

75 YEARS
STABILITY FOR PROSPERITY
1950-2025



ANNUAL ECONOMIC REVIEW 2025

CENTRAL BANK OF SRI LANKA

CENTRAL BANK OF SRI LANKA



ANNUAL ECONOMIC REVIEW

THIS REPORT IS PUBLISHED IN FULFILMENT OF THE STATUTORY
REQUIREMENT STIPULATED UNDER SECTION 80 (3) OF
THE CENTRAL BANK OF SRI LANKA ACT, NO. 16 OF 2023.

2025

Counter sales

– Rs. 800 per copy

ISBN 978-624-6764-25-8

Printed at Sharp Graphic House (Pvt) Ltd., No.47, Old Kottawa Road, Pannipitiya, and published by the Central Bank of Sri Lanka, No. 30, Janadhipathi Mawatha, Colombo 01.



Dr. P Nandalal Weerasinghe
Governor

Central Bank of Sri Lanka

30, Janadhipathi Mawatha
Colombo 01, Sri Lanka.

06 April 2026

His Excellency Anura Kumara Dissanayake

President of Sri Lanka and

Minister of Finance, Planning and Economic Development

Ministry of Finance, Planning and Economic Development

The Secretariat

Colombo 01.

Your Excellency,

Annual Economic Review of the Central Bank of Sri Lanka - 2025

In terms of Section 80 (3) of the Central Bank of Sri Lanka Act, No. 16 of 2023, within a period of four months after the close of each financial year, the Central Bank is required to publish, and lay before Parliament through the Honourable Minister of Finance, a report approved by the Governing Board of the Central Bank, on the state of the economy during such financial year emphasising its policy objectives and the condition of the financial system. The report shall include a review and an assessment of the policies of the Central Bank followed during such financial year.

The third Annual Economic Review of the Central Bank, as approved by the Governing Board of the Central Bank, in respect of the year 2025, is submitted herewith in fulfilment of this obligation.

Yours sincerely,

CONTENTS

KEY ECONOMIC INDICATORS

KEY SOCIAL INDICATORS

EXECUTIVE SUMMARY

SNAPSHOT OF THE SRI LANKAN ECONOMY - 2025

	Page
1. MACROECONOMIC DEVELOPMENTS	
Summary	1
1.1 Inflation and Price Developments	2
1.1.1 Inflation	2
1.1.2 Prices	4
1.1.3 Consumer Price Indices and Cost of Living	10
1.1.4 Inflation Expectations	10
1.1.5 Wages	11
1.2 Real Sector Developments	16
1.2.1 Economic Growth	16
1.2.2 Production	17
1.2.3 Expenditure	18
1.2.4 Income	19
1.2.5 Population, Labour Force, and Employment	20
1.2.6 Economic Infrastructure	21
1.2.7 Social Infrastructure	26
1.3 Monetary Sector Developments	28
1.3.1 Market Interest Rates	28
1.3.2 Domestic Money Market Liquidity	31
1.3.3 Credit Aggregates	32
1.3.4 Money Aggregates	36
1.4 External Sector Developments	38
1.4.1 Balance of Payments	38
1.4.2 International Investment Position, Reserve Assets, and Overall Balance...	49
1.4.3 External Debt and Debt Service Payments	51
1.4.4 Exchange Rate Movements	53
1.5 Fiscal Sector Developments	56
1.5.1 Key Fiscal Balances	56
1.5.2 Government Revenue, Expenditure, and Net Lending	56
1.5.3 Financing the Budget Deficit	61
1.5.4 Central Government Debt	61

					Page
2.	CONDITION OF THE FINANCIAL SYSTEM				
	Summary	...	...	...	63
2.1	Banking Sector	...	...	...	64
2.2	Non-Bank Financial Institutions Sector	...	...	...	71
2.3	Performance of Financial Markets	...	...	...	76
2.4	Financial Inclusion	...	...	...	78
2.5	Financial Infrastructure	...	...	...	79
2.6	Sustainable Finance	...	...	...	82
3.	REVIEW OF THE CENTRAL BANK'S POLICIES				
	Summary	...	...	...	83
3.1	Monetary Policy Framework	...	...	...	84
3.2	Monetary Policy Stance and Measures	...	...	...	89
3.3	External Sector Policies	...	...	...	92
3.4	Financial Sector Policy Measures	...	...	...	94
4.	MACROECONOMIC OUTLOOK				
	Summary	...	...	...	105
4.1	Global Economic Environment and Outlook	...	...	...	106
4.2	Domestic Economic Outlook	...	...	...	109
	4.2.1 Inflation Outlook	...	...	...	109
	4.2.2 Monetary Sector Outlook	...	...	...	111
	4.2.3 External Sector Outlook	...	...	...	112
	4.2.4 Financial Sector Outlook	...	...	...	114
	4.2.5 Fiscal Sector Outlook	...	...	...	115
	4.2.6 Growth Prospects	...	...	...	117
STATISTICAL APPENDIX					
SPECIAL STATISTICAL APPENDIX					

TABLES

				Page
1. MACROECONOMIC DEVELOPMENTS				
1.1	Movements of Inflation (y-o-y)	...	...	4
1.2	Gross National Income by Industrial Origin at Constant (2015) Prices	...	...	17
1.3	Aggregate Demand and Savings at Current Market Prices	...	...	19
1.4	Income Components by Institutional Sector at Current Market Prices	...	...	20
1.5	Household Population, Labour Force and Labour Force Participation	...	...	20
1.6	Performance of the Transport Sector	...	...	25
1.7	Movements of Interest Rates	...	...	30
1.8	Developments in Monetary Aggregates	...	...	37
1.9	Current and Capital Account	...	...	39
1.10	Summary of Merchandise Trade Performance	...	...	40
1.11	Summary of Terms of Trade (2010=100)	...	...	44
1.12	Exports under Preferential Trade Arrangements (PTAs) and Free Trade Agreements of Sri Lanka	...	...	45
1.13	Financial Account	...	...	48
1.14	International Investment Position (Summary)	...	...	49
1.15	Gross Official Reserves, Total Foreign Assets and Overall Balance	...	...	51
1.16	Outstanding External Debt Position	...	...	52
1.17	External Debt Service Payments	...	...	53
1.18	Exchange Rate Movements	...	...	54
1.19	Nominal and Real Effective Exchange Rates	...	...	55
1.20	Summary of Government Fiscal Operations	...	...	58
1.21	Outstanding Central Government Debt	...	...	62
2. CONDITION OF THE FINANCIAL SYSTEM				
2.1	Total Assets of the Financial System	...	...	64
2.2	Distribution of Banks, Bank Branches and Other Banking Outlets	...	...	65
2.3	Composition of Assets and Liabilities of the Banking Sector	...	...	65
2.4	Composition of Deposits of the Banking Sector	...	...	65
2.5	Profit of the Banking Sector	...	...	70
2.6	Composition of Regulatory Capital of the Banking Sector	...	...	71
2.7	Composition of Assets and Liabilities of the FCs Sector	...	...	71
2.8	Five-year Performance Summary of EPF	...	...	75

FIGURES

				Page
1.1	Inflation Dynamics in Sri Lanka	...	...	3
1.2	CCPI vs. Headline Inflation	...	...	10
1.3	Cost of Living	...	...	10
1.4	Inflation Expectations (Corporate Sector) – 2025	...	...	11
1.5	Movements of the Informal Private Sector Wage Rate Index (2018=100) (y-o-y)	...	...	12
1.6	Movements of the Informal Private Sector Wage Rate Index (2018=100) (Nominal)	...	...	12
1.7	Movements of the Public Sector Wage Rate Index (2016=100) (y-o-y)	...	...	16
1.8	Movements of the Public Sector Wage Rate Index (2016=100) (Nominal)	...	...	16
1.9	Annual Real GDP Growth Rates	...	...	16
1.10	Growth in Economic Activities at Constant Prices in 2025	...	...	18
1.11	Energy and Power Sector Developments	...	...	22
1.12	Movements of Selected Market Interest Rates	...	...	29
1.13	Secondary Market Yield Curve for Government Securities	...	...	31
1.14	Key Short-term Interest Rates and Money Market Liquidity	...	...	31
1.15	Credit Extended to the Private Sector by LCBs	...	...	32
1.16	Annual Private Sector Credit Expansion in Sub-sectors (Rs. bn) – 2025	...	...	33
1.17	Annual Change in Credit to the Public Sector by the Banking System	...	...	36
1.18	Daily Currency in Circulation	...	...	36
1.19	Contribution to y-o-y Growth of Broad Money (M_{2b})	...	...	38
1.20	Annual External Current Account	...	...	39
1.21	Composition of Exports	...	...	40
1.22	Composition of Imports	...	...	42
1.23	Bilateral Trade Balances	...	...	45
1.24	Services Inflows and Outflows	...	...	47
1.25	Gross Official Reserves and Net International Reserves	...	...	50
1.26	Appreciation/Depreciation of LKR against USD	...	...	53
1.27	Central Bank Intervention	...	...	53
1.28	Daily Exchange Rate Movements	...	...	54
1.29	Effective Exchange Rate Indices 24 - Currency (2017=100)	...	...	54
1.30	Key Fiscal Balances (% of GDP)	...	...	56
1.31	Composition of Government Revenue – 2025	...	...	57
1.32	Composition of Government Recurrent Expenditure – 2025	...	...	60
2.1	Off-Balance Sheet Exposures of the Banking Sector at end 2025	...	...	66
2.2	Profitability Indicators of the Banking Sector	...	...	70
2.3	Capital Adequacy of the Banking Sector	...	...	70
2.4	Total Loans and Advances (Net)-Product-wise	...	...	72
2.5	Capital Adequacy of the FCs Sector	...	...	72
2.6	Investment Composition of Unit Trusts	...	...	74
2.7	Movement of Stock Market Price Indices and Market Capitalisation	...	...	77
2.8	Foreign Participation at CSE (Secondary Market)	...	...	78
2.9	Volumes and Values of Large Value Transactions	...	...	79
2.10	Volumes and Values of Retail Transactions	...	...	80

					Page
4.1	Global Projections (Quarterly)	...	...	...	110
4.2	Baseline Quarterly Headline Inflation Forecast (CCPI, y-o-y)	...	...	...	111
4.3	Baseline Quarterly Real GDP Growth Forecast (y-o-y)	...	...	...	118

BOX ARTICLES

					Page
1.	Recent Deflation Episode in Sri Lanka	...	...	...	5
2.	Addressing Data Gaps in Private Sector Wage Dynamics Using EPF Based Formal Sector Wage Rate Index	...	...	...	13
3.	Banking Sector Consolidation for Promoting Resilience and Stability in the Banking Sector	...	...	...	67
4.	Monetary and Fiscal Policy Coordination in Sri Lanka	...	...	...	86
5.	Strengthening the Price Discovery Mechanism in the Domestic Foreign Exchange Market in Sri Lanka	...	...	...	90
	Featured Box Article - Major Economics Policy Measures Implemented by or Related to the Central Bank of Sri Lanka	...	...	...	101

FEATURED CHARTS

					Page
1.1	Services and Non-Services Inflation Dynamics	...	...	...	8
1.2	Distribution of Price Pressures Across CCPI Components	...	...	...	9
1.3	Expansion in Solar Power Generation	...	...	...	23
1.4	Tenor-wise Distribution of Private Sector Credit by LCBs	...	...	...	34
1.5	Rebalancing Domestic Credit: Public vs. Private Sector Dynamics	...	...	...	35
1.6	Expenditure on Fuel Imports	...	...	...	42
1.7	Relaxation of Motor Vehicle Import Restrictions and Import Trends	...	...	...	43
1.8	Sri Lanka's Earnings from Tourism	...	...	...	46
1.9	Progress on the International Monetary Fund's Extended Fund Facility (IMF-EFF) Programme	...	...	...	55
1.10	Improving Fiscal Performance Reflected in Key Indicators	...	...	...	59
4.1	Recent Economic Shocks in Sri Lanka: Uncertainty is the New Normal	...	...	...	119

STATISTICAL APPENDIX

Table

1. REAL SECTOR

Gross Domestic Product	...	...	...	1
Population, Labour Force and Foreign Employment	...	...	...	2
Colombo Consumer Price Index (CCPI, 2021 = 100)	...	...	...	3
National Consumer Price Index (NCPI, 2021 = 100)	...	...	...	4
Wage Rate Indices	...	...	...	5

2. EXTERNAL SECTOR

Composition of Exports	...	...	...	6
Composition of Imports	...	...	...	7
Direction of Trade - Exports	...	...	...	8
Direction of Trade - Imports	...	...	...	9
Balance of Payments - Current Account	...	...	...	10
Balance of Payments - Financial Account	...	...	...	11
International Investment Position	...	...	...	12
Outstanding External Debt Position	...	...	...	13
Exchange Rate Movements (Rupees per Unit of Foreign Currency)	...	...	...	14

3. FISCAL SECTOR

Economic Classification of Government Fiscal Operations	...	...	...	15
Outstanding Central Government Debt (as at end year) ...	...	...	...	16

4. MONETARY AND FINANCIAL SECTOR

Money Rates: The Central Bank and Commercial Banks	...	...	...	17
Consolidated Monetary Survey - M_{2b}	...	...	...	18
Commercial Banks' Loans and Advances to the Private Sector	...	...	...	19
Financial Soundness Indicators - Banking Industry	...	...	...	20
Information on Finance Companies	...	...	...	21

SPECIAL STATISTICAL APPENDIX

Table

1.	REAL SECTOR				
	Population and Labour Force	...	...	...	1
	National Output	...	...	...	2
	Prices	...	...	...	3
2.	EXTERNAL SECTOR				
	Balance of Payments	...	...	...	4
	Reserves, Total Foreign Assets, External Debt and Exchange Rates		...	...	5
3.	FISCAL SECTOR				
	Government Fiscal Operations	...	...	...	6
	Central Government Debt	...	...	...	7
4.	MONETARY SECTOR				
	Interest Rates	...	...	...	8
	Monetary Survey (M_{2b})	...	...	...	9

DEFINITIONS AND EXPLANATORY NOTES ON STATISTICAL TABLES

The following general notes supplement the footnotes given below the individual tables:

1. In an attempt to bring the material up-to-date, provisional figures are included in some tables.
2. Figures in some tables have been rounded off to the nearest final digit. Hence, there may be a slight discrepancy between the total as shown and the sum of its components.
3. Differences as compared with previously published figures are due to subsequent revisions.
4. Values indicated within parenthesis are negative values.
5. The following symbols have been used throughout:-

... = negligible

- = nil

n.a. = not available

n.e.c. = not elsewhere classified

n.e.s. = not elsewhere specified

n.i.e. = not included elsewhere

List of Acronyms

ACU	Asian Clearing Union	CKDu	Chronic Kidney Disease of unknown aetiology
ADB	Asian Development Bank	COICOP	Classification of Individual Consumption According to Purpose
ADs	Authorised Dealers		
AFI	Alliance for Financial Inclusion	CP	Commercial Paper
AI	Artificial Intelligence	CPC	Ceylon Petroleum Corporation
AIT	Advance Income Tax	CPF	Countering Proliferation Financing
A/L	Advanced Level	CPIs	Consumer Price Indices
AMCs	Authorised Money Changers	CSE	Colombo Stock Exchange
AML	Anti-Money Laundering	CWIT	Colombo West International Terminal
APG	Asia Pacific Group	DCS	Department of Census and Statistics
APPFs	Approved Pension and Provident Funds	DCTS	Developing Countries Trading Scheme
APTA	Asia-Pacific Trade Agreement	DDBs	Domestic Dollar Bonds
ASPI	All Share Price Index	DIEs	Direct Investment Enterprises
ASYCUDA	Automated System for Customs Data	DNFBPs	Designated Non-Financial Businesses and Professions
ATMs	Automated Teller Machines		
Avg	Average	DSIBs	Domestic Systemically Important Banks
AWCMR	Average Weighted Call Money Rate	EFF	Extended Fund Facility
AWDR	Average Weighted Deposit Rate	EPF	Employees' Provident Fund
AWFDR	Average Weighted Fixed Deposit Rate	EPMS	Export Proceeds Monitoring System
AWLR	Average Weighted Lending Rate	ESG	Environmental, Social and Governance
AWNDR	Average Weighted New Deposit Rate	ETCA	Economic and Technology Cooperation Agreement
AWNDR	Average Weighted New Fixed Deposit Rate	ETF	Employees' Trust Fund
AWNLR	Average Weighted New Lending Rate	EU	European Union
AWNDR	Average Weighted New SME Lending Rate	FBA	Finance Business Act, No.42 of 2011
AWPR	Average Weighted Prime Lending Rate	FCP	Financial Consumer Protection
AWRR	Average Weighted Repo Rate	FCs	Finance Companies
AWSR	Average Weighted SME Lending Rate	FEA	Foreign Exchange Act
bbl	barrel	FDI	Foreign Direct Investment
BESS	Battery Energy Storage System	Fls	Financial Institutions
BFCAs	Business Foreign Currency Accounts	FIT	Flexible Inflation Targeting
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation	FIU	Financial Intelligence Unit
		FSSNP	Financial Sector Safety Net Strengthening Project
bn	billion	FTA	Free Trade Agreement
BOI	Board of Investment	FTRA	Financial Transactions Reporting Act, No. 6 of 2006
BOP	Balance of Payments	FX	Foreign Exchange/ Forex
bps	basis points	GCE	General Certificate of Education
BSPA	Banking (Special Provisions) Act, No. 17 of 2023	GDP	Gross Domestic Product
CAR	Capital Adequacy Ratio	GNI	Gross National Income
CASA	Current and Savings Account	GOR	Gross Official Reserves
CBA	Central Bank of Sri Lanka Act, No. 16 of 2023	GPMN	Global Projection Model Network
CBSL	Central Bank of Sri Lanka	GSP	Generalised System of Preference
CCC	Credit Counselling Centre	GSTP	Global System of Trade Preference
CCPI	Colombo Consumer Price Index	GVA	Gross Value Added
CEB	Ceylon Electricity Board	GWP	Gross Written Premium
CECT	Colombo East Container Terminal	HIES	Household Income and Expenditure Survey
CEFTS	Common Electronic Fund Transfer Switch	HQLA	High Quality Liquid Assets
CESS	Commodity Export Subsidy Scheme	HWI	High Wealth Individuals
CFMs	Capital Flow Management Measures	IAUs	Internal Affairs Units
CFT	Countering the Financing of Terrorism	IDA	International Development Association
CI	Confidence Intervals	IFC	International Finance Corporation
CIC	Currency in Circulation	IIP	International Investment Position
CID	Customs Import Duties	IIT	Individual Income Tax
CIT	Corporate Income Tax	IMF	International Monetary Fund

IMF-EFF	International Monetary Fund's Extended Fund Facility	NPL	Non-Performing Loans
IPOs	Initial Public Offerings	NRA	National Risk Assessment
IPSF	International Platform for Sustainable Finance	NSFR	Net Stable Funding Ratio
IPSWRI	Informal Private Sector Wage Rate Index	NWSDB	National Water Supply and Drainage Board
IRD	Inland Revenue Department	OCC	Official Creditor Committee
ISBs	International Sovereign Bonds	OIAs	Outward Investment Accounts
ISFTA	Indo-Sri Lanka Free Trade Agreement	O/L	Ordinary Level
IT/BPO	Information Technology/Business Process Outsourcing	OMOs	Open Market Operations
ITRS	International Transactions Reporting System	OPEC+	Organization of the Petroleum Exporting Countries Plus
IWMS	Integrated Welfare Management System	OPR	Overnight Policy Rate
LBs	Licensed Banks	PAL	Ports and Airports Development Levy
LCs	Letters of Credit	PAT	Profit After Tax
LCBs	Licensed Commercial Banks	PBOC	People's Bank of China
LCR	Liquidity Coverage Ratio	PBT	Profit Before Tax
LEAs	Law Enforcement Agencies	PBV	Price to Book Value
LFPR	Labour Force Participation Rate	PDCs	Primary Dealer Companies
LMFCs	Licensed Microfinance Companies	PDD	Public Debt Department
LNG	Liquefied Natural Gas	PDI	Past Due Interest
LOLR	Lender of Last Resort	PDMA	Public Debt Management Act, No 33 of 2024
LP	Liquefied Petroleum	PDMO	Public Debt Management Office
LPOPP	LankaPay Online Payment Platform	PDs	Primary Dealers
LPPL	LankaPay (Pvt) Limited	PER	Price Earnings Ratio
LSBs	Licensed Specialised Banks	PFCAs	Personal Foreign Currency Accounts
LTOs	Large Taxpayers Offices	PFMA	Public Financial Management Act, No. 44 of 2024
LTV	Loan to Value	PPI	Producer Price Index
MBUs	Mobile Banking Units	pps	percentage points
ME	Mutual Evaluation	PSFTA	Pakistan-Sri Lanka Free Trade Agreement
MIs	Member Institutions	PSPF	Public Service Provident Fund
MLA	Monetary Law Act	PTA	Preferential Trade Agreement
mn	million	QPC	Quantitative Performance Criteria
MOF	Ministry of Finance, Planning and Economic Development	QR	Quick Response
m-o-m	month-on-month	RAs	Regulatory Authorities
MOR	Market Operations Report	RAMIS	Revenue Administration and Management Information System
MoU	Memorandum of Understanding	RCEP	Regional Comprehensive Economic Partnership
MPFA	Monetary Policy Framework Agreement	RBI	Reserve Bank of India
MSMEs	Micro, Small and Medium Enterprises/Entrepreneurs	RCPs	Recovery Plans
MTFF	Medium-Term Fiscal Framework	RD	Restricted Default
MVTS	Money or Value Transfer Service	RDA	Road Development Authority
NBFIs	Non-Bank Financial Institutions	REER	Real Effective Exchange Rate
NBT	Nation Building Tax	RFI	Rapid Financing Instrument
NCD	Non-Communicable Disease	RHS	Right Hand Side
NCG	Net Credit to the Government	RIs	Reporting Institutions
NCPI	National Consumer Price Index	RM 2.0	Sustainable Finance Roadmap 2.0
NCRE	Non-Conventional Renewable Energy	ROA	Return on Assets
NDA	Net Domestic Assets	ROE	Return on Equity
NEER	Nominal Effective Exchange Rate	RTGS	Real Time Gross Settlement
NFA	Net Foreign Assets	RWA	Risk Weighted Assets
NFIS	National Financial Inclusion Strategy	S&P SL20	Standard & Poor's Sri Lanka 20
NII	Net Interest Income	SAFTA	South Asian Free Trade Area
NIM	Net Interest Margin	SAPTA	SAARC Preferential Trading Arrangement
NIR	Net International Reserves	SCL	Special Commodity Levy
NITF	National Insurance Trust Fund	SDF	Standing Deposit Facility
NPC	National Payment Council	SDFR	Standing Deposit Facility Rate

SDR	Special Drawing Rights	STRs	Suspicious Transaction Reports
SLA	Sri Lankan Airlines	SVAT	Simplified Value Added Tax
SLBA	Sri Lanka Banks' Association	TEUs	Twenty-foot Equivalent Container Units
SLC	Sri Lanka Customs	tn	trillion
SLCs	Specialised Leasing Companies	UDA	Urban Development Authority
SLDB	Sri Lanka Development Bond	UINs	Unique Identification Numbers
SLDIF	Sri Lanka Deposit Insurance Fund	UoK	University of Kelaniya
SLDIS	Sri Lanka Deposit Insurance Scheme	UNDP	United Nations Development Programme
SLF	Standing Lending Facility	UPI	Unified Payments Interface
SLFR	Standing Lending Facility Rate	USA/US	United States of America
SLIPS	Sri Lanka Interbank Payment System	USD/US\$	United States Dollar
SLTB	Sri Lanka Transport Board	UTs	Unit Trusts
SLTDA	Sri Lanka Tourism Development Authority	VAs	Virtual Assets
SLTFTA	Sri Lanka-Thailand Free Trade Agreement	VASPs	Virtual Asset Service Providers
SMEs	Small and Medium Enterprises/Entrepreneurs	VAT	Value Added Tax
SOBEs	State Owned Business Enterprises	WCT	West Container Terminal
SOEs	State Owned Enterprises	WEO	World Economic Outlook
SRR	Statutory Reserve Requirement	WHO	World Health Organisation
SRSP	Shock-Responsive Social Protection	WHT	Withholding Tax
SSCL	Social Security Contribution Levy	WPI	Wholesale Price Index
SSLFTA	Singapore-Sri Lanka Free Trade Agreement	y-o-y	year-on-year

KEY ECONOMIC INDICATORS

	2019	2020	2021	2022	2023	2024	2025(a)
DEMOGRAPHY							
Mid-year population ('000 persons) (b)(c)	21,811	21,927	22,156	22,181	22,037	21,916	21,756
Growth of mid-year population (%) (b)	0.7	0.5	1.0	0.1	-0.6	-0.5	-0.7
Population density (persons per sq.km.) (b)	348	350	353	354	351	352	349
Labour force ('000 persons) (d)	8,592	8,467	8,553	8,547	8,408	8,316	8,554(e)
Labour force participation rate (%) (d)	52.3	50.6	49.9	49.8	48.6	47.4	49.4(e)
Unemployment rate (% of labour force) (d)	4.8	5.5	5.1	4.7	4.7	4.4	3.9(e)
OUTPUT (f)							
GDP at current market price (Rs. bn)	15,911	15,646	17,612	24,063	27,539(g)	30,096(a)(g)	32,751
GNI at current market price (Rs. bn)	15,470	15,223	17,217	23,446	26,705(g)	29,311(a)(g)	32,142
GDP at current market price (USD bn) (h)	89.0	84.4	88.6	76.8	84.1(g)	99.6(a)(g)	108.8
GNI at current market price (USD bn) (h)	86.5	82.1	86.6	75.0	81.6(g)	97.0(a)(g)	106.8
Per capita GDP at current market price (Rs.)(i)	729,493	713,561	794,926	1,084,855	1,249,675(g)	1,373,235(a)(g)	1,505,371
Per capita GNI at current market price (Rs.)(i)	709,256	694,267	777,073	1,057,035	1,211,847(g)	1,337,426(a)(g)	1,477,395
Per capita GDP at current market price (USD) (h)(i)	4,080	3,850	3,999	3,464	3,818(g)	4,546(a)(g)	5,003
Per capita GNI at current market price (USD) (h)(i)(j)	3,967	3,746	3,910	3,379	3,702(g)	4,428(a)(g)	4,910
REAL OUTPUT (% change) (f)							
GDP	-0.2	-4.6	4.2	-7.3	-2.0(g)	5.0(a)(g)	5.0
Major economic activities of GDP							
Agriculture	0.5	-0.9	1.0	-4.1	0.1(g)	0.6(a)(g)	1.4
Industry	-4.1	-5.3	5.7	-16.0	-9.2(g)	11.1(a)(g)	7.8
Services	2.9	-1.9	3.4	-2.6	0.5(g)	2.4(a)(g)	3.3
GNI	-0.5	-4.5	4.7	-7.6	-2.5(g)	5.4(a)(g)	5.7
AGGREGATE DEMAND AND SAVINGS (% of GDP) (f)							
Consumption	71.7	73.3	70.7	76.3	77.9(g)	76.3(a)(g)	74.2
Private	62.7	62.9	61.2	69.1	71.1(g)	69.3(a)(g)	67.5
Government	9.0	10.4	9.5	7.2	6.7(g)	7.0(a)(g)	6.7
Investment	34.1	32.9	36.7	27.3	24.3(g)	26.3(a)(g)	29.6
Net exports of goods and services	-5.8	-6.2	-7.4	-3.6	-2.1(g)	-2.6(a)(g)	-3.9
Exports of goods and services	21.8	15.5	16.9	21.6	20.6(g)	19.8(a)(g)	19.0
Imports of goods and services	27.6	21.6	24.3	25.1	22.7(g)	22.4(a)(g)	22.8
Domestic savings	28.3	26.7	29.3	23.7	22.1(g)	23.7(a)(g)	25.8
Net primary and secondary income from rest of the world	3.7	4.7	3.6	2.3	3.9(g)	3.8(a)(g)	5.5
National savings	32.0	31.3	33.0	26.0	26.0(g)	27.6(a)(g)	31.2
PRICES AND WAGES (% change)							
Colombo Consumer Price Index (2021 = 100) - annual average	-	-	-	-	17.4	1.2	-0.5
Colombo Consumer Price Index (2021 = 100) - y-o-y (end period)	-	-	-	-	4.0	-1.7	2.1
Colombo Consumer Price Index (2013 = 100) - annual average (k)	4.3	4.6	6.0	46.4	-	-	-
Colombo Consumer Price Index (2013 = 100) - y-o-y (end period) (k)	4.8	4.2	12.1	57.2	-	-	-
National Consumer Price Index (2021 = 100) - annual average	-	-	-	-	16.5	1.6	0.2
National Consumer Price Index (2021 = 100) - y-o-y (end period)	-	-	-	-	4.2	-2.0	2.9
National Consumer Price Index (2013 = 100) - annual average (l)	3.5	6.2	7.0	50.4	-	-	-
National Consumer Price Index (2013 = 100) - y-o-y (end period) (l)	6.2	4.6	14.0	59.2	-	-	-
Producer Price Index (2018 Q4 = 100) - annual average	-	5.8	10.9	74.0	11.5	...	-0.9
GDP deflator (f)	3.9	3.1	8.0	47.5	16.8(g)	4.1(a)(g)	3.7
GNI deflator (f)	3.9	3.0	8.1	47.4	16.8(g)	4.2(a)(g)	3.8
Nominal Wage Rate Indices							
Formal Private Sector Employees (1978 Dec = 100) - annual average (m)	2.9	0.2	74.4	9.8	0.4	0.1	29.8
Public Sector Employees (2016 = 100) - annual average	4.7	9.2	-	16.1	-	18.5	14.9
Informal Private Sector Employees (2018 = 100) - annual average	-	6.4	9.2	24.5	11.4	6.0	5.3
EXTERNAL TRADE							
Trade balance (USD mn)	-7,997	-6,008	-8,139	-5,185	-4,900	-6,069	-7,899
Exports	11,940	10,047	12,499	13,106	11,911	12,772	13,581
Imports	19,937	16,055	20,637	18,291	16,811	18,841	21,480
Terms of trade (% change)	-1.6	2.5	-8.6	-11.6	-0.6	1.3	-0.8
Export unit value index (2010 = 100) (% change)	-6.3	-6.8	5.4	0.9	-11.3	-3.7	-0.4
Import unit value index (2010 = 100) (% change)	-4.8	-9.1	15.2	14.1	-10.8	-4.9	0.4
Export volume index (2010 = 100) (% change)	7.2	-9.7	18.0	3.9	2.4	11.3	6.8
Import volume index (2010 = 100) (% change)	-5.8	-11.4	11.5	-22.4	3.0	17.9	13.6
EXTERNAL FINANCE (USD mn)							
Services and primary income account (net)	388	-1,386	-373	240	505	837(g)	1,671
Current private transfers (net)	5,757	6,194	5,221	3,493	5,815	6,429	7,946
Current official transfers (net)	9	13	6	3	20	10	1
Current account balance	-1,843	-1,187	-3,284	-1,448	1,439	1,207(g)	1,719
Overall balance	377	-2,328	-3,967	-2,806	2,826	2,890	1,798

(a) Provisional

(b) Based on provisional data from the Registrar General's Department as at 31 March 2026.

(c) Mid-year population estimates from 2019 to 2024 are based on the 2012 Census of Population and Housing, while the 2025 estimate is based on the preliminary data from 2024 Census of Population and Housing.

(d) Household population aged 15 and above is considered for the calculation of labour force.

(e) Based on the average of four quarters.

(f) GDP estimates (base year 2015) released in March 2026 by the Department of Census and Statistics have been used.

(g) Revised

(h) Based on quarterly GDP/GNI in USD terms calculated using quarterly average exchange rate from 2015 onwards.

(i) Estimates are updated with the latest population figures from the Registrar General's Department as at 31 March 2026.

(j) These values may differ from DCS published values due to differences in the use of quarterly average exchange rates in comparison to annual average exchange rate for derivation of GNI in USD terms.

(k) Compilation of this index was discontinued since February 2023.

(l) Compilation of this index was discontinued since January 2023.

(m) Nominal wages of formal private sector employees, whose wages are governed by the wage boards are measured by the minimum wage rate index (1978 December = 100) compiled by the Department of Labour.

KEY ECONOMIC INDICATORS (Contd.)

	2019	2020	2021	2022	2023	2024	2025(a)
Current account balance (% of GDP) (f)(n)	-2.1	-1.4	-3.7	-1.9	1.7	1.2	1.6
Total foreign assets (months of the same year imports) (o)	6.3	6.4	3.6	3.9	6.7	7.2	6.9
Gross official reserves (months of the same year imports)	4.6	4.2	1.8	1.2	3.1	3.9	3.8
Overall debt service ratio (p)							
As a percentage of export of goods and services	29.7	35.2	30.7	15.4	15.9	21.6(g)	24.9
As a percentage of current receipts	21.8	22.6	22.3	12.3	11.6	15.8(g)	17.6
Total external debt: based on market value (% of GDP) (f)(n)	61.6	58.1	58.4	64.6	64.5(g)	55.4(g)	50.4
EXCHANGE RATES							
Year end							
Rs/USD	181.63	186.41	200.43	363.11	323.92	292.58	309.99
Rs/SDR (a)	251.17	268.48	280.53	483.24	434.60	381.57	424.54
Annual average							
Rs/USD	178.78	185.52	198.88	324.55	327.53	302.12	300.95
Rs/SDR (a)	246.97	258.61	283.18	431.91	436.88	401.07	406.55
NEER (2017 = 100) (24 - currency basket) (t)	88.17	85.93	78.64	53.99	53.30	58.56	58.57
REER (2017 = 100) (24 - currency basket) (t)(s)	90.42	91.52	83.58	77.49	71.73	74.77	72.87
GOVERNMENT FINANCE (% of GDP) (f)(t)							
Revenue and grants	11.9	8.8	8.3	8.4	11.2	13.6(g)	16.7
Revenue	11.9	8.7	8.3	8.2	11.1	13.4(g)	16.6
o/w Tax revenue	10.9	7.8	7.4	7.3	9.9	12.3(g)	15.4
Grants	...	...	...	0.1	0.1	0.2	0.1
Expenditure and net lending	21.0	19.4	20.0	18.6	19.5	20.4(g)	19.0
Recurrent expenditure	15.2	16.3	15.6	14.6	17.1	17.7(g)	16.0
Capital expenditure and net lending	5.7	3.1	4.4	4.0	2.4	2.6	3.0
Current account balance	-3.4	-7.5	-7.3	-6.4	-6.0	-4.3(g)	0.7
Primary balance	-3.4	-4.4	-5.7	-3.7	0.6	2.2	5.4
Overall fiscal balance	-9.0	-10.7	-11.7	-10.2	-8.3	-6.8	-2.3
Deficit financing	9.0	10.7	11.7	10.2	8.3	6.8	2.3
Foreign	3.4	-0.5	-0.1	1.8	1.8	1.1	0.4
Domestic	5.6	11.2	11.8	8.5	6.5	5.7	1.8
Central government debt (u)(v)	81.9	96.6	100.0	114.2	104.2 (g)	95.5 (g)	91.6
Foreign	39.0	38.7	37.0	51.8	42.3 (g)	34.7 (g)	34.6
Domestic (w)	42.9	57.9	63.0	62.5	61.9 (g)	60.8 (g)	57.0
MONETARY AGGREGATES (y-o-y % change)							
Reserve money	-3.0	3.4	35.4	3.3	-1.5	15.8	16.7
Narrow money (M ₁)	4.2	36.0	24.0	-0.4	14.1	16.1	18.8
Broad money (M ₂)	7.0	23.4	13.2	15.4	7.3	8.6	11.5
Net foreign assets of the banking system	250.3	-308.0	-368.8	-79.9	74.2	225.6	86.2
Net domestic assets of the banking system	4.6	27.8	20.9	20.9	-2.9	0.8	8.4
Domestic credit from the banking system to							
Government (net)	11.1	62.7	28.2	28.1	10.9	-0.2	0.2
Public corporations/SOBEs	8.3	22.5	18.6	47.3	-56.0	-14.7	-20.9
Private sector	4.2	6.5	13.1	6.2	-0.6	10.7	25.2
Money multiplier for M ₂ (end year)	8.18	9.75	8.15	9.11	9.93	9.30	8.89
Velocity of M ₂ (average for the year)(f)	2.16	1.84	1.73	2.04	2.18(g)	2.20(g)	2.16
INTEREST RATES (% per annum at year end)							
Overnight Policy Rate (OPR) (x)	-	-	-	-	-	8.00	7.75
Standing Deposit Facility Rate (SDFR) (x)	7.00	4.50	5.00	14.50	9.00	7.50	7.25
Standing Lending Facility Rate (SLFR) (x)	8.00	5.50	6.00	15.50	10.00	8.50	8.25
Bank Rate (y)	15.00	8.50	9.00	30.22	14.50	10.00	9.00
Legal Rate of Interest / Market Rate of Interest (z)	11.50	11.64	10.12	7.48	16.97	15.15	12.12
Money market rates							
Average weighted call money rate (AWCMR)	7.45	4.55	5.95	15.50	9.24	8.00	8.04
Treasury bill yields							
91-day	7.51	4.69	8.16	32.64	14.51	8.62	7.74
364-day	8.45	5.05	8.24	29.27	12.93	8.96	8.45
Deposit rates							
Commercial banks' average weighted deposit rate (AWDR)	8.20	5.80	4.94	14.06	11.64	7.53	6.78
Commercial banks' average weighted fixed deposit rate (AWFDR)	10.05	7.14	5.94	18.49	14.88	9.27	8.41
Commercial banks' average weighted new deposit rate (AWNDR)	8.89	4.93	6.45	23.07	11.06	6.52	6.29
Commercial banks' average weighted new fixed deposit rate (AWNDFDR)	9.17	5.08	6.67	23.73	11.33	6.57	7.02
NSB savings rate	4.00	3.50	3.50	3.00	3.00	3.00	3.00
NSB 12-month fixed deposit rate	9.83	5.25	5.50	12.00	8.00	7.00	6.75
Lending rates							
Commercial banks' average weighted prime lending rate (AWPR)-Weekly	9.74	5.81	8.61	27.24	12.13	8.90	9.07
Commercial banks' average weighted lending rate (AWLR)	13.59	10.29	9.87	18.70	14.21	11.93	11.48
Commercial banks' average weighted new lending rate (AWNLR)	12.80	8.38	9.48	26.20	14.38	10.77	10.69
Licensed banks' average weighted SME rate (AWSR) (aa)	-	10.95	10.49	20.73	15.33	12.48	11.53
Licensed banks' average weighted new SME rate (AWNRSR) (aa)	-	8.53	10.04	26.91	14.96	11.59	11.12
CAPITAL MARKET							
All share price index (ASPI) (1985 = 100)	6,129.2	6,774.2	12,226.0	8,489.7	10,654.2	15,944.6	22,624.3
S&P SL20 index (2004 Dec = 1,000)	2,937.0	2,638.1	4,233.3	2,635.6	3,068.4	4,862.1	6,157.4
Value of shares traded (Rs. mn)	171,408	396,882	1,173,157	686,602	410,629	537,635	1,866,782
Net purchases by non nationals (Rs. mn)	-11,735	-51,356	-52,648	30,625	4,363	-10,479	-38,628
Market capitalisation (Rs. bn)	2,851.3	2,960.7	5,489.2	3,847.2	4,248.9	5,695.6	8,068.6

(n) Based on GDP estimates in US dollars.

(o) Excludes foreign assets in the form of direct investments abroad and trade credit and advances received.

(p) Overall debt service ratios were reclassified to capture debt servicing in accordance with the External Debt Statistics Manual (2003) of the International Monetary Fund (IMF).

(q) Special Drawing Rights (SDR), the unit of account of the IMF.

(r) Exchange rates have been defined in terms of indices so that the appreciation/depreciation of the rupee relative to other currencies is reflected by a rise/fall in the values of the effective exchange rate indices.

(s) C CPI is used for the computation of the Real Effective Exchange Rate (REER). The REER is computed by adjusting the Nominal Effective Exchange Rate (NEER) for inflation differentials with the countries whose currencies are included in the basket.

(t) According to the Ministry of Finance, some fiscal sector statistics of 2019 have been restated as announced in the Budget Speech for 2020.

(u) As per the guidelines of compiling government debt statistics based on the Public Sector Debt Statistics Framework published by the IMF, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt. Further, debt statistics are presented on net basis (net of deposits). With the establishment of the Public Debt Management Office (PDMO) under the Ministry of Finance (MOF), the responsibility for recording and publishing Sri Lanka's public debt now falls under the PDMO, as mandated by the provisions of the Public Debt Management Act, No. 33 of 2024. Accordingly, the Quarterly Statistical Debt Bulletin, published by the PDMO, serves as the official source for debt statistics. The Central Bank compiles and presents these debt data statistics based on data received from the MOF, to ensure the data continuity.

(v) The outstanding central government debt excludes several debt service payments that became overdue after 12 April 2022, the date of which the Interim Policy regarding the servicing of Sri Lanka's external public debt was announced by the Ministry of Finance, Planning and Economic Development. These debt service payments comprise of overdue interest payments of affected debt which deemed to be capitalised as per the Interim Policy.

(w) Liabilities of the central government to commercial banks reported in the Monetary Survey of the Central Bank was used to compile domestic debt until 2022. From 2023 onwards, domestic debt compilation method was changed and is based on the data confirmed by the Ministry of Finance, Planning and Economic Development.

(x) With effect from 27 November 2024, the OPR is defined as the policy interest rate of the Central Bank. SDFR and SLFR are linked to the OPR with a pre-determined margin as decided by the Central Bank.

(y) The rate at which the Central Bank grants advances to banking institutions as the lender of last resort.

(z) The Legal Rate is defined under the Civil Procedure Code (Amendment) Act No. 6 of 1990 and is applicable to any legal action for the recovery of a sum of money. The Market Rate is defined under the Debt Recovery (Special Provisions) Act No. 2 of 1990 and is applicable only in relation to legal actions instituted by lending institutions for the recovery of debt exceeding Rs.150,000 arising out of commercial transactions, where there is no agreed rate of interest. The Governing Board of the Central Bank determines the Legal Rate and Market Rate for each year and publishes in the Government Gazette in the month of December to be applicable for the forthcoming year. The Legal Rate and the Market Rate for the year 2026 is 11.39% per annum.

(aa) AWSR reflects interest rates on all outstanding rupee loans extended by licensed banks to the MSME sector, while AWNSR captures rates on new rupee loans granted during a given month by licensed banks to the MSME sector. Both exclude government's reference schemes and non-performing loans of the banks. AWSR and AWNSR are computed based on the SME survey of the Central Bank of Sri Lanka. This survey uses the criterion of annual turnover of not exceeding Rs. 1 bn to define MSMEs, in line with the standard definition. The compilation of these rates commenced in July 2020.

KEY SOCIAL INDICATORS

PHYSICAL FEATURES AND CLIMATE

Location

Between 5° 55' & 9° 50' North Latitude
Between 79° 41' & 81° 53' East Longitude

Distance

433 km (269 miles) North to South (Maximum Length)
241 km (150 miles) West to East (Maximum Width)

Elevation

2,525 metres (8,284 ft.) Highest

Area

Total area : 67,240 sq.km. Land area : 62,302 sq.km.
Internal waters : 3,186 sq.km. Lagoon area : 1,406.5 sq.km.
Bay area : 345.5 sq.km.

Climate

Low country : min. 24.8° C - max. 32.1° C
Hill country : min. 18.9° C - max. 27.3° C
Annual rainfall (average) mm : 2025 : 2,325
2024 : 2,371

POPULATION AND VITAL STATISTICS

Population Statistics (a)

Mid-year population ('000) (2025) : 21,756
Age distribution ('000) (2025)
0 - 14 years : 4,502
15 - 64 years : 14,520
65 years and over : 2,734
Population density (2025) : 349 persons per sq.km.
Crude birth rate (2025) : 9.9 per 1,000 persons
Crude death rate (2025) : 7.9 per 1,000 persons
Rate of natural increase (2025) : 1.9 per 1,000 persons
Infant mortality rate (2021) : 6.0 per 1,000 live births (revised)
Dependency ratio (2025) : 49.8%
Average household size (2019) (b) : 3.7 persons

Employment (2025)

Employed persons ('000) (d) : 8,219
Agriculture : 23.9%
Industry : 26.2%
Services : 49.9%
Public sector employees ('000) (2024) (e) : 1,336
Government sector : 84.9%
State Owned Enterprises : 15.1%

Income Distribution (b)

Gini coefficient of household income (2019) : 0.46
Mean household income (2019) : Rs. 76,414 per month
Median household income (2019) : Rs. 53,333 per month

Poverty (b)

Average daily kilo calorie intake (2019) : 2,120
Poverty Head Count Index (c) : 14.3 (2019)
: 16.0 (2016)
: 22.5 (2012/13)

Human Development Index (2023)

: 0.776
Rank among 193 countries : 89

Sri Lanka Prosperity Index (2021)

: 0.796
Economy and Business Climate Sub-Index : 0.825
Well-being of the People Sub-Index : 0.786
Socio Economic Infrastructure Sub-Index : 0.777

Expectation of Life at Birth (2017)

: 75.5 years

Literacy Rate (2024) (d)

Average : 93.3%
Male : 94.0%
Female : 92.6%

PHYSICAL, SOCIAL AND FINANCIAL INFRASTRUCTURE FACILITIES

	Unit	2025		Unit	2025
Transport					
Length of national roads (A & B)	km	12,263	Water Supply and Sanitation		
Length of expressways	km	312.6	Access to safe drinking water	%	93.9
Length of operating railway track (2023)	km	1,610.9	Access to pipe borne water	%	62.3
Electricity					
Electrification level (2016)	%	99.3	General Education		
Per capita electricity consumption	kWh	738.6	Area covered by a school (i)	sq. km.	6.7
Communication					
Telephone penetration			Student/teacher ratio (i)	number	15.5
Fixed lines	per 100 persons	12.1	Age specific enrolment ratio (grade 1-9)	%	95.0
Including cellular phones	per 100 persons	147.6	Primary net enrolment ratio	%	95.5
Internet penetration (f)	per 100 persons	109.6	University Education (j)		
Average population served by a post office	number	5,352	Student/teacher ratio	number	26.3
Financial Infrastructure					
Banks			Age specific enrolment ratio (age 18-22 yrs) (k)	%	10.9
Branches of LCBs (g)	number	2,931	Progression to university from GCE (A/L)		
Branches of LSBs (g)	number	711	Eligible for university admission	%	62.4
Credit cards in use	per 100,000 persons	9,954	Admission as a percentage of eligible	%	24.3
Banking density	branches per 100,000 persons	17	Government expenditure on education (l)(2023)	% of GDP	1.6
Other financial institutions			Public Health (2024)		
Branches of FCs	number	1,998	Hospital beds	per 1,000 persons	4.2
Branches of SLCs (h)	number	05	Persons per doctor	number	905
Branches of LMFCs	number	156	Nurses	per 10,000 persons	22.8
ATMs, CRMs and CDMs	per 100,000 persons	34	Government expenditure on health (2023)	% of GDP	1.5

Note : Data for 2025 are provisional

(a) Registrar General's Department

(b) Based on Household Income and Expenditure Survey (HIES) (2019), Department of Census and Statistics (DCS)

(c) In the 2019 survey round of HIES of the DCS, the Official Poverty Line (OPL), which was previously based on the 2002 HIES data, has been revised using the 2012/13 HIES data. With the revision in the OPL, Poverty Head Count Index data has also been revised.

(d) Based on the average of four quarters of the Quarterly Labour Force Survey-2025 conducted by DCS

(e) Provisional. Based on data of Department of Management Services, MoF

(f) Including mobile internet services

Sources: Relevant institutions and United Nations Development Programme Statistics

(g) All banking outlets excluding student savings units

(h) Including other outlets

(i) Government schools only

(j) Details of the universities under University Grants Commission's purview

(k) Only includes internal enrollment of students

(l) Government expenditure on general and higher education



EXECUTIVE SUMMARY

In 2025, the Sri Lankan economy continued to build on the recovery achieved in previous years, underpinned by sustained macroeconomic stabilisation and the continued implementation of policy and structural reforms. Notwithstanding heightened global uncertainties, especially related to trade and geopolitical developments, as well as the impact of adverse weather conditions and devastating natural disasters towards late 2025, domestic economic activity remained resilient. Improved macroeconomic conditions and continued policy consistency strengthened overall investor confidence, paving the way for sustained economic growth, while enhancing the ability of the economy to build buffers to weather shocks more effectively.

Economic activity remained robust in 2025, with real GDP growth estimated at 5%, marking the second consecutive year of expansion. Labour market conditions improved alongside the recovery, and inflation turned positive from August 2025 following a period of deflation, largely driven by easing energy-related price declines and higher food prices, with demand remaining firm. Lower interest rates, reflecting relaxed monetary conditions, led to a notable expansion in credit to the private sector. The removal of restrictions on vehicle imports contributed to higher imports and credit demand during the year. External sector performance strengthened further, with the current account recording a surplus for the third consecutive year, particularly supported by the historically high levels of workers' remittances, along with improved services exports, despite a widening trade deficit. These foreign exchange inflows enabled the continued build-up of reserves amid external debt service payments, while the Sri Lanka rupee recorded a modest depreciation under the flexible exchange rate regime. Fiscal performance remained strong, with the primary balance recording a surplus for the third consecutive year, underpinned by revenue-based fiscal consolidation measures, alongside continued efforts to support vulnerable groups. Financial sector performance also improved amid strengthened macroeconomic conditions. The profitability of both bank and non-bank financial institutions improved in 2025, alongside notable enhancements in asset quality, largely supported by robust credit expansion. Liquidity and capital buffers of banks and finance companies remained well above regulatory minimum requirements, reflecting the strengthened resilience of the financial sector.

Building on improved macroeconomic conditions, the Central Bank's policy focus in 2025 remained on maintaining price stability and financial system stability. Monetary policy was kept accommodative in an environment of subdued inflation and heightened global

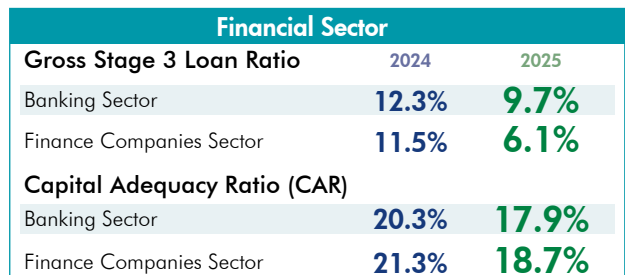
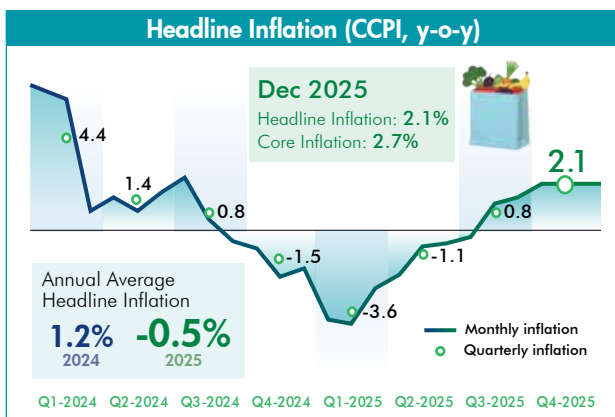
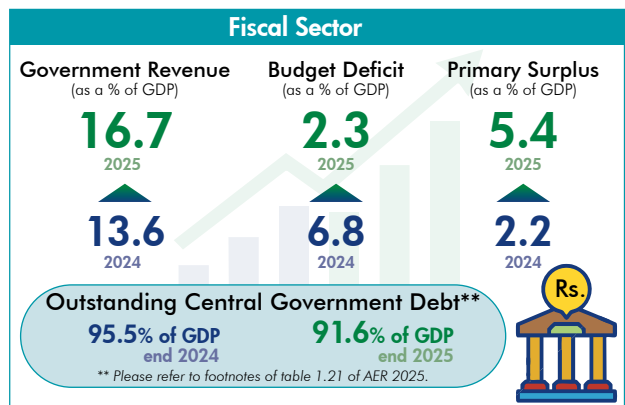
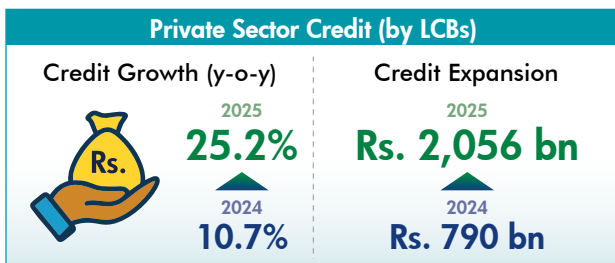
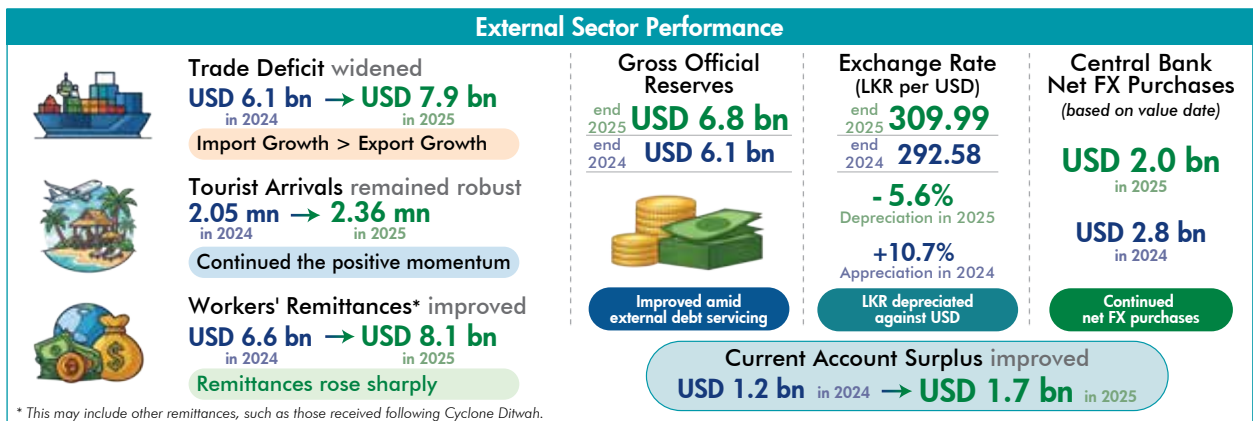
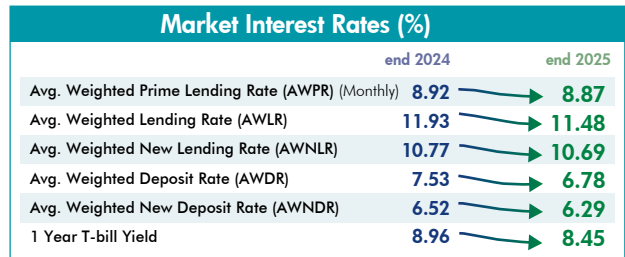
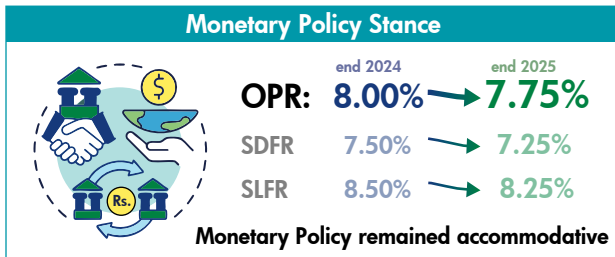
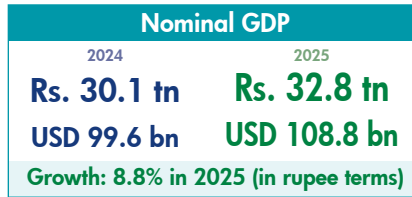
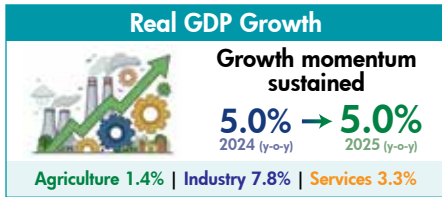
uncertainty. This helped sustain low interest rates and supported credit expansion. Conscious efforts were made to build foreign reserves through foreign exchange purchases, thereby strengthening buffers and enhancing external sector resilience. Moreover, improved external sector performance allowed for the gradual easing of capital flow management measures and the complete removal of vehicle import restrictions. In 2025, the Central Bank pursued a comprehensive set of regulatory, supervisory, and financial system development initiatives to align the financial system with evolving economic and technological dynamics while ensuring system stability. Financial system resilience was further reinforced through enhanced macroprudential measures and strengthened supervisory and regulatory frameworks. Efforts to enhance crisis preparedness were advanced through the introduction of recovery planning requirements and improvements to the resolution and deposit insurance framework. Financial system modernisation efforts progressed further with the promotion of digital payments, enhanced cybersecurity, and technology risk management. Progress continued in anti-money laundering, countering the financing of terrorism, and countering proliferation financing initiatives, supported by legislative reforms. Meanwhile, the Central Bank facilitated the smooth transfer of public debt management functions to the Public Debt Management Office by end 2025.

Stability-conducive policies and reforms implemented by the authorities have helped Sri Lanka build buffers and maintain a stable macroeconomic footing. However, persistently elevated global uncertainties, including geopolitical tensions, trade disruptions, and climate-related risks, pose continued challenges to the economic outlook, which remains contingent on the duration and magnitude of the ongoing war in the Middle East and its potential spillovers to global energy markets, trade flows, and financial conditions. Inflation, which has remained low thus far, is expected to return to target sooner than previously anticipated, reflecting the impact of the war in the Middle East. Monetary policy under the Flexible Inflation Targeting framework will continue to be forward-looking and data-driven supporting the anchoring of inflation expectations and maintaining price stability. Credit growth is expected to continue, albeit at a more moderate pace, while external sector conditions are expected to remain manageable amid potential pressures on trade, tourism, and financial flows stemming from the war in the Middle East. Revenue-based fiscal consolidation measures, critical to safeguarding medium-term debt sustainability, are expected to remain a key policy priority.

Significant progress under the IMF-EFF programme and debt restructuring, together with political stability, has reinforced Sri Lanka's position as an economy with renewed potential. Overall, the progress made in restoring macroeconomic stability, together with continued policy consistency and reforms, is expected to support sustainable and inclusive growth, going forward. Nonetheless, in an environment of heightened global uncertainty and unabated consequences of climate change, sustaining policy buffers, accelerating structural reforms and remaining steadfast in implementation will be vital to strengthening resilience and safeguarding macroeconomic and financial stability.

Snapshot of the Sri Lankan Economy - 2025

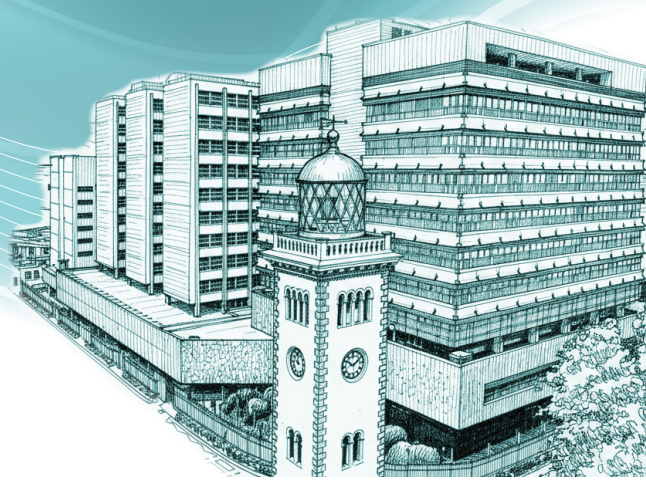
Sri Lankan economy continued to build on its recovery amid multiple shocks



✓ Stability Restored
📈 Credit Ratings Improved
✓ Positive Economic Momentum Continued

Chapter 1

MACROECONOMIC DEVELOPMENTS



Summary

The Sri Lankan economy continued to record robust growth in 2025, demonstrating increased resilience to both domestic and global shocks. The year was characterised by elevated global uncertainties, particularly related to trade policies, as well as the impact of an extreme weather event towards the end of the year. Despite these challenges, the economy grew by 5% in real terms in 2025, marking the second consecutive year of expansion, supported by post-crisis macroeconomic stabilisation measures and ongoing economic reforms. A drop in the unemployment rate was also observed during the year. Inflation, which had been negative for eleven consecutive months, turned positive in August 2025 and accelerated gradually thereafter, supported by the easing of deflationary pressures in the energy and transport sectors, alongside rising food inflation. Core inflation stayed at lower positive levels in 2025, indicating that demand conditions are still subdued. Supported by benign inflation and anchored inflation expectations, the Central Bank further eased its accommodative monetary policy stance, leading to continued downward adjustments in interest rates and facilitating greater consumption and investment. As a result, lending to the private sector saw a record high and broad-based expansion during the year. This growth was further driven by increased demand for vehicle imports after the complete removal of import restrictions in early 2025. External sector performance improved further in 2025, as reflected by the current account, which recorded a surplus for the third consecutive year. Despite the widened trade deficit, the current account recorded a higher surplus in 2025 than in the previous two years, supported by a stronger services account surplus, a substantial improvement in workers' remittances, and a narrowing of the primary income account deficit. Improved foreign exchange inflows enhanced liquidity in the domestic foreign exchange market, thus enabling the Central Bank to purchase foreign exchange and build external reserves to around USD 6.8 bn by end 2025, despite the highest external debt service payments since 2020. The Sri Lanka rupee experienced some depreciation during the year after two years of appreciation, mainly due to higher merchandise imports, especially in the second half of the year. Such exchange rate movements were consistent with the evolving external conditions under a flexible regime. Fiscal performance improved further during 2025, with the primary balance recording a notable surplus for the third consecutive year. This was largely supported by the

1

Government's continued commitment to revenue-based fiscal consolidation, supported by prudent fiscal reforms, including those within the state-owned enterprises sector, and careful expenditure rationalisation under the ongoing macroeconomic stabilisation framework. At the same time, the Government sought to ensure that the benefits of robust economic growth were equitably shared by maintaining and strengthening social safety nets to expand targeted assistance for vulnerable citizens, while facilitating the provision of essential economic and social infrastructure to support sustainable growth. Meanwhile, recent economic shocks and heightened uncertainties have reaffirmed the importance of building buffers to enhance the resilience and stability of the economy amid increased volatility.

1.1 Inflation and Price Developments

1.1.1 Inflation¹

Following eleven consecutive months of deflation, headline inflation returned to positive territory in August 2025 and gradually accelerated thereafter.

Deflationary conditions, which began in September 2024, deepened in early 2025, largely driven by the downward revision to electricity tariffs in January 2025 and statistical base effects from VAT-induced price increases and elevated food inflation in early 2024. Deflationary conditions began to ease from March 2025, driven by the increase in food inflation, particularly in vegetables and fish, along with the upward adjustment to electricity tariffs implemented in June 2025 and the positive contribution that arose from the effect of the statistical base. With the gradual easing of prolonged deflationary pressures in the energy and transport category and the increase in food inflation, along with the continued normalisation of demand conditions, headline inflation returned to positive levels in August 2025 and increased at a gradual pace thereafter. Although there was a temporary uptick in food prices in December 2025, owing to supply disruptions following *Cyclone Ditwah* and festive demand, inflation remained at moderate levels towards the end of the

year. Overall, inflation developments during 2025 were influenced largely by supply-side factors, amid a slow recovery of aggregate demand. Accordingly, year-on-year (y-o-y) headline inflation, measured by the Colombo Consumer Price Index (CCPI, 2021=100),² accelerated to 2.1% by the end of 2025 from -1.7% recorded at the end of 2024, while the annual average CCPI-based headline inflation in 2025 decelerated to -0.5% from 1.2% recorded in 2024. The National Consumer Price Index (NCPI, 2021=100)³-based y-o-y headline inflation, also reflected a similar trend, accelerating to 2.9% by the end of 2025 from -2.0% recorded by the end of 2024, while the annual average NCPI-based headline inflation in 2025 decelerated to 0.2% from 1.6% in 2024. Meanwhile, the CCPI-based headline inflation accelerated to 2.3% in January 2026, contributed by the increase in prices of both food and non-food categories. However, it fell to 1.6% in February 2026 owing to a significant decline in prices of volatile food, especially those of vegetables. Nevertheless, the CCPI-based headline inflation accelerated to 2.2% in March 2026, contributed largely by the increase in the prices of the non-food category, mainly transport. Meanwhile, the NCPI-based y-o-y headline inflation was recorded at 1.6% in February 2026.

¹ More details on the recent behaviour of inflation are deliberated in the Monetary Policy Report, published biannually by the Central Bank.

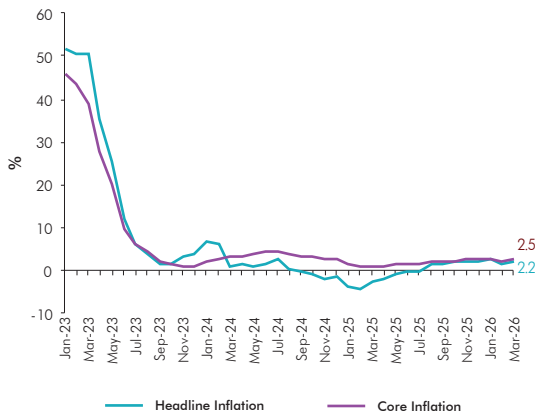
² The CCPI is compiled by the Department of Census and Statistics (DCS) on a monthly basis and demonstrates the price movements of a basket of consumer items in urban households in the Colombo district.

³ The NCPI is compiled by the DCS on a monthly basis and demonstrates the price movements of a basket of consumer items at the national level.



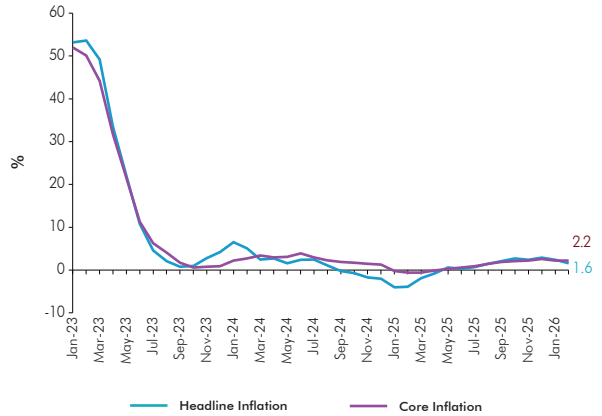
Figure 1.1
Inflation Dynamics in Sri Lanka

Movements in Headline and Core Inflation
(CCPI, 2021=100, y-o-y)



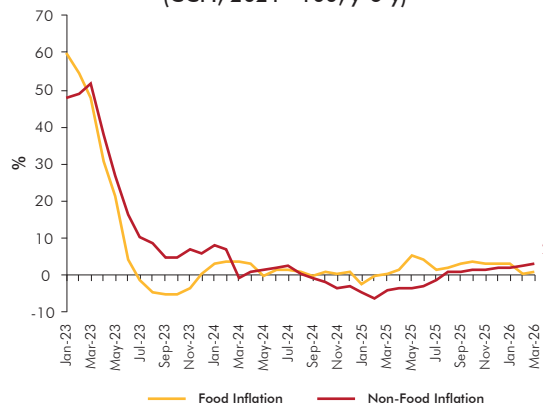
Source: Department of Census and Statistics

Movements in Headline and Core Inflation
(NCPI, 2021=100, y-o-y)



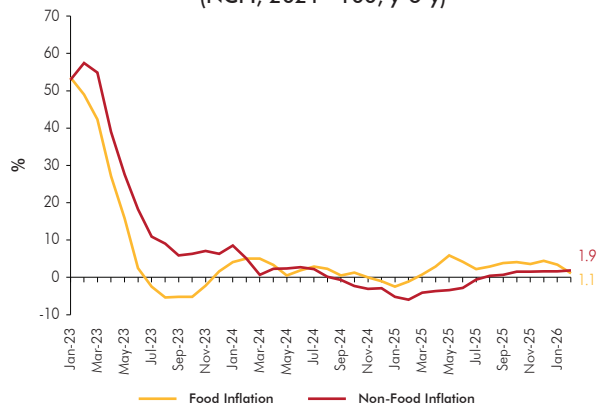
Source: Department of Census and Statistics

Movements in Food and Non-Food Inflation
(CCPI, 2021=100, y-o-y)



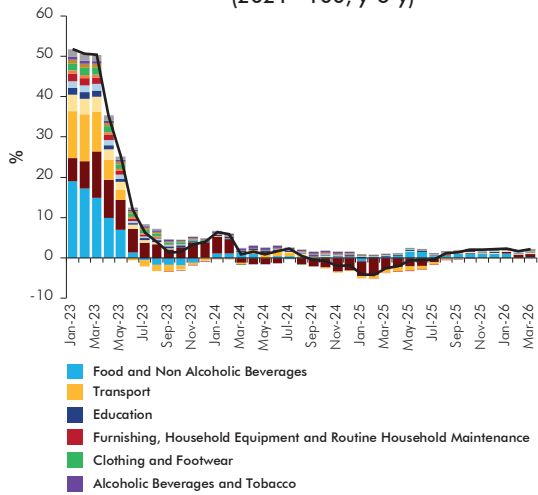
Source: Department of Census and Statistics

Movements in Food and Non-Food Inflation
(NCPI, 2021=100, y-o-y)

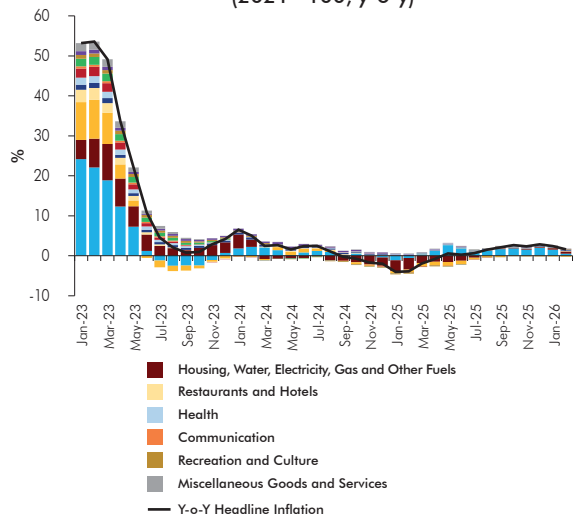


Source: Department of Census and Statistics

Contribution to CCPI-based Headline Inflation
(2021=100, y-o-y)



Contribution to NCPI-based Headline Inflation
(2021=100, y-o-y)



Sources: Department of Census and Statistics
Central Bank Staff Calculations

Table 1.1
Movements of Inflation (y-o-y)

		2013=100				2021=100				
		Dec-2021	Dec-2022	Dec-2023	Dec-2024	Dec-2025	Jan-2026	Feb-2026	Mar-2026	%
Headline Inflation	CCPI	12.1	57.2	4.0	-1.7	2.1	2.3	1.6	2.2	
	NCPI	14.0	59.2	4.2	-2.0	2.9	2.4	1.6		
Core Inflation	CCPI	8.3	47.7	0.6	2.7	2.7	2.3	2.1	2.5	
	NCPI	10.8	57.5	0.9	1.3	2.6	2.2	2.2		
Food Inflation	CCPI	22.1	64.4	0.3	0.8	3.0	3.3	0.2	0.7	
	NCPI	21.5	59.3	1.6	-1.0	4.4	3.4	1.1		
Non-Food Inflation	CCPI	7.5	53.4	5.8	-3.0	1.8	1.8	2.3	2.9	
	NCPI	7.6	59.0	6.3	-2.9	1.6	1.6	1.9		

Note: The Department of Census and Statistics (DCS) commenced publishing the NCPI and the CCPI with the new base year, 2021=100, from the data releases of January 2023 and February 2023, respectively, and discontinued the publication of the NCPI and the CCPI with the old base year, 2013=100.

Source: Department of Census and Statistics

Core inflation, which reflects the underlying demand conditions in the economy, showed a gradual acceleration during 2025 while remaining at low positive levels. Core inflation recorded relatively low levels during early 2025, partly owing to the statistical base effect arising from VAT-related price increases in non-food categories in early 2024. A gradual acceleration of core inflation was observed thereafter, reflecting increases in both food and selected non-food categories within the core basket. Despite these dynamics, core inflation remained below the headline inflation target throughout the year. The relatively low levels of core inflation also suggest that the pickup in demand may have been somewhat slower than indicated by other economic indicators, such as the sharp rise in private sector credit growth and the rapid increase in imports. This could also suggest that firms may have largely maintained price levels that were adjusted during the crisis period, rather than increasing prices further, amid the relatively subdued purchasing power of the public. Accordingly, the CCPI-based y-o-y core inflation stood at 2.7% by the end of 2025, which was the same level as by the end of 2024, while the annual average CCPI-based core inflation decelerated to 1.6% in 2025 from 3.3% in 2024. Meanwhile, the NCPI-based y-o-y core inflation accelerated to 2.6% by the end of 2025 from 1.3% at the end of 2024, while

the annual average NCPI-based core inflation decelerated to 0.9% in 2025 from 2.5% recorded in 2024. Developments in early 2026 indicate that core inflation has continued to remain at low positive levels, reflecting a more gradual than expected recovery in domestic demand conditions.

1.1.2 Prices

The general price level recorded a moderate increase during 2025, reversing the decline observed in the previous year, as reflected by both CCPI and NCPI.

Price movements within the year exhibited a combination of seasonal fluctuations in food supply and adjustments in several administered prices. Certain food items recorded price increases during off-season periods and towards the end of the year due to increased festive demand and temporary supply disruptions following *Cyclone Ditwah* in late November 2025, which exerted some upward pressure on food prices in December 2025. Nevertheless, overall price pressures remained contained amid improving macroeconomic conditions, supported partly by periodic downward revisions in fuel prices during the year.

Prices of food items exhibited considerable volatility during 2025, largely reflecting seasonal variations in the supply of food items and adverse weather conditions.



BOX 01
Recent Deflation Episode in Sri Lanka

Introduction¹

After reaching a historic peak in September 2022, headline inflation moderated thereafter, turning negative by September 2024 and remaining in deflation for 11 months until August 2025. This marked the first episode of deflation since March 1995.² While the disinflation process reflected proactive tight monetary policy actions, the subsequent deflationary episode was driven primarily by large price reductions in the energy and transport category. These price reductions were supported by favourable weather conditions, which enabled a larger share of hydroelectricity generation and moderated global energy prices. Statistical base effects also played a role in the deflation process in early 2025, particularly those arising from Value Added Tax (VAT)-induced price increases and elevated food inflation in early 2024. Reflecting these cumulative influences, deflation deepened in February 2025 before gradually easing thereafter. However, some price pressures that heightened in the crisis period, dampened in the deflationary episode, alleviating the burden

on businesses and households and easing cost pressures, to some extent. The accommodative monetary policy stance since June 2023 has supported a gradual recovery in aggregate demand, contributing to an increase in headline inflation. In addition, increases in food inflation, the upward revision of electricity tariffs in mid-June 2025, and the upward contribution from the statistical base, also collectively contributed to the end of the deflationary episode and the gradual acceleration of inflation thereafter.

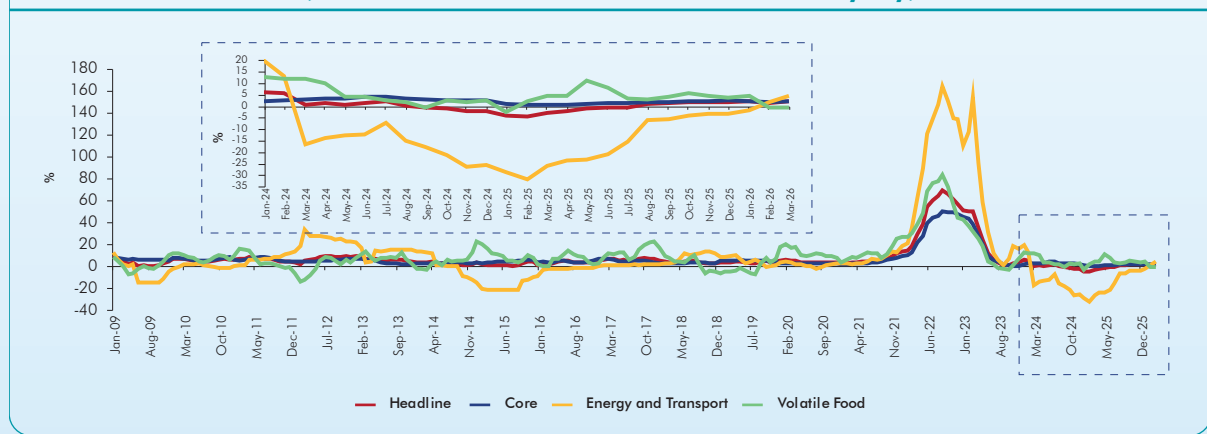
Figure B1.1 illustrates the movements of headline inflation, core inflation, energy and transport inflation and volatile food inflation. Among these, energy and transport inflation display greater volatility, with substantially larger fluctuations than the other components over the recent years.

Developments in Core Inflation

Core inflation, derived by excluding volatile food and energy and transport categories from the Consumer Price Index (CPI), serves as an indicator of underlying inflationary pressures in the economy and is more closely linked to demand conditions and monetary policy transmission. As such, it provides a clearer signal of persistent inflation trends by abstracting from temporary supply-side shocks. Notably, core inflation remained positive

1 This Box Article is broadly based on the Box article published in the Monetary Policy Report - February 2026 of the Central Bank of Sri Lanka under the title *Digging Deeper into the Recent Deflation Episode in Sri Lanka*.
2 Headline Inflation is derived based on the most recent base year series applicable for the respective period, i.e., when splicing, prominence is given to the most recent base year for periods where multiple observations exist. It is noteworthy that when considering the Colombo Consumer Price Index (CCPI) published in the respective month, negative inflation has been published in July-Sep 2015 using 2006/07=100 base. However, when the 2013=100 base is used, such deflation cannot be observed during 2015.

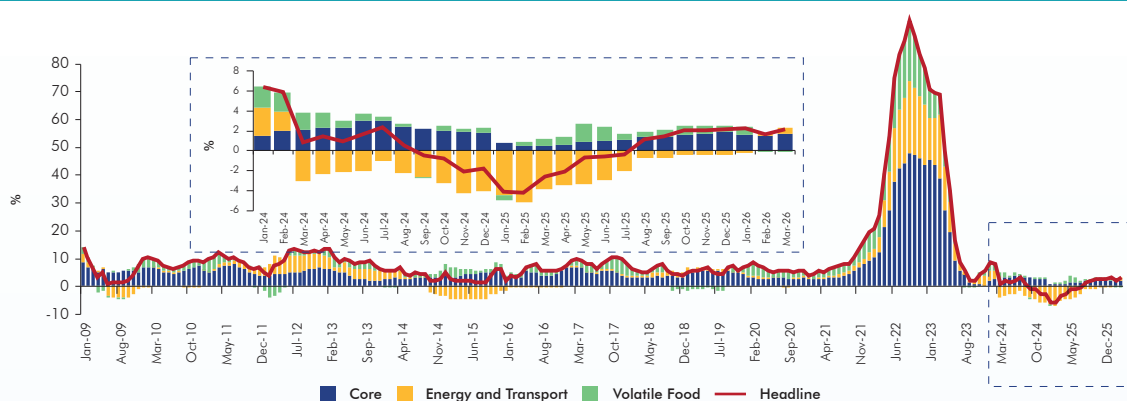
Figure B 1.1
Movements of Headline, Core, Energy and Transport and Volatile Food Inflation (CCPI, 2006/ 07=100, 2013=100, 2021=100, y-o-y)



Note: Inflation rates for each category have been derived based on the respective base year applicable during the period. When splicing, prominence is given to the most recent base year for periods where multiple observations exist.

Sources: Department of Census and Statistics, Central Bank Staff Calculations

Figure B 1.2
Contribution to Headline Inflation (CCPI, 2006/ 07=100, 2013=100 and 2021=100, y-o-y)



Note: Contribution to y-o-y headline inflation from each category has been derived based on the respective base year applicable during the period. When splicing, prominence is given to the most recent base year for periods where multiple observations exist.

Sources: Department of Census and Statistics, Central Bank Staff Calculations

throughout the recent deflationary episode, indicating that underlying demand conditions remained steady, albeit subdued, despite the decline in headline inflation. This behaviour suggests that the observed deflation was largely driven by transitory factors, such as easing energy prices and favourable base effects, rather than a broad-based and sustained weakening in underlying inflation. Moreover, this is also reflected in the overall behaviour of inflation expectations, where the expectations of both the corporate and household sectors for horizons of six months or more remained positive throughout the period, as recorded in the Inflation Expectations Survey of the Central Bank.

Meanwhile, Figure B1.2 illustrates the contribution of core inflation, energy and transport inflation and volatile food inflation to headline inflation. In recent periods, energy and transport inflation has made a significant negative contribution to headline inflation. At the same time, the contribution of core inflation, albeit being positive, has remained low relative to pre-crisis periods.

Economic Growth Amid Deflation

The recent deflationary episode did not coincide with a slowdown in economic activity. Instead, growth momentum strengthened following the economic crisis, with real GDP growth of 5% in both 2024 and 2025. Alongside this robust growth, a low unemployment rate and a gradual

increase in labour force participation compared with recent periods, signals a possible expansion of the economy rather than a slowdown. At the same time, leading indicators of economic activity, such as credit to the private sector and import demand, also recorded notable increases, signalling strengthening growth momentum. Accordingly, the deflationary episode can be characterised as transitory and mostly supply-driven rather than reflecting a persistent demand side weakness with risks of a deflationary spiral.

Sustained Low Inflation

Despite returning to positive territory in August 2025, the pace of acceleration in headline inflation remained moderate. This partly reflects the substantial upward reset in the consumer prices in the CPI basket during the high inflation episode of 2022, when prices increased broadly across sectors, as well as compressed disposable incomes from tight fiscal consolidation. Against this backdrop, firms appear to have exercised greater price restraint than in normal times, leading to persistently low inflation despite the economic recovery. Moreover, when countries which have experienced similar inflation dynamics, with substantially high inflation, followed by a quick disinflation episode, are compared, a period of lower-than-average inflation can be observed across several economies.³

³ Such behaviours can be observed in several developing economies, including regional peers such as the Philippines, Indonesia, and Pakistan, although the respective periods and the underlying drivers of the inflation dynamics are not common across the countries.

Conclusion

Following the earlier inflation surge, the economy experienced a deflationary episode driven mainly by significant reductions in energy and transport prices, supported by favourable weather conditions, lower global energy prices, and statistical base effects. As inflation returned to positive territory in late 2025, the pace of increase remained moderate, indicating a gradual and orderly normalisation of price dynamics. Economic growth and core inflation dynamics suggest that underlying demand conditions did not weaken significantly during the deflationary period episode. Moreover, other macroeconomic indicators also suggest that economic activity continued to increase, rather than recording a persistent slowdown. Taken

together, these developments suggest that the recent persistence in inflation largely reflects the gradual normalisation of price dynamics amid a high cost base, rather than a sustained contraction in demand. While the recent deflationary episode and persistently low inflation may suggest scope for a lower inflation target, such considerations need to be viewed in the context of Sri Lanka's structural characteristics. As a small, open economy that is more susceptible to supply-side shocks, including weather-related disruptions and external shocks, Sri Lanka requires a relatively higher inflation target and a wider deviation margin compared to larger and more advanced economies to accommodate such fluctuations and ensure effective policy implementation.



Food prices recorded a slight increase during the first two months of 2025, before declining until April 2025, mainly reflecting improved supply conditions associated with the Maha harvest. Prices of food items subsequently increased notably during May and June 2025 due to off-season supply conditions and adverse weather conditions affecting the production of several volatile food items. However, food prices declined sharply after reaching a peak in June 2025 and remained relatively moderate until November 2025, largely reflecting improved supply conditions associated with the bumper harvest reported in the Yala season. Food prices increased notably in December 2025 due to higher seasonal festive demand and temporary supply disruptions following *Cyclone Ditwah* in late November, which caused transportation difficulties and limited the market supply of several food items.

Prices of non-food items also followed an overall increasing trend in 2025, primarily driven by administrative price revisions.

Non-food prices remained relatively subdued during the early months of the year, largely reflecting the 19.6% reduction in electricity

tariffs,⁴ with effect from 18 January 2025. However, this trend reversed around the middle of the year following a 16.2% upward revision to electricity tariffs, with effect from 12 June 2025, which contributed to a notable increase in non-food prices in July 2025. Thereafter, non-food prices increased moderately before stabilising towards the end of the year. Even though electricity tariffs fluctuated significantly during the year, water tariffs remained unchanged.

