

# IPS releases 'Sri Lanka: State of the Economy 2011' report

THE Institute of Policy Studies of Sri Lanka (IPS) released its flagship report 'Sri Lanka: State of the Economy 2011' at the Institute's Annual National Conference under the theme of 'Post-conflict Sri Lanka: Towards Shared Growth' held at the IPS Auditorium on 19 October.

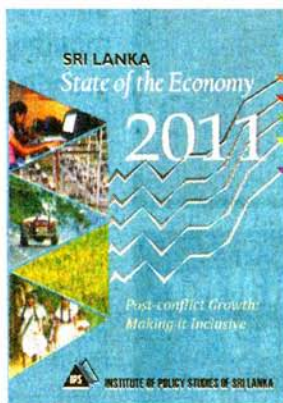
The Chief Guest at the occasion was Senior Minister of Scientific Affairs Tissa Vitarana and the Guest of Honour was Senior Minister of Human Resources D.E.W. Gunasekera.

The report begins by assessing the emerging risks to growth and stability for the Sri Lankan economy in the light of developments in both the external and domestic economic environment.

While Sri Lanka has made a rapid recovery, with GDP growth continuing at eight per cent into the first half of 2011, threats to sustained growth remain in view of a weakening global economic environment. In the circumstances, retaining necessary fiscal, monetary and exchange rate policy flexibility to respond appropriately to changing economic conditions is vital for macroeconomic stability.

Growth that is underpinned by stability will allow Sri Lanka to meet its broader socio-economic development objectives of an inclusive growth process that will help bridge existing inequities.

Apart from the desirability of inclusive growth from a purely ethical standpoint, inclusiveness is needed for sustaining economic growth, as exclusion leads to underemployment of productive resources that



could restrict growth.

The report focuses on how rapid growth can address disparities in the delivery of public services and improve the business environment across different population groups in post-conflict Sri Lanka.

Inclusive development, however, is not only about sharing growth. It is also about empowering people to participate meaningfully in creating growth. This involves empowering people

through investing in their health and education and giving them equitable opportunities to access productive resources.

The demands of the labour market and the needs of the education and health sectors of the country are evolving alongside development, demographic, technological and market changes. The report explores the considerable challenges faced by Sri Lanka in meeting the changing demands of these sectors.

Rapid growth must also not leave the vulnerable behind. Sri Lanka's large share of informal sector workers, currently estimated to be 62 per cent of the workforce, are in less productive sectors such as agriculture and fisheries.

The report examines in detail issues and policy options to broaden and enable equal access for economic opportunities for them. The analysis includes an assessment of the vulnerabilities faced by poor informal employees and the unemployed in terms of socio-economic, political, and geographical factors and existing social protection measures and their gaps.

