

Sri Lanka

It lies in the Indian Ocean, southwest of the Bay of Bengal, separated from the Indian peninsula by the Gulf of Mannar and the Palk Strait. Sri Lanka shares a maritime border with the Maldives in the south-west and India in the north-west.

Facts about Sri Lanka:

- Population: 22 million (2020)
- Economy: \$75.3 Billion (Nominal)
- Demography: 74.9% Sinhalese, 11.2% Sri Lankan Tamils, 9.2% Sri Lankan Moors, 4.2% Indian Tamils
- Religion: 70.2% Buddhism, 12.6% Hinduism, 9.7% Islam, 7.4% Christianity.

Sri Lanka got independence from British in 1948. After independence, there were multiple conflicts between Sinhala majority and Tamil minority in 1956, 1958, 1977, 1981 and 1983.

Origins of the Sri Lankan Civil War

The ethnic composition of Sri Lanka has played a significant role in the country's history and politics. The Sinhalese, who form the majority of the population, migrated from **northern India around the 500s BC**. They maintained contacts with the Tamils, who were settled in the southern part of the Indian subcontinent. Major migrations of Tamils to Sri Lanka occurred between the 7th and 11th centuries CE.

During the British rule from 1815 to 1948, close to a million Tamils were brought in to work in the coffee, tea and rubber plantations. The British also established educational and other infrastructures predominantly in the Tamil-majority northern parts of the country, which led to a sense of resentment among the Sinhalese population.

Post 1956 election, **Sinhala Only Act** displaced English as the medium of administration and legal usage. As a result, in 1956, 30 percent of the Ceylon administrative service, 50 percent of the clerical service, 60 percent of engineers and doctors, and 40 percent of the armed forces were Tamil. By 1970 those numbers had plummeted to 5 percent, 5 percent, 10 percent, and 1 percent, respectively. After a long bitter struggle, the Sinhala Only Act was watered down and Tamil was also recognized in 1958. Presently, both Sinhala and Tamil are official languages of administration and legislation in Sri Lanka.

Furthermore, there was Continued persecution of the Tamil population and Tamil identity with impunity from the state. This resulted in emergence of **Liberation Tigers of Tamil Eelam (LTTE) as defender of Tamils**. They believed that the only true way that the two races could exist would be for two entirely sovereign nations to be created.



LTTE Insignia



A portrait of a man in a military uniform, wearing a camouflage cap and shirt, with a tiger emblem on the left and a map of India on the right.

LTTE Chief V Prabhakaran

claimed for Tamil Eelam

Partially controlled by GOSL, pockets controlled by LTTE

Controlled by LTTE

Jaffna

Kilinochchi

Mullaitivu

Mannar

Vavuniya

Anuradhapura

Trincomalee

Puttalam

Batticaloa

Amparai

Kandy

Colombo

Galle

Area of LTTE influence

A map of South India with the Tamil Homeland region highlighted in green and enclosed in a red oval. The region includes parts of Andhra Pradesh, Karnataka, Tamil Nadu, and Kerala. Major cities like Chennai, Coimbatore, Madurai, and Tiruchi are marked. Surrounding areas include Bay of Bengal, Sri Lanka, and various other Indian states and cities.

A map of South India with the Tamil Homeland region highlighted in green and enclosed in a red oval. The region includes parts of Andhra Pradesh, Karnataka, Tamil Nadu, and Kerala. Major cities like Chennai, Coimbatore, Madurai, and Tiruchi are marked. Surrounding areas include Bay of Bengal, Sri Lanka, and various other Indian states and cities.

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devolution of power to the provinces, merger (subject to later referendum) of the northern and eastern provinces, and official status for the Tamil language.

2. Sri Lankan troops were to withdraw to their barracks in the north, the Tamil rebels were to disarm. India agreed to end support for the Tamil separatist movement and recognise the unity of Sri Lanka.
3. IPKF was deployed to maintain peace in the region. However, the mission failed.

In 1990, India withdrew the last of its forces from Sri Lanka, and fighting between the LTTE and the government resumed.

The final phase of the civil war, from 2008 to 2009, was marked by intense military offensives by the Sri Lankan government against the LTTE-held territories. The conflict culminated in the defeat of the LTTE in May 2009. The final stages of the war were characterized by significant humanitarian concerns. There were reports of civilian casualties, displacement, and allegations of human rights abuses by both sides.

