

# China's Rise and the Geopolitical Transformation in South Asia: Options for Regional States

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## Abstract

*The changing geo-political dynamics have increased South Asia's strategic significance for China. Beijing's bilateral relations with each state have evolved differently while keeping in view its strategic relevance, domestic political structures as well as patterns of conflict and cooperation. All South Asian states except India consider China's increasing influence in the region as a stabilising factor and have joined China's Belt and Road Initiative (BRI) that presents huge economic opportunities to these states. India perceives China's presence in the South Asian region as a challenge to its regional dominance and has been resisting it at regional level as well as beyond region by strengthening partnerships with the United States (U.S.) and other likeminded states. This study highlights the growing relevance of South Asia in China's strategic calculus and the opportunities it offers to the regional states. It also discusses the dilemmas that some South Asian states face vis-à-vis maintaining a balanced relationship with India and China.*

**Keywords:** South Asia, China, Belt and Road Initiative, Regional Connectivity.

## Introduction

China shares land borders with five South Asian countries — Afghanistan, Bhutan, India, Nepal and Pakistan. China's foreign policy towards its South Asian neighbours especially India was formulated on the basis of five principles of peaceful coexistence. The initial cordiality between China and

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India came to an end after the 1962 war<sup>1</sup> between the two states and during the subsequent years, China's South Asia policy was driven by geopolitical considerations giving priority to the strengthening of relations with Pakistan. Since the end of the Cold War, in the wake of changed regional and global environment, economic priorities paved the way for China-India normalisation of relations. China not only set aside its own territorial differences with India but urged Pakistan as well to focus on non-contentious issues with India. Contrary to China's Cold War policy of extending support to Pakistan on India-Pakistan issues including the Jammu and Kashmir dispute, China gradually resorted to a more pragmatic approach towards its relations with India and Pakistan.

The relations with the two landlocked states i.e. Nepal and Bhutan have remained low on China's agenda because both the states had been under India's influence. India had been exerting influence on both the states from managing their foreign and security policies to economic and domestic political issues. As regards the island states — the Maldives and Sri Lanka, the Indian Ocean outposts, due to their strategic location, Chinese policy towards these states was formulated with utmost caution, not to alarm the major powers and due to this very fact, China, refrained from strengthening relations with these states.<sup>2</sup>

Over the years, China's foreign and security interests in the region have been revolved around three objectives i.e. a. preventing the rise of non-state actors who could sympathise with or encourage extremist movements in Xinjiang; b. managing rivalry between India and Pakistan and; c. resolution of its border disputes with India and Bhutan. In the twenty first century, the rise of China has become more evident while factoring in more prominently in the United States (U.S.) strategic calculations. The Obama administration developed the contours of the Indo Pacific policy which has become more vigorous with the passing time.<sup>3</sup> India, a regional rival of China has been identified as a partner by

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<sup>1</sup> "Thin Ice in the Himalayas: Handling the India-China Border Dispute," *International Crisis Group*, November 14, 2023, <http://www.crisisgroup.org/sites/default/files/2023-11/334-thin-ice-himalayas.pdf>

<sup>2</sup> Anu Anwar, "China's Growing Engagement in South Asia: Challenges for the US," *Issues and Insights*, vol. 19 (June 6, 2019), [http://www.scholar.harvard.edu/files/anuanwar/files/issuesinsights\\_vol19wp6.pdf/](http://www.scholar.harvard.edu/files/anuanwar/files/issuesinsights_vol19wp6.pdf/)

<sup>3</sup> Hillary Clinton, "America's Pacific Century," *Foreign Policy*, October 11, 2011, <http://www.foreignpolicy.com/2011/10/11/americas-pacific-century/>

the U.S. in the Indian Ocean Region (IOR) to counter the regional influence of China. In this regard, increasing India-US strategic convergence vis-à-vis Beijing, formation of alliances in the Indo-Pacific region and the shifting geopolitical dynamics have been shaping China's strategic priorities.

These changing dynamics in China's neighbourhood have led to reassessment in Beijing regarding the strategic significance of the adjoining regions. In this regard, due to strategic location of South Asia, its relevance has increased for China. Over the years, the rise of China, its development model and its phenomenal economic progress has made it quite attractive to the countries of Global South and South Asia in particular. Moreover, the launch of Belt and Road Initiative (BRI) presented abundant opportunities to regional states that have joined the project.

India has been the only South Asian country having concerns regarding China's increasing influence in the region. India has been a predominant power in South Asia in terms of size, population as well as economic and military power. A part from its power potential, smaller South Asian states' dependence on India to ensure their domestic political stability and economic sustainability have been contributing factors in enhancing India's hegemonic aspirations. Historically, Pakistan has been the only South Asian state to challenge the dominance of India. While sharing the U.S. concerns regarding the rise of China, India has become a significant player in the U.S. policy of containment of China. In this context, notwithstanding the benefits that regional countries might accrue by strengthening their relations with China, India has been the most vocal critic of Chinese presence in the South Asian region. This paper analyses the South Asia's growing significance for China and applies a combination of realism and liberalism as the theoretical perspective. It discusses China's relations with each country at length, highlights the strengths and identifies the issue areas in bilateral relations.

### **Contextualising the Theoretical Perspectives**

Application of one theoretical paradigm will not be adequate to do justice to China's policy towards South Asia rather a combination of realism and liberalism would help in understanding Chinese policy. The realist

paradigm considers conflict of interest among states as an inescapable feature of the global politics. The anarchic nature of the international system makes the survival as the supreme national interest of the state. Realism justifies the strengthening of military capability to ensure the state survival. By this, realism rationalises the pursuit of power by the states.<sup>4</sup> In this regard, acquisition and maximisation of power by the states gives rise to power competition that as per realist logic can be regulated by maintaining the system of balance of power.<sup>5</sup> The theory of balance of power lies at the heart of the realist paradigm and has been much pronounced by the structural realists. Balance of power presents the assumption that weakness and vulnerability of states invite aggression and war thus to avoid and deter the war, counterbalancing force must be required.<sup>6</sup>

China's policy towards South Asia has to be analysed in the broader perspective vis-à-vis the US policy in the Asia Pacific. The U.S. had been a predominant power in the Asia Pacific after the World War II relying on its bilateral partnerships and multilateral alliances. China's rise has been perceived as a threat to the U.S. hegemony and it has been articulated in policy documents as well as reflected in actual policies. India has been identified as an important player in the US containment strategy against China. India has been China's largest South Asian neighbour with which it shares a contested border.<sup>7</sup> Other South Asian states such as Pakistan, Sri Lanka and Maldives as the Indian Ocean littorals provide China with an opportunity to secure its energy lifeline for its economic growth and enables it to break the potential future encirclement in case of conflict with the U.S. in alliance with India or any other state.<sup>8</sup>

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<sup>4</sup> Charles W. Kegley Jr. and Eugene R. Wittkope, "The Realist Road to Security Through Alliances, Balance of Power and Arms Control" in *World Politics: Trends and Transformation* (Belmont, CA: Thomson and Wadsworth, 2004), 536.

