

THE SRI LANKA ECONOMIC CRISIS, A NEW ERA OF PROSPER OR INEVITABLE DEMISE

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DOI: 10.46609/IJSSER.2023.v08i11.027 URL: <https://doi.org/10.46609/IJSSER.2023.v08i11.027>

Received: 15 November 2023 / Accepted: 29 November 2023 / Published: 4 December 2023

ABSTRACT

The Sri Lanka Economic crisis had started from 2019 and has been going on for more than 3 years now. The economic crisis has occurred due to multiple reasons such as the collapse of two of their main industries, poor choices made by the government, the covid-19 pandemic and more. All of these combined together has led to the dire situation the country is facing right now. This has also resulted in soaring inflation, fuel and power outages, huge lack of food, mobs of angry protestors on the street, the external debt of Sri Lanka just piling up and more. How did Sri Lanka end up in this crisis? What were the primary reasons of this economic crisis? What is the effect on various industries and its sectors? To what extent have the different stakeholders been affected?

Keywords : Sri Lanka, economic crisis, government, inflation, debt, covid 19, unrest, protests

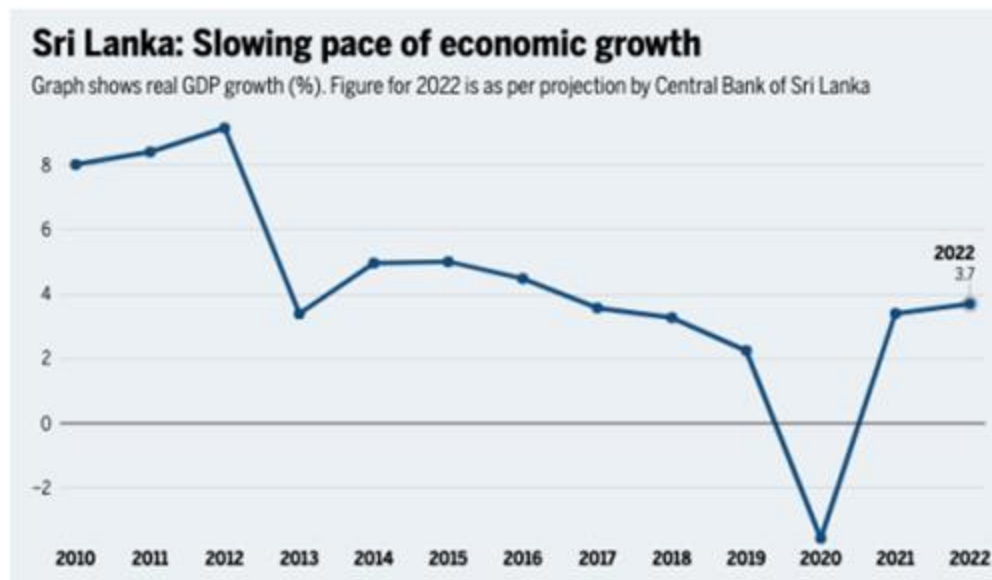
INTRODUCTION

The current economic situation has been contributed due to multiple factors such as mismanagement by the government, a massive external debt, declining foreign reserves, a devalued currency, soaring inflation along with tax reductions and an abrupt policy shift towards organic farming. Few of the other components leading to this crisis include the easter bombing which played a great role in the decline of their tourism industry, the effect of covid 19 only amplified the damage caused to the tourism industry. Along with the resignation from ministerial posts, political unrest and rising hatred of the citizens towards the government officials due to their vulnerable situation. There has been a scarcity of resources too, especially food which is mainly caused due to switching to organic agriculture. Sri Lanka was nominated for a sovereign debt (inability and refusal of a country to repay its debts) as the foreign exchange reserves would not be adequate to fulfil the country's external debt. As it turns out in April 2022 the Sri Lankan rupee dropped to its lowest and took the title of the world's worst performing currency with the

US dollar trading to Sri Lankan rupee. However, a report released by the Sri Lankan government in April 2022 says steps have been taken to temporarily default on every one of its external debts to prevent a **hard default** (caused when multiple loan payments have been missed). Moreover, the Governor of the central bank of Sri Lanka has persisted that Sri Lanka will be reorganizing its debt management strategies to prevent a hard default. However, the assessments of governmental policies and global geopolitical and economic trends, showcase that the state of the Sri Lankan economy does contain a level of precariousness. This research paper will be providing a deeper insight into the primary and secondary causes of this economic crisis, impacts on different stakeholders, impact on different industrial sectors, policy amendments and additions that would solve few of the economic setbacks which could include the prevalent problem of hyperinflation and negative impact on the education sector in Sri Lanka.

