

THE CRISIS AFTER THE CRISIS: HOW LADAKH WILL SHAPE INDIA'S COMPETITION WITH CHINA

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KEY FINDINGS

- The still-unresolved Ladakh crisis has created a new strategic reality for India, marked by renewed political hostility with China, and an increased militarization of the Line of Actual Control.
- This new strategic reality imposes unequal costs on India and China. India is likely to defer much-needed military modernization and maritime expansion into the Indian Ocean – which would impair its ability to compete strategically with China.
- In contrast, China incurred only marginal material costs; it was
 probably more concerned with the prospect of continued
 deterioration in its relationship with India. Even that cost was more
 threatened rather than realised, and largely reduced when the
 disengagement plan was agreed.

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EXECUTIVE SUMMARY

In May 2020, China launched several near-simultaneous incursions across the Line of Actual Control (LAC) in Ladakh, into territory hitherto controlled by India. Both sides reinforced their positions with tens of thousands of troops, engaged in a deadly skirmish, and reportedly came close to war. An agreement to disengage troops was announced in February 2021, but implementation has been halting. Regardless of how disengagement progresses, the crisis poses significant challenges for India's long-term strategic competition with China.

As a result of the Ladakh crisis, India faces a new strategic reality in which China is a clear and abiding adversary. For India, the political relationship is now defined by hostility and distrust, and the LAC will remain more heavily militarised and violence-prone. Given this new reality, India is likely to further defer military modernisation and maritime expansion into the Indian Ocean. In the face of unremitting Chinese naval expansion, India risks losing significant political and military leverage in the Indian Ocean. At the same time, China appears to have escaped significant harm. Its better-resourced military could better absorb the material costs of the mobilisation. It may have been more concerned by the prospect of an increasingly hostile India, but the disengagement agreement has limited even those modest political costs.

The central policy challenge for India is balancing the heightened Chinese military threat on the northern border with the rapidly growing Chinese military presence in the Indian Ocean. It can manage this challenge by focusing on military strategies of denial rather than punishment, focusing on imposing political rather than material costs on China, and accepting more risk at the LAC in exchange for long-term leverage in the Indian Ocean region. How India responds will shape not only its strategic competition with China, but also the interests of likeminded partners including Australia, which depend on an increasingly capable and active India.

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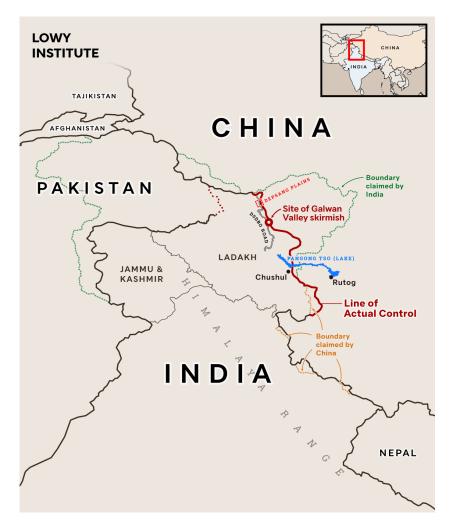
INTRODUCTION

The border crisis in Ladakh may end in war or peace — or it may never end. Beginning in May 2020, the People's Liberation Army (PLA) launched incursions in several locations in customarily Indiancontrolled territory across the Line of Actual Control (LAC). 1 Both sides reinforced their positions with tens of thousands of troops, as well as tanks and aircraft, and built infrastructure to sustain a long-term presence through the coming winter. The LAC had, in effect, been changed by force, with few apparent options for resolution.² The crisis escalated when a skirmish in the Galwan Valley left 20 Indian soldiers and an unknown number of Chinese soldiers dead. The two sides have endured several tense standoffs since their border war in 1962, but this was the first loss of life on the LAC since 1975. In late August, Indian forces occupied tactically-valuable peaks on the Kailash Range near Chushul — which, although on Indian-controlled territory, nevertheless gave India significant military leverage in the crisis.3 Around Pangong Tso (lake), shots were fired for the first time in nearly half a century, and China launched cyber-attacks against Indian civilian infrastructure.4 Tensions soared. The commander of the Indian Army's Northern Command later revealed, "we were absolutely on the brink" of war.5

For months, China showed no signs of reversing the incursions until the surprise announcement in February 2021 of a phased disengagement plan. In fact, the two foreign ministers had in September 2020 struck an in-principle agreement to disengage, which appeared to go nowhere until the details of the first phase of disengagement were secretly agreed at a Corps Commanders' meeting in late January. The crisis' future trajectory remains unclear. Disengagement may proceed as intended, leading to new dispositions and procedures for managing the border. Or, if disengagement goes awry, the two sides may yet engage in open warfare. Or the crisis may never get its photo-opportunity handshake or climactic battle — keeping India and China perpetually close to conflict and becoming the central defining feature of an unstable relationship.

Whatever its denouement — whether war or peace or something in between — the crisis will further complicate India's efforts to compete strategically with China. The crisis has ushered in a new strategic reality, which includes deeper political antagonism between the countries, and a more militarised and violence-prone LAC, which will endure even if — a big if — disengagement continues as planned. This new strategic reality will pose yet another politically salient obstacle to

the Indian military's long-frustrated attempts to build power projection capabilities into the Indian Ocean region. Every quantum of scarce military resources that India invests in the land frontier — relatively unthreatening to China's global ambitions — is a quantum that it will not invest to counterbalance China's more consequential military expansion into the Indian Ocean. A relatively peripheral border crisis in Ladakh thereby risks generating a far more significant crisis in India's strategic competition with China — the crisis after the crisis.



A skirmish in the Galwan Valley on 15 June 2020 left 20 Indian soldiers and an unknown number of Chinese soldiers dead, marking the first loss of life on the Line of Actual Control (LAC) since 1975.

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This paper is divided into three parts. First, I set a baseline understanding of the new political and military reality on the India–China border, emerging as a result of the Ladakh crisis. Second, I argue that this new reality will complicate India's efforts to compete with China because it further defers India's military modernisation and maritime expansion in the Indian Ocean and imposes only marginal costs on China. Third, I offer some recommendations for how India can use lessons from the Ladakh crisis to compete more effectively in the future.