The end of the civil war marked a turning point in Sri Lanka's history, but it also left a legacy of trauma and challenges. Reconciliation efforts, demilitarization, and addressing the grievances of the Tamil population became critical tasks for the post-war government. The government faced international scrutiny for alleged human rights violations during the conflict's final stages. Calls for accountability and justice persist.

Significance of Sri Lanka for India:

1. Geopolitical: Maintaining India's primacy in the Indian Ocean Region, limiting Chinese designs in the IOR.
2. Economic: Investment opportunity in cooperation with third country (Japan), safety of trade routes, market for Indian goods.
3. Security: Safety of sea lanes of communication, Stability in south India, especially Tamil Nadu, tackling radicalism.
4. Shared concern about climate change, global warming, and natural disasters
5. Cultural: Tamil, Buddhism

India Sri Lanka Relations

India and Sri Lanka have a legacy of intellectual, cultural, religious and linguistic interaction and the relationship between two countries is more than 2500 years old.

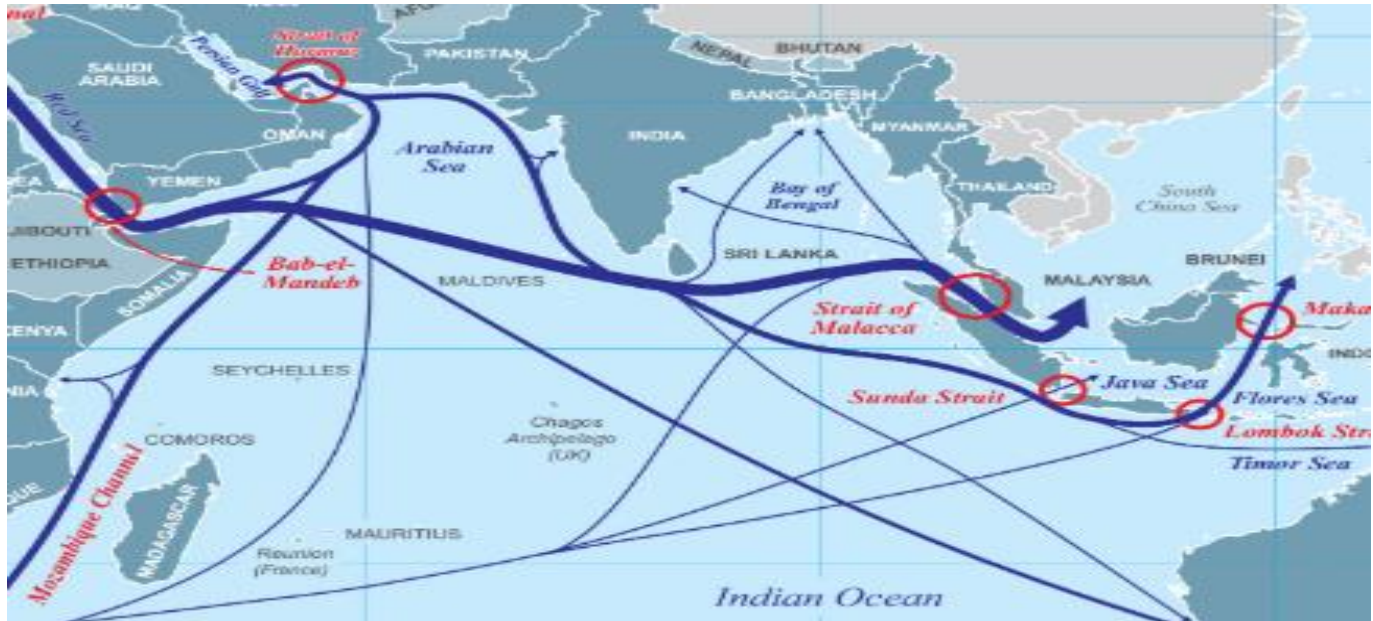
Economic Relations:

India was *Sri Lanka's* largest **trading** partner with an overall **bilateral** merchandise **trade** of US\$ 6.18 billion in 2022-23. India's export in 2022-23 was at \$5.11 billion and imports from Sri Lanka at \$1.07 billion. **India-Sri Lanka Free Trade Agreement (ISFTA)** signed in year 2000 contributed significantly towards the expansion of trade between the two countries.

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. India has been the largest source market of tourists visiting Sri Lanka, prior to the pandemic.

India and Sri Lanka have resumed talks for an **Economic and Technology Cooperation Agreement (ETCA) after a gap of nearly five years**. There had been 11-round of talks from 2016 to 2018 and then it was paused.

