The Ceylon Chamber of Commerce

National Budget 2027

HIGHLIGHTS

EIU
Economic Intelligence Unit of The Ceylon Chamber of Commerce

Economic Intelligence Unit
The Ceylon Chamber of Commerce

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01

The Budget at a glance

Objectives, strengths and areas of concern

What the Budget sets out to do

Overview of the Budget – 2027

Aim to confidently steer the economy toward strong, sustainable, and inclusive growth.

- Aim to build on stability to achieve economic transformation
- Strengthening production economy and SME industrialists
- Commitment towards climate resilience and damage mitigation

Objectives

01 Macroeconomic stability and improved resilience

02 Accelerating Economic Growth Driven by Investment, Production and Exports

03 Enhancing Productivity through Technology, Innovation and Human Capital

04 Empowering the Rural Economy and Ensuring Inclusive Growth

05 Stability and Continuity of the Energy Markets

06 Strengthening Resilience to Climate Disasters

07 Modernizing the Government Machinery

Strengths and areas of concern

Strengths for the 2027 Budget

01 Evident economic resilience achieved in 2026, leading to a transformative outlook for 2026.

02 Increased efforts from local agencies and foreign parties to improve the ability to reach external markets and attract investment

03 Improved fiscal performance and positive outlook suggested from international organizations including Fitch Rating upgrade to B-

Areas of Concern in the 2027 Budget

01 The year 2027 includes the juncture of multiple international engagements including the IMF program and GSP+

02 Limited emphasis on readily achievable growth opportunities.

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02

Fiscal highlights

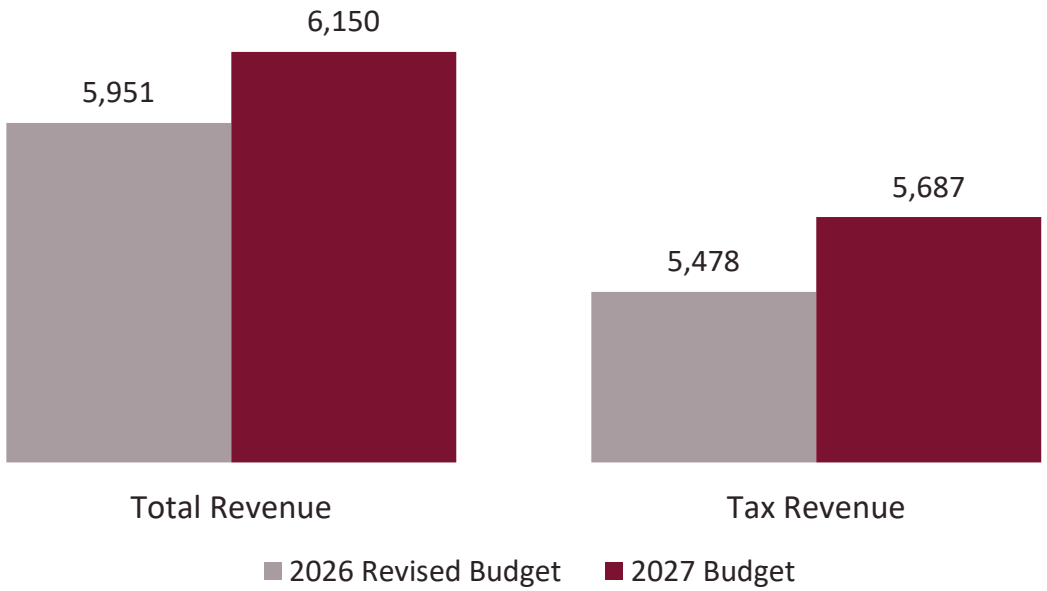
Revenue, expenditure, deficit financing and the fiscal framework

3.3% increase in Total Revenue is expected

Highlights of the National Budget - 2027

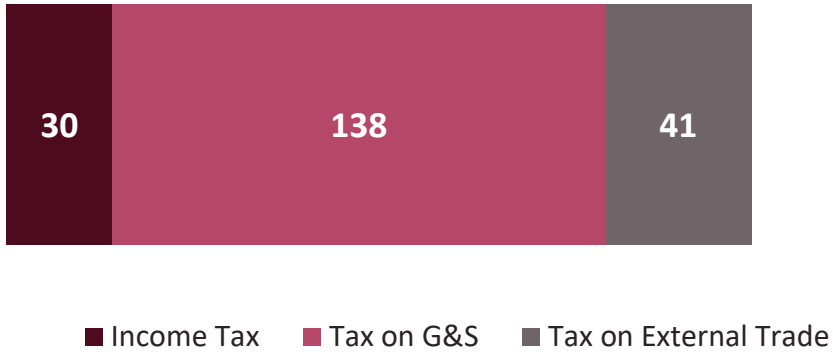
3.3% ↑
Total Revenue

3.8% ↑
Tax Revenue



Rs. Bn

Additional Tax Revenue in 2027: Rs. 209 Bn



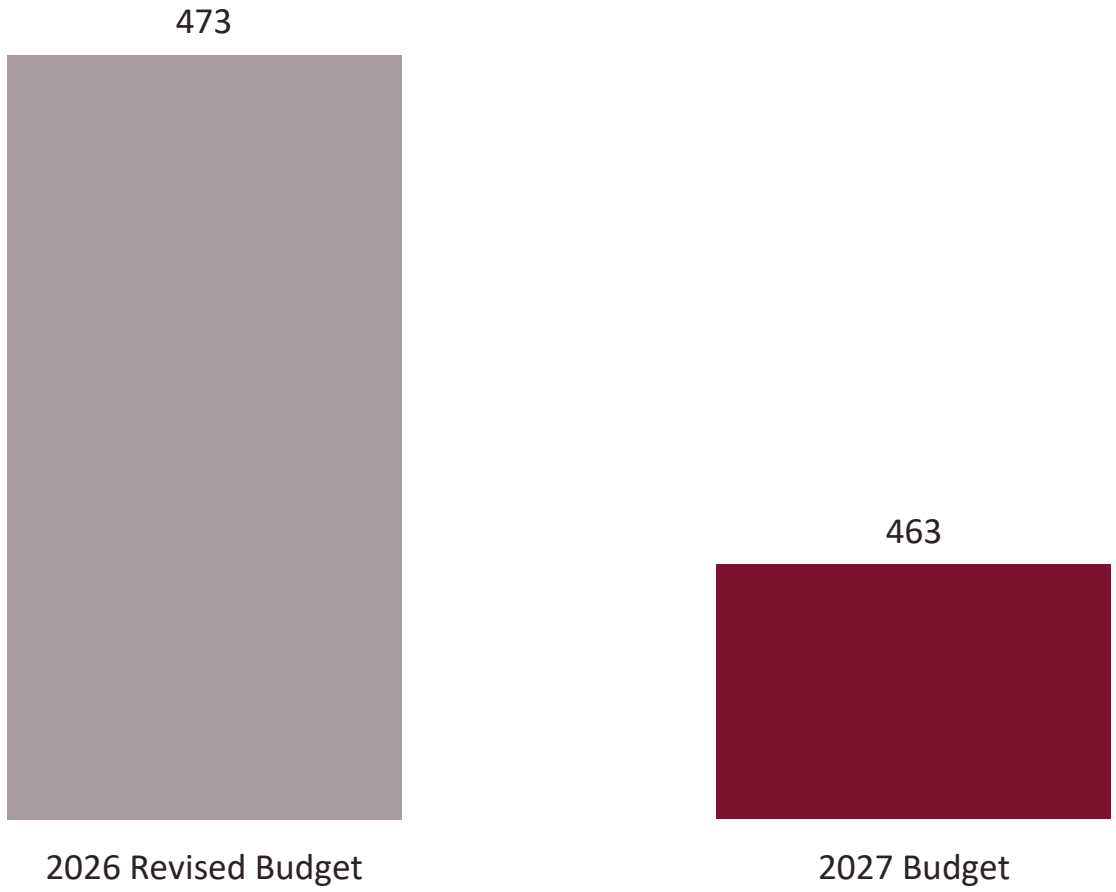
Rs. Bn

2.1% reduction in Non Tax Revenue

Highlights of the National Budget - 2027

-2.1%

Non Tax Revenue, 2026 Revised Budget to 2027 Budget



Tax measures

Highlights of the National Budget - 2027

- The annual personal income tax relief will be increased from Rs. 1.80 Mn to Rs.1.95 Mn
- Exemption of VAT on Books and Printed Material and abolition of Tourism Development Levy (TDL)
- Exemption of SSCL on the supply of Bunker Fuel to Ships.
- Phased Reduction of PARA-Tariffs
- Revision of Special Commodity Levy
- Enhanced Capital Allowance for BOI approved Enterprises

