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Advancing India's Rise as a Leading Power

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INDIA STRATEGIC REVIEW

The ISR features an assessment of key developments, trends, and policies pertaining to India's immediate and continental neighbourhood, and is authored by Lt. Gen. Deependra Singh Hooda (Retd.), Distinguished Fellow for Military Strategy, assisted by Mr. Shreyas Deshmukh, Research Associate. Your comments and feedback may be addressed to Shreyas Deshmukh at shreyas@dpg.org.in. To subscribe, please [click here](#).

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1. Saudi Crown Prince Mohammed bin Salman, President of Türkiye Recep Tayyip Erdoğan, and Pakistan's Prime Minister Shehbaz Sharif signed the Makkah Joint Defence Agreement on August 7, 2026. Source: [X/@KSAmofaEN](#)
2. India extended humanitarian assistance to Nepal following the floods in the country. Source: [X/@MeaIndia](#)
3. India's Foreign Secretary Vikram Misri called on Sri Lanka's President Anura Kumara Dissanayake in Colombo on August 5, 2026. Source: [X/@IndiainSL](#)

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India Strategic Review

by

Lt. Gen. Deependra Singh Hooda (Retd.)

PAKISTAN

Foreign Policy Developments: the Makkah Pact and Gulf Diplomacy

On August 7, Saudi Arabia, Türkiye and Pakistan signed a trilateral mutual-defence treaty, the Makkah Joint Defence Agreement. Signed by Prime Minister Shehbaz Sharif, Saudi Crown Prince Mohammed bin Salman and Turkish President Recep Tayyip Erdoğan, the agreement stipulates that an armed attack against any one of the three countries would be regarded as an attack against all.¹ Turkish Vice President Cevdet Yilmaz said the agreement was not aimed at any specific country. A Turkish official added that it was purely defensive and did not abrogate any existing agreements the countries had with other states.

The agreement significantly expands the scope of the bilateral Strategic Mutual Defence Agreement signed by Pakistan and Saudi Arabia in September 2025 by bringing Türkiye into the framework. Although the agreement details have not been made public, on August 13 the Turkish Defence Ministry outlined plans to institutionalise the arrangement through political and military mechanisms involving the three countries' foreign and defence ministers and military chiefs. The three countries also plan joint exercises involving land, naval and air forces, air defence and unmanned systems. Defence-industrial cooperation is expected to include joint production and technology transfer, with particular emphasis on unmanned and autonomous systems, electronic warfare and artificial intelligence.²

The agreement has also been kept open to other countries. Türkiye has indicated Egypt as a possible future participant, while Bangladesh confirmed that it had been invited to consider joining the arrangement.³

For Pakistan, the agreement represents an enhancement of its strategic profile in West Asia. It combines Saudi Arabia's financial and political weight, Türkiye's growing defence-industrial capacity and Pakistan's military and nuclear capabilities.

At the same time, Pakistan continued its efforts to mediate the US-Iran conflict. On August 24, Field Marshal Asim Munir, accompanied by Pakistan's Interior Minister Mohsin Naqvi, travelled to Tehran. According to Pakistani sources, U S President

Donald Trump spoke with Munir ahead of his trip to use Pakistan's influence to bring Iran back to negotiations.⁴

The prospects for an early breakthrough, however, remained uncertain. The Islamabad Accord negotiated in June has unravelled following renewed hostilities, reflecting the deep distrust between Washington and Tehran. On August 27, Trump publicly indicated that the United States was not interested in returning to the terms of the June arrangement. The US has also announced a new wave of sanctions against Iran, dubbed “Operation Economic Outcast”.⁵

India's official response to the Makkah pact was deliberately measured. At its August 11 briefing, the Ministry of External Affairs said it was examining the agreement's implications for national security and regional stability, and that India would take all necessary measures to safeguard its national interests.⁶ The Makkah pact is better understood as an emerging security order in West Asia rather than a direct military alliance that could be invoked in an India-Pakistan confrontation. However, it does provide an economic lifeline to Pakistan, while institutional defence cooperation with Türkiye could strengthen Pakistan's military capabilities.

