

THE GROWING INFLUENCE OF CHINA IN SOUTH ASIA: WITH SPECIAL REFERENCE TO INDIAN SECURITY

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ABSTRACT

The strategic landscape of South Asia is undergoing a profound transformation with the rapid rise of China's influence across the region. This research paper critically examines the multidimensional expansion of Chinese power—through economic investments, strategic alliances, infrastructure projects like the Belt and Road Initiative (BRI), and military partnerships—and its implications for Indian national security. China's growing presence in India's neighbourhood, including in Pakistan, Nepal, Sri Lanka, Bangladesh, and the Maldives, has led to a complex web of geopolitical challenges for New Delhi. Of particular concern are border tensions along the Line of Actual Control (LAC), the China-Pakistan nexus via CPEC, maritime activities in the Indian Ocean, and encirclement strategies perceived through the "String of Pearls" doctrine. This paper assesses India's responses through diplomatic engagement, military modernization, and strategic realignment in the Indo-Pacific. The study concludes that while China's influence in South Asia is poised to grow, India's ability to safeguard its security interests will depend on its regional leadership, economic resilience, and strategic partnerships. The paper emphasizes the urgent need for a comprehensive and adaptive Indian security policy in response to the shifting power dynamics of South Asia.

Keywords: *China, South Asia, Indian Security, Belt and Road Initiative, Geopolitics, Strategic Encirclement, Indo-Pacific, CPEC, LAC, String of Pearls.*

Introduction

South Asia holds immense strategic significance in global politics. This region serves as a bridge between Asia and the continents of Africa and

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Europe through the Indian Ocean's vital maritime routes, through which a major portion of global energy supply and trade passes. For instance, more than two-thirds of the world's oil and nearly 80% of China's and Japan's oil imports are transported via South Asian sea routes. From a demographic perspective as well, South Asia is a densely populated region that includes two nuclear-armed nations—India and Pakistan.

Over the past few decades, China has emerged as a rising global power—it has become the world's second-largest economy after the United States and is expanding its diplomatic and military roles on the global stage. Particularly through ambitious global infrastructure investment programs like the Belt and Road Initiative (BRI), China is enhancing its connectivity and influence with over 150 countries across Asia, Africa, and Europe. Under this initiative, China is making substantial investments in foreign ports, railways, roads, and energy plants, with the total estimated value exceeding \$1 trillion. South Asia has also emerged as a central focus of this Chinese global strategy.

This research paper presents an analytical study of China's increasing influence in South Asia with a special focus on Indian security. It includes a detailed source-based examination of China's policies in the region, its economic, military, and diplomatic impact on South Asian countries, the implications for India's national security, and the strategic responses adopted by India.

China's Regional Policies

Belt and Road Initiative (BRI)

At the core of China's regional policy lies the Belt and Road Initiative (BRI), a global infrastructure development strategy launched in 2013 by Chinese President Xi Jinping. The aim of BRI is to establish extensive connectivity and trade relations between Asia, Europe, and Africa through land and maritime routes. Most South Asian countries

— including Pakistan, Sri Lanka, Nepal, Bangladesh, the Maldives, and Afghanistan — have joined the initiative. However, India and Bhutan remain outside of it. Under BRI, China has been financing massive infrastructure projects in these countries, including roads, railways, ports, power plants, and industrial parks. A notable example is the China-Pakistan Economic Corridor (CPEC), a major component of BRI with an estimated investment exceeding \$60 billion. CPEC includes the development of Gwadar Port, highways, and multiple energy projects. Similarly, in Sri Lanka, projects like Colombo Port City and Hambantota Port, in Bangladesh the Padma Bridge Rail Link, and in Nepal the Trans-Himalayan Connectivity Network fall under the BRI framework.

