



LKI Interns' Take on Geostrategic Issues and Their Implications for Sri Lanka

DATE: 14TH JULY 2026

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INTERN PRESENTATION 07/14/2026

TAMIL NADU STATE CONFIGURATION UNDER THE CHIEF MINISTER C. JOSEPH VIJAY

*BY LKI INTERNS
ATTACHEYA PARANTHAMAN
REHAN KIRIELLA*



VIJAY'S BEGINNING

A Historic Political Shift

- 2026 Tamil Nadu Assembly Election marked a major political turning point.
- Ended nearly six decades of dominance by the DMK and AIADMK.
- Tamilaga Vettri Kazhagam (TVK), led by C. Joseph Vijay, emerged as a new political force.
- Reflected growing public demand for political change, transparency, and new leadership.
- This presentation examines the new state configuration, achievements, criticisms, and future challenges.



01

TVK emerged as the single largest party in the Assembly.

02

Did not secure an absolute majority on its own.

03

Formed the government through support from alliance partner

Election Results & Formation of Government



ACHIEVEMENTS & CRITICISMS

ACHIEVEMENTS

- Administrative reforms
- Infrastructure and development initiatives
- Youth engagement in politics
- Focus on transparency and accountability

CRITICISMS

- Limited political and administrative experience
- Coalition pressures
- High public expectations
- Opposition scrutiny

VIJAY'S PARLIAMENT VS M.K. STALIN

 Dravida Munnetra Kazhagam (DMK)	 Tamilaga Vettri Kazhagam (TVK)
Welfare continuity, defending state rights vs. Centre	Anti-corruption, "clean/transparent governance," change from Dravidian duopoly
Kalaigal Magalir Urimai Thogai ₹1,000/month cash transfer (~1.3 crore beneficiaries); manifesto pledged ₹2,000/month	Singappen: dedicated Women's Protection Force for rapid response to crimes against women
Law and order was not a flagship theme	65 Anti-Narcotics Task Force units deployed; 700+ illegal gutka shops sealed; "drug-free Tamil Nadu" pledge
Separate agriculture budget; farmer support schemes	Listed as a pillar; CM Vijay personally lobbied EAM Jaishankar over TN fishermen arrested in Sri Lanka
5-year incumbent term (2021–26); self-reported ~75% of 505 manifesto promises fulfilled/in progress	No governing track record, just over 2 months into term (as of July 2026), largely aspirational so far



BENEFITS FOR SRI LANKA

- Attract more investments.
- Better political and economic stability could increase bilateral trade.
- More tourists from Tamil Nadu.

CHALLENGES FOR SRI LANKA

- Issues relating to fishery.
- Pressure from allies (VCK) and Eelam Tamil groups (TNC) to pass a formal genocide resolution, declare May 18 "Tamil Genocide Remembrance Day", and oppose Sri Lanka's proposed unitary constitution
- Vijay has intensified criticism tied to the fisheries issue and its relevance to Katchatheevu

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THANK YOU !

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INTERNS' PRESENTATIONS ON GEOSTRATEGIC ISSUES AND THEIR IMPLICATIONS FOR SRI LANKA PRESENTATION:

TAMIL NADU POWER GENERATION SHORTFALL



FROM LKI INTERNS: AKITHMA DIAS & MANUJA PAMOD

JULY 14, 2026

A BRIEF OVERVIEW

Tamil Nadu, as a major industrial hub, has an average energy consumption **has crossed 400 million units**, reflecting sustained economic growth, industrial expansion, and rising seasonal demand. Although, the State is recognised leader in renewable energy, the surge in demand **has placed increased responsibility on generation, transmission, and distribution systems** (EQ Magazine, 2026).

Entity	Outstanding Debt (Rs. in crore)	Accumulated Losses (Rs. in crore)
TNPDCL (Distribution)	1,07,365	1,18,674
TNPGCL (Generation)	1,03,128	50,661
TNGECL (Green Energy)	5,672	3,466
TANTRANSCO (Transmission)	30,965	9,560
TNEB Group Total	2,47,130	1,82,361

(White paper on the
fiscal management of
Tamil Nadu, 2026, p.89)

The Tamil Nadu Electricity Board (TNEB) group, comprising TNPDCL, TNPGCL, TNGECL, and TANTRANSCO, **constitutes by far the largest single source of fiscal risk** in the State’s public sector portfolio.

The White Paper highlights the **growing financial strain on its power sector**, with total **debt reportedly reaching ₹2.4 lakh crore**. The government says **rising costs and structural challenges** have put pressure on the electricity board's finances.
(White paper on the fiscal management of Tamil Nadu, 2026, p.89)

CURRENT ISSUE

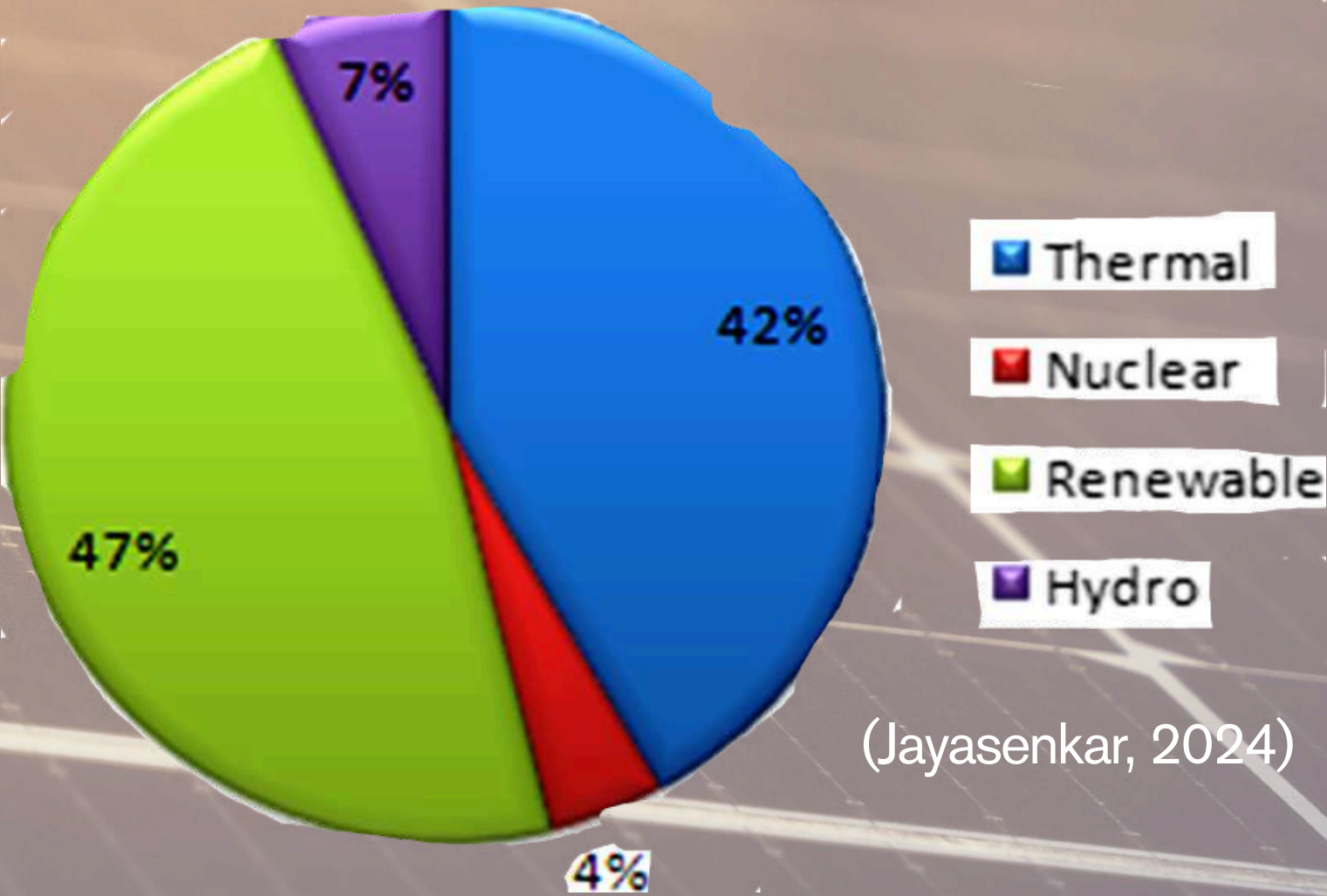
The State’s daily electricity consumption has crossed **400 million units**, reflecting sustained economic growth, industrial expansion and rising seasonal demand.

Currently, Tamil Nadu relies on a balanced mix of **thermal, hydroelectric, wind, and solar power to meet demand**.

While Tamil Nadu is one of India’s leading renewable energy producers, **variability in wind and solar output presents operational challenges**. During periods of low renewable generation, thermal plants and central allocations play a vital role in bridging supply gaps.

The sustained rise in electricity usage also **underscores the need for strengthening transmission infrastructure** (EQ Magazine, 2026).

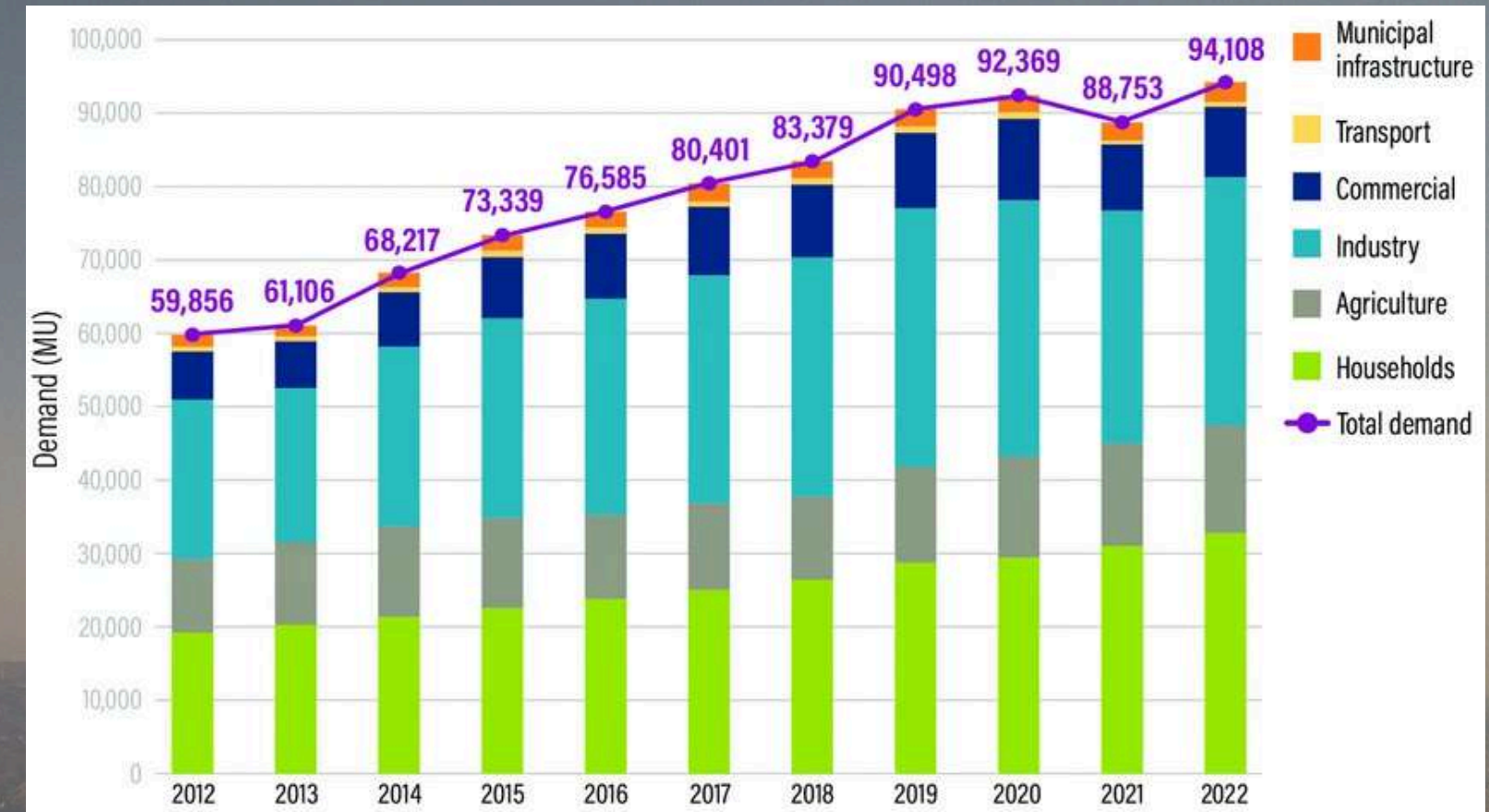
Types of Renewable Energy	Capacity in MW
Wind	7145.225
Solar	17
Biomass	177.4
Co-generation plants	659.4
Total	7999.025



1. Steady rise in temperatures and seasonal temperature variations have significantly pushed up electricity usage, especially for cooling needs.

