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AFTER NEGOMBO, NOW MAHARA

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AFTER NEGOMBO, NOW MAHARA

Sri Lanka's prison system faces another crisis as violence spreads to one of the country's largest correctional facilities

By Faraz Shauketaly

The Mahara Prison unrest has transformed what initially appeared to be an isolated disturbance into something far more troubling: a stark warning that Sri Lanka's correctional system is under unprecedented strain.

One inmate was killed and six others injured after violence erupted inside the maximum-security prison on Saturday. By Sunday, police, military personnel and prison authorities had restored order, but not before extensive damage had been caused to prison buildings, administrative offices and other facilities. Authorities have since tightened security at prisons across the country.

The timing is impossible to ignore.

Barely weeks have passed since the deadly violence at Negombo Prison claimed the lives of prison officers and inmates in what became Sri Lanka's worst prison disturbance in well over a decade. The Government responded then by promising reforms, additional recruitment, prisoner transfers and a renewed focus on security. Mahara now raises the inevitable question of whether those measures have been sufficient.

Unlike many public institutions, prisons are expected to maintain control every hour of every day. When that control is lost - even briefly - the consequences extend well beyond prison walls. Families gather in fear outside the gates. Rumours spread rapidly. Public confidence is shaken, and law enforcement resources must be diverted simply to restore order.

Mahara also highlights another problem that has been discussed for years but seldom addressed with sustained urgency: overcrowding.

The prison was reportedly housing approximately 4,100 inmates despite being designed for only a fraction of that number. Across Sri Lanka's prison network, more than 41,000 prisoners are currently accommodated in facilities intended to hold about 11,000. Thousands of those detained are remand prisoners who have yet to be convicted of any offence.

Successive governments have acknowledged the problem.

Proposals have included reopening former prisons, expanding accommodation, recruiting additional officers and reviewing sentencing policies for low-risk offenders. Yet the statistics suggest that capacity has struggled to keep pace with demand, particularly as drug-related convictions have increased in recent years.

The immediate priority will naturally be determining precisely what triggered Saturday's violence. Authorities will also need to establish whether intelligence warning signs existed beforehand and, if they did, whether they were acted upon quickly enough.

The broader challenge, however, is more fundamental.

Sri Lanka cannot afford for prison disturbances to become recurring national events. A prison system operating far beyond its intended capacity places inmates, prison officers and ultimately the wider public at greater risk.

Mahara should therefore not be viewed as merely another riot. It is the latest symptom of structural pressures that have been building for years and which now demand sustained attention rather than temporary crisis management.

PRISONS ON HIGH ALERT

Nationwide security review begins as authorities seek to prevent further unrest

By Faraz Shauketaly

Sri Lanka has launched a nationwide security operation across its prison network following the Mahara Prison violence, underscoring growing official concern that further disturbances must be prevented.

Senior police officials confirmed on Sunday that security has been strengthened at major correctional institutions, particularly those located around Colombo, while prison authorities continue assessing the damage caused during Saturday's unrest.

The operation has involved a coordinated response by several agencies.

Police Special Task Force personnel, members of the armed forces and naval units were deployed to assist prison authorities in restoring order after inmates climbed onto rooftops, damaged prison buildings and set fire to administrative offices during the disturbance.

The Air Force also deployed drones and a helicopter to monitor developments from above while police imposed a temporary curfew in neighbouring communities to prevent further disorder outside the prison.

For many observers, the scale of the response illustrates how seriously the authorities now regard prison security.

Until recently, prison disturbances tended to be viewed as isolated institutional incidents. The succession of major disturbances within weeks has inevitably altered that perception, prompting security planners to consider whether wider vulnerabilities exist throughout the prison network.

Attention is also likely to focus on intelligence.

One of the principal questions investigators will seek to answer is whether there were indications that tensions had been escalating before violence broke out. Effective prison intelligence has become increasingly important internationally as organised criminal networks continue operating from within correctional institutions using mobile communications, visitors and external associates.