Through these projects, China is not only expanding its economic footprint in the region but also securing access to new markets, sources of raw materials, and strategic maritime routes. The participating countries view China as a key partner in infrastructure development and have officially referred to it as a "significant development partner." However, alongside economic dimensions, these projects carry deep geopolitical implications, which may impact India's security and strategic interests in the long run.¹

Debt-Trap Diplomacy

A controversial aspect of China's regional policy is the concept of "Debt-Trap Diplomacy", wherein China is accused of extending large-scale loans to developing nations, trapping them in debt, and leveraging this financial dependence for strategic gains. Critics argue that under initiatives like BRI, China provides infrastructure loans under stringent conditions and for projects that are not always commercially viable. As a result, these nations often struggle to repay, leading to increased financial vulnerability. The most cited example is Sri Lanka's Hambantota Port. Between 2007 and 2010, China provided loans exceeding \$360 million (85% from the Export-Import Bank of China) at an interest rate of 6.3% for the port's

construction. However, the port failed to generate the expected revenue, and Sri Lanka's debt burden kept rising. By 2017, the situation forced the Sri Lankan government to lease the port to a Chinese state-owned company for 99 years in exchange for \$1.12 billion, which was used to settle immediate financial obligations.²

While this deal offered Sri Lanka temporary financial relief, it alarmed India, Japan, and the United States, who feared that the port could potentially be converted into a Chinese naval base in the future. Strategic experts like Brahma Chellaney have highlighted how China used concessional loans to influence Sri Lanka's political leadership (especially under President Mahinda Rajapaksa), thereby expanding its strategic sphere. According to Chellaney, although Hambantota Port may not offer short-term commercial benefits, it represents a long-term strategic asset for China.

Furthermore, China has been criticized for not adequately assessing the debt sustainability of borrowing countries and allegedly using debt as a tool for political leverage when required. However, there is debate surrounding the debt-trap narrative. Some studies suggest that the problems arise more from the internal debt management weaknesses of the recipient countries than from Chinese loans themselves. For instance, in 2020, China's share in Sri Lanka's total external debt was only about 6%, with the majority owed to commercial bonds and multilateral institutions. Nevertheless, the political conditions attached to Chinese loans and their strategic consequences have heightened vigilance in India and among Western nations regarding China's debt diplomacy in South Asia.

Strategic Ports and the “String of Pearls”

In recent years, China has made concerted efforts to develop or operate several strategic ports in South Asia and the surrounding Indian Ocean region. Pakistan's Gwadar Port and Sri Lanka's Hambantota Port are prime examples of this strategy. These ports are

part of what appears to be China's "String of Pearls" strategy—an initiative aimed at establishing a network of Chinese-influenced ports stretching from the South China Sea to the Indian Ocean. Gwadar Port is part of the China-Pakistan Economic Corridor (CPEC) and is situated at the northern edge of the Arabian Sea. Developed by China, the port is now under its operational control, providing Beijing direct access to energy routes from the Middle East. China's presence in Gwadar is perceived as a dual threat by India—first, because it is located within its traditional rival Pakistan; and second, due to fears that China may eventually convert Gwadar into a naval base.

Similarly, in the southern Indian Ocean region, Sri Lanka's Hambantota Port raises comparable concerns. The 99-year lease of the port to China has intensified India's apprehension that it could be used by the Chinese Navy to establish a foothold on the Indian Ocean's shores. China has already established its first overseas military base in Djibouti, located in the Horn of Africa, in 2017—an indicator of its long-term strategic intentions in the Indian Ocean. Apart from these strategic ports, China has also shown interest in port development projects in Maldives, Bangladesh, and Myanmar. However, some of these projects—such as the Sonadia Deep-Sea Port in Bangladesh—were cancelled or put on hold, largely due to Indian opposition. Within India's strategic circles, the belief has strengthened that China is attempting to encircle India through this "String of Pearls" strategy by creating multiple strategic bases in the Indian Ocean from which it can launch long-range naval operations.³

This could significantly impact India's maritime security and its ability to control crucial trade routes. Indian analysts have warned that if China successfully establishes permanent presence in locations like Gwadar, Hambantota, Chittagong (Bangladesh), and the Maldives, it would compromise India's power projection capabilities in the Indian Ocean and enable a form of strategic encirclement. In conclusion, the development of strategic ports is a critical aspect of

China's regional policy. Though often presented as economic cooperation, these initiatives are aimed at securing long-term strategic advantages. This has forced India and several other nations to reconsider their security policies.

China's Growing Influence in South Asian Countries

China's regional policies have had a direct impact on the economic, military, and diplomatic spheres of smaller South Asian nations. Over the past decade, China has rapidly expanded its presence and influence in nearly every South Asian country. Although the local conditions of these countries differ, a common pattern is evident: China typically enters through economic investments and loans, followed by military cooperation and diplomatic support.

