

## Time Twister - Local Daily News

The News; Summarized, Sorted and Suited to you

26-July-17

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### 4 things you need to know to start your day

#### Govt goes ahead with decision to lease out Hambantota Port

The Ceylon Petroleum Corporation (CPC) workers have launched a countrywide strike against a government bid to sell the CPC assets to China and India, but the Cabinet yesterday approved the agreement to lease out Hambantota Port to a Chinese company.

Ports and Shipping Minister Mahinda Samarasinghe told the media at his Ministry that the agreement would be submitted to parliament and debated on Friday prior to the signing of the agreement on Saturday.

Accordingly, 1,115 hectares land area in Hambantota Port would be leased out to China Merchant Port for 99 years for USD 1.12 billion, Samarasinghe said, adding that CM Port would hold 70 percent of the total share while the Sri Lanka Ports Authority (SLPA) would hold the balance, 30 percent.

Under the previously proposed Hambantota Port agreement, Sri Lanka was to hold 20 percent of the total shares while 80 percent was held by the Chinese company.

According to the amended Hambantota Port agreement, all movable and immovable properties would be transferred to two companies namely Hambantota International Port Services Co. (Pvt) Ltd (HIPS) and Hambantota International Port Group (pvt) Ltd (HIPG).

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#### Related: Govt will ink H'tota Port deal - Eran

The government will go ahead with signing the agreement to lease the Hambantota Port to Chinese companies irrespective of protests in the streets, said State Minister of Finance, Eran Wickramaratne. "Several people have misunderstood the whole Hambantota Port deal," he alleged.

Speaking at the Sri Lanka Economic Summit 2017 which kicked off yesterday at Cinnamon Grand he said that the deal is not only about leasing a non-productive port in Hambantota to a Chinese company but it has multi pronged benefits. "Firstly the deal would bring in almost US \$ 400 million foreign exchange to Sri Lanka within the first year of operation and this amount would increase to US \$ 2.1 billion subsequently.

Since independence successive governments have neglected Moneragala and Hambantota districts and with the Hambantota deal economic benefits would directly trickle down to people in these areas ushering economic prosperity.

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## **Fuel storage and distribution declared an essential service**

A Gazette notification has been issued last night declaring the storage and distribution of fuel as an essential service.

All staff involved in petroleum distribution must report to work with immediate effect as it is now an essential service.

Ceylon Petroleum Corporation (CPC) employees who fail to report to work with immediate effect will be considered as having vacated their posts, the Government Information Department said.

Meanwhile tri-forces and police personnel entered the Kolonnawa and Muthurajawela fuel storage terminals today to ensure security and distribute fuel.

[Read More: Ada Derana](#)

## **President extends Commission of Inquiry on bond fiasco by three months**

President Maithripala Sirisena yesterday extended by three months the term of the Commission of Inquiry (COI) looking into the issue of Treasury bonds.

The gazette notification by the Presidential Secretariat said: "The President has further enlarged the time by three months to submit the report of the Issuance of Treasury Bonds from 27 July 2017 to 27 October 2017."

The COI last week wrote to the President's Office seeking a second three-month extension to conclude its work.

[Read More: Daily FT](#)

## **CB announces new primary issuance system for Treasury Bonds**

The Central Bank said yesterday it will introduce a new primary issuance system for Treasury bonds (T-bonds).

Effective from 27 July, the new system replaces the existing fully auction based issuance system for T-bonds, that has been in practice since February 2015. The main purpose of introducing the new system is to further enhance the efficiency and transparency of the domestic borrowings of the Government.

The new system is more structured and includes regular monthly T-bond auctions. Each monthly auction offers two T-bond series of different maturities and tenures of the series are expected to match the resource availability in the market.

Issuance under each series takes effect in three or less sequential phases depending on the outcome of each preceding phase. Phase I explores issuance of the entire announced volume in a competitive multiple price auction system through reasonable market bids. However, in the event of any under allocation at Phase I, the Phase II opens for voluntary, volume based bidding.

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## Supplementary News

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### Economy

#### Parliament approves Foreign Exchange Bill

Lawmakers yesterday passed the Foreign Exchange Bill 2017 with amendments.

