

China in India's Eastern Neighborhood: Emerging Dynamics and Policy Options

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Abstract

After the Taliban takeover in Afghanistan, the continued hostility of Pakistan and the violent border showdown with the Chinese in Ladakh, India's option for meaningful diplomacy in the West appears limited and its efforts seems focused on damage control. But despite a largely friendly government in Dhaka, India needs to worry about developments in its eastern neighborhood, where Delhi has been endowed with more positive options in the last decade. Growing Chinese influence in Myanmar, Bangladesh and the Himalayan countries of Nepal and Bhutan is cause for worry and the emerging dynamics in the region need to carefully be monitored and balanced with appropriate counter action. This paper will focus on recent developments in India's eastern neighborhood and suggest a way forward for Delhi to handle the merging dynamics.

1. Historical Perspective

If Pakistan's attempt to takeover Kashmir by force after Partition posed the first direct challenge to the territorial integrity of the nascent Indian Republic, the Naga rebellion in the fifties was the first ethnic insurrection to threaten the country's ambitious post-colonial nation-building process. The Mizos and then the Manipuri Meiteis followed the footsteps of the Naga rebellion to start armed insurgency. Finally, the prairie fires spread to Assam, Tripura and Meghalaya with varying intensity in the 1980s. The Darjeeling hills and North Bengal foothills also experienced similar armed movements for secession and separate statehood, threatening the vulnerable "Chicken Neck" or the Siliguri Corridor that physically links the Indian mainland to the remote Northeastern states.

Apart from counter insurgency operations, India's first major initiative to address the security challenges in the East was when it militarily intervened in 1971 to put an end to the civil war in Pakistan's eastern wing that led to the emergence of an independent Bangladesh. As a friendly secular Bengali nation state, Bangladesh did help India address its security concerns. The Naga, Mizo and Manipuri rebels lost their bases and source of patronage and initiated negotiations that led to the 1975 Shillong Accord with the Naga National Council and the 1986 Mizo Accord with the Mizo National Front. While Mizoram has experienced calm ever since, Nagaland and neighboring Manipur has faced a new spell of Naga insurgency led by the China trained leaders of the National Socialist Council of Nagaland (NSCN).

The 1975 military coup in Bangladesh led to the assassination of Sheikh Mujibur Rahman with much of his family and brought back Pakistan style military rule. Democracy returned to Bangladesh in the 1990s but it is only after Mujibur Rahman's daughter Sheikh Hasina led the Awami League back to power, first in 1996 and then again in Jan 2009, that India has finally reaped the fruits of its investments in 1971. Hasina has addressed all of India's security and connectivity concerns, cracking down hard against the Northeast Indian rebel groups and signing agreements that permits transit through Bangladesh and use of its ports to ship cargo to Northeast from the Indian mainland.

Myanmar experienced a long spell of military rule from 1962 to 2010 when electoral democracy was reintroduced. But only in 2015 did a comprehensive fair election brought to power Aung Saan Suu Kyi's National League for Democracy (NLD). The February 2021 military coup has put the clock back in Myanmar and unleashed a huge turmoil that threatens civil order and the peace process with the ethnic rebel armies that Suu Kyi's government has initiated. The Burmese army has cooperated in a limited way with the Indian army to attack bases of northeast Indian rebels, but Myanmar's Sagaing region remains the last major transborder base area for these rebel groups.

Nepal has experienced many ups and downs and considerable political instability since the end of monarchy. The return to power of Nepali Congress, a traditional pro Indian party like the Awami League in Bangladesh, under the leadership of Prime Minister Sher Bahadur Deuba must have

eased frayed nerves in Delhi but the stability of the Deuba government is still open to question.

Bhutan has been more stable since the introduction of democracy under a constitutional monarchy but it has a border dispute with China (like India has) which Beijing is trying to leverage to pressurise the tiny nation to break out of the Indian embrace.

2. Emerging Dynamics

2.1 Myanmar

China's grip on Myanmar has become near total since the Feb 2021 military coup in the Pagoda Nation. The Burmese military junta was opposed to China in the first two decades of power. Beijing supported the Burmese Communist Party (now defunct but once the country's largest armed insurgent group) in the 1950-70s with weapons, bases and training. On the other hand, the Ne Win government tried to address India's security concerns by attacking columns of Naga and Mizo rebels who were going to China for training and weapons. The encounters between the Burmese army Tatmadaw and the China bound Naga rebels have been detailed by Naga author Kaka Iralu in his "Naga Saga". But after China stopped assistance and support to the Burmese Communist Party and decided to develop state to state relations with the military junta after the 1988 countrywide uprising, the situation has changed. China has become the strongest backer of the Burmese military even after democracy was restored. Beijing used its UN Security Council veto to block resolutions critical of the Burmese military's "ethnic cleansing" against the Muslim Rohingyas in Rakhine province. Now it has blocked adverse resolutions against the military junta after its Feb 2021 coup.

