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REVENUE

LKR 4,127.0Bn (13.1% of GDP)



FISCAL SUMMARY



With bank recapitalization (-9.

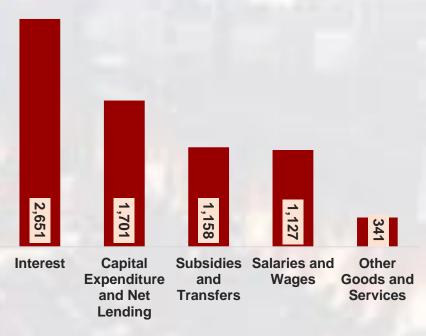
LKR -2,851.0Bn (-9.1% of GDP)



BUDGET DEFICIT

EXPENDITURE

LKR 6,978.0Bn (22.2% of GDP)





- In the Medium-Term Macro Fiscal Framework, Government maintains its original stance agreed with the IMF to raise revenue to reach 15.0% of GDP by 2025 while targeting a primary surplus of more than 2.0% of GDP in 2025.
- However, Government has an ambitious revenue target which could be achieved with the revival of the economy, increased VAT and broad basing of revenue collections. But, Expenditure rises steeply amidst the salary increase while the Government plans to exorbitantly spend on development activities (2.1x of 2023 spending) resulting in continuation of high budget deficits.
- In the 2024 budget, the Government's total revenue and grants is expected to improve to 13.1% of GDP amounting to LKR 4,127Bn for 2024 with 92.6% of the revenue expected through taxes, while Taxes on Goods & Services continuing to take the top slot contributing 58.5% of tax revenue and 54.2% of total revenue and grants. Non-tax revenue is forecasted to be 7.0% of the total expected government revenue and grants.
- The total expenditure for 2024 is LKR 6,978Bn resulting in 22.2% of GDP, while recurrent expenditure is forecasted to be 75.6% of total expenditure, constituting 16.8% of GDP. Interest and subsidies & Transfers are expected to be the largest components of recurrent expenditure amounting to 50.2% and 21.9% of recurrent expenditure, respectively.
- Government plans on spending public investments at 5.4% of GDP amounting to LKR 1,701.0Bn for 2024.

FISCAL STRATEGY

Policy Outlook for Fiscal Strategy

The Government's fiscal strategy is emphasizing on broad basing revenue collection, creating the background to implement external debt restructuring and implementing SOE reform. The strategy is broadly in line with the requirements laid out by the IMF for the 2nd tranche while selected by IMF macro targets remain far apart.

