

Rs. 30 b highway will boost GDP growth to over 10% in the South says NCED

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The ADB and JBIC supported 'Southern Transport Development Project' estimated at a cost of Rs. 30 billion will boost the GDP growth in the Southern province to over 10% the National Council for Economic Development (NCED) said yesterday.

"The Highway will reduce drive time one and half hours from the current four hour travel time between Colombo and Matara there by driving productivity up to catalyze the economic development in the immediate influencing areas to help Sri Lanka achieve a national GDP growth of 8%. The key is to fast track this project so that the benefits to the country can come in earlier," NCED Director Rohantha Athukorala said.

He was of the opinion that the southern Highway component will have major influences on the development of the disadvantaged southern region of the country and which have a significant impact on the high level of poverty in the region. The proportion of population below poverty line in the Southern Region will be reduced to 12% by the year 2010. It is also estimated that the GDP of the southern Province will increased to 10%+ in the near future.

The budget proposal of new industries to be set up outside Colombo and Gampaha districts investing not less than Rs.30 Million in plant and machinery or building and employing not less than 200 being granted a five to ten year tax holiday. In addition the government granting investment relief, VAT and custom duty exemption on the import of new machinery whist also Interest on any credit facility granted by lending institutions for such industries is also exempt from taxes will strategically fit into a benefiting the country due to the investments in infrastructure development projects like transport.

"We can see the holistic approach the government is taking to deliver the national growth target of 8%," Mr. Athukorala added.

The project consists of three sections. The Kottawa to Dodangoda section (67 Km) funded by JBIC is in progress with the China Harbor Engineering Company commencing work from September 2005. The second section consisting of Dodangoda to Kurundugahahetekma once again funded by JBIC, the contractor is being finalized. The third section Kurundugahahetekma to Godagama with Galle Port access funded by the Asian Development Bank (ADB), the construction is in progress under Kumagi Gumi of Japan.

The total project is to be completed by 2007/8 according to the Deputy Director Department of Foreign Aid and Budget Monitoring Ministry of Finance.

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