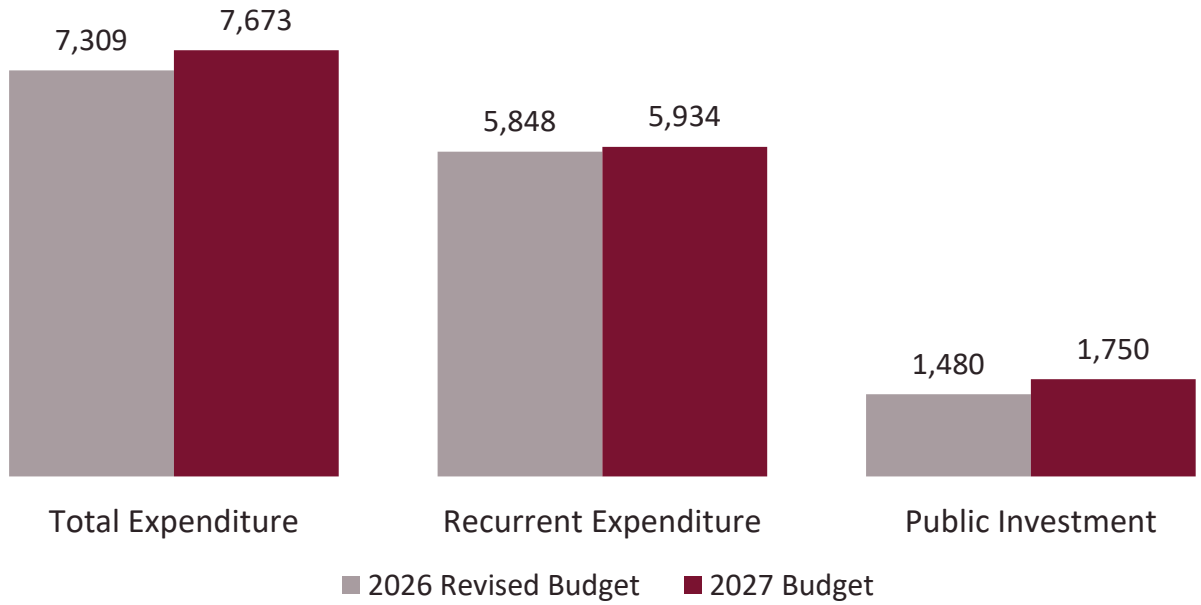
5% Increase in Total Expenditure

Highlights of the National Budget - 2027

5% Total Expenditure

1.5% Recurrent Expenditure

18.2% Public Investment



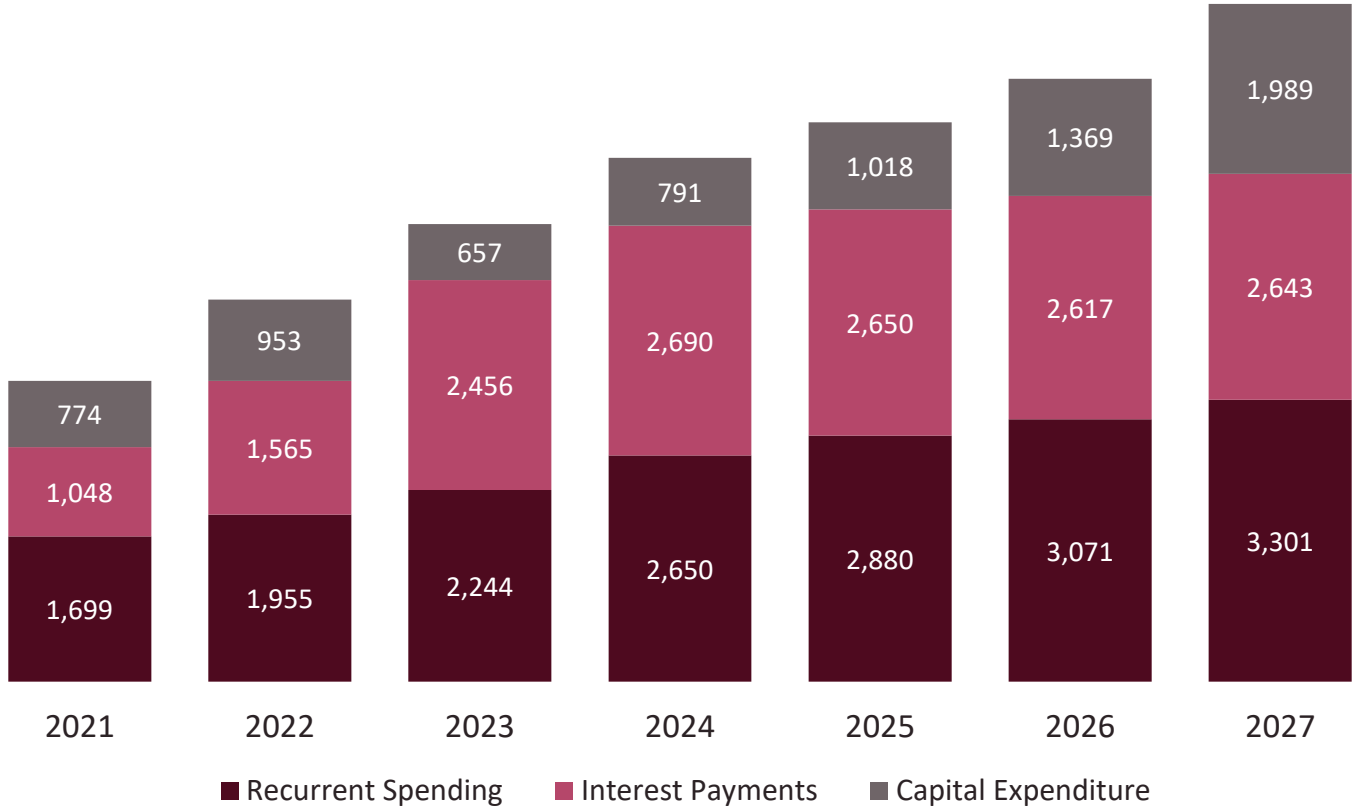
Rs. Bn

"In accordance with the PFM Act, we will take steps to maintain medium-term expenditure in line with the primary expenditure ceiling. However, due to the additional allocations required to restore the infrastructure and people's livelihood damaged by Cyclone Ditwah, primary expenditure in 2027 is expected to increase temporarily to 13.6% of GDP. We also expect to bring primary expenditure back to 13% of GDP from 2028 onwards."

-National Budget 2026

Composition of Budget Allocation

Highlights of the National Budget - 2027

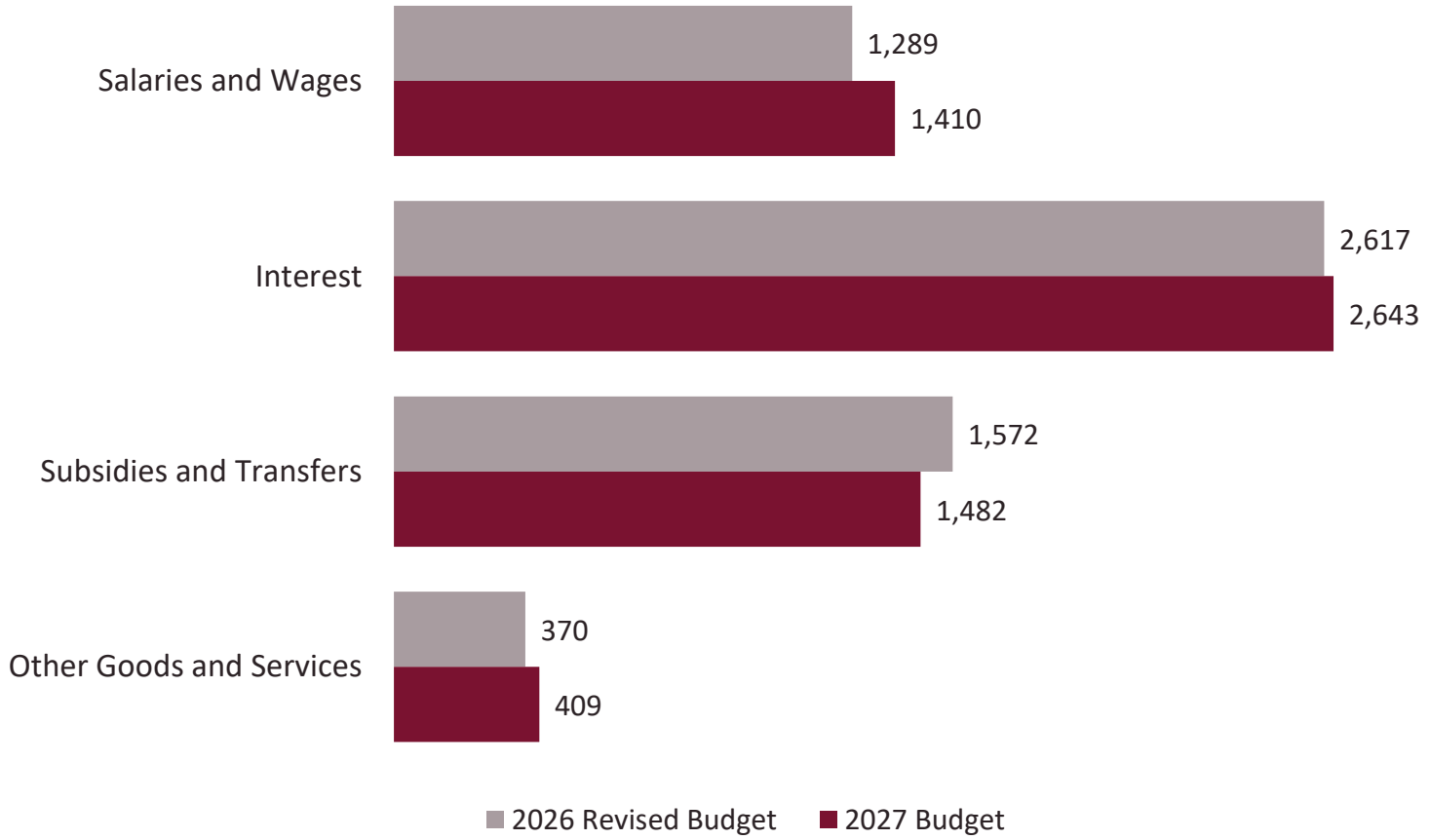


Rs. Bn

- Increase in recurrent expenditure when compared to 2026.
- Capital expenditure has increased in 2027.

Recurrent Expenditure Breakdown*

Highlights of the National Budget - 2027



9.4%
Salaries and Wages

1%
Interest

-5.7%
Subsidies and Transfers

10.5%
Other Goods and Services

Rs. Bn

* Including supplementary estimates

Budget Deficit: Rs. 1,753 Bn

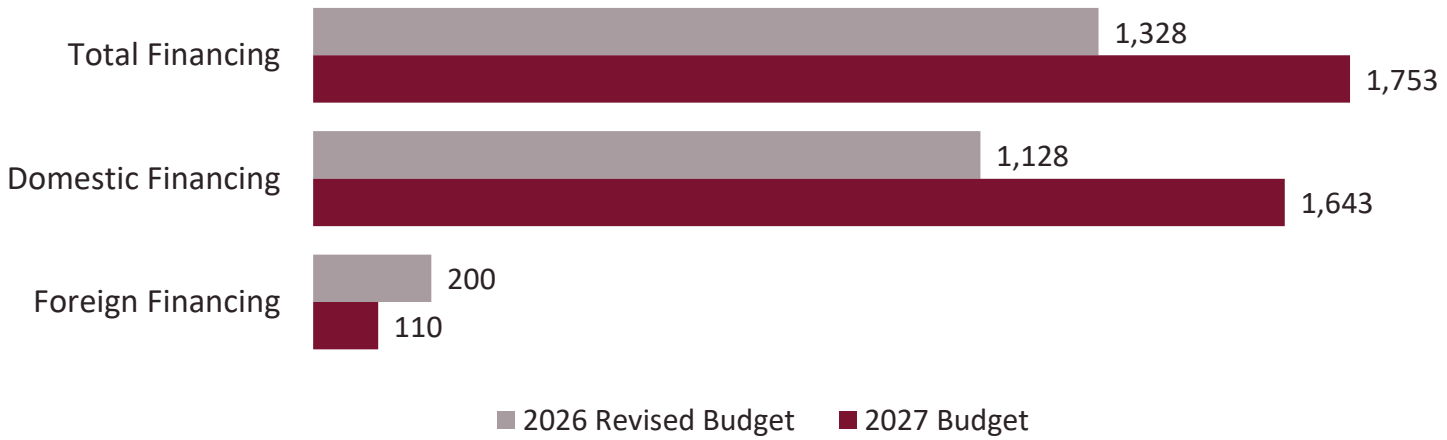
Highlights of the National Budget 2027

Rs. 6,180 Bn
Total Revenue and Grants

Rs. 7,933 Bn
Total Expenditure and Net Lending*

Rs. 1,753 Bn
Budget Deficit*

Deficit Financing*



↑ **32%**
Total Financing

↑ **45.6%**
Domestic Financing

-45%
Foreign Financing

* Including supplementary estimates

Budget Estimates as a % of GDP

Highlights of the National Budget - 2027

Budget Estimates as a % of GDP	2025	2026 Provisional	2027 Budget*
Revenue and Grants	**16.7**	**16.6**	**15.8**
Total Revenue	16.6	16.5	15.8
Tax Revenue	15.4	15.2	14.6
Non-Tax Revenue	1.2	1.3	1.2
Grants	0.1	0.1	0.1
Total Expenditure	**19.0**	**20.3**	**20.3**
Recurrent Expenditure	16.0	16.2	15.2
Non-Interest	8.3	9.0	8.5
Interest	7.6	7.3	6.8
Public Investment	3.1	4.1	5.1
Revenue Surplus/ Deficit	0.7	0.3	0.5
Primary Surplus/ Deficit	**5.4**	**3.6**	**2.3**
Budget Surplus/ Deficit	**(2.3)**	**(3.7)**	**(4.5)**

* Including supplementary estimates

03

Investment, legal and trade

Investment promotion, the legislative pipeline, structural reforms and export development

