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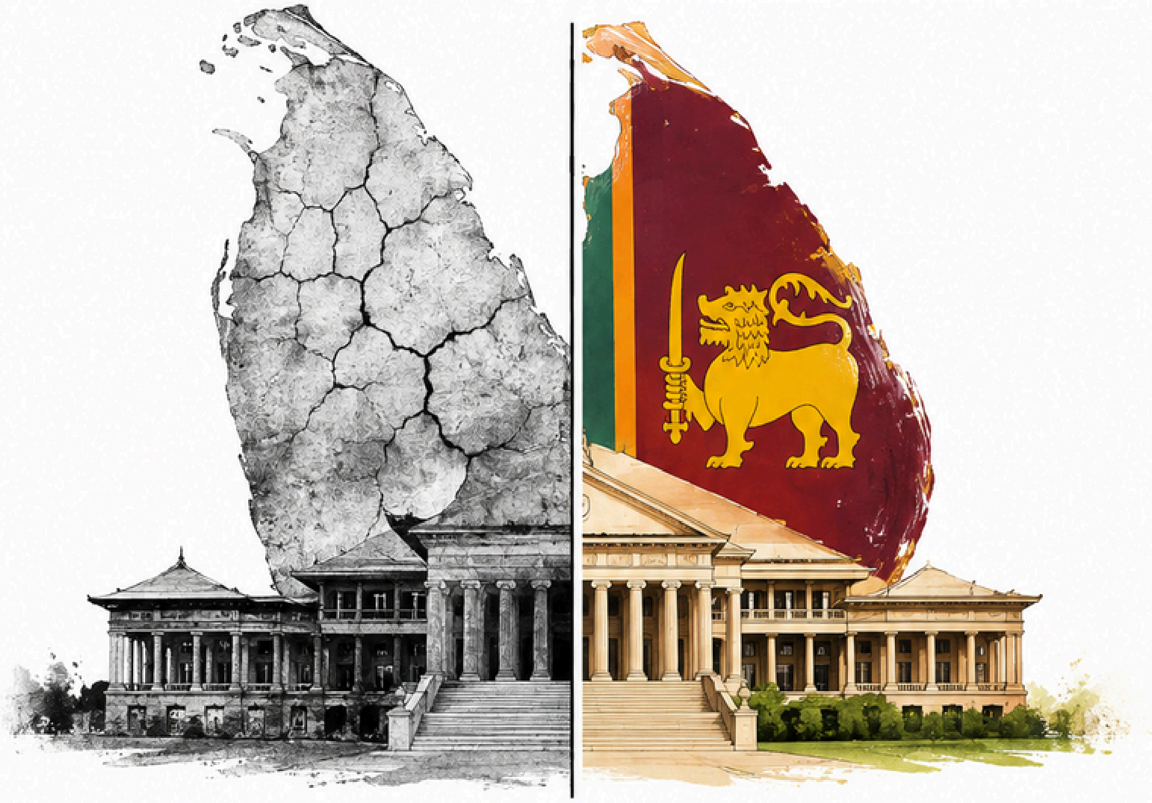
NEWSLINE
Daily by Faraz

"Questioning The Answers"

HAS THE COUNTRY CHANGED – OR JUST THE GOVERNMENT?



Sri Lankans voted for more than a change of administration. They voted against an entire political culture. Nearly two years later, the question is becoming unavoidable: **has the system changed with the government?**

“Questioning The Answers”

HAS THE COUNTRY CHANGED - OR JUST THE GOVERNMENT?

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NEWSLINE ANALYSIS

There was little ambiguity about the message delivered by Sri Lankan voters in 2024.

They did not simply vote one government out and another government in. They voted against a political culture - privilege without accountability, public money without adequate scrutiny, questionable appointments, political influence over institutions and the deeply embedded belief that there was one set of rules for those who governed and another for those who were governed.

Anura Kumara Dissanayake and the National People’s Power rode an extraordinary public appetite for change into office.