The Government has already announced measures intended to reduce pressure on overcrowded prisons, including transferring inmates, recruiting additional officers and reopening former correctional facilities. Those initiatives remain important, but events at Mahara suggest implementation may now need to proceed with considerably greater urgency.

Public attention will understandably remain fixed on the immediate aftermath of the riot.

Yet once the investigations conclude, policymakers may find themselves confronting a broader question: whether Sri Lanka's prison service requires incremental improvements or a more comprehensive programme of institutional reform.

For now, security has been restored.

Whether stability proves durable will depend not only upon increased police deployments but also upon the Government's ability to address the deeper pressures that have been accumulating within the prison system for many years.

THE POLITICS OF A PRISON CRISIS

Mahara unrest places the Government under renewed pressure as opposition calls for accountability

By Faraz Shauketaly

The violence at Mahara Prison has quickly moved beyond a prison management issue to become a political test for the Government, with opposition parties questioning whether sufficient action was taken following last month's deadly unrest at Negombo Prison.

Within hours of order being restored, political leaders began arguing that Mahara demonstrated deeper structural failures that could no longer be dismissed as isolated incidents. The focus has shifted from what happened inside one prison to whether the State has adequately addressed longstanding weaknesses throughout the correctional system.

For the Government, the timing is particularly difficult.

Only weeks ago, ministers assured Parliament that lessons had been learned from the Negombo tragedy and that measures were being introduced to strengthen

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POLITICS OF A PRISON...

prison security, improve intelligence gathering and ease overcrowding through prisoner transfers and additional recruitment. Mahara now inevitably invites scrutiny of how much progress has actually been made.

Opposition politicians have seized upon the latest unrest to argue that the reforms have not moved quickly enough.

Some have called for a comprehensive parliamentary review into the administration of the prison system, while others have questioned whether repeated disturbances point to failures in intelligence gathering and operational management rather than simply overcrowding. Several have also renewed calls for greater transparency over the findings of investigations into the Negombo violence.

Yet responsibility for the present situation cannot fairly be placed upon one administration alone.

Sri Lanka's prison overcrowding has developed over many decades. Successive governments have struggled with ageing infrastructure, lengthy delays in the criminal justice system, increasing numbers of remand prisoners and limited investment in correctional facilities.

The result is a prison population that has consistently exceeded available capacity, placing enormous pressure upon prison officers and administrators alike.

That broader context matters.

Political debate may focus on immediate accountability, but durable solutions are likely to require bipartisan support extending well beyond the life of any single Parliament.

Building new prison accommodation, accelerating court proceedings, expanding rehabilitation programmes and modernising prison intelligence are reforms measured in years rather than months.

The Mahara disturbance should therefore serve as more than another opportunity for political point-scoring.

The public is entitled to expect accountability where failures have occurred. Equally, it deserves a serious national discussion on how Sri Lanka intends to build a prison system capable of maintaining security while respecting the rule of law and the dignity of those held in its custody.

As Parliament returns to debate the issue, the country will be watching not merely for criticism, but for practical solutions.

JUSTICE MINISTER SUGGESTS ORGANIZED ELEMENT MAY BE BEHIND MAHARA PRISON UNREST

Justice Minister Harshana Nanayakkara says prison overcrowding may have contributed to the recent unrest at Mahara Prison, but stressed that authorities are investigating whether there was a more organized effort behind the incident.

Speaking on the matter, the Minister said the current information indicates that the clashes were primarily between inmates and the prison administration. However, he said the Government is also looking into whether external parties may have played a role in instigating the violence.

Nanayakkara noted that the Government's ongoing crackdown on narcotics has significantly reduced the flow of drugs into prisons, suggesting this may have been one of the factors behind the unrest.

He acknowledged that prison overcrowding remains a serious issue, but said it is not the sole reason for such incidents.

The Government is working to expand prison capacity and introduce legal reforms to reduce congestion, including speeding up bail procedures for certain drug-related offences and addressing delays in Government Analyst reports.

