

Hegemonic Paradox: Structural Security Dilemmas, Strategic Hedging, and the Erosion of Indian Influence in South Asia

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ABSTRACT

This paper demonstrates the weaknesses of India's neighbourhood policy in South Asia and strategic failures in its structure. Meanwhile, India's foreign policy contrasts with New Delhi's confident bilateralist aspirations, protectionist trade policies, and ideological centralisation, as it sees itself as a leader in the region, let alone the world. This study draws on empirical studies in Nepal, Sri Lanka, Pakistan, Bangladesh, and the Maldives to examine the institutional mechanisms by which India alienates peripheral states through intrusive political engineering, non-tariff trade barriers, and coercive security structures. This study concludes that Indian foreign policy has not improved subcontinent cohesion; instead, it has generated deep mistrust, exacerbated the traditional security dilemma, and accelerated soft-power erosion in the region. As a result, near capitals hedge by inviting extra-regional major-power intervention through the Chinese Belt and Road Initiative and by broadening economic institutions. This paper argues that New Delhi's security-centric posture is structurally at odds with its geopolitical objectives. To stop the continuous decline, India needs to adjust its foreign policy by de-securitising trade, offering non-reciprocal public goods, institutionalising multi-track civil society engagement and establishing collaborative co-governance frameworks for shared resources in the region.

Keywords: Geo-economics; Indian foreign policy; Neighbourhood diplomacy; Regional security dilemma; Strategic hedging

I. INTRODUCTION

Complex power asymmetries, historic animosities and an increasing role for external actors characterise South Asia's contemporary political landscape. As a regional hegemon and economic power, India has long pursued strategic doctrines that prioritise regional primacy over limiting foreign penetration. This traditional hegemonic modus operandi has faced growing contestation, as member states have increasingly pushed back against the asymmetrical parameters of regional engagement (Anand, 2026, pp. 39-41). However, India's practical and nationalistic security (or revisionist) grand strategy in recent years has drawn severe criticism in its immediate neighbourhood. This influence has been lacking; it seems the old bilateral structures have continued to exist rather than 'living multilateral integration', culminating in estrangement from neighbouring leaderships. The Indian diplomatic community is well known for its professionalism, yet tweaking and adjusting the structure has left New Delhi susceptible to fallout from instability in the region. It has pushed several neighbours, such as Nepal, Sri Lanka, Bangladesh, the Maldives, and Pakistan, away (Aryal, 2022, pp. 285–303).

This diplomatic stalemate stems from growing divergences between domestic political requirements and foreign-policy conduct. However, under an increasingly hegemonic right-wing nationalist paradigm, more decisions have been made centrally, with coercion or one-sided security orders replacing nuanced neighbourhood diplomacy (Abbagone, 2025, pp. 1- 2). Furthermore, domestic politicisation of cross-border migration and trade policies has long hindered New Delhi's historically asserted soft power leadership in the region. This protectionist attitude does not stabilise borders; instead, it intensifies traditional security dilemmas throughout the sub-continent. Smaller regional powers respond with strategic hedging and balancing, mostly in economic and military relations with China (Amin, 2025). This leaves New Delhi diplomatically isolated, reducing its cultural soft power and making it easier to attack at strategic choke points such as the Siliguri Gap.

This study critically reviews the Indian government's South Asian foreign policy success and its implications for South Asian security. It questions India's current revisionist policies and whether it is drifting from its long-term strategic and socio-economic interests. This paper highlights

the military, economic, and sociocultural factors that have contributed to New Delhi's strategic misjudgments through a qualitative review and synthesis of historical bilateral treaties, regional trade agreements, cross-border infrastructure investments, and comparative geopolitical dynamics. This paper examines the systemic causes of regional disorder by analysing Indian diplomacy in relation to the strategies adopted by competing major powers. It offers clear pathways for multi-track, people-to-people, and tech-enabled Engagement Diplomacy and Trust Rebuilding. This study provides important policy implications for building strong regional statecraft.