THE NEW STRATEGIC REALITY

To the extent that the February disengagement plan entails at least a partial PLA withdrawal, it is an evolution in the crisis. But it does not in itself meet New Delhi's declared goal of a return to the status quo ante. And, unless disengagement is completed equally on both sides, and accompanied by the withdrawal of forces from theatre — which is unlikely — it risks codifying China's military revision of the territorial status quo. Beyond the status of specific parcels of land, the central effect of the Ladakh border crisis on Indian security policy is a new and more hostile approach to China, manifested at both the political and operational levels. For Indian defence policy, this translates into a more heavily militarised and violence-prone LAC, and a national defence priority that will require rebalancing resources away from other imperatives.

Political hostility and distrust

At the political level, New Delhi sees the PLA's Ladakh incursions as an abrogation of decades of painstaking political compromises and confidence-building. After the bruising 1962 border war, decades passed before the countries normalised relations again, and decades again before they concluded three diplomatic agreements on managing the unresolved border. These agreements — signed between 1993 and 2013⁹ — were operationally useful because they provided guidelines for maintaining "peace and tranquility" on the frontier. But politically they were invaluable because they allowed the two rising powers to table their territorial dispute and proceed with building a wider economic and political relationship. ¹⁰

From New Delhi's perspective, China's transgressions in 2020 — its unprecedented troop presence across and near the LAC, as well as the fatal skirmish in the Galwan Valley on 15 June — have obliterated the diplomatic architecture upon which border management and the bilateral relationship were built. Little wonder, then, that External Affairs Minister S Jaishankar decried the Ladakh crisis as having "profoundly disturbed the relationship", and placed it under "exceptional stress". In the words of former Indian Ambassador to China and National Security Adviser Shivshankar Menon, "political relations will now be more adversarial, antagonistic, and contentious... there is no grand bargain, no modus vivendi, no accepted rules of the road to be had". For India, this is not a matter of local military procedures, but a rupture in the entire bilateral relationship.

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Video frame grab taken from footage recorded in mid-June 2020, showing Chinese (foreground) and Indian soldiers (R, background) during an altercation in the Galwan Valley. Image: AFP/China Central Television (CCTV) via Getty Images.

Such a rupture is unlikely to be repaired, despite the progress made by agreeing to disengagement. Reversing the previous policy, New Delhi has now made the wider bilateral relationship conditional on border stability. Speaking publicly, weeks after disengagement, External Affairs Minister Jaishankar made this clear:

The future of our relationship...if you want to see progress, I need peace and tranquility on the border. I can't have tension on the border. I can't have the kind of issues I had in Galwan, and then say, well, you know, let's carry on with business in the rest of our relationship. That's unreal.¹³

This new political framing has doubtless cratered India's trust in China as a diplomatic partner. Any future diplomatic arrangements will probably be harder to reach, and even if the two sides find enough common ground to strike an agreement, Indian leaders will probably require additional assurances that China will honour its commitments. New Delhi is now likely to "distrust until verified". Verifying China's compliance, and hedging against its non-compliance, will require a larger and more watchful military presence on the ground near the LAC.

Military threat

At the operational level, therefore, a long-term increased militarisation of the LAC is all but inescapable. Even if the February 2021 disengagement plan is executed and leads to new confidence-building

measures, India's newfound distrust of China will likely demand a heavier military posture nearby that enables rapid mobilisation to the LAC. Short of that new border-management architecture, India is preparing to maintain its larger military presence on the border virtually indefinitely. Traditionally, the Indian Army had maintained a peacetime strength of about one infantry division in Ladakh. During the crisis, it reinforced them with a further two divisions, plus additional enablers. In total, some 40 000–50 000 Indian soldiers were deployed to eastern Ladakh. These troops were joined by India's most advanced main battle tanks, self-propelled howitzers, surface-to-air missiles, and brand-new Rafale multirole fighters. The Chief of Army Staff, General Naravane, publicly declared that the Army will maintain that additional deployment "for as long as needed", suggesting there is no operational urgency to return to peacetime positions. The chief of Army Staff, General variations as long as needed, suggesting there is no operational urgency to return to peacetime positions.

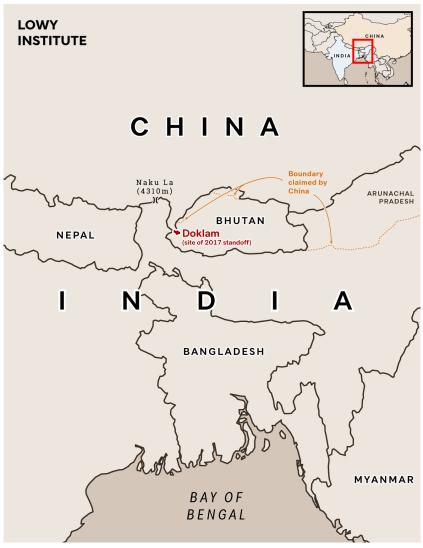
Notwithstanding the beginnings of disengagement, Chinese forces remain in some areas previously controlled by India. The most operationally valuable of these is the Depsang Plain, in northeastern Ladakh, where the PLA impeded Indian patrolling intermittently before the May 2020 incursions. Even with the disengagement plan's initial buffer zones in place, such as at Pangong Tso, forces from both sides will remain deployed in theatre through its gradual execution. Privately, Indian officials have suggested that — given the difficulties of diplomatically or militarily returning to the status quo ante — the permanent deployments may be their best option for managing the crisis over the long term. ¹⁹

China's actions, before and since the crisis began, have offered ample impetus for the Indian deployments. Quite apart from the multiple incursions in May 2020, China has reinforced its troops and developed supporting infrastructure on its side of the LAC. The PLA — mirroring the Indian Army — has constructed winterised housing and logistics to sustain its recently deployed forces for the long term, along with fixed weapons positions, such as airfields and surface-to-air missile systems.²⁰

Some of this military development predates the crisis and is occurring in all sectors of the LAC. It accelerated after the 2017 Doklam standoff, when Indian forces physically impeded the construction of a Chinese road in territory that India maintains is Bhutanese. ²¹ That episode, of India surprisingly thwarting Chinese plans, may have sensitised the PLA to its tactical disadvantages at parts of the LAC, and prompted the PLA to reinforce its positions, near Doklam and elsewhere along the LAC. ²² Indeed, China has more than doubled the number of airbases,

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heliports, and air defence sites within operational reach of the LAC since 2017.²³ This is not a one-sided affair — India has similarly been upgrading its military infrastructure and capabilities near the LAC in recent years, correcting many years of neglect.²⁴ Both sides in recent years have significantly bolstered the military forces and infrastructure within striking distance of the LAC, allowing both to quickly adopt an operationally threatening posture in times of crisis.



