Brief on India-Sri Lanka Bilateral Relations

India is Sri Lanka's closest neighbor and the relationship between two countries is more than 2,500 years old, sharing a strong civilizational and historical connect. Sri Lanka has a central place in India's 'Neighbourhood First' policy and Security and growth for all in the region (S.A.G.A.R) vision.

The bilateral relations are matured and diversified, encompassing all areas of contemporary relevance. The shared cultural and social heritage of the two countries and the extensive people to people interaction of their citizens provide the foundation to build a multi-faceted partnership.

Political Exchanges

India- Sri Lanka bilateral relations are marked by regular high level exchanges. Such exchanges have provided momentum to mutual cooperation.

Prime Minister Shri Narendra Modi visited Sri Lanka thrice since 2014. The last visit of Prime Minister to Sri Lanka was on 9th June 2019 to express solidarity after Easter Sunday attacks. Prior to this, Prime Minister visited Sri Lanka in March 2015, which was the first standalone bilateral visit by Prime Minister of India since 1987 and in May 2017 as the chief guest for first ever International Vesak Day hosted by Sri Lanka.

External Affairs Minister (EAM) Dr. S. Jaishankar visited Sri Lanka 7 times since 2019. These include visit in November 2019 (the first Foreign Minister to visit Sri Lanka post 2019 Presidential elections), January 2021 (the first foreign visit by EAM in 2021), March 2022 (to attend the BIMSTEC Ministerial meeting), January 2023 (bilateral visit), October 2023 (to attend the 23rd Council of Ministers' meeting of the IORA), June 2024 (first bilateral visit of EAM after the assumption of office in the current term) and October 2024 (the first foreign dignitary visit to Sri Lanka, after Anura Kumara Dissanayake assumed

Presidency). During the latest visit, EAM called on President Dissanayake, Prime Minister Dr. Harini Amarasuriya and had bilateral meetings with Foreign Minister Vijitha Herath, former President Ranil Wickremesinghe and Leader of Samagi Jana Balawegaya Sajith Premadasa. During the visit, EAM conveyed that payments for 7 completed LoC projects to the tune of USD 20 million could be converted into grant and also our decision to gift 22 diesel locomotives to the Sri Lankan Railways.

In addition, Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman visited Sri Lanka from 01-03 November 2023 as Guest of Honour at 'Naam 200' event held to mark 200 years of arrival of Indian Origin Tamils (IOT) in Sri Lanka. National Security Advisor (NSA) Ajit Doval, KC visited Sri Lanka in January 2020, November 2020 and most recently in August 2024 for the signing of the founding documents of the Colombo Security Conclave (CSC), during which NSA also called on various leaders from the Government and the Opposition. Further, then Minister of State for External Affairs V. Muraleedharan and Minister of State Dr. L. Murugan visited Sri Lanka in February 2023 separately for the 75th Independence Day celebrations of Sri Lanka and for dedicating the iconic Jaffna Cultural Center respectively.

From the Sri Lankan side, former President Ranil Wickremesinghe visited India on 09-10 June 2024 to participate in the swearing-in ceremony of Prime Minister Shri Narendra Modi. Earlier, former President Wickremesinghe visited India on 20-21 July 2023 at the invitation of Prime Minister. During the visit, former President Wickremesinghe called on Hon'ble Rashtrapatiji and held restricted & delegation level discussions with Prime Minister, apart from separate meetings with EAM and NSA. A vision document titled "Promoting Connectivity, Catalysing Prosperity: India –Sri Lanka Economic Partnership vision", centred around enhanced connectivity and deeper economic partnership was adopted during the visit. Both sides also concluded agreements in the areas of renewable energy, development of Trincomalee, dairy cooperation, digital transactions through UPI payments and Solar Power Project in Sampur. Earlier, former President Gotabaya Rajapaksa visited India from 28-30 November 2019 in his first

overseas trip as President. The former Prime Minister Mahinda Rajapaksa paid a State Visit to India from 7 – 11 February 2020 as his first overseas trip after assumption of Office. Prime Minister Shri Narendra Modi also hosted a Virtual Bilateral Summit (VBS) with former Prime Minister Mahinda Rajapaksa on 26 September 2020, during which a joint statement titled "*Mitratva Magga - Path of friendship"* was issued. Other important visits include: visit of former Foreign Minister M.U.M. Ali Sabry in March 2023 to participate in the 'Raisina Dialogue 2023'; visit of a Sri Lankan Parliamentary delegation led by former Speaker Mahinda Yapa Abeywardena in December 2023; visit of former Foreign Minister Prof. G.L. Peiris in February 2022; visit of former Minister of Finance Basil Rajapaksa in December 2021 and March 2022; and visit of former Foreign Minister Dinesh Gunawardena in January 2021. Further, the National People's Power (NPP) delegation led by Anura Kumara Dissanayake visited New Delhi in February 2024 under ICCR's Distinguished Visitors Programme. In addition, former President Wickremesinghe participated virtually in all the three editions of the Voice of Global South Summit led by India, including the latest one in August 2024.

