



# Into the Abyss

## *Feminist Collective for Economic Justice Statement on the Budget for 2024*

The budget for 2024 was presented in parliament by the Wickremesinghe-Rajapakse Government in November. The proposed budget puts people's lives and futures in jeopardy, ignores warnings from national and international experts, and unsustainably adds to the burden of women and the working people of this country.

We are alarmed that a Government with no legitimacy and one that the people have rejected, has announced in the budget speech that 60 new laws and amendments will be enacted in the coming year. It is clear that the Government plans to lay down a legal framework for selling the country and stifling democracy before the next elections. Furthermore, the budgetary support for structural reforms pushed by the IMF, austerity on social expenditures, extraction of money from the most vulnerable to pay a foreign debt incurred due to bad economic policies and governance by those in power will push Sri Lanka into the abyss.

The government appears to have high expectations against expert advice to increase revenues via indirect taxes, and thereby increase the burden on the poor. This budget aims for a 107 percent increase in VAT revenues that will hit every consumer as opposed to a 25 percent increase in all progressive taxes such as capital gains taxes. Such indirect tax targets are being presented at a time when prices of essential items continue to remain high, and tariff hikes on utilities have left hundreds of thousands of households without access to fuel, electricity and water. Meanwhile, the rich are allowed to accumulate, protect and flaunt wealth as the Government is yet to announce a wealth tax.

On the expenditure side, we see a considerable chunk of the budget (8.4 percent of GDP), which is half of the recurrent expenditure, going towards the repayment of interest on government loans. Dismal amounts have been allocated to maintain the public sector, including essential services such as education and health, which are critical for the well-being of our society. The health sector particularly has taken a hard hit due to the COVID-19 pandemic and mismanagement of the health sector by consecutive governments. The budget does not address the crisis in the health sector with regard to skilled professionals and there have been no policy interventions to support and ensure they remain within the health system in the country. Instead, this year, we have seen an exodus of medical professionals, including 274 specialist doctors. The Minister for Health revealed this week that 40 government hospitals in the country have shut down, with another 100 close to closure due to lack of medical staff.

The government is using the economic crisis as an excuse to dismantle free health and free education, which have been the cornerstone for Sri Lanka's achievements in human development and played an important role for the progress of women and girls. It has put forward budget proposals that will lead to the commercialisation of these sectors. The public university system is at the brink of collapse, while the President has announced the introduction of several new universities and for the recognition of private universities.

Sri Lanka already spends the lowest public funds for education in South Asia. Investments in education and health have been stagnant over the last five years. The estimated expenditure for 2023 and 2024 does not deviate from 2022 expenditure (less than 2% of GDP). In this context, pressurising the public universities to become self-sufficient, while also demanding that they increase intake will lead to the collapse of the country's free higher education. Furthermore, the Government's proposal to extend loan schemes for students will lead to the creation of indebtedness among a new generation of educated youth and increase household debt burdens. An entire generation of young people are being further deprived of life chances, with having to bear the cost of the COVID-19 pandemic, and now the ongoing crisis, as the 2024 budget aggravates the lack of resources in the public education system.

Currently, the Government provides mid-day meals only in a few selected primary schools. A large number of primary schools, including in very remote and poor locations, are left without any government assistance for the mid-day meal programme. The amount allocated per meal is insufficient to provide a nutritious meal on a daily basis. Furthermore, there is no policy to provide meals for students in secondary schools increasing the chances of student dropouts before they reach the O/Level. Instead, the Government has proposed an allocation of Rs. 2000 million for the problematic and unnecessary Suraksha health policy scheme in a country that has free access to health. We reiterate that there is an urgent need to implement a universal mid-day meal programme in all schools and available funds should be directed to it as a priority. There is a real danger of an irreversible decline in Sri Lanka's literacy rates and educational achievements which will impact the generations to come and society as a whole.

The Government continues to ignore the agricultural and fisheries sector, on which the majority of Sri Lankans rely on for their livelihoods. Increasing the burden on its citizenry with no substantial investments in people's livelihoods, exposes them to the serious risk of accelerating land alienation and allowing for big corporations to take over the agricultural sector. The Government's budget proposals for agricultural land reform appear intentional in producing such an outcome. The 'Urumaya' programme, mentioned in the budget, stipulates that 20 lakhs of small farmers will be given land that can be sold. As land rights and farmers rights activists have warned, the underlying strategy is to dispossess already indebted small farmers from their lands. Small farmers desperately need sustainable support for agriculture. Eventual debt induced land dispossession will aggravate food insecurity with irredeemable long-term impacts in all sectors of society and for the country.

Today, many households continue to survive on just one meal a day, however, the budget does not even reflect an awareness of the severity of the situation. The Government does not offer any substantive policy intervention or budgetary allocation to address challenges such as increasing malnutrition among children or the persistent food insecurity. In 2022, 42.9% of children under the age of five were undernourished and by March 2023, 19.8% of children between six months and 59 months were suffering from wasting, the most acute form of malnutrition. The Family Health Bureau had expressed alarm that by November 2023, there was an increase in children in the age group of 12 and 13 who were dropping out of school.

The Collective had previously warned that many of the country's poor and informal workers are being excluded from the narrowly targeted *Aswesuma* social protection scheme. We have continued to monitor the gradual phasing out of individuals whose eligibility cannot be in doubt and were previously included in social protection schemes. The appeals process for those who are not included in the programme is a sham and plagued by administrative delays. The *Aswesuma* programme is a far cry from providing a safety net for those who are most affected by the painful IMF agenda. Yet, this budget continues to conform to the IMF-mandated social protection "floor" with the allocation of a mere 0.6 percent of GDP for cash transfer-based targeted social protection. The Government continues to ignore expert opinion and people's demand for universal social protection.

The increase in domestic violence during Covid-19 and continuing to increase during this economic crisis is unaddressed by the budget. The women and children's ministry budget has been reduced for the year ahead. Although working women and children have been affected the most due to the economic crisis, there is no relief provided for them in the budget. In this context, we are unimpressed by the half-hearted gestures by the Government to introduce laws for gender equality, while it has presented a budget with economic policies that are explicitly anti-women and anti-working people.

The budget fails to recognise that a key way out of the crisis for a country is by investing in its people. It is clear that the Wickremesinghe-Rajapakse Government is unwilling to change its anti-people economic trajectory. We stand in solidarity with the working people of this country and share in their despair as they struggle to survive each day under the heavy yoke placed by the Government and the IMF recommended economic recovery programme. We reiterate our demands for addressing food insecurity as a priority and universal public provisioning of social protection, including free education and health.

*The Feminist Collective for Economic Justice is a collective of feminist economists, scholars, activists, university students and lawyers from across the country that came together in April 2022 to understand, analyze and give voice to policy recommendations based on lived realities of communities they work with in the current economic crisis in Sri Lanka.*

*Please send your comments to - [feministcollectiveforjustice@gmail.com](mailto:feministcollectiveforjustice@gmail.com)*

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