Investment

Key Proposals – Investment

Rs. 100 mn

allocated to implement the National Single Window for Investment

29

Trincomalee oil tanks to be developed under a PPP; RFPs invited in 2027

- The draft "Investment Protection Bill" has already been referred to the Attorney General
- The draft "Colombo Port City Economic Commission (Amendment) Bill" has been referred to the Attorney General
- A Treasury-owned investment promotion company will be established, offering market-competitive salaries to attract experienced professionals.
- Rs. 100 million has been allocated to implement the National Single Window for Investment
- Electricity tariff concessions and incentives to attract data centre investments.
- RFPs will be invited in 2027 to develop 29 Trincomalee oil tanks under a PPP.
- It is proposed to introduce a mechanism to encourage the listing on the stock market of small and medium-scale enterprises

Legislation: already passed

Key Proposals – Legal | Status of proposed and enacted legislation

No.	Legislation / Act	Status	Key purpose / objective
1	**Rescue, Rehabilitation and Insolvency (Corporate and Personal) Act, No. 12 of 2026**	**Passed**	Provides a framework for businesses facing financial distress to restructure, rehabilitate and repay creditors.
2	**Prevention of Money Laundering (Amendment) Act, No. 16 of 2026**	**Passed**	Strengthens the legal framework for preventing money laundering.
3	**Financial Transactions Reporting (Amendment) Act, No. 17 of 2026**	**Passed**	Minimises risks associated with unreported financial transactions and strengthens enforcement.
4	**Convention on the Suppression of Terrorist Financing (Amendment) Act, No. 18 of 2026**	**Passed**	Strengthens measures to prevent terrorist financing through Sri Lanka's financial system.
5	**Microfinance and Credit Regulatory Authority Act, No. 9 of 2026**	**Passed**	Establishes a regulatory authority to oversee microfinance and credit activities and protect borrowers. Authority expected to be established in 2027.

Legislation: gazetted or with the Attorney General

Key Proposals – Legal | Status of proposed and enacted legislation

No.	Legislation / Act	Status	Key purpose / objective
6	**Public-Private Partnership (PPP) Act**	**Gazetted**	Establishes a framework for the initiation, development, management and monitoring of PPP projects. Expected to be presented to Parliament in early 2027.
7	**State-Owned Business Enterprises Management Bill**	**Referred to AG**	Proposes a holding company to facilitate the efficient management of state-owned enterprises. 34 SOEs have been identified.
8	**Investment Protection Bill**	**Referred to AG**	Provides for investment protection, fair and equitable treatment, compensation and dispute settlement.
9	**Colombo Port City Economic Commission (Amendment) Bill**	**Referred to AG**	Seeks to attract foreign investment and provide additional facilities for investors and employees within the Port City.

Legislation: being drafted or proposed

Key Proposals – Legal | Status of proposed and enacted legislation

No.	Legislation / Act	Status	Key purpose / objective
10	**Institute of Professional Actuaries of Sri Lanka Act**	**Being drafted**	Establishes a professional institute to improve actuarial standards, training and professional quality.
11	**National Statistics Act**	**Being drafted**	Establishes a framework for the preparation, coordination and governance of official statistics.
12	**Customs Ordinance (Amendment) Act**	**Proposed**	Aims to improve Customs efficiency, transparency and trade facilitation. Expected to be passed in the first half of 2027.
13	**Financial Reporting Regulatory (Amendment) Act**	**Amendment proposed**	Formalises Sri Lanka Accounting Standards, Auditing Standards and quality-control regulatory standards.

Legislation: being drafted or proposed (cont.)

Key Proposals – Legal | Status of proposed and enacted legislation

No.	Legislation / Act	Status	Key purpose / objective
14	**Excise (Special Provisions) Act**	**Amendment proposed**	Addresses longstanding implementation issues relating to the Act.
15	**Finance Business Act**	**Amendment proposed**	Strengthens the regulation and supervision of finance companies, action against unauthorised finance businesses and winding-up procedures for non-viable businesses.
16	**Public Asset Management Act**	**Proposed / to be introduced**	Establishes a framework to strengthen public asset management.
17	**Labour Law Reforms**	**Expert committee appointed**	Reviews existing labour laws to align them with current economic and social requirements and improve the investment and production environment.

Other legislative proposals

Key Proposals – Legal | Status of proposed and enacted legislation

Digital Economy Bill – expected to pass in Q1 2027

Cyber Security Bill – with the Attorney General; Cyber Security Authority to follow in 2027.

Virtual Asset Service Providers – a formal legal framework to be prepared.

National Research and Development Bill – drafted; to be presented in the first half of 2027.

Dam Safety Act – to be introduced to safeguard major dam systems.

Upper Watershed Area Management Authority Act – to be presented to Parliament very soon.

Fauna and Flora Protection Ordinance / Increase of Fines Act, No. 12 of 2005 – amendments to raise fines for killing, hunting, wounding or capturing a wild elephant to Rs. 500,000–1,000,000, and for illegally keeping an elephant to Rs. 500,000–1,000,000.

National Gem and Jewellery Authority Act, No. 50 of 1993 – to be amended to allow licensing of the jewellery industry.

Investor permanent residency – legislative work has begun to grant permanent residency to investors based on investment size and other criteria.

Excise Ordinance – simplifying amendments to the existing Ordinance until a new Excise Act is introduced (Section 36.14).

Tax law amendments – detailed in Annexure V (Technical Notes)

Essential structural changes

Key Proposals – Legal | Status of proposed and enacted legislation

Government land for investors – an officials' committee is looking at reducing delays and recommending concessions based on a project's national importance, jobs created and location.

Investment promotion company – a 100% Treasury-owned company staffed by professionals with private sector and international experience, on market-competitive pay (as with GovTech).

Gambling Regulatory Authority – already established to regulate casinos, online gambling and other games; regulations finalized. A review of gambling taxes and fees is also proposed (Section 36.8).

National Single Window for Trade – pilot launched on 5 November for selected exports; exporters to be connected in the first half of 2027, importers and re-exports in the second half. Rs. 1,990 million allocated.

National Single Window for Investment – consultancy bids under evaluation; Rs. 100 million allocated.

Border scanning – Rs. 1,000 million for body scanners and container scanners for Sri Lanka Customs.

TIEP modernization – the Temporary Importation for Export Processing process to be modernized, introducing 'inter-port trading' and steering small and medium industrialists towards exports.

Export development and trade

Key Proposals – Export Development & Trade

Rs. 1.99 bn

Strengthening the Trade National Single Window

Rs. 1.7 bn

Rehabilitation and Maintenance of ASYCUDA system of the Customs

Rs. 0.57 bn

Strengthening custom surveillance and process automation

- Expand Sri Lanka's trade integration through enhanced trade agreements with **India**, a new FTA with **China**, accession to **RCEP**, and economic partnership agreements with the **UAE** and **Oman**.
- Boost export competitiveness and diversification through the **Sri Lanka–EU Sustainable Trade and Economic Integration Project.**
- Provide concessionary loans of up to Rs. 500 million at 5% interest to support fisheries exporters and industry suppliers in adopting modern technology and upgrading production capacity.
- Develop the Port of Colombo into a major regional logistics hub by expanding capacity to over 30 million TEUs by 2040 and strengthening its role in re-export shipping and logistics.

Export development and trade (cont.)

Key Proposals – Export Development & Trade

- Assessing feasibility of an International Gem and Jewellery Trade Hub offering one-stop trade, export, laboratory, and licensing services, supported by land acquisition.
- Conduct a feasibility study for a poultry export special economic zone in the Western and North Western Provinces to boost exports of chicken and value-added poultry products.
- Provide enhanced tax incentives for large export and tourism investments by allowing eligible BOI-approved projects (minimum USD 3 million investment) to claim a 200% capital allowance on qualifying capital expenditure.

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04

Digital transformation

Digital as a fundamental requirement for public sector efficiency, governance and access to services

Digital: institutions and legal base

Key Proposals – Digital

Digital transformation is framed as a fundamental requirement for public sector efficiency, governance and access to services (Section 7).

Institutions and legal base

GovTech – established under 100% Treasury ownership and already operating.

Data Protection Authority – Personal Data Protection Act amended; Authority established and operational.

Digital Economy Bill – to establish the Digital Economy Authority and National Digital Economy Council; expected to pass in Q1 2027.

Cyber Security Bill – submitted to the Attorney General; Cyber Security Authority to be set up in 2027.

Digital procurement guidelines – specific guidelines prepared; discussions under way with the Procurement Commission; expected in the first half of 2027.

Digital: where the money goes

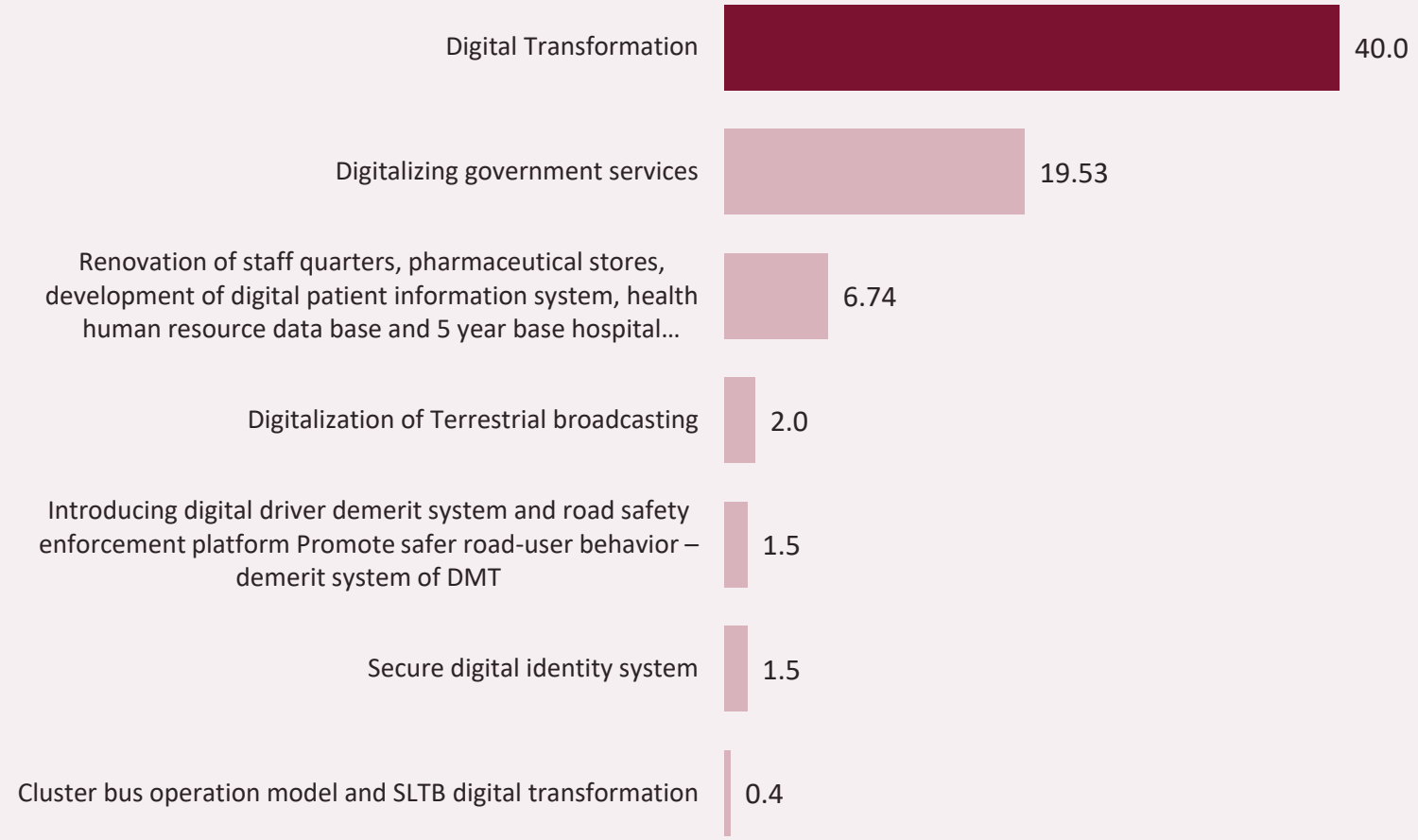
Key Proposals – Digital | Allocations for digital initiatives

Rs. 40.0 bn

Largest line: Digital Transformation

Rs. 19.53 bn
Digitalizing government services

Rs. 6.74 bn
Renovation of staff quarters, pharmaceutical stores, development of digital patient information system, health human resource data base and 5 year base hospital development plan



Digital: new economy initiatives

Key Proposals – Digital | New digital economy initiatives (Rs. 10,000 million proposed)

National AI Centre of Excellence – at Wijerama Mawatha, bringing Government, experts and industry together.