<sup>5</sup> The mechanism to restore peace through enhancing military capability of a state to match the capabilities of other states so that no one state is powerful enough to dominate one state or group of states.

<sup>6</sup> Kegley. and Wittkope, "The Realist Road to Security Through Alliances, Balance of Power and Arms Control."

<sup>7</sup> "Thin Ice in the Himalayas: Handling the India-China Border Dispute." <http://www.crisisgroup.org/sites/default/files/2023-11/334-thin-ice-himalayas.pdf>

<sup>8</sup> "China's Influence on Conflict Dynamics in South Asia," *United States Institute of Peace*, December 2020, [http://www.usip.org/sites/default/files/2020-12/20201216-chinas\\_influence\\_on\\_conflict\\_dynamics\\_in\\_south\\_asia-report.pdf](http://www.usip.org/sites/default/files/2020-12/20201216-chinas_influence_on_conflict_dynamics_in_south_asia-report.pdf)

As regards the liberalism — another paradigm of International Relations, it expounds the concept of peace and cooperation as a mechanism to mitigate the effects of international anarchy. Of many tenets of liberalism, economic interdependence has been the most propounded one that accounts for shared goals and mutual economic gains. Contrary to the realism that views cooperation in zero-sum terms, the liberalism stands for a win-win solution. Cooperation serves as a means to achieve the shared benefits. China has envisioned a future with shared destiny and presents an economic oriented regional and global order. In 2013, Chinese President Xi Jinping launched the One Belt One Road (OBOR) project implying two routes — a maritime route through the Indian Ocean and a continental belt across the Central Asia.<sup>9</sup> It has been Chinese funded infrastructure project for enhancing connectivity across the Central, South and Southeast Asia and further into the Middle East, Africa and Europe. OBOR has been commonly known as Belt and Road Initiative (BRI) and its significance is reflected by its incorporation in the Communist Party's Charter in 2017.<sup>10</sup> The project's off shoot, "a community with a shared future for humanity" was made part of China's constitution in 2018.<sup>11</sup> BRI has been a remarkable project reaching to its completion by 2049 marking the hundred years of independence.<sup>12</sup>

It is said that BRI has become a component of Chinese grand strategy having a potential to transform the sub-regional security architecture as well as to maintain 'balance of power' in the broader Indian Ocean Region. It will help China to evade its Malacca Dilemma by reducing the capabilities of Chinese rivals to interdict shipping to ports on China's eastern coast during conflict or crisis.<sup>13</sup> Chinese policy towards Asian

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<sup>9</sup> Anu Anwar, "South Asia and China's Belt and Road Initiative: Security Implications and Ways Forward", in *Hindsight, Insight, foresight Thinking About Security in the Indo Pacific*, ed. Alexander L. Vuving (Honolulu: Asia-Pacific Center for Security Studies, 2020), 161, <http://www.govinfo.gov/content/pkg/GOVPUB-D-PURL-gpo147233.pdf>

<sup>10</sup> Anu Anwar, "South Asia and China's Belt and Road Initiative: Security Implications and Ways Forward," 162.

<sup>11</sup> Anu Anwar, "South Asia and China's Belt and Road Initiative: Security Implications and Ways Forward," 162.

<sup>12</sup> Anu Anwar, "South Asia and China's Belt and Road Initiative," 162.

<sup>13</sup> "China's Influence on Conflict Dynamics in South Asia," *United States Institute of Peace*, December 2020, [http://www.usip.org/sites/default/files/2020-12/20201216-chinas\\_influence\\_on\\_conflict\\_dynamics\\_in\\_south\\_asia-report.pdf](http://www.usip.org/sites/default/files/2020-12/20201216-chinas_influence_on_conflict_dynamics_in_south_asia-report.pdf)

regions has been influenced by a combination of the realist and the liberalist thought and the same policy has been directed towards the South Asian region. The succeeding section highlights the relevance of South Asia for China in the changing regional and global dynamics.

### **South Asia's Growing Strategic Significance for China**

China shares land borders with five South Asian states. China is home to 55 ethnic minorities — though accounting for 8.4 per cent of China's population, these minorities occupy 64 per cent area of China.<sup>14</sup> The most notable among these minority areas have been Tibet and Xinjiang, albeit already troubled areas, which have been facing the spill-over effects of insecurity and instability in South Asia. This very fact has been the contributing factor in the formulation of China's South Asia policy. Another significant domestic factor has been China's launch of the Western Development Strategy to develop its underdeveloped regions to remove regional disparities and inequalities through infrastructure. The strategy was envisioned to enhance connectivity not only within China but with the neighbouring regions as well, subsequently increasing the relevance of South Asia.<sup>15</sup>

In 2011, China surpassed Japan as the world's second-largest economy,<sup>16</sup> its Gross Domestic Product (GDP) has remained above nine per cent for continuously three decades and it succeeded in lifting more than 800 million people out of poverty.<sup>17</sup> China has been gradually enhancing influence in the South Asian states through trade, investment, military cooperation and cultural initiatives.

China's overall trade with the region has been growing since 2001 and according to the estimates, it has increased from US\$ 8 billion in 2005 to

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<sup>14</sup> Sanjeev Kumar, "China's South Asia Policy in the New Era," *India Quarterly*, vol. 75, no.2 (June 2019), 139.

<sup>15</sup> Kumar, "China's South Asia Policy in the New Era," 140.