2. The state hosting major automobile manufacturing hubs, textile clusters, electronics production units, and heavy engineering facilities that require uninterrupted and high-capacity power supply, with increasing production scaling up to meet domestic and export demand.

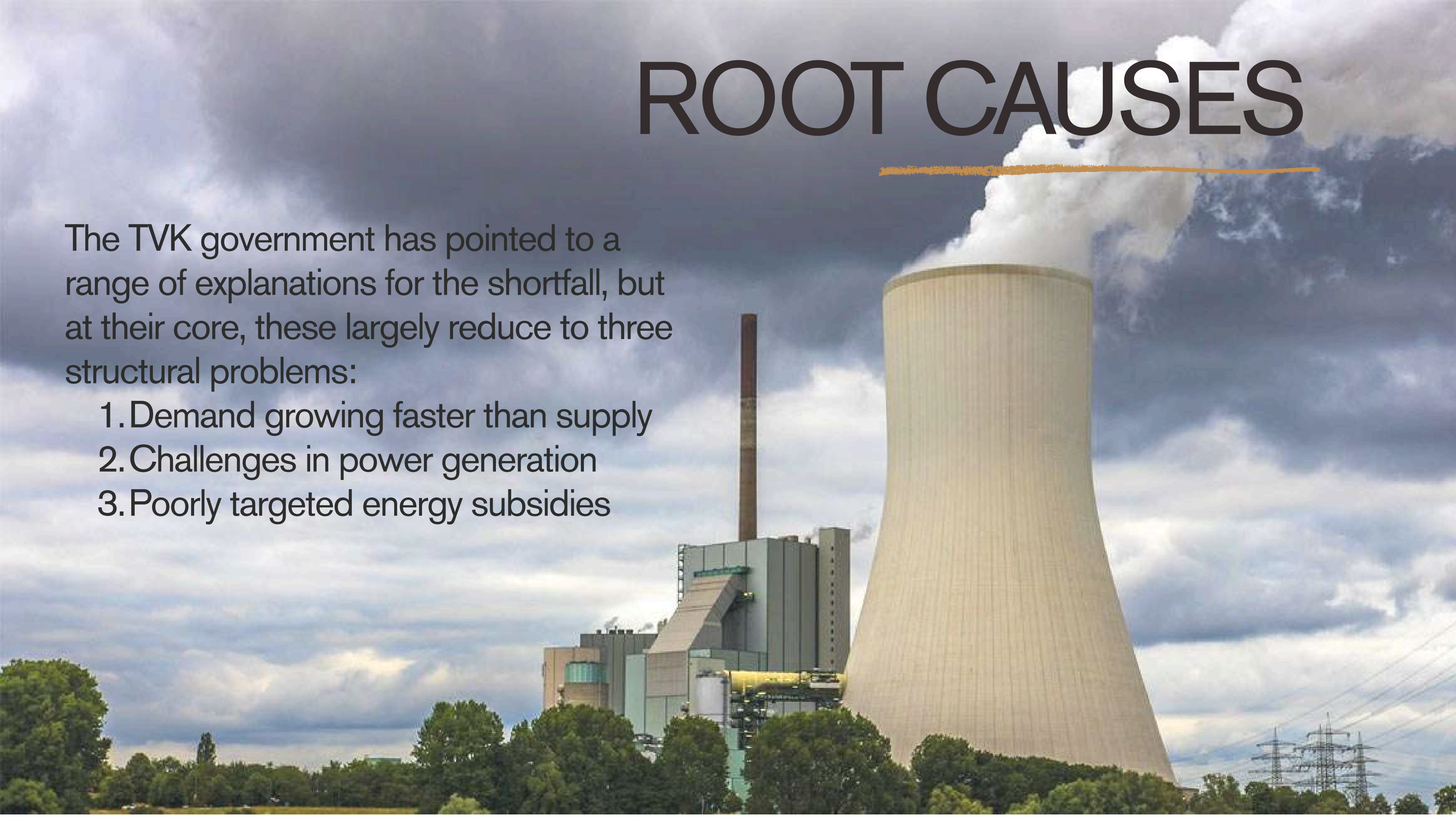
3. Urbanization and lifestyle changes leading to rapidly growing tier-two cities and the eventual rise in residential demand due to increased usage of air conditioners, appliances, electric water heaters, and digital infrastructure (EQ Magazine, 2026)



(Sundararagavan et al, 2020)

INCREASING DEMAND

ROOT CAUSES



The TVK government has pointed to a range of explanations for the shortfall, but at their core, these largely reduce to three structural problems:

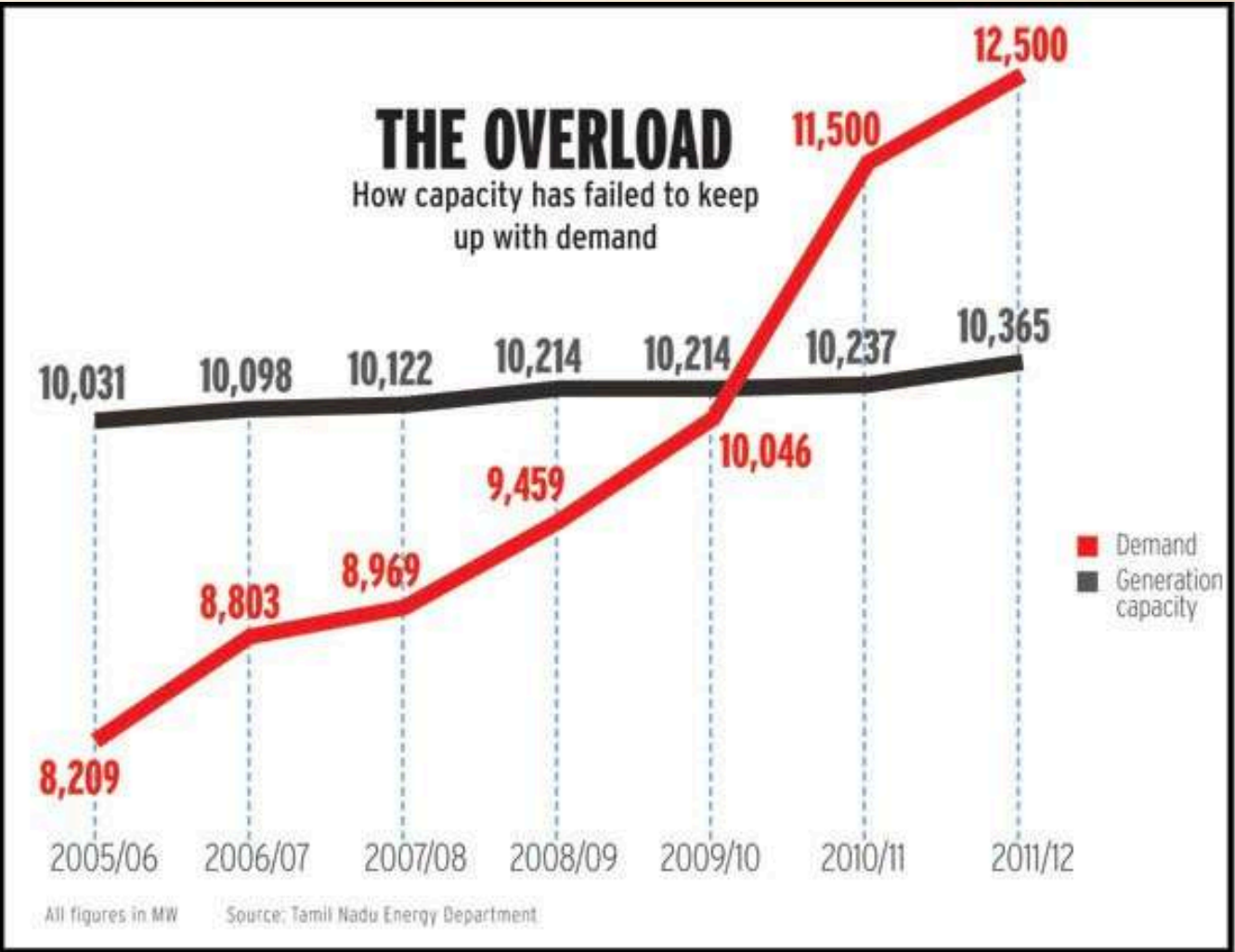
1. Demand growing faster than supply
2. Challenges in power generation
3. Poorly targeted energy subsidies

Tamil Nadu (TN) is among the most industrialized states in India and is currently ranked 2nd in terms of its gross state domestic product (The Hindu, 2026)

It currently supplies electricity to approximately **3.52 crore consumers**, including households, businesses, industries, and agricultural users, and the total electricity consumption **has gone up by 30% between FY2016 and FY2020.**

The state's daily **electricity demand regularly exceeds 20,000 MW** and can rise significantly during periods of extreme heat (World Resources Insititute, 2022)

DEMAND & SUPPLY



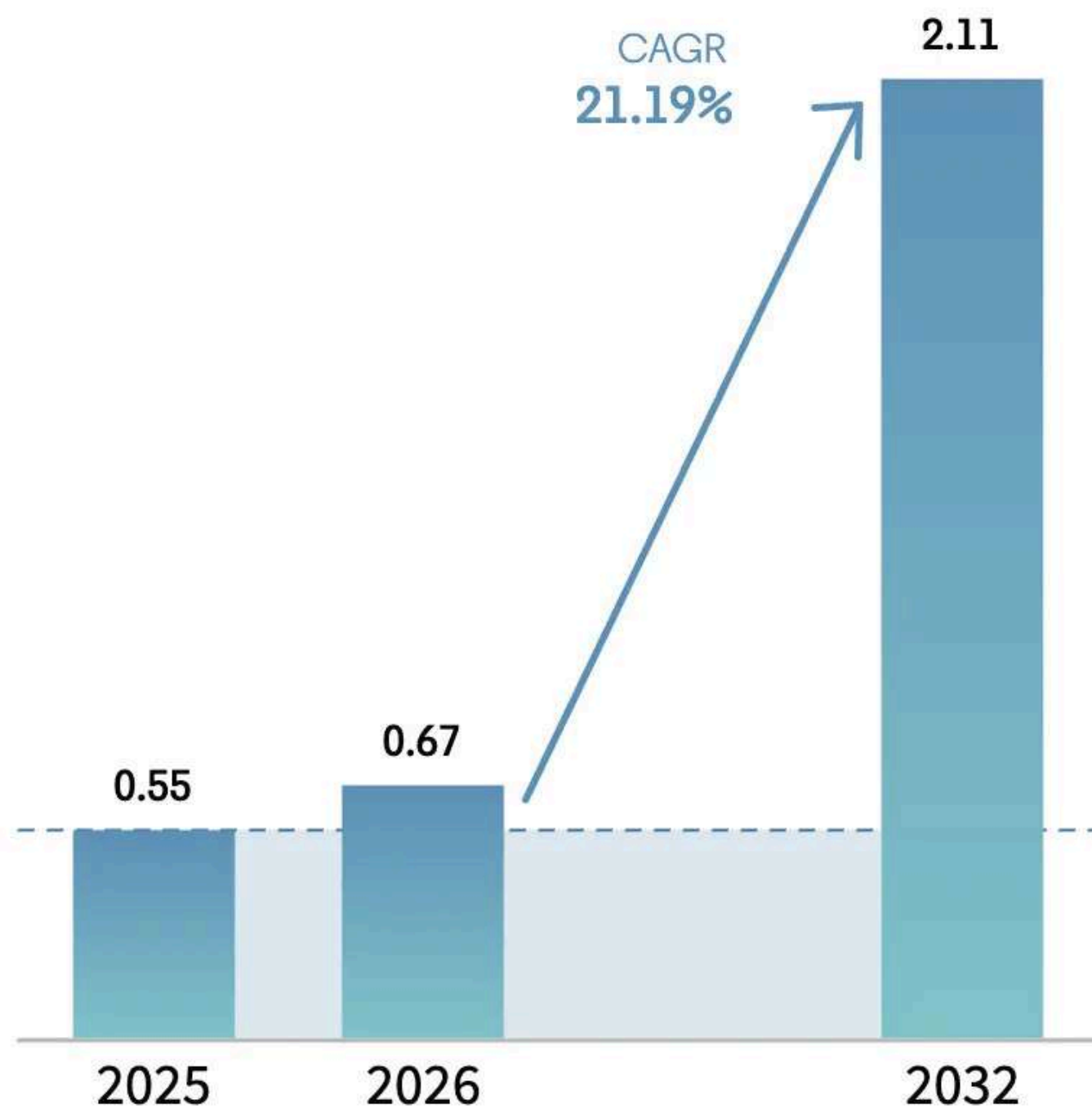
(Business Today, 2012)