Internal Security

Pakistan's internal security situation remained under pressure from simultaneous militancy in Khyber Pakhtunkhwa (KP) and Balochistan. A report by Pakistan Institute for Conflict and Security Studies described July as the deadliest month of 2026. It recorded 606 fatalities linked to militant violence and counterterrorism operations, including 112 security personnel, 74 civilians, 19 members of peace committees and 401 militants. Data showed that the average deaths per month among security forces increased from 56 in 2025 to 62 in 2026, the average deaths of civilians increased from 48 to 66, and the average deaths among the terrorists increased from 178 to 265.⁷

The trend continued into August. On August 2, a suicide bombing near the Kabal police station in Swat district of KP killed 17 people, including seven policemen and ten civilians, and injured more than 30. The Tehreek-e-Taliban Pakistan (TTP) claimed responsibility.⁸

Balochistan Home Minister Mir Ziaullah Langove survived an armed attack on his convoy on August 14 when gunmen opened fire on his convoy, injuring six persons, including three policemen.⁹ On August 20, armed men of the Baloch Liberation Army (BLA) blew up a police station at Saranan in the Pishin district. Four days later, five labourers from the Punjab province, working on an under-construction road, were killed in the same district.¹⁰ District authorities in Kalat and Khuzdar in Balochistan

have directed traders and the business community to close shops in the evening and advised residents to stay indoors at night because of security concerns.¹¹

On August 21, the Pakistan military stated that 49 militants had been killed in a series of intelligence-based operations, including 37 in Balochistan and 12 in KP. The military described those killed as members of “Fitna al-Khawarij” and “Fitna al-Hindustan,” terms the government uses for the TTP and Baloch separatist groups, respectively.¹² Pakistan alleges that the Baloch groups receive support from India. New Delhi has consistently rejected this allegation.

The government's response remains overwhelmingly military. While military operations have produced substantial militant casualties, they have not reversed the deterioration in internal security. Islamabad is yet to articulate a credible political strategy for Baloch grievances or for governance in the former tribal districts.

Unrest and Elections in Pakistan-Occupied Kashmir

The three-phase election to the Legislative Assembly of Pakistan-occupied Kashmir (PoK), disrupted by the unrest that had erupted in June, concluded during August. Polling was held in the Mirpur division on July 27, in the Muzaffarabad division and the twelve seats reserved for refugees from Jammu and Kashmir on August 2. The final phase on August 10, was curtailed with only four of the eleven constituencies in Poonch division going to the polls. Voting in the remainder was postponed amid violence and boycott calls.¹³

The Pakistan Muslim League–Nawaz (PML-N) emerged as the largest party in the 53-member assembly, securing 25 of the 38 directly contested seats, with the Pakistan Peoples Party (PPP) second on 12. The PPP alleged widespread irregularities and rigging, while Pakistan Tehreek-e-Insaf (PTI), which had won the 2021 election, boycotted the electoral process. On August 28, the assembly elected PML-N leader Barrister Syed Iftikhar Ali Gillani as prime minister by 30 votes to 14, returning the party to power in PoK after a decade.¹⁴

Gillani's selection illustrates some of the problems surrounding the political transition. He had lost the Muzaffarabad-III constituency in the direct election and entered the assembly on a reserved technocrat seat on August 24. His nomination for prime minister was decided by the PML-N's central leadership despite opposition from senior leaders of the party's PoK organisation, including regional president Shah Ghulam Qadir and former prime minister Raja Farooq Haider.¹⁵

India's Ministry of External Affairs, at its briefing of August 4, described the elections as a “complete farce.” Spokesperson Randhir Jaiswal asserted that Pakistan had

“answered public discontent with bullets, blackouts, intimidation and repression” and seeks to “manufacture legitimacy through a hollow electoral exercise.”¹⁶

The population in PoK is deeply alienated over questions of political representation, control over resources and the legitimacy of the institutional structure imposed by Islamabad. While a new legislature is in place, these underlying grievances remain unaddressed.

AFGHANISTAN - FIVE YEARS OF TALIBAN RULE

On August 15, the Taliban completed five years in power following the withdrawal of US forces from Afghanistan in 2021. Their record over this period presents a striking contrast. The Taliban have consolidated political and territorial control and progressively expanded engagement with regional states. At the same time, Afghanistan remains economically fragile and heavily dependent on humanitarian assistance, while restrictions on women and girls have become more extensive and institutionalised.

Political and Security Consolidation

The Taliban's most significant achievement has been the consolidation of their authority across Afghanistan. The Emirate has issued no constitution and rules by decree but faces no political challenge. Power is concentrated in the hands of the Taliban and there is no indication that it intends to establish a more inclusive or broad-based political order.

