

# Geopolitical Ramifications of India's Indo-Pacific Strategy: Regional Dynamics and Economic Prospects

**ZAHOOR AHMAD DAR**

*University of Kashmir*

**FAROOQ AHMAD MALIK**

*Govt. Degree College Women's, Anantnag*

The Indo-Pacific region has emerged as a pivotal hub in the complex web of global affairs. It is fundamental to international politics and is advancing innovative concepts in trade that influence global operations. India has developed a comprehensive Indo-Pacific policy to enhance peace and security in the region while using economic opportunities to achieve its strategic objectives. This approach highlights the importance of forming strong regional alliances and utilising India's growing economic and military strengths to promote favourable regional advancement. This research paper provides a comprehensive analysis of the economic implications of India's Indo-Pacific policy and its impact on the region, highlighting significant aspects and opportunities for India and its regional partners. The article employs strategic hedging as a theoretical framework, skillfully applying it to the complexities of the Indo-Pacific region. It extensively discusses the geopolitical landscape of the Indo-Pacific, emphasizing India's critical role in the region's future. The study finds that while India has preserved strategic autonomy and expanded its regional partnerships, its Indo-Pacific ambitions are constrained by limited economic integration, withdrawal from RCEP, and gaps in military and naval capabilities. The paper investigates the impact of power asymmetry and economic inequality on regional development.

**Keywords:** Indo-Pacific, India, China, Strategic Autonomy, QUAD, Asia, Power Asymmetry

## Introduction

The Indo-Pacific region has witnessed a paradigm shift in its political landscape over the years, characterised by a complex interplay of neorealist and neoliberal institutionalist approaches. The core objective of the paper is to analyse India's Indo-Pacific strategy through the theoretical framework of strategic hedging, focusing on how India balances security cooperation with major powers while maintaining engagement with China. The region's growth

trajectory has been shaped by a combination of structural and agential factors, leading to a resurgence of great power politics in international relations. The region's strategic importance has been underscored by the growing centrality of the Indian and Pacific Oceans and the rapid political advancements in Asia (Mazumdar, 2024). China and India have emerged as key actors in the global economic and military calculus, displaying impressive economic and military prowess and expanding their international horizons. India's strategic engagement with Southeast Asia, particularly with regard to trade and security, has gained increasing salience, especially in the context of the Malacca Strait, which is a critical maritime chokepoint. Additionally, New Delhi has formed security partnerships with the United States, Japan, and Australia (Bajpai & Panda, 2020). China's naval presence is rising in the western Pacific, South China Sea, and eastern Indian Ocean. India, in turn, is boosting its military presence in the Pacific region due to China's growing influence. The convergence of the Indian and Pacific oceans has deepened the political and economic links between China and India (Moss, 2019). The Indo-Pacific region is currently facing instability owing to China's assertive expansion and apprehensions regarding the US's sustained engagement in Asia, given the restrictions enforced by regional multilateral institutions. It is widely expected that the Indo-Pacific will exert a significant influence on global politics in the current century. Without a doubt, this region will play a pivotal role in assisting governments to realign their priorities. The contemporary multifarious geopolitical milieu necessitates a sophisticated and well-informed stratagem, particularly for India, a pivotal actor in the Indo-Pacific region (Kumar, Slama & Das, 2024). India's endeavours to reinforce its hegemonic standing in the region by espousing a China-centric approach are indicative of the country's realist foreign policy proclivities. China's burgeoning assertiveness, especially in the maritime domain, has galvanised India's proactive response, impelled by apprehensions over territorial contentions and Beijing's ascendant global aspirations. India's strategic manoeuvring in the Indo-Pacific region can be seen as a manifestation of its pursuit of regional power projection and balance of power politics (Mohan, 2018).

