduction in the country's oil import bill
	Kerawalapitiya-Kotugoda Transmission Line	300	300 MW Combined Cycle Power Plant at Kerawalapitiya to cater the growing demand for electricity.
	Greater Colombo Transmission Development Project	654	Enhancing the reliability of power transmission through the development of the transmission line in the greater Colombo area by constructing grid substations at Maradana, Havelock Town and Sri Jayawardenepura and by laying of underground fiber optic cables
	Power Sector Development Project - Part C (ADB)	651	Reliability of power supply in Ambalangoda, Aniyakanda, Pannala and Bolawatta through the construction of transformers
	Colombo City Electricity Distribution Development Project	500	Improvement of power distribution in Colombo city by constructing a new control centre at Sri Jayawardenepura.

<b>Sector</b>	<b>Project</b>	<b>Allocation in 2006 Rs. Mn</b>	<b>Beneficiaries</b>
	Power Sector Development Project- Part B - Distribution (ADB)	3,367	Increasing the electricity supply coverage by ensuring power supply to 112,500 households and 820 villages all island.
	Rural Electrification Projects (SIDA, China, ADB)	2605	Increasing the electricity coverage in rural areas
<b>Water Supply and Sanitation</b>	Community Water Supply & Sanitation Projects (IDA, SIRUP)	1,875	Drinking water & sanitation facilities for 141,905 households
	Kandy Water Supply Project	2,200	Improve of water supply in Kandy district - 410,000 beneficiaries
	Kalu Ganga Water Supply Project	2,995	500,000 beneficiaries
	Greater Colombo Sewerage Project	1,170	Better sewerage facilities - 750,000 beneficiaries
	Augmentation of Ampara, Nawalapitiya & Koggala Water Supply Scheme (KfW)	950	86,000 beneficiaries
	Secondary Towns and Rural Community Based Water Supply and Sanitation Project.	1,100	876,900 beneficiaries
	Tsunami Water Supply Projects (various donors)	6,135	1.9 million beneficiaries
<b>Urban Development</b>	Lunawa Environment Improvement & Community Development Project	1,450	Environmental management in the Moratuwa , Mount-Lavinia, areas.
	100000 Housing Units for the Slum & Shanty Dwellers City of Colombo	250	Shelter and other basic facilities for Slum & Shanty Dwellers in Colombo.
<b>Industrial Development</b>	1,000 Industrial Village Development Programme	550	Improving the quality and marketability of rural industrial products
<b>Estate Infrastructure</b>	Estate Sector Development	765	Plantation sector community development through the rehabilitation of estate roads, construction of houses provision of electricity, safe drinking Water and improving health and education facilities.
<b>Agriculture</b>	Sustainable Water Assistance Management Project	614	Provision of 4,500 Drip Irrigation Kits for 4,500 small framers to increase output and vegetable production by 100%

<b>Sector</b>	<b>Project</b>	<b>Allocation in 2006 Rs. Mn</b>	<b>Beneficiaries</b>
	Dry Zone Live hood Opportunities among framing Households (WFP)	443	Development of rain fed farming and infrastructure improvement, provision of micro credit and enterprise assistance in Kurunegala, Anuradhapura, Badulla and Monaragala districts
	Udawalawa Left Bank Extension Project	1,057	Settlement of farmer community and development in irrigable lands.
	System- C Upgrading Project	644	A self reliant farming community.
<b>Diary Industry</b>	Dairy Village Programme	50	Increasing domestic liquid milk production through the establishment of 100 dairy villages by provide necessary capital inputs, marketing facilities and technical knowledge
<b>Fisheries</b>	Aquatic Resources Development and Quality Improvement Project	463	Improving fishing community
	Costal Resources Management Project	1,514	Management of coastal resources through costal stabilization, coastal environmental resources management ,fisheries management and quality improvement and institutional strengthening
<b>Relief, Rehabilitation and Reconciliation</b>	North East Housing Reconstruction Programme	1,860	Reconstruction of 36,800 fully damaged houses and 9,200 partially damaged houses
	North East Coastal Community Development Project – (NECCDEP)	660	Development of Cod bay and Valachchenai fisheries harbours and Improvement of livelihoods of the coastal community
	North East Irrigated Agriculture Project 11-(NEIAP)	1,200	Rehabilitation of major irrigation tanks, capacity building of farmers organization , strengthening of agriculture support services and the rehabilitation 600 villages.
	North East Community restoration Project (NECORD - 11)	1,385	Provision of resettlement allowance for IDPs and rehabilitation of socio-economic infrastructure
	Tsunami Affected Area Rehabilitation Project(TAARP) component B	750	Small scale infrastructure development and livelihood enterprise development through micro credits
	Tsunami Affected Area Rehabilitation Project(TAARP) component H	600	Large scale infrastructure development, and provision of shelter for tsunami affected persons

