

MP-IDSA

Issue Brief

Sri Lankan Economic Crisis and Rise of Left Politics: Implications for India

Smruti S. Pattanaik

July 21, 2022

S*ummary*

Though the Janatha aragalaya (people's struggle) against the Rajapaksas was spontaneous, the role of the Left organisations in galvanising this into a movement that ousted the Rajapaksa family is an important landmark in Left politics. The radical Left has played a role in Sri Lankan politics even in the past. The Janatha Vimukti Peramuna (JVP) is responsible for two insurrections in 1971 and 1989, both of which were suppressed by the state. While there is strong opposition to current President Ranil Wickremesinghe, who is seen as a collaborator in protecting the corrupt Rajapaksas, the Left political parties and protestors are calling for the establishment of 'People's Council' as a body to interact with the government and advise it. The current priority for Sri Lanka is political stability without which economic recovery is not possible.

Though the *Janatha aragalaya* (people’s struggle) against the Rajapaksas was spontaneous, the role of the Left organisations in galvanising this into a movement that ousted the Rajapaksa family is an important landmark in Left politics. Leftist political parties and organisations have always ideologically appeared to be sympathetic to the aspirations of masses. At the grassroots level, they make people aware of their socio-economic rights and thereby manage to create a support base, which can be exploited to mobilise the masses.

In Sri Lanka, Left political organisations—the Janatha Vimukti Peramuna (JVP) and its breakaway faction, the Frontline Socialist Party (FSP), Peratugami Samajavadi Pakshaya in Sinhala—have been trying to carve a niche for themselves in the light of the socio-economic turmoil that the country has witnessed in the recent past. Youth fronts of the JVP—Socialist Youth Union and Socialist Students Union of JVP and FSP—Youth for CHEnge and Revolutionary Students Union, were at the forefront motivating and mobilising the masses to fight against the corrupt regime. These trade unions, students’ organisations and other Left-oriented artists, women organisations participated in large numbers in the protest movement.

The radical Left has played a role in Sri Lankan politics even in the past. The JVP is responsible for two insurrections in 1971 and 1989, both of which were suppressed by the state. The Inter University Students' Federation (IUSF), *Anthar Vishwa Vidyalaya Shishya Bala Mandalaya* in Sinhala, was a confederation of around 70 students' unions which was formed in 1978. The activities of IUSF served ‘as a bridge between student politics and insurrectionary movements in the country’.¹ It is now believed to be affiliated to FSP.

The FSP held its first convention in March 2012 in Colombo’s Sugathadasa stadium where it announced an 18-member Central Committee. The organisation, led by Premakumar Gunaratnam, who is presently the General Secretary, organised the breakaway faction of the FSP after the cadres felt JVP was moving away from its revolutionary agenda. The objective was to ‘practice a socialist program instead a social-democratic program’, as there were a ‘number of unfinished democratic revolutionary objectives’ in Sri Lanka.²

In March this year, the FSP started ‘Movement for People’s Struggle’ or *Jana Aragala Vyaparaya* as it felt the JVP has moved away from people’s struggle. FSP accuses JVP of deviating from its ideological core and being involved in ‘parliamentary politics, trade unionism, reformism and racist tendency.... JVP had been absorbed

¹ Gamini Samaranyake, “**Changing University Student Politics in Sri Lanka: From Norm Oriented to Value Oriented Student Movements**”, *Social Affairs*, Vol. 1, No. 3, Fall 2015, pp. 23–32.

² “**Sri Lanka: The Politics of The Frontline Socialist Party – Interview With Premakumar Gunaratnam**”, *Colombo Telegraph*, 8 August 2012.

by coalition politics and class collaboration’. The JVP though has been collaborating with FSP in this *aragalaya*, as admitted by the FSP.³ However, the JVP has maintained its ideological distance from FSP.

Some also define the current movement as ‘third insurrection’ of JVP which has taken advantage of the decaying institutions of Sri Lanka to emerge as a potent force. For some time now, FSP leaders had expressed their willingness to work with various existing organisations that are affiliated to the JVP. In 2015, the JVP along with 27 other small Left parties, worker unions and youth organisations, came together to form National People's Power (NPP), or Jathika Jana Balawegaya. It even expressed its desire to collaborate with JVP to bring together a broad coalition of Left political parties.