Timeline and main causes of Sri Lanka Economic crisis: The collapse of the tourism industry and the downfall of their agricultural profits.

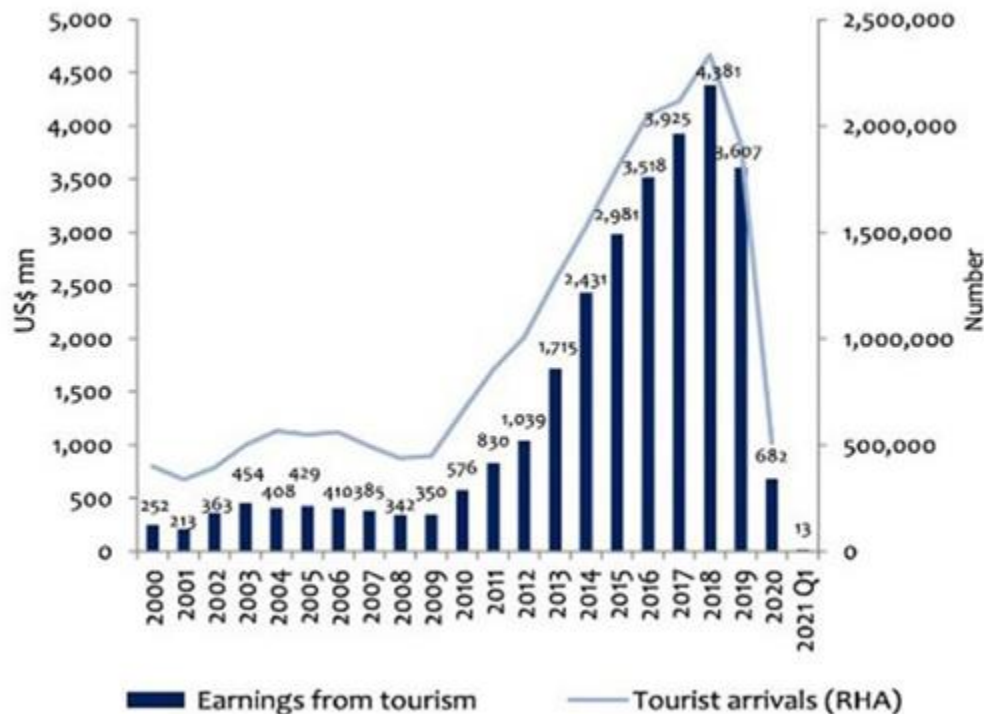
Part 1



Currently Sri Lanka is facing an enormous lack of food, fuel, hyperinflation, and a currency losing its value every day. There are numerous power outages, and the citizens are furious about it. Sri Lanka's foreign currency resources, which added up to \$7.6 billion towards the end of the year 2019, have decreased to approximately 250 million dollars. One of the main reasons of all these issues is because Sri Lanka imports more than it exports, and its spending is more than what it earns. This has led to trade and budget deficit. Which has caused the great gap in the debt to the GDP ratio. However, the government has further increased the debt, in 2019 as Rajapaksa

was elected as the president and he promised a series of tax cuts to the citizens. After the tax cuts were implemented, which resulted in public revenue losses of upto 800 million Sri Lankan rupees (around 2.2 million dollars) and was directly related to the inflation reaching 39.1% in May 2022. Further it caused Sri Lanka to lose its investors and made it tough for Sri Lanka to access international markets.

Easter bombings



Around 12-13% of the GDP depended upon the tourism sector and the year 2018 was a great year of profits for this industry. Around 2.3 million tourists visited Sri Lanka and caused a huge profit. However, the easter bombings which were caused by local Sri Lankan and a Muslim terrorist group caused around 269 death and 45 of them were foreign nationals. The easter bombings caused the tourism industry to take a huge hit as the targeted places were churches and hotels. After this incident Muslim vendors shops, houses and cars were vandalised and harmed. And there were anti Muslim riots throughout the country.

