

SRI LANKA EXPORT DEVELOPMENT BOARD



*Market & Country
Brief on India*

PREPARED BY
MARKET DEVELOPMENT
DIVISION-EDB
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1. Trade between Sri Lanka & India

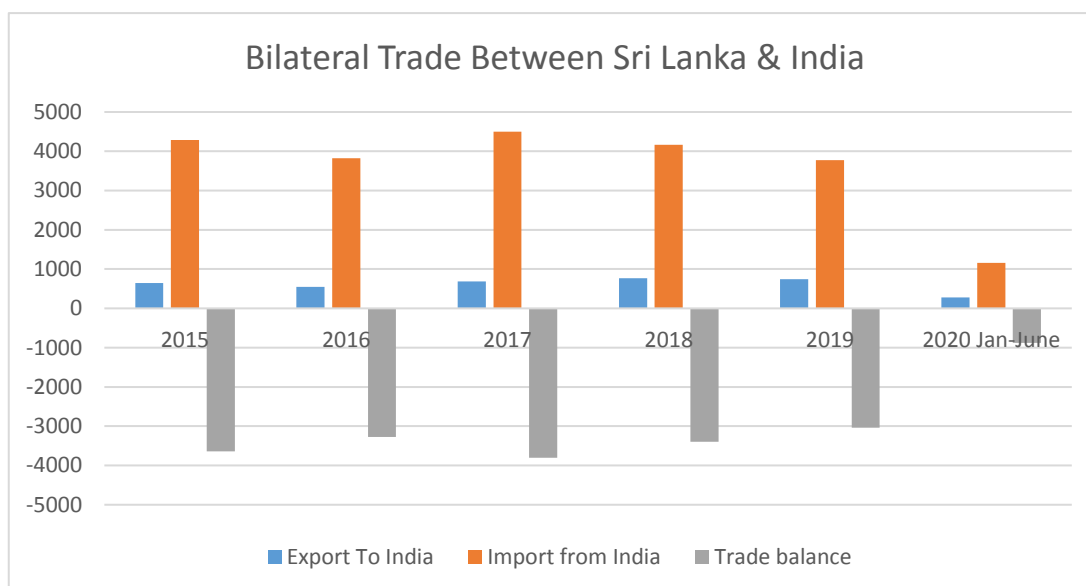
India is the 3rd largest export destination for Sri Lanka in 2019 by exporting 6.45% from the total exports. Sri Lanka Exports to India has been increased and recorded USD 759 Mn in 2019. India was the Sri Lanka's 2nd largest import destination in 2019 with the value of USD 3,829 Mn.

Sri Lanka's main export products to India in 2019 were Animal Feed, Petroleum Oils, Apparel, Coconut Kernel Products, Woven Fabrics, Electrical & Electronic Products, Pepper, Textile Articles, Furniture, Pulp of Wood, Waste & Scrap of Paper, Rubber Finished Products, Areca Nuts etc. The main import products from India were Woven Fabrics, Petroleum Oils, Products of Base Metal, Transport Equipment, Pharmaceutical Products, Motor Vehicles & Parts, Electrical & Electronic Products, Sugar Confectionery & Bakery Products etc.

2. Bilateral Trade between Sri Lanka and India (2015-2020 Jan-June)

Value in USD Mn

Year	Export To India	Import from India	Trade balance
2015	645	4285	-3640
2016	551	3826	-3275
2017	689	4496	-3806
2018	768	4168	-3400
2019	740	3775	-3035
2020 Jan-June	277	1159	-881



Source: Trade map

3. Sri Lanka's Major Export Products to India (2015-2019) - Value in USD Mn

S/N	HS Code	DESCRIPTION	2015	2016	2017	2018	2019
1	2309	Preparations of a kind used in animal feeding	53	43	60	83	73
2	2710	Petroleum oils, refined	12	15	86	80	70
3	0904	Pepper of the genus Piper; dried or crushed or ground fruits of the genus Capsicum or of the ...	85	47	63	58	34
4	801	Coconuts, Brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled	0	0	0	2	28
5	6006	Fabrics, knitted or crocheted, of a width of > 30 cm	5	6	6	16	26
6	4707	Recovered paper and paperboard	29	30	36	27	22
7	8544	Insulated wire; optical fiber cables	20	20	22	27	21
8	0802	Other nuts, fresh or dried, whether or not shelled or peeled (excluding coconuts, Brazil nuts	70	34	38	18	21
9	0907	Cloves, whole fruit, cloves and stems	19	5	26	7	19
10	9403	Other furniture and parts thereof	11	16	14	16	17
11	5504	Artificial staple fibers	12	16	11	17	17
12	0902	Tea, whether or not flavoured	18	5	2	5	17
13	7801	Lead refined unwrought	8	7	11	14	14
14	8712	Bicycles	10	10	12	22	13
15	7408	Copper wire	6	10	18	19	12
16	4015	Articles of apparel of rubber	8	9	11	11	12
17	6212	Brassieres and parts thereof, not knit	6	7	8	15	12
18	6217	Clothing accessories not elsewhere specified, not knit	5	6	7	16	12
19	4819	Cartons, boxes, cases, other paper packing containers	5	9	11	11	12
20	2306	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting	1	5	2	3	12
21	1516	Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified	0	0	0	11	12
22	0908	Nutmeg, mace and cardamoms	5	8	7	7	11
23	5806	Narrow woven fabrics	6	4	4	9	10
24	7010	Glass carboys, bottles, flasks, jars, pots or other containers	6	6	4	6	9
25	2202	Waters flavored or sweetened	12	13	14	12	9