The JVP’s immediate agenda is to capture the political space after Rajapaksa’s exit and bank on the lack of legitimacy of major political parties and Rajapaksa’s Sri Lanka Podujana Peremuna (SLPP). Anura Dissanaikē, leader of Sri Lanka's National People's Power (NPP), a coalition led by his party JVP, states that the parliamentary majority was held by ‘a group rejected by the people’ and that it will not cater to the people's demands. Instead, he called for an ‘interim government’ under whom the country should be brought back to normalcy followed by elections.⁴

On 9 April, houses and vehicles of 40 MPs belonging to the ruling SLPP were burnt down after Rajapaksa’s supporters and protestors were engaged in attacking each other. The government accused the JVP and its youth organisation of being behind this torching of houses.⁵ Though the electoral strength of the JVP is around 3 per cent, the Left organisations have the ability to mobilise masses and hold successful demonstrations. Anura Kumara Dissanayake, speaking on the success of the 9 July *janatha aragalaya* that finally saw exit of President Gatabaya Rajapaksa stated

people across the country and various organizations together with the NPP contributed a lot to get rid of this corrupt regime, and the activists of Galle Face made great sacrifices for that and expressed his and his party’s gratitude, devotion and respect.⁶

The resignation of President Gotabaya has strengthened people’s power. The FSP which has been at the forefront of this struggle now argues for the establishment of

³ **“Racism has to be Proscribed - Kumar Gunaratnam”**, *Daily Mirror*, 30 May 2022.

⁴ **“Election the Only Solution to Fulfil People’s True Aspirations: JVP Reiterates”**, *Daily Mirror*, 14 July 2022.

⁵ Sandun Jayawardana, **“Pro-Govt. MPs Accuse JVP, FSP Mobs of Destroying their Properties and Vehicles”**, *Sunday Times*, 15 May 2022.

⁶ **“A Step in the Struggle Won Very Democratically Without Much Bloodshed – Thanks to All”**, People’s Liberation Front, JVP-Sri Lanka, 10 July 2022.

People’s Power Councils at all levels—from village to urban areas—as a consultative body that will advise the government. Their argument is that people who have brought this political change cannot be ignored. Gunaratnam, the leader of FSP, asserts that ‘people’s power, as a new pillar, could not be disregarded. ...Our long-term goal is to structurally strengthen an external force parallel to the democratic-trinity’.⁷

The NPP, led by the JVP, in fact has been speaking of debt restructuring, reducing imports. It raised several questions on these issues, terming them ‘destructive socio-economic policies’ and called for joining hands with a political movement to achieve change.⁸ Since March this year, JVP has been articulating publicly that it would mobilise the people to overthrow this government.

Opportunity for the mobilisation of masses was provided by the Rajapaksa regime. Shortage of medicine, fuel, electricity, rise of food prices as imports dried up due to depleting reserves, converted into anger and frustration. The government, fuelled by its nationalist narrative, refused to go to IMF and rather decided to take loan from China to overcome the economic crisis. In October 2020, Governor of the Central Bank, Nivard Cabraal, for instance, stated that going to the IMF was ‘a danger signal ... We know we have to get our debt situation under control. Do we need the IMF to say that? No’.⁹

The government succeeded in securing a loan from the Chinese Development Bank. However, it refused China’s proposal as the Chinese bank offered to buy the entire US\$ 1 billion sovereign bond issue.¹⁰ China’s currency swap deal of US\$ 1.5 billion signed in March 2021 is pending as the country needs to have enough forex reserve to support three months of import. China has provided US\$ 75 million in emergency humanitarian assistance. In January this year, Wang Yi, Chinese Foreign Minister suggested that Sri Lanka can use the Colombo Port City and Hambantota Port projects as ‘engines for pushing forward bilateral cooperation’.¹¹ It has offered China US\$ 1 billion in loan to pay off debt that Sri Lanka owes to China.

⁷ Jayantha Sri Nissanka and Amali Mallawaarachchi, **“Protestors Didn’t Set Fire to Ranil’s House – Gunaratnam”**, *Daily News*, 15 July 2022.

⁸ **“Rapid Response to Overcome Current Challenge”**, NPP, December 2021.

⁹ Colombo has needed IMF bailouts 16 times over the past 55 years. That places it second only to Pakistan, which has gone to the IMF 20 times, making it the most IMF-dependent of the world’s debt-strapped nations. Only nine of the 16 IMF programmes in Sri Lanka were completed. See Marwaan Macan-Markar, **“Sri Lanka Turns to China rather than IMF to Avoid Default”**, *Nikkei Asia*, 12 October 2020.

¹⁰ Ibid.

¹¹ **“China, Sri Lanka to Restart FTA Talks using RCEP and Double Engines of Colombo Port City and Hambantota Port Projects: Chinese FM”**, *Global Times*, 10 January 2022.