The Minister said around 23,000 inmates are currently imprisoned over drug-related offences, highlighting that the prison issue cannot be solved through law enforcement alone.

"We can act against the supply of drugs through the law, but we also need to reduce the demand. That requires a broader social response," he said, adding that drug abuse has become deeply rooted in some communities.

Nanayakkara also revealed that 14 inmates believed to have been involved in the Mahara Prison unrest have been transferred to other prisons.

While those responsible would face disciplinary action, the Minister said authorities are also examining whether there was a coordinated effort from outside the prison to trigger the violence.

"These kinds of incidents have not emerged without reason for a long time. That is why we have asked the relevant authorities to investigate whether there was any organized external involvement," he said.

SAJITH: IF GOVERNMENT CAN'T RUN PRISONS, HOW CAN IT RUN THE COUNTRY?

Opposition Leader Sajith Premadasa has questioned the Government's ability to manage the country, arguing that its failure to effectively run the prison system raises serious concerns over its capacity to address the needs of the public.

Speaking at a public meeting in Maligakanda, Borella, Premadasa said the Government, which had promised to bring together a team of experts, had instead failed in key areas of governance.

He also referred to the recent cyberattack involving a foreign debt payment, claiming the Government had failed to properly safeguard public funds. He further questioned how an administration that, according to him, could not manage debt repayments or maintain order in prisons could be expected to resolve the country's wider problems.

Premadasa recalled that only days after the Government defeated the Opposition's no-confidence motion against the Minister of Justice and Prisons in Parliament, unrest erupted at Mahara Prison.

He said the Government, which had defended the minister at the time, is now once again facing another crisis at the same prison.

The Opposition Leader argued that a Government unable to manage a prison cannot be expected to rebuild the country, adding that it was taking the nation in the wrong direction rather than resolving its challenges.

Premadasa also claimed that between 30% and 40% of the country's population has fallen into poverty, stating that large numbers of people in urban, rural and estate communities are now living in difficult economic conditions.

MO MARKETPLACE

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FAIZER MUSTHAPHA, PC, MP, HAS CALLED FOR AN END TO "BLAME GAME CULTURE" - UNITY NOT POLITICAL DIVISION.

Reacting to the violence, Mr Musthapha said that while accountability must always follow any serious incident, immediate political point-scoring does little to address the deeper structural challenges facing the country's correctional system.

Mr Musthapha recalled that President Anura Kumara Dissanayake, while serving in the Opposition, had observed that "those held in correctional institutions also have rights" and that persons in State custody are entitled to the protection of the State.

"Those observations reflected an important constitutional principle," Mr Musthapha said.

"Now that the Government has assumed responsibility for the administration of the country, it has an opportunity to translate those principles into reality. The measure of a democracy is not only how it protects the freedoms of its citizens, but also how it safeguards those whose liberty has been lawfully restricted.

Ensuring secure, humane and professionally managed correctional institutions is therefore not merely a prison policy objective - it is a national obligation."

"That was an important statement then, and it remains an important principle today," Mr Musthapha said. "Now that the Government holds the reins of power, there is an opportunity to translate that principle into practical reality by strengthening conditions within our correctional institutions while ensuring the safety of prison officers, inmates and the wider public."

"What Sri Lanka needs now is not another political contest, but a united national response."

Mr Musthapha observed that the Government's intensified campaign against illegal narcotics may have inevitably increased pressure within the prison system, with correctional institutions becoming an increasingly important front in the wider battle against organised criminal networks.

"If that is indeed the case, it reminds us that this is not simply a prison administration issue. It is part of a much broader national security challenge. The illegal drug trade destroys lives, devastates families, exploits our young people and ultimately undermines the future progress of our country."

He said the country's response should therefore extend beyond managing individual incidents and instead focus on strengthening institutions.

"Our prison officers carry enormous responsibility under exceptionally difficult conditions. At the same time, every individual held in State custody is entitled to safety, dignity and treatment consistent with the rule of law. These are not competing principles. They are the hallmarks of a mature democracy."

