

Contents

Message from the Governor

Preface by the Chief Economist and Director of Economic Research

1. The Long March of the Central Bank – 60 Years of Central Banking in Sri Lanka	1
2. Rising from the Ashes – The Central Bank’s Remarkable Recovery from the Terrorist Attack	17
3. Stability in the Midst of Uncertainty	25
4. Evolution of the Conduct of Monetary Policy in Sri Lanka	37
5. The Role of the Watchdog – Strengthening Financial Regulation in Sri Lanka	47
6. Surviving in White Waters – Stabilising Domestic Financial Markets	57
7. Determining the Exchange Rate – Exchange Rate Regimes in Sri Lanka	69
8. Payments and Settlements – Evolution of Sri Lanka’s Payment System	79
9. Currency issued by the Central Bank of Sri Lanka	89
10. Foreign Exchange Transactions – From Controls to Relaxation	105
11. Managing Sri Lanka’s Foreign Reserves	113
12. Changing Lanes – Pursuing a Liberalised Economic Policy	125
13. Sri Lanka’s External Trade Relations	133
14. Expanding Horizons – Integration with the World Economy	141
15. Managing the Public Debt	151
16. Sri Lanka Steps into International Capital Markets	159
17. Consumer Finance Surveys Conducted Since 1953 – What the Data Reveal	165
18. Providing Social Security through Employees’ Provident Fund	179
19. Special Attention to Special Needs – Central Bank Focuses on Regional Development	191
20. Renaissance of the North and the East	205
21. Recent Trends in the Emerging Economy of Sri Lanka	215