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India Emerges as Sri Lanka's Second-Largest Export Destination

Published On: 27-05-2026



India has emerged as Sri Lanka's second-largest export destination, surpassing the United Kingdom during the January–April 2026 period. The United States continues to remain Sri Lanka's largest export market. The development highlights strengthening economic and trade relations between India and Sri Lanka amid growing regional trade integration.

Key Highlights:

According to Sri Lanka's Export Development Board (EDB), exports to India increased by 8.9% to nearly USD 364.15 million during January–April 2026. Sri Lanka's total exports, including merchandise and services, reached around USD 1.38 billion in April 2026, registering a year-on-year growth of 6%. Major contributors to export growth included coconut-based products, information technology services, and industrial exports.

Importance of India–Sri Lanka Trade Relations:

India's rise as Sri Lanka's second-largest export market reflects deepening bilateral economic engagement between the two neighboring countries. The India–Sri Lanka Free Trade Agreement (ISFTA), which came into force in 2000, has significantly boosted Sri Lankan exports to India. Over the years, India has also emerged as one of Sri Lanka's largest trading partners and investors.

Economic Significance:

The growth in exports to India is important for Sri Lanka's economic recovery following its recent financial crisis. Increased trade with India can help Sri Lanka earn foreign exchange, improve industrial production, and strengthen

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Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthi Colony, Anna Nagar, Chennai, Tamil Nadu 600040

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regional supply chains. The development also supports India's "Neighbourhood First" policy and regional economic cooperation in South Asia.

About India–Sri Lanka Free Trade Agreement (ISFTA):

Signed in: 1998

Came into force: 2000

India was the first country to sign a Free Trade Agreement with Sri Lanka.

Objective:

Promote bilateral trade

Reduce tariffs

Improve market access between the two countries.

Major Sri Lankan Exports to India:

Tea

Coconut products

Rubber products

Apparel and textiles

Spices

IT and business services

Strategic Importance:

India is Sri Lanka's closest maritime neighbor.

Both countries are important members of:

BIMSTEC

SAARC

Indian Ocean Region cooperation initiatives.

Trade ties are strategically important in the Indian Ocean region.

About Sri Lanka:

Capital: Sri Jayawardenepura Kotte

Commercial Capital: Colombo

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Currency: Sri Lankan Rupee

President: Anura Kumara Disanayake

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