Significance of the Study

This study evaluates the structural reasons and multidimensional impact of underperforming Indian diplomacy in South Asia, an important gap in current foreign policy literature (Destradi, 2011). Extant literature thus reads regional dynamics mainly through the lens of traditional power projection. This paper presents an innovative framework for investigating how strategic dissonance, paired with domestic ideological alignment and institutional deficits, increases regional security dilemmas and erodes soft power. For the diplomatic community and policymakers, these empirical observations have prescriptive implications for shifting from a unilateral, hegemonic approach to regional engagement to an inclusive, multi-tracked approach from New Delhi. This, in turn, situates diplomatic friction within the South Asian socio-economic divide and trade dependence, and supports theoretical and empirical debates on South Asian regionalism and cooperative security, which involve overlapping sub-regional integration mechanisms, including BIMSTEC.

II. LITERATURE REVIEW

The current literature on international relations in South Asia suggests a rift between the grand strategic vision, on one hand, and the actual capacity India can wield in the region, on the other. Delhi publicly talks of cooperative bilateralism under the banner of the new slogan – Neighbourhood First 'Neighbourhood First', but its routine practice of operating shows a unilateral, coercive character (Kumar & Nihal, 2026). India's more assertive participation in regional policy challenges has created security dilemmas for smaller neighbours rather than easing them. As a result, countries at the margins of Asian space are increasingly engaging in strategic hedging, diversifying their political, economic, and security relations with extra-regional powers, largely China (Maity & Kumar, 2025).

Moreover, academic understandings highlight the strong impact that protectionist trade measures, unexpected border closures, and misguided policies have on India's soft power initiatives and development assistance efforts. This has paralysed a range of institutional arenas from SAARC to BIMSTEC and left essential subregional infrastructure (energy grids and commercial cross-border corridors) woefully underdeveloped. Delhi's inability to sustain domestic and local confidence ultimately also affects its soft power capital (even among Indian civil societies) and lowers its overall acceptability as a net security provider. This does not mean India's foreign policy adjustment was only a shift from coercive domination to a multi-levelled, multi-track approach based on mutual economic dependence and ongoing public diplomacy.

III. THEORETICAL FRAMEWORK

William Wallace discussed the Regional Security Dilemma and Sub-Hegemonic Realism. The paper explores India's strategic vulnerabilities and diplomatic dilemmas in South Asia through the lens of Neorealism, examining regional sub-hegemony and the structural security dilemma. According to Neorealism, because international political systems are anarchic, dominant regional states will be compelled to secure vital interests through material power projection. (Buzan & Wæver, 2003). However, paradoxically, India's hegemonic role in South Asia raises an intense regional security dilemma; smaller neighbours consistently perceive defensive military deployments, economic circumstances and political interventions as imperial intrusion (Khan et al., 2024). Thus, despite these systemic regional security instabilities, peripheral states pursue asymmetric hedging with competing external major powers.

The Limits of Soft Power Projection for Constructivism

Alongside structural dynamics, Constructivism lays bare the ideational, normative and socio-cultural foundations of South Asian diplomacy. It shows that interstate relations within a region are driven not only by material capability but also by intersubjective impressions, identity construction processes, and historical memory (Ogden, 2014). India utilises civilisational affinity and development assistance as soft power instruments but in an ideologically inconsistent manner, and domestic political sloganeering hinders strategic effectiveness (Khatun, 2026). However, soft power mechanisms and diplomatic actions do not account for localised identities and historical grievances, both of which undermine public support and

prevent institutionalised, long-term regional security partnerships.

IV. METHODOLOGY

Data and Methods of Data Collection

This qualitative study uses a comparative multi-case design of Indian diplomacy in South Asia, with a deep focus on trajectories, drivers, and impact. The project covers 7 regional countries: Pakistan, Bangladesh, Nepal, Bhutan, Sri Lanka, the Maldives, and Afghanistan. This empirical study uses qualitative document analysis and draws on exploratory primary and secondary diplomatic documents. Major historical bilateral treaties (Indo-Nepal Treaty of Peace and Friendship (1950), Indo-Bhutan PMAs (1949 and 2007) and executive policy statements, etc) are examples of primary sources. Peer-reviewed international relations literature, policy reports, trade statistics from regional frameworks such as the Archives of BIMSTEC and past conflicts around the region. This provides an empirical basis spanning the post-independence era to present-day conflicts, with primary emphasis on key tipping points in the region's diplomatic arena.

