PM Modi on Friday offered a credit line of $400 million for infrastructure projects and $50 million for counter terror measures to Sri Lanka during a visit by its new President Gotabaya Rajapaksa.

**Prelims and Mains focus:** key highlights of the meeting, about Indo-Sri Lanka relations, impact of current world geopolitics on Indo-Sri Lanka relations

**Key takeaways of the meeting:**

1. Rajapaksa announced the release of Indian fishermen’s boats held by Sri Lanka. New Delhi and Colombo also agreed to work closely on matters related to the economy and security amid what is being seen as rising competition between China and the US for influence in the Indian Ocean region.

2. PM Modi said development and peace in the two countries are closely linked and assured Rajapaksa that India was committed to Sri Lanka’s development and security. Security has become even more important in bilateral ties after a series of bombings in luxury hotels and churches by suspected terrorists that killed over 250 people in the island nation in April.

3. Modi also offered cooperation in developing the eastern and northern parts of Sri Lanka that are home to large populations of minority Tamils. PM Modi said the Sri Lankan President shared with him his vision of ethnic harmony.

4. The $400 million credit line offered by New Delhi will go mainly to infrastructure projects.

**Indo-Sri Lanka relations:**

Sri Lanka is India’s closest maritime neighbour and is just 30 nautical miles away from the territorial boundary. India has deep historical and cultural ties with this island nation. In this post, we analyze the areas of co-operation between India and Sri Lanka. You can also learn about the major issues between the two nations

**Background of Sri Lanka and History of Civil War**

- Tamils and Sinhalese are the two major ethnic groups in Sri Lanka. Sinhalese eternal
conflict with Tamils for power had been gathering strength since before independence.

- Many Tamils attended English language schools which were the passport to higher education and better employment in the colonial period. And the Tamil-dominated Northern Province had comparatively better facilities in terms of education and employment.
- Post-independence Sinhalese nationalism sought to curb the Tamil presence in education and civil administration. In 1949 Indian Tamil plantation workers disenfranchised, the start of a wave of Sinhalese nationalism which alienates the Tamil people in the region.
- The passing of the infamous “Sinhalese Only Bill” in 1956 was another attempt in the same lines.
- The constitutional provisions in the 1972 Constitution favoring the Sinhalese language and Buddhist religion, along with their educational policies convinced many Tamils that they had been perceived as a marginal community.
- As a result of open discrimination, in 1976 Liberation Tigers of Tamil Eelam (LTTE) was formed to fight for Tamil rights and in 1983 Civil war started.

**India’s role in Civil war and its implications**

- The bilateral relations between India and Sri Lanka deteriorated in 1980’s with a rising of the Tamil militant separatism in Sri Lanka.
- In 1987 with the objective of improving the ties, Indo-Sri Lankan Accord was signed between India and Sri Lanka.
- It proposed a political solution to the Sri Lanka’s conflict by establishing a provincial council system and devolution of power for nine provinces in Sri Lanka. (This is popularly known as **The Thirteenth Amendment (13A) to the Constitution of Sri Lanka**)
- India also deployed Indian Peace Keeping Force in Sri Lanka intended to perform a peacekeeping (It is known as **Operation Pawan**, which ultimately resulted in the assassination of PM Rajiv Gandhi).
- After two years of constant military engagement, the IPKF was withdrawn as it failed to defeat LTTE.
- Finally, in 2009, 25 years of violence ended when Sri Lankan government seized the last area controlled by Tamil Tiger rebels. India at that point of agreed to reconstruct the war-torn areas and started many rehabilitation programs.
- However, the pro-LTTE governments in Tamil Nadu influenced the decisions of Central Government which posed a roadblock in humanitarian assistance in Sri Lanka.
- Also, the relationship started deteriorating when India voted against Sri Lanka in 2009, 2012 and 2013 at the US-sponsored UNHRC resolution to investigate alleged human rights violations by the state against the Tamil rebels.

