

India - Sri Lanka Relations

India is Sri Lanka's closest neighbour. The relationship between the two countries is more than 2,500 years old and both sides have built upon a legacy of intellectual, cultural, religious and linguistic intercourse. Relations between the two countries have also matured and diversified with the passage of time, encompassing all areas of contemporary relevance. In recent years, the relationship has been marked by close contacts at the highest political level, growing trade and investment, cooperation in the fields of development, education, culture and defence, as well as a broad understanding on major issues of international interest. Today, the India-Sri Lanka relationship is strong and poised for a quantum jump by building on the rich legacy of historical linkages and strong economic and development partnerships that have been forged.

Political Relations:

Political relations have been marked by high-level exchanges of visits. Prof. G.L. Peiris, Minister of External Affairs of Sri Lanka visited India for the eighth meeting of the India-Sri Lanka Joint Commission which was held on 22 January 2013. Prof. Peiris called on Prime Minister Dr. Manmohan Singh and had a bilateral meeting with Minister of External Affairs Shri Salman Khurshid during his visit. During the Joint Commission meeting, several important decisions were taken to further intensify economic engagement between the two countries. The two sides also signed an Agreement on Combating International Terrorism and Illicit Drug Trafficking and a Revised Double Taxation Avoidance Agreement.

President Mahinda Rajapaksa visited India from 19-22 September 2012 and met President Pranab Mukherjee and Prime Minister Dr. Manmohan Singh. He also visited Sanchi to lay the foundation for the University of Buddhist and Indic Studies.

Then Minister of External Affairs Shri S.M. Krishna visited Sri Lanka from 16-19 January 2012. During his visit, he called on President Mahinda Rajapaksa and Prime Minister D.M. Jayaratne. In his meeting with his counterpart, Minister of External Affairs Prof. G.L. Peiris, Minister Krishna reviewed the comprehensive agenda of the bilateral relationship. Minister Krishna visited Kilinochchi and Jaffna in northern Sri Lanka and Galle in southern Sri Lanka in connection with Government of India assisted projects.

Former President of India, Dr. A.P.J. Abdul Kalam visited Sri Lanka from 20-24 January 2012 to launch the 'National Plan for a Trilingual Sri Lanka', at the invitation of the President of Sri Lanka.

Shri Anand Sharma, Minister of Commerce, Industry & Textiles visited Sri Lanka and inaugurated "The India Show - Land of Limitless Opportunities" at Colombo on 3

August 2012. About 108 Indian companies participated in the Show. Shri Jairam Ramesh, Minister of Rural Development and Drinking Water and Sanitation paid an official visit to Sri Lanka from 11-13 July 2012. National Security Adviser Shivshankar Menon visited Sri Lanka on 29 June 2012 and met President Mahinda Rajapaksa, Minister of Economic Development Basil Rajapaksa and Defence Secretary Gotabaya Rajapaksa.

Hon'ble Speaker of Lok Sabha, Smt. Meira Kumar led a 60 member delegation consisting of Members of Parliaments, Speakers and Member of State Legislative Assemblies and Councils and accompanying officials for the 58th Commonwealth Parliamentary Association meeting from 11-15 September 2012. She had meetings with President, Speaker and Minister of External Affairs of Sri Lanka during her visit. Hon'ble Speaker had earlier visited Sri Lanka from 11-16 February 2011 to participate as the Guest of Honour at the 3rd CPA Asia Regional Conference. Hon'ble Speaker of the Sri Lankan Parliament Chamal Rajapaksa led a Parliamentary delegation to India from 1-4 August 2011 at the invitation of Hon'ble Speaker of Lok Sabha. He also visited India to participate at the 5th Conference of Association of SAARC Speakers and Parliamentarians from 9-12 July 2011.

A 12-member Indian Parliamentary delegation, headed by the Hon'ble Leader of Opposition in the Lok Sabha, Smt. Sushma Swaraj visited Sri Lanka from 16-21 April 2012. The delegation met President Mahinda Rajapaksa, Minister of Economic Development Basil Rajapaksa, Minister of External Affairs Prof. G. L. Peiris, Leader of the House and Minister of Irrigation Nimal Siripala de Silva, parliamentarians and leaders of other political parties. The delegation visited Northern, Eastern, Central and Southern Provinces where Indian assistance projects are under implementation.