The prices of Petrol (Octane 92) and Auto Diesel were subjected to several downward revisions during the year, except for the price increases observed in July 2025 of Rs. 12 and Rs. 15, respectively.

Reflecting these adjustments, the price of Petrol (Octane 92) declined from Rs. 309 per litre in January 2025 to Rs. 294 per litre by December 2025, while the price of Auto Diesel declined from Rs. 286 per litre to Rs. 277 per litre during the same period. Similarly, the price of Kerosene was revised downward in several months during the year, except for the

⁴ Electricity tariff of 90 units in the domestic category is considered in the compilation of the CCPI (2021=100) and N CPI (2021=100).

price increase of Rs. 7 with effect from 01 July 2025. Moreover, the only revision to LP Gas⁵ prices during 2025 was the upward revision with effect from 01 April 2025, increasing the price of Laugfs 12.5 kg cylinder by Rs. 420 to Rs. 4,100, while the price of the

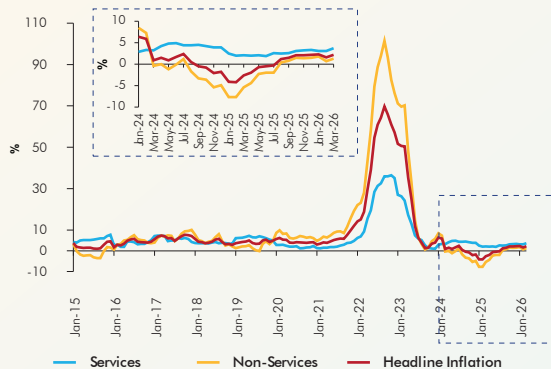
Litro 12.5 kg cylinder remained unchanged at Rs. 3,690 throughout the year. In line with fuel price adjustments during the year, bus fares were reduced by 0.55% with effect from 04 July 2025, following the annual bus fare revision. However, train fares remained unchanged during 2025.

⁵ The price of a 12.5 kg LP Gas cylinder is considered in the compilation of the CCPI (2021=100) and NCCI (2021=100).

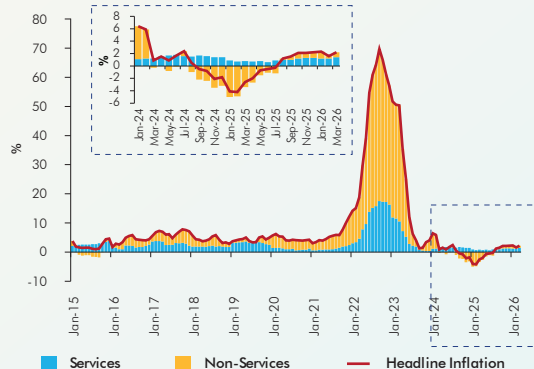
Featured Chart 1.1
Services and Non-Services Inflation Dynamics



Movements of Services, Non-Services and Headline Inflation (CCPI, y-o-y)



Contribution to Headline Inflation (CCPI, y-o-y)



Note: Data preceding January 2023 are based on the CCPI (2013=100), while data commencing January 2023 are based on the CCPI (2021=100).

Sources: Central Bank Staff Calculations, Department of Census and Statistics

Services inflation refers to the increase in the prices of services over time, such as housing rent, restaurant and hotel services, education, communication, and transport services, among others. Compared to goods prices, services prices tend to be less volatile and adjust more gradually to supply-side disruptions or external shocks, thereby exhibiting greater persistence. Moreover, prices of services depend significantly on domestic factors, including wage dynamics. As a result, services inflation serves as an important indicator of underlying inflationary pressures.

In Sri Lanka, the available sub-categories within the Consumer Price Index (CPI) basket can be used to derive services inflation. Accordingly, as categorised by the Central Bank, services related items account for nearly half of the Colombo

Consumer Price Index (CCPI) basket.¹ As such, movements in service prices exert a substantial influence on headline inflation and the overall cost of living. Monitoring services inflation is therefore essential for understanding its drivers and assessing the inflationary environment.

The chart illustrates the y-o-y behaviour of services inflation alongside non-services and headline inflation over the period 2015 to early 2026. In contrast to the pronounced volatility in non-services inflation, services inflation remained relatively stable throughout the period. Notably, even during the recent episode of headline deflation where non-services deflation prominently deepened, services inflation remained positive, continuing to exert upward pressure on overall inflation.

¹ Central Bank staff have extracted service-specific components from the available sub-categories of the overall (Headline) CPI baskets of goods and services (2013=100 and 2021=100) using the Classification of Individual Consumption According to Purpose (COICOP) 2018. Please refer to 'Box B: Understanding Services Inflation: Why Does It Matter?' in Monetary Policy Report - August 2025 for more details on Services Inflation.



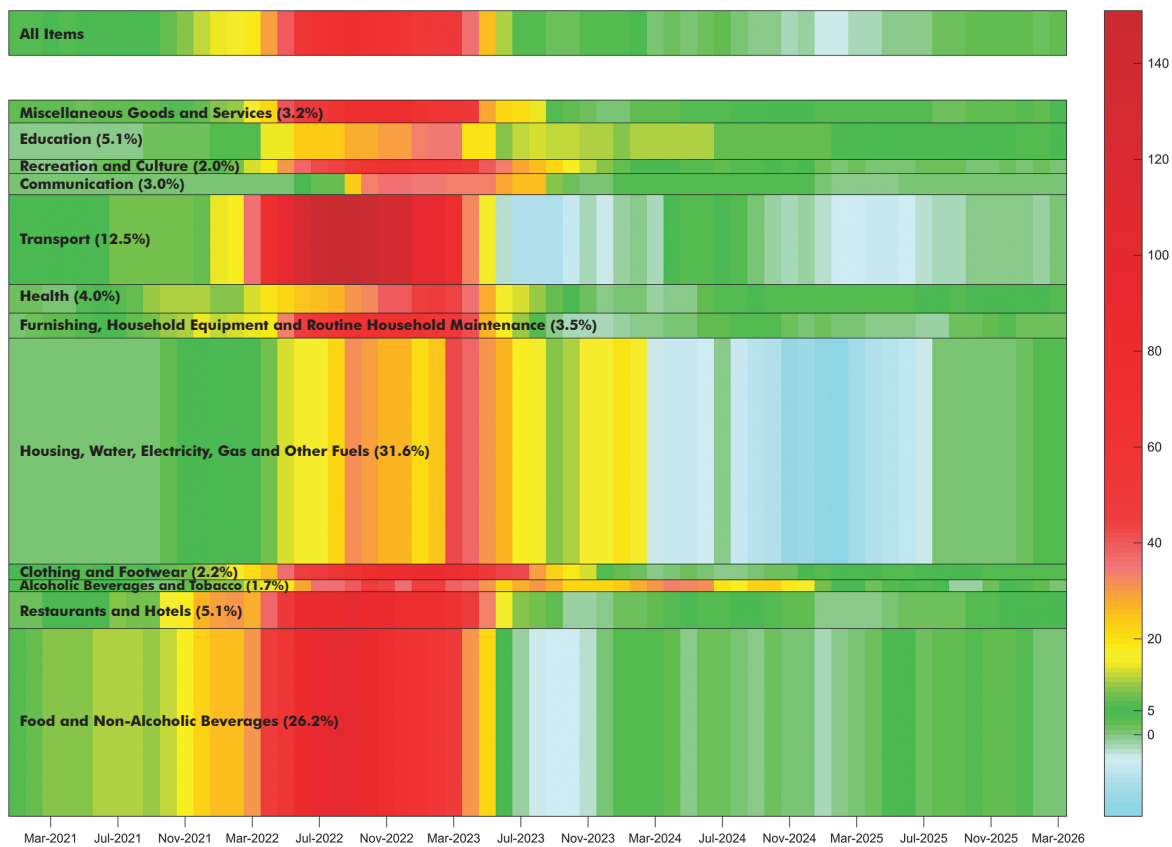
Featured Chart 1.2
Distribution of Price Pressures Across CCPI Components



The chart presented here, in the form of a heat map, illustrates the evolution of year-on-year inflation across major categories of the Colombo Consumer Price Index (CCPI) since 2021. The colour gradient represents the intensity of price movements, with warmer colours (yellow to dark red) indicating higher inflationary pressures, green denoting inflation broadly around the inflation target of 5%, and light blue representing periods of deflation. Meanwhile, the height of each category indicates its relative base weight. This form of presentation allows reading inflation across three dimensions; it shows the direction and intensity of categorical price pressures, reveals which items matter more for overall inflation, and illustrates whether inflation is broad-based or concentrated.

In early 2021, inflation remained largely contained near the 5% target across most categories. However, from early 2022 to mid 2023, inflation surged sharply, and across most categories, with 'Food and Non-Alcoholic Beverages', 'Restaurants and Hotels', and 'Transport' recording the most intense pressures amid the economic crisis. Category-wise responses varied in timing and magnitude, yet the subsequent period shows a gradual, broad-based disinflation as macroeconomic conditions improved. On the contrary, the 2024-2025 deflation episode seems to be driven mainly by large-weight items, particularly 'Housing, Water, Electricity, Gas and Other Fuels', along with 'Transport', rather than by economy-wide price declines. More recently, the reappearance of green across most categories signals a normalisation of price pressures and a return to greater overall price stability.

Headline Inflation Heatmap (CCPI, y-o-y, %)



Note :

1. Data preceding January 2023 are based on the CCPI (2013=100), while data commencing January 2023 are based on the CCPI (2021=100).
2. Base weights are given in parentheses, based on the CCPI (2021=100). The height represents the relative base weight of the category (excluding in the case of All Items).
3. The right-side scale represents y-o-y inflation, where values close to the inflation target of 5% are shown in green. As inflation increases, the colour transitions from green to yellow, and further to light red and dark red, indicating increasingly higher inflation. Inflation levels below 5% are indicated by the transition of colour from green to blue, with more intense blue shades indicating deeper deflation.

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

1.1.3 Consumer Price Indices and Cost of Living

Both official Consumer Price Indices (CPIs) exhibited an overall increase during 2025.

Accordingly, the CCPI increased at a slower pace from 191.7 index points in December 2024 to 195.8 index points in December 2025. Similarly, the NCPI also increased from 204.6 index points in December 2024 to 210.5 index points in December 2025.

As reflected by the annual average change in CPIs, cost of living⁶ exhibited mixed outcomes in 2025 compared to 2024.

The estimated average monthly consumption expenditure for a household,⁷ based on the CCPI, decreased marginally by 0.5% from Rs. 178,438 in 2024 to Rs. 177,545 in 2025, following the elevated increases observed during 2023 and 2024. In contrast, based on the NCPI, the estimated average monthly household⁸ consumption expenditure increased marginally by 0.2% from Rs. 105,063 in 2024 to Rs. 105,230 in 2025. In terms of the distribution of estimated average monthly consumption expenditure for a household in both CCPI and NCPI baskets, the

6 Consumer price indices are based on fixed consumption baskets derived from Household Income and Expenditure Survey (HIES) (2019) conducted by DCS. Hence, they do not reflect the changes in the household consumption patterns over the period.
 7 An average household in Colombo district consists of 3.8 persons based on HIES (2019) conducted by DCS.
 8 An average household in Sri Lanka consists of 3.7 persons based on HIES (2019) conducted by DCS.

Figure 1.2
CCPI vs. Headline Inflation

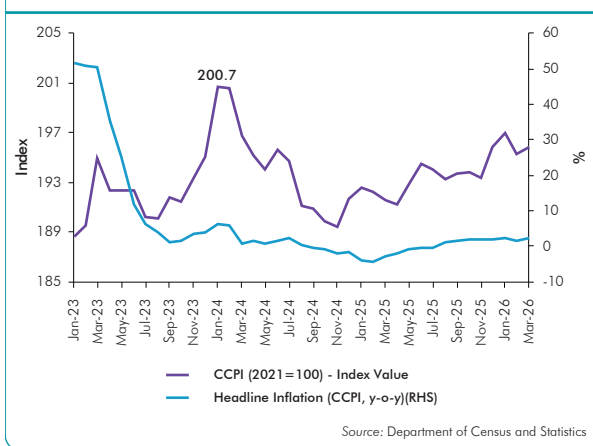
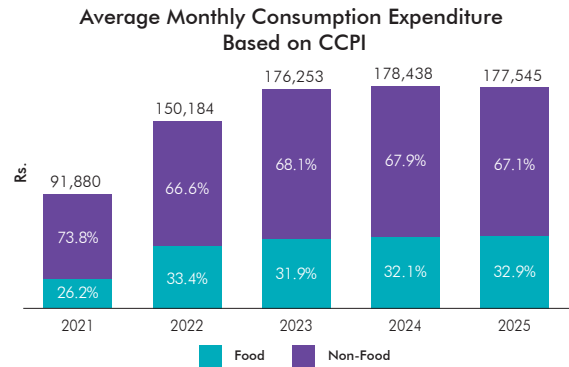
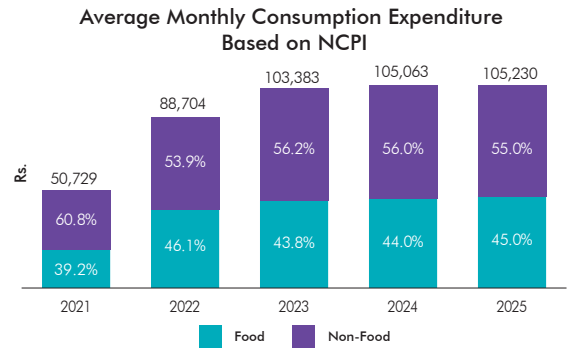


Figure 1.3
Cost of Living



Note : The Cost of Living is estimated by the annual average of the monthly consumption expenditure value of the consumption basket of an average household in the urban areas of Colombo district, considered under compilation of CCPI. The weights assigned to the various consumption items in this basket are derived from expenditure patterns observed in the Household Income and Expenditure Survey (2019).



Note : The Cost of Living is estimated by the annual average of the monthly consumption expenditure value of the consumption basket of an average household in Sri Lanka, considered under compilation of NCPI. The weights assigned to the various consumption items in this basket are derived from expenditure patterns observed in the Household Income and Expenditure Survey (2019).

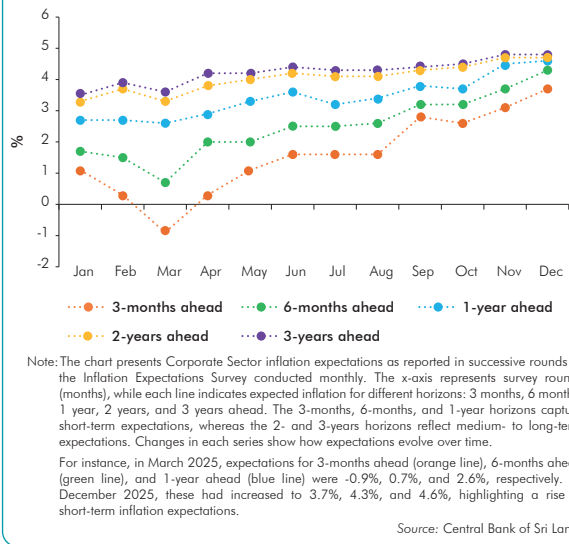
Sources: Department of Census and Statistics
Central Bank of Sri Lanka

share allocated to the food category remained elevated following the economic crisis in 2022, while the non-food category continued to account for the majority of household expenditure.

1.1.4 Inflation Expectations

Inflation expectations of both corporate and household sectors, as reflected in the Inflation Expectations Survey conducted by the Central Bank, increased gradually during 2025, with variations observed across different tenors. For the corporate sector, near-term inflation expectations, covering the 3-months ahead and 6-months ahead horizons, remained below the lower bound of the margin of ± 2 pps from the 5% inflation target at the beginning of the year, consistent with the low inflation environment

Figure 1.4
Inflation Expectations (Corporate Sector) - 2025



that prevailed during the period. Thereafter, these expectations recorded a gradual increase from mid-2025 onwards, moving closer towards the targeted level, in line with the anticipated normalisation of inflation. Inflation expectations for the 1-year ahead horizon followed a similar pattern, increasing steadily over the year, while remaining within the margin of ± 2 pps from the targeted level from May 2025 onwards. Inflation expectations of the households also exhibited a similar upward movement over the year but remained at a lower level compared to the corporate sector, reflecting their tendency to adjust expectations based on past inflation, along with the effects of the low-inflation environment. Meanwhile, medium to long-term inflation expectations of the corporate sector, covering the 2-years ahead and 3-years ahead horizons, remained well anchored around the inflation target, with only a marginal upward adjustment observed towards the latter part of the year. Overall, the evolution of inflation expectations during 2025 indicates that while the corporate sector anticipated a gradual pick-up in inflation over the near to medium-term, expectations across all horizons remained broadly consistent with the inflation target, reflecting continued confidence in the medium-term inflation objective and the effectiveness of the monetary policy framework.

1.1.5 Wages

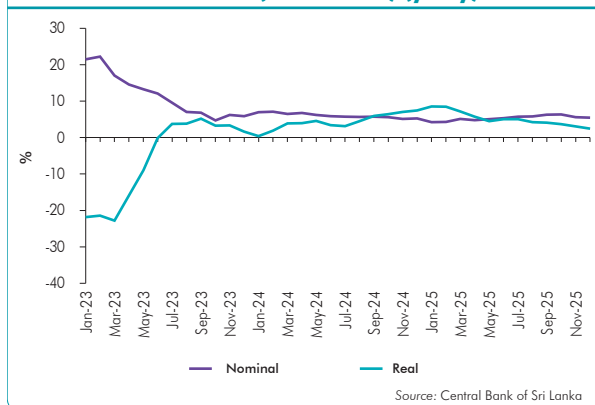
Available data reveal⁹ that nominal wages of employees in both the private and public sectors recorded an increase in 2025 compared to the previous year, reflecting evolving labour market conditions and administrative wage adjustments. In the informal private sector, wage growth was primarily underpinned by persistent labour shortages and heightened demand for workers across several economic activities. Tight labour market conditions, particularly in sectors experiencing supply constraints, exerted upward pressure on daily wage rates and contract-based remuneration. In the public sector, the rise in nominal wages was primarily driven by salary adjustments for public sector personnel. These revisions, which were introduced as part of the Government's policy initiatives, played a crucial role in the notable increase in the public sector wage bill throughout the year. In real terms, wage developments exhibited positive outcomes. Real wages in the public sector, the informal private sector and the formal private sector improved in 2025, supported by nominal wage increases and relatively contained inflationary pressures. However, this assessment should be interpreted with caution, as available data may not fully capture various forms of compensation and allowances received by employees.

Private Sector Wages

Nominal wages of informal private sector employees, as reflected in the Informal Private Sector Wage Rate Index (IPSWRI, 2018=100), showed an upward trend throughout 2025. Nominal wages of informal private sector employees, as reflected in the IPSWRI, grew moderately during 2025, following the stronger increases observed in the preceding year. Accordingly, this index

⁹ Information in this section is primarily based on the public sector wage rate index (2016=100) and informal private sector wage rate index (2018=100) compiled by the Central Bank, and the formal private sector minimum wage rate index (1978 December=100) compiled by the Department of Labour for employees governed by wage boards. However, available wage indices have certain limitations in fully capturing the overall wage trends across the economy.

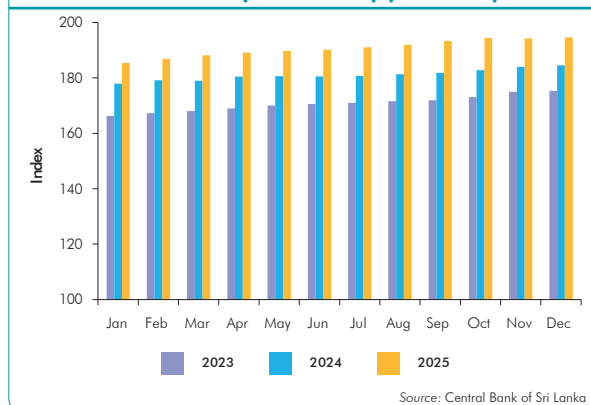
Figure 1.5
Movements of the Informal Private Sector Wage Rate Index (2018=100) (y-o-y)



recorded a 5.3% increase in nominal terms on an annual average basis in 2025 compared to the 6.0% increase in 2024. The deceleration of the pace of growth reflected the easing of inflationary pressures and a gradual normalisation of labour market conditions. The increase was evident across all three major economic activities, namely, Agriculture, Industry, and Services, with the highest wage growth observed in Agriculture activities. In terms of sub-activities, the IPSWRI, measured on an annual average basis, increased in nominal terms by 5.8%, 5.6%, and 4.0% in Agriculture, Industry, and Services, respectively, in 2025 compared to 2024.

Nominal wages of formal private sector employees, as measured by the minimum wage rate index (1978 December=100), compiled by the Department of Labour, recorded an increase in 2025. Accordingly, the nominal minimum wage rate index increased by 29.8% on an annual average basis in 2025 compared to a marginal increase of 0.1% in 2024. The real minimum wage rate index measured on an annual average basis also increased by 30.3% in 2025, compared to the decline of 1.1% recorded in 2024, as the percentage increase in nominal wage rate indices remained significant during the period. In line with Budget 2025, the Government increased

Figure 1.6
Movements of the Informal Private Sector Wage Rate Index (2018=100) (Nominal)



the monthly minimum wage for private sector employees from Rs. 21,000 to Rs. 27,000 in April 2025 and to Rs. 30,000 in January 2026, as previously agreed upon with the Employers' Associations, and implemented under the National Minimum Wage of Workers (Amendment) Act, No. 11 of 2025. Additionally, as part of the Budget 2026 proposals, the Government proposed to increase the daily wage of plantation sector workers from Rs. 1,350 to Rs. 1,750, comprising a base wage of Rs. 1,550 and an attendance-based incentive of up to Rs. 200, with effect from January 2026.

Public Sector Wages

Nominal wages of public sector employees, as measured by the public sector wage rate index (2016=100), recorded a marked increase during 2025, reflecting the implementation of the comprehensive public sector salary revision announced in Budget 2025.

Under this revision, the Government introduced a restructuring of the public sector salary framework, aimed at enhancing base pay while rationalising existing allowances. Accordingly, the minimum basic salary was increased by Rs. 15,750, from Rs. 24,250 to Rs. 40,000, with effect from 01 April 2025, through the consolidation of the ad hoc

BOX 02

Addressing Data Gaps in Private Sector Wage Dynamics Using EPF Based Formal Sector Wage Rate Index

1

Monitoring wage behaviour is essential for monetary policy decision making as it represents a key channel through which labour market conditions influence inflation and overall macroeconomic stability. Wage fluctuations that are aligned with changes in labour productivity can support sustainable economic growth while maintaining price stability.¹ Hence, for this purpose, the Central Bank of Sri Lanka (CBSL) refers to different indices where the Formal Private Sector Minimum Wage Rate Index compiled by the Department of Labour on a monthly basis is used to assess the wage dynamics of the formal private sector. A key advantage of this index is its monthly availability, which facilitates timely monitoring of minimum wage trends, supporting analysis related to inflation and labour market conditions. However, this index has several limitations. This index, which was introduced with December 1978 as the base period and covers minimum wages for 21 wage boards, has not been updated despite the number of wage boards increasing to 44. As a result, the index fails to reflect wage developments in wage boards established subsequently. In addition, employees covered by wage boards represent only a segment of the overall private sector workforce, implying that the index does not reflect the minimum wage structure of the entire formal private sector. Furthermore, the index is constructed using statutory minimum wages rather than actual earnings. Minimum wages are not revised frequently, whereas total earnings comprising basic wages, variable payments, and various allowances may adjust more regularly in response to labour market conditions, limiting the index's ability to capture the true dynamics of wage adjustments. In view of these limitations, the CBSL has initiated the development of an alternative private sector wage rate index using data from contributions to the Employees' Provident Fund (EPF), with the objective of constructing a more representative indicator of wage movements in the private sector.²

¹ Bank for International Settlements (2010), Monetary policy and the measurement of inflation: prices, wages and expectations, BIS Papers No. 49, Basel: Bank for International Settlements. Available at: <https://www.bis.org/publ/bppdf/bispap49.pdf> (Accessed: 20 March 2026).

² CBSL initiated researching and compiling a new wage rate index for the Formal Sector in collaboration with the Faculty of Science, University of Colombo. In addition, CBSL sought expert guidance from the International Labour Organization (ILO) and the Faculty of Arts, University of Colombo to validate the methodology used in compiling the index.

Rationale for Using Superannuation Contribution Data

Given the limitations of existing wage statistics and the need for a timely indicator to assess private sector wage dynamics, administrative data sources were considered. Among these, superannuation contribution records were identified as a suitable basis for developing a high-frequency private sector wage rate index to enhance the monitoring of labour cost developments relevant for macroeconomic and monetary policy analysis. The analysis is based on aggregated EPF administrative data, and no individual level information is used, ensuring confidentiality of contributors.

Data Source and Methodological Approach

The wage rate index is constructed using administrative data obtained from the EPF, covering the period from January 2017 to December 2025. The dataset comprises employer-reported contribution records submitted through manual, online, and e-media platforms, with online and e-media channels accounting for many contribution values, ensuring broad coverage of formal sector employment. It includes key variables such as employer identifiers, number of employees, contribution values, and reporting periods, enabling the compilation of a high-frequency wage indicator. Given differences in reporting lags, more timely partial datasets can be utilised for policy analysis, while finalised datasets are used for official publication.

The index is compiled using January 2017 as the base period, reflecting relatively stable wage conditions. Among alternative index number approaches evaluated, the Laspeyres method was selected based on its empirical performance and consistency. This approach, which uses fixed base-period weights, is widely adopted in international practice and provides a stable measure of wage movements over time.

Administrative data differs from survey-based wage statistics in terms of frequency, coverage, and compilation. Superannuation contribution records are generated through mandatory reporting and reflect payroll information, making

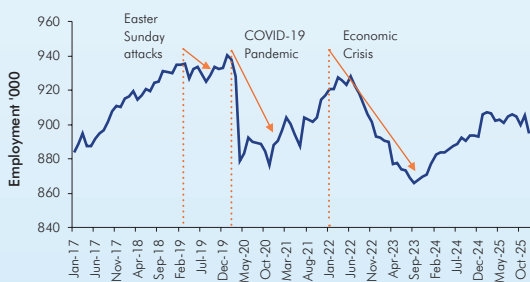
them less affected by sampling variability. In contrast, survey-based wage statistics are compiled periodically and require additional time for data collection and processing. While surveys provide insights into employment structures and income distribution, their lower frequency makes them less suitable for capturing short-term wage movements. Accordingly, administrative and survey data serve complementary purposes.

Superannuation contribution records cover around 60% of formal sector employment across sectors, enhancing the representativeness of the wage rate index. Focusing on the formal private sector remains appropriate given its role in driving aggregate demand and transmitting wage pressures to prices. A key advantage of this data is its availability in a monthly frequency, enabling timely monitoring of wage movements and early identification of emerging trends. Without such data, policy analysis may rely on lagged information, limiting the timely assessment of wage-price dynamics.

The index is constructed using aggregated superannuation contribution records, with a fixed base period to ensure consistency and comparability over time. Employer-wise records are aggregated to derive an index reflecting overall wage movements within the formal sector. The approach is kept simple and transparent to support regular monitoring, while detailed methodological aspects are documented separately.

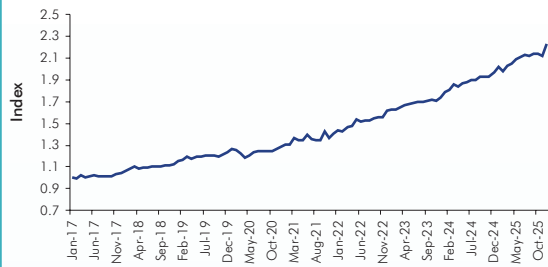
Developments in formal private sector employment provide a useful context for interpreting wage movements. Figure B 2.1 presents the movement of formal sector employment, highlighting the importance of considering broader labour market dynamics when assessing wage developments and

Figure B 2.1
Movement of Employment Based on EPF Data



Source: Central Bank Staff Calculations

Figure B 2.2
Movement of EPF Based Formal Sector Wage Rate Index



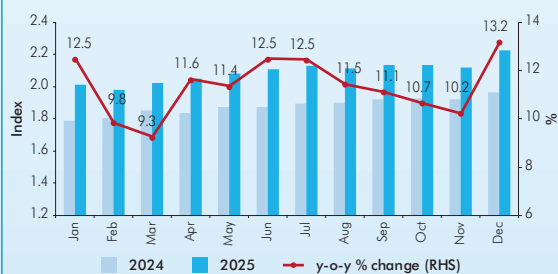
Source: Central Bank Staff Calculations

labour cost pressures. Employment data presented here are based on establishments that continuously reported EPF contributions and satisfy the criteria used for index compilation; hence, these figures are not directly comparable with official labour force estimates.

Figure B 2.2 illustrates a gradual upward trend in formal sector wages, with a more pronounced increase following the inflationary period during 2022–2023. Figure B 2.3 illustrates sustained wage growth with some moderation during mid-2025, followed by a pickup towards the end of the year, reflecting changes in economic activity, seasonal factors, and wage-setting practices.

Superannuation contributions are calculated as a fixed proportion of employee earnings, establishing a direct link between reported wages and contribution amounts. As a result, changes in aggregate contributions broadly reflect movements in earnings, supporting their use as a proxy for tracking private sector wage developments over time.

Figure B 2.3
Movements of EPF Based Formal Sector Wage Rate Index



Source: Central Bank Staff Calculations

Conceptual Framework of the New Wage Rate Index

The wage rate index is designed to measure changes in formal sector wages over time rather than absolute wage levels. By focusing on relative movements, the index provides an indicator of wage growth dynamics that can be assessed across periods and considered alongside other macroeconomic indicators, including inflation and output measures.

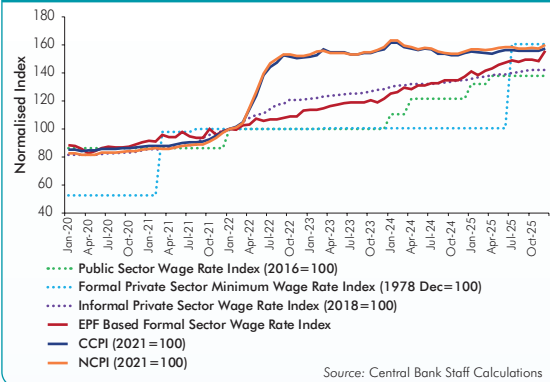
The resulting wage rate index provides a stable time series suitable for macroeconomic analysis. The use of administrative data enhances comparability over time and reduces volatility associated with sampling variation. Wage adjustments tend to occur with a delay relative to price movements, reflecting wage-setting mechanisms and institutional arrangements. In this context, the availability of a high-frequency wage rate index improves the monitoring of labour cost pressures and complements existing wage indicators derived from survey data and institutional wage adjustments.

Implications for Monetary Policy and Labour Market Analysis

The new index offers timely and robust insights into the interplay between private sector wage growth, inflationary pressures, and broader macroeconomic conditions. Analysis of the index shows that wage growth responds not only to underlying economic activity but also to changes in the price level. Figure B 2.4 indicates that the new wage index has been catching up with the increase in price indices. For example, the pronounced increase in average wages during 2022–2023 reflects the impact of elevated inflation, underscoring the potential for second-round effects in wage-setting behaviour. By capturing these dynamics more accurately than traditional indicators, the new wage index enhances the CBSL's capacity to anticipate and respond to emerging inflationary pressures.

High-frequency administrative data are particularly valuable for forward-looking policy. With online and e-media submissions accounting for roughly 80% of EPF contributions, the monthly aggregation of this information enables more responsive monitoring of labour cost developments. The new wage index complements existing indicators, including the long-standing Formal Private Sector Minimum Wage Rate Index, by providing a broader, more representative measure of formal private sector wages, covering over 800,000 employees. This expanded coverage allows

Figure B 2.4
Movements of Wage Rate Indices and Price Indices (Jan 2022=100)

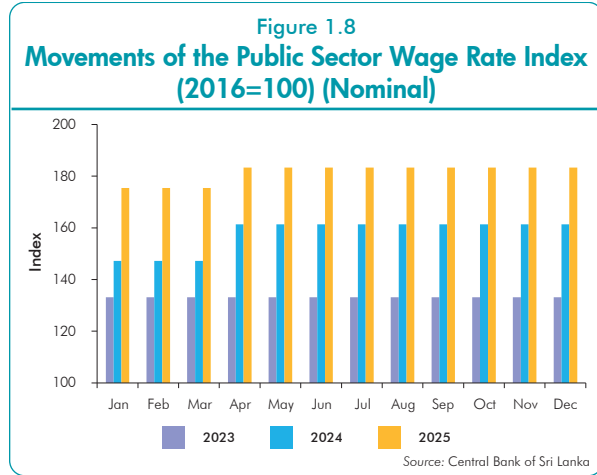
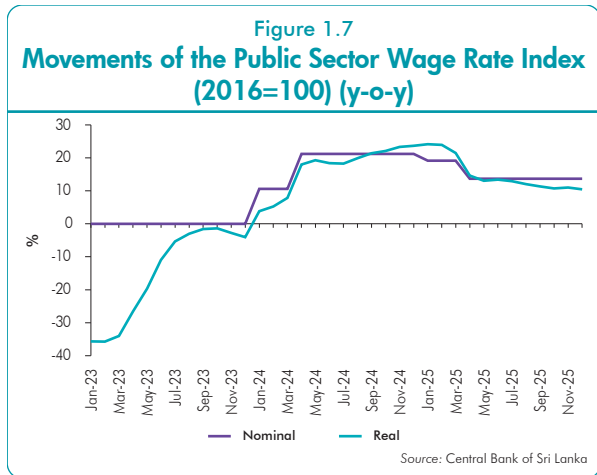


policymakers to track structural labour market trends with greater precision, supporting evidence-based decisions on monetary policy and wage-related interventions.

Strengthening Wage Monitoring and Future Directions

The compilation of the index represents a major enhancement in Sri Lanka's macroeconomic data infrastructure. Leveraging over 6 mn individual observations received over a period of 9 years, analysed using big data analytics techniques, the index establishes a foundation for regular, high-frequency monitoring of private sector wages. Moving forward, priority will be given to institutionalising data sharing, ensuring seamless integration of monthly contributions for policy analysis while maintaining semi-annual updates for the full dataset.

Beyond aggregate wage tracking, the administrative dataset offers significant analytical potential. Planned refinements include the development of sectoral indices to provide industry-specific insights into wage dynamics. In the longer term, integrating supplementary administrative datasets could allow the construction of a multi-dimensional framework for wage analysis, improving transparency and equipping policymakers and researchers with a comprehensive tool to assess evolving labour market conditions. Collectively, these initiatives position the index not only as a critical instrument for monitoring wages and inflation but also as a cornerstone for strengthening evidence-based macroeconomic policy in Sri Lanka. Going forward, the Central Bank intends to disseminate EPF-based Formal Sector Wage Rate Index statistics through its annual and semiannual publications.

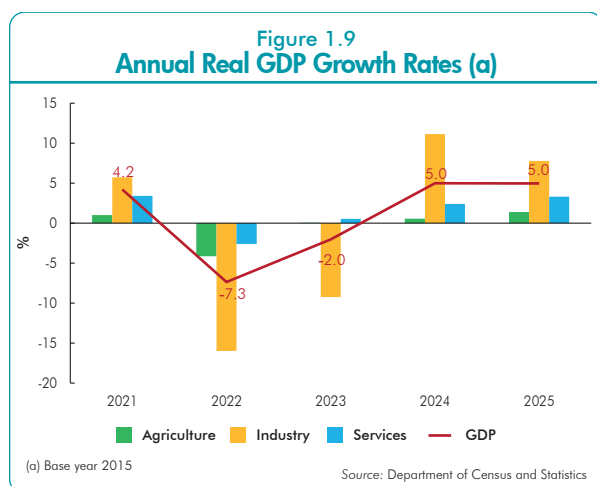


interim allowance of Rs. 2,500 and the special allowance of Rs. 5,000 into basic salary, resulting in a net increase of Rs. 8,250. Given the prevailing fiscal constraints, salary revision was implemented in a phased manner, commencing with a minimum net salary increase of Rs. 5,000, together with 30% adjustment from April 2025. The remaining portion of the approved salary increase was disbursed in phases, with public sector employees receiving Rs. 5,000 together with 65% of the balance amount from January 2026, thereby contributing to a further increase in nominal wages during 2026, with the full adjustment scheduled to be realised by January 2027. In addition, the Government proposed a significant improvement to the salary progression mechanism by increasing the minimum annual salary increment by 80%, from Rs. 250 to Rs. 450, with effect from 01 April 2025, while standardising the annual increment structure across all categories of public sector employees. Despite these adjustments, nominal wages of public sector employees increased by 14.9% in 2025, on an annual average basis, compared to 18.5% in 2024, indicating a moderation in nominal wage growth. Meanwhile, real wage growth decelerated to 14.7% in 2025 from 16.8% in 2024, reflecting the slowdown in nominal wage adjustments relative to price developments.

1.2 Real Sector Developments

1.2.1 Economic Growth

The Sri Lankan economy recorded a robust growth in 2025, with Gross Domestic Product (GDP) at constant prices increasing by 5.0%, despite the impact of Cyclone Dityah. All four quarters contributed positively to this growth. The overall economic expansion was mainly driven by Industry activities, with notable contributions from manufacturing and construction activities. In addition, Services activities made a substantial contribution to growth, primarily supported by continued expansion in financial services and transport activities. Meanwhile, Agricultural activities also made a notable contribution to overall economic growth during the year, with the sector’s performance in 2025 outpacing the growth recorded in 2024.



GDP at current market prices rose to Rs. 32,750.8 bn in 2025, from Rs. 30,095.8 bn in 2024. Meanwhile, the GDP deflator was recorded at 3.7% in 2025. Further, Gross National Income (GNI), estimated by adjusting GDP at current market prices for net primary income from the rest of the world, increased to Rs 32,142.2 bn in 2025. In USD terms, the GDP at current market prices increased to USD 108.8 bn in 2025 from USD 99.6 bn in 2024.

The GDP per capita increased to Rs. 1,505,371 in 2025 from Rs. 1,373,235 in 2024, supported by the expansion in nominal GDP, alongside a decline in the mid-year population. Meanwhile, GNI per capita also increased to Rs. 1,477,395 in 2025, compared to Rs. 1,337,426 in 2024. In USD terms, GDP per capita rose to USD 5,003 in 2025 compared to USD 4,546 in 2024, while GNI per capita increased to USD 4,910 compared to USD 4,428 in 2024.

1.2.2 Production

Agriculture

Agriculture activities grew by 1.4% in 2025, compared to the 0.6% growth recorded in 2024. This growth was mainly driven by animal production, along with the growing of coconut and rice. Moreover, forestry and logging, agricultural supporting activities, and the growing of fruits, tea and spices also contributed positively to growth. However, fishing, growing of vegetables, rubber, other perennial and beverage crops contracted during the year, dampening the overall growth.

Industry

Building on the strong 11.1% expansion in 2024, Industry activities continued to grow in 2025 at 7.8%, underpinned by manufacturing, construction and mining and quarrying activities. The growth in manufacturing activities was mainly contributed by the sustained expansion in the manufacture

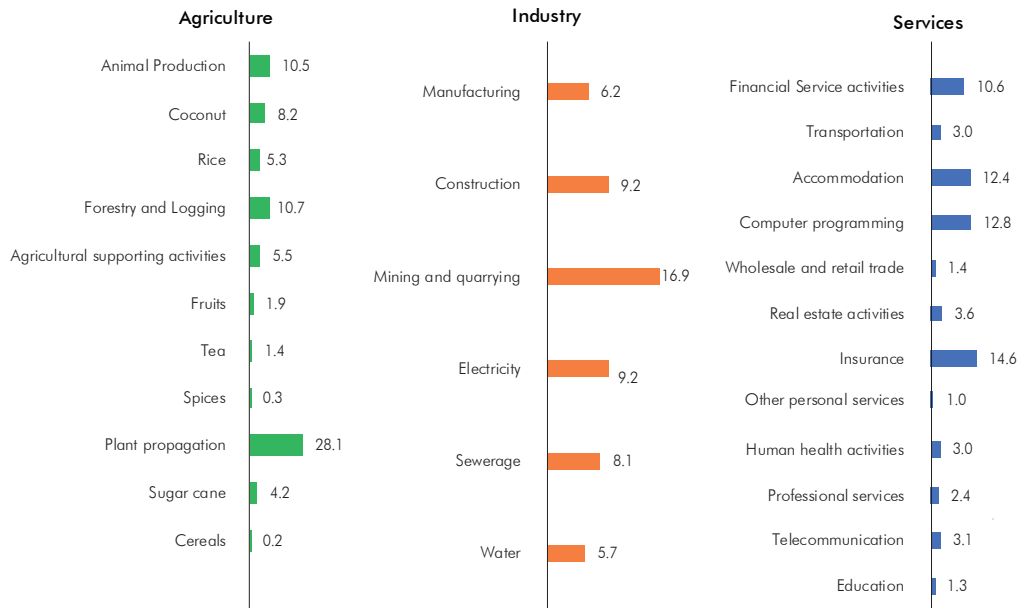
Table 1.2
Gross National Income by Industrial Origin at Constant (2015) Prices (a)(b)

Economic Activity	Rate of Change %		Contribution to Growth %		As a Percentage of GDP %	
	2024 (c)	2025	2024 (c)	2025	2024 (c)	2025
Agriculture, Forestry and Fishing	0.6	1.4	0.0	0.1	7.3	7.1
Industry	11.1	7.8	2.8	2.1	26.7	27.4
Manufacturing, mining and quarrying and other industry	8.2	7.3	1.6	1.4	19.6	20.1
Of which: Manufacturing activities	7.7	6.2	1.2	1.0	16.4	16.6
Construction	20.1	9.2	1.2	0.7	7.1	7.3
Services	2.4	3.3	1.5	2.0	59.4	58.5
Wholesale and retail trade, transportation and storage, accommodation and food service activities	3.7	3.0	1.0	0.8	27.6	27.1
Information and communication	5.1	8.6	0.2	0.3	3.4	3.5
Financial and insurance activities	0.2	11.2	0.0	0.5	4.6	4.9
Real estate activities (including ownership of dwelling)	4.2	3.6	0.2	0.2	4.3	4.3
Professional, scientific, technical, administration and supporting service activities	3.5	2.4	0.1	0.1	2.1	2.1
Public administration, defense, education, human health and social work activities	- 1.1	0.3	- 0.1	0.0	9.2	8.8
Other services (excluding own-services)	1.3	1.0	0.1	0.1	8.1	7.8
Equals Gross Value Added (GVA) at Basic Price	4.6	4.4	4.3	4.1	93.4	93.0
Taxes less subsidies on products	10.9	12.3	0.7	0.8	6.6	7.0
Equals Gross Domestic Product (GDP) at Market Price	5.0	5.0	5.0	5.0	100.0	100.0
Net primary income from rest of the world	7.4	22.6				
Gross National Income at Market Price	5.4	5.7				

(a) Base year 2015
(b) Provisional
(c) Revised

Source: Department of Census and Statistics

Figure 1.10
Growth in Economic Activities at Constant Prices in 2025 (a)



(a) Base year 2015

Source: Department of Census and Statistics

of food, beverages and tobacco products, along with the manufacture of textiles, wearing apparel, leather and other related products. Further, construction activities continued to expand during the year, supported by a steady increase in construction projects. This momentum reflected strong growth in the construction sector, underpinned by the resumption of previously stalled projects and the gradual strengthening of investment and development activities.

Services

Services activities recorded a growth of 3.3% in 2025, compared to 2.4% growth in 2024, supported by the steady improvement in economic conditions. Financial services activities remained the main contributor to the Services growth, supported by accommodative economic conditions. Further, transportation, accommodation services, and computer programming consultancy and related activities also made significant contributions to the growth in Services activities.

1.2.3 Expenditure

In 2025, domestic demand expanded by 10.2% at current prices, driven by a 5.9% increase in consumption expenditure and a 22.4% increase in investment expenditure. The growth in consumption expenditure, the principle contributor to aggregate demand, was driven by a 6.0% growth in private consumption expenditure alongside a 5.6% increase in government consumption expenditure. Further, Gross Fixed Capital Formation, the main component of investment expenditure, grew during the period mainly due to the increase in expenditure on transport equipment and construction. Moreover, the expansion in import expenditure outpaced the growth in exports, resulting in a contraction in net external demand.

At constant prices, domestic demand grew by 6.4%, largely supported by the 5.3% expansion in consumption expenditure,

alongside a 9.8% increase in investment expenditure. Furthermore, the expansion in consumption expenditure was driven by private consumption, while the growth in investment expenditure was supported by gross fixed capital formation. However, the growth in import expenditure exerted downward pressure on net external demand during the period.

National savings recorded a growth of 23.2% at current prices in 2025, primarily supported by the 18.1% increase in domestic savings. Net primary income and net secondary income receipts from the rest of the world strengthened in 2025, providing additional support to the expansion of national savings. Reflecting this improvement in the savings position, the national savings–investment balance remained in surplus during the year, indicating a continued reduction of external imbalances in the economy.

1.2.4 Income

Based on the estimates compiled under the income approach, **Gross Mixed Income, the major income generator which accounts for 36.9% of Gross Value Added (GVA) at current market price in 2025, grew by 5.0%.** Gross Operating Surplus, the second largest income generator, grew by 5.4% in 2025. In terms of other major sources of income, Compensation of Employees and Other Taxes less Subsidies on Production increased in 2025, recording growths of 5.1% and 24.2% respectively. Considering the institutional sector classification of GVA, Non-Financial Corporations was the largest income-generating sector, followed by Households and Non-Profit Institutions Serving Households, Financial Corporations, and General Government, respectively.

1

Table 1.3
Aggregate Demand and Savings at Current Market Prices (a)(b)

Economic Activity	Rs. bn		Rate of Change %		As a Percentage of GDP %	
	2024 (c)	2025	2024 (c)	2025	2024 (c)	2025
1. Domestic Demand	30,880.6	34,019.7	9.8	10.2	102.6	103.9
1.1 Consumption	22,951.4	24,310.6	7.0	5.9	76.3	74.2
Private	20,859.6	22,102.3	6.5	6.0	69.3	67.5
Government	2,091.8	2,208.3	12.6	5.6	7.0	6.7
1.2 Investment (Gross Capital Formation)	7,929.3	9,709.1	18.6	22.4	26.3	29.6
Gross Fixed Capital Formation	5,743.1	6,803.2	14.8	18.5	19.1	20.8
Changes in inventories and Acquisitions less Disposals of Valuables	2,186.2	2,905.9	30.0	32.9	7.3	8.9
2. Net External Demand	-784.8	-1,268.8	-32.6	-61.7	-2.6	-3.9
Export of Goods and Services	5,945.7	6,212.0	4.8	4.5	19.8	19.0
Import of Goods and Services	6,730.5	7,480.8	7.4	11.1	22.4	22.8
3. Total Demand (GDP) (1+2)	30,095.8	32,750.8	9.3	8.8	100.0	100.0
4. Domestic Savings (3-1.1)	7,144.5	8,440.3	17.3	18.1	23.7	25.8
Private	8,453.6	8,223.3	9.2	-2.7	28.1	25.1
Government (d)	-1,309.1	217.0	20.7	116.6	-4.3	0.7
5. Net Primary Income from Rest of the World (e)	-784.8	-608.6	5.9	22.4	-2.6	-1.9
6. Net Secondary Income from Rest of the World (e)	1,942.7	2,394.5	1.9	23.3	6.5	7.3
7. National Savings (4+5+6)	8,302.4	10,226.1	15.9	23.2	27.6	31.2
8. Savings Investment Gap						
Domestic Savings - Investment (4-1.2)	-784.8	-1,268.8			-2.6	-3.9
National Savings - Investment (7-1.2)	373.1	517.0			1.2	1.6
9. External Current Account Balance (2+5+6) (e)	373.1	517.0			1.2	1.6

(a) Base year: 2015

(b) Provisional

(c) Revised

(d) This is the Current Account Balance of the Central Government.

(e) Any difference with the BOP estimates is due to the time lag in compilation.

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

Table 1.4
Income Components by Institutional Sector at Current Market Prices (a)(b)

Item	2024 (c)					2025					Percentage Share (%)
	Non-Financial Corporations	Financial Corporations	General Government	Households and Non-Profit Institutions Serving Households	Total Economy	Non-Financial Corporations	Financial Corporations	General Government	Households and Non-Profit Institutions Serving Households	Total Economy	
Compensation of Employees	54.2	7.6	20.3	18.0	100.0	54.1	7.1	21.1	17.6	100.0	
Gross Operating Surplus	81.7	16.1	2.2	-	100.0	83.0	14.8	2.2	-	100.0	
Gross Mixed Income	-	-	-	100.0	100.0	-	-	-	100.0	100.0	
Other Taxes less Subsidies on Production	66.5	13.8	-	19.7	100.0	67.5	12.5	-	20.1	100.0	
Gross Value Added at basic price	43.5	7.7	6.5	42.3	100.0	44.0	7.1	6.7	42.1	100.0	

(a) Base year 2015
(b) Provisional
(c) Revised

Source: Department of Census and Statistics

1.2.5 Population, Labour Force, and Employment

According to estimates from the Census of Population and Housing 2024, Sri Lanka's total population was reported at 21,781,800, of which 51.7% were female and 48.3% were male. The mid-year population, estimated by the Registrar General's Department based on the Census of Population and Housing, declined by 0.7%¹⁰ to 21.8 mn¹¹ in 2025, from 21.9 mn¹² in 2024. In line with this decline, the country's population density also decreased marginally to 349 persons per sq. km in 2025, compared to 352 persons per sq. km recorded in 2024.

As reflected by the Sri Lanka Labour Force Survey¹³ conducted by the DCS, the economically active population (labour force) increased to 8.554 mn in 2025 from 8.316 mn recorded in 2024. The Labour Force Participation Rate (LFPR), which is the ratio of the labour force to the household population, also increased to 49.4% in 2025, compared to 47.4% recorded in 2024. In 2025, female LFPR stood at 32.5%, less than

half of male LFPR 69.1%. Low female labour force participation remains a key issue for the economy, reflecting the underutilisation of labour resources that hinders the country reaching a higher growth potential. However, LFPR among females in 2025 increased in comparison to the level of 29.8% recorded in 2024. Considering sectoral employment shares, the services sector accounts for around 50% of total employment in 2025. Meanwhile, nearly a quarter of the employed population remains in the agriculture sector.

The unemployment rate declined to 3.9% in 2025 from 4.4% in 2024. The employed population increased, while the unemployed population declined during the year, indicating a gradual absorption of workers into economic

Table 1.5
Household Population, Labour Force and Labour Force Participation

Item	2024	2025 (a)
Household Population '000 Persons (b)	17,548	17,307
Labour Force '000 Persons	8,316	8,554
Employed	7,950	8,219
Unemployed	366	335
Unemployment Rate	4.4	3.9
Male	3.0	2.8
Female	7.1	6.1
Labour Force Participation Rate (c)	47.4	49.4
Male	67.4	69.1
Female	29.8	32.5

(a) Average of four quarters
(b) Aged 15 years and above
(c) Labour force as a percentage of household population

Source: Department of Census and Statistics

¹⁰ Provisional

¹¹ Provisional. Mid-Year population 2025 estimated by the Registrar General's Department available as at 31.03.2026 is based on the Census of Population and Housing 2024.

¹² Provisional. Mid-Year population 2024 estimated by the Registrar General's Department available as at 31.03.2026 is based on the Census of Population and Housing 2012.

¹³ Annual values for 2025 are computed as the average of its four quarterly values.

activities. However, the youth unemployment remains relatively high in 2025, at around 18% and 11% for the 20–24 and 25–29 age groups, respectively. In addition, the unemployment rate among females with educational attainment of G.C.E. A/L or above stands around 8.3%, further reflecting structural issues in female labour force participation.

Meanwhile, total departures for foreign employment decreased by 1.1% to 311,223 in 2025 as per the Sri Lanka Bureau of Foreign Employment. Skilled labour migration recorded a decrease of 3.0% during the year. Male workers accounted for 61.3% of total departures, while female workers represented 38.7%.

1.2.6 Economic Infrastructure Power and Energy Petroleum

In general, global crude oil prices remained on a downward trend throughout 2025, with intermittent volatility stemming from geopolitical conflicts. Concerns over excess supply, particularly following output increase by the alliance between the Organisation of the Petroleum Exporting Countries (OPEC) and key non-OPEC oil producers (OPEC+), along with concerns over subdued global growth amid uncertainties surrounding US trade policy, largely contributed to this declining trend. Consequently, the annual average Brent crude oil price declined by 14.5% to USD 68.25 per barrel in 2025 from USD 79.79 per barrel in 2024. Accordingly, the annual average import price of crude oil for the Ceylon Petroleum Corporation (CPC) declined by 13.5% from USD 84.69 per barrel in 2024 to USD 73.22 per barrel in 2025. Meanwhile, reflecting moderating global energy prices, domestic petroleum prices gradually declined from early 2024, despite a moderate depreciation of the Sri Lanka rupee. However, supply disruptions

caused by the current war in the Middle East led the crude oil prices to spike during March 2026.¹⁴

Cost-reflective pricing adjustments were implemented for domestic retail petroleum products throughout the year, allowing global price volatility to be reflected in domestic retail petroleum prices.

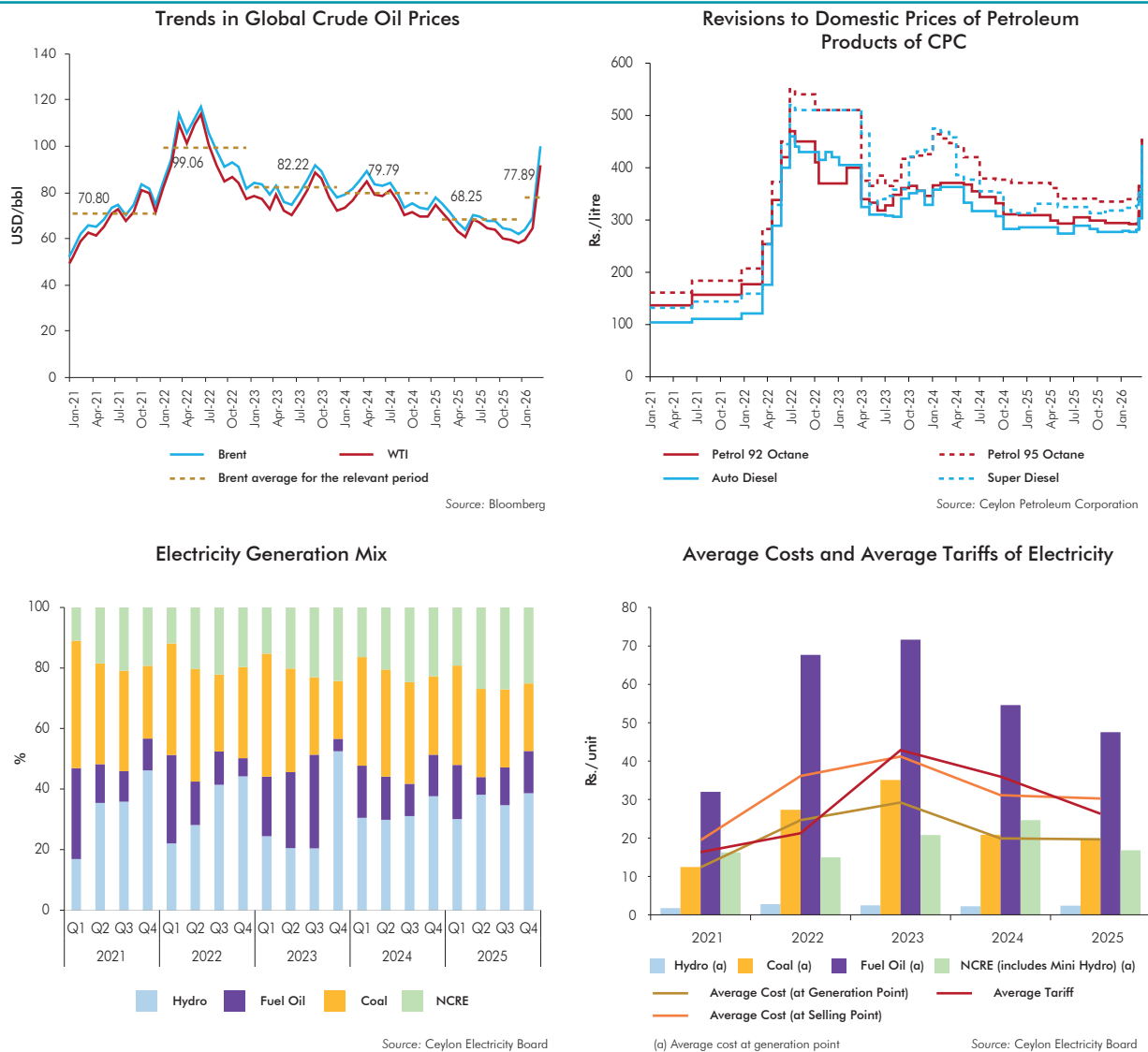
Accordingly, the prices of Petrol 92, Auto Diesel, and Kerosene traded by the CPC recorded overall reductions by Rs. 15.00, Rs. 9.00, and Rs. 8.00, respectively, by the end of 2025 compared to the end of 2024. Meanwhile, the petroleum sector experienced notable growth in sales during 2025, reflecting the improved economic activity, with the sales volume of petroleum products recording a y-o-y increase of 7.4%. In March 2026, significant upward price adjustments were implemented outside the regular monthly pricing mechanism in response to emerging geopolitical developments caused by the current war in the Middle East.

Continuation of the cost-reflective pricing mechanism supported the CPC to maintain a strong financial performance in 2025 for the third consecutive year. The CPC recorded a profit of Rs. 36.4 bn in 2025, subsequent to the profit of Rs. 34.2 bn recorded in 2024. The outstanding foreign currency-denominated loans and import bills of the CPC stood at USD 252.0 mn at the end of 2025. Meanwhile, to restrict fuel consumption amid the current war in the Middle East, a Quick Response (QR) code and vehicle registration number-based fuel quota system was introduced in mid-March 2026.

¹⁴ With the beginning of the Middle East war from end February 2026, crude oil prices showed a significant volatility during a very shorter period and remained elevated. This instability was caused by uncertainty emanated as a result of attacks to petroleum production facilities and disruptions to supply chains. Thus, price of Brent crude oil increased from USD 70.48 per barrel as at end of February 2026 (beginning of the conflict) to USD 105.79 on 31 March 2026 with intermittent price volatilities. Accordingly, reflecting global price movements, domestic retail prices per litre of Petrol 92 and Auto Diesel increased from Rs. 293.00 to Rs. 398.00 and Rs. 281.00 to Rs. 382.00, respectively as end of 31 March 2026.



**Figure 1.11
Energy and Power Sector Developments**



Electricity

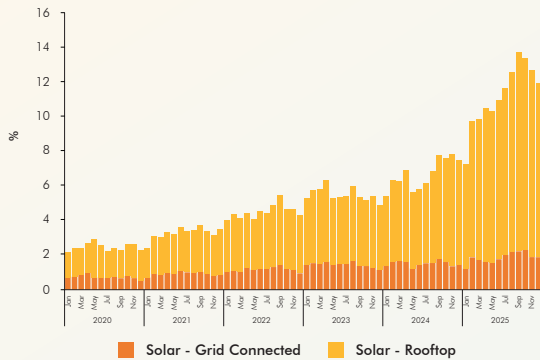
Electricity demand continued to rise in 2025, along with the improvement in economic activity. Accordingly, electricity sales recorded an overall increase of 5.8% during the year, with growth observed across all major consumer categories. Notably, demand in the Domestic category, which is the largest category, recorded stronger growth from the second quarter onwards. However, despite remaining higher than the previous year, electricity demand declined temporarily across most categories towards the latter part of the year due to disruptions caused by *Cyclone Ditwah*.

In line with rising electricity demand, electricity generation recorded an annual growth of 5.8% in 2025, amid favourable conditions in hydropower generation. Reservoir levels remained relatively stable during the year, averaging 69.6%, while the lowest level recorded was above 50% in October 2025. In addition, solar power generation expanded notably, with rooftop solar generation increasing by nearly twofold, driven by rapid growth in rooftop installations. During the year, the contribution of hydro, fuel, coal, and Non-Conventional Renewable

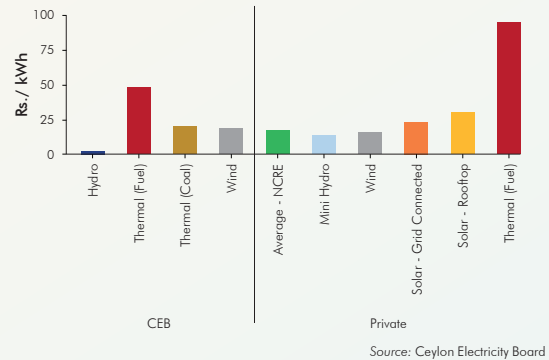
Featured Chart 1.3
Expansion in Solar Power Generation



Share of Total Electricity Generation¹



Average Cost of Electricity at Generation Point - 2025



Note: Grid-connected solar refers to large-scale, ground-mounted systems, whereas rooftop solar denotes typically small-scale installations on building rooftops

The increasing adoption of renewable energy, particularly solar and wind, is reshaping electricity markets globally. In Sri Lanka, although the transition towards such non-conventional renewable energy sources commenced nearly a decade ago, it has only gained significant momentum following the removal of energy subsidies through the Government’s efforts in moving towards a more cost-reflective pricing mechanism for utilities in 2022. This policy decision created financial incentives for both the private sector and households to invest in their own renewable energy sources, thereby fulfilling energy needs with low-cost options and supporting the growing demand for electricity.

Accordingly, capacity expansions were seen in the renewable sector, particularly in solar energy, driven by the rapid investments in rooftop solar panels which accounted for nearly 9.4% of total electricity generation¹ in 2025. This growing adoption of rooftop solar panels has reduced the reliance on relatively costly thermal generation amidst rising electricity demand.

However, this rapid expansion in solar power presents several challenges. Particularly, the mismatch between daytime solar power generation and nighttime peak demand creates complications

in grid management and grid stability. This shortcoming can be resolved to a greater extent through battery storage systems. Offering higher feed-in tariff for the battery installed solar systems which supply electricity to the grid at peak hours and gradual transition into Net Plus System² and Time of Use tariffs³ are several solutions to promote investments in battery storage. Exploration of novel business models such as aggregators or community energy cooperatives to procure rooftop solar energy could be useful in grid management amidst rapid expansion in small scale solar energy producers. Meanwhile, with the rapidly increasing tendency towards solar power generation, it is prudent to make futuristic plans on safe disposal/recycling of solar panels as well as batteries at the end of their life span.

Timely and coordinated actions remain essential for this transition to continue and fully harness the potential of solar energy. Further, advancing this transition and supporting the growth of renewable generation is essential in light of growing volatility in costs for thermal based electricity generation and to meet the targets under Sri Lanka’s Carbon Net Zero 2050 Roadmap and Strategic Plan.

2 A rooftop solar arrangement where total generation is supplied to the national grid and paid for by the utility company while the electricity consumption of the solar energy producer is billed separately.
3 Tariff is determined based on the time of use.

1 Does not include rooftop solar connected to Lanka Electricity Company.



1

Energy (NCRE) sources to overall electricity generation amounted to 35.5%, 12.5%, 27.4%, and 24.7%, respectively.

The Ceylon Electricity Board (CEB) undertook two rounds of tariff adjustments during 2025, followed by another in March 2026.

Following several downward revisions in 2024, electricity tariffs were further revised downward by an average of 20% in January 2025. These tariff reductions, combined with higher generation costs with relatively high thermal-based electricity generation amid the usual dry spell, imposed a significant strain on the CEB's financial performance in the first quarter of 2025. To address these accumulated financial losses, 15% upward tariff revision on average was implemented in June 2025. While this revision contributed to some improvement in CEB's financial position, the CEB recorded an overall loss of Rs. 38.7 bn in 2025, partly due to this tariff hike was not sufficient to cover the losses in the first quarter. With these developments, CEB's short-term borrowings and liabilities increased to Rs. 206.2 bn by end of 2025 from Rs. 174.3 bn by the end of 2024, while long-term liabilities increased to Rs. 411.2 bn from Rs. 409.0 bn during the same period. Meanwhile, a further upward electricity tariff revision of 10.3% on average was implemented with effect from April 2026, taking into account the cost and revenue projections of electricity provisioning of the second quarter.

The Government introduced key structural reforms to guide the development of Sri Lanka's electricity industry. During the year, the Sri Lanka Electricity (Amendment) Act, No. 14 of 2025, was enacted following the Sri Lanka Electricity Act, No. 36 of 2024. In March 2026, the CEB was restructured under this Act to form four state-owned entities responsible for generation, transmission, distribution, and system operations, aimed at improving efficiency and governance. Further, two additional institutions were established to

handle residual functions and assets of CEB.¹⁵ In addition, the National Electricity Policy, including the tariff policy for the electricity sector were also approved by the Cabinet of Ministers in March 2026. The National Electricity Policy provides an overall framework for the transition in the industry, outlining the fundamental and concurrent policies. It also sets principles for fair, cost-reflective, and sustainable electricity tariffs while supporting the transition to a competitive electricity market. Together, these measures are expected to strengthen governance, improve operational efficiency, and promote greater transparency and competition in Sri Lanka's electricity sector.

In addition to structural reforms for CEB, infrastructure development initiatives were implemented to expand CEB's services.

Accordingly, development of a hydro power plant at Moragalla, Sahasdhanavi combined cycle plant, solar power plant at Siyambalanduwa, Mullikulam wind power plant and phase-I extension of Mannar wind power plant were continued in 2025. Moreover, progress was made in line with long-term plans for generating green electricity. Accordingly, funding has been secured from the Asian Development Bank (ADB) to establish a renewable energy control centre at the national system control centre and a 100 MW Battery Energy Storage System (BESS) at Kolonnawa.

Transport Sector

In 2025, the road and rail transport activities marginally declined compared to 2024. The operated kilometrage and passenger kilometrage of the Sri Lanka Transport Board (SLTB) declined in 2025, which can be attributed to limitations in the SLTB's bus fleet. Moreover, rail transportation activities also declined in 2025, especially towards the end

¹⁵ Entities established under the restructuring of the CEB in March 2026 comprise Electricity Generation Lanka (Private) Limited, National Transmission Network Service Provider (Private) Limited, Electricity Distribution Lanka (Private) Limited, National System Operator (Private) Limited, CEB Employees Fund (Private) Limited, and Energy Ventures Lanka (Private) Limited, with the latter two responsible for residual functions and assets.

Table 1.6
Performance of the Transport Sector

Sector	2024(a)	2025(a)	Change 2024/2025 (%)
Road Transport (Sri Lanka Transport Board)			
Operated kilometrage (mn)	364	358	-1.6
Passenger kilometrage (mn)	12,855	11,888	-7.5
Rail Transport (Sri Lanka Railways)			
Passenger kilometrage (mn)	6,000	5,990	-0.2
Goods kilometrage (mt mn)	172	162	-6.0
Air Transport			
Passenger movements (in mn) (b)	8.8	10.1	15.2
Of which SriLankan Airlines	3.5	4.1	17.2
Freight (mt '000)	195.4	188.8	-3.4
Of which SriLankan Airlines	93.0	80.4	-13.6
Sea Transport			
Port of Colombo			
Container handling (TEUs '000)	7,792	8,301	6.5
Number of Ship arrivals	3,968	4,102	3.4
Port of Hambantota			
Container handling (TEUs '000)	53	428	707.5
Number of Ship arrivals	472	881	86.7

(a) Provisional
(b) Excluding transit passengers
TEUs = Twenty-foot Equivalent Container Units

Sources: Sri Lanka Transport Board
Sri Lanka Railways
Civil Aviation Authority of Sri Lanka
Sri Lanka Ports Authority

of the year due to severe disruptions caused by *Cyclone Ditwah*. Several railway lines which were damaged by the Cyclone were repaired and operationalised by early 2026. However, some parts of the upcountry and northern railway lines remain closed due to the extensive damage caused by the Cyclone. Meanwhile, air passenger transport experienced a healthy growth during the year supported by the initiation of new scheduled operations and new charter flights, along with an increase in frequency of regular operations. However, air freight recorded a marginal negative growth in 2025. Port sector exhibited a significant growth, recording the historically highest container handling volume. Commencement of operations at the Colombo West International Terminal (CWIT)-phase I also supported the increase in container handling volumes. Operations at the Hambantota Port exhibited significant growth supported by the increase in domestic vehicle handling after the relaxation of restrictions on vehicle imports since January 2025.

Other Developments

The development of other economic infrastructure continued during 2025. The Port Access Elevated Highway Project is nearing its final stages, and the project is expected to be completed in 2026. Land acquisition and civil work related to several sections of the Central Expressway, including Section I, Kadawatha to Meerigama, and Section III Pothuhera to Galagedara, continued during the year with the expected dates of completion in September 2028 and June 2029, respectively. Several foreign-aided road development projects, including the Integrated Road Investment Program, Inclusive Connectivity and Development Project, and the Badulla-Chenkaladi Road Improvement Project, were in progress during 2025, strengthening the road network of the country. Further, renovation of the Colombo Central Bus Stand, aimed at improving the commuter experience, commenced during the year. In early March 2026, the Ministry of Transport, together with the Clean Sri Lanka Programme, launched a dedicated, low-floor, air-conditioned priority bus service, enabling easy access for persons with disabilities. This was initiated as a pilot project and based on its success, the Government plans to expand the service to cater to the transport needs of persons with disabilities and the general public. In line with this project, plans are in progress to renovate bus stops to upgrade accessibility standards.

Several new projects related to housing and urban development were initiated during 2025. The National Housing Development Authority initiated Thamangema Thenak-Lassana Jeewithayak Housing Grant Programme to build over 70,000 housing units in 5 years for poor and low-income families without homes. Meanwhile, projects under Semata Sevana and Sevana Grant programme continued during the year. Further, Grama Shakthi Northern and Southern province programmes under the Indian Grant Programme also progressed during 2025.

1

1

Construction of 1,996 housing units under a foreign aid programme, which is focused on improving housing for underserved communities, continued during the year under the purview of the Urban Development Authority (UDA). Siyak Nagara urban infrastructure and township development programme, tourism promotion and city branding programme for transforming Kataragama, Kandy, and Anuradhapura as model cities, development of sanitary facilities in tourist destinations under the Clean Sri Lanka programme, Urban Regeneration Programme, Middle Income Housing Programme and Affordable Housing Programme are among several other housing programmes continued by the UDA during the year. Meanwhile, Colombo Port City took initial steps of the Marina Development project featuring state-of-the-art facilities, including the latest utilities, technology, amenities, and entertainment spaces.

Key capacity expansion projects at the Port of Colombo, the Colombo East Container Terminal (CECT) and the West Container Terminal (WCT) made significant progress during 2025. In view of the projected increase in the volume of cargo handling, preliminary works of extension of the Breakwater for WCT-II in Colombo Port Expansion Project - phase-II commenced during 2025. Meanwhile, the Colombo North Port development project is in the pipeline upon completion of the aforementioned projects. While rehabilitating the Kankesanthurai Port, the Government also attempted to identify solutions to the sand sedimentation issue, which hinders the development of Olivil Port as a commercial and fisheries harbour.

1.2.7 Social Infrastructure

Education

The education sector continued its recovery during 2025, building on the momentum observed in 2024 after headwinds impacted

the sector during the COVID-19 pandemic and economic crisis. While free education from primary to tertiary level remains a national priority, efforts were undertaken to address issues in the education sector, including delays in national examinations, which have continued since the pandemic, and structural issues such as regional disparities, teacher shortages, and data gaps. The Government implemented a New Education Policy Framework starting from 2026, transitioning from an examination-centred model to a competency-based modular curriculum, emphasising continuous assessment. The revised curriculum was initially introduced for Grade 1 in 2026, and the implementation of the Grade 6 curriculum is scheduled to commence in 2027. Curriculum revisions are essential to keep education relevant, up-to-date, and aligned with the evolving global standards and technological advancements, though careful consideration is needed with regard to resource disparities across schools and regions to ensure all students benefit from the curriculum changes. Further, the five pillars of the New National Education Policy Framework include Curriculum Development, Assessment and Evaluation, Infrastructure Development and Administration Reforms, Human Resource Development, and Public Awareness. During 2025, key student welfare programmes were maintained, including the distribution of school uniforms and textbooks, alongside the expansion of the school meal programme. Scholarship schemes were also maintained, while introducing additional provisions to enhance financial assistance for vocational and university students. Meanwhile, delays in administering General Certificate of Education (GCE) Ordinary Level (O/L) and Advanced Level (A/L) examinations still persist due to previous disruptions caused by COVID-19 and the economic crisis. Further, the GCE A/L examination in 2025 was disrupted midway by the impact of *Cyclone Ditwah*. However, these national examinations are scheduled to be held on time from 2026. The education sector suffered significantly due

to *Cyclone Ditwah*, where more than 1,300 schools were affected, while several universities also reported damages that were estimated to be around Rs. 3 bn.

Health

The health sector continued to deliver essential healthcare services during 2025 despite resource constraints. Efforts were sustained to strengthen disease prevention, early detection, and healthcare infrastructure while addressing emerging challenges such as population ageing, increasing Non-Communicable Diseases (NCDs), workforce migration, and climate-related health risks. In strengthening policy direction, the Ministry of Health commenced the formulation of the National Policy on Health and Well-being (2026–2035) with the support of the World Health Organization (WHO), succeeding the National Health Policy (2016–2025). Development of Maternal and Child Health Policy is also under review, while the draft School Health Policy (2025–2030) has been finalised. Addressing malnutrition remained a priority in 2025 through the implementation of district-level nutrition initiatives, the dissemination of updated dietary guidelines, and the declaration of June 2025 as National Nutrition Month to promote healthy dietary practices.

Infrastructure development in the health sector continued to enhance efficiency and quality of healthcare services across the country during the period under review.

Key infrastructure developments in the health sector during 2025 included the resumption of previously suspended projects and the approval of new large-scale investments, particularly in the construction and expansion of hospital facilities and specialised care units. Further, under the 2026 Public Investment Programme, the Cabinet approval has been received for additional initiatives, including the National Oral Health Census, new multi-storey hospital

buildings, the expansion of radiology facilities, and the establishment of Sri Lanka's National Heart Centre.

Despite progress made in the health sector during 2025, regional disparities in infrastructure and human resources, shortages in skilled healthcare professionals, and limitations in laboratory and surveillance capacity continued to remain as challenges in the sector.

Further, the health sector was significantly affected due to *Cyclone Ditwah*, requiring substantial expenditure on renovation, relocation and resilient reconstruction of government health infrastructure. Strengthening primary healthcare, expanding preventive programmes, improving digital health systems, ensuring sustainable health financing, and enhancing regulatory oversight of private healthcare services remain essential to improve resilience and equity in the health sector as well as better health outcomes.

Social Safety Nets

In ensuring the welfare of vulnerable communities, the Government continued to provide its social safety nets to broaden targeted assistance for citizens in need.

Accordingly, in 2025, the Aswesuma programme assisted 2.0 mn beneficiary families, whereas total disbursements amounted to Rs. 148.4 bn. This is in comparison to Rs. 145.6 bn cash transfer benefits provided to 1.8 mn beneficiary families in 2024. Further, with the aim of expanding the social safety nets, amendments were introduced to the Aswesuma scheme in December 2024 and March and December 2025 to improve the coverage and enhance the benefits. As per the Extraordinary Gazette issued in December 2025, the scheme targets to support 1.92 mn beneficiary families and aims to provide allowances to 1.27 mn individuals, covering persons with disabilities, patients of Chronic Kidney Disease of unknown aetiology (CKDu), and elderly citizens during 2026 and in the first half of 2027. Further, the benefits

1

paid under the welfare benefits programme were revised upwards. Accordingly, the monthly allowance per family unit for 'poor' and 'extremely poor' categories was increased from Rs. 8,500 to Rs. 10,000 and from Rs. 15,000 to Rs. 17,500, respectively, from January 2025. Further, payments for persons with disabilities and CKDu patients were increased from Rs. 7,500 to Rs. 10,000, while the monthly allowance granted for elderly citizens was increased from Rs. 3,000 to Rs. 5,000.

To ensure systematic consolidation of information on individuals receiving categorical payments through multiple institutions, steps have been taken to record relevant data in a unified social registry.

In order to further strengthen this process, arrangements are underway to link the social registry with the Integrated Welfare Management System (IWMS) to facilitate centralised disbursements of categorical payments. This system is expected to be implemented by mid-2026. Further, a mobile application has been developed for enumeration and recertification activities, enabling faster data collection and timely updating of beneficiary information required for payment processing. In addition, under the national disaster response framework, a Shock-Responsive Social Protection (SRSP) mechanism is currently being developed to enable timely support for affected communities during emergencies. Currently, the Ministry of Women and Child Affairs is in the process of drafting a new Bill on Gender Responsive Budgeting with the collaboration of the Department of National Budgeting. During 2025, the Ministry implemented programmes to strengthen entrepreneurship endeavours among women by empowering women-headed households in vulnerable communities. Meanwhile, nutrition and food allowance programmes for pregnant and lactating mothers, morning meals programme for pre-school children and early childhood development centres, programme for providing

benefits to pre-school teachers and financial support for children in child development centres were also continued during 2025.

Although significant efforts have been made to enhance the coverage and benefits of social safety nets, there remains scope for improvement, particularly in strengthening the targeting of beneficiaries. Regular reviews of beneficiary eligibility, along with effective and transparent grievance redress mechanisms, are critical to ensure that all vulnerable groups are adequately covered. At the same time, empowering beneficiaries and introducing well-designed, gradual exit mechanisms are crucial to minimise undue long-term dependence on government support and enhance the effectiveness of social protection programmes

1.3 Monetary Sector Developments

1.3.1 Market Interest Rates

Overall market interest rates continued to adjust downwards in 2025, although a modest uptick was observed towards the latter part of the year due to temporary increases in short-term interest rates. The overall decline in market interest rates in 2025 was driven by the continuation of the accommodative monetary policy stance, a low-inflation environment, well-anchored inflation expectations, and a reduction in risk premia, amid improvements in the country's credit ratings. Monetary policy, which was eased significantly from June 2023 through 2024 by a total of around 7.75 pps, was eased further through the reduction in the Overnight Policy Rate (OPR) by 0.25 pps in 2025. In line with the reduction in the OPR, the Average Weighted Call Money Rate (AWCMR) declined and remained aligned with the OPR until mid-July 2025. While the monetary policy stance remained unchanged, persistent asymmetries in the distribution of domestic money market liquidity across participatory institutions led to a gradual increase in the



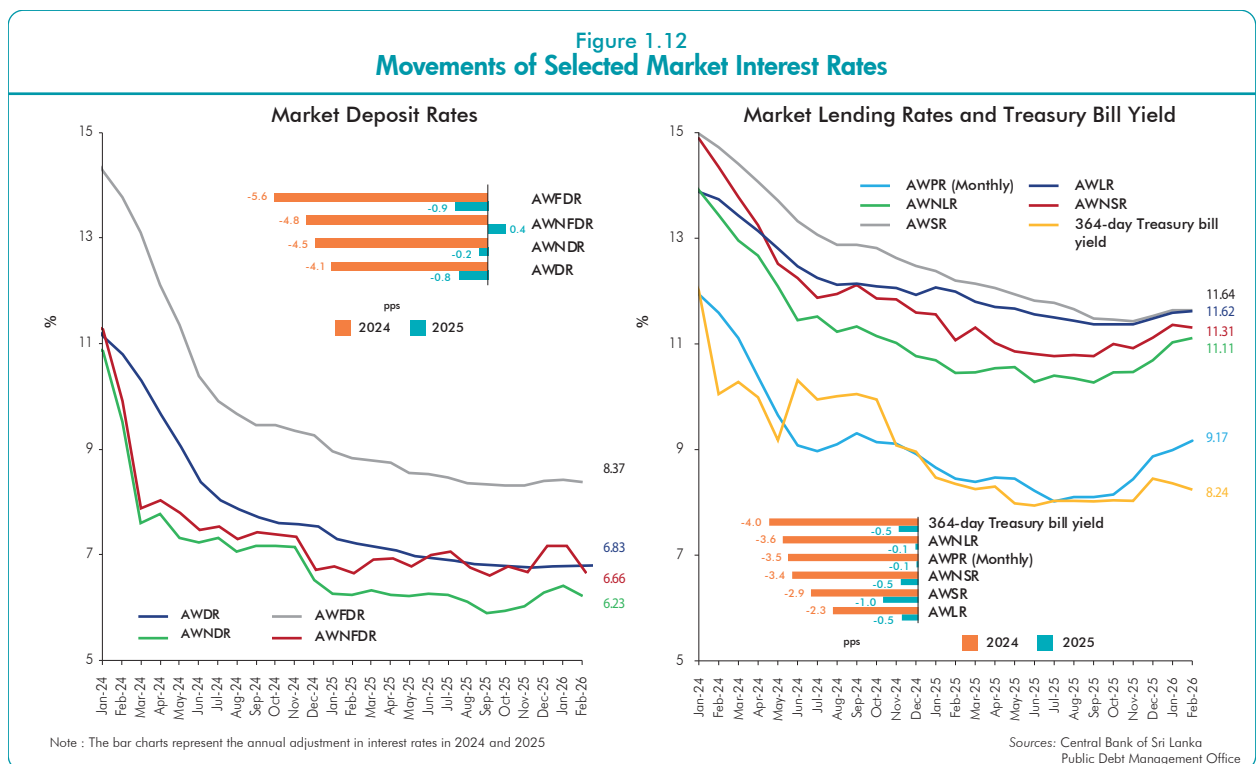
AWCMR, reaching 0.29 pps above the OPR by end 2025. This deviation was subsequently corrected in early 2026 as asymmetries in liquidity distribution eased with further increases in the liquidity surplus. During 2025, other market interest rates for both deposits and lending also declined overall, although some anomalies were observed in interest rate adjustments during the latter part of the year with the temporary increase in short-term interest rates and yields on government securities.

Interest rates based on the outstanding stock of interest-bearing rupee deposits held with Licensed Commercial Banks (LCBs), namely the Average Weighted Deposit Rate (AWDR) and the Average Weighted Fixed Deposit Rate (AWFDR), declined during 2025 by 0.75 and 0.86 pps, respectively. Both rates exhibited a consistent downward trajectory throughout the year, with only a slight uptick observed in December 2025. New deposit rates adjusted swiftly downwards during the first half of 2025 but displayed some upward movements since September 2025. This reflects increased competition among banks

for deposit mobilisation, aimed at supporting the significant credit expansion observed in the second half of the year, which has exerted upward pressure on the cost of deposits. Accordingly, the Average Weighted New Fixed Deposit Rate (AWNFR) recorded an increase of 0.45 pps during 2025. Although interest rates on new deposits rose towards the latter part of the year, the Average Weighted New Deposit Rate (AWNDR) ended the year recording an annual decline of 0.23 pps.

The Average Weighted Prime Lending Rate (AWPR), an interest rate for short-term rupee lending to prime customers by LCBs, which remained broadly stable at lower levels during the first half of 2025, witnessed some upward pressure in the latter part of the year. Consequently, weekly AWPR, which witnessed slightly over a percentage point reduction, year-to-date, by mid-July 2025, ended the year recording an annual increase of 0.17 pps. Meanwhile, the Average Weighted Lending Rate (AWLR), based on outstanding stock of rupee loans and advances extended by LCBs, and the Average Weighted New Lending

Figure 1.12
Movements of Selected Market Interest Rates



1 Rate (AWNLR), based on new rupee loans and advances extended by LCBs during a particular month, declined by 0.45 and 0.08 pps, respectively, in 2025, compared to the sharper declines of 2.28 and 3.61 pps, respectively, in 2024.

Meanwhile, the interest rates applicable to loans extended to Micro, Small, and Medium Enterprises (MSMEs) also registered a cumulative decline during the year.

Accordingly, interest rates based on the new rupee loans and advances extended by Licensed Banks during a particular month to the MSME sector (Average Weighted New SME Lending Rate (AWNSR)), as well as on its outstanding stock (Average Weighted SME Lending Rate (AWSR)), declined by 0.47 and 0.95 pps, respectively, during the year. However, the AWSR, which declined throughout the year, recorded an increase in December 2025, mainly reflecting upward adjustments in rates in line with other market lending and deposit interest rates, discussed above. Meanwhile, interest rates applicable to micro and small-scale borrowers remained relatively downward rigid compared to other market lending rates, reflecting their inherent risk profile and structural characteristics of such lending. Despite the cumulative decline in nominal market interest rates, real interest rates measured against realised inflation remained positive during 2025, owing to deflationary and low inflation conditions.