(Ganesan, 2020)

Year	Demand(MW)	Supply (MW)	Deficit (%)
2005-2006	7,647	7,555	1
2006-2007	9,375	8,297	12
2007-2008	8,860	8,624	3
2008-2009	10,334	8,690	16
2009-2010	9,799	9,211	6
2010-2011	11,125	9,813	12
2011-2012	11,728	10,436	11
2012-2013	12,813	10,566	18
Average	10,210	9,149	9.875

Chennai Data Center Market

Market Size in Thousand Megawatt



Source: Mordor Intelligence



One particular industry which has considerably exacerbated this is the rise in data centers in Tamil Nadu.

Chennai in particular is seeing crores of rupees in investments in its digital infrastructure, from hyperscale cloud facilities to AI-ready campuses.

Research says concentrated AI data centre expansion is becoming a major source of electricity demand, putting new pressure on grids and making it harder to integrate renewable energy.

For Chennai, adding clusters of energy-intensive AI facilities could increase pressure on an electricity infrastructure that also has to support industrial and transit uses, and rapidly growing urban populations. (Down to Earth, 2026)

POWER GENERATION



According to T Jeyasankar, State General Secretary of the Central Organisation of Tamil Nadu Electricity Employees (COTEE), power distribution equipment **has not received adequate maintenance for nearly seven years.**

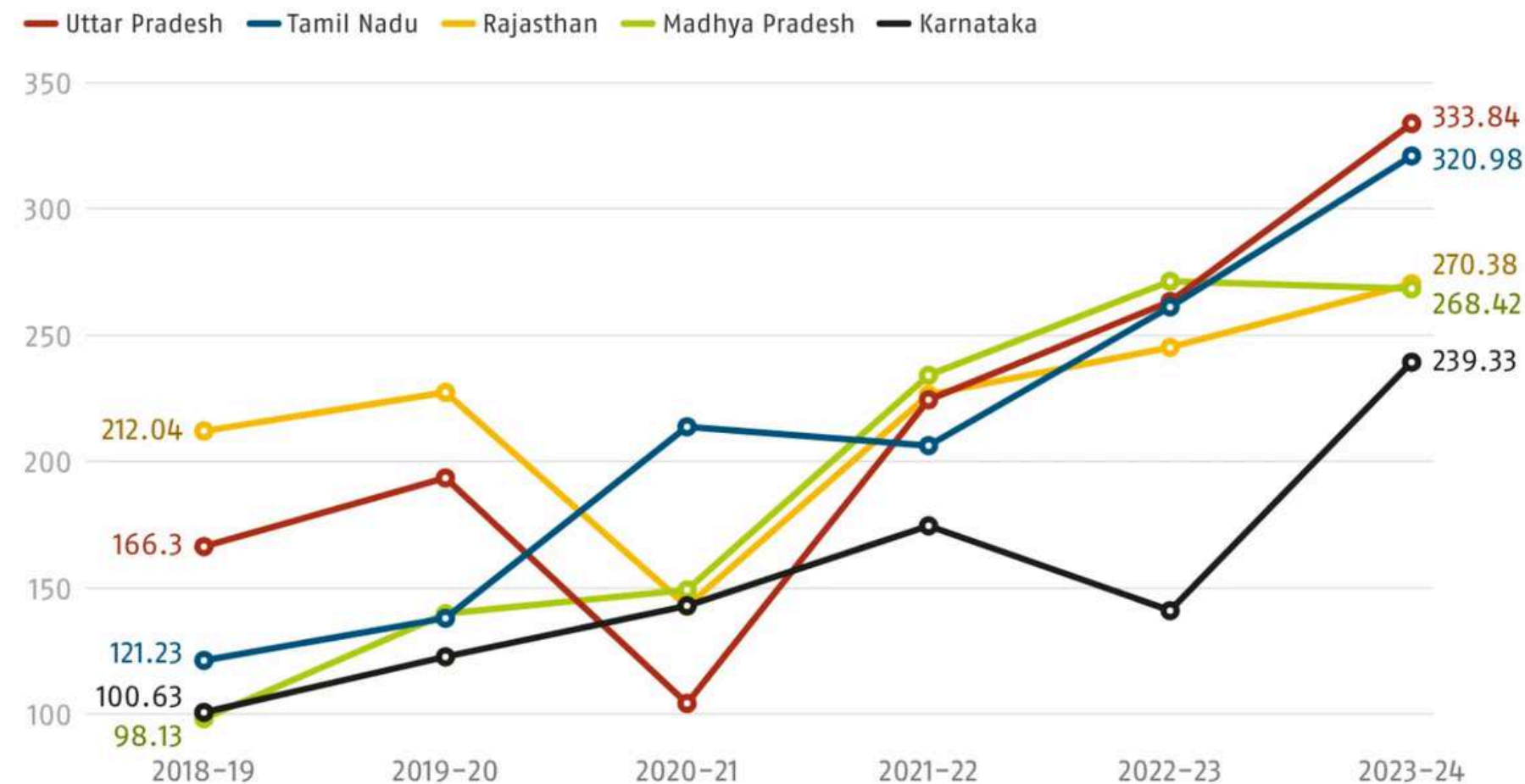
Moreover, the electricity board suffers from a **severe shortage of personnel** needed to carry out maintenance work with the sector ideally needing around **1.4 lakh employees, but only having 68,000 employees**

Delays in major projects caused by technical setbacks before operation (The South First, 2026)

ENERGY SUBSIDIES

Second largest power subsidy bill

Power subsidy by states (in Rs billion)



The power sector is one of the primary reasons behind Tamil Nadu's deteriorating fiscal position, as the state provides free electricity up to 100 units "bimonthly" regardless of total consumption.

Tamil Nadu **provided free electricity to 89.5 per cent of its population**, with 85.2 per cent of the richest quintile group and 93.2 per cent of the second-richest quintile group received free electricity.

Tamil Nadu **provided power subsidies worth nearly Rs 27,053 crore in 25-26**, and the poor targeting of the free electricity subsidy is taking a toll on the State's finances. (Business Standard, 2026; The Times of India, 2026)

(16th Finance Commission report (Volume 1), 2026)

Infrastructure expansion

- Tamil Nadu CM C Joseph Vijay directed officials to establish 231 new substations at an estimated cost of ₹15,032 crore
- This is in addition to 121 substations currently being upgraded at a cost of ₹10,109 crore (The Hindu, 2026)

Workforce strengthening

- Directive to recruit 15,058 new electricity workers
- The sector ideally needs around 1.4 lakh employees (junior assistants to senior engineers), but only about 68,000 are currently working - meaning the sector is operating at less than half its required staffing
- This shortage is why "trips" (multiple simultaneous faults) can't be attended to quickly (as field staff can't cover all affected localities at once) (The South First, 2026)



SOLUTIONS

SOLUTIONS

Operational measures

- Immediate procurement of essential electrical materials
- Deployment of field staff for regular patrol duty (preventive maintenance rather than reactive fixing)

A **WhatsApp-based complaint management system** to be integrated with the existing platform, making it easier for consumers to report outages (The New Indian Express, 2026)



WHAT DOES THIS MEAN FOR SRI LANKA?

As its neighbouring country, Sri Lanka can utilise this opportunity to attract investment and build on of it's offshore wind capacity to export surplus power to India's electricity grid in order to bring in much-needed foreign exchange for Sri Lanka.



CONCLUSION

While Tamil Nadu addresses its distribution and workforce gaps internally, its widening demand-supply gap opens a longer-term regional opportunity, one where Sri Lanka's untapped offshore wind potential positions it as a future energy exporter rather than a neighbouring country.



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TAMIL NADU FISHERIES POLICY

Tamil Nadu's fisheries policy through Sri Lankan viewpoints, highlighting cross-border impacts, cooperative opportunities, and challenges faced by fishing communities on both sides.



Content

- **Introduction**

- Fisheries sectors in Tamil Nadu

- Fishing Areas

- Objectives and Nature of the Tamil Nadu Fisheries Policy

- **Indo-Lanka Fisheries Relationship**

- Katchatheevu Issue

- Major incidents

- Impact on Sri Lanka

- **Current Challenges**

- **Way Forward**

- **Conclusion**



The Fisheries Sector in Tamil Nadu

1,076 km

The second longest coastline of India

>1M

People dependent on fisheries for livelihood

#01

Marine fish producing state in India

A driver of Economy



Marine & Inland Fisheries

A dual base of coastal marine catch and inland aquaculture (tanks, reservoirs, backwaters) supports year-round production.



Employment Engine

Fishing, processing, and ancillary trades (boat-building, net-making, marketing) sustain coastal households across the state.



