

INDIA FOUNDATION JOURNAL



Editorial

- The New Great Game: Geopolitics After Ukraine, Iran, and India-Pakistan Wars

- Dhruv C. Katoch

Focus- India's Neighbourhood: Navigating Geopolitical Shifts

- Geopolitical Flux in India's Neighbourhood - Shekhar Sinha
- India's Northeast Borders: Myanmar and the Upcoming Elections - Rami Niranjana Desai
- From Street Movement to State Uncertainty: Bangladesh in Regional and Global Context - Swadesh Roy
- Maldives at the Crossroads: Implications for India's Maritime Strategic Interests - P. K. Roy
- Himalayan Crossroads: Preserving India's Strategic Interests in Nepal and Bhutan - Shokin Chauhan
- Projecting Strength, Masking Fragmentation: Failure of Religious Identity to Forge National Identity - Alok Bansal and Parth Seth
- Balancing Homefront Hurdles with Global Ambitions: China's Dual Dilemma - Sriparna Pathak

Interview

- An Interview with Amb Shyam Saran, on "India's Neighbourhood: Navigating Geopolitical Shifts"

- Dhruv C. Katoch

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Table of Contents

Editorial

The New Great Game: Geopolitics After Ukraine, Iran, and India-Pakistan Wars	Dhruv C. Katoch	3
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Focus- India's Neighbourhood: Navigating Geopolitical Shifts

Geopolitical Flux in India's Neighbourhood	Shekhar Sinha	7
India's Northeast Borders: Myanmar and the Upcoming Elections	Rami Niranjana Desai	11
From Street Movement to State Uncertainty: Bangladesh in Regional and Global Context	Swadesh Roy	18
Maldives at the Crossroads: Implications for India's Maritime Strategic Interests	P. K. Roy	27
Himalayan Crossroads: Preserving India's Strategic Interests in Nepal and Bhutan	Shokin Chauhan	38
Projecting Strength, Masking Fragmentation: Failure of Religious Identity to Forge National Identity	Alok Bansal and Parth Seth	51
Balancing Homefront Hurdles with Global Ambitions: China's Dual Dilemma	Sriparna Pathak	59

Interview

An Interview with Amb Shyam Saran, on "India's Neighbourhood: Navigating Geopolitical Shifts"	Dhruv C. Katoch	67
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With a team of dedicated professionals based at its office in New Delhi, the Foundation works with partners and associates both in India and overseas to further its stated objectives.

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The India Foundation Journal is led by an Editorial Board of eminent scholars and leaders from various spheres of Indian public life. The bi-monthly journal covers a wide range of issues pertinent to the national interest, mainly focusing on international relations, national security, legal and constitutional issues and other issues of social, religious and political significance. The journal seeks articles from scholars with the intent of creating a significant body of knowledge with a nationalist perspective and establish a recognised forum for debates involving academicians and policymakers.

The New Great Game: Geopolitics After Ukraine, Iran, and India-Pakistan Wars

Dhruv C Katoch*

In the post-COVID era, three conflicts have set in motion the process of shifting alliances: The Russia-Ukraine War, the Israel-Iran War, and the brief four-day India-Pakistan War.

The Russia-Ukraine war, which is still ongoing, started on 24 February 2022, when Russia launched a full-scale invasion of Ukraine. However, the conflict can be traced back to 2014, when Russia annexed Crimea, and fighting erupted in eastern Ukraine between Ukrainian forces and Russian-backed separatists in the Donbas region.

Crimea has a fascinating history. It was a part of the Ottoman Empire till its annexation by the Russian Empress Catherine the Great in 1783, following the Russo-Turkish Wars. In the mid-19th century (1853–56), Britain, France, and the Ottoman Empire fought and defeated the Russians in Crimea. Crimea, however, remained under Russian control and increased in strategic importance, with Sevastopol established as the base of the Black Sea Fleet. Following the 1917 Russian Revolution, Crimea was established as the Crimean Autonomous Soviet Socialist Republic within the Soviet Union in 1921. It was occupied for a brief period by Nazi Germany from 1941 to 44. In 1945, after the end of World War II, Crimea's autonomy was abolished, and it became the Crimean Oblast of the Russian Soviet Federative Socialist Republic (RSFSR). In 1954, on administrative grounds, Nikita Khrushchev

transferred Crimea from the RSFSR to the Ukrainian Soviet Socialist Republic. After the collapse of the USSR in 1991, Crimea became part of independent Ukraine, though with a majority ethnic Russian population and continued presence of Russia's Black Sea Fleet in Sevastopol. Disputes over Crimea simmered until 2014, when Russia annexed it following Ukraine's political upheaval.

The Russia-Ukraine war is now into its fourth year. Whether US President Trump's efforts lead to lasting peace or not, the conflict is unlikely to persist much longer, as fatigue has set in among the leading players and their supporters. However, conflict termination will likely be on Russian terms, where Russia would retain the territories it has taken, namely the Donbas region and the Zaporizhzhia and Kherson Oblasts. It will also require some form of assurance that Ukraine will not be admitted to NATO. The deal will involve economic assistance to Ukraine. Some European powers may not be pleased with such a deal, but the U.S. could push for it to gain access to Ukraine's mineral wealth. In April of this year, a joint Reconstruction Investment Fund was established under the Ukraine–United States Mineral Resources Agreement signed between the two countries. Under this agreement, Ukraine will contribute 50% of future revenue from government-owned natural resources, including

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rare-earth elements, oil, and gas. There is also a proposal that Exxon will re-enter Russia's Sakhalin-1 and the US will purchase Russian nuclear icebreakers, while Russia will purchase U.S. equipment for Arctic LNG-2.¹ In the final analysis, the deals will be a win-win for the US and Russia and could bring an end to the war.

With trade as leverage, another notable outcome is the agreement reached between Armenia and Azerbaijan in early August at the White House, which commits both parties to ending a four-decade-long hostility. At the centre of the dispute is the Nagorno-Karabakh region. This mountainous enclave is internationally recognised as part of Azerbaijan but is predominantly populated by ethnic Armenians. In the second Nagorno-Karabakh War in September 2020, Azerbaijan emerged victorious, regaining control of the region. Azerbaijan also took the remaining Armenian-held areas of Nagorno-Karabakh in their 2023 offensive. Now, under the deal signed between the two nations, the US has been granted a 99-year lease over the Zangezur Corridor—a narrow strip of land that will serve as a vital trade and energy route to Europe, completely bypassing Tehran. Named the Trump Route for Peace & Prosperity (TRIPP), it secures a direct role for Washington in supervising the flow of Caspian hydrocarbons to Europe, with the US managing rail and road infrastructure, telecom networks, and energy pipelines running through the corridor. US companies will now dominate regional transit for oil, gas, and goods. Essentially, the peace agreement has been established by anchoring US security guarantees, such as the economic-focused initiatives like the Abraham Accords.² This is a

notable win for the US and NATO. Tehran, however, loses leverage as its ability to shape energy and trade flows in the Caucasians is degraded.

The Israel-Gaza war, which resulted from the dastardly 7 October 2023 attack on Israeli civilians, is still ongoing. This conflict spilt over into a war between Israel and Iran on 13 June, with Israel launching hundreds of air strikes on Iran's military and nuclear infrastructure. Several key Iranian leaders were also assassinated at the start of this war. Iran responded with attacks on Israel using missiles and drones. The US entered the conflict on 21 June and struck three Iranian nuclear sites—Natanz, Fordow, and Isfahan. The U.S. brokered a fragile ceasefire that took effect on June 24, 2025. While the war has once again underscored the central role of the US in maintaining peace in the region, it has also highlighted its limitations. Iran has been weakened, and the capabilities of its proxies, Hamas in the Gaza Strip and Hezbollah in Lebanon, are considerably degraded. Iran's nuclear facilities have also been degraded. However, Iran's missile and drone attacks on Israel demonstrated reach and resilience, which would impose some form of deterrence. Geo-politically, the situation is still unravelling, but any future peace deal will, in all probability, have a substantial economic commitment to make it durable.

The unfolding events in Syria are also impacting the geopolitical environment in West Asia. The fall of Bashar al-Assad in December 2024 ended the civil war that was raging in Syria. But that has not brought about peace, which remains elusive. Ahmed al-Sharaa, aka Abu Mohammad al-Julani, who heads the transitional government, was an al-

Qaeda operative who spent many years in U.S. detention. He founded the al-Nusrat Front in 2011. In 2016, he merged various factions to create the Hay'at Tahrir al-Sham (HTS). After taking over power in Syria, he met with President Trump in Saudi Arabia in May, following which all sanctions against Syria were lifted. This signals possible normalisation within the framework of the Abraham Accords, though such an outcome is still far from being achieved.

The situation in Syria remains fragile. Julani does not govern a unified country. In Northeast Syria, Kurdish-led Syrian Democratic Forces (SDF) control the area, including Hasakah, Qamishli, much of Raqqa, and Deir ez-Zor. The U.S. and the West support the SDF. Turkey backs the Northern Aleppo region, including Jarabulus, Afrin, and Azaz, and also has its troops stationed there. The Druze in the Sweida Province of southern Syria and the Alawites in coastal Latakia are all opposed to the Hay'at Tahrir al-Sham (HTS), led by Ahmed al-Sharaa. Syria is thus fragmented and will probably remain so in the near future.

This has set in motion a different set of dynamics. Russia now faces a challenge in maintaining its military bases and political influence. Its military bases include the Khmeimim Air Base, which has been its central operational hub since 2015 and which functions as its command and control centre for its military presence in Syria. It also includes the Tartous Naval Facility, Russia's only naval base in the Mediterranean till 2066, which serves as a logistics and supply hub for Russian naval operations. While the change of regime in Syria has decreased Russian influence

there, it is exploring alternative ways to sustain it. This may involve efforts to infiltrate the Syrian economy through new front companies, creating outright dependencies, building personal networks involving Syrian political, economic, and military figures, exploiting societal divisions, and portraying itself as a protector of minority interests. Russia's leverage would increase in a fragmented Syria, which in turn could help it maintain its influence in the country.³ For the moment, the interim government in Syria is willing to temporarily legitimise the continued use by Russia of its bases in Syria, to extract concessions from the Kremlin. How this plays out remains to be seen.

Turkey is opposed to the Russian bases and views them as an obstacle to Syria achieving full national sovereignty. The regime change in Syria is also a setback for Iran, which has lost considerable influence. Its ability to support Hezbollah in Lebanon has been reduced. Israel, on the other hand, has strengthened its hold over the Golan Heights and, in conjunction with the Druze, has the capacity to extend its influence up to Damascus. For the U.S. and Western Europe, an economic deal would be viewed as a conflict resolution measure. They could also use the situation in Syria as a bargaining chip, offering concessions in Ukraine for a Russian withdrawal from Syria. Regardless of what the future holds, Syria has become a bargaining chip. The actors are the U.S., Turkey, Russia, Israel, Iran and Western Europe. The country could be carved up to accommodate the interests of the major powers.

The India-Pakistan conflict following the dastardly attack by Pakistan-based and supported terrorists has also set in motion a new set of

dynamics. Pakistan was forced to seek a ceasefire within four days after its air-defence capability was severely degraded. President Trump claimed credit for the ceasefire, stating that he offered trade deals to stop the war. India debunked his claim. There is friction in India-US relations, not so much because India debunked the US President's claim, but because India is charting its own foreign policy, in consonance with its interests, rather than seeking to please the US. A different set of dynamics is now playing out, with Pakistan cosying up to the US. India will not change its policy of strategic autonomy, regardless of the carrot of a trade deal, which, in any case, has not been offered.

While India-US relations have been strained,

the long-term impact is likely to be contained. India's interests in the Indo-Pacific converge, and neither country will want to allow the relationship to deteriorate. Temporary tensions, especially with respect to the steep tariffs imposed by the US on India, are a dampener, but India will ride the storm. Eventually, long-term interests will triumph over short-term gains. In this game of shifting geopolitical alliances, India must continue to maintain its focus on the Prime Minister's 2047 Vision Statement. If India is to be a developed country by then, supporting its strategic autonomy is essential. The crosswinds blowing will have to be deftly navigated without giving in to the dictates of any power.

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Geopolitical Flux in India's Neighbourhood

Shekhar Sinha*

If India and its neighbourhood are to be summed up in one sentence, it would be 'uncertain terrestrial and uneasy maritime neighbours'. A closer look at each is necessary.

Bangladesh has experienced turbulence over the past year since PM Sheikh Hasina was ousted in a so-called student agitation. The army facilitated her safe exit to India, where she has remained. How Prof Yunus Mohammed, a Nobel laureate, was appointed as an Advisor to an unconstitutional government comprising six Advisors makes it clear that the entire regime change was orchestrated by a major power's deep state—a combination of foreign service and intelligence agency.

The events leading up to the downfall of the Sheikh Hasina regime highlight US concerns about China's growing influence in the region, which could provide easier access to the Bay of Bengal. The PRC already exerts significant influence over the Junta in Myanmar, as well as the warring factions. It may be noted that China has operational control of Kyaukphu deep-sea port (located in Rakhine State and under the control of one of the warring factions), which China uses to offload Gulf crude for further transport to the oil refinery in Kunming. The port also functions as a key hub for managing container traffic from China.

The Bay of Bengal gives China access to the adjoining Indian Ocean without needing to navigate through the Straits of Malacca. The Chinese have long seen passage through the Malacca Straits as their vulnerability due to the threat of interdiction by the US and Indian navies during periods of increased tension. Hu Jintao called it the 'Malacca Dilemma'. To challenge the Chinese, the US aimed to control Bangladesh's St Martin's Island, located a few miles from Myanmar. Sheikh Hasina's refusal to agree to this demand was possibly one of the reasons behind the regime change in Bangladesh.

Post-Hasina, law and order have deteriorated significantly in Bangladesh. Large-scale killings of minority Hindus, Christians, and Sikhs have alarmed the world, particularly India. Mass migration across the porous India-Bangladesh border has compelled India to tighten border controls. Additionally, Advisor Yunus has started engaging with China and Pakistan. Chinese engineers have surveyed an abandoned airfield at Lalmunir Hat (about 135 km from the Chicken's Neck area) for development into a fully operational airport. This could pose a security threat to India. Recently, a Pakistani general declared that they will negotiate with Bangladesh and open another front against India in the eastern theatre.

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The great power competition is emerging in the Bay of Bengal region, which has so far been free from any geopolitical contestation. This could limit the Indian Navy's operations and DRDO's missile programme, which might come under surveillance.

That brings us to three northern neighbours, Bhutan, Nepal and the Tibet Autonomous Region (under Chinese occupation). Bhutan is a nascent democracy which shares borders with Tibet, Nepal and India. There have been some attempts by the PLA resorting to salami slicing into Indian territory through the Bhutan border, with Doklam being one such example in recent times. Bhutan has also been under pressure from China to cede some part of its northern forested territory, claiming historic rights.

Politically, Bhutan is a fledgling democracy; as such, some political parties, when in power, tend to hedge between India and China. China's economic coercion and inducements of individual graft are effective in South Asia. The supreme authority lies with HRH the King of Bhutan, who understands geopolitics quite well and has avoided any decisions that could pose a security threat to India, which has traditionally supported Bhutan's economic development. The Indian government regards Bhutan as its closest ally and has been supporting its education, power generation, and tourism sectors, helping it attain self-sufficiency.

Nepal is somewhat unique. Historically, some political parties in power have balanced between India and China to get the best advantages from both, despite India's strong support in various aspects of Nepal's development. Sectors such as tourism, transport, culture, religion, education,

security, training, access to maritime trade, and oil supply are areas of close cooperation. Cultural and religious ties, along with a large Indian-origin population, in the Terai region, lead to cross-border marriages. The borders have generally remained open, and the border security forces on both sides maintain very friendly relations.

On the maritime front, India has two neighbours: Sri Lanka and the Maldives. Sri Lanka is a long-established democracy with a multiparty parliament. It has a directly elected President who wields almost all executive power. However, some issues require parliamentary approval, which the Prime Minister oversees. Much of its foreign policy is based on its understanding of geopolitical realities. The country has been observed hedging between India and China at times. Given its strategic location in the Indian Ocean and China's energy security concerns, appeasing Sri Lanka remains a central aspect of the PRC's foreign policy.

Under the guise of development, China has invested substantial sums in Sri Lanka, mainly through large loans for infrastructure projects. Overestimating its repayment ability, Sri Lanka has fallen into a debt trap. Consequently, public unrest emerged, leading to the president fleeing the country. An interim government was established under the leadership of HE Ranil Wickremesinghe as the consensus candidate. India stepped in to provide a loan or aid of approximately \$3.3 billion, and many economic reforms were introduced. The economy appears to have stabilised. Chinese debt for equity also resulted in the leasing of Hambantota and Colombo South ports to China. It has been noted that, although China generally

utilises these ports for commercial purposes, warships, submarines, and ocean survey ships occasionally use them, raising security concerns for India. The PLAN shipborne radars can monitor India's maritime activities and missile developments. When considered alongside China's recent attempts to ingress the Bay of Bengal via land routes through Bangladesh and Myanmar, it does not bode well for India.

The Maldives is another neighbour with a developing democracy. Having transitioned from Abdul Gayum's dictatorship, Mr. Nasheed was elected as the first President. His approach to India was that of a friendly neighbour. India responded positively by providing developmental aid and essentials to remote islands. Given the Maldives' geographical location, India is very significant. China saw an opportunity for economic coercion by offering large sums and faster developmental infrastructure work. Gradually, Chinese influence began to grow and aligned with the String of Pearls concept, which involves encircling India with Chinese-influenced states for long-term strategic advantage. Indian contractor GMR was asked to leave even before its contract expired. Clearly, the future of India-Maldives relations requires reconsideration.

Following the general elections, Mr Yameen came to power, and his inclination towards the PRC was well known. Although he made prudent diplomatic moves to convince India that the Maldives was its closest friend and a good neighbour, his policies were pro-China. There came a point when a specific island, which was nearest to India's Minicoy island, was being leased to China. This caused concern in South Block, prompting

senior Indian diplomats to travel to Male and express India's serious concerns. Crossing the red line was not expected from a neighbouring state. The remaining five years under Yameen's presidency remained challenging. Nonetheless, India maintained its friendly stance and honoured all commitments. The next election cycle resulted in a government led by Mr Solih, who was optimistic about India's contribution to its development. However, five years later, Coalition candidate Mr Moizzu won the election on the slogan of 'India Out'. The clear direction of his policies was towards closeness to the PRC. He observed protests on the streets by people demanding closer ties with India. This was followed by two or three severe shortages in the country, which were addressed with equal urgency by New Delhi. The President recognised the importance of India and its stature in the public eye. He called on the Prime Minister in Delhi to reset the relations and withdrew most of the proposals that were pending approval for the PRC.

Overall, there has been a fluctuating cycle of alliances. The Government of India has upheld its supportive stance, honouring every agreement and signing new ones. China's influence operation is likely to continue as part of its foreign policy.

India's immediate neighbourhood narrative cannot be complete without reflecting upon the most irritating neighbour, Pakistan. Born out of the two-nation theory, Pakistan is yet to find itself. Currently, the country is struggling with financial problems. Yet, it continues to harbour terrorist organisations that have been the source of terrorism worldwide. To annexe the Indian state of Jammu and Kashmir, Pakistan has launched a low-intensity

conflict using terrorist groups. It has practised bleeding India with a thousand cuts. On several occasions, this has escalated into a full-fledged war.

In 1971, when India intervened in East Pakistan, the region was under martial law and subjected to repression of Bengali-speaking citizens. That war led to the disintegration of Pakistan and the creation of Bangladesh. Since the current government led by Shri Narendra Modi came to power in 2014, India has responded to cross-border terrorism with military actions against known terrorist camps in Pakistan-occupied Kashmir (PoK). Terror incidents in J&K have been met with military responses across the border. There is substantial evidence that the Pakistan Army and its intelligence

agency, ISI, are the main perpetrators of terrorism, financing terror groups to attack innocent civilians in J&K. Most recently, 26 innocent tourists were killed in Pahalgam. India responded through Operation Sindoor, striking at the heart of the terror network in Pakistan and causing severe damage to Pakistan's air defence capabilities. Having achieved its objectives, India accepted Pakistan's request for a ceasefire. However, India has made it clear that, henceforth, any terrorist attack will be treated as war and responded to accordingly.

