

Sri Lanka: Workers' remittances inflow halves in 1Q

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Workers' remittances inflow has more than halved in the first quarter of this year to \$ 783 million from a year ago. As per the Central Bank data, the January to March figure is down by 58% from \$ 1.86 billion achieved in the first quarter of last year.

In March workers remittances inflow declined by 48% to \$ 318 million. However, it is the highest since \$ 325 million inflow in December last year. In January, workers remittances amounted to \$ 259 million and February it was

\$ 205 million.

The gain in March can be partly linked to the free float of the currency which saw the rupee plunge by over 30% in early March.

The more realistic exchange rate regime is expected to encourage inflow of workers remittances via banking channels.

During the year up to 13 May, the rupee depreciated against the dollar by 44.3%. Given the cross-currency exchange rate movements, the rupee depreciated against the Indian rupee by 42.1%, the euro by 39.3%, the pound sterling by 38.5% and the Japanese yen by 37.6% during this period.

Last year workers remittances dropped to a 10 year low of \$ 5.5 billion, down by 23% from 2020.

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