Export

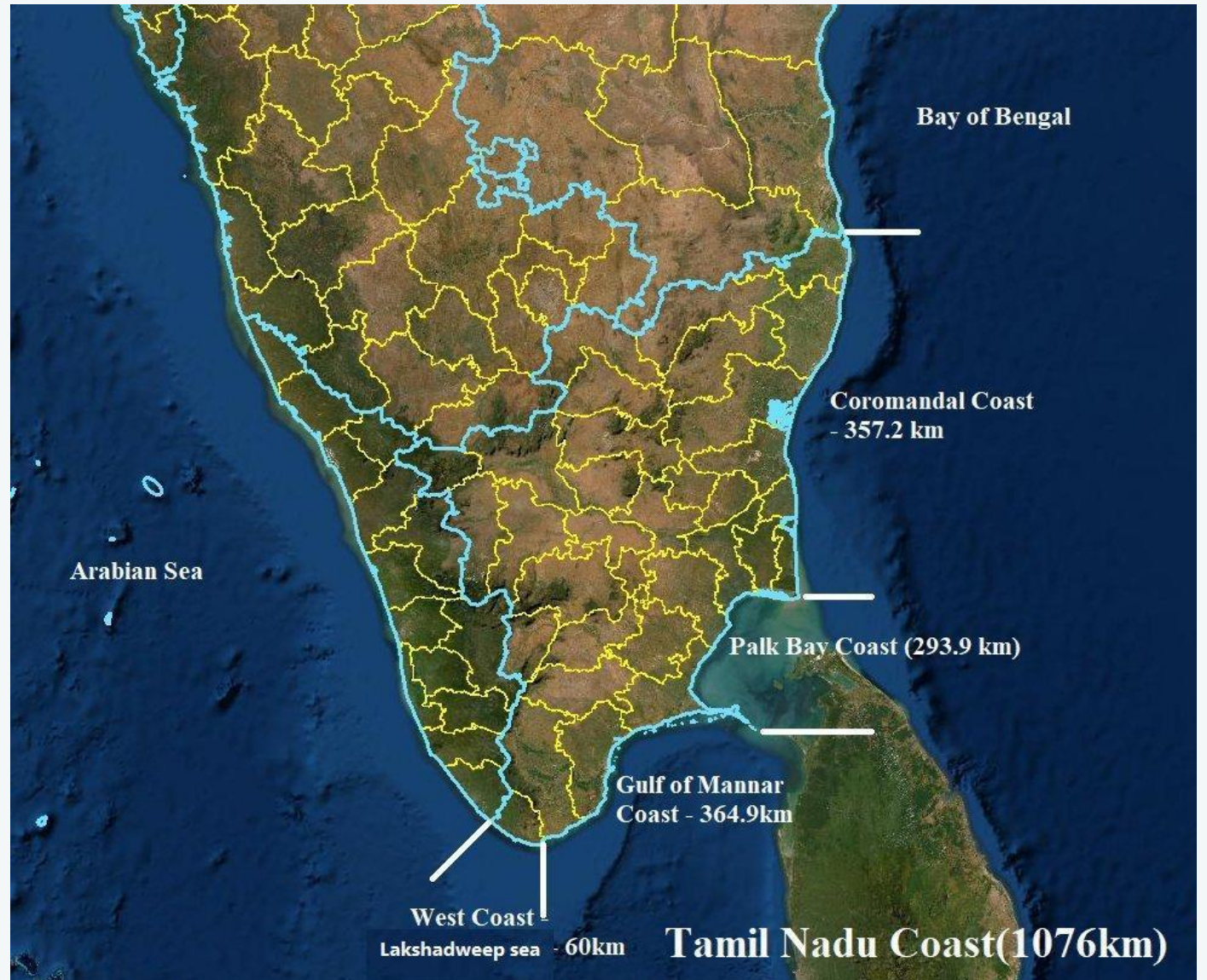
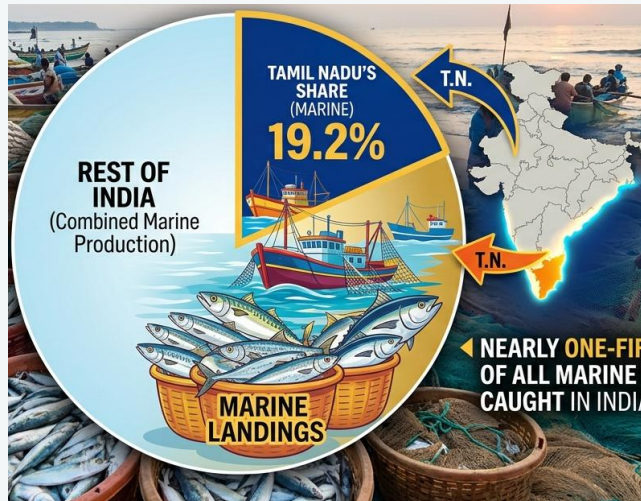
Shrimp and marine exports contribute significantly to India's seafood trade and to Tamil Nadu's coastal economy.

Fishing Areas

Major Fishing Zones

- Coromandel Coast
- Palk Bay
- Gulf of Mannar

14 Fishing Districts



Objectives & Features



Sustainable Fisheries Management

Regulating effort, gear, and seasons to protect fish stocks and marine habitats for the long term.



Regulated Access & Governance

Licensing, zoning between traditional and mechanised boats, and monitoring to reduce user conflict.



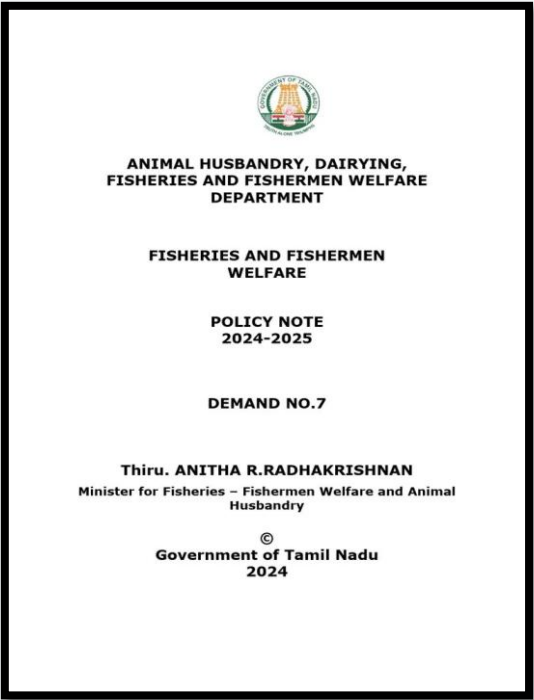
Fisher Welfare

Insurance, housing, savings-cum-relief schemes, and support during fishing-ban periods for coastal communities.



Blue Economy Initiatives

Encouraging deep-sea fishing, and value addition to diversify beyond overexploited coastal waters.



The India-Sri Lanka Fisheries Relationship

Contentions

Roughly 71% of all active fishing vessels in the shallow Palk Bay belong to Indian fishers

A record 535 Indian fishermen were arrested by the Sri Lankan Navy in 2024 alone

Depleting prized commercial species like tiger prawns, sea cucumbers, and certain varieties of blue crab

Hotspots - Palk Bay & Gulf of Mannar

A narrow, shallow, and shared maritime boundary separates Tamil Nadu (India) from Northern Sri Lanka, placing fishing communities on both sides within reach of the same waters and the same fish stocks.

A maritime boundary only a few nautical miles wide in places, historically fished by both communities.



Traditional fishing practices persist among communities on both sides of the strait.



Tamil Nadu fishers carry significant economic dependence on Palk Bay resources.



Cooperation continues through Joint Working Groups and periodic bilateral discussions.

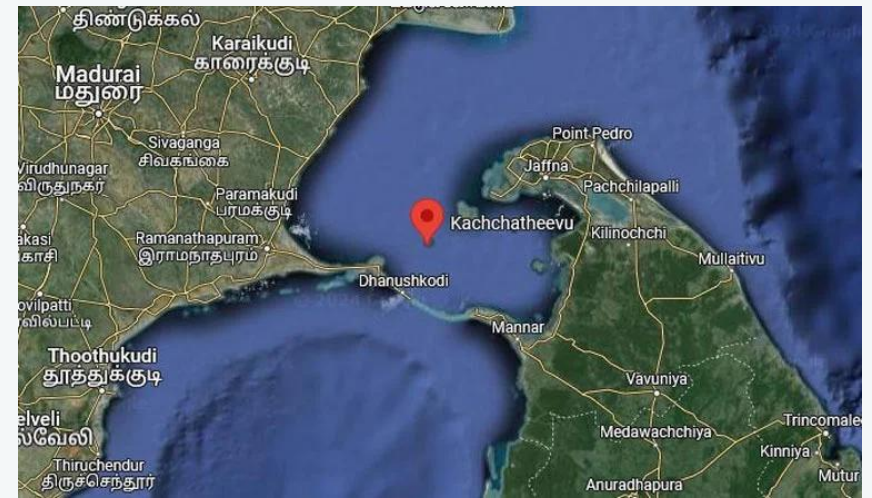
The Katchatheevu Issue

1974 Maritime Boundary Agreement
Katchatheevu is transferred to Sri Lanka under the India–Sri Lanka Maritime Boundary Agreement.

1976 Fishing Access Restricted
A follow-up agreement further restricts cross-border fishing in each other's territorial waters.

Since Contested Traditional Rights
Tamil Nadu fishers argue for continued traditional fishing rights in these historically shared waters.

Ongoing Sovereignty Enforced
Sri Lanka maintains its sovereignty over the island and enforces maritime law in its territorial waters.



AGREEMENT¹ BETWEEN SRI LANKA AND INDIA ON THE BOUNDARY IN HISTORIC WATERS BETWEEN THE TWO COUNTRIES AND RELATED MATTERS

The Government of the Republic of Sri Lanka and the Government of the Republic of India,

Desiring to determine the boundary line in the historic waters between Sri Lanka and India and to settle the related matters in a manner which is fair and equitable to both sides,

Having examined the entire question from all angles and taken into account the historical and other evidence and legal aspects thereof,

Have agreed as follows:

Article 1. The boundary between Sri Lanka and India in the waters from Palk Strait to Adam's Bridge shall be arcs of Great Circles between the following positions, in the sequence given below, defined by latitude and longitude:

Position 1:	10°05' North,	80°03' East
Position 2:	09°57' North,	79°35' East
Position 3:	09°40.15' North,	79°22.60' East
Position 4:	09°21.80' North,	79°30.70' East
Position 5:	09°13' North,	79°32' East
Position 6:	09°06' North,	79°32' East

Article 2. The co-ordinates of the positions specified in Article 1 are geographical co-ordinates and the straight lines connecting them are indicated in the chart annexed hereto, which has been signed by the surveyors authorized by the two Governments, respectively.

Article 3. The actual location of the aforementioned positions at sea and on the seabed shall be determined by a method to be mutually agreed upon by the surveyors authorized for the purpose by the two Governments, respectively.

Article 4. Each country shall have sovereignty and exclusive jurisdiction and control over the waters, the islands, the continental shelf and the subsoil thereof, falling on its own side of the aforesaid boundary.

Article 5. Subject to the foregoing, Indian fishermen and pilgrims will enjoy access to visit Katchatheevu as hitherto, and will not be required by Sri Lanka to obtain travel documents or visas for these purposes.

Article 6. The vessels of Sri Lanka and India will enjoy in each other's waters such rights as they have traditionally enjoyed therein.

Article 7. If any single geological petroleum or natural gas structure or field, or any single geological structure or field of any other mineral deposit, including sand or gravel, extends across the boundary referred to in Article 1 and the part of such structure or field which is situated on one side of the boundary is exploited, in

¹ Came into force on 10 July 1974, by of the exchange of the instruments of ratification, which took place at New Delhi, in accordance with article 8.

whole or in part, from the other side of the boundary, the two countries shall seek to 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.

Article 8. This Agreement shall be subject to ratification. It shall enter into force on the date of exchange of the instruments of ratification which will take place as soon as possible.

For the Government
of the Republic of Sri Lanka:
SIRIMAVO R. D. BANDARANAIKE
Colombo, 26th June, 1974

For the Government
of the Republic of India:
INDIRA GANDHI
New Delhi, 28th June, 1974

Major Past Incidents

Fishermen Arrests & Boat Seizures

April 2026 Arrests: The Sri Lankan Navy arrested 12 Indian fishermen from Pamban and impounded a mechanised trawler operating near Delft Island and Mannar waters.

May 2026 Diplomatic Appeals: Following the arrest of six fishermen from Mandapam, Tamil Nadu Chief Minister C. Joseph Vijay officially urged the Indian External Affairs Ministry to step in and retrieve seized boats.

Bottom Trawling Allegations & Diplomatic Tensions

May 2026

Sri Lanka's Fisheries Minister Ramalingam Chandrasekar on Thursday urged Tamil Nadu Chief Minister C. Joseph Vijay to ban the destructive bottom trawling fishing method, a practice prohibited in Sri Lanka since 2017. Expressing willingness to resolve the fisheries conflict through talks and diplomatic channels, he said he hoped to travel to Tamil Nadu to meet the newly elected leader.

Impact on Sri Lanka

Positive impact on Sri Lanka

- Promotion of **deep-sea fishing and diversification of fishing activities** could reduce dependence on coastal fishing areas in the Palk Bay, potentially lowering cross-border fishing incidents.
- Emphasis on **sustainable fisheries, marine conservation, and responsible fishing practices** aligns with Sri Lanka's efforts to protect marine resources.
- Development of **aquaculture and alternative fisheries activities** could reduce pressure on shared marine resources in the Palk Bay.

Negative impact on Sri Lanka

- Continued **modernisation and mechanisation of the fishing sector** may increase fishing capacity and pressure on marine resources in the Palk Bay if not properly regulated.
- Support for **fishermen welfare and safety measures** may strengthen political pressure to protect Tamil Nadu fishermen involved in maritime disputes with Sri Lanka.
- The policy's focus on **protecting traditional fishing livelihoods** may indirectly reinforce demands for access to fishing areas near Katchatheevu, affecting India-Sri Lanka fisheries discussions.