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China's growing presence near the LAC also includes new civilian dualuse (civilian/military) infrastructure. In disputed territory, new buildings and roads are designed to add permanence and credibility to Beijing's territorial claims — not unlike in the South China Sea, where China has built 'facts on the ground' by reclaiming land and constructing infrastructure on it. This practice is not simply a tactic in territorial disputes; it is part of a grander exercise in nation-building that predates the current crisis. Since 2017, China has accelerated a program of improving housing and transport infrastructure, and founding entire new settlements, across Tibet. This civil construction has a strategic purpose. Beijing's aim is to promote economic development, political allegiance, and border security - and thus to consolidate Chinese Communist Party (CCP) control - in its disputed and restive periphery.²⁵ This political project is not a tactic that may be subject to diplomatic bargaining, but a priority as part of the Party's program of "national rejuvenation", and it is here to stay.

For India, the operational threat on the LAC is compounded by the persistent operational threat on the Line of Control (LoC), which separates Indian- and Pakistani-controlled parts of Kashmir. Together, the persistent threats on the LAC and LoC suggest India could quickly descend into a nightmarish two-front contingency. Notwithstanding the February agreement between the Indian and Pakistani armies to renew their defunct ceasefire, the military threat in Jammu and Kashmir remains unchanged. Until the suddenly-announced ceasefire, cross-LoC firings had been steadily increasing for several years. The most likely scenario for a two-front challenge was always the prospect of Pakistani opportunism exploiting tensions on the LAC, rather than the other way round. Indeed, before the LAC disengagement and the LoC ceasefire, with tensions high on both fronts, Army Chief General Naravane declared that "The collusive threat is not just a strategic paper or talk...It's manifesting itself on the ground."

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Increased militarisation of the LAC

Faced with a more politically hostile and operationally robust China, India has accepted that its new strategic reality features a more militarised and violence-prone LAC. This has commonly come to be known as the "LoC-isation" of the LAC, in reference to the heavily armed and constantly violent LoC which splits Indian- and Pakistani-controlled portions of Jammu and Kashmir. The analogy, of course, is imperfect. The LoC in Jammu and Kashmir generally runs through less inhospitable terrain and climate, allowing for higher force density. ³⁰ India-Pakistan relations are more openly hostile, and until the recent ceasefire agreement, the LoC routinely saw high and rising rates of cross-border artillery and small-arms exchanges.

Nevertheless, the LAC has already begun to resemble the LoC in some important ways. India is likely to retain a significantly higher number of troops forward deployed on the LAC, even during and after disengagement; and these troops will take position in a larger number of posts to monitor the LAC. ³¹ At least one additional infantry division will be permanently relocated to Ladakh, even after the current crisis reinforcements are redeployed. ³² Ladakh presents particular geographic challenges — the high altitude and harsh winter impose physical limits on soldiering, and tough demands on equipment. ³³ Troops require significant time to acclimatise when deploying to the region, and specialised training and equipment to operate effectively as mountain infantry. They also require new logistics arrangements — in particular, remaining in forward positions throughout the harsh winter will require pre-positioning of food and stores, more winterised shelters, and more all-weather equipment. ³⁴

With a larger number of troops on both sides in relatively much closer contact, the risk of violence will be higher. The disengagement plan establishes some temporary buffer areas where troops are prohibited, but not all planned buffer areas have been implemented, and they will likely only be temporary. Whereas pre-crisis patrols on both sides had extremely strict rules of engagement and abided by a well-understood choreography to manage encounters with the other side, such procedures have been severely undermined by the events of the Ladakh crisis. In the deadly 15 June skirmish, both Indian and PLA troops used improvised hand-held weapons, and in a subsequent incident near Chushul, troops on both sides discharged their firearms. Trust in those confidence-building mechanisms has fallen and the Indian Army has accordingly relaxed its rules of engagement on the LAC, to include less restriction on the use of firearms.



Pangong Tso (lake), which straddles the Line of Actual Control. Image: Jane Spicer.

Even with disengagement, heavier forces are not far behind the LAC. Commercial satellite imagery reveals that the Chinese armour which disengaged from Pangong Tso has relocated to a staging area near Rutog, and is supported by new shelters there, suggesting an intent to garrison there long term.³⁸ With a larger number of troops, backed by more heavy weapons such as artillery and armour in close proximity, and with looser rules of engagement, local commanders facing adversary troops may feel compelled to use escalating force to hold their position or thwart enemy action.

Even without inadvertent escalation, either side may seek to use its accumulated military power on the LAC to improve its defensive position or gain coercive leverage. India did precisely this when its troops took up new positions on the heights of the Kailash Range in late August. Even though India was deploying military force in territory it already controlled, the episode occurred in the midst of a heavily militarised crisis and raised the risk of unintended escalation. Thus, with increased militarisation, encounters with the opposing side have become more unpredictable and more prone to escalation.

Rebalancing the Indian Army

India's new strategic reality is not limited to Ladakh — India faces increased threats and uncertainty all along the LAC. At Naku La, at the international border in northern Sikkim, Indian and Chinese troops in close proximity have clashed twice, in May 2020 and January 2021. ³⁹ Commercial satellite imagery reveals that China built new roads and fortifications near Naku La in the second half of 2020. ⁴⁰ In the eastern sector of the LAC, facing the Indian state of Aruncahal Pradesh, China has not only continued its military and civil infrastructure construction,

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but has also threatened to build a new dam on what India calls the Brahmaputra River — a move which would give China control of a crucial water source for northeastern India.⁴¹ Thus, India has no assurances that the May 2020 Ladakh incursions were the only or the final threat to the territorial status quo — other acts of aggression or coercion may yet occur.

Recognising this more general threat, the Indian Army has begun to rebalance its forces. The most significant expression of this rebalancing to date was the reorientation of a combined-arms Strike Corps to focus on China. In December 2020, the Indian Army ordered one of those formations, I Corps — one of three such strike corps tasked with penetrating deep into Pakistani territory in wartime — to prepare for a new operational role: launching offensive strikes across the LAC in Ladakh. This rebalancing is a major commitment — a costly signal of the Indian Army's intent to devote greater resources to the LAC. Retasking a Strike Corps is not simply a matter of pointing the forces in a different direction — the conversion into mountain infantry will require re-training and re-equipping that will likely take years to complete, and which will be extremely difficult and costly to reverse. Therefore, this is not a temporary surge to manage the Ladakh crisis, but a permanent reassignment of forces.