Trade and Commerce:

India has traditionally been among Sri Lanka's largest trade partners and Sri Lanka remains among the largest trade partners of India in the SAARC. According to the Department of Commerce (DoC), the Merchandise trade between India and Sri Lanka reached USD 5.5 billion in FY 2023-24 with India's exports amounted to USD 4.1 billion while Sri Lanka's exports reached USD 1.4 billion. Bilateral trade was also supported by various Lines of Credit and a Credit facility for procurement of essential items. To further broaden the scope of FTA and to strengthen the Rules of Origin, an Economic and Technology Cooperation Agreement (ETCA) covering both goods and services was proposed. The negotiations resumed after 5 years pursuant to the visit of former President Ranil Wickremesinghe in July 2023, wherein it was decided to undertake discussions on ETCA. 14 rounds of negotiations have been conducted so far with the latest round of discussion held in July 2024 in Colombo.

In addition to being Sri Lanka's largest trade partner, India is also one of the largest contributors to Foreign Direct Investment (FDI) in Sri Lanka, with a cumulative figure of approx USD 2.2 billion till 2023. The main investments from India are in the areas of energy, hospitality, real estate, manufacturing, telecommunication, banking and financial services. Going forward, the priority areas would be to expedite important projects in crucial sectors such as energy, ports & shipping, renewable energy, defence supplies, etc.

Connectivity and Tourism:

The economic partnership is being supported by various connectivity initiatives such as resumption of air link between Chennai and Jaffna since December 2022 and commencement of ferry services between Nagapattinam (Tamil Nadu) and Kankesanthurai (KKS), Sri Lanka since October 2023. In order to develop KKS port, Government of India has extended a grant of USD 61.5 million to Government of Sri Lanka. In parallel, discussions are ongoing to start ferry services between Rameswaram (TN) and Talaimannar which would require upgradation of infrastructure at respective ports. Another notable connectivity project is the Economic Land Corridor, for developing land access to Trincomalee and Colombo. Other elements of connectivity are in the power and energy domain. Discussions are also ongoing on the proposed multi-product pipeline connecting India and Sri Lanka and the power grid interconnection. In the financial domain, UPI services were commercially launched by Prime Minister Shri Narendra Modi and former President Ranil Wickremesinghe via video conferencing in February 2024.

Tourism is another important component with India being the leading tourist source market in 2023 with around 3 lakh arrivals (~20 % of ~1.48 million total arrivals) and in 2024 (till October 2024) with around 3.2 lakh arrivals (~19.3 % of 1.65 million total arrivals).

Development Cooperation:

India's development cooperation with Sri Lanka stands out as one of the most important pillars of our bilateral relationship, with an

overall assistance amounting to USD 5 billion in the form of concessional loans/swap agreements and USD 600 million as grants. These development projects extend to all 25 districts of Sri Lanka and cut across several sectors including infrastructure, housing, health, livelihood and rehabilitation, education, industrial development, etc. Our biggest grant assistance project is the construction of 60,000 houses under the four phases of Indian Housing Project at a total cost of more than INR 1800 crore. The fourth phase covering 10,000 houses for plantation sector workers is pursuant to announcement made by Prime Minister Shri Narendra Modi in May 2017. India is also extending grant assistance of INR 300 crore towards implementing Sri Lanka Unique Digital Identity project. Some of the other prominent projects include Cultural Center at Jaffna; upgradation of Northern Railway line and track-laying; island-wide 'Suwa Seriya' Emergency Ambulance Service; construction of multi-specialty hospital at Dickoya; construction of a new surgical unit at Teaching Hospital Batticaloa; restoration of Thiruketheeswaram Temple at Mannar; developmental projects focusing on Indian Origin Tamils (announced by Prime Minister Shri Narendra Modi in July 2023); project for solar electrification of Buddhist places of worship and a special grant for projects in the Eastern province (under discussion) and Hybrid Renewable Energy project in 3 Islands off Jaffna. Further, close 20 projects are ongoing under High Impact Community Development programme.

