

LKR 229 Bn Relief Package

Where is the money going?



65%
Allowances

Public sector workers

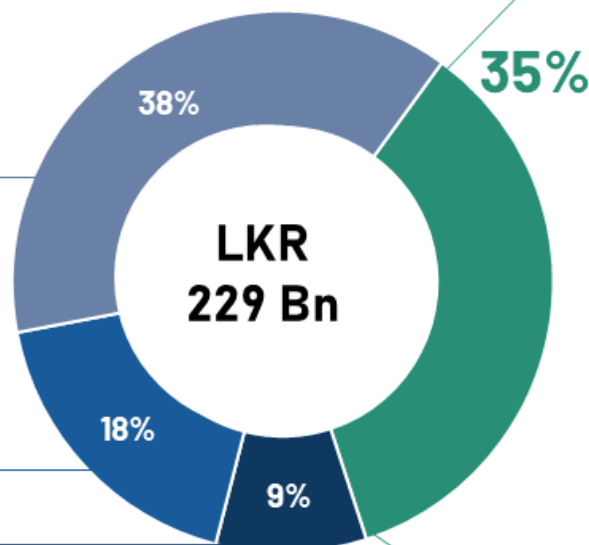
(LKR 5000 Monthly Allowances for Public Sector Workers)

Pensioners

(LKR 5000 Monthly Allowance for Pensioners)

Samurdhi Families

(Allowance for Samurdhi Families)



Other



Increase the guaranteed price for paddy by 50% per kilo from LKR 50 if the Maha harvest is lower



Pay LKR 5,000 for households with an area less than 20 perches to incentivize cultivation of fruits and vegetables and LKR 10,000 for those with more than 20 perches of land



Provide 15 kilos of flour per month at LKR 80 per kilo to estate labor families



Import tax on onion & potato will be reduced by LKR 30 per Kg from January onwards



Remove Taxes on Essential food items and Drugs - although no such taxes exist on pharmaceutical products

Sources : Number of Pensioners - Department of Pensioners Monthly Statistics - December 2021, Number of Samurdhi Families - CBSL Annual Report Table 3.13, Cabinet Paper dated 3rd of January 2022

Note:

- The allowances for public sector workers were taken as provided in the cabinet paper as LKR 87 billion, however if the number of public sector workers were taken as provided in the CBSL annual report 2020, the allowances for public sector workers would amount to LKR 92 Billion
- The cabinet paper sets out 8 distinct proposals out of which only 3 can be quantified with data available in the public domain. The remaining 5 unquantified items have been assumed to account for the remaining.

* Except for a few ayurvedic items. (Source: Sri Lanka Customs <https://www.customs.gov.lk/wp-content/uploads/2021/12/Ch.-30.pdf>)

How Will the Proposed Relief Package be Financed ?

The relief package is equivalent to :

10% of total revenue
estimated for 2022

24% of capital
expenditure for 2022

6% of total
expenditure for 2022

Any new spending that is not authorized through the 2022 budget would require a **Supplementary Estimate** to be approved by parliament.

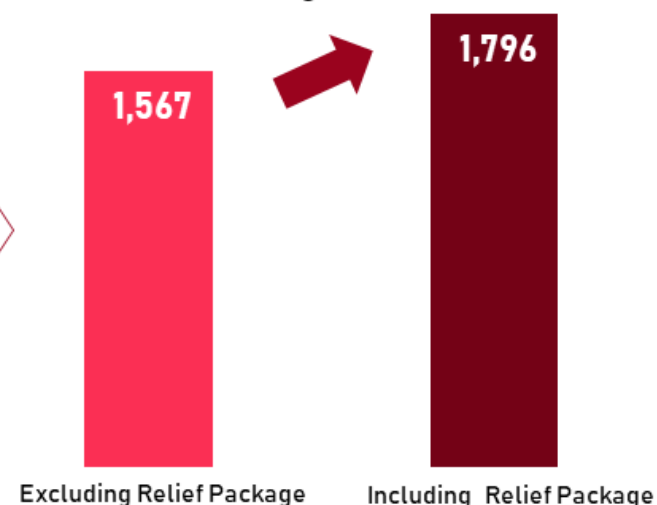
However,

In paragraph 5.4.4 of the 2022 budget speech, the Finance Minister **committed to not permitting supplementary estimates in 2022.**

In the event there is no increase in revenue and no reduction in approved expenditure, the **relief package will result in an increase in the budget deficit by 14.6%**

Figures in LKR Billion

Estimated Budget Deficit 2022



PUBLIC FINANCE .lk