



## Perspective: India-Sri Lanka Relations

**For Prelims:** [India's Neighborhood First Policy](#), [Economic and Technology Cooperation Agreement \(ETCA\)](#), [BIMSTEC \(Bay of Bengal Initiative for Multi-Sectoral Technical and Economic\)](#), [India-Sri Lanka Free Trade Agreement](#), [Buddhism](#)

**For Mains:** India-Sri Lanka Relations: Significance, Challenges, Way forward

### What is the Context?

Recently, the **President of Sri Lanka visited India**. As Sri Lanka is **an important partner in India's neighborhood first policy** and **Vision The Security and Growth For All in the Region (SAGAR)**, the visit **reinforced the long-standing friendship between the two countries** and explored avenues for **enhanced connectivity and mutually beneficial cooperation across sectors**.

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 interaction**. 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 of major issues of international interest**.

### What are the Major MoUs Signed Between India and Sri Lanka Recently?

- The **Joint Declaration of Intent (JDI)** in the field of [Animal Husbandry and Dairying](#).
- The **cooperation in the field of renewable energy**.
- Memorandum of Cooperation for **economic development projects in Trincomalee district of Sri Lanka**
- **Network to Network Agreement between NPCI International Payments Limited (NPIL) and Lanka Pay for [Unified Payments Interface \(UPI\)](#) application acceptance in Sri Lanka.**
- **Energy permit for Sampur Solar Power Project** that will produce 100 MW power for Sri Lanka.

//



## How Are Relations Between India and Sri Lanka Been?

- **Historical Ties:** India and Sri Lanka have a **long history of cultural, religious, and trade ties dating back to ancient times.**
  - There are strong **cultural ties between the two countries, with many Sri Lankans tracing their heritage to India.** [Buddhism](#), which originated in India, is also an important religion in Sri Lanka.
- **Financial Assistance from India:** India provided approximately USD 4 billion worth of aid to Sri Lanka during an unprecedented economic crisis, which was crucial for the country to survive the crisis.
  - **Sri Lanka was hit by a catastrophic [financial crisis](#) in 2022**, the worst since its independence from Britain in 1948, due to a severe paucity of [foreign exchange reserves](#).
- **Role in Debt Restructuring:** India has played a role in collaborating with the [International Monetary Fund \(IMF\)](#) and creditors to help Sri Lanka in restructuring its debt.
  - India **became the first country to hand over its letter of support for financing and debt** restructuring of Sri Lanka.
- **Joint Vision for Connectivity:** Both countries have agreed on a joint vision that emphasises comprehensive connectivity, including **People to People connectivity, [renewable energy cooperation](#), [logistics](#), port connectivity, and grid connectivity for electricity trade.**
- **Regional and Indian Ocean Context:** Both countries are **significant [Indian Ocean](#) countries**, and their relations are viewed in the broader regional and Indian Ocean context.
- **India's Involvement in Renewable Energy Projects:** Some Indian companies are developing renewable energy projects in the northeast of Sri Lanka, **indicating growing collaboration in the [energy sector](#).**
- **[Economic and Technology Cooperation Agreement \(ETCA\)](#):** Both countries are exploring the possibility of an ETCA to integrate their economies and foster development.
- **Agreement on a Multi-Project Petroleum Pipeline:** Both India and Sri Lanka have agreed to establish a **multi-product petroleum pipeline from the southern part of India to Sri Lanka.**
  - This pipeline **aims to ensure an affordable and reliable supply of energy resources to Sri Lanka.** Recognition of energy's critical role in economic development and progress is driving the focus on establishing the petroleum pipeline.
- **Adoption of India's UPI:** Sri Lanka has now adopted India's UPI service, which is a significant step towards enhancing fintech connectivity between the two countries.