The conversion will also rob the Army of one of its three Strike Corps dedicated to Pakistan — a very significant erosion in India's already-slim local quantitative advantage over Pakistan. Indian military strategy relies centrally on the threat of a punishing offensive against Pakistan. So, the elimination of a large portion of those strike forces may portend a long-overdue rethinking of Indian strategy towards Pakistan — a tacit recognition by the Army that its conventional deterrent against Pakistan was either not necessary or not effective. Nor does the February 2021 LoC ceasefire renewal ameliorate the military threat from Pakistan. Such ceasefires have been routinely struck and routinely obliterated in the past. The Pakistan Army has agreed to reduce violence on the LoC, but it has not relinquished its revisionist claims on Indian-controlled Jammu and Kashmir or altered its India-centric force posture.

Alongside the re-tasking of I Corps, the Indian Army's rebalance will concentrate more force elsewhere on the LAC. The existing Mountain Strike Corps, XVII Corps, which had previously been split to cover both western and eastern sectors of the LAC, will now be concentrated in the eastern sector, expanding the amount of offensive combat power available there.⁴⁴ Several other formations are also slated to focus on

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the LAC, including an infantry division repurposed to operate as mountain infantry based in Uttarakhand,⁴⁵ a new armoured brigade to be raised and deployed to Sikkim, and some 20 battalions of Assam Rifles troops, previously tasked with counterinsurgency.⁴⁶ Even the Indian Navy reportedly deployed its special forces to operate in Ladakh.⁴⁷

This rebalancing, moreover, must occur without any significant additional resources. The government's budget for 2021–22, handed down in February 2021, revealed virtually no growth on the previous year's allocations. The military services did make emergency procurements, over and above their initial allocations, in 2020.⁴⁸ Most of the Army's unplanned spending went towards construction works — presumably to sustain the massive reinforcements in Ladakh. Compared to those revised estimates, the military's 2021–22 capital expenditure budget — money spent on equipment and infrastructure — is virtually flat.⁴⁹ In recent years, the Indian economy has shown no plausible prospect of increased defence spending.⁵⁰ And with the added economic burden of recovering from the COVID-19 pandemic-induced contraction, the military has even less chance of gaining any more national resources. Responding to China may be a strategic priority, but it will attract no new resources.

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UNEQUAL STRATEGIC COSTS

Some analysts suggest that the post-crisis strategic reality — India's increased militarisation of the LAC and an inter-theatre rebalancing of forces — should be welcomed as a rational response to its threat environment. Indeed, a tangible response to the rapidly growing China threat is overdue — planning against Pakistan still attracts a disproportionate share of Indian military resources. Even with the Army's rebalance, 22 divisions still face Pakistan, while only 14 face China (and 2 are held in a national reserve). ⁵¹ In recent decades, the military's mid- and senior-grade officers grew to recognise China as India's most capable rival, but nevertheless harboured much greater emotive enmity towards Pakistan as India's primary threat. ⁵² In that context, the Ladakh crisis is a necessary catalyst to promote strategic adaptation, to focus more on the China threat.



The virtual Quad summit, held between the leaders of Australia, India, Japan, and the United States, on 12 March 2021. Image: Adam Schultz/Official White House Photo/Flickr.

But the manner of that adaptation risks leaving India in a worse position in its long-term strategic competition with China. Most significantly, it will probably defer much-needed military expansion in the Indian Ocean. Meanwhile, the increased militarisation of the LAC will not impose any significant material or political cost on China. This unequal distribution of costs is already generating a deeper crisis in Indian defence policy that will fester long after the current crisis in Ladakh.

India will defer overdue modernisation and maritime expansion

The central risk of India's new strategic reality is that it will reinforce India's traditional emphasis on its continental threats at the expense of addressing increasingly acute modernisation needs and maritime risks. India's military threat perceptions have always been dominated by the prospect of invasion or infiltration from Pakistan and China. This preoccupation with India's land borders accounts for the Army's domination of Indian defence budget allocations and its relatively slow expansion of maritime power in the Indian Ocean region.⁵³

In recent years, India has taken tentative steps in modernising its military and expanding its maritime power in the Indian Ocean region. The Navy began to operate round-the-clock "mission-based deployments" at the ocean's key chokepoints, to monitor threats and respond quickly when needed.⁵⁴ It undertook a flurry of exercises with partners and, more importantly, operational activity, especially in providing humanitarian assistance and disaster relief, to expand its visibility and influence in the region.⁵⁵ And it started to acquire a slew of state-of-the-art platforms, including P-8I anti-submarine warfare and maritime patrol aircraft, MH-60R maritime multi-mission helicopters, and Sea Guardian drones — all of which would vastly improve its ability to operate in the ocean and cooperate with partner countries such as the United States and Australia.⁵⁶ Even the Air Force deployed its frontline Su-30MKI aircraft, armed with anti-ship BrahMos missiles, to southern India to operate over the Indian Ocean in 2020.57 The trend was fledgling, but unmistakable.

After Ladakh, the military is likely to slow down that modernisation and maritime expansion.58 The LAC commands far greater political attention than distant corners of the Indian Ocean, even though the strategic challenge is more acute in the Indian Ocean. The China border is now the site not only of a menacing foreign army, but also foreign encampment on previously Indian-controlled territory, and the site of clashes that spilled Indian blood. The Indian Ocean, meanwhile, is a large and amorphous region of hypothetical future threats — certainly not the stuff that stokes politically-useful nationalist fervour. But it presents serious challenges to Indian policy. Given budgetary constraints, the resources to manage the new LAC threat must be found from somewhere within the military's current allocation. The risk is not that already-allocated resources will be diverted from the Navy to the Army - India cannot, for instance, re-task a guided-missile destroyer to the Himalayas. Rather, the risk is that future resource allocations will continue to favour the ground and supporting air forces

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slated for the military's highest-priority continental contingencies, at the expense of naval and supporting air forces that are already in desperate need of recapitalisation and modernisation.



The Indian navy destroyer INS Kolkata steams in the Indian Ocean during Malabar 2020. Image: MCSN Drace Wilson/US Navy.

Across the military, the urgent emphasis on operations and readiness will starve the military of resources for modernisation. In recent years, the share of the defence budget spent on capital outlays has shrunk, while the share spent on pensions has grown. These capital outlays are typically insufficient even to pay for committed liabilities — previously-signed contracts — risking default on existing contracts and further reducing the funds available for new acquisitions. Each of the three services is allocated less money than it requests from the government, but the Navy has been particularly hard hit, receiving only 60 per cent of the funds it requests for modernisation.