<sup>16</sup> "China Overtakes Japan as World's Second Biggest Economy," *BBC News*, February 14, 2011, <http://www.bbc.com/news/business-12427321#:~:text=China%20has%20overtaken%20Japan%20as,trillion%20in%20the%20same%20period>

<sup>17</sup> "What China's Successful Story of Poverty Reduction Tells the World," *Global Times*, November 21, 2024, <http://www.globaltimes.cn/page/202411/1323548.shtml>

US\$ 52 billion in 2018.<sup>18</sup> South Asia has been among the world's fastest growing regions and around 150 million South Asians are expected to enter the labour market by 2030.<sup>19</sup> China offers expertise, knowledge, services to other Asian countries aspiring rapid development without undergoing political liberalisation or compromising their independence.<sup>20</sup>

The strategic relevance of South Asia has increased as it plays pivotal role in the BRI project, it has been a place where continental belt and maritime road intersects. South Asian ports will help China to ensure its energy security through the Indian Ocean Region and the dual use possibilities will help China to maintain 'balance of power' by neutralising external threats.<sup>21</sup> Commenting on BRI's significance, Liu Jinxen, a Chinese scholar, highlighted that it should be considered as a part of a bridgehead strategy while identifying strategic regions locating on logistical and supply chain controlling the flow of resources vis-à-vis international trade routes.<sup>22</sup> India has been an open critic of the Belt and Road Initiative (BRI) and particularly of its flagship project China Pakistan Economic Corridor (CPEC) claiming that these development projects by China would disturb balance of power in the region and would pose a challenge to India's strategic interests.

Historically, China's relations with South Asian states have evolved differently while keeping in view each state's strategic importance, its domestic political considerations and its conflict dynamics vis-à-vis other regional states. China's growing presence in South Asia has been perceived by small regional states as a stabilising factor in a region dominated by India.

## **Pakistan-China Relations: Strategic Partnership**

Pakistan and China have time-tested relations often termed as unprecedented in history that despite having different political systems,

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<sup>18</sup> "China's Influence on Conflict Dynamics in South Asia," *United States Institute of Peace*, December 2020, [http://www.usip.org/sites/default/files/2020-12/20201216-chinas\\_influence\\_on\\_conflict\\_dynamics\\_in\\_south\\_asia-report.pdf](http://www.usip.org/sites/default/files/2020-12/20201216-chinas_influence_on_conflict_dynamics_in_south_asia-report.pdf)

<sup>19</sup> "China's Influence on Conflict Dynamics in South Asia."

<sup>20</sup> "China's Influence on Conflict Dynamics in South Asia."

<sup>21</sup> Anwar, "South Asia and China's Belt and Road Initiative," 164.

<sup>22</sup> Anwar, "South Asia and China's Belt and Road Initiative," 164.

ideologies and religions, the bilateral relations have continually been strengthened. Bilateral diplomatic relations were established after Pakistan recognised the People's Republic of China in 1951.<sup>23</sup> India-China war in 1962 and India-Pakistan war in 1965 contributed in accelerating the defence cooperation between the two states.<sup>24</sup> Apart from conventional defence and nuclear cooperation, Pakistan has been enjoying China's diplomatic support at various international fora for decades. Both the states share mutuality of interest regarding regional security as China's role has been instrumental in supporting Pakistan's preserving of regional balance of power in South Asia vis-à-vis its larger neighbour India.

Moreover, China has been Pakistan's largest trading partner and, in this regard, both states have also signed Free Trade Agreement (FTA).<sup>25</sup> The signing of CPEC project has not only strengthened economic relations but it has also transformed bilateral relations into a multi-dimensional relationship. China's increasing influence in South Asia is perceived by Pakistan as a stabilising factor in the region. Pakistan-China strategic relations have been a cause of concern for India especially China's augmenting of Pakistan's defence capabilities as well as China's diplomatic support to Pakistan. Additionally, the current thaw in Bangladesh-Pakistan relations is being perceived by India as possibly leading to the formation of anti-India bloc in the region consisting of Bangladesh-China and Pakistan having potential to lead to the strategic transformation of South Asian regional order.<sup>26</sup>

## **Bangladesh at Crossroads: Choosing between Neutrality or Alignment**

After the independence of Bangladesh, bilateral relations between China and Bangladesh evolved gradually in economic and political spheres.

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<sup>23</sup> G.W. Choudhury, *India, Pakistan, Bangladesh and Major Power Politics of a Divided Subcontinent* (New York, Macmillan Press, 1975), 151.

<sup>24</sup> Javid Husain, *Pakistan and a World in Disorder: A Grand Strategy for the Twenty First Century* (New York: Palgrave Macmillan, 2016), 33.

<sup>25</sup> Claude Rakisits, "Pakistan-China Bilateral Relations 2001-2011: A Deepening but Cautious Partnership," *Security Challenges*, vol.8, no.3 (Spring 2012), 90.

<sup>26</sup> Aparna Divya and Salman Ali Bettani, "The Bangladesh-Pakistan-China Triangle and India's Strategic Dilemma," *South Asian Voices*, April 25, 2025, <http://www.southasianvoices.org/geo-c-co-r-bangladesh-pakistan-china-tri-4-25-2025/>



Bilateral cooperation was significantly increased in the economic field making China to surpass India as Bangladesh's top trading partner. China has been enjoying this status since a decade with China's exports accounting 27 per cent of Bangladesh's total exports.<sup>27</sup> An element of reciprocity was noted in economic cooperation as selected Bangladeshi products have been given duty free access to Chinese markets whereas Bangladesh has reserved two special economic zones for Chinese investors in Chittagong and Dhaka.<sup>28</sup>

Despite cooperation with China, Bangladesh has been wary of offending India by taking sides in the increasing geopolitical contest. This policy has created dividends for Bangladesh as it successfully signed border agreement (ratified in June 2015) with India leading to the exchange of 162 territorial enclaves spreading over both sides of border.<sup>29</sup> India and Bangladesh still face challenges such as sharing of water of River Teesta, killing of Bangladeshi citizens by India's Border Security Force and issues regarding trade imbalance.<sup>30</sup>

As regards the present geopolitical environment, Bangladesh's strategic location at the junction of South and South East Asia enhances its relevance for competing powers as it provides landlocked states like Nepal, Bhutan and northeastern states of India — an outlet to the Bay of Bengal.<sup>31</sup> This very fact has been highlighted by Bangladesh's Chief Advisor Mohammad Younas during his visit to China where he highlighted the strategic significance of Bangladesh as the only outlet to

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<sup>27</sup> Anu Anwar, "China's Growing Engagement in South Asia: Challenges for the US", *Issues and Insights*, vol. 19 (June 6, 2019), [http://www.scholar.harvard.edu/files/anuanwar/files/issuesinsights\\_vol19wp6.pdf/](http://www.scholar.harvard.edu/files/anuanwar/files/issuesinsights_vol19wp6.pdf/)

<sup>28</sup> Anwar, "China's Growing Engagement in South Asia: Challenges for the US", *Issues and Insights*.

<sup>29</sup> T.V. Paul, "When Balance of Power Meets Globalisation: China, India and the Small States of South Asia," *Politics*, vol.39, no.1 (2019), 54.