- The [use of rupee for trade settlement](#) is further helping Sri Lanka's economy. These are concrete steps to help Sri Lanka's economic recovery and growth.
- **Economic Ties:** India is Sri Lanka's **third largest export destination**, after the US and UK. More than **60% of Sri Lanka's exports enjoy the benefits of the [India-Sri Lanka Free Trade Agreement](#)**. India is also a major investor in Sri Lanka.
  - **Foreign Direct Investment (FDI)** from India amounted to around USD 1.7 billion over the years from 2005 to 2019.
- **Defence:** India and Sri Lanka conduct joint military ([Mitra Shakti](#)) and Naval exercise ([SLINEX](#)).
- **Participation in Groupings:** Sri Lanka is also a member of groupings like [BIMSTEC \(Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation\)](#) and [SAARC](#) in which India plays a leading role.
- **Tourism:** In 2022, India was **the largest source of tourists for Sri Lanka with over 100,000 tourists**.

## What is the Significance of Bilateral Relations Between these two Countries?

- **Focus on Regional Development:** India's development is closely tied to the neighborhood, and Sri Lanka seeks **integration with the Southern economy to boost its own growth**.
- **Geographical Location:** Sri Lanka is located just off the southern coast of India, separated by the [Palk Strait](#). This **proximity has played a significant role in shaping the relationship between the two countries**.
  - The Indian Ocean is a strategically important waterway for trade and military operations, and **Sri Lanka's location at the crossroads of major shipping lanes makes it a critical point of control for India**.
- **Ease of Doing Business & Tourism:** The adoption of UPI will contribute to economic integration and [ease of doing business](#) between India and Sri Lanka. It will not only facilitate trade **but also enhance connectivity for tourism between the two countries**.

## What are the Challenges in India-Sri Lanka Relations?

- **Fisheries Dispute:** One of the longstanding issues between India and Sri Lanka is **related to fishing rights in the Palk Strait and the [Gulf of Mannar](#)**. Indian fishermen **have often been arrested by Sri Lankan authorities for allegedly crossing the maritime boundary and engaging in illegal fishing** in Sri Lankan waters.
  - This has **led to tensions and occasional incidents involving [fishermen from both countries](#)**.
- **Border Security and Smuggling:** The porous maritime boundary between India and Sri Lanka has been **a concern in terms of border security and the [smuggling](#) of goods, including [narcotics](#) and [illegal immigrants](#)**.
- **Tamil Ethnic Issue:** The [ethnic conflict in Sri Lanka](#), particularly involving the Tamil minority, has been a sensitive topic in India-Sri Lanka relations. **India has historically been concerned about the welfare and rights of the Tamil community in Sri Lanka**.
- **China's Influence:** India has **expressed concerns about China's increasing economic and strategic influence on Sri Lanka**, including Chinese investments in infrastructure projects and the **development of the [Hambantota Port](#)**. This has sometimes been **viewed as a challenge to India's own interests in the region**.

## Way Forward

- **Enhancing Economic Cooperation:** Both countries can work towards reducing trade imbalances and promoting greater economic cooperation. Identifying sectors with **complementary interests and fostering investments can lead to mutually beneficial outcomes**.
- **Balancing External Engagements:** While maintaining friendly ties with other countries is essential, **both India and Sri Lanka should ensure that their bilateral relations remain strong and are not unduly influenced by external powers**.
- **Strengthening Security Cooperation:** Collaborating on security matters and intelligence sharing can help address common threats and strengthen trust between the two nations.
- **Addressing the Tamil Ethnic Issue:** India can continue to engage with Sri Lanka to ensure the

welfare and rights of the Tamil community are respected and protected. **Supporting efforts for ethnic reconciliation and devolution of power can be crucial to promoting stability** and inclusivity in Sri Lanka.

- **People-to-People Connectivity:** Encouraging cultural exchanges, tourism, and educational ties can **foster greater people-to-people connectivity and understanding between the citizens of both countries.**

## UPSC Civil Services Examination, Previous Year Questions (PYQs)

### **Prelims**

**Q. Elephant Pass, sometimes seen in the news, is mentioned in the context of the affairs of which one of the following? (2009)**

- (a) Bangladesh
- (b) India
- (c) Nepal
- (d) Sri Lanka

**Ans: (d)**

### **Mains**

**Q. In respect of India-Sri Lanka relations, discuss how domestic factors influence foreign policy. (2013)**

**Q. 'India is an age-old friend of Sri Lanka.' Discuss India's role in the recent crisis in Sri Lanka in the light of the preceding statement. (2022)**

PDF Reference URL: <https://www.drishtiias.com/printpdf/perspective-india-sri-lanka-relations>