Yields on Government Securities

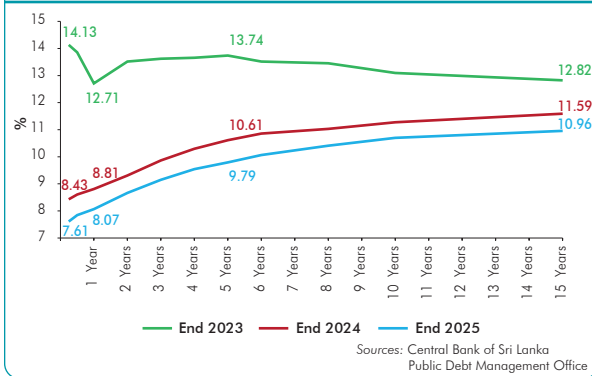
Yields on government securities declined moderately during 2025 compared to the notable downward adjustment observed in 2024, notwithstanding the transitory upticks observed, particularly towards the end of the year. Overall, Treasury bill yields across all maturities declined moderately by 0.50-0.88 pps at primary auctions in 2025, with a sizeable reduction occurring following the policy rate reduction in May 2025. This was also supported by improved fiscal performance during the

Table 1.7
Movements of Interest Rates

Interest Rate	End 2024	End 2025	Change in pps
% per annum			
Policy Interest Rate of the Central Bank			
Overnight Policy Rate (OPR) (a)	8.00	7.75	-0.25
Standing Facility Rates (a)			
Standing Deposit Facility Rate (SDFR)	7.50	7.25	-0.25
Standing Lending Facility Rate (SLFR)	8.50	8.25	-0.25
Average Weighted Call Money Rate (AWCMR)	8.00	8.04	0.04
Yields on Government Securities			
Primary Market (b)			
Treasury bills			
91-day	8.62	7.74	-0.88
182-day	8.77	8.27	-0.50
364-day	8.96	8.45	-0.51
Treasury bonds			
2-year	13.83 (c)	-	-
3-year	11.63 (c)	8.85 (d)	-2.78
4-year	10.42 (c)	9.55 (d)	-0.87
5-year	10.75 (c)	9.80 (d)	-0.95
10-year	-	10.67 (d)	-
Secondary Market			
Treasury bills			
91-day	8.43	7.61	-0.82
182-day	8.61	7.84	-0.77
364-day	8.81	8.07	-0.74
Treasury bonds			
2-year	9.31	8.66	-0.65
3-year	9.87	9.15	-0.72
4-year	10.30	9.54	-0.76
5-year	10.61	9.79	-0.82
10-year	11.27	10.70	-0.57
Interest Rates on Deposits			
Licensed Commercial Banks (e)			
Savings Deposits	0.25-9.00	0.25-9.00	-
1-Year Fixed Deposits (f)	2.50-18.39	2.50-12.00	-
AWDR	7.53	6.78	-0.75
AWFDR	9.27	8.41	-0.86
AWNDR	6.52	6.29	-0.23
AWNDR	6.57	7.02	0.45
Other Financial Institutions (g)			
National Savings Bank			
Savings Deposits	3.00	3.00	-
1-Year Fixed Deposits	7.00	6.75	-0.25
Finance Companies (h)			
Savings Deposits	3.91-6.03	3.99-6.06	-
1-Year Fixed Deposits	9.23-11.00	8.68-10.36	-
Interest Rates on Lending			
Licensed Banks (i)			
AWSR	12.48	11.53	-0.95
AWNSR	11.59	11.12	-0.47
Licensed Commercial Banks (e)			
AWPR - Monthly	8.92	8.87	-0.05
AWLR	11.93	11.48	-0.45
AWNLR	10.77	10.69	-0.08
Licensed Specialised Banks (g)			
National Savings Bank	12.75-18.00	6.75-13.50	-
State Mortgage and Investment Bank (j)	9.00-20.00	9.00-18.50	-
Finance Companies (h)			
Finance Leasing	10.99-31.75	12.76-33.98	-
Corporate Debt Market			
Debentures	12.00-15.25	9.75-13.15	-
Commercial Papers	12.00-13.75	11.00-12.20	-

- (a) With effect from 27 November 2024, the OPR is defined as the policy interest rate of the Central Bank. SDFR and SLFR are linked to the OPR with a pre-determined margin as decided by the Central Bank
- (b) Weighted average yield rates at the latest available auction
- (c) Last Primary Auction during 2024: 2 yr-11 Jan | 3 yr-12 Nov | 4 yr-30 Dec | 5 yr-12 Dec
- (d) Last Primary Auction during 2025: 3 yr-29 May | 4 yr-11 Dec | 5 yr-30 Dec | 10 yr-11 Dec
- (e) Based on the rates quoted by LCBs
- (f) Maximum rates are special rates offered by certain LCBs
- (g) Based on the rates quoted by other selected Financial Institutions
- (h) Interest rate ranges are based on the average maximum and average minimum rates quoted by Finance Companies (FCs) which are applicable for deposits mobilised and loans granted during the respective months. Data for 2025 are provisional
- (i) Based on the rates quoted by LCBs and LSBs
- (j) Lending for housing purposes only
- Sources: Central Bank of Sri Lanka
Respective Financial Institutions
Colombo Stock Exchange
Public Debt Management Office

Figure 1.13
Secondary Market Yield Curve
for Government Securities



year. However, yields rose notably in December 2025, partly reflecting market expectations of higher government borrowings to finance post-cyclone recovery efforts. Nevertheless, Treasury bill yields showed some overall easing in early 2026. In line with this trend, Treasury bond yields also adjusted downwards despite some transitory volatilities. In 2025, the majority of Treasury bond issuances were concentrated in the medium to longer-term tenors, reflecting strong investor appetite for longer-duration instruments and improved investor confidence in macroeconomic conditions. Overall, yields have dropped by approximately 0.7-2.8 pps across maturities during the year. Accordingly, the secondary market yield curve shifted downwards compared to the end of 2024, reflecting improved macroeconomic conditions and declining risk premia.

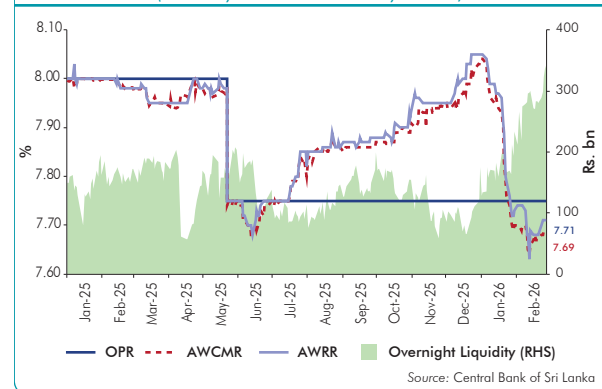
1.3.2 Domestic Money Market Liquidity

Domestic money market liquidity remained in surplus throughout 2025, in line with the accommodative monetary policy stance. The surplus liquidity was mainly due to liquidity injections through net foreign exchange purchases by the Central Bank in an effort to strengthen foreign reserves and reduce undue volatility in the exchange rate, while the Central Bank's foreign currency buy-sell swap transactions with LCBs also contributed

to the liquidity surplus. However, liquidity in the domestic money market was partially absorbed by cash withdrawals, coupon payments to the Central Bank on account of its holdings of Treasury bonds, and use of rupee liquidity by the Government to obtain foreign exchange from the Central Bank to service its foreign currency debt. Accordingly, the average liquidity surplus amounted to Rs. 136.4 bn during 2025 compared to the average surplus of Rs. 93.2 bn recorded in 2024. Despite the overall surplus during the year, some transitory volatilities were observed during the year. Persistent surplus liquidity in the domestic money market eliminated the need for liquidity injections through Open Market Operations (OMOs), resulting in the pause of Reverse Repo auctions in January 2025.

Despite the overall surplus, an asymmetry in liquidity distribution was observed among participatory institutions during most part of 2025, which resulted in some volatility in liquidity levels, thereby causing the AWCMR to deviate from the OPR, particularly in the second half of 2025. During the year, foreign banks recorded a notable liquidity surplus, while most of the domestic private banks continued to experience liquidity shortages. In the latter part of 2025, State banks' liquidity level declined owing to the increase in government funding requirements resulting from relief measures

Figure 1.14
Key Short-term Interest Rates and
Money Market Liquidity
(January 2025 – February 2026)



1

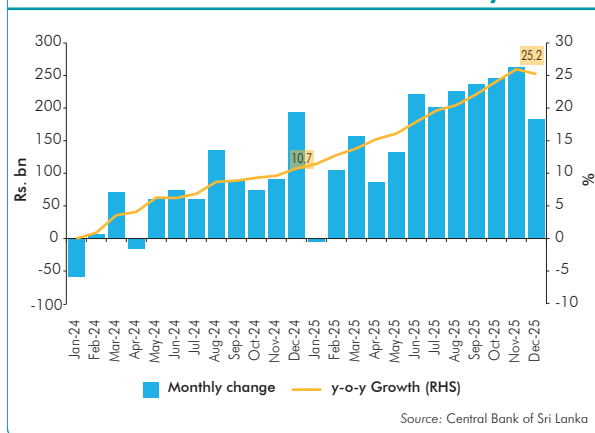
related to *Cyclone Dityah*, while the liquidity level of domestic private banks improved somewhat. In early 2026, the overall surplus in the domestic money market rose significantly, supported by the continued net purchases of foreign exchange by the Central Bank, easing the asymmetry in liquidity distribution. In response, the AWCMR moderated and fell below the OPR, prompting the Central Bank to activate Repo auctions through OMOs to absorb excess liquidity from the domestic money market starting from February 2026.

1.3.3 Credit Aggregates

Credit extended to the private sector by LCBs recorded a notable expansion in 2025. The momentum of credit expansion observed in 2024 continued into 2025, with private sector credit growth accelerating significantly from June 2025 onward. Accordingly, monthly credit expansion exceeded Rs. 200 bn for six consecutive months before moderating slightly in December 2025. This nominal expansion was largely supported by the low interest rate environment, reflecting the continued accommodative monetary policy stance, the gradual recovery in domestic economic activity, the increased nominal value of transactions following the earlier high inflation episode, and stronger demand for financing, particularly for vehicle imports

following the relaxation of import restrictions in early 2025. In addition, the slowdown in credit extended to the public sector, reflecting the Government's fiscal consolidation efforts, created additional space for banks to expand lending to the private sector, thereby generating a crowding-in effect. Accordingly, outstanding credit to the private sector by LCBs increased by around Rs. 2.1 tn during 2025, recording the highest annual expansion on record. The y-o-y growth reached 25.2% by the end of December 2025, compared to 10.7% at the end of 2024. In real terms, y-o-y growth of credit to the private sector by LCBs was recorded at 22.6% by the end of December 2025, rising from 12.7% at the end of 2024. Despite the notable expansion of private sector credit in nominal terms, its share as a percentage of GDP stood at 31.2% as of end 2025, remaining below its pre-crisis level. Consequently, at the end of 2025, domestic credit by LCBs, which also accounts for the Net Credit to the Government and Credit to State Owned Business Enterprises (SOBEs), stood at 58.1% as a share of GDP. Meanwhile, credit extended to the private sector by Licensed Specialised Banks (LSBs) increased by a tepid Rs. 39.0 bn during 2025, recording a y-o-y growth of 3.4% by the end of 2025. In contrast, private sector credit extended by Finance Companies (FCs) expanded by Rs. 788.9 bn during the year, registering a notable y-o-y growth of 49.3% by the end of 2025, largely reflecting increased financing for vehicle-related purchases and gold-backed loans.

Figure 1.15
Credit Extended to the Private Sector by LCBs

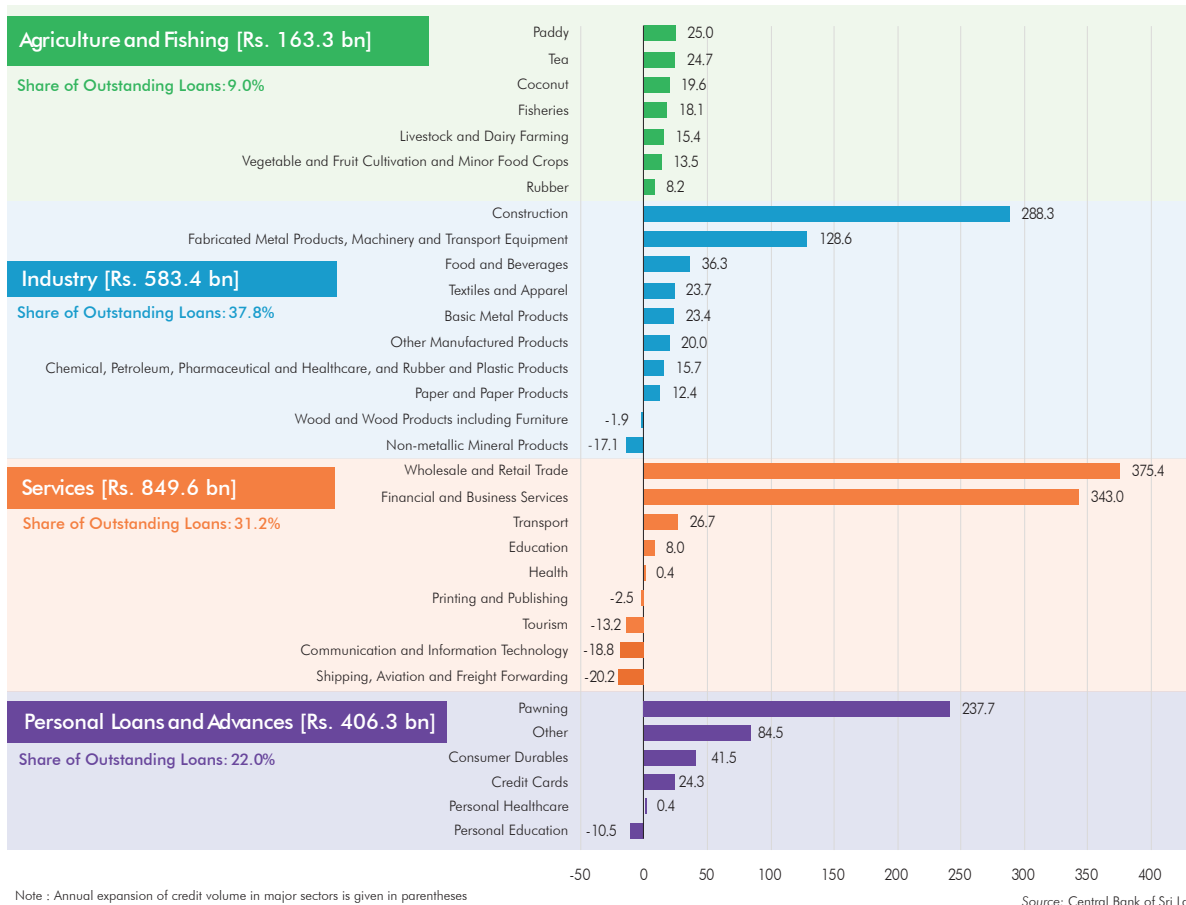


A broad-based expansion in credit across key sectors¹⁶ of the economy was observed in 2025, reflecting the ongoing recovery in economic activity. Accordingly, the credit extended to the Services sector (which accounts for 31% of outstanding credit) recorded the largest expansion in credit during

¹⁶ Findings are based on the "Monthly Survey of Loans and Advances to the private sector by LCBs", introduced in April 2025, which replaced the earlier survey, "Quarterly Survey of Loans and Advances to the private sector". With this shift, information between the new Monthly Survey data and the earlier quarterly series are not strictly comparable, as observed variations in loan volumes and growth patterns across subsectors during the transition period primarily reflect reclassifications at the bank level rather than underlying trends.



Figure 1.16
Annual Private Sector Credit Expansion in Sub-sectors (Rs. bn) - 2025
(As per the Monthly Survey of Loans and Advances by LCBs)



2025, increasing by around Rs. 850 bn and accounting for 42% of the total expansion. Within the Services sector, notable credit growth was observed in the wholesale and retail trade; financial and business services; transportation; and education subsectors, reflecting the recovery following the crisis. Credit extended to the financial and business services sector, which includes lending by LCBs to FCs, reflects their increased reliance on banks for their funding requirements in a low-interest-rate environment and the use of such funding to expand lending activity, particularly vehicle financing and gold-backed loans. This was followed by the expansion in the credit extended to the Industry sector (which accounts for around 38% of outstanding credit), which amounted to around

Rs. 583 bn, contributing 29% to the overall credit expansion. Within the Industry sector, credit to the construction subsector expanded by 18.9% (y-o-y), indicating a gradual recovery in construction-related activities. Credit expansion was also observed in other industrial subsectors, including fabricated metal products, machinery and transport equipment; food and beverages; textiles and apparel; and basic metal products. Meanwhile, Personal Loans and Advances (which account for around 22% of outstanding credit) also rose significantly by around Rs. 406 bn during the year, accounting for about a fifth of the total credit expansion. Within this category, the expansion was mainly driven by increased gold-backed lending, credit extended for consumer durables, and higher credit

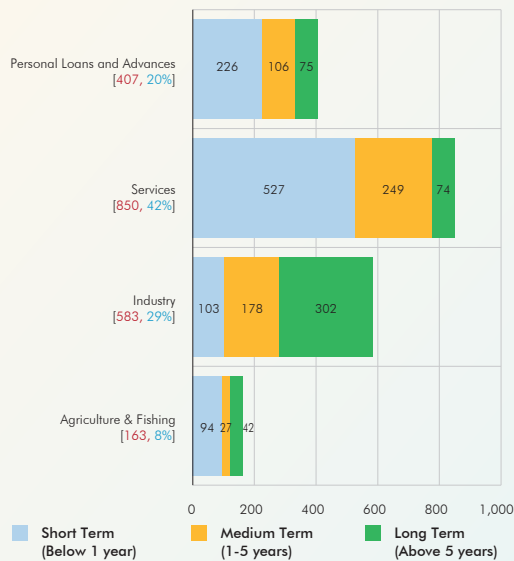
Featured Chart 1.4

Tenor-wise Distribution of Private Sector Credit by LCBs

(Based on Monthly Survey of Loans and Advances to the Private Sector by LCBs)



Tenor-wise Credit Expansion during 2025 (Rs. bn)



- Note: 1. Annual expansion in volume for each sector is presented in parentheses, along with its corresponding share of total expansion.
2. The distribution of outstanding private sector credit by sector at end 2025 was as follows: Agriculture (9%), Industry (38%), Services (31%), and Personal Loans and Advances (22%). Over the same period, the tenor-wise credit distribution of credit comprised short-term (42%), medium-term (22%), and long-term (36%).

Source: Central Bank of Sri Lanka

Private sector credit expansion in 2025 was largely broad-based. A majority of the credit expansion in the Services sector and in the form of Personal Loans and Advances was concentrated in short-term lending. This reflects increased financing requirements by service-oriented businesses for working capital purposes. Moreover, household borrowing increased to support consumption and manage short-term liquidity needs.

In contrast, credit expansion in the Industry sector was predominantly driven by long-term loans, indicating funding obtained for capital investment and business expansion projects, particularly during the recovery phase following the economic crisis.

Meanwhile, credit expansion in the Agriculture and Fishing sector remained mainly short-term, reflecting the seasonal nature of agricultural production process and the associated financing needs for inputs such as seeds, fertiliser, labour, and other cultivation-related expenses.

card-related exposures, reflecting a gradual pickup in consumer spending amid rising economic activity. Lastly, the credit extended to the Agriculture sector (which accounts for around 9% of outstanding credit) expanded by Rs. 163 bn during the year, contributing to around 8% of the total credit expansion. Within the Agriculture sector, credit extended to key subsectors, including paddy; tea; coconut; and fisheries, recorded notable growth during the year. In terms of maturity composition, the expansion of private sector credit by LCBs indicates that the annual increase during 2025 was largely driven by short-term lending, which accounted for nearly half of the total expansion, followed by medium-term and long-term lending, respectively.

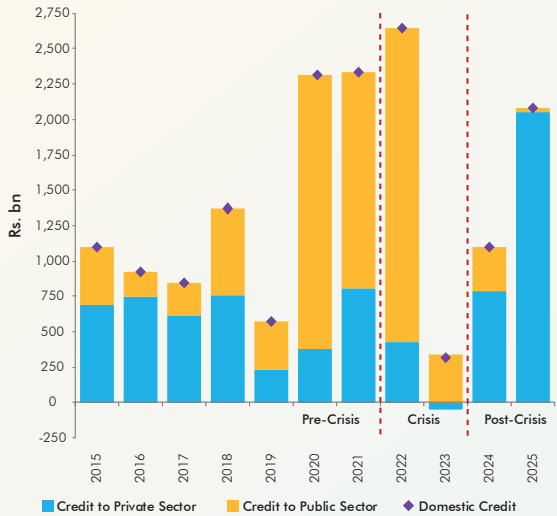
Net Credit to the Government (NCG) by the banking system increased marginally by Rs. 15.1 bn in 2025. The increase observed during 2025 was primarily driven by the expansion in NCG by the Central Bank, reflecting fair value adjustments to the Central Bank's holdings of government securities amid the decline in bond yields. However, the Central Bank's holdings of government securities, on a face value basis, declined by Rs. 6.7 bn during the year. Accordingly, NCG by the Central Bank increased by Rs. 54.5 bn in 2025. In contrast, NCG by LCBs recorded a cumulative contraction of Rs. 39.4 bn during the year. This decline was largely attributable to the notable reduction in their investments in government securities, with investments in both Treasury bills and Treasury bonds declining in 2025



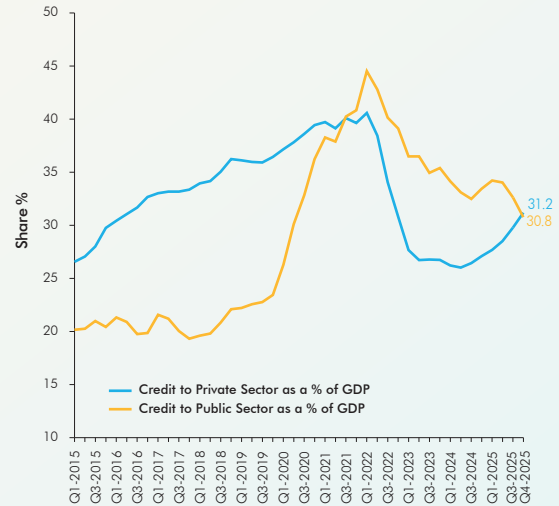
Featured Chart 1.5
Rebalancing Domestic Credit: Public vs. Private Sector Dynamics



Domestic Credit Expansion (Private vs Public)



Private and Public Sector Credit as a Share of GDP



Note: 1. Domestic credit refers to the total gross loans and advances extended to both the private and public sectors by the banking system. The public sector component includes credit extended to the Government, including investments in government securities and credit extended to State-Owned Business Enterprises (SOBEs).

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

2. Credit-to-GDP ratio is derived as the ratio of total outstanding credit to the annualised nominal GDP of the corresponding quarter.

In the years preceding the economic crisis, persistent structural imbalances in the fiscal sector led the Government to increasingly rely on financing from the domestic banking sector, including borrowings from the Central Bank, to meet its growing financing requirements. This contributed to a crowding-out effect on private sector credit, irrespective of changes in the monetary policy stance. These pressures intensified during the crisis period as sovereign credit rating downgrades and debt distress constrained the Government’s access to external financing, forcing it to rely almost entirely on domestic sources. However, fiscal consolidation efforts and legislative reforms aimed at improving the institutional autonomy of the CBSL, including the prohibition of

monetary financing, following the recent economic crisis have yielded favourable results in the post-crisis economy.

The resulting moderation in public sector credit has created space for private sector borrowing, giving rise to crowding-in effect in private sector credit. Accordingly, private sector credit-to-GDP, having declined during the crisis, gradually recovered to 31.2% by end 2025, supported by the recovery in economic activity and the lower cost of borrowings under an accommodative monetary policy stance. However, the private sector credit-to-GDP ratio remains below pre-crisis levels. Meanwhile, the public sector credit-to-GDP ratio continued to exhibit a downward trend during this period.

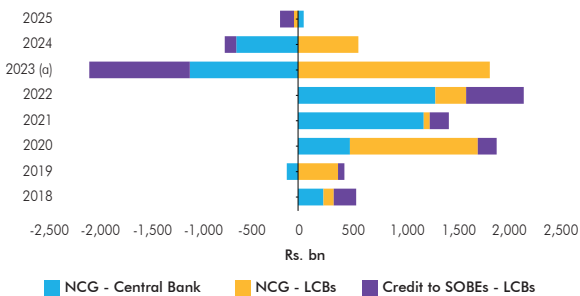
compared to 2024. Further, strong revenue mobilisation efforts by the Government led to the accumulation of government deposits, thus reducing LCBs’ exposure to the Government. Meanwhile, investments by LCBs in the Government’s Domestic Dollar Bond issuance

of USD 50 mn¹⁷ in late 2025 were also reflected in NCG by LCBs during the year. Further, the expansion of NCG based on the Financial Survey (M_4)¹⁸ amounted to Rs. 24.3 bn

17 In terms of Face Value.

18 The Financial Survey provides a broader measure of money supply, covering all deposit-taking institutions, including LSBs and FCs, in addition to LCBs and the Central Bank.

Figure 1.17
Annual Change in Credit to the Public Sector
by the Banking System



(a) CPC's outstanding foreign currency guaranteed debt was absorbed into central government debt effective December 2022, implemented in 2023 via state banks' balance sheet adjustments, reducing credit to SOBEs and increasing NCG by LCBs.

Source: Central Bank of Sri Lanka

in 2025. This included an expansion of Rs. 53.6 bn in NCG by LSBs, driven by increased investments in government securities, alongside a contraction of Rs. 44.4 bn in NCG by FCs.

Continuing the trend observed in 2023 and 2024, net credit extended to SOBEs by LCBs contracted notably by Rs. 137.0 bn in 2025, largely reflecting net repayments by major SOBEs amid improved financial performance and ongoing reform measures. This development contributed to a notable reduction in their reliance on bank financing. Among the major SOBEs, the Road Development Authority (RDA) and the National Water Supply and Drainage Board (NWSDB) recorded net repayments of Rs. 79.3 bn and Rs. 12.0 bn, respectively, while net repayments were also observed by the Ceylon Fertilizer Corporation and the Ceylon Electricity Board (CEB), among others, during the year.

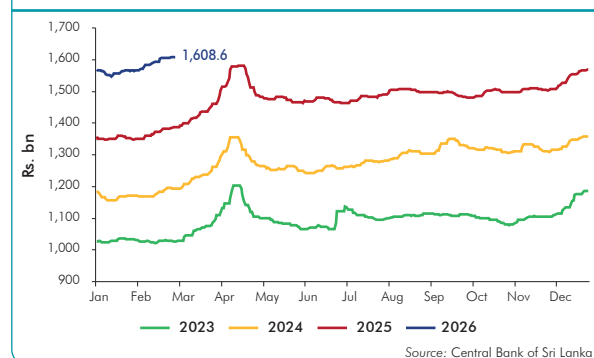
1.3.4 Money Aggregates

Reserve money recorded a notable expansion in 2025, continuing the momentum observed in the previous year, largely driven by the continued increase in currency in circulation (CIC). CIC remained at an elevated level during the year, reflecting public's continued preference for cash-based transactions, relatively low opportunity cost of

holding currency amid low deposit interest rates, and withdrawals associated with government cash subsidy payments. A renewed increase in CIC was observed towards the end of 2025, largely driven by heightened currency demand following *Cyclone Ditwah* and seasonal festive-related demand. Accordingly, CIC increased by Rs. 210.2 bn in 2025 compared to the expansion of Rs. 172.2 bn in 2024. Meanwhile, the growth in LCBs' rupee deposit liabilities during the year led to an increase in their reserve balances held with the Central Bank relative to the previous year, thereby contributing to the expansion of reserve money. Accordingly, reserve money increased notably by Rs. 257.1 bn to Rs. 1,796.5 bn by end-2025, recording a y-o-y growth of 16.7%.

From the assets side of the Central Bank's balance sheet, the expansion in reserve money in 2025 was entirely driven by the increase in Net Foreign Assets (NFA), which offset the contraction observed in Net Domestic Assets (NDA). The Central Bank's NFA position further strengthened in 2025, recording an expansion of around Rs. 491 bn compared to the previous year. This increase was largely driven by the increase in foreign assets and the decline in foreign liabilities during the year. The rise in foreign assets primarily reflected the accumulation of official reserves through net purchases from the domestic foreign exchange market, together with the net proceeds arising from the conversion

Figure 1.18
Daily Currency in Circulation



Source: Central Bank of Sri Lanka

Table 1.8
Developments in Monetary Aggregates

Item	Rs. bn				
	End 2021	End 2022	End 2023	End 2024	End 2025 (a)
1. Reserve Money (M_0)	1,306	1,349	1,329	1,539	1,796
(% change y-o-y)	35.4	3.3	-1.5	15.8	16.7
Net Foreign Assets of the Central Bank	-387	-1,614	-837	222	713
Net Domestic Assets of the Central Bank	1,693	2,963	2,166	1,317	1,083
2. Narrow Money (M_1)	1,460	1,454	1,658	1,926	2,288
(% change y-o-y)	24.0	-0.4	14.1	16.1	18.8
3. Broad Money (M_{2b})	10,647	12,290	13,189	14,322	15,975
(% change y-o-y)	13.2	15.4	7.3	8.6	11.5
3.1 Net Foreign Assets (NFA)	-982	-1,767	-456	573	1,067
Monetary Authorities (b)	-387	-1,614	-837	222	713
Licensed Commercial Banks (LCBs)	-595	-153	381	351	353
3.2 Net Domestic Assets (NDA)	11,629	14,056	13,645	13,749	14,908
Domestic credit	14,002	16,632	16,421	17,083	19,017
Net Credit to the Government (NCG)	5,832	7,471	8,285 (c)	8,270	8,285
Central Bank	2,094	3,432	2,376	1,774	1,828
Licensed Commercial Banks (LCBs)	3,738	4,039	5,909	6,497	6,457
Credit to Public Corporations/ SOBEs	1,188	1,750	770 (c)	657	520
Credit to the Private Sector	6,981	7,411	7,366	8,156	10,212
(% change y-o-y)	13.1	6.2	-0.6	10.7	25.2
Other Items (net)	-2,373	-2,576	-2,776	-3,334	-4,109
4. Broad Money (M_2)	12,985	14,840	15,829	17,261	19,177
(% change y-o-y)	13.3	14.3	6.7	9.0	11.1
4.1 Net Foreign Assets (NFA)	-999	-1,767	-456	552	1,003
Monetary Authorities (b)	-387	-1,614	-837	222	713
Licensed Commercial Banks (LCBs)	-595	-153	381	351	353
Licensed Specialised Banks (LSBs)	-17	-	-	-21	-64
4.2 Net Domestic Assets (NDA)	13,984	16,607	16,285	16,709	18,174
Net Credit to the Government (NCG)	6,769	8,469	9,507 (c)	9,470	9,494
Central Bank	2,094	3,432	2,376	1,774	1,828
Licensed Commercial Banks (LCBs)	3,738	4,039	5,909	6,497	6,457
Licensed Specialised Banks (LSBs)	845	881	1,022	1,078	1,132
Finance Companies (FCs)	92	116	200	121	77
Credit to Public Corporations/ SOBEs by LCBs	1,188	1,750	770 (c)	657	520
Credit to the Private Sector	9,339	9,917	9,815	10,910	13,794
(% change y-o-y)	12.7	6.2	-1.0	11.2	26.4
Licensed Commercial Banks (LCBs)	6,981	7,411	7,366	8,156	10,212
Licensed Specialised Banks (LSBs)	1,094	1,159	1,126	1,154	1,193
Finance Companies (FCs)	1,264	1,347	1,323	1,600	2,389
Other items (net)	-3,312	-3,529	-3,807	-4,327	-5,634
Memorandum Items:					
Money Multiplier (M_{2b})	8.15	9.11	9.93	9.30	8.89
Velocity (M_{2b} average) (d)	1.73	2.04	2.18 (e)	2.20 (e)	2.16

Source: Central Bank of Sri Lanka

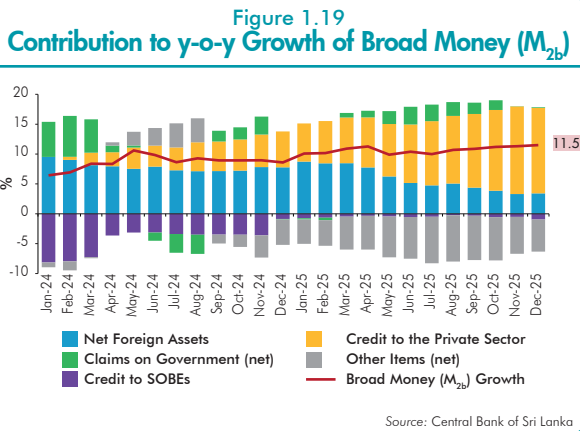
(a) Provisional

(b) This includes NFA of the Central Bank as well as the Government's Crown Agent's balance reported by the Department of State Accounts. The Government's Crown Agent's balance has not been reported since February 2025, following the discontinuation of Crown Agent's operations and the Government's decision to close the account.

(c) CPC's outstanding foreign currency guaranteed debt was absorbed into central government debt effective December 2022, implemented in 2023 via state banks' balance sheet adjustments, reducing credit to SOBEs and increasing NCG by LCBs.

(d) Based on rebased GDP estimates (base year 2015) by the Department of Census and Statistics

(e) Revised



of foreign currency swap facilities. Meanwhile, the continued servicing of the Central Bank's external debt obligations, including the settlement of the swap facility with the Reserve Bank of India (RBI), contributed to a gradual decline in foreign liabilities. In contrast, the NDA of the Central Bank declined by Rs. 234 bn in 2025. Although net credit to the Government increased, primarily reflecting valuation gains on the fair value of the Central Bank's holdings of government securities amid declining bond yields, this upward effect was more than offset by the significant expansion in other liabilities of the Central Bank. The increase in other liabilities was largely attributable to the build-up of reserves, driven by higher retained earnings and valuation gains.

Meanwhile, the expansion of broad money supply (M_{2b}) during 2025 was primarily driven by the notable growth of credit to the private sector by LCBs, together with the improvement in the NFA of the banking system. NFA of the banking system comprising both the Central Bank and LCBs improved by around Rs. 494 bn during the year, largely reflecting the strengthening of the Central Bank's NFA position. Despite revaluation effects stemming from the depreciation of the Sri Lanka rupee, NFA of LCBs recorded a marginal increase during 2025, as the expansion in foreign assets more than offset the increase in foreign liabilities. The increase in foreign assets of LCBs was mainly supported by increased credit extended

to non-residents, notwithstanding a decline in foreign currency placements and the maturity of foreign securities holdings. At the same time, foreign liabilities of LCBs increased, primarily due to the expansion in foreign currency deposit liabilities. Overall, these developments resulted in a modest improvement in the NFA position of LCBs during the year. Furthermore, the build-up of reserves driven by higher retained earnings and valuation gains contributed negatively to broad money growth as reflected in the increase in negative value of other items (net).¹⁹ Driven by these developments, the growth of broad money (M_{2b}) accelerated to 11.5% (y-o-y) in 2025, compared to 8.6% (y-o-y) in 2024. In line with this trend in M_{2b} , the growth of broad money M_4 , as measured by the Financial Survey, also accelerated at a similar pace. Meanwhile, the money multiplier, measured as the ratio of M_{2b} to reserve money, declined to 8.89 in 2025 from 9.30 in 2024, reflecting the strong expansion in reserve money.

1.4 External Sector Developments

1.4.1 Balance of Payments

Current Account

Sri Lanka's external sector strengthened further in 2025, with the current account recording a surplus for the third consecutive year. The merchandise trade deficit widened notably in 2025, reflecting a significant expansion in import expenditure that outpaced growth in export earnings. Merchandise imports increased by 14.0% to USD 21.5 bn, while merchandise exports grew by 6.3% to a historically high level of USD 13.6 bn in 2025. As a result, the trade deficit widened to USD 7.9 bn in 2025, compared to USD 6.1 bn in 2024. Expenditure on motor vehicle imports of USD 2.0 bn primarily contributed to the expansion in

¹⁹ Other items (net) includes the net value of all assets and liabilities that are not explicitly classified elsewhere when calculating standard money supply measures

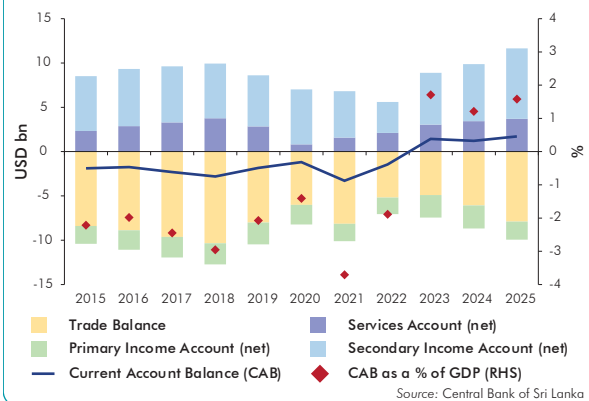
Table 1.9
Current and Capital Account

Item	USD mn	
	2024 (a)	2025 (b)
Current Account (net)	1,207	1,719
Receipts	26,877	29,304
Payments	25,669	27,584
Trade Balance	-6,069	-7,899
Exports	12,772	13,581
Agricultural	2,774	3,072
Industrial	9,947	10,461
Mineral	25	24
Other	26	24
Imports	18,841	21,480
Consumer	3,466	5,518
Intermediate	11,915	11,859
Investment	3,448	4,090
Other	13	13
Services (net)	3,435	3,707
Receipts	6,910	7,066
Of which;		
Transport	1,794	1,883
Travel	3,169	3,219
Computer Services	848	800
Construction Services	212	132
Payments	3,475	3,359
Of which;		
Transport	1,017	996
Travel	755	829
Computer Services	194	263
Construction Services	127	37
Primary Income (net)	-2,598	-2,036
Receipts	609	580
Compensation of employees	146	229
Investment Income	463	350
Direct Investment	73	78
Portfolio Investment	-	-
Other Investment	271	125
Reserve Assets	119	148
Payments	3,207	2,616
Compensation of employees	20	28
Investment Income	3,187	2,587
Direct Investment	940	1,137
Portfolio Investment	877	449
Other Investment	1,369	1,002
Secondary Income (net)	6,439	7,947
Receipts	6,585	8,077
Of which;		
Workers' Remittances (c)	6,575	8,076
Payments	146	130
Capital Account (net)	12	-7
Receipts (d)	20	2
Payments	8	9
Current and Capital Account (net)	1,219	1,712
As a % of GDP		
Trade Balance	-6.1	-7.3
Goods and Services Balance	-2.6	-3.9
Current Account Balance	1.2	1.6

(a) Revised
(b) Provisional
(c) Workers' remittances may include other remittances, such as those received following Cyclone Ditrwah.
(d) Data on capital transfers to the General Government for 2025 are available only up to first half of 2025.

Source: Central Bank of Sri Lanka

Figure 1.20
Annual External Current Account



Source: Central Bank of Sri Lanka

import expenditure. Despite the widened trade deficit, the current account recorded a higher surplus in 2025 than in the previous two years, supported by a stronger services account surplus, a substantial improvement in workers' remittances, and a narrowing of the primary income account deficit. The current account surplus is estimated to have increased to USD 1.7 bn in 2025, from USD 1.2 bn in 2024.

Merchandise Trade Account

The merchandise trade deficit widened in 2025 compared to the preceding year, largely reflecting a sharper expansion in import expenditure than in export earnings. Export earnings recorded a positive y-o-y growth trajectory during most of 2025, primarily supported by the expansion in industrial exports, including garments and food, beverages, and tobacco, underpinned by improved external demand conditions. However, the improvement in export performance was outweighed by a substantial increase in import expenditure, driven mainly by a notable surge in vehicle imports following the relaxation of import restrictions in January 2025, alongside higher imports of investment goods. Consequently, the deficit in the merchandise trade account widened to USD 7.9 bn in 2025, compared to USD 6.1 bn in 2024. As a percentage of GDP, the trade deficit widened to 7.3% in 2025 from 6.1% in the previous year.

Table 1.10
Summary of Merchandise Trade Performance

Category	2024		2025 (a)	
	Value (USD mn)	Value (USD mn)	Value (USD mn)	Growth (%)
Exports	12,772.0	13,581.4		6.3
Industrial	9,946.9	10,460.8		5.2
Agricultural	2,774.5	3,072.0		10.7
Mineral	24.5	24.2		-1.4
Unclassified	26.1	24.4		-6.7
Imports	18,841.4	21,479.9		14.0
Consumer	3,465.7	5,518.3		59.2
Food and beverages	1,914.3	2,115.9		10.5
Non-food consumer	1,551.4	3,402.3		119.3
Intermediate	11,914.5	11,858.9		-0.5
Investment	3,448.2	4,089.9		18.6
Unclassified	13.0	12.9		-0.7
Trade Balance	-6,069.4	-7,898.6		
Total Trade	31,613.4	35,061.3		10.9

(a) Provisional

Sources: Sri Lanka Customs
Petroleum Exporters and Importers
National Gem and Jewellery Authority
Central Bank of Sri Lanka

The increase in both export earnings and import expenditure in 2025 was mainly driven by higher trade volumes, indicating a recovery in real trade flows rather than price-led effects. The total trade, encompassing both export earnings and import expenditure, increased by 10.9% (y-o-y) in 2025, mirroring the broad-based recovery in economic activity. Meanwhile, Sri Lanka’s terms of trade, measured as

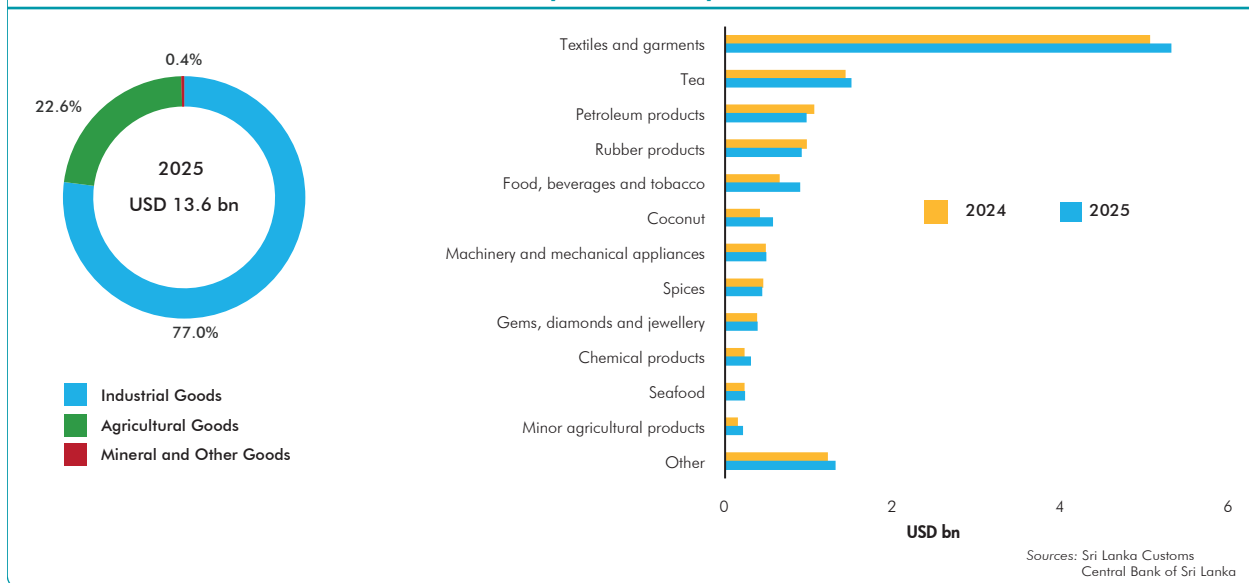
the ratio of export prices to import prices, deteriorated marginally in 2025 due to rising import prices and falling export prices.

Export Performance

The merchandise exports recorded a notable expansion in 2025, reaching the highest annual export level on record at USD 13.6 bn, surpassing the previous peak of USD 13.1 bn achieved in 2022. This performance reflects a 6.3% y-o-y growth in export earnings, underpinned by improved external demand conditions and a recovery in industrial and agricultural exports, signalling a strengthening of Sri Lanka’s export sector momentum. As a percentage of GDP, export earnings in 2025 amounted to 12.5%.

Tariff measures imposed by the United States on imported goods of trading partners underwent several revisions since 2025. Accordingly, the initial announcement in April 2025 of a 44% tariff on Sri Lankan exports to the United States was subsequently reduced through negotiations to 30% and then to 20%. In February 2026, the United States Supreme Court invalidated this tariff regime, prompting a policy shift. Under the new proclamation,

Figure 1.21
Composition of Exports



Sources: Sri Lanka Customs
Central Bank of Sri Lanka

the United States imposed, for a period of 150 days, a 10% ad valorem duty on articles exported to the United States, with indications that this could be adjusted under alternative legal provisions. Despite these tariff shocks and policy uncertainties, Sri Lanka's textiles and garments exports to the United States have remained resilient, recording a marginal increase on y-o-y basis in 2025. Further, overall exports to the United States increased to USD 3.0 bn recording a growth of 3.1% in 2025 compared to 2024.

The rise in industrial exports was a key factor driving overall export earnings in 2025.

Exports of textiles and garments, Sri Lanka's single largest export category, rose by 5.0% in 2025 compared to 2024, reaching USD 5.3 bn. This growth was supported by higher exports to key markets, including the European Union (12.4%), the United States (2.1%), and the United Kingdom (0.7%). Meanwhile, exports of food, beverages, and tobacco surged to USD 0.9 bn, marking a remarkable 37.4% growth over 2024. Additionally, notable increases were recorded in exports of chemical products, animal fodder, and base metals and articles. Notwithstanding higher export volume, earnings from petroleum products declined in 2025 primarily due to lower bunkering and aviation fuel prices. Exports of rubber products also fell primarily driven by a reduction in rubber tyre exports.

Meanwhile, earnings from agricultural exports exceeded USD 3 bn for the first time in history in 2025, marking a 10.7% increase over 2024, largely driven by strong performances in coconut-related products, tea, and minor agricultural products. Earnings from both kernel and non-kernel coconut exports increased, led by coconut oil and coconut fibre, while exports of value-added coconut products, classified under industrial goods, also rose notably. The growth trajectory in raw and processed coconut products highlights the sector's increasing contribution to export diversification and value

addition. Tea exports also recorded higher earnings, supported by both elevated export prices and increased volumes, reflecting sustained demand in key international markets. In contrast, spice exports declined in 2025, mainly due to lower pepper exports. Mineral exports remained on a downward trend, with some minerals exported in value-added form under industrial exports.

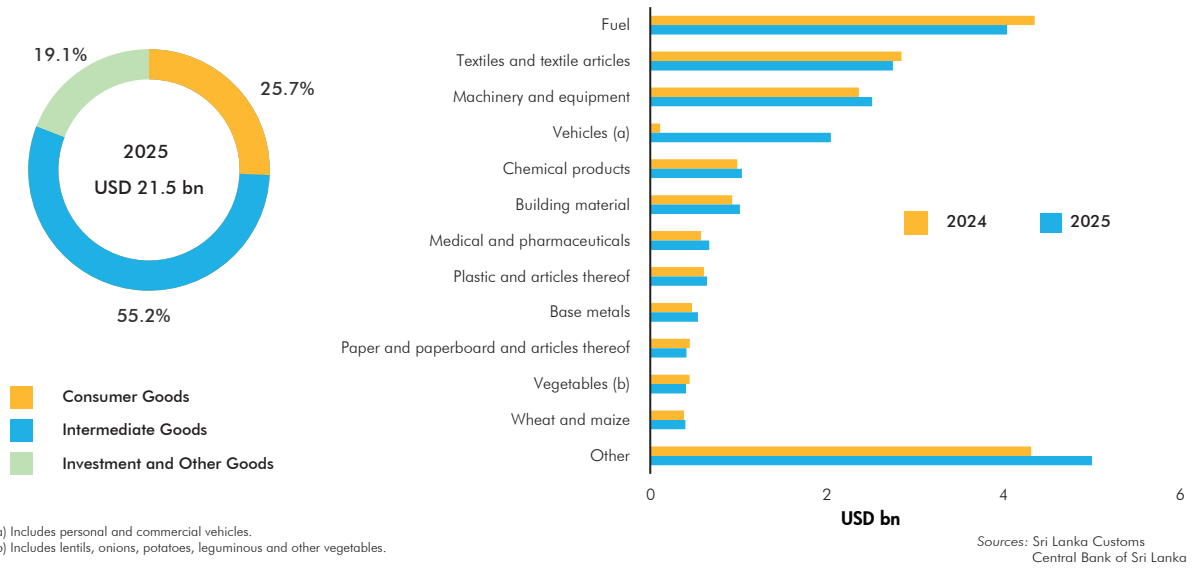
Import Performance

Sri Lanka's merchandise import expenditure expanded notably in 2025, reflecting both policy-induced and macroeconomic developments during the year. The relaxation of restrictions on vehicle imports, alongside the gradual recovery in domestic demand and investment activity, contributed to the rise in imports. Total merchandise import expenditure increased to USD 21.5 bn in 2025, recording a y-o-y growth of 14.0% and marking the second-highest level on record, following the peak of USD 22.2 bn in 2018. As a share of GDP, import expenditure rose to 19.7% in 2025 from 18.9% in 2024.

The increase in import expenditure in 2025 was primarily driven by higher imports of consumer goods and investment goods, despite lower imports of intermediate goods. Consumer goods imports increased in 2025 compared to 2024, primarily due to higher imports of non-food consumer goods, mainly personal vehicles, consistent with the pent-up demand accumulated during the period of import controls. Imports of medical and pharmaceutical products and telecommunication devices also increased under non-food consumer goods. Similarly, expenditure on food items increased, particularly on dairy products and oils, and fats. In contrast, expenditure on imports of intermediate goods declined in 2025, mainly driven by lower fuel imports, due to a reduction in prices of refined petroleum products, crude oil, and coal. Imports of textiles and textile



Figure 1.22
Composition of Imports



(a) Includes personal and commercial vehicles.
(b) Includes lentils, onions, potatoes, leguminous and other vegetables.

Featured Chart 1.6
Expenditure on Fuel Imports

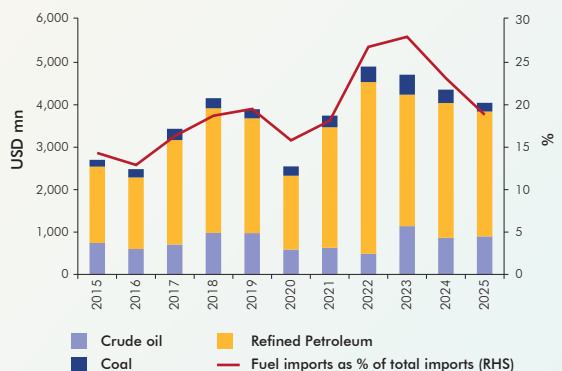


Expenditure on fuel imports is the largest item in Sri Lanka’s import basket, comprising around 20% of the total import bill on average annually over the past 10 years. Despite higher import volumes of crude oil and refined petroleum in 2025, the fuel import bill declined to USD 4 bn in 2025 from USD 4.4 bn in 2024, primarily driven by lower unit prices of crude oil, refined petroleum, and coal. In line with the price movements in the international

market, the average price of crude oil imports declined to USD 73.2 per barrel in 2025 from USD 84.7 per barrel in 2024.

However, global oil prices are expected to remain elevated and volatile amid heightened geopolitical tensions following the Middle East war. This is expected to increase Sri Lanka’s fuel import bill notably in 2026.

Annual Fuel Imports



Sources: Sri Lanka Customs, Central Bank of Sri Lanka, Ceylon Petroleum Corporation, Lanka IOC PLC

Annual Average Import Price of Crude Oil



Sources: Sri Lanka Customs, Central Bank of Sri Lanka, Ceylon Petroleum Corporation, Lanka IOC PLC



articles and diamonds also declined notably in 2025 compared to 2024. Meanwhile, imports of fertiliser and food preparations increased during 2025. Import expenditure on investment goods experienced a notable growth in 2025 across all three subcategories, namely machinery and equipment, building materials, and transport equipment (commercial vehicles), along with most of their subcategories. With the relaxation of restrictions on vehicle imports in January 2025, vehicle imports increased markedly from April 2025 onwards. Accordingly, expenditure on vehicle imports, including both personal and commercial vehicles, surged to USD 2.0 bn in 2025, thereby exerting upward pressure on import expenditure and widening the trade deficit.

Terms of Trade

The terms of trade, measured by the ratio of export prices to import prices, deteriorated slightly in 2025 compared to 2024. Volume indices for all major export and import categories improved, indicating that higher trade volumes contributed to growth in both export earnings and import expenditure in 2025. The decline in the Export Price Index was primarily driven by lower prices for industrial exports, while the increase in the overall Import Price Index reflected higher prices for consumer goods. Consequently, the Export Price Index declined by 0.4%, while the Import Price Index increased by 0.4%, resulting in a 0.8% decline in the terms of trade to 86.1 index points in 2025, compared to 86.7 index points in 2024.

Featured Chart 1.7
Relaxation of Motor Vehicle Import Restrictions and Import Trends



The motor vehicle import restrictions were relaxed in a phased manner, with all remaining restrictions on personal vehicles removed by January 2025. With the relaxation of motor vehicle import restrictions, the Government introduced several tariff and non-tariff measures to mitigate a potential surge in demand following the prolonged period of restrictions.

Despite these measures, vehicle imports increased markedly in 2025, reflecting a strong pent-up

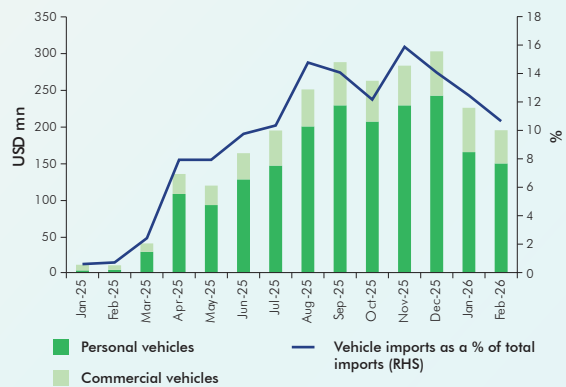
demand accumulated during the years of import restrictions and improvements in economic activity. A notable acceleration in imports was observed from April 2025 onwards. Consequently, expenditure on vehicle imports, including both personal and commercial vehicles, rose significantly to USD 2.04 bn in 2025, marking the third-highest annual total after USD 2.12 bn in 2015 and USD 2.09 bn in 2018.

Annual Vehicle Imports



Sources: Sri Lanka Customs
Central Bank of Sri Lanka

Monthly Vehicle Imports



Sources: Sri Lanka Customs
Central Bank of Sri Lanka

Table 1.11
Summary of Terms of Trade (2010=100) (a)(b)

Category	y-o-y change 2024/ 2025 (%)		
	Value Index	Volume Index	Unit Value Index
Total Exports	6.3	6.8	-0.4
Agricultural exports	10.7	1.3	9.3
Industrial exports	5.2	7.6	-2.3
Mineral exports	-1.4	3.9	-5.1
Total Imports	14.0	13.6	0.4
Consumer goods	59.2	38.8	14.7
Intermediate goods	-0.5	8.2	-8.0
Investment goods	18.6	11.9	6.0
Terms of Trade			-0.8

(a) Provisional
(b) in USD terms

Source: Central Bank of Sri Lanka

Direction of Trade

Sri Lanka's merchandise trade showed clear signs of recovery in 2025, with exports growing steadily and imports rising sharply as the economy stabilised and restrictions on vehicle imports eased. In 2025, China emerged as Sri Lanka's largest trading partner in value terms, surpassing India, which had previously held the leading position during 2021–2024. Meanwhile, the United States ranked as the third-largest trading partner. Together, these three countries accounted for around 41.1% of Sri Lanka's total merchandise trade. Total trade with China and India amounted to approximately USD 5.5 bn and USD 5.4 bn, respectively, in 2025, supported largely by vehicle imports following the relaxation of import restrictions. However, Sri Lanka recorded its highest trade deficit with China, which widened significantly to USD 4.9 bn in 2025 from USD 4.1 bn recorded in 2024. The expansion of the deficit with China was primarily driven by increased imports of electric and hybrid vehicles, as well as construction materials such as iron and steel, while exports remained relatively low. The trade deficit with India also widened in 2025, largely due to the increase in motor vehicle imports. Meanwhile, the United States remained a vital trading partner, with total bilateral trade amounting to about USD 3.5 bn in 2025. Sri Lanka continued to maintain a

trade surplus amounting to USD 2.5 bn with the United States, mainly supported by apparel exports.

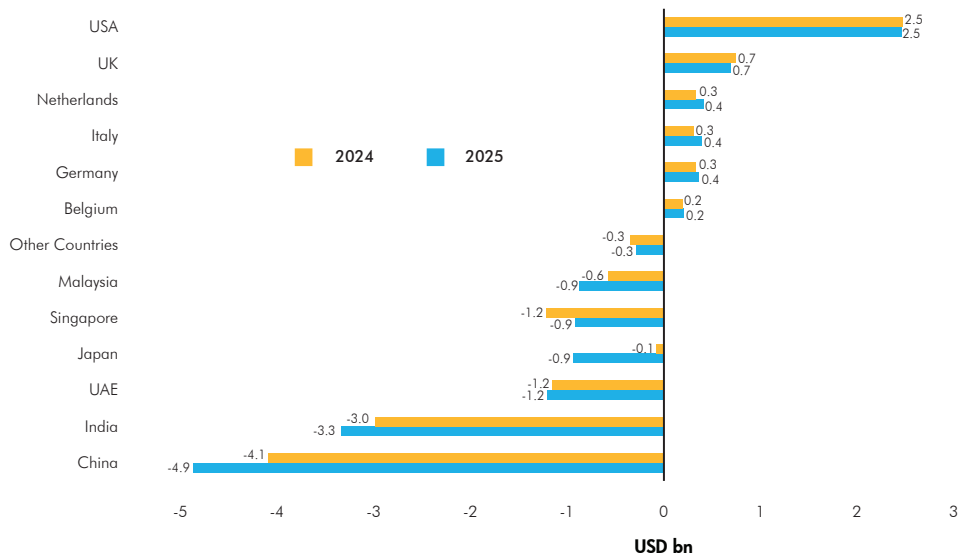
Despite a challenging global trade environment, total trade conducted under preferential and free trade agreements increased in 2025 compared to 2024, with exports under such arrangements increasing during the year as a share of total exports. Bilateral trade discussions with Australia, China, the European Union, Pakistan, Turkey, and Vietnam were held during 2025 and early 2026, underscoring the importance of diversified trade diplomacy in a volatile global environment. Meanwhile, exports under existing bilateral Free Trade Agreements (FTAs) with India and Pakistan increased in 2025, compared to the previous year. In contrast, imports under these agreements remained relatively low during the year, resulting in a continued export-oriented utilisation of bilateral preferences. While the Singapore-Sri Lanka Free Trade Agreement (SSLFTA) remains in force currently, export utilisation has been limited. The FTA between Sri Lanka and Thailand (SLTFTA) was signed in February 2024 and became effective on 1 January 2025, no exports have been recorded under this agreement in 2025. The export performance under regional trade agreements was mixed during 2025. Exports under the Asia Pacific Trade Agreement (APTA) improved in 2025, whereas exports under the South Asian Free Trade Area (SAFTA) and the Global System of Trade Preferences (GSTP) declined significantly.

Sri Lanka also continued to benefit from Generalised System of Preference (GSP) schemes offered by key trading partners.

Export earnings under the EU's GSP+ scheme, which was extended in September 2023 for the period 2024–2027, recorded a notable growth



Figure 1.23
Bilateral Trade Balances



Source: Central Bank of Sri Lanka

in 2025 compared to 2024, while remaining relatively stable over the past five years. In December 2025, the European Commission, the Council, and the European Parliament reached a provisional agreement on a revised GSP framework for developing countries. The revised regulation is expected to be formally endorsed in early 2026 and to enter into force on 1 January 2027. Under the new framework, all current GSP+ beneficiary countries, including Sri Lanka, will be required to reapply to continue receiving preferences. In addition, Sri Lanka continued to benefit from the United Kingdom’s enhanced preferences under the Developing Countries Trading Scheme (DCTS), which came into effect in June 2023. With effect from 1 January 2026, further relaxations were introduced under the DCTS, including enhanced flexibility in rules of origin for apparel exports and expanded cumulation provisions with 18 Asian countries. These enhancements are expected to strengthen Sri Lanka’s integration into regional value chains and improve preference utilisation, particularly in the apparel sector. Meanwhile, the United States GSP scheme, which expired in December 2020, has not yet been reinstated. Given Sri Lanka’s extensive engagement in bilateral and regional trade agreements over several decades, ensuring

their effectiveness and alignment with national economic priorities has become increasingly important. Accordingly, the Cabinet appointed a committee in late 2025 to comprehensively

Table 1.12
Exports under Preferential Trade Arrangements (PTAs) and Free Trade Agreements of Sri Lanka

	2024	2025 (a)		
	Value (USD mn)	Value (USD mn)	Growth (%)	Share (%)
GSPs	3,985.7	4,330.6	8.7	80.4
of which, EU (including GSP+)	2,108.1	2,407.0	14.2	44.7
USA (b)	741.6	779.6	5.1	14.5
UK	601.9	605.2	0.5	11.2
Russian Federation (c)	152.7	128.6	-15.8	2.4
Australia	108.8	105.0	-3.5	1.9
Canada	89.9	104.4	16.1	1.9
Japan	71.1	75.1	5.6	1.4
Turkey	54.5	63.7	16.8	1.2
Other GSP	57.2	62.1	8.5	1.2
ISFTA	490.3	634.4	29.4	11.8
APTA (d)	209.9	234.1	11.6	4.3
GSTP	70.1	35.7	-49.0	0.7
PSFTA	46.2	47.5	2.7	0.9
SAFTA	169.0	100.9	-40.3	1.9
SAPTA	1.3	1.9	41.9	0.04
Total Exports under PTAs and FTAs	4,972.5	5,385.2	8.3	100.0
As a Share of Total Exports	38.9	39.7		

(a) Provisional
(b) Shows exports that would have been eligible under US-GSP which expired on 31.12.2020
(c) Includes Russia, Belarus and Kazakhstan
(d) Earlier known as the Bangkok Agreement (1975)

Sources: Sri Lanka Customs Department of Commerce

1

review existing FTAs and evaluate their economic impact, with particular emphasis on their contribution to export diversification, both in terms of expanding the product basket and broadening export market diversification and providing strategic recommendations for future trade negotiations. In addition, Sri Lanka has initiated steps to explore accession to the Regional Comprehensive Economic Partnership (RCEP), comprising 15 Asia-Pacific economies, including China and Japan.

Services Account

The surplus in the services account increased further in 2025. The services account recorded a surplus of USD 3.7 bn in 2025, compared to USD 3.4 bn in 2024. Total services inflows increased to USD 7.1 bn in 2025 from USD 6.9 bn in 2024. Tourism earnings amounted to USD 3.2 bn in 2025, registering a marginal growth of 1.6% compared to 2024. Tourist arrivals in 2025 surpassed the peak recorded in 2018, growing by 15.1% y-o-y. However,

Featured Chart 1.8
Sri Lanka's Earnings from Tourism

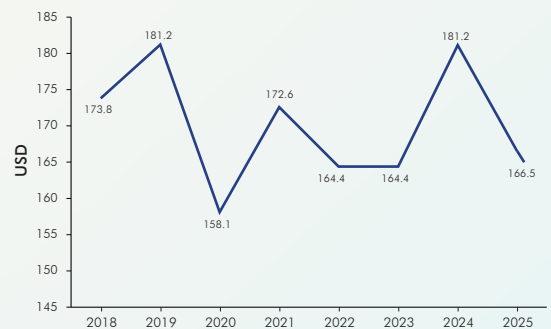


Earnings from Tourism and Tourist Arrivals



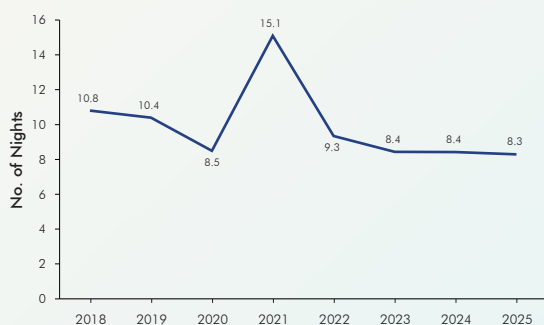
Sources: Central Bank of Sri Lanka
Sri Lanka Tourism Development Authority

Average Expenditure per Day



Source: Sri Lanka Tourism Development Authority

Average Duration of Stay



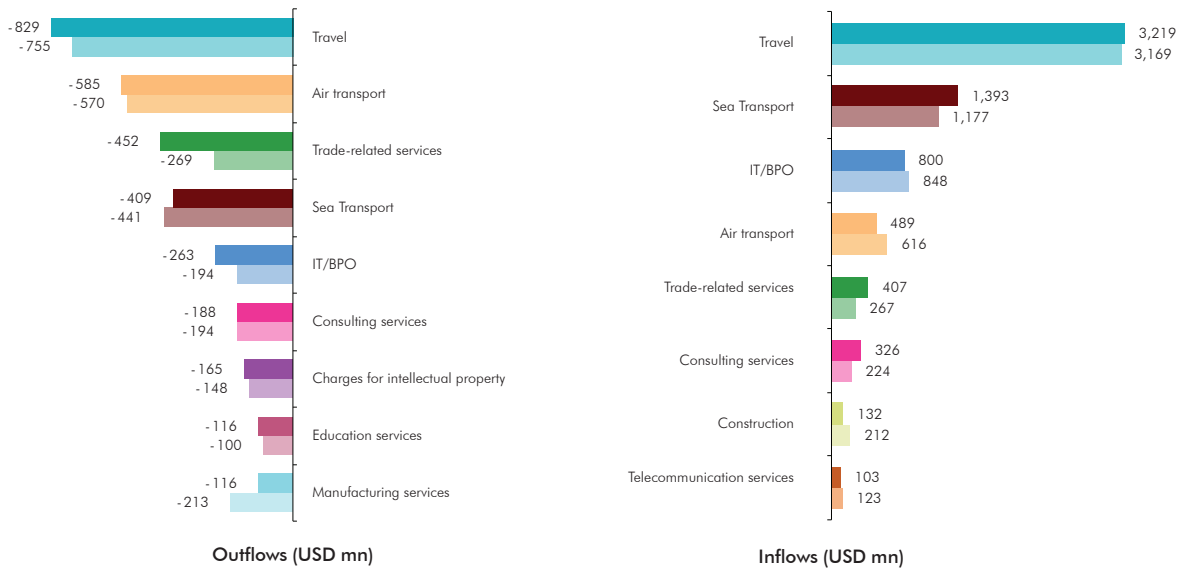
Source: Sri Lanka Tourism Development Authority

Tourist arrivals recorded a significant improvement in 2024 and 2025, following the pandemic and domestic economic crisis. Despite tourist arrivals in 2025 reaching almost the same level as in 2018,

the recovery in earnings from tourism has been lower compared to the peak tourist earning level recorded in 2018. This divergence between arrivals and earnings can largely be attributed to the downward revision in average duration of stay and average expenditure per day¹ by a tourist as per the estimates provided by SLTDA in 2025 compared to 2018. Amid capacity constraints in handling high tourist volumes, attracting high-value tourists to Sri Lanka is essential to boost tourism earnings in the long run. In this regard, diversification into non-traditional sectors such as eco-tourism, health tourism, and wellness experiences that attract higher-spending travellers is paramount.

¹ Average expenditure per day by a tourist has been revised downwards from USD 171.74 (January - July 2025) to USD 148.26 from August 2025 based on the Departing Survey conducted by the SLTDA.

Figure 1.24
Services Inflows and Outflows



Note: The darker shaded bars represent values for the year 2025, while the lighter shaded bars represent 2024.

Source: Central Bank of Sri Lanka

earnings remained below the 2018 peak due to a downward revision in average daily spending and average duration of stay by the Sri Lanka Tourism Development Authority (SLTDA) in 2025. Sea and air transport services continued to contribute positively, with inflows increasing to USD 1.9 bn in 2025. Meanwhile, inflows from computer and IT/BPO services moderated slightly compared to 2024. Services outflows declined to USD 3.4 bn in 2025 from USD 3.5 bn in 2024. While outflows related to travel abroad and other business services increased, payments for transport services declined. The combined effect of higher inflows and moderated outflows led to an improved services surplus in 2025.

Primary Income Account

The deficit in the primary income account narrowed in 2025 compared to 2024. The primary income account deficit amounted to USD 2.0 bn in 2025, compared to USD 2.6 bn in 2024. Primary income account outflows declined by 18.4% to USD 2.6 bn in 2025. Notable reductions were observed in portfolio investment-related interest payments and other investment-related interest payments.

These reductions were mainly due to the coupon payments on restructured International Sovereign Bonds (ISBs) and interest payments on government foreign loans in 2025, which were lower compared to the accrued coupon and interest obligations that prevailed in 2024. Also, the interest payments made by the Central Bank on its outstanding liabilities related to the International Monetary Fund (IMF) and the special swap arrangement with the RBI also decreased during 2025. Meanwhile, direct investment-related outflows increased, reflecting higher dividend payments and reinvested earnings of direct investment enterprises. Primary income account inflows decreased marginally to USD 580 mn in 2025. The overall improvement in the primary income account contributed to strengthening the current account balance in 2025.

Secondary Income Account

The surplus in the secondary income account increased substantially in 2025, driven mainly by a sharp rise in workers' remittances.²⁰ The secondary income account

²⁰ Workers' remittances may include other remittances, such as those received following Cyclone Ditwah.

1

surplus rose to USD 7.9 bn in 2025, compared to USD 6.4 bn in 2024. Workers' remittances recorded a historic high in 2025, increasing by 22.8% y-o-y to USD 8.1 bn, compared to USD 6.6 bn in 2024. The continued improvement in official remittance inflows and sustained migrant worker departures supported this strong performance. The significant increase in remittances played a key role in offsetting the widened merchandise trade deficit and strengthening the overall current account balance.

Capital Account²¹

The capital account is estimated to have recorded a deficit in 2025. Capital transfers to both the Government and the private sector were limited during the year.

Financial Account

In the financial account of the Balance of Payments (BOP), both the liabilities and financial assets recorded net increases during 2025. Net incurrence of liabilities amounted to USD 0.5 bn in 2025 compared to USD 1.0 bn in 2024. Main inflows to the financial account during 2025 included foreign direct investments (FDIs), two tranches under the IMF-EFF programme, proceeds from the Rapid Financing Instrument (RFI) of the IMF and disbursements from other multilateral institutions such as the ADB.

Direct Investments

FDI inflows, including foreign loans from unrelated parties to Board of Investment (BOI) companies, remained modest in 2025. Although reinvestment of earnings, shareholder advances, and intercompany loans to Direct Investment Enterprises (DIEs) increased in 2025, equity investments in DIEs declined notably compared to the previous year. Meanwhile, foreign loan inflows from unrelated parties to

Table 1.13
Financial Account

Item	USD mn	
	2024 (a)	2025 (b)
Financial Account (net)	965	904
Net Acquisition of Financial Assets	1,970	1,431
Net Incurrence of Liabilities	1,005	527
Direct Investment: Assets	110	98
Equity	106	94
Debt Instruments	4	4
Direct Investment: Liabilities	759	1,044
Equity	497	352
Debt Instruments	262	692
Portfolio Investment: Assets	180	-259
Debt Securities	180	-259
Portfolio Investment: Liabilities	302	-267
Equity	3	-184
Debt Securities	299	-83
General Government	286	-95
Short Term (Treasury Bills)	-217	-24
Long Term	504	-71
Treasury Bonds	39	272
Sovereign Bonds	465	-343
Other Sectors	13	12
Long-term	13	12
Financial Derivatives	-	-
Other Investment: Assets	-3	973
Currency and Deposits	-73	-374
Trade Credit and Advances	111	369
Other Accounts Receivable	-42	978
Other Investment: Liabilities	-56	-250
Currency and Deposits	-868	-498
Loans	981	446
Trade Credit and Advances	-170	-199
Other Accounts Payable	-	-
Special Drawing Rights (SDRs)	-	-
Reserve Assets	1,682	618
Net Errors and Omissions	-254	-808

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

BOI companies increased in 2025. Accordingly, FDI, including foreign loans, amounted to USD 1,154 mn in 2025, compared to USD 845 mn in 2024. FDI, excluding loans, amounted to USD 1,044 mn in 2025, compared to USD 759 mn in 2024. On a sectoral basis, FDIs were primarily directed to port container terminals, rubber products manufacturing, and textiles and garments sectors in 2025.

21 Data on capital transfers to the General Government for 2025 are available only up to the first half of 2025.

Portfolio Investment

Portfolio investment recorded a net reduction in foreign liabilities and assets in 2025.

Although portfolio investment in the form of equity and investment fund shares in the Colombo Stock Exchange (CSE) recorded a net outflow, non-resident investments in the government securities market, including Treasury bills and Treasury bonds, recorded a net inflow during the year. However, overall non-resident investments in government debt securities reduced during the year as the repayment of the second installment of the past due interest (PDI) bond resulted in a reduction in liabilities of debt securities issued by the Government, offsetting the net inflow to the Treasury bills and Treasury bonds.

Other Investment and Reserve Assets

Other investment liabilities recorded net outflows during 2025, mainly due to significant repayments of liabilities by the Central Bank, Government, and the corporate sector. The Central Bank's liabilities declined with continued repayments in relation to the international swap with the Reserve Bank of India and the IMF-EFF programme obtained in 2016. Meanwhile, the banking industry's exposure to foreign loans increased during 2025 as a result of obtaining new foreign borrowings. However, foreign loans to the Government recorded a net increase as a result of higher disbursements, including several multilateral loans from the IMF and ADB that surpassed the foreign loan repayments during the year. Meanwhile, trade credits and advances recorded a reduction in liabilities as the CPC continued to reduce its existing trade credit liabilities.

A net increase was recorded in financial assets in 2025, mainly due to the buildup of Gross Official Reserves (GOR) and increase in other accounts receivable. The substantial net purchases of foreign exchange from the domestic foreign exchange market by the Central

Bank, along with receipts from the IMF and the ADB, largely contributed to the increase in GOR. Meanwhile, net reduction of financial assets of the banking sector in terms of currency and deposits was recorded, while other accounts receivable, trade credits and advances increased during the year. Moreover, trade credits and advances given by the corporate sector increased in 2025.

1.4.2 International Investment Position, Reserve Assets, and Overall Balance

International Investment Position (IIP)

Sri Lanka's net IIP reflected a marginally lower net liability position in 2025, compared to the previous year. Both total external liabilities and total external assets increased by the end of 2025, but the rise

Table 1.14
International Investment Position (Summary) (a)

Item	USD mn (End period position)			
	2024 (b)		2025 (c)	
	Assets	Liabilities	Assets	Liabilities
Direct Investment	1,699	16,598	1,797	18,228
Equity and Investment Fund Shares	1,645	10,128	1,739	11,066
Debt Instruments	54	6,470	58	7,162
Portfolio Investment	353	10,459	95	9,297
Equity and Investment Fund Shares		764		1,116
Debt Securities	353	9,695	95	8,181
Other Investment	6,367	39,050	7,341	39,464
Currency and Deposits	1,697	7,051	1,323	6,556
Loans		30,170		31,215
Trade Credit and Advances	1,741	590	2,110	391
Other Accounts Receivable/ Payable	2,930	-	3,908	-
Special Drawing Rights (SDRs)		1,239		1,301
Reserve Assets	6,122		6,838	
Total Assets / Liabilities	14,542	66,107	16,070	66,989
Net International Investment Position		-51,565		-50,918
Memorandum Items				
IIP - Maturity-wise Breakdown	14,542	66,107	16,070	66,989
Short Term	9,075	5,917	10,258	6,667
Long Term	5,467	60,190	5,813	60,322

(a) Refer Statistical Appendix Table 12 for a detailed breakdown of the IIP

(b) Revised

(c) Provisional

Source: Central Bank of Sri Lanka

1 in assets outpaced the increase in liabilities. The Central Bank's outstanding external liabilities decreased over the year, mainly due to the gradual settlement of the special swap arrangement with the RBI and repayments of the IMF-EFF programme obtained in 2016. Direct investment liabilities increased despite FDI inflows remaining moderate, mainly due to notable increases in the market prices of some publicly listed companies towards the end of the year. Further, portfolio investment liabilities recorded a decline, primarily due to the repayments related to the PDI bond made during the year after the successful completion of the ISB debt restructuring process. However, the outstanding position of non-resident holdings of Treasury bonds increased, supported by improved market sentiment, while the outstanding position of non-resident holdings of Treasury bills declined compared to the previous year. Additionally, foreign loan liability position increased, mainly reflecting foreign loan inflows to the Government from the IMF, including EFF and RFI facilities and ADB. Consequently, the country's total external liabilities rose from USD 66.1 bn at the end of 2024 to USD 67.0 bn at the end of 2025.

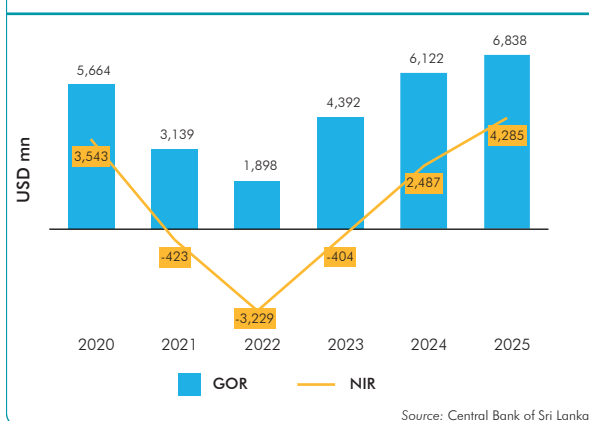
Sri Lanka's external asset position improved during 2025. The external asset position, comprising reserve assets and banking sector external assets, increased during the year. Further, both outstanding trade credits given by Sri Lankan exporters and the outstanding position of other accounts receivable increased during 2025. Accordingly, the country's total external assets increased from USD 14.5 bn at the end of 2024 to USD 16.1 bn at the end 2025. As a result, the country's net liability position reduced marginally to USD 50.9 bn at end 2025, compared to USD 51.6 bn at end 2024.

Reserve Asset Position

GOR²² improved and reached USD 6.8 bn as at end 2025 compared to USD 6.1 bn as at end 2024, amid the foreign currency debt

²² GOR includes the international swap facility from the People's Bank of China (PBoC), which was valued in US dollar terms at USD 1.4 bn.

Figure 1.25
Gross Official Reserves and Net International Reserves



service payments. The buildup of GOR was primarily due to the net purchases of foreign exchange amounting to USD 2.0 bn (on value date basis) by the Central Bank from the domestic foreign exchange market, the receipt of the fourth and fifth tranches of the ongoing IMF-EFF programme, emergency financing under the RFI and financing from the ADB. Major outflows from the GOR were foreign currency debt service payments of the Government and the Central Bank. By the end of 2025, the foreign asset position of the banking sector increased to USD 5.5 bn, compared to USD 5.1 bn at the end of 2024. As a result, total international reserves, which include both GOR and the foreign assets of the banking sector, reached USD 12.3 bn by the end of 2025, compared to USD 11.2 bn at the end of 2024.

Overall Balance

The overall balance of the BOP, which reflects changes in net international reserves, remained in surplus by the end of 2025.

During the year, significant inflows in terms of funding from international financial institutions and the Central Bank's net forex purchases from the domestic foreign exchange market resulted in an increase in reserves to USD 6.8 bn by end 2025 from USD 6.1 bn by end 2024. Meanwhile, reserve-related liabilities declined from USD 3.6 bn at end 2024 to USD 2.6 bn

Table 1.15
Gross Official Reserves, Total Foreign Assets and Overall Balance

Item	USD mn (End period position)				
	2021	2022	2023	2024	2025 (a)
1. Government Foreign Assets	177	39	875	368	531
2. Central Bank Foreign Assets	2,962	1,858	3,517	5,754	6,307
3. Gross Official Reserves (1+2)	3,139	1,898	4,392	6,122	6,838
4. Foreign Assets of Deposit-taking Corporations	2,983	3,976	4,981	5,108	5,467
5. Total Foreign Assets (3+4) (b)	6,122	5,874	9,373	11,230	12,306
6. Reserve Related Liabilities (c)	3,562	5,127	4,796	3,635	2,553
7. Net International Reserves (NIR) (3-6)	-423	-3,229	-404	2,487	4,285
8. Overall Balance (d)	-3,967	-2,806	2,826	2,890	1,798
9. Gross Official Reserves in Months of Imports of Goods	1.8	1.2	3.1	3.9	3.8
10. Total Foreign Assets in Months of Import of Goods	3.6	3.9	6.7	7.2	6.9

(a) Provisional

(b) Excludes foreign assets in the form of 'Direct investment abroad' and 'Trade credit and advances granted'

(c) The total outstanding debt of the Central Bank, excluding outstanding Special Drawing Rights (SDRs)

(d) Change in NIR position during the period

Source: Central Bank of Sri Lanka

at end 2025, primarily due to the repayments of the RBI special swap facility and the settlement of obligations related to the IMF-EFF obtained in 2016. Consequently, net international reserve position improved to USD 4.3 bn by end 2025, compared to USD 2.5 bn by end 2024. As a result, the overall balance recorded a surplus of USD 1.8 bn in 2025, in comparison to the surplus of USD 2.9 bn recorded in 2024.

1.4.3 External Debt and Debt Service Payments

External Debt

Sri Lanka's total external debt in terms of face value increased during 2025. In face value terms, it increased to USD 56.2 bn by end 2025 compared to USD 55.3 bn by end 2024. In face value terms, government external debt increased to USD 36.7 bn at end 2025 from USD 35.6 bn at end 2024. However, the total external debt position of the country, in terms of market value, declined to USD 54.8 bn by end 2025. The Government's outstanding external debt, expressed at market value for tradable debt instruments, amounted to USD 35.4 bn by the end of 2025, down from USD 35.6 bn at the end of 2024, primarily due to the decline in the market prices of outstanding ISBs. Meanwhile, the Central Bank's outstanding

external debt declined to USD 3.9 bn at end 2025 from USD 4.9 bn at end 2024. This reduction was mainly attributable to the gradual repayments made towards the special swap arrangement with the RBI, as well as the repayments under the IMF-EFF programme obtained in 2016. The banking sector's external debt increased due to the increase in currency and deposit liabilities and outstanding loans. Overall, the country's external debt-to-GDP ratio (in terms of market value) declined to 50.4% by the end of 2025, compared to 55.4% in 2024.

Foreign Debt Service Payments

Sri Lanka's external debt service payments increased in 2025 compared to the previous year, reflecting the resumption of repayments on most government external debt following the completion of debt restructuring.