The promise was not merely: **give us a turn.**

The promise, as understood by millions of voters, was something considerably bigger: **we will do things differently.**

Nearly two years later, that creates perhaps the most important test of this administration.

Has Sri Lanka actually changed - or has Sri Lanka merely changed its government?

There is no serious argument that the country today is where it was during the nightmare of 2022. The queues have disappeared. The shortages have largely disappeared. Fuel is available. Electricity is stable. Sri Lanka is no longer staring over the edge of immediate economic collapse.

The Government is entitled to acknowledge that progress. But economic stabilisation and political transformation are not the same thing.

Much of the economic architecture being followed today - fiscal consolidation, debt restructuring, revenue reform and the IMF programme itself - was constructed before the present Government came to office.

The NPP administration chose, broadly, to continue that course.

That may well have been economically prudent. But it also means that recovery alone cannot answer the much larger question of whether the promised political transformation has taken place.

THE REAL TEST IS POWER

Governments invariably believe they are different from their predecessors.

Citizens have a rather simpler test: **how does the State behave when nobody is applauding?**

How transparent are appointments? How readily is information involving public money disclosed? How independent are institutions when their decisions inconvenience the Government? How does the administration react to criticism?

Does accountability apply to friends as readily as it applies to opponents?

Does Parliament become stronger? Does the public service become more professional? Are regulators allowed to regulate, auditors allowed to audit and officials permitted to say no?

Most importantly, does the rule of law remain equally uncomfortable for everybody?

Those questions matter more than slogans because *system change* cannot simply mean replacing one collection of powerful people with another.

It means changing what powerful people are permitted to do.
There has unquestionably been movement on corruption and accountability. Investigations have proceeded. Cases have been brought. People once regarded as politically untouchable have found themselves answering questions before investigators and courts.

There are also reforms involving asset declarations, beneficial ownership, procurement and the institutional framework surrounding anti-corruption enforcement.

These are important developments and should not be casually dismissed.

But Sri Lanka must distinguish between two very different achievements.

Prosecuting yesterday’s alleged corruption is accountability. Preventing tomorrow’s corruption is system change.

The second is considerably harder.

It requires institutions capable of resisting whichever political party happens to occupy the Presidential Secretariat or Temple Trees. Procurement rules must operate irrespective of who is buying. Asset declarations must mean something. Regulators must regulate. Auditors must audit.

And politicians must occasionally be prepared to hear the word **no** from public officials.

That is what a changed system looks like.

THE TRAP OF “OUR PEOPLE”

Every government eventually encounters the same temptation.

Their appointments were political. Ours are suitable.
Their supporters were cronies. Ours are professionals.
Their interference was improper. Ours is necessary.
Their secrecy was suspicious. Ours is justified.

That is precisely the point at which system change either survives or dies.

Good governance cannot depend upon the proposition that good people should simply be trusted with enormous discretion.

Good governance means constructing institutions in which nobody needs enormous discretion in order to govern effectively.

Institutions must ultimately become stronger than personalities.
And there is another measurement which governments sometimes find less comfortable than economic statistics.

Ask the citizen.

Ask the pensioner buying medicine. Ask the family paying the electricity bill. Ask the small businessman calculating taxes. Ask the graduate looking for employment. Ask the parent wondering whether a son or daughter should build a future in Sri Lanka or somewhere else.

For them, reform is eventually measured not in communiqués, presentations or percentages, but in lived experience.

Economic stability remains fragile. Sri Lanka remains vulnerable to events over which Colombo exercises little control - energy prices, wars, tourism shocks and global financial conditions.

Avoiding catastrophe was therefore only the first job.
Building a country capable of resisting the next catastrophe is the considerably harder one.

THE OPPOSITION CANNOT ESCAPE THE TEST

System change cannot be demanded exclusively from the Government.

“Questioning The Answers”

HAS THE COUNTRY ...

