

Post War Scenario in Economic Development of Sri Lanka

Ahamed Lebbe, SM*

Abstract

Consecutive government of Sri Lanka achieved adequate level of economic improvement from independence to early part of 1980s. Meanwhile, it is well known that economic development of Sri Lanka suffered a hug blow due to protracted conflict which was a resultant of war that lasted nearly three decades since 1983 to May 2009. This analysis is an effort to study the trend and its causes of macroeconomic goals such as achieving economic growth, maintaining price stability, sustaining Balance of Payment and attaining full employment level. This study predominantly concentrates on post war situation of the above selected goals in Sri Lanka. This explanatory study absolutely used secondary data sources collected from Central Bank of Sri Lanka. The study found that above important goals are far better than that of during conflict period. However, it is to be noted that very recent years all indicators of the above goals except unemployment show negative. Economic growth of Sri Lanka was a remarkable increase of 8.2 per cent in 1968 and 1978. But this was achieved again in 2010 (8.0) and 2011 (8.2). Tourism, tea export, apparel, textile and rice production are the main sectors contributed for high economic growth. However, it has been tumbling after 2011. Despite inflation annual average rate was 12.44 between 2000 and 2008; it showed very lowest inflation 3.4 in 2009. However, it has also again worsted as 6.94 in 2012. Balance of Payment overall balance was US \$ -1384.8 million in 2008 and it has too suddenly improved in 2009 as US \$ 2725.3 million with favorable developments on domestic and external fronts. Due to peaceful situation after the conflict has enhanced job Opportunities Island wide, unemployment rate has continuously been dropping from 2009.

Key words: Conflict, Peace, External Sector, Inflation Unemployment Rate

To whom correspondence should be addressed: smahamed08@gmail.com

*Senior Lecturer, Department of Social Sciences, South Eastern University of Sri Lanka.