Accordingly, total external debt service payments in 2025 amounted to USD 5.1 bn, compared to USD 4.3 bn in 2024. There was a notable increase in the Government's external debt service payments, mainly driven by payments related to restructured ISBs, Indian credit line repayments to the State Bank of India, and repayments to other bilateral agencies, compared to 2024. Capital repayments by the Government during 2025 amounted to

Table 1.16
Outstanding External Debt Position

Item	USD mn (End period position)	
	2024 (a)	2025 (b)
Based on Market Value		
General Government	35,635	35,422
Treasury Bills and Bonds (based on book value)	223	439
International Sovereign Bonds (based on market price)	9,316	7,574
Outstanding Foreign Loans	26,096	27,410
Central Bank	4,874	3,854
Currency and Deposits (short term)	0.1	0.1
Special Drawing Rights (SDRs) Allocation	1,239	1,301
RBI Special Swap	1,563	656
PBoC Swap Arrangement	1,406	1,416
Credit and Loans with the IMF	667	481
Deposit-taking Corporations	4,980	5,520
Currency and Deposits (c)	4,082	4,485
Loans	897	1,035
Other Sectors (d)	3,256	2,848
Trade Credit and Advances (e)	590	391
Debt Securities (based on market price and including accrued interest)	156	169
Loans by Private Sector and State Owned Business Enterprises	2,510	2,289
Direct Investment: Intercompany Lending (f)	6,470	7,162
Gross External Debt Position by market value	55,215	54,807
Gross External Debt Position by market value - As a % of GDP	55.4	50.4
Based on Face Value		
General Government	35,646	36,721
Treasury Bills and Bonds (based on face value)	234	456
International Sovereign Bonds (based on face value)	9,316	8,855
Outstanding Foreign Loans	26,096	27,410
Central Bank	4,874	3,854
Currency and Deposits (short term)	0.1	0.1
Special Drawing Rights (SDRs) Allocation	1,239	1,301
RBI Special Swap	1,563	656
PBoC Swap Arrangement	1,406	1,416
Credit and Loans with the IMF	667	481
Deposit-taking Corporations	4,980	5,520
Currency and Deposits (c)	4,082	4,485
Loans	897	1,035
Other Sectors (d)	3,307	2,898
Trade Credit and Advances (e)	590	391
Debt Securities (based on face value and including accrued interest)	207	219
Loans by Private Sector and State Owned Business Enterprises	2,510	2,289
Direct Investment: Intercompany Lending (f)	6,470	7,162
Gross External Debt Position by face value	55,276	56,156
Gross External Debt Position by face value - As a % of GDP	55.5	51.6
Memorandum Items		
Face Value of Total Outstanding ISBs	10,585	10,255
Outstanding ISBs Held by Non-Residents	9,316	8,855
Outstanding ISBs Held by Residents (g)	1,269	1,400

- (a) Revised
 (b) Provisional
 (c) Includes deposits of personal foreign currency account holders
 (d) Includes private sector and State Owned Business Enterprises
 (e) Includes trade credits outstanding of the Ceylon Petroleum Corporation and private sector companies
 (f) Includes inter-company borrowings and shareholder advances of BOI registered companies
 (g) Excluded from External Debt Statistics from December 2019 onwards

Source: Central Bank of Sri Lanka



Table 1.17
External Debt Service Payments

Item	USD mn	
	2024 (a)	2025 (b)
1. Debt Service Payments	4,254	5,149
1.1 Amortisation	3,122	3,761
General Government	693	1,361
Project Loans	589	1,077
Debt Securities	104	284
Central Bank	1,110	1,115
IMF	210	215
International Swaps	900	900
Private Sector and Deposit-taking Corporations	1,319	1,285
Foreign Loans	1,319	1,285
1.2 Interest Payments	1,132	1,388
General Government	749	1,063
Project Loans	532	677
Debt Securities	217	386
Central Bank	276	168
IMF	83	73
International Swaps	192	95
Private sector and Deposit-taking Corporations	107	157
Foreign Loans	107	157
2. Earnings from Export of Goods and Services	19,682	20,647
3. Receipts from Export of Goods, Services, Income and Current Transfers	26,877	29,304
4. Debt Service Ratio		
4.1 As a % of 2 above		
Overall Ratio	21.6	24.9
Excluding IMF Transactions	20.1	23.5
4.2 As a % of 3 above		
Overall Ratio	15.8	17.6
Excluding IMF Transactions	14.7	16.6
5. Government Debt Service Payments		
5.1 Government Debt Service Payments (c)	1,443	2,424
5.2 As a % of 1 Above	33.9	47.1

(a) Revised
(b) Provisional
(c) Excludes transactions with the IMF

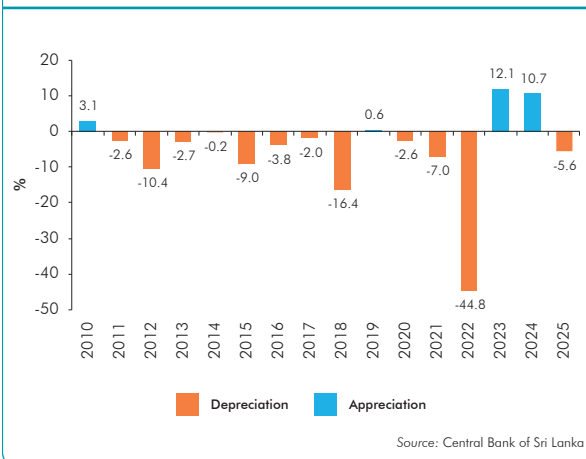
Source: Central Bank of Sri Lanka

USD 1.4 bn, compared to USD 0.7 bn in 2024. Further, interest payments by the Government during 2025 amounted to USD 1.1 bn, compared to USD 0.7 bn in 2024. On the other hand, the Central Bank’s external debt service payments declined marginally in 2025, reflecting lower interest payments on the RBI special swap arrangement compared to the previous year.

1.4.4 Exchange Rate Movements

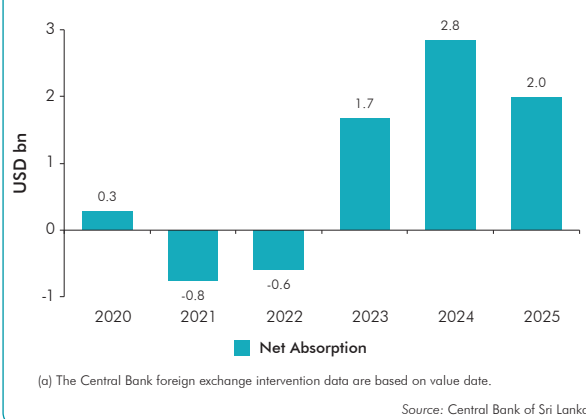
Following two consecutive years of appreciation, the Sri Lanka rupee recorded a depreciation against the US dollar during 2025. The exchange rate, which

Figure 1.26
Appreciation / Depreciation of LKR against USD



stood at Rs. 292.58 per US dollar by the end of December 2024, reached Rs. 309.99 per US dollar by the end of December 2025. Accordingly, the rupee depreciated by 5.6% in 2025. Higher merchandise imports, primarily due to substantial vehicle imports following the full relaxation of vehicle import restrictions, exerted depreciation pressure on the exchange rate. Continued inflows to the external current account, particularly from tourism earnings and workers’ remittances, together with export earnings and inflows to the financial account, supported foreign exchange liquidity in the domestic foreign exchange market. In this context, the Central Bank was able to

Figure 1.27
Central Bank Intervention (a)



1

Table 1.18
Exchange Rate Movements

Currency	In Rupees per unit of Foreign Currency						% Change over Previous Year (a)			
	End Year Rate			Annual Average Rate			End Year		Annual Average	
	2023	2024	2025	2023	2024	2025	2024	2025	2024	2025
Euro	358.75	304.56	363.96	354.11	327.05	340.59	17.79	-16.32	8.28	-3.97
Indian Rupee	3.90	3.42	3.45	3.97	3.61	3.45	13.94	-0.96	9.82	4.59
Japanese Yen	2.29	1.87	1.98	2.34	2.00	2.01	22.51	-5.61	17.01	-0.70
Pound Sterling	412.61	367.38	417.31	407.07	386.25	397.21	12.31	-11.97	5.39	-2.76
US dollar	323.92	292.58	309.99	327.53	302.12	300.95	10.71	-5.62	8.41	0.39
Special Drawing Rights (SDRs)	434.60	381.57	424.54	436.88	401.07	406.55	13.90	-10.12	8.93	-1.35

(a) Changes computed on the basis of foreign currency equivalent of Sri Lanka rupees. The sign (-) indicates depreciation of Sri Lanka rupee against each currency.

Source: Central Bank of Sri Lanka

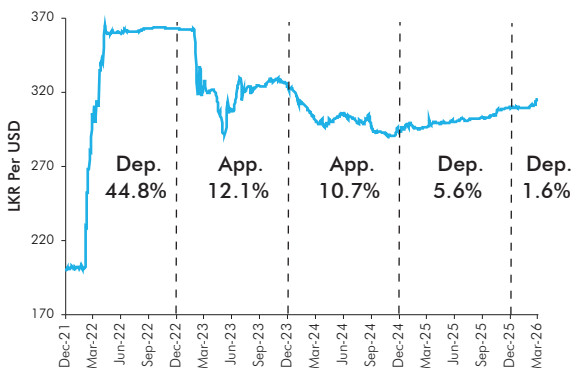
purchase around USD 2.0 bn (on value date basis) from the domestic forex market on a net basis, thereby strengthening GOR.

The Sri Lanka rupee depreciated against all major currencies in 2025, while major currencies exhibited mixed movements against the US dollar. Accordingly, the Sri Lanka rupee depreciated against the Euro (16.3%), the Pound sterling (12.0%), the Japanese yen (5.6%), the Chinese yuan (9.6%), the Indian rupee (1.0%) and the Australian dollar (12.2%) during 2025. With the combined effect of the depreciation of the Sri Lanka rupee against major currencies, it also depreciated against the Special Drawing Rights (SDR) by 10.1% during the year.

Nominal and Real Effective Exchange Rates

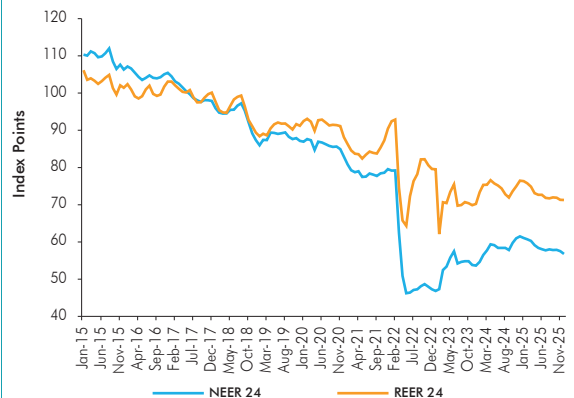
The 5-currency and 24-currency Nominal Effective Exchange Rate (NEER) indices, which measure the value of the Sri Lanka rupee against a basket of currencies, declined during 2025, reflecting the nominal depreciation of the Sri Lanka rupee against selected major currencies together with the movements in cross-currency exchange rates. Accordingly, the 5-currency and 24-currency NEER indices decreased by 9.00% and 8.33%, respectively. The Real Effective Exchange Rate (REER) indices, which consider the variation in nominal exchange rates in the basket of currencies and the inflation differentials among countries in the

Figure 1.28
Daily Exchange Rate Movements



Source: Central Bank of Sri Lanka

Figure 1.29
Effective Exchange Rate Indices
24 - Currency (2017 = 100)



Source: Central Bank of Sri Lanka



Table 1.19
Nominal and Real Effective Exchange Rates

Effective Exchange Rate Indices (a) (b) (2017=100)	End Year Index		Annual Average Index			% Change over Previous Year				
						End Year Index	Annual Average Index			
	2023	2024	2025	2023	2024	2025	2024	2025	2024	2025
NEER - 24 currencies	53.66	61.63	56.50	53.30	58.56	58.57	14.86	-8.33	9.87	0.02
REER - 24 currencies	70.24	76.98	70.84	71.73	74.77	72.87	9.59	-7.99	4.25	-2.54

(a) The Nominal Effective Exchange Rate (NEER) is a weighted average of nominal exchange rates of 24 trading partner and competitor countries. Weights are based on the trade shares reflecting the relative importance of each currency in each of the currency baskets. The Real Effective Exchange Rate (REER) is computed by adjusting the NEER for inflation differentials with respect to each currency in the basket. A minus sign indicates depreciation. CCPI was used for REER computation.

(b) The exchange rate has been defined in terms of indices so that the appreciation/depreciation of the rupee relative to other currencies is directly reflected by a rise/fall in the values of the effective exchange rate indices, respectively.

Source: Central Bank of Sri Lanka

Featured Chart 1.9
Progress on the International Monetary Fund’s Extended Fund Facility (IMF-EFF) Programme

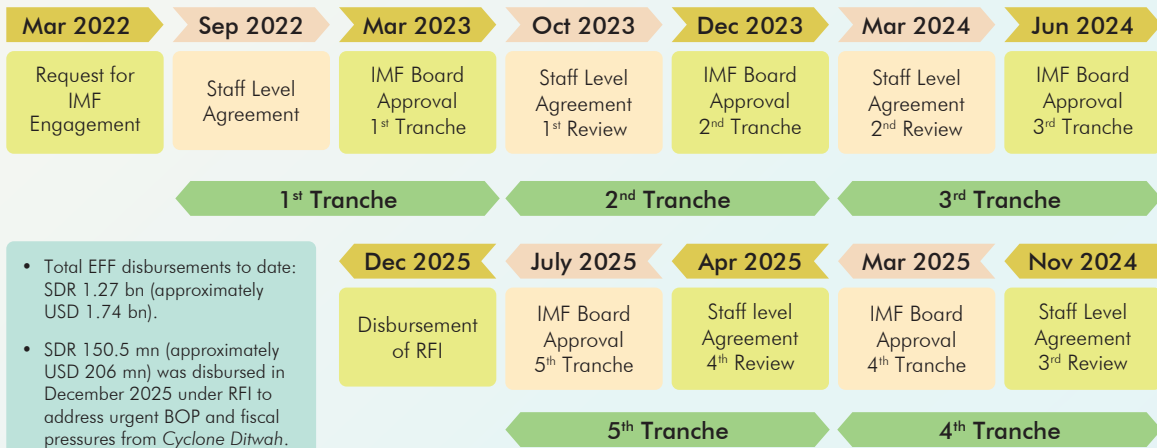


Sri Lanka’s 4-year IMF Extended Fund Facility (EFF) was approved in March 2023, and continues successfully. The programme’s core objectives are to restore macroeconomic stability, debt sustainability, rebuild external buffers, safeguard financial sector resilience, strengthen governance, and enhance growth-oriented reforms.

The IMF committed SDR 2.286 bn (approximately USD 3 bn) under the EFF. Through the successful completion of four reviews to date, Sri Lanka has received SDR 1.27 bn (approximately USD 1.74 bn, in five tranches). Achievements thus far include significant fiscal consolidation, improved inflation outcomes, stronger reserve position, and

structural reforms in governance and cost-reflective pricing. Sri Lanka expects to receive the sixth and the seventh tranches under the programme together with the conclusion of the fifth¹ and sixth reviews during the upcoming months, and the overall programme is expected to conclude in 2027. Further, the IMF Executive Board approved emergency financing under the Rapid Financing Instrument (RFI), allowing Sri Lanka immediate access to SDR 150.5 mn (approximately USD 206 mn). The RFI helped the country address urgent needs arising from the severe impacts of *Cyclone Ditwah* while maintaining macroeconomic stability.

Significant Progress has been made on the IMF-EFF Programme



- Total EFF disbursements to date: SDR 1.27 bn (approximately USD 1.74 bn).
- SDR 150.5 mn (approximately USD 206 mn) was disbursed in December 2025 under RFI to address urgent BOP and fiscal pressures from *Cyclone Ditwah*.

¹ The fifth review of the programme, which was due to be completed by December 2025, was deferred owing to the Cyclone Ditwah, to allow for an assessment of its economic impact and the appropriate policy response.

currency basket, also decreased. Accordingly, the 5-currency and 24-currency REER indices decreased by 8.98% and 7.99%, respectively. The REER indices remained well below the base year level (2017=100), reflecting improved external competitiveness compared to the base year.

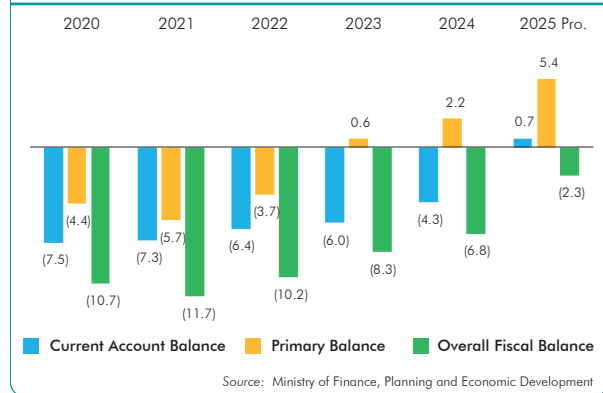
1.5 Fiscal Sector Developments

1.5.1 Key Fiscal Balances

The Government remained committed to strengthening fiscal performance and discipline by sustaining the momentum of revenue-enhancing measures, fiscal reforms and expenditure rationalisation, leading to notable improvements in key fiscal balances during 2025. The primary balance, which excludes interest payments from the overall deficit, recorded a notable surplus for the third consecutive year since 2023, reaching 5.4% of GDP (Rs. 1,755.8 bn) in 2025, compared to a deficit of 3.7% of GDP (Rs. 894.8 bn) in 2022. Both the primary surplus and central government tax revenue in 2025 significantly exceeded the year-end Quantitative Performance Criteria (QPC) of Rs. 730 bn and Rs. 4,350 bn, respectively, under the IMF-EFF programme, as well as the Government's initial budget estimates for 2025.²³ The current account balance, which reflects the gap between government revenue and recurrent expenditure, recorded a surplus of 0.7% of GDP (Rs. 217.0 bn) in 2025, a first since 1987, compared to a deficit of 4.3% of GDP (Rs. 1,309.1 bn) in 2024. Reflecting these developments, the overall budget deficit narrowed significantly to 2.3% of GDP (Rs. 744.9 bn) in 2025, in comparison to 6.8% of GDP (Rs. 2,039.9 bn) recorded in 2024.

²³ A Vote on Account was presented to the Parliament in December 2024, covering government expenditure for the first four months of 2025. Subsequently, the initial Budget estimates for 2025 were presented to the Parliament in February 2025.

Figure 1.30
Key Fiscal Balances (% of GDP)

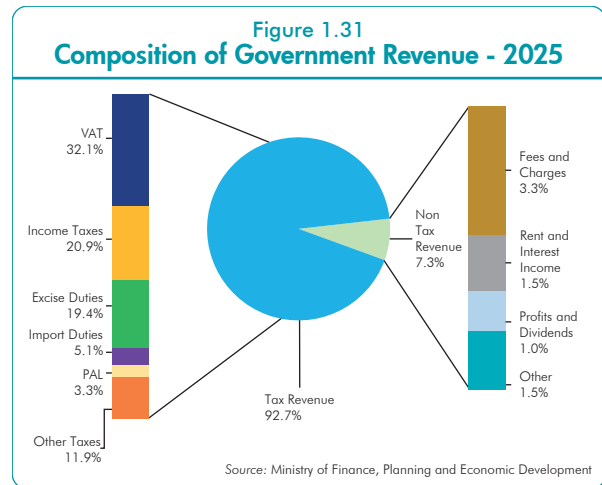


1.5.2 Government Revenue, Expenditure, and Net Lending

Government Revenue

With the implementation of revenue enhancement measures coupled with the revival of economic activities, government revenue continued to record a significant increase in 2025, both in nominal terms and as a percentage of GDP, compared to the previous year. Accordingly, in nominal terms, government revenue recorded a y-o-y growth of 35.2%, while in GDP terms, revenue increased steadily in recent years, rising from 8.2% of GDP in 2022 to 16.6% of GDP in 2025. The substantial increase in government revenue during 2025 was mainly attributed to higher collection from vehicle import-related taxes following the relaxation of import restrictions. The vehicle-related taxes alone accounted for more than 60% of the increase in total revenue in 2025. The revenue performance was further strengthened by the continued implementation of tax reforms and enhanced tax administration measures. In particular, the significant growth in tax revenue was mainly due to higher revenue mobilisation from Value Added Tax (VAT), income taxes, excise duties, Social Security Contribution Levy (SSCL), import duties and Special Commodity Levy (SCL). The increase in income tax revenue was supported by key

policy measures implemented during the year, including public sector upward salary revisions and private sector minimum wage adjustments as well as the upward revision of Corporate Income Tax (CIT) rate from 40% to 45% for the liquor and tobacco manufacturing and betting and gaming industries, the upward revision of Withholding Tax (WHT) rate from 5% to 10% and the imposition of a 15% tax on the export of services with effect from 01 April 2025, which collectively broadened the tax base and strengthened revenue collections. With these positive developments, the income tax collection increased by 11.0% (by Rs. 113.2 bn) in 2025 compared to 2024. Meantime, Value-Added Tax (VAT) revenue collection increased significantly by 33.4% to Rs. 1,746.8 bn (5.3% of GDP) in 2025 compared to the previous year. VAT revenue from both domestic and import activities increased mainly due to full-year realisation of the VAT rate increase from 15% to 18% and the reduction of the VAT registration threshold from Rs. 80 mn to Rs. 60 mn, the expansion of domestic economic activities and the removal of import restrictions on all categories of vehicles effective from February 2025. In October 2025, the Simplified Value Added Tax (SVAT) scheme was replaced with a new VAT refund system. Under this system, refunds are issued within 45 days after checking the taxpayer's risk level and eligibility, including any necessary field inspections. This risk-based approach ensures timely and accurate refunds and aims to strengthen tax compliance, minimise revenue leakages, and enhance overall tax collection. Similarly, the revenue from excise duty recorded an increase of 76.9% (by Rs. 460.2 bn) in 2025 compared to 2024, mainly attributed to the higher revenue collection from motor vehicles and liquor-related duties. Excise duty on motor vehicles surged to Rs. 471.8 bn, marking a 705.6% y-o-y increase in 2025 and contributing 44.6% of total excise duty revenue. Revenue from excise duty on liquor increased by 8.5% in 2025 compared to 2024, reaching Rs. 231.5 bn. This increase was mainly



attributed to the 5.9% upward adjustment in excise duty on liquor based on inflation-adjusted indexation and the increased liquor production in 2025. Following the removal of import restrictions on the majority of imported items and the imposition of a 20% Customs Import Duties (CID) and a 50% surcharge on CID on motor vehicles in 2025, revenue from CID increased substantially to Rs. 275.9 bn, recording a y-o-y growth of 148.2%, compared to 2024. Revenue from SCL significantly increased to Rs. 164.6 bn, recording a y-o-y growth of 42.9% in 2025. Similarly, revenue from para-tariff also showed a notable increase in 2025, largely reflecting higher import activity and adjustments in applicable tariff rates. Accordingly, revenue collected from the Commodity Export Subsidy Scheme (CESS) increased by 11.4% to Rs. 90.4 bn, while the revenue collected from the Ports and Airports Development Levy (PAL) surged by 6.4% to Rs. 180.9 bn in 2025, compared to 2024. Moreover, revenue from SSCL, which was introduced in late 2022 as part of the revenue enhancement measures, recorded a growth of 17.4% in 2025 compared to 2024, driven by the expansion of economic activities and the improved tax administration measures. Overall, revenue from taxes on external trade increased in 2025 primarily due to the rise in import volumes and the liberalisation of vehicle imports. Meanwhile, the ratio of direct to indirect taxes declined further to 23:77 in 2025 from 28:72

Table 1.20
Summary of Government Fiscal Operations

Item	Rs. billion		2024/2025	
	2024	2025 (a)	Absolute Change	% Change
Total Revenue and Grants	4,090.8	5,485.6	1,394.7	34.1
Total Revenue	4,030.8	5,449.4	1,418.6	35.2
Tax Revenue	3,704.6	5,049.2	1,344.6	36.3
Non Tax Revenue	326.3	400.2	73.9	22.7
Grants	60.0	36.1	-23.8	-39.7
Expenditure and Net Lending	6,130.7	6,230.4	99.7	1.6
Recurrent	5,339.9	5,232.4	-107.6	-2.0
Capital and Net Lending	790.8	998.0	207.2	26.2
o/w Public Investment	817.1	1,015.8	198.7	24.3
Current Account Balance	-1,309.1	217.0		
Primary Balance	649.6	1,755.8		
Overall Fiscal Balance	-2,039.9	-744.9		
Total Financing	2,039.9	744.9	-1,295.1	-63.5
Foreign Financing	333.2	142.4	-190.8	-57.3
Domestic Financing	1,706.7	602.5	-1,104.2	-64.7
As a Percentage of GDP (b)(c)				
Total Revenue and Grants	13.6	16.7		
Total Revenue	13.4	16.6		
Tax Revenue	12.3	15.4		
Non Tax Revenue	1.1	1.2		
Grants	0.2	0.1		
Expenditure and Net Lending	20.4	19.0		
Recurrent	17.7	16.0		
Capital and Net Lending	2.6	3.0		
o/w Public Investment	2.7	3.1		
Current Account Balance	-4.3	0.7		
Primary Balance	2.2	5.4		
Overall Fiscal Balance	-6.8	-2.3		
Total Financing	6.8	2.3		
Foreign Financing	1.1	0.4		
Domestic Financing	5.7	1.8		

(a) Provisional Source: Ministry of Finance, Planning and Economic Development
 (b) Figures for 2024 have been revised
 (c) GDP estimates (base year 2015) released by the Department of Census and Statistics on 17 March 2026 have been used

in 2024, largely driven by higher revenue from vehicle import-related indirect taxes, following the relaxation of vehicle import restrictions in 2025.

These tax reforms were further reinforced by the efforts of the Inland Revenue Department (IRD) and Sri Lanka Customs to strengthen tax administration and improve compliance, thereby enhancing overall tax revenue collection. In particular, the IRD implemented several measures to boost revenue mobilisation, with the High Wealth Individuals (HWI) Unit playing a pivotal role by achieving full Individual Income Tax (IIT) return compliance

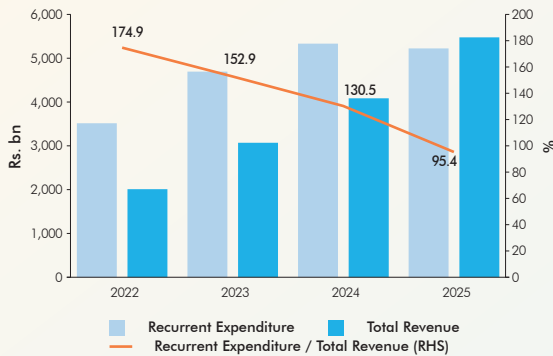
across all 100 assigned HWI files in 2025. In addition, the revenue collected from Large Taxpayers Offices (LTOs) reached 96.8% of the estimated revenue target, while regional revenue collection offices exceeded their targets, achieving 110.9% of expected revenue. In addition, the launch of National Tax Week 2025 aimed to enhance tax literacy, broaden the tax base and encourage voluntary tax compliance. Strengthening tax crime investigations through capacity building and international cooperation remains a strategic priority for the IRD. These initiatives were reflected in the rise in the number of registered income taxpayers, both corporate and non-corporate, from 1.1 mn in 2024 to 1.3 mn by the end of 2025. Initiatives undertaken by Sri Lanka Customs to strengthen tax administration and improve revenue collection also contributed to the growth of revenue from taxes on external trade. Sri Lanka Customs continues to maintain the ASYCUDA World and ASYHUB systems with a target of zero downtime, ensuring uninterrupted customs clearance operations and facilitating smooth trade activities. In line with its digital transformation agenda, Sri Lanka Customs also initiated the pilot implementation of a fully paperless clearance process aimed at improving efficiency and transparency in customs procedures. In addition, the establishment of the Internal Affairs Units (IAUs) within the IRD and Sri Lanka Customs represents a significant step toward strengthening institutional integrity, accountability and good governance within the national tax administration.

Meanwhile, non-tax revenue increased significantly both in nominal and GDP terms in 2025, mainly driven by higher income from fines, fees and charges, interest income, social security contributions, profits and dividends and rent. Revenue from fees and charges increased due to the upward revision of fees and charges that had not been revised over the past three years. Social security

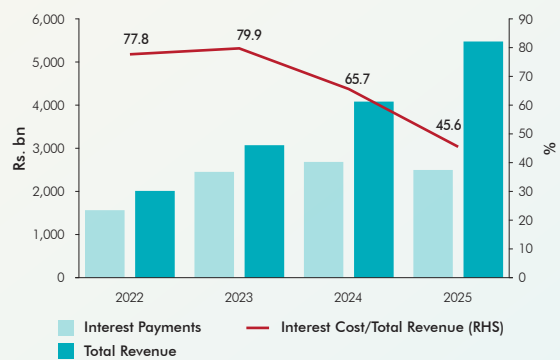
Featured Chart 1.10 Improving Fiscal Performance Reflected in Key Indicators



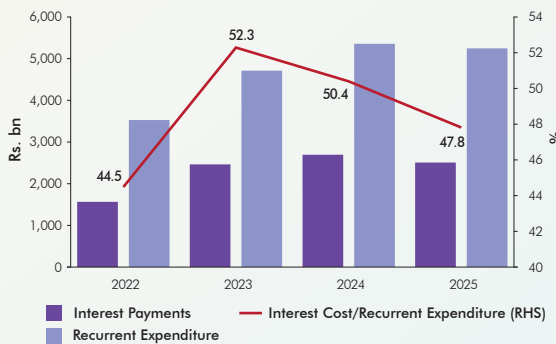
Recurrent Expenditure as a % of Total Revenue



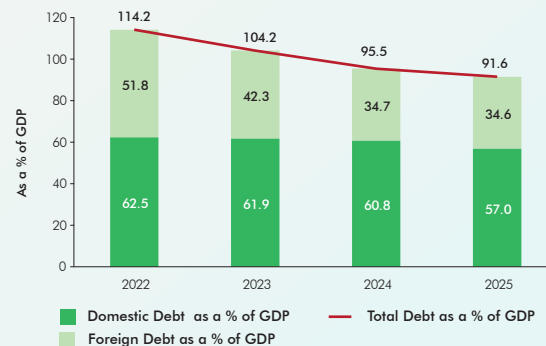
Interest Payments as a % of Total Revenue



Interest Payments as a % of Recurrent Expenditure



Central Government Debt to GDP Ratio



In general, the period preceding the economic crisis was a phase of fiscal stagnation with limited progress in addressing structural imbalances. During the pandemic and subsequent economic crisis, fiscal indicators weakened notably, with interest payments as a percentage of total revenue and debt-to-GDP ratios rising significantly, highlighting the increased burden on public finances. In the post-crisis period, the implementation of revenue-based fiscal consolidation measures has contributed to a notable easing of fiscal pressures. Total revenue has exceeded recurrent expenditure, bringing the

recurrent expenditure as a percentage of total revenue ratio down to 95.4%, the lowest level in the recent period. Interest payments, which had absorbed more than half of total revenue during the crisis declined, while the debt-to-GDP ratio also fell, reflecting an overall improvement in fiscal conditions. These indicators show the ongoing fiscal consolidation programme has been effective, reducing the likelihood of future adverse macroeconomic consequences arising from fiscal imbalances, as experienced during the recent crisis.

contributions also increased mainly due to the public sector salary revisions and the upward revision to the social security contribution rate. In addition, revenue from profits and dividends increased mainly due to the improved performance of State-Owned Enterprises (SOEs).

Expenditure, and Net Lending

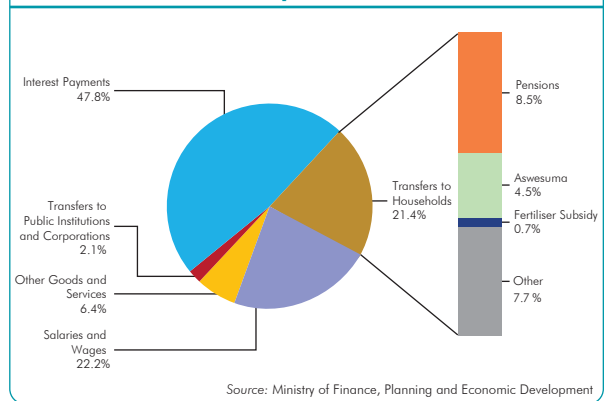
In 2025, total expenditure and net lending of the Government increased marginally by 1.6% in nominal terms compared to 2024, while as a percentage of GDP declined

1

to 19.0% in 2025 from 20.4% recorded in the previous year. Meanwhile, recurrent expenditure declined by 2.0% (by Rs. 107.6 bn) in 2025 compared to 2024, reflecting the Government's continued commitment to fiscal consolidation and expenditure rationalisation. Interest expenditure, the largest component of recurrent expenditure, accounting for 47.8% of total recurrent expenditure, declined by 7.0% to Rs. 2,500.7 bn in 2025 from Rs. 2,689.5 bn in 2024. This reduction was mainly supported by the overall decline in yields on government securities amid the accommodative monetary policy stance during the year. Accordingly, domestic interest payments of the Government declined by 5.7% during the year. Meanwhile, foreign interest payments decreased significantly by 14.5% compared to 2024, reflecting the one-off payments associated with external debt restructuring in 2024, which led to comparatively low payments in 2025.

Meanwhile, reflecting the Government's continued focus on strengthening social safety net programmes and providing relief to vulnerable and marginalised segments of society, expenditure on subsidies and transfers amounted to Rs. 1,233.1 bn in 2025. This was mainly attributed to spending on pension payments, social safety net programmes and the provision of free medicine. Accordingly, expenditure on pension payments recorded a notable y-o-y increase of 12.3% to Rs. 444.5 bn in 2025, accounting for 36% of total subsidies and transfers, largely reflecting the upward pension revisions implemented under the 2025 Budget. Furthermore, social spending by the Central Government surged by 27.7% in 2025 compared to the previous year, reaching Rs. 238.0 bn. This included cash transfers to 1,682,278 selected low-income families during the year and enabled the Government to successfully meet the year-end social spending Indicative Target (IT) of Rs. 237 bn set under the IMF-EFF programme. Expenditure on salaries and wages increased by 9.2% to Rs. 97.9 bn

Figure 1.32
Composition of Government
Recurrent Expenditure - 2025



in 2025 in comparison to the preceding year, mainly due to the increase in the basic salaries of public servants during 2025.

Capital expenditure and net lending increased by 26.2% to Rs. 998.0 bn in 2025 compared to the previous year, supporting economic recovery and strengthening long-term growth prospects through increased public investment.

Accordingly, capital expenditure amounted to 3.0% of GDP in 2025, compared to 2.6% of GDP in 2024. This increase was mainly driven by higher public investment in key infrastructure development projects, including roads and expressways, water supply and irrigation schemes, railway rehabilitation, electricity infrastructure, improvements to education and health sector facilities, as well as equity contributions to public enterprises.

The fiscal sector also faced the challenge of restoring livelihoods and rebuilding infrastructure affected by Cyclone Ditwah.

In response, the Government implemented several relief measures, alongside initiatives to reconstruct damaged infrastructure across the country. The anticipated overperformance of the primary surplus in 2025 provided the fiscal space to support these disaster relief efforts. In addition, a Supplementary Estimate of Rs. 500 bn has been approved by the Parliament for Budget 2026 and the Government intends to finance

these Rs. 500 bn allocations in 2026 by utilising the existing cash buffer, without affecting the annual borrowing limit for 2026.

1.5.3 Financing the Budget Deficit

Ongoing fiscal reforms helped reduce the budget deficit, leading to a significant decline in the Government's overall financing requirements and marked a notable reduction in both domestic and foreign financing during 2025. The Government continued to rely primarily on domestic sources, which accounted for 81% of the total government financing during 2025. Accordingly, net domestic financing decreased to Rs. 602.5 bn in 2025, compared to Rs. 1,706.7 bn recorded in 2024. This reduction reflects the narrowing of the fiscal deficit driven by revenue-based fiscal consolidation measures, and the Government's use of a part of its existing cash buffers to moderate borrowing requirements, with the cash buffer standing around Rs. 915.0 bn at end 2025. Under domestic financing, reflecting the Government's plans to reduce short term borrowings, net financing from Treasury bills recorded a repayment of Rs. 932.5 bn, while net financing from Treasury bonds amounted to Rs. 1,428.6 bn in 2025. Similarly, foreign financing also declined to Rs. 142.4 bn in 2025 from Rs. 333.2 bn recorded in 2024. Under foreign financing, the Government received USD 680 mn under the IMF-EFF programme in the form of budget support. In addition, the Government received financial assistance from bilateral and multilateral creditors as loans, including the funding from ADB, OPEC as well as other multilateral agencies. Further, Sri Lanka received about USD 206 mn from the IMF through RFI to address urgent BOP and fiscal needs following the catastrophic *Cyclone Ditwah* in late 2025. These funds were provided to support the Government's economic stabilisation programme, strengthen social safety nets, and facilitate the implementation of development projects.

1.5.4 Central Government Debt²⁴

Central government debt as a percentage of GDP declined to 91.6% by end 2025 from 95.5% in 2024, primarily driven by robust growth in nominal GDP. By the end of 2025, domestic debt fell to 57.0% of GDP from 60.8% in 2024, while foreign debt remained almost unchanged at 34.6% (34.7% in 2024). However, in nominal terms, total central government debt increased to Rs. 30.0 tn in 2025 from Rs. 28.7 tn in 2024. Accordingly, the domestic debt increased to Rs. 18.7 tn in 2025 from Rs. 18.3 tn in 2024, while total foreign debt increased to Rs. 11.3 tn in 2025 compared to Rs. 10.4 tn in 2024. Benefitting from the ongoing revenue-based fiscal consolidation measures, as well as the utilisation of cash buffers, the Government reduced net issuances of government securities compared to the previous year, thereby moderating the increase in domestic debt during 2025. Although the successful implementation of external debt restructuring contributed to reducing foreign debt, the depreciation of the domestic currency against the US dollar coupled with foreign loan inflows received during 2025, led to an overall increase in foreign debt during the year. As a positive step toward strengthening long-term fiscal health, the guaranteed debt of SOEs reduced significantly to Rs. 1,079.4 bn in 2025 from Rs. 1,359.3 bn in 2024.

Sri Lanka marked a significant achievement by successfully completing most of its external debt restructuring, with only a small portion remaining outstanding.

Following the successful signing of the Memorandum of Understanding (MoU) with the Official Creditor Committee (OCC) in June 2024 and the successful completion of the ISB exchange in December 2024, Sri Lanka achieved several pivotal milestones in its external debt restructuring process in 2025 by finalising restructuring agreements across bilateral, commercial, and multilateral creditor categories.

²⁴ Central Government Debt Statistics are presented net of bank deposits of the Government.

Table 1.21
Outstanding Central Government Debt (a)(b)
 (End Year)

Item	Rs. billion	
	2024	2025 (c)
Domestic Debt (d)	18,309.7	18,675.3
By Maturity Period		
Short Term (e)	3,220.1	2,134.4
Medium and Long Term (f)	15,089.6	16,540.9
By Institution (g)		
Bank (g)	9,411.2	9,183.5
Non Bank (g)	8,158.5	8,490.8
Repurchase Transaction Allocations (g)(h)	739.9	1,001.1
Foreign Debt (i)(j)	10,429.0	11,319.4
Multilateral	3,773.5	4,374.0
Bilateral and Commercial	6,655.6	6,945.4
Total Outstanding Central Government Debt	28,738.7	29,994.7
As a percentage of GDP (k)		
Total Outstanding Central Government Debt	95.5	91.6
Domestic Debt	60.8	57.0
Foreign Debt	34.7	34.6

Sources: Ministry of Finance, Planning and Economic Development
 Central Bank of Sri Lanka

Note: With the establishment of the Public Debt Management Office (PDMO) under the Ministry of Finance, Planning and Economic Development (MOF), the responsibility for recording and publishing Sri Lanka's public debt now falls under the PDMO, as mandated by the provisions of the Public Debt Management Act, No. 33 of 2024. Accordingly, the Quarterly Statistical Debt Bulletin, published by the PDMO, serves as the official source for debt statistics. The Central Bank compiles and present this table based on data received from MOF to ensure the data continuity.

- (a) As per the guidelines of compiling government debt statistics based on the Public Sector Debt Statistics Framework published by the IMF, resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt. Further, debt statistics are presented on net basis (net of deposits).
- (b) The outstanding central government debt excludes several debt service payments that became overdue after 12 April 2022, the date of which the Interim Policy regarding the servicing of Sri Lanka's external public debt was announced by the MOF. These debt service payments comprise overdue interest payments of affected debt which are deemed to be capitalised as per the Interim Policy.
- (c) Provisional
- (d) From 2023 onwards, domestic debt compilation method was changed and is based on the data confirmed by MOF.
- (e) Excludes Treasury bills held by non resident investors.
- (f) Excludes Treasury bonds held by non resident investors.
- (g) Includes security holdings under Repurchase agreements for which absolute ownership could not be established.
- (h) Holdings under repurchase transactions with respect to Open Market Operations, have been allocated to the respective Licensed Commercial Bank or Standalone Primary Dealer.
- (i) Foreign loan debt statistics and classification of foreign debt are prepared based on the data sourced from the CS-DRMS maintained by the MOF. The data for 2024 and 2025 are extracted on 27 February 2025 and 06 March 2026, respectively.
- (j) The 2024 and 2025 data reflects the impact of external debt restructuring.
- (k) GDP estimates (base year 2015) released by the Department of Census and Statistics on 17 March 2026 have been used and figures for 2024 have been revised.

Building on the momentum gained in 2024, the Government successfully executed bilateral restructuring agreements with the governments of Japan, India, and the French Republic during the first half of 2025, while in the second half of the year Sri Lanka finalised agreements with Hungary, the United Kingdom, and Australia, bringing the country's external debt restructuring programme close to completion, with approximately 95%²⁵ of the process concluded. Furthermore, SriLankan Airlines and the Government of Sri Lanka officially announced the successful completion of the restructuring of

the USD 175 mn guaranteed bonds in March 2026. Consequently, the completion of the restructuring agreements enabled Sri Lanka to resume regular debt servicing to the respective creditor partners, thereby restoring international fiscal credibility. Following the successful near completion of external debt restructuring and the Government's continued commitment to fiscal sustainability, leading international rating agencies upgraded Sri Lanka's foreign currency ratings. In December 2024, Fitch and Moody's raised Sri Lanka's ratings to CCC+ and Caa1 from RD and Ca, respectively, while S&P upgraded its rating to CCC+ from SD in September 2025.

As mandated by the Public Debt Management Act (PDMA) No. 33 of 2024, the Public Debt Management Office (PDMO) was established and fully operationalised in December 2025.

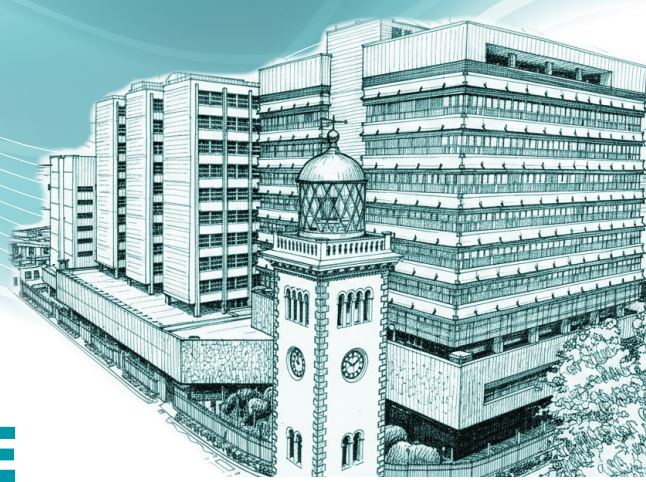
This transition authorised the PDMO as the sole entity to manage government debt, including issuances, servicing and the oversight process. This institutional realignment is consistent with international best practices, as it eliminates potential conflicts of interest by separating debt management from the Central Bank's monetary policy functions, thereby strengthening policy credibility, transparency, and accountability in both fiscal and monetary operations.

Following the economic recovery and positive domestic market developments, the Government resumed issuing dollar-denominated bonds to the domestic market in December 2025 under a new mechanism, namely Domestic Dollar Bonds (DDBs), replacing the previous issuance of Sri Lanka Development Bond (SLDB). Accordingly, USD 50 mn of DDBs were issued in December 2025, featuring maturities of 1, 2, and 3 years. Unlike SLDBs, which were open to individuals and foreign investors, this DDB issuance was restricted to locally incorporated LCBs.

25 Based on the Fourth Quarter 2025 Statistical Debt Bulletin, published by PDMO.

Chapter 2

CONDITION OF THE FINANCIAL SYSTEM



Summary

The performance of the financial sector continued to improve in 2025 amidst strengthened domestic macroeconomic conditions and prudential policy measures. The asset base of the banking sector increased considerably, particularly due to the expansion of loans and receivables supported by the accommodative monetary policy stance and favourable macroeconomic conditions. Along with the rapid expansion in loans and receivables, the stage 3 loans ratio of the banking sector gradually declined during 2025. However, the stage 3 loans ratio of the banking sector remained at an elevated level as of end 2025 compared to pre-crisis levels. Moreover, the profitability of the banking sector improved during 2025 due to increases in both Net Interest Income (NII) and non-interest income. Meanwhile, both liquidity and capital buffers of the sector continued to remain well above minimum statutory requirements, albeit with a decline compared to the previous year, mainly due to the high credit expansion during 2025. The performance of the Finance Companies (FCs) sector also witnessed a significant expansion during 2025, particularly due to the rapid growth in the loans and advances portfolio. This significant credit expansion was predominantly supported by the growth in vehicle and gold backed loans. Amidst this high credit expansion, the stage 3 loans ratio of the FCs sector declined during 2025. Although deposits continued to be the main funding source of the FCs sector, a significant increase in borrowings was witnessed during the year. Profitability of the FCs sector improved significantly while both liquidity and capital buffers continued to remain well above the minimum regulatory requirements. Meanwhile, the insurance sector continued to record an expansion during 2025, as reflected by the increase in gross written premiums and total assets. However, the profitability and capital position of the sector witnessed a decline in 2025. In terms of financial markets, the equity market experienced a robust expansion driven by domestic investors during 2025. This was reflected by the increase in market capitalisation and the notable rise in price indices, despite the secondary market continuing to record a net foreign outflow. Meanwhile, yields in the government securities market remained broadly stable after a steady decline in early 2025, amid rising foreign investor demand, particularly for Treasury bonds. Moreover, liquidity conditions remained at surplus levels in the domestic money market mainly due to substantial foreign exchange purchases by the Central Bank while the domestic interbank foreign exchange market recorded a notable improvement in activity during 2025. Amid these developments, the payment landscape continued to transform in 2025, marked by a steady move away from traditional instruments towards digital payment methods. Further, the Central Bank took measures to improve financial inclusion and financial

consumer protection in the country, and to implement legal reforms within the financial sector. Moreover, the Central Bank engaged in anti-money laundering, countering the financing of terrorism and countering proliferation financing activities, deposit insurance and resolution initiatives, and sustainable finance activities during the year. However, going forward, close monitoring of financial sector developments is warranted, particularly in terms of the lagged impact of adverse weather conditions that occurred during the latter part of 2025, as well as rising global uncertainties stemming from the war in the Middle East, which pose potential risks to domestic macrofinancial conditions.

Table 2.1
Total Assets of the Financial System (a)

	2024 (b)		2025 (c)	
	Rs. bn	Share (%)	Rs. bn	Share (%)
Banking Sector	26,022.9	72.6	29,220.6	71.4
Central Bank	3,876.1	10.8	4,298.5	10.5
Licensed Commercial Banks (LCBs)	19,790.9	55.2	22,447.9	54.8
Licensed Specialised Banks (LSBs)	2,355.9	6.6	2,474.2	6.0
Other Deposit Taking Financial Institutions	2,245.6	6.3	3,066.9	7.5
Finance Companies (FCs)	1,928.4	5.4	2,776.7	6.8
Co-operative Rural Banks (d)	301.1	0.8	269.5	0.7
Licensed Microfinance Companies (LMFCs)	14.8	0.0	19.2	0.0
Thrift and Credit Co-operative Societies	1.3	0.0	1.5	0.0
Specialised Financial Institutions	908.7	2.5	1,004.4	2.5
Specialised Leasing Companies (SLCs)	1.3	0.0	1.1	0.0
Primary Dealers	297.2	0.8	338.5	0.8
Stock Brokers	44.9	0.1	48.1	0.1
Unit Trusts / Unit Trust Management Companies	554.2	1.5	599.3	1.5
Market Intermediaries (e)	11.1	0.0	17.4	0.0
Contractual Savings Institutions	6,673.6	18.6	7,635.5	18.7
Insurance Companies	1,223.0	3.4	1,432.2	3.5
Employees' Provident Fund	4,420.2	12.3	4,993.4	12.2
Employees' Trust Fund	586.1	1.6	670.5	1.6
Approved Pension and Provident Funds	339.2	0.9	433.3	1.1
Public Service Provident Fund	105.0	0.3	106.1	0.3
Total	35,850.9	100.0	40,927.4	100.0

(a) Due to the non-availability of data, Venture Capital Companies are not included in this table

(b) Revised

(c) Provisional

(d) Due to unavailability of data, asset base of Co-operative Rural Banks as at end 2025 was taken to be same as the asset base as at end 2025 Q3

(e) Excluding Licensed Banks, Licensed Finance Companies and Specialized Leasing Companies, which are registered as Market Intermediaries

Sources: Central Bank of Sri Lanka
Department of Co-operative Development
Department of Labour
Department of Pensions
EPF Department, Central Bank of Sri Lanka
Employees' Trust Fund Board
Insurance Regulatory Commission of Sri Lanka
SANASA Federation
Securities and Exchange Commission of Sri Lanka

2.1 Banking Sector

The banking sector continued to expand its asset base in 2025, supported by the accommodative monetary policy stance and improving macroeconomic conditions, while the sector demonstrated resilience by maintaining liquidity and capital buffers well above the regulatory requirements.

The banking sector (excluding the Central Bank)

dominated the financial sector, accounting for 60.8% of total assets by end 2025. The sector comprised 30 licensed banks, i.e., 24 Licensed Commercial Banks (LCBs), including 11 branches of foreign banks, and 6 Licensed Specialised Banks (LSBs). Further, the banking sector continued to promote financial intermediation and inclusion by expanding the banking network and improving banking services. In 2025, 21 bank branches and 158 ATMs were established, while 21 bank

Table 2.2
Distribution of Banks, Bank Branches
and Other Banking Outlets

Category	End 2024 (a)	End 2025 (b)
Licensed Commercial Banks (LCBs)		
I. Total No. of LCBs	24	24
Domestic Banks	13	13
Foreign Banks	11	11
II. Total No. of LCB Banking Outlets	6,907	7,262
Branches (c)	2,936	2,931
Domestic Banks	2,895	2,890
Foreign Banks	41	41
Student Savings Units	3,971	4,331
III. Automated Teller Machines	6,781	6,908
Licensed Specialised Banks (LSBs)		
I. Total No. of LSBs	6	6
National Level Savings Banks	1	1
Housing Finance Institutions	2	2
Other LSBs	3	3
II. Total No. of LSB Banking Outlets	706	711
Branches (c)	706	711
National Level Savings Banks	268	274
Housing Finance Institutions	64	64
Other LSBs	374	373
III. Automated Teller Machines	504	504
Total No. of Bank Branches and Other Outlets	7,613	7,973
Total No. of Automated Teller Machines	7,285	7,412

(a) Revised
(b) Provisional
(c) All Banking Outlets excluding Student Savings Units

Source: Central Bank of Sri Lanka

branches and 31 ATMs were closed. Accordingly, the total number of banking outlets and ATMs stood at 7,973 and 7,412, respectively, as of end 2025.

Total assets of the banking sector expanded primarily due to the significant increase in loans and receivables during 2025. The sector's assets increased by Rs. 2,775.3 bn during the year and reached Rs. 24,922.1 bn, recording a y-o-y growth of 12.5% at end 2025 compared to 8.6% at end 2024. Loans and receivables, the primary contributor to this asset expansion, recorded a significant y-o-y growth of 21.4% at end 2025, compared to 4.1% at end 2024. Out of the total loan portfolio, 64.5% of loans were concentrated on five economic sectors, namely, consumption, construction, wholesale and retail trade, manufacturing, and financial services. This significant increase in loans and receivables impacted investments of the banking sector, as they declined to 3.1% y-o-y at end 2025 from 24.5% y-o-y at end 2024.

Table 2.3
Composition of Assets and Liabilities of the
Banking Sector

Item	2024 (a)		2025 (b)		Change (%)	
	Rs. bn	Share (%)	Rs. bn	Share (%)	2024	2025
Assets						
Loans & Receivables	11,476.7	51.8	13,933.2	55.9	4.1	21.4
Investments	9,089.8	41.0	9,369.6	37.6	24.5	3.1
Others (c)	1,580.3	7.1	1,619.3	6.5	(23.8)	2.5
Liabilities						
Deposits	17,969.3	81.1	19,927.4	80.0	8.1	10.9
Borrowings	1,292.9	5.8	1,678.2	6.7	(7.5)	29.8
Capital Funds	2,054.1	9.3	2,374.0	9.5	16.3	15.6
Others	830.5	3.7	942.5	3.8	38.2	13.5
Total Assets/Liabilities	22,146.8	100.0	24,922.1	100.0	8.6	12.5

(a) Revised
(b) Provisional
(c) Includes cash and bank balances, placements, reverse repurchase agreements and fixed assets

Source: Central Bank of Sri Lanka

Deposits continued to be the main source of funding in the banking sector, representing 80.0% of total liabilities and capital as of end 2025, followed by equity capital and borrowings, which accounted for 9.5% and 6.7%, respectively. Total deposits increased by Rs. 1,958.1 bn during 2025 to Rs. 19,927.4 bn, and the increase in time deposits contributed 45.2% to the overall increase in total deposits, while savings deposits contributed to 37.8%. By end 2025, time deposits accounted for 65.4% of total deposits, while the savings and demand deposits accounted for 26.3% and 6.8%, respectively. As a result of the considerable growth in savings and demand deposits, the Current and Savings Account (CASA) ratio increased from 31.2% at end

Table 2.4
Composition of Deposits of the Banking Sector

Item	2024 (a)		2025 (b)		Change (%)	
	Rs. bn	Share (%)	Rs. bn	Share (%)	2024	2025
Demand Deposits	1,109.5	6.2	1,347.6	6.8	2.5	21.5
Savings Deposits	4,502.7	25.1	5,243.6	26.3	4.9	16.5
Time Deposits	12,155.8	67.6	13,041.6	65.4	10.0	7.3
Other Deposits	201.3	1.1	294.6	1.5	(4.0)	46.4
Total Deposits	17,969.3	100.0	19,927.4	100.0	8.1	10.9

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

2024 to 33.1% at end 2025. Furthermore, total borrowings of the banking sector increased by Rs. 385.3 bn during the year, recording a notable y-o-y growth of 29.8% at end 2025, compared to a contraction of 7.5% at end 2024. This increase was mainly attributed to rupee borrowings, which increased by Rs. 378.1 bn and reported a growth of 35.7% y-o-y, while foreign currency borrowings decreased by USD 21.9 mn, recording a contraction of 2.7% y-o-y at end 2025.

Off-balance sheet exposures grew notably in 2025, partly driven by the acceleration in trade-related activities following the relaxation of import restrictions. Accordingly, off-balance sheet exposures increased by Rs. 1,127.6 bn during 2025, recording a notable y-o-y growth of 21.3%, compared to an increase of Rs. 175.5 bn and a y-o-y growth of 3.4% in 2024. Significant increases were observed in undrawn credit lines by Rs. 369.8 bn, foreign exchange related off-balance sheet purchases by Rs. 353.4 bn, documentary credit by Rs. 189.0 bn, foreign exchange related off-balance sheet sales by Rs. 149.5 bn, guarantees and bonds by Rs. 112.6 bn, and acceptances by Rs. 25.8 bn during 2025.

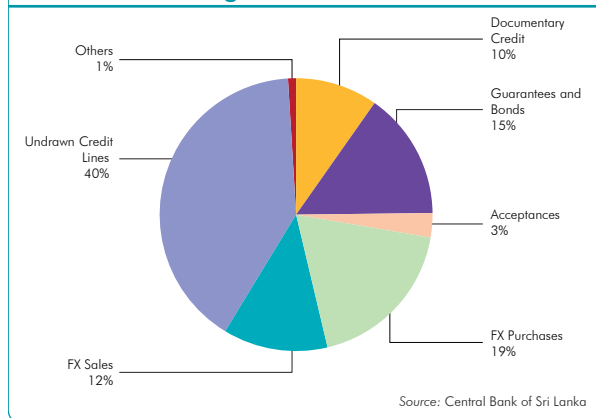
The stage 3 loans ratio of the banking sector declined during 2025, primarily due to the significant expansion of credit, together

with a slight decline in stage 3 loans.

Accordingly, the stage 3 loans ratio (including the undrawn amounts) of the banking sector decreased from 12.3% at end 2024 to 9.7% at end 2025. In addition to the significant increase in total loans by Rs. 2,456.5 bn, a slight decrease in stage 3 loans (including the undrawn amounts) by Rs. 56.9 bn also contributed to this decline in the stage 3 loans ratio during the year, indicating the impact of improved macroeconomic conditions on credit quality. However, the stage 3 loans ratio of the banking sector remained elevated at end 2025 compared to the pre-crisis level. Further, the stage 3 impairment coverage ratio of the banking sector increased to 58.3% at end 2025, up from 54.1% at end 2024. Nevertheless, challenges in the banking sector include maintaining credit quality due to possible delays in recoveries and meeting higher impairment requirements arising from the impact of Cyclone Ditwah, as well as potential risks stemming from the war in the Middle East.

Liquidity of the banking sector, as indicated by the Liquidity Coverage Ratios (LCRs) and the Net Stable Funding Ratio (NSFR), declined during 2025 as a consequence of the high credit expansion, albeit remaining comfortably above the minimum regulatory requirements. The rupee LCR of the sector decreased to 283.3% at end 2025 from 349.9% at end 2024. Meanwhile, all currency LCR, which is an indicator of the overall liquidity of the sector, also declined to 249.7% at end 2025 compared to 313.8% at end 2024. Nevertheless, both ratios stood well above the minimum regulatory requirement of 100%, indicating that banks possessed adequate High Quality Liquid Assets (HQLA) to meet their short term liquidity needs. In addition, the NSFR, which requires banks to maintain sufficient stable funding sources, stood at 154.1% at end 2025 compared to 164.8% at end 2024, which was also well above the minimum regulatory threshold of 100%.

Figure 2.1
Off-Balance Sheet Exposures of the Banking Sector at end 2025



BOX 03

Banking Sector Consolidation for Promoting Resilience and Stability in the Banking Sector

Background

The banking sector in Sri Lanka, which consists of 24 licensed commercial banks and 6 licensed specialised banks with an asset base of nearly Rs. 25 trillion as at end of 2025, dominates the financial system, holding the largest share of the total assets (61%) in the financial system. At present, only 5 licensed banks (LBs) have been designated as Domestic Systemically Important Banks (D-SIBs) in Sri Lanka based on size, interconnectedness, substitutability, and complexity. At the same time, several LBs in Sri Lanka continue to remain relatively small in terms of assets size and capital base. This structural limitation constrains their capacity to absorb financial shocks and to withstand periods of economic stress with resilience. In this context, the presence of larger banks with stronger balance sheets, diversified portfolios, and robust governance and risk management frameworks has become increasingly important. Such institutions would enhance the overall resilience of the banking sector by mitigating the risk of spillovers to the real economy. Moreover, this would also facilitate a stronger presence in Sri Lanka's banking sector in international markets, while further reinforcing public confidence.

Regional Experience on Consolidation of the Financial Sector¹

Drawing on the Asian experience, several countries in the region have undertaken banking sector consolidation as a measure to strengthen their financial systems and support sustained economic growth. For instance, India has pursued consolidation through a series of bank mergers aimed at enhancing efficiency, improving profitability, and strengthening the global competitiveness of its Banks, while contributing to strengthening the national economy. Accordingly,

government-led consolidation efforts in India have reduced the number of public sector banks from 27 in 2017 to 12 by 2020, thereby enabling the larger public sector banks to evolve into stronger, more resilient and more competitive institutions. Nepal Rastra Bank also introduced a merger policy in 2011 resulting in reducing the number of financial institutions in Nepal. Singapore implemented banking sector consolidation in the early 2000's alongside a banking sector liberalization programme. This process reduced 6 local banking Groups into 3 main local banking Groups (i.e., DBS Bank Ltd., Oversea-Chinese Banking Corporation Ltd. and United Overseas Bank Ltd.). It led to a more consolidated banking landscape that remains at present, thereby strengthening the banks' capabilities, building efficient management teams, and enhancing overall operational efficiency and effectiveness. A similar consolidation programme was undertaken by Malaysia in 1997 to streamline its financial sector. By 1998, the number of finance companies was reduced from 39 to 8, and all finance companies eventually merged with commercial banks. By 2000, 50 out of 54 banking institutions in Malaysia were consolidated into 10 banking Groups. Moving on, similar financial sector consolidation efforts have been observed across several other Asian countries including Thailand, South Korea, Indonesia and Philippines particularly in the aftermath of the Asian Financial Crisis.

Sri Lanka has also had its own experience with financial sector consolidation, undertaking a programme in 2014 led jointly by the Central Bank and the Government, as announced in the Government Budget for 2014. The programme primarily targeted non-bank financial institutions, and despite several successful mergers, it was subsequently placed on hold pending further review. However, during 2015, DFCC Bank merged with DFCC Vardhana Bank to form DFCC Bank PLC, while MBSL Savings Bank Ltd., Merchant Bank of Sri Lanka PLC and MCSL Finance Services Ltd. amalgamated to form a Licensed Finance Company, namely, Merchant Bank of Sri Lanka & Finance PLC which is a

¹ Sources:

- Annual Report of Central Bank of Sri Lanka, 2014 and 2015.
- Deepthi, C. A., Sindhu, K. P. & John, B. M., 2024. Public Sector Bank Mergers in India since 2020. *Journal of Visual and Performing Arts*, 5(1), pp. 3510-3515. Available at https://www.researchgate.net/publication/395982482_PUBLIC_SECTOR_BANK_MERGERS_IN_INDIA_SINCE_2020
- Nepal Rastra Bank, 2022. Optimal number of banks and financial institutions in Nepal. Available at <https://www.nrb.org.np/contents/uploads/2022/04/Optimal-Number-of-Banks-and-Financial-Institutions-in-Nepal.pdf>
- Speech by Siriwardana, C. J. P., former Assistant Governor of the Central Bank of Sri Lanka on Financial Sector Consolidation – Why and How? at the Central Bank of Sri Lanka 64th anniversary oration, September 2014. Available at <https://www.bis.org/review/r141103g.pdf>

subsidiary of the Bank of Ceylon. Further in 2019, Lankaputhra Development Bank Ltd. was merged with Pradeshiya Sanwardena Bank.

Fragmented Nature of the Banking Sector in Sri Lanka

The current structure of the banking sector of Sri Lanka remains highly fragmented. The 6 largest banks account for nearly 75% of the total banking industry assets, while the remaining 24 banks compete for the residual of 25% market share (Table B 3.1).

Accordingly, the fragmented nature of the sector constrains the ability of most LBs to effectively cater to financial consumer needs and contribute to broader economic growth, due to operating inefficiencies, resource constraints, lapses in information technology systems and limited market share. This increases the need for large banks with stronger balance sheets, governance and risk management frameworks to enhance the overall resilience of the banking sector to withstand both internal and external shocks which potentially transmit vulnerabilities across the financial system.

Measures implemented during the year 2025

The Governing Board granted its approval to issue the Framework for Banking Sector Consolidation to LBs in October 2025. Accordingly, the Central Bank via letter dated 12.12.2025 informed locally incorporated small sized banks regarding the bi-annual evaluation based on a scoring system. Afterwards, the Central Bank issued the Framework for Banking Sector Consolidation to LBs on 23.01.2026, directing LBs to pursue appropriate

strategies for banking sector consolidation to ensure the safety and soundness of the banking sector in Sri Lanka. The salient features of the Framework issued to LBs are given below.

- Locally incorporated small sized LBs will be evaluated bi-annually based on a scoring system that consists of self-assessment and a regulatory assessment. Quantitative and qualitative criteria have been specified for the self-assessment conducted by LBs such as capital, profitability, assets quality, liquidity and concentration as quantitative criteria and catering to underserved customer segments, business model sustainability, adequacy and effectiveness of Management Information Systems as qualitative criteria. Further, management of risk, adequacy of resources and regulatory and macro-economic environment of LBs are considered for the regulatory assessment.
- In this regard, the Central Bank, among other measures, will implement necessary actions to direct mandatory consolidation for LBs which persistently score less than a pre-determined threshold as per the scoring system.
- Furthermore, the Framework provides LBs to pursue consolidation strategies proportionate to the asset size of each bank and provides broader guidance on consolidation including, obtaining approval of the Board of Directors and Shareholders, seeking the approval of the Central Bank, addressing the potential concerns relating to human resource management, safeguarding depositors and fair market conduct, among others.

Table B 3.1
Composition of the Banking Sector as of 31.12.2025

Category	Assets Size	Number of Banks	Market Share
Large Banks	Above Rs. 3 Tn	3	50.0%
	Rs. 2 Tn – Rs. 3 Tn	1	9.6%
	Rs. 1 Tn – Rs. 2 Tn	2	15.3%
Medium Banks	Rs. 400 Bn – Rs. 1 Tn	5	16.3%
Small Banks	Rs. 200 Bn – Rs. 400 Bn	4	5.0%
	Rs. 100 Bn – Rs. 200 Bn	2	1.3%
	Below Rs. 100 Bn	13	2.5%
Total		30	100%

- This aims to enable expansion through mergers and acquisitions, alongside fortifying governance and risk management strategies, advancing technological capabilities, fostering innovation and improving access to capital, with a view to strengthening the resilience and stability of LBs.

Recently, CBSL facilitated the transfer of the retail business portfolio of a bank incorporated outside Sri Lanka to a domestic private bank. Further, the Government of Sri Lanka has approved restructuring of 2 state owned, small specialised banks and CBSL will facilitate such initiatives with a view to strengthening the soundness of the banking sector in Sri Lanka.

Expected benefits of the banking sector consolidation

The strategies encouraged under the Framework for Banking Sector Consolidation are expected to facilitate the absorption of small sized local LBs, particularly those facing challenges related to capital, business model sustainability and operational efficiency, by larger and stronger banks. However, the Framework does not encourage further expansion of large banks via consolidating two or more large banks.

Accordingly, it is expected to establish well-capitalised banks with sufficient buffers and sound risk management mechanisms capable of absorbing unexpected losses and potential threats, thereby strengthening the overall resilience of the banking sector.

Furthermore, banking sector consolidation is expected to support efficient financial intermediation, by enhancing cost efficiency of LBs and contributing to lower interest margins through greater economies of scale. It is also expected to promote strategic investments in technology driven/ digitalised financial services which enable the banking sector to better serve the unserved and underserved markets. In addition, consolidation would support the expansion of financial products and services while improving operational efficiency across the banking sector.

Role of the Central Bank in implementing the Consolidation and Way Forward

The Central Bank will evaluate the proposals for consolidation and other information provided by the respective LBs from a regulatory perspective and grant necessary approvals in terms of the Banking Act No. 30 of 1988 (as amended). Besides this, the Central Bank will facilitate the banking sector consolidation efforts by providing certain regulatory guidance, where appropriate.

Accordingly, it is expected that banking sector consolidation will facilitate financially and operationally sound banks, thereby strengthening the resilience and stability in the banking sector while supporting inclusive and sustainable growth of the economy.



As indicated by an increase in the interest rate sensitivity ratio, the banking sector's exposure to interest rate risk moderated marginally at end 2025 compared to a year ago. Accordingly, the interest rate sensitivity ratio (defined as interest-bearing assets as a share of interest-bearing liabilities with maturities of less than 12 months) increased to 84.9% at end 2025 from 84.3% at end 2024. Furthermore, the sector's exposure to equity investments remained minimal throughout 2025. The net foreign currency exposure of the banking sector increased to a long position of USD 1,529.3 mn at end 2025, compared to a

long position of USD 1,198.1 mn at end 2024, reflecting a larger increase in off-balance sheet positions relative to the decline in on-balance sheet positions over the same period.

Profits of the banking sector increased during 2025, supported by higher Net Interest Income (NII) as well as non-interest income.

Interest income of the sector increased by 1.9%, while the interest expenses decreased by 5.2%, resulting in an increase in NII by 12.4% during 2025. Meanwhile, non-interest income recorded an increase of Rs. 204.0 bn in 2025 compared to 2024, mainly due to

Table 2.5
Profit of the Banking Sector

Item	2024 (a)		2025 (b)	
	Amount (Rs.bn)	As a % of Avg. Assets	Amount (Rs.bn)	As a % of Avg. Assets
Net Interest Income	909.6	4.4	1,022.5	4.3
Interest Income	2,245.6	10.7	2,288.8	9.6
Interest Expenses	1,335.9	6.4	1,266.3	5.3
Non-Interest Income	71.0	0.3	275.0	1.2
Net Fee & Commission Income	144.0	0.7	169.1	0.7
Non-Interest Expenses	444.5	2.1	493.4	2.1
Staff Cost	241.3	1.2	265.7	1.1
Impairment for Loans & Other Losses	(156.4)	(0.7)	59.9	0.3
Profit Before Tax (Before VAT, NBT, Other Taxes on Financial Services and Corporate Tax)	692.6	3.3	744.4	3.1
VAT, NBT and Other Taxes on Financial Services	150.6	0.7	161.2	0.7
Corporate Tax	217.8	1.0	214.4	0.9
Profit After Tax	324.2	1.6	368.8	1.5

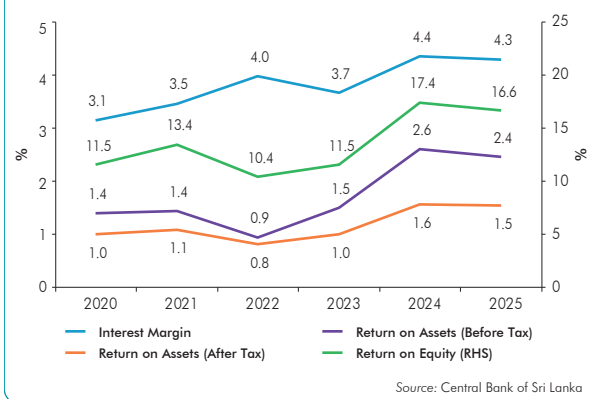
(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

the sector posting a marginal gain from the derecognition of financial assets in 2025, compared to a significant loss reported in the previous year which resulted from the restructuring of International Sovereign Bonds (ISBs). In addition, increases in net fee-based income, net gains from trading, and net other operating income by Rs. 25.1 bn, Rs. 22.3 bn, and Rs. 34.1 bn, respectively, also contributed to the expansion in non-interest income during the year. Furthermore, non-interest expenses increased by Rs. 48.9 bn, largely due to the increase in staff costs by Rs. 24.4 bn, while impairment for loans and other losses increased by Rs. 216.3 bn during 2025. Accordingly, the sector reported a Profit Before Tax (PBT) of Rs. 583.2 bn in 2025, based on regulatory reporting (unaudited), representing an increase of Rs. 41.2 bn compared to the previous year. Moreover, Profit After Tax (PAT) of the banking sector increased to Rs. 368.8 bn in 2025 from Rs. 324.2 bn in 2024, recording a y-o-y growth of 13.7%.

Profitability ratios of the banking sector declined marginally at end 2025 compared to end 2024, indicating a moderation in

Figure 2.2
Profitability Indicators of the Banking Sector



profit growth. Return on Assets (ROA) before tax marginally decreased from 2.6% at end 2024 to 2.4% at end 2025, while Return on Equity (ROE) decreased from 17.4% to 16.6% during the same reference period. Further, the Net Interest Margin (NIM) of the banking sector also decreased marginally from 4.4% at end 2024 to 4.3% at end 2025. Moreover, efficiency of the sector increased, as indicated by the decline in the efficiency ratio from 45.3% at end 2024 to 38.0% at end 2025, mainly due to the increase in NII and non-interest income.

The banking sector continued to comply with the regulatory capital adequacy requirements during 2025. The Total Capital Adequacy Ratio (CAR) and Tier 1 CAR of the sector declined to 17.9% and 14.6%, respectively, at end 2025, compared to 20.3%

Figure 2.3
Capital Adequacy of the Banking Sector

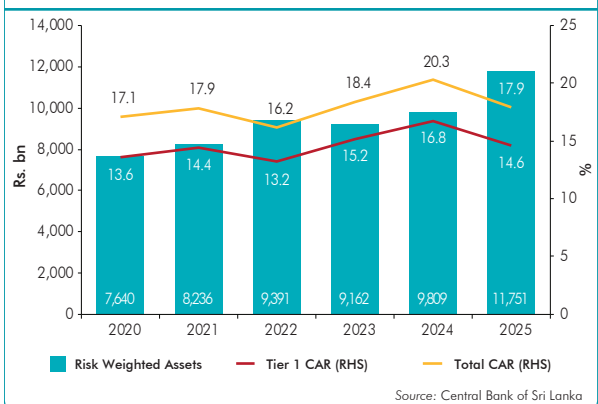


Table 2.6
Composition of Regulatory Capital of the Banking Sector

Item	Rs. bn		Composition (%)	
	2024 (a)	2025 (b)	2024 (a)	2025 (b)
Tier 1: Capital	1,640.5	1,717.0	100.0	100.0
Share Capital	416.2	422.7	25.4	24.6
Statutory Reserve Funds	100.6	101.3	6.1	5.9
Retained Profits	812.4	914.7	49.5	53.3
General and Other Reserves	372.7	373.0	22.7	21.7
Others	83.8	78.6	5.1	4.6
Regulatory Adjustments	(145.2)	(173.4)	(8.9)	(10.0)
Tier 2: Capital	345.6	387.4	100.0	100.0
Revaluation Reserves	52.6	52.9	15.2	13.7
Subordinated Term Debt	196.8	217.7	56.9	56.2
General Provisions and Other	97.9	118.9	28.3	30.7
Regulatory Adjustments	(1.7)	(2.2)	(0.5)	(0.6)
Total Regulatory Capital Base	1,986.2	2,104.3		

(a) Revised
(b) Provisional

Source: Central Bank of Sri Lanka

and 16.7%, respectively, at end 2024, primarily due to the increase in Risk Weighted Assets (RWA) driven by the significant credit expansion during the year. Meanwhile, banks raised high-quality capital to absorb the potential losses emanating from challenging business conditions during 2025. Accordingly, banks increased Tier 1 capital mainly through an increase in retained profits by Rs. 102.3 bn during 2025. In addition, banks increased capital during 2025 through rights issues and the issuance of certain Tier 2 instruments. Consequently, regulatory capital of the banking sector reported a growth of 6.0% during the year, of which Tier 1 capital accounted for 64.7% of the increase. Further, the end-year audited regulatory capital figures are expected to improve further with the inclusion of audited retained profits.

2.2 Non-Bank Financial Institutions Sector

Finance Companies

The Finance Companies (FCs) sector continued its growth momentum, recording a significant credit expansion during 2025, while remaining resilient with adequate capital and liquidity buffers throughout the

year. The sector recorded a notable growth in terms of total assets and loans and advances. Further, the reduction of the stage 3 loans ratio of the FCs sector was mainly due to the significant credit expansion together with a reduction in stage 3 loans. By end 2025, the sector comprised 32 FCs¹ and accounted for 6.8% of total financial sector assets. There were 1,998 branches, of which 1,333 branches (66.7%) were located outside the Western Province, reflecting the sector's broad regional outreach. The revised framework for Phase II of the Masterplan for Consolidation of FCs, aimed at fostering a more resilient FCs sector with an execution period of three years, was initiated with effect from 31 March 2025.

The asset base of the FCs sector grew by 44.0% y-o-y at end 2025, compared to a 13.7% y-o-y growth at end 2024. The asset growth was mainly driven by the significant expansion of the loans and advances portfolio, which accounted for 80.2% of the total assets of the sector. The loans and advances portfolio of the sector increased by 56.0% y-o-y at end 2025 compared to a 22.6% y-o-y growth at end 2024. Finance leases and vehicle loans continued to dominate the loans and advances portfolio of the

¹ Excluding ETI Finance Limited (The Commercial High Court of Colombo ordered that the winding up of ETI Finance Limited be carried out subject to the Supervision of the Court on 15.12.2023).

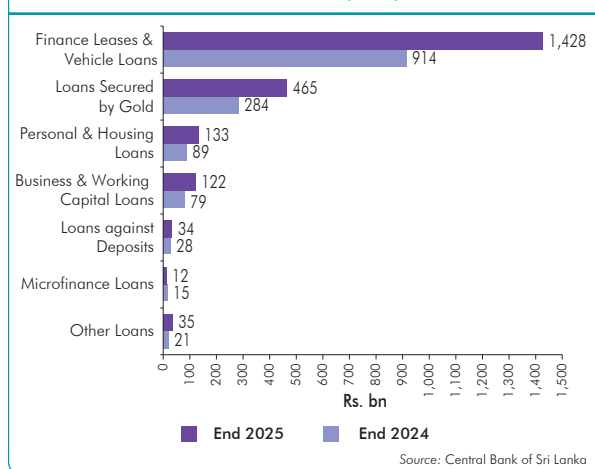
Table 2.7
Composition of Assets and Liabilities of the FCs Sector

Item	2024 (a)		2025 (b)		Change (%)	
	Rs. bn	Share (%)	Rs. bn	Share (%)	2024	2025
Assets						
Loans & Advances (Net)	1,428.3	74.1	2,227.9	80.2	22.6	56.0
Investments	352.2	18.3	375.0	13.5	(8.7)	6.5
Others (c)	147.9	7.7	173.8	6.3	2.0	17.5
Liabilities						
Deposits	1,056.4	54.8	1,265.2	45.6	13.0	19.8
Borrowings	305.4	15.8	849.3	30.6	15.3	178.1
Capital Funds	468.2	24.3	531.0	19.1	13.6	13.4
Others	98.4	5.1	131.3	4.7	17.7	33.4
Total Assets/Liabilities	1,928.4	100.0	2,776.7	100.0	13.7	44.0

(a) Revised
(b) Provisional
(c) Mainly consists cash and bank balances, fixed assets and right of use assets

Source: Central Bank of Sri Lanka

Figure 2.4
Total Loans and Advances (Net) - Product-wise



sector and accounted for 64.1% of total loans and advances, followed by loans secured by gold representing 20.9% of total loans and advances at end 2025. Finance leases and vehicle loans, and loans secured by gold recorded a y-o-y growth of 56.3% and 64.1%, respectively, at end 2025. The investment portfolio of the sector increased by 6.5% at end 2025, compared to the contraction of 8.7% recorded at end 2024, on a y-o-y basis.

Public deposits continued to dominate as the main source of funding for the FCs sector accounting for 45.6%, followed by borrowings at 30.6%. Total deposits of the sector grew by 19.8% y-o-y at end 2025 compared to a 13.0% y-o-y growth at end 2024. Meanwhile, borrowings of the sector increased significantly during 2025, recording a notable growth of 178.1% y-o-y at end 2025. Borrowings of the sector were mainly driven by term loans and securitisation loans, which accounted for 81.0% of the total borrowings as of end 2025.

The gross stage 3 loans ratio decreased to 6.1% at end 2025 from 11.5% reported at end 2024. Further, the net stage 3 loans ratio also declined to 3.2% at end 2025 from 6.5% reported at end 2024. Meanwhile, the sector reported an impairment coverage ratio of 47.8% for stage 3 loans at end 2025 compared to 43.4% at end 2024.

The sector maintained liquidity well above the minimum regulatory requirement throughout 2025. The overall regulatory liquid assets available in the sector were Rs. 226.4 bn by end 2025, against the stipulated minimum requirement of Rs. 152.0 bn, recording a liquidity surplus of Rs. 74.3 bn by end 2025, compared to the liquidity surplus of Rs. 105.1 bn recorded by end 2024.

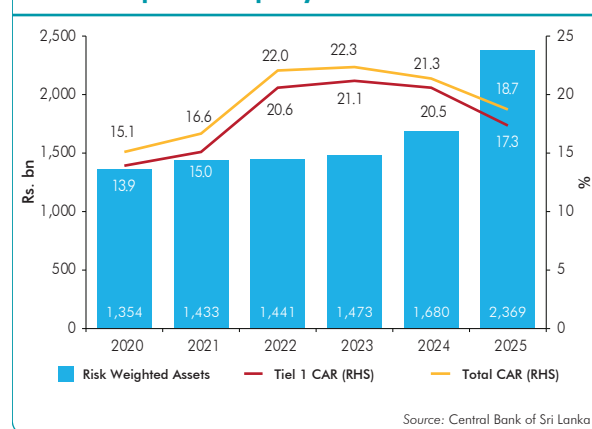
The sector's PAT indicated a notable growth of 49.9%, rising from Rs. 59.0 bn in 2024 to Rs. 88.5 bn in 2025, driven by the significant increase in NII and reversal of impairment.

The increase in profitability was reflected in the growth of ROA and ROE to 6.7% and 17.5%, respectively, in 2025, compared to 6.0% and 13.3%, respectively, in 2024. The efficiency ratio declined to 46.3% in 2025 from 51.1% in 2024, indicating an improvement in operational efficiency of the sector.

The capital base of the sector increased by Rs. 84.0 bn during 2025 and reached Rs. 442.4 bn by end 2025, recording a growth of 23.4% at end 2025. One FC² was non-compliant with the minimum core capital requirement and/or capital adequacy requirements during the year. The sector's Tier 1 CAR and total CAR declined to 17.3% and 18.7%, respectively,

² Resolution actions have been initiated against this FC, which has been continuously violating/contravening provisions of the Finance Business Act, and an administrator has been appointed. This FC accounted for only 0.2% of the total assets of the sector at end 2025.

Figure 2.5
Capital Adequacy of the FCs Sector



at end 2025, compared to that of 20.5% and 21.3%, respectively, at end 2024, mainly due to increased lending activities leading to increased RWA.

Primary Dealer Companies

By end 2025, there were five³ stand-alone Primary Dealer Companies (PDCs) active in the government securities market as Primary Dealers (PDs) in addition to the five Licensed Commercial Banks appointed as PDs. Total assets of PDCs recorded a y-o-y growth of 13.9% and reached Rs. 338.5 bn at end 2025, compared to a 9.7% growth at end 2024. The total investment portfolio of government securities recorded a y-o-y growth of 11.6% and reached Rs. 309.9 bn by end 2025, compared to a 5.7% growth by end 2024.

PDCs reported a PAT of Rs. 8.2 bn in 2025, indicating a notable decline from Rs. 13.7 bn in 2024. This reduction in profitability was primarily driven by a decrease in trading gains, along with higher revaluation losses on financial assets held for trading, which are measured at fair value through profit and loss. Additionally, ROA and ROE of PDCs decreased to 4.0% and 17.8%, respectively, by end 2025 from 8.4% and 32.8%, respectively, at end 2024.

The total equity capital of PDCs decreased by 5.2% y-o-y at end 2025, due to the decline in retained earnings and reached Rs. 41.4 bn, compared to 2.9% y-o-y contraction at end 2024. Further, the risk-weighted CAR of the PDCs declined to 16.8% by end 2025, compared to 18.7% by end 2024. However, this ratio remained well above the minimum requirement of 10%, and all PDCs maintained core capital above the regulatory minimum requirement.

³ Excluding Entrust Securities PLC (participation in government securities at primary auction has been restrained w.e.f. 24 July 2017. A creditor winding up was filed by one of the unsecured investors and on 17 June 2022 the winding up order was given by the courts. However, the winding up case is still pending before the courts due to other legal proceedings), and Perpetual Treasuries Ltd. (business was initially suspended on 06 July 2017 and extended for a further period of 06 months w.e.f. 05 January 2026).

The participation of PDCs in primary auctions for Treasury bills and Treasury bonds showed a volatile performance in terms of successful bids during 2025. Secondary market transactions in government securities (in terms of value) of PDCs decreased by 25.1% y-o-y, falling to Rs.14,074.3 bn in 2025. Repurchase and reverse repurchase transactions accounted for 73.8% of secondary market transactions during 2025. Further, secondary market outright purchases marginally increased by 1.9% while outright sales decreased by 35.2% during 2025, compared to 2024.

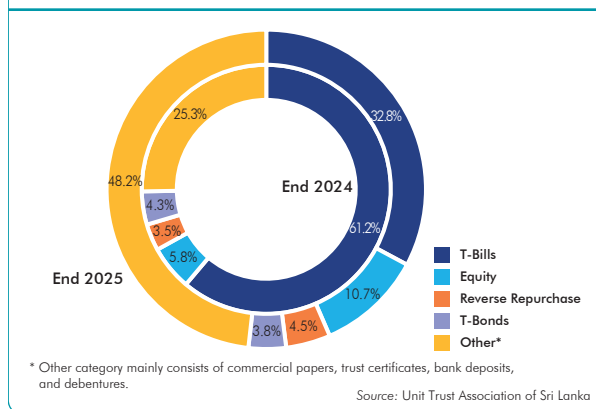
Licensed Microfinance Companies

The Licensed Microfinance Companies (LMFCs) sector consisted of four companies and reported a y-o-y growth of 29.8% in its asset base, reaching Rs. 19.2 bn by end 2025. Micro loans, which accounted for 69.3% of total assets, indicated a growth of 22.8% and reached Rs. 13.3 bn by end 2025 compared to Rs. 10.8 bn at end 2024. The total deposit base of the sector expanded from Rs. 1.1 bn at end 2024 to Rs. 1.7 bn at end 2025, recording a growth of 51.7% during 2025. The core capital level of the sector was at Rs. 4.0 bn by end 2025, and all LMFCs were in compliance with the minimum prudential regulations on core capital.