He called for a comprehensive programme to strengthen the prison system through greater investment in infrastructure, modern technology, intelligence capabilities, staff training, rehabilitation programmes and the operational resources necessary to address evolving security threats.

"Providing our correctional institutions with the resources they require is not merely expenditure.

It is an investment in national security, public confidence and the proper administration of justice."

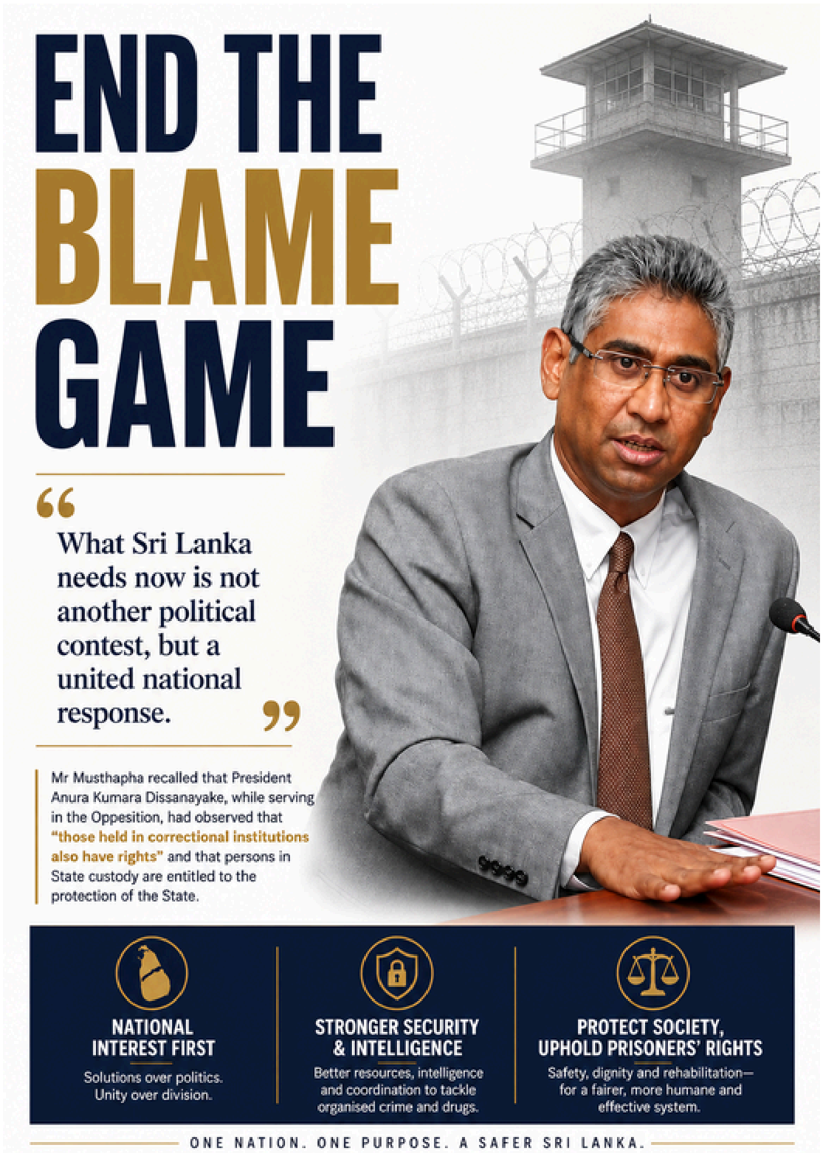
Mr Musthapha said meaningful and lasting reform would require cooperation across political parties, the judiciary, law enforcement agencies, prison authorities and civil society.

"The fight against organised crime and illegal narcotics cannot be won by any single institution acting alone. It demands coordination, professionalism and a shared commitment to the national interest."

Concluding his remarks, Mr Musthapha urged Sri Lankans to move beyond political division.