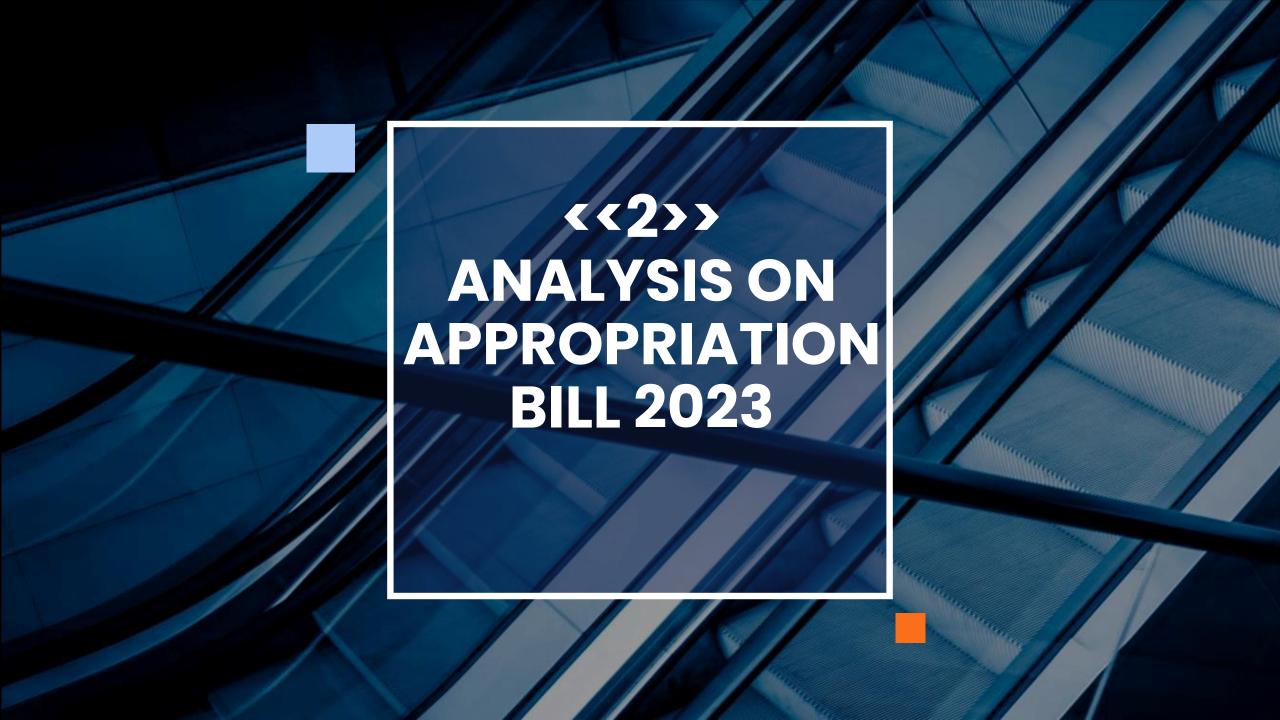
Summary of the Budget Estimates

Control Revenue & Grants		2022	2023 Revised	2024
Total Revenue 1,979 2,839 4,107 Tax Revenue 1,751 2,596 3,820 Income Tax 534 864 1080 Taxes on Goods & Services 876 1,376 2,235 Taxes on External Trade 341 357 505 Non-Tax Revenue 228 243 287 Grants 33 12 20 Total Expenditure 4,473 5,253 6,978 Recurrent 3,520 4,471 5,277 Salaries & Wages including PCs 956 986 1,127 Other Goods & Services incl. PCs 183 248 341 Interest 1,565 2,193 2,651 Subsidies & Transfers First Capital 815 1,044 1,158 Capital Expenditure and Net Lending 953 782 1,701 Capital Expenditure without Bank Recapitalization - - - 450 Net Lending 238 -30 -9 -9 Revenue Surplus(+)/Def			(Interim)	Budget
Tax Revenue 1,751 2,596 3,820 Income Tax 534 864 1080 Taxes on Goods & Services 876 1,376 2,235 Taxes on External Trade 341 357 505 Non-Tax Revenue 228 243 287 Grants 33 12 20 Total Expenditure 4,473 5,253 6,978 Recurrent 3,520 4,471 5,277 Salaries & Wages including PCs 956 986 1,127 Other Goods & Services incl. PCs 183 248 341 Interest 1,565 2,193 2,651 Subsidies & Transfers First Capital 815 1,044 1,158 Capital Expenditure and Net Lending 953 782 1,701 Capital Expenditure without Bank Recapitalization - - 450 Net Lending 238 -30 -9 Revenue Surplus(+)/Deficit(-) -1,540 -1,632 -1,170 Primary Surplus (+)/Def	Total Revenue & Grants	2,013	2,851	4,127
Income Tax	Total Revenue	1,979	2,839	4,107
Taxes on Goods & Services 876 1,376 2,235 Taxes on External Trade 341 357 505 Non-Tax Revenue 228 243 287 Grants 33 12 20 Total Expenditure 4,473 5,253 6,978 Recurrent 3,520 4,471 5,277 Salaries & Wages including PCs 956 986 1,127 Other Goods & Services incl. PCs 183 248 341 Interest 1,565 2,193 2,651 Subsidies & Transfers First Capital 815 1,044 1,158 Capital Expenditure and Net Lending 953 782 1,701 Capital Expenditure without Bank Recapitalization 715 812 1,260 Bank Recapitalization - 1,540 -1,632 -1,170 Primary Surplus (+)/Deficit (-) -1,540 -1,632 -1,170 Primary Surplus (+)/Deficit(-) -895 -209 250 With bank recapitalization -895 -209 25	Tax Revenue	1,751	2,596	3,820
Non-Tax Revenue 228 243 287	Income Tax	534	864	1080
Non-Tax Revenue 228 243 287 Grants 33 12 20 Total Expenditure 4,473 5,253 6,978 Recurrent 3,520 4,471 5,277 Salaries & Wages including PCs 956 986 1,127 Other Goods & Services incl. PCs 183 248 341 Interest 1,565 2,193 2,651 Subsidies & Transfers First Capital 815 1,044 1,158 Capital Expenditure and Net Lending 953 782 1,701 Capital Expenditure without Bank Recapitalization 715 812 1,260 Bank Recapitalization - - 450 Net Lending 238 -30 -9 Revenue Surplus(+)/Deficit (-) -1,540 -1,632 -1,170 Primary Surplus (+)/Deficit(-) -1,540 -1,632 -1,170 Primary Surplus (+)/Deficit(-) -2,450 N/A N/A -2,401 With bank recapitalization -895 -209	Taxes on Goods & Services	876	1,376	2,235
Grants 33 12 20 Total Expenditure 4,473 5,253 6,978 Recurrent 3,520 4,471 5,277 Salaries & Wages including PCs 956 986 1,127 Other Goods & Services incl. PCs 183 248 341 Interest 1,565 2,193 2,651 Subsidies & Transfers First Capital 815 1,044 1,158 Capital Expenditure and Net Lending 953 782 1,701 Capital Expenditure without Bank Recapitalization 715 812 1,260 Bank Recapitalization - - 450 Net Lending 238 -30 -9 Revenue Surplus(+)/Deficit(-) -1,540 -1,632 -1,170 Primary Surplus (+)/Deficit(-) -895 -209 250 With bank recapitalization -895 -209 250 With bank recapitalization -2,460 -2,402 -2,401 With bank recapitalization N/A N/A -2,851	Taxes on External Trade	341	357	505
Total Expenditure 4,473 5,253 6,978 Recurrent 3,520 4,471 5,277 Salaries & Wages including PCs 956 986 1,127 Other Goods & Services incl. PCs 183 248 341 Interest 1,565 2,193 2,651 Subsidies & Transfers First Capital 815 1,044 1,158 Capital Expenditure and Net Lending 953 782 1,701 Capital Expenditure without Bank Recapitalization 715 812 1,260 Bank Recapitalization - - 450 Net Lending 238 -30 -9 Revenue Surplus(+)/Deficit (-) -1,540 -1,632 -1,170 Primary Surplus (+)/Deficit(-) -895 -209 250 With bank recapitalization -895 -209 250 With bank recapitalization -2,460 -2,402 -2,401 With bank recapitalization N/A N/A -2,451 Total Foreign Financing 2,460 2,402 <td>Non-Tax Revenue</td> <td>228</td> <td>243</td> <td>287</td>	Non-Tax Revenue	228	243	287