The Taliban have maintained control over the administrative machinery of the state and improved domestic revenue collection.¹⁷ The sharp reduction in opium cultivation following the Taliban's 2022 ban demonstrated their capacity to enforce decisions across the country. The government has moved beyond the immediate challenge of surviving the collapse of the former republic and has established a governing system capable of exercising authority throughout Afghanistan.

The Taliban do not face an organised insurgency capable of threatening their control over significant territory. The Islamic State has the ability to carry out selective terror attacks, but the group's local infrastructure has been severely degraded. Armed opposition groups, including the Afghanistan Freedom Front, National Resistance Front, and Afghan United Front, have carried out some attacks on Taliban forces, but are unable to mount a territorial challenge.¹⁸

Taliban's relationship with the TTP has emerged as a major source of friction with Pakistan. Islamabad accuses the TTP of operating from Afghan territory, while Kabul

rejects Pakistani allegations that it provides sanctuary to the organisation. The issue has contributed to a significant deterioration in Afghanistan-Pakistan relations.

Economy, Humanitarian Situation and Women's Rights

Afghanistan's economy has stabilised from the severe contraction that followed the Taliban takeover and the abrupt withdrawal of much of the foreign assistance that had sustained the previous government. Nevertheless, this stabilisation is not translating into better living standards or higher incomes. Rapid population growth, large-scale returns of Afghans from Pakistan and Iran, weak investment, restrictions on the banking system and declining international assistance continue to constrain growth and employment.¹⁹

The humanitarian situation consequently remains severe. Around 22 million Afghans are estimated to require humanitarian assistance in 2026. Drought, natural disasters and the return of Afghan refugees have aggravated the pressure. International humanitarian organisations are simultaneously facing serious funding shortfalls as the Afghanistan Humanitarian Needs and Response Plan 2026 is only 30% funded.²⁰

The Taliban's treatment of women and girls remains the most consequential feature of its five years in government. Since 2021, the Taliban have issued more than 100 decrees targeting women and girls, institutionalising discrimination and stripping them of their fundamental rights. Afghanistan remains the only country in the world where girls are formally prohibited from attending secondary school and university, with millions having been denied access to secondary education.²¹

Women's participation in the labour force in Afghanistan remains chronically low, with only 7 per cent of women employed, compared to 84 per cent of men. This also constrains humanitarian assistance, particularly in areas where cultural conditions make it difficult for male aid workers to reach women.

Foreign Relations

The Taliban have gradually made progress in overcoming the diplomatic isolation that followed their return to power. Russia became the first country formally to recognise the Taliban government in July 2025. Other regional states have stopped short of formal recognition but have expanded diplomatic, economic and security engagement with Kabul.

This represents an important shift from the international approach adopted immediately after August 2021. At that stage, diplomatic engagement was widely regarded as a tool to secure Taliban concessions on political inclusion, women's rights and counterterrorism. Five years later, that leverage has weakened considerably.

Regional countries increasingly treat the Taliban as a political reality and prioritise border security, counterterrorism, trade and connectivity over attempts to influence Afghanistan's internal political system.

The only neighbour with which relations have seriously deteriorated is Pakistan. Islamabad's grievance over the TTP enjoying sanctuary on Afghan soil turned to open confrontation in October 2025, when a Pakistani air strike on Kabul precipitated deadly clashes between the two states. In February 2026, Defence Minister Khawaja Asif declared "open war" against the Taliban government.²² Chinese-mediated talks have produced intermittent de-escalation, but tensions persist.

India has pursued a policy of calibrated engagement with the Taliban government. India has an interest in retaining its influence in Afghanistan, maintaining development and trade links and ensuring that Afghan territory is not used by organisations threatening Indian security. The Taliban are unlikely to be displaced in the foreseeable future, making engagement a strategic necessity rather than an endorsement of their domestic policies.

DEVELOPMENTS ON THE INDIA-CHINA LINE OF ACTUAL CONTROL (LAC)

Special Representatives' Meeting

The 25th round of Special Representatives' talks between National Security Adviser Ajit Doval and Chinese Foreign Minister Wang Yi on the boundary question was held in Beijing on August 25. The meeting resulted in eight points of outcomes and consensus.²³ These eight points fall into three baskets: negotiations towards a boundary settlement, mechanisms for managing the LAC, and measures to support broader normalisation.