<sup>30</sup> Rudabeh Shahid and Nazmus Sakib, "Sino-India Rivalry in South Asia: The Politics of Strategic Hedging by the Non-Nuclear Five," *Journal of Indo-Pacific Affairs*, (July-August 2023), 119, [http://www.media.defense.gov/2023/Jul/28/2003270087/-1/-1/1/SHAHID%20&%20SAKIB\\_FEATURE.PDF](http://www.media.defense.gov/2023/Jul/28/2003270087/-1/-1/1/SHAHID%20&%20SAKIB_FEATURE.PDF)

<sup>31</sup> Kazi Faheem Ahmed, "Yunus Visit Resets Bangladesh-China Relations," *South Asian Voices*, April 29, 2025, <http://www.southasianvoices.org/geo-m-in-n-bangla-china-reset-4-29-2025/>

the ocean.<sup>32</sup> The fall of the pro-India Hasina regime in August 2024 was a setback to India. The interim government after assuming power, has been reiterating maintaining a balanced approach in foreign relations. The Chief Advisor's first foreign destination was China where he asked for Chinese assistance for providing healthcare facilities that Bangladesh lacks, sought Chinese mediation not only to resolve the issue of Myanmar refugees but also for the resolution of the Teesta river dispute with India.<sup>33</sup> This has reflected Bangladesh's acknowledgement of China's proactive role in the regional as well as global affairs.

## **Bargaining Leverage for the Island States**

### **Sri Lanka**

Sri Lanka as an island state located enroute to Asia and Africa has been having trade links with Rome, Greece, Persia, kingdoms in Africa, Byzantium, South East Asia and China.<sup>34</sup> Its strategic location had made it a victim of colonialism since 1619 — the longest period that any South Asian state remained colonised.<sup>35</sup> China's influence in Sri Lanka began to increase after President Mahinda Rajapaksa's assumption of power in 2005.<sup>36</sup> Starting with the defence ties, the relationship was elevated to the strategic level with the establishment of a strategic partnership in 2013. Over the years, China became Sri Lanka's largest trading partner surpassing India by increasing the bilateral trade to six-fold thus reaching to US\$4.4 billion in 2017.<sup>37</sup>

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<sup>32</sup> Ahmed, "Yunus Visit Resets Bangladesh-China Relations."

<sup>33</sup> Ahmed, "Yunus Visit Resets Bangladesh-China Relations."

<sup>34</sup> Swarna Rajagopalan, "South Asia's Small States in World Politics," in *South Asia in World Politics*, ed. Devin T. Hagerty (Karachi: Oxford University Press, 2006), 104-105.

<sup>35</sup> Rajagopalan, "South Asia's Small States in World Politics."

<sup>36</sup> Saurabh Singh, "China's Strategic Relations with Sri Lanka," *South Asian Voices*, July 10, 2020, <http://www.southasianvoices.org/chinas-strategic-relations-with-sri-lanka/>

<sup>37</sup> Anwar, "China's Growing Engagement in South Asia: Challenges for the U.S.," *Issues and Insights*. Also, the notable Chinese-funded infrastructure projects included Hambantota Port, the Mattala International Airport, the Narocholai Coal Power Plant, the Matara-Kataragama Railway Line, Colombo International Financial City as well as Multipurpose Development Project.

As regards relations with India, both states share a bitter history vis-à-vis the Tamil issue. For decades, Sri Lanka had been alleging India for funding and training of the Liberation Tigers of Tamil Eelam (LTTE) — a terrorist organisation that had resorted to violence to carve out a separate Tamil state in northern Sri Lanka. Apart from state level distrust, India's involvement in domestic politics of Sri Lanka has been resented by the people at large.<sup>38</sup>

It is noteworthy that post-conflict (2009) dynamics<sup>39</sup> have determined the contours of Sri Lankan foreign policy. In this regard, the most notable contributing factor has been the continuous U.S. pressure on the pretext of human rights violations during and after counter-insurgency operations.<sup>40</sup> The developmental assistance including loans from international organisations was also made conditional to the promotion of societal harmony and good governance.<sup>41</sup> The subsequent declining socio-economic indicators as well as the developmental needs, compelled Sri Lanka to seek Chinese assistance. China responded positively and emerged as the dominant actor in the post-conflict reconstruction and rehabilitation of Sri Lanka. China also extended diplomatic and political support to Sri Lanka by exercising its veto at the United Nations Security Council (UNSC) to prevent the authorisation of an investigation mission against the alleged human rights violations against the Tamils during counter-insurgency operations.<sup>42</sup>

An assessment of Sri Lanka's policy towards India and China shows lack of continuity and policy reversals mainly caused by the precarious economic situation of the country. President Rajapaksa's pro-China policy was reversed

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<sup>38</sup> Rudabeh Shahid and Nazmus Sakib, "Sino-India Rivalry in South Asia: The Politics of Strategic Hedging by the Non-Nuclear Five," *Journal of Indo-Pacific Affairs*, (July-August 2023), 117.

<sup>39</sup> Tshering Eudon, "The Role of Domestic Factors in Sri Lanka's Foreign Affairs: Implications for United States' Engagements," *Journal of Indo-Pacific Affairs*, Published August 5, 2024, <http://www.airuniversity.af.edu/JIPA/Display/Article/3859456/the-role-of-domestic-factors-in-sri-lankas-foreign-affairs-implications-for-the/>

<sup>40</sup> Eudon, "The Role of Domestic Factors in Sri Lanka's Foreign Affairs," *Journal of Indo-Pacific Affairs*.

<sup>41</sup> Eudon, "The Role of Domestic Factors in Sri Lanka's Foreign Affairs," *Journal of Indo-Pacific Affairs*.