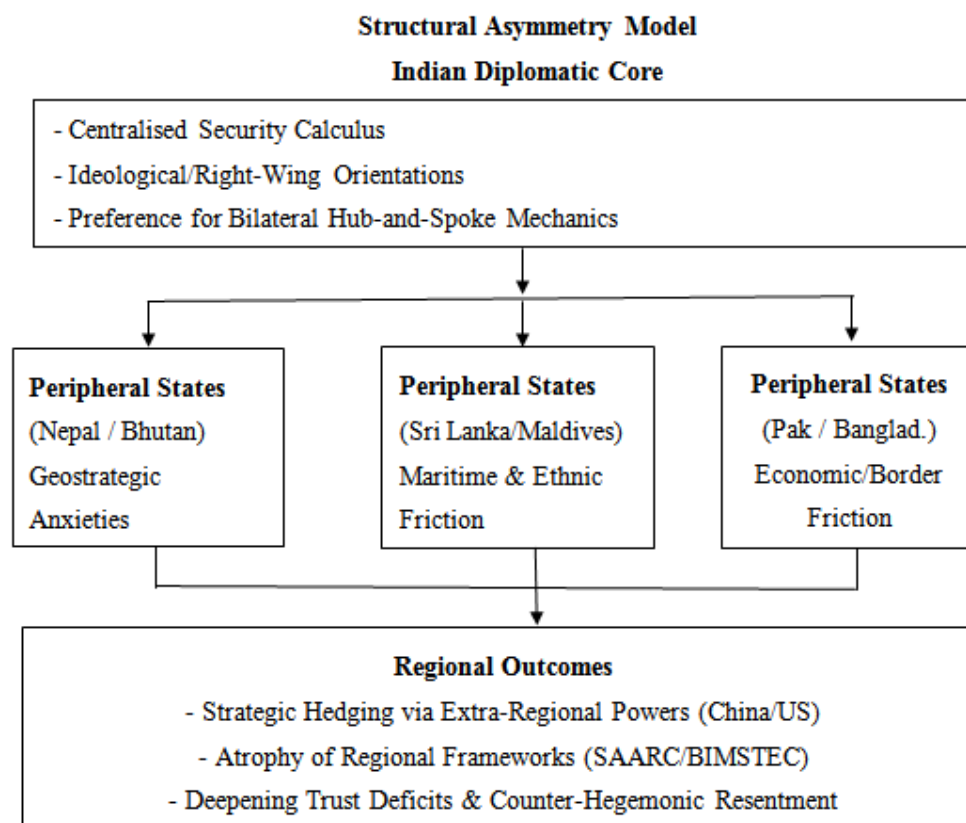
Comparative Approach and Analytical Framework

The method combines qualitative thematic analysis with comparative foreign policy analysis (CFPA). The study draws on foreign policy documentation and case study analysis across four thematic operational areas: political-strategic stability, regional economic integration, military-security dilemmas, and socio-cultural soft power dynamics. Through inductive coding, the study identifies a pattern of "diplomatic miscalculations, communication failures and changes in the ideological calculations of India's strategic decision-makers". It also analyses New Delhi's regional stance amid expanding strategic involvement by great powers, particularly the PRC and the United States, from a comparative perspective. The analysis compares the effects of multi-vector diplomacy in neighbouring countries and examines the relationship between structural asymmetries, the hegemon's goals, domestic political needs, and regional stability. This methodological approach then enables a differentiated view of the effectiveness of Indian

diplomacy by separating institutional factors from a lack of genuine strategic foresight in South Asian international relations.

This study examines what is perceived as a paradox in India's neighbourhood statecraft: its structural hegemony and strategic shortfalls. This book explores this paradox in India's neighbourhood statecraft: its structural hegemony and strategic shortfalls. However, this empathy at altitude is undermined by a dearth of action on substantive outcomes in South Asia. The foreign policy of successive Indian governments, of course, under the current ideological straitjacket of 'strategic alignments', has tried to carve out influence and regional domination. Once again, however, on-the-ground reality is one of low trust and over-strategic dysfunction. In New Delhi, neighbourhood governance has long been linked to the post-colonial discussion of partition and to the continuation of the British security architecture, and New Delhi has preferred to work in a bilateral hub-and-spoke model with more specific security concerns (Chakrabarti, 2024, pp. 4–9). The idea reflects asymmetrical dominance and the subcontinent's protection from foreign domination. However, it has been a structurally unproductive 'leader mentality' and protectionist statecraft that has consistently produced disunity and alienation, as explained in the analytical peripheral text (Destradi, 2012, pp. 595–606).