"When incidents such as these occur, our first instinct should be to ask how we strengthen our institutions and prevent a recurrence - not simply who should be blamed. If we genuinely place the national interest above politics, we will build a correctional system that is more secure, more humane and better equipped to protect our society."

"The national interest must always come before politics."



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CENTRAL BANK'S GOLD LOAN LTV CAP SPARKS INDUSTRY CONCERNS

ARE THE LOAN SHARKS BEING THE BENEFICIARIES?

The Central Bank of Sri Lanka's newly imposed *Direction No. 2 of 2026* on gold-backed lending has stirred significant debate across the financial sector and wider society. The directive, which mandates a maximum Loan-to-Value (LTV) ratio of 70% for gold loans and pawning facilities offered by banks and licensed finance companies (LFCs), aims to strengthen prudential risk management. Yet, industry stakeholders warn that the measure is creating unintended hardships for households, entrepreneurs, and the jewelry trade.

Gold as a Lifeline

Gold has long been regarded as Sri Lanka's most liquid asset after cash. Beyond its cultural and sentimental value - particularly among Tamil communities where gold jewelry is deeply tied to tradition - it serves as a critical financial buffer. Families routinely pledge jewelry to meet short-term cash needs, ranging from household expenses and medical emergencies to small business funding, agriculture, construction, tourism ventures, and working capital requirements.

Industry data highlights the scale of reliance on gold-backed credit

➢ Over **60% of household gold jewelry** is believed to be pledged under gold loan/ pawning facilities.
➢ Licensed finance companies maintain gold loan portfolios exceeding **Rs. 500 billion** end of 31st March 2026, with annual growth of **Rs. 150 billion** compared to the previous year.
➢ More than **50% of loans** are granted for consumption purposes.
➢ Approximately **60% of gold loan facilities** are short-term loans with maturities of one to three months.
➢ Banks have increasingly introduced short-term gold loan products to compete with LFCs.
➢ During recent periods of rising gold prices, institutions granted facilities at **80–90% LTV ratios**, far above the new 70% cap.

Mounting Pressures

The new 70% cap has disrupted this ecosystem. Customers who previously borrowed at higher ratios now face difficulties renewing short-term loans without making substantial capital repayments, often **Rs. 40,000–50,000 per sovereign**. Many borrowers, though able to service interest, lack the liquidity for sudden principal payments.

Consequences include:

➢ Rising **non-performing loan (NPL) ratios** across the sector.
➢ Monthly auction values of pledged jewelry nearing **Rs. 3 billion**, up In LFC s sharply from previous months.
➢ A **negative growth of Rs. 4 billion** in LFC gold loan portfolios last month alone.

This trend risks eroding family assets of deep sentimental value, such as wedding jewelry and heirlooms.

In desperation, borrowers are turning to informal moneylenders and microfinance providers charging exorbitant rates of up to **50% per annum**, further compounding social and financial distress.

Informal Lending Surge - Loan Shark

In the current economic environment, many banks and licensed finance companies are either unwilling or unable to provide timely gold-backed lending facilities to customers in need of urgent liquidity. As a result, thousands of people, driven by financial desperation, are forced to turn to informal moneylenders who charge interest rates as high as **10% per month - equivalent to 120% per annum**.

Most borrowers approach these lenders believing the loan will be temporary. However, the combination of exceptionally high interest and continuing financial difficulties often makes it impossible to redeem their pledged gold. Over time, they lose valuable family assets accumulated over generations.

The principal beneficiary of this situation is the informal moneylenders and used gold buyers who profits not only from excessive interest but, in many instances, ultimately acquires the pledged gold itself. This raises an important public policy question: *Is this the outcome that the State intends?*

Wider Economic Impact

The timing of the directive has amplified its effects. Over the past four years, Sri Lankan households and SMEs have endured successive shocks:

• The **Easter Sunday attacks**.
• The **COVID-19 pandemic**.
• The **fuel and energy crisis**.
• The **sovereign debt crisis**.
• **Natural disasters**.

