



## Issue of Srilankans – An Overview

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**Abstract.** The crisis is said to have begun due to multiple compounding factors like tax cuts, money creation, and a nation-wide policy to shift to organic or biological farming, the 2019 Sri Lanka Easter bombings, and the impact of the COVID19 pandemic in Sri Lanka. In Jan 2021, the Sri Lankan Government declared officially that the country was hit by the worst economic crisis in its 73year history. On March 18, 2022 India extended a USD 1 billion line of credit to Sri Lanka on Thursday to help the country deal with the economic crisis.

### 1. Introduction

The Sri Lankan economic crisis is an ongoing crisis in the island-state of Sri Lanka that started in **2019**. It is the country's worst economic crisis since its independence in 1948. Sri Lanka flees to India to escape country's worst economic meltdown. Families 'hollowed' Sri Lanka, Rajapaksa family's 'secret' from President to Prime Minister's post, see full list:

- Mahinda Rajapakse Prime Minister of the country
- Gotabaya Rajapaksa President of Sri Lanka
- Finance Ministry with Basil Rajapaksa
- Irrigation Department near Chamal Rajapakse
- Namal Rajapakse Sports and Youth Minister

Economy based on 3Ts

- Tourism
- Tea
- Textile Industries

### 2. Series of events

**2019 Sri Lanka Easter bombings:** On 21 April 2019, Easter Sunday, three churches in Sri Lanka and three luxury hotels in the commercial capital, Colombo, were targeted in a series of coordinated Islamist terrorist suicide bombings. Later that day, there were smaller explosions at a housing complex in Dematagoda and a guest house in Dehiwala. A total of 269 people were killed, including at least 45 foreign nationals, three police officers, and eight bombers and at least 500 were injured.

**Covid 19 Pandemic in Sri Lanka:** The COVID-19 pandemic in Sri Lanka is part of the ongoing worldwide pandemic of corona virus disease 2019 (COVID-19). The first case of the virus in Sri Lanka was confirmed on 27 January 2020, after a 44-year-old Chinese woman from Hubei, China, was admitted to the Infectious Disease Hospital in Angoda, Sri Lanka. In Total GDP, more than 10% tourism contributes in Sri Lanka. Because of Covid 19 tourism and Exports were stopped. In March 2022, the United Kingdom and Canada warned their travelers to be aware of the current economic situation in Sri Lanka.

**Poor Economic Policy:** Sri Lanka's economic crisis was not a result of organic farming, but **poor economic policies**. When Rajapaksa announced the shift to organic, less than three per cent of Sri Lanka's farmland was farmed without chemicals. The country needed time to change and adjust to the organic way of farming. Pandemic aside, that's not an atypical set of conditions for the collapse of a developing country like Sri Lanka. But in the spring of 2021, President Rajapaksa made an unusual decision: He banned synthetic fertilizer and pesticide imports practically overnight, forcing Sri Lanka's millions of farmers to go organic. It proved disastrous, as a group of Sri Lankan scientists and agriculture experts had warned.

### 3. Sri Lanka worst days

**Situations:** The prices of vegetables have doubled in recent weeks, whereas staples such as wheat and rice are being sold for Rs 220 per kg and Rs 190 per kg, respectively. A kg of sugar costs Rs 240, while coconut oil is being sold for a whopping Rs 850 per litre. A single egg is priced at Rs 30. More unbelievably, one kg pack of milk powder costs Rs 1900.

**Death rate in worst days:** Economics crisis worsens in Sri Lanka as people drop dead in long oil queues. Two men died in cash-strapped Sri Lanka on Friday while waiting in serpentine queues to purchase fuel. 2 mothers died because of not getting milk. Timeline of Events: The ongoing problems in Sri Lanka have bubbled up after years of economic mismanagement. Here's a brief timeline looking at just some of the recent factors. **2009:** In 2009, a decades-long civil war in the country ended and the government's focus turned inward towards domestic production. However, a stress on local production and sales, instead of exports, increased the reliance on foreign goods. **2019** Unprompted cuts were introduced on income tax in 2019, leading to significant losses in government revenue, draining an already cash-strapped country. **2020** The

COVID-19 pandemic hit the world causing border closures globally and stifling one of Sri Lanka’s most lucrative industries. Prior to the pandemic, in 2018, tourism contributed nearly 5% of the country’s GDP and generated over 388,000 jobs. In 2020, tourism’s share of GDP had dropped to 0.8%, with over 40,000 jobs lost to that point. **2021** Recently, the Sri Lankan government introduced a ban on foreign-made chemical fertilizers. The ban was meant to counter the depletion of the country’s foreign currency reserves. However, with only local, organic fertilizers available to farmers, a massive crop failure occurred and Sri Lankans were subsequently forced to rely even more heavily on imports, further depleting reserves. **April 2022** In early April this year, massive protests calling for President Gotabaya Rajapaksa’s resignation, sparked in Sri Lanka’s capital city, Colombo. **May 2022** In May, pro-government supporters brutally attacked protesters. Rajapaksa, stepped down and was replaced with former PM, Ranil Wickremesinghe. **June 2022** Subsequently, Prime Minister Mahinda Rajapaksa, brother of President. Recently, the government approved a four-day work week to allow citizens an extra day to grow food, as prices continue to shoot up. Food inflation increased over **57%** in May. Additionally, the increasing prices on grain caused by the war in Ukraine and rising fuel prices globally have played into an already dire situation in Sri Lanka.

#### 4. The Key Information

“Our economy has completely collapsed.”

PRIME MINISTER RANIL WICKREMESINGHE TO PARLIAMENT LAST WEEK.

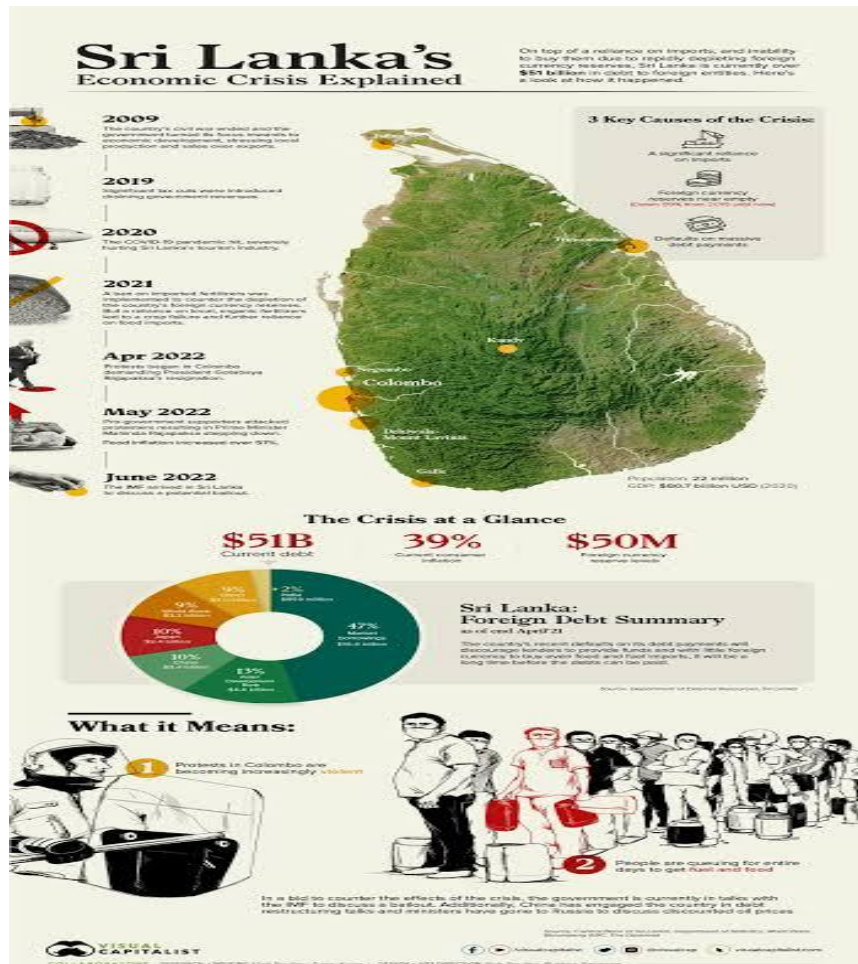
One of the main causes of the economic crisis in Sri Lanka is the reliance on imports and the amount spent on them. Let’s take a look at the numbers:

- 2021 total imports = \$20.6 billion USD
- 2022 total imports (to March) = \$5.7 billion USD

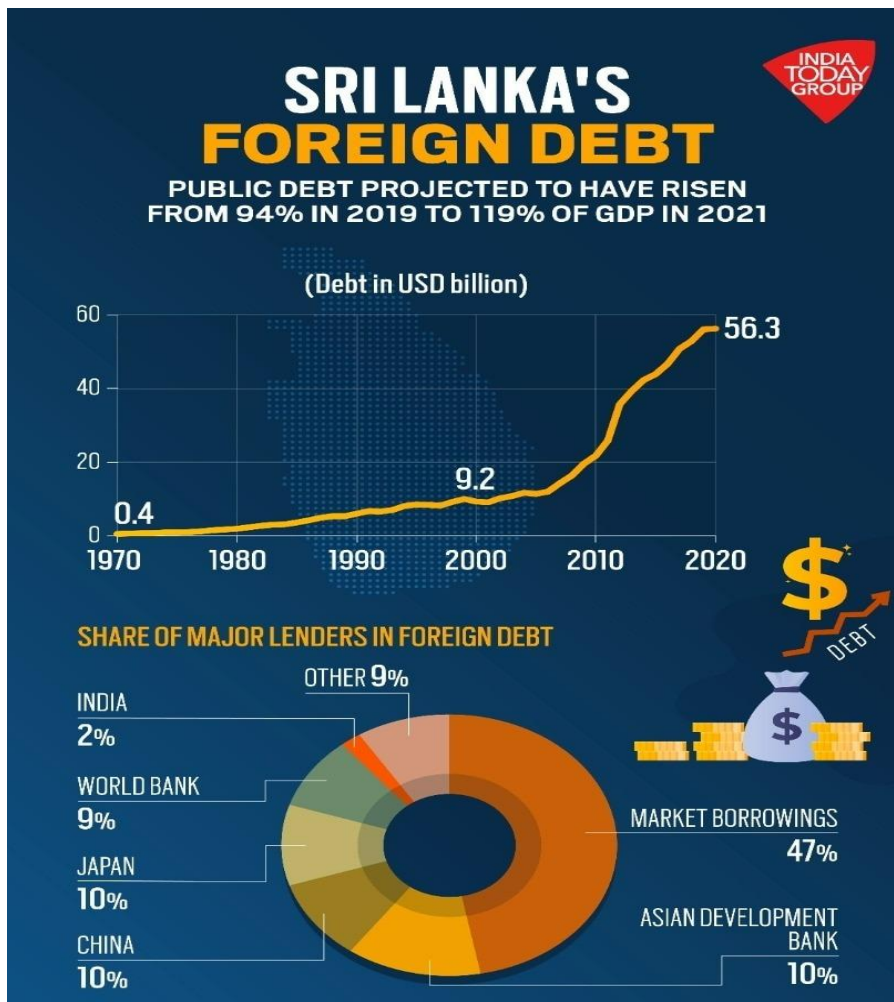
In contrast, the most recent reported foreign currency reserve levels in the country were at an abysmal \$50 million, having plummeted an astounding **99%**, from \$7.6 billion in 2019.

#### 5. Conclusion

As Sri Lanka is going through the worst economic crisis, they are trying to find solution to escape for the difficulties they are facing. They didn’t think or predict about their future generation.



Source: <https://vneconomy.vn/buc-tranh-khung-hoang-kinh-te-o-sri-lanka.htm>



Source:<https://www.indiatoday.in/diu/story/sri-lankan-economic-crisis-explained-five-gotabaya-rajapaksa-1933514-2022-04-04>

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