Sri Lankan Protests

What is the issue?

With protests against the Sri Lanka government intensifying over the country's worst economic crisis, a number of demonstrators stormed the President's official residence and his secretariat.

Why is the country in an economic crisis?

- **Low exports**- At the end of its civil war in 2009, Sri Lanka chose to focus more on providing goods to the domestic market, instead of trying to break into foreign ones leading to low income from exports
- **Depletion of forex reserves**- The bill for imports kept growing leading to depletion of foreign currency reserves.
- Recently the government said it had just $50m left in the foreign currency reserves.
- **Suspension of sale of fuels**- Sri Lanka doesn't have enough foreign currency to pay for imports, including petrol and diesel.
- So, it is temporarily halting sales of fuel to ordinary people.
- **Inflation**- Shortages of food and fuel have caused prices to soar. Inflation is now running at 30%.
- **Huge debts**- As part of China's Belt and Road Initiative, The government has racked up huge debts with China, to fund what critics have called unnecessary infrastructure projects.
- At present, Sri Lanka owes $6.5bn to China.
- **Big tax cuts**- President Rajapaksa has been criticised for big tax cuts that he introduced in 2019.
- **Covid pandemic**- The government blames the Covid pandemic, which affected Sri Lanka's tourist trade which is one of its biggest foreign currency earners.
- **Easter bombing**- Tourists have been frightened off by a series of deadly bomb attacks on churches in 2019.
- **Ban on imports of chemical fertilizer**- In early 2021, the government banned the imports of chemical fertilizer leading to widespread crop failure.
- It also hurt tea and rubber exports and Sri Lanka had to supplement its food stocks from abroad, which made its foreign currency shortage even worse.
- **Collapse of administration**- There have been power cuts, and the lack of medicines has brought the health system to the verge of collapse.

How much foreign debt must Sri Lanka repay?

- Sri Lanka's government has racked up $51bn in foreign debt.
- The government is seeking emergency bridging loans of $3bn from the International Monetary Fund (IMF).
- The IMF has said the government must raise interest rates and taxes as a condition of any loan.

- The World Bank has agreed to lend Sri Lanka $600m.
- India has committed $1.9bn and may lend an additional $1.5bn for imports.
- The G7 group of leading industrial countries have said they will provide help to Sri Lanka in securing debt relief.

What about the people's outrage?

- President Gotabaya Rajapaksa's secretariat was overrun by thousands of people and his official residence occupied by protesters.
- Prime Minister Ranil Wickremesinghe's private residence was set ablaze
- Both the President and Prime Minister have expressed readiness to resign.
- The boiling over of public anger indicates their utter dissatisfaction with the government's efforts to address their day-to-day problems.
- There were questions about Mr. Wickremesinghe's political legitimacy to hold the office, given that he belongs to a party with no elected representative in the legislature and he himself being a nominee based on its vote percentage.

What is India's view on the issue?

- **India's role**- India has shown solidarity with the people of Sri Lanka and is trying to help the crisis-hit island.
- In line with "Neighbourhood first" policy, India has delivered aid of around 3.5 billion dollars through currency swap, financing of food, fuel, medicines and fertilisers.
- **Concerns for India**
- **Influx of refugees or anti-India elements**- The Indian Coast Guard has stepped up the vigil on the maritime border with Sri Lanka to prevent any possible influx of refugees or anti-India elements.
- It has also deployed hovercrafts, aircraft and patrol boats enhancing surveillance in the areas stretching from the Tamil Nadu coast to the parts of Kerala coast.
- The monsoon and tough sea would be acting as a deterrence against people trying to use the sea route to enter Indian waters.
- **China factor**- With Sri Lanka still staring at an uncertain future, India's much-needed outreach may help drive China away from its backyard and restore the balance in New Delhi's favour.

What lies ahead?

- Under the country's Constitution, the Prime Minister and then the Speaker of Parliament are in line to act as President if the highest office falls vacant.
- The way out seems to be that the current Speaker, Mahinda Yapa Abeywardena, takes over as President so that, within 30 days, Parliament can elect a new President by a secret ballot.
- The occupants of the two main offices will have to make their decisions early so that the country's transition to a stable regime can be easy.
- It is better that a formal process is set in motion for a change than it being left to the exigencies of a public uprising.

References

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