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The neighbourhood policy in South Asia: a weak flank of Indian foreign policy

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Abstract:

In the field of security and international relations, there is an optimistic consensus about India's growing strengths as a global power. Although this general assessment is considered correct, this chapter aims to address what is believed to be one of the weakest points of Indian foreign policy: its neighbourhood policy in South Asia. The objective is to analyse the content of this policy, which has focused on preserving its position as a hegemonic power, first in the face of the Pakistani challenge and now in the face of China. India's neighbourhood policy presents a paradox: while India has advocated a policy of non-alignment, now multi-alignment, and non-interference in domestic politics for itself, in the case of its neighbours it has itself sought alignment, meddling in their domestic politics. This attitude has not only been an obstacle to regional integration in South Asia, but has also given rise to a nationalist reaction among its neighbours that has opened the door to Chinese influence.

Keywords:

South Asia, Indian Ocean, Neighbourhood Policy, SAARC, Nepal, Bangladesh, Sri Lanka, Myanmar.

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Introduction

The aim of this chapter is to analyse India's neighbourhood policy in South Asia (subcontinent and Indian Ocean), which has focused on preserving India's position as a hegemonic power, first in the face of the Pakistani challenge and now in the face of China. India's neighbourhood policy presents a paradox: while India has advocated a policy of non-alignment, now multi-alignment, and non-interference in domestic politics for itself, in the case of its neighbours it has itself sought alignment, meddling in their domestic politics. This attitude has not only been an obstacle to regional integration in South Asia, but has also given rise to a nationalist reaction among its neighbours that has opened the door to Chinese influence.

The chapter is structured as follows: first, we will analyse the historical evolution of Indian neighbourhood policy, focusing on three periods with their own doctrines: the period from independence to 1965, characterised by the leadership of Jawaharlal Nehru as prime minister and his idealistic doctrine; the period from 1965 to 1990, dominated by Indira Gandhi's own Indira doctrine and that of her successor, Rajiv Gandhi. Finally, the period from 1990 to the present, characterised by the liberalisation of the Indian economy and its integration into the global economy. The second section will delve into India's current neighbourhood policy, analysing Prime Minister Narendra Modi's *Neighbourhood First* policy (2014-present). After these first two general sections, we will move on to present the main keys to India's relations with its neighbours: Nepal, Bangladesh, Sri Lanka and Myanmar. We will conclude the chapter by presenting some of the key aspects of India's future neighbourhood policy in the changing regional order of the Indo-Pacific, with a particular emphasis on regional integration and the future of the South Asian Association for Regional Cooperation (SAARC), security in the Indian Ocean and how this policy affects the country's projection as a superpower.

The historical evolution of India's neighbourhood policy

The doctrinal basis of India's foreign policy cannot be understood without taking into account its prioritisation of the preservation of its sovereignty, understood in a broad and multifocal sense — territorial, political, economic and military — through the principle of strategic autonomy (Jaishankar, 2020).

The preservation of strategic autonomy is the fundamental and non-negotiable pillar of Indian foreign policy. In the case of its neighbourhood, South Asia and the Indian Ocean, India is obliged to lead the region in order to guarantee this strategic autonomy. There are several reasons for this obligation. First, its geographical position, sharing a border and acting as a hub between the other countries in the region (China, Pakistan, Nepal, Bangladesh, Bhutan, Myanmar, Sri Lanka and Afghanistan). Second, it is the historical and cultural cradle of the region. Thirdly, its economic size makes it the driving force and key commercial and logistical factor in the success or failure of regional development. The obligation to lead presents opportunities, but also challenges for India, especially in the fluid present of the Indo-Pacific, where China is seeking to expand its sphere of influence southwards as well.

This first section will examine the evolution of Indian foreign policy in its three historical phases, with particular reference to its neighbourhood policy.

First phase (1947-1971): the idealism of the Nehru doctrine

The first phase (1947-1971) of Indian foreign policy is marked by the figure and ideas of Jawaharlal Nehru, the prime minister who guided the country towards independence from the British Empire and led it during its first two decades, shaping its main state policies. The Nehru doctrine in foreign policy is characterised by combining internationalist idealism with the preservation of the country's strategic autonomy in a context of territorial tensions with its neighbours China and Pakistan and between the two ideological blocs of the Cold War.

Internationalism in Nehru's doctrine can be explained on the basis of two factors. The first is the experience of the two world wars, which Nehru argued had their origin in the confrontation between exclusionary nationalisms. The second is the anti-colonial cause in Asia and Africa. Under Nehru, India played an important leadership role in the post-Second World War decolonisation process, promoting rapprochement and twinning between Asian and African countries with the aim of establishing a post-colonial coalition to challenge Western dominance of the international system and demand its reform.

The internationalist idealism in Nehru's doctrine, however, always went hand in hand with the preservation of the country's strategic autonomy, which he saw as conditioned by two

factors: its complex territorial reality and the polarisation between Cold War blocs. In the first case, India faced and continues to face the need to defend its territorial integrity on its western borders, with Pakistan in Kashmir and to the north, along the almost 4,000 kilometres of unagreed border with China. In the second case, the polarisation between the American and Soviet blocs presented the challenge that alignment with either bloc would imply a *de facto* return to submission to a foreign power that would limit the country's autonomy of judgement and action in both its domestic and foreign policy:

> "We have not relinquished our right to decide for ourselves what we should and should not do in any circumstances. Relinquishing our right to decide would mean surrendering both our autonomy of judgement and our autonomy of action" (Nehru, 2014: 275).

The defence of strategic autonomy was reflected in the development of the two normative pillars that inform Indian foreign policy: the Panchsheel doctrine, also known as the Five Principles of Peaceful Coexistence, and the doctrine of Non-alignment.

The *Panchsheel* doctrine was a set of normative principles agreed upon by India and the People's Republic of China in 1954 to regulate their coexistence. This doctrine consists of five points:

1. Mutual respect for the territorial integrity and sovereignty of each other

2. Mutual agreement of non-aggression

3. Mutual agreement not to interfere in each other's internal affairs

4. Equality and cooperation for mutual benefit

5. Peaceful coexistence

Panchsheel represents a commitment to a postcolonial interpretation of international relations, whose fundamental basis is the inviolability of national sovereignty and the autonomy of action of states, free from external interference.

The second major pillar of Indian foreign policy has been the doctrine of non-alignment. Non-alignment stems directly from the objective of preserving India's autonomy of action

in the face of pressure from the two ideological blocs of the Cold War, thereby maximising opportunities for international cooperation with any country for its own benefit.

Nehru's intellectual stature means that his principles continue to have a significant normative influence on contemporary Indian foreign policy (Mehta, 2009). However, over the last decade, a line of argument has spread that blames the idealism of Nehru's doctrine for India's lack of influence on the international stage vis-à-vis other countries of similar size. This line of thinking is based in particular on India's lack of assertiveness in preserving its strategic space following the geographical reconfiguration of post-colonial South Asia in the 1950s. A prime example of this lack of assertiveness in relation to its neighbours would be its underestimation of the geostrategic importance of China's annexation of Tibet, which opened up the subcontinent's northern border to Chinese influence, but also exposed India militarily, as seen in the 1962 war (Quanyu, 2005). Another example would be its referral of the dispute with Pakistan over Kashmir to the UN Security Council in 1948, instead of making use of India's military superiority at the time — as it did with Hyderabad in 1948 and Goa in 1961— giving rise to the entrenchment of the rivalry between the two states and its security implications, such as the arms race, the nuclear issue and terrorism.

In short, Nehru's idealism was capable of forging an innovative foreign policy that sought, above all, India's political autonomy as a sovereign state in an international context of strong polarisation and regional instability, with the conflicts in Korea and Vietnam and territorial challenges with Pakistan and China. At the same time, it was a beacon of optimism in a polarised world and a call for the democratisation of global governance in line with the new post-colonial reality.

