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**RECENT TRADE POLICY DEVELOPMENTS OF INDIA AND ITS  
IMPLICATIONS ON SRI LANKA**

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**Abstract**

India is Sri Lanka's largest trading partner and enjoys a Pre- dominant position in the Sri Lankan Market in respect of commodities such as pharmaceutical, heavy vehicles, Light vehicles, Motor Cycles, Textiles and consumer products such as cosmetics, onion, potatoes and chillies. India has invested in strategically vital economic sectors such as retail distribution of petroleum products, expansion of harbour in Kankasanthurei, construction of Sampur coal power energy project, exploration of oil and gas in the Northern Cost (MannarBasin) and telecommunication. In 2010, Indian imports grew at 21% mainly on account of increased value of import of Capital and intermediate goods. The positive aspect is That if Sri Lanka can establishes links with those new FDI flowing in to India, through supply Chain links, one could envisage a win -win situation.