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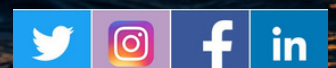
CENJOWS
WEB ARTICLE

INDIA'S COUNTERBALANCING STRATEGIES IN THE INDIAN OCEAN REGION: ASSESSING THEIR EFFECTIVENESS AND VIABILITY

MR RISHABH SHARMA



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Room No 301, B-2 Wing, 3rd Floor

Pt Deendayal Antyodaya Bhawan,

CGO Complex, Lodhi Road

New Delhi –110003 (INDIA)

Telephone Nos: 011-24364881, 24366485

Fax: 011-24366484

Website: www.cenjows.in

E-mail: cenjows@cenjows.in

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New Delhi-110003
Editor : Maj Gen (Dr) Ashok Kumar, VSM (Retd) (dg@cenjows.in)
Deputy Editor : Dr Ulupi Borah, Distinguished Fellow (distinguishedfellow1@cenjows.in)

Editorial Board :

Brig K Ranjeev Singh, VSM (ddg@cenjows.in)	
Col Ajay Kumar Rajak, SM (secy@cenjows.in)	
Gp Capt Ashish Kumar Gupta (Retd) (seniorfellow2@cenjows.in)	
Dr Ulupi Borah, Distinguished Fellow	
Dr Monojit Das, Senior Fellow, PRO (monojit.das@cenjows.in)	
	301, B-2 Wing, 3 rd Floor Pt. Deendayal Antyodaya Bhawan CGO Complex, Lodhi Road New Delhi-110003 (distinguishedfellow1@cenjows.in)

Publication Head : Ms Vaibhavi Katal

All correspondence may be addressed to:
Editor

Centre for Joint Warfare Studies (CENJOWS) 301, B-2 Wing, 3rd Floor
Pt Deendayal Antyodaya Bhawan CGO Complex, Lodhi Road
New Delhi-110003

Telephone: (91-11) 24366485/Telefax: (91-11) 24366484 e-mails: cenjows@cenjows.in / cenjows@yahoo.com Website:
<http://cenjows.in>

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**India's Counterbalancing Strategies in the Indian Ocean Region:
Assessing their Effectiveness and Viability**

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CENTRE FOR JOINT WARFARE STUDIES



CENJOWS

India's Counterbalancing Strategies in the Indian Ocean Region: Assessing their Effectiveness and Viability



Mr Rishabh Sharma is a Research Intern at CENJOWS

Introduction

The early decades of the twenty-first century have been marked by intense Sino-Indian security competition over the Indian Ocean Region (IOR). The Indian Ocean Region (IOR) has been the site of this face-off primarily since the economies of both countries are heavily dependent on the import of fuel through this mass body of water from the oil-rich Middle East. China has undergone radical economic transformation, and as a result, its influence in East Asia, Southeast Asia, and South Asia has soared exponentially. In South Asia, China has secured a commanding presence through its investments and infrastructural projects in Pakistan, Bangladesh, Sri Lanka and the Maldives. Furthermore, China's railroad and port projects in Myanmar, part of Southeast Asia, also contribute to consolidating its influence over South Asia by providing the country access to the Bay of Bengal, a vital part of the Indian Ocean. ¹

To put the Sino-Indian rivalry over consolidation and expansion of power in the Indian Ocean Region (IOR) into perspective, a brief overview of Alfred Thayer Mahan's theory of 'Sea Power' is necessary. For him, supremacy over the sea is an essential component of a country's national power, and this is corroborated by the fact that the

world's most successful empire, the British Empire, was built on the back of its formidable Royal Navy. Gaining such power would involve seizing control of key seaborne passages, chokepoints, and the fortification of ports to ensure the smooth conduct of commercial activities being undertaken on the ocean.²

As far as consolidation of power over the IOR is concerned, both countries have substantially boosted their naval military expenditure and added new seaborne weapons in their arsenal, with the Chinese navy on track to have 460 warships in its arsenal by 2030, while India is also reaching close to its target of acquiring 200 warships.³ Aside from internal balancing through building up their economic and military capabilities, the two countries are actively engaging in external balancing; they are locked in an intense battle for competition over securing the loyalty of the other smaller littoral states in the region through bilateral economic investments, financial aid, rail-road and port connectivity projects, joint military drills as well as through multilateral mechanisms.

Chinese Encirclement of India

China's increasing engagement with the South Asian region can be explained with reference to the "Malacca security dilemma". The Malacca security dilemma arises from the fact that the Malacca Strait is an essential lifeline for the Chinese economy, as approximately 80% of its crude oil imports travels through this seaborne pathway, and that in times of escalating tensions, this lifeline can be potentially severed by any country in the region.⁴

China's efforts to address this dilemma through investments and construction of ports and other infrastructure in the littoral states of the Indian Ocean, like the Hambantota port in Sri Lanka, the Chittagong port in Bangladesh, Gwadar port in Pakistan, and the Kyaukpyu port in Myanmar and its first and only permanent overseas naval military base in Djibouti, formed in 2017, have been referred to as a 'String of Pearls', with each pearl representing a Chinese footprint in the IOR.

