



Could you tell us a bit about the role of the Ceylon Chamber of Commerce?

Ceylon Chamber of Commerce is a 185-year-old organization initially started under the British Regime as an organization consisting of a group of businessmen dedicated to make business related decisions. But today, the Chamber is a place of advocacy with more than 600 members that gives a voice for businesses with the government, regulators and policy makers. The Chamber closely works in shaping

the policies to be fair, just and free from any political interference for the businesses.

The term 'unprecedented' is often used to describe what the whole world has been going through from the beginning of 2020. In your opinion how well is Sri Lanka facing this 'unprecedented' situation?

Unfortunately, not very well; we have not done all the things we should have done for various

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ROLE OF THE BUSINESS COMMUNITY IN THE ROAD TO REFORMATION

MR. VISH GOVINDASAMY
CHAIRMAN-CEYLON CHAMBER OF COMMERCE

reasons. Some of the decisions taken such as reducing corporate taxes and PAYE tax, reducing the NBT from 15% to 8% and increasing the threshold from Rs.100 million to 300 million for VAT led to complications on the revenue side. Apart from these, our country has been running with a budget deficit for a long period of time. When there are such long standing fiscal deficits, you can't run a country using temporary measures to cover up the deficit. As a developing country we should have known how to balance our budgets and tried to reduce the deficit to gradually move to a positive balance. So, while having a drop on the side of revenues, the interest rates were also brought down with the intention of giving a kickstart to the economy. However, the benefits didn't materialize as the country had to suddenly deal with an



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'unforeseen' pandemic; everybody from the people to the government did not know how to handle it. When that happened our exports dropped, foreign remittances dropped, and the tourism sector crashed. When the government didn't have revenue coming in but continued to have expenses even more than before due to the covid pandemic, we ended up in a massive deficit again. To cover up this deficit, we ended up borrowing more. The government obtained these loans while the country was highly indebted, and these additional loans exerted extra pressure on the economy in terms of debt servicing. So, in a nutshell, we did not handle the 'unprecedented' situation well. In my opinion we should have gone to IMF as soon as the pandemic hit. We could have taken several measures to avoid this situation such as restructuring loans, generating new revenue, increasing

taxes, reducing non-value adding capital expenditure and so on, but unfortunately, we didn't.

As a well-known corporate personality with years of experience holding key positions in the corporate sector, you must have witnessed and faced economic situations similar to what we are going through right now. How different is it this time? And what strategies do you recommend in overcoming the current situation?

Past economic problems mainly revolved around unemployment, the increase of fuel and commodity prices, the inability to sell goods in foreign markets due to the loss of GSP+ benefit and so on. But the current situation we are in is different, and unfortunately it is worse than most of the crises we have gone through in the past. We are experiencing a serious deficit of foreign reserves and whatever little we have with us will be used to service debt, which is vital since defaulting could bring serious adverse consequences to the country. Our rupee is losing its value and it is depreciating every day making the situation even worse. So, talking about what we can do now, the first thing we must do is request for the assistance of the IMF; this, we have already started. Secondly, we need to negotiate with all our lenders and ask for more flexibility and time to pay back the borrowed funds. Then we need to borrow some bridging funds from the international market for the next six months until the IMF approves us some funds. Next, we need to stop all capital expenditure for now. Also, we must increase all the taxes and it

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is very important that everyone who is eligible to pay taxes, pay taxes properly. We still do not have a full tax paying regime.

Then we need to kickstart our exports and we must invest in the IT industry. Most importantly, we need to create a conducive environment for tourist arrival. For that we must have a proper tourism program similar to what we see in other countries. We must promote the beautiful beaches and hotels we have. We must develop the sector so that tourists visiting Sri Lanka will feel as if they were truly in paradise. Finally, we must focus on

developing and preserving intellectual capacity within the country while allowing flexibility in knowledge and skills mobility.

SMEs are considered to be the growth engine of the country, but those entities are going through a tough time right now. As the CCC, how do you plan to extend your support to this community?

We do a lot with SMEs. This year we conducted over 10 SME programs. I



conducted a program in Tamil for Eastern and Northern province SMEs. Through these programs we create awareness among them on various credit facilities available to them including micro credit facilities. Most of these SMEs have great products, but they lack the proper guidance and the expertise to market them.

We are also part of the 'Train the Trainer' program organized by the Ministry of Trade in collaboration with USAID to support the SME community on finding access to proper markets, branding, packaging, and making export quality products. Ceylon Chamber is involved in such multi-million-dollar

projects to help the SME community.

Our country is going through a very challenging period. In which ways do you think well developed corporate entities can contribute to resolve the current situation we are facing?

It is the business community that is contributing to the economy by bringing every dollar from their export income. Sri Lankan corporates are willing to pay higher

taxes and they have expressed their willingness at a press conference held jointly with the Chamber of Commerce. We, as the business community, can provide more support to the economy, if necessary, steps are taken to remove the roadblocks, promote the easy execution of businesses and reduce the time wasted on inconsistent bureaucratic procedures.

Finally, what message would you like to give to the young undergraduates at NSBM?

My message is very simple. It is exactly what John F. Kennedy said – "Ask not what your country can do for you, ask what you can do for your country". Young people today continue to ask everything from the government, instead you must be willing to do more for the country. You can start by paying your taxes, you must be willing to work hard, must be honest and avoid corruption. Don't always depend on the government for employment, instead you can start industries, be entrepreneurs and create jobs. And most importantly don't run away from the country, be here and support your country.

By Narmada Balasuriya & Daupadee Gamage