## Sri Lanka: Key Socio Economic Indicators: 1953- 2003/04

Item	1953	1963	1973	1978/79	1981/82	1986/87 (a)	1996/97 (a)	2003/04 (a)	2003/04 (b)
<b>Household Characteristics</b>									
<b>Number of Individuals per Household</b>									
Urban	n.a.	5.97	5.78	5.67	5.50	5.17	4.89	4.40	4.44
Rural	n.a.	5.70	5.63	5.49	5.20	5.09	4.56	4.24	4.28
Estate	n.a.	5.80	5.24	4.73	4.80	4.78	4.74	4.56	4.56
All	n.a.	5.75	5.62	5.46	5.20	5.1	4.61	4.27	4.31
<b>Number of Spending Units Per Household</b>									
Urban	n.a.	1.21	1.09	1.20	1.15	1.22	1.16	1.26	1.23
Rural	n.a.	1.07	1.05	1.08	1.04	1.05	1.07	1.10	1.10
Estate	n.a.	1.02	1.01	1.01	1.01	1.01	1.02	1.04	1.04
All	n.a.	1.08	1.05	1.10	1.06	1.08	1.08	1.12	1.11
<b>Number of Income Receivers Per Household</b>									
Urban	n.a.	n.a.	1.12	1.63	1.60	1.78	1.80	1.76	1.73
Rural	n.a.	n.a.	1.30	1.54	1.50	1.51	1.59	1.56	1.55
Estate	n.a.	n.a.	2.50	2.40	2.50	2.39	2.06	1.87	1.87
All	n.a.	n.a.	1.40	1.64	1.60	1.62	1.64	1.6	1.59
<b>Population Distribution</b>									
<b>By Gender, %</b>									
Male	51.7	50.7	50.1	48.9	49.0	48.5	48.4	47.7	47.6
Female	48.3	49.3	49.9	51.1	51.0	51.5	51.6	52.3	52.4
<b>By Age Groups, %</b>									
0-13 Years	n.a.	40.5	38.4	34.2	34.0	30.8	25.1	23.4	24.2
14-18 Years	n.a.	11.5	11.5	12.3	11.3	11.7	11.5	9.9	10.0
19-25 Years	n.a.	10.9	13.1	13.7	13.5	12.5	11.7	12.0	12.0
26-35 Years	n.a.	12.4	12.3	13.7	14.4	14.3	14.4	13.7	13.6
36-45 Years	n.a.	10.1	9.9	9.6	9.9	11.2	13.3	14.1	13.9
46-55 Years	n.a.	7.3	6.4	7.6	8.0	8.4	10.7	12.7	12.5
Above 55 Years	n.a.	7.2	8.4	8.9	8.9	11.1	13.3	14.1	13.8
<b>Education and Health</b>									
<b>Education, % of Population Aged 5 Years and above</b>									
Literacy Rate, %	n.a.	79.4	80.8	86.2	85.4	88.6	91.8	93.0	92.5
Male	n.a.	87.1	86.9	90.9	89.9	92.2	94.3	94.9	94.5
Female	n.a.	71.4	74.7	81.9	81.1	85.2	89.4	91.3	90.6