Contradiction

Tamil Nadu

Document: Fisheries Policy Note 2025-26

Encourages conversion of trawlers to deep-sea fishing through subsidies.

Transition is policy-based and gradual.

Bottom trawling still continues in parts of the Palk Bay despite the policy.

Sri Lanka

Document: Fisheries and Aquatic Resources (Amendment) Act No. 11 of 2017

Completely prohibits bottom trawling in law.

Ban is mandatory and enforceable.

Use, possession, sale, transport and licensing of bottom trawl nets are prohibited

Current Challenges

WHERE THINGS STAND



Overfishing

Despite growth in fish landings, experts warn about overfishing and marine ecosystem stress in the shared waters of the Palk Bay and Gulf of Mannar.



Fisher Livelihoods

Fishing bans, arrests, and restricted access areas leave Tamil Nadu fishermen without income for extended periods, creating humanitarian concerns that complicate diplomatic negotiations.



IUU Fishing

Illegal, Unreported and Unregulated (IUU) fishing - including unlicensed bottom trawling - remains a critical enforcement challenge, undermining both countries' fisheries management efforts.



Enforcement

Variations in seasonal bans, gear regulations, licensing systems, enforcement capacity, and penalties complicate coordinated management of shared fish stocks and weaken conservation outcomes.

Current Challenges



Overfishing

Despite growth in fish landings, experts warn about overfishing and marine ecosystem stress in the shared waters of the Palk Bay and Gulf of Mannar.



BEYOND THE PLATE

The Impact of Overfishing on India’s Marine Ecosystem

• ONLINE | 5 MARCH 2026 | 6:00–7:30 PM

Highlighting the impact of overfishing and the climate crisis on India's marine ecosystem and fishing communities, the session discussed the role grassroots leaders, scientists, policy makers, and researchers play in bettering our understanding of these intersectional challenges.



Current Challenges



IUU Fishing

Illegal, Unreported and Unregulated (IUU) fishing - including unlicensed bottom trawling - remains a critical enforcement challenge, undermining both countries' fisheries management efforts.

Recent 2026 Incidents and Interventions

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May 2026 Diplomatic Appeals: Following the arrest of six fishermen from Mandapam, Tamil Nadu Chief Minister C. Joseph Vijay officially urged the Indian External Affairs Ministry to step in and retrieve seized boats.

February 2026 Detentions: A Sri Lankan Navy interception near Katchatheevu and Mannar resulted in the arrest of 12 fishermen and the impounding of their trawler.

February 2026 Political Pushback: Tamil Nadu Chief Minister M.K. Stalin wrote to Union Minister S. Jaishankar to secure the release of 22 fishermen apprehended in two distinct Navy actions, as hundreds of vessels and fishermen sat in Sri Lankan custody.

January 2026 Interception: In January, the Sri Lankan Navy detained 10 Rameswaram fishermen near Delft Island, alongside a subsequent incident where seven Mayiladuthurai fishermen were held off Vedaranyam.

Current Challenges



Fisher Livelihoods

Fishing bans, arrests, and restricted access areas leave Tamil Nadu fishermen without income for extended periods, creating humanitarian concerns that complicate diplomatic negotiations.

Tamil Nadu's fisheries livelihood sector is undergoing rapid modernization in 2026, driven by a \$1 billion initiative to establish India's first Marine Export Special Economic Zones (SEZs) across five coastal districts.

- Tiruvallur
- Villupuram
- Thanjavur
- Pudukottai
- Ramanathapuram

These hubs - alongside PMMSY welfare schemes - aim to boost export competitiveness, enhance cold-chain infrastructure, and generate over 1.5 lakh jobs.



Current Challenges



Enforcement

Variations in seasonal bans, gear regulations, licensing systems, enforcement capacity, and penalties complicate coordinated management of shared fish stocks and weaken conservation outcomes.



61-Day Breeding Ban: The state implemented its annual fishing ban on mechanised boats from April 15 to June 14, 2026. Enforcement teams, including local collectors and coastal security, strictly patrolled harbours like Thoothukudi to protect marine resources and safeguard harbour infrastructure.

Vessel Tracking: The region is pushing for tighter offshore monitoring, with cabin-level approvals mandating tracking for hundreds of boats to prevent accidental border crossing.

India-Sri Lanka Maritime Disputes: The recurring issue of IMBL crossings and bottom trawling by Tamil Nadu fishermen in Sri Lankan waters remains a major enforcement concern. Tamil Nadu Chief Minister C Joseph Vijay has actively engaged with the Union External Affairs Minister to secure the release of detained fishermen and impounded boats.

Existing Cooperation

WHAT'S WORKING



Joint Working Group on Fisheries

A standing bilateral platform where technical representatives from India and Sri Lanka meet periodically to discuss fisheries-related disputes, coordinate policies, and negotiate agreed-upon norms for fishery in shared water.



Coast Guard Cooperation

Coordination between maritime agencies to manage the shared boundary and improve safety at sea.



Release Through Diplomatic Channels

Both governments have regularly used diplomatic channels to secure the release of detained fisherman and seized vessels, demonstrating a commitment to humanitarian outcomes even during periods of political tension.



Talks on Sustainable Fishing

High-level bilateral negotiations have increasingly incorporated discussions on sustainable fishing practices, joint recourse management, and the long-term viability of the shared marine environment.

Recommendations

THE WAY FORWARD

- 1** **Establish a Palk Bay Authority (PBA)** via collaboration between Ministry of External Affairs (MEA), India and the Ministry of Foreign Affairs, Sri Lanka. The Union Department of Fisheries (India) and the Ministry of Fisheries (Sri Lanka) to provide technical/administrative frameworks.
- 2** The Union Ministry of Fisheries, Animal Husbandry and Dairying (India) under central schemes (like the *Pradhan Mantri Matsya Sampada Yojana*) can **promote and subsidize deep-sea fishing** with the support of MoFA, Sri Lanka.
- 3** **Attracting FDI** from International development partners (i.e. ADB, UNDP) in **Blue Economy alternative livelihoods**. The Government of Tamil Nadu and the Ministry of Fisheries / Northern Provincial Council of Sri Lanka could collaborate.
- 4** **Depoliticization of the sovereignty of Katchatheevu** via **people-to-people connections** programs facilitated by MEA, India and MoFA, Sri Lanka.
- 5** **Guidance and redirection of apprehended Tamil Nadu fisherman** by the Sri Lanka Coast Guard towards alternative fishing areas with the collaboration of MEA, India.

Balancing Sovereignty, Sustainability & Livelihoods

CONCLUSION

Fisheries remain vital to both India and Sri Lanka. The Katchatheevu dispute and contested fishing rights continue to shape bilateral relations. Long-term solutions require balancing sovereignty, environmental sustainability, and the livelihoods of fishing communities through sustained cooperation.

Sovereignty

Sustainability

Livelihoods

Cooperation



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Thank you !



LKI Interns' Take on Geostrategic Issues and Their Implications for Sri Lanka

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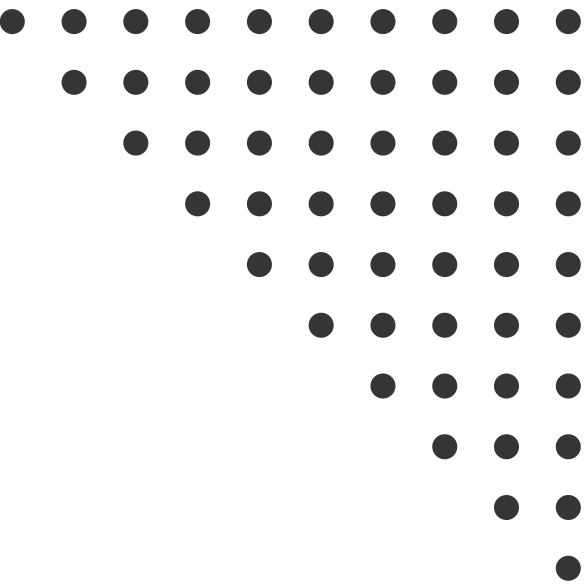
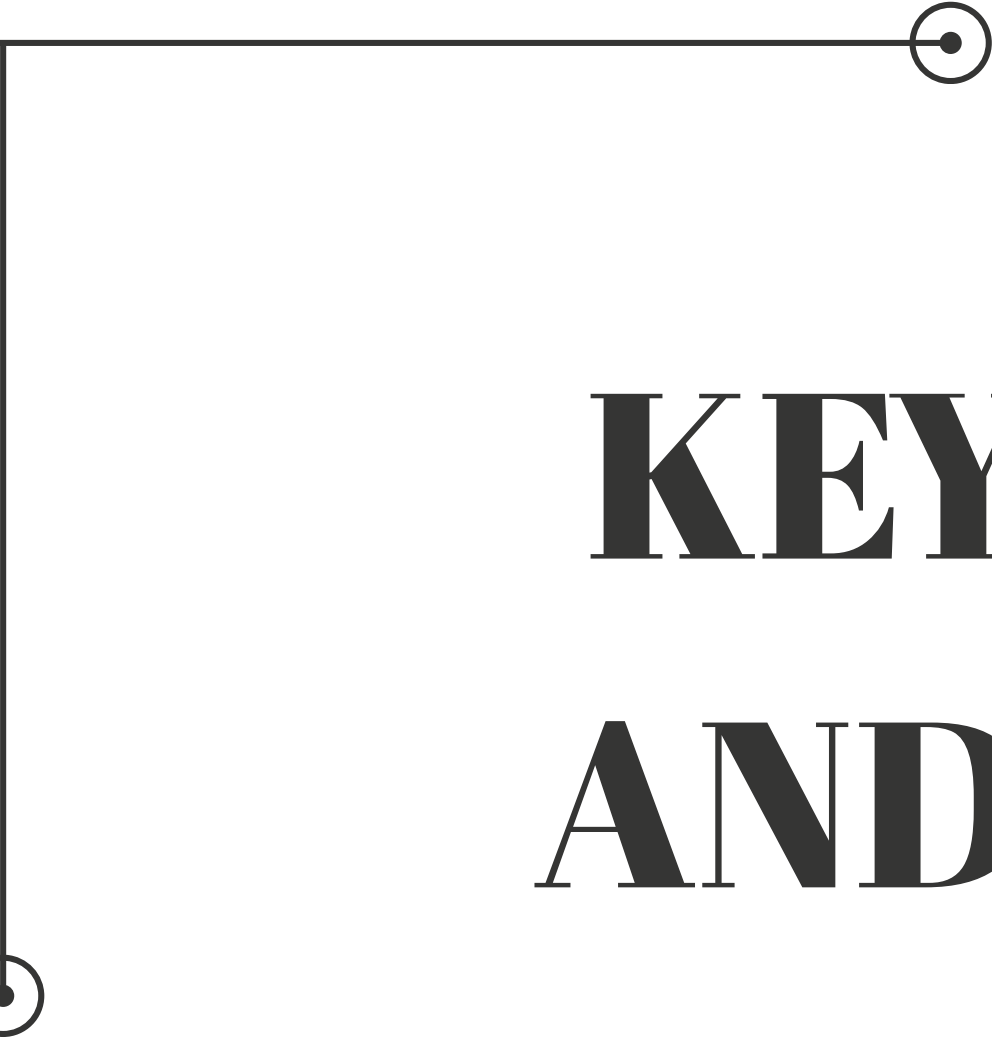
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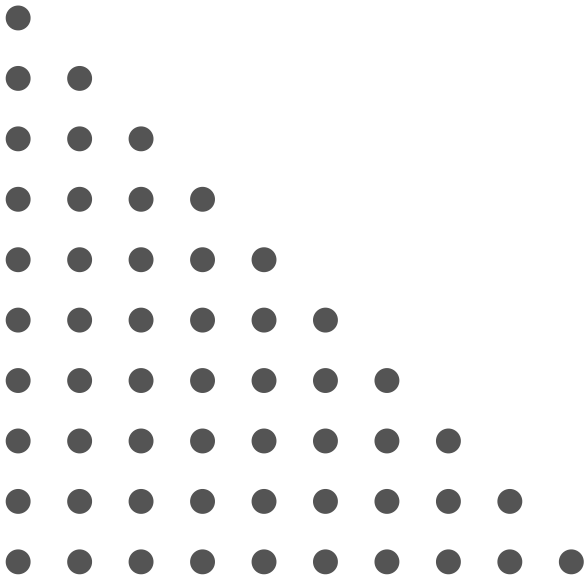
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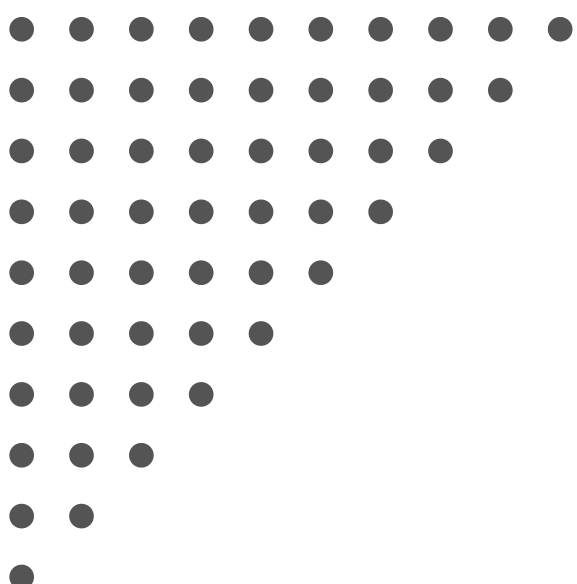
KEY DEVELOPMENTS AND TRENDS IN INDIA AND CHINA (2025-2026)