Below is an analysis of China's growing influence in key South Asian countries—Nepal, Sri Lanka, Pakistan, Bangladesh, and the Maldives.

Chinese Influence in Nepal

Nepal, a small Himalayan nation situated between India and China, serves as an interesting case of growing Chinese influence. Traditionally, Nepal has shared closer economic and cultural ties with India, but over the past 15 years, China has made substantial inroads. Economically, China has emerged as Nepal's largest foreign investor. In the fiscal year 2018–19, over half of Nepal's total foreign direct investment (FDI) came from China, and from 2015 to 2021, China was consistently the top FDI source for six consecutive years. China has funded several major infrastructure projects in Nepal, including the Pokhara International Airport, Bhairahawa International Airport, road expansions, and hydropower projects.

In May 2017, Nepal officially joined the Belt and Road Initiative (BRI) and agreed with China to develop a Trans-Himalayan Multi-Dimensional Connectivity Network. A key BRI project under consideration is the proposed China-Nepal Railway, which would

connect Shigatse in Tibet to Kathmandu. If completed, this could partially alleviate Nepal's landlocked status. In addition to economic initiatives, China has expanded its cultural and diplomatic footprint in Nepal. This includes Confucius Institutes in Kathmandu, educational scholarships, and a surge in Chinese tourism. During the 2010s, the number of Chinese tourists in Nepal increased rapidly, with a growth rate of over 11% recorded in 2019.

Politically, China appears to have taken an unprecedented interest in Nepal's internal affairs. When the Nepal Communist Party came to power in 2018—considered to be more aligned with China than with India—Beijing increased its diplomatic engagement. In 2020, amid growing internal rifts within the ruling party, Chinese Ambassador Hou Yanqi publicly intervened, meeting with senior leaders and urging party unity. According to local media, the ambassador pressured leaders including Prime Minister K.P. Sharma Oli to prevent a split. This incident underscores China's active diplomatic role in maintaining a political balance in its favor. In the same year, Nepal released a new political map amid a border dispute with India over the Kalapani and Lipulekh regions, straining bilateral relations. While China remained officially neutral, some analysts argue that any rift in India-Nepal ties benefits China by nudging Nepal closer to Beijing for economic and diplomatic support.⁴

In recent years, Nepal has attempted to maintain a balanced foreign policy—accepting infrastructure and investments from China while sustaining development cooperation and trade relations with India and Western countries. Nevertheless, China's expanding presence has altered Nepal's traditional strategic calculus and posed new challenges for India. With alternative partnerships now available, Nepal is no longer entirely dependent on India, which has strategic implications for the region.

Chinese Influence in Sri Lanka

Sri Lanka, an island nation situated at the center of the Indian Ocean, has always held strategic geopolitical importance. In recent years, Sri Lanka has been at the forefront of discussions regarding rising Chinese influence, particularly due to significant Chinese investments and the debt-driven economic conditions that followed. Between 2005 and 2015, during the presidency of Mahinda Rajapaksa, China made heavy investments in Sri Lanka and provided generous loans.

Major projects included the Colombo Port City (land reclamation) project, a deep-sea port and airport in Hambantota, the Southern Expressway, and several coal and hydroelectric power plants. The financing for these projects primarily came in the form of loans from Chinese state-owned banks. After 2015, a new government came to power, but the flow of Chinese investments continued to some extent. In 2018, agreements were signed with China to further develop the Colombo Port City project and an industrial zone near Hambantota.

By 2020, Sri Lanka's total debt to China had reached approximately \$4–5 billion, accounting for about 6–10% of the country's total external debt. Additionally, China was Sri Lanka's largest trading partner in 2020, contributing to 22% of the island's imports. Defence relations also grew during this time, with China supplying equipment and training to the Sri Lankan military and navy, though this cooperation remained limited compared to India. The real test of Chinese influence in Sri Lanka came during the country's economic crisis from 2020–2022. Triggered by the COVID-19 pandemic and economic mismanagement, Sri Lanka entered an unprecedented financial crisis in 2022—its foreign currency reserves were nearly depleted, leading to severe shortages of fuel and food, and the government defaulted on its external debt.