For many, gold loans remain the only accessible form of credit. Restricting LTV ratios now risks stifling entrepreneurship, discouraging investment in small and medium enterprises, and undermining financial institutions' profitability, given their reliance on gold loan interest income.

The jewelry industry too faces headwinds, with declining demand for gold investments and valuation disputes arising from disparities between official and market prices.

Policy Recommendations on Gold-Backed Lending
Industry stakeholders are urging regulators to recalibrate the proposed policy framework governing gold-backed lending to ensure that it protects consumers while preserving access to formal credit.

The following measures are recommended:

1. Remove the proposed 70% Loan-to-Value (LTV) cap and revert to the previous framework, under which licensed banks and finance companies were permitted to make their own commercial decisions based on their individual risk assessments and credit policies.

2. Recognize the industry's proven risk management record. For more than two years, licensed finance companies and banks have generated substantial business through gold-backed lending while managing the associated risks effectively. Institutions should therefore be allowed to determine their own lending limits, subject to prudent regulatory oversight, rather than being constrained by a uniform LTV cap.

3. Address the unintended consequences of restrictive regulation. Excessively restrictive LTV limits are likely to drive borrowers away from the regulated financial sector and into the hands of informal moneylenders and loan sharks, who often charge interest rates as high as 10% per month or more. This undermines consumer protection and increases the risk of borrowers losing their pledged gold.

4. Strengthen regulation of the informal lending sector. Greater regulatory attention should be directed towards unlicensed moneylenders who charge exorbitant interest rates and operate outside the formal financial system, rather than imposing additional restrictions on licensed and regulated financial institutions.

5. Review the valuation methodology for gold. The disparity between the gold prices recognized by the Central Bank for lending purposes and prevailing market prices should be addressed. A more market-responsive valuation framework would enable licensed institutions to provide fairer financing while maintaining prudent risk management.

The regulatory framework should strike an appropriate balance between financial stability, consumer protection, and continued access to credit. Policies that inadvertently reduce lending by licensed institutions may simply shift borrowers to the informal sector, where they face significantly higher costs and fewer legal protections.

Balancing Prudence and Access
If the objective of public policy is to protect vulnerable citizens while promoting financial inclusion, then greater attention must be given to ensuring that licensed banks and finance companies are able to provide accessible, affordable, and efficient gold loan facilities. Strengthening the formal financial sector's capacity to meet this demand would reduce dependence on exploitative informal lending, protect household assets, and support broader economic stability.
While the Central Bank's objective of mitigating systemic risk is widely acknowledged, critics argue that the current approach risks destabilizing households and industries that depend on gold-backed credit. The challenge lies in striking a balance between financial stability and preserving access to a centuries-old lifeline for Sri Lankan families and businesses.

(The Writer Malik Cader is a former DG of the Securities and Exchange Commission of Sri Lanka, a for senior advisor Ministry of Finance and Currently the Chairman PMF Finance PLC)

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CAUVERY TALKS POSTPONED

Planned summit between Tamil Nadu and Karnataka leaders delayed as water tensions remain high

By Faraz Shauketaly

Fresh efforts to ease the long-running Cauvery river dispute have suffered an early setback after the proposed meeting between Tamil Nadu Chief Minister C. Joseph Vijay and Karnataka Chief Minister D.K. Shivakumar was postponed at Karnataka's request.

The meeting, which had been scheduled to take place in Bengaluru, was widely viewed as an opportunity to lower political tensions and reopen direct dialogue over one of southern India's most sensitive interstate disputes. Instead, Karnataka requested that the talks be deferred, citing the prevailing political atmosphere surrounding the issue.

The postponement is significant.

The Cauvery dispute has shaped relations between Tamil Nadu and Karnataka for decades, influencing politics, agriculture and water management across both states. Every delayed monsoon or disputed reservoir release has the potential to reignite protests, legal battles and political confrontation.