In turn, the military-run State Administrative Council has cleared several Chinese infrastructure projects. (<https://www.reuters.com/world/china-fund-myanmar-projects-agreement-with-junta-2021-08-11/>). Even the downscaling of the scope of the China-funded Kyaukphyu deepsea port and SEZ initiated by the NLD government to avoid a Sri Lanka type Chinese debt trap seems to have been reversed. (<https://www.irrawaddy.com/news/burma/myanmar-junta-pushing-ahead-with-china-backed-kyaukphyu-sez-and-port.html>). There are suggestions that even the controversial Myitsonne hydel power project, which was put on hold by the Thein Sein government in 2010, may be revived on China's persistent pressure.

Interestingly, the Chinese have also retained their influence over the strongest ethnic rebel armies fighting the Burmese military. The United Wa State Army, that grew out of the splintered Burmese Communist Party, is openly backed by China that sells it even anti aircraft weapons. (https://www.usip.org/sites/default/files/2019-07/pw_147the_united_wa_state_army07/pw_147the_united_wa_state_army_and_burmas_peace_process.pdf). So the UWSA did not come out in opposition to the Feb 2021 coup. (<https://www.irrawaddy.com/opinion/guest-column/silence-on-coup-makes-strategic-sense-for-myanmars-wa.html>).

China has also backed the Arakan Army in Rakhine and now seems to have brokered a ceasefire between it and the military junta (<https://spotlight.licas.news/china-s-diplo-terrorism-in-myanmar/index.html>). China's smart

"double end" game in Myanmar has left it with an undeniably strong presence .

On the other hand, India responded positively to the Burmese military request to initiate operations against the Arakan Army. But the "Operation Sunshine" of Indian Army only upset the Arakan Army which has disrupted India's "Kaladan Multi Modal Transport Project" that seeks to connect Northeast by a sea-river-land route through the port of Sittwe, then up the Kaladan river and finally by road to Zorinpui in Mizoram state. The disruptions caused by the Arakan Army has delayed the project. (<https://www.wionews.com/south-asia/arakan-army-targets-india-myanmar-kaladan-project-with-chinese-weapons-338856>) This is in sharp contrast to the Arakan Army's silent support for the Chinese Kyaukphyu port and SEZ project which is key to the China Myanmar Economic Corridor as Gwadar is to the China Pakistan Economic Corridor. These two corridors are crucial to China's Belt and Road Initiative as it seeks to give China's landlocked regions access to sea through countries ruled by friendly regimes.

Though the Burmese army Tatmadaw did conduct some operations against Northeast Indian rebel bases in the Taga mountains of Sagaing as a quid pro quo to 'Operation Sunshine', there are reports that such operations are no longer happening. Some media outlets, quoting Indian intelligence sources, have said that the Burmese military are using the Northeast Indian rebel groups to subdue its own resistance groups that have emerged to fight the military junta in frontier provinces like Chin state and Sagaing Region. (<https://asiatimes.com/2021/12/myanmar-military-joining-hands-with-indian-rebels/>). So it seems India has lost both the mango and the sack, to quote a Bengali proverb.

The National Unity Government (NUG) of Myanmar, the parallel government opposing the military junta, has called for a greater Indian role in mediating a return to democracy in the Pagoda Nation. Burmese political parties look up to India as a "role model for democracy" but apart from a recent visit to Myanmar by Indian foreign secretary Harshvardhan Shringla, there has hardly been any major attempt by New Delhi to play a meaningful role. Despite its complete grip on the military junta, China lacks any influence on the democratic parties and emerging popular resistance groups like the Peoples Democratic Front (PDF) have attacked Chinese factories and even an off take station at Mandalay on the Rakhine Yunnan oil and gas pipeline in an apparent threat message to Beijing. (<https://www.daijiworld.com/news/newsDisplay?newsID=831386>).