The burgeoning belligerence of China has become a pressing issue in the realm of international politics, prompting India to undertake a significant shift in its outlook towards the Indo-Pacific region. The Indo-Pacific strategy has emerged as a prominent mode of engagement with China, with New Delhi adopting a hedging approach to mitigate potential risks. India's Indo-Pacific strategy is a manifestation of its hedging approach, which is aimed at balancing its interests and limiting vulnerabilities in a highly uncertain and complex geopolitical environment (Ghosh, 2020). India's geopolitical strategy in the Indo-Pacific region is characterised by its astute hedging tactics, which involve diversifying its alliances and fostering relationships with major powers such as Russia, China, and the US, as well as the Quadrilateral Security Dialogue (QUAD). By creating a web of partnerships, India aims to safeguard its security

and economic interests while promoting a free, open, and inclusive Indo-Pacific (Sarjito, 2024). This approach is underpinned by India's recognition of the vital role of ASEAN and its commitment to regional stability, which aligns with its nonalignment policy and Strategic Hedging. The article concludes that for India's Indo-Pacific strategy to succeed, hedging must be complemented by deeper economic reintegration with Asia and stronger domestic economic and institutional capacity. The paper adopts a qualitative methodology, relying on theoretical interpretation and secondary data analysis. It employs the framework of strategic hedging from international relations theory to interpret India's Indo-Pacific policy. The study draws on official government statements, policy documents, strategic agreements, and existing scholarly literature to examine geopolitical, security, and economic dimensions of India's regional strategy.

### **Strategic Hedging and India's Indo-Pacific Statecraft**

The concept of strategic hedging is grounded in risk-management theory as it pertains to international politics. It is defined as a collection of strategies aimed at either avoiding or preparing for scenarios in which the future international system diverges from the status quo in a threatening manner (Ciorciari & Haacke, 2019). Practically, this means that a state cultivates cooperative and economically advantageous relationships with a potential rival, thereby incentivising that rival's peaceful behaviour, while concurrently enhancing its own military capabilities and fostering alternative security partnerships to mitigate the risks of coercion or aggression (Goh, 2019). In the context of the Indo-Pacific, a region marked by economic interdependence alongside intensifying security dilemmas, this duality becomes particularly pronounced. For India, strategic hedging offers a framework to navigate its complex relationship with China, engaging economically while simultaneously preparing for a more assertive regional power. In an era marked by geopolitical turbulence and strategic ambiguity, states are increasingly adopting complex foreign policy strategies to protect their national interests. This approach goes beyond the traditional dichotomy of Balancing and Bandwagoning, embodying a "dual track" strategy that integrates elements of engagement with tactics of indirect balancing and institutional commitment (Tessman, 2012). For India, the Indo-Pacific serves as a crucial yet contested strategic arena, where the ascendance of China and the renewed involvement of the United States create a multifaceted environment. Consequently, India's strategy of hedging is not indicative of ambivalence; rather, it is a deliberate and pragmatic response to the realities of multipolarity, allowing India to preserve its strategic autonomy while minimising the risks associated with alignment or confrontation (Hall, 2014).

A cornerstone of India's strategic framework lies in its masterful navigation of relations with both Washington and Beijing. On one front, India has markedly solidified its quasi-alliance with the United States, evident in the signing of pivotal defence agreements such as the Logistics Exchange

Memorandum of Agreement and the Communications Compatibility and Security Agreement (Nguyen et.al, 2024). This commitment is further underscored by its active participation in high-stakes military exercises like MALABAR and its vital role in the Quadrilateral Security Dialogue (Jaishankar, 2020). These initiatives epitomise a sophisticated form of "soft balancing," signalling India's dedication to a rules-based international order while crafting a deterrent network that stops short of forming a formal anti-China alliance (Paul, 2019). At the same time, India expertly maintains a crucial, albeit intricate, economic partnership with China, which stands as one of its largest trading partners. This strategic bifurcation of economic engagement from security concerns enables New Delhi to avert costly confrontations while leveraging its economic ties, beautifully illustrating the essence of hedging in its foreign policy arsenal (Mohan, 2006).

A crucial dimension of India's Hedging strategy lies in its outreach to ASEAN states, serving as a powerful reassurance to these nations. Smaller Southeast Asian countries, wary of being caught in the crossfire between China and the U.S., recognise a strong and independent India as a pivotal counterbalance (Brewster, 2014). India's "Act East Policy" brings this strategy to life through high-level diplomacy, robust defence cooperation agreements, particularly with Vietnam and Indonesia, and substantial infrastructure development assistance. By positioning itself as an alternative source of political support, maritime security cooperation, and development financing, India empowers these nations to maintain their autonomy. This not only fortifies a collaborative stance for regional independence but also acts as a bulwark against the encroachment of a Chinese sphere of influence.