'Shared Platform First and Buy Before Build' policy – priority to standardized and shared solutions before building new software.

Lanka Government Cloud – expansion from LGC 2.0 to 3.0, establishing sovereign AI infrastructure.

Divisional Secretariat and Grama Niladhari services – to be digitalized.

Presidential Digital Excellence Awards – to recognize high-performing public institutions.

Cashless payments – GovPay and QR adoption to build a digital revenue economy.

Virtual Asset Service Providers – formal regulatory framework.

Sectoral digital plans and DTUs – sector plans aligned to the National Digital Economy Plan, run through institutional Digital Transformation Units.

Data centres – electricity tariff concessions and incentives for selected investors.

Broadband vouchers – for 750,000 selected school students to improve digital literacy.

Digital Startup Fund of Funds – strengthened to attract private investment.

Digital: funding, telecoms and citizen services

Key Proposals – Digital

Funding

Ministry of Digital Economy – Rs. 18,500 million already allocated for 2027 across six areas (institutional strengthening, digital Government, digital industry, digital revenue economy, strategic industries, and inclusive access and capacity). It will rise to Rs. 28,500 million.

Telecommunications

Gamata Sannivedanaya programme – 700–800 towers needed by 2030, with 573 to be completed by 2028. Grant of 75% of tower cost or Rs. 35 million (whichever is lower), plus Rs. 5 million for electricity connection. Rs. 9,000 million allocated. The Cellular Tower Levy is removed on new towers for five years.

Quality monitoring and spectrum – automated Quality of Service/Experience monitoring, plus Automated Spectrum Management and Monitoring Systems, from 2027. Rs. 3,100 million allocated by the TRC.

Citizen services

Presence-less services – priority licences, applications, approvals and payments to be delivered digitally from 2027, from village level to Central Government, supported by the National Digital Identity (Digital ID).

Digital: related measures

Key Proposals – Digital

Related digital measures

School digitalization – reliable internet to all secondary schools (6,225 connected, remaining 750 to follow; primary schools next). A five-year Rs. 96,500 million programme begins with a further Rs. 3,000 million on top of Rs. 4,000 million; Rs. 35,000 million allocated in 2027 for digitalization, teacher development and infrastructure.

Public computers – Rs. 4,500 million for new computers in public institutions, with a further Rs. 2,200 million proposed.

Transport – Rs. 700 million for a digital vehicle registration and transfer system; Rs. 1,500 million for a digital Driver Demerit Points and road safety enforcement system; Rs. 200 million for the Sri Lanka Transport Board digital systems.

Justice and security – e-filing and paperless hearings (Supreme Court complete, other courts started); Rs. 60 million to digitalize the Government Analyst's Department; digitalization of Police duties; Ministry of Defence cyber security and a digital forensic laboratory.

Land and tourism – digitalizing plans for 3.5 million land parcels; Rs. 140 million for land title and record digitalization; centralized e-ticketing for tourist attractions.

Tax – electronic tax invoices recognized as legally valid .

Accessibility – all public digital services to follow W3C accessibility specifications.

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05

Productive sectors

Logistics, agriculture, livestock, SMEs, tourism and energy

Logistics and transport

Key Proposals – Logistics & Transport

Expand the expressway network (Rs. 100.3 bn) – by continuing the Central Expressway and Port Access Elevated Highway projects, while advancing preparatory work for the Kurunegala–Dambulla and Kahatuduwa–Ingiriya expressways.

Upgrade the national road network (Rs. 89.0 bn) – through road development and rehabilitation projects.

Strengthen transport safety (Rs. 4.4 bn) – through targeted safety improvements.

Improve rural connectivity (Rs. 80.5 bn) – by enhancing transport access in rural areas.

Modernize public transport (Rs. 45.15 bn) – through the Kandy multimodal transport centre, procurement of 600 SLTB buses, fleet maintenance, digital transformation, support for non-profitable routes, expansion of night bus services, and preparatory work for introducing electric buses.

Modernize the railway network through large-scale electrification investments, including the Kelani Valley, Main, and Coastal railway lines, as part of a broader Rs. 1.2 trillion railway modernization programme aimed at improving passenger transport and operational efficiency.

Logistics and transport: allocation

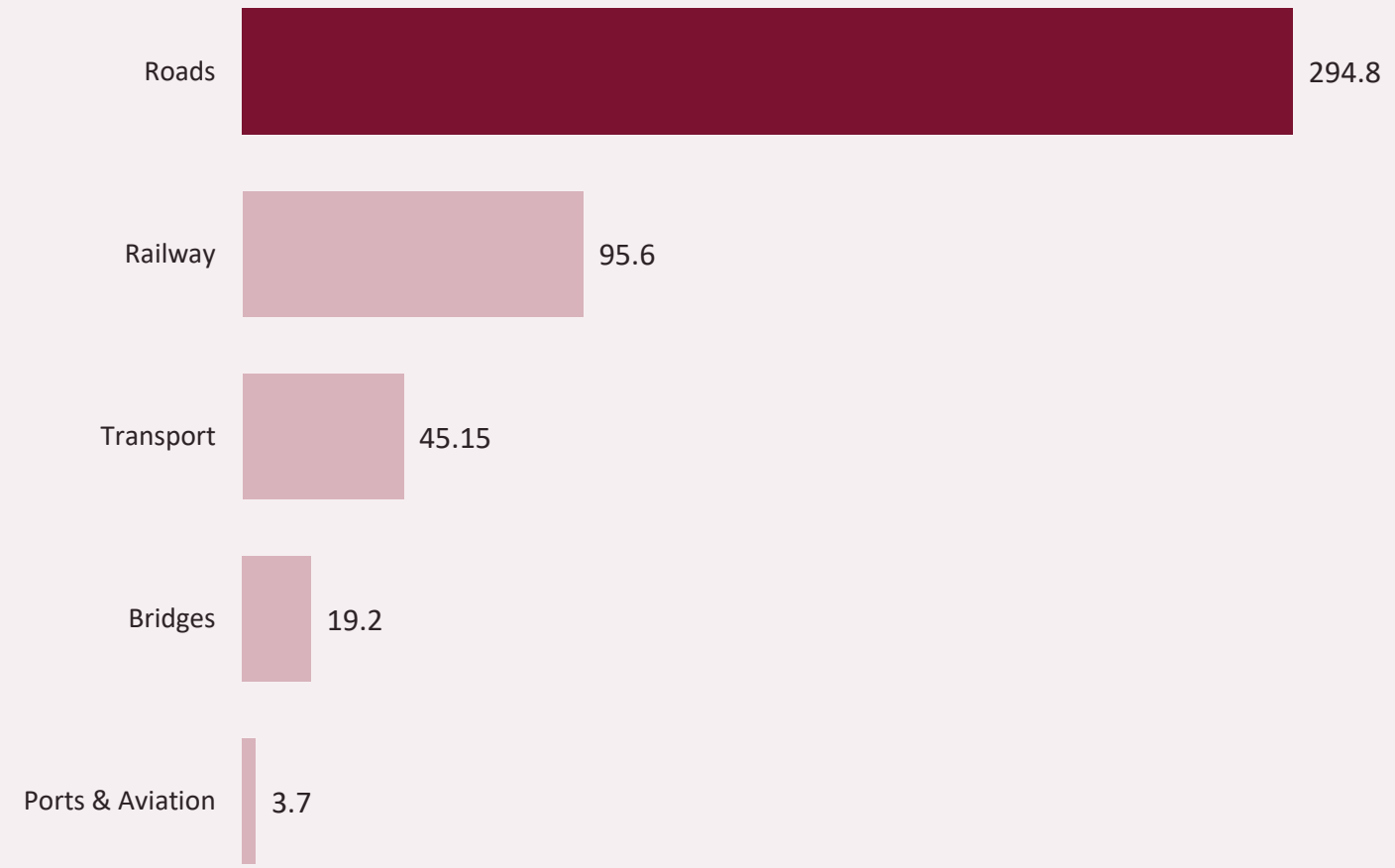
Key Proposals – Logistics & Transport

Rs. 294.8 bn

Largest line: Roads

Rs. 95.6 bn
Railway

Rs. 45.15 bn
Transport



Allocation, Rs. bn

Agriculture

Key Proposals – Agriculture

- Promote private investment to modernize agriculture, improve value chains, and expand market access.
- **Allow alternative use of underutilized paddy lands for high-value crops, supported by cultivation incentives.**
- Introduce the "Yaya" collective farming model to improve input purchasing, resource use, and productivity.
- Transform Agrarian Service Centres into digital One-Stop Shops to support farmers and rural development.
- Strengthen cooperative societies to purchase, store, process, and market paddy and rice.
- Implement an Integrated Plant Nutrient Management System (IPNM) to boost yields and improve soil health.
- Continue and expand fertilizer subsidies for paddy and other crops grown on paddy lands.
- Develop the cinnamon value chain to enhance productivity, quality, and export market access.