Similarly, for the Army itself, the risk is that a renewed focus on operations on a 'hot' border will prevent its long-planned modernisation and downsizing. The current Chief of Defence Staff, General Bipin Rawat, while in his previous position as Chief of Army Staff, had sketched a plan to cut 100 000 personnel from the Army to ease the budgetary pressure of personnel and pension costs and to facilitate the Army's transition to a more technology-centered force. ⁶² That reform, in the context of the fresh threat on the LAC, may now also be deferred. ⁶³ At a minimum, even if the Army's downsizing proceeds, it plans to offset its personnel reductions with greater investments in technology. ⁶⁴ Either way, the Army's budget is likely to keep growing.

The crisis also revealed the urgent need for modernisation in other, non-traditional domains. At the height of the crisis, China launched multiple cyber intrusions against civilian infrastructure in India. ⁶⁵ They were the latest episode in a long string of intrusions that suggest systemic vulnerabilities in India's vital cyber networks, which have largely been neglected with a paltry investment in defences. ⁶⁶ In the wake of Ladakh, Chief of Defence Staff Rawat conceded that India may never close the gap with Chinese cyber capabilities, but declared that modernisation is urgently required. ⁶⁷

Alongside modernisation, the Indian military may continue to defer its maritime expansion, which it has repeatedly delayed and scaled down. Debates on the Indian Navy's force structure are often reduced to the question of whether it should acquire a third aircraft carrier, as an oversimplified proxy for debates over Indian naval strategy. In fact, the under-resourced Navy is struggling to even maintain its current modest force levels — its submarine fleet, for example, is shrinking because it cannot replace its ageing boats before they retire. With declining budgets and dysfunctional procurement processes, its ships lack critical capabilities — its dedicated anti-submarine warfare corvettes, for example, lack advanced sonars and torpedoes. Given its capacity constraints, the Navy has drastically scaled back its earlier expansion plans. Thus, for the Indian military, maritime expansion is not a matter of crafting an ambitious new naval strategy, but simply maintaining a combat-effective force in the face of a growing Chinese Navy.

If India's maritime expansion continues to be deferred, the Navy will quickly lose the capability to deter or defeat Chinese coercion in the Indian Ocean region. The PLA Navy is rapidly expanding — from 2014 to 2018 it launched new shipping with more tonnage than the entire Indian Navy. 71 Since 2008, it has maintained a naval task group in the Gulf of Aden, and a constant presence of at least seven ships in the Indian Ocean.⁷² Its new long-range and long-endurance ships are designed to wield and sustain force in distant waters such as the Indian Ocean.⁷³ It has built its first overseas military base in Djibouti, and is positioning itself for port access in several regional countries, including India's neighbours, Pakistan, Sri Lanka, and Burma.⁷⁴ These expanding military capabilities and footprint give China tools to coerce regional states, and operational advantages for warfighting. Its security practices and doctrinal publications have in recent decades consistently displayed an ever-increasing ambition to execute military operations in the "far seas", to include the Indian Ocean. 75 This matters for the future of Indian military in the region. If India fails to invest quickly and generously enough in its own naval capabilities, at a time

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when China is rapidly expanding its own military presence, it will find it more challenging to assert even temporary and local sea control to sustain naval operations, or the ability to project force across the ocean.

India may yet accelerate or at least continue its modernisation in the Indian Ocean. It has, for example, mooted a greater fortification of the Andaman and Nicobar Islands. ⁷⁶ But so far, such maritime expansion has not materialised. Unlike the rebalancing of the Army's strike corps, the military has not made any costly signals of a post-Ladakh expansion in the Indian Ocean.

Deferring military investments in the Indian Ocean region will set back India's ability to compete with China. Compared to the land border, swings in the balance of military power and political influence in the Indian Ocean region are more globally consequential. At the land border, the difficult terrain and more even balance of military force means that each side could only eke out minor, strategically modest gains at best. In contrast, India has traditionally been the dominant power in the Indian Ocean region and stands to cede significant political influence and security if it fails to answer the expansion of Chinese military power. China, correspondingly, stands to gain the ability to secure its critical sea lines of communication — thereby eliminating a major strategic vulnerability — and potentially decisive leverage in its strategic competition against India.⁷⁷

The sheer size and complexity of the Indian Ocean region offers China a wide menu of new options to degrade India's influence, threaten its interests, and pressure it militarily. For years, China has underwritten a trenchant rival in Pakistan. But more recently, it has also cultivated security partnerships in India's other neighbours, from Sri Lanka to Bangladesh to Burma. China's military base in Djibouti allows it to sustain an enduring expeditionary presence in the northern Indian Ocean. And its survey ship and underwater drone activity suggest it is preparing for future naval operations in the Bay of Bengal. With these manifold options, China has gained an unprecedented ability to encircle India, threatening it in multiple domains and theatres simultaneously. Gaining a competitive advantage in the Indian Ocean, therefore, is the real prize — a far more strategically significant threat to Indian power than the more heavily militarised and violence-prone LAC.

Was this Beijing's plan all along? Its motivations for the crisis have been notoriously obscure. But provoking such a crisis, with its predictable

effects, is certainly consistent with the PLA's view of India, as a weaker but nettlesome potential spoiler. The 2013 edition of the *Science of Military Strategy* — the latest version of the PLA's most authoritative strategic text — sees India as a rising power, extending its influence in all directions: "[India's] strategic deployments will be reflected more in its intentions to control the South Asian subcontinent and the Indian Ocean, and it will give more stress to paying attention to both the land and the sea." India's growing power, then, would logically impede China's quest for greater access and control of the "two oceans region", encompassing the western Pacific and northern Indian Oceans — and neutralising Indian opposition to China would be a high strategic priority for Beijing. Be

Redoubling India's focus on its land borders would also be consistent with a "competitive strategies" approach, in which the objective is to compel the adversary into making less productive or less threatening strategic investments. India's traditional focus on its continental threats, its sensitivities over defending every inch of national territory, its historical neuralgia about the shock of the 1962 war, and its struggles to modernise its military are established features of Indian strategic behaviour, and would all have been well known in Beijing. China simply had to issue a nudge — a relatively minor military action in its Ladakh incursions — to reinforce and amplify India's prior biases and activate its military-organisational instincts. The stimulus of the incursions then cascaded predictably through the machinery of the Indian government and military.