For the Vijay administration, the proposed meeting represented an attempt to resolve differences through dialogue rather than confrontation.

Although the postponement is unlikely to alter the legal framework governing water sharing, it delays what many observers hoped would be an opportunity for both governments to rebuild trust following renewed tensions over reservoir releases.
Political leaders in both states now face a delicate balancing act.

They must reassure farmers that their interests are being protected while avoiding rhetoric capable of inflaming public sentiment. Previous Cauvery disputes have demonstrated how quickly local disagreements can develop into broader political campaigns, affecting trade, transport and public order.

The legal architecture governing the river remains unchanged.

The Cauvery Water Management Authority continues to oversee allocations in accordance with Supreme Court directions. Nevertheless, the success of that framework ultimately depends upon cooperation between the participating states.

While the postponement is disappointing, it need not become permanent.

Both governments have publicly indicated their willingness to continue discussions when conditions become more conducive. That leaves open the possibility that negotiations may resume in the coming weeks.

For millions of farmers on both sides of the border, the priority is unlikely to be political symbolism.

Their concern remains whether sufficient water will reach fields at the time it is needed most.

TAMIL NADU STANDS FIRM ON CAUVERY

Government rejects calls for fresh all-party meeting, saying Assembly has already spoken

The Tamil Nadu Government has rejected opposition demands for an all-party meeting on the Cauvery river dispute, insisting that the State Assembly has already expressed a united position after extensive debate.

State Minister C.T.R. Nirmal Kumar argued that every major political party had supported the Assembly resolution after hearing the Government's position in full, making another political consultation unnecessary at this stage.

The response reflects the Government's determination to project political unity as it navigates one of the state's most sensitive issues.

Water sharing has traditionally transcended normal party politics in Tamil Nadu, with successive governments - regardless of political affiliation - maintaining broadly similar positions in defence of the state's water rights.

Nevertheless, opposition parties contend that changing circumstances require continued consultation.

Some argue that fresh political engagement would strengthen Tamil Nadu's negotiating position, particularly as discussions with Karnataka evolve and new issues emerge concerning reservoir management and interstate cooperation.

The Government disagrees.

Its position is that the Assembly resolution already provides a clear democratic mandate and that administrative efforts should now focus on implementing that mandate rather than revisiting political consensus that has already been established.

The debate also highlights a broader feature of Tamil Nadu politics.

Unlike many policy disagreements, the Cauvery issue rarely divides the state along traditional party lines. Instead, governments and opposition parties generally compete over who can most effectively protect Tamil Nadu's interests rather than over the objective itself.

For Chief Minister Vijay, maintaining that united front will remain important.

His administration faces the challenge of balancing firm advocacy for Tamil Nadu's farmers with the need to preserve constructive relations with neighbouring Karnataka.

Whether additional political consultations become necessary may ultimately depend less upon events in Chennai than upon developments across the state border.

For now, however, the Government's message is unequivocal: Tamil Nadu has already spoken with one voice, and its attention is now directed towards securing that position through constitutional and administrative processes.

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KEYNOTE ADDRESS BY MR. MALIK CADER AT THE EDUCONSULT CAPITAL MARKETS CONFERENCE • 22 JULY 2026

TRANSFORMING SRI LANKA'S CAPITAL MARKET:

THE GATEWAY TO FOREIGN INVESTMENT AND SUSTAINABLE ECONOMIC GROWTH

Delivered by Mr. Malik Cader

Former Director General of the Securities and Exchange Commission of Sri Lanka (SEC)

Speaking at the EduConsult Capital Markets Conference on 22 July 2026, Mr. Malik Cader, former Director General of the Securities and Exchange Commission of Sri Lanka (SEC), outlined a clear and actionable vision to transform Sri Lanka's capital market into a catalyst for economic growth, foreign investment and long-term national prosperity.

