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Strategic Rivalry and Regional Dynamics: The Role of China in Shaping India's Neighbourhood Policy

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Abstract

India's neighbourhood policy has changed as a result of the strategic rivalry between China and India, which has had a major impact on the regional dynamics of South Asia. India's long-standing supremacy in the area is under threat from China's Belt and Road Initiative (BRI), infrastructural projects, and strengthening relations with South Asian countries including Pakistan, Sri Lanka, and Nepal. China has established itself as a powerful player through strategic alliances, economic diplomacy, and soft power, making it more difficult for India to retain its influence.

With an emphasis on the case studies of significant nations like Sri Lanka, Nepal, and Pakistan, this essay explores how China has influenced India's neighbourhood policy. It examines China's strategic moves, such as infrastructure development, military alliances, and debt-trap diplomacy, and how they affect India's economic clout, security, and position as a regional leader. India's responses, including the Act East Policy, the Neighbourhood First Policy, and maritime security actions, are also highlighted in the study.

The results highlight the difficulties India confronts in containing China's expanding power, such as shifting regional allegiances, border disputes, and economic limitations. The report ends with suggestions on how India might improve its standing through more strategic alliances, soft power diplomacy, and economic investments. India can maintain its dominance in South Asia and successfully negotiate the competitive environment by tackling these issues.

Keywords: *Geopolitical competition, Belt and Road Initiative (BRI), Military expansion, Debt-trap diplomacy, soft power strategies.*

Introduction:

One of the key features of South Asian geopolitics is the strategic rivalry between China and India. China and India, two of the biggest economies and militaries in the world, have different ideas about the region and are both trying to increase their power and protect their interests. This struggle now centres on South Asia because of its geopolitical significance, wealth of resources, and vital shipping lanes.

With projects like the Belt and Road Initiative (BRI), significant infrastructure investments, and improved bilateral ties with India's neighbours, China has become more involved in South Asia as a result of its rise to prominence as a global economic and strategic force. India's long-standing dominance in the region has frequently suffered as a result of countries like Pakistan, Sri Lanka, Nepal, and the Maldives becoming important players in China's regional strategy. India, on the other hand, has countered China's increasing influence by pursuing its Neighbourhood First Policy and other measures. However, several obstacles, such as scarce economic resources, unresolved border conflicts, and complicated domestic politics, have hampered India's reaction. With an emphasis on how China's activities have affected India's strategic, economic, and diplomatic interests in South Asia, this article examines how China has shaped India's neighbourhood policy. The essay illustrates the wider ramifications of this rivalry for regional dynamics and India's status as a regional leader by examining case studies of important nations, including Sri Lanka, Nepal, and Pakistan. It ends by suggesting tactics India might use to keep its sway in a setting that is becoming more and more competitive.

China is attempting to establish its influence in a region that has historically been dominated by India through various strategic measures in South Asia. This program covers diplomatic, cultural, military, and economic facets.

1. Economic Initiatives:

China's premier global infrastructure and connectivity initiative is the Belt and Road Initiative. Given its advantageous location linking China and India, South Asia is an essential component of the BRI. CPEC links Gwadar Port in Pakistan with Kashgar in Xinjiang. Roads, railroads, energy projects, and industrial parks are all included. Bypassing chokepoints like the Malacca Strait, Gwadar Port provides China with direct access to the Arabian Sea. One of the main hubs of China's maritime aspirations is the 99-year-old Hambantota Port, which was leased to China since Sri Lanka was unable to pay back its debts. The goal of the Colombo-Port City project is to make Colombo a financial centre. China has suggested building cross-border road and rail systems to link Tibet with Kathmandu and then with India. Significant housing developments and infrastructural projects like the Sinamale Bridge have benefited from Chinese financing. China has become one of South Asia's most important trading partners. China is a significant source of foreign direct investment and Pakistan's biggest trading partner. China has financed infrastructure projects like the Padma Bridge and is a major provider of consumer products and machinery. China is still one of India's biggest trading partners in spite of the tensions. Chinese funding for major projects has put many South Asian countries in serious debt, which has raised questions about economic dependency and sovereignty.