The pandemic hit

The other main reason as to why the tourism industry collapsed was Covid-19 pandemic. To add fuel to the fire, in 2019 Gotabaya Rajapaksa won the election and had promised rapid economic growth along with cutting down taxes by half to ensure that the people are not paying the money

to taxes but rather consuming more products leading to the economic growth. Value added tax was 15% more before this decision of the government. This tax cut came out in 1st December 2019. After 3 months Covid-19 pandemic hit and the whole country was put into lockdown. Due to this people were not able to go out and buy more products and the consumption rate did not increase but decreased and the economic growth did not occur. This caused the government to face a huge revenue loss. Furthermore, Sri Lanka's public debt just kept on increasing.

Part 2 – The fertilizer ban

However, this was not the end of the blunders made by Gotabaya Rajapaksa which led to the downfall of their other main industry responsible for a huge chunk of the GDP. In his campaign he spoke about shifting completely to organic farming in the span of 10 years for betterment of health. Although it was for an entirely different reason, banning fertilizers was to preserve the depleting foreign reserves. As importing fertilizers is extremely expensive but this decision led to the rice production dropping by 50% around June 2021. Shifting to organic farming is a huge decision which needed to be executed with planning and the correct timing. As the prices of the goods increase significantly and the production decreases as well. Although it seems as if this decision was made over night, a nation-wide ban was placed upon synthetic fertilisers and pesticides.

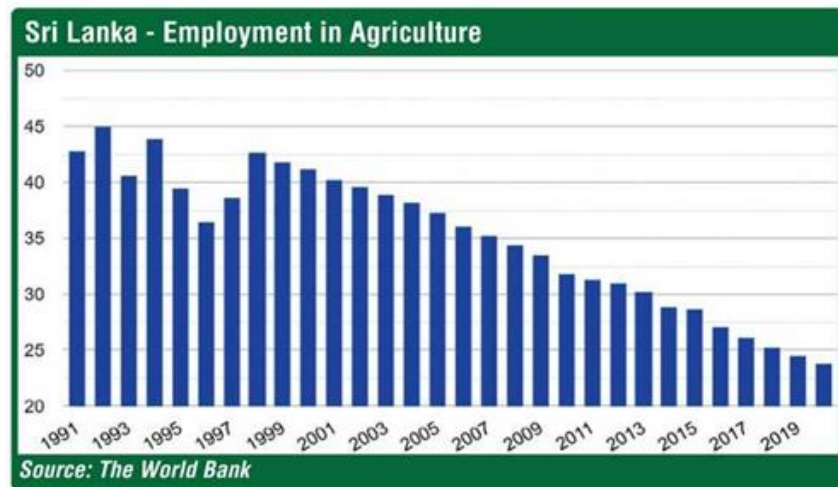
Repercussions of the decision

The result of this decision was drastic and swift. Organic farming has multiple benefits which include it being more sustainable and is better for human health however the efficiency decreases significantly short term. An estimated 20%-30% of the yield is lesser in organic farming compared to farming including pesticides and fertilizers. Sri-Lanka was affected negatively by this as Sri Lanka used to be self-reliant in terms of producing rice. However in a span of 6 months Sri Lanka government had to spend 450 million dollars to import rice. Almost overnight 2 million farmers were required to adopt organic farming forcefully. In addition, the power cuts lasting for hours led to the water pumps that send water to higher areas to be cut off and stop working. The mills essential for turning paddy to rice need power and few of the crops were ruined as they were not milled in time. More than half of the farmers did not possess the skills or the knowledge to incorporate organic farming in their lands. This also led to the domestic prices of rice increasing by 50%.