FOREIGN CAPITAL: AN ECONOMIC NECESSITY

Mr. Cader said Sri Lanka's future growth depends on one critical ingredient – the inflow of foreign capital. With external debt repayments in the coming years, the country requires billions of dollars in fresh capital to accelerate growth, create jobs, strengthen reserves and restore investor confidence.

He noted that foreign direct investment has traditionally focused on large infrastructure projects, which are essential but limited in scale. Sri Lanka's capital market, he argued, offers a faster and more efficient pathway to mobilise enormous capital almost instantly through the Colombo Stock Exchange (CSE).

OUR MARKET: TOO SMALL TO ATTRACT THE WORLD

Mr. Cader highlighted that Sri Lanka's stock market capitalisation is approximately US$26 billion.

By comparison, Pakistan stands at around US$60 billion, Singapore at approximately US$700 billion, Hong Kong exceeds US$6 trillion, Japan is over US$9 trillion, and India has crossed US$4 trillion.

Even more revealing is the ratio of market capitalisation to GDP.

SRI LANKA ~27%

INDIA ~93%

SINGAPORE >125%

HONG KONG >1,500%

JAPAN ~183%

These figures show that nearly three-quarters of Sri Lanka's economic activity remains outside the listed sector.

THE SOLUTION: GROW, DEEPEN AND DIVERSIFY THE MARKET

Mr. Cader emphasised the need to increase the number of quality companies listed on the CSE – large private enterprises, family-owned businesses, emerging high-growth companies and strategically important state-owned enterprises.

He noted that a broader market will improve liquidity, increase transparency, enhance corporate governance and attract global investors.

According to Mr. Cader, the CSE must become Sri Lanka's gateway for foreign capital and a catalyst for national economic transformation.

HARNESSING THE VALUE OF STATE-OWNED ENTERPRISES

Mr. Cader noted that listing state-owned enterprises is not privatisation but a governance reform designed to unlock value while retaining Government ownership.

Key opportunities include:

- Banking sector – only about 30–40% is represented on the stock exchange.
- Major SOEs such as SriLankan Airlines, Hilton Colombo, Hyatt Regency Colombo and other commercially viable assets.
- Conduct transparent, competitive public offerings to realise true market value and broaden public ownership.

> "Sri Lanka already possesses many of the ingredients investors seek. What we must now create is a capital market that truly reflects the strength and diversity of our economy."
>
> – Mr. Malik Cader

A MARKET THAT REFLECTS THE REAL ECONOMY

Mr. Cader said many key sectors are underrepresented or absent from the CSE. Their inclusion will create a more diversified and representative market.

BANKING · INSURANCE · AGRICULTURE

FISHERIES · GARMENTS · ELECTRICITY

WATER · AND OTHER STRATEGIC INDUSTRIES

BEYOND LISTINGS: BUILDING INVESTOR CONFIDENCE

- Good governance and strong financial performance
- Enhanced transparency and market discipline
- Active promotion through international investment roadshows in Singapore, Malaysia, Japan, South Korea, China and other major financial centres
- Stronger regulatory commitment and sustained implementation

A VISION FOR THE FUTURE: COLOMBO PORT CITY INTERNATIONAL EXCHANGE

Mr. Cader highlighted that the Colombo Port City has the potential to become South Asia's premier international financial centre – attracting global investors, international financial institutions and cross-border listings.

EVENT DETAILS

Event:	EduConsult Capital Markets Conference
Date:	22 July 2026
Keynote Speaker:	Mr. Malik Cader Former Director General of SEC of Sri Lanka
Organised by:	EduConsult
Theme:	Transforming Sri Lanka's Capital Market: The Gateway to Foreign Investment and Sustainable Economic Growth

THE IMPACT OF A TRANSFORMED CAPITAL MARKET

Mobilise investment · Strengthen governance · Attract foreign exchange · Create employment · Drive sustainable economic growth

Concluding his keynote address, Mr. Malik Cader said: *"The time to act is now. With vision, political will and decisive action, Sri Lanka can unlock billions of dollars of investment and establish itself as one of Asia's most attractive emerging capital markets."*