The northeast Indian states of Manipur and Mizoram have witnessed a rush of refugees from Myanmar, with some estimates suggesting they now number more than 20,000. That a challenge India has to negotiate. Mr Shringla did raise the refugee issue and called for an early return to democracy but the military junta refused him a meeting with deposed leader Aung Saan Suu Kyi in what many see as a stern message emphasizing non-interference beyond bilateral issues.

2.2 Bangladesh

The Awami League government, into its third consecutive term in power since 2009, has delivered on India's outstanding security and connectivity concerns. Only in the last decade has India secured the desired results after years of backing a friendly party, with which Delhi shares a strong historical

bond. That bond came alive in the two celebrations in Bangladesh in 2020-21: the centenary celebrations of founder Sheikh Mujibur Rahman and the Golden Jubilee of Bangladesh independence. Indian and Bangladesh diplomatic missions jointly celebrated the Golden Jubilee in several foreign countries.

But despite the "Shonali Adhyay" (Golden Phase) of India-Bangladesh relations, all is not well on the bilateral front. India's NRC exercise in Assam and decision to implement the Citizenship Amendment Act (CAA) has not gone down well in Bangladesh. The situation was further aggravated when Indian home minister Amit Shah described illegal migrants from Bangladesh as "termites". The Awami League government, under intense pressure from the country's radical Islamist ecosystem, resents the BJP's playing up the "infiltration issue" in states bordering Bangladesh.

The Hasina government is under intense pressure from US. The Biden administration did not invite Bangladesh to the Democracy Summit in December 2021 and then imposed sanctions against seven top security officials, including the country's police chief Benazir Ahmed. In the past, whenever US has piled pressure on Hasina government, she has counted on Indian support to ward it off. But now with India in a close strategic embrace with the US, there are doubts as to what extent India will go to defend the Awami League government. (<https://www.hindustantimes.com/opinion/renewed-us-hostility-towards-sheikh-hasina-should-worry-india-101639916426356.html>)

If India fails to extend the kind of support it did after the 2014 parliament polls when the US appeared determined to force Hasina to step down, she will doubtlessly turn towards China.

China has already become Bangladesh's leading lender for infrastructure projects and its leading trading partner. While India has failed to operationalise beneficial duty free tariffs on Bangladesh manufactured goods, China has done the same on most products it imports from the country.

(<https://www.china-briefing.com/news/opportunities-for-bangladesh-exporters-as-china-reduces-tariffs-to-zero-on-97-of-all-products/>). China is also proposing to finance a project on the Teesta river, capitalising on India's failure to strike a water sharing deal on the Teesta due to opposition by the West Bengal government.

Though China and Bangladesh shared an adversarial relationship during the latter's independence movement and immediately after that, the relationship has undergone a tremendous transformation to the extent that China is now considered by many in Bangladesh as an 'all-weather friend'. They established diplomatic ties in 1976; it was defence ties that was an important area of their relationship, which led to further expansion of ties.

Bilateral trade between China and Bangladesh is heavily tilted towards China. The trade deficit between them stood at US \$16.27 billion in 2019, which has increased 16-fold in the last two decades. China forms the largest share in Bangladesh's imports at 31.1 percent in 2019, more than double the imports from the next largest partner. Imports from China include a variety of items from textiles, machines, refined petroleum while exports to China consist mainly of textiles which form 70 percent of the total share.

Development cooperation forms an integral part of the partnership. It was only in recent years that the Chinese investment into Bangladesh has grown exponentially. Total Foreign Direct Investment (FDI) stock has increased at a rate of 10.9 times between the end of 2011 and the end of 2019. Bangladesh received a net FDI of US \$1.159 billion in FY19 from China, making it one of the largest recipients in South Asia.

The energy sector, critical to Bangladesh's rapid industrialisation, has been the largest recipient of Chinese investment in recent years. China has implemented a number of projects in the power sector, consisting mostly of coal-based power plants. It has also built the single largest power plant in Bangladesh in a joint venture with Bangladesh, which will bear 30 percent of the total cost. At least 12 dual-fuel power plants are being planned, but so far only three 1,320 megawatt plants are near completion costing around US \$ 4.5 billion. China is also investing in the green energy sector with several projects already in the works, including a proposal for a 310 megawatt solar power plant. Bangladesh has also set up a US \$400 million joint venture with a Chinese company to build renewable energy projects of a total of 500 megawatts by 2023.

