

FM pitches for economic integration with Lanka

Sitharaman says bilateral ties mitigate risk of forex-driven crisis

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New Delhi, 2 November

Finance Minister Nirmala Sitharaman on Thursday urged industry leaders for economic integration with Sri Lanka to mitigate the risk of the foreign exchange-driven crisis. She assured India will continue to work closely with the island nation on debt restructuring discussions and extend support for economic recovery.

“The task is cut out for industry leaders and it is for us to make sure that both countries will have economic integration to avoid supply chain disruptions so that there will be no foreign exchange-driven crisis impact on the country and also reduce dependency on any one economy,” the finance minister said on Thursday, at the India-Sri Lanka business summit in Colombo.

“Yet, there could be some arrangements (bilateral) between the two countries for issues such as logistical cost and essential goods etc which benefits both the nations,” she said. Sitharaman added that all over the world there is a clear interest in bilateral agreements/arrangements given the global situation.

The countries would like to have arrangements in regional currencies so that there would not be shocks because of the currencies volatility; there will not be forex driven crises where two countries understand each other's strength.



Finance Minister Nirmala Sitharaman with Sri Lanka's Governor of Eastern Province Senthil Thondamanand SBI Chairman Dinesh Khara at the inauguration of State Bank of India's new branch in Sri Lanka on Thursday

PHOTO: PTI

Bilateral arrangements ensure that food security is in place and energy should not go on a roller coaster ride, she explained. Highlighting the need of robust digital infrastructure, she said that the Indian government would be able to save ₹2 trillion through 45 central schemes as technology has helped in weeding out middlemen and corruption.

Further, she spoke on how Sri Lanka can utilise its solar and wind energy powers as there is huge rush for investments.

She said that at least 5-6 years ago, the per unit cost of solar energy in India would be somewhere between ₹14-15.

With acute competition and favorable government policy, we saw healthy competition and India is today able to produce per unit of solar power costing ₹2.45, she added.

Addressing an event to celebrate the 200 years of arrival of Indian-origin Tamils in Sri Lanka, the finance minister said some of the connectivity projects that have made progress include the commencement of passenger ferry services, negotiations on an economic and technological cooperation agreement, and UPI-based digital payments, which will be launched soon.