



# THE SUNDAY ECONOMY

## Upcoming Legal amendments

### 1. Amendment of Port City Economic Commission Act

**No 11 of 2021:** To enhance the feasibility as a globally competitive specialized economic zone by removing obstacles for business operations.

### 2. Enactment of new constitution for Sri Lankan

**Cricket:** cabinet approval has been given to prepare a bill to formally implement it.

### 3. Amendment of National Transport Commission Act

**No 37 of 1991:** Bill is ready to be published and tabled in Parliament.

### 4. The Commission Bill on Truth, Peace and

**Reconciliation in Sri Lanka:** draft has been prepared, incorporating feedback from interested parties, and is ready for publication and approval.

### 5. Introduction of new Act for the National Agency for Public-Private Partnership:

Prepared to provide legal validity and framework to effectively manage and implement PPP programs and projects.



## IMF: A mixed bag of progress and challenges

**S**ri Lanka's economy shows signs of life, with three straight quarters of GDP growth and inflation under control. The IMF's recent visit paints a picture of cautious optimism, praising the govt's reforms while stressing the need for more.

Key wins include a 5.3% GDP growth in Q1 2024, inflation below the 5% target, and a \$1.2 billion boost in international reserves. But it's not all smooth sailing. The IMF's pushing for more revenue measures in the 2025 budget to hit that 2.3% primary balance target - crucial for debt sustainability.

On the plus side, new laws on public finance and debt management are set to improve fiscal discipline. But the IMF's keeping a close eye on monetary policy, urging caution to keep inflation in check.

The big question mark? Debt restructuring. While there's been progress, the IMF's nudging for a quick resolution to regain investor trust. (Continued..)

## Weekly CSE Summary

Colombo stock market closed another week in the red, despite gains in the last two days. ASPI fell 1.6% and S&P SL20 dropped 2.8%. Average turnover rose to Rs. 1.29 billion, boosted by Wednesday's Rs. 4 billion figure.

JKH rebounded 4.9% after its rights issue announcement, leading positive contributors. Foreign investors remained net buyers. Capital Goods sector dominated turnover, followed by Consumer Services and Food, Beverage and Tobacco sectors.

Market shows tentative signs of recovery, but overall sentiment remains cautious. Investors eye potential turnaround amid ongoing economic challenges.

-editor-

## Weekly Indices

### ASPI

11442.55 - 190.83

### S&P SL 20

3290.15 - 95.48

Governance reforms are also on the agenda, with the IMF highlighting the new National Anti-corruption Agenda as a step forward. They're pushing for swift implementation to address corruption risks and break from past policy missteps.

The IMF's also eyeing the financial sector, calling for adequate bank capitalization to support economic growth. They've given a nod to recent Banking Act amendments but want to see more action.

On the fiscal front, the IMF's keen on seeing the planned relaxation of import restrictions on motor vehicles, which should boost revenue in 2025. They're also pushing for better tax administration, including a functioning VAT refund system for exporters by April 2025.

The message on energy prices is clear: keep them at cost-recovery levels to avoid fiscal costs. At the same time, the IMF stresses the importance of protecting the poor through better targeted cash transfers.

Bottom line: Sri Lanka's on the right track, but needs to keep pushing reforms to turn this economic uptick into better living standards for all its people. The IMF's message is clear - don't slack off now, the recovery's still fragile. With presidential elections on the horizon, the timing of the next EFF review is up in the air, adding another layer of uncertainty to the mix.

However, challenges remain. The transmission of relaxed monetary policy to broader market interest rates, particularly lending rates, has been slower than desired. The bank expects financial institutions to pass on the benefits of policy easing to borrowers, fostering sustained credit growth and economic revival.

