

## India-Sri Lanka: An intro

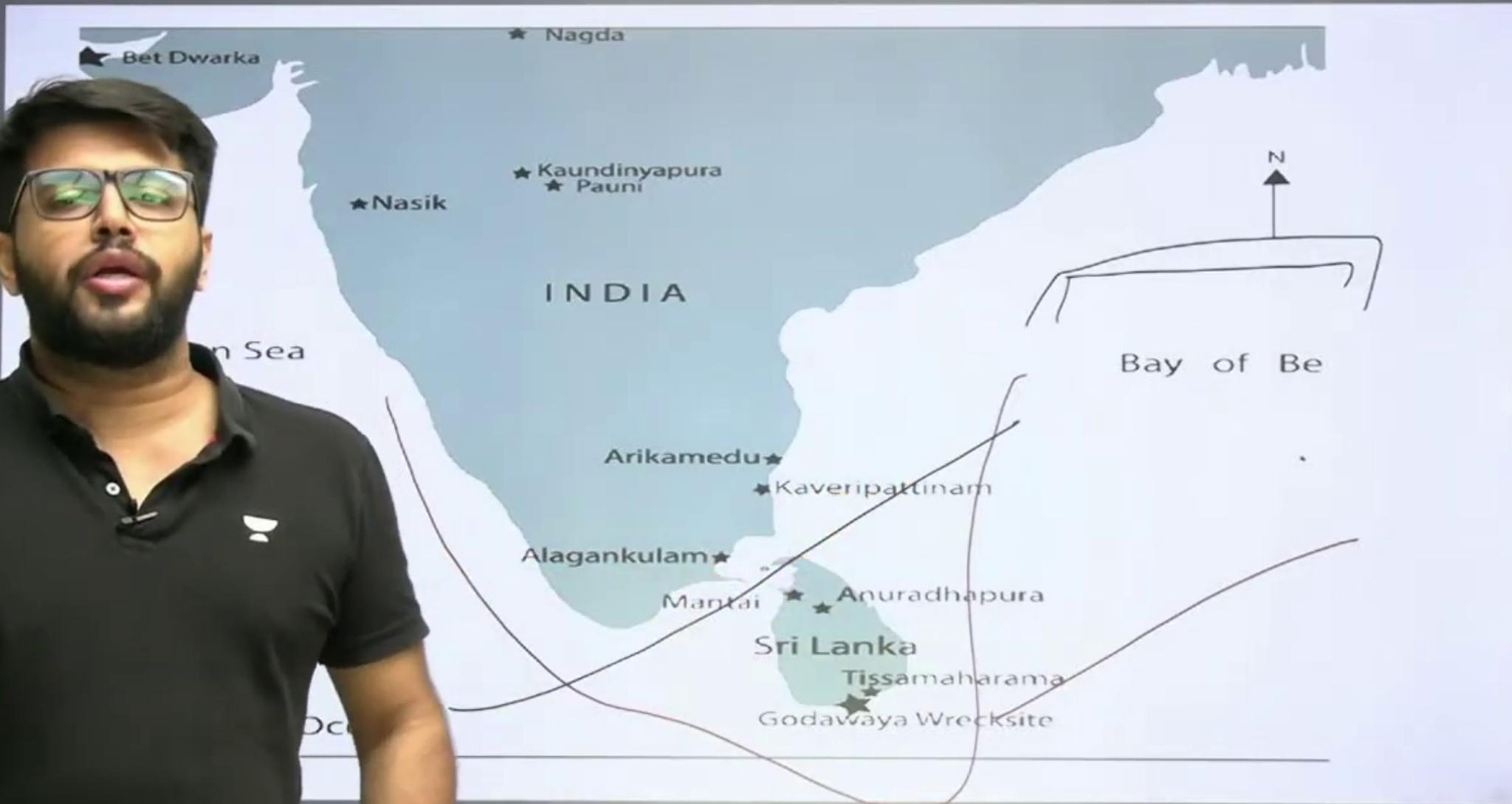
"Ceylon"

- The relationship between India and Sri ~~Lanka~~ is more than **2,500 years old**.
- **Buddhism** spread to Sri Lanka from India which remains a main source of religion and culture for a majority of its people.
- India and Sri Lanka are part of many regional and multilateral forums such as **SAARC, BIMSTEC** etc.
- Sri Lanka is an **important maritime neighbor** and an integral element in India's **larger maritime strategy** in the Indian Ocean
- Sri Lanka remains significant for **India to secure its southeast coast**.
- **India was largest trading partner** of Sri Lanka until China took over recently.