Recurrent 3,520 4,471 5,277 Salaries & Wages including PCs 956 986 1,127 Other Goods & Services incl. PCs 183 248 341 Interest 1,565 2,193 2,651 Subsidies & Transfers First Capital 815 1,044 1,158 Capital Expenditure and Net Lending 953 782 1,701 Capital Expenditure without Bank Recapitalization 715 812 1,260 Bank Recapitalization - - 450 Net Lending 238 -30 -9 Revenue Surplus(+)/Deficit(-) -1,540 -1,632 -1,170 Primary Surplus (+)/Deficit(-) -895 -209 250 Without bank recapitalization -895 -209 250 With bank recapitalization -2,460 -2,402 -2,401 With bank recapitalization -2,460 -2,402 -2,401 With bank recapitalization -2,460 2,402 2,851 Total Financing 2,460 <td< th=""><th>Grants</th><th>33</th><th>12</th><th>20</th></td<>	Grants	33	12	20
Salaries & Wages including PCs 956 986 1,127	Total Expenditure	4,473	5,253	6,978
Other Goods & Services incl. PCs 183 248 341 Interest 1,565 2,193 2,651 Subsidies & Transfers First Capital 815 1,044 1,158 Capital Expenditure and Net Lending 953 782 1,701 Capital Expenditure without Bank Recapitalization 715 812 1,260 Bank Recapitalization - - - 450 Net Lending 238 -30 -9 Revenue Surplus(+)/Deficit (-) -1,540 -1,632 -1,170 Primary Surplus (+)/Deficit(-) - -1,632 -1,170 Without bank recapitalization -895 -209 250 With bank recapitalization -895 -209 250 Without bank recapitalization -2,460 -2,402 -2,401 With bank recapitalization N/A N/A -2,851 Total Financing 2,460 2,402 2,851 Total Foreign Financing 425 340 726 Foreign Borrowings - Gross 783 780 1000 Debt Repayments -359		3,520	4,471	5,277
Interest	Salaries & Wages including PCs	956	986	1,127
Subsidies & Transfers First Capital Authority 815 1,044 1,158 Capital Expenditure and Net Lending 953 782 1,701 Capital Expenditure without Bank Recapitalization 715 812 1,260 Bank Recapitalization - - - 450 Net Lending 238 -30 -9 Revenue Surplus(+)/Deficit (-) -1,540 -1,632 -1,170 Primary Surplus (+)/Deficit(-) -895 -209 250 Without bank recapitalization N/A N/A N/A -200 Budget Surplus (+)/Deficit(-) - -2,460 -2,402 -2,401 Without bank recapitalization N/A N/A N/A -2,851 Total Financing 2,460 2,402 2,851 Total Financing 2,460 2,402 2,851 Total Foreign Financing 425 340 726 Foreign Borrowings - Gross 783 780 1000 Debt Repayments -359 -440 -274 774 Total Domestic Fi	Other Goods & Services incl. PCs	183	248	341
Capital Expenditure and Net Lending 953 782 1,701 Capital Expenditure without Bank Recapitalization 715 812 1,260 Bank Recapitalization - - 450 Net Lending 238 -30 -9 Revenue Surplus(+)/Deficit (-) -1,540 -1,632 -1,170 Primary Surplus (+)/Deficit(-) -895 -209 250 Without bank recapitalization N/A N/A -200 Budget Surplus (+)/Deficit(-) - - -2,402 -2,401 Without bank recapitalization -2,460 -2,402 -2,401 With bank recapitalization N/A N/A N/A -2,851 Total Financing 2,460 2,402 2,851 Total Foreign Financing 425 340 726 Foreign Borrowings - Gross 783 780 1000 Debt Repayments -359 -440 -274 Total Domestic Financing 3,610 4,002 2,205 Non-Bank Financing 3,610	Interest	1,565	2,193	2,651
Capital Expenditure without Bank Recapitalization 715 812 1,260 Bank Recapitalization - - 450 Net Lending 238 -30 -9 Revenue Surplus(+)/Deficit (-) -1,540 -1,632 -1,170 Primary Surplus (+)/Deficit(-) -895 -209 250 Without bank recapitalization N/A N/A -200 Budget Surplus (+)/Deficit(-) -2,460 -2,402 -2,401 Without bank recapitalization N/A N/A -2,851 Total Financing 2,460 2,402 2,851 Total Foreign Financing 425 340 726 Foreign Borrowings - Gross 783 780 1000 Debt Repayments -359 -440 -274 Total Domestic Financing 3,610 4,002 2,205 Non-Bank Financing 3,610 4,002 2,205 Sri Lanka Development Bond -380 -461 -80	Subsidies & Transfers First Capital	815	1,044	1,158
Bank Recapitalization - - 450 Net Lending 238 -30 -9 Revenue Surplus(+)/Deficit (-) -1,540 -1,632 -1,170 Primary Surplus (+)/Deficit(-) -895 -209 250 Without bank recapitalization N/A N/A -200 Budget Surplus (+)/Deficit(-) -2,460 -2,402 -2,401 Without bank recapitalization N/A N/A -2,851 Total Financing 2,460 2,402 2,851 Total Foreign Financing 425 340 726 Foreign Borrowings - Gross 783 780 1000 Debt Repayments -359 -440 -274 Total Domestic Financing 2035 2062 2125 Non-Bank Financing 3,610 4,002 2,205 Sri Lanka Development Bond -380 -461 -80	Capital Expenditure and Net Lending	953	782	1,701
Net Lending 238 -30 -9 Revenue Surplus(+)/Deficit (-) -1,540 -1,632 -1,170 Primary Surplus (+)/Deficit(-) -895 -209 250 With bank recapitalization N/A N/A -200 Budget Surplus (+)/Deficit(-) -2,460 -2,402 -2,401 With bank recapitalization N/A N/A -2,851 Total Financing 2,460 2,402 2,851 Total Foreign Financing 425 340 726 Foreign Borrowings - Gross 783 780 1000 Debt Repayments -359 -440 -274 Total Domestic Financing 2035 2062 2125 Non-Bank Financing 3,610 4,002 2,205 Sri Lanka Development Bond -380 -461 -80	Capital Expenditure without Bank Recapitalization	715	812	1,260