Item	1953	1963	1973	1978/79	1981/82	1986/87 (a)	1996/97 (a)	2003/04 (a)	2003/04 (b)
<b>Educational Attainment, %</b>									
No Schooling	41.8	26.8	22.9	14.9	15.1	11.8	8.6	7.4	7.9
Primary	46.8	45.5	43.2	43.8	42.9	41.1	35.2	29.1	29.9
Secondary	9.8	22.7	27.3	29.8	29.2	32.1	35.5	42.2	41.0
Post Secondary	1.8	5.0	6.6	11.5	12.8	15.0	20.7	21.3	21.2
<b>Health</b>									
Persons in ill Health, % of Population									
Urban	n.a.	n.a.	n.a.	7.5	9.3	10.9	12.8	12.3	12.2
Rural	n.a.	n.a.	n.a.	8.6	10.9	12.6	13.5	13.8	13.7
Estate	n.a.	n.a.	n.a.	9.7	11.4	8.8	8.5	10.1	10.1
All	n.a.	n.a.	n.a.	9.7	10.6	12.0	13.2	13.4	13.3
<b>Labour Force, Employment and Unemployment(c)</b>									
Labour Force, % of Population Aged 10 and above									
Male	40.0	31.7	33.9	38.0	34.3	38.1	39.7	40.2	38.9
Female	56.0	n.a.	48.0	50.1	49.7	51.7	53.0	55.4	54.3
Unemployment, % of Labour Force									
Aged 14 and above	22.9	n.a.	19.8	26.0	19.4	25.4	27.3	26.3	24.9
<b>Employment by Industrial Sector, % of Employed</b>									
Agriculture, Forestry and Fishing									
Industry	n.a.	53.0	54.5	48.3	51.2	47.7	37.7	32.8	32.8
Services	n.a.	10.0	11.7	20.9	19.5	21.6	25.6	26.8	26.0
Unemployment, % of Labour Force									
Aged 14 and above	n.a.	37.0	33.8	30.8	29.3	30.7	36.7	40.4	41.2
<b>By Gender</b>									
Male	16.6	13.8	24.0	14.7	11.7	15.5	10.4	9.0	8.9
Female	15.3	n.a.	18.9	9.2	7.8	11.3	6.4	6.5	6.3
<b>By Age Groups</b>									
14-18 Years	20.0	n.a.	36.4	24.9	21.3	23.6	17.5	13.9	14.2
19-25 Years	15.3	n.a.	18.9	9.2	7.8	11.3	6.4	6.5	6.3
26-35 Years	20.0	n.a.	36.4	24.9	21.3	23.6	17.5	13.9	14.2
36-45 Years	n.a.	47.5	65.8	30.7	30.8	48.0	35.6	36.7	35.3
46-55 Years	n.a.	30.3	47.8	31.1	28.8	35.3	30.4	28.9	28.6
Above 55 Years	n.a.	7.8	15.2	13.1	8.8	10.6	8.8	6.9	7.0
<b>By Education Level</b>									
No schooling - Illiterate	n.a.	2.4	3.9	2.7	1.7	3.2	2.4	2.0	1.9
No schooling - Literate	n.a.	2.7	1.2	0.8	0.5	0.7	1.0	0.8	0.7
Primary	n.a.	1.9	0.8	0.2	0.1	0.6	0.4	0.5	0.5
Secondary	16.6	6.3	8.4	3.5	2.4	3.0	0.7	0.8	0.8
Passed G.C.E. (O/L) /SSC		5.7	6.8	2.8	1.9	1.3	0.0	1.6	1.5
Passed G.C.E. (A/L) /HSC	16.4	10.5	14.1	6.6	4.8	5.0	2.3	2.0	1.9
Graduate	17.9	23.0	37.1	21.3	14.6	19.8	11.4	8.9	8.7
	25.0	39.3	47.4	27.6	24.5	28.5	18.9	13.8	13.8
	2.9	13.9	44.4	36.4	34.8	34.8	27.8	18.8	19.3
			16.2	5.3	9.7	7.6	9.3	11.9	12.4