India's Counterbalance Strategy

India's Internal Balancing

To counteract this encirclement, India has adopted a counter-encirclement strategy, which has been referred to as 'Necklace of Diamonds'.⁵ This strategy has entailed

India bolstering its naval presence in the IOR and forging close economic, commercial and military ties in the form of bilateral agreements and investments with countries in the IOR—Sri Lanka, Seychelles, Mauritius—and beyond the region with Iran, Myanmar, Oman, Singapore, Indonesia, U.S and Japan. Concerning India expanding its presence in the IOR region, this has been the case ever since 2016, when India deployed anti-submarine aircrafts for surveillance of the seas around the Andaman and Nicobar region after reports of the activities of the Chinese submarines in that region. Post the Doklam border clash in 2017, India had monitored the movements of about 14 warships of its rival in the IOR. ⁶

Bilateral Military Coordination

In terms of bilateral military cooperation, India's most important ally outside the IOR has evidently been the US. The annual Malabar joint naval drill conducted by the two countries ever since 1992 has only become more intensified, especially with the inclusion of Japan in 2015.⁷ The two countries also signed the BECA (Basic Exchange Cooperation Agreement) in 2020, which guaranteed India access to American real time geospatial surveillance and information, thereby providing significant assistance to India in detecting and responding swiftly to any adversarial incursion in the IOR. ⁸

Concerning defence cooperation with countries in regions close to the IOR, India has signed agreements with the governments of Oman and Singapore, in 2017 and 2018, which permit Indian vessels to use the Changi Naval Base and the Duqm Port of the two countries respectively, for military and logistical purposes. ⁹

More recently, India deployed three naval ships to the South China Sea in 2024, with these ships specifically halting at Vietnam, Singapore, Philippines and Malaysia. This exercise was labelled by the Indian officials as a measure intended to strengthen "friendship and cooperation" with these countries. ¹⁰

As for India's security arrangements with countries within the IOR, the agreement in 2015 with Seychelles to build a military base in Assumption Island, albeit not materialized yet, and the construction of the Agalega base in Mauritius in 2024 are relevant intergovernmental military ties. ¹¹

Economic and Commercial Cooperation

In the economic and commercial domain, India secured the Trincomalee Oil Tank Deal from Sri Lanka in 2022,¹² a 10-year guarantee from Iran to permit India to use the Shahid Beheshti Terminal of the Chabahar Port, as outlined in their landmark 2024 deal,¹³ and the opening of the Sittwe Port, built with capital and assistance from India, in Rakhine State, Myanmar in 2023.¹⁴

In addition to bilateral military ties and commercial connectivity projects aimed to counteract China's influence in IOR, India has actively been involved in multilateral engagements such as the Indian Ocean Pacific Rim Association, QUAD, ASEAN-India Summit as well as the US-led Indo-Pacific Economic Framework (IPEF), established in 2022, to counter China's BRI initiative.¹⁵

Challenges of India's Counterbalancing Strategy

The Necklace of Diamonds has not proven to be a viable strategy for countering the String of Pearls for many reasons. One of the most cited reasons is that Chinese investment vastly exceeds that of its Indian counterpart. Taking into account CPEC (China-Pakistan Economic Corridor) and its investments in the Djibouti military base, China's expenditure exceeds \$60 billion, while India's total investment is approximately \$2-3 billion dollars, with its most substantial investment being made in Chabahar Port in Iran.¹⁶

Aside from the size of investment, another important factor diminishing the effectiveness of India's strategy is the various challenges it faces in attempting to implement its infrastructural and investment projects. The aforementioned deal between India and Seychelles, signed in 2015, to build a naval base in Assumption Island has mostly fallen through as public opinion in the island nation has been firmly against the country getting caught in the Sino-Indian crossfire as well as the potential deleterious environmental consequences associated with the proposed project.¹⁷ Similarly, concerning the 10-year contract finalized with Iran over management of one of the terminals of the Chabahar Port, the Indian government made no financial commitments in its 2026-27 budget allocation and temporarily sold off its share to a domestic Iranian entity to shelter itself from the impact of US sanctions on Iran.¹⁸

The multilateral component of India's strategy is plagued with serious issues, which prevent it from serving as an effective counterbalancing measure. One such major issue is India's dubious and ambiguous engagement in the Quadrilateral Security