Unit Trusts

The Unit Trusts (UTs) sector recorded a moderate growth in 2025 with an increase in assets under management. The number of UTs in operation increased to 95 at end 2025 from 90 reported at end 2024, while the number of UT management companies remained unchanged at 16 at end 2025 compared to end 2024. The number of units issued increased to 17,432 mn at end 2025, compared to 15,859 mn reported at end 2024. Moreover, the total number of unit holders increased to 144,093 at end 2025 from 114,898 at end 2024. Total assets of the UTs increased by 7.5% to Rs. 588.5 bn at end 2025 compared to Rs. 547.4 bn reported at end 2024.

Figure 2.6
Investment Composition of Unit Trusts



Money market funds and income funds accounted for most of the UT funds, jointly representing 80.3% of the industry at end 2025. The share of investments in government securities⁴ by UTs as a percentage of total investments significantly declined to 41.1% at end 2025 from 68.9% reported at end 2024. In addition, investments in equity as a share of UTs' total investments surged to 10.7% at end 2025 compared to 5.8% reported at end 2024, while other investments as a share of total investments increased significantly to 48.2% at end 2025 compared to 25.3% reported at end 2024.

Insurance Sector⁵

The insurance sector expanded in 2025, supported by the strong growth in Gross Written Premiums (GWP) and assets, although the profitability of the sector contracted. The sector comprised 15 companies which operated as long term insurance companies and 14 companies which operated as general insurance companies. In addition, 83 insurance brokering companies were in operation at end 2025.

The insurance sector recorded a significant growth in GWP during 2025 compared to 2024. During the year, GWP in the long term and general insurance subsectors grew by 23.5% and

13.1%, respectively. Meanwhile, assets of the long term insurance subsector grew by 14.6% y-o-y, whilst the assets of the general insurance subsector also increased by 25.5% y-o-y by end 2025, compared to the contraction witnessed in 2024. Accordingly, total assets of the insurance sector grew by 17.1% y-o-y by end 2025.

PBT of the general and long term insurance subsectors contracted by 9.9% and 0.6%, respectively, during 2025. Accordingly, ROA of both long term insurance and general insurance subsectors deteriorated to 3.3% and 6.4%, respectively, by end 2025 compared to 3.7% and 7.8%, respectively, at end 2024. At the same time, claims of the long term and general insurance subsectors increased by 25.1% and 9.6%, respectively, at end 2025 compared to the previous year. Insurance claims arising from Cyclone Ditwah appear substantial in the general insurance subsector, with non-motor claims accounting for the majority of the total claims value.

As of end 2025, although the capital adequacy of long term and general insurance subsectors declined, they remained above the minimum requirement. Accordingly, CAR of the long term and general insurance subsectors declined to 327.0% and 230.6%, respectively, at end 2025, from 338.0% and 322.0%, respectively, by end 2024. Furthermore, capital to total assets of long term and general insurance subsectors decreased to 0.18 and 0.37, respectively, at end 2025, compared to 0.19 and 0.44, respectively, at end 2024.

Employees' Provident Fund

The Employees' Provident Fund (EPF/Fund), which represents 80.5% of the total assets of the superannuation sector⁶, continued to expand further in 2025 with the historically highest net member contributions and investment income. Accordingly, the net worth of the Fund increased by 13.0% to

⁴ Government securities include Treasury bills, Treasury bonds, and reverse repurchase.

⁵ This section excludes the reinsurance business of the National Insurance Trust Fund (NITF). Further, the data presented in this section on the insurance sector are unaudited.

⁶ Superannuation sector includes the Employees' Provident Fund, Employees' Trust Fund, Public Service Provident Fund, and other Approved Pension and Provident Funds.

Rs. 4,942.9 bn by end 2025, compared to Rs. 4,375.7 bn recorded at end 2024. Simultaneously, the total liability to the members also increased by 13.1% during this period. Total member contributions received for the year 2025 increased by 15.6% to Rs. 270.8 bn, while the total amount of refunds disbursed to the members and their legal heirs decreased by 6.4% to Rs. 176.0 bn. Accordingly, net member contributions of the Fund increased to Rs. 94.8 bn in 2025 from Rs. 46.3 bn recorded in 2024.

The total investment income of the Fund amounted to Rs. 552.7 bn in 2025, recording an increase of 7.6% from Rs. 513.8 bn recorded in 2024. Interest income remained the predominant source of income of the Fund, growing by 11.4% to Rs. 506.9 bn in 2025 from Rs. 455.1 bn in 2024. The robust performance observed in the Colombo Stock Exchange (CSE) also contributed to the growth in investment income through higher fair value gains and dividend income. The Fund maintained an operating expenses-to-gross income ratio of 0.6% in 2025. The tax expenditure of the Fund increased to Rs. 69.5 bn due to higher investment income in 2025. Further, the Governing Board of the Central Bank approved an interest rate of 10.75% on member balances for 2025.⁷

⁷ This approval is subject to the receipt of concurrence from the Hon. Minister in charge of the subject of Labour and the Hon. Minister in charge of the subject of Finance.

Table 2.8
Five-year Performance Summary of EPF

Item	2021	2022	2023	2024	2025 (a)
Net Worth of the Fund (Rs. bn)	3,166.1	3,459.9	3,886.7	4,375.7	4,942.9
Total Liability to the Members (Rs. bn)	3,066.9	3,380.6	3,817.9	4,289.5	4,852.6
Total Contributions (Rs. bn)	165.7	194.6	210.6	234.4	270.8
Total Refunds (Rs. bn)	118.2	163.0	215.9	188.1	176.0
Net Contribution (Rs. bn)	47.5	31.6	(5.3)	46.3	94.8
Interest Rate on Member Balance (%)	9.00	9.00	13.00	11.00	10.75
Total Number of Member Accounts (mn)	20.3	21.0	21.5	22.2	22.2
Contributing Number of Member Accounts (mn)	2.5	2.7	2.6	2.9	2.9

(a) Provisional

Source: EPF Department, Central Bank of Sri Lanka

Employees' Trust Fund

The asset base of the Employees' Trust Fund (ETF) increased by 14.4% on a y-o-y basis to Rs. 670.5 bn at end 2025. Investments of the ETF increased by 10.2% to Rs. 640.3 bn by end 2025. Out of these investments, 95.5% was invested in government securities, which grew by 11.0% y-o-y and reached Rs. 611.3 bn at end 2025. ETF managed to earn a return on investment of 10.1% on its member balances in 2025. Out of 17.7 mn member accounts of the ETF, only 2.5 mn accounts were active at end 2025. The number of employers contributing to the Fund increased to 84,491 at end 2025 from 80,008 at end 2024. The total member balance of the ETF increased by 3.2% y-o-y and reached Rs. 582.5 bn at end 2025. The total contributions of the ETF increased by 15.6% y-o-y and reached Rs. 48.5 bn, while total superannuation benefits paid to members decreased by 9.4% y-o-y and reached Rs. 30.3 bn during 2025.

Other Superannuation Funds

The Public Service Provident Fund (PSPF), which accounted for 1.7% of the superannuation sector assets, continued to expand in 2025. The total assets of the Fund grew marginally by 1.0% y-o-y and reached Rs. 106.1 bn at end 2025. The number of active members of the Fund was 269,138 at end 2025, compared to 272,575 reported at end 2024. Meanwhile, total investments of the Fund decreased by 32.3% to Rs. 76.8 bn at end 2025, compared to Rs. 113.4 bn recorded at the end of the previous year. The PSPF invested 63.2% of its investments in government securities, while the rate of return on total member balances was 9.00% in 2025.

Approved Pension and Provident Funds (APPFs) accounted for 7.0% of the superannuation sector assets at end 2025. The number of members covered by APPFs was estimated to be 104,710 at end 2025. In

addition, the total assets of the funds increased to Rs. 433.3 bn at end 2025, while total investment also increased to Rs. 308.5 bn at the end of the same period.

2.3 Performance of Financial Markets

Domestic Money Market

Overall liquidity position in the domestic money market remained in surplus throughout 2025, primarily supported by substantial foreign exchange purchases by the Central Bank. However, despite the overall surplus liquidity in the domestic money market, liquidity distribution remained asymmetric among market participants. The Central Bank did not intervene in the domestic money market to provide additional liquidity through Open Market Operations (OMOs), except for a few instances in January 2025. The interest rate structure in the money market broadly remained low in 2025, reflecting the accommodative monetary policy stance of the Central Bank. In terms of short term market interest rates, both the Average Weighted Call Money Rate (AWCMR) and Average Weighted Repo Rate (AWRR) remained broadly aligned with the Overnight Policy Rate (OPR) until mid-July 2025. However, money market interest rates gradually picked up in the subsequent months due to asymmetries in liquidity distribution. As at end 2025, AWCMR and AWRR stood at 8.04% and 8.06%, respectively, although there has been some easing thereafter. In terms of money market activity, both the call money and repo markets reported higher activity with increased transaction volumes.

Domestic Foreign Exchange Market

The domestic interbank foreign exchange market experienced a notable improvement in activity during 2025, reflecting strengthened market confidence and increased participation compared to 2024. Accordingly, trading volumes in the domestic

interbank foreign exchange market increased by 20.2% to USD 19.6 bn in 2025, compared to USD 16.3 bn recorded in 2024. Amid these developments, under the flexible exchange rate regime, the Central Bank intervened in the domestic foreign exchange market to curtail excessive exchange rate volatility while also supporting the build up of official foreign reserves. Accordingly, during 2025, the Central Bank absorbed USD 2,100.4 mn on a value-date basis, while supplying USD 108.0 mn to the market, resulting in net purchases of USD 1,992.4 mn on a value-date basis. These net foreign exchange purchases, together with swap transactions, contributed to the strengthening of foreign reserves during the year.

Government Securities Market

Primary market yields on Treasury bills and Treasury bonds declined steadily in the early part of 2025 and remained broadly stable thereafter. Favourable macroeconomic conditions, strong fiscal performance, and the maintenance of fiscal buffer funds contributed to stable yields at auctions. Investor demand remained robust throughout 2025, despite strong private sector credit growth. In addition, primary market issuances of Treasury bills and Treasury bonds declined during 2025, amounting to Rs 7.7 tn, compared to Rs 10.5 tn in 2024. Accordingly, in line with the reduction in issuances, total outstanding Treasury bills contracted from Rs 4.1 tn at end 2024 to Rs 3.1 tn at end 2025. However, outstanding Treasury bonds increased from Rs 14.1 tn at end 2024 to Rs 15.6 tn by end 2025, thereby resulting in an extension of the maturity profile of outstanding government securities.

In line with the movements in the primary market, the secondary market yield curve shifted downwards by end 2025 compared to end 2024, amid lower trading volumes. In addition, the spread between the 10-year and 91-day maturities widened to 309 bps by end

2025 from 285 bps at end 2024. Meanwhile, secondary market activity declined during the second half of 2025. Accordingly, the average Turnover ratio⁸ fell from 37.2% in 2024 to 26.6% in 2025, driven by reduced trading observed in the second half of the year. Daily average trading volume in the secondary market for government securities, marked a decline from Rs. 26.9 bn in 2024 to Rs. 20.9 bn in 2025.

Foreign investor demand for Treasury bills and bonds improved during 2025.

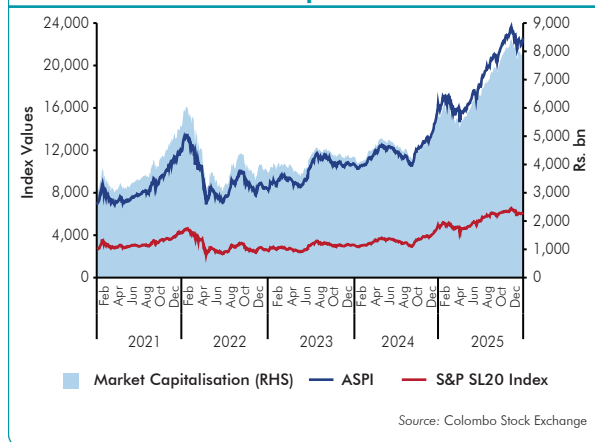
Accordingly, a net foreign inflow of USD 247.9 mn was recorded in 2025, compared to the net foreign outflow of USD 178.9 mn recorded in 2024. Moreover, most of the foreign inflows were tilted towards Treasury bonds as yields remained stable. However, by end 2025, foreign holdings remained at 0.8% out of the total Treasury bills and bonds holdings.

Equity Market

During 2025, the equity market sustained an upward trajectory, characterised by significant capital appreciation and positive movements in market price indices. Building upon the momentum established in late 2024, a substantial expansion in market turnover was observed in 2025, reflecting heightened investor activity and sustained liquidity. As of 31 December 2025, the All Share Price Index (ASPI) and the Standard & Poor's Sri Lanka 20 (S&P SL20) index of the CSE recorded annual growth of 41.9% and 26.6%, respectively. This growth was primarily driven by the contribution of domestic investors, supported by improved investor sentiment, positive domestic macrofinancial developments and improved corporate financial performance amid the accommodative monetary policy stance. The ASPI recorded month-on-month gains during

⁸ Turnover ratio is calculated by dividing the annualised secondary market turnover for the month by the outstanding securities at the end of the month.

Figure 2.7
Movement of Stock Market Price Indices and Market Capitalisation

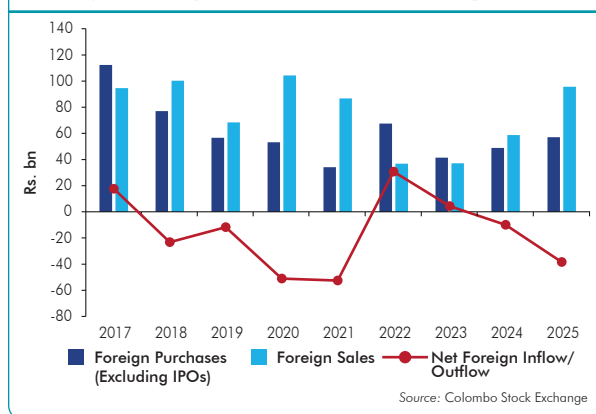


seven months of the year, outperforming the S&P SL20 index in five of those months, reflecting the contribution of mid and small-capitalised entities rather than large established firms. This divergence indicates a distinct investor preference for broader market constituents over the top tier companies represented in the S&P SL20. Notwithstanding the overall growth, the indices experienced intermittent declines during March and April, mainly due to the challenging global economic outlook and heightened geopolitical volatility following U.S. tariff policy announcements. A further decline observed since November could be partly attributed to uncertainties arising from the impact of Cyclone Ditwah. Market capitalisation increased by 41.7% and stood at Rs. 8,068.6 bn at end 2025 compared to Rs. 5,695.6 bn at end 2024. Meanwhile, the CSE recorded an average daily turnover of Rs. 5,179.2 mn in share trading during 2025, representing a significant increase compared to Rs. 2,240.2 mn recorded in 2024. Further, the average number of daily transactions increased to 31,483 trades from 14,684 trades in 2024, primarily due to heightened market engagement during the review period.

Despite the noticeable improvement in market performance in terms of indices and turnover, the CSE continued to experience



Figure 2.8
Foreign Participation at CSE (Secondary Market)



a net foreign outflow in the secondary share market in 2025. Accordingly, the CSE recorded a total net foreign outflow of Rs. 38.5 bn, which amounts to approximately USD 127.7 mn in the secondary market in addition to the net foreign outflow of Rs. 9.9 bn, approximately equivalent to USD 32.6 mn recorded in 2024. Foreign inflows to the primary market also remained subdued amounting to Rs. 1.6 bn, which was approximately equivalent to USD 5.4 mn compared to Rs. 20.3 bn, approximately equivalent to USD 65.5 mn recorded in 2024.

Reflecting the positive outlook among investors in terms of the equity market's future potential, key market valuation indicators continued to expand in 2025. By end 2025, the Price-to-Book Value (PBV) stood at 1.4, compared to 1.2 at end 2024. In addition, Price Earnings Ratio (PER) of the market increased to 10.7 by end 2025, from 8.9 at end 2024. Meanwhile, the equity market raised Rs. 7.5 bn through two Initial Public Offerings (IPOs) during the year, compared to Rs. 2.8 bn raised through four IPOs in 2024.

Corporate Debt Securities Market

Commercial Paper (CP) issuances recorded an increase in 2025 compared to 2024.

During 2025, Rs. 5.4 bn was raised through CPs compared to Rs. 3.1 bn raised in 2024. Interest

rates on CPs ranged between 11.00% and 12.20% during 2025 compared to the range of 12.00% to 13.75% reported in the previous year.

Corporate debenture market activity strengthened in 2025 compared to 2024, driven by increased issuances and trading volumes amid favourable interest rate conditions and renewed investor appetite.

During 2024, 28 corporate debenture securities were issued by nine companies on the CSE through 12 debenture issuances raising Rs. 94.8 bn of debt capital. In contrast, 21 companies listed on the CSE collectively raised Rs. 128.2 bn through 24 debenture issuances, issuing 59 securities, recording a significant increase in 2025, compared to the previous year. Debentures with both fixed and floating interest rates were issued through IPOs in 2025 with interest rates ranging from 9.75% to 13.15% compared to the range of 12.00% to 15.25% in the previous year.

2.4 Financial Inclusion

During 2025, the Central Bank continued to advance financial inclusion initiatives under the National Financial Inclusion Strategy (NFIS) while initiating preparatory work for Phase II of the strategy. As a key deliverable under the Financial Literacy Roadmap (2024-2028), the Financial Literacy Curriculum was developed and launched to guide the design and delivery of financial literacy programmes nationwide. This included the development of two financial literacy video series, aimed at enhancing public awareness and engagement. A major milestone during the year was the launch of Financial Literacy Month 2025 during September-October under the theme "Fin Lit Expo-2025", which facilitated the strengthening of financial awareness across the country. In addition, the Central Bank, with the support of its Regional Offices, conducted over 635 financial literacy programmes, reaching approximately 70,000 participants islandwide. The Credit Counselling Centre (CCC), operating under the



oversight of the Central Bank in collaboration with the Sri Lanka Banks’ Association (SLBA), continued to primarily assist non-performing Micro, Small and Medium Sized Enterprises (MSMEs). The CCC successfully resolved around 75% of the 1,257 inquiries received in 2025 through structured mediation and guidance on loan rescheduling and restructuring. Further, the Central Bank secured technical and financial assistance from the Alliance for Financial Inclusion (AFI) to undertake an end-of-term evaluation of NFIS Phase I, conduct a national Financial Inclusion Survey and provide support for the formulation of NFIS Phase II during 2026.

2.5 Financial Infrastructure

Payment and Settlement Systems

Usage of digital payments showed a marked growth during 2025, with a sustained shift from traditional payment instruments to digital payment methods. This transition was driven by the Central Bank’s policy measures to increase digital payment usage and by initiatives aimed at ensuring the availability of a safe, efficient and reliable national payment system.

Large value digital payments grew with the increasing reliance on the Real Time Gross Settlement (RTGS) System, “LankaRTGS”, for real time large value payments. The corporates in particular were seen utilising

LankaRTGS for their large value transactions, in place of cheque payments. The continued increase in customer transactions by 12% in 2025, compared to 10% in 2024, indicates a growing reliance on the RTGS system by customers for executing real time large value payments. In addition, financial institutions and businesses benefited from LankaRTGS, operated by the Central Bank, through its compliance with the ISO 20022 messaging standard, which enables rich data exchange and interoperability.

Retail digital payments also recorded a significant growth during 2025. The fast payment system⁹ (Common Electronic Fund Transfer Switch - CEFTS) operated by LankaPay (Pvt) Limited (LPPL) contributed to this growth momentum. CEFTS accounted for 55% of the total value of retail payments in 2025, compared to 50% in 2024. This growth was supported by the increased use of online fund transfers by the public and corporates, particularly for tax and customs duty payments, as well as the expansion of digital payments to government institutions through GovPay, launched in February 2025.

Steps were taken during the year to strengthen the regional integration of the national payment infrastructure. LPPL was granted approval to establish a linkage with AliPay Singapore E-commerce Private

⁹ Fast payment system also referred to as Instant payment system, transfers funds in real time between customers.

Figure 2.9
Volumes and Values of Large Value Transactions

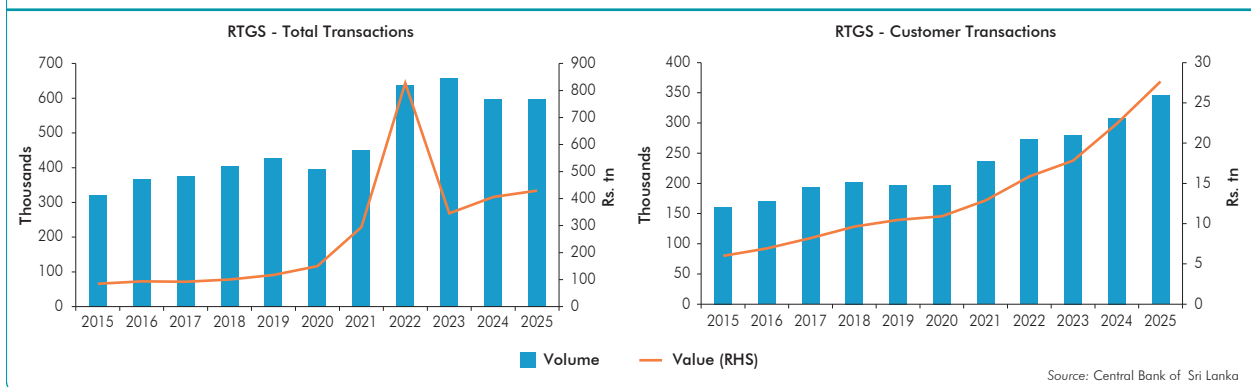
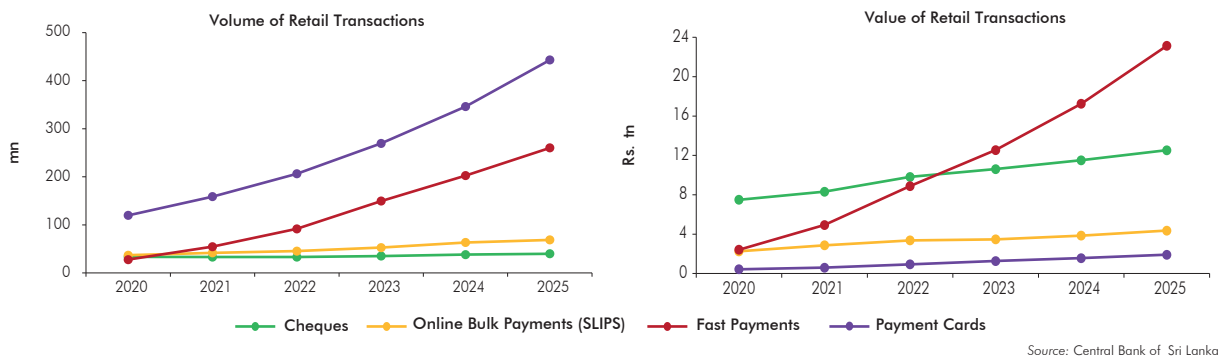


Figure 2.10
Volumes and Values of Retail Transactions



Limited, enabling tourists to make payments at LANKAQR (the national Quick Response code specification for digital payments) enabled merchants using AliPay+ supported applications. LANKAQR transactions made by tourists using India Unified Payments Interface (UPI) enabled apps, China UnionPay enabled apps and AliPay+ enabled apps increased by 69% in value terms to Rs. 713 mn and by 185% in volume terms to 41,481 transactions during 2025 compared to the previous year. The National Payment System Roadmap for 2026-2027 was launched by the National Payments Council (NPC), to facilitate a secure, efficient, inclusive and globally connected national payment system promoting a less-cash economy.

Anti-Money Laundering, Countering the Financing of Terrorism and Countering Proliferation Financing

The Financial Intelligence Unit (FIU) continued to operate in line with international Anti-Money Laundering, Countering the Financing of Terrorism, Countering Proliferation Financing (AML/CFT/CPF) standards to strengthen the integrity and resilience of the financial sector. The FIU discharged its statutory responsibilities under the Financial Transactions Reporting Act, No. 06 of 2006 (FTRA) by

conducting operational and strategic analysis and disseminating actionable financial intelligence to Law Enforcement Agencies (LEAs) and Regulatory Authorities (RAs). In addition, the FIU undertook AML/CFT/CPF supervisory and regulatory activities to ensure compliance by Financial Institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBPs), while initiating the implementation of a phased-out AML/CFT/CPF supervisory framework for Virtual Assets (VAs) and Virtual Asset Service Providers (VASPs). During 2025, the FIU received 4,024 Suspicious Transaction Reports (STRs) from Reporting Institutions (RIs) and 169 complaints from the public, while 580 information requests were received from LEAs to facilitate investigations. The goAML system, the core platform used by the FIU for receiving and analysing transactions, was further strengthened with enhanced data validation mechanisms to improve the quality, accuracy, and integrity of submitted reports, while Gem and Jewellery Dealers, Real Estate Agents, and Casinos were onboarded to the goAML testing environment to facilitate the submission of STRs. Further, the FIU reinforced its AML/CFT/CPF supervisory and enforcement framework by conducting AML/CFT/CPF examinations across FIs and examinations covering DNFBPs, including casinos, real estate agents, dealers in precious metals and stones, legal professionals, accountants, and trust and company service providers. Based on the findings of these

examinations, administrative monetary penalties amounting to Rs. 24.6 million were imposed on FIs and DNFBPs for identified AML/CFT/CPF non-compliances. The FIU continued to focus on coordinating Sri Lanka's third Mutual Evaluation by leading national preparations, monitoring stakeholder action plans, and facilitating submissions and engagements with the assessors.

Legal Reforms Related to the Financial Sector

The Central Bank continued to engage in necessary legal reforms during 2025 to strengthen the stability of the country's financial system. Accordingly, the Central Bank continued drafting amendments to the Finance Business Act, No. 42 of 2011 and Foreign Exchange Act, No. 12 of 2017, while drafting a new Payment and Settlement Systems Act. In addition, the Central Bank assisted in drafting and providing observations on several other laws relating to the financial sector initiated by external entities, including Colombo Port City Economic Commission (Amendment) Act, No. 01 of 2026, the Rescue, Rehabilitation and Insolvency (Corporate and Personal) Bill, the Public Commercial Enterprises Bill (SoE Act), and the National Statistics Bill. Further, the Central Bank continued to provide observations in drafting the Microfinance and Credit Regulatory Authority Act, No. 09 of 2026 aimed at developing a new regulatory framework for money lending and microfinance business of the country.

Financial Consumer Protection

During 2025, the Central Bank continued to strengthen the Financial Consumer Protection (FCP) framework through a range of policy and supervisory initiatives aimed at reinforcing responsible market behaviour and safeguarding financial consumer rights. The Central Bank intensified its market conduct oversight through full-scope market conduct

examinations and thematic reviews to assess compliance of regulated institutions with FCP requirements, including responsible market conduct and competition, fair and equitable treatment of consumers, complaint handling and redress, protection of consumer financial information, and transparency and disclosure. These supervisory engagements identified deficiencies in oversight at the senior management level, gaps in operationalisation of the institutional frameworks, weaknesses in disclosure practices and complaint handling mechanisms, and broader conduct-related risks, highlighting the need to further strengthen supervisory intensity. Accordingly, the Central Bank decided to introduce structured off-site market conduct surveillance from 2026 to enhance early risk detection, facilitate proactive supervisory engagement, and support a more data-driven supervisory approach. During the year, the Central Bank also undertook measures to streamline its financial consumer complaint handling framework. Improved accessibility and public awareness of the Bank's redress mechanism were observed through the notable increase in complaints received, reflecting both growing public confidence in the regulatory dispute resolution framework and heightened awareness of consumer rights. The Central Bank also plans to modernise its complaint management system in 2026 through technology-enabled solutions to improve efficiency in complaint resolution and strengthen data-driven policy and supervisory decision-making. In addition, the Central Bank expanded its consumer protection advocacy initiatives, which included the conduct of a nationwide "Anti-Pyramid Week" and financial consumer awareness programmes across the island to enhance financial literacy and educate the public on financial risks and fraudulent financial schemes.

Deposit Insurance and Resolution Authority

The Central Bank continued to operationalise and strengthen the resolution framework established under the Banking (Special

Provisions) Act, No. 17 of 2023 (BSPA) during 2025. A key milestone was the initiation of resolution measures under the BSPA through the appointment of an Administrator to a small FC in terms of Section 18 of the Act. This marked the first use of statutory resolution powers under the new framework to ensure the continuity of critical functions, safeguard depositor interests, and stabilise operations. The Central Bank also continued to operationalise the provisions of the BSPA in its capacity as the Administrator of the Sri Lanka Deposit Insurance Scheme (SLDIS). In this regard, the Central Bank conducted its nationwide Public Awareness Survey to assess the level of public awareness and understanding of SLDIS, which will support the development of a long-term public awareness strategy to enhance depositor confidence.

Engagements under the Financial Sector Safety Net Strengthening Project (FSSNP) also continued during 2025. During the year, the International Development Association (IDA) of the World Bank disbursed a further USD 30 mn, in addition to the USD 100 mn disbursed by end 2024. With effect from June 2025, these funds were invested in foreign currency securities in accordance with the approved Investment Policy Statement. As of end 2025, SLDIS held foreign currency-denominated assets amounting to USD 134.4 mn. Further, the Sri Lanka Deposit Insurance Fund (SLDIF) stood at Rs. 160.9 bn, while the Other Comprehensive Income Reserves amounted to Rs. 12.4 bn.

Measures were also taken to strengthen the operational framework for compensation payments to depositors. During 2025, technological modernisation of the compensation payment framework was prioritised to ensure fast and accurate disbursement of compensation payments.

Accordingly, the Depositor Wise Data Collection System, originally implemented for FCs, was gradually extended to Licensed Banks. In parallel, the Central Bank collaborated with key stakeholders to standardise the recording of Unique Identification Numbers (UINs) across deposit accounts while continuing compensation payments to depositors of licence cancelled FCs.

2.6 Sustainable Finance

The Central Bank strengthened its sustainable finance initiatives in 2025 with the launch of the Sustainable Finance Roadmap 2.0 (RM 2.0). To support effective implementation of RM 2.0, the Central Bank, in collaboration with financial sector stakeholders, established a dedicated governance structure comprising a Stakeholder Committee and three specialised working groups. This institutional framework is intended to facilitate coordinated action, enhance stakeholder engagement, and ensure systematic monitoring of progress. In line with the objectives of RM 2.0, financial institutions are expected to develop financial products that support sustainable investments, integrate Environmental, Social and Governance (ESG) considerations into their risk management frameworks, and enhance transparency in sustainability-related disclosures. These measures will contribute to aligning financial sector practices with national sustainability priorities and evolving global best practices. Meanwhile, the sustainable lending portfolio of the banking sector as reported by the banks accounted for around 2.0% of total gross lending by end 2025. This indicates the current level of penetration of sustainable finance within the banking sector and underscore the need for continued efforts to scale up sustainable lending activities across the financial system.

Chapter 3

REVIEW OF THE CENTRAL BANK'S POLICIES



Summary

By sustaining price and financial system stability, the Central Bank's policies in 2025 supported a conducive environment for high and sustainable economic growth. The Central Bank's monetary easing cycle that commenced in mid-2023 continued throughout 2025, with one downward adjustment to the Overnight Policy Rate in May. This stance was retained in view of domestic deflationary conditions, well-anchored inflation expectations, weakening global demand, and ongoing trade-related uncertainties. Money market liquidity remained in surplus during the year, largely supported by substantial net foreign exchange purchases by the Central Bank. With improved liquidity conditions, the Central Bank suspended liquidity-injecting Open Market Operations from end January 2025. The overall easing of monetary conditions supported broad declines in interest rates and strong growth in private sector credit, while inflation returned to positive territory from August 2025. However, in the second half of 2025, a temporary uptick in short-term market interest rates was observed owing to uneven distribution of rupee liquidity among participatory institutions and increased government financing needs, particularly in the aftermath of *Cyclone Ditwah*. Despite this, the Central Bank refrained from injecting liquidity into the market, given the overall excess liquidity and continued growth of private sector credit. By early 2026, short term interest rates adjusted downwards as rupee liquidity became more evenly distributed. As the inflation rate remained more than 2 pps below the target of 5% from the second quarter of 2024 onward, the Central Bank submitted four reports to Parliament in 2025 and made them available to the public, explaining the reasons for failing to meet the inflation target, the remedial actions proposed by the Central Bank, and an estimate of the time frame within which the inflation target will be achieved, and thereby ensuring the Central Bank's transparency and accountability.

While maintaining a flexible exchange rate policy, the Central Bank continued to rebuild gross official reserves through foreign exchange purchases. Considering the improved external sector conditions, the Central Bank also relaxed several capital flow management measures that were imposed since 2020, while providing observations and recommendations to the Government on the full relaxation of import restrictions, including those on motor vehicles. Although the removal of vehicle import restrictions contributed to a widening trade deficit, it also resulted in a notable increase in government revenue during 2025.

As the macroprudential authority, the Central Bank advanced financial sector resilience by updating the framework for designating Domestic Systemically Important Banks and revising loan to value (LTV) ratios to curb excessive exposure to vehicle loans. The Central Bank issued several prudential regulations for licensed banks, emphasising stronger technology risk management and cybersecurity preparedness. Banks were also required to prepare Recovery Plans under the Banking (Special Provisions) Act. For Finance Companies, the Central Bank tightened regulation through enhanced liquidity and credit risk management directives, imposed caps on deposit and debt instrument rates to promote sustainable business practices, while commencing monitoring under Phase II of the Consolidation Masterplan. Microfinance Companies were brought under a strengthened credit risk management framework by the Central Bank, and enforcement measures were taken against unauthorised deposit taking entities. Meanwhile, the Central Bank facilitated the smooth transfer of public debt management functions handled by the Bank in the past to the Public Debt Management Office (PDMO) by the end of 2025, enhancing institutional clarity between fiscal and monetary responsibilities.

The Central Bank also partnered with academic and international institutions to develop curricula aimed at improving financial inclusion. In the payments landscape, the Central Bank promoted digital transactions through fee reductions, increased payment limits, and enhanced global compatibility of LANKAQR. Progress continued in anti money laundering, countering the financing of terrorism, and countering proliferation financing (AML/CFT/CPF) initiatives, supported by legislative reforms and preparations for Sri Lanka's upcoming mutual evaluation. The Central Bank strengthened financial consumer protection in 2025 by assessing policy gaps, aligning the financial consumer protection framework with international best practices, and enhancing institutional capacity. The Central Bank also reinforced the deposit insurance and resolution framework by extending resolution provisions to all financial institutions, establishing an independent panel of valuers to strengthen resolution preparedness. Additionally, the launch of the Sustainable Finance Roadmap 2.0 in 2025 signalled the Central Bank's commitment to integrating climate and social considerations into financial sector activities.

Taken together, the policy measures implemented by the Central Bank contributed towards its objectives of maintaining domestic price stability and financial system stability. During 2025, policies were carefully calibrated to steer inflation towards the target. The return of economic activity to normalcy was supported by continued accommodative monetary conditions, enabling a stronger expansion in private sector credit. Frequent interactions with a wide range of stakeholders indicate that the Central Bank's efforts to strengthen transparency and accountability have been effective in improving the understanding of monetary policy and the operations. The financial sector remained resilient amid considerable challenges, reflecting the Central Bank's role in safeguarding financial system stability.

3.1 Monetary Policy Framework

Under the Central Bank of Sri Lanka Act, No. 16 of 2023 (CBA), the primary objective of the Central Bank is to achieve and maintain domestic price stability, while

monetary policy is conducted within the Flexible Inflation Targeting (FIT) framework.

The CBA mandates the Central Bank to formulate monetary policy and implement a flexible exchange rate regime within the FIT framework in pursuit of its primary objective.

The FIT framework aims to maintain inflation

at targeted levels set by the Monetary Policy Framework Agreement (MPFA) signed between the Minister of Finance and the Central Bank. The current MPFA, published in the Government Gazette on 5 October 2023, mandates the Central Bank to maintain quarterly headline inflation at 5%. Further, a margin of ± 2 pps is allowed under the MPFA to measure potential deviations of realised inflation from the target, and for accountability purposes.

To achieve the inflation target, the Central Bank uses its policy instruments to steer short-term market interest rates along the desired path. Since transitioning from a dual policy rate mechanism to a single policy rate mechanism in November 2024, the Overnight Policy Rate (OPR) serves as the Central Bank's primary monetary policy instrument to signal its monetary policy stance. The Average Weighted Call Money Rate (AWCMR), which is a short-term money market interest rate, serves as the operating target under the FIT Framework. The OPR is periodically reviewed and, if necessary, adjusted by the Monetary Policy Board of the Central Bank to guide short-term interest rates. Once the OPR is announced, the Central Bank conducts and calibrates its monetary operations to maintain the AWCMR at or around the announced OPR, taking into consideration prevailing and anticipated domestic liquidity conditions. Overnight market interest rates, aligned with the monetary policy stance through this process, are transmitted to the broader economy through financial markets, ultimately influencing inflation.

The CBA provides greater independence to effectively carry out the Central Bank's mandate while requiring it to improve transparency and public accountability. In relation to price stability, if the Central Bank fails to meet the inflation target by the ± 2 pps margin specified in the MPFA (i.e., if quarterly headline inflation falls outside 3.0%-7.0%) for two consecutive quarters, the CBA necessitates the Monetary Policy Board of the Central Bank

to submit a report to Parliament through the Minister of Finance, which shall also be made available to the public. The report needs to set out the reasons for the failure to meet the inflation target, the remedial actions proposed by the Central Bank, and an estimate of the time frame within which the inflation target will be achieved. As quarterly headline inflation was below the target consecutively during the last three quarters of 2024 and during 2025, five such reports were submitted to Parliament through the Minister of Finance in December 2024, March, June, August and December 2025, respectively, while the sixth report was also submitted to the Minister of Finance in March 2026. The public can access these reports on the Central Bank's official website.¹ Further, the Central Bank publishes the biannual Monetary Policy Report in February and August each year, explaining movements in inflation, sources of inflation, medium-term inflation projections, and key risks to those projections, as well as the implementation of monetary policy and the achievement of its objectives. As part of its broader monetary policy communication framework, the Central Bank also continued the publication of the bi-annual Market Operations Report in 2025, which provides detailed information on monetary policy operations, including Open Market Operations (OMOs), liquidity management, short-term interest rate developments, and the Statutory Reserve Requirement (SRR). The Governor, members of the Governing and Monetary Policy Boards, and Deputy Governors shall also be called upon by Parliament or its committees to deliberate on the Central Bank's functions. In this regard, the Board members and the senior management of the Central Bank apprised Parliament and/or its committees in January, June, and November 2025, and in February and March 2026, in addition to the Central Bank officials attending parliamentary committees at the request of such committees. Enhanced coordination between



¹ The Reports on the Deviation of Headline Inflation from the Inflation Target Set Out in the Monetary Policy Framework Agreement is accessible on <https://www.cbsl.gov.lk/en/monetary-policy/monetary-policy-communication/accountability-to-parliament>

BOX 04

Monetary and Fiscal Policy Coordination in Sri Lanka

Effective coordination between monetary and fiscal policies plays an important role in maintaining macroeconomic stability and supporting sustainable economic growth. Monetary policy encompasses actions undertaken by the central bank to maintain price stability, while fiscal policy involves government decisions on taxation, public expenditure, and debt management. Monetary policy and fiscal policy may have either complimentary or competing objectives and different time horizons to achieve such objectives. For example, as observed during the 2022 economic crisis, both monetary policy and fiscal policy had to be focused on regaining economic stability. However, at times, the objectives of these policies may differ. Monetary policy needs to prioritise price stability by raising interest rates when there is a looming threat of inflation, which may contradict with the fiscal policy objectives that prioritise economic growth and employment creation in the immediate future. There may also be instances where excessive aggregate demand created by loose fiscal policy may require tightening of monetary policy in order to curtail price pressures in the economy. In spite of such divergences, effective monetary-fiscal coordination with due regard to each other's objectives, independence, and accountability, serves a nation well in its journey towards long term stability and growth.

In Sri Lanka, monetary-fiscal coordination has evolved considerably over time. Under the Monetary Law Act, No. 58 of 1949 (MLA), coordination between monetary and fiscal policy was closely integrated, however, for most of this period, fiscal dominance prevailed, limiting monetary autonomy and often requiring the Central Bank to accommodate deficit financing needs. This framework has since transitioned to a more robust and clearly delineated institutional arrangement under the Central Bank of Sri Lanka Act, No. 16 of 2023 (CBA). The new legal framework strengthens central bank independence, enhances accountability and transparency, clearly defines policy mandates, and facilitates effective monetary-fiscal coordination, while safeguarding macroeconomic and financial stability.

Monetary and Fiscal Policy Coordination Prior to the CBA

Since the enactment of the MLA, monetary-fiscal coordination has been embedded within the country's institutional framework. The MLA established the Central Bank as the authority responsible for the administration, supervision, and regulation of Sri Lanka's monetary, financial, and payments system. It also provided a structured framework within which monetary policy operates in alignment with the government's fiscal policy. The Secretary to the Ministry of Finance was included in the Monetary Board of the Central Bank and the Central Bank was designated as the fiscal agent, banker, and financial adviser to the Government. The MLA also permitted the Central Bank to facilitate monetary financing to the government in the form of provisional advances and other forms of credit. From 1950s onward, fiscal authorities and the Central Bank operated in coordination, seeking to promote economic growth, price stability and employment, while addressing macroeconomic challenges. However, when fiscal deficits became persistent and large in the Sri Lankan economy, greater reliance on monetary financing contributed to inflationary pressures and external imbalances, particularly when fiscal expansion exceeded the economy's absorptive capacity. This situation also illustrates the concept of "Unpleasant Monetarist Arithmetic" (Sargent & Wallace, 1981),¹ whereby tight monetary policy aimed at controlling inflation can be rendered ineffective if fiscal authorities continue to run unsustainable deficits, forcing the central bank to eventually accommodate fiscal deficits through monetary expansion, thereby undermining future price stability. Although the MLA provided a formal framework that facilitated policy coordination, it also permitted a high degree of fiscal reliance on monetary financing, giving rise to fiscal dominance. The unprecedented socio-economic crisis experienced in 2022 can be partly traced to this structural weakness, as monetary policy was insufficiently insulated from fiscal pressures, thereby undermining the Central Bank's ability to operate with effective independence.

¹ Sargent, T. J., & Wallace, N. (1981). Some unpleasant monetarist arithmetic. In *Monetarism in the United Kingdom* (pp. 15-41). London: Palgrave Macmillan UK.

Recent Structural Reforms in Strengthening Central Bank Independence

Recognising the shortcomings of the former legal and monetary policy framework and observing international best practices, the CBA was introduced in September 2023 by repealing the MLA. The CBA significantly restricts avenues for fiscal dominance, thereby strengthening the Central Bank's operational independence and enhancing the effectiveness of monetary policy. A notable reform under the CBA is the exclusion of the Secretary to the Treasury (ST) from the Central Bank's Governing Board and Monetary Policy Board, a change that structurally removes direct fiscal representation and strengthens the independence of monetary policy. While the CBA restricts direct monetary financing, it permits limited provisional advances to the Government to manage short-term cash flow needs. However, with improved fiscal discipline and performance, the Government has not invoked this provision since the CBA's enactment in 2023. In addition to the above, provisions exist to enable monetary financing under exceptional circumstances, such as a global health emergency, subject to the approval of Parliament. Meanwhile, in accordance with the provisions of the Public Debt Management Act, No. 33 of 2024 (PDMA), the transfer of public debt management responsibilities from the Central Bank to Public Debt Management Office (PDMO) further enhances the Central Bank's institutional independence in conducting monetary policy. Alongside the CBA, the enactment of the Public Financial Management Act, No. 44 of 2024 (PFMA), has significantly strengthened the fiscal discipline, thereby reinforcing the effectiveness of monetary-fiscal policy coordination. Enacted in August 2024, the PFMA serves as the cornerstone of fiscal governance reforms by establishing a clear legal framework for the budget process, strengthening accountability and enhancing transparency in fiscal operations.

Current Monetary-Fiscal Policy Coordination in Sri Lanka

With the clear separation of fiscal and monetary policy frameworks under the recent legislative amendments, the CBA has made special provisions to institutionalise monetary-

fiscal policy coordination by establishing the Council for the Coordination of Fiscal, Monetary and Financial System Stability Policies. The Coordination Council serves as the formal platform for information sharing and dialogue between the Ministry of Finance, Planning and Economic Development (MoF) and the Central Bank on macroeconomic developments, outlook, and risks. With the Governor of the Central Bank and the ST as members, the Coordination Council brings together senior officials from both the fiscal authority and the Central Bank. Convening quarterly, it facilitates the exchange of relevant monetary and fiscal information, thereby supporting more informed and coherent policy decision-making. Since of late, in line with the Coordination Council meetings, technical-level meetings are also held among relevant officials of the monetary and fiscal authorities to facilitate the proceedings of the Coordination Council meetings and further strengthen analytical engagement and operational coordination between the Central Bank and MoF.

In addition to the Coordination Council, the CBA provides effective inter-agency coordination to safeguard financial system stability through the Financial System Oversight Committee (FSOC). Chaired by the Governor of the Central Bank of Sri Lanka, the FSOC brings together senior officials from the Central Bank, a Deputy Secretary to the Treasury (DST) nominated by the ST, and other regulatory institutions. This cross-institutional composition facilitates timely information exchange, informed policy dialogue, and coordinated assessments of systemic risks within a macroprudential framework, thereby supporting coherent and well-aligned policy responses to strengthen overall financial system stability. Additionally, to strengthen policy coordination between the Central Bank and the MoF and enhance crisis preparedness, and to minimise spillover effects of the recent economic crisis on the financial sector, the Financial Sector Crisis Management Committee (FCCMC) was established under the Banking (Special Provisions) Act, No. 17 of 2023. The Committee enabled effective coordination among relevant authorities in addressing evolving risks.

Meanwhile, a Public Debt Coordinating Committee (PDCC) has been established under the PDMA. Chaired by a DST, the PDCC comprises nine members, including two representatives appointed from the Central Bank. The PDCC is tasked with ensuring that the public debt management strategy is aligned with overall macroeconomic policies, evaluating borrowing plans, and assessing conditions in domestic and international markets. The Central Bank's representation on the PDCC facilitates ongoing coordination between monetary and fiscal authorities in support of public debt management, without granting the Central Bank direct influence over government debt management decisions.

Effective monetary and fiscal policy coordination is further reinforced by close and continuous engagement between the Governor of the Central Bank and the ST on matters of macroeconomic significance. On key economic policy issues, both institutions maintain regular communication and coordination to ensure consistency and coherence in decision-making. In addition, the Central Bank engages constructively with other line ministries and public sector institutions on matters requiring coordination, reflecting a holistic approach to economic policy. Importantly, during periods of heightened domestic or global uncertainty, such as US tariff policy changes, extreme weather-related disruptions caused by *Cyclone Ditwah*, and evolving geopolitical tensions in the Middle East, well-coordinated policy engagement between the Government and the Central Bank helped assess risks and implement timely policy responses, thereby safeguarding macroeconomic stability and supporting economic resilience.

Moreover, as per the provisions of CBA, under the Flexible Inflation Targeting (FIT) framework, the inflation target is determined jointly by the Government and the Central Bank following a thorough assessment, with a high degree of coordination between the authorities.

Sri Lanka's earlier-than-expected recovery from the 2022 economic crisis emphasises the critical importance of effective coordination between monetary and fiscal policies in restoring macroeconomic stability. Supported by the IMF's Extended Fund Facility (EFF), the implementation of disciplined fiscal measures, prudent monetary policy as well as structural reforms enabled the country to stabilise inflation, strengthen public finances, and gradually revive economic activity. This coordinated policy approach played a vital role in navigating a period of severe economic distress and placing the economy back on a path towards economic stability.

Conclusion

Recent legislative reforms introduced in the aftermath of the socio-economic crisis in 2022 have established a clearer delineation and strengthened the monetary and fiscal policy frameworks, underpinned by enhanced accountability and transparency. At the same time, these reforms preserve robust mechanisms for monetary-fiscal policy coordination, supporting macroeconomic stability and sustainable economic growth. Going forward, sustained and constructive coordination between monetary and fiscal authorities will remain essential to achieving improved economic outcomes for the country.



fiscal, monetary, and financial stability policies is facilitated through the Coordination Council established under the CBA, which meets quarterly to exchange views on macroeconomic developments, outlook, risks, and matters involving both the Central Bank and the Ministry of Finance. In line with the Coordination Council meetings, technical-level meetings are also held among relevant officials of the

fiscal and monetary authorities to facilitate the proceedings of the Coordination Council meetings. These engagements have enhanced overall stakeholder understanding of the Central Bank's policies, operations, and mandate, while also providing a platform for the Central Bank to receive feedback and perspectives from diverse stakeholders, thereby strengthening policy formulation and accountability.

3.2 Monetary Policy Stance and Measures

The Central Bank maintained an accommodative monetary policy stance that commenced in mid-2023 through 2025, amid a low-inflation environment and well-anchored inflation expectations.

During the early part of 2025, the Central Bank maintained the policy pause that had been in place since the policy rate reduction in November 2024. This allowed market interest rates to gradually adjust downward in line with the eased monetary policy stance, while domestic economic activity strengthened and private sector credit continued to grow. Despite the low interest rate environment and the extended period of monetary easing, inflation remained below the target, partly reflecting the impact of lower energy prices. Consequently, inflation was expected to normalise more gradually than previously anticipated. Against this backdrop and the heightened global uncertainties with potential implications for Sri Lanka, the Central Bank reduced the policy rate by a further 25 bps in May 2025, marking the only policy rate adjustment made during the year. Supported by this reduction, the overall market interest rate structure adjusted downwards during 2025, although there was a temporary increase in short-term interest rates towards the latter part of the year. With inflation returning to positive territory in August 2025, following eleven consecutive months of deflation, and credit to the private sector continuing to expand robustly, the Central Bank kept the policy rate unchanged during the remainder of the year, and in early 2026. Accordingly, the cumulative reduction in the policy rate during the current monetary policy easing cycle amounted to around 800 bps by March 2026.

Amid improved liquidity conditions and activity in the domestic money market, the Central Bank gradually scaled back and discontinued liquidity injections through

Open Market Operations (OMOs) in early 2025. With the surplus liquidity prevailing, the Central Bank closely monitored liquidity conditions and overnight interest rate movements. During the first half of 2025, reflecting surplus liquidity in the domestic money market, placements in the Standing Deposit Facility, particularly by foreign and state banks, remained relatively elevated. As liquidity in the domestic money market continued to increase, supported by the Central Bank's foreign exchange operations, the AWCMR gradually converged towards the OPR in early 2026 and with liquidity surplus increasing further, the Central Bank commenced repo auctions both on an overnight and short-term basis from mid-February 2026.

Throughout 2025, the Central Bank continued to maintain a flexible exchange rate regime in line with the Flexible Inflation Targeting (FIT) framework. A flexible exchange rate acts as an automatic stabiliser, allowing the currency to adjust in response to external and domestic shocks. Such adjustments help facilitate the correction of balance of payments imbalances, thereby supporting external stability. Moreover, exchange rate flexibility strengthens the Central Bank's monetary policy independence, as it reduces the need to utilise foreign exchange reserves to defend any predetermined exchange rate level. During the year, the Central Bank's foreign exchange market interventions were primarily aimed at minimising excessive volatility in the exchange rate, while also supporting the accumulation of foreign exchange reserves to strengthen external sector buffers.

The Central Bank continued to strengthen its monetary policy communication to effectively manage the expectations of a broad range of stakeholders during 2025. While maintaining the use of traditional communication tools, the Central Bank also expanded its communication through modern and digital media platforms to enhance reach and accessibility. The Central Bank continued to rely on its core monetary

BOX 05

Strengthening the Price Discovery Mechanism in the Domestic Foreign Exchange Market in Sri Lanka**Introduction**

The exchange rate, a key macroeconomic variable in open economies, shapes trade flows, capital movements, and the transmission of monetary policy by significantly influencing trade competitiveness, domestic price stability, and the overall macroeconomic performance of economies. Exchange rate movements in particular, attract significant attention in small open economies such as Sri Lanka, which are highly dependent on imports and foreign exchange (FX) earnings from exports, tourism, workers' remittances, and financial flows.

The domestic FX market in Sri Lanka has undergone a structural transformation following the enactment of the Central Bank of Sri Lanka Act No. 16 of 2023, which established a flexible exchange rate regime under a Flexible Inflation Targeting (FIT) framework, institutionalising market-based price discovery as the foundation of exchange rate determination.

This article examines the process of price discovery in the domestic FX market in Sri Lanka, its importance, the role of market participants, recent initiatives by the Central Bank of Sri Lanka (CBSL) and the way forward.

Price Discovery in the Foreign Exchange Market

Price discovery is the process through which market prices are determined based on actual transactions, reflecting supply, demand, risk perceptions, availability of information and prevailing economic conditions (Rosenberg and Traub, 2009).

The FX market plays a central role in price discovery, as it determines exchange rates through the interaction of supply and demand for currencies, reflecting economic conditions and market sentiments. The FX market remains highly sensitive to new information, with exchange rates adjusting swiftly to changes in economic data, policy announcements, and geopolitical developments.

Price discovery in the FX market materialises through the interaction of diverse participants; central banks, commercial banks, institutional investors, corporates, and retail traders each with unique goals and risk preferences. Their collective trading, shaped by macroeconomic trends, capital flows, and expectations, determines exchange rates in real time, making the FX market highly efficient and information-rich for price formation (Bank for International Settlements, 2023).

Importance of Price Discovery and Economic Benefits

Through effective price discovery in the FX market, exchange rate functions as a real-time signal of an economy's competitiveness. Without market-driven price discovery, economic signals become distorted leading to mispriced trade, inefficient investment decisions and ultimately, misallocation of resources, slower growth, weakened monetary policy transmission and greater vulnerability to external shocks.

Effective price discovery ensures the exchange rate reflects actual supply and demand conditions, supporting trade competitiveness, investment decisions, and business planning, thereby fostering productivity and economic growth. Further, it supports foreign direct investment and portfolio inflows by providing confidence for investors that the currency valuation is transparent and market determined.

Furthermore, price discovery strengthens the monetary policy transmission mechanism by allowing the exchange rate to move in tandem with interest rate decisions. Under an inflation targeting framework, a market-determined exchange rate acts as a shock absorber, complementing interest rate policy and transmitting monetary policy by reflecting underlying economic fundamentals. Furthermore, transparent price discovery reduces the scope for speculative manipulation and parallel market exchange rates. Finally, it contributes to financial deepening by creating conditions for the development of derivative markets, allowing businesses to hedge against exchange rate risk.

For Sri Lanka, robust price discovery has become increasingly important following the introduction of a flexible exchange rate regime and the effective operationalisation of the FIT framework to achieve domestic price stability. By improving transparency and anchoring expectations, it contributes to macroeconomic stability and strengthens long-term economic resilience.

Effective price discovery has been a key driver of the recovery and stabilization of Sri Lanka's FX market. The improvement in market-based pricing enabled the CBSL to rebuild Gross Official Reserves from critically low levels in 2022 to a stronger position by end-2025, without creating market distortions. This was further supported by increased interbank market activity, particularly following the introduction of the FX Matching platform in 2025, which enhanced competitive pricing, liquidity, and market depth. The Sri Lanka rupee appreciated notably during 2023 and 2024, while eliminating parallel market premia, reinforcing the role of a transparent, unified exchange rate as the credible benchmark for all FX transactions.

Role of Market Participants in Price Discovery

The efficiency of price discovery is shaped by the diversity and conduct of market participants, alongside the role of the central banks in ensuring orderly market conditions and sustaining confidence, while allowing exchange rates to be guided by market forces (Osler, Mende and Menkhoff, 2011). In Sri Lanka, Licensed Banks, act as primary intermediaries and market makers, supporting interbank and customer transactions. Further, exporters, importers, institutional investors, foreign portfolio investors, and migrant workers contribute through trade and investment driven FX demand and supply. Active participation from a wide range of agents ensures that the exchange rate captures the economic fundamentals.

The CBSL actively intervenes in the FX market primarily to build reserves and ensure orderly market conditions, while exchange rates are determined through market-based price discovery. Ongoing infrastructure initiatives of the CBSL further enhance transparency, efficiency, and market depth.

Introduction of a Reference Exchange Rate in Sri Lanka

The CBSL has been introducing initiatives to improve liquidity and enhance transparency. A key milestone was the adoption of the FX Global Code in 2024 by the CBSL, all Licensed Commercial Banks (LCBs), and the National Savings Bank (NSB), aligning the domestic FX market with global standards.

As announced in the Policy Agenda of the CBSL for 2026, a benchmark exchange rate ("Reference Exchange Rate") is to be introduced to the domestic FX market in 2026 to enhance price discovery by providing a transparent, market-reflective reference point. Its design follows international best practices, particularly the International Organization of Securities Commission Principles (IOSCO) for Financial Benchmarks (2013), which provides a comprehensive framework for ensuring the integrity, governance, and accountability of financial benchmarks.

The benchmark design includes broadening the transaction base to capture a wider range of actual market activity, thereby ensuring the rate reflects underlying dynamics in the FX market. It incorporates strengthened data validation processes, including filters for anomalies, ensuring both accuracy and reliability. The introduction follows the launch of an FX matching platform for the domestic interbank market, in early 2025 featuring a central limit order book for spot USD/LKR transactions (Central Bank of Sri Lanka, 2025; Bloomberg, 2025).

Governance arrangements of reference exchange rate are being reinforced through the establishment of an independent oversight structure with an Oversight Committee already formed comprising representatives from the Sri Lanka Forex Association (SLFA) and the CBSL. The CBSL further strengthened this initiative by obtaining technical assistance from the IMF, knowledge and experience of peer countries and consultations with domestic FX market stakeholders to ensure practical relevance.

The proposed Reference Exchange Rate is expected to facilitate the development of hedging instruments such as forwards, swaps,

and options, strengthening market confidence through alignment with international standards whilst improving the transmission of monetary and exchange rate policies by offering a clear signal of market conditions.

Conclusion

Efficient price discovery is essential for the proper functioning of the domestic FX market and the broader macroeconomic framework. Ensuring that it is determined through a transparent and well-governed market process is therefore critical. The CBSL's ongoing reform agenda represents a

comprehensive approach to strengthening price discovery and deepening the domestic FX market and these measures are expected to support Sri Lanka's sustained real economic performance.

References

1. Bank for International Settlements (2023) 'The Foreign Exchange Market', BIS Working Papers, No. 1094.
2. Bloomberg (2025) 'Foreign Exchange Market in Sri Lanka Chooses Bloomberg FXGO's Electronic Matching System for the Interbank Foreign Exchange Market', Press Announcement, March 2025.
3. International Monetary Fund (2024) Sri Lanka: Staff Report for the Third Review Under the Extended Fund Facility. IMF Country Report No. 24/161.
4. International Organization of Securities Commissions (2013) Principles for Financial Benchmarks: Final Report, FR07/13. Madrid: IOSCO.
5. Osler, C.L., Mende, A. and Menkhoff, L. (2011) 'Price Discovery in Currency Markets', *Journal of International Money and Finance*, 30(8), pp. 1696–1718.
6. Rosenberg, J.V. and Traub, L.G. (2009) 'Price Discovery in the Foreign Currency Futures and Spot Market', Federal Reserve Bank of New York Staff Reports, No. 262.



3

policy communication tools, including monetary policy press releases and press conferences chaired by the Governor, to convey its monetary policy decisions and policy stance to the broader economy. These press releases and press conferences provided insights into monetary policy decisions and the rationale underpinning them, as well as a broader assessment of the economic outlook, particularly regarding inflation projections. Following the release of each Monetary Policy Report, the Central Bank conducted technical sessions with journalists, academics, and sectoral experts to facilitate informed dialogue and enhance understanding of the monetary policy decision-making process and economic outlook, particularly on inflation. These initiatives contributed to reducing information asymmetries and further strengthening the anchoring of inflation expectations. Throughout the year, the Central Bank further strengthened its engagement with the mass media through interviews and discussions on monetary policy developments, facilitating informed public discourse on monetary policy and macroeconomic conditions. In parallel, the Central Bank expanded its use of digital and social media platforms and adopted simplified communication formats to improve public outreach. These initiatives included social media posts, single-page policy briefs,

short video clips, and newspaper comics published in all national languages to enhance public understanding of monetary policy and developments. Stakeholder engagement was also broadened through targeted awareness programmes and public outreach activities, including Open Day programmes and educational sessions conducted for students, teachers, and government officials, thereby strengthening the Central Bank's engagement with the wider community.

The Central Bank continued its efforts to achieve the Central Bank related targets set under the IMF-EFF programme.

Accordingly, the Central Bank met the quantitative performance criterion under the EFF relating to net credit to the Government. Further, the Central Bank's foreign exchange purchases from the market contributed to achieving the net international reserves target under the programme.

3.3 External Sector Policies

Exchange Restrictions and Capital Flow Management Measures (CFMs)

The relaxation of temporary suspensions and restrictions on capital account transactions, introduced in 2020 as capital

flow management measures (CFMs), continued during 2025, in view of favourable developments in the domestic foreign exchange market and strengthened external sector buffers.

Consequently, the limits on outward investments through Outward Investment Accounts (OIAs), along with limits on outward remittances for capital transactions through Business Foreign Currency Accounts (BFCAs), were substantially relaxed in 2025, allowing local enterprises to expand their global footprint. Meanwhile, the permitted limit on capital transactions through Personal Foreign Currency Accounts (PFCAs) of residents was also increased, thereby providing individuals with greater flexibility for legitimate outward capital transactions, subject to existing regulatory and reporting requirements. The Central Bank remains committed to phasing out the remaining CFMs implemented under the Foreign Exchange Act, No. 12 of 2017 (FEA), gradually and sequentially, in line with the developments in the balance of payments and domestic foreign exchange market conditions.

The Central Bank implemented several measures in 2025 to strengthen compliance among the dealers of foreign exchange transactions.

During 2025, the Central Bank issued revised directions to Authorised Money Changers (AMCs) accompanied by a comprehensive guide, aimed at enhancing the operational transparency and regulatory oversight. These revisions focused on strengthening operational standards, reporting requirements, and compliance frameworks, thereby supporting the integrity and efficiency of the foreign exchange transactions. Further, the Central Bank initiated the development of a web-based application to record and monitor foreign currency issuances by Authorised Dealers (ADs) and AMCs on real-time basis to effectively operationalise the regulatory framework. This initiative is scheduled for full deployment across all ADs and AMCs in

2026. Furthermore, continuous improvements were made to the Export Proceeds Monitoring System (EPMS), to enhance the accuracy of reconciliation of export values with the export proceeds repatriated to the country. Moreover, the regulatory mechanism implemented in collaboration with Sri Lanka Customs on the importation of goods on advance payment terms was streamlined, enhancing the monitoring of current international transactions. Meanwhile, the Central Bank continued its engagement in the process of amending the FEA, with a view to strengthening the foreign exchange legal and regulatory framework.

Relaxation of Import Restrictions

The Government, in consultation with the Central Bank, fully lifted all import restrictions, including those on vehicle imports during 2025.

The relaxation of motor vehicle import restrictions was implemented in a phased manner following the approval of the Cabinet of Ministers in September 2024. Accordingly, the first stage permitted the importation of public passenger transport vehicles, special purpose vehicles, and non-motorised goods in December 2024. This was followed by the relaxation of restrictions on commercial and goods transport vehicles and personal motor vehicles in January 2025, effectively ending restrictions on vehicle imports that had been in place for nearly five years amid foreign exchange constraints. Consequently, import expenditure increased considerably in 2025, driven by a surge in motor vehicle imports, which widened the trade deficit despite several tariff and non-tariff measures implemented by the Government to moderate the anticipated rise in demand following the prolonged restriction period. Nevertheless, government revenue from motor vehicle imports exceeded expectations, resulting in a notable improvement in overall fiscal balance.

3.4 Financial Sector Policy Measures

Macprudential Policies

As the macroprudential authority, the Central Bank is empowered to formulate and implement macroprudential policies aimed at strengthening the resilience and stability of the financial system. Accordingly, the Central Bank is mandated to adopt and apply enhanced macroprudential oversight over systemically important financial sector participants and to take pre-emptive measures to identify, assess, mitigate and continuously monitor systemic risks that threaten financial system stability. In this context, during 2025, the Central Bank reviewed and published the framework for designating Domestic Systemically Important Banks (DSIBs). Accordingly, five Licensed Banks (LBs) were designated as DSIBs in April 2025. These banks are required to maintain an additional capital surcharge to enhance their resilience to adverse shocks. This additional capital buffer increases the loss-absorbing capacity of DSIBs, thereby reducing the likelihood of systemic disruptions. Furthermore, the Central Bank conducts risk assessments to identify risks and vulnerabilities arising from DSIBs and to formulate policy recommendations aimed at safeguarding overall financial system stability.

Revisions were introduced to the loan-to-value (LTV) caps applicable to credit facilities granted in respect of motor vehicles in July 2025. This revision was intended to enhance the effectiveness of LTV caps as a macroprudential policy tool by aligning their application solely with macroprudential objectives. Further, considering the significant growth in credit facilities granted in respect of motor vehicles by LBs and Finance Companies (FCs), the Central Bank further tightened the LTV limits in November 2025 for certain categories of unregistered vehicles and registered vehicles that have been used in

Sri Lanka for less than one year. This policy is expected to slow the expansion of credit granted for motor vehicle financing, thereby mitigating the potential build-up of systemic risk associated with high credit growth.

Policy Measures Related to Licensed Banks

The Central Bank issued several prudential regulations and implemented policy measures to reinforce the resilience of the banking sector during 2025, and strengthened risk management and compliance, while promoting sound governance practices across LBs. Improving technology risk management and resilience of LBs was one of the key focus areas of the Central Bank in 2025. Accordingly, during the first half of 2025, Circular No. 02 of 2025 on “Reporting of Information Technology and Cybersecurity Incidents of LBs” was issued further to the Banking Act Directions No. 16 of 2021 on “Regulatory Framework on Technology Risk Management and Resilience for LBs” to enhance the reporting requirements for Information Technology and cybersecurity incidents, with a view to strengthening the operational resilience of LBs amidst growing reliance on digital infrastructure and related risks. To reinforce stability and resilience of the banking sector, Directions were issued in September 2025, informing LBs to prepare Recovery Plans (RCPs) considering the nature, scale, structure, complexity, and interconnectedness of the bank, in line with the Banking (Special Provisions) Act, No. 17 of 2023 (BSPA) and submit the Board approved RCPs to the Central Bank. Further, in December 2025, the Central Bank issued Circular No. 04 of 2025 on “Relief Measures to Assist Individuals and Businesses affected by recent Cyclonic and Flood Disasters” to all LBs requesting to provide relief measures to the individuals and businesses whose income or business has been directly affected by the *Cyclone Ditwah* and flood related disasters.

Accordingly, affected individuals and businesses have submitted applications and are able to access the relief measures granted under this circular. Furthermore, a framework was developed to facilitate the consolidation of LBs, with the objectives of strengthening capital levels, improving operational efficiencies through synergies, diversifying risks, and advancing technology-driven financial services of banks. In addition to the above, the Central Bank introduced several regulatory measures during 2025 to ensure smooth functioning of the banking system. These regulations include an addendum on enhancing implementation of relief measures for Small and Medium Enterprises (SMEs), an addendum strengthening corporate governance by restricting the participation of certain shareholder-appointed directors in key board decisions to mitigate conflicts of interest; amendments to regulations on accommodations to related parties by specifying the letter of undertaking issued by the General Treasury as an approved security, for opening Letters of Credit (LCs) by LBs on behalf of Government Ministries, Departments, and State-Owned Enterprises, along with related reporting requirements; a circular outlining revised approval requirements for the provision of banking services through mobile banking units; and a Banking Act Determination specifying the annual licence fee structure for LBs based on asset size.

Policies Related to Finance Companies, Licensed Microfinance Companies (LMFCs) and Primary Dealer Companies (PDCs)

With the aim of improving risk management practices of the FCs sector, in line with the market developments and international best practices, the Central Bank issued directions on the liquidity risk management framework of FCs. These directions required companies to focus on critical components of the liquidity

risk management framework, including the formulation of appropriate risk management strategies, policies and procedures, governance structures, and systems to identify, measure, monitor and control risks.

To promote sustainable business practices when soliciting deposits and issuing debt instruments by FCs, a direction on maximum interest rates on deposit and debt instruments was issued, providing a methodology for determining the maximum interest rates on deposit and debt instruments offered or paid by FCs. Further, a consultation paper on proposed amendments to the Finance Business Act, No.42 of 2011 (FBA) was issued to obtain the observations/comments from the public and stakeholders. The proposed amendments to the Act mainly aim to introduce stronger regulations to strengthen the stability of FCs sector, enhance the transparency of FCs for the benefit of the public, establish a formal framework for resolving and winding up non-viable FCs and enhance powers of the Central Bank on investigation and prosecution of unauthorised deposit taking activities.

With the introduction of the revised framework for Phase II of the Masterplan for Consolidation of FCs in December 2024, the Central Bank commenced quarterly monitoring of FCs based on the scores (assigned to the data reported) they achieved. Phase II of the Masterplan aims to develop a more resilient FCs sector with an execution period of three years, commencing from 31 March 2025 to 31 March 2028. Regulatory oversight of financial institutions (FIs) was further strengthened by continuing to examine the measures and controls implemented by FCs in response to enhanced regulatory requirements, while improving the risk-based Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) supervision process. Restrictions on deposits, lending and borrowings imposed for two FCs were lifted considering the compliance with relevant prudential directions

by those companies. Further, during 2025, resolution actions were initiated on an FC, which has continuously been violating/contravening provisions of FBA and an administrator was appointed.

Liquidation measures relating to failed FCs were pursued, with several discussions held with liquidators of such companies to expedite the liquidation process.

Several investigations have been initiated against unauthorised deposit taking and finance businesses based on the complaints and information received by the Central Bank. During 2025, a few entities have been determined as engaging in unauthorised finance business/deposit taking.

The Central Bank issued directions on credit risk management framework of Microfinance Companies with the aim of improving risk management practices.

Further, a direction on minimum core capital requirements for PDCs was issued to strengthen the resilience of PDCs sector by requiring companies to maintain adequate financial buffer to absorb potential risks and unexpected losses.

Public Debt Management Policies

The public debt management function, previously carried out by the Central Bank as an agent to the Government, was transferred to the Public Debt Management Office (PDMO) of the Ministry of Finance, Planning and Economic Development (MoF) in December 2025. With a view to strengthening institutional accountability and enhancing the efficiency and transparency of Sri Lanka's debt management framework, the PDMO was established under the Public Debt Management Act, No. 33 of 2024 (PDMA) and it was fully operationalised in December 2025. With the cessation of the public debt management agency function, performed by the Public Debt Department (PDD) of the Central Bank since 1950, the Central Bank's

institutional framework for monetary policy formulation has been strengthened. Under the relevant provisions of the PDMA and the CBA, the operations of the Scripless Securities Settlement System and the Central Depository System for government securities, carried out by PDD, have been entrusted to the Payments and Settlement Department of the Central Bank. To facilitate this transition, the PDD provided technical inputs, consultations, and capacity-building support to the MoF and multilateral technical assistance missions, from the drafting stage of the PDMA through to the full operationalisation of PDMO. In this context, the PDD conducted on-the-job training and knowledge transfer sessions for PDMO officials in 2025. Further, commencing in October 2025, and during the transitional period leading up to the full operationalisation of the PDMO, designated PDMO officials performed relevant debt management functions at the Central Bank premises. Throughout the transition, the Central Bank maintained regular and transparent communication with market participants to mitigate potential market disruptions.

Policies for Financial Inclusion

The promotion of financial inclusion in Sri Lanka has been recognised as a function of the Central Bank with the enactment of the CBA. Accordingly, the Central Bank continued to advance the implementation of the National Financial Inclusion Strategy (NFIS) in 2025. Following the completion of Phase I (2021–2024) of the NFIS at the end of 2024, an end term evaluation is being conducted to assess progress and key lessons for future policy direction. In parallel, measures have been initiated to conduct a national-level Financial Inclusion Survey, with the support from the Alliance for Financial Inclusion (AFI), to generate updated, comprehensive data on the state of financial inclusion in the country. These efforts are expected to inform the formulation of NFIS Phase II, scheduled for the

second half of 2026, through a consultative process involving key stakeholders. Financial literacy and capacity building constitutes one of the four strategic pillars of the NFIS, with the Central Bank entrusted with the primary responsibility for driving the implementation of related policy actions with relevant stakeholders. Accordingly, the Financial Literacy Roadmap of Sri Lanka (2024–2028) was launched, and its Action Plan is currently being implemented. As part of this effort, with the financial support from the United Nations Development Programme (UNDP), the Central Bank collaborated with academia to strengthen strategic cooperation, promote knowledge exchange, and harness academic expertise in the design and delivery of targeted financial education initiatives to foster a financially literate and empowered society.

Payments and Settlements Related Policies

The Central Bank implemented several policy measures in 2025 to promote the adoption of digital payments while enhancing the efficiency and stability of the payment system. To improve the affordability and accessibility of digital payment services, especially instant account-to-account payments, the maximum per transaction fees for all Common Electronic Fund Transfer Switch (CEFTS) based platforms were reduced. Accordingly, fees for customer instant fund transfer were capped at Rs. 25. To encourage bank account based instant payments to government institutions, transactions effected through the GovPay² was set at Rs. 15, while the maximum fee applicable for transactions effected through the LankaPay Online Payment Platform (LPOPP), which facilitates payments such as taxes and customs duties to Government Institutions, was reduced from Rs. 50 to Rs. 25. To facilitate larger value transactions via digital channels

and accommodate evolving transaction requirements, the maximum per transaction value for customer-initiated fund transfers via the Sri Lanka Interbank Payment System (SLIPS), which processes batchwise deferred settlements, was increased from Rs. 5 mn to Rs. 10 mn. As the government sector was fast adopting digital payments, a higher limit of Rs. 50 mn was granted for government-related transactions processed through SLIPS via accounts maintained at the Central Bank.

Continuing the policy of increasing global connectivity of LANKAQR and enhancing payment convenience for inbound travellers, approval was granted to LankaPay (Pvt) Limited (LPPL) to partner with AliPay Singapore E-Commerce Private Limited, enabling tourists to use AliPay+ enabled applications at LANKAQR merchants. This partnership extended LANKAQR integration from India's UPI-enabled applications to Alipay+ applications, which are available in many Asian countries.

The Central Bank, together with the National Payments Council (NPC), developed the National Payment System Roadmap 2026-2027, which is built upon six strategic pillars designed to promote inclusion, efficiency, security and global connectivity. The Roadmap will provide the strategic direction for expanding and upgrading Sri Lanka's payment system to meet future demand for digital payments.

In addition to the above, Money or Value Transfer Service (MVTs) Providers Regulations were amended, expanding the regulatory perimeter to include overseas money transfer service providers and enhancing the supervisory oversight.

Further, during the year 2025, the Central Bank was engaged in the formulation of a new Payment and Settlement Systems Act, with a view to strengthening the legal and regulatory

² GovPay - launched in February 2025, is a platform that enables government institutions without dedicated IT systems to accept instant digital payments.

framework governing payment and settlement infrastructure consistent with the Principles of Financial Market Infrastructure.

Policies Related to Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT) and Countering the Proliferation Financing (CPF)

The Financial Intelligence Unit (FIU) of Sri Lanka continued to strengthen the national anti-money laundering/countering the financing of terrorism/countering the proliferation financing (AML/CFT/CPF) framework in 2025 through enhanced intelligence generation, strengthened supervision, legislative reforms and strategic coordination. Accordingly, FIU implemented a number of policies in view of strengthening the AML/CFT/CPF system of Sri Lanka and to ensure Sri Lanka is well prepared for its third Mutual Evaluation (ME) by the Asia Pacific Group on Money Laundering (APG) in 2026. In view of these preparations, several measures were taken under the guidance of the AML/CFT National Coordinating Committee, chaired by the Governor of the Central Bank. These measures include continuous monitoring of stakeholder-wise action plans by the AML/CFT Task Force, and completion of the National Risk Assessment (NRA) 2024/25 covering money laundering, terrorist financing and, for the first time, proliferation financing risks.

Legislative reforms are being processed with amendments to key AML/CFT laws. Accordingly, amendments were made to the Financial Transactions Reporting Act, No. 06 of 2006 (FTRA), the Prevention of Money Laundering Act, No. 05 of 2006, and the Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005, while providing technical contributions to new enactments including the Proceeds of Crime Act, No. 05 of 2025, the Companies (Amendment) Act, No. 12 of 2025, the Gambling Regulatory Authority Act, No. 17 of 2025, Institute

of Real Estate Professionals Sri Lanka Act, Trusts (Amendments) Bill, Non-Government Organizations (Registration and Supervision) Bill, Foreign Terrorist Fighters Bill. Moreover, FIU is currently implementing a phased-out AML/CFT/CPF supervisory framework for Virtual Asset (VAs) and Virtual Asset Service Providers (VASPs) which will be supported by the upcoming amendments to FTRA while a Sub Committee chaired by the Deputy Minister of Digital Economy has been established to explore the prudential regulatory requirements for VASPs.

Policies for Financial Consumer Protection

With the aim of identifying policy gaps and evaluating reform priorities, the Central Bank commenced a comprehensive assessment of the existing financial consumer protection framework in the fourth quarter of 2025, with technical assistance from the Asian Development Bank. This review seeks to benchmark the current framework against international best practices and identify areas for strengthening the legal framework, enhancing regulation, strengthening institutions, and improving supervisory effectiveness. In addition, the Central Bank plans to complete stakeholder consultations and update the financial consumer protection policy framework in 2026.

Further strengthening its institutional capacity, the Central Bank became a full member of the International Financial Consumer Protection Organisation in 2025. This membership is expected to enhance knowledge exchange, facilitate exposure to global best practices, and support continued policy development within the Central Bank.

Policies on Deposit Insurance and Resolution of Financial Institutions

The Central Bank further strengthened its policy framework on banks and FCs resolution to ensure consistency,

preparedness and effective crisis management across the financial system in 2025. Accordingly, a key policy development was the extension of resolution provisions under Part I and Part II of the BSPA, to all FCs through an Order issued under Section 57 of the Act. This measure ensures that both LBs and FCs are subject to a standardised resolution regime, enabling timely intervention and orderly resolution of distressed institutions. The extension enhances the mitigation of risks to depositors and the broader financial system.

As part of the Central Bank's efforts to strengthen resolution preparedness, the Central Bank constituted a Governing Board-approved Panel of Independent Professional Valuers under Section 16 of the BSPA, with effect from 06 August 2025.

The Panel supports key resolution functions, including independent valuation of assets and liabilities of the relevant LB or FC, determination of failing-or-likely-to-fail conditions, assessment of resolution options, and application of the "No Creditor Worse Off than in Liquidation" safeguard. The establishment of the Panel enhances credibility, transparency and legal robustness.

In addition, during 2025, the Central Bank issued BSPA Direction No. 02 of 2025 on "Display of Membership with the Sri Lanka Deposit Insurance Scheme and availability of Deposit Insurance Coverage" to Member Institutions (MIs) of the Sri Lanka Deposit Insurance Scheme (SLDIS). This Direction requires the mandatory display of their membership in SLDIS and the availability of deposit insurance coverage, as part of the Central Bank activities to enhance public awareness on deposit insurance and to strengthen depositor confidence in the financial system. Accordingly, MIs are required to clearly and prominently display their SLDIS membership

status and relevant information relating to deposit insurance coverage in compliance with the prescribed guidelines.

Policies on Sustainable Finance

The Sustainable Finance Roadmap 2.0 developed with the support of the International Finance Corporation (IFC) was launched in May 2025, representing a significant milestone in advancing sustainable finance within Sri Lanka's financial sector.

Developed through extensive consultations with financial sector stakeholders and international partners, Roadmap provides a structured and practical framework to guide FIs in aligning their operations with national environmental and social development priorities while remaining consistent with the Central Bank's mandates to maintain price and financial system stability. A key enhancement under Roadmap 2.0 is the integration of the social dimension of sustainability, with a strong emphasis on promoting inclusiveness and supporting a broader spectrum of economic activities. In parallel, Roadmap places increased focus on addressing climate-related financial risks, thereby strengthening the resilience of the financial system to climate-induced shocks and supporting a more sustainable economic transition. Looking ahead, the Central Bank intends to further strengthen the enabling framework for sustainable finance by enhancing the existing Green Finance Taxonomy, which is currently being updated with support from the IFC. This initiative is expected to improve the alignment of financial flows with national sustainability priorities while incorporating evolving global best practices. Moreover, the Central Bank is continuously engaged in promoting sustainable finance activities of LBs and new Banking Act Directions in this regard will be issued to LBs in 2026.

Featured Box Article

Major Economic Policy Measures Implemented by or Related to the Central Bank of Sri Lanka¹

Monetary Policy

22 May 2025 Overnight Policy Rate (OPR) was reduced by 25 basis points to 7.75% from 8.00%. With that Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) were set at 7.25% and 8.25%, respectively, maintaining a ± 50 bps margin around the OPR.

Payments and Settlements

27 January 2025 In order to encourage the adoption of digital transactions, Central Bank of Sri Lanka (CBSL) mandated a maximum per transaction fee of Rs. 15/- for payments effected through GovPay, with effect from 01 February 2025. GovPay has enabled Government Institutions which do not have IT systems to accept instant digital payments.

07 February 2025 CBSL mandated a maximum per transaction fee of Rs. 25/- for real-time fund transfers effected through Internet Banking, Mobile Banking and ATMs of members of the Common Electronic Fund Transfer Switch (CEFTS), with effect from 15 February 2025. The maximum fee charged on a transaction effected through the LankaPay Online Payment Platform (LPOPP) to institutions such as Inland Revenue Department and Sri Lanka Customs, which have IT systems to enable real time payment processing and updating of customer accounts, was also mandated to not exceed Rs. 25/- per transaction with effect from 15 February 2025.

20 February 2025 Approval was granted for LankaPay (Pvt) Ltd (LPPL) to connect with AliPay Singapore E-Commerce Private Limited to facilitate the acceptance of LANKAQR transactions made by tourists through AliPay+ enabled mobile applications at LANKAQR merchants.

11 June 2025 With effect from 25 June 2025, the maximum value of fund transfers initiated by customers of Primary Participants in the Sri Lanka Interbank Payment System (SLIPS) was increased from Rs. 5 mn to Rs. 10 mn, per transaction. Further, approval was granted to government institutions which have accounts at CBSL to effect transactions using such accounts up to a maximum per transaction value of Rs. 50 mn through SLIPS.

23 December 2025 MVTS Regulations were amended as Money or Value Transfer Service (MVTS) Providers Regulations No. 01 of 2025 and issued with effect from 31 December 2025. MVTS Providers Regulations No. 01 of 2025 requires overseas money transfer service providers to register under the regulatory and supervisory framework of the MVTS Regulations.

Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT)

27 February 2025 Guidelines No. 01 of 2025 were issued on requests made to obtain necessary information from the foreign financial intelligence units for further investigations.

¹ Includes major economic policy measures implemented since 01 January 2025 until 25 March 2026.

A detailed version of policy measures implemented by or related to the Central Bank of Sri Lanka and major fiscal policy measures implemented since 01 January 2025 until 27 March 2026 are available online

Path - Main Menu → Publications → Economic and Financial Reports → Annual Economic Review → Annual Economic Review 2025 → Major Economic Policy Measures

Link - <https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-economic-review/annual-economic-review-2025/major-economic-policy-measures>



20 March 2025	Guidelines No. 02 of 2025 were issued on requesting information under Sections 15(1)(a) and 15(2) of the Financial Transactions Reporting Act No. 6 of 2006. Guidelines No. 03 of 2025 were issued on requesting necessary assistance for further investigations under the Financial Transactions Reporting Act No. 6 of 2006.
04 April 2025	Circular 01/2025 was issued on Conducting Enhanced Due Diligence with respect of the Non-Governmental Organizations, Not-for-Profit Organizations or Charities under Financial Institutions (Customer Due Diligence) Rules, No 1 of 2016.
03 September 2025	Enactment of the Gambling Regulatory Authority Act, No. 17 of 2025 (GRAA), repealing the Betting on Horse Racing Ordinance, Gaming Ordinance and the Casino Business (Regulation) Act, No. 17 of 2010.
10 September 2025	Guidelines No. 04 of 2025 were issued on reporting information under Section 15(1)(a) of the Financial Transactions Reporting Act No. 6 of 2006.
11 September 2025	Guidelines No. 05 of 2025 were issued on reporting information under Section 15(1)(a) of the Financial Transactions Reporting Act No. 6 of 2006. Guidelines No.06 of 2025 were issued regarding requests for Information under Section 15(1)(a) of the Financial Transactions Reporting Act No.6 of 2006. Guidelines No. 07 of 2025 were issued on reporting information under Section 15(1)(a) of the Financial Transactions Reporting Act No. 6 of 2006.
01 December 2025	With the enactment of the GRAA, a Gambling Regulatory Authority was established, with wide powers to license and supervise the gambling sector.
20 January 2026	Supporting the policy decision to regulate virtual assets, steps are currently underway to establish a prudential regulatory framework for Virtual Asset Service Providers (VASPs). To further strengthen this initiative, a subcommittee has been established under the policy guidance of the AML/CFT National Coordinating Committee (NCC). The inaugural meeting of this subcommittee was held in January 2026.
19 February 2026	Enactment of the Institute of Real Estate Professionals, Sri Lanka Act, No. 06 of 2026.
11 March 2026	The Convention on the Suppression of Terrorist Financing (Amendment) Bill (No. 18/2026) was published in the gazette dated 06.03.2026, issued on 11.03.2026.
13 March 2026	Circular No. 01/2026 was issued on review and update of institutional risk assessments in line with the National Money Laundering, Terrorist Financing and Proliferation Financing Risk Assessment for FIs and DNFBPs.
17 March 2026	The Prevention of Money Laundering (Amendment) Bill (No. 20/2026) was published in the gazette dated 13.03.2026, issued on 17.03.2026. The Financial Transactions Reporting (Amendment) Bill (No. 21/2026) was published in the gazette dated 13.03.2026, issued on 17.03.2026.

