

ECONOMIC INDICATORS

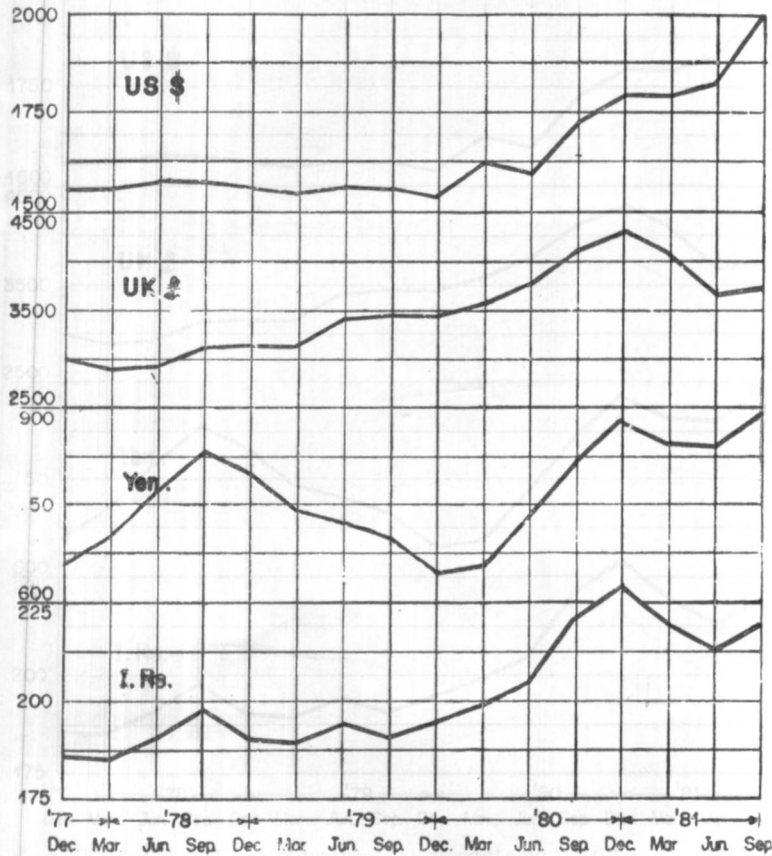
Sri Lanka's balance of payments problem has been aggravated by the widening trade gap. This is applying an intolerable pressure on the economy. Meanwhile, the performance

of the plantation agricultural sector has continued to be disappointing. (These illustrations from the Ministry of Plan Implementation's "Performance" illustrate this situation more

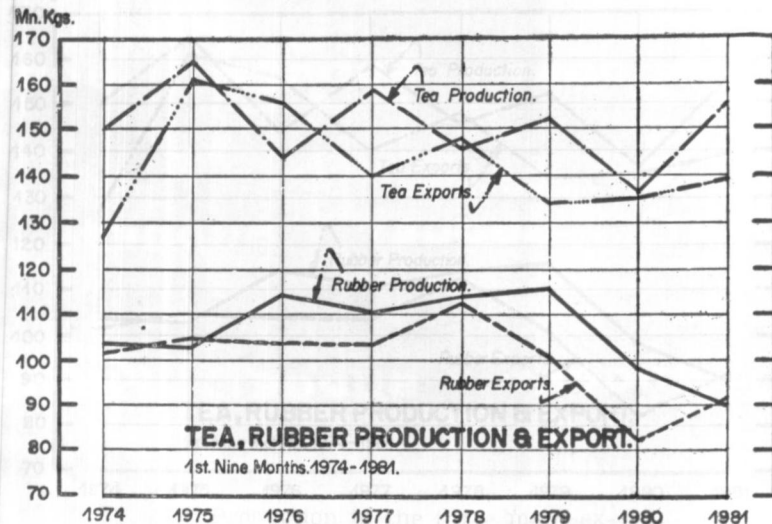
clearly). The need for improved performance by the directly productive sectors is being emphasised in this context, in order not only to reduce imports but also ensure that more is available for export.

EXCHANGE RATES Dec.1977-Sept.1981

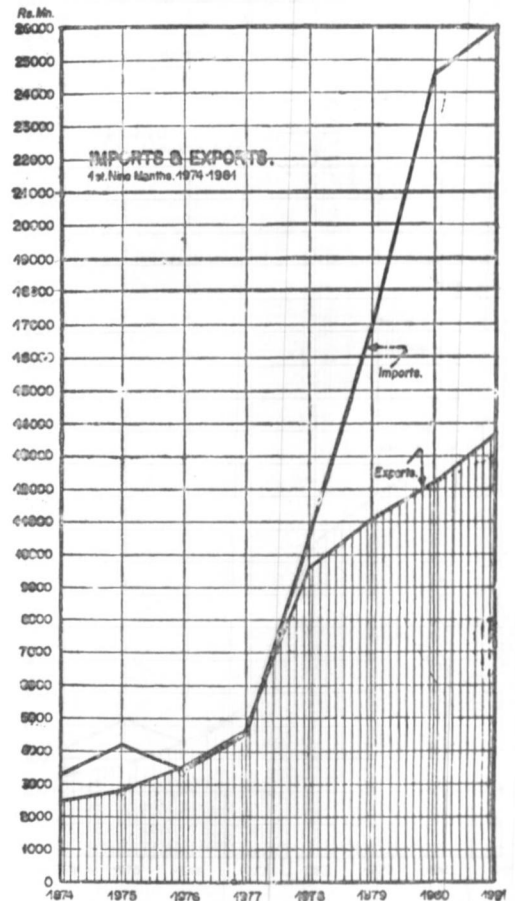
(EQUIVALENT OF SL RUPEES 100)



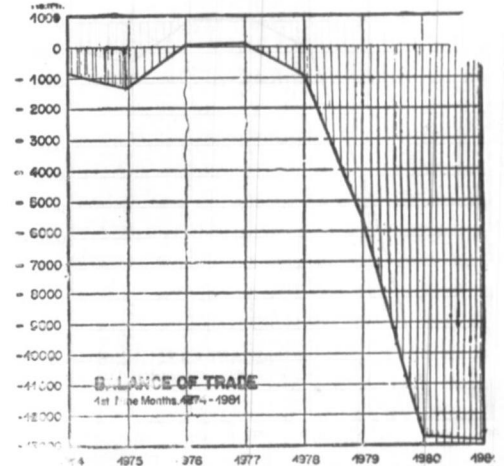
Underscoring the deteriorating balance of payments situation, the exchange rate of the Sri Lanka rupee vis-a-vis most major currencies depreciated, particularly against the US dollar and the pound sterling. The depreciation was most marked against the US dollar in the latter part of 1981.



Production in the three main export crops declined upto 1980. The deterioration continued in rubber production though tea and coconut began to show improvement in 1981.



The value of imports during the first 9 months of 1981 amounted to Rs. 26,666 million compared to Rs. 24,796 million worth of imports during the corresponding period in 1980. Exports during the 9 month period were worth Rs. 13,713 million.



The sharp decline in external banking assets reflects the deterioration in the balance of payments, affected as it was by the adverse terms of trade and the very high level of aggregate demand stimulated largely by the budgetary operations of the Government.