India's immediate neighbourhood is anything but peaceful. Maintaining peace to enable India's growth story will remain the defining challenge of the coming decade.



India's Northeast Borders: Myanmar and the Upcoming Elections

Rami Niranjana Desai*

Introduction

Myanmar has been in a state of chaos since the military coup in February 2021, when the Tatmadaw seized power from the Aung San Suu Kyi-led National League for Democracy (NLD). The country entered a period of civil war, with the military junta facing numerous opposition groups, including armed ethnic organisations and the civilian-led People's Defence Force (PDF), which was formed under the National Unity Government (NUG) in response to the military coup.

What was once seen as a military effort to restore the Constitution's integrity and uphold the rule of law has come full circle. The Tatmadaw, which regards itself as the guardian of national unity, is now confronting Ethnic Armed Organisations (EAOs), launching attacks on military assets and democratic forces fighting to dislodge the military junta.

The junta¹, on the other hand, has announced elections in December 2025 with the caveat that Myanmar achieve a state of relative peace and stability. The national census conducted last year in preparation for the polls was also opposed by the EAOs and prevented from being carried out in the EAO-controlled areas. Initial reports suggest that if elections were to take place, they would be

in 102 out of the 330 townships in the country, as the remaining are predominantly EAO-controlled areas. While the resistance has pledged to oppose the outcome of the elections, the junta remains firm in asserting the unity of Myanmar.

Finally, the increasing internal complexity in Myanmar has significantly impacted India, which shares over 1643 km of porous land borders with the northeast region and has transnational ethnic links. Furthermore, countries such as China, Russia, and the United States have also expanded their influence, either through the EAOs or the junta, and in China's case, through both. There are signs of intense competition over critical earth minerals and other natural resources. Therefore, the effects of the civil war-like conflict go well beyond a refugee crisis for India, leading to lasting consequences for the northeastern region.

Myanmar – Traversing From Elections in 2021 to Elections in 2025

There has been much debate about territorial control in Myanmar, with the main question being 'who controls more territory in the ongoing conflict?'. This assessment aims to identify the 'winning side'. While some argue that the EAOs have gained more territory, others believe it is roughly evenly split. However, when considering

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the population, it becomes evident that the junta controls a larger number of people.

The other issue that arises is governance and administration. While most Tatmadaw-controlled areas are functional concerning basic necessities and relative peace, the EAO-controlled regions have been isolated. With the absence of proper administration and essentials such as electricity, petrol, or even functioning schools, the outlook for the future remains bleak. The current circumstances are negatively impacting ordinary people, leading to increased migration.

However, while the junta has announced elections in Myanmar to restore democracy, it is important to note that the polls can only be held in areas under military control. UEC, via notification No. 56/2025 dated 20th August, announced the schedule for the first phase of the general election, which is set to take place on 28th December 2025. Elections will be held in 102 townships, including six in Kachin State, two in Kayah State, three in Kayin (Karen) State, two in Chin State, twelve in Sagaing Region, eight in Bago Region, nine in Magway Region, eight in Mandalay Region, five in Mon State, three in Rakhine State, twelve in Yangon Region, twelve in Shan State, eight in Ayeyarwady Region, and eight townships in Naypyitaw (National Union Territory).

EAOs and the NUG have boycotted the elections, vowing to continue their struggle for liberation against the regime of the Tatmadaw. The NUG is an umbrella body that emerged after the coup in February 2021. It has brought together, albeit loosely, most of the EAOs except for some,

such as the Arakan Army from Rakhine State, among others. The EAOs under the NUG are demanding a complete separation of the Tatmadaw from politics in Myanmar, which would require amending the 2008 Constitution, as it reserves 25% of the seats in national and local parliaments. A statement by the NUG on 24th August 2025, in response to the announcement of elections, stated that “the results of the 2020 elections remain valid” and that “they (NUG) will continue to resist by every means available – any attempt to impose a sham election at gunpoint”.

Regarding geography, Myanmar borders India and Bangladesh to the west, China to the north and northeast, and Laos and Thailand to the east and southeast. It also has coastlines along the Andaman Sea and the Bay of Bengal in the south and southwest. India shares 1643 km of porous borders with Myanmar, mainly in large EAO-controlled areas like Chin State, Sagaing Region, and Kachin State. Additionally, southern Chin State borders India and is controlled by the Arakan Army from Rakhine State.

Therefore, it becomes essential for India to remain vigilant about security implications in the near future. Against the backdrop of increased migration due to conflict and shortages of necessities, which have led to a surge in illicit activities along the border, India must develop a viable strategy to address the inevitable threats. There is also an added risk of Indian Insurgent Groups (IIGs) reviving in Myanmar, as well as international vested interests exploiting these fault lines for more intense geo-strategic confrontations.



Increase in International Presence

China

Since the coup in 2021, China's influence in Myanmar has only grown. Not only do they control some of the EAOs, but they also pressure the Tatmadaw when necessary. They also have a special envoy for Myanmar who often negotiates between the Tatmadaw and the EAOs. The most recent example of this assertion of influence was when Chinese special envoy to Myanmar Deng Xijun arrived in Lashio³ to supervise the handover of the capital of the northern Shan State to the military junta by the Myanmar National Democratic Alliance Army (MNDAA). Surprisingly, MNDAA suffered significant losses, including hundreds of soldiers who lost their lives fighting for Lashio. This territorial expansion made the military junta

uneasy, leading to Chinese involvement in negotiations for a withdrawal.

The challenge for China is that the Tatmadaw has not been able to stabilise Myanmar or effectively consolidate its power. Consequently, this threatens China's infrastructure investments. Whether it is the China-Myanmar Economic Corridor (CMEC), its oil and gas pipelines, or the Kyaukphyu deep seaport, without political stability and control over EAOs, China's alternative to its "Achilles' heel", the Strait of Malacca, will remain vulnerable. China's natural gas and oil pipeline, which begins in Kyaukphyu city of Myanmar's Rakhine State, passes through the Magway Region, Mandalay Region, and Shan State before entering China's Yunnan region, serving as China's springboard to ASEAN, just as the northeast region

is a springboard to ASEAN for India. Importantly, Gwadar port, part of the China-Pakistan Economic Corridor (CPEC), and Kyaukphyu port provide China with an advantage in strategically containing India and blocking access to the West and East.

Additionally, Western policies have over the years almost coerced Myanmar into turning towards China and Russia for support. Washington had even accused Myanmar's defence ministry of importing nearly USD 1 billion worth of materials and raw materials to manufacture arms.⁴ China continues to be Myanmar's main source of foreign investment, with 40% of its foreign debt owed to China.⁵ Furthermore, there is a risk that sanctions could worsen China's debt trap strategy. Considering China's projects in Myanmar that have advanced under the junta, and the ambitious Belt and Road Initiative (BRI), India has every reason to be concerned about China's interest in a 'back door' access to the Indian Ocean. Additionally, Myanmar's rich oil and natural gas reserves, along with its fragile geographical position, have made it a key focus in China's future plans.⁶

United States of America

The US has recently changed its stance towards the military junta and lifted sanctions on its allies after Senior General Min Aung Hlaing praised President Donald Trump. While Human Rights Watch described the move as extremely worrying, the shift in US policy is significant and abrupt.⁷

Of late, Myanmar ranks among the top four countries in the world for producing rare earth elements. The highly profitable illegal mining,

coupled with political instability, has prompted EAOS and other groups to seek markets beyond China. Unregulated mining and ongoing political turmoil have fostered an environment of clandestine dealings and profit sharing among militias and insurgent groups. Chin and Rakhine States, along with Sagaing Region and Kachin State, are also rich in resources such as aluminium, nickel, iron, chromite, oil, and gas. Most notably, these areas are abundant in heavy rare earth elements (HREE), like dysprosium and terbium, which are considered the most critical elements among rare earths.⁸ EAOs are actively seeking partners for exploration in territories under their control.

The US seems to have a vested interest in the market. Early in August 2025, with the lifting of sanctions, some junta leaders reported that the Trump administration had been approached with proposals to access Myanmar's critical earth minerals and HREE.⁹ Incidentally, the US also lifted sanctions from the military junta leadership in July 2025, which has been seen as a thawing of relations between the US and the military junta. If the US were to get involved and shift its policy towards the military junta, India can be assured of contestations between China and the US in its own backyard.

Conclusion

As the military junta moves forward with its plans for elections, it is expected that the offensive against the Tatmadaw by the EAOs will intensify. However, without a central figure like Aung San Suu Kyi, the resistance will find it difficult to

coordinate a united offensive and develop a cohesive political strategy. Reports indicate that Suu Kyi is in poor health and under house arrest. Furthermore, the NLD has not registered for the elections. Given the current situation, it is likely that the military-backed USDP will assume power, supported by smaller political parties from EAO-controlled areas and some EAOs involved in the peace process. Considering that the 2008 Constitution grants 25% of seats to the Tatmadaw, it is probable they will remain in control.

Furthermore, the contours of the civil war have changed drastically. After the 2021 coup, it seemed like the resistance forces were gaining influence and territory, but recent counter-attacks by the Tatmadaw have altered the scenario. Multiple towns, such as Nawngkhio and Moby, as well as towns in the Sagaing region, have been retaken by the military. This will have repercussions on India's border states. Porous as they are, the refugee influx will remain constant.

To add to the emerging complex dynamics, the presence of international players in India's backyard may lead to further conflicts. However, while India should closely monitor developments in Myanmar, it must also recognise that Myanmar is not easily dominated by China. India arguably shares more goodwill with the military junta, the NUG, and some EAOs than China ever will.

While China may manoeuvre strategically across faultlines in Myanmar, the reality remains that China and the Chinese do not enjoy the same level of goodwill as Indians do in Myanmar. The Chinese are perceived as purely transactional. In an interview¹⁰ given to Associated Press, Richard

Horsey of the International Crisis Group said, *"There is a deep well of anti-Chinese sentiment in Myanmar, particularly in the military, and Min Aung Hlaing is known to harbour particularly strong anti-Chinese views. I don't think China really cares whether it is a military regime or some other type of government in Myanmar. The main issue with the regime, in Beijing's view, is that it is headed by someone they distrust and dislike, and who they see as fundamentally incompetent."*

However, with anxieties increasing about China's presence in Myanmar, India could respond to situations more skillfully. For instance, China is concerned about its assets in Myanmar, and to that end, it has introduced the Joint Security Venture Company (JSVC) initiative, whereby international companies can bring their own security to protect their assets. It is reported that there are over 500 Chinese nationals in Rakhine State. India could take similar steps to safeguard its Kaladan Multimodal Transit Transport Project (KMTTP). India's best strategy is to engage with stakeholders and defend its own interests in Myanmar while providing all necessary humanitarian aid and leveraging the existing goodwill across the spectrum.

Although India's soft power remains strong, mainly through its Buddhist connections, relying on it alone is unwise. Myanmar is likely to attract many international players competing for influence. Furthermore, the US and China may contend through Myanmar, potentially affecting India as well. Therefore, India should start strategically building strong relationships with local communities

along its northeastern borders. The locals need medical aid, higher education, and other essentials. India can help by fostering a generation of Myanmarers who feel a connection to India. This involves providing basic medical support and equipment to states like Chin and Rakhine. Additionally, India can make special arrangements for conflict-affected students to study there.

For border security, it is crucial to spread accurate information to locals on both sides. There is widespread anxiety caused by rumours that the borders will be completely shut down on both ends. The Indian government's policy should be clarified and must reassure those who legitimately trade through border *haats* or have family ties across the border.

The mesh wire fencing in the "Hybrid Fencing" pilot project, as observed in some areas near Pangsau Pass in the northeast, may not be adequate. There are risks of misuse. However,

the electronic surveillance system is a welcome development. It is crucial that tracking and biometrics of all individuals entering are made compulsory to prevent any illegal infiltration. Refugees seeking temporary shelter must be registered.

Finally, India must strengthen its engagement with Myanmar at all levels. The more foresighted India is at this stage, the more secure its northeastern borders will become in the future. Policymakers, civilians, NGOs, scholars, religious groups, and the military must work together systematically. Myanmar is crucial for regional stability, and if India aims to maintain stability in its vicinity, it must act as a stakeholder. Although India has shown a mature diplomatic approach towards Myanmar so far, the unpredictable nature of the conflict there means that even elections might not resolve the issues. Therefore, India should develop a long-term strategic plan and engage accordingly.

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From Street Movement to State Uncertainty: Bangladesh in Regional and Global Context

Swadesh Roy*

A country's foreign policy relies on the stability of its government, national unity, and the clarity of its economic strategy—and on the state's ability to implement it. Geopolitical relationships become strong, friendly, or strategic only when the domestic government is stable and has widespread public support. An interim government indicates systemic collapse.

That Bangladesh's current government is weak is clear—and acknowledged by its advisers. On 10 August 2025, at a discussion hosted by a prominent think tank, Brigadier (ret.) Sakhawat Hossain—an adviser to Bangladesh's interim government—stated that core state structures have collapsed and have yet to be restored. It remains uncertain whether the present government can move swiftly to credible elections. Given the parties it seems willing to include, there is little hope for a genuinely inclusive contest.

The Awami League (AL) government collapsed due to a street movement and had numerous faults. Nevertheless, it is a historic party: through its politics, a government formed by elected MPs, and an armed struggle waged under that government, Bangladesh came into being. Although the AL later adopted policies seen as appeasing religious fundamentalists, the principles on which Bangladesh was founded—Bengali culture and Bengali nationalism—and the soft

power rooted in that tradition remain important national assets.

The Islamist tilt and the 'King's Party'

The interim government has, to a great extent, put that asset at odds with itself. It is supported by the centre-right Bangladesh Nationalist Party (BNP). It maintains close links with religious groups such as Jamaat-e-Islami (an Islamist political party), Hizb ut-Tahrir (a transnational Islamist organisation), and Hefazat-e-Islam (a clerical network). It is also trying to form a so-called "king's party" (a pro-government group made up of select student leaders from last July's movement) that similarly aligns with hardline factions.

Holding an election while sidelining constituencies rooted in Bengali culture and nationalism will not be inclusive—and, more importantly, is unlikely to change Bangladesh's unstable, religion-influenced political landscape. Fundamentalist forces risk gaining greater freedom to operate. The political and state character of the country could shift, raising questions about Bangladesh's acceptability on the international stage.

The rise of fundamentalism is recognised not only within Bangladesh but also by its partners, who are geopolitically and economically connected to it. Even if the government manages to conduct

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the election it desires, Bangladesh's foreign policy is unlikely to change significantly; the next administration would be little different from the current one.

India Ties: From Routine Friction to Open Chill

Since this government assumed office, relations with India have steadily worsened, marked by repeated actions that have disrupted bilateral trade. Bangladesh's interim leader (Chief Adviser), Muhammad Yunus, had a brief informal interaction at a hotel lobby with the Indian prime minister on the margins of the 6th BIMSTEC Summit in Bangkok (4 April 2025). Additionally, Bangladesh's foreign affairs adviser, Md. Touhid Hossain, met with India's external affairs minister, S. Jaishankar, on the sidelines at the UNGA in New York (September 2024) and again in Muscat (16 February 2025). Over the past year, these exchanges—and an August 2024 telephone call from the Indian prime minister—have effectively been the only visible direct contacts.

Following the BIMSTEC meeting in Thailand, when Bangladesh's interim head of government met India's head of government in the hotel lobby, the two sides issued conflicting press statements. This is not a good sign in diplomacy or foreign policy.

Earlier, during a visit to Dhaka, India's Foreign Secretary Vikram Misri delivered a solo media statement on 9 December 2024, stating that New Delhi would maintain its daily engagement with the current authorities but would earnestly work with any government formed from an inclusive election. He also expressed India's call to put an end to the persecution of minorities (Hindus,

Buddhists, Christians, and indigenous communities) and to bring the perpetrators to justice.

Later that same day, following the foreign secretary's remarks, Bangladeshi government adviser Syeda Rezwana Hasan told a press briefing that a certain number of attacks against minorities had been recorded and that the cases were under police investigation. Nevertheless, the government later reaffirmed its previous stance: the ongoing abuses were political, not communal, because the victims supported or voted for the previous ruling party.

Having adopted this stance, it remains unclear what position, ultimately, not only India but also other countries that champion human rights will take. Furthermore, compared to many other nations, the issue of minority rights in Bangladesh has long been overlooked; consequently, it has seldom featured in Dhaka's foreign policy considerations. Even the United Nations—which allocates considerable attention elsewhere to minority persecution and related issues—has paid little heed to Bangladesh's minority concerns. For this reason, the matter is unlikely to significantly influence foreign policy—unless and until international organisations and Western partners recognise the realities on the ground.

Trade as a Pressure Valve: Project Pauses and Border Frictions

Conversely, India has pulled back from several ongoing economic initiatives in Bangladesh and has not launched any new development programmes during this government's tenure. There has been no apparent effort from Dhaka to revive or sustain those projects. While India is reducing its economic

activities, Bangladesh has halted purchasing the yarn that was previously imported from India via the land border. In response, India has restricted the entry of various Bangladeshi products at land ports—most recently jute products—a move that Bangladeshi business analysts describe as a major blow to the jute sector.

Meanwhile, Bangladesh's Commerce Minister has stated that not importing yarn from India will benefit the domestic industry. Conversely, Indian authorities have not commented on whether India has gained or lost from restricting the entry of several Bangladeshi items via land borders. After India closed the facility that allowed Bangladesh to export garments and other goods using Indian airports, the Bangladeshi government issued no formal response—only some reciprocal trade steps—though businesspeople have said privately that losing this facility has been seriously damaging.

Additionally, India has tightened visa issuance for Bangladeshis across all categories. This has caused practical difficulties for many countries that keep their main embassies in New Delhi and require Bangladeshis to apply there. After these difficulties emerged, Bangladesh's interim chief adviser summoned the heads of those countries' offices in Dhaka and invited their New Delhi-based representatives to come and consider opening primary or issuing offices in Bangladesh—but this has not happened so far.

Visas Tightened—Beyond India

India has not clarified why it tightened visa issuance. Although the initial restrictions seemed to mainly impact Bangladeshis seeking Indian visas, it now appears that not only India but also

many countries in Southeast Asia and the Middle East, the European Union's Schengen zone, and especially the United States have limited visa issuance. Even Thailand, the next destination after India for Bangladeshi tourists and patients, where visas had long been easily accessible, has made the process significantly more complicated and markedly reduced the quota. Visas that once took seven working days to process now require considerable effort to obtain, and far fewer are being granted. Those countries have not given a clear reason for restricting Bangladeshi citizens' access to visas, nor has the Ministry of Foreign Affairs in Bangladesh provided any explanation. Despite repeated media reports, the ministry has not issued an update to the public on the issue.

When a country's citizens face widespread visa restrictions, it is generally assumed that, for various reasons, other states have raised concerns about that country's foreign or domestic policies. The arrest of 36 Bangladeshi militants in Malaysia has also entered the public mind as a potential factor. Beyond India, the countries that have limited visas for Bangladeshis have not issued any official statements. Even when India has officially spoken, it has maintained that its visa policy remains unchanged. The reality seems to be different, and there is no visible effort between Bangladesh and India to move beyond the current situation.

The Coldest Phase in Bilateral Ties

It is also true that Bangladesh's relations with India are now at a level of coldness not seen before. In the past, India alleged that separatists were being sheltered and trained inside Bangladesh—allegations later borne out. Conversely, Bangladesh

alleged that India trained and sheltered separatists from the Chittagong Hill Tracts and, at one point after 1975, even provided armed training to young Awami Leaguers; some of them carried out attacks inside Bangladesh—claims that likewise proved true. It also became clear that Indian separatists based in Bangladesh carried out attacks in Assam, Tripura, and other Indian states.

