

# BRIDGE THIS DEFICIT BETWEEN INDIA AND SRI LANKA

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'The momentum generated by certain developments in the last one year should be sustained and improved upon' | Photo Credit: Shanker Chakravarty

The announcement by Sri Lanka's President Ranil Wickremesinghe, recently, about a proposal to establish land connectivity with India has come none too soon. Twenty years ago, in Chennai, Mr. Wickremesinghe, then Prime Minister, while delivering a lecture, floated the idea of building a bridge linking Rameswaram in Tamil Nadu with Talaimanar in the Northern Province of Sri Lanka. This was part of his larger vision of regional economic integration, encompassing his country and the southern States of India and aimed at generating more opportunities for economic growth.

He has been discussing the concept of economic integration on many an occasion and at several international fora. But, whenever groups and parties claiming to represent the interests of Sinhalese-Buddhists expressed their opposition to the proposal on the ground that this would not benefit Sri Lanka, the talk of having expanded physical connectivity would die down. In December 2015, when India's Road Transport and Highways Minister Nitin Gadkari informed the Lok Sabha that the Asian Development Bank was willing to fund the bridge project of 24,000 crore, Sri Lanka's response was muted followed by sharp criticism from the project opponents.

However, to the credit of Mr. Wickremesinghe and Prime Minister Narendra Modi, the idea of land connectivity was not abandoned. It found a mention in a joint statement issued in July after the two leaders met in New Delhi. The document even stated that "a feasibility study for such connectivity will be conducted at an early date." As a follow up, Mr. Wickremesinghe, who is also Finance Minister, in his Budget address on November 13, referred to the project of land connectivity and said "we expect to utilise Colombo port to meet the supply needs of south west India and Trincomalee port to meet the supply needs of south east India".

But, the relationship between the two countries in the area of infrastructure development should have been much deeper than what it is. For example, the idea of connecting the electricity networks of the two countries was floated even in 1970.

Over 13 years have lapsed since the two countries signed a memorandum of understanding on the bilateral grid, but not even one unit of electricity has been transmitted. In the case of

Bangladesh, India has been exporting at least 7,000 million units (MU) annually for the last couple of years. About a month ago, Mr. Modi and Bangladesh Prime Minister Sheikh Hasina jointly commissioned, in virtual mode, the second unit of the Rampal Maitree Power Project (660 megawatt), apart from launching two other infrastructure projects. In fact, Sri Lanka and Bangladesh had inked memoranda of understanding with India in the same year (2010) for collaboration in the power sector.

It is not that no energy projects are being taken up by the former, as there are certain projects underway involving Indian participation in the energy sector, particularly renewable energy. Besides, the island-nation needed time to recover from the protracted civil war of 25 years. Yet, the progress of the transmission network project, envisaging the transfer of 1,000 MW and the establishment of a High Voltage Direct Current overhead link between Madurai (India) and New Habarana (Sri Lanka), does not reflect well on the two countries. Had the facility been in place in 2022, Sri Lanka would not have suffered power cuts and blackouts then. A day may come when India will be able to source cheaper power from Sri Lanka. The two countries should be focused to ensure that the deadline of 2030 is met.

Energy is not the only area where progress has been tardy. The India-Sri Lanka Free Trade Agreement was signed in December 1998, yet the two countries have not yet been able to go beyond it despite holding talks for years on entering into an economic and technology cooperation agreement. After a break of five years, negotiations resumed a few weeks ago.

Notwithstanding several constraints, even now, bilateral economic ties seem to be on better footing with India regaining its position last year as the largest source of imports and accounting for about 26% of total imports of Sri Lanka, though certain portions of imports were through credit lines offered by India in the wake of the economic crisis. In the area of tourism, which is a major source of revenue for Sri Lanka, India remained the largest single country of tourist arrivals, with its share being 17% of the overall number of arrivals. But, the potential is much higher and the underperformance of Sri Lanka is telling, going by India's bilateral trade in 2021 with its southern neighbour and Bangladesh, whose recent economic growth has been impressive. The size of the former was \$5.45 billion in 2021 whereas that of the latter was \$18.14 billion.

Sri Lanka, which has a long track record of the incumbent government ensuring the smooth transition of power to its successor after electoral defeat, should not be bogged down in the baggage of history. The presence of anti-Indian nationalist forces in the political class is nothing unique to this country. Still, Bangladesh has shown the way to have a mutually-beneficial economic relationship.

In fact, with respect to Sri Lanka, the momentum generated by certain developments in the last one year (resumption of air services between Chennai and Jaffna, the launch of passenger ferry services between Nagapattinam and Kankesanthurai and a joint venture agreement among India's National Dairy Development Board, the Gujarat Cooperative Milk Marketing Federation and Cargills of Sri Lanka for self-sufficiency in the dairy sector) should be sustained and improved upon. There is every reason why Sri Lanka, once viewed as a high standard of living and stable economy, should be keen on making this a reality.

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