

2006 healthy year for Lankan economy

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Year 2006 was a healthy year for the Sri Lankan economy, Treasury Secretary Dr. P.B. Jayasundara told a press briefing at the Finance and Planning Ministry yesterday, writes Ruwanthi Abeyakoon, Daily News, Colombo 130107 at <http://www.dailynews.lk/>.

Forwarded by Budhi Mulyawan 150107.

The briefing was to highlight the issues that will be discussed at the Sri Lanka Development Conference 2007 to be held in Galle with the participation of 50 countries.

"Except inflation inflects, last year has been a healthy year. An economic growth has been experienced on the whole. Exports have exceeded eight per cent, remittance was over \$ 2 billion while tourism added \$ 450 billion to the economy," Jayasundara said.

He said the most important step was increasing Government revenue. "The Government revenue was declining till 2003 but last year it increased to 17.4 per cent in relation with gross domestic product (GDP). Unemployment also declined to 6.3 per cent despite the difficulties," he said.

"We are equally ambitious in 2007. We are targeting \$ 1.5 billion foreign investments. Agriculture is also favourable this year. An official remittance of \$ 2.7 billion for the country is expected this year," the Treasury Secretary said.

Jayasundara added that credit expansion was a reason for the increase of cost of living. "A credit expansion of 22 per cent was recorded in the private sector last year. This can be tackled by a monetary policy," he said.

"The concept of budget shops will also be expanded. The competitiveness of the Lankan market will be maintained by developing infrastructure.

The Government has embarked on the Gama Neguma project to develop infrastructure facilities in the rural area. Four thousand villages will be developed under this project. Construction of roads, supplying electricity, water and houses will take priority," he stressed.

Jayasundara said major irrigation and water supply projects will commence this year while the Hambantota irrigation project commences this week.

"Development projects worth \$ 2000 million will be signed this year. The Asian Development Bank (ADB), World Bank, Japan, China, Korea and European Investment Bank will fund the projects," Jayasundara said.

Deputy Finance and Planning Minister Ranjith Siyambalapitiya said that large-scale development projects have already taken off the ground this year.

"Power generation is in place for this year with the constructions of Norochcholai and Kerawalapitiya power plants. Colombo Port expansion, Hambantota Port Development and Weerawila Airport will also be a main concern of the Government," the Minister said.

He added that 30 major road construction projects will also take place utilising foreign funds. "With the planned large scale projects, cost of living and inflation will be brought down this year," he said.

"Last year's progress and the major development projects will be discussed at the Sri Lanka Development Conference 2007. We have chosen Galle so that the international community can experience the tsunami reconstruction that have taken place rapidly," Siyambalapitiya said.