On 22 June, Sri Lanka declared that the economy has ‘completely collapsed’. In April, it had announced that it is going to default in its US\$ 51 billion foreign debts. Revenue dried up due to a series of ill-conceived economic policies banning chemical fertiliser, reducing value added tax (from 15 per cent to 8 per cent), abolishing nation building infrastructure tax of 2 per cent, abolishing debit tax imposed on banks, Capital Gains Tax, Pay As You Earn Tax, debt services tax, withholding tax on interests, reducing income tax on the construction industry (from 28 per cent to 14 per cent), reduced VAT on condominium properties, reduced the telecommunications levy to 25 per cent, and tax-free threshold for turnover for VAT was raised from the existing Rs 1 million to [Rs 25 million](#).¹²

Distrust of the regime is so much ingrained that people do not want remnants of old regime to capture power. In this context, there is strong opposition to current President Ranil Wickremesinghe who is seen as a collaborator in protecting the corrupt Rajapaksas. Priority for Sri Lanka is political stability without which economic recovery is not possible. The Left political parties and protestors are demanding for the establishment of ‘People’s Council’ as a body to interact with the government and advise it. Success of *Janatha Aragalaya* has heightened people’s expectation even as the constitution has no such provision.

Implications for India

Political instability in the neighbourhood has always been a major concern for India. As the closest neighbour of Sri Lanka, with an emphasis on ‘neighbourhood first’, India has stepped in to provide US\$ 3.8 billion credit line consisting of essential items as economic crisis deepened in April this year. Yet, there are several instances where attempts were made to drag India to the ongoing political crisis and portray it as a supporter of the Rajapaksa regime.

Amidst people’s movement, there were several social media posts trying to connect India with the then ruling Rajapaksa regime. This forced Indian High commission in Colombo to refute such charges through its twitter handle. The Ministry of External Affairs (MEA) Spokesperson also rejected these rumours. MEA in several statements underlined that India stands with the people of Sri Lanka as they seek to realise their aspirations for prosperity and progress through democratic means and values, established institutions and constitutional framework¹³

¹² **“Cabinet Announces Massive Tax Cuts”**, *News First*, 27 November 2019.

¹³ **“Official Spokesperson’s response to media queries on the situation in Sri Lanka”**, Ministry of External Affairs, Government of India, 10 July 2022.

On 7 May, Sri Lankan media carried a picture of a water cannon used against the protesters and mentioned that it was purchased as part of US\$ 1 billion credit line from India. The Indian High Commission was forced to issue statement detailing items that are supplied under the US\$ 1 billion credit line that was extended on 17 March.¹⁴ As India watched the unfolding political crisis on 9 May, there was a rumour that Mahinda Rajapaksa has fled to India and India is providing shelter to him. This forced the High commission to state that such rumours were ‘fake and blatantly false reports, devoid of any truth or substance’.¹⁵

The High Commission also noted that such incorrect reports don’t make any constructive contribution to the cooperation and efforts undertaken to address the ongoing challenges faced by the people of Sri Lanka. On 10 May, MEA spokesperson stated that ‘India will always be guided by the best interests of the people of Sri Lanka expressed through democratic processes’ in a bid to distance itself from the Rajapaksa regime.¹⁶

India’s effort to stand by Sri Lanka providing essential items was not with politics. A visit by Foreign Secretary of India who led a delegation to Sri Lanka on 23 June to hold talks with senior officials on the economic situation in the country and the short-term and long-term assistance requirements was interpreted as India exploiting the economic situation to deepen its influence.¹⁷ Some also argue India’s presence in Sri Lanka would mean ‘dilution of sovereignty’.¹⁸

There was also speculation that India facilitated Rajapaksa’s political asylum in Maldives. On 11 July, India categorically denied that it was sending troops to Sri Lanka as protestors occupied Presidential palace, residence of Prime Minister and President Secretariat. The MEA on 14 July affirmed that India will ‘continue to stand with the people of Sri Lanka as they seek to realize their aspirations for prosperity and progress through democratic means and values as well as established institutions and a constitutional framework’.

¹⁴ See **“Factually incorrect’: India Rejects Reports that Water Cannon Vehicle was Supplied to Sri Lanka under USD 1 billion Credit Line”**, *Indian Express*, 7 May 2022.

¹⁵ **“High Commission has recently noticed rumours circulating...”**, India in Sri Lanka, Twitter, 10 May 2022; **“No Sri Lankan Politician Fled to India, Says High Commission”**, *Hindustan Times*, 10 May 2022.

¹⁶ **“India Reiterates its Commitment to the People of Sri Lanka”**, High Commission of India, Colombo, 10 May 2022.

¹⁷ See **“Indian Foreign Secretary Vinay Kwatra and Delegation Visit Sri Lanka”**, Ministry of Foreign Affairs, Sri Lanka, 23 June 2022.

¹⁸ Nitin Srivastava, **“India Seeks to Win Public Trust in Crisis-hit Sri Lanka”**, *BBC News*, 19 May 2022.

