Standing Committee Report Summary

India- Sri Lanka relations and the way ahead

- The Standing Committee on External Affairs (Chair: Dr. Shashi Tharoor) submitted its report on 'India-Sri Lanka Relations and the Way Ahead' on September 25, 2026. Key observations and recommendations of the Committee include:
- **Regional cooperation and outreach**: The Committee observed that Sri Lanka is central to India's 'Neighbourhood First' policy and MAHASAGAR doctrine (India's maritime security policy). It recommended that existing institutional mechanisms such as the India-Sri Lanka Joint Commission and the Joint Working Group on Fisheries meet more regularly. It also recommended leveraging regional platforms such as Indian Ocean Rim Association to strengthen cooperation in maritime security, disaster management, terrorism, drug and human trafficking, and cybercrime. In addition to the high-level visits taken place, the Committee further recommended parliamentary exchanges between the two countries.
- **Trade and commerce:** The Committee noted that bilateral trade between the two countries remained unbalanced in India's favour. India's exports were valued at USD 5.52 billion (mineral fuels, machinery, cotton) and Sri Lanka's were at USD 1.66 billion (ships, coffee, spices). It recommended addressing rules of origin and non-tariff barriers to increase Sri Lankan exports to India. Joint export arrangements and supply chains could be developed for products such as spices, tea, coffee, apparel, gems, rubber, and coconut-based products. It also urged finalising the Economic and Technology Cooperation Agreement to extend the existing goods-focused free trade agreement to services. This would give Sri Lankan firms greater access to the Indian market.
- **Foreign Direct Investment (FDI):** The Committee noted that India is one of the largest sources of FDI in Sri Lanka, with a cumulative investment of USD 2.9 billion as of December 2025. It recommended encouraging Indian investment in public-private partnership investments in refineries, minerals, and airports. It also recommended resolving issues faced by Indian private companies in Sri Lanka and providing them safety nets and diplomatic support.
- **Tourism and public infrastructure:** The Committee observed that Indian tourists account for 22.5% of total arrivals in Sri Lanka in 2025. It recommended: (i) jointly promoting the Buddhist Circuit in India and the Ramayana Trail in Sri Lanka, (ii) improving infrastructure and connectivity, (iii) expanding flight connections to Tier-II Indian cities, and (iv) scaling up UPI merchant adoption.
- **Infrastructure projects:** The Committee noted that several India-backed projects in Sri Lanka have made limited progress. It urged the Ministry to build consensus in Sri Lanka for the proposed land corridor, a 30 km bridge linking India to Sri Lanka's ports, on which the Sri Lankan government is yet to take a position. It recommended that the Ministry develop a viable business model for the stalled Trincomalee oil tank farms. It also called for time-bound completion of India's grant projects, including the Indian Housing Project (building 10,000 houses in Sri Lanka).
- **Maritime connectivity and security:** The Committee noted that both countries share security threats, including maritime related security concerns in the Indian Ocean. It recommended that India should play a bigger role in supplying military equipment to Sri Lanka. It also recommended that port and shipping authorities in both countries commence more ferry services and port side infrastructure development.
- **Concerns in Palk Bay:** The Committee noted that the arrest of Indian fishermen for fishing in Sri Lankan waters and bottom trawling (commercial fishing by dragging a net on sea floor) remain issues in the Palk Bay. It recommended negotiating with Sri Lanka to keep sentences to a minimum. It also recommended replacing trawlers with deep-sea vessels.
- **India diaspora and Sri Lankan refugees**: The Committee noted that approximately 89,000 Sri Lankan refugees, mostly Tamils, were residing in India as of June 2025. It recommended establishing a coordination mechanism with Sri Lanka to verify refugee data and facilitate repatriation. It also recommended providing refugees with livelihood support, including education and employment opportunities. For Indian Origin Tamils, it recommended extending Overseas Citizenship cards.
- **Unique Digital Identity project**: The Committee noted that India and Sri Lanka signed an MoU for the Sri Lanka Unique Digital Identity Project (similar to Aadhaar). A Joint Project Monitoring Committee has been constituted to oversee implementation. The Committee recommended addressing implementation challenges relating to national sovereignty, data privacy and security, and data procurement transparency in a time-bound manner.

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