The foundation of any effective hedging strategy lies in a credible independent deterrent, a process referred to as internal balancing. In response to the noticeable military threat posed by China, India has initiated a substantial military modernisation program. This initiative encompasses increased defence budgets, a commitment to indigenous defence manufacturing under the "Make in India" campaign, strategic diversification of arms suppliers, and the enhancement of power-projection capabilities, including naval assets and strategic forces. This military build-up is not solely aimed at preparing for direct conflict; rather, it serves as a vital component of India's diplomatic strategies. A strong military posture ensures that its cooperative efforts are not interpreted as signs of weakness and that its deterrence signals within the Quad and other partnerships remain credible (Brewster, 2014).

### **India's Indo-Pacific Policy**

The phrase Indo-Pacific has acquired substantial geopolitical significance since 2007, despite India's slow and ambivalent stance. India's Indo-Pacific doctrine is underwritten by its strategic autonomy, which is predicated on its unique objectives that are divergent from those of its regional interlocutors. The

US Indo-Pacific vision, which posits its territorial expanse from Bollywood to Hollywood, situates India as the westernmost boundary of its strategic construct (The Diplomat, 2019). Australian policymakers often describe India and Australia as the "bookends" of the geopolitical sphere, which underscores the centrality of the Indian Ocean in shaping the Indo-Pacific security architecture (Brewster, 2018, May 30). Meanwhile, the US and Japan appear to be recalibrating their strategic priorities in the Indo-Pacific, intending to counterbalance China's quest for regional dominance in both Southeast and Northeast Asia (Sato, 2019). The United States has articulated the Indo-Pacific region as a preemptive and defensive strategy in response to China's growing influence. However, India's stance on the primacy of China within the region remains ambivalent in its Indo-Pacific vision, which encompasses not only the Indian Ocean but also the contiguous landmasses from Africa to the Americas. An emphasis on trade and connectivity characterises India's Indo-Pacific strategy to carve out a unique and salient role in the region's growth and development (Narvenkar, 2025). This approach has been envisaged as a productive framework to realise India's larger strategic objectives in the Indo-Pacific arena.

In his address at the 2018 Shangri-La Dialogue, Indian Prime Minister Narendra Modi expressed his vision of the Indo-Pacific region as a diverse and inclusive coalition of democracies, with the Association of Southeast Asian Nations playing a crucial role in shaping the region's strategic framework. The Ministry of External Affairs has clarified that this vision is not intended to target any specific state. India's perspective on the Indo-Pacific region is one of cooperation and consultation, intending to ensure unrestricted access for all nations, including China. Prime Minister Modi's proposal recognises China as a vital stakeholder in the region's future and envisions a prosperous future for Asia and the world based on mutual trust and mutual benefit (Modi, 2018, June 1). The Indian government, under the leadership of Prime Minister Narendra Modi, has been actively pursuing a strategy of Indo-Pacific connectivity and growth, intending to project itself as a responsible and constructive actor in the region, while also countering the perceived expansionist designs of China. In this regard, India has consistently emphasised the need for a well-regulated and transparent international trade system that ensures a level playing field for all stakeholders and seeks to build a fair, reasonable, and consistent Indo-Pacific economic environment that benefits all parties (Bhat, 2024). Furthermore, India has sought to allay concerns about its motives vis-à-vis China by maintaining that its approach to the Indo-Pacific is not targeted at any one country but rather encompasses all nations in the region. This strategic hedging has been a recent hallmark of India's foreign policy. The Minister of State for External Affairs of India has ardently expressed India's aspiration for the establishment of an Indo-Pacific that reveres the principles of sovereignty and territorial integrity, freedom of navigation and overflight, unrestricted lawful commerce, peaceful dispute resolution, and a positive economic outlook for all. This vision is premised on

