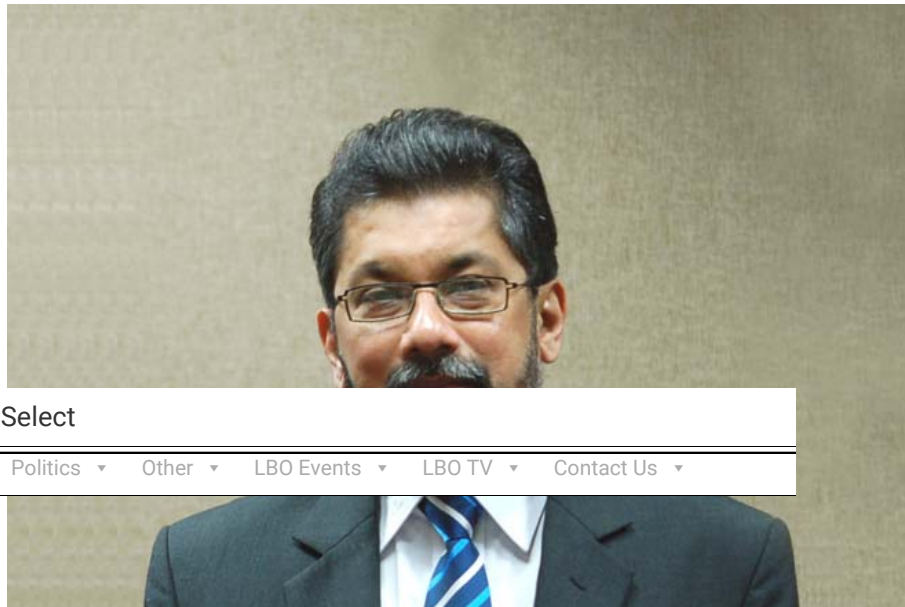


# Sri Lanka should look at IMF package seriously: Kelegama

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*Saman Kelegama is a Sri Lankan economist, author and the Executive Director of the Institute of Policy Studies(Sri Lanka) (IPS)*

Jan 21, 2016 (LBO) – Sri Lanka should look at the IMF package very seriously as the temporary measures would not fix the fundamental issues of the economy, an economist said.

Saman Kelegama, Executive Director of the Institute of Policy Studies told a forum that the country needs to bring down the over heated economy through austerity measures.

“Belgium funds or swap arrangements with India are temporary measures. They don’t fix the economic fundamental problem of the country,” Kelegama said.

“You can use that to get some breathing space but you will fall back to the same state when you have to pay back,” he stressed.

Sri Lanka’s official foreign reserves stood at 7.29 billion US dollars at the end of December 2015.

“With the 7 billion reserves, we also have to see what the upcoming payments are. We have many debt maturing this year. 2016 debt interest payments are about 4.5 billion,”

“This 7 billion reserves or bulk of it are borrowed funds; not earned funds. So in that environment we approached the IMF,” Kelegama pointed out.

“We go to the lender of last resort when we have a problem that cannot be resolved. So we are close to that situation,” he stressed.

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