Source: Sri Lanka Customs

4. Sri Lanka's Major Import Products from India (2015-2019) - Value in USD Mn

S/N	HS Code	DESCRIPTION	2015	2016	2017	2018	2019
1	2710	Petroleum oils, refined	574	379	691	622	443
2	2523	Cement, incl. cement clinkers, whether or not coloured	302	348	283	228	204
3	8711	Motorcycles	234	215	236	243	195
4	3004	Medicaments, packaged	192	207	199	189	189
5	7207	Semi-finished products of iron or non-alloy steel	48	21	137	88	178
6	1701	Raw sugar, cane	104	79	25	102	141
7	6006	Fabrics, knitted or crocheted, of a width of > 30 cm	76	94	98	122	107
8	6004	Knitted or crocheted fabrics, of a width > 30 cm, containing by weight >= 5% of elastomeric	22	24	33	53	102
9	0904	Pepper of the genus Piper; dried or crushed or ground fruits of the genus Capsicum or of the ...	76	90	52	69	83
10	5208	Woven fabrics of cotton of > 85% weighing < 200 g/m2	71	76	77	77	79
11	5205	Cotton yarn of > 85%	72	70	70	78	75
12	5209	Woven fabrics of cotton of < 85% weighing > 200 g/m2	56	91	73	69	67
13	4802	Paper, uncoat, for writing etc, rolls, handmade paper	52	50	47	66	55
14	0703	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled	85	57	87	82	52
15	8704	Motor vehicles for transporting goods	156	154	112	95	49
16	8605	Railway passenger coaches	0	0	0	10	46
17	8703	Cars	360	131	50	50	44
18	4810	Paper and paperboard, coated on one or both sides with kaolin	30	32	32	40	36
19	8602	Other rail locomotives; locomotive tenders	0	0	0	4	30
20	6907	Unglazed ceramic flags and pavers including unglazed ceramic mosaic cubes	0	0	4	32	29
21	2803	Carbon "carbon blacks and other forms of carbon", n.e.s.	51	32	33	34	29
22	8517	Telephones	9	7	5	3	27
23	7208	Hot rolled iron or non-alloy steel, coil, w >600mm, t >10mm, myp 355 mpa	34	25	36	32	26
24	8701	Tractors	35	53	41	36	25
25	8421	Centrifuges	10	12	11	10	24

Source: Sri Lanka Customs

5. Potential Products Categories to Export from Sri Lanka

- Apparel
- Food & Beverages
- Boat Building
- Tea
- Spices
- Gems & Jewellery
- Electrical and electronic products
- Auto parts including tyres, insulated wires and cables

6. India & Sri Lanka - Bilateral & Multilateral Trade Arrangements

- **India –Sri Lanka Free Trade Agreements (ISFTA)**

The India – Sri Lanka Free Trade Agreement (ISFTA) was signed on 28 December 1998 with an overall objective to promote trade and economic relations between the two countries and promote Foreign Direct Investment. It entered into force on 1 March 2000. India has implemented Zero Duty on 4150 tariff lines for exports from Sri Lanka. Sri Lanka has implemented Zero duty on 1208 tariff lines for Indian exports to Sri Lanka.

Sri Lanka has also progressively liberalized its duties to reach zero-level in respect of additional 2724 tariff lines in November 2008. As of now, 1180 tariff lines remain in the Sri Lanka's Negative List that includes agriculture/livestock items, rubber products, paper products, iron and steel, machinery, and electrical items. 429 items are now remains in the Indian Negative List including garments, plastic products, and rubber products etc.

- **Asia –Pacific Trade Agreement (APTA)**

The Asia-Pacific Trade Agreement (APTA), formerly known as Bangkok Agreement was signed on 2nd November 2005 and it came into force with effect from 1st September 2006. The APTA member countries (Bangladesh, China, India, Laos, South Korea and Sri Lanka) cover a total population of about 2.5 billion, which is a vast potential market to increase the level of intra-regional trade flows among the participating states. The third round of negotiations, which has offered a maximum of 50% Margin of Preference on existing tariffs among the member countries, includes substantial tariff concessions and a wider coverage of products.

