

Sri Lankan crisis & Economic opportunity (GS Paper 2, International Relation)

Context:

- Recently, the Sri Lankan Prime Minister, touched upon a less-emphasised yet significant aspect of India-Sri Lanka relations, the **commonality between Sri Lanka and the southern parts of India**.
- This was not the first time that he has talked of forging closer ties between his country and south India.

The sub-regional integration:

- During his second term as Prime Minister, in August 2003, called for the **development of the south India-Sri Lanka sub-region** as a single market that would provide more opportunities for the economic growth of both countries.
- In 2016, addressing the South Asian Diaspora Convention in Singapore, he highlighted the fact that the five Indian southern States, with a total population of 250 million, had a combined gross state domestic product of nearly \$450 billion; with the addition of Sri Lanka's \$80 billion GDP, the sub-region would have a \$500 billion economy, having an aggregate population of around 270 million.
- He had even referred to the **tri-nation economic convergence, encompassing Singapore too**.
- His latest observations should be viewed in the context of his idea of sub-regional integration.



Current Economic crisis in Sri Lanka:

- The present economic crisis in Sri Lanka has pushed it closer to India for immediate relief. For the last few months, the Indian media's regular coverage of the crisis has led to better understanding and even created a sense of empathy in India about the plight of the neighbouring country.
- India, as part of its 'Neighbourhood First' policy, has extended support to the people of Sri Lanka in the form of aid (close to \$3.5 billion) to help secure Sri Lanka's food, health and energy security by supplying it essential items such as food, medicines, fuel and kerosene.

Financial aid from India:

- The latest in the series was the signing of an agreement on June 10 between the **Government of Sri Lanka and the Export-Import Bank of India** for a **\$55-million short term Line of Credit** to facilitate the procurement of urea for paddy crop in the ongoing 'Yala' season.
- During her discussions with the International Monetary Fund in April, India's Finance Minister urged the multilateral agency to provide urgent assistance to Sri Lanka.
- On its part, **Tamil Nadu decided to provide aid of ₹123 crore**, comprising 40,000 tonnes of rice, 137 types of life-saving drugs and 500 tonnes of milk powder.

Bitter episodes in India-Sri Lankan history:

- Whether this bonhomie can lead to greater economic collaboration between Sri Lanka and south India, not necessarily Tamil Nadu alone, given the historical baggage, is anybody's guess.
- Some sections of the Sinhalese still hold the view that "India has been a threat to us. It can be a threat to us in future too".
- This perception can be traced to history when **Sri Lanka was invaded by rulers of south India who humbled the Sinhala kings**. In the aftermath of the 1983 anti-Tamil pogrom, the support provided by the Indian government to Tamil rebels only strengthened this perception.
- Bitter episodes of the past involving the two countries were recalled when the Indian consignments of essential commodities reached Sri Lanka.

Cancellation of tripartite agreement in 2021:

- Despite India's open willingness to take part in the development of Sri Lanka after the civil war, the scale of its involvement has been modest.
- The manner in which the **Rajapaksa regime unilaterally scrapped in February 2021 a tripartite agreement signed in 2019 with India and Japan** for the development of **Colombo's East Container Terminal** was a reflection of the historical baggage, though the official reason cited was opposition from workers' unions.
- Even though India was later provided with projects such as the West Container Terminal, the Trincomalee oil tank farm and a couple of renewable projects, there were several proposals that envisaged India's participation but did not see the light of day.

Halted projects which needs India's participation:

- Another project, a collaboration between NTPC Limited and the Ceylon Electricity Board, was cancelled just when bids were to be floated for the **coal-fired 500-megawatt project in Sampur** in the Eastern Province (after obtaining environmental clearance).
- Other projects too such as the **development of the Kankesanthurai harbour** and the **expansion of the Palaly airport in Jaffna**, both envisaging Indian participation, would have become a reality had there been show of political will from the other side.
- Recently, the Sri Lankan Cabinet was reported to have cleared two connectivity proposals: **flights from Jaffna to Tiruchi**, Tamil Nadu, and a **ferry service from Kankesanthurai to Karaikal in Puducherry**. The project of building a sea bridge and tunnel, connecting Rameshwaram to Talaimannar, remains on paper despite India's Road Transport and Highways Minister Nitin Gadkari informing the Lok Sabha in December 2015 of the Asian Development Bank's readiness to fund it.

Infrastructure development:

- Even now, there is enormous scope for collaboration between the two countries in the area of infrastructure development. The economic crisis has revived talk of linking Sri Lanka's electricity grid with that of India.
- If this project takes off, the first point of interconnectivity on the Indian side will most likely be in Tamil Nadu. **India has cross-border energy trade with Bangladesh, Nepal, Bhutan and Myanmar**.
- India's interests would also be served by developing the east coast of Sri Lanka, especially the Trincomalee-Batticaloa belt, whose potential for tourism, commerce, trade and industry is well known.
- At an appropriate time, regular movement of people and goods should be allowed again on the traditional sea routes of Thoothukudi-Colombo and Rameshwaram-Talaimannar.

Way Forward:

- The apprehension in the minds of sections of the Sinhalese majority about India being a threat can be dispelled only by facilitating greater people-to-people interaction, including pilgrimages by monks and other sections of Sri Lankan society to places of Buddhist importance not only in north India but also in the south (Andhra Pradesh).
- Much more will have to be done but the opportunity created by the current circumstances should be utilised to bring Indian and Sri Lankan societies closer, a prerequisite to achieving an economic union between Sri Lanka and the southern States of India.