Second phase (1971-1989): the realistic shift in Indira's doctrine

The second phase (1972-1989) in the evolution of Indian foreign policy was characterised by the real, though not formal, abandonment of the more idealistic aspects of the Nehru doctrine and the strengthening of the more pragmatic aspects in relation to the protection of national sovereignty and the country's strategic autonomy under the so-called Indira doctrine.

The key factor in this second phase appears to be the convergence of interests between the US, China and Pakistan. Pakistan was already, separately, an ally of both China and the US. In the case of the former, both countries shared territorial disputes with India. And in the case of the latter, Pakistan's alignment with the capitalist bloc, as part of SEATO and CENTO, meant US support for its positions on the Kashmir issue and in the Indo-Pakistani wars of 1965 and 1971. The convergence of the anti-Soviet positions of the US and China, however, gave rise to a much more important geostrategic challenge. This situation led India to pivot towards the other great superpower, the Soviet Union, resulting in what would be the most significant international agreement signed by India to date: the Indo-Soviet Treaty of Peace, Friendship and Cooperation of 1971. The signing of the treaty fostered a special relationship that translated into intense economic and military cooperation and Soviet support for India's positions in relation to the territorial dispute with Pakistan, but also Indian diplomatic support for the USSR, such as during the Soviet invasion of Afghanistan (1979-1989).

The US-China-Pakistan alignment and the UN Security Council's position, saved by Soviet vetoes, in favour of the latter in the Kashmir conflict, combined with an autarkic economic model at the domestic level, conditioned India's foreign strategy during this period. India then became what C. Raja Mohan (2003) has defined as "a hawk of sovereignty". This position is characterised by a sense of grievance, which fosters mistrust of the global governance architecture, which is considered to work against Indian interests.

With this interpretation of the international context, the Indira doctrine shifted Indian foreign policy towards *realpolitik* and the protection of national interests over compliance with international norms. This led to India's departure from multilateral agreements, based on maximalist positions rejecting any external interference in Indian political decisions. An illustrative example of this is India's refusal to sign the Nuclear Non-Proliferation Treaty or its blocking attitude towards trade agreements that began to be negotiated through international rounds, first under the umbrella of the General Agreement on Tariffs and Trade (GATT) and later under the World Trade Organisation (WTO). India's position and its ability to coordinate a large number of countries through its Third World alliances, the NAM and the G77, were key to the failure, or at least the slow progress, of the treaties in the period leading up to the 2000s. More recently, we have also seen a similar position

from India in the rounds of negotiations within international agreements on the fight against climate change.

At the regional level, the Indira doctrine resulted in greater Indian power projection in South Asia and its assertion as a regional hegemonic power through a kind of Monroe doctrine (Hagerty, 1991: 352). This Indian Monroe Doctrine was based on three pillars: 1) no foreign power should involve itself in the regional affairs of South Asia; 2) any foreign interference in South Asia that did not recognise Indian pre-eminence would be considered contrary to its interests; and 3) any external assistance required by a state in the region should always be directed first to India.

The influence of the Indira doctrine in South Asia is fundamental because it represents a major shift in strategy towards the neighbourhood. Whereas under the Nehru doctrine, India pursued a strategy of generosity, friendship and non-interference in the domestic affairs of its neighbours, under Indira a position of offensive realism was adopted in which interference became the norm. Thus, India actively participated in the Bangladeshi war of independence against Pakistan in 1971, acted again in Bangladesh in 1975 after the assassination of Mujibur Rahman, and intervened to favour the yes vote in the 1975 referendum in favour of the abolition of the monarchy in Sikkim and its incorporation into the Indian republic.

India's proactive assertion in South Asia established by the Indira doctrine continued after the death of its proponent, under the leadership of Rajiv Gandhi, who inherited an unstable neighbourhood and a complex domestic situation following Indira's assassination by Sikh separatists. At the macro level, Pakistan's defeat in the 1971 war and the loss of its eastern territories, on the one hand, and India's 1974 nuclear test, on the other, consolidated the Sino-Pakistani alliance that so concerned India from a geostrategic involvement point of view. At the micro level, several crises pushed India towards greater interventionism in the neighbourhood. First was the outbreak of the Sri Lankan civil war in 1983, which led to the anti-Tamil pogrom of Black July that same year and the arrival of thousands of refugees in India. In the Maldives, the attempted coup d'état in 1988 forced India to intervene quickly to preserve the democratic government of Abdul Gayoom. And finally, King Mahendra's strategy in Nepal, seeking equidistance between China and India, ended with the Indian embargo on the country in 1989, which

would lead to the end of the feudal Panchayat Raj regime and the democratic transition in the country.

In short, during this phase of offensive realism under the Indira doctrine between 1971 and 1989, India participated in one major war and three regional conflicts, in addition to several smaller interventions in South Asia, a level of activity greater than at any other time in the country's modern history.

Third phase (1990-present): economic liberalisation and global ambitions

The third phase in the evolution of Indian foreign policy began after the collapse of the Soviet Union. This phase is determined by the momentum towards free trade and neoliberal globalisation derived from US hegemony, which also discredited the Indian economic model of autarky, and the end of Cold War bloc politics, which rendered the existing concept of non-alignment obsolete.

The discrediting of the previous economic model led to the liberalisation of the Indian economy, which began with the reforms launched by the Narasimha Rao government in 1991 and has been consolidated by his successors to this day. Since the economic opening, the GDP growth rate has risen from the previous perennial 3% to an average of 6-7% per annum since the beginning of the century, based on a solid foundation of exports of goods, services, capital and skilled labour (Kochhar *et al.*, 2006). In fact, India is the fastest-growing G20 economy in the post-pandemic period. The strength of the Indian economy following liberalisation has dispelled doubts about the country's openness, giving it greater confidence in its ability to compete in the global economy. This greater confidence and the increase in foreign investment flows into India and Indian investment abroad have led to a convergence of commercial interests and integration into the global economy, reviving India's interest in influencing multilateral economic decision-making forums. Compared to its major regional rival, China, Indian capital invested $14 billion abroad in 2007, compared to China's $18 billion (Mattoo and Subramanian, 2008: 64). More importantly, Indian companies tend to invest in high-tech and skilled labour industries, often within large global economies such as the US and the EU (Ramamurti and Singh, 2008: 53).

While India's integration into the liberal economic order began in the 1990s, its political and military rapprochement with the West, particularly the US, began after the launch of the war on terror by the US administration of George W. Bush (2000-2008) and has been consolidated with the rise to power of Xi Jinping in China (2013-present).

As already noted, historically Western powers had prioritised relations with Pakistan, seen as a country aligned with the capitalist bloc. This situation, coupled with strong anti-colonialist sentiment, had instilled within the Indian diplomatic corps an instinctively hostile attitude towards US and Western positions (Datta-Ray, 2013: 246).

However, the discovery of Islamist connections in Pakistan following the terrorist attacks of 11 September 2001 led to a change in the US's stance towards its traditional ally. This, coupled with attacks by Pakistani armed groups in India, such as the one in Mumbai in 2008, led to an initial rapprochement between India and the US in the field of counter-terrorism intelligence. In turn, the promotion of democracy around the world, part of the broader ideological framework of the war on terror, found in India, the world's largest democracy by population, a symbol in a region dominated by authoritarian regimes.

If the shared experience of Islamist terrorism opened the door to overcoming suspicions in Indo-US relations, China's consolidation as a revisionist superpower under Xi Jinping's leadership has further strengthened ties between the former. The US sees India as a major player in the coalition of countries that can act as a counterweight to China's hegemonic ambitions in the Indo-Pacific.