Another important strategic area in the power sector where China is working is the power grid. China is working on a Power Grid Network Strengthening project at an investment of US \$1.32 billion and also an expansion and strengthening of the power system network, which is supposed to help in the intelligent operation of the power grid in Bangladesh with an investment of US \$ 2.04 billion. Since India declined to be a part of the Belt and Road Initiative (BRI), the Chinese plans for building an oil pipeline from Bangladesh have not materialised. Despite this, China has a significant strategic presence in Bangladesh. In a deal in 2017, Chinese companies bought three natural gas fields in Bangladesh, which account for more than half of the total gas output of Bangladesh from Chevron. China is also partially financing and helping Bangladesh to build a 220 kilometre pipeline and a single mooring point, which will facilitate direct offloading of imported oil at the Chittagong refinery. It is from this point that the Chinese plan to carry oil to the storage plants in mainland China. (<https://www.orfonline.org/expert-speak/china-bangladesh-strategic-linkages/>)

Rising Hindutva pitch in India emboldens Islamist radicals in Bangladesh and adds to Hasina and Awami league's ideological discomfort. In the recent years, there has been a rise in the number of senior politicians within Awami League who want to play the 'Muslim card' to offset the radicals. More leaders from the business class have also paid their way to party nominations and many of them run companies that trade with China. Awami League oldtimers, mostly from the Bengali nationalist middle class, worry over the rising power of the Islamists and the pro China business class within the party. This is a development India can ignore only at its own peril.

Hasina maintains her foreign policy of "friends with all, enemy with none" but she has hit out at US and indicated she will not be cowed down by Washington's critique of her human rights record. (<https://bdnews24.com/bangladesh/2021/12/28/hasina-hits-back-at-us-don-t-lecture-us-about-democracy-while-harboring->

murderers). This is an issue India needs to handle deftly. With its own strategic partnership with US and dependence on its support for handling the Himalayan faceoff with China, India cannot afford US destabilise the Hasina regime or force it towards China, as US scholar Michael Kugelman fears. (<https://foreignpolicy.com/2021/12/01/us-bangladesh-relations-dhaka-india-china-bri/>).

India also needs to cultivate and strengthen its traditional Bengali nationalist constituency in the Awami League and its continuation in power is key to India's national interest. The BJP, for reasons of domestic politics, should be careful in not carrying its Hindutva pitch too far while dealing with Bangladesh.

2.3 Nepal and Bhutan

Like in Myanmar, the rise in Chinese influence in Nepal is deep. China's growing influence in Nepal and across the Himalayan region more broadly is closely tied to its wider economic, security, and foreign policy priorities (China Brief, November 12, 2020). For Nepal, the unprecedented deepening of the bilateral relationship has raised serious concerns about its ability to maintain political and economic autonomy.

The Sino-Nepalese relationship has been predicated upon foreign direct investment deals, capacity-building measures and diplomatic support in international forums. A 2019 report by AidData highlighted "financial diplomacy," including infrastructure financing, budget support, debt relief, and humanitarian assistance as being a key element of China's public diplomacy toolkit in the South and Central Asian region. China has led FDI pledges to Nepal for the last five years. In October 2019, a top U.S. diplomat warned, "As Chinese influence has grown in Nepal, so has the government of Nepal's restrictions on the Tibetan community," signaling growing international concerns over the China-Nepal relationship (Kathmandu Post, October 23, 2019). Just as border tensions between China and India turned violent last June, Nepal rekindled a longstanding cartographic dispute with India that some on the Indian side saw as a signal of its growing closeness with China. The Nepalese government passed a new political map that marked the Indian territories of Kalapani, Lipulekh and Limpiyadhura as Nepalese territory. One Indian government official described the act as drawing "red lines on the map to serve [Nepal's] domestic and foreign interests" (Hindustan Times, June 10, 2020).

China and Nepal signed their first bilateral agreement on economic aid in 1956, and the Nepalese Foreign Ministry has said that Chinese financial and technical aid to Nepal dates back to the mid-1980s (Nepal Ministry of Foreign Affairs, February 2019). The Kathmandu-based political analyst Chandra Dev Bhatta has argued that China began scaling up its influence efforts in a notable way after 2008, when Nepal transitioned from a monarchy to a federal democratic republic. "Reality is such that after the political change...China has strongly positioned itself in Nepal and scaled up its engagement in more than one way. In the past, one could notice China's involvement in the development of infrastructure but not in soft areas. Of late, China has been penetrating in[sic] Nepali politics as well as in society," Bhatta said (The Diplomat, May 22, 2020).