The 22 km-long, slender Siliguri Corridor that joins the Indian mainland to its eight north-eastern states is perhaps the weakest link in India's geopolitical architecture. For a long time, India's strategic posture towards northern neighbours like Nepal and Bhutan has been shaped by deep geographical anxiety about this geopolitical choke point (Malone, 2011). Instead of neutralising peripheral vulnerabilities through cooperative regionalism, Delhi's clumsy security calculus has alienated state actors along this fault line. This marginalisation has made such interactions more fragile, especially as domestic right-wing ideological agendas have influenced foreign policy decision-making by centralising it and framing the region in security terms. Eventually, neighbouring capitals read foreign-policy instruments meant to foster inter-state interdependence as coercive tools of sub-imperial domination (Priya, 2024, pp. 32–47).



Moreover, foreign policy analysts also attribute the lack of success in shifting from a status quo regional power into an integrative regional leader to failing to provide unconditional public goods regionally. Powers like post-war Germany in Western Europe, by contrast, absorbed short-run asymmetric costs to build institutional trust and economic integration, whereas India's economy in South Asia remains engaged but transactional and risk-averse. This continues in ways that sharply contrast with the rhetoric of "Neighbourhood First": border closures, non-tariff trade barriers on goods, and, perhaps most blatantly, interventions in domestic political transitions (regime change through rigging or drafting processes). The summary also highlights a strategic dilemma facing Indian diplomacy: India's assertive, closure-driven security posture and immediate neighbourhood reinforce states' fear of subordinate entrapment, which necessitates greater external balancing to defend sovereign autonomy (Paul, 2018).

Diplomatic Failure

There is a historical precedent of strategic miscalculation in South Asian bilateral relationships. Again, Indian diplomatic efforts in Nepal have faltered repeatedly, as New Delhi has been unwilling to accept sovereign political change. An example is New Delhi's hawkishness

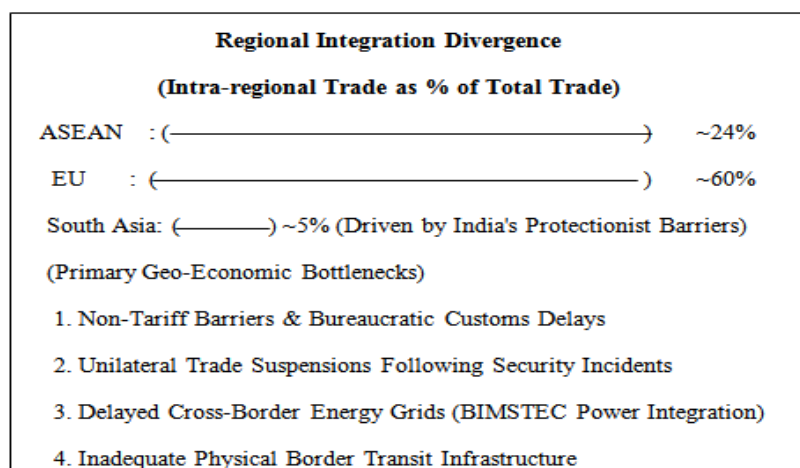
towards UNDPB (formerly UNMIN) and its rigidity in the face of constitutional processes in Kathmandu (Minko, 2025, pp. 90–112). The consequences of Indian statecraft were the absence of lasting relations with forces across the political spectrum, and intrusive leverage that resulted in economic blockades and public anti-India mobilisation. This failure to reach a 'meeting of minds' with Nepalese elites turned a previously cosy, easy personal relationship into on-going, palpable friction and diplomatic juggling with Beijing (Alam, 2025, pp. 216–221). Similarly, Indian presence in both Maldives and Sri Lanka has become a strategic burden. The lesson learnt from the involvement of the Indian Peace Keeping Force (IPKF) in Sri Lanka in the late 1980s was one of misjudgement about military power and a lack of clarity on the nature of the diplomatic goals, which haunted not only the Sinhala nationalist elites, but many Tamils after that (Gunaratna, 1993). Indian diplomatic signalling in Sri Lankan politics has historically been poorly interpreted, unable to respond effectively to immediate crises, instead relying on high-visibility pressure for infrastructure concessions. The whiplash between pro-India and anti-India political forces in the Maldives shows New Delhi's dependence on elite-level political patronage over institutionalised public diplomacy.