An Opposition which merely waits for the Government to fail is not offering transformation either.

Political parties cannot condemn patronage while practising it internally. They cannot demand transparency from government while remaining opaque themselves. They cannot preach democracy nationally while tolerating personality cults within their own organisations.

Sri Lanka will not acquire a new political culture if only the Government is expected to practise one.

Nor can citizens outsource democracy entirely to politicians.

The public demanded change. It must continue demanding evidence of it.

No reasonable person could expect decades of institutional decay to disappear within two years. Sri Lanka’s economic collapse was not created overnight. Neither were corruption, patronage, bureaucratic lethargy, political interference or the culture of impunity.

Repairing them will take time.

But there is a considerable difference between saying transformation is incomplete and arguing that scrutiny must therefore wait.

It must not.

Indeed, this is precisely when scrutiny matters most.

A government elected promising system change should expect a higher standard of accountability, not a lower one.

The more ambitious the promise, the greater the scrutiny that must follow.

The eventual verdict on the NPP Government will therefore not simply be whether it prosecuted Rajapaksas, defeated the old political establishment or successfully navigated an IMF programme.

History will ask something considerably more important.

Did Sri Lanka’s institutions become stronger?
Did public money become more transparent?

Did corruption become more difficult - rather than merely more dangerous for yesterday’s politicians?

Did merit begin defeating patronage?
Did citizens acquire a greater right to know?

And, perhaps most importantly, did those exercising power accept scrutiny when that scrutiny became inconvenient?

If the answers eventually become yes, 2024 may indeed be remembered as the beginning of something consequential.

If they do not, Sri Lanka will have performed an exercise with which it is painfully familiar: changing the occupants while leaving the house essentially untouched.

The country did not endure bankruptcy, queues, shortages, political upheaval and an extraordinary collapse of public confidence merely for a change of nameplates.

Sri Lankans demanded something considerably more difficult.

A change in the way Sri Lanka is governed.

There are signs of change. There are reforms worthy of recognition. There are achievements which should not be dismissed simply because they belong to a government one may or may not support.

But the jury remains out on the bigger promise.

Has the country changed?
Or just the government?

Be that as it may, changing a government takes an election. Changing a country takes considerably more.

Watch the debate on 'Showdown With Faraz - Facing the Nation' @ceylonindependent register by whatsapp 0772300-305

PTA REPLACEMENT MOVES FORWARD - BUT THE DEVIL WILL BE IN THE NEW LAW

Cabinet clears publication of proposed anti-terror legislation as Government says controversial provisions in the PTA have been addressed

The Government has moved formally towards replacing Sri Lanka’s much-criticised Prevention of Terrorism Act, with Cabinet approving publication of the proposed new anti-terror legislation before it is placed before Parliament.

Cabinet Spokesman Nalinda Jayatissa said controversial aspects of the existing PTA, including concerns surrounding the definition of terrorism, had been addressed in drafting the replacement legislation. The Bill has been prepared following the work of a technical expert committee and has received Attorney General clearance.

The real examination, however, begins once the wording is subjected to public and legal scrutiny.

For decades, the PTA has attracted criticism over detention powers, due process and the possibility of abuse. Replacing the name on the legislation will therefore mean little unless the substantive powers of the State are themselves recalibrated.

The question for Parliament will not merely be whether Sri Lanka requires effective laws against terrorism. Few would seriously dispute that.

It will be whether the replacement law provides the State with the powers genuinely necessary to protect the public without recreating, under another name, precisely the safeguards deficit that made the PTA so controversial.

For a Government which has spoken repeatedly of changing the manner in which the State exercises power, this could prove an important test.

RS.74 BILLION, 89 ACCOUNTS - THE UNDIYAL TRAIL GETS BIGGER

Government reveals extraordinary scale of alleged informal money-transfer operation as investigators obtain access to information on 210 bank accounts

An investigation into an alleged underground money-transfer operation has widened dramatically, with the Government telling Parliament that some Rs.74 billion had passed through 89 bank accounts linked to the case. Cabinet Spokesman Nalinda Jayatissa said investigations following an arrest in Negombo had led to four managers of leading private banks also being arrested over alleged involvement in the operation.