Yet even then, ties in trade, diplomacy, and at the level of heads of government were never as frigid as they are today. Even before General Ziaur Rahman and General Ershad became elected leaders, there were state visits between the two countries at various levels, including at the very top. Under the present government, aside from routine official-level meetings, there have been no state visits at any level. Over the past year, there have been no visits at the policymaking level.

Competing Narratives: Security Concerns versus Political Hosting

No one is pinpointing the exact cause of the problem. What has consistently emerged is that India is concerned about its internal security, and that, according to Indian media and several think tanks, fundamentalists heavily influence Bangladesh's current government and are anti-India.

Bangladesh's position is clear that Dhaka does not accept India's granting of refuge to former Prime Minister Sheikh Hasina or her using social media platforms from there to discuss or participate in Bangladesh's politics. Bangladesh insists that India must cease this. Additionally, the Bangladeshi government has issued an executive order banning activities of Sheikh Hasina's party, the Awami League.

India is the only country whose foreign ministry spokesperson has said that banning the Awami League's activities is unreasonable and unjustified. India's Prime Minister has also informed Bangladesh's interim Chief Adviser that India is a democratic state and that its government does not have the authority to deprive anyone of the fundamental right to use their social media or forum for personal expression.

Extradition Request versus “Honoured Guest” Status

Because Sheikh Hasina's trial has begun in Bangladesh, the government has repeatedly stated that the Indian government should return her. However, in practice, neither country has revealed much about how formally Dhaka has sought her return, leaving the issue shrouded in ambiguity. Conversely, India, through an all-party decision, has granted Sheikh Hasina refuge as an honoured guest.

Do such incidents explain the downturn? Even so, it is hard to argue that one or two such episodes alone could cause a deterioration of relations on this scale. There is little precedent for that – not in international diplomacy, nor in Bangladesh's diplomatic history. Bangladesh's pattern is that governments do not typically change through routine electoral processes; they change through street movements or military coups. It is therefore unsurprising that victors on the streets are not benevolent towards the previous government: they haul them to court or apply other forms of pressure.

The present government has limited options to deviate from that pattern. Although it initially sought to portray its street victory as a “revolution,”

it lacked the ideology, programme, and explicit political stance that typically define a revolution. Now, it has shifted to prosecuting the previous government and listing its faults—partly to secure the future safety of those who mobilised on the streets and to strengthen the new government’s legitimacy. This, to some degree, reflects the political culture in Bangladesh. The previous administration likewise prosecuted—or kept under prosecution—many leaders of its main rival, the Bangladesh Nationalist Party (BNP), including Tarique Rahman, who lives in London.

Tarique Rahman was not granted asylum in the United Kingdom in the same way that India has hosted Sheikh Hasina. However, the former Bangladeshi government did not accuse Britain of any wrongdoing regarding the proceedings against him, and relations with the UK remained unaffected. Therefore, the argument that India’s sheltering of Sheikh Hasina harmed India–Bangladesh relations is not particularly convincing in diplomatic terms.

Is There a Deeper Cause Behind the Freeze?

A natural question arises: beyond the fact that the previous Dhaka government was friendly to India and India’s hosting of Sheikh Hasina, is there a deeper internal complexity driving these ties to an impasse? Sheikh Mujib’s government was friendly to India; after its fall, once General Ziaur Rahman’s military government quickly restored stability, ties with India largely normalised. Nor does the claim hold that relations must worsen simply because Sheikh Hasina is in Delhi: Tarique Rahman’s presence in London did not cool Sheikh

Hasina’s government’s relations with Britain—indeed, they remained warm. Therefore, Sheikh Hasina’s being in Delhi is not the main reason relations have become their coldest to date.

Since Dhaka claims it attempted but failed to build relations with India, analysts might wonder whether the key difference this time is that, although past street-led changes of government took place, the country nonetheless maintained stability; fundamentalists did not flood the streets; and no government established a local UN human rights office, thus preventing the country from being categorised like Gaza or Sudan. Is that the main reason? Are neighbours avoiding a state marked by political instability, law-and-order issues driven by fundamentalist mobs, and the presence of a UN local office?

The China Factor

Many argue that the increasing distance between India and Bangladesh has created an opportunity for China to strengthen its influence in Bangladesh. Beijing has already invited leaders of Bangladesh’s fundamentalist parties to visit. It has also approached the centre-right Bangladesh Nationalist Party (BNP), which has held power several times. Over the past year, BNP sent a high-level delegation led by Secretary-General Mirza Fakhrul Islam Alamgir to China for party-to-party discussions at the Great Hall of the People in Beijing (June 23–28, 2025). Within Bangladesh, Chinese representatives have also engaged with leaders from religious parties. In mid-July 2025, Jamaat-e-Islami’s leadership visited China at the invitation of the Chinese authorities for meetings with CPC bodies and institutions.

When India limited medical visas for Bangladeshis, China tried to establish an alternative treatment route centred on Kunming. However, since lower-income Bangladeshis—who most often travel to India—might find the Kunming option less affordable or practical, much of this remains at a pilot stage.

At the same time, China has not initiated new visible investments over the past year. Previously, in 2021, Beijing withdrew from several Bangladesh Railway projects (including the Joydebpur–Ishwardi double-tracking and parts of the Akhaura–Sylhet conversion). China’s promise to build a hospital in northern Bangladesh is mainly a former plan: China has established an industrial zone in that region where many Chinese workers and officials live, and a Chinaron hospital (featuring Chinese doctors and medical protocols) is primarily intended to serve that expatriate community and nearby operations.

Although Muhammad Yunus did meet China’s president at a private forum, China’s Bangladesh policy—namely, interestbearing lending for Bangladesh (the model linked with its large project financing)—has not been prominently active over the past year. Here, as with several other partners, the indication is that Beijing has adopted a “waitandsee policy” towards Bangladesh’s current circumstances.

It is worth recalling that when the Taliban took control of Afghanistan, China was the first to initiate talks with Taliban representatives. However, Beijing seems to be resuming its copper-mining venture there (for example, the long-discussed Mes Aynak project) only now, at a time when countries

like India are also engaging with the Afghan Taliban.

Another idea gaining prominence is that many of China’s investments in Africa, the Middle East, and other nations affected by fundamentalist movements are not in a positive state; likewise, its Belt and Road Initiative (BRI) experience in Talibancontrolled Afghanistan has been problematic. Conversely, in South Asia, the Sheikh Hasina government in Bangladesh was the first to sign a BRI agreement with China—and it did so during a period when Dhaka had created a relatively stable environment by suppressing fundamentalist groups.

Pakistan’s Power Chess: Risks to China’s Stakes

Although China maintains friendly relations with Pakistan, the suggestion that the United States is encouraging Pakistan’s army chief to orchestrate a change of power raises two significant considerations for Beijing. Pakistan’s most popular leader, Imran Khan, is more favourable towards China, but the army chief is not aligned with him; many believe Washington has backed the army chief, who already holds informal influence that surpasses that of the prime minister. Observers perceive two apparent reasons for this U.S. tilt: to distance Pakistan somewhat from China and to prepare Pakistan for potential future contingencies involving Iran. For China, the main issue is its investments in Iran and Pakistan—investments that could face problems if Asim Munir consolidates power as a military ruler in Pakistan.

Conversely, considering Bangladesh’s growing ties with Pakistan, it is important to evaluate how

beneficial the likely impacts within Bangladesh would be from China's perspective. As Pakistan's relationship with Bangladesh strengthens, Bangladeshi fundamentalists are likely to gain influence; and if that occurs, Rohingya fundamentalists based in Bangladesh will also become more powerful. There is already some evidence that Rohingya militants have conducted activities within Bangladesh, and more will likely emerge in the future. These Rohingya militants could particularly threaten China's plans to utilise Myanmar's Arakan (Rakhine) coast commercially as a seaport, along with its gas pipeline and EPZ projects in Arakan. Furthermore, the issues caused by Rohingya militants in Myanmar might eventually impact Bangladesh, India, and China alike. Much will depend on how far Pakistan's government and the militant groups it supports can, under various pretences, establish operational spaces inside Bangladesh. If their activities extend into India, China's role at that point is a matter that cannot be ignored.

“An Amazing Meticulous Design”: External Hands?

Whatever anyone says about how the change of government occurred in Bangladesh, we must take as true what the country's chief adviser has said in his own words: “It is an amazing, meticulous design.” He conveyed that this was not merely a student uprising but the product of a meticulous design—and he said so in the United States at the Clinton Foundation, informing his close acquaintance, former U.S. president Bill Clinton. The very act of informing Clinton in this way indicates that Clinton did not know beforehand. Although Clinton is a former president, why was

he not informed about such a “meticulous design” despite their close relationship? If an external state was heavily involved in that meticulous design, does that not more strongly suggest Pakistan—acting outside the knowledge of both the United States and China?

Clearly, after the change of government in Bangladesh, Dhaka has moved closer to Turkey and Pakistan than to China and America. In the early days of Sheikh Hasina's government, Turkey, like Pakistan, was strongly opposed to her administration. Later, around the Rohingya refugee issue and for less obvious reasons, relations with Turkey began to improve. Of course, by then the policies of the Hasina government had also changed significantly: those in power were busy appeasing fundamentalists, and many influential figures—whether in the administration, politics, or business—were essentially aligned with fundamentalist forces.

If Turkey and Pakistan—both close to America—find opportunities to enter Bangladesh under various guises, we will have to wait to see how that reshapes Bangladesh's politics and its geopolitical stance, and how investment-friendly or politically congenial that will be for China.

Trade and Tariffs

The new tariff war waged by America worldwide can be seen as an economic form of a Third World War. America's targets are China's vast market and India's large market. India and China are likely to compete based on their respective capabilities. Although there are differences in economic and military strength between India and China, countries of that size

rarely limit their alliances to just one or two nations; they primarily build influence on their own strength. One more point worth noting is that birth rates are falling in America, while China's aging population has grown. In contrast, the labour force in India is considerably younger. For that reason, America will find it difficult to sustain a long-term trade war against these two large markets and a workforce like India's. A key question now is whether this trade war will, in effect, shift the maritime contest—the struggle over the Quad or the South China Sea, involving sea lanes and maritime resources—towards a trade-off. At the most recent Quad foreign ministers' meeting, trade gained greater emphasis. Conversely, the pressure generated by America's trade war will open up more opportunities for China in Southeast Asian countries. India and Japan will also look to capitalise on some opportunities.

In this context, as an economic game changer for Bangladesh and parts of neighbouring India, the previous Bangladeshi government began work on the Matarbari deep-sea port, which was supposed to reach full operation quickly. Many believed the port would play a significant role in both a global trade war and any maritime conflict. Bangladesh's economy suffered a shock from the street-driven change of the previous government—particularly from the attacks on factories after the change of power—making it now much harder to regain the confidence of foreign investors. In economic diplomacy and many other diplomatic arenas, Bangladesh has been pushed to the sidelines. In this situation, the future of the Matarbari deep-sea port and its importance to Japan, China, the United States, and India have come into question.

Japan's Vector—and India's Land Ports

In Asia, Japan is the central pillar of the Quad/Indo-Pacific coalition for the United States. Japan is undertaking a major investment drive in India's Northeastern states. That investment was intended to extend into Bangladesh, specifically around the Matarbari deep-sea port. At this moment, India has closed imports and exports of many Bangladeshi goods through most of its land ports; naturally, that will lead Japan and India to channel the momentum of Japan's investment in a different direction. Meanwhile, Japan and the United States appear to be expanding the economic profile of the Quad to include the Philippines, Indonesia, and Malaysia. In South Asia, the maritime-resource states of the Maldives and Sri Lanka, as they move closer to India, likewise imply a linkage with the Quad economy.

For now, all that can be said about the current global trade war is this: its pace will sometimes slacken, sometimes intensify, and at times change direction. In reality, no one can say for certain who will turn the compass needle and when. Everything will depend on time. Although it is often assumed that the world remains under the control of a single great power, the economic positions of many countries have already altered that reality.

During this period, Bangladesh has largely fallen behind the economic curve. With fundamentalists moving openly, will that easily make the country credible to America, China, and India? Conversely, the realities of those countries where America and the United Nations end up as enablers of fundamentalism are also recognised around the world.

A Culture-Based Nationalist Force— What Remains?

Bangladesh's distinction from those countries, however, lies in a culture-based nationalist force. Only once it becomes clear how much of that force remains will it be possible to determine whether, in this triangular position among India, China, and America, that nationalist force can assert itself—and how and when it can strengthen itself as circumstances demand. As Dr. Hossain Zillur Rahman, a former adviser to the Bangladesh caretaker government and BRAC chair, states, the

current government has “replaced justice with vengeance.”

In the arena of world politics, any country must act based on its strength. Bangladesh, too, will need to wait to build its capacity. That will only happen once Bangladesh can establish the rule of law through an inclusive election. Only then will Bangladesh gain the measure of strength needed to decide how, and to what extent, it will engage with two major economies and neighbouring countries—and how much support it will receive from each.



Maldives at the Crossroads: Implications for India's Maritime Strategic Interests

P. K. Roy*

India faces a complex and often challenging landscape in its immediate neighbourhood, shaped by a mixture of historical, geopolitical, economic, and internal factors. This article explores the various dimensions of India's relationship with the Maldives, including maritime security, economic ties, and its diplomatic reset, placing it within the broader context of Indian Ocean geopolitics and economic cooperation.¹



Introduction

The Maldives, located at a strategic point in the Indian Ocean, has traditionally maintained close relations with India, based on geographic proximity, cultural links, and development cooperation. However in recent years, the Maldives has increasingly engaged with China, attracted by large-scale infrastructure

investments under the Belt and Road Initiative (BRI) and promises of economic growth. This shift has introduced new dynamics into India–Maldives relations, as China's expanding presence in the Maldives brings significant strategic implications for the balance of power in the Indian Ocean Region (IOR). As the Maldives navigates a path between its traditional partnership with India and

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growing ties with China, India faces the challenge of balancing strategic assertiveness with diplomatic subtlety.

For India, maintaining influence while avoiding resentment requires a careful balance of soft power, economic outreach, and strategic vision - ensuring this remains one of the region's most closely observed bilateral relationships. In this context, Indian Prime Minister Narendra Modi's visit to the Maldives in July 2025, at the invitation of Maldivian President Mohamed Muizzu, marks an important step in strengthening bilateral ties between the two nations. Currently, the future of India-Maldives relations is likely to involve a mix of rivalry and collaboration due to the fluid political dynamics within the Maldives.

Geography of the Indian Ocean Region

The IOR is a maritime crossroads of global trade and geopolitics, shaped by its vast geography, diverse nations around it, strategic waterways, and abundant resources. Understanding its geography is essential for assessing the strategic calculus of regional and global powers, and the island nations, especially in the 21st century's shifting maritime order.

The IOR, which is the western part of the Indo-Pacific Region, is the third-largest oceanic region in the world, covering around 70 million sq km. It extends from the eastern coast of Africa to the western shores of Australia. The region is home to thirty-three nations and nearly three billion people. Major sub-regions in the IOR include the Arabian Sea, bordered by India, Pakistan, Oman, and Yemen; the Red Sea and the Gulf of Aden, which connect the IOR to the Mediterranean via

the Suez Canal; the Bay of Bengal, surrounded by India, Bangladesh, Sri Lanka, and Myanmar; and the Andaman Sea and Malacca Strait, which are on the crucial link between the Indian and Pacific Oceans. The Mozambique Channel lies between Madagascar and mainland Africa.²

The IOR also includes some of the world's most critical maritime choke points. The Strait of Hormuz, situated between Oman and Iran, serves as a gateway for Persian Gulf oil. The Bab-el-Mandeb, located between Djibouti and Yemen, connects the Red Sea to the Arabian Sea. The Strait of Malacca, lying between Indonesia, Malaysia, and Singapore, is the busiest shipping lane between the Indian and Pacific Oceans, with the Sunda and Lombok Straits acting as alternative routes south of the Malacca Strait.³

Within its expanse lie several key island nations and territories – the Maldives, Sri Lanka, Seychelles, Mauritius, Madagascar, and Comoros - which hold considerable strategic value. Besides these, the strategic island territories in the IOR include the Andaman and Nicobar Islands of India, Diego Garcia – a UK/US military base, and French territories such as Réunion and Mayotte. The region contains vital Sea Lines of Communication (SLOCs) used for energy and trade between the Middle East, Asia, and Africa. It is abundant in marine resources, fisheries, hydrocarbons, and undersea minerals.⁴

Approximately 80 per cent of the world's seaborne oil trade passes through the choke points of the Indian Ocean, making it a crucial connector between the East and the West. As a result, the region has become a key geostrategic arena in the modern international system. The Indian Ocean

Region (IOR) has evolved into a battlefield of growing strategic rivalry among major powers—including India, China, the United States, the United Kingdom, and France. Its position at the centre of global maritime trade and geopolitics makes its island nations and territories strategically vital.

In today's contested IOR and the wider Indo-Pacific, island states have increased their strategic importance by leveraging their geographic location and resources to promote national interests. It exemplifies how these island nations can strengthen their presence and assert themselves by engaging with regional powers on transactional terms. Situated at the crossroads of these key Indian Ocean trade routes, the Maldives holds significant strategic value in the IOR, acting as a crucial player in balancing the competing interests and influence of global powers.

Indian Strategy in the IOR

India's overarching strategy in the IOR is driven by the need to ensure maritime security and freedom of navigation, safeguard SLOCs that are vital for trade and energy imports, counter China's expanding naval presence, promote regional stability and economic growth, and reinforce its role as a net security provider in the Indian Ocean. Its broader foreign policy approach in the IOR reflects a careful balance of hard and soft power. It highlights India's efforts to position itself as a counterbalance to China through development aid and security cooperation.⁵

India launched the SAGAR Doctrine (Security and Growth for All in the Region) in 2015 and the Neighbourhood First and MAHASAGAR (Mutual and Holistic Advancement for Security and Growth

Across Regions) initiatives in 2025 with the aim of promoting collective security, enhancing capacity-building for littoral states, and encouraging economic and environmental cooperation. It also introduced the Neighbourhood First Policy, emphasising strong bilateral relations with the Maldives, Sri Lanka, Mauritius, Seychelles, and others, while providing development assistance, capacity-building, and infrastructure projects.

India has transformed its Look East policy into the Act East Policy to strengthen maritime engagement with ASEAN nations and promote a free, open Indo-Pacific.⁶ Its Indo-Pacific Strategy supports a Free, Open, and Inclusive region in partnership with like-minded nations, notably the Quad (India, the U.S., Japan, and Australia). As a rapidly growing economic power, India is projecting its military and maritime influence by modernising its naval forces and utilising its island territories for extended regional reach.⁷ To enhance Maritime Domain Awareness, it has established the Information Fusion Centre for real-time surveillance, integrated coastal radar networks with friendly IOR states, and built strategic partnerships across the IOR and Indo-Pacific.⁸

While India remains a natural leader in the Indian Ocean, it faces a complex web of strategic, diplomatic, and environmental challenges. China's expanding presence through funded ports and infrastructure across the IOR, combined with its increasing naval patrols, submarine deployments, and debt-trap diplomacy, diminishes India's influence in smaller IOR nations like the Maldives and Sri Lanka. Extra-regional powers such as the U.S., France, the UK, Japan, and Australia are also boosting their military and diplomatic

engagement in the IOR. Although some are partners strategically, they also compete for influence, particularly in African littorals and island nations.⁹

India's approach in the IOR combines hard power, soft power, and regional diplomacy. It aims to sustain influence by being a reliable partner, enhancing maritime capabilities, and promoting a rules-based, multipolar maritime order.