the tenets of a free, open, inclusive, peaceful, and prosperous Indo-Pacific. The Prime Minister of India, Narendra Modi, is confident that the Indo-Pacific Economic Framework will engender enhanced trust, transparency, and efficiency, thereby bolstering the Indo-Pacific region's development, peace, and prosperity. We wholeheartedly endorse the Indo-Pacific Economic Framework to transform the Indo-Pacific into a globally influential economic powerhouse (Ministry of External Affairs 2022). The adoption of this framework by the Indian Ministry of Foreign Affairs (MEA) serves as a testament to the country's commitment to the principles of regionalism and multilateralism. By prioritising enhancing economic resilience, sustainability, inclusion, fairness, and competitiveness, India has demonstrated its unwavering dedication to promoting stability, prosperity, growth, and peace in the region. This move highlights India's proactive role in shaping the regional political economy and its willingness to engage in cooperative efforts to address shared challenges and opportunities. The MEA's decision to embrace this framework underscores the importance of regional cooperation in advancing collective interests and advancing a rules-based order in the international system.

India's Indo-Pacific hedging strategy can be analysed through the lens of its perception of QUAD, which represents the coalition of the United States, Japan, and Australia with the goal of addressing security concerns in the region. China's opposition to the QUAD, which it perceives as an Asian-NATO, has compelled India and Australia to withdraw their support in 2007. India's reluctance to embrace the creation and inclusion of the QUAD in its Indo-Pacific policy can be attributed to its preference for a hedging strategy that emphasises bilateral security arrangements with all its partners rather than the formation of a multilateral alliance. In this context, India's trilateral security accords with Japan, the US, and Australia can be seen as a manifestation of its hedging strategy, which seeks to balance its security interests while minimising the risk of antagonising China (Ghosh, 2020). India views the QUAD as a consultative mechanism similar to the RIC, BRICS, and SCO, to prevent negative externalities despite China's significant involvement. As a result, India engages in discussions with China regarding territorial agreements and maintains a calm demeanour during security crises. India's Indo-Pacific strategy requires a delicate balance of working with QUAD member nations while avoiding provoking Beijing. India's hesitance to join the QUAD has caused it to lag behind other countries in terms of participation (Chandrashekhar, 2021).

### **Indo-Pacific and Uncertainty**

India is currently navigating complex national security issues, particularly in the Indo-Pacific region, where major power rivalries have led to unstable and unpredictable dynamics. China's military expansion in the region, combined with the weakening of the United States, has sparked concerns about India's security obligations. Amidst the current global climate of uncertainty, India's Foreign Minister, S. Jaishankar, has stressed the need to prioritise India's national

interests by leveraging the opportunities arising from global contradictions. In his book, Jaishankar advocates for India to expand to its fullest potential in a world of increasing opportunities. According to his thesis, harmony can only be achieved when a significant number of individuals come to a consensus. (Jaishankar, 2020). In the aftermath of the Galwan Valley skirmish with China, India has adopted a diversified investment approach, eschewing the traditional strategy of singular market concentration. Notwithstanding this move, the Western powers, including the Quadrilateral Security Dialogue, have refrained from expressing their objections towards China's actions or advocating for the evacuation of Chinese troops from the Himalayan border (Rafique & Shah, 2024). This reluctance to act can be attributed to the concept of realpolitik, which prioritises pragmatic considerations over ethical or ideological concerns in international relations. According to Salvatore Babones, the QUAD is both ineffective and unnecessary as an anti-China lobbying group. He argues that Asian countries lack the motivation to form a military alliance aimed at countering China, much like the NATO-Warsaw Pact dynamic during the Cold War. Furthermore, the Biden administration's new Indo-Pacific policy avoids categorising the Galwan conflict as aggression and shows reluctance to support India openly. Babones suggests that, in light of New Delhi's solo confrontation with China in the Himalayan region, India should seek other allies to avoid further provocation (Babones, 2021).