The Colombo Chief Magistrate’s Court has meanwhile authorised disclosure of information relating to 210 accounts connected with the investigation, according to the Government.

The sheer volume makes this considerably more than another routine financial-crime investigation.

If the allegations are established, the important question will extend beyond who transferred the money. Investigators will need to establish how transactions of such scale travelled through the formal banking system, what compliance warnings were generated, whether suspicious-transaction reporting mechanisms operated as intended and who, if anyone, failed to act.

There is an important distinction here.

An individual may attempt to circumvent the law. But when tens of billions of rupees allegedly move through dozens of accounts, the effectiveness of the financial system’s gatekeepers inevitably comes into focus.

The investigation therefore has the potential to become as much a story about institutional controls as about the individuals presently accused.

"Questioning The Answers"

SRI LANKAN REFUGEES IN INDIA GIVEN A CLEARER ROAD HOME

Cabinet decision removes obstacles to return as a decades-old consequence of conflict returns to the national agenda

Sri Lankans living as refugees in India are to be permitted to return without obstacles, Public Security Minister Ananda Wijepala told Parliament on Wednesday.

The decision has significance considerably beyond immigration administration.

Thousands of Sri Lankan Tamils crossed the Palk Strait during different stages of the conflict, with Tamil Nadu becoming home to refugee communities whose children and, in some instances, grandchildren have grown up in India.

Voluntary return has occurred over the years, including through programmes facilitated by the United Nations refugee agency, but the broader problem has outlived the war itself.

The Government's decision may simplify one part of that journey.

The harder questions come afterwards.

Returning citizens require documentation, housing, livelihood opportunities, access to land where relevant, education for children and confidence that coming back to Sri Lanka represents a genuine opportunity to rebuild their lives rather than simply the closing of a refugee file.

More than seventeen years after the end of the conflict, reconciliation is ultimately tested not only by speeches and ceremonies but by whether people displaced by that conflict can return and belong.

For Sri Lanka and Tamil Nadu alike, this is an unfinished chapter across the Palk Strait.

FOREIGN MONEY TRANSFERS -GOVERNMENT WANTS THE HANDCUFFS AVAILABLE

Cabinet backs criminalisation of unauthorised outward transfers as authorities sharpen response to alleged foreign-exchange abuse

The Government is preparing to make unauthorised transfers of funds overseas a criminal offence, significantly strengthening the consequences available under Sri Lanka's foreign-exchange regime.

Cabinet has granted policy approval to amend the Foreign Exchange Act of 2017.

Under the present framework, the Central Bank may impose a financial penalty equivalent to the rupee value of an unauthorised remittance. The proposed changes would create a specific basis for criminal prosecution.

One example cited concerns advance payments purportedly made overseas for imports where the goods subsequently fail to arrive within a reasonable period.

The timing is notable.

It comes as investigators pursue a separate alleged informal-transfer operation involving tens of billions of rupees and scores of bank accounts.

There is an obvious public interest in preventing capital flight, money laundering and fraudulent use of the banking system.

But criminalisation also increases the obligation on Government to draft precisely.

Business transactions go wrong. Goods can be delayed. Contracts can collapse. Suppliers can default.

The law therefore needs to distinguish effectively between commercial failure and deliberate foreign-exchange evasion.

Otherwise a measure designed to attack financial crime could produce uncertainty for legitimate importers.

Strong enforcement and predictable law must travel together.

22A CHALLENGE GROWS - NOW THE SUPREME COURT BECOMES THE ARENA

More petitions seek referendum as controversy over extending judges' retirement ages moves decisively from Parliament to court

The constitutional fight over extending the retirement ages of superior court judges has intensified, with further petitions filed before the Supreme Court seeking a determination that the proposal requires approval by the people at a referendum.