The nearly three-decade long armed conflict between Sri Lankan forces and the LTTE came to an end in May 2009. During the course of the conflict, India supported the right of the Government of Sri Lanka to act against terrorist forces. At the same time, it conveyed at the highest levels its deep concern at the plight of the mostly Tamil civilian population, emphasizing that their rights and welfare should not get enmeshed in hostilities against the LTTE.

The need for national reconciliation through a political settlement of the ethnic issue has been reiterated by India at the highest levels. India's consistent position is in favour of a negotiated political settlement, which is acceptable to all communities within the framework of a united Sri Lanka and which is consistent with democracy, pluralism and respect for human rights. The Government of Sri Lanka has conveyed its assurance that political proposals building on the 13th Amendment to the Constitution will be discussed with the Tamil leadership of the country.

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 IMBL. Through these arrangements, it has been possible to deal with the issue of detention of fishermen in a humane manner.

India and Sri Lanka also enjoy a growing defence relationship built on extensive training and Service-to-Service linkages. The commonality of concerns of both countries, including with respect to the safety and security of their sea lanes of communication, informs their bilateral exchanges in this field.

Development Partnership

The conclusion of the armed conflict saw the emergence of a major humanitarian challenge, with nearly 300,000 Tamil civilians housed in camps for Internally Displaced Persons (IDPs). In June 2009, Prime Minister Dr. Manmohan Singh announced a grant of INR 5 billion (SLR 12 billion) for relief and rehabilitation in Sri Lanka. The Government of India put in place a robust programme of assistance to help these IDPs return to normal life as quickly as possible as also consistently advocated the need for them to be resettled to their original habitations as early as possible.

India's immediate humanitarian assistance to IDPs included supply of 250,000 family relief packs, establishment of an emergency medical unit which treated over 50,000 IDPs and carried out over 3000 surgeries from March to September 2009, supply of over one million roofing sheets between August 2009 and May 2011 as well as 400,000 bags of cement for constructing temporary housing and provision of 95,000 starter packs of agricultural implements. Since the requirement of de-mining was a major constraint on the speed of resettlement, the Government of India fully financed seven Indian de-mining teams, engaged in various sectors in northern Sri Lanka to help expedite resettlement. As agriculture is the primary means of livelihood in the areas affected by the conflict, to jumpstart the revival of the local economy, Government of India supplied seeds as well as provided 500 tractors alongwith other agricultural implements to farmer organizations in northern Sri Lanka. To cater to the transportation needs of persons being resettled and to aid revival of their livelihoods, India has also provided 10,000 bicycles to IDPs and returnees in Northern Province.

With the shift from relief and rehabilitation to reconstruction and development, the Government of India turned its attention to the housing requirements of the IDPs. During the visit of President Mahinda Rajapaksa to India from 8-11 June 2010, an announcement was made by Prime Minister Dr. Manmohan Singh that India would support a programme to reconstruct 50,000 houses in Sri Lanka. In order to ensure early operationalisation of this commitment, a Pilot Project involving construction of

1,000 houses was launched, covering all the five districts of Northern Province, through a groundbreaking ceremony during the visit of then Minister of External Affairs of India Shri S.M. Krishna to Sri Lanka in November 2010 at Ariyalai near Jaffna. The Pilot Project has been completed in July 2012 and houses handed over to beneficiaries. An MOU with the Government of Sri Lanka on the modalities of implementation of the remaining 49,000 houses under the Project was signed on 17 January 2012 during the next visit of Minister of External Affairs. This paved the way for launch of the second phase of the Project for construction and repair of 43,000 Housing Units in Northern and Eastern Provinces on 2 October 2012 on the occasion of Gandhi Jayanti. By January 2013, more than 6,000 housing units under this phase were already under construction. The Housing Project is under full grant assistance of the GOI with a total outlay of INR 1,372 crore (approx. US \$ 270 million or SLR 30.6 billion) making it one of the largest grant assistance projects implemented by the Government outside India. Among donor-funded humanitarian assistance projects in Sri Lanka, this Project is unmatched and unprecedented in its scale, reach and impact.