As India strategically manoeuvres its foreign policy approach towards China, New Delhi has identified Moscow as a crucial and reliable ally in the Indo-Pacific region. However, Russia's involvement in the region has added a layer of complexity to India's foreign policy calculus. Despite Russia's intervention in Ukraine, India has remained supportive of the nation, demonstrating its alignment with the realist approach to international relations. While the situation in Ukraine may not be directly linked to the Indo-Pacific region, it is crucial to comprehend India's hedging strategy, which aims to balance its relations with both China and Russia while safeguarding its national interests. This underscores the importance of understanding the complex interplay of various actors and factors that shape the global geopolitical landscape. Happymon Jacob explicates the implicit pro-Russian dispositions by highlighting that an aggressive Russia poses a predicament for the US and the West, rather than for India. He further contends that the growth of the North Atlantic Treaty Organisation (NATO) should be a concern for Russia, not India. In order to counterbalance China's increasing influence in the region, India requires the support of major powers such as the US, the West, and Russia (Jacob, 2016). At present, Russia holds a significant position as India's key ally in Asia. India is currently grappling with challenges posed by China, Pakistan, and the Taliban-led government in Afghanistan. To counter China's growing influence in the Indo-Pacific region, India relies on the backing of the United States and the West (Sisodia, 2024). However, the intricacies of today's international political landscape require India

to strike a delicate balance between its varying interests and navigate these challenges with care. Jaishankar highlights that in the current geopolitical climate, India must proactively engage with the United States, maintain a careful balancing act with China, cultivate deeper ties with Europe, pursue a policy of reassurance with Russia, involve Japan as a strategic partner, integrate neighboring countries into its foreign policy calculus, expand its sphere of influence, and reinforce traditional alliances (Jaishankar, 2017). Given the challenges posed by the Indo-Pacific region, India's strategic thinking is primarily focused on hedging, which involves pursuing multiple, diverse foreign policy options to mitigate risk and uncertainty.

The current state of affairs between India and China is primarily influenced by the power asymmetry and geopolitical uncertainty that stems from the tyranny of geography. Nevertheless, India's official response to this situation is further complicated by the nature of its direct engagement with China. Despite sharing a lengthy border, the two nations remain at odds with each other over the Line of Actual Control, which constitutes the most protracted unresolved territorial dispute between them. Unfortunately, India finds itself ensnared by the tyranny of geography, with its close proximity to and ongoing territorial conflicts with China, such as the one in Galwan. To mitigate the threat posed by its powerful and assertive neighbour, New Delhi must exercise a judicious balance between containment and engagement. C. Raja Mohan posits that India's Sino-centric proximity is a critical factor impacting the Sino-Indian relationship. Mohan contends that the majority of Asia is situated in the front yard, fraught with apprehension about the US's reliability towards Asia and anxious over the economic repercussions that Beijing has pledged to impose on Australia (Mohan, 2021). Despite these concerns, the majority of Asia remains noncommittal towards Beijing, opting for neutrality. This phenomenon of neutralisation can be interpreted as a form of strategic hedging. India has been pursuing engagement with other Indo-Pacific nations to contain China, but it is averse to assuming a leadership role. India is apprehensive about the alliance of democracies that the QUAD represents, which is aimed at countering China, as it is based far away (Aryal & Nair, 2025). India has learned from the Galwan clashes that distant water does not put out a neighbouring fire. Given its geographic proximity to China, India is cautious not to provoke the rising Chinese dragon. An optimal hedging strategy for India that involves engaging with China, while also aligning with its competitors to enhance India's position, appears to be the most appealing option (Narang & Tanna, 2021).

### **Strategic Autonomy and Self-reliance**

In the field of international relations, some scholars argue that India's state-building ambition is rooted in ideas of anti-imperialist internationalism and non-alignment, despite its primary goal of economic expansion. Despite post-Cold War expectations for India to abandon non-alignment, it continues to embrace this approach. India's contemporary strategic culture places significant

emphasis on strategic autonomy and the pursuit of great power status in a multipolar world. (Chakraborty, 2019). Shyam Saran's definition of strategic autonomy as the government's ability to act independently on matters of vital national interest reflects the quintessential characteristic of a great power. Strategic autonomy ensures independence and policymaking flexibility in foreign affairs, which Indian strategists believe is necessary for great power status (Saran, 2021). India places a high value on strategic autonomy within its culture, as it is believed to be pivotal to the country's fate. As a component of its Indo-Pacific strategy, New Delhi is pursuing a policy of strengthening its relationships with other nations instead of avoiding them, with the objective of creating interest-based alliances and coalitions that may evolve or change over time. As part of its "Act East" strategy, India has joined US geostrategic structures and made efforts towards ASEAN to safeguard itself from China's perceived threat, as noted by D. Muraviev (Muraviev, 2017).

