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the Adjustable Peg System, Central Bank gave the exchange rate for 16 currencies including purchasing and sales rates to commercial banks and non-bank financial institutions. The commercial banks had the authority to slightly change the peg when buying and selling foreign exchange and there was a rule that excess foreign exchange should have been sold to the Central Bank after balancing the foreign cash flow. The Central Bank of Sri Lanka helped trading banks to balance daily foreign cash flow rather than going to London, Zurich or Singapore markets. The system has been successfully operated, despite criticisms and weakness until 1978.

Adjustable Peg System to determine the foreign value of the domestic currency unit was an effective foreign exchange management strategy in many countries. Despite criticisms, the historical behaviour of the determination of the foreign value of Sri Lanka rupee abide since 1968 with a FEECS, which was a positive management strategy for a developing country. It was a managed exchange rate determination or a regime with a higher level of controls. In fact, it created a black market and a dualistic market for foreign exchange, but they were good to the country and the size of the black market was smaller than the currency frauds in the modern open system. The current radical depreciation of Sri Lanka rupee admonishes that the FEECS style foreign exchange management is highly appropriate for Sri Lanka as it is encouraged export earnings and abashed imports without direct controls.

Before 1978, Sri Lanka had an economy with inward-looking strategies and this economy radically changed to a reasonably open system with outward-looking strategies in 1978. It was a positive management strategy; however, it didn't contain disciplines to control direct and indirect corruptions as well as scams. The exchange and import controls, regulations removed in support of the open economy. The objective of radical changes was to control the black markets and corruptions, but they didn't work well. Many unnecessary imports invaded country and the quality of domestic products was not improved and domestic producers failed compete with imports. When there was a good education system in the country the government allowed many people to go overseas for education and released a large sum of foreign exchange for overseas education and related travelling. The government ignored the policy for a production economy and incentives for domestic producers. Since late 1980s many countries opened the economy with better controls, for example, Japan opened the economy but never allowed to import rice, which was the foundation of the traditional economy.

The foreign value of Sri Lanka rupee against the US Dollar has been declined to75.68 in 2000 from Rupees15.56 in 1978. The pace of depreciation was 386.38% (Monthly Average of depreciation was 24.2%) during the early period of the market economy and the depreciation from the year 2000 to today is 124.63% (Monthly Average 43.68%). This calculation clearly indicates that the foreign value of Sri Lanka rupee depreciation was worse during 1978 to 2000 than the period from 2000 to 2018. When we analyse the depreciation year by year in this period, it clearly seems that during the Rajapaksa regime economic management was much better than the period from 2015 to 2018.

If we openly talk without politics on this matter, people need to understand that the depreciation of Sri Lanka Rupee had been combined effect of many other factors, which were not mentioned before in this article. Those factors might not quantitively assessed and they were non-quantitative factors that are hard to identify. During the 21st-century world economy changed as a result of the change of attitudes of people, which were based on significant variables related to the environment, competition and the technology. Many unexpected outcomes generated in the management of economy. The contingency theory is more effective than textbook theories in the management of the economy. The politics of the world has also changed and many reforms have a lower probability of success and modern technology has failed to predict the success of reforms. The market economy has failed to make positive responses to individual expectations of people. Early 2000 and late 1990s the world bank advised for correction of policies despite restructuring debt in many countries, but it was successful in large economies, small economies like Sri Lanka had a crisis in preference of policies.

The Asian crisis in 1997 – 1998 created a giant climacteric in Asian currencies especially in Indonesia, Malaysia, Thailand, Philippine, and other countries. When this crisis was gradually recovering, the subprime mortgage issue and investment in 2007/08, the currency depreciation and other problems emerged and the depreciation of world currencies negatively affected many countries including Sri Lanka and now many economists have a feeling that the world is going to another crisis. Nobody can predict the potential economic and exchange issues as the way economists predicted soon after the ending the cold war.