On 20 July, rumours were again floated to link India to the victory of Ranil Wickremesinghe as the President, for the remaining period of the present term of Presidency (till 2024). India called such reports ‘a figment of someone’s imagination’ and asserted that it ‘doesn’t interfere in internal affairs and democratic processes of another country’.¹⁹

There is a suspicion that the Sri Lankan Left parties—the FSP and JVP—who are deeply suspicious of Western countries, IMF and also India, are behind the spread of these motivated rumours. JVP was once a breakaway faction of pro-Chinese Left party and is deeply anti-India. In the past, it was opposed to the Tamil demand for devolution of power and strongly opposed the 13th Amendment. It always considered the plantation workers as fifth column of India and strongly supported military action against the LTTE.

While it has a socialist agenda, the JVP propagates Sinhala nationalism in politics. It was responsible for large-scale violence in 1971 and 1988–89 in two insurrections. In fact, in both these uprisings, India extended help to Sri Lankan government as requested. Though the party has transformed itself as a parliamentary party after remaining underground for more than a decade, it has not renounced its violent past that resulted in the death or disappearance of more than 40,000 people. However, FSP, the breakaway faction, which is playing an important role in mobilisation, has an ambiguous stance on the Tamil national question. FSP supports Tamil rights but believes there cannot be a division on the basis of sectarian identities. It rejects federalism as a solution but emphasise on equality.

FSP thinks that India has a hidden agenda for extending US\$ 3.8 billion in aid. It is not surprising given that the FSP has been opposing Indian investments in Sri Lanka. On the Trincomalee oil tank, for instance, the party position as articulated by one of its leader Pubudu Jayagoda, was that ‘India is investing and taking control of these tanks because this also gives them access to valuable strategic lands in Trincomalee’.²⁰

Both FLSP and JVP along with trade unions backed by other political parties held protests against Sri Lanka government’s decision to give the Eastern Container Terminal to Adani Group led Adani Ports and Special Economic Zone (APSEZ) to develop.²¹ Recently, MMC Ferdinando, Chairman of Sri Lanka’s Ceylon Electricity

¹⁹ **“We have seen baseless and purely speculative media reports...”**, India in Sri Lanka, Twitter, 20 July 2022.

²⁰ Rathindra Kuruwita, **“FSP Claims Lanka Losing its Energy Sovereignty”**, Frontline Socialist Party, 2 January 2022.

²¹ Zulfick Farzan, **“Protest Opposite Indian HC Against Adani Group”**, *News First*, 19 January 2021,

Board (CEB), while appearing before a parliamentary panel, stated that the energy project in Mannar was allocated to the corporate group Adani due to pressure exerted by India. Even though he later retracted the statement, it fuelled suspicion about India. *The Sunday Times* editorial put the perception of India’s help thus:

Sri Lanka is asking for one billion. It was pressganged to sign the Sampur and other projects before Mr. Rajapaksa came to New Delhi. This is diplomatic blackmail. India has 74 days of oil reserves in stock, but is finding it so difficult to help a ‘friend and neighbour’ in difficulty without making it cringe, crawl, and concede its national security interests and neutrality in the name of India’s own ‘strategic calculations’.²²

It is important to note while in Colombo, people from all walks of life irrespective of religion and ethnicity participated in the uprising, one did not see such mass movement in the north and East. According to an analyst,

There is no unity because issues that have affected certain parts of the population, such as plantation workers and the Tamil community, are not part of the demands of current protests. This is not surprising because the genesis of the protests lies in the economic crisis.²³

The existential problem for the Tamils is their political aspiration. Not surprisingly, many rejected the Rajapaksa government’s much-touted argument of economic prosperity eliminating political alienation of Tamils. India’s stance on the Tamil issue shapes the public opinion of Sinhalese on India.

It is important for India to ensure that it continues to provide aid to overcome the humanitarian crisis caused by economic mismanagement of the previous regime. It is also clear that no other countries have extended any major help to the people who are struggling to make both ends meet. While the IMF financial relief may take some time, India must continue to extend help to the people of Sri Lanka while keeping itself away from the antagonistic domestic politics.

²² “**India’s ‘Strategic Calculations’ as Lankans Suffer**”, *Sunday Times*, 13 March 2022.

²³ Ambika Satkunanathan, “**The Tamil Struggle, the Aragalaya and Sri Lankan Identity**”, *GroundViews*, 15 May 2022.

About the Author



Dr. Smruti S. Pattanaik is Research Fellow at the Manohar Parrikar Institute for Defence Studies and Analyses, New Delhi.

Manohar Parrikar Institute for Defence Studies and Analyses is a non-partisan, autonomous body dedicated to objective research and policy relevant studies on all aspects of defence and security. Its mission is to promote national and international security through the generation and dissemination of knowledge on defence and security-related issues.

Disclaimer: Views expressed in Manohar Parrikar IDSA's publications and on its website are those of the authors and do not necessarily reflect the views of the Manohar Parrikar IDSA or the Government of India.

© Manohar Parrikar Institute for Defence Studies and Analyses (MP-IDSA) 2022