Agriculture: allocation

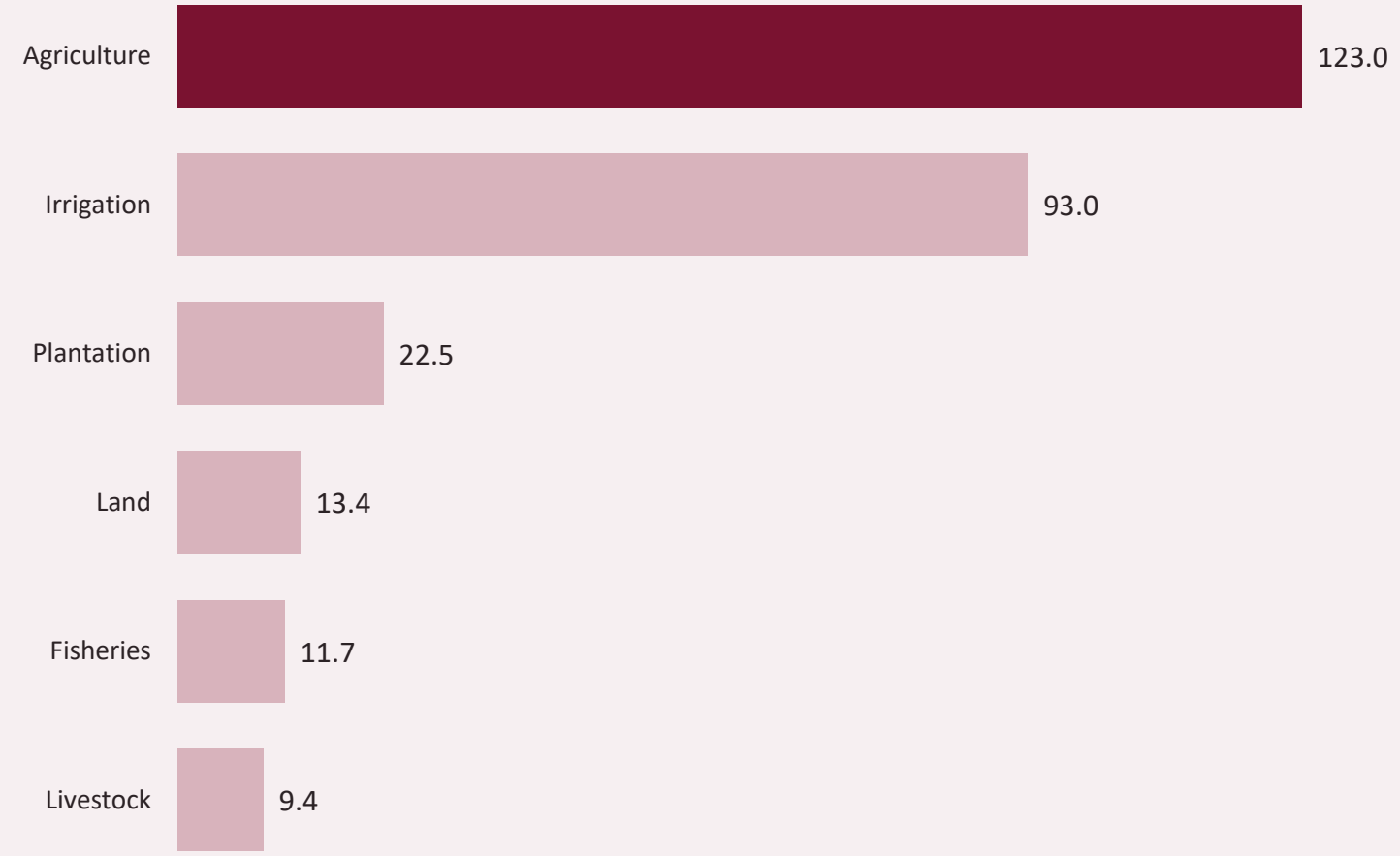
Key Proposals – Agriculture

Rs. 123.0 bn

Largest line: Agriculture

Rs. 93.0 bn
Irrigation

Rs. 22.5 bn
Plantation



Allocation, Rs. bn

Livestock

Key Proposals – Livestock

Rs. 9.4 bn

total livestock allocation

- Upgrade NLB farms into breeding centres by importing high-quality breeding stock for dairy cattle, buffaloes, pigs, and sheep.
- Conduct a feasibility study for a poultry export zone focused on chicken and value-added poultry products.
- Complete the Milco milk processing plant in Badalgama to expand domestic dairy processing capacity.
- Additional funding to support goat farming expansion through farmer incentives in districts such as Puttalam, Mannar, and Batticaloa.

SME development

Key Proposals – SME Development | Re-MSME Plus: Expand concessional financing for MSMEs and fisheries

+ Rs. 20 bn

added to the existing Rs. 30 bn Re-MSME Plus scheme

5%

concessionary interest rate for MSME capital and working capital needs

- The Government will expand the Re-MSME Plus scheme by Rs. 20 billion, in addition to the existing Rs. 30 billion, to provide concessionary loans at a 5% interest rate for the capital and working capital needs of Micro, Small and Medium Enterprises (MSMEs).
- It is proposed to introduce a mechanism to encourage the listing on the stock market of small and medium-scale enterprises

SME development: allocation

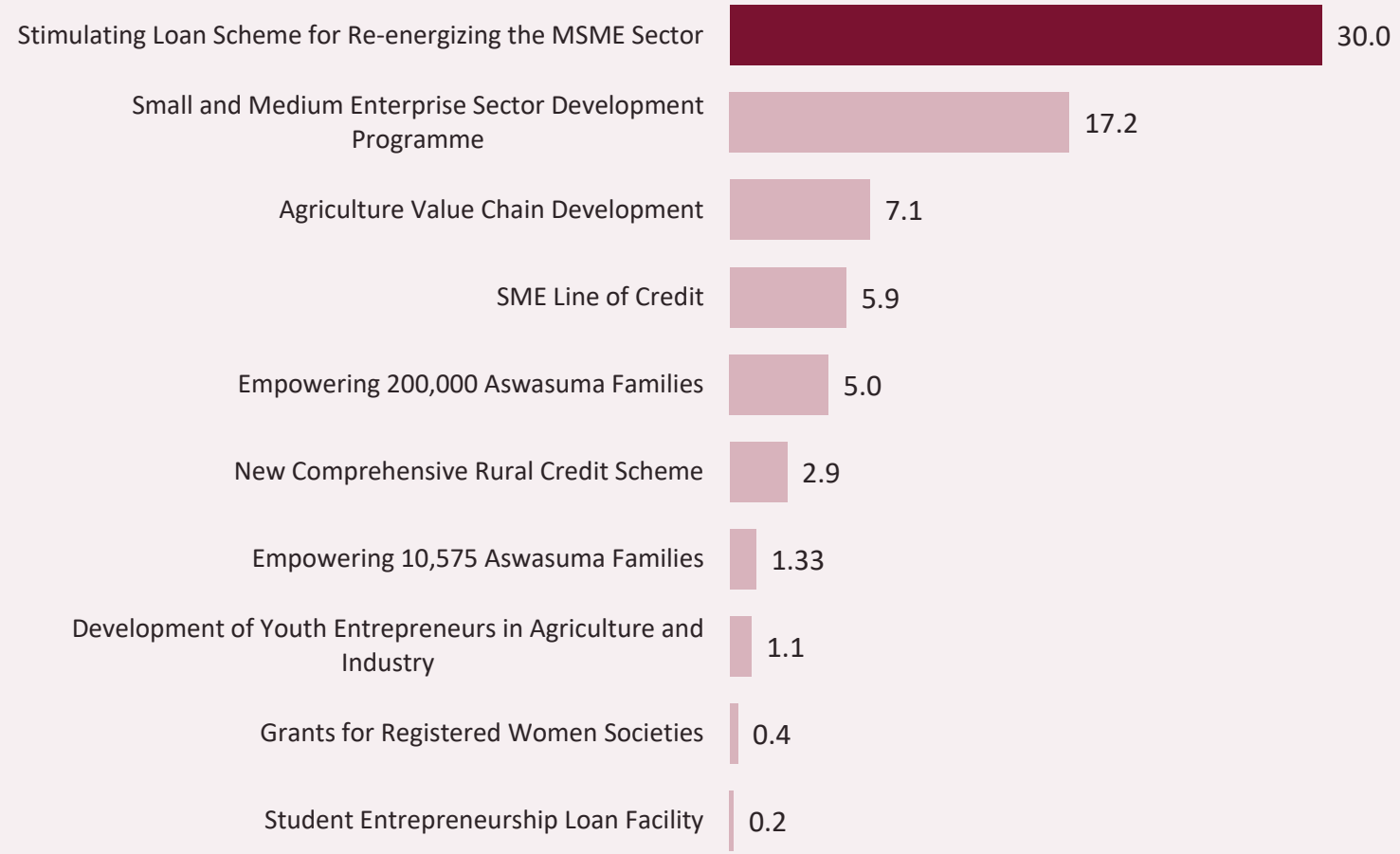
Key Proposals – SME Development

Rs. 30.0 bn

Largest line: Stimulating Loan Scheme for Re-energizing the MSME Sector

Rs. 17.2 bn
Small and Medium Enterprise Sector Development Programme

Rs. 7.1 bn
Agriculture Value Chain Development



Allocation, Rs. bn

Tourism

Key Proposals – Tourism

- Abolition of the Tourism Development Levy
- Strengthen the Southern Mist Triangle ecotourism project around Sinharaja Forest.
- Launch a centralized online e-ticketing system for major tourist attractions.
- Restore and develop Colombo Fort's historic buildings into a tourism zone with World Bank support.
- Upgrade hotel and tourism training schools in Polonnaruwa and Pinnawala.
- Develop Dutch forts as tourism hubs through PPPs while preserving heritage value.
- Provide concessional loans for marine tourism operators to acquire equipment and boats.
- Expand cruise tourism infrastructure through a Colombo cruise terminal and upgraded facilities in Galle, Tangalle, and Trincomalee.
- Enhance tourist safety services by strengthening the Tourist Police, multilingual support, patrol units, and 24/7 emergency assistance.

Tourism: allocation

Key Proposals – Tourism

Rs. 3.0 bn

Largest line: Tourism infrastructure development in Sigiriya and Trincomalee

Rs. 2.8 bn
Operation and management of zoological and botanical gardens

Rs. 2.7 bn
Tourism infrastructure development and city branding



Allocation, Rs. bn

Energy: a transformative shift

Key Proposals – Energy | Economic transformation, national security and living standards (Section 6)

62%

of installed capacity is renewable today

69%

planned by 2029

Rs. 26.5 bn

to technically strengthen the grid after the national power failures of February 2025 and October 2026

Energy: electricity

Key Proposals – Energy | Section 6.1

The Budget calls for a transformative change in energy for economic transformation, national security and living standards (Section 6). Around 62% of installed capacity is renewable today, with a plan to reach 69% by 2029.

Electricity

Grid stability investment – Rs. 26.5 billion to technically strengthen the grid following the national power failures of February 2025 and October 2026.

Synchronous condensers and STATCOM – two 75 MVA synchronous condensers at Habarana and Mannar, and 300 MVAr STATCOM at Padukka 220 kV substation; start 2027, complete 2029, with World Bank assistance.

Wide Area Monitoring System – to be set up under a World Bank technical assistance project to detect unstable conditions early.

Battery Energy Storage Systems (BESS) – 160 MW in 2026, planned 560 MW in 2027 and 1,245 MW by 2029. Competitive bidding cut the price about 11%, from Rs. 2.033 million to Rs. 1.808 million per MW per month.

Rooftop solar battery subsidy – Rs. 25,000 per kW of battery storage for new rooftop solar consumers under the Net Plus scheme, up to 10 kW (maximum Rs. 250,000). Rs. 3,500 million allocated.

PAL removal – the Ports and Airports Development Levy on imported solar storage batteries is removed (effective 1 January 2027).

Energy: electricity (cont.)

Key Proposals – Energy

Norochcholai backup – a 30 MW BESS to provide supplementary power if the Lakvijaya plant has an emergency.

Northern transmission – Rs. 500 million for preliminary work on the 400 kV Kilinochchi–New Habarana line (target 2030); USD 150 million sought from AIIB.

Private investment in transmission – sought for two 220 kV lines (Norochcholai–Wariyapola and Moneragala–Hambantota) and the New Habarana–Kirindiwela 400 kV line.

Smart meters – free for 300,000 consumers using more than 180 units in 2027 (USD 12 million ADB grant); all consumers above 120 units in LECO areas.

Wind power – 370 MW to be added by 2029, including 50 MW in 2027, taking installed wind capacity to 674 MW.

