

**Sri Lanka's Policy towards India,  
1965—1977**

Dissertation submitted to the Jawaharlal Nehru University  
in partial fulfilment of the requirements  
for the award of the Degree of  
**MASTER OF PHILOSOPHY**

**ASIMA SAHU**

**CENTRE FOR SOUTH, CENTRAL AND SOUTH-EAST  
ASIAN AND SOUTH-WEST PACIFIC STUDIES  
SCHOOL OF INTERNATIONAL STUDIES  
JAWAHARLAL NEHRU UNIVERSITY  
NEW DELHI - 110067**

**1987**

Centre for South, Central and  
South-East Asian and South-West  
Pacific Studies  
School of International Studies

20 July 1987

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examiners for evaluation.



**Prof. Urmila Phadnis**  
Supervisor



**Prof. Urmila Phadnis**  
Chairperson

Prof. (Mrs.) Urmila Phadnis

Chairperson

Centre for South, Central and Southeast  
Asian and South West Pacific Studies  
School of International Studies  
Jawaharlal Nehru University  
New Delhi-110067



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## PREFACE

Much of the existing literature on Sri Lanka-India relations deals with the problem in the wider context of foreign policy objectives of India with the major focus being the ~~issue~~ of persons of Indian Origin in Sri Lanka. As regards the attitude of Sri Lanka towards India, no full-length study has yet been undertaken on the subject since 1965. In this context, the proposed dissertation would be an attempt to deal with this in the light of the interplay of domestic compulsions, regional dynamics and global configuration. It may be added that till 1972, Sri Lanka was officially designated as Ceylon. In the present work, the name Ceylon and Sri Lanka have been used interchangeably.

In the completion of this work, I am indebted to many. First and foremost, I express my profound sense of gratitude to my supervisor Prof. (Mrs) Urmila Phadnis for painstakingly going through my draft and giving critical comments and suggestions. She also allowed me to use her huge personal collection of material on Sri Lanka. I am also grateful to Prof. Bimal Prasad for giving me constant encouragement. My thanks are due to my friends Abha, Gayatri, Kalpana, Nikunja,

Pinky and Sabita who helped me in various ways in the completion of this work. I am also thankful to Mr. Senadhira of Sri Lankan High Commission, New Delhi for his kind help and cooperation.

*Asima Sahu*  
Asima Sahu

## CHAPTER ONE

### OBJECTIVES AND DETERMINANTS OF SRI LANKA'S FOREIGN POLICY WITH SPECIAL REFERENCE TO INDIA

Till recently, international relations was viewed by analysts in the framework of the interactions among the major powers such as the USA, USSR, prominent West European countries, and the influential sub-systemic actors like India, Israel, Iran and Egypt. The role of the smaller states in world politics, independently of the big powers was rarely focussed upon.

The traditional understanding of international politics in terms of the realist conception of power and the western prejudices explain primarily the apathy of scholars towards the small states.<sup>1</sup> However, the post-second World War global scenario witnessed the increasing number of small states and assertion of their foreign policy postures in consonance with the imperatives of their security and socio-cultural set-up. This

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1. Sivananda Patnaik, "Small States in International Politics : A Case Study of Sri Lanka's Foreign Policy" (M. Phil Dissertation, School of International Studies, JNU, New Delhi, 1979, Ch. 1).

development had its repercussion for the "powerful state oriented approach" as was evident from the keen interest of a number of scholars in the behaviour of small states in the international system.<sup>2</sup>

The principal objectives of small states are to achieve stability, security and status in the international system. It is pertinent to mention that despite the importance attached to such three-fold foreign policy objectives, one or more of them may get primacy over others at a particular juncture. Also, which objectives gain precedence at a given time is dependent upon conditional factors. Thus, while the Cold War years saw the prime importance given to the factor of 'Security' by most of the small states, during the Detente era emphasis seems to have shifted to stability and status.<sup>3</sup>

Being a small and developing country, Sri Lanka has also been motivated in shaping and implementing its foreign policy by these three urges. Preservation of autonomy of action and safeguarding the territorial integrity constitute two dimensions of Sri Lanka's urge for security. The urge for "stability" also has two

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2. Niels Amstrup, "The Perennial Problem of Small States : A Survey of Research Efforts", Co-operation and Conflict (Denmark), vol. 12, no.3, 1976 pp. 163-65.
  3. George Liska, Alliances and the Third World (Baltimore, 1968), pp. 23-42.

basic components, namely maintenance of the internal power configuration; and achievement of economic development. The urge for "status" is pre-eminently psychological in nature and it has remained one of the strong motivations behind Sri Lanka's foreign policy behaviour.<sup>4</sup> The following statement of Mr. Bandaranaike testifies to this.

"I wish to dissipate at the very outset the idea that merely because we are a small country we are not having any particular pull in international matters, that international affairs therefore are of comparatively small significance to us. That is a wrong conception. It is particularly, if I may say so, countries such as ours that can and should in their own interests as well as in a wider context, play a very important and foremost part, as far as they are able, in international affairs."<sup>5</sup> Thus, safeguarding the newly won freedom after a long-drawn colonial legacy and getting its due recognition in the comity of nations have been the prime goals of its foreign policy.

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4. Adapted from S.D. Muni, "The Dynamics of Foreign Policy" in S.D. Muni (ed), Nepal :An Assertive Monarchy (Delhi, 1977), p. 126.
  5. S.W.R.D. Bandaranaike, Towards a New Era (Selected Speeches of S.W.R.D. Bandaranaike made in the Legislature of Ceylon 1931-59) (Colombo, 1961), p. 806.



In pursuance of such goals, Sri Lanka has attempted to convert its limitations and constraints arising out of vulnerable location, small size and underdeveloped economy to its own advantage by evolving the following strategies:<sup>6</sup>

1. Maximisation of the scope of manoeuvrability in international politics through the exploitation of the mutual differences and rivalries of the big and middle powers.
2. Neutralisation and diffusion of threat-sources through diversification of dependence in economic, political and military spheres.
3. Initiation or partnership in group mobilisation of the countries experiencing similar problems and challenges.

The management of relations with its nearest neighbour, India, has been one of the major themes of Sri Lanka's foreign policy. A study of the history of Sri Lanka bears out the extent to which India has exercised a decisive impact on the political, social and cultural life of the people of Sri Lanka. Isolated in the Indian Ocean with only India as its proximate landmass, Sri Lanka's propinquity to India has been a factor of momentous significance in the past as well as contemporary times. Moreover, the vast disparity in the power potential of the two countries is another significant dimension determining Sri Lanka's policy and relations with India.

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6. Muni, n. 4, p. 129.

In general terms, Sri Lanka's policy towards India needs to be considered in the context of a number of determinants among which geostrategic configuration, asymmetrical power-structure, socio-cultural moorings, economic factor, external powers' influence stand out as most prominent.

#### Geo-Strategic Location

It is told that "Pacts may be broken, treaties unilaterally denounced, geography holds its victims fast". A nation can escape anything but the constraints of geography. The geographical configuration of Sri Lanka vis-a-vis India, has remained a compulsive factor in formulating its policy towards India. This is quite natural, taking into account the fact <sup>that the Indian</sup> peninsula is the nearest landmass to the island state in the Indian Ocean. With an area of about 25,000 square miles, it is separated from the Indian sub-continent by a narrow stretch of water - the Palk Strait. It is believed that at one stage of time it was part of the landmass called the sub-continent of India.<sup>7</sup>

Sri Lanka enjoys a unique position being situated in the mid-Indian Ocean. Apart from Madagascar, Sri

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7. Kalidas Nag, Discovery of Asia (Calcutta, 1957), p. 702.

Lanka is the only large island in the otherwise vacant space of this Ocean. In the communication-strategic contexts of the Indian Ocean, Sri Lanka's ports - particularly Colombo and Trincomalee stand out. The latter is one of the finest natural harbours in the world. They serve as stations for supply of fuel and provisions to the ships sailing through the trade route of the Indian Ocean. Trincomalee is specially significant as a naval base of great strategic value. Sri Lanka also provides the principal connecting link to the air passage from West Asia to Australia, New Zealand and East Asia. Thus, described as the fulcrum of the Indian Ocean, Sri Lanka possesses unrivalled geographical and other advantages. It provides potential sites for establishing military facilities, communication and weather stations, transit posts or bases for logistic support.<sup>8</sup>

This geo-strategic location of the island has assumed particular significance with the increasing presence of the major powers in the Indian Ocean. The presence of mutually competitive and conflicting interests between the Super/Great Powers has placed Sri Lanka in an advantageous position. But this also makes it susceptible to external pressures and pulls. If her strategic

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8. J.P. Anand, "Indian Ocean : Strategic Significance of Island Republics and Territories", Institute for Defence Studies and Analyses Journal (New Delhi), vol. 15, no. 4, April 1983, p. 550.

location places her in a pre-eminent position, its smallness accentuates its vulnerability.<sup>9</sup>

Sri Lanka lies within the periphery of India which, in relation to it, is, indeed, a big power<sup>10</sup> but at the same time it also holds the key to India's naval defence. Thus, if Sri Lanka were to come under the influence which India perceived as hostile to her, it would become a cause of anxiety and concern to India. India, would, therefore, consider to be in her security interests to ensure the security and stability of the island.<sup>11</sup> K.M. Panikkar the wellknown Indian scholar diplomat wrote in 1945 that the strategic unity of India, Ceylon and Burma was so obvious that one of the pre-requisites to a "realistic policy of Indian defence" was the "internal organisation of India on a firm and stable basis with Burma and Ceylon".<sup>12</sup> "The first and primary consideration", maintained another writer in 1949, " is that both

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9. W. Howard Wriggins, Ceylon ; Dilemmas of a New Nation (New Jersey, 1960), p. 377.
  10. S.U. Kodikara, Indo-Ceylon Relations Since Independence (Colombo, 1965), p. 1.
  11. Ibid., pp. 32.
  12. K.M. Panikkar, India and the Indian Ocean (London, 1945), p. 95.

Burma and Ceylon must form with India the basic federation for mutual defence whether they will it or not. It is necessary for their own security".<sup>13</sup>

In the overall military strategy of India, Sri Lanka is thus likely to figure, but "mere speculation of it in the notion that their country will always remain an object of permanent political interest in India has not provided comfort to many Sri Lankans."<sup>14</sup>

Socio-Cultural Moorings:

As with the security parameter, so with the socio-cultural configuration, the 'India' factor looms large in the plural society of the island state. Thus, the majority community of the island is that the Sinhalese who trace their ancestry to the Aryans of the North India and are supposed to have come from Bengal. They speak Sinhalese, and are, by and large, Buddhists. The Sinhalese are divided into two categories : the 'low-country' Sinhalese and Kandyan Sinhalese. The low-country Sinhalese mainly reside in Ceylon littoral. They were exposed to the European influence for nearly 450 years, Consequently, they have become more cosmopolitan and responsive to

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13. K.B. Vaidya, The Naval Defence of India (Bombay, 1949), p. 30.

14. D.M. Prasad, "India, Sri Lanka Relations : Problems and Prospects, Young India (New Delhi), vol. 3, no. 40, September 1973, p. 18.

changes than others. On the other hand, the Kandyan Sinhalese, barring a small section, have remained as subsistence peasants cultivating rice in small plots in the Central Province of Kandy.

Numerically, coming next to the Sinhalese, the Tamils constitute the dominant minority group. They may be subdivided as Ceylon Tamils and Indian Tamils. Concentrated, as they are, in the Northern and the Eastern Provinces, the Ceylon Tamils are the descendants of the early Tamil immigrants from south India to Sri Lanka. During the hundreds of years of attempted and periodically successful conquest of Ceylon by Cholas, Pandyas and Pallavas from South India, their influence was great not only socially and culturally but racially as well.<sup>15</sup> Their heartland is the Jaffna peninsula in the far northern extremity of the island, in closest proximity to the Indian mainland. Putting top priority on education, during the British colonial period, they spread out throughout the country as professional men, businessmen, government officials and clerks in commercial establishments. However, over the past few decades, their numerical preponderance in these fields has been continuously on a decline due to a number of factors.

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15. W.M.K. Wijetunga, Sri Lanka in Transition (Colombo, 1975), p. 16.

The Jaffna Tamils require to be differentiated from the so-called Indian Tamils most of whom reside in the heart of the Sinhalese areas of the Hill country. They are the descendants of the labourers brought from South India during the British Colonial period to work on plantations. Along with the indentured labourers, and their agents, a small number of Indians who came during this period were engaged in trading and commercial activities.

There are substantial numbers of Moors or Muslims (about 7 per cent) mostly descendants of Arab traders who came to Sri Lanka around the 8th Century AD via the Malabar coast of West India, where they had settled when the Arabs were the chief carriers of trade in the Indian Ocean. While in the Eastern Province they are mostly engaged in agriculture, they are prominent in business, in the rest of the country.

Other than these are the Burghers (about one per cent) - who are descendants of the Dutch and other European employees of the Dutch East India Company who intermarried with the Sinhalese. The descendants of the Portuguese-Sinhalese marriages have tended to be absorbed by the Sinhalese, but the true Burghers have zealously kept apart from other groups, considering themselves Europeans in culture and origin. As a consequence of recent political and social changes, especially after the adoption of

Sinhalese as the official language, they have felt the need to seek their fortunes elsewhere, particularly in Australia, Canada and the United Kingdom.<sup>16</sup>

Sri Lanka thus presents the spectacle of a diversity of people. During the last three decades the severe discontentment displayed over the language issue, grant of autonomy etc., has indicated the pressures of multi-ethnicity. The scramble for power and position has accentuated the exploitation of linguistic and religious sensibilities for political mobilisation in a scarce resource society.<sup>17</sup> Wilson remarks that the higher echelons of Sinhalese power elites are mostly English educated, liberal in outlook, but for mobilisation purposes they have made excessive use of the "Language of Sinhalese Buddhist chauvinism on political platforms".<sup>18</sup>

The presence of 'Tamil population' in the island does seem to be of critical importance in the framework of Sri Lanka's India policy. The religio-linguistic moorings of the island's largest minority - the Tamils

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16. A.J. Wilson, Politics in Sri Lanka, 1947-73 (Bristol, 1974), pp. 115 & 58.
17. Jyotirindra Das Gupta, Language Conflict and National Development : Group Politics and National Language Policy in India (Bombay, 1970), p. 265.
18. A. Jeyaratnam Wilson, Politics in Sri Lanka 1947-1979 (London, 1979), p. 116.



has manifested in close cultural affiliations with its counterparts in the Southern India. As regards the Sinhalese-Tamil relations, although the Sinhalese constitute 70 per cent and the Tamils one-fifth of the entire Sri Lankan population respectively, there exists a feeling of mutual distrust and apprehension. The Sinhalese tend to see Indian hand behind most of the movements of the Tamils. These encompass the demand for the parity of their language with the Sinhalese or for a federal set-up with autonomy to the Tamil concentrated North-East Zone or more recently, the demand for a separate state 'Eelam' for the Tamils. The sympathy and concern expressed for the Tamils by some of the political parties in India particularly in Tamil Nadu has exacerbated such a feeling of apprehension among the Sinhalese in particular.

As regards the 'Indian Tamils' - another segment of Tamil population in Sri Lanka - the observation of Wriggins made in 1960 is noteworthy. According to him, a segment of the Sinhalese perceived them as "a potential Indian fifth column, a strategically placed South Indian bridgehead in the middle of the island, should the Indian government one day decide to engulf Ceylon".<sup>19</sup>

During the 1950s and 60s the presence of the 'Indian Tamil' element was further complicated by the continued talk of the illegal entry of Indians from South India into

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19. Wriggins, n. 9, p. 228.

Sri Lanka.<sup>20</sup> According to a Sri Lankan scholar, the threat of population pressure from India and lowering of living standards of the people of Sri Lanka due to unauthorised emigration from India was so "real and immediate" that such a problem constituted "if not the most controversial, at least the most significant aspect of Ceylon's relations with India".<sup>21</sup> Though the issue of illicit migration from India has virtually come to an end in the 1970s, the issue of the illicit inflow and outflow of the Tamil militants across the Palk Strait in the 1980s, has reaffirmed the implications of geographical contiguity and cultural affinities in Sri Lanka's policy towards India.

Asymmetrical Power Structure:

An analysis of Sri Lanka's policy towards India would not be complete without taking into account the existing unbalanced and asymmetric power structure. In fact, it remains the most critical factor which conditions Sri Lanka's policy vis-a-vis India. Regarding manpower, resource endowments, potential for economic development, military strength, and stability of the constitutional and

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20. Urmila Phadnis, "Infrastructural Linkages in Sri Lanka - India Relations", Economic and Political Weekly (Bombay), vol. 7, no. 31-33, Special Number, August 1972, p. 1493.

21. Kodikara, n. 10, p. 164.

and political system, India is far too superior to Sri Lanka.<sup>22</sup> The emergence of Bangladesh strongly entrenched India's credibility as a "purposive, powerful, and skillfully managed regional power".<sup>23</sup> The disparity in power between India and Sri Lanka has resulted in the admiration as well as apprehension of the former in the latter. It generates a feeling among the people of Sri Lanka "of living under a mountain which might send down destructive avalanches".<sup>24</sup> History is replete with instances of past Indian invasions over Sri Lanka. At various times, Sri Lanka or a segment of it was incorporated as "an integral part of South Indian empires".<sup>25</sup>

On the other hand, a strong and friendly India can act as an effective shield for Sri Lanka. During the Second World War Japan bombarded Sri Lanka but did not venture to capture it because without firm base in the mainland of India it was impossible for them to subjugate

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22. S.D. Muni, "India and Regionalism in South Asia: A Political Perspective", International Studies (New Delhi), vol. 27, no. 3-4, July-December 1978, p. 486.
23. S. Irtiza Husain, "The Politico-strategic Balance in South Asia", Strategic Studies (London), vol.1, no. 2, July-September 1977, p. 36.
24. Ivor Jennings, The Commonwealth in Asia (London, 1951), p. 113.
25. D.M. Prasad, Ceylon's Foreign Policy Under the Bandaranaikas (1956-65) A Political Analysis (New Delhi, 1973), p. 305.

Sri Lanka for long.<sup>26</sup> It is not without significance that transfer of power to Sri Lanka in February 1948 came in the wake of independence to India. Also, it is noteworthy that when Sri Lanka was confronting the massive youth insurrection of April 1971, India with some other states, came to its rescue. To prevent outside support to such an insurrection India was requested by Sri Lanka to patrol the seas.<sup>27</sup> Hence, in the perception of the powers-that-be in Colombo, a strong and stable India emerges as an essential factor for its own survival as a unified state.

#### Economic Determinants:

An export-import economy, Sri Lanka's economic structure is characterised by export of plantation crops in exchange for consumer and manufactured goods.<sup>28</sup> The economy of Sri Lanka, since the last quarter of the nineteenth century to this day has been dependent very much on the export of two primary agricultural products - tea and rubber in that order. Earlier, coconut was also a foreign exchange earner but not so now. A major part of

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26. Ibid., p. 306.

27. D.M. Prasad, "Indo-Sri Lankan Relations : Mutual Problems and Common Approaches" Punjab Journal of Politics (Amritsar), vol. 4, no. 1, January-June 1980, p. 89.

