

India, Lanka look to link up via oil pipeline, land connectivity & UPI



Sri Lanka President Ranil Wickremesinghe (left) met PM Narendra Modi in New Delhi on Thursday

PHOTO: PTI

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New Delhi, 21 July

India and Sri Lanka have decided to carry out feasibility studies on establishing a multi-product petroleum pipeline and a land bridge connectivity between the two countries. UPI-based digital payments, too, will start in Sri Lanka in the next 2-3 months.

These moves are part of a long list of initiatives outlined in the India-Sri Lanka Economic Partnership Vision announced on Friday amid Sri Lankan President Ranil Wickremesinghe's ongoing visit to India. On Friday, he held bilateral discussions with Prime Minister Narendra Modi, and called on President Draupadi Murmu.

"Today, we have adopted a vision document for our economic partnership. The vision is to strengthen maritime, air, energy and people-to-people connectivity between the two peoples. The vision is to accelerate mutual cooperation in tourism, electricity, business, higher education, and skill development," Modi said in a joint press statement with Wickremesinghe.

The partnership vision document aims to "establish land connectivity between Sri Lanka and

India for developing land access to the ports of Trincomalee and Colombo". The feasibility study in this regard will be conducted at an early date.

The connectivity push is likely to drive the development of ports and logistics infrastructure in the Lankan capital, Trincomalee, which is on the eastern coast, and Kankesanthurai in the Tamil-dominated northern Jaffna peninsula. Passenger ferry services between Nagapattinam and Rameshwaram in Tamil Nadu to

Kankesanthurai and Talaimannar in Sri Lanka, respectively, will also resume soon.

The measures are likely to give a fillip to Sri Lanka's plans to attract more Indian tourists, who currently make up the largest chunk of foreigners visiting the island nation.

Also, the agreement between the National Payments Corporation of India and LankaPay, the operator of Sri Lanka's National Payment Network, to soon start UPI-based digital payments in the island nation is set to further boost tourism, Foreign Secretary Vinay Mohan Kwatra said in a press briefing on Friday. "This would essentially ease up the payment flow mechanism between the two countries," he stressed.

India will also implement a development package focused on the Indian-origin Tamil community there as 2023 marks the 200th anniversary of their arrival in Sri Lanka, Prime Minister Narendra Modi said. A separate multisectoral package to support the economic development of the Sri Lankan Muslim and Tamil-dominated eastern province was also announced.

Energy ties in focus

A memorandum of understanding (MoU) on cooperation in developing renewable

energy will help Sri Lanka achieve its target of generating 70 per cent of power requirements from renewable sources, including offshore wind and solar, by 2030, the partnership document read. Cooperation in green hydrogen and green ammonia will also be explored, the nations said.

The proposal for the establishment of a pipeline between Tamil Nadu and Sri Lanka is expected to ensure an affordable and reliable supply of fuel to Sri Lanka. Processed petroleum exports (\$1.78 billion in FY23) made up one-third of India's \$5.1 billion exports to the neighbouring country. Petroleum exports have surged in recent years, rising from \$551 million in 2019-20.

In the past few years, India has prioritised the construction of fuel pipelines with neighbouring nations. In another key move, both countries have agreed to jointly explore and produce hydrocarbons in the Sri Lankan offshore basins.

A high-capacity power grid interconnection between India and Sri Lanka to enable bidirectional electricity trade between Sri Lanka and other regional countries, including the BBIN countries, will also be established. This "has the potential to not only bring down the costs of electricity in Sri Lanka but also help create a valuable and dependable source of foreign exchange for Sri Lanka", the MEA said.

AGREEMENTS SIGNED

- MoU on cooperation in renewable energy sector
- Pact between NPCI's international arm and Lanka Pay for UPI-based digital payments in Sri Lanka
- MoU on economic development projects in Trincomalee, Sri Lanka
- Joint 'Declaration of Intent' on animal husbandry and dairying
- Energy permit for Sampur Solar power project