

The Daily News Line by Faraz



TARGET OF USD 5 BILLION FDI 'FAR FETCHED'

Sri Lanka's sluggish progress in privatising State-Owned Enterprises (SOEs), rigid labour market regulations, and restrictions on foreign participation continue to undermine investor confidence, the U.S. State Department warned in its 2025 Investment Climate Statement.

According to the report, 527 SOEs, including 55 classified as strategic, continue to strain public finances and crowd out private sector activity. The previous administration had launched a reform drive aimed at restructuring and partially privatising major loss-making enterprises.



However, the current government halted those privatisation efforts upon taking office, opting instead for internal restructuring measures focused on cost-cutting and improved governance within existing state ownership.

The report observed that the suspension of privatisation, particularly at the Ceylon Electricity Board (CEB), has slowed energy sector reform, keeping electricity prices high and discouraging industrial competitiveness.

"Foreign investors consistently face high transaction costs, unpredictable policy shifts, and opaque procurement procedures," the statement said, noting that uncertainty continues to weigh heavily on Sri Lanka's investment prospects.

Despite these setbacks, the report acknowledged several enduring strengths. Sri Lanka allows 100% foreign ownership in most sectors, offers constitutional guarantees for investment protection, and ensures full repatriation of profits and capital.

The Colombo Stock Exchange recorded \$66.5 million in net foreign inflows in 2024, raising a total of \$568 million in capital. Worker remittances surged to \$6.58 billion, boosting foreign reserves to \$6.1 billion by the end of the year.

Export Processing Zones continue to attract investors, while newer ventures such as the Hambantota pharmaceutical zone and Colombo Port City are expected to open fresh opportunities.

Yet, the Economic Transformation Act, which aimed to streamline approvals by replacing the Board of Investment with five specialised agencies, remains unimplemented leaving investment approvals fragmented and slow.

The report cited uneven tax treatment, corruption in procurement, and bureaucratic inefficiencies as persistent obstacles. It highlighted the government's decision to impose new taxes on service exporters while offering exemptions to Port City firms, reinforcing perceptions of policy inconsistency.

Labour rigidity was flagged as a key constraint. Strict dismissal laws have made restructuring costly, while labour shortages have intensified due to emigration, particularly in the IT, apparel, tourism, and engineering sectors. The garment industry, the report noted, faces turnover rates as high as 40%, compounded by limited social protection for informal workers.

Although Sri Lanka recorded 5% GDP growth in 2024, surpassing expectations, foreign direct investment (FDI) remains weak. Most deals are small, ranging from \$3–5 million, concentrated in tourism, ICT, renewable energy, and real estate.

The government's pledge to finalise Sinopec's \$3.7 billion oil refinery in Hambantota could become the largest FDI in history, but investor confidence suffered when Adani Green Energy withdrew from a \$400 million wind project after renegotiation attempts.

Land restrictions also limit foreign participation, with companies holding over 50% foreign equity barred from purchasing land. Sectoral caps of 40% apply to agriculture, shipping, and education, while areas such as small retail and coastal fishing remain off-limits.

The report concludes that Sri Lanka's ability to attract investment hinges on converting recent macroeconomic stability into genuine reforms. Without progress in governance, regulatory simplification, and labour flexibility, the government's ambitious \$5 billion FDI target for 2025 is unlikely to be met.

CHINA AND INDIA RESTART DIRECT AIR SERVICES

India and China have agreed to resume direct flights as ties normalise following five years of tensions after the Galwan clashes. Airline IndiGo announced that it will resume the direct flights from October 26.

IndiGo's announcement came shortly after the Ministry of External Affairs announced that the two countries have reached an agreement.



Since earlier this year, as part of the Government's approach towards gradual normalisation of relations between India and China, the civil aviation authorities of the two countries have been engaged in technical-level discussions on resuming direct air services between the two countries and on a revised Air Services Agreement."

The flights were suspended in the aftermath of the Doklam crisis and further delayed due to the Covid-19 pandemic

Sri Lanka CIABOC probing four proceeds of crime cases

Sri Lanka's Commission to Investigate Allegations of Bribery of Commission working on four cases under the island's newly passed proceeds of crimes law, its Director General Ranga Dissanayake said.

A hotel and some houses said to be owned by officials are being investigated, he said without elaborating.

Under the law, the state can confiscate assets which the holders cannot explain how they acquired on the principle of 'balance of probabilities' without proving 'beyond reasonable doubt' as in criminal cases.

A suspect has to explain how they came about the assets to prevent them being confiscated.



