



Cabraal accuses Govt. of 'cooking' economic data, a charge he faced himself earlier

Harsha counters saying former CB Governor is seeking political mileage

By Bandula Sirmanna

Former Central Bank Governor Ajith Nivard on Tuesday accused the government of manipulating economic data to show a rosy picture to the public, a charge he himself has faced many times over during his tenure of 'cooking up' economic data often by his nemesis, then opposition MP Harsha de Silva.

Now in a new position as Deputy Minister of Policy Planning and Economic Affairs, the latter has vigorously defended the Government and its economic policies.

Mr. Cabraal, appearing before the media for the first time after stepping down from office with the downfall of the Mahinda Rajapaksa-led regime in January, said the new growth rate in 2012 which was taken as the base year has been changed to 9.1 per cent from 6.3 percent to blow up the GDP under the present regime.

The Department of Statistics recently released new GDP figures after rebasing its estimates from 2002 to 2010. The growth rate for last year has been reduced from 7.4 per cent to 4.5 per cent and the growth in 2013 has been reduced from 7.2 percent to 3.4 percent, he added.

"When preparing this data, economic activities evident in 2013 and 2014



Harsha de Silva



Ajith Nivard Cabraal

had not been considered and the GDP was adjusted in accordance to fulfill sinister objectives of politicians," he pointed out.

But in the tit-for-tat battle - reminiscent of similar clashes between the two in the past five years - Dr. De Silva told reporters the following day (Wednesday) that Mr. Cabraal and the earlier regime are attempting to hide the real figures from the public.

He reiterated that true growth rates for the years 2014 and 2013 were 4.5 per cent and 3.4 per cent respectively, adding that the updated figures were not adjusted by the present administration. This data adjustment began in 2011 when Mr. Cabraal was the Governor. Because these figures cannot justify their economic growth and the picture they had painted of a fast-growing economy, they didn't present the true data to the public, he added.

Mr. Cabraal also told reporters on Tuesday that the government had in-

curring a loss of Rs.59 billion so far due to increase in interest rates as a result of the controversial bond issue on February 27.

In addition, by issuing the bonds at a sharp discount, the Government suffered a loss of nearly Rs. 291 million per each bond face value of Rs. 1,000 million, in respect of the vast majority of the bonds issued on that day, the bulk of which was issued to Perpetual Treasuries Ltd (PTL), he said.

However Finance Minister Ravi Karunanayake and other Government politicians have repeatedly rejected claims that the controversial Treasury Bonds issue resulted in a huge loss.

Mr. Cabraal was speaking in Colombo at a media conference convened by newly formed group called the "Vidvath Jana Pavura" which is part of the opposition UPFA.

PTL, a primary dealer connected to the son-in-law of present Central Bank Governor Arjuna Mahendran, had been given a massive financial facility for this bond issue which is the first time such a vast sum of money has been provided by the Bank of Ceylon, he said. He alleged that this massive financial facility helped the company to commit this fraudulent transaction, adding that the ultimate issue had been sold 10 times more than its original issue value.