

# Sri Lanka: The JVP/NPP government moves to cut social welfare

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In line with the harsh austerity program dictated by the International Monetary Fund (IMF) and the World Bank, Sri Lanka's Janatha Vimukthi Peramuna/National People's Power (JVP/NPP) government is moving to slash the number of recipients of Aswesuma, a meagre social subsidy for the poor.

President Anura Kumara Dissanayake, presenting the 2026 budget in Parliament on November 7 in his capacity as the finance minister, confirmed further austerity and explicitly said welfare would be restricted "only for genuine low-income earners"—terminology lifted directly from IMF and World Bank directives.

Dissanayake's budget has allocated only 240 billion rupees (\$US777 million) for the Aswesuma Cash Grant Program in 2026, hardly an increase from this year's allocation of 232 billion rupees.

The JVP/NPP government functions as a trustworthy instrument of the corporate elite and global finance capital, implementing policies dictated in Washington and by international financial institutions.

About two weeks before the budget, on October 22 ministers and members of parliament—including Upali Pannilage, minister of rural development, social empowerment and welfare, opposition leader Sajith Premadasa and top Finance Ministry officials—met with a World Bank (WB) delegation.

The delegation insisted on the need for a comprehensive data system for social security to enable the accurate identification of genuinely poor and vulnerable individuals and families. They also noted that the mere inclusion of citizens' information in the database would not automatically qualify them as Aswesuma beneficiaries. Instead, the data had to be verified and analyzed to correctly identify those eligible for relevant benefits.

What the World Bank demanded, in effect, was a reduction in the number of beneficiaries under the pretext of verifying data and correctly identifying eligible families. This in line with the IMF, which has demanded that Aswesuma be limited only to the "absolutely needy," a

phrase that translates in practice into mass disqualification.

Aswesuma applicants are to be asked a barrage of questions under 22 specified criteria relating to all possessions of the person and family, the condition of their dwelling, disabilities and diseases, family income, and expenditure in the previous month, among others. Applicants are threatened not only with the suspension of benefits but with fines and prison sentences if a magistrate finds that false information has been provided.

At a public meeting on November 5, Industries and Entrepreneurship Development Minister Sunil Handunnetti launched a vicious attack on those receiving the Aswesuma subsidy, saying they should feel ashamed of what he called "legal begging." His comments echoed, almost word for word, the prescriptions of the World Bank and IMF for the restriction and dismantling of welfare programs.

Handunnetti openly stated that the government does not intend to continue Aswesuma, declaring that Sri Lanka must "move away from this dependency mentality." He added that he hoped to "see the day when this subsidy no longer exists," presenting the destruction of welfare not as an assault on the poor but as a marker of national "success."

In a cynical inversion of reality, the minister posed a rhetorical challenge to impoverished people: "Will poverty always exist, or will we challenge it and move forward?" In doing so, he shifted blame for mass destitution onto its victims.

The minister's rhetoric echoes historical arguments used to justify the removal of support for the poor. His framing of welfare recipients as unproductive "burdens" on society has chilling parallels with fascist language used in the early 20th century to rationalize the exclusion—and eventual elimination—of those deemed "unfit" or "costly" to maintain.

In truth, poverty in Sri Lanka—like elsewhere—is not the product of individual failings or personal "dependency," but of a social system driven by private profit rather than human need. Decades of capitalist crisis, intensified by global economic turmoil and IMF-imposed austerity, have produced conditions in which the majority of society has

been impoverished through job losses, wage cuts, and soaring living costs. The poorest sections, already living at subsistence levels, face the full brunt of the crisis.

The World Bank estimates that 22 percent of Sri Lankans now live below the poverty line, and another 10 percent just above it. More than half the population faces food insecurity. The government seeks to redefine this mass suffering as “dependency,” even as it slashes welfare to satisfy the demands of the IMF and World Bank.

Sri Lanka’s economic collapse, culminating in the 2022 foreign debt default, triggered the harshest austerity program in the island’s history, which was described by an IMF officer as a “brutal experiment.”

The IMF’s central objective is to extract resources from working people to repay foreign creditors—international banks, bondholders, governments, and multilateral institutions. The 2026 budget allocates a staggering 4.5 trillion rupees for debt servicing alone. To meet these obligations, the government must rely on indirect taxes, higher utility charges, and deep cuts to social spending.

By demonizing the poor and casting welfare as a moral failing, the government seeks to suppress public resistance to austerity measures that will devastate broad layers of society. This ideological attack is essential because the burden of the crisis is being shifted entirely onto the working class, while big business and international investors remain untouched.

Aswesuma is not a generous welfare program but a minimal safety net, providing monthly allowances of 5,000 to 17,500 rupees (\$US16 to \$57) to categories such as the disabled, elderly, kidney patients, and the extremely poor. The highest payment barely matches the official poverty line of around 16,000 rupees per month. Yet even this meagre assistance is now under attack.

Historically, such schemes have been implemented not out of benevolence but to contain social unrest. Since the late 1980s—beginning with the dismantling of food rations—successive governments have introduced welfare, food assistance and so-called anti-poverty programs like Janasaviya, Samurdhi, and Divinaguma. Over time, these programs have been repeatedly restricted, with allocations continuously slashed under IMF pressure.

At the same time, the government displays staggering hypocrisy in its treatment of the wealthy. Despite the fiscal crisis, the JVP/NPP administration maintains a low corporate tax regime, refuses to impose wealth or inheritance taxes, and continues offering tax holidays and concessions to large corporations and foreign investors. The so-called “engine of growth”—the private sector—is protected at all costs, while workers, pensioners and the rural poor are squeezed to the limit.

While the IMF and World Bank are pressing the government to cut the Aswesuma subsidy to the bone, Handunnett’s statements are part of an ideological offensive to justify broader restructuring. The aim is to transform Sri Lanka into a low-cost, investor-friendly economy in which social protections are dismantled and profits maximized for the capitalist class.

The working class and rural poor cannot place any faith in a government beholden to international finance. The entire political establishment—from the JVP/NPP to the capitalist opposition parties—accepts the IMF’s austerity framework.

The Socialist Equality Party (SEP) insists that the struggle against austerity requires the formation of workers’ independent action committees in workplaces, plantations, and rural areas. These committees must coordinate a unified movement of workers, youth, and the rural poor to oppose budget cuts and IMF austerity, defend social rights, and reject the payment of foreign debt at the expense of human life. The SEP proposes convening a Democratic and Socialist Congress of delegates from these committees to elaborate and fight for a government of workers and peasants, committed to a socialist program.

Such a program would reorganize production to meet human needs, not private profit. It would repudiate all foreign debts, expropriate the wealth of the ultra-rich and large corporations, place key industries and financial institutions under workers’ control, and coordinate with the international working class in a common struggle against austerity, inequality and capitalist exploitation.

Only through such a revolutionary socialist strategy can the working class defend its living standards and end the system that produces poverty, inequality, and repression.



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