The state can confiscate asset which cannot be explained away, without convicting the person of a crime.

The CIABOC is receiving large numbers of complaints from the public and there was also a backlog of old cases, but the agency is unable to recruit officers to investigate them after a fiscal rule blocked the expansion, he said.

The CIABOC is working on a list of 'Grand Corruption' and Politically Exposed Persons (PEPs), he said.

The list was prepared by the Commission before he was hired as the director general.

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OPPOSITION PUSHES FOR FORENSIC AUDIT ON 'IMMIGRATION SCAM'

Opposition lawmakers are intensifying calls for the public release of the forensic audit into Sri Lanka's controversial e-visa contracts, even as a new "special audit" is poised to reach the Parliamentary Committee on Public Finance (COPF) within days. Their renewed demand came in the wake of a Supreme Court judgment on Tuesday, which sentenced former Controller General of Immigration and Emigration Harsha Ilukpitiya to two years' imprisonment for contempt of court. The court found he had failed to comply with an earlier order to reinstate the old visa system pending final adjudication of petitions challenging the new e-visa scheme.

Despite more than 15 months having passed since the petitions were filed, opposition critics assert the government has yet to submit the forensic audit to the Supreme Court as required.

The lawsuits were lodged by Opposition politicians Patali Champika Ranawaka, M.A. Sumanthiran, and Rauff Hakeem, all of whom served on the COPF at the time the e-visa deal was scrutinised. Ranawaka has emphasised that while the contempt case was concluded on September 23, 2025, the substantive challenge to the e-visa system is still pending. The next hearing is slated for November 23.



At the heart of the dispute lies the stalled forensic audit, the principal recommendation of a 660-page COPF report which Parliament approved in July of last year, authorising the Auditor General to carry out a full review of the procurement process.

The petitioners themselves have presented preliminary loss calculations to the court. They estimate that Sri Lanka lost Rs 3.71 billion between the introduction of the new system (April 17, 2024) and the issuance of an interim court order, owing to the shift from a US\$1 visa-processing charge to one exceeding US\$25.

An additional Rs 4 billion, they claim, was lost because the interim order was not enforced and the old system was not reinstated. Support for these figures comes from data showing that the

contracted firms (GBS, IVS, and VFS) earned over US\$12.6 million (around Rs 3.78 billion) between April and August 2024.

Ranawaka insists that only a forensic audit by the Auditor General can establish an official, court-accepted figure for losses. Without it, he argues, their estimates carry only persuasive weight. "If the audit officially confirms fraud and quantifies the loss, any citizen may file complaints with the police or the Bribery Commission," he said. He has further alleged that the audit report is being deliberately withheld to obstruct criminal proceedings.

In recent days, however, the government has moved to deflect mounting pressure by announcing a "special audit" distinct from a full forensic audit as the Auditor General reportedly declined to conduct full forensic work. According to Minister of Public Security Ananda Wijepala, this special audit has already been sent to the Immigration Department for review and is expected to be forwarded to the COPF within a week.

With mounting public scrutiny and political pressure, the COPF is expected to notify Parliament of next steps once it receives the audit report.

Meanwhile, in parliament, MP Rauff Hakeem has also called for the forensic report's formal submission to parliament, pointing to a COPF directive for the Auditor General's involvement. Hakeem has accused the government of failing to await the forensic audit and said losses could amount to as much as US\$3.4 billion.

In sum, opposition parties now face a pivotal moment. They must decide whether to accept the special audit as a compromise or to press ahead in court for the original forensic audit, pushing to unmask the full extent of alleged malfeasance in Sri Lanka's visa contract process.

Gaza latest: Protests erupt around world after Israel detains Greta Thunberg on aid flotilla

Protests have erupted around the world after Israel's interception of Greta Thunberg's aid flotilla, while the UK government says it is "very concerned" about the situation.

How world reacted to flotilla interception

South Africa's President Cyril Ramaphosa, Israel's interception of the Global Sumud Flotilla was a "grave offence" against "global solidarity and sentiment that is aimed at relieving suffering in Gaza". Ramaphosa called on Israel to immediately

release South Africans and others, including liberation hero Nelson Mandela's grandson, Nkosi Zwelivelile Mandela.



Palestinian foreign ministry

A Palestinian foreign ministry spokesperson condemned the interception of the flotilla as a violation of international law, asserting that Israel had neither authority nor sovereignty over Palestinian "territorial waters".

Colombian President Gustavo Petro

"If this information is true, there is a new international crime by Netanyahu."