Revenue Surplus(+)/Deficit (-) -1,540 -1,632 -1,170 Primary Surplus (+)/Deficit(-) -895 -209 250 Without bank recapitalization N/A N/A -200 Budget Surplus (+)/Deficit(-) -2,460 -2,402 -2,401 Without bank recapitalization N/A N/A -2,851 Total Financing 2,460 2,402 2,851 Total Foreign Financing 425 340 726 Foreign Borrowings - Gross 783 780 1000 Debt Repayments -359 -440 -274 Total Domestic Financing 2035 2062 2125 Non-Bank Financing 3,610 4,002 2,205 Sri Lanka Development Bond -380 -461 -80	Bank Recapitalization	-	-	450
Primary Surplus (+)/Deficit(-) Without bank recapitalization -895 -209 250 With bank recapitalization N/A N/A -200 Budget Surplus (+)/Deficit(-) -2,460 -2,402 -2,401 Without bank recapitalization N/A N/A -2,851 Total Financing 2,460 2,402 2,851 Total Foreign Financing 425 340 726 Foreign Borrowings - Gross 783 780 1000 Debt Repayments -359 -440 -274 Total Domestic Financing 2035 2062 2125 Non-Bank Financing 3,610 4,002 2,205 Sri Lanka Development Bond -380 -461 -80	Net Lending	238	-30	-9
Without bank recapitalization -895 -209 250 With bank recapitalization N/A N/A -200 Budget Surplus (+)/Deficit(-) Without bank recapitalization -2,460 -2,402 -2,401 With bank recapitalization N/A N/A -2,851 Total Financing 2,460 2,402 2,851 Total Foreign Financing 425 340 726 Foreign Borrowings - Gross 783 780 1000 Debt Repayments -359 -440 -274 Total Domestic Financing 2035 2062 2125 Non-Bank Financing 3,610 4,002 2,205 Sri Lanka Development Bond -380 -461 -80	Revenue Surplus(+)/Deficit (-)	-1,540	-1,632	-1,170
With bank recapitalization N/A N/A -200 Budget Surplus (+)/Deficit(-) Without bank recapitalization -2,460 -2,402 -2,401 With bank recapitalization N/A N/A -2,851 Total Financing 2,460 2,402 2,851 Total Foreign Financing 425 340 726 Foreign Borrowings - Gross 783 780 1000 Debt Repayments -359 -440 -274 Total Domestic Financing 2035 2062 2125 Non-Bank Financing 3,610 4,002 2,205 Sri Lanka Development Bond -380 -461 -80	Primary Surplus (+)/Deficit(-)			
Budget Surplus (+)/Deficit(-) Without bank recapitalization -2,460 -2,402 -2,401 With bank recapitalization N/A N/A -2,851 Total Financing 2,460 2,402 2,851 Total Foreign Financing 425 340 726 Foreign Borrowings - Gross 783 780 1000 Debt Repayments -359 -440 -274 Total Domestic Financing 2035 2062 2125 Non-Bank Financing 3,610 4,002 2,205 Sri Lanka Development Bond -380 -461 -80	Without bank recapitalization	-895	-209	250
Without bank recapitalization -2,460 -2,402 -2,401 With bank recapitalization N/A N/A -2,851 Total Financing 2,460 2,402 2,851 Total Foreign Financing 425 340 726 Foreign Borrowings - Gross 783 780 1000 Debt Repayments -359 -440 -274 Total Domestic Financing 2035 2062 2125 Non-Bank Financing 3,610 4,002 2,205 Sri Lanka Development Bond -380 -461 -80	With bank recapitalization	N/A	N/A	-200
With bank recapitalization N/A N/A -2,851 Total Financing 2,460 2,402 2,851 Total Foreign Financing 425 340 726 Foreign Borrowings - Gross 783 780 1000 Debt Repayments -359 -440 -274 Total Domestic Financing 2035 2062 2125 Non-Bank Financing 3,610 4,002 2,205 Sri Lanka Development Bond -380 -461 -80	Budget Surplus (+)/Deficit(-)			
Total Financing 2,460 2,402 2,851 Total Foreign Financing 425 340 726 Foreign Borrowings - Gross 783 780 1000 Debt Repayments -359 -440 -274 Total Domestic Financing 2035 2062 2125 Non-Bank Financing 3,610 4,002 2,205 Sri Lanka Development Bond -380 -461 -80	Without bank recapitalization	-2,460	-2,402	-2,401
Total Foreign Financing 425 340 726 Foreign Borrowings - Gross 783 780 1000 Debt Repayments -359 -440 -274 Total Domestic Financing 2035 2062 2125 Non-Bank Financing 3,610 4,002 2,205 Sri Lanka Development Bond -380 -461 -80	With bank recapitalization	N/A	N/A	-2,851
Foreign Borrowings - Gross 783 780 1000 Debt Repayments -359 -440 -274 Total Domestic Financing 2035 2062 2125 Non-Bank Financing 3,610 4,002 2,205 Sri Lanka Development Bond -380 -461 -80	Total Financing	2,460	2,402	2,851
Debt Repayments -359 -440 -274 Total Domestic Financing 2035 2062 2125 Non-Bank Financing 3,610 4,002 2,205 Sri Lanka Development Bond -380 -461 -80	Total Foreign Financing	425	340	726
Total Domestic Financing 2035 2062 2125 Non-Bank Financing 3,610 4,002 2,205 Sri Lanka Development Bond -380 -461 -80	Foreign Borrowings - Gross	783	780	1000
Non-Bank Financing 3,610 4,002 2,205 Sri Lanka Development Bond -380 -461 -80	Debt Repayments	-359	-440	-274
Sri Lanka Development Bond -380 -461 -80	Total Domestic Financing	2035	2062	2125
·	Non-Bank Financing	3,610	4,002	2,205
Bank borrowings and Other -1,195 -1,479 -	Sri Lanka Development Bond	-380	-461	-80
- '	Bank borrowings and Other	-1,195	-1,479	-