Item	1953	1963	1973	1978/79	1981/82	1986/87 (a)	1996/97 (a)	2003/04 (a)	2003/04 (b)
<b>By Sector</b>									
Urban	n.a.	17.8	32.1	20.7	14.2	17.3	13.4	9.0	8.8
Rural	n.a.	14.6	24.5	14.6	12.0	16.0	10.2	9.0	8.9
Estate	n.a.	7.5	12.0	5.6	5.0	9.7	6.9	9.2	9.2
<b>Housing and Household Amenities</b>									
<b>Housing Conditions, % of Households</b>									
Wattle and Daub Walls	59.5	54.9	44.2	38.9	43.4	39.7	23.3	12.0	12.5
Brick Walls	28.9	34.3	25.0	25.2	26.2	35.0	54.0	55.4	55.4
Clay Floors	50.7	40.3	44.9	45.4	41.9	39.3	25.9	14.6	14.5
Cement Floors	24.7	38.6	45.0	54.4	52.5	58.5	73.2	77.7	77.9
Thatched Roof	56.7	49.3	35.1	31.7	36.3	25.0	10.5	4.5	5.6
Tiled Roof	27.6	36.6	33.6	42.9	39.1	45.4	58.3	58.5	58.6
Availability of Electricity, % of Households	4.1	7.0	8.0	13.1	15.8	26.5	56.8	76.1	74.9
<b>Water Supply and Sanitation, % of Households</b>									
Pipe Borne Water	11.3	5.0	21.0	21.8	18.4	22.6	31.0	41.4	38.9
Separate Toilets	53.8	37.6	58.7	56.5	60.5	76.5	88.3	92.1	90.1
Common Toilets	27.7	30.5	n.a.	14.9	9.6	6.6	5.2	4.5	4.4
Without Toilets	18.5	31.9	41.3	28.6	29.9	16.9	6.5	3.4	5.6
<b>Availability of Household Equipment, % of Households</b>									
Radio	n.a.	20.0	25.4	49.9	60.7	67.1	73.6	79.9	78.3
Television	n.a.	n.a.	n.a.	n.a.	3.8	19.6	50.6	73.4	70.8
Telephone/ Cellular Phone	n.a.	0.8	0.3	0.7	0.9	1.4	4.5	25.5	24.5
Bicycle	n.a.	n.a.	n.a.	21.5	31.5	34	40.5	43.1	46.6
Motor Cycle/ Scooter	n.a.	n.a.	n.a.	0.9	2.4	5.3	12.0	16.1	16.3
Motor Car / Van	n.a.	n.a.	n.a.	1.9	2.3	3.0	3.4	6.2	5.8
Refrigerator	0.9	1.0	1.3	2.3	2.9	8.1	16.8	31.4	29.7
Sewing Machine	n.a.	22.0	26.2	31.3	30.7	37.2	41.5	45.8	43.6
Washing Machine	n.a.	n.a.	n.a.	n.a.	n.a.	0.8	2.9	8.0	7.6
Air Conditioner	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.3	0.9	0.9
Personal Computer	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.4	4.4	4.1
<b>Income</b>									
<b>Mean Income, Rs. Per Month</b>									
Per Spending unit	169	193	311	921	1,652	2,728	8,744	15,624	15,400
Per Income Receiver	108	134	228	606	1,108	1,817	5,760	10,907	10,754
<b>Income Shares by Deciles of Income Receivers, %</b>									
1 st Decile	1.5	1.2	1.8	1.2	1.2	1.1	1.3	1.2	1.1
2 nd Decile	3.6	2.7	3.2	2.6	2.5	2.5	2.8	2.6	2.5
3 rd Decile	3.6	3.6	4.4	3.6	3.4	3.4	3.9	3.8	4.1
4 th Decile	4.4	4.6	5.7	4.8	4.5	4.4	4.9	4.5	4.2

Item	1953	1963	1973	1978/79	1981/82	1986/87 (a)	1996/97 (a)	2003/04 (a)	2003/04 (b)
5 th Decile	5.7	5.6	7.1	5.9	5.5	5.7	6.1	5.8	5.8
6 th Decile	6.3	6.8	8.8	7.4	6.9	6.8	7.4	7.2	7.3
7 th Decile	7.9	9.0	10.6	9.1	8.5	8.4	9.1	8.9	8.7
8 th Decile	10.4	11.5	12.7	11.4	10.7	11.1	11.6	11.3	11.2
9 th Decile	14.2	16.0	15.9	15.4	14.9	15.4	15.7	15.3	15.4
10 th Decile	42.5	39.2	30.0	38.7	41.9	41.4	37.3	39.4	39.7
<b>Gini Coefficient, One Month Income</b>									
Spending Units	0.46	0.45	0.35	0.43	0.45	0.46	0.43	0.46	0.46
Income Receivers	0.5	0.49	0.41	0.50	0.52	0.52	0.48	0.50	0.50
<b>Expenditure Rs. Per Month</b>									
per Spending Unit	162	191	310	877	1,570	2,175	8,592	15,405	15,278
Per Person	34	36	58	179	318	534	2,012	4,032	3,936
<b>Expenditure Shares, %</b>									
Food	59.9	56.3	55.4	56.7	56.5	52.2	48.4	37.0	37.9
Clothing and Apparel	7.9	9.6	7.6	10.6	7.7	7.6	6.3	8.1	8.3
Housing	3.6	7.3	6.8	5.8	5.9	7.8	10.8	11.2	10.7
Medical	1.3	2.8	1.6	1.7	1.6	2.2	2.4	3.5	3.4
Education	2.0	1.8	2.2	1.6	1.6	2.1	2.3	3.0	3.0
Transport & Communication	2.6	2.3	3.4	4.5	3.9	4.9	5.3	9.0	8.8
Fuel and Light	2.0	4.4	4.2	3.9	5.2	4.6	3.9	4.3	4.4
Consumer Durables	3.2	0.4	6.0	4.6	6.4	5.2	6.7	9.1	8.9
Interest on Debt	0.7	0.8	0.1	0.4	0.5	0.9	2.1	1.6	1.5
Other	16.8	14.3	12.7	10.2	10.7	12.5	11.8	13.2	13.1
<b>Savings and Borrowings</b>									
Savings Rate, % of Income	n.a.	n.a.	18.4	13.0	11.7	13.0	10.4	12.0	11.1
Distribution of Number of Loans									
,%									
Institutional Sources	n.a.	7.6	11.5	10.7	9.7	16.6	43.1	45.0	44.4
Non- Institutional Sources	n.a.	92.4	88.5	89.3	90.3	83.4	56.9	55.0	55.6
<b>CFS Survey Sample Size</b>	<b>1,100</b>	<b>5,184</b>	<b>5,088</b>	<b>8,000</b>	<b>8,000</b>	<b>7,104</b>	<b>8,880</b>	<b>11,768</b>	<b>11,768</b>

