

Economic crisis in sri lanka

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Introduction

Sri Lanka's demand for frugality in 2019 is US\$84 billion for nominal Gross Domestic Product (GDP), and is currently facing a serious victory crisis. With the decline in military reserves, frugality suffers from a serious lack of energy, food, drugs, cement and other essentials. Sri Lanka has experienced a serious financial crisis as foreign reserves have been cut. Foreign reserve positions have declined since August 2020, but were vulnerable in November 2021. Despite the lack of scale, it was sufficient to meet imports for a month. Reports showed a severe decline in January 2022 from 24% to USD 2.3 billion to USD 2.3 billion. There are several important reasons for Sri Lanka's economic collapse. The months of government-related rage among 21 million people in bankrupt countries are taking action after increasingly expensive fuel and essential daily necessities, with long blackouts. The shortage of objects such as wheat flour and milk flour is widespread, with food swelling at about 80%.

The political crisis in Sri Lanka, which began in 2022, is characterized by a violent power struggle between President Gotabaya Rajapaksa and the National Assembly. This turbulence was tightened by extensive public protests driven by the escalating economic crisis. Initially, President Rajapaksa resisted his resignation, opposed both the protesters and tried to nurture his position by the opposition parties. However, he eventually resigned on July 13, 2022. He later showed that he fled the country in a hideout in the dark and boarded a military aircraft. The complexity of his political landscape shapes this breathtaking story of the nation we consider below.

Political history of sri lanka

The Republic of Sri Lanka

Sri Lanka's colonial history is shaped by the rule of three European powers: Portugal, the Netherlands and the UK. Of these, it was the most prominent heritage, and the last colony before the island reached independence. Today, you reflect the influence of previous generations in your life in Sri Lankan, from language to kitchens to sports and even Sri Lankan life. During the period of British rule from 1815 to 1948, the island was commonly known as Ceylon, so you can encounter Ceylon Tea cues. However, some politicians and observers argue that this independence is somewhat superficial and shows that political freedom has no substance without economic freedom. This perspective underscores the continued confidence in British support in areas such as defense and business, even after it was no longer a British colony in 1948. Meanwhile, the resilience of the government's political system, especially from 1970, 1977 and 1980, is the resilience of the political system, which is primarily part of its responsibility and existence. Sri Lanka's population is due to early exposure to the Democratic government, and therefore there is a strong tendency to commit.

Considering its colonial past with the UK, it may not be surprising that Sri Lanka adopted a political system inspired by the British model. However, in contrast to the UK, Sri Lanka did not have a tradition of parliamentary government. There was a form of local self-control, but Sri Lankan monarchs never consulted national-level representatives on broader governance issues. The country is primarily rural and its economy focuses on agriculture and a diverse population. The Sri Lanka Liberal Party (SLFP) and the United National Party (UNP) act as the most influential political forces, acting politically within a multi-party system.

The current economic situation in countries like Sri Lanka can certainly improve. The impact of foreign financial capital will have a significant impact on Sri Lanka's economy, particularly through areas such as help, banking, insurance and tea industry. With today's increasing polar world of universities, economic challenges are more difficult than ever, and small, resource-restricted countries such as Sri Lanka will become increasingly dependent on foreign investment for survival. However, the early steps to modernize and liberalize Sri Lanka's economy in the period after 1977 can provide some long-term benefits. Meanwhile, the misguided and politicized remains of trade union movements from the 1950s could hinder the country's economic progress.

Before the War

Sri Lanka is an island that has been home to diverse communities, including Tamils, Sinhalese, Muslims, and others, with a significant Tamil population centered in the North-East. The Sinhalese, primarily Hindu with a Christian-Muslim minority, have historically held a majority, while the Tamils predominantly communicate in Tamil. Following independence from British rule in 1948, the Sinhalese majority initiated a state-building process that favored Sinhala-Buddhist dominance in government institutions. As Tamils sought political rights and equality, their democratic aspirations were frequently dismissed by leaders catering to Sinhala voters, often leading to violent responses against Tamil political demands.

Sinhalese leadership enacted various laws aimed at marginalizing and oppressing Tamils, with the 'Sinhala Only Act' of 1956 being a significant example. This legislation stripped Tamil and English of their official status, resulting in the displacement of many Tamils from public service and mandating the use of Sinhala in education and administration within Tamil-speaking areas. The constitution of 1972 further entrenched this dynamic by changing the country's name from "Ceylon" to "Sri Lanka" and formally recognizing Buddhism's supremacy in the state.