Maldives in the IOR

The Maldives is an archipelagic nation comprising 26 atolls and over 1,200 coral islands, spanning more than 750 km in the central Indian Ocean. This gives it an EEZ of approximately 900,000 km², abundant in marine biodiversity and economic opportunities. Renowned for its white-sand beaches, turquoise waters, and diverse marine life, it is one of the most geographically dispersed countries in the world. With none of its coral islands rising more than 1.8 metres above sea level, the nation is highly vulnerable to even minor sea-level rises caused by global warming. Its economy relies heavily on tourism, fisheries, and related services, with luxury tourism being a major source of revenue. Politically, the Maldives transitioned to a multi-party democracy in 2008 after decades of single-party rule under President Maumoon Abdul Gayoom. Since then, the country's politics have seen frequent shifts in power, polarised party competition, and occasional instability, influenced by both internal and external geopolitical factors. Mohamed Muizzu was elected president in September 2023, defeating incumbent Ibrahim Mohamed Solih. He is considered a supporter of China's interests in the country.¹⁰

Strategically situated along key global shipping lanes, especially the Eight Degree Channel, which is vital for maritime trade and energy routes connecting the Middle East and East Asia, the Maldives holds significant geopolitical importance and drawing the attention of major powers such as India and China. Located just 700 km southwest of India, the Maldives is strategically positioned between India's Lakshadweep Islands and the Horn of Africa, making it a central hub in the IOR.¹¹

The Maldives derives its strategic importance from its location near key SLOCs and its proximity to vital chokepoints, enabling the monitoring of maritime traffic between the Strait of Hormuz, the Strait of Malacca, and Bab-el-Mandeb. This positioning allows it to serve as a hub for naval surveillance and anti-piracy operations in the central Indian Ocean, as well as an air and naval logistics node supporting regional navies such as those of India, the U.S., and China. Its unique geography has also made the Maldives a potential buffer state between competing regional and global powers.¹²



13

India-Maldives Relations

The geographical proximity has fostered centuries-old cultural, economic, and people-to-people exchanges between India and the Maldives. Shared maritime traditions, linguistic similarities, and religious ties have laid the groundwork for mutual understanding. India was among the first countries to recognise the Maldives' independence in 1965. Formal diplomatic relations were established in 1965, shortly after the Maldives separated from British protectorate status.¹⁴

India-Maldives relations have been strong for decades, characterised by thriving economic and security cooperation. Thousands of Maldivians have studied in India and visited the country for medical treatment. A pivotal moment occurred in 1988 during 'Operation Cactus', when India swiftly intervened within hours to prevent a coup attempt against President Maumoon Abdul Gayoom, led by mercenaries. This gained India significant political goodwill and cemented its reputation as a reliable security partner.¹⁵

India has consistently been the first responder during crises — whether the 2004 tsunami, the water shortage in 2014, or the COVID-19 pandemic. It has assisted the Maldives in areas such as defence training, coastal surveillance, hydrography, and joint military exercises. Economic relations between India and the Maldives encompass sectors like trade, investment, and developmental aid. India remains a dependable partner in the Maldives' human resource development, infrastructure, healthcare, and education sectors. Indian grants and Lines of Credit have financed vital projects, including the Indira Gandhi Memorial Hospital (IGMH) in Male, the Faculty of Engineering Technology, and the

Greater Male Connectivity Project (GMCP) — India's largest infrastructure initiative in a neighbouring country.¹⁶

The rise of China's influence in the Maldives, especially under President Abdulla Yameen (2013–2018), caused a temporary strain in India-Maldives relations. Maldives joined China's BRI and took on significant Chinese debt. However, relations with India improved under President Ibrahim Solih (2018–2023), who adopted an "India First" policy and revived strategic cooperation. This trusted relationship, however, again faced strain when President Mohamed Muizzu took office in November 2023, riding on his 'India Out' campaign and calling for the withdrawal of Indian military personnel from Maldivian soil. Nearly two months later, he reiterated this demand, stating that the Maldives must ensure no foreign military is present on its territory. His request for India to withdraw armed forces personnel—who had been providing search-and-rescue support to Maldivian aircraft—not only signalled a reevaluation of policy towards India but also marked a clear shift towards, and outreach to, China.¹⁷

The diplomatic row was worsened by derogatory comments made by three Maldivian ministers about India and Prime Minister Narendra Modi. It sparked exchanges on social media, a boycott of Maldivian tourism, and increased promotion of Lakshadweep as a tourist destination, leading to a significant decline in Indian tourism, which is vital for the archipelago's economy.¹⁸

Tourism is the Maldives' largest industry, accounting for 28 percent of its GDP and over 60 percent of its foreign exchange earnings. According to recent data released by the Maldivian tourism ministry, of the 1.8 million foreign tourists

who visited the Maldives in 2023, 11.2 percent were from India, followed closely by Russia (11.1 percent) and China (10 percent).¹⁹ Adding salt to India's wounds, Muizzu headed to China even as the row over the disparaging remarks raged on social media. He asked the Chinese to increase tourist numbers to the Maldives. Several investment and other deals were signed during this visit to China. This incident highlighted the fragility of bilateral relations and the impact of domestic political rhetoric on foreign policy.

China has been expanding its influence in the Maldives through infrastructure investments under the BRI. Its investments in the Maldives, including the \$200 million China-Maldives Friendship Bridge, housing projects, airports, and maritime infrastructure, have increased economic dependencies, with Chinese loans making up nearly 40% of the Maldives' external debt by 2023.²⁰ China became the Maldives' largest trading partner and a major creditor, raising fears of debt-trap diplomacy. The strategic motivations behind China's engagement with the Maldives can be summarised as the need for geopolitical positioning, protecting critical SLOCs through which China's energy supplies pass, continuing the strategy of encircling India via a network of ports and bases in the IOR, using port visits and infrastructure investment to increase its presence and reach in the region until the establishment of proper dual-use facilities, and undermining Indian influence.

However, ultimately considering the strong reaction from India and its economic consequences, President Muizzu suspended the Maldivian ministers and issued a statement distancing his government from their comments, emphasising the importance of maintaining ties with India. This shift

from an overtly anti-India stance to a more balanced approach by President Muizzu stemmed from both domestic and geopolitical realities. While his initial posture catered to nationalist sentiments and electoral promises, the Maldives' heavy economic dependence on Indian tourism, development aid, and emergency assistance made prolonged hostility costly. Additionally, rising regional competition with China and the increasing strategic importance of the Indian Ocean compelled Muizzu to recalibrate, recognising that maintaining workable ties with India was essential for economic stability, security cooperation, and preserving the Maldives' leverage in balancing major powers.

As far as India is concerned, despite tensions and the Maldives' tilt towards China, India continued its developmental assistance, humanitarian aid, and security cooperation, underscoring its commitment to long-term partnership and regional stability. The underlying strategic logic being that sustained engagement, even during periods of strain, preserves India's influence, counters rival presence, and reinforces its image as a reliable and indispensable partner in the IOR. While periodic political shifts create challenges, the depth of bilateral engagement, strategic alignment in the IOR, and people-to-people ties ensure the relationship remains fundamentally strong and enduring in counter-terrorism.

China Factor: Implications for India

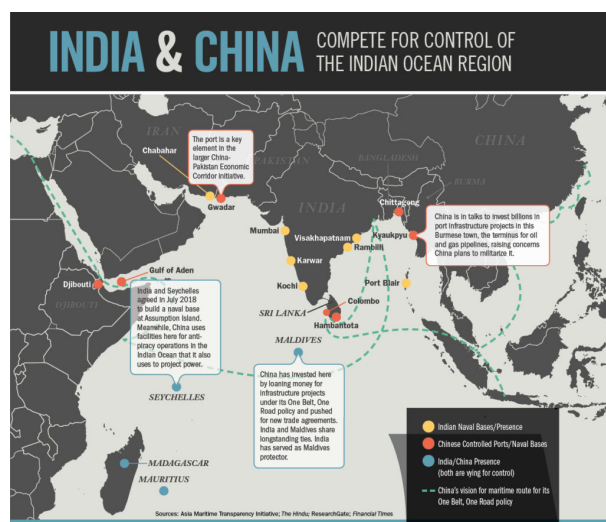
The Chinese forays into the Maldives and other island nations such as Sri Lanka, Seychelles, and Mauritius, among others, in the Indian Ocean Region carry significant geopolitical, economic, and

security implications, especially for India and other regional powers. China aims to reshape the region's strategic environment by expanding its footprint—particularly through economic and political influence. This strategy has far-reaching strategic, economic, and security implications. It aligns with China's broader vision of building a chain of ports and bases from the South China Sea to the Horn of Africa, enabling it to monitor key shipping lanes and improve PLA Navy (PLAN) access to critical sea routes and chokepoints. Its activities in the Maldives are therefore not isolated incidents, but part of a larger strategic agenda to expand China's influence and secure vital footholds across the Indian Ocean Region. This necessitates ongoing vigilance, proactive diplomacy, and strong regional cooperation to safeguard freedom of navigation, defend sovereignty, and maintain stability in the Indian Ocean Region.²¹

For decades, India has been regarded as the main security provider in the Indian Ocean Region, responding promptly in times of need and working closely with island nations, including the Maldives, to support their development and safeguard their security. However, the growing influence of China and the Maldives' shift towards it pose a significant concern for India. The Maldives, once under India's strategic influence, has started hedging its bets by playing China against India. This could weaken India's influence and foster a more competitive strategic environment in India's neighbourhood. It risks a serious loss of India's diplomatic leverage in the region and its neighbourhood-first policy. In the long term, it could limit India's ability to operate freely in the region.

Chinese investments in ports, such as Hambantota in Sri Lanka, Gwadar in Pakistan, and potential future port deals in the Maldives, raise concerns about their civilian-military dual use. They could be exploited during crises or conflicts for military logistics, surveillance, or even deployment. China's debt-trap diplomacy is now a well-established phenomenon. The Maldives' debt to China, estimated to exceed \$1.4 billion, is a point of concern.²² This disproportionately high debt for the small economy of an island nation like the Maldives gives China leverage over its national policies, foreign policy alignment, voting behaviour at the UN, and defence procurement decisions. India observed this in the 'India Out' campaign and Muizzu's directive asking the Indian Military to leave Maldivian soil.

Chinese forays into the Maldives require India to be vigilant, pursue proactive diplomacy, and foster regional cooperation to safeguard freedom of navigation, sovereignty, and stability in the IOR. India's challenge will always be to curb the growing Chinese influence while maintaining its own, without appearing overbearing.



23

Resetting Relations

Rebuilding a damaged relationship between two countries requires ongoing diplomatic effort, including open dialogue, resolving core issues, and promoting mutual understanding. It also involves establishing trust through economic collaboration, cultural exchange, and people-to-people links.²⁴ The shifting geopolitical winds in the IOR, with the Maldives serving as a key example of this trend, require continuous realignment of relations – strategically, economically, and diplomatically.

For India, the Maldives is not just a neighbour defined by geography, history, and shared maritime interests. It is also a strategic maritime partner. The level of influence India has over the Maldivian islands affects its ability to monitor the central Indian Ocean, approach India's west and south coasts, and respond swiftly to maritime contingencies. China's increasing influence over the Maldives, by fostering dependence on it, is diminishing India's primacy in its near-seas approach. The current strategic landscape in and around the Maldives therefore requires agile navigation to maintain a lasting relationship.

On a positive note, although President Muizzu came to power on an anti-India plank and initially focused on strengthening relations with China, he swiftly recognised the risks of increasing debt, the dangers of regional influence competition, and the inherent contradictions in balancing strategic interests amid rivalry between India and China. He understood that the Maldives cannot give the impression that it wants to distance itself from India and the associated economic and developmental support that entails.

Within about a year of his presidency, President Muizzu increasingly recognised that a confrontation with India would not bring any advantages. Understanding that constructive engagement with India would better serve Maldivian national interests than conflict, he started adjusting the Maldives' foreign policy. Realising that having diverse partnerships, rather than depending too much on a single external actor, provides greater security and economic stability, he aimed to maintain India's goodwill and acknowledge its key role in the region. This has led to a softening of anti-India rhetoric and a renewed willingness to engage, indicating a careful shift in approach that seeks to assert sovereignty while avoiding the strategic costs of alienating India.²⁵

His visit to India in October 2004 reaffirmed the Maldivian commitment to developing "continued close relations" and enhancing bilateral cooperation. During that visit, a vision statement for a comprehensive economic and maritime security partnership was adopted, emphasising connectivity, capacity building, and counterterrorism cooperation. "The Maldives is India's key maritime neighbour in the Indian Ocean Region," India's Ministry of External Affairs stated in announcing Muizzu's visit. On this occasion, Prime Minister Narendra Modi discussed "energy, trade, financial linkages and defence cooperation" with him. India approved a \$400 million currency swap agreement to support the cash-strapped Maldivian economy and also discussed a free trade agreement with him.

This visit of President Muizzu in October 2024 laid the groundwork for Prime Minister Narendra Modi's visit to the Maldives in July 2025. During

the Prime Minister's visit, the two sides announced the start of negotiations for an India–Maldives Free Trade Agreement (IMFTA), which will significantly enhance bilateral trade, tourism, and investments. Defence cooperation received a major boost through the joint inauguration of a new Ministry of Defence building in Malé, constructed with Indian assistance. Infrastructure development also took centre stage during Prime Minister Modi's visit – 3,300 social housing units in Hulhumalé were handed over; projects in Addu City and six High Impact Community Development Projects were inaugurated; and 72 vehicles and assorted equipment were provided to support public services. India gifted two Bharat Health Initiative to Sahyog Hita and Maitri (BHISHM) health cube sets for emergency medical and disaster relief.²⁶

Mutual security was another important aspect of the reset, during which President Muizzu condemned the April 2025 Pahalgam terror attack in India, which killed 26 civilians. President Muizzu called India the Maldives' "closest and most trusted partner" and stated that "no one can break India–Maldives ties".²⁷ Prime Minister Modi's response to the Maldives' "special place" in India's Neighbourhood First policy, describing the relationship as "not just diplomacy, but a relation of deep affinity," signalled a mutual desire from both leaders to foster political capital centred on stability and cooperation rather than confrontation.²⁸

Learning lessons from the past, India has also increased its engagement across party lines. During his visit, Prime Minister Modi interacted with prominent figures from the ruling party, including those who played a crucial role in the "India Out"

campaign and are close to China. He also held a meeting with notable figures from the Jumhooree Party, Maldives National Party, and Maldives Development Alliance. Separate meetings took place with the main Opposition, the Maldivian Democratic Party, and former President Mohamed Nasheed. These engagements emphasise India's efforts to make relations non-partisan and resilient to turbulent domestic politics.²⁹

Prime Minister Modi's recent visit to the Maldives indicates that India is moving past previous issues and remains optimistic about future cooperation. There is confidence that the Maldives will recognise that regional security is a shared concern. However, it must be acknowledged that the Maldives' economic stability will continue to pose a significant challenge for India. The Maldives will persist in engaging with China to seek assistance and investments to diversify and avoid over-reliance on India. Therefore, India should stay alert and continue to leverage its influence to protect and advance its interests.³⁰

Conclusion

The Chinese ventures into the Maldives and other island nations in the IOR are not isolated events, but part of a wider strategic approach with significant strategic, economic, and security repercussions. The Maldives is at a crucial strategic turning point. While India cannot impose its will on the Maldives' sovereignty, it must defend its maritime interests through patient diplomacy, strategic investments, and regional partnerships. Securing a stable and cooperative Maldives is essential for protecting India's strategic frontiers in the Indian Ocean. It requires vigilance, proactive

diplomacy, and regional collaboration to uphold freedom of navigation, sovereignty, and stability in the IOR.

President Mohamed Muizzu's October 2024 visit signalled that Malé regarded engagement with New Delhi as vital. It not only reoriented India–Maldives relations towards mutual benefit but also opened the door for the Indian Prime Minister's visit. Prime Minister Modi's 2025 trip to the Maldives was a comprehensive effort to restore and enhance strategic, economic, and environmental ties with the island nation. By addressing past tensions, bolstering economic support, and aligning security interests, India reaffirmed its role as a reliable partner in a geopolitically competitive region.

For the Maldives, its leadership recognised India's centrality and reliability, while understanding

that sustained outreach to China does not need to come at the expense of ties with India. The lesson was clear: burning bridges with India could incur long-term costs. The Maldives must therefore avoid zero-sum geopolitical games, while India must continue to deliver on its commitments with speed, scale, and sensitivity.

Moving forward, the focus must remain on strengthening this trust. As Foreign Secretary Vikram Misri noted during the special briefing by the MEA on the Prime Minister's visit to the Maldives, "There will always be events that will impact or try to intrude on the relationship. But I think this is testimony to the kind of attention that has been paid to the relationship, including attention at the highest levels... We've continued to work at it, and I think the result is there for you to see."³¹

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Himalayan Crossroads: Preserving India's Strategic Interests in Nepal and Bhutan

Shokin Chauhan*

"Independence isn't just about international recognition, it's about internal coherence and the will to remain distinct."

The View from the Roof of the World

When I look at the map of South Asia, my eyes don't just see the Himalayas. I feel them. I smell the cold, crisp air that bites the lungs at first and then fills you with a strange calm. I hear the crunch of my boots on fresh snow, the faint clang of a prayer bell somewhere up the slope, and the laughter of children chasing a worn-out football along a mountain path. To most, these mountains are a jagged border on paper. To me, they are living, breathing companions, vigilant sentinels who have stood guard over us longer than memory itself.

I have served at these heights, where the clouds drift so low you can touch them, and the stars feel close enough to take in your hand. In Mustang, Nepal, I remember sitting in a tea shop run by the widow of an old Gurkha soldier. She poured my cup with the same steady hands that once fed her husband, and she told me how the mountains keep people honest, how every steep climb reminds you of your smallness. Travelling further to Lomangthang from Mustang, standing

in the courtyard of a dzong at dusk, with the walls glowing orange in the setting sun, monks file past in silence. One of them stopped, looked at me for a long moment, and said, "Soldiers stand on both sides." I've never forgotten that.

Nepal and Bhutan aren't pawns, nor are they "buffer states" between India and China. They're proud nations, full of grit and grace, shaped by centuries of hardship and joy. Their people have endured earthquakes, blockades, and the slow creep of modern politics, yet they've maintained their dignity. They know how to stand with you, and they also know how to walk their path.

Today, China's shadow stretches longer over these delicate valleys, and the Siliguri Corridor, our 'chicken's neck', feels more vulnerable than ever. I've stood guard there in the monsoon rain, knowing that if trouble ignites in these mountains, the tremor will be felt all the way to Delhi. Out here, strategy isn't just about maps and troop numbers. It's about whether the road remains open after a landslide, whether the lone bridge over a

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roaring river holds, and whether a festival proceeds peacefully.

For me, these lands aren't just part of a strategic frontier; they're places where I've shared bread, sipped tea, and laughed with strangers who felt like family. And that's why the stakes here are more than political. They're personal. Because when you've looked into the eyes of the people who live beneath these great mountains, you understand that protecting them isn't just about securing borders, it's about keeping a promise.

A Legacy of Geography and Strategy: The Enduring Buffer

When you've served in the Himalayas long enough, you realise that geography isn't just about mountains and rivers; it's about how those mountains and rivers shape the destiny of nations. Nepal and Bhutan sit right at the centre of it all, not by choice, but through history and terrain. They have always been more than mere dots on a map; they represent the space between two giants, where survival depends on knowing when to advance, when to retreat, and when to stand very still.

Prithvi Narayan Shah of Nepal understood this better than anyone. He called his kingdom a "yam between two boulders", a perfect way to describe it. You don't crush a yam unless you squeeze too hard from either side, so Nepal learned to be careful, watching both neighbours and leaning one way or the other when the moment demanded it. Bhutan followed a similar path, only more quietly. Its rulers kept their distance, allowing just enough trade and religious contact with Tibet, but never too much from either India or China.

Then came the British. They regarded Nepal and Bhutan as cushions, buffers, to safeguard their empire from whatever emerged from China. Consequently, they drew lines on maps, signed treaties, and established protectorates. When India gained independence, we didn't just inherit the land; we inherited that entire mindset. We signed treaties with Bhutan in 1949 and with Nepal in 1950. On paper, these signified friendship and security. In reality, they also implied that we were the safety net; if trouble arose from outside, we would be the ones to respond.