by: Janani Kandaramage
&
Hansani Dharmasooriya

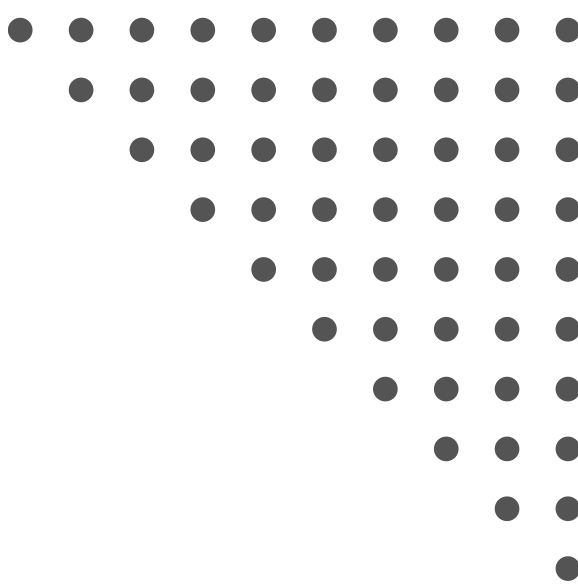


TRENDS IN CHINA





CHINA'S POLITICAL TRENDS



- 1. China's foreign policy is centred on major power diplomacy with Chinese characteristics
- 2. Comprehensive strategic partnerships
 - Belt and Road Initiative (BRI)
 - Global Development Initiative (GDI)
 - Global Security Initiative (GSI)
 - Global Civilization Initiative (GCI)
- 1. China increasingly promotes de-dollarization
- 2. China continues strengthening multilateral institutions such as;
 - BRICS
 - Shanghai Cooperation Organisation (SCO)
 - RCEP
 - Asian Infrastructure Investment Bank (AIIB)

CHINA'S ECONOMIC TRENDS

- China is transitioning from an export- and investment-driven economy to one driven by domestic consumption, innovation, and high-value manufacturing in pursuit of "high-quality development."
- Real estate crisis
- China is investing in; advanced manufacturing, prioritising industries such as semiconductors, robotics, aerospace, biotechnology, electric vehicles, and artificial intelligence.
- China has become the world's leading producer of electric vehicles, lithium-ion batteries, and solar panels
- The government has increased support for research and development (R&D)





- Demographic Challenges
Ageing population, Low birth rates, Labour shortages
- Government Debt
- Digital Economy
Growth in AI, e-commerce, fintech and smart manufacturing
Increasing share of GDP
- Economic Recovery
- Economic Security
- Green Development
Investment in renewable energy and green technology
Carbon neutrality target by 2060



CHINA'S SOCIAL TRENDS

- Declining birth rate and ageing population
- The government promotes pro-natalist policies
- Urbanisation
- China is investing in education and STEM to build a skilled, innovation-driven workforce.
- Society is highly digitalised, with widespread use of mobile payments, e-commerce, AI, and digital services.
- The government maintains strict internet regulation and media censorship to promote social stability.
- A growing urban middle class has increased demand for quality healthcare, education, housing, and consumer goods.



CHINA–SRI LANKA RELATIONS AND CURRENT TRENDS (2025–2026)

Economic Cooperation

- Major partner in infrastructure and development.
- Focus on investment, trade and economic recovery.

Trade

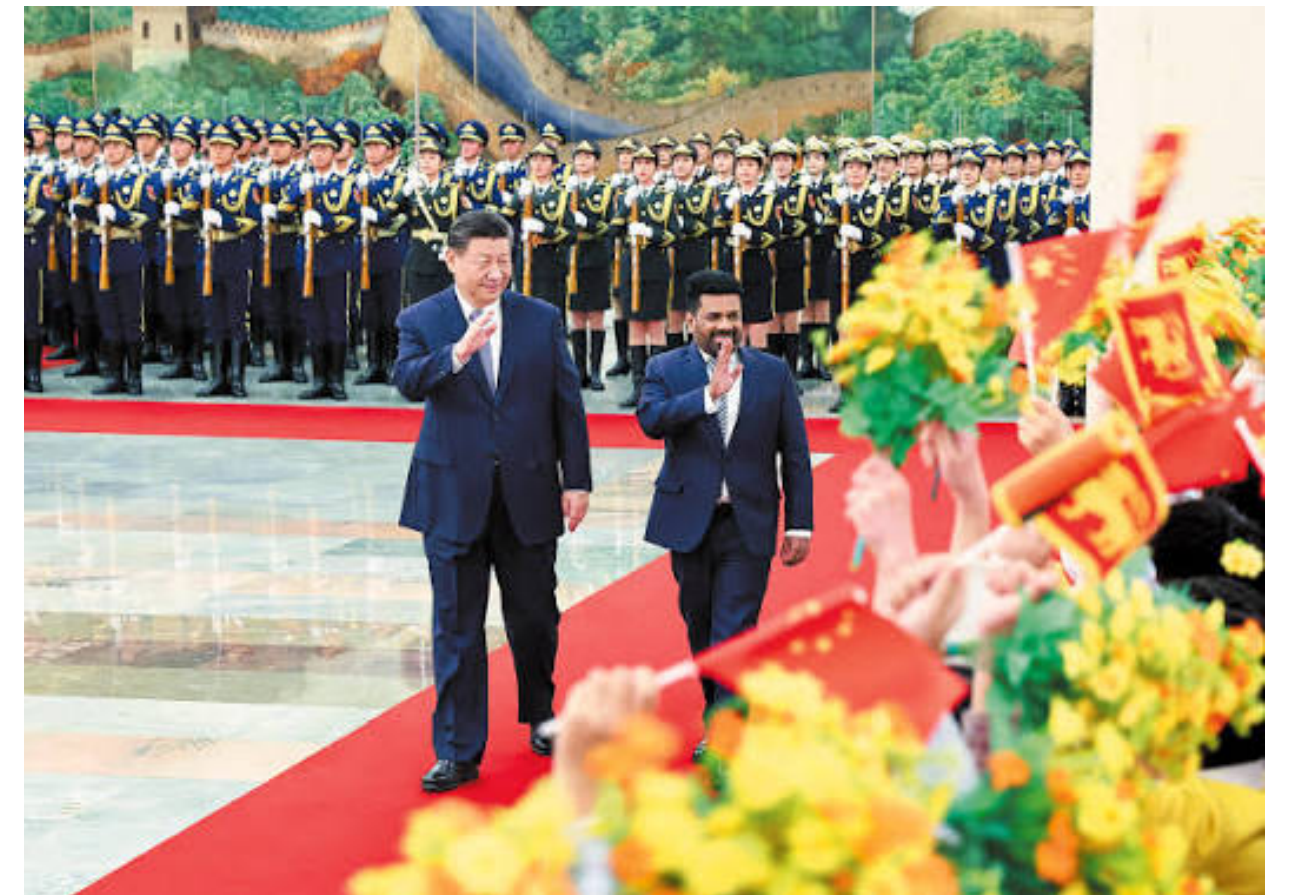
- One of Sri Lanka's largest trading partners.
- Ongoing China–Sri Lanka FTA discussions.

BRI

- Key BRI partner due to Sri Lanka's strategic location.
- Cooperation in ports and connectivity.

Maritime Relations

- Sri Lanka balances relations with China, India and other partners.





Political Relations

- China supports Sri Lanka's sovereignty.
- Sri Lanka follows the One China Policy.

Development Assistance

- China provides grants, financing and humanitarian aid.
- Cooperation focuses on investment, tourism, renewable energy, digital technology and agriculture.



TRENDS IN INDIA



POLITICAL TRENDS

India's Regional Strategy

- Uses multi-partnering to maintain strategic autonomy.
- Works with middle and small powers through minilateral groups.

Bangladesh

- Strengthening diplomatic ties with the new government.
- Improving people-to-people connectivity through easier travel.
- Aims to balance growing China–Pakistan influence.

Nepal

- Investing in major hydropower projects like Arun-4.
- Provides an alternative to Chinese infrastructure investment.

Act East Policy

- Strengthens economic and strategic ties with Southeast Asia.
- Expanding cooperation with ASEAN through trade agreements.



Trade & Currency

- Reviewing the ASEAN–India Free Trade Agreement (FTA).
- India and Malaysia now use the Rupee and Ringgit for some trade, reducing reliance on the US Dollar.

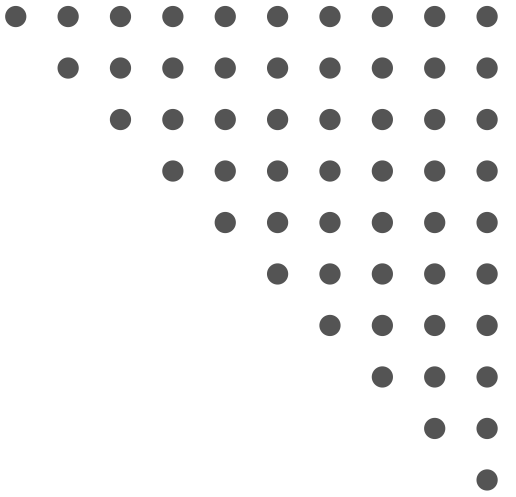
India–Pakistan Relations

- Relations remain strained following the 2025 border conflict.
- Both countries are nuclear powers, with around 350 nuclear warheads combined, acting as both a deterrent and a source of tension.
- Despite tensions, both continue limited diplomatic engagement to prevent escalation.
- Track 2 dialogues on crisis management and water sharing have continued, with Sri Lanka emerging as a neutral mediator.





ECONOMIC TRENDS



Regional Economic Cooperation

- BBIN Agreement (2015) improved connectivity and regional trade.
- India continues economic engagement with China despite strategic competition.

India–China Trade

- Imports pharmaceutical ingredients, electronics and machinery from China.
- Exports iron ore, naphtha and pharmaceuticals to China.
- Selective investment easing (2026): Chinese firms allowed minority investments in India.