Floating solar – ten reservoirs (including Randenigala, Deduru Oya, Ridiyagama, Ambalan Oya, Castlereigh, Chandrika Wewa and Kiri Ibban Ara) targeted for around 500 MW using 10% or less of the water surface. Private investment proposals to be called in January 2027.

Distribution Control Centres – four centres at Kuliyapitiya, Peradeniya, Battaramulla and Dehiwala to manage outages, demand and distributed solar. Rs. 5,130 million (Annexure VII).

Energy: petroleum

Key Proposals – Energy

Petroleum

Oil and gas exploration – bids for four Mannar Basin blocks (Sri Lanka Licencing Round 2026) to be opened on 2 February 2027.

Fuel storage – new tanks at Kolonnawa (6 tanks, 64,000 m³, Rs. 3,746 million; 2 tanks, 22,000 m³, Rs. 1,446 million) and Muthurajawela (3 tanks, 40,000 m³, Rs. 3,786 million). Capacity rises by 126,000 m³, enough for 45 days' requirement.

Kolonnawa–Port pipeline – bids called for Rs. 16,332 million system to halve ship unloading time from 96 to 48 hours; completion expected within 18 months.

Aviation fuel – construction has begun on a 92,000 m³ Jet A1 tank complex at Muthurajawela and a pipeline to Bandaranaike International Airport (Rs. 22,340 million).

Sapugaskanda refinery – to be upgraded from 50,000 to 100,000 barrels per day through a public-private partnership; RFP to be called in 2027.

Energy: allocation

Key Proposals – Energy

Rs. 5.1 bn

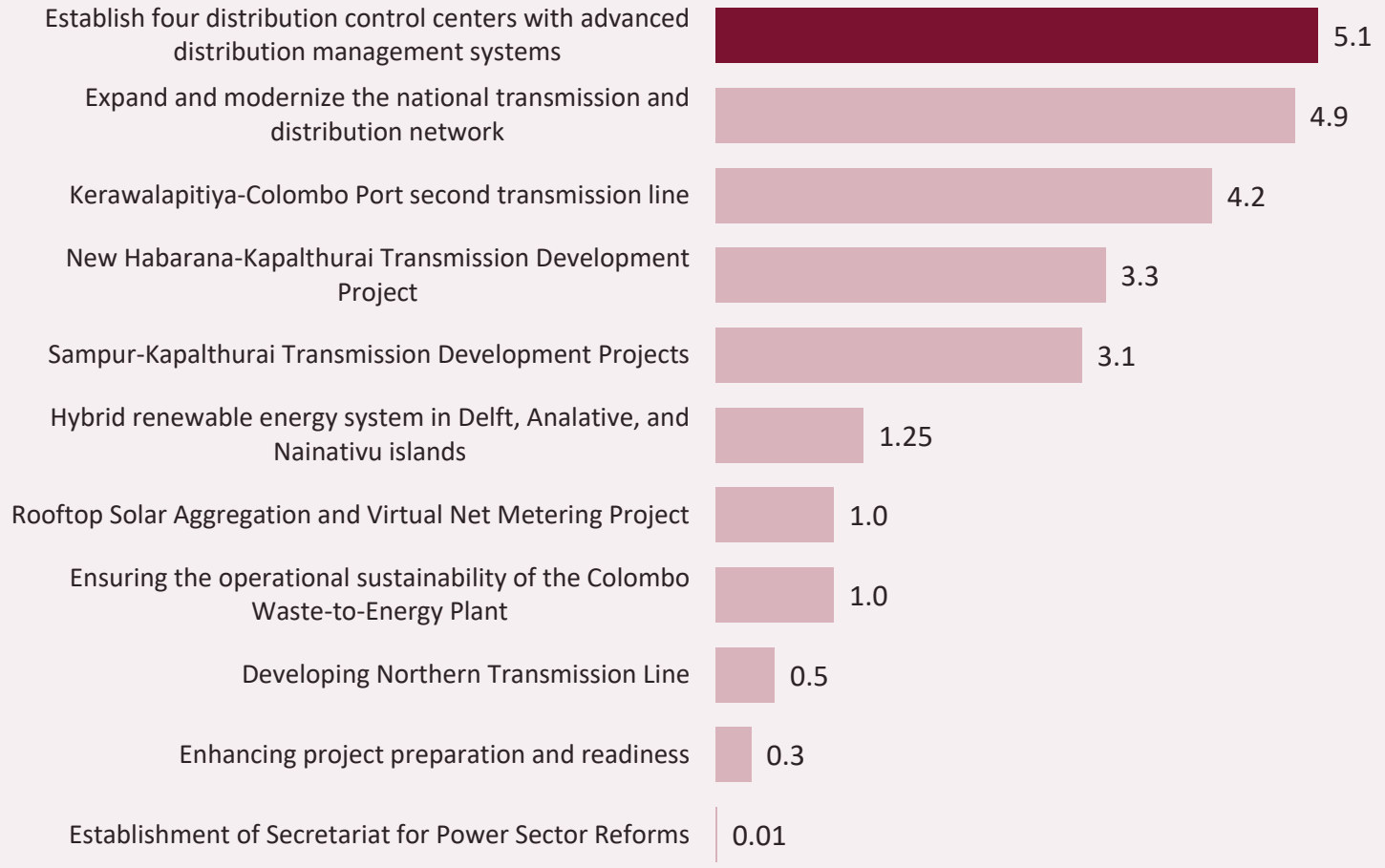
Largest line: Establish four distribution control centers with advanced distribution management systems

Rs. 4.9 bn

Expand and modernize the national transmission and distribution network

Rs. 4.2 bn

Kerawalapitiya-Colombo Port second transmission line



Allocation, Rs. bn

The Ceylon Chamber of Commerce

06

People and resilience

Health, education, social protection and climate sustainability

Health

Key Proposals – Health

- Expand primary healthcare through 1,000 Arogya Wellness Centres.
- Upgrade hospitals and diagnostics with new facilities, advanced medical equipment, and selected hospitals brought under central administration.
- Strengthen emergency and ambulance services through fleet expansion and modernization.
- Invest in specialized healthcare including organ transplants, robotic surgery training, and dengue control.
- Improve healthcare infrastructure and staff facilities across hospitals nationwide.
- Enhance public health programmes through free spectacles for schoolchildren and the Rabies-Free Sri Lanka initiative.

Health: allocation

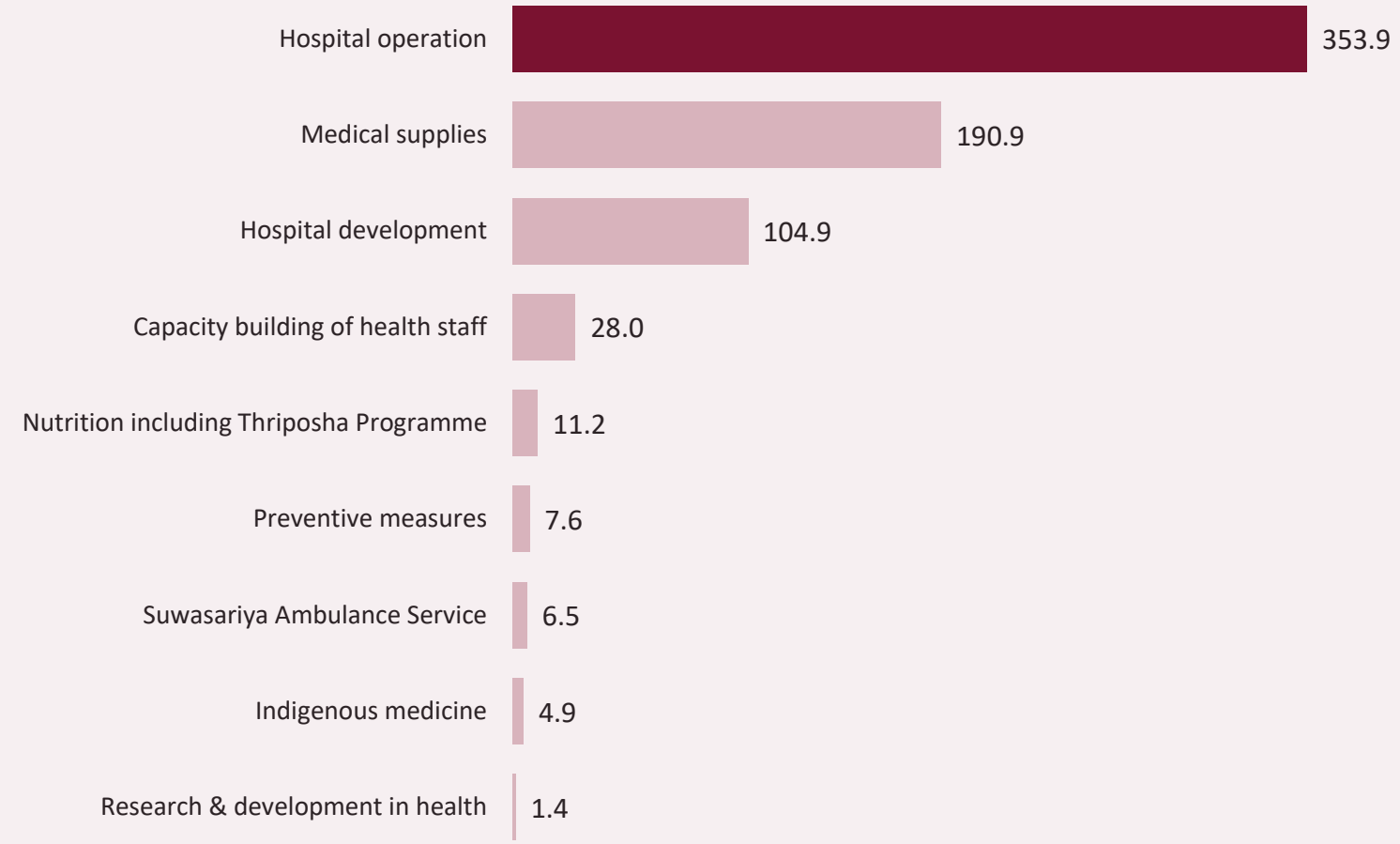
Key Proposals – Health

Rs. 353.9 bn

Largest line: Hospital operation

Rs. 190.9 bn
Medical supplies

Rs. 104.9 bn
Hospital development



Allocation, Rs. bn

Education

Key Proposals – Education

Digitalization

- Expand digital education infrastructure by providing internet access to all secondary schools and extending connectivity to primary schools.
- Equip schools for digital learning through computers, smart boards, distance-learning centres, improved education management systems, and digital learning tools for students with disabilities.
- Enhance teachers' digital skills through training and capacity-building programmes.
- Modernize education infrastructure including Teachers' Colleges, National Colleges of Education, school buildings, laboratories, and teacher hostels as part of a five-year digital transformation programme.

Higher Education

- Expand university infrastructure through new science, management, health sciences, laboratory, research, and multipurpose facilities across several universities.
- Improve student welfare facilities by upgrading hostels, water supply, sanitation, and wastewater treatment systems.

Education (cont.)

Key Proposals – Education

- Provide staff housing through a new residential quarters project at the University of Vavuniya.
- Restore damaged university infrastructure, including repairs at the University of Peradeniya following Cyclone Ditwah.
- Enhance access to higher education by increasing the monthly allowance for students receiving interest-free loans to study at private higher education institutions.