The division was taken where 94 were in favor of it and 18 were against it. The bill will provide for the promotion and regulation of foreign exchange to vest the responsibility for promoting and regulating foreign exchange in the Central Bank as the agent of the Government, to provide for the repeal of the Exchange Control Act (Chapter 423) and to provide for matters connected therewith or incidental thereto. Moving the second reading motion, Prime Minister Ranil Wickremesinghe said: "After World War II many countries brought in exchange control laws. The United Kingdom had this law well before the war. Based on the strong reserve, Sri Lanka did not see the necessity to have an exchange control act at that time. Rubber and other exports helped us to have a strong reserve and during the war we were able to give a loan to the UK.

[Read More: Daily FT](#)

#### 'SL needs to cast FTA net bigger'

Institute of Policy Studies Deputy Director says that it is much more strategic to have more bi-lateral FTAs and unilateral reforms that will allow Sri Lanka to pace and sequence the trade strategy in a way that the country could reap best tangible benefits out of it.

Commenting on the Indo - Lanka FTA, at the Economic Summit Weerakoon noted that benefits that Sri Lanka received out of the FTA were largely on the services and investment front even though the agreement was on goods.

Noting that the issues of FTAs and bi-lateral reforms are magnets for the oppositions to hold rallies in the current climate, Weerakoon added that Sri Lanka doesn't have more options but to look at integrating with the global economy as it is a resources constraint emerging economy.

"Sri Lanka simply doesn't have a market size to generate growth at a reasonable rate and sustain it over a period of time without relying on imports of food and services."

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#### Tough laws prerequisite for economic prosperity - Tittawella

Sri Lanka must look at a disciplined society and the rule of law must prevail, said former Chairman PERC, and present Chairman EAP Group, Mano Tittawella at the economic summit 2017 yesterday at Cinnamon Grand.

He said that Singapore in 1960 was in a bad state with unlawful society and the country today has transformed as a major economic power. "This was made possible due to implementing tough laws," he said.

This sentiment was also endorsed by Dr. Aravind Subramanian, Chief Economic Advisor to the government of India. He said that Sri Lanka badly needs a framework change to create a disciplined society to take the country forward.

Subramanian said that the country should also change its economic direction from time to time in a bid to adjust to changes in the world. "If you take Singapore in 1960's it was a country with unrest and violence."

Then Prime Minister Lee Kuan Yew tightened criminal laws and implemented tough discipline. "The former Prime Minister even went to the extent of banning the eating of chewing gum and this worked well and the society got disciplined."

[Read More: Daily News](#)

### **CB Governor urges private sector to look at bigger picture**

As Sri Lanka stands at crossroads, thirsty for improved economic progress and prosperity, the country's Central Bank chief yesterday requested the private sector to take the lead in moving forward the island nation's debt-ridden economy.

Speaking to a fully-packed audience at the latest Sri Lanka Economic Summit edition of the Ceylon Chamber of Commerce, CBSL Governor Dr. Indrajit Coomaraswamy urged the private sector to look through the prevailing negativities, at the bigger picture and keep its investments within the country.

Stressing the need for change in focus with regard to the growth model, he pointed out Sri Lanka has "no choice" but to be led by the private sector as the earlier frameworks utilized over the years will "not work anymore."

"In the next 12 months it is the domestic private sector that has the strength to move the economy forward. I ask all of you to not look at negativities around. Instead ask yourselves if the macroeconomic fundamentals are in place."

[Source: Daily Mirror](#)

### **Electronic devices used by Arjun Aloysius to be handed over**

The Bond Commission has ordered Perpetual Treasuries Director Arjun Aloysius to hand over his mobile phones, laptops, tablets and all other electronic communication devices to investigating officials.

Presidential Counsel, Mr. Kalinga Indatathissa has requested to obtain the data from the client's mobile phones, laptops, tablets, computers and other equipment in the presence of his client and obtain the data in such a way that there will be no damage or loss to the data saved on these devices.

[Read More: Lankadeepa – Sinhala \(Extract translated by Frontier Team\)](#)

### **Fresh restructuring plan for SriLankan**

SriLankan Airlines has come up with a fresh restructuring plan to operate better, with some recent measures helping the National Carrier to improve financial performance.

The latest restructuring focuses on several issues, including price of aviation fuel, aircraft leases; debt servicing cost, no adverse new taxation and realignment of human resources.

The airline is awaiting Government backing for the new restructuring effort which if approved will be rolled out from second half of the current 2017/18 financial year. This is amidst parallel plans by the Government to seek a strategic investor under a Public-Private Partnership model.

The new Board of Directors and management team since the election of new Government in 2015 had taken a host of measures to reduce losses as well as improve operational efficiency.