1975 - 1983: War breaks Out

Frustrated by their inability to secure rights, Tamil resistance movements shifted towards more radical approaches. Their attempts to organize were met with fierce government crackdowns. In 1975, the Liberation Tigers of Tamil Eelam (LTTE) emerged, pledging to establish an independent Tamil state. The following year, the Tamil United Liberation Front (TULF) won the majority in Tamil constituencies during the parliamentary elections, building upon a resolution they had passed for an independent Tamil state. This electoral success was portrayed as a strong democratic mandate for Tamil Eelam. However, the government responded with increased repression and anti-Tamil violence. Advocacy for a separate Tamil state, or even actions seen as threatening Sri Lanka's unity, were deemed illegal, effectively rendering Tamil political representation void overnight.

In 1981, the Jaffna library, a vital custodian of Tamil culture and history, was attacked by Sinhala mobs, leading to the destruction of countless invaluable Tamil manuscripts. Alarming, state security forces stood by without intervening, which many regarded as cultural genocide. By 1983, state-sponsored Sinhala mobs, armed with electoral lists of Tamil households, carried out mass killings of Tamils in Colombo and other southern regions. This event marked the onset of a brutal civil war between the Sri Lankan government and Tamil militant groups.

Meanwhile, in 2005, Mahindra Rajapaksa, notable for his hardline approach against the LTTE, was elected as president following a parliamentary election. The conflict continued unabated, and by January 2008, the government officially terminated the 2002 cease-fire agreement, leading to intensified fighting. In the ensuing months, the government made significant gains by capturing key LTTE strongholds. The northeast coast was secured by late April. During the operation, significant losses were suffered by the army, leading to the effective dissolution of the LTTE as an organization. Since the early 1980s, civil war-related fatalities in Sri Lanka have been estimated between 70,000 and 80,000, with countless others displaced due to the conflict.

2008 - 2009: Final years

The Sri Lankan government officially abandoned the final ceasefire in 2008 and, with backing from the international community, initiated a full-scale military offensive against the LTTE. In September of that year, the government issued an order expelling international organizations and aid agencies from LTTE-controlled regions, effectively eliminating international oversight. The military then targeted Tamil civilians with aerial bombardments and artillery strikes, resulting in the deaths of tens of thousands and the devastation of significant areas of the Tamil homeland. The systematic nature of the attacks on designated civilian "safe zones" led Tamil doctors and medical personnel to cease providing the locations of makeshift hospitals to the Red Cross, fearing these coordinates would be used for targeting by the government.

As civilians found themselves trapped in the conflict zone, they faced severe shortages of food and medicine due to the government's intentional blockade of humanitarian assistance. The LTTE also faced accusations of war crimes, particularly regarding the forced recruitment of child soldiers. The Sri Lankan government declared victory on May 18, 2009, marking one of the most appalling periods of violence in the 21st century, with estimates suggesting over 70,000 civilian deaths. Many Tamils characterize the actions of the Sri Lankan government as genocide. As civilians attempted to escape the war zone, the Sri Lankan Army demanded the surrender of anyone associated with the LTTE, including children involved in non-combat roles. Promising that those surrendered would be registered and permitted to return, countless Tamil families made the difficult choice to relinquish their loved ones.

Post 2009: The aftermath and recovery

A systematic wave of serious violence, including sexual assault and executions of summaries, opposed the handover and capture of LTTE fighters. A report on Sri Lankie soldiers documenting horrifying behaviors for what they described as "trophy video." The destructive photographs released after the war showed the 12-year-old son of an LTTE leader. He initially lived in the Army, later died, and suffered a gunshot wound to his head. More than nine years have passed since the conflict was concluded, but many who surrendered disappeared without any traces. Despite being an insurance company for the international community, the Sri Lankish government shows little real effort to answer the families of missing people or fulfill their duties in terms of accountability. In contrast, SRI Rankkick officials have repeatedly set out to protect the military from allegations of war crimes. Furthermore, the government has not reversed the widespread military presence in the Tamil region. Tamils continue to breastfeed with troops and entertained by committing horrific behavior towards their communities.