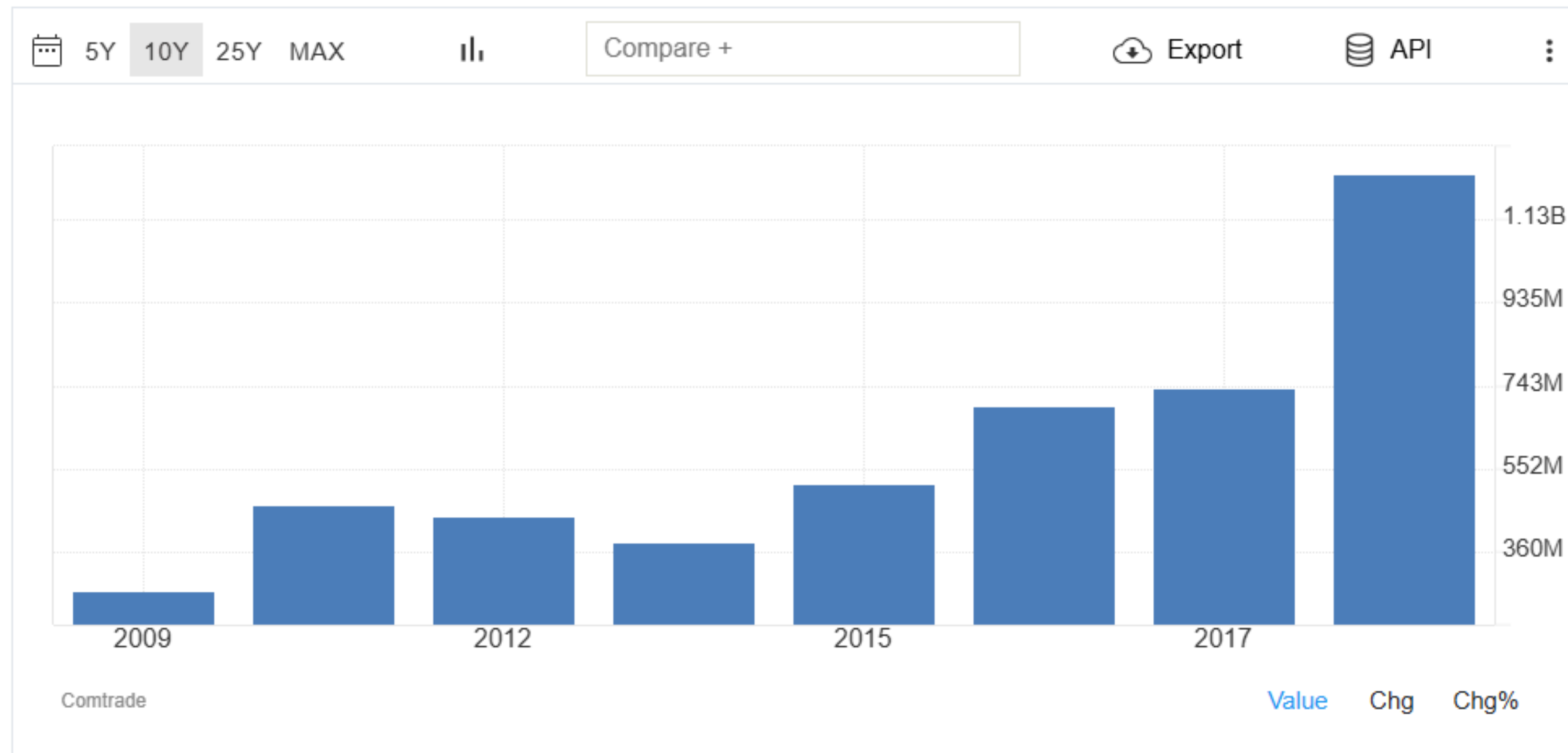
Neighbourhood Trade

- Imports vegetable oils from Nepal and hydropower from Bhutan.
- Imports ready-made garments from Bangladesh.

India–Sri Lanka Cooperation

- India, Sri Lanka and the UAE are developing Trincomalee as a regional energy hub.
- Joint petroleum pipeline to strengthen regional energy security.
- Progress on the 120 MW Sampur Solar Project.
- Construction of Phase 1 began in 2026, including a solar plant and battery energy storage system.





Graph represents Bangladesh's exports to India over the years, signifying a steady rise in reliance on Bangladeshi potential since the BBIN in 2015.

According to the same data from Trading Economics, in 2018, articles of apparel not knit or crocheted constituted about \$327.35 million of export value out of a total value of \$1.23 billion

SOCIAL TRENDS

India's Development Assistance

- Six grant-funded projects launched in Sri Lanka's Eastern Province under the 2026 MOU.
- Includes healthcare, agriculture, batik training and Ayurveda development.
- Grant assistance means no additional debt for Sri Lanka.

Neighbourhood First Policy

- Demonstrates India's role as Sri Lanka's first responder and development partner.
- India is also strengthening ties with Bhutan.

Bhutan Cooperation

- India is financing Bhutan's first cross-border railway linking Assam to Gelephu.

Regional Integration

- Promotes shared economic growth and integrated regional markets rather than traditional donor–recipient relationships.



IMPLICATIONS OF INDIAN FOREIGN POLICY FOR SRI LANKA

Political & Defence

- PM Narendra Modi has visited Sri Lanka four times.
- Annual SLINEX and Mitra Shakti defence exercises.
- India supported Sri Lanka during the X-Press Pearl disaster.

Maritime Security

- Supports coastal surveillance and maritime security.
- Strengthens cooperation in the Indian Ocean.

Education

- 710 ITEC scholarships annually.
- 2,000 STEM teachers trained.

Economic Partnership

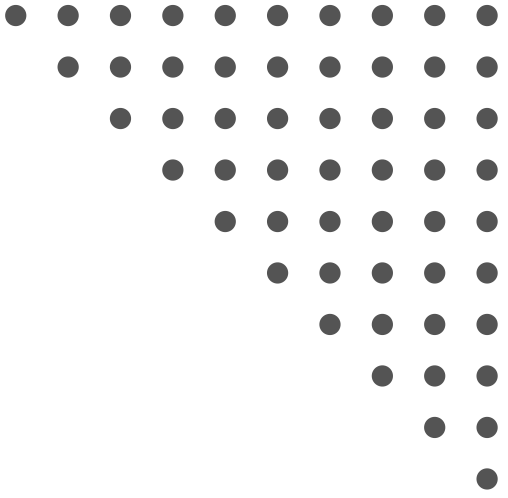
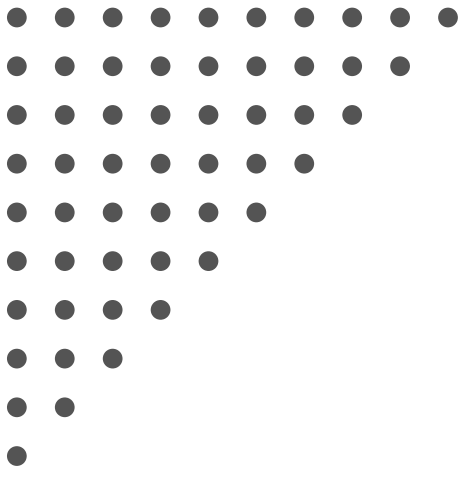
- Focus on investment-led development and energy security, rather than loans.



HOW CAN SRI LANKA NAVIGATE CHINA-INDIA COMPETITION?

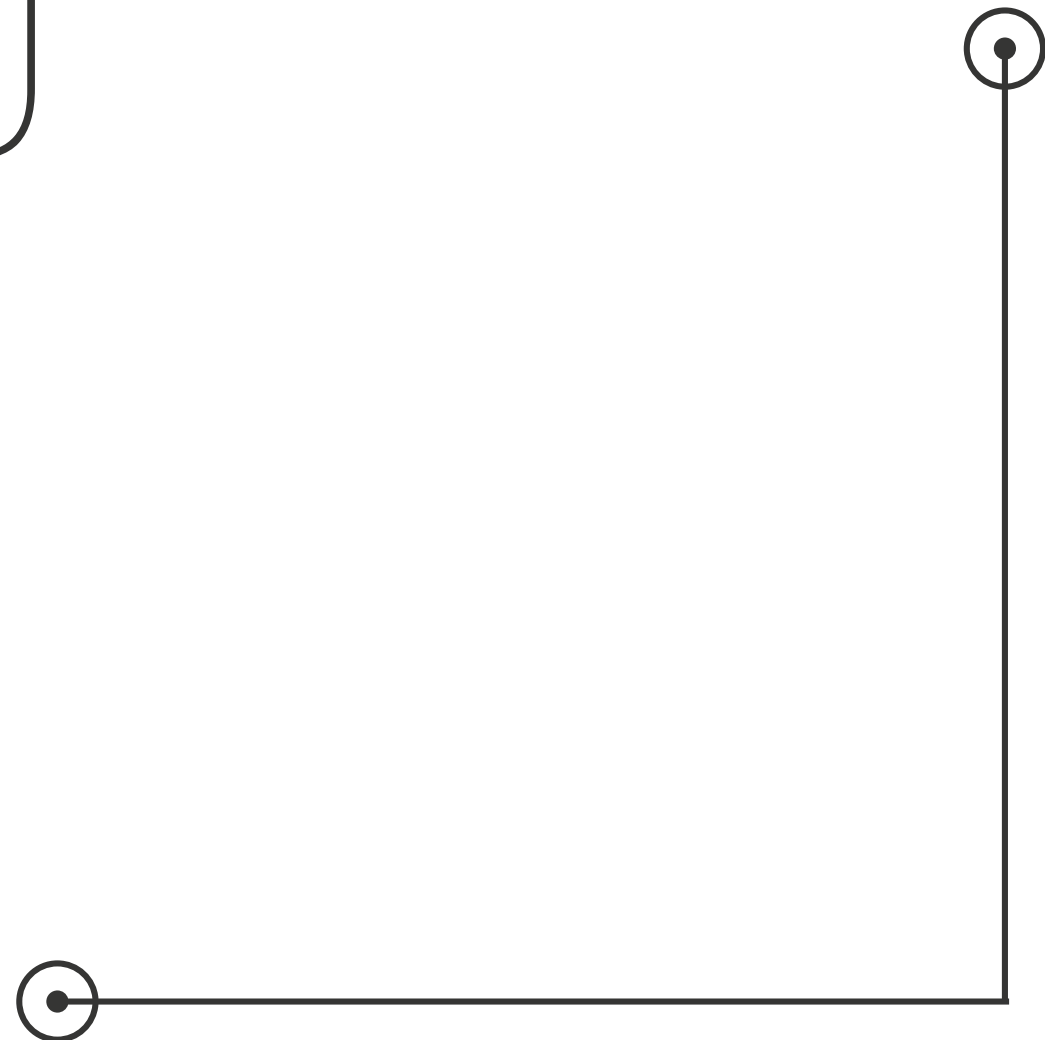
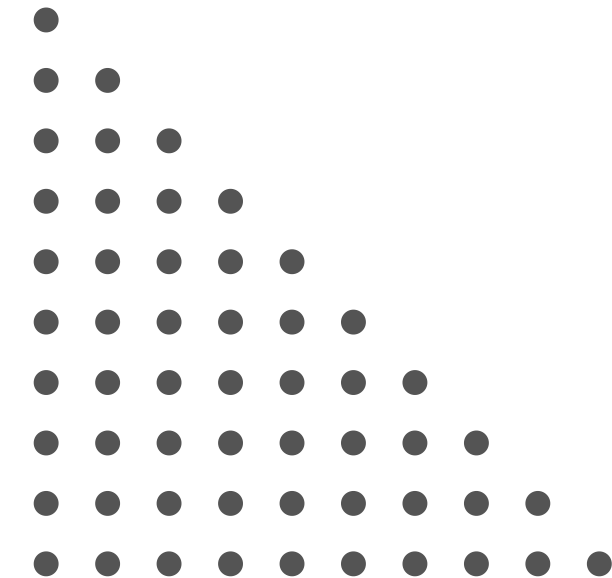
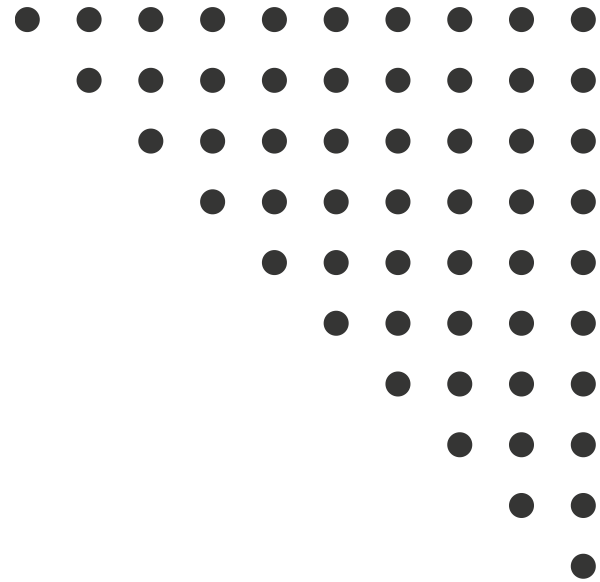
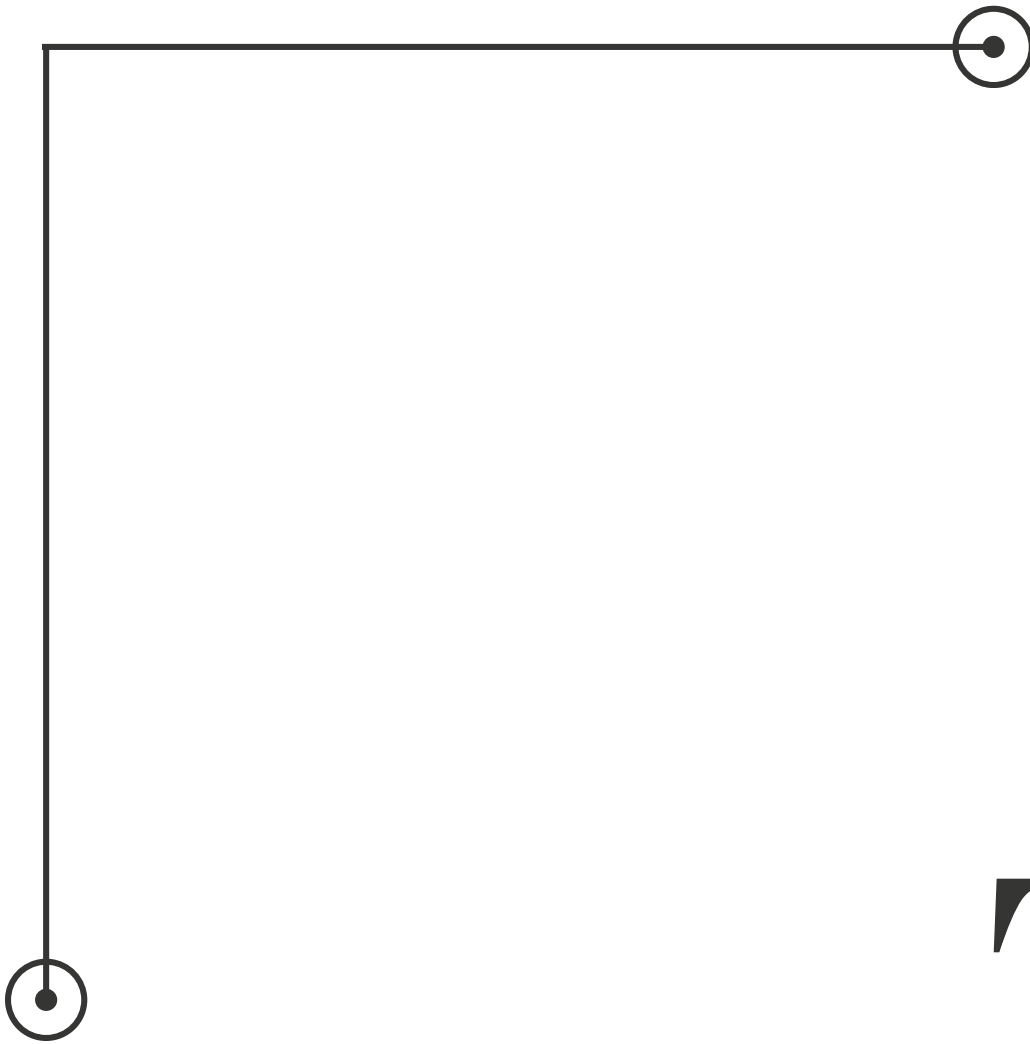
Sri Lanka must stay true to its ideology of neutrality by diversifying partnerships across Asia rather than limiting itself to China and India.