## Geography of Sri Lanka

- Sri Lanka is an island country in **South Asia**.
- It is located **southeast of India** and northeast of the Maldives
- Sri Lanka lies on the **Indian Plate**, a major tectonic plate that was formerly part of the Indo-Australian Plate.
- According to Hindu mythology Lanka was connected with India via **Adams bridge/Ram Setu**
- Sri Lanka is separated from the mainland portion of the Indian subcontinent by the **Gulf of Mannar and Palk Strait**
- Sri Lanka has 103 rivers. The longest of these is the **Mahaweli River**.







## Indo Sri Lanka Accord-1987

- It was an accord Signed in Colombo on 29 July 1987, between Indian Prime Minister **Rajiv Gandhi** and Sri Lankan President J.R. Jayewardene
- The accord was expected to resolve the Sri Lankan Civil War by enabling the **13<sup>th</sup> Amendment** to the Constitution of Sri Lanka and the Provincial Councils Act of 1987
- Under the Agreement, Colombo Agreed to a **devolution of power** to the provinces, the **Sri Lankan troops were to be withdrawn** to their barracks in the **north and the Tamil rebels were to surrender** their arms

# The Sri Lankan Civil War

- The war in Sri Lanka between the separatist Tamil forces and the government was a heavy one with a death toll of over 150000 from both sides including civilians.
- The majority of Sri Lankans are ethnic Sinhalese.
- The Sinhalese were predominantly Buddhist and the Tamils were mostly Hindu. The British ruled over Sri Lanka from 1815 to 1948. During this time, they brought nearly a million Tamils to work in the coffee, tea and rubber plantations to the island-nation.
- After attaining independence, the new government initiated many laws that discriminated against the Tamils. Sinhalese was declared the sole official language which effectively eliminated the Tamils from government service.
- A law was also passed which simply barred Indian Tamils from getting citizenship.
- The Tamils started demanding equal rights in their homeland. However, ethnic tension was rising in the country and the successive Sinhalese governments did nothing to provide equal rights and opportunities to the Tamil people.



## Indo Sri Lanka Accord – 1987

- The Tamil groups, notably the **Liberation Tigers of Tamil Eelam (LTTE)** (which at the time was one of the strongest Tamil farces), had not been made party to the talks.
- They initially agreed to surrender their arms to the Indian Peace-Keeping Force (IPKF) only reluctantly
- Within a few months however, this flared into an active confrontation.
- The LTTE declared their intent to continue the armed struggle for an independent Tamil Eelam



## Rajiv Gandhi assassination -1991

- It was case of suicide bombers **near Chennai**, in Tamil Nadu, India on Tuesday, 21 May 1991
- The attack was blamed on the Liberation Tigers of Tamil Eelam (LTTE)
- At the time India had just ended its involvement, through the Indian Peace Keeping Force, in the Sri Lankan Civil War.

# Defeat of LTTE- 2009

- 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.
- After the defeat of the LTTE, Sri Lankan President Mahinda Rajapaksa had given assurance to India as well as the International community that the government would go beyond the 13<sup>th</sup> Amendment to devolve substantial powers to the Tamil majority areas.