The aftermath on the economy

All these hurdles combined led to massive reduction in the harvest and terrible food security. Tea was another cash crop which used to be exported from Sri Lanka and was a source of foreign exchange. In fact in 2013 Sri Lanka was ranked as the world's largest tea exporter and 4th largest

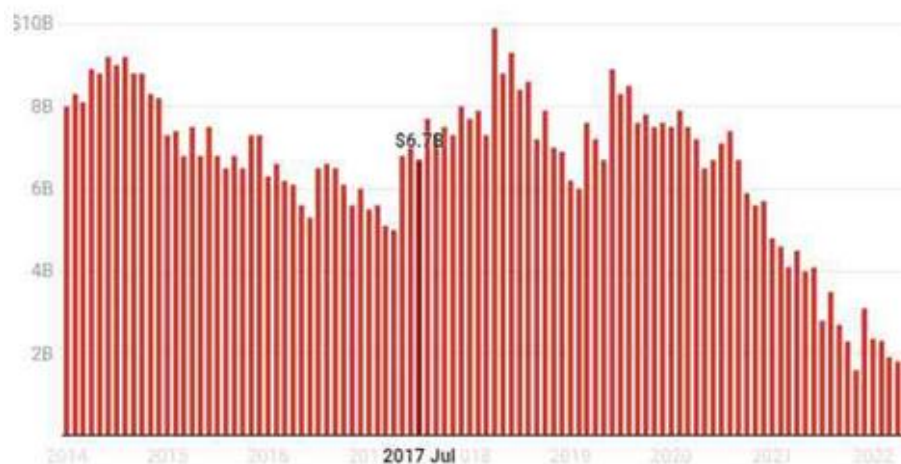
tea producer overall, with the combined export earnings of 1.5 billion dollars. Due to this ban tea production was reducing and the government was forced to lift the fertilizer ban on the main export crops such as tea, rubber and coconut. Nonetheless the government was still faced with protests, a high rate of inflation and fall of the SriLankan currency which caused the government to finally lift the ban for the key export crops. Lost revenues of \$425 million are estimated to occur due to a reduction in tea production alone.



Power and fuel Insufficiencies in Sri Lanka

Sri Lanka's falling foreign reserves

Gross official foreign reserves (in US dollars)



The after effects of the crippling economy also stretch to the fuel shortage and numerous power cuts in Sri Lanka as mentioned before. Thousands of Sri- Lankans are lining up outside. The

Power cuts have lasted from 7-13 hour approximately. The foreign exchange reserves are declining on rapid rate and have fallen by 70% in the time duration of 2019-2022. Sri Lanka is left to a mere sum of 2.31 billion as of February 2022 and this puts Sri Lanka in a tough position as it struggles to import the basic necessities for its people such as food and fuel.

Energy Minister's take on the situation

Energy minister KanchanaVijaySekhar has now put out a warning about the lack of fuel, he has said "Fuel stocks in Sri Lanka will not last for more than five days. We are struggling to get fuel supplies due to foreign exchange reserves issues and the government is working to manage the existing stock of petrol and diesel. We are finding it difficult to meet the demand and stocks could run out faster if we do not cut back on non-essential travel and stop hoarding fuel". However, the situation should be relieved to a certain extent as they had received multiple petrol shipments. Although public transport has been adversely affected, the number of buses on the road have decreased to a great extent.

The consequences

The country is struggling to meet its fuel needs, the government has decided to shift the education to online systems, and it has also implemented a 4-day work week (only applicable for state workers) to decrease the amount of fuel utilized for going and coming back from work for the citizens. However, this is not really helped the bigger picture as the workers have to use fuel for the other days and online schooling cannot continue for an extended amount of time and does not really assist the problem of fuel shortage in the bigger picture. Colombo has constantly received support from India, in times like these, this time it is in form of 40,000 metric tons of diesel delivered from Delhi. India has provided around 3 billion dollars' worth of financial and commercial help to Sri Lanka in terms of fuel, electricity money and more including 1-billion-dollar credit line.

Sri Lanka's external debt

One of the main reasons of the Sri Lanka's poor economic situation is the crippling debt the country is facing which has even forced the country into the claws of bankruptcy. The situation is dire to the point that all of the government's revenue is going towards repaying the debt and there is absolutely no profit and 0 economic growth. Furthermore, the previous government in power used state owned enterprises to pay back additional loan from its side. Current estimates indicate an approximate 9.5 billion dollars which is not collected on any financial records in the finance ministry. An estimate of Sri Lanka's debt to financiers is 64.9 billion dollars, 8 billion of that amount is owed to China. Sri Lanka's total government debt tripled and from 2009 to 2014 the total government debt has tripled and the external debt has doubled. This has been

partially caused due to attempts such as building a multibillion-dollar city in between a jungle and building one of most costly highways, spending 42 million dollars to remove a rock from the Hambantota harbour and multiple pricey investments.