This coalition pursued strategic autonomy by forging collaborative ties with China and adopting Chinese institutional frameworks, thereby circumventing the influence of the United States. To further safeguard their interests, they also maintained special relationships with Russia as a hedge against both China and the USA. The QUAD, a strategic partnership involving trilateral relations, enables China to attain strategic autonomy, while Western strategic autonomy is encouraged by RIC, BRICS, and SCO through their promotion of multipolarity and non-Western norms in global governance (Ali, 2024). Despite the geopolitical pressures and calls for alignment with the United States against China during the Galwan clashes, the Indian government has adopted a nuanced approach and made it clear that it will not join any alliance structure. As a responsible stakeholder in the international system, India recognises the benefits of working with different powers on different issues in a multipolar world. Foreign Minister Jaishankar has highlighted the advantages of multi-alignment, including the ability to maintain strategic autonomy, maximise national interests, and avoid entanglement in great power competition. By juggling many balls in the air at the same time, India aims to display the confidence and dexterity required to pursue its foreign policy objectives while navigating complex international dynamics (Jaishankar, 2020).

### **Promoting Power Balance**

The Indo-Pacific policy of India revolves around the concept of strategic autonomy, wherein the nation's ability to make autonomous decisions regarding foreign policies is of utmost importance, especially in light of China's increasing strategic assertiveness. Although forging alliances may offer some immediate advantages, experts in politics opine that self-reliant approaches, such as developing comprehensive national power and enhancing local capabilities, are more viable and efficacious in the long haul. There is a growing disparity in power across several areas between India and China, potentially leaving India vulnerable to coercion by China (Bajpaei & Jie, 2025). To counter this, India is

prioritising deterrence by denial. This involves bolstering its nuclear triad and space capabilities, as well as forming a new strike corps to thwart any aggressive actions by China. Additionally, India is making changes to its force posture, such as positioning its airpower and infrastructure closer to the Line of Actual Control. According to Rajesh Rajagopalan, India is encountering numerous obstacles as it endeavours to modernise its military. The army strike corps' expensive price tag has led to a reduction in its size, while bureaucratic inefficiencies have caused infrastructure development to be delayed. Furthermore, the Indian Air Force has experienced a substantial decrease in squadron strength due to the tardiness in obtaining new equipment. Although India conducted nuclear tests twenty years ago, it is still in need of a long-range missile that can reach all regions of China from any of its territories (Rajagopalan, 2018).

The Indian Navy's modernisation efforts are encountering a major obstacle, particularly in the naval sector. Even though it received 19% of the military budget in 2010/11, it has been allocated the smallest portion of the defence budget, with only 15.5% in 2018/2019. Additionally, its share of capital expenditure has declined from 30% to 25% (Mukherjee, 2019). India's efforts to modernise its navy have been impeded significantly, particularly in comparison to China's burgeoning domestic manufacturing capabilities. As China's navy continues to expand in the coming years, it is likely to create an imbalance in the maritime power dynamic, putting India in a challenging position. The potential realisation of the QUAD as a counterbalance to China's increasing geopolitical dominance raises critical concerns regarding the relative strength of its member nations, particularly India. As it stands, there is a risk that India may emerge as the most vulnerable link within this strategic alliance. To mitigate this risk, it is imperative for New Delhi to undertake significant measures aimed at bridging the power disparity that currently exists between itself and China. This necessitates a comprehensive approach that encompasses economic, military, and technological advancements, ensuring that India is not only a participant but a formidable equal within the QUAD framework (Tuckfield, 2025). Such initiatives would enhance India's strategic positioning and contribute to a more balanced power dynamic in the region. India must demonstrate that it is no longer the weakest link by investing more in its naval capabilities and upgrading its current fleet to keep pace with China's growing navy. If India is committed to establishing a multi-polar Asia free of Chinese hegemony, it must take on the arduous task of reducing the power disparity with China.