SriLankan Airlines CEO Capt. Suren Ratwatte says if not for the partial closure of the Bandaranaike International Airport for three months this year, the National Carrier could have achieved break even.

[Read More: Daily FT](#)

### **Higher depreciation incentive to north via new IR Bill? AG enlightens on bone of contention**

The Attorney General on Monday countered the contention that in the Inland Revenue Bill special concessions are being afforded to those who invest outside Colombo and Gampaha.

She replied to the contention of President's Counsel Manohara de Silva PC complaining that granting a higher depreciation allowance to those investing in the Northern Province is discriminatory and violating the right to equality guaranteed in the Constitution with the allegation that since 90% of the occupation in the Northern Province is by a particular ethnicity and that the concessions amounts to violation of equal protection of law as well. The Additional Solicitor General portrayed that the petitioner is misconceived and explained that both fact and in law, the present Act No. 10 of 2006 contains similar provisions that permit the development of areas known as lagging regions and as well as special concessions being afforded to those who invest outside Colombo and Gampaha.

[Read More: Daily FT](#)

### **Sri Lanka can take leaf out of Qatar – Shashank Srivastava**

Sri Lanka can take a leaf in the manner in which Qatar changed its laws and reduced red tape to woo foreign investors and become one of the richest nations in the world.

This is without utilizing its oil and gas deposits which are sufficient for the next 200 years, said Shashank Srivastava, Managing Director, WSD Consulting and former CEO Qatar Financial Centre.

Speaking at the Sri Lanka Economic Summit 2017 which kicked off yesterday, he said that Qatar even allowed private oil and gas companies to come and invest in their oil fields.

[Read More: Daily News](#)

### **CPC strike continues for second day**

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## Financial Market Related News

### Secondary market bond yields increase marginally ahead of weekly auction

The secondary bond market yields were seen increasing marginally yesterday ahead of today's weekly Treasury bill auction.

Selling interest on the 15.12.21, 15.05.23 and 01.08.24 saw its yields increase to daily highs of 10.70%, 10.85% and 10.88% respectively against its previous day's closings of 10.64/66, 10.78/83 and 10.80/85. However, buying interest at these levels curtailed any further upward movement.

At today's bill auction, a total amount of Rs. 27.50 billion will be on offer consisting of Rs. 3 billion on the 91day, Rs. 14.5 billion on the 182 day and Rs. 10 billion on the 364 day maturities. At last week's auction, weighted averages were seen decreasing drastically to 10.01% and 10.18% on the 182 day and 364 day maturities respectively while the 91 day maturity dipped to 9.56%.

The total secondary market Treasury bond transacted volume for 24 July was Rs. 7.68 billion.

[Read More: Daily FT](#)

### Rupee ends firmer on dollar selling by exporters

The rupee ended slightly firmer in dull trade on Tuesday as dollar selling by exporters outpaced demand for the US currency from importers, but purchases of the greenback by State-owned banks weighed on the local currency, dealers said.

The spot rupee ended at 153.55/60 per dollar, slightly firmer from Monday's close of 153.60/65.

"The market was very dull as everybody is waiting for direction from state banks after they bought dollars," a currency dealer said, asking not to be named. "There was (dollar) buying by state banks (during the) latter part of the day."

Central Bank Governor Indrajith Coomaraswamy said last week that the rupee was still "over-valued" and that the monetary authority was still buying dollars to avoid any appreciation.

The banking regulator is compelled to buy dollars from the market to meet a reserves target set by the International Monetary Fund (IMF) under a \$1.5 billion, three-year loan program.

[Read More: Daily FT](#)

### Shares hit 6-week closing low

Shares closed marginally weaker for a seventh straight session on Tuesday, but analysts expect sentiment to turn positive following cabinet approval for a Chinese-built port.

The Colombo stock index fell 0.03% to 6,662.34, marking its lowest close since 13 June,

and its tenth fall in 11 sessions. Sri Lanka's cabinet cleared a revised agreement for its Chinese-built southern port of Hambantota on Tuesday which will bring in around \$ 1 billion investment, after terms of the first pact sparked widespread public anger in the island nation.

"With the cabinet approval granted for the port deal and exchange control Bill presented to Parliament today, we might see some positive sentiment returning to the market," said Dimantha Mathew, head of research, First Capital Holdings

Sri Lanka parliament on Tuesday debated a new exchange control bill.

Foreign investors bought shares worth a net Rs. 47.2 million (\$ 307,592.05) on Tuesday, extending the year-to-date net foreign inflow to Rs. 25 billion.