Sri Lanka's debt default was made public in April of the last year which has happened due to foreign currency shortages that has evoked the blackouts, a massive lack of fuel, multiple protests on the roads. The main cause of the massive debt is corrupt governance, nepotism, and China trapping Sri Lanka in the debt trap.

China and the debt trap and the different phases

Phase 1 -

Prior to the early 2000s China's as a creditor to Sri Lanka was minute. China was responsible for approximately 10.1 percent of the country's public debt in the middle -1970s and the debt decreased significantly in the next few years and was reduced to 0.3 percent at the end of 1990s. However, China's debt holds over Sri Lanka went from 0.3% to 16% in the span of 2000 to 2016. By the end of 2022 Sri Lanka's debt to China has reached 7.3 billion us dollars. China's role as the main lender to Sri Lanka has evolved in for different phases, from being purely a bilateral lender then to a project-based lender then to balance of payments supported. The very first phase was between 2001 to 2005 and it all begun with China lending 72 million dollars. The loan was obtained in 2001 and it played a key role in financing the Muthu raj Wela Oil tank farm project and it was a debt with a loan with interest payable. It carried a maturity of 20 years and a grace period of five, this phase is also known as the Chinese construction companies such as CHEC and China metallurgical corporation.

Phase 2

The second phase started in 2007 and lasted on 2010 during this time there was an increase in China's payments. Beijing's roll change from that of a small primarily non-commercial lender to one of a large commercial land that was beginning on a prominent infrastructure funding. It provided numerous loans including expert or bio credits for high profile infrastructure projects consisting of Hambantota port Mattala port an Expressway network with quite a high interest rate however the debt percentage was just a mere 3.1% and was economical.

Phase 3

The 3rd phase started in 2011 and continued till 2014. When Sri Lanka government lent larger amounts from CHEXIM to expand their enormous infrastructure projects and for some new transport sector projects. Which consisted of railways, expressways, this phase coincided with

China introducing its flagship Belt and Road initiative and some of the projects were included under the Bri umbrella. It also came in the same timings with the end of the grace period on the multiple primary repayments of the loans that were taken during the first and the second phases resulting in a surge of the payments from 2013 and ahead.

Phase 4

The fourth phase started in 2017, at this point Sri Lanka was displaying signals of debt distress as a result of many loans on the global capital market, and all of its loans taken on by other nations were steadily building up as the island nation's cash balance payments got more and more precarious. The CEXIM thereafter provided payments for infrastructure projects as China proceeded to borrow both project files and budgetary money. As direct budgetary funding in October 2018, the China Development Bank (CDB) offered a US\$1 billion Foreign Currency Term Funding Facility (FCTFF). Since that point, China has kept up its regular FCTFF assistance for Sri Lanka's BOP, allowing loan inflows from China to stay larger than the country's mounting debt service payments. At a time when Colombo's public debt-to-GDP ratio was at an all-time high, credit facilities gained from China have helped Sri Lanka increase its foreign reserves. The FCTFF that was made available in the years that followed helped supplement foreign finance throughout the epidemic.

Soaring Inflation:



Inflation in Sri-Lanka is at the highest level since 2015, at a whopping 25%. Half a million Sri-Lankans have fallen below the poverty line after the pandemic and economic crisis. At least 200,000 people lost their jobs in Sri-Lanka's tourism Industry.

Causes of the sky-high Inflation -

The main reason of the soaring inflation is, Mismanagement by the government and not well thought out financial choices, badly time task and the worldwide pandemic. Sri Lanka debt to GDP ratio is at 119% as mentioned previously. This debt mainly consists of International sovereign bonds, Asia development banks, Japan, China, and India. Since the 2004 tsunami and the civil war, it's key areas of development were rebuilding infrastructure. There was always limited private investment and low shares of taxes to GDP. Plus, there was no diversification along with limited exports and forex earnings. The new government also reduced the VAT from 15% to 8% which resulted in revenue loss more than 2% of the GDP. The easter Sunday bombings and covid 19 pandemic tore down the tourism industry. The final blow was the switch to organic farming and finally led to the food shortage and inflation. This also adversely impacted the country's biggest export crop tea.