2. Strategic and Military Engagements:

China and Pakistan have a strong security alliance that includes nuclear cooperation, joint exercises, and arms sales. The biggest buyer of Chinese weapons, including cutting-edge fighter jets and missile systems, is Pakistan.

Bangladesh purchases frigates, submarines, and other military hardware from China. China has supported Sri Lanka's military forces and supplied navy vessels. China's network of ports and outposts throughout the Indian Ocean is known as the "String of Pearls," and it was established to guard its trade routes and fend off Indian influence. China's desire to develop maritime dominance is reflected in the growing number of Chinese ships and submarines in the Indian Ocean.

3. Political and Diplomatic Involvement:

To offset India's influence and win support in international fora, China aims to deepen its relations with South Asian nations. Examples include strengthened connections with smaller nations like Nepal, the Maldives, and Sri Lanka to lessen India's influence and close ties with Pakistan as part of an "all-weather friendship." China has positioned itself as a responsible global power by attempting to resolve regional problems, especially those involving India and Pakistan. To further its regional agenda, China has attempted to interact with SAARC (South Asian Association for Regional Cooperation), although SAARC is still mainly dormant because of tensions between India and Pakistan.

4. Initiatives for Soft Power and Culture:

Confucius Institutes have been established to promote Chinese language and culture in countries such as Sri Lanka and Pakistan. Scholarships are available for students from South Asia to study in China. Countries like Sri Lanka and the Maldives rely heavily on Chinese tourists for their income. To foster a favourable perception of China, media outlets boosted their influence in regional media.

5. Aspirations in Geo strategics

China's trade and energy security depend heavily on the Indian Ocean. The development of ports with both commercial and military uses guarantee China's access to important marine routes. Beijing wants to strategically encircle India by fortifying relations with its neighbours. India becomes much more isolated when it supports Pakistan on divisive topics like Kashmir. The construction of roads and rail connections in Tibet allows for quick force mobilisation near India's frontiers. To lessen India's influence in these buffer states, China has also stepped up its relations with Nepal and Bhutan.

China wants to become a global force, secure economic corridors, and challenge India's hegemony, which motivates its strategic activities in South Asia. China has benefitted greatly from these measures, but they have also raised questions about regional stability, sovereignty, and debt reliance. China's role and its relations with these countries will continue to be shaped by the changing geopolitical circumstances in South Asia.

In reaction to China's expanding influence, India has implemented a neighbourhood policy that combines diplomatic, economic, and strategic initiatives. India's goal to secure its borders, improve relations with its neighbours, and offset China's regional dominance is reflected in its policy.

1. Sri Lanka: Trincomalee Development vs. Hambantota Port :

As part of the Belt and Road Initiative (BRI), China funded and constructed Sri Lanka's Hambantota Port. The port's strategic location near important Indian Ocean trade routes, however, gives China a possible foothold in the region for both military and commercial reasons. In 2017, the port was leased to China for 99 years due to Sri Lanka's failure to repay the loans. China has also made investments in Colombo Port City and other infrastructure projects, like roadways.

India perceives Hambantota as a threat to its maritime security due to its potential use by both Chinese and Indian naval forces. With worries that bordering nations are growing unduly dependent on China, the development underlines the debt-trap diplomacy narrative. As a counter-strategy, India has concentrated on expanding Sri Lanka's Trincomalee Port. India has increased financial assistance for Sri Lanka, including a \$1 billion credit line in 2022, to address the country's economic difficulties. The country has strengthened its historical and cultural ties by leveraging its people-to-people relationship and shared Buddhist heritage. This case exemplifies China and India's competition for influence over strategically located countries, with India using soft power and developmental aid in response to China's financial diplomacy.

2. Nepal: Strategic Influence and Infrastructure Rivalry

China has increased its investments in Nepal, especially in rail and road projects that link Tibet and Nepal. For example, the projected Trans-Himalayan Railway, which would connect Kathmandu and Lhasa, might lessen Nepal's reliance on India. In addition, China has increased educational and cultural exchanges, constructed infrastructure like airports and hydropower plants, and given substantial financial assistance. Nepal has always depended on India for port access and trade. China's increasing engagement, however, gives Nepal a choice and lessens its reliance on India economically. Chinese interests have frequently influenced political changes in Nepal, with certain groups using China as leverage against India. To boost connectivity between Nepal and India, India has started projects like building roads and increasing economic aid. Fostering religious ties associated with Buddhism and Hinduism is an example of cultural diplomacy. Diplomatic engagements: Through bilateral visits and high-level discussions, including the settlement of border disputes, Indian leaders have aimed to forge stronger ties. China and India are actively competing for influence in Nepal. India's long-standing dominance in the area is under threat from China's expanding infrastructural presence.