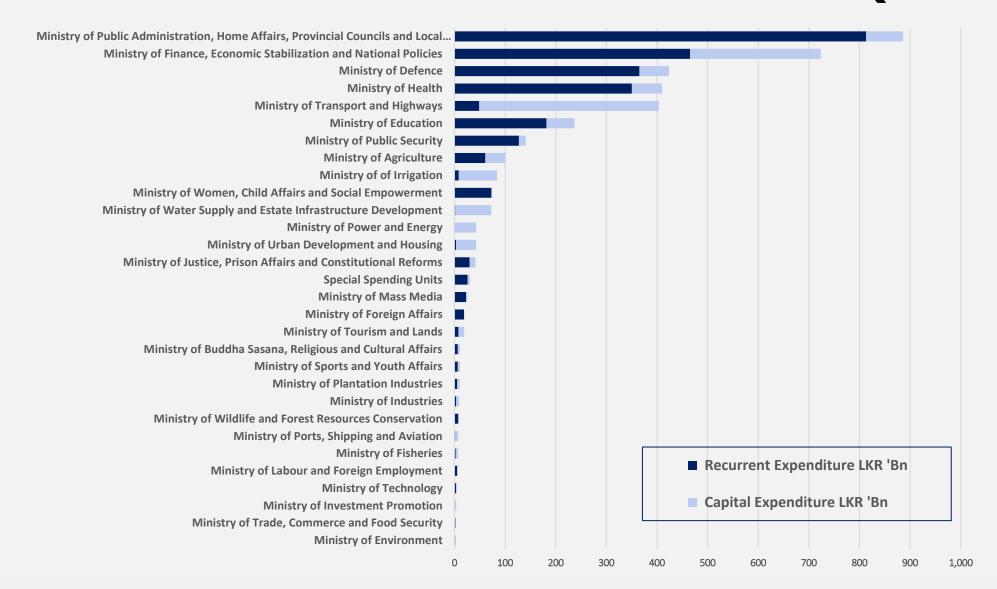


Summary of the Budget Estimates (% of GDP)

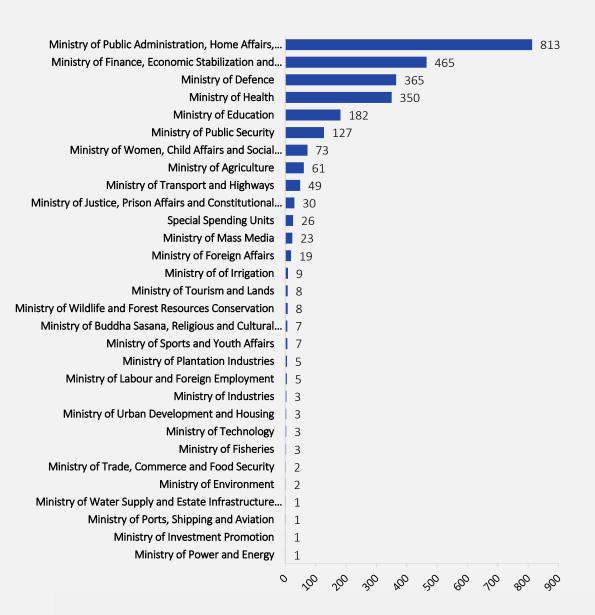
	2022	2023 Revised (Interim)	2024 Budget
Revenue and Grants/GDP (%)	8.3	10.1	13.1
Total Revenue/GDP (%)	8.2	10.1	13.0
Tax Revenue/GDP (%)	7.3	9.2	12.1
Non Tax Revenue/GDP (%)	0.9	0.9	0.9
Grants/GDP (%)	0.1	0.0	0.1
Total Expenditure/GDP (%)	18.5	18.7	22.2
Recurrent Expenditure/GDP (%) irst Capital	14.6	15.9	16.8
Non Interest/ GDP (%)	8.1	8.1	8.3
Interest/ GDP (%)	6.5	7.8	8.4
Capital Expenditure and Net Lending/GDP (%)	3.9	2.8	5.4
Revenue Surplus (+)/Deficit (-)/GDP (%)	-6.4	-5.8	-3.7
Primary Surplus (+)/Deficit (-)/GDP (%)			
Without bank recapitalization	-3.7	-0.7	0.8
With bank recapitalization	N/A	N/A	-0.6
Budget Surplus (+)/Deficit (-)/GDP (%)			
Without bank recapitalization	-10.2	-8.5	-7.6
With bank recapitalization	N/A	N/A	-9.1

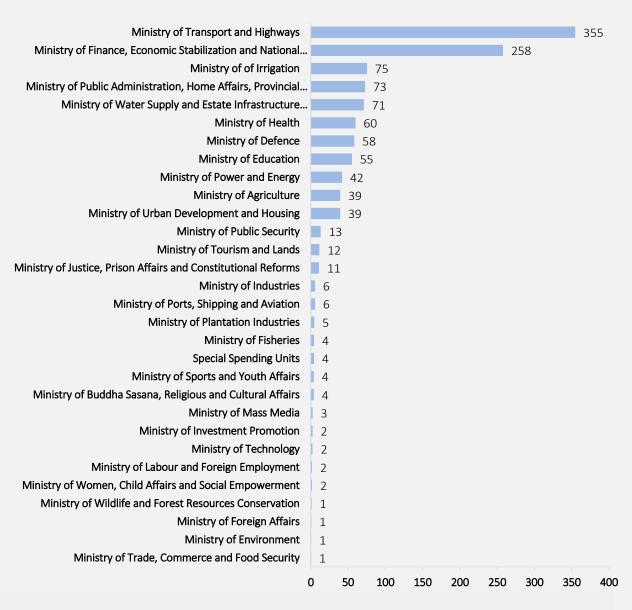


GOVERNMENT TOTAL EXPENDITURE (LKR 'Bn)