<sup>42</sup> Shahid and Sakib, "Sino-India Rivalry in South Asia;" *Journal of Indo-Pacific Affairs*; 118.

by his successor Maithripala Sirisena (2015-2019), who suspended a few Chinese-funded projects to appease India while making policy a zero-sum game.<sup>43</sup> He was succeeded by Gotabaya Rajapaksa (2019-2022) a pro-Chinese leader, while trying to maintain balanced relations with both India and China. The current regime of Ranil Wickremesinghe categorically stated that he was neither pro-China nor pro-India but pro-Sri Lanka. He highlighted his government's priorities as economic, social and ecological while expressing his willingness to work with any state or non-state actor who could help Sri Lanka achieving these goals. He went to the extent to negotiate new Anti-Terrorism Bill (International Monetary Fund's restructuring condition) to replace the controversial Prevention of Terrorism Act that was highly criticized by the Western states.<sup>44</sup>

## Maldives

The Maldives as an archipelago has been strategically important as its northern and southern parts constitute two safe maritime passages designated sea lines of communications (SLOCs).<sup>45</sup> Diego Garcia, a British controlled atoll with the U.S. military presence to project power in the Indian Ocean Region, has also been in close vicinity that further increases significance of the Maldives.<sup>46</sup> This very fact influenced China's strategic thinking vis-à-vis the Maldives with which it did not establish relations until 2012.<sup>47</sup> China's involvement in the Maldives began during President Abdulla Yameen's tenure whose endorsement of BRI provided China with an opportunity to make inroads in the Maldives' infrastructure development sector.<sup>48</sup>

The Maldives' geographical as well as climatic challenges have restricted its capability to achieve self-reliance and have made it

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<sup>43</sup> Eudon, "The Role of Domestic Factors in Sri Lanka's Foreign Affairs," *Journal of Indo-Pacific Affairs*.

<sup>44</sup> Eudon, "The Role of Domestic Factors in Sri Lanka's Foreign Affairs," *Journal of Indo-Pacific Affairs*.

<sup>45</sup> Anwar, "China's Growing Engagement in South Asia: Challenges for the US."

<sup>46</sup> Anwar, "China's Growing Engagement in South Asia: Challenges for the US."

<sup>47</sup> Shahid and Sakib, "Sino-India Rivalry in South Asia," *Journal of Indo-Pacific Affairs*.

<sup>48</sup> T V Paul, "When Balance of Power Meets Globalisation: China, India and the Small States of South Asia," *Politics*, vol.39, no.1 (2019), 54.

vulnerable to the external pressure. In a changing regional environment, the Maldives' policy reversals have been termed as periodic alignment or oscillation between rival powers.<sup>49</sup> Apart from above mentioned factors, domestic political considerations, non-fulfilment of the developmental goals (that challenges the legitimacy of political leaders) and the rising popular interest in political affairs (introduction of multi-party system in Maldives in 2008) have been the contributing factors in making foreign policy issues the focus of the election campaigns.<sup>50</sup>

These policy reversals are reflected in the policies of successive governments — Ibrahim Mohamed Solih's assumption of power in 2019 led to the reversal of pro-China foreign policy by launching 'India First' policy.<sup>51</sup> Mohamed Muizzu as a presidential candidate replaced 'India First' policy with 'India Out' slogan while calling for removal of Indian troops stationed in Maldives.<sup>52</sup> He also indicated for non-renewal of hydrographic survey agreement that was set to expire in 2024.<sup>53</sup> Moreover, contrary to practice, after being elected as President, he visited China rather than India and also declined an invitation to the Colombo Security Conclave.<sup>54</sup> India's countermeasures, most specifically boycotting the Maldives as a holiday destination led to a sharp decrease in tourism that accounts 70 per cent of the Maldives GDP.<sup>55</sup> The serious consequences of Indian policies compelled the Maldives to shun anti-India policy and as damage control measure President Muizzu visited India while reviving economic and security ties.

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<sup>49</sup> Ovigwe Eguegu, "What the China-Maldives-India Triangle Tells Us About 21<sup>st</sup> Century Balancing," *Diplomat*, January 24, 2024, <http://www.thediplomat.com/2024/01/what-the-china-maldives-india-triangle-tells-us-about-21st-century-balancing/>

<sup>50</sup> Eguegu, "What the China-Maldives-India Triangle Tells Us About 21<sup>st</sup> Century Balancing."

<sup>51</sup> Shahid and Sakib, "Sino-India Rivalry in South Asia," *Journal of Indo-Pacific Affairs*

<sup>52</sup> Ibrahim Maahil Mohamed, "How the Maldives Can Navigate Successfully Between India and China," *South Asian Voices*, February 4, 2025, <http://www.southasianvoices.org/geo-m-oth-n-maldives-china-india-2-4-2024/>

<sup>53</sup> Ibrahim Maahil Mohamed, "How the Maldives Can Navigate Successfully Between India and China."

<sup>54</sup> A Regional Security Forum comprising Bangladesh, India, Mauritius, Sri Lanka and Seychelles to cooperate on Indian Ocean Region Security.

<sup>55</sup> Eguegu, "What the China-Maldives-India Triangle Tells Us About 21<sup>st</sup> Century Balancing."

## Opportunities for the Landlocked States

Traditionally, landlocked States while facing ‘tyranny of terrain’ have limited foreign policy options. The situation about landlocked developing states has been described by Dick Hodder as double dependency vis-a-vis location as well as being peripheral states in terms of political economy.<sup>56</sup> Moreover, being mountain-locked states — Bhutan and Nepal also face a triple dependency that restricts the availability of land for cultivation, enhances population density in some specific areas while limiting their transit options.<sup>57</sup>

### Nepal

Nepal — a Himalayan state, after its unification by Prithvi Narayan Shah came into conflict with successive neighbouring regimes<sup>58</sup> — China and Tibet between 1788-1792, with the Sikhs in 1809, with British between 1814 and 1816<sup>59</sup> and with Tibetans between 1854 and 1856.<sup>60</sup> Though sandwiched between the two Asian giants — China and India are not at equidistance geographically, economically and culturally as Nepal’s population density

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<sup>56</sup> Swarna Rajagopalan, “South Asia’s Small States in World Politics,” in *South Asia in World Politics*, ed. Devin T. Hagerty (Karachi: Oxford University Press, 2006), 92.

<sup>57</sup> Swarna Rajagopalan, “South Asia’s Small States in World Politics.”

<sup>58</sup> Swarna Rajagopalan, “South Asia’s Small States in World Politics,” 96.

<sup>59</sup> Swarna Rajagopalan — Treaty of Sugauli was signed in 1816 between British East India Company and Nepal. Nepal had to cede some of its territories to British and Indian princes like those in Awadh and Sikkim. Disputes between Nepal and Sikkim were to be referred to British Arbitration and the decision was to be binding on Nepal. The treaty also reserved for the British the right to recruit Nepalese soldiers into British Indian army. This treaty ensured regime survival as well as independence of Nepal while second treaty was signed in 1923 between Nepal and British, by which British recognized Nepal’s independence on the condition of consulting British on matters related to defence and foreign affairs. Further, in a tripartite Memorandum of Agreement signed in 1947, Britain, India and Nepal renegotiated terms on which Nepalese soldiers (Gurkha) were to be recruited. As per the agreement, the majority of Gurkha regiments in the British Indian army went to Indian army with the British retaining about four regiments. The deployment of Gurkhas by the two foreign armies was conditional, they may not be deployed against Nepal, against other Gurkhas or against Hindu or other unarmed mobs.

