

President Mahinda Rajapaksa as the Minister of Finance presenting the first budget in his second term as the Executive President, made proposals giving a major impetus to value addition of local industrial products, to improve export earnings and also a wide range of concessions, increasing outsourcing facilities in Sri Lanka for foreign business enterprises.

After a series of revenue and expenditure measures placed before the Parliament, is extended from major investments in making Sri Lanka a tri-lingual country, increasing computer literacy by 75% by 2016, improving educational research and educational facilities in universities, expanding the tourism industry, the President told Parliament that the overall budget deficit would be 6.8%.

He emphasized that this deficit was not the result of shoring up losing business ventures but due to necessary investment in developing the country.

The budget proposals also covered major changes in Board of Investment (BOI) activities to attract more profitable business ventures to streamline the process of transacting business with foreign direct investments and also abolish all BOI projects that have been non functional for a considerable period since their approval.

Major initiative in the social welfare sector, the President said the government would establish an Employees Pension Fund to cover all employees in the private and corporate sectors not covered by the current pension for the public service. This is to be contributory pension. He also announced the establishment of a special pension fund to cover all employees in the non formal sector such as agriculture, fisheries, self employment and others. These funds will be launched with major initial contributions by the government.

In view of the large revenue for the country provided by Sri Lankan employees aboard, the President also announced an establishment of an Overseas Employees Fund which should benefit such workers in the return to the country and reach retirement age.

While appreciating offer by the Government of India to build 50,000 for IDPs in North and East, President also assured building of 80,000 more houses to serve all IDPs within 3 years. In addition he announced that one million housing units to be will be constructed within the next 6 years to meet the housing demand in the country.

President also announced to improve certain disciplines of universities to international stands and also to establish a knowledge city in each province link to university townships.

Measures were announced to increase support to the tea industry with incentives for value addition in tea production and also a subsidy of Rs. 50,000 per hectare for development in the tea planting sector.

In order to face the problem of food security caused by the rising costs of food imports such as wheat, the President announced special concessions to bakery sector for the use of rice and

other grains in preparation of bread and other bakery products also assured major investment to establish 10 million home cultivation units to encourage home grown production. Full text of the budget speech by the President:

<http://www.treasury.gov.lk/docs/budget2011/budgetspeech2011-eng.pdf>