28. Wriggins, n.9, p. 378.

the foreign earnings comes from these exports. For many years the country has felt the urgent need to diversify the economy, and make it less dependent on the shaky export crops, but it is still a long way from realisation. At the same time the country has to pay with a limited and progressively decreasing quantum of foreign earnings, an increasingly large import bill. The main items of import are foodstuffs, machinery and spares, industrial raw materials, drugs etc. The basic economic problems of the country to-day seems to stem from this continuing dependence on the export of agricultural produce, affected by international price fluctuations and the imbalance caused by spiralling import costs.<sup>29</sup> This has resulted in an ever-increasing gap in the balance of payments, much of which so far, has been temporarily bridged with foreign loans, credit lines and outright grants, which of course have widened the gap still further. In turn, a good part of the foreign earnings have to be set apart for servicing current loans and on repayments.

As a matter of fact, the economic vulnerabilities of Sri Lanka have affected its foreign policy in many ways. The attitude of government towards membership of the commonwealth, the United Nations, its various organs,

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29. Buddha Hewanvitharana, "Economic Compulsions and Foreign Policy : A Case Study of Ceylon" in S.P. Varma and K.P. Misra, ed., Foreign Policies in South Asia (New Delhi, 1969), p. 108.

towards the western states, non-aligned and communist world, is, to some extent, based on assessing the potentialities of foreign markets for exports and foreign aid for economic development and survival.<sup>30</sup> In bilateral relations too her economic vulnerability has been at times critical. To elucidate, although Sri Lanka condemned the segregationist policy of South Africa in several Afro-Asian conferences and at the international forums like the UN, the former made vigorous efforts to enhance imports from South Africa in order to protect her tea interests there. India was Sri Lanka's chief tea-competitor in South Africa and after India imposed economic sanctions, Sri Lanka tea market had greater prospects of expansion in South Africa. On the contrary, Sri Lanka imposed a total ban in trade in 1966 with Southern Rhodesia because it did not have any trade interests to be protected in that country.<sup>31</sup>

Despite such an approach of Sri Lanka regarding her tea export to South Africa, its economic relations with India has been ongoing. The strong and continuous trade relations between the two are traced by the historians to Sri Lanka's central position in the Indian Ocean, its geographical contiguity to South India and

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30. Wilson, n. 16, p. 268.

31. Hewavitharana, n. 29, p. 114-15.

shallowness of waters to its north.<sup>32</sup> However, since the turn of the sixties, there has been a steady decline in Sri Lanka - India trade. The competitive nature of the two economies, the smallness of Sri Lanka's internal market and the inadequacy of natural resources endowment of Sri Lanka are major factors resulting in the sluggish pace of economic links between the two countries.

#### External Powers' Influence

Due to the contributions made by James Rosenau and others, the linkage between the international system and the various national subsystems are now regarded as axiomatic in the theory of International Relations. The evolution of international law and organization, the impact of technological advance on international relations, and the growth of the nation states are some of the major factors that give an element of dynamism to the external milieu within which a state has to formulate its foreign policy.<sup>33</sup> It is a matter of common knowledge that the foreign policy of a state is influenced to a great extent by the external milieu.

This impact is visible much more intensely in the present-day context than perhaps ever before. Till the

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32. S. Gopalkrishnan, "Indo-Sri Lanka Trade", India Quarterly (New Delhi), vol. 33, no. 4, October-December 1977, p. 458.

33. Jayantanuja Bandyopadhyaya, The Making of India's Foreign Policy ; Determinants, Institutions, Processes and Personalities (New Delhi, 1979), p.98.

termination of the Second World War foreign Policy was predominantly based on military strength and alliances. However, the occurrence of some major developments like the bipolarity gradually changing into a polycentric one, the growth of UN, the end of colonialism and the emergence of many independent Afro-Asian states have immensely changed the nature of the international milieu which has its bearings on a country's foreign policy.<sup>34</sup> The influence of external powers on shaping Sri Lanka's policy towards India can hardly be ignored. The western oriented UNP regimes in the immediate post-independent Sri Lanka appears to be influenced by the British imperialists vis-a-vis its India policy. The British government could thus obtain naval and air bases at Trincomalee and Katunayake respectively till the advent of Mr. Bandaranaike in 1956 who sought successfully the termination of British bases in his country in 1957.

In order to minimise its vulnerability and maximise its bargaining capability in relation to the big neighbour, India, Sri Lanka has maintained cordial links with the other major Asian power - the People's Republic of China, particularly since 1956. China's stakes in the region are entirely politico-strategic in nature and to a significant <sup>extent</sup> converge with that of Sri Lanka.

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34. Ibid., p. 99.



Common threat perception from India due to the asymmetrical power structure in the South Asia region has also brought Sri Lanka closer to one of its neighbours - Pakistan. Pakistan, in order to increase its manoeuvrability vis-a-vis India has endeavoured to woo Sri Lanka. However, till 1977, Sri Lanka's response was by and large, lukewarm to such Pakistani overtures.

#### Conclusion

To sum up, while geographical contiguity, historical legacy, shared cultural traditions and compulsions of developing economy push the two countries towards each other, factors like strategic location, presence of immigrants, asymmetrical power-structure, and competitive economy and at times external powers' influence pull them apart. The dynamics of such push-pull factors indicate the complex pattern of interaction between Sri Lanka and India.

CHAPTER - TWOSRI LANKA'S INDIA POLICY TILL 1964 : AN OVERVIEW

With the independence of Sri Lanka and India, two States emerged with similar ideas of founding new images and of carving out for themselves important roles in the emerging post-colonial world. The attainment of independence made the two countries conscious of the historic ties between them, of their ethnic and cultural affinity, and of past tradition.<sup>1</sup> Membership of various international bodies like the Commonwealth and later UNO gave them an opportunity for political and economic collaboration. Asian regional conferences like Bandung, and the 1954 Asian Prime Ministers' Conference provided them forums for giving vent to similar political views in the context of the Cold War.<sup>2</sup> Notwithstanding all this, however, apprehension of the designs and extent of the pressure-exerting capabilities of India did find an indirect and somewhat ambivalent expression in some of the statements of the United National Party leadership which was the legatee of political power after independence till it was defeated by the Sri Lankan Freedom Party in the elections of 1956.



1. Shelton U. Kodikara, Indo-Ceylon Relations Since Independence (Colombo, 1965), p. 22.
2. Ibid.

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In this respect, the observation of Sir Ivor Jennings, the Vice-Chancellor of Peradeniya University and a close confidant of the UNP leadership is noteworthy. "If India and Ceylon were linked", remarked Jennings, "it would not be on a basis of equality; the link would involve the incorporation of Ceylon in the Indian Federation, and some Indian leaders have gone so far as to speak of this development as 'manifest destiny'. Such expressions inevitably cause Ceylonese nationalism to rebound... India thus appears as a friendly but potentially dangerous neighbour to whom one must be polite but a little distant".<sup>3</sup>

#### The UNP Phase 1948-56

In the first phase of their ruling, the UNP regime's threat perception stemmed from the nearest landmass-- India. Disparity in power structure and the presence of the Tamil population accounted for this apprehension. The comments of some responsible Indians immediately after independence added fuel to the fire. Some of them had suggested the establishment of an India dominated confederation for her own security interests. Although sincere attempts were made to assuage the feelings of Sri Lankan leadership, it did not hold much ground.<sup>4</sup>

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3. Sir Ivor Jennings, The Commonwealth in Asia (London, 1951), p. 113.
  4. Sir Ivor Jennings, "Crown and Commonwealth in Asia", International Affairs (London), vol. 32, no. 2, April 1956, p. 138.

The very fact that Nehru was held in high esteem by the UNP leaders, could have helped in establishing a cordial relationship. But this was not possible owing to the divergent foreign policy orientations of the leadership of India and Sri Lanka. While the ruling elites of Sri Lanka were wary of Communist ideology with some of them holding strong views about it, the Indian leadership tried to build friendship with the two leading members of the communist bloc: the Soviet Union and the People's Republic of China. From Sri Lanka's point of view, India was perceived to have gone out of her way to cultivate friendship with the Communists by signing 'panchshila' with China in 1954.

As a matter of fact, security was the main urge of Sri Lanka's foreign policy during the initial years of independence. The UNP Prime Ministers looked at the connection with Britain as an essential pre-requisite of Sri Lanka's national security. D.S. Senanayake who, as founding-father of the UNP and first Prime Minister of Sri Lanka contributed much to the formulation of Sri Lanka foreign policy, laid down almost as axiomatic the principle that friendship with Great Britain was Sri Lanka's greatest security. This particular factor was during his tenure and also that of his UNP successors<sup>5</sup>

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5. The successors of Mr. D.S. Senanayake include Dudley Senanayake (1952-53) and Sir John Kotelawala (1953-56).

the basis of Sri Lanka's external relations.

Sri Lanka's defence arrangements with Britain was motivated in part to protect Sri Lanka from the probability of an attack by India. This was stated in unambiguous terms by Sir John Kotelawala that "the day we dispensed with India Sri Lanka would go under India".<sup>6</sup>

As regards Sir John Kotelawala, it appears that it was his own perception rather than any alteration in the objective factors which accounted for this. Sir John seemed to have suffered from an identity crisis vis-a-vis Nehru. The conflict of personalities and his dislike for Nehru resulted in his antagonistic attitude towards India. While analysing Kotelawala's foreign policy, one writer commented "... the antagonism he felt towards Nehru's assumed leadership of the neutral countries of Asia was a barrier to the adoption of any policy that recognised Indian leadership."<sup>7</sup> As a consequence he took efforts to reduce India's stature by expanding links with India's rivals and tried to erode India's credibility among the Afro-Asian nations. Premier D.S. Senanayake had showed his reluctance "to take sides",<sup>8</sup> with regard to Indo-

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6. The Times (London), 26 May 1955.

7. R.M. Harney, "The Foreign Policy of Ceylon under Two Premiers", Australian Outlook (Melbourne), vol. 14, no. 1, April-September 1960, pp. 69-70.

8. Ceylon, House of Representatives, Parliamentary Debates, (Hereafter referred to as PDHR) vol. 17, no. 27, 21 March 1950, cols. 1897-98.

Pakistani discord. In contrast, Kotelawala made a departure from this stance of neutrality and accused India of being intransigent over Kashmir.<sup>9</sup> He was not alarmed over Pakistan's decision to enter into military alliance with the United States. "Pakistan", he observed, "has same right to enter into treaties with other countries as we in Ceylon will claim for ourselves..." In any case he thought that such a pact "was not going to affect the peace of Ceylon".<sup>10</sup> In 1954, Kotelawala convened the South-East Asian Prime Ministers' Conference at Colombo to discuss international issues to which India was not invited.<sup>11</sup>

At the Afro-Asian conference held at Bandung in April 1955 Kotelawala raised the issue of "Soviet Colonialism" in Eastern Europe. He tried to demonstrate that colonialism and communism went together and any compromise with either of them was out of question. This view was at variance with the Indian diplomacy of keeping a neutral attitude between communist and non-communist powers.

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9. Hafees-ur-Rahman Khan, "Ceylon-Pakistan's valued Neighbour", Pakistan Horizon (Karachi), vol. 15, no. 1, First Quarter 1962, p. 55.
10. Ceylon, PDHR, vol. 17, no. 5, 6 May 1954, cols. 364-65.
11. D.M. Prasad, Ceylon's Foreign Policy Under the Bandaranaikes 1956-65 (New Delhi, 1973), pp. 164-68.

### The Citizenship Question

As far as Sri Lanka was concerned the unsolved question of persons of Indian origin in Sri Lanka was a major irritant which blocked the development of close associations which had been traditional between the two countries. The UNP leadership had maintained right from the beginning that despite the 'Indian Tamils' stay in Sri Lanka for generations, they had not assimilated themselves into the Sri Lankan society and culture.<sup>12</sup> Unlike the Sri Lankan Tamils, the Indian Tamils had not settled permanently in Sri Lanka. They were "birds of passage", keeping one foot in Sri Lanka and another in India. According to John Kotelawala : "In most countries a migrant population can be absorbed into the indigenous population in one generation. In Ceylon it is still 'Indian' after three generations".<sup>13</sup>

Being a small island, there was always a lurking fear in the minds of Sri Lankans about political domination of India. This was further aggravated when a segment of Sri Lankans felt that about a million Tamil residents in Sri Lanka still owed their allegiance to India.<sup>14</sup>

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12. Kodikara, n.l, p. 81. "The problem in the main was a product of the unassimilability of the overseas Indians in Ceylon."
13. John Kotelawala, An Asian Prime Minister's Story (London, 1956), p. 101.
14. Sukhbir Choudhury, "Problem of Citizenship Rights for people of Indian origin in Ceylon - The Background and the Issues", Foreign Affairs Report (New Delhi), vol. 5, no. 2, November 1956, pp. 127-128.

Politically also, the Sinhalese were concerned. It was feared by some of them that if franchise was given to all the resident Tamil population in the Kandyan area, the Sinhalese might be swamped by them. In the wake of a division among the Sinhalese, they would become the deciding factor and wherever they were in majority, they would always send their own candidates to the legislature.

Nehru tried to bring a balance between India's interest in people of Indian origin in Sri Lanka with the Indian policy of non-interference in the internal affairs of other countries, by stating that India was purely motivated by "sentimental" considerations in raising the issue with the government of Sri Lanka. The Government of India thus did not appear to acknowledge any political obligation towards people of Indian origin in Sri Lanka. At the same time, the Government of Sri Lanka was vehement in its rejection of the title of these workers to Sri Lanka citizenship.<sup>15</sup> Consequently, nearly a million people became "Stateless" by the Citizenship Act No. 18 of 1948 and the Indian and Pakistani Residents' (Citizenship) Act of 1949.

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15. Urmila Phadnis, "India and Sri Lanka" International Studies (New Delhi), vol. 17, no. 3-4, July-December 1978, p. 585.



The parliamentary opposition, comprising various parties, e.g. the Trotskyite Lanka Sama Samaj Party (LSSP) and the Communist Party (CP), the Ceylon Indian Congress (CIC), the Tamil Congress (TC) and independents criticised the Ceylon Citizenship Act and the Indian and Pakistani Residents' Citizenship Act on a number of grounds. First the Acts were discriminatory and would result in "decitizenising" a substantial number of Indians who had already acquired citizenship status in Sri Lanka. Second, the provisions of Acts were restrictive and sufficient provision had not been made for naturalisation. Third, the Acts made a 'sinister' distinction between citizens by descent and citizenship by registration. Finally, the requirements under the Indian Residents' Citizenship Act were too complicated and the poor Indian estate labourers in Sri Lanka had to incur heavy expenditure.<sup>16</sup>

On the contrary, the UNP representatives of the Kandyan Sinhalese, in whose traditional homeland the vast majority of Indians in Sri Lanka resided, criticized the Citizenship Acts on the ground that they were too liberal. Kandyan leaders were concerned that grant of citizenship right to Indian estate labourers without any restriction would reduce them to minority in their own provinces. While the Kandyan members of Parliament voted for the

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16. Lalit Kumar, India and Sri Lanka : Sirimavo-Shastri Pact (New Delhi, 1977), p. 34.

Citizenship Acts because of their being members of the government Parliamentary Party, they were not satisfied with it. They thought Indian and Pakistani Residents' Citizenship Act as being too much of a concession to the Indian side. As was expected, these Acts were condemned by both official and unofficial circles in India.

Wide discussions were held at bilateral official level pertaining to the political status of the persons of Indian origin in Sri Lanka. In June 1953, talks were held at London, between Nehru and Dudley Senanayake. The discussion was carried on the basis of the under-mentioned proposals put forward by Premier Senanayake:

- (a) 400,000 Indian residents in Sri Lanka were expected to be registered under the Citizenship Act of 1949.
- (b) An additional number of 250,000 persons would be granted Permanent Residence Permits whose future would be reviewed after ten years, and if during that period any of them desired to go back to India, the Government of India would not raise any objection.
- (c) The permissible number of persons to be granted citizenship by registration and permanent residence permit in no case was to exceed 650,000.
- (d) The balance of the Indian residents, about 300,000 were to be accepted as Indian citizens by the Government of India and to be compulsorily repatriated over a definite period.<sup>17</sup>

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17. Ibid, p. 36.

Dueley Senanayake wanted all these steps to be part of an integral scheme of solving the Indo-Ceylon problem.<sup>18</sup> Though Nehru was very impressed by the scheme of Senanayake, he was unable to accept the principle of compulsory repatriation because it would set a precedent for other Afro-Asian countries.

Before any progress was made, Dudley Senanayake was succeeded by Sir John Kotelawala as the Prime Minister. He regarded the Acts of 1948 and 1949 as "the utmost concession that the Government of Sri Lanka was willing to make. That concession went far beyond the views of many supporters of the Government especially in the Kandyan Province".<sup>19</sup> Nonetheless he did continue the negotiation on the subject with Prime Minister Nehru. This resulted in the signing of the Nehru-Kotelawala Pact on January 18, 1954.

According to this Pact, the governments of two countries expressed their desire to check the traffic of illicit immigration between Sri Lanka and India and resolved to take all possible steps for it.<sup>20</sup> The Sri Lanka Government decided to prepare an update register of all residents whose names were not on the electoral

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18. Kotelawala, n. 13, p. 105.

19. Ibid., p. 103.

20. A. Jeyaratnam Wilson, Politics in Sri Lanka 1947-1979 (London, 1979), p. 27.

register. This was done in order to track down the illicit immigrants.

Regarding the citizenship question, the agreement laid down that Indian persons registered as Sri Lankan citizens were to be placed in a separate electoral register for an initial period of ten years. The Government of Sri Lanka agreed that in certain constituencies where the number of registered voters was not likely to go beyond 250, they were to be put on the national register. Indians not registered as Indian citizens were permitted if they wished, to register themselves as one under Article 8 of the Constitution of India. Sri Lanka was willing to offer inducements to encourage the persons of Indian origin to prefer Indian citizenship. India agreed to provide all administrative facilities for the purpose.

However, the Nehru-Kotelawala agreement was not sincerely implemented by either of the two governments.<sup>21</sup> The Sri Lanka Government appeared to be interested that out of 984,327 Indians in Sri Lanka, majority should opt for Indian Citizenship. However, they did not realise

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21. Urmila Phadnis, "The 1964 Indo-Ceylonese Pact and the Stateless Persons in Ceylon", India Quarterly (New Delhi), vol. 20, no. 4, October-December 1964, p. 378.

that the provisions of Article 8<sup>22</sup> of the Indian constitution could not be turned to the disadvantage of India. Even prior to the ratification of this agreement, it was being interpreted divergently.<sup>23</sup> While the Sri Lankan Government envisaged the emergence of only two categories of Indian residents under the Agreement i.e. Indian nationals and Sri Lankan nationals, the Indian government believed that there would be a third category of "stateless persons". Sri Lanka, in its interpretation of the Agreement did not accept the theory of statelessness.

Consequent upon the failure of Nehru-Kotelawala

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22. Article 8 of the Constitution of India pertains to Rights of Citizenship of certain persons of Indian origin residing outside India. It reads: "Notwithstanding anything in Article 5, any person who or either of whose parents or any of whose grand-parents was born in India as defined in the Government of India Act, 1935 (as originally enacted), and who is ordinarily residing in any country outside India as so defined shall be deemed to be a citizen of India if he has been registered as a citizen of India by the diplomatic<sup>or</sup> consular representative of India in the country where he is for the time being residing on an application made by him therefor to such diplomatic or consular representative, whether before or after the commencement of this Constitution, in the form and manner prescribed by the Government of the Dominion of India or the Government of India".
23. B.K. Jain, "The problem of Citizenship Rights of Persons of Indian Origin in Ceylon", Indian Journal of Political Science (New Delhi), vol.24, no. 1, January-March 1963, pp. 65-78.