At the regional level, this third phase is characterised by China's growing influence in South Asia. China's interference can be explained by two factors. The first is a natural attempt by China to lead the Indo-Pacific order through projects such as the Belt and Road Initiative. The second is India's assumption that, by increasing its influence in the subcontinent, China seeks to contain India's projection by forcing it to expend effort and resources on retaining its hegemonic position, leaving the rest of Asia open to China. Faced with the growing Chinese threat, India is maintaining its strategy of offensive realism in South Asia, with military actions such as the Doklam standoff in Bhutan in 2017 or the more recent actions against Pakistan following the Pulwama crisis in 2019 or against China in Galwan in 2020-2021, but reinforcing it with greater integration into the liberal coalition in the Indo-Pacific, through initiatives such as the Quadrilateral Security

Dialogue (QUAD) and the India-Middle East-Europe Corridor, as well as strengthening its economic projection through the *Act East Policy* with Southeast Asia.

Neighbourhood policy today: Narendra Modi's *Neighbourhood First*

Narendra Modi's rise to power in 2014 marked a turning point in Indian politics and foreign policy. This assertion is based on the fact that Modi's popularity has served to consolidate an ideological paradigm shift in India over the last decade, moving from the hegemony of the ideas and policies of the Indian National Congress to those of the Bharatiya Janata Party (BJP) (López Areu, 2018: 114).

The BJP, as a Hindu party, advocates a reconceptualisation of the founding idea of the Indian nation, developed during the years of political hegemony of the Indian National Congress, which conceives the essence of *Indianness* in its multi-identity character and the shared value of respect for diversity (Khilnani, 1997). For its part, the BJP advocates a conception of the Indian nation equivalent to *the Hindu rashtra* or Hindu nation.

From a foreign policy perspective, this change implies the displacement of Nehruvian idealism by nationalist realism, based on the current government's analysis of the international order, which it perceives to be in a process of change, in which the liberal norms derived from post-Cold War Western hegemony have given way to open competition between powers, in which national interest is supreme. From this perspective, Indian foreign policy has gained momentum under the decade-long rule of Modi and his influential foreign minister, Subhramanyam Jaishankar. In the regional context, this momentum is reflected in the *Neighbourhood First* initiative*.*

At the beginning of his first term in April 2014, Modi sought to make a dramatic gesture and symbolise the importance of South Asia in his list of foreign policy priorities by inviting the leaders of all the member countries of the South Asian Association for Regional Cooperation (SAARC) – Pakistan, Nepal, Bangladesh, Bhutan, Sri Lanka, the Maldives and Afghanistan – to his inauguration. A few months later, at the 18th SAARC summit, held in November 2014 in Kathmandu (Nepal), India promoted a joint declaration advocating a revitalisation of the regional organisation to accelerate economic integration in the neighbourhood. This declaration, known as the Kathmandu Declaration, was a first step in the *Neighbourhood First* initiative*.*

The *Neighbourhood First* policy is based on three areas of action and two working approaches. The three areas are the promotion of intra-regional trade, the deepening of inter-state connectivity and cooperation on security. The two working approaches are the development of mutual trust between India and its neighbours through direct contact and dialogue, and moving from promises to action, reducing India's historical deficit in complying with bilateral and regional agreements (Muni, 2017: 122).

In the first two years of *Neighbourhood First*, several initiatives gave rise to optimism regarding India's new neighbourhood policy. In the area of trade and connectivity, the Bangladesh-Bhutan-India-Nepal Commission (known as BBIN) was launched in 2015 to promote joint initiatives between these countries in areas such as energy interconnection, freight transport and water resource management, all of which are relevant to smaller countries in their quest for better access to the sea and, therefore, to global markets (Das, 2023: 32). In the field of security, India promoted the *Security and Growth for All in the Region* (SAGAR) initiative in the Indian Ocean, together with countries such as Sri Lanka, the Maldives, Mauritius and the Seychelles. In 2015, the Lok Sabha ratified the Indo-Bangladeshi agreement that established the border limits between the two countries, which had been stalled since 2011. In addition, Modi carried out an intense agenda of bilateral visits to countries in the region, where he sought to establish relationships of trust with the respective heads of government and citizens, highlighting cultural and historical ties, but also offering development aid in the form of soft loans and non-repayable grants, as well as collaborations in areas of soft power such as culture and higher education.

However, after this initial momentum, the new neighbourhood policy soon began to falter for two reasons. The first was the intensification of the ongoing rivalry with Pakistan and China, a historical obstacle to regional integration. The second was India's own clumsiness in dealing with disagreements with its smaller neighbours.

The historical rivalry with Pakistan and China presents two challenges. In the case of the former, how to deal with the rise of terrorism and religious extremism in Pakistan and Afghanistan, particularly after the Western withdrawal and the return of the Taliban to power in Kabul, and also how to prevent Indo-Pakistani polarisation from hindering SAARC initiatives in favour of regional integration. In the case of China, the main challenge is how to contain the growing presence and influence of its northern neighbour in South Asia. The reality is that Beijing is already a key player in the subcontinent, both

economically and in terms of security, and the smaller countries in the region see China's presence as an opportunity to escape Indian dependence and thus pivot between the two powers for their own benefit.

In relation to this second point, it should be noted that countries in the region have become much more nationalistic in the last decade, reflecting the global trend. National leaders often adopt national-populist positions in relation to India as a way of bolstering their domestic popularity. Relations with New Delhi are often determined by whether it supports the ruling party; if not, it is accused of intruding on national sovereignty (Das, 2023: 28). Within this national-populist dynamic, India has failed to react intelligently, launching rhetorical attacks and using its dominant economic position as a form of pressure . An illustrative example of this situation was the unofficial embargo imposed on Nepal by India in 2015, perceived by Nepalese public opinion as an attempt to influence the constitutional process taking place in the country and which marked a turning point in the consolidation of anti-Indian sentiment among Nepalese public opinion (López Areu, 2015).

These unforced errors in neighbourhood policy have not only undermined the initial successes of the *Neighbourhood First* initiative in consolidating a relationship of mutual trust, but have also opened up a flank of weakness in India's geopolitical position, particularly in relation to China. The Galwan crisis in 2020 consolidated a trend of intensifying territorial disputes in the Himalayas between India and China. As mentioned above, New Delhi perceives this intensification as part of a broader strategy by Xi Jinping to reconfigure the regional order in Asia through an expansion of his territorial claims backed by greater military involvement. This strategy, which is also visible in Taiwan and the East and South China Seas, concerns India both on its northern border and in the Indian Ocean, where Beijing has increased its capacity for action, both through naval exercises and the development of infrastructure such as the ports of Gwadar in Pakistan and Hambantota in Sri Lanka, and its first permanent overseas military base in Djibouti.

Indo-Nepalese relations

The historical relationship between India and Nepal is probably the closest either country has with any other. Geographically, the two countries share a long border with freedom of movement, covering five Indian states. In terms of population, of Nepal's 30 million

inhabitants, six million live and work in India. Finally, culturally, they share languages — Nepali is the official language in Sikkim, and Hindi, Bhojpuri and Maithili are widely spoken in southern Nepal — religious beliefs and practices, and family ties. Economically, relations are also strategic: 72% of Nepalese exports went to India and 63% of imports came from its southern neighbour, while 35% of foreign direct investment in Nepal is Indian[1] . From a security perspective, Nepal acts as a buffer zone on the unstable Indo-Chinese border, but the open border between the two countries also requires monitoring due to the risk of illegal trafficking of arms, drugs and counterfeit money, as well as the use of Nepalese territory by terrorist groups as a base for launching operations in India (Prasant, 2016: 97).