China overtook India as Nepal's largest FDI partner in 2014. Chinese state media reported that Chinese investors pledged more than \$220 million worth of FDI to Nepal during the fiscal year 2019-2020, which more than doubled the previous year's figures (\$116 million) even during the Covid-19 pandemic. Chinese FDI accounted for two-thirds of Nepal's total committed FDI during the reporting period (China Daily, September 9, 2020). Part of this growth was due to the passing of a 2019 Foreign Investment and Technology Transfer Act designed to streamline the process for approving foreign investments in key sectors such as hydropower, construction, telecommunications, agriculture and mining. Foreign analysts have observed that although Chinese state investments have generally targeted hydropower and transportation, investments from the private sector have mostly targeted micro-enterprises—with a couple of notable exceptions in the cement industry (Stimson Center, November 12, 2020).

Following Nepal's official joining of China's 'Belt and Road Initiative' (BRI) in 2017, the BRI has also emerged as a new instrument for deepening bilateral ties between Beijing and Kathmandu. Initial agreements for a Trans-Himalayan Multi-Dimensional Connectivity Network—to encompass both infrastructure projects and cultural exchanges—were signed. (Nepal Ministry of Foreign Affairs, June 21, 2018). In 2019, Xi Jinping paid a state visit to Nepal, marking the first time that a Chinese president visited the country in 23 years. During Xi's visit, the two countries elevated their relationship to a "strategic partnership," creating the impetus to prepare work on projects such as a cross-border railway linking the Tibet Autonomous Region (TAR) with Kathmandu and a China-Nepal Friendship Industrial Park in Jhapa, eastern Nepal (China Daily, December 24, 2020).

Expanding railway ties between China and Nepal would promote trade and increase Nepal's economic capacity (see image below). China has promised to allow Nepal access to six dedicated border transit points—Rasuwagadhi, Kodari, Yari, Kimathanka, Olangchungola and Nechung—and access to sea ports in Tianjin, Shenzhen, Lianyungang and Zhanjiang and land ports in Lanzhou, Lhasa and Shigatse, which could help to balance landlocked Nepal's economic reliance on India (My República, March 7). In 2015, the Nepalese blamed trade disruptions that impacted food and energy supplies on an Indian "blockade," which had later influenced the leadership's shift towards China (The Diplomat, February 1, 2017). Local analysts have also observed that, alongside the China-Pakistan Economic Corridor (CPEC), such investments could also aid in either increasing access to or circumventing the massive Indian economy, depending on how bilateral China-India relations develop (Kathmandu Post, August 6, 2020).

Nepal and China have also increased security cooperation, with China opening up a training academy for the Armed Police Force (APF) that guards border districts with Tibet in 2014 and holding counterterrorism drills between the Nepal Army and the Chinese People's Liberation Army (PLA) in for the first time in 2016 (Reuters, December 26, 2014; My República, December 29, 2016).

Nepal's power elites see China as an effective way of balancing Indian influence. India's covert backing of the Madhesi movement and its economic blockades of the landlocked neighbor has not gone down well .

Bhutan does not have diplomatic relations with China but the Chinese now seems to be a border dispute with Bhutan to closely engage the tiny Himalayan kingdom, causing some worries in Delhi.

In Oct 2021, Bhutan and China signed an agreement on a three-Step roadmap to help speed up talks, at a meeting of Foreign Ministers of both countries held via videoconference. New Delhi said it has “taken note” of the development, but the MEA did not respond to a questions about whether India was informed about the details of the MoU in advance, and whether a possible “exchange” of disputed territories involving the Doklam trijunction area was a particular concern for India.

The roadmap “for Expediting the Bhutan-China Boundary Negotiations”, is expected to kickstart progress on the boundary talks process that has been delayed for five years, first due to the Doklam standoff in 2017, and then by the Covid Pandemic. The timing of the agreement is particularly significant for New Delhi, given India-China border talks on their 17-month old standoff at the Line of Actual Control appear to have hit a roadblock.

“The [Bhutan-China] Memorandum of Understanding on the Three-Step Roadmap will provide a fresh impetus to the Boundary Talks. It is expected that the implementation of this Roadmap in a spirit of goodwill, understanding and accommodation will bring the boundary negotiations to a successful conclusion that is acceptable to both sides,” said a press release issued by Bhutan’s Ministry of Foreign Affairs. (<https://www.thehindu.com/news/international/bhutan-and-china-sign-mou-for-3-step-roadmap-to-expedite-boundary-talks/article36999596.ece>)

The Bhutanese Embassy in Delhi declined to comment on the details of the three steps outlined in the MoU, and sources said that information on the process of negotiations are “sensitive” and could not be shared at this stage. According to the MFA statement, the three-step roadmap had been finalised during the 10th Expert Group meeting in Kunming in April 2021, and presented for approval to their government in Thimphu and Beijing respectively.