As of 2022 the inflation is rising, the forex reserves are falling shorter than ever, there is a massive fuel and food shortage. And this has caused the refugees to flee and have started arriving in Tamil Nadu. The tourism industry is not predicted to make a comeback soon as inflation has caused great damage and has made Sri Lanka an undesirable place to travel to.

Consequences of the economic recession on various stake holders

Stakeholder	Impact
Farmers	Farmers were impacted to a great extent due to the economic crisis as their livelihood's depended on selling the crops and it was their greatest source of income. However due to the overnight fertilizer ban these farmers were forced to change their techniques even though they lacked the skill set and did not have the experience. This lead to the rice production (one of the main crops produced in Sri-Lanka) decrease by 50% and this was huge loss for the farmers as around 50% of their income has been decreased and they will face other additional losses as well. This leaves them with little to no income to grow their next batch of crops and buy the other essentials and organic fertilizers and other equipment's necessary for farming. Farmers are arguably the stakeholders affected the most due to the economic recessions.

Workers in the tourism industry	The workers in the tourism industry were negatively impacted due to the crisis. The first hit was the easter bombings which decreased tourism as there was a fear among foreigners because 45 of the deaths in the easter bombings was one of the tourists and even after when the industry was slowly and gradually recovering it got hit by the covid 19 pandemic and the tourism industry completely shut down due that. It is estimated that around 200,000 people lost their jobs in the tourism industry of Sri Lanka.
People below the poverty line	People below the poverty line even before the economic crisis were struggling to get the basic resources or were barely scarping through with the necessities. However, after the economic crisis the people below the poverty line in a dire situation because there are long power cuts and with inflation soaring to new heights, the food needed for survival also becomes too costly for the people below the poverty line to afford. With fuel being scarce if their job involves vehicles, they can be considered unemployed because even after fuel arrives are extremely long queues for fuel and it is very difficult to get enough for their vehicle and pay the price. This economic crisis has made it tough for the people below the poverty to survive in the Sri Lankan economy, this also the reason behind thousands of Sri Lankans fleeing to India and refugees are coming TamilNadu as reports suggest.
People with minimum wage	Sri Lanka economic crisis was disastrous for people with minimum wage as it became extremely difficult for them to obtain necessities such as food and electricity to even the high prices and long, numerous power out rages. Even if they were scraping through with the bare minimum through the job the economic crisis that to millions of Sri Lankans being unemployed not be able to afford food and fuel. Sri Lankans are also not able to afford medicines and sanitary items, medical services that were provided for free now cost them a ridiculously high price considering their conditions.
Medical workers	The Sri Lankan economic crisis has had a drastic effect upon the health care system which had been struggling due to the covid -19 pandemic already. There was a huge lack of essential medicines and nutrient consumables, massive power cuts and lack of fuels challenged the effectiveness of the delivery of medical services. The health workers were also affected by the high inflation, salary cuts and other obstacles put in their away. On top of that there was an extreme amount of discrimination while the covid-19 pandemic and the crisis. Due to all of these

reasons the surge in migration among healthcare workers in Sri Lanka does not cause astonishment. Study held in 2012 was able to declare that 11% of the country's medical specialists have migrate during the time period of 1980-2009. A doctor who migrated to west Asia said **"Me and my husband never wanted to leave. We have taken housing loans like any other healthcare worker and before the crisis we were able to manage with the salary that remained. But after the crisis with the high cost of living including prices of fuel and food, we were not even able to take of our children with the amount that remained. This was when we decided to move."** Another nursing officer who is moving to Singapore for a 2 year contract told **"I had only a small interest in working overseas. The we had to go through the economic crisis last year, which was what induced me to seriously consider that thought. I might even consider permanent migration with my children, depending on my experience in Singapore."**It is safe to say that job satisfaction among healthcare workers In Sri Lanka has been reducing over the years due increasing patient pressure, toxic work environment, travelling issues, below average salary and more.

Impact of the Economic Crisis on various Sectors

Education Sector

A Sri-Lankan student would be joyous once they found out their exams have been cancelled however a lot of them do not understand the long-term effect of this on their education and overall life. The exams which are essential for the student's education and learning have been postponed indefinitely as there is a lack of paper in the country. This has been caused due to decreasing forex reserves to import and purchase paper. There is also an enormous inadequacy of printing paper supply and ink ribbons. Around 4.5 million students in Sri Lanka are adversely impacted by the ongoing financial crisis.