### **Reforming the Economy and Reducing Inequality**

The Asia-Pacific region is currently witnessing a growing divergence between India's economic growth and that of its neighbouring economies. India's Act East policy, which seeks to enhance Indo-Pacific trade and connectivity, has so far failed to address the underlying challenges faced by the country's regional economy. Despite superficial economic cooperation agreements with Japan, South Korea, and ASEAN, India remains only peripherally integrated with the

region. Meanwhile, China's trade surplus with other Indo-Pacific nations has continued to expand, further exacerbating the economic gap. This phenomenon highlights the challenges of regional integration and the need for greater economic cooperation and integration among countries in the region (Jacob, 2020). India's withdrawal from the Regional Comprehensive Economic Partnership, considered to be the world's largest free trade agreement, has had a significant impact on its Indo-Pacific policy. Disengaging from trade discussions has led to negative consequences for India. Due to financial constraints, India cannot afford to participate in both the Asia-Pacific Economic Cooperation and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership discussions. The absence of the United States from RCEP and the Trans-Pacific Partnership (TPP) has led to mistrust in the Indo-Pacific concept outside of India (Petri & Plummer, 2020). According to the analysis conducted by Evan Feigenbaum, a researcher at the Carnegie Endowment for International Peace, the establishment of a unified framework of regulations and norms for the entire Asian continent, excluding the "Indo" and "Pacific" economies, is necessary. However, the term "Indo-Pacific" loses its relevance if the Asia-Pacific region is not included in it. India runs a risk of losing out on the potential economic benefits that come with the next wave of globalisation and regional economic integration if it fails to link its economy with the rest of the Asia-Pacific. In the absence of economic unity, India's Act East policy may not be able to achieve its objectives; instead, it may only serve to position India as a mere "doorman" for the Indo-Pacific region (Feigenbaum, 2022).

The Indo-Pacific necessitates a robust political-economic architecture that fosters robust economic interconnections among its constituent members. Despite strategic dialogues and military collaboration, the economic rationale will ultimately prevail. Nevertheless, India's ambition to be a part of the Indo-Pacific is impeded by its internal and structural uncertainties regarding RCEP. To achieve its objective, India must overcome the obstacle of integrating with the Asian economic miracle, which poses a significant hurdle to its Indo-Pacific aspirations (Jacob, 2020).

A blend of geopolitical considerations and robust economic ambitions underpins India's strategic engagement in the Indo-Pacific region. The Indo-Pacific is increasingly recognised as a pivotal centre of global economic activity. Representing over 60% of the world's population, the region is projected to account for more than half of the global GDP by 2040. This makes the Indo-Pacific crucial for any nation aspiring to achieve significant power status (Asian Development Bank, 2019). For India, economies such as Japan, South Korea, the ASEAN bloc, and even China are not merely strategic allies or rivals; they are also essential markets and sources of investment. Furthermore, the region serves as the world's busiest maritime corridor, with nearly 60% of India's trade passing through the South China Sea alone, highlighting its direct significance to Indian prosperity (Chaturvedy, 2015). Thus, engaging with this economic hub is not just

beneficial but a strategic necessity for India to secure market access, resources, and the technological transfers essential for fuelling its growth.

To unlock its potential, India is actively pursuing deeper trade and investment linkages. Although the country opted out of the Regional Comprehensive Economic Partnership in 2019 due to concerns regarding its trade deficit with China and the potential impact on its domestic industry (Dar, 2024), India has since shifted its focus towards forging new, high-quality agreements. The landmark India-UAE Comprehensive Economic Partnership Agreement and the India-Australia Economic Cooperation and Trade Agreement, both finalised in 2022, exemplify this renewed emphasis (Panda & Ahn, 2025). These agreements aim to diversify supply chains and enhance market access for Indian goods and services. Simultaneously, the "Act East Policy" has been revitalised to strengthen economic ties with Southeast Asia.

