

Sri Lanka: Fiscal deficit widens; expenditure exceeds revenue by 83% in first four months of this year

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In the first four months since January, the government expenditure surpassed government revenue by 83 percent resulting in a fiscal deficit of Rs. 524.1 billion.

This is 0.7 percent higher than the Rs. 520.5 billion budget deficit in the same period last year, a Treasury report revealed.

The government expenditure increased by 15.2 percent to Rs. 1,155.2 billion in the first four months, compared to Rs. 1,002.8 billion in the same period last year while recurrent expenditure grew by 14.2 percent to Rs. 1,016.8 billion in the first four months due to the increase in expenditure on interest payments, salaries and pension payments.

The Mid-Year Fiscal Position Report-2022 published on Thursday under Section 10 of the Fiscal Management (Responsibility) Act No 3 of 2003 will be submitted to Parliament by Prime Minister Ranil Wickremesinghe in the coming weeks in his capacity as Minister of Finance, Economic Stabilization and National Policies.

World market price escalations in fuel and coal and the rupee devaluation have led to a 68 percent increase in the direct generation cost of Ceylon Electricity Board (CEB) from Rs. 59,849 million to Rs.100,615 million during this period.

Owing to the significant increase in the generation cost, the CEB has incurred a large operating loss of Rs. 47,190 million in the first four months compared to the loss of Rs. 7,515 million in the same period last year.

The total outstanding obligations of CEB to Ceylon Petroleum Corporation (CPC) and independent power producers have decreased to Rs. 121,811 million as at end of April with the government providing a subsidy of Rs. 45,000 million to the CEB to settle its outstanding obligations to the CPC, the report revealed.

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