Sri Lanka is one of the major recipients of development credit given by the Government of India. Under a line of credit of \$167.4 million, the tsunami-damaged Colombo-Matara rail link has been repaired and upgraded. It was handed over during the visit of the Parliamentary delegation in April 2012. Another line of credit of \$800 million for track laying and supply of rolling stock to support construction of Medawachchiya to Madhu, Madhu to Talaimannar, Omanthai to Pallai, Pallai to Kankesanthurai railway lines and setting up of signaling and telecommunications systems in Northern Sri Lanka is already operational. The completion of work undertaken under this line of credit is expected by December 2013.

India is also involved in projects for renovation of Palaly Airport, Kankesanthurai Harbour, construction of Cultural Centre in Jaffna, interconnection of electricity grids between the two countries, construction of a 150-bed hospital in Dickoya and setting up a coal power plant in Sampur as a joint venture between National Thermal Power Corporation (NTPC) and Ceylon Electricity Board (CEB). Work on the wreck removal of the project for rehabilitation of the Kankesanthurai Harbour as a fully GOI grant-funded project (cost: INR 85.5 crores/SLR 2.05 billion) was completed in January 2012. India also continues to assist a large number of smaller development projects in areas like education, health, transport connectivity, small and medium enterprise development and training in many parts of the country through its grant funding. Projects for providing fishing equipment to cooperatives in the East, supply of equipment to Jaffna Teaching Hospital and to Kilinochchi and Mulaittivu General Hospitals, renovation of Duraippah Stadium, reactivation of Achuvvely Industrial Zone, assistance in repair of schools in Northern Province and supply of fishing equipment to old IDPs in Mannar district have already been completed or are in various stages of implementation under this scheme.

Commercial Relations:

India and Sri Lanka enjoy a robust trade and investment relationship, with bilateral trade growing rapidly in the last decade and a number of leading Indian private sector companies investing in Sri Lanka and establishing a presence in this country. Sri Lanka is India's largest trade partner in South Asia. 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 March 2000. Over the next eight years, bilateral trade multiplied nearly five-fold.

Following a downturn in 2009 on account of the global economic recession, trade rebounded in 2010. According to Sri Lankan statistics, bilateral trade in 2011 amounted to US \$ 4.86 billion, which is about 66% higher than 2010. In 2011, India's exports to Sri Lanka amounted to US \$ 4.3 billion, which is an increase of about 75% compared to 2010. Bilateral trade in 2012 amounted to US\$ 4.002 billion, registering a decline of 17.59% as compared to corresponding period of 2011. In recent months, the two countries have also resumed discussions on a Comprehensive Economic Partnership Agreement and steps to finalize the Agreement are expected to be taken in the near future.

Sri Lanka has long been a priority destination for direct investment from India. India is among the four largest overall investors in Sri Lanka with cumulative investments over US\$ 800 million. India was the second largest foreign direct investor in Sri Lanka in 2011, with an investment of US\$ 147 million (out of a total inbound FDI of US\$ 1057 million). Our main investments are in the areas of petroleum retail, hospitals, telecom, vanaspati, copper and other metal industries, real estate, telecommunication, hospitality & tourism, banking and financial services, IT and food processing (tea & fruit juices). Indian business organisations such as IOC, Tatas, Bharti Airtel, Piramal Glass, LIC, Ashok Leyland, L&T and Taj Hotels are present in Sri Lanka.

The last few years have also witnessed an increasing trend of Sri Lankan investments into India. Significant examples include Ceylon Biscuits (Munchee brand), Carsons Cumberbatch (Carlsberg), Brandix (about US\$ 1 billion to set up a garment city in Vishakapatnam), MAS holdings, John Keels, Hayleys, and Aitken Spence (Hotels), apart from other investments in the freight servicing and logistics sector.