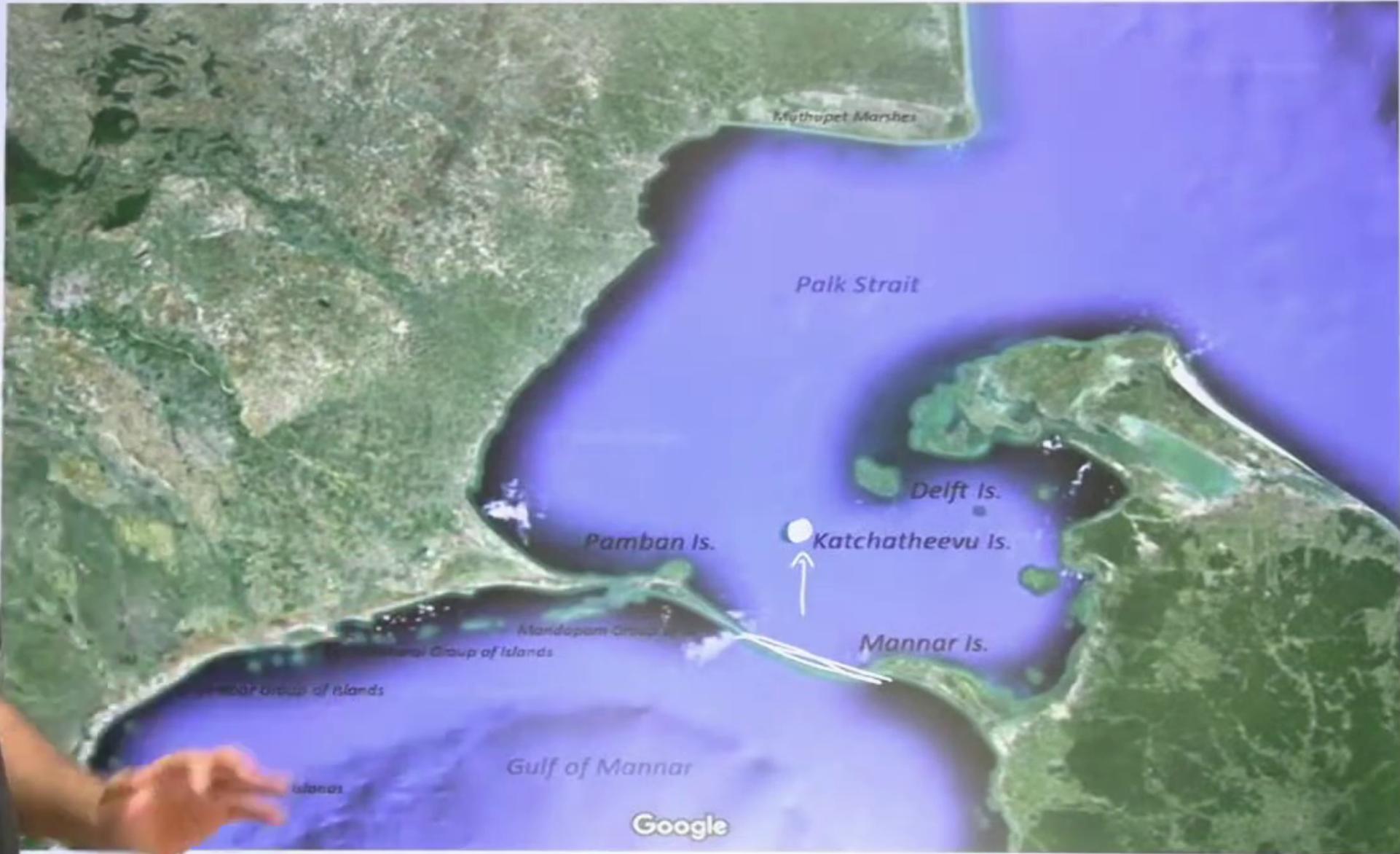
## UN Resolutions against Sri Lanka

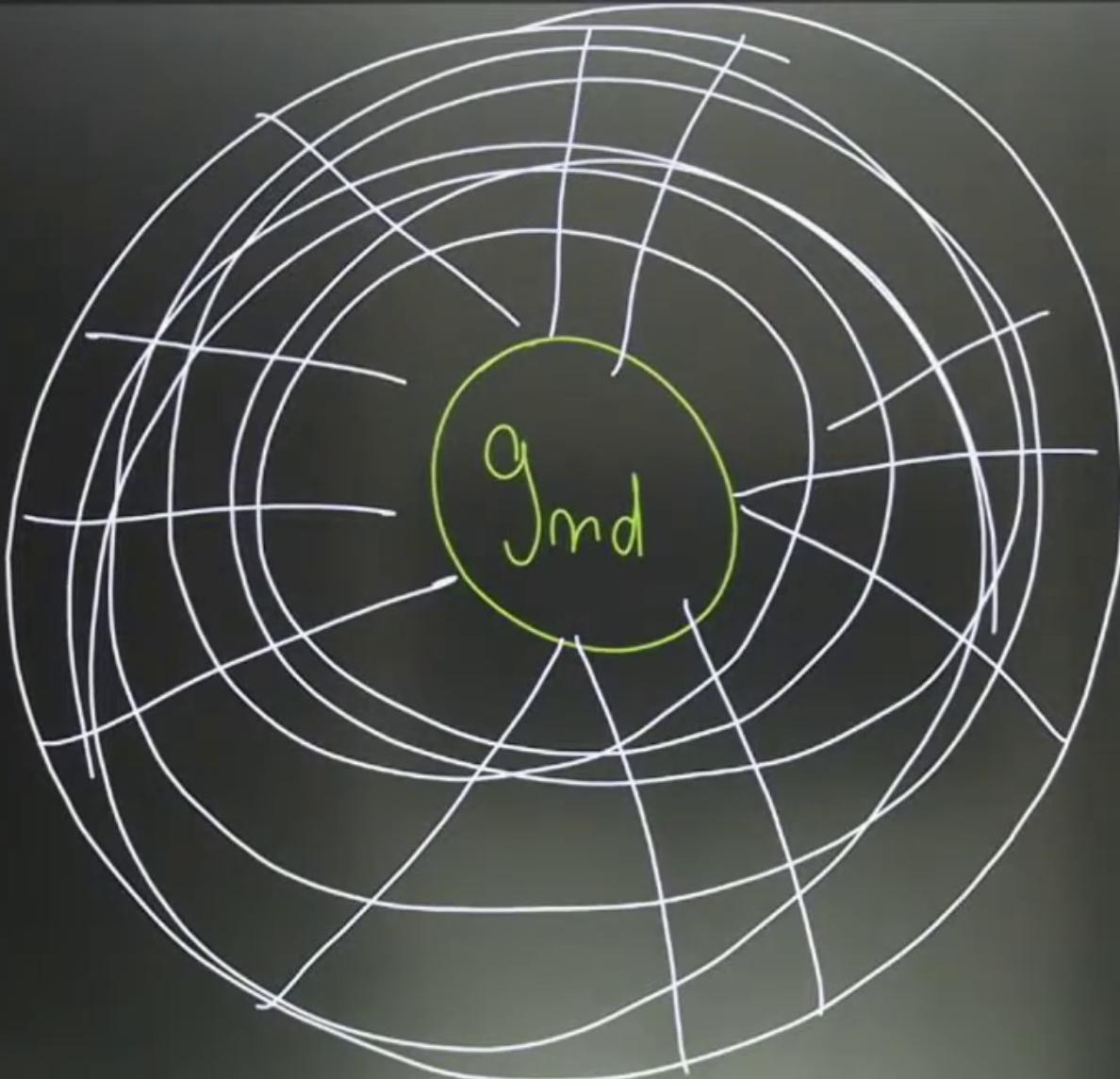
- There were **allegations that during the Sri Lankan Civil War, Sri Lankan military committed war crimes against the LTTE including unlawful killings, sexual violence etc.**
- **Between 2009 and 2015**, UNHRC had passed around **five resolutions** of Sri Lanka.
- **The US sponsored 2012 resolution** sought censuring Sri Lanka for its alleged rights violations.
- **The 2015 resolution demanded Sri Lanka to establish a credible judicial process**, with the participation of Commonwealth and other foreign judges, defense lawyers and authorized prosecutors and investigators, to **go into the alleged rights abuses**.
- India voted in **favor of 2012 & 2013** resolutions while in **2014 and 2015** resolutions, India **abstained** itself from voting.

# Katchatheeju Island



- Katchatheeju is a **285 acre inhabited volcanic island** between India and Sri Lanka.
- It was **disputed until 1976 (1974 smiling Buddha)** when it was ceded to Lanka by PM Indira Gandhi.
- The island has been a **historical fishing region for the people of Tamil Nadu**, hence a demand to get it back has gone fierce.
- The cessation of island **was not ratified by Indian parliament**.
- In the **Berubari Union case (1960)**, the Supreme Court had already ruled that cessation of Indian territory to other country had to be ratified by the parliament via a constitution amendment act.







