



INDIA AND SRI LANKA POLITICAL RELATIONS

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ABSTRACT

The present paper focuses on 'India and Sri Lanka Political Relations particularly, the issues related to the foreign policies and implementations. 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.

INTRODUCTION

Two-sided relations between the Democratic Socialist Republic of Sri Lanka and the Republic of India have generally been friendly, but were controversially affected by the Sri Lankan Civil War and by the failure of Indian intervention during the war. India is the only neighbour of Sri Lanka, separated by the Palk Strait; both nations occupy a strategic position in South Asia and have sought to build a common security umbrella in the Indian Ocean.^[1] Historically and culturally, the two nations have been considerably close, with 70% of Sri Lankans continuing to follow Theravada Buddhism to this day. India is active in a number of areas of development activity in Sri Lanka. About one sixth of the total development credit granted by India is made available to Sri Lanka.

In the recent past three lines of credit were extended to Sri Lanka: US\$ 100 million for capital goods, consumer durables, consultancy services and food items, US\$ 31 million for supply of 300,000 MT of wheat and US\$ 150 million for purchase of petroleum products. All of the lines of credit have been fully used. Another line of credit of US\$ 100 million is now being made available for rehabilitation of the Colombo-Matara railway. A number of development projects are implemented under Aid to Sri Lanka funds. In 2006-07, the budget for Aid to Sri Lanka was Rs 28.2 Crs. A memorandum of understanding on Cooperation in Small Development Projects has been signed. Projects for providing fishing equipment to the fishermen in the East of Sri Lanka and solar energy aided computer education in 25 rural schools in Eastern Sri Lanka are under consideration.



India have supplied medical equipment to hospitals at Hambantota and Point Pedro, supplied 4 state-of-the-art ambulances to the Central Province, implemented a cataract eye surgery programme for 1500 people in the Central Province and implemented a project of renovation of OT at Dickoya hospital and supplying equipment to it. The projects under consideration are co nstruction of a 150-bed hospital at Dickoya, upgradation of the hospital at Trincomalee and a US\$ 7.5 million grant for setting up a cancer hospital in Colombo. India also contributes to the Ceylon Workers Education Trust that gives scholarships to the children of estate workers.

Indo-Lanka Relations

India is Sri Lanka's largest trading partner globally, while Sri Lanka is India's second largest trading partner in the SAARC. It is the number one source of supplies accounting for twenty percent of Sri Lanka's total imports and third largest export destination for Sri Lankan products absorbing six percent of total exports. Among tourists, Indian visitors make the largest single group having a share of twenty seven percent of total arrivals. In the investment field, India is among the top five foreign investors in Sri Lanka. Trade between Sri Lanka and India has grown rapidly after the entry into force of the Indo-Sri Lanka Free Trade Agreement in March 2000. The value of bilateral trade increased from US\$658 million in 2000 to US\$ 3.6 billion in 2013.

Table – 1
Trade between India and Sri Lanka: 2000 – 2013 (in US \$ Millions)

Year	Exports	Imports	Total Trade	Balance of Trade
2000	55.65	600.12	655.77	-544.47
2001	70.12	601.50	671.62	-531.38
2002	168.86	834.70	1,003.56	-665.84
2003	241.14	1,076.17	1,317.31	-835.03
2004	385.50	1,358.01	1,743.51	-972.51
2005	559.26	1,440.41	1,999.67	-881.15
2006	494.06	1,822.07	2,316.13	-1,328.01
2007	516.40	2,785.04	3,301.44	-2,268.64
2008	418.08	3,006.93	3,425.01	-2,588.85
2009	324.87	1,709.93	2,034.8	-1,385.06
2010	466.60	2,546.23	3,012.83	-2,079.63
2011	521.65	4,338.04	4,859.69	-3,816.39
2012	566.37	3,517.23	4,083.60	-3,517.23
2013	543.37	3,092.67	3,636.04	-2,549.30

Source: Sri Lanka Customs

Sri Lanka's exports growth has largely been under the ISFTA, whereas India's exports have remained mostly outside the ISFTA. In average, over 70% of Sri Lanka's exports to India continue to be under the ISFTA, while India's exports to Sri



Lanka under the ISFTA remains only around 25%. Sri Lanka could export more than 4000 product lines to the Indian market on duty free basis. The noteworthy aspect of the growth of exports under the agreement is the broader product diversification, which took place following the FTA. Major exports from Sri Lanka under the ISFTA includes; apparel, furniture, MDF boards, glass bottles, processed meat products, poultry feed, insulated wires & cables, bottle coolers, pneumatic tires, tiles & ceramics products, rubber gloves, electrical panel boards & enclosures, machinery parts, food preparations and spices etc.

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 signalling 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 Achuvely 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 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 Thirukettheeswaram 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.

CONCLUSION

Finally, the 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.

However, the 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.

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