Whether or not China intended the original Ladakh incursions as a competitive-strategy ploy, it now has a foundation to use the crisis in that way. If it detects unusual circumspection from New Delhi — including, for example, moves to fortify the Andaman and Nicobar Islands — then it need only ratchet up the tension or violence on the LAC. Beijing could use further aggressiveness from the PLA — the threat of further incursions, or even the possibility of accidental conflict — to deliberately generate risk on the border, to again defer India's oceanic ambitions. Whether or not this was by design, the new strategic reality of political distrust and the increased militarisation of the LAC now provide a useful context in which any tactically minor PLA manoeuvre will be magnified, eliciting outsized strategic concerns in India. In their strategic competition, China has set the conditions for India to react in ways that suit China's ambitions.

Whether or not China intended the original Ladakh incursions as a competitive-strategy ploy, it now has a foundation to use the crisis in that way.

Even without reliable data, and even if the cost-exchange ratio did favour India, China is better positioned to weather the operational and strategic effects.

China incurred only marginal costs

As the Ladakh crisis prolonged troop deployments on both sides, month after month, it inevitably imposed material costs on each military. Some analysts claim that these costs will disproportionately fall on China, so the crisis should benefit India in the strategic competition. This may be because the PLA's deployment on the LAC will require a longer and more elaborate logistics chain than the Indian Army's — the LAC is more distant from major Chinese garrisons, and the PLA less accustomed to operating in its harsh environment. So To it may be because heavier militarisation will finally make the LAC as costly for China as it long has been for India. Put another way, these arguments contend that the 'LoC-isation' of the LAC is a net positive for India, because the 'cost-exchange ratio' favours India — that is, the marginal costs of additional militarisation are greater for China than they are for India.

This may or may not be true — reliable data are scarce. It is unclear how much the Indian military has spent on the crisis — budget documents reveal in 2020 the Army and Air Force made unplanned expenditures for stores and other consumable expenses of over INR 68 billion (approximately US\$952 million), and unplanned capital outlays for construction works and other equipment of over INR 141 billion (approximately US\$1.97 billion). Ref This was probably mostly, though not entirely, crisis-related emergency expenditure on infrastructure for deployed forces and munitions for aircraft. These forces have, to date, occupied hurriedly constructed and austere positions; as India decides to make its enlarged deployment in Ladakh more permanent, the construction of larger and better-equipped fixed bases and their supporting transport and energy infrastructure will incur heavier costs.

There are no comparable estimates of costs on the Chinese side. Given the opacity of the Chinese system, even top-line estimates of the overall defence budget vary widely. Estimates of the PLA force levels at the LAC, usually leaked by Indian government sources, also feature suspiciously round numbers — such as 50 battalions — and are suspiciously comparable to Indian force levels.⁸⁷

Even without reliable data, and even if the cost-exchange ratio did favour India, China is better positioned to weather the operational and strategic effects. No doubt the PLA's new deployments and supporting infrastructure have been costly. But the *relative* cost of this increased militarisation — its impost on the defence budget — is likely to be more manageable in China, because China's defence budget is three to four times larger than India's.⁸⁸ Over the longer term, if and when

disengagement occurs, the PLA may determine it can meet its operational requirements with fewer troops than India. After the Doklam crisis, the PLA reportedly stationed one brigade near the standoff site, in Yadong.⁸⁹ Near Ladakh, it may maintain a similarly modest presence within easy reach of the LAC, confident that it could deploy forces from rear areas of Tibet if necessary because those reinforcements could use high-capacity roads and would already be acclimatised to the plateau.⁹⁰



Prime Minister Modi and President Xi during the informal summit held in Wuhan, China, in 2018. Image: WikiCommons/ Prime Minister's Office (GODL-India).

Operationally, the extended deployment on the LAC was probably burdensome, but not decisively so. PLA troops likely suffered difficulties maintaining high readiness — for example, they probably suffered higher rates of medical casualties caused by operating at high altitude. Sustaining such large formations of troops for many months, including through a brutal winter season, would have severely tested the PLA's logistics arrangements. But for precisely that reason, it would probably have been welcomed as a field test of the PLA's recent reorganisation and its joint combat service support capabilities, and as an opportunity to rotate inexperienced troops through an operational environment.

Strategically, the PLA is unlikely to shift any additional resources to their Western Theatre Command, in part because it is already ponderously large, with over 200 000 soldiers

Strategically, the PLA is unlikely to shift any additional resources to its Western Theatre Command, in part because it is already ponderously large, with over 200 000 soldiers. But also in part, because the relatively mild territorial threat from India is secondary to the PLA's primary concerns of US forces in the western Pacific. Thus, even if the PLA were to reinforce the LAC to a level comparable with India, such a reinforcement would have negligible impost on China's defence resources or priorities. The personnel and equipment burden could be easily absorbed by the Western Theatre Command and would not — contrary to some analyses 4 — disrupt the existing allocation of resources dedicated to China's existing priorities.

In contrast to the easily absorbed material costs, the political cost of the Ladakh crisis was probably more vexing for China. Even if China successfully imposed a fait accompli territorial revision, that gain may have come at the expense of a much more valuable, albeit rocky, overall relationship with India. Following the Ladakh incursions, India openly signalled two related political costs: that the crisis would disrupt the economic relationship with China; and that it would compel India to deepen its security relationship with the United States. In both cases, the threat of more harm to come was worse than the direct impact of Indian actions during the crisis. India has not broken off relations with China or entered into an alliance with the United States, but it signalled that it could easily move in those directions — and it was that coercive threat of yet-unrealised harm that probably motivated China.

Both of these threats grew significantly more pronounced after the 15 June skirmish in the Galwan Valley in which Indian soldiers were killed. Indian domestic opinion turned decisively against China — the government would henceforth face less domestic resistance to taking a harder line against China. Foreign Minister Jaishankar declared that "the India–China relationship is today truly at a crossroads", implying a threat of a more comprehensive economic decoupling. Early in the crisis, India had taken punitive measures against China by banning some Chinese-origin apps and tightening rules on foreign investment. Even if those measures did not in themselves impose significant costs on China, New Delhi judged that holding the future economic relationship at risk, rather than the local balance of military power, was its best source of bargaining leverage.

