



## IPS highlights Sri Lanka food inflation concerns

Oct 12, 2017 07:54 AM GMT+0530 | 0 Comment(s)

ECONOMYNEXT – Sri Lanka needs to look at supply side factors that is driving inflation, particularly food price inflation, according to the Institute of Policy Studies, a think-tank.

Setting monetary policy in an environment of low growth and rising inflation would be difficult for the central bank, said Dushni Weerakoon, acting executive director of the IPS.

How to contain rising inflation was the main monetary policy concern, she said at the Institute of Policy Studies which launched its 'State of the economy 2017' report Tuesday and another report on tax policy in Sri Lanka.

"Monetary tightening when credit growth picks up is justified to prevent asset price bubbles," Weerakoon said.

But to contain inflation, a more careful assessment of what's driving inflation is needed.

"It's not only demand-pull, but supply-push inflation – from tax hikes and agricultural setbacks," Weerakoon said, referring to droughts and floods which have reduced harvests of key crops including rice and tea in recent months.

"Food inflation is rising rapidly and much faster than non-food inflation," Weerakoon said.

"So monetary tightening alone to contain inflationary pressure is not the answer. We need to look at supply-side answers, particularly in the case of food prices."

(COLOMBO, October 12, 2017)



Uncertainty roils Sri Lanka bond markets after tax reversals

RED HERRING:



Sri Lanka's 'alternative facts' on bond sales

**THE WORLD'S BIGGEST BOOK SALE**

UPTO  
**80%**  
 DISCOUNT  
 ON ALL BOOKS

**COLOMBO**

**OPEN FOR 24 HOURS**  
**5-15 OCT**  
**255 HOURS NON-STOP**

**SLECC**  
 Sri Lanka Exhibition & Convention Centre

**Free Entry**  
**1.5 MILLION BOOKS**

### LATEST HEADLINES

California to allow autonomous cars without driver

'Many' Fed members favor December rate hike: minutes

Sri Lanka seen facing risks from global interest rate hike

Livestreamed debate begins on Sri Lanka's open economy

Sri Lanka shares end higher, foreigners sell