Bhutanese Foreign Ministry sources called the three-step Roadmap a “positive development” that will enable the two sides to have “more focused and systematic discussions” on the boundary dispute over which they have held 24 rounds of talks and 10 Expert group meetings in the past 37 years.

Since 1984, talks between Bhutan and China have largely focused on two separate areas of dispute, including Doklam and other areas in Bhutan’s West, near the India-China-Bhutan trijunction measuring 269 sq. kms, and the Jakarlung and Pasamlung valleys located near Tibet to Bhutan’s North, which measure 495 sq. kms. More recently, China has also laid claims to Bhutan’s Eastern Sakteng region. “We have noted the signing of the memorandum between Bhutan and China, we are aware of it. You would be aware that Bhutan and China have been holding boundary negotiations since 1984. India has similarly been holding boundary negotiations with China,” said MEA spokesperson Arindam Bagchi during his weekly interaction with journalists.

India has serious strategic worries over the Doklam stretch because the Siliguri corridor connecting seven Northeastern states to Indian mainland is barely 70 kms away and a determined Chinese armored thrust downhill in the event of war can threaten this key link zone. Such is the worry that plans by Chinese companies to buy tea gardens in the area raised red flags in Delhi and the West Bengal government finally had to cancel the sale. (<https://thefederal.com/states/east/west-bengal/darjeeling-tea-gardens-sell-off-deal-breeds-fear-of-chinese-takeover/> & <https://theeasternlink.com/mamata-govt-blocks-tea-garden-sale-on-china-fears/>). India maintains military formations inside Bhutan under the aegis of IMTRAT (Indian Military Training Team) and the Treaty of Peace and Friendship, updated in 2007, does provide India enough leverage on Bhutanese policy. But Beijing’s determination to engage Thimphu actively does raise red flags in Delhi. Similar worries had led late PM Indira Gandhi to mount an major operation that led to Sikkim’s “peaceful and voluntary accession” into the Indian Union. A veteran of the operation, G B S Sidhu of India’s external intelligence R&AW, has detailed the operation in his recent book “Sikkim Dawn of Democracy”. (<https://www.scmp.com/week-asia/geopolitics/article/2179904/how-indian-secret-agents-removed-god-king-sikkim-and-claimed>).

3. Conclusion

India’s strategic community have often worried about a Chinese encirclement of India by a ‘string of pearls’ or port bases in neighboring countries like Pakistan, Bangladesh, Myanmar, Sri Lanka and Maldives. The continuous military pressure on the Himalayan borders by the Chinese has gone hand in hand with a determined diplomatic and military thrust in the Indian Ocean. (<https://foreignpolicy.com/2022/01/04/india-china-ocean-geopolitics-sri-lanka-maldives-comoros/>). That has left India with no options but to develop strategic partnership with the US and other Western powers, even as it seeks to rework its traditional close ties with Russia. In the entire chessboard of increasing competition and conflict that India finds itself with China, the eastern neighborhood is the most crucial. The strategic vulnerabilities of India’s Northeast and its tenuous physical connect to the mainland makes it incumbent on Delhi to handle its the eastern neighborhood with care. Any loss of influence in the neighboring countries will be cause for worry. India’s vaccine diplomacy is a case in point. Bangladesh rejected Chinese offers for the Covid vaccine after India promised to meet the country’s entire requirements. But when the “second wave” hit India hard in 2021, it faced a severe shortage of vaccines to handle a massive domestic health crisis and the promised exports to Bangladesh did not materialize. That forced Dhaka to renegotiate deals for purchase of Chinese vaccines, emphasizing on the India friendly Hasina government the importance of China. (<https://economictimes.indiatimes.com/news/india/china-vows-to-step-in-as-india-curbs-vaccine-supply-to-neighbours/articleshow/82285196.cms?from=mdr>).

To retain influence in its neighborhood, specially the eastern neighborhood India has to (a) boost economic, military and technological capability to always provide

an option to China (b) it needs to avoid highhandedness with smaller neighbors that may make them turn to China to balance India (c) rope in the neighbors in firm diplomatic embrace with favourable terms of trade.(d) pursue effective military diplomacy to build rapport between militaries (e) allow smaller neighbors access to Indian markets so that they grow with India together .

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