



# Regional Workshop on External Vulnerabilities in South Asia

February 28 - March 1, 2019 in Colombo, Sri Lanka

Notes:

**Bold** indicates presenter.

All presentations will be for 20 minutes followed by 5 minutes of remarks by a discussant and 5 minutes for Q and A.

----- Preliminary Program -----

DAY 1: February 28, 2019

## 8:45 AM Conference Registration

## 9:00 AM Welcome and Opening Remarks

- Dr. Yuthika Indraratna, Director of Economic Research, Central Bank of Sri Lanka
- Hans Timmer, South Asia Chief Economist at the World Bank
- Dushni Weerakoon, Executive Director IPS, on behalf of the Program Committee

## 9:30 AM Session 1: What drives current account deficits in South Asia? (Chair: Swarna Gunaratne)

- **Robert Beyer** (World Bank), Sebastian Franco Bedoya (World Bank), and Hans Timmer (World Bank): **External Vulnerabilities - A preview of the next South Asia Economic Focus**

*Discussant: Sakib Sherani*

- Rajib Das (RBI, India), **Narayan Pradhan** (RBI, India) and **Rajat Malik** (RBI, India): **Determinants of Current Account Balance in South Asian Economies – An Empirical Analysis**

*Discussant: Muntasir Murshed*

## 10:30 AM Tea/Coffee/Networking

## 11:00 AM Session 1 continued

- **Anita Poudel** (Nepal Administrative Staff College): **Drivers of Nepal's Current Account Deficit and its Policy Remedies**

*Discussant: Kithsiri Ehelepola*

- **Muhammad Ibrahim Shah** (University of Dhaka): **Assessing the determinants of the Current Account Deficit: Evidence from South Asia**

*Discussant: Prasant Kumar Panda*



## 12:00 PM Session 2: New insights on South Asia's export performance (Chair: Sirimal Abeyratne)

- **Pavel Chakroborty** (Lancaster University, UK): **Financial Crisis, Monetary Policy and Exports: Evidence from a Matched Firm-Bank Dataset**

*Discussant: Sebastian Franco Bedoya*

- **Syed Yusuf Saadat** (Centre for Policy Dialogue, Bangladesh): **Trade Vulnerability of Bangladesh: An Exploratory Analysis**

*Discussant: P.K.G. Harischandra*

## 1:00 PM Lunch

## 2:15 PM Session 3: On the relationship of foreign exchange interventions and monetary policy (Chair: Dr. P K G Harischandra)

- **Soumya K Ghosh** (State Bank of India), **Debashis Padhi** (State Bank of India) & **Tapas Kumar Parida** (State Bank of India): **Foreign Exchange Market Intervention and Liquidity Management in India: Some Empirical Investigations**

*Discussant: Fayyaz Hussain*

- **Sumila Tharanga Wanaguru** (Central Bank of Sri Lanka) & **Anil Perera** (Central Bank of Sri Lanka): **Implications of Exchange Rate Volatility on the Monetary Policy Conduct: An Emerging Market Perspective**

*Discussant: Narayan Pradhan*

## 3:15 PM Tea/Coffee/Networking

## 3:30 PM- 5:30 PM Special Session (Chair: Robert Beyer)

### External Imbalances: Lessons from Pakistan and Sri Lanka

**Nandalal Weerasinghe** (Senior Deputy Governor CBSL): External Sector Challenges in Sri Lanka

**Rashid Amjad** (Lahore School of Economics): Breaking out of Pakistan's stop-go cycles

**Sakib Sherani** (former PMs Economic Council): Sources of Pakistan's External Vulnerability

**Fernando Im** (Senior Economist, World Bank): Regaining External Stability: Lessons from Sri Lanka

## 6:30 PM Conference Dinner at Curry Leaf (*by invitation only*)



DAY 2: March 1, 2019

9:00 am

## Policy Expert Panel

### *External Vulnerabilities in South Asia: Causes, Consequences and Remedies*

Introductory Remarks: **Indrajit Coomaraswamy, Governor of Central Bank of Sri Lanka**

Expert Panel: **Indrajit Coomaraswamy** (Governor, Central Bank of Sri Lanka)  
**Dushni Weerakoon** (Executive Director, Institute of Policy Studies)  
**Hans Timmer** (South Asia Chief Economist, World Bank)

Moderator: **Dr. Ganeshan Wignaraja** (Executive Director, Lakshman Kadirgamar Institute of International Relations and Strategic Studies)

**10:30 AM**      **Group Photo**  
**Tea/Coffee/Networking**

**11:00 AM Session 4: On the relationship of exchange rates and the current account** (Chair: Hans Timmer)

- **Muhammad Omer** (State Bank of Pakistan) and **Junaid Kamal** (State Bank of Pakistan): *Does exchange rate depreciation improve the balance of trade? A Pakistan's perspective*  
*Discussant: Lasitha Pathberiya*
- **Hemantha Ekanayake** (CBSL, Sri Lanka), **Erandi Liyanage** (CBSL, Sri Lanka): *Revisiting the Effect of Exchange Rate Fluctuations on the Trade Balance: Evidence from Sri Lanka*  
*Discussant: Syed Yusuf Saadat*
- **Fayyaz Hussain** (State Bank of Pakistan), **Muhammad Ishtiaq** (State Bank of Pakistan) and **M. Ali Choudhary** (State Bank of Pakistan): *Exchange Rate Undervaluation and Economic Growth: The Trade- versus the Financial Risk Channel*  
*Discussant: Pavel Chakroborty*
- **Ujjal Protim Dutta** (National Institute of Technology, India), **Partha Pratim Sengupta** (National Institute of Technology, India): *Do Remittances have a Flip Side? A Panel Cointegration Analysis of Remittances and Real Effective Exchange Rate in South Asian Countries*  
*Discussant: Sumila Wanaguru*

**1:00 PM Lunch**



**2:10 PM Global Trends and the New Normal for South Asia:** Hans Timmer, South Asia Chief Economist at the World Bank

**2:30 PM Session 5: Empirical insights on the twin deficits in South Asia** (Chair: Dushni Weerakon)

- **Utsav Kumar (ADB)**, Dushni Weerakoon (IPS), Roselle Dime (ADB): **Sri Lanka's Macroeconomic Challenges: A Tale of Two Deficits**

*Discussant: Tapas Kumar Parida*

- **Santosh Kumar PK** (Cochin University of Science and Technology): **Twin deficit Hypothesis: Empirical Evidence from India**

*Discussant: Chandranath Amarsekara*

- **John V Guria** (RBI, India): **Fiscal Deficit and External Debt Driven External Vulnerabilities in South Asia: A Panel Data Analysis**

*Discussant: Ujjal Protim Dutta*

**4:00 PM Tea/Coffee/Networking**

**4:30 PM Session 6: Ricardian Equivalence, Feldstein-Horioka Puzzle and Twin Deficit in South Asia** (Chair: Chandranath Amarasekara)

- **Muntasir Murshed** (Bangladesh Institute of Development Studies): **The Twin Deficits Hypothesis, Ricardian Equivalence and Feldstein-Horioka Puzzle: An Empirical Evidence from Bangladesh**

*Discussant: Sangaran Vijesandiran*

- Suraj Badaik (Central University of Tamil Nadu) and **Prasant Kumar Panda** (Central University of Tamil Nadu): **Ricardian Equivalence, Feldstein-Horioka Puzzle and Twin Deficit Hypothesis in Indian Context: An Empirical Study**

*Discussant: Sirimal Abeyratne*

**5:30 PM Closing of Conference** (Robert Beyer)