Military interference extends to all aspects of civic life and controls areas such as tourism, agriculture, fishing and small-scale trade in Tamil regions, kindergartens, schools and hospitals. Much of the military's economic activity occurs in lands acquired by Tamil civilians. With the continuous existence of large "high security zones" of large scale, countless Tamils remain uprooted from their homes and livelihoods. With no transparency or accountability in relation to the atrocities before 2009, the view of peace feels like a distant dream for the Tamils of the Northeast, as no signs of unguilt in the landscape of the house has been committed.

The government's triumph over the LTTE resonated positively with Sinhalese voters, leading the UPFA to secure multiple provincial and local electoral victories in 2009. However, during the presidential election in January 2010, President Rajapaksa encountered significant opposition from Sarath Fonseka, a former general who had led the military during the civil war. Despite the contention surrounding the results challenged by Fonseka, Rajapaksa emerged victorious for a second term. Following Fonseka's discussions with opposition members concerning the upcoming parliamentary elections in April, he was arrested in early February. Allegedly, the charges against him were related to incidents before his retirement as general. The next day, Rajapaksa dissolved Parliament. In the April legislative elections, UPFA candidates secured a majority, and subsequently, in September, Parliament voted to amend the constitution, granting the president extended powers and eliminating the two-term limit for presidential service.

Reconstruction of Sri Lanka

Sri Lanka began moving forward from his long 26 years of civil war in the second period of Rajapaksa. The country recorded constant economic growth and declining levels of poverty. However, concerns have been raised about increased debt and high dependence on foreign investment, particularly China. The government detained the majority of Sinhalese people through solid support. This was strengthened in 2012 by a series of UPFA victories in the state legislature elections. This became increasingly known for their sustained tactics and oppressive measures that addressed political enemies and challenged, and dealing with more forces under the administrative department and his family.

A key initiative during this period was to build an expensive port in Hambantota, home to Rajapaksa, funded through loans from China, but with a small return on capital. Furthermore, Sri Lanka and Western relations have made independent investigation possible by denouncement of government human rights abuses that have refused to treat Tamils in the government after the end of the 2009 civil war. In January 2015, Sirisena won an astonishing victory over Rajapaksa and was sworn in as president. In June 2016, the government realized that around 65,000 people who went missing during the civil war were not considered. As a result, we enabled legislation that allowed families of missing persons to have missing persons with issues with missing persons' absence certificates, thus enabling issues relating to problem solving, guardianship, and other questions.

Growing Debt and instability

Rajapaksa has faced challenges after he has persistently insisted on his legitimate position as prime minister and decided in early December that Sirisena has no authority to dissolve the Congress. To avoid further political blankets, Rajapaksa resigned, which led to Wickremesinghe's reinstatement. The country dealt with the astonishing debt that caused a crisis in 2016 to balance payments. In response, the government negotiated a \$1.5 billion rescue from the International Monetary Fund (IMF) to increase tax revenue. Despite these efforts, the debt situation has deteriorated. Especially due to increased obligations to China. In 2017, Sri Lanka had leased the newly constructed port of Hambantota to China for 99 years and by 2018 it began USD 1 billion in loans from China to manage its nature debt promotion. Wickremesinghe deemed the campaign unconstitutional and refused to resign. Until the beginning of November, Rajapaksa lacked Congress support, so Sirisena dissolved Congress and called for an early election. The Supreme Court intervened and stopped the case, checked its legality, allowing the Congress to convene two votes against Rajapaksa and pass two no-confidences. However, both voices faced Rajapaksa and his supporters. On April 21, 2019, on Easter morning, eight explosions rocked churches and hotels, leading to hundreds of casualties. The next day there was another explosion near the church, but authorities discovered other explosive devices and certainly neutralized them. Previous warnings of upcoming attacks have been ignored, and an obscure Muslim extremist group was identified as perpetrators. The types and implementation of attacks on international ties, and the Islamic states of Iraq and Levant (ISIL), also known as ISIS, claimed responsibility without evidence of its participation.

In the past two years, Sri Lanka's foreign reserves have plummeted by 70%. The island nation now faces challenges in financing essential imports of food and fuel due to a drastic 70% decline in foreign exchange reserves since January 2020, which has resulted in currency devaluation and prompted appeals for assistance from global lenders. The chart below illustrates the economic situation in Sri Lanka.