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## Sector News

### **Lanka can make most from its mineral resources with PPP - Wijesinghe**

Sri Lanka has several rich resources but the county is not utilizing them, said Thilan Wijesinghe Chairman and Acting CEO of the newly established Public Private Partnership Unit of the Finance Ministry.

He was speaking at the Sri Lanka Economic Summit 2017 which kicked off yesterday. Wijesinghe said although Sri Lanka has a variety of mineral resources, such as dolomite, feldspar, graphite, limestone, mica, mineral sands (including limonite, rutile, and zirconium), phosphate rock, quartzite the country have not utilized them to their full potential.

"With the resources we have like Phosphate Sri Lanka can be made self-sufficient in fertilizer and also export it as well. Similarly value addition could be done for several other mineral resources enabling Sri Lanka to earn high foreign exchange form these exports."

Wijesinghe said that he will look for Private Public Partnerships that would utilize the full potential from these minerals. He said that PPP's should also focus on the agriculture sector to see more value addition and have more forex generated from agriculture.

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### **Related: Transport, energy among Sri Lanka priority PPP projects**

Transport and energy are among Sri Lanka's priority sectors for public-private partnerships (PPPs), the head of the government's new public-private partnership agency, Thilan Wijesinghe said.

PPPs will be new projects in which the government sector has long term interests with government having some equity stakes and land, he told the two-day annual economic summit held by the Ceylon Chamber of Commerce.

They will involve new investments and transfer of ownership or debt of unproductive government assets, said Wijesinghe, who is also chairman of TWC Corp.

“Privatization is not part of my mandate.”

Priority sectors for PPPs will include transport, utilities, ports, tourism, construction, especially affordable housing, health care, financial services, information technology, agribusiness and the mining and minerals sector.

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### **Female tourists overtake males in 2016: official data**

More female tourists arrived in Sri Lanka than males in 2016, possibly for the first time in Sri Lanka’s 50-year organized tourism history despite recent travel warnings by several foreign missions in the country of sexual assault on female tourists.

Of the 2.05 million tourists that visited the island in 2016, 54.7 percent, or 1.12 million were females, according to the Sri Lanka Tourism Development Authority (SLTDA) data.

Two tourism sector experts who were contacted said that this could be the first instance where female arrivals have overtaken male arrivals.

The statistics available, since 2000, show that the female arrivals figure has tended to fluctuate between the high 30 and low 40 percentile ranges, with a previous high of 46.4 percent recorded in 2015.

Source: Daily Mirror

### **Wilpattu to be closed during low visitor months**

The sustainable Development and Wildlife Ministry has decided to close the Wilpattu National Park to visitors during the low season months of May and to strictly enforce zoning restrictions whereby tourists and other visitors will be allowed to only visit designated zones in the park. Wilpattu National Park has been severely affected by the prevailing drought in the northern and central region of Sri Lanka, according to a media statement by the Tourism Development and Christian Religious Affairs Ministry, “As a result of the drought, almost all of the waterholes in the park have gone dry causing great suffering to the animals inhabiting the park area.” the statement said.

Source: Daily Mirror

### **Sri Lanka domestic market braces for bigger Port of Santos stealth narcotics hazard**

The essential food supply of Sri Lanka looks set for a tough time as the mounting struggle waged on chilling stealth narcotics deterred top food importers. Domestic distributors who run the bulk of food supply market in the country are bracing for the worst on the supply side – even fearing for the wellbeing of their own families.

“We are highly worried, our families and our future are facing a new danger,” said an agitated All Ceylon Essential Food Items, Retail & Wholesale Suppliers Association (ACEFIR&WSA) Chairman Bandula Jayamanne on Monday, addressing a press conference at the Government Information Department on the cocaine haul netted at a warehouse of Lanka Sathosa on 19 July.

Joining the event were by the Minister of Industry and Commerce Rishad Bathiudeen, Ministry of Industry and Commerce Secretary Chinthaka Lokuhetti, Lanka Sathosa Chairman T.M.K.B. Tennakoon, Essential Food Commodities Association (EFCA) Chairman Nihal Seneviratne and Sri Lanka Sugar Importers Association (SLSIA) Media Secretary Hemaka Fernando.

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### **Detection machines to inspect sugar containers**

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## **Business News**

### **Sri Lanka's first online platform to build, customize and price overseas holiday packages**

Makeyourtrip.com, the first-ever online platform to help Sri Lankans build, customise, edit and price their travel itineraries, based on their likes and interests was recently launched. Makeyourtrip.com is powered by Findmyfare (Pvt) Ltd, Sri Lanka's largest online travel agency.