Among the latest petitioners are the Free Lawyers Organisation, through Maithri Gunaratne PC, and former law professor and parliamentarian G.L. Peiris.

The proposed Twenty-Second Amendment would increase the retirement age of Supreme Court judges from 65 to 67 and Court of Appeal judges from 63 to 65.

The Bill was presented to Parliament on Tuesday.

Peiris has challenged, among other matters, the proposed application of the extension to judges already in office and has sought consideration by a Full Bench because of the constitutional importance of the issue.

The controversy has travelled far beyond the apparently simple question of whether experienced judges should serve two additional years.

The deeper argument concerns security of judicial tenure, retrospective alteration of the conditions under which sitting judges hold office, separation of powers and ultimately public confidence that political decisions cannot influence the duration of judicial office.

Justice Minister Harshana Nanayakkara has argued that the Government possesses the sovereign authority, deriving from its mandate, to amend the country's laws.

That proposition itself is scarcely controversial.

The constitutional question is whether there are some changes which Parliament may make only after obtaining not merely the required parliamentary majority but the consent of the people themselves.

The Supreme Court will now have to answer it.

US$200 MILLION MORE - BUT BORROWING FOR RECOVERY IS STILL BORROWING

ADB support strengthens post-cyclone reconstruction while raising the familiar question of what Sri Lanka builds with fresh debt

Sri Lanka has secured another US$200 million in Asian Development Bank financing as the country continues rebuilding following Cyclone Ditwah and managing pressure from a difficult external economic environment. The financing provides badly needed room for reconstruction and economic support.

But there is another side to the story which a country emerging from sovereign default cannot afford to ignore. Loans are not grants.

Sri Lanka's post-crisis development strategy increasingly depends upon demonstrating that every additional dollar of borrowed capital creates economic value exceeding the eventual cost of repayment.

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US$200 MILLION MORE...

That means scrutiny of project selection, procurement, implementation and measurable outcomes becomes especially important.

The old Sri Lankan development model too often treated the availability of financing as though obtaining the loan were itself an achievement.

It is not.

The achievement lies in what happens after the money arrives.

Sri Lanka's foreign reserves are rebuilding despite imports and debt payments, Deputy Finance Minister Anil Jayantha said Wednesday.

That improvement is encouraging. But the discipline learned during bankruptcy must not disappear with recovery.

US$200 million can rebuild infrastructure. It can also become US$200 million more for future taxpayers to repay.

The difference lies in how well it is used.

Be that as it may, Sri Lanka's recovery will ultimately be measured not by how much money the country can borrow again - but by whether it has finally learnt how to spend borrowed money properly.

COLOMBO LAND GETS DEARER -RESIDENTIAL VALUES UP 6.7%

Central Bank data show land prices continuing to climb, with residential property leading the increase - but rising values do not necessarily mean a property boom

The price of land in Colombo District is continuing to move upwards, providing another indicator that confidence is returning to parts of Sri Lanka's post-crisis economy.

Residential land values rose **6.7% year-on-year during the first half of 2026**, according to the Central Bank's Land Valuation Indicator.

Commercial land values increased 5.7%, while industrial land recorded a 5.2% rise. Taken together, Colombo District's overall Land Valuation Indicator increased **5.9%** from a year earlier.

All three categories also increased compared with the second half of 2025.

On the surface, that is encouraging. Property is often among the first asset classes to reflect returning confidence following a severe economic contraction.

But there is an important qualification.

Higher land prices are not necessarily synonymous with stronger productive investment.

The more meaningful economic question is whether increasing property values are being accompanied by construction, commercial development, new businesses and employment -rather than merely reflecting owners demanding more money for a finite supply of Colombo land.

Sri Lanka has seen property cycles before in which asset values appreciated considerably faster than the underlying productive economy.