Of course, from Delhi's perspective, this was logical. From Kathmandu or Thimphu, it sometimes felt like we were acting as the overbearing big brother. I've heard it in conversations over tea in mountain towns, that blend of gratitude and quiet resentment. But even with the politics, the arrangement endured. Trade continued, soldiers trained together, and people crossed the borders freely. Beneath it all was an unspoken understanding: if the mountains were ever threatened from the north, India would stand its ground.

Buffer States as Imperial British Strategy

By the 19th century, the British in India understood one thing very clearly: if you want to keep an empire safe, you don't just defend the borders, you push the danger further out. For them, Nepal, Bhutan, Sikkim, and even Tibet for a while became the outer moat. These weren't just names on a dispatch from Calcutta; they were the first line of obstacles between the Raj and rival empires—Qing China to the north, Tsarist Russia creeping in from Central Asia.

The British didn't leave anything to chance. They drew borders, sent out survey teams, signed treaties, and, when necessary, marched in with bayonets. I've walked some of those same ridgelines where surveyors and soldiers once stood, looking north toward Tibet and beyond. You can see why they wanted those buffers; the land itself is a fortress if you hold it right.

Nepal, under Prithvi Narayan Shah's successors, had been expanding rapidly, fighting in Tibet with Chinese backing, and pushing into smaller kingdoms in North India. That kind of momentum worried the British, so when it came to blows in the Anglo-Nepalese Wars, the Raj threw everything it had. The Treaty of Sugauli in 1816 cut Nepal down in size, but here's the clever bit: the British didn't dismantle the kingdom. They kept the Shah dynasty in place, knowing Nepal's mountains and its Gurkha warriors were worth more as allies and buffers than as conquered land.

In the decades that followed, Nepal played a cautious game, paying tribute to China after 1792, but by the late 1800s, it leaned heavily towards Britain. The 1923 treaty between the two formalised this arrangement, clearly signalling to Beijing: Nepal remains independent, and Britain will ensure it. In return, the British provided arms, training, and recognition—precisely the kind of support that enables a small kingdom to stand tall without standing alone.

Bhutan's story ran parallel, though bloodier in parts. After losing the Duar War in 1865, it relinquished the fertile Duars to the British under the Treaty of Sinchula. The monarchy retained control over domestic affairs, while Britain strengthened its hold on foreign policy, all the while

paying an annual subsidy. When Chinese interest in Tibet began to intensify, the British responded once more. The Treaty of Punakha in 1910 guaranteed Bhutan's internal autonomy but placed its external dealings firmly under British "guidance." In simple terms, Bhutan could manage its affairs, but when it came to looking beyond the mountains, Britain held the map.

From a soldier's point of view, it was a neat arrangement: mountains held by friendly forces, enough autonomy to keep the locals invested, and a line of defence well beyond the plains. The Raj may be gone, but you can still feel the shape of that old strategy in the way we look at these borders today.

From Buffer to Protected State: Evolution after Independence

When British rule ended in 1947, the subcontinent's northern frontier entered a new phase of uncertainty and change. Would the principle of buffer states endure after the Empire's collapse? For India, maintaining these arrangements seemed both sensible and essential. The memories of Chinese intervention in Tibet and the imperial fear of Russian advances continued to influence Nehruvian foreign policy thinking.

India acted swiftly to secure the Himalayan rimland. In **Bhutan**, the 1949 Treaty of Peace and Friendship mirrored many aspects of the Punakha system. Bhutan consented to Indian "guidance" in foreign policy and defence, in return for recognition of independence, a promise of non-interference in domestic affairs, and economic aid. The result was to keep Bhutan as a buffer, but now within India's rather than Britain's sphere.

Nepal's status was formalised in the **Treaty of Peace and Friendship of 1950**, signed on 31 July 1950 in Kathmandu. This treaty reinstated and broadened the open border, provided for mutual defence consultations, and, importantly, permitted unrestricted movement, settlement, and property ownership for citizens of both nations. The context was urgent: Communist China had recently consolidated control over Tibet, and both Delhi and Kathmandu feared its armies could suddenly cross the high passes. India thus aimed to secure a closer alliance with Nepal than ever before, safeguarding its sovereignty while expecting complete strategic loyalty.

The Balance of Dependency and Resentment

“Survival in the Himalayas has always been about reading the winds correctly; some kingdoms learned this lesson better than others.”

China's brutal takeover of Tibet in the 1950s remains one of the most significant geopolitical upheavals of the modern era. Before 1950, Tibet was a peaceful, largely autonomous buffer between the Indian subcontinent and the Chinese heartland. The People's Liberation Army's swift and ruthless military campaign shattered that balance. The so-called “liberation” was, in reality, a calculated annexation characterised by suppression of Tibetan cultural identity, destruction of monastic institutions, and a brutal campaign of political control. By 1959, the flight of the Dalai Lama into India, along with tens of thousands of Tibetan refugees, revealed to the world the true nature of Beijing's ambitions. What had once been a high-altitude shield for India

and the smaller Himalayan kingdoms was now a militarised forward base for Chinese expansionism.

For Nepal and Bhutan, both much smaller in territory, economy, and military capacity, the fall of Tibet served as an existential warning. They had long depended on geography, with towering mountains and difficult passes functioning as a natural defence. Tibet's absorption by China demonstrated that terrain alone could not guarantee safety against a determined and resource-rich aggressor. In the years following the takeover, Beijing consistently expanded its influence by building roads and airstrips, stationing troops near their borders, and conducting diplomatic campaigns to pull these nations into its sphere of influence. For these small Himalayan states, the shadow of the PLA was no longer a distant concern; it was an immediate and persistent reality.

India, too, perceived the shift in its strategic environment with urgent clarity. Suddenly, Chinese forces were no longer thousands of kilometres away; they were at our very doorstep, eyeing the vulnerable Siliguri Corridor and the approaches to the Indo-Gangetic plains. The security of India's borders became intrinsically linked to the stability of Nepal and Bhutan. Any encroachment or coercion against them would inevitably weaken India's defences and expose its heartland. It was this realisation that prompted New Delhi to assume the role of protector, not out of expansionist ambition, but out of necessity. India's aim was not to dominate these nations but to ensure they retained their sovereignty and remained shielded from Chinese military or political subjugation.

In Bhutan, India's partnership intensified

through defence cooperation, economic aid, and infrastructural support, ensuring Thimphu could preserve its independence while resisting Chinese pressure in unresolved border sectors. In Nepal, despite political differences and occasional friction, India continued investing in roads, hydropower projects, trade facilitation, and humanitarian aid, reinforcing the realisation that its interests aligned with Nepal's survival as a free and sovereign state. India's military deployments, joint exercises, and constant vigilance in the Himalayan region were never about aggression; they were about deterrence. By maintaining a credible defence posture, India prevented Beijing from exploiting these smaller nations as strategic stepping stones for force projection into South Asia.

The lesson from Tibet is clear and lasting: when a smaller nation stands alone against a determined hegemon, appeals to international morality rarely halt the advance of tanks and troops. It is only through credible security guarantees and tangible support that sovereignty can be upheld. For Nepal and Bhutan, India's role as a security partner is not an imposition; it is the vital counterbalance that prevents the red flag from soaring over their capitals. For India, this is not just altruism; it is the realisation that the defence of the Himalayas is also the defence of India itself.

India's concerns about China's desire for dominance were never unfounded; they stemmed from a complex reality. In 1959, when Tibet rose and the Chinese army crushed it, tens of thousands of Tibetans fled across the mountains. I still recall old-timers of the Assam Rifles, of which I later became the Director General, discussing the initial waves of exhausted and hungry refugees, monks,

traders, and families crossing into India, Bhutan, and Nepal. The Dalai Lama himself arrived in India. That moment didn't just alter borders; it changed our perception of the passes. Suddenly, China was sitting much closer, not only politically but physically.

For India and Bhutan, our treaties stopped being polite words on paper. They became a real shield. Our military presence in Bhutan, which includes training their forces, building their roads, and setting up defences, isn't charity; it's necessary to protect ourselves. It was a clear message: this buffer must stay strong, and it must remain friendly to us.

Of course, even strong arrangements can cause friction. Over time, many in Nepal and Bhutan began to feel that our assistance came with conditions. Nepalese critics argued that their treaty with us was signed by the old Rana rulers, who were unpopular and out of touch, and that some clauses, such as the requirement to "consult" us on arms imports, felt like a leash. In Bhutan, some elites quietly questioned how "independent" they truly were if every diplomatic suggestion and foreign contact flowed through Delhi.

Nepal and Bhutan have remained independent for three main reasons. First, leadership. Both had rulers and governments who knew when to flex and when to stand firm. Second, geography. Bhutan's rugged mountains and sparse population made it difficult for any invader. Isolation benefited them. Third, they played their cards wisely, maintaining decent relations with both big neighbours without leaning so heavily on one that the other felt threatened. Nepal's approach was different. Its monarchy managed to balance India

and China, keeping genuine autonomy intact. Its size, population, and diversity made any forced annexation complicated.

Ultimately, surviving in the Himalayas is about more than just defending your borders. It requires strong leadership, unity at home, favourable geography, and enough skill to be valuable to all sides without becoming so useful that someone decides to seize you before the other side does.

Sustained Buffer Statecraft: Diplomacy and Survival through the 20th Century

“The art of survival lies not in choosing sides, but in making yourself valuable to all sides.” -

The buffer state logic outlasted the British era and, in many ways, became more sophisticated. After India’s independence, both Bhutan and Nepal found themselves not only as objects of Indian geostrategic concern but also as targets of China’s ongoing ambitions.

For Bhutan, the annexation of Tibet by China (1951) and the Tibetan Uprising (1959) strengthened its alignment with India. Chinese claims over Bhutanese enclaves in Tibet faded, but the kingdom felt threatened by the Chinese military posture on the plateau. India responded by increasing economic, military, and development aid, embedding its strategic interests through infrastructure and the army support missions.

Nepal became the literal linchpin for the Himalayan strategy. The Indo-Nepalese friendship grew complicated during the Sino-Indian War of 1962, when both India and China courted Kathmandu. Although Nepal remained neutral, Indian defence strategists stayed vigilant,

strengthening northern borders, constructing roads, and fostering pro-India political leadership.

Contemporary Resonance: Buffer Logic in the 21st Century

‘Nepal and Bhutan, as living embodiments of the buffer state, offer extraordinary lessons in how geography, diplomacy, and history intertwine. While treaties and protectorate arrangements once cemented their roles as protective bulwarks for greater powers, their continued survival has relied as much on native ingenuity, leadership, and luck as imperial calculation.’

Even in today’s multipolar world, the buffer state logic still lingers. China’s rise and its “Belt and Road Initiative” have added new urgency to how India and its smaller neighbours conduct diplomacy and security policy. Nepal, once again, aims to play both sides, using its buffer status to gain economic and security benefits from both Delhi and Beijing, while remaining aware of historical patterns of intervention and “guidance”.

Bhutan’s monarchy and its decision makers have proceeded cautiously, engaging steadily with both Asian giants, but have wisely avoided establishing formal diplomatic ties with China, aware that too much overture to China could disrupt the delicate balance that has maintained its sovereignty for many centuries.

Their experience reveals the paradox of buffers: to be truly useful, they must be strong and independent enough to resist being pulled into an adversary’s camp, but not so forceful as to threaten the interests of their protectors. The legacies of the 1816 Treaty of Sugauli, the 1910 Treaty of

Punakha, the 1923 Nepal-Britain Treaty, and the pivotal 1949/1950 Indo-Himalayan treaties still resonate in the corridors of power in South Asia, and the lasting sense among Nepalese and Bhutanese that their fate remains, precariously and perpetually, caught between the ambitions of giants.

In this contest of geography and strategy, Nepal and Bhutan remain as much agents of their destiny as pivots of regional manoeuvre, a tribute to the enduring power and peril of the Himalayan buffer.

The Siliguri Corridor and the Sineews of National Unity

“India’s anxiety for these buffer zones is rooted in strategic hard geography. The Siliguri Corridor, only 22 kilometres wide at its narrowest, is no abstraction. It is the literal bridge between “mainland” India and the diverse, sometimes restive, Northeast.”

If adversarial powers, including now an increasingly antagonistic Bangladesh, were to try to close it, the consequences would cascade well beyond military loss; they would strike at multi-ethnic integrity, economic vitality, and national psyche.

Bhutan’s Doklam Plateau and parts of Nepal’s eastern border have gained a significance disproportionate to their size. The 2017 Doklam standoff clearly showed how even the plateau’s barren rocks and icy terrains can become the centre of a global confrontation. It rekindled fears that span from intelligence reports in South Block to the daily routines of farmers in North Bengal.

Shifting Tectonics: Strategic Challenges Post-2015

‘I’ve watched the relationships with Nepal and Bhutan shift over the years, and it’s been like adjusting your footing on uneven mountain ground, steady in places, slippery in others.’

Bhutan’s journey from protectorate to equal partner has been slow, careful, and deliberate. Since the 2007 revision of our Friendship Treaty, they have become more open to the world, even engaging in border talks with China in 2021 and again in 2023. That confidence didn’t arise by chance. Decades of building roads, dams, schools, and hospitals — much of it with Indian assistance and Indian rupees — provided them with a stronger foundation. In Bhutan, most people I have met still see India as the one steady presence maintaining their sovereignty, even as their leaders explore new diplomatic avenues.

I have experienced Nepal’s story firsthand, having served as India’s Defence Attache in Kathmandu, and I am aware of how difficult the journey has been for Nepal. The end of the monarchy, the Maoist years, the transition to a federal republic, and a form of nationalism that often depicts India as the “big brother” have changed how Kathmandu looks southward. I’ve heard the resentment in tea shops and market stalls. Yet, when the 2015 earthquake struck, it was our aircraft, medics, and engineers who arrived first, long before China. We’ve laid pipelines, built rail links, opened check-posts, and even delivered vaccines during COVID. But in 2024, Nepal still signed onto China’s Belt and Road. Clearly, Nepal was not seeking loyalty, but rather playing both sides to secure the best deal for itself.

The China Factor – Changing the Crossroads

I've spent enough years in these mountains to recognise when a road is simply a road and when it's something entirely different. What China has been doing here isn't neighbourly outreach; it's a slow, calculated push southward. The Chinese don't just arrive with handshakes; they come equipped with roads carved into impossible cliffs, fibre optic cables strung across passes, hydropower plants humming where silence once reigned, and loans that seem generous until you notice the strings attached.

In Nepal, they talk about the Lhasa–Kathmandu railway as if it's a gift. I've walked those high passes, and to me, the Kodari highway can be turned into a ready-made corridor for tanks and troops. High-altitude roads that can transport convoys straight down to the Indo-Gangetic plains. You don't need to be a strategist to understand the map, just a soldier who has marched on it and studied it.

Bhutan has been cautious, holding the Belt and Road initiative at bay. But the pressure never ceases. Beijing continues to push for settling its western and northern borders, which are most critical to our Siliguri Corridor, that narrow strip of land that keeps our Northeast connected to the rest of India. Lose ground there, and the map changes irreversibly. These frontiers must be guarded. This isn't about dominating neighbours; it's about ensuring the heartland remains secure, and that Nepal and Bhutan aren't left isolated in the great-power games that have destabilised other nations.

Strategic Uncertainty – Doklam, the Wake-Up Call

To many, what happened in Doklam in 2017 might have looked like a small border spat. To me, it felt like the opening scene of a limited war. Chinese crews were pushing a road toward the trijunction of India, Bhutan, and Tibet. The standoff ended with the diplomats smiling for the cameras, but anyone who's been there knows it didn't end. The road work slowed, but it didn't stop. The Chinese are patient; they move metres, not miles, changing the ground reality without pulling a trigger.

Doklam taught us two things: where our red lines are, and what it means to stand on them. India held its ground and did not blink. For Bhutan, it was a reminder that we won't let them face that pressure alone.

The Economics of Crossroads: Aid, Infrastructure, and Competition

India remains, by a large margin, Bhutan's biggest investor, donor, and economic partner. India's development policy in Bhutan lays less emphasis on direct financial aid and more on creating a "web of dependence" that ensures both prosperity and alignment. Over 95% of Bhutan's hydropower output, its main export, is sent to India. Indian grants and soft-loan funds have financed schools, highways, telecommunications, and even the transition to democracy.

Yet Bhutan, increasingly conscious of the risks of overdependence, has sought diversification. The 13th Five-Year Plan (2024–29) incorporates green hydrogen, digital literacy, and private sector entrepreneurship, all with Indian support, but also with Bhutanese and multilateral initiatives. Indian

officials see this growth as a double-edged sword: it boosts Bhutan's resilience, yet also expands its diplomatic choices.

Nepal: The Battle of Infrastructure and Identity

Nepal's trade volume with India remains dominant, accounting for nearly two-thirds of recorded goods, but the past decade has seen a sharp increase in Chinese imports and investments. Today, even small Nepali towns are dotted with Chinese brand outlets, road crews, and telecom installations.

India has responded with "connectivity diplomacy": funding railways (Jayanagar-Bardibas), petroleum pipelines (Motihari-Amlekhgunj), cross-border transmission lines, and quasi-official "Track-II" dialogues. These projects, though slower and sometimes hindered by bureaucratic delays, present a model of what Indian officials term "consent-based development": direct negotiations, engaging local labour, and transparent data sharing.

Yet, for many Nepalis, China's readiness to fund "shovel-ready" projects trumps drawn-out Indian processes, especially when Delhi is perceived as dragging its feet for political reasons. Indian policymakers are acutely aware that every delayed project, or whiff of high-handedness, risks pushing Nepal closer to Beijing.

The Debt Question and Soft-Power Tug-of-War

A key concern for Delhi is China's pattern of providing credit for large projects and later using debt leverage to gain strategic concessions, a

pattern observed in Sri Lanka's Hambantota Port. Nepal's cautious approach, focusing mainly on grant aid and concessional loans instead of large-scale commercial debt, is also shaped by lessons learned elsewhere.

India, emphasising grants and technical cooperation, presents its model as "mutually beneficial, non-predatory," relying on cultural links, scholarships, Bollywood, language, and shared religious heritage to win hearts in ways megaprojects often cannot. However, digital competition is intensifying; China's investments now encompass popular digital apps, think-tank exchanges, and social media, gradually diminishing India's advantage among Nepali youth.

Security Webs and Unstable Borders: Joint Security and Military Assistance

India's partnerships in the security sector remain strong for now. Bhutan's Royal Army is still mainly trained, equipped, and (when needed) reinforced by India; annual exercises, intelligence sharing, and high-level visits ensure communication stays open during risks. Bhutan, careful to appear neutral, has never accepted a formal Indian "military base," but in reality, it is closely integrated. Nepal's situation is more nuanced. A history of military cooperation, with thousands of Nepalis serving in India's Gorkha regiments, joint training, disaster response, and even counter-insurgency against Maoist rebels, has provided stability for years. However, Kathmandu's non-aligned stance and its desire to assert complete control over its security policy mean India's influence is maintained more through economic means and shared protocols than through direct leverage.

Borders: Contested and Incomplete

Both Bhutan and Nepal continue to negotiate their international boundaries with China, often feeling squeezed between their giant neighbours' agendas. Recent years have seen incremental Chinese advances in "grey-zone" tactics, infrastructure expansion, "village-building," and ambiguous patrol lines. Indian intelligence agencies regard such moves as designed not only to shift ground realities but to send a message: Beijing is ever-present, and only Delhi stands between the status quo and a new Himalayan order.

Politically, Bhutan has maintained a delicate balance, discreetly negotiating with China over boundary issues while consistently consulting with Indian officials. Nepal has occasionally appeared more inclined to play both sides, minimising or dismissing reports of Chinese encroachments in the Humla and Dolakha regions. At the same time, louder protests are raised over often minor Indian activities on its southern border.

Domestic Shifts: Nationalism, Identity, and the Limits of Leverage

Much of India's difficulty can be traced to Nepal's vibrant but unstable politics: multi-party jockeying, ideological shifts, and an undercurrent of identity politics rooted in ethnic and regional diversity. The rise of the Madhesi issue, with Indian-origin communities in Nepal's southern Terai feeling marginalised by Kathmandu, has created complex new challenges. Blockades, citizenship disputes, and sporadic violence serve as reminders that even open borders can become flashpoints rather than bridges. Indian overtures to Madhesi leaders have sometimes strengthened these

sentiments but also increased resentments among "hill-centric" Nepali elites in Kathmandu, thus fueling anti-India sentiment.