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THANK YOU



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PORT CITY

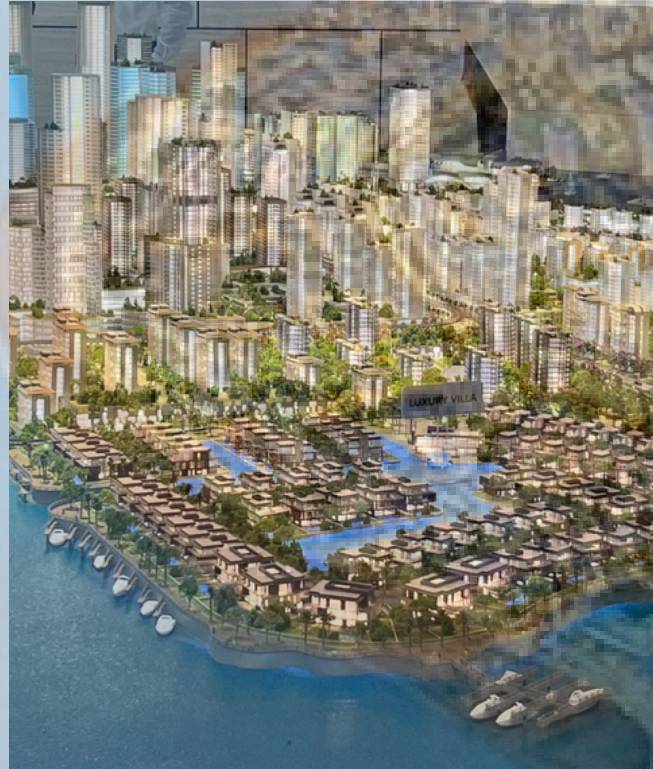
**AND THE MISSING LINKS BETWEEN THE REGULATORS
AND THE DEVELOPERS**

BY DULMINI HETTI ARACHCHI AND WIHANGI RANASINGHE

**INTERN PRESENTATION
2026/07/14**



WHAT WAS PORT CITY MEANT TO ACHIEVE ???



- **Financial district**
- **Residential districts**
- **Green infrastructure**
- **Smart city systems**
- **Digital infrastructure**
- **Mixed-use development**
- **Educational facilities**
- **Arbitration Centre**

EXPECTATION



WHAT IS THE COLOMBO PORT CITY ECONOMIC COMMISSION ACT, No. 11 OF 2021



PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA

COLOMBO PORT CITY ECONOMIC COMMISSION
ACT, No. 11 OF 2021

The legal framework that establishes the **Colombo Port City Special Economic Zone** and creates the **Colombo Port City Economic Commission** to administer, regulate, control and facilitate business activities within the Zone.

WHAT IS THE MAIN ROLE OF THE COLOMBO PORT CITY ECONOMIC COMMISSION ACT

**1. Establishes the legal framework for Port City as a
Special Economic Zone**

**2. Creates the Commission as the main regulatory
authority**

**3. Enables licences, approvals and investment facilitation
through a single-window system.**

WHAT IS THE MAIN ROLE OF THE COLOMBO PORT CITY ECONOMIC COMMISSION ACT

"AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF A SPECIAL ECONOMIC ZONE; TO ESTABLISH A COMMISSION EMPOWERED TO GRANT REGISTRATIONS, LICENCES, AUTHORISATIONS AND OTHER APPROVALS TO CARRY ON BUSINESSES AND OTHER ACTIVITIES IN AND FROM SUCH ZONE; TO PROVIDE FOR THE IDENTIFICATION OF A SINGLE WINDOW INVESTMENT FACILITATOR FOR THE PROMOTION OF EASE OF DOING BUSINESS WITHIN SUCH ZONE; TO DETERMINE AND GRANT INCENTIVES AND OTHER EXEMPTIONS FOR THE PROMOTION OF BUSINESSES OF STRATEGIC IMPORTANCE WITHIN SUCH ZONE; TO ENTER INTO TRANSACTIONS AS PROVIDED, OF GOVERNMENT MARKETABLE LAND AND PROJECT COMPANY MARKETABLE LAND AND PREMISES AND CONDOMINIUM PARCELS STANDING THEREON WITHIN SUCH ZONE; TO PROMOTE AND FACILITATE INTERNATIONAL TRADE, SHIPPING LOGISTIC OPERATIONS, OFFSHORE BANKING AND FINANCIAL SERVICES, INFORMATION TECHNOLOGY AND BUSINESS PROCESS OUTSOURCING, CORPORATE HEADQUARTERS OPERATIONS, REGIONAL DISTRIBUTION OPERATIONS, TOURISM, AND OTHER ANCILLARY SERVICES WITHIN SUCH ZONE; TO ESTABLISH AN INTERNATIONAL DISPUTE RESOLUTION CENTRE WITHIN SUCH ZONE; TO PROMOTE URBAN AMENITY OPERATIONS AND THE SETTLEMENT OF A RESIDENTIAL COMMUNITY WITHIN SUCH ZONE; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO."

-COLOMBO PORT CITY ECONOMIC COMMISSION ACT, NO. 11 OF 2021

WHAT ARE THE OBJECTIVES OF THE COLOMBO PORTCITY COMMISSION ACT

1: Objectives of the Act – Investment & Business
Make Port City a leading Special Economic Zone
Attract foreign direct investment
Improve ease of doing business
Build investor confidence through efficient and transparent administration

Source: Section 5(a)–(d),pg6

WHAT ARE THE OBJECTIVES OF THE COLOMBO PORTCITY COMMISSION ACT

2: Objectives of the Act – Economic & Urban Development

Promote trade, logistics, offshore banking, finance, IT and tourism

Encourage innovation and entrepreneurship

Generate employment

Promote sustainable development

Develop urban amenities and residential community

THE MISSING LINKS (INSTITUTIONAL GAPS)

- 1. NO FIXED STATUTORY TIME LIMIT FOR REGULATORY CONCURRENCE – (Section 30, Section 1)**
- 2. UNEQUAL CONSULTATION IN AMENDMENTS TO THE MASTER PLAN**
- 3. LACK OF A CLEAR INTERNAL RECONSIDERATION MECHANISM FOR REJECTED APPLICATIONS**
- 4. INSUFFICIENTLY DEFINED DEVELOPER ACCOUNTABILITY**

1. No Fixed Statutory Time Limit for Regulatory Concurrence

Act Reference:

Sections 30–31 – Business approvals and registration of Authorised Persons.

Gap:

The Act requires consultation with relevant government authorities but does not specify a statutory deadline for them to provide concurrence or comments.

Example:

A foreign bank's approval may be delayed if another regulator, such as the Central Bank, takes months to respond because the Act sets no mandatory response period

2. Unequal Consultation in Amendments to the Master Plan

Act Reference:

Section 10 – Preparation and amendment of the Master Plan.

Gap:

The Act provides for consultation during Master Plan amendments but does not guarantee equal consultation with all affected stakeholders, particularly local authorities.

Example:

A Master Plan amendment that increases commercial activities could increase waste management responsibilities for the Colombo Municipal Council (CMC), yet the Act does not expressly require CMC to be consulted

3. Lack of a Clear Internal Reconsideration Mechanism for Rejected Applications

Act Reference:

Sections 30–34 – Approval and registration procedures.

Gap:

The Act allows the Commission to approve or reject applications but does not provide an internal review or reconsideration process for rejected applicants.

Example:

If an investor's application is rejected due to incomplete documents, there is no formal internal appeal mechanism to request reconsideration before seeking legal remedies

4. Insufficiently Defined Developer Accountability

Act Reference:

Sections 18–21 – Development permits and development control.

Gap:

The Act empowers the Commission to regulate development but does not clearly define developers' long-term statutory responsibilities after project approval.

Example:

If a developer fails to maintain drainage or public infrastructure after construction, the Act does not comprehensively specify ongoing maintenance and accountability obligations, leaving these largely to permit conditions.

CONCLUSION

Port City represents more than a landmark infrastructure project, it is a test of Sri Lanka's ability to build a globally competitive financial and business ecosystem. While modern infrastructure provides the foundation, long-term success depends on effective governance, regulatory coordination, and institutional trust. Bridging the remaining gaps between regulators, developers, and investors will be essential to translating Port City's vision into sustainable economic growth and international competitiveness.