Agreement of January 1954, another conference was held between the two countries in Delhi in October 1954. This was meant to sort out the divergences between the two countries with regard to the interpretation of the January Agreement. Although Sri Lanka tried its best to convince India that unless and until all persons of Indian origin were given Sri Lankan nationality, they would continue to be Indian nationals, she did not succeed. India maintained that only those persons of Indian origin were Indian nationals who were in possession of Indian passports or who had been its citizens under the provisions of the Indian Constitution.<sup>24</sup>

Since there was a basic difference in the approach of the two countries to the problem of the status of persons of Indian origin resident in Sri Lanka, there was a decision to recognise it and to proceed expeditiously with the two processes of registration as Sri Lanka citizens or as Indian citizens and thus to reduce the number of those persons who were not accepted as Citizens of either of the two countries.<sup>25</sup>

Both the governments decided to quicken the process

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24. S.U. Kodikara, "Persons of Indian Origin in Ceylon" Foreign Affairs Reports, vol. 13, no. 2, February 1964, pp. 2-3.
25. For the text of Joint Statement signed by P.M. Nehru and Kotelawala, PDHR, vol. 20, no. 12, 5 November 1954, cols. 887-90.

of registration and to review later the status of those who were still stateless. Sri Lanka agreed to simplify the procedure for registration as Citizens of Sri Lanka.

However, very soon the implementation of the Delhi agreement ran into rough weather. The principal criticism levelled against Sri Lanka was that it rejected the application of a large number of persons of Indian origin for its citizenship on weak grounds. Secondly, Sri Lanka was criticized regarding the provisions pertaining to the special electorate for Indian Tamils. The Sri Lanka Government amended the constitution to make room for the return of four Indian Tamil members from special all-island electorate. Although India was supposed to be consulted under the provisions of the January Agreement, this was not done. Finally, as the provisions with regard to the special representation of the registered Indians were never made operative, the Indian Community resident in Sri Lanka did not have any representation in the Sri Lankan Parliament.<sup>26</sup>

#### Opposition Attitudes

The parliamentary opposition as a whole, strongly criticized UNP's policy towards India. Till 1951, the

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26. Lalit Kumar, n. 16, pp. 38-39.

parliamentary opposition comprised mainly of the Trotskyite Sama Samaj Party, the Communist Party, the Tamil Federal Party and the Ceylon Indian Congress. In 1951, Mr. SWRD Bandaranaike who was till then a minister in the UNP government, broke away from the ruling party and launched a parliamentary group of a new political party, the Sri Lanka Freedom Party.

Mr. Bandaranaike criticized the handling of the issue of persons of Indian origin by the UNP, especially under the premiership of Sir John Kotelawala. He expressed his concern about the impact of the Indo-Ceylon question on relations between India and Ceylon and accused Kotelawala of having "dissipated that degree of close friendliness that existed between us here and the Prime Minister of India".<sup>27</sup> Participating in the House of Representative Debates, he declared that "amongst all those in authority in India the one friend that Ceylon has over this issue is the Prime Minister of India, Pandit Jawaharlal Nehru"<sup>28</sup> and regretted that UNP governments were losing precious time in not entering into negotiations for the solution of this question.

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27. Ceylon, PDHR, vol. 21, no. 4, 22 June 1955, col. 253.

28. Ibid.



Areas of Divergence and Convergence

Notwithstanding the problem regarding the citizenship of persons of Indian origin in Sri Lanka at the bilateral level, on issues pertaining to global peace and stability there was much consensus. Of course, there existed some areas of divergence between the two countries. The response of Sri Lanka varied from that of India because of UNP regime's close alignment with the west. It shared the American view of containing communism which had a bearing on its reaction to some issues pertaining to cold war.

On Korean issue, Sri Lanka unlike India extended facilities to the American warships on their way to Korea on the ground that they were 'engaged in opposing aggression by international communism'.<sup>29</sup> Further, though Sri Lanka was an associate of India in appealing for a ceasefire in Vietnam, Sri Lanka, unlike the latter provided airport facilities to the American Globemasters carrying troops to Vietnam on the plea that they would check the menace of 'communist expansionism'.<sup>30</sup>

Sri Lanka participated in the Asian Relations

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29. Urmila Phadnis, India-Sri Lanka Relations in the 1980s in D.D. Khanna (ed), Strategic Environment in South Asia during 1980s (Calcutta, 1979), p. 30.

30. Ibid.

Conference held in New Delhi in March-April 1947. In 1949, Sri Lanka was also one of the eighteen states invited to attend another conference held in New Delhi on the initiative of Nehru, the subject of which was the question of Indonesia independence. In 1954, Sri Lankan Premier John Kotelawala took the lead in organising a conference between the Prime Ministers of India, Pakistan, Burma, Sri Lanka and Indonesia in Colombo where key issues like nuclear disarmament, communism, colonialism, Indo-Chinese problem and economic co-operation in South-east Asia were subjects of discussion.<sup>31</sup> The same group of countries (the Colombo powers) hosted the Asian-African Conference held in Bandung, Indonesia in April, 1955, where 29 Asian and African countries discussed similar problems. On many of the issues confronted by developing countries, India was unquestionably a leader in Asia and this was an important factor in determining Sri Lankan attitude to India. Despite the differences between India and Sri Lanka on other issues and Sri Lanka Government's apprehension of India's intentions towards the island, there were a variety of problems, especially pertaining to Asia itself, on which there was ample scope for cooperation. The Commonwealth proved specially useful for cooperation between the governments in the economic sphere since the inauguration of the Colombo Plan in

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31. Kodikara, n.l, p. 41.

1950. The benefits of bilateral trade, too, were mutually recognised, as shown by the negotiation of three trade agreements between India and Sri Lanka between 1949 and 1953.<sup>32</sup>

The SIFP Phase (1956-64)

The victory of the Mahajana Eksath Peramuna (People's United Front - MEP) coalition at the general election in April 1956 and the appointment of SWRD Bandaranaike as the new Premier gave a definite turn to Ceylon's foreign policy.

Bandaranaike's foreign policy postures were a marked departure from that of his UNP predecessors. While on the one hand, he admitted the prevalence of ideological cleavages, he was not prepared to accept ideology as the basis for determination of Sri Lanka's relations with other countries. According to him, it was imperative on the part of Sri Lanka to recognise the principle of co-existence because of its smallness and lack of military strength. He envisaged a greater role for Sri Lanka in the community of nations. It could act as a mediator and conciliator of conflicting interests and help effectively to reduce tension.<sup>33</sup>

32. Ibid., p. 42.

33. Urmila Phadnis, "Foreign Policy of Sri Lanka in the Seventies", Institute for Defence Studies and Analyses Journal, vo. 8, no. 1, July-September, 1975, pp. 94-95.

The period of SLP rule since 1956 had been characterized by a noticeable improvement in the relations between Ceylon and India. The prevalence of identity of views on international affairs was undoubtedly a factor in the changed attitude to India. After its admission into the United Nations in 1955, Ceylon got wider opportunities for participation with the members of Afro-Asian bloc on the global scene. Ceylon's professed declaration of not aligning with any power blocs and to establish close collaboration with other countries brought it nearer to India. Both the countries cooperated with each other on every major international question. Sri Lanka entered into consultation with India on the two major cold war disputes of Suez and Hungary and broadly, their stands were analogous.<sup>34</sup>

The threat-potential of India also seemed to decline considerably at this particular juncture. Bandaranaike regarded India as a very friendly country and strongly repudiated suggestions of Indian aggression against Sri Lanka. His policy towards British bases in Sri Lanka was in consonance with this attitude. Bandaranaike viewed them as not in keeping with a foreign policy of non-alignment. Termination of the bases had been a

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34. D.M. Prasad, "Ceylon's Foreign Policy under the Bandaranaiques, 1956-65: A study in the Emergence and Role of Non-Alignment" The Indian Journal of Political Science, vol. 33, no. 3, July-September, 1972, pp. 283-85.

declared objective of the MEP manifesto in 1956. After assuming office in 1956 thus, Mr. Bandaranaike requested the United Kingdom Government to withdraw its bases in Ceylon, and this was readily agreed upon. A phased withdrawal of the naval base at Trincomalee, and the air base at Katunayake, commenced in October and November 1956, respectively. This particular action was appreciated in India not only because India professed adherence to non-aligned principles which opposed military bases everywhere but also because it affected adversely India's national security and interest. The substitution of apprehension for confidence was to engender a favourable relationship between the two countries.<sup>35</sup>

On the issue of Kashmir, the new government wanted peaceful resolution of the problem and took steps in that direction by appealing to the involved parties, as well as mobilizing international public opinion for a just and honourable solution. While Nehru accepted it as a friendly approach and demonstrated his keenness to negotiate, Pakistan outrightly rejected it as a neutralist and communist proposal.<sup>36</sup>

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35. Krishna P. Mukherji, "Indo-Ceylon Relations", Indian Journal of Political Science, vol. 10, no.1, January-March 1957, pp. 42-44.

36. Rahman Khan, n. 9, p. 55.

Sri Lanka accepted India's strategy of development through "democratic planning" as its model and invited experts from India to help it in preparing the draft of the Ten Year Plan (1959-1968). When Ceylon faced difficulties due to shortage of essential items like drugs, petroleum and foodstuffs, because of the blockade of Suez Canal during the 1956 crisis, Indian Government promised to help to tide over any such crisis.<sup>37</sup>

On the issue of the persons of Indian origin which had been the bone of contention between the two countries, Mr. Bandaranaike's approach was 'least embarrassing'. He regarded the problem to be essentially a problem of Ceylonese citizenship and, therefore, a domestic concern of Ceylon. Bandaranaike treated the problem not from mere legal and political angle, but from humane view point.<sup>38</sup> This approach coincided with that of India and reduced the tension between the two countries to a significant extent.

However, minor irritants continued. The controversy regarding ownership of Kachchativu island, the differences over territorial waters and contiguous areas and broadcast of cheap film songs from Radio Ceylon which were beamed to India were some among them.<sup>39</sup>

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37. Prasad, n. 11, p. 327.

38. Ibid, p. 328.

39. Ibid, p.329.

The pro-western elements in the UNP, extreme leftists in the UNP, extreme leftists in the LSSP and the extreme communalists among the Sinhalese, however, did not appreciate the India policy followed by Bandaranaike. Ceylonese newspapers also reported the existence of several societies operating among the Sinhalese people against the interest of India and Indians in Ceylon. They protested against Ceylon being an Indian satellite by adopting neutralism in international affairs.<sup>40</sup>

Despite the aforementioned points of irritation and difficulties, during Bandaranaike's regimes Ceylon-India relations were at their peak. There was definitely a marked improvement since the era of the UNP administration (1948-56). Though there existed some discords, they were considered to be insignificant and likely to be resolved in the usual course. There was a tendency to gloss over mutual differences and emphasise common bonds of friendship and good neighbourliness.<sup>41</sup>

When Mrs. Bandaranaike assumed power in July 1960,<sup>42</sup> she continued adroitly the policy set in motion

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40. Tribune: Ceylon News Review (Colombo), vol. 3, no. 8, 14 July 1956, p. 136.

41. Kodikara, n.l., p. 50.

42. In September 1959, Mr. Bandaranaike was assassinated, There followed a period of instability characterised by the Care-taker Government of Mr. W. Dahanayake, an inconclusive general election in March 1960 and the short tenure of Mr. Dudley Senanayake. In the general election held in July 1960, the SLFP returned to power with a comfortable majority and Mrs. Bandaranaike was appointed as prime minister.

by her husband. Friendly and cordial relations were maintained. In September 1961 Ceylon and India participated in the first conference of Non-Aligned countries at Belgrade and their approach, in giving top priority to global peace was indicative of their common outlook.<sup>43</sup>

#### Ceylon and Sino-Indian Conflict of 1962

The rapid deterioration of the Sino-Indian dispute in October 1962 involved a vital question of policy for the Sri Lankan Government. Ceylon did not formally support India's stance in the dispute or brand China the aggressor. This attitude created considerable consternation on the Indian side. However, it was not completely unreasonable on Sri Lanka's part to have pursued a neutralist policy in the conflict between the two big Asian powers. The economic vulnerabilities inherent in a small country like that of Sri Lanka, imposed considerable constraints on its action. Ceylon exported more than 60% of her total rubber exports to China, and acquired from her more than 40% of her total rice imports under the rubber-rice barter agreement. China had been providing liberally, since 1957, economic assistance to the island. Thus, China had stuck for

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43. G.H. Jansen, Afro-Asia and Non-Alignment (London, 1966), p. 296.



quite sometime to a pattern of aid and trade quite favourable to Sri Lanka.<sup>44</sup> Hence, an unqualified support to India would, therefore, have adverse repercussions on the Ceylonese economy. Ceylonese neutrality on this issue also emanated from the approach that the tenets of non-alignment were equally applicable to Sino-Indian conflict as to the conflict between power blocs.<sup>45</sup> Western military aid to India was viewed by Prime Minister Sirimavo Bandaranaike as a "kind of entanglement with the power blocs".<sup>46</sup>

However, different political parties in Ceylon had different views over the issue. The UNP reversed its earlier mistrust of India and extended the party's support to India on the grounds of anti-communism and anti-imperialism. The MEP also vehemently condemned Chinese aggression and supported Indian stand. The attitude of these two parties broadly coincided with that of the Ceylonese press. The Tamil parties obviously supported India very strongly. The Federal Party, which represented the Ceylonese Tamils, and the Ceylon Workers' Congress (CWC) and Ceylon Democratic Congress which

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44. For details refer, Anuradha Muni, "Sri Lanka's China Policy : Major Trends", South Asian Studies(Jaipur), vol. 8, no.1, January 1973, pp. 72-98.

45. Kodikara, n.l, p. 54.

46. Ceylon Daily News (Colombo), 11 December 1962.

together represented the vast majority of the Indian plantation workers, not only extended their support to India but also organised volunteers to fight the Chinese. They also raised contributions in aid of the Indian National Defence Fund.<sup>47</sup> In contrast, the Jatika Vimukti Peramukha (JVP) branded India as the aggressor. The JVP's policy can be explained by its concern with the issue of persons of Indian origin resident in Ceylon.<sup>48</sup> The Communist Party, while sided with China, maintained an equivocal attitude, in the backdrop of the party's internal cleavages stemming out of the Sino-Soviet ideological tussle. The Trotskyite LSSP adopted a neutralist attitude regarding the problem.

In the midst of the conflict, Mrs. Bandaranaike contacted both New Delhi and Peking to explore devices for a ceasefire. The Indian Government set a pre-condition for a ceasefire that Chinese troops should withdraw to the dividing line of 8 September 1962. But China stuck to the view that the 7 November 1959 arrangement should be respected. However, the ceasefire was made effective on the midnight of 21-22 November 1962 and China announced the withdrawal of its troops to the line as existed on 7 November 1959.

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47. Urmila Phadnis, "Ceylon and the Sino-Indian Border Conflict" Asian Survey (California) vol 3, no. 4, April 1963, p. 193.

48. Kodikara, n.1, p. 52.

But as the line of demarcation was still not resolved Mrs. Bandaranaike convened at Colombo a conference of Six non-aligned countries to find out possibilities of bringing a conciliation between the two warring parties. As the emissary of the Colombo Powers, she went to New Delhi and Peking to convince them about the efficacy of the powers' proposals for durable peace, but it was a futile exercise.<sup>49</sup>

The anxiety and concern shown by Sri Lanka in the Sino-Indian conflict was due to its inherent vulnerability. Instability in the region would have adverse repercussion on the island, particularly when it involved India and China, the two Big Asian Powers, with whom Sri Lanka had close interactions. Possibilities of the region being converted into an arena involving big power rivalry as the US, the UK and the USSR had already come into the picture either overtly or covertly. Had the situation aggravated, it would have jeopardised Sri Lanka's security and stability. Though India might perhaps have been more pleased had Sri Lanka government taken a pro-Indian stand, yet there is no evidence to show that Sri Lanka-India relations were in any way jeopardised thereby.<sup>50</sup>

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49. Phadnis, n. 47, p. 194.

50. S.U. Kodikara, Foreign Policy of Sri Lanka : A Third World Perspective (Delhi, 1982), p. 27.

Sri Lanka extended its whole-hearted support to the Indian efforts for integration of Goa, Daman and Diu. On the Vietnam issue, where in South Vietnam the Buddhist who constituted the majority were being persecuted by the Catholic regime of President Diem, Sri Lanka was very much concerned. This was pre-eminently due to the ethnic composition of Sri Lanka in which the Buddhists occupy the most prominent place. India did its best to support Sri Lanka in its efforts to bring an end to the persecution of the Buddhists in Vietnam in the early 1960s.<sup>51</sup>

After Nehru's death, Lal Bahadur Shastri, his successor, as the Prime Minister of India, gave a liberal orientation to India's policy towards its neighbours. As the Times (London) remarked in its editorial on the 9th September 1964, "under Mr. Lal Bahadur Shastri's charge India has taken some welcome initiatives in the unspectacular but necessary task of improving relations with her neighbours. Indeed, it is a reminder of India's changed outlook that the first travel of India's new foreign minister, Mr. Swaran Singh, should be not to some ~~important~~ international gathering but on a tour of Nepal, Afghanistan, Ceylon and Burma".

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51. Ceylon Daily News, 24 June 1963.

At the global level, Sri Lanka and India shared common perceptions both being Afro-Asian states belonging to South Asian region and having "non-alignment" as the main plank of their foreign policy. Such a common outlook was noticeable at the Second Non-Aligned Conference held in Cairo in October 1964.<sup>52</sup>

At the bilateral level too India made a definite gesture to improve trade relations with Sri Lanka and an attempt was made to fill up the trade gap with Sri Lanka. However, the most remarkable diplomatic achievement of Sri Lanka's relations with India was the signing of the Indo-Ceylon Agreement of October 1964, pertaining to the question of persons of Indian origin resident in Sri Lanka. Variety of factors were responsible for this Agreement. The eviction of Indian nationals from Burma, the increasing antagonism of China towards India culminating in a war in 1962, Pakistan's liberal stance and lastly, the "advent of Lal Bahadur Shastri on the Indian political scene were some of the factors responsible for the spurt of mutual give and take between Sri Lanka and India".<sup>53</sup>

Under the 1964 Agreement, Sri Lanka decided to

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52. Jansen, n. 43, p. 368. At Cairo, "Ceylon gave fairly consistent backing to India..."

53. Lalit Kumar, n. 16, p. 59.

grant citizenship to 300,000 of an estimated 975,000 persons of Indian origin in the island. India expressed its willingness to grant Indian citizenship and repatriate to India 525,000 such persons, the period of the validity of the agreement being 15 years. Natural increases in the stipulated numbers for repatriation to India and grant of Ceylon citizenship, respectively, were also envisaged under the agreement, which provided for transfer of assets of repatriates upto a specified limit. The 150,000 persons not covered by this Agreement were to be negotiated later on.

The pact received mixed response in Sri Lanka. Almost all newspapers were in favour of the Agreement. As regards political parties, while UNP and LSSP supported the Government the Tamil parties like the Federal Party, the Ceylon Workers Congress, and the Ceylon Democratic Workers' Congress denounced the agreement. However, the future of the pact became unpredictable when Mrs. Bandaranaike's Government was defeated on the floor of Parliament in December 1964 and the country went to the polls in March 1965.