Country	Primary Diplomatic Failure	Operational Miscalculation	Regional Strategic Repercussion
Nepal	Intrusive Political Interventions & Blockades	Opposition to UNDP/UNMIN & Constitutional Process	Acceleration of BRI Integration; Rise of Anti-India Nationalism
Sri Lanka	Military Overreach & Conditional Aid	IPKF Legacy & Transactional Infrastructure Demands	External Debt Leverage to China; Strategic Port Leases (Hambantota)
Pakistan	Stagnation of Composite Dialogue	Rigid Linkage of Trade to Kashmir/Counter-Terrorism	Institutionalisation of Two-Front Security Threat & CPEC Expansion
Bangladesh	Unresolved Transboundary Water Sharing	Asymmetric Economic Exploitation & Border Coercion	Domestic Anti-India Sentiment; Hedging Toward External Trade Partners
Maldives	Elite-Centric Political Patronage	Over-Reliance on Specific Political Factions	Emergence of "India Out" Campaigns; Maritime Security Volatility

In Pakistan, the refusal to institutionalise CBMs (military demilitarisation along the Siachen Glacier or backchannel talks on Jammu and Kashmir), and the collapse of the Composite Dialogue mechanism, represent a retreat from proactive diplomacy toward domestic political posturing. The structural asymmetry, in counter-terrorism tensions and the weakest forms of minimal diplomacy, has brought both nuclear partners into a typical Security Dilemma (Jervis, 1978, pp. 167–214). To this end, India is beefing up its armed forces and formulating 'aggressive' new war-fighting ideas to deal with sub-conventional threats, which Pakistan responds to by pursuing asymmetric balancing through a faster nuclear missile development programme. As a result, New Delhi is constrained in a continuous, expensive border standoff that absorbs large material and strategic resources, which significantly impacts its capacity to project power in the wider Indo-Pacific theatre.

Geo-Economic Fragmentation and Trade Impediments

A key economic factor in India's diplomatic failure in South Asia is the lack of integrated regional markets, which makes South Asia one of the least economically integrated regions globally (Kathuria, 2018). Although multiple multilateral initiatives like the South Asian Association for Regional Cooperation (SAARC) Preferential Trading Arrangement and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) emerged, India's own protectionist trade regime, with stringent rules of origin and non-tariff trade barriers, has suppressed regional economic co-operation. The study shows that reactive security measures can undermine New Delhi's economic policy toward its neighbours. As a consequence of the 2001 Indian Parliament attack, India took harsh measures, including restrictions on travel and customs from non-involved neighbours in the region, such as Nepal and Bangladesh, for decades, leading to a loss of trade confidence.



This economic failure is best exemplified by the perennial delay in implementing a regional electricity grid under BIMSTEC. Despite South Asia having highly complementary energy profiles, with rich hydropower potential in Nepal and Bhutan, and surging demand throughout India and Bangladesh, New Delhi's insistence on tightly controlling cross-border power purchase frameworks has choked the private-sector investment needed to catalyse robust cross-border energy trade. Instead of acting as a benign fulcrum for regional trade, India has used its geographic position as a land bridge to impose unilateral, asymmetric concessions on trading conditions. Commercial representatives across BIMSTEC states claim that coercive economic measures like these stir considerable backlash against India in regional business communities, pushing the public and private sectors toward alternative economic partners—most notably, China's Belt and Road Initiative (BRI) (De, 2021, pp. 23–45). Furthermore, insufficient institutional financing (multilateral or bilateral) has been committed to cross-border infrastructure development, exacerbating the economic divide between India and its neighbours. The lines of control (LoC) for development works provided by India to Bangladesh, Nepal, and Sri Lanka have largely become a burden because of slow implementation, bureaucratic delays, and demanding procurement requirements. Furthermore, China's economic

assistance in South Asia is quick, geared toward large-scale physical capital development, and has little apparent political conditionality for domestic governance. So, the “long-leavened market” effect is not playing out in India so far, with next-door economies being constitutionally separated from India's domestic growth path and being more dependent on off-regional financial vehicles. India's overall GDP growth is also projected to fall short of its 2023 target (Sudan 2022, pp. 143–161).

