India - Sri Lanka Relations

In a reaffirmation of India’s ‘Neighbourhood First’ policy, Prime Minister’s first visit abroad took place to the Maldives and Sri Lanka.

The relationship between India and Sri Lanka is more than 2,500 years old. Both countries have a legacy of intellectual, cultural, religious and linguistic interaction.

In recent years, significant progress in implementation of developmental assistance projects for Internally Displaced Persons (IDPs) and disadvantaged sections of the population in Sri Lanka has helped further cement the bonds of friendship between the two countries.

Significance of Sri Lanka for India

- **Economic** - India has enjoyed the status of being Sri Lanka’s main economic partner for most of its independent history.
- **Geo-strategic importance** - Sri Lanka is placed at a crucial juncture of important shipping lanes. India can leverage its geo-strategic significance for enhanced transhipment facilities and regional security.
- **Regional Significance** - Being a member of SAARC, BIMSTEC, and IORA both Sri Lanka and India can complement each other by finding greater convergence and syncing their respective foreign policies including SAGAR doctrine.

Political Relations

- Political relations between the two countries have been marked by high-level exchanges of visits at regular intervals.

Commercial Relations

- Sri Lanka is one of India’s largest trading partners in SAARC. India in turn is Sri Lanka’s largest trade partner globally.
- Trade between the two countries grew particularly rapidly after the entry into force of the India-Sri Lanka Free Trade Agreement in 2000.
- Exports from India to Sri Lanka in 2016 were US$ 3.83 billion, while exports from Sri Lanka to India were US$ 551 million.

Developmental Cooperation

The conclusion of the armed conflict saw government of India put in place a robust programme of assistance to help the Internally Displaced Persons (IDPs) return to normal life as quickly as possible.
This included,

- Sri Lanka is one of the **major recipients of development credit** given by the Government of India, with a total commitment of around US$2.63 billion, including US$ 458 million as grants.
- The **Housing Project**, is the flagship project of Government of India’s assistance to Sri Lanka.
- Tsunami-damaged **Colombo-Matara rail link** has been repaired and upgraded.
- In 2014, the **Pallai-Jaffna reconstructed railway track** and signal system was inaugurated thereby reconnecting Jaffna to Colombo by rail.
- **Emergency Ambulance Service** was launched in Sri Lanka in 2016 under Indian Grant Assistance of US $ 7.55 million.
- Export-Import Bank of India (EXIM Bank) under National Export Insurance Account (BC-NEIA), signed an agreement for **financing three water supply projects** in Sri Lanka.
- Setting up Centres for English Language Training and providing technical assistance for the **National Action Plan for a Trilingual Sri Lanka**.
- Establishment of an **Agricultural Research Institute** in the Northern Province.
- During the **devastation of floods in 2017**, India had responded immediately by sending three ships with relief materials including food supplies, water, inflatable boats, diving team and medical teams for flood relief efforts.
- India and Sri Lanka in 2017 had agreed to jointly operate the world war-era **oil storage facility in Trincomalee**. At present Indian Oil Corporation subsidiary Lanka IOC, runs 15 out of the 99 storage tanks in the lower oil tank farm in Trincomalee. The proposed joint venture pertains to the remaining 84 tanks in the upper farm.
- Sri Lanka has handed over in 2018 the loss-making **Mattala Rajapaksa International Airport (MRIA)** in Hambantota to India to pay back dues to China’s EXIM Bank, which had provided loans to build the airport. AAI will acquire a 70 per cent controlling stake in the airport and operate it for 30 years.
- **India and Japan** have signed an agreement in 2019 with Sri Lanka to jointly build the **East Container Terminal** at the **Port of Colombo**. The development potentially extends India’s outreach in the Indian Ocean, where China is pursuing an expansionist policy.

**Cultural Relations**

- The **Cultural Cooperation Agreement**, 1977 forms the basis for periodic Cultural Exchange Programmes between the two countries.
- The Indian Cultural Centre in Colombo actively promotes awareness of Indian culture by offering classes in Indian music, dance, Hindi and Yoga.
- India and Sri Lanka commemorated the 2600th year of the attainment of enlightenment by Lord Buddha (Sambuddhatva Jayanthi) through joint activities.
• The two Governments jointly celebrated the 150th Anniversary of Anagarika Dharmapala in 2014.

• The India-Sri Lanka Foundation, set up in 1998 as an intergovernmental initiative, also aims towards enhancement of scientific, technical, educational and cultural cooperation.

• Under the Indian Technical and Economic Cooperation Scheme and the Colombo Plan, India offers 370 slots annually to Sri Lankan nationals.

• Tourism also forms an important link between India and Sri Lanka. Government of India formally launched the e-Tourist Visa (eTV) scheme for Sri Lankan tourists in 2015.

• In 2016, 14% of the total number of tourist arrival to Sri Lanka were Indians. Sri Lankan tourists too are among the top ten sources for the Indian tourism market.

Indian Community

• The People of Indian Origin (PIOs) comprise Sindhis, Borahs, Gujaratis, Memons, Parsis, Malayalis and Telugu speaking persons who have settled down in Sri Lanka (most of them after partition).

• Though their numbers (10,000 approximately) are much lesser as compared to Indian Origin Tamils (IOTs), they are economically prosperous and are well placed.

• The IOTs are mostly employed in either tea or rubber plantations in Central, Uva and Sabramamuwa Provinces. According to Government census figures (2011), the population of IOTs is about 1.6 million.

Concerns

• China Factor - China through its BRI policy is making inroads in India's strategic backyard. Sri Lanka leased Hambantota port located near the world’s busiest east-west shipping route to a Chinese firm in 2017 for 99 years in a bid to recover from the heavy burden of repaying a loan the country received to build the facility.

• Article 9 - Article 9 of Sri Lanka's constitution states that Buddhism shall be accorded "foremost place" in the country and it is the duty of government to protect it. It has remained a bone of contention between the minority tamils and majority sinhalese community.

• Emerging Terrorism - Recent easter attacks have brought forth National Thowheeth Jama'ath, a local militant Islamist group with suspected foreign ties, previously known for attacks against Buddhists and Sufis.

• Fishermen issue - Given the proximity of the territorial waters of both countries, especially in the Palk Straits and the Gulf of Mannar, incidents of straying of fishermen are common.

• Both countries have agreed on certain practical arrangements to deal with the issue of bona fide fishermen of either side crossing the International Maritime Boundary Line. India and Sri Lanka have set up a Joint Working Group (JWG) on Fisheries.
Recent developments and progress made by both the countries in strategic space give India a reason for a renewed push to its ‘Neighbourhood First’ policy. Along with Japan, India holds potential to work in collaboration with island nation to secure its interests in the Indian Ocean Region and contain the expansionist policy of China.