Recurrent Expenditure (LKR 'Bn) Capital Expenditure (LKR 'Bn)

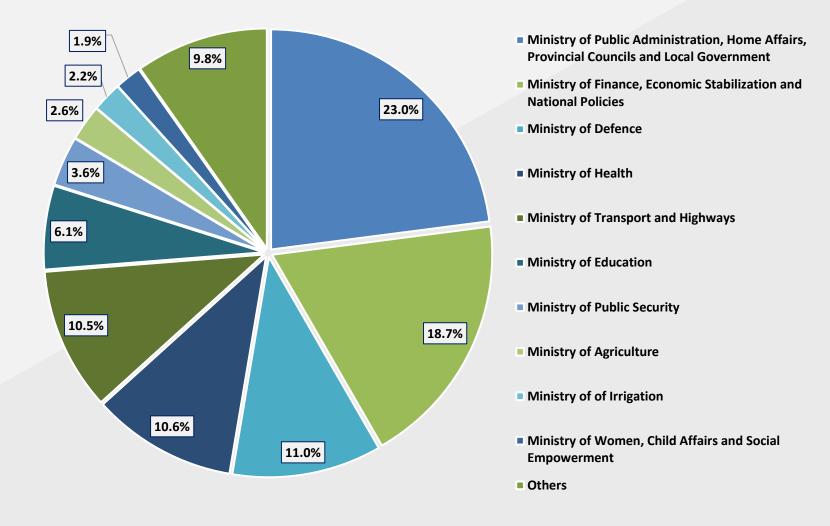




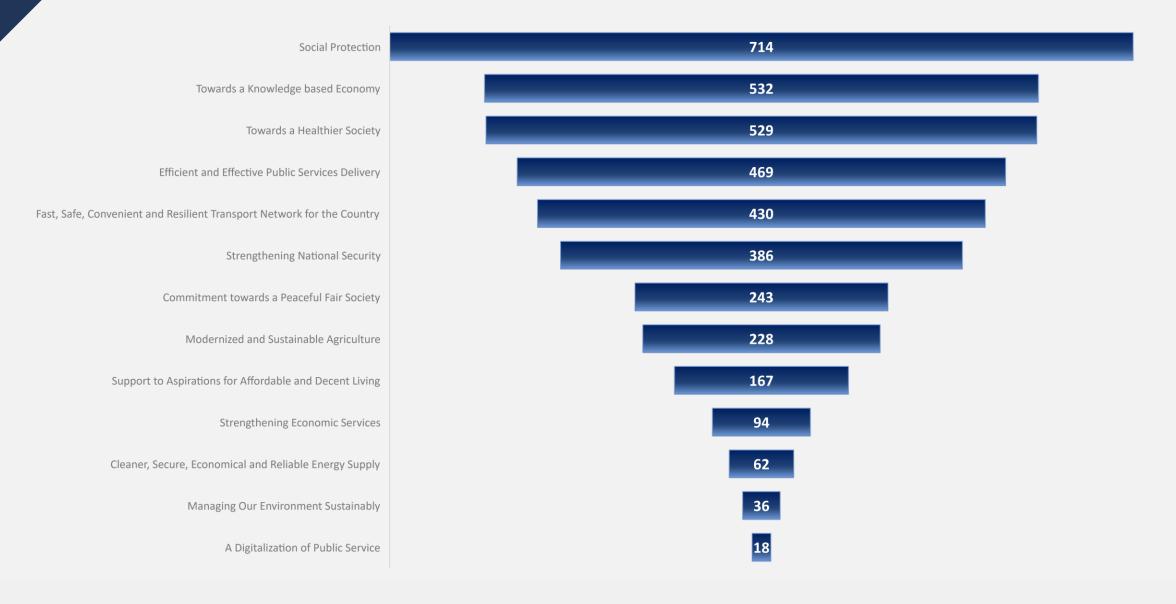
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TOTAL EXPENDITURE ALLOCATION

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HOW GOVERNMENT SPENDS MONEY BY KEY AREAS (LKR 'Bn)



IMF Targets Vs Budget Estimates

IMF targets set by IMF

In a percent of GDP %	2022	2023	2024
Total Revenue	8.5%	11.0%	13.3%
Total Expenditure	19.9%	19.0%	19.7%
Budget Deficit	-10.4%	-8.0%	-6.4%
Capital Expenditure	3.0%	3.6%	4.3%

Budget 2024

In a percent of GDP %	2022	2023 Revised (Interim)	2024 Budget
Total Revenue	8.3%	10.1%	13.0%
Total Expenditure	18.5%	18.7%	22.2%
Budget Deficit	-10.2%	-8.5%	-7.6%
Capital Expenditure	3.9%	2.8%	5.4%

The proposed national budget 2024, is partly inline with the targets set by the IMF.

Having consistently mentioned the necessity to meet the IMF revenue target, Sri Lanka plans to raise LKR 4.1Tn, which represents total revenue to GDP of 13.0%, which is marginally below the IMF target of 13.3%.

However, on an alarming note, the estimated budget deficit for 2024 which stands at 7.6% of the GDP is well above the IMF directed deficit of 6.4%, which raises the need to curtail country's expenditure, which is estimated at 22.2% of the GDP for 2024 (IMF target is 19.7%).