During this crisis, global attention turned to China, as it was Sri Lanka's largest bilateral creditor, and there was an expectation that China would step in with relief. Out of Sri Lanka's total outstanding external debt of \$37 billion, bilateral loans accounted for around \$10

billion—of which China alone held \$4.7 billion (roughly 13%), compared to India’s \$1.74 billion (5%) and Japan’s \$2.68 billion. However, at the beginning of 2022, as Sri Lanka’s crisis deepened, China initially displayed clear reluctance to offer debt restructuring or emergency relief. In contrast, India, following its “Neighbourhood First” policy, provided prompt and unprecedented assistance to help Sri Lanka recover. Through currency swaps, debt deferrals, and credit lines for essential goods, India extended around \$4 billion in aid in 2022—more than the IMF emergency package and far greater than support from any other country or institution.

Indian External Affairs Minister S. Jaishankar highlighted that India stood firmly by its neighbour in its time of need, providing assistance beyond previous limits. On the other hand, China delayed offering a moratorium or reduction on its loans, which further delayed Sri Lanka’s access to an IMF bailout, as such restructuring required the consent of major creditors. It was only in March 2023, after the IMF approved a \$2.9 billion restructuring program, that China’s Exim Bank gave partial, conditional support for restructuring.⁵

This entire episode somewhat eroded public opinion in Sri Lanka toward China, while India emerged as a “saviour” who extended help without self-interest. Chinese investment in Sri Lanka still continues—projects like the Colombo Port City and Hambantota Industrial Zone are progressing—but Sri Lankan policymakers are now trying to strike a balance: they want to utilize Chinese cooperation for economic development without compromising their foreign policy autonomy. China’s growing influence has placed Sri Lanka in a position akin to a firefly between two giants—India and China—where it must simultaneously extract benefits from both and also serve as a field of their strategic rivalry.

Chinese Influence in Pakistan

The relationship between Pakistan and China has historically been close, often described as a partnership between “all-weather friends.” Among all South Asian countries, Pakistan experiences the most extensive and multidimensional Chinese influence. Since the 1960s, China and Pakistan have shared military cooperation, strategic alignment against India, and economic assistance. Over the past decade, China has further strengthened its influence in Pakistan, especially through the China-Pakistan Economic Corridor (CPEC). CPEC, a flagship project under the Belt and Road Initiative (BRI), represents Chinese commitments of over \$60 billion in infrastructure and energy investments in Pakistan.

The development of Gwadar Port is central to CPEC, offering China direct maritime access to the Arabian Sea. The corridor includes road and rail networks, gas pipelines, and numerous energy projects—coal, hydropower, and nuclear. While these massive investments have provided some stimulus to Pakistan’s Nunn economy, they have also significantly increased its dependency on Chinese debt. Currently, Pakistan’s total debt to China—including both public and commercial loans—stands at around \$30 billion, comprising 22% of its total external debt. According to the World Bank, as of 2023, Pakistan’s external debt was about \$130 billion, with China emerging as the largest single creditor—surpassing even the World Bank and Asian Development Bank. This level of financial dependence makes Pakistan highly susceptible to Chinese influence.⁶

Militarily, China and Pakistan share extremely close ties. China is Pakistan’s largest supplier of advanced weapons. Between 2010 and 2020, nearly 63% of Pakistan’s arms imports came from China (Pakistan also accounts for more than 60% of China’s total arms exports). Co-production of JF-17 Thunder fighter jets, supply of modern battle tanks (VT-4), air defence systems, and naval warships are key examples. In 2022, China delivered advanced Type 054A frigates to Pakistan, enhancing its naval capabilities. The most

strategically important cooperation lies in nuclear and missile technology. China has assisted in the construction of Pakistan's civilian nuclear power plants and has also provided technological support to its ballistic missile program (though both countries do not publicly acknowledge this). These factors significantly affect the regional balance of power in South Asia, as India must contend with the combined strategic presence of China and Pakistan.