Public Debt Management

31 December 2025	Public debt management functions were transferred from CBSL to the Public Debt Management Office (PDMO) established under the Public Debt Management Act No. 33 of 2024 (PDM Act), PDMO became fully operational in December 2025 and assumed full responsibility for such functions previously carried out by the Public Debt Department of the CBSL. In terms of the relevant provisions of the PDM Act and the Central Bank of Sri Lanka Act, No. 16 of 2023, the CBSL will continue to operate the Scrippless Securities Settlement System and the Central Depository System for government securities under the Payments and Settlements Department of the CBSL, with effect from 01 January 2026.
------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Financial Sector**Licensed Banks**

- 07 May 2025 A Circular on “Reporting Information Technology (IT) and Cybersecurity Incidents of Licensed banks” was issued further to the Banking Act Direction No. 16 of 2021 on “Regulatory Framework on Technology Risk Management and Resilience for Licensed Banks”, in order to enhance operational resilience of licensed banks given the increased reliance on digital infrastructure and the associated risks that require a need for prompt and transparent reporting of such incidents to CBSL.
- 17 September 2025 Directions were issued requiring licensed banks to prepare Recovery Plans (RCP) under the Banking (Special Provisions) Act No.17 of 2023, in order to ensure the resilience of licensed banks. Further, previous Banking Act Directions issued in this regard were revoked.
- 05 December 2025 A Circular on “Relief Measures to Assist Individuals and Business Affected by the Recent Cyclonic and Flood Disasters” was issued in view of the adverse effects of the recent cyclonic and flood disasters and the need to grant effective relief to those affected borrowers of licensed banks, requesting all licensed banks to provide relief measures to individuals and businesses whose income or business has been directly affected.
- 25 March 2026 Banking Act Directions on Outsourcing of Business Operations of Licensed Banks were issued considering the evolving trends in the banking sector driven by new business activities and advancements in digitalized processes and operations, in order to ensure that licensed banks adopt a sound and prudent framework for the outsourcing of business operations.

Finance Companies (FCs), Specialised Leasing Company (SLC), Licensed Microfinance Companies (LMFCs), and Primary Dealer Companies (PDCs)

- 23 June 2025 A direction was issued on maximum interest rates on deposits and debt instruments to promote sustainable business practices in soliciting deposits and issuing debt instruments by providing a methodology for determining the maximum interest rates on deposit and debt instruments offered or paid by FCs.
- 20 August 2025 A direction was issued on credit risk management for LMFCs to establish a credit risk management framework to identify, measure, monitor and control credit risk aligning with the nature, volume and complexity of the activities of LMFCs.
- 16 September 2025 A direction was issued on minimum core capital requirement of PDCs to strengthen the resilience of the sector by providing a financial buffer to absorb potential risks and unexpected losses.
- 07 November 2025 A direction was issued on liquidity risk management to establish a robust liquidity risk management framework in FCs through formulation of a liquidity risk management strategy, policy and procedures, governance structure and effective liquidity risk management process to identify, measure, monitor and report, control and mitigate liquidity risk.
- The proposed amendments to Finance Business Act No.42 of 2011 was issued for public consultation, inviting the views, suggestions, and comments from the general public and stakeholders.
- 09 January 2026 A circular on “relief measures to assist individuals and business affected by the recent cyclonic and Flood Disasters” was issued in view of the adverse effects of the recent cyclonic and flood disasters and the need to grant effective relief to those affected borrowers of FCs, requesting all FCs to provide relief measures to individuals and businesses whose income or business has been directly affected.
- 12 January 2026 A direction was issued amending the maximum interest rates offered by FCs for deposits and debt instruments.

Chapter 4

MACROECONOMIC OUTLOOK



Summary

Sri Lanka's macroeconomic outlook is shaped by improved domestic economic resilience amid an increasingly uncertain global environment. Global economic prospects, already characterised by increased trade tensions, protectionist tendencies, and climate-related risks, have become more uncertain following the escalation of geopolitical tensions in the Middle East. These developments are expected to weigh on growth and exert upward pressure on inflation across countries around the world, driven by higher energy and shipping costs, supply chain disruptions, and increased volatility in financial markets. Accordingly, risks to the global disinflation process have heightened, warranting continued caution in the conduct of monetary policy. However, considerable uncertainty remains regarding the magnitude and duration of these effects, with the trajectory of the Middle East war remaining a key determinant. Despite these risks, Sri Lanka's outlook is supported by the restoration of macroeconomic stability and the continued buildup of buffers across sectors in recent years. Inflation remains low at present, although it is expected to increase towards the 5% target faster than previously anticipated, mainly due to higher energy and transport costs and their spillover impacts linked to global developments. Nevertheless, conditional on currently available information, inflation is projected to stabilise around the target thereafter, supported by appropriate policy measures. Under the Flexible Inflation Targeting (FIT) framework, monetary policy will remain data-driven and forward-looking. Credit to the private sector is expected to expand in 2026, albeit at a slower pace compared to recent months, supported by accommodative monetary conditions and reconstruction activity following *Cyclone Ditrwah*, although heightened uncertainty and rising costs may weigh on investment. The external sector is likely to face downside risks from geopolitical developments, with potential implications for tourism, trade, remittances, and investor sentiment. However, the sector has strengthened significantly in recent years, supported by sustained current account surpluses and reserve accumulation, thereby enhancing resilience. The ongoing International Monetary Fund's Extended Fund Facility (IMF-EFF) programme and the completion of external debt restructuring are expected to support foreign exchange inflows, while the flexible exchange rate will continue to serve as a shock absorber. The financial sector remains stable, supported by adequate capital and liquidity buffers and improving asset quality, although close monitoring is warranted given global uncertainties and rapid credit expansion. Fiscal policy remains anchored in revenue-based

consolidation in line with the IMF-EFF programme and the Public Financial Management Act, No. 44 of 2024, despite additional expenditure pressures, with continued reforms expected to support medium-term fiscal sustainability. Overall, the restoration of macroeconomic stability, the continued buildup of buffers, and ongoing structural reforms have created conditions conducive to sustained growth. However, external shocks, geopolitical tensions, and climate-related risks pose downside risks. In this backdrop, maintaining policy discipline, preserving buffers across economic sectors and building climate and disaster resilience remain critical for strengthening the economy's capacity to withstand shocks. While these would also facilitate sustained recovery, improving the growth potential necessitates advancing structural reforms to boost productivity, competitiveness, and export diversification, and continuing to invest in infrastructure.

4.1 Global Economic Environment and Outlook

4 Recent resilience in the global economy amid trade policy shifts and rising geoeconomic fragmentation is being challenged by the intensification of the current Middle East war that began in late February 2026. According to the World Economic Outlook (WEO) update of the International Monetary Fund (IMF) released in January 2026, prior to the current Middle East war, global growth was projected to reach 3.3% in 2026 and 3.2% in 2027, marking a modest deceleration from the estimated 3.3% outturn in 2025. The IMF attributed this steady performance to the balancing of divergent forces, with headwinds from shifting trade policies and lingering uncertainty that were partly offset by strong investment in technology-related sectors, including Artificial Intelligence (AI), alongside policy stimuli and accommodative financial conditions. Growth in advanced economies was projected to remain moderate over the near term, with the continued expansion in the United States (US) supported by fiscal policy, easing financial conditions, and investment incentives. Growth in the Euro area was anticipated to remain relatively subdued but stable, aided by increased public spending in some economies. Meanwhile, emerging markets and developing economies were expected to continue to

drive global growth, bolstered by resilient domestic demand and policy stimulus in major economies such as China and India, although the growth momentum was projected to moderate gradually by 2027. However, amid the escalation of the Middle East war, the global political and economic landscape has shifted notably since the release of the January 2026 WEO update, suggesting that these projections may be subject to significant revisions in the period ahead, depending on the prolongation of the war.

Renewed geopolitical tensions following the onset of the current Middle East war could significantly affect global economic prospects, depending on the war's severity and duration, while heightening global uncertainty across multiple dimensions.

In particular, the growth prospects of most economies could be negatively affected by adverse spillovers, ranging from elevated energy and commodity prices, disruptions to global trade and shipping routes, tightening global financial conditions and elevated risk premia, as well as weakened investor and consumer confidence and heightened policy uncertainty. The escalation has led to immediate disruptions to major shipping routes, critical supply chains, global oil and commodity markets and air travel, thereby affecting international trade and global economic activity. Oil prices and shipping costs have risen

markedly, while financial markets have shown increased volatility in response to the shock. Although it is still too early to assess the global economic impact of the current Middle East war, the Middle East's strategic role in global energy trade and aviation emphasises the potential magnitude of the shock. The region serves as a major global aviation hub, hosting some of the world's busiest airports and key air corridors linking Europe and Asia, with airspace closures already forcing widespread flight cancellations and costly rerouting. At the same time, the Strait of Hormuz, through which nearly one-fifth of global oil shipments pass, remains the most critical chokepoint in global energy trade, heightening concerns over supply disruptions and price volatility. Even without a formal blockade of the Strait of Hormuz, rising shipping insurance premiums, vessel rerouting, and longer transit times have increased freight and logistics costs, adding further pressure on global supply chains. In this context, persistently elevated energy and transportation costs could weigh on global trade volumes, inflation and economic activity, with the adverse effects likely to be more pronounced for energy-import-dependent economies with limited policy buffers if tensions persist.

As geopolitical tensions in the Middle East escalate, the global disinflation trend could be halted, potentially causing renewed inflationary pressures. Although the IMF's January 2026 projections anticipated global inflation continuing to decline, with headline inflation expected to fall to 3.8% in 2026 and 3.4% in 2027, reflecting softening demand and lower energy prices, the recent escalation in geopolitical tensions could alter this trajectory by pushing energy prices higher. While the IMF's January 2026 projections anticipated average oil prices of around USD 62 per barrel in 2026 and 2027, recent developments have led to a sharp surge and volatility in oil prices, with Brent crude oil prices exceeding

USD 100 per barrel at times. Such increases in energy prices could exert upward pressure on global inflation, particularly in the near term. In addition, higher shipping, insurance, and transportation costs, together with potential supply shortages arising from disrupted supply chains, could contribute to rising imported inflation across many economies. Any damage to key energy or transport infrastructure could further constrain supply and intensify upward pressure on global commodity prices, while also delaying normalisation even after the cessation of hostilities. In this context, central banks may need to remain cautious and calibrate monetary policy carefully to safeguard price stability amid evolving global conditions. Economies facing supply-driven inflation shocks could face complex policy trade-offs, particularly in balancing the risks of slower growth with the possibility of persistent inflation that could de-anchor medium-term inflation expectations.

Against this backdrop, the global monetary policy stance in 2026 is likely to be more cautious than in 2025, particularly if uncertainty surrounding geopolitical developments persists. Commencing from the second half of 2024, central banks of both advanced economies and emerging market economies broadly aligned towards a more accommodative monetary policy stance, supported by the steady decline in global inflation, though some divergence of policy easing was observed, given country-specific macroeconomic conditions. During the first half of 2025, emerging market economies opted for more aggressive easing amid faster disinflation and expected growth concerns from tariff-related uncertainties. However, advanced economies showed a more gradual transition towards cautious easing, with inflationary pressures moderating, yet remaining elevated and above target in most major economies. The policy trajectories of major central banks in advanced economies, including the US

4 Federal Reserve, the European Central Bank, and the Bank of England, were characterised by measured policy rate reductions in 2025, resulting in tighter-than-expected financial conditions globally. Nevertheless, the pace of normalisation in the global monetary policy stance moderated in the latter part of 2025, with most central banks shifting towards a more cautious policy approach amid intensifying global headwinds. These included heightened policy uncertainty, escalating trade tensions stemming from US tariff policy, and persistent geopolitical risks. In 2026, a majority of the central banks have shifted towards a more cautious calibration of monetary policy, amid heightened uncertainty surrounding the scale and persistence of the war in the Middle East. Looking ahead, geopolitical fragmentation, trade policy uncertainty, potential supply chain disruptions arising from extreme weather events, and heightened exchange rate volatility are likely to play a critical role in shaping the global monetary policy stance. At the same time, if one were to look beyond prevailing uncertainties, the pace and scale of AI adoption could be a key driver of medium-term growth prospects across economies, while it could also affect monetary policy calibration by influencing productivity, investment, and the level of real neutral interest rates.

The escalation in geopolitical tensions in the Middle East could have significant implications for the Sri Lankan economy through several channels, particularly if the war persists for a prolonged period.

Sri Lanka's substantial reliance on Gulf-sourced energy exposes the economy to potential increases in global oil and gas prices, which could raise the fuel import bill, widen the trade deficit, and thereby exert upward pressure on inflation. Further, the war could drive up fertiliser import prices and disrupt fertiliser supply, adversely affecting Sri Lanka's agricultural sector. Remittance inflows, a critical

source of foreign exchange for the Sri Lankan economy, may also be affected, given that around 45% of remittances originate from Gulf countries. Hence, any disruption to labour markets or labour migration due to the possible prolongation of the war could reduce remittance inflows and heighten exchange rate volatility. At the same time, there remains the potential for positive spillovers should hostilities subside in the near term and an infrastructure-led reconstruction drive materialise, although this outcome is highly contingent on the future trajectory of the war. Trade linkages with the Middle East, which account for a notable share of Sri Lanka's exports, including tea, could be directly affected through changes in regional demand conditions. Moreover, a broader slowdown in global economic activity amid heightened geopolitical uncertainty could dampen external demand, posing additional downside risks to Sri Lanka's export performance across markets. In addition, broader disruptions to global shipping routes and higher freight and insurance costs could also weigh on overall export performance, irrespective of destination markets. In the tourism sector, although arrivals directly from the Middle East represent a modest share, Middle Eastern airlines account for more than 30% of total tourist arrivals to Sri Lanka through Middle East connections. Therefore, regional airspace constraints and risk perceptions could disrupt transit flows, affecting total tourist arrivals. Heightened global uncertainty could also adversely affect financial flows, including foreign direct investment and portfolio inflows, thereby exerting additional pressure on the balance of payments. Collectively, these developments could place upward pressure on the exchange rate as well as domestic prices, although weaker domestic demand may partially offset inflationary pressures. Hence, a protracted escalation of these geopolitical tensions could

pose significant risks to Sri Lanka's external balances, inflation trajectory, and overall macroeconomic stability. Moreover, these spillovers could have a potential impact on the financial system as well, particularly through credit and liquidity channels, if the effects of the Middle East war persist.

4.2 Domestic Economic Outlook

4.2.1 Inflation Outlook¹

Headline inflation is expected to accelerate toward the target of 5% in the near term at a faster pace than previously anticipated, driven mainly by energy price adjustments amid spillovers from the ongoing Middle East war, while remaining broadly within the ± 2 pps margin around the target. Inflation is expected to be stabilised around the target over the medium term, supported by appropriate policy measures. Since returning to positive levels in August 2025, headline inflation has remained on a gradually accelerating trend, supported by the dissipation of deflationary pressures in the energy and transport category, alongside moderate food inflation and the gradual normalisation of demand conditions. As per projections made prior to the escalation of the Middle East war, inflation was expected to continue its gradual acceleration and move towards the target of 5% by the second half of 2026. However, the substantial external shock to the economy from the impact of the Middle East war has necessitated considerable revisions in macroeconomic projections. In particular, energy and transport inflation is expected to accelerate at a faster pace in the near term, driven by recent price adjustments and elevated global energy prices amid the current Middle East war and

related spillover effects. Contributed by these dynamics, headline inflation is also expected to accelerate. However, as per currently available information, inflation is projected to remain within the ± 2 pps margin of the target in the period ahead. The current assumption internalised in the projections, based on available information, is that the effects of the Middle East war would be transitory and that economic activity would gradually return to normal afterwards, although there is severe uncertainty regarding the duration and magnitude of these effects. Reflecting this assessment, inflation is expected to record some corrective downward adjustment during 2027. Over the medium term, inflation is expected to stabilise around the 5% target, supported by appropriate policy measures. Meanwhile, core inflation is expected to gradually move towards the headline inflation target, contributed by spillover effects from energy and transport prices, improving demand conditions, and imported inflation dynamics. However, the pace of normalisation in core inflation is expected to be somewhat slower due to relatively subdued economic activity, partly reflecting the spillover effects of the Middle East war on the domestic economy.

Uncertainty surrounding the inflation outlook remains considerably higher than in normal times, particularly in the context of the ongoing Middle East war and its potential spillovers to global energy markets, trade flows, and domestic price dynamics. These projections are conditional on the assumed path of global energy and food prices; the expected growth path of Sri Lanka's major trading partners; the anticipated fiscal path of the Government; expected developments in the external sector, including the external current account balance; and global financial conditions implied by the Fed Funds rate. Further, the projections are conditional on the model-consistent interest

4

¹ The projections discussed here are based on information available as of the conclusion of the monetary policy round in March 2026. Amid the fluid nature of the prevailing Middle East war and its wide-ranging spillovers across both global and domestic economic activity, the present macroeconomic outlook remains subject to elevated uncertainty. Accordingly, any significant changes from underlying conditions could lead to notable deviations from these projections.

Figure 4.1
Global Projections (Quarterly)



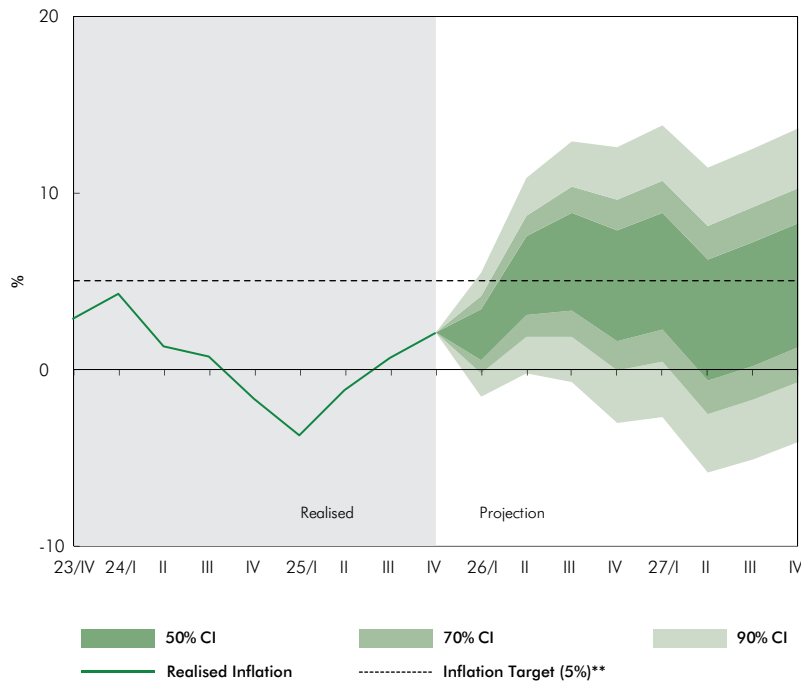
Note: The charts are based on the latest projections released on 25 March 2026. As the March 2026 monetary policy round was completed prior to the release of these projections, a preliminary version of the GPMN projections received on 16 March 2026 has been used in the projections of the March 2026 monetary policy round, from which the fan charts presented in this chapter are based on.

Sources: Global Projection Model Network (GPMN, 25 March 2026 Release), Quarterly Projection Model (QPM)

rate path and the resulting macroeconomic responses. These projections are based on information available as of the monetary policy round in March 2026 and are subject to change in the event of significant shifts in underlying global and domestic conditions. There are upside risks to the realisation of inflation projections stemming from factors such as intensified geopolitical tensions, which could disrupt global commodity markets, energy supplies, and shipping routes, potentially leading to higher-than-anticipated increases in domestic energy and transport costs, and fertiliser prices; possible depreciation of the Sri Lanka rupee at higher levels; higher-than-anticipated demand pressures fuelled by the lagged

impact of strong credit growth; and possible repeated adverse weather events affecting the agriculture and energy sectors, thereby exerting upward pressure on food and energy inflation. Meanwhile, downside risks to the realisation of inflation projections include the possibility of demand conditions remaining weaker than expected, leading to a more gradual recovery in core inflation, and any possibility of improved agricultural production helping to ease pressures on food prices. The Central Bank of Sri Lanka will continue to closely monitor evolving developments and communicate any deviations from the projected path in a timely manner, consistent with its data-driven monetary policy framework under Flexible Inflation Targeting (FIT).

Figure 4.2
Baseline Quarterly Headline Inflation Forecast* (CCPI, y-o-y)



* Realised data in the fan chart are based on the CCPI (2021=100, seasonally adjusted).

** The inflation target (5%) was agreed under the Monetary Policy Framework Agreement (MPFA) signed between the Central Bank and the Minister of Finance in October 2023.

Note: A forecast is neither a promise nor a commitment

The projections reflect the available data, assumptions and judgements made at the forecast round in March 2026. Amid the fluid nature of the prevailing Middle East war and its wide-ranging spillovers across both global and domestic economic activity, the present inflation outlook remains subject to elevated uncertainty. Accordingly, any significant changes from underlying conditions could lead to notable deviations from these projections.

The fan chart illustrates the uncertainty surrounding the baseline projection path using confidence bands of gradually fading colours. The confidence intervals (CI) shown on the chart indicate the ranges of values within which inflation may fluctuate over the medium term. For example, the thick green shaded area represents the 50% confidence interval, implying that there is a 50% probability that the realised inflation outcome will be within this interval. The confidence bands show the increasing uncertainty in forecasting inflation over a longer horizon.

Source: Central Bank Staff Projections

4

4.2.2 Monetary Sector Outlook

The monetary policy decision-making process will remain data-driven and forward-looking, with close consideration of evolving domestic macroeconomic conditions and potential spillovers from global policy shocks and uncertainties.

Amid the anticipated acceleration of inflation towards the target at a pace faster than previously projected, the Central Bank will closely monitor potential inflationary pressures and stand ready to take necessary measures to address any demand-side risks, to achieve the inflation target over the medium term. The interest rate path is expected to remain aligned with the monetary policy stance of the Central Bank, which will be proactively calibrated to

ensure domestic price stability. Further, yields on government securities are likely to remain broadly normalised, supported by improved fiscal performance and reduced risk premia following sovereign rating upgrades, although transitory volatility is likely amid possible macroeconomic uncertainties.

With improved economic activity, firming demand conditions, and reconstruction and restoration efforts following Cyclone Ditwah, the growth momentum of credit to the private sector is likely to continue, although spillovers from the Middle East war could weigh on this outlook. Some slowdown in credit demand is possible, as recent adverse geopolitical events are likely to reduce global demand for domestic goods

and services, along with other possible negative developments in the domestic economy stemming from the Middle East war. Accordingly, overall credit growth is expected to be relatively moderate in 2026, with a likely slowdown towards the latter part of the year. Credit to the public sector by the banking system is expected to moderate, supported by the continuation of fiscal consolidation, accompanied by major structural reforms, including the restructuring of State-Owned Business Enterprises (SOBEs). Meanwhile, in the absence of direct Central Bank financing to the Government, the Government is likely to rely more on alternative domestic financing options amid limited access to external financing, necessitating the maintenance of adequate financial buffers to withstand both global and domestic shocks and thereby ensuring the smooth functioning of government operations. Further expansion in Net Foreign Assets (NFA) of the banking system is expected in the period ahead, supported by the expected increase in foreign exchange inflows, and the Central Bank's foreign exchange purchases to enhance its official reserves. Accordingly, monetary expansion is expected to persist in the period ahead, albeit at a slower pace. The Central Bank remains ready to adjust its monetary policy stance in a data-driven and forward-looking manner. Within the conduct of monetary policy, effective monetary policy communication will remain vital for managing public expectations of inflation and supporting the achievement of low and stable inflation, thereby ensuring price stability. In this regard, the Central Bank will not only continue to communicate its policy decisions promptly to the public through various channels, but will also assess the effectiveness and the public understanding of its messages. This would enhance transparency and accountability in monetary policy actions and reinforce public confidence.

4.2.3 External Sector Outlook

The external sector performance, which improved notably from 2023 onwards, is facing a delicate situation amid downside risks from the Middle East war, particularly in relation to tourism, trade, and remittances. Sri Lanka has built external sector buffers to a certain extent over the last few years through current account surpluses and reserve accumulation, enhancing the economy's capacity to withstand external shocks. Moreover, the country is expecting to leverage on the market-driven flexible exchange rate to serve as a shock absorber against external shocks in an increasingly volatile global environment. Continuation of the International Monetary Fund's Extended Fund Facility (IMF-EFF) programme, along with the completion of the external debt restructuring process, is expected to support the near to medium-term outlook of Sri Lanka's external sector.

The merchandise trade deficit is expected to widen in 2026, mainly driven by higher import expenditure, which is projected to outpace growth in export earnings.

Sri Lanka's fuel import expenditure in the near term could increase due to the elevated petroleum oil and other energy prices with the escalation of the Middle East war, despite a possible slowdown in domestic demand, which could partly moderate demand for petroleum products and other imports. In addition to fuel imports, expenditure on other intermediate and investment goods is also expected to increase, mainly driven by the Government's public investment drive and broader economic recovery. Although the demand for vehicle imports remains elevated, it is expected to gradually moderate in the near term, as the domestic market is expected to approach saturation levels. Meanwhile, export earnings are projected to grow moderately over the

medium term, although the ongoing Middle East war may pose heightened challenges in the near term. In particular, tea exports could be adversely affected in the near term due to the Middle East war, given that the Middle East region is a major export destination for Sri Lankan tea. Meanwhile, apparel exports may also face pressure due to increased shipping costs arising from disruptions to sea routes passing through the conflict-affected area. However, the overall trade deficit is expected to remain at sustainable levels in the near- to medium-term.

The services account of the Balance of Payments (BOP) is expected to grow over the medium term. Earnings from tourism are expected to grow gradually over the medium term, despite the possible short-term effect due to the Middle East war. Meanwhile, a strong momentum in the Information Technology and Business Process Outsourcing (IT/BPO) sector is expected in the medium term. Other emerging service industries, such as construction, management consulting, and architectural and engineering services, are expected to support the earnings to the services account, highlighting the importance of timely promotion and facilitation of these high-potential sectors to secure long-term benefits.

Sri Lanka's primary income account deficit is projected to narrow in 2026, largely reflecting reduced interest payments following the external debt restructuring. However, over the medium term, an expansion in the primary income account deficit may materialise due to continued interest obligations and dividend repatriations by Direct Investment Enterprises (DIEs). In the secondary income account, workers' remittances, which recorded notable growth rates in recent years, are expected to maintain at least moderate growth in the near to medium term. However, a prolonged war could adversely affect workers'

remittances in 2026, as Middle Eastern countries account for a considerable share of total inflows.

Overall, with the above developments, following three consecutive years of current account surpluses, Sri Lanka's current account is expected to remain at sustainable levels going forward. However, the outlook remains subject to the duration of the Middle East war and its impact on Sri Lanka's balance of payments, as well as other global headwinds, including evolving global trade dynamics.

Meanwhile, the financial account is expected to record continued inflows in 2026 and over the medium term, supported by positive investor sentiment arising from the continuation of the IMF-EFF programme. Multilateral financing from the IMF, the Asian Development Bank (ADB), and the World Bank, together with the resumption of bilateral funding, is expected to support inflows to the financial account in 2026 and beyond. Non-debt creating inflows, in the form of foreign direct investment (FDI), which have remained moderate in past years, are expected to pick up gradually over the medium term. Reforms aimed at improving the investment climate and addressing longstanding business environment challenges are expected to enhance investor appetite to attract FDIs to Sri Lanka. Nevertheless, continuous commitment to improving the investment climate is essential to continue attracting healthy flows of FDI. Further, greater foreign investments are expected in the government securities market and the Colombo Stock Exchange (CSE) over the medium term. Any prolongation of the Middle East war, which could lead to tighter global financial conditions, could negatively affect such portfolio flows in the near term, as investors may adopt risk-averse strategies.

Gross official reserves, which increased notably in 2025 and thus far in 2026, are expected to remain at healthy levels, supported by absorptions of foreign exchange from the domestic forex market and other financing flows to reserves. Meanwhile, the Central Bank remains committed to maintaining a flexible, market-determined exchange rate under the FIT framework, while building reserves and ironing out excessive short-term volatilities in the exchange rate through forex interventions. Although these factors are expected to support external sector resilience over the medium term, the external sector outlook will remain contingent on evolving global challenges, which may necessitate timely and well-targeted policy interventions to mitigate possible adverse effects.

4.2.4 Financial Sector Outlook

The financial sector remains stable, supported by robust credit growth and improved asset quality, along with strong capital buffers, even amid rising global uncertainties linked to geopolitical tensions that pose potential risks. Amid eased monetary policy, relaxation of motor vehicle import restrictions, and improved macroeconomic conditions in 2025, credit granted by the banking sector and the Finance Companies (FCs) sector expanded rapidly. With the expansion of credit to the private sector, the credit cycle moved further into the expansionary phase, contributing to a widening of the credit-to-GDP gap. Therefore, the Central Bank closely monitors and remains vigilant to detect early signs of potential imbalances and excessive buildup of risks to financial stability. The asset quality of both the banking sector and the FCs sector improved during 2025 compared to the previous year, contributing to stronger balance sheets and reduced credit losses of financial institutions. However, credit quality in these sectors is

subject to heightened downside risks, given potential delays in recoveries and increased impairment requirements following the impact of *Cyclone Ditwah*, as well as possible pressures on the repayment capacity of households and corporates arising from spillovers of ongoing geopolitical tensions. In terms of liquidity, the banking sector remained well above minimum regulatory requirements by the end of 2025. However, banks need to be vigilant about foreign currency liquidity management, given the relaxation of vehicle import restrictions and potential adverse spillover effects from the war in the Middle East. Moreover, the FCs sector also recorded liquidity levels well above the minimum regulatory requirements. However, continued monitoring is warranted to ensure that liquidity positions remain resilient amid evolving funding conditions and potential pressures arising from increased credit expansion. Although the capital adequacy ratios of the banking sector have improved through retained profits and the issuance of Basel III-eligible Tier II instruments, maintaining these ratios may be challenging amid rapid credit expansion, potential deterioration in asset quality, and the materialisation of other risks and losses.

Financial sector reforms, digitalisation initiatives, and strengthened regulatory frameworks are expected to enhance resilience, inclusion, and stability of the financial system in 2026. Phase II of the Masterplan for Consolidation of FCs will continue to be implemented in 2026, further strengthening the resilience of the FCs sector. Further, digital payments adoption is expected to sustain its growth momentum, driven by strong demand from consumers, businesses, and government institutions, along with conducive policy changes encouraging broader participation, FinTech innovations and the Government's digitalisation agenda. However, several socio-economic factors

have the potential to challenge this growth momentum, including lower financial literacy on digital payment channels and communication infrastructure issues, such as limited internet access in certain rural areas. The Central Bank will continue to address these challenges by conducting awareness programmes in collaboration with relevant stakeholders. Moreover, with the increased reliance on digital platforms, to ensure resilience of the financial system against technology-related risks, all financial institutions must implement robust internal controls, enhance customer awareness to minimise the risk of cyber incidents, comply with regulatory frameworks and standards, adopt international best practices, and continuously strengthen fraud monitoring and prevention mechanisms across their systems. The Central Bank has taken several measures to strengthen the Anti-Money Laundering/ Countering the Financing of Terrorism/ Countering Proliferation Financing (AML/CFT/CPF) framework of the country by strengthening the laws and regulations related to the AML/CFT/CPF framework, improving risk assessments and supervisory approaches. These policy measures will further strengthen the resilience and integrity of the financial system. Further, the Central Bank is actively preparing for the upcoming mutual evaluation in 2026, a process that is strengthening interagency coordination and alignment with international standards. Moreover, Phase II of the National Financial Inclusion Strategy (NFIS) is expected to be developed in the second half of 2026, contributing to further strengthening financial system stability by broadening access to formal financial services.

4.2.5 Fiscal Sector Outlook

The Government's commitment to prudent fiscal management and the revenue-based fiscal consolidation programme is expected to continue. The Government

presented the Budget for 2026 with a fiscal strategy firmly anchored on revenue-based fiscal consolidation, aligned with the Quantitative Performance Criteria (QPC) of the IMF-EFF programme as well as the fiscal rule and requirements stipulated under the Public Financial Management Act, No. 44 of 2024 (PFMA). However, the unprecedented impact of *Cyclone Dityah* at the end of 2025 caused significant disruptions to livelihoods and infrastructure, necessitating additional fiscal support for economic recovery and reconstruction efforts. In response, the Government presented a Supplementary Estimate to Parliament to allocate an additional Rs. 500 bn, in excess of the approved 2026 budget estimate, from existing cash reserves to restore affected communities and rebuild the damaged infrastructure. As a result, the Medium Term Fiscal Framework (MTFF) 2025–2030, outlined in the Budget, Economic and Fiscal Position Report for 2026, was revised for 2026 to accommodate the additional expenditure requirements arising from the disaster. Moreover, spillovers from the Middle East war could pose additional pressures on fiscal outcomes.

Medium term fiscal targets are expected to be supported by sustained revenue mobilisation efforts and continued fiscal reforms. As outlined in the MTFF, building on the progress achieved thus far, the Government aims to sustain these gains over the medium term, with government revenue projected to remain above 15% of Gross Domestic Product (GDP), while maintaining the overall budget deficit below 5% of GDP and achieving a primary surplus of around 2.6% of GDP from 2027 onwards. Continued commitment to the implementation of fiscal reforms remains essential to achieving these medium term fiscal targets. In this regard, the proposed amendments to the Inland Revenue Act, No. 24 of 2017, scheduled for 2026, are expected to further strengthen revenue

mobilisation. These amendments include revisions to capital gains tax, withholding taxes, and other key tax measures aimed at broadening the tax base and enhancing the effectiveness of the tax system. Meanwhile, several major tax policy measures, including the reduction in the Value Added Tax (VAT) and the Social Security Contribution Levy (SSCL) registration thresholds, introduced under the Budget for 2026, are also expected to support revenue mobilisation over the medium term. However, following the surge in vehicle-related tax revenue in 2025, driven by pent-up demand after the removal of vehicle import restrictions, the anticipated gradual normalisation of vehicle imports is expected to moderate vehicle-related tax revenue in the period ahead. Therefore, given the significant contribution of vehicle import-related taxes to the strong tax revenue performance in 2025, the Government may need to carefully calibrate policy measures to address the potential revenue shortfall arising from a slowdown in vehicle imports.

Furthermore, revenue generation is expected to be strengthened through institutional reforms and improvements in public sector efficiency, with a greater emphasis on digitalisation and technological integration across government institutions. Key initiatives include expanding digital access across government institutions, establishing a Trade National Single Window System for trade facilitation based on digital technology, developing a centralised digital system for land information management, and promoting investments in emerging technologies such as AI, cloud computing, and data centres. These measures will strengthen tax administration by improving data integration across agencies, enhancing transparency and traceability of transactions, and reducing leakages and compliance gaps. Accordingly, the

digitalisation of revenue collection agencies and the broader digital economy is expected to play a pivotal role in enhancing revenue performance.

Additionally, the continued implementation of structural reforms in State Owned Enterprises (SOEs) remains important to strengthen their financial position, improve governance and reduce the fiscal risks associated with them.

The implementation of cost-reflective pricing mechanisms has helped alleviate longstanding financial pressures faced by several SOEs, limiting the risk of the burden of SOE losses on the government budget. Meanwhile, the Government has decided to address SriLankan Airlines' (SLA) legacy debt burden, which has been a major constraint on its financial performance. Accordingly, the Government has successfully restructured the outstanding government-guaranteed debt of SLA. The continuation of such policies, together with ongoing SOE reform initiatives, is expected to further reduce the fiscal burden posed by these entities in the period ahead.

Nevertheless, the fiscal outlook remains subject to several downside risks stemming from the evolving global and domestic environment. In particular, the Middle East war could create fiscal pressures on both the government revenue and expenditure fronts. A prolonged escalation of the Middle East war could dampen global and domestic economic activity, slowing trade, tourism, and investment flows, thereby adversely affecting revenue collection. At the same time, a sharp increase in energy prices could necessitate policy interventions to cushion the impact on vulnerable segments of the economy, potentially requiring the Government to absorb part of the cost through targeted subsidies or other support measures. This, in turn, may increase recurrent expenditure or reduce revenue, thereby placing additional pressure

on fiscal balances. Moreover, elevated global commodity prices and import costs could increase the cost of ongoing and planned public investment projects, potentially leading to capital expenditure that may exceed initial government budgetary allocations. In addition, any potential climate-related shocks may lead to deviations in the implementation of ongoing fiscal reforms, thereby posing risks to maintaining a sustainable fiscal path. Given recent experiences, there is a possibility that such climate-related shocks may become more frequent in the period ahead. Such developments may pose challenges to the ongoing fiscal reforms and exert pressure on fiscal balances, potentially affecting the country's fiscal sustainability. Despite these risks, continued and concerted efforts by the Government, supported by both domestic and international stakeholders, are expected to help address these challenges, thereby restoring fiscal sustainability over the medium term.

4.2.6 Growth Prospects

Regaining macroeconomic stability in the aftermath of Sri Lanka's recent economic crisis, along with the rebuilding of external and fiscal buffers, has positioned Sri Lanka on a stronger footing, although external and domestic headwinds pose significant challenges to sustaining the country's growth momentum in the period ahead.

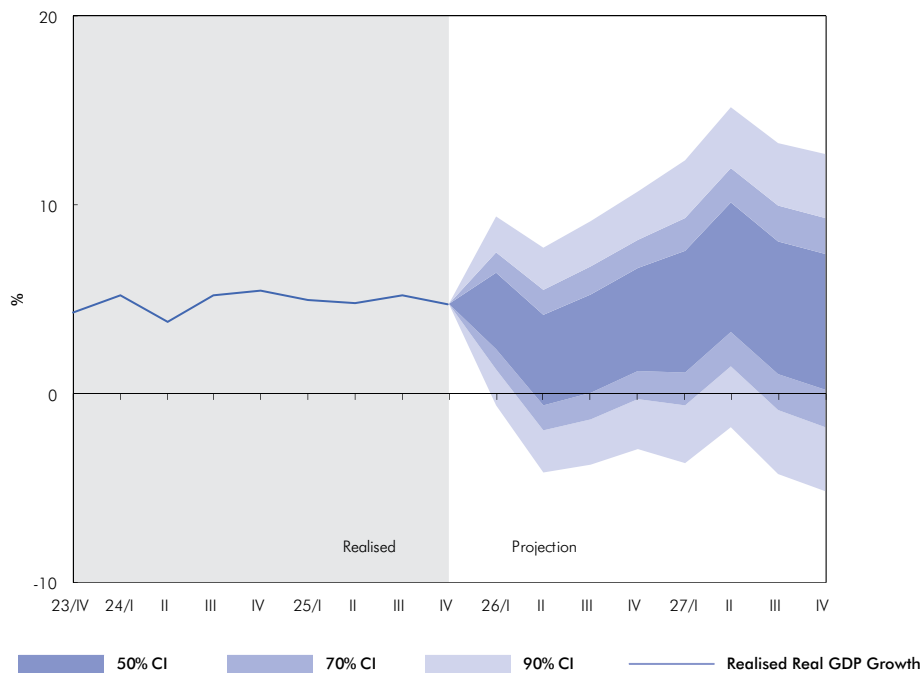
Despite severe destruction caused by *Cyclone Dityah*, leading economic indicators show that economic activities have remained resilient in the aftermath of the disaster. The current low inflation environment, relatively low interest rate structure, strong fiscal performance, improved governance and ongoing structural reforms create a conducive environment for a stronger economic recovery. However, the growth momentum could be disrupted to some extent mainly by the heightened geopolitical tensions stemming from the Middle East war, adverse

global trade policies and climate-related risks to which the Sri Lankan economy is highly vulnerable. In this context, strong private sector credit growth supported by accommodative monetary conditions and sustained domestic demand is expected to support economic activity. This broad-based growth in private sector credit, alongside a gradual decline in banking sector lending to the Government and public sector corporations observed in recent months, is expected to underpin economic growth. The expansion in credit flows to the private sector observed in recent periods is expected to support investment and consumption in the period ahead. Growth prospects across the industrial, services, and agricultural sectors are expected to remain positive, albeit with downside risks from global uncertainties. While broader domestic economic conditions remain conducive to sustained growth in the industrial sector, supported by reconstruction activities and the resumption of infrastructure projects, global tensions could weigh on its outlook through higher input costs, supply chain disruptions, and weaker external demand. The services sector is expected to remain the key driver of growth, with continued momentum in tourism, ports, and trade activities, although geopolitical tensions, elevated shipping costs, and rising prices may pose downside risks. The agricultural sector, despite weather-related challenges in 2024 and 2025, is expected to recover gradually, supported by improvements in key sub-sectors such as paddy and coconut, although rising input costs and climate-related risks remain concerns.

The Government has initiated measures to advance the digital economy, with a view to strengthening growth momentum.

Digitalisation enables the economy to align with global trends such as wide-ranging adaptations of AI, while ensuring continuity of essential activities during periods of global

Figure 4.3
Baseline Quarterly Real GDP Growth Forecast (y-o-y)



Note: A forecast is neither a promise nor a commitment

The projections reflect the available data, assumptions and judgements made at the forecast round in March 2026.

The fan chart illustrates the uncertainty surrounding the baseline projection path using confidence bands of gradually fading colours. The confidence intervals (CI) shown on the chart indicate the ranges of values within which real GDP growth may fluctuate over the medium term. For example, the thick blue shaded area represents the 50% confidence interval, implying that there is a 50% probability that the realised real GDP growth will be within this interval. The confidence bands show the increasing uncertainty in forecasting macroeconomic variables over a longer horizon. Given the volatile global environment and the uncertainties in the domestic economy, the baseline forecasts are exposed to various potential upside and downside risks. Any notable change from the underlying assumptions and judgements could lead to the realised growth path deviating from the projection.

Source: Central Bank Staff Projections

disruption. In this context, it is important to broaden the scope of digitalisation to encompass a majority of government operations. A digitalised economy would support more effective tax administration, generate cost and time efficiencies, improve the delivery of public services, and strengthen statistical data collection, among other benefits.

Sri Lanka's energy security improved during 2025, although some challenges have emerged recently due to disruptions in global supply chains for petroleum products, largely stemming from geopolitical tensions in the Middle East.

A prolonged continuation of the Middle East war could exert significant pressure on key sectors, including transportation, power generation, and manufacturing, through disruptions to energy supplies and higher energy prices. Meanwhile, growth in non-conventional renewable energy sources continued during the post-economic crisis period. This supports the transition towards sustainable energy in line with Sri Lanka's Carbon Net Zero 2050 Roadmap and Strategic Plan. Such a transition is expected to not only strengthen energy security but also reduce the economy's vulnerability to external shocks.

Featured Chart 4.1
Recent Economic Shocks in Sri Lanka: Uncertainty is the New Normal



In recent years, the Sri Lankan economy has faced more frequent and intense domestic and external shocks. Whilst some of these shocks have emanated from natural disasters, others were triggered by domestic and global man-made actions. Heightened uncertainties caused by frequent and intense economic shocks affect consumption and savings decisions of households and production and investment decisions of businesses, hindering the growth potential of the country. Further, macro level decision making and policy formulation have become increasingly challenging due to these heightened uncertainties, since policy transmission channels weaken and policy responses become less predictable during economic crises.

The socio-economic impacts of these shocks are multifaceted and can leave lasting scars on the economy. Generally, such shocks disproportionately burden vulnerable segments of the population, thereby exacerbating economic inequalities.

As uncertainty has become the 'new normal', future holds more challenges due to rapidly

evolving technology, increased global conflicts, geopolitical fragmentation, climate change induced natural disasters, transition into renewable energy, increased protectionism and various other shocks.

Based on recent experiences during the pandemic and domestic economic crisis, these shocks can lead to significant macroeconomic instability, including setbacks in economic growth and episodes of high and volatile inflation, particularly when the economy lacks sufficient external and fiscal buffers and limited monetary policy space. Therefore, the buildup of adequate and efficient fiscal and external buffers are paramount to steer the economy through turbulent times. The importance of maintaining adequate buffers became evident during and in the aftermath of *Cyclone Dityah*. In addition, strengthening crisis preparedness and promoting risk sharing mechanisms, such as insurance, can help economic agents mitigate the impacts of climate-related risks. Well-targeted yet sufficiently flexible social safety nets are also vital to cushion the adverse effects of economic shocks on vulnerable groups.

4

Major Domestic and External Disturbances (Shocks) Faced by the Sri Lankan Economy in Recent Years



- External Shocks**
- **2011-12**- Global Oil Price Surge - The intensified sovereign debt crisis in the Euro area and geopolitical uncertainties in some oil producing Middle Eastern and North African countries
 - **2020-21**- COVID-19 pandemic that resulted in prolonged periods of lockdowns, including the closure of airports, seaports and domestic mobility restrictions affected all key economic sectors
 - **2025** - Uncertainties caused by US tariff policy revisions
 - **2026 Q1**- US-Israel-Iran war and geopolitical tensions have created a larger uncertainty with impacts on global trade and supply chain disruptions

- Internal Shocks**
- **2016**- Domestic floods and landslides
 - **2017**- Drought conditions that continued from 2016
 - **2018**- Political instability
 - **2019**- Easter Sunday attack - Tourism sector heavily impacted
 - **2022-23**- Economic Crisis leading to public anxiety and political upheaval
 - **2025**- Weather related disruptions due to Cyclone Dityah

The continued pursuit of structural reforms, underpinned by sustained policy discipline, remains vital to further strengthening Sri Lanka's economic resilience and securing sustainable economic growth in an era of heightened uncertainty. The global and regional landscape is increasingly characterised by severe and frequent economic shocks, underscoring the imperative of building and preserving adequate buffers across fiscal, external, and monetary fronts to safeguard macroeconomic stability. The value of such buffers has been clearly demonstrated through their role in absorbing the impact of Cyclone Ditwah and mitigating potential spillovers from the Middle East war. Preserving and reinforcing these hard-earned gains in macroeconomic stabilisation

requires unwavering commitment to fiscal consolidation to enhance debt sustainability and maintain policy credibility. In this context, the successful completion of the current IMF-supported programme in 2027 will be pivotal in reinforcing investor confidence, while any need for subsequent arrangements remains contingent on future developments. Looking ahead, sustaining the growth momentum will depend critically on strengthening economic diversification, enhancing competitiveness, and raising productivity. In an increasingly volatile and shock-prone environment, the country's capacity to respond with timely, well-calibrated, and credible policy actions will be central to preserving macroeconomic stability and ensuring a resilient, inclusive, and sustainable growth trajectory for Sri Lanka.

STATISTICAL APPENDIX¹

Table No.

1. REAL SECTOR	1 - 5
2. EXTERNAL SECTOR	6 - 14
3. FISCAL SECTOR	15 - 16
4. MONETARY AND FINANCIAL SECTOR	17 - 21

¹ The online version of the Statistical Appendix is available in Excel spreadsheet format and contains additional data.

Path - Main Menu → Publications → Economic and Financial Reports → Annual Economic Review
→ Annual Economic Review 2025 → Statistical Appendix



WEIGHTS AND MEASURES Conversion Factors

British to Metric Units

1 acre	=	0.405	hectares (ha)
1 pound (lb)	=	0.454	kilogrammes (kg)
1 long ton (2,240 lbs)	=	1.016	metric tons (mt)
1 hundred weight (cwt)	=	50.802	kg
1 mile	=	1.609	kilometres (km)
1 long ton mile	=	1.635	mt km
1 lb/acre	=	1.121	kg/ha
1 cwt/acre	=	125.535	kg/ha
1 imperial pint	=	0.568	litres
1 imperial gallon	=	4.55	litres

Metric to British Units

1 hectare	=	2.471	acres
1 kilogram	=	2.205	lbs
1 mt (1,000 kg)	=	0.984	long ton
1 metre	=	3.281	feet
1 kilometre	=	0.612	mile
1 mt kilometre	=	0.612	long ton mile
1 litre	=	1.76	imp. pints = 0.220 imp. gallons
1 kg/ha	=	0.892	lb/acre

Paddy/Rice Conversions

1 bushel of paddy (46 lbs)	=	20.87	kg
1 mt paddy	=	47.92	bushels paddy
	=	0.7	mt rice
1 mt rice	=	68.46	bushels paddy
	=	1.43	mt paddy
1 bushel paddy/acre	=	51.55	kg paddy/ha

Coconut and Coconut Product Conversions

1 mt of desiccated coconut	=	8,960	nuts
1 mt of coconut oil	=	9,250	nuts
1 mt of copra	=	5,500	nuts
1 mt of coconut milk	=	4,000	nuts

GROSS DOMESTIC PRODUCT (a)

Rs.mn

Economic Activity	Current Market Prices			Constant (2015) Prices		
	2023 (b)	2024 (b)(c)	2025 (c)	2023 (b)	2024 (b)(c)	2025 (c)
Production Approach						
Cultivation of Crops	1,367,259	1,633,131	1,824,964	620,517	614,787	621,717
Animal production	385,583	426,293	438,422	83,645	97,155	107,309
Forestry & logging, plant propagation and agriculture support activities	162,991	171,075	175,807	80,838	75,790	82,506
Fishing	299,168	289,619	299,587	126,838	129,238	118,137
Mining & quarrying	401,517	439,683	506,806	154,313	184,430	215,568
Manufacturing of food, beverages & tobacco products	1,923,757	2,053,979	2,182,798	899,739	954,559	1,004,413
Manufacturing of textile, wearing apparel & leather products	1,432,788	1,609,813	1,698,802	450,438	500,445	540,558
Other manufacturing	1,592,886	1,600,434	1,724,000	550,105	590,685	628,186
Electricity generation, water supply and sewerage	298,251	319,782	345,079	213,563	224,699	244,668
Construction	1,420,365	1,645,795	1,874,375	734,823	882,411	963,935
Wholesale and retail trade	3,861,799	3,965,904	4,059,736	1,677,941	1,697,914	1,722,223
Transportation and storage	3,547,432	3,604,588	3,691,462	1,448,730	1,482,833	1,528,534
Accommodation and food service activities	517,643	706,289	807,356	209,106	276,975	311,444
Information and communication	663,122	716,826	790,602	405,960	426,485	463,072
Financial and insurance activities	2,133,830	2,216,735	2,169,713	578,719	580,140	645,349
Real estate activities, and Professional, scientific, technical, administration and support service activities	1,713,972	1,774,212	1,829,612	775,823	806,655	832,739
Public administration, defense, education, human health and social work activities	2,055,872	2,231,573	2,446,551	1,162,341	1,149,434	1,152,601
Other services (excluding own-services)	2,046,582	2,088,321	2,097,061	998,069	1,010,693	1,020,480
Gross Value Added (GVA) at Basic Price	25,824,820	27,494,053	28,962,733	11,171,510	11,685,332	12,203,438
Taxes less subsidies on products	1,714,260	2,601,772	3,788,111	742,640	823,623	925,140
Gross Domestic Product (GDP) at Market Price	27,539,080	30,095,825	32,750,844	11,914,150	12,508,954	13,128,577
Expenditure Approach						
Consumption Expenditure	21,446,174	22,951,363	24,310,572	9,255,210	9,621,964	10,134,482
Private	19,587,799	20,859,564	22,102,308	7,972,025	8,352,968	8,875,918
Government	1,858,375	2,091,800	2,208,264	1,283,184	1,268,997	1,258,565
Gross Capital Formation	6,684,614	7,929,257	9,709,119	2,561,738	3,053,952	3,472,196
Gross Domestic Expenditure at Market Price	28,130,788	30,880,620	34,019,691	11,816,947	12,675,917	13,606,678
Export of Goods and Services	5,672,921	5,945,724	6,211,977	2,673,195	3,004,581	3,156,599
Import of Goods and Services	6,264,628	6,730,520	7,480,824	2,583,592	3,140,815	3,481,430
Gross Domestic Product (GDP) at Market Price	27,539,080	30,095,825	32,750,844	11,914,150	12,508,954	13,128,577
Income Approach						
Compensation of Employees	7,316,230	7,812,041	8,208,852	3,415,476	3,560,781	3,697,023
Gross Operating Surplus	8,711,009	9,268,873	9,770,597	3,463,462	3,678,411	3,944,578
Net Operating Surplus	7,730,475	8,271,417	8,692,961	2,909,991	3,113,570	3,348,226
Consumption of Fixed Capital	980,534	997,456	1,077,636	553,470	564,840	596,351
Gross Mixed Income	9,615,226	10,175,391	10,687,933	4,210,414	4,367,280	4,486,221
Net Mixed Income	9,226,559	9,780,637	10,268,022	4,040,790	4,200,096	4,316,484
Consumption of Fixed Capital	388,666	394,753	419,911	169,624	167,185	169,737
Other taxes less subsidies on production	182,356	237,748	295,352	82,159	78,859	75,615
Gross Value Added (GVA) at Basic Price	25,824,820	27,494,053	28,962,733	11,171,510	11,685,332	12,203,438
Taxes less subsidies on products	1,714,260	2,601,772	3,788,111	742,640	823,623	925,140
Gross Domestic Product (GDP) at Market Price	27,539,080	30,095,825	32,750,844	11,914,150	12,508,954	13,128,577

(a) Base year 2015

(b) Revised

(c) Provisional

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

POPULATION, LABOUR FORCE AND FOREIGN EMPLOYMENT

Item	2020	2021	2022	2023	2024	2025 (a)
Demography (b)						
Mid-Year Population, '000 (c)	21,927	22,156	22,181	22,037	21,916	21,756
Male	10,616	10,727	10,740	10,670	10,611	10,500
Female	11,311	11,429	11,441	11,367	11,305	11,256
Growth of mid-year Population, %	0.5	1.0	0.1	-0.6	-0.5	-0.7
Density of Population, Persons per Sq.Km.	350	353	354	351	352	349
Labour Force Trends (d)						
Labour Force, '000	8,467	8,553	8,547	8,408	8,316	8,554(e)
Labour Force Participation Rate (f)	50.6	49.9	49.8	48.6	47.4	49.4(e)
By Gender						
Male	71.9	71.0	70.5	68.6	67.4	69.1(e)
Female	32.0	31.8	32.1	31.3	29.8	32.5(e)
Status of Employment						
Public Sector Employees	14.8	15.2	15.1	14.6	14.4	15.2(e)
Private Sector Employees	42.7	42.0	42.9	44.5	44.4	45.6(e)
Employers	2.5	2.7	2.9	2.6	2.9	3.1(e)
Own Account Workers	33.2	33.4	33.1	32.8	33.1	31.5(e)
Contributing Family Workers	6.8	6.6	5.9	5.5	5.2	4.5(e)
Total	100.0	100.0	100.0	100.0	100.0	100(e)
Employment by Economic Activity (g)						
Agriculture	27.1	27.3	26.5	26.1	26.0	23.9(e)
Industry	26.9	26.0	26.5	25.5	25.6	26.2(e)
Services	46.0	46.7	47.0	48.4	48.5	49.9(e)
Unemployment, % of Labour Force	5.5	5.1	4.7	4.7	4.4	3.9(e)
By Gender						
Male	4.0	3.7	3.7	3.6	3.0	2.8(e)
Female	8.5	7.9	6.5	7.0	7.1	6.1(e)
Youth Unemployment (age 15-24 years)	26.5	26.5	22.8	23.0	22.0	19.6(e)
Foreign Employment						
Total Placements	53,711	122,264	311,056	297,656	314,670	311,223
By Gender						
Male (%)	60.5	66.3	60.1	55.3	59.3	61.3
Female (%)	39.5	33.7	39.9	44.7	40.7	38.7
By Manpower Category						
Skilled Labour (%)	74.0	74.1	66.1	70.1	77.7	76.2
Low Skilled Labour (%)	26.0	25.9	33.9	29.9	22.3	23.8

(a) Provisional

(b) Based on mid-year population data from the Registrar General's Department as at 31 March 2026

(c) Mid-year population estimates from 2019 to 2024 are based on the 2012 Census of Population and Housing, while the 2025 estimate is based on the preliminary data from the 2024 Census of Population and Housing

(d) Household population aged 15 years and above

(e) Average of four quarters

(f) Labour force as a percentage of household population

(g) Based on the International Standard Industrial Classification (ISIC) - Revision 4

Sources: Registrar General's Department
Department of Census and Statistics
Sri Lanka Bureau of Foreign Employment

COLOMBO CONSUMER PRICE INDEX (CCPI, 2021 = 100)

Period	Index		Month-on-Month Percentage Change		Year-on-Year Percentage Change		Annual Average Percentage Change		
	CCPI	CCPI (Core)	CCPI	CCPI (Core)	CCPI	CCPI (Core)	CCPI	CCPI (Core)	
2024	January	200.7	176.2	2.9	2.1	6.4	2.2	14.2	11.3
	February	200.6	177.2	0.0	0.6	5.9	2.8	11.3	8.5
	March	196.7	177.3	-1.9	0.1	0.9	3.1	8.0	6.1
	April	195.2	177.3	-0.8	0.0	1.5	3.4	5.7	4.4
	May	194.1	177.0	-0.6	-0.2	0.9	3.5	3.9	3.3
	June	195.6	177.4	0.8	0.2	1.7	4.4	3.1	2.8
	July	194.7	177.9	-0.5	0.3	2.4	4.4	2.8	2.7
	August	191.1	177.3	-1.8	-0.3	0.5	3.6	2.5	2.7
	September	190.9	177.6	-0.1	0.2	-0.5	3.3	2.4	2.8
	October	189.9	177.5	-0.5	-0.1	-0.8	3.0	2.2	2.9
	November	189.4	177.1	-0.3	-0.2	-2.1	2.7	1.7	3.1
	December	191.7	177.1	1.2	0.0	-1.7	2.7	1.2	3.3
2025	January	192.6	178.4	0.5	0.7	-4.0	1.2	0.4	3.2
	February	192.2	178.5	-0.2	0.1	-4.2	0.7	-0.5	3.0
	March	191.6	178.6	-0.3	0.1	-2.6	0.7	-0.8	2.8
	April	191.2	178.8	-0.2	0.1	-2.0	0.8	-1.1	2.6
	May	192.8	179.2	0.8	0.2	-0.7	1.2	-1.2	2.4
	June	194.5	180.1	0.9	0.5	-0.6	1.5	-1.4	2.1
	July	194.1	180.8	-0.2	0.4	-0.3	1.6	-1.6	1.9
	August	193.3	180.9	-0.4	0.1	1.2	2.0	-1.5	1.8
	September	193.7	181.2	0.2	0.2	1.5	2.0	-1.4	1.7
	October	193.8	181.4	0.1	0.1	2.1	2.2	-1.2	1.6
	November	193.4	181.3	-0.2	-0.1	2.1	2.4	-0.8	1.6
	December	195.8	181.8	1.2	0.3	2.1	2.7	-0.5	1.6

Source: Department of Census and Statistics

NATIONAL CONSUMER PRICE INDEX (NCPI, 2021 = 100)

Period	Index		Month-on-Month Percentage Change		Year-on-Year Percentage Change		Annual Average Percentage Change		
	NCPI	NCPI (Core)	NCPI	NCPI (Core)	NCPI	NCPI (Core)	NCPI	NCPI (Core)	
2024	January	215.0	193.9	3.0	2.2	6.5	2.2	13.4	12.3
	February	214.5	194.6	-0.2	0.4	5.1	2.7	10.2	9.2
	March	210.0	194.5	-2.1	-0.1	2.5	3.4	7.2	6.5
	April	208.2	193.9	-0.9	-0.3	2.7	3.0	5.2	4.6
	May	206.3	193.6	-0.9	-0.2	1.6	3.1	3.7	3.3
	June	208.1	193.7	0.9	0.1	2.4	3.9	3.0	2.7
	July	206.9	193.7	-0.6	0.0	2.5	3.0	2.9	2.5
	August	204.1	193.0	-1.4	-0.4	1.1	2.3	2.8	2.3
	September	203.1	192.5	-0.5	-0.3	-0.2	1.9	2.7	2.3
	October	202.1	192.4	-0.5	-0.1	-0.7	1.7	2.5	2.4
	November	202.4	192.2	0.1	-0.1	-1.7	1.5	2.2	2.5
	December	204.6	192.1	1.1	-0.1	-2.0	1.3	1.6	2.5
2025	January	206.4	193.6	0.9	0.8	-4.0	-0.2	0.7	2.3
	February	206.2	193.4	-0.1	-0.1	-3.9	-0.6	0.0	2.0
	March	206.0	193.3	-0.1	-0.1	-1.9	-0.6	-0.4	1.7
	April	206.5	193.7	0.2	0.2	-0.8	-0.1	-0.7	1.4
	May	207.5	194.2	0.5	0.3	0.6	0.3	-0.8	1.2
	June	208.7	194.8	0.6	0.3	0.3	0.6	-0.9	0.9
	July	208.3	195.5	-0.2	0.4	0.7	0.9	-1.1	0.7
	August	207.2	195.8	-0.5	0.2	1.5	1.5	-1.0	0.7
	September	207.4	196.2	0.1	0.2	2.1	1.9	-0.9	0.7
	October	207.5	196.4	0.0	0.1	2.7	2.1	-0.6	0.7
	November	207.2	196.4	-0.1	0.0	2.4	2.2	-0.2	0.8
	December	210.5	197.0	1.6	0.3	2.9	2.6	0.2	0.9

Source: Department of Census and Statistics

WAGE RATE INDICES

	Index		Annual Average Percentage Change	
	Nominal	Real (a)	Nominal	Real (a)
Public Sector Employees' Wage Rate Index (2016=100) (b)				
2020	114.6	94.8	9.2	2.9
2021	114.6	88.7	0.0	-6.4
2022	133.1	70.5	16.1	-20.6
2023	133.1	58.1	0.0	-17.5
2024	157.8	67.9	18.5	16.8
2025 (c)	181.4	77.8	14.9	14.7
Formal Private Sector Employees' Minimum Wage Rate Index (December 1978=100) (d)				
2020	4,282.0	88.8(e)	0.2	-4.2
2021	7,469.5	146.0(e)	74.4	64.3
2022	8,198.6	112.9(e)	9.8	-22.7
2023	8,232.9	93.0(e)	0.4	-17.6
2024	8,239.7	92.0(e)	0.1	-1.1
2025 (c)	10,698.5	119.9(e)	29.8	30.3
Informal Private Sector Employees' Wage Rate Index (2018=100) (f)				
2020	112.7	102.6	6.4	0.2
2021	123.1	104.7	9.2	2.0
2022	153.3	88.3	24.5	-15.7
2023	170.8	82.0	11.4	-7.1
2024	181.1	85.6	6.0	4.4
2025 (c)	190.8	90.0	5.3	5.1

(a) Based on NCPI (2013=100)

(b) Public sector wage rate index was rebased to 2016 (from 2012) in order to capture the changes introduced to public sector salary structure by the Public Administration Circular No. 03/2016 issued by the Ministry of Public Administration and Management on 25 February 2016. The data relating to the base period employment structure was obtained from the Census of Public and Semi Government Sector Employment conducted by the Department of Census and Statistics in November 2016.

(c) Provisional

(d) The Index numbers are calculated on fixed weights based on the numbers employed as at 31 December 1978. The wage rates used in the calculation of Index Numbers are minimum wages for different trades fixed by the Wage Boards.

(e) Based on CCPI (2006/07=100)

(f) Informal private sector wage rate index was rebased to 2018 (from 2012) in order to capture the recent changes occurred in the informal private sector wages and the employment structure. The Index numbers are calculated using wages data of informal private sector collected through the Country Wide Data Collection System. Base period employment structure was derived from the Quarterly Labour Force Survey conducted by the DCS in 2018.

COMPOSITION OF EXPORTS

USD mn

Category	2021	2022	2023	2024	2025 (a)		Change (%) 2024/2025
					Value	Share (%)	
Agricultural Exports	2,729	2,568	2,567	2,774	3,072	22.6	10.7
Tea	1,324	1,259	1,310	1,436	1,507	11.1	5.0
Coconut	425	400	337	416	574	4.2	37.7
Spices	455	369	393	455	443	3.3	-2.6
Seafood	274	269	262	233	240	1.8	3.1
Minor agricultural products	149	179	181	154	216	1.6	39.8
Vegetables	29	27	28	29	34	0.3	20.9
Rubber	42	41	28	26	31	0.2	20.2
Unmanufactured tobacco	32	24	28	26	27	0.2	3.6
Industrial Exports	9,702	10,465	9,278	9,947	10,461	77.0	5.2
Textiles and garments	5,435	5,952	4,879	5,061	5,314	39.1	5.0
Petroleum products	506	568	539	1,063	971	7.1	-8.7
Rubber products	1,050	977	902	976	915	6.7	-6.2
Food, beverages & tobacco	587	520	539	652	895	6.6	37.4
Machinery and mechanical appliances	501	581	598	486	492	3.6	1.4
Gems, diamonds and jewellery	277	451	500	382	388	2.9	1.6
Chemical products	223	223	194	234	310	2.3	32.2
Base metals and articles	156	177	178	187	207	1.5	10.5
Animal fodder	149	171	146	133	169	1.2	26.9
Transport equipment	148	129	149	107	125	0.9	16.3
Wood and paper products	130	137	114	124	118	0.9	-4.7
Leather, travel goods and footwear	58	86	71	62	69	0.5	11.5
Printing industry products	50	53	55	47	58	0.4	21.7
Plastics and articles thereof	79	61	56	54	56	0.4	3.9
Ceramic products	37	38	34	32	29	0.2	-8.5
Other industrial exports	314	342	323	347	346	2.5	-0.5
Mineral Exports	45	50	38	25	24	0.2	-1.4
Unclassified	23	23	28	26	24	0.2	-6.7
Total Exports	12,499	13,106	11,911	12,772	13,581	100.0	6.3

(a) Provisional

Sources: Sri Lanka Customs
Ceylon Petroleum Corporation and Other Exporters of Petroleum
National Gem and Jewellery Authority
Central Bank of Sri Lanka

COMPOSITION OF IMPORTS

USD mn

Category	2021	2022	2023	2024	2025 (a)		Change (%) 2024/2025
					Value	Share (%)	
Consumer Goods	3,849	2,813	3,044	3,466	5,518	25.7	59.2
Food and Beverages	1,666	1,608	1,693	1,914	2,116	9.9	10.5
Vegetables (b)	384	318	359	446	406	1.9	-8.9
Sugar and confectionery	289	258	436	390	368	1.7	-5.5
Dairy products	318	225	274	240	358	1.7	49.1
Oils and Fats	184	44	134	248	357	1.7	44.0
Cereals and milling industry products	97	431	117	163	155	0.7	-5.2
Seafood	122	66	79	119	135	0.6	13.8
Spices	127	137	133	116	101	0.5	-12.5
Other food and beverages	145	129	162	194	236	1.1	22.0
Other Consumer Goods	2,182	1,205	1,351	1,551	3,402	15.8	119.3
Personal Vehicles	13	12	28	66	1,607	7.5	2,325.5
Medical and pharmaceuticals	883	533	667	576	667	3.1	15.9
Clothing and accessories	221	216	170	226	264	1.2	16.8
Telecommunication devices	383	69	99	142	222	1.0	56.4
Home appliances	257	85	72	156	202	0.9	29.6
Household and furniture items	161	116	122	138	153	0.7	11.0
Rubber Products	102	61	59	85	88	0.4	3.1
Cosmetics and toiletries	70	46	55	75	87	0.4	16.1
Other non food consumables	92	67	79	88	113	0.5	28.3
Intermediate Goods	12,309	12,439	11,007	11,915	11,859	55.2	-0.5
Fuel	3,743	4,897	4,703	4,354	4,042	18.8	-7.2
Crude Oil	625	484	1,138	864	896	4.2	3.8
Refined Petroleum	2,840	4,048	3,095	3,173	2,940	13.7	-7.4
Coal	278	365	470	317	207	1.0	-34.9
Textile and textile articles	3,067	3,065	2,371	2,847	2,749	12.8	-3.4
Chemical products	1,074	966	815	987	1,038	4.8	5.2
Plastic and articles thereof	766	651	475	609	643	3.0	5.6
Base metals	866	323	314	473	541	2.5	14.3
Paper and paperboard and articles thereof	469	466	412	447	411	1.9	-8.0
Wheat and Maize	418	303	338	383	398	1.9	4.1
Vehicle and machinery parts	349	255	233	301	357	1.7	18.7
Food preparations	270	190	171	223	319	1.5	42.9
Fertiliser	158	276	235	201	309	1.4	53.7
Rubber and articles thereof	401	335	200	317	296	1.4	-6.5
Agricultural inputs	264	215	234	264	271	1.3	2.9
Mineral products	159	124	81	127	155	0.7	21.9
Diamonds and precious stones and metals	144	204	268	217	149	0.7	-31.5
Other intermediate goods	160	170	157	164	179	0.8	9.1
Investment Goods	4,463	3,030	2,745	3,448	4,090	19.0	18.6
Machinery and equipment	2,810	1,969	1,868	2,363	2,513	11.7	6.4
Building materials	1,249	926	775	927	1,017	4.7	9.7
Transport equipments	399	132	99	155	556	2.6	259.0
of which, Commercial vehicles	218	54	32	47	440	2.1	831.9
Other investment goods	6	3	3	3	4	0.02	36.2
Unclassified Imports	17	9	16	13	13	0.1	-0.7
Total Imports	20,637	18,291	16,811	18,841	21,480	100.0	14.0
Non Oil Imports	16,895	13,394	12,108	14,487	17,437	81.2	20.4

(a) Provisional

(b) Includes lentils, onions, potatoes, leguminous and other vegetables.

Sources: Sri Lanka Customs
Ceylon Petroleum Corporation
Lanka IOC PLC
Central Bank of Sri Lanka

DIRECTION OF TRADE - EXPORTS (a)

USD mn

Countries	2021		2022		2023		2024		2025 (b)	
	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)
Largest Export Destinations in 2025										
United States of America	3,108	24.9	3,321	25.3	2,769	23.2	2,911	22.8	3,000	22.1
India	829	6.6	860	6.6	853	7.2	884	6.9	1,041	7.7
United Kingdom	938	7.5	963	7.3	849	7.1	906	7.1	930	6.8
Germany	758	6.1	742	5.7	589	4.9	629	4.9	707	5.2
Italy	581	4.6	641	4.9	675	5.7	596	4.7	678	5.0
Netherlands	426	3.4	428	3.3	343	2.9	393	3.1	475	3.5
United Arab Emirates	287	2.3	355	2.7	364	3.1	337	2.6	348	2.6
Canada	316	2.5	361	2.8	294	2.5	321	2.5	318	2.3
China	277	2.2	255	1.9	279	2.3	273	2.1	299	2.2
France	252	2.0	249	1.9	304	2.5	264	2.1	277	2.0
Other Export Destinations										
Australia	260	2.1	256	2.0	228	1.9	248	1.9	263	1.9
Austria	44	0.4	51	0.4	45	0.4	42	0.3	46	0.3
Azerbaijan	49	0.4	69	0.5	51	0.4	65	0.5	60	0.4
Bangladesh	222	1.8	211	1.6	174	1.5	241	1.9	165	1.2
Belgium	341	2.7	310	2.4	223	1.9	251	2.0	256	1.9
Brazil	60	0.5	65	0.5	73	0.6	85	0.7	74	0.5
Chile	56	0.4	46	0.4	47	0.4	57	0.4	75	0.6
Hong Kong	179	1.4	168	1.3	173	1.4	134	1.1	168	1.2
Iran	78	0.6	82	0.6	43	0.4	68	0.5	76	0.6
Iraq	177	1.4	156	1.2	129	1.1	160	1.3	191	1.4
Ireland	75	0.6	96	0.7	81	0.7	89	0.7	101	0.7
Israel	234	1.9	189	1.4	180	1.5	118	0.9	100	0.7
Japan	227	1.8	231	1.8	190	1.6	180	1.4	188	1.4
Jordan	47	0.4	62	0.5	88	0.7	73	0.6	69	0.5
Libya	47	0.4	42	0.3	42	0.4	42	0.3	97	0.7
Malaysia	74	0.6	66	0.5	62	0.5	89	0.7	77	0.6
Maldives	103	0.8	106	0.8	113	0.9	143	1.1	132	1.0
Mexico	205	1.6	190	1.4	183	1.5	182	1.4	191	1.4
Norway	22	0.2	29	0.2	36	0.3	51	0.4	62	0.5
Pakistan	92	0.7	78	0.6	74	0.6	76	0.6	75	0.6
Peru	31	0.2	41	0.3	35	0.3	47	0.4	58	0.4
Poland	81	0.7	72	0.5	62	0.5	72	0.6	82	0.6
Russia	152	1.2	139	1.1	144	1.2	177	1.4	151	1.1
Saudi Arabia	76	0.6	98	0.7	99	0.8	116	0.9	132	1.0
Singapore	101	0.8	131	1.0	123	1.0	105	0.8	147	1.1
South Africa	41	0.3	35	0.3	39	0.3	41	0.3	47	0.3
South Korea	80	0.6	82	0.6	75	0.6	77	0.6	81	0.6
Spain	93	0.7	101	0.8	89	0.8	107	0.8	131	1.0
Sweden	108	0.9	111	0.8	97	0.8	102	0.8	119	0.9
Switzerland	146	1.2	147	1.1	169	1.4	153	1.2	171	1.3
Syria	38	0.3	34	0.3	43	0.4	46	0.4	52	0.4
Taiwan	55	0.4	59	0.5	51	0.4	49	0.4	52	0.4
Thailand	62	0.5	62	0.5	62	0.5	66	0.5	107	0.8
Turkey	178	1.4	120	0.9	196	1.6	137	1.1	156	1.1
Vietnam	63	0.5	47	0.4	37	0.3	40	0.3	53	0.4
Other	829	6.6	1,148	8.8	1,036	8.7	1,531	12.0	1,500	11.0
European Union (EU) (c)	2,967	23.7	3,035	23.2	2,718	22.8	2,761	21.6	3,120	23.0
Asian Clearing Union (ACU) (d)	1,338	10.7	1,343	10.2	1,260	10.6	1,420	11.1	1,498	11.0
SAARC Region (e)	1,259	10.1	1,259	9.6	1,217	10.2	1,348	10.6	1,419	10.5
Middle East (f)	1,185	9.5	1,159	8.8	1,201	10.1	1,118	8.8	1,201	8.8
APTA Region (g)	1,410	11.3	1,409	10.7	1,383	11.6	1,476	11.6	1,590	11.7
BIMSTEC (h)	1,127	9.0	1,139	8.7	1,092	9.2	1,199	9.4	1,321	9.7
C.I.S. Countries (i)	250	2.0	245	1.9	234	2.0	287	2.3	257	1.9

(a) The countries which are not mentioned have relatively smaller value of exports

(b) Provisional

(c) Members of the European Union are Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Republic of Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain and Sweden

(d) Members of the Asian Clearing Union are Bangladesh, Bhutan, India, Iran, Maldives, Myanmar, Nepal, Pakistan and Sri Lanka

(e) Members of the South Asian Association for Regional Co-operation are Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka

(f) Middle Eastern countries are Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Oman, Palestine, Qatar, Saudi Arabia, Syria, Turkey, UAE and Yemen

(g) Asia-Pacific Trade Agreement. Its members are Bangladesh, China, India, Laos, Mongolia, South Korea and Sri Lanka

(h) Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation. Its members are Bangladesh, Bhutan, India, Myanmar, Nepal, Thailand and Sri Lanka

(i) Members of the Commonwealth of Independent States are Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan

Sources: Sri Lanka Customs
National Gem and Jewellery Authority
Central Bank of Sri Lanka

DIRECTION OF TRADE - IMPORTS (a)

USD mn

Countries	2021		2022		2023		2024		2025 (b)	
	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)
Largest Import Origins in 2025										
China	4,756	23.0	3,285	18.0	3,030	18.0	4,366	23.2	5,160	24.0
India	4,625	22.4	4,738	25.9	3,136	18.7	3,870	20.5	4,378	20.4
United Arab Emirates	1,413	6.8	666	3.6	1,850	11.0	1,489	7.9	1,556	7.2
Japan	419	2.0	252	1.4	188	1.1	253	1.3	1,125	5.2
Singapore	792	3.8	871	4.8	866	5.2	1,300	6.9	1,062	4.9
Malaysia	803	3.9	969	5.3	828	4.9	660	3.5	952	4.4
Indonesia	470	2.3	343	1.9	378	2.3	444	2.4	557	2.6
United States of America	511	2.5	378	2.1	504	3.0	443	2.4	545	2.5
Thailand	398	1.9	293	1.6	268	1.6	301	1.6	480	2.2
Oman	95	0.5	115	0.6	343	2.0	473	2.5	469	2.2
Other Import Origins										
Australia	291	1.4	182	1.0	184	1.1	194	1.0	222	1.0
Austria	61	0.3	49	0.3	52	0.3	35	0.2	40	0.2
Bahrain	22	0.1	9	0.0	5	0.0	86	0.5	38	0.2
Bangladesh	83	0.4	82	0.4	67	0.4	84	0.4	120	0.6
Belgium	117	0.6	57	0.3	58	0.3	53	0.3	47	0.2
Brazil	37	0.2	34	0.2	46	0.3	71	0.4	127	0.6
Canada	119	0.6	102	0.6	124	0.7	103	0.5	123	0.6
Denmark	36	0.2	30	0.2	33	0.2	32	0.2	33	0.2
Finland	14	0.1	17	0.1	13	0.1	16	0.1	19	0.1
France	137	0.7	110	0.6	195	1.2	149	0.8	141	0.7
Germany	347	1.7	286	1.6	257	1.5	299	1.6	343	1.6
Hong Kong	291	1.4	247	1.3	189	1.1	231	1.2	210	1.0
Ireland	100	0.5	121	0.7	100	0.6	103	0.5	68	0.3
Italy	315	1.5	289	1.6	244	1.5	286	1.5	287	1.3
Netherlands	87	0.4	79	0.4	89	0.5	66	0.4	69	0.3
New Zealand	276	1.3	164	0.9	251	1.5	216	1.1	329	1.5
Norway	11	0.1	19	0.1	16	0.1	16	0.1	19	0.1
Pakistan	394	1.9	342	1.9	323	1.9	457	2.4	351	1.6
Philippines	65	0.3	30	0.2	23	0.1	57	0.3	67	0.3
Poland	27	0.1	25	0.1	24	0.1	48	0.3	46	0.2
Qatar	60	0.3	24	0.1	28	0.2	57	0.3	45	0.2
Romania	48	0.2	53	0.3	151	0.9	50	0.3	33	0.2
Russia	191	0.9	376	2.1	414	2.5	545	2.9	420	2.0
Saudi Arabia	353	1.7	105	0.6	276	1.6	180	1.0	162	0.8
South Africa	484	2.3	433	2.4	246	1.5	72	0.4	52	0.2
South Korea	300	1.5	225	1.2	218	1.3	200	1.1	256	1.2
Spain	121	0.6	108	0.6	93	0.6	67	0.4	66	0.3
Sweden	49	0.2	46	0.3	36	0.2	40	0.2	51	0.2
Switzerland	99	0.5	105	0.6	98	0.6	84	0.4	64	0.3
Taiwan	449	2.2	383	2.1	265	1.6	325	1.7	343	1.6
Turkey	131	0.6	164	0.9	148	0.9	120	0.6	82	0.4
United Kingdom	237	1.1	194	1.1	206	1.2	168	0.9	237	1.1
Ukraine	91	0.4	48	0.3	48	0.3	12	0.1	31	0.1
Uzbekistan	0.2	0.0	0.1	0.0	19	0.1	18	0.1	30	0.1
Vietnam	398	1.9	243	1.3	188	1.1	239	1.3	272	1.3
Other Countries	512	2.5	1,598	8.7	692	4.1	466	2.5	353	1.6
European Union (EU) (c)	1,479	7.2	1,241	6.8	1,354	8.1	1,233	6.5	1,264	5.9
Asian Clearing Union (ACU) (d)	5,340	25.9	5,331	29.1	3,671	21.8	4,422	23.5	4,863	22.6
SAARC Region (e)	5,323	25.8	5,319	29.1	3,660	21.8	4,414	23.4	4,856	22.6
Middle East (f)	2,243	10.9	1,254	6.9	2,852	17.0	2,640	14.0	2,457	11.4
APTA Region (g)	9,766	47.3	8,331	45.5	6,455	38.4	8,521	45.2	9,915	46.2
BIMSTEC (h)	5,114	24.8	5,120	28.0	3,475	20.7	4,260	22.6	4,980	23.2
C.I.S. Countries (i)	324	1.6	430	2.4	495	2.9	576	3.1	483	2.2

(a) The countries which are not mentioned have relatively smaller value of imports

(b) Provisional

(c) Members of the European Union are Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Republic of Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain and Sweden

(d) Members of the Asian Clearing Union are Bangladesh, Bhutan, India, Iran, Maldives, Myanmar, Nepal, Pakistan and Sri Lanka

(e) Members of the South Asian Association for Regional Co-operation are Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka

(f) Middle Eastern countries are Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Oman, Palestine, Qatar, Saudi Arabia, Syria, Turkey, UAE and Yemen

(g) Asia-Pacific Trade Agreement. Its members are Bangladesh, China, India, Laos, Mongolia, South Korea and Sri Lanka

(h) Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation. Its members are Bangladesh, Bhutan, India, Myanmar, Nepal, Thailand and Sri Lanka

(i) Members of the Commonwealth of Independent States are Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan

Sources: Sri Lanka Customs
Ceylon Petroleum Corporation
Lanka IOC PLC
Central Bank of Sri Lanka

BALANCE OF PAYMENTS - CURRENT ACCOUNT

USD mn

Item	2024 (a)			2025 (b)		
	Credit	Debit	Net	Credit	Debit	Net
Current Account	26,877	25,669	1,207	29,304	27,584	1,719
Goods and Services	19,682	22,317	-2,635	20,647	24,838	-4,191
Goods (c)	12,772	18,841	-6,069	13,581	21,480	-7,899
General merchandise	12,772	18,837	-6,065	13,581	21,471	-7,890
Non-monetary gold		5	-5		9	-9
Services	6,910	3,475	3,435	7,066	3,359	3,707
Manufacturing Services	27	213	-186	20	116	-96
Maintenance and repair services	56	19	37	27	62	-35
Transport	1,794	1,017	777	1,883	996	888
Sea Transport	1,177	441	736	1,393	409	985
Passenger	1	1	0.2	0.4	0.1	0.3
Freight	770	411	359	795	366	429
Other	406	29	377	598	43	555
Air transport	616	570	46	489	585	-97
Passenger	281	279	2	337	202	135
Freight	51	173	-122	35	297	-262
Other	283	118	165	116	86	30
Postal services	1	6	-6	1	1	-1
Travel (d)	3,169	755	2,413	3,219	829	2,391
Construction	212	127	86	132	37	96
Insurance and pension services	24	57	-34	21	50	-29
Financial services	55	65	-9	46	21	25
Charges for the use of intellectual property	7	148	-141	12	165	-153
Telecommunication and computer services	971	244	727	903	297	606
Telecommunications services	123	51	73	103	34	69
Computer services	848	194	654	800	263	537
Other business services	540	563	-23	774	756	18
Education services	49	100	-50	42	116	-74
Professional and management consulting services	224	194	30	326	188	137
Technical, trade-related, and other business services	267	269	-2	407	452	-45
Personal, cultural and recreational services	19	15	4	15	24	-9
Government goods and services n.i.e	36	251	-215	13	7	5
Primary Income	609	3,207	-2,598	580	2,616	-2,036
Compensation of employees	146	20	126	229	28	201
Investment Income	463	3,187	-2,724	350	2,587	-2,237
Direct Investment	73	940	-868	78	1,137	-1,059
Dividends	61	770	-710	61	871	-809
Re-invested earnings	12	170	-158	16	266	-250
Portfolio Investment		877	-877		449	-449
Equity		86	-86		51	-51
Interest		791	-791		398	-398
Short-Term		25	-25		0.5	-0.5
Long-Term		766	-766		398	-398
Actual ISB coupon payments		172			348	
Accrued ISB coupon payments		561			-	
Actual non resident T bond payments		20			37	
Actual other sectors coupon payments		-			-	
Accrued other sectors coupon payments		13			12	
Other Investment	271	1,369	-1,098	125	1,002	-877
Government - Interest Payments		532			677	
Government - Accrued Interest		455			-	
Central Bank - Interest Payments		276			168	
Central Bank - Accrued Interest		-			-	
Commercial Bank - Interest Payments	271	82	189	125	51	74
Other Sectors - Interest Payments		25			107	
Other Sectors - Accrued Interest		-			-	
Reserve assets	119		119	148		148
Secondary Income	6,585	146	6,439	8,077	130	7,947
General Government (e)	10		10	1		1
Personal transfers	6,575	146	6,429	8,076	130	7,946
of which, workers' remittances (f)	6,575			8,076		
Capital Account	20	8	12	2	9	-7
Capital Transfers	20	8	12	2	9	-7
General Government (g) (h)	18		18	2		2
Private Capital transfers	2	8	-7	0.4	9	-9
Current and Capital Account	26,896	25,678	1,219	29,306	27,593	1,712