## Sri Lanka under Rajapaksa

2005

- Rajapaksa is the 13<sup>th</sup> prime minister since 2019 to 2022 also president since 2005 to 2015.
- He has been accused by of increasingly authoritarian behavior during his time as president between 2005 and 2015.
- Rajapaksa's reign had also seen an influx of Chinese investment in Sri Lanka.
- India was concerned about the level of Chinese influence and activity during Rajapaksa's last term in power.
- Rajapaksa is leveraging India-China rivalry to gain the best from both.



## PM Modi's visit in 2019, Rajapaksa's visit in 2020

- Modi's visit was considered as a sign of India's commitment and solidarity **after the Easter terror attacks** of April 2019.
- In 2020, visit of Rajapaksa to India both PM's discussed about increasing our people-to-people connectivity, encourage tourism, and improving connectivity.
- Joint Economic Projects in Sri Lanka were discussed, and on enhancing mutual economic, trade, and investment relations.



## The Rajapaksa's win in 2020 (Aug) election

- Mahinda Rajapaksa's registered a **landslide victory** in the parliamentary elections in **August, 2020**.
- The massive victory by Rajapaksa comes at a time when the Indian Ocean island nation has **become strategically important** not just **for India and China**, but also for the USA, Japan and Australia.
- It was only during **Mahinda Rajapaksa's 10 year term** as President that **Colombo tilted towards China**.
- Although in Aug 2020, foreign secretary on behalf on Rajapaksa stated that Sri Lanka has **India first policy**, **China port deal was a mistake**.

### THE PORT OF KANKASENUTHURAI

### THE PORT OF POINT PEDRO

● MAJOR PORTS

● MINOR PORTS

### THE PORT OF COLOMBO

- a. Largest Port in Sri Lanka with most traffic.
- b. Four container terminals
- c. Average of 333 vessels per month

### THE PORT OF GALLE

- a. Natural harbor
- b. Secondary Port in Sri Lanka
- c. Average of 6 vessels per month

### THE PORT OF TRINCOMALEE

- a. World's second longest natural harbor
- b. Average of 11 vessels per month

### THE PORT OF OLUVIL

### THE PORT OF HAMBANTOTA

- a. Tallest light in Sri Lanka
- b. Average of 129 vessels per month

## Defense Cooperation

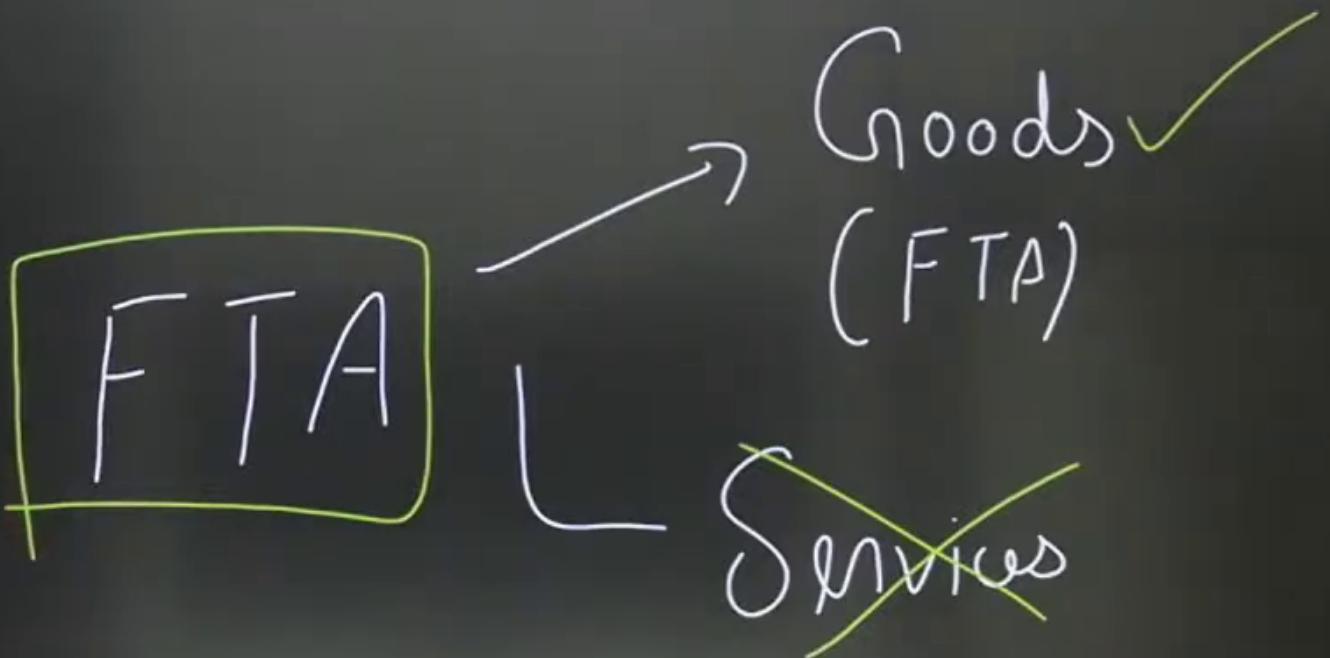
India conducts joint military exercises with Sri Lanka, grouped under **three different types**:

- The “**Mitra Shakti**” bilateral exercises, conducted between the two armies, started in 2013
- “**SLINEX**” is a series of naval exercises between the two navies. First conducted in 2005, these exercises help the two navies understand each other’s procedures
- The third joint exercise, “**Dosti**,” is a trilateral coast guard exercise that includes the Maldives. Originally started in 1991 between India and the Maldives, It expanded in 2012 to include Sri Lanka and is aimed at achieving interoperability.

# Trade

- **FTA (free trade area)** agreement was signed in **March 2000**, since then bilateral trade has grown rapidly.
- The present Free Trade Agreement between the two countries deals with trade in **goods ONLY** not services.





## Sri Lankan Foreign Direct Investment and Inflows

FOREIGN DIRECT INVESTMENT  
IN BILLIONS OF 2017 U.S. DOLLARS



INFLOWS FROM 2012 TO 2017,  
IN BILLIONS OF U.S. DOLLARS



NOTE: Figures have been rounded.

SOURCE: Central Bank of Sri Lanka's 2017 Annual Report. [www.cbsl.gov.lk/en/documents/annual\\_documents/cbsl%20annual%20report%202017.pdf](http://www.cbsl.gov.lk/en/documents/annual_documents/cbsl%20annual%20report%202017.pdf)

## Investment Partnership

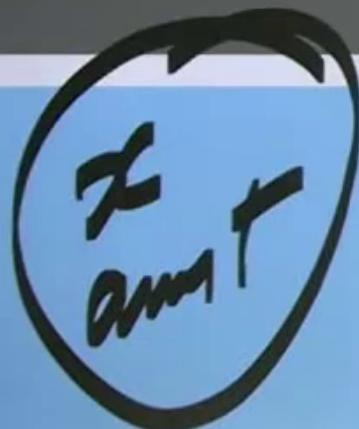
- India is among the **top four investors (not the largest)** in Sri Lanka with cumulative investments of over US\$ 1 billion since 2003.
- Several **new investments from Indian companies** are in the pipeline or under implementation.
- The last few years have also witnessed an **increasing trend of Sri Lankan investment into India**.
- In February 2020, India approved the protocol to amend the **DTAA (Double Taxation Avoidance Agreement)** that was signed between India and Sri Lanka.

## Developmental Cooperation

- Apart from a massive **housing project in northern and southern Sri Lanka**, India is involved in developing a **multi-ethnic school** in the North Central province
- At **Jaffna** in the north, India is developing a **cultural central** and 3,000 **rainwater harvesting systems**.
- India is also involved in development of the Kankesathurai (KKS) **harbor** in northern Sri Lanka, for which a **line of credit (LOC)** worth **\$45 million** has been granted by India.
- India is engaged in building to **water-supply projects in western and north-western Sri Lanka** under a \$257 million LOC.
- India is also hoping for movement on some future **projects** planned in Sri Lanka, like the development of a **container terminal of Colombo Port** worth \$500 million, in collaboration with Japan.