Besides the developmental assistance, India has provided multi-faceted assistance to Sri Lanka, close to USD 4 billion, during the economic crisis in 2022. These include USD 500 Line of Credit (LoC) for supply of petroleum products; Currency swap of USD 400 million extended to the Central Bank of Sri Lanka (CBSL) by the Reserve Bank of India (RBI); USD 1 billion credit facility for supply of food items, medicines, fuel and industrial raw materials; Deferment of payment of liabilities under the Asian Clearing Union (ACU) mechanism by CBSL to RBI in 2022 (total deferment of approx. USD 2 billion); and USD 55 million LoC for procurement of Urea Fertilizer. This was augmented by humanitarian assistance through donation of drugs, medicines, essential food items, kerosene, etc. India also played the role of first responder during the Covid – 19 pandemic by supply of vaccines and essential

medicines from India, including donation of 500,000 doses of COVISHIELD vaccines in January 2021 and grant of 100,000 Rapid Antigen Test (RAT) kits in February 2022.

Defence& Security Cooperation

India and Sri Lanka enjoy strong defence relationship pillared on close linkages between our militaries guided by commonality of security concerns and challenges. Defence cooperation with Sri Lanka encompasses training, joint exercises, supply of military equipment, high level bilateral visits, bilateral goodwill visits by Navy and Coast Guard ships. Annual Defence Dialogue is held between the Defence Secretaries every year to review and add momentum to bilateral defence cooperation.

India continues to be the largest provider of foreign training assistance to Sri Lankan Armed Forces. Besides the bilateral SLINEX (Naval Exercise) and MITRA SHAKTI (Army Exercise) held every year alternatively in India & Sri Lanka, Sri Lanka participates in MILAN the multilateral naval exercise hosted by the Indian Navy.

In terms of capacity building, the latest has been the installation of Maritime Rescue Coordination Centre (MRCC) for Sri Lanka Navy under GOI grant which was commissioned on 20 June 24 during the official visit of EAM. IN Dornier Aircraft has been operated by Sri Lanka Air Force at Trincomalee since Aug 2022 and has successfully undertaken extensive flying for maritime surveillance.

High level visits/ Service to Service staff talks between Indian and Sri Lankan Armed Force are conducted periodically. Since 2018, Reciprocal cultural visits between Indian and Sri Lankan Armed forces have been a regular feature.

In addition, India has been 'first responder' for Sri Lanka with Indian Navy and Indian Coast Guard having intervened in Sri Lankan waters to avert large scale environmental damage such as MV XPress Pearl in May 2021 and MT New Diamond in September 2020. Security cooperation on counter terrorism and other related areas are also an

important aspect of our bilateral relationship. The Colombo Security Conclave has emerged as a key platform in recent times to address such issues at a regional level.

Cultural relations

Significant cultural cooperation includes, establishment of Indian Gallery at the International Buddhist Museum in Kandy; Bharat-Kosh at Colombo Public Library and India Corners in different universities; restoration of the Thirukeeteswaram Temple in Mannar; exposition of sacred Kapilavastu Relics organized in Sri Lanka in 2012 to commemorate 2600th year of the attainment of enlightenment by Lord Buddha (Sambuddhatva Jayanthi), etc. In October 2021, the inaugural Colombo- Kushinagar flight was undertaken on the auspicious VapPoya Day, during which the sacred Kapilavastu Buddha relics from the Rajaguru Sri Subhuthi Maha Vihara of Waskaduwa was brought to India and displayed in several Indian cities including Kushinagar and Sarnath. Recently, a statue of Lord Buddha to Dharmayathanaya Temple was presented. The Centre for Contemporary Indian studies (CCIS) has been set up at University of Colombo. A long-term ICCR chair for Hindi has been set up at University of Kelaniya and Sabaragamuwa University. Varied academic and cultural activities have been initiated in about 30 Universities, schools and Pirivenas of Sri Lanka.

Capacity Building

India offers about 710 scholarship slots annually to Sri Lankan students. Under the Indian Technical and Economic Cooperation (ITEC) Program, 402 fully-funded slots are offered every year to officials and also to other eligible citizens for short term training programs. Further, under a framework Cooperation Agreement between both sides, 1500 Sri Lankan civil servants will be trained under aegis of National Centre for Good Governance over the next 5 years. In addition, a special course for 23 Sri Lankan Diplomats/officials at SSIFS was organized in 2024. Also, hundreds of teachers in plantation schools in STEM subjects under multi-sectoral grant assistance were also trained in August 2024. Indian institutes under ‘Study in India’ Program provide technical expertise

across a diverse range of courses.

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 IOTs, they are economically prosperous and are well placed. According to GoSL statistics, there are about 4,000 Indian passport holders in Sri Lanka engaged in various professional fields in Sri Lanka. The Indian Origin Tamil (IOT) are mostly employed in either tea or rubber plantations, in Central, Uva and Sabaragamuwa Provinces. A fair number of IOTs living in Colombo are engaged in business. The population of IOTs, according to unofficial estimates, is about 1.6 million.

November 2024

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