### Conclusion

The foregoing analysis notes it clear that the quest for security was the prime consideration embedded

in the minds of policy-makers in Sri Lanka in the immediate post-independent era. Although geographical proximity, common traditions and ethno-cultural affinity envisaged for closer collaboration between the two countries, the vast disparity in power configuration between the two countries coupled with the presence of a large number of Tamils created a fear-psychosis in Sri Lankan especially the Sinhalese minds. But with the advent of SWRD Bandaranaike into power, there was a substantial change in the overall framework of Sri Lanka's foreign policy. The 'security syndrome' was relegated to the background. Although Mr. Bandaranaike was totally aware of the limitations of a small country, he wanted to convert these weaknesses into positive strength by envisaging a greater role for Sri Lanka as an arbitrator and conciliator. The policy formulated by Mr. Bandaranaike was carried out by Mrs. Bandaranaike after the former's demise. There was a coalescence of views between Sri Lanka and India on major global issues during the period under SIFP rule. At the bilateral level, the most outstanding problem pertaining to the persons of Indian origin resident in Sri Lanka was solved by mutual negotiations. The Shastri-Sirimavo Pact of 1964 was thus a landmark in the realm of bilateral interaction between the two countries. It reflected a spirit of mutual accommodation on the part of the leadership of both the countries.

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In the backdrop of this overview of Sri Lanka's policy towards India till 1964, the theme of the next chapter would be the identification of areas of convergence and divergence between the two countries during the period 1966-77 and the repercussions if any, on their perceptions vis-a-vis one another.



CHAPTER THREESRI LANKA'S RESPONSE ON MAJOR FOREIGN POLICY ISSUES ;  
AREAS OF CONVERGENCE AND DIVERGENCE WITH INDIA (1965-77)

An analysis of the interaction between Sri Lanka and India, underlying areas of convergence on major foreign policy issues requires to be undertaken in the backdrop of their similar, although not identical, experience of colonialism, neo-colonialism and developing economy. However, along with the areas of convergence, one also discerns areas of divergence particularly on issues impinging upon the regional security system. Such divergent stance has stemmed primarily from India's pre-ponderant power-structure in the region and also from the domestic as well as external compulsions and constraints of a small country like Sri Lanka.

The period under analysis comprises of two regimes: a) the UNP led coalition government under the leadership of Dudley Senanayake (which was in office from 1965 to 1970) and (b) the SLFP led coalition government (called the United Left Front - consisting of Mrs. Bandaranaike's own SLFP, the Trotskyite LSSP and the Communist Party (Moscow wing) headed by Mrs. Sirimavo Bandaranaike, which had won the 1970 elections and had stayed in power

till the next elections in 1977. During this period (1965-77), the response of Sri Lanka on major international issues and its convergence or divergence with India, has been analysed in this chapter.

The issues that are dealt with here include, Non-alignment, New International Economic Order (NIEO), Indian Ocean as a Zone of Peace, South Asia as a Nuclear Weapons Free Zone (NWFZ), Nuclear Non-Proliferation Treaty (NPT) and the liberation war of Bangladesh.

#### Non-Alignment

A major attribute of Sri Lanka's foreign policy during this period was non-alignment as it used to be earlier. At the declaratory level, the UNP government of Mr. Senanayake affirmed its commitment to the basic principles of non-alignment. In fact, Sri Lanka was one of the founder members of the non-aligned group. Right from the beginning, Sri Lanka played an important role in consolidating the movement and fulfilling its objectives. It staunchly believed peace and stability to be the prerequisites for socio-economic upliftment. This explains Sri Lanka's consistent endeavour to play a mediatory role to defuse world tensions.

After assuming office in March, 1965, the Senanayake government dealt with the Vietnam war which was probably the most important global issue at that particular juncture. The issue had serious implications in the domestic political context in Sri Lanka because of the existence of important Buddhist pressure groups in the country. The Premier made a joint appeal for peace in Vietnam, issued by 17 Head of States and Governments of Non-Aligned countries in which the signatories proclaimed their adherence "to the principle of inviolability of and respect for the sovereignty and territorial integrity of states".<sup>1</sup> The joint appeal requested the parties concerned to start negotiations without any delay. However, the possibility of holding negotiations was barred due to the resumption of bombing by U.S.A. on Vietnam. When the U.N. took up the matter for discussion, Dudley Senanayake's Government abstained from the vote on various resolutions. This might be due to Sri Lanka's economic dependence on the involved parties, viz. China, the USA and the USSR.<sup>2</sup>

As regards Czechoslovakian crisis, Sri Lanka condemned the military intervention of the Soviet Union

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1. Ceylon Daily News (Colombo), 12 March, 1969.
2. Urmila Phadnis and Sivananda Patnaik, "Non-Alignment as a Foreign Policy Strategy: A case study of Sri Lanka", International Studies (New Delhi), vol. 20, no. 1-2, January-June 1981, p. 232.

in Czechoslovakia and hoped for speedy withdrawal of foreign troops. However, it did not become a party to the resolutions in the United Nations. The fact that the Government was at that time negotiating aid for several industrial projects from the Soviet Union and East European countries might be the explanation for the restrained nature of the Government pronouncements.<sup>3</sup>

Sri Lanka also showed anxiety regarding the Middle Eastern crisis of 1967 and appealed for restoration of peace. However, it abstained from denouncing Israel for violating UN resolutions. Though the UNP's low-key foreign policy posture was one of the causes for such restraint, the more plausible reason was that of Israel being a good market for Sri Lanka's primary commodities.<sup>4</sup>

The brief analysis of Sri Lanka's response towards major events during 1965-70 indicates the country's concern for establishment of world peace. However, its capability or scope for playing a very activist role was curtailed owing to compulsions of a developing economy which forced it to rely on external economic assistance.

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3. S.U. Kodikara, Foreign Policy of Sri Lanka : A Third World Perspective (Delhi, 1982), p-127.

4. Phadnis, n. 2, p. 233.

During Mrs. Bandaranaike's regime, i.e. 1970-77, the Non-Aligned Movement picked up momentum and started to play a significant role in international field. While addressing the Lusaka Conference in September, 1970, Mrs. Bandaranaike reaffirmed the need to adhere to the tenets of non-alignment. She stated that the Government was pledged to pursue an active and constructive policy of non-alignment in foreign affairs. The policy of non-alignment was extremely important to Sri Lanka because that constituted a frontline defence against external threats. Since Sri Lanka had limited resources for defence, she had to rely on the support and friendship of the non-aligned community.<sup>5</sup> This attitude was fundamental to Sri Lanka's policy of friendship with all countries. The non-aligned policy followed by Sri Lanka attained a high water-mark when Colombo hosted the fifth non-aligned Summit, the first of its kind to be held in Asia in 1976. Towards the end of her tenure, Mrs. Bandaranaike brought Sri Lanka to the forefront of the non-alignment movement.

The real conduct of Sri Lanka's non-alignment was decisively influenced by the domestic considerations, both political and economic. The political orientations of the parties, the economic vulnerability of a small

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5. For details, refer to Text of the speech by Sirimavo Bandaranaike in Lusaka on 9 September 1970 (Ceylon, Department of Information Press release no. 7, 1970).

and primary commodity producing country and the over-all commitment to pursue an independent stance propelled successive governments in Sri Lanka to adopt non-alignment as a major plank of their foreign policy.<sup>6</sup>

However, there was a shift in emphasis in the non-alignment policy followed by the two successive Governments, one of UNP and the other of SLFP. During Mr. Senanayake's period, Sri Lanka developed closer ties with the West. This resulted from his Government's dependence on international and other credit agencies and the donor countries of the Aid Ceylon consortium for assistance of different sorts.<sup>7</sup>

In contrast, during Mrs. Bandaranaike's regime, Sri Lanka shifted her foreign policy orientation more to the left. This was quite obvious considering the existence of a powerful left-wing component in her government and her own preference for closer association with non-aligned and communist states which were opposed to all forms of western colonialism.<sup>8</sup>

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6. Rikhi Jaipal, Non-Alignment : Origins, Growth and Potential for World Peace (Delhi, 1983), p. 24.
  7. A. Jeyaratnam Wilson, Electoral Politics in an Emergent State: The Ceylon General Election of May, 1970 (New York, 1975), p. 34.
  8. Ibid., p. 182.

There was commonality of outlook between Sri Lanka and India on the principles of non-alignment. Mrs. Gandhi herself, as Prime Minister of India was associated with Mrs. Bandaranaike in three non-aligned summits, at Lusaka (1970), Algiers (1973) and Colombo (1976).

India was at one with Sri Lanka in viewing non-alignment as the symbol of mankind's search for peace and security among nations, and of the determination to establish a new and equitable international economic, social and political order. India was vociferous in its condemnation of the evil forces of colonialism, imperialism, neo-colonialism, apartheid, zionism and other forms of alien domination. Both of them extended their support to decolonization, liberation struggles in various parts of Africa, Asia and Latin America and general and complete disarmament. Like Sri Lanka, India welcomed the triumph of the struggle of the peoples of Democratic Kampuchea and the Socialist Republic of Vietnam against United States intervention, the success of the liberation struggle of Guinea-Bissau, Cape Verde, Mozambique, Angola which had led to the final extinction of Portuguese colonialism and the emergence of independent states. Both welcomed with equal satisfaction the successful struggle against Zionism and the striking demonstration of the Arab people in their liberation war

of October, 1973, against Israel. India further welcomed the growing international recognition as well as the inalienable national rights of the Palestinian people.

Thus, there was a coalescence of views on the basic principles and policies of non-alignment between Sri Lanka and India. However, in practice, there were some issues on which Sri Lanka and India differed. The issue of apartheid stood out as most prominent. Both Sri Lanka and India condemned the segregationist policy adopted by South Africa in various international forums. Both of them also advocated economic sanctions against South Africa. However, while India implemented it, Sri Lanka refused to take action against it on the plea of taking "collective action" by all states condemning South Africa, to make the sanctions effective. This type of behaviour on Sri Lanka's part was guided by its reluctance to spoil its attractive trade with that country. India viewed Sri Lanka's response uncritically because it was aware of the compulsions of the latter.<sup>9</sup>

#### India and Sri Lanka on the New International Economic Order

The basic tenets of non-alignment indicated that the movement was opposed to all kinds of oppression,

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9. Urmila Phadnis, "India-Sri Lanka Relations in the 1980s" in D.D. Khanna (ed), Strategic Environment in South Asia during 1980s (Calcutta, 1979), p. 30.



exploitation and injustice. In a way the struggle for NIEO was intimately linked with the non-alignment's wider struggle for the elimination of colonialism, imperialism and neo-colonialism in all their manifestations. In this respect, the non-aligned movement and the struggle for the NIEO were contemporary and they have been intimately linked from the very beginning. But especially from late 1960s, when the decolonisation process was almost complete, the non-alignment movement laid a special emphasis on economic issues.

The Algiers non-aligned summit in 1973 for the first time gave a call for a New International Economic Order (NIEO), in which instead of grudging concessions and discretionary aid from developed to developing countries, there would be a restructuring of their mutual relationship to make it more equitable and more responsive to the needs and aspirations of the majority of mankind. The sixth special session of the General Assembly in 1974 also gave full support to the plea by adopting a detailed resolution of the subject.

The NIEO embodies exhaustive and ambitious purposes. The main objective is no less than the creation of a new structure of economic relationships, warranting fundamental changes in a large number of related fields - commo-

dity trade, market access and preference, aid flows, the activities of multinational corporations, the international monetary system, the restructuring of international institutions, the transfer of technology, etc.

Sri Lanka and India both being non-aligned countries and victims of the inequities and injustices of the prevalent economic order whole-heartedly propagated the establishment of a New International Economic Order.

The external payments problem of Sri Lanka was a structural and long-term one which emerged primarily out of world market forces which were not under its control. The fall in the prices of exports and the increase in the price of imports were the main problems created by the world market. To elucidate, in 1960s, the price of tea and rubber which accounted for over 80% of Sri Lanka's export fell by 30% and 40% respectively.<sup>10</sup> Despite a considerable increase in the volume of exports, there was no increase in the total export earnings of the country. Actually they declined by an average annual rate of 1.4% from 1960 to 1969.<sup>11</sup>

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10. For details, refer to B. Hewavitharana, "Management of External and Internal Finances in Sri Lanka : Problems and Policies", Asian Survey (California) vol. 13, no. 12, December 1973, pp. 1137-38.

11. Ibid.

The stagnation in export earnings and the rise in import bills resulted in a deficit in the balance of trade. This deficit in trade was on the order of an annual average of Rs 426 million in 1966-70, or 22% of average annual export earnings.<sup>12</sup>

The emerging situation during the 1970s was not very different in this respect. Thus, the the Finance Minister of Sri Lanka, Dr. N.M. Perera disclosed at a press conference on 19 March that the acute foreign exchange crisis, was foisted on Sri Lanka, over which the government had absolutely no control. "This crisis was not created by us. It has been imposed on us by virtue of our smallness and dependence on imports for our existence and since we are mainly an importer of primary commodities".<sup>13</sup>

The import capacity created due to export earnings and the external aid available to the country was totally insufficient to cater to the basic import necessities in 1974. If export and import had remained at 1971 level, Sri Lanka would have had nominal trade surpluses in 1973-74.

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12. Ibid.

13. News Review on South Asia, Institute for Defence Studies and Analyses (New Delhi), April 1973, p.109.

In contrast to this, what really happened was a trade deficit which rose from Rs 298 million to Rs 1,227 million in 1974.<sup>14</sup> The rise in the import bill from oil and fertiliser alone in 1974 totalled approximately Rs 500 million which accounted for over half the deterioration. The over-all impact of the increase in oil prices on Sri Lanka's balance of payment was even greater.

Sri Lanka did not regard these economic difficulties as the result solely or even mainly of the increase in the price of petroleum products. It regarded them as the climax of the process of leaving developing countries at the mercy of the laws of supply and demand and of market forces. Speaking in the Manila meeting of Asian Development Bank in 1973, the Finance Minister of Sri Lanka, said "we are living in a period where external factors have brought the external payments position of developing countries such as Sri Lanka to almost breaking point. The present high level of cereal prices, superimposed on the inflationary trends affecting all imports from the developed world has made it extremely difficult for Sri Lanka to allocate adequate external resources for the productive sectors of the economy and for new investments".<sup>15</sup>

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14. Mahendra Pal, World Bank and the Third World Countries of Asia (with special reference to India) (New Delhi, 1985), p. 56.

15. Ceylon Daily News, 5 May 1973.

Hence, Sri Lanka wanted the overhauling of the existing international economic order and in that place, the creation of a new one. Speaking in the sixth special session of General Assembly on raw materials and development in 1974, Sri Lankan delegate Mr. Bandaranaike wanted the "application of those policies in the international community that enlightened governments adopt in their own domestic affairs to reduce economic and social inequalities to ensure a more equitable distribution of incomes and thereby to move progressively towards a society with equality of treatment and opportunity for all and with unwavering adherence to international social justice".<sup>16</sup>

Sri Lanka wanted the establishment of a permanent international arrangement which would ensure a proper equilibrium between the prices obtained by developing countries for the primary products and manufacture exported by them on the one hand and the prices paid by them for the commodities, manufacture and technology they import from developed countries on the other.<sup>17</sup> Such a permanent

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16. United Nations General Assembly Official Records (Hereafter referred to as UNGAOR), Sixth Special Session, 2219th Plenary meeting, 17 April 1974, p.14.

17. Ibid.

mechanism would enable the developing countries to maintain a sound balance of payments position and stable terms of trade, which would help to promote their economic growth process free from uncertainties.

In various non-aligned conferences Mrs. Bandaranaike advocated the restructuring of existing international relationships. Participating in the Algiers Conference of Non-Aligned states she said "It now seems appropriate to provide an economic dimension to the concept of Non-Alignment in terms more concrete than has been the case so far".<sup>18</sup> With a view to breaking the monopoly of the multinational banks of the industrialised countries, she called for the establishment of a commercial Bank for the Third World. She also suggested the development of a currency having the support of the Third World to compete with the reserve currencies of the developed world.<sup>19</sup> She also mooted the idea of a world Fertilizer Fund at the thirtieth session of the Economic Commission for Asia and the Far East (ECAFE)

18. Algeria, Department of Information, Collection of speeches by Heads of State or Govt. of Non-Aligned Countries (Algiers, 1973), p. 137.

19. Malabika Banerjee, "The Institutionalization of Non-Alignment as a Model in International Relations" (Ph.D. thesis, Jadavpur University, Calcutta, 1979), type-script p. 26 cited in Urmila Phadnis and Sivananda Patnaik, "Non-Alignment as a Foreign Policy Strategy : A Case study of Sri Lanka", International Studies, vol. 20, no. 1-2, January-June 1981, p. 236.

held in Colombo in March 1974. This was accepted with some alterations under the name of Agricultural Development Fund.<sup>20</sup> The Colombo Summit Conference of 1976 also gave much stress on economic development. While submitting the decision of the Colombo Summit to the 31st Session of the UN General Assembly in September, 1976, Mrs Bandaranaike stated thus : "A constant thread running through all the economic documents of the Colombo Summit is the emphasis on collective self-reliance. I should make it clear that this approach is not one of hostility and confrontation towards any single country or group of countries."<sup>21</sup>

India had also played a considerable role in the evolution of New International Economic Order. Addressing the Sixth Special Session of General Assembly on 9th April, 1974, the Indian Foreign Minister Dinesh Singh suggested the formulation of comprehensive policy for the revolutionisation of prices of raw materials, provision of additional liquidity for specially affected countries,

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20. United Nations, Economic and Social Council, Official Records, Fifty Seventh Session, Supplement no. 5, Para 178, p. 17.
21. Non Alignment - A Deliberate Choice : Text of speeches by Mrs Sirimavo R.D. Bandaranaike, Prime Minister of Sri Lanka; Colombo, Government Department of Information, n.d., p. 18. Cited in S.U. Kodikara, Foreign Policy of Sri Lanka : A Third World Perspective (Delhi, 1982), p. 144.

equitable patterns of voting rights in the IMF and other international financial institutions.<sup>22</sup>

Most of these suggestions were incorporated in the declaration adopted on May 1, 1974. At the seventh special session of the General Assembly in September 1975, India's delegate Mr. Y.B. Chavan envisaged a number of suggestions for the establishment of a New International Economic Order. He told that only through voluntary transfer the developing countries could acquire a sort of buffer between rising bills and falling export earnings. For the protection of trade of developing countries, a more equitable as well as exhaustive approach should be adopted which would deal not only with the removal of trade barriers but also with the question of supply of production, marketing and distribution. The developing countries, according to India, should have a greater say in the management of monetary system.<sup>23</sup>

Thus, both Sri Lanka and India were at one on the basic tenets of the NIEO. Since both of them were basically primary commodity producing countries, they fell

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22 For details, see UNGAOR, Sixth Special Session, 2223rd Plenary meeting, 9th April 1974, pp. 7-12.

23. For details, see UNGAOR, Seventh Special Session, 2328th Plenary meeting, 2 September 1975, p. 15.



victims to the inequities of the existing international order which tilted heavily in favour of industrialised countries of the North. Hence, both of them felt the need for a more equitable world economic order.

The concepts of development and peace are inter-linked. While the NIEO envisages greater economic development of the Third World countries, the Indian Ocean Peace Zone proposal aims at the establishment of peace and security in the region. Both Sri Lanka and India strove to propagate the Indian Ocean Peace Zone proposal because this would minimize the tension in the region and would thereby ensure their national security and stability.

