The Indo-Pacific is increasingly becoming a geo-strategic focal point for China and India, as both countries engage in a growing competition. While China has aimed to secure access to strategic ports to gain an economic and strategic advantage, India’s role in the region is increasingly seen as a protector of the international order set up by the United States, particularly as it pertains to maintaining open sea lanes and the freedom of navigation.

As India looks to counter growing Chinese influence, it must focus on its naval power. In addition to its cooperation with democratic allies and neighbors in the region, it should increase investment in its navy. In particular, completing construction of new aircraft carriers and attack submarines, modernizing India’s naval assets, and improving its maritime domain awareness capabilities will ensure that India has a modern navy that can counter growing Chinese influence in the Indian Ocean region (IOR).

**INDIA-CHINA COMPETITION – WHAT’S AT STAKE**

The IOR is quickly becoming the home of a contest between India and China. China has made aggressive moves to advance its strategic interests in the region, particularly by gaining access to military bases and strategic ports by employing illiberal and predatory economic practices.

Indeed, former Secretary of State Rex Tillerson pointed out that China has used “opaque contracts, predatory loan practices, and corrupt deals that mire nations in debt” to advance its own strategic interests and gain access to key ports in the region. Sri Lanka is a prime example, where Chinese companies gained access to the country’s port in Hambantota in a 99-year lease following Sri Lanka’s inability to pay off a nearly $1.1 billion debt to China.

Furthermore, data from the Center for Global Development shows that four countries in the IOR, namely Djibouti, Laos, Maldives, and Pakistan, find themselves “vulnerable to above average debt” to China. When China’s inroads in the Maldives, Pakistan, and Sri Lanka are seen in the context of its acquisition and construction of a military base in Djibouti, it becomes clear that China is encircling India in its backyard.

Indeed, India sees these steps as attempts to create a “string of pearls,” or a network of strategic naval outposts constructed by China to advance its economic, military, and strategic interests in a region India considers its strategic preserve. India now recognizes that it cannot allow China to replicate the playbook it used in the South China Sea and challenge territorial claims and international norms of freedom of navigation, overflight, and unimpeded commerce in the IOR.
INDIA’S RISING PROFILE IN THE INDIAN OCEAN REGION

India has recognized the growing Chinese activity in the IOR and has already taken steps aimed at countering Chinese deployments. Without naming China, India’s naval spokesperson told the Straits Times, “Initially, the Indian Navy’s foray into these places was once in a year for overseas deployment. Now there is a change in the dynamics and the presence of an extra regional power has necessitated that our presence be increased.”

India has negotiated agreements with several states in the littoral IOR to obtain military access to their bases. Such agreements, including access to Indonesia’s strategically-located deep-sea Sabang port⁸ and Oman’s Duqm port,⁹ enhance New Delhi’s geopolitical positioning as it looks to counter Beijing’s “string of pearls.”

India has also engaged with powers outside of the IOR, deepening cooperation with France and the United States through logistics agreements, which grant India access to port facilities at the U.S. base on Diego Garcia¹⁰ and the French base on Reunion Island.¹¹ The United States further engages with India through the informal Quadrilateral Security Dialogue, or the “Quad,” which also includes Australia and Japan.¹² Similarly France has called for the creation of a “Paris-New Delhi-Canberra” axis in the Indo-Pacific, underscoring India’s growing influence on geopolitics in the IOR.¹³

The physical manifestations of India’s rising profile are showcased through its joint exercise in the region. India concluded the twenty-second iteration of its “Malabar” naval exercise, which began as a bilateral exercise with the U.S. Navy and was expanded to include the Japanese Maritime Self-Defense Force in 2015.¹⁴ In 2018, India has also held multilateral naval exercises called “Milan” in the Andaman and Nicobar Islands with 16 other countries¹⁵ and in the Rim of the Pacific Exercise (RIMPAC), sailing alongside the Australian, Japanese, and U.S. naval forces.¹⁶

Despite such engaged naval activity, India still needs to focus on its investments in naval hard power if it has any chance of containing China in the region.

THE NEED FOR HIGHER NAVAL INVESTMENTS

Although India continues to be active in the IOR, it continues to spend far too little on its navy compared to its peers and competitors. Figures from FY2017-2018 indicate that India spends only 15 percent of its total military expenditure on its navy, far lower than its peers in the Quad.¹⁷ The United States leads the pack, spending nearly 30 percent of its military expenditure on its navy,¹⁸ while Australia and Japan spend nearly 25 percent¹⁹ and 23 percent,²⁰ respectively. Official numbers from China are hard to obtain, but reports indicate that China spends nearly three times as much as India on its military overall.²¹

This lack of expenditure on India’s part also comes at a time when India has recognized the need to increase its naval capabilities. India’s Vice Chief of Naval Staff, Vice Admiral P Murugesan, has outlined that India aims to become a 200-ship navy by 2027, noting that the current force stands at 137 ships.²² While India already has one commissioned carrier, the INS Vikramaditya,²³ and plans to com-
mission a second, the INS Vikrant,\textsuperscript{24} it has outlined an ambitious plan to develop a class of aircraft carriers to follow the Vikrant,\textsuperscript{25} which has already faced delays and cost overruns.\textsuperscript{26} India’s navy has further outlined plans to procure 57 carrier-based fighter jets, as well as modernize its submarine fleet with a new Arihant-class of nuclear-powered attack vessels.\textsuperscript{27}

However, when compared to India’s actual expenditure on its navy, there is a clear mismatch between its ambitions and its spending. Indeed, during FY2017-2018, India’s navy requested $5.2 billion but was only allocated $2.9 billion.\textsuperscript{28} This under-allocation means that India’s navy could barely cover its planned expenditure, leaving no money for new purchases or further modernization. As a result, the delays in building the Vikrant-class of aircraft carriers or Arihant-class submarines mean India is less capable of deterring China.

The lack of funds has also meant that India has underutilized its strategically located Andaman and Nicobar Islands. While India has built a tri-service theater command\textsuperscript{29} on the island aimed at protecting its strategic interests in the Strait of Malacca, India continues to place limited assets on the island, forcing it to act as a logistical facility\textsuperscript{30} for supporting the planning and coordination of the navy’s deployments in East and Southeast Asia rather than a true joint command that can deepen collaboration and cohesion among India’s three military services. Developing a true combined services command can build upon India’s acquisition of the P-8 platform,\textsuperscript{31} as well as potential acquisition of the Sea Guardian,\textsuperscript{32} and advance its ability to conduct surveillance and maximize its maritime domain awareness.

The Indo-Pacific is increasingly becoming a center for a growing geopolitical contest, with China already making several moves from strategic military bases to predatory economics to advance its own interests in the region. India has begun stepping up and successfully engaging countries in the region to a degree of success. However, without the necessary investments in its hard-power capabilities, India’s vision of a “safe, free, and open Indo-Pacific” will remain unfulfilled. India must take necessary steps to increase investments in its navy as it looks to counter growing Chinese influence in the IOR.

\textit{Aman Thakker} is a research associate for the Wadhwani Chair in US-India Policy Studies at CSIS.
ENDNOTES


2. Rex W. Tillerson, “Secretary of State Rex W. Tillerson Remarks” (speech, George Mason University, Fairfax, VA, March 6, 2018).