<sup>60</sup> Swarna Rajagopalan, “South Asia’s Small States in World Politics,” 96.

lies in Terai, an extension of Gangetic plains making India — a more feasible option for trade and transit.<sup>61</sup>

After partition, India inherited not only the British government's open border policy with Nepal allowing Nepalese nationals to travel and work in India but geopolitical considerations vis-à-vis Nepal as a significant line of defence as well. India signed a standstill agreement that governed relations on the basis of 1923 treaty between Nepal and British India — retaining the right of consultation regarding conducting security and foreign affairs.<sup>62</sup> After China's annexation of Tibet, India and Nepal signed the Treaty of Peace and Friendship in June 1950 by which India ensured Nepal's neutrality vis-à-vis China.<sup>63</sup> Apart from close defence and security ties, an open border policy helped in developing social and cultural relations between India and Nepal.

Nepal's efforts to diversify its policy options or to have cordial relations with Pakistan and China have occasionally led to deterioration of relations with India. India's disapproval of such overtures has been reflected in the renegotiating of the terms of trade and transit agreements. For years, India has been using occasional economic blockade as a means to shift Nepal's foreign policy in its security interests. Despite sharing cultural similarities, India's interference in Nepal's domestic political affairs has been fueling anti-India sentiments at popular level for quite some time but this reached to its culmination in 2020 when India claimed 150 square miles of Nepal's territory and showed it as India's territory in the map.<sup>64</sup>

The most daunting challenge for Nepal has been to cope with its territorial dependence on India. China's BRI projects have offered Nepal a transformation from a landlocked to a land-linked country by providing alternate trade and transit routes. In this regard, China has signed the Transit Transport Agreement in 2017, allowing Nepal to access China's ports for trade and transit purposes.<sup>65</sup> There have been notable divisions

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<sup>61</sup> Swarna Rajagopalan, "South Asia's Small States in World Politics," 96.

<sup>62</sup> Deeptima Shukla, "India-Nepal Relations: Problems and Prospects," *The Indian Journal of Political Science*, vol.67, no.2 (April-June 2006), 358.

<sup>63</sup> Deeptima Shukla, "India-Nepal Relations: Problems and Prospects," 360.

<sup>64</sup> Shahid and Sakib, "Sino-India Rivalry in South Asia," *Journal of Indo-Pacific Affairs*; 115.

<sup>65</sup> Anwar, "China's Growing Engagement in South Asia: Challenges for the US," *Issues and Insights*.

in Nepal regarding the implementation of BRI projects in the wake of 'Debt Trap Hype' created by India as well as the U.S. The ruling Congress Party has been reluctant to join the projects by taking loans whereas Communist Parties of Nepal have been in favour of joining the BRI projects as a means to gain economic benefits.<sup>66</sup>

Nepal has been struggling to maintain balance among three powers — China, India and the U.S. The U.S. has also been providing Nepal with humanitarian assistance, funding the poverty reduction programmes as well as helping to deal with climatic challenges. The U.S. interest in Nepal has been mainly due to its geographical proximity with China.<sup>67</sup>

## **Bhutan**

Another landlocked Himalayan state, Bhutan, with a distinct nationalistic character perceives external environment from its own perspective.<sup>68</sup> Since 1910, Bhutan had been conducting foreign relations with British guidance, and after independence, India obliged the Bhutanese government to respect the treaties signed with the British government while concluding a new treaty in 1949 for managing its foreign relations.<sup>69</sup>

Bhutan enjoys special relations with India while lacking official diplomatic relations with China. China's annexation of Tibet in 1950 proved a turning point for Bhutan bringing about a change in perceptions as well as policy. It halted its trade ties with Tibet while harbouring fears of disruption

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<sup>66</sup> Kamal Dev Bhattarai, "Assessing China's Growing Footprint in Nepal," *South Asian Voices*, January 28, 2025, <http://www.southasianvoices.org/geo-m-np-r-china-footprint-nepal-1-28-2025/>

<sup>67</sup> Kamal Dev Bhattarai, "Assessing China's Growing Footprint in Nepal."

<sup>68</sup> Rajagopalan, "South Asia's Small States in World Politics," 93.

Since late eighteenth century, the increasing Chinese influence in the north (Lhasa) as a result of Chinese-Tibet Alliance and the British expansion in the south (into northern Bihar and Assam – the areas with which Bhutan had established tributary relations) posed threat to Bhutanese influence in these areas. The consequent wars between Britain and Bhutan during 1772-73 and 1865 respectively resulted in Bhutan's loss of revenue as well as influence in these areas. In this context, the resultant policy of isolation by Bhutan as foreign policy option was in conformity with British policy towards buffers.

<sup>69</sup> Rajagopalan, "South Asia's Small States in World Politics."



of Bhutan's demographic balance by influx of Tibetan refugees.<sup>70</sup> Its perceived threat perception regarding China's extension of territory along its northern and western borders, helped it to lean towards India. India, in response, provided it with transit access to ports and built a road across the narrow strip of its territory that separates Bhutan and Bangladesh providing an alternative access route to the state.<sup>71</sup> The significant area of cooperation between the two states has been the hydro-power sector as India has been the largest importer of Bhutan's electricity.<sup>72</sup>

As regards relations with China, Bhutan's prioritising of development goals in its foreign policy considerations and search for diversified sources of developmental assistance brought it closer to China. Consequently, a sharp increase was noted in Bhutan's trade with China making it an important trade partner in 2018.

The political differences regarding claims on territory of Doklam — a trijunction between Bhutan, India and China have been the main contentious issue among them. China's construction of road in the territory claimed by both led to the Doklam crisis in 2014 in which India extended support to Bhutan.<sup>73</sup> The 2017 Doklam Stand-off led to increasing realisation in Bhutan about the peaceful resolution of the dispute.<sup>74</sup> In this regard, Bhutanese Prime Minister's statement about involvement of all three parties i.e. Bhutan, China and India in the resolution of the conflict was perceived by India as legitimising Chinese claim on the territory.<sup>75</sup> Contrary to India, Bhutan supports a one-China policy and to normalise its relations with China, Bhutan seems willing to cede control of Doklam to China to get an alternate route for reducing its dependence on India.<sup>76</sup>

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<sup>70</sup> Rajagopalan, "South Asia's Small States in World Politics."