Bhutan: Managing Change, Preserving Stability

Bhutan's social fabric remains tightly woven, guided by the principle of Gross National Happiness and a culture wary of both Indian and Chinese advances. However, as young people grow more restless, seeking education, migration opportunities, and greater digital connectivity, Indian engagement at the grassroots level becomes increasingly important. From digital scholarships to volunteering in disaster relief, India must act with sensitivity, respecting Bhutanese pride while striving to surpass Chinese "economic diplomacy."

Green Power – A Different Kind of Race

Bhutan's rivers have already lit many of our towns back home, and new projects in the east and south aim to strengthen our economies even further. Nepal has a similar resource in its waters, holding enough potential to transform its fortunes if the deals are fair and the transmission lines actually cross the border.

However, Chinese teams in sharp suits offer terms that sound more appealing than ours. They speak of exporting Nepal's power north into Tibet and beyond, turning rivers into instruments of influence. It's not as dramatic as a road leading to a border post, but make no mistake, the race for green energy is its own battlefield. And in the long run, it could shape these mountains even more than the roads or railways we have fought over.

Digital, Cultural, and Soft-Power Frontiers

In both countries, the competition for future influence is increasingly digital. India's new initiatives in digital cooperation, scholarships, start-up funding, and cross-border e-governance platforms aim to attract the under-40 demographic, who will be shaping policy tomorrow. Chinese firms, for their part, offer free devices, online commerce opportunities, and innovative city designs, often operating ahead of local regulatory capacity.

Media, film, sports, and joint festivals all pour oil on the waters when diplomacy grows tense. Both Bhutan and Nepal continue to send thousands of students to Indian universities, still see Bollywood as a lingua franca, and depend on Indian journalists and think tanks for much of their global engagement. However, social media, often vulnerable to nationalist manipulation, can ignite conflicts with alarming speed.

Regionalism and Multilateral Diplomacy

India's response has been to reinforce regional institutions such as SAARC, BIMSTEC, and BBIN, where consensus, collaborative infrastructure, and people-to-people contacts create redundancy and "lock-in" to pro-Indian orientations. Delhi's approach is subtle: foster a sense of shared ownership, distribute benefits across social groups, and diminish the appeal of China-led bilateral deals.

The Road Ahead: Strategies for a Precarious Future

The upcoming decade will challenge India's Himalayan leadership like never before. Success

will depend not only on money, soldiers, or agreements, but also on India's ability for patient cooperation and prudent restraint.

In Bhutan, India's challenge will be to support modernisation and sovereignty without ever allowing strategic priorities to seem more important than local ownership; to strengthen an alliance of equals, not a master and dependent relationship.

In Nepal, India must navigate complexity with empathy, respecting Kathmandu's desire to hedge, being receptive to trilateral initiatives with China when suitable, and basing relations on youth, culture, and economic ties, not solely on old military links.

Trauma, Cooperation, and the Power of Example

The earthquake that devastated Nepal in 2015 served as a test for regional cooperation: Indian military and disaster relief efforts crossed the border, reinforcing India's image as a first responder. However, the aftermath—marked by politicised aid, reconstruction disputes, and heated rhetoric—showed that even well-meaning actions, if poorly managed, can have negative consequences. The lesson? Humility and a focus on local priorities should guide even the most well-intentioned strategies.

Coping with the Unexpected

The region is characterised by Himalayan unpredictability, earthquakes, coups, sudden border crises, and youth movements that go viral. In such volatility, a "whole-of-society" approach, leveraging universities, religious organisations, private companies, and media, provides India with its strongest safeguard.

Conclusion: The Steward of High Places

Ultimately, India's "strategic interests" in Nepal and Bhutan cannot be reduced to a contest of fences, funds, or flags. These are living relationships, shaped as much by stories, memories, and aspirations as by treaties or balance sheets. The actual test of Indian statecraft will be in keeping the Himalayan crossroads open, breathing, and secure, so that, whether in crisis or opportunity, the "roof of the world" remains a place of shared hope, not division.

In these high places, where the storms of history meet the calm of the snows, India's future will be determined not by how strongly it holds its neighbours, but by how effectively it helps them stand tall together.

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Projecting Strength, Masking Fragmentation: Failure of Religious Identity To Forge National Identity

Alok Bansal and Parth Seth*

On 14 August 2025, Pakistan celebrated its 79th Independence Day.¹ The occasion was marked by a 31-gun salute in the Islamabad Capital Territory and 21-gun salutes in provincial capitals, presided over by the Prime Minister and the respective Chief Ministers of the provinces. The Independence Day celebrations took place against a backdrop of relative peace and strict security in Khyber Pakhtunkhwa and Balochistan. Nevertheless, it saw muted protests in Quetta and Kalat by Baloch nationalist elements, who marked the day as a ‘black day’² and protested against the continued imprisonment of Dr Mahrang Baloch,³ the founder of Baloch Yekjeheti Conference, along with several Baloch civil rights activists.

Marka-i-Haq: Of Meta-Narratives of Piety and Legitimacy

This Independence Day was notable for another reason: the government and the Army,

beyond celebrating Independence Day, also marked it as the “victory” of ‘Marka-i-Haq’⁴ or the “war of righteousness.” It marks the end of the conflict between India and Pakistan that erupted in early May, after India launched Operation Sindoor in response to the terrorist strike in Pahalgam. Nationalist fervour was, therefore, quite vocal, with the Prime Minister addressing the nation from Jinnah Sports Stadium, Pakistan’s largest stadium in the centre of Islamabad, on the eve of Independence Day. The festivities at the stadium included marching contingents from Türkiye and Azerbaijan, which had provided moral and material support to Pakistan during and after the conflict, as well as representation from Pakistan’s armed forces.

A brief analysis of Shehbaz Sharif’s speeches over the years on Pakistan’s Independence Day, first as the Chief Minister of Punjab and later as Pakistan’s Prime Minister since 2022, shows a clear shift: the speech was infused with nationalist

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slogans aimed at emphasising a collective ‘bond of faith’⁵ strengthened by defending the country during the conflict with India, led by the government and the military establishment (referred to hereafter as the Establishment).

The infusion of virtue and righteousness in his rhetoric constructed a Manichean binary between Pakistan and its adversary, in this case India. In creating this Manichean, moralistic binary to justify Pakistan’s Operation Bunyan Marsoos,⁶ Sharif was, in effect, trying to reaffirm the legitimacy of the hybrid regime, which was cloaked in a febrile legitimacy afforded by a widely disputed electoral verdict, as the protector of Pakistan as well as its Islamic identity. In addition to noting the military’s role and the ‘resolve of the citizens’, Sharif expressed gratitude to China, Türkiye, Azerbaijan, Saudi Arabia, the UAE, and, especially, President Trump for their diplomacy, thereby reaffirming the alliances that fructified in the lead-up to, and were strengthened during, the May conflict.

Sharif’s speech may have diverged from the calculated political correctness he was previously associated with; instead, his confrontational, masculine rhetoric now resembles that of Imran Khan, his predecessor and arch-rival, who is currently in prison. The moral undertones and lavish allusions to Pakistan’s Islamic identity were borrowed from the Islamist playbook of the Pakistan Tehreek-i-Insaf, particularly Khan, and aim not only to pacify the current surge in nationalism but also to serve two additional purposes: firstly, domestically, it reaffirms Pakistan’s Islamic identity, thereby strengthening unity to symbolically shift Pakistan’s eruptive partisan and ethno-linguistic fault-lines, which will be discussed later in this article.

But secondly, and perhaps as an understatement, Sharif’s rhetoric intensified Pakistan’s outreach to its partners in the Organisation of Islamic Cooperation, especially the Gulf monarchies and Turkey; Pakistan was instrumental in founding and shaping the idea of OIC,⁷ and the country prioritises its OIC relations in its foreign policy as it is its only nuclear power and second-largest member. While giving special importance to OIC is not new, embedding it in notions of piety and using it as a basis for a moralistic foreign policy is indeed an inheritance from Khan’s Islamist populism. Additionally, according to data from the Ministry of Overseas Pakistanis and Human Resource Development, out of 9.9 million Overseas Pakistanis, over 52% reside in OIC member states, particularly in the Gulf.⁸

Nationalism in the Name of Islam: An Oxymoron and a Community Unimagined

But the appeals to Islamic piety and the *ummah*, as espoused in the OIC Charter concur with a paradox: On one hand, juxtaposed against military parades and masculine portrayals of the nationhood—as demonstrated in the Marka-i-Haq celebrations in Islamabad, Lahore, and Karachi—and the announcement of a Rocket Force Command, indicate that these appeals originate from a position of strength. On the other hand, Sharif’s constant invocation of Islamist rhetoric seeks to mask Pakistan’s societal fragility: a master narrative of the Marka-i-Haq endures the rally-around-the-flag effect achieved during Operation Bunyan Marsoos.

However, the attempt to mask Pakistan’s internal divisions through Islam remains futile. While the idea of a homeland for South Asia’s Muslims

forms the core of Pakistan's founding myth,⁹ it has been consistently challenged. For example, ethno-nationalist movements across Pakistan and the desire for a *sense* of normalcy and strength led to the pre-emptive suspension of Internet services in Balochistan, igniting protests. Baloch activists continue to face armed resistance as their protests to secure the release of Mahrang Baloch and other members of the Baloch Yakjehti Conference have been met with fierce opposition. In 2024, Balochistan saw a remarkable rise in violent attacks and casualties, with an 84 per cent increase over 2023, resulting in 322 lives lost and 534 others injured in 202 incidents.

Militant nationalist groups such as the Baloch Liberation Army (BLA) and the Balochistan Liberation Front (BLF) significantly increased their attacks. They targeted security forces, civilians, and non-Baloch workers, miners and travellers.¹⁰ They have carried out some high-profile attacks, including hijacking an entire train, Jaffar Express, in March 2025. In July 2025, BLF launched coordinated attacks across 17 locations in Balochistan. These incidents not only demonstrate their extensive reach, but also the overwhelming support of the local population, showing their alienation from Pakistan.

Terrorism continues to unsettle life in Pakistan's western frontier. In July 2025 alone, 91 incidents of killing were reported, in which 60 victims were civilians. Five were killed and 11 injured in a roadside bombing in Bajaur. Four security forces personnel were killed as 150 terrorists of the Tehreek-i-Taliban opened fire in Orakzai. 2024 was the bloodiest year in the recent past, when 852 persons were killed and 1092 injured in 521 terrorist attacks. Over 95 per cent

of these attacks were concentrated in the provinces of Balochistan and Khyber Pakhtunkhwa.¹¹ There were 785 violent incidents in total, which included operations by security forces and resulted in the killing of 1950 and injuries to 1850 others.¹²

The deteriorating internal security situation has led to the launch of Operation Azm-i-Istekham. It is a counter-terrorism, kinetic operation aimed at reconciling with the changing regional realities, such as terror attacks on Chinese citizens working on projects of the China–Pakistan Economic Corridor, attacks on migrant workers from Punjab in Balochistan, and a surge in activities of the TTP since the return of the Taliban regime in Afghanistan in 2021.

A spate of terror incidents, highlighted by the attack in a school in Peshawar in 2014, had precipitated the launch of a National Action Plan (NAP)¹³ to combat terrorism. It included kinetic measures as well as non-kinetic approaches such as promoting regional autonomy in radicalised areas like the then Federally Administered Tribal Agency (FATA), poverty alleviation, and reconciliation dialogues. The Jaffar Express bombing in March this year has prompted calls from the Pakistan People's Party chief Bilawal Bhutto–Zardari to launch an NAP-II to address current challenges.

His remarks were followed by Asim Munir's diatribe in the Pakistani Parliament, after the convening of the National Security Committee that month, where he admonished the failure of successive governments in containing terrorism, advocating for a "hard state."¹⁴ His comments ignited debate in Pakistani civil society about the feasibility of this approach, especially vis-à-vis

Pakistan's declining trend in human rights. And although commentators have remarked on the futility of extrajudicial law enforcement processes, Pakistan's history offers few alternative approaches.

State Capacity—or the Lack Thereof

However, the dichotomy between a hard and a soft state is often misconstrued in these commentaries: a hard state does not necessarily imply a *hardline* state. The distinction lies in state capacity: Pakistan has not been able to expand state responsiveness and readiness to face threats. State expansion has been hindered by anaemic institution-building, which has routinely fallen into the hands of the Establishment. To understand the laxity in Pakistan's state capacity, it is essential to understand the rise and fall of Mohajirs.

Pakistan's weak state capacity is, arguably, rooted in its problematic origin, whereby it inherited a smaller financial and bureaucratic apparatus than India, the latter quickly populated by educated, Urdu-speaking, middle-class,¹⁵ and upwardly mobile Mohajirs from India.

Pakistani censuses conducted between the 1950s and 1970s reveal the extent of their dominance. By 1970, they held nearly a third of administrative positions within Pakistan's bureaucracy and controlled more than ten of the top positions in the military. Businesspeople who had migrated from India's coastal regions controlled some of Pakistan's largest corporate and media houses. While Liaquat Ali's administration introduced a quota to increase the representation of Bengalis and check the overbearing influence of the Mohajirs, it did not diminish their social and economic capital, especially in the upper echelons

of the bureaucracy. Their disproportionate access to public goods like education meant that the passage of the One Unit Plan intensified this polarisation. However, their fortunes declined with the inauguration of Islamabad as the national capital, coinciding with the first military regime of Pakistan under Ayub Khan and the subsequent expansion of Punjabi dominance in civil and political affairs.

Subsequently, the arrival of Zulfikar Ali Bhutto and the PPP's policies, such as the Sindhi Language Bill and the introduction of quotas in the Sindh Government, marginalised the Mohajirs. Karachi, Pakistan's economic centre and the heartland of the Mohajirs, also saw the growth of Pashtun, Sindhi, and Baloch immigrants, and disputes over its limited resources led to ethnic riots, notably in the 1980s, when Altaf Hussain's All Mohajir Student Organisation mobilised against what they saw as discriminatory practices by the state. Later becoming the Muttahida Qaumi Movement (MQM), the party was arguably positioned as a counterbalance to the PPP, gaining support from the Establishment and ruling Karachi through mobocracy.¹⁶

The lack of state capacity in Pakistan's largest city is exemplified by what Laurent Gayer described as 'ordered disorder' of Bhatta extortions, ethnic enclaves, mob justice, and the erosion of law and order due to the MQM's cadres.

Following Operation Clean-Up in 1992, the MQM's influence diminished for some time. However, it consolidated control over Karachi's political economy by initially supporting Musharraf and later by becoming part of most federal governments. Its legitimacy waned when the Lawyers' Movement in Pakistan gained strength and demanded democratisation, leading to

Musharraf's resignation. Its ultimate downfall occurred after its leader Altaf Hussain delivered a vitriolic anti-Pakistan speech from London in August 2016. The speech triggered a harsh crackdown, resulting in the party's fragmentation and the decline of Mohajir influence in Karachi. As the most socio-economically developed community in Pakistan, Mohajirs have the lowest birth rate among various ethnic groups. Coupled with the large-scale migration of Pakhtoons, Baloch and Sindhis to Karachi, this has reduced the Mohajir population in the city to less than half, weakening their stranglehold over Pakistan's financial hub. The MQM's current version is supported by the Establishment; therefore, despite regaining control over Karachi and Hyderabad—albeit through a widely considered rigged election—the party has lost support without a charismatic leader like Altaf. This decline has heightened Mohajir insecurities and increased their alienation from the state. The alienation of Mohajirs, who are considered the founders and ideologues of the idea of Pakistan, clearly demonstrates that a shared religion has failed to bridge ethnic divisions.

At the other end of the political spectrum in Sindh, the Sindhi identity is experiencing a resurgence. Since the death of GM Syed, a counterpart to the Jiye Sindh Movement has been difficult to identify.¹⁷ The rise of the Pakistan Peoples Party (PPP) and consequently the Bhuttos in national politics gave Sindhis a stake in the national arena and lessened their perceived marginalisation, initially vis-à-vis the Mohajirs and later vis-à-vis the Punjabis. However, the assassination of the two PPP Prime Ministers from Sindh—Zulfiqar Ali Bhutto and Benazir Bhutto—transformed their sense of 'victimhood' into anger

against the Punjabi-dominated military. While the PPP's vote share has increased in successive elections, its influence has become more concentrated in rural Sindh.

Since the announcement of the Cholistan irrigation project by the Army Chief, protests have erupted against what Sindh regards as the diversion of its rightful share of the Indus waters. The project, which aims to irrigate large areas of land in the Cholistan desert in Southern Punjab by constructing new canals from the Indus, has naturally caused concern in Sindh, which derives its name from the river.¹⁸

The province relies heavily on the river to sustain its agricultural economy. Already, the rising salinity from the sea has rendered large areas of fertile land barren; the Cholistan canal project will further diminish downstream flow, increasing salinity. This is expected to damage 12 million hectares of cultivated land. As a result, despite receiving unequivocal support from the Establishment, the canal project has been halted amidst protests from groups advocating for Sindh's regional autonomy, such as the Jeay Sindh Markaz. However, the issue-specific movement has gained a broader scope thanks to the leadership of Zulfiqar Ali Bhutto Jr, who, along with his sister Fatima Bhutto, has decided to establish a political party in Sindh, complicating the internal disputes of their father with the Bhutto-Zardaris. His fashion choices and combination of urban, ecological, and rural concerns signal a challenge to the PPP's Sindhi vote-bank.

With the Cholistan dispute,¹⁹ the PPP found itself in a quagmire, and hence the inaction. The PPP, since the departure of Shah Mahmood Qureshi²⁰ and the trickling away of the 'electables',

especially the *sajjda-nashins* of Southern Punjab and the Sairaiki belt, has been seeking to stage a comeback in the region and, by extension, in Punjab. The canals were supposed to benefit the farmers of South Punjab, but risked putting the citizens of Sindh, the rain-impooverished province, in peril, which, incidentally, is also the PPP's bastion.

The exposition of Pakistan's hard military power, amidst the absence of adequate state capacity, will be most evident on Pakistan's restive Western frontier. Khyber-Pakhtunkhwa, bordering Afghanistan, has been at the fulcrum of the spike in terrorist incidents since the return of the Taliban regime. KP has also borne the brunt of Pakistan's malfunctioning state identity.²¹ Even at the time of Independence, calls for territorial autonomy and a potential merger of the Pashtun-populated lands of Pakistan and Afghanistan had threatened the foundations of the State. The Jamaat has had a sizeable presence in the ethnically diverse region. Madiha Afzal²² has written about the high concentration of madrasas and Islamic seminaries in the province. Symptomatic of state incapacity, over 2 million children in Pakistan have to attain education in madrasas, over 1.2 million of whom live in KP. Musharraf's attempts at containing Islamism in the early 2000s also influenced the madrasas, as the Madrasa Education Board was established in 2001. However, madrasa reform is in a constant conflictual dialectic with the forces of religiosity and, since the fall of Musharraf, has been a stillborn idea.

In Khyber Pakhtunkhwa (KP), the expanding scope of the Council of Islamic Ideology (CII) has gained significant influence because of the province's deeply conservative social fabric and

the strong presence of Islamist parties such as Jamiat Ulema-e-Islam (Fazl) (JUI-F). The CII's statements on family law, women's rights, educational curricula, and cultural practices often have a strong impact in KP, where local political elites and religious leaders frequently invoke its authority to oppose reformist initiatives. Scholars observe that although the CII is officially advisory, in practice its opinions "shape the boundaries of legislative debate" in places like KP, where government institutions grapple with social conservatism and the legacies of militancy. As a result, the Council's widened role has reinforced traditionalist trends in KP, restricting progressive laws on gender and education, while also providing religious justification for policies that further solidify Islamist influence in provincial politics.²³

Since 2013, the co-option of Islamists in the province has propelled the PTI to power; today, despite the restrictions on its activities, PTI-backed Independents have formed a diverse political coalition to govern the province, often conflicting with the party's leadership in Islamabad.