(a) Excluding Northern and Eastern Provinces

(b) Excluding Kilinochchi , Mannar and Mullativu Districts

( c) Household members who worked more than one hour as paid employee, employer, own account worker ( self - employed ) or unpaid family worker during the reference period were considered as employed only for CFS 2003/04

n.a - Not available

Source: The Consumer Finance and Socio Economic Survey Report, 2003/04

## Sri Lanka: Key Economic Indicators by Province – 2003/04

Item	Western	Central	Southern	Northern (a)	Eastern	North Western	North Central	Uva	Sabarag- amuwa	All Island
<b>Household Characteristics</b>										
Number of Individuals per Household	4.27	4.35	4.49	4.74	4.61	4.08	4.10	4.35	4.22	4.31
Number of Spending Units per Household	1.21	1.08	1.11	1.07	1.04	1.07	1.07	1.04	1.08	1.11
Number of Income Receivers per Household	1.72	1.59	1.60	1.65	1.43	1.54	1.41	1.39	1.64	1.59
<b>Population Distribution</b>										
By Gender, %										
Male	46.7	48.5	47.2	45.7	46.4	48.2	48.8	48.3	48.6	47.6
Female	53.3	51.5	52.8	54.3	53.6	51.8	51.2	51.7	51.4	52.4
By Age Groups, %										
0-4 Years	7.8	8.1	6.8	7.2	10.3	8.0	8.6	7.9	7.4	7.9
5-9 Years	7.6	7.6	9.0	10.4	11.2	7.6	7.1	9.0	7.7	8.2
10-14 Years	8.2	10.0	11.3	10.8	12.3	9.4	10.9	12.3	9.9	10.0
15-18 Years	6.7	8.1	8.8	8.0	9.0	7.8	8.2	10.2	8.1	8.0
19-24 Years	10.2	10.8	9.9	12.2	10.4	10.6	11.0	9.6	10.8	10.5
25-34 Years	15.4	13.5	12.4	12.3	13.3	14.2	15.0	11.6	13.7	13.9
35-44 Years	14.4	13.3	13.0	10.2	13.3	13.9	14.2	15.1	13.5	13.7
45-54 Years	12.5	13.7	12.1	11.8	9.9	13.6	12.7	11.8	13.4	12.6
55-64 Years	9.0	7.9	7.7	8.9	5.8	8.0	6.8	7.3	8.1	8.0
Over 64 Years	8.1	7.0	9.1	8.3	4.5	7.0	5.6	5.3	7.4	7.3
<b>Migration, Persons per 1,000 Households</b>										
Internal, within last 12 months	15.6	19.6	32.5	91.7	82.6	19.9	27.5	25.5	30.6	29.0
External, within last 24 months	62.5	47.7	34.5	72.2	118.1	105.6	68.1	24.3	22.3	60.5
<b>Education and Health</b>										
<b>Education, % of Population Aged 5 Years and above</b>										
<b>Literacy Rate, %</b>	<b>96.4</b>	<b>89.3</b>	<b>92.7</b>	<b>92.5</b>	<b>86.6</b>	<b>93.5</b>	<b>92.6</b>	<b>88.3</b>	<b>91.5</b>	<b>92.5</b>
Male	97.5	92.7	94.3	93.5	90.0	95.3	94.5	91.4	94.3	94.5
Female	95.4	86.1	91.4	91.8	83.5	91.8	90.8	85.5	88.9	90.6
<b>Educational Attainment, %</b>										
No Schooling	3.9	11.1	7.7	7.6	13.8	6.7	7.6	11.9	9.0	7.9
Primary	23.6	31.6	31.6	32.1	37.9	30.4	30.7	35.6	30.6	29.9
Secondary	45.5	39.6	38.3	31.8	31.3	42.4	44.4	38.7	43.1	41.0
Post Secondary	27.0	17.7	22.4	28.5	17.0	20.6	17.3	13.8	17.2	21.2
<b>Tuition for Formal Education, % of Students in Formal Education</b>										
Primary	55.7	32.9	41.5	56.7	41.9	36.0	29.4	30.5	37.3	41.7
Secondary	63.2	46.1	53.8	71.1	57.2	51.9	40.3	50.3	49.6	54.0