#### Indian Ocean as a Zone of Peace

The genesis of the concept of the Indian Ocean as a Zone of Peace could be traced back to the Conference of Heads of States of the Non-Aligned countries held in Cairo in 1964 when Mrs. Sirimao Bandaranaike formulated it for the first time. It was mainly due to her drive that the Cairo Non-Aligned Conference adopted two resolutions which impinged directly on the concept of the Indian Ocean as a Zone of Peace. While one of them

envisaged the creation of zones devoid of nuclear weapons covering the oceans of the world especially those oceans which had been previously free of nuclear weapons, the other resolution condemned the big powers' efforts to establish and maintain bases in the Indian Ocean.<sup>24</sup>

However, during the period from 1965 to 1970, the Indian Ocean Peace Zone concept was rarely discussed. This can perhaps be explained by the fact that while the foreign policy of Sri Lanka during the SLP era had been out-ward looking, it was inactive and inward looking during the UNP regime. Moreover, the UNP administration laid much emphasis on the economic dimension of the foreign policy in comparison to the political one.<sup>25</sup> However, with the advent of Mrs. Bandaranaike into power in 1970, the concept was revived. In the meanwhile, the global political scene had undergone some changes too and the need for altering the concept was felt. The big powers could continue their presence in the Indian Ocean - in the form of naval-military presence on board vessels. Thus, there was a felt need to integrate the two resolutions mentioned hitherto (which were adopted in Cairo

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24. UAR, Ministry of National Guidance, Conference of Heads of State and Governments of Non-Aligned, October 5-10, (Cairo, 1964), p. 350.
25. For details, See Urmila Phadnis, "Foreign Policy of Sri Lanka in the Seventies", Institute for Defence Studies and Analyses Journal (New Delhi), vol. 8, no. 1, July-September, 1975, pp 93-124.

in 1964) and introduce the concept of the Indian Ocean as a Zone of Peace. Mrs. Bandaranaike provided leadership and initiative for the realization of this step. Taking into account the nature of the effort and the persistent diplomatic manoeuvring, this particular issue was a major international problem that Sri Lanka ever handled.<sup>26</sup>

The principal thrust of Mrs. Bandaranaike's non-alignment policy was aimed at getting acceptance in international community of the Indian Ocean Peace Zone proposal. In the Lusaka Conference of Non-Aligned nations in September 1970, Mrs. Bandaranaike told the delegates of her proposal at the 1964 Cairo Conference to convert the Indian Ocean area into a nuclear free zone. She said that Latin America and Africa had already been accorded such a status, and expressed hope that "all countries bordering the Indian Ocean should join us not only in giving effect to this proposal but also in keeping the Indian Ocean as an area of Peace".<sup>27</sup>

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26. H.S.S. Nissanka, Sri Lanka's Foreign Policy : A Study in Non-Alignment (Delhi, 1984), p. 217.
27. "Ceylon Premier at Lusaka Conference", Ceylon Today (Colombo), vol. 19, no. 9-10, September-October 1970, pp. 5-6.

A resolution was adopted by the Lusaka Summit calling upon the UN General Assembly to adopt a declaration of the Indian Ocean as a Zone of Peace wherefrom big power rivalry would be eliminated. In the commonwealth conference in Singapore in January 1971, Sri Lanka forcefully put forward the case for a Peace Zone in the Indian Ocean. Mrs. Bandaranaike, Sri Lanka's delegate, stated at Singapore that the final objective of the peace zone would be "to stabilize the Indian Ocean as a power vacuum so that the abrasive conflicts of the cold war do not enter it and the region could concentrate on the solution of its major problems of security, underdevelopment, etc."<sup>28</sup>

In fact, one of the motive forces that impelled Sri Lanka to advocate for the Peace Zone proposal was concern for its own security. Being a small island in the vast expanse of Indian Ocean, it felt vulnerable and thought its national security to be in danger due to the increasing rivalry of the great powers. Thus, participating in the proceedings of the 26th session of the United Nations General Assembly of 1971 Mrs. Bandaranaike stated: "Our object is to contain the activities of

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28. Cited in Kodikara, n.3, p. 141.

foreign powers and ensure that they do not make our part of the world a battle ground for their rivalries.<sup>29</sup> She defined her zone of peace proposal as follows: "The essence of our proposal is that in the Indian Ocean a defined area shall be declared to be a zone of peace and reserved exclusively for peaceful purposes under an appropriate regulatory system. Within the zone no armaments of any kind, defensive or offensive, may be installed on in the sea, or the adjacent seabed or on land areas. Ships of all nations may exercise the right of transit but warships and ships carrying warlike equipment, including submarines, may not stop for other than emergency reasons of a technical, mechanical, or humanitarian nature. No manoeuvres by warships of any state shall be permitted. Naval intelligence operations shall be forbidden. No weapon tests of any kind may be conducted. The regulatory system to be established will be under effective international control".<sup>30</sup>

On 16 December 1971, the UN General Assembly passed a resolution entitled "Declaration of Indian Ocean as a Zone of Peace". Its acceptance by a large number of

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29. UNGAOR, Twenty-sixth session, vol. 1, 1962nd Plenary meeting, 12 October 1971, p. 3.
30. For details see, Ceylon Today, vol. 20, no. 9, & 10, September-October 1971, p. 14.

countries and the establishment of an adhoc committee of the UN under Sri Lanka's chairmanship to take further steps for implementation of the proposal were major personal triumph for Mrs. Bandaranaike.<sup>31</sup>

The efforts of the UN Committee were succeeded by the meeting of foreign ministers of the Non-Aligned countries which was held in Lima from August 25-30 in 1975. The Lima Declaration of 30 August 1975 took into account the indifferent attitude of the big powers. It expressed anxiety over the establishment of the military base in Diego Garcia and urged the littoral states not to cooperate with the big powers in their military activities. All these were reiterated in the resolution adopted by the Fifth Non-Aligned summit held at Colombo in August 1976, under the Chairmanship of Mrs. Bandaranaike.<sup>32</sup>

Thus, various international forums like the UN, the Commonwealth of Nations, Non-Aligned conferences have been utilised by Sri Lanka with a view to mobilise support on the issues pertaining Indian Ocean as a Zone of Peace. Amongst the Indian Ocean countries, Sri Lanka played

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31. Kodikara, n. 3, p. 142.

32. For details see, Documents of the Gatherings of the Non-Aligned Countries (1961-82), (Ministry of External Affairs, Government of India, New Delhi, 1983), p. 202.

a leading role in using the methods of conference diplomacy to deal with the problem of Indian Ocean.<sup>33</sup> Its geographical position and a non-controversial image made it ideal for such peace keeping responsibilities.<sup>34</sup>

This being Sri Lanka's approach to the problem, let us now analyse India's stance, a major Indian Ocean littoral country.

The national security of India has often been affected by the peace and stability of waters "that wash the three sides of the great subcontinent".<sup>35</sup> From the Pakistani invasion on Kashmir, immediately after the attainment of independence, to the Indo-Pakistan war of 1971, India's land-oriented strategy continued to dominate the Indian defence policy which operated under a "dual fear of Chinese or joint Sino-Pakistan invasion over Himalayas, Punjab and North-east Frontier".<sup>36</sup> The financial implications of building up a modern navy also imposed constraints on the Indian government to build up a sufficiently strong navy. But the number of important

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33. Ranjan Gupta, The Indian Ocean, A Political Geography, (New Delhi, 1979), p. 130.

34. Ibid., p. 131.

35. K.M. Panikkar, The Strategic Problems of the Indian Ocean (Allahabad, 1944), p. 3.

36. Report from the Joint Committee of Australian Parliament on Foreign Affairs on the Indian Ocean region, (Canberra, 1972), p. 30.

factors like geo-political compulsions arising out of the British decision to withdraw, emergence of a host of small and comparatively weak sovereign states and the intensification of big power rivalry in the Indian ocean made it imperative on India's part to defend its long coast line of island territories and marine interests. India had three options open to her<sup>37</sup> in order to checkmate the big power-rivalry which was in proximity to her territory. First, it had to undertake a rapid modernisation of its army which a developing country like India could not easily afford to do. Second, it might seek external powers protection which were antithetical to the basic tenets of non-alignment of which India was a major advocate. So the only alternative left to India was to organise a community of nations of the Indian ocean area and convince them for acceptance of the proposal of Indian Ocean as a Zone of Peace. But India supported the idea of Peace Zone not from the position of weakness. In this connection, one writer has rightly observed, "India is in a position to bargain with the nuclear weapons powers by expressing its readiness to give up its (India's) nuclear options provided the external powers also agree to withdraw their nuclear weapon systems permanently from the areas, disband their

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37. K.S. Siddhu, The Indian Ocean - A Zone of Peace: A Study of Indian Viewpoint (New Delhi, 1983), p. 72.



bases agree to a treaty declaring it to be a zone of peace, collectively guarantee the security of the region and renounce the use of force there."<sup>38</sup>

Thus, both Sri Lanka and India wanted the Indian Ocean to be maintained as a Zone of Peace because of their apprehension that any large-scale presence of extra-regional powers were bound to generate problems for them. They also wanted the elimination of military bases because they thought that these would impinge upon their territorial sovereignty and enhance the probability of war.

The issues of great powers presence and rivalry in the Indian Ocean and its conversion into a Zone of Peace were closely related to the question of removal of the nuclear weapons in the Ocean. Thus, the concept of Peace-Zone got linked with that of denuclearization of the Indian Ocean. The question of the denuclearization of the Indian Ocean which was a part of the wider policy of eliminating the external presence, in the context of big-power competition, was extended to cover, not only the ocean, but also the entire region, including

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38. T.T. Poulouse, "Dangers of Nuclear Race in the Indian Ocean", Weekly Round Table (New Delhi), vol. 3, no. 114, June 1974, p. 25.

the littoral and hinterland states. While the issue of Indian ocean as a Zone of Peace constituted an area of congruence between Sri Lanka and India, the Nuclear-Weapons-Free Zone was an issue of divergence between the two.

Sri Lanka and India on the Issue of Nuclear-Weapons-Free-Zone in South Asia

The proposal of establishing Nuclear-Weapons-Free Zone in South Asia was initiated by Pakistan after India detonated a plutonium device in 1974. India's nuclear explosion was viewed by Pakistan as affecting adversely peace and security of the region.

An analysis of the debates of the First Committee and the Plenary meetings of General Assembly and also those of the ad hoc committee on the Indian Ocean during the 29th and the 30th sessions of the United Nations show that the issue of the creation of a denuclearized Zone in South Asia had overshadowed the question of establishment of a Peace Zone in the Indian Ocean.

The 29th session of the United Nations General Assembly accepted Indian and Pakistani draft resolutions on a South-Asian Nuclear Weapon Free Zone although the emphasis of the two resolutions differ in a substantial

manner from each other.<sup>39</sup> The Indian delegate, B.C. Misra, while presenting the country's viewpoint in the First Committee of United Nations General Assembly in 1974 maintained that a South Asian Nuclear Free Zone could not contribute in a great measure to checkmating nuclear-proliferation. The question involved wider issues and the Nuclear Weapon States had a greater responsibility to tackle the problem of proliferation. The point was made that the initiative toward such a zone ought to come from the states concerned and not from the General Assembly or the Secretary General. To quote :

"Nuclear-Weapon Free Zones are concepts which involve the vital interests of states. In many respects they are what might be termed geographically limited non-proliferation treaties. Take the case of the so called region of South Asia. Five out of six states in this region are not parties to the Non-Proliferation Treaty. It is necessary that a Zone large enough and viable should be created which satisfies the security and other vital interests of not only some but of all the members of the region. Any proposal which fails to meet these requirements in respect of all countries in a zone is destined to failure".<sup>40</sup>

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39. Ashok Kapur, India's Nuclear Option : Atomic Diplomacy and Decision Making (New York, 1976), p. 238.

40. For details see U.N. General Assembly, Twentyninth Session, First Committee, Provisional record, A/c 1/PV, 2022, 18 November 1974, pp. 12-15.

The same delegate subsequently maintained, "Africa and Latin America are separate and distinct continental zones, geographically and politically. In that sense, South Asia cannot be considered a Zone. The South Asian countries are surrounded by nuclear-weapon states or countries belonging to their alliances. It is clear that South Asia cannot be treated in isolation for purposes of the creation of a nuclear weapon-free zone because South Asia is an integral part of the Asian and the Pacific region."<sup>41</sup>

Thus, India's refusal to support the Pakistani draft was based upon various factors like India's geopolitical configuration and link with neighbouring powers, hesitance to commit herself to a policy without proper prior consultations, its stance vis-a-vis the Non-Proliferation Treaty (NPT) and its very philosophy of international relations.<sup>42</sup>

In contrast to India's position, Sri Lanka supported the move for a permanent renunciation of nuclear option by the South Asian states. Sri Lanka viewed the concept of Nuclear Weapons Free Zone in South Asia and the Indian Ocean Peace Zone as inextricably inter-

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41. UN General Assembly, Twenty-ninth Session, First Committee, Provisional record A/c, 1/PV, 2016, 11 November 1974, p. 26.

42. K.R. Singh, The Indian Ocean : Big Power Presence and Local Response (Delhi, 1977), p. 256.

linked. The Sri Lankan delegate Amarasinghe participating in the debate of First Committee of U.N. maintained that "If a nuclear weapon power were to emerge in the Indian Ocean region, the denuclearization and also the demilitarisation of the area would be seriously jeopardised."<sup>43</sup>

But his speech surprised many because of his prior defence of the right of a developing country to adopt all technologies including nuclear explosion technology for attaining a breakthrough in development.<sup>44</sup>

The fact that there existed a bi-partisan approach on this issue in Sri Lanka was evident from the official statements made by UNP Government after it assumed power in 1977.

Thus, there was a divergence of approach between the two countries on the issue of a nuclear-weapons-free-zone in South Asia. However, Sri Lanka was at one with countries like Sri Lanka, Pakistan, Indonesia and China. Such convergence "manifesting itself in support to the Pakistani initiative on the matter is a reflection on Sri Lanka's efforts to maximise its manoeuverability vis-a-vis India".<sup>45</sup>

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43. UN General Assembly, Twenty-ninth Session, First Committee, Provisional Record A/c 1/PV, 2015, 10 November 1974, p. 12.

44. Singh, n. 42, p. 246

45. Phadnis, n.9, p. 32.

In fact, Sri Lanka suffered from a fear complex vis-a-vis India owing to the geographical proximity to such a colossus. The attainment of nuclear capability by India in 1974 further aggravated this apprehension. Sri Lanka's response on the issue also could be explained by the fact that it was already a member of the Nuclear Non Proliferation Treaty. Hence it was obliged to join any move to stall horizontal spread of nuclear weapons.

Apart from the afore-mentioned issue of Nuclear-Weapons-Free-Zone in South Asia, there was a divergence of approach of the two countries regarding the NPT. The two issues are interrelated in the sense that both of them aimed at countering the horizontal proliferation of nuclearweapons.

#### Nuclear Non-Proliferation Treaty (NPT)

Sri Lanka signed the Treaty on Non-Proliferation of Nuclear weapons at London, Moscow and Washington on 1 July, 1968. The Treaty, based on the draft submitted by the Seventeen Nations Disarmament Committee, prohibited the transfer by nuclear weapon states to any recipient whatsoever of nuclear weapons or other nuclear explosive devices or of control over them. The signatory states were not to encourage or induce any non-nuclear weapon state to manufacture or otherwise acquire

nuclear weapons or explosive devices. The non-nuclear states according to the treaty were also not to manufacture or otherwise acquire nuclear weapons or other nuclear explosive devices. However, the treaty granted the right to the member states to develop research, production and use of nuclear energy for peaceful purposes without discrimination. The signatory states were to conduct negotiations in good faith regarding effective measures to put an end to the nuclear arms race at an early date and to make efforts to achieve general and complete nuclear disarmament under strict and effective international control.<sup>46</sup> Welcoming the NPT in 1968, the Sri Lankan delegate Mr Amerasinghe maintained in the UN General Assembly that the international scene, "though presenting a dismal outlook, is not one of unrelieved gloom. There are a few achievements to the credit of the United Nations which are heartening and show that the hope of international cooperation on important issues is not altogether lost. Chief among these achievements was the approval of the Treaty on the Non-Proliferation of Nuclear Weapons [resolution 2373 (XXII)] by a convincing majority during the resumed twenty-second session, although the support that the draft treaty

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46. For details, see the paper on Preventing nuclear weapon Proliferation: An approach to the Non-Proliferation Treaty Review Conference (Stockholm International Peace Research Institute, 1975), pp. 24-26.

received was qualified in many cases by significant reservations".<sup>47</sup> In subsequent discussions in the United Nations, Sri Lanka advocated non-proliferation of nuclear weapons.

But India, on the contrary, was a strident critic of the provisions of the NPT. With regard to the view that the further spread of nuclear weapons would be dangerous, India was of opinion that the basic danger to world peace stemmed from the motivations and actions of those possessing nuclear weapons, particularly the United States and the Soviet Union. A strategic analyst pointed out that it might be more dangerous for the current five nuclear weapons states to hold a monopoly on nuclear force than to allow some "middle range" nations such as India to acquire nuclear weapons. According to him, the possession of nuclear weapons by "middle range" powers could serve as a check upon the interventionist tendencies of the nuclear weapons states, thus contributing to peace.<sup>48</sup>

India in general had not been impressed by the efforts of the Super Powers to "(1) guarantee the pro-

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47. UNGAOR, Twentythird session, 1698th plenary meeting, 16 October 1968, p. 10.

48. K. Subrahmanyam, "India: Keeping the options open" in Lawrence and Larus (ed.), Nuclear Proliferation: Phase II (USA, 1974), pp. 140-42.



tection of non-nuclear weapons signatories to the treaty; (2) guarantee no industrial espionage via the inspection system while promising the inspection arrangements will not hamper civil nuclear developments; and (3) offer peaceful nuclear explosions to nations not developing nuclear weapons".<sup>49</sup>

Thus, Sri Lanka and India differed with regard to their approach towards NPT. Sri Lanka regarded the further spread of nuclear weapons as detrimental to international peace and security. Moreover, due to its limited resources and lack of infrastructural facility like the scientific and technical know-how, Sri Lanka was not capable to pursue a nuclear weapon policy.

But India strongly challenged the provisions of the NPT. What particularly concerned India was the fact that the Super Powers continue under the SALT I and the Vladivostok guidelines the vertical proliferation of nuclear weapons, whereas they attempt to ban by means of the NPT horizontal proliferation. Thus, India viewed NPT as an effort on the part of the Super Powers to enforce by the treaty an unjust and inequitable arrangement whereby countries such as India were kept in an inferior status.

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49. Robert M. Lawrence, "The Non-Proliferation Treaty and the Nuclear Aspirants: The Strategic Context of the Indian Ocean in Onkar Marwah and Ann Schultz (ed), Nuclear Proliferation and the Near-Nuclear Countries (U.S.A., 1975), p. 65.

The issues that were analysed till now had global implications in the context of which the response of both the countries were appraised. In contrast to them, the liberation war of Bangladesh had decisive regional ramifications. Hence, it is in the fitness of things to examine both Sri Lanka and India's perceptions of this event of momentous significance.

#### Liberation of Bangladesh

There were two dimensions of the crisis in Bangladesh which require careful scrutiny. First, it was an "internal affair" of Pakistan which required observance of non-interference. In contrast to this, the other aspect was the influx of Bangladesh refugees into India which deserved humanitarian concern from the world community.

During the initial stages, Sri Lanka adopted a low-key profile on the issue of the East Pakistan's demand for autonomy. This was primarily due to the fact that the government was busy in dealing with the situation emanating out of the insurgency that broke out in the island in April 1971, almost at the same time with the Bangladesh upheaval. Sri Lanka was indebted to India and Pakistan for the aid and assistance they provided in order to contain the insurgency.