<sup>71</sup> Rajagopalan, "South Asia's Small States in World Politics,"

<sup>72</sup> Shahid and Sakib, "Sino-India Rivalry in South Asia," *Journal of Indo-Pacific Affairs*, 115.

<sup>73</sup> Sanjeev Kumar, "China's South Asia Policy in the New Era," *India Quarterly*, vol.75, no.2 (June 2019), 145.

<sup>74</sup> Shahid and Nazmus Sakib, "Sino-India Rivalry in South Asia," *Journal of Indo-Pacific Affairs*: 115.

<sup>75</sup> Shahid and Nazmus Sakib, "Sino-India Rivalry in South Asia," *Journal of Indo-Pacific Affairs*: 113.

<sup>76</sup> Shahid and Nazmus Sakib, "Sino-India Rivalry in South Asia," *Journal of Indo-Pacific Affairs*: 114.

## India: Quest for Regional Dominance

India and China, the two largest Asian states got independence in the late 1940s after years of colonial rule. Their international outlook of anti-imperialist and anti-colonialist contributed in establishing bilateral relations based on the five principles of peaceful coexistence — mutual respect for each other's territorial integrity and sovereignty; mutual non-aggression; non-interference in each other's internal affairs; equality and mutual benefit and peaceful co-existence.<sup>77</sup> The unresolved boundary issue led to a full-scale war between the two states in 1962 leading to troubled relations during the Cold War.<sup>78</sup> The changing regional and global dynamics at the end of the Cold War paved the way for improvement of relations between them as both states decided to focus on economic development while setting aside their political differences regarding territorial disputes.

At the bilateral level, the most significant issue has been the un-demarcated border<sup>79</sup> as both the states have contending claims on the territory controlled by the other — in the western sector, India claims 33 thousand square kilometres of Aksai Chin that is controlled by China, whereas China claims 90 thousand square kilometres of territory in the eastern sector that is controlled by India terming it as the state of Arunachal Pradesh.<sup>80</sup> After the India-China war in 1962 and a few low level skirmishes,

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<sup>77</sup> "China's Initiation of the Five Principles of Peaceful Co-Existence," *Ministry of Foreign Affairs Peoples Republic of China*, [http://www.mfa.gov.cn/eng/zy/wjls/3604\\_665547/202405/t20240531\\_11367542.html](http://www.mfa.gov.cn/eng/zy/wjls/3604_665547/202405/t20240531_11367542.html)

<sup>78</sup> "Thin Ice in the Himalayas: Handling the India-China Border Dispute,"

*International Crisis Group*, November 14, 2023,

<http://www.crisisgroup.org/sites/default/files/2023-11/334-thin-ice-himalayas.pdf>

<sup>79</sup> The border has been divided into western, middle and eastern sectors — the western sector encompasses the area of Ladakh; the middle sector the boundary of Himachal Pradesh and Uttar Pradesh with Tibet; and the eastern sector comprising the area historically called North Eastern Frontier Agency (NEFA) has called Arunachal Pradesh. K.M. Panikkar quoted in Manan Dwivedi, "India-China Border Conflict: Challenges Ahead," *Indian Journal of Asian Affairs*, vol.36, no.1 (June-December 2023), 99.

<sup>80</sup> "China's Influence on Conflict Dynamics in South Asia," *United States Institute of Peace*, December 2020, [http://www.usip.org/sites/default/files/2020-12/20201216-chinas\\_influence\\_on\\_conflict\\_dynamics\\_in\\_south\\_asia-report.pdf](http://www.usip.org/sites/default/files/2020-12/20201216-chinas_influence_on_conflict_dynamics_in_south_asia-report.pdf)

the issue has been flaring up periodically since 2013.<sup>81</sup> There have been four major military stand-offs in 2014, 2015, 2017 (Doklam) and 2020 respectively. The Ladakh conflict (2020-2021)<sup>82</sup> was one of the most serious clashes in decades, resulted in heavy casualties on both sides. The main cause of confrontation was infrastructure development in the border areas, which was perceived by the other state as escalatory and provocative as an indication of improved military infrastructure to operate in inhospitable high-altitude terrain.<sup>83</sup> China has resolved its border disputes with all the neighbouring states except India and Bhutan. As long as the border disputes between India and China remain unresolved, the possibility of future conflict between the two countries continues to exist.

Beside territorial nature of the conflict, Tibet has political dimension as well, the presence of Tibetan leadership — Dalai Lama and the Central Tibetan Administration, their activities, their interactions with the U.S. as well as India's deployment of Tibetan soldiers as a border security force during recent crisis with China has been resented by Beijing.<sup>84</sup> Similarly, the issue of Ladakh has been another contentious issue and India's revocation of the Article 370 and illegal annexation of territories by splitting them into two Union territories under central government of India has further deteriorated the bilateral relations.<sup>85</sup> China considers it as a disputed territory and has never accepted Indian claims on Jammu and Kashmir and to support its claim it has been issuing separate visas for the residents of Jammu and Kashmir and Arunachal Pradesh.<sup>86</sup> India on its part, has not endorsed one-China policy, albeit it has not officially recognised Taiwan as an independent state but has established closer economic, security and technological ties with it.<sup>87</sup>

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<sup>81</sup> Tanvi Madan, "Major Power Rivalry in South Asia," *Council on Foreign Relations*, October 2021, [http://www.cdn.cfr.org/sites/default/files/report\\_pdf/DPmadanOct21\\_final%20for%20CMS.pdf](http://www.cdn.cfr.org/sites/default/files/report_pdf/DPmadanOct21_final%20for%20CMS.pdf)

<sup>82</sup> "China's Influence on Conflict Dynamics in South Asia," *United States Institute of Peace*, December 2020.

<sup>83</sup> Tanvi Madan, "Major Power Rivalry in South Asia."

<sup>84</sup> Tanvi Madan, "Major Power Rivalry in South Asia."

<sup>85</sup> Tanvi Madan, "Major Power Rivalry in South Asia."

<sup>86</sup> Tanvi Madan, "Major Power Rivalry in South Asia."

<sup>87</sup> Tanvi Madan, "Major Power Rivalry in South Asia."