Item	Western	Central	Southern	Northern (a)	Eastern	North Western	North Central	Uva	Sabarag- amuwa	All Island
Post Secondary	72.0	72.3	70.8	65.4	61.4	67.8	73.0	77.1	68.5	70.1
All	60.4	42.1	50.3	62.8	48.6	46.2	38.1	42.2	45.7	49.6
<b>Extra Curricular Activities,</b>										
% of Students in Formal										
Education	24.2	8.0	8.0	3.7	3.4	14.4	5.1	9.2	7.9	11.8
<b>Health</b>										
<b>Persons in ill Health by Age</b>										
<b>Group, %of Population</b>										
0-14 Years	17.7	10.8	17.1	6.6	9.1	14.5	13.6	15.1	13.7	14.2
15-34 Years	9.7	6.4	9.7	6.5	9.2	9.6	9.1	8.7	6.5	8.7
35-54 Years	15.0	10.7	13.3	16.3	17.6	16.5	11.5	15.2	12.2	14.1
55-64 Years	22.1	11.3	15.3	24.5	20.7	19.3	18.4	19.6	15.0	18.4
Over 64 Years	23.2	13.5	21.2	31.2	22.3	26.6	20.1	30.2	19.1	22.1
All	15.2	9.6	14.1	12.3	12.4	14.7	12.2	14.2	11.5	13.3
<b>Labour Force, Employment and</b>										
<b>Unemployment(b)</b>										
<b>Labour Force,</b>										
% of Population Aged 10 and										
above	47.2	47.4	46.7	32.9	37.2	46.1	48.3	48.1	51.4	46.4
Male	67.2	65.3	62.2	51.9	59.2	67.9	68.2	64.0	68.1	65.3
Female	30.0	30.8	33.2	17.5	18.2	26.5	28.8	33.4	35.7	29.5
<b>Employment by Industrial</b>										
<b>Sector, % of Employed</b>										
Agriculture, Forestry and										
Fishing	9.3	43.8	39.8	25.9	36.1	28.5	50.9	63.7	44.9	32.8
Industry	35.9	19.1	24.1	17.7	16.6	32.5	15.6	9.2	27.4	26.0
Services	54.8	37.1	36.1	56.4	47.3	39.0	33.5	27.2	27.8	41.2
Unemployment, % of Labour										
Force	8.5	10.8	11.7	5.8	8.4	8.0	8.5	8.1	7.1	8.9
By Gender										
Male	6.6	6.9	8.2	3.1	3.9	5.4	6.5	5.5	5.7	6.3
Female	12.0	18.4	17.4	12.5	21.1	14.1	13.3	12.7	9.5	14.2
<b>By Age Groups</b>										
15-18 Years	34.1	46.0	45.1	0.0	25.6	33.3	32.7	40.3	24.2	36.0
19-24 Years	28.2	34.5	37.3	14.6	32.6	28.3	26.5	31.3	25.2	30.0
25-34 Years	8.0	9.3	13.0	13.4	7.7	8.2	8.5	7.3	8.1	8.9
35-44 Years	1.9	3.2	3.8	0.0	0.7	1.1	2.6	0.5	2.4	2.1
45-54 Years	1.3	0.7	1.4	0.0	0.0	0.2	0.4	0.7	0.4	0.8
55-64 Years	0.6	0.4	0.4	0.0	1.1	0.5	0.0	0.9	0.4	0.5
Over 64 Years	0.6	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.3
<b>Housing, Household Amenities</b>										
<b>and Land Ownership</b>										
Housing Conditions, % of										
Households										
Own House	90.5	76.4	94.9	63.3	91.5	95.1	97.6	85.4	90.6	89.2
Brick/ Cement Block/ Cabook/ Stone Wall	90.4	86.2	85.1	83.7	77.1	82.1	80.1	81.7	80.1	84.6
Cement /Terrazzo/ Tiled Floor	94.0	75.5	81.9	82.2	80.9	82.7	66.2	64.5	78.0	81.8