Vocational Education

- Reform and streamline the vocational education sector through a study on centralized governance and regulation.
- Upgrade vocational training infrastructure at the University of Vocational Technology and technical training institutions.
- Modernize 25 Technical Colleges across all districts.
- Invest in vocational education transformation through infrastructure modernization, curriculum updates, technology integration, and stronger public-private sector collaboration.

Education: allocation

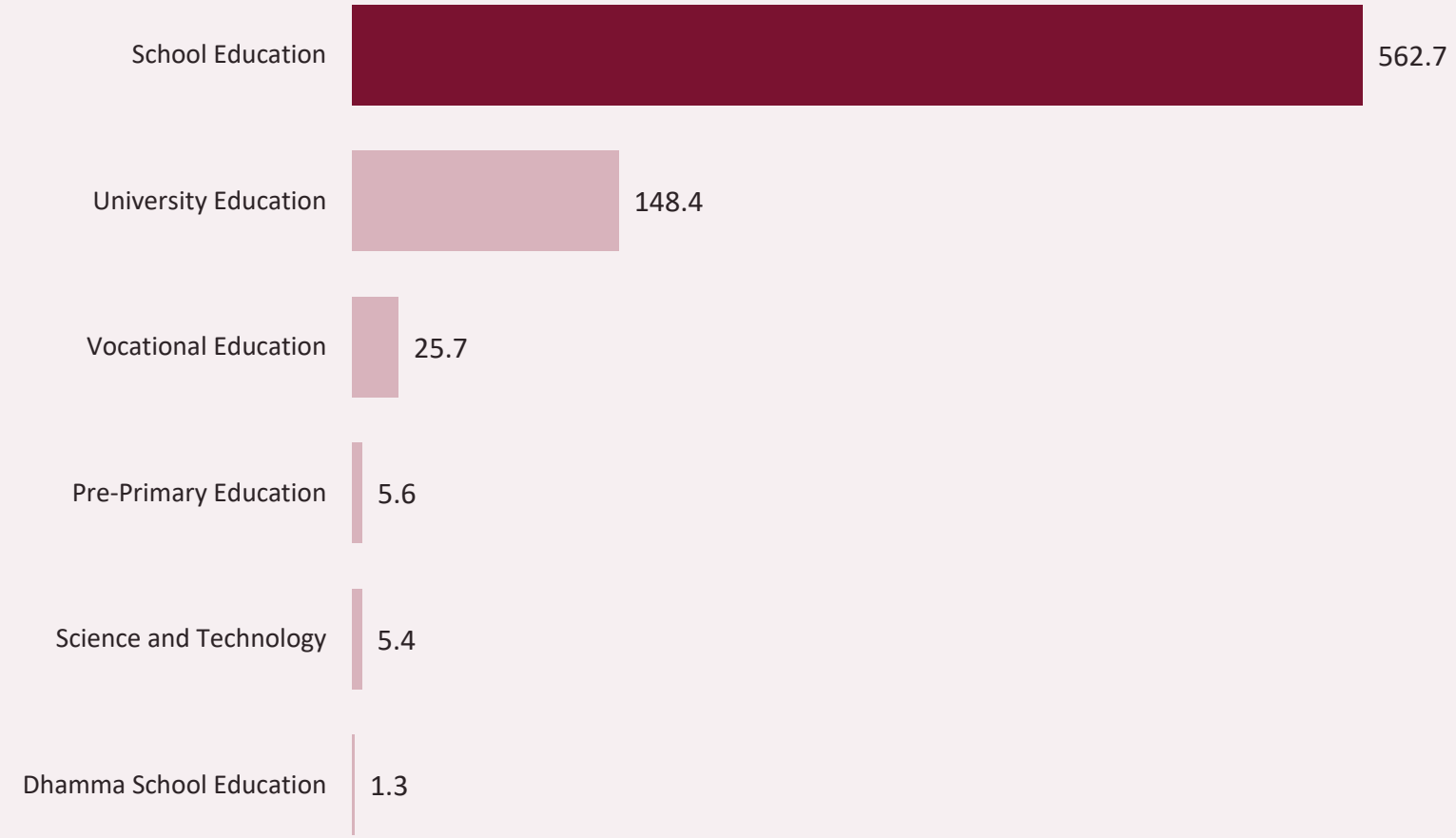
Key Proposals – Education

Rs. 562.7 bn

Largest line: School Education

Rs. 148.4 bn
University Education

Rs. 25.7 bn
Vocational Education



Allocation, Rs. bn

Social protection

Key Proposals – Social Protection

The Budget notes that smaller households, an ageing population and low female labour force participation are creating new challenges .

Allowances and poverty reduction

Aswesuma and social protection allowances – Rs. 230 billion allocated for 2027.

Kidney patients – monthly allowance up by Rs. 2,500, from Rs. 10,000 to Rs. 12,500.

Persons with disabilities – monthly allowance up by Rs. 2,500, from Rs. 10,000 to Rs. 12,500.

Praja Shakthi National Movement – Rs. 25,000 million for integrated rural development, prioritising poverty eradication.

Empowerment programme – Rs. 4,500 million to systematically empower eligible families with potential, following pilots supported by ADB and World Bank projects.

Children, elderly and persons with disabilities

Vulnerable children – Rs. 182 million for family-centred personality development; Rs. 102 million for alternative care for vulnerable children and those orphaned by disasters; Rs. 500 million for high-capacity children's homes.

Disability Inclusion Focal Points – to be established in every Ministry, Department and major public institution.

Assistive support – Rs. 150 million under the National Secretariat for Persons with Disabilities for technical equipment and medical aids, to be broadened through the President's Fund and others.

Social protection (cont.)

Key Proposals – Social Protection

Digital accessibility – mandatory W3C-compliant design for all public digital services.

Physical accessibility – Rs. 1,000 million via 'Clean Sri Lanka' to make government institutions accessible, giving effect to a Supreme Court order and addressing mobility needs of the elderly and persons with disabilities.

Elderly care – Rs. 100 million to develop the 'Pannala Welcome Village' as a model care centre.

Rediyagama Kalana Detention Home – Rs. 75 million for four new wards and wastewater management for homeless and destitute persons.

Children with disabilities – day care centres to be built; Rs. 200 million for transport.

NGO-run care centres – Rs. 100 million for the basic needs of care centres for persons with disabilities.

Sri Lankans overseas

Global Sri Lankan Heritage Citizen programme – dual citizenship for second and third generations of the diaspora, free of charge, including spouses and children of applicants and third-generation children.

Migrant worker housing loan – up to Rs. 5 million; 10% interest subsidy on the first Rs. 3 million (6% Government, 4% SLBFE) and 5% on the remaining Rs. 2 million (3% Government, 2% SLBFE). Rs. 1,000 million allocated in 2027

Related support measures

Women-headed families – group loans up to Rs. 1 million at 3% through Samurdhi Bank; Rs. 200 million first-phase interest subsidy; about Rs. 12,500 million in loans.

Social protection (cont.)

Key Proposals – Social Protection

Rural enterprises – loans up to Rs. 5 million at 4% through Samurdhi Bank, with a condition to employ at least five Aswesuma beneficiaries; Rs. 200 million subsidy; about Rs. 5,000 million in loans.

Housing – 'A Place of One's Own – A Beautiful Life' (70,000 houses; 10,000 in 2027; assistance raised from Rs. 1 million to Rs. 1.5 million, Rs. 15,000 million). Rs. 5,000 million for up to Rs. 500,000 to complete half-built houses from 2015–19 projects. 13,000 conflict-displaced families to be resettled within two years (Rs. 4,000 million more).

Pensioners – Rs. 2,500 monthly interim allowance from 1 July 2027 for public servants retired 2020–2024, until the 2025-scale pension revision (planned from the 2028 Budget).

Education support – Pirivena student allowances raised (monks Rs. 15 to Rs. 50 daily; lay students Rs. 5 to Rs. 25) from April 2027; Rs. 100 million for free spectacles for school children; monthly allowance for students on interest-free loans to private higher education raised from Rs. 6,250 to Rs. 10,000.

Health access – 1,000 'Arogya' Wellness Centres over 2027–2029 (Rs. 3,600 million in 2027).

Fishers and wildlife compensation – death compensation for fishermen doubled to Rs. 2 million; human-elephant conflict compensation raised (house damage Rs. 200,000 to Rs. 1 million; death or full disability Rs. 1 million to Rs. 2 million).

Cost of living – lower Special Commodity Levy on sprats, Maldive fish and dried chillies from 13 November 2026.

Social protection: allocation

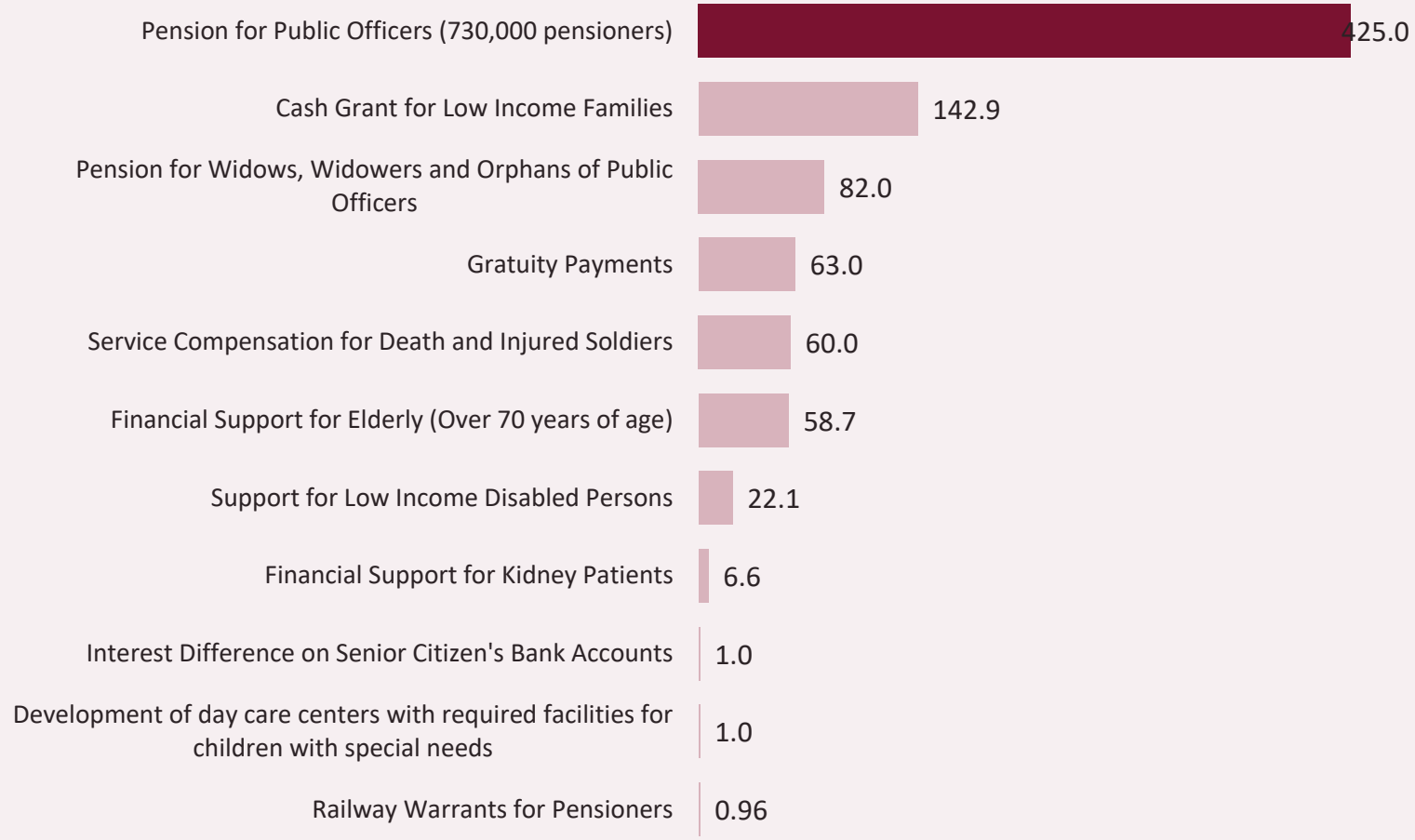
Key Proposals – Social Protection

Rs. 425.0 bn

Largest line: Pension for Public Officers (730,000 pensioners)

Rs. 142.9 bn
Cash Grant for Low Income Families

Rs. 82.0 bn
Pension for Widows, Widowers and Orphans of Public Officers



Allocation, Rs. bn

Climate sustainability

Key Proposals – Climate Sustainability

Rs. 5,000 mn

for El Niño risk mitigation and emergency response

- El Niño Risk Mitigation and Emergency Response is Rs. 5000 Mn
- Upgrade weather forecasting capabilities through the installation of a modern Doppler Radar System.
- Strengthen disaster preparedness by rehabilitating and improving safe centres for affected communities.
- Enhance early warning and emergency response systems through new disaster response equipment.
- Establish an island-wide digital radio communication network for disaster management and coordination.
- Expand and modernize coastal early warning infrastructure through the rehabilitation of existing towers and the construction of new warning towers.
- A Dam Safety Act will be introduced to provide the legal safeguards necessary to ensure the safety of major dam systems.