The potentially most significant development is the decision that the Working Group on Border Management and the Expert Group on Boundary Delimitation would advance discussions on an "Early and Substantial Harvest of boundary delimitation and Border Management." The reference to an "early harvest" appears to allow incremental progress in areas where differences may be more manageable. However, no sector has been identified for such an exercise, and both groups are yet to formulate the Terms of Reference.

A second, and possibly more immediate, development is the agreement to explore ways to improve the two sides' "understanding of the LAC in appropriate areas". India and China had committed themselves in the 1993 and 1996 agreements to clarifying

the alignment of the LAC. This has not happened and differing perceptions of the LAC have persisted, leading to patrol confrontations. The use of the phrase “appropriate areas” suggests a selective approach concentrating on locations where overlapping claims create recurring friction.

The agreement to set up two additional meeting points and hotlines in the Eastern and Middle Sectors is a mechanism for managing border incidents. With infrastructure improvements taking place all along the LAC, additional hotlines will help enable rapid communication and response to local confrontations.

The remaining provisions on border trade, pilgrimage, and trans-border rivers are designed to restore elements of normal interaction that were disrupted after 2020. They help create conditions for trans-border cooperation and development of bilateral relations.

What is absent from the eight-point agreement is a commitment to reduce the large troop concentrations deployed by both sides after 2020. Thus, while the arrangement could produce a more stable LAC, it still remains highly militarised.

Reports emerged in August of Chinese troops blocking Indian forces from accessing some patrol points in the Taksing Sector of Arunachal Pradesh. The report came from a fact-finding committee visit by the People's Party of Arunachal (PPA) to the area.²⁴ The Army has rejected claims of Chinese encroachment, but the episode shows how differing perceptions of the LAC can spark localised confrontations.

BANGLADESH

India-Bangladesh Relations

On August 5, former Prime Minister Sheikh Hasina addressed a virtual press conference from New Delhi, marking two years since her ouster in August 2024. Speaking by video link to the Foreign Correspondents' Club of South Asia, alongside her son Sajeeb Wazed Joy and other Awami League leaders, she announced her intention to return to Bangladesh in December and called for the lifting of the ban on the Awami League.²⁵ Hasina was sentenced to death in absentia in November 2025 by the International Crimes Tribunal for crimes against humanity during the 2024 uprising, in which an estimated 1,400 people were killed.

Bangladesh's foreign ministry criticised the event, calling it “an affront to the sovereignty of Bangladesh.”²⁶ The opposition parties have sought to pressurise the government over this incident. Bangladesh Jamaat-e-Islami has described the press conference in New Delhi as a “gross violation” of international norms and a failure of

the current government to bring back Hasina.²⁷ NCP Convener Nahid Islam warned the prime minister against visiting India before New Delhi hands over Sheikh Hasina and those accused of the Osman Hadi and July killings to Bangladesh.²⁸

India has denied any role in organising a press conference by Sheikh Hasina and said, “the government has no involvement whatsoever in it and does not endorse any views that may be expressed at the forum.”²⁹ Despite this denial, the diplomatic fallout was immediate.

Bangladesh's Prime Minister Tarique Rahman had been invited to India for a bilateral visit as well as to participate as the Chairperson of BIMSTEC in the outreach session of the upcoming BRICS summit in September. On August 16, a spokesperson for the Bangladesh Ministry of Foreign Affairs urged India to act expeditiously on its request to extradite Hasina and help create a "propitious environment" for Prime Minister Rahman's visit to India.³⁰

After Indian media reported that Prime Minister Rahman would be visiting New Delhi on August 23, Rahman's Press Secretary A A M Saleh stated that “no decision has yet been made on the visit” and that Dhaka was waiting for India's response on the extradition of Hasina and "other fugitive criminals".³¹ Bangladesh State Minister for Foreign Affairs Humaiun Kobir made a similar statement on August 23, saying there was "no rush" for Prime Minister Tarique Rahman to visit India. He added that Rahman's trip to India would take place at an appropriate time after sufficient progress in bilateral discussions.³²

The difficulties in India-Bangladesh relations cannot be attributed solely to Sheikh Hasina's presence in India. Her extradition and continued political activity remain the most immediate source of friction, but mistrust is becoming more structural. The Rahman government's expanding security ties with Pakistan and China concern New Delhi.