(a) Revised

(b) Provisional

(c) Exports and imports are recorded on f.o.b. and c.i.f. valuation basis, respectively

(d) Passenger services provided for non-residents are included in transport services

(e) Includes outright grants received in the form of programme, food and commodity aid, cash and technical assistance

(f) Workers' remittances may include other remittances, such as those received following Cyclone Ditwah

(g) Includes outright grants received in the form of project aid

(h) Data on capital transfers to the General Government for 2025 are available only up to first half of 2025

Source: Central Bank of Sri Lanka

BALANCE OF PAYMENTS - FINANCIAL ACCOUNT

USD mn

Item	2024 (a)		2025 (b)	
	Net Acquisition of Financial Assets	Net Incurrence of Liabilities	Net Acquisition of Financial Assets	Net Incurrence of Liabilities
Financial Account	1,970	1,005	1,431	527
Direct Investment	110	759	98	1,044
Equity and Investment Fund Shares	106	497	94	352
Equity other than Reinvestment of Earnings	94	327	78	85
Reinvestment of Earnings	12	170	16	266
Debt Instruments	4	262	4	692
Portfolio Investment	180	302	-259	-267
Equity and Investment Fund Shares	-	3	-	-184
Debt Securities	180	299	-259	-83
Deposit taking corporations	180	-	-259	-
Long-Term	180	-	-259	-
General Government	-	286	-	-95
Short-Term (Treasury Bills)	-	-217	-	-24
Long-Term	-	504	-	-71
Treasury Bonds	-	39	-	272
Sovereign Bonds	-	465	-	-343
Maturities	-	-104	-	-284
Secondary market transactions by non residents	-	9	-	-58
Accrued Interest	-	561	-	-
Other Sectors	-	13	-	12
Long-Term	-	13	-	12
Accrued Interest of International Bonds	-	13	-	12
Financial Derivatives	-	-	-	-
Other Investment	-3	-56	973	-250
Currency and Deposits	-73	-868	-374	-498
Central Bank	-	-900	-	-900
Short-Term	-	-0.2	-	...
Long-Term	-	-900	-	-900
International Swaps	-	-900	-	-900
Deposit-taking Corporations	-73	33	-374	402
Short-Term	-427	33	-49	402
Long-Term	354	-	-325	-
Loans	-	981	-	446
Central Bank	-	-210	-	-215
Credit and Loans with the IMF	-	-210	-	-215
Extended Fund Facility	-	-210	-	-215
Deposit-taking Corporations	-	14	-	138
Short-Term	-	145	-	218
Long-Term	-	-131	-	-80
General Government	-	1,752	-	707
Long-Term	-	1,752	-	707
Credit and Loans with the IMF	-	335	-	891
Disbursements	-	1,552	-	893
Accrued Interest	-	455	-	-
Repayments	-	-589	-	-1,077
Other Sectors (c)	-	-575	-	-183
Long-Term	-	-575	-	-183
Disbursements	-	744	-	1,102
Repayments	-	-1,319	-	-1,285
Trade Credit and Advances	111	-170	369	-199
Deposit-taking Corporations	61	-	14	-
Short-Term	61	-	14	-
Other Sectors (d)	50	-170	355	-199
Short-Term	50	-170	355	-199

(a) Revised

(b) Provisional

(c) Includes State Owned Business Enterprises (SOBEs) and private sector companies

(d) Includes trade credits received by the Ceylon Petroleum Corporation (CPC) and other private companies

Source: Central Bank of Sri Lanka

BALANCE OF PAYMENTS - FINANCIAL ACCOUNT

USD mn

Item	2024 (a)		2025 (b)	
	Net Acquisition of Financial Assets	Net Incurrence of Liabilities	Net Acquisition of Financial Assets	Net Incurrence of Liabilities
Other Investment				
Other Accounts Receivable/Payable	-42	-	978	-
Central Bank	-	-	-	-
Short-Term	-	-	-	-
Deposit-taking Corporations	-42	-	978	-
Short-Term	-42	-	978	-
Special Drawing Rights	-	-	-	-
Reserve Assets	1,682		618	
Monetary Gold	-		19	
Special Drawing Rights	-30		-3	
Reserve Position in the IMF	-		-	
Other Reserve Assets	1,713		602	
Currency and Deposits	103		-134	
Claims on Monetary Authorities	437		-523	
Claims on Other Entities	-334		388	
Securities	1,569		763	
Debt Securities	1,569		763	
Long-Term	1,569		763	
Other Claims	41		-28	
Financial Account (net)	965		904	
Errors and omissions	-254		-808	
Memorandum Items				
Foreign Direct Investment (FDI)				
Equity		327		85
BOI companies		85		23
CSE companies (not registered with BOI)		242		62
Reinvestment of Earnings		170		266
BOI companies		135		194
CSE companies (not registered with BOI)		34		72
Debt Instruments		262		692
BOI Shareholder Advances		82		144
BOI Intercompany Loans		180		592
Other Companies		-		-43
Debt Repayments		-		-
Total FDI (1)		759		1,044
Loans to BOI Companies (2)		85		110
Total FDI, Including Loans to BOI Companies (1 + 2) (e)		845		1,154
Total Net Inflows to the CSE		244		-122
Direct Investment		242		62
Portfolio Investment		3		-184
Net Foreign Investments in Rupee Denominated Government Securities (Treasury Bills and Bonds)		-179		248
Foreign Purchases		334		431
Foreign Sales		513		183

(e) Any difference with the BOI estimates is due to differences in coverage and compilation methodologies

Source: Central Bank of Sri Lanka

INTERNATIONAL INVESTMENT POSITION

USD mn
(End period position)

Item	2024 (a)		2025 (b)	
	Assets	Liabilities	Assets	Liabilities
Direct Investment (c)	1,699	16,598	1,797	18,228
Equity and Investment Fund Shares	1,645	10,128	1,739	11,066
Debt Instruments	54	6,470	58	7,162
Portfolio Investment	353	10,459	95	9,297
Equity and Investment Fund Shares		764		1,116
Other Sectors		764		1,116
Debt Securities (d)	353	9,695	95	8,181
Deposit-taking Corporations	353		95	
Long-Term	353		95	
General Government		9,539		8,012
Short-Term		28		5
Long-Term		9,511		8,008
Other Sectors		156		169
Long-Term		156		169
Financial Derivatives	-	-	-	-
Other Investment	6,367	39,050	7,341	39,464
Currency and Deposits	1,697	7,051	1,323	6,556
Central Bank		2,969		2,072
Short-Term		0.1		0.1
Long-Term		2,969		2,072
Deposit-taking Corporations	1,697	4,082	1,323	4,485
Short-Term	584	4,082	535	4,485
Long-Term	1,113		788	
Loans		30,170		31,215
Central Bank		667		481
Credit and Loans with the IMF		667		481
Deposit-taking Corporations		897		1,035
Short-Term		453		671
Long-Term		445		364
General Government		26,096		27,410
Long-Term		26,096		27,410
Other Sectors (e)		2,510		2,289
Long-Term		2,510		2,289
Trade Credit and Advances	1,741	590	2,110	391
Deposit-taking Corporations	128		142	
Short-Term	128		142	
Other Sectors (f)	1,613	590	1,968	391
Short-Term	1,613	590	1,968	391
Other Accounts Receivable/Payable	2,930		3,908	
Central Bank				
Short-Term				
Deposit-taking Corporations	2,930		3,908	
Short-Term	2,930		3,908	
Special Drawing Rights (SDRs)		1,239		1,301
Reserve Assets	6,122		6,838	
Monetary Gold	40		86	
Special Drawing Rights	3		1	
Reserve Position in the IMF	4		4	
Other Reserve Assets	6,075		6,747	
Currency and Deposits	3,777		3,615	
Claims on Monetary Authorities	1,214		631	
Claims on Other Entities	2,563		2,984	
Securities	2,298		3,132	
Debt Securities	2,298		3,132	
Total Assets / Liabilities	14,542	66,107	16,070	66,989
Net International Investment Position		-51,565		-50,918
Memorandum Items				
IIP- Maturity-wise Breakdown	14,542	66,107	16,070	66,989
Short-Term	9,075	5,917	10,258	6,667
Long-Term	5,467	60,190	5,813	60,322

(a) Revised

(b) Provisional

(c) Include direct investment stock position of BOI, CSE and other private companies

(d) Foreign currency and local currency debt issuances are based on market values and book values respectively

(e) Include outstanding position of loans obtained by State Owned Business Enterprises and private sector companies

(f) Include outstanding trade credit position of Ceylon Petroleum Corporation and other private sector companies

Source: Central Bank of Sri Lanka

OUTSTANDING EXTERNAL DEBT POSITION

Item	USD mn (End period position)	
	2024 (a)	2025 (b)
BASED ON MARKET VALUE		
General Government	35,635	35,422
Treasury Bills and Bonds (based on book value)	223	439
International Sovereign Bonds (based on market price)	9,316	7,574
Outstanding Foreign Loans	26,096	27,410
Central Bank	4,874	3,854
Currency and Deposits (Short-Term)	0.1	0.1
Special Drawing Rights (SDRs) Allocation	1,239	1,301
RBI Special Swap	1,563	656
PBOC Swap Arrangement	1,406	1,416
Credit and Loans with the IMF	667	481
Deposit-taking Corporations	4,980	5,520
Currency and Deposits (c)	4,082	4,485
Loans	897	1,035
Other Sectors (d)	3,256	2,848
Trade Credit and Advances (e)	590	391
Debt Securities (based on market price and including accrued interest)	156	169
Loans by Private Sector and State Owned Business Enterprises	2,510	2,289
Direct Investment: Intercompany Lending (f)	6,470	7,162
Gross External Debt Position by market value	55,215	54,807
Gross External Debt Position by market value - As a Percentage of GDP	55.4	50.4
BASED ON FACE VALUE		
General Government	35,646	36,721
Treasury Bills and Bonds (based on face value)	234	456
International Sovereign Bonds (based on face value)	9,316	8,855
Outstanding Foreign Loans	26,096	27,410
Central Bank	4,874	3,854
Currency and Deposits (Short-Term)	0.1	0.1
Special Drawing Rights (SDRs) Allocation	1,239	1,301
RBI Special Swap	1,563	656
PBOC Swap Arrangement	1,406	1,416
Credit and Loans with the IMF	667	481
Deposit-taking Corporations	4,980	5,520
Currency and Deposits (c)	4,082	4,485
Loans	897	1,035
Other Sectors (d)	3,307	2,898
Trade Credit and Advances (e)	590	391
Debt Securities (based on face value and including accrued interest)	207	219
Loans by Private Sector and State Owned Business Enterprises	2,510	2,289
Direct Investment: Intercompany Lending (f)	6,470	7,162
Gross External Debt Position by face value	55,276	56,156
Gross External Debt Position by face value - As a Percentage of GDP	55.5	51.6
Memorandum Items		
Face Value of Total Outstanding ISBs	10,585	10,255
Outstanding ISBs Held by Non-Residents	9,316	8,855
Outstanding ISBs Held by Residents (g)	1,269	1,400

- (a) Revised
(b) Provisional
(c) Includes deposits of personal foreign currency account holders
(d) Includes private sector and State Owned Business Enterprises
(e) Includes trade credits outstanding of the Ceylon Petroleum Corporation and private sector companies
(f) Includes inter-company borrowings and shareholder advances of BOI registered companies
(g) Excluded from External Debt Statistics from December 2019 onwards

Source: Central Bank of Sri Lanka

EXCHANGE RATE MOVEMENTS (RUPEES PER UNIT OF FOREIGN CURRENCY)

Period	End Period Rates					
	US Dollar	Pound Sterling	Euro	Japanese Yen	Indian Rupee	SDR (a)
2021	200.4338	270.5957	226.8610	1.7415	2.6935	280.5251
2022	363.1100	437.3478	386.9300	2.7385	4.3861	483.2413
2023	323.9233	412.6135	358.7451	2.2911	3.8964	434.5982
2024	292.5833	367.3822	304.5646	1.8702	3.4196	381.5667
2025	309.9944	417.3145	363.9644	1.9814	3.4526	424.5373
2024 January	317.4089	402.3158	343.4364	2.1496	3.8184	422.1157
February	310.1532	392.8245	336.0355	2.0687	3.7411	411.7470
March	301.1837	380.5155	326.0314	1.9909	3.6146	398.5955
April	296.8561	372.4357	317.7399	1.8934	3.5573	391.2356
May	301.8883	384.0774	326.6431	1.9271	3.6245	399.5612
June	305.7065	386.2296	326.9378	1.8987	3.6635	402.1080
July	302.3706	388.4253	327.3313	1.9787	3.6113	401.6752
August	300.3276	395.3362	332.5077	2.0742	3.5807	404.4241
September	299.3565	400.4642	334.0070	2.1023	3.5759	406.0382
October	293.7185	382.0837	317.7594	1.9143	3.4937	390.5340
November	290.9179	369.6548	307.5148	1.9344	3.4431	382.2399
December	292.5833	367.3822	304.5646	1.8702	3.4196	381.5667
2025 January	297.5797	369.6089	309.2002	1.9321	3.4345	387.9933
February	295.4981	372.0764	307.0225	1.9785	3.3839	386.8070
March	296.3472	383.7844	319.8624	1.9649	3.4588	392.8497
April	299.6218	401.2985	340.6250	2.1042	3.5147	406.3201
May	299.4393	403.5843	339.9834	2.0811	3.5070	406.2523
June	299.9674	411.5853	351.7418	2.0810	3.5095	412.1552
July	302.2079	400.6672	345.3481	2.0295	3.4467	409.4645
August	302.4465	408.3784	352.6526	2.0589	3.4514	413.9404
September	302.6097	406.3292	354.7040	2.0357	3.4101	414.8688
October	304.4223	400.4980	352.3384	1.9800	3.4357	413.5242
November	308.0262	407.6881	356.8176	1.9711	3.4458	418.4752
December	309.9944	417.3145	363.9644	1.9814	3.4526	424.5373

(a) Special Drawing Rights (SDRs), the unit of account of the International Monetary Fund

Source : Central Bank of Sri Lanka

FISCAL SECTOR
TABLE 15
ECONOMIC CLASSIFICATION OF GOVERNMENT FISCAL OPERATIONS

Rs. mn

Item	2016	2017	2018	2019 (c)	2020	2021	2022	2023	2024	2025 (b)
1. Total Revenue and Grants	1,693,558	1,839,562	1,932,459	1,898,808	1,373,308	1,463,810	2,012,589	3,074,324	4,090,808	5,485,552
1.1 Total Revenue	1,686,062	1,831,531	1,919,973	1,890,899	1,367,960	1,457,071	1,979,184	3,048,822	4,030,838	5,449,402
Tax Revenue	1,463,689	1,670,178	1,712,318	1,734,925	1,216,542	1,298,019	1,751,132	2,720,563	3,704,577	5,049,192
Taxes on Foreign Trade	302,538	311,782	288,341	280,965	312,334	277,275	273,926	335,266	400,149	625,518
Taxes on Domestic Goods and Services	747,147	921,244	959,365	843,355	555,718	629,812	857,459	1,399,126	2,181,036	3,178,313
Taxes on Net Income and Profits	258,857	274,562	310,449	427,700	268,249	302,115	534,021	911,355	1,026,199	1,139,373
Stamp Duty/Cess Levy/SRL/NBT/NSL/TL/RIDL	155,147	162,591	154,162	182,904	80,241	88,817	85,726	74,816	97,193	105,988
Non Tax Revenue	222,374	161,353	207,656	155,974	151,417	159,052	228,052	328,259	326,261	400,210
1.2 Grants	7,496	8,031	12,486	7,909	5,348	6,740	33,405	25,502	59,970	36,150
2. Expenditure and Net Lending	2,333,883	2,573,056	2,693,228	3,337,896	3,040,996	3,521,735	4,472,556	5,356,591	6,130,739	6,230,415
2.1 Recurrent	1,757,782	1,927,693	2,089,713	2,424,582	2,548,359	2,747,512	3,519,633	4,699,679	5,339,941	5,232,388
Expenditure on Goods and Services	746,250	756,591	806,002	848,278	974,351	1,014,612	1,139,066	1,239,195	1,416,927	1,498,629
Interest Payments	610,895	735,566	852,190	901,353	980,302	1,048,382	1,565,190	2,455,600	2,689,500	2,500,674
Transfer Payments	400,637	435,536	431,521	551,524	717,133	684,518	815,376	1,004,884	1,233,514	1,233,085
Adjustment for arrears as per the Ministry of Finance	-	-	-	123,428	-123,428	-	-	-	-	-
2.2 Capital and Net Lending	576,101	645,364	603,515	913,314	492,638	774,223	952,923	656,912	790,798	998,026
Capital Expenditure	577,036	638,343	612,561	619,069	795,368	767,606	715,429	913,601	776,571	987,457
Lending Minus Repayments	-934	7,021	-9,046	-4,933	-3,552	6,617	237,495	-256,689	14,227	10,569
Adjustment for arrears on capital expenditure as per the Ministry of Finance	-	-	-	299,178	-299,178	-	-	-	-	-
3. Current Account Balance	-71,719	-96,162	-169,740	-533,683	-1,180,399	-1,290,441	-1,540,448	-1,650,857	-1,309,103	217,014
4. Primary Balance	-29,430	2,071	91,421	-537,736	-687,386	-1,009,542	-894,777	173,332	649,569	1,755,811
5. Overall Fiscal Balance	-640,325	-733,494	-760,769	-1,439,088	-1,667,688	-2,057,925	-2,459,967	-2,282,267	-2,039,931	-744,863
6. Financing of Budget Deficit	640,325	733,494	760,769	1,439,088	1,667,688	2,057,925	2,459,967	2,282,267	2,039,931	744,863
6.1 Foreign Financing (Net)	391,914	439,243	323,535	542,641	-83,199	-13,901	424,822	494,655	333,241	142,408
6.2 Domestic Financing (Net)	248,411	294,251	437,234	896,448	1,750,887	2,071,826	2,035,145	1,787,612	1,706,691	602,455

(a) According to the Ministry of Finance, the fiscal sector statistics of 2019 have been restated as announced in the Budget Speech for 2020.

(b) Provisional

 Sources: Ministry of Finance, Planning and Economic Development
Central Bank of Sri Lanka

Note: Social Responsibility Levy (SRL), Nation Building Tax (NBT), National Security Levy (NSL), Telecommunications Levy (TL), Regional Infrastructure Development Levy (RIDL)

OUTSTANDING CENTRAL GOVERNMENT DEBT (AS AT END YEAR) (a)

Rs. mn

Source	2021	2022(b)	2023(b)	2024(b)(c)	2025(b)(c)
Total Domestic Debt (d)	11,097,223	15,033,876	17,051,854	18,309,660	18,675,325
Short Term	3,139,794	4,267,724	3,616,227	3,220,075	2,134,415
Treasury Bills (e)	2,270,508	4,113,907	4,017,035	4,061,554	3,136,291
Domestic Dollar Bonds	-	-	-	-	10,230
Provisional Advances from the Central Bank	150,129	235,639	-	-	-
Other Liabilities to the Banking Sector Net of Bank Deposits (f)	719,157	-81,822	-400,808	-841,479	-1,012,105
Medium and Long Term	7,957,430	10,766,152	13,435,627	15,089,585	16,540,909
Rupee Loans	24,088	24,088	-	-	-
Treasury Bonds (e)	6,966,218	8,709,057	12,002,337	14,079,198	15,427,749
Sri Lanka Development Bonds (g)	455,203	382,092	-	-	-
Domestic Dollar Bonds	-	-	-	-	5,270
International Sovereign Bonds (g)(h)	372,612	635,443	566,866	371,514	434,026
Offshore Banking Units	139,301	131,372	77,742	-	-
Other (i)	7	884,101	788,682	638,873	673,865
By Debt Instrument	11,097,223	15,033,876	17,051,854	18,309,660	18,675,325
Rupee Loans	24,088	24,088	-	-	-
Treasury Bills (e)	2,270,508	4,113,907	4,017,035	4,061,554	3,136,291
Treasury Bonds (e)	6,966,218	8,709,057	12,002,337	14,079,198	15,427,749
Sri Lanka Development Bonds (g)	455,203	382,092	-	-	-
Domestic Dollar Bonds	-	-	-	-	15,500
International Sovereign Bonds (g)(h)	372,612	635,443	566,866	371,514	434,026
Provisional Advances from the Central Bank	150,129	235,639	-	-	-
Other (i)	858,466	933,651	465,616	-202,605	-338,241
By Institution (j)(k)	11,097,223	15,033,876	17,051,854	18,309,660	18,675,325
Banks (Excluding Licensed Specialised Banks)	5,247,919	8,525,718	9,102,839	9,411,206	9,183,454
Central Bank					
By Debt Instrument	1,565,494	2,833,607	2,743,621	2,453,609	2,373,017
Treasury Bills	1,391,281	2,575,717	220,797	-	-
Treasury Bonds (l)	25,471	22,461	2,522,824	2,515,621	2,508,921
Other	148,742	235,429	-	-62,011	-135,903
Commercial Banks					
By Debt Instrument	3,682,425	5,692,111	6,359,218	6,957,596	6,810,437
Rupee Loans	15,870	15,870	-	-	-
Treasury Bills (k)	568,597	657,308	1,997,773	2,707,569	2,344,255
Treasury Bonds (k)	1,459,183	3,116,024	3,338,017	4,027,357	4,226,437
Sri Lanka Development Bonds (g)	406,317	333,611	-	-	-
Domestic Dollar Bonds	-	-	-	-	15,500
International Sovereign Bonds (g)	372,612	635,443	566,866	371,514	434,026
Other	859,845	933,853	456,561	-148,844	-209,781
Non Bank Sector					
By Debt Instrument	4,822,098	6,164,063	7,506,289	8,158,550	8,490,763
Rupee Loans (m)	8,218	8,218	-	-	-
Treasury Bills	220,481	837,279	1,735,925	1,258,161	698,732
Treasury Bonds	4,544,506	5,270,079	5,761,309	6,892,140	7,784,588
Sri Lanka Development Bonds (g)	48,886	48,480	-	-	-
Other	7	7	9,055	8,249	7,443
By Institution (k)	4,822,098	6,164,063	7,506,289	8,158,550	8,490,763
Licensed Specialised Banks	807,352	821,593	1,008,618	1,016,864	1,077,370
Licensed Finance Companies	20,401	58,297	101,661	60,799	33,698
Corporates (n)	86,324	393,536	742,773	716,156	435,816
Insurance Companies	267,738	373,766	494,335	539,397	555,496
Superannuation Funds (o)	3,378,200	3,953,808	4,505,426	5,085,561	5,641,450
Government Institutes, Funds and State Owned Enterprises (p)	170,757	240,282	288,561	388,626	496,864
Local Individual	37,567	255,521	327,355	305,963	207,867
Other (q)	53,759	67,260	37,560	45,185	42,203
Repurchase Transaction Allocations (k)(r)	1,027,207	344,096 (s)	442,727 (s)	739,904 (s)	1,001,108(s)
Treasury bills	90,149	43,604	62,540	95,823	93,304
Treasury bonds	937,058	300,492	380,187	644,081	907,804

(Contd.)

OUTSTANDING CENTRAL GOVERNMENT DEBT (AS AT END YEAR) (a)

Rs. mn

Source	2021	2022(b)	2023(b)	2024(b)(c)	2025(b)(c)
Total Foreign Debt (f)(u)(v)	6,516,958	12,458,155	11,644,094	10,429,044	11,319,363
By Type	6,516,958	12,458,155	11,644,094	10,429,044	11,319,363
Project Loans	3,789,126	7,347,329	6,893,850	6,218,727	6,991,496
Non-project Loans	2,727,832	5,110,826	4,750,245	4,210,316	4,327,867
Commodity	34,904	183,082	208,724	188,055	85,693
Other	2,692,927	4,927,744	4,541,521	4,022,261	4,242,174
By Institution	6,516,958	12,458,155	11,644,094	10,429,044	11,319,363
Multilateral	1,895,340	3,611,552	3,816,950	3,773,453	4,374,005
Bilateral and Commercial	4,621,618	8,846,603	7,827,144	6,655,590	6,945,358
Of which;					
International Sovereign Bonds (g)	2,243,049	3,921,587	3,498,371	2,725,389	2,745,011
Sri Lanka Development Bonds (g)	4,875	9,645	-	-	-
Foreign Currency Term Financing Facilities (g)	445,521	797,589	709,741	715,520	749,024
Non Resident Investment in Treasury Bills	204	12,476	75,419	8,860	1,583
Non Resident Investment in Treasury Bonds	1,710	13,078	42,023	59,665	139,728
Total Outstanding Central Government Debt (Net of Bank Deposits)	17,614,181	27,492,031	28,695,949	28,738,704	29,994,688
Total Outstanding Central Government Debt (Gross)	17,746,030	27,651,073	29,145,593	29,624,379	31,046,351

Note: With the establishment of the Public Debt Management Office (PDMO) under the Ministry of Finance (MOF), the responsibility for recording and publishing Sri Lanka's public debt now falls under the PDMO, as mandated by the provisions of the Public Debt Management Act, No. 33 of 2024. Accordingly, the Quarterly Statistical Debt Bulletin, published by the PDMO, serves as the official source for debt statistics. The Central Bank compiles and present this table based on data received from the MOF, to ensure the data continuity.

Sources : Ministry of Finance, Planning and Economic Development
Central Bank of Sri Lanka

- (a) As per the guidelines of compiling government debt statistics based on the Public Sector Debt Statistics Framework published by the IMF, non resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding ISBs of the Sri Lankan Government have been classified under domestic debt. Further, debt statistics are presented on net basis (net of deposits)
- (b) The outstanding central government debt excludes several debt service payments that became overdue after 12 April 2022, the date of which the Interim Policy regarding the servicing of Sri Lanka's external public debt was announced by the Ministry of Finance, Planning and Economic Development. These debt service payments comprise of overdue interest payments of affected debt which are deemed to be capitalised as per the Interim Policy
- (c) Provisional
- (d) From 2023 onwards, domestic debt compilation method was changed and is based on the data confirmed by the Ministry of Finance, Planning and Economic Development
- (e) Excludes government securities held by non resident investors
- (f) For data from 2020 to 2022 includes liabilities of the Central Government to commercial banks reported in the Monetary Survey of the Central Bank. Thereafter such liabilities were taken from the data confirmed by the Ministry of Finance, Planning and Economic Development.
- (g) Several interest payments that fell overdue after the debt standstill may not be included in the outstanding balance for 2022 since recording of these debt service payments in the debt recording systems is not yet finalised. From 2023 onwards, this no longer applies to SLDBs. Further, as of end 2025, external debt restructuring has been largely completed, except for a small remaining portion.
- (h) Represents ISB outstanding owned by the Licensed Commercial Banks.
- (i) Data from 2022 includes outstanding balance of the government guaranteed foreign currency debt of the Ceylon Petroleum Corporation that was absorbed into central government debt.
- (j) The composition of domestic debt held by the banking and non banking sectors was revised from 2016 due to the adjustment for holdings of SLDBs of businesses and individuals.
- (k) Institution wise classification was revised from the Annual Report 2022 based on records of the Central Depository System System and the data for 2021 have been revised accordingly.
- (l) The CBSL introduced outright purchase of Treasury bonds through Open Market Operations w.e.f. 06 September 2019.
- (m) Includes sinking fund.
- (n) Includes the holdings of Standalone Primary Dealers, leasing companies, private companies, mutual funds, etc.
- (o) Includes the holdings of EPF, ETF, pension funds, provident funds, etc.
- (p) Includes the holdings of Government authorities, Government departments, Ministries, etc.
- (q) Includes the holdings of societies, clubs, associations, etc.
- (r) Includes securities holdings under Repurchase agreements for which absolute ownership could not be established.
- (s) Holdings under repurchase transactions with respect to Open Market Operations, have been allocated to the respective Licensed Commercial Bank or Standalone Primary Dealers.
- (t) Foreign loan debt statistics and classification of foreign debt are prepared based on the data sourced from the CS-DRMS maintained by the Ministry of Finance, Planning and Economic Development. The data for 2024 and 2025 are extracted on 27 February 2025 and 06 March 2026.
- (u) From December 2022 onwards, several outstanding project loan which were previously classified under Ceylon Electricity Board, Airport and Aviation Services Ltd. and Sri Lanka Ports Authority were absorbed into central government debt.
- (v) The 2024 and 2025 data reflect the impact of external debt restructuring.

MONEY RATES: THE CENTRAL BANK AND COMMERCIAL BANKS (a)

End of Period	Central Bank of Sri Lanka		Commercial Banks' Deposit Rates																			
	Overnight Policy Rate (OPR)(b)	Standing Deposit Facility Rate (SDFR)(b)	Standing Lending Facility Rate (SLFR)(b)	3-month			6-month			1-year			2-year			Savings Deposits						
				Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.			
Bank Rate (c)	% per annum																					
2021	-	5.00	6.00	9.00	8.25	0.08	8.00	0.01	15.00	0.15	10.83	0.05	6.35	0.05	4.94	5.94	6.67	AWNDR (g)	AWNDR (f)	AWFDR (e)	AWDR (d)	
2022	-	14.50	15.50	30.22	30.00	4.00	28.50	4.25	30.00	4.50	26.50	4.50	6.00	0.25	14.06	18.49	23.73					
2023	-	9.00	10.00	14.50	16.99	2.50	18.81	1.00	22.00	1.00	14.65	2.00	13.00	0.25	11.64	14.88	11.06					
2024	8.00	7.50	8.50	10.00	10.00	2.50	9.56	2.75	18.39	2.50	11.50	2.00	9.00	0.25	7.53	9.27	6.52					
2025	7.75	7.25	8.25	9.00	9.50	2.25	9.50	2.50	12.00	2.50	11.00	2.00	9.00	0.25	6.78	8.41	6.29	7.02				
2024	-	9.00	10.00	14.50	16.99	2.50	17.18	1.00	22.00	2.00	14.65	2.00	12.00	0.25	11.15	14.28	10.86	11.12				
January	-	9.00	10.00	14.00	13.00	2.75	14.93	3.00	22.00	2.00	14.65	2.00	12.00	0.25	10.80	13.77	9.52	9.77				
February	-	8.50	9.50	14.00	12.25	2.75	13.25	3.00	21.00	2.00	14.73	2.00	10.00	0.25	10.30	13.10	7.61	7.73				
March	-	8.50	9.50	12.50	11.50	2.50	13.25	2.75	21.00	2.50	14.37	2.00	9.00	0.25	9.66	12.12	7.77	7.88				
April	-	8.50	9.50	10.50	10.61	2.50	12.31	2.75	21.00	2.50	14.37	2.00	9.00	0.25	9.05	11.36	7.32	7.64				
May	-	8.50	9.50	11.00	9.75	2.50	11.30	2.75	21.00	2.50	14.37	2.00	9.00	0.25	8.38	10.39	7.24	7.32				
June	-	8.25	9.25	10.50	9.50	2.50	10.50	2.75	21.00	2.50	14.37	2.00	9.00	0.25	8.04	9.90	7.32	7.39				
July	-	8.25	9.25	10.00	9.50	2.50	12.00	2.75	21.00	2.50	10.50	2.00	9.00	0.25	7.87	9.67	7.07	7.15				
August	-	8.25	9.25	10.50	10.00	2.00	10.20	2.75	18.39	2.50	11.00	2.00	9.00	0.25	7.70	9.46	7.18	7.27				
September	-	8.25	9.25	10.00	10.00	2.00	9.75	2.75	18.39	2.50	11.00	2.00	9.00	0.25	7.61	9.46	7.18	7.23				
October	8.00	7.50	8.50	10.00	10.00	2.50	10.25	2.75	18.39	2.50	11.00	2.00	9.00	0.25	7.59	9.36	7.15	7.19				
November	8.00	7.50	8.50	10.00	10.00	2.50	9.56	2.75	18.39	2.50	11.50	2.00	9.00	0.25	7.53	9.27	6.52	6.57				
December	8.00	7.50	8.50	10.00	10.00	2.50	9.56	2.75	18.39	2.50	11.50	2.00	9.00	0.25	7.53	9.27	6.52	6.57				
2025	8.00	7.50	8.50	10.00	9.50	2.50	9.00	2.75	18.39	2.50	11.00	2.00	9.00	0.25	7.31	8.97	6.26	6.62				
January	8.00	7.50	8.50	9.50	9.50	2.50	9.00	2.75	18.39	2.50	11.00	2.00	9.00	0.25	7.31	8.97	6.26	6.62				
February	8.00	7.50	8.50	9.50	9.50	2.50	9.00	2.75	18.39	2.50	11.00	2.00	9.00	0.25	7.31	8.97	6.26	6.62				
March	8.00	7.50	8.50	9.50	8.60	2.50	9.00	2.75	18.39	2.50	11.00	2.00	9.00	0.25	7.31	8.97	6.26	6.62				
April	8.00	7.50	8.50	9.50	8.35	2.25	9.00	2.50	12.00	2.50	10.75	2.00	9.00	0.25	7.15	8.79	6.33	6.75				
May	7.75	7.25	8.25	9.50	8.35	2.25	8.75	2.50	12.00	2.50	10.75	2.00	9.00	0.25	7.08	8.74	6.24	6.78				
June	7.75	7.25	8.25	9.00	8.35	2.00	8.75	2.25	12.00	2.50	10.50	2.00	9.00	0.25	6.93	8.56	6.23	6.62				
July	7.75	7.25	8.25	9.00	8.35	2.00	8.75	2.25	12.00	2.50	10.50	2.00	9.00	0.25	6.88	8.46	6.24	6.90				
August	7.75	7.25	8.25	9.50	8.30	2.00	8.50	2.25	12.00	2.50	10.75	2.00	9.00	0.25	6.82	8.36	6.11	6.61				
September	7.75	7.25	8.25	9.00	8.50	2.25	8.75	2.50	12.00	2.50	10.90	2.00	9.00	0.25	6.80	8.34	5.89	6.46				
October	7.75	7.25	8.25	9.00	9.00	2.25	8.75	2.50	12.00	2.50	10.60	2.00	9.00	0.25	6.79	8.32	5.94	6.63				
November	7.75	7.25	8.25	9.00	9.10	2.25	9.50	2.50	12.00	2.50	11.00	2.00	9.00	0.25	6.77	8.31	6.03	6.53				
December	7.75	7.25	8.25	9.00	9.50	2.25	9.50	2.50	12.00	2.50	11.00	2.00	9.00	0.25	6.78	8.41	6.29	7.02				

(a) All interest rates are as at the end of period, unless otherwise stated.
 (b) With effect from 27 November 2024, the OPR is defined as the policy interest rate of the Central Bank under the single policy rate mechanism. SDPR and SLFR are linked to the OPR with a pre-determined margin as decided by the Central Bank, and continue to serve as interest rates applicable under the standing facilities of the Central Bank.
 (c) The rate at which the Central Bank grants advances to banking institutions as the lender of last resort (LOLR). Up to April 2020, the Bank Rate was a fixed rate determined by the Monetary Board. Since 16 April 2020, the Bank Rate was allowed to be determined automatically with a margin of 300 bps above the SLFR. Since 03 November 2022, Bank Rate was allowed to commensurately be adjusted in line with the monthly Average Weighted New Deposit Rate (AWNDR) published by the Central Bank with a margin of +700 bps. This margin was subsequently reduced to +300 bps with effect from 02 January 2023, with the resulting rate rounded to the nearest half percentage point. Since 01 March 2023, Bank Rate was delisted from monetary policy instruments and it is to be considered as a policy instrument that the Central Bank uses as the LOLR to support the stability of the banking and financial system.
 (d) The Average Weighted Deposit Rate (AWDR) is calculated by the Central Bank monthly, based on interest rates pertaining to all outstanding interest bearing rupee deposits held with licensed commercial banks (LCBs).
 (e) The Average Weighted Fixed Deposit Rate (AWFDR) is calculated by the Central Bank monthly, based on interest rates pertaining to all outstanding interest bearing rupee deposits held with LCBs.
 (f) The Average Weighted New Deposit Rate (AWNDR) is calculated by the Central Bank monthly, based on interest rates pertaining to all new interest bearing rupee deposits mobilised by LCBs during a particular month.
 (g) The Average Weighted New Fixed Deposit Rate (AWNDFDR) is calculated by the Central Bank monthly, based on interest rates pertaining to all new interest bearing rupee time deposits mobilised by LCBs during a particular month.

(Contd.)

MONETARY AND FINANCIAL SECTOR

TABLE 17 (Contd.)

MONEY RATES: THE CENTRAL BANK AND COMMERCIAL BANKS (a)

% per annum

End of Period	Commercial Banks' Lending Rates																	Interbank Call Money Market Rate		
	Loans and Overdrafts										Bills Purchased and Discounted					AWNSR (k)		Max.	Min.	Average Weighted
	Secured by		Unsecured		Secured by		Unsecured		Secured by		Unsecured		AWNSR (k)	AWNSR (k)	Max.	Min.				
	Stock in Trade	Immovable Property	Other	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.					Min.	Max.	Min.	
2021	28.00	4.00	28.00	3.02	28.00	1.00	28.00	3.03	18.00	3.14	8.33	9.87	9.48	10.49	10.04	6.00	5.88	5.95		
2022	42.48	5.66	39.00	2.81	36.68	1.05	39.41	6.00	35.56	8.00	28.19	18.70	26.20	20.73	26.91	15.50	15.50	15.50		
2023	28.00	5.66	34.97	1.00	32.54	3.50	36.00	1.00	26.50	7.50	12.39	14.21	14.38	15.33	14.96	9.40	9.05	9.24		
2024	26.50	5.57	32.00	1.50	28.00	3.50	32.00	1.00	24.50	6.84	8.92	11.93	10.77	12.48	11.59	8.00	8.00	8.00		
2025	26.50	5.57	32.00	4.00	28.00	3.00	32.00	5.20	24.50	5.75	8.87	11.48	10.69	11.53	11.12	8.05	7.95	8.04		
2024	26.50	5.66	32.00	3.50	29.93	3.50	36.00	2.00	26.50	8.00	11.94	13.88	13.91	14.98	14.89	9.10	9.10	9.10		
January	26.50	5.66	34.00	1.00	32.54	2.00	39.40	1.00	29.65	8.00	11.59	13.74	13.44	14.72	14.35	9.30	9.15	9.21		
February	26.50	5.66	35.69	1.00	28.00	3.50	36.00	1.00	24.50	8.00	11.11	13.43	12.96	14.41	13.78	9.00	8.65	8.71		
March	26.50	2.00	32.24	1.00	28.00	3.50	36.00	1.00	24.50	9.33	10.38	13.14	12.67	14.07	13.25	8.60	8.50	8.57		
April	26.50	5.57	32.24	1.00	30.50	3.50	36.00	1.00	24.50	8.90	9.65	12.81	12.09	13.72	12.52	8.75	8.50	8.66		
May	26.50	5.57	32.00	1.00	28.00	2.00	36.00	1.00	24.50	7.47	9.08	12.47	11.45	13.32	12.25	8.80	8.50	8.75		
June	26.50	5.57	32.00	1.00	28.00	3.50	36.00	1.00	24.50	7.47	8.97	12.25	11.52	13.07	11.88	8.80	8.30	8.55		
July	26.50	5.33	32.00	1.50	28.00	3.50	36.00	1.00	24.50	7.00	9.10	12.12	11.23	12.88	11.95	8.75	8.75	8.75		
August	26.50	5.57	32.00	1.50	28.00	3.50	36.00	1.00	24.50	7.00	9.31	12.14	11.33	12.88	12.12	8.70	8.65	8.65		
September	26.50	5.57	32.00	1.50	28.00	3.50	32.00	1.00	24.50	7.47	9.14	12.09	11.15	12.81	11.86	8.55	8.50	8.53		
October	26.50	5.50	32.00	1.50	28.00	3.50	32.00	1.00	24.50	6.13	9.11	12.06	11.02	12.63	11.84	8.30	8.02	8.15		
November	26.50	5.57	32.00	1.50	28.00	3.50	32.00	1.00	24.50	6.84	8.92	11.93	10.77	12.48	11.59	8.00	8.00	8.00		
December	26.50	5.57	32.00	1.50	28.00	3.50	32.00	1.00	24.50	6.84	8.92	11.93	10.77	12.48	11.59	8.00	8.00	8.00		
2025	26.50	5.57	32.00	1.50	28.00	3.50	32.00	1.00	24.50	6.50	8.66	12.07	10.69	12.38	11.56	8.00	8.00	8.00		
January	26.50	5.57	32.00	5.00	28.00	4.00	32.00	1.00	24.50	6.30	8.45	11.99	10.45	12.20	11.07	8.00	7.62	7.98		
February	26.50	5.57	32.00	5.00	28.00	4.00	32.00	1.00	24.50	6.25	8.39	11.80	10.46	12.14	11.31	7.95	7.95	7.95		
March	26.50	5.52	32.00	5.00	28.00	4.00	32.00	1.00	24.50	6.13	8.47	11.70	10.54	12.06	11.02	7.98	7.98	7.98		
April	26.50	5.57	32.00	5.00	28.50	4.00	32.00	1.00	24.50	6.13	8.45	11.67	10.56	11.94	10.86	7.75	7.75	7.75		
May	26.50	5.57	32.00	5.00	28.00	4.00	32.00	5.07	24.50	6.13	8.22	11.56	10.28	11.82	10.81	7.75	7.75	7.75		
June	26.50	5.57	32.00	5.00	28.00	4.00	32.00	5.20	24.50	6.13	8.02	11.50	10.40	11.78	10.77	7.85	7.75	7.80		
July	26.50	5.57	32.00	5.00	28.00	4.00	32.00	4.42	24.50	6.05	8.10	11.44	10.35	11.66	10.79	7.86	7.85	7.86		
August	26.50	5.57	32.00	5.00	28.00	4.00	32.00	5.20	24.50	7.00	8.10	11.37	10.27	11.48	10.77	7.87	7.86	7.87		
September	26.50	5.57	32.00	4.00	28.00	4.00	32.00	4.00	24.50	7.00	8.15	11.37	10.46	11.46	11.00	7.95	7.90	7.91		
October	26.50	5.57	32.00	4.00	28.00	4.00	32.00	4.84	24.50	5.75	8.44	11.37	10.47	11.43	10.92	7.98	7.88	7.95		
November	26.50	5.57	32.00	4.00	28.00	3.00	32.00	5.20	24.50	5.75	8.87	11.48	10.69	11.53	11.12	8.05	7.95	8.04		
December	26.50	5.57	32.00	4.00	28.00	3.00	32.00	5.20	24.50	5.75	8.87	11.48	10.69	11.53	11.12	8.05	7.95	8.04		

Source: Central Bank of Sri Lanka

(h) The Average Weighted Prime Lending Rate (AWPR) is calculated by the Central Bank weekly, based on interest rates applicable to short term rupee loans and advances granted by LCBs to their prime customers during a particular week. The monthly figures are average values of calculated weekly rates.

(i) The Average Weighted Lending Rate (AWLR) is calculated by the Central Bank monthly, based on interest rates pertaining to all outstanding rupee loans and advances extended by LCBs.

(j) The Average Weighted New Lending Rate (AWNLR) is calculated by the Central Bank monthly, based on interest rates pertaining to all new rupee loans and advances extended by LCBs during a particular month.

(k) The Average Weighted SME Rate (AWSR) reflects interest rates on all outstanding rupee loans extended by licensed banks to the MSME sector, while the Average Weighted New SME Rate (AWNRSR) captures rates on new rupee loans granted during a given month by licensed banks to the MSME sector. Both exclude government's refinancing schemes and non-performing loans of the banks. AWNSR and AWNSR are computed based on the SME survey of the Central Bank of Sri Lanka. This survey uses the criterion of annual turnover of not exceeding Rs. 1 bn to define MSMEs, in line with the standard definition. The compilation of the rates commenced in July 2020.

MONETARY AND FINANCIAL SECTOR

TABLE 18

CONSOLIDATED MONETARY SURVEY - M_{2b} (a)

Rs. mn

End of Period	Broad Money (M_{2b}) (c)				Net Foreign Assets (b)				Net Domestic Assets					Total Net Domestic Assets (14)+(15)		
	Narrow Money (M_1) (c)		Time and Savings Deposits (d)	Broad Money (M_{2b}) (3)+(4)	Monetary Authorities (e)	Commercial Banks (7)	Total Foreign Assets (6)+(7)	Credit to the Government (Net) (f)			Credit to Public Corporations / SOBEs (12)	Credit to Private Sector (13)	Total Credit (11)+(12)+(13)		Other Items (Net) (15)	
	Currency Deposits (1)	Demand Deposits (2)						Total Narrow Money (M_1) (1)+(2)	(3)	(4)						(5)	(6)	(7)	(8)	Central Bank (9)	Commercial Banks (10)	Total Credit to the Govt. (9)+(10)
2021	784,450	675,446	1,459,895	9,187,413	10,647,309	-387,263	-594,713	-981,976	2,094,095	3,738,325	5,832,420	1,188,103	6,981,428	14,001,951	-2,372,666	11,629,285
2022	742,042	711,555	1,453,597	10,836,040	12,289,637	-1,613,861	-152,952	-1,766,813	3,432,493	4,038,615	7,471,108	1,749,708	7,411,456	16,632,273	-2,575,823	14,056,450
2023(g)	900,136	757,906	1,658,043	11,531,071	13,189,113	-837,336	381,238	-456,098	2,376,234	5,908,757	8,284,991	769,810	7,366,418	16,421,220	-2,776,008	13,645,211
2024	1,051,070	874,494	1,925,563	12,396,138	14,321,701	222,149	350,759	572,909	1,773,558	6,496,550	8,270,108	656,664	8,156,045	17,082,817	-3,334,025	13,748,792
2025	1,248,533	1,039,493	2,288,025	13,686,980	15,975,005	713,276	353,485	1,066,761	1,828,108	6,457,141	8,285,248	519,690	10,212,159	19,017,098	-4,108,853	14,908,245
2024	888,041	718,515	1,606,556	11,508,387	13,114,943	-745,064	345,104	-399,960	2,284,587	6,050,541	8,335,128	747,019	7,314,212	16,396,359	-2,881,456	13,514,903
February	903,847	722,917	1,626,764	11,574,365	13,201,130	-686,116	365,883	-320,233	2,163,639	6,153,359	8,316,998	733,021	7,321,482	16,371,502	-2,850,139	13,521,362
March	972,329	748,149	1,720,478	11,604,143	13,324,620	-499,445	327,262	-172,183	2,068,312	6,188,242	8,256,555	713,188	7,393,383	16,363,126	-2,866,323	13,496,803
April	947,927	788,987	1,736,914	11,683,066	13,419,979	-315,322	262,429	-52,893	1,953,312	6,277,102	8,230,313	701,395	7,377,167	16,308,876	-2,836,004	13,472,872
May	947,980	784,651	1,732,631	11,883,746	13,616,377	-248,034	341,978	93,944	1,864,188	6,291,122	8,155,310	701,217	7,437,850	16,294,377	-2,771,945	13,522,433
June	971,794	796,610	1,768,404	11,979,521	13,747,925	-236,932	417,165	180,233	1,825,778	6,263,920	8,089,698	709,421	7,512,355	16,311,474	-2,743,782	13,567,692
July	984,850	783,753	1,768,604	12,055,973	13,824,576	-201,236	421,461	220,224	1,806,037	6,346,547	8,152,584	672,057	7,572,565	16,397,205	-2,792,854	13,604,352
August	1,010,931	789,647	1,800,578	12,076,201	13,876,778	-100,713	394,042	293,329	1,754,912	6,303,930	8,058,843	651,603	7,707,737	16,418,183	-2,834,734	13,583,449
September	1,011,808	797,636	1,809,443	12,140,467	13,949,910	-52,376	409,172	356,796	1,745,739	6,270,619	8,016,358	657,392	7,796,595	16,470,346	-2,877,231	13,593,115
October	1,013,069	788,607	1,801,677	12,206,957	14,008,634	18,615	388,653	407,268	1,674,209	6,279,330	7,953,539	666,165	7,870,936	16,490,640	-2,889,274	13,601,366
November	1,009,890	789,949	1,799,840	12,287,106	14,086,946	91,020	347,221	438,240	1,803,088	6,307,095	8,110,183	658,926	7,962,823	16,731,932	-3,083,226	13,648,705
December	1,051,070	874,494	1,925,563	12,396,138	14,321,701	222,149	350,759	572,909	1,773,558	6,496,550	8,270,108	656,664	8,156,045	17,082,817	-3,334,025	13,748,792
2025	1,052,092	837,191	1,889,283	12,549,812	14,439,095	266,604	480,752	747,355	1,728,750	6,579,686	8,308,435	647,952	8,151,445	17,107,833	-3,416,093	13,691,740
January	1,084,550	853,710	1,938,260	12,605,502	14,543,762	316,366	478,364	794,730	1,719,173	6,543,024	8,262,197	647,255	8,256,874	17,166,326	-3,417,294	13,749,032
February	1,160,243	879,628	2,039,870	12,737,839	14,777,710	423,983	531,788	955,772	1,785,304	6,572,421	8,357,725	649,475	8,414,613	17,421,813	-3,599,875	13,821,938
March	1,137,326	910,772	2,048,098	12,883,773	14,931,871	433,023	556,483	989,506	1,749,516	6,629,569	8,379,085	653,914	8,501,619	17,534,618	-3,592,253	13,942,365
April	1,149,233	889,382	2,038,615	12,926,890	14,965,505	461,515	484,013	945,529	1,872,596	6,576,633	8,449,229	637,961	8,634,551	17,721,741	-3,701,765	14,019,976
May	1,147,957	931,891	2,079,848	13,095,968	15,175,816	424,182	465,424	889,607	1,821,348	6,674,873	8,496,221	636,826	8,856,118	17,989,166	-3,702,956	14,286,209
June	1,149,532	924,891	2,094,423	13,111,350	15,205,773	441,364	436,993	878,357	1,850,678	6,685,226	8,535,904	603,576	9,057,627	18,197,108	-3,869,691	14,327,416
July	1,194,514	928,607	2,123,122	13,244,812	15,367,934	514,829	484,552	999,381	1,862,000	6,519,432	8,381,431	617,759	9,284,425	18,283,616	-3,919,117	14,368,553
August	1,166,564	952,798	2,119,363	13,345,601	15,464,964	566,995	397,381	964,376	1,801,302	6,479,502	8,280,804	608,799	9,520,703	18,410,306	-3,909,717	14,500,588
September	1,179,770	949,860	2,129,630	13,448,200	15,577,830	579,508	368,541	948,049	1,813,006	6,365,860	8,178,866	586,932	9,766,768	18,532,566	-3,902,785	14,629,781
October	1,192,118	941,818	2,133,936	13,545,909	15,679,845	561,242	342,471	903,714	1,852,500	6,262,380	8,114,880	584,779	10,029,390	18,729,050	-3,952,919	14,776,131
November	1,248,533	1,039,493	2,288,025	13,686,980	15,975,005	713,276	353,485	1,066,761	1,828,108	6,457,141	8,285,248	519,690	10,212,159	19,017,098	-4,108,853	14,908,245
December	1,248,533	1,039,493	2,288,025	13,686,980	15,975,005	713,276	353,485	1,066,761	1,828,108	6,457,141	8,285,248	519,690	10,212,159	19,017,098	-4,108,853	14,908,245

Source: Central Bank of Sri Lanka

(a) M_{2b} is based on the aggregated data pertaining to the Central Bank and LCBs in Sri Lanka.

(b) External assets (net) of the Central Bank and LCBs (including outward bills).

(c) Currency and demand deposits held by the public.

(d) Time and savings deposits of the public held with LCBs. This includes a portion foreign currency denominated time and savings deposits held with LCBs as well.

(e) This includes NFA of the Central Bank as well as the Government's Crown Agent's balance reported by the Department of State Accounts. The Government's Crown Agent's balance has not been reported since February 2025, following the discontinuation of Crown Agent's operations and the Government's decision to close the account.

(f) Credit extended by the banking system to the Government, net of government deposits with banks and government cash deposits.

(g) With the approval of the Cabinet of Ministers at its meeting held on 30 January 2023, the outstanding foreign currency guaranteed debt of the Ceylon Petroleum Corporation (CPC) was absorbed into central government debt with effect from December 2022. Accordingly, this adjustment was implemented in two phases, first in April 2023 and subsequently in December 2023; hence, was reflected in the balance sheets of the particular state-owned commercial banks, which caused a reduction in credit to public corporations/ SOBEs and a corresponding expansion in net credit to the Government (NCG).

COMMERCIAL BANKS' LOANS AND ADVANCES TO THE PRIVATE SECTOR (a)(b)

Category	End December 2024 (c)		End December 2025 (d)		% Change (y-o-y)
	Amount (Rs. bn)	As a % of Total	Amount (Rs. bn)	As a % of Total	
1. Agriculture and Fishing	749	9.3	912	9.0	21.8
of which,					
Tea	169	2.1	194	1.9	14.6
Rubber	52	0.6	60	0.6	15.9
Coconut	42	0.5	62	0.6	46.7
Paddy	50	0.6	75	0.7	49.7
Vegetable and Fruit Cultivation and Minor Food Crops	58	0.7	72	0.7	23.3
Livestock and Dairy Farming	59	0.7	74	0.7	26.2
Fisheries	40	0.5	59	0.6	44.8
2. Industry	3,221	39.9	3,805	37.8	18.1
of which,					
Construction	1,524	18.9	1,813	18.0	18.9
of which,					
Personal Housing including Purchasing/Construction/Repairs	738	9.1	903	9.0	22.3
Staff Housing	72	0.9	82	0.8	13.9
Food and Beverages	203	2.5	239	2.4	17.9
Textiles and Apparel	381	4.7	404	4.0	6.2
Wood and Wood Products including Furniture	38	0.5	36	0.4	-5.1
Paper and Paper Products	47	0.6	59	0.6	26.5
Chemical, Petroleum, Pharmaceutical and Healthcare, and Rubber and Plastic Products	210	2.6	226	2.2	7.5
Non-metallic Mineral Products	30	0.4	13	0.1	-56.9
Basic Metal Products	53	0.7	77	0.8	44.0
Fabricated Metal Products, Machinery and Transport Equipment	187	2.3	316	3.1	68.8
Other Manufactured Products	33	0.4	53	0.5	60.3
3. Services	2,290	28.4	3,139	31.2	37.1
of which,					
Wholesale and Retail Trade	752	9.3	1,127	11.2	49.9
Tourism	298	3.7	284	2.8	-4.4
Financial and Business Services	441	5.5	784	7.8	77.7
Transport	57	0.7	83	0.8	47.2
Communication and Information Technology	156	1.9	137	1.4	-12.1
Printing and Publishing	26	0.3	24	0.2	-9.6
Education	46	0.6	54	0.5	17.5
Health	61	0.8	61	0.6	0.6
Shipping, Aviation and Freight Forwarding	59	0.7	39	0.4	-34.4
4. Personal Loans and Advances (e)	1,815	22.5	2,221	22.0	22.4
of which,					
Consumer Durables	39	0.5	81	0.8	105.5
Pawning	660	8.2	898	8.9	36.0
Credit Cards	169	2.1	193	1.9	14.4
Personal Education	18	0.2	7	0.1	-59.7
Personal Healthcare	1.1	...	1.5	...	32.8
Others	879	10.9	964	9.6	9.6
5. Total (f)	8,074	100.0	10,077	100.0	24.8

(a) Based on the Monthly Survey of Commercial Banks' Loans and Advances to the Private Sector. This survey was commenced in April 2025, by replacing the Quarterly Survey of Commercial Banks' Loans and Advances to the Private Sector.

Source: Central Bank of Sri Lanka

(b) Includes loans, overdrafts, and bills discounted and excludes cash items in the process of collection.

(c) Revised

(d) Provisional

(e) Excludes personal housing loans, which have been included under 'Construction' classified under 'Industry' and includes Safety Net Scheme related loans.

(f) Total credit to the private sector as per the Monthly Survey differ from that in the Monetary Survey due to differences in the compilation methodologies.

FINANCIAL SOUNDNESS INDICATORS - BANKING INDUSTRY

	2021	2022	2023	2024 (a)	2025 (b)
1. Capital Adequacy (%)					
1.1 Total Capital Ratio (Regulatory Capital to Risk Weighted Assets)	17.9	16.2	18.4	20.3	17.9
1.2 Tier 1 Capital Ratio (Tier 1 Capital to Risk Weighted Assets)	14.4	13.2	15.2	16.8	14.6
1.3 Tier 1 Capital to Total Assets Ratio	6.4	6.4	6.8	7.4	6.9
1.4 Stage 3 Loans Including Undrawn Amounts (Net of Stage 3 Impairment) to Capital Funds Ratio	33.1	44.1	40.9	31.5	23.8
1.5 Borrowings to Capital Funds Ratio	161.2	117.3	79.1	62.9	70.7
1.6 Capital Funds to Total Assets Ratio	8.0	8.2	8.7	9.3	9.5
1.7 Leverage Ratio	6.1	5.9	5.9	6.4	6.6
2. Assets Quality (%)					
2.1 Stage 3 Loans to Total Loans Ratio (Including Undrawn Amounts)	7.6	11.3	12.8	12.3	9.7
2.2 Stage 3 Loans to Total Loans Ratio (Excluding Undrawn Amounts)		11.6	12.8	12.7	9.7
2.3 Total Impairment (c) Coverage Ratio (Excluding Undrawn Amounts)	5.3	8.0	8.7	8.7	7.4
2.4 Stage 3 Impairment Coverage Ratio (Including Undrawn Amounts)	46.6	45.2	49.0	54.1	58.3
2.5 Total Impairment (c) Coverage Ratio (Including Undrawn Amounts)	5.0	7.9	8.6	8.5	7.2
2.6 Total Impairment (c) to Total Assets Ratio	3.4	4.7	4.7	4.5	4.1
2.7 Total Loans and Receivables to Total Assets Ratio	63.8	58.2	54.0	51.8	55.9
2.8 Total Investments to Total Assets Ratio	29.5	30.6	35.8	41.0	37.6
2.9 Total Income to Total Assets Ratio	8.0	12.2	13.8	10.5	10.3
2.10 Net Interest Income to Total Assets Ratio	3.3	3.9	3.5	4.1	4.1
2.11 Non Interest Income to Total Assets Ratio	0.9	1.4	1.0	0.3	1.1
3. Earnings and Profitability (%)					
3.1 Return on Equity (ROE) - After Tax	13.4	10.4	11.5	17.4	16.6
3.2 Return on Assets (ROA) - Before Tax	1.4	0.9	1.5	2.6	2.4
3.3 Return on Assets (ROA) - After Tax	1.1	0.8	1.0	1.6	1.5
3.4 Interest Income to Total Income Ratio	88.6	88.1	92.6	96.9	89.3
3.5 Net Interest Income to Total Income Ratio	40.8	31.8	25.4	39.3	39.9
3.6 Non Interest Income to Total Income Ratio	11.4	11.9	7.4	3.1	10.7
3.7 Non Interest Expenses (Operating Expenses) to Total Income Ratio	19.8	13.7	13.3	19.2	19.2
3.8 Personal Expenses to Non Interest Expenses Ratio	55.1	53.5	50.8	54.3	53.9
3.9 Personal Expenses to Total Income Ratio	10.9	7.3	6.7	10.4	10.4
3.10 Impairment to Total Income Ratio	11.7	19.9	6.1	-6.8	2.3
3.11 Efficiency Ratio	38.0	31.4	40.5	45.3	38.0
3.12 Interest Margin (Net Interest Income to Average Assets)	3.5	4.0	3.7	4.4	4.3
4. Liquidity (%)					
4.1 Total High Quality Liquid Assets to Total Assets Ratio	22.5	18.5	32.2	38.6	33.7
4.2 Rupee Liquidity Coverage Ratio	217.8	237.5	340.9	349.9	283.3
4.3 All Currency Liquidity Coverage Ratio	171.8	191.4	288.4	313.8	249.7
4.4 Total High Quality Liquid Assets to Total Deposits Ratio	29.4	23.5	39.4	47.6	42.2
4.5 Current & Savings Deposits to Total Deposits Ratio	38.0	31.2	32.3	31.2	33.1
4.6 Total High Quality Liquid Assets to Short Term Outflows Ratio		24.9	42.0	51.7	45.7
4.7 Total Deposits to Total Loans & Receivables Ratio	120.1	135.4	150.9	156.6	143.0
4.8 Net Stable Funding Ratio	135.1	141.1	158.4	164.8	154.1
5. Assets / Funding Structure					
5.1 Deposits (% of Total Assets)	76.5	78.8	81.5	81.1	80.0
5.2 Borrowings (% of Total Assets)	12.9	9.6	6.9	5.8	6.7
5.3 Capital Funds (% of Total Assets)	8.0	8.2	8.7	9.3	9.5
5.4 Other (% of Total Assets)	2.5	3.3	2.9	3.8	3.8
5.5 Credit to Deposits Ratio	83.3	73.9	66.3	63.9	69.9
5.6 Credit to Deposits and Borrowings Ratio	71.3	65.8	61.1	59.6	64.5
5.7 Credit to Deposits, Borrowings and Capital Ratio	65.4	60.2	55.7	53.8	58.1
6. Financial Infrastructure					
6.1 No. of Branches (Excluding Student Savings Units)	3,621	3,632	3,639	3,642	3,642
6.2 No. of ATMs	6,439	6,702	6,942	7,285	7,412

(a) Revised

(b) Provisional

(c) Total Impairment made against Loans and Receivables.

Source: Central Bank of Sri Lanka

INFORMATION ON FINANCE COMPANIES

End of Period	2021	2022	2023 (a)	2024 (a)(b)	2025 (a)(c)
Financial Position (Rs. bn)					
Assets	1,452.0	1,610.2	1,695.5	1,928.4	2,776.7
Cash and Cash Equivalents	26.6	21.5	43.4	35.6	40.5
Investments (d)	223.5	279.4	385.7	352.2	375.0
Loans and Advances	1,112.6	1,198.4	1,164.8	1,428.3	2,227.9
Others Assets	89.3	110.9	101.6	112.2	133.3
Equity and Liabilities	1,452.0	1,610.2	1,695.5	1,928.4	2,776.7
Equity	289.7	363.4	412.0	468.2	531.0
Deposits	783.3	864.5	935.1	1,056.4	1,265.2
Borrowings	306.5	322.3	264.8	305.4	849.3
Other Liabilities	72.6	60.0	83.6	98.4	131.3
Financial Soundness Indicators (%)					
Capital Adequacy					
Tier 1 Capital Adequacy Ratio (e)	15.0	20.6	21.1	20.5	17.3
Total Capital Adequacy Ratio (f)	16.6	22.0	22.3	21.3	18.7
Tier 1 Capital to Total Assets (Net)	14.8	18.4	18.4	17.9	14.8
Non-Performing Loans and Advances net of Stage 03 Impairment to Tier 1 Capital	14.4	54.6	49.0	28.9	18.0
Asset Quality					
Gross Non Performing Loans and Advances to Total Loans and Advances	10.8	17.4	18.0	11.5	6.1
Net Non Performing Loans and Advances to Total Loans and Advances (g)	2.5	12.3	12.1	6.5	3.2
Impairment to Total Loans and Advances (h)	7.3	7.6	7.6	6.6	4.1
Stage 03 Impairment Coverage Ratio (i)	67.3	29.6	32.6	43.4	47.8
Liquidity					
Regulatory Liquid Assets to Total Assets	9.6	10.7	15.0	11.5	8.2
Regulatory Liquid Assets to Deposits & Borrowings	13.9	15.6	21.2	16.2	10.7
Available Regulatory Liquid Assets to Required Regulatory Liquid Assets	171.8	188.7	246.6	190.7	148.9
Earnings (j)					
Net Interest Margin (NIM) (k)	8.4	6.7	9.5	10.7	10.3
Return on Assets (l)	5.3	3.7	5.2	6.0	6.7
Return on Equity (m)	20.7	12.7	12.7	13.3	17.5
Interest Income to Interest Expenses	249.1	172.8	175.4	226.6	244.8
Cost to Income Ratio (n)	69.3	79.9	78.6	71.6	65.1
Non Interest Expenses (Operating Cost) to Gross Income (o)	51.6	58.1	52.8	51.1	46.3
Distribution of Branches					
Number of Institutions	39	36 (p)	33 (p)	32 (p)	32 (p)
Number of Branches	1,647	1,849	1,828	1,908	1,998
Central Province	178	196	195	210	214
Eastern Province	137	156	147	154	173
North Central Province	107	123	119	121	127
North Western Province	174	188	183	191	197
Northern Province	114	140	150	161	172
Sabaragamuwa Province	117	128	125	133	140
Southern Province	169	195	189	198	209
Uva Province	77	91	91	97	101
Western Province	574	632	629	643	665

(a) Based on financial information prepared in accordance with Sri Lanka Accounting Standards.

Source: Central Bank of Sri Lanka

(b) Revised

(c) Provisional

(d) Includes Investments in Government of Sri Lanka Securities, Investments in Shares and Debentures, and Investment properties.

(e) Ratio of Tier 1 Capital after adjustments to Risk Weighted Assets.

(f) Ratio of Tier 1 Capital after adjustments plus Eligible Tier 2 Capital after adjustments to Risk Weighted Assets.

(g) Ratio of non performing loans and advances net of stage 03 impairment to total loans and advances was considered. Before 2022 ratio of non performing loans and advances net of interest in suspense and loan loss provisions to total loans and advances was considered.

(h) Before 2022, Ratio of total provisions to total loans and advances was considered.

(i) Before 2022, Ratio of total provisions to total non performing loans and advances was considered.

(j) Income and expenses related items are for the 12 months ending December of respective years.

(k) Ratio of interest income less interest expenses to average assets.

(l) Profit before tax as a percentage of average assets.

(m) Profit after tax as a percentage of average equity capital.

(n) Ratio of total of interest expenses, operating expenses and total provisions to total of interest income and operating income.

(o) Ratio of non interest expenses (operating cost) to net interest income plus non interest income less loan loss provisions and loans written off.

(p) Excluding ETI Finance Ltd.

SPECIAL STATISTICAL APPENDIX¹

Table No.

1. REAL SECTOR

Population and Labour Force	1
National Output	2
Prices	3

2. EXTERNAL SECTOR

Balance of Payments	4
Reserves, Total Foreign Assets, External Debt and Exchange Rates	5

3. FISCAL SECTOR

Government Fiscal Operations	6
Central Government Debt	7

4. MONETARY SECTOR

Interest Rates	8
Monetary Survey (M_{2b})	9

¹ The online version of the Special Statistical Appendix is available in Excel spreadsheet format and contains additional data.



REAL SECTOR

TABLE 1

Year	Mid Year Population ('000)	Birth Rate (per '000)	Death Rate (per '000)	Population and Labour Force						Unemployment Rate (%) (b) (c)			
				Life Expectancy at Birth		Literacy Rate % (a)	Labour Force Participation Rate (%) (b) (c)			Total	Male	Female	
				Male	Female		Total	Male	Female				
1970	12,514	29.4	7.5	-	-	-	-	-	-	-	-	-	-
1971	12,690	30.4	7.7	64.0	66.9	78.5	35.4	50.7	19.1	18.7	14.3	31.1	-
1972	12,861	30.0	8.1	-	-	-	-	-	-	-	-	-	-
1973	13,091	28.0	7.7	-	-	80.8	34.4	48.5	20.2	18.3	13.7	26.8	-
1974	13,284	27.5	9.0	-	-	-	-	-	-	-	-	-	-
1975	13,496	27.8	8.5	-	-	-	36.6	50.2	22.1	19.7	14.3	33.1	-
1976	13,717	27.8	7.8	-	-	-	-	-	-	-	-	-	-
1977	13,942	27.9	7.4	-	-	-	-	-	-	-	-	-	-
1978	14,190	28.5	6.6	-	-	-	38.0	50.4	26.2	14.8	9.2	24.9	-
1979	14,472	28.9	6.5	-	-	86.2	-	-	-	-	-	-	-
1980	14,747	28.4	6.2	-	-	-	-	-	-	-	-	-	-
1981	14,847	28.2	5.9	67.7	72.1	87.2	33.8	49.4	17.1	17.9	13.0	32.9	-
1982	15,196	26.9	6.1	-	-	-	34.3	49.7	19.4	11.7	7.8	21.3	-
1983	15,417	26.3	6.2	-	-	-	-	-	-	-	-	-	-
1984	15,603	25.1	6.5	-	-	-	-	-	-	-	-	-	-
1985	15,842	24.6	6.2	-	-	-	38.9	52.7	25.4	13.2	9.8	20.3	-
1986	16,127	22.4	6.0	-	-	-	-	-	-	15.5	11.3	23.6	-
1987	16,373	21.8	6.0	-	-	88.6	-	-	-	-	-	-	-
1988	16,599	20.7	5.8	-	-	-	-	-	-	-	-	-	-
1989	16,825	21.6	6.3	-	-	-	-	-	-	-	-	-	-
1990	17,015	20.8	6.0	-	-	-	51.9 (d)	67.7 (d)	36.2 (d)	15.9 (d)	11.1 (d)	23.4 (d)	-
1991	17,267	21.7	5.8	69.5	74.2	86.6	49.8 (d)	65.2 (d)	31.1 (d)	14.7 (d)	10.1 (d)	23.0 (d)	-
1992	17,426	21.5	5.9	-	-	-	48.2 (d)	64.3 (d)	31.1 (d)	14.6 (d)	10.7 (d)	22.8 (d)	-
1993	17,646	20.8	5.7	-	-	-	49.1 (d)	65.3 (d)	33.1 (d)	13.8 (d)	9.7 (d)	21.7 (d)	-
1994	17,891	20.8	5.9	-	-	90.1	48.7 (d)	65.4 (d)	32.0 (d)	13.1 (d)	9.7 (d)	20.1 (d)	-
1995	18,136	19.9	6.0	-	-	-	47.9 (d)	64.4 (d)	31.7 (d)	12.3 (d)	9.0 (d)	18.7 (d)	-
1996	18,336	19.5	7.0	70.7	75.4	-	48.6 (d)	65.9 (d)	31.6 (d)	11.3 (d)	8.2 (d)	17.7 (d)	-
1997	18,568	18.8	6.4	-	-	91.8	48.7 (d)	65.7 (d)	32.0 (d)	10.5 (d)	7.7 (d)	16.1 (d)	-
1998	18,784	18.2	6.2	-	-	-	51.7 (d)	67.3 (d)	36.4 (d)	9.2 (d)	6.5 (d)	14.6 (d)	-
1999	19,056	18.1	6.3	-	-	-	50.7 (d)	67.7 (d)	34.1 (d)	8.9 (d)	6.7 (d)	13.0 (d)	-
2000	19,102	18.2	6.1	-	-	-	50.3 (d)	67.2 (d)	33.9 (d)	7.6 (d)	5.8 (d)	11.0 (d)	-
2001	18,797 (e)	19.1	6.0	68.8	77.2	90.7	48.8 (d)	66.2 (d)	31.9 (d)	7.9 (d)	6.2 (d)	11.5 (d)	-
2002	18,921 (e)	19.4	5.9	-	-	-	50.3 (d)	67.9 (d)	33.6 (d)	8.8 (d)	6.6 (d)	12.9 (d)	-
2003	19,173 (e)	19.3	6.0	-	-	-	48.9 (f)	67.2 (f)	31.4 (f)	8.4 (f)	6.0 (f)	13.2 (f)	-
2004	19,435 (e)	18.8	5.9	-	-	92.5	48.6 (g)	66.7 (g)	31.5 (g)	8.3 (g)	6.0 (g)	12.8 (g)	-
2005	19,644 (e)	18.9	6.7	75.6	67.9	90.7	48.3 (h)(i)	67.1 (h)(i)	30.9 (h)(i)	7.7 (h)(i)	5.5 (h)(i)	11.9 (h)(i)	-
2006	19,858 (e)	18.8	5.9	-	-	91.5	51.2 (d)	68.1 (d)	35.7 (d)	6.5 (d)	4.7 (d)	9.7 (d)	-
2007	20,039 (e)	19.3	5.9	70.3	77.9	91.1	49.8 (d)	67.8 (d)	33.4 (d)	6.0 (d)	4.3 (d)	9.0 (d)	-
2008	20,246 (e)	18.5	6.1	-	-	91.3	49.5 (f)	67.8 (f)	33.2 (f)	5.4 (f)	3.7 (f)	8.4 (f)	-
2009	20,476 (e)	18.0	6.2	-	-	91.4	48.7 (f)	66.6 (f)	32.8 (f)	5.8 (f)	4.3 (f)	8.6 (f)	-
2010	20,675 (e)	17.6	6.3	-	-	91.9	48.1 (f)	67.1 (f)	31.2 (f)	4.9 (f)	3.5 (f)	7.7 (f)	-
2011	20,892 (e)	17.3	5.9	-	-	92.2	52.9 (i)(i)	74.0 (i)(i)	34.3 (i)(i)	4.2 (i)(i)	2.7 (i)(i)	7.1 (i)(i)	-
2012	20,425 (k)	17.6	6.0	72.0	78.6	92.7	52.5 (i)(i)	74.9 (i)(i)	32.9 (i)(i)	4.0 (i)(i)	2.8 (i)(i)	6.3 (i)(i)	-
2013	20,585 (k)	17.8	6.2	-	-	92.4	53.7 (i)(i)	74.9 (i)(i)	35.4 (i)(i)	4.4 (i)(i)	3.2 (i)(i)	6.6 (i)(i)	-
2014	20,778 (k)	16.8	6.2	-	-	93.2	53.2 (i)(i)	74.6 (i)(i)	34.6 (i)(i)	4.3 (i)(i)	3.1 (i)(i)	6.5 (i)(i)	-
2015	20,970 (k)	16.0	6.3	-	-	93.2	53.8 (i)(i)	74.7 (i)(i)	35.9 (i)(i)	4.7 (i)(i)	3.0 (i)(i)	7.6 (i)(i)	-
2016	21,203 (k)	15.5	6.2	-	-	93.1	53.8 (i)	75.1 (i)	35.9 (i)	4.4 (i)	2.9 (i)	7.0 (i)	-
2017	21,444 (k)	15.2	6.5	-	-	92.6	54.1 (i)	74.5 (i)	36.6 (i)	4.2 (i)	2.9 (i)	6.5 (i)	-
2018	21,670 (k)(l)	15.1(l)	6.4(l)	-	-	92.5	51.8 (i)	73.0 (i)	33.6 (i)	4.4 (i)	3.0 (i)	7.1 (i)	-
2019	21,811 (k)(l)	14.6(l)	6.7(l)	-	-	92.9	52.3 (i)	73.0 (i)	34.5 (i)	4.8 (i)	3.3 (i)	7.4 (i)	-
2020	21,927 (k)(l)	13.8(l)	6.0(l)	-	-	93.0	50.6 (i)	71.9 (i)	32.0 (i)	5.5 (i)	4.0 (i)	8.5 (i)	-
2021	22,156 (k)(l)	12.9(l)	7.4(l)	-	-	93.3	49.9 (i)	71.0 (i)	31.8 (i)	5.1 (i)	3.7 (i)	7.9 (i)	-
2022	22,181 (k)(l)	12.4(l)	8.1(l)	-	-	93.1	49.8 (i)	70.5 (i)	32.1 (i)	4.7 (i)	3.7 (i)	6.5 (i)	-
2023	22,037 (k)(l)	11.2(l)	8.2(l)	-	-	93.2	48.6 (i)	68.6 (i)	31.3 (i)	4.7 (i)	3.6 (i)	7.0 (i)	-
2024	21,916 (k)(l)	10.1(l)	7.8(l)	-	-	93.3	47.4 (i)	67.4 (i)	29.8 (i)	4.4 (i)	3.0 (i)	7.1 (i)	-
2025 (l)	21,756 (m)	9.9	7.9	-	-	-	49.4 (i)(n)	69.1 (n)	32.5 (n)	3.9 (i)(n)	2.8 (n)	6.1 (n)	-

(a) From 2006, based on Quarterly Labour Force Survey (QLFS) of the the Department of Census and Statistics (DCS). Up to 2005, data available only in census years and some survey years.

(b) From 1990, based on QLFS of the DCS. Up to 1989, based on other surveys in which the definition may differ.

(c) Data up to 2010 are for household population aged 10 years and above and from 2011 onwards are for those aged 15 years and above.

(d) Data excluding both Northern and Eastern Provinces.

(e) Based on Census of Population and Housing - 2001.

(f) Data excluding the Northern Province.

(g) Data excluding both Mullaitivu and Killinochchi districts.

(h) QLFS was conducted as a one-off survey in August 2005.

(i) Data covers the entire island.

(j) In July 2016, the DCS published a re-weighted and revised labour force data series for 2011 onwards.

(k) Based on the Census of Population and Housing - 2012.

(l) Provisional

(m) Based on the Census of Population and Housing - 2024.

(n) Data are based on the average of four quarters.

Sources: Registrar General's Department
Department of Census and Statistics

REAL SECTOR

TABLE 2

National Output (a)

Year	National Output (a)					Share of GDP (at Current Market Prices)				Share of GDP (at Current Market Prices)			GDP Deflator (1996=100) (d)	
	GDP at Current Market Prices (Rs. mn)	GDP at Current Market Prices (USD mn)	Per Capita GDP at Current Market Prices (Rs.)	Per Capita GDP at Current Market Prices (USD)	GDP Growth Rate (%)	Agriculture (%)	Industry (%)	Services (%)	Taxes less Subsidies on products (%)	Consumption (%)	Investment (%)	National Savings (%)	Annual Index	Annual Change (%)
	(b)	(b)	(c)	(b)(c)										
1970	13,664	2,296	1,092	184	4.3	28.3	23.8	47.9		84.2	18.9	15.0	5.9	
1971	14,050	2,365	1,107	186	0.2	27.1	24.7	48.2		84.9	17.1	14.7	6.2	3.7
1972	15,247	2,554	1,186	199	3.2	26.3	24.2	49.5		84.3	17.3	14.8	6.4	4.1
1973	18,404	2,876	1,406	220	3.7	27.3	25.4	47.3		87.5	13.7	11.5	7.5	17.6
1974	23,771	3,575	1,789	269	3.2	33.2	25.1	41.8		91.8	15.7	7.5	9.5	25.9
1975	26,577	3,791	1,969	281	2.8	30.4	26.4	43.2		91.9	15.6	7.4	10.2	7.5
1976	30,203	3,591	2,202	262	3.0	29.0	27.1	43.9		86.1	16.2	13.1	10.8	5.9
1977	36,407	4,105	2,611	294	4.2	30.7	28.7	40.6		81.9	14.4	17.7	12.8	18.8
1978	42,665	2,733	3,007	193	8.2	30.5	27.2	42.3		84.7	20.0	15.5	13.8	7.8
1979	52,387	3,365	3,620	232	6.3	26.9	28.2	44.8		86.2	25.8	14.8	16.0	15.8
1980	66,527	4,025	4,511	273	5.8	27.6	29.6	42.8		88.8	33.8	14.0	18.9	18.1
1981	85,005	4,416	5,725	297	5.8	27.7	28.0	44.3		88.3	27.8	14.3	22.8	20.6
1982	99,238	4,769	6,531	314	5.1	26.4	26.3	47.3		88.1	30.8	15.4	25.1	9.9
1983	121,601	5,168	7,887	335	5.0	28.3	26.3	45.4		86.2	28.9	16.4	28.7	14.6
1984	153,746	6,043	9,854	387	5.1	28.7	26.3	45.0		80.1	25.8	22.2	33.6	17.1
1985	162,375	5,978	10,250	377	5.0	27.7	26.2	46.1		88.1	23.8	14.2	33.9	0.9
1986	179,474	6,405	11,129	397	4.3	27.1	26.6	46.3		88.0	23.7	14.5	35.9	5.8
1987	196,723	6,680	12,015	408	1.5	27.0	27.4	45.6		87.2	23.3	15.3	38.4	7.0
1988	221,982	6,978	13,373	420	2.7	26.3	26.7	47.0		88.0	22.8	14.2	42.8	11.5
1989	251,891	6,987	14,971	415	2.3	25.6	26.8	47.6		87.8	21.7	14.6	46.9	9.6
1990	321,784	8,033	18,912	472	6.2	26.3	26.0	47.7		85.7	22.2	16.8	56.3	20.0
1991	372,345	9,000	21,564	521	4.6	26.8	25.6	47.7		87.2	22.9	15.2	62.5	11.0
1992	425,283	9,703	24,405	557	4.3	25.9	25.6	48.5		85.0	24.3	17.9	68.8	10.0
1993	499,565	10,354	28,310	587	6.9	24.6	25.6	49.8		84.0	25.6	20.2	75.3	9.5
1994	579,084	11,718	32,367	655	5.6	23.8	26.2	50.1		84.8	27.0	19.1	82.3	9.3
1995	667,772	13,030	36,820	718	5.5	23.0	26.5	50.5		84.7	25.7	19.5	89.2	8.4
1996	768,128	13,898	41,892	758	3.8	22.4	26.4	51.1		84.7	24.2	19.0	100.0	12.1
1997	890,272	15,092	47,947	813	6.3	21.9	26.9	51.2		82.7	24.4	21.5	108.6	8.6
1998	1,017,986	15,761	54,194	839	4.7	21.1	27.5	51.4		80.9	25.1	23.4	117.8	8.4
1999	1,105,963	15,711	58,038	824	4.3	20.7	27.3	52.0		80.5	27.3	23.5	123.1	4.4
2000	1,257,636	16,596	65,838	869	6.0	19.9	27.3	52.8		82.6	28.0	21.5	131.3	6.7
2001	1,407,398	15,750	74,874	838	-1.5	20.1	26.8	53.1		84.2	22.0	20.3	147.6	12.4
2002	1,636,037	17,102	86,467	904	4.0	14.3	28.0	57.7		84.0	22.5	21.0	160.0	8.4
2003	1,822,468	18,882	95,054	985	5.9	13.2	28.4	58.3		84.0	22.0	21.5	168.2	5.1
2004	2,090,841	20,663	107,581	1,063	5.4	12.5	28.6	58.8		83.6	25.3	22.0	183.0	8.8
2005	2,452,782	24,406	124,862	1,242	6.2	11.8	30.2	58.0		82.1	26.8	23.8	202.1	10.4
2006	2,938,680	28,267	147,985	1,423	7.7	11.3	30.6	58.0		83.0	28.0	22.3	224.9	11.3
2007	3,578,688	32,350	178,586	1,614	6.8	11.7	29.9	58.4		82.4	28.0	23.3	256.4	14.0
2008	4,410,682	40,714	217,855	2,011	6.0	13.4	29.4	57.2		86.1	27.6	17.8	298.3	16.3
2009	4,835,293	42,066	236,144	2,054	3.5	12.7	29.7	57.6		82.1	24.4	23.7	315.8	5.9
2010	6,413,668	56,726	310,214	2,744	8.0	8.5	26.6	54.6	10.2	76.9	30.4	28.5	338.9	7.3
2011	7,219,106	65,293	345,544	3,125	8.4	8.8	28.0	55.1	8.0	79.8	33.4	26.3	351.8	3.8
2012	8,732,463	68,434	427,538	3,351	9.1	7.4	30.1	55.6	6.8	72.8	39.1	33.3	389.9	10.8
2013	9,592,125	74,294	465,976	3,609	3.4	7.7	29.2	56.4	6.8	75.4	33.2	29.9	414.3	6.2
2014	10,361,151	79,359	498,660	3,819	5.0	8.0	28.3	56.9	6.8	75.8	32.3	29.8	426.3	2.9
2015	11,566,987	85,110	551,597	4,059	4.2	8.2	29.5	54.2	8.0	72.9	34.3	32.0	429.1	0.6
2016	12,812,975	87,992	604,129	4,149	5.1	7.3	30.5	53.4	8.8	70.4	36.5	34.5	452.5	5.4
2017	14,387,319	94,356	670,644	4,398	6.5	7.4	31.1	52.2	9.2	67.0	39.7	37.3	477.2	5.5
2018	15,351,933	94,749	708,442	4,372	2.3	7.6	30.1	53.6	8.7	68.9	38.1	35.1	497.7	4.3
2019	15,910,976	88,989	729,493	4,080	-0.2	7.3	29.2	55.7	7.8	71.7	34.1	32.0	517.0	3.9
2020	15,646,254	84,420	713,561	3,850	-4.6	8.3	28.2	57.8	5.7	73.3	32.9	31.3	533.0	3.1
2021	17,612,370	88,611	794,926	3,999	4.2	8.8	30.0	55.9	5.4	70.7	36.7	33.0	575.8	8.0
2022	24,063,162	76,841	1,084,855	3,464	-7.3	8.4	29.8	57.1	4.7	76.3	27.3	26.0	849.1	47.5
2023 (e)	27,539,080	84,131	1,249,675	3,818	-2.0	8.0	25.7	60.1	6.2	77.9	24.3	26.0	991.8	16.8
2024 (e)(f)	30,095,825	99,634	1,373,235	4,546	5.0	8.4	25.5	57.5	8.6	76.3	26.3	27.6	1,032.4	4.1
2025 (f)	32,750,844	108,837	1,505,371	5,003	5.0	8.4	25.4	54.6	11.6	74.2	29.6	31.2	1,070.4	3.7

(a) National Accounts data from 1959 to 2001 are based on the estimates of the Central Bank of Sri Lanka (CBSL) and 2002 onwards are based on the estimates of the Department of Census and Statistics (DCS). National Accounts estimates were rebased in 1970, 1982, and 1996 by CBSL and DCS in 2002, 2010 and 2015.