When Sri Lanka allowed to freely floating rupee the exchange value was rapidly declined, the minister of finance Mr. Ronnie de Mel clearly viewed that the government of Sri Lanka cannot reverse back rupee value, the alternative should be supporting people to adapt into new environment in the way increasing wages to enable positively response to general price level and increasing the rate of interest. Liberal economic strategies of Mr. Ronnie de Mel were supported to jump up inflation and interest and debts in trading banks and the economic policy supported to depreciate currency at the open market as there has been an increasing demand for foreign exchange for imports, debt service and other services such as overseas education and medical facilities. After 1983, military spending in fiscal operations created an increasing trend. The government had to borrow more for military spending, disaster management, capital spending. the balance of payment adjustment and the settlement of budget deficit. The trading bank system created too much money for lending and when there was insufficient liquidity, interbank dealing failed to liquid banks, but had to borrow from overseas at a higher rate of interest issuing bonds. The monetary and fiscal policy of the country did not work together to control the weak economic performance. This situation encouraged to increase imports negatively affecting the value of the national currency unit.

After ending the civil war in 2009, there was a reasonable speculation in the market that the foreign value of Sri Lanka rupee would be increased or restrained the depreciation trend. The speculation was purely based on an assumption that the war spending would be reduced, especially the cost of military imports for logistics and services would abate and international trade performance in relation to the balance of payment, fiscal operations, debt management, and many others will improve. However, it was not successfully worked in favour of the value of Sri Lanka rupee.

The election results in 2015 negatively affected the value of rupee. At beginning of new government many financial scams manipulated by higher officers of new government, who responsible for economic and financial stability reported and foreign reserves unexpectedly declined, international investment projects were suspended and many negative economic activities in the name of yahapalanaya exhibited without positive results. The most notable response to after the election was withdrawal of foreign investments. Sri Lanka lost good policy and political leadership. The yahapalana government haven't had policies and programs for economic and financial stability. The major strategy of yahapalanaya was making lies in political platforms and bluffing the voters. This background created negative sentiments among investors. The other significant issue was Sri Lanka has been faced to brain drain since 1970s and educated and capable people left the country. Later the economic policy of the country focused to export skilled labour as a solution for foreign exchange earnings, however, after 2015 Sri Lankan workers in overseas have reduced remitting earned money and began sending money to developed countries to purchase houses and migration purposes. This situation badly affected to foreign exchange inflow to the country as well as skilled labour of the country.

Many exporters have restricted bring export proceeds to the country and many of them send to anther countries for various purposes. This has been an issue since early 1980s and from time to time Sri Lanka's government did inquiries but they were not successful.
Sri Lanka needs a strong leadership. During the periods of Mr JR Jayewardene and Mr Mahinda Rajapaksa, the political leadership strongly supported to economic and financial stability. As the prime Minister, Mr Wickremasinghe blames to others for depreciating currency value, it is not logical answer to the problem. The blaming the past for current problems is not a good leadership. Sri Lanka cannot get away from outward looking strategies but for the stability of economy now needs to use restrictive policies.

There are several options to prevent depreciation. We will look at what are these options point by point. These are contingency measures and when the economy and currency stabilise, the restrictions need to be gradually removed.

- Sri Lanka must temporarily get away from current free exchange rate regime and should go back to adjustable peg system to flexibly determine the exchange rate for selling and buying foreign exchange. The peg should be adjusted according changes in trade and international financial environment. Central Bank needs a strong and efficient team to determination of daily exchange rates.

- Sri Lanka also needs an efficient system of control like FEECS to encourage purchases of foreign exchange and discourage foreign exchange sales. The current open operations are too flexible and many dishonest people use the system to cheat the country. Various misinformation quickly travels and many smugglers use the system cheat the country.

- The foreign exchange sales and purchase authority should be given only to trading banks and dealers in the open market should be stopped. There are many secret deals done by Jewellery shops in the sea street and they should be stopped. No foreign exchange should go out of the country without understanding of exchange control system of the country

- The imports to the country should be graded as A, B, C and they must be subject to tariff and some imports and services must be banned.
- Sri Lanka should encourage foreign invests with various incentives and encourage Chinese investors for export-oriented productions of any agricultural, industrial area, and services and invisible exports.

- Sri Lanka must have a target US $ 30 Billion foreign reserves and needs to negotiate a scheme with China to sell Sri Lanka rupee when foreign value declines rather than Central Bank intervention. Sri Lanka must link with the Chinese economy

- Sri Lanka should maintain a balanced foreign policy between China and India.

The above points are ideas for policy development, which should be done by the government for stability and how to do they or the procedures to successful implementation of policies must be developed at operational level. The stability of the economy and the rupee value is not a point for playing politics.