Nevertheless, Sri Lanka castigated India's involvement in the political turmoil of Pakistan in an indirect manner. This was evident when in the United Nations she maintained that it was an internal issue of Pakistan and considered East Pakistan's demand as one of fratricidal and separatist in nature.<sup>50</sup> She provided transit facilities to the West Pakistani troops and arms sent to the eastern wing for suppressing the Bangladesh revolt. Side by side Sri Lanka also showed its anxiety with regard to the influx of refugees to India and took the attitude that this was a problem of humanitarian concern of the world community. The settlement of this problem was an urgent matter and while Sri Lanka emphasised on the policy of non-intervention in the internal affairs of other states, it maintained that accelerated political and constitutional procedures in Pakistan might facilitate the return of the refugees.<sup>51</sup>

One of the decisive reasons responsible for the Sri Lankan government's sympathetic attitude towards the refugees was the strong public opinion in favour of Bangladesh inside the island.<sup>52</sup> Special public committees

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50. S.D. Muni and Urmila Phadnis, "Ceylon, Nepal and the Emergence of Bangladesh", Economic and Political Weekly (Bombay), vol. 7, no. 8, 19 February 1972, pp. 471-75.

51. Ceylon Daily News, 13 December 1971.

52. Urmila Phadnis and S.D. Muni, "Emergence of Bangladesh Responses of Ceylon and Nepal" in S.P. Varma and Virendra Narain (ed) Pakistan Political System in Crisis (Lahore, 1972) p. 172

were formed in Sri Lanka for furtherance of the cause of Bangladesh. There was a spate of demonstration, processions and signature campaigns in support of Bangladesh in August 1971. Various influential segments of society like students, women, religious organizations, trade unions, lawyers, teachers and parliamentarians, issued statements condemning "massacre of unarmed people" in Bangladesh by Pakistani troops and demanded immediate release of Sheikh Mujibur Rahman who was under secret military trial in West Pakistan.<sup>53</sup> The prevalence of crisis in the immediate neighbourhood and its internationalization through the involvement of external powers was viewed with great concern and anxiety by Sri Lanka. She wanted restoration of peace in the region. Mrs. Bandaranaike also took efforts to act as a mediator between the two countries to establish peace. She proposed to convene a non-aligned conference akin to that of 1962 on Sino-Indian border crisis.<sup>54</sup>

However, the outbreak of a full-fledged war between India and Pakistan on 3 December 1971 culminating in the emergence of Bangladesh as an independent entity altered the situation. The transformation of the

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53. Ceylon Daily News, 18 and 25 August 1971.

54. Rising Nepal. (Kathmandu), 25 August 1971.

situation needed a new appraisal of the entire issue by Sri Lanka. The shift in Sri Lanka's perception was clearly seen from the stand taken by her in the United Nations.

On 8 December 1971 in the General Assembly, Sri Lanka voted for the Argentina resolution<sup>55</sup> which called for immediate ceasefire and withdrawal of Indian troops. However, while speaking in the Security Council for which Sri Lanka sought special permission, its delegate Amarasinghe maintained that political settlement of Bangladesh issue was the key to the Indo-Pak conflict and wanted the withdrawal of troops to succeed the 'settlement'. Subsequent reports indicated that Sri Lanka refused to comply with Pakistan's request of reopening the issue before the UN General Assembly.<sup>56</sup>

Thus, during the critical phase, Sri Lanka by her non-committal stance, tried to manipulate both India and Pakistan to keep a balance of power to preserve her own national security. But when Bangladesh became a fait accompli, Sri Lanka reformulated her stance in the context of the emerging power configuration in the sub-continent.

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55. Ceylon Daily News, 10 December 1971.

56. Muni, n. 50, p. 475.

Sri Lanka's attitude and response to developments in East Pakistan can be explained by a number of factors: The geo-political configuration in conjunction with the socio-economic cultural ties with India compelled Sri Lanka to follow a policy of both remaining 'close' to as well as 'apart' from India. It was the latter desire that led Sri Lanka to pursue a policy of counterbalancing India by cultivating another power in the area. The need to employ counter-weights through 'diplomatic manoeuvrability' necessitated the establishment of a balanced relationship with both India and Pakistan to the maximum possible extent. This demanded adoption of a neutral policy-posture where India and Pakistan were in direct collision of interests.<sup>57</sup>

The reason for Sri Lanka's attitude could also be explained in terms of her own domestic compulsions. Struggling with ethnic and lingual diversities, the leaders were apprehensive of vivisection and division. They, therefore, turned a blind eye to the suppression of the majority of the population in East Pakistan. If the Government adopted moral and political stand of extending support to the East Pakistanis, they could be embarrassing themselves regarding their own Tamil problem.

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57. Muni, n. 50, p. 473.

Sri Lanka had also a small amount of Muslim population whose leadership maintained silence over the happenings in East Bengal. Mrs. Bandaranaike also had to rely on them for political support and the Islamic socialist front was a partner of the United Front Government. But, the Lanka Sama Samaj Party (LSSP) and the Communist Party (CP) which were constituents of the United Front Government of Mrs. Bandaranaike lent their support to the East Pakistan. The United National Party (UNP) which was in opposition had similar views as that of the SLFP.

It should be noted that India, however, took Colombo's inhibitions and hesitations in her stride. She did not allow the bilateral relationship to be hampered by the latter's stand on Bangladesh developments.

### Conclusion

An attempt was made in this chapter to examine the response of Sri Lanka on some important foreign policy issues and its convergence/divergence with that of India.

The experience of colonialism, common membership of UNO, NAM etc., and compulsions of developing economies led the two countries to respond in a similar way to many international crisis. There was consensus among

them on basic tenets of non-alignment, NIEO, Indian Ocean as a Zone of Peace. On the broad issues of general disarmament and arms control, there was a near unanimity between these two countries. Because of the massive acquisition of arms and ammunitions both conventional and nuclear by the major global powers the world was on the verge of a catastrophe. Sri Lanka and India which belonged to the Third World, could not afford to spend heavily on armaments, because of the inbuilt restrictions on their economies. Obviously any international movement for disarmament found an active response from these states as, in the long run, their own people would be saved from annihilation in a global warfare.

However, differences in their perceptions to some multilateral Arms control Agreements like NPT were noticeable. While Sri Lanka supported it by signing and ratifying at an early date, India's reluctance to sign the NPT appeared to be mainly because it wanted to keep its options open particularly in view of the fact that China had already acquired nuclear capability. The issue of South Asia as nuclear-weapons-free-zone constituted another area of divergence. A possible explanation for Sri Lanka's support to the proposal emerged from the notion of a security threat from India. Along



with such a fear-psychosis it had also to be kept in mind that Sri Lanka had signed the NPT. Hence, it was but natural for the government in Sri Lanka to support wholeheartedly any proposal to denuclearise the South Asian region. But it is noteworthy that even if the respective stands of both the countries manifested divergence on some issues, such differences did not affect the basic strands of bilateral interaction.

CHAPTER FOURBILATERAL ISSUES : POLITICAL AND ECONOMIC (1965-1977)

Eventhough Sri Lanka and India share many commonalities which ought to keep them together rather than pull them apart, their bilateral relations have not been devoid of strains and stresses. However, it is noteworthy that the two governments did take earnest measures to resolve the differences within the broader framework of good neighbourliness. An analysis of the dynamics of bilateral interaction during this period amply substantiates this.

The key issues that are proposed to be dealt with here include the problem of persons of Indian origin, resolution of dispute over the ownership of Kachchativu island alongside the boundary agreements of 1974 and 1976 and lastly the bilateral economic relations between the two countries.

Implementation of Sirimavo-Shastri Pact of 1964 :Problems and Prospects

As mentioned in Chapter 2, the Sirimavo-Shastri Pact had provided a formula on the issue of the citizenship rights of persons of Indian origin in 1964. The

modalities of its implementation however needed to be worked out by both the governments.

Soon after taking over, the national government under the Premiership of Dudley Senanayake addressed itself to such a task. While addressing the new Parliament on 9 April 1965, the Governor-General declared, "My Government will resume negotiations with the Indian Government with a view to removing the difficulties which have arisen in regard to the implementation of the Indo-Ceylon Pact of 1964".<sup>1</sup> Speaking in the Parliament on April 23, the Prime Minister stated that there were many misunderstandings and different interpretations on the subject. As a result, three major difficulties had to be resolved namely, the question of separate electoral register for registered citizens, conditions for employment and, the principle of compulsory repatriation.<sup>2</sup>

In order to sort out these problems the Joint Committee (appointed for the implementation of the Indo-Ceylon Agreement of October, 1964) held its first meeting in Colombo on July 1, 1965.<sup>3</sup> It considered

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1. Ceylon, House of Representatives, Parliamentary Debates, (hereafter referred to as PDHR), vol. 60, no. 2, 9 April 1965, col. 100.
  2. Ibid, vol. 60, no. 7, 23 April 1965, cols. 1163-64.
  3. Ceylon Daily News, 3 July 1965.

matters relating to calling of applications for citizenship of either country and the transfer of assets of those to be repatriated to India.

In the meanwhile, the Sri Lankan Prime Minister, Mr. Dudley Senanayake assured leaders of various political parties comprising the national Government in the first week of May that in implementing the Sirimavo-Shastri Pact of 1964, no "stateless" persons of Indian origin would be unduly inconvenienced.<sup>4</sup> In regards to the issue of repatriation, Mr. Senanayake declared in the Parliament, "What seems to be the gist of the whole thing is that if these figures are not reached, it shall be the endeavour of the two Governments to see that these figures are reached. The whole spirit of the Agreement, as far as I can see is to try and get these figures voluntarily, namely the figures of 3 lakhs on one side and 525,000 on the other".<sup>5</sup>

Leaders of the Federal Party pointed out that during the first two years there would be no problem of repatriation because already 60,000 had volunteered to leave Sri Lanka. After that a reasonable working arrangement should be made so that repatriation would be smooth

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4. The Hindu (Madras), 10 May 1965.

5. Ceylon PDHR, vol. 62, no. 2, 1 September 1965, col. 432.

and cause no hardship to the repatriation.<sup>6</sup> They also urged that some rough and ready method should be arrived at to work out who was to be repatriated. A system of preparing accounts of workers' savings for submission to exchange control authorities for transfer of savings should also be worked out.

The Ceylon Workers' Congress asked that no stateless person who was now employed should lose his job because he had no citizenship and also protested against discontinuance of notices served on some employees of local bodies.

The Indo-Ceylon Agreement (Implementation) Bill was introduced in Parliament in December 1966 by Dudley Senanayake "to make all such legal provision as may be necessary to enable and facilitate the implementation of an Agreement between the Government of Ceylon and the Government of India relating to the status and future of persons of Indian origin in Ceylon, and for matters connected therewith or incidental thereto".<sup>7</sup>

According to the Bill, persons of Indian origin in Sri Lanka who were to be granted citizenship under

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6. Asian Recorder (New Delhi), vol. 12, no. 24, June 11-17, 1966, p. 7123.
  7. Ceylon PDHR, vol. 70, no. 16, 6 December 1966, col. 2808.

the Indo-Ceylon Agreement would have the status of citizens by registration. They would be entitled to the same rights and would be subject to the same obligations and liabilities as persons registered as citizens under any other laws, including 'liability to loss or deprivation of citizenship and renunciation of citizenship'. The proposed Bill gave every person, to whom the Indo-Ceylon Agreement applied, option to apply for Ceylonese citizenship. But granting such citizenship, it was maintained, would be at the "absolute discretion" of the Minister concerned.<sup>8</sup>

The Bill referred to persons granted Ceylon citizenship under the Indo-Ceylon Agreement and persons recognised as Indian Citizens. But it did not make any reference to those who might not apply for citizenship of either India or Sri Lanka or the position of those whose application for Ceylon citizenship might be rejected.

The Bill laid down the procedure for grant of citizenship to 3,00,000 persons with natural increases, whom Ceylon agreed to absorb under the Indo-Ceylon Agreement. Those who wanted to become Indian citizens and be repatriated to India were to apply to the Indian High Commission for Indian citizenship.

The Bill contained provisions that such persons

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8. Asian Recorder, vo. 12, no. 52, December 24-31, 1966 n 7455

who were recognised as citizens of India by the Government of India would be liable to repatriation under this legislation from the date of such recognition. Such persons who under the Indo-Ceylon Agreement, were to be repatriated under a phased programme were required to apply for residence permits which would be issued for fixed periods at the end of which they would become liable to be repatriated.

Spokesmen of the Sri Lanka Freedom Party (SLFP) and the Federal Party explained their respective stands on the Bill when the House took up discussion of the legislation on February 5.<sup>9</sup> Mr. F.D. Bandaranaike, speaking on behalf of the major opposition party i.e. the SLFP, announced that his party proposed to move certain major amendments to the Bill and if they were accepted, the Government could be assured of his party's cooperation in passing the Bill. He contended that the Bill conferred on the concerned Minister powers far in excess of what was needed to implement the Indo-Ceylon Agreement.<sup>10</sup>

In his four hour speech, Mr, Bandaranaike (who had been associated with the negotiations which led to

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9. For details of the debate, see Ceylon PDHR, vol. 71, no. 5, 5 February 1967, cols. 529-664.
10. Ceylon PDHR, vol. 71, no. 5, 5 February 1967, cols. 605-10.

the signing of the Indo-Ceylon pact of October, 1964) criticised the Bill for not containing any specific reference to: (1) the 3,00,000 of persons Ceylon had agreed to absorb under the Pact; (2) the time limit of 15 years stipulated for the implementation of the Agreement, or (3) the proportion in which the grant of citizenship and repatriation to India were to take place. He also explained that his Party's amendments would seek to have four registers to be prepared by the Ceylon Government in the process of implementing the Agreement. They were: (1) a register of potential citizens to whom the Prime Minister proposed to grant citizenship; (2) a register of those to whom citizenship was actually granted; (3) a register of those lined up for repatriation - that is, those whom the Government of India accepted as its citizens and (4) a register of those who had actually been repatriated from Ceylon. The last two registers were to be prepared by the Ceylon Government on details obtained from the Indian High Commission.

Dr. Naganathan, who spoke on behalf of the Federal Party, was of the view that the period of implementation should be reduced to, say, five years. He said that the main difficulty in doing this was that Ceylon could not afford to allow the repatriates to remove all their assets within such a short period in the present economic situation. For this, his solution was that Ceylon should



have an arrangement with the Government of India, under which India would advance the amounts to the repatriates in India and Ceylon would reimburse it over a certain period of years in every instalments.

The House of Representatives took up for discussion on June 4 the Bill<sup>11</sup> as reported by the Standing Committee. The Standing Committee amended the Bill to ensure that not more than 3,00,000 persons as provided for in the Agreement were granted citizenship under the provisions of the Bill. The original Bill did not contain any specific mention of these 3,00,000 persons.

In the original Bill, there was provision for only one register to be prepared by the Government of Ceylon, namely, the Indo-Ceylon Agreement Citizenship Register. But the Bill as amended by the Committee provided for three registers, namely, (1) Indo-Ceylon Agreement Ceylon Citizenship Register, (2) Indo-Ceylon Agreement Indian Citizenship Register and (3) Indo-Ceylon Agreement Repatriation Register.

The Indo-Ceylon Agreement Ceylon citizenship Register would include those persons who had been granted Ceylon Citizenship. The Indo-Ceylon Agreement Indian

11. For details, see Ceylon PDHR, vol. 71, no. 28, 4 June 1967, cols. 4522-4955.

Citizenship Register would contain persons who had been recognised as citizens of India by the Indian High Commission in Ceylon and the Indo-Ceylon Agreement Repatriation Register would have the names of persons who were actually repatriated from Ceylon under the provisions of the Indo-Ceylon Pact.

During the discussions, members of the SLFP expressed the view that under international law, India was obliged to enact legislation to enable it to accept repatriation of 5,25,000 persons from Ceylon as provided in the Indo-Ceylon Agreement of 1964. They also demanded that till India took steps for the enactment of such a legislation, Ceylon should not proceed with the legislation for the implementation of the Indo-Ceylon Agreement. They also demanded that till India took steps for the enactment of such a legislation, Ceylon should not proceed with the legislation for the implementation of the Indo-Ceylon Agreement.

But, members of the Trotskyite Lanka Sama Samaj Party (LSSP) and the Communist Party (CP) (allies of the Sri Lanka Freedom Party in Opposition) did not make any reference to this point in their speeches in the House.

The LSSP leader Dr. Colvin R. De Silva welcomed the creation of the register for those actually repat-

riated under the Agreement. He criticised the provision in the Bill to the tie-up grant of Ceylon citizenship and grant of Indian citizenship at the ratio of four to seven persons coming under the purview of the Agreement. He maintained that the ratio should be between granting of Ceylon citizenship and repatriation to India. Under the Agreement, the Government of India had clearly accepted repatriation to India independent of the granting of citizenship. He contended that it was totally irrelevant to Sri Lanka whether the Government of India could confer citizenship only on those who applied for it or not.

The Premier, Mr. D.S. Senanayake, winding up the debate in the Parliament admitted that the Bill was a departure from the terms of the Pact to the extent that grant of Ceylon citizenship was tied to grant of Indian citizenship and not to the repatriation of 525,000 persons as stated in the Indo-Ceylon Pact. He said that this had become necessary because he did not wish to keep those whom Ceylon was willing to admit to Ceylon citizenship waiting for a period of 15 years pending repatriation of a proportionate number to India. His desire was to end the state of statelessness of those persons whom Ceylon was willing to admit as its citizens.

According to Mr. Senanayake, Ceylon's foreign exchange situation might not permit release of exchange for large numbers who might opt to leave for India in a body at one time. As such, it was necessary to spread repatriation over a period of 15 years and in the meantime, he did not wish to keep would-be Ceylonese citizens in a state of suspense till repatriation was effected. That was the reason why he had included provision for grant of Ceylon citizenship immediately on conferment of Indian citizenship on persons to be repatriated. Mr. Senanayake anticipated no difficulty as far as Ceylon citizenship for 300,000 persons was concerned but was apprehensive that India might not be able to reach her number of 525,000 persons easily.

The Indo-Ceylon Agreement Bill became an Act on 17 November, 1967. Thus, an important step forward had been taken in the direction of the implementation of the Agreement.

However, the implementation of the Agreement was tardy during the tenure of Dudley Senanayake. At the end of his five year term, only 12,798 Indians had gone back while 7,316 obtained Ceylonese citizenship.<sup>12</sup> With

12. Ceylon Daily News, 23 July 1970.

the enabling legislation passed only in 1967 and the process beginning only in 1968, the slow implementation was almost inevitable. Apart from this, Senanayake also badly needed the support of Tamils for the stability of his Government due to his slender majority in the Parliament.<sup>13</sup> Sri Lanka also had to deal with the problem of acquiring adequate foreign-exchange resources to achieve one of the terms of the Agreement, viz. that the repatriates would be permitted to take back with them assets worth not less than Rs 4,000 per family.<sup>14</sup>

With the advent of Mrs. Bandaranaike as the Prime Minister in 1970, there was a spurt in economic nationalism. Her Government aimed at decreasing the alien control in the private sector and increasing state control over the country's economy. In keeping with the citizenship policy, Mrs. Bandaranayake's government decided to abolish the whole category of temporary residence permits (majority of Indians held this). This step was taken to facilitate job opportunities for the indigenous population.<sup>15</sup> This policy of economic nationalism

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13. Lalit Kumar, India and Sri Lanka : Sirimavo-Shastri Pact (New Delhi, 1977), p. 77.

14. The Hindu, 10 February 1970.

15. Urmila Phadnis, "Foreign Policy of Sri Lanka in the Seventies", Institute for Defence Studies and Analyses Journal (New Delhi), vol. 8, no. 1, July-September 1975, p. 106.

partly explained Mrs. Bandaranaike's emphasis on the speedy implementation of the Indo-Ceylonese Pact of 1964.

