

**Speech By Mr. K. M. Mahinda Siriwardana, Secretary to the Treasury and Secretary  
to the Ministry of Finance, Economic Stabilization and National Policies at the  
Graduation Ceremony of the Wayamba University of Sri Lanka**

**30 November 2022**

Chancellor of the Wayamba University of Sri Lanka, Senior Professor Udith K Jayasinghe, Vice Chancellor of the Wayamba University of Sri Lanka, Dean of the Faculty of Business Studies and Finance, all other Deans of Faculties, Heads of Departments, Professors and all the Academic members, Registrar and all the administrative and non-academic staff, the graduands, parents and all the other distinguished guests, ladies and gentlemen.

A very good morning to all of you!

It is indeed a great honor for me to be here today at your graduation. I would like to take this opportunity to extend my sincere appreciation to the Wayamba University of Sri Lanka for extending me this important invitation.

Dear graduands, today you celebrate the outcome of years of strenuous work, hours of studying, a lot of commitment and the sacrifices you may have made to earn your degree. So, I want to warmly congratulate you for your great achievement today.

We know that the teachers, parents, relatives, friends and others were around you and supporting you in making your dream a reality. **So, let us give a round of applause to your own achievement and to all of them who helped you to become who you are today.**

Although you earned a degree today because of your talent and hard work, this is only a beginning of a new phase of your life. From tomorrow, you will be entering into a

new world; a world that will be quite different from the one you lived up to now. You will have new challenges, new dreams, new expectations, and new responsibilities. It will be a journey that will shape up your carrier, your personal and social life, your relations with the society as a graduate and a leaned person.

Seth Godin outlines in his book *Stop Stealing Dreams* and I quote: *"You are entering a new chapter in your life in an exciting world, full of challenges, opportunities amplified by the Web and the connection revolution, human beings are no longer rewarded most for being compliant cogs. Instead, our chaotic world is open to the work of passionate individuals, intent on carving their own paths"* (unquote). I am sure that the University of Wayamba has prepared you not just on the academic front, but in various other fronts as well for you to find your own path and become a successful person.

Please permit me to take a few minutes to share some of my personal experiences that may be useful to you.

I was born in Nuwara Eliya; to be exact in a village called "Hawa Eliya", about 2 kilometers away from the city. My father was a Foreman in a nearby Company and my mother was a housewife. My school life was not an easy one given the difficulties in the area in terms of weather, education and other facilities so on and so forth. I am proud to say that I attended to Gamini Maha Vidyalaya in Nuwara Eliya where I did my A Levels in 1982. I entered the University of Kelaniya in 1983 as the first student to enter a university from my village at that time.

Though I entered the university in September/October 1983, I graduated only in March 1990, due to the closure of universities, given the 1988/89 Youth Insurrection. So, I had to spend 6 and half years to get my first degree. Then I joined the Central Bank in 1991.

After 31 years, I was requested to accept the present position, as the Secretary to the Treasury and the Ministry of Finance. I could not refuse it, given the serious conditions

in the economy by March/ April 2022. Hence, I accepted it; at a time where the country is going through an unprecedented severe crisis.

This is about my journey; from a small, far away village to the position that I am holding today. It was not a smooth and comfortable journey, but was full of ups and downs. The only strength that I had was the knowledge that I gained, thanks to the free education of the country, and the experience that I gathered over the years with the support of my superiors and colleagues. Of course, I had the blessings of my wife, parents, and others throughout my journey. In fact, those positions came to me, and in hindsight, I think, I was able to earn them.

The important message I want to convey here is that no matter who you are, no matter where you are from, no matter your family background, so on and so forth, there are numerous opportunities to excel in your lives.

At the same time, it is important to remind you that when you are graduating, the unprecedented crisis in the country is continuing. As graduates in Business Studies and Finance, I thought it is important for me to share some thoughts on it.

The long-standing macroeconomic imbalances in the Sri Lankan economy were triggered by the COVID-19 pandemic. This shock unearthed long-standing structural issues, particularly fiscal indiscipline and related imbalances, monetary and financial sector vulnerabilities, coupled with some policy mistakes and global developments, triggering Sri Lanka's worst post-independence economic crisis.

By end March 2022, usable forex reserves were almost non-existent, with a huge amount of forex liabilities coming due in the following months and years; the public debt was assessed as unsustainable by the International Monetary Fund (IMF); there was no access to international markets given the series of rating downgrades; there were shortages in essential items leading to long queues with 13-hour long power cuts;

inflation was rising; and no fiscal space was available at all for the government to alleviate these pressures. These led to severe economic hardships with serious economic, social, political, and international implications. In fact, many things were changed due to this, from the Administration to the daily life of a person or a family who lives in a faraway village.

Why did this happen? Was it a sudden outcome? The simple question that we should ask is that if home grown solutions were there, why were they not implemented successfully? Why were globally accepted and time-tested methods to manage difficult economic situations not used when it was evident that home-grown measures were not successful? Why did the country's economy decline to an extremely dire situation by mid-March 2022 with widespread public anger and protests, and culminating in protests by mid-July this year? Why did this lead ultimately to a change in the Administration?