"Nepal is like a sweet potato between two rocks." This is one of the best-known and most often repeated quotes from King Prithvi Narayan Shah (1723-1775), who unified Nepal as a state in the 18th century. It became even more relevant after China's annexation of Tibet in 1951, which turned Nepal into a state of high strategic value (Poudyal, 2022: 19). Nepal's geostrategic position has made the country an important focus of attention for major regional and global powers. Already during the colonial period, Nepal signed international treaties with various powers, first with the British East India Company—the Treaty of Sugauli in 1816—and later with the Raj, the Nepalese-British Treaty of 1923. Similarly, in 1947, the United States and Nepal signed the Trade and Friendship Agreement, which would open the door to US development aid in the country from 1949 onwards as part of Truman's strategy to contain communism in Asia (Onta *et al.,* 2024: 5).

Following India's establishment as an independent republic, both countries signed the Indo-Nepalese Peace and Friendship Treaty in 1950. For Nehru, the bilateral agreement was important for preserving Indian hegemony in the subcontinent against China and the United States (Dabhade & Pant, 2004: 163). The treaty, which is still in force, established a security alliance in which India and Nepal agreed to inform each other of possible conflicts with neighbours and to consult and offer mutual support through the shipment of supplies and weapons in the event of armed conflict. The treaty also covers issues of

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[1] See: World Bank. (2022). Nepal trade. [Accessed: 18/2/2025]. https://wits.worldbank.org/countrysnapshot/en/NPL; Nepal Rastra Bank. 2024. Survey report on foreign direct investment in Nepal. [Accessed: 18/2/2025]. Available at: https://www.nrb.org.np/contents/uploads/2024/08/Survey-Report-on-Foreign-Direct-Investment-2022-23.pdf

economic development and political and social stability in Nepal, guaranteeing, for example, freedom of trade, investment and movement of people and capital between the two states (Thapliyal, 2012: 120).

The Treaty of Peace and Friendship has been instrumental in shaping the close Indo-Nepalese relations, but it has also been criticised by the more nationalist factions of the Nepalese political class for establishing a relationship of economic and security subordination of the country to India. In fact, after the fall of the democratic government of Bishweshwar Prasad Koirala (1959-1960), whose party, the Nepali Congress, was inspired by the Indian National Congress and had been explicitly supported by Nehru, and the imposition of the autocratic regime of King Mahendra (1961-1990), there was a major shift in Nepalese foreign policy. Mahendra established as the main objective of Nepal's foreign policy a pivot between India and China and neutrality based on non-alignment, a doctrine to which the country had been officially committed since the Bandung Conference. Mahendra thus sought to take advantage of Nepal's strategic position to reduce its dependence on India, fostering closer relations with China on the basis of the 1960 Sino-Nepalese Peace and Friendship Treaty and the 1961 Sino-Nepalese Border Treaty. The signing of both treaties allowed Nepal to consolidate its status of neutrality between its two neighbours, as was the case, for example, when it refused to provide military support to India, as required by the 1950 treaty, in the Sino-Indian War of 1962. After its defeat in the war, a weakened India did not want to jeopardise its relationship with Nepal and expand the northern front, which consolidated Mahendra's position (Mage, 2007: 834).

Despite Nepal's attempts to play both sides, the country's strong economic dependence on India was an important trump card for New Delhi when it came to managing its relationship with the sceptical Mahendra in the 1970s and 1980s. The relationship, however, eventually broke down completely in 1989, following a series of economic and security disagreements, notably Nepal's attempt to purchase Chinese weapons in 1988, which New Delhi considered a violation of the Treaty of Peace and Friendship. The then Prime Minister, Rajiv Gandhi, in line with Indira's doctrine of offensive realism, viewed the various disputes as a challenge to India's dominant position in Indo-Nepalese relations and opted for regime change in his neighbour. Gandhi thus initiated a series of pressure tactics, including support for the Nepalese democratic opposition in exile in India, which

would end in a *de facto* trade embargo that led to a severe economic crisis in Nepal, contributing to the overthrow of the autocratic regime in 1990. The new democratic regime, led by the pro-Indian Nepali Congress, restored the special relationship with India. For its part, New Delhi made efforts to support the new regime by making economic concessions and opening up to a revision of the Treaty of Peace and Friendship to adapt it to the new post-Cold War context (Bhattarai, 2018: 3).

The stability of Nepal's new democratic regime was short-lived, giving way to a turbulent period at the turn of the century. First, civil war broke out between the state and Maoist guerrillas (1996-2006). Second, in 2001, regicide took place, bringing the authoritarian Gyanendra Shah to the throne. Finally, the combination of both crises ultimately led to the popular revolution that would end the monarchy in 2008.

Post-2008 republican Nepal is a very different country, strongly divided into two camps. On the one hand, there is the *Pahadi* community, which has historically controlled political and economic power in Nepal, and on the other, there are the ethnic minorities that had been discriminated against in society and excluded economically and politically. While the former group seeks to retain its dominant position through a centralised model of government, the latter calls for decentralisation that would grant them greater autonomy (Jha, 2014). Throughout the constitutional process, New Delhi showed strong support for the demands of the Madhesi community, the Nepalese ethnic group with strong cultural and family ties to India, which supported a federal and decentralised constitutional model. Following the promulgation of the new constitution in 2015, strong protests broke out among various minority groups, including the Madhesi, who criticised an agreement between the three major national parties, controlled by the Pahadi elite, to dilute the federal character of the new state (López Areu, 2015). With Narendra Modi now in power and under pressure from political forces in Bihar and Uttar Pradesh, Indian states bordering Nepal with strong ties to the Madhesi political community, India sought to pressure Kathmandu to revise the constitutional text. Days before the promulgation, Indian Foreign Minister Subrahmanyam Jaishankar flew to Kathmandu to meet with Nepalese Prime Minister Sushil Koirala and convince him to make changes to the Constitution. After Koirala refused, India began an informal blockade of the border, which led to fuel shortages for months.

India's intervention in Nepal's constitutional crisis was the first step in the derailment of Narendra Modi's *Neighbourhood First* policy. The shortage of cooking gas and petrol for transport as a result of the embargo had a major impact on the daily lives of Nepalese people, and the new prime , Khadga Prasad Sharma Oli, skilfully turned this discontent into a political weapon, accusing India of wanting to violate Nepal's national sovereignty. Oli recalled Nepal's ambassador to New Delhi and visited Beijing a few days later to sign several trade and transit agreements. Oli's nationalist stance and anti-India rhetoric have earned him great popularity in the country and consolidated a strategic shift in Nepal from India to China. It has not helped that the Rashtriya Swayasemvak Sangh (RSS) and the Bharatiya Janata Party (BJP), part of the Indian Hindu nationalist galaxy to which Narendra Modi belongs, have politically and financially promoted political and social movements in Nepal that seek to re-establish Hinduism as the official state religion, reversing the secularisation of 2015.

Indo-Nepalese relations have been marked by a sense of grievance on the part of Nepal, which believes that the regional power has used its economic might to establish a relationship of political subordination. The 2015 crisis coincided with China's increased projection in South Asia under President Xi Jinping, and Nepal now sees China as an opportunity to escape its economic dependence on India. In 2019, Nepal and China signed the Transit and Transport Agreement, which facilitated Nepalese exports through six border posts to China and also from four Chinese seaports—Tianjin, Shenzhen, Lianyungang and Zhanjiang—to international markets[2] . In 2024, following Oli's return to power, for the first time in modern history, the Nepalese prime minister did not make his first foreign trip to India, but to China. During that visit, Nepal's entry into China's Belt and Road Initiative was also signed, which previous governments had resisted due to strong Indian opposition and also because of the risk of losing its historical position as a non-aligned country. Nepal's entry into the initiative will mean a significant increase in Chinese investment in the country, including the development of the *Trans-Himalayan Multi-Dimensional Connectivity Network,* three economic-industrial corridors and the development of several hydroelectric projects.