Diplomatically, China consistently supports Pakistan on international platforms. At the United Nations, China has attempted to amplify Pakistan's position on the Kashmir issue. On matters related to terrorism, China has provided Pakistan cover by placing technical holds on sanctions against terrorist groups based in Pakistan—for example, delaying the listing of Masood Azhar as a UN-designated terrorist. All of this makes it clear that Pakistan is China's most exclusive strategic ally in South Asia, which China uses to balance India's regional dominance. In return, Pakistan receives economic, military, and diplomatic support. This mutual dependence has created a two-front security challenge for India (threats from both China and Pakistan simultaneously), which now constitutes a central concern in India's strategic thinking.⁷

Chinese Influence in Bangladesh

Since its independence in 1971, Bangladesh was traditionally considered to be within India's sphere of influence. However, over the past two decades, it has significantly deepened its ties with China. Today, China is one of Bangladesh's largest development partners and arms suppliers. In the economic realm, China has financed and implemented several major infrastructure projects in Bangladesh. The country officially joined the Belt and Road Initiative (BRI) in 2016, after which Chinese companies and loans became involved in projects such as the Padma Bridge Rail Link, Karnaphuli River Tunnel, the upgrade of Payra Port, and the Dhaka–Chattogram Expressway.

The Padma Multipurpose Bridge, which connects southwestern Bangladesh to the capital Dhaka, was constructed by a Chinese company, although the funding was provided by the Bangladeshi government. As a result of Chinese investments and contracts, Bangladesh's debt to China grew to about \$4 billion by 2020 (~6% of its external government debt) and was projected to exceed \$7–8 billion by 2023. In 2022, Bangladesh's then Finance Minister Mustafa Kamal cautioned that developing countries should be careful with BRI loans, as they can become a heavy burden. Nevertheless, Bangladesh continues to secure new loans from China, with the government signaling plans to borrow an additional \$5 billion in soft loans by 2025, potentially raising its total Chinese debt to \$12 billion.⁸

Alongside growing economic ties, military cooperation between Bangladesh and China has also intensified. China is Bangladesh's largest arms supplier—in the period from 2010 to 2020, 73.6% of Bangladesh's imported defense equipment came from China. Key items include two Ming-class submarines provided at concessional rates in 2016 (which joined the Bangladesh Navy by 2023), and the construction of a submarine base (BNS Sheikh Hasina) near Chattogram with Chinese assistance. Bangladesh has also procured F-7 fighter jets, TRCB-2000 rocket launchers, frigates, and surface-to-air missiles from China. In 2024, for the first time in history, a joint military exercise was held between Bangladesh and China, signaling a new level of defense cooperation. Though Bangladesh continues military exercises and coordination with India, and attempts to maintain a balance, the warming of defense ties with Beijing over the past decade has been unprecedented.⁹

Diplomatically, China has also made efforts to win over Bangladesh—from offering training for UN peacekeeping missions to proposing mediation in the Rohingya refugee crisis. In 2021, when Bangladesh released its Indo-Pacific strategy emphasizing non-

alignment, China welcomed it, as Dhaka did not mention the Quad or any anti-China grouping. Reflections of this influence are also visible in Bangladesh's domestic politics. Amid political uncertainties during 2023–24, some groups ran a campaign titled "India Out," which could potentially benefit China if a new government moves closer to Beijing.

Overall, China's growing influence in Bangladesh is a major concern for India, as it alters the economic and military balance right in its neighborhood. In the past, India has taken steps to prevent Bangladesh from drifting too close to China—such as successfully opposing the Sonadia port project in 2016—but going forward, India will need to intensify its policy efforts to ensure the strategic balance does not tilt against it.

Chinese Influence in the Maldives

The Maldives is a small island nation in the Indian Ocean with a low population, but its location near crucial sea lanes makes it strategically important. Since 2010, China has established a significant presence in the Maldives. Between 2013 and 2018, under President Abdulla Yameen, the Maldives grew particularly close to China. The Yameen government departed from the "India-First" policy and signed major economic deals with China. China undertook several large infrastructure projects in the Maldives, the most notable being the China-Maldives Friendship Bridge (linking Malé to Hulhulé Island, which hosts the international airport). This 2-kilometer bridge, completed in 2018, was financed and constructed with Chinese funding and technology. During Yameen's tenure, Chinese companies also received contracts for housing and commercial projects in Malé, expansion of the airport terminal, and tourism-related developments on several islands.