BD

## Currency Swap Agreement by RBI



Tahem → 75 Billion

During Gotabaya Rajapaksa's visit to India in 2019, he had **made the initial request for the \$1.1 billion** bilateral currency swap.

India is considering to extend the help so that Sri Lanka can pay off its debt.

In 2020, RBI finalized **100 million \$** currency swap agreement already

## Fishermen Issue:

- Both **Indian** and Sri Lankan fishermen have been fishing in the Palk Bay for centuries.
- Problem emerged only after the maritime agreement was signed by Indian and Sri Lanka **in 1974**.
- Fishermen of both the countries continued fishing in the Palk Bay peacefully until 1983, when the Eelam war broke out and fishing in the area was banned.
- The **Indian fishermen** given their dependence on the Palk Bay for livelihood **would still enter into these waters**, often at the cost of heavy price and valuable lives.

1974

CW

LTE

JJIE





Kachchaitivu  
285-acres ( $\approx 1.15 \text{ km}^2$ )

Rameswaram

Mannar Island

Mannar

17 sq km Reserve

A snapshot of Indian poaching in Sri Lankan waters.

## China's growing presence in Sri Lanka



- China has been **the largest supplier of arms of Sri Lanka since the 1950s**. These transactions have included small arms, ammunition, landmines, naval vessels, and aircrafts.
- The China-Sri Lanka relationship **reached a peak during the final phase of the Sri Lankan war against** the Liberation Tigers of Tamil Eelam (**LTTE**).
- China provided for political and **defense support to** Colombo, in the face of **international condemnation** on account of the extensive human rights abuses.

## China's growing presence in Sri Lanka



- In recent years Sri Lanka has **moved closer to China**, especially in terms of **naval agreements**.
- **Beijing has invested heavily** in Sri Lanka's Infrastructure as part of its **strings of pearl theory**.
- Over a period of **12 years** (2005-17). Beijing has poured in **\$15 billion** into projects in Sri Lanka.

# The Recent turmoil in Lanka (2022) 2008

- Sri Lanka's budget deficits were high during the LTTE war and the global financial crisis of 2008 drained its forex reserves which led to the country borrowing a USD2.6 billion loan from the IMF in 2009. It again approached the IMF in 2016 for another USD1.5 billion.
- The Easter bomb blasts of April 2019 in churches in Colombo resulting in 253 casualties, consequently, dropped the number of tourists sharply leading to a decline in foreign exchange reserves.
- The newly led government by Gotabaya Rajapaksa in 2019 promised lower tax rates and wide-ranging SoPs for farmers during their campaign.
- The Covid-19 pandemic, in 2020 made the bad situation worse -Exports of tea, rubber, spices and garments suffered. Tourism arrivals and revenues fell further
- Due to a rise in government expenditures, the fiscal deficit exceeded 10% in 2020-21, and the debt to GDP ratio rose from 94% in 2019 to 119% in 2021.
- In 2021, all fertiliser imports were completely banned and it was declared that Sri Lanka would become a 100% organic farming nation overnight.
- Sri Lanka has borrowed heavily from Beijing since 2005, Sri Lanka's total debt to China stands at USD 8 billion, almost one sixth of its total external debt.



## How India counteracting China

- India has decided to join hands with Japan and Sri Lanka to expand the **port in Colombo** through which 90% of Sri Lanka's seaborne goods pass, connects Europe, the Middle East, Africa and Asia.
- **Currency Swap Agreements** The Reserve Bank of India (RBI) had signed an agreement for extending a **USD 400 million currency swap**.
- **Joint Exercises:** India and Sri Lanka conduct joint Military (**Mitra Shakti**) and Naval exercise (**SLINEX**).
- **SAGAR:** Srilanka supports India's concern for the security of Indian ocean with its '**Neighbourhood First**' policy and **SAGAR** (Security and Growth for all in the Region).
- As the country struggled, locked in the throes of the **2022 economic crisis**, India extended multi-pronged assistance of about **USD 4 billion to it last year**, through multiple **credit lines and currency support**, in line with India's '**Neighbourhood First**' policy.