Experts point to political instability and changes in policies as reasons for the country's long-term slow economic growth. Disagreements between the UNP (United National Party) and SLFP (Sri Lanka Freedom Party) have also had a negative impact on the economy. In the first general election in 1947, the UNP won and stayed in power until 1956. During their rule, Sri Lanka operated under an open market economy, but critics argued that the government did not make significant changes to the colonial economic system and continued to rely heavily on export crops. There was little focus on industrialization, and the manufacturing sector did not receive proper support.

Over the next twenty years, Sri Lanka was governed by four coalition governments, alternating between the SLFP and UNP. Despite this, the economy primarily focused on an import substitution model where the government control import trade and foreign exchange. In 1965, when the UNP returned to power, economists hoped for positive changes. Although they started a partial liberalization program, the import substitution approach remained unchanged. From 1970 to 1977, the SLFP and leftist parties increased their control over the economy, adopting protective measures to address a balance of payments crisis. Even with limited imports, Sri Lanka still depended on imports for essential goods.

What led to the economic crisis in sri lanka?

Experts attribute Sri Lanka's long-term slow economic growth to shifting policies and political changes. The differences between the UNP (United National Party) and SLFP (Sri Lanka Freedom Party) have also influenced the economy. In the first general election in 1947, the UNP won and remained in power until 1956. During this time, Sri Lanka adopted an open market economy. However, critics argue that the government failed to make meaningful changes to the colonial economic structure, remaining reliant on export crops and neglecting industrialization and manufacturing.

Over the next two decades, Sri Lanka was governed by four coalitions led by either the SLFP or the UNP. Yet the economy continued to focus on import substitution, with the government controlling import trade and foreign exchange. When the UNP was elected again in 1965, economists hoped for a shift in policy. Although a partial liberalization program was started, the import substitution strategy was largely maintained. From 1970 to 1977, the SLFP and left-wing socialist parties increased state control over the economy, implementing protectionist policies to address a balance of payment crisis. Despite limiting imports, Sri Lanka remained dependent on foreign goods for essential items.

Sri Lanka's economic journey has changed over different periods, especially after 1977. During this time, the government introduced a variety of development strategies and policies aimed at improving the economy. These policies included a mix of control and liberalization, with a focus on market-oriented approaches, privatization, foreign investment, and export-driven industrial growth.

Now, the economic liberalization policy has been in place for 35 years. During this time, the experiences and effects of liberalization have varied significantly. According to Sarvananthan (2006:3), Sri Lanka began its economic liberalization before the 1980s, influenced by leaders like Margaret Thatcher and Ronald Reagan. He noted that during the years between 1970 and 1977, the government struggled with economic challenges. Sarvananthan identified four main periods of development in Sri Lanka: 1977-1988, 1989-1994, 1995-2001, and 2001 onwards. These periods correspond to different governments that were elected. The experiences in these times reflect the effects of policies adopted by successive governments, especially starting in the 1960s.

During the 1960s and 1970s, policy was very strict, focusing heavily on controls such as import restrictions, foreign exchange controls, and price controls. These policies peaked in the 1970s. The issues during these two decades included low export prices, trade imbalances,

ongoing payment deficits, and dwindling foreign assets, leading the government to limit imports. As a result, they implemented an 'import substitution policy' hoping to boost industrialisation and drive economic growth.

However, these policies proved to be inadequate for Sri Lanka's development and industrial growth (Janine 1995). She highlighted that the import substitution policy grew complicated, leading to problems similar to those faced earlier, due to both internal and external factors. Internally, there were challenges like reliance on foreign supplies, payment imbalances, rising unemployment, struggles with public enterprises, low growth rates, and stalled development. Externally, issues included the oil crisis, rising food prices, and global inflation. Consequently, the government increasingly relied on import controls instead of exploring other solutions.

In this context, a new government elected in 1977 took a different approach by opening the economy. This shift led to policies that were more focused on global engagement. They adopted an export-led industrialisation strategy in place of the import substitution approach. These changes aimed to address both internal and external challenges, inspired by the experiences of newly industrialised countries (NICs). The goals of this new policy included promoting higher economic growth, improving quality of life, reducing unemployment, ensuring fair income distribution, controlling inflation, and strengthening the balance of payments. These goals aim to be reached through a strategy focused on export-led industrialization.

The shift to a liberal economic policy and ongoing initiatives have allowed market forces to operate freely in a positive environment. This encouraging atmosphere has spurred investments in private enterprises, both domestic and foreign, along with open economic activities. The government has consistently worked to ensure that market forces function smoothly by liberalizing trade and foreign assets, reducing government subsidies, removing price controls, reforming foreign exchange, encouraging foreign direct investment (FDI), promoting exports, and introducing privatization policies. However, this gradual growth soon faced a setback due to the civil war.