The Decline of Soft Power and the Fallacy of Civilizational Hegemony

This study finds that India has suffered the greatest soft power erosion across South Asia in a relatively short period because of its over-reliance on perceived civilizational supremacy and cultural uniformity. India's soft power arsenal, including Bollywood cinema, historical civilizational linkages, a shared linguistic heritage and educational scholarships, has been seen by Indian policymakers as a natural guarantee of regional goodwill (Kumari & Kaur, 2024). However, the historical record shows that soft power cannot replace sound statecraft or balance hard power coercion. The assumption that neighbouring societies with cultural ties or heritage to India will be peaceful and subservient in accepting Indian leadership is a profound misconception of sub-continental nationalisms (Ghalib & Khan, 2025, pp. 29–47).

Soft Power Disconnect Model

Indian Soft Power Assumed

- Shared Civilizational Heritage & Language
- Cultural Products (Bollywood, Media)
- Educational Scholarships & Technical Aid



Diplomatic Execution Realities

- Perceived Cultural Hegemony & Patronising Rhetoric
- Unilateral Border Closures & Economic Leverage
- Interference in Domestic Political/Constitutional Debates



Societal & Grassroots Impact

- Eruption of Anti-India Grassroots Movements
- Alienation of Intellectual, Business, & Youth Elites
- Vulnerability of Diaspora/Minority Communities

The truth is, South Asian cultures and national identities are far more balkanised and exist in reaction to Indian political hegemony. The point of record is data up to October 2022 and later where applicable. In Nepal, Bangladesh and Sri Lanka, political elites have triggered latent historical grievances and turned them into active anti-India electoral campaigns mobilising public opinion against 'Indian Big Brotherism'. The research shows that public goodwill toward India has declined markedly among civil society, youth, and political elites in Kathmandu, Dhaka, and Colombo. This erosion of public goodwill harms India's soft power, as it shows the futility of state-sponsored popular cultural ties divorced from mutual respect at the intergovernmental level (Wagner, 2010, pp. 333–342).

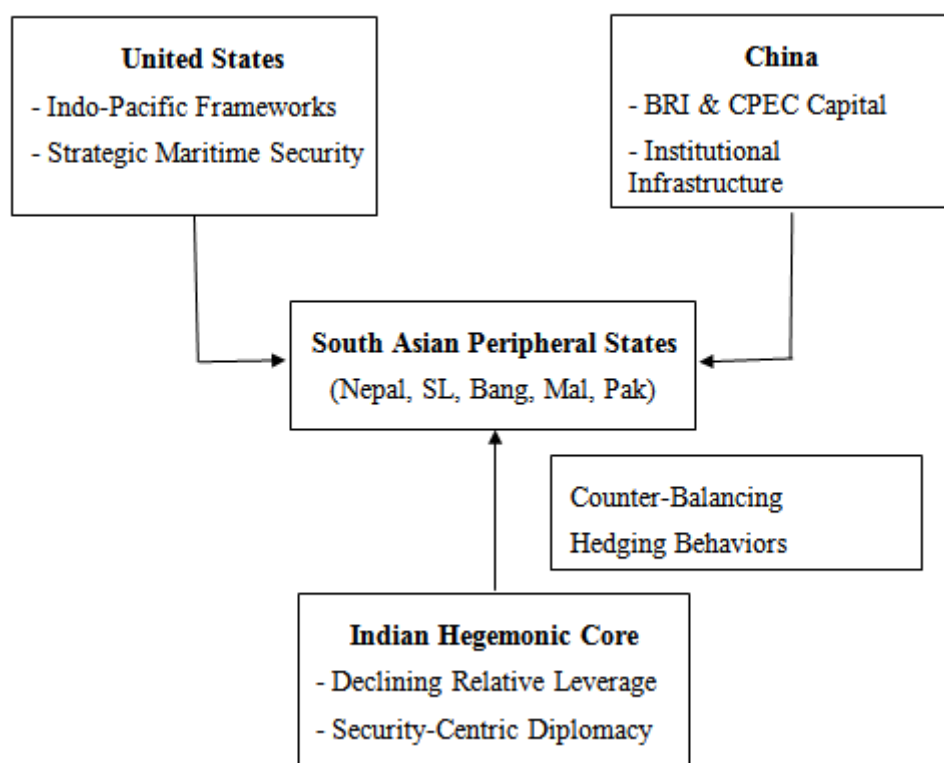
Additionally, external policy securitisation and internally focused majoritarian political narratives have tarnished India's reputation as a bastion of secularism and inclusivity in South Asia (Jayal, 2019, pp. 33–50). The external face of domestic ideological politics — including nationalistic citizenship legislation, cross-border political posturing and bellicose media commentaries- has turned off neighbouring populations, predominantly Bangladeshis and Nepalese. This has made Indian diaspora communities and

minority populations in neighbouring countries ever more vulnerable to domestic backlash and mistrust (Johnny, 2024). The results substantiate the connection that without a core reorientation towards lower-bureaucratized, more courteous/empathetic, and decentralised public diplomacy, Indian soft power assets will continue to remain dormant in the face of rising socio-political disaffection on its periphery.