- **South Asian Free Trade Area (SAFTA)**

The South Asian Free Trade Area (SAFTA) is the free trade arrangement of the South Asian Association for Regional Cooperation (SAARC). The agreement came into force in 2006, succeeding the 1993 SAARC Preferential Trading Arrangement. SAFTA signatory countries are Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

7. Sri Lanka's Leading Exporters to India-2019

No	Company	Products	Value USD Mn
1	Lanka Marine Services Pvt Ltd	Petroleum Oils, Soap, Washing Preparations, Waxes, Candles etc.	43
2	Aminovit Pvt Ltd	Animal Feed	36
3	D R Exports Pvt Ltd	Furniture & Seats, Metal Furniture & Seats, Mattresses & Mattress Supporters, Brooms & Brusher of Other Fibers	26
4	Lanka Maritime Services Ltd	Petroleum Oils	23
5	Brandix Apparel Ltd	Woven Fabrics, Apparel, Textile Articles, Labels Cartons, Boxes & Bags, Paper & Paper Products, Sacs & Bags of Plastics, Gloves, Mitts & Mittens, Products of Base Metal, Products of Plastics, Paints, Varnishes and Dyeing Extracts, Glass & Glassware, Jewellery, Starches, Glues, Enzymes, Buttons, Studs, Fasteners & Similar Products, Petroleum Oils	22
6	Provimi Vet Lanka Pvt Ltd	Animal Feed	21
7	Motherson Electrical Wires Lanka Pvt Ltd	Insulated Wires and Cables	19
8	Divine Worldwide Pvt Ltd	Textile Articles	16.5
9	Silueta Pvt Ltd	Apparel, Textile Articles	12
10	Paras Industries Pvt Ltd	Processed Food, Chemical Products	11

Source: Sri Lanka Custom

7. Facts about India

India – Map



GEOGRAPHIC LOCATION

India is located in Southern Asia, the second-most populous country, the seventh-largest country by area, and the most populous democracy in the world. Bounded by the Indian Ocean on the south, the Arabian Sea on the southwest, and the Bay of Bengal on the southeast, it shares land borders with Pakistan to the west; China, Nepal, and Bhutan to the north; and Bangladesh and Myanmar to the east. In the Indian Ocean, India is in the vicinity of Sri Lanka and the Maldives; it's Andaman and Nicobar Islands share a maritime border with Thailand and Indonesia.

Total Area: total: 3,287,263km²

Climate: varies from tropical monsoon in south to temperate in north

DEMOGRAPHY

Population: 1,326,093,247 (July 2020 est.)

Population growth rate: 1.1% (2020 est.)

ECONOMY

India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. Slightly less than half of the workforce is in agriculture, but services are the major source of economic growth, accounting for nearly two-thirds of India's output but employing less than one-third of its labor force. India has capitalized on its large educated English-speaking population to become a major exporter of information technology services, business outsourcing services, and software workers. Nevertheless, per capita income remains below the world average. India is developing into an open-market economy, yet traces of its past autarkic policies remain. Economic liberalization measures, including industrial deregulation, privatization of state-owned enterprises, and reduced controls on foreign trade and investment, began in the early 1990s and served to accelerate the country's growth, which averaged nearly 7% per year

from 1997 to 2017. India has a young population and corresponding low dependency ratio, healthy savings and investment rates, and is increasing integration into the global economy.

GDP - per capita (PPP)	: \$7,200 (2017 est.) \$6,800 (2016 est.) \$6,500 (2015 est.)
Exports	: \$304.1 billion (2017 est.) \$268.6 billion (2016 est.)
Exports – commodities	: Petroleum products, precious stones, vehicles, machinery, iron and steel, chemicals, pharmaceutical products, cereals, apparel
Exports – partners	: US 15.6%, UAE 10.2%, Hong Kong 4.9%, China 4.3% (2017)
Imports	: \$452.2 billion (2017 est.) \$376.1 billion (2016 est.)
Imports – commodities	: Crude oil, precious stones, machinery, chemicals, fertilizer, plastics, iron and steel
Imports - partners	: China 16.3%, US 5.5%, UAE 5.2%, Saudi Arabia 4.8%, Switzerland 4.7% (2017)

Source: CIA -The World Factbook

8. Bilateral and Multilateral Trade Agreements between India and other Countries

1. India –Sri Lanka Free Trade Agreement (ISFTA)
2. Asia –Pacific Trade Agreement (APTA)
3. South Asian Free Trade Area (SAFTA)
4. EU-India Trade and Investment Agreement
5. ASEAN-India Regional Trade and Investment Agreement
6. India-Thailand Free Trade Agreement
7. India-Singapore Comprehensive Economic Cooperation Agreement
8. India-Maldives Trade Agreement
9. Bhutan-India Agreement on Trade Commerce and Transit
10. Indo-Nepal Treaty of Trade