An amendment to the Implementation Act of 1967 was passed on 20 June 1971 by the House of Representatives which insisted on a tie-up between registration-repatriation and not on simple registration - registration terms i.e. for every four persons granted Sri Lanka Citizenship, seven should be repatriated and not just registered as Indian citizens.<sup>16</sup> This was done in order to quicken the pace of implementation of the Agreement of 1964.

A decisive problem related to the implementation of the agreements was that when the lists were closed for application for Sri Lanka citizenship or repatriation to India, respectively, on 30 April 1970, it was noted that stateless persons of Indian origin numbering upto 625,000 had applied for Sri Lanka citizenship and a meagre 400,000 persons had applied for repatriation to India. Thus, India had a deficit of 125,000 to fulfil its targets under the 1964 Agreement. On the other hand, the number who had applied for Sri Lanka's citizenship was more than twice the number stipulated under the Agreement.<sup>17</sup>

16. For details refer to Urmila Phadnis and Lalit Kumar, "The Sirimavo-Shastri Pact of 1964 : Problems of Implementation", India Quarterly (New Delhi), vol. 31, no. 3, July-September 1975, pp. 249-69.

17. S.U. Kodikara, Foreign Policy of Sri Lanka: A Third World Perspective (New Delhi, 1982), p. 36.

Sri Lanka thought it to be India's responsibility to fulfil its obligations under the Agreement. Accordingly it mentioned that India should extend its date for acceptance of applications with a view to compensate for the shortfall of 125,000 persons needed to be repatriated to India.

However, India showed a reluctance to reopen its lists to accept new applications for Indian citizenship. India objected to this proposal on the ground that by so doing, India would be accepting even the residual 150,000 persons whose future citizenship was to have been decided at a subsequent date. India was understood to have pointed out that 325,000 persons who would fail to gain Sri Lankan citizenship would include this residual of 150,000 persons and by asking India to re-open its list, Sri Lanka was foreclosing on possible citizenship of the country for the undecided 150,000.<sup>18</sup>

During the visit of the Indian Prime Minister, Mrs. Indira Gandhi to the island in April 1973, it was decided by both the parties to accelerate the pace of repatriation under the terms of the agreement so that there would be ten per cent increase in repatriation over and above the target of 35,000 which was the number to be repatriated to India every year as envisaged under

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18. Ceylon Daily News, 17 February 1973.

the original agreement of 1964.<sup>19</sup> The duration of the Agreement was extended upto 1982 (it was originally valid until 1979). It was noteworthy that the issue of the residue number of 150,000 in the 1964 pact was not raised at this juncture. This issue was the subject of discussion during Mrs. Bandaranaike's visit to India in January, 1974, when both the Prime Ministers achieved a breakthrough on the issue of the residual 150,000 stateless persons of Indian origin. They decided that Sri Lanka would absorb 75,000 of them by offering them citizenship, while India would take the other half. They would continue to enjoy all existing facilities in Sri Lanka till the repatriation of these 75,000. The two Prime Ministers expressed the hope that with the implementation of the 1964 Agreement encompassing 825,000 people of Indian origin and the present agreement, the two countries would ultimately settle the problem of all such persons in Sri Lanka.<sup>20</sup>

However, till 1977, the repatriation of the persons of Indian origin to India was rather slow. The main cause for this had been the non-payment by privately

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19. Times of India, 1 May 1973.

20. Indo-Sri Lanka Communique, Foreign Affairs Reports (New Delhi), vol. 23, no. 2, February 1974, pp. 25-28.



owned estates to intending repatriates their retirement dues like the Provident Fund. Although the Sri Lanka Government brought in emergency regulations providing for payment of these benefits from State funds and also streamlined the procedure such as offering every possible assistance to repatriates, speedy payment of gratuity and provident fund monies, more and convenient travel facilities etc., there was not much improvement in the process of repatriation. Thus, on April 2 of 1977, the repatriation figures stood at 200,608.<sup>21</sup> The analysis of figures given in Appendix 1, however indicated that by the end of 1977, 300,215 persons of Indian origin, had already acquired Indian citizenship.

Although the problem of repatriation still continued to linger on, this was not allowed to come in the way of forging close ties and making efforts to solve other bilateral disputes. The signing of the maritime boundary agreements and peaceful negotiated settlement of the dispute over Kachchativu amply demonstrated this.

#### Maritime Boundary Agreements:

Sri Lanka and India entered into a boundary demarcation agreement on 28 June 1974, which was based

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21. The Hindu, 20 April 1977, For details see Appendix I.

on a notional median line drawn through the Palk strait. As a consequence of the agreement the disputed Katchchativu island lay within the Sri Lankan boundary. Besides, matters relating to fishing, navigation, pilgrimage rights, exploring and dividing whatever mineral wealth was found, were discussed and worked out to the respective country's satisfaction.<sup>22</sup>

Katchchativu, is a small, uninhabited island. It is situated in the Palk Strait at a distance of 8 and 10 miles from the nearest points of Sri Lanka and India respectively.<sup>23</sup> Both the countries inherited this dispute involving the ownership of the island from the colonial administration. The disputed island was first discussed in 1949 and in early 1956 between the two governments. This was in the format of permission asked by India in 1949 and Sri Lanka in 1956 from each other to use the island for air exercises.<sup>24</sup> From that time onwards, the issue cropped up many times at the various meetings between the two countries. In two successive years, 1956 and 1957, India, by presidential proclamation,

22. Ceylon Daily News, 29 June 1974.

23. "Foreign Minister's statement on Indo-Sri Lanka Boundary Agreement", Foreign Affairs Record (New Delhi), vol. 20, no. 7, July 1974, p. 225.

24. For details, see, Shelton U. Kodikara, Indo-Ceylon Relations since Independence (Colombo, 1965), p. 59.

extended its territorial waters from the conventional three miles upto a limit of six nautical miles from the outer limit of its territorial waters, with the specific object of protecting "fisheries and other living resources". India's action covered Sri Lanka's wedge Bank and chank fishing grounds.<sup>25</sup> Sri Lanka was, thus compelled to extend her territorial waters upto six nautical miles and claim fishing rights within a contiguous area of 100 miles from her territorial waters.

In 1967 both the countries further extended their territorial waters upto twelve nautical miles in 1967. Due to this,\* both countries' territorial waters and contiguous zones were over-lapping in the Palk Strait and the Palk Bay.<sup>26</sup> In the meantime the island was being increasingly used as a transit point for smuggling and illegal immigration into Sri Lanka.<sup>27</sup> Due to this, the island also shot into prominence. However, it was noteworthy that whenever there was any dispute pertaining to Kachchativu, both governments took enough care to defuse the tension and to emphasise upon the traditionally friendly relations that existed between the two countries.<sup>28</sup>

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25. Ibid., p.61.

26. Kodikara, n. 17, p. 31.

27. Urmila Phadnis, "Kachchativu: Background and Issues" Economic and Political Weekly (Bombay), vol. 3, no. 20, 18 May 1968, p. 787.

28. Ashok Varma, "The Government of India's approach to Territorial Boundary Disputes : The Case of Kachchativu" (Unpublished M.Phil thesis. St. John's College.

During the goodwill visit of the Indian Prime Minister, Mrs. Indira Gandhi to Sri Lanka in April 1973, the issue of Kachchativu was discussed. The Joint Communique issued at the end of her visit stated, "it was agreed that discussions on the island of Kachchativu and related matters such as the median line and fishing rights would continue and an early decision arrived at."<sup>29</sup> The Sri Lankan Prime Minister paid a visit to India in the following year. Both the Prime Ministers discussed Kachchativu and other related matters. After detailed discussion and examination, an agreement was signed in 1974 which, as stated earlier, defined the boundary between India and Sri Lanka in their historic waters in Palk Strait and Palk Bay. This also solved the problem of overlap which arose due to the extension by both countries of their territorial waters from six to twelve nautical miles in 1967. Although the agreement did not refer specifically to Kachchativu, the island became the part of Sri Lanka under the agreement. As a matter of fact, the most notable aspect of the agreement from Sri Lankan perspective was that it put an end to the dispute over the ownership of the island for good.

The Kachchativu settlement, however, had much

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29. "India-Sri Lanka Joint Communique", Foreign Affairs Record, vol 19, no. 4, April 1973, pp 190-93.

wider implications. The aftermath of 1971 insurrection of Janatha Vimukthi Peramuna (JVP) witnessed a sharp fall in the credibility of Mrs. Bandaranaike's government. The country went through a severe economic and political crisis. In the backdrop of this internal scene, the Kachchativu settlement contributed to a large extent in lifting the low morale of the Bandaranaike regime.<sup>30</sup> The maritime Boundary Settlement between the two countries also helped in curbing the anti Indian hysteria within Sri Lanka. As a matter of fact, the agreement strengthened the relations between the governments of Indira Gandhi and Sirimavo Bandaranaike. Sri Lanka also extended its support to India on some vital issues. While several countries condemned India's peaceful nuclear explosion in May 1974, Sri Lanka accepted India's stance on using its newly acquired nuclear capability only for peaceful uses.<sup>31</sup> Besides, when Pakistan tried to use the 15-member adhoc UN Committee as a forum to attack India over the nuclear explosion, Sri Lanka in its capacity as Chairman of that Committee prevented the former from doing that.<sup>32</sup>

30. S.D. Muni, "Kachchativu Settlement: Befriending Neighbouring Regimes", Economic and Political Weekly, vol. 9, no. 28, 13 July 1974, p. 1121.

31. Varma, n. 28, p. 90.

32. Muni, n. 30, p. 1121.

Another agreement was signed by the two countries on 23rd March, 1976 to demarcate the maritime boundary between Sri Lanka and India in the Gulf of Mannar and the Bay of Bengal.<sup>33</sup> The Agreement stipulated that each party would have sovereign rights and exclusive jurisdiction over the continental shelf and the exclusive economic zone as well as over their resources, whether living or non-living, falling on its side of the boundary. The agreement also required each party to respect rights of navigation through its territorial sea and exclusive economic zones in accordance with its laws and regulations and the rules of international law. The agreement also envisaged that if any single geological, petroleum or natural gas structure or field existing on one side of the boundary was exploited on the other side of the boundary, the two countries should reach agreement as to the manner in which the structure or field shall be most effectively exploited and the manner in which the proceeds deriving therefrom, shall be apportioned.<sup>34</sup>

The territorial waters between Sri Lanka and India in the Gulf of Mannar were defined by the Agreement by latitudes and longitudes and 13 points which were equidistant from the coasts of the two countries.

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33. Ceylon Daily News, 25 March. 1976.

34. News Review on South Asia, Institute for Defence Studies and Analyses (New Delhi), no. 4, April 1976, p. 294.

By a supplementary Agreement of 22nd November, 1976, ~~Sri Lanka and India determined the extension of~~ their maritime boundary in the Gulf of Manner from position 13m defined in their March 1976 Agreement to the Trijunction point which was agreed upon by India, Sri Lanka and Maldives in July 1976. With the conclusion of this agreement, the maritime boundary, in the entire stretch from the Bay of Bengal to the Indian Ocean had been demarcated between the two countries.<sup>35</sup>

Apart from the afore mentioned principal issues, others that need to be referred to in the context of bilateral relationship pertain to the Indo-Pak conflict of 1965 and the JVP insurgency of 1971.

Sri Lanka adopted a neutral stance in Indo-Pak dispute of 1965 and hoped for peaceful and expeditious solution of the problem. Unlike the Sino-Indian border conflict of 1962, Sri Lanka, however, did not play a very active and mediatory role in the resolution of the dispute. This can perhaps be explained by the fact that Sri Lanka did not perceive the Indo-Pak conflict to have serious adverse repercussions on its own national interest.

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35. Indian Express (New Delhi), 23 November 1976.

In the context of the JVP insurgency of March-April 1971 in the island state, Sri Lanka government appealed for help and assistance from external sources. India was one of the first country to heed to the Sri Lankan Government's request for help in its anti-insurgency drive. This was indicative of India's stakes in the security and stability of the island.

Following these agreements, the Sri Lankan Government notified in January, 1977, defining the status of the waters in the Palk Strait, the Palk Bay and the Gulf of Mannar. According to it, the historic waters in the Palk Strait and Palk Bay would form part of the internal waters of Sri Lanka. Further, the historic waters in the Gulf of Mannar would form part of the territorial waters of Sri Lanka. The Government of India also issued a simultaneous notification providing similar status in the country's historic waters in the Palk Strait, the Palk Bay and the Gulf of Mannar.<sup>36</sup>

The demarcation of the international boundary between the two countries must be regarded according to a Sri Lankan scholar as a "historic landmark in Sri Lanka-India relations and the culmination of many years

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36. P. Chandrasekhar Rao, The New Law of Maritime Zones : With Special Reference to India's Maritime Zone (Delhi, 1983), p. 75.



of hard negotiations between the two countries".<sup>37</sup> The successful conclusion of the agreements removed one of the major bilateral irritants.

Since the present chapter proposes to deal with both political and economic issues, now the bilateral economic relationship will be touched upon.

#### Economic Interaction

During the period under analysis, i.e. 1965-77, the economic dimension of India-Sri Lanka relationship was taking off in comparison to the earlier one. Since both the countries were leading exporters of tea, they inclined to look at their economic relationship in terms of competition and did not take any sincere effort to explore new avenues of cooperation. India too had not taken a keen interest in the economic development of Sri Lanka. In contrast, China played a substantial role in Sri Lanka's economy by offering stable prices for Sri Lankan rubber in exchange for rice shipments on generous terms. This protected Sri Lankan rubber from the international price fluctuations and ensured the import of rice, the staple diet of Sri Lankans at reasonable prices. This particular economic fact occupied an important place in the policy formulations of

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37. Kodikara, n. 17, p. 33.

various governments in Sri Lanka irrespective of their ideological predilections. However, in consonance with Mrs. Gandhi's greater emphasis on "good-neighbourliness" India's economic relationship with Sri Lanka expanded after she assumed office as Prime Minister in 1966.

India extended a loan of Rs 20 millions in February 1966 to enable Sri Lanka to import food products and consumer items from India. The loan was meant for Indian dried fish, textiles and dried chillies. The Sri Lankan High Commissioner, Mr Amarsinghe said after the conclusion of the agreement that the credit would be utilized for "somewhat unusual purpose" - to import essential food items. India's response to Sri Lanka's needs, in spite of its own foreign exchange crisis, was, he felt, worthy of emulation by others.<sup>38</sup>

Prior to Mrs. Gandhi's visit to Sri Lanka after taking over the office of Prime Minister, India extended another credit on 16 August, 1967 of Rs 50 million to finance the purchase of some electrical and telecommunication equipment, earth-moving machinery and construction and railway equipment, including wagons and coaches and a number of miscellaneous items.<sup>39</sup>

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38. Asian Recorder, vol. 12, no. 10, 5-11 March 1966 p. 6963.

39. Indian Express, 12 September 1967.

Both the countries also started to appreciate the need for joint effort to secure better international prices for their tea exports. A working group, appointed by the government, to draft the articles of association for the proposed Joint Indo-Ceylonese Tea Consortium recommended a share capital of Rs 100 million, divided into one million shares of Rs 100 each. Among the principal functions of the board were to carry on business in tea that is, growing, manufacturing and marketing tea, to establish just and equitable principles for the tea trade, to explore and establish new markets throughout the world and to make new preliminary grants for the protection and promotion of the tea industry.<sup>40</sup>

The urge for expansion of economic relationship between the two countries were manifest in the joint communique, issued at the end of Mr Dudley Senanayake's visit to India on November 1968. It was obvious that their major concern related to widening the area of economic cooperation and coordinating the efforts of the two countries for a better deal for their marketable raw materials, particularly tea. They also suggested

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40. Asian Recorder, vol. 14, no. 47, 18-24 November 1968, p. 8623.

various measures for greater collaboration between the two countries in the fields of industry, agriculture, science, technology and education.<sup>41</sup>

A joint committee on Economic Cooperation between Sri Lanka and India was set up and it met for the first time in Colombo from 23rd to 26th January, 1969. The Committee analysed the various problems and hindrances in the expansion of their mutual economic relations and the potential that existed for expanding their trade. The delegates agreed that the export possibilities of the products of the two countries should be investigated in depth with a view to arrangements being instituted for according preferential access into one country for the production of the other.<sup>42</sup>

The Committee identified some of the commodities and items where a potential existed for the future expansion of mutual trade. It was recognised that "India would increasingly be in a position to export to Ceylon a wide range of manufactured products including machinery, equipment, engineering and capital goods and chemicals.

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41. Times of India, 10 December 1968.

42. For details, see Government of Ceylon. Regional Economic Cooperation, Indo-Ceylon Economic Cooperation Committee (Colombo, 1969).

In addition, India could continue to provide Ceylon with traditional exports. Exports from Ceylon to India could embrace such traditional items that have figured in her past trade as well as new agricultural items, industrial raw materials and the products of her industries".<sup>43</sup>

The two delegations also decided that the Indo-Ceylon Standing Committee on tea should have its first meeting in March 1969, if possible. They welcomed the decision to form an Asian Council of Ministers and decided to establish within their respective jurisdiction a National Unit as a focal point for Asian Economic Cooperation and to intensify their mutual cooperation in international bodies such as ECAFE (Economic Commission on Asia and Far East) and UNCTAD (United Nations Conference on Trade and Development).<sup>44</sup>

In 1969 the Sri Lankan Prime Minister, Mr. Dudley Senanayake laid the foundation stone of a modern textile mill as a joint venture between Sri Lanka and the industrial house of Birla. Mr. Senanayake stated that it would be the stepping-stone for even closer collaboration between the two countries.<sup>45</sup> He reaffirmed the need for

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43. Ibid

44. Ibid

45. The Hindu, 1 July 1969.

Sri Lanka and India working jointly to put their tea industry on a stable footing. He was sure that joint efforts by the two countries would bring tangible dividends to both.

Although during Mr. Senanayake's tenure, the volume of trade between Sri Lanka and India increased from Rs 265 million in 1965-66 to Rs 286 million in 1969-70, the balance of trade remained adverse for Sri Lanka. The trade deficit increased from Rs 139 million in 1965-66 to 228 million in 1969-70. While Sri Lanka's imports from India registered an increase from 202 million in 1965-66 to 257 million in 1969-70, its exports to India witnessed a sharp decline from 63 million to 30 million during the said period.<sup>46</sup>

During Mrs. Bandaranaike's tenure, the enthusiasm and political will for widening the sphere of economic cooperation still persisted. A major problem that <sup>was</sup> persisted the problem of a highly unfavourable balance of trade for Sri Lanka. However, India extended a credit of 54 millions to Colombo for the purchase of a wide range of industrial goods and equipment and agreed to increase her imports from Sri Lanka of a variety

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46. See Appendix 2.



of commodities.<sup>47</sup> In February 1972, Sri Lanka and India decided to jointly undertake feasibility studies of six major industrial ventures to be set up in Sri Lanka. The identified areas of economic cooperation were - paper, graphite, silicate, mica, refractories and rubber.<sup>48</sup> India decided to purchase the goods manufactured by these joint corporations so as to reduce the trade deficit for Sri Lanka.

The economic cooperation between the two countries was given a fillip during Mrs. Gandhi's visit from 27-29 April 1973. A decision was arrived at that an official's team would visit Colombo to follow up on the decision to accelerate economic collaboration. Five areas had been identified for Indian assistance : sheet glass, rubber-based goods, graphite, refractory and mica. The feasibility report prepared by the Indian experts had already been examined by Colombo and further probed into by the two Prime Ministers.

India offered an aid of Rs 10 million in 1973 for the next five years for development projects. India also agreed to gift a common facility centre for the island's mica industry at a cost of some 25 lakhs rupees.

