

Bilateral Brief

India - Sri Lanka Relations

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, the relationship has been marked by close contacts at all levels. Trade and investment have grown and there is cooperation in the fields of development, education, culture and defence. Both countries share a broad understanding on major issues of international interest. 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.

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 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.

Political Relations

President Maithripala Sirisena was elected as the new President of Sri Lanka in the presidential election held on 8 January, 2015. He succeeded former President Mahinda Rajapaksa. Following parliamentary elections on 17 August 2015, Mr. Ranil Wickremesinghe was reappointed as the Prime Minister by President Sirisena on 21 August 2015.

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

President Sirisena visited India on a four-day visit starting 15 February 2015. President Sirisena visited India on 13-14 May 2016 on a working visit. During the visit, he visited New Delhi, Ujjain and Sanchi. President Sirisena travelled to India on 19-21 August 2016 on a private visit. President Sirisena travelled to India on 15-17 October 2016 to attend the BRICS-BIMSTEC Outreach Summit. President Sirisena traveled to India on 6-7 November 2016 to attend Seventh Session of the Conference of Parties (COP7) to World Health Organization (WHO) Framework Convention on Tobacco Control (FCTC)

in New Delhi. Prime Minister Ranil Wickremesinghe visited India in September 2015, his first overseas visit after being appointed as Prime Minister. President Sirisena and Prime Minister Shri Narendra Modi also met on the margins of 70th session of UNGA in New York in September 2015 and at the COP21 meeting in Paris in November 2015. Prime Minister Wickremesinghe travelled to India on 4-6 October 2016 for the India Economic Summit. Sri Lankan Foreign Minister Mangala Samaraweera visited New Delhi in January 2015 on his first overseas official visit. Minister of Development Strategies and International Trade Malik Samarawickrama visited India from 4-5 July 2016.

Prime Minister Shri Narendra Modi visited Sri Lanka on 13-14 March, 2015. He also travelled to Anuradhapura, Talaimannar, and Jaffna. External Affairs Minister Smt. Sushma Swaraj led an inter-ministerial delegation to Colombo from 5-6 February 2016 for the 9th Session of the India-Sri Lanka Joint Commission. Earlier, External Affairs Minister Smt. Sushma Swaraj was in Colombo on 6-7 March 2015 to prepare for Prime Minister's visit. Minister of State for External Affairs Gen. V. K. Singh (Retd) visited Colombo from 24-26 August 2016 to participate in the fifth Ministerial Meeting of the Colombo Process. Commerce and Industry Minister Smt. Nirmala Sitharaman visited Sri Lanka on 26-27 September 2016. Foreign Secretary Dr. S. Jaishankar visited Sri Lanka from 12-13 January 2016, for bilateral discussions with Sri Lankan leaders. External Affairs Minister Ms. Sushma Swaraj led a 12-member Parliamentary delegation to Sri Lanka in April 2012 as the then Leader of Opposition in the Lok Sabha. On 24 February 2016, Sri Lankan Parliament revived the Sri Lanka-India Parliamentary Friendship Association for the 8th Parliament.

On 18 June 2016 Prime Minister and President Maithripala Sirisena, through video conferencing from New Delhi, jointly inaugurated the newly renovated Duraiappah Stadium in Jaffna. A mega yoga event at Duraiappah Stadium launched the week long yoga celebrations for 2016 in Sri Lanka. The event was a performance of 'Surya Namaskar' by almost 11000 school children. On 28 July, Prime Minister delivered a video message at a ceremony to launch Emergency Ambulance Service in Colombo, set up with Indian financial assistance. Prime Minister Wickremesinghe launched the services in Colombo.

Commercial Relations

Sri Lanka has long been a priority destination for direct investment from India. Sri Lanka is one of India's largest trading partner 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 March 2000. According to Sri Lankan Customs, bilateral trade in 2015 amounted to US \$ 4.7 billion. Exports from India to Sri Lanka in 2015 were US\$ 4.1 billion (up by 2.1%), while exports from Sri Lanka to India were US\$ 645 million (up by 3.2%). During the period from January-September 2016, the bilateral trade between India-SL was US \$ 3.22 billion;

exports from India to Sri Lanka were US \$ 2.809 billion while exports from Sri Lanka to India were US \$ 414 million.

India is among the top four investors in Sri Lanka with cumulative investments of over US\$ 1 billion since 2003. The investments are in diverse areas including petroleum retail, IT, financial services, real estate, telecommunication, hospitality & tourism, banking and food processing (tea & fruit juices), metal industries, tires, cement, glass manufacturing, and infrastructure development (railway, power, water supply).