**Areas of cooperation**

- The People of Indian Origin (PIOs) comprise Sindhis, Gujaratis, Memons, Parsis, Malayalis and Telugu speaking persons who have settled down in Sri Lanka and are engaged in various business ventures.
- Though their numbers (10,000 approx.) are much lesser as compared to Indian Origin Tamils (IOTs), they are economically prosperous and are well settled. Each of these communities has their own groups which organize festivals and cultural events.
The Cultural Cooperation Agreement has been signed between both the countries.

- 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 troops from both countries exchange visits.
- Buddhism is a connecting link between India and Sri Lanka on religious lines.
- Education is another important area of cooperation between India and Sri Lanka. India offers scholarship slots annually to deserving Sri Lankan students.
- Tourism also forms an important link between India and Sri Lanka. India is the largest source of market for Sri Lankan tourism.

Trade Relations

- Sri Lanka is India’s second largest trading partner in SAARC.
- India and Sri Lanka signed FTA in 1998, which facilitated increased trade relations between the two countries.
- Sri Lanka has long been a priority destination for direct investment from India. India is among the top four investors in Sri Lanka with cumulative investments of over US$ 1 billion since 2003.
- Economic and Technological Cooperation Agreement (ETCA): The proposed ETCA between India and Sri Lanka would facilitate trade in services, investments and technological cooperation. With ETCA signed, Indian investments will flow into Sri Lanka to make the island’s production facilities part of the Indian and international value chain.

Strategic Issues

- In the period of low profile relationship between the two nations, SL apparently started favoring China over India.
- Over the years Chinese funds started flowing, it has started big buck infrastructure projects in the island nation. The presence of China in Sri Lanka increased significantly in the recent years.
- As part of Maritime Silk Route (MSR) policy, China built two ports, one in Colombo and another in Hambantota.
- China has also collaborated in satellite launching activities with Supreme SAT (Pvt.), Sri Lanka’s only satellite operator.

India’s efforts to counter China

- In 2014 India abstained from voting on a UNHRC resolution calling for a probe into alleged war crimes by Sri Lanka. And it helped to revamp the century-old relationship with Sri Lanka. (While Pakistan and China voted against the resolution)
- In a sign of a closer strategic partnership between Sri Lanka and India, they signed civil nuclear cooperation agreement which is Sri Lanka’s first nuclear partnership with any country.
- In the wake of China’s economic dominance in the island, India is also entering into Sri Lanka’s mega project business in a big way by focusing on infrastructure development in...
the Northern and Eastern provinces.

- India is also planning to build Trincomalee Port. The port is envisioned as an Indian counterweight to Chinese developments at Hambantota Port.

Fishermen Problem

Fishing disputes have been a constant area of concern between the two South Asian neighbors for a long time. Sri Lanka has long expressed concerns about illegal fishing by Indian fishermen within its territorial waters across the Palk Strait. The country regularly arrests Indian fishermen for crossing the International Maritime Boundary Line (IMBL) that demarcates Indian and Sri Lankan waters. India also detains Sri Lankan fishermen for the illegal fishing.

Katchatheevu Island

- It is an uninhabited island that India ceded to Sri Lanka in 1974 based on a conditional agreement called “Kachchativu island pact”.
- Later on, Sri Lanka declared Katchatheevu, a sacred land given the presence of a Catholic shrine
- The central government recognizes Sri Lanka’s sovereignty over the island as per the 1974 accord. But Tamil Nadu claimed that Katchatheevu falls under the Indian territory and Tamil fishermen have traditionally believed that it belongs to them and therefore want to preserve the right to fish there.

Conclusion

India shares a common cultural and security space with the countries in the South Asian region especially Sri Lanka. As a prominent Asian nation with critical national interests in South Asia, India has a special responsibility to ensure peace and stability in its closest neighbourhood. India should shed its big brother image and actively take part to rebuild the war-torn country. India needs the support of Sri Lanka to emerge as a Blue water navy in the Indian Ocean and also in pursuing the permanent membership in United Nations Security Council (UNSC). Therefore, the two countries should recognize the legitimacy of each other’s concerns and operate in a way which is mutually beneficial.