Balochistan epitomises Pakistan's governance crisis, where political marginalisation, resource exploitation, and heavy securitisation converge to fuel chronic instability. Despite being the largest province and rich in natural resources, it remains the poorest, with grievances over exclusion from decision-making and inadequate revenue-sharing.²⁴ Recurrent insurgencies, enforced disappearances, and militarised responses have deepened alienation. Recent attacks on Chinese interests linked to the China–Pakistan Economic Corridor (CPEC) highlight how Balochistan's discontent undermines state legitimacy and poses a strategic liability for Pakistan's regional ambitions.

Balochistan remains Pakistan's most intractable internal challenge, marked by chronic underdevelopment, political exclusion, and recurring insurgency. Although it is the largest province in terms of territory and is endowed with vast mineral and energy resources, its population faces some of the worst socio-economic indicators in the country, characterised by persistent poverty, inadequate education, and limited access to healthcare. Grievances are rooted in long-standing perceptions of exploitation—Islamabad's control over natural gas revenues since the 1950s and more recent projects under the China–Pakistan Economic Corridor (CPEC) have heightened local resentment over resource extraction without equitable benefit-sharing.²⁵

The state's reliance on militarised governance, including enforced disappearances and extrajudicial killings, has deepened mistrust and alienation, creating cycles of rebellion and repression. Insurgencies led by Baloch nationalist groups have ebbed and flowed but remain a low-intensity conflict, occasionally destabilising Gwadar and targeting Chinese investments, thereby complicating Pakistan's strategic and economic ambitions. Politically, the province is fragmented: mainstream parties often lack legitimacy at the grassroots level, while nationalist groups are systematically marginalised, leaving little scope for democratic reconciliation. This disconnect highlights that Balochistan's crisis is not just local unrest but a key challenge for Pakistan in handling ethnic diversity, resource allocation, and federal governance.

Pakistan's government recognises that many of its internal conflicts are intractable and that the basis of Islam is unstable, making economic growth

essential. It remains hindered by structural weaknesses; however, it has negotiated a staff-level agreement with the IMF and approved over \$2 billion in funding. It has also negotiated a trade agreement with the US, which is expected to benefit its fledgling industry. Pakistan's economy follows a boom-and-bust cycle.²⁶ Funding from Western lenders triggers a consumerist cycle, which eventually results in increasingly unsustainable import bills that lead to a foreign exchange crisis. However, at present, Pakistan's falling inflation and rising activity in the Karachi Stock Exchange suggest the country is experiencing a boom cycle.

In sum, Pakistan survives in a paradox:²⁷ instability amidst resilience. However, the challenges of state capacity are increasing. Pakistan's current difficulties highlight the uneasy balance between apparent strength and real weakness. The Sharif government's use of religious symbolism and military victories aims to project unity and legitimacy, but beneath this façade lie lasting divisions: Baloch alienation, the instability in Khyber Pakhtunkhwa, the fragmentation of Mohajir politics, and the entrenched control of dynastic elites in Sindh and Punjab. The shift between tough security policies and rhetorical appeals to Islamic unity has done little to genuinely expand the state's ability to address these issues through inclusive governance, fair resource distribution, or institutional reform. Simultaneously, the country's economic weakness—marked by cycles of debt, dependence, and brief periods of growth—worsens internal instability, even though renewed IMF support and new trade prospects with the United States temporarily ease pressures.

Pakistan's challenge, therefore, is not just to

survive immediate crises through force or external aid but to fundamentally change the relationship between the state and society, prioritising economic stability, accountable governance, and social unity

over the persistent reliance on militarisation and religious symbolism. Until this realignment occurs, Pakistan's politics will remain trapped between the illusion of strength and ongoing vulnerability.

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Balancing Homefront Hurdles with Global Ambitions: China's Dual Dilemma

Sriparna Pathak*

China's one-party state is often seen as having an easier governance task compared to democracies, where daily struggles between ruling and opposition parties can cause delays in policy making and implementation. However, the Chinese leadership of the Chinese Communist Party (CCP) also faces a complex environment, trying to manage internal socio-economic and political issues alongside an increasingly assertive foreign policy. At home, China continues to deal with an economic slowdown, high youth unemployment and an ageing population, all of which put pressure on social welfare systems. According to a poll by Reuters, China's gross domestic product (GDP) is expected to slow to 4.5% in the third quarter and to 4.0% in the fourth, highlighting growing economic challenges, as U.S. President Donald Trump's global trade war expands, and Beijing faces the task of encouraging households to spend more during a time of uncertainty¹.

The property crisis in China, exemplified by the collapse of giants like Evergrande, on the other hand, erodes public confidence and local government revenues. As people see unfinished projects and rising mortgage defaults, the crisis erodes people's confidence, while local governments lose significant land sale revenues and face increased fiscal pressure.

The real estate market is one of the most influential drivers of China's economic growth. However, the crisis within it has caused financial

difficulties for local governments. Chinese local governments mainly rely on taxes and revenue from land use rights sales for funding. Nonetheless, their income has declined due to the downturn in the real estate market, which has increased the risk that local government financing vehicles, or special companies that fund infrastructure projects using government assets as collateral, will default². The debts of local government lending organisations are referred to as hidden costs because they are not included in official government statistics, and the International Monetary Fund (IMF) in 2023 estimated that the debts of local government lenders made up 53% of the country's GDP³.

Social inequalities in China still exist, especially in rural areas, despite claims of poverty reduction. China actually has one of the largest rural-urban income gaps in the world. Although rural-urban migration has increased, the urban-rural divide continues to grow. Remittances sent home have become a significant part of rural incomes, with almost USD 51 billion sent in 2022 alone, but research by Wuhan University indicates much remains to be done⁴. As the divide widens, the risk of China remaining trapped in the middle-income trap increases, and closing this gap effectively is crucial for the country's development, especially as China faces multiple economic headwinds.

Politically, the CCP maintains strict control and prioritises stability through censorship, surveillance, and crackdowns on anything the Party perceives as dissent. Xi Jinping's consolidation of power, along

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with penalising even Party members who are seen as diverging from the official Party line, raises concerns about long-term governance risks. China also has global ambitions, as shown by initiatives like the Belt and Road Initiative (BRI), which seeks to expand Chinese geopolitical influence to secure economic dominance by heavily investing in infrastructure and trade networks across Asia, Africa, and Europe. These projects, although under grave suspicion from several countries, require significant financial commitments, with estimates suggesting that China has already spent USD 1 trillion on BRI-related initiatives since 2013, mainly funded through state-backed loans and investments⁵.

However, the BRI has also generated opposition. For some countries that take on large amounts of debt to fund infrastructure upgrades, BRI funds have been viewed as a potentially toxic source. For China, BRI projects are a commercial endeavour⁶. Loans are provided at a rate close to the market interest rate, which China expects will be fully repaid.

However, BRI investments involve opaque bidding procedures and necessitate the involvement of Chinese firms⁷. Consequently, contractors inflate costs, resulting in cancelled projects and political backlash⁸. Nevertheless, China cannot abandon the BRI since it is enshrined in the Constitution of the CCP⁹. Any reversal of the BRI will not only result in at least a trillion dollars worth of lost investments but also damage the CCP's reputation. Still, extensive spending strains China's domestic budget and limits resources for social welfare programmes like healthcare and education. To sustain economic stability, China often prioritises foreign investments over domestic infrastructure upgrades, which causes uneven regional development and exacerbates inequalities.

Beyond the need to service foreign debt and manage foreign currency reserves, Beijing is driven to implement tighter fiscal policies, which in turn limit domestic economic reforms and social spending. To understand the ongoing struggle that the CCP faces in balancing its global ambitions with the allocation of revenues and attention to domestic issues, this essay is divided into sections covering current domestic challenges facing China, South China Sea and regional tensions, the U.S.-China rivalry, China's global governance ambitions, its resource allocation dilemma, internal dissent and external image, followed by a conclusion outlining its future outlook. The article relies on both primary and secondary sources to analyse how China attempts to balance domestic hurdles with its global ambitions.

China's current domestic challenges in 2025

China's economic growth has slowed, according to IMF data. Its GDP growth dropped to 4.7% in the second quarter of 2024, influenced by a property sector crisis, falling exports, and poor consumer demand¹⁰.

The economic slowdown in China strains job creation and public welfare, weakening the social contract of prosperity in exchange for political loyalty. By July 2024, China's youth unemployment reached 17.1%, up from 13.2% in June, increasing discontent among graduates in a challenging environment marked by a property crisis and declining domestic demand. The rate is the highest since China introduced and adopted a new methodology. This new methodology for calculating the youth unemployment rate was introduced in January 2024 and excludes university students from the calculation. The change was

made after youth unemployment surged, and the calculation was temporarily suspended in 2023 while the government aimed to improve the statistical methodology¹¹. However, the unemployment rate still soared in 2024. The situation is worsened by a mismatch between job expectations and available positions, leading to frustration among the youth¹².

A major contributing factor is the impact of the zero-COVID policies, which led to the shutdown of many small and medium-sized businesses¹³. The struggle for the CCP in this

context cannot be overlooked. Therefore, on 8 April this year, China’s General Office of the Communist Party Central Committee and General Office of the State Council jointly issued guidelines aimed at creating a high-quality employment services system for university graduates¹⁴. Nevertheless, this is not the first time the CCP has had to implement such policies. The following table displays some of the recent policies in China aimed at creating employment for youth.

These policies have been ongoing, indicating that the challenge persists indefinitely. However,

Table 1: Some examples of Chinese policies from the recent past to generate employment for the youth.

Number	Policy	Brief Description
1.	Higher Education Expansion	In 1999, China launched a higher education expansion policy to increase enrollment and produce more skilled graduates. While this boosted economic growth it led to an oversupply of graduates, contributing to graduate unemployment and underemployment.
2.	Vocational and General Education Reforms	The government focused on improving the quality and relevance of general and vocational education to better prepare youth for the labor market. Policies emphasized matching labor supply with demand and easing school-to-work transitions.
3.	Financial Incentives and Subsidies	Amidst the shifting economic landscape in 2024, over 100 billion yuan in employment subsidies were allocated to support individuals and employers, benefiting over 2 million college graduates. Financial inducements for businesses, tax cuts, and low-interest loans were introduced to encourage hiring and job creation in growth industries.
4.	Targeted Support for College Graduates	In response to a record 11.7 million college graduates in 2024, policies focused on tailored job services, career guidance, and placement programs for graduates and migrant workers. New measures announced in March 2025 aimed to bolster opportunities in emerging industries and enhance vocational skills training to address evolving job market demands.
5.	Local Employment Projects and Entrepreneurship	In 2024, the CCP government promoted entrepreneurship through guidance and financial support, encouraging youth to start businesses as an alternative to traditional employment.

Source (s): Various News Reports

allocating funds is not an easy task, given that Beijing also needs to manage its global ambitions. In this context, an analysis of China’s South China Sea ambitions, the losses it faces from the U.S.-China rivalry, and the impacts on its BRI deserve closer scrutiny.

South China Sea and Regional Tensions

China’s assertiveness in the South China Sea has increased significantly. Its aggressive actions have heightened tensions with several Southeast

Asian countries, particularly with the Philippines at the Second Thomas Shoal in the Spratly Islands. China’s actions, including ramming, water cannon usage, harassment, and militarised patrols, all aim to assert dominance over disputed areas, especially within China’s “nine-dash line” claim, which was invalidated by a 2016 tribunal in The Hague. Table 2 below shows representative actions by the Chinese Navy in the South China Sea between January and August this year.

Table 2: China’s Aggressive Tactics in the South China Sea in 2025.

Number	Month	Brief Description
1.	January 24, 2025	Chinese coastguard vessels and a People’s Liberation Army Navy (PLAN) helicopter harassed Philippine fisheries vessels within the Philippines' exclusive economic zone (EEZ). This involved low-altitude hovering and blocking maneuvers, endangering civilian boats. Chinese sources described it as routine patrols to prevent illegal fishing.
2.	April 2025	China deployed the Shandong carrier task group through the Luzon Strait into the Western Pacific- the second such deployment in 2025- positioning east of the Philippines. This was seen as a message to Manila amid U.S. anti-ship missile deployments in the area.
3.	May 2025	Two PLAN frigates and a Chinese coastguard cutter harassed a Philippine Navy warship, using blocking and shadowing tactics.
4.	June 2025	The Philippine Navy reported 49 Chinese vessels in three disputed areas- the highest monthly total in 2025- including naval, CCG, and militia ships. Expanded patrols east of Scarborough Shoal intercepted Philippine ships, leading to frequent encounters.
5.	July 2025	U.S. commanders reported China's tactics growing “steadily more aggressive,” including rammings, water cannons, and lasers against Philippine vessels. Beijing's campaign of intimidation was described as having “run aground” due to Philippine resistance and international support.
6.	August 2025	China ramped up PLAN and Chinese coast guard activities, including drills, to counter Philippine-Indian naval patrols. Additionally, a PLAN destroyer and Chinese coast guard vessel collided while pursuing the Philippine patrol vessel BRP Suluan, causing significant damage. This followed water cannon use and was described as reckless by Philippine sources; China called it lawful interception after ignored warnings. In August yet again, China's military claimed it “drove away” the US destroyer USS Higgins from waters near the Scarborough Shoal, asserting the destroyer entered without Chinese government approval. In contrast, the U.S. Navy defended the action as a lawful assertion of freedom of navigation under international law, stating it had the right to operate where international law permits.

Source (s): Various news reports

It is evident from the examples from 2025 alone that China must allocate a substantial amount of money to its military activities in the South China Sea. In 2023, it was reported by Reuters that China had spent about USD 15 billion, or 7% of its defence budget, on exercises in the Western Pacific¹⁵.

China has invested heavily in land reclamation and construction in the Spratly Islands since 2013, creating over 3200 acres of artificial land. This involves building airstrips, radar installations, and missile facilities, which enhance China's military posture in an effort to project power across the South China Sea¹⁶. China's national military budget for 2025 was set at 1.78 trillion Yuan, roughly about USD 246 billion, making it the second largest in the world. The expenses for its South China Sea activities, including the building of artificial islands and military exercises, are part of this budget. The increase in the national defence budget has been 7.2% compared to last year¹⁷. The odd part is, that as China's economy slows, plagued by numerous problems, its military budget grows.

The South China Sea dispute is one of many conflicts involving China. China is engaged in territorial disputes with at least 17 countries, covering both land and maritime issues. Military aggression makes up a significant part of China's defence budget.

The U.S.-China economic rivalry and its impact on China's economic growth

The trade war with the U.S. has affected its economic growth, and according to analysts at RAND, the GDP is declining by approximately 0.3% to 0.6% each year¹⁸.

In the case of a sustained embargo-level trade

war, the private sector may suffer a greater blow. Reduced exports, disrupted supply chains, and slowing economic growth in China have led companies to diversify production, prompting the CCP government to implement policy adjustments. The Chinese economy has so far shown signs of resilience; however, the uncertainty created for foreign companies in China cannot be overlooked. Additionally, there has been a dampening of investor confidence and a broader reassessment of global economic interdependence¹⁹.

In the first quarter of 2025, growth remained steady at 5.4% year-on-year, but by the second quarter it dipped slightly to 5.2%, supported by infrastructure spending and consumer subsidies, as well as interest rate cuts, amid reduced demand. Considering a 1.2% drain from tariffs, the projections for 2025 are around 4.5%²⁰. One of the most severe impacts is on employment, as tariffs harm the growth based on an export-dependent strategy. In export-oriented coastal regions like Guangdong, the impact is more severe, with estimates indicating a job loss of 16 million, approximately 2% of China's 734 million workforce²¹.

Consumer prices fell in China during April 2025 despite stimulus efforts²². This reflects tightening budgets amid job uncertainty and a bleak economic outlook, which further dampens demand. Factory prices are in deflation, and the Chinese economy is stuck in a deflationary spiral. According to Goldman Sachs' estimates, in 2025, China's retail inflation will drop to 0% from a 0.2% year-on-year increase in 2024, and wholesale prices are expected to decline by 1.6%, compared to a 2.2% decrease last year²³.

Adding to this, U.S. companies have reduced investments in China to record lows, influenced by tariffs and geopolitical tensions. Foreign direct investment is fleeting and has also been at record lows²⁴. The geopolitical and geoeconomic competition with the U.S. adds to China's problems, increasing the burden on the CCP to balance global ambitions and domestic needs.

The BRI, on which China has spent an estimated USD 1.308 trillion since its inception in 2013, is also on shaky ground²⁵. While the BRI aims to reshape global governance, it faces several challenges including issues with debt sustainability, poor risk management and execution, negative social impacts in recipient countries, corruption, political resistance, and funding shortages. Given the shifts in geopolitical dynamics, promoting China's rise as the leader of the current international system carries multiple costs, which, considering the turmoil in the domestic economy, require recalibration by the CCP.

Conclusion

China's dual pursuit of internal stability and global ambitions poses a complex challenge for the CCP. China's economic slowdown, as shown by its GDP figures, highlights the difficulty of balancing domestic socio-economic issues with an assertive foreign policy. The property crisis, exemplified by the collapse of Evergrande, undermines public confidence and leads to a decline in local government revenues. High youth unemployment, which reached 17.1% in July 2024, increases discontent among graduates. The significant rural-urban income gap, one of the highest worldwide, risks trapping China in the

middle-income trap and jeopardises long-term development.

These domestic challenges require the allocation of substantial resources, yet China's ambitions, as demonstrated through its increased assertiveness in the South China Sea and its investments in BRI projects, compete for the same financial and political capital of the CCP and the country. A defence budget of USD 246 billion diverts resources from domestic needs, worsening inequalities and restricting social welfare investments. The U.S.-China trade war further complicates matters, leading to job losses, especially in manufacturing. Falling consumer prices and deflationary pressures in 2025 highlight weakened domestic demand, while decreased FDI indicates waning investor confidence.

The CCP thus faces a delicate balancing act. Prioritising global initiatives like the BRI and South China Sea dominance, for example, risks neglecting domestic challenges, potentially undermining the social contract between the state and its citizens. Conversely, focusing on internal reforms could also weaken China's global standing, especially as the BRI is enshrined in the CCP Constitution. The future of China depends on the CCP's ability to harmonise these competing priorities, ensuring that economic stability and social cohesion take precedence. China is skilled at learning from its history. Amidst shifting geopolitical winds, China may very well revert to Deng Xiaoping's policies of hiding one's powers and biding one's time, while exploring other export markets, and engaging in posturing and optics to ensure it can leverage other markets beyond those in the West, including the ones it routinely confronts with aggression.

Once China rebuilds its internal cohesion, similar to the 1970s and early 1980s when it relied on the West, Japan, South Korea, and India, it will re-emerge and pursue its ambition to lead the current international order. While this remains a prediction, it is clear that China is undertaking recalibrations and reformulating policies. The

world, especially those with which China has experienced hostility—be it militarily or economically—must be cautious about how they engage with a China that carefully balances its own priorities and global ambitions. China often promotes win-win outcomes, but the results frequently turn out to be the exact opposite of mutual gains.

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An Interview with Amb Shyam Saran, on “India’s Neighbourhood: Navigating Geopolitical Shifts”

Dhruv C. Katoch*

We are living in highly volatile times. South Asia is not immune to the effects of global power politics, and for various reasons, the region is troubled by internal discord—political, economic, and security-related. In this podcast, we will discuss some issues concerning India’s neighbours. We are honoured to have Ambassador Shyam Saran to explore these topics. The Ambassador is one of the most respected voices on global and regional affairs. He has served as India’s Foreign Secretary and is also the recipient of the Padma Bhushan. Welcome, Ambassador. Let me begin with Bangladesh, with whom we have maintained very friendly relations, but those ties are now starting to fray. What are the main factors shaping Bangladesh’s current

political and socio-economic situation, and how might these changes affect its internal stability as well as India’s security, trade, and the broader regional dynamics in South Asia?