Item	Western	Central	Southern	Northern (a)	Eastern	North Western	North Central	Uva	Sabarag- amuwa	All Island
Tiles / Asbestos/ Concrete Roof Availability of Electricity, % of Households	90.9	62.9	91.6	78.1	77.2	78.5	77.7	72.4	79.2	81.1
<b>Water Supply and Sanitation, % of Households</b>	92.4	72.7	78.4	63.6	65.6	68.5	62.0	56.7	64.7	74.9
Pipe Borne Water to House	51.7	29.8	34.1	3.1	17.4	15.5	15.2	21.3	25.1	30.8
Own Well	30.8	16.1	32.5	36.7	45.1	43.2	37.7	24.1	22.7	31.0
Separate Water seal Toilet	84.6	69.6	86.4	42.8	42.6	83.2	71.7	72.7	79.3	76.5
Without Toilet	1.0	5.0	3.4	14.4	29.2	4.6	7.3	4.6	2.7	5.6
Household Ownership of Land, % of Households	93.0	77.8	95.3	82.2	95.7	96.5	97.5	85.2	89.5	91.0
<b>Availability of Household Equipment, % of Households</b>										
Radio	84.1	78.1	79.4	68.9	62.7	78.1	75.7	76.6	78.2	78.3
Television	85.8	70.6	67.7	43.9	49.2	72.6	65.7	57.3	67.6	70.8
Telephone/ Cellular Phone	45.3	17.1	18.3	19.7	13.9	23.1	13.9	9.1	13.4	24.5
Bicycle	39.4	16.7	55.5	86.7	73.8	71.2	80.1	31.5	19.7	46.6
Motor Cycle/ Scooter	19.9	6.6	14.8	20.3	16.1	27.2	20.9	6.5	9.4	16.3
Motor Car / Van	12.1	3.5	2.8	3.1	2.7	5.5	3.8	2.3	2.7	5.8
Refrigerator	53.6	21.8	24.1	12.8	16.9	27.6	19.4	11.1	18.9	29.7
Sewing Machine	58.4	38.8	45.7	25.6	23.8	44.1	36.9	28.5	39.9	43.6
Washing Machine	17.8	5.5	3.7	0.8	5.4	4.3	2.4	2.0	2.2	7.6
Air Conditioner	2.1	0.4	0.3	0.6	0.5	0.7	0.9	0.1	0.1	0.9
Personal Computer	9.9	2.6	2.5	2.8	1.2	2.5	1.2	0.5	1.6	4.1
<b>Income</b>										
Mean Income, Rs. Per Month										
Per Household	25,602	14,029	13,733	15,201	13,395	15,792	15,624	11,178	12,225	17,109
Per Person	5,999	3,222	3,060	3,208	2,905	3,872	3,814	2,570	2,894	3,968
Per Income Receiver	14,892	8,830	8,559	9,228	9,377	10,276	11,093	8,022	7,438	10,754
Median Income, Rs. Per Month										
Per Household	17,810	9,835	10,550	10,430	8,500	11,322	10,395	7,800	8,923	11,350
Per Income Receiver	9,475	5,976	6,177	6,500	5,908	7,173	6,820	5,362	5,271	6,975
<b>Income Shares by Deciles of Income Receivers, %</b>										
1 st Decile	1.4	1.6	1.1	0.5	0.5	1.2	1.2	1.7	1.3	1.1
2 nd Decile	2.5	3.2	2.7	1.8	1.8	2.9	2.9	3.2	2.9	2.5
3 rd Decile	3.7	3.9	4.2	2.9	3.4	4.1	3.6	4.0	4.2	4.1
4 th Decile	4.2	4.9	5.3	5.2	3.9	5.2	4.6	4.9	5.4	4.2
5 th Decile	5.6	6.1	6.6	5.7	5.5	6.4	5.6	6.1	6.5	5.8
6 th Decile	7.0	7.4	8.0	8.0	7.0	7.7	6.8	7.6	7.8	7.3
7 th Decile	8.6	9.3	9.8	9.5	8.6	9.3	8.0	9.4	9.7	8.7
8 th Decile	11.1	11.8	12.3	11.7	10.6	11.7	10.5	11.5	11.9	11.2
9 th Decile	16.0	15.6	16.0	15.0	14.7	15.5	14.8	15.3	16.1	15.4
10 th Decile	39.8	36.4	34.0	39.8	43.9	36.0	42.0	36.3	34.2	39.7
<b>Gini Coefficient, One Month Income</b>										
Household	0.44	0.43	0.39	0.44	0.51	0.42	0.47	0.43	0.41	0.46
Spending Units	0.47	0.42	0.39	0.44	0.51	0.42	0.48	0.43	0.40	0.46
Income Receivers	0.51	0.47	0.46	0.52	0.55	0.47	0.51	0.46	0.45	0.50