Sri Lanka has designated **Indian Rupee as designated foreign currency** for bilateral trade.



Security Cooperation:

1. India and Sri Lanka regularly engage in maritime dialogue under the 'India- Sri Lanka- Maldives' trilateral mechanism. NSA visited Sri Lanka in November 2020 to attend the fourth maritime dialogue.
2. In April 2022, India and Sri Lanka entered into maritime security agreement for a **joint Maritime Rescue Coordination Centre (MRCC)**.
3. India-Sri Lanka annual defence dialogue. Its seventh meeting took place in February 2023 where both sides agreed to increase the intensity of bilateral military exercises.
4. India has offered Sri Lanka with Dornier surveillance aircraft and indigenously constructed Offshore Patrol Vessels (OPVs) to meet its immediate security requirement.
5. **Mitra Shakti** bilateral Military exercise.
6. **SLINEX** Maritime exercise.

Development Cooperation:

Sri Lanka is one of India's major development partners. India's development cooperation portfolio stands at around USD 5 billion, with close to USD 600 million being in grants.

Demand- driven and people-centric nature of India's development partnership with Sri Lanka have been the cornerstone of this relationship.

India's commitment under **Indian Housing Project stand at 60,000 with 46,000 already completed**. Under **phase IV**, India will be building 10,000 houses in the plantation area, spread across 11 districts and 6 provinces of Sri Lanka. Grant projects cut across sectors such as education, health, livelihood, housing, industrial development etc. under these LOCs include: Railway, transport, connectivity, defence, solar.

Indian Technical and Economic Cooperation (ITEC) Scheme and the **Colombo Plan**, Sri Lankan nationals can benefit from 400 slots for short- and medium-term training courses in a variety of technical and professional disciplines.

Recent Issues:

1. Since coming of Rajapaksa regime, Sri Lanka went back closer to China. But India's assistance during economic crisis has brought both nations together.
2. In February, Sri Lanka backed out from a tripartite partnership with India and Japan for its East Container Terminal Project at the Colombo Port, citing domestic issues. However, the West Coast Terminal was offered later on under a public private partnership arrangement.
3. Continued docking of Chinese ships on Sri Lankan ports. In August 2023, China's satellite tracking vessel Yuan Wang 5 arrived at Hambantota port, leading to diplomatic tensions.
4. Increasing centralisation goes against the spirit of 13th amendment.

Positives:

1. China has been replaced from Hybrid energy project to be constructed in three Islands of Jaffna, which is closer to India. It will be done by India. This will be the third Indian energy project coming up in Sri Lanka's north and East.
2. Cooperation on Trincomalee Oil container terminal: India and Sri Lanka agreed to develop Trincomalee city in the island nation as a regional hub.
3. Cultural exchanges: Direct flight from Colombo to Kushinagar.
4. India's support to Sri Lanka during the economic crisis and ongoing negotiations with its creditors and the IMF.

Scope for Cooperation:

1. **Tackling economic challenges:** With largest economy in the region, India can play central role in Sri Lanka's economic revival and diversification.
2. **Tackling radicalisation:** Since both India and Sri Lanka have faced the brunt of radicalisation (Easter Bombings, 26/11 attacks), both have shared stake in tackling it.
3. **Safety of SLoC:** Being maritime nations and along the critical Sea Lanes of Communications (SLOC), it provides avenue for cooperation.

4. **Climate change and rise in sea level** presents greater threat to Sri Lanka, being an island nation. India at the forefront of fighting climate change, can guide Sri Lanka in its technological and economic reorientation in this regard.

Challenges:

- **Fishermen Issue:** The issue of fishermen from both countries crossing maritime boundaries and engaging in illegal, unreported, and unregulated (IUU) fishing activities has been a persistent challenge. This has led to arrests and occasional confrontations, affecting the livelihoods of fishermen on both sides.
- **Economic Relations and Trade Imbalance:** Trade imbalances and restrictions on certain goods have been points of contention. India has expressed concerns about non-tariff barriers and restrictions on its exports to Sri Lanka, while Sri Lanka has sought more favourable trade terms.
- **China's influence:** Sri Lanka's growing economic and strategic ties with China have been a concern for India. Chinese investments in Sri Lankan infrastructure projects, including the Hambantota Port, have raised geopolitical apprehensions.
- **Ethnic and Political Issues:** The historical ethnic conflict in Sri Lanka, particularly concerns related to the Tamil minority, has at times created sensitivities in India-Sri Lanka relations. India has expressed interest in the reconciliation process and the political empowerment of Tamils.
- **Port Development and Strategic Concerns:** The development of strategic ports in Sri Lanka, such as Hambantota and Colombo, has raised strategic concerns for India. There have been apprehensions about the potential military use of these ports by external powers, impacting India's security interests.
- **Regional Diplomacy:** Both countries are active members of regional organizations like SAARC (South Asian Association for Regional Cooperation) and BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation). Differences in approaches or priorities within these forums can pose challenges to collaboration.