That distinction matters particularly now.

The country needs investment which produces income, employment and foreign exchange. A plot of land becoming 6.7% more valuable may enrich its owner on paper.

A factory, office, hotel or business built upon it potentially enriches the economy.

The figures nevertheless add to evidence of broader economic activity. Sri Lanka's Services PMI climbed to **61.4 in July from 58.5 in June**, with transportation, financial and professional services among the sectors driving expansion. Employment also increased.

Manufacturing remained in expansionary territory too, with the July PMI rising to **55.0 from 53.0**, helped particularly by food and beverage manufacturing.

The numbers therefore tell an encouraging story.

But Colombo should be careful about celebrating asset inflation as economic transformation.

The real test is not merely what Colombo land is worth - but what Sri Lanka is doing with it.

HEMAS GOES TO AFRICA - A SRI LANKAN COMPANY STARTS THINKING BEYOND SRI LANKA

US$16.1 million Kenyan acquisition gives conglomerate an East African manufacturing foothold as Hemas targets 15% of revenue from international operations by 2030

Sri Lankan corporate expansion has traditionally meant building another factory, opening another branch or acquiring another business - within Sri Lanka.

Hemas Holdings is attempting something rather more ambitious.

The diversified conglomerate has completed its first major international acquisition, buying a **75% stake in Kenya's Twiga Stationers & Printers Ltd for US$16.1 million** through Atlas Axillia.

The deal gives Hemas a manufacturing and distribution presence in East Africa and represents a significant strategic departure for a company whose roots and principal operations have traditionally been Sri Lankan.

Executive Director Sabrina Esufally has now put a number on the ambition: Hemas wants **15% of its revenue to come from international operations by 2030**.
That makes this transaction interesting well beyond Hemas.

Sri Lanka has spent decades talking about attracting foreign investors into the country.
Far less attention has been given to the opposite proposition - creating Sri Lankan companies capable of investing successfully overseas.

The strongest emerging economies tend eventually to produce companies which outgrow their domestic markets. They acquire businesses, establish factories and develop distribution networks overseas, creating multinational businesses headquartered at home.

Sri Lanka has produced relatively few such examples.
The Kenyan transaction therefore deserves scrutiny not simply because US$16 million is leaving Sri Lanka, but because of what Hemas expects to bring back.

If the acquisition succeeds, overseas earnings can diversify the group's exposure to Sri Lanka's economic cycle while building foreign-currency revenue and giving Sri Lankan brands access to a much larger consumer market.

That is considerably different from capital simply leaving the country.
It is capital being deployed abroad with the intention of producing returns.

There are risks, of course. International acquisitions introduce currency exposure, unfamiliar regulation, political risk, integration difficulties and the ever-present possibility that management overestimates its ability to reproduce domestic success overseas.

But the strategic direction is noteworthy.
For decades Sri Lanka has asked:

Who will come here and invest?

Hemas is asking another question:

Where can we go and invest?

That is the sort of transition a genuinely outward-looking private sector eventually has to make.

And if Hemas can demonstrate that a Sri Lankan consumer business can acquire, manage and grow manufacturing operations successfully in Africa, the significance could extend well beyond one conglomerate and one US$16.1 million transaction.

It would demonstrate that Sri Lankan capital does not merely have to defend itself at home.
It can compete abroad.

Be that as it may, perhaps one sign of Sri Lanka's economic recovery will come when the country's companies stop thinking of Colombo as the boundary of their ambitions.

“Questioning The Answers”

HEALTH COVER LEAPS FIVE-FOLD – TAMIL NADU PUTS ₹25 LAKH ON THE TABLE

Vijay Government announces major expansion of State health insurance alongside a new 400-bed hospital and cancer facilities

Tamil Nadu has unveiled a striking expansion of its public health safety net, raising annual coverage under the Chief Minister’s Comprehensive Health Insurance Scheme from **₹5 lakh to ₹25 lakh**.

