

INDIA EXTENDS MORE AID TO SRI LANKA

Relevant for: International Relations | Topic: India - Sri Lanka

Sri Lankan feminist scholar Kumari Jayawardena at the Galle Face Green protest site on Tuesday. Special Arrangement

Sri Lanka's Cabinet has cleared a proposal to source more fuel from India, through a \$200 million short-term loan facility from the Exim Bank of India, as the island nation struggles to cope with a deepening economic crisis.

"The Cabinet of Ministers approved the proposal presented by the Minister of Power to award this [fuel] contract to Indian Oil Corporation," the Department of Government Information said.

India has extended nearly \$3 billion to cash-strapped Sri Lanka since January 2022, by way of currency swaps, credit lines for essentials, and loan deferments to help Sri Lanka amidst one of its worst economic crises in history.

A \$400-million currency swap with the Reserve Bank of India, extended early this year, was on April 18 extended by another three months. A billion-dollar credit line for essential imports is operational and around 16,000 MT of rice has been supplied under it so far.

India has helped Sri Lanka defer repayment of loans totalling \$1 billion under the Asian Clearing Union.

Further, 400,000 MT of fuel has been delivered to Sri Lanka through a \$500 million credit facility, the Indian High Commission in Colombo said.

"Multi-pronged assistance provided by India testifies to the importance Government of India attaches to the welfare of the people of Sri Lanka and is guided by the twin principles of 'Neighbourhood First' and S.A.G.A.R (Security and Growth for All in the Region)," a statement said.

Sri Lanka's economic crash intensified from the beginning of this year, with the country's foreign reserves plunging to barely a couple of billion dollars, owing to an acute balance of payments crisis in recent years.

The crisis manifested in severe shortages of food, fuel and medicines, as the country experienced record inflation, that hit nearly 30% in April.

Consequently, the ruling Rajapaksa administration's popularity has plummeted over the last few months, with citizens demanding that President Gotabaya Rajapaksa and Prime Minister Mahinda Rajapaksa quit.

For almost a month now, demonstrators have been gathering at Colombo's seafront, protesting every day against the government's "failed" crisis response.

Students, professionals, businesspeople, worker unions, and scores of children, among others, can be spotted at the daily rallies, chanting anti-government slogans.

Renowned Sri Lankan artistes and scholars, such as Kandyan dance exponent Upeka Chitrasena, and senior feminist scholar Kumari Jayawardena participated in the protests this

week.

Meanwhile, Sri Lanka's Tourism Ministry reported that tourist arrivals have fallen nearly by half in April, compared to the 1,06,500 arrivals recorded in March.

The All Ceylon Tourist Service Providers' Association attributed the fall to the prevailing fuel shortages, frequent power cuts and short supply of medicines in local hospitals.

"Some are suggesting that the protests could be a deterrent, but that is not the case. Tourists are very supportive of the democratic protests, and there's even a stall for tourists at the agitation site in Colombo," Association Secretary Suranjith Wevita told *The Hindu* .

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