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[2] See: *The Himalayan Times.* (2016). Nepal, China pen transit trade treaty, nine other pacts, 22 March. [Accessed: 7/2/2025]. Available at: https://thehimalayantimes.com/business/nepal-china-pen-transit-trade-treaty-nine-pacts

In conclusion, the 2015 crisis and the rise of national populism in Nepal, particularly under the leadership of K. P. Oli, pose a serious challenge to India in its bilateral relations with the Himalayan state and to its security on the increasingly tense northern border. Nepal's entry into the Belt and Road Initiative is a major success for China and is partly also the result of India's underestimation of Kathmandu's political distancing. Given the more than likely drastic cut in US development aid with Donald Trump's arrival in the presidency and the dismantling of USAID, which could cost Nepal up to $700 million in direct aid[3] , India runs the risk that if it does not act to mend relations with Nepal, it will inevitably fall into Beijing's sphere of influence, and that greater connectivity between the two countries will in turn pose a risk to Indian security.

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[3] See: *Nepali Times.* (2024). How USAID cut affects Nepal. 26 January. [Accessed: 7/2/2025]. Available at: https://nepalitimes.com/news/how-usaid-cut-affects-nepal

Indo-Bangladeshi relations

India and Bangladesh share a common culture, history and language through Bengali. In addition, the border between the two countries, which includes the strategic Siliguri Corridor connecting the north-east region with the rest of India, is New Delhi's longest border with any neighbouring country. Bangladesh also plays a dominant role in India's security calculations, particularly in ensuring peace and stability in the ever-unstable northeast. Economically, Bangladesh is India's main trading partner in South Asia, with a bilateral trade volume of nearly $16 billion in 2023[4] .

Bangladesh's independence from Pakistan in 1971, supported by New Delhi, was a major geostrategic success for India, reducing its territorial exposure to its main regional rival and helping to consolidate the security of its eastern border. That is why, since then, India has considered its relationship with Bangladesh to be strategic for its security.

However, this strategic view of the relationship has not always been reciprocated by Dhaka. A determining factor in the temperature of relations between the two countries is who holds political power in Bangladesh, while who holds power in New Delhi is more irrelevant. In particular, bilateral relations have tended to be stronger when the secular Awami League has been in power and weaker when the conservative Islamic Bangladesh Nationalist Party (BNP) has been in power. This dichotomy can be explained by comparing the governments of the two women who have dominated both parties and Bangladeshi politics over the last two decades, Sheikh Hasina of the Awami League and Khaleda Zia of the BNP.

While Hasina's first government (1996-2001) signed the Ganges Water Sharing Treaty, ending the strategic dispute between the two countries over control of the river's water resources, which had been a key destabilising factor in the relationship, Zia's arrival in power in 2001 led to a significant deterioration in the relationship. In 2006, India accused Zia's government of offering refuge to secessionist forces from north-eastern India. The crisis led to the cancellation of several interconnection projects between the two countries, such as the trilateral India-Bangladesh-Myanmar gas pipeline.

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4 See: Ministry of External Affairs. (2024). India-Bangladesh bilateral relations. [Accessed: 5/2/2025]. Available at: https://www.mea.gov.in/Portal/ForeignRelation/Bilateral-Brief-Bangladesh-February-2024.pdf

With Hasina's return to power in 2009, relations between India and Bangladesh returned to the path of progress with significant advances in the fields of economy, energy and security cooperation. In the commercial sphere, India agreed to grant tariff-free access to its market for all Bangladeshi products, a measure that has the potential to increase exports of Bangladeshi products to India and reduce the trade deficit. India extended a £1 billion credit line to Dhaka for infrastructure development, of which £200 million was granted as a non-repayable grant. In the energy sector, in 2013 India and Bangladesh inaugurated a cross-border electricity transmission line, which enabled the start of energy trade between the two countries. Bangladesh now imports 500 MW of electricity from India.

After the ups and downs during the Zia governments, security cooperation between the two countries intensified significantly, especially in the area of combating cross-border terrorism and insurgency following India's ratification, with Modi now in power, of the Land Boundary Agreement (LBA) in 2014.

The coincidence of Modi and Hasina in power since 2014 and the adoption of the *Neighbourhood First* policy gave a boost to Indo-Bangladeshi relations. In June 2015, during an official visit to Dhaka, Modi promoted the signing of twenty-two bilateral agreements, mainly in the field of interconnectivity, with new railway lines and roads proposed, as well as improved access to the ports of Chittagong and Mongla. The implementation of the agreements is supported by an Indian credit line of $2 billion[5] . Interconnectivity with Bangladesh is crucial for India for two reasons. First, it allows for greater integration of the north-east with the rest of the country, which is key to its economic development, but also in the event of conflict with China. Second, Bangladesh is key to India's projection towards Southeast Asia, as part of its Act East strategy. The bilateral agreements mentioned above should be seen in line with regional institutional initiatives in which both countries play a leading role, such as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and the aforementioned Bangladesh, Bhutan, India and Nepal Multimodal Transport Agreement *(*BBIN).

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[5] See: *Business Today.* (2015). India, Bangladesh ink 22 agreements. Here's the list, 7 June. [Accessed: 3/2/2025]. Available at: https://www.businesstoday.in/latest/deals/story/pm-narendra-modi-signs-22-deals-with-bangladesh-48628-2015-06-07

Security cooperation has also been one of the main areas of collaboration since 2014, particularly following the attack in Burdwan, in the Indian state of West Bengal, but also due to the intensification of migration flows and Rohingya armed activity following the political crisis in Myanmar. Since then, both countries have worked to strengthen existing initiatives, such as intelligence sharing, while simultaneously exploring new areas of cooperation. During Modi's visit in 2015, the two countries signed an agreement to jointly address cross-border crimes, particularly counterfeit currency smuggling and human trafficking. Following the border demarcation agreement, which also included the maritime border, security cooperation has been extended to the maritime domain, for example through joint operations by the two countries' coast guards.

Despite the momentum in Indo-Bangladeshi bilateral relations over the past decade (2014-2024), coinciding with the good personal relations between Modi and Hasina, these have not been without challenges for India. The main challenge is the growing presence of Chinese interests in Bangladesh. Dhaka joined the Belt and Road Initiative in 2016 and since then the relationship has intensified considerably. This is illustrated by the comparison between the $3 billion that India has offered Bangladesh for infrastructure development with the nearly $24 billion committed by China for projects in the areas of trade, transport and energy. The fact that China is not among the top ten importers of Bangladeshi products provides a strong incentive for the growth of the bilateral relationship. Similarly, in the field of security, Bangladesh has made China its main supplier of arms, accounting for almost 70% of its purchases in 2020, worth $546 million; thus becoming the second largest foreign buyer for the Chinese arms industry[6].

A second challenge for India has been its inability to maintain stable relations with Dhaka regardless of the party in power. It is true that the BNP is rooted in national-populist rhetoric, which includes a pro-Islamic and anti-Hindu communal slant, but it is also true that New Delhi's support for Sheikh Hasina has been highly controversial. Hasina's government, which had evolved towards authoritarianism and carried out clear violations of human rights and freedoms, was eventually overthrown in 2024 by a democratic revolution. India's support for Hasina, including pressuring other foreign powers to ignore her government's violations of fundamental rights and then welcoming her as an exile

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[6] See: SIPRI. (2020). Trends in international arms transfers. [Accessed 26/1/2025]. Available at: https://www.sipri.org/sites/default/files/2021-03/fs_2103_at_2020.pdf

after her fall, has damaged its image both with the new Bangladeshi government, led by Nobel Prize-winning economist Muhammad Yunus, and with public opinion in the country.[7]

Hasina's fall has left India in a very delicate situation in Bangladesh. Although Yunus has not fuelled the controversy, there is no doubt that relations with China have now taken priority. Similarly, the revival of Bangladesh-Pakistan relations following Hasina's fall is noteworthy, as relations between the two countries had been minimal since the 1971 war (Rizve, 2025). A closer relationship between Pakistan and Bangladesh could lead to anti-Indian cooperation around a common Islamist position, particularly if the BNP in Bangladesh and the Pakistan Tehreek-e-Insaf (PTI) return to power in the future. This would have implications for India not only in terms of security, but also in terms of leadership in various regional forums.