Cultural Relations:

Cultural cooperation is a very important aspect of the bilateral relationship and the Cultural Cooperation Agreement signed by the Government of India and the Government of Sri Lanka on 29 November, 1977 at New Delhi forms the basis on which the periodic Cultural Exchange Programmes between the two countries are signed and implemented. The Programme of Cultural Cooperation (PCC) for 2010-2013 seeks to

enhance the level of cooperation in a wide variety of fields such as performing arts, visual arts, libraries, museums, archives & cultural documentation, archaeology, handicrafts, sports and youth affairs, publications and professional exchanges and mass media. The Indian Cultural Centre in Colombo actively promotes awareness of Indian culture by offering classes in Indian music, dance, Hindi and Yoga. Every year, cultural troupes from both countries exchange visits. India is also committed to the restoration of important icons of cultural heritage of Sri Lanka and is setting up an Indian Gallery at the International Buddhist Museum in Kandy and working on the restoration of the Thiruketheeswaram Temple in Mannar.

India and Sri Lanka also commemorated the 2600th year of the attainment of enlightenment by Lord Buddha (Sambuddhatva Jayanthi) through joint activities. An International Buddhist Conference on the theme "Cultural Interface between India and Sri Lanka based on Buddhist History, Art, Literature and Philosophy" organized by the Indian Council for Cultural Relations (ICCR) was inaugurated by President Rajapaksa at Kandy from 19-20 March 2011. A 16 feet high idol of Lord Buddha in the Sarnath style from the Gupta Period has been installed at the entrance of the International Buddhist Museum complex in Sri Dalada Maligawa in Kandy.

Marking the grand finale to commemorate the 2600th anniversary, the exposition of Sacred Kapilavastu Relics in Sri Lanka took place from 19 August 2012 to 11 September 2012. It is for the second time since their discovery that the Sacred Kapilavastu Relics have travelled to Sri Lanka from India's National Museum. The first Exposition was in 1978. During the 25 days of exposition at ten venues, approximately three million Sri Lankans (nearly 15 percent of the total population of Sri Lanka) paid homage to the Sacred Relics.

Education is another important area of cooperation between India and Sri Lanka. Both countries agreed to launch an India-Sri Lanka Knowledge Initiative during the visit of President Rajapaksa to India in June 2010. After an announcement in January 2012 of nearly three-fold increase in scholarship support, India now offers about 290 scholarship slots annually to deserving Sri Lankan students. The expanded scholarship programme benefits not only regular undergraduate studies but also provides opportunities for higher research. In addition, under the Indian Technical and Economic Cooperation Scheme and the Colombo Plan, India offers nearly 200 slots annually to Sri Lankan nationals for short and medium term training courses in a wide variety of technical and professional disciplines.

Tourism also forms an important link between India and Sri Lanka and India is the largest source market for Sri Lankan tourism. In 2012, out of the total 1005,605 tourists, 176,340 were from India constituting 17.54%. Sri Lankan tourists too are among the top ten sources for the Indian tourism market. In 2012, nearly 200,000 visas

were issued by the High Commission in Colombo to facilitate travel between Indian and Sri Lanka.

The India-Sri Lanka Foundation, set up in December 1998 as an intergovernmental initiative, also aims towards enhancement of scientific, technical, educational and cultural cooperation through civil society exchanges and enhancing contact between the younger generations of the two countries.

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) and are engaged in various business ventures. Though their numbers (10,000 approximately) are much lesser as compared to Indian Origin Tamils (IOTs), they are economically prosperous and are well placed. Each of these communities has their organization which organizes festivals and cultural events. According to unofficial statistics, it is estimated that around 2000 Indian expatriates are living in Sri Lanka.

The IOTs are mostly employed in either tea or rubber plantations in Central, Uva and Sabragamuwa Provinces though during the last decade, the younger generation has been migrating to Colombo in search of employment. A fair number of IOTs living in Colombo are engaged in business. According to Government census figures (2011), the population of IOTs is about 842,000.

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