3. Pakistan: The Economic Corridor between China and Pakistan (CPEC)

The China-Pakistan Economic Corridor (CPEC), one of the main BRI projects, has invested more than \$60 billion. Roads, railroads, and the Gwadar Port are among the projects that would provide China direct access to the Arabian Sea. Trade facilitation and expanding China's military may be two uses for the Gwadar Port. Since the CPEC passes through Gilgit-Baltistan, a country that India claims, concerns about sovereignty have surfaced. Closer ties with China strengthen Pakistan's position in its ongoing conflicts with India, especially those involving Jammu and Kashmir. With China and Pakistan's growing military collaboration, India worries about a "two-front challenge".

India has publicly denounced CPEC, especially for infringing on Indian sovereignty, and has declined to join the BRI. CPEC is a prime example of how China's economic projects can heighten South Asian geopolitical tensions, intensifying the competition between India and Pakistan and undermining India's hegemony in the region. China's strategy involves using infrastructure development and financial investments to expand its regional influence and acquire strategic leverage over India. India's strategy is to preserve its leadership in South Asia while balancing China's influence through strategic alliances, soft power, and economic assistance. These case examples illustrate the intricate dynamics of the rivalry between China and India, exhibiting a blend of confrontation, competitiveness, and cooperation.

The strategic rivalry between India and China has emerged as one of the defining aspects of geopolitics in South Asia. As two of the world's largest economies and militaries, India and China have competing visions for the region, each seeking to expand their influence and secure their

interests. South Asia, with its geostrategic importance, abundant resources, and critical maritime routes, has become a focal point for this competition.

China's rise as a global economic and strategic power has led to its increased involvement in South Asia through initiatives such as the Belt and Road Initiative (BRI), large-scale infrastructure investments, and strengthened bilateral relationships with India's neighbours. Countries like Pakistan, Sri Lanka, Nepal, and the Maldives have become key participants in China's regional strategy, often to the detriment of India's traditional dominance in the region. India, on the other hand, has pursued its Neighbourhood First Policy and other initiatives to counter China's growing influence. However, India's response has been constrained by various challenges, including limited economic resources, unresolved border disputes, and complex domestic politics.

This article explores the role of China in shaping India's neighbourhood policy, focusing on how China's actions have influenced India's strategic, economic, and diplomatic priorities in South Asia. By analysing case studies of key countries such as Sri Lanka, Nepal, and Pakistan, the article highlights the broader implications of this rivalry for regional dynamics and India's position as a regional leader. It concludes by proposing strategies India can adopt to maintain its influence in an increasingly competitive environment.

India's Response:

It is accurate to say that in the early years of the Modi administration, China made considerable progress in South Asian nations. However, except for Pakistan, India currently has close ties with all of its neighbours. China's strategy in this area has prompted India to adopt several actions. India has reinforced its "Neighbourhood First Policy" by providing its neighbours with diplomatic support, financial assistance, and infrastructure upgrades. Notably, India has made significant financial contributions to Sri Lanka throughout its economic crisis and invested in significant infrastructure projects like the oil tank farms in Trincomalee in an attempt to offset Chinese investments like the Hambantota Port. India has accelerated infrastructure development projects such as the Chabahar Port in Iran, which serves as a counterbalance to China's Gwadar Port in Pakistan, and the India-Myanmar-Thailand Trilateral Highway, which enhances connectivity with Southeast Asia. These initiatives are part of India's broader Act East Policy, which seeks to improve commercial and strategic ties with ASEAN countries. India's participation in regional organisations like BIMSTEC and IORA, as well as multilateral engagement and the Quadrilateral Security Dialogue (Quad), which involves the US, Japan, and Australia, is another deliberate move to counterbalance China's influence in the Indo-Pacific region.