Dialogue (QUAD) and other multilateral forums. Although India has been part of all the meetings conducted so far, it has failed to express explicitly its commitment to the policy of containment of China, and as a result, the country has often been regarded as the weakest partner of the QUAD.¹⁹ This seemingly ambivalent approach by India, arising out of the desire to balance its rival but not to express it openly, what has been termed as “evasive balancing” by some scholars, risks estrangement from its partners, some of whom might switch over to the other side, thereby leading to security vulnerability.²⁰ What prevents QUAD’s institutionalization into a robust security arrangement is not just India’s hesitancy, but also Australia’s unwillingness to participate actively in this forum, given the fact that it left the forum one year after its first-ever informal meeting in the ASEAN Regional Forum in 2007.²¹

Flaws of Chinese Encirclement Strategy

Nevertheless, even China’s strategy is not fully bulletproof. Chinese influence in each of the pearls, Gwadar Port in Pakistan, Kyaukpyu Port in Myanmar, Chittagong Port in Bangladesh, and the Hambantota Port in Sri Lanka, has been diminishing either due to a hostile domestic response to Chinese incursion or due to the expansion of India’s influence. The Gwadar Port, which has been regarded as the most significant initiative as part of the CPEC, has not paid economic dividends. It has not led to a profit ever since 2016 and has vastly underperformed, given the fact that investors at the time of its establishment had claimed that “Gwadar would become Dubai”.²²

A major reason for the failure of this project has been the severely disruptive effect of the Baloch armed insurrectionist groups operating in this region.²³ The CMEC (China-Myanmar Economic Corridor), which centered around the construction of oil pipelines to link Kyaukpyu port to the Yunnan region, has also been stymied, owing to public concerns over its financial viability and ecological repercussions.²⁴ China’s increasing maritime influence in the Bay of Bengal courtesy of its investments in port projects such as the Chittagong Port in Bangladesh has also come under challenge from India, which has gained control of a key terminal of the Mongla port in Bangladesh.²⁵

Even though the Chinese have secured a firm foothold in Sri Lanka by securing a 99-year lease of the Hambantota Port, their influence has been counterposed by Indian influence, through the financial aid package of \$4 billion dollars it offered to the Island nation of 2022, and the signing of a “Memorandum of Understanding on Defence

Cooperation” in 2025 by the two countries;²⁶ the nature of this agreement differs from all others in that it is the first time the two neighbours have committed themselves to a joint security framework.²⁷

Constraints of India’s Counterbalancing Strategy

Despite such setbacks, China’s expansion in the IOR seems most likely to continue because of the various constraints that prevent India from fully executing its counterbalancing strategy. The first constraint is the deficiency of resources. China boasts the world’s largest navy in the world, while India’s naval expenditure has experienced significant cuts. As a result, India’s plan to have 200 warships by 2027 has been derailed, and the target has been revised to 175 units.²⁸

Moreover, India’s attention and resources have been directed more towards guarding its northern land frontier than protecting its sphere of influence in the IOR. This is due to increasing Chinese land encroachments on the LAC (Line of Actual Control), which have also led to border skirmishes in 2017 (Doklam) and 2020 (Galwan Valley).²⁹ Ever since the 1987-1990 military interventions by India in Sri Lanka, which turned out to be disastrous and have often been regarded as India’s Vietnam, India has shied away from aggressive military maneuvers in the IOR, thereby creating an opportunity for external powers like China to exert more influence in these waters.³⁰

Another major constraint stems from India’s unwillingness to align its policy directives with its allies, like the US, when these directives infringe on the sovereignty of the other smaller littoral countries in the IOR. This stems from India’s legacy as championing the cause of post-colonialism and as a leader of the Global South, vehemently opposed to any actions by former colonial powers that it deems as a throwback to the colonial era. As a result, it denies assistance to any US military interventions in the region and even rebukes them as is discernible from the fact that it was in favour of a UN resolution, passed in 2019, that sought to remove the British administration from Diego Garcia, an island part of Mauritius, which hosts a US military base.³¹ Lastly, as mentioned earlier, India refuses to openly declare itself to be part of any anti-China containment strategy, as it seeks to not get on the wrong side with China, but this diminishes its credibility with its other allies in groupings like the QUAD.³²

Recommendations

India's counterbalancing strategy needs to overcome the constraints that currently limit its effectiveness against Chinese encirclement in the IOR. This requires India to address the deficiency of resources that has restricted the expansion of its naval capabilities, while also ensuring that greater attention is given to its maritime sphere despite the security demands of the northern land frontier. India must also overcome its reluctance towards more assertive military manoeuvres in the IOR and strengthen its cooperation with its allies without compromising the sovereignty of smaller littoral states. Finally, India needs to reduce the ambiguity surrounding its position on the containment of China, as this would strengthen its credibility with partners in groupings such as the QUAD and make its counterbalancing strategy more effective.

Declaration

I declare that this manuscript is being submitted exclusively to CENJOWS for publication consideration, is original, and has not been published or submitted elsewhere. I further certify that it contains no classified, restricted, or sensitive information and is based entirely on open-source material suitable for publication in the public domain.

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