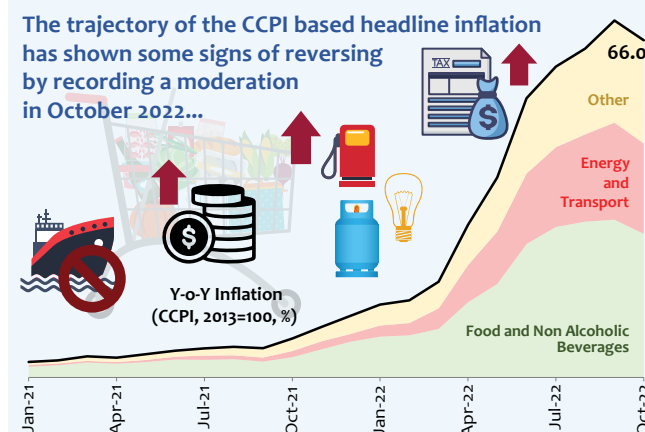
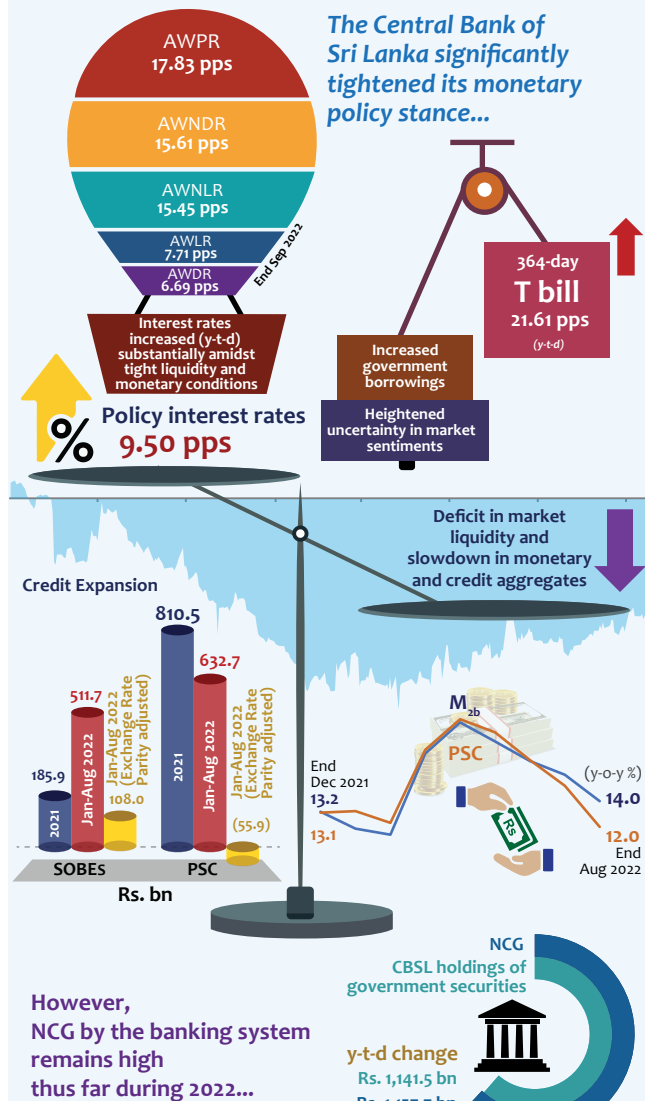
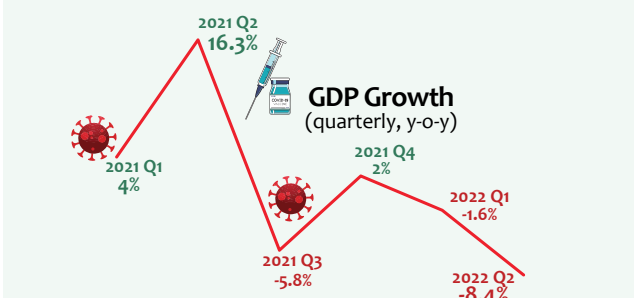


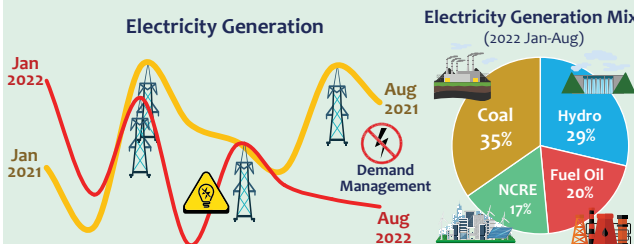
## SNAPSHOT OF THE



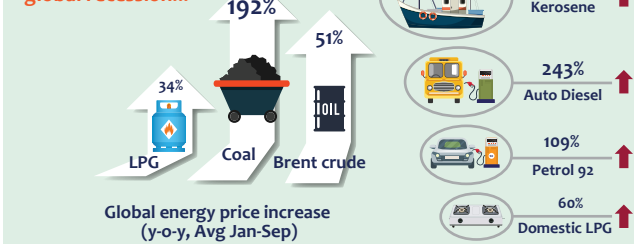
Sri Lankan economy continues to battle through the **worst economic crisis** on record...