The continuous and long power outage have made it extremely difficult to hold online classes. The flow of learning has been severely impacted for Sri-Lankan students especially ones in the higher grades who have not been able to properly give exams for the past year of two due to the pandemic and now the economic crisis. This in future will cause a lot of problems in searching for job opportunities for these students.

Medical Sector

Sri Lanka medical system has been affected to a drastic extent and the consequences have been devastating, the healthcare system in Sri Lanka is on the brink of collapse. As there are numerous power cuts, lack of medicines and essential sanitary products, multiple schedule and critical operations have been cancelled. There was also a shortage of emergency life-saving drugs in state run hospitals. Medical council of Sri Lanka has declared that there will probably be a huge number of deaths which might even surpass the combined death toll caused due to covid 19. The Singapore red cross society also announced the Sri Lanka medical crisis is a humanitarian crisis.

Overview of the medical crisis

The situation has become so dire that hospitals are lacking endotracheal tubes for newborns, infants, and children. Sri Lankan doctors have pleaded foreign Lankan communities to donate ETTS. All hospitals have no access to imported appliances or necessary drugs, this information has been given but the Sri Lanka Medical association. The situation has deteriorated so much that the hospitals have sterilized and re used their endotracheal tubes. Unfortunately, that is not the end of medical supplies the doctors had to reuse as they did not get new equipment. It has been reported that the light from mobile phones have been used by doctors to perform surgeries due to the constant power cuts.

It is safe to say the medical sector has been negatively affected the most and is in a cripple due to the economic crisis and the increasing number of migrating medical workers is causing the situation to worsen.

Tourism Sector

The tourism industry has been affected badly due to the economic crisis. Sri Lanka's tourism industry is the third largest source of foreign exchange. Due to covid-19 and the easter bombings the tourism industry to a huge hit and was not able to provide for the Sri -Lankan economy. This industry was a large employer for workers in Sri Lanka and an important contributor to the foreign revenue. However due to the economic crisis it has been adversely impacted. This industry previously was accountable of 13.5% of the country's GDP.

Export Sector

Due to the current economic situation In Sri Lanka, few of the leading textile companies like H&M and Zara have put their focus on other Asian countries such as India, Bangladesh, Vietnam and have put their orders there. India has experienced a quick surge in export orders for tea and textiles after the economic crisis in Sri-Lanka. The textile capital or Tirupur, Tamil Nadu and the

tea garden in Assam have seen an increase in export order overseas. The primary exports for Sri Lanka are garments and trees. Due to the crisis, brands have replaced some of their order from Sri Lanka to India. Sri Lanka has not been faring too well in the agricultural exports sector either as due to the fertilizer ban. Sri Lanka was the largest tea exporter and 4th largest tea producer however the production of this cash crop has decreased significantly due to the fertilizer ban and compelled the government to life it. The tea exports reduced by 425 million dollars. Another widely exported crop from Sri Lanka was rice however due to the fertilizer ban the rice production decreased by 50% and for the first time Sri Lanka paid 450 million dollars to import rice. To summarise the export sector has been adversely impacted.

Likely Solutions to the Sri Lankan Economic Crisis

The economic crisis in Sri Lanka is a complex one and it is multi-dimensional and multi-layered, hence the solutions to resolve the crisis will be tough and will take time to be effective. Adjustments to current policies and additions to attempt to solve the problems of a devalued currency and Policy changes and adjustments which will occur to solve the issue:

