Sri Lanka's...

"The business start-up process has been streamlined, and the number of licensing requirements has been reduced," the Heritage Foundation said, but noted that labour market lacks efficiency.

Sri Lanka's commitment towards open markets remained relatively unchanged, with only trade freedom increasing to 74.5 from 72.4 YoY, while investment freedom and financial freedom remaining stagnant at 35.0 and 40.0, respectively.

Sri Lanka ranked 25th in the entire Asia Pacific region, while China ranked 24th, Bangladesh 28th, Pakistan 32nd, India 33rd and Vietnam 35th.

Hong Kong, Singapore, New Zealand and Australia were ranked in the top 5 both in Asia Pacific as well as in the World. Switzerland managed to edge out Australia by ranking 4th in the world, while Taiwan filled up the 5th position in Asia Pacific.

Sri Lanka's govt. integrity, economic freedom deteriorate

- SL slips to 112th place in Heritage Foundation's Index of Economic Freedom
- "The perceived level of corruption is debilitating," - Heritage Foundation
- SL's commitment towards open markets remained relatively unchanged

By Chandeepa Wettasinghe

Sri Lanka slipped down to the 'Mostly Unfree' country territory this year in the Index of Economic Freedom, with the lack of government integrity being the only contributor towards the slip in both the ranking and the score.

"The perceived level of corruption is debilitating," the US-based Heritage Foundation, which compiles the index, said. Sri Lanka slipped to the 112th place from the 93rd place last year, while the country score, which had increased to 59.9 out of 100 in 2016, just 0.1 below a 'Moderately Free' country, declined to 57.4 this year, recording a 6 year low, since 57.1 recorded in 2011.

A score below 50 indicates a 'Repressed' country, while a score above 70 denotes a 'Mostly Free' country, and above 80 is classified as 'Free'.

Under the rule of law category, the score for property rights increased to 48 in 2017 from 40 in the last year even though the Heritage Foundation noted, "investors claim that protection could be flimsy".

The unity government, which came to power in 2015, had attracted greater rankings on government integrity, reaching up to 39 in 2016, before nose-diving to 30 this year, matching the lowest levels of 1995 and 1996.

Global corruption watchdog, Transparency International, too in its Corruption Perception Index recently pointed out the increasing threats to transparency in Sri Lanka under the current government.

However, government ministers claim there is a gap between their good work and the communication of their endeavors to the public.

The current government had come to power promising to eliminate corruption, on a wide platform of good governance and transparency. However, many stakeholders are now contradicting the publicly announced policies with the policies formulated in secrecy.

The country's government securities market was also shaken through insider deals allegedly connected to a Central Bank Governor appointed by the unity government, for which action has been slow. Judicial effectiveness for this year was recorded at 48.3.

Meanwhile, Sri Lanka's tax burden was considered as free, with a score of 85.3, up from 85.1 YoY, despite the increases in taxation legislated in late 2016. Government spending too fared well, increasing to 90.2 from 90.0 YoY continuing an upward trend, despite cuts witnessed in expenditure in 2016 to bring the budget deficit. Fiscal health however, recorded at 31.2.

Regulatory efficiencies recorded all-around improvements in 2017, with business freedom increasing to 72.8 from 70.3 YoY, labour freedom increasing to 57.5 from 56.5 YoY and monetary freedom increasing to 76 from 71.5 YoY.

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