The corollary of India's threat to rupture the relationship with China was the threat to deepen its partnership with the United States. Soon after the June skirmish in Galwan, some analysts relished the prospect of India abandoning the fig-leaf of nonalignment and joining the US-led

camp in a new Cold War against China.⁹⁷ Adding credibility to this threat, the United States reportedly provided intelligence support and emergency supplies of extreme-weather clothing to the Indian Army reinforcements on the LAC.⁹⁸ It also quickly leased India two Sea Guardian drones — designed to provide long-endurance surveillance over a wide area — which, although currently operated by the Indian Navy, may in the future be deployed over land near the LAC.⁹⁹

India also deepened its commitment to the quadrilateral coalition (Quad) with the United States, Japan, and Australia — it finally acceded to Australia's inclusion in the MALABAR naval exercise in November 2020, and participated in the Quad's first stand-alone ministerial-level meeting in October 2020 and its first-ever national leaders' summit in March 2021. Such advancement of the Quad partnership was very likely propelled by New Delhi's sharpened threat perceptions of China. While deepening quadrilateral cooperation was more symbolic than substantive, the notion of a coalition of capable partners has consistently irked Beijing, and New Delhi very likely intended these steps as a political signal of greater alignment to come. ¹⁰⁰

To some extent, China had already accounted for these political costs. According to some estimates, Beijing regards an India-US compact as a predetermined, structural reality of geopolitics, an unavoidable byproduct of China's rise, and unaffected by China's policy actions. 101 In this view, the India-US partnership may actually have enabled and emboldened India, giving it added confidence to revoke Jammu and Kashmir's autonomy and to press ahead with military infrastructure construction near the LAC.102 If China is indeed convinced that India was already 'lost', it would calculate it had nothing further to lose from continued belligerence or future provocations. 103 Indeed, according to Chinese analyses published after the Galwan skirmish — presumably more strident as a result — Beijing's strategic elite portrayed the crisis as the product of an anti-China government in New Delhi that has bound itself to American policy. China's strategy, therefore, should be focused on subduing India — demonstrating that China is the superior power that can impose its will — as a function of China's larger strategic competition with the United States. 104

Nor is there compelling evidence that the Ladakh crisis has diminished China in the eyes of regional states. For many Southeast Asian countries, China already looms large as an aggressor because of these countries' own territorial disputes with China in the South China Sea, and those suspicions were only reinforced by China's anger over investigations into the origins of the COVID-19 pandemic.¹⁰⁵ Beyond

According to some estimates, Beijing regards an India–US compact as a predetermined, structural reality of geopolitics.

The first phase of the disengagement plan included the withdrawal of the Indian forces that had occupied the Kailash Range peaks, thereby expending India's only military

that, the Ladakh crisis is largely seen as a particular India–China problem, and regional officials have been careful to maintain a studied neutrality in public. 106

Nevertheless, Beijing's agreement to disengage suggests the political costs did shape its calculus. China's broader strategic context likely played a critical role in its decision-making. In particular, the CCP has grown concerned over "profound changes unseen in a century" — a current moment of instability accelerated by the pandemic and resulting anti-globalisation impulses. Following the deadly clash at Galwan and the Indian occupation of the Kailash Range peaks, Beijing was probably also sensitised to the risks of an unwanted war. The continuing presence of large combat formations in close contact with the adversary represented an unplanned and ongoing risk for China. In this environment, the CCP's priority is to ease external pressures that challenge China's economic development and national rejuvenation — including the formation of counterbalancing coalitions — and reduce the number of risks it faces. ¹⁰⁸

In that context, India's strategy of deliberately generating the risk of a broader rupture in the bilateral relationship probably took on added salience, and China had little more to gain. On the ground, the PLA was quickly satisfied with the operational gains of its incursions. As Ret Lieutenant General H S Panag, a former commander of the Indian Army's Northern Command, observed, the disengagement plan in effect recognises most of China's expansive 1959 claim lines, albeit with some provisional restrictions on patrolling and troop positions. 109 More broadly, this would also have satisfied the need to clarify the balance of power, with China imposing its will on India. Those goals achieved, China had signalled it was willing to pull back its forces as early as June 2020 in a disengagement plan that led to and was derailed by the Galwan Valley skirmish. Satisfied on the ground, and facing unrelenting pressure on multiple foreign fronts, Beijing seems to have calculated that enduring Indian enmity would serve no useful purpose.

Indeed, much of the costs that China did bear have diminished since the disengagement agreement was struck. The first phase of the disengagement plan included the withdrawal of the Indian forces that had occupied the Kailash Range peaks, thereby expending India's only military leverage gained since the crisis began. The establishment of buffer zones also reduces the risk of accidental confrontations which may have concerned Beijing. India also rolled back some of the restrictions on Chinese foreign direct investment in India, which had

been imposed as a punitive threat early in the crisis. ¹¹⁰ These Indian military and economic concessions were important acts of assurance that signalled to China that there are benefits to resolving the crisis. For China, however, they not only reduced India's direct pressure but, perhaps more importantly, they signalled that India was at least pausing the threatened deterioration in relations. For the time being, at least, the political costs would stop accumulating and in fact greatly declined.

The costs China suffered in the crisis, therefore, were mostly political rather than material, more threatened rather than realised, and largely reduced when the disengagement plan was agreed. New Delhi's strategy of threatening a major break in bilateral relations doubtless served to sharpen the choice for Beijing, but other global pressures were necessary enabling conditions. A similar Indian policy may not work as effectively next time. And the political cost did not thwart China's objectives of asserting its LAC claims or asserting its dominant national power; it allowed India to extract a face-saving disengagement plan but did not coerce China into any concessions. As the strategic competition enters the next phase after disengagement, whatever political costs Beijing faced have been significantly diminished. It emerges from the crisis largely unscathed.

CONCLUSION AND RECOMMENDATIONS

Some analysts
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Disengagement is not conciliation. Even if it proceeds without incident — a big if — disengagement merely marks a new phase in India's strategic competition with China. As a matter of policy, New Delhi has now placed the border dispute at the centre of India–China relations. Unless the two sides reach a new modus vivendi, competition will continue unabated. Even with new confidence-building measures, in the absence of a comprehensive boundary settlement, the wider relationship will remain vulnerable to destabilising disruptions. Some analysts insist that a settlement to delineate and demarcate the LAC is now feasible. ¹¹¹ Working towards that ultimate goal would certainly be worthy of Indian policymakers' efforts — a verifiable settlement would unshackle the Indian military from at least part of its continental burden and remove the single greatest impediment to more mutually-profitable bilateral relations.