- a. Changing the interest rates in the banks based upon the financial situation. This especially help the country with using advantages of the current increases and decreases in current situation in Sri Lankan banks, and this is related to international trade and overall financial situation the country is facing. This especially helps with the inflation rates as the interest prices are working against it, when the inflation rates are high the interest rates should be high to face and pass the time of the high inflation rates but when the inflation rates are low, and the extra funds are not needed hence why the interest ates do not need to be high. However only this change will not be enough to solve the issue of inflation.
- b. Another part of this solution could be increasing the VAT taxes and spending should be reduced to a great extent. However, one might ask how the Sri Lankans can pay the taxes when they are in such crisis, this point is valid although after the taxes got cut it impacted the economy adversely to avoid more situation the taxes have to be increased and it will assist the government's debt and decrease the demand for the economy and overall help with development,
- c. Another solution would be setting up a formal industry and looking at the current situation Sri Lanka is doing so for their textile industry This isa positive move from their side as after their tourism industry collapsed and their agriculture industry took a hit from the fertilizer ban Sri Lanka is in need for a formal industry. It has been said by a lot of economists and articles that the revival of the Sri Lankan economy will depend a lot upon the exports of the country. Sri Lanka has to put in finances and resources to get back

the investors from the textile industry which they lost to India and Bangladesh due to the crisis, in this situation it would be wise for Sri Lanka to become a producing hub for textile companies as they will take advantage of the devalued currency however a lot of profit will flow in due to Sri Lanka becoming a producing hub for multiple fashion companies. Additionally automated machine use in factory for this should be denied or prohibited as another reason of making the Sri-Lanka the producing hub is to increase job opportunities and reduce the unemployment rates which still prevail in the country. Manufacturing products for textile industries will assist in providing jobs in the factories, in the shipping delivery, acquiring of resources and more. Even though they will be provided with minimum wage it will help boost their standard of living. This also help the issue of the currency devaluation as it would require Sri -Lanka to pose of investor friendly policies maintaining good trade relations with textile companies countries if Sri Lanka wants to be the main hub of the production. Furthermore due to more people working and earning there will be some type of development seen and in the long run these workers' efforts will not go unnoticed as they earn more they will be able to afford other things and it will partially tend to the problem of inflation as well to a certain extent.

- d. A solution which can be utilized as a last resort would the government officially inviting a celebrity which may be an actor, singer or popular name among the neighbouring Asian countries and Sri Lanka it self to promote their film, album or general promotion. It can also be a famous author in the other countries and Asia invited for a talk show or book signing when they release a new book to create popularity. What this will cause is the other fans from the neighbouring Asian countries to fly in to attend the events, books hotel, utilize the restaurants, souvenir shops, clothing stores and more. This will create a lot of noise and it could even be a concert for few days for a very famous singer. All the revenue earned will be quite beneficial for the economy and the best part is all of it will not mainly come from the ticket sales it will be the boost in the smaller economies like the hotels, the food diners, the clothing shops, the tourist attraction areas, the flight tickets and more will cause the Sri Lankan economy to benefit to a great extent. The only hurdle in this situation would be getting the famous celebrity to agree for this it will be ensure a well drafted invitation is done well and sent to the known name with a few gifts to hope they agree as it will bring them more fans and the economy of Sri Lanka the development they so desperately need. To see how this has worked out perfectly would be Taylor Swift's concert and the barbie movie's impact on the US economy recession. Both the events cause huge buzz among the citizens and have succeeded in gathering their large fan base to boot the smaller economies and create huge profits which keeping the US economy afloat.

Conclusion

In conclusion the economic situation has improved quite a lot however to gaining stability when it comes to the economy is still a long way to go and providing the citizens with the basic resources. However if the solution given below are utilized and implemented properly the issue of inflation and evaluation of the currency will reduce the problem if not completely solve it and that will help with the development and the wellbeing of the people as inflation is one of the biggest issues in this crisis not only for the economy but for the people as they are not able afford the basic necessities required for survival. However, the issue of devaluation of the currency focuses more upon Sri Lanka's position in the international market but this issue needs attention to assist Sri Lanka in the international market and their position is mostly in a negative light mainly due to the billions of dollars of debt they have not paid back. However, the devaluation of the currency needs to be address as it adversely impacts international trading and causes additional inflation. Overall, it has been estimated that in the future Sri Lanka will see an economic development as their agriculture and tourism industry is slowly recovering and the textile industry is becoming more prevalent, additionally the power and fuel insufficiencies are also decreasing slowly and gradually. The other sectors such as education, exports and medicals are returning and coming back to businesses as the stakeholders impacted and the workers are coming back to their jobs and people are getting employed in public sectors and government jobs. Seems like Sri Lanka has once again managed to come out of a hurdle after their civil war and this huge economic crisis. Will Sri Lanka continue to persist or will this be their last revival before the next Black swan event?

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