The above developments taught us several lessons in economic management. Particularly the importance of taking timely actions to address emerging issues, being humble enough to accept ground realities, and not allowing egos and arrogance to get in the way of rational and timely decision making.

Curing the current issues is not an easy task and is a complex operation, as the crisis is very deep and severe. Solutions must encompass various aspects, including economic, political, social, as well as international facets, warranting careful navigation of these varied challenges. Political will and the readiness to take unpopular decisions is also essential.

We needed urgent stabilization measures to overcome the difficulties faced by the people in terms of shortages of essential items, queues, power outages, and price escalations. In parallel, it was necessary to look at the medium to long term as well to

implement policies that will restore growth in a sustainable and equitable manner. The recently announced Budget 2023 and the Interim Budget presented in August this year have been prepared with these challenges and requirements in mind to face the multitude of headwinds that our country is facing today.

As you know, we are already experiencing the positive results of the timely policy interventions taken by the Government and the Central Bank of Sri Lanka. The seemingly never-ending queues to obtain fuel and Cooking Gas has been eliminated and the uninterrupted supply of these commodities has been ensured. With the ration system introduced for fuel and the significantly lower duration of electricity disruptions, economic activities appear to be returning to a certain degree of normalcy from the 3<sup>rd</sup> quarter of 2022. Further, the trend of high inflation is seen to be abating as the pace of inflation reduced with month-on-month inflation turning negative 0.4% in October 2022.

However, grave problems continue to affect us. Inflation is still high, with prices of certain food items unaffordable, particularly to the poorest sections of society. There are reported shortages of certain pharmaceutical items. Production and manufacturing are affected by the shortage of raw materials owing to a shortage of foreign currency as well as price hikes of inputs in the global markets. In fact, these are the features of the deep crisis that we are going through right now.

It is expected that these pressures will abate further in the coming months in response to the measures that have been put in place. With substantive progress in the debt restructuring process, we expect to obtain IMF assistance by early next year under an Extended Fund Facility to support Sri Lanka's Comprehensive Economic Programme. Entering into the IMF programme will greatly help to unlock bridging finance from other development partners. We have already had positive negotiations with the World

Bank and Asian Development Bank to this effect. This will no doubt help alleviate the dearth of foreign exchange and will provide fiscal space for eliminating inflationary monetary financing from the central bank. The Comprehensive Economic Programme under the IMF assistance will create the platform for undertaking long-neglected reforms to correct the structural weaknesses of the economy.

As we all understand, Sri Lanka has long suffered from a “twin deficit” with persistently high budget deficits in the fiscal sector and chronic current account deficit in the balance of payments. These deficits are the root cause of the economic troubles that we face today. It is high time that we correct them for good. It is very unfortunate that Sri Lanka has not been able to undertake much needed reforms to facilitate economic growth process and to maintain a sustainable level of domestic and external finances in the past. If required reforms had been implemented and relatively stable situation was there, the (economic) implications of the COVID-19 pandemic could have been relatively low compared to many other countries.

That’s why it has been proposed to introduce robust, much-needed and long-neglected reforms in all spheres of the economy to emerge from the present-day challenges and propel our economy forward. In fact, it is important to highlight that the proposed reforms will go beyond the IMF programme.

At the same time, it is important to understand that these reforms could be painful in the very short term as they will challenge the lifestyles that we have become accustomed to. Many would find that it difficult to adjust under these very difficult conditions.

In fact, the only way to overcome the continuing pressures of the economic crisis is to make a substantial change by resetting the way we operate. That’s why the government believes this as a “now-or-never situation”. Either we move forward with reforms to

address the situation once and for all, or we spiral downwards into a permanent cycle of economic and social crises. In fact, the government has chosen the former. Given the country's situation, the implementation of these reforms needs the support from the wider society as well. More importantly, it should be a collective process.

So, I urge you to think about these developments and contribute to the betterment of our country as young graduates. There, I wish to remind you about John F. Kennedy's historic words, "**Ask not what your country can do for you - ask what you can do for your country**". Please think and consider how it applies to your own lives, going forward. I personally believe that this is the best time to ask this question. I believe you will select the correct path and contribute in a big way.

In doing so, it is important, as young graduates, to develop within yourselves the commitment to responsible and hard work, unwavering professionalism, vision, agility, intellectual curiosity and embracing lifelong learning, humble confidence, self-management, adaptability and resilience, ease with technology, interpersonal skills, teamwork, and of course a sense of humour.

Last but not least I would also add impeccable credentials, honesty and integrity as very important characteristics that should be developed in your whole life.

I am sure, as young, and talented graduates, you are aware many of these things. But, the challenge is how you follow them in practice. My humble request to you is that please try to achieve them, follow them, and adhere to them. Naturally, the success will come to you.

Finally, I would like to thank the Wayamba University of Sri Lanka for the invitation. I hope that my speech has been useful, and I take this opportunity to wish all the graduates all the very best in their future endeavors. To the teaching staff, I wish all the

strength to keep up your excellent work in helping shape future leaders, locally and globally.

Thank you.