Why China?

1. **Balancing India:** Being a smaller nation neighbouring a much powerful India, Sri Lanka looks at extra-regional powers like China to balance India in the region.
2. **Funds and economic support:** China have deep pockets and provides funds quickly, there are delays by India in providing funds and support.
3. **Concerns about India interference:** There have been concerns about India's interference in Sri Lanka's domestic politics. Ex-PM Mahinda Rajapaksa has accused Indian intelligence agencies behind his defeat in the elections.
4. **Support of China at UN:** China being a P-5 member, has frequently supported Sri Lanka against western criticism over war-time atrocities and human rights violations.

Sri Lanka economic crisis:

Sri Lanka underwent its worst economic crisis since independence in recent times due to multiple factors. It has led to unprecedented levels of inflation, near-depletion of foreign exchange reserves, shortages of medical supplies, and an increase in prices of basic commodities. It had to declare a sovereign default. It had to put multiple restrictions to save fuel and reduce unnecessary imports. India provided the economic lifeline in the form of Line of Credit amounting to \$4 Billion. It is negotiating with IMF for a bailout package and debt restructuring with creditors.

Reasons:

1. **Lack of economic reforms** has limited the export earnings and made it dependent on borrowings.
 2. **Fiscal mismanagement:** Populist agenda of tax cuts by Rajapaksa regime led to budget deficit soaring from 5% in 2020 to 15% in 2022.
 3. **Unsustainable debts:** Sri Lanka's total debt is around \$36.6 billion, with China as its biggest creditor. White elephant projects like Hambantota port have not taken off.
 4. **Covid-19 crisis:** This put a pause on tourism, which accounts for 10% of Sri Lanka's GDP.
 5. **Change in agricultural policy:** sudden nationwide ban on chemical fertilizers and pesticides in June 2021 resulted in collapse of agriculture.
 6. **Ukraine crisis** and resultant spike in energy prices
 7. Lack of proactive decision making
- India has provided \$4 billion of support in form of aid, line of credit and credit swap facility.
 - On the sidelines of QUAD meeting in Tokyo, India and Japan agreed to help Sri Lanka in current economic and humanitarian crisis. India along with Japan and France has helped Sri Lanka in reaching debt restructuring.
 - India has also supported Sri Lanka in its negotiations with the IMF.

Opportunities for India:

1. India's timely help has boosted India's image among Sri Lankan people as a friendly nation coming forward in the time of crisis.
2. India has also signed agreements related to Trincomalee oil tank farm, three major power projects and maritime security pact.
3. The crisis has exposed the nature of Chinese debt and its unsustainability not only for Sri Lanka but other nations in the region too.
4. It can strengthen India's image as a helpful elder brother for the smaller neighbours and give a fillip to **Neighbourhood First Policy**.
5. Thus, timely positive interventions in the times of crisis can strengthen India's leadership credentials and help in regaining the lost ground in its own strategic backyard from China.

Challenges:

1. India's past image of interfering in Sri Lanka's internal affairs.
2. India's limited financial capacity to help Sri Lanka.
3. Lack of discussions on implementing 13th amendment, which has been a stumbling block in India- Sri Lanka relations.
4. Spillover of refugees to India.
5. Protests in Sri Lanka over Maritime Security pact and power projects.

Suggestions:

- Short Term: Getting support from IMF and other nations, attracting tourism, line of credit for fuel from energy exporting nations
- Long Term: Economic reforms, diversification of exports, Choosing financially viable debts.

Sri Lanka 21st Constitutional Amendment:

Diluting the powers of the President reinstated through 20th amendment, Sri Lanka parliament passed 21st Constitutional amendment to trim the powers of the President and empower the Parliament. Under the 21A, the President will be held accountable to the Parliament. The Cabinet of Ministers will also be also accountable to Parliament. The National Council will also accountable to Parliament. Fifteen Committees and Oversight Committees will be accountable to Parliament.