Indo-Sri Lankan relations

Sri Lanka is a country of great importance to India for two fundamental reasons. The first is its size and strategic position in the Indian Ocean. The second is the historical relations between the Sri Lankan Tamil and Indian communities. Often, both of these factors have led to a conflict between Indian interests in relation to Sri Lanka, which would be, on the one hand, to guarantee Sri Lankan sovereignty, avoiding the presence of foreign actors in the country and, on the other, to protect the Tamil community in the country from attacks by the politically dominant ethnic group, the Sinhalese.

Despite its geostrategic importance, during the second half of the 20th century, Indian policy towards Sri Lanka was dominated mainly by the Tamil factor. Especially since the 1960s, with the rise of ethnolinguistic regionalism in the Indian political system, Tamil-Dravidian sentiment has been channelled politically through the Dravida Munnetra Kazhagam (DMK) and All India Anna Dravida Munnetra Kazhagam (AIADMK) in the state of Tamil Nadu (Subramanian, 2002). These parties, which are key in Tamil Nadu but also very influential at the national level, often set the pace for New Delhi, prioritising the Tamil issue in relations with Sri Lanka, particularly after the 1983 pogrom known as Black July,

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[7] See: *Financial Times.* (2024). India's Bangladesh bet backfires after Sheikh Hasina ousted, 8 August. [Accessed: 7/2/2025]. Available at: https://www.ft.com/content/6961f171-d433-4fab-90c9-8fca790547d6

in which more than 6,000 Sri Lankan Tamils were killed by the Sinhalese majority. However, the assassination of former Indian Prime Minister Rajiv Gandhi by a member of the Tamil Tigers (LTTE) in 1991 marked a turning point in the influence of the Tamil cause, which lost influence in Indian public opinion, despite attempts by the DMK and AIADMK to dissociate the ethnic cause from LTTE terrorism.

Sri Lanka's privileged position in the Indian Ocean has made it the focus of attention for major regional and global powers, including China, the US and the UK. The Indira Doctrine and its Monroe Doctrine-like approach to South Asia focused on trying to prevent such external influences in its neighbourhood, a goal that has remained in place after India's post-1990 liberalisation. The major risk factor in this regard has been the rise of China and its growing presence in the Indian Ocean and Sri Lanka in particular. In fact, Sri Lanka has been the South Asian state, apart from Pakistan, with which China has deepened its economic relations the most. This Sino-Sri Lankan relationship even predates Colombo's entry into the Belt and Road Initiative in 2013 and is closely linked to the Rajapaksa family, whose members have ruled Sri Lanka twice, under the presidency of Mahinda Rajapaksa between 2005 and 2015 and Gotabaya Rajapaksa from 2019 to 2022. The Rajapaksa family has been accused of serious corruption, often linked to bribes from Chinese companies in exchange for the signing of major projects. Sri Lanka received around $4.8 billion in soft loans from China during Mahinda Rajapaksa's government[8]. The most controversial Chinese project is the construction of the Hambantota seaport. The port was inaugurated in 2010, but lack of demand and the expansion of the more important port of Colombo soon made it economically unviable. In 2017, China Merchants Port, a company partly controlled by the Chinese state, acquired a majority stake in the port and a 99-year lease (Hillman, 2018). The fact that Hambantota is a deep-water port is a cause for concern for India, as it could accommodate Chinese warships and submarines, as Colombo did, with the permission of the Rajapaksa government, which did not inform India when Chinese nuclear submarines docked at that port in 2014.

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[8] See: *Forbes.* (2021). The story behind the world's emptiest international airport, 10 December. [Accessed: 8/2/2025]. Available at: https://www.forbes.com/sites/wadeshepard/2016/05/28/the-story-behind-the-worlds-emptiest-international-airport-sri-lankas-mattala-rajapaksa/

Maithripala Sirisena's rise to power in Sri Lanka in 2015 opened a window of opportunity for India to rebalance the balance of influence in Sri Lanka vis-à-vis China. During the election campaign, Sirisena accused Rajapaksa of being corrupt and authoritarian, focusing his criticism on his relationship with China. India acted quickly, sending its foreign minister, Subrahmanyam Jaishankar, to visit the new president, who returned the gesture by making India his first foreign visit. However, beyond the kind words, there was little progress in bilateral relations between the two countries during Sirisena's term in office. This was partly because his government soon entered a spiral of domestic crises that prevented it from stabilising.

The economic crisis that has plagued Sri Lanka since 2019, leading to the protests of 2022 and the rise to power of former revolutionary and socialist Anura Kumara Dissanayake in 2024, has consumed the Sri Lankan political class in recent years. However, they have also opened a public debate about the role China has played in the country's bankruptcy. In particular, there has been much talk about China's alleged "debt trap" strategy and how Sri Lanka was a kind of testing ground for it. Although the existence of such a strategy has been questioned (Wignaraja *et al.,* 2020), the search for a more sustainable economic model for the future opens a window of opportunity for India in Sri Lanka.

India is Sri Lanka's main trading partner, with exports worth £4.627 billion and imports worth £913 million in 2022. This makes India the third largest market for Sri Lankan products and the largest exporter to the country. By comparison, China is not even among the top five importers of Sri Lankan products[9] . China's economic relationship with Sri Lanka has been built on direct investment in the form of loans during the period 2010-2022. That relationship, which made China Colombo's main investor, was largely based on the refusal of India, the US and the European Union to offer credit lines to Sri Lanka during the final stages of the country's civil war, when Mahinda Rajapaksa's government was accused of war crimes against the Tamil population. Since the bankruptcy of 2022, China has stopped offering new credit lines and investments to Sri Lanka[10] . India can take advantage of this situation, given the economic weight of bilateral economic relations. Several of the

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[9] See: *World Bank.* (2022). Sri Lankan monthly trade data. [Accessed: 9/2/2025]. Available at: https://wits.worldbank.org/countrysnapshot/en/LKA
[10] *The Diplomat.* Beyond debt: China-Sri Lanka relations in a new era, 15 January [Accessed: 9/2/2025]. Available at: https://thediplomat.com/2025/01/beyond-debt-china-sri-lanka-economic-relations-in-a-new-era/.

agreements proposed during Modi's visit to the country in 2015 in the field of civil nuclear energy, ending fishing tensions and finalising the 2000 Indo-Sri Lankan free trade agreement, could be a good starting point for consolidating a new preferential relationship that displaces China and can then be extended to security and defence issues.

Figure 3: Country-wise share of India's and China's Total Trade with South Asia (N8) in 2018

Bangladesh accounts for approx. one-third of China's trade with South Asia

Note: All figures are in USD Billion
Source: WITS, World Bank
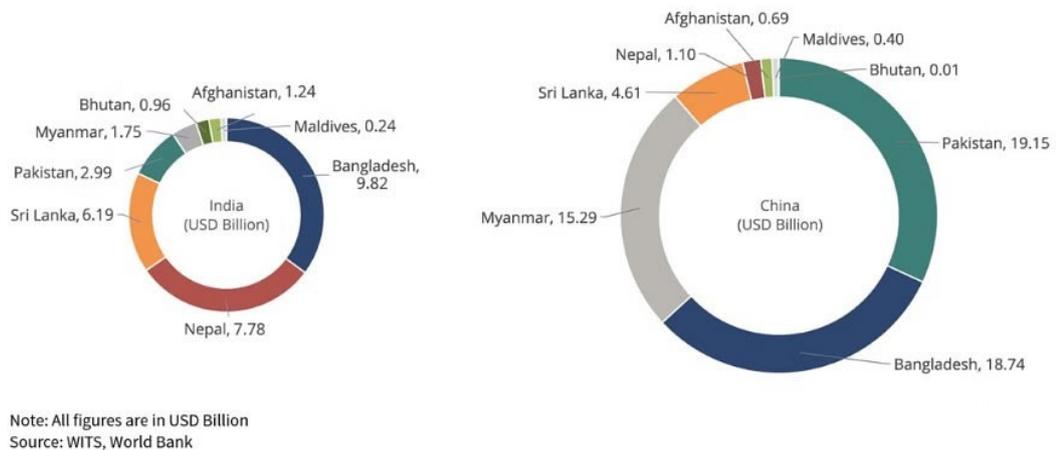
Indo-Burmese relations

Although strictly speaking Myanmar is not part of South Asia's neighbourhood, the country is of great geostrategic importance to India as a gateway to Southeast Asia and, therefore, to the success of Narendra Modi's *Act East Policy*.

