

Growth this year likely to stagnate at 2%: economist

■ LKI Executive Director Dr. Wignaraja says best-case scenario will be SL achieving 2.5% growth

■ CB revised down growth outlook to 3%, from earlier 4%, after Easter Sunday attacks

■ However, CB Governor Dr. Coomaraswamy ruled out any growth projections below 3%

■ Economy grew 3.7% in first quarter this year; higher growth expected in fourth quarter

■ By Nishel Fernando

A leading economist in the country predicts a gloomy economic outlook for this year with economic growth stagnating at 2 percent, in the

aftermath of the Easter Sunday attacks on April 21.

"In 2019, we may expect 2.5 percent growth if we get lucky. However, 2 percent growth more likely," Lakshman Kadirgamar Institute Executive Director Dr. Ganesan Wignaraja told a recent panel discussion in Colombo.

The Central Bank revised the growth outlook to 3 percent, from the original 4 percent projection early this year, after considering the economic impacts of the Easter Sunday attacks.

Similarly, HSBC also cut its growth projection for Sri Lanka to

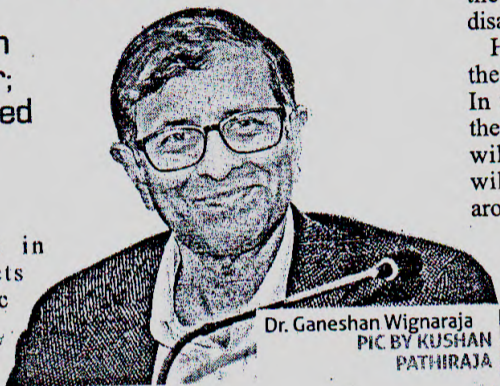
2.7 percent this year, from the previous estimate of 3.4 percent, while noting that the recovery in the Sri Lankan economy is unlikely until the much-anticipated presidential and parliamentary polls are held to end the current policy and political impasse.

Central Bank Governor Dr. Indrajit Coomaraswamy however ruled out any growth projections below 3 percent at the last monetary policy review, emphasising that the growth would accelerate in the fourth quarter.

"In the first quarter, there was a 3.7 percent GDP growth, certainly the second quarter is going to be disappointing.

However, for the fourth quarter, there are very favourable benefits. In the fourth quarter of last year, the growth was 1.8 percent and that will provide a base effect, which will become favourable this time around," he said.

The tourism industry and investor sentiment has been severely impacted by the Easter Sunday attacks.



Dr. Ganesan Wignaraja
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The tourism earnings up to July this year declined by 18.7 percent year-on-year (YoY) to US \$ 2.1 billion, from US \$ 2.6 billion recorded during the same period of last year.