

ECONOMIC CRISIS TIGHTENS GRIP ON SRI LANKA'S HINTERLAND

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Economic crisis has severely impacted daily-wage workers. Meera Srinivasan

As Sri Lanka's economic crisis makes global headlines, estate worker B. Sundararajan is watching it manifest in his teacup.

In recent weeks, he has cut his usual, two cups of tea a day to one. "Milk powder is not easily available. When it is available it is not affordable. There is no other option but to cut down our tea," said the resident of Doloswala village in Sri Lanka's southern Ratnapura district. Besides the irony of a tea plantation worker, producing the famed 'Ceylon tea', rationing his own tea intake, Mr. Sundararajan's reality lays bare the severity of Sri Lanka's economic meltdown.

Rising inflation

The country's fast-depleting foreign reserves — \$3.1 billion at the end of 2021 — have pushed the Rajapaksa administration into a corner. The government needs dollars to import basic food items, fuel, and medicines, which have frequently been in shortage in recent months. As has milk powder, which Sri Lanka mostly imports and widely consumes in place of fresh milk.

Consumers are struggling to afford essentials such as rice, pulses, vegetables, fish, and meat whose prices are soaring, amid import restrictions imposed to save foreign exchange. Consumer price inflation hit 14% last week. Finding LPG cylinders, in short supply, remains a challenge.

And if the consumer is a daily-wage worker like Mr. Sundararajan, where his hard-won LKR 1,000 (Rs. 366) wage is tied to tedious production targets, forgoing a cup of tea or even a meal, is the only option.

The story of Sri Lanka's economic crisis came to the fore amid the pandemic, which dealt a severe blow to the country's crucial, foreign exchange earning sectors. Colombo has foreign debt obligations totalling nearly \$7 billion this year, and Sri Lanka is "trying all options" to avoid a default, Finance Minister Basil Rajapaksa recently told the *Financial Times*.

India and China have extended emergency assistance by way of loans and currency swaps, but Sri Lanka is still on the edge. The national polity, policy makers and think tanks are debating if the country should opt for an IMF bailout. Some analysts are even arguing that Sri Lanka must prepare to default, and subsequently restructure its debt, although the government is determined to keep the country's unblemished record in foreign debt servicing.

Meanwhile, Sri Lanka's plantation workers, like the nearly 900 employed in tea and rubber estates in Doloswala village, did not have to wait until the pandemic to know deprivation.

"Over the last few years, the 1,000 rupee-wage struggle of our workers was in focus. They won the wage, but there are 1,000 other problems facing the community for decades," said Anthony Masilamani, who works at the local administrative authority.

"Our people are still living in crammed line room housing, no matter how big their families are. Our schools don't have mathematics and science teachers for higher classes. We don't have

enough toilets. This is our reality,” he said, pointing out that the country’s recent economic downturn aggravated the workers’ misery, and didn’t create it.

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