*Editor is a Economics Olympiad Gold Medalist and a Team Leader for Team Sri Lanka for International Economics olympiad and currently an undergraduate at University of Colombo , Can be contacted via [anupadesilva2002@gmail.com](mailto:anupadesilva2002@gmail.com)*

**August 4th: In 1693**, Dom Perignon is said to have invented champagne, though this is likely a myth. Regardless, the champagne industry has since become a significant part of the French economy

**August 5th: In 1861**, the United States government levied its first income tax to help finance the Civil War. This marked the beginning of federal income taxation in the US,

**August 6th: In 1945**, the US dropped an atomic bomb on Hiroshima, Japan. The aftermath led to significant economic changes

**August 7th: In 1944**, the Bretton Woods Agreement was signed, establishing the International Monetary Fund (IMF) and the World Bank.

**August 8th: In 1870**, the Forster Education Act was passed in England, providing a framework for universal elementary education. This act laid the groundwork for compulsory schooling and public education funding in England and Wales.

**August 9th: In 1974**, Gerald Ford became the 38th President of the United States following Richard Nixon's resignation.

**August 10th: In 1519**, Ferdinand Magellan's five ships set sail from Seville to circumnavigate the globe, an expedition that would open up new trade routes and have lasting impacts on global commerce.

**August 11th: In 1965**, the Watts Riots began in Los Angeles,

## Supreme Court Ordered a return to previous Visa System

The Supreme Court has ordered a return to the previous visa processing system and the suspension of the newly imposed service and convenience fees, which are being legally contested by several stakeholders. This decision follows the Court's interim relief granted to seven petitions.

The Court's ruling mandates the Department of Immigration and Emigration to revert to the SLT-Mobitel service, halting any additional fees until a final verdict is reached. The petitions challenge the new visa scheme, highlighting issues of legality, transparency, and corruption.

Prominent challengers include seven travel and tourism associations, Transparency International Sri Lanka, and public figures such as Dr. Rohan Pethiyagoda, Chandra Jayaratne, and MPs Patali Champika Ranawaka, M.A. Sumanthiran, and Rauff Hakeem. They argue the outsourced visa process violates laws and principles of natural justice and was implemented without competitive bidding, causing confusion and increased costs in an otherwise efficient system.

## The Forster Education Act 1870

The Elementary Education Act of 1870, also known as Forster's Act, marked a pivotal moment in the history of education, not just in England but around the world. This groundbreaking legislation laid the foundation for universal elementary education and served as a model for educational reforms in numerous countries.

The Act's influence extended far beyond to the colonies, the Act served as a template for educational development. India, for example, saw the introduction of similar legislation in 19th century, leading to the expansion of elementary education across the subcontinent



## World Column

### NYSE weekly summary

In July, U.S. equities rose with the S&P 500 up 1.1% and the Russell 2000 surging 10.3%. Markets transitioned from President Biden withdrawing from reelection and endorsing VP Kamala Harris to focusing on the Fed, economic data, and quarterly earnings. Increased trading volatility reflected diverse factors beyond economic weakness.

The Fed kept rates unchanged, stating the economy is expanding solidly and is ready to act if needed. Major central banks maintained a dovish stance, except Japan's BoJ which hiked rates.

The Q2 earnings season showed mixed results, with life insurance companies performing well. Upcoming catalysts include U.S. ISM Services PMI, earnings, China Caixin PMI, and EU Retail Sales.

### Indicies

DOW 39,737 (-611),  
S&P 500 5,347 (-100),  
Russell 2000 2,109 (-77),  
NYSE FANG+ 10,550 (-312),  
ICE Brent Crude \$77.56/barrel (-\$1.96),  
Gold \$2,486/oz (+\$5),  
Bitcoin ~61.4k (-3470)

### **Follow Us for daily Updates**

@lankaneconomist

**Instagram-** <https://instagram.com/lankaneconomist?igshid=NGVhN2U2NjQ0Yg==>

**Youtube-** <https://youtube.com/@LankanEconomist?si=mKDPAjzflV9cjEI>

**LinkedIn-** <https://www.linkedin.com/company/lankaneconomist/>

**X(Twitter) -** <https://x.com/LKeconomist?s=20>

## We are Now Live

## Visit

[www.lankaneconomist .com](http://www.lankaneconomist.com)

Editor

Anupa De Silva -

[lankaneconomist@gmail.com](mailto:lankaneconomist@gmail.com)