Sri Lanka's national budget 2024 offers a mixed impact to the capital markets

- Proposed to allocate LKR 3.0Tn for the implementation of foreign debt restructuring and settlement of International Sovereign Bonds under foreign debt restructuring.
- A proposal to allocate LKR 450.0Bn to support the capital improvement process in the banking system.
- In-order to fund the recapitalization and external debt restructuring, Sri Lankan President at the budget 2024 proposed to revise up the debt ceiling from existing LKR 3.9Tn to LKR 7.4Tn.

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CAPITAL MARKET: BILLS, BONDS, CORPORATE DEBT, EQUITY

Meanwhile, the budget 2024 also offered a investors a comfort with much anticipated capital gains tax on banks and primary dealers, been left out of the budget 2024. This is expected to offer an additional boost to the investor sentiment, amid the improvement in earnings, which is also expected to further aid the investor sentiment in the coming period.



Budgetary Move	Counters Affected	Impact
Proposed to increase Cost of Living allowance for public sector workers by LKR 10,000	Consumer counters including CCS, KFP, LION, HAYL, HHL, SUN, CARG, RICH	Positive impact with possible increase in disposable income of consumers
Proposed to increase the monthly Cost of Living Allowance of public pensioners to LKR 6,025 by LKR 2,500. This increase will be implemented from April, 2024. LKR 386.0Bn will be spent on public pensions in 2024	Consumer counters including CCS, KFP, LION, HAYL, HHL, SUN, CARG, RICH	Positive impact with possible increase in disposable income of consumers
Proposed to increase the capital expenditure to LKR 1,260.0Bn for development activities	Construction and Materials sectors including AEL, TKYO, ALUM, ACL, KCAB, RCL, LWL, TILE, PARQ	Positive impact with the increase in government projects
Propose to allocate LKR 10.0Bn for the renovation of rural roads	Construction and Materials sectors including AEL, TKYO	Positive impact with increase in construction projects
Proposed to allocate LKR 2,000.0Mn to rehabilitate damaged rural roads and bridges which have been damaged due to floods and landslides	Construction and Materials sectors including AEL, TKYO	Positive impact with increase in construction projects
Proposed to prioritize drinking water projects when allocating the decentralized budget and obtaining foreign loans	Construction and Materials sectors including AEL, TKYO	Positive impact with increase in construction projects



Budgetary Move	Counters Affected	Impact
Proposed LKR 100.0Mn to establish wellness centers in tourist hotels and resorts in accordance under the concept of "Sri Lankan Wellness"	Tourism sector	Promotes Sri Lanka as a wellness tourism destination thus attracting more tourist arrivals as Ayurveda plays a great role in health tourism
Proposed to implement a re-finance loan scheme to meet the financial needs of those engaged in the dairy value chain	LMF, WATA	Resolves working capital requirements. Provide fundings to expand production
A special programme will be implemented to increase milk production by 53% in 5 years with the contribution of the private sector by effectively using all the farms owned by the National Livestock Development Board	LMF, WATA	Resolves working capital requirements. Provide fundings to expand production
Allocate LKR 100.0Mn for national branding efforts to reclaim the country's status as a top tourist destination and attractive investment hub		Attracts inbound tourism positively impacting the sector
Proposed to allocate land to construction companies to construct buildings according to the plans of the respective government agencies. After construction, these institutions will pay monthly rent to the construction company	Construction and Materials sectors including AEL, TKYO, ALUM, ACL, KCAB,	Boost construction sector activities



Budgetary Move	Counters Affected	Impact
Propose to revise the deduction percentage from the salary for the pension contribution to 8.0% for all service categories from April 2024 onward. With this adjustment, an additional LKR 9.0Bn can be collected annually, and it will ensure the continuity of the pension scheme for widows, widowers and orphans	Consumer counters including CCS, KFP, LION, MELS, HAYL, HHL, SUN, CARG, RICH	Will reduce disposable incomes as a result of higher deductions for pensions
Spending on Aswesuma programme has been increased to Rs. 183 billion. This will provide relief for 2 million families. Proposed to increased the monthly allowance by LKR 2,500.0 to LKR 5,000.0 for persons with disabilities and kidney patients. The present monthly payment of Rs. 2000 for elderly citizens will also proposed to be increased to Rs. 3,000	Consumer counters including CCS, KFP, LION, MELS, HAYL, HHL, SUN, CARG, RICH	Increases disposable incomes as result of higher allowances
Proposed to allocate 300,000 acres from other government lands including State Plantation Corporation, Mahaweli A and B Zones, and Land Reform Commission for large scale agriculture activities	Agriculture sector including CIC HAYI	Positive impact for overall plantation sector as there is a possibility for expansion



Budgetary Move	Counters Affected	Impact
Allocate LKR 2,000.0Mn to meet the needs of resettling people in North and Eastern provinces. However, it has been proposed to allocate LKR 500.0Mn as an additional provision to speed up the housing programme and provide essential relief to the families who remain homeless	RCI IWI TILF PARO	Positive impact with increase in construction projects
Allocate LKR 250.0Mn for preliminary activities of Pali-Aru water project	Construction, Agriculture	May support agricultural activities and increase the pipeline in the construction sector
Provide LKR 500.0Mn for the development of Pooneryn City	Construction and Materials sectors including AEL, TKYO, ALUM, ACL, KCAB, RCL, LWL, TILE, PARQ Tourism sector	Increases construction sector activities and may attract more tourists
Allocate LKR 500.0Mn for the construction of the Galle District Auditorium	Construction and Materials sectors including AEL, TKYO, ALUM, ACL, KCAB, RCL, LWL, TILE, PARQ	This will increase the pipeline in the construction sector
Propose to establish an Economic Center in Bandarawela and provide necessary infrastructure as a project with equal economic contribution by the Bandarawela Municipal Council and the Government. Allocate LKR 250.0Mn as the government contribution for this purpose	Construction and Materials sectors	This will increase the pipeline in the construction sector



