

SRI LANKA ANNOUNCES \$51-BILLION DEBT DEFAULT

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He was referring to international sovereign bonds or market borrowings that form the biggest chunk, or nearly half, of Sri Lanka's foreign debt. "The government should have ideally sought their consent instead of going in for a unilateral, hard default like this. They have really run out of money," Mr. De Silva said.

The Opposition United National Party has called for "a full explanation" in Parliament, of what led to "this situation" when the legislature convenes on April 19.

Commenting on Tuesday's default announcement, economist Anush Wijesinha said in a tweet: "While this is in effect a form of default, it is better than a scenario where GoSL simply fails to make a particular coupon or bond payment coming due (several coming in the next weeks and months); MoF has taken a "policy stance" applicable for all; and attempts to build goodwill." Ahilan Kadirgamar, political economist at the University of Jaffna, said the government resorting to a default even before commencing negotiations with the IMF meant that "Sri Lanka has completely lost its bargaining power" with the international lender.

From the time the government reluctantly agreed to go in for an IMF programme, some in Sri Lanka have been flagging the potential impact of IMF conditionalities on ordinary people, including possible tax hikes across the board, and a push towards privatising loss-making State-owned enterprises.

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