Shyam Saran:

Thank you very much for inviting me to speak with you on topics that are very important for India’s foreign policy. So, concerning Bangladesh, as you said, we had an excellent run in a sense with Sheikh Hasina being in power. People sometimes complain that we put all our eggs in one basket, and we should have reached out to other political forces in Bangladesh. I think they neglect the fact that some very major positive developments took place during the past 15 years

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or so. We resolved the border issue, which had been pending for a very long time. We managed to get agreement, not 100%, but substantially, on the sharing of river waters. We established very strong cross-border connections with Bangladesh, including the revival of river transportation, which was once the lifeline for the northeast of the subcontinent. We became a major power source for Bangladesh's industry. Without the supply of electric power from India to Bangladesh, the textile industry in Bangladesh would not have progressed as much as it did. We became a significant market for Bangladesh's products, including textiles, which are their major export. In the security sphere, the sanctuaries that many of the insurgent groups used to have in Bangladesh came to an end. So, for anybody to say that we did not play this game right, I disagree with that. When an opportunity arose, we made full use of it. And even if the political pendulum swings to one side and we have to cope with the consequences of that, the pendulum can also swing to the other side, and we should be ready for that change. So, we should not get too panicky about the situation that has emerged. We should try to deal with it as best as we can.

One thing to consider is that, when examining the situation in Bangladesh, you must not forget its history. Remember that even when Bangladesh became an independent country, there was no complete political consensus, even within Bangladesh, regarding this separation from Pakistan. Nearly one-third of the population did not support Bangladesh's separation from Pakistan. For example, the Jamaat, an influential force, although it doesn't win elections, has never reconciled itself to the separation of Bangladesh.

Several other people may be more inclined, as far as the attachment to Islam is concerned, to believe that being an Islamic country is more important than being a Bengali country. So, we have to be mindful of the fact that various forces are at work inside Bangladesh.

Regarding the domestic situation, we can do very little to influence those dynamics. So, what is the best course of action? The position that the Government of India initially took was communicated during the visit of our Foreign Secretary to Bangladesh. What message did he convey to the chief advisor? He stated that, despite any political relationship difficulties we may be facing, India will continue with the broad spectrum of cooperation we have always maintained with Bangladesh. This includes the supply of power to Bangladesh, cooperation on river waters, and providing access to our markets, including transit arrangements, which are very important for Bangladesh. We do not intend to interrupt these efforts, and we hope that, despite any political issues, Bangladesh will also recognise the value in maintaining this cooperation.

This is where political issues in Bangladesh have begun impacting some of our cross-border connections. How should we respond? I believe we should remain calm and continue to be prepared to cooperate whenever the other side is willing. However, when it comes to defending our interests, particularly our security concerns, we must be cautious. We need to be aware of where our interests are being affected, and nobody should doubt that if our interests are harmed in any way, we will take appropriate remedial action. Beyond that, we remain open to resuming cooperation with

Bangladesh when the situation improves. We hold goodwill for the people of Bangladesh, as we have no issues with them. That should be our approach during this challenging time.

Dhruv C. Katoch:

Just a quick follow-up question: the elections are scheduled for February. First, do you think they will happen? Is it likely that they will (or should they) result in a democratic establishment? I mean, will they genuinely follow the democratic process, or will it simply be the Jamaat taking over?

Shyam Saran:

Well, the fact that they have said the Awami League cannot participate in these elections suggests that it may not be as democratic as one would hope, because the truth is that the Awami League is, in a sense, being marginalised within the political system. The fact that there is a concerted effort to try to delegitimise the Awami League shouldn't be overlooked. Even today, 30% of the population still supports them. So, if you're claiming that the preferences of at least 30% of your population cannot be considered, then how can it be truly democratic? We must take that into account. Incidentally, the BNP, which has been the main opposition party, also believes that a competitive political environment is necessary. They are not opposed to the Awami League participating in the election, or at least that's the impression I have received. As for Jamaat, I am uncertain whether they will achieve significant gains in the polls, given that, as I mentioned, despite their influence, they have never secured a substantial number of seats in the Bangladesh Parliament.

We have observed that, whether or not they succeed in elections, they still become an influential constituency. Now, for the Jamaat, India is a warning sign because they blame us for the separation of Bangladesh from Pakistan. They also blame us for what they see as secularisation of the polity in Bangladesh. Therefore, as we see today, the Jamaat has gained a significant level of influence. If this situation continues and becomes, in a sense, institutionalised, then that is not very good news for India. However, we should also not underestimate the importance of the economic connection between India and Bangladesh. I am hopeful that many of the interdependencies established over the last 15 years or so will remain strong enough to help us through this period of some turmoil.

Dhruv C. Katoch:

Now I will move on to another country, our neighbour Nepal. Our relations with Nepal have traditionally been very close, especially considering the nature of family ties we have shared; there is a commonality of religion, culture, history, civilisation, and complete compatibility. However, we have tensions with them. There is a historical reason for this. Currently, internal problems within Nepal tend to influence the situation. These issues often impact the India-Nepal relationship. How do you see this playing out in the present climate in Nepal, where they face their own political and economic challenges, and China is also emerging as a significant player?

Shyam Saran:

I have been an ambassador to Nepal, and I believe I have some familiarity with the country,

though perhaps not a great deal, but enough to know that the most important asset we possess regarding Nepal, which also applies to several neighbouring countries, is the people-to-people relations. Very strong people-to-people relations. You mentioned that we have these cultural links and familial ties, and by the way, the familial links are not only with the Madhesis and the states of Bihar and UP. There are also very strong familial connections with the so-called Pahadi population living in the hills. People tend to think it is only the Madhesis, but it is not. These are also very strong connections. Therefore, the challenge for India has always been how to leverage this very strong people-to-people and cultural affinity between the two countries to influence the state-to-state relationship positively. Because if there is a problem, it exists only there. It is not with the people; it is the political path.

One point I must emphasise is based on my own experience: you have to recognise that you are a very large country surrounded by smaller neighbours. It should come as no surprise that these neighbours may feel somewhat anxious about the possibility of being overshadowed by the larger power, which is natural. We often feel similarly when faced with a superpower, and we try to balance that influence. Therefore, we should not be overly sensitive about it. We need to understand what that implies, which is how we can develop a diplomacy of reassurance with our neighbours. This is especially important for a country like Nepal. The key is to show them that we genuinely wish them well and are willing to be partners in their economic and social development because that truly matters to them.

Now, two points regarding how we approach this. One of the challenges we face is the presence of various constituencies in Nepal. If you start saying ‘this is my friend’ or ‘this is not my friend’, it creates a problem. We must avoid being perceived as taking sides in what is essentially a domestic political dynamic. This is very important. India should not be seen as part of that. If we are not involved in that, we are in a much stronger position. The second point is that you should not view your relationship with Nepal solely through the lens of China. If every action in Nepal is framed by what you believe China is doing, you will encounter difficulties. Trying to match China in the way it exerts largesse, which I see as a kind of game, is not advisable. Why? Because you should leverage your areas of strength, rather than attempt to mirror Chinese strengths. This requires careful consideration. For example, consider one area — proximity. China faces more difficulties accessing Nepal than India. Isn’t that correct? Why is it that, despite years of efforts, the Chinese have been carving through mountains and building roads, or even talking about railways? Why, given our geographical advantage, have we not been able to achieve similar progress?

During my time as an ambassador in Nepal, I noticed that travelling from Nepal into India by road could give the impression that one was coming from a relatively developed country to a less developed one, given the poor state of our roads. Now, there has been a significant improvement in that regard. There has also been progress in attempting to revive, for example, some of the rail links that existed before. We have finally started working on a hydroelectric power cooperation

between the two countries. These are positive developments, but with respect to Nepal, as with some other neighbouring countries, our overall approach should be to make India the engine of growth for the entire region. You can achieve this because the very asymmetry of power you hold over your smaller neighbours—which, in one sense, is a disadvantage because everyone fears you—could also be turned into an asset, allowing India to become the driving force of regional growth.

Supposing you open your market to everything that your neighbours can produce and sell to you, this will still be a small fraction of your market. Why not become the transit country of choice? Specifically, for Nepal, why insist that only this port can be used; no, only this highway is permissible. Tell them that you will give them national treatment, allowing them to use any channel for exporting or importing that they prefer, whichever is most convenient. You should position yourself as Nepal's partner of choice. There are so many advantages to truly cooperating with India that I see no reason to look elsewhere. For example, consider the impact of just one project I mentioned when I was an Ambassador — the Barauni-Amlekhganj pipeline. Previously, there used to be a lot of pilferage when tankers delivered supplies, and accidents were common. Now, there is a completely safe supply of gas and petroleum to Nepal. These are the kinds of deep interdependencies that benefit both Nepal and us. That should be the approach we adopt. Sadly, there still exists a mindset that sees something hostile outside our borders. You need to change your mindset. When you do, many more possibilities open up.

Dhruv C. Katoch:

That's been very well brought out. Let me get down to the next contentious issue. Given Myanmar's ongoing civil conflict since the 2021 military takeover, and its implications for India's Act East Policy as well as security in the North East, how do you assess the evolving internal power dynamics in Myanmar, and what potential consequences do you foresee for India amid increasing US involvement in both Myanmar and Bangladesh?

Shyam Saran:

This situation will likely persist for some time because neither side is in a position to overcome the other completely. Furthermore, there are powerful external forces involved, notably China, but not only China; for instance, Thailand is also engaged in what is happening, though China is especially prominent. Therefore, part of the issue for us is that there is little we can do to influence the course of the civil war there. Whether you like it or not, you are in a somewhat defensive position.

So, there is sometimes wisdom in recognising that you don't have much leverage in this area. What can you do? I think what is crucial for India is that we share a 1400 km-long border with Myanmar. Some of our most sensitive Northeastern states border this region. We have experienced a history of insurgency and other issues, so ensuring the safety and security of this frontier is a top priority. Our focus should be on trying to protect ourselves, albeit not entirely, from the events that occur on the other side, while acknowledging that our influence on them is limited. Problems will arise because you have the Chins on the other side and

the Mizos on this side, who share very strong inter-ethnic ties. Likewise, the Nagas are on both sides of the border. Ethnic spillovers are an inherent reality. Over the years, we have allowed these cross-border linkages to persist because they are vital for the livelihoods of those living near the border. Therefore, unless it directly impacts your security, there is no need to overreact or interfere too much with these interactions.

But what is truly concerning for us is whether this situation is creating the possibility of greater Chinese influence in a neighbouring country than would otherwise occur. That is a risk we need to be aware of. Even when I was ambassador in Myanmar, Chinese influence was growing very rapidly. Part of the reason we reached out to the military government, and why we tried to engage with them more than before, was because, if you remember, we strongly supported Aung San Suu Kyi and the NLD. While we did not cease supporting them, we also engaged with the generals. When I reached out to the generals, I found they were quite open and a little concerned about their over-dependency on China. They were therefore willing to increase cooperation with us. There are indeed opportunities here. Maintaining some of the links we have with the military government makes sense because they remain the most organised and powerful force in Myanmar. Completely cutting off engagement would not be sensible. The period of turmoil and uncertainty will likely continue, but as long as we focus on securing our very sensitive borders and stay engaged with key players on the other side, we will generally remain in a strong position.

Dhruv C. Katoch:

Now, as a side note on Myanmar, we sent one of our distinguished fellows there, and she conducted significant research, and everything you have mentioned has been confirmed by her. Now I will turn to one of the smaller island nations. Prime Minister Modi's visit to the Maldives last month, during which six MoUs were signed, occurred after a period of heightened tensions marked by anti-India sentiment in the Maldives. What factors do you believe contributed to this change, and what impact might the visit have on the future course of India–Maldives relations?

Shyam Saran:

To the extent that countries are mindful of their larger interests and wish to pursue those interests, I see no reason why this more positive trend in our relationship cannot continue. I believe it will. Why do I say that? There is indeed a very strong constituency in the Maldives, similar to what we see in some other neighbouring countries, who believe their interests are better served by having a closer relationship with China, opening up to Chinese investment, and taking large credits or loans from China to develop their infrastructure. How can we object to that? If a country, whether a neighbouring one or not, cannot match China, and it turns to China for infrastructure development, there is no way India can object to that.

But observe what has happened. I am familiar with the Maldives because I had a very close relationship with President Nasheed. We were working during his presidency to foster much more substantial economic cooperation between the two countries. Unfortunately, due to the coup, we could

not see this through, but I am aware of the different opinions that exist. A strong group in the Maldives believes that their interests are best served by a closer relationship with China, mainly because China can assist in their infrastructure development, which no other country can. Yes, that's true. Additionally, before COVID, China had become the primary source of tourism for the Maldives, which generated significant foreign exchange for the country. There are many reasons why the Maldives thought that engaging more with China would be advantageous, and in pursuing that, perhaps downgrading the relationship with India might bring even greater benefits.

But what has happened? I will give you two examples. First, the bridge between the main island and the airport island. Major infrastructure projects, which are highly beneficial to the Maldives, cost a lot of money and were financed through credit. What is the situation now? The toll for crossing the bridge is so high that nobody uses it except tourists. The local people still prefer the ferry because it is much cheaper. As a result, the toll revenue is insufficient to repay the loan and interest. Clearly, infrastructure development is vital for any country, but it's also essential that such projects generate income to cover their costs. Merely building infrastructure is pointless if it cannot produce income. That's what happened with that project. Similarly, there was a large-scale low-cost housing project in the Maldives. Now that housing has become so expensive that no low-income person can afford it. Most of it remains vacant. I believe that in both the Maldives and earlier in Sri Lanka, they realised that while infrastructure development, especially with Chinese assistance,

sounds impressive, it can sometimes become a heavier financial burden.

This is the reality that the new government eventually faced: instead of being a support for the Maldives' development, it became a millstone around their neck. While 5-star hotels can obtain their supplies from Singapore and Dubai, what about the ordinary people of the Maldives? All essential supplies come from India at prices that we Indians pay. Remove that, and you'll see what happens to the cost of living there. So, I believe we also played our cards well. I commend the government for not taking the bait. They stayed calm and did not respond with the same level of abuse, which also played a significant role. The kind of diplomacy practised is crucial. This approach allowed them, without losing Face, to return to a good relationship with India. Therefore, we are in a good position there, and by the way, we are also in a good place in Sri Lanka.

Dhruv C. Katoch:

So, in Sri Lanka, the political landscape shifted last year, and they now have a left-front government. Naturally, there was some concern about what might happen. But we have seen that nothing significant has occurred. Even with the left-front government, the relationship remains very good, and I think that's a healthy sign. What has contributed to that? Is it the same as what happened in the Maldives?

Shyam Saran:

Just one thing has contributed, and that is when Sri Lanka was in a deep, deep crisis, we helped them out. India was the only country that provided

significant assistance, helping the ordinary people of Sri Lanka deal with that crisis. We supplied them with rice, fuel, and fertilisers. Regarding their financial issues, we provided them with a swap line. So, if you look at how we were able, at a time of deep crisis, to support Sri Lanka, we were ready to reschedule our loans so they could obtain an IMF loan. The Chinese would not provide that letter until much later. What is very important is that in public perception in Sri Lanka, they suddenly realised, look, when we were struggling, only one country came and helped us. That has made an enormous difference, and I think the new government that has come in is aware of the fact that there is a shift in public perception. Therefore, maintaining a strong relationship with India is beneficial in terms of the public there.

Dhruv C. Katoch:

Right. Ambassador, I'll move on to my final two questions now. I don't want to cover the entire scope of the India-Pakistan relationship, as I don't see much progress occurring, especially after Pahalgam and Operation Sindoor. However, I would like to address the internal situation within Pakistan, which is characterised by three primary challenges: economic, internal security, and political. In your view, do you think there will ever be, at least in the foreseeable future, a situation where politics can maintain control over the military, or is the military destined to rule, at least for the next few decades, if nothing else?

Shyam Saran:

I believe, as uncomfortable as it may be, that the only organised disciplined force in Pakistan is

the army. Whenever there has been a crisis or significant unrest in the country, the fallback has invariably been the armed forces. That remains unchanged, by the way. So, if you are considering a future situation where the army is no longer influential, I am afraid that isn't going to happen.

Also, be aware that the only time we have managed, relatively speaking, to improve relations between India and Pakistan has been when the army has been in control. The army there believes that improving ties with India is in its interest. So, this is the reality. Now, the third point we often forget is that the desire for parity with India is deeply ingrained in Pakistan. I wrote in one of my op-eds: "If you do five tests, I will do six." There is always this mindset that I have to be one step ahead, to prove that I am superior to you. The belief that one Pakistani soldier is equal to ten Indian soldiers reflects this psychology. You may laugh at it, but it is very deeply rooted. Therefore, you must address this kind of mentality.

Having said that, the one thing that my view differs slightly from what we are trying to do at the moment is that I have always believed it is important, even when very difficult, to maintain some engagement and dialogue with Pakistan. Because, at the very least, it provides insight into their thinking. It offers a warning signal if things are heading in the wrong direction. Currently, it feels like a black box, and that is not ideal. As you mentioned, many internal developments and internal dynamics are happening. Part of our problem is how much knowledge India currently has about what is happening inside Pakistan. What is its economy doing? How vulnerable is this economy? What are its strengths? What are the

sources of resilience that, whether you like it or not, still seem to exist?

So, unless you understand your adversary and how he thinks, it's very challenging to develop a counterstrategy. My view is that you should safeguard your interests with respect. Keep your powder dry, but engagement is necessary. Even during the worst times of the Cold War, remember that the Soviet Union and the US still communicated. As a professional diplomat, I would say this is very important. But today, we are in a difficult situation, primarily because of recent events involving the US. This is a new, more dangerous situation. Why do I say it's dangerous? Look at the statement made by the Army chief in Florida. He might think this is a good time to provoke India, believing he is protected by both China and the US. So, we are in a vulnerable position, and I hope we are aware that such thoughts might be on his mind.

Dhruv C. Katoch:

Ambassador, I have left China for the last question for this podcast. China today faces a range of internal challenges, including an economic slowdown, demographic pressures, and tightening political control. How do you think these domestic concerns are shaping Beijing's approach to its relations with India, particularly in the context of ongoing border tensions and regional competition?

Shyam Saran:

You are quite right that China faces serious internal issues. One is the ongoing effect of the property crisis. Remember that 30% of the Chinese economy and much of the growth over the past 40 years was driven by real estate. When that has

collapsed, everything related to the property sector has also fallen into disarray: demand for glass, aluminium for windows, tiles for floors—all have declined. The second problem is that bank deposit rates have been so low that the only two ways to generate some income are either the stock market or real estate. Since real estate was steadily increasing, it was the best savings option available. But now, with the collapse of the property sector, that savings source has also disappeared. As a result, demand remains weak despite all efforts, and consumption has remained nearly flat. These are serious problems, and the trade war will only make them worse.

But from a political perspective, if Xi Jinping has been under pressure, what he is telling his people is, 'See, if you don't have a strong leader here, how can you deal with this man there? That very uncertainty actually strengthens his position. When I was recently in Beijing for a conference, I asked my Chinese friends how it is that this doesn't seem to be affecting the country's politics. They replied that, in fact, his position has been strengthened by the ongoing developments. Regarding the external picture, the Chinese have, whether we like it or not, managed to claim: 'Compared to that, we have stability; compared to the unpredictability there, we are a stable country; look at how they are reordering the entire trading system. We believe in free trade and a rules-based order.' They are presenting themselves as everything the US is not, and do not underestimate the appeal this holds for many countries.

We must remember that the China challenge still exists for India. We might be able to make some tactical adjustments, and I believe you know,

the Prime Minister is going to the SCO Summit. It is beneficial that he is attending to reestablish a relationship at the leadership level, or that we maintain a good relationship with Russia, which is also positive. However, we should also consider how we can diversify our relationships more than we have so far. My impression is that we have placed too much focus on our relationship with the

West, and we have overlooked the importance of having a strong backing from developing countries. It is very important to secure a seat at the high table, but never by neglecting these connections, because ultimately, this is more significant for you. Therefore, if any crisis we face allows us to make a slight shift in how we engage with the world, I believe it would benefit us greatly.