Expanding Security Relationship with Pakistan and China

Bangladesh has continued to deepen its security relationships with both Pakistan and China. Bangladesh portrays this as an effort to diversify its external partnerships and increase strategic autonomy. However, the growing military content of these relationships has important implications for India.

A consequential development was Bangladesh's expression of interest in the Makkah Joint Defence Agreement signed on August 7 by Saudi Arabia, Türkiye and Pakistan. On August 24, State Minister for Foreign Affairs Kobir said that participation in a security arrangement among Islamic countries was being viewed positively.³³ On

August 27, Foreign Minister Khalilur Rahman told Parliament that Bangladesh would “positively consider” membership if formally invited, although he stressed that no decision had been taken.³⁴ Subsequent statements indicate that Bangladesh was currently holding discussions on this matter and “those discussions are progressing positively with all bilateral partners.”³⁵

It is not immediately evident how membership of the Makkah Agreement would address Bangladesh’s security requirements. Dhaka's principal external security concerns arise from its border with Myanmar, maritime security in the Bay of Bengal and its relationship with India. An arrangement designed primarily around the security concerns of Saudi Arabia, Türkiye and Pakistan could instead expose Bangladesh to crises originating far beyond South Asia. Membership would also place Bangladesh and Pakistan within the same formal collective-security framework, a substantial departure from Dhaka's traditional reluctance to enter military alliances.

Bangladesh is also strengthening its military relationship with China. China has been Dhaka's principal supplier of military equipment for many years, supplying more than 70% of its requirements. On August 25, Information and Broadcasting Adviser to the Prime Minister Zahed Ur Rahman disclosed that the government is moving ahead with plans to purchase Chinese-made J-10CE fighter jets for the Bangladesh Air Force. He said a draft agreement to procure the J-10CE fighters and attack helicopters has been prepared and sent for approval. Speaking about the capabilities of the fighter jet, the adviser said, “When India and Pakistan were at war, an Indian Rafale was shot down by a Chinese J-10. So, a Chinese-made multirole fighter performed very well in a combat situation against the Rafale, which is considered one of the most advanced 4.5-generation fighters.”³⁶

During Prime Minister Tarique Rahman's visit to China in June, the two countries agreed to explore a “2+2” mechanism involving diplomacy and defence and to establish a strategic dialogue between their foreign ministers. On August 30, Dhaka and Beijing announced that groundwork for the “2+2” mechanism was under way and that it would commence in the near future. State Minister Kobir described the mechanism as one of the highest levels of strategic cooperation with China.³⁷

For India, the concern is not Bangladesh's engagement with Pakistan or China in itself, but the growing military depth of these relationships. These developments could increasingly intersect with Indian security interests and add a strategic dimension to the existing political mistrust in India-Bangladesh relations.

NEPAL

Catastrophic Himalayan Floods

Nepal suffered one of its worst natural disasters in recent history after massive flash floods struck the Bhotekoshi and Trishuli rivers on August 26. The floods, triggered by a glacier collapse in the Himalayan border region with Tibet, carried enormous quantities of ice, rock, mud and debris through Rasuwa, Nuwakot and downstream districts, destroying settlements, roads, bridges and hydropower installations. More than 1,000 people have been confirmed dead and around 4,000 remain missing, although the figures continue to change as bodies are recovered and missing-person lists updated.

The scale of destruction has been particularly severe because the affected river valleys contain some of Nepal's most important energy infrastructure. At least 13 hydropower projects were affected, with hundreds of workers initially reported missing and many trapped inside project tunnels.³⁸ The loss of hydropower infrastructure is estimated to have taken about 10% of the country's power capacity offline.

Transport infrastructure was extensively damaged. Preliminary assessments by Nepal's National Disaster Risk Reduction and Management Authority recorded damage to 35 motorable bridges and 45 suspension bridges, while around 40 kilometres of road in Rasuwa was completely washed away.³⁹

The devastating flood also wiped out the Rasuwagadhi–Kerung border point, Nepal's principal overland connections with China. The flood destroyed the customs yard, the dry port and the bridge at Kerung, and swept away hundreds of containers and a large number of vehicles.⁴⁰ Traders were forced to divert cargo to the Korala crossing in Mustang, which lacks the road network and capacity to absorb the volume. It is estimated that rerouting would add 20 to 30 per cent to the cost of imported goods.⁴¹

