

Economic Crisis, Poverty and Social Protection in Sri Lanka

H.M. Gunatilake*

The Centre for Poverty Analysis, Colombo 05, 00500, Sri Lanka

**hg309062@gmail.com*

The economic crisis has resulted in an erosion of most of the gains by Sri Lanka on the front of poverty reduction. Poverty incidence has increased from about 4% to 26% as per the World Bank Estimations. The most recent LIRNEasia estimate shows that poverty has further increased and that about 7 million people now live below the poverty line. Looking after the poor and helping the newly added poor to survive and become economically productive again is an enormous task that is ahead of Sri Lankan society. The huge need for resources in order to manage one-third of the population that is in poverty, especially in the middle of an unprecedented debt burden, underscores the gravity of the problem. The paper argues that putting the economy back to a higher trajectory of growth is the key to poverty alleviation. It highlights the importance of striking a proper balance between economic stabilization and structural reforms following a consultative process and ensuring economic justice in steering economic recovery.

Keywords: Economic crisis, Economic stabilization, Poverty, Population