

Sri Lanka-India Relations in 2024

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Summary

Sri Lanka's relations with India are expected to deepen in 2024. Following crucial assistance provided by India during Sri Lanka's 2022 crisis, there is greater engagement in investment and tourism. With the upcoming presidential elections, all key political actors in Colombo recognise the importance of maintaining close relations with its largest neighbour.

Sri Lanka-India Relations at All-time High

India's relations with Sri Lanka are entering a distinct phase following the 2022 economic crisis in the island state. In a recent statement, [India's Minister of External Affairs S Jaishankar said](#) that during the crisis, India provided Sri Lanka with economic and humanitarian assistance of over US\$4.5 billion (S\$6 billion) and supported Sri Lanka's debt restructuring efforts.

Over the last two years, Colombo has been deepening relations with New Delhi on several fronts. Among the most significant of these are development and investment initiatives by India, such as the Trincomalee energy-hub development, port development and oil refinery. In 2022, Sri Lanka granted provisional approval to Adani Green Energy for two wind projects to be constructed in Northwest Mannar and Pooneryn. In October 2023, Sri Lanka's state-owned dairy companies run by the National Livestock Development Board [entered a joint venture](#) with India's Amul Dairy company. There are also [discussions on Sri Lanka's government engaging India's Adani Group](#) to oversee the management of key international airports in Sri Lanka.

In February 2024, Phase-IV of the Indian Housing Project, 'Bharat-Lanka', was [virtually launched](#) by Sri Lanka's President Ranil Wickremesinghe. The project is aimed at constructing 10,000 houses with Indian grant assistance for plantation sector workers in Sri Lanka. In the same month, India [introduced its Unified Payment Interface](#) in Sri Lanka. This is yet another step-in attempt to deepen financial connectivity between the two countries, with the authorisation of the Indian Rupee as a designated currency in 2023.

Sri Lanka as India's Regional Tourist Destination

Following a diplomatic row between India and the Maldives on Prime Minister Narendra Modi's visit to Lakshadweep in January 2024, Sri Lanka has been promoted as a tourist destination for Indians. Earlier this month, Jaishankar [encouraged Indian tourists](#) to travel to Sri Lanka.

These developments are seen by Sri Lanka as providing a significant boost to its tourism industry. It is projected to earn a revenue of US\$348 million (S\$468 million) in 2024 and have

an annual growth rate of 5.16 per cent, following the catastrophic impact on the industry by the COVID-19 pandemic and the 2022 economic crisis.

In February 2024, Wickremesinghe, addressing concerns about China's increased presence in the Indian Ocean, [said](#) that Sri Lanka would not allow anything to threaten India's security. Since January 2024, Sri Lanka imposed a one-year moratorium on the operation of any foreign research vessel in its Exclusive Economic Zone. [Chinese counterparts are reported](#) to have expressed its dissatisfaction to Sri Lanka over this decision. During a recent visit to New Delhi, Sri Lanka's foreign minister, Tharaka Balasuriya, also stressed the civilisational link and historical connection between India and Sri Lanka. The [minister clarified](#) that China was an "important trading partner", but that this was also the case with many of its other trading partners.

Responding to Jaishankar's call to Indians to visit Sri Lanka, Sri Lanka's Minister of Tourism Harin Fernando reinforced the invitation, [stating that "Sri Lanka is a part of India"](#). This triggered domestic criticism of the minister's statement and a protest staged in front of the Ministry of Tourism, calling for his resignation. The [minister subsequently clarified](#) that such attacks were politically motivated and that he had attempted to say that the two countries were similar to one another and that he was not attempting to "sell Sri Lanka to India".

Domestic Opposition to India

Sri Lanka's relations with India have been strained in the past. Bilateral relations were at an all-time low following the intervention of Indian Peacekeeping Forces in Sri Lanka in 1987 and bilateral tensions over the civil war and human rights situation in Sri Lanka, especially relating to the rights of Sri Lankan Tamils. India's economic relations with Sri Lanka too have received opposition, due to concerns that India's larger economic power would exploit a much smaller economy such as that of Sri Lanka. Despite a free trade agreement (FTA) reached between the two countries in 1998, subsequent bilateral economic agreements such as the Economic and Technology Cooperation Agreement were stalled due to domestic political opposition.

In June 2022, an Adani project in Sri Lanka was at the [centre of domestic controversy](#) after a government official told a parliamentary panel that a renewable energy project in Mannar was given to the Adani Group after "pressured" then-president, Gotabaya Rajapaksa. India's Adani has also been mired in local controversies over its renewable wind energy project. The leader of the National People's Power (NPP), Anura Kumara Dissanayake, [criticised the government](#) for not awarding the renewable energy projects through a tender process.

The NPP's India Visit

The NPP – a political alliance – has been growing in popularity in Sri Lanka, especially since the 2022 crisis. Its main constituent party is the Marxist-Leninist Janatha Vimukthi Peramuna (JVP), which has so far been at best a third electoral force in Sri Lanka. However, following the economic crisis and widespread rejection of the establishment of political parties and politicians, the NPP is perceived as the most popular political force at present.

The JVP has traditionally been opposed to India's interference in the civil war and internal affairs of Sri Lanka. The JVP, along with other Sinhala Buddhist nationalist movements, [led an anti-India campaign](#) in 1987-90 against the Indo-Lanka Accord which it opposed as part of its political discourse against "Indian expansionism". However, in February 2024, an NPP party delegation led by Anura Kumara Disanayake spent three days in India, where meetings with Indian external affairs minister S. Jaishankar and other government officials and business leaders were held. [Disanayake stated](#) that India is Sri Lanka's closest neighbour and has become a major political and economic centre. This meant that when making economic and political decisions, the NPP would "care about how it will impact India".

The NPP's India visit and its more diplomatic stance have reinforced perceptions of it being a major political force, moving forward, particularly in light of the elections this year. It was also reported that the Indian government has responded favourably to the main opposition party, the Samagi Jana Balawegaya, seeking a visit to India. It appears that regardless of the political alliance in power in Colombo, Sri Lanka's relations with India are likely to further deepen following the elections in the island state.

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