As a result, by 2018, Maldives' debt to China had surged to around \$1.1–1.4 billion—a significant proportion of its GDP. Concerns arose

that Chinese companies leasing Maldivian islands could eventually lead to military use. For instance, the Yameen government leased the strategically located island Feydhoo Finolhu to a Chinese firm for 50 years, which sparked security concerns in India. After the 2018 elections, a new government led by Mohamed Solih came to power and attempted to return to the "India-First" policy, initiating a review of Chinese loans. Under Solih, India stepped up defense and economic cooperation with the Maldives to balance Chinese influence. India supported the development of coast guard bases, water plants, transport infrastructure, and more. Some Chinese projects—such as a proposed maritime research center—were halted due to suspicions of dual use (e.g., naval surveillance).¹⁰

Nevertheless, China maintained diplomatic pressure in the Maldives. In 2021, the Maldives' Indo-Pacific strategy avoided endorsing any alliance, which China viewed positively. In 2023, political power shifted again, with opposition leader Mohamed Muizzu winning the elections. Muizzu is seen as relatively pro-China, and his victory is expected to revive warm ties between China and the Maldives. China had already signed a Free Trade Agreement (FTA) with the Maldives in 2017, though it has yet to be implemented.

Currently, the Maldives faces the challenge of managing its debt to China and may seek relief or restructuring. China's growing influence in the Maldives has added a new dimension to India's maritime security calculus, as the Maldives traditionally falls within India's strategic sphere of influence. If Chinese political or military influence in the Maldives becomes permanent, it could serve as another outpost for monitoring India's naval operations and maritime trade routes. Hence, India closely monitors every political change in the Maldives and remains alert to any potential Chinese military activity such as the acquisition of ports or airstrips.

Impact on India's Security

China's growing presence and activities in India's South Asian neighborhood are having a direct impact on India's national security and strategic interests. This influence is observable across three broad dimensions:

Border Security and Military Balance

The 3,488-kilometer-long border between India and China, known as the Line of Actual Control (LAC), remains disputed. Although the border areas remained largely peaceful for decades after the 1962 war, tensions and confrontations along the LAC have significantly escalated in recent years. In particular, the violent clash between Indian and Chinese troops in the Galwan Valley of Eastern Ladakh in June 2020 marked a turning point. In this incident, 20 Indian soldiers were martyred, while over four Chinese soldiers were reportedly killed. This was the first fatal skirmish between the two nations in 45 years, and it led to a prolonged military standoff along the border.

Following the Galwan incident, China deployed a large number of troops near the LAC and established a heavy military presence at standoff points with weapons and logistics support. Reports indicate that after the clash, China deployed an additional 20,000–25,000 troops under the Western Theater Command in Tibet (notably in regions such as Ngari and Shigatse), supported by artillery, air defense units, and advanced logistics. Due to its robust road and airstrip infrastructure, China can scale this presence to over 50,000 troops within days. Moreover, China has developed several new support bases on its side of the border (such as Tingri, Yutian, and Yarkand) to facilitate troop rotation and supplies. Key airbases in Tibet and Xinjiang, like Shigatse, Hotan, and Lhasa, have been upgraded to accommodate fighter jets and bombers.¹¹

In addition to military build-up, China has begun constructing “border defense villages” along the LAC, particularly in Tibetan regions adjacent to Arunachal Pradesh. These villages, populated by civilians,

are seen as a means to consolidate China's territorial claims in the future—an action to which India has strongly objected. Overall, China has unilaterally created a situation of military and infrastructural advantage along the LAC in recent years. This unilateral shift has posed a serious challenge to India's border security and raised concerns about a disturbed military balance. In response, India has also increased its troop deployment and combat readiness along the border. According to reports, India has deployed approximately 90,000–120,000 troops across the Ladakh, Sikkim, and Arunachal sectors, all specially trained for mountain warfare. The Indian Air Force has stationed its advanced fighter jets—such as the Sukhoi-30 MKI and Rafale—at forward airbases including Leh and Tezpur.

Significantly, India has rapidly upgraded its border infrastructure in recent years. Since 2020, the Border Roads Organisation (BRO) has completed over 60 new bridges and built or upgraded around 1,400 kilometers of roads in the LAC-adjacent areas. Strategic passes and valleys—such as the Darbuk-Shyok-Daulat Beg Oldie road in Ladakh—are now being connected with all-weather roads. Projects like the Atal Tunnel, which connects Himachal Pradesh to Ladakh, are also part of this infrastructural push.¹¹

India is also deploying advanced surveillance systems—such as drones and satellite imaging—in its border areas to monitor Chinese activities. While these countermeasures aim to stabilize the situation, defense experts believe that the reality remains that China's economic and military strength significantly surpasses that of India. Moreover, China is rapidly expanding its infrastructure and military capabilities from Ladakh to Arunachal Pradesh, outpacing India.¹²

As a result, India has had to station two divisions permanently along its northern border—a region previously considered relatively stable.