But absent such a breakthrough, the PLA will continue to develop significant new military capabilities within operational reach of the LAC, as it did after the Doklam crisis, and as its policies for national rejuvenation prescribe. And it will continue to expand its military footprint in the Indian Ocean region as part of its long-term plan to project maritime power. The central challenge for India will be balancing these strategic priorities on land and at sea. This will be the subsequent and even more acute crisis in Indian defence policy.

To manage that crisis after the crisis, Indian decision-makers must examine the hard-won lessons of Ladakh. The crisis has highlighted three particular lessons that New Delhi should internalise and use to shape its future approach to strategic competition with China.

• Ensure any military strategy to counter coercion is centred on denial, not punishment: The Indian military's standing doctrine calls for deterring adversaries with the threat of a massive punitive retaliation for any aggression, capturing enemy territory as bargaining leverage in post-war talks. 112 But this did not deter China from launching unprecedented incursions in May 2020, and the threat lost credibility when retaliation never materialised. Punishment is generally less effective than denial, and especially so against highly resolved adversaries like China. 113 In contrast, the Indian military's high-water mark in the crisis was an act of denial—its occupation of the heights on the Kailash Range on its side of the

LAC in late August. A doctrinal focus on denial will give the Indian military greater capacity to thwart future land grabs across the LAC. It would require a suite of improved capabilities and practices, including more wide-area surveillance, more devolved command authority, and well-practiced tactics for responding to attempted incursions. By bolstering India's defensive position, rather than launching an escalatory response, such a strategy is also more likely than punishment to preserve crisis stability. Over time, improved denial capabilities may allow India to reduce the resource drain of the increased militarisation of the LAC. But denial is important not only in deterring territorial aggression — it is equally essential to counter coercion elsewhere, such as against third-party countries in the Indian Ocean.

- Ensure any strategy to coerce China prioritises the coordinated imposition of political, rather than material, costs: To the extent that the crisis is evolving in a way that serves Indian national security interests — with disengagement to lines that approximate the status quo ante - it is because Beijing responded to the prospect of intolerable political costs, not material costs. India successfully raised the risks of the crisis for China, but through its threat of a political rupture, not military punishment. A permanently hostile India or an accidental escalation to conflict were risks that China, having achieved its goals in the crisis, assessed were an unnecessary additional burden while it was contending with a generally unstable international environment. The corollary lesson is that individual powers, even large powers like India, will probably struggle to shift Beijing's calculus alone. China responded to the cumulative effect of multiple pressure points. Against the rising behemoth, only coordinated or collective action is likely to be effective.
- Consider accepting more risk on the LAC in exchange for long-term leverage and influence in the Indian Ocean region:

 The Ladakh crisis has ushered in a new strategic reality with the increased militarisation of the LAC at its core that may hasten shifts in the balance of power in the Indian Ocean region. Mitigating that risk will require New Delhi to make tough-minded strategic trade-offs, deliberately prioritising military modernisation and joint force projection over the traditional ground-centric combat arms formations required to defend territory on the northern border. A more competitive long-term posture that consolidates influence in the Indian Ocean may come at the price of accepting more ground incursions. This will be a politically formidable task blood has

The corollary lesson is that individual powers, even large powers like India, will probably struggle to shift Beijing's calculus alone.

Ladakh's long-term effects also entail risks for other countries, including India's partners such as Australia. now been spilled on the LAC, and for domestic political reasons India cannot be seen to be passive on the border. But it will be a fundamentally political task. Rebalancing India's strategic priorities will require the central government, through the Chief of Defence Staff (CDS), to issue firm strategic guidance to the military services. This response will be a test not only of the government's strategic sense and farsightedness, but also of the national security apparatus' ability to overcome entrenched bureaucratic and organisational-cultural biases. Absent bold leadership, the inertia of the military services will guarantee that India suffers a crisis after the crisis.

Ladakh's long-term effects also entail risks for other countries, including India's partners such as Australia. Canberra's interests were not directly imperilled by Ladakh, but they would be greatly implicated if it undermines India's capacity to compete with China. Australia, along with the United States, is crafting security policies for the Indo-Pacific that include a powerful India as a key assumption. Australia and the United States each regard the Indian Ocean as vital, but ultimately of secondary importance in their defence posture, behind Southeast Asia and the Western Pacific, respectively. Accordingly, they have sought to deepen strategic relations with India on the premise that a capable and likeminded India would, of its own volition, counterbalance China's military expansion into the Indian Ocean. An India that is, conversely, newly recommitted to focusing on its land border with China is less likely to take an expanded security role in the Indian Ocean, leaving Australia's interests exposed to growing Chinese power. Absent an actively engaged India, Australia may then find itself in a reactive posture, struggling and probably failing to build the political relationships and military capabilities to offset China's explosive political and military growth.

The Ladakh crisis' effects are not predetermined; India and its constituent institutions still have agency. They may yet survey the new strategic reality and understand the risks of doubling down on the LAC, and choose instead to direct greater attention to the Indian Ocean region. Or they may yet commit anew to a deeper strategic partnership with the United States, pressing ahead with innovative programs, for example in combined contingency planning. But there is little evidence to date of those trajectories. Much of India's future course will depend on how the crisis is framed in official and elite narratives. Prime Minister Narendra Modi, at the Combined Commanders' Conference in March 2021, made appropriate references to the need for modernisation, but also issued a typically bombastic call for the military to be "battle-ready"

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at all times". 114 In terms of tangible resources and entrenched organisational preferences, early indications suggest that a more heavily militarised and violence-prone LAC will be the crisis' central strategic legacy — and its effects are largely negative for India's competition with China.

NOTES

- NOTES: The author thanks M Taylor Fravel, Sushant Singh, and Dhruva Jaishankar, as well as two anonymous reviewers, for their extremely helpful feedback on earlier versions of this paper.
- COVER IMAGE: An Indian Army soldier stands in front of a group of People's Liberation Army (PLA) of China soldiers as they line up after participating in an anti-terror drill during the Sixth India-China Joint Training exercise "Hand in Hand 2016" at HQ 330 Infantry Brigade, in Aundh in Pune district, some 145km southeast of Mumbai, on 25 November 2016. Indranil Mukherjee/AFP via Getty Images.
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- ¹¹ S Jaishankar, "Keynote Address by External Affairs Minister at the 13th All India Conference of China Studies", 28 January 2021, https://mea.gov.in/Speeches-Statements.htm?dtl/33419/Keynote_Address_by_External_Affairs_Minister_at_the_13th_All_India_Conference_of_China_Studies.
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