



## Sri Lanka's excessive govt spending an eye-opener

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The first lesson to be learned from the ongoing economic crisis in Sri Lanka is that no crisis arises overnight. Long before any crisis hits, signs of that crisis begin to appear. It is possible to deal with any kind of disaster if appropriate measures are taken as soon as the signs are visible.

Excessive government spending is a long-standing problem in Sri Lanka. To deal with the rising debt, stemming from excessive spending, the country is on the verge of bankruptcy. The situation in Bangladesh has not reached that level yet. However, there are a number of unnecessarily large projects in Bangladesh and the government spending is also increasing rapidly.

Learning from Sri Lanka, we need to be quick to cut down on unnecessary expenditure. The amount of revenue collection of the government should also be increased. If we are not careful now, we may have the same situation.

Many of the major projects that the Sri Lankan government has undertaken in the last few years have not been financially viable. All these projects have been implemented with loans

as the country did not have the capacity to do it by themselves. Now they are unable to repay the loans.

Apart from repaying foreign loans, the Sri Lankan government is also unable to meet domestic expenses. Unaccounted banknotes have been printed to handle the situation. As a result, the country's currency has plummeted and Inflation has risen.

The failure to repay the loan has also eroded the confidence of donor agencies and countries on Sri Lanka. It is now clear to everyone that the Sri Lankan government will not be able to meet their foreign debt obligations.

When the financial crisis became apparent, Sri Lanka approached several countries, including Bangladesh, India and China, seeking assistance. At that time, the country should have sought the assistance of the International Monetary Fund (IMF). Earlier, the IMF had helped several countries recover from similar crises.

India advised Sri Lanka to approach the IMF while Bangladesh agreed to provide foreign loans. It is now clear that we will not get the money back within the next ten years.

In order to get a loan from the IMF, the government has to reduce the expenditure and fulfil a number of conditions. If these conditions are met, loans can be obtained from various organisations including the World Bank. This is one of the reasons why the country did not seek the help of the IMF.

The current government in Sri Lanka cannot survive if the crisis continues. The new government may start on the path of recovery from the crisis by accepting various conditions including cost reduction.

Learning from Sri Lanka we also need to take initiative to reduce unnecessary expenditure. There are several government-run projects in Bangladesh with foreign loans. I don't think all these projects are essential.

I am sceptical about the needs of our Rooppur nuclear power plant, which is running at a cost of more than one lakh crore Taka. The country already has a surplus of electricity. The

existing production capacity is not being fully utilised. Whereas, huge projects are being implemented with tough loans from Russia. As a result, the pressure to repay foreign loans is increasing.

In my opinion, it is unreasonable to spend huge amounts of money on the ongoing project for construction of a railway line from Dohazari to Cox's Bazar via Ramu. Connecting railway line is being constructed at a higher cost than the construction of Padma Bridge. A new railway bridge is being constructed on the river Jamuna. The reality is that more people travel on the roads in our country. Most of the goods are transported by road.

Expenditure on salaries, allowances and pensions of government employees in Bangladesh has been increasing at an unusual rate for the last few years. The pressure of interest and principal repayment is increasing. Subsidies in various sectors are increasing at an unusual rate. If this trend continues, the situation will be difficult to handle. In order to overcome this, the government should also give importance to tax collection.

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