This rebalancing has increased pressure on India's defense budget and forced a division of resources between the Pakistani front and the northern frontier with China. In summary, the deteriorating military balance along the LAC has created a long-term strategic challenge for India, compelling its security establishment to reassess its strategy, accelerate military modernization, and pursue more robust diplomatic engagements.¹³

India's Strategic Responses

To counter the challenges arising from China's growing influence, India has developed multi-layered strategic responses. Some of these policies are new, while others are extensions of earlier initiatives adapted to the present context. Broadly, India has:

- Activated its “Act East” policy to deepen engagement with East and Southeast Asia,
- Strengthened strategic alliances and multilateral platforms (like the Quad) with like-minded nations,
- Enhanced economic and security cooperation with neighboring countries to offer positive alternatives, and
- Rapidly upgraded its military capabilities and border infrastructure.

These varied responses aim to maintain regional power equilibrium, deter China from taking aggressive actions, and safeguard India's national interests.

Future Strategies: The Way Forward for India

The above analysis clearly reveals that in light of China's growing influence in South Asia, India must undertake comprehensive reforms in its security and foreign policy frameworks. To maintain strategic balance and safeguard its national interests, India needs to focus on the following strategic areas:

Prioritizing Neighbourhood Diplomacy

India must place its "Neighbourhood First" policy not just in rhetoric but also in robust action. This means timely and generous responses to the economic and developmental needs of neighboring countries—Nepal, Sri Lanka, Bangladesh, Maldives, Bhutan, and even Pakistan—so that they are less inclined to turn to Chinese assistance.

India must offer more liberal and faster disbursement of loans, grants, and project aid. For instance:

- Greater infrastructure investment in Bangladesh,
- Rapid implementation of road and rail connectivity with Nepal,
- Long-term fuel supply agreements with Sri Lanka,
- Collaboration in tourism and environment in the Maldives.

Simultaneously, strengthening pro-India sentiment in these nations is vital. This requires increased cultural diplomacy, educational and technical training opportunities, and media collaboration. Special focus must be placed on building goodwill among the youth of neighbouring countries. To counter the Chinese worldview, India must enhance communication in local languages, along with Hindi and English.

Economic Competitiveness and Regional Connectivity

Economic engagement is key to sustaining influence in South Asia. India should make its markets, trade, and investments more accessible to its neighbours. While the launch of the South Asia Satellite (GSAT-9) was commendable, further steps are necessary. India must :

- Encourage trade in INR with Bangladesh and Nepal,
- Co-develop energy grids,
- Invest in railway links and digital connectivity.
- A credible alternative to China's Belt and Road Initiative (BRI) could be a Sustainable Infrastructure Network developed jointly by India and Japan. For example:

- Joint development of Trincomalee Port in Sri Lanka,
- Expansion of Matarbari deep-sea port in Bangladesh (with Japanese assistance).

India must also fast-track BBIN (Bangladesh-Bhutan-India-Nepal) corridor and BIMSTEC power grid, reducing the region's dependency on China for trade routes. By empowering domestic industries, India should become a valued supplier to its neighbors—for instance, by exporting defense products like the Tejas fighter jet and Akash missile system. This not only fosters defense interdependence but also challenges China's arms market.

Strengthening Strategic Alliances

On the global stage, India should reinforce platforms and partnerships that can help counterbalance China's rise:

Strengthen QUAD, expanding its focus areas to include advanced technologies and resilient supply chains. Increase cooperation with the EU, UK, and France in the Indo-Pacific, such as joint patrolling with France in the Indian Ocean and maritime security collaborations with European nations. India must also maintain balanced relations with Russia, keeping military and energy cooperation intact while avoiding direct confrontation with China involving Russia. India should amplify its leadership image in multilateral forums like the United Nations, representing the voice of developing countries. While reviving SAARC might be challenging, turning BIMSTEC into a genuine economic community would keep India central to regional integration while sidelining China.