The historical ties between India and Myanmar, as with the other countries in this chapter, are strong and long-standing. In addition to cultural interconnections, during the colonial period, the former Burma and India were part of the British Empire and their nationalist movements shared strategies and mutual support, particularly through the strong personal relationship between Jawaharlal Nehru and Aung San. Following the independence of both countries, India in 1947 and Myanmar in 1948, the Treaty of Peace and Friendship was signed in 1951, declaring "eternal peace and unalterable friendship" between the two nations. These beginnings between two post-colonial and ideologically akin states were disrupted by General U Ne Win's coup d'état in 1962. The resulting military junta not only closed itself off politically from the outside world, but also persecuted ethnic minorities within the country, including Indians, creating tensions with

New Delhi. From then until the turn of the 20th century, Indo-Burmese relations were characterised by cold formality. On the one hand, Ne Win visited India in 1968, 1970 and 1980, and on the other, India granted asylum to former Prime Minister U Un and gave financial and political support to Aung San Suu Kyi, leader of the democratic opposition and daughter of Aung San.

With the beginning of the opening up of the Indian economy in the 1990s, India announced the so-called *Look East Policy* in 1991, a strategy to project the country towards Southeast Asia and East Asia. In 2014, Narendra Modi gave greater weight to the initiative in Indian foreign policy by renaming it the Act East Policy, with China now part of the equation.

Myanmar-China relations are very intense, particularly since the military junta came to power and Myanmar's relationship with India deteriorated. China and Myanmar share a 2,000-kilometre border, and China is the main investor, accounting for 26% of the total, and Naypyidaw's trading partner, with $2 billion in 2022. Bilateral trade between India and Myanmar was £1 billion in the same year, which leaves the out of the top five trading partners[11]. In addition, China, together with Russia, has been the main supplier of arms to the military junta, although in recent times India has significantly increased its exports to become the third largest supplier with 14% of the total arms imported by Myanmar in 2023, compared to 29% for China and 42% for Russia. [12]

Given the historical and strong economic and security ties between Myanmar and China, the Modi government's objective under the Act East Policy has been not so much to try to displace China as to ensure Burmese neutrality in the Sino-Indian competition. To this end, New Delhi has sought to intensify economic and connectivity relations. Examples of this are the Kaladan Multimodal Transit Transport Project and the India-Myanmar-Thailand Trilateral Highway maritime and land interconnectivity projects (Gil, 2025). In the economic sphere, bilateral relations benefited from the entry into force of the India-

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[11] See: World Bank. (2022). Myanmar monthly trade data. [Accessed: 10/2/2025]. Available at: https://wits.worldbank.org/CountrySnapshot/en/MMR/textview
[12] SIPRI. (2023). Trends in international arms transfers, 2023. [Accessed: 10/2/2025]. Available at: https://www.sipri.org/sites/default/files/2023-03/2303_at_fact_sheet_2022_v2.pdf.

ASEAN Free Trade Agreement in 2010, which has given a significant boost to trade relations, with growth of 14% between 2010 and 2018[13].

Another important aspect for New Delhi is cooperation on security and counter-terrorism. The porous border shared by the two countries and the instability in both north-eastern India and the Burmese regions of Sagaing, Kachin and Chin, which have been severely affected by the civil war in the country following the 2021 coup, has led to Indian armed groups settling in Myanmar and launching attacks on India from there. In 2019, both countries participated in joint operations against these armed groups on both sides of the border[14] .

In short, Indo-Burmese relations have fluctuated in recent decades due to New Delhi's support for the National League for Democracy's democratic movement against the military junta, which relied more on China. However, following Modi's rise to power and the promotion of the *Act East Policy*, India has adopted a more pragmatic stance. Following the restoration of military rule in 2021, unlike in the past , New Delhi has maintained good relations with Min Aung Hlaing's government, including the sale of arms worth more than $51 million in 2023, according to the United Nations[15] . This support for the new government has allowed connectivity and security cooperation projects to remain intact, strengthening India's position in the country with the aim of projecting itself into Southeast Asia and stabilising its north-eastern region.

Global reflection and conclusion

India's growing global visibility, courted by the liberal bloc on the one hand and increasingly perceived as a strategic competitor by China on the other, projects an image of strength and influence that the Indian government itself seeks to convey. However, this image smacks of a certain overconfidence. The transition from a middle power to a great power is always complex because it requires a significant expansion

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[13] Ministry of Commerce and Industry, Government of India. (2017). Foreign trade (ASEAN). [Accessed: 10/2/2025]. Available at: https://web.archive.org/web/20170602191719/http://commerce.gov.in/InnerContent.aspx?Id=74

[14] See: *The Hindu.* (2019). India, Myanmar conduct joint operation to destroy militant camps in Northeast. [Accessed: 10/2/2025]. Available at: https://www.thehindu.com/news/national/india-myanmar-conduct-joint-operation-to-destroy-militant-camps-in-northeast/article27956142.ece.

[15] See: *DW.* How India is supporting Myanmar's military with arms. [Accessed: 10/2/2025]. Available at: https://www.dw.com/en/how-india-is-supporting-myanmars-military-with-arms/a-65733102

of capabilities and dispersion of economic, political and military resources. In this regard, this chapter has sought to highlight what is considered to be a fundamental weak spot in Indian foreign and security policy: its South Asian neighbourhood. It has focused on two main causes of this weakness. First, China's growing influence in the region. And second, the nationalist turn in small states.

As we have seen, China perceives India as a systemic rival to its hegemonic ambitions in Asia. In terms of territorial size and population, economic weight and military potential, India is the only country on the continent comparable to China. Furthermore, its political system opens the door to a network of potential support, such as the QUAD, which China lacks and which is one of its main structural weaknesses (Kim, 2021). Faced with this *Indian challenge,* China has adopted a strategy of containing its neighbour that includes increasing military pressure on the shared border, inciting crises such as those in Doklam in 2017 and Galwan in 2020, and offering opportunities for economic development, infrastructure and security to other states on the subcontinent, particularly through its Belt and Road Initiative. China's goal is to force India to concentrate resources and efforts on its neighbourhood, diverting them from other initiatives.

China's growing influence in South Asia is partly the result of Beijing's initiative, but also of New Delhi's own mistakes. As discussed at the beginning of the chapter, Indian influence on the domestic politics of its neighbours has been a constant in post-colonial South Asia. In the last decade, however, the global nationalist-populist trend has also taken hold in the region. This has led to a change in attitude towards external pressures, particularly those from India. The economic embargo on Nepal in 2015 to influence its constitutional process and the unconditional support for Sheikh Hasina in Bangladesh despite the authoritarian nature of her regime have provoked strong nationalist and anti-Indian reactions in these countries and opened the door to greater influence from other powers, particularly China.