Encompassing every aspect of a trip, from flights and hotels, to visas, transfers and even tourist activities, Makeyourtrip.com is the all-in-one place to book your entire journey and stay.

And since the entire itinerary comes with split costing, you have full control over what you want to spend on when you plan your trip.

[Read More: Ceylon Today](#)

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## **Company News for Analysts**

### **NDB records highest ever Profit After Tax of Rs 2.3 bn**

National Development Bank PLC (NDB) concluded the first half of the financial year with a record Profit After Tax (PAT) of Rs 2.3 billion (81% growth YOY).

This is the highest recorded PAT for the Bank in its history for the first half of a financial year, which was supported by commendable growth in core banking operations and dividend contributions from Group companies.

The reported growth levels for the Bank's Profit Before Tax (PBT) of Rs 3,814 million was 70% over the comparative period of H1 2016. It is noteworthy to mention that the PBT and PAT of the Bank, excluding the Group dividends grew impressively by 56% and 63% respectively, which is a clear reflection of the strong performance of the core banking operations.

[Read More: Daily News](#)

## **Amana Bank doubles its capital; Rights Issue oversubscribed**

Amāna Bank has been infused with over Rs. 4.75 billion to its capital base, when its shareholders expressed confidence in the bank resulting in its recent Rights Issue being oversubscribed.

In doubling its capital, the bank issued 1,250,695,567 ordinary voting shares in the ratio of one new share for every share held at an issue price of Rs. 3.80 per share. With the fresh capital input, the bank has comfortably met the statutory capital requirement of Rs. 10 billion, well ahead of the January 2018 timeline.

Subscribing to the Rights Issue, IB Growth Fund (IBGF) together with their ultimate parent company Islamic Development Bank (IDB), have increased their shareholding to 29.9% of the bank, showing strong confidence in the bank's future and the country's economic progress and future prospects, despite Sri Lanka being a non-member country of the IDB.

[Read More: Daily FT](#)

## **Piramal Glass posts Rs. 1.4 b turnover, Rs. 105 m profit in 1Q**

Piramal Glass Ceylon Plc has announced its results for the first quarter of FY 2017/18 with Rs. 1,403 million of revenue and Rs. 105 million of Profit after Tax, showing a marginal decline when compared with the profitability of the first quarter of FY 2016-2017.

The sale during the first three months of FY2017-2018 was Rs. 1,403 million, which reflects a de-growth of 17% when compared to the corresponding period of the previous year.

The domestic sale stood at Rs. 1,084 million as against Rs. 1,346 million of the similar quarter of the previous year, reflecting a de-growth of 19%. A dip in the overall domestic market was experienced which impacted the sales in all segments.

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## **JKH city hotels and real estate arm sees 17% profit decline in 1Q**

Asian Hotels and Properties (AHPL), the city hotel and real estate management arm of the John Keells group, posted a net profit of Rs.280.12 million for its first quarter ended June 30, 2017 (1Q18), which was a 17 percent Year-on-year (YOY) fall, due to escalating costs of services provided at its hotels. Earnings per share for the quarter fell to 63 cents from 77 cents YOY. Revenue remained flat YOY at Rs.1.92 billion, while cost of sales increased 6 percent YOY to Rs. 871.70 million.

[Source: Daily Mirror](#)

## **Softlogic reveals details of new project, Odel Mega Mall**

Sri Lanka's Softlogic Holdings has revealed more details of their next big project which is the development of the 640,000 square feet Odel Mega Mall.

Softlogic Holdings says the mall will inspire Colombo's landscape for retail, lifestyle, fine dining and living — it will house the world's best brands retailed by Odel including the recently signed Canadian fashion brand, ALDO.

Odel has the distributorship rights for leading fashion and accessories brands such as the Toy Store, Armani Exchange, Trussardi, Cavalli Class, Blumarine, Hallmark and Love Moschino.

The mall will include spa, sports facilities, fine dining and multi-cuisine restaurants apart from superlative amenities and open public spaces.

It will also comprise two floors of multiplex cinema – one of the largest of its kind in the country, with seven fully equipped top-notch cinema halls.

The Mega Mall will house 39 exclusive limited edition villa-like luxury apartments topped off with a green sky garden and parking for 550 vehicles.

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## Politics

### **Sri Lanka govt has political will for unpopular reforms: Kabir**

Sri Lanka's national unity government of the two main parties has had a difficult two years but the political will to push through unpopular reforms is now in place, a senior minister said.

"The government has had the courage to take on a lot of reforms that usually would not have been popular," said Kabir Hashim, Minister of Public Enterprises Development.

The government has been working to set the fundamentals in place for faster, and sustainable economic growth since it was formed two years ago, he told the two-day annual economic summit held by the Ceylon Chamber of Commerce.

"Today, the new foreign exchange bill is being debated in parliament, we're making it more friendly to business, we're changing rigid land laws, the new tax regime will make foreign investments easier.

[Read More: EconomyNext](#)

### **Sagala insists student activist was to be arrested not abducted**

The Government yesterday insisted that there was no attempt by the Police to abduct student activist Ryan Jayalath recently but arrest him on a court order.

Law and Order Minister Sagala Ratnayake however admitted there were some shortcomings over the manner in which the activist was to be arrested.

Ratnayake also expressed regret over the manner in which the Police Criminal Investigations Department (CID) attempted to arrest the student activist.

Ratnayake told Parliament that Police officers in uniform and plain clothes had been deployed to arrest the activist in Colombo on a court order.

[Read More: Daily FT](#)

**Related: GMOA calls off TU action following talks with Sagala Ratnayake**

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**Ravi K raises privilege issue over Presidential Commission of Inquiry summons**

Minister of Foreign Affairs Ravi Karunanayake yesterday urged the Speaker to investigate the breach of privileges by the members of the Presidential Commission of Inquiry on the Treasury Bond issuance who summoned him on a "busy day" when a Cabinet meeting and Parliament sitting were held.

"Last Saturday I received summons to come on Tuesday. Everybody knows very well that I am a senior Cabinet member and the Cabinet meetings take place on Tuesdays. Furthermore, they also know it is a Parliament day.

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**Related: JO says SLFPers in govt also responsible for biggest scam**

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**No posters or banners in city without permission: Champika**

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## Other News

**Harshith appointed National Lanka Finance Deputy Chairman**

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**Allianz Lanka recognized as one of nation's foremost employer brand**

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**IFC partners with Commercial Bank to improve Sri Lanka green financing**

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**SLFP's 66th anniversary celebrations under President's patronage**

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## Events

**Prof. E.M Jayasinghe memorial lecture today**

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**Seminar on 'Economics of Garbage Disposal' - 27th July**

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**Workshop on EPF & ETF –on line banking live demonstrations – 28<sup>th</sup> July**

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## Opinion

### **Money laundering: Should the Inland Revenue Department play a greater role?**

**By: Samantha De Soysa** [*The writer, LL.B (Hons.) (Warwick), Barrister (from Lincoln's Inn), is an Attorney-at-Law.*]

Money laundering is presently a very timely topic, locally and internationally. A perpetrator of the offence of money laundering could be defined as:

(1) Any person, who— (a) engages directly or indirectly in any transaction in relation to any property which is derived or realised directly or indirectly, from any unlawful activity or from the proceeds of any unlawful activity; (b) receives, possesses, conceals, disposes of, or brings into Sri Lanka, transfers out of Sri Lanka, or invests in Sri Lanka, any property which is derived or realised, directly or indirectly, from any unlawful activity or from the proceeds of any unlawful activity, knowing or having reason to believe that such property is derived or realised, directly or indirectly from any unlawful activity or from the proceeds of any unlawful activity, shall be guilty of the offence of money laundering.<sup>1</sup>

In short, it is the money engineered from any illegal activity. This income is generally linked with mass criminal activities. Earlier drug trafficking was the primary source, yet now it is estimated that terrorism is the foremost criminal offence. However, the money is 'laundered' to appear to be legitimate and not originate from criminal activity. To quantify the income from money laundering is relatively speculative, though it has been roughly estimated that \$1.5 trillion is the amount generated annually.

Tax evasion, however, is an issue at hand and must be addressed aggressively. Tax paid by citizens to their country is paramount as it contributes to the development and growth of the nation. Sectors like education, health and transport are largely funded by the government and need constant generation of funds. Also when the superfluous outsource their 'ill-gotten' income, the bulk of the tax income falls on the middle and lower income groups which is a huge burden for them and it becomes a vicious cycle consequently, where in the long run the rich are getting richer and the other income groups are barely making ends meet. The frustration of a government is also visible when each year they are compelled to keep increasing the taxes.

[Read More: Daily FT](#)

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