The Kalapani dispute has seemingly led to the recovery of political and diplomatic ties with Nepal. Major takeaways include Prime Minister Sher Bahadur Deuba's recent visit to New Delhi, India's ongoing support for trade and hydropower projects, the improvement of common border infrastructure, and Nepal's assistance in joining the International Solar Alliance (ISA). Another important takeaway is India's resolute refusal of buying power from any projects involving China, which resulted in the cancellation of the 1,200 MW Budhi Gandaki power projects, which were aided by China. The strategic ties between India and the Maldives have strengthened since President Solih took office. India is still following a clear diplomatic course of action with regard to the Maldives. Myanmar has encountered numerous internal issues. India is politically interacting with the military junta to prevent it from becoming a northeastern terrorist haven and China's tool.

The fact that India has intervened to help Bangladesh, Nepal, and Sri Lanka through their economic difficulties suggests two things: first, China is self-serving, whereas the Indian economy

can manage its affairs and provide assistance to its poor neighbours. The flexibility and usefulness of the neighbourhood policy are its best qualities. In contrast to China, which aims to subjugate smaller countries through military and economic means, India has made an effort to provide them an equal opportunity to compete while protecting and promoting its own national interests. Given how effectively New Delhi handles its cards, India should have an advantage in limiting Chinese hegemony in the area.

Conclusion:

India's neighbourhood strategy is facing serious obstacles as a result of the strategic rivalry between China and India in South Asia, which is changing regional dynamics. India's influence is in danger of being undermined by China's strategic and economic advancements, but it may overcome these obstacles by fusing strategic alliances, cultural diplomacy, and economic pragmatism. India can preserve its regional leadership and protect its strategic interests by taking a proactive, comprehensive approach. The dynamics of South Asia have changed dramatically as a result of China's growing influence, and India now faces political, economic, and strategic difficulties. China has significantly expanded India's traditional sphere of influence through programs like the Belt and Road Initiative (BRI), employing economic assistance, soft power, and infrastructural development to forge close ties with South Asian countries. With China's expanding connections to Pakistan, Sri Lanka, and Nepal, which put India's leadership and regional domination in jeopardy, the relationship has fostered a climate of rivalry and competitiveness.

Although India has responded with policies such as the SAGAR initiative, Act East Policy, and Neighbourhood First Policy, the economic gap between China and India, together with border conflicts and strategic encirclement, has made it difficult for India to completely offset China's advancements. India requires a multifaceted strategy to overcome these obstacles, balancing strategic alliances, cultural diplomacy, and economic investments with domestic limits including infrastructure and financial restraints.

China's infrastructure loans must have competitive options from India. Priority should be given to initiatives like the BBIN (Bangladesh-Bhutan-India-Nepal) Initiative and improved commercial connectivity. Leveraging Soft Power and Cultural Diplomacy, promoting shared cultural and religious heritage, like Buddhism, Hinduism, and yoga, to strengthen people-to-people connections, bolstering India's maritime security through investments in the Indian Navy and partnerships like the Quad, establishing new trade agreements, and fortifying platforms like the BIMSTEC to increase India's regional influence, boosting strategic partnerships, countering China's "String of Pearls" strategy, boosting India's appeal as a soft power player, reviving Regional Multilateralism, reinvigorate BIMSTEC and SAARC by reforming their efforts to improve these organisations' efficacy, allowing India to shape regional agenda. India should start new projects aimed at regional cooperation and development if current organisations don't move forward. It should also speed up the construction of communication networks, roads, and railroads along the India-China border to increase military preparedness. Maintain open channels of communication with China to prevent tensions from rising, especially in sensitive regions like Ladakh and Arunachal Pradesh. India will be able to compete with China by offering financial assistance and investments to its neighbours if its domestic economy grows. To establish reputation and trust, make sure projects in surrounding nations are completed on schedule. India can successfully combat China's expanding influence and preserve its position as South Asia's leader by proactively tackling these issues. India's interests

would be protected, and a stable and prosperous South Asia will result from a well-coordinated plan that incorporates economic, strategic, and cultural aspects.

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