**Shifting sands**

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There is no globally agreed definition of the term ‘smaller states’ in international affairs.

While it generally refers to those states that have a small geographical size and economy and relatively less population, there are some smaller states such as the UAE and Qatar with significant economic muscle, playing their active role in regional geopolitical affairs.

In South Asia, the term smaller states largely refers to Bhutan, the Maldives, Nepal, and Sri Lanka. Recent data suggests that these countries collective a nominal GDP of $120 billion in 2020-21.

As of 2021, the total population of these four smaller South Asian countries is 53.3 million, which is equivalent to 3.8 per cent of India’s total population, or less than the population of India’s Madhya Pradesh. The total geographical size of Bhutan, the Maldives, Nepal, and Sri Lanka is roughly 251,818 square kilometres, which is smaller than the Indian state of Rajasthan.

However, despite their small size and economy and an insignificant number of populations, these states are located at a significant and strategic location. Due to their proximity to India, these states play a significant role in New Delhi’s strategic calculus.

While Sri Lanka and the Maldives are significant for India’s maritime security, Bhutan and Nepal play the role of buffer states between China and India by providing strategic depth to India’s northern states.

For decades, New Delhi considered these smaller South Asian states as its strategic backyard and consistently tried to keep these states under its influence through political, economic and military means. India’s three-pronged strategy to control these states include installation and support of favourable regimes; conditional economic assistance; and use of coercive measures in case of loosening its control on these states.

There is a long history of Indian interference in these states. For instance, India militarily intervened in the Maldives in 1988 under the code name ‘Operation Cactus’ on the pretext of averting a coup attempt against the Maldivian government.

In 2003, it steered a counter-insurgency operation in Bhutan against the United Liberation Front of Assam (ULFA). In Sri Lanka, on the pretext of peacekeeping and mediation, New Delhi sent troops in the 1980s and 1990s. Nepal has also been a target of Indian coercive tactics such as trade blockades, conditional aid and several other diplomatic pressures to keep Kathmandu under Indian influence.

By applying these tactics as well as due to its size, population and economy, India remained a dominant actor for smaller South Asian states for decades.

However, China has now emerged as one of the significant players to challenge Indian influence in South Asian geopolitics. Beijing’s rise as a global economic power and its Belt and Road Initiative (BRI) has provided a rare opportunity to smaller South Asian states to restore their sovereignty that has been persistently challenged by New Delhi.

Unlike New Delhi, Beijing has adopted an entirely different approach towards smaller South Asian states. China does not interfere in the domestic political affairs of these countries. Instead, it supports them with unconditional economic assistance and infrastructure development projects. With this positive approach, Beijing has cultivated significant goodwill in these states.

This additional choice in the form of China has emboldened these states. Recent trends demonstrate that these smaller South Asian states are now defiant against India’s assertive approach and rejecting its dominance and interference in their domestic affairs. The Maldives government has expelled Indian military officials and also called India a ‘bully’. The Maldives has also signed important defence pacts with China to further distance itself from the Indian security umbrella.

Bhutan is also opening up with China. For past several decades, it refrained from entering into any formal diplomatic relationship with China due to Indian influence. However, recently Bhutan’s Foreign Minister Tandi Dorji visited China and held boundary talks which have marked a significant shift in Bhutan’s foreign policy.

Nepal is also signalling a more balanced foreign policy approach by increasing its frequency of high-profile visits to China. There are also reports that Nepal might sign the BRI to further attract Chinese investment in the country.

These developments have been agitating New Delhi. This is why, in its supplementary budget of 2023-24, India has increased economic assistance to ‘defiant’ smaller states in order to persuade them in India’s favour. New Delhi has started unprecedented media and diplomatic campaigns against China’s BRI dubbing it as a ‘debt trap’ for smaller South Asian countries.

However, it seems that Beijing’s goodwill, stronger financial stature, principle of non-interference in domestic affairs and lack of coercive measures are more attractive for smaller South Asian states than New Delhi’s conditional economic assistance, bullying nature, use of coercive measures to influence policies and persistent interference in domestic affairs.

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