Climate sustainability: allocation

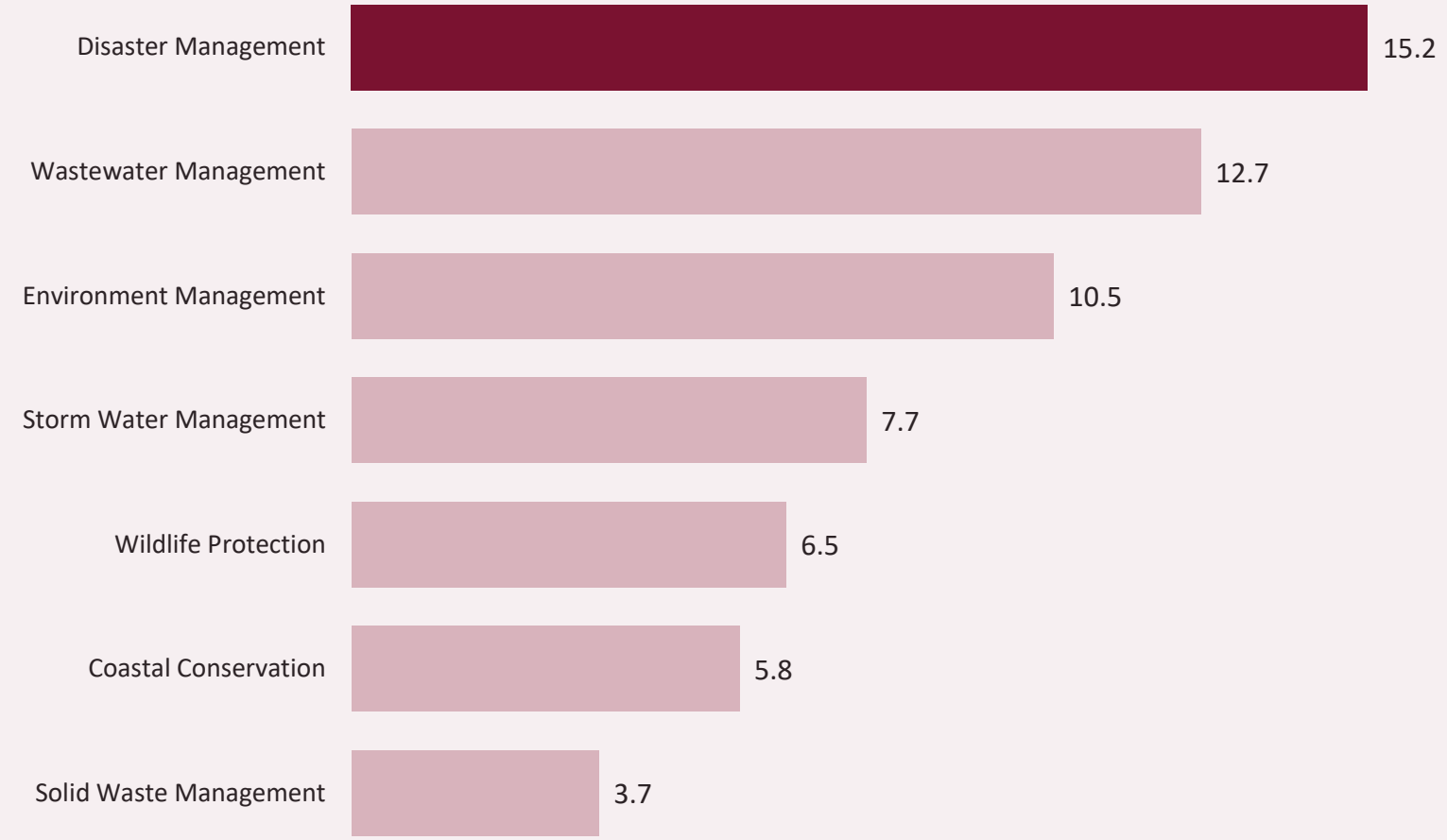
Key Proposals – Climate Sustainability

Rs. 15.2 bn

Largest line: Disaster Management

Rs. 12.7 bn
Wastewater Management

Rs. 10.5 bn
Environment Management



Allocation, Rs. bn

07

The Chamber's agenda

Continuations from the 2026 Budget and Chamber proposals reflected in the 2027 Budget

Key continuations from the National Budget 2026

01 Strengthening the Trade National Single Window

02 Introduction of the digital ID

03 Negotiation of new FTAs

04 Strengthening the one stop shop for businesses and investments

05 Customs Act

06 Expansion of the BIA

07 SME financing mechanism

08 Introducing an SOE holding company

Chamber's Proposals Included in the National Budget - 2027

	CCC Proposal	National Budget 2027 Proposal
Leveraging economic stability to mobilise investment for sustainable growth		
1	Pursue a follow-on IMF program	A committee has been appointed to assess the options available
2	Strengthening Investor Facilitation Capacity across Investment Promotion	A Treasury-owned investment promotion company will be established, offering market-competitive salaries to attract experienced professionals
3	Development of a Targeted Export Investment Incentive Package	Introduce "inter-port trading" mechanisms and to direct small and medium-scale industrialists towards exports.
Strengthening poverty reduction through digital social protection		
1	Introduce a Universal Digital Connectivity Support Scheme	Introduction of the island-wide under the "Gamata Sannivedanaya" Programme
2	Establish a National Digital Infrastructure Deployment and Resilience Policy	Introduce an automated telecom network monitoring system to improve mobile broadband service quality and user experience, particularly in underserved rural areas.
Addressing legislative bottlenecks		
1	Addressing the delays in key regulations such as SOE Act, Investor Protection Act, Customs Ordinance and Labour Act	Taking necessary actions to accelerate the legislations

Chamber's Proposals Included in the National Budget - 2027

	CCC Proposal	National Budget 2027 Proposal
2	Automation of the regulatory processes	The digitalization of land records and the modernization of land information systems will also be continued
3	Modernise government procurement through end-to-end e-procurement	Government procurement guidelines specific to digital solutions and facilities have been prepared (1H 2027)
Advancing the implementation of digital economic transformation strategies		
1	Actively promoting digital payment adoption	Adopting and expanding cashless payment methods such as GovPay and QR to steer towards a digital revenue economy
2	Promote Digital Payment Adoption through Incentives and Regulatory Reforms.	Proposed not to charge service fees for online payments to government institutions.
3	Improving digital literacy and promoting inclusivity	Providing broadband vouchers to 750,000 selected school students to enhance digital literacy among them
4	Integrating fragmented government digital platforms	Steps will be taken to rapidly expand the opportunity for citizens to obtain services without physically visiting (licences, applications, approvals and payments that are widely obtained by the public, from the village level to Divisional Secretariats, Local Government institutions and the Central Government level, will be gradually expanded to be delivered through digital means.)

Chamber's Proposals Included in the National Budget - 2027 (cont.)

	CCC Proposal	National Budget 2027 Proposal
5	Strengthening the implementation of Sri Lanka's Trade National Single Window	TNSW is expected to connect exporters as the first phase in the first half of 2027, and importers and re-exports in the second half of 2027.
Strengthening energy security and establishing the necessary standards to govern the renewable energy sector		
1	Investing in oil storage facilities	Expand fuel storage capacity through new storage tanks at Kolonnawa and Muthurajawela, increasing national fuel reserves by 126,000 m^3 and extending storage capacity to meet 45 days of demand.
2	Fast tracking battery energy storage systems (BESS)	Plans have been made for this quantity to be 560 MW in 2027 and for the total quantity to be 1,245 MW by 2029.
3	Providing fiscal support, regulatory enhancements, and contractual improvements	It is proposed to provide a subsidy for the purchase of the batteries required for energy storage to domestic consumers (subsidy of Rs. 25,000 per kilowatt of battery storage capacity and removing PAL)
4	Expand Bandaranaike International Airport (BIA) Capacity.	Resume the stalled project to expand the Bandaranaike International Airport in the first quarter of next year.
Leveraging high potential sectors – Agricultural Sector		
1	Optimizing land utilization	It is proposed to give paddy land owners the freedom to use uncultivated or low-productivity paddy lands

Chamber's Proposals Included in the National Budget - 2027 (cont.)

	CCC Proposal	National Budget 2027 Proposal
2	Establishing cold storage infrastructure	Providing equity capital to address the lack of cold storage for Peliyagoda Fish Market
Leveraging high potential sectors – IT/BPO Sector		
1	Strengthen the legislative and regulatory framework for digital services	The Bill for the establishment of the Digital Economy Authority and the National Digital Economy Council (Digital Economy Bill) are expected in Q1 2027 Cyber Security Bill and establishment of Cyber Security Authority Government procurement guidelines specific to digital solutions and facilities have been prepared (1H 2027)
Strengthening transport and logistics sectors		
1	Encourage private sector participation in railway transport	Electrification of three railway lines
Improving tax collection and administration		
1	SSCL on bunker supplies to foreign vassels	Amendments will be introduced to expressly exempt the bunker fuel supplied to ships engaged in international transportation from SSCL.
2	Personal income tax relief for skilled sector employees to reduce migration	The annual personal income tax relief will be increased from Rs. 1.80 Mn to Rs.1.95 Mn
3	VAT treatment of supplies to Port City BSI companies (Differences between English and Sinhala texts)	Amendments in VAT Act to rectify discrepancies between Sinhala and English texts of the relevant provisions relating to input tax claims.

Budget 2027 signals economic transformation; implementation will be key

01 **Continuity**

Key reforms from the 2026 Budget are carried forward and strengthened.

02 **Chamber priorities reflected**

Investor facilitation, trade, digital, energy security and an IMF successor programme.

03 **Room to do more**

Tourism, agriculture, and IT/BPO.

04 **Delivery is the test**

Timely implementation, policy predictability and public-private collaboration.