

What's Happening in Sri Lanka?

Harini Fernando*



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At Last week, Sri Lanka defaulted its debt repayments for the first time in the country's history amidst one of the biggest uprisings from its citizens as they began protesting against the current government and demanding the resignation of the President and all members of the Rajapaksa family who are a part of the current government. The fuel crisis, 10–13-hour long powercuts, gas shortage and skyrocketing inflation have gravely impacted the day-to-day functioning of people's lives. This continued frustration escalated with the protest in Mirihana on 31st March outside President Gotabaya Rajapaksa's private residence where thousands of people gathered to protest and demanded the immediate resignation of the President.

The country is currently facing its biggest economic crisis since gaining independence in 1948. Subsequent to COVID-19 pandemic, poor policymaking and short-sighted economic thinking and strategizing of the government had caused major inconveniences to the public, turning the economic crisis into a humanitarian and political crisis. Currently, the deplorable management of the country's foreign currency reserves ignoring the needs of the public have resulted in a severe health crisis and a number of hospitals not having essential medicines to treat patients. The situation is so dire that the doctors are personally calling for help from others to send medical supplies to Sri Lanka.

*Harini Fernando is a development sector professional and researcher currently working with a leading not-for-profit media organization in Sri Lanka.

Who are these Rajapaksas?

The Rajapaksa family has been in Sri Lankan politics since the 1930s with D.A. Rajapaksa, the father of the current Sri Lankan President and Prime Minister, and his brother who represented the Southern Province. Since then, the Rajapaksas have dominated politics in the Hambantota district. Mahinda Rajapaksa was elected to the Parliament in 1970 as the youngest member of Parliament at the time. Since then, his siblings, Chamal Rajapaksa, Nirupama Rajapaksa, Basil Rajapaksa have been MPs.

When Mahinda Rajapaksa was elected President, he appointed his brother Gotabaya Rajapaksa as the Defence Secretary who had a significant impact on the war. The Rajapaksa dynasty's political presence expanded substantially after Mahinda Rajapaksa became President in 2005, and subsequent to winning the war, the Rajapaksas became unbeatable. Basil Rajapaksa was appointed as the Minister of Economic Development and Chamal Rajapaksa was appointed the Speaker of the Parliament. Later, Mahinda Rajapaksa's eldest son, Namal Rajapaksa became one of the youngest members in the Parliament. In 2019, Gotabaya Rajapaksa contested for the Presidential election and became the President of Sri Lanka.

Apart from these direct links to the Rajapaksa members, they have been known to appoint their close relatives, in-laws and friends to many positions in the government, which has led to monopolistic governance shadowed with high-level corruption in Sri Lanka.

Economic Crisis

With COVID-19 the Sri Lankan economy has been taking a bad turn as it curtailed the income generated through tourism, an approximate loss of USD 3- 3.5 billion. Tourism earnings reduced from USD 3.6 billion in 2019 to USD 700 million in 2020. Earnings from tourism further plummeted in 2021 to USD 260 million.

Economists continued to underscore the importance of debt restructuring and the need to go to the International Monetary Fund (IMF) to avoid a serious economic catastrophe. Despite all these warnings, the government has been adamant about not going to the IMF and continued to take bad decisions which adversely impacted the economy.

Sri Lankan economy at the moment is in a dire situation as the foreign currency reserves have gone down significantly, and the country has more than 4 billion USD debt repayment. Currently, the government is in a situation where it cannot even afford to buy basic necessities for its citizens because the usable reserves are about USD 150 million.

This has resulted in a fuel shortage which has in turn impacted the power supply of the country. The country is currently going through 10-13 hours of power cuts on a daily basis, and there are miles long queues of vehicles waiting to get fuel. In addition, the fuel prices have also gone up significantly by more than 100% and this continues to hinder the economy of the country. Moreover, the country is also affected by a massive gas shortage which has disrupted day-to-day household work as well as the restaurant industry.

The prices of essential commodities have skyrocketed where some items have increased by 50-100% of the previous price. The rate of inflation went up from 12.1 percent in December 2021 to 18.8 percent in March 2022. Sri Lanka is now at a juncture where the country is facing a massive shortage of medicine as well. People are dying in fuel queues, and some are dying because of shortages in medicine and the government continues its necropolitical approach turning a blind eye to the sufferings of its citizens.

Due to these reasons, the mismanagement and the bad decisions taken by the government were felt directly by the public and this can be identified as the immediate reason for people to take it to the streets to oust the incapable government.

Economists suggest that to overcome the crisis, it is crucial that the government immediately appoint professional financial and legal advisors for debt restructuring, appoint Advisors to seek creditors' consent for immediate standstill or external debt repayments, expedite negotiations with the IMF, negotiate bridge financing with bilateral and multilateral partners and appeal for emergency humanitarian Aid from donor countries and organisations.

Last week, the government appointed an advisory committee of economic and fiscal experts to tackle the debt crisis comprising three experienced economists and appointed former Deputy Governor of the Central

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Bank Dr. Nandalal Weerasinghe as the Governor of the Central Bank. But the problem is by the time these changes were made, these came too late, and the damage has been done. However, at least the changes were done now so that further damage could be controlled.

Political Crisis

The continuous ignorance of the government about the economic crisis resulted in intangible impacts on the citizens, which in turn resulted in a public uprising. The Mirihana protest had a ripple effect all over the country and there were many peaceful protests in various parts of the country. Even prior to the Mirihana protest, there were a number of silent protests in several places which conveyed the disappointment in the people to the people in power.

Following the Mirihana protest, 45 people were arrested and hundreds of lawyers volunteered to help those who were arrested. The government feared further protests from people as citizens were planning a massive protest on 3rd April 2022 and imposed a curfew during that weekend and announced a state of emergency. Adding to this, they further went into a social media ban. All these are direct violations of people's freedom of expression and speech and were indicative of the government's disregard of the concerns of the people.

Even when the Parliament convened last week, the politicians were rather busy playing the blame game, and no concrete decisions were made to address the current situation.

The demands of the people are very clear. They want the President and the Rajapaksas to step down. Citizens continue to insist that they ruined the country and mismanaged the country's money. People have camped near the Presidential secretariat and continue to protest nonstop until the demands are met.

What Next?

As mentioned earlier, immediate economic reforms and debt restructuring are required to rescue the country from the grave economic crisis the country is in at the moment. At the same time, the government should expedite negotiations with the IMF while also making the best out of its diplomatic missions to strengthen the economic ties with other countries. The government has already defaulted and showed its willingness to restructure debt, and this process has to be accelerated.

While the experts are working on debt restructuring and saving Sri Lanka from the grave economic crisis it is facing, the people are on the roads demanding accountability of all members of parliament (MPs) and the President. There are calls for political reforms, including abolishing the executive presidency and bringing back the 19th Amendment and demanding asset declarations of all MPs. Since 9th April, citizens have been protesting at Galle Face, Colombo and are determined not to end the protests until the President resigns. By the time I am writing this article, the protests have been going on for nine (9) consecutive days.

The decision is now in the hands of the President and the MPs, and while exerting pressure on the government, the only thing citizens can do is to wait and hope the demands are understood and met.



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