The announcement by Chief Minister C. Joseph Vijay represents a five-fold increase in the maximum annual cover available under the scheme and forms part of a wider package of health-sector measures announced in the Assembly.

The State also proposes a **400-bed multispeciality hospital at Perambur**, at an estimated cost of ₹300 crore, together with new cancer-care facilities. Specialised medical and surgical services for transgender people are also to be provided through seven centres under the insurance programme.

For Sri Lanka, there is an interesting comparison across the Palk Strait.

Tamil Nadu is attempting to use the enormous purchasing power of the State to widen access to private and public medical treatment rather than depending exclusively upon government hospitals.

The announcement is ambitious. The test will be whether hospital capacity, reimbursement and administration can keep pace with the considerably larger promise.
A ₹25 lakh insurance card is impressive.

It becomes transformative only when the patient can actually use it.

STUDENTS CAN PROTEST – GOVERNMENT RETREATS IN 24 HOURS

Tamil Nadu withdraws controversial instruction restricting college students from joining demonstrations after order triggers opposition

Sometimes governments discover very quickly when they have stepped onto politically dangerous ground.

Tamil Nadu’s Higher Education Department has withdrawn an instruction restricting college students from participating in protests - **within 24 hours of issuing it**.

The Joint Director of Collegiate Education confirmed that the earlier communication had been withdrawn following controversy surrounding the restriction.

The episode raises an issue extending well beyond university administration.

India has a long and sometimes turbulent tradition of student political activism. Tamil Nadu itself has a particularly powerful history of student participation in language, education and social movements.

Governments understandably have an interest in maintaining order within educational institutions.

But there is a considerable distance between preventing disruption to education and attempting to regulate the political participation of adult students.

The rapid withdrawal suggests the administration recognised that distinction.

For a Government talking about transparency and democratic governance, reversing a questionable decision quickly may ultimately prove less damaging than attempting to defend it indefinitely.

₹3 MORE FOR MILK – FARMERS GET A PRICE RISE

Procurement rate rises to ₹41 a litre as Tamil Nadu Government attempts to put more money directly into dairy producers’ pockets

Tamil Nadu’s dairy farmers are to receive **₹3 more per litre** for milk supplied to cooperative societies, taking the procurement price from ₹38 to **₹41 per litre**.

Chief Minister Vijay announced the increase on Wednesday.

It may appear a modest adjustment when viewed litre by litre.

Across Tamil Nadu’s enormous cooperative dairy network, however, small price movements can translate into meaningful income for thousands of rural households.

There is inevitably another side.

Higher procurement prices eventually have to be absorbed somewhere - through greater efficiency, State support or higher consumer prices.

That makes dairy policy a delicate balancing act between keeping milk affordable for millions of families and ensuring the farmer producing it receives enough to make production worthwhile.

For Sri Lanka, struggling with precisely the same questions surrounding domestic dairy production, imports and farmer incentives, developments across the Palk Strait deserve watching.

MADRAS HIGH COURT: DON’T MAKE A CHILD LIVE THE TRAUMA TWICE

Court refuses to recall child sexual-abuse victim eight years later and tells judicial officers that the welfare of the child cannot be sacrificed merely to complete a trial

The Madras High Court has delivered a powerful reminder that justice is not measured solely by what happens to an accused person.

It must also consider what the legal process does to a victim.

The Court rejected an attempt to recall a child witness in a POCSO sexual-offence case some **eight years after the original testimony**, holding that there was no legal justification for requiring the victim to testify again.

In a related intervention, the High Court stressed the need for judicial officers dealing with child sexual-abuse cases to approach victims sensitively, warning against forcing children repeatedly to relive traumatic experiences.

That is an important principle throughout South Asia.

The rights of an accused to a fair trial are fundamental.
But so too is the obligation of a justice system not to transform the victim into collateral damage of its own procedures.

Cases involving children demand something beyond mechanical application of the law.
They demand humanity.

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