Malaysian Prime Minister Anwar Ibrahim

"By blocking a humanitarian mission, Israel has shown utter contempt not only for the rights of the Palestinian people but also for the conscience of the world."

"The flotilla embodies solidarity, compassion and the hope of relief for those under blockade."

He said there were 23 Malaysians aboard.

Pakistani Prime Minister Shehbaz Sharif

"Pakistan strongly condemns the dastardly attack by Israeli forces on the 40-vessel Sumud Gaza flotilla."

"This barbarity must end. Peace must be given a chance and humanitarian aid must reach those in need."

British foreign office

"The aid carried by the flotilla should be turned over to humanitarian organisations on the ground to be delivered safely into Gaza."

"It is the responsibility of the Israeli government to resolve the atrocious humanitarian crisis in Gaza."

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Shorts

It's Official: Shah Rukh Khan is a billionaire

The legendary Bollywood superstar Shah Rukh Khan has joined the billionaire club, becoming the richest entertainer in India with a fortune estimated at \$1.4 billion, according to the Hurun India Rich List 2025.



Khan, 59, amassed a net worth of more than 12,490 crore rupees through a combination of blockbuster films, global endorsements, production ventures and ownership of the Indian Premier League franchise Kolkata Knight Riders.

It is the first time a Bollywood actor has entered the billionaire ranks, marking a milestone for the Indian film industry.

Khan's wealth surpasses that of several international entertainers, including American singer Taylor Swift, media reports said.

The actor, often dubbed the "King of Bollywood," continues to generate revenue from his production house Red Chillies Entertainment, long-running brand deals and high-grossing films such as last year's *Jawan*.



He also won his first National Film Award this year, adding to a career that spans more than three decades.

Despite his new billionaire status, Khan does not feature among India's top 100 wealthiest individuals, a list dominated by industrialists such as Mukesh Ambani and Gautam Adani.

Khan's entry into the billionaire club underscores the growing global clout of Indian cinema and its leading figures.

A special gazette notification has been issued suspending the free distribution of plastic shopping bags to consumers from November 1st.- newsfirst.lk

An extraordinary gazette notification has been issued banning the manufacture, packaging, distribution, transportation, storage or sale of goods that must adhere to standard specifications, without SLS certification.- newsfirst.lk

The vessel that allegedly carried the 700 kg of drugs found recently in the Tangalle area has been seized and a suspect arrested in Devundara by the security forces - Police- newsfirst.lk



The former President of the Democratic Republic of Congo, Joseph Kabila, has been sentenced to death in absentia by a military court for treason, crimes against humanity and war crimes for supporting the M23 rebel group that has captured large areas in the country's east. The court also ordered him to pay a fine of USD 33 billion.- newsfirst.lk



Israeli forces have intercepted the Global Sumud Flotilla of more than 50 boats that are carrying aid for Gaza. A spokesman for the Flotilla says 13 boats were boarded so far and 201 people from 37 countries taken into custody, including 30 from Spain, 22 from Italy, 21 from Turkiye and 12 from Malaysia- newsfirst.lk

Thirty boats of the Global Sumud Flotilla are continuing on and are 85km from the coast of Gaza, a spokesman for the Flotilla said.- newsfirst.lk

The governments of Malaysia, Turkiye, Colombia, Venezuela and Ireland have condemned the interception of the Global Sumud Flotilla by Israeli forces and the detention of their citizens who were on board the boats. newsfirst.lk

A freight train derails at Ragama. Train services on the Puttalam line disrupted. - Railway Department- newsfirst.lk

DIG G.L.A. Dharmasena appointed as DIG Narcotics. DIG Oshan Hewawitharana, who was in charge of Narcotics, appointed DIG Kegalle Division.- newsfirst.lk

Former President Mahinda Rajapaksa's Chief Security Officer Neville Wanniarachchi has been arrested by the Bribery Commission.- newsfirst.lk

Former President Mahinda Rajapaksa's Chief Security Officer Neville Wanniarachchi remanded until the 17th.- newsfirst.lk

INDIGO TO RESUME INDIA-CHINA FLIGHTS



"Following the recent diplomatic initiatives, IndiGo announced the resumption of its services to Mainland China, connecting Kolkata to Guangzhou (CAN) with daily, non-stop flights starting 26 October 2025."

The airline added that it will also introduce direct flights between Delhi and Guangzhou shortly. IndiGo will use its Airbus A320neo aircraft to operate these flights that will re-establish avenues for cross-border trade and strategic business partnerships and promote tourism between the two nations.