Great Power Competition, Extra-Regional Realignment, and Strategic Recalibration

Indian diplomatic failures, filled by an acute strategic vacuum, have only hastened the entry and institutionalisation of extra-regional major powers in South Asia, turning it into a theatre of great power competition. China's strategic foray into South Asia is the greatest geopolitical change on the sub-continent since Partition (Zulfqar, 2025, pp. 1–23). Setting aside historical border disputes (other than with India) and the reigning dollar, Beijing has neatly capitalised on Indian diplomatic blunders. As part of the BRI, China has offered South Asian capitals looking to offset Indian dominance a new mode of strategic infrastructure provision (up to deep-water ports like Hambantota in Sri Lanka and Gwadar in Pakistan), digital networks, and financial liquidity (Small, 2015).

Great Power Competition Dynamics in South Asia



This paper compares the operations of different great powers engaged in statecraft within South Asia, where we compare their operational models in their dealings;

1. India's Model: Centred around firm security-focused architectures and historically bred linkages often mediated through bilateral pressure and geographical adjacency that sustain regional clout (Datta, 2025, pp. 1–23)

2. China's Model: Characterised by massive, government-supported capital deployment via the Belt and Road Initiative, speed in infrastructure delivery, and a non-interference stance that has great attraction to regimes wanting to crank up their stakes away from New Delhi (Thapa, 2025, pp. 1–8).

3. United States: Elected by global Indo-Pacific strategic frameworks and committed to extending maritime domain awareness, democratisation and collaborative indirect balancing against Chinese territorial expansion through minilateral formats such as the Quad (Koga, 2020, pp. 49-73).

The results show that South Asian states no longer accept a New Delhi-underwritten unipolar sub-continent order. Rather, the small states in the region actively hedge to 'get something out of India' by playing both the Chinese money game and the American strategic game (Pushkar et al., 2025, pp. 1-11). Even Indian security worries over Chinese naval bases in Sri Lanka, Chinese transit routes in Nepal, and other signs of regional, systemic transformation suggest that the balance is tilting toward a multipolar South Asia. A thorough overhaul of Indian diplomacy is urgently needed to check this strategic deterioration and remain relevant in its immediate neighbourhood. Based on empirical analysis, we suggest a righting course of 5 Pillars for Indian Statecraft.

Five-Pillar Corrective Framework

(Pillar 1: Institutional Multitrack Diplomacy)

-> Engage civil society, local governments, & opposition groups

(Pillar 2: De-securitisation of Cross-Border Trade)

-> Automate customs, eliminate non-tariff barriers, integrate energy

(Pillar 3: Unconditional Regional Public Goods)

-> Offer non-reciprocal economic access & disaster assistance

(Pillar 4: Digital & Public Diplomacy Innovation)

-> Deploy virtual diplomacy, educational hubs, & tech exchanges

(Pillar 5: Co-governance of Regional Commons)

-> Joint river-basin management & joint climate security initiatives

- 1. Shifting from Interference to Multitrack Diplomacy:** New Delhi must break away from

the politics of political engineering by elites and take steps to ensure multitrack institutionalised channels are developed between it and local governance bodies, civil society, and opposition parties in neighbouring states (Nain, 2025, pp. 237–250).

- 2. Economic Policy as a De-Securitized Issue:** Cross-border trade, integration of the energy grid under BIMSTEC, and transit infrastructure need insulation from abrupt political discord or unilateral measures for retaliation. This means some non-reciprocal trade concessions and fast-track automated border procedures.
- 3. Move towards Unconditional Public Goods:** India should leverage its growing technological catch-up in providing regional public goods without political conditionality, such as DPI, satellite broadcast, and river forecasting systems (Jinal & Basargi, 2026, pp. 547–550).
- 4. Regional Commons with Co-governance:** Non-zero-sum regional cooperation on common environmental vulnerabilities, transboundary river basins and climate adaptation strategies.
- 5. Modernisation of Diplomatic Delivery:** A far-reaching shift would be to modernise and expand the Indian foreign service apparatus, making cross-border engagement less paternalistic by adopting modern digital diplomacy (such as Direct-to-Citizen initiatives), transparent development assistance flows and predictable state-to-state engagements.