The Foreign Direct Investment is a pivotal element of India's economic strategy. The Indo-Pacific region serves as a major source of inbound investment, with Singapore, Japan, and the United States standing out as the foremost investors (Jeon, 2025). To attract this capital, India has focused on enhancing its Ease of Doing Business ranking and has introduced production-linked incentive schemes for key sectors such as electronics and renewable energy. The overarching aim is to establish India as a competitive manufacturing alternative to China within global supply chains, encouraging collaborative ventures in crucial areas like infrastructure, clean technology, and digital services. Regional economic integration remains a vital yet complex objective. Initiatives such as the ASEAN-India Free Trade Area establish a foundational framework, but India is now pursuing more ambitious platforms. Its participation in the Quadrilateral Security Dialogue, commonly viewed through a security lens, also encompasses significant economic and technological dimensions, as highlighted by the Quad's Joint Principles on Critical and Emerging Technologies and various infrastructure initiatives (Rafique & Shah, 2024). Additionally, India's leadership in the Coalition for Disaster Resilient Infrastructure and its involvement in the Indo-Pacific Economic Framework underscore its commitment to shaping the regional economic landscape, particularly in areas such as supply chain resilience, clean energy, and regulations for digital trade.

Despite the vast opportunities available, several significant challenges remain. Geopolitical tensions, particularly the standoff along the Sino-Indian border, cast a shadow over economic cooperation with China and complicate regional dynamics (Joshi, 2022).<sup>56</sup> On the domestic front, infrastructure deficits, regulatory inconsistencies, and logistical inefficiencies impede India's ability to integrate seamlessly into regional production networks. To address these challenges, India is pursuing a multi-faceted strategy that includes diplomatic engagement, domestic reforms, and strategic investments in infrastructure. National initiatives such as the Sagarmala project (focused on port-led development) and the Bharatmala project (concentrating on highway

development) are essential for enhancing domestic connectivity and more effectively linking India to regional maritime and overland trade routes (Scott, 2019).

## Conclusion

Strategic hedging analysis serves as a critical framework for evaluating India's approach to the Indo-Pacific region. Recent research reveals that India's strategy in the Indo-Pacific region is characterised by an engaging and inclusive ethos, reflecting a commitment to collaboration and openness. However, it also highlights a notable degree of ambiguity and equivocation within this framework, which reflects the characteristics of a hedging strategy. This duality raises important questions about the effectiveness and clarity of India's engagement in the Indo-Pacific, as the nation navigates a complex geopolitical landscape marked by both opportunities and challenges. Such an analysis underscores the necessity for a more defined strategic posture that balances inclusivity with clear objectives in order to enhance India's influence and security in the region. In its Indo-Pacific policy, New Delhi aims to maintain strategic neutrality, responding to evolving dynamics while avoiding the provocation of China. India's Indo-Pacific strategy underscores the careful deepening of security relations with the US, Japan, and Australia while simultaneously cooperating with China on regional economic issues. This study examines the concept of hedging as a foreign policy strategy and its application in India's regional approach. The research reveals that India can be classified as a typical hedger, seeking to diversify its strategic partnerships in the Indo-Pacific region to ensure its national interests. However, the analysis suggests that India's hedging strategy is primarily driven by the security dilemma rather than just uncertainty. Given the tyranny of geography and the "power asymmetry" between India and China, India's strategic options are limited and cannot confront China directly. Therefore, adopting a hedging approach that involves maintaining communication with China while reaching out to other regional powers to establish a coalition is necessary to navigate the current crisis.

For India's Indo-Pacific ambition to succeed, it must rejoin the Asian economic miracle, and leaving the RCEP could lead to several challenges. RCEP members believe that India is the only nation to counterbalance the system, which indicates that it is more than just a business agreement. Japan and Australia support India's readmission to RCEP as a counterweight to China's growing military presence in the Indo-Pacific. Instead of strengthening its economic orientation and portraying itself as a beleaguered land power preoccupied with China, Pakistan, and Kashmir, New Delhi has to undertake some soul-searching to move beyond its regular rhetorical commitment to the Indo-Pacific. During an ASEAN schism over China, India must recognize that strategic rhetoric alone cannot overcome economic reality. It must reintegrate with the region like never before to remove the myth that Beijing and not New Delhi is better at business.

If India wants to hedge in the Indo-Pacific, it must strengthen its democracy and adopt a more nuanced and pragmatic approach to foreign policy.

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