Military Capability and Technological Innovation

Continual modernization and expansion of India's armed forces are essential. To reduce the military imbalance with China, India must consider maintaining a defence budget of 2.5–3% of its GDP.

- Key long-term goals include:

- A third aircraft carrier,
- Additional nuclear submarines,
- Development of the fifth-generation AMCA fighter jets.

India must enhance self-reliance in space and cyber warfare through public-private partnerships, especially in AI, satellite communication, and remote sensing. The Mountain Strike Corps must be fully operationalized, and coordination between the ITBP and Air Force improved for quicker response to Chinese intrusions. To prevent another Galwan-type incident, India must continue dialogue with China to establish clear protocols and buffer zones at friction points along the LAC—but such talks will be meaningful only if backed by robust military preparedness.

Intelligence and Counter-Strategy

India must enhance its intelligence capabilities to better anticipate and counter Chinese strategies. The external intelligence agency R&AW should intensify monitoring of Chinese activities in South Asia—economic deals, political funding, and embassy operations. Domestically, India must track Chinese influence in sectors like technology and ideological dissemination, using strategic communication to counter such penetration. To challenge China's disinformation and "war of narratives," India must be proactive in regional and global media. It is essential that India clearly presents its position—especially when China tries to accuse India in regional disputes (e.g., the alleged Nepal blockade).

Dispute Management and Border Resolution

For long-term peace, India must continue efforts to resolve its border disputes with China through peaceful means. Although favorable outcomes may be unlikely in the current atmosphere, keeping military and diplomatic channels open is essential. Using frameworks like the WMCC (Working Mechanism for Consultation and Coordination) and Special Representative Talks, India should seek to reduce

misunderstandings. Likewise, India must quickly resolve minor disputes with its neighbours (border issues, water sharing) to deny China opportunities for strategic exploitation. For instance:

- Finalize the Teesta water-sharing agreement with Bangladesh,
- Re-engage with Nepal over the map dispute,
- Maintain backchannel contact with Pakistan.
- These efforts will limit Chinese diplomatic inroads.

Self-Reliant and Strong Economy

Finally—and most crucially—India must enhance its economic strength. A \$5 trillion-plus economy would allow India to invest strategically in the neighborhood and fund defense modernization and high-tech innovation. India should strive to become a viable manufacturing alternative to China, offering affordable, high-quality goods to help regional countries reduce their dependency on Chinese products. Technological self-reliance is vital—India must boost its capabilities in semiconductors, telecommunications, and 5G/6G, as seen in the bold move to restrict Huawei from its 5G rollout. Ultimately, economic resilience will underpin all other strategic initiatives.

Conclusion

China's growing influence in South Asia has become a geopolitical reality that is reshaping the region's strategic landscape. With its economic clout, strategic investments, and diplomatic assertiveness, China has emerged as a critical factor in the policies of countries from Nepal to the Maldives. This transformation presents unprecedented security and diplomatic challenges for India. China's integration of economic tools (like the BRI and debt diplomacy) with strategic objectives has allowed it to expand its reach from a trade partner to a security stakeholder—through military alliances with Pakistan, strategic port control in Sri Lanka, and political influence in Nepal and Bangladesh.

For India, this means facing a dual threat—direct border tensions with China and indirect pressure through its neighboring states. However, there is a silver lining: South Asian countries are not entirely beholden to China. They seek alternatives and balance. India has the opportunity to shape this tendency in its favor. Events like the Galwan clash and the Sri Lanka crisis have shown that timely and principled actions can shift regional perspectives in India's favour. India must recognize that China is a patient and economically powerful competitor. It will continue to invest heavily in the region—financially, diplomatically, and militarily. Indian policymakers, therefore, must act with long-term vision, preferring calibrated strategy over knee-jerk reactions.

Fostering relationships based on mutual respect and shared prosperity will help India become the preferred partner of South Asian nations. Strengthening its economic and military capabilities will make India as valuable a partner as China, if not more. At the same time, India should keep avenues of cooperation with China open in areas like climate change, trade, and multilateral institutions. In short, facing the rise of China in South Asia requires a multi-dimensional policy framework involving economic, diplomatic, military, and cultural tools. India's geography and history already give it a natural leadership role in the region. While China's rise is a challenge to that leadership, it is a challenge India can meet—transforming it into an opportunity to realize the vision of a self-reliant, powerful, and stable South Asia with India at its core.

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