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47. Hindustan Times, 27 November 1971.

48. Times of India, 10 February 1972.

There was a further decision taken by India to incur the expenditure of some 50 lakhs to establish in the island a cattle and sheep breeding unit and donate high breed animals and machinery for the project.<sup>49</sup> These steps were taken with a view to promote a new economic relationship and diversify the economy of Sri Lanka, so that India could increase its imports from Sri Lanka thereby decreasing the huge trade deficit which the latter had vis-a-vis the former,

In August 1973 another credit of Rs 50 million was extended by India for purchase of goods such as commercial vehicles, wagons, industrial and general purpose machinery, machinery for agricultural production and fisheries, electrical equipment, parts for sewing machines etc. Besides, the two countries took a decision to exchange experts in trade, animal husbandry, small industries, science and technology, sugarcane, shipping and telecommunications. These decisions were follow-ups to the third meeting of the Indo-Sri Lanka sub-committee on economic cooperation.<sup>50</sup>

49. Asian Recorder, vol. 19, no. 23, 4-10 June 1973, p. 11439.

50. Ibid, vol. 19, no. 40, 1-7, October 1973, p. 11624.



The economic relationship got a further boost with the visit of Sri Lanka's premier Mrs Bandaranaike towards the end of January 1974, in the context of their will to solve the maritime boundary dispute and the problem involving the persons of Indian origin.

The official talks for expanding trade and economic cooperation, the fifth in the series was held in Colombo in June, 1974. It encompassed a broad ranging field from linking the power grids of the two countries, shipping and tourism, scientific and technical collaboration to establish a Rs 800 million fertilizer plant and rubber based industries. A joint communique also mentioned that experts from the two countries would examine proposals for manufacturing automobile parts, diesel engines, electric motors, and laboratory equipment and chemicals for educational institutions. Besides technical assistance, India would provide cattle and sheep for the breeding centre and machinery for the small-scale industrial centres as outright gifts.<sup>51</sup>

A science and technical cooperation agreement was also signed on 1 March 1975 in New Delhi, providing for bilateral scientific and technical seminars and joint

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51. The Hindu, 8 June 1974.

research programmes for the application in industrial and agricultural production. The 5-year agreement also envisaged the exchange of scientific and technical personnel and information between the two countries. Some of the areas earmarked for cooperation were coconut and tea research, rubber and polymers, industrial products, essential oils, purification and upgrading of graphite, mica, rice-bran, oil technology, etc.<sup>52</sup> However, despite measures being taken for industrial and technical collaboration and the quantum of aid provided to Sri Lanka, the trade deficit in 1974-75 amounted to 268 million. In 1976-77, it rose to 382 million. While Sri Lanka's imports from India stood at 393 million, its exports to India was a meagre 11 million. However, in consonance with its policy of helping Sri Lanka in its measures to diversify the economy, India extended two credits of 50 and 70 million in January, 1976 and January 1977 respectively for purchase of commercial vehicles, electrical and telecommunication equipment, industrial and construction machinery, railway equipment and other products.

Sri Lanka-India Trade, Aid and Joint Ventures : An Overview

An overview of India-Sri Lanka trade during 1965-1977 indicates that although Sri Lanka's imports from

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52. Times of India, 3 March 1975.

India increased from 202 million in 1965-66 to 393 million in 1976-77, its exports to India recorded a steep decline from 63 million to 11 million during the same period. As a consequence, the trade deficit which amounted to 139 million in 1965-66 rose to 382 million in 1976-77.

The trade deficit against Sri Lanka could be ascribed to the inability on India's side to import in a large measure from Sri Lanka. The principal commodities which Sri Lanka was able to supply India were coconuts and coconut products, rubber, graphite and buffalo hides.<sup>53</sup> But, there existed a restricted market in India for these commodities. The existence of a traditional oil-crushing industry led India to adopt protectionist measures against import of coconut oil. The import prospects of copra was largely dependent on the supply of oil and oil seeds in general. Also, the current crop failure in Sri Lanka combined with the high price led India to import from other sources. In the case of rubber also, the same situation prevailed. Thus, India got her major supplies of rubber from Singapore and Malaysia, rather than from Sri Lanka. Since the successful negotiations of the rice-rubber

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53. S. Gopál-krishnan, "Indo-Sri Lanka Trade", India Quarterly, vol. 33, no. 4, October-December 1977. p. 461.

trade agreement in 1952 between Sri Lanka and the People's Republic of China, there was a contraction in the quantity of rubber that could be supplied to India by Sri Lanka. India was also unable to import big quantities of either graphite or hide.<sup>54</sup>

However, the deteriorating economic condition in Sri Lanka propelled India to extend aid and credits to the former with the objective to obviate any crisis. India extended liberal credit for the purpose of non-plan development to Sri Lanka from the beginning of the 1960s. Such credit varied from Rs 50 million to Rs 100 million annually for a period of 15 years.<sup>55</sup> India extended credit facilities mainly to enable Sri Lanka to purchase Indian goods and services, which were needed for its economic development. These credit arrangements were also expected to generate demand in Sri Lanka for Indian goods and services thereby helping increasing the volume of trade between the two countries. India's aid to Sri Lanka was a particularly useful form of cooperation since it had contributed not only capital but also appropriate technology and managerial experience.

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54. Ibid., p. 462.

55. Brojendra Nath Banerjee, India's Aid to its Neighbouring Countries (New Delhi, 1982), pp. 721-3. For details of India's credit to Sri Lanka during 1965-1977, See Appendix 3.

In regards to joint ventures, although Sri Lanka enjoyed the distinction of having hosted the earliest Indian joint venture, yet the island had only two of these until 1978. Although some Indian joint ventures were registered in 1968 and 1969, only two units were operative, i.e. PVC leather cloth company and one glass factory.<sup>56</sup> Though the joint committee set up for economic cooperation between the two countries identified many areas where joint ventures could be set up, yet, not much progress was made during this period.<sup>57</sup>

### Conclusion

An appraisal of bilateral interaction during the period 1965-77 indicated the existence of mutual goodwill interspersed with occasional discordant notes of stresses and strains. Sri Lanka-India relations during this period existed in an ambience of political cooperation which facilitated amicable solutions to most bilateral disputes and problems through discussion, peaceful-negotiated settlements and relentless diplomatic efforts. The signing of the Agreements on Delimitation of Maritime

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56. See Appendix 4.

57, C.K. Raman, India-Sri Lanka Joint Ventures (Unpublished Ph.D. thesis, University of Madras, 1983) p. 233.

Boundary of 1974 and 1976, the resolution of the problem pertaining to the disputed possession of Kachchativu in Palk Strait, the Agreement of 1974 on the citizenship issue removed many of the friction-prone areas in the bilateral sphere. The trend in increased economic collaboration was to be viewed in the wider context of the necessity for cooperation among developing countries. However progress in this respect was far from satisfactory.

Although in consonance with its over-all policy of maintaining security and stability in the contiguous environment India continued to demonstrate its willingness to cooperate with Sri Lanka, yet, the latter could not entirely discard its threat perceptions from its powerful neighbour owing to the huge disparity in the power-structure between the two countries. This accounted for Sri Lanka's attempts to counter this vulnerability arising out of its smallness by forging newer and more diversified links with other external powers in political as well as economic spheres.

CHAPTER FIVECONCLUSION

An appraisal of Sri Lanka's policy towards India brings out the element of ambivalence that exists in the patterns of interaction between the two countries. While geographical proximity, ethno-cultural affinity, constraints of underdeveloped economies and systemic convergence bring them together, factors like India's preponderant power-structure in the region resulting in a fear-psychosis in the minds of the Sri Lankans especially the Sinhalese, historical hangover of recurrent invasion from South Indian empires, the presence of a large number of persons of Indian origin and the competitive nature of the two economies continue to drift them apart. The interplay of such factors amply indicates the complex nature of relationship between the two countries.

Among the above-mentioned factors, geographical contiguity and disparity in the power-structure between the two countries emerge as the most critical points in the policy adopted by Sri Lanka towards India. The threat-perception emanating from this has propelled the Sri Lankan ruling elites irrespective of their ideological predilections to diversify the politico-economic-

defence links so as to enhance the island state's bargaining capability and minimise the vulnerability in relation to the world at large in general and the close neighbour, India in particular.

Sri Lanka's Policy Towards India ; The UNP Phase (1948-56)

In the immediate post-independent era, the search for security was the prime consideration of Sri Lanka's policy makers. The defence arrangement with Britain and the Commonwealth link were viewed by the UNP leaders to give them enough leverage in their interaction with India. The threat-perception seemed to have been intensified with the advent of John Kotelawala in power. This was due to his own perception rather than any alteration in the objective conditions.

Notwithstanding such a threat-perception, as ex-colonial states, both the countries adopted similar attitude towards a large number of global issues. However, Sri Lanka's response on the stationing of American troops in Korea and Vietnam revealed the concern which it shared with the western bloc regarding the expansion of communism. In this respect, the UNP policy diverged from that of India. Consequently, though the governing elite of the UNP proclaimed to adhere to a 'middle path' policy in foreign affairs, during their tenure (1948-1956), at



the operational level such a policy was hamstrung by their pro-west orientations.

The SLP Phase (1956-64)

With the advent of Mr. S.W.R.D. Bandaranaike into power in 1956, there was a marked turn in the over-all perspective of Sri Lanka's foreign policy. Shedding its earlier pro-western tilt, Sri Lanka pursued with fervour and rigour, the policy of non-alignment as was evident from Mr Bandaranaike's request to Britain to withdraw its bases from the island-state. Furthermore, the foreign policy of Sri Lanka was more vigorous and outward-looking reflecting its urge for attainment of 'status' in the comity of nations. Its membership of the United Nations in 1955 facilitated further such aspirations of a small state.

Compared to the UNP regimes, the tenure of Premier Bandaranaike was marked by closer and cordial relations with its neighbour. The personal rapport between Nehru and Bandaranaike was one of the factors responsible for this. There was concurrence of views on various international issues. However, it is noteworthy that the fear-psychosis of India was not totally absent. This explained to some extent Sri Lanka's increasing diplomatic and economic interaction with other countries.

The policy set in motion by Mr Bandaranaike was followed adroitly by Mrs Bandaranaike. Sri Lanka continued to have cordial relations with India. However, the former adopted a non-aligned stance in Sino-Indian border conflict of 1962 which was a major foreign policy issue to which Mrs Bandaranaike's government had to address itself. The anxiety and concern shown by Sri Lanka for the establishment of immediate peace arose from its vulnerability. Any conflagration in the region which involved the two Big Asian powers, would have serious implications for Sri Lanka's security and stability.

The most notable diplomatic achievement during Mrs. Bandaranake's tenure was the signing of the Agreement of 1964, popularly known as Sirimavo-Shastri Pact. Many factors facilitated the signing of this Agreement such as eviction of Indians from Burma, the shattering defeat of India in its war with China in 1962, Pakistan's willingness to take back the people of its origin from Sri Lanka etc. On the Sri Lankan side, the conclusion of such an Agreement implied the success of the Sri Lankan leadership in resolving a problem which had defied a solution mutually acceptable to both the countries for more than a decade.

Sri Lanka and India During the Senanayake Regime

In this backdrop, Sri Lanka's policy towards India during 1965-70 revealed that it was basically one of cordiality and earnestness characterised by negotiated settlement of bilateral irritants.

The enabling legislation to put into effect the terms and provisions of the Agreement of 1964 was passed in 1967. To some extent, the presence of the Tamil parties in the UNP led coalition government facilitated the enactment of this legislation which delinked the process of registration and repatriation originally stipulated in the Pact of 1964. However, the pace and progress of the implementation of the Pact was sluggish owing to a variety of factors as mentioned in the previous chapter.

Good-neighbourly gestures were reciprocated by the exchange of diplomatic visits of the personnel of both the countries from time to time. Although the issue of Kachchativu, a disputed island in the Palk Bay, cropped up occasionally and created heat among some segments of both the countries, it is noteworthy that the two governments did not adopt a confrontationist attitude. Instead they expressed their willingness to solve it amicably.

Efforts to Institutionalise Economic Linkages

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During this period, there was also a spurt in the economic relationship between the two countries. The establishment of Indo-Ceylon Joint Economic Commission in 1969 was a land-mark in this respect. This was the first time that a joint economic commission had come into being with a view to institutionalise the existing economic ties between the two countries. The goodwill visits undertaken by the premiers, high government officials and the communique issued by them demonstrated the keenness of the two neighbouring countries to expand and enlarge the scope of cooperation.

Notwithstanding the existence of 'political will' nothing very substantial was achieved on the economic front during 1965-1970. The huge trade deficit was a recurring feature. However, India started extending aid and credit facilities to Sri Lanka so as to enable it to buy both consumer and capital goods in order to bring about a diversification of the island's economic structure. Among other factors, India's economic diplomacy vis-a-vis Sri Lanka could be explained by its concern to counter the growing penetration of China into Sri Lanka's economy.

Reconciliation of Economic Nationalism with Bilateral  
Political Ties(1970-77)

With the advent of the SLFP led United Front into power, Sri Lanka witnessed a surge of economic nationalism. As an offshoot of this, there was a keen desire on the part of Premier Mrs Bandaranaike to expedite the pace of implementation of the Agreement of 1964 as a result of which the repatriation of persons of Indian Origin to India would have the prospects of generating greater employment potential for the indigenous population. In pursuance of this, an Amendment was passed in 1971 intertwining the registration and repatriation. The Agreement signed by both the Prime Ministers in January 1974 also solved the problem of residual members which was not considered hitherto. But, essentially, being a human problem, it could not be solved by mere politico-legal measures. The problems of registration and repatriation still lingered. This was evident from the fact that as late as 1977, out of a total of about 9,75,000 people, 1,22,251 had acquired Sri Lankan citizenship; 300,215 had acquired Indian citizenship out of whom about 2 lakh were repatriated.

The slow pace of progress on the issue of the 'stateless', did not affect the bilateral relations during the tenure of Mrs. Bandaranaike's government. The successful signing of the Maritime Boundary Agreements

of 1974 and 1976 which resolved the controversy regarding the ownership of Kachchativu and demarcated the maritime boundaries amply elucidated this.

In the aftermath of J.V.P. insurgency, the ruling elites of Sri Lanka endeavoured to maintain economic stability in the island. India came forward to extend aid and credit for this developmental purpose. However, the problem of adverse balance of trade and the sluggish implementation of joint-venture projects continued to persist.

#### Areas of Divergence and Convergence on Global Issues

As in the past, on global issues like non-alignment, new international economic order, disarmament and Indian Ocean as a zone of peace, there was congruence of views between the two countries owing to their similar, if not identical, experience of colonialism, neo-imperialism, the inequities of the existing international economic order, growing concern for the increasing big-power rivalry in the Indian ocean which was running counter to their respective policy objectives of achieving security and stability.

However, as stated in the previous chapter, Sri Lanka differed from India on Nuclear Non-Proliferation

Treaty (NPT) which was obviously due to its inherent limitations and weaknesses as a small and developing country like lack of adequate resources and absence of a well-trained technical manpower. Moreover, the divergent stance of Sri Lanka from India on the issue of Nuclear-Weapons-Free-Zone was mainly due to Sri Lanka's eagerness to minimise India's threat potential which was accentuated after the 1974 explosion.

To sum up, although geographical proximity and shared cultural traditions have envisaged closer collaboration between Sri Lanka and India, yet the threat perception arising out of asymmetrical power-structure in the region has led to an apprehension-admiration syndrome of a small country in relation to its big neighbour. Because of this, Sri Lanka tried to cultivate relationship with those powers which would pose as counter-weights to India's pre-eminence. By this Sri Lanka sought to enhance its bargaining capability and minimise its vulnerability vis-a-vis India. However, the former also took earnest measures not to drift apart completely from India. Thus, Sri Lanka's policy towards India, subjected as it was to certain inherent constraints of a small power, was characterised by the simultaneity of caution and cordiality.

APPENDIX . 1Statistics of Implementation of Indo-Ceylon Agreement - 1964

Year	No. recog- nised as citizens of India (of 525,000)	Total	No. repat- riated annually of 525,000)	Total	No. granted Sri Lanka Citizenship ( of 300,000) Total
1964	554	554	14	14	-
1965	3,131	3,685	512	526	-
1966	5,047	8,732	1,910	2,436	-
1967	7,935	16,667	2,648	5,084	-
1968	11,825	28,492	2,123	7,207	161
1969	29,020	57,512	5,284	12,491	2,939
1970	18,549	76,061	8,733	21,224	7,468
1971	33,088	109,149	21,867	43,091	13,696
1972	40,859	150,008	27,575	70,666	16,107
1973	35,898	185,906	33,175	103,841	18,960
1974	43,325	229,231	35,141	138,982	20,074
1975	34,675	263,906	18,511	157,493	10,591
1976	21,670	285,576	33,321	190,814	19,033
1977	14,639	300,215	28,388	219,202	16,222

Source : Sri Lanka High Commission, New Delhi



APPENDIX - 2

## Volume and Balance of Sri Lanka-India Trade (1965-1977)

Year	Value in Rs millions			
	Sri Lanka's Imports from India	Sri Lanka's exports to India	Total trade	Sri Lanka's balance of trade with India
1965-66	202	63	265	-139
1966-67	185	27	212	-158
1967-68	149	33	182	-116
1968-69	234	20	254	-214
1969-70	257	29	286	-228
1970-71	318	30	348	-288
1971-72	212	15	227	-197
1972-73	79	9	88	- 70
1973-74	98	9	107	-89
1974-75	268	2	270	-266
1975-76	231	3	234	-228
1976-77	393	11	404	-382

Source: Foreign Trade Statistics of India, Government of India, Office of the Economic Advisor, Calcutta

APPENDIX - 3

## India's Credit Facilities to Sri Lanka (1965-1977)

Date of Credit sanctioned	Amount of credit (Rs in million)	Purpose
February, 1966	20	For import of dried fish, textiles and chillies from India. Amount has since been repaid with interest.
August, 1967	50	For import of machinery and equipment from India. Credit has been utilised fully.
June, 1969	50	For purchase of machinery and equipment from India. Credit has been utilised fully.
November, 1971	54	For purchase of machinery equipment, jeeps, etc.
August, 1973	50	For purchase of commercial vehicles, industrial and general purpose machinery, electrical goods, agricultural machinery, railway equipments etc.
November, 1975	100	For purchase of a variety of products including machinery equipment etc.
January, 1976	50	For purchase of commercial vehicles and other machinery.
January 1977	70	For purchase of commercial vehicles, electrical and tele-communication equipment industrial and construction machinery, railway equipment and other products.

Source: Federation of Indian Chambers of Commerce and Industry - Indian Industrial Delegation to Sri Lanka, July 1978, Background Paper (New Delhi, 1978)

APPENDIX - 4

## India-Sri Lanka Joint Venture Projects (1965-1977)

S. No.	Field of Collaboration	Indian Collaboration	Date of sanction	Remarks
1	Glass factory	M/s Swastik Glass Works, Chandrapur.	28.1.1967	Started production in August, 1969.
2	PVC Leather cloth	M/s Bhor Industries Bombay.	5.10.1967	In production since 6.3.1969
3	Auto electrical parts	M/s Sahney Steel Press Works, Bombay.	30.8.1972	Approved in principle.
4	HDPE Box Strapping	M/s Garware Synthetic Pvt. Ltd., Bombay.	10.3.1977	Under implementation.

Source: Federation of Indian Chambers of Commerce and Industry, Indian Industrial Delegation to Sri Lanka, July 1978, Background paper (New Delhi, 1978).

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