The post-Cold War dynamics have added an economic dimension to bilateral relations. India has been facing a trade deficit, a lack of reciprocity in terms of market access and supply chain vulnerabilities. During FY 2023, India's trade deficit with China reached to US\$85 billion.<sup>88</sup> India's efforts to reduce this imbalance have remained unsuccessful due to its heavy reliance on Chinese imports in key sectors — automobiles, pharmaceuticals, electronics and renewable energy.<sup>89</sup> Furthermore, China's significant role as a producer of products and as an investor in technology sector in India cannot be denied.<sup>90</sup> Soon after Ladakh crisis in 2020, Indian government banned 59 Chinese apps in the Indian markets, suspended Chinese construction companies' infrastructure development contracts and indicated to discontinue use of Huawei 5G provider in India's telecommunication networks.<sup>91</sup> India's desire to decouple from Chinese technology seems unrealistic, as of 64 advanced technologies, China leads in 57 while accounting for 31 per cent of global manufacturing, whereas India's contribution has not been more than two per cent and achieving technological parity with China will take no less than two decades.<sup>92</sup>

Apart from bilateral issues, India and China have been vying for influence in the South Asian region. Indian policy cannot be assessed in isolation; rather the U.S. has been the main architect behind India's policy. The U.S. perception of China as a challenger to its global dominance, its articulation of policies towards Asia Pacific to counter the rise of China has brought about a convergence of interest between the U.S. and India.

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<sup>88</sup> Perna Gandhi, "Another Take on India-China Economic Cooperation," *Vivekananda International Foundation*, January 15, 2025, <http://www.vifindia.org/article/2025/january/15/Another-Take-on-India-China-Economic-Cooperation>

<sup>89</sup> Perna Gandhi, "Another Take on India-China Economic Cooperation."

<sup>90</sup> "China's Influence on Conflict Dynamics in South Asia," *United States Institute of Peace*, December 2020, [http://www.usip.org/sites/default/files/2020-12/20201216-chinas\\_influence\\_on\\_conflict\\_dynamics\\_in\\_south\\_asia-report.pdf](http://www.usip.org/sites/default/files/2020-12/20201216-chinas_influence_on_conflict_dynamics_in_south_asia-report.pdf) (Retrieved February 7, 2025).

<sup>91</sup> "China's Influence on Conflict Dynamics in South Asia," *United States Institute of Peace*, December 2020.

<sup>92</sup> Perna Gandhi, "Another Take on India-China Economic Cooperation," *Vivekananda International Foundation*, January 15, 2025, <http://www.vifindia.org/article/2025/january/15/Another-Take-on-India-China-Economic-Cooperation>

Containment of China at global and regional level appeared to serve the interest of both the states.

### **Geopolitical Transformation in South Asia: Options for Regional States**

Prime Minister Narendra Modi's assumption of power in India and Xi Jinping's rise in China as a visionary leader has enhanced the strategic contest between the two states. Through the BRI, China has opened new avenues and gateway of cooperation and process of engagement between itself and the South Asian states.

Pakistan, the strategic partner of China, has been the pillar of China's balance of power policy in South Asia. The transforming geopolitical realities have enhanced the options for regional states. In this regard, Post-Hasina Bangladesh, due to its assertive foreign policy vis-à-vis India has been perceived by India as a challenge to be reckoned with. Bangladesh's pursuance of independent policy mostly can be attributed to its access to the Bay of Bengal, a leverage that other landlocked states lack. Nepal has always been desirous of pursuing a neutral and independent policy by reducing its dependence on India. It has been trying to gradually utilize China's transit facilities to achieve this goal. Similarly, Bhutan's prioritising of developmental goals as well as imperatives to resolve boundary disputes with China will be a significant factor in overcoming the historical legacy of mistrust.

As regards the island states, Sri Lanka due to its economic uncertainties and the Maldives due to its geographical vulnerabilities have been practicing policy reversals by playing the role of swing states. Their domestic considerations have made it difficult to balance their relations between the two competing powers.

An assessment of policies as well as options of regional states shows that regional states, as part of one of the least developed regions, have been impressed by China's economic rise. Being compelled by increasing popular demands for economic and development initiatives, these states desire to adopt the Chinese model. South Asian states have been wary of Indian interference in their domestic affairs, India's coercive measures to

make these states comply with its demands have generated anti-India sentiments. Contrary to India's policies, China's policy of non-interference in domestic affairs of states has generated goodwill for China thus paving the way for greater engagement. China's presence is perceived as stabilising factor by regional states that could help them to balance the hegemonic policies of India.

New Delhi considers Chinese influence in the region as a challenge to its regional dominance. It has been trying to counter China by using a carrot and stick policy vis-à-vis smaller neighbours. India has neither the resources nor the political will to match China's economic ventures or soft power tools. India, to counter Chinese initiatives, has been focusing on sub-regional groupings in South Asia by downplaying the role of SAARC. Regarding its relations with China, Washington's support has emboldened India for setting pre-conditions for dialogue on the border issue, imposing restrictions on the issuance of visas and official visits, renaming disputed territories as well as building infrastructure that could be considered escalatory and provocative.<sup>93</sup>

## Conclusion

The changing regional and global dynamics have been contributing factors in the formulation of China's neighbourhood policy. These considerations have made South Asia increasingly relevant in China's strategic calculations. China's remarkable progress has attracted the developing world, and South Asia, as less developed, least integrated region had been aspiring to learn from Chinese experiences. China has been making inroads into South Asia by establishing and enhancing economic cooperation with the regional states at bilateral level. The initiation of BRI has presented huge opportunities for the South Asian states and most of them have joined the project despite opposition from India.

For years, South Asian smaller states have been vulnerable to India's brinkmanship; India as the largest regional state has been dictating the

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<sup>93</sup> Antoine Levesques, "India-China Relations Under the Modi 3.0 Government," *International Institute for Strategic Studies*, July 23, 2024, <http://www.iiss.org/online-analysis/online-analysis/2024/07/indiachina-relations-under-the-modi-3.0-government>

terms of engagement, meddling in the internal affairs of states and using pressure tactics and punitive measures to make smaller states comply with its demands. These states perceive Chinese presence in the region as a stabilising factor whereas India considers it as a challenge to its regional dominance. India's response has to be viewed in a broader perspective in the context of India-U.S. convergence regarding containment of China. Indian policies in general and towards South Asian states in particular have been endorsed by the U.S.

In these circumstances, it can be assessed that China has a leverage in South Asia vis-à-vis India that had been unable to realise the changing dynamics within the states. India had been following its traditional policy dictated by the logic of power politics while transforming South Asia into an Indo-centric region. South Asia, though among the fastest growing regions have not been able to reap the benefits of economic globalisation. China has stepped in to present mutual economic benefits for the states without demanding any change in their domestic structures. Its policy of non-interference in the internal affairs of states as well as its adherence to promoting cultural and civilizational diversity has appealed the states and societies at large.