V. DISCUSSION

Structural Paradoxes and Realist Dynamics

Empirical evidence reveals the structural paradox of India's neighbourhood policy: a purely security-centric policy with asymmetric leverage at the periphery generates insecurity and drives partners to marginalisation. The empirical case studies indicate that New Delhi's foreign policy doctrine, whose concept of security is equally minimalist – as exemplified in Kashmir – and inspired by the foreign policy of the British Raj as well as more modern, ideological centralisation, views its neighbours in a minimalist way that underscores militarisation. This resembles Jervis's (1978) classic "security dilemma," in which small neighbours see regional defence measures taken by a dominant regional power as offensive or an existential threat.

However, India's "bulldog diplomacy" on key geopolitical chokepoints, like the Siliguri Corridor, has also produced structural counter-effects: it has not strengthened its subcontinental dominance

(Destradi, 2012, pp. 595–616). As Paul's (2018) theory explains, the sub-imperial overlord does not necessarily absorb peripheral states but actively seeks foreign counterweights to protect its sovereign autonomy. At the same time, it has not given even a thought to institutionalising a dialogue process with its nuclear archrival Pakistan, while repeating the blustin' diplomacy across the peripheral capitals, which has made New Delhi today embroiled in a multi-front security clash, which is not good in terms of the overall Indo-Pacific concept.

Geo-economic Hegemony, Soft Power Atrophy, Strategic Hedging

History points to a geo-economic disruption at the structural level, which India can overcome given its centuries-old civilisational leadership and soft power capabilities, but not without limits. The old concept of soft power holds that shared civilisational roots and democratic politics engender long-term goodwill across regions (Wagner, 2010, pp. 333–342). However, more evidence suggests that such precepts, with their patronising undertones, incite defensive sub-nationalisms and anti-hegemonic political mobilisations throughout South Asia. India's protectionist trade practices, non-tariff barriers, unilateral suspension of customs, and other regional infrastructure projects (like the BIMSTEC power grid) reflect a consistent pattern in which immediate security preferences trump regional economic integration.

As a result, South Asian peripheries are actually resorting to a hedging strategy against India. As a result, they effectively reduce their asymmetrical reliance on Indian transit and economic networks by confiscating state-backed capital and infrastructure investments along China's Belt and Road Initiative (BRI) (Pushkar et al., 2025, pp. 1–11). This adjustment makes South Asia a battleground for multipolarity rather than a traditional capitalist unipolar catchment area. Scholarly consensus insists that this structural decay cannot be arrested without a systemic transition in Indian statecraft, from coercive interventionism that eclipses elite bargaining to the non-reciprocal provisioning of regional public goods, along with de-securitisation of cross-border trade and the institutionalisation of multi-track public diplomacy.

VI. CONCLUSION

This paper shows that, from South Asia's perspective, India's neighbourhood statecraft suffers from a basic strategic contradiction: coercive interventions, ideological centralisation, and systemic political leverage in pursuit of

absolute security and unilateral regional hegemony systematically alienate peripheral states. Instead of centralising its primacy over the subcontinent, New Delhi's paternalism and protectionist trade practices are provoking reactionary counterbalancing at the regional level, driving extra-regional great-power meddling (most visibly by China with CPEC), and weakening India's soft power across capital cities neighbouring South Asia. To stop this structural decay and consolidate its reputation as a responsible power, India needs to change its foreign-policy framework now.

First, New Delhi should shift from top-down political engineering to institutionalised, multi-track public diplomacy grounded in grassroots, civil society-driven engagement. Second, economic policy needs to be de-securitised, meaning removing non-tariff barriers to trade; easing customs bureaucracy; and allowing non-reciprocal economic integration under agreements, a traditional BIMSTEC approach. Third, the Indian government should give special preference to regional public goods, such as joint climate adaptation, common public digital infrastructure, and combined transboundary river management. However, it is inclusive co-governance between New Delhi as the ultimate authority, and not sub-imperial domination, that will ensure long-term stability. India can build trust, secure its near borders, and demonstrate credible power through diplomatic means based on regionalism.

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