The GDP and GNI estimates before the base year revisions are given below.
 1970 (CBSL estimates): GDP (current factor cost prices) = Rs. 11,705 mn, GNI (current factor cost prices) = Rs. 12,671 mn
 1982 (CBSL estimates): GDP (current factor cost prices) = Rs. 91,943 mn, GNI (current factor cost prices) = Rs. 89,609 mn
 1996 (CBSL estimates): GDP (current factor cost prices) = Rs. 695,934 mn, GNI (current factor cost prices) = Rs. 684,676 mn
 2002 (CBSL estimates): GDP (current market prices) = Rs. 1,581,885 mn, GNI (current market prices) = Rs. 1,559,867 mn
 2010 (DCS estimates): GDP (current market prices) = Rs. 5,604,104 mn, GNI (current market prices) = Rs. 5,534,327 mn
 2015 (DCS estimates): GDP (current market prices) = Rs. 10,950,621 mn, GNI (current market prices) = Rs. 10,675,880 mn

(b) Based on quarterly GDP in USD terms calculated using quarterly average exchange rate from 2015 onwards.

(c) Estimates updated with latest population figures.

(d) This series has been computed by splicing several series of implicit GDP deflators obtained with different base years. Hence, it would differ from a series compiled using the current and constant values of GDP.

(e) Revised

(f) Provisional

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

REAL SECTOR TABLE 3

Year	Prices											Annual Average % Change									
	Annual Average Price Index																				
	CCPI (1952 = 100)	CCPI (2002 = 100)	CCPI (2006/ 07 = 100)	CCPI (2013 = 100)	CCPI (2021 = 100)	NCPI (2013 = 100)	NCPI (2021 = 100)	WPI (1974 = 100)	PPI (2013 Q4 = 100)	PPI (2018 Q4 = 100)	CCPI (1952 = 100)	CCPI (2002 = 100)	CCPI (2006/ 07 = 100)	CCPI (2013 = 100)	CCPI (2021 = 100)	NCPI (2013 = 100)	NCPI (2021 = 100)	WPI (1974 = 100)	PPI (2013 Q4 = 100)	PPI (2018 Q4 = 100)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)		
1970	138.2									5.9											
1971	141.9									2.7											
1972	150.9									6.3											
1973	165.4									9.6											
1974	185.8									12.3											
1975	198.3						103.4			6.7											
1976	200.7						111.9			1.2							8.2				
1977	203.2						135.5			1.2							21.1				
1978	227.8						156.7			12.1							15.6				
1979	252.3						171.6			10.8							9.5				
1980	318.2						229.5			26.1							33.7				
1981	375.4						268.5			18.0							17.0				
1982	416.1						283.3			10.8							5.5				
1983	474.2						354.1			14.0							25.0				
1984	553.1						444.7			16.6							25.6				
1985	561.2						377.1			1.5							-15.2				
1986	606.0						366.0			8.0							-2.9				
1987	652.8						414.9			7.7							13.4				
1988	744.1						488.7			14.0							17.8				
1989	830.2						532.9			11.6							9.0				
1990	1,008.6						651.1			21.5							22.2				
1991	1,131.5						710.8			12.2							9.2				
1992	1,260.4						773.0			11.4							8.8				
1993	1,408.4						831.8			11.7							7.6				
1994	1,527.4						873.4			8.4							5.0				
1995	1,644.6						950.3			7.7							8.8				
1996	1,906.7						1,145.1			15.9							20.5				
1997	2,089.1						1,224.3			9.6							6.9				
1998	2,284.9						1,298.7			9.4							6.1				
1999	2,392.1						1,295.3			4.7							-0.3				
2000	2,539.8						1,317.2			6.2							1.7				
2001	2,899.4						1,471.2			14.2							11.7				
2002	3,176.4						1,628.9			9.6							10.7				
2003	3,377.0	105.8					1,679.1			6.3							3.1				
2004	3,632.8	115.3					1,889.0			7.6	9.0						12.5				
2005	4,055.5	128.0					2,105.9			11.6	11.0						11.5				
2006	4,610.8	140.8					2,351.5			13.7	10.0						11.7				
2007	5,416.1	163.1					2,924.4			17.5	15.8						24.4				
2008		199.9	129.2				3,653.6				22.6						24.9				
2009		206.8	133.6				3,500.9				3.4	3.5					-4.2				
2010		219.1	141.9				3,893.0				5.9	6.2					11.2				
2011		226.5	151.5				4,306.5				6.9	6.7					10.6				
2012			162.9				4,457.3					7.6					3.5				
2013			174.2				4,867.9					6.9					9.2				
2014			179.9	105.1		105.5	5,022.1	101.6				3.3					3.2				
2015			181.5	107.4		109.5	5,072.7	105.3				0.9	2.2		3.8		1.0	3.6			
2016			188.3	111.7		113.8	5,284.0	107.1				3.7	4.0		4.0		4.2	1.7			
2017				119.0		122.6	5,674.7	125.3					6.6		7.7		7.4	17.0			
2018				124.1		125.2	5,867.0	133.2					4.3		2.1		3.4	6.3			
2019				129.5		129.6	6,069.4	137.1	105.5				4.3		3.5		3.4	2.9			
2020				135.4		137.6	6,399.3	144.9	111.6				4.6		6.2		5.4	5.7	5.8		
2021				143.4		147.2	6,744.9		123.7				6.0		7.0		5.4		10.9		
2022				209.9	163.5	221.5	174.9	11,000.3		215.2			46.4		50.4		63.1		74.0		
2023					191.8		203.8	12,101.2		240.0					17.4		16.5	10.0		11.5	
2024					194.2		207.1			240.1					1.2		1.6			...	
2025 (k)					193.3		207.5			237.8					-0.5		0.2			-0.9	

(a) Represents the consumption basket of low income households in the Colombo municipality. Compilation of this index was discontinued since May 2008.

(b) Represents the consumption basket of urban households within the Colombo district. Compilation of this index was discontinued since June 2011.

(c) Represents the consumption basket of urban households within the Colombo district. Compilation of this index was discontinued since January 2017.

(d) Represents the consumption basket of urban households within the Colombo district. Compilation of this index was discontinued since February 2023.

(e) Represents the consumption basket of urban households within the Colombo district.

(f) Represents the consumption basket of households in the entire island. Compilation of this index was discontinued since January 2023.

(g) Represents the consumption basket of households in the entire island.

(h) Represents the wholesale basket of wholesalers in the entire island. Compilation of this index was discontinued since December 2023.

(i) Represents the production basket of producers in the entire island. Compilation of this index was discontinued since November 2021.

(j) Represents the production basket of producers in the entire island.

(k) Provisional

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

EXTERNAL SECTOR

Balance of Payments

TABLE 4
Values in USD mn

Year	Current Account						Capital Account (Net)	Financial Account (c)					Overall Balance	Terms of Trade (% change) (g)
	Exports	Imports	Services & Primary Income (Net)	Transfers (Net) (a)	Current Account Balance	As a % of GDP (b)		Long-term Capital (Net)			Short-term (Net)	Financial Account Balance (f)		
								Direct Investment	Other Private (d)	Government (e)				
1970	338.7	391.8	-17.5	11.8	-58.8	-2.6	-	-0.3	0.0	57.6	-0.7	-	-7.0	-6.3
1971	325.4	373.7	-2.4	14.3	-36.4	-1.5	-	0.3	0.0	74.0	-3.9	-	32.9	-5.8
1972	317.9	360.6	-2.5	12.4	-32.8	-1.3	-	0.3	-0.2	48.6	-6.4	-	69.5	-5.6
1973	366.4	412.9	8.1	13.3	-25.1	-0.9	-	0.5	-0.3	68.9	-1.7	-	45.9	-11.8
1974	511.2	701.1	11.4	42.1	-136.4	-3.8	-	1.4	-0.2	84.6	-2.3	-	-57.0	-11.4
1975	563.4	767.3	12.7	79.9	-111.4	-2.9	-	-0.1	0.0	62.7	-4.3	-	10.4	-19.8
1976	558.8	643.1	13.3	65.1	-5.8	-0.2	-	0.0	-5.7	83.1	-7.1	-	118.3	30.5
1977	767.1	726.2	34.3	69.0	144.1	3.5	-	-1.0	-3.3	51.1	-10.0	-	360.9	31.9
1978	845.1	1,025.4	7.6	79.6	-93.1	-3.4	-	1.5	0.5	157.2	7.3	-	120.1	-1.8
1979	981.4	1,449.4	47.5	192.2	-228.4	-6.8	-	47.0	9.1	156.2	0.1	-	51.9	-28.3
1980	1,064.7	2,051.2	52.0	274.6	-660.0	-16.4	-	42.9	40.3	157.5	157.5	-	-191.9	-19.0
1981	1,065.5	1,876.9	4.3	364.8	-442.3	-10.0	-	50.2	52.9	266.0	31.4	-	19.9	-21.3
1982	1,013.7	1,994.1	-15.1	427.3	-568.1	-11.9	-	63.6	194.5	261.2	7.1	-	-48.0	-5.7
1983	1,064.1	1,921.3	-60.0	444.3	-472.8	-9.1	-	37.5	94.9	281.0	37.6	-	18.0	21.6
1984	1,462.3	1,928.1	-68.2	479.4	-54.7	-0.9	-	32.6	-4.7	341.7	-25.5	-	269.3	22.4
1985	1,315.3	2,044.3	-134.3	443.8	-419.5	-7.0	-	24.4	31.2	273.0	4.4	-	-49.3	-17.8
1986	1,209.7	1,973.2	-129.1	466.4	-426.1	-6.7	-	28.2	18.3	291.7	-13.5	-	-70.3	-4.3
1987	1,395.7	2,075.1	-156.9	492.9	-343.4	-5.1	-	58.2	-13.0	198.0	39.0	-	-67.3	2.4
1988	1,477.2	2,240.2	-153.2	526.9	-389.3	-5.6	-	43.0	-43.0	245.0	16.0	-	-90.7	-10.3
1989	1,547.1	2,226.5	-157.7	518.7	-318.3	-4.6	-	17.9	-50.0	217.0	92.0	-	-88.0	0.5
1990	1,983.9	2,686.4	-97.9	423.4	-377.0	-4.7	117.5	41.6	-44.6	405.3	-5.7	-	118.7	-12.5
1991	2,039.5	3,036.6	-91.2	468.9	-619.4	-6.9	134.6	62.7	-24.4	500.2	184.6	-	290.2	1.1
1992	2,460.8	3,505.4	-32.6	522.6	-554.6	-5.7	121.6	121.1	25.4	266.2	130.1	-	189.6	19.8
1993	2,863.7	4,011.3	39.4	612.7	-495.5	-4.8	108.6	187.2	187.9	264.8	359.7	-	660.9	4.3
1994	3,208.6	4,767.3	17.8	680.6	-860.3	-7.3	113.1	158.2	294.5	252.8	124.3	-	239.7	-0.7
1995	3,806.6	5,311.1	-18.0	736.0	-786.5	-6.0	117.3	53.1	90.7	358.3	79.2	-	51.5	-0.9
1996	4,095.1	5,438.8	-92.3	759.1	-676.9	-4.9	95.9	119.9	1.6	259.2	-17.6	-	-67.8	2.3
1997	4,639.0	5,863.8	-0.4	832.3	-392.9	-2.6	87.1	429.8	47.4	238.6	-200.7	-	162.9	2.3
1998	4,797.8	5,889.5	-34.9	900.7	-225.9	-1.4	79.6	193.0	1.7	203.1	-64.0	-	36.8	13.5
1999	4,610.1	5,979.3	-106.6	912.8	-563.0	-3.6	80.3	176.9	196.0	62.1	-142.4	-	-263.2	-5.0
2000	5,522.3	7,319.8	-267.0	997.8	-1,066.0	-6.4	50.2	176.0	82.1	47.0	88.1	393.2	-521.9	-6.1
2001	4,816.9	5,974.4	-62.6	1,005.2	-215.1	-1.4	197.5	172.0	-257.1	249.0	200.5	364.4	219.8	-1.7
2002	4,699.0	6,105.6	42.5	1,128.0	-236.5	-1.4	65.0	185.0	-21.0	162.0	53.3	379.3	338.0	4.6
2003	5,133.3	6,671.9	227.0	1,241.0	-71.0	-0.4	74.0	201.0	-33.0	554.0	-73.6	648.4	502.0	-7.4
2004	5,757.2	7,999.8	215.0	1,380.0	-648.0	-3.1	64.0	227.0	14.0	439.0	-112.6	567.4	-205.0	-5.2
2005	6,346.7	8,863.2	38.2	1,828.1	-650.2	-2.7	249.8	233.8	10.8	553.5	176.0	974.1	501.4	-4.2
2006	6,882.7	10,253.0	-132.3	2,004.1	-1,498.6	-5.3	290.6	451.1	-35.0	490.5	610.8	1,517.4	203.6	-3.5
2007	7,640.0	11,296.5	-55.5	2,310.6	-1,401.5	-4.3	268.8	548.3	30.6	671.9	577.2	1,828.0	530.5	-1.0
2008	8,110.6	14,091.2	-571.1	2,666.1	-3,885.6	-9.5	290.6	690.5	73.9	252.0	466.8	1,483.2	-1,384.8	3.0
2009	7,084.5	10,206.6	-96.7	3,004.5	-214.3	-0.5	232.9	384.0	79.3	840.3	1,057.7	2,361.3	2,725.3	-2.7
2010	8,625.8	13,450.9	89.8	3,660.3	-1,075.0	-1.9	163.9	435.1	148.7	1,795.5	334.0	2,713.3	921.0	27.4
2011	10,558.8	20,268.8	451.8	4,642.8	-4,615.4	-7.1	164.4	895.9	175.3	2,236.7	790.2	4,098.1	-1,059.4	-8.9
2012 (c)(f)	9,773.5	19,190.2	42.9	5,392.0	-3,981.7	-5.8	130.3	-877.2	-718.9	-992.4	-1,674.9	-4,263.4	151.1	-1.5
2013	10,394.3	18,002.8	-571.6	5,639.5	-2,540.6	-3.4	70.9	-867.5	-605.2	-841.4	-749.6	-3,063.7	985.2	4.6
2014	11,130.1	19,416.8	72.0	6,227.0	-1,987.7	-2.5	58.3	-826.8	-428.7	-645.7	365.1	-1,536.1	1,369.1	4.3
2015	10,546.5	18,934.6	312.0	6,193.3	-1,882.8	-2.2	46.3	-626.7	-8.6	-469.6	-1,207.4	-2,312.3	-1,488.7	2.7
2016	10,309.7	19,182.8	677.7	6,453.0	-1,742.4	-2.0	25.3	-660.2	-136.3	-1,287.1	-98.2	-2,181.8	-499.8	4.0
2017	11,360.4	20,979.8	983.8	6,326.6	-2,309.0	-2.4	10.9	-1,300.9	-210.9	-1,223.3	612.3	-2,122.8	2,068.5	1.2
2018	11,889.6	22,232.7	1,381.5	6,162.6	-2,799.1	-3.0	14.4	-1,546.2	-113.8	-557.0	-1,160.7	-3,377.7	-1,102.9	0.02
2019	11,940.0	19,937.1	387.7	5,766.0	-1,843.4	-2.1	23.1	-666.1	202.6	88.8	-2,085.2	-2,459.9	376.6	-1.6
2020	10,047.4	16,055.4	-1,385.9	6,206.8	-1,187.1	-1.4	28.1	-419.5	56.2	-169.4	138.3	-394.4	-2,327.7	2.5
2021	12,498.6	20,637.4	-372.9	5,227.5	-3,284.3	-3.7	25.1	-574.8	167.1	-873.0	-2,930.3	-4,210.9	-3,966.6	-8.6
2022	13,106.4	18,291.0	239.7	3,496.4	-1,448.5	-1.9	19.4	-869.0	-9.0	-1,679.1	988.6	-1,568.5	-2,806.1	-11.6
2023	11,910.7	16,811.1	505.4	5,834.2	1,439.1	1.7	37.3	-661.5	277.6	-1,845.3	3,712.1	1,482.8	2,825.6	-0.6
2024 (h)	12,772.0	18,841.4	837.4	6,439.3	1,207.3	1.2	11.6	-649.0	575.2	-1,752.1	2,790.9	965.0	2,890.4	1.3
2025 (i)	13,581.4	21,479.9	1,671.2	7,946.7	1,719.3	1.6	-7.1	-945.7	183.1	-706.7	2,373.5	904.2	1,798.5	-0.8

(a) Replaced with Secondary Income (net) based on the BPM6 format, from 2012 onwards.

(b) From 2015 onwards, data is based on the GDP estimates of DCS with base year 2015.

(c) Based on the BPM6 format, financial account (net) data is represented as Net Acquisition of Financial Assets - Net Incurrence of Liabilities from 2012 onwards, resulting in a 'minus' sign for net inflows to the financial account from 2012 onwards.

(d) Replaced with 'Loans - other sector - long term' under 'Net Incurrence of Liabilities' based on the BPM6 format, from 2012 onwards.

(e) Replaced with 'Loans - government - long term' under 'Net Incurrence of Liabilities' based on the BPM6 format, from 2012 onwards.

(f) Includes net increase/decrease in reserve assets and reserve related liabilities based on the BPM6 format, and is the residual net flows to financial account from 2012 onwards.

(g) Trade indices have been calculated with a wider coverage using 2010 as the base year, from 2007 onwards.

(h) Revised

(i) Provisional

Source: Central Bank of Sri Lanka

EXTERNAL SECTOR

TABLE 5

Reserves, Total Foreign Assets, External Debt and Exchange Rates

Year	Gross Official Reserves (USD mn)	Total Foreign Assets (a)		Total External Debt (b)		Debt Service Ratio(d)	Exchange Rates (Sri Lanka Rupees per Unit of Foreign Currency)								
		(USD mn)	Months of Imports	(USD mn)	as a % of GDP (c)		Year End		Annual Average						
							US dollar	US dollar	Pound sterling	Euro	Japanese yen	Indian rupee	Deutsche mark	French frank	SDR (e)
1970	42.3	67.6	2.1	419.2	18.3	20.1	5.96	5.95	14.28	-	0.02	0.79	1.63	1.07	5.95
1971	52.4	83.6	2.7	465.9	19.7	21.9	5.96	5.94	14.45	-	0.02	0.79	1.70	1.07	5.95
1972	60.6	108.5	3.6	485.1	19.0	21.8	6.70	5.97	14.94	-	0.02	0.79	1.87	1.18	6.48
1973	82.3	126.1	3.7	552.0	19.2	23.0	6.75	6.40	15.70	-	0.02	0.83	2.40	1.44	7.63
1974	73.9	132.8	2.3	648.9	18.2	17.8	6.69	6.65	15.56	-	0.02	0.82	2.57	1.38	8.00
1975	56.9	108.1	1.7	729.3	19.2	23.0	7.71	7.01	15.57	-	0.02	0.84	2.85	1.63	8.51
1976	94.0	158.8	3.0	773.2	21.5	20.1	8.83	8.41	15.19	-	0.03	0.94	3.34	1.76	9.71
1977	278.4	358.1	5.9	856.1	20.9	16.0	15.56	8.87	15.49	-	0.03	1.02	3.82	1.81	10.36
1978	397.3	482.2	5.6	1,114.3	40.8	15.5	15.51	15.61	29.97	-	0.07	1.91	7.77	3.46	19.55
1979	516.1	624.9	5.2	1,245.7	37.0	13.0	15.45	15.57	33.04	-	0.07	1.92	8.50	3.66	20.12
1980	245.5	375.9	2.2	1,666.8	41.4	12.4	18.00	16.53	38.46	-	0.07	2.10	9.10	3.91	21.52
1981	334.7	448.8	2.9	2,060.4	46.7	16.8	20.55	19.25	39.03	-	0.09	2.22	8.52	3.54	22.69
1982	358.8	526.9	3.2	2,500.0	52.4	18.6	21.32	20.81	36.43	-	0.08	2.20	8.58	3.17	22.98
1983	316.0	521.0	3.3	2,651.7	51.3	21.6	25.00	23.53	35.69	-	0.10	2.33	9.22	3.09	25.15
1984	522.2	720.8	4.5	2,983.8	49.4	17.5	26.28	25.44	33.99	-	0.11	2.24	8.94	2.91	26.07
1985	461.2	672.0	3.9	3,440.7	57.6	21.0	27.41	27.16	35.21	-	0.11	2.20	9.23	3.02	27.58
1986	362.9	606.9	3.7	4,082.4	63.7	26.2	28.52	28.02	41.10	-	0.17	2.22	12.90	4.05	32.87
1987	299.5	600.7	3.5	4,770.6	71.4	27.5	30.76	29.45	48.26	-	0.20	2.27	16.38	3.27	38.10
1988	277.5	576.0	3.1	4,908.9	70.3	28.6	33.03	31.81	56.66	-	0.25	2.29	18.11	5.34	42.76
1989	291.4	584.6	3.2	5,146.0	73.6	24.2	40.00	36.05	59.11	-	0.26	2.22	19.17	5.65	46.19
1990	435.0	856.7	3.8	5,783.1	72.0	17.8	40.24	40.06	71.50	-	0.28	2.29	24.80	7.36	54.42
1991	718.4	1,156.0	4.6	6,489.4	72.1	18.5	42.58	41.37	73.20	-	0.31	1.82	25.10	7.33	56.61
1992	936.4	1,439.9	4.9	6,831.7	70.4	17.1	46.00	43.83	77.38	-	0.35	1.69	28.14	8.30	61.75
1993	1,674.7	2,123.8	6.4	7,602.0	73.4	13.8	49.56	48.25	72.47	-	0.44	1.58	29.19	8.52	67.39
1994 (f)	2,022.0	2,874.4	7.2	8,298.0	70.8	13.7	49.98	49.42	75.68	-	0.48	1.58	30.50	8.92	70.75
1995	2,063.0	2,901.9	6.6	8,694.0	66.7	16.5	54.05	51.25	80.88	-	0.55	1.58	35.81	10.29	77.74
1996	1,937.0	2,717.0	6.0	8,486.0	61.1	15.3	56.71	55.27	86.34	-	0.51	1.56	36.75	10.81	80.23
1997	2,029.0	3,132.0	6.4	8,197.0	54.3	13.3	61.29	58.99	96.69	-	0.49	1.63	34.07	10.12	81.17
1998	1,984.0	2,907.0	5.9	8,749.0	55.5	13.3	67.78	64.59	107.05	-	0.50	1.57	36.80	10.98	87.66
1999	1,639.0	2,582.0	5.2	9,088.0	57.8	15.2	72.12	70.39	113.91	-	0.62	1.64	38.39	11.45	96.25
2000	1,049.0	2,131.2	3.5	9,031.0	54.5	14.7	80.06	75.78	114.78	74.32	0.70	1.68	35.76	10.66	99.90
2001	1,338.0	2,238.0	4.5	8,372.0	53.2	13.2	93.16	89.36	128.66	82.27	0.74	1.89	40.90	12.19	113.75
2002	1,700.0	2,495.0	4.9	9,333.0	56.3	13.2	96.73	95.66	143.74	101.38	0.76	1.97	46.37	13.79	123.93
2003	2,329.0	3,218.0	5.8	10,735.0	56.9	11.6	96.74	96.52	157.71	121.60	0.83	2.07	-	-	135.22
2004	2,195.8	3,439.0	5.2	11,346.0	54.9	11.6	104.61	101.19	185.35	125.79	0.94	2.23	-	-	149.88
2005	2,735.0	4,200.5	5.7	11,353.8	46.5	7.9	102.12	100.50	182.87	125.10	0.91	2.28	-	-	148.45
2006	2,836.7	4,005.4	4.7	11,981.4	42.4	12.7	107.71	103.96	191.53	130.63	0.89	2.30	-	-	153.00
2007	3,508.2	4,956.4	5.3	13,989.5	43.2	13.1	108.72	110.62	221.46	151.63	0.94	2.69	-	-	169.37
2008	2,560.9	3,639.8	3.1	15,106.6	37.1	18.0	113.14	108.33	200.73	159.32	1.05	2.52	-	-	171.24
2009	5,357.4	7,030.4	8.3	18,662.1	44.4	22.4	114.38	114.94	179.87	160.21	1.23	2.39	-	-	177.22
2010	7,196.5	8,620.8	7.7	21,437.9	37.8	16.7	110.95	113.06	174.81	150.10	1.29	2.49	-	-	172.50
2011	6,749.3	7,990.7	4.7	32,747.9	50.2	13.2	113.90	110.57	177.23	153.86	1.39	2.39	-	-	174.54
2012	7,105.8	8,586.8	5.4	37,098.1	62.5	19.7	127.16	127.60	202.28	164.01	1.60	2.39	-	-	195.38
2013	7,495.0	8,573.5	5.7	39,905.3	53.7	26.8	130.75	129.11	202.08	171.51	1.32	2.21	-	-	196.19
2014	8,208.4	9,884.4	6.1	42,914.1	54.1	21.7	131.05	130.56	215.16	173.47	1.24	2.14	-	-	198.35
2015	7,303.6	9,336.9	5.9	44,839.4	52.7	28.2	144.06	135.94	207.99	150.84	1.12	2.12	-	-	190.16
2016	6,019.0	8,432.9	5.3	46,418.0	52.8	25.6	149.80	145.60	197.15	161.16	1.34	2.17	-	-	202.39
2017	7,958.7	10,436.5	6.0	51,603.9	54.7	23.9	152.85	152.46	196.47	171.73	1.36	2.34	-	-	211.49
2018	6,919.2	9,582.9	5.2	52,411.8	55.3	28.9	182.75	162.54	216.67	191.71	1.47	2.38	-	-	229.90
2019	7,642.4	10,401.9	6.3	54,811.5	61.6	29.7	181.63	178.78	228.20	200.14	1.64	2.54	-	-	246.97
2020	5,664.3	8,520.7	6.4	49,041.3	58.1	35.2	186.41	185.52	238.22	212.07	1.74	2.50	-	-	258.61
2021	3,139.2	6,122.4	3.6	51,775.1	58.4	30.7	200.43	198.88	273.51	235.10	1.81	2.69	-	-	283.18
2022	1,897.6	5,873.5	3.9	49,666.9	64.6	15.4	363.11	324.55	396.89	339.04	2.44	4.11	-	-	431.91
2023	4,392.1	9,373.1	6.7	54,257.2	64.5	15.9	323.92	327.53	407.07	354.11	2.34	3.97	-	-	436.88
2024 (g)	6,122.0	11,230.0	7.2	55,214.9	55.4	21.6	292.58	302.12	386.25	327.05	2.00	3.61	-	-	401.07
2025 (h)	6,838.1	12,305.5	6.9	54,806.8	50.4	24.9	309.99	300.95	397.21	340.59	2.01	3.45	-	-	406.55

(a) Excludes foreign assets in the form of 'Direct investment abroad' and 'Trade credit and advances granted'.

(b) Total external debt based on market value from 2012 onwards.

(c) From 2015 onwards, data is based on the base year (2015) GDP estimates of the DCS.

(d) As a % of earnings from exports of goods and services. Debt service payments were reclassified to capture debt servicing of foreign holding of Treasury bills and bonds in accordance with External Debt Statistics Manual (2003) of the International Monetary Fund (IMF), from 2008 onwards.

(e) Special Drawing Rights (SDR), the unit of account of the IMF.

(f) Offshore Banking Units are treated as a part of the domestic banking system, from 1994 onwards.

(g) Revised

(h) Provisional

Sources: International Monetary Fund
Central Bank of Sri Lanka

FISCAL SECTOR

TABLE 6

Government Fiscal Operations (a)

Values in Rs. mn

Year (b)	Revenue		Grants	Expenditure			Current Account Surplus(+)/Deficit(-)	Primary Account Surplus(+)/Deficit(-)	Overall Surplus(+)/Deficit(-)	Financing				As a % of GDP (d)			
	Tax	Total (Tax and Non Tax)		Recurrent	Capital and Net Lending	Total				Foreign	Domestic (c)	Privatization Proceeds	Total Financing	Revenue and Grants	Expenditure	Overall Surplus(+)/Deficit (-)	
1970	2,507	2,736	63	2,799	2,659	1,013	3,672	77	-620	-873	163	710	-	873	20.5	26.9	-6.4
1971	2,354	2,815	60	2,875	2,981	918	3,899	-166	-688	-1,024	175	849	-	1,024	20.5	27.8	-7.3
1972	2,676	3,282	75	3,357	3,386	931	4,317	-104	-548	-961	209	752	-	961	22.0	28.3	-6.3
1973	3,331	4,034	47	4,081	3,857	1,169	5,026	177	-431	-945	132	813	-	945	22.2	27.3	-5.1
1974	4,013	4,787	252	5,039	4,506	1,316	5,822	281	-203	-783	126	657	-	783	21.2	24.5	-3.3
1975	4,258	5,084	404	5,488	5,153	2,033	7,186	-69	-999	-1,698	310	1,388	-	1,698	20.6	27.0	-6.4
1976	4,726	5,739	367	6,106	5,554	3,098	8,652	185	-1,707	-2,547	591	1,956	-	2,547	20.2	28.6	-8.4
1977	5,509	6,686	501	7,187	6,148	2,665	8,813	538	-613	-1,626	754	872	-	1,626	19.7	24.2	-4.5
1978	10,320	11,688	661	12,349	10,408	7,280	17,688	1,280	-3,999	-5,339	3,292	2,047	-	5,339	28.9	41.5	-12.5
1979	11,015	11,966	1,390	13,356	10,825	8,367	19,192	1,141	-4,169	-5,836	2,348	3,488	-	5,836	25.5	36.6	-11.1
1980	12,158	13,022	2,620	15,442	12,319	16,069	28,388	703	-10,505	-12,746	3,516	9,230	-	12,746	23.5	42.7	-19.2
1981	13,696	14,775	2,721	17,496	14,649	13,365	28,014	126	-6,780	-10,518	4,880	5,638	-	10,518	20.6	33.0	-12.4
1982	14,737	16,210	3,376	19,586	18,341	15,171	33,512	-2,131	-8,822	-13,926	4,744	9,182	-	13,926	19.7	33.8	-14.0
1983	19,912	23,317	3,473	26,790	22,002	17,635	39,637	1,315	-6,241	-12,847	6,372	6,475	-	12,847	22.0	32.6	-10.6
1984	29,939	34,061	3,293	37,354	24,630	23,207	47,837	9,431	-3,745	-10,483	6,492	3,991	-	10,483	24.3	31.1	-6.8
1985	30,442	36,249	3,307	39,556	32,645	22,589	55,234	3,604	-8,250	-15,678	7,109	8,569	-	15,678	24.4	34.0	-9.7
1986	31,272	37,238	3,753	40,991	33,966	25,227	59,193	3,272	-9,440	-18,202	9,061	9,141	-	18,202	22.8	33.0	-10.1
1987	35,119	42,145	4,677	46,822	39,560	24,334	63,894	2,585	-6,915	-17,072	5,716	11,356	-	17,072	23.8	32.5	-8.7
1988	35,946	41,749	6,588	48,337	46,132	30,400	76,532	-4,383	-15,605	-28,195	7,128	21,067	-	28,195	21.8	34.5	-12.7
1989	47,513	53,979	6,407	60,386	56,884	25,280	82,164	-2,905	-7,426	-21,778	5,926	15,852	-	21,778	24.0	32.6	-8.6
1990	61,206	67,964	6,698	74,662	71,771	28,043	99,814	-3,807	-4,484	-25,152	11,644	13,508	-	25,152	23.2	31.0	-7.8
1991	68,157	76,179	7,870	84,049	83,756	36,613	120,369	-7,577	-14,247	-36,320	19,329	16,149	841	36,320	22.6	32.3	-9.8
1992	76,353	85,781	8,280	94,061	89,639	30,186	119,824	-3,858	177	-25,763	7,361	15,551	2,850	25,763	22.1	28.2	-6.1
1993	85,891	98,339	8,025	106,364	102,288	39,371	141,659	-3,949	-5,092	-35,295	9,855	24,241	1,200	35,295	21.3	28.4	-7.1
1994	99,417	110,038	8,257	118,295	127,084	43,680	170,764	-17,046	-14,439	-52,470	11,778	37,696	2,995	52,470	20.4	29.5	-9.1
1995	118,543	136,258	9,028	145,286	154,159	49,325	203,484	-17,901	-19,972	-58,198	21,224	33,972	3,001	58,198	21.8	30.5	-8.7
1996	130,202	146,279	7,739	154,018	175,148	43,512	218,660	-28,869	-15,719	-64,642	10,160	49,754	4,728	64,642	20.1	28.5	-8.4
1997	142,512	165,036	7,329	172,365	184,749	50,348	235,097	-19,713	-7,486	-62,732	9,958	30,275	22,499	62,732	19.4	26.4	-7.0
1998	147,368	175,032	7,200	182,232	199,648	68,531	268,179	-24,616	-31,049	-85,947	10,197	71,362	4,389	85,947	17.9	26.3	-8.4
1999	166,029	195,905	6,761	202,666	207,271	71,888	279,159	-11,366	-14,370	-76,493	1,484	74,876	134	76,493	18.3	25.2	-6.9
2000	182,392	211,282	5,145	216,427	254,279	81,544	335,823	-42,997	-48,196	-119,396	495	118,500	401	119,396	17.2	26.7	-9.5
2001	205,840	234,296	5,500	239,796	303,361	83,157	386,518	-69,065	-52,415	-146,722	14,538	123,595	8,589	146,722	17.0	27.5	-10.4
2002	221,839	261,888	7,079	268,967	330,847	72,142	402,990	-68,959	-17,507	-134,022	1,978	126,351	5,693	134,022	17.0	25.4	-8.5
2003	231,597	276,465	7,956	284,421	334,694	82,979	417,673	-58,229	-8,125	-133,251	43,117	79,911	10,223	133,251	15.6	22.9	-7.3
2004	281,552	311,473	8,681	320,154	389,679	87,228	476,907	-78,206	-36,970	-156,752	37,071	117,243	2,437	156,752	15.3	22.8	-7.5
2005	336,828	379,746	32,640	412,387	443,350	141,433	584,783	-63,603	-52,237	-172,396	47,773	123,604	1,020	172,396	16.8	23.8	-7.0
2006	428,378	477,833	30,068	507,901	547,960	165,687	713,646	-70,127	-54,968	-205,745	41,942	163,805	-	205,745	17.3	24.3	-7.0
2007	508,947	565,051	30,508	595,559	622,758	218,846	841,604	-57,707	-63,364	-246,045	100,907	145,137	-	246,045	16.6	23.5	-6.9
2008	585,621	655,259	31,222	686,482	743,710	252,416	996,126	-88,450	-97,169	-309,644	-4,643	314,287	-	309,643	15.6	22.6	-7.0
2009	618,933	699,644	25,922	725,566	879,575	322,352	1,201,927	-179,931	-166,686	-476,361	230,807	245,554	-	476,361	15.0	24.9	-9.9
2010	724,747	817,279	16,909	843,188	937,094	343,111	1,280,205	-119,815	-93,425	-446,017	243,788	202,229	-	446,017	12.6	19.3	-6.7
2011	845,697	967,862	15,141	983,003	1,024,906	408,276	1,433,182	-57,043	-93,481	-450,180	218,956	231,224	-	450,180	13.1	19.1	-6.0
2012	908,913	1,051,460	16,071	1,067,532	1,131,023	425,476	1,556,499	-79,563	-80,469	-488,967	286,455	202,511	-	488,967	11.9	17.3	-5.4
2013	1,005,895	1,137,447	15,859	1,153,306	1,205,180	464,216	1,669,396	-67,733	-72,083	-516,090	123,700	392,390	-	516,090	11.6	16.8	-5.2
2014	1,050,362	1,195,206	9,415	1,204,621	1,322,898	472,967	1,795,865	-127,692	-154,849	-591,244	212,523	378,721	-	591,244	11.2	16.7	-5.5
2015	1,355,779	1,454,878	6,014	1,460,892	1,701,658	588,737	2,290,394	-246,779	-319,828	-829,502	236,803	592,699	-	829,502	12.6	19.8	-7.2
2016	1,463,689	1,686,062	7,496	1,693,558	1,757,782	576,101	2,333,883	-71,719	-29,430	-640,325	391,914	248,411	-	640,325	13.2	18.2	-5.0
2017	1,670,178	1,831,531	8,031	1,839,562	1,927,693	645,363	2,573,056	-96,162	2,071	-733,494	439,243	294,251	-	733,494	12.8	17.9	-5.1
2018	1,712,318	1,919,973	12,486	1,932,459	2,089,713	603,515	2,693,228	-169,740	91,421	-760,769	323,535	437,234	-	760,769	12.6	17.5	-5.0
2019 (e)	1,734,925	1,890,899	7,909	1,898,808	2,424,582	913,314	3,337,896	-533,683	-537,736	-1,439,088	542,641	896,448	-	1,439,088	11.9	21.0	-9.0
2020	1,216,542	1,367,960	5,348	1,373,308	2,548,359	492,638	3,040,996	-1,180,399	-687,386	-1,667,688	-83,199	1,750,887	-	1,667,688	8.8	19.4	-10.7
2021	1,298,019	1,457,071	6,740	1,463,810	2,747,512	774,223	3,521,735	-1,290,441	-1,009,542	-2,057,925	-13,901	2,071,826	-	2,057,925	8.3	20.0	-11.7
2022	1,751,132	1,979,184	33,405	2,012,589	3,519,633	952,923	4,472,556	-1,540,448	-894,777	-2,459,967	424,822	2,035,145	-	2,459,967	8.4	18.6	-10.2
2023	2,720,563	3,048,822	25,502	3,074,324	4,699,679	656,912	5,356,591	-1,650,857	173,332	-2,282,267	494,655	1,787,612	-	2,282,267	11.2	19.5	-8.3
2024	3,704,577	4,030,838	59,970	4,090,808	5,339,941	790,798	6,130,739	-1,309,103	649,569	-2,039,931	333,241	1,706,691	-	2,039,931	13.6 (f)	20.4 (f)	-6.8
2025 (g)	5,049,192	5,449,402	36,150	5,485,552	5,232,388	998,026	6,230,415	217,014	1,755,811	-744,863	142,408	602,455	-	744,863	16.7	19.0	-2.3

(a) Data from 1979 are based on the economic format.

(b) Financial year was from 1 October to 30 September until 1973. From 1973, it was changed to the calendar year.

(c) Includes proceeds from the long lease of Hambantota Port received in 2017 and 2018

(d) Data are based on GDP estimates compiled by DCS. From 2010 onwards, data are based on revised GDP estimates (base year 2015) of DCS.

(e) According to the Ministry of Finance, the fiscal sector statistics of 2019 have been restated as announced in the Budget Speech for 2020.

(f) Revised based on the revised GDP estimates for 2024 released by DCS on 17 March 2026.

(g) Provisional

Sources: Ministry of Finance, Planning and Economic Development
Central Bank of Sri Lanka

FISCAL SECTOR

TABLE 7

Central Government Debt (a)

Values in Rs. mn

Year (b)	Domestic Debt (c)					Foreign Debt (d)(e)	Total Debt	As a % of GDP (f)		
	Treasury Bills (d)	Rupee Loans	Treasury Bonds (e)	Other	Total			Domestic	Foreign	Total
1970	1,950	3,925	-	420	6,295	2,394	8,689	46.1	17.5	63.6
1971	2,025	4,512	-	446	6,983	2,795	9,778	49.7	19.9	69.6
1972	2,325	5,103	-	498	7,926	2,936	10,862	52.0	19.3	71.2
1973	2,250	5,812	-	522	8,584	3,705	12,289	46.6	20.1	66.8
1974	2,250	6,591	-	604	9,445	2,859	12,304	39.7	12.0	51.8
1975	2,350	7,560	-	949	10,859	3,705	14,564	40.9	13.9	54.8
1976	2,700	9,001	-	990	12,691	4,968	17,659	42.0	16.4	58.5
1977	2,500	10,391	-	1,501	14,392	10,593	24,985	39.5	29.1	68.6
1978	2,635	12,049	-	1,684	16,368	14,583	30,951	38.4	34.2	72.5
1979	3,000	14,929	-	1,705	19,634	15,840	35,474	37.5	30.2	67.7
1980	9,800	17,611	-	1,659	29,070	22,276	51,346	43.7	33.5	77.2
1981	13,920	20,025	-	1,573	35,518	29,172	64,690	41.8	34.3	76.1
1982	17,320	25,800	-	2,147	45,267	35,267	80,534	45.6	35.5	81.2
1983	17,400	31,953	-	2,416	51,769	46,688	98,457	42.6	38.4	81.0
1984	14,860	33,228	-	3,564	51,652	53,681	105,333	33.6	34.9	68.5
1985	22,280	36,570	-	3,761	62,611	67,673	130,284	38.6	41.7	80.2
1986	26,173	39,130	-	4,196	69,499	86,208	155,707	38.7	48.0	86.8
1987	29,850	44,957	-	4,190	78,997	111,812	190,809	40.2	56.8	97.0
1988	43,700	49,797	-	5,099	98,596	125,657	224,253	44.4	56.6	101.0
1989	57,246	54,217	-	6,099	117,562	156,298	273,860	46.7	62.0	108.7
1990	67,968	54,677	-	11,251	133,896	176,883	310,779	41.6	55.0	96.6
1991	72,968	66,823	-	12,328	152,119	214,579	366,698	40.9	57.6	98.5
1992	87,096	69,180	-	13,744	170,020	235,539	405,559	40.0	55.4	95.4
1993	97,196	105,707	-	10,782	213,685	270,224	483,909	42.8	54.1	96.9
1994	98,896	137,554	-	12,669	249,119	301,812	550,931	43.0	52.1	95.1
1995	113,771	157,928	-	17,711	289,410	346,286	635,696	43.3	51.9	95.2
1996	124,996	205,975	-	25,731	356,703	359,685	716,388	46.4	46.8	93.3
1997	114,996	239,475	10,000	23,269	387,740	376,331	764,071	43.6	42.3	85.8
1998	119,996	250,570	48,915	43,945	463,426	461,273	924,699	45.5	45.3	90.8
1999	124,996	262,056	104,867	51,546	543,465	507,866	1,051,331	49.1	45.9	95.1
2000	134,996	263,888	204,124	73,652	676,660	542,040	1,218,700	53.8	43.1	96.9
2001	170,995	292,813	229,174	122,983	815,965	636,741	1,452,706	58.0	45.3	103.3
2002	210,995	287,701	347,128	102,562	948,386	721,957	1,670,343	60.0	45.6	105.6
2003	219,295	248,414	487,504	69,153	1,024,366	843,882	1,868,248	56.2	46.3	102.5
2004	243,886	164,758	647,746	91,396	1,147,786	996,138	2,143,924	54.9	47.6	102.5
2005	234,174	140,563	755,966	139,415	1,270,119	956,620	2,226,739	51.8	39.0	90.8
2006	257,732	116,713	890,369	218,813	1,483,627	1,103,418	2,587,045	50.5	37.5	88.0
2007	307,012	131,509	1,023,249	257,825	1,719,595	1,326,487	3,046,082	47.9	37.1	85.1
2008	402,600	130,009	1,286,375	325,641	2,144,625	1,448,734	3,593,359	48.6	32.8	81.5
2009	441,032	112,292	1,517,909	334,119	2,405,352	1,760,467	4,165,819	49.7	36.4	86.2
2010	514,442	87,709	1,648,284	319,624	2,570,059	2,024,583	4,594,642	38.8	30.5	69.3
2011	590,885	61,961	1,823,648	331,988	2,808,482	2,329,280	5,137,762	37.5	31.1	68.6
2012	629,070	58,386	2,177,892	450,303	3,315,651	2,767,299	6,082,950	36.9	30.8	67.7
2013	700,137	55,518	2,548,323	624,810	3,928,788	2,960,424	6,889,212	39.5	29.8	69.3
2014	694,767	55,518	2,940,017	683,444	4,373,746	3,113,116	7,486,862	40.6	28.9	69.5
2015	658,240	24,088	3,401,211	971,620	5,055,159	3,544,031	8,599,190	43.7	30.6	74.3
2016	779,581	24,088	3,806,353	823,051	5,433,073	4,045,796	9,478,869	42.4	31.6	74.0
2017	697,154	24,088	3,892,408	1,050,565	5,664,215	4,718,618	10,382,832	39.4	32.8	72.2
2018	746,887	24,088	4,197,323	1,102,703	6,071,001	5,959,547	12,030,548	39.5	38.8	78.4
2019	873,943	24,088	4,606,232	1,325,997	6,830,260	6,201,283	13,031,543	42.9	39.0	81.9
2020 (g)	1,620,705	24,088	5,713,300	1,706,975	9,065,068	6,052,179	15,117,247	57.9	38.7	96.6
2021	2,270,508	24,088	6,966,218	1,836,409	11,097,223	6,516,958 (h)	17,614,181	63.0	37.0	100.0
2022 (i)(j)	4,113,907	24,088	8,709,057	2,186,824 (k)	15,033,876 (k)	12,458,155 (h)(l)	27,492,031	62.5 (k)	51.8 (l)	114.2 (k)(l)
2023 (i)(j)	4,017,035	-	12,002,337	1,032,482 (k)	17,051,854 (k)	11,644,094 (h)(l)	28,695,949	61.9 (k)	42.3 (l)	104.2 (k)(l)
2024 (i)(j)(m)	4,061,554	-	14,079,198	168,908 (k)	18,309,660 (k)	10,429,044 (h)(l)	28,738,704	60.8 (k)	34.7 (l)	95.5 (k)(l)
2025 (i)(j)(m)	3,136,291	-	15,427,749	111,285 (k)	18,675,325 (k)	11,319,363 (h)(l)	29,994,688	57.0 (k)	34.6 (l)	91.6 (k)(l)

Sources: Ministry of Finance, Planning and Economic Development
Central Bank of Sri Lanka

Note: With the establishment of the Public Debt Management Office (PDMO) under the Ministry of Finance (MOF), the responsibility for recording and publishing Sri Lanka's public debt now falls under the PDMO, as mandated by the provisions of the Public Debt Management Act, No. 33 of 2024. Accordingly, the Quarterly Statistical Debt Bulletin, published by the PDMO, serves as the official source for debt statistics. The Central Bank compiles and presents this table based on data received from the MOF, to ensure the data continuity.

(a) As per the guidelines of compiling government debt statistics based on the Public Sector Debt Statistics Framework published by the IMF, non-resident holdings of outstanding SLDBs have been classified under foreign debt and resident holdings of outstanding LSDBs of the Sri Lanka Government have been classified under domestic debt. Further, debt statistics are presented on net basis (net of deposits).

(b) From 1950 to 1973, the outstanding balance is reported as at end September and thereafter as at end December.

(c) From 2023 onwards, domestic debt compilation method was changed and is based on the data confirmed by the Ministry of Finance, Planning and Economic Development.

(d) Rupee denominated Treasury bills issued to foreign investors from 2008 onwards are excluded from domestic debt and included in foreign debt.

(e) Rupee denominated Treasury bonds issued to foreign investors from 2007 onwards are excluded from domestic debt and included in foreign debt.

(f) Data are based on GDP estimates compiled by DCS. From 2010 onwards, data are based on the GDP estimates (base year 2015) of DCS. GDP estimates for 2023 and 2024 are revised based on the GDP estimates released on 17 March 2026.

(g) The central government debt statistics at end 2019 could increase should the adjustment for payment arrears in government expenditure as per the Ministry of Finance be incorporated into the net financing of the budget deficit in 2019. However, such an adjustment would have no impact on the outstanding central government debt at end 2020.

(h) Foreign loan debt statistics and classification of foreign debt for 2024 and 2025 are prepared based on the data sourced from the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) maintained by MOF, and extracted on 27 February 2025 and 31 January 2026, respectively.

(i) Provisional

(j) The outstanding central government debt excludes several debt service payments that became overdue after 12 April 2022, the date of which the Interim Policy regarding the servicing of Sri Lanka's external public debt was announced by the Ministry of Finance, Planning and Economic Development. These debt service payments comprise of overdue interest payments of affected debt which deemed to be capitalised as per the Interim Policy. Further, December 2022 balances excluded several overdue interest payments in relation to SLDB, from April 2021 till end 2022.

(k) Includes outstanding balance of the government guaranteed foreign currency debt of the Ceylon Petroleum Corporation that was absorbed into central government debt.

(l) From December 2022 onwards, several outstanding project loans which were previously classified under Ceylon Electricity Board, Airport and Aviation Services Ltd. and Sri Lanka Ports Authority were absorbed into central government debt.

(m) The 2024 and 2025 data reflects the impact of external debt restructuring.

MONETARY SECTOR

TABLE 8

End Period	Interest Rates											% per annum		
	OPR (Over-night Policy Rate) (a)	SDFR (Repo) (a)(b)	SLFR (Rev. Repo) (a)(c)	SRR (d)	Government Securities			Average Weighted Call Money Rate	Commercial Banks				Bank Rate (e)	Legal Rate of Interest/Market Rate of Interest (f)
					Primary Market Yields				Deposit Rates		Lending Rates on Loans Secured by			
					91-day Treasury Bill	182-day Treasury Bill	364-day Treasury Bill		Savings Deposits	12-Month Fixed Deposits	Stock in Trade	Immovable Property		
1970	-	-	-	12.00	4.76	-	-	-	4.50	4.50-4.75	8.50-12.00	8.00-11.00	6.50	-
1971	-	-	-	12.00	5.00	-	-	-	4.50	4.50-4.75	8.50-12.00	8.00-11.00	6.50	-
1972	-	-	-	12.00	5.00	-	-	-	4.50	4.50-4.75	8.50-12.00	8.00-11.00	6.50	-
1973	-	-	-	12.00	5.00	-	-	-	4.50	4.50-4.75	8.50-12.00	8.00-11.00	6.50	-
1974	-	-	-	12.00	5.00	-	-	-	4.50	4.50-4.75	8.50-12.50	8.00-12.00	6.50	-
1975	-	-	-	12.00	5.00	-	-	-	5.50	7.00-7.50	8.50-13.00	8.50-12.00	6.50	-
1976	-	-	-	12.00	5.00	-	-	-	5.50	7.00-7.50	8.50-14.00	8.50-14.00	6.50	-
1977	-	-	-	12.00	9.00	-	-	-	7.20	14.00-15.00	13.00-19.00	13.00-19.00	10.00	-
1978	-	-	-	12.00	9.00	-	-	-	7.20	14.00-15.00	13.00-19.00	13.00-19.00	10.00	-
1979	-	-	-	12.00	9.00	-	-	-	5.00-9.00	14.00-15.00	13.00-20.00	13.00-19.00	10.00	-
1980	-	-	-	12.00	13.00	-	-	-	10.00-14.00	20.00	15.00-28.00	13.00-28.00	12.00	12.00
1981	-	-	-	14.00	13.00	-	-	-	10.00-14.00	20.00-22.00	15.00-28.00	13.00-28.00	14.00	12.00
1982	-	-	-	14.00	13.00	-	-	-	10.00-14.50	15.00-22.00	16.00-30.00	16.00-30.00	14.00	12.00
1983	-	-	-	16.00	12.00	-	-	-	10.00-15.00	16.00-25.00	13.00-30.00	8.00-28.00	13.00	12.00
1984	-	-	-	16.00	14.00	-	-	-	10.00-15.00	14.00-22.00	13.00-30.00	16.00-30.00	13.00	12.00
1985	-	-	-	18.00	11.50	-	-	-	10.00-13.50	12.00-18.00	13.00-28.00	11.00-30.00	11.00	12.00
1986	-	-	-	18.00	11.31	-	-	-	6.00-12.00	8.50-14.00	12.00-30.00	12.00-30.00	11.00	12.00
1987	-	-	-	10.00	10.77	-	-	-	6.00-11.00	8.50-14.00	14.00-30.00	12.00-30.00	10.00	12.00
1988	-	-	-	15.00	18.86	-	-	-	5.00-11.00	9.00-15.50	10.00-28.00	9.00-26.00	10.00	12.00
1989	-	-	-	15.00	18.10	18.20	19.10	-	5.00-14.00	11.00-20.50	9.80-30.00	9.80-28.00	14.00	12.00
1990	-	-	-	15.00	17.41	18.02	18.36	-	5.00-14.00	11.00-21.00	10.00-30.00	9.00-28.00	15.00	18.00
1991	-	-	-	13.00	16.33	16.38	17.43	-	6.50-14.00	10.00-20.00	9.80-30.00	9.80-28.00	17.00	18.00
1992	-	-	-	13.00	17.67	18.05	18.99	-	6.50-14.00	13.50-20.00	10.00-30.00	9.00-30.00	17.00	18.00
1993	-	16.50	-	15.00	18.09	18.47	19.38	-	5.50-14.00	13.50-17.50	16.50-30.00	16.50-28.00	17.00	18.00
1994	-	20.00	-	15.00	18.73	19.29	19.43	-	5.50-13.00	10.00-17.00	15.00-30.00	16.50-28.00	17.00	18.00
1995	-	16.50	-	15.00	19.26	18.91	18.97	-	5.00-13.00	10.00-17.00	17.00-30.00	17.00-28.00	17.00	18.00
1996	-	12.75	-	15.00	17.45	17.40	17.38	-	4.50-13.00	12.00-17.75	15.00-30.00	15.00-28.00	17.00	18.00
1997	-	11.00	12.85	12.00	9.97	10.09	10.21	-	3.00-11.00	8.50-15.25	14.00-28.00	14.00-29.00	17.00	12.70
1998	-	11.25	15.00	12.00	12.01	12.34	12.59	-	2.00-10.00	9.00-13.00	7.70-30.00	7.50-33.00	17.00	11.50
1999	-	9.25	13.48	11.00	11.79	12.29	12.77	-	2.00-10.00	9.00-12.50	12.00-28.00	13.00-29.00	16.00	9.70
2000	-	17.00	20.00	11.00	17.77	17.90	18.22	-	2.00-11.00	9.00-15.00	14.00-28.50	10.00-29.00	25.00	9.10
2001	-	12.00	14.00	10.00	12.92	13.27	13.74	12.65	4.00-12.00	9.50-14.50	12.00-26.50	12.00-30.00	18.00	9.21
2002	-	9.75	11.75	10.00	9.92	9.89	9.91	10.39	3.50-11.00	7.50-11.00	12.00-25.00	10.00-29.00	18.00	11.11
2003	-	7.00	8.50	10.00	7.35	7.30	7.24	7.59	2.10-7.25	5.00-7.75	7.00-23.00	7.00-29.00	15.00	9.58
2004	-	7.50	9.00	10.00	7.25	7.65	7.65	9.73	3.00-7.75	5.50-9.75	9.00-23.00	8.00-22.00	15.00	6.30
2005	-	8.75	10.25	10.00	10.10	10.32	10.37	10.73	3.00-10.25	5.50-11.50	9.00-23.00	10.00-22.50	15.00	5.16
2006	-	10.00	11.50	10.00	12.76	12.78	12.96	14.47	3.00-10.50	5.50-14.00	8.36-27.00	7.86-27.00	15.00	5.70
2007	-	10.50	12.00	10.00	21.30	19.99	19.96	24.99	3.00-16.50	8.50-20.00	10.00-30.00	10.00-30.00	15.00	6.86
2008	-	10.50	12.00	7.75	17.33	18.57	19.12	14.66	3.00-16.50	8.50-20.25	10.00-30.00	10.00-30.00	15.00	9.16
2009	-	7.50	9.75	7.00	7.73	8.73	9.33	9.07	1.50-10.50	7.25-19.00	9.50-30.00	9.15-30.00	15.00	11.32
2010	-	7.25	9.00	7.00	7.24	7.35	7.55	8.03	1.50-9.50	5.05-17.00	8.20-25.00	8.00-28.00	15.00	11.33
2011	-	7.00	8.50	8.00	8.68	8.71	9.31	8.97	1.00-8.50	5.55-11.00	5.15-24.00	4.50-26.00	15.00	7.26
2012	-	7.50	9.50	8.00	10.00	11.32	11.69	9.83	0.75-10.50	5.00-17.00	9.50-25.00	4.50-26.00	15.00	6.48
2013	-	6.50	8.50	6.00	7.54	7.85	8.29	7.66	0.75-9.14	6.00-16.00	8.50-23.00	5.00-26.00	15.00	8.59
2014	-	6.50	8.00	6.00	5.74	5.84	6.01	6.21	0.50-8.00	3.95-12.00	5.90-24.00	4.75-24.00	15.00	10.34
2015	-	6.00	7.50	6.00	6.45	6.83	7.30	6.40	0.50-8.00	3.95-15.00	6.00-24.00	4.74-24.00	15.00	7.76
2016	-	7.00	8.50	7.50	8.72	9.63	10.17	8.42	0.50-9.00	4.50-15.00	3.00-24.00	1.50-24.00	15.00	5.98
2017	-	7.25	8.75	7.50	7.69	8.30	8.90	8.15	0.50-9.50	4.89-15.00	5.25-28.00	4.00-30.00	15.00	7.06
2018	-	8.00	9.00	6.00	10.01	9.99	11.20	8.95	0.50-8.50	4.53-15.00	7.93-28.00	4.00-28.00	15.00	9.08
2019	-	7.00	8.00	5.00	7.51	8.02	8.45	7.45	0.20-7.50	3.55-15.00	4.47-28.00	4.00-28.00	15.00	11.50
2020	-	4.50	5.50	2.00	4.69	4.80	5.05	4.55	0.10-7.00	0.25-15.00	3.95-28.00	4.00-28.00	8.50	11.64
2021	-	5.00	6.00	4.00	8.16	8.33	8.24	5.95	0.05-6.35	0.15-15.00	4.00-28.00	3.02-28.00	9.00	10.12
2022	-	14.50	15.50	4.00	32.64	32.20	29.27	15.50	0.25-6.00	4.50-30.00	5.66-42.48	2.81-39.00	30.22	7.48
2023	-	9.00	10.00	2.00	14.51	14.16	12.93	9.24	0.25-13.00	1.00-22.00	5.66-28.00	1.00-34.97	14.50	16.97
2024	8.00	7.50	8.50	2.00	8.62	8.77	8.96	8.00	0.25-9.00	2.50-18.39	5.57-26.50	1.50-32.00	10.00	15.15
2025	7.75	7.25	8.25	2.00	7.74	8.27	8.45	8.04	0.25-9.00	2.50-12.00	5.57-26.50	4.00-32.00	9.00	12.12

Sources: Central Bank of Sri Lanka
Public Debt Management Office

- (a) With effect from 27 November 2024, the Overnight Policy Rate (OPR) is defined as the policy interest rate of the Central Bank. Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) are linked to the OPR with a pre-determined margin as decided by the Central Bank.
- (b) Renamed w.e.f. 02 January 2014 as the SDFR. Previously named as the Repo Rate.
- (c) Renamed w.e.f. 02 January 2014 as the SLFR. Previously named as the Reverse Repo Rate.
- (d) The Statutory Reserve Ratio (SRR) is the proportion of rupee deposit liabilities that LCBs are required to maintain as a deposit with the Central Bank, subject to an allowance for till cash balances. Prior to 2001, the SRR applicable on rupee demand deposits is reported since different SRRs were applicable on different types of deposits, including foreign currency deposits.
- (e) The rate at which the Central Bank grants advances to banking institutions as the lender of last resort. Up to April 2020, the Bank Rate was a fixed rate determined by the Monetary Board. Since 16 April 2020, the Bank Rate was allowed to be determined automatically with a margin of 300 bps above the SLFR. Since 03 November 2022, Bank Rate was allowed to commensurately be adjusted in line with the monthly Average Weighted New Deposit Rate (AWNDR) published by the Central Bank with a margin of +700 bps. This margin was subsequently reduced to +300 bps with effect from 02 January 2023, with the resulting rate rounded to the nearest half percentage point. Since 01 March 2023, Bank Rate was delisted from monetary policy instruments and it is to be considered as a policy instrument that the Central Bank uses as the lender of last resort (LOLR) to support the stability of the banking and financial system.
- (f) The Legal Rate is defined under the Civil Procedure Code (Amendment) Act No. 6 of 1990 and is applicable to any legal action for the recovery of a sum of money. The Market Rate is defined under the Debt Recovery (Special Provisions) Act No. 2 of 1990 and is applicable only in relation to legal actions instituted by lending institutions for the recovery of debt exceeding Rs. 150,000 arising out of commercial transactions, where there is no agreed rate of interest. The Governing Board of the Central Bank determines the Legal Rate and Market Rate for each year and publishes in the Government Gazette in the month of December to be applicable for the forthcoming year. The Legal Rate and the Market Rate for the year 2026 is 11.39% per annum.

MONETARY SECTOR

TABLE 9

Values in Rs. mn

Monetary Survey (M_{2b})(a)(b)

End Period	Currency	Demand Deposits (d)	Narrow Money Supply (M ₁)	Broad Money Supply (M ₂)	Broad Money Supply (M _{2b})	Net Foreign Assets (NFA)			Net Domestic Assets (NDA) (c)				Reserve Money	Money Multiplier			Velocity of Money (M _{2b})
						Monetary Authorities (e)(f)	Commercial Banks	Total	Claims on			Total		M ₁	M ₂	M _{2b}	
									Government (Net) (g)	Public Corporations/SOBEs	Private Sector						
1970	935	1,032	1,967	3,115	-	-	-	-	-	-	-	-	1,324	1.49	2.35	-	-
1971	1,115	1,034	2,149	3,435	-	-	-	-	-	-	-	-	1,495	1.44	2.30	-	-
1972	1,202	1,279	2,481	3,974	-	-	-	-	-	-	-	-	1,773	1.40	2.24	-	-
1973	1,437	1,341	2,778	4,154	-	-	-	-	-	-	-	-	2,158	1.29	1.92	-	-
1974	1,539	1,406	2,946	4,569	-	-	-	-	-	-	-	-	2,256	1.31	2.03	-	-
1975	1,610	1,478	3,088	4,777	-	-	-	-	-	-	-	-	2,144	1.44	2.23	-	-
1976	2,081	2,085	4,166	6,321	-	-	-	-	-	-	-	-	2,700	1.54	2.34	-	-
1977	2,792	2,574	5,366	8,717	-	-	-	-	-	-	-	-	3,840	1.40	2.27	-	-
1978	3,016	2,921	5,936	10,891	-	-	-	-	-	-	-	-	4,262	1.39	2.56	-	-
1979	3,774	3,895	7,669	15,057	-	-	-	-	-	-	-	-	5,299	1.45	2.84	-	-
1980	4,181	5,247	9,428	19,860	-	-	-	-	-	-	-	-	6,286	1.50	3.16	-	-
1981	4,823	5,202	10,024	24,447	-	-	-	-	-	-	-	-	7,505	1.34	3.26	-	-
1982	5,988	5,772	11,760	30,510	-	-	-	-	-	-	-	-	9,119	1.29	3.35	-	-
1983	7,200	7,548	14,748	37,257	-	-	-	-	-	-	-	-	11,642	1.27	3.20	-	-
1984	8,561	8,263	16,824	43,427	-	-	-	-	-	-	-	-	13,710	1.23	3.17	-	-
1985	9,816	8,946	18,761	48,409	-	-	-	-	-	-	-	-	16,895	1.11	2.87	-	-
1986	11,570	9,609	21,179	50,860	-	-	-	-	-	-	-	-	18,031	1.17	2.82	-	-
1987	13,495	11,588	25,083	58,335	-	-	-	-	-	-	-	-	19,273	1.30	3.03	-	-
1988	18,487	13,892	32,379	67,946	-	-	-	-	-	-	-	-	25,564	1.27	2.66	-	-
1989	19,650	15,688	35,338	76,434	-	-	-	-	-	-	-	-	26,791	1.32	2.85	-	-
1990 (h)	22,120	17,477	39,597	90,546	-	-	-	-	-	-	-	-	31,579	1.25	2.87	-	-
1991	24,852	21,748	46,600	110,575	120,347	9,836	468	10,304	35,747	19,812	87,767	110,043	40,056	1.16	2.76	3.00	3.09 (i)
1992	27,281	22,776	50,057	129,799	143,822	18,730	-3,493	15,237	33,946	23,174	110,877	128,585	44,858	1.12	2.89	3.21	3.27
1993	32,133	27,222	59,355	160,136	180,486	51,392	-9,527	41,865	29,766	15,414	134,181	138,622	56,468	1.05	2.84	3.20	3.12
1994	38,906	31,555	70,461	191,670	214,306	64,571	-5,811	58,760	31,362	11,407	163,278	155,546	68,055	1.04	2.82	3.15	2.98
1995	42,198	33,019	75,217	228,536	259,442	73,662	-8,917	64,745	38,662	13,305	210,703	194,696	78,586	0.96	2.91	3.30	2.89
1996	42,565	35,638	78,203	253,201	288,657	73,541	-10,467	63,074	47,131	15,491	229,773	225,582	85,509	0.91	2.96	3.38	2.80
1997	45,679	40,172	85,852	288,258	333,668	89,930	565	90,495	45,250	14,598	263,198	243,172	83,736	1.03	3.44	3.98	2.89
1998	51,767	44,502	96,269	316,174	377,740	101,744	3,904	105,648	64,618	10,031	294,868	272,091	92,866	1.04	3.40	4.07	2.89
1999	58,481	50,074	108,555	358,076	428,319	89,287	12,805	102,092	93,915	13,046	325,927	326,228	100,444	1.08	3.56	4.26	2.76
2000	62,646	55,831	118,477	404,669	483,421	57,947	11,582	69,529	147,304	38,254	364,369	413,892	105,163	1.13	3.85	4.60	2.80
2001	65,536	56,674	122,210	450,726	549,138	84,346	-10,216	74,130	201,311	40,811	396,754	475,009	112,522	1.09	4.01	4.88	2.77
2002	75,292	64,069	139,361	510,395	622,495	117,376	-6,733	110,643	192,994	43,031	444,371	511,852	126,411	1.10	4.04	4.92	2.69
2003	85,601	76,034	161,635	580,747	717,855	164,596	2,497	167,093	176,236	36,192	519,444	550,760	141,447	1.14	4.11	5.08	2.74
2004	99,669	88,784	188,453	687,964	858,644	151,694	18,523	170,218	220,462	41,171	634,310	688,427	170,967	1.10	4.02	5.02	2.69
2005	114,070	116,632	230,702	822,931	1,022,277	196,925	4,405	201,330	249,565	16,672	801,149	820,948	197,932	1.17	4.16	5.16	2.63
2006	135,019	124,666	259,685	993,264	1,204,550	229,860	-58,669	171,191	357,289	31,555	993,159	1,033,360	239,863	1.08	4.14	5.02	2.66
2007	147,183	119,409	266,592	1,147,742	1,404,019	292,927	-64,935	227,992	374,101	49,167	1,184,519	1,176,027	264,419	1.01	4.34	5.31	2.73
2008	155,023	122,300	277,323	1,282,194	1,522,776	148,157	-70,457	77,700	582,907	46,991	1,267,601	1,445,076	268,425	1.03	4.78	5.67	3.01
2009	181,840	154,870	336,710	1,536,755	1,806,169	412,202	-10,323	401,880	640,326	73,233	1,194,189	1,404,288	303,537	1.11	5.06	5.95	2.90
2010	216,549	190,643	407,192	1,813,000	2,091,408	505,468	-128,021	377,442	627,185	144,578	1,491,099	1,713,966	360,511	1.13	5.03	5.80	3.45
2011	242,871	195,836	438,707	2,192,603	2,491,740	340,090	-242,033	98,057	833,610	198,500	2,005,860	2,393,683	439,504	1.00	4.99	5.67	3.27
2012	251,539	198,510	450,049	2,593,185	2,929,070	396,468	-422,299	-25,831	1,045,232	292,477	2,358,421	2,954,901	484,362	0.93	5.35	6.05	3.27
2013	264,607	219,971	484,578	3,058,793	3,417,853	529,128	-605,453	-76,325	1,301,342	365,098	2,534,343	3,494,178	488,586	0.99	6.26	7.00	3.10
2014	329,426	282,729	612,155	3,460,558	3,875,853	688,007	-672,881	15,126	1,435,900	450,924	2,753,322	3,860,727	577,912	1.06	5.99	6.71	2.97
2015	388,057	326,931	714,988	4,057,212	4,565,917	576,187	-874,350	-298,163	1,759,492	530,669	3,441,874	4,864,081	673,432	1.06	6.02	6.78	2.76
2016	429,502	347,123	776,624	4,823,559	5,405,596	558,589	-789,827	-231,238	1,972,133	513,768	4,185,777	5,636,834	856,147	0.91	5.63	6.31	2.59
2017	439,396	353,903	793,299	5,665,313	6,308,062	846,139	-724,601	121,538	2,168,517	536,982	4,799,215	6,186,524	939,793	0.84	6.03	6.71	2.43
2018	473,066	357,727	830,793	6,427,330	7,128,297	750,541	-817,548	-67,007	2,516,711	755,380	5,561,351	7,195,304	961,096	0.86	6.69	7.42	2.27
2019	494,208	371,259	865,467	6,912,710	7,624,121	895,997	-795,296	100,702	2,795,927	817,953	5,796,859	7,523,419	932,604	0.93	7.41	8.18	2.16
2020	641,010	536,140	1,177,150	8,495,788	9,405,734	526,779	-736,247	-209,468	4,548,061	1,002,174	6,170,937	9,615,202	964,440	1.22	8.81	9.75	1.84
2021	784,450	675,446	1,459,895	9,638,905	10,647,309	-387,263	-594,713	-981,976	5,832,420	1,188,103	6,981,428	11,629,285	1,305,809	1.12	7.38	8.15	1.73
2022	742,042	711,555	1,453,597	10,497,052	12,289,637	-1,613,861	-152,952	-1,766,813	7,471,108	1,749,708	7,411,456	14,056,450	1,349,389	1.08	7.78	9.11	2.04
2023	900,136	757,906	1,658,043	11,485,069	13,189,113	-837,336	381,238	-456,098	8,284,991	769,810	7,366,418	13,645,211	1,328,737	1.25	8.64	9.93	2.18 (j)
2024	1,051,070	874,494	1,925,563	12,660,564	14,321,701	222,149	350,759	572,909	8,270,108	656,664	8,156,045	13,748,792	1,539,338	1.25	8.22	9.30	2.20 (j)
2025	1,248,533	1,039,493	2,288,025	14,093,448	15,975,005	713,276	353,485	1,066,761	8,285,248	519,690	10,212,159	14,908,245	1,796,488	1.27	7.84	8.89	2.16

Source: Central Bank of Sri Lanka

(a) All values except Money Multiplier and Velocity of Money are in Rs. mn

(b) M_{2b} is based on the aggregated data pertaining to the Central Bank and LCBs in Sri Lanka.

(c) NDA is equal to the sum of net credit to government (NCG), claims on public corporations/State Owned Business Enterprises (SOBEs), claims on private sector and other items (net).

(d) Demand deposits held by the public

(e) This includes NFA of the Central Bank as well as the Government's Crown Agent's balance reported by the Department of State Accounts. The Government's Crown Agent's balance has not been reported since February 2025, following the discontinuation of Crown Agent's operations and the Government's decision to close the account.

(f) The Central Bank adopted International Accounting Standards in January 2002. Accordingly, since then foreign assets are recorded at market value, which reflects its impact in NFA and NDA of Monetary Authorities. Therefore, the values for the period prior to January 2002 are not comparable with the values thereafter.

(g) Credit extended to the Government by the banking system, net of government deposits with banks and government's cash balances.

(h) Monetary data since 1990 were reclassified to be consistent with standard international practices. Accordingly, rupee deposits held by non-residents are excluded from the total demand, time and savings deposits held by the public. The excluded amount is classified under foreign liabilities.

(i) The velocity of money, typically calculated using the annual average M_{2b}, was computed using year end M_{2b} only for the year 1991.

(j) Revised

ONLINE VERSION OF STATISTICAL APPENDIX

Scan the QR code or follow the below path/link to access the online version of the Statistical Appendix

Path - Main Menu → Publications → Economic and Financial Reports → Annual Economic Review → Annual Economic Review 2025 → Statistical Appendix

Link - <https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-economic-review/annual-economic-review-2025/statistical-appendix>



Table

1. REAL SECTOR

Gross National Income by Industrial Origin at Current Market Prices	...	...	1
Gross National Income by Industrial Origin at Constant (2015) Prices	...	...	2
Gross Value Added by Institutional Sector at Current Market Prices	...	...	3
Provincial Gross Domestic Product by Industrial Origin at Current Market Prices ...	...	...	4
Resources and their Utilisation at Current Market Prices	...	...	5
Resources and their Utilisation at Constant (2015) Prices	...	...	6
Reconciliation of Key Aggregates at Current Market Prices	...	...	7
Gross Capital Formation at Current Market Prices	...	...	8
Composition of Private Consumption Expenditure at Current Market Prices	...	...	9
Income Components of Gross Domestic Product at Current Market Prices	...	...	10
Income Components of Gross Domestic Product at Constant (2015) Prices	...	...	11
Trends in Principal Agricultural Crops	...	...	12
Production of Tea, Rubber, Coconut and Other Export Agriculture Crops	...	...	13
Annual Rainfall and Rainy Days	...	...	14
District-wise Performance of the Paddy Sector	...	...	15
Paddy Production	...	...	16
Performance of Other Field Crops	...	...	17
Land Cultivated under the Mahaweli Development Programme	...	...	18
Sugar Sector Statistics	...	...	19
Forestry Sector Statistics	...	...	20
Livestock and Fisheries Sector Statistics	...	...	21
Investment Approvals in Industry by the Board of Investment (BOI) of Sri Lanka	...	...	22
Realised Investments in the BOI Enterprises	...	...	23
Foreign Direct Investment of BOI Enterprises by Sector	...	...	24
Capacity Utilisation in Factory Industry	...	...	25
Employment in Selected State Owned Industrial Enterprises ...	...	...	26
Performance of Selected State Owned Industrial Enterprises ..	...	...	27
Regional Distribution of Industrial Enterprises	...	...	28
Major Divisions of Index of Industrial Production (IIP)	...	...	29
Index of Industrial Production (IIP)	...	...	30

Table

Demography	...	...	...	31
Labour Force Participation Rate	...	...	...	32
Employment by Economic Activity	...	...	...	33
Labour Force Trends	...	...	...	34
Public Sector Employment	...	...	...	35
Employees' Provident Fund	...	...	...	36
Employees' Trust Fund	...	...	...	37
Strikes in Private Sector Industries	...	...	...	38
Performance of Telecommunications and Postal Services	...	...	...	39
Performance of the Power Sector	...	...	...	40
Performance of the Petroleum Sector	...	...	...	41
Salient Features of the Transport Sector	...	...	...	42
Performance of the Port Services	...	...	...	43
Salient Features of Government Health Services	...	...	...	44
Salient Features of Education Sector	...	...	...	45
Movement of the Colombo Consumer Price Index (2021=100)	...	...	...	46
Movement of the National Consumer Price Index (2021=100)	...	...	...	47
Colombo Consumer Price Index (CCPI) (2021=100)	...	...	...	48
National Consumer Price Index (NCPI) (2021=100)	...	...	...	49
Producer Price Index (2018 Q4 = 100)	...	...	...	50
Average Retail Prices of Selected Food Items by Province (2019 - 2025)	...	...	...	51
Producer Prices of Selected Commodities	...	...	...	52
Wage Rate Indices (Public Sector Employees) (2016=100)	...	...	...	53
Minimum Wage Rate Indices (Formal Private Sector Employees) (December 1978=100)	...	...	...	54
Wage Rate Indices (Informal Private Sector Employees) (2018=100)	...	...	...	55
Average Daily Wages of the Informal Private Sector	...	...	...	56
Average Daily Wages of Informal Private Sector by Province (2019 - 2025)	...	...	...	57

2. EXTERNAL SECTOR

Central Bank Trade Indices - Value - Exports	...	...	...	58
Central Bank Trade Indices - Value - Imports	...	...	...	59
Central Bank Trade Indices - Volume - Exports	...	...	...	60
Central Bank Trade Indices - Volume - Imports	...	...	...	61
Central Bank Trade Indices - Unit Value - Exports	...	...	...	62
Central Bank Trade Indices - Unit Value - Imports	...	...	...	63
Foreign Trade	...	...	...	64

Table

Composition of Exports	...	...	...	65
Export Performance according to the Standard International Trade Classification (SITC)	...	...	...	66
Composition of Exports according to the SITC	...	...	...	67
Tea Exports, Sales and Prices	...	...	...	68
Volume and Value of Tea Exports	...	...	...	69
Country Classification of Tea Exports	...	...	...	70
Rubber Exports and Prices	...	...	...	71
Major Rubber Export Destinations	...	...	...	72
Country Classification of Garment Exports	...	...	...	73
Export Volumes, Values and Prices of Major Coconut Products	...	...	...	74
Export Volumes and Values of Other Agricultural Products	...	...	...	75
Selected Industrial and Mineral Exports	...	...	...	76
Composition of Imports	...	...	...	77
Imports by Major Categories	...	...	...	78
Import Performance based on Standard International Trade Classification (SITC)	...	...	...	79
Composition of Imports according to the SITC	...	...	...	80
Exports and Imports of Major Commodities	...	...	...	81
Direction of Trade - Exports	...	...	...	82
Direction of Trade - Imports	...	...	...	83
Performance in the Tourism Sector	...	...	...	84
Some Indicators of the Regional Distribution of Tourism	...	...	...	85
Current and Capital Account	...	...	...	86
Financial Account	...	...	...	87
International Investment Position	...	...	...	88
Outstanding External Debt (Based on Market Value)	...	...	...	89
Outstanding External Debt (Based on Face Value)	...	...	...	90
External Debt Service Payments	...	...	...	91
Workers' Remittances	...	...	...	92
Foreign Direct Investments - Country-wise Breakdown by Immediate Investing Economy	...	...	...	93
Foreign Direct Investments - Country-wise Breakdown by Ultimate Investing Economy	...	...	...	94
Foreign Direct Investments - by ISIC Revision 4 - Industry Classification	..	...	...	95
End of Period Exchange Rates	...	...	...	96
Average Exchange Rates	...	...	...	97
Monthly Indices of Nominal Effective Exchange Rate (NEER) and Real Effective Exchange Rate (REER)	...	...	...	98
Interbank Market Transactions	...	...	...	99
Absorption and Supply of Foreign Exchange by the Central Bank	...	...	...	100

3. FISCAL SECTOR

Economic Classification of Government Fiscal Operations ...	...	...	101
Economic Classification of Government Revenue ...	...	...	102
Economic Classification of Government Expenditure and Lending Minus Repayments	...	...	103
Functional Classification of Government Expenditure and Lending	...	...	104
Voted Expenditure of the Government of Sri Lanka - 2025 ...	...	...	105
Voted Expenditure of the Government of Sri Lanka - 2026 ...	...	...	106
Current Transfers to Public Corporations and Institutions ...	...	...	107
Capital Transfers to Public Corporations and Institutions ...	...	...	108
Composition of Outstanding Central Government Debt (as at end year)	...	...	109
Ownership of Central Government Debt (as at end year) ...	...	...	110
Ownership of Treasury Bills (as at end year) ...	...	...	111
Ownership of Treasury Bonds (as at end year) ...	...	...	112
Ownership of Rupee Loans ...	...	...	113
Ownership of Outstanding Foreign Debt ...	...	...	114
Net Receipts of Foreign Assistance ...	...	...	115
Outstanding Public Debt (as at end year) ...	...	...	116
Central Government Debt Service Payments ...	...	...	117
Central Government Debt Indicators ...	...	...	118
Budget Outturn for Provincial Councils ...	...	...	119
Consolidated Budget ...	...	...	120

4. MONETARY AND FINANCIAL SECTOR

Monetary Aggregates - M_1 and M_2 ...	...	...	121
Monetary Survey - M_2 ...	...	...	122
Consolidated Monetary Survey - M_{2b} ...	...	...	123
Financial Survey - M_4 ...	...	...	124
Monetary Aggregates - Summary ...	...	...	125
Money Rates: The Central Bank and Commercial Banks ...	...	...	126
Commercial Banks' Loans and Advances by Type of Security	...	...	127
Commercial Banks' Loans and Advances to the Private Sector	...	...	128
Assets and Liabilities of the Central Bank ...	...	...	129
Assets and Liabilities of Domestic Banking Units (DBUs) of Commercial Banks ...	...	...	130
Assets and Liabilities of Offshore Banking Units (OBUs) of Commercial Banks ...	...	...	131
Financial Soundness Indicators - Banking Industry ...	...	...	132
Financial Soundness Indicators - Licensed Commercial Banks (LCBs)	...	...	133

				Table
Financial Soundness Indicators - Licensed Specialised Banks (LSBs)	...	...	...	134
Assets and Liabilities of Finance Companies	...	...	...	135
Information on Finance Companies	...	...	...	136
Savings and Fixed Deposits of Deposit Taking Institutions	...	...	...	137
Information on Insurance Companies	...	...	...	138
Money Market Transactions	...	...	...	139
Share Market Performance	...	...	...	140
Total Cultivation Loans Granted by the Lending Banks	...	...	...	141
New Comprehensive Rural Credit Scheme Loans Granted for Subsidiary Food Crops by the Lending Banks	...	...	...	142
Operations of the Crop Insurance Programme - Paddy Sector	...	...	...	143
Deposits and Advances of District Co-operative Rural Banks and District-wise Classification	...	...	...	144
Deposits and Advances of District Co-operative Rural Banks' Unions and District-wise Classification	...	...	...	145

ONLINE VERSION OF SPECIAL STATISTICAL APPENDIX

Scan the QR code or follow the below path/link to access the online version of the Special Statistical Appendix

Path - Main Menu → Publications → Economic and Financial Reports → Annual Economic Review → Annual Economic Review 2025 → Special Statistical Appendix

Link - <https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-economic-review/annual-economic-review-2025/special-statistical-appendix>



				Table
1	REAL SECTOR			
	Population and Labour Force	...	...	1
	National Output	...	...	2
	Prices	...	...	3
2	EXTERNAL SECTOR			
	Balance of Payments	...	...	4
	Reserves, Total Foreign Assets, External Debt and Exchange Rates	...	...	5
3	FISCAL SECTOR			
	Government Fiscal Operations	...	...	6
	Central Government Debt	...	...	7
4	MONETARY SECTOR			
	Interest Rates	...	...	8
	Monetary Survey (M_{2b})	...	...	9

ISBN 978-624-6764-25-8



Rs. 800.00

9 786246 764258