Item	Western	Central	Southern	Northern (a)	Eastern	North Western	North Central	Uva	Sabarag- amuwa	All Island
<b>Expenditure and Consumption</b>										
<b>Expenditure, Rs. Per Month</b>										
per Household	25,274	13,449	14,461	15,425	14,461	16,365	12,943	11,152	11,796	16,974
Per Person	5,922	3,089	3,222	3,255	3,136	4,012	3,159	2,564	2,793	3,936
<b>Per Capita Consumption</b>										
<b>Expenditure Shares, %</b>										
Food and Non-Alcoholic Beverages	27.2	39.7	38.4	42.9	42.4	34.4	40.3	43.3	42.2	34.4
Alcoholic Beverages, Tobacco and Narcotics	1.7	2.9	2.4	2.1	2.6	2.4	2.7	2.8	2.7	2.2
Clothing and Footwear	6.0	8.3	6.0	4.5	8.4	6.2	6.7	6.7	7.4	6.6
Housing, Water, Electricity, Gas and other Fuels	19.2	15.1	11.9	10.6	10.3	10.9	11.0	12.2	12.2	15.0
<b>Furnishings, Household Equipment</b>										
and Maintenance	5.4	5.6	6.0	5.4	6.2	6.5	7.5	5.9	4.9	5.8
Health	4.1	2.8	3.7	2.5	3.1	3.1	2.4	2.6	2.8	3.4
Transport	10.8	6.5	8.5	9.2	7.1	14.8	7.9	7.6	7.5	9.8
Communication	2.7	1.9	2.0	2.4	1.6	2.3	1.4	1.2	1.3	2.2
Recreation and Culture	7.6	7.0	8.3	8.1	6.7	7.7	6.5	8.1	8.4	7.6
Education	2.8	2.0	2.2	2.7	2.2	1.7	1.4	1.7	1.7	2.3
Restaurants and Hotels	1.9	1.0	1.0	1.9	2.8	1.0	0.8	0.7	0.8	1.5
Miscellaneous Goods and Services	8.7	6.2	7.9	7.0	5.9	7.8	9.6	6.3	6.9	7.8
Interest on Debt	1.9	1.0	1.8	0.8	0.8	1.2	1.9	0.8	1.1	1.5
<b>National Intake</b>										
Energy, Calories	2,262	2,317	2,259	2,426	2,274	2,465	2,468	2,349	2,329	2,325
Protein, grams	66	64	60	72	66	70	70	58	61	65
<b>Savings and Borrowings</b>										
<b>Savings Rate, % of Household Income</b>										
Net Investment Rate, % of Household Income	11.5	10.5	6.4	7.6	-0.9	14.5	26.2	8.2	11.4	11.1
<b>Borrowing Rate, % of Household Income</b>										
Borrowing Rate, % of Household Income	19.1	18.4	31.3	39.0	43.6	22.3	14.2	21.3	14.7	22.1

(a) Excluding Killinochchi, Mannar and Mullativu districts

(b) Household members who worked more than one hour as paid employee, employer, own account worker (self employed) or unpaid family worker during the reference period were considered as employed

Source: The Consumer Finance and Socio Economic Survey Report, 2003/04