India's Humanitarian Response

India responded immediately. Prime Minister Narendra Modi spoke to Prime Minister Balendra Shah on August 26 and offered all possible humanitarian assistance. Indian Air Force aircraft began delivering relief and medical supplies within hours of the disaster. Within four days, India dispatched four consignments totalling about 68.5 tonnes of relief material, including medicines, food, and emergency supplies.⁴²

Indian assistance subsequently moved from immediate relief to specialised technical support requested by Kathmandu. An 11-member Indian team comprising tunnel-rescue specialists, doctors and paramedics was deployed to the hydropower projects in the Chilime where workers were believed to be trapped. Nepal also requested assistance in forensic identification because many recovered bodies could not be

identified visually. An 18-member Indian forensic team specialising in DNA analysis was consequently deployed to work with Nepal experts in Kathmandu.⁴³

The floods expose a broader structural vulnerability in Nepal's development model. Hydropower expansion and new road corridors remain central to the country's economic strategy, but much of this infrastructure is concentrated in narrow Himalayan valleys increasingly vulnerable to glacial lake outburst floods, landslides and extreme rainfall. Climate change is accelerating glacier retreat across the Himalayas, while infrastructure construction is progressing faster than regional systems for hazard monitoring, early warning and emergency response.⁴⁴

The disaster also illustrates the importance of geography in Nepal's external relationships. China has become an increasingly important source of infrastructure and connectivity across Nepal's northern frontier. However, India retains advantages of proximity, access and rapid-response capability during emergencies. The speed with which Indian relief supplies, technical specialists and rescue personnel could be deployed demonstrated the practical value of the India-Nepal relationship at a time when political relations have periodically been strained.

The immediate challenge for the Shah government is rescue and rehabilitation, but reconstruction will be considerably more demanding. Nepal estimates that several billion dollars may be required to rebuild damaged infrastructure. The longer-term requirement will be to ensure that reconstruction does not merely replace what was destroyed, but incorporates stronger climate resilience, cross-border early-warning arrangements and greater protection for critical hydropower and transport infrastructure.

SRI LANKA

India-Sri Lanka Relations

Foreign Secretary Vikram Misri paid an official visit to Sri Lanka on August 5. He met President Anura Kumara Dissanayake, Prime Minister Harini Amarasuriya, Foreign Minister Vijitha Herath and Foreign Secretary Aruni Ranaraja. Misri also met Leader of Opposition Sajith Premadasa and separately interacted with representatives of the Sri Lankan Tamil and Indian Origin Tamil communities. The visit reviewed the expanding bilateral agenda under India's Neighbourhood First policy and Vision MAHASAGAR.⁴⁵

A major focus was implementing India's US\$450 million reconstruction package announced after Cyclone Ditwah. During the visit, agreements were exchanged for two Indian Rupee-denominated Lines of Credit - US\$250 million for railway projects and US\$100 million for livestock and other priority requirements. The two sides also

reviewed reconstruction of houses and bridges, medical and educational assistance, and progress towards an island-wide disaster warning system. Rehabilitation of the Northern Railway corridor under an Indian grant has been completed, and train services have resumed.

The visit also highlighted the shift in India-Sri Lanka relations from crisis assistance towards longer-term economic integration. The two sides discussed accelerating the proposed electricity grid interconnection, the Sampur Solar Power Project, and the development of Trincomalee as an energy hub. They also agreed to move forward on rehabilitation and modernisation of Kankesanthurai harbour, implementation of the Sri Lanka Unique Digital Identity project, updating the bilateral Free Trade Agreement and concluding the India-Sri Lanka Social Security Agreement.

Misri also raised India's longstanding political and security concerns. He sought the early release of detained Indian fishermen and boats and called for a humanitarian approach to the fisheries dispute. He urged the Sri Lankan government to hold Provincial Council elections at the earliest and fully implement constitutional provisions intended to meet the aspirations of the Tamil population. India also welcomed President Dissanayake's assurance that Sri Lankan territory would not be permitted to be used in any manner inimical to Indian security.

The visit comes as Sri Lanka's economic recovery faces external pressure. Higher global energy prices arising from the conflict in West Asia have increased inflationary and balance-of-payments risks. In its August assessment, the Central Bank noted that inflation would remain elevated in the near term and that geopolitical and weather-related uncertainties continued to pose risks to growth.⁴⁶

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