A number of new investments from Indian companies are in the pipeline or under implementation. Notable among them are proposals of South City, Kolkota for real estate development in Colombo (US \$ 400 million), Tata Housing Slave Island Development project along with Urban Development Authority of Sri Lanka (US \$ 430 million), and 'Colombo One' project of ITC Ltd. (ITC has committed an investment of US\$ 300 million, augmenting the earlier committed US 140 million). Dabur has set up a fruit juice manufacturing plant (US\$ 17 million) in May 2013.

On the other hand, the last few years have also witnessed an increasing trend of Sri Lankan investments into India. Significant examples include 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.

Developmental Cooperation

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). The Government of India put in place a robust programme of assistance to help the IDPs return to normal life as quickly as possible.

The main impetus for stepping up of India's development assistance flowed from the commitments made during the visit of President of Sri Lanka to India during June 2010. This included construction of 50,000 housing units, rehabilitation of the Northern Railway lines, wreck-removal and rehabilitation of the KKS Harbour, establishment of Vocational Training Centres, construction of a Cultural Centre at Jaffna, restoration of Thiruketheeswaram Temple, establishing an Agricultural Research Institute in the Northern Province, expanding the scholarship program for Sri Lankan students to pursue their higher studies in India, setting up Centres for English Language Training and providing technical assistance for the National Action Plan for a Trilingual Sri Lanka.

The Housing Project, with an overall commitment of over INR 1372 crore in grants, is the flagship project of Government of India's assistance to Sri Lanka. The first stage of construction of 1,000 houses in the Northern Province was completed in July 2012. The second phase of constructing or repairing 45000 houses in the Northern and Eastern

Provinces is being implemented. This phase was launched on 2 October 2012 and has made excellent progress. As of November 2016, a total of 45,360 houses have been completed. The third phase, to construct 4,000 houses in the Central and Uva Provinces through an innovative community-driven approach, was launched in April 2016.

Sri Lanka is one of the major recipients of development credit given by the Government of India, with total commitment of US\$2.6 billion, including US\$ 436 million as grants. Under a line of credit of \$167.4 million, the tsunami-damaged Colombo-Matara rail link has been repaired and upgraded. Another line of credit of \$800 million for track laying and supply of rolling stock to support construction railway lines in Northern Sri Lanka is already operational. In October 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 on 28th July 2016 under Indian Grant Assistance of US \$ 7.55 million. The project involves deployment of 88 ambulances Western and Southern provinces, setting up of an Emergency Response Center and first year of operations.

Export-Import Bank of India (EXIM Bank) on 8 March 2016 signed Buyer's Credit Agreements, under National Export Insurance Account (BC-NEIA), amounting to US\$ 403.01 million with National Water Supply and Drainage Board (NWSDB) of Sri Lanka in Colombo, for financing three water supply projects. Under the Buyer's Credit portfolio, EXIM Bank has already extended credit amounting to nearly US\$ 185 million to Sri Lanka for water supply and other projects.

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.

Cultural Relations

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 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. On 21 June 2015 the First International Day of Yoga was celebrated at the iconic ocean side promenade Galle Face Green. The event was attended by two thousand yoga enthusiasts. In 2016, a similar event was organized at Mahavihara Devi Park to celebrate International Day of Yoga. Every year, cultural troupes from both countries exchange visits. Pursuant to an announcement made by the Prime Minister during his visit to Sri Lanka, a Festival of India in Sri Lanka was launched in November 2015, with 'Nrityarupa', a scintillating dance medley from different parts of India performed in Colombo, Kandy and Galle. The theme of the Festival is "*Sangam*": a confluence of cultures of India and Sri Lanka.

India and Sri Lanka commemorated the 2600th year of the attainment of enlightenment by Lord Buddha (Sambuddhatva Jayanthi) through joint activities. These included the exposition of Sacred Kapilavastu Relics in Sri Lanka that took place in August - September 2012. During the exposition, approximately three million Sri Lankans (nearly 15 percent of the total population of Sri Lanka) paid homage to the Sacred Relics. The Indian Gallery at the International Buddhist Museum, Sri Dalada Maligawa, was inaugurated in December 2013. The two Governments jointly celebrated the 150th Anniversary of Anagarika Dharmapala in 2014.

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.

Education is an important area of cooperation. India now offers about 290 scholarship slots annually to Sri Lankan students. In addition, 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 on 14 April 2015. Subsequently, in a goodwill gesture, the visa fee for eTV was sharply reduced. In 2015, of the total tourist arrivals, 316,247 were from India constituting 17.58% of the total number of tourist arrival to Sri Lanka. Sri Lankan tourists too are among the top ten sources for the Indian tourism market. In 2014, around 200,000 visas were issued by the High Commission and other posts in Sri Lanka to facilitate travel between Indian and Sri Lanka.

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

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 14,000 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 1.6 million.

Useful Resources

<http://www.hcicolombo.org/>

<https://www.facebook.com/IndiaInSriLanka/>

<https://www.facebook.com/IndiaSLinBusiness/>

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