In the current context, based on the two axes presented, India's approach to its neighbourhood requires change. The asymmetry of power, both economic and military, between India and its neighbours is so pronounced that the latter view with suspicion New Delhi's insistence on shaping the regional order through bilateral relations with each of them, rather than in multilateral forums such as SAARC. This paternalistic approach,

inherited from the 20th century, is now perceived as a form of coercive diplomacy rather than a genuine attempt by India to promote regional stability and prosperity.
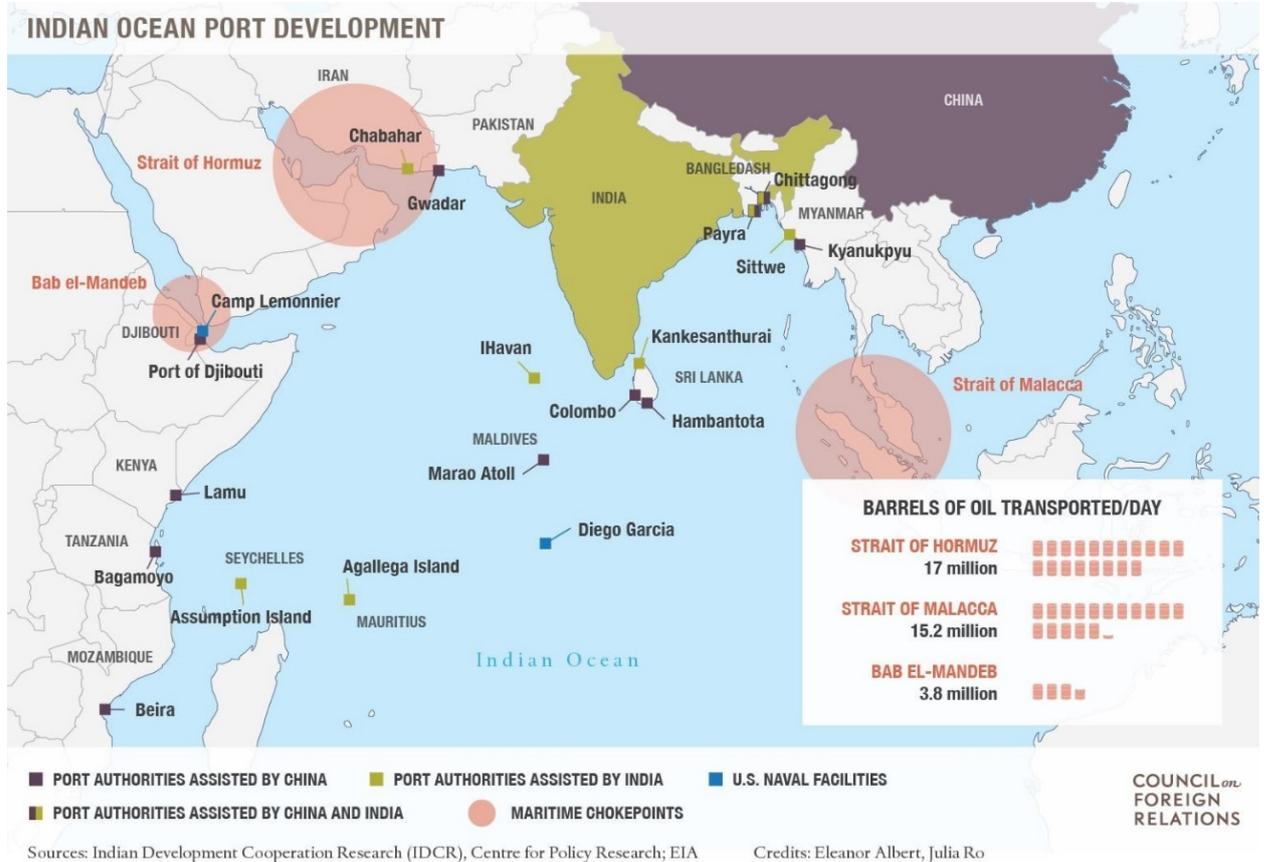
South Asia is recognised as the least integrated regional unit globally[16] . However, all indicators suggest that the opposite should be true. First, the subcontinent is a vast and continuous land mass with a common historical, cultural and linguistic heritage that gives its populations a strong sense of identity. Second, the British colonial legacy means that the institutional and legal models of the member states are very similar. Third, the legacy of colonial infrastructure, such as roads, railways and water management, is pan-regional and, with investment, these interconnectivities could be restored. Finally, South Asia has a population of over 2 billion people, a quarter of the world's total, and a growing middle class[17] . These potential synergies represent an opportunity for regional development and stability, but also for rethinking and re-legitimising Indian leadership in South Asia through the strengthening of SAARC as a multilateral forum, of which China is not a member state.

As Raja Mohan (2007) argues, without regional primacy and stability, a state cannot become a credible global power. South Asia, as an integral part of the Indo-Pacific, is undergoing a period of geopolitical and geoeconomic change. At the subcontinental level, the polarisation between the liberal powers and China is translating into growing security tensions between India and China. On the one hand, border clashes have recently multiplied. On the other hand, with Nepal's entry into the Belt and Road Initiative in 2024, all countries on the subcontinent except India are now members of the Chinese initiative. In the Indian Ocean, a key maritime route for global trade, with 80% of the world's oil market and a third of overall trade, the presence of major powers has increased significantly over the last decade. India, which has been the hegemonic power in this area, now faces Chinese naval presence in Sri Lanka (Hambantota), Pakistan (Gwadar) and Djibouti. Other major nuclear powers, such as the US, the UK and France, also have territories and interests in the area. Even Pakistan is increasing its naval potential, with the launch of the first of eight submarines purchased from China, tests for the launch of

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[16] See: *UNESCAP.* (2018). Unlocking the potential of regional economic cooperation and integration in South Asia. [Accessed: 20/2/2025]. Available at: https://www.unescap.org/publications/unlocking-potential-regional-economic-cooperation-and-integration-south-asia-potential.
[17] See: *Asian Development Bank.* (2010). Asia's emerging middle class: past, present and future. [Accessed: 20/2/2025]. Available at: https://www.adb.org/sites/default/files/publication/27726/special-chapter-02.pdf

ballistic missiles from its maritime resources and a plan to expand its navy from twenty to fifty vessels in the coming decades[18] . This military overpopulation is a cause for concern for small island states such as the Maldives, Mauritius and the Seychelles.

INDIAN OCEAN PORT DEVELOPMENT

BARRELS OF OIL TRANSPORTED/DAY	
STRAIT OF HORMUZ 17 million	
STRAIT OF MALACCA 15.2 million	
BAB EL-MANDEB 3.8 million	

PORT AUTHORITIES ASSISTED BY CHINA PORT AUTHORITIES ASSISTED BY INDIA U.S. NAVAL FACILITIES
PORT AUTHORITIES ASSISTED BY CHINA AND INDIA MARITIME CHOKEPOINTS

COUNCIL on FOREIGN RELATIONS

Sources: Indian Development Cooperation Research (IDCR), Centre for Policy Research; EIA   Credits: Eleanor Albert, Julia Ro

Finally, it is important to highlight the unknown factor of Donald Trump's presidency (2025-2029) and its impact in two areas. Firstly, what strategy he will adopt towards China and, therefore, his commitment to consolidating the liberal framework of regional initiatives such as the QUAD, the Indo-Pacific Economic Framework (IPEF) and the India-Middle East-Europe Corridor, among others. Secondly, if the US abandons the liberal alliance in favour of a realist-protectionist approach, this could lead to a breakdown of the rules-based international order, which could drag India and China into a similar approach in South Asia, with the obvious risk of confrontation that this entails.

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18 See: Khalil, T. *et al.* (2024). Understanding naval competition in the Indian Ocean Region. *South Asian Voices,* 17 December. [Accessed: 20/2/2025]. Available at: https://southasianvoices.org/sav-qa-understanding-naval-competition-in-the-indian-ocean-region/

In short, India has a significant open front in its neighbourhood. How it manages this will give us an indication of the country's true ability to become a superpower beyond its traditional sphere of influence.

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