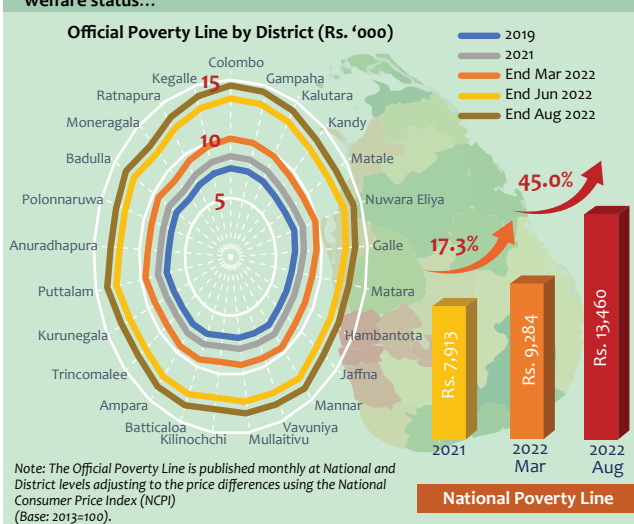
Economic activity dampened by the **prolonged supply side constraints...**



The surge in global energy prices has been capped by risks of a **global recession...**

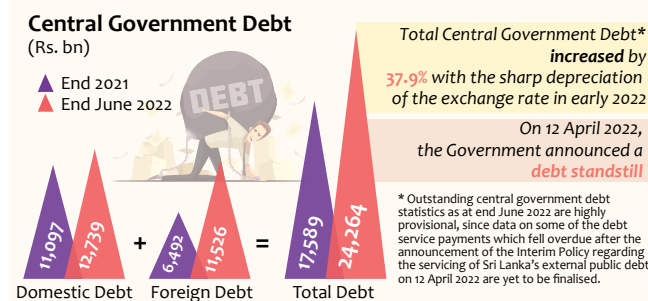
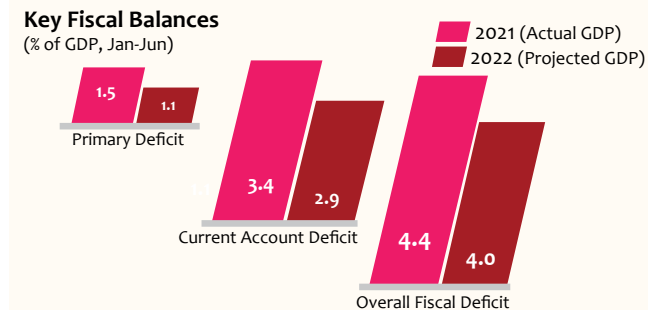


Ongoing crisis could have **disproportionate impact on households' welfare status...**

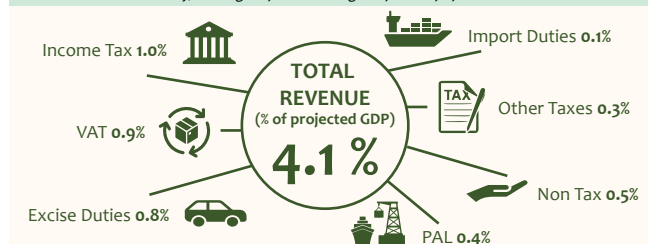


## SRI LANKAN ECONOMY

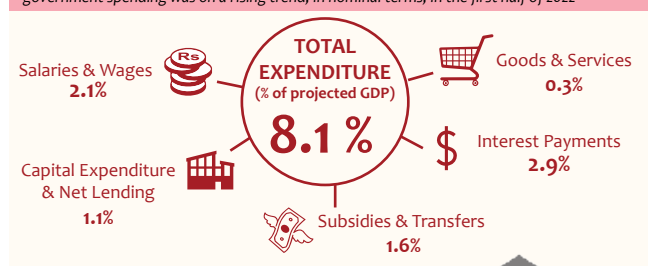
The beneficial impact of fiscal policy measures introduced thus far during 2022, aimed at improving revenue while curtailing expenditure, is yet to be fully reflected in fiscal sector performance...



Tax revenue improved due to Surcharge Tax, increased Value Added Tax (VAT) rates and Telecommunication Levy, and high inflation during the first half of 2022



Despite the expenditure rationalisation attempts in the latter part of the period under review, government spending was on a rising trend, in nominal terms, in the first half of 2022



**Fiscal Consolidation Measures**

- Revenue enhancement measures
  - Increase in VAT rates
  - Imposition of Surcharge Tax
  - Increase in Telecommunication Levy
  - Imposition of Social Security Contribution Levy
- Expenditure rationalisation measures
  - Guidelines were issued to the public sector to minimise the usage of electricity and fuel while restricting unproductive/non-essential expenses
- Cost reflective pricing

The external sector in Sri Lanka has been facing unprecedented challenges in recent years, amidst headwinds caused by the COVID-19 pandemic, dearth in forex liquidity and adverse developments on the global front...