Budgetary Move	Counters Affected	Impact
Expect to establish a Sri Lankan Buddhist Museum for research activities as well as for cultural promotion activities. Allocate LKR 200.0Mn in the next year to establish the museum, which is expected to be built in several phases	Tourism sector	Attracts inbound tourism positively impacting the sector
Under the Industrial Promotion Act No. 46 of 1990, the powers of the provincial councils regarding industries have been limited. PCs can only permit factories with a capital investment of less than LKR 4.0Mn and less than 50 permanent employees. These provisions will be cancelled. The annual turnover limit will be increased to LKR 600.0Mn	All counters	Positive impact for counters targeting expansions
Although there have been discussions on various scales for some time, the construction of the Hingurakgoda International Airport has not been implemented. Therefore, for its basic activities LKR 2.0Bn will be allocated for 2024	Transportation, Construction, Tourism	Can potentially boost air travel, both domestically and internationally. The airport could facilitate improved connectivity, making the region more accessible to travelers and potentially boosting tourism and trade. This will increase the pipeline in the construction sector



Budgetary Move	Counters Affected	Impact
LKR 1.5Bn will be allocated for the development of the access roads of the proposed Kandy Multi transport center project. LKR 200.0Mn to be allocated to setup a large city base on the station premises of Mihintale with transport, economic, container and storage facilities with the financial assistance of the private sector	Transportation sector Tourism sector	Makes processes more efficient and expands the transportation sector. Potentially boosts economic growth and attract local and foreign investments. Can also attract tourists due to improved transportation and access
As soon as the foreign debt restructuring process is completed, the second phase of the Central Expressway, i.e. the section from Kadawatha to Mirigama, will be started jointly with China. They hope to get the support of Japan for the construction of the section from Kurunegala to Galagedara	Construction and Materials sectors including AEL, TKYO	This will increase the pipeline in the construction sector
Sri Lanka's gem industry has not yet reached full capacity and no generally agreed program has been implemented. A common program should be prepared for the development of gemstones	Gem (BLUE and RGEM)	Enhancing the gem sector could potentially boost exports, increase revenue through gem sales, and create employment opportunities. It could also streamline the gem industry, potentially increasing its efficiency, output, and global competitiveness, thereby contributing to the country's economic growth



Budgetary Move	Counters Affected	Impact
The government's desire is to develop	Tourism sector	Will enhance and expand port infrastructure and facilitate increased trade and economic growth.
Trincomalee as a major economic center of the country. It also includes large-scale agricultural	Agriculture (CIC, HAYL)	Large-scale agricultural programs indicate an emphasis on improving agriculture in the region.
programs and a coastal tourism zone	Logistics	The creation of a coastal tourism zone will also support the tourism sector
For the implementation of foreign debt restructuring and settlement of International Sovereign Bonds under foreign debt restructuring, proposed to allocate LKR 3,000.0Bn through this budget	Banking sector	May negatively impact banks holding sovereign bonds
Allocate LKR 450.0Bn to support the capital improvement process in the banking system	Banking sector	Supports to recapitalize capital buffers of Banks
Eliminate non-tariff import taxes, including import CESS, Port, and Airport Levy. Easing of these taxes	Import related counters (ABAN, SINS, SHL)	Support import businesses amidst limited tax burden while aiding banks to improve fee and
will be phased out through 3 to 5 years	Banking sector	commission income
Provision of LKR 1.0Bn is given for Tourism Development. (implement a long-term program in a new form under "Visit Sri Lanka" from 2024 to promote the tourism sector)	Tourism sector	Positive impact from rise in tourist arrivals led by aggressive promotion



Budgetary Move	Counters Affected	Impact
An amount of LKR 750.0Mn is allocated for the development of Provincial Council's Provincial tourism board related infrastructure	Tourism sector	Positive impact from rise in tourist arrivals
Propose LKR 600.0Mn to prepare a program to attract local and foreign tourists by modernizing the government resorts and using them to promote tourism	Tourism sector	Causes a negative impact through increased competition
Propose to increase the borrowing limit from LKR 3,900.0Bn to LKR 7,350.0Bn by LKR 3,450.0	Treasury counters	Mixed impact
A new excise licensing system will be introduced in the liquor industry	LION, MELS, DIST, BREW	Positive impact by discouraging illicit sale of liquor and to maintain industry discipline
Increase the Excise License fees with a rationale that is corresponding to the present demand for those licenses	LION, MELS, DIST, BREW	Possible increase in prices





OTHER PROPOSALS

Budgetary Move	Impact
Propose to increase the borrowing limit from LKR 3,900.0Bn to LKR 7,350.0Bn by LKR 3,450.0	Can incentivize more individuals to pursue higher education with more attractive areas of study for the current generation, which would contribute to workforce development and innovation.
20% of the shares of the two large state-owned banks should be given to strategic investors or the public to improve capital and support the future growth of the two state-owned banks to reduce the burden on taxpayers' funds	Builds Financial sector stability while enabling cost saving to the Government.
Propose to establish a new revenue authority. Further, it is proposed to establish a special project team under the Ministry of Finance to coordinate the establishment of this revenue authority	Supports a fast tracked tax administration while expanding the tax bases
Submission of a copy of the Certificate of the Taxpayer Identification Number (TIN) will be made a mandatory requirement to: (a) Open bank current account at any bank; (b) Obtain approval for a building plan, by the applicant (c) Register a motor vehicle or renew license, by the owner (d) Register a land or title to a land, by the buyer	Widen the tax base and Negatively impact the disposable income of individual that affects the consumer expenditure
Implement the increase of VAT rate to 18% with effect from 01 Jan-24	Negatively impacts consumer purchasing power



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Thank you!

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