

Mahindanomics

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Two years have passed since President Rajapakse took office in November 2005 and therefore it is timely to review the performance/management of the economy, which I term Mahindanomics. The salient features of Mahindanomics are the following

- Remarkable economic (GDP) growth amidst high intensity civil war
- Negative growth of the agricultural sector in spite of the fertiliser subsidy and guaranteed purchase price for paddy.
- Low and declining unemployment rate.
- Acceleration of public expenditure, particularly defence expenditure.
- Sustained double-digit inflation.
- Financial repression by way of suppressing interest rates.
- Re-nationalisation and resurrection of bankrupt public and private institutions.
- International capital market borrowings in lieu of concessionary loans from international financial institutions

This article critically examines the foregoing characteristics of Mahindanomics in the past two years (2006 & 2007).
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