Political parties diverted more than 25% of their total spending toward social welfare, mainly to attract voters, showing little regard for the country's economic stability.

The crisis cannot be attributed to a single cause; rather, it is the result of various misguided government policies and troubling events. The Sri Lankan government blamed the Covid-19 pandemic for severely impacting the tourism industry, which is one of its major sources of foreign currency. However, the pandemic isn't the sole factor affecting tourism. In 2019, tragic bombings on Easter Sunday killed at least 253 people and injured around 500 at churches and luxury hotels across the country.

Most of the victims were delayed in SRIs, but at least 38 foreigners lost their lives, including people from the UK, India and the US. These attacks represent the most deadly violence Sri Lanka has faced since the end of the 26-year civil war in 2009. The bomb attacks have driven tourists forward. After these tragic events, the country's tourism suffered greatly, leading to a decline in foreign reserves.

Table 1. Show tourism data of Sri Lanka 2018 – 2019

Month	2018	2019	% Cha. 2018/19
January	238,924	244,239	2.2
February	235,618	252,033	7
March	233,382	244,328	4-Jul
April	180,429	166,975	(7-5)
May	129,466	37,802	-70.8
June	146,828	63,072	-57
July	217,829	115,701	-46.9
August	200,359	143,587	-28.3
September	149,087	108,575	-27.2
October	153,123	118,743	-22.5
November	195,582	176,984	-95
December	253,169	241,663	(4-5)
Total	2,333,796	1913702	-18

(Source: <https://sltta.gov.lk/en/monthly-tourist-arrivals-reports-2019>)

Based on the table above, we can see that after the bomb blast in April 2019, the number of tourists visiting Sri Lanka dropped significantly. In 2018, the total number of tourists was 2333796, but that fell to 1913702 in 2019. In May 2019, just one month after the incident, only 37802 tourists arrived, which is less than a third of what came in April.

Many experts have called President Rajapaksa's poor economic management the cause of this decline. After the end of the Civil War in 2009, Sri Lanka focused on providing its own markets instead of increasing international trade. As a result, the country's revenues have been lower than exports, and import costs have increased. Sri Lanka currently imports \$3 billion (£2.3 billion) more than annually, leading to a lack of foreign currency. By the end of 2019, the foreign currency reserves were \$7.6 billion (£5.8 billion).

Rajapaksa was also criticized for the massive tax cuts he introduced in 2019, losing more than US\$1.4 billion (£1.13 billion) in state income per year. The world's first nation practices organic farming alone. Prices for daily foods such as sugar, rice and onions have risen twice, with sugar touching 200 rupees/kg. Prices for kerosene and cooking gas will rise. Tea plants are expected to fail in October. And there are fears about the successful production of other important export cultures, such as cinnamon, pepper, gum, cardamom, cloves, nutmeg, prayer leaves, cocoa, vanilla, and more. These developments are 30 basis points in the country within a month of inflation. In July, military reserves fell 62% to \$2.8 billion from \$7.5 billion in

November 2019. The tourist slump also hit foreign exchange reserves. Officials were commissioned to ensure the sale of the product at a price called the state's name or at a custom-made import cost.

Sri Lanka is an online food importer. The outcome of the country cannot be imagined, according to the main conglomerat herman gunaratne of the Sri Lankan tea conglomerat, one of the 46 experts chosen by President Rajapaksa to lead the organic change. I said. W. A. Wijewardena, lieutenant governor of the Institute of Finance, is reportedly referred to as "a dream with unimaginable social, political and economic costs." It depends on 94% of rice fields, followed by 89% tea and gum, respectively. But things are very dark. For this reason, 20 to 3 million tonnes of compost are often produced each year. However, only organic rice cultivation requires approximately 4 million tons of compost per year, at a rate of 5 tons per hectare. Analysis of organic traditional yield comparisons shows that the average decrease in organic farming income in Sri Lanka is about 19-25%. Cheap researchers also found that Bio Landbau would increase farms for its small profits. This leads to deforestation, which leads to major extinction of species and increased greenhouse emissions.

What's the plan to tackle the crisis?

President Rajapaksa resigned and went to Singapore. Before he resigned, he made Prime Minister Ranil Wickremesinghe the incumbent president. Wickremesinghe declared a national emergency and found the result lock in the Western states to achieve stability. However, on Wednesday, many protesters entered his office and asked him to resign.

Sri Lanka could be exposed to a power vacuum cleaner with the president. The country needs a strong government to deal with the financial crisis. Sri Lanka's US\$51 billion foreign lender, including China's \$6.5 billion, is currently talking about his new loan arrangements. The World Bank provides Sri Lanka with US\$600 million and India offers at least US\$1.9 billion. The International Monetary Fund (IMF) is also discussing a potential \$3 billion loan. However, a stable government is needed to raise interest rates and taxes to support this business. However, this means financial aid may be delayed until the new administration is available.

Discussion

The issue in Sri Lanka is very serious which affects its people and neighbors like India. Many Sri Lankans are having a hard time making do, we see inflation rise to over 54.6% in June 2022 which according to the Colombo Consumer Price Index. This tough economic environment which also saw the departure of some people legal and illegal which in turn saw many Sri Lankans get caught at Indian borders.

Mass protests broke out following the sudden resignations of President Gotabaya Rajapaksa and Prime Minister Mahinda Rajapaksa, two brothers which ran Sri Lankan politics for almost a decade. Their exits took place in the midst of a serious economic crisis. Now we see a new leader take charge of a fragile unity government which in turn sets the stage for a round of elections.

Although Gotabaya resigned, a lot of people were still dissatisfied with the new President, Ranil Wickremesinghe, whom they perceive as following the same policies

that made them unhappy.

A major contributor to Sri Lanka's woes is China. China is Sri Lanka's biggest creditor, holding approximately 10% of Sri Lanka's foreign debt. Between 2000 and 2020, China lent Sri Lanka almost \$12 billion for large-scale infrastructure projects that tended to be loss-making. A prime example is a port terminal in Hambantota, the Rajapaksa brothers' hometown, which was surrendered to China when Sri Lanka found it difficult to repay loans.

While China has invested heavily in developing countries, it has recently shifted focus towards collecting debts, especially as its own economy slows down. Critics label Sri Lanka's situation as falling into China's "debt trap" diplomacy. In 2020, Sri Lanka took a \$3 billion loan from China to help pay off existing debts, choosing this easier route over restructuring its debt through negotiations with the IMF and making necessary austerity adjustments.

However, China isn't the only creditor Sri Lanka has. Countries like India and Japan also hold a significant share of Sri Lanka's debt and are involved in complex discussions about repayment and assistance. Still, China's role in the situation has been notably more complicated and concerning, according to Alan Keenan from the International Crisis Group.

Conclusion

The World Bank has labeled Sri Lanka as the best economy in South Asia, even though it's currently facing a financial crisis. This crisis is mainly due to the corruption of one family—the Rajapaksa family, which has nine members in Sri Lanka's government. They control about 75% of the country's budget. Mahinda Rajapaksa served as President from 2005 to 2015.

During his time in office, Sri Lanka borrowed heavily from China for projects like the Hambantota port and the Lotus Tower in Colombo, allegedly benefiting Mahinda financially. Now, even though Gotabaya Rajapaksa has stepped down as president, one of his first actions was to appoint his older brother, Mahinda, as Prime Minister. Mahinda's son, Namal, who has faced corruption charges, serves as the Youth and Sports Minister. Chamal Rajapaksa is the Minister of Irrigation, which is crucial for Sri Lanka's agriculture, as tea, rubber, and coconut are key crops. Chamal's son is the Agricultural Produce Minister. Interestingly, they even changed the constitution to make their brother, Basil Rajapaksa, the Finance Minister. Basil is notoriously known as "Mr. 10%" because he reportedly demands 10% from every development project. This reflects a broader pattern of turning politics into a family business.

Another major reason for Sri Lanka's economic troubles is the "Politics of Free." Many elections have been won by promising free services like education, healthcare, and food subsidies. While these efforts helped improve people's lives, the question remains: who pays for these benefits? Currently, about one-third of government spending goes to these subsidies. The problem isn't just that the government wanted to help the poor—they continued offering freebies even after many had risen above poverty. They didn't plan for how to cover these costs. This strategy isn't unique to the Rajapaksa family or Sri Lanka; many political